

Appendix: Case Studies

Tokyo Stock Exchange

February 1, 2024



This document is intended as a reference for listed companies that are considering taking action to implement management that is conscious of cost of capital and stock price, and also as a reference for future updates for listed companies that have already made disclosures. **This report is based on interviews with many investors in Japan and overseas, and compiles examples of measures investors deemed as fulfilling the expectations they have for corporations.**

Note: The examples in this document are provided solely for informational purposes as a reference for listed companies that are considering action to implement management that is conscious of cost of capital and stock price, and are not intended as a solicitation for investment in any stock or for any other purpose.

- ◆ Since asking companies to take action to implement management that is conscious of cost of capital and stock price in March 2023, we have interviewed a total of more than 90 investors (approximately 30% domestic and 70% from overseas), mainly investors (active investors, etc.) who place importance on medium- to long-term improvement of corporate value. This report provides **examples of initiatives that investors have deemed as having met their expectations for corporations.**
- ◆ Please refer to the points listed in **“Considering The Investor’s Point of View in regard to Management Conscious of Cost of Capital and Stock Price, Key Points and Examples.”** (published February 1, 2024).

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#	Page Number	Code	Name	Sector	Section	Size	Key Points									
							I. Analysis and Evaluation of Current Situation			II. Consideration and Disclosure of Initiatives				III. Dialogue with Shareholders and Investors		
							① Considering the cost of capital/equity in regard to the investor's perspective	② Multifaceted analysis and evaluation based on the investor's perspective	③ Inspection of balance sheets to ensure their efficacy	① Implementing fundamental initiatives with an awareness of the appropriate allocation of management resources	② Being aware of the need to reduce cost of capital	③ Designing a management compensation system that provides an incentive to increase corporate value over the medium to long term	④ Explanation of efforts in relation to medium- to long-term goals	① Proactive involvement of management and board	② Taking a tailored approach to shareholders and investors	③ Disclosure of dialogue and further dialogue and engagement
1	Page 4	1605	INPEX CORPORATION	Mining	Prime	TOPIX Mid400		●						●		
2	Page 6	1885	TOA CORPORATION	Construction	Prime	TOPIX Small								●		●
3	Page 8	1911	Sumitomo Forestry Co.,Ltd.	Construction	Prime	TOPIX Mid400	●	●		●		●				
4	Page 11	4099	SHIKOKU KASEI HOLDINGS CORPORATION	Chemicals	Prime	TOPIX Small			●	●						
5	Page 12	4183	Mitsui Chemicals,Inc.	Chemicals	Prime	TOPIX Mid400				●				●		●
6	Page 14	4384	RAKSUL INC.	Information & Communication	Prime	TOPIX Small					●					
7	Page 16	4704	Trend Micro Incorporated	Information & Communication	Prime	TOPIX Mid400	●									
8	Page 17	4886	ASKA Pharmaceutical Holdings Co.,Ltd.	Pharmaceutical	Prime	TOPIX Small			●	●				●		
9	Page 19	5019	Idemitsu Kosan Co.,Ltd.	Oil and Coal Products	Prime	TOPIX Mid400	●				●		●	●		
10	Page 22	5406	Kobe Steel,Ltd.	Iron and Steel	Prime	TOPIX Mid400										●
11	Page 24	5805	SWCC Corporation	Nonferrous Metals	Prime	TOPIX Small			●	●						
12	Page 26	5901	Toyo Seikan Group Holdings,Ltd.	Metal Products	Prime	TOPIX Mid400			●	●						
13	Page 29	6246	Techno Smart Corp.	Machinery	Standard	-	●	●	●	●						
14	Page 31	6361	EBARA CORPORATION	Machinery	Prime	TOPIX Mid400			●		●		●			
15	Page 33	7186	Concordia Financial Group,Ltd.	Banks	Prime	TOPIX Mid400	●	●			●		●			

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#	Page Number	Code	Name	Sector	Section	Size	Key Points										
							I. Analysis and Evaluation of Current Situation			II. Consideration and Disclosure of Initiatives				III. Dialogue with Shareholders and Investors			
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16	Page 35	7259	AISIN CORPORATION	Transportation Equipment	Prime	TOPIX Md400							●				
17	Page 37	7537	MARUBUN CORPORATION	Wholesale Trade	Prime	TOPIX Small										●	
18	Page 39	7646	PLANT Co.,Ltd.	Retail Trade	Standard	-			●							●	
19	Page 40	8011	SANYO SHOKAI LTD.	Textiles and Apparels	Prime	TOPIX Small									●		●
20	Page 42	8051	YAMAZEN CORPORATION	Wholesale Trade	Prime	TOPIX Small									●		●
21	Page 44	8058	Mitsubishi Corporation	Wholesale Trade	Prime	TOPIX Core30									●		
22	Page 46	8098	Inabata & Co.,Ltd.	Wholesale Trade	Prime	TOPIX Small			●						●		●
23	Page 49	8174	NIPPON GAS CO.,LTD.	Retail Trade	Prime	TOPIX Md400				●			●				
24	Page 52	8252	MARUI GROUP CO.,LTD.	Retail Trade	Prime	TOPIX Md400			●		●						
25	Page 54	8306	Mitsubishi UFJ Financial Group,Inc.	Banks	Prime	TOPIX Core30			●					●	●		
26	Page 56	8337	The Chiba Kogyo Bank,Ltd.	Banks	Prime	TOPIX Small			●				●				
27	Page 58	8360	The Yamanashi Chuo Bank,Ltd.	Banks	Prime	TOPIX Small			●				●				●
28	Page 61	8789	FinTech Global Incorporated	Other Financing Business	Standard	-	●	●						●			
29	Page 64	9076	SEINO HOLDINGS CO.,LTD.	Land Transportation	Prime	TOPIX Md400							●		●		

(Reference) Number of companies introduced per point 6 15 4 12 6 3 11 7 0 7

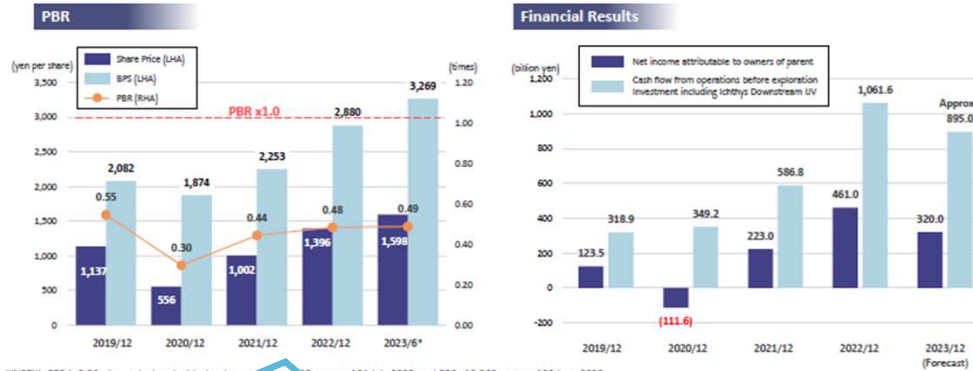
Analysis of Current Situation



Based on sound financial performance and improved shareholder returns, PBR is on the rise although it is currently in the 0.5 to 0.6 range. Our share price also remains at a discounted level. We believe this reflects the uncertainty over the sustainability of the oil & gas business, the risk of assets being stranded and the uncertainty concerning our future shareholder returns.

On the other hand, in view of the current global energy situation, we acknowledge there are growing expectations for the roles we play in society. Thus, we aim to thoroughly make our oil & gas business cleaner and more resilient to strengthen our stable supply of energy.

We are steadfastly pursuing our energy transformation through our 5 net zero businesses by implementing renewable energy businesses, including wind power and geothermal power projects in our core regions, and making sound progress on hydrogen and methanation initiatives.



Voice of Investors

This report presents a series of data in an easy-to-understand manner, including an analysis of the current situation, the direction the company is aiming for, and specific initiatives. In addition, the report clearly states the company's goal of securing a stable ROIC that exceeds the WACC, and it provides substantial evidence that the company is accelerating its efforts to increase its corporate value.

Our Initiatives Going Forward



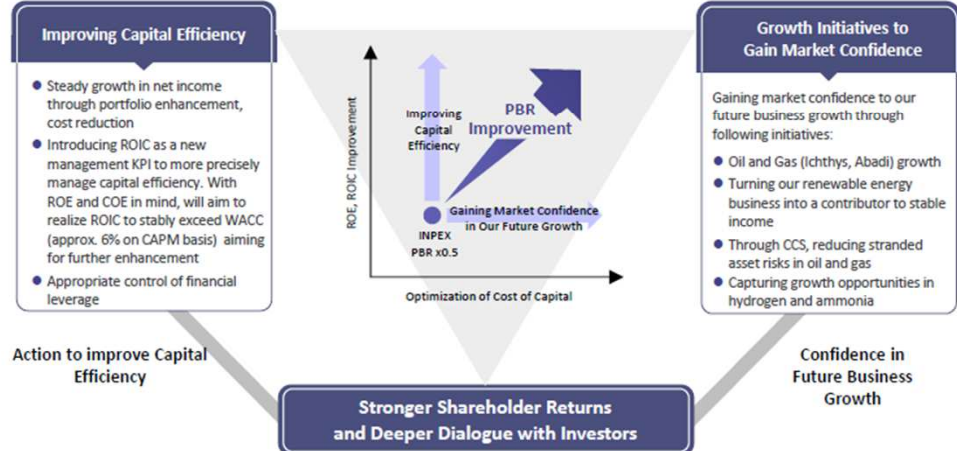
In INPEX Vision @2022, we outlined our strategy to sustainably provide a stable supply of diverse energy over the long-term, and to contribute to the energy transformation as an industry pioneer. This strategy continues to be valid in view of the current global energy situation.

We will aim to sustainably grow our corporate value by investing in sources of business growth, while giving considerable weight to the long-term improvement of capital efficiency. Based on such accomplishments, we will strengthen shareholder returns.

We will promote sustainability management and strategically allocate management resources to developing technology and human resources. We will also continue to provide a stable supply of energy, promote climate change response and pioneer energy transformation.

● After conducting a **time-series analysis of indicators such as PBR**, the company presents their evaluation and explain background factors (→Point I. 2)

● After explaining their **medium- to long-term action plan**, the company presents specific efforts they intend to take to carry it out. (→Point II. 4)



Source: INPEX CORPORATION, Financial Results for the six months ended June 30, 2023 (August 10, 2023), Page12-13
<https://www.inpex.co.jp/english/ir/library/pdf/presentation/e-Presentation20230810-a.pdf>

Initiatives to Improve Capital Efficiency



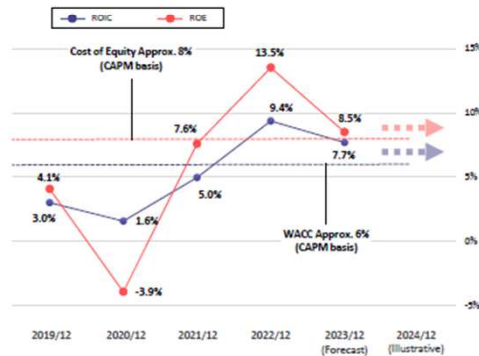
Following the start-up of Ichthys, INPEX is in the next phase of growing its business foundations. By continuing even higher quality growth investments, we aim to enlarge our portfolio and improve capital efficiency through strengthening our energy business foundations.

We aim to achieve a ROIC above WACC in each of our business areas.

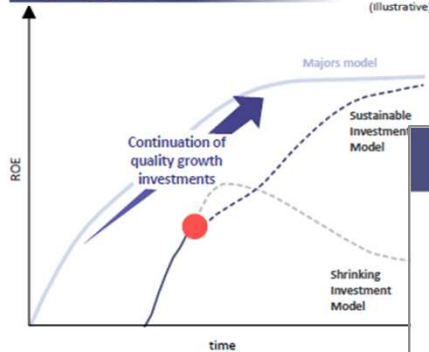
- To appropriately reflect our business characteristics, for the numerator of ROIC, we utilize adjusted net income (before interest expenses, extraordinary profit/loss and net income/loss attributable to non-controlling interests), which includes equity in earnings of affiliates such as the Ichthys Downstream UV.

Backed by strong cashflow through factors such as stable production at Ichthys, reduction of interest-bearing debt has progressed ahead of schedule further securing our financial soundness. Going forward, we will appropriately control leverage so that the net D/E ratio remains largely within the range of 30% to 50%.

ROE, ROIC



Increasing ROE through continuation of quality growth investments



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Stronger Shareholder Returns and Deeper Dialogue with Investors



Based on our confidence in securing future business growth and as an action to improve capital efficiency, we will continue to strengthen shareholder returns.

With reduction of net interest-bearing debt steadily progressing, keeping in mind the balance with growth investments, we will expand allocation to shareholder returns and conduct the following measures.

As a result, shareholder returns in FY2023 will amount to approximately 200.0 billion yen. Dividend payout ratio and total payout ratio (including buyback) is forecasted to be approximately 30% and 61%, respectively.

- Annual DPS forecast increased to 74 yen per share from 62 yen in FY2022 (37 yen interim & 37 yen at year-end)
- Best efforts will be made for FY2024 DPS to be equal to or greater than FY2023 DPS
- To conduct share buybacks amounting 100.0 billion yen in FY2023
- To cancel own shares acquired in FY2022 and FY2023 (120.0 billion yen in FY2022, 100.0 billion yen in FY2023)

Increasing DPS



Share Buybacks and Cancellation

Year	Amount (billion yen)	Action	Shares (million)
2023/12	100.0	To be bought back and cancelled	-
2022/12	120.0	To be cancelled	About 80 million shares
2021/12	70.0	Cancelled	About 76 million shares

Deeper Dialogue with Investors



- Institutional investors and analysts: To hold inaugural Investor Day and enhance one-on-one meetings, small meetings, conferences organized by securities companies, overseas road shows, overseas site visits
- Individual investors: To enhance presentation sessions and domestic site visits

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Source: INPEX CORPORATION Financial Results for the six months ended June 30, 2023 (August 10, 2023) Page14,16
<https://www.inpex.co.jp/english/ir/library/pdf/presentation/e-Presentation20230810-a.pdf>

TOA CORPORATION logo: Create Value. Build the Future

4. Strengthening of IR activities (1) Establishment of a dedicated department

Based on the opinions of shareholders and investors, a dedicated IR Department will be established by the end of the second quarter to strengthen IR activities. Regarding dialog with individual shareholders and investors, which was held 37 times in FY2022, we will establish a system to hold such dialogs more than 100 times per year by FY2025.

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Voice of Investors

Establishment of a new department dedicated to investor relations and efforts to enhance information disclosure show that management is committed to improving the way it deals with shareholders and investors, and investors can expect accelerated efforts to increase corporate value in the future.

● The company established a dedicated department to strengthen IR activities and works to enhance information disclosure, including English disclosure, based on on investors' opinions. Opinions obtained through dialogue are reported to the board on a regular basis and reflected in the review of measures. (→ Point III.1)

Source: TOA CORPORATION, Action Plan to Improve Price-to-Book Ratio (May 12, 2023), Page6-7
<https://pdf.irpocket.com/C1885/ba4w/CWen/bNjb.pdf>

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4. Strengthening of IR activities (2) Enhancement of information disclosure

We received advice from shareholders and investors that information disclosure should be enhanced in order to fully promote the quality of the Company, including expanding disclosures in English. We will further expand the disclosure of both quantitative and qualitative information. We will improve our English-language disclosures, particularly for overseas institutional investors.

1) Enhanced quantitative information	2) Enhanced qualitative information
Enhanced supplementary material on financial results Starting from disclosure documents for the FY ended March 31, 2023	Establishment of IR Day (from FY2023)
i) Additional information required by investors Provide additional information such as background information about the target plan at the beginning of the term and follow up information on any deviations from the original plan during the term.	i) A detailed explanation of each business line's strengths (domestic civil engineering, domestic construction, and international) * About one hour (including a Q&A session) for each business line.
ii) Disclosure in English Approximately two weeks after the announcement of financial results, an English version of the supplementary material on financial results will be disclosed.	ii) A detailed explanation of our sustainability policies and initiatives * Human capital, climate change, etc.

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» 4. Strengthening of IR activities (3) Revision of annual calendar

In FY2023, we will hold IR-related events as follows to **proactively approach securities companies, institutional investors, and individual investors**.
Opinions obtained through dialog with investors are regularly reported to the Board of Directors, and measures will be reviewed as appropriate.



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- The company provides regular reports to the board members on opinions obtained through dialogue with investors and reviews their measures to reflect those opinions. (→Point III. 1)

- They provide disclosure of major opinions expressed in dialogue with shareholders and investors and the status of subsequent responses (→Point III. 3)

» Reference 2) Main opinions obtained through dialog with shareholders and investors in FY2022

Shareholders and investors have generally understood the stable growth potential of our main business. However, there were suggestions that we need to improve our approach, particularly with regard to **shareholder returns** and **IR activities**. We have implemented some measures but will make further improvements.

1) Approach to shareholder returns, etc.

Priority should be given to **increasing the value per share by buying back shares when the share price is low** and increase the dividend when the stock price is rising.

The 20–30% dividend payout ratio (set in the previous medium-term management plan) is not sufficient. **It is necessary to improve the dividend payout ratio.**

2) Lack of IR activities and information disclosure, etc.

The Supplementary Material on Financial Results discloses past figures only for the second and fourth quarters, and the gross profit is not known. Since I cannot formulate a model, I would like you to disclose the other past figures as well. (⇒ Disclosures have been already made since FY2020)

The Supplementary Material on Financial Results needs to be disclosed in English.

The reason why the price-to-book ratio is low even though it is comparable to other companies in the same industry is largely due to **a lack of recognition by the market**. I would like you to **disclose trends in an easy-to-understand manner and emphasize your quality well.**

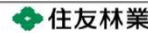
Among marine constructors, you have a future, and I feel that you can differentiate yourselves from the competition, so I think the price-to-book ratio is at a comparatively cheap level. However, I do not feel after holding shares for five years that there has been an increase in the number of long-term investors. **IR should be strengthened.**

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Source: TOA CORPORATION, “Action Plan to Improve Price-to-Book Ratio” (May 12, 2023), Page8, 11
<https://pdf.irpocket.com/C1885/ba4w/CWen/bNjb.pdf>

Efforts to Realize Management that is Mindful of Equity Cost and Share Prices 24



Verification of current status

- Recognition that Sumitomo Forestry's **shareholders' equity cost is about 7%**.
- ROE was 19.4% in FY12/22 and forecast to be 13.7% for FY12/23, **trending at a rate that is significantly higher than shareholders' equity cost.**
- PER has recently been improving to about 9.0x. However, in FY12/22 when the outlook for the US housing market was uncertain, it was 4.3x, moving at a lower rate than other companies in the same industry.
- PBR is currently about 1.0x. To achieve further improvements in corporate value, **we recognize that it is even more important to steadily implement and establish the medium- to long-term growth strategy.**

Policy

- Continue to aim toward achieving the targets set out in the Medium-Term Management Plan, which is positioned as the three-year period for realizing the Long-Term Vision and creating its foundation.
- Financial targets set out in the Medium-Term Management Plan – **ROE: 15% or higher in a stable manner, Consolidated recurring income: 173 billion yen, Capital adequacy ratio: 40% or higher, Net DE ratio: 0.7 or less, Investment plan: 300 billion yen (three-year total).**

Initiatives

- **Implementation of growth strategy for the US housing development business** while remaining mindful of controlling inventory risks and improving turnover rate.
- **Realization of initiatives that contribute toward the realization of a decarbonized society**, such as the creation of the Forestry Fund.
- **Investment in growth areas** while maintaining financial soundness, and **providing shareholder returns based on the stable dividend policy.**
- **Further pursuit of capital efficiency**, including reducing assets held and reducing cross-shareholdings, etc.
- **Introduction of executive remuneration system that is linked to market capitalization and sustainability indicators** (introduced in February 2022)
- **Further enhancement of opportunities for dialogue with the market**, such as by enhancing disclosure related to growth businesses

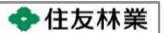
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• The company provides disclosure of the their perceived level of cost of equity and the model/parameter settings used to calculate it (→Point I. 1)



Voice of Investors

Investors liked this company's proactive approach to its ROE target, which is significantly higher than its cost of capital, as well as its efforts to improve its market valuation. The strong commitment of the management team can be felt through the introduction of a compensation system for board members that is linked to the increase in corporate value.

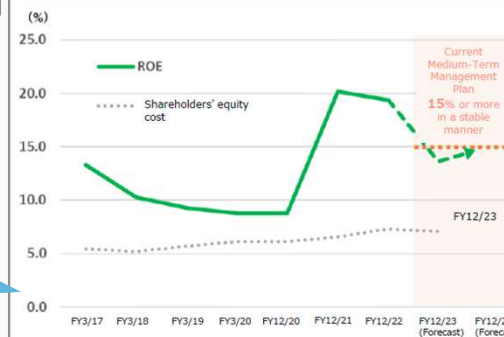


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ROE Exceeding Capital Costs

- ROE exceeds shareholders' equity cost, and equity spread is positive.
- Also selected for the JPX Prime 150 Index *Selected based on return on capital (equity spread criteria)

ROE and shareholders' equity cost



Toward achieving ROE 15% in a stable manner

- Improve profitability** Improve profitability by improving value-added ratio in the US housing business, proposing raising the added value in the domestic housing business as well, etc.
- Improve capital efficiency** Improve capital efficiency by controlling inventory in each business and acquiring carefully selected land through the US housing business.
- Growth investment** While maintaining financial soundness, promote investment in growth areas that contribute to increasing corporate value sustainably, beginning with the field of decarbonization.

Shareholders' equity cost (%) FY12/23

Risk-free rate Safe assets, risk-free interest rates *Set based on 10-year government bond yield	+	Beta (β) sensitivity Risks specific to Sumitomo Forestry	×	Risk premium Excess rate of return anticipated from equity investment *Set based on stock market returns in the past	=	Shareholders' equity cost 7.00% Calculated from CAPM
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Source: Sumitomo Forestry Co., Ltd., FY12/2023 — Second Quarter Financial Results and Full Year Forecast— (August 9, 2023), Page24-25
https://sfc.jp/english/ir/library/pdf/forecast2023_2q.pdf

Recent PBR of about 1.0x

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- PER has remained low from FY12/20 till FY12/22 despite EPS growth, due to the uncertain outlook of the US housing market and other factors. However, it has been improving recently against the backdrop of the payout of stable dividends, enhancing disclosure related to growth businesses, and the recovery of the US single family homes business. PBR is also trending at about 1.0x.

Trends in PER



Trends in PBR



Examples of initiatives to improve PER/PBR

- Maintain annual dividend per share for FY12/23 at 125 yen, the same level as in the previous year, although profits are forecast to decline year-on-year.
- Hold briefing sessions on the Global Housing, Construction and Real Estate segment (June 2022, June 2023), and increase the number of items in the disclosure of financial results with a focus on this Business (revision of Factbook in February 2022).

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- Active investment to promote and expand businesses set forth in the long-term vision (→Point II. 1)

- Even though the profitability achieved exceeds the cost of equity, the status of indicators related to market valuation, such as PER and PBR, were also analyzed, and efforts to improve them were considered. (→Point I. 2)

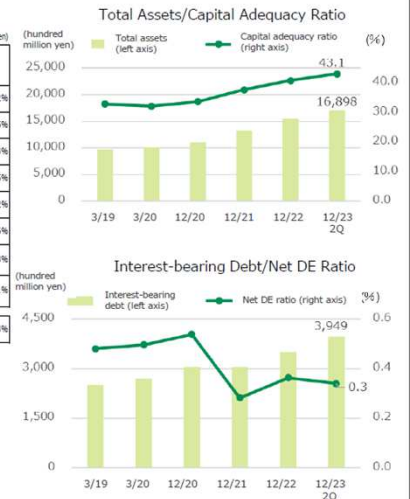
Promote Investment in Growth Areas While Maintaining Financial Soundness 27

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- The three-year investment plan set out in the Medium-Term Management Plan is a cumulative amount of about 300 billion yen. We will also continue to promote the acquisition of real estate for sale separately from the investment plan, promote businesses set out in the Long-Term Vision, and invest actively for expansion.

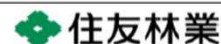
Breakdown		FY12/22 Full year results	FY12/23 First half results	Total	Three-year Medium-Term Plan	
		(billion yen)			Medium-Term Plan	Progress
Major decarbonization- related investments	Timber industrial complex investments	0.4	0.0	0.4	20	2%
	Overseas wooden non-residential construction investments	3.6	3.8	7.5	30	25%
	Forestry Fund-related investments	0.2	0.1	0.4	12	3%
Investments and loans other than the above, by segment	Timber and Building Materials	3.9	1.3	5.2	35	15%
	Global Housing, Construction, and Real Estate	42.9	25.0	67.8	130	52%
	Housing	6.4	2.5	8.9	25	36%
	Environment and Resources	3.1	0.8	3.9	30	13%
Other	Renewable energy/forestry/afforestation investments, etc. System investments (DX promotion, etc.), etc.	2.1	2.5	4.6	15	31%
Total		62.6	36.0	98.7	297	33%

*Reposted from p.13



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Source: Sumitomo Forestry Co., Ltd., FY12/2023 — Second Quarter Financial Results and Full Year Forecast— (August 9, 2023), Page26-27
https://sfc.jp/english/ir/library/pdf/forecast2023_2q.pdf



Executive Remuneration System Linked to Enhancing Corporate Value 28

- In conjunction with the formulation of the Long-Term Vision and Medium-Term Management Plan, the executive remuneration system was reviewed (for FY12/22 and beyond) at the Board of Directors' meeting convened on February 14, 2022. System design is based on the following policy.
 - To create a system that is closely linked to improving not only short-term financial results, but also medium- to long-term financial results and corporate value.
 - To create a system that is linked to newly created and provided value, alongside the promotion of management that is integrated with ESG.
 - To create a system that is mindful of linkage with Sumitomo Forestry's shareholder values.
 - To set a remuneration standard that can secure and retain the human resources needed for the achievement of the Long-Term Vision.
 - To create a system that secures transparency and objectivity in the process of determining remuneration.

The company introduced a management compensation system with restriction on transfer of shares based on the degree of stock price growth and the rate of achievement of sustainability indicators to make the compensation system highly linked to mid- to long-term business performance and improvement of corporate value. (→Point II. 3)

Composition ratio of Directors' remuneration (illustration in the case where standard profit is 100 billion yen)

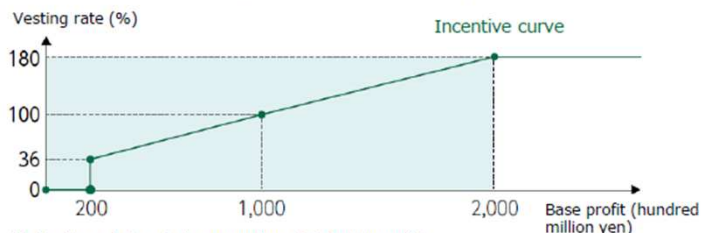


Calculation formula for performance-based restricted stock compensation

- Amount equivalent to two-thirds of the position-based standard stock compensation amount x Vesting rate *2 (Sumitomo Forestry's market capitalization growth rate during the Medium-Term Management Plan period/TOPIX growth rate during the same period)
- Amount equivalent to one-third of the position-based standard stock compensation amount x Vesting rate *3 (Attainment rate of Medium-Term Management Plan targets to reduce greenhouse gas emissions based on SBT)

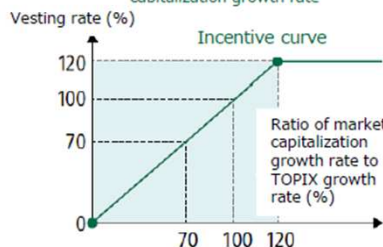
Calculation formula for annual performance-based bonuses

Amount of bonus = Standard position-based bonus x Vesting rate *1



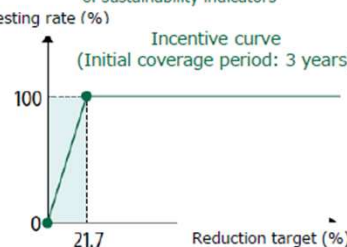
*1 Vesting rate is set at a range from 0% (minimum) to 180% (maximum).

(1) Compensation linked to market capitalization growth rate



*2 Vesting rate is set to a range from 0% (minimum) to 120% (maximum)

(2) Compensation linked to attainment rate of sustainability indicators



*3 Vesting rate is set to a range from 0% (minimum) to 100% (maximum)

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Analysis of current situation and Policies for the present

Since the ROIC of the business is high enough at present, we can achieve an ROE level that exceeds the cost of shareholders' equity by reducing excess capital.

In accelerating the current direction, consider and carry out various capital policies.

* Updated figures only from 2023 2Q disclosure documents (no change in content)

Consolidated Balance Sheet (estimated as of 9/30/2023)

[Financial assets]

Cash and deposits
Securities (short-term bonds)
Investment securities (long-term bonds)
Investment securities (cross-shareholdings)

Approx. ¥ 67 bn

[Business assets]

Trade receivables
Inventories
Property, plant, and equipment/Intangible assets

Chemicals: Approx. ¥ 43 bn
Housing Materials:

Approx. ¥ 15 bn

Total approx. ¥ 58 bn

[Excess capital]

(Risk buffer retention policy) Retain 1/3 of annual net sales

(Allocable funds)
Consider shareholder returns, with the amount excluding risk buffers as the capital that can be reduced.
In particular, the reduction in cross-shareholdings is prioritized.

[Investment capital]

(Profit indicator to be compared) Operating profit after tax by business
-> ROIC by business

Chemicals business
Approx. ¥ 31 bn (ROIC 14% level)

Housing Materials business
Approx. ¥ 8 bn (ROIC 11% level)

Total approx. ¥ 39 bn

[Business liabilities]

Trade payable
Labor liabilities and provisions

[Group capital invested]

(Profit indicator to be compared)
After tax (operating profit + financial revenue)
-> Group ROIC

(Target WACC)
Aiming for 6% or less by leveraging

Approx. ¥ 106 bn
ROIC 6% level

[Future earnings to be acquired (FCF)]

(Shareholder return)
Carry out promptly, targeting 50% of Profit

(Internal reserves)
Prioritize investments in growth and human capital as risk capital

[Net assets in carrying amount]

(Profit indicator to be compared) Profit -> ROE

(Assumed cost of shareholders' equity) 6-8%

(Target ROE)
Set to 8% as a hurdle rate in the short term, and aim to exceed 10% in the future through a capital reduction

Approx. ¥ 84.5 bn
ROE 10% level

[Interest-bearing debt]

(Basic Policy on Leverage)
-Actively utilize low-cost funds to the extent that the credit rating can be maintained
-Set D/E ratio to the 30% level

Approx. ¥ 22.3 bn

- The company disclosed a **balance sheet-based** analysis and policy for improvement to **achieve higher ROE levels.** (→ **Point I.3 & Point II.1**)

[Future net assets]

Maintain ROE and net asset levels that exceed the cost of capital at all times through balance sheet management to secure both aggressive growth strategies and capital efficiency.

In addition, consider capital policies that enhance the attractiveness of share value from perspectives other than profitability (increased liquidity, preferential treatment) and incentive plans that make employees and management more aware of share value.



Voice of Investors

A unique illustration that shows at a glance that the company is managed with balance sheet awareness. This will lead to a better understanding of the company and deeper dialogue in the future.

Taking ROIC management to a deeper level

The Mitsui Chemicals Group incorporates ROIC into its business management. In aggressive growth-investment phases, a company's ROIC may experience short-term drops. The Life & Healthcare Solutions business segment is one example: while profits are demonstrating steady growth, the segment's ROIC is on a decline. The downward trend is a temporary one, stemming from aggressive, strategy-driven investments in capacity expansion, other investments, M&A activities, and initiatives to form partnerships. To keep business-promotion efforts positive and active at these junctures, we set ROIC targets not for individual fiscal years but rather from a medium- to long-term perspective.

That said, however, our single-year targets do include ROIC components, such as cash conversion cycle (CCC), in addition to profit targets, providing us with insights that we can use to enhance asset efficiency. For example, we configure a specific CCC target for each business division and monitor progress on a quarterly basis. The Group had 440.0 billion yen in inventories as of March 31, 2023. An increase of 3% in that total would mean a reduction in cash flow of more than 10 billion yen. As we work to apply cash resources to growth investments more efficiently and effectively, we will need to take steps to improve our CCC.

We will also continue to boost our Group-wide ROIC

through a variety of efforts to review asset holdings across the Group, such as reducing cross-held shares and selling and disposing of idle facilities and equipment. We monitor ROIC levels on a business division basis for every accounting period to assess whether our strategy-based measures are heading in the right direction. In addition, we are exploring ways to accelerate business restructuring through strategy discussions based on a classification of businesses according to ROIC and profit growth. For example, we decided in June 2023 to address the low ROIC levels in Mitsui Chemicals Tohcello, Inc.'s packaging film business by forging a business alliance arrangement with other companies, thereby enhancing performance.

We are thus working to develop and establish a management framework mindful of cost of capital. However, the Group-wide average ROIC as of fiscal 2022 is just over 5%—still short of our return on equity (ROE), which exceeds 10%. To bring our corporate value up to a level comparable with those at other specialty companies, we will need to deepen our ROIC management even further.

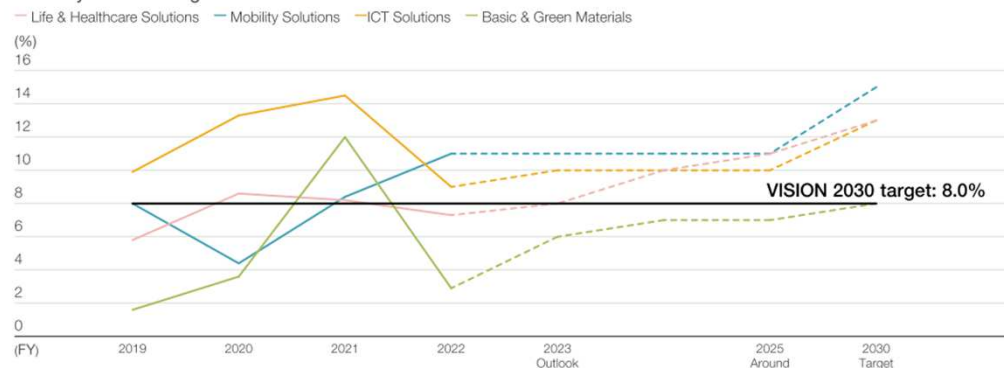
Crucial to that effort will be a stronger awareness of the connections between non-financial components and ROIC. Safety and quality, for example, are core components of business foundations that enhancements in corporate value

Financial Strategy

rely on. The same idea applies to human capital. If we can implement measures to transform our corporate culture step by step and help our employees see things from a new perspective, I think we will be able to execute portfolio

transformations even more quickly and further enhance corporate value. Embracing that mindset, we are working to build structures that will facilitate ROIC improvements from both the financial side and the non-financial side.

ROIC by business segment

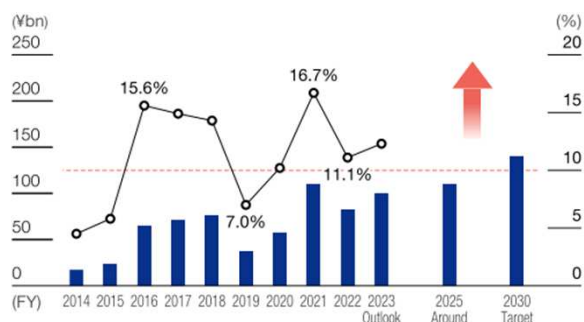


The company has been working for a long time to deepen ROIC management by reviewing asset holdings and promoting portfolio transformation. (→Point II. 1)

Seeking to increase the P/B ratio by raising the level of ROE, accelerating profit growth in growth domains, promoting further restructuring, boosting shareholder returns, etc.

ROE

■ Profit attributable to owners of parent/Net income attributable to owners of the parent
● ROE -- 10% ROE



Acceleration of business portfolio transformation	<ul style="list-style-type: none"> Accelerate profit growth in growth domains Manage business portfolio by reviewing ROIC and profit growth potential of each business
Reduction of volatility	<ul style="list-style-type: none"> Stabilize and improve earnings in Basic & Green Materials Implement further steps to restructure and downsize low-profitability businesses Optimize cracker capacity Implement investments in green chemicals initiatives while ensuring profitability
Enhancement of cash generation capabilities	<ul style="list-style-type: none"> Improve cash flows from operating activities via increased earnings and an improved CCC
Capital policy	<ul style="list-style-type: none"> Further boost shareholder returns in line with the rise in profit levels



Voice of Investors

This company has been steadily implementing structural reforms, including a review of its business portfolio, and its stated initiatives have a substantial degree of persuasiveness. In addition, the company's top management frequently communicates with the market, and we feel that the voices of investors are being properly conveyed to the company.

Source: Mitsui Chemicals, MITSUI CHEMICALS REPORT 2023 (September 29, 2023), Page45-46

https://jp.mitsuichemicals.com/content/dam/mitsuichemicals/sites/mci/documents/ir/ar/ar23_all_web_en.pdf.coredownload.inline.pdf

Top 3 Takeaways from Mitsui Chemicals Report 2023

① Focusing on our strengths in technology and human resources, the sources of the Group's value creation

The report features the technological and human resource strengths the Group has developed over years and the history of our product development driven by these two strengths. It also includes a dialogue between the CEO and Executive Advisor about solutions, technologies, and human resources that were interactively developed through efforts to solve social challenges, and the keys to creating new businesses

▶▶ Feature: Creating the Future with the Power of Technology and People, p. 25

Categorizing the Group's management resources into six capitals

▶▶ Our Six Capitals, p. 36

② Charting out clear pathways toward achieving fiscal 2025 goals for each business

The section for each business explains growth strategies through fiscal 2025 in terms, for example, of investment recovery, organic growth, on an element-by-element basis.

▶▶ Business Portfolio Transformation, p. 78

③ Expanding disclosure to deepen dialogue with stakeholders

The report includes the following sections that help deepen dialogue with stakeholders:
- Questions and answers from a discussion between outside directors and institutional investors held in May 2023

▶▶ Dialogue Outside Directors x Institutional Investors, p. 93

Analysis of the Group's past M&A activities, which have generated interest and questions from investors

▶▶ Investment Strategy, p. 48

Examples of customer engagement through Blue Value™ and Rose Value™

▶▶ Blue Value™ and Rose Value™: Visualizing Contributions to the Environment and Society, p. 20

- The company conducted roundtable meetings between outside directors and investors for the purpose of deepening dialogue and disclosing the content of such meetings in the integrated report. (→Point III.1)

- In their integrated report, they disclose analyses and other information related to M&A that are frequently asked in dialogue with investors (→Point III. 3)

Source: Mitsui Chemicals, MITSUI CHEMICALS REPORT 2023 (September 29, 2023), page1 (Red frames added by TSE)

https://jp.mitsuichemicals.com/content/dam/mitsuichemicals/sites/mci/documents/ir/ar/ar23_all_web_en.pdf.coredownload.inline.pdf



Competitive Compensation: Strengthening Equity Incentives

Our basic purpose and approach to equity incentives have remained the same since the disclosure of our RS system implementation in FY2019 4Q

Purpose	<ul style="list-style-type: none"> To align the incentives and commitment of directors and employees with the maximization of long-term shareholder value To ensure the competitiveness of our compensation level in order to attract and retain talent which is the foundation of our competitive advantage
Structure	<ul style="list-style-type: none"> Structure: restricted stock (RS) and stock options Simple design that both investors and recipients can expect
Dilution	<ul style="list-style-type: none"> Expected dilution of max. 10% over 10 years from FY2019 (around 1% per year) Designed with flexibility for variation in each year Abandonment of outstanding Trust SO will reduce dilutive impact by 0.58% (disclosed today) Our percentage of dilutive shares was 7.3% at IPO and 5.1% as of the end of the fiscal year ending July 2023 - lower than other growing companies (see other pages for stock incentive balance)
Impact on P&L/CF	<ul style="list-style-type: none"> Stock-based compensation expense for FY2023 was JPY 652MM per year Stock-based compensation expense for FY2024 will be maximum JPY 550MM per year ⁽¹⁾ As the impact is neutral in terms of cash flow, we disclose non-GAAP profits, excluding the impact of RS

Notes
 (1) Estimate as of September 2023. The amount will be affected by stock price. Decrease from the previous period due to the vesting of achievement of performance requirements and the abandonment of the Stock Acquisition Rights No.15 (Trust SO)



Voice of Investors

The newly introduced CEO compensation package is designed to encourage the new CEO, who succeeded the founder, to embody a founder's spirit, actively engage in corporate growth, and show a strong commitment to achieving corporate growth.

After the retirement of the founder and CEO, the company set a maximum percentage of stock compensation and introduced RSUs (Restricted Stock Units) linked to profit growth to encourage the new CEO to commit to the improvement of corporate value over the medium to long term (→Point II. 3)

Source: RAKSUL INC, Financial Results for the Fiscal Year Ending July 31, 2023 (September 12, 2023), Page57-58
https://ssl4.eir-parts.net/doc/4384/ir_material_for_fiscal_yr3/141632/00.pdf



Incentive Design for CEO

- Multiple alignment tools with the shareholders' viewpoint, in order to ensure that the new CEO will not merely be a hired successor, but become a "founder" who will be responsible for increasing the company's value over the next 10 years
- While monetary compensation level is lower than that of other listed companies, the ratio of equity compensation is set at the highest possible level to encourage long-term commitment
- All incentive grants to be contingent upon approval of the grant of RSUs at the 14th Annual General Meeting of Shareholders

Name	Format	Number of Shares(Dilution % ⁽¹⁾)	Conditions of Exercise, etc.	PL/BS Impact ⁽²⁾
Monetary Compensation	Monetary Compensation	-	-	Executive compensation expenses
Restricted Stock Units (RSU)	Stock-Based Compensation (Service requirement + Single year performance requirement)	Total for 10 years Maximum 877,000 Shares (1.50%)	Removal of restrictions on the transfer of 87,700 shares each after the end of each fiscal year, provided that the following two conditions are met (if not met, the share will be forfeited for that fiscal year) • Remain as CEO until the end of each fiscal year • Consolidated gross profit growth of over 15% YoY	Expense of approx. JPY 120MM per year
Stock Options (Paid-in SO)	Performance Target Linked (Stock price requirement + Performance requirement)	877,000 Shares (1.50%)	3 tranches setting (share price requirement and performance requirement) 1. Share price of 8,300 yen (market capitalization of approximately 500 billion yen) + EBITDA of 10 billion yen: 20% exercisable 2. Share price 12,000 yen (market cap of approx. 700 billion yen) + EBITDA of 15 billion yen: 33% exercisable 3. Stock price of 17,000 yen (market capitalization of approximately 1 trillion yen) + EBITDA of 20 billion yen: 47% exercisable Performance evaluation after 3 years for a period of 10 years	Expense of approx. JPY 80MM per year
Negotiated Transaction	Capital Gain	877,000 Shares (0.00%)	No dilution due to the fact that this is a secondary transaction and not an issuance of new shares Company stocks will be purchased from the founder, Yasukane Matsumoto, and the stock market in a negotiated transaction (We lend part or all of the funds)	-
Total		1,754,000 Shares + 877,000 Shares (3.00%) (0.00%)		Expense of approx. JPY 200MM per year

Notes
 (1) Based on 58,476,092 shares (581,858 voting rights), the total number of outstanding shares of the Company as of July 31, 2023
 (2) Calculated based on an estimated share price of JPY 1,400 yen



Issuance of Stock-Based Compensation and Performance Target Linked Stock Options⁽¹⁾

- Issued a total of 4 stock options linked to stock-based compensation and performance target linked stock options in December 2022
- 1. and 2. are stock-based compensations as annual incentives (1-yen SO instead of RS has been implemented for employees from the current fiscal year)
- 3. and 4. (collectively called Quality Growth Stock Option 2022) are stock-based compensations linked to performance targets and serve as medium-term incentives. However, the decision was made to abandon the Trust SO because it could no longer fulfill its original purpose

Name	Type	Number of Shares (Dilution % ⁽²⁾)	Allotees	Conditions for Exercise, etc.
1. Restricted Stock-Based Compensation (RS)	Stock-Based Compensation	11,260 shares (0.04%)	Directors	Restriction on transfers lifted in a lump sum after 3 years
2. Stock Acquisition Rights No.13 (1-yen SO) ⁽³⁾	Stock-Based Compensation	42,370 shares (0.15%)	Employees	Exercisable in one sixth increments every 6 months
3. Stock Acquisition Rights No.14 (Paid-in SO)	Performance Target Linked (Quality Growth Stock Option 2022)	192,500 shares (0.66%)	Directors Employees	When EBITDA ⁽⁴⁾ a) Exceeds JPY 2.8Bn in FY2023 or FY2024: 50% exercisable b) Exceeds JPY 4.0Bn in FY2024 or FY2025: 50% exercisable
4. Stock Acquisition Rights No.15 (Trust SO) ⁽⁴⁾	Performance Target Linked (Quality Growth Stock Option 2022)	167,500 shares (0.58%)	Directors Employees New hires	Same as above
Total		413,630 shares (1.42%)		

Notes
(1) In February 2023, we executed a stock split (from 1 share to 2 shares). This page shows the number of shares before the stock split.
(2) Dilution rate based on 29,080,100 shares (290,297 voting rights), the total number of outstanding shares of the Company as of July 31, 2023.
(3) Stock Acquisition Rights described in the "Announcement of Issuance of Stock-based Compensation Stock Options (Stock Acquisition Rights) No.13".
(4) Stock Acquisition Rights described in the "Announcement of Issuance of Stock Acquisition Rights No.15 Using a Third-party Advisor and Introduction of a Market Value Issued Stock Acquisition Rights Trust" disclosed on November 17, 2022.

- The company promotes initiatives to align executive and employee incentives and commitments with the enhancement of corporate value by granting restricted shares and stock options to board members other than the CEO, and stock options to employees (→Point II. 3)



Stock Incentive Design based on Quality Growth

- Performance target-linked stock options (collectively called Quality Growth Stock Option 2022) issued in December 2022
- Gross profit, the condition for exercising the Stock Acquisition Rights No.12 issued in July 2020, was substantially achieved. EBITDA has been now set as the condition for the exercise, with the aim of generating profit while continuing the growth
- Potential dilution from these stock options is 0.66% (Figures after abandonment of Trust SO)

Purpose

With the intention of improving our business performance and corporate value over the medium-to-long term, we aim to further enhance the motivation and morale of our directors and employees and further strengthen company cohesiveness

Condition of Exercise

Issued in July 2020
Stock Acquisition Rights No.12
(Paid-in SO)

Gross Profit
FY2022 - FY2024
JPY 7.7Bn

Achieved FY2022 Result
JPY 9.8Bn

Issued in December 2022
Quality Growth Stock Option 2022
(Paid-in SO/Trust SO)

EBITDA
a) FY2023 or FY2024
JPY 2.8Bn (50% Exercisable)
b) FY2024 or FY2025
JPY 4.0Bn (50% Exercisable)

Source: RAKSUL INC Financial Results for the Fiscal Year Ending July 31, 2023 (September 12, 2023) Page87-88
https://ssl4.eir-parts.net/doc/4384/ir_material_for_fiscal_yr3/141632/00.pdf

[Our view on the importance of allocating management resources with full awareness of the cost of capital and return on capital]

With regard to our cost of capital, we strive to understand not only the figures calculated based on generally accepted calculation methods, but also the actual cost of capital demanded by external parties. For this purpose, we conduct a questionnaire survey of securities analysts and institutional investors at the financial results briefing held each quarter. Based on the results of the survey and the figures applied in analyst reports issued by securities firms, we currently estimate that the cost of capital demanded of us is around 7% to 8%.

On the other hand, our ROE for the most recent fiscal year, ending December 31, 2022, was 13.4%, and the average ROE for the past five years was 15.5% (maximum 18.9%, minimum 13.4%), which we believe is consistently above the cost of capital.

In addition, the PBR (price book value ratio) is 3.77 times, well above 1x, based on the closing price of our stock at the end of 2022, and the PER (price to earnings ratio) is 28.75 times. The PBR ratio has been consistently above 1x not only in the most recent period but also in other periods. Based on the above, we recognize that our PBR ratio is sufficiently evaluated from the viewpoint of PBR ratio, and we have not set any special improvement measures or targets to significantly improve our PBR ratio from the current level.

- **The company conducts a questionnaire survey of securities analysts and institutional investors at each quarterly earnings conference to ascertain cost of capital. (→Point I. 1)**

Despite this recognition of the current situation, we are conscious of further improving the efficiency of shareholders' equity.

First, we intend to return profits to shareholders through a year-end dividend for the fiscal year ending December 31, 2023 (target: 100 billion yen), which will consist of ordinary and special dividends, and a share buyback during the fiscal year ending December 31, 2024 (target: 40 billion yen). This policy is expected to reduce the level of cash held by the Group and significantly improve the efficiency of shareholders' equity.

Second, our basic policy for shareholder returns for the fiscal year ending December 31, 2024 (payment in 2025) and beyond is to fully return net income generated from investments necessary for business growth through year-end dividends and share repurchases in the following fiscal year, without retaining any retained earnings. Since cash will continue to increase above the minimum required amount even after the substantial shareholder return in 2024, we will prioritize improving capital efficiency through shareholder returns and M&A.



Voice of Investors

Surveying investors about cost of capital is a good initiative in terms of understanding investors' expectations.

PBR and ROE



In the light of PBR being below 1x, we assessed the current situation and discussed improvement policies and detailed initiatives at the board meeting several times.

* PBRs for FY2013-FY2022 are calculated based on the year-end share price.
PBRs and ROEs up to FY2020 are those of ASKA Pharmaceutical Co., Ltd.
PBRs and ROEs after FY2021 are those of ASKA Pharmaceutical Holdings Co., Ltd.

ASKA Phar



Voice of Investors

Main points related to "Action to Implement Management That is Conscious of Cost of Capital and Stock Price" are covered succinctly and explained in a way that is easy for investors to understand.

Assessment of Current Status and Policy for Improvement

Assessment of Current Status

- ✓ The Company's ROE has increased to the 8% level for three consecutive fiscal years of profit growth and has exceeded the 8% target for FY2025, the final year of the Medium-Term Management Plan.
- ✓ On the other hand, PBR has been below 1x since FY2018. We assess that the feasibility of the growth strategy was not fully understood, the external communication was not sufficient, and the Company did not disclose specific cash allocation. This was due to the Company's lack of clear direction for growth strategy and shareholder returns.

Policy for Improvement

To improve market valuation, we will continue to strengthen IR activities to communicate our growth strategy by holding financial results briefings and pipeline briefings. Moreover, we will consider optimal cash allocation and take action to implement management that is conscious of the cost of capital and our share price to enhance the feasibility of the growth strategy and meet the expectations of our shareholders. We will continue to reduce cross-shareholdings as a percentage of net assets to less than 20% by the end of March 2024.

- **Based on the situation where ROE has exceeded the target of 8%, but P/B ratio is below 1, the company analyzed the contributing factors and considered initiatives for improvement. (→ Point I.2)**

ASKA Pharmaceutical Holdings Co., Ltd.

Source: ASKA Pharmaceutical Holdings CO., Ltd, "ASKA Pharmaceutical Holdings Takes Action to Implement Management That is Conscious of Cost of Capital and Share Price" (November 10 2023) , Page5-6

<https://www.aska-pharma-hd.co.jp/LinkClick.aspx?fileticket=5I0Bg6vC9MM%3d&tabid=260&mid=821&TabModule860=0>

Details of Initiatives 1) Growth Strategy

Cash allocation for future growth

FY2020-2022

FY2023-2025

(Historical breakdown)		Source of funds	Investment direction	Objectives	Distribution	
Operating CF 12.7 billion	Growth investment Strengthen management base 6.7 billion	Operating CF* 20 billion	Growth investment	Pharmaceutical business	15 billion + X	
	Debt repayment Others 4.5 billion			New field		Expand pipeline by strengthening R&D and BD Femtech, CVC, Digital Health Testing, Animal Health (CA)
				Shareholder return* 1.6 billion		Overseas development
Sale of tangible assets 10.3 billion	Increase in cash on hand 10.2 billion			Cash from sale of cross-shareholdings 3 billion		M&A
		Fundraising (+X)	Shareholder return	Strengthen management base	3.4 billion	
				Renewal and expansion of production facilities		Digital transformation
				Investment in human capital		
				Dividends, share buybacks	3.4 billion	

*Dividend + Share buyback

*Assumed operating profit + depreciation
+Research and development expenses (except tangible assets)

✓ Maintain Equity ratio of over 50%

Reference March 2023
Cash Equivalents 17.5 billion
Interest-bearing debt 12.6 billion



● The company provides disclosure of its mid-term cash allocation policy for future growth (→Point II. 1)

● They describe efforts to strengthen investor relations activities by increasing the number of investor briefings and enhancing information disclosure (→Point III. 1)

Details of Initiatives 3) Strengthen IR Activities

- ◆ Strengthen financial results briefings for individual/institutional investors
- ◆ Continue constructive dialogue with shareholders and investors (IR meetings)
- ◆ Create new opportunities for dialogue, such as small meetings and pipeline briefings
- ◆ Report to the Board of Directors on opinions obtained at IR meetings, etc., as appropriate, and conduct reviews
- ◆ Enhance information disclosure by expanding our website information and availability in English



Financial results briefing for institutional investors (Webcasts in May and November)



IR seminars for individual investors (Held in February and August 2023)

IR meetings with analysts and institutional investors: 78 times; total of 98 participants

IR meetings (Actual in FY2022)

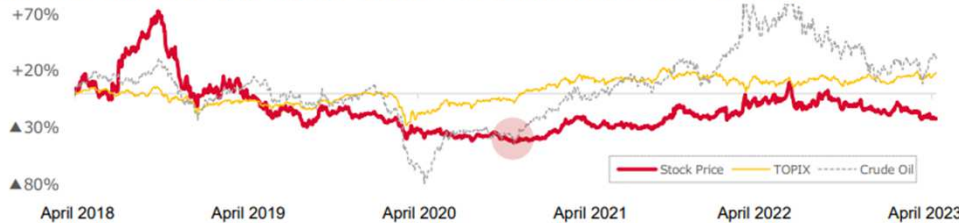


Source: ASKA Pharmaceutical Holdings CO., Ltd “ASKA Pharmaceutical Holdings Takes Action to Implement Management That is Conscious of Cost of Capital and Share Price” (November 10 2023) Page8,10

<https://www.aska-pharma-hd.co.jp/LinkClick.aspx?fileticket=510Bq6vC9MM%3d&tabid=260&mid=821&TabModule860=0>

Market Valuation

Market Valuation (1): 5-year Stock Performance [Indexed to April 2018]



Market Valuation (2): 5-year PBR Trend



- ✓ Correlation between the stock price and crude oil prices began to decrease in late 2020. Despite reporting strong profitability from FY21 onward, this may not have been reflected in the stock price due to reduced petroleum demand and heightened momentum towards carbon neutrality
- ✓ PBR exceeded 1x up to 2019 when merger discussions were ongoing, but current PBR is about 0.5x

idemitsu *Net Income : excluding inventory impact Copyright © Idemitsu Kosan Co., Ltd. All Rights Reserved.

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• The company presented their recognition that there is a gap between the CAPM-based cost of capital and the market's return expectations, and revised its ROE target upwards. (→ Point I. 1)



Voice of Investors

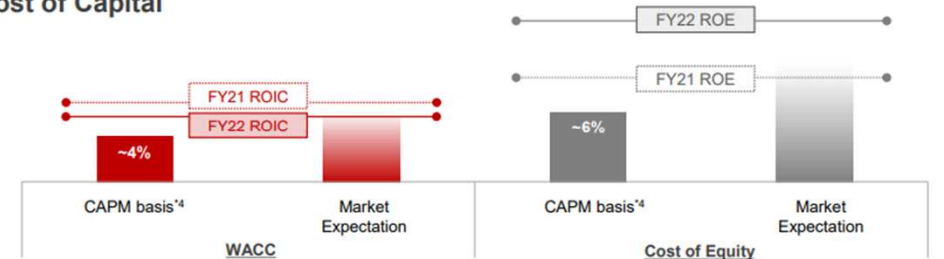
After TSE's request, the company was quick to disclose recognition of its current situation and the direction being taken in discussions. They then revised their ROE target upward. In addition, the company's efforts to improve capital efficiency through business restructuring and to engage in more active dialogue with the market demonstrate the sincerity of its efforts.

Return on capital, cost of capital and Our Strategy

Return on Capital

	FY21	FY22	FY23 Forecast	FY25 Target ¹	FY30 Target ¹
ROIC ²	6.8%	5.9%	4.6%	5.0%	7.0%
ROE ³	9.2%	14.2%	7.4%	8.0%	10.0%

Cost of Capital



- ✓ Recent return on capital has exceeded CAPM-based cost of capital. However, there may be a discrepancy between our cost of capital and the market's expected return
- ✓ Pursuing 7% ROIC and improved capital efficiency aimed at improving PBR through business structure reforms towards 2030 based on the new medium-term plan starting April 2023 and considering an upward revision of ROE targets
- ✓ We will continue to engage in active dialogue with the capital markets and reflect their opinions in our enterprise value creation efforts

¹ Targets: Targets in the medium-term plan announced in Nov. 2022
² ROIC: (Post-tax operating income excluding inventory impact + equity income) / (shareholders' equity + interest-bearing debt)

idemitsu ³ ROE: Net income excluding inventory impact / shareholders' equity
⁴ CAPM basis: cost of bearing-interest debt (0.7% after tax), cost of equity(risk-free rate 0.23% for 10-year government bonds, market risk premium for 6.0%, β 0.99) Copyright © Idemitsu Kosan Co., Ltd. All Rights Reserved.

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Source: Idemitsu Kosan Co.,Ltd, Presentation on Results for FY2022 (May 9, 2023), page28-29 (Red frame added by TSE) <https://ssl4.eir-parts.net/doc/5019/tdnet/2270743/00.pdf>

To Improve Corporate Value and Equity Value

FY25 ROE target revised upward to “≥ 10%”
Reduce cost of capital to rapidly achieve
PBR ≥ 1.0

Further accelerate medium-term plan initiatives

Business strategy

- **Promote structural reforms**
 - Further enhance earnings from existing businesses and capital efficiency
 - Transform business and reduce GHG through expansion of new businesses

Capital/financial strategy

- **Promote capital/ financial strategy to enhance return on capital**
- **Enhance shareholder returns**

Expand the shareholder/investor base and improve communication



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- As announced in May 2023, the company actually revised their ROE target upwards. They raised their ROE target level from 8% to 10% or more based on the level of market return expectations (→Point II.4)

Upward Revision of the FY25 ROE Target

FY25 ROE target:

At the medium-term plan announcement (11/2022)	Current revision
8.0%	≥10%

Reason for the upward revision

- ✓ Considering both necessity for further improvement of return on capital from existing businesses and the cost of capital expected by the market; ROE ≥ 10% must be achieved

Direction of efforts aimed at achieving “ROE ≥ 10%”:

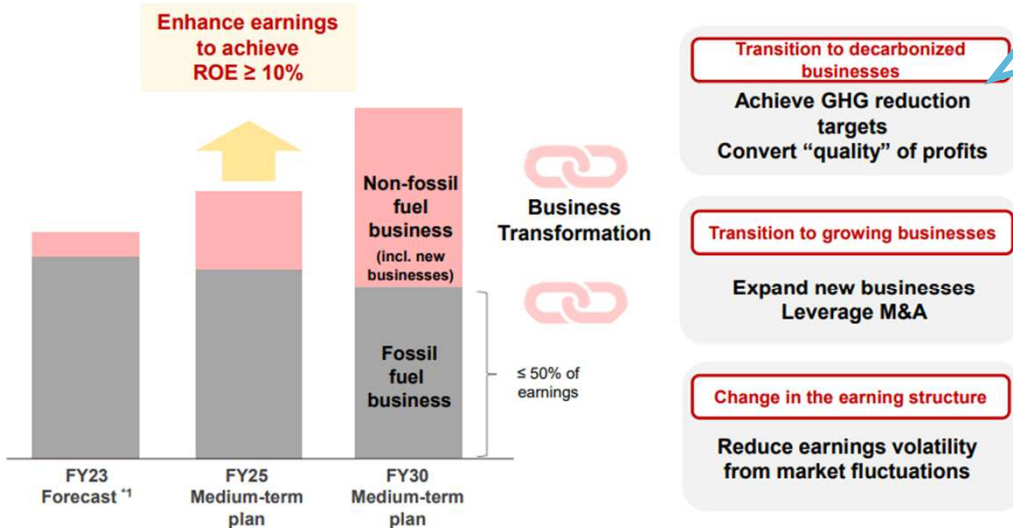
1. **Further enhance earnings and capital efficiency from existing businesses**
 - Petroleum: Increase capacity utilization at refineries, increase earnings from overseas, reduce capital investments, etc.
 - Functional materials: Leverage M&A, etc. to expand growing businesses
 - Businesses facing challenges: Achieve stable profits of NSRP and power/renewable energy segment
2. **Implement capital/financial strategy to enhance profitability**
 - Pursue optimal financing balance, taking business risk, credit ratings, return on capital, etc.
 - Improve shareholder returns (next slide)



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Reduce Cost of Capital through Business Transformation



Achieve carbon neutrality, profit growth, and a stable earning structure through business transformation while also pursuing lower cost of capital

idemitsu *1: FY23 forecast is adjusted by applying market assumptions for coal prices, etc. set forth in the medium-term plan Copyright © Idemitsu Kosan Co.,Ltd. All Rights Reserved.

The company is working to **reduce cost of capital through transition to decarbonized/growing business and change in the earning structure.** (→ Point II.2)

They intend to work to **expand their investor base by reducing the minimum investment unit, and further enhance opportunities for dialogue with the market and information disclosure** (→ Point III. 1)

Expand the Shareholder/Investor Base and Improve Communication

Stock split

- The stock split will be implemented to increase shareholders who identify with our group's medium-to-long-term strategy by reducing the share price and making it easier to invest in our stock

Split ratio:	1 : 5	Minimum investment:	~¥70,000 *1	Record date: 12/31/2023 Effective date: 1/1/2024
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- Increase from ¥24 to ¥32/share for annual dividend after the stock split and set this as the minimum (Increase from ¥120 to ¥160/post-split share and set this as the minimum)

FY 2023 Good Disclosure Company

Increase opportunities for dialogue with the capital markets and information disclosures

- We were ranked the 1st of the energy sector in good disclosure company selected by the Securities Analyst Association of Japan
- We will continue to increase the quality and quantity of disclosures



Created shareholder website "Idemitsu Connect"

- Created as a platform for individual shareholders to learn about and connect more with Idemitsu
- Planning the following events
 - online live events featuring the president, site tours, shareholder perks lottery system, etc.

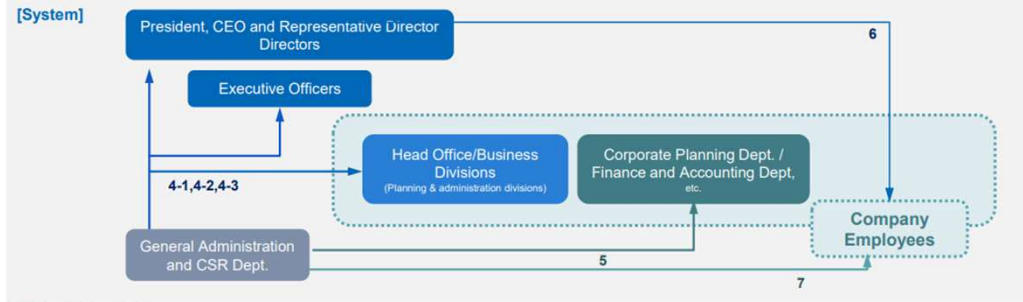


Source: Idemitsu Kosan Co.,Ltd, Presentation on Results for the 2nd Quarter FY2023 (November 14, 2023), Page7,10 <https://ssl4.eir-parts.net/doc/5019/tdnet/2362973/00.pdf>

idemitsu *1: Calculated based on a pre-split price of ¥3,500 per share.

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3. Internal Feedback: Systems/Results



[FY2022 Results]

Contents	Recipients	Frequency
4-1 Evaluation of capital market	Members of Board of Directors, Executive Council members Head Office department heads / planning and management department heads in business divisions	Twice a year
4-2 Regular post-closing reports	Members of Board of Directors, Executive Officers Head office department heads / planning and management department heads in business divisions	4 times a year (after quarterly financial results announcements)
4-3 Reports other than regular reports	Directors, Executive Officers, etc. related to report contents	As appropriate
5 Regular pre-closing reports	Certain Directors & Executive Officers, Corporate Planning Dept., Finance and Accounting Dept.	4 times a year (prior to quarterly closing)
6 Summary explanation of business results by executive	Company employees, labor unions	Around twice a year
7 Financial results briefings for employees	Company employees	From FY2023

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● The company established an internal feedback system to utilize the dialogue in promoting initiatives to enhance corporate value, and disclose the results of the dialogue as well as the results of such initiatives (→Point III. 3)

Voice of Investors

The company's disclosure clearly shows the status of dialogue with shareholders and investors and how it is incorporated into management decisions, and conveys the company's commitment to using dialogue as a growth driver, which will lead to deeper, more constructive dialogue in the future.

Examples of Initiatives that Incorporated Dialogue Outcomes



◆ The Kobe Steel Group has implemented the following kinds of initiatives that reflect dialogues with the capital market in its pursuit of initiatives for sustainable growth and enhancement of corporate value.

Achievements to Date

Category	Initiative	Description	Timeline
E	CO ₂ reductions	Formulated reduction targets and reduction contribution targets	From FY2020
G	Skills Matrix	Organized knowledge, experience, and skills officers are expected to demonstrate	From FY2021
G	Remuneration system for directors and executive officers	Introduced system for incorporating status of ESG-related initiatives into individual evaluation of performance-based compensation	From FY2021
G	Management structure	Reviewed structure. See P. 27 of Medium-term Management Plan presentation material	From FY2021
Corporate Value	Materiality	Newly formulated	From FY2021
Corporate Value	Capital efficiency	Included ROIC in medium-term management plan achievement targets	From FY2021
Other	Information disclosure	Expanded disclosures, e.g., holding briefings by individual businesses	Ongoing

[Plans for FY2023]

G	Change in policy for strategic shareholdings	Change completed in April 2023
G	Present status of strategic shareholdings in Notice of General Meeting of Shareholders	Completed in May 2023
S	Disclosure of employee engagement information	Plan to expand disclosures in integrated report to be published in September 2023 and elsewhere
G	Dialogues between outside directors and capital market	Plan to conduct in September 2023
Other	Hold briefings for individual investors	Plan to hold in December 2023

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P11

Source: Kobe Steel, Ltd., Dialogue with the Capital Market FY2022 (June 2023), Page9,11 https://www.kobelco.co.jp/english/about_kobelco/kobesteel/governance/files/capital_markets_22_e.pdf

2. Dialogue with the Capital Market: Examples of Dialogue

KOBELCO

☑ : Response provided

🗨️ : Dialogue ongoing

🧠 : Under consideration

E	Request for disclosure of financial impact of risks and opportunities	🗨️	<ul style="list-style-type: none"> With many preconditions and variables, there are concerns from the perspective of the credibility of the figures. We want to make judgments after looking at future carbon pricing trends, etc. We want to seek advice from investors, e.g., their thoughts and examples at other companies
E	Request for disclosure of CO ₂ reduction targets, including Scope 3	🧠	<ul style="list-style-type: none"> We recognize the growing interest in Scope 3. The Group operates many diverse businesses, and, in our deliberations, we need to take into consideration how to relate the Scope 3 impact and the size of that impact for each individual business. The CO₂ Reduction Promotion Subcommittee, which is directly under the Sustainability Management Committee, is considering the identification of the current situation and initiatives.
E	Request for growth story regarding products that contribute to CO ₂ reduction, e.g. Kobenable Steel and MIDREX® Process	🗨️	<ul style="list-style-type: none"> Kobenable Steel <ul style="list-style-type: none"> We began selling Kobenable Steel in October 2022, and it has drawn a high level of interest from customers in a wide range of fields. We have already received orders for the full sales target volume for FY2022 (8,000 tons premised on hot-rolled steel sheets). We are aiming for sales of over 1 million tons toward 2030. Because low-CO₂ steel products cost more to produce than conventional manufacturing processes, the key challenge is how to obtain recognition of their value. The GX (Green Transformation) Implementation Council has also set a target of 10 million tons of green steel supply in 2030, and we will take the lead in expanding the green steel market. MIDREX® Process <ul style="list-style-type: none"> We have three types, MIDREX NG™, which uses natural gas, MIDREX H2™, which uses 100% hydrogen, and MIDREX Flex™, which is for partial hydrogen use, and we can provide optimal solutions for the transition period toward the expansion of the use of hydrogen. Also, to respond to future growth in demand for low-carbon iron sources, the Group is also considering the commercialization of low-carbon iron sources using the MIDREX® Process. <p>The Company reported the above details at the Medium-term Management Plan Progress Briefing held in May 2023, and we will continue in our efforts to achieve timely and appropriate disclosure.</p>

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● The company provides disclosure of specific, clear examples of dialogue, the thinking behind them, and the status of subsequent consideration and response. (→Point III. 3)

KOBELCO

☑ : Response provided

🗨️ : Dialogue ongoing

🧠 : Under consideration

S	Expectation of expansion of disclosures regarding human capital and employee engagement	☑	<ul style="list-style-type: none"> To date, we have worked to establish various personnel systems and to strengthen our human resources development to promote the active participation of diverse human resources. These initiatives have been disclosed in our integrated reports, on our website, and elsewhere. In FY2023, we plan to disclose data concerning diversity indicators and our personnel strategies in our annual securities report. In addition, we will expand our disclosures in our integrated report to be published in September.
G	Request for incorporation of non-financial KPIs into remuneration for directors and executive officers	☑ 🧠	<ul style="list-style-type: none"> The portion linked to individual evaluation in the performance-based compensation system introduced in FY2021 is determined by comprehensively taking into account the status of ESG-related initiatives in the assigned duties of each director and executive officer. Regarding non-financial indicators, because (1) there are many issues that should be addressed across medium- to long-term timeframes, making short-term evaluation difficult, and (2) indicators would need to be common indicators that evaluate and motivate directors and executive officers who have different assigned duties, setting specific KPIs will be a challenge. We will first implement the current remuneration system, while continuing to consider these issues.
G	Strategic shareholdings are seen as problematic in terms of capital efficiency and governance. If such holdings are strategically necessary, those strategies and their relevance to holdings should be clearly disclosed.	☑	<ul style="list-style-type: none"> In April 2023, we changed our policy to state that such holdings will be kept to a minimum and gradually reduce them. The Corporate Governance Committee is monitoring discussions of the significance of such holdings and the progress of their reduction.
Corporate Value	What is the Company's approach to cash allocation (including shareholder returns)?	🧠	<ul style="list-style-type: none"> There is a need to strengthen our financial foundations to enable us to withstand future large investments in carbon neutrality. While remaining conscious of the D/E ratio, which is an indicator of financial safety, we conduct investments after careful selection, based on our medium-term management plan. In the consideration of shareholder returns, we will take future carbon neutrality investments, medium- to long-term business results, and our financial status into comprehensive account.

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Source: Kobe Steel, Ltd., Dialogue with the Capital Market FY2022 (June 2023), Page7,8
https://www.kobelco.co.jp/english/about_kobelco/kobesteel/governance/files/capital_markets_22_e.pdf

Analysis of Current Situation (1):

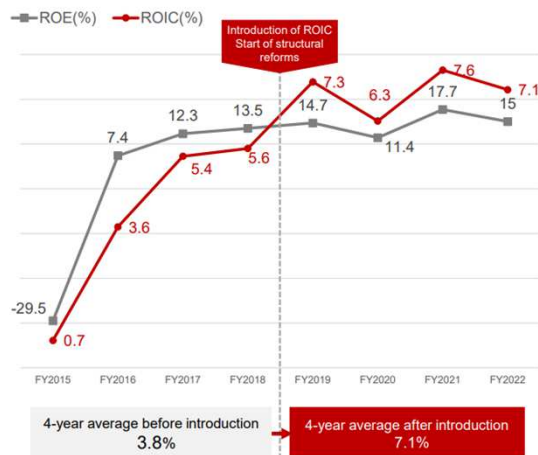
Changes in Profitability Improvement through Structural Reforms Based on Capital Efficiency



Profitability, **ROE and ROIC have improved** steadily since the introduction of ROIC and the start of structural reforms in FY 2019.

Reorganization of major domestic production bases and withdrawal from unprofitable businesses

- FY2019: SWCC SHOWA UNIMAC made a wholly-owned subsidiary
- FY2020: TAMAGAWA MAGNET WIRE merged into SWCC SHOWA UNIMAC
Sold the rubber wire business
Dissolved DAIJI
- FY2021: Transferred the anti-seismic and anti-noise business to SHOWA SCIENCE
SHOWA RECYCLE merged into LOGIS-WORKS
Reorganized the domestic production bases for communication cables and dissolved AOMORI SHOWA ELECTRIC CABLE
Sold the Ebina Factory
- FY2022: Integrated SFCC's construction-related manufacturing and sales businesses



<Profit Improvement Results>	FY2020	FY2021	FY2022	Cumulative total
Integration of anti-seismic and anti-noise businesses		1	1	2
Integration of SFCC's manufacturing and sales operations			3	3
Rationalization of magnet wire business	3	3	3	9
Shifting wire harness business overseas	5	7	7	19
Reorganization of communication cable production bases		3	8	11
Total (Unit: 100 million yen)	8	14	22	44



Voice of Investors

The company has been promoting ROIC management for some time now, and is making steady progress in its transformation. In addition, efforts are being made to communicate how ROIC management is being integrated within the company in a way that is easy to understand for those outside the company, such as by introducing a company newsletter.

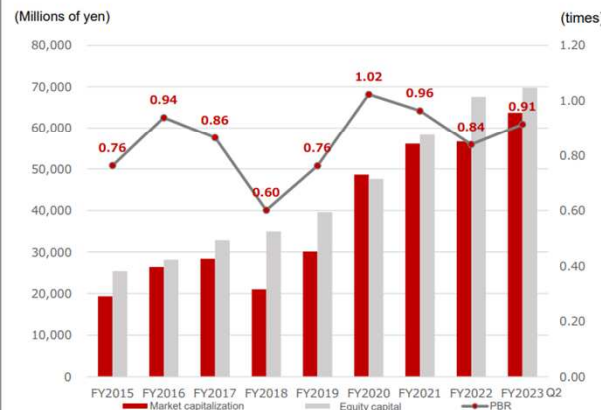
- The company conducted time-series and element-by-element analyses of various indicators related to profitability and market valuation (→Point I. 2)

Current status analysis (2): Market valuation transition and decomposition of PBR factors

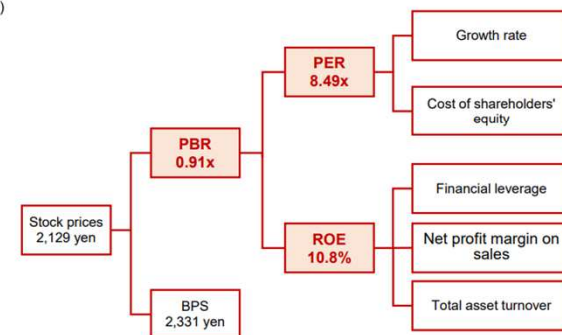


PBR ratios are rising as profitability improves, but are still below 1x recently. In addition, the market is expected to have a low evaluation of the Company's growth potential based on the level of PER.

Market capitalization, equity capital, PBR



PBR factor decomposition



* Share prices are closing prices on September 29, 2023.
* All indicators are based on the balance at the end of September. However, profit ratios are the figures announced for the full year.

Source: SWCC Corporation, Supplementary Material for the Second Quarter of the Fiscal Year Ending March 2024 (November 2, 2023), Page27-28
<https://www.swcc.co.jp/eng/company/pdf/Briefing20231108.pdf>

Initiatives for Future Growth

SWCC Group Purpose
Innovating new ideas today. Becoming the norms of tomorrow.

In conjunction with changing the Company's name, the Group formulated our Purpose which contains the message of "responding to the changing times and creating new value."
We will contribute to the creation of a sustainable and better future through our business.

Create sustainable "corporate value" and "shareholder value" based on the Purpose

Aiming to promptly achieve ROIC of 10% or more, PBR of 1x or more, and a dividend of 120 yen or more, with a lower limit of 10% for ROE.

Business Strategy

- Promotion of businesses that solve social issues and optimization of business portfolio

Financial Strategy

- Overall financial and capital strategy
- Investment strategy and shareholder return policy

Non-Financial Strategy

- Promotion of human capital strategies that support su
- Contribution to

● To promote ROIC management throughout the company, easy-to-understand indicators and numerical targets for each site were set so that each employee can view increasing ROIC as part of their job and take action accordingly. (→Point II.1)

Leveraging our strengths to offer added value proved successful

Looking back on business conditions in fiscal 2021, copper prices remained high in the first half of the fiscal year, and prices of petrochemicals and other raw materials also soared. We therefore worked on improving production efficiency, and from the autumn onwards, passed on the higher costs to customers by raising prices, having obtained their understanding. In terms of changes in our operating environment and our responses to them, I think this was the most significant factor.

Regarding the COVID pandemic, an outbreak of infections in Vietnam hit us especially hard, while in China lockdowns kept logistics paralyzed. As a result, the adverse effects extended to our wire harness business, which we had been endeavoring to expand overseas.

Under these circumstances, the Communication and Industrial Devices Business Segment struggled in terms of profits, but the Energy and Infrastructure Business Segment and the Electrical Equipment and Components Business Segment saw their profits rise, and as a result, our overall consolidated operating results showed higher revenues and profits than we had targeted at the start of the term. In the Energy and Infrastructure Business Segment, we moved away from business targeting long-distance power transmission in favor of total solutions centered on substations. This is an example of the way the SWCC Group has shifted to providing added value by leveraging its strengths, and I feel that our financial results indicate that this approach has been successful.

Regarding capital efficiency, ROIC increased to 7.6% in fiscal 2021 from 6.3% in the previous year. In fiscal 2018,

when we introduced ROIC-based management, ROIC was 5.6%, so we have made considerable strides. Nonetheless, I believe that company-wide penetration of ROIC-based management is still insufficient, so we will aim for further improvement by setting easy-to-understand indicators and target figures for each site so that each employee can view increasing ROIC as part of their job and take action accordingly.

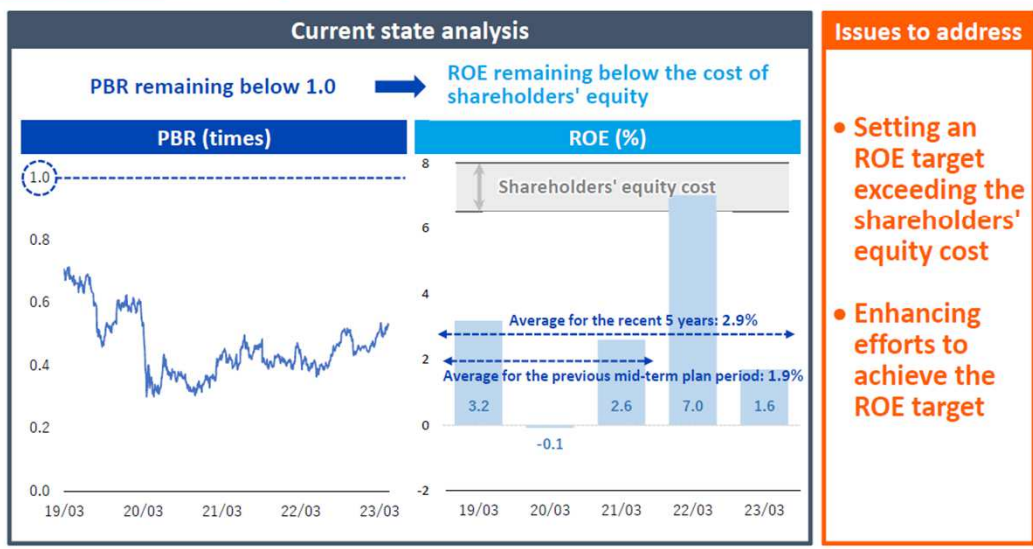
Source: SWCC Corporation
 (Left side) Supplementary Material for the Second Quarter of the Fiscal Year Ending March 2024 (November 2, 2023), Page25
<https://www.swcc.co.jp/eng/company/pdf/Briefing20231108.pdf>
 (Right side) Integrated Report2022 (November 25 2022), Page8
 (Red frame and red lines added by TSE)
<https://www.swcc.co.jp/eng/news/pdf/IntegratedReport2022.pdf>

Using the internal newsletter to increase frontline penetration of ROIC (summer 2022 issue)

Current state analysis and issues to address



The price-to-book ratio remaining less than 1.0 for the recent years has prompted us to take specific action following our basic approaches for higher returns on capital and to make a strong commitment.



- #### Issues to address
- Setting an ROE target exceeding the shareholders' equity cost
 - Enhancing efforts to achieve the ROE target



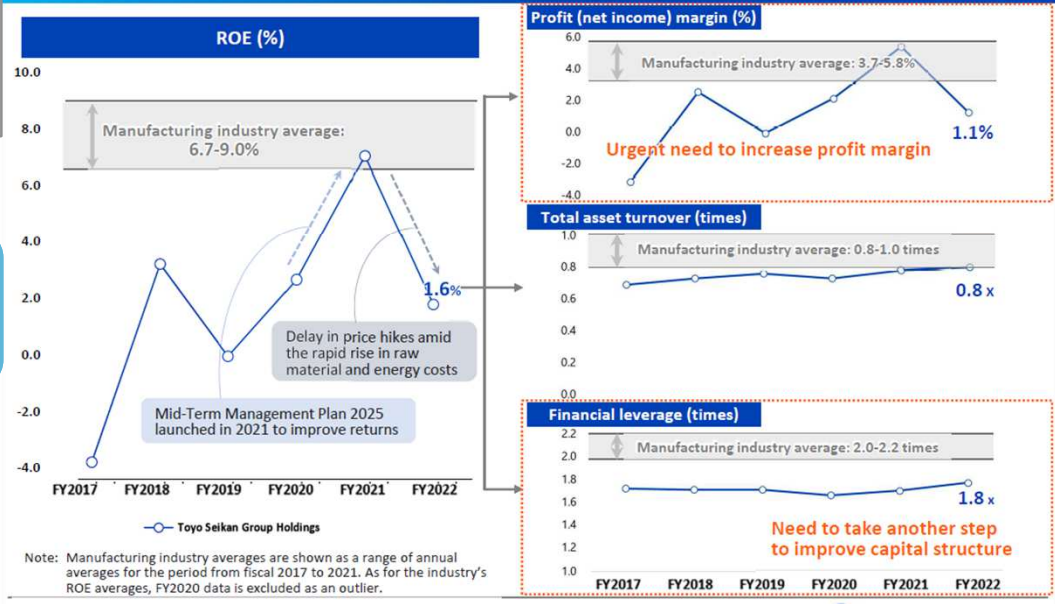
Voice of Investors

This company's report presents a series of contents in an easy-to-understand manner, including an analysis of the current situation, the direction the company is aiming for, and specific measures to be taken. In addition, they present their medium- to long-term cash allocation policy, making it easy to understand how cash will be allocated for investment in growth and shareholder returns in the future. This makes it easier to evaluate investments.

Analysis of Return on Equity



Soaring raw material and energy prices have led to lower ROE, which has forced us to face additional challenges, particularly in improving profitability and capital structure.



• In addition to a time-series analysis of the various indicators, a comparative analysis with sector averages was conducted to identify issues. (→ Point I.2)

Source: Toyo Seikan Group Holdings, Ltd., Capital Efficiency Initiative 2027 (May 12, 2023), Page5-6
https://ssl4.eir-parts.net/doc/5901/ir_material_for_fiscal_ym6/135279/00.pdf

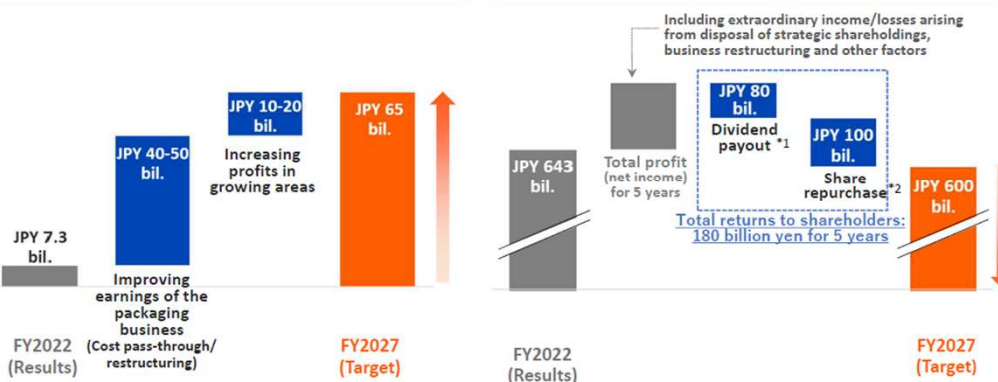
Measures to achieve an ROE of 8% or more



Aiming to achieve an ROE of 8% or more by increasing profits (R) and lowering equity capital (E)

Increase in R: Operating income (FY2023–FY2027)

Decrease in E: Equity capital (FY2023–FY2027)



Aim for operating income of 65 billion yen by optimizing business portfolio

Aim to reduce equity capital to 600 billion yen by boosting shareholder returns

Note: 1. The dividends for FY2026 and FY2027 are assumptions based on the planned level for FY2025, and the dividend plans for the years will be determined based on actual earnings.
2. We plan to repurchase a total of 60 billion yen worth of shares during the period of the current mid-term management plan. While the repurchase amount for the FY2026-2027 period is expected to be around 40 billion yen, it will be finally determined based on the shareholder return policy of the next mid-term management plan.

To improve capital profitability, the company worked to **optimize its business portfolio by restructuring unprofitable divisions and expanding growth areas (→Point II. 1)**

Optimizing business portfolio



We will accelerate cost pass-through efforts and the restructuring of unprofitable operations mainly in the domestic packaging business and achieve business expansion in growth areas, in order to meet FY2027 operating income target.

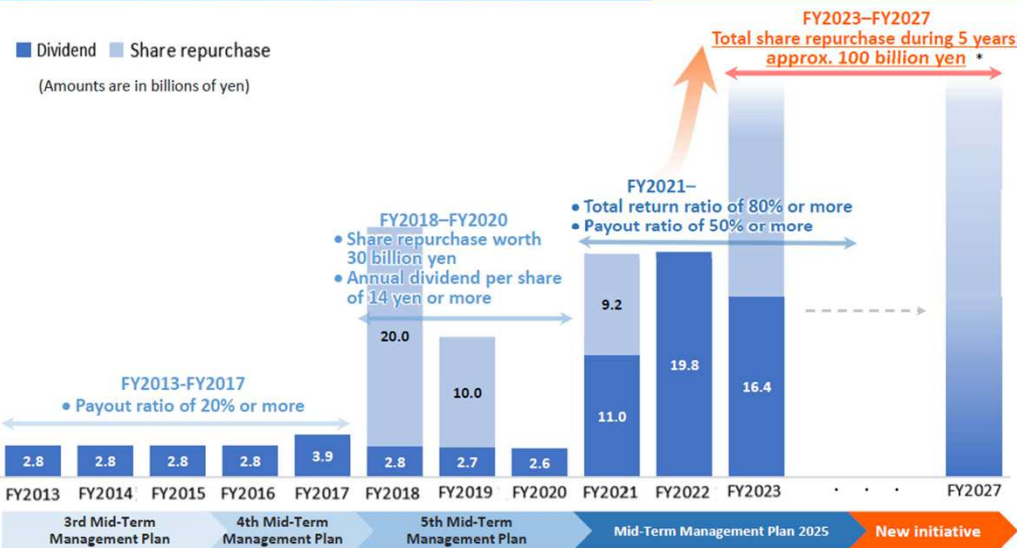
(in billions of yen)	FY2022 results	FY2023–FY2025	FY2026–FY2027	FY2027 targets
Packaging	Net sales: 544.4 Operating income: -10.7 Operating income margin: -2.0%	Cost pass-through efforts (30 to 35 billion yen) Restructure unprofitable operations.		Net sales: 600.0 Operating income: (+40.7) Operating income margin: 5.0%
Restructuring		Reduce environmental impact. / Promote automation, labor saving and other cost cutting efforts.		
Engineering/Filling/Logistics	Net sales: 198.3 Op. income: 8.7 Op. margin: 4.4%	Restructure unprofitable operations. Improve profitability by tapping into the growing global market for can making machines. (Engineering) / Increase production capacity in Asian markets with high growth potential. (Filling)		Net sales: 190.0 Op. income: 13.0 (+4.3) Op. margin: 6.8%
Steel Plate	Net sales: 86.5 Op. income: 4.6 Op. margin: 5.4%	Invest in production of materials and components for automotive rechargeable batteries, which are rapidly growing.		Net sales: 110.0 Op. income: 7.0 (+2.4) Op. margin: 6.4%
Functional Materials	Net sales: 45.7 Op. income: 2.0 Op. margin: 4.4%	Pursue growth through the expansion of business areas by leveraging our technologies in optical and other functional films.		Net sales: 60.0 Op. income: 6.0 (+4.0) Op. margin: 10.0%
Cross-segment growth areas		Continue to expand components and engineering operations in the mobility market. Expand filling and packaging manufacturing operations through M&As in growing overseas markets, particularly in South East Asia.		Net sales: 80.0 Op. income: 6.0 (+6.0)
Growth				

Source: Toyo Seikan Group Holdings, Ltd., Capital Efficiency Initiative 2027 (May 12, 2023),

Boosting shareholder returns



We will substantially increase returns to shareholders, which we have gradually enhanced, to achieve an ROE of 8% or more with an additional share repurchase of around 100 billion yen for five years from now.



Note: We plan to repurchase a total of 60 billion yen worth of shares during the period of the current mid-term management plan. While the repurchase amount for the FY2026-2027 period is expected to be around 40 billion yen, it will be finally determined based on the shareholder return policy of the next mid-term management plan.

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Toyo Seikan Group Holdings, Ltd. 14

The report clearly states the company's cash allocation policy to achieve business growth and improve capital profitability (→Point II.1)

Cash allocation (FY2023 – FY2027)



Seeking business growth and higher returns on capital, we will strategically allocate funds obtained from operating cash flows and through asset disposal and fundraising to investment activities and shareholder returns.

Cash inflows	Cash outflows	Details of income and spending
Asset disposal & fundraising 80 billion yen or more	Expanding business opportunities in new growth areas 145 billion yen Investment 270 billion yen	Asset disposal & fundraising <ul style="list-style-type: none"> Dispose of approx. 40 billion yen worth of strategic shareholding (incl. cross-shareholding) by FY2027. <ul style="list-style-type: none"> - 20 billion yen worth unsold under Mid-Term Management Plan 2025 (To date, 20 billion yen worth has been sold under the plan.) - Additional 20 billion yen worth to be sold Reduce assets in unprofitable operations and dispose of real estate. Improve financial efficiency through the use of debt financing.
Operating cash flow 370 billion yen	Reinforcing foundations for existing operations 110 billion yen Enhancing management foundation 15 billion yen	Investment <ul style="list-style-type: none"> Continuous investment to enhance growing existing operations, including automotive rechargeable battery materials and components. Investment in new fields with growth potential / M&As Continuous investment to maintain solid foundations for existing operations
Shareholder returns 180 billion yen	Dividend payout 80 billion yen Share repurchase 100 billion yen	Shareholder returns <ul style="list-style-type: none"> Expected total dividend payout: approx. 80 billion yen *1 <ul style="list-style-type: none"> - Aim for an average consolidated payout ratio of 50 percent or more (FY2021-FY2025) - Set a minimum annual dividend of 46 yen per share and gradually increase the amount. (FY2021-FY2025) Total share repurchase amount: approx. 100 billion yen *2 <ul style="list-style-type: none"> - Substantially increase returns to shareholders, which we have gradually enhanced.

Note: 1. The dividends for FY2026 and FY2027 are assumptions based on the planned level for FY2025, and the dividend plans for the years will be determined based on actual earnings.
2. We plan to repurchase a total of 60 billion yen worth of shares during the period of the current mid-term management plan. While the repurchase amount for the FY2026-2027 period is expected to be around 40 billion yen, it will be finally determined based on the shareholder return policy of the next mid-term management plan.

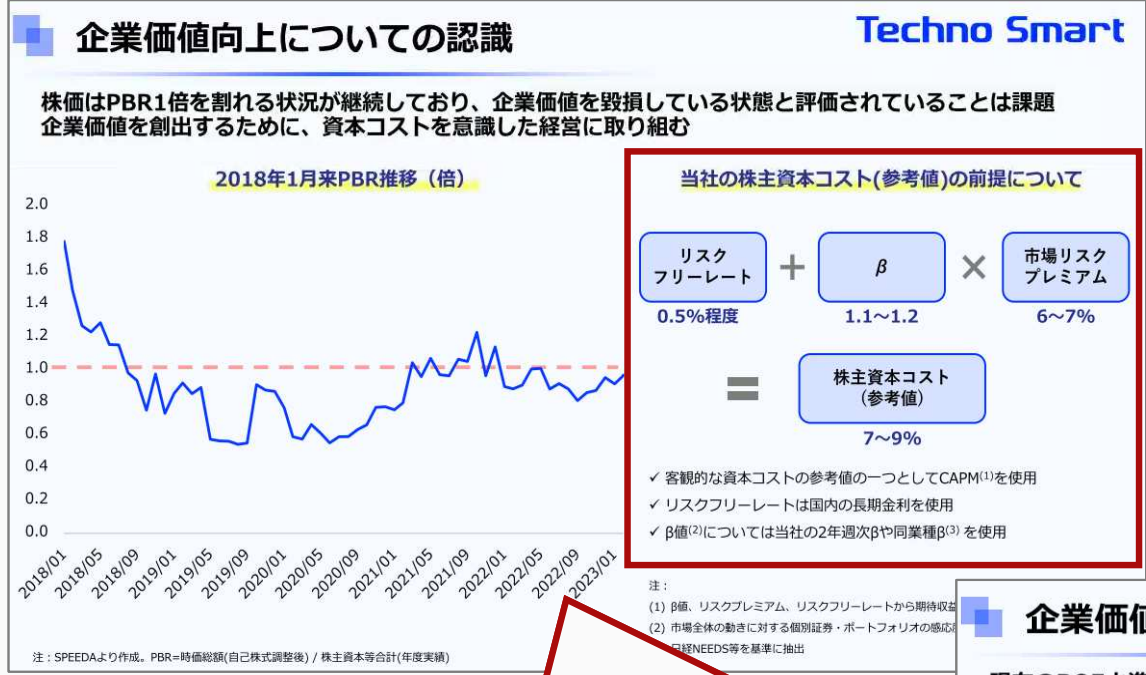
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Toyo Seikan Group Holdings, Ltd. 15

Source: Toyo Seikan Group Holdings, Ltd., Capital Efficiency Initiative 2027 (May 12, 2023),

Page14-15

https://ssl4.eir-parts.net/doc/5901/ir_material_for_fiscal_yr6/135279/00.pdf



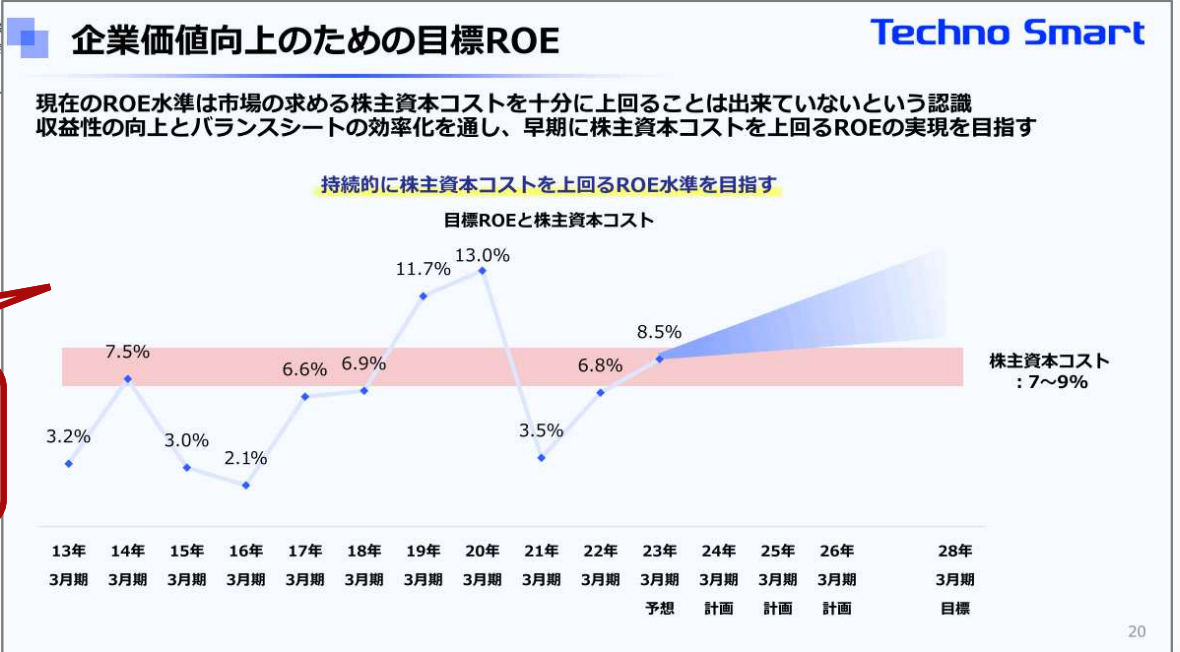
Voice of Investors

The company is making sincere efforts based on the expectations of shareholders and investors to realize medium- and long-term improvements in corporate value. In addition, analysis of the current situation and disclosure of initiatives are precise and clearly explained.

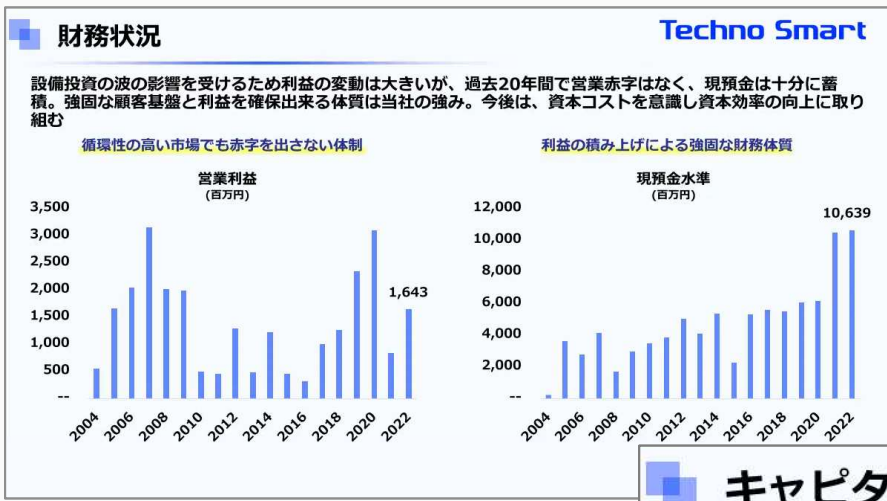
● The company disclosed the details of its calculation model and parameter settings, along with its cost of equity level. (→Point I.1)

● The company conducted a time-series analysis of the level of ROE and cost of capital (→Point I.2)

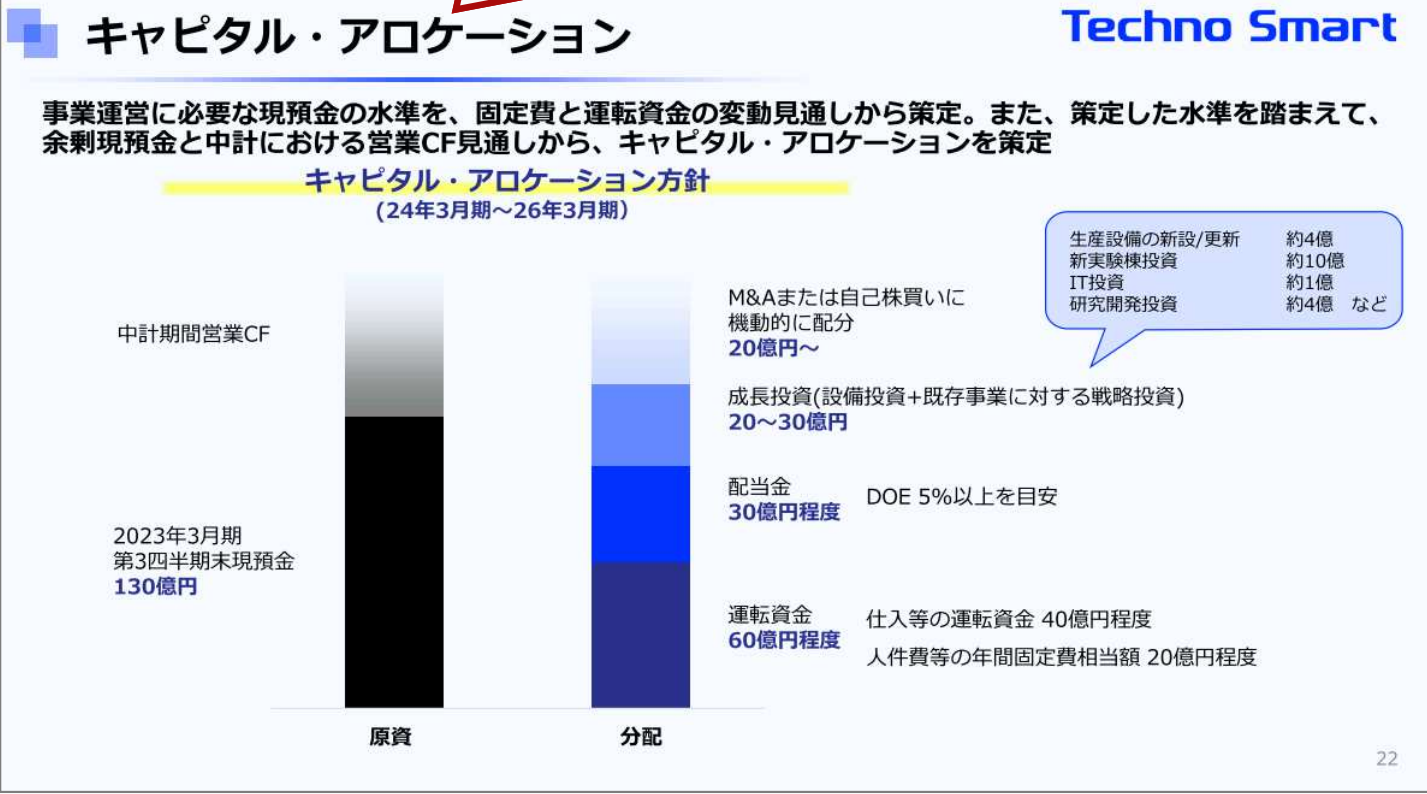
Note: The disclosure documents shown in this slide are available in Japanese only.



Source: Techno Smart Corporation, 3rd Medium-Term Management Plan, page 19-20 (red frame added by TSE)
<https://www.technosmart.co.jp/wp/wp-content/uploads/2023/03/%E3%83%86%E3%82%AF%E3%83%8E%E3%82%B9%E3%83%9E%E3%83%BC%E3%83%88-%E7%AC%AC3%E6%AC%A1%E4%B8%AD%E6%9C%9F%E7%B5%8C%E5%96%B6%E8%A8%88%E7%94%BB.pdf>

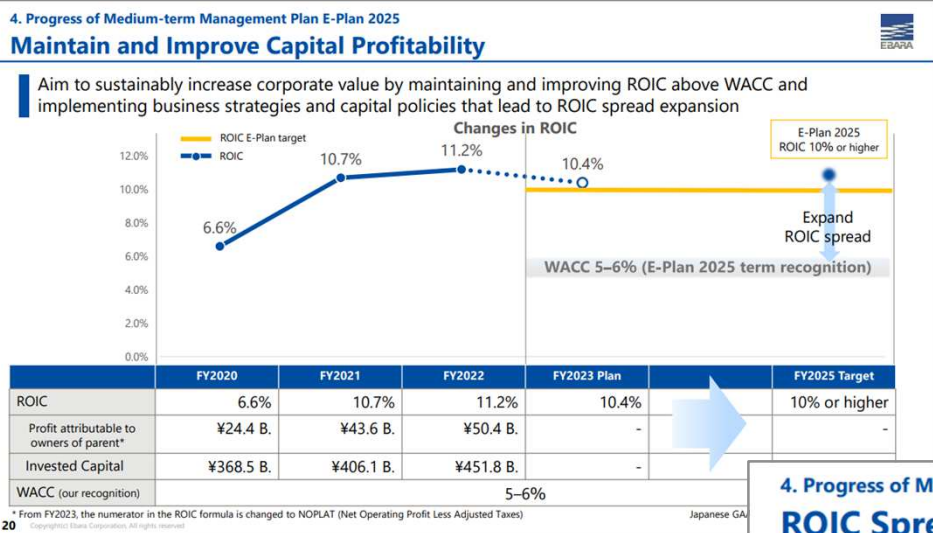


● After considering the level of cash and cash equivalents required for business operations, the company developed a future capital allocation policy based on that level, the status of excess cash and cash equivalents, and the outlook for future operating cash flows. (→ Point I.3 & Point II.1)



Note: The disclosure documents shown in this slide are available in Japanese only.

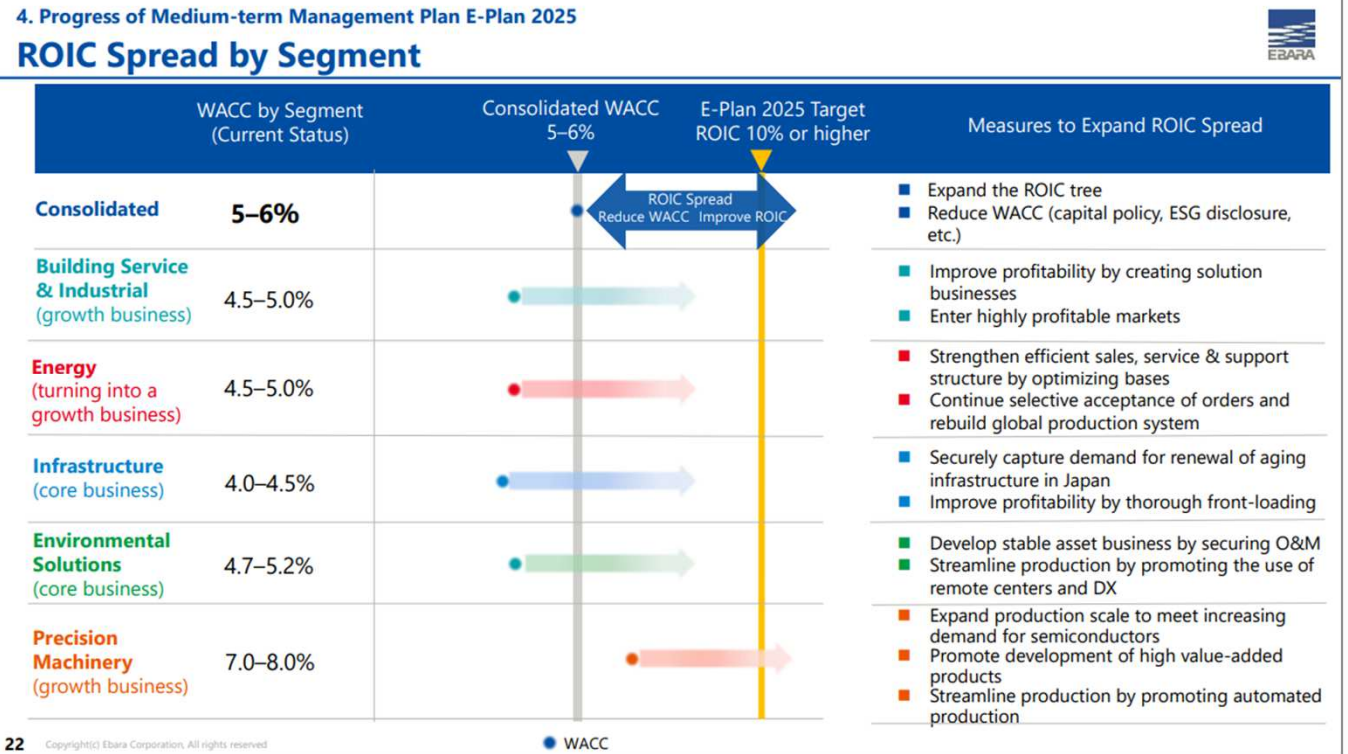
Source: Techno Smart Corporation, 3rd Medium-Term Management Plan, page 21-22 (red frame added by TSE)
<https://www.technosmart.co.jp/wp-content/uploads/2023/03/%E3%83%86%E3%82%AF%E3%83%8E%E3%82%B9%E3%83%9E%E3%83%BC%E3%83%88-%E7%AC%AC3%E6%AC%A1%E4%B8%AD%E6%9C%9F%E7%B5%8C%E5%96%B6%E8%A8%88%E7%94%BB.pdf>



Voice of Investors

The report clearly explains the current state of ROIC, the goal of expanding its spread, and measures to achieve this goal by presenting breakdowns. This type of disclosure makes it easier to have deeper discussions with management, and investors hope that other companies will find this kind of disclosure useful for investors.

ROIC-WACC spread is analyzed and evaluated by segment, and measures to increase ROIC spread by segment were announced. (→ Point I.2)



Source: EBARA CORPORATION, Results Presentation for Six Months Ended June 30, 2023 (August 14, 2023), Page20,22
https://www.ebara.co.jp/en/ir/library/earnings/briefings-documents/icsFiles/afieldfile/2023/08/14/presentation_20230814_1.pdf

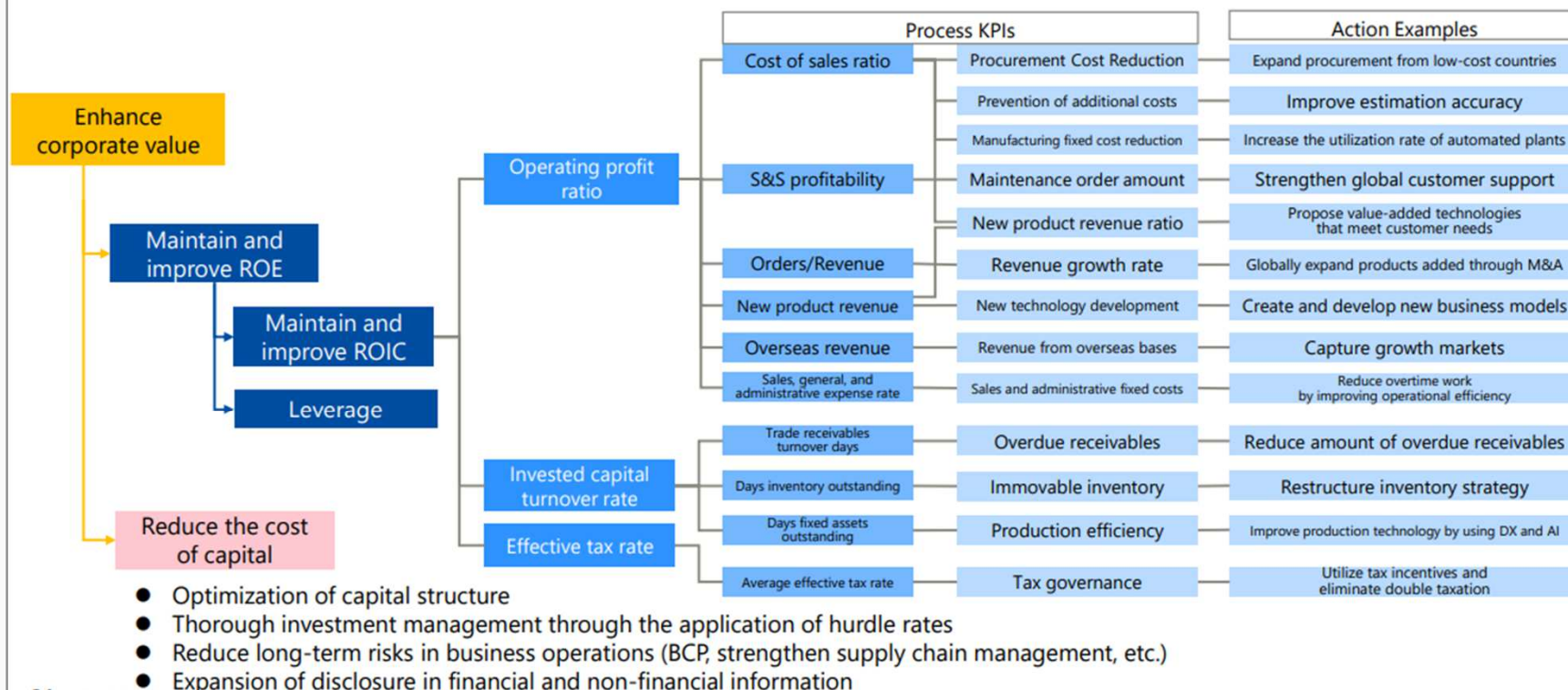
• The company provided a clear explanation of how each initiative contributes to the improvement of corporate value using a ROIC tree. (→ Point II.4)

4. Progress of Medium-term Management Plan E-Plan 2025

ROIC Tree



- Improve capital efficiency through appropriate management of ROIC by business with respect to ROE/ROIC management targets
- Active dialogue with capital markets and implementation of measures to reduce the cost of capital



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• Efforts to reduce cost of capital are also mentioned (→Point II. 2)



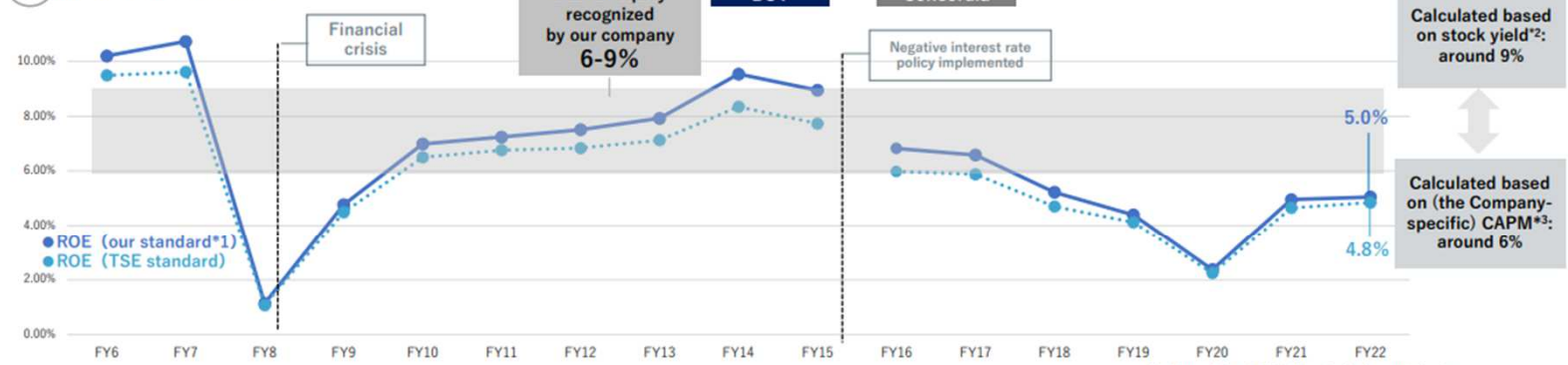
Voice of Investors

The report provides a deep analysis of the company's current situation, including the cost of capital calculation using multiple models, historical analysis of various indicators, and comparisons with other companies in the same industry. In addition, the report provides a clear explanation of how each initiative is expected to contribute to the realization of the company's vision, and is persuasive in terms of feasibility.

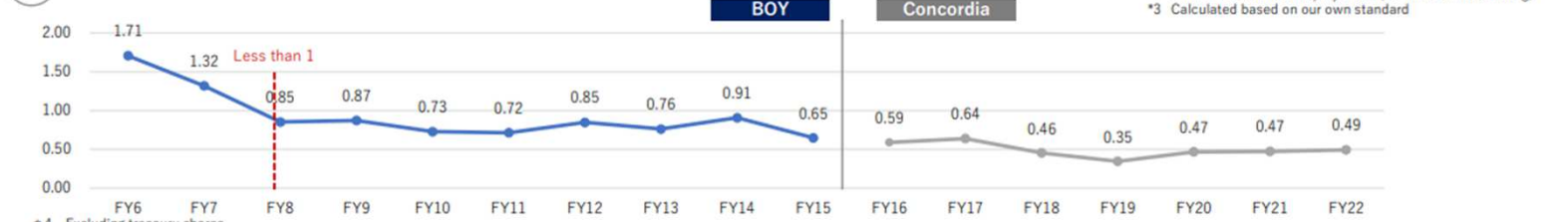
Evaluation and analysis of the current situation

After the introduction of negative interest rates, ROE fell below the cost of capital and PBR remained low

Annual trends in ROE



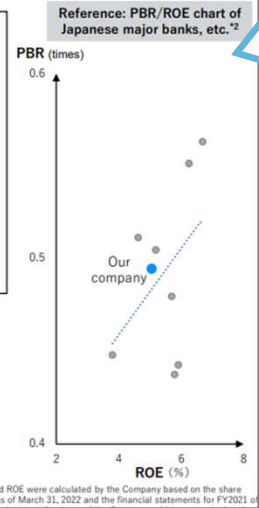
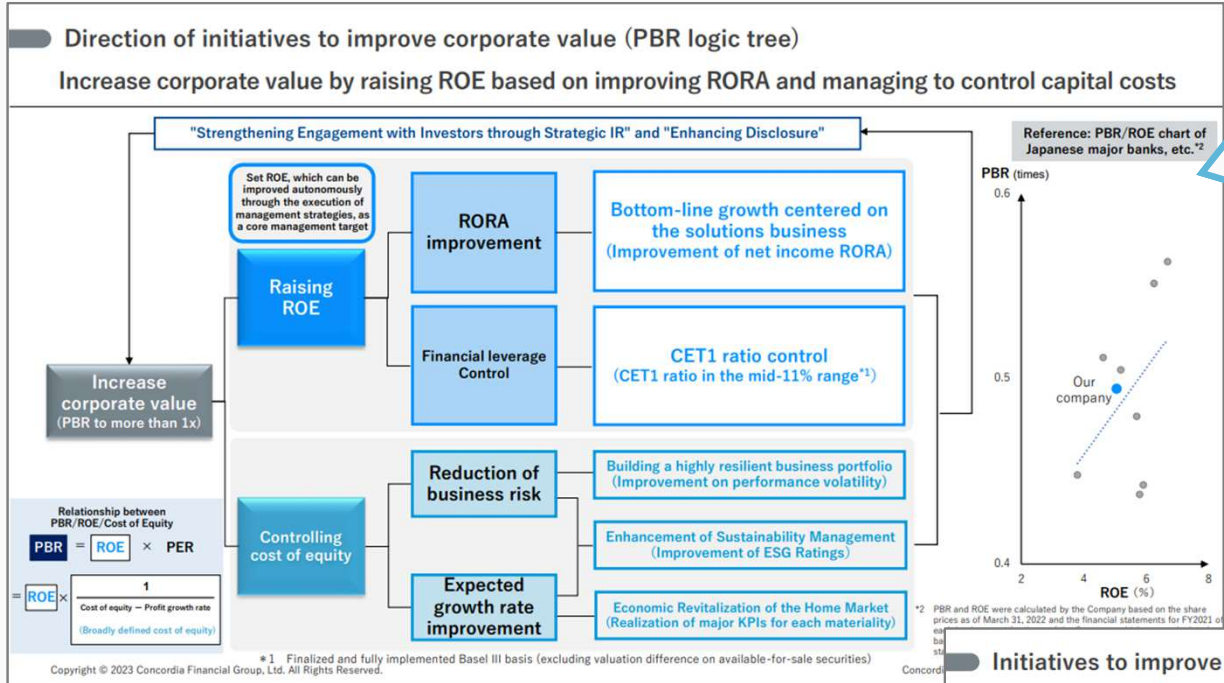
Annual trends in PBR**



The cost of equity was calculated based on the stock yield as well as the CAPM. In addition, historical trends of other indicators were presented along with their fluctuation factors. (→ Point I.1)

*4 Excluding treasury shares
Copyright © 2023 Concordia Financial Group, Ltd. All Rights Reserved. Concordia Financial Group, Ltd. Information Meeting FY2022 9

Source: Concordia Financial Group, Ltd. Information Meeting (FY2022 Financial Results and initiatives to enhance corporate value) (May 22,2023), Page9
https://ssl4.eir-parts.net/doc/7186/ir_material_for_fiscal_ym13/136055/00.pdf



- The report clarifies the company's position by presenting comparative mapping of PBR and ROE status with other companies in the same industry. (→ Point I.2)
- The company describes initiatives to enhance corporate value using a logic tree to clarify the relationship between initiatives and enhancement of corporate value. (→ Point II.4)

- To reduce the cost of equity, the company is working to build a resilient business portfolio and enhance sustainability management. (→ Point II.2)

Initiatives to improve corporate value (Control cost of equity)

Strengthen three initiatives to control cost of equity

Initiatives to control cost of equity

- Reduction of business risk
 - Building a highly resilient business portfolio (Improvement on performance volatility)
 - Enhancement of Sustainability Management (Improvement of ESG Ratings)
- Expected growth rate improvement
 - Economic Revitalization of the Home Market (Realization of major KPIs for each materiality)

Improve ESG assessment

- Reduce the cost of capital by improving ESG assessment, which is correlated with the cost of capital

MSCI ESG RATINGS
A

Obtained B score, which is in about the top one-third of the respondents in Japan, for the information disclosure on GHG emissions and initiatives addressing climate change (based on responses in 2022)

Improve performance volatility

- Reduce β by reducing a deviation of actual net income against forecast net income

Rate of deviation of actual net income against forecast net income

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Achieve KPIs by material issue

- Increase the growth rate by revitalizing the local economy through achieving long-term sustainability KPIs

Long-term sustainability KPIs by FY2030

Carbon Neutral (Scope1,2)

UPDATE Sustainable finance
Y2 tn → Y4 tn
o/w environment finance
Y1 tn → Y2 tn

UPDATE Number of financial education program participants
100K → 500K

Targets to be revised upward (planned)

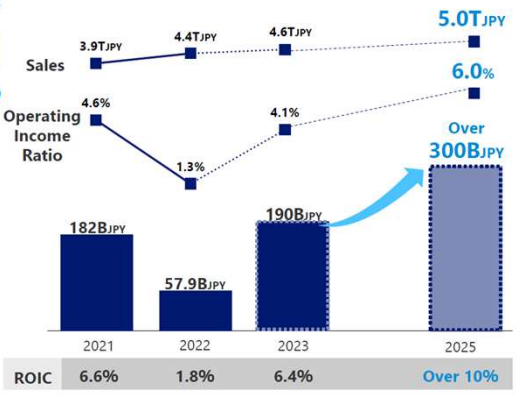
Concordia Financial Group, Ltd. Information Meeting FY2022 13

Source: Concordia Financial Group, Ltd., Information Meeting (FY2022 Financial Results and initiatives to enhance corporate value) (May 22, 2023), Page10,13
https://ssl4.eir-parts.net/doc/7186/ir_material_for_fiscal_y13/136055/00.pdf

Target and Actions of 2025

Complete Functional Changes

- ① Restructure Business Portfolio
- ② Increase Profitability on Existing Products like AT
- ③ Shift Resource to Growing Domains
- ④ Generate Capital by Balance Sheet Reformation
 - Business Assets
 - Cross-Shareholdings
 - Global Inventories



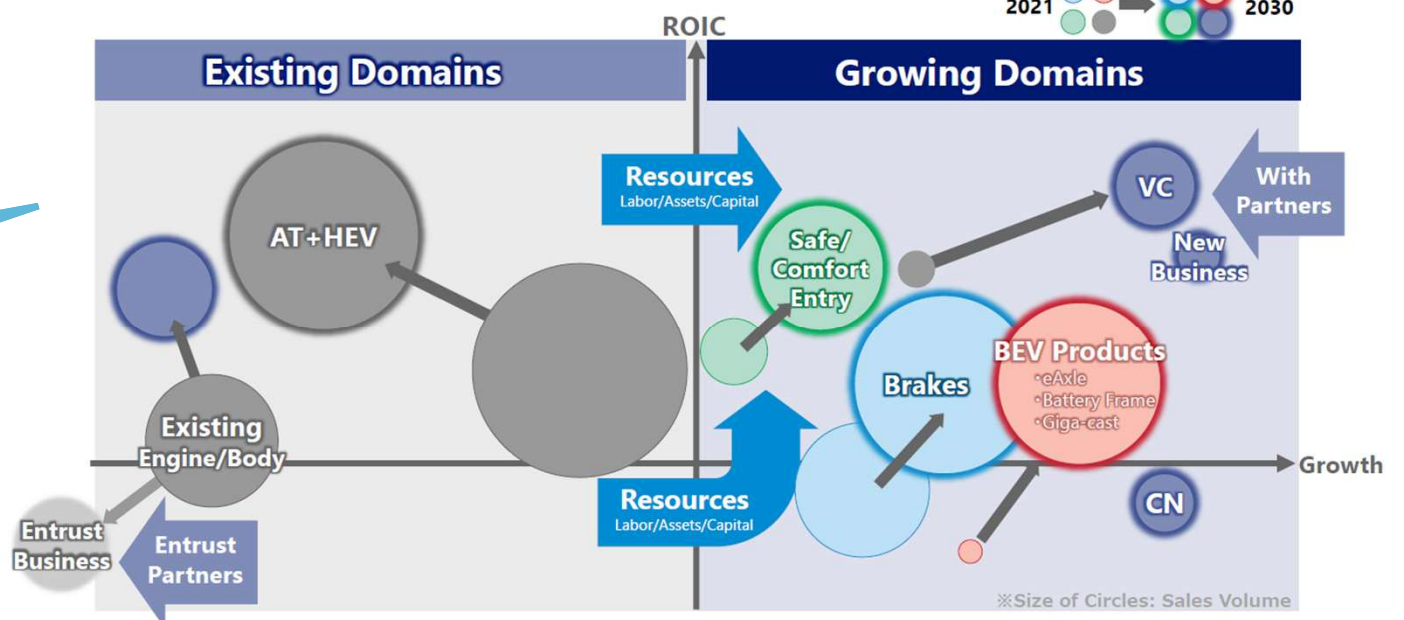
Promote "core changes" by completing functional changes for growing stage from 2026

Voice of Investors

The report is highly commendable because it presents specific initiatives that investors expect, such as providing a ROIC and growth potential conscious business portfolio restructuring and promoting balance sheet reforms that show a serious approach to reform.

After analyzing the profitability and growth potential of each business, the report clearly states that the company will promote the revision of its business portfolio by shifting resources to growth areas over the medium to long term. (→Point II. 1)

① Restructure Business Portfolio



Restructure portfolio by shifting resources to growing domains

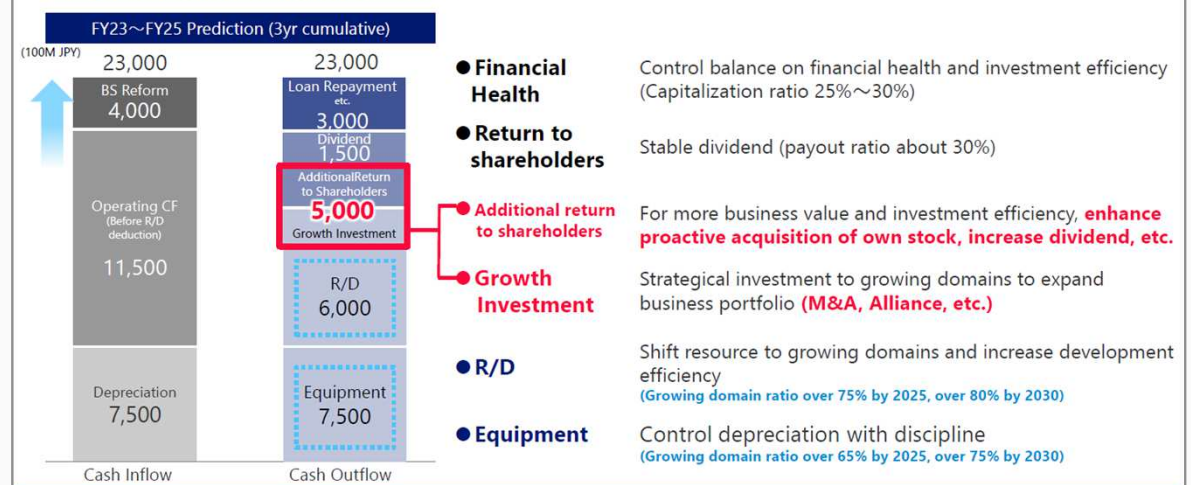
④ Generate Capital by Balance Sheet Reformation

Business Assets	Cross-Shareholdings	Global Inventories
Compress over 100BJPY	Sell over 100BJPY	Compress over 100BJPY
Transfer "entrust" business and depreciate existing business assets	Aim for zero	Compress to Pre-COVID19 Level By 2025
Entrust Partners • Seat Business • Shower Toilet Business • Other Projects (Ongoing)		
Accelerate Reduction of Inefficient assets • Structural change on surplus assets • Marge Production companies (Ongoing)		

● The company generated cash by reducing asset holdings through balance sheet reforms, and injected funds for investment in growth, shareholder returns to achieve the improvement of its corporate value. (→ Point II.1)

Reform 400BJPY, which is 10% of total assets, by 2025

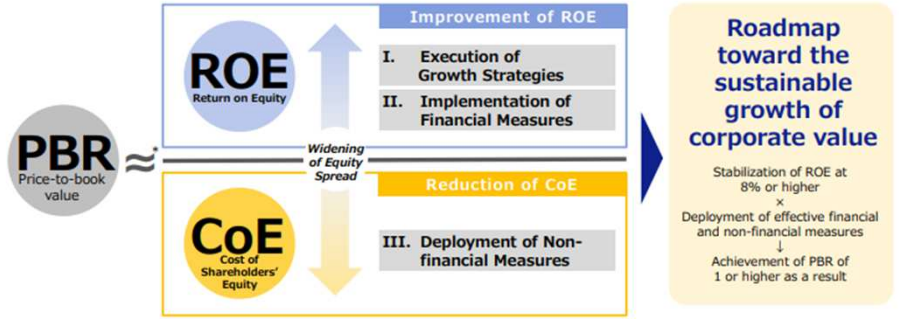
Capital Allocation for 2025



Utilize generated cash for growth investment and shareholder returns to achieve PBR over 1x

Initiatives for Sustainable Enhancement of Value

- ▶ Execute "Three Strategic Measures" (I. II. III.), aiming to "stabilize ROE above 8% and achieve PBR above x1.0 time"
- ▶ Steadily implement the current Medium-Term Business Plan (MTBP/2022-2024) for sustainable growth of enterprise value and also prepare to formulate the next MTBP (2025-2027) aiming for a further leap forward



* Approximate formula based on the conservative assumptions that future profit growth (g) is zero and our immediate ROE target is to...



Voice of Investors

The report provides a clear explanation of the company's analysis of its current situation and efforts being made. In addition, while many companies do not mention reducing the cost of equity, the report clearly states that they will work to reduce the cost of equity through the implementation of non-financial measures, which investors think is a great course of action.

III. Non-financial Measures

- ▶ We are to implement initiatives in the "three thematic domains for non-financial measures" and translate these into "reduction in expected cost of shareholders' equity"
- ▶ We are to enhance the trustworthiness and appealing values of the Marubun brand, while ensuring management transparency through efforts to further enhance information disclosures to public domain
- ▶ At the same time, we contribute to the "creation of social values" and work on collaboration with stakeholders on all sides

● To reduce the cost of equity, the company implements initiatives in non-financial areas, such as sustainability management, strengthening governance, and improving stakeholder engagement. (→Point II.2)



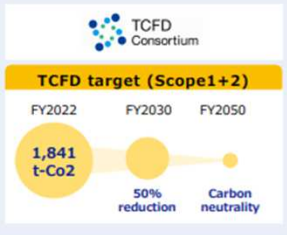
"Three thematic domains" for reduction of expected CoE



III-(1) Non-financial Measures: Promotion of Sustainability Management

Approval of the TCFD recommendations and participation in the TCFD consortium

- Joined the TCFD consortium to further enhance information disclosures
- Step up initiatives to tackle climate change and set long-term targets for Scope 1 and Scope 2 emissions
- Currently considering categories covered and calculation method for Scope 3 emissions



Ensuring diversity and strengthening human resources development

- Strengthen recruitment of semi-recent graduates and mid-career workers and continue to appoint diverse human resources
- Implement personnel allocation that puts the right people in the right places and organized and systematic human resource development through the introduction of a talent management system
- Promote the development of a framework for learning autonomously through e-learning

Promoting active participation of female employees

- Raised target female management ratio for FY2027
- Continue providing manager candidates with opportunities to learn organizational management
- Strengthen career development and support through use of the career conversion systems
- Introduce a program for working only at specific locations, staggered working hours, etc.



III-(2) Non-financial Measures: Strengthening of Corporate Governance

Promoting development of the corporate governance structure

Redefinition of Management Philosophy (FY2022)



Ensuring the diversity of the Board of Directors

- Appointment of a female director
- Appointment of four Outside Directors (out of a total of nine Directors)

Introduction of stock-based compensation plan for Executive Directors

- Program introduced: Restricted stock compensation (RS)
- Eligible persons: Five Executive Directors
- Vesting period: 3 years

More in-depth, active discussions based on evaluation of effectiveness of Board of Directors

- Focus on improvement of discussions, in accordance with a shared recognition that more active arguments / discussions should be made to follow up on our longer-term business plan such as MTBP

III-(3) Non-financial Measures: Improvement of Stakeholder Engagement

Further strengthening IR, SR and PR activities

Enhance information disclosure and endeavor to eliminate/reduce information asymmetry between us and investors

- Seek further enhancement of IR materials and IR site, including disclosures in English
- Bring forward identification of materiality and issuance of Integrated Report (plan to issue FY2024 report)



Give internal feedback on IR activities

- Give effective feedback for reflection in management measures



Hold proactive investor meetings

- Develop a more active approach to major institutional investors
- Achieve constructive dialogue through IR meetings



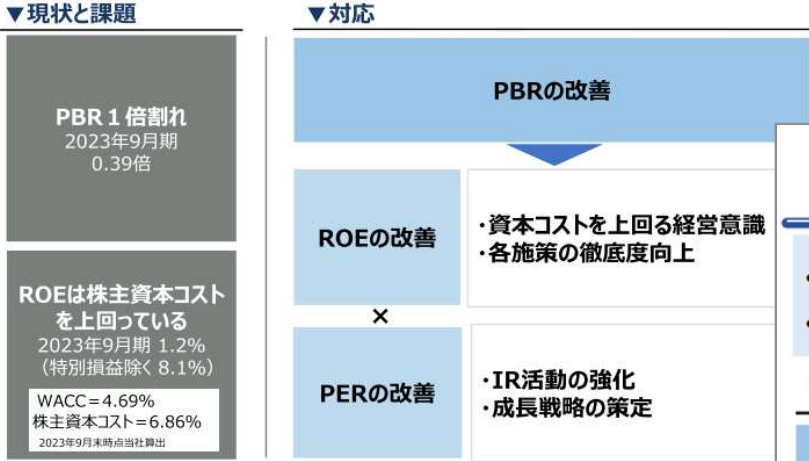
Strengthen Marubun brand equity by using media relations

- Issue press releases and corporate advertising with a view to raising recognition
- Stress "180th Anniversary Sustainability" for 2024 (as Marubun originally was founded in 1844)



現状・課題・対応

- ・PBR 1 倍を大きく下回っている状況
- ・各施策／資本コストを意識した経営の実現でROE改善、IR強化でPER改善



Voice of Investors

The company provides concise disclosure of its analysis of its current situation and the action it has taken in response. The company's disclosures can be used as a reference for Standard Market listed companies.

ROEの改善

- ・各種施策徹底、迅速に外部環境変化へ対応できる組織への対応
- ・利益率向上と資本政策（Equityコントロール等）でROE8.6%達成を目指す



Note: The disclosure documents shown in this slide are available in Japanese only.

- PBR was analyzed with ROE and PER, and ROE was further analyzed with net profit margin, total assets turnover, and financial leverage (DuPont analysis), and efforts to improve each factor were described. (→ Point I.2 and Point II.4)

Source: PLANT Corporation, PLANT's Response to Achieve Management Conscious of Capital Cost and Stock Price (October 23, 2023), page 3-4.
https://www.plant-co.jp/ir/pdf/318/press20231023_03.pdf

Results, Challenges and Solutions

TIMELESS WORK.
はんとくにいいものをつくらう。
SANYO

Improve PBR through ROE improvement by taking measures to achieve ROE target that exceeds cost of shareholder's equity (CSE), further strengthening of IR and planning/execution of next Medium-term Business Plan.

Results and challenges

Under PBR 1x
FY Feb/2023 results (consolidated)
0.45x

ROE fell below cost of shareholder's equity
FY Feb/2023 results (consolidated)
6.1%, below-cost of shareholder's equity

Solutions

Theory

PBR improvement



ROE improvement



PER increase

Solutions

Take measures to achieve ROE target that exceeds CSE

Further strengthening of IR

Formulation and execution of next Medium-term Business Plan/growth strategy

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As a measure to improve PBR, along with measures to improve profitability, the company will further strengthen and improve the foundation of IR and SR activities, and will work to promote dialogue with the market. (→Point III. 1)

Source: SANYO SHOKAI LTD., PBR Improvement Plan (October 6 2023), page1,5
https://www.sanyo-shokai.co.jp/en/company/ir/pdf/pbr_20231006_en.pdf

Voice of Investors

The company's stance toward the market has changed with the strengthening of its IR/SR activities system and the expansion of information disclosure. The disclosure of the status of dialogue with the market shows the management team's strong commitment.

Other PBR improvement measures

TIMELESS WORK.
はんとくにいいものをつくらう。
SANYO

Promote improved PBR by further strengthening IR/SR activities in addition to business growth.

Further strengthening IR/SR activities

Establishment of foundations for IR/SR activities

In March 2022, we established IR Department as a dedicated department responsible for IR/SR activities.

Reinforce disclosure including English by updating the corporate website as well as IR website.

- Projects are under way targeting renovation in March 2023.

Actively implement IR/SR activities.

Promoting dialogue with market

Eliminate the investor expectations gap by strengthening internal feedback on IR/SR activities.

Strengthen dissemination of information on sustainability through HP disclosures, etc.

Formulate next Medium-term Business Plan/growth strategy as well.

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Status of Dialogue with Shareholders

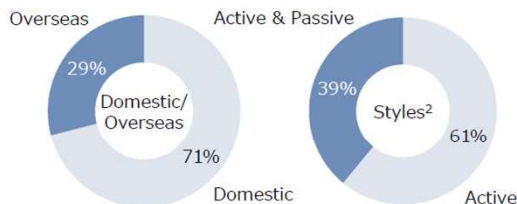
TIMELESS WORK.
はたとりにいもめつこう。
SANYO

60 annual IR/SR dialogue with Representative Director, President & CEO as a main speaker. Discussed specific measures to achieve operating profitability, Medium-term Business Plan and ESG initiatives.

Status of Dialogue

Total number of IR/SR dialogue¹ 60

Outline of Shareholders/Institutional Investors



Speakers

IR/SR meeting
Representative Director, President & CEO
Executive Managing Officer
GM of Corporate Management HQ
(Chair of Sustainability Committee)
General Manager of IR

Financial results meeting
Representative Director, President & CEO
Director, Senior Executive Managing Officer
GM of Business HQ and Marketing & Digital Strategy HQ

General meeting of shareholders
All Directors and Corporate Auditors

Major Topics and Interests of Shareholders

- Changes in the market environment due to the calming down of COVID-19
- Business model and strengths
- Structural reforms and operating profitability
- Medium-term business plan and growth strategy
- ESG initiatives
 - Identification of our materiality
 - Initiatives to reduce GHG, CSR procurement, diversity, employee engagement
 - Board structure and succession plan

1. Includes financial results meeting and GMS 2. Excludes securities and industrial corp.
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• Disclosure of the status of dialogue and feedback to the board in an easy-to-understand manner, as well as disclosure of the input obtained from the dialogue and the subsequent actions taken as a result. (→Point III. 3)

Status of Dialogue with Shareholders

TIMELESS WORK.
はたとりにいもめつこう。
SANYO

Timely feedbacks to Board. Discussions on future growth strategies, shareholder returns, share price measures and the identification of materiality were major outcome from dialogue.

Feedbacks to Board of Directors

	Freq.	Method	Contents
Comments from shareholders/Institutional investors	Twice a year	Report to Board of Directors/explanatory meeting	Summary of dialogue with shareholders after Q2/Q4 announcements of financial results, as well as input for improvement
IR reports	Timely	Report/email to Board of Directors/explanatory meeting	IR strategies, priority measures, issues and countermeasures, share price/index, etc.

Outcome of Dialogue

Input	Status
Requests for disclosure and explanation of specific details of future growth strategies	Confirmed that preparations will be made to include specific details of future growth strategies in the next medium-term business plan.
Requests for strengthening shareholder returns and stock price measures	Confirmed that shareholder return policy could be flexibly revised while monitoring performance. Promoting preparations for disclosing plans to improve PBR.
Materiality identification Recommendations	4 materialities were identified and disclosed in the financial year ended February 2023.
Improvement of employee engagement disclosure; not only degree of improvement in overall score but also degree of leverage in areas of shortage	Currently preparing for disclosure in March 2024, led by HR and Sustainability Committee.

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Source: SANYO SHOKAI LTD., Status of Dialogue with Shareholders(From 1 June 2022 to 31 May 2023) (July 28 2023), page1-2
https://www.sanyo-shokai.co.jp/en/company/ir/pdf/dialogue_with_shareholders20230728_en.pdf

YAMAZEN
~資本収益性向上へのIRの取り組み~
エクイティ・ストーリーの充実と開示「生産財&消費財のビジネスの強み」



生産財・消費財には「卸売」「エンジニアリング」「ファブレスメーカー」というビジネスモデルがあり、それぞれに異なった強みを有しております。

	事業概要	主要取扱品目	ビジネスモデルと強み	
■ 生産財	機械事業 国内 海外 ・国内外トップメーカーとのコラボレーションにより、生産現場の工作機械による生産・加工システム（最先端のハード&ソフト）を提供し国内外の「ものづくり」現場をサポート ・海外は世界の主要産業都市に地域密着の販売体制と高度なエンジニアリング機能を備え、ライン等の設計から工作機械の設置、そしてアフターメンテナンスまでトータルでサポート	工作機械（マシニングセンタ、CNC旋盤、CNC研削盤、CNCフライス盤、放電加工機、汎用工作機械、3Dプリンター等）、鍛圧・板金機械、射出成形機、ダイカスト成形機、CAD/CAM等	卸売	在庫を持たず、低利益率であるがCFが高い商流
			エンジニアリング（国内外）	工場への直販でエンジニア機能も付加し、高利益率
■ 消費財	機工事業 国内 海外 ・生産現場の多種多様なニーズ（消耗品や付帯設備等）を提供するほか、自動化・省人化等の生産効率の向上、生産現場の環境改善、先端技術に至るまで、総合システムを提供 ・ラインの自動化、ラインを構成する機械や刃物の選定は、現地のエンジニアリング部門が行い、設備納入後も消耗材の調達、メンテナンスまで一貫してサポート	マテハン（物流機器）、メカトロ（メカトロ機器、ロボット、省力化機器）、環境改善機器、切削工具、補修工具、作業工具、電動工具、測定・計測機器、流体機器等	卸売	・ユーザーの潜在ニーズの掘り起こしとソリューション提案 ・即時納品に向けた在庫コントロール
			住建事業 国内 ・環境、脱炭素、健康、バリアフリーなど、人にも地球にも優しい社会・住まいづくりを目指した新しい商品やシステムをトータルに提案。具体的には、木材加工品や工業製品などの一、二次加工製品の調達、安定供給を行っているほか、住設建材や設備機器などを提案・販売、リフォーム事業にも注力。	卸売
家庭機器事業 国内 ・家電から、インテリア、エクステリア、レジャー用品、防災グッズまで、日々の生活シーンで使われる身近で役立つ商品群を取り扱っており、流通・物流という商社としての機能と、オリジナル商品の企画・開発というメーカーとしての機能を併せ持つ	家電（扇風機・暖房機器・調理・A・V・照明）、インテリア家具、アウトドア・レジャー用品、キッチン・日用品、エクステリア、ガーデニング・農業、健康機器、衛生・ヘルスケア、工具、車用品・バイク用品、防災用品等の企画、開発・販売	卸売	在庫を持たず、低利益率であるがCFが高い商流	
	ファブレスメーカー 消費者ニーズを捉えたPPF商品の販売で高い利益率			

※ 2023年4月に機工事業部を「産業ソリューション事業部」と「ツール&エンジニアリング事業部」に分割しました。 2023年3月期 決算説明会資料（13頁）より

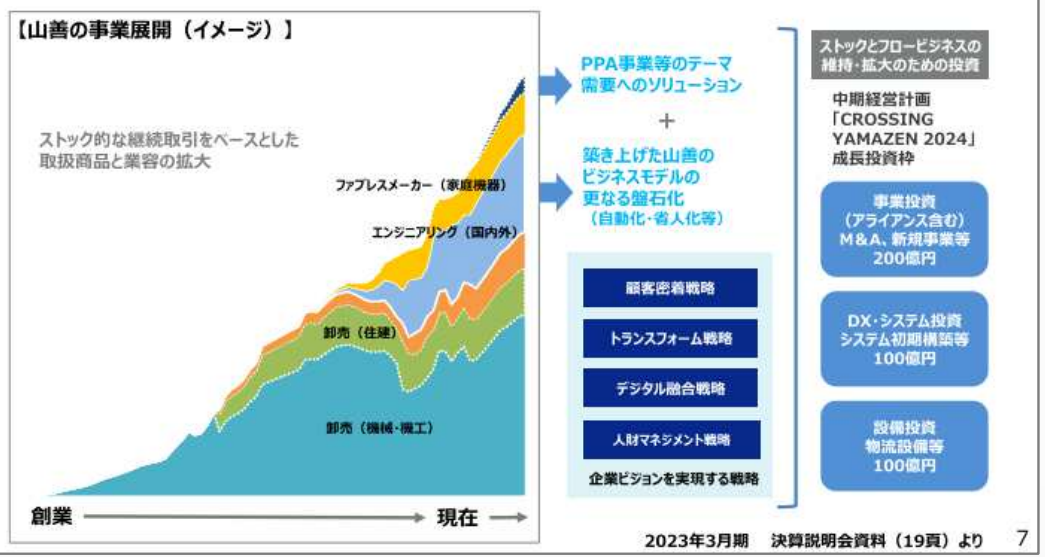
Voice of Investors

The company provides clear, persuasive descriptions of each initiative based on the equity story. They include specific disclosure on the implementation status of dialogue, which will lead to deeper constructive dialogue in the future.

YAMAZEN
~資本収益性向上へのIRの取り組み~
エクイティ・ストーリーの充実と開示「成長戦略」



当社の事業のベースは生産財・消費財とも卸売であり、「ストック的な収益基盤」となっております。その上でファブレスメーカーとしての機能やエンジニアリング力、新規ビジネスを加算し、キャッシュフロー創出力を高めております。今後、その基盤を維持・拡大するための投資を行ってまいります。



● The company discloses of efforts to improve capital profitability in the equity story. (→Point II. 4)

Note: The disclosure documents shown in this slide are available in Japanese only.

Source: Yamazen Corporation, Actions to Achieve Management Conscious of Capital Cost and Stock Price (June 28, 2023), page 6-7. https://www.yamazen.co.jp/ir/action_to_implement_management.html

株主・機関投資家との対話推進内容①

当社は、当社グループの持続的な成長と企業価値向上に向けて、株主・機関投資家との建設的な対話を促進するため、IR活動を積極的に行っております。2022年度における株主・機関投資家との対話及び推進内容につきまして、以下の通りご報告いたします。

2022年度 機関投資家との対話 実施概要			
株主・機関投資家との対話の主な対応者	CEO：決算説明会 2回（2Q・本決算）・CFO:スモールMTG（3Q）・広報・IR室 責任者（1on1ミーティング 33回/年）		
投資スタイル	グロース		7
	バリュー		13
		GARP	
対応者の担当分野	ファンドマネージャー		3
	ポートフォリオマネージャー		6
	アナリスト		24
対話の主なテーマや株主の関心事項	当社のビジネスモデル、市場環境、成長投資分野、PBR1倍割れへの課題意識、資本政策（株主還元方針）等		
対話において把握された株主の意見・懸念の経営陣や取締役会に対するフィードバックの実施状況			
2023年5月実施の取締役会において2022年度のIR活動によって得られた株主・投資家の意見・懸念点のフィードバックを実施、その内容を基に議論が行われました。			

The company discloses the status of implementation of dialogue feedback, examples of dialogue, and their approach to dialogue, in a concrete and easy-to-understand manner. (→Point III. 3)

株主・機関投資家との対話推進内容②

対話の事例	
国内生産財事業における御社の直接顧客は二次卸である販売店だと思いが、中小が多く事業承継問題等で今後減少していくのではないかとその影響と対策は？また、ユーザーも同じように町工場等が減少、目つ（M&A等により）大型化し、メーカーが直接販売するケースが増える動きもあるため、御社のマーケットはシュリンクするのでは？	マーケット構造から言うと日本の流通関連においては中小企業が大半を占めているのでメーカーが直接販売するのは難しい。二次卸の先のユーザーも減ってはいるが、直ちに大きな変化がある訳ではない。全て我々が網羅している訳ではないので、選別しつつこの部分でもまだまだやっていきたい。事業承継向けのファンドに出資しており、後継者問題を抱える中小の要望があれば当社グループに加えることも行い、マーケットの維持拡大に尽力している。 また、ユーザーの大型化については、仕入先を含む中堅大手メーカーに対し専門部隊を作って独自にアプローチしており、徐々に伸びている。 当社が取り扱う製品を製造するメーカーが属する市場の規模を13兆円程度とすると、我々の取扱高は卸売業者として規模的にはトップ水準ながらも2,500億円程度であり、伸びしろは十分にあると考えている。
一次卸の競合も淘汰が進んでいるのではないかと？その残存者利益を御社は享受していると考えられるか？	この業界は参入が難しく淘汰は起こりつつあったが、昨今は合併など業界再編の動きも見られ始めており、今後も出てくるのではないかと考えている。当社は業界第1位なので優位に進められると思っているが、非効率な先を抱えることにならないように市場を注視しながら対応していく。残存者利益は享受できる立場だと考えている。この業界でも人材の流動化が起きているので優秀な方は採用したい。
PBR0.8倍と1倍割れだが課題意識、改善策は？	経営レベルでも課題と認識している。当社の事業モデルがわかりにくいと認識しているため市場からの理解を促進するためにIR活動を積極化する。稼ぐ力も上げていくために投資も積極的に行い、成長率や利益水準を上げていく。その上で、財務の健全性を保ちながら資本政策も重視して進めていく。
中計で自己資本比率40~45%という指標を掲げられているが、この数字以上を目指すという意味合いなのか？	当社の事業体においては、財務安定性は信用格付けと資本効率を考えるとこの位が妥当な水準だと考えている。これ以上に高めるということではない。今期の結果次第ではあるが、資本政策をしっかりと考えなければいけない状況であると、会社としては認識している。
このままいくと近いうちに自己資本比率が45%は超えてしまうと思うが、自社株買いや増配は行わないのか？	当社の事業リスクに対して要求される水準以上に過剰な資本を維持する考えはない。ある一定のところに到達したら、クレジットサイドとエクイティサイドの両面の満足を目指していかなければいけないと強く認識している。

Note: The disclosure documents shown in this slide are available in Japanese only.

Source: Yamazen Corporation, Report on the Promotion of Dialogue with Shareholders and Investors (June 28, 2023), page 1-2
<https://www.yamazen.co.jp/media-download/1266/85cab44a2d13fd33/>

Policy of Dialogue with Shareholders

(a) Basic Stance

MC's corporate philosophy is enshrined in the Three Corporate Principles. Through corporate activities rooted in the principles of fairness and integrity, MC strives to continuously raise corporate value over the medium to long term, which MC believes that it will also meet the expectations of all stakeholders. In order to achieve these goals, MC is committed to fulfill accountability as a corporate enterprise that gains credibility and reputation from stakeholders, including shareholders and investors, by proactively engaging in dialogue with them and by appropriately and timely communicating the Company's management and business strategies to the stakeholders while simultaneously communicating those stakeholders' expectations to the management.

- The company appointed a new CSEO (Chief Stakeholder Engagement Officer) to strengthen dialogue with shareholders and investors, and established a cross-functional internal structure. (→ Point III.1)

(b) Persons in Charge and Promoting System

To strengthen communication with shareholders and investors, MC has appointed a Chief Stakeholder Engagement Officer (CSEO) as of April 2023. The CSEO manages the Corporate Communications Department, the Sustainability Department, and the Investor & Shareholder Relations Department to meet the diversifying needs of stakeholders in an integrated manner. The Investor & Shareholder Relations Department is responsible for dialogue with shareholders and investors, and the Investor & Shareholder Relations Department led to built a cross-sectional company structure, by organically linking business groups to corporate staff departments.



Voice of Investors

A new position of CSEO in charge of stakeholder engagement was created to further accelerate dialogue with the market. Investors felt a strong commitment from top management to actively engage in dialogue with investors and analysts in Japan and overseas.

Furthermore, with respect to information disclosure, on which dialogue with shareholders and investors is premised, MC prepares documents in line with the Financial Instruments and Exchange Act, Companies Act, and others, and discloses information in a timely and appropriate manner in line with the rules defined by the Financial Instruments Exchange sets up the Disclosure Committee, whose members are the CFO, Executive Officers in charge of Corporate Communications, Corporate Administration, Legal, and Corporate Sustainability and persons in charge of corporate staff departments (General Managers), as well as a working group consisting of working-level persons from corporate staff departments. In addition, MC has established the Disclosure Committee, a sub-committee of the Executive Committee, and deliberates and confirms the appropriateness of the content of the Annual Securities Report disclosure documents. The CSEO leads the way in disclosing proactive, highly transparent information through the MC website, Sustainability Website, Integrated Reports, Investors' Note, and newspaper ads, etc. As a policy for its information disclosure system, MC developed and disclosed Information Disclosure Regulations to keep all officers and employees fully informed.

Source: Mitsubishi Corporation, Initiatives on Japan's Corporate Governance Code (Red frame added by TSE)
<https://mitsubishicorp.disclosure.site/en/themes/127/#1088>

(c) Policy of Dialogue with Shareholders and Investors and Results of Activities

To continually raise corporate value over the long term, MC is promoting constructive communication with shareholders and investors as follows.

i. Ordinary General Meeting of Shareholders

MC positions the Ordinary General Meeting of Shareholders as the place to fulfill accountability to shareholders. In addition to proactive information disclosure in the Notice of Ordinary General Meeting of Shareholders, MC tries to respond to questions raised by shareholders in a respectful manner.

ii. Communication with Individual Investors

MC holds regular meetings for individual investors.

<Activities Conducted in the Fiscal Year Ended March 31, 2023>

Individual investor briefing sessions: 9 times (of these, 1 included the participation of the President, CFO, etc.)

iii. Dialogue with Institutional Investors

In addition to quarterly financial results briefings, briefing sessions and meetings are held for domestic and foreign institutional investors. In addition, briefing and dialogues called "MCSV Creation Forum" are held.

<Activities Conducted in the Fiscal Year Ended March 31, 2023>

Financial results briefings*: 4 meetings

MCSV Creation Forum*: 3 meetings (2 business briefing sessions, 1 ESG Briefing)

Interviews with domestic and foreign institutional investors (operations departments) and analysts: approximately 430 meetings (of these, approximately 30 included the participation of the President and CEO, CSEO, CFO, etc.)

Interviews with domestic and foreign institutional investors (responsible investment departments): approximately 70 meetings (of these, 3 included the participation of the CSEO, CAO, etc.)

(d) Feedback to Business Management and Control of Insider Information

MC has developed a system by which the opinions from shareholders and investors and business challenges obtained through IR and SR activities are adequately reported to the management including the President and CEO, Board of Directors, and the Executive Committee. In addition, to help improve business management, the responsible departments feed the opinions obtained through communication with shareholders and investors across financial results briefings and other means back into the Company.

To prevent insider information from being leaked during communication with shareholders, either deliberately or accidentally, MC has set forth the Standard for the Prevention of Unfair Stock Trading in accordance with the Code of Conduct for MC's Officers and Employees. MC keeps all officers and employees fully informed of this requirement.

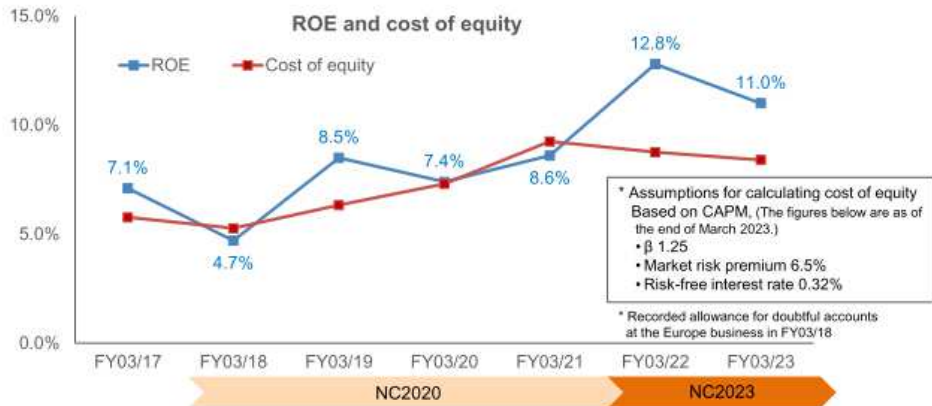
- **The company provided disclosure of management's dialogue with domestic and foreign investors and analysts, as well as the status of implementation of such dialogue. In addition, they have a system in place to provide feedback to management on investors' opinions and management issues obtained through the dialogue. (→Point III. 1)**

Source: Mitsubishi Corporation, Initiatives on Japan's Corporate Governance Code (Red frame added by TSE)
<https://mitsubishicorp.disclosure.site/en/themes/127/#1088>

INABATA & CO., LTD.

Current Status: Cost of Capital vs. Return on Capital

- Since the start of NC2023, ROE rose to the level exceeding the cost of equity.
- If we can maintain ROE at 10% or higher, the target set forth in NC2023, we can keep ROE above the cost of equity.



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Voice of Investors

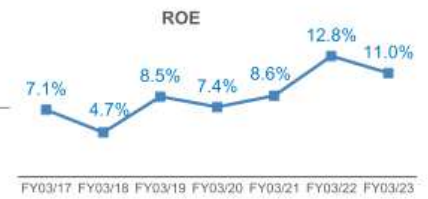
The company's response is convincing, as a careful analysis of its current situation is a prerequisite for its initiatives. In addition, the company's proactive disclosure of the status of its dialogue shows that it takes its commitment to the market seriously.

INABATA & CO., LTD.

Current Status: Share Price and the Market's Valuation of the Company

- Share prices steadily increased, reflecting earnings growth and a substantial improvement in shareholder returns.
- PBR was below 1x, but rose mainly on the back of an increase in ROE (0.90x as of May 31, 2023*).
- PER largely remained unchanged at a low level, suggesting that investors have low expectations for our future profit growth.

*Obtained by dividing the closing price on May 31, 2023 by BPS at the end of FY03/23



*Recorded allowance for doubtful accounts at the Europe business in FY03/18
*All figures are as of the end of the fiscal year

*As of March 31, 2023

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● Even if the company's return on capital achieved exceeds the cost of equity, the company will also analyze the status of indicators related to market valuation, such as PER and PBR, and consider efforts to improve. (→Point I. 2)

Source: Inabata & Co., Ltd., IR Briefing for the Fiscal Year Ended March 2023 Progress in the Second Year of Medium-Term Management Plan NC2023 (June 5, 2023), page27-28
https://www.inabata.co.jp/themes/english@inabata/investor/library/file/ir_briefing20230605.pdf

IK INABATA & CO., LTD.

Specific Measures: Maintain ROE of 10% or above

- Maintain ROE of 10% or above, largely by expanding profits, enhancing profitability, and continuing to control the cost of equity

 - Expand profits and increase GPM
 - Grow mainstay businesses
 - Increase the share of earnings accounted for by highly profitable businesses
 - Make aggressive investments, including in M&A, and generate revenue at an early stage
 - Steadily dispose of strategic shareholdings

 - Control of equity
 - Continue flexible share buybacks and cancellations
 - Maintain a progressive dividend policy
- } Maintain a total return ratio of around 50%

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● **Reference is made** not only to efforts to improve return on capital, but also **to efforts to control and reduce cost of capital.** (→Point II. 2)

IK INABATA & CO., LTD.

Specific Measures: Control and Curtail Cost of Capital

- By promoting indirect measures in addition to direct measures, reduce risks and information gaps with the market and control and/or curb the cost of capital

- Direct measures
 - Utilize debt (diversify funding methods, including the issue of corporate bonds)
 - Buyback and cancel own shares

- Indirect measures
 - Enhance information disclosure
 - Actively engage in dialogues with investors (step up efforts to provide explanation)
 - Strengthen the Board's monitoring function to continuously monitor performance
 - Be selected as a constituent of many ESG indexes by increasing ESG scores

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Source: Inabata & Co., Ltd., IR Briefing for the Fiscal Year Ended March 2023 Progress in the Second Year of Medium-Term Management Plan NC2023 (June 5, 2023), page32-33
https://www.inabata.co.jp/themes/english@inabata/investor/library/file/ir_briefing20230605.pdf

- The company provides disclosure of the main points raised in the dialogue, as well as investor attributes and their thoughts and responses to the dialogue, in a concrete and easy-to-understand manner. (→Point III. 3)

Implementation Status of Dialogue with Shareholders in FY2022

At Inabata & Co., Ltd., we actively engage in dialogue with shareholders and investors, with the aim of promoting sustainable growth and enhancing our corporate value over the medium to long term. The following is a report on the implementation of our dialogue with shareholders in FY2022.

1. Structure for Promoting Investor Relations (IR)

- Our President leads the IR efforts, supported by Director, Senior Managing Executive Officer, a designated officer responsible for IR ("IR Officer"). The primary point of contact for dialogue with shareholders and investors are the President and the IR Officer.
- Our dedicated IR Department works in collaboration with related departments to gather and analyze various business data. This ensures the timely and accurate distribution of information within the company and to the public.

2. Summary of IR Activities

- We proactively seek to arrange meetings with investors to the extent reasonable. We also consider accommodating requests for engagement with our outside directors to the extent practical.
- We organize biannual financial result briefings where we explain the progress of our Medium-Term Management Plan and present an overview of our financial results.
- We foster opportunities for dialogue with individual shareholders and investors by participating in IR events.
- We actively disseminate information through various mediums such as our website, integrated reports, shareholder newsletters, and shareholder meeting notices.

[Record of IR Activities for FY2022]

Activities	Frequency
Financial results briefings	2 times
One-on-one meetings with institutional investors & analysts (including foreign investors and analysts)	54 times
Individual investor briefings (participation in online IR fair)	1 time

3. Feedback to the Board of Directors

Our Board regulations require that shareholder opinions and concerns gathered through our dialogue with shareholders be incorporated into the IR Officer's activity report at least once a year. For FY2022, we presented reports concerning IR matters at Board meetings held in July and September 2022, and January 2023.

4. Main Topics of Discussion

1) Medium to Long-term Management Challenges

Discussion with: Foreign institutional investors (responsible investment managers)

Q: Looking ahead to the next five years or so, what do you see as the significant management challenges?

A: First, we aim to increase our overall profitability. While we have primarily focused on organic growth and maintained a cautious stance on acquisitions until now, we recognize the need to be more proactive in this area moving forward. Second, we must establish new drivers of earnings. At present, our Plastics and Information & Electronics segments make up around 80% of our total sales and operating profit. We need to cultivate growth in other areas, such as the food sector within the Life Industry segment. Lastly, we are focusing on the development and utilization of our human capital. In response to the expansion of our overseas business, we believe it is increasingly important to cultivate our local staff, create more opportunities for them to excel, and promote diversity as an important challenge.

[Our views, understanding, and response]

We have communicated our intentions for sustainable growth, and how we recognize and address challenges, using ongoing initiatives as examples. This has fostered understanding among our shareholders. In future dialogue, we plan to regularly update our shareholders on our progress, focusing on the three aspects of increasing our overall profitability, establishing new drivers of earnings, and developing and utilizing our human capital.

2) Direction of Growth Investments

Discussion with: Domestic institutional investors (active fund managers)

Q: Your current Medium-Term Management Plan, *NC2023*, highlights the intensification of investment targeting future growth. What are the key directions and targeted sectors? Also, can you share any past success stories related to growth investment?

A: Fundamentally, we view our trading business as the cornerstone of our investment strategy. We will continually evaluate whether prospective investments align with our primary business and if we are capable of managing them effectively. Our most notable success has been our compound business in the Plastics segment, where our ability to cater precisely to our global customers' needs has become a differentiating factor.

- Omitted below -

Investment Highlight/ NICIGAS' Growth Story

NICIGAS will **grow by increasing customer number** and focuses on return to shareholders. To achieve **¥15.0B net income & ROE 22% in FYE 03/26**. Will continue **100%+ return to shareholders**, focusing on **dividend**. In addition, plans **return equity to shareholders by optimizing capital-to-asset ratio**.

- ① **Profit Growth with Customer Number Expansion**
NICIGAS **increases LP and Electricity customers**, resulting in profit growth. LP Gas market is highly fragmented. **Will create exponential growth** through energy industry consolidation.
- ② **Higher Capital Efficiency, ROE Management**
Will achieve ROE 22% in FYE 03/26. Will enhance ROIC and optimize capital-to-asset ratio to 40%. **Plans 100%+ return to shareholders** and will **increase return to shareholders, focusing on dividends**.
- ③ **Mid- to long-term Strategy**
With the advantage of **the last mile energy company**, **improving corporate value** while working to decarbonize. The means to achieve this is **to evolve the business to Energy Solution**. **Aims ¥500B market cap in FYE 03/31**.

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● The company describes their desired growth story in their long-term vision and disclose efforts to achieve it (→Point II. 4)

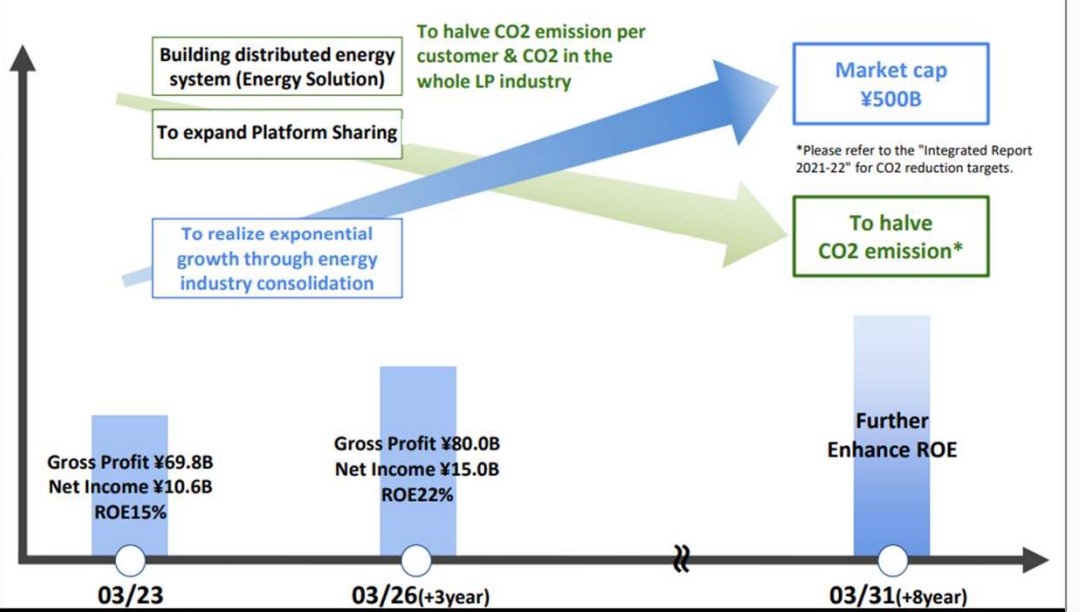
Source: NIPPON GAS CO., LTD, NICIGAS' Growth Strategy, page1,5
https://ssl4.eir-parts.net/doc/8174/ir_material_for_fiscal_y21/111262/00.pdf

Voice of Investors

The company demonstrates full awareness of the perspectives of shareholders and investors by presenting a growth story from a long-term perspective and formulating a medium- to long-term balance sheet plan and cash flow allocation policy.

Targets in FYE 03/31 (Long-term strategy)

Plans ¥500B market cap in FYE 03/31. To expand profit by Energy Solution & Platform based on existing energy retail. Will **increase corporate value while reducing CO2**.

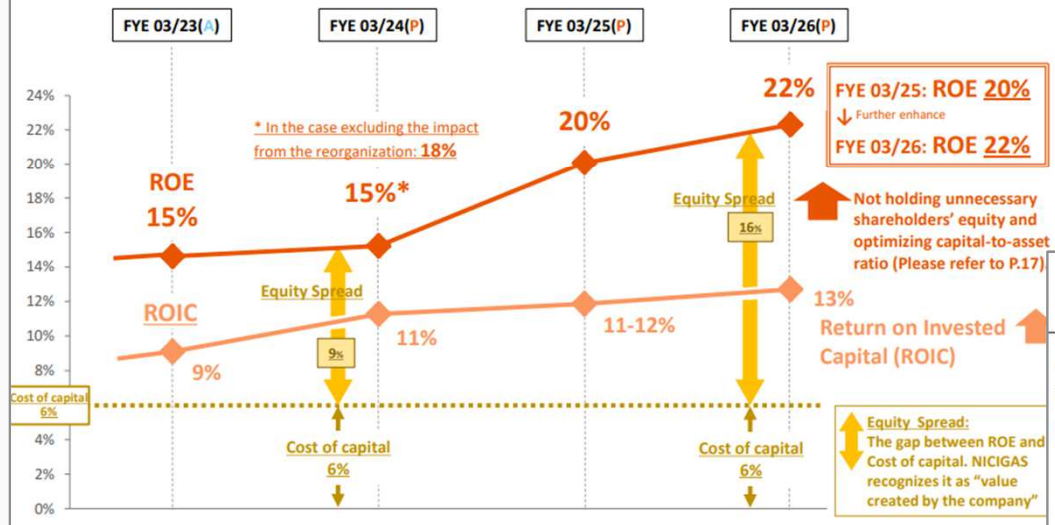


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Growth Story (2)



Will achieve 20% ROE in FYE 03/25 & 22% in FYE 03/26. Will enhance ROIC by increasing "higher profit generating asset". Optimizing capital-to-asset ratio in the 3 years without holding unnecessary shareholders' equity.



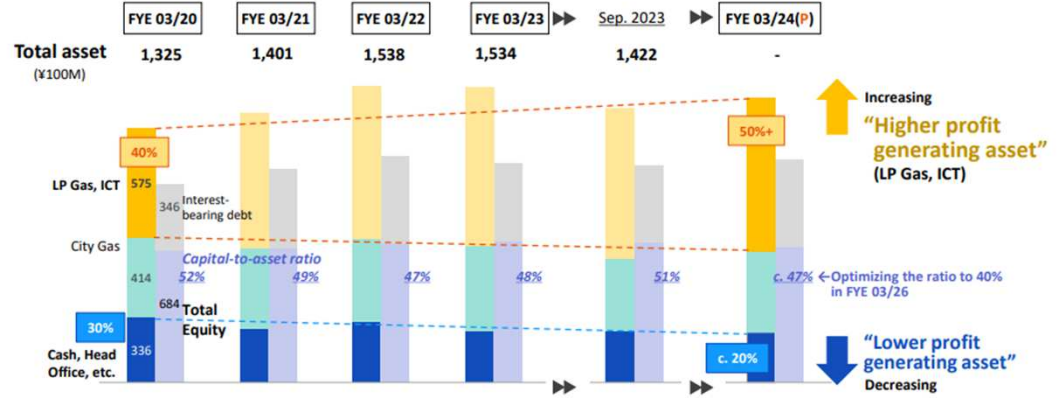
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The company disclosed mid- to long-term balance sheet plans and cash flow allocation policies, with a policy of not holding unnecessary shareholders' equity. (→Point I.3 & Point II.1)

Financial Strategy: B/S Control



Financial strategy is to maximize the performance of shareholders' equity. Without expanding asset amount largely, increasing "higher profit generating asset". Returns to shareholders without holding unnecessary shareholders' equity.



Item	FYE 03/20	FYE 03/21	FYE 03/22	FYE 03/23	Sep. 2023	FYE 03/24(P)
Net Income (¥100M)	77	94	100	106	-	110
ROIC ⁽¹⁾	7%	9%	8%	9%	-	11%
ROE ⁽²⁾	11%	14%	14%	15%	-	15%

FYE 03/24: Estimates ▲¥2.5B Extraordinary loss due to reorganization

Item	03/20	03/24(P)
Net Income	¥7.7B	¥11.0B
Total equity	¥68.4B	¥70.0B
ROE	11%	15%

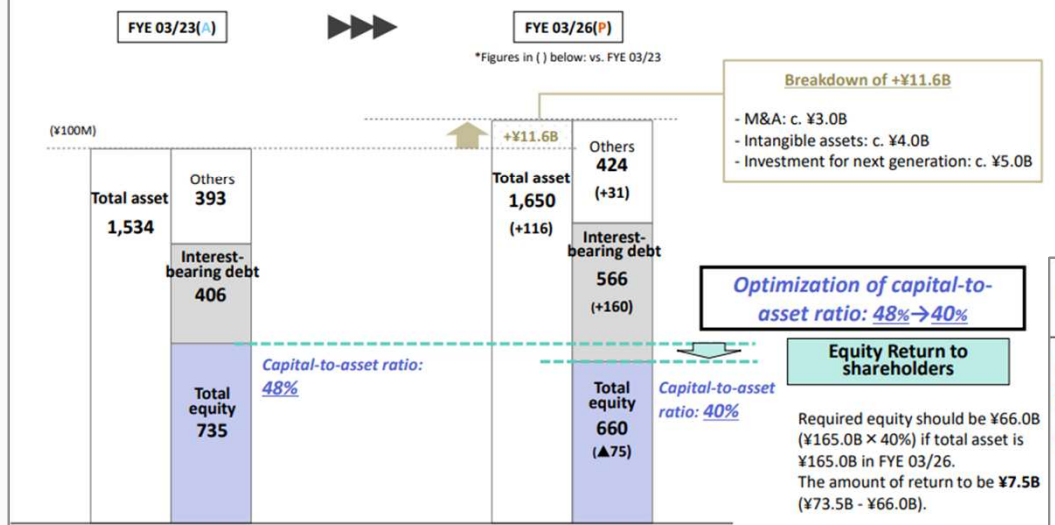
⁽¹⁾ ROIC=NOPAT (current year) / (average of current FYE and previous FYE of "Interest-bearing debt + Total Equity")
⁽²⁾ ROE=Net Income (current year) / (average of current FYE and previous FYE of Total Equity) ⁽¹⁾⁽²⁾ Digits rounded after the first decimal point

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Source: NIPPON GAS CO., LTD NICIGAS' Growth Strategy, Page15-16
https://ssl4.eir-parts.net/doc/8174/ir_material_for_fiscal_y21/111262/00.pdf

Financial Strategy: B/S Control

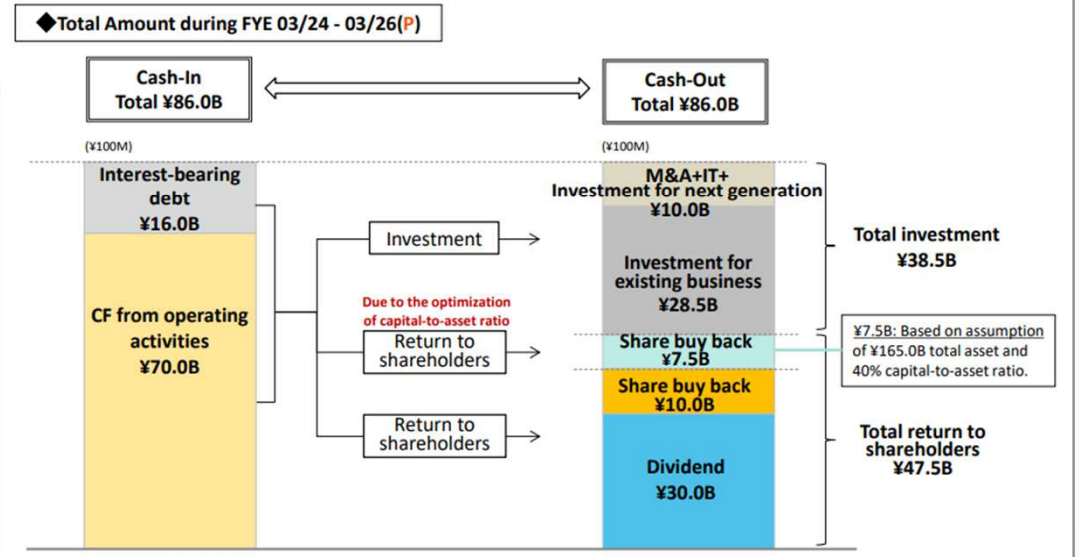
Increasing higher profit generating asset and will **optimize capital-to-asset ratio by decreasing the ratio from 48% to 40%**. In the case of ¥165.0B total assets in FYE 03/26, leading to ¥7.5B return to shareholders.



• The company provides disclosure of their cash flow allocation plan in an easy-to-understand manner. (→Point II. 1)

Financial Strategy: CF Allocation

Allocation of **¥86.0B Cash-In** in 3 years: **¥38.5B for Investment** and **¥47.5B for Return to Shareholders**. For the return, will focus on dividend and allocate **¥30.0B for dividend** in 3 years.



Source: NIPPON GAS CO., LTD, NICIGAS' Growth Strategy, Page17-18
https://ssl4.eir-parts.net/doc/8174/ir_material_for_fiscal_y21/111262/00.pdf



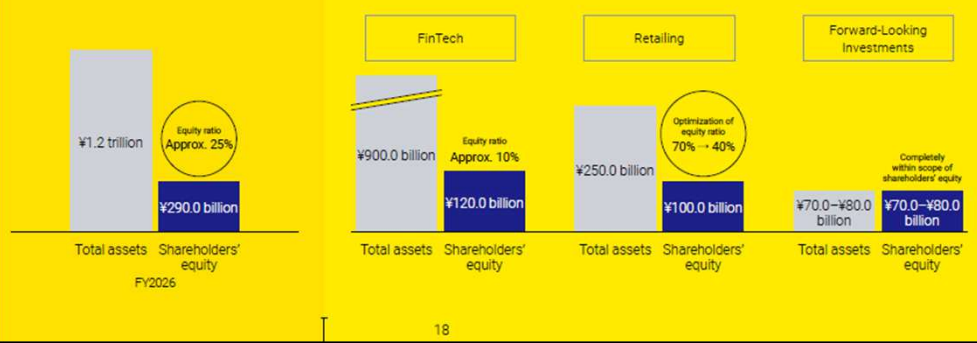
Voice of Investors

Despite having a P/B ratio of more than 1x, the company is proactively working for further improvement, disclosing its "target balance sheet" figures in line with its business structure innovation, along with a breakdown by segment. Investors found this company's proactive attitude to be commendable.

DEVELOPMENT OF OPTIMAL BALANCE SHEET MATCHED TO BUSINESS STRUCTURE REFORMS

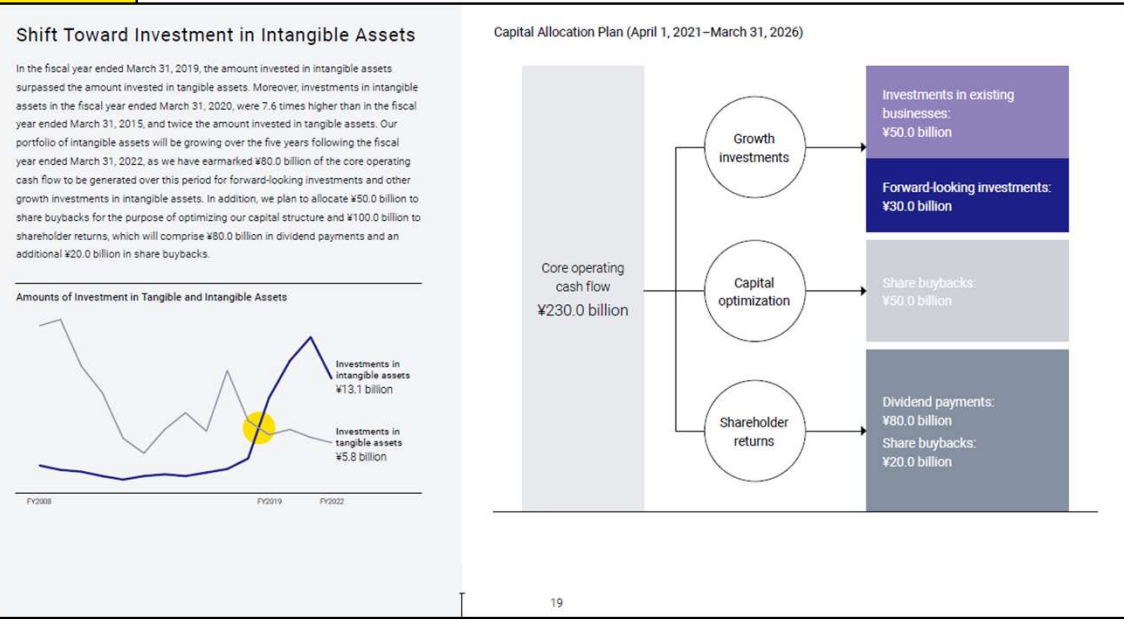
At the time of formulation of the previous medium-term management plan, MARUI GROUP was supported by its credit card business, which has been consistently generating earnings since the launch of the EPOS card in 2006. This situation made for a business structure through which the Company was able to sustain steady growth. The targeted balance sheet defined in this plan was based on the transition to this business structure driven by the FinTech segment. As a result of this emphasis, we were able to build the balance sheet we targeted by optimizing the capital structure in this segment. The balance sheet we are targeting in the fiscal year ending March 31, 2026, the final year of the new medium-term management plan, will require us to optimize the capital structure of the Retailing segment, which generates stable cash flows. Our balance sheet will also see a large shift in the ratio of capital allocations from tangible assets to intangible assets in conjunction with the creation of a new business model incorporating forward-looking investments. The forward-looking investments driving this shift, which include co-creative investments and new business investments, have the potential to produce significant returns, but also carry significant risks. For this reason, we intend to limit the amount of assets associated with forward-looking investments to the scope of shareholders' equity. With this focus, MARUI GROUP will reorient its investments toward intangible assets with the goal of improving corporate value by evolving into an intellectual creation company.

Balance Sheet Targeted under Medium-Term Management Plan



The company presents their "optimal balance sheet" together with a breakdown by segment (→Point I. 3)

They also present a cash allocation policy (→Point II. 1)



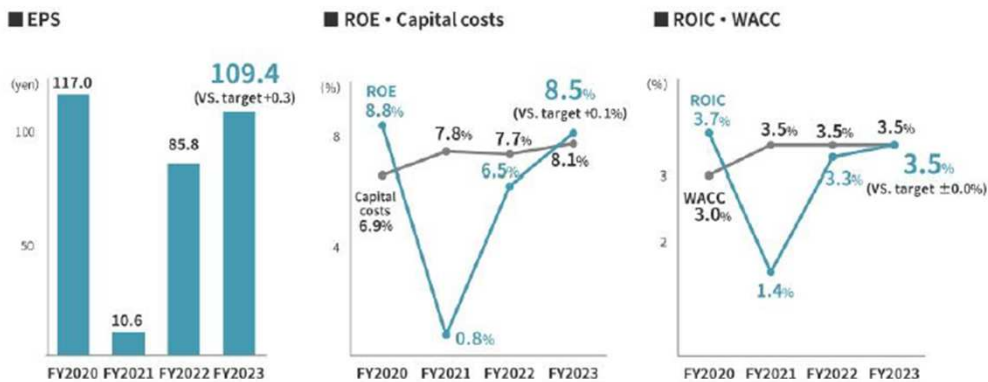
Source: Marui Group CO.,LTD., Medium-Term Management Plan (Last updated: June 2023), Page 18-19 https://www.0101maruigroup.co.jp/en/ir/pdf/plan/2022/mp2022_all_en.pdf

Principle 5.2: Establishing and Disclosing Business Strategies and Business Plans

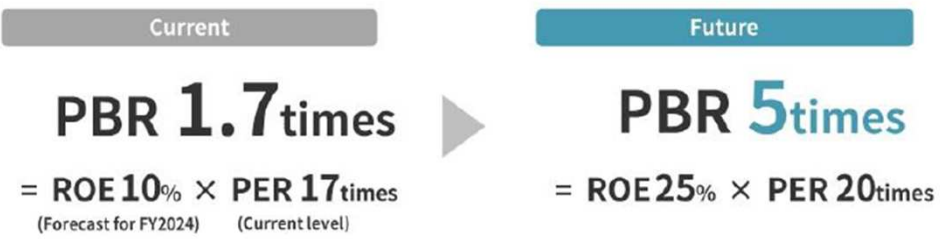
The Company shall formulate management strategies and plans based on the corporate philosophy and an accurate understanding of the Company's capital costs (shareholders' equity costs and weighted average cost of capital) and disclose related information. The progress of these management strategies and plans is to be confirmed and analyzed annually. When deemed necessary, revisions shall be instituted with regard to areas such as business structures or plans for allocating management resources to new business investments, capital investments, or investments in human resource development.

In the fiscal year ending March 31, 2026, the final year of the medium-term management plan, the Company is targeting earnings per share of ¥200.0, return on equity of 13%, and return on invested capital of 4%. In the fiscal year ended March 31, 2023, earnings per share was ¥109.4, up 27%, or ¥23.6, year on year as a result of earnings growth and capital measures. Return on equity was 8.5%, up 2.0 percentage points, surpassing the level of shareholders' equity costs of 8.1%, while return on invested capital was 3.5%, up 0.2 percentage point, the same level as weighted average cost of capital, which was also 3.5%.

• Despite having a P/B ratio of more than 1x, the company is proactively working for further improvement. (→ Point I.2)



Going forward, MARUI GROUP will seek to evolve into a company that contributes to the resolution of social issues through human capital investments to achieve its desired form of corporate value, which will entail achieving return on equity of 25% and a price-to-book ratio of 5.0 times.



Source: MARUI GROUP CO.,LTD., Corporate Governance Report (Date of Latest Update: July 21, 2023), page36-37 <https://www2.jpx.co.jp/disc/82520/140120231128595997.pdf>

Voice of Investors

The logic tree, segment-by-segment disclosure, and comparative analysis of the company's performance with global peers provide an easy-to-understand explanation of the direction in which the company is headed. In addition, the company is commendable for its sincere attitude toward the market, such as by actively setting up opportunities for the management team and outside directors to talk with investors in Japan and overseas.

Progress in the MTBP

MTBP Financial Targets—Toward the Improvement of ROE
MUFG has positioned ROE at the core of business management in line with its priority commitment to improving it under the MTBP. We will strive to achieve an ROE of 7.5% in fiscal 2023. Although this figure is not necessarily high enough when considering the cost of capital, we have identified it as a milestone on the path to securing future growth. To this end, we have set targets for profits, expenses and RWAs,* which we have defined as the three key drivers that will enable us to achieve this goal. We will therefore tighten our control on management resources while reinforcing the domestic business revenue base and strengthening our global business, with the aim of becoming a financial group stably earning ¥1 trillion or more in profits attributable to owners of parent even as we improve ROE.

*1 Risk-weighted assets: The total monetary amount of risk volume calculated by reflecting the degree of risk associated with each asset held by MUFG.
I would like to elaborate on our basis for defining the three drivers to achieve our ROE target. First, in order to maximize our profits, the numerator of the ROE calculation, we need to build a strong profit base by keeping a robust control on our expenses even as we work to strengthen our earnings power. Second, we need to robustly control RWAs, which are related to capital—the denominator of the ROE calculation—so that we can utilize

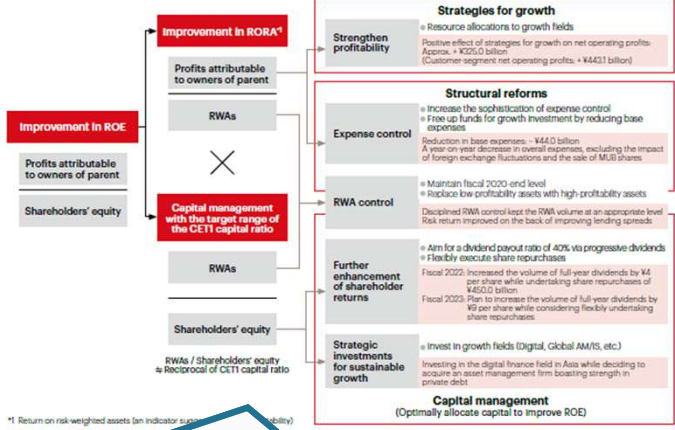
capital in growth investment and shareholder returns to further improve ROE. We are thus confident that we will be able to achieve a higher ROE through efforts related to the combination of these key drivers.

As shown in the table below, we have seen steady improvements in profit, expenses and RWAs in fiscal 2022. As presented in the graph on the subsequent page, these improvements resulted in significant improvement in ROE for all business groups over the course of the first two years under the current MTBP with the exception of the Global Markets Business Group, which recorded losses on sales of foreign bonds. Although the recording of one-off expenses caused consolidated ROE to decline from the previous fiscal year to 7.03%, the strong growth in net operating profits suggests that our ROE is now on a steady improvement track. Going forward, we will continuously work to make improvements in the three key drivers while practicing disciplined and proper capital management to sustainably improve ROE.

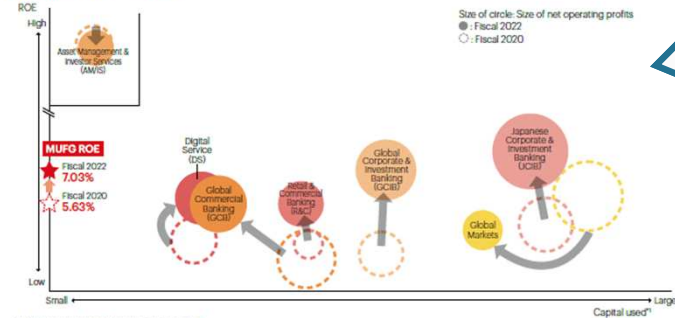
MTBP Financial Targets				
	FY2021	FY2022	FY2023 targets	Medium- to long-term targets
ROE	7.79%	7.03%	7.5%	9%–10%
CET1 capital ratio ¹⁾	10.4%	10.3%	9.5%–10.0%	

*1 Estimate reflecting the RWA increase calculated on the finalized Basel III reforms basis, excluding net unrealized gains on available-for-sale securities

Breakdown of ROE Improving Factors (Logic Tree)



Trends in ROE by Business Group



*1 Calculated based on RWAs and economic capital

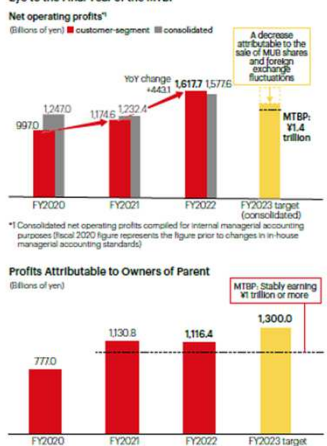
Strategies for Growth—Raising Profitability

In line with the current MTBP, we have been striving to reinforce profitability in five strategic areas, namely, "wealth management" and "approach of proposing solutions to customer's issues" in Japan and "Asia business," "GICB & Global Markets" and "Global AM/IS" overseas.

In fiscal 2022, although our initiatives related to "Global AM/IS" were negatively affected by a downturn in market conditions, we made steady progress in each initiative under our strategies for growth. The overall positive effect of these strategies boosted our net operating profits²⁾ by approximately ¥400.0 billion over the two-year period ended fiscal 2022. As we have set a target of garnering a total of ¥150.0 billion³⁾ in net operating profits through these strategies for growth in the above five areas over the course of three years ending in fiscal 2023, the increase in net operating profits means that this target was more than satisfied ahead of schedule in the second year of the MTBP. Moreover, progress in these strategies also resulted in a ¥443.1 billion (37%) increase in our net operating profits of customer-segments compared with the previous fiscal year. Over the course of the first two years of the MTBP, we have thus achieved a ¥620.7 billion (62%) increase in this indicator, suggesting that our operating results are reflecting the effect of our initiatives to strengthen profitability. Paying close attention to the business environment, we will steadily enhance our earnings power while agilely aligning our approach to changes in external conditions.

*1 Asset management / Investor services
*2 Consolidated net operating profits compiled for internal managerial accounting purposes
*3 Excluding foreign exchange fluctuations

Roadmap toward the Enhancement of Profitability with an Eye to the Final Year of the MTBP



• The company presents ROE trends by segment using graphs to clarify each segment's profitability. (→Point I. 2)

• They describe the progress made in efforts to improve ROE in an easy-to-understand manner using a logic tree. (→Point II. 4)

Enhancement of Shareholder Value

Our Recognition of MUFG's Stock Price

For MUFG, enhancing shareholder value is an important management issue. Looking at the recent trend in Total Shareholder Return (TSR), MUFG's TSR over the past 10 years has been lagging considerably behind that of some global competitors.

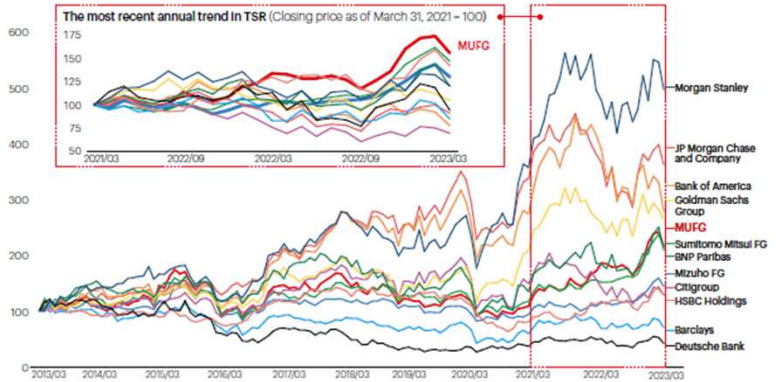
As stated earlier, MUFG's stock price is currently stagnant, with the PBR trending around 0.7 times. This is attributable to our ROE falling short of the cost of capital. We therefore consider low ROE to be a major factor contributing to the present sluggishness.

Relationships between PBR and ROE



Our recognition of issues: Currently stagnant PBR is attributable to our ROE falling short of the Cost of Capital. Aim to enhance ROE through Strategies for growth, Structural reforms and Capital management. Equity spread (ROE - Cost of Capital) / (Cost of Capital - Growth rate)

Global Comparisons of Total Shareholder Return (TSR) (Closing price as of March 31, 2013 - 100)



Initiatives to Enhance Shareholder Value

As mentioned earlier, MUFG has positioned ROE at the core of business management based on a recognition that improving ROE is essential to enhancing shareholder value.

In line with the current MTBP, we are striving to improve ROE by executing key strategies (Strategies for Growth and Structural Reforms) as well as practicing proper capital management.

However, our MTBP target of raising ROE to 7.5% remains insufficient when we consider the cost of capital. To achieve a higher stock price with PBR of at least 1 time, which represents the bare minimum level, we need to aim for even higher ROE.

We are fully aware that the market's evaluation of MUFG is reflected in the currently stagnant PBR. Taking this situation seriously, we will strive to sustainably improve ROE so that market participants can have even greater expectations for our future growth.

Divestment of Strategic Equity Holdings

In line with our basic policy of reducing strategic equity holdings, we divested such holdings by an amount equivalent to ¥870.0 billion (on an acquisition-cost basis) over the six years from fiscal 2015 to fiscal 2020.

In fiscal 2022, we were able to divest equity holdings totaling ¥154.0 billion thanks to our engagement in intensive dialogue with corporate clients. This brought the cumulative amount of equity holdings divested thus far since fiscal 2021 to ¥323.0 billion, making steady progress toward the MTBP target of reducing such holdings by ¥500.0 billion.

Equity holdings divestment is essential from the perspective of maintaining robust RWA control as it frees up capital resources. It also helps reduce financial risk arising from share price fluctuations. Therefore, MUFG's stock prices may well be positively affected by the divestment of equity holdings and resulting reductions in volatility and the cost of capital.

Going forward, we aim to further divest equity holdings while engaging in dialogue with our corporate clients to secure their understanding.

Dialogue with Shareholders and Other Stakeholders

As we aim to help our stakeholders to gain a good overview of MUFG's strategic endeavors employing its unique and extensive business portfolio, we believe that providing them with accurate and timely explanations of our operations is a matter of importance.

In fiscal 2022, we held one-on-one and small meetings to secure opportunities for dialogue between top management and investors in Japan and abroad. We also hosted Investors Day with presentations by the heads of the seven business groups, as well as small meetings hosted by outside directors, seminars focused on discussing climate change measures, seminars for individual investors and other events.

Dialogue with our stakeholders, including shareholders, investors and ratings agency representatives often provides valuable opportunities and insights. Going forward, we will focus on maintaining such dialogue, stepping up both investor relations (IR) and shareholder relations (SR) engagement with those charged with exercising voting rights.

Having positioned the current MTBP period as "three years of new challenges and transformation," we will continue to strive for improvement in MUFG's corporate value and the successful closure of the final year of the MTBP through steady profit growth and disciplined capital management, thereby achieving a higher ROE.

We ask for your continuous support in this endeavor.

The company proactively sets opportunities for management and outside directors to communicate with investors in Japan and overseas (→Point III. 1)

They conducted a comparative analysis of the relationship between PBR and ROE, as well as TSR (Total Shareholder Return) trends in comparison to global peer companies (→Point I. 2)

Source: Mitsubishi UFJ Financial Group, Inc., MUFG Report 2023 (Integrated Report) (Red lines added by TSE), page25-26 https://www.mufg.jp/dam/ir/report/annual_report/pdf/ir2023_all_en.pdf

1. これまでの取り組み

- **ビジネス改革および資本構造の変革等の成長戦略を進めることで、企業価値を高めていく取り組みを推進**
 - 既存ビジネス変革：業務効率化推進によるコンサルティングに集中した営業態勢
 - 資本構造の変革：優先株式“実質ゼロ”(*)に向けて道筋をつける
 - 新たな価値創造：デジタルコンサルティングと対面コンサルティングの融合
- (*)優先株式“実質ゼロ”とは、優先株式資本算入分を控除した自己資本比率において、当行が目標とする8%水準を上回っている状況のこと



Voice of Investors

The report clearly explains how each of these initiatives will lead to an increase in corporate value. In addition, specific reference to review of the business portfolio with profitability in mind conveys the company's sincere commitment to management that is conscious of cost of capital and stock price.

● The company provides analysis of past P/B ratios in relation to past initiatives (→Point I. 2)

● They also disclose the current status and initiatives for each of the P/B ratio components. (→Points I. 2 & II. 4)

2. PBR水準への現状認識

■ PBR構成要因	ROE (収益性)	×	PER (市場評価)	=	PBR
■ 現状認識	普通株ROE : 4.80% 2024/3(予)		約10.3倍 (2023年10月末) ※ 広義の資本コスト: 約9.7%		約0.49倍 (2023年10月末)
■ 企業価値向上に向けた具体的な取り組み	【財務目標】 普通株ROE 5%以上 (時期: 2026年度以降安定的に)		非財務戦略の着実な遂行による持続的成長と広義の資本コストの低減 ⇒PER: 約12倍を目指す		まずは PBR: 0.6倍台 を目指す
	① 優先株の実質“ゼロ”の早期実現 ② RWAの効率的な入れ替えによるRORAの向上 ③ 金利上昇局面での収益向上		④ 法人向けコンサルティング業務の更なる強化を通じた地域課題の根本解決と持続的成長の両立 ⑤ 業務軸の拡大を通じた収益の安定化		

Note: The disclosure documents shown in this slide are available in Japanese only.

Source: Chiba Kogyo Bank, Ltd., Measures to Achieve Management Conscious of Capital Cost and Stock Price (November 10, 2023), Page1-2
https://www.chibakogyo-bank.co.jp/ir/capital_costs.pdf

※ 上記計数は2023年11月10日時点で公表されている計数より千葉興業銀行が算出しております
 ※ 普通株ROE = 優先株式除く1株当たり当期純利益 ÷ 優先株式除く1株当たり純資産額
 ※ 当行内の資本コストはCAPM (安全利子率 + 株式リスクプレミアム × 株式ベータ) で内部管理しています
 ※ 広義の資本コスト = 1 ÷ PER

3. 今後の取り組みについて

□ 以下の課題に対し、事業ポートフォリオの発展的な見直しを伴う取り組み等により、企業価値を高めてまいります。

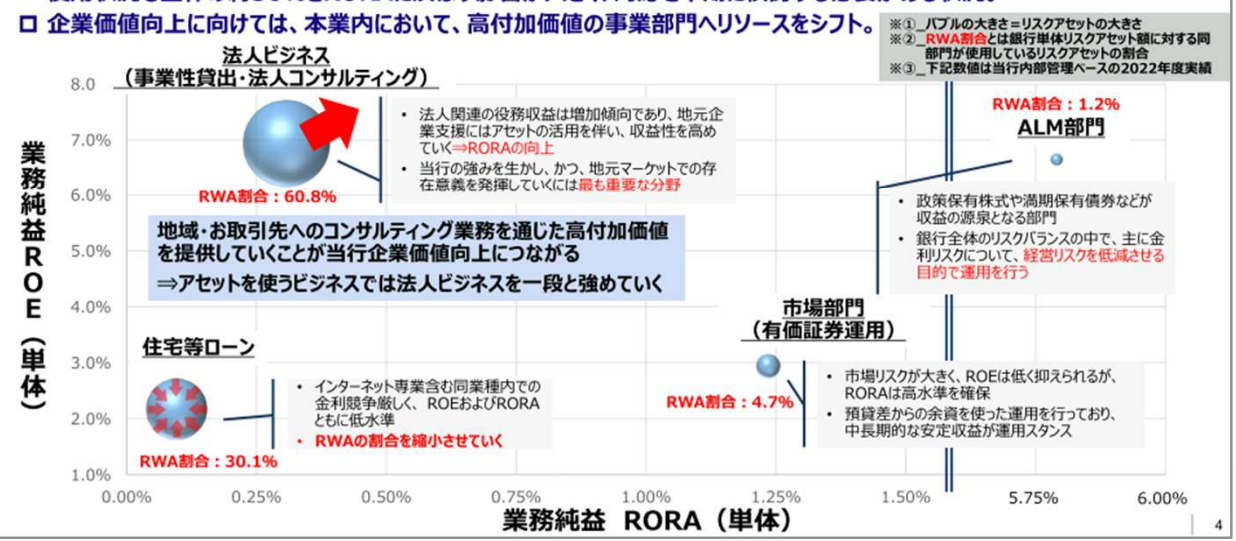
課題	低PBRの要因	今後の取り組み
【既存ビジネス変革】 住宅等ローン事業の抜本的対応	【ROE要因】 ✓ 競争環境の厳しい住宅ローン事業が、資本対収益およびリスクアセット対収益を押し下げています。	■ 住宅等ローン事業について、ボリューム拡大路線から転換および 住宅ローン等の信用保証業務を行う当行連結子会社の業務効率化等を伴い、事業ポートフォリオを見直す (※)ことにより、メリハリのある経営資源配分を行ってまいります。 (※) 事業ポートフォリオ見直しに当たっては当該連結子会社を譲渡することも含めて検討を行ってまいります。
【資本構造の変革】 優先株式“実質ゼロ”の早期実現	【ROE・PER要因】 ✓ 将来ROE水準の見直しは、優先株式の今後の対応に影響されるものと考えられます。 ✓ 優先株式の償還・自己株買い見通しが、広義の資本コストの観点からのPERの水準感に影響を与えているものと考えられます。	■ 採算性の低いアセットを削減すること及び付加価値が高く採算性の高い法人コンサルティング分野への経営資源シフトによりリスクアセットの削減を通じた 優先株償還余力を確保し“優先株式実質ゼロ”の状態を早期に実現 してまいります。 ■ また 着実な優先株式の償還・自己株買い を通じてROEの向上を図ってまいります。
【新たな価値創造】 金融・非金融機能の強化	【PER要因】 ✓ 従来型金融事業の範疇では現状の競争環境から抜け出すことができず、安定的・持続的成長に向けて、一層の付加価値の提供を伴い、リスクアセット対収益力を高めていくための更なる取り組みが必要となっています。	■ 金融・非金融分野でのソリューション力を高めていくことで、 地域経済の発展に貢献し、当行グループは地域と共に持続的な成長を確立 してまいります。

● The company analyzed each division in terms of RORA (return on risk-weighted assets) and ROE, and specified which businesses to focus on and which to downsize. (→ Point II.1)

4. 事業部門別 RORA・ROE戦略の方向性

□ 以下、2022事業年度の部門（業務区分）別のRORAでは“住宅等ローン”の収益性が低調であり、またリスクアセットの使用状況も全体の約30%とRORAに及ぼす影響が大きく、対応を早期に検討する必要がある状況。

□ 企業価値向上に向けては、本業内において、高付加価値の事業部門へリソースをシフト。



Note: The disclosure documents shown in this slide are available in Japanese only.

Source: Chiba Kogyo Bank, Ltd., Measures to Achieve Management Conscious of Capital Cost and Stock Price (November 10, 2023), Page3-4 https://www.chibakogyo-bank.co.jp/ir/capital_costs.pdf

Growth Strategy (Medium- to Long-Term Targets) (1) 山梨中央銀行

Version upgrades of targets set forth in Medium-Term Management Plan "TRANS³ 2025"

- Upward revision of targeted CO₂ emissions reduction rate
- Clarified the timing of achievement of financial and non-financial targets set forth as "ideal."

KPI	FY21 (Results)	FY22 (Results)	FY24 (Final year of the Medium-Term Management Plan)	Ideal	Achieved by
OHR (Operating expenses/Core gross business profit)	73.41%	67.74%	73.5% or less	60% level	FY27
ROE (current net income basis)	1.82%	2.34%	3% or more	5% or more	FY27
Ratio of female managers and supervisors	13.1%	14.81%	15% or more	40% or more	FY30
Rate of reskilling-based reallocation of clerical workers	-	5.01%	30% or more	70% or more	FY30
Sustainable finance*1 investment and loan amount	71.5 billion yen	118 billion yen	250 billion yen or more	800 billion yen or more	FY30
Reduction rate of greenhouse gas (CO ₂) emissions*2	30.08%	52.66%	70% or more	Carbon neutrality	FY30

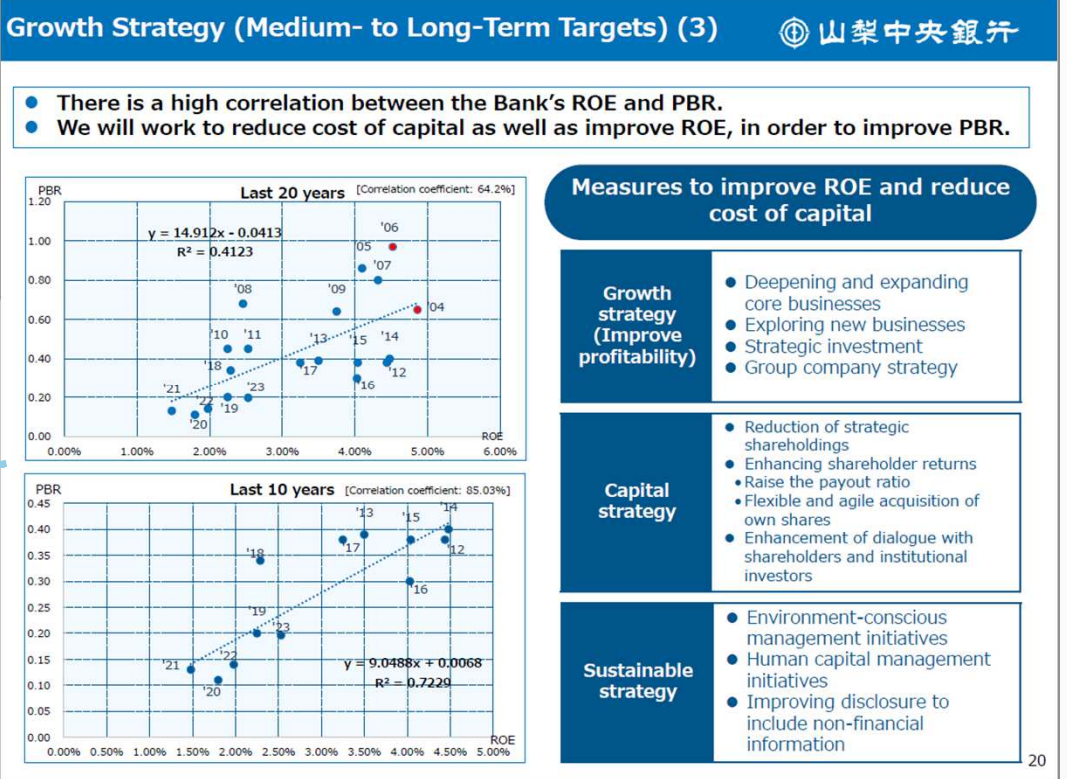
KGI	FY21 (Results)	FY22 (Results)	FY24 (Final year of the Medium-Term Management Plan)	Ideal	Achieved by
Profit attributable to shareholders of the parent	4.2 billion yen	5 billion yen	6 billion yen or more	10 billion yen or more	FY27

Upward revision of targeted CO₂ emissions reduction rate
 FY2024: From 46% or more to 70% or more
 Ideal: 60% or more to CN

*1. Investment and loan that contribute to creating sustainable regional society (environment, education, start of business, succession of business, etc.)
 *2. Comparison with FY2019 target scope: Scope 1 + Scope 2 (including emissions from the use of gasoline since FY2022; prior data also adjusted in the same manner)

Voice of Investors

The report presents KPIs and KGIs for their ideal long-term vision, and then describes the various initiatives to achieve this vision, making the overall picture easy to understand. In addition, the company's proactive efforts to improve its balance sheet, including the reduction of cross-shareholdings, is evidence of progress in their reform process.



The company presents the ideal state to be achieved over the long term for each KPI/KGI (→Point II.4)

They conducted a historical analysis of the relationship between the company's ROE and PBR and reflect it in the consideration of initiatives. (→Point I. 2)

Source: The Yamanashi Chuo Bank, Ltd., The 44th Analyst Meeting (June 7, 2023), page18,20
https://www.yamanashibank.co.jp/english/earnings/assets/files/44th_Analyst_Meeting.pdf

Capital Strategy (Effective Use of Capital) (1) 山梨中央銀行

Approach to the effective use of capital

(1) Balanced capital policy

Focus on the balance between soundness, return, and shareholder return.

Soundness (stable business foundation)

- Stable supply of funds to the regional economy
- Stability to enable the Bank to invest in growth investment opportunities in a flexible manner

Enhancement of shareholder return

- Strengthening shareholder returns through improving profitability
- Acquiring own shares in a flexible manner

Profitability

- Growth investments to deepen and expand the core business and in new businesses, etc.
- Securing profit in consideration of risk-return characteristics

Sustainable enhancement of corporate value
Medium-Term Management Plan target ROE: 3% or more
Ideal ROE: 5% or more

(2) Effective use of capital

Effective use of capital

Carry out growth investments and provide shareholder returns while maintaining soundness (consolidated regulatory capital ratio roughly at 10%).

- Take risks through structured finance, sustainable investment and lending, personal loans, provision of equity capital to regional companies, etc., in addition to business loans.
- Invest in new businesses toward the resolution of regional issues.
- Invest in DX and human capital.
- Enhance and strengthen shareholder returns through improving profitability.

● The company presents their vision for capital allocation in the medium term (→Point II. 1)

Capital Strategy (Effective Use of Capital) (2) 山梨中央銀行

Capital allocation

- Increase risk-weighted assets mainly through business loans.
- Strategic investments focus on the fields that support our growth strategy.
- The rough indication of shareholders return ratio has been changed to a payout ratio of 30%.
- We take a flexible and agile approach to acquisition of own shares.

Example of increases in risk-weighted assets

Expected to increase by 150 billion yen over the next 2 years mainly through business loans.

Example of capital allocation

30% of cumulative profit

- Strategic investment
 - Construction of an integrated customer analysis platform
 - Construction of a digital communication network
 - Construction of a next-generation financial app platform, etc.

Source: The Yamanashi Chuo Bank, Ltd. The 44th Analyst Meeting (June 7, 2023) Page28,29 https://www.yamanashibank.co.jp/english/earnings/assets/files/44th_Analyst_Meeting.pdf

Capital Strategy (Reduction of Strategic Shareholdings) (1) 山梨中央銀行

Policy on strategic shareholdings

- In accordance with the purport of the Corporate Governance Code, we have established a policy on strategic shareholdings and is reducing such shareholdings based on the periodic review of the significance of the holding of each stock.
- In order to accelerate the reduction of strategic shareholdings, we have established reduction targets for such shareholdings.

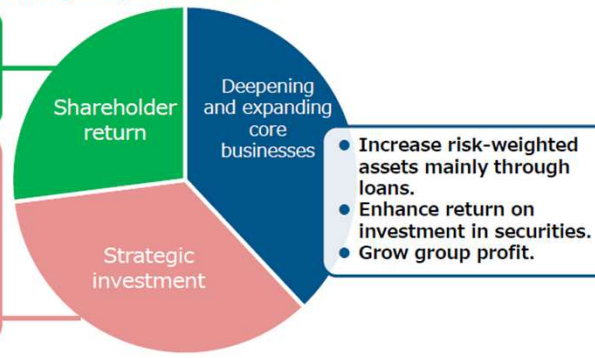
Reduction target

- Reduce strategic holdings of listed shares by approx. 10 billion yen* in fair value terms by FY2024. * Compared with FY2021, excluding changes in fair value
- We aim to reduce the ratio of strategic shareholdings (in fair value terms) to consolidated net assets to 10% or less in the long term.

Any capital generated from the sale will be invested in a well-balanced manner for the purpose of enhancing corporate value.

- We aim to maintain dividend at roughly 30% of profit attributable to owners of parent.
- We will take a flexible and agile approach to acquisition of own shares.

- Invest in new businesses to help resolve regional issues.
- Invest in human capital.
 - Human resource development, such as skills improvement, reskilling, etc.
 - Strategic recruitment, improvement of employment terms and conditions, etc.
- Invest in DX.
 - Construction of an integrated customer analysis platform
 - Construction of a digital communication network



- Increase risk-weighted assets mainly through loans.
- Enhance return on investment in securities.
- Grow group profit.

They also disclose the status of dialogue and their system for feedback. (→Point III. 3)

The company discloses their policy and targets for reducing cross-shareholdings, as well as policy for using capital generated from the sale. (→point II. 1)

Capital Strategy (Enhancement of Dialogue with Shareholders and Institutional Investors) 山梨中央銀行

Dialogue with various stakeholders

The Bank recognizes that it is more important than ever to build a long-term, stable relationship of trust with shareholders. As part of such efforts, we started, in the second half of FY2022, the following initiatives to strengthen engagement with institutional investors and major shareholders:

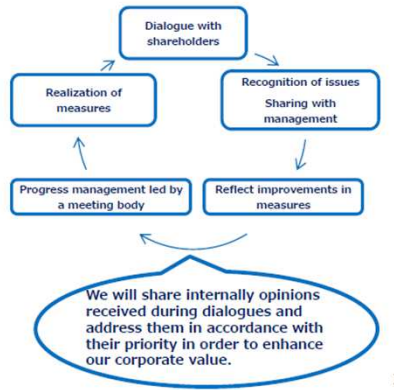
- Interviews with major institutional investors
- Interviews with business corporations and individuals holding more than a certain number of shares

We intend to share with management issues identified through dialogues and reflect them in future measures in order to achieve medium- to long-term enhancement of corporate value.

Status of dialogue in FY2022 (in 2H)

Institutional investors	12	By location	10 investors in Japan and two overseas investors
Investors holding more than a certain number of shares	35	Attendees from the investors	Persons in charge of exercising voting rights, ESG, and stewardship
Business corporations		Attendees from the Bank	Managing Directors, Executive Officers, etc.
Individuals	29		

Main discussions during dialogues			
Governance	Messages from an outside directors	Capital policy	Improving ROE
	Composition of skill items		Clarification of growth strategy
	Promotion of women (succession including promotion to managerial and supervisory/officer positions)	Sustainability	Better TCFD disclosure
Reduction of strategic shareholdings	CO ₂ emission reduction targets		
Capital policy	Shareholder return		Human capital disclosure

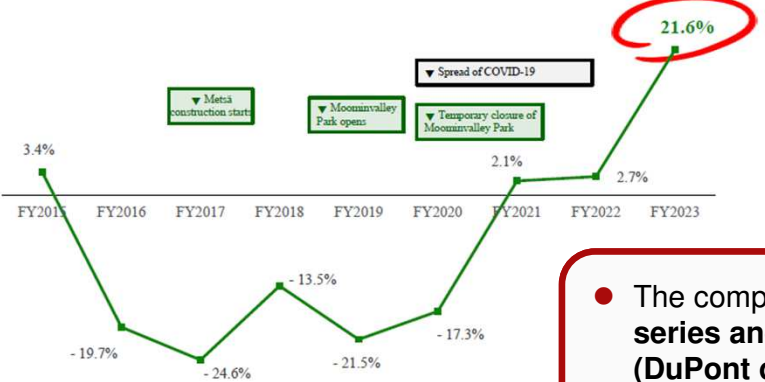


Source: The Yamanashi Chuo Bank, Ltd., The 44th Analyst Meeting (June 7, 2023), page32,34 https://www.yamanashibank.co.jp/english/earnings/assets/files/44th_Analyst_Meeting.pdf

Analysis of Current Situation — Return-on-Equity (ROE)

Changes in ROE

Between fiscal 2016 and fiscal 2020, ROE remained in negative territory due to costs associated with preparations for the opening of Metsä as well as losses caused by pandemic-related factors. But since fiscal 2021, ROE has greatly improved, paralleling favorable demand for services, especially business succession solution services.



Voice of Investors

A careful analysis of the company's current situation is provided, including a time-series analysis of capital return and market valuation. The report also covers the main points of action that investors expect to see, including efforts to both improve return on capital and reduce cost of capital.

• The company conducted a **time-series and factor-by-factor (DuPont decomposition) analysis of their ROE.** (→Point I.2)

Analysis of Current Situation — Return-on-Equity (ROE) Breakdown

ROE breakdown

Major improvement in net profit margin.

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
ROE	-13.5%	-21.5%	-17.3%	2.1%	2.7%	21.6%
Net profit margin	-22.2%	-17.3%	-17.3%	1.6%	1.9%	17.2%
Total asset turnover	0.27 times	0.56 times	0.38 times	0.49 times	0.54 times	0.50 times
Financial leverage	2.23 times	2.24 times	2.60 times	2.63 times	2.66 times	2.49 times

$$ROE = \frac{\text{Net income}}{\text{Revenues}} \times \frac{\text{Revenues}}{\text{Total assets}} \times \frac{\text{Total assets}}{\text{Shareholders' equity}}$$

Net profit margin Total asset turnover Financial leverage ratio

Analysis of Current Situation — Cost of Capital

ROE greatly exceeds cost of shareholders' equity, and return on invested capital (ROIC) greatly exceeds weighted average cost of capital (WACC). The equity spread—difference between ROE and cost of shareholders' equity—hit 13.8, indicating that FGI generated shareholder value.

ROE	21.6%	ROIC*2	12.5%
Cost of shareholders' equity*1	7.8%	WACC	5.2%
Equity spread	13.8	ROIC-WACC spread	7.3

- Notes: 1. Cost of shareholders' equity based on capital asset pricing model (CAPM). The beta used in CAPM calculation is 1) beta value determined through return analysis from the price-earnings ratio over a weekly window (52 weeks and 104 weeks) or a monthly window (36 months and 60 months); 2) industry beta value; or 3) comparable company beta value, whichever is higher.
2. ROIC (return on invested capital) = Earnings before interest after taxes / (Average interest-bearing debt at end of year + Average total net assets at end of year - Average cash and deposits at end of year)

• The cost of capital and WACC are compared to the profitability indicators to be compared respectively. In addition, disclosure of the calculation method for cost of capital and the how the parameters are set. (→Point I. 1)

Source: FinTech Global Incorporated, Measures to Implement Management that is Conscious of Cost of Capital and Stock Price (November 2023), page2-4 <https://www.fgi.co.jp/en/wp-content/uploads/2023/11/c23e895983e4441b356af61fa9d8b4df.pdf>

Analysis of Current Situation — Market valuation (market capitalization)

Business results have been on recovery and expansion track since fiscal 2021, but this trend is not fully reflected in stock price. Primary reasons for disconnect between business results and stock price is that potential investors do not have deep understanding of FGI's business initiatives, including business succession solution services, and that small market capitalization often falls outside the investment range of institutional investors.

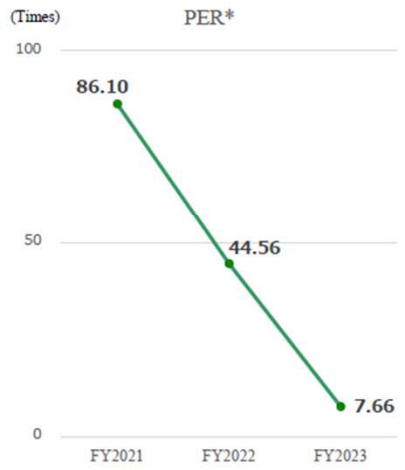


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● Even though the company achieves a return on capital that exceeds its cost of capital, it analyzes and evaluates market valuations in order to understand its challenges. (→ Point I.2)

Analysis of Current Situation — Market valuation (PER, PBR)

Price-to-book ratio (PBR) consistently maintained above 1.



*Note: Calculated using closing price on last trading day of each fiscal year. Data for fiscal 2020 and earlier, not presented because, except for fiscal 2015, FGI booked loss attributable to owners of the parent.

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Source: FinTech Global Incorporated Measures to Implement Management that is Conscious of Cost of Capital and Stock Price (November 2023) Page5-6 <https://www.fgi.co.jp/en/wp-content/uploads/2023/11/c23e895983e4441b356af61fa9d8b4df.pdf>

Activities and Targets — ROE target and initiatives

Promote initiatives emphasizing enhanced profitability on steady path toward ROE exceeding 20%

Enhancing profitability	<p>Strengthen all business segments, with emphasis on high-margin business succession solution services Described on consolidated performance forecast page in fiscal 2023 results presentation materials released November 8, 2023.</p> <p>Strive to recruit, train and keep employees with excellent capabilities, and strengthen human capital Human resources evaluation and compensation system reviewed at domestic companies engaged in investment banking business in fiscal 2023, and efforts will roll out to achieve further progress on issues related to human resources.</p> <p>Medium- to long-term perspective on cost control Planning to build solar power generation facility on grounds of Metsä Village for captive consumption. Aim to reduce electricity bills over medium to long term, and strive to show proven results and acquire know-how in renewable energy business. Also reduce social risks by cutting CO2 emissions.</p>
Improving asset efficiency	<p>Regularly conduct review of investment portfolio and allocate capital accordingly</p> <p>Improve Metsä Village profitability toward securitization</p>
Improving financial leverage	<p>Expand debt procurement for growth investment Project finance for Moominvalley Park accounts for debt on the consolidated financial statements, with FGI's own loan balance very minor. Will accelerate growth strategy through investment using borrowed funds.</p> <p>Realize return to shareholders Ensure cash in hand so as not to miss out on investment opportunities, and then utilize profit generated to execute return to shareholders.</p>

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● In addition to reducing performance volatility, the company works to reduce the cost of equity through proactive investor relations activities and information disclosure (→Point II. 2)

Activities and Targets — Reducing cost of shareholders' equity

Reduce performance volatility by expanding stable sources of revenue
Utilize power of IR activities and information disclosure to control huge stock price fluctuations

Lower performance volatility	<p>Reduce performance volatility by expanding stable sources of revenue In investment banking business, high demand for business succession solution services is driving growth, but profitability fluctuates depending on size of project and is difficult to control at the formation stage, creating an issue of volatility impacting business results. Stable sources of revenue are expanding as the balance of assets under management accumulate, but must stabilize and diversify revenue further throughout the Group to reduce performance volatility and cost of shareholders' equity.</p>
IR activities	<p>Promote dialogue with institutional investors Promote dialogue to encourage accurate evaluation of prevailing corporate status and control huge stock price fluctuations through reasonable stock price formation. Will reduce cost of shareholders' equity.</p> <p>Run information meetings for individual investors Will run information meeting similar to one held in May 2023, and facilitate viewing through website link.</p>
Information disclosure	<p>Appropriate information disclosure Control huge stock price fluctuations by adequately explaining business opportunities and inherent risks to stock market and thereby minimizing surprises. Reduce cost of shareholders' equity.</p>

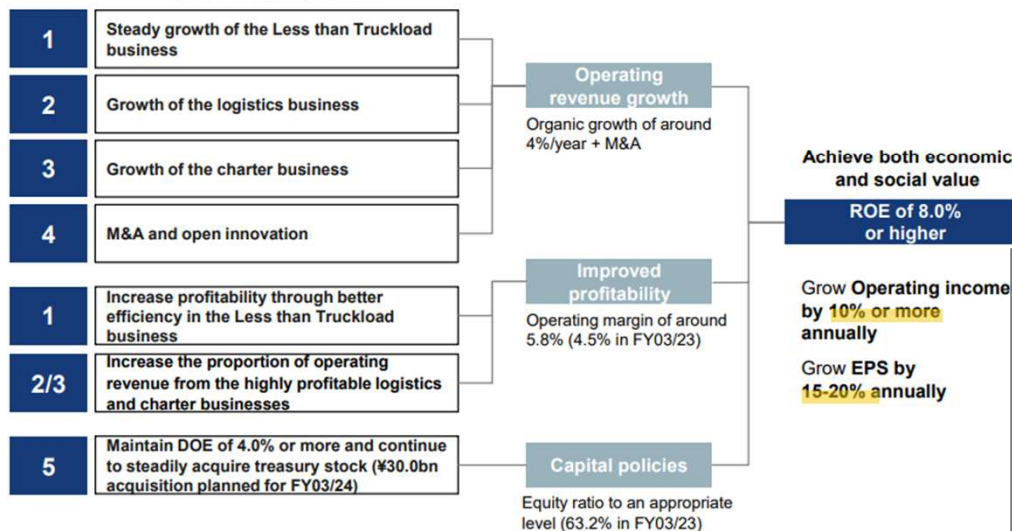
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Source: FinTech Global Incorporated, Measures to Implement Management that is Conscious of Cost of Capital and Stock Price (November 2023), page7-8
<https://www.fgi.co.jp/en/wp-content/uploads/2023/11/c23e895983e4441b356af61fa9d8b4df.pdf>

Roadmap 2028 Create Value Using a Reverse ROE Tree

Aim to achieve ROE of 8.0% within 3-5 years by improving earning power and actively promoting shareholder returns

Drivers of ROE Improvement



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● The ROE to be achieved by 2028 was shown, and working backward from there, the efforts to improve each of the components of ROE were described. (→ Point II.4)

● The company will utilize an employee stock ownership plan, and after a certain period of time, distribute to members the portion of increased share price achieved during the period. (→Point II. 3)

Source: Seino Holdings Co., Ltd., Long-Term Vision and Roadmap 2028 Toward Enhanced Corporate Value through Green Logistics (June 12, 2023), page17,44
www.seino.co.jp/seino/media/pdf-lib/shd/ir_eng/financialdata/irday_2023_en.pdf



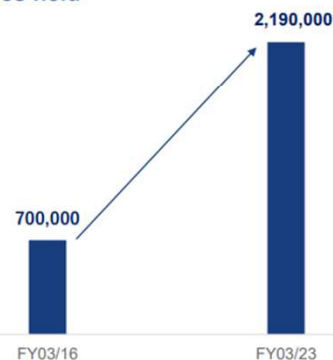
Voice of Investors

The company provides disclosure that leads to deeper dialogue, such as the use of a logic tree to clearly show how each initiative will lead to increased corporate value. In addition, the use of employee stock ownership plans to provide employees with incentives to increase corporate value over the medium to long term is also highly regarded as an initiative to accelerate management efforts to achieve corporate value enhancement.

Enhancing the Employee Stock Ownership Plan So That Increased Corporate Value = Economic Value for Employees

We will provide employees with incentives to enhance corporate value over the medium to long term. At the same time, we will promote membership in a stock ownership plan as a way to enhance employee benefits.

Shares held



- We will strengthen the employee stock ownership plan so that increased corporate value = economic value for employees.
- Overview of employee stock ownership plan
Members: 5,289
Shares held: 2,190,000 (16th largest shareholder)
- Incentive plan
FY03/22 to FY03/26 (four years)
At the end of the period, the amount of increase in the share price during the period will be distributed in proportion to the number of shares accumulated by each member.
- Employees can share in the goal and sense of achievement as we work toward a PBR of more than 1x.

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