

## **Action to Implement Management that is Conscious of Cost of Capital and Stock Price**

\*Excerpts from the Corporate Governance Report

Our actions to implement management that is conscious of cost of capital and stock price are as follows.

If further progress is made or if updates are made to the currently disclosed information below, further disclosure will be made at that stage.

### <Current situation>

- Recognize that improving ROE, PBR, etc., are important management issues  
Members of the Board of Directors all recognize the above and promote management with an awareness of the cost of shareholder capital
- ROE for FYE September 2024 was 6.1%, and the average for the past five years has been 6.5%  
Recognize the need for continuous improvement
- As of FYE September 2024, PBR was 1.13x  
Although the current ratio is above 1.0x, we recognize the need for measures to further improve the ratio

### <Policy>

- In order to enhance corporate value over the medium to long term through stable and sustainable development, we are aiming to achieve a sales growth rate of at least 3.0%, and an operating margin of at least 12.0% and ordinary margin of at least 13.0% for the final year of the medium-term three-year plan (FYE September 2027)
- Basic Policy on Capital Management  
Maintain a level of shareholder capital that allows us to appropriately respond to growth investments and risks in order to achieve sustainable growth and maximize corporate value moving forward
  - Promote both investment for future growth (capital investment, R&D investment, investment in human capital, etc.) and shareholder returns
  - Proactively consider M&A and make comprehensive judgments in terms of market size, business risks, acquisition value, etc. Aim to realize M&A that can be expected to generate synergies in terms of customer networks, technology, human resources, etc.

### <Tangible measures>

- Promote the Group's global strategy and implement various measures to achieve further growth
- Aiming for a consolidated dividend payout ratio of around 40%, return profits to shareholders in line with business performance
- Consider share repurchases when conditions (PBR, etc.) set by the Company are met
- Promote R&D investment
  - Clarify priority areas in which management resources should be allocated, and enhance ability to develop technologies and strengthen capabilities of basic R&D that will contribute to the sustainable growth of the Group
  - Aim to create new value by actively incorporating outside knowledge through the promotion of open innovation, etc.
- Promote investment in human capital
  - Strive to foster a corporate culture that respects human rights, embraces diversity, and maximizes individual abilities by emphasizing the importance of human resources in our management policy
  - Promote company-wide skill development through continuous and systematic implementation of education and training, job rotation, etc.