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June 20, 2025

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**Notice Concerning Action to Implement Management
that is Conscious of Cost of Capital and Stock Price (update)**

MORITA HOLDINGS CORPORATION hereby announces that it has updated the details of the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” announced on April 26, 2024 based on the analysis and evaluation of the current status and the progress of initiatives.

Please see the attached “Action to Implement Management that is Conscious of Cost of Capital and Stock Price (update)” for details.

Action to Implement Management that is Conscious of Cost of Capital and Stock Price (update)

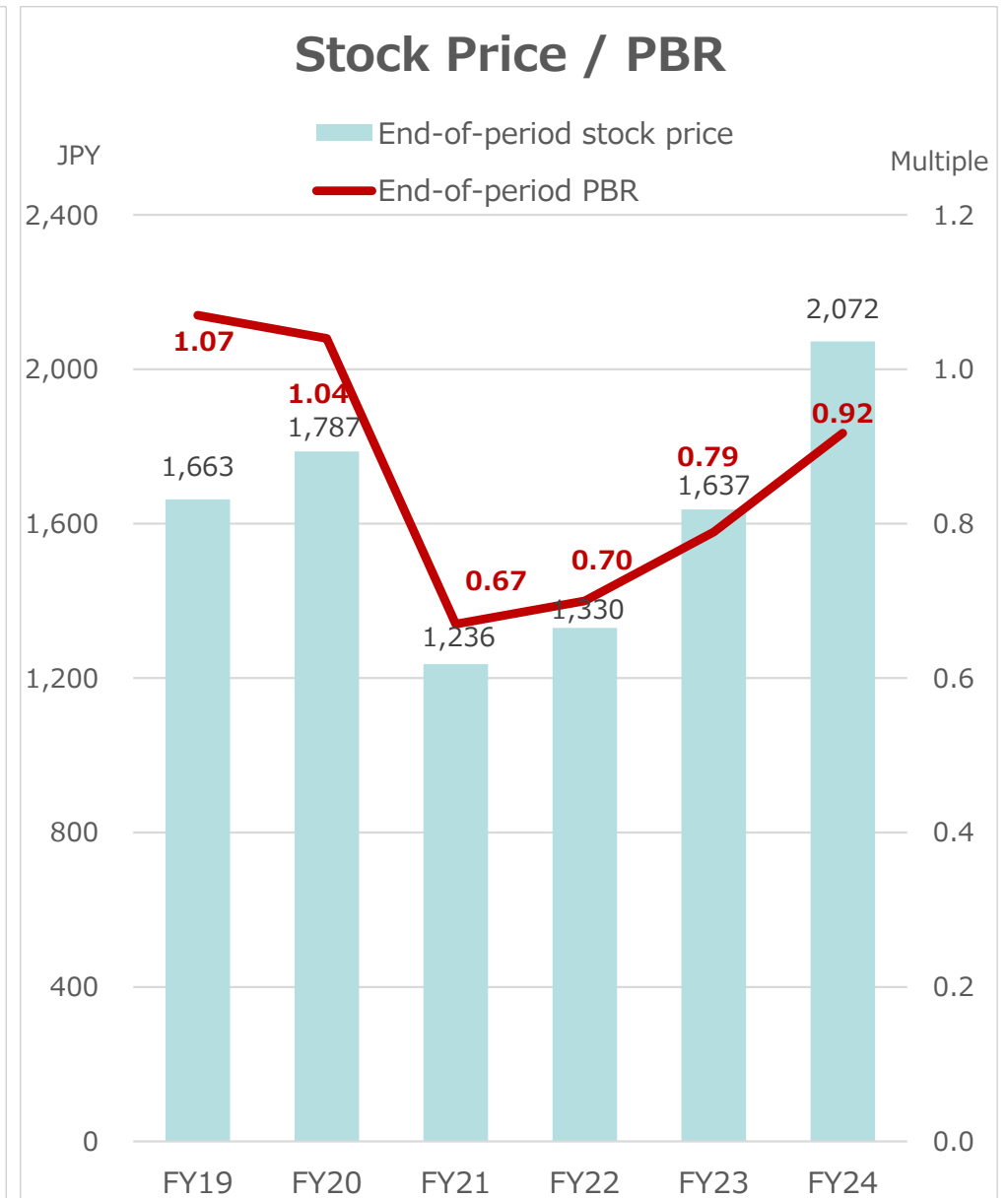
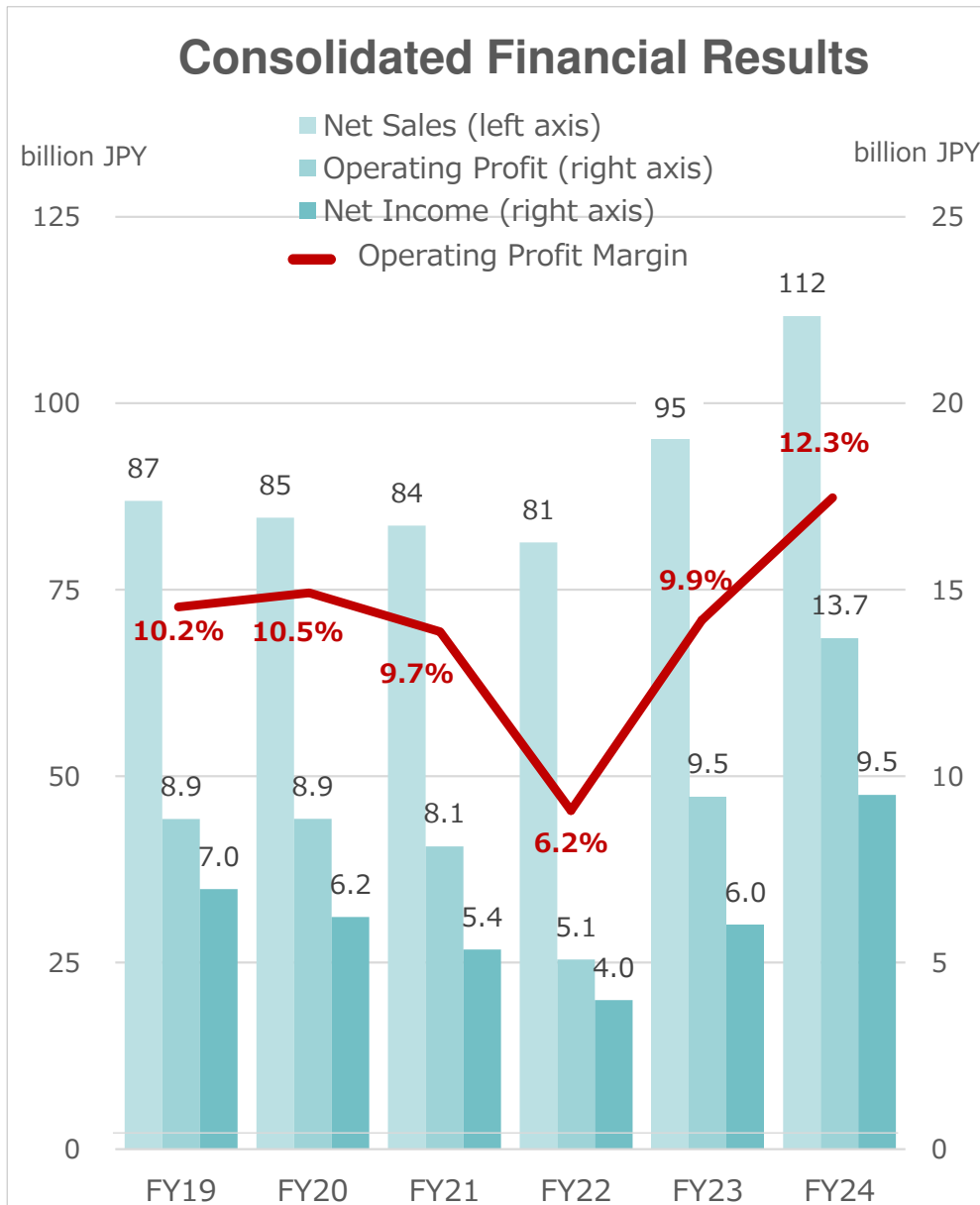
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Securities Code: 6455

MORITA HOLDINGS CORPORATION

<https://www.morita119.com/en/>

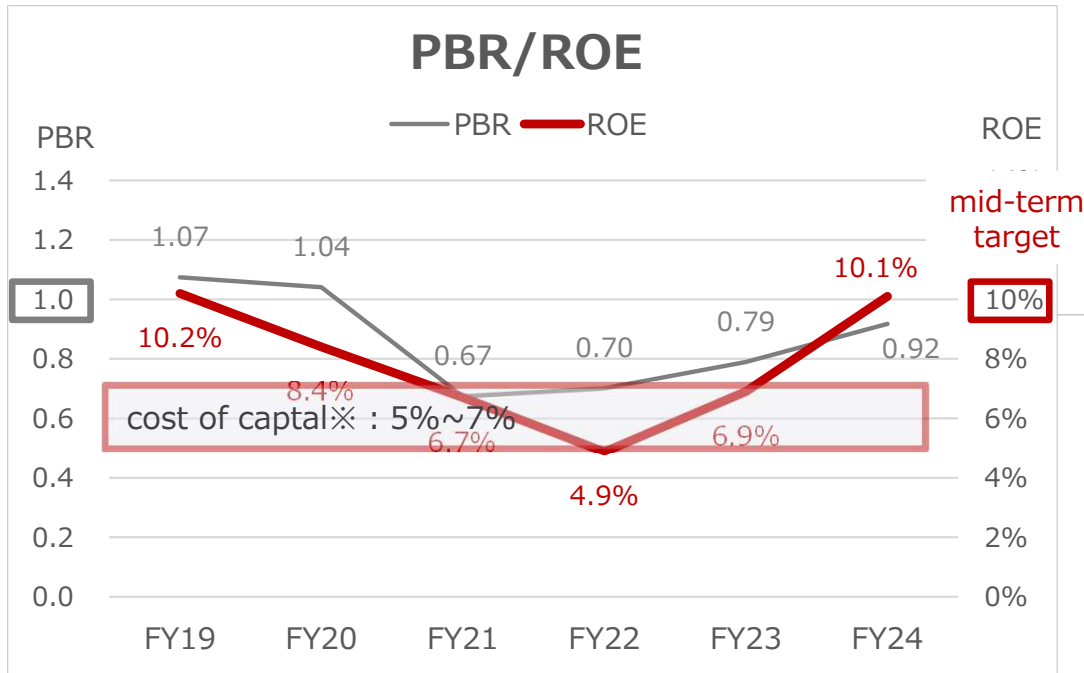
Consolidated earnings reached record high in FY2024, but PBR remained below 1.0x



ROE exceeded cost of capital due to higher net income margin

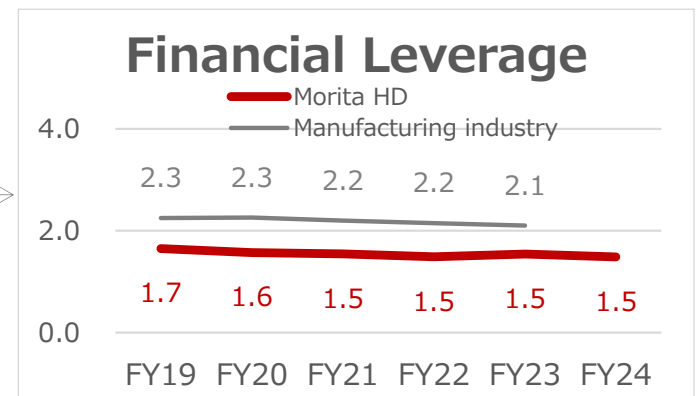
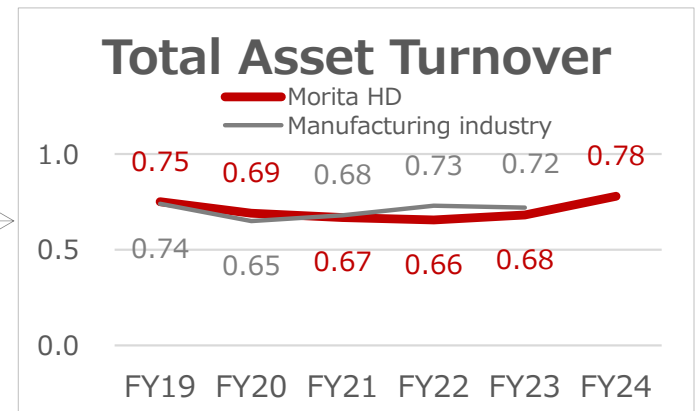
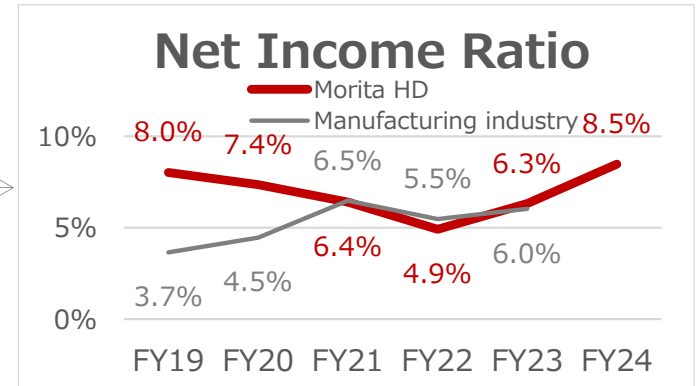
$$\text{PBR} = \text{ROE} \times \text{PER}$$

ROE achieved the mid-term target



※ Cost of capital is calculated based on CAPM (reference value)

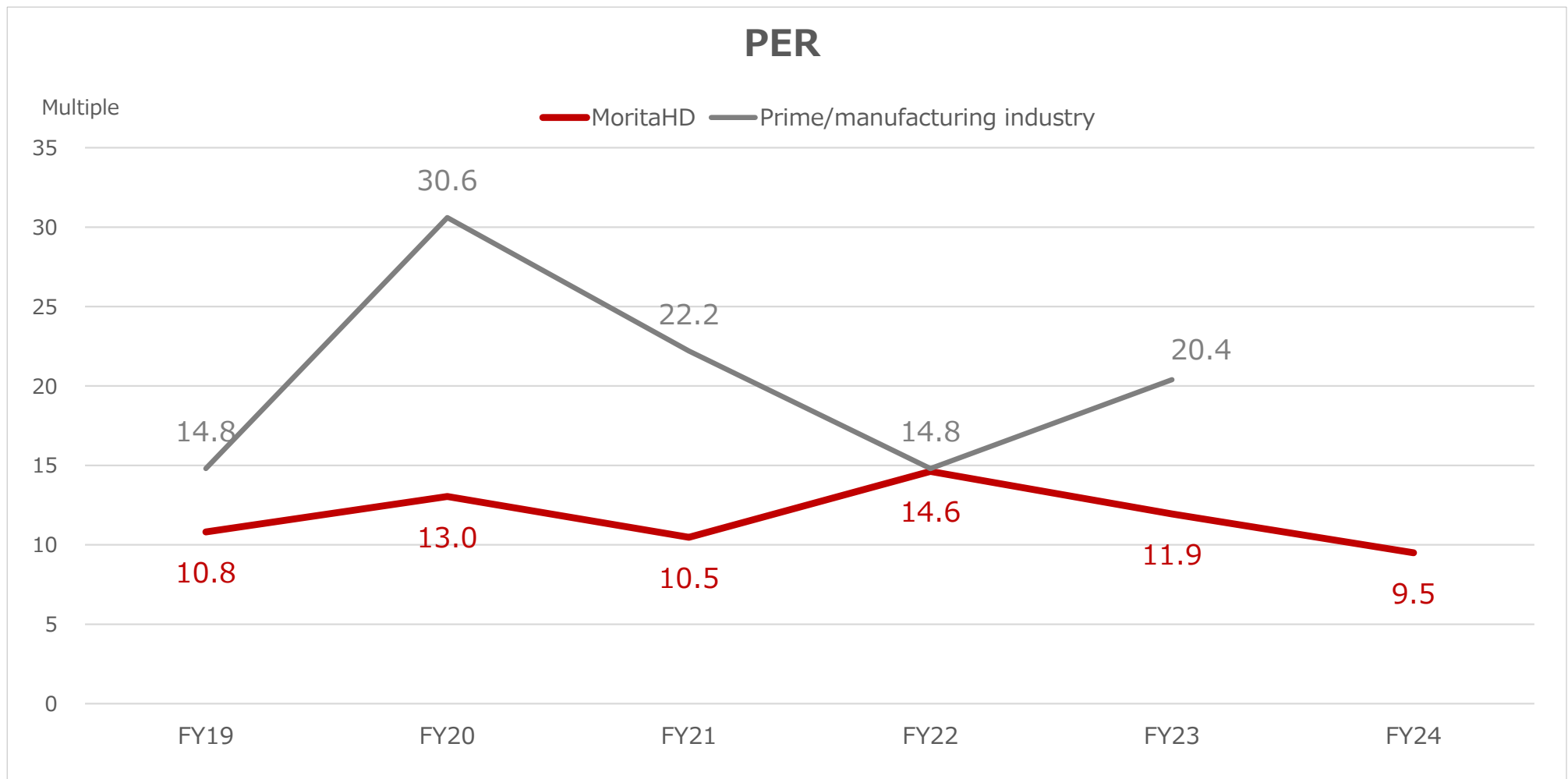
Risk-free rate Yield on 10-year government bonds	+ Beta (β) sensitivity Risks specific to the Company	× Risk premium Average of historical method and implied method
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Despite the current strong performance, it did not lead to market valuation

$$\text{PBR} = \text{ROE} \times \text{PER}$$

PER is stable but below the industry average



Steady implementation of strategies that lead to improvements in PBR components

PBR component		Growth strategy see p.6	Financial strategy see p.8
ROE	Net Income Ratio	<ul style="list-style-type: none"> Improve profitability through differentiation strategy 	<ul style="list-style-type: none"> R&D investment for products and services high value-added Make capital investments to improve productivity
	Total Asset Turnover		<ul style="list-style-type: none"> Reduce strategic shareholdings with insufficient significance for holding Reduction of non-business assets
	Financial Leverage		<ul style="list-style-type: none"> Implement long-term investments that also use debt
PER	Expectations for Growth	<ul style="list-style-type: none"> Develop market through new business Promote dialogue with investors 	<ul style="list-style-type: none"> Cash allocation to support growth strategies

Strengthen R&D capabilities ■ IR Initiatives (FY2024)

Established Morita ATI Center



Annual financial results briefing session (May)

- simultaneous on-site and online
- on-demand streaming

IR meetings with institutional investors

- Individual meetings: 63 (FY2023: 39)
- Conducted small meetings
- Conducted IR meetings for overseas investors

Efforts to materialize AI-based solutions

Electric command vehicle and command console with command support system



Proof of concept at the Expo 2025 Osaka, Kansai, Japan



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■ Dividend Policy

The basic policy is to maintain and increase stable dividends while strengthening the financial position and corporate infrastructure, with a target DOE (dividend on equity ratio) of 2.5% or more. **FY24 results: DOE 2.9%**

■ Acquisition and Cancellation of Treasury Stocks

Acquisition: Implement flexibly to improve the capital ratio and as one of the shareholder return measures to complement the dividend policy from a medium- to long-term perspective, taking into account the business environment, stock price trends, and financial conditions. **FY24 results: 2.1 billion yen**

Cancellation: The ratio of treasury stocks shall be capped at around 10% of the total number of stocks issued, and any portion exceeding the maximum shall, as a rule, be cancelled.

FY24 results: treasury stock ratio to total shares outstanding 8.9%

FY23-25 Cash Allocation

