



October 11, 2023

To All Concerned Parties

Company: CHINO CORPORATION  
Representative: Mikio Toyoda, President and CEO  
(Securities code: 6850, Tokyo Stock Exchange Prime Market)  
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### **Action to Implement Management that is Conscious of Cost of Capital and Stock Price**

The Company hereby announces that at a meeting of the Board of Directors held on October 11, 2023, it passed a resolution on policies for management that is conscious of capital costs and share prices based on its recognition and analysis of the current status, with a view toward achieving sustainable growth and improving corporate value over the medium and long term. Details are as follows.

#### 1. Recognition of the Current Situation

- 1) ROE: In the Medium-Term Management Plan that started in fiscal 2021, the Company set a target of 10% for fiscal 2026, the final year of the Plan. As a result of initiatives implemented for the achievement of the Medium-Term Management Plan, the Company succeeded in recording an 8.5% ROE in fiscal 2022, the second year of the Plan.
- 2) PBR: The PER as of the end of fiscal 2022 stood at 0.97. It remained higher than 1.0 during the period from June to early August this year. Recently, however, it has been lower than 1.0.

#### 2. Analysis of Current Situation

Please refer to “Changes in Results” and “Analysis and Initiatives/Goals” in the attached materials.

#### 3. Policies

##### 1) Growth strategies

By facilitating the business strategies set out in the Medium-Term Management Plan, the final year of which is fiscal 2026, the Company has been striving to achieve targets (net sales of 30.0 billion yen, operating profit of 2.7 billion yen, ROE of 10%, etc.).

For the details of the Medium-Term Management Plan, please refer to the “Medium-Term Management Plan 2026” (in Japanese) posted on the Company’s website.

##### 2) Financial and capital strategy

The Company will implement the following matters from the perspective of shareholder returns for the current fiscal year, while also enhancing shareholder returns continuously, going forward.

- Implementation of stable dividend payments, targeting a dividend payout ratio of 30% (yearly)
- Resumption of the payment of interim dividends (Record date: September 30, 2023)

- Continuation of shareholder incentive programs (Record date: March 31, 2024)

In addition, the Company has been gradually reducing cross-shareholdings since fiscal 2021, which will be further facilitated in the current fiscal year and beyond.

### 3) Enhancing IR activities

The Company will continue to hold briefings for institutional investors and distribute explanatory video to individual investors (twice a year, respectively). In addition, it will promote dialogues with investors through the enhancement of opportunities for individual IR meetings, while simultaneously seeking to reflect opinions received from investors in its business strategies as necessary.

The Company will also work on enhancing the information it discloses on its website by facilitating the disclosure of non-financial information including sustainability information, not to mention conventional IR information.



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# Changes in Results

			FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
<b>Consolidated Results</b>	Net Sales	Millions of yen	18,569	20,745	21,999	20,582	21,080	21,908	23,793
	Operating Profit	Millions of yen	566	1,303	1,718	1,026	1,136	1,499	2,018
	Operating Profit ratio	%	3.0	6.3	7.8	5.0	5.4	6.8	8.5
	Profit	Millions of yen	373	832	1,113	1,218	1,289	1,050	1,536

<b>Return-on-Investment Ratio · Capital Cost</b>	ROE (a)	%	2.8	5.9	7.6	8.0	8.1	6.1	8.5
	<b>Cost of Equity(b)</b>	%	4.4	4.4	6.3	7.9	7.0	6.4	5.7
	Equity Spread (a) – (b)		▲1.6	+ 1.5	+ 1.3	+ 0.1	+ 1.1	▲ 0.3	+ 2.8
	ROIC (c)	%	2.4	5.5	7.1	4.0	4.2	5.4	6.8
	<b>WACC (d)</b>	%	3.6	3.8	5.2	6.3	5.9	5.6	4.9
	Enterprise Spread (c) – (d)		▲1.2	+ 1.7	+ 1.9	▲ 2.3	▲ 1.7	▲ 0.2	+ 1.9

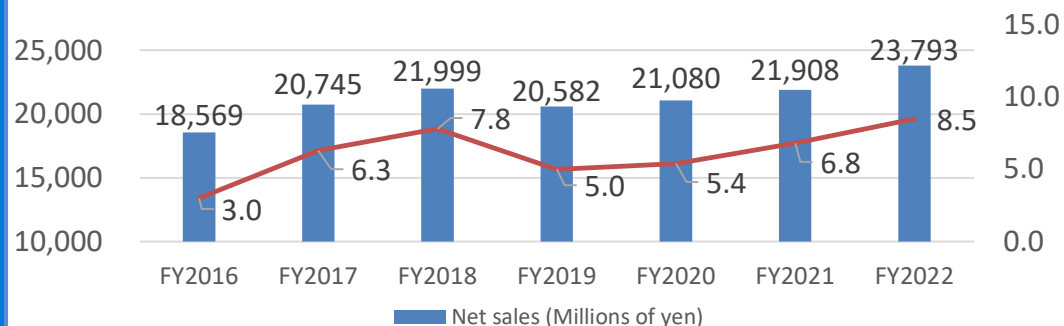
<b>Market Valuation</b>	Share price at end of term	Yen	1,235	1,477	1,282	1,226	1,455	1,619	2,152
	Market Capitalization at end of period	hundred millions of yen	114.4	136.8	118.7	113.5	134.7	149.9	199.3
	PER	times	28.12	15.03	9.75	8.53	9.56	13.05	11.88
	<b>PBR</b>	times	0.77	0.87	0.72	0.68	0.74	0.78	0.97

# Analysis and Initiatives/Goals

## Analysis

## Initiatives/Goals

Net Sales  
·  
Profit Ratio



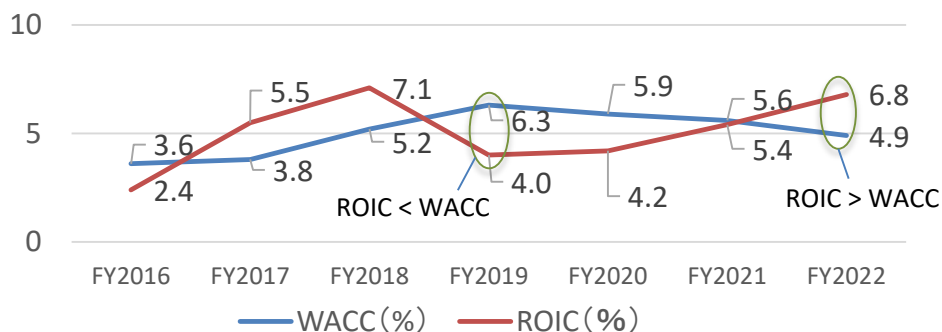
### Initiatives

- Steady execution of the medium-term management plan

### Goals (Medium-Term Management Plan, FY2026)

- Net sales : 30 billion yen
- Operating profit : 2.7 billion yen
- Operating profit ratio : 9.0%

Return-on-Investment Ratio  
·  
Capital Cost



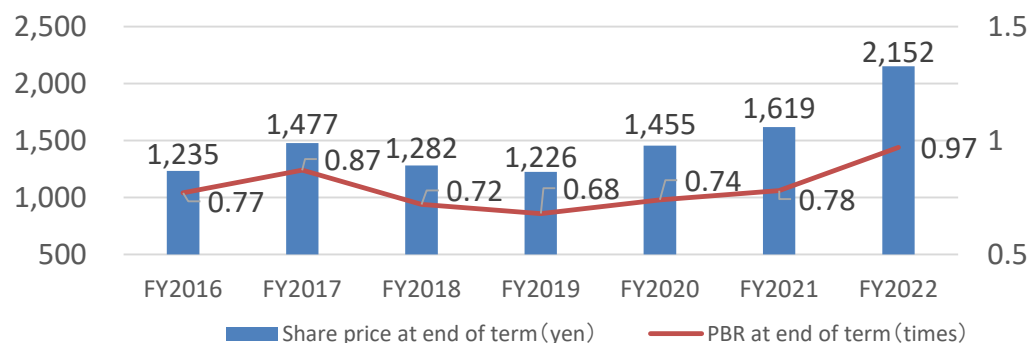
### Initiatives

- Expand investment in growth businesses
- Efficient use of management resources

### Goals (Medium-Term Management Plan, FY2026)

- ROE 10%
- Maintain ROIC > WACC on an ongoing basis

Market Valuation



### Initiatives

- Maintain stable dividends with a target payout ratio of 30%
- Strengthen IR activities / Enhance dialogue with shareholders
- Enhanced disclosure of non-financial information

### Goals

- Recovery of PBR of 1.0x or more, and continuous maintenance and improvement of PBR