



December 20, 2023

Company Name: Sun Frontier Fudousan Co., Ltd.
 Representative: Seiichi Saito,
 President and Representative Director
 (Stock Code: 8934, TSE Prime Market)
 Inquiries: Takeshi Hirahara,
 Executive Officer and General Manager of
 Corporate Planning Department
 TEL: 03-5521-1551

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

Since its founding in 1999, the Group has consistently worked toward the realization of The Group philosophy “Protect all employees, pursue the material and intellectual happiness, with the heart of coexistence we contribute to the prosperity of society and humankind” based on the spirit of altruism. Since the Group was listed on the Tokyo Stock Exchange in December 2004, we have worked to increase our corporate value by expanding our businesses with high profitability in order to meet the expectations of our shareholders and investors, who are also important stakeholders. Under the current medium-term management plan (“the Medium-Term Management Plan”), which ends the fiscal year ending March 31, 2025, the Group has set targets for ordinary profit margin, return on equity (“ROE”) and etc., while implementing management that achieves a return on capital that exceeds the cost of capital.

In March this year, the Tokyo Stock Exchange (“TSE”) announced “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” (“actions”) for companies listed on the TSE Prime Market, and requested “to have the management of The Group carry out their management duties with more consideration of cost of capital and profitability based on the balance sheet, rather than just sales and profit levels on the income statement.” The Group’s management practices employed to achieve the targets of the Medium-Term Management Plan are consistent with this request from the TSE, and we have explained the initiatives of improving returns on capital to the market as appropriate.

In response to the Tokyo Stock Exchange’s request regarding these actions, The Group has made the following resolution at the Board of Directors` Meeting held today regarding The Group’s recognition of the current situation, policies and targets, and initiatives for implementing management that is conscious of the cost of capital and stock prices.

1. The current situation

The Group has created corporate value by achieving ROE that exceeds shareholders’ capital costs, with the exception of FY2021/3, when profits fell temporarily due to the the pandemic of COVID-19.

	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3
ROE (%)	16.8%	17.7%	6.5%	10.8%	15.3%
Shareholders' capital cost* (%)	7.3%	7.3%	7.3%	7.3%	7.4%
Net assets per share** (JPY)	1,145.34	1,326.93	1,368.14	1,463.74	1,663.33
Stock price at end of period (closing price) (JPY)	1,184	820	967	1,050	1,281
PBR (times)	1.03	0.62	0.71	0.72	0.77

*Based on the Capital Asset Pricing Model, **net assets per share at year-end

The Group recognize that the delay in the recovery of the PBR to 1 time or higher after the pandemic of COVID-19 suggests that there is room for improvement in The Group's explanation to shareholders and investors regarding the Group's growth potential and sustainable improvement in ROE.

2. Policies and targets

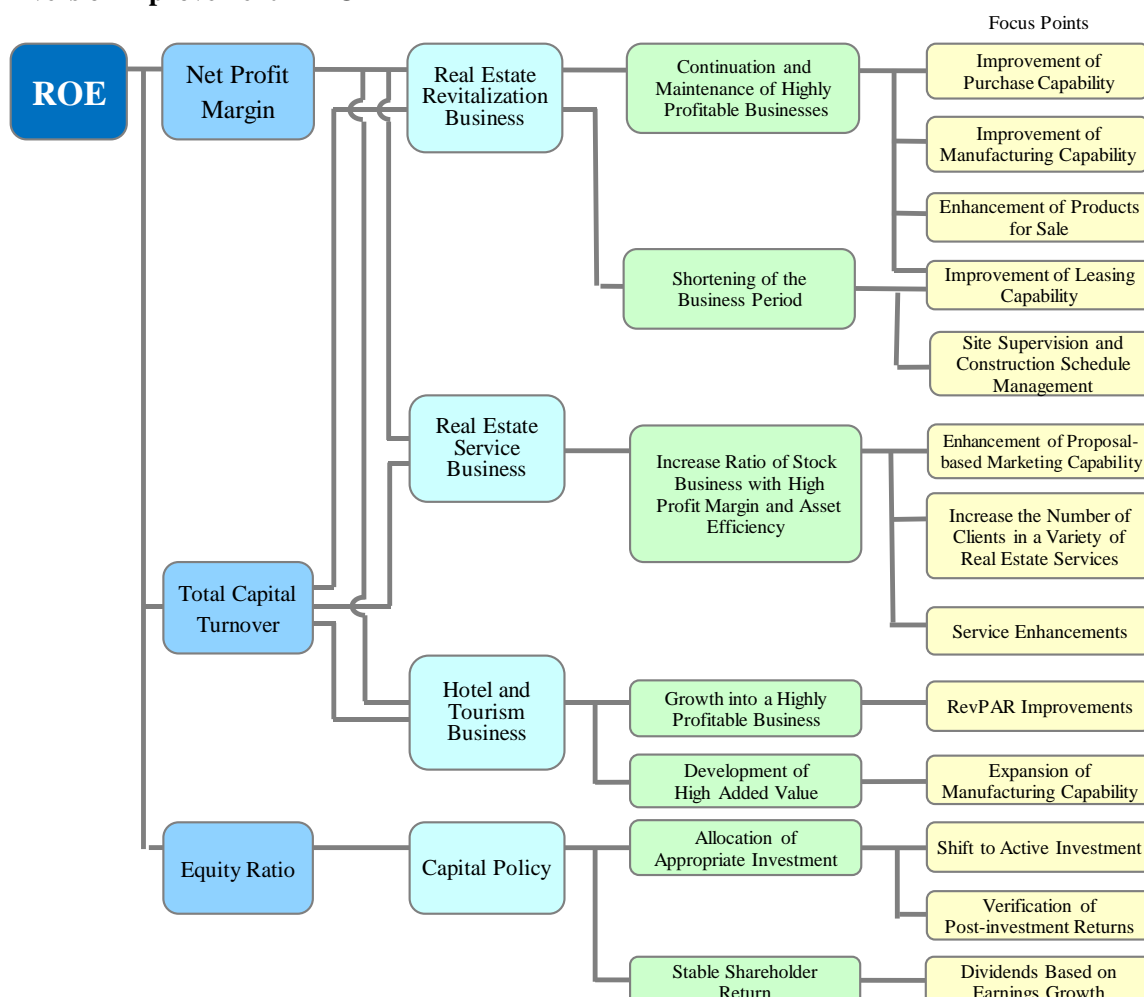
The Group has been promoting sustainability management with the vision, “We will continue to the realization of a sustainable society through our business activities while respecting the heart of altruism.” The Group aim to grow our business continuously by working to solve various social issues centered on three important issues (materiality) of “environmental protection”, “regional revitalization”, and “human resource development”, to which we pay special respects. In this manner we will continuously improve ROE and PBR to enhance our corporate value.

3. Initiatives

(1) Improve ROE with profit growth by implementing specific measures.

- ✓ We will raise the targets and accelerate the realization of the specific measures that we have valued as drivers of ROE improvement.

Drivers of improvement in ROE



(2) Strengthening IR activities

- ✓ We work harder to improve our capital efficiency by further enhancing our briefings on the progress of specific measures to improve ROE through financial results briefings for shareholders, institutional investors and individual ones in the capital market and individual IR interviews, etc.