

MORITA HOLDINGS CORPORATION

(Translation)



April 26, 2024

To whom it may concern,

Company Name : Morita Holdings Corporation
Representative : Shinichi Kanaoka ,President
Securities Code : 6455
Tokyo Stock Exchange (Prime Market)
Contact Person : Shinya Murai, Director and Managing
Executive Officer
(Phone: +81-6-6208-1910)

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

Morita Holdings Corporation at the meeting of its Board of Directors held on April 26, 2024, resolved on action to implement management that is conscious of cost of capital and stock price.

Please see the attached "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" for details.

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

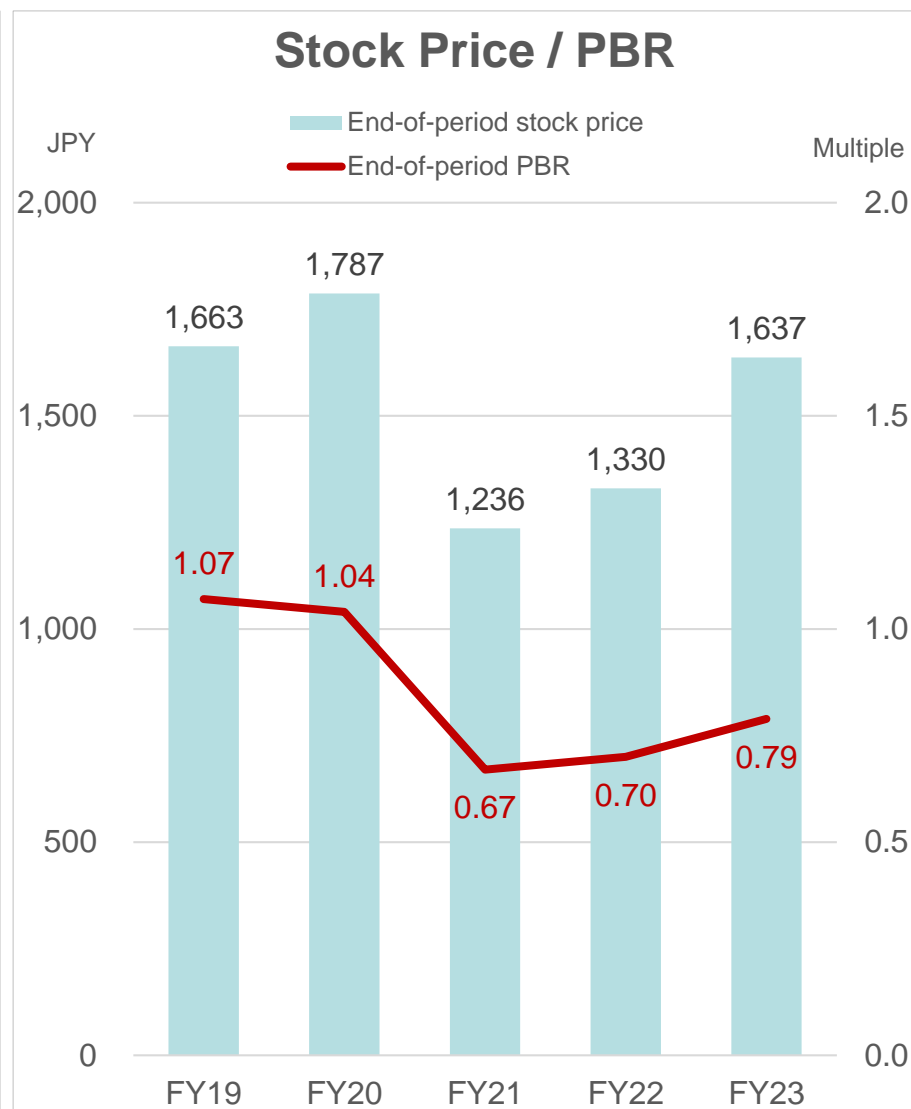
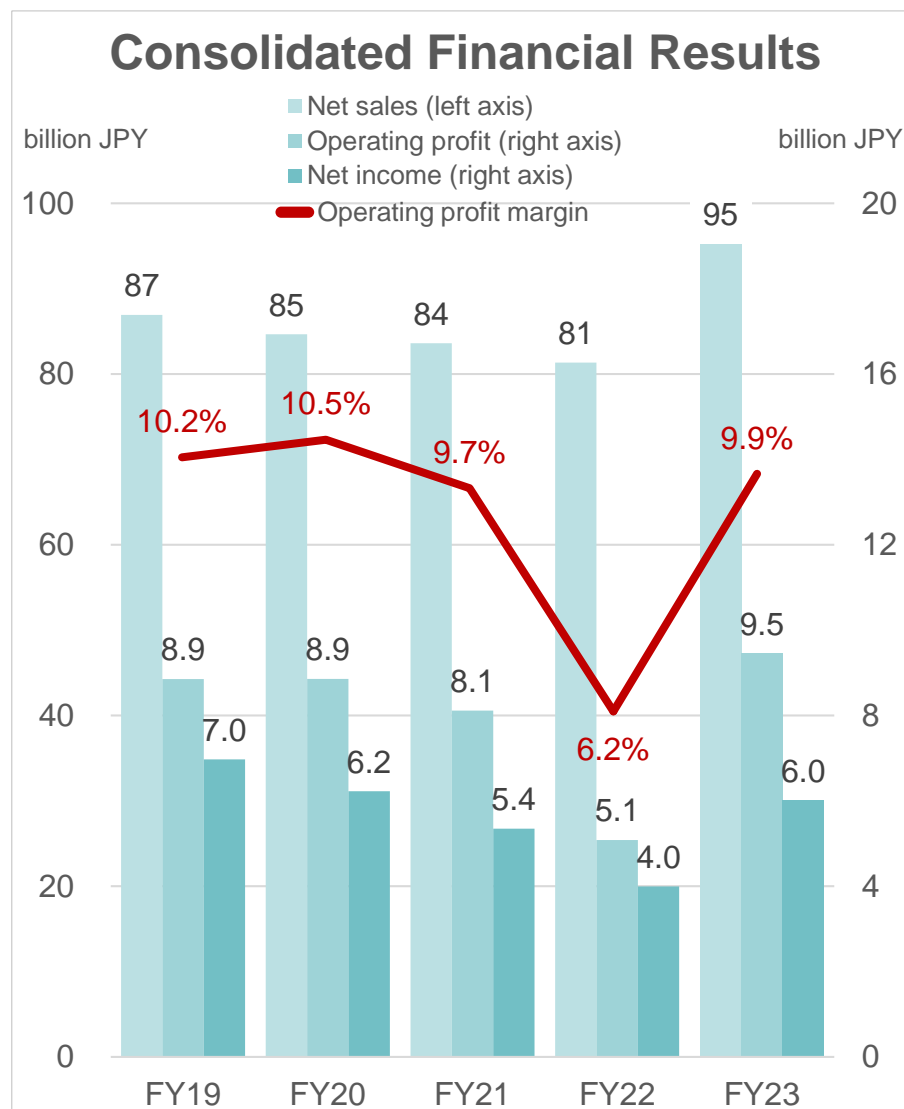
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<https://www.morita119.com/en/>

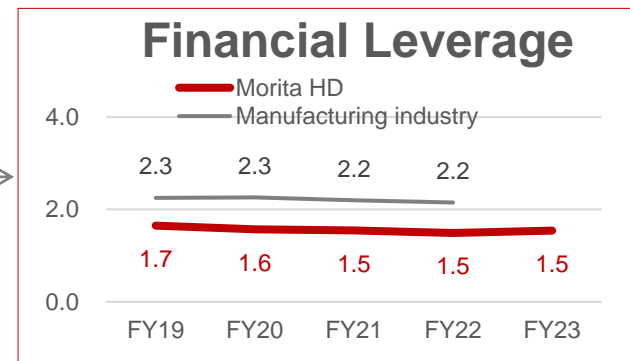
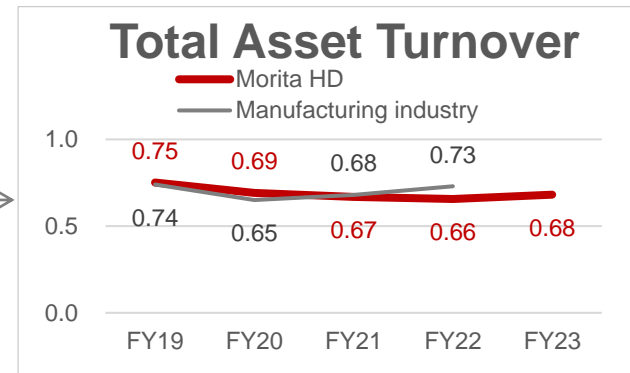
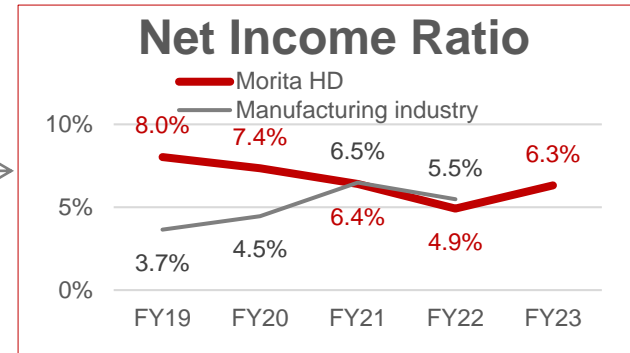
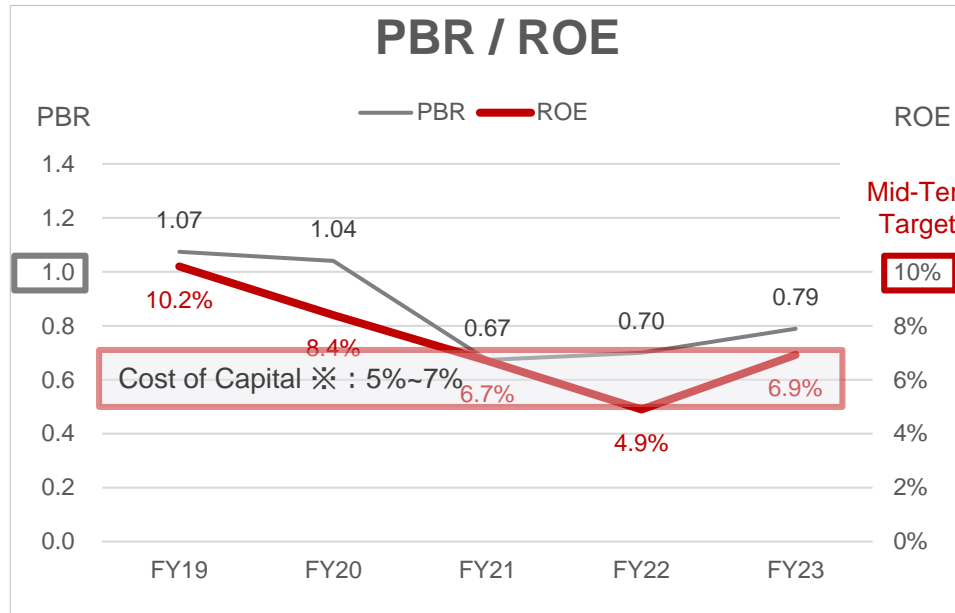
Sales and profits deteriorated due to COVID and chassis supply delays, etc.



Market valuation declined due to loss of profit margin superiority amid expectations of financial leverage utilization

PBR = **ROE** x PER

ROE has not exceeded the cost of shareholders' equity in recent years and is not in line with the medium-term targets.



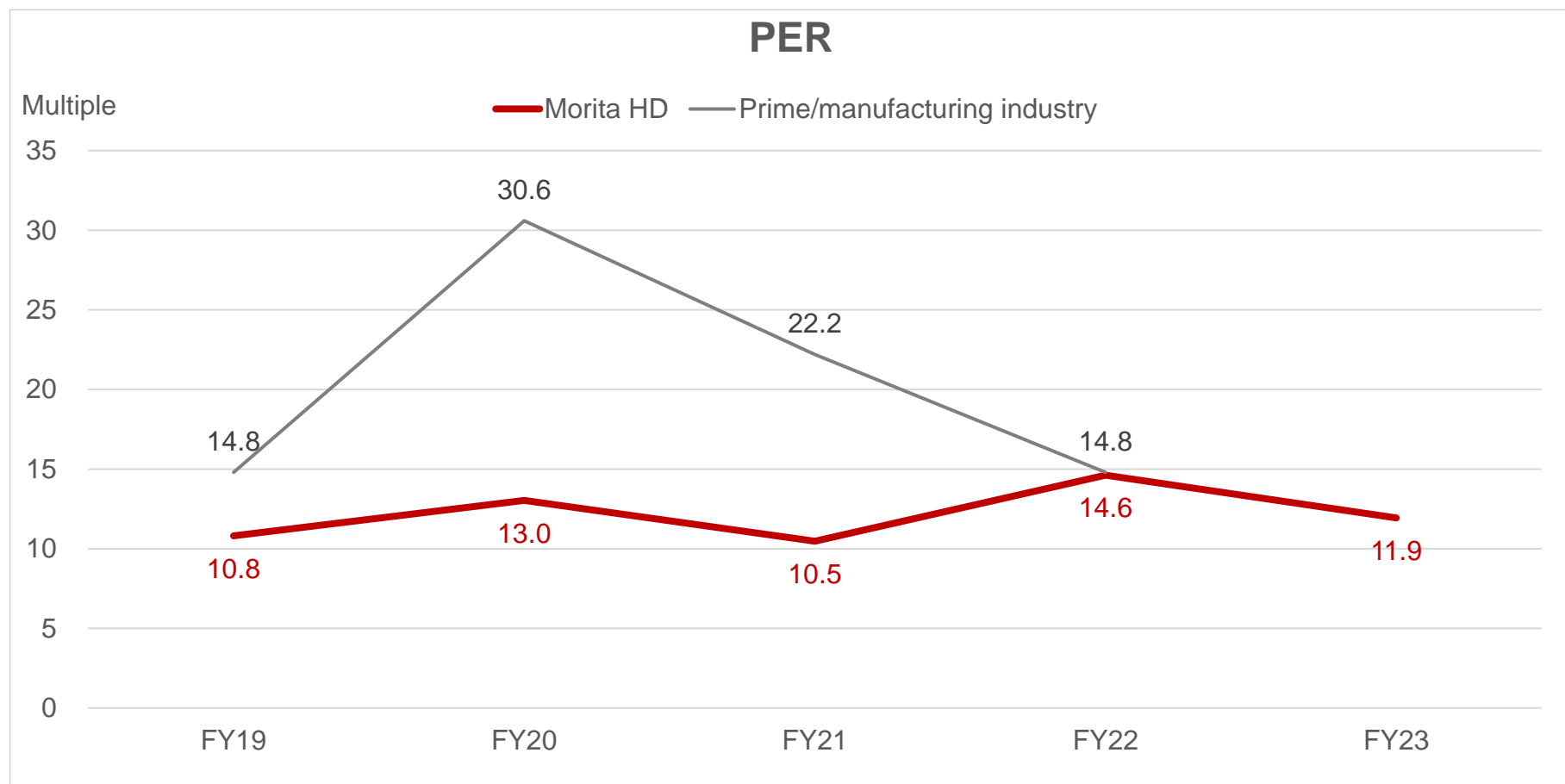
※ Cost of capital is calculated based on CAPM (reference value)



Failed to achieve growth due to unexpected changes in the external environment

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

PER is stable but under industry average

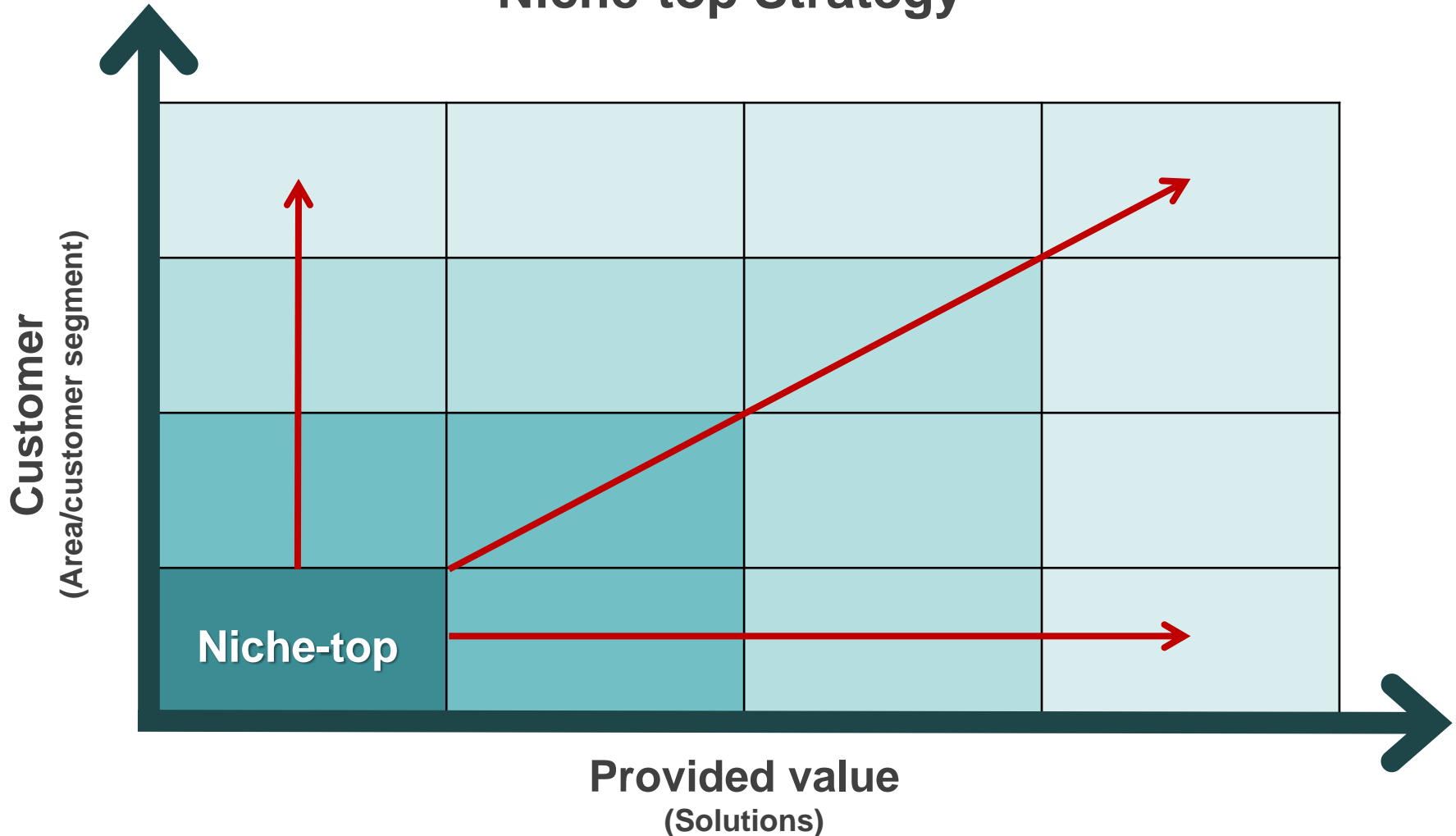


Steady implementation of strategies that lead to improvements in PBR components

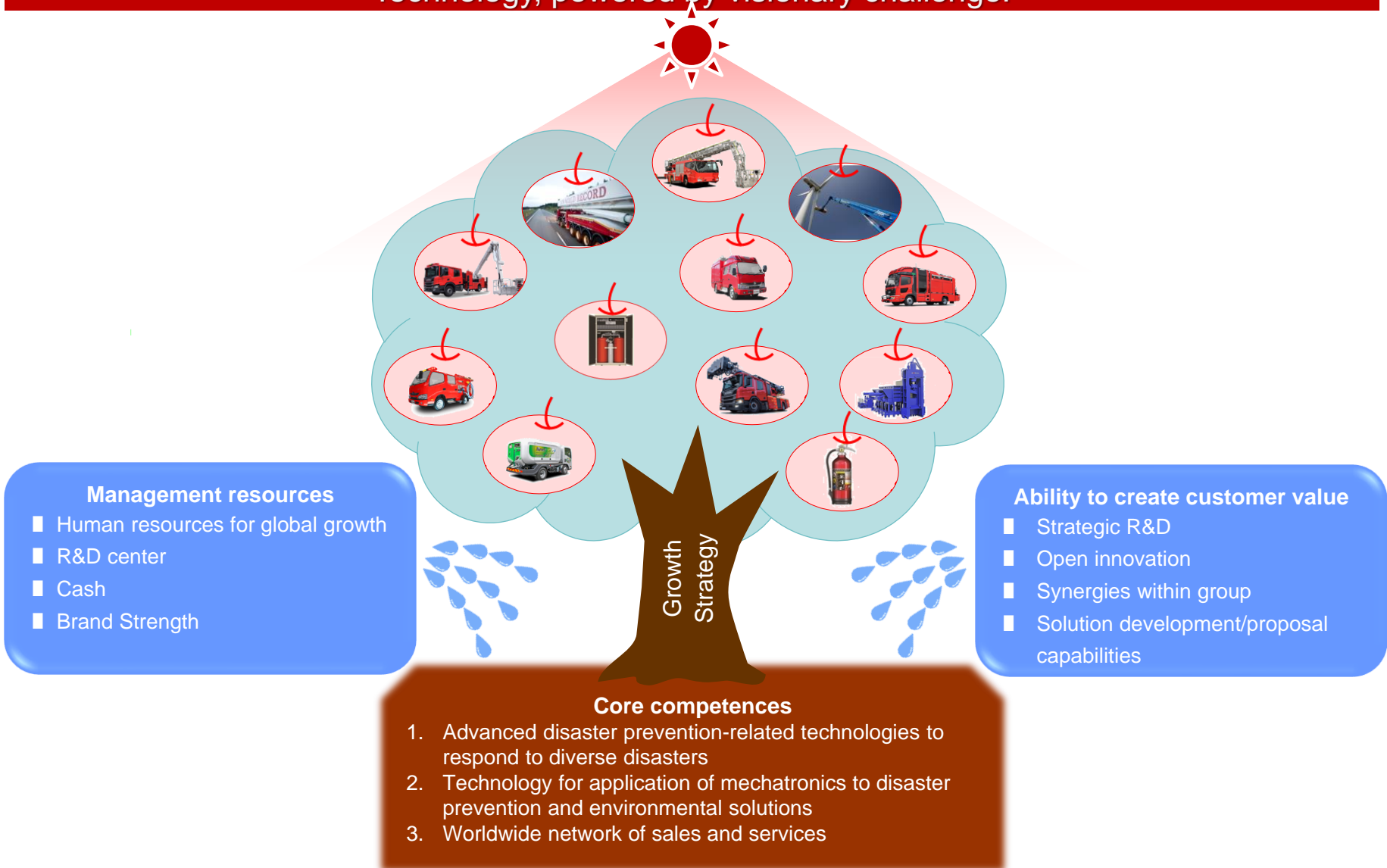
PBR component		Growth strategy	Financial strategy
ROE	Net Income Ratio	<ul style="list-style-type: none"> Improve profitability through niche-top strategy 	<ul style="list-style-type: none"> R&D investment for products and services high value-added Make capital investments to improve productivity
	Total 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 niche-top strategy Promote dialogue with investors 	<ul style="list-style-type: none"> Cash allocation to support growth strategies

Strategy to expand and develop niches with two growth vectors, starting from the core niche-top

“Niche-top Strategy”



Safeguarding lives and the environment. Securing peace of mind.
Technology, powered by visionary challenge.



■ 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.

■ 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.

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.

FY23-25 Cash Allocation

