

**Action to implement management that is
conscious of cost of capital and stock price**

May 27, 2024 revised.

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Current Situation

Business analysis

- Our trust-based relationships, including our personal relationships with our customers, which we have developed based on our many years of history as a Mitsubishi Heavy Industries sales distributor, are the stable foundation of our competitiveness.
- We have developed a new business related to nuclear power generation, one of our growth pillars, and stabilized the growth trajectory of our energy business.
- The industrial machinery business lacks the necessary management resources to expand into new business fields or differentiate itself from its competitors.
- Our global network lacks an advantage relative to other machinery trading companies' networks for creating new revenue opportunities.

Stock analysis

- Our consolidated profit is trending upward, and we have been making progress in asset replacement. However, this is not reflected in the stock price. The PBR is low (0.75 at the end of September 2023). We need to work on improving the PER.
- In Medium-term Management Plan VIOB2030 Phase 1, the dividend payout ratio target was set at 35%, which falls short of the shareholder return (total payout ratio, dividend payout ratio, etc.) level of the companies listed on the TSE Prime Market.
- As stated in Medium-term Management Plan VIOB2030 Phase 1, the Company aims to maintain a Return on Equity (ROE) of at least 8.0%. However, this falls short of the ROE that institutional investors consider desirable over the medium to long term.
- The number of shareholders is gradually decreasing, and individual shareholders' holdings are becoming more stable. The trading volume is small. In this situation, our initiatives are not well understood.

Policies

- We aim to achieve the consolidated profit target of 4.5 billion yen that we set out in the VIOB 2030 long-term vision, before FY2030.
- We will make business investments using financial leverage to enhance corporate value and increase shareholder return.

Specific actions

- We will revise our ROE target (maintaining an ROE of 8.0% or higher) up to 10.0% and establish an organizational structure that effectively uses the PDCA cycle to achieve the long-term vision's earnings target ahead of schedule.
- We will invest 10.0 billion yen in growth opportunities while maintaining financial soundness, taking advantage of our strong balance sheet.
- We will change our shareholder return target from the dividend payout ratio to the total payout ratio. We will aim to achieve a total payout ratio of 45% to increase shareholder return.
- We will aim to reduce cross-held shares to less than 20% of consolidated net assets by FY2024 as planned. We are considering subsequently reducing them to 10%.
- We plan to introduce a shareholder benefit program to attract new investors and increase stock trading.
- We will promote disclosure, dialogue with investors, and investor relations to have our initiatives understood by more people.
- We will introduce a remuneration system for officers as a sound incentive for the achievement of sustainable growth.

Accelerate Implementation of the Growth Strategy

We will accelerate the implementation of our growth strategy (investment in growth opportunities) to achieve the profit target of 4.5 billion yen set out in the VIORB 2030 long-term vision before FY2030.

Our strengths

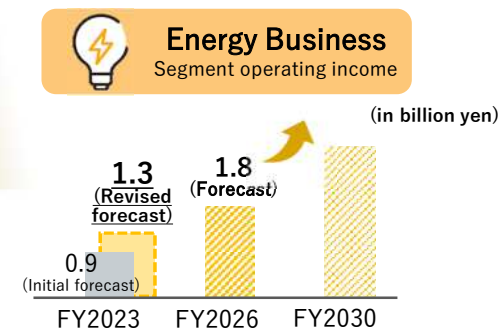
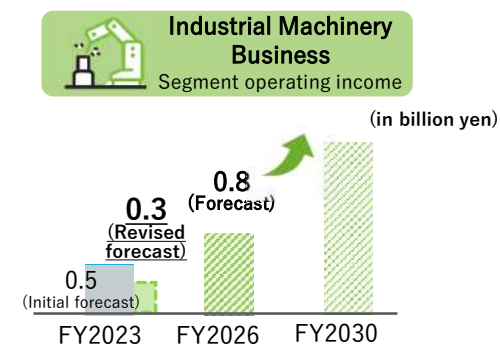
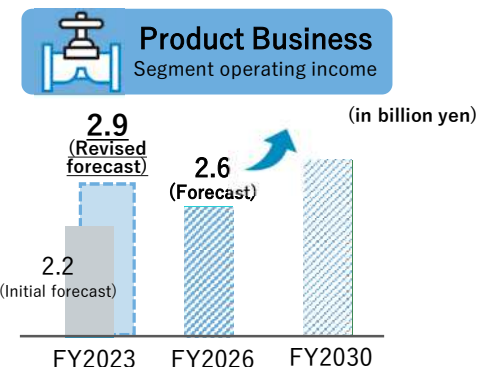
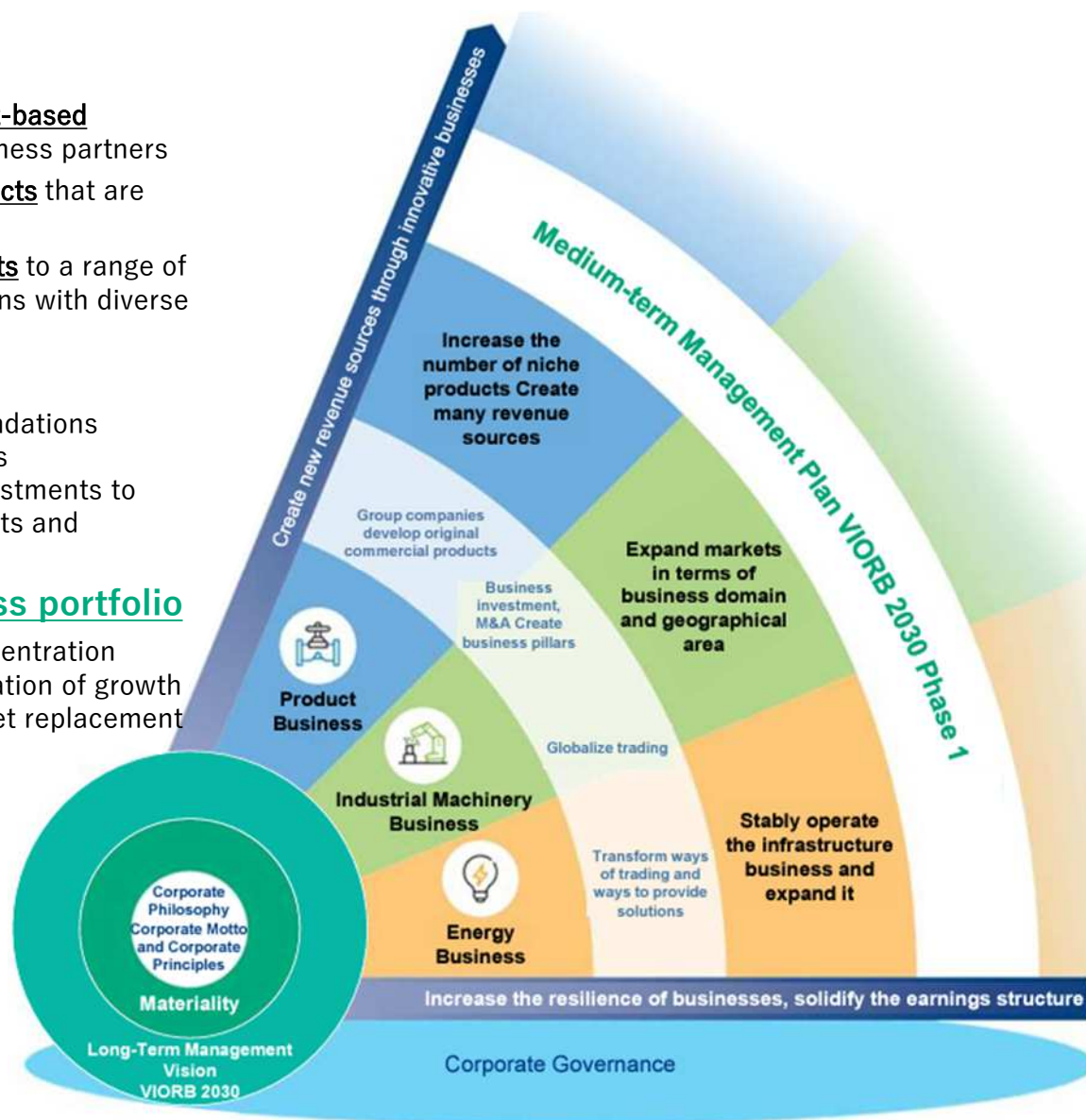
- **Trading based on strong trust-based relationships** with major business partners
- **Development of unique products** that are niche and competitive
- **The ability to propose products** to a range of industries through transactions with diverse manufacturers

Business strategy

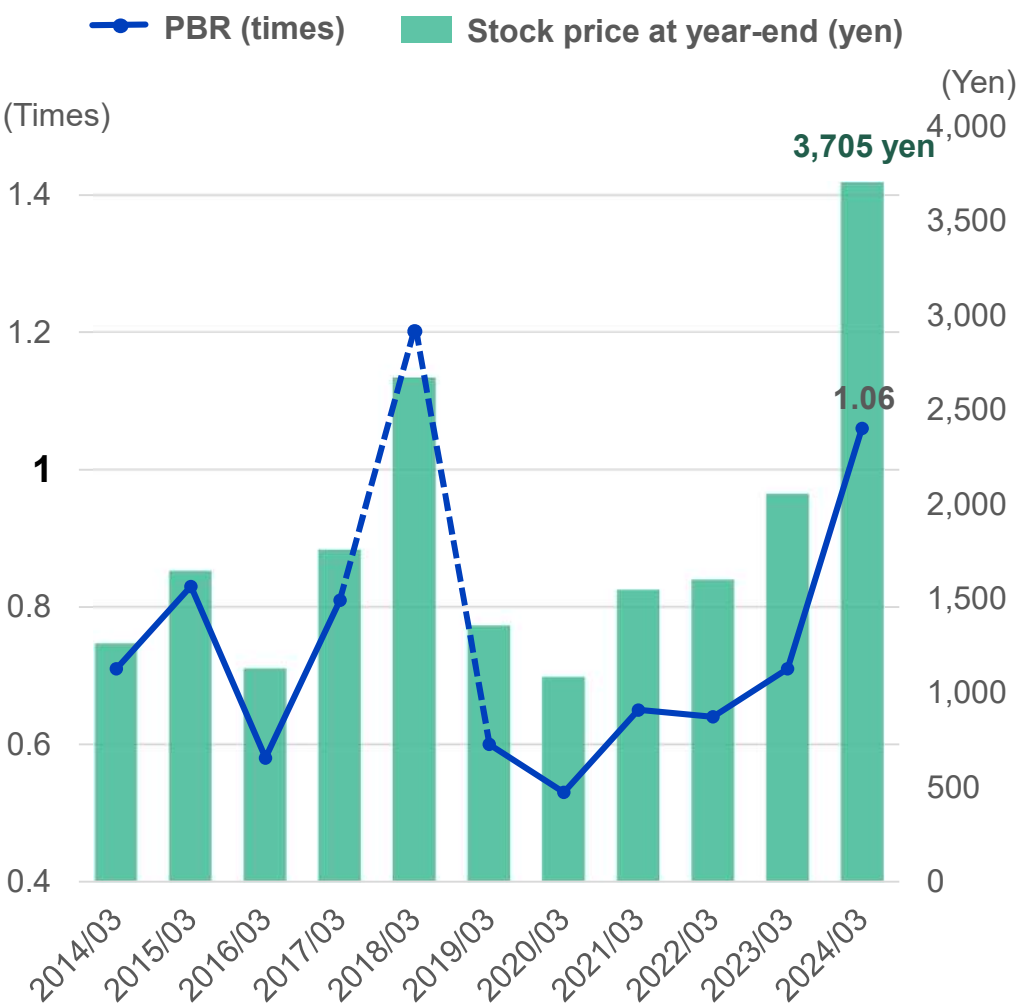
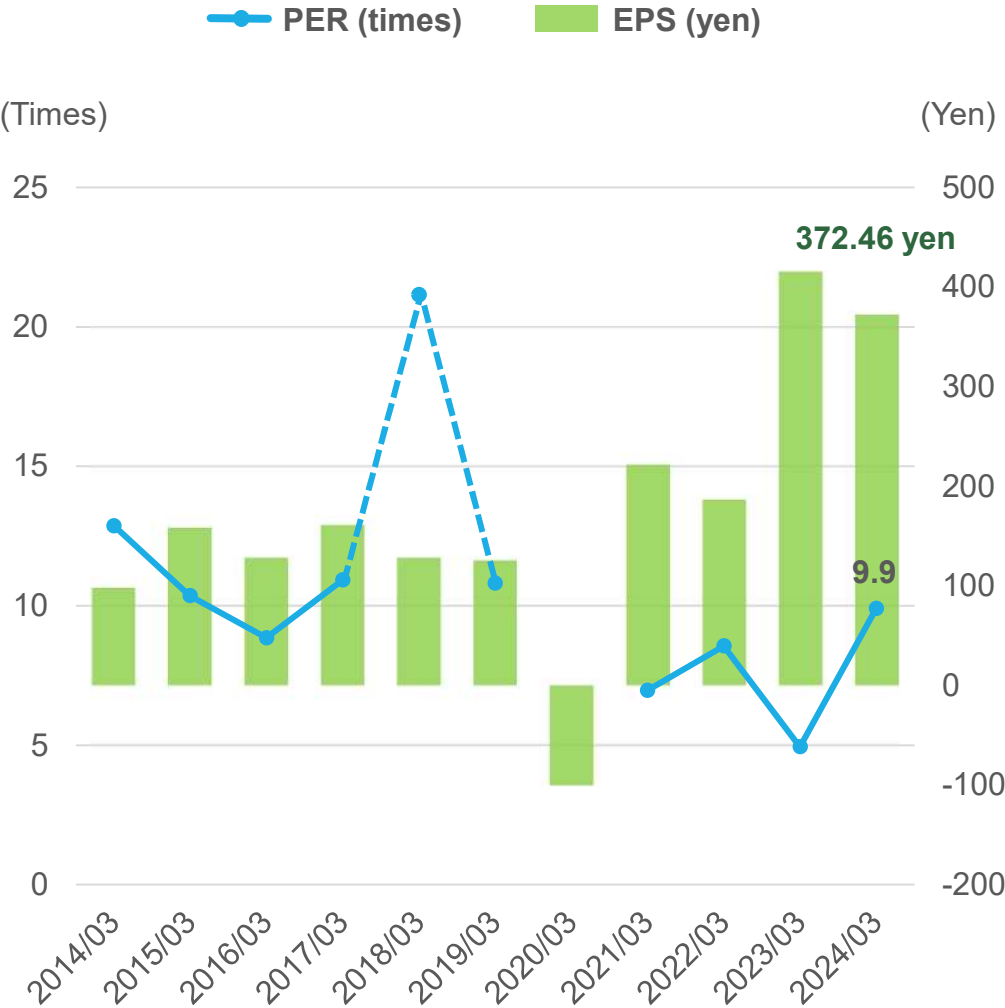
- Strengthen the business foundations based on the energy business
- Make strategic business investments to develop new commercial rights and commercial products

Rebuilding of the business portfolio

- Engage in selection and concentration based on the careful examination of growth potential and implement asset replacement



Trends in PER and PBR



(Note) PER: Price Earnings Ratio, EPS: Earnings Per Share, PBR: Price Book-value Ratio

Specific actions and Progress

Specific actions

We will revise our ROE target (initially set at keeping ROE in the 8% range) upwards to 10.0% and establish an organizational structure that effectively uses the PDCA cycle to achieve the long-term vision's earnings target ahead of schedule.

We will change our shareholder return target from the dividend payout ratio to the total payout ratio. We will aim to achieve a total payout ratio of 45% to increase shareholder return.

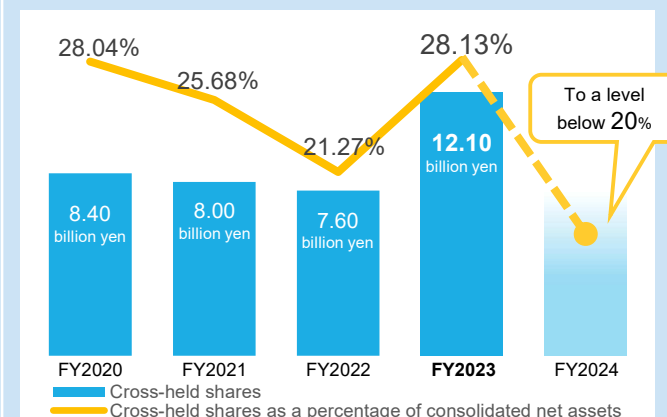
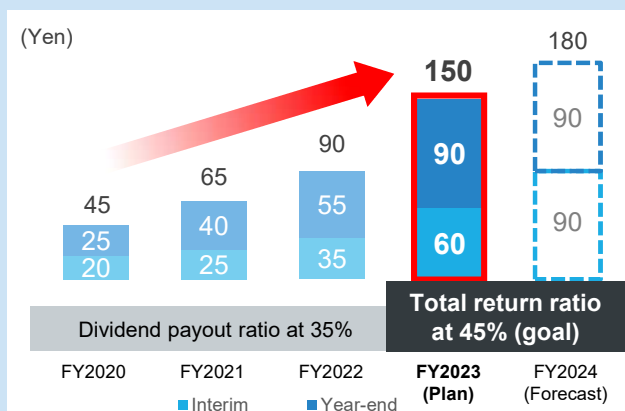
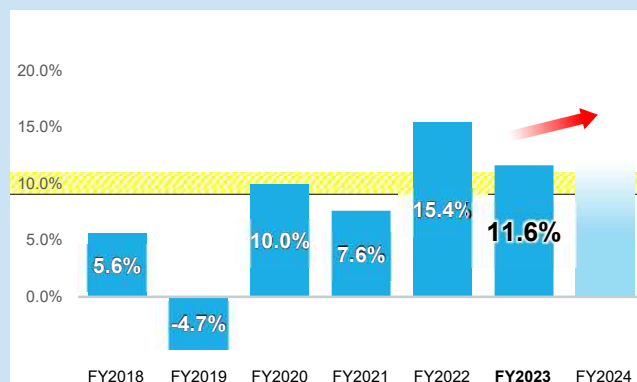
We will aim to reduce cross-held shares to less than 20% of consolidated net assets by the end of FY2024 as planned. We are considering subsequently reducing them to 10%.

For FY2023, we fulfilled the target after the upward revision and attained 11.6%. We will aim for an even higher ROE level.

We changed our shareholder return target from the payout ratio of 35% to a total return ratio of 45%.

We expect to achieve a ratio of cross-shareholdings to our consolidated net assets of less than 20% by the end of FY2024.

Progress



Specific actions and Progress

Specific actions

We plan to introduce a shareholder benefit program to attract new investors and increase stock trading.

We will promote disclosure, dialogue with investors, and investor relations to have our initiatives understood by more people.

We will invest 10.00 billion yen in growth opportunities while maintaining financial soundness, taking advantage of our strong balance sheet.

Progress

- Introduction of a shareholder benefit program

Number of shares held	Benefits
100 to 299 shares	QUO Card worth 1,000 yen
300 to 499 shares	QUO Card worth 2,000 yen
500 shares or more	QUO Card worth 3,000 yen

- Turnover

FY2022: average 19.56 million yen/day

FY2023: average 38.45 million yen/day

→**96.5% increase**

- Number of shareholders

End of FY2022: 7,734 people

End of FY2023: 10,444 people

→**35.0% increase**

- We held a total of six company information sessions for private investors in a year.

- We reinforced IR interviews.

FY2022: 6

FY2023: 24

- Publish Integrated Reports

- Announcement of analyst report release

(Shared Research Inc)

- We stepped up publicity on TV, radio and magazines.

- We carried out a complete renovation of our website.

Specific initiatives under consideration

We will introduce a remuneration system for officers as a sound incentive for the achievement of sustainable growth.

We introduced a board incentive plan (BIP) trust program under which evaluation would be based on the market capitalization, ROE and the level of implementation of the medium-term management plan.