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Toward achieving management that considers capital costs and stock value

Our company is committed to actively allocating capital towards growth investments and strengthening our management foundation to build a sustainable growth base. At the same time, we aim to enhance shareholder returns while maintaining financial soundness. In May 2025, based on dialogue with investors and shareholders, we announced a new policy to raise the ROE target in our Medium Term Management Plan from 7% to 8% and to implement substantial shareholder returns. In addition to dividends, we will actively utilize share buybacks for shareholder returns, thereby reforming our financial strategy to improve our balance sheet, which has significant room for improvement.

Trends and Issues Regarding ROE, Cost of Equity, and PBR

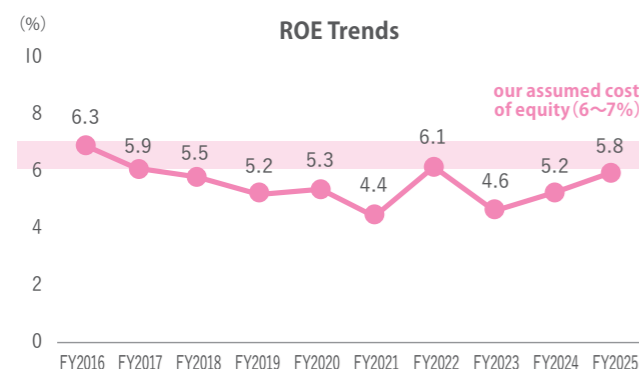
Our KPI, ROE, has remained flat compared to past levels. Coupled with our sluggish stock price, our PBR has consistently remained below 1x.

Return on capital

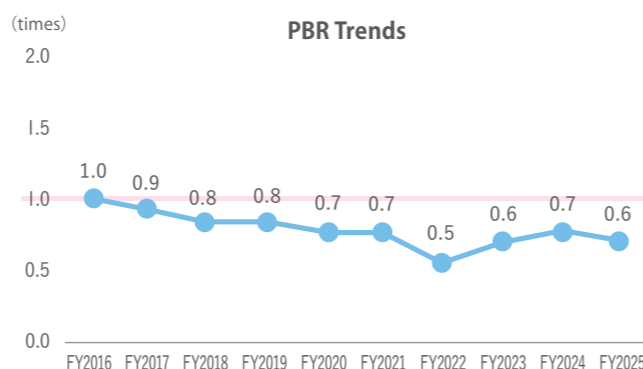
- Although revenue has been on an upward trend, ROE continues to fall below our assumed cost of equity, due to stagnant profit growth and an increase in net assets
- To enhance capital efficiency, we recognize the need not only to strengthen our earning power but also to review our balance sheet structure

PBR

- Our PBR has remained below 1x over the long term. In addition to persistently low ROE, our disclosure on growth strategies has been insufficient amid changes in the business environment
- To address this, we recognize the importance of presenting a compelling equity story and engaging more proactively with the capital markets through IR activities



Note: Fiscal year ends in March



Through proactive engagement with investors regarding the medium term management plan 2026, various opinions were received. Based on these, We recognized the need to formulate of a new policy.

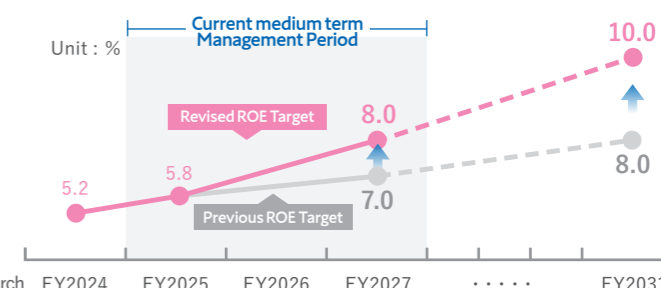
	Investor's Main Opinion	Recognition of Issues
KPI	<ul style="list-style-type: none"> The rationale for achieving the performance targets is considered weak The minimum acceptable ROE is 8%, with 7% deemed too low 	Need to revise ROE targets in line with investor expectation
Financial Strategy	<ul style="list-style-type: none"> The current financial strategy may not be sufficient to achieve the ROE target The use of abundant cash should be disclosed 	Need for significant reform of financial strategy to improve ROE

KPI Reform	ROE Target: FYE Mar. 2027 7% → 8%, FYE Mar. 2031 8% → 10%
Financial Strategy Reform	Formulation of new shareholder return policy: Dividend payout ratio of 50%, Purchase of ~22.0 billion yen worth of treasury stock planned for two years

KPI Reform: Revision of ROE Target

In order to achieve sustainable enhancement of corporate value, we have revised our ROE target for FYE Mar. 2027 to 8.0%, reflecting ongoing dialogue with investors and shareholders. Over the long term, we aim to maintain ROE of 10.0% or higher.

Note:
Fiscal year ends in March



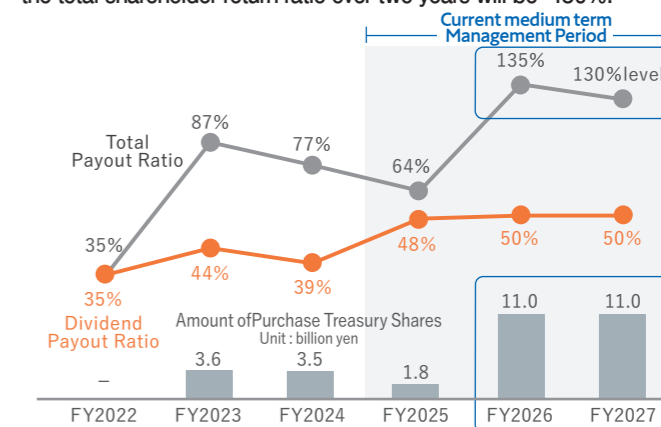
Financial Strategy Reform

Formulation of new shareholder return policy to Achieve 8% ROE

To achieve ROE of 8% for the FYE Mar. 2027, the shareholder return policy will be revised to a more proactive approach.

Details of Shareholder Return

From the FYE Mar. 2026 to the FYE Mar. 2027, with the purchase of ~22.0 billion yen in treasury stock and a dividend payout ratio of 50%, the total shareholder return ratio over two years will be ~130%.

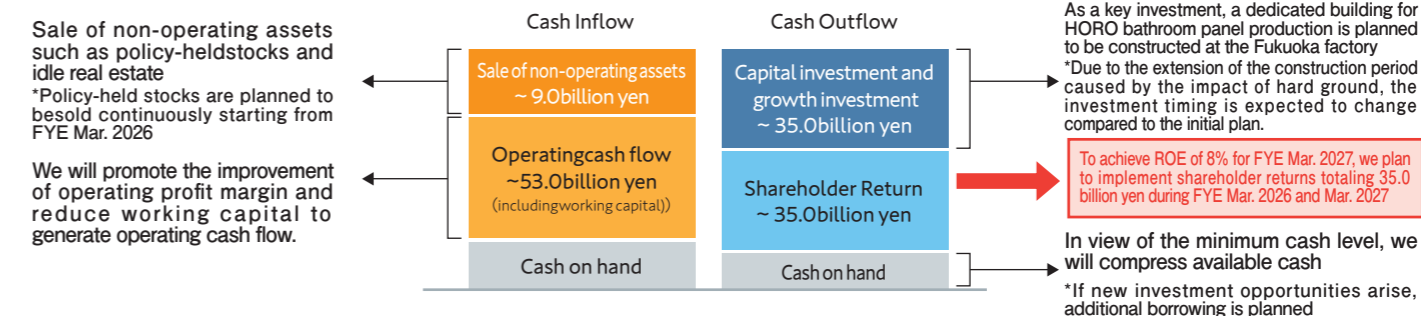


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Purchase of ~22.0 billion yen worth of treasury stock planned for two years
*Assuming market purchases, including ToSTNet-3.

Cash Allocation FYE Mar. 2026 -Mar. 2027

Utilize cash inflows from operating cash flow and sales of non-operating assets to conduct growth investments and shareholder returns.



Balance sheet management

Based on our current recognition of the balance sheet, we will implement the following improvements. The funds generated through these improvements will be utilized as resources for growth investments and shareholder returns.

