#### 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

**April 26, 2024** 

**Securities Code: 6455** 

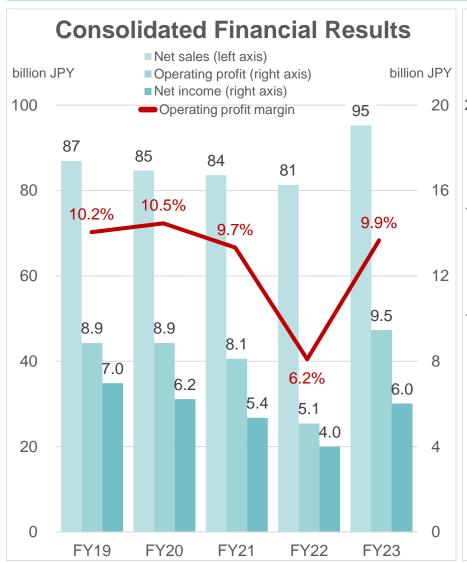
### MORITA HOLDINGS CORPORATION

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

### **Analysis of Current Situation (1/3)**



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

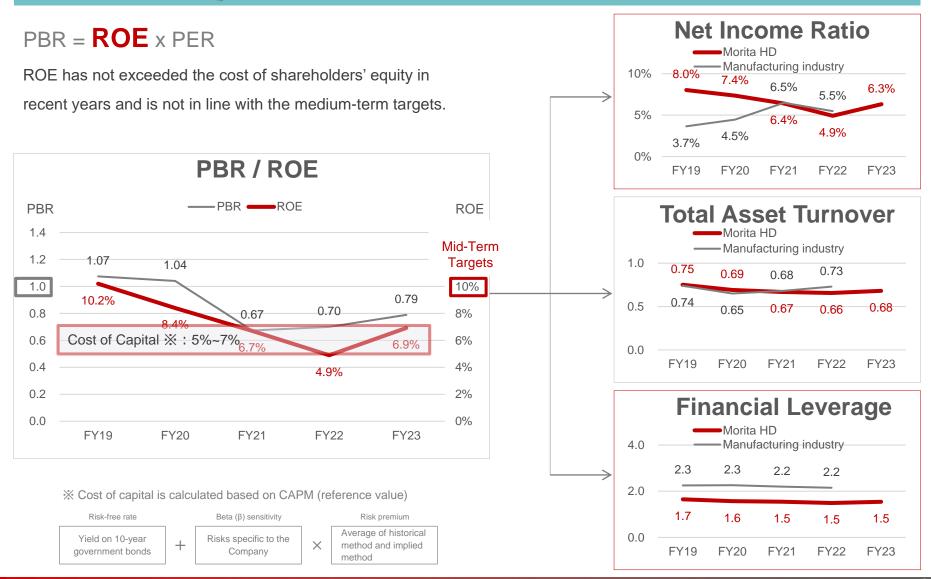




### **Analysis of Current Situation (2/3)**



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



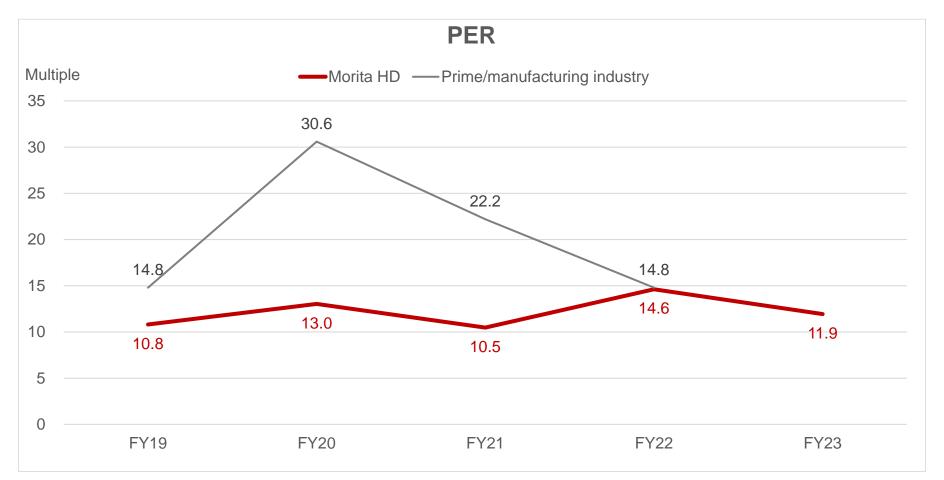
### **Analysis of Current Situation (3/3)**



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

PBR = ROE x **PER** 

PER is stable but under industry average



## **Action Policy**



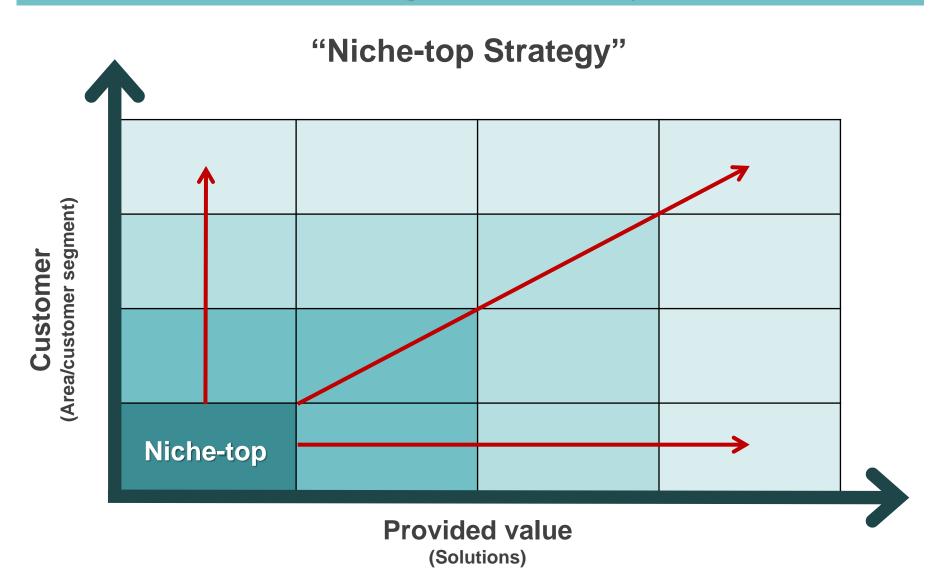
### Steady implementation of strategies that lead to improvements in PBR components

PBR component		Growth strategy	Financial strategy
ROE	Net Income Ratio	Improve profitability through niche-top strategy	<ul> <li>R&amp;D investment for products and services high value-added</li> <li>Make capital investments to improve productivity</li> </ul>
	Total Asset Turnover		<ul> <li>Reduce strategic shareholdings with insufficient significance for holding</li> <li>Reduction of non-business assets</li> </ul>
	Financial Leverage		Implement long-term investments that also use debt
PER	Expectations for Growth	<ul><li>Develop market through niche-top strategy</li><li>Promote dialogue with investors</li></ul>	<ul> <li>Cash allocation to support growth strategies</li> </ul>

## Growth Strategy



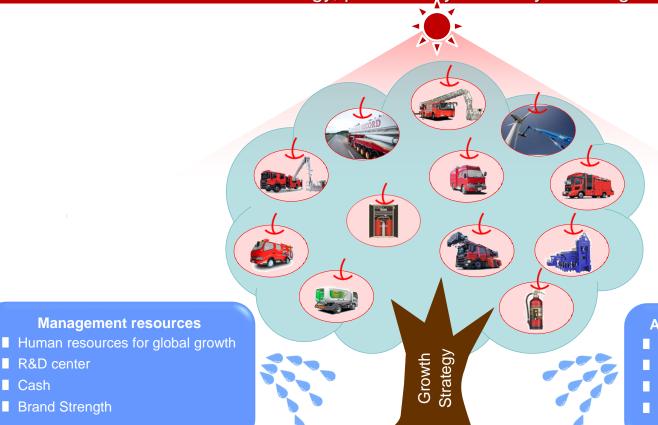
Strategy to expand and develop niches with two growth vectors, starting from the core niche-top



# **Factors Supporting Growth Strategy**



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



#### Ability to create customer value

- Strategic R&D
- Open innovation
- Synergies within group
- Solution development/proposal capabilities

#### **Core competences**

- 1. Advanced disaster prevention-related technologies to respond to diverse disasters
- 2. Technology for application of mechatronics to disaster prevention and environmental solutions
- 3. Worldwide network of sales and services

**Management resources** 

R&D center

■ Brand Strength

Cash

# Shareholder Return Policy



### 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.

### Cash Allocation



# FY23-25 Cash Allocation

■ Flexibly control financial leverage, including use of interest-bearing debt

- Reduce strategic shareholdings with insufficient significance for holding
- Reduce other non-business assets

- Generate cash through market development, product enhancements, and productivity improvements
- Generate cash through CCC improvements

#### Cash-in

Borrowings
11 billion JPY

Reduction of nonbusiness assets 4 billion JPY

Operating C/F 30 billion JPY

#### Cash-out

Growth strategy investment 20 billion JPY

Investment for existing businesses 10 billion JPY

Shareholder return 15 billion JPY

- Accelerate R&D investment for products and services high valueadded
- Recruit and develop human capital in line with business strategy
- Increase capacity and improve efficiency of overseas production sites
- Promote synergies between Morita and Bronto
- Expand business through M&A
- Make capital investments to improve productivity
- Maintain and renew of manufacturing facilities

#### [Dividends]

■ Continue and improve stable dividends with a target DOE of 2.5% or more

#### [Stock buybacks]

■ Implement flexibly, taking into account the business environment, etc.