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[Title]

Medius Holdings Strengthens Growth Investments in Human Resources, IT, and Logistics

Launch a joint demonstration experiment aimed at streamlining medical device logistics

Topics

MEDIUS

MEDIUS Mediris Logi

KURIBARA MEDICAL INSTRUMENTS

Contributing to healthcare and industry through logistics

Launch of a joint demonstration experiment aimed at streamlining medical device logistics

- Launched a joint demonstration experiment with SUNMEDIX CORPORATION, with the aim of streamlining medical device logistics and establishing a sustainable logistics system
- Evaluating joint delivery as a response to industry-wide challenges, including declining transport capacity and rising logistics costs
- Aiming to improve load factors, reduce the number of vehicles dispatched, and lower environmental impact, through joint delivery
- Over the longer term, aiming to establish a sustainable logistics scheme that supports the stable supply of medical devices by building a new model that achieves both logistics risk diversification and cost control

Building a stronger base in the Nagano area for further growth

Conclusion of a basic agreement to acquire shares of Kyoei Medical Instruments

- Conclusion of a basic agreement in October 2025 towards a management integration with Kyoei Medical Instruments Co., Ltd.
- Enhancing the business value of both companies, creating economies of scale, and maximizing synergies
- Promoting the creation of synergies in the sales, logistics, and administrative departments of both companies
- Strengthening Group-wide contribution to the advancement of regional healthcare and the improvement of medical institution management

Agenda

Yasuhiko Ikeya: Hello everyone, I am Yasuhiko Ikeya, President and Representative Director of Medius Holdings Co., Ltd. Thank you very much for taking time in your busy schedule to participate in the meeting.

Today, we will proceed according to the contents of the slides. In the first part, I will talk about the overview of Medius Group and our strategies. Then, in the second part, Akutagawa, Senior Managing Executive Officer, will explain in detail about the consolidated financial results for the First Half Ended December 31, 2025.

Financial Results for 1H FYE June 2026

Financial Results for 1H FYE June 2026

MEDIUS

- Operating profit decreased despite higher net sales, due to an increase in SGA expenses, primarily personnel expenses

(Miillion of yen,%)

	1H FYE June 2025 (Results)	1H FYE June 2026 (Results)		YoY	
	Amount	Amount	% of net sales	Increase/ decrease	Percentage
Net sales	142,704	149,211	100.0	6,506	104.6
Medical Device Sales Business	139,709	146,085	97.9	6,375	104.6
Welfare Device Business	2,994	3,125	2.1	130	104.4
Operating profit	751	585	0.4	△165	77.9
Ordinary profit	983	817	0.5	△165	83.1
Profit attributable to owners of parent	406	387	0.3	△19	95.2
Earnings per share (yen)	18.32	17.41	-	-	-

Notes:
Results: Fractional amounts less than the units indicated are rounded down.
Percentage: Percentage amounts are rounded to the first decimal place.

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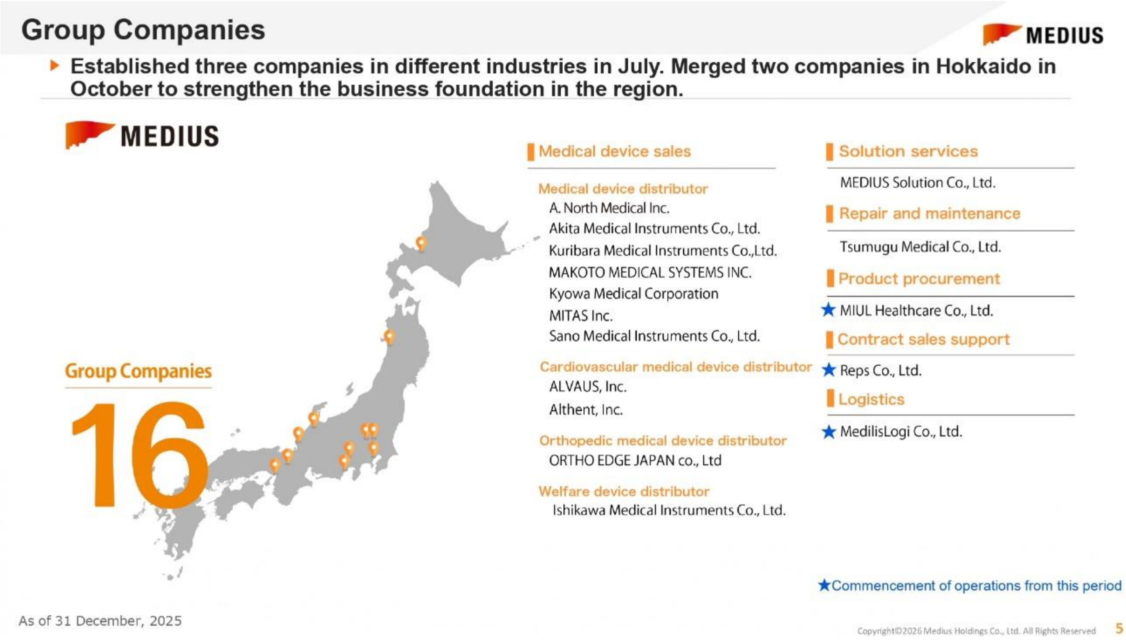
Here is an overview of our company. This is the financial results of 1H FYE June 2026. Net sales were ¥149,211 million, 104.6% YoY, or an increase of ¥6,560 million.

Operating profit was ¥585 million, 77.9% YoY, ordinary profit was ¥817 million, 83.1% YoY, and profit attributable to owners of parent was ¥387 million, 95.2% YoY.

Operating profit decreased despite higher net sales, due to an increase in SGA expenses, primarily personnel expenses. Details will be explained in the second part.

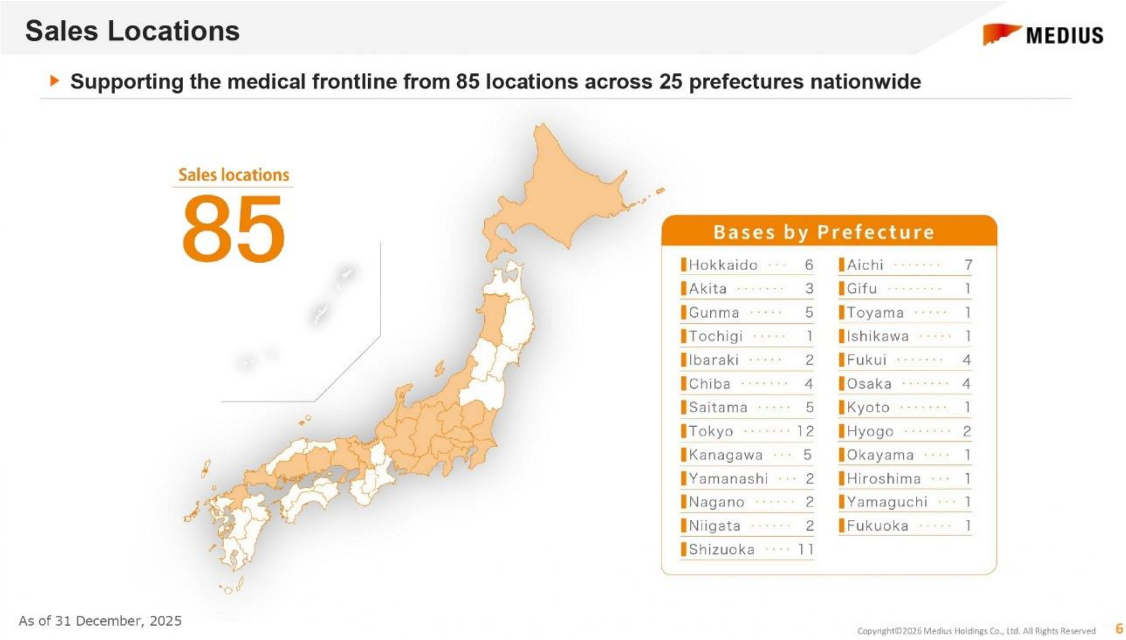
Group Companies



Our group consists of operating companies primarily engaged in the sale of medical devices, along with companies providing repair and maintenance services, companies offering solution services to medical institutions, and companies engaged in the sale and rental of nursing care and welfare equipment. As of the end of December 2025, the group comprises 16 companies.

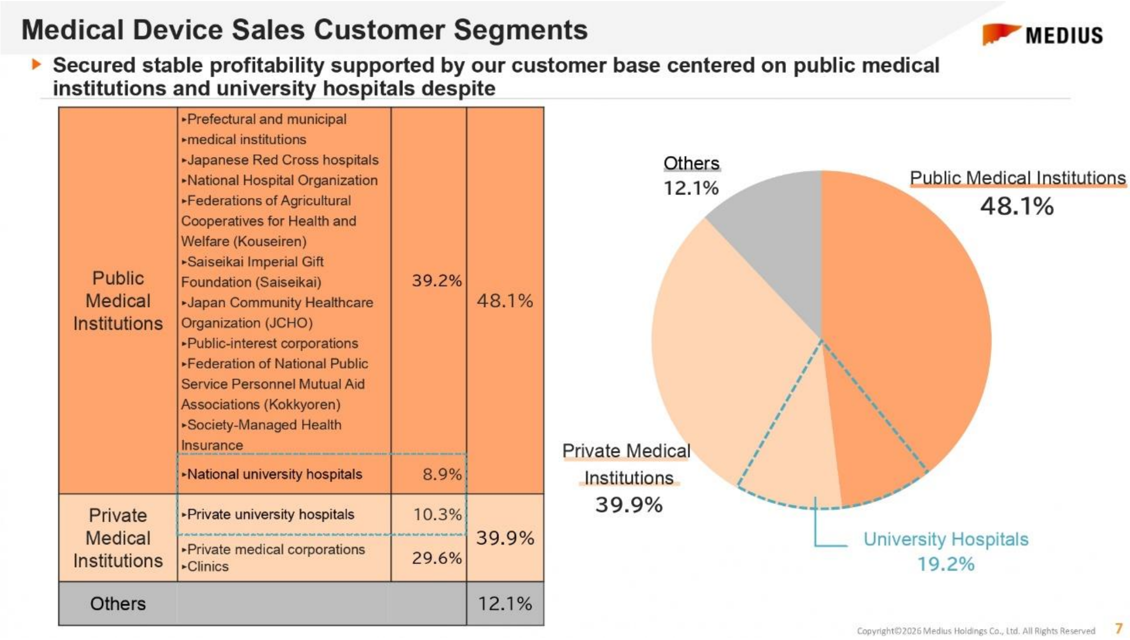
Three companies in different industries launched their operations last July. In October of the same year, we merged two companies in Hokkaido, strengthening our business foundation in the region as A. North Medical Inc.

Sales Locations



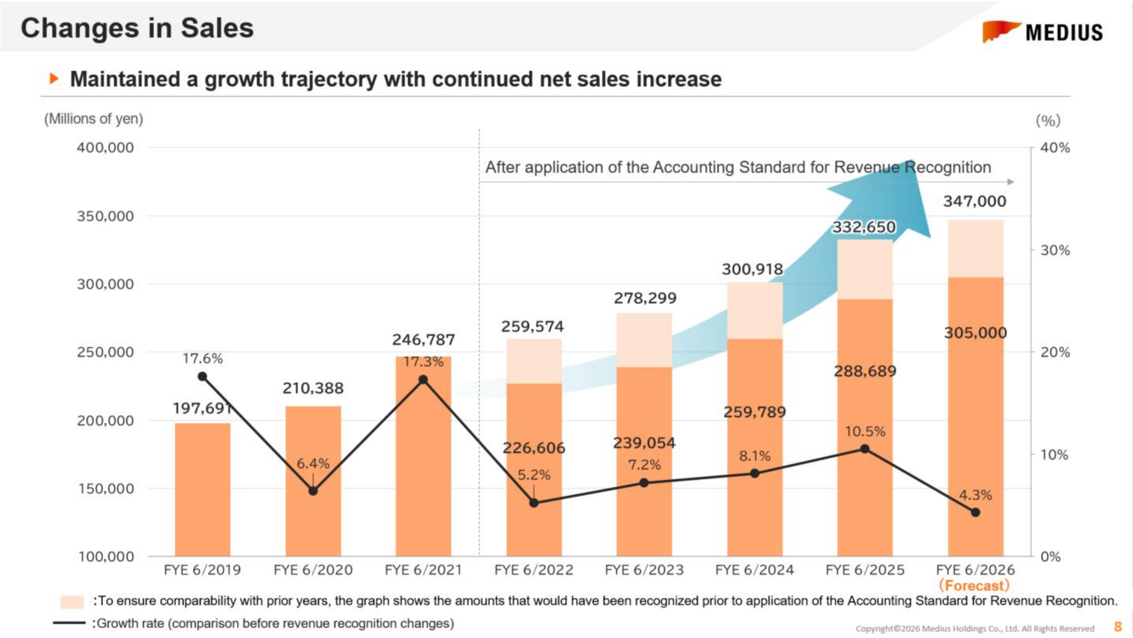
We support the medical frontline from 85 locations across 25 prefectures nationwide from Hokkaido to Fukuoka Prefecture. One of our key strengths is our high market share particularly in the densely populated Tokyo metropolitan area.

Medical Device Sales Customer Segments



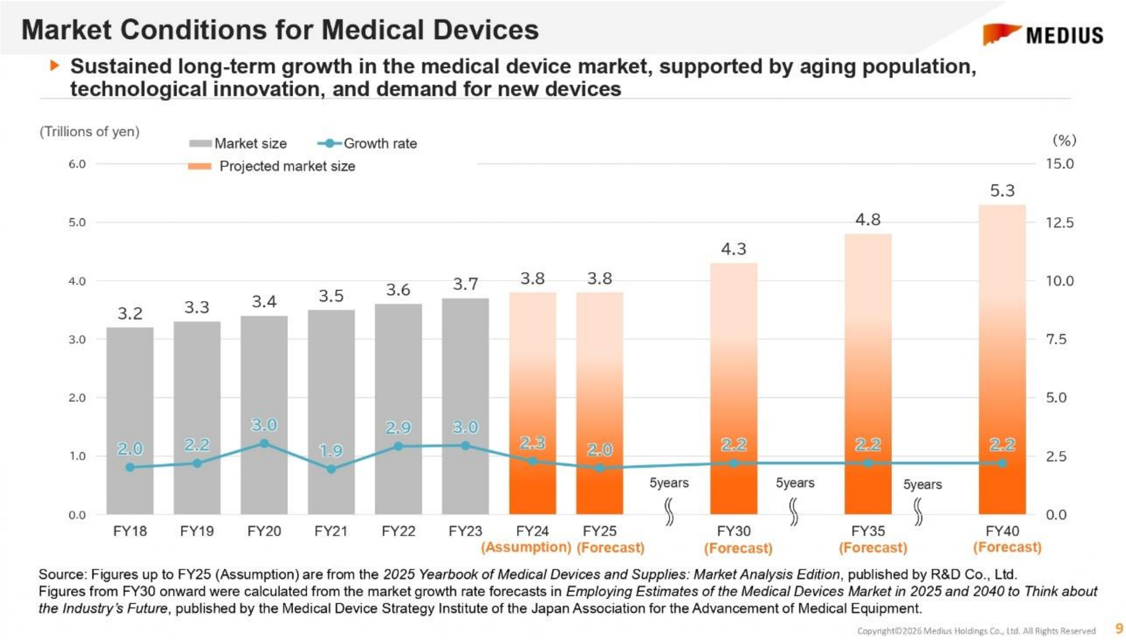
The slide illustrates our group's customer attributes. While the operating environment for medical institutions is becoming increasingly challenging, transactions with public medical institutions and university hospitals providing advanced medical care account for approximately half of our business. This allows us to secure stable profitability based on the trust we have built over time.

Changes in Sales



Kindly review the changes in sales. Our group maintains a steady growth trajectory, steadily increasing net sales. We project net sales of ¥305,000 million for FYE 6/2026, with our business continuing to expand. We will maintain this growth momentum and aim for sustainable growth going forward.

Market Conditions for Medical Devices

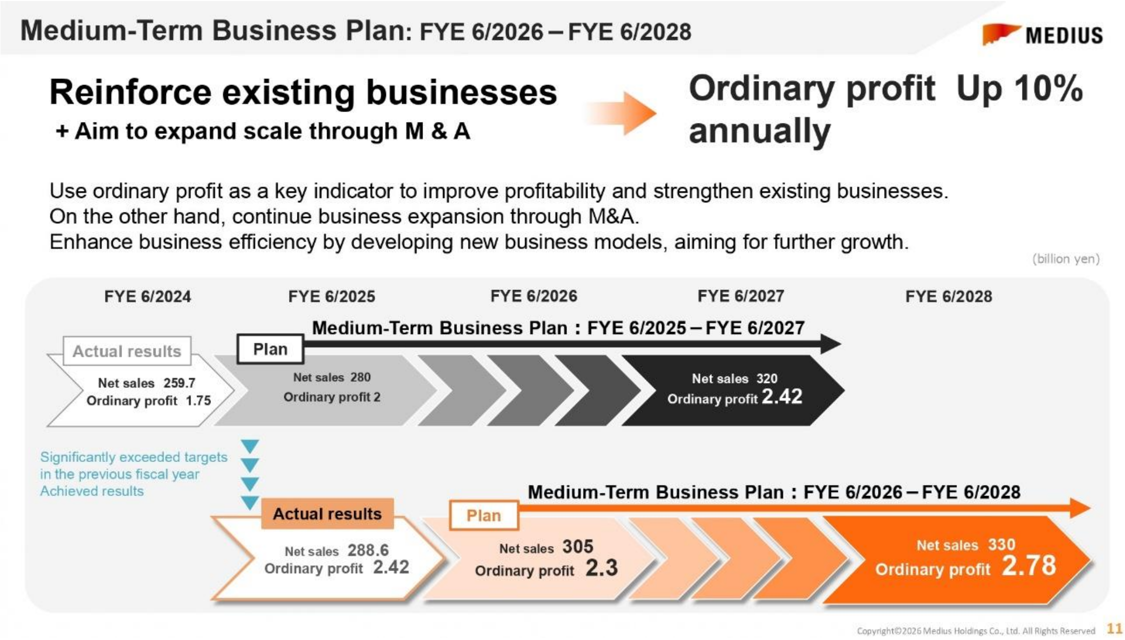


The medical device market has been growing steadily at an annual rate of 2% to 3% and is expected to continue expanding until around 2040.

Market growth is driven by increased demand for medical care due to aging populations and the sophistication and higher cost of devices resulting from advances in medical technology. Furthermore, expanding demand for new devices, particularly in the cardiovascular field, has greatly contributed to recent growth.

Against this backdrop, we see ample room to grow our top line.

Medium-Term Business Plan: FYE 6/2026-FYE 6/2028



Next, I will explain our Medium-term Business Plan and vision.

We have steadily achieved sales growth and secured market share. Based on this, we use ordinary profit as a key indicator in our Medium-term Business Plan covering the period from FYE 6/2025 to FYE 6/2027.

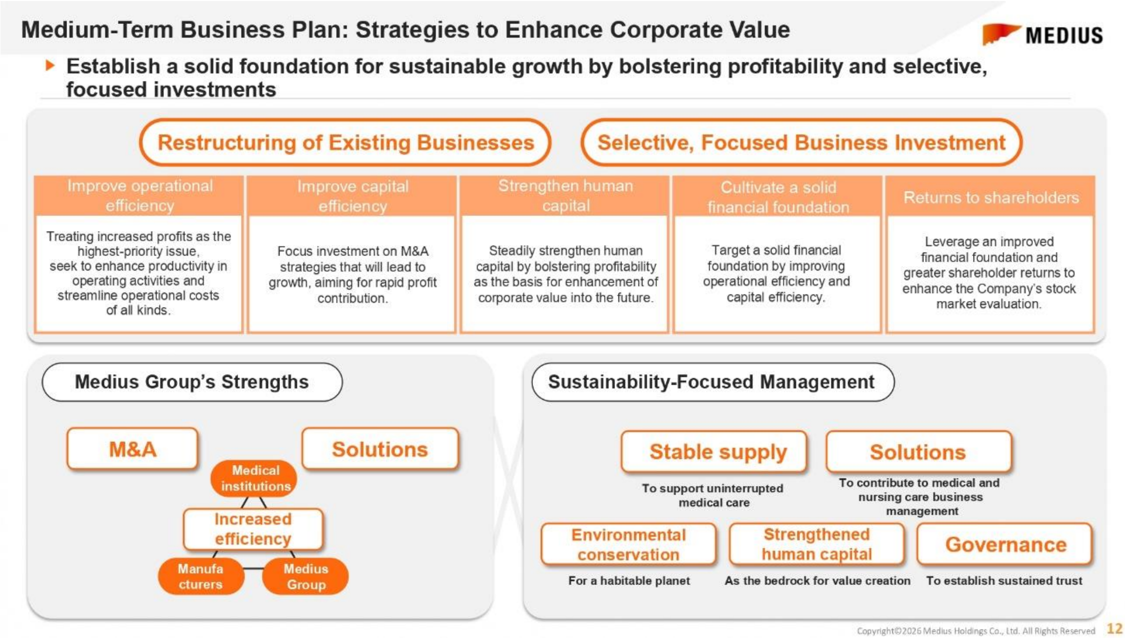
We will aim for ¥2.78 billion in ordinary profit by 2028 and strive to improve profitability with a focus on ordinary profit as a key indicator and reinforce existing businesses.

Also, we will continue to expand our business scale through M&A and enhance business efficiency by developing new business models, aiming for further growth.

In the final results for FYE 6/2025, despite negative impacts resulting from the June 2024 medical fee revision, market growth driven by new products in the cardiovascular and orthopedic fields was a major contributing factor, enabling us to achieve ordinary profit significantly exceeding our target.

The revision of the Medium-term Business Plan on a rolling basis was already reported at the FYE 6/2025 financial results briefing. The newly formulated three-year plan covering FYE 6/2026 through FYE 6/2028 is based on past performance and reflects actual results.

Medium-term Business Plan: Strategies to Enhance Corporate Value

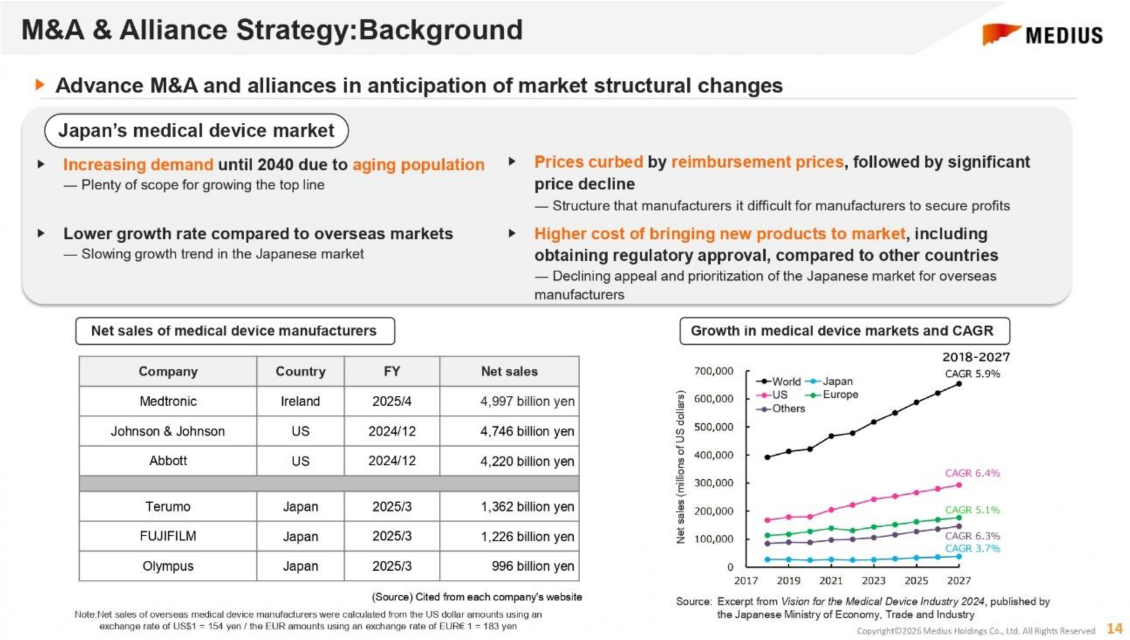


I will now explain the strategies for enhancing corporate value to achieve the Medium-term Business Plan. The key points are two core pillars: restructuring of existing businesses and selective, focused business investment.

For existing businesses, we will advance initiatives to enhance operational and capital efficiency, thereby strengthening our earnings foundation. Meanwhile, for investments in growth areas, we will adopt a selective, focused business investment approach. While maintaining our financial foundation, we will concentrate resources on areas that will drive future growth.

To strengthen human capital, we will further enhance our current organizational structure as the foundation supporting these two initiatives. Furthermore, leveraging our strengths in M&A, solution provision, and operational efficiency, we will pursue sustainable enhancement of corporate value. This includes initiatives in stable supply, environmental responsiveness, talent development, and governance as part of sustainability-focused management.

M&A & Alliance Strategy:Background

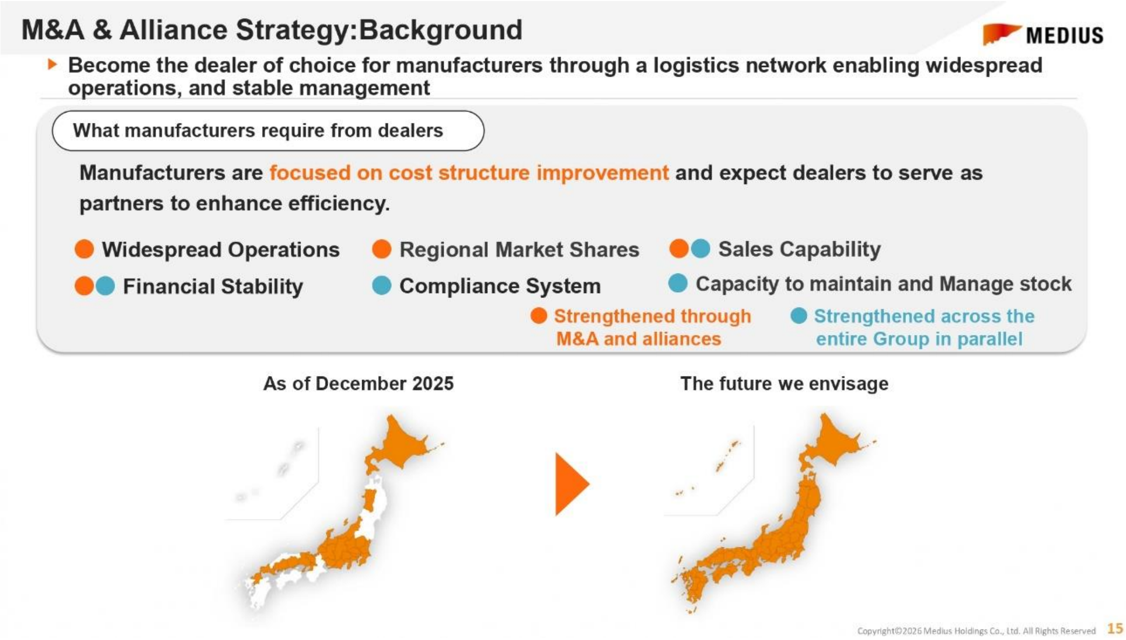


Now, I will explain our three strengths. First, M&A strategy.

We promote M&A and alliances, anticipating changes in market structure. This is driven by slowing growth rate of the medical device market in Japan. As mentioned earlier, demand is expected to increase until 2040 due to aging population, and we see plenty of scope for growing the top line.

However, approximately 60% of our net sales come from imports. For foreign manufacturers, the Japanese medical device market presents a challenging structure where prices continue to decline due to slowing growth rates and restrained reimbursement prices, making it difficult to secure profits. In addition, the high cost of bringing new products to market, including obtaining regulatory approval, has declined appeal and prioritization of the Japanese market for overseas manufacturers.

M&A & Alliance Strategy:Background



Given these environmental changes, manufacturers now demand that their Japanese distributors possess a wide-reaching distribution network and a stable business foundation. Fulfilling these requirements is essential to remain a dealer chosen by manufacturers. Yet, certain areas cannot be fully complemented through individual effort alone.

Our group will therefore leverage M&A and alliances to supplement the requirements manufacturers expect—such as widespread operations, regional market shares, sales capability, and financial stability—while simultaneously strengthening our own sales capability and financial foundation.

Through M&A, we will further enhance our presence as a dealer of choice for manufacturers and steadily realize our future goal of building a nationwide network.

M&A & Alliance Strategy: M&A track record and PMI status

M&A & Alliance Strategy:M&A track record and PMI status

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▶ Executing at least one M&A annually to steadily grow sales

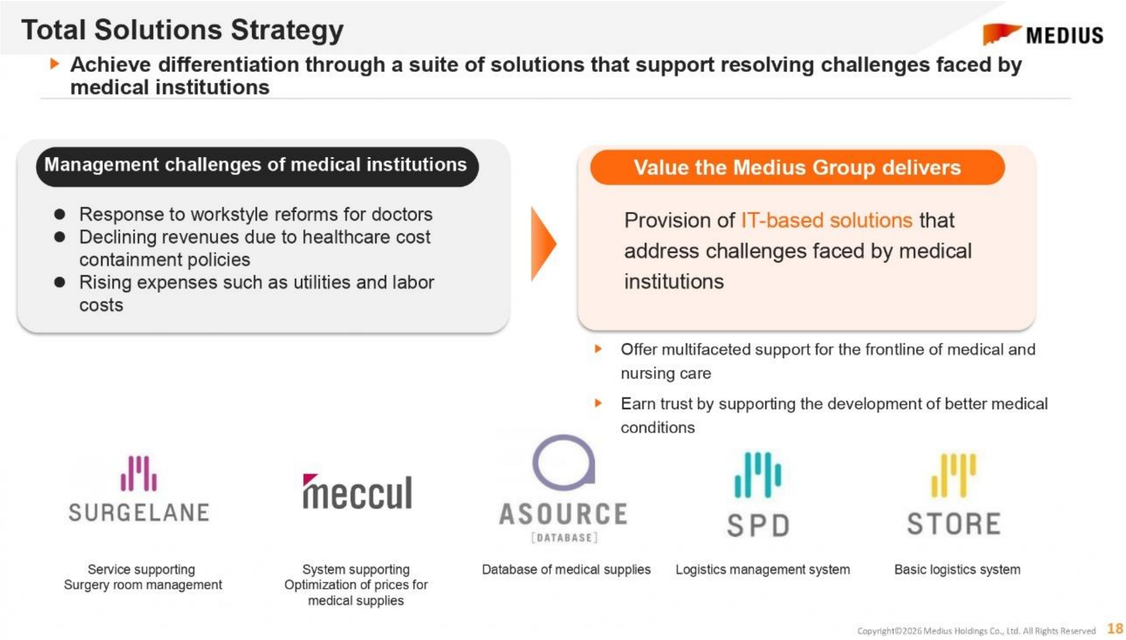
Year	Month	Target company	How to join our group	After that
2020	Mar.	Active Medical Co., Ltd.	Consolidated subsidiary	Became part of current ALVAUS, Inc. following restructuring within the Group. Operations in the Hokkaido area transferred to current Active Medical Co., Ltd. In 2025, merged with NOAH INTERNATIONAL co.,ltd. (Now A. North Medical Inc.)
		Cor Medica Co., Ltd.	Consolidated subsidiary Note: Sub-subsidiary (former Active Medical Co., Ltd.)	Apr. 2022 Sold
	July.	Sefnet Co., Ltd.	Business taken over by Kuribara Medical Instruments Co., Ltd.	
		Core Medical Co., Ltd.	Business taken over by Kuribara Medical Instruments Co., Ltd.	
2021	Apr.	Therapy Co., Ltd.	Business taken over by Kuribara Medical Instruments Co., Ltd.	
	Oct.	Sano Co. Ltd.	Consolidated subsidiary	
2022	Sept.	Medical Leaders Co., Ltd.	Business taken over by Kuribara Medical Instruments Co., Ltd.	
	Oct.	NOAH INTERNATIONAL Co., Ltd.	Consolidated subsidiary Note: Sub-subsidiary (Active Medical Co., Ltd.)	In 2025, merged with NOAH INTERNATIONAL co.,ltd. (Now A. North Medical Inc.)
		Shibuya Medical Co., Ltd.	Business transferred to Active Medical Co., Ltd.	
2023	July.	Tanaka Medical Instruments Co., Ltd.	Business taken over by ORTHO EDGE JAPAN Co., Ltd.	
2024	Mar.	Futuro Co., Ltd.	Business taken over by ORTHO EDGE JAPAN Co., Ltd.	
	Apr.	MAKOTO MEDICAL SYSTEMS INC.	Consolidated subsidiary	Integration of KYOWA MEDICAL CORPORATION Kofu Branch
2025	Oct.	Kyoei Medical Instruments Co., Ltd.	Signing of a basic agreement with Kuribara Medical Instruments Co., Ltd. regarding the acquisition of shares	

The slide shows a list of M&A transactions executed in recent years. We have pursued business expansion and strengthened our distribution network through M&A and strategic alliances.

This has enabled us to welcome highly specialized companies in various fields, advance spin-offs and integrations, building more efficient operational structures and enhancing our sales capabilities. These initiatives are gradually yielding results.

Most recently, in October 2025, Kuribara Medical Instruments Co., Ltd. signed a basic agreement with Kyoei Medical Instruments Co., Ltd. regarding the acquisition of shares.

Total Solutions Strategy

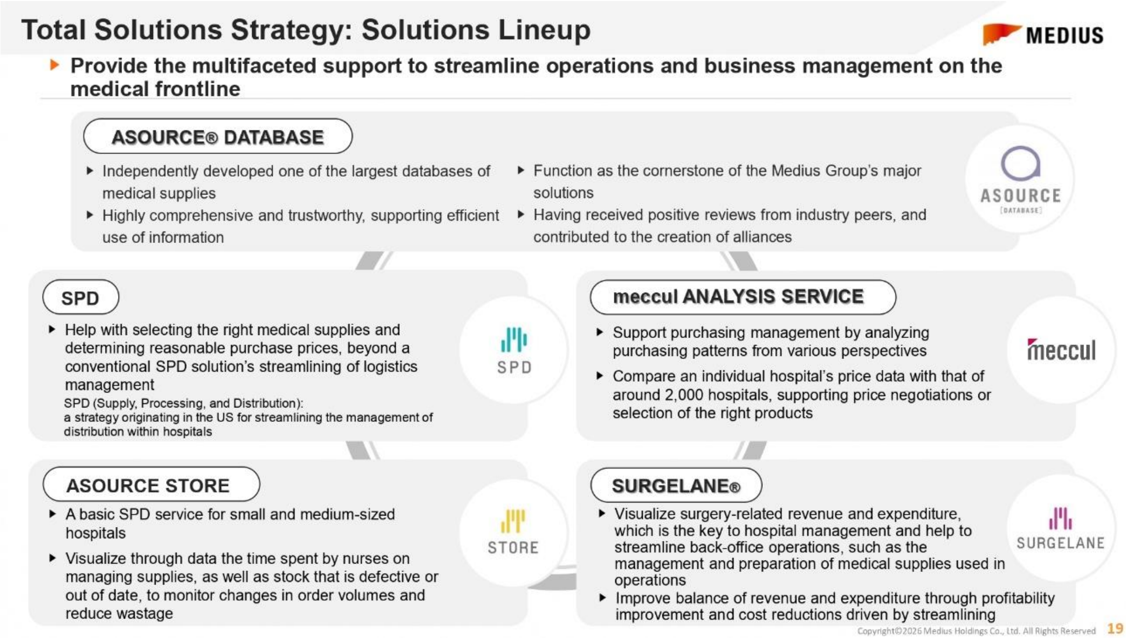


Our second strength is our total solution business. We achieve differentiation through a suite of solutions that support resolving challenges faced by medical institutions.

Currently, the medical institutions face increasingly serious management challenges, including response to workstyle reforms for doctors, declining revenues due to healthcare cost containment policies, and rising expenses such as utilities and labor costs.

Our group supports healthcare and nursing care settings from multiple angles by providing multiple essential solution tools to the medical institutions aiming to build better healthcare environments. Thereby, we have earned the trust of hospitals and clinics.

Total Solutions Strategy: Solutions Lineup



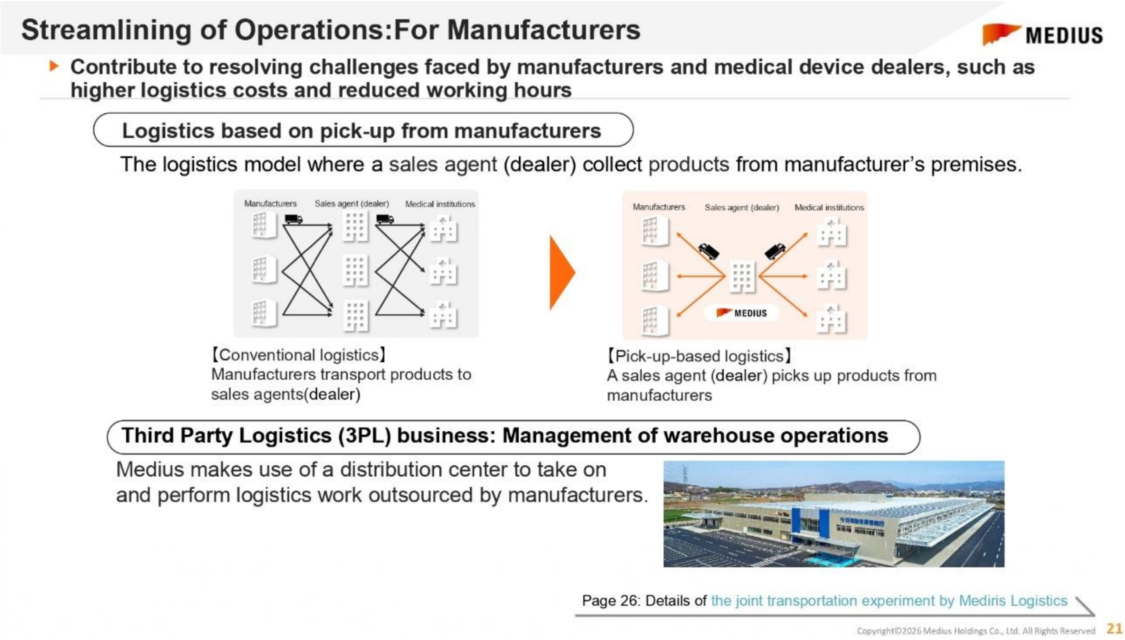
Let me explain the effects and features of each of our solution tools. ASOURCE® DATABASE, the database of medical supplies developed independently by Medius Holdings, is one of the largest in Japan.

meccul ANALYSIS SERVICE is service supporting purchasing management by analyzing individual medical institutions' purchasing patterns from various perspectives and visualizing issues. SPD is a logistics method for streamlining the management of distribution within hospitals.

ASOURCE STORE is a basic SPD service for small and medium-sized hospitals. Additionally, SURGELANE® is a solution that supports hospital management by visualizing surgery-related revenue and expenditure and operating room utilization status, and streamlining back-office operations such as the management and preparation of medical supplies.

These tools are not just IT tools, but comprehensive solution services that promote the transformation of medical institution services and medical material supply business models. Our ability to provide these services in total is also our strengths.

Streamlining of Operations: For Manufacturers



The third strength is the proactive enhancement of operational efficiency both within and outside the company.

I will explain the services contributing to the efficiency of the manufacturers that we purchase from.

At present, manufacturers and medical device dealers like us need to take action to address higher logistics costs and reduced working hours.

Our Group alleviates the associated burdens on manufacturers by collecting products from manufacturers premises. In addition, we help to solve manufacturers' logistics-related problems by offering inventory management and post-shipment operations through our 3PL (Third Party Logistics)　As part of our related initiatives, we will also later introduce topics on the joint transportationexperiment conducted by Mediris Logistics Co., Ltd.

Streamlining of Operations: Within the Medius Group

Our group continues to drive efficiency improvements in internal operations. We are also advancing initiatives to enhance organizational capabilities.

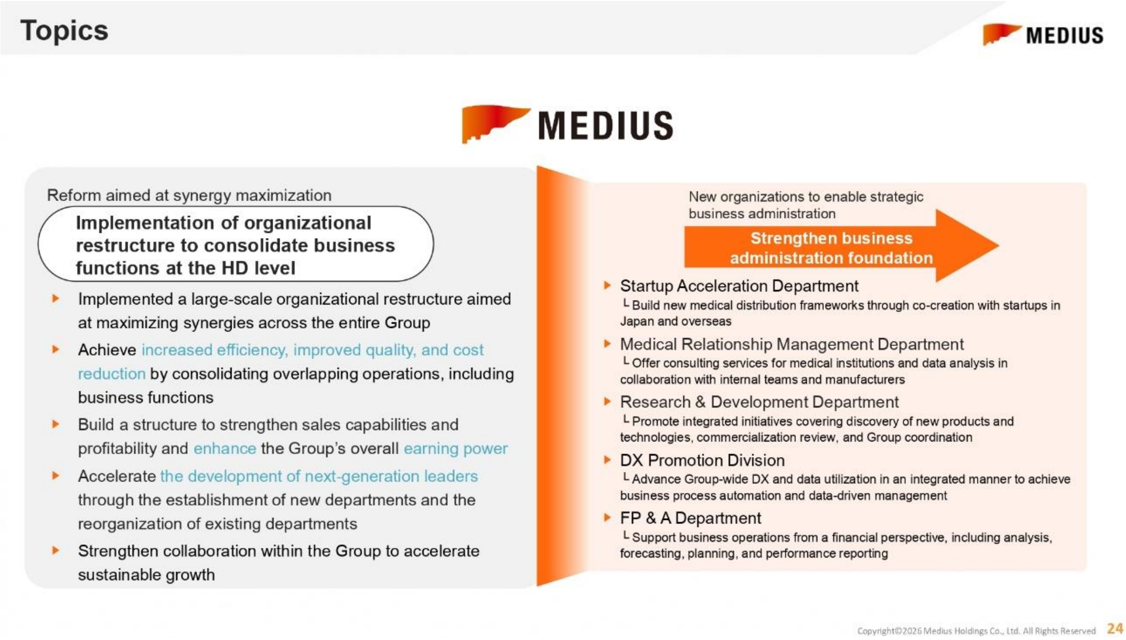
Specifically, as part of restructuring our organization, we are centralizing back-office functions across our Group into shared services to standardize operations and reduce workload. Moreover, we consolidated and reorganized specialized domains, streamlining and integrating functions previously dispersed within our Group, such as those in the cardiovascular field and the orthopedic field.

Concurrently, to strengthen human capital, we are enhancing education and training programs and overhauling evaluation systems to create an environment where diverse talents can thrive.

Furthermore, in optimizing procurement and logistics, we are increasing joint purchase and introducing the warehouse management system to achieve both cost efficiency and quality.

In addition, as part of advancing digitalization, we are strengthening the digitization and visualization of our business processes, enabling more precise improvements in management control. These measures are steadily improving productivity across the entire group.

Topics

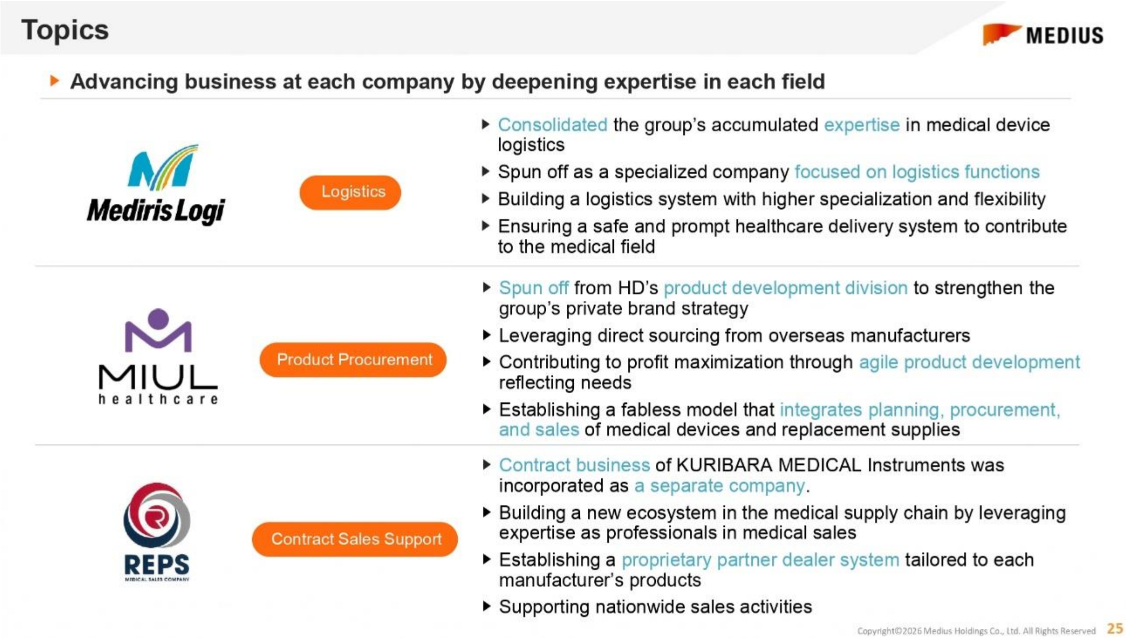


Here are recent topics concerning our group.

I will start with long-term key topics. First is organizational restructuring to maximize group synergies. We consolidated business functions and implemented a large-scale organizational restructure. We are advancing efficiency, quality improvement, and cost control by consolidating overlapping operations across businesses.

Additionally, we are accelerating the development of next-generation leaders and strengthening business administration foundation by establishing new departments and reorganizing/strengthening existing ones.

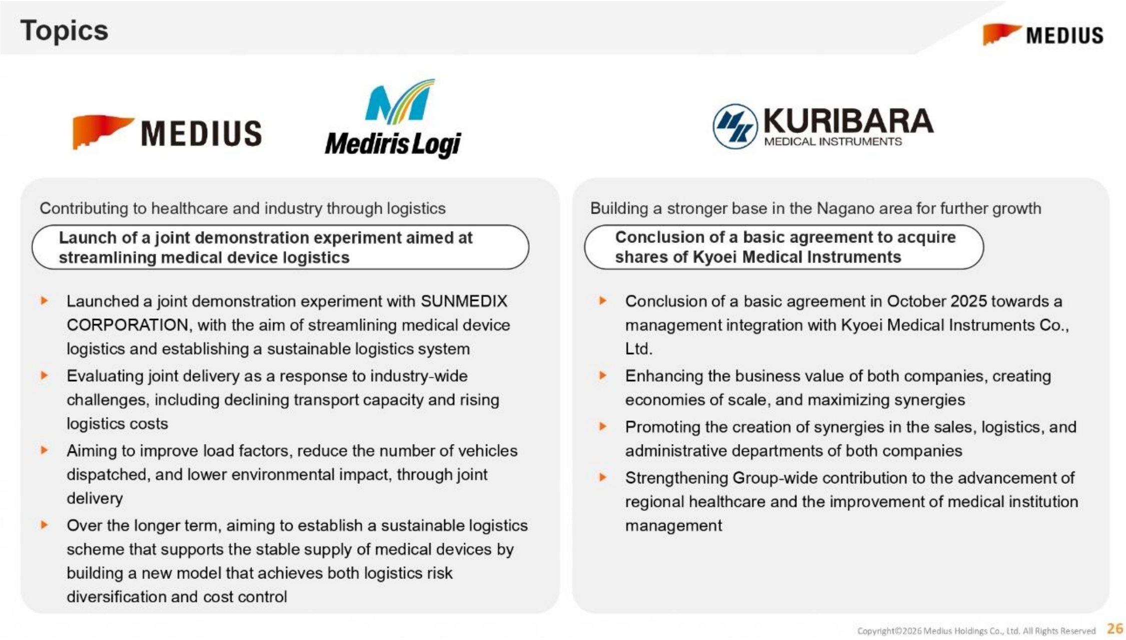
Topics



The next topic is strengthening expertise through the spin-off of existing businesses, which we are advancing in parallel with organizational restructuring. As explained in our previous full-year results, we have established three independent companies—Mediris Logistics Co., Ltd., MIUL Healthcare Co., Ltd., and REPS Corp.—to specialize in logistics, product procurement, and contract sales support, respectively.

We have achieved faster business execution and maximized value across the entire group by specializing each function.

Topics



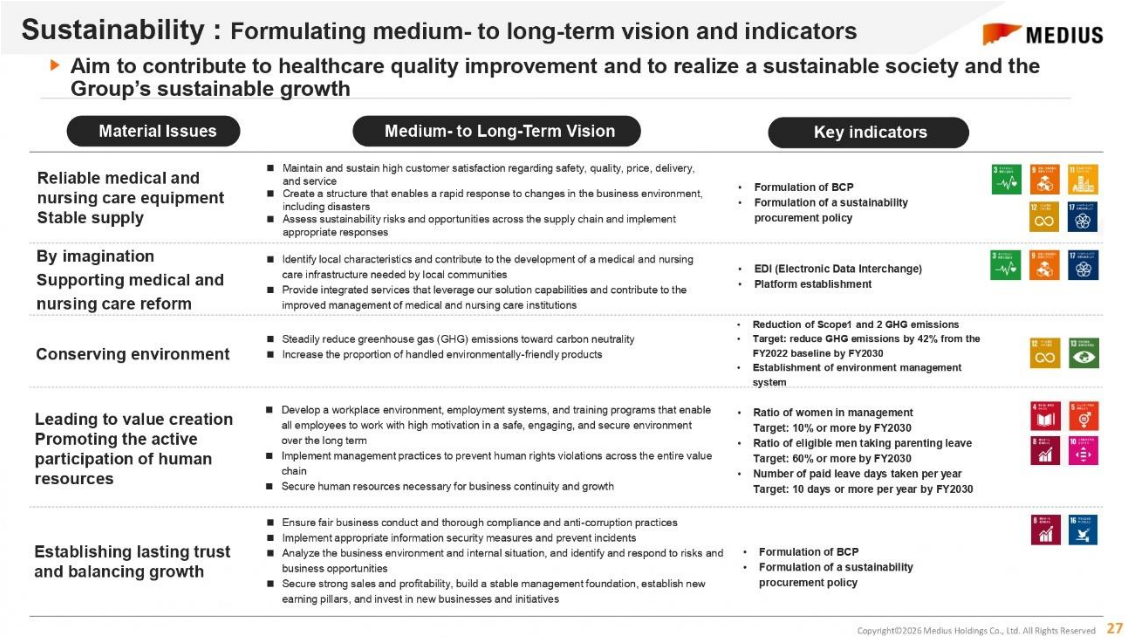
Here are the latest topics on our operating companies, including these specialized firms.

Mediris Logistics Co., Ltd. has commenced the joint demonstration experiment with industry partners to streamline medical device logistics. This initiative addresses challenges in medical logistics, such as optimal inventory levels, delivery costs, and environmental impact. We anticipate this will lead to the development of new logistics schemes in the future.

Another crucial development is that Kuribara Medical Instruments has signed a basic agreement for a management integration with Kyoei Medical Instruments. By collaborating with this regionally focused medical device distributor, we will create synergies in business, logistics, and management, establishing a framework to contribute more deeply to local healthcare.

These three topics represent initiatives to enhance our group's expertise and strengthen the foundation for growth. We will continue to pursue sustainable growth while balancing operational efficiency and value creation.

Sustainability: Formulating medium- to long-term vision and indicators



Next, topics on sustainability. We have newly organized our medium- to long-term vision and key indicators. For each important theme—such as stable supply of medical devices, environmental responsiveness, and human resource utilization—we have established direction and numerical targets.

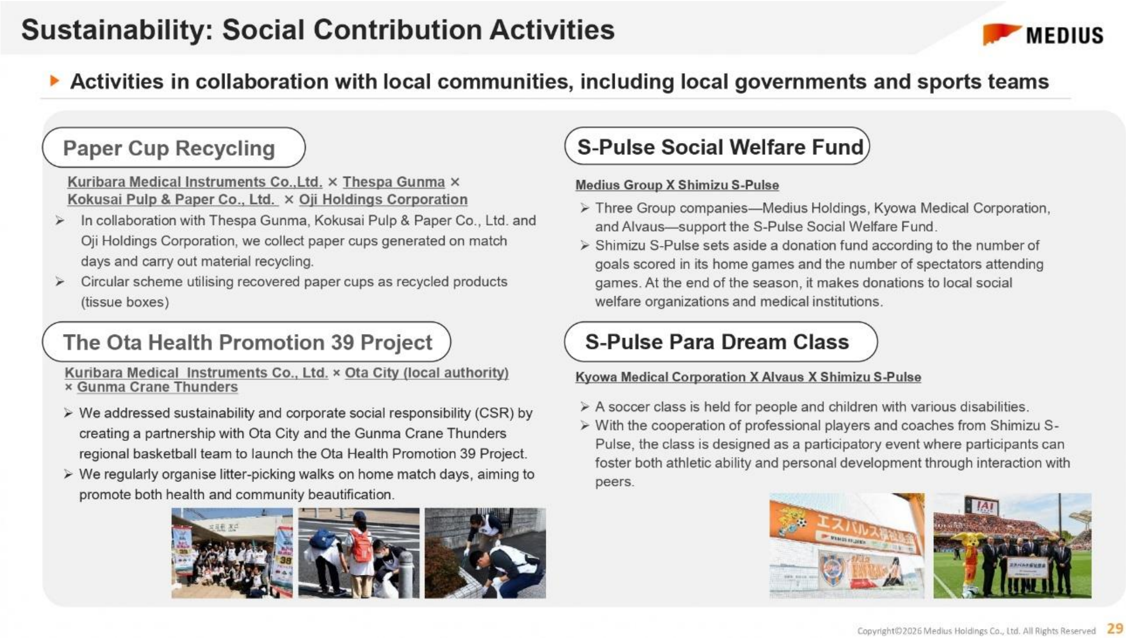
Sustainability: Social Contribution Activities

Finally, let me introduce our social contribution activities. Our group focuses its support on fields closely aligned with our business. Specifically, we are advancing ongoing initiatives such as school meal support and donation gift-matching for Médecins Sans Frontières (Doctors without Borders).

Furthermore, as part of our support for people with disabilities, we have newly commenced support for the Japanese Service Dog Resource Center. This initiative contributes to the promotion of assistance dogs and greater social understanding through making donations and conducting awareness-raising activities.

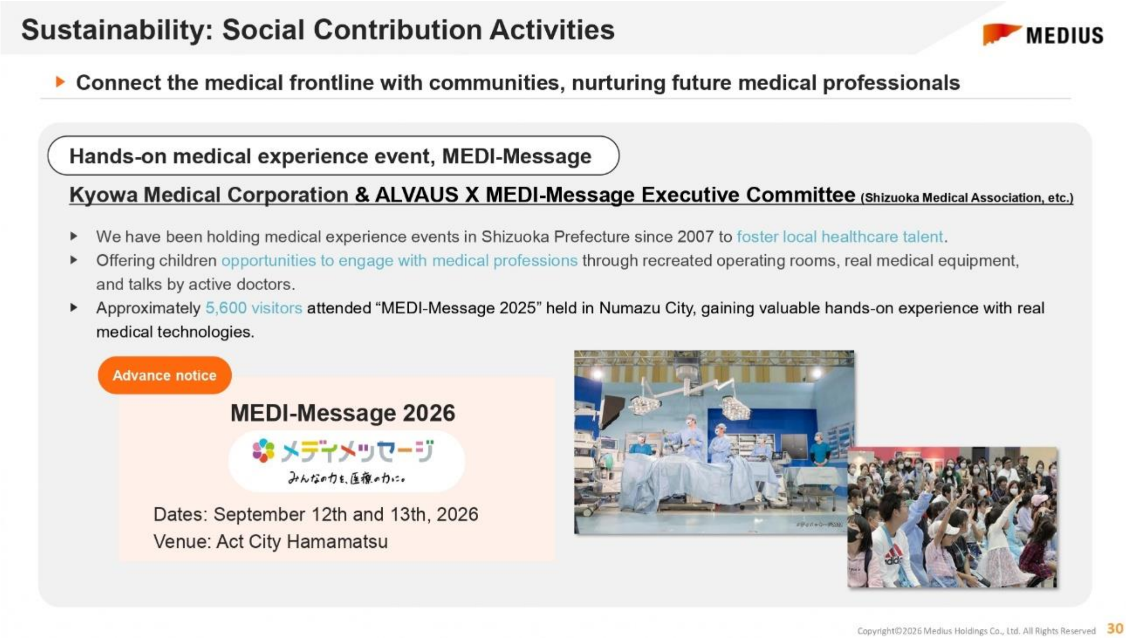
We will continue our activities contributing to society in the medical and welfare fields going forward.

Sustainability: Social Contribution Activities



Each operating company continuously engages in community-based social contribution activities in collaboration with local governments and professional sports teams.

Sustainability: Social Contribution Activities

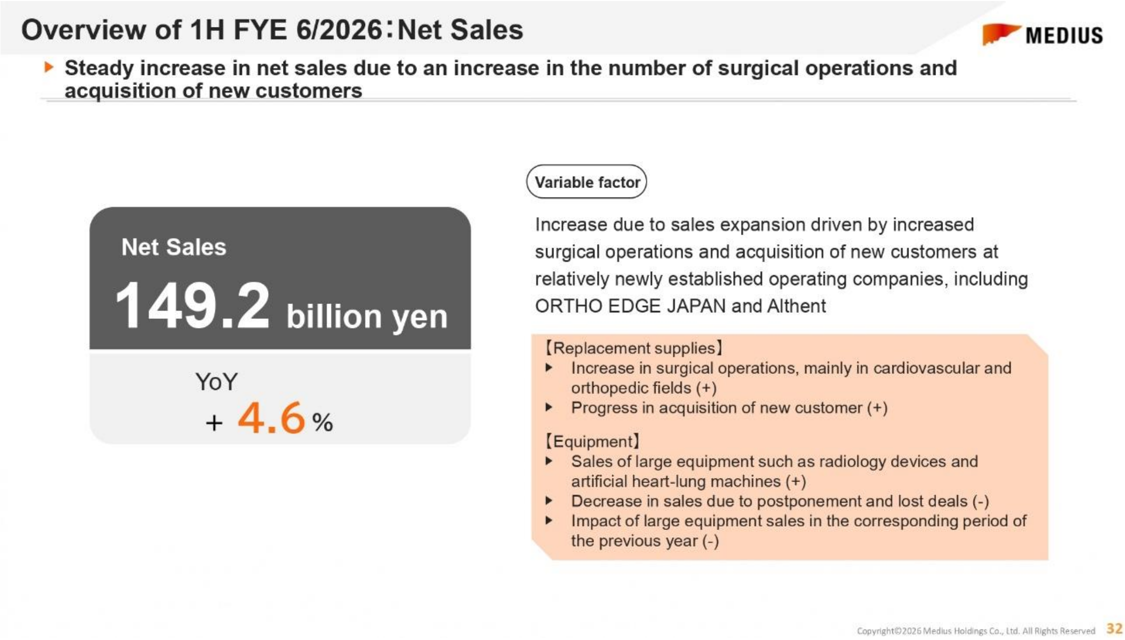


Kyowa Medical Corporation and ALVAUS have been holding events for children to have fun while experiencing medical work since 2007. Last year's event was held in Numazu City, Shizuoka Prefecture. This year, it is scheduled to be held in Hamamatsu City, Shizuoka Prefecture, on September 12th and 13th.

As mentioned at the beginning, Medius Holdings Group will continue to grow as a corporate group that contributes to society.

This concludes the first part of the presentation. Thank you for your kind attention.

Overview of 1H FYE 6/2026: Net Sales



Hiroyuki Akutagawa: I am Hiroyuki Akutagawa, Director, Senior Managing Executive Officer and General Manager of Corporate Division. I will explain the consolidated financial results for 1H FYE 6/2026. First, an overview of the results for 1H FYE 6/2026. Net sales increased 4.6% YoY to ¥149.2 billion.

The increase is due to sales expansion driven by increased surgical operations and acquisition of new customers at relatively newly established operating companies, including ORTHO EDGE JAPAN and Althent.

In replacement supplies, we saw an increase in surgical operations, mainly in cardiovascular and orthopedic fields and progress in acquiring new customers.

For medical equipment, while we sold large equipment such as radiology devices and artificial heart-lung machines, overall sales decreased due to postponed purchases and lost deals, and the impact of large equipment sales in the corresponding period of the previous year.

Overview of 1H FYE 6/2026: Profit

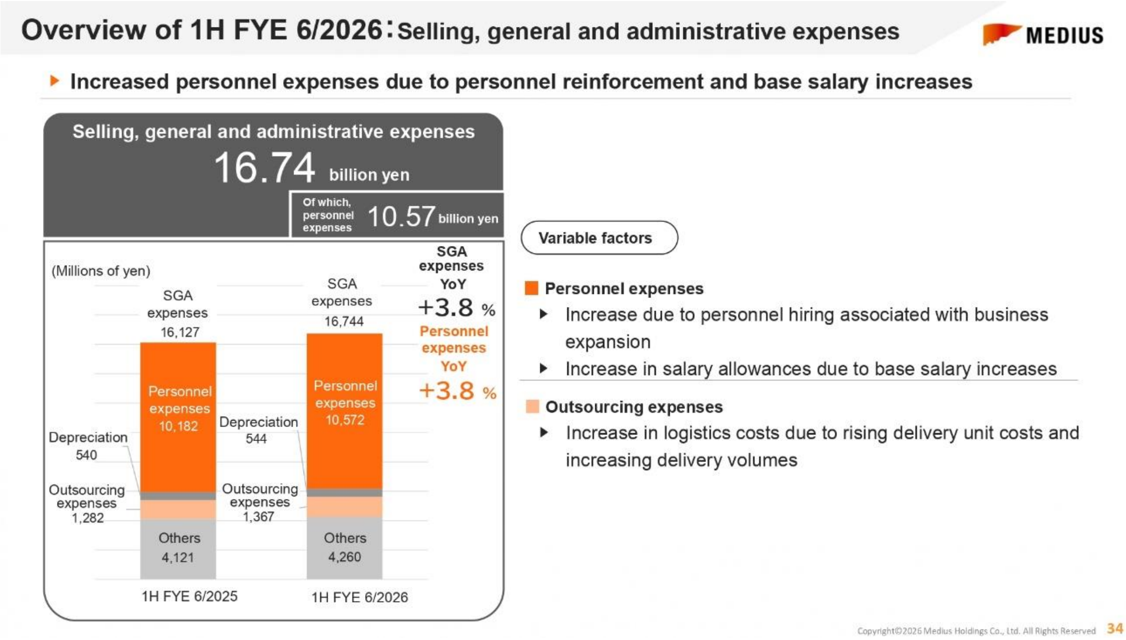
Gross profit increased due to sales growth and stable margins. However, operating profit decreased due to rising SGA expenses. Gross profit was ¥17.3 billion, up 2.7% YoY, and operating profit was ¥0.58 billion, down 22.1% YoY.

Gross profit has maintained gross profit margin even amid ongoing cost increases through deliberate efforts to improve margins, including purchase price negotiations.

Operating profit decreased YoY because of YoY increase in SGA expenses due to an increase in personnel expenses from staff additions and base salary increases.

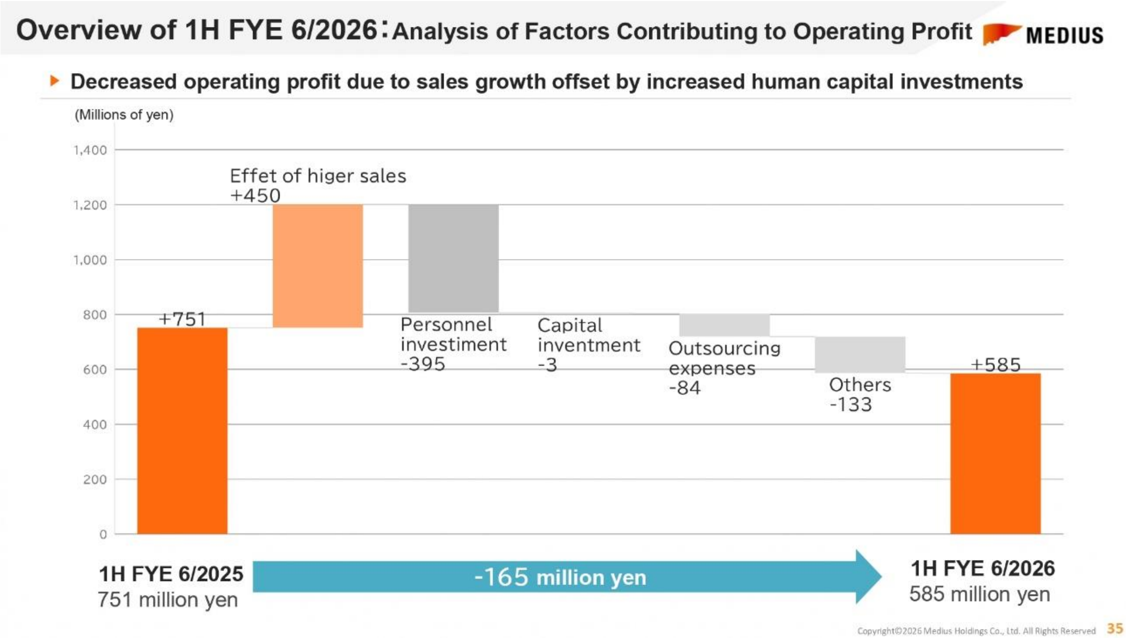
As a result, operating profit decreased YoY despite YoY increase in gross profit.

Overview of 1H FYE 6/2026: Selling, general and administrative expenses



I will now explain selling, general, and administrative expenses. Personnel expenses increased due to personnel reinforcement and base salary increases. The primary drivers were increases in personnel hiring associated with business expansion and salary allowances due to base salary increases. Outsourcing expenses rose because of an increase in logistics costs due to rising delivery unit costs and volumes.

Overview of 1H FYE 6/2026: Analysis of Factors Contributing to Operating Profit



Compared to FYE 6/2025, we saw an increase in revenue of ¥450 million. However, this was offset by a ¥395 million decrease due to increased personnel investments and an ¥84 million decrease due to higher outsourcing expenses, resulting in an operating profit of ¥585 million.

Net Sales by Prefecture

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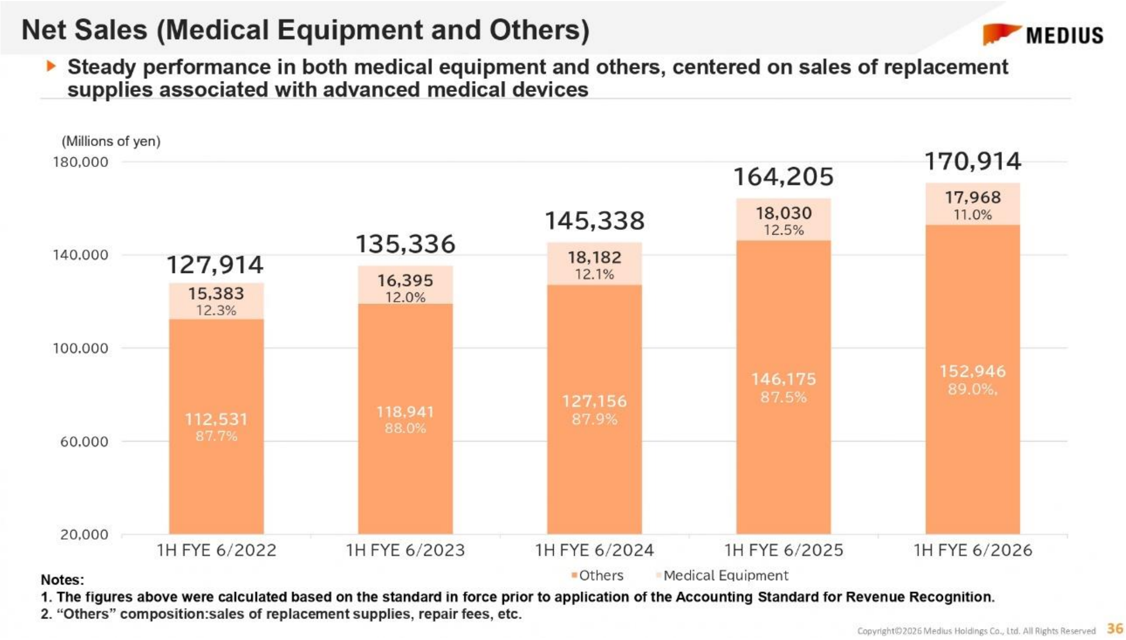
This is a breakdown of net sales by prefecture. Despite variation by prefecture, net sales increased primarily in Western Japan and Tokyo due to increased sales of ORTHO EDGE JAPAN and Althent.

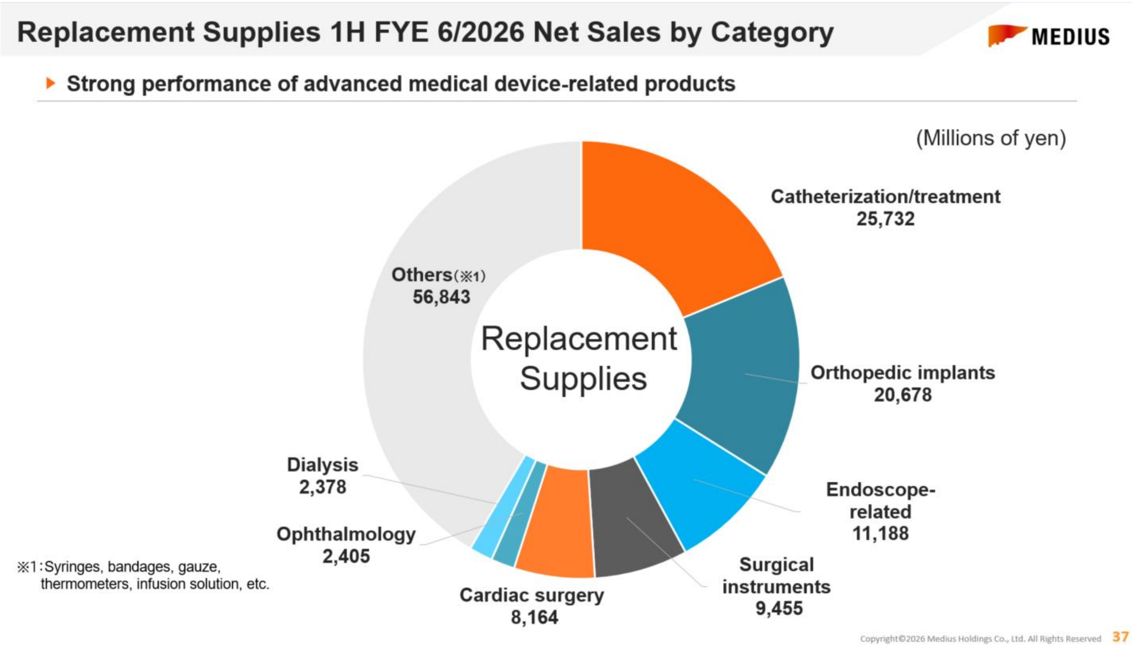
Note that in prefectures where large-sized medical equipment sales were recorded in the same period of the previous year, sales were slightly lower this period as such sales did not materialize.

Net Sales (Medical Equipment and Others)



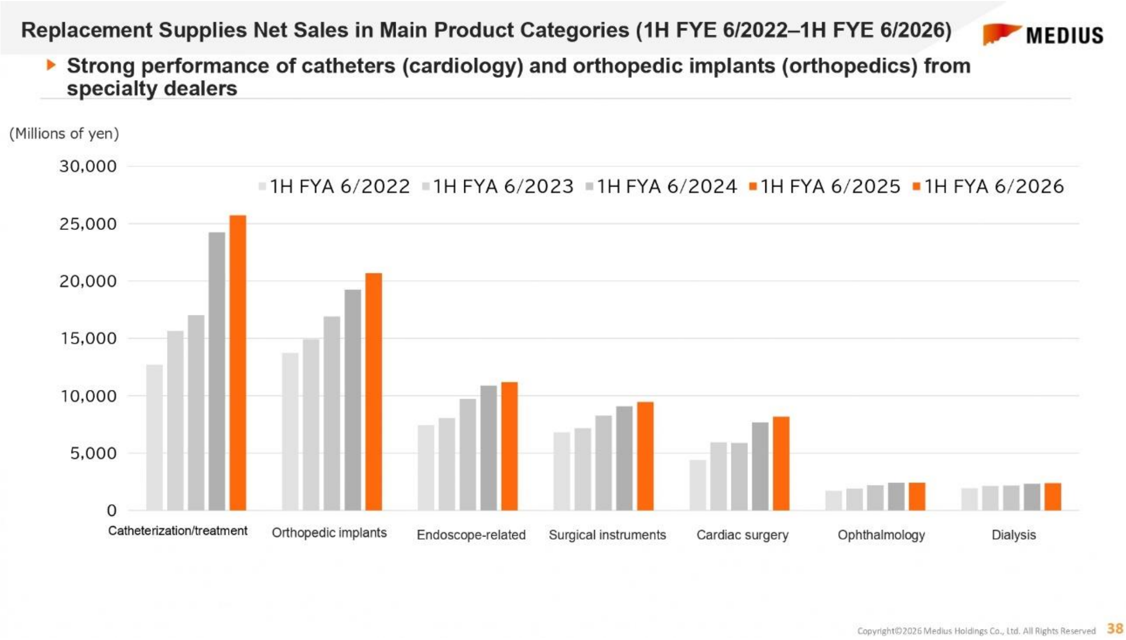
The net sales trend is shown in the graph on the slide, broken down by medical equipment and other items. We see steady performance, centered on sales of replacement supplies associated with advanced medical devices.

Replacement Supplies 1H FYE 6/2026 Net Sales by Category



Net sales by category for replacement supplies are as shown on the slide.

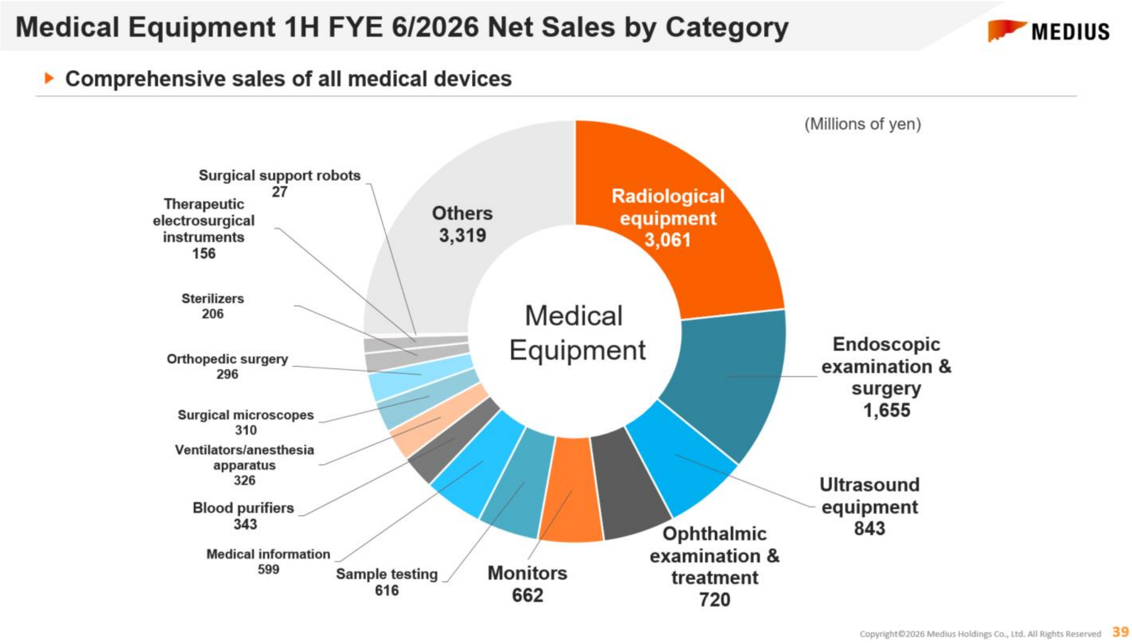
Replacement Supplies Net Sales in Main Product Categories (1H FYE 6/2022 1H-FYE 6/2026)



Net sales in catheterization/treatment increased Yo Y, as mentioned earlier, driven by factors such as sales growth in Western Japan. Additionally, the number of cases involving orthopedic implants (orthopedics) also increased Y o Y.

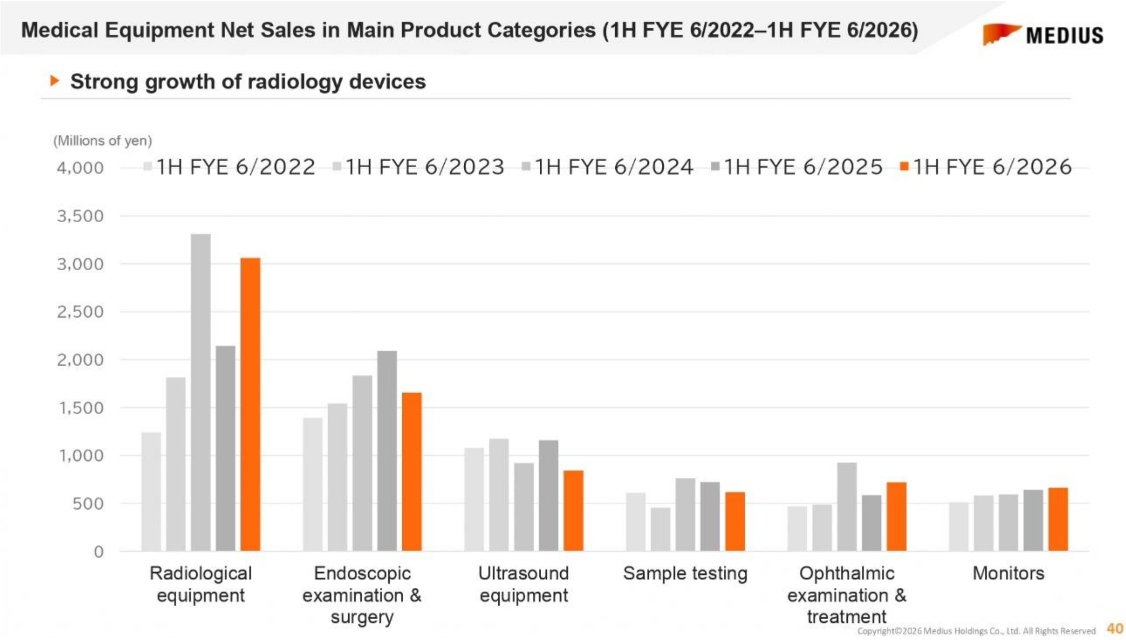
Furthermore, we observed slight increases in endoscope-related products, surgical instruments (non-cardiac), and cardiac surgery.

Medical Equipment 1H FYE 6/2026 Net Sales by Category



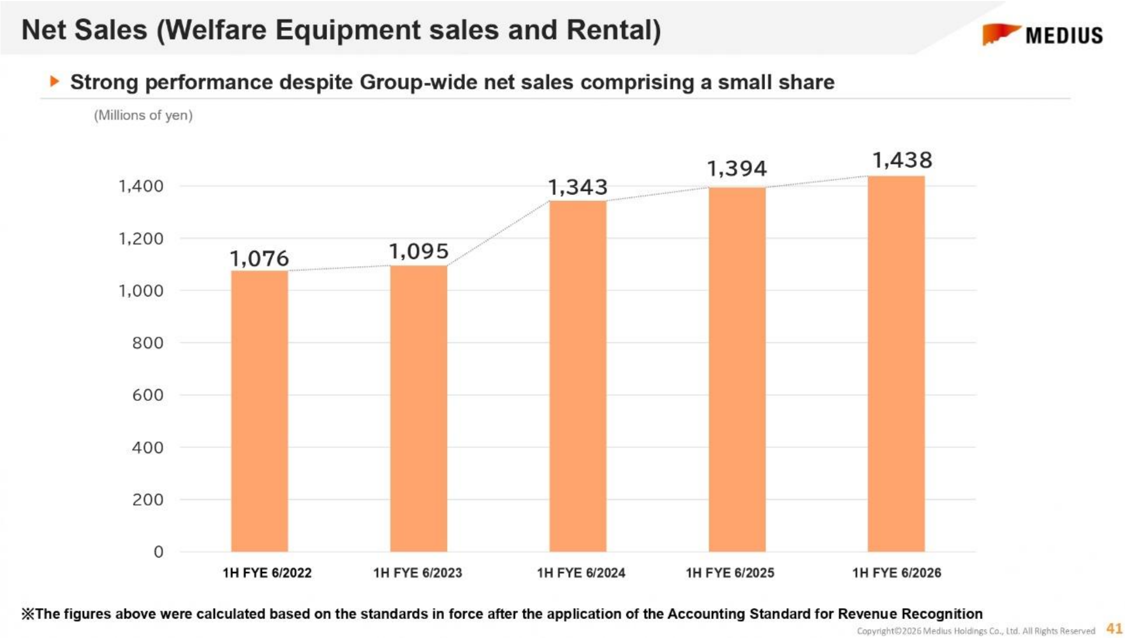
Net sales by category of medical equipment are as shown on the slide.

Medical Equipment Net Sales in Main Product Categories (1H FYE 6/2022-1H FYE 6/2026)



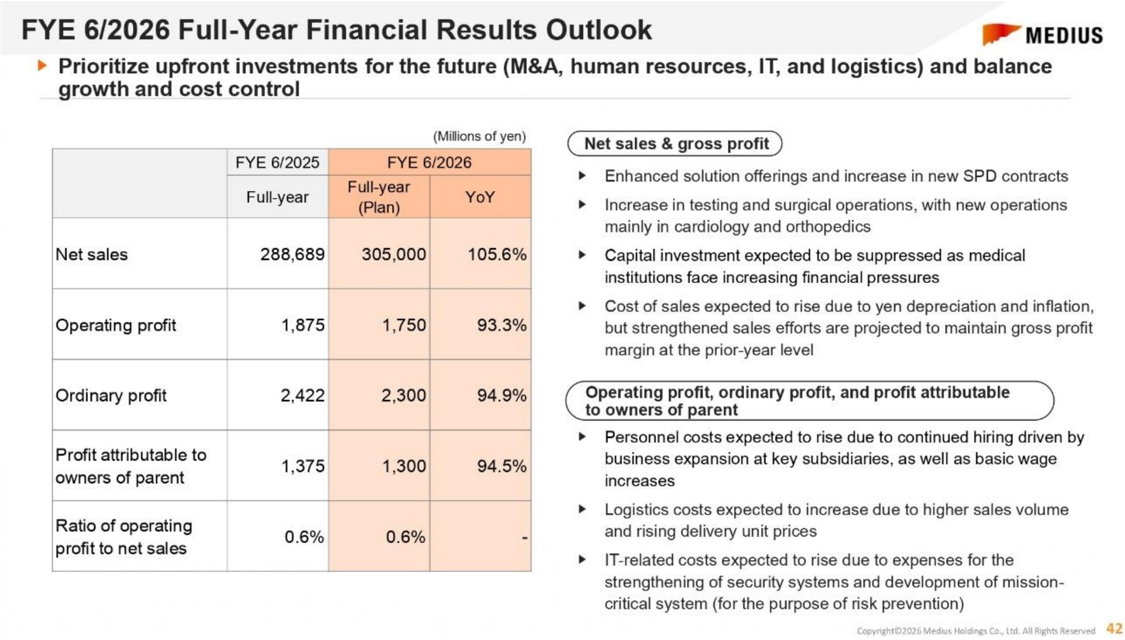
Compared to the same period of the previous year, radiological equipment saw a significant increase in revenue due to the effect of large-sized equipment sales. On the other hand, endoscopic examination & surgery equipment and ultrasound equipment decreased Y o Y.

Net Sales (Welfare Equipment sales and Rental) (1H FYE 6/2022-1H FYE 6/2026)



Here is the net sales trend for welfare equipment sales and rental services. It shows strong performance despite accounting for a small portion of total net sales

FYE 6/2026 Full-Year Financial Results Outlook



FYE 6/2026 Full-Year Financial Results Outlook

MEDIUS

- Prioritize upfront investments for the future (M&A, human resources, IT, and logistics) and balance growth and cost control

(Millions of yen)

	FYE 6/2025	FYE 6/2026	
	Full-year	Full-year (Plan)	YoY
Net sales	288,689	305,000	105.6%
Operating profit	1,875	1,750	93.3%
Ordinary profit	2,422	2,300	94.9%
Profit attributable to owners of parent	1,375	1,300	94.5%
Ratio of operating profit to net sales	0.6%	0.6%	-

Net sales & gross profit

- Enhanced solution offerings and increase in new SPD contracts
- Increase in testing and surgical operations, with new operations mainly in cardiology and orthopedics
- Capital investment expected to be suppressed as medical institutions face increasing financial pressures
- Cost of sales expected to rise due to yen depreciation and inflation, but strengthened sales efforts are projected to maintain gross profit margin at the prior-year level

Operating profit, ordinary profit, and profit attributable to owners of parent

- Personnel costs expected to rise due to continued hiring driven by business expansion at key subsidiaries, as well as basic wage increases
- Logistics costs expected to increase due to higher sales volume and rising delivery unit prices
- IT-related costs expected to rise due to expenses for the strengthening of security systems and development of mission-critical system (for the purpose of risk prevention)

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This is the full-year financial results outlook for FYE 6/2026. We prioritize upfront investments for the future while balancing growth and cost control.

For net sales and gross profit, we aim to enhance solution offerings, increase new SPD contracts and testing and surgical operations, and obtain new operations in cardiology and orthopedics.

At the same time, we anticipate rising cost of sales due to yen depreciation and inflation and suppressed capital investment as medical institutions face increasing financial pressures. With strengthened sales efforts, however, we plan to maintain gross profit margin at the prior-year level.

In terms of operating profit, ordinary profit, and profit attributable to owners of parent, personnel costs are expected to rise due to continued hiring driven by business expansion at key subsidiaries, as well as basic wage increases.

Also, logistics costs are expected to increase in 2H due to higher sales volume and rising delivery unit prices. Moreover, IT-related costs are expected to rise slightly due to expenses for strengthening of security systems and developing of mission critical system.

We have not revised the projected results for FYE 6/2026.

Dividend Payout Ratio and Policy

Dividend Payout Ratio and Policy

MEDIUS

▶ **Policy of balancing growth investments and shareholder returns**

Dividend payout ratio

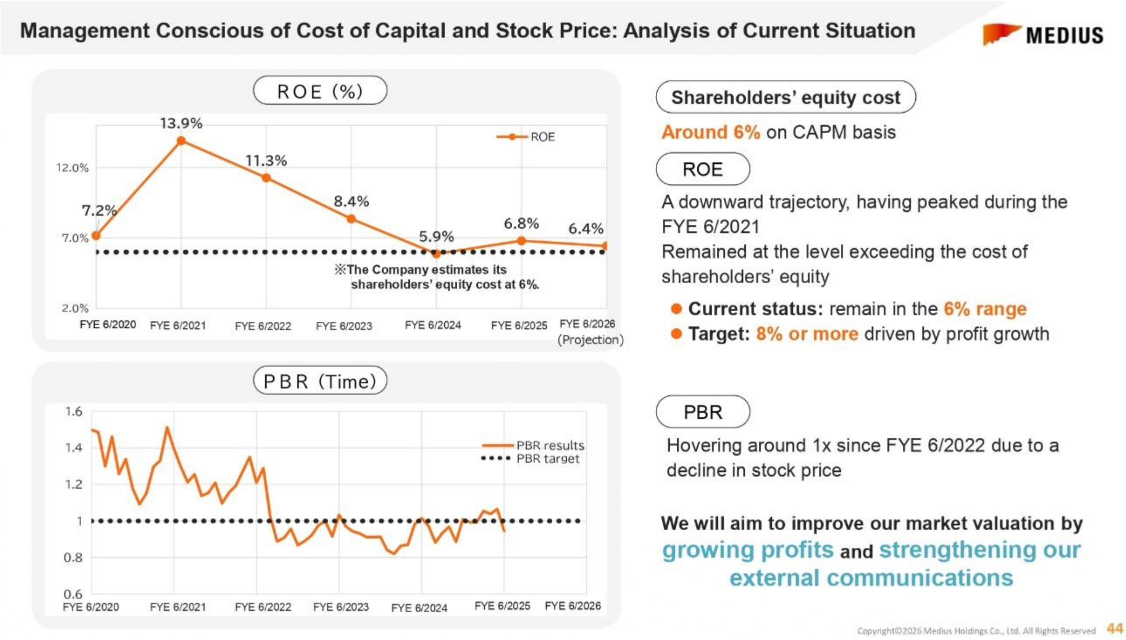
The Company's basic policy is to distribute the results commensurate with its growth while securing the internal reserves necessary to maintain stable growth over the medium to long term. To this end, the Company pays dividends with a target consolidated dividend payout ratio of 30% or more.

	FYE 6/2019	FYE 6/2020	FYE 6/2021	FYE 6/2022	FYE 6/2023	FYE 6/2024	FYE 6/2025	FYE 6/2026 (Projection)
Dividend per share (Initial projection)	14.0	14.0	14.0	14.0	14.0	14.0	**19.0**	20.0
Dividend per share	14.0	14.0	21.0	19.0	22.0	21.0	**20.0**	—
Consolidated payout ratio (%)	—	32.1	22.1	22.3	32.2	41.0	**32.3**	34.2

This slide concerns our payout ratio and policy. We pursue a policy of balancing growth investment and shareholder returns. The Company's basic policy is to distribute the results commensurate with its growth while securing the internal reserves necessary to maintain stable growth over the medium- to long-term. We plan to pay dividends with a target consolidated dividend payout ratio of 30% or more.

For FYE 6/2026, we plan to pay a dividend of ¥20 per share, which will result in a consolidated payout ratio of 34.2%.

Management Conscious of Cost of Capital and Stock Price: Analysis of Current Situation

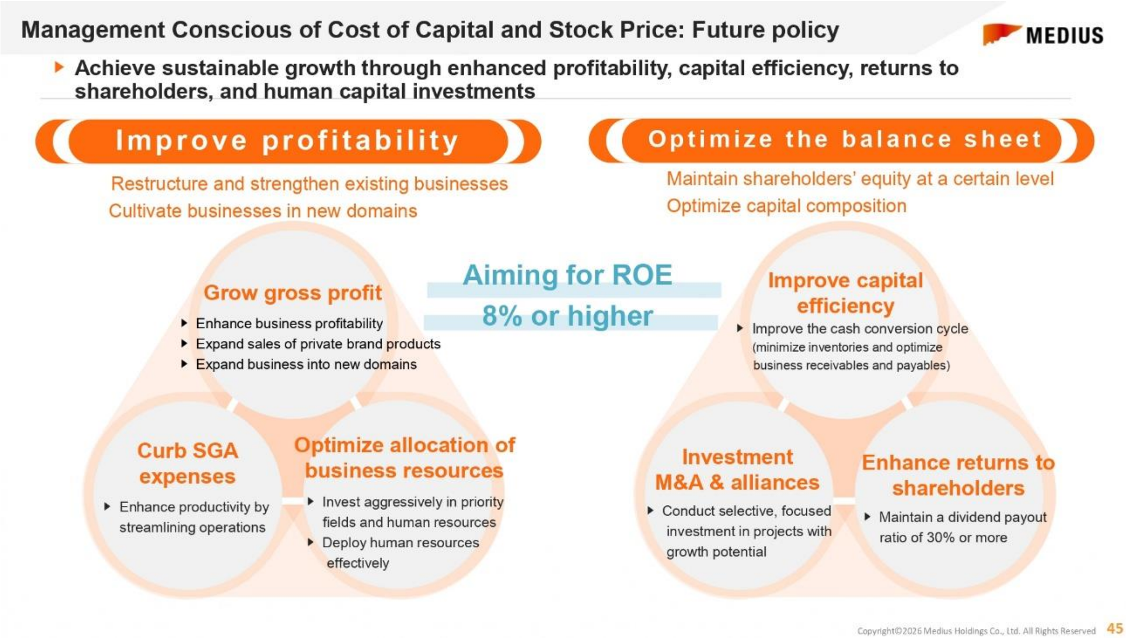


This is an analysis of current situation of management conscious of cost of capital and stock price.

The Company's shareholders' equity cost is around 6% on a capital asset pricing model (CAPM) basis. ROE is now on a downward trajectory, having peaked during FYE 6/2021. However, it still exceeds the cost of shareholders' equity. Currently, ROE remains in the 6% range, but in the medium-to long-term, we aim for 8% or higher driven by profit growth.

Since FYE 6/2022, the Company's PBR has remained around 1.0 due to falling stock prices. Going forward, we will aim to improve our market valuation by growing profits and strengthening our external communications.

Management Conscious of Cost of Capital and Stock Price: Future policy



Here is our future policy. We aim to achieve sustainable growth through enhanced profitability, capital efficiency, returns to shareholders, and human capital investments.

To improve profitability, we will restructure and strengthen existing businesses and cultivate businesses in new domains. In terms of optimizing the balance sheet, we will work to maintain shareholders' equity at a certain level and optimize capital composition, aiming for ROE of 8% or higher.

This concludes my explanation of consolidated financial results for 1H FYE 6/2026. Thank you for your kind attention.