Capital Policy and Shareholder Returns

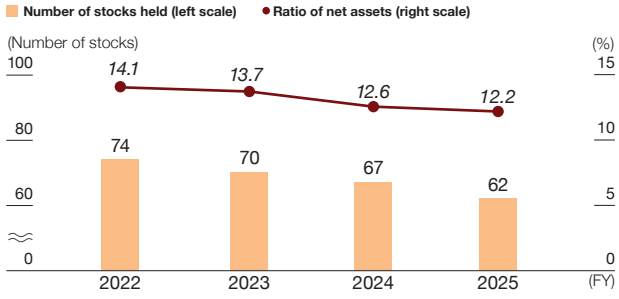
In order to generate profits that exceed the cost of capital, we will regularly monitor and verify this cost and pursue an optimal capital structure for the Company while ensuring financial soundness.

Basic capital policy



We will strive for sustainable corporate growth and maximization of corporate value through business and financial activities founded on the dual focus of increasing capital profitability and reducing the cost of capital.

Status of strategic shareholdings



Reduction in strategic shareholdings

Our basic policy is to reduce these shareholdings in the interest of controlling shareholding risk and improving capital efficiency, and we are steadily pursuing sales. We also intend to limit strategic shareholdings to 10% or less of net assets and ¥50 billion or less by around March 31, 2027. Although we are actively moving forward with asset sales, the remaining balance has been affected by rising share prices of the holdings, and as of the end of March 2026, the portfolio was valued at approximately ¥96.7 billion.

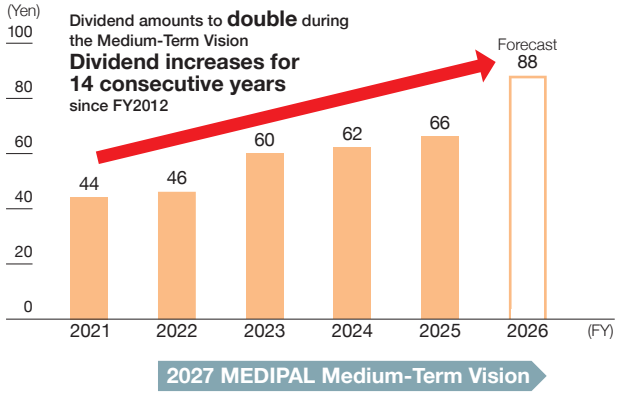
Shareholder returns

As a basic principle, we aim to maintain and improve a stable dividend payout ratio based on profit before amortization of goodwill and intangible assets arising from the growth investments outlined in the Medium-Term Vision. Furthermore, we will comprehensively assess demand for funding and flexibly implement share buybacks and cancellations of shares as appropriate for the purpose of improving capital efficiency and further returning profits to shareholders. We will continue to aim to achieve a total shareholder return ratio of 40% for the five-year cumulative period from FY2022 to FY2026. This ratio is applied to earnings before amortization of goodwill and intangible assets arising from the growth investments set forth in the Medium-Term Vision.

In FY2025, we declared annual dividends of ¥66 per share, an increase of ¥4 per share from FY2024. We also bought back and canceled approximately ¥8 billion in treasury shares. As a result, the cumulative total shareholder return ratio from FY2022 to FY2025 was 40.0%.

In FY2026, following the conversion of PALTAC CORPORATION to a wholly-owned subsidiary, our profit level is expected to improve. As a result, taking into account future financial conditions and other factors, we are planning annual dividends of ¥88 per share, an increase of ¥22 per share from the previous fiscal year, in order to enhance shareholder returns.

Dividend amount trends



Share buyback status

Share buyback in FY2025

- Type of shares acquired: common shares
- Total number of shares acquired: 3,251,000
- Total acquisition amount: ¥7,999,832,693
- Acquisition period: May 14, 2025, to October 31, 2025
- Acquisition method: Market purchases on the Tokyo Stock Exchange

Note: All shares acquired through this buyback have been canceled.