



To enhance our sustainable corporate value, we aim to further improve capital efficiency through business operations that consider growth investments and capital costs.

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Review of FY2023 Medium-Term Management Plan

Building a Financial Foundation to Support Growth Strategies

In the FY2023 Medium-Term Management Plan, we focused on establishing a foundation for sustainable growth. Our key objectives were to strengthen our profitability and to improve our financial constitution.

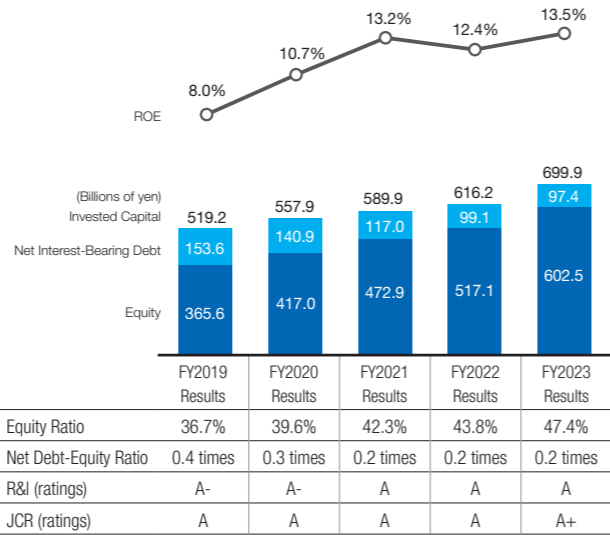
To improve our financial constitution, we promoted global cash management to optimize the use of funds. We worked to reduce financial costs, to streamline total assets to ensure financial stability and efficiency, and to strengthen governance. We also made efforts to reduce interest-bearing debt by facilitating inter-company financing among our global Group companies.

Additionally, since fiscal 2021, we introduced per-business ROIC as an internal management indicator. This fostered increased awareness in each business of cash generation by improving the collection of accounts receivable-trade and the optimization of inventory. We also aimed to strengthen profitability by instilling a practice of making investment decisions that consider future profitability and business operations focused on profit. As a result, our ROIC in fiscal 2023 improved to 11.5%, a 1.3% increase from the previous year.

As a result, we achieved the highest-ever net D/E ratio and equity ratio, thus further improving our financial constitution

and establishing a solid financial foundation to support future growth strategies. Our R&I rating has maintained an “A” rating since fiscal 2021.

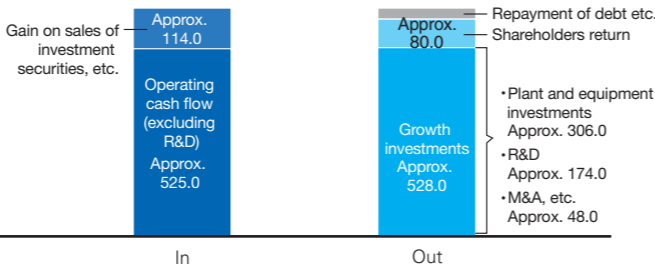
Financial Indicators and Rating



Utilizing proceeds from the sale of cross-shareholdings for growth investments

During the course of the FY2023 Medium-Term Management Plan, we carried out approximately ¥528 billion in growth investments focused on key areas to enhance sustainable corporate value. To secure the necessary funds, in addition to the approximately ¥525 billion of operating cash flow generated from improved profitability, we leveraged over ¥100 billion from the sale of investment securities during this period, which contributed to improving capital efficiency.

Cash Flow Allocation
FY2019-2023 Cumulative Results (Billions of yen)



FY2026 Medium-Term Management Plan

Initiatives for Enhancing Corporate Value through Profit-focused Management

The FY2026 Medium-Term Management Plan adopts profit-focused management as its core policy. In addition to operating profit, we will establish per-business profit as an internal KPI to drive improvements in profit.

To generate the cash needed to fuel our growth strategies, we will strengthen ROIC management across all businesses, ensure rigorous cash management, and maximize operating cash flow

while improving the health of our assets.

We plan to allocate about 90% of the generated cash to investments in growth areas. These investments will be made with a balanced approach that considers both sustainable corporate value enhancement and financial stability, thereby ensuring a stable financial foundation while pursuing growth.

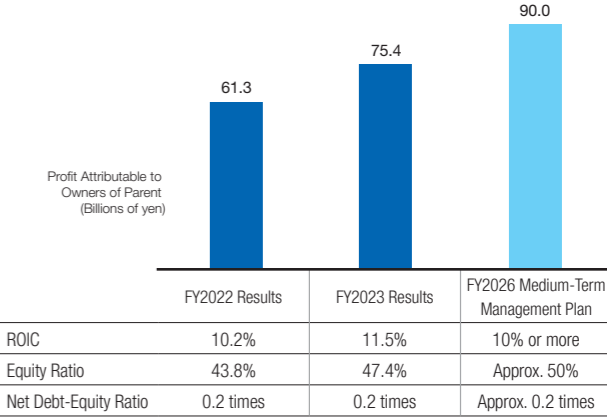
Business operations with a focus on capital costs

We will enhance per-business ROIC management, focusing on measuring profits relative to invested capital in each segment, and operate with an emphasis on capital efficiency. This will enable us to generate the cash necessary for further growth.

Under the FY2026 Medium-Term Management Plan, we will actively invest capital in the growth fields of Energy, Industry, and Semiconductors to drive profit generation. In the Food and Beverage Distribution segment, we aim to realize stable profits by making further improvements to the business constitution and the operational efficiency that results from business restructuring.

While we expect to realize significant returns from our investments, particularly those in Semiconductors, from fiscal 2027 onward, we are setting a hurdle rate of 10% ROIC, which exceeds our Company's WACC, across all business segments. By building a robust business portfolio, we aim to maximize the ROIC-WACC spread.

Financial Indicators



* ROIC = Profit attributable to owners of parent / Average invested capital at the beginning and end of the period

Shareholder returns: Aiming to continue to provide a stable dividend

Regarding the distribution of retained earnings, we aim to continue to provide a stable dividend while considering the medium- to long-term business cycle. Dividend amounts are determined based on a comprehensive assessment of factors such as current consolidated performance, capital investments and R&D planning with regard to future growth, and the overall business environment.

In line with this policy, the dividend for fiscal 2023 was set at

¥135 per share, an increase of ¥20 compared to fiscal 2022.

Under the FY2026 Medium-Term Management Plan, we will focus on promoting growth strategies as a priority strategy by actively utilizing funds for growth investments. We aim to sustainably improve profitability and maximize profits. We prioritize shareholder returns to be constantly paid as a stable dividend, with a rough target payout ratio of 30%.

Changes in Annual Dividends and Dividend Payout Ratio

