May 12,2025

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Notice Concerning Action to Implement Management That Is Conscious of Cost of Capital and Stock Price (Update)

At a meeting held today (May 10, 2025) the Chuo Warehouse Co.,Ltd board of directors resolved to continue the policy to improve the cost of capital and return on capital, after updating the evaluation and analysis conducted at the Board of Directors meeting held on May 10, 2024.

1. Recent Results

In the previous fiscal year, the final year of the 7th Medium-Term Management Plan, we have implemented various measures to achieve our goals. For FY2024 results and FY2025 forecasts, please refer to the " Consolidated Financial Results" released today.

Financial Performance (FY2021 to FY2024) (millions of yen)

	FY2021 (result)	FY2024 (result)	Difference	Targets for FY2027
Operating revenue	23,931	27,840	116.3%	31,500
Operating profit	1,866	2,189	117.3%	2,500
Ordinary profit	2,080	2,433	117.0%	2,650
Profit attributable to owners of parent	1,352	1,588	117.5%	—
EBITDA	3,231	4,003	123.9%	—
Operating profit margin	7.8%	7.9%	+ 0.1%	7.9%
Ordinary profit margin	8.7%	8.7%	+ 0.0%	8.4%
ROE	3.3%	3.5%	+ 0.2%	5.0%
PBR	0.46	0.57	+ 0.11	—
Dividends per share (yen)	24	36	150.0%	—

EBITDA = Operating profit + Depreciation

2． Understanding the current situation

The cost of capital (based on CAPM) increased by approximately 0.5% year-on-year, primarily due to the rise in risk-free rates driven by increasing domestic interest rates.

ROE declined by 0.4% year-on-year. Although ordinary income increased, extraordinary losses led to a decrease in net income. Additionally, net assets rose due to higher retained earnings and valuation gains on cross-shareholdings, despite ongoing share buybacks.

As a result, we recognize that ROE will be below the cost of capital range in fiscal 2024.

The stock price rose from 1,148 yen at the end of FY2023 to 1,422 yen at the end of FY2024. In addition to the relatively strong business performance, we recognize that this was due to the recognition of measures to improve capital efficiency and shareholder returns, such as share buybacks and continuous dividend increases, but our PBR is still below 1x, and we recognize that we have not been able to adequately meet the expectations of investors.

Trends in Indices and Stock Prices

	FY2020	FY2021	FY2022	FY2023	FY2024
Cost of capital※	3.3～3.8%	3.9～4.5%	3.7～4.3%	3.3～3.8%	3.9～4.3%
ROE	3.3%	3.3%	4.1%	3.9%	3.5%
PER	16.4	13.9	12.0	12.8	16.8
PBR	0.53	0.46	0.48	0.48	0.57
End-of-period stock price	1,131	990	1,083	1,148	1,422

※Cost of Capital = Risk-Free Rate + β × Market Risk Premium
Risk-Free Rate = 10-Year government bond Yield (End of FY2024: 1.497%)
β = Sensitivity to the volatility rate of the Company's stock and TOPIX over the last 5 years (End of FY2024: 0.40)
Market Risk Premium = 6.0 ~ 7.0%

3． Policy for Improvement

Based on the above, we will continue our existing policy and promote initiatives to improve PBR.

With a thorough awareness of capital costs and profitability, we aim to achieve an ROE level (currently perceived as 5%) that exceeds the range of capital costs through 1) enhancing profitability, 2) strengthening financial strategies and capital policies, and 3) expanding IR activities. We will also strive to improve PBR.

4. Status of Improvement Initiatives

1) Formulation of the 8th Medium-Term Management Plan

In anticipation of our 100th anniversary in October 2027, we have formulated a new medium-term management plan, "NEXT CS-100", in order to become a company that will be needed by our customers and society for the next 100 years, and where employees will feel proud and rewarded to work. For the NEXT CS-100, we have set a target of ROE of 5% in the final fiscal year (FY2027). In order to achieve this, it is necessary to increase net income and curb the increase in net assets compared to the results of FY25/3, and to this end, we will implement various measures, such as improving profitability and strengthening our financial and capital strategies.

【Consolidated Performance Targets】 (Millions of yen)

	FY2027 target	FY2024 Results
Operating revenue	31,500	27,840
Operating profit	2,500	2,189
Ordinary profit	2,650	2,433
Operating profit margin	7.9%	7.9%
Ordinary profit margin	8.4%	8.7%
ROE	5.0%	3.5%

2) Improving Profitability

measures	Status of Initiatives
(1) Expand the handling of imported general-purpose resins and chemicals	While major chemical manufacturers continue to withdraw from domestic production of general-purpose resins, imports are increasing, and we will seize this opportunity to expand our share of imported general-purpose resins.
(2) Participation in the supply chain of business partners and expansion of heavy machinery relocation and installation services	In addition to proposing logistics functions and efficiency improvements in the supply chains of our business partners, we will expand sales to machine tool manufacturers and other organizations through a scheme that combines heavy machinery relocation and installation services and export packaging.

(3) Expansion of recycling-oriented businesses	We aim to expand our market share in the field of recycled PET resins and expand our handling of reverse logistics.
(4) Expansion of domestic sales area	Following the Otsu logistics center in FY2023, we plan to open a new logistics center in Ama-City, Aichi Prefecture in FY2026. In addition, we will further expand our logistics network by enhancing the functions of our bases in the Kyushu region and building a domestic multimodal transportation network.
(5) Improvement of profitability through high operational quality and creation of added value	We will work to improve productivity and quality by jointly promoting DX with our business partners and strengthening human resource education, and reduce costs and improve profitability.

3） Strengthening Financial Strategies and Capital Policies

measures	Status of Initiatives
(1) Sale of assets	In FY2022~2024, the amount of cross-shareholdings sold was 1,706 million yen for 13 stocks. (Approximately 19% of the valuation of 8,967 million yen on the balance sheet at the end of fiscal 2021) Due to the increase in the market value of the shares held, the valuation on the balance sheet at the end of FY2024 was 11,150million yen, which has increased more than the sale price, but we will continue to sell them during the period of the 8th Medium-Term Management Plan. Under the 8th Medium-Term Management Plan, we plan to sell 1.5 billion yen, including securities and real estate.

(2) Dividend Policy	Dividend per share: ¥28 per share in FY22→ ¥30 per share in FY23→ ¥36 per share in FY24→ ¥38 per share in FY25 During the period of the 8th Medium-Term Management Plan, our basic policy is to implement progressive dividends.
(3)Share buyback	In August 2024, we announced a share buyback of up to 1 billion yen, and as of the end of April 2025, we have purchased 553,900shares worth 806,664,600 yen. During the period of the 8th Medium-Term Management Plan, we plan to carry out share buybacks of 3 billion yen, but we will consider further increases depending on the situation.
(2) M&A (including capital tie-ups)	In January 2023, we conducted an M&A for TESPAC, and we continue to collect information from financial institutions and intermediaries on companies with strengths in packaging and heavy machinery relocation and installation services, and we are actively considering capital alliances with companies that contribute to our growth.
(5) Investment in human resources (utilization of work environment, diversity, and skills)	We have invested several immediate-impact personnel in growth and problem-solving areas, and we will continue to strive to secure talented human resources while increasing the number of female managers. In addition, we have introduced a restricted stock incentive plan for employee stock ownership plans with the aim of increasing employees' motivation to increase corporate value and sharing the results among employees, management, and shareholders.

Cash Allocation Forecast (8th Medium-Term Management Plan2025/4~2028/3)

Unit: Millions of yen

Cash In		Cash Out	
Operating Cash Flow	9,800	Renewal and renovation of existing facilities	5,000
Asset Sale	1,500	Growth Investment※	7,000
Borrowing	2,000	Dividend	2,100
Cash withdrawal	3,800	Share buyback	3,000
Total	17,100	Total	17,100

* Construction of new warehouses, M&A, system investment, human capital investment, etc.

1） Expansion of IR Activities

measures	Status of Initiatives (FY2024 Results)
(1) One-on-one meetings with institutional investors	Five one-on-one meetings, IR for institutional investors twice (held in a hybrid of face-to-face and online meetings).
(2) Continuing holding briefings for individual investors	Two IRs for individual investors (1 face-to-face and 1 online) and 1 briefing session for IFAs
(3) Enhancement of management information disclosure (expansion of information disclosure opportunities)	Disclosure and distribution of transcripts of financial results briefing information (twice for interim financial results and full financial results)
(4) Enhancement of ESG information and sustainability disclosure (information disclosed in financial results briefing materials and on the Company's website)	Enhancement of PR information disclosure such as the Company's SDGs-related initiatives (held 9 times)
(5) Regular implementation of shareholder questionnaires, feedback to	Feedback on shareholder questionnaires published in interim shareholder newsletters and annual reports is provided by the Board

the Board of Directors, and reflection in management	of Directors and the Nomination and Remuneration Governance Committee (a voluntary committee chaired by an outside director)

５． Future Initiatives

１） By implementing each of the above measures, we aim to achieve ROE (5%) in the final year of the Eighth Medium-Term Management Plan, which exceeds the cost of capital.

２） On top of that, we will continue to consider the ROE level that we should aim for next, while listening to the level expected by investors through IR activities.

３） In addition, we will continue to strive to increase our PBR by boosting earnings per share through flexible share buybacks and maintaining or increasing the dividend amount from the previous year through progressive dividend policy, thereby continuing our efforts to increase medium- to long-term investment returns.

DISCLAIMER:
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