

NIPPON PILLAR PACKING CO., LTD.

Action to Implement Management
that is Conscious of Cost of Capital and Stock Price

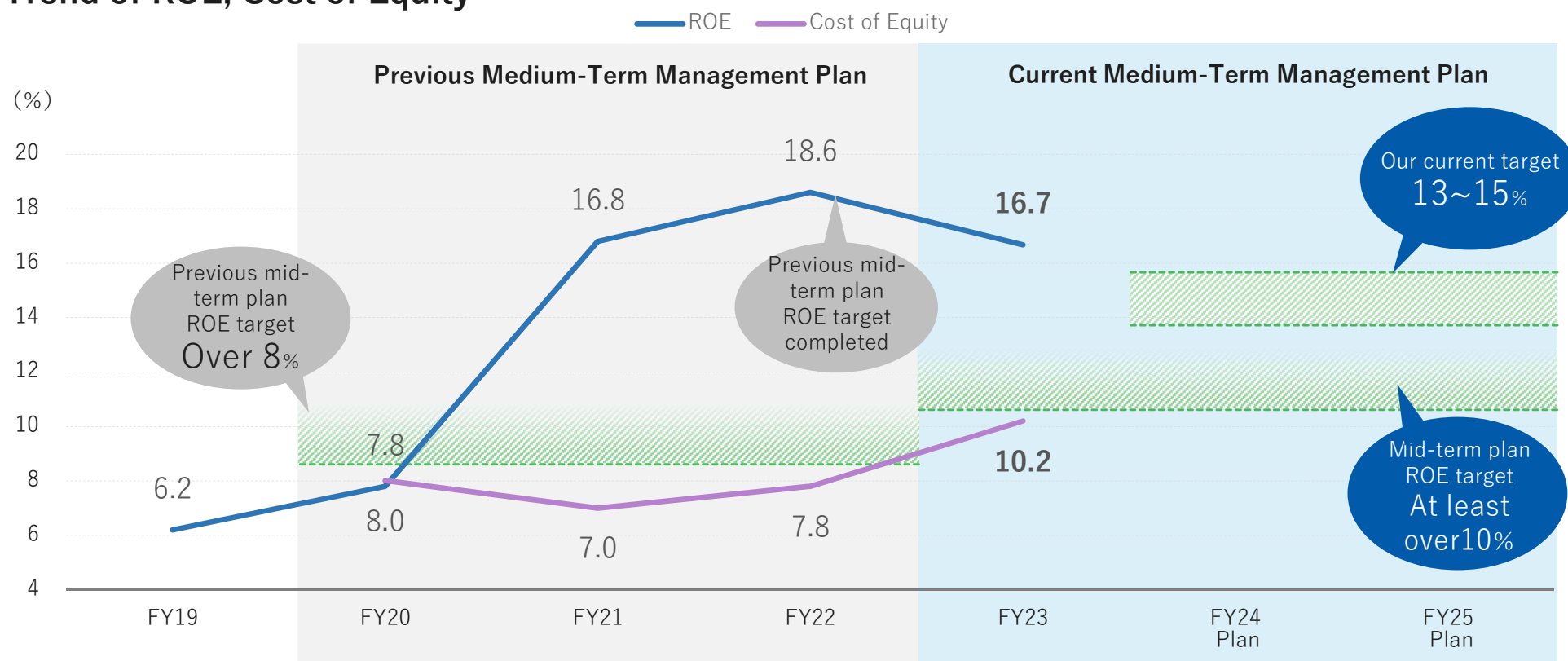
May 13, 2024

Tokyo Stock Exchange
Prime Market
6490

Current Analysis of Cost of Equity

- We acknowledge that the current cost of equity stands at approximately 10%. The increase of Beta has resulted in a rise of the cost of equity.
- Our ROE has declined to 16.7%, down by 1.9pts from FY2023's figure of 18.6% due to large-scale capital investments, but we confirmed at the board of directors meeting that the return on capital remains higher than the cost of equity.
- Although our mid-term management plan targeted an ROE exceeding 10%, we are now aiming for a range between 13% and 15%, considering the rising cost of equity.

Trend of ROE, Cost of Equity*

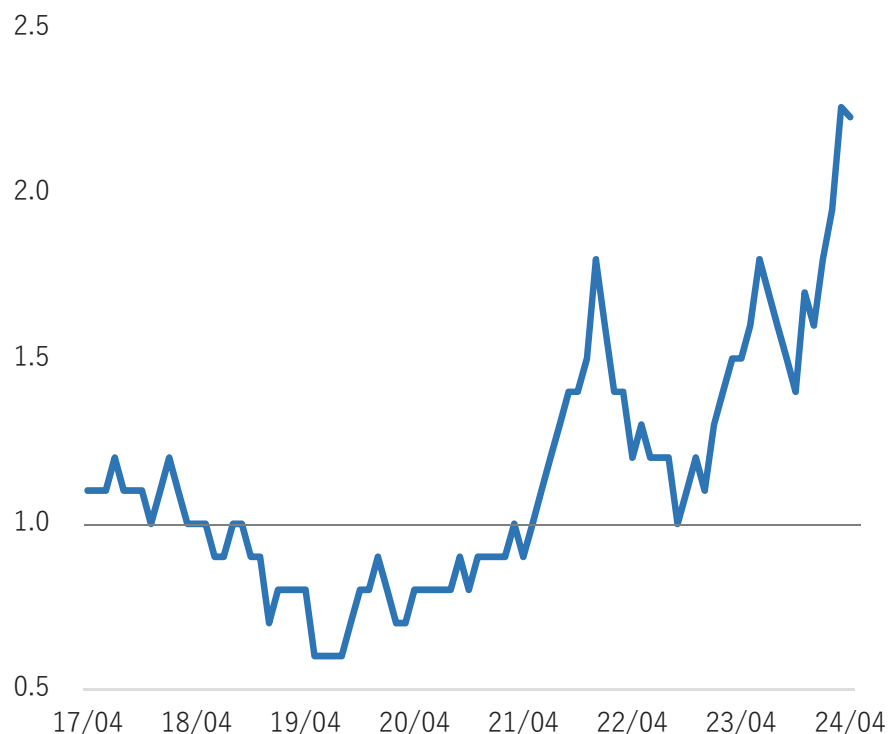


Trends and Analysis of PBR,PER

- The PBR remained below 1.0x from April 2018 to April 2021. However, due to the increase in stock price aligned with the improving ROE, the PBR has now surpassed 2.0x.
- On the other hand, the PER mostly ranged between 10.0x and 15.0x after bottoming out in April 2022.
- As a company with over 70% of its revenue derived from semiconductor-related business, we recognize that there is still potential for our PBR and PER to increase compared to other companies in semiconductor industry.

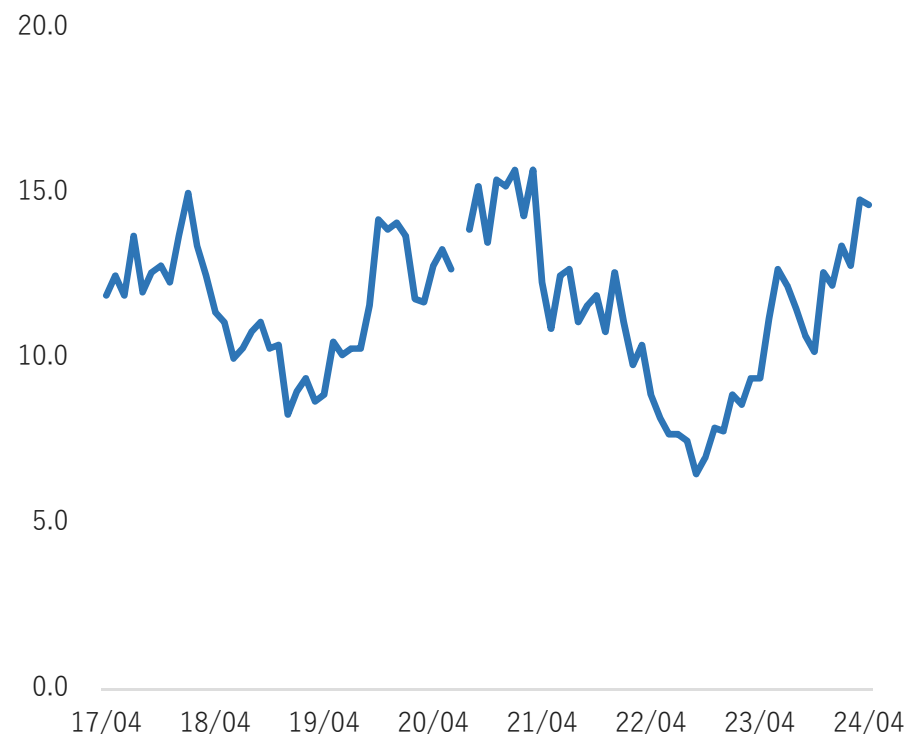
Trend of PBR

(time)



Trend of PER Forecasts*

(time)



*The PER is calculated based on our forecast.

Aiming to maintain an ROE that exceeds the cost of equity

- We acknowledge that growth potential and investment efficiency are essential for enhancing the corporate value.
- While continuing to grow in our current market, we are taking initiatives on exploring new markets to achieve the goals of our medium-term management plan ,“One2025”.
- While making proactive investment, we aim to uphold a high level of ROE that exceeds the cost of equity.

Breakdown of PBR

Initiatives aimed at maintaining an ROE that exceeds the cost of equity

