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July 8, 2025

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

ERI Holdings Co., Ltd. (hereafter, “the Company”) hereby announces that it has analyzed and evaluated its current status regarding measures aimed at achieving management that takes into account capital costs and stock prices, in order to achieve sustainable growth and improve its corporate value over the medium to long term. Based on this analysis, the company has now formulated a policy for future improvements.

For the detail, please refer to the attached file “Action to Implement Management that is Conscious of Cost of Capital and Stock Price.”

End

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

July 8, 2025

ERI Holdings Co., Ltd.

(TSE : 6083)

<https://www.h-eri.co.jp/>

Situational Analysis – Market Cap, Comparison with TOPIX

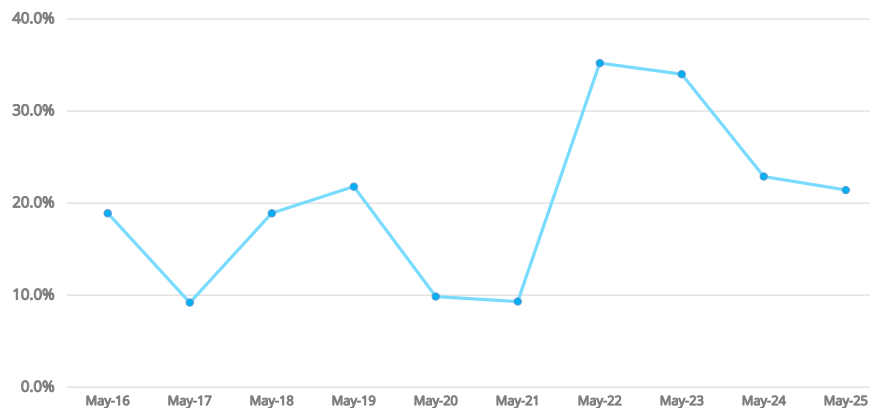
► Market Capitalization

After COVID-19 pandemic, stock price reflected improvement in business performance and M&As and the market capitalization has been on an increasing trends.



► ROE

ROE improved largely due to an improvement of net profit margin by the solid business performance after COVID-19 pandemic.



► Stock Price Performance vs. TOPIX

After COVID-19 pandemic, the stock price has been outperforming TOPIX.



	FY 5/2020	FY 5/2021	FY 5/2022	FY 5/2023	FY 5/2024	FY 5/2025
ROE	9.9%	9.3%	35.2%	34.0%	22.9%	21.4%
Net profit margin	1.7%	1.8%	7.6%	8.8%	6.8%	6.6%
Total asset turnover	2.19	2.22	1.88	1.60	1.57	1.59
Financial leverage	2.58	2.27	2.46	2.41	2.13	2.06

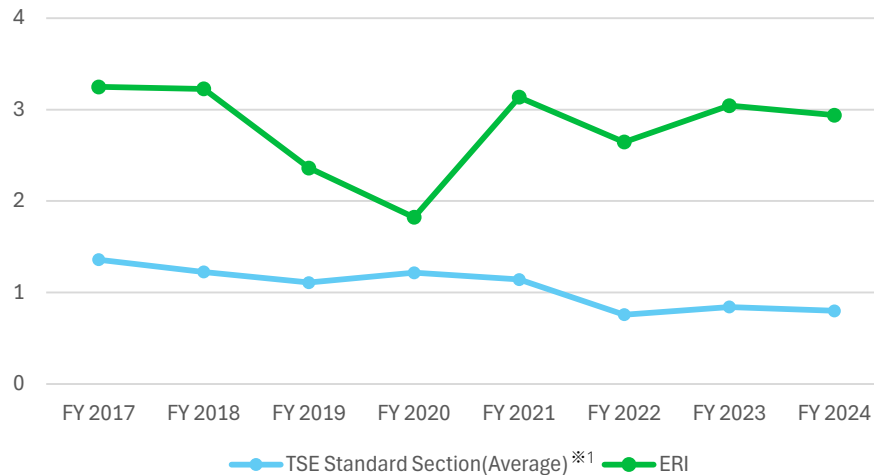
Situational Analysis – PBR, PER, Cost of Capital

► PBR, PER

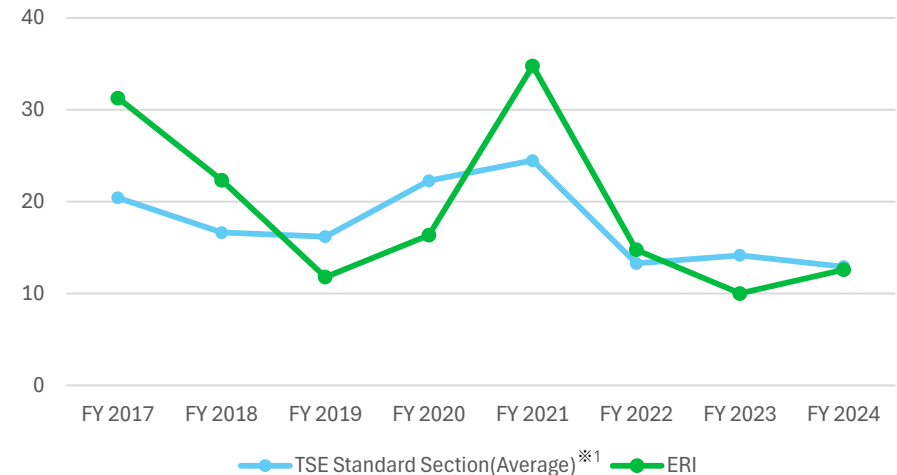
PBR has been exceeded 1.0 and the market average.

PER has been swinging up and down around the market average.

P B R



P E R



※1 TSE Standard Section(average) data is calculated by the 2nd section and the Standard section data based on before and after TSE's market segments reform, respectively.

► Cost of capital

Cost of capital is estimated 6% to 7% based on CAPM ※2

※2 Cost of capital = Risk free rate + $\beta \times$ Market risk premium

ROE has been exceeded the cost of capital and created positive equity spread.

PER ,however, has not always exceeded the market average and investors don't satisfactory evaluate our business growth potential.

Goals and Initiatives

In order to sustainably provide highly public services that is our mission, we will grow our business with the long-term goal – “Market Cap of 30 billion yen by 2030.”

<p>Enhancing profitability and sustainable business growth</p>	<p>Improving PER by implementing measures to achieve long-term goals and fostering and sharing convincing growth expectations with investors. Aiming to establish sustainable and stable business by expanding business portfolio through continuous M&As.</p> <table data-bbox="555 499 1897 696"> <tr> <th>Mid term management plan</th><th>Goals of FY ending May 2028</th></tr> <tr> <td>Sales</td><td>28 billion yen</td></tr> <tr> <td>Ordinary profit</td><td>4 billion yen</td></tr> <tr> <td>ROE</td><td>20%~30%</td></tr> </table>	Mid term management plan	Goals of FY ending May 2028	Sales	28 billion yen	Ordinary profit	4 billion yen	ROE	20%~30%
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Sales	28 billion yen								
Ordinary profit	4 billion yen								
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<p>Enhancing shareholder returns</p>	<p>Aiming to continue stable dividends through stable business performance and improve shareholder returns through business growth (enhance annual par share dividend).</p> <table data-bbox="555 832 1897 982"> <tr> <th>Mid term management plan</th><th>Goals of FY ending May 2028</th></tr> <tr> <td>Dividend</td><td>100 yen per share/year</td></tr> </table>	Mid term management plan	Goals of FY ending May 2028	Dividend	100 yen per share/year				
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<p>Dialogue with Capital Markets and IR Activity</p>	<p>Scrupulous dialogue with institutional investors (briefing for institutional investors, 1 on 1 meeting, etc.) IR for foreign investors (simultaneous English disclosure of financial reports and timely disclosure materials, etc.) and briefing for individual investors Much more proactive PR regarding the expansion of the business portfolio</p>								