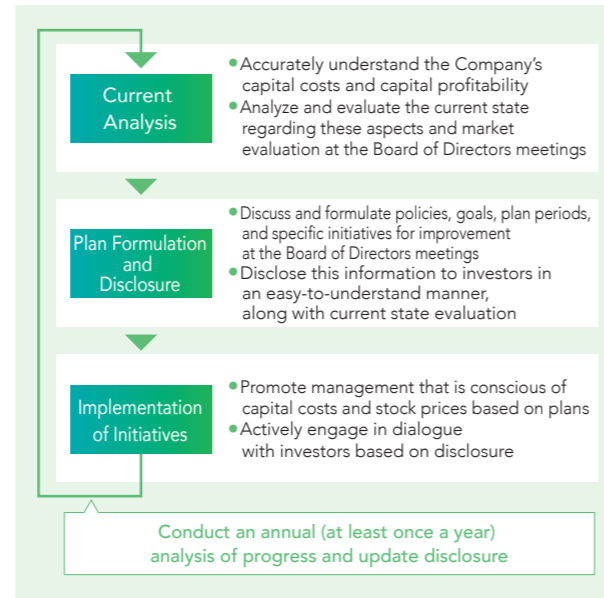


# Action to Implement Management that is Conscious of Cost of Capital and Stock Price

The Company uses indicators such as return on equity (ROE) and return on invested capital (ROIC) to analyze the current state of capital profitability and as target values for the Sixth Mid-Term Management Plan.

We regularly discuss understanding capital costs, analyzing the current state based on market evaluation, and formulating plans at the Board of Directors meetings. We are working towards achieving management that is conscious of capital costs and stock prices to further enhance corporate value.

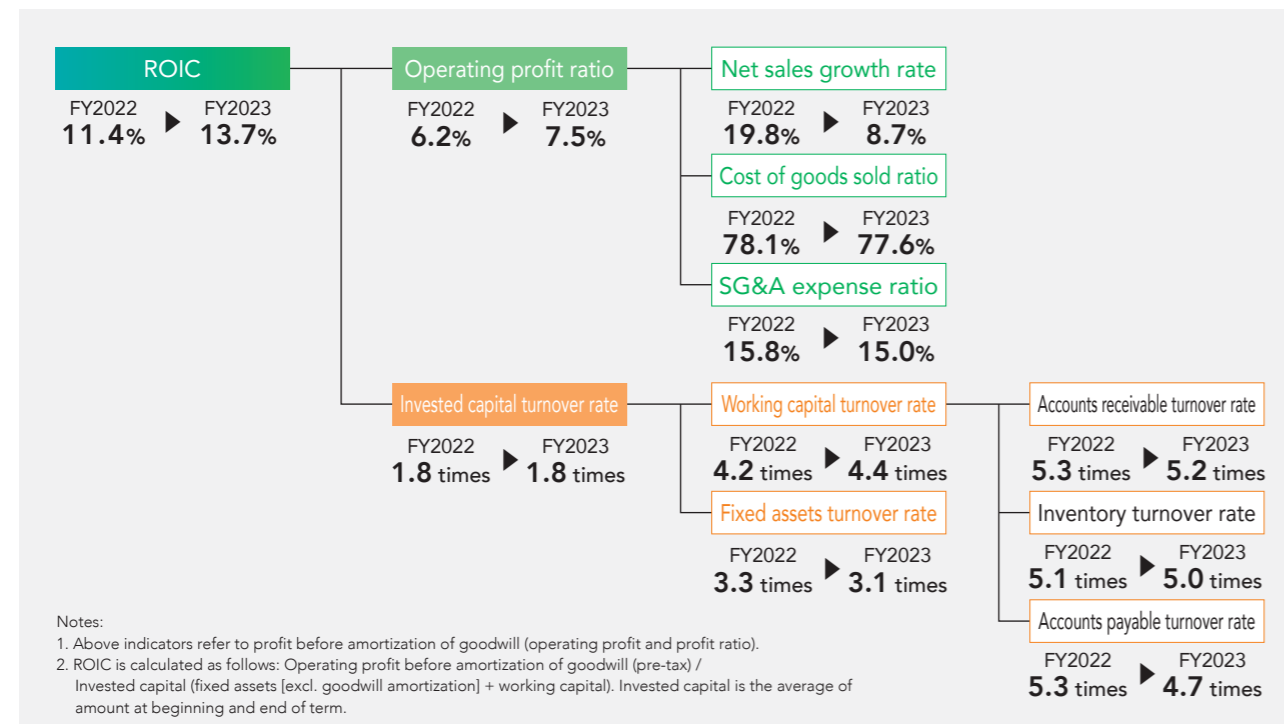
Although there is a possibility that ROE may temporarily decline due to the impact of the recent capital increase, we will promote growth investments to maximize the opportunities presented by the global expansion of storage battery demand toward achieving carbon neutrality. Additionally, by reinforcing the earning capacity in existing businesses, we aim to increase earnings per share (EPS) and improve ROE. We will actively engage in dialogue with investors regarding efforts to achieve mid- to long-term goals, business growth, and future prospects to expand market capitalization and improve price book-value ratio (PBR).



Source: Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Tokyo Stock Exchange)

## ROIC Tree

In the Sixth Mid-Term Management Plan from FY2023, the Company has set ROIC as one of its management goals and aims to improve it. The invested capital turnover rate for FY2023 remained flat, but the operating profit ratio improved mainly due to an increase in sales volume of lithium-ion batteries and lithium-ion batteries for HEVs and ESS, as well as efforts to correct sales prices. As a result, the Company's overall ROIC increased from 11.4% in the previous fiscal year to 13.7%. In the automotive lithium-ion battery business, we are making significant upfront investments in growth areas, leading to fluctuations depending on the fiscal year. Therefore, the company evaluates and manages ROIC on mid- to long-term trends rather than on a single-year comparison.



Notes:  
 1. Above indicators refer to profit before amortization of goodwill (operating profit and profit ratio).  
 2. ROIC is calculated as follows: Operating profit before amortization of goodwill (pre-tax) / Invested capital (fixed assets [excl. goodwill amortization] + working capital). Invested capital is the average of amount at beginning and end of term.

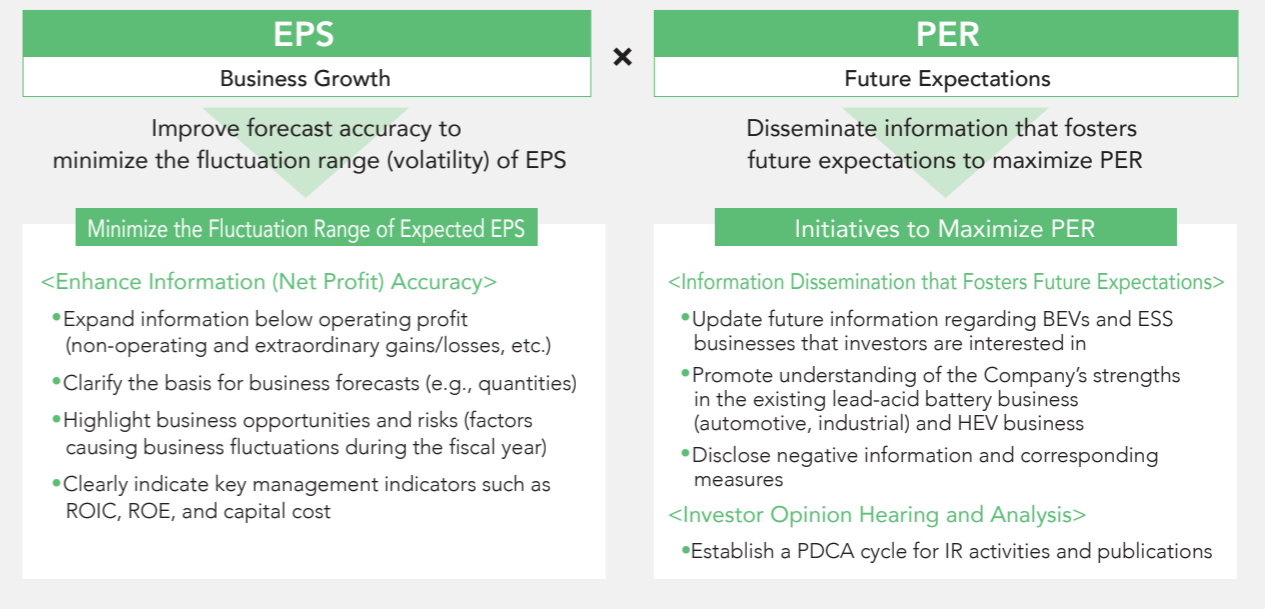
## TOPICS 01 Initiatives to Promote ROIC Management Within the Company

We are working on awareness activities through various measures tailored to each organizational level. We have held multiple study sessions for management and regularly disseminate information through the internal email newsletter. We are also promoting this understanding through total quality management (TQM) activities. From FY2021, we have requested that Kaizen (improvement) activities be linked with ROIC when formulating the annual plans of each department, incorporating this into employees' goal-setting processes. As a result, each individual is gradually becoming more aware of how improvements through TQM activities affect ROIC. We will continue these efforts to further raise awareness within the Company.

## 02 Measures to Improve Stock Price

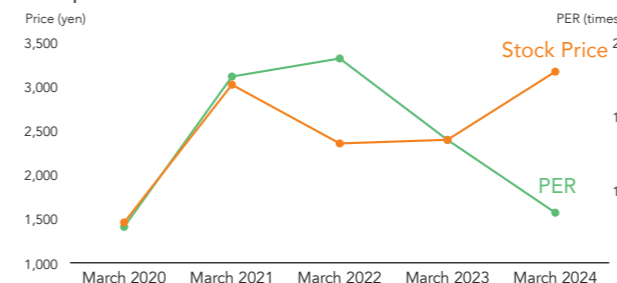
The Company is working toward management that is conscious of capital costs and stock prices, and to this end, we repeatedly discuss understanding capital costs, analyzing the current situation based on market evaluation, and formulating plans at the Board of Directors meetings. Our aim is to enhance corporate value further, expand market capitalization, and improve PBR.

Regarding EPS, a component of stock price, we are promoting growth investments to maximize global storage battery demand opportunities for achieving carbon neutrality. Simultaneously, we are working on initiatives to enhance business growth such as strengthening the profitability of existing businesses. Additionally, we are striving to improve information accuracy to minimize the fluctuation range of expected EPS. Furthermore, we are working to improve price earnings ratio (PER) by actively engaging in dialogue with investors about our initiatives to achieve mid- to long-term goals, business growth, and future potential. This is part of our measures to improve stock prices.

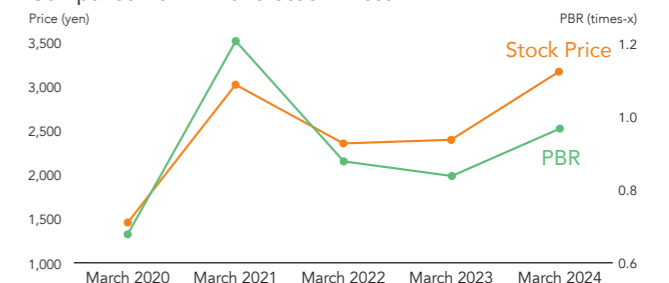


## Reference Data

Comparison of PER and Stock Prices



Comparison of PBR and Stock Prices



Note: PER is for operating profit before amortization of goodwill.