



June 18, 2025

Company name : COSEL CO., LTD  
Listing : Tokyo Stock Exchange Prime Market  
Securities code : 6905  
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### Initiatives for Enhancing Corporate Management with a Focus on Capital Cost and Stock Price Awareness

On June 18, 2025, COSEL CO., LTD. (“we”) held a meeting of the Board of Directors to review current efforts toward management that takes capital costs and stock price into account, and to determine future initiatives.

For further details, please refer to the attached document titled “*Efforts Toward Achieving Management Aimed at Capital Costs and Stock Price Awareness.*”



Efforts Toward Achieving Management Aimed at  
Capital Costs and Stock Price Awareness

**COSEL CO., LTD.**

June 18, 2025

To sustainably maintain a stable ROE above the cost of capital, thereby enhancing shareholder value

To pursue a dual approach of strategic growth investment and robust shareholder returns

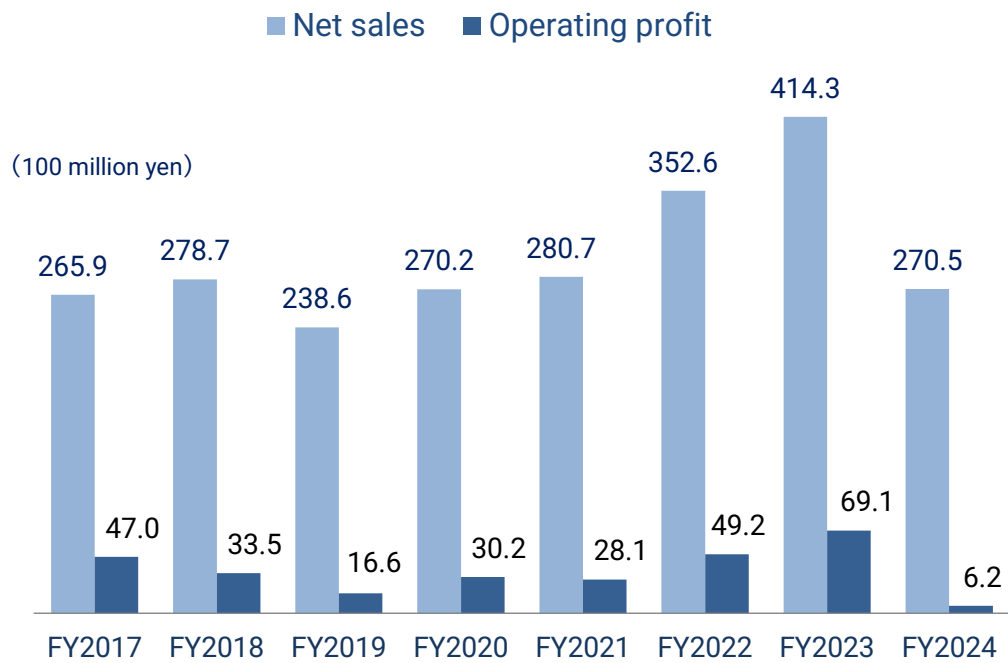
We value constructive engagement with shareholders and investors, and strive to enhance our IR initiatives

Analysis 1: Overview of Business Results, ROE, and Capital Cost Trends

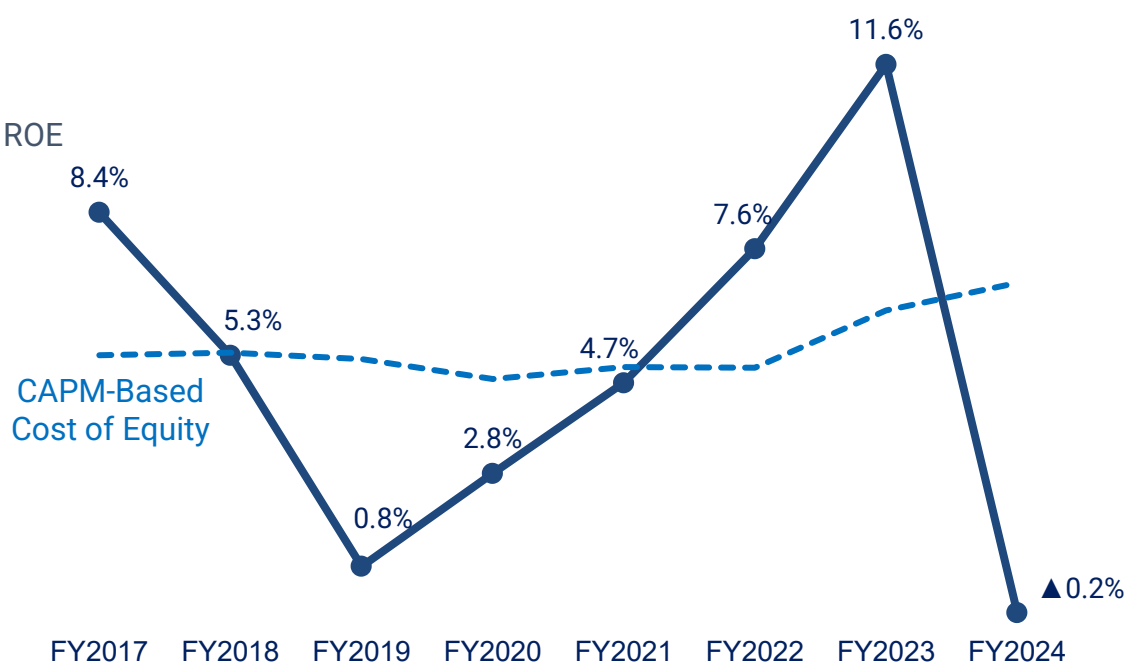
COSEL

- Sales and operating profit grew through FY2023 on strong semiconductor demand.
- In FY2024, orders declined due to a post-boom correction and prolonged inventory adjustments, weakening performance.
- ROE exceeded the cost of equity in FY2022–2023, but dropped below it in FY2024 due to lower earnings.

Business Results



ROE, Capital Cost

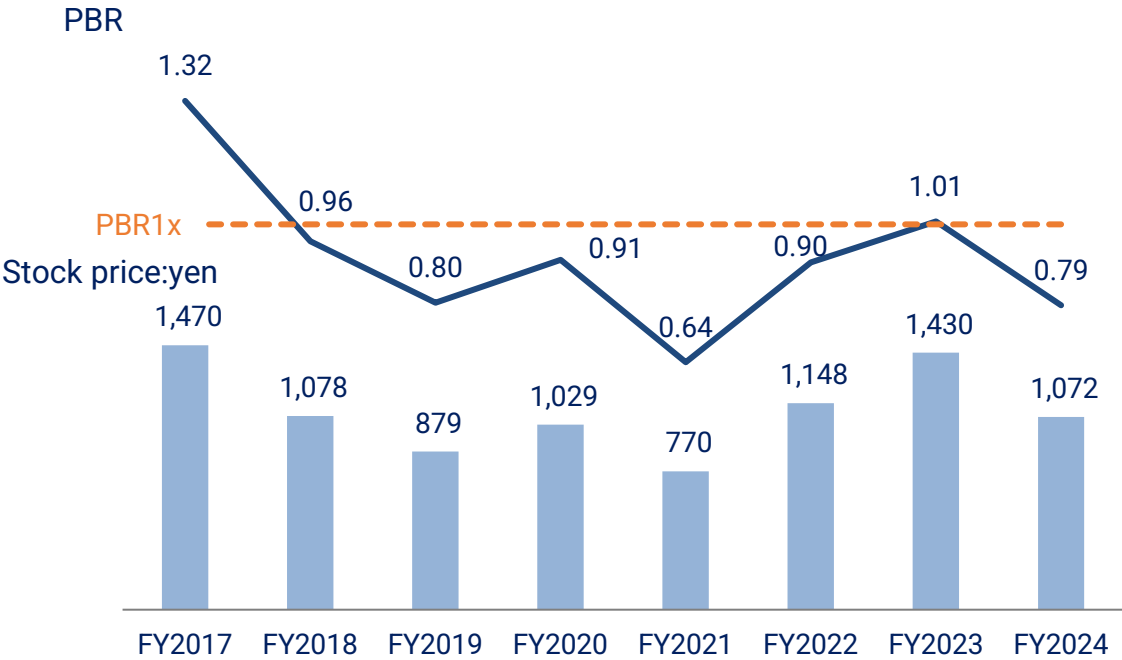


# Analysis 2: Price-to-Book Ratio (PBR) Analysis

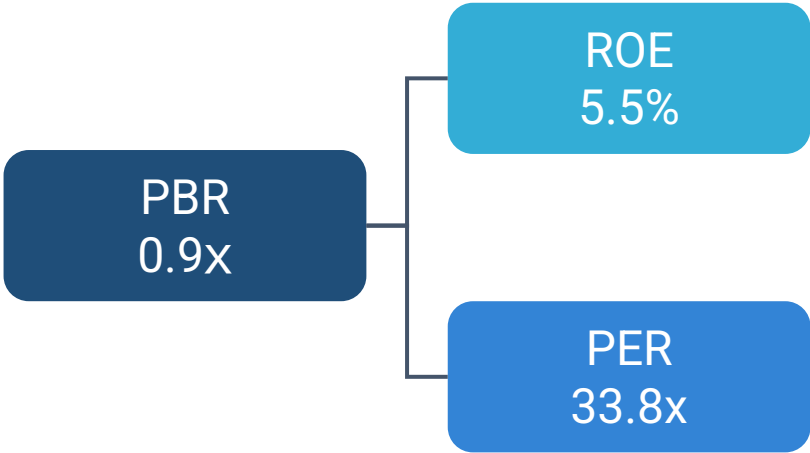


Over the past five years, PER has remained stable, reflecting consistent investor expectations. However, ROE has not met market expectations.

PBR and Stock Price Trends



PBR Analysis



PBR, ROE, and PER are based on the five-year average from FY2019 to FY2023.

Shareholders and investors have expressed a range of views on the company’s efforts to enhance corporate value.

■ Key opinions expressed through dialogue with shareholders and investors

**Stock Price Strategy  
and Shareholder Return  
Policy**

- Define optimal cash levels and clearly allocate surplus to dividends, M&A, or strategic uses.
- Clearly communicate the goals and impact of growth investments.
- Target ROE of 8% or higher as a capital cost benchmark.
- Prioritize business performance over ROE metrics.

**Lack of IR Activities  
and Information  
Disclosure**

- More investor dialogue and deeper understanding can help lower capital costs.
- Communicate a future-oriented growth strategy that inspires market confidence.

1. Achieve both growth investments and shareholder returns through appropriate cash allocation
2. Implement effective growth investments to enhance capital efficiency (ROE)
3. Strengthen shareholder returns to maintain and improve the price-to-earnings ratio (PER)
4. Enhance IR activities by promoting dialogue with shareholders and investors, and establishing a system to reflect their input in management

# Initiative 1: Appropriate Cash Allocation

Allocate the cash generated by business operations to growth investments and shareholder returns through appropriate cash allocation

## Current Cash Allocation Status – For Reference

### Operating Cash Flow

Three-Year Total  
(FY2023–2025)

**¥ 11 Billion**

Calculated Using FY2023 and FY2024  
Results Plus FY2025 Plan



### Flexible Shareholder Returns

**Dividend: ¥ 6.3 Billion**

**CAPEX and IT: ¥ 4.5 Billion**

Investment in strengthening management  
infrastructure and fulfilling social responsibilities



## Initiative 2: Growth Investments Aimed at Enhancing Capital Efficiency



Implement growth investments aimed at improving return on equity and enhancing capital efficiency.

Effective growth investments increase the business's cash-generating capacity, creating a virtuous cycle where the generated cash fuels further growth investments

### Upcoming Strategic Investments for Growth

- Expansion of Production Capacity
- Renovation and Expansion of Headquarters Plant
- Expansion of New Product Lineup and Acceleration of Development
- IT and Digital Transformation (DX) Investments
- Human Resource Development and Workplace Environment Enhancement
- Carbon Neutral Initiatives

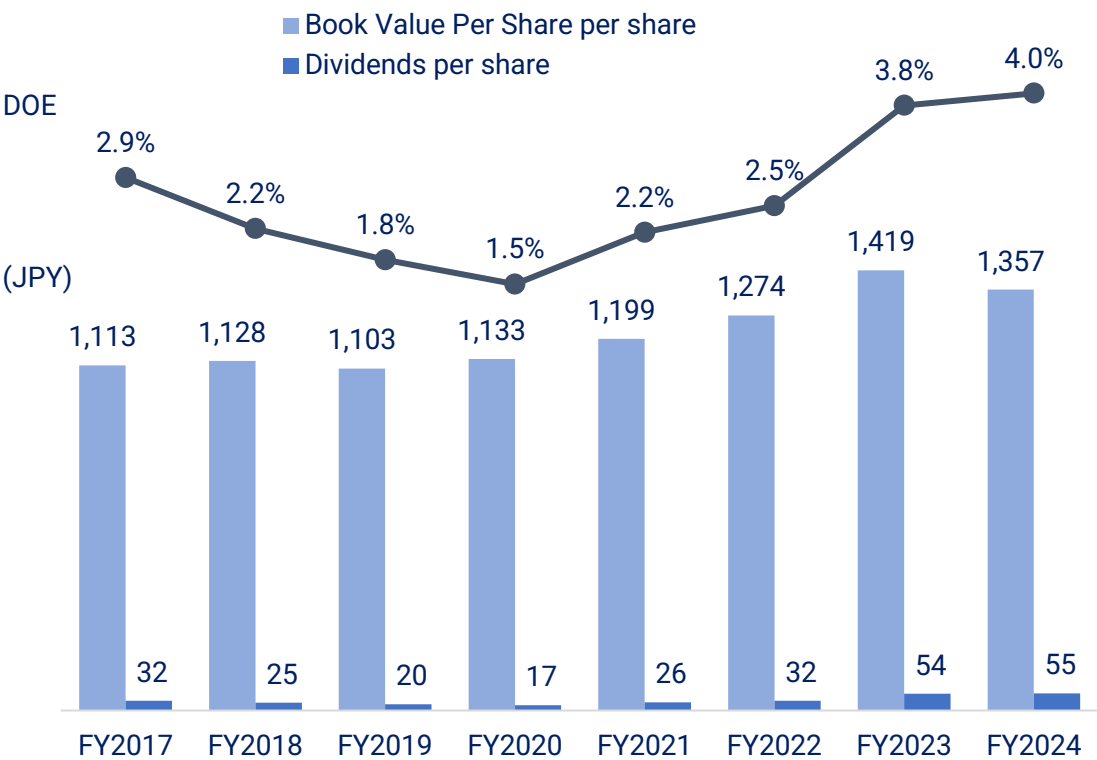
# Initiative 3: Strengthening Shareholder Returns



Basic policy is to implement dividend scheme with a minimum Dividend on Equity (DOE) of 3.5%, ensuring consistent and stable dividend payments.

By providing consistent and stable dividends, investment risk is reduced and the cost of capital is lowered.

Shareholder Return and DOE Trends



## Dividend Policy

- Stable and Sustainable Dividends with DOE of 3.5% or Higher
- Progressive Dividend Policy (in principle, dividends are maintained or increased without reduction)
- Flexible Shareholder Returns Aimed at Improving Capital Efficiency, while maintaining a balance with future growth investments

## FY2024 Dividend per Share

Interim Dividend: ¥27 (Paid in February 2025)  
Year-End Dividend: ¥28 (Scheduled for July 2025)  
Annual Dividend: ¥55

Change in Dividend Policy Starting from FY2024  
Before the Change: Targeted consolidated dividend payout ratio of 35%  
After the Change: Progressive dividend policy with a minimum Dividend on Equity (DOE) of 3.5%

## Initiative 3: Enhancing Engagement with Shareholders



- Reflect investor dialogue in management and enhance disclosure quality.
- Strengthen IR through active involvement of management and the Board.  
Timely disclosure of business conditions to shareholders and investors reduces investment risk and lowers capital costs.

### Building a system to incorporate feedback into management

- Incorporating internal feedback from constructive dialogue into management decisions
- Enhancing disclosure on dialogue content, implementation status, and outcome trends

### Strengthening IR Activities

- Proactive and engaged involvement of management and the Board in investor dialogue
- Enhancement of IR tools (e.g., IR website, Bilingual Earnings Briefing Materials, Timely disclosures)
- Strengthening investor meetings and hosting briefings for individual investors



**Cautionary Statement Regarding Forward-Looking Statements**

This document contains forward-looking statements, including projections of future performance. These statements are based on information currently available to the Company and on certain assumptions deemed reasonable at the time of publication. However, they are not guarantees of future performance. Actual results may differ materially due to various factors.