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June 30, 2026

To All Concerned Parties

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

CHINO CORPORATION hereby announces an update on the progress of and other details regarding the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price”, which was announced on June 30, 2025.

For further details, please refer to the attached document, “Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Updated June, 2026)”.



Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Updated June, 2026)

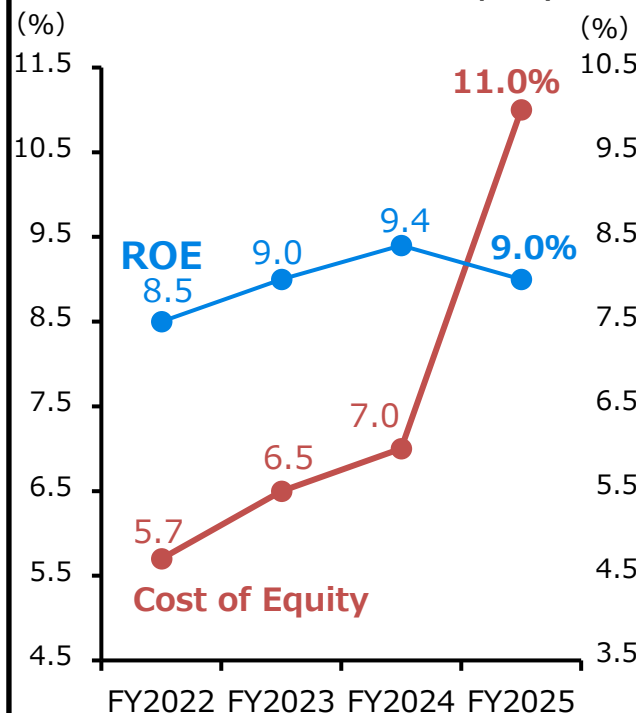
June 30, 2026
CHINO CORPORATION

Actual Results for Cost of Capital Indicators **CHINO** *Measure with Passion* 温度を極める

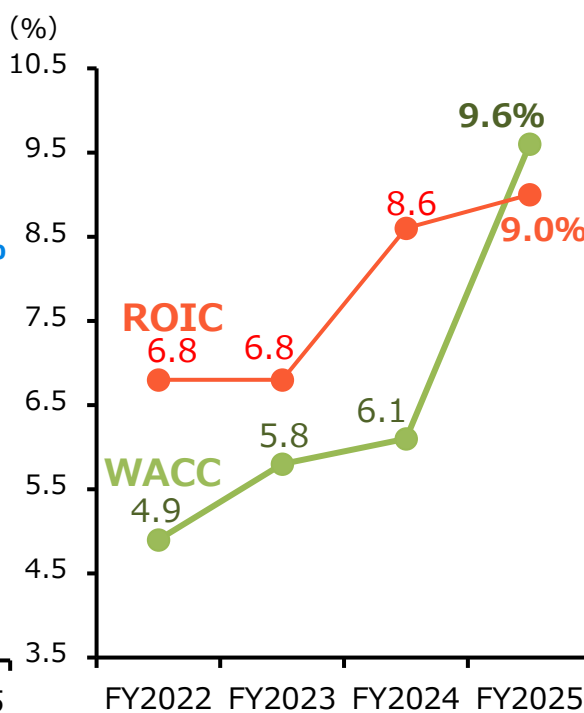
- ROIC improved from 8.6% in FY2024 to 9.0% in FY2025, and the PBR also rose from 0.77 times to 1.04 times.
- In FY2025, the company achieved record-high performance, and both business profitability and market valuation showed an upward trend.
- On the other hand, while both ROE and ROIC exceeded the cost of equity and WACC, respectively, through FY2024, in FY2025, both fell below the cost of capital due to the impact of Beta in the CAPM and rising interest rates.

<Return on Capital · Cost of Capital>

■ ROE · Cost of Equity

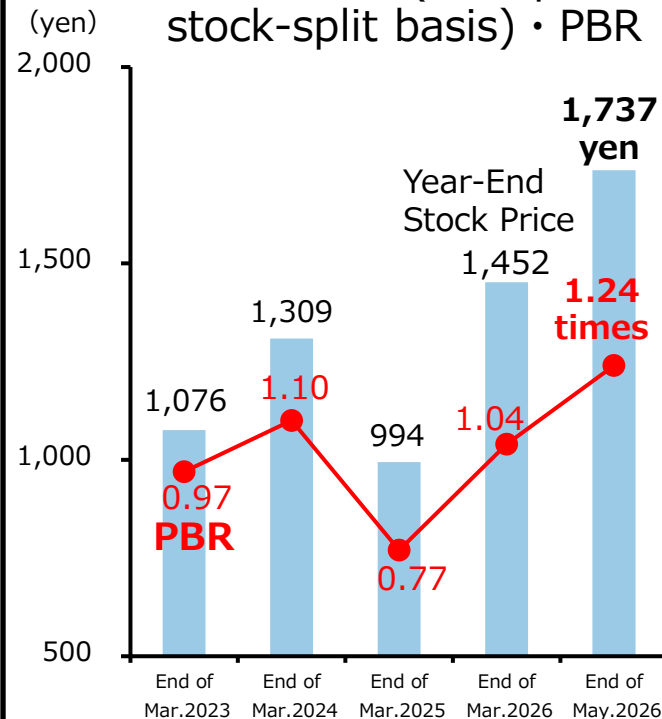


■ ROIC · WACC



<Market Valuation>

■ Stock Price (on a post-stock-split basis) · PBR



Analysis of Factors Contributing to the Rise in the Cost of Capital (FY2025, Compared to FY2024)

【Analysis of Factors】

Approximately 80 percent of the factors contributing to the rise in the cost of equity are attributable to an increase in Beta under the CAPM (Capital Asset Pricing Model).

$$\text{Cost of Equity } r_e = r_f + \beta \times MRP$$

(r_f : Risk-Free Rate、 β : Beta、 MRP : Market Risk Premium)

Item	FY2024	FY2025	Change
r_f	1.485%	2.345%	+0.86pt
β	0.91	1.45	+0.54
MRP	6.0%	6.0%	±0.0
r_e	6.945%	11.045%	+4.10pt

<Breakdown of Upside Factors>

• Impact of Rising Beta	+3.2pt
• Impact of Rising Interest Rates	+0.9pt
Total	+4.1pt

※ Beta is an indicator of how much a stock price reacts to overall market movements
(1.0 = in line with the market)

【Findings Based on a Factor Analysis】

- We improved ROIC from 8.6% to 9.0%
- We improved PBR from 0.77 times to 1.04 times
- The market sensitivity of stock prices (Beta in the CAPM) has increased

In FY2025, while business profitability and market valuation continued to improve, the expected rate of return (cost of capital) demanded by the market rose significantly.

Status of Implementation of the Action Plan

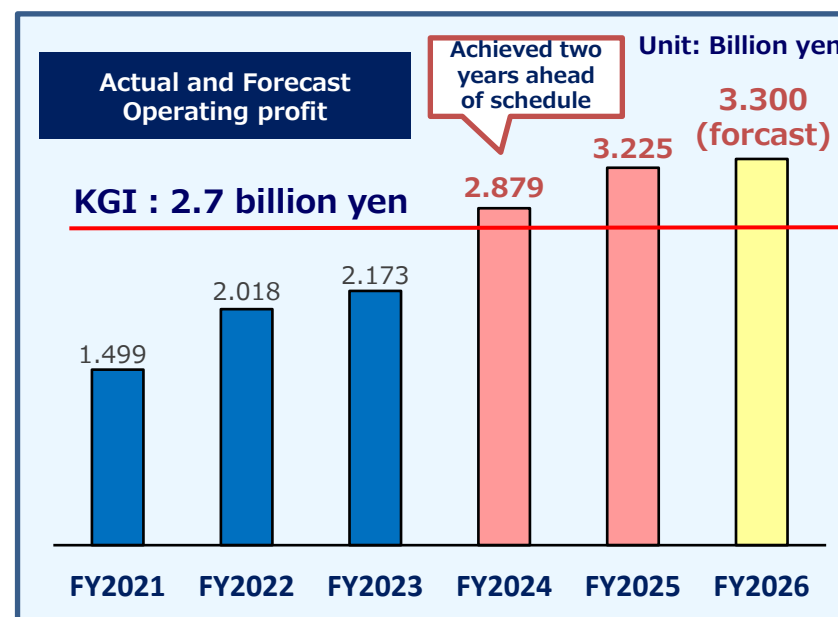
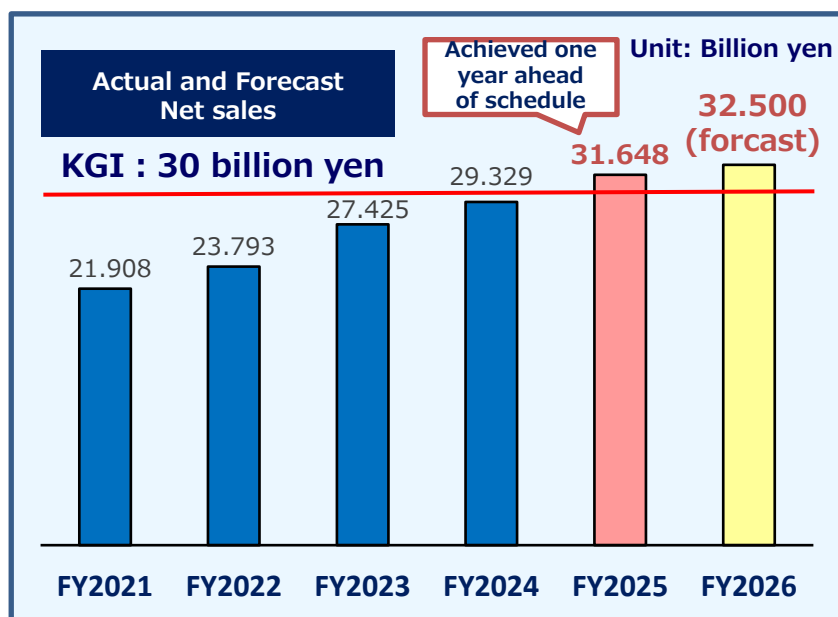
Status of Implementation of the Company's Policy Outlined in the Disclosure Document Dated October 11, 2023, Titled "Action to Implement Management that is Conscious of Cost of Capital and Stock Price"

Policy Guidelines		Execution Status
Growth Strategy	(Achieving the Goals of the Mid-Term Management Plan) • FY2026 Net Sales: 30 billion yen • Operating profit: 2.7 billion yen	The FY2026 plan was calculated by adding to the targets set in the Mid-Term Management Plan • Net sales: 32.5 billion yen (See [Attachment 1]) • Operating profit: 3.3 billion yen
Financial and Capital Strategy	(Enhancing Shareholder Returns) • We will pay stable dividends, targeting a dividend payout ratio of 30%. (Raising the FY2026 Dividend Payout Ratio Target to 40%) • Resume interim dividends (As of the end of September 2023) • Continue the shareholder benefits program	• Set the dividend forecast for FY2026 at a dividend payout ratio of 45.7% (See [Attachment 2]) • Share Split Implemented and Share Repurchase Program in Progress • Following the resumption of interim dividends, it continued. • Continuation / Expansion of the Shareholder Benefits Program
	• Reduce the portfolio of strategically held shares	• We have implemented a phased reduction of our strategically held shares (See [Attachment 3])
Enhancing Investor Relations	• We will continue to hold information sessions for institutional and individual investors (twice a year for each group) • Expand opportunities for one-on-one IR meetings • Enhance the disclosure of non-financial information, such as sustainability data	• We continued to hold information sessions for institutional and individual investors (twice a year) • Record of One-on-One IR Meetings (43 sessions in FY2025) • Enhanced the content of the Chino Report (Integrated Report)

We achieved the final-year targets of our Mid-Term Management Plan (FY2021–2026) ahead of schedule.

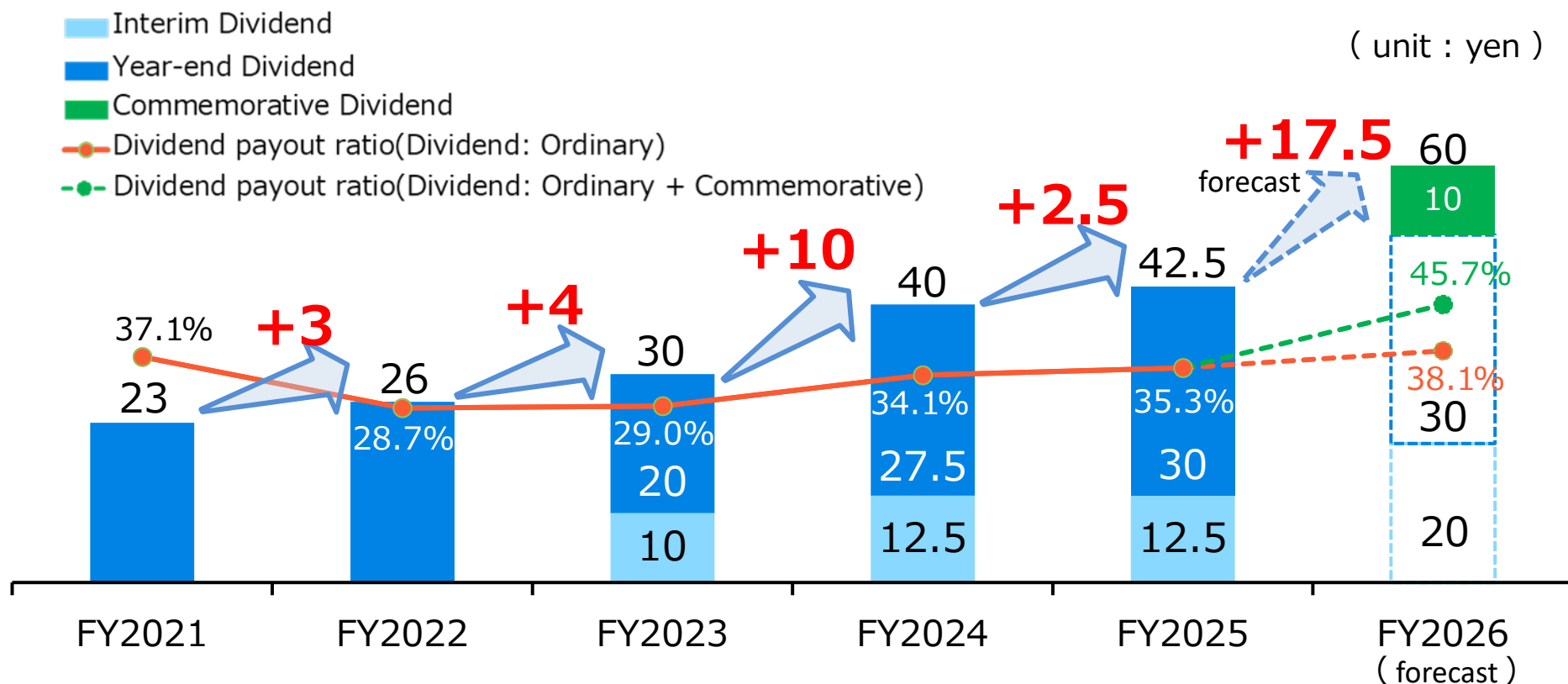
The FY2026 plan was calculated by adding to the targets set in the Mid-Term Management Plan

- Net sales (Achieved one year ahead of schedule)
30 billion yen $\Rightarrow$ 32.5 billion yen
- Operating profit (Achieved two years ahead of schedule)
2.7 billion yen $\Rightarrow$ 3.3 billion yen



[Attachment 2] Dividend Status

- FY2025 interim dividend : **12.5** yen
 - FY2025 year-end dividend : **30** yen
- } **42.5** yen
(**2.5 yen increase** from FY2024)



[Attachment 3]

Status of the Reduction in Strategically Held Shares

