

December 3, 2025

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(Securities code:3763; TSE Prime Market)  
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### **Action to Implement Management that is Conscious of Cost of Capital and Stock Price**

Since publishing our " Action to Implement Management that is Conscious of Cost of Capital and Stock Price " on November 15, 2024, Pro-Ship has been actively executing strategies designed to maximize corporate value.

We hereby announce that at the Board of Directors meeting held today, the Company resolved to update the disclosure contents based on an analysis of the current status and the progress of our initiatives.

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

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# Pro-Ship Incorporated

( SIC 3763, TSE Prime Market )

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

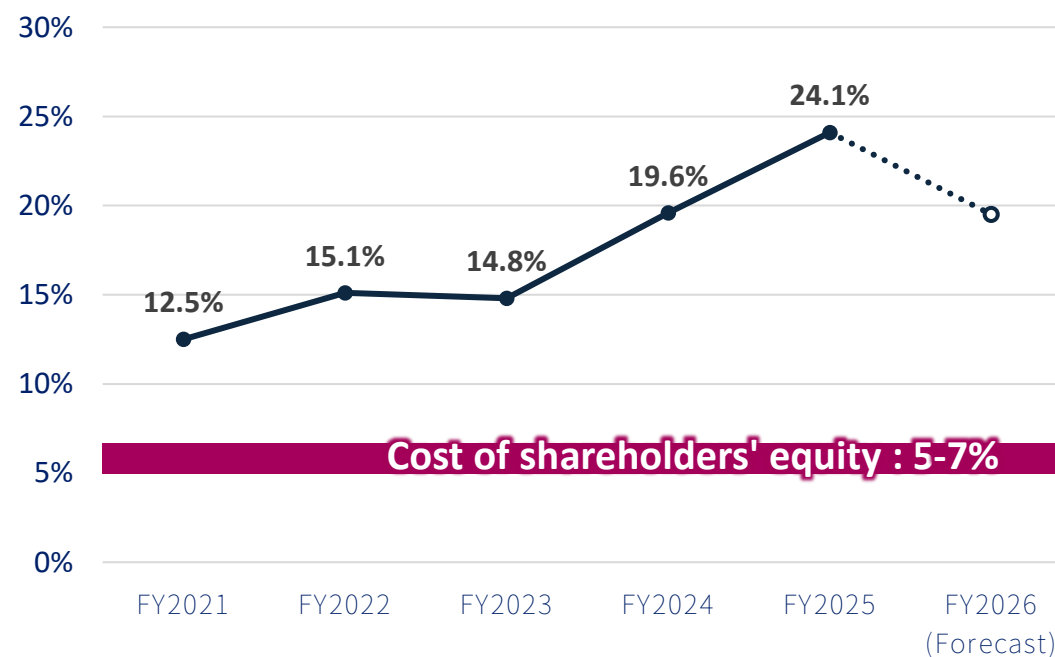
**December 3, 2025**

# Current Situation of Capital Costs and Return on Capital - ROE

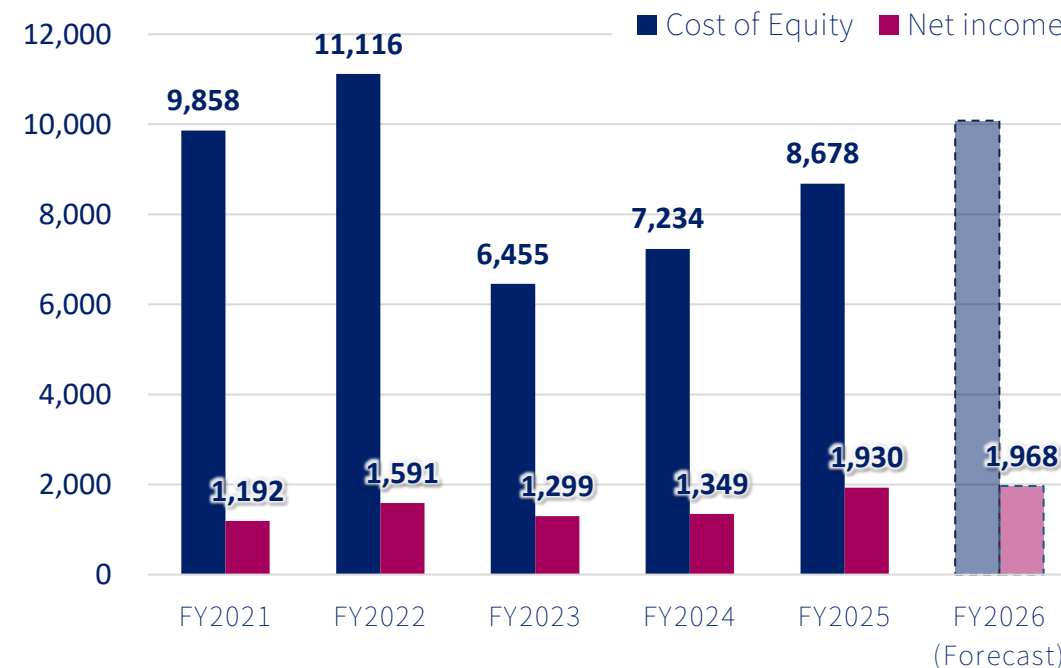
- ROE has consistently remained above the cost of equity over the long term and increased further in FY 2025 due to record-high profits.
- While FY2026 ROE is projected to normalize—reflecting the high earnings base of FY2025 and an expanded equity base from stock option exercises—we anticipate maintaining superior capital efficiency.

\*Cost of equity: Calculated using CAPM (risk-free rate + ( $\beta \times$  market risk premium))

**ROE and Cost of Equity (%)**



**Cost of Equity and Net income (Millions of JPY)**



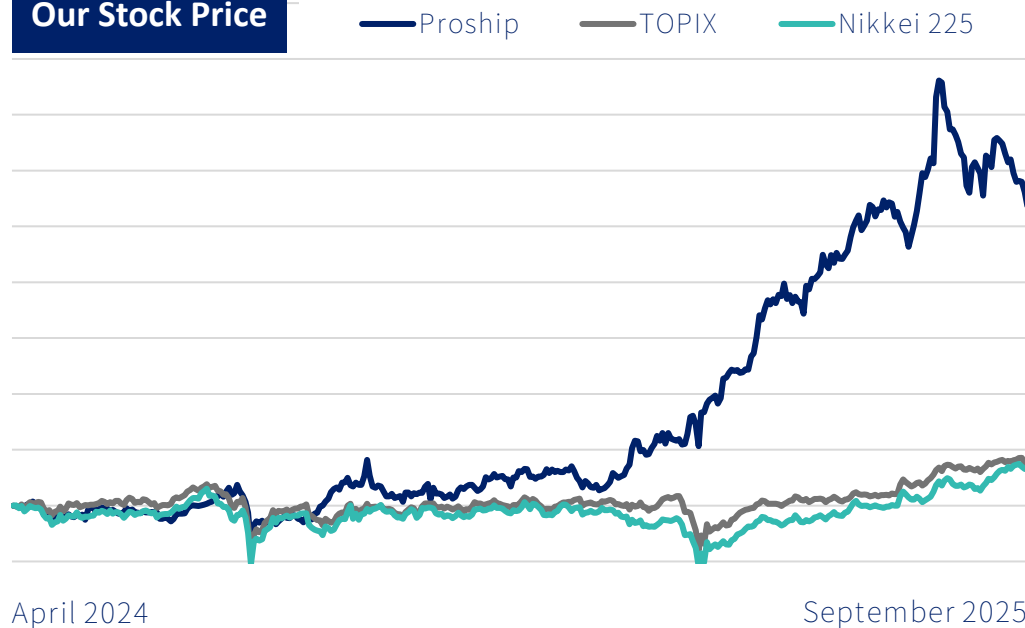
# Current Situation of Capital Costs and Return on Capital - PBR / PER

■ The stock price has also risen in response to the record-high profits achieved in FY 2025. Both the recent PBR and PER have reached levels comparable to those of industry peers.

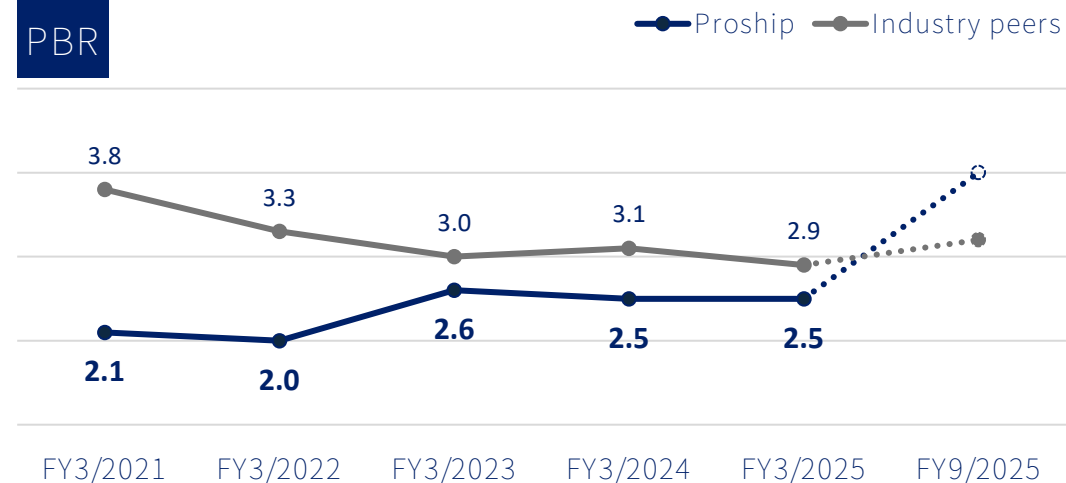
⇒ Gaining market recognition for our growth strategy.

\*The level of industry peers : Refers to the adjusted figures of PBR and PER of our assumed industry peers, excluding significant non-recurring factors.

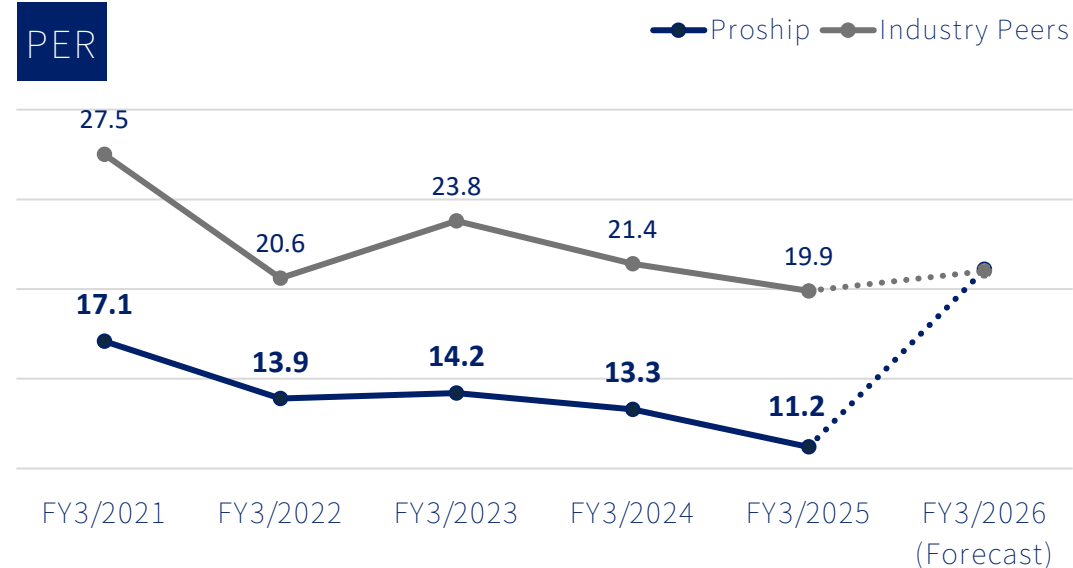
## Our Stock Price



## PBR

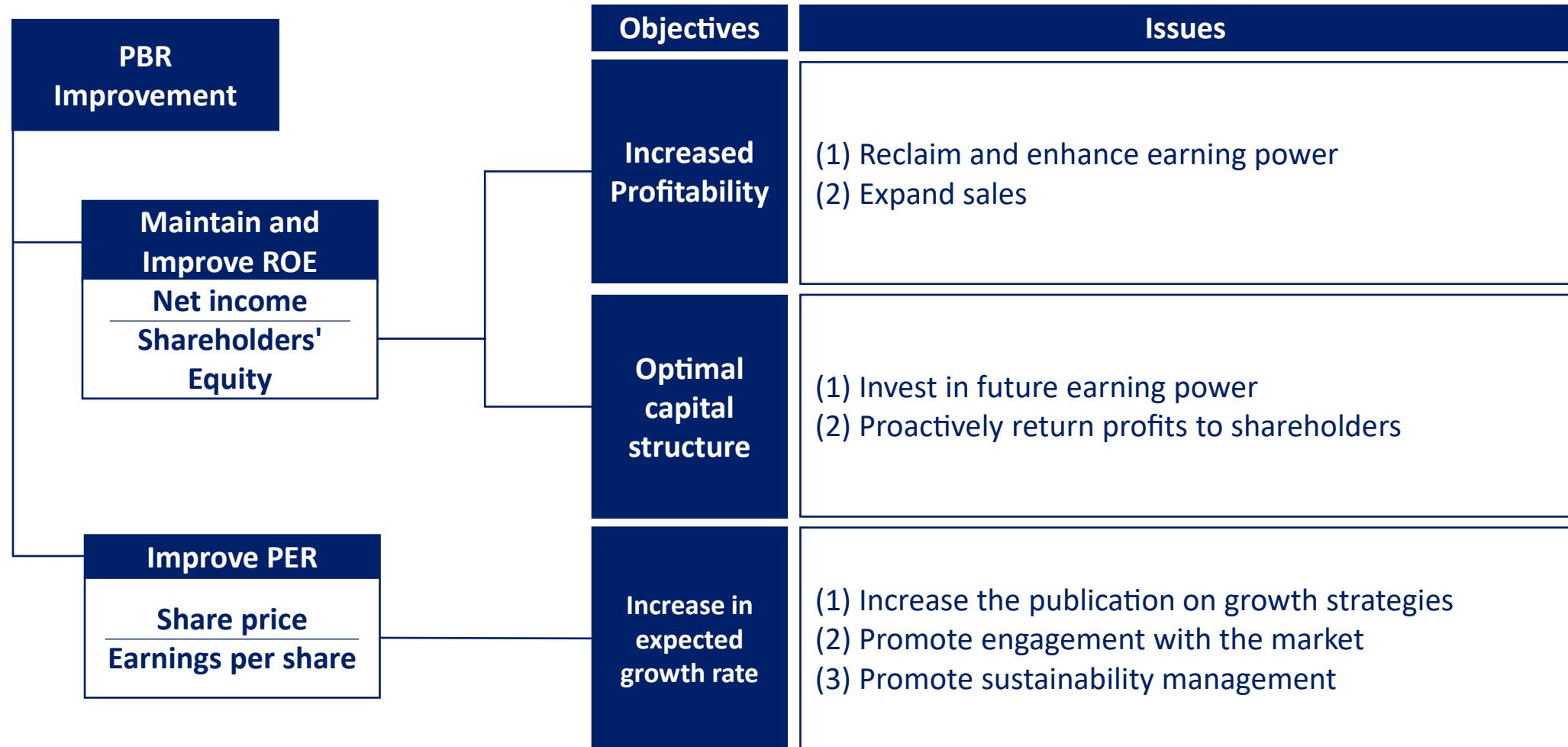


## PER



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

## Decomposition of factors to improve PBR (= ROE x PER )



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

## Maintain and improve ROE - Increased profitability

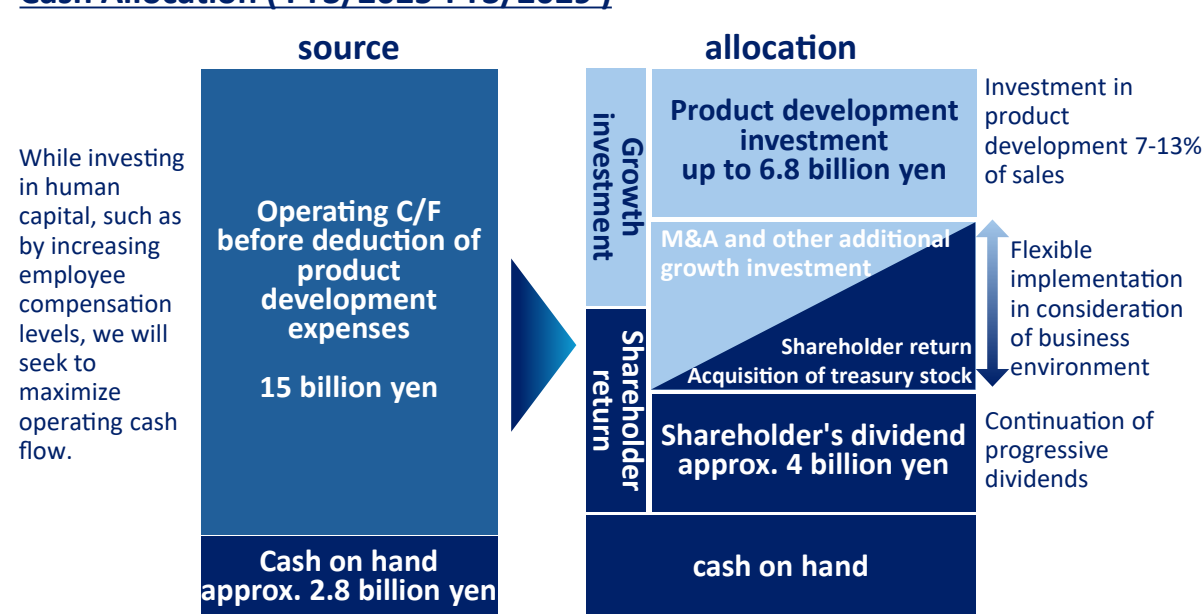
Issues	Specific Goals and Initiatives	Progress & Highlights through Sept. 2025
(1) Reclaim and enhance earning power	<ul style="list-style-type: none"><li>Building a Hybrid Model (Conventional one-time purchase license business model + SaaS subscription business model)</li><li>Expansion of recurring revenue</li><li>Maintaining an ordinary profit margin of over 30%</li><li>Ordinary profit per employee of over 10 million yen (FY3/2029)</li></ul>	<ul style="list-style-type: none"><li>As part of the Hybrid Model development phase, the SaaS solution "ProPlus+" was released in December 2024, and development is proceeding on schedule.</li><li>Maintenance revenue increased steadily, rising by +7.2% in FY2025 and +4.9% in 1H FY2026.</li><li>The ordinary profit margin exceeded targets, at 32.1% in FY2025 and 37.2% in 1H FY2026.</li><li>Ordinary profit per employee is increasing steadily, reaching ¥8.46 million in FY2025 (+29.5% YoY).</li></ul>
(2) Expand sales scale	<ul style="list-style-type: none"><li>Expanding results in growth areas such as social infrastructure industry, new lease accounting standard</li><li>Average annual growth rate of sales: over 15%( FY3/2025 - FY3/2029 )</li></ul>	<ul style="list-style-type: none"><li>We successfully went live with our second major project for solutions targeting the social infrastructure industry (e.g., electricity, gas, and railways) —a key strategic growth area for Pro-Ship.</li><li>Sales growth rate is progressing smoothly, recorded at +11.0% in FY2025 and +24.9% in 1H FY2026.</li></ul>

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

## Maintain and improve ROE – Optimal capital structure(1)

Issues	Specific Goals and Initiatives	Progress & Highlights through Sept. 2025
(1) Invest in future earning power	<ul style="list-style-type: none"> <li>Continuous investment in strengthening products that are the source of revenue</li> <li>Investment in inorganic growth, such as M&amp;A and business partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Product development investment remains aggressive: ¥870m (11.5% of sales) in FY2025, and ¥1,000m (12.2% of sales) planned for FY2026.</li> <li>Continuing to pursue investment for inorganic growth.</li> </ul>

### Cash Allocation ( FY3/2025-FY3/2029 )



(Amounts in Billions of JPY)

		FY3/2025 (Result)	FY3/2026 (Plan)	Cumulative	5-Year Plan	Progress Rate
source	Cash on hand	28.3	34.6	—	28.3	—
	Operating CF (pre-Dev.)	20.5	23.5	44.0	150.0	29.3%
allocation	Product development investment	▲ 8.7	▲ 10.0	▲ 18.7	▲ 68.0	27.5%
	Shareholder's dividend	▲ 6.1	▲ 9.3	▲ 15.4	▲ 40.0	38.5%

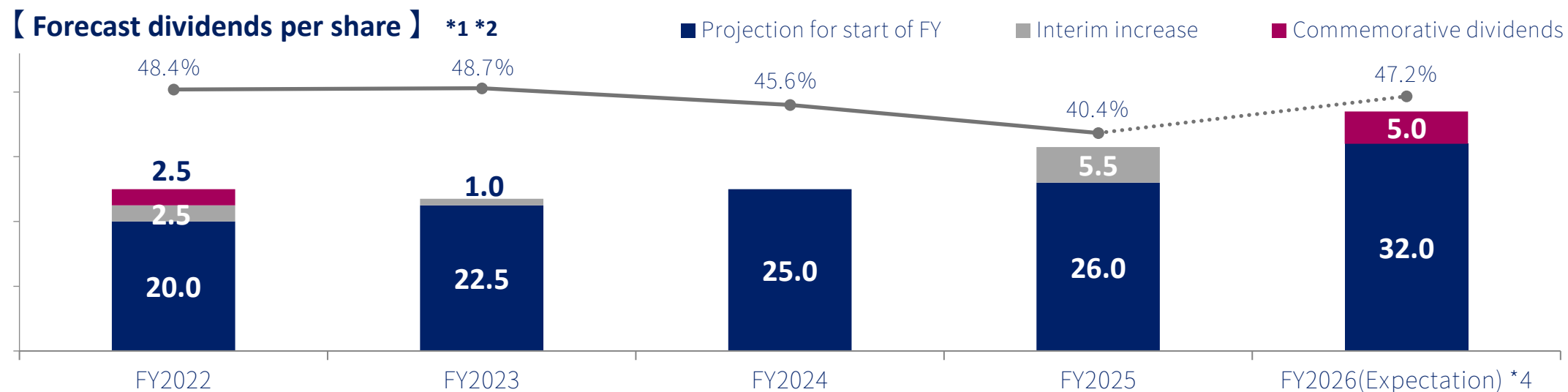
\*Operating C/F before deduction of product development investment  
= Operating CF + (R&D expenses + product repair and maintenance expenses)

\*Product development investment  
= R&D expenses + product repair and maintenance expenses + intangible assets

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

## Maintain and improve ROE – Optimal capital structure(2)

Issues	Specific Goals and Initiatives	Progress & Highlights through Sept. 2025
(2) Proactively return profits to shareholders	<ul style="list-style-type: none"><li>Maintaining a dividend payout ratio of 40% or higher and progressive dividend policy</li><li>Flexible share repurchases</li></ul>	<ul style="list-style-type: none"><li>Significant dividend increase realized in FY2025 due to record-high profits..</li><li>Commemorative dividend of ¥5 approved for FY2026 (5,500 client milestone).</li></ul>



\*1: The Company conducted a 2-for-1 stock split effective October 1, 2025. Figures are calculated on the assumption that the stock split was conducted at the beginning of FY2022.

\*2: As announced on July 10, 2025, the dividend policy has been partially revised starting from FY2026.

\*3: The forecasted dividend payout ratio for the FY2026 is calculated based on the number of shares outstanding as of the end of March 2025.

\*4: The forecasted dividend payout ratio for the FY2026 is calculated based on the number of shares outstanding as of the end of March 2025.



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

## Improve PER - Increase in expected growth rate

Issues	Specific Goals and Initiatives	Progress & Highlights through Sept. 2025
(1) Increase the publication on growth strategies	<ul style="list-style-type: none"> <li>Publication of medium/long-term goals and plans for achieving them</li> <li>Enhancement of information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Formulated and announced the medium-term management plan, "Be Hybrid 2028."</li> <li>Started publishing financial results briefing videos on the company website.</li> </ul>
(2) Promote engagement with the market	<ul style="list-style-type: none"> <li>Strengthen communication with shareholders and investors</li> </ul>	<ul style="list-style-type: none"> <li>Significantly increased IR meeting frequency (FY2024: 11; FY2025: 24; 1H FY2026: 28).</li> <li>Improved the frequency of information dissemination*(FY2024: 8, FY2025: 21, 1H FY2026: 18).</li> </ul> <p><small>*We strive to increase awareness among potential investors and resolve information asymmetry through proactive dissemination via news releases, primarily using PRTimes.</small></p>
(3) Promote sustainability management	<ul style="list-style-type: none"> <li>Promotion of human capital management</li> <li>Environmentally Sustainable Operations</li> <li>Contribution to the community</li> <li>Strengthening Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>Introduced and continued granting of the Restricted Stock (RS) compensation plan.</li> <li>Opened and commenced operations at a new office in Saga City.</li> <li>Achieved a "B" Score in CDP's "Climate Change Report 2024"</li> </ul> <p><small>*Carbon Disclosure Project, which evaluates activities related to climate change information disclosure.</small></p> <ul style="list-style-type: none"> <li>Appointed one female outside director to strengthen governance.</li> </ul>



# *PS Pro-Ship*

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This document contains information about the future, such as projections and forecasts for future business results. This is based on the information available to us at the time this document was created, and as such, actual business results may differ from these planned figures due to factors such as changes in our business environment. This document is for informational purposes only and is not intended for solicitation of any trades.