



November 14, 2025

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Regarding Action Toward Achieving Management Conscious of Capital Cost and Stock Price

KEIWA Incorporated (hereinafter referred to as “the Company”) hereby announces that, at a meeting of the Board of Directors held today, in order to achieve sustainable growth and enhance our corporate value over the Medium- long term, the Company conducted an analysis of our current status and resolved the future initiatives, in line with the “Action Toward Achieving Management Conscious of Capital Cost and Stock Price”. For details, please refer to the attached document, “Action Toward Achieving Management Conscious of Capital Cost and Stock Price.”

1. Overview of the Action

The Company recognize that our PBR (price-to-book ratio) failing below 1.0 since last year is a critical issue.

The Company believe the main contributing factors are the high volatility in our business performance, the decline in trust toward the Company following our withdrawal from “The Plaster Tape to Rescue the Earth” business, and the insufficient disclosure regarding “Optical Products” business, the core revenue base despite ROE (return on equity) remaining above 10%.

The Company aim to steadily implement our Mid-Term Management Plan (FY2025-FY2028) and achieve ROE of 15% or higher and PBR exceeding 1.0.

For details, please refer the attached document, “Action Toward Achieving Management Conscious of Capital Cost and Stock Price.”

2. Progress Updates

The progress will be updated annually.

Action Toward Achieving Management Conscious of Capital Cost and Stock Price

KEIWA Incorporated



Security code:4251

Nov. 14, 2025

AGENDA

1. Analysis of our current status
2. Future initiatives
3. Specific Details of Our Initiatives

1. Analysis of our current status

〈PBR〉

		2020/12	2021/12	2022/12	2023/12	2024/12
BPS (Book Value Per Share)	JP¥	409.86	735.60	981.86	1,056.44	1,190.51
Year-end stock price	JP¥	1,065	3,020	1,555	1,280	1,003
PBR (Price Book-value Ratio)	times	2.60	4.11	1.58	1.21	0.84

〈ROE/ROIC〉

	2020/12	2021/12	2022/12	2023/12	2024/12
ROE	12.1	24.1	29.4	10.1	12.9
CAPM	9.3	8.2	9.4	8.8	9.5
Equity Spread (ROE – CAPM)	2.8	15.9	20	1.3	3.4

	2020/12	2021/12	2022/12	2023/12	2024/12
ROIC	7.8	15.1	18.4	7.3	13.3
WACC	7.2	7.4	8.1	7.6	8.1
EVA Spread (ROIC – WACC)	0.6	7.7	10.3	△0.3	5.2

〈CAPM(Capital Asset Pricing Model)〉

$$\begin{array}{c} \text{Risk-free Rate} \\ \boxed{\text{The yield on 10-year JGBs}} \end{array} + \begin{array}{c} \beta \\ \boxed{\text{5-Year Monthly (Including Revisions) From Bloomberg}} \end{array} \times \begin{array}{c} \text{Market Risk Premium} \\ \boxed{\text{8\% after considering Russell Nomura's 10-year yield}} \end{array}$$

PBR

Despite maintaining ROE above 10%, PBR remains below 1.0, reflecting concerns over earnings volatility and diminished investor confidence following our withdrawal from the “Plaster Tape to Rescue the Earth” business and the insufficient disclosure of regarding “Optical Products” business, the core revenue base.

⇒Commitment to Presenting a Growth-Oriented Equity Story and Proactive Market Engagement through IR Activities

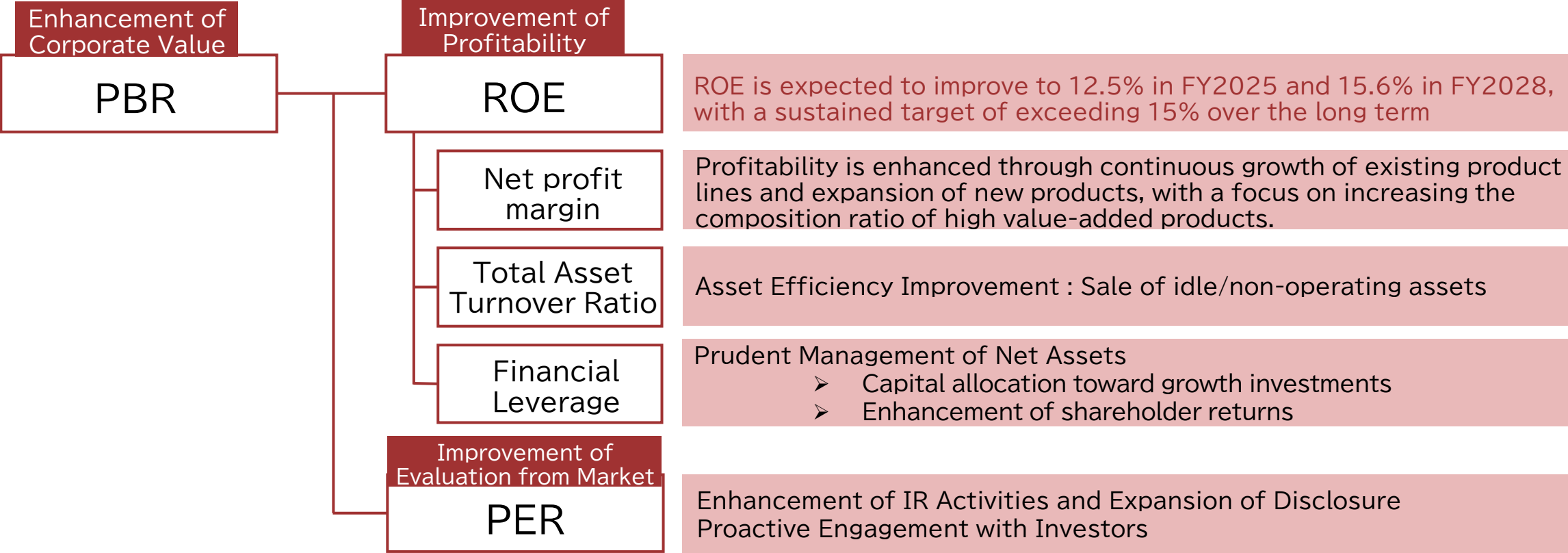
ROE/ROIC

Both the Equity Spread and EVA spread have shown significant fluctuations due to performance volatility caused by the COVID-19 pandemic(*1). In particular, the EVA spread turned negative in FY2023.

⇒To further enhance and stabilize capital efficiency, initiatives are being undertaken to strengthen earnings and optimize the balance sheet.

*1: In the Optical Products business, orders increased in FY2022 due to inventory accumulation policies in response to the COVID-19 pandemic, but declined in FY2023 following the normalization of market conditions.

By improving ROE and PER, the Company aims to raise PBR and achieve sustainable enhancement of corporate value.



		2020/12	2021/12	2022/12	2023/12	2024/12
PBR	times	2.59	4.10	1.58	1.21	0.84
ROE	%	12.1	24.1	29.4	10.1	12.9
PER	times	22.8	20.8	6.1	12.3	6.9
Net profit margin	%	5.0	14.1	23.0	11.2	13.2
Total Asset Turnover Ratio	%	89.5	78.1	72.6	59.9	68.9
Financial Leverage	times	2.70	2.17	1.76	1.49	1.41

3. Specific Details of Our Initiatives

Guided by the principle of Creating Shared Value (CSV), the Company seeks to enhance long-term corporate value by delivering both economic and social value through its business operations.

Improvement of Profitability

① Optical Products Segment

- Environmentally friendly products, including PFAS-free
- OPALUS: A stable product line for high-quality conventional LCDs
- OPASUKI: Expanding product line for Hyper LCDs
- OPLAM: Offers new functions such as viewing angle control, anti-reflection, and scratch resistance for vehicle displays, drones, and foldable devices

② Functional Products Segment

- ACE: Specialty film for batteries used in clean energy vehicles
- Meditect: Medical process film for dialysis treatment devices
- AIProg-UF: Process paper for urethane foam, with growing demand in emerging markets

④ Strengthening Corporate Governance & Compliance

1. Strengthening Corporate Governance
 - Transition to a New Management Structure: Early selection of the next President candidate. Reinforcement of directors with experience and achievements in Urgent Management Issues such as Europe and U.S. business, technology development, IR, brand building.
 - Quick decision-making by transferring authority to executive departments.
2. Strengthening Compliance
 - Transition to a Company with an Audit and Supervisory Committee: Strengthening the Board of Directors' Supervisory Functions.
 - Strengthening the Internal Audit Department.

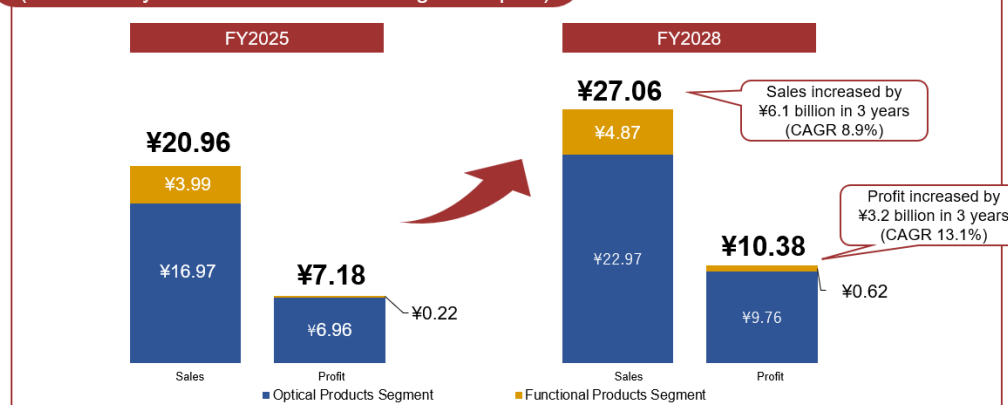
③ Logistics

Logistics to Enhance Customer Satisfaction

- Strengthening human capital (Fostering of Management Mindset and Creativity)
- Introduction of advanced systems and improvement of labor productivity (Systemization, Automation, Cleanliness)
- Front-loading Approach (Overwhelming high quality / JIT)
- Marketing bases for the Europe and U.S. markets
- Logistics base in Southeast Asia

Target sales and segment profit for FY2028
(Final fiscal year of the Mid-Term Management plan)

(Unit: billion yen)



Improvement of Profitability

➤ Financial Strategy

- ⇒ Improve ROE (Financial Leverage/Total Asset Turnover Ratio)
- Proactive Growth Investment
 - Enhancement of production capacity for high value-added products such as OPLAM, automotive applications, and process films
- Enhanced Shareholder Returns
 - Stable dividends aligned with profit growth with a target level of DOE at 4% and a dividend payout ratio around 30%),
 - flexible share buybacks, and consideration of retiring treasury shares
- Asset Efficiency Improvement
 - Sale of idle/non-operating assets

Improvement of Evaluation from Market

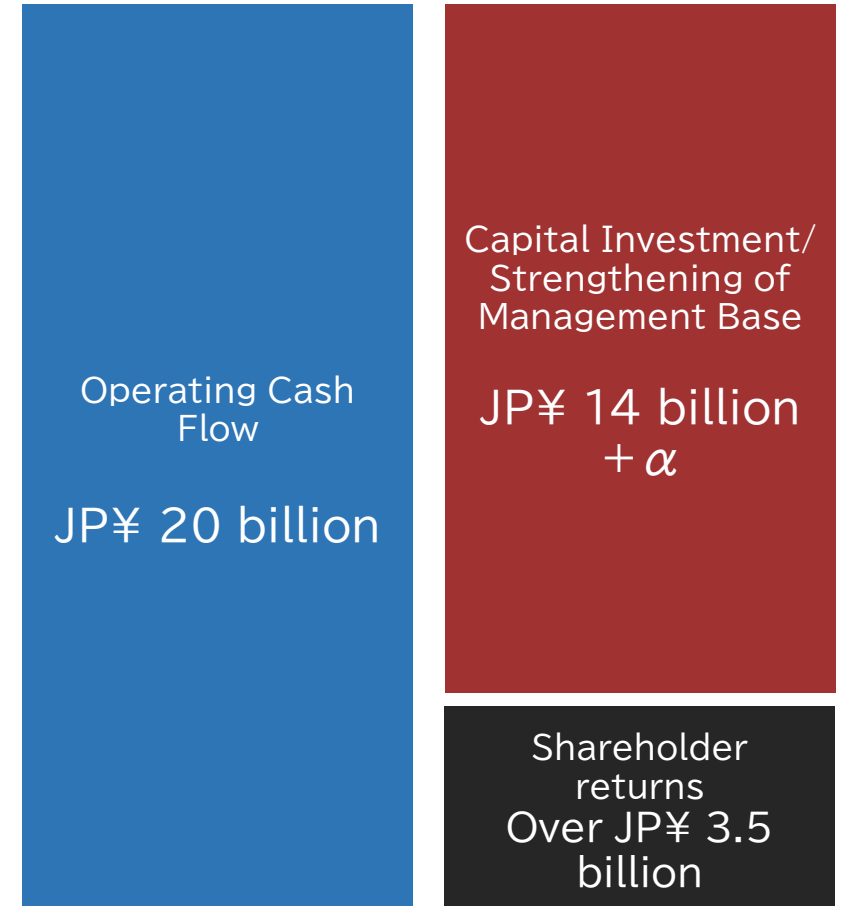
➤ Enhancing IR Activities

- ⇒ Improve PER

Presenting an Equity Story for Growth and Engaging in Active Dialogue with the Market through IR Activities

- Strengthening the dissemination of financial and non-financial information (e.g., investor briefings, renewal of IR website)
- Enhancing trust with shareholders and investors through proactive communication

ROE of 15% or higher is targeted through continued investment for steady growth, enhanced earning power, and improved shareholder returns.



Medium-Term Management Plan
(FY2026-FY2028)



Precaution for handling this material

- ✓ This material has been prepared by KEIWA for the purpose of providing information on “Action Toward Achieving Management Conscious of Capital Cost and Stock Price”.
- ✓ This document contains so-called “forward-looking statements.” These forward-looking statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements.
- ✓ These risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations.
- ✓ KEIWA bears no obligation to update or revise the “forward-looking statements” contained in this material, even if new information or changes in future projections are made after the date of preparation of this document.