



May 13, 2025

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(Securities code: 9956, Tokyo Stock Exchange Prime Market and Nagoya Stock Exchange Premier Market)	
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Measures for Achieving the Management Conscious of Cost of Capital and Stock Price (Update)

VALOR HOLDINGS CO., LTD. (the “Company”) has updated the content of the “Measures for Achieving the Management Conscious of Cost of Capital and Stock Price” announced on May 14, 2024, based on a fresh analysis of the Company’s current position and a renewed understanding of the challenges to be addressed, and hereby notifies you of these updates to its initiatives for future improvement.

For more detailed information, please refer to the attached document “Measures for Achieving the Management Conscious of Cost of Capital and Stock Price (Update).”

Measures for Achieving the Management Conscious of Cost of Capital and Stock Prices (Update)

Valor Holdings Co., Ltd.(9956)
May 13, 2025

Note: This document has been translated from the Japanese original for reference only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Summary

Update on the May 14, 2024 disclosure: *Measures for Achieving the Management Conscious of Cost of Capital and Stock Prices*

■ As of End-March 2025: PBR: 0.7x ROE: 8.1% PER: 10.3x

■ Aim: Enhance ROE and PER through the implementation of management conscious of capital cost, with the goal of achieving a PBR of 1.0x at an early stage.

Current Situation

PBR Below 1.0x
As of March 2025: 0.7x

ROE Exceeds Cost of Equity
As of March 2025:
ROE 8.1% vs. **Cost of Equity ≈ 7%**

PER Remains Low
As of March 2025: 10.3x



Actions Toward Achieving a PBR of 1.0x

Improving ROE
Consistently
Achieving Over 8%

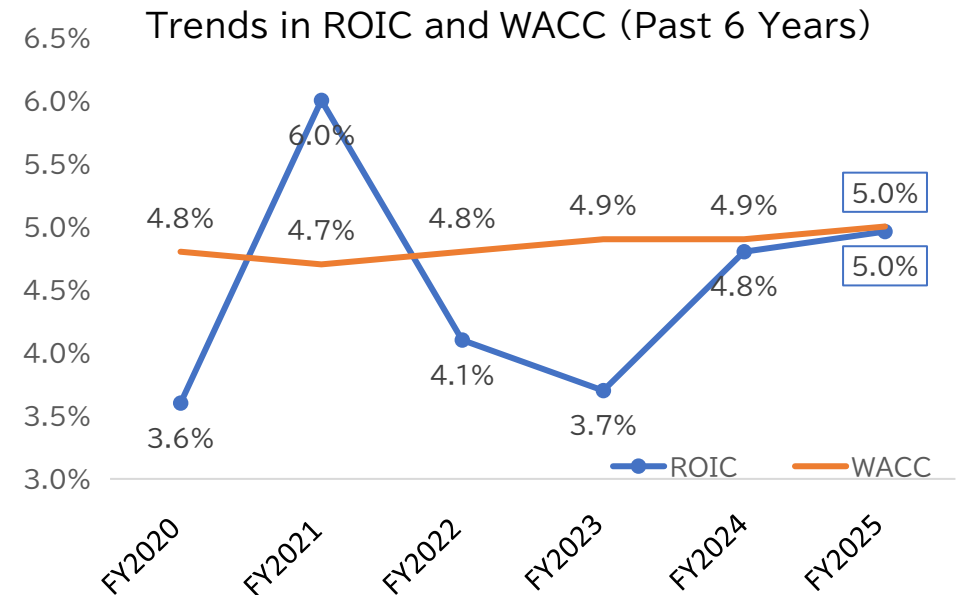
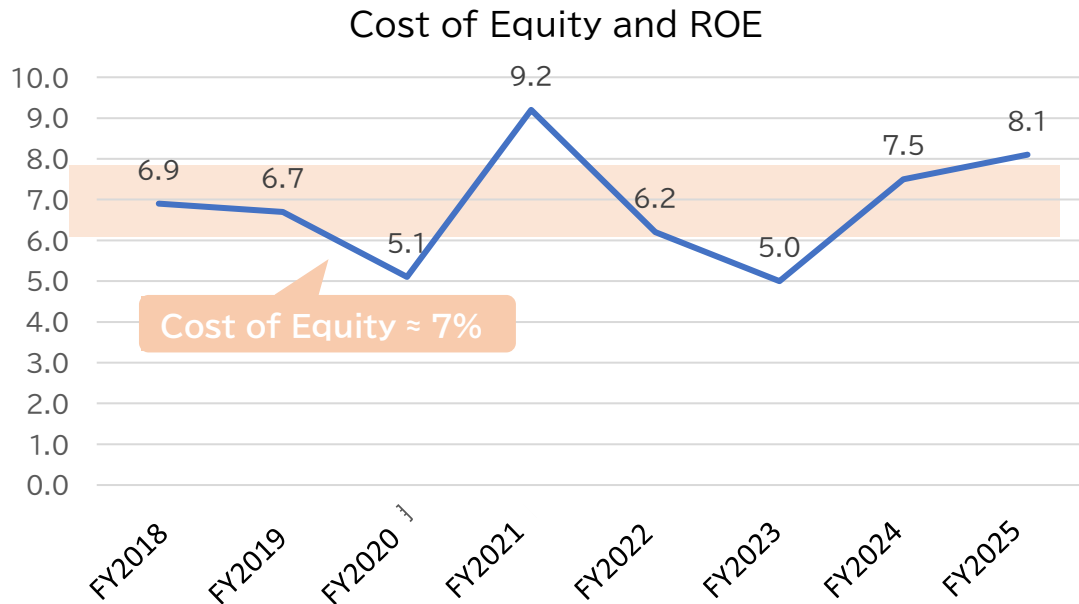
- Enhancing earning power, centered on the supermarket business
- Strengthening investment management
- Expanding shareholder returns

Improving PER
Targeting Over 12.5x

- Fostering expectations for future growth
- Building trust with the market

Current Analysis 1 ROE Exceeds Cost of Equity

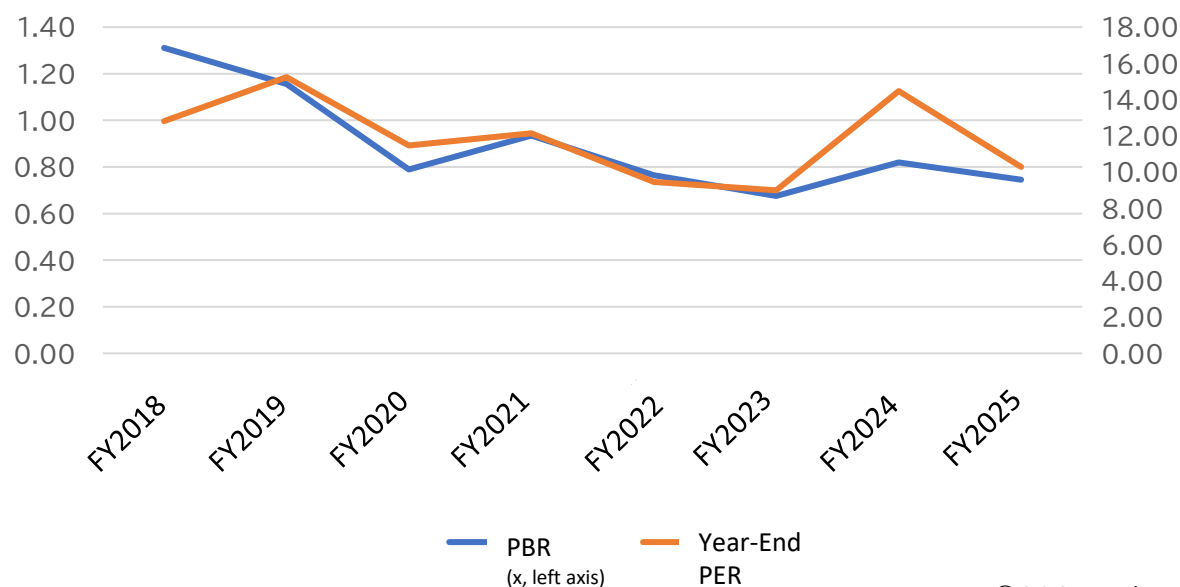
- The cost of equity is estimated at approximately 7%, and the WACC at around 5%, based on the Company's own calculations.
- ROE as of the end of March 2025 stood at 8.1%, exceeding the cost of equity for the second consecutive year, driven by share buybacks and a reduction in impairment losses.
- ROIC stood at 5.0%, partly due to a lower effective tax rate reflecting tax-effect accounting and wage-related tax incentives.
- Going forward, we will continue working to achieve the goals of the medium-term strategic plan and improve investment profitability, with the aim of maintaining ROE above 8% and ultimately reaching 10% over the long term, consistently exceeding the cost of equity.



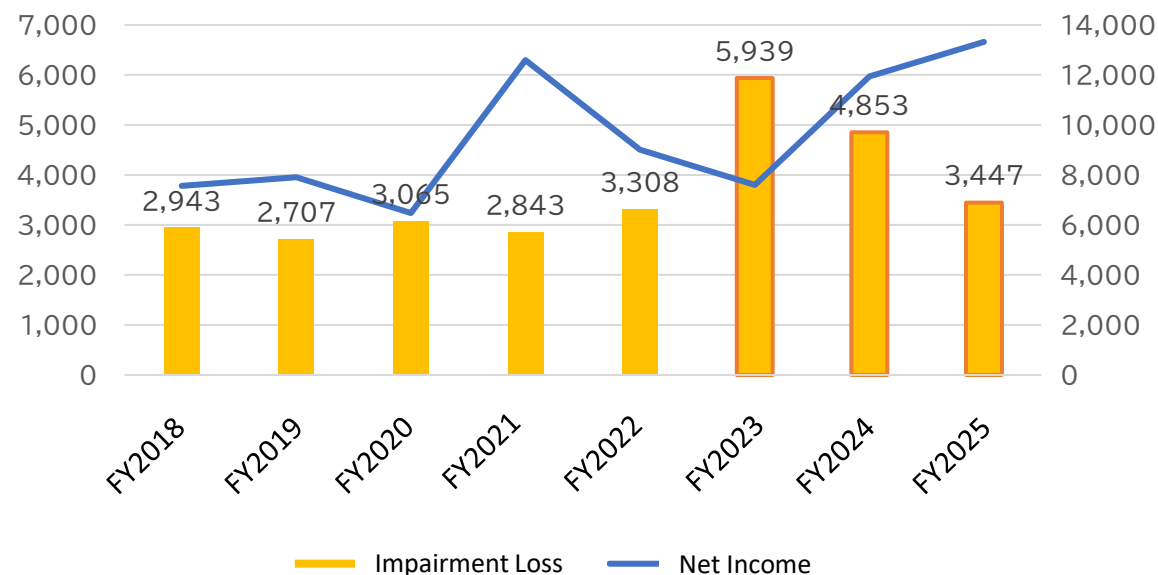
■ Current Analysis 2 PBR Remains Below 1.0x and PER Stays Low

- As of the end of March 2025, the PBR stood at 0.7x. We recognize that the continued PBR below 1.0x since the fiscal year ended March 2020 is primarily due to a decline in earnings power following the COVID-19 pandemic, which led to an increase in impairment losses. This, in turn, resulted in ROE falling below the cost of equity, along with a persistently low PER. However, as noted earlier, ROE has been on an improving trend over the past two fiscal years and has exceeded the Company's cost of equity.
- As of the end of March 2025, the PER was 10.3x. We analyze that the continued low PER is partly attributable to a decline in investor confidence due to underperformance against earnings forecasts.
- Going forward, we will prioritize building trust with the market as we aim for a PBR of 1x. We will strive to enhance our earning power and reduce impairment losses to achieve our earnings forecasts, while also working to raise our PER by strengthening the communication of our value-creation story.

Trends in PBR and PER

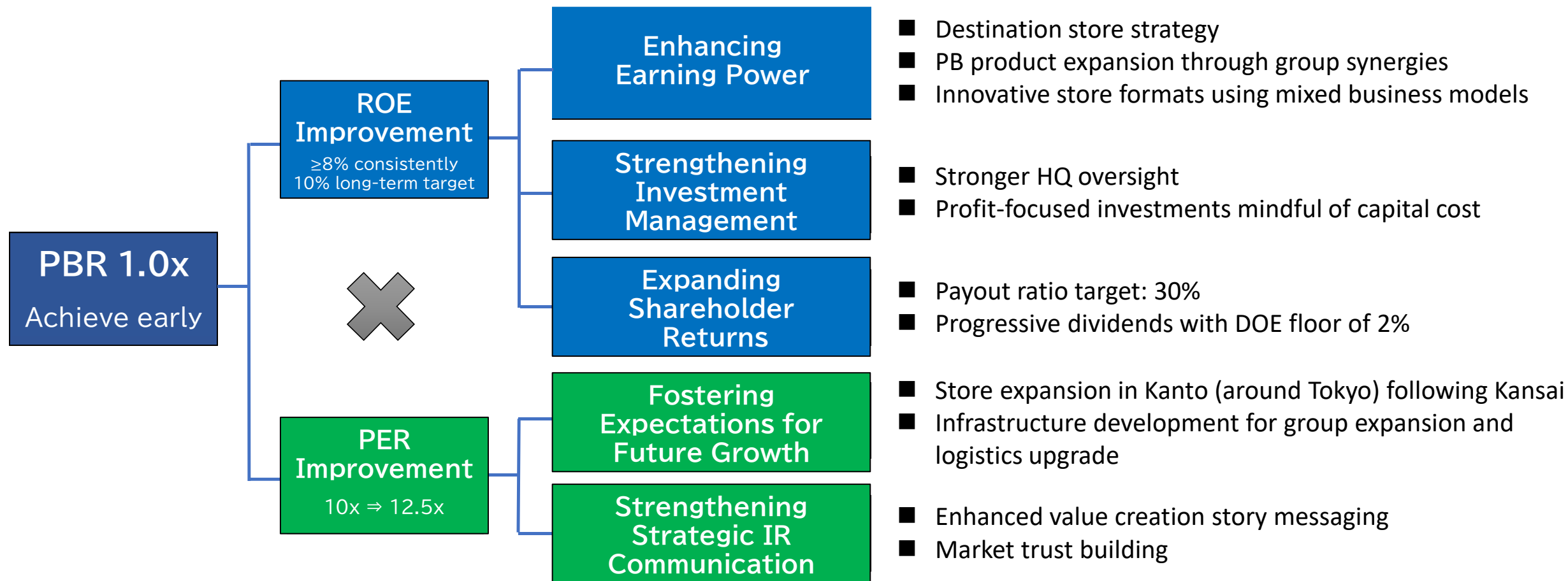


Impairment Losses and Net Income



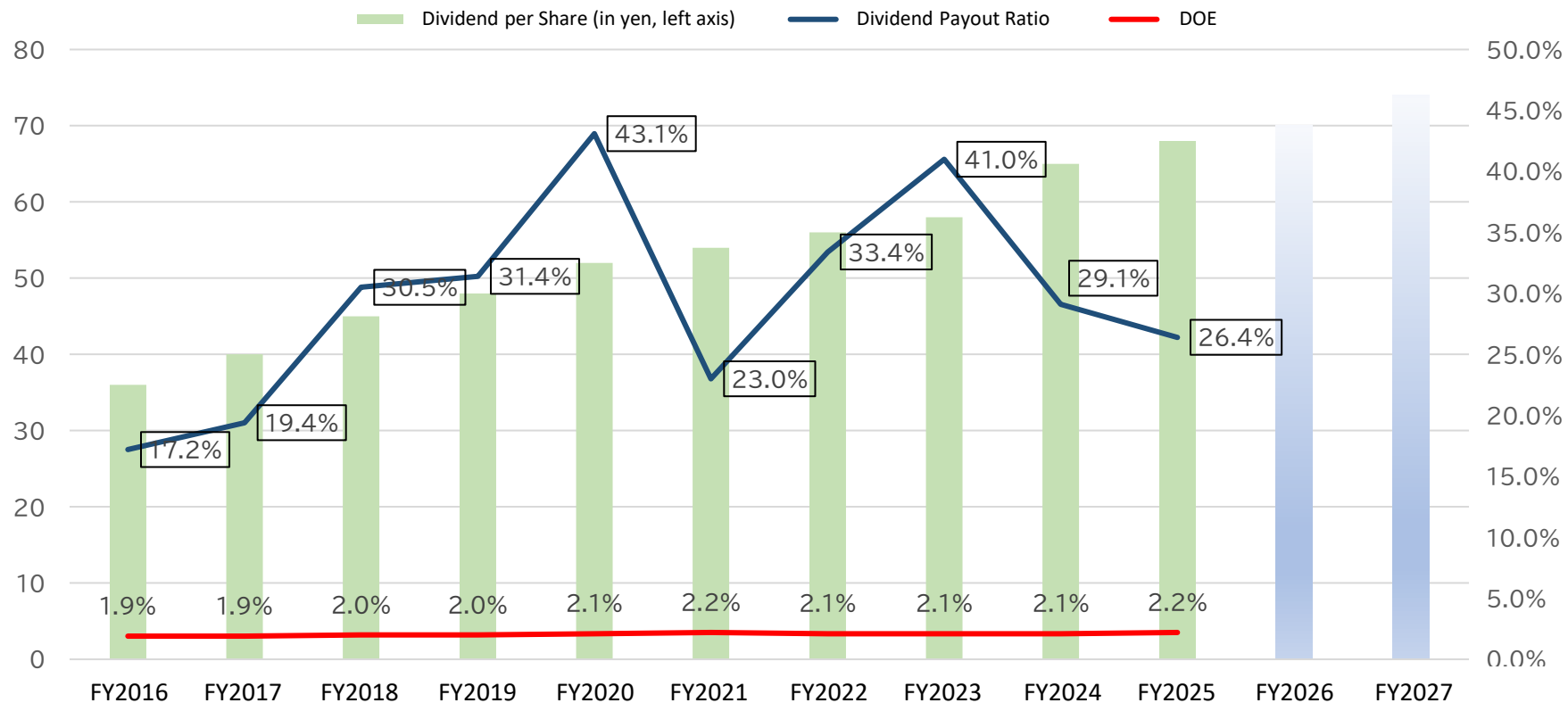
■ Actions to Improve PBR and Enhance ROE and PER

- We aim to achieve a PBR of 1x at an early stage and maintain a sustainable ROE of 8% or higher, with a long-term target of 10%.



Continued Commitment to Shareholder Return Policy

- FY25 total return ratio: 43% (¥2.28B buybacks included)
- Dividend payout target: 30%; progressive policy maintained
- DOE (Dividend on Equity): Maintain a minimum of 2%
- Aim to strike an optimal balance between:
 - Strategic growth investments
 - Profit returns that meet shareholder expectations



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