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May 23, 2025

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Representative: Mikio Kobayashi, President & C.E.O.
(Securities Code: 6272;
Tokyo Stock Exchange Prime Market)
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Measures to Realize Management with Awareness of Capital Cost and Stock Price (Update)

At a meeting of the Board of Directors held on May 23, 2025, RHEON AUTOMATIC MACHINERY CO., LTD. (the "Company") reanalyzed the current status of its measures for realizing management that takes into account capital costs and stock prices, and resolved on future initiatives as follows.

1. Assessment of the current situation

The ROE of the Company has remained at the same level as the previous year. In addition, the Company's PBR has been below 1x for an extended period, and it will continue to strive to gain market recognition and improve its PBR.

	FYE March 31, 2021	FYE March 31, 2022	FYE March 31, 2023	FYE March 31, 2024	FYE March 31, 2025
Net sales (Millions of yen)	22,280	26,585	35,269	37,703	39,214
Operating profit (Millions of yen)	1,404	1,099	3,007	4,883	5,298
Ordinary profit (Millions of yen)	1,622	1,468	3,209	4,987	5,415
Profit attributable to owners of parent (Millions of yen)	1,608	1,486	2,737	3,675	3,889
Operating profit margin%	6.3	4.1	8.5	13.0	13.5
ROE %	6.3	5.4	9.2	10.9	10.4
Year-end stock price(Yen)	1,174	1,018	1,305	1,563	1,258
PBR (times)	1.18	0.96	1.12	1.17	0.88

2. Policy for improvement

Based on the current assessment, taking into account the recent economic situation and the new factory construction plan of our US consolidated subsidiary, we have revised the targets for our current medium-term management plan (fiscal year ending March 2024 to fiscal year ending March 2028) to an operating profit margin of 12% or more and an ROE of 9% or more. Going forward, we will proceed with the new factory construction plan, improve the profitability of the entire group, and aim for an operating profit margin of 13% or more and an ROE of 10% or more after the new factory is fully operational. This will allow us to receive appropriate evaluation from shareholders and investors, reduce capital costs, and improve our PBR.

3. Efforts for improvement

(1) Improving profitability

The following policies in the current Medium-Term Management Plan will be promoted in order to improve profitability.

[1] Strengthening the foundations for growth

- Investing in growth areas

[Food processing machinery manufacturing and sales business]

Development of smart lines is the first step towards realizing smart factories.

Launched a new food molding machine in the Chinese market and a new food molding machine for meat in the European market.

Developing markets in India, Africa, and the Middle East.

[Food manufacturing and sales business]

Considering new factory for US consolidated subsidiary.

[2] Strengthening the profit base

- Productivity improvement

Standardization of confectionery and bread making lines.

Introduction and renewal of large production equipment such as auto stores and DNC lines.

Operation of MES system linked with PLM system.

[3] Strengthening the management base

- Promotion of sustainability

Contributing to environmental and social issues through business.

Proposals for food production lines aimed at automation and labor saving.

Reducing food waste in the food production process.

Reducing CO_2 emissions and introducing self-consumption solar power equipment.

- Promote sustainability management

Strengthening corporate governance.

Strengthening human capital by improving personnel systems and employee benefits.

Promoting diversity, including hiring foreigners and empowering women.

Developing global human resources.

(2) Strengthening shareholder returns

The Company has decided to partially revise its dividend policy to further enhance shareholder returns, by taking into consideration a comprehensive review of its business performance and business environment, etc.

(Dividend Policy) Effective from the dividend for the fiscal year ending March 2026.

The Company considers returning profits to shareholders as one of the most important management policies. Specifically, <u>we will strive to realize management that is conscious of the cost of capital and stock price,</u> while comprehensively taking into account, among other factors, retaining internal reserves for future business expansion. <u>The Company's basic policy is to maintain or increase dividends to shareholders in a progressive manner, aiming for a consolidated payout ratio of 40% or more and stable dividends during the period of this medium-term management plan (from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2028).</u>

* The modifications are underlined.

(3) Enhancing IR activities

The Company will strive to increase opportunities for dialogue with shareholders and investors and actively disclose information on its business activities. Disclosure of non-financial information in addition to financial information will also be enhanced.