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May 9, 2024

Company name: K'S HOLDINGS CORPORATION

Name of representative: Representative Director,  
President and Chief Executive Officer  
Tadashi Hiramoto

(Securities code: 8282; Tokyo Stock Exchange Prime)

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## **Establishment of "Medium-Term Management Plan 2027" and Action to Implement Management that is Conscious of Cost of Capital and Stock Price**

K'S HOLDINGS CORPORATION (the "Company") announces that it has established its "Mid-Term Management Plan 2027" for the fiscal year ending March 31, 2027, which incorporates action to Implement Management that is Conscious of Cost of Capital and Stock Price, and that its Board of Directors has resolved the details of the plan at a meeting held on May 9, 2024.

### Background of the "Medium-Term Management Plan 2027"

Although record profits were achieved in the fiscal year ended March 31, 2021, due to the demand for nest eggs in the Corona disaster, sales and profits declined for the three years after the fiscal year ended March 31, 2022, due to a reactionary decline in demand for nest eggs, a return to urban centers, brisk consumption of goods and services, and a prolonged replacement cycle of home appliances due to high prices, and the P/B ratio continued to be below 1x. In light of this situation, the Company announced on May 10, 2023 that it was withdrawing its previous medium-term management plan for the five-year period ending March 31, 2024, due to a large deviation from the plan.

However, the home electrical appliances handled by the Group are daily necessities necessary to ensure a stable lifestyle related to food, clothing, and housing, and are supported by firm replacement demand that replaces them when they break down.

In light of these circumstances, the Company have positioned the three years from the fiscal year ending March 31, 2025 as an important period for laying the groundwork for medium- to long-term growth, and have established a new "Medium-Term Management Plan 2027".

In addition, in the "Medium-Term Management Plan 2027", the Company have included an analysis and evaluation of the current situation and specific measures and plans to address the issue of P/B ratio of less than 1x in the "Pillar 3" of the "Medium-Term Management Plan 2027".

The Company will work on the "Medium-Term Management Plan 2027" under the management policy of "Gambaranai keiei" and promote action to Implement Management that is Conscious of Cost of Capital and Stock Price.

For details, please refer to the attached document "Medium-Term Management Plan 2027".

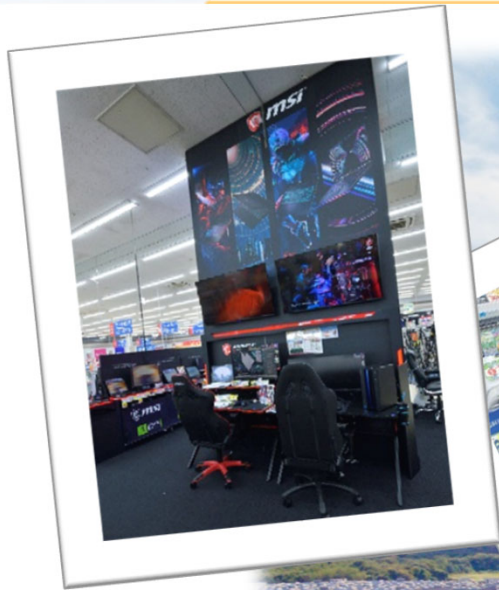
# Medium-term Management Plan 2027 (FY2025 – FY2027 Three-Year Plan)

\*FY2025(Apr. 1, 2024 – Mar. 31, 2025)  
FY2027(Apr. 1, 2026 – Mar. 31, 2027)

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



**KS** **K'S HOLDINGS CORPORATION**



## I . Medium-term Management Plan – Principles - Pillars

### Medium-term Management Plan – Principles

Aim to lay the **foundations** for longer-term growth by **re-examining existing store efficiency** and **boosting their customer service**

### Medium-term Management Plan pillars

**1** Generate stable profit from electronics

**2** Streamline business processes and **increase sales** through **DX**

**3** Increase market value of the company through **enhanced capital efficiency**

## II . Medium-term Management Plan – Goals and indicators

	FY2025		FY2027
Net sales	735 billion yen	-	770 billion yen
Operating profit	20 billion yen	-	27 billion yen
Operating profit ratio	2.7%	-	3.5%
Profit attributable to owners of parent	12 billion yen	-	20 billion yen
Cash flows from operating activities (cumulative over 3 years)	100 billion yen		
ROE (final fiscal year of plan)			8%

## III. Medium-term Management Plan – Priorities of Pillar 1

### A. Generate stable profit from electronics

#### Priorities

1

Improve the profitability of existing stores by re-examining efficiency and refurbishment; aim to exert dominance with **Scrap & Build**

- Re-examine staffing and opening hours
- Aim to **open a total of 30 new stores over period of the Plan, and to refurbish 30 stores every year**

2

Improve labor productivity by investing in human capital

- Aim to **increase sales and profits per worker** by selling higher value-added goods
- Investing in human capital - boost **online training** and **increase the number of qualified Home Appliance Advisors** in order to enhance sales skills and specialization

3

Limit the selling, general, and administrative expenses (SG&A) ratio

- Limit the rise in ad spending by capitalizing on **digital marketing** (Anshin Passport app, LINE flyers, social media advertising, etc.)
- Ensure a stable supply of electricity and reduce utility bills by **installing solar power systems** on the roofs of stores

## IV. Medium-term Management Plan – Priorities of Pillar 2

### B. Streamline business processes and increase sales through DX

#### Priorities

1

Improve the convenience and boost the sales of the **online shop** and **Anshin Passport app**

- Make the user interface easier to navigate, enhance the pick-up process in stores and streamline deliveries by consolidating shipping hubs
- Aim to **double online shop sales** by the last year of the Plan (compared to FY2024)
- Add more functions to the Anshin Passport app to make it more user friendly

2

Streamline work processes in stores

- Reduce the burden of tasks on staff through use of work devices and increase the time for interacting with customers
- Aim to reduce the cost of equipment through flexible choice of POS systems and work devices  
Reduce the burden of tasks and minimize human error by simplifying the operation of POS system

3

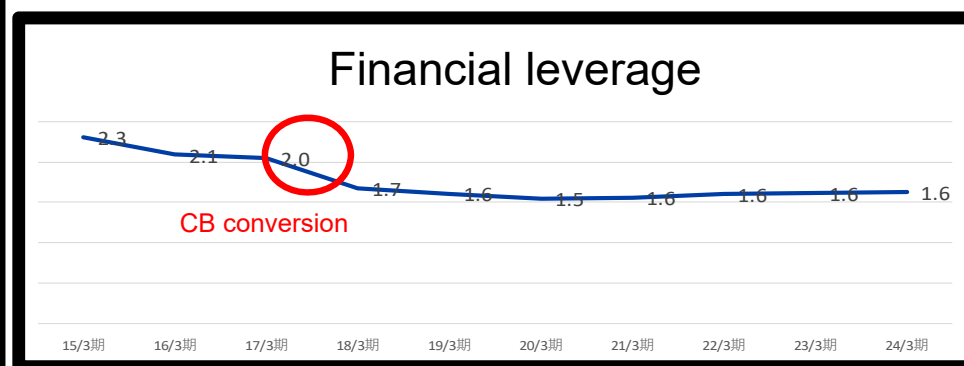
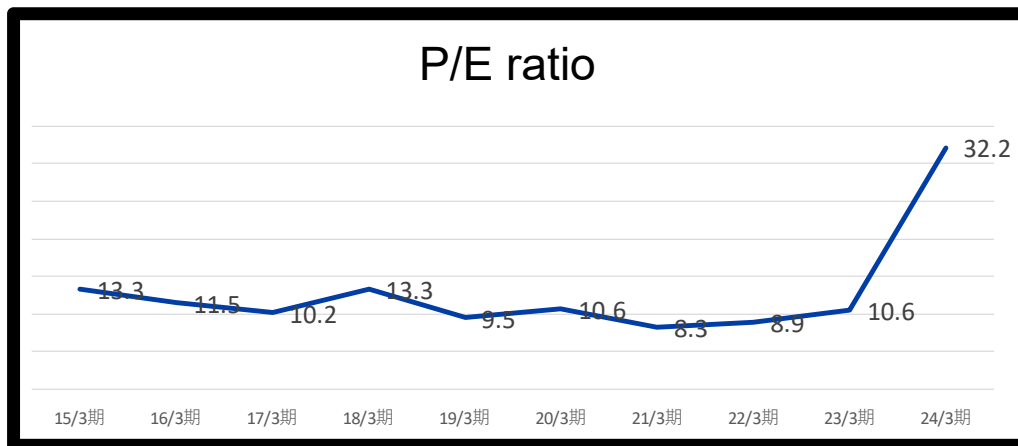
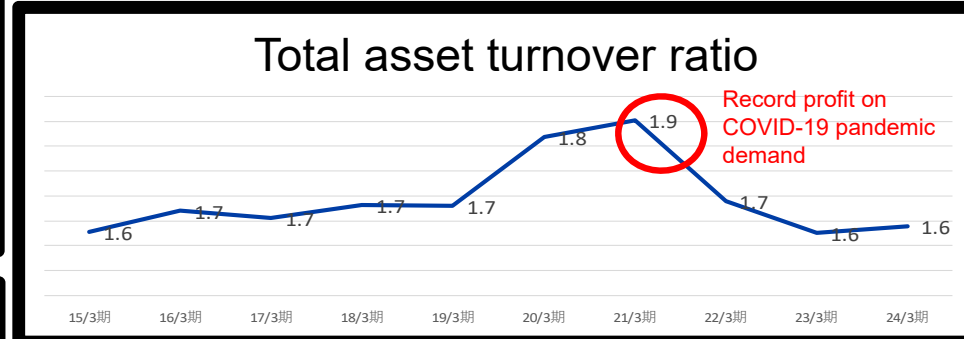
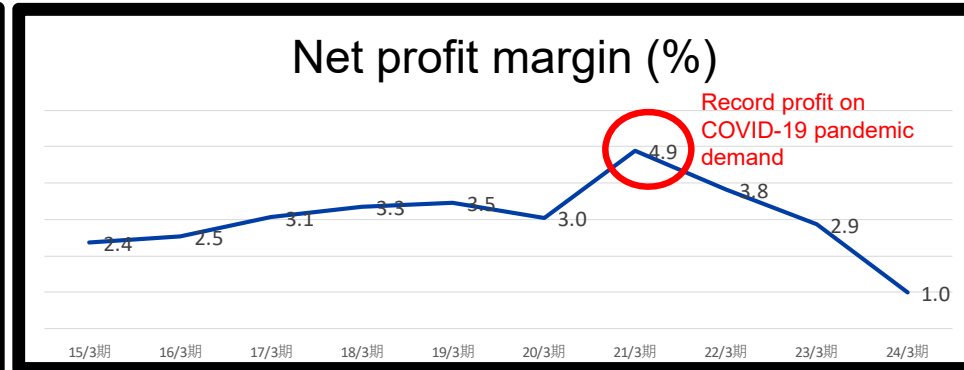
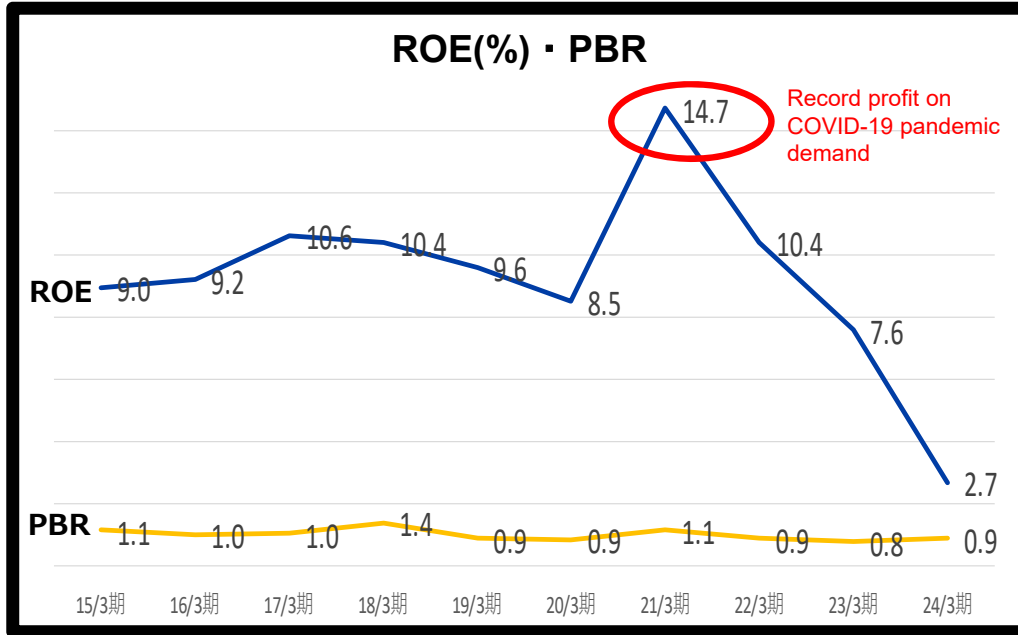
Update internal systems in order to **strengthen our platforms** and **streamline head office work processes**

- Build systems that are highly stable and resilient, update EC system and strengthen platform
- Streamline back office tasks at head office

# V. Medium-term Management Plan – Pillar 3 situation analysis and evaluation

## C. Increase market value of the company through enhanced capital efficiency

Situation analysis and evaluation





## V. Medium-term Management Plan – Pillar 3 situation analysis and evaluation

### C. Increase market value of the company through enhanced capital efficiency

Situation analysis and evaluation

- Our **capital cost** is roughly **6-7%\*1** (\*1 Internal calculation by CAPM)
- **ROE deteriorated severely in FY2024 to 2.7%,**  
resulting in negative equity spread
- **P/E ratio is 32.2\*2** (\*2 As of end March 2024)
- **PBR is 0.87\*2**  
Has been consistently under 1  
since the end of pandemic demand spike



Our analysis is that **our inability to achieve a return on capital above the cost of capital** has resulted in insufficient appreciation from investors

## VI. Medium-term Management Plan – Pillar 3 specific actions and plans

### C. Increase market value of the company through enhanced capital efficiency

With a longer-term goal of 10% ROE, aim for **8% ROE** by the last year of the Plan and to lift PBR over 1

<b>Specific actions and plans</b>	1	<h3>Specific actions and plans</h3> <p>Seek <b>increased profitability</b> from Pillars 1 and 2 of Plan</p>	Improved ROE
	2	<h3>Compress ownership equity</h3> <p>Flexibly undertake share buybacks and use debt financing where necessary; increase financial leverage</p>	
	3	<h3>Reduce the cost of shareholder equity</h3> <ul style="list-style-type: none"> <li>▪ <b>Increased information disclosure</b> and <b>IR</b> will lead to <b>deeper engagement</b> with investors</li> <li>▪ <b>Introduce evaluation of ESG initiatives</b> as part of executive compensation, and link the enhanced disclosure of non-financial information with growing market value</li> </ul>	Improved P/E ratio

## VII. Medium-term Management Plan – returns to shareholders

### C. Increase market value of the company through enhanced capital efficiency

## Shareholder returns policy

**80% target for total returns**

Flexibly undertake share buybacks

**40% target for dividend payout ratio**

**NEW**

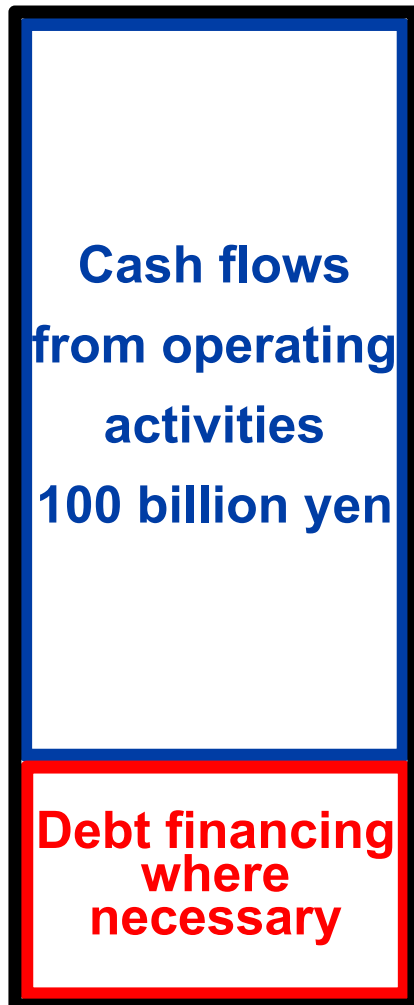
During the period of the Plan, set floor for annual dividend per share of 44 yen, last fiscal year's dividend

\*The annual dividend per share paid out in FY2024

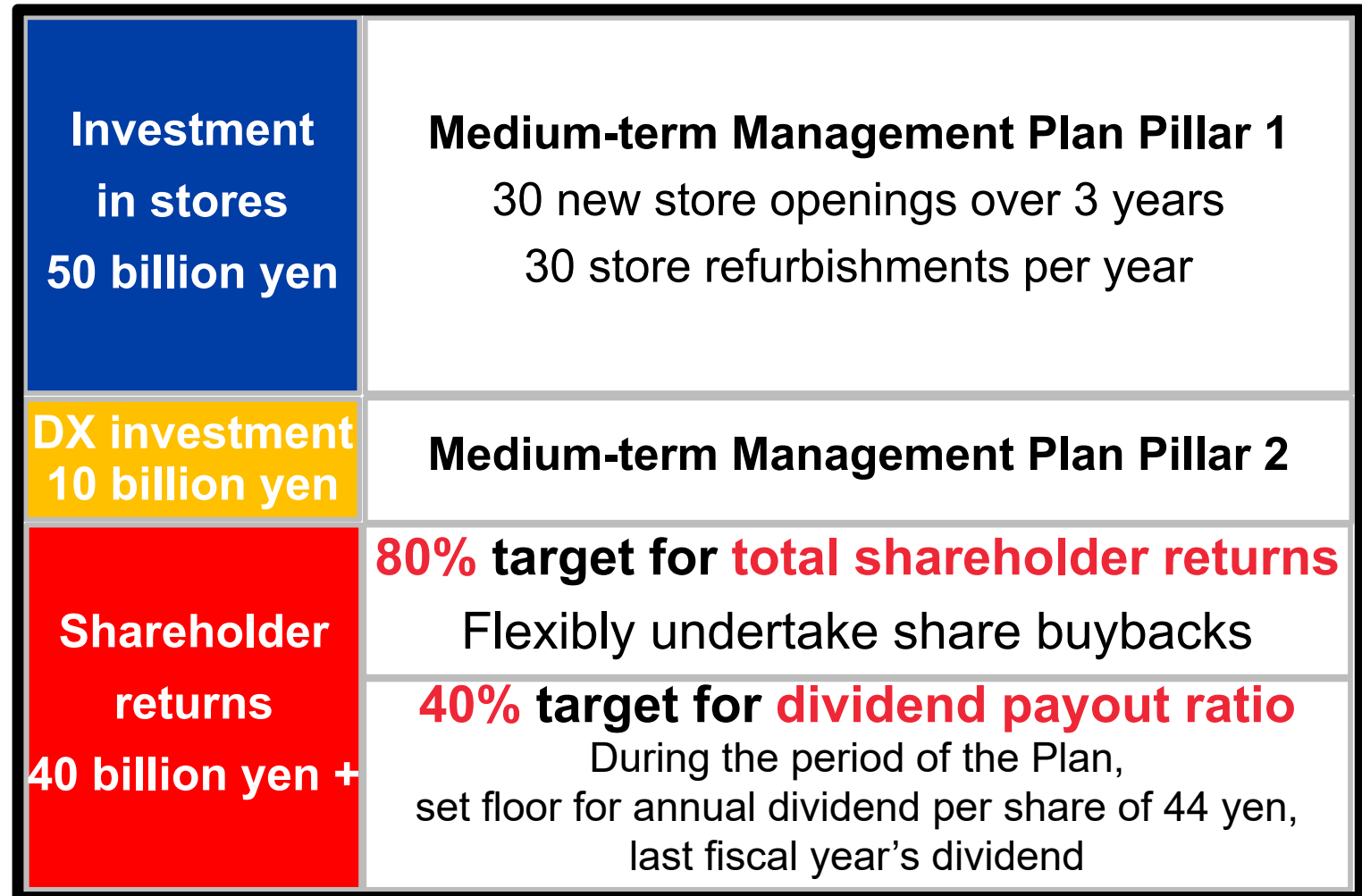
## VIII. Medium-term Management Plan – Cash allocation (cumulative over 3 years)

### C. Increase market value of the company through enhanced capital efficiency

#### Cash in



#### Cash out

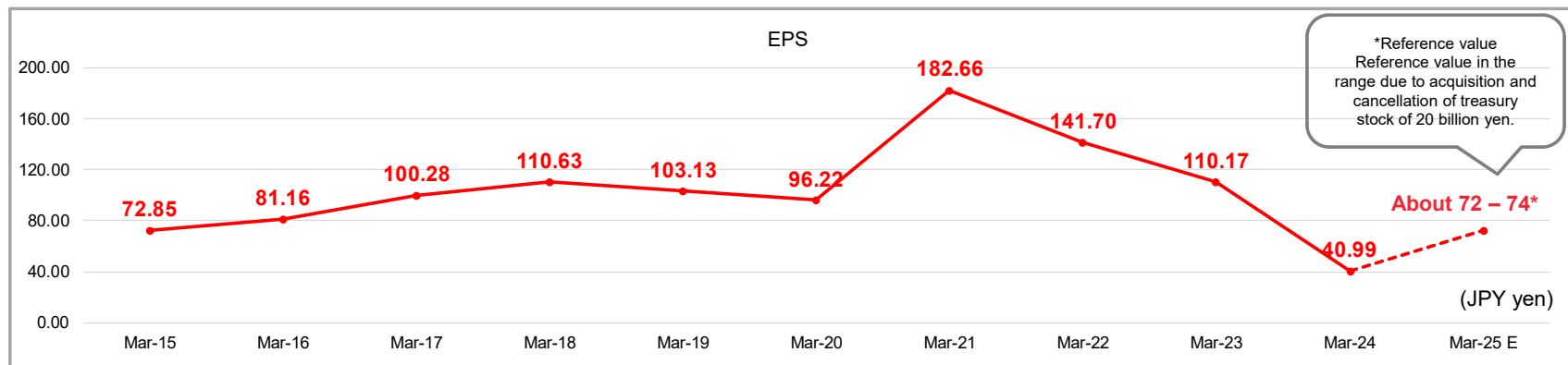
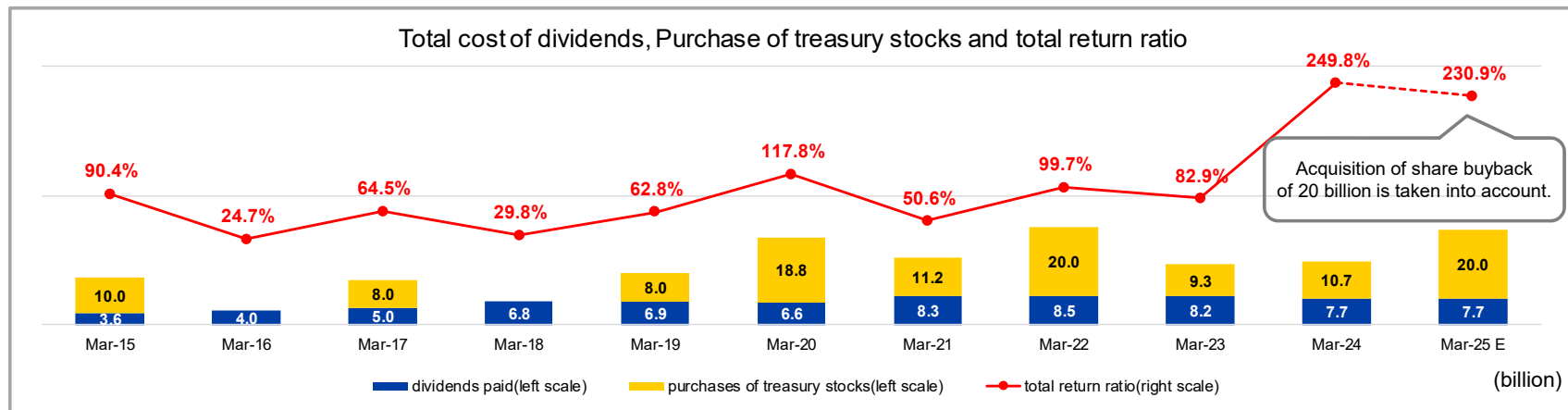
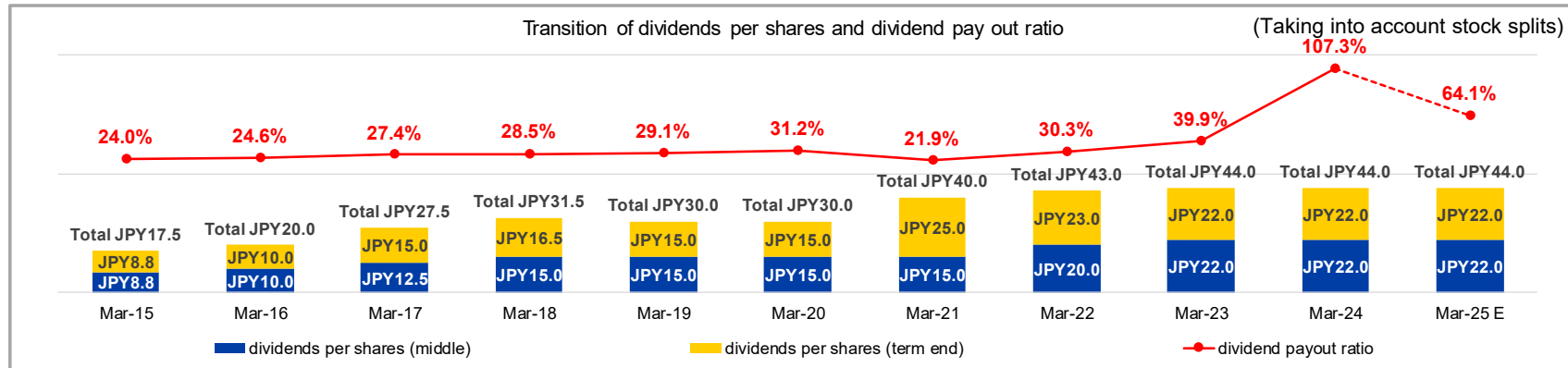


# Appendix



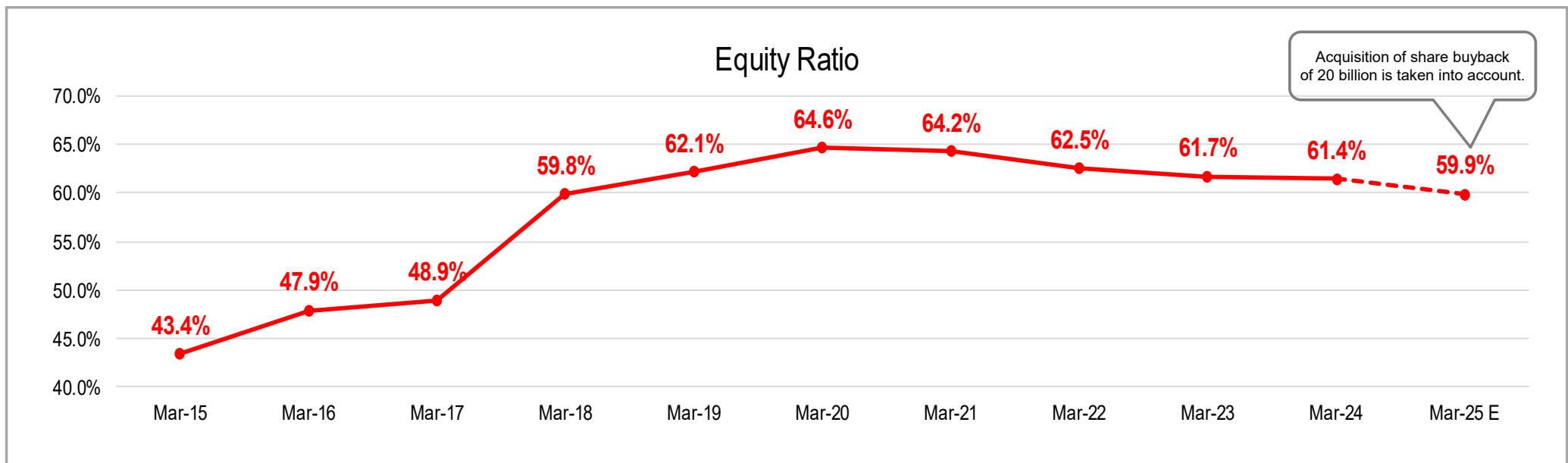
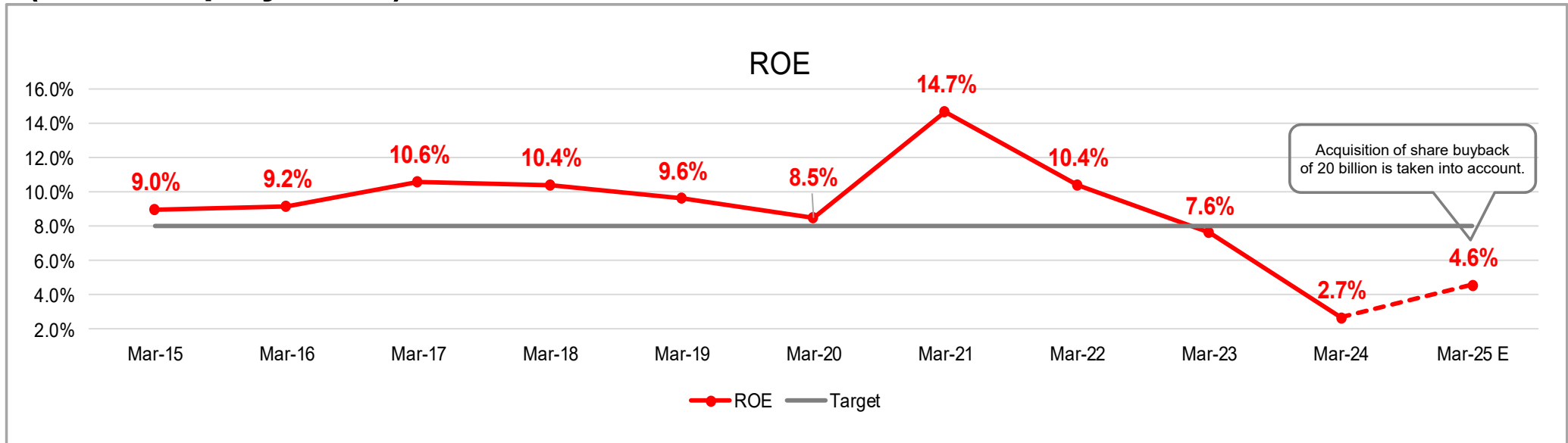
# I. Shareholder Return Results and Forecasts (Dividend pay out ratio · Total return ratio · EPS)

As of the end of Mar. 2024



# I. Shareholder Return Results and Forecasts (ROE · Equity Ratio)

As of the end of Mar. 2024



# I . Shareholder Return Results and Forecasts (Dividend Yield · Total Return Yield)

As of the end of Mar. 2024

## Dividend Yield Results

Dividend per share	Dividend yield
JPY 44	3.28%

## Long-term holding not considered

Mar. 29, 2024 Closing price	JPY 1,339.5			
	Minimum Investment Amount	Face value of the coupon	Hospitality benefit yield	Dividend yield +Hospitality benefit yield
	JPY	JPY	%	%
100 shares or more	133,950	2,000	1.49%	4.78%
500 shares or more	669,750	6,000	0.90%	4.18%
1,000 shares or more	1,339,500	10,000	0.75%	4.03%
3,000 shares or more	4,018,500	20,000	0.50%	3.78%
6,000 shares or more	8,037,000	40,000	0.50%	3.78%
10,000 shares or more	13,395,000	60,000	0.45%	3.73%

## Long-term holding (1 year or more) considered

Mar. 29, 2024 Closing price	JPY 1,339.5			
	Minimum Investment Amount	Face value of the coupon	Hospitality benefit yield	Dividend yield +Hospitality benefit yield
	JPY	JPY	%	%
100 shares or more	133,950	4,000	2.99%	6.27%
500 shares or more	669,750	8,000	1.19%	4.48%
1,000 shares or more	1,339,500	14,000	1.05%	4.33%
3,000 shares or more	4,018,500	24,000	0.60%	3.88%
6,000 shares or more	8,037,000	44,000	0.55%	3.83%
10,000 shares or more	13,395,000	64,000	0.48%	3.76%

## Total Return Yield Results

(JPY in million)

	(Dividends paid + Amount of share buyback) ÷ Market capitalization =			Total Return Yield
FY2019	6,932	8,018	223,569	6.7%
FY2020	6,566	18,780	217,584	11.6%
FY2021	8,341	11,219	313,438	6.2%
FY2022	8,454	19,999	240,491	11.8%
FY2023	8,227	9,286	212,786	8.2%
FY2024	7,723	10,713	234,015	7.9%

\*Market capitalization (excluding treasury stock) is calculated based on the share price at the end of the fiscal year.



# I . Shareholder Return Results and Forecasts (Dividend pay out ratio · Dividend Yield)

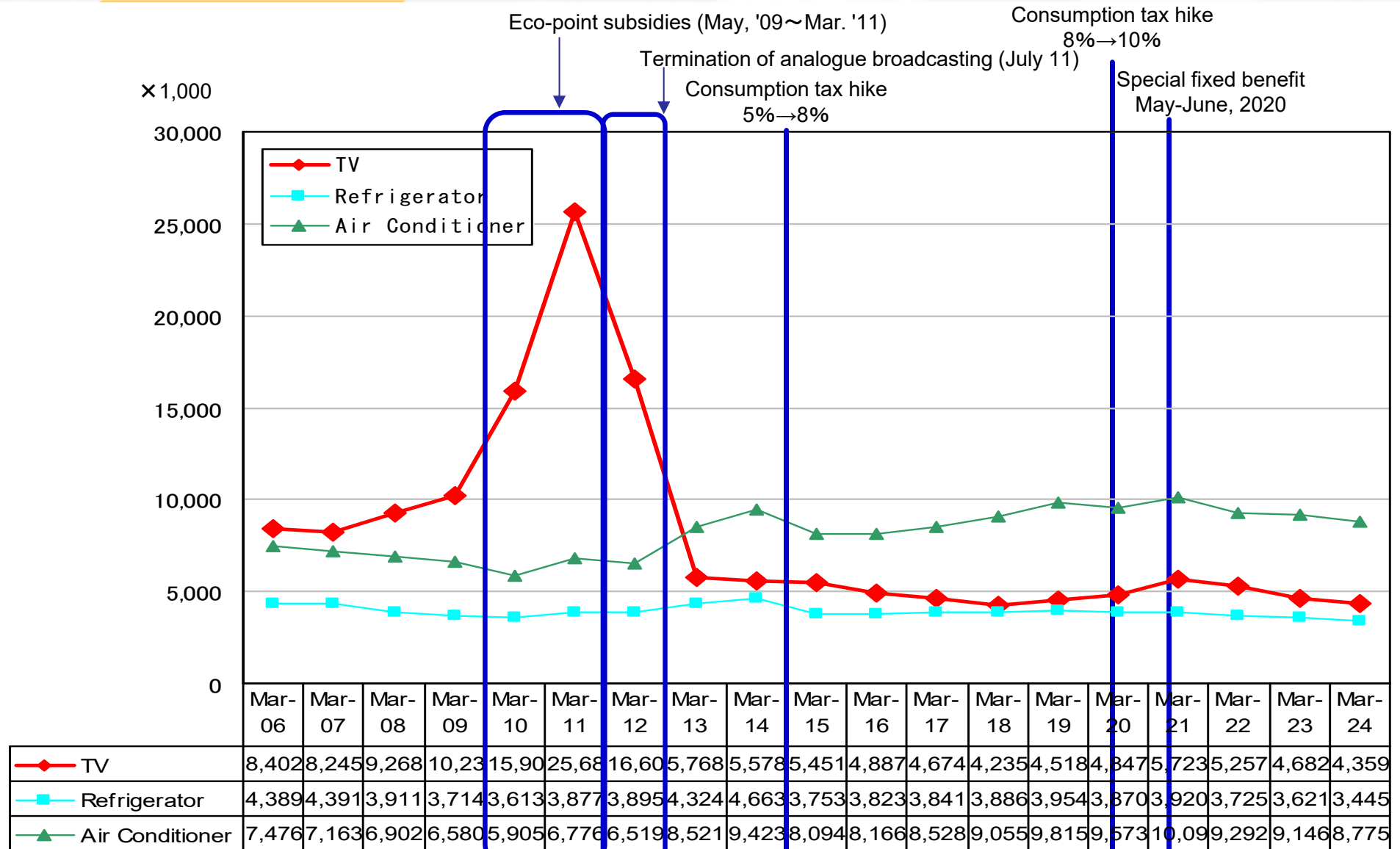
As of the end of Mar. 2024

FY	Dividend	Dividend	Stock	Dividend	EPS *1	Stock split	Stock buyback		notes
	per stock *1	Ratio	price *1	Yield			×1,000 stock unit	JPY in million	
	JPY	%	JPY	%	JPY				
Sep-88	3.75	21.2	500	0.75	18.23	1:1.2			Went public(OTC Market)
Sep-89	3.00	18.6	455	0.66	16.10				
Mar-90	1.60	15.5	638	0.25	10.30				Irregular period with 6months and 11days
Mar-91	3.00	17.6	630	0.48	17.22	1:1.3			
Mar-92	3.75	-231.1	448	0.84	-1.62				Tohoku K'S made into subsidiary
Mar-93	3.75	141.0	310	1.21	2.66	1:1.1			
Mar-94	3.75	33.7	638	0.59	11.14	1:1.1			
Mar-95	4.25	28.2	460	0.92	15.10				
Mar-96	4.50	23.7	475	0.95	18.97				
Mar-97	4.50	36.9	243	1.86	12.18				Depression
Mar-98	4.50	67.1	120	3.75	6.71				Changed store name
Mar-99	4.50	21.0	420	1.07	21.45		427	351	Share buyback resolution in April and July 1998
Mar-00	5.00	15.5	633	0.79	32.21				
Mar-01	6.25	18.6	425	1.47	33.66				Share listed on the 2nd section of the TSE
Mar-02	5.00	14.5	324	1.54	34.45		299	405	Share listed on the 1st section of the TSE Share buyback resolution in February 2002
Mar-03	5.00	18.0	350	1.43	27.76	1:1.2			
Mar-04	5.00	13.4	703	0.71	37.36		240	345	Share buyback resolution in June 2003
Mar-05	5.00	12.3	691	0.72	40.78	1:1.2			Acquired GIGAS and KANSAI K'S as subsidiary
Mar-06	5.00	12.4	860	0.58	40.48	1:1.2			Acquired BIG-S as subsidiary
Mar-07	7.50	18.5	785	0.96	40.53				Acquired Hokuetsu K'S as subsidiary,Kyushu K'S founded
Mar-08	7.50	17.0	497	1.51	44.20		2,927	6,973	Acquired Denkodo as subsidiary Share buyback resolution in November 2007 and March 2008
Mar-09	7.50	13.8	330	2.27	54.53				
Mar-10	7.50	8.9	574	1.31	83.92	1:1.2			
Mar-11	11.25	10.7	600	1.88	104.99		3,827	8,894	Share buyback resolution in August 2010 and February 2011
Mar-12	15.00	13.7	667	2.25	109.32		1,500	4,208	1st interim dividend begins Share buyback resolution in February 2012
Mar-13	15.00	24.0	751	2.00	62.40		1,000	2,057	Share buyback resolution in November 2012
Mar-14	17.50	21.1	717	2.44	82.87		1,500	4,624	Share buyback resolution in October 2013
Mar-15	17.50	24.0	971	1.80	72.85		3,246	9,999	Share buyback resolution in December 2014
Mar-16	20.00	24.6	933	2.14	81.16				
Mar-17	27.50	27.4	1,021	2.69	100.28	1:2			June 2016 stock split implementation
							3,881	7,999	Share buyback resolution in November 2016
									Disposal of 10 million shares on March 31, 2017
Mar-18	31.50	28.5	1,471	2.14	110.63	1:2			
Mar-19	30.00	29.1	982	3.05	103.13		7,000	8,018	Share buyback resolution in November 2018
Mar-20	30.00	31.2	1,023	2.93	96.22		15,711	18,780	Share buyback resolution in August 2019 and February 2020
Mar-21	40.00	21.9	1,521	2.63	182.66		8,095	11,219	Share buyback resolution in February 2020 and December 2020
									Disposal of 10 million shares on March 31, 2021
Mar-22	43.00	30.3	1,263	3.40	141.70		16,520	19,999	Share buyback resolution in August 2021 and February 2022
Mar-23	44.00	39.9	1,163	3.78	110.17		7,832	9,286	Share buyback resolution in February 2023
									Disposal of 25 million shares on March 31, 2023
Mar-24	44.00	105.7	1,340	3.28	41.64		8,320	10,713	Share buyback resolution in February 2023 and May 2023
									Disposal of acquisitions on December 31, 2023
Mar-25 E	44.00						18,000	20,000	Share buyback resolution in May 2024

\*1 Dividend per stock, stock price and EPS are taking into consideration stock split in April 2018

\*2 Figures consolidated from and after March, 1992

## II. Trend of the Number of Major Home Appliances Shipment



Compiled from materials by JEITA : Japan Electronics and Information Technology Industries Association (TV) and by JEMA : The Japan Electrical Manufacturers' Association (Refrigerator and Air Conditioner)

# Contact Us

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