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May 13, 2026

To Whom It May Concern

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Measures to Achieve Management that is 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 13, 2025, 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 to Achieve Management that is Conscious of Cost of Capital and Stock Price (Update).”

End

Valor Holdings, Co., Ltd.

**~ Measures to Achieve Management
that is Conscious of Cost of Capital and
Stock Price ~**

Update (May, 2026)

(¥100mn)	FY2024	FY2025	FY2026	Highlights
Operating revenues	8,078	8,544	9,241	The Supermarket Business drove overall Group earnings, achieving revenue growth for the 31st consecutive fiscal year.
Operating income	228	231	275	All business segments returned to operating profitability for the first time in six fiscal years, supported by earnings recovery in the Sports Club Business and a return to profitability in the Credit Card Business.
Net income	119	136	164	Net income attributable to owners of parent reached a record high for the second consecutive fiscal year, driven by restrained growth in extraordinary losses including impairment losses.
ROE (%)	7.5	8.1	9.2	Significant growth in net income pushed ROE above 9%.
ROIC (%)	4.8	5.0	5.6	Capital profitability improved substantially, exceeding WACC (Company assumption: 4.0%–5.0%).
PBR (x)	0.82	0.74	1.06	In addition to higher ROE, improved growth expectations lifted PER, resulting in PBR exceeding the target level of 1.0x.

2 Analysis of ROE and PER

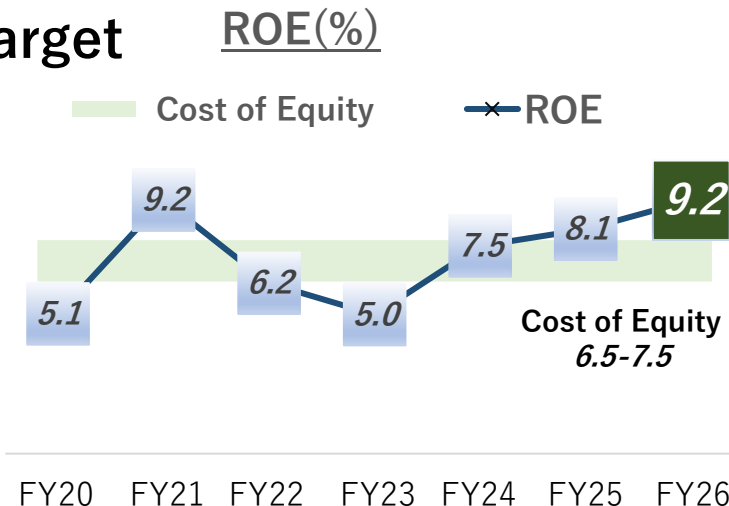
ROE exceeded the target level of 8% for the second consecutive fiscal year. PER also increased, supported by growth expectations driven by expansion into the Kanto region following the Kansai area.

PBR
Above 1.0x

ROE

Achieved the 8% Target

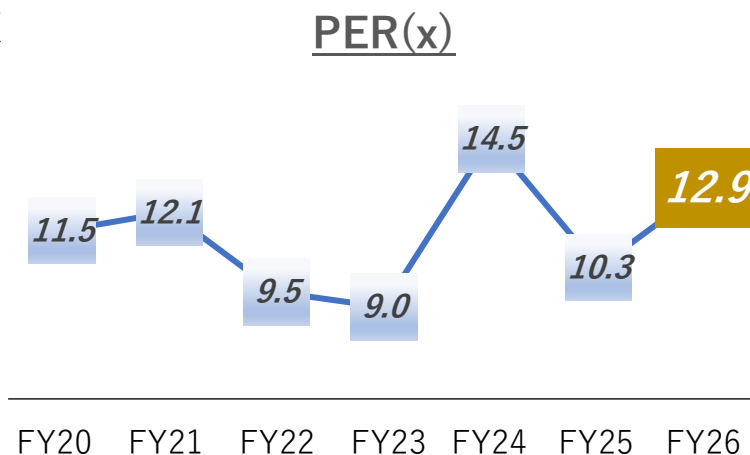
- As a result of a significant increase in net income, net income margin, a component of ROE, improved by approximately 0.2 percentage points.
- ROE remained above the Company's estimated cost of equity (CAPM-based estimate: 6.5%–7.5%).



PER

Increased to 12.9x

- Successful launch of SM Valor's first store in Kanagawa Prefecture.
- ⇒ Increased brand recognition and growth expectations in the Kanto, following the Kansai
- Improved earnings forecast accuracy and higher probability of achieving business plans
- ⇒ Narrowing the gap between market valuation and actual performance

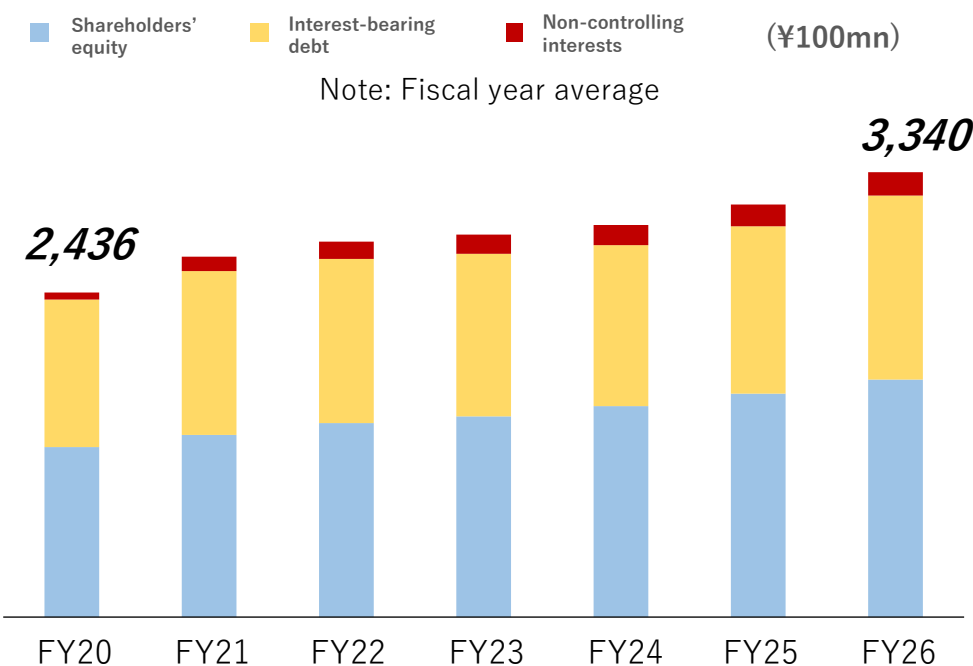
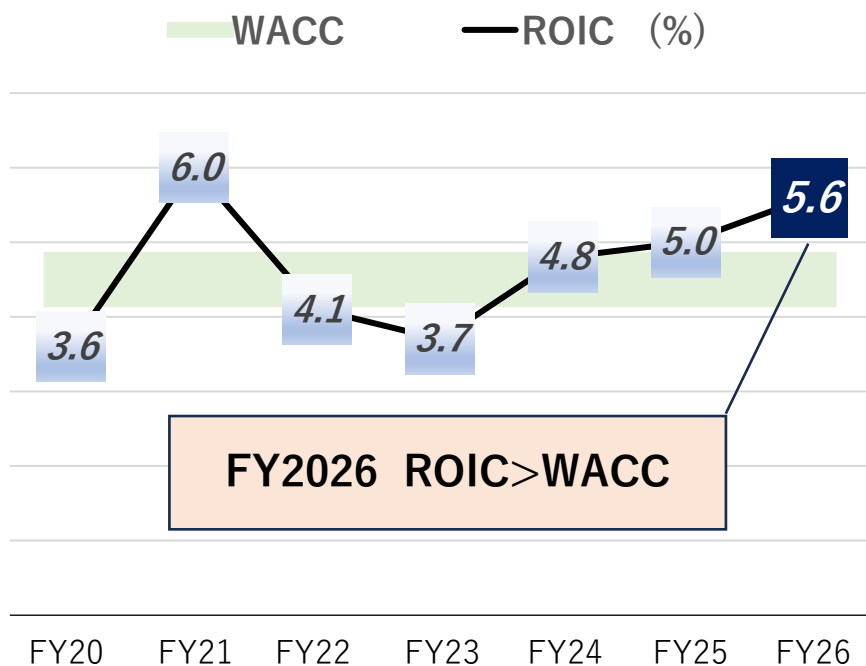


3 Analysis of ROIC

In FY2026/3, invested capital increased significantly due to proactive store expansion investments and M&A activities. However, substantial growth in operating profit enabled the Company to achieve capital profitability (ROIC: 5.6%) exceeding its cost of capital (Company-estimated WACC: 4.0%–5.0%).

Further improvement in ROIC will require initiatives to expand operating profit while controlling growth in invested capital.

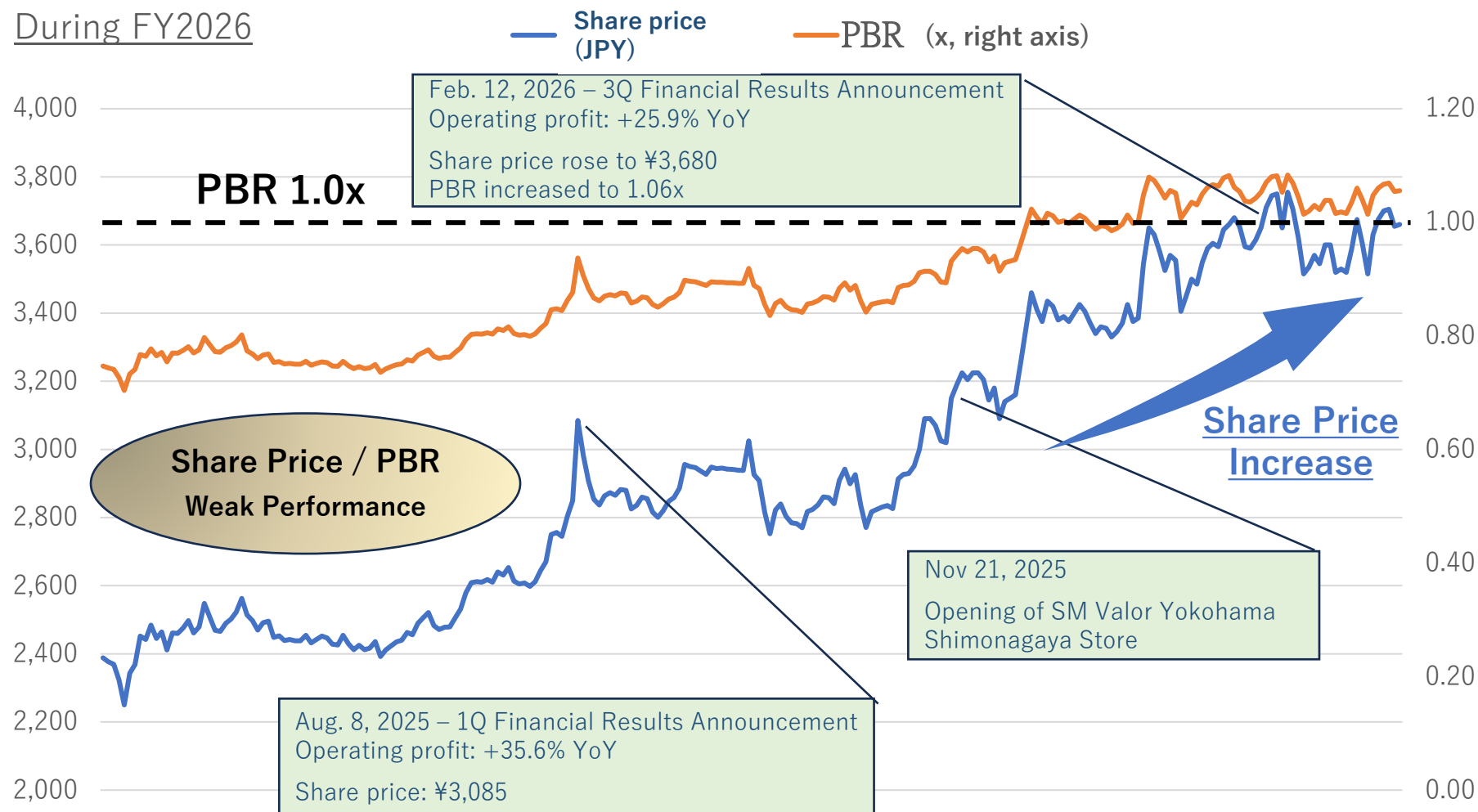
$$\text{ROIC} = \frac{\text{Operating profit} \times (1 - \text{effective tax rate after tax effect accounting})}{\text{Invested capital (interest-bearing debt + shareholders' equity + non-controlling interests)}}$$



Note: Fiscal year average

Business performance significantly exceeded the Company's forecasts, while the successful launch of its first store in Kanagawa Prefecture enhanced brand recognition. Supported by rising growth expectations, the share price increased and PBR exceeded 1.0x.

During FY2026

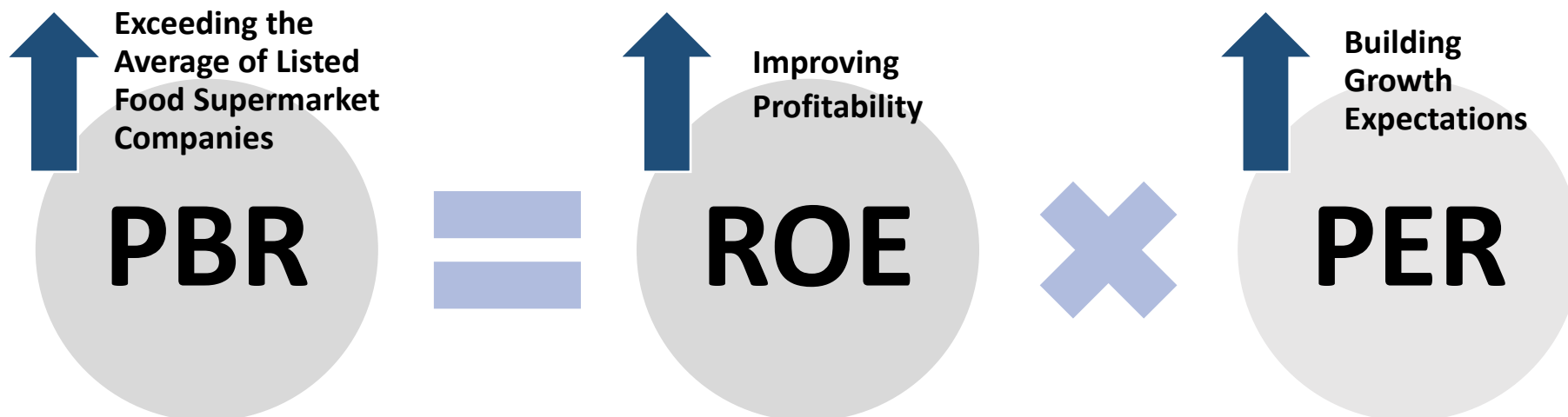


Although both ROE and PBR exceeded the Company's targets, they remained below the average levels of Prime Market-listed food supermarket companies (as of March 31, 2026: ROE 9.3%, PER 18.4x, PBR 1.18x), indicating significant room for improvement.

The Company recognizes that improving PBR requires not only higher ROE, but also enhancement of PER.

< Key Issues >

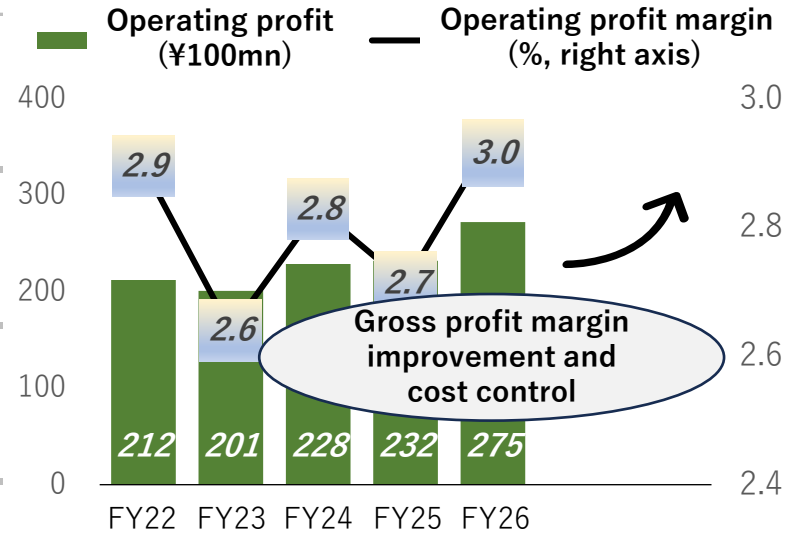
- Achieving sustainable profit growth and enhancing earning power, primarily in the supermarket business
- Reducing recurring and significant extraordinary losses and improving net income margin
- Enhancing market valuation through communication of growth strategies, including expansion of SM Valor stores in the Kanto region



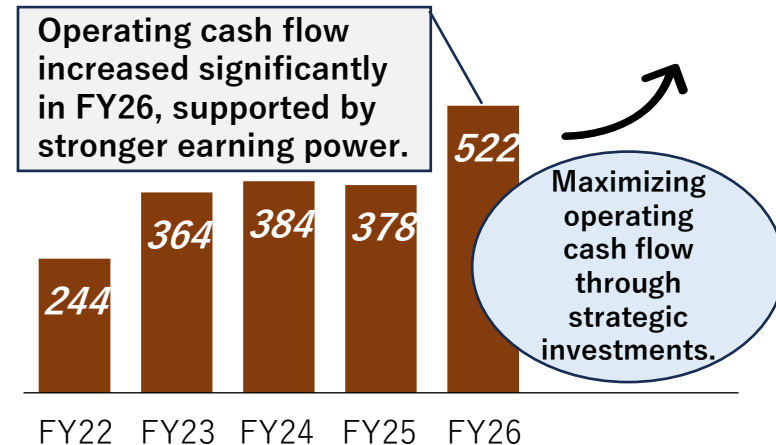
6 Segment Initiatives

Segments	Key Initiatives
Supermarket	<ul style="list-style-type: none"> Destination store promotion and expansion into the Kanto region New factory establishment and manufacturing enhancement
Drug Store	<ul style="list-style-type: none"> Existing store enhancement through optimized formats and strengthened categories Strengthening food offerings through Group synergies and introduction of Group PB
Home Improvement Center	<ul style="list-style-type: none"> Expansion of mutual PB supply with KOHNAN SHOJI Expansion of PRO specialty stores
Pet Store	<ul style="list-style-type: none"> Strengthening trimming and dog training services Expansion of pet specialty stores
Sports Club	<ul style="list-style-type: none"> Strengthening school programs Expansion of elementary school swimming programs
Distribution-related	<ul style="list-style-type: none"> Logistics efficiency improvement and transportation enhancement Expansion of external sales of consumable materials
Others (Credit Card)	<ul style="list-style-type: none"> Strengthening new member acquisition linked to Kanto expansion and store renovations Continuation of new member incentives

Enhancement of Earning Power

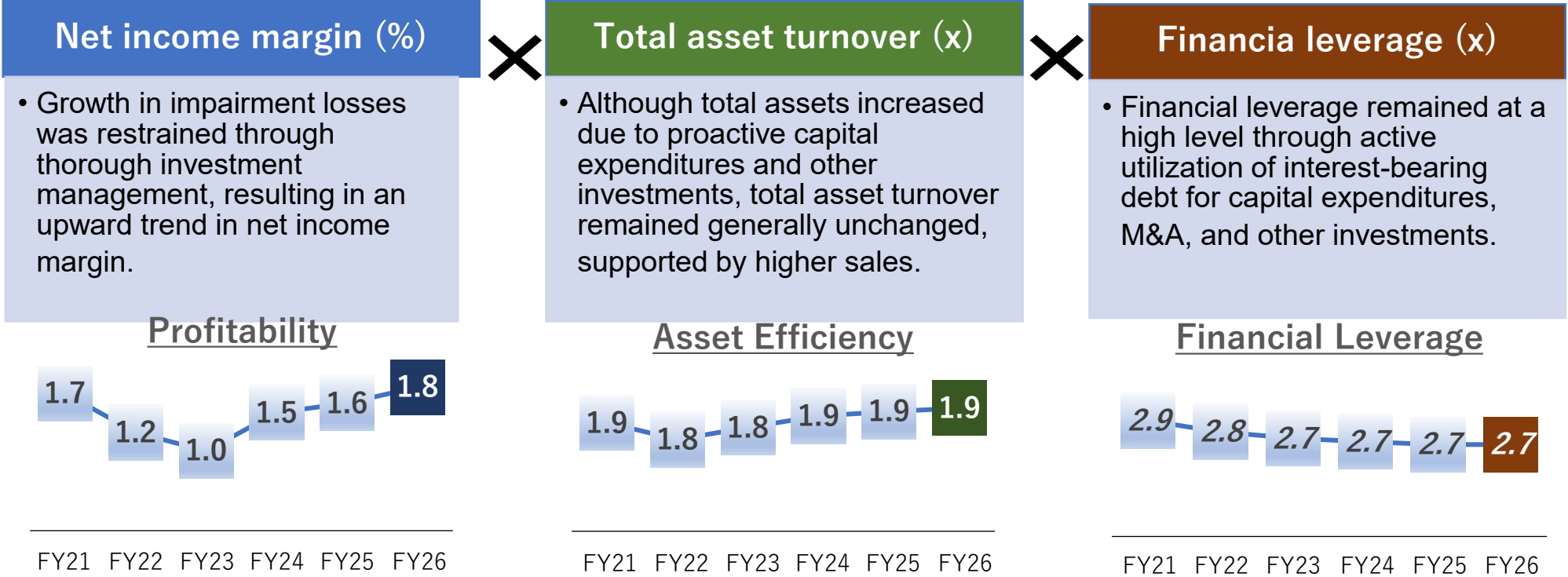


Operating cash flow (¥100mn)



7 Measures to Improve ROE

ROE Breakdown into Three Components



Key Initiatives

Net income margin	Strengthened management of renovation investments, particularly for underperforming stores, to reduce impairment losses
Total asset turnover	Enhanced effective utilization of Group assets through initiatives such as inventory reduction and conversion of closed SM stores into manufacturing facilities
Financial Leverage	Flexible utilization of interest-bearing debt while maintaining financial soundness, stability, and external credit ratings

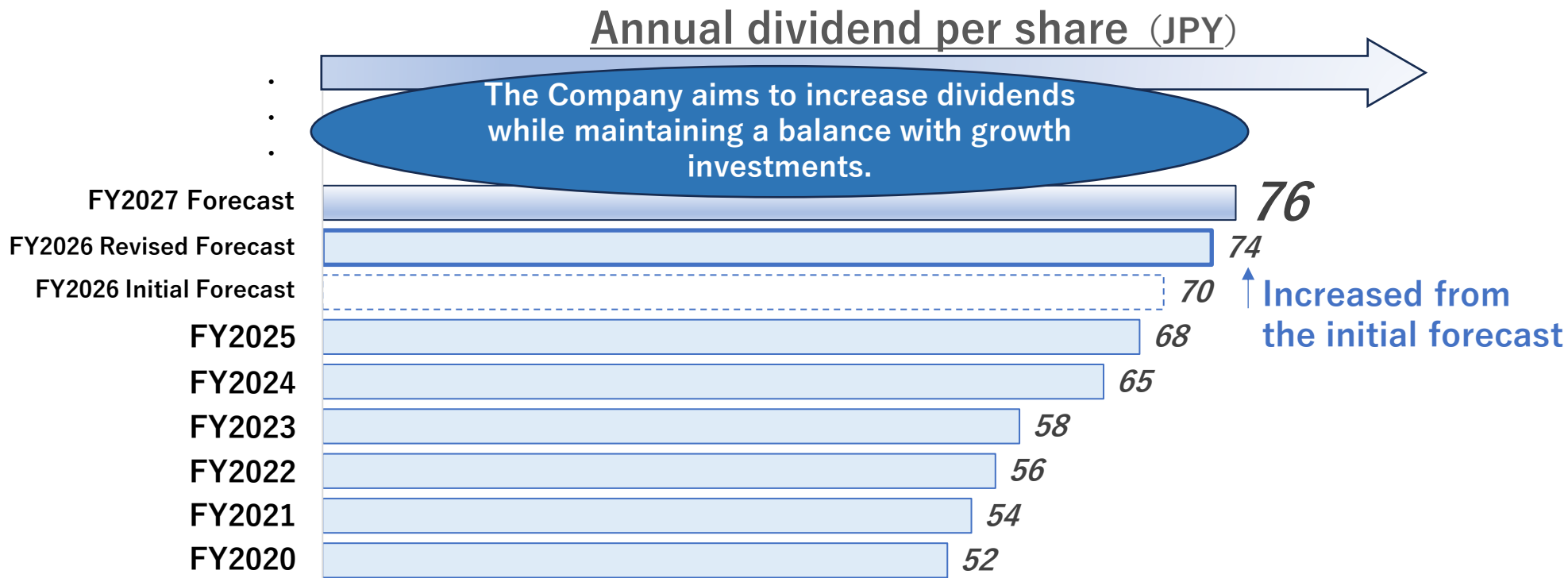
➤ IR Activities in FY2026

Item	Activity Details
One-on-One Meetings	Conducted 30–40 ongoing meetings with institutional investors and sell-side analysts. Mainly explained business performance, progress of the Medium-Term Strategic Plan, and the Company’s approach to growth investments.
Financial Results Briefings Small Meetings	Held full-year and second-quarter financial results briefings in a hybrid format (venue + online streaming).
Store Tour	Conducted a store tour of Super Market Valor Yokohama Shimonagaya Store, the Company’s first store in Kanagawa Prefecture, to provide institutional investors and analysts with an opportunity to experience operations firsthand.

➤ Initiatives

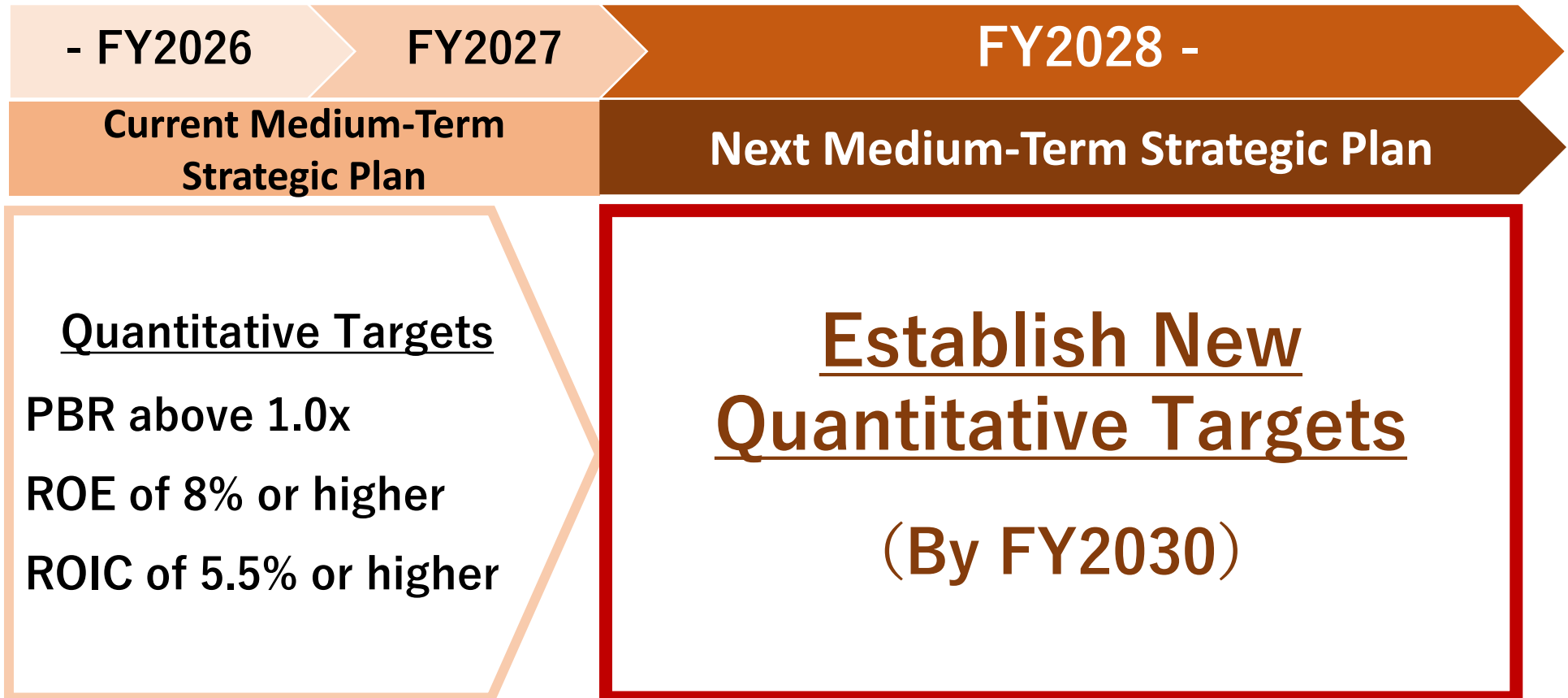
Objective	Key Actions
Building Growth Expectations (Enhancing PER)	<ul style="list-style-type: none"> • Communicating the Company’s growth story, centered on expansion of SM Valor stores in the Kanto region and strengthening regional dominance in the Kansai area • Providing investors with opportunities to visit newly opened stores and manufacturing facilities to deepen understanding of operations • Continuously disclosing information on existing store trends, store expansion effects, and profitability • Expanding opportunities for dialogue with investors

- Target payout ratio: 30%; minimum DOE (Dividend on Equity ratio): 2%
- Progressive dividend policy (16 consecutive years of dividend increases in FY2026)



	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Payout ratio (%)	43.1	23.0	33.4	41.0	29.1	26.4	23.7
DOE (%)	2.1	2.2	2.1	2.1	2.1	2.2	2.3

In the current fiscal year, which is the final year of the current Medium-Term Strategic Plan, the Company will maintain its existing quantitative targets while aiming for further improvement. New quantitative targets for FY2028 onward are scheduled to be established under the next Medium-Term Strategic Plan.



Creation Advance Challenge

創造 先取 挑戰