

# Status of Dialogue with Shareholders and Investors in Fiscal Year Ending March 31, 2024

December 26, 2023

**VITAL KSK HOLDINGS, INC.**

## Dialogue with shareholders and investors

At VITAL KSK HOLDINGS, INC. (the Company), efforts have been made mainly by the Corporate Communications Division to advance a range of activities to build greater trust with stakeholders.

The Company's President & CEO supervises dialogue with shareholders and investors, assisted by the General Manager of Corporate Communications Division and personnel in charge of IR. To enhance this dialogue, personnel in charge of IR gather and summarize information on the policies and activities of responsible departments on a theme-by-theme basis.

Details of activities	Main responsible people	Number of dialogues (April - December 2023)
Annual general meeting of shareholders	President & CEO	Once (June)
Financial results briefings	President & CEO Executive Vice Presidents (2)	Twice (May and November)
Disclosure of supplementary materials to financial results	General Manager, Corporate Planning Division General Manager, Corporate Communications Division	Once (August)
Briefings for individual investors	Executive Vice Presidents (2)	Twice (August and September)
Interviews with institutional investors	General Manager, Corporate Communications Division	14 times (8 times with overseas investors and 6 times with domestic investors)
Dealing with inquiries	Corporate Planning Division Corporate Communications Division	As needed

## ■ Main themes and concerns of the dialogue

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- Overall summary of financial results
- Identification of risk factors to accomplish the management plan and responsive measures
- Management environment surrounding the mainstay pharmaceutical product wholesale business
- Strengths and characteristics of the Company's business models in comparison with those of competitors
- Enhancement of shareholder return policy
- Management based on awareness of cost of capital
- Recognition of the current share prices
- ESG-related initiatives
- Long-Term Vision 2035 and future investment plans
- Progress of the Fifth Medium-Term Management Plan

## ■ Feedback to the management team on the details of dialogue

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The details of interviews with institutional investors are shared among all Directors and Executive Officers including the CEO, as well as personnel in charge of IR, and reflected as necessary in discussions at key Company meetings, including meetings of the Board of Directors and those of the Management Committee.

## **Examples of specific initiatives that have been taken so far as a result of dialogue**

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### **(i) Request for the practice of management based on awareness of cost of capital**

Given growing requests from both domestic and overseas institutional investors for management that is more aware of the cost of capital, the Company has announced its share buyback policy and cross-shareholdings reduction plan while also introducing a ROE-linked restricted stock compensation system.

### **(ii) Request for the enhancement of shareholder returns**

The Company has changed its shareholder return policy and adopted a DOE (dividend on equity ratio) of 2.0% or more, which is generally immune to business performance, instead of a previously adopted payout ratio of 25% or more, while at the same time making the total payout ratio 50% or more.

### **(iii) Request for the enhancement of ESG-related initiatives**

The Company has strengthened the diversity of the Board of Directors and shifted to a company with an Audit and Supervisory Committee to establish a governance system appropriate for a Prime-listed company. In addition, it stepped up efforts to disclose information related to climate change and human capital in securities reports and integrated reports.

### **(iv) Response to an increase in the number of interviews with overseas institutional investors**

The Company has renewed its English website while also preparing the English versions of results briefing materials, as well as timely disclosure documents. By doing so, it is working to enhance information disclosures for overseas investors.