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To whom it may concern

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Measures to Realize Management Aware of Capital Cost and Stock Price

Computer Institute of Japan, Ltd. (the “Company”) hereby announces that, at its Board of Directors meeting held today, it resolved future policies and major initiatives based on the assessment of the current status of its efforts to realize management that takes into account capital costs and stock prices.

For further details, please refer to the attached "Measures to Realize Management Aware of Capital Cost and Stock Price."

Measures to Realize Management Aware of Capital Cost and Stock Price

November 25, 2025

Computer Institute of Japan, Ltd.
(Securities code: 4826; TSE Prime Market)

1. Positioning of Capital Cost in Management

The Company positions the cost of capital as one of the key criteria for evaluating profitability in order to maximize shareholder value. We place importance on ensuring profitability that exceeds the cost of capital in business operations and investment decisions.

2. Major indicators used in management

As an indicator of capital efficiency, we focus on ROIC because we pay more attention to the profitability of the business itself from a management perspective. For the cost of capital, we set WACC as the hurdle rate for investment decisions and use EVA spread as an indicator of capital profitability.

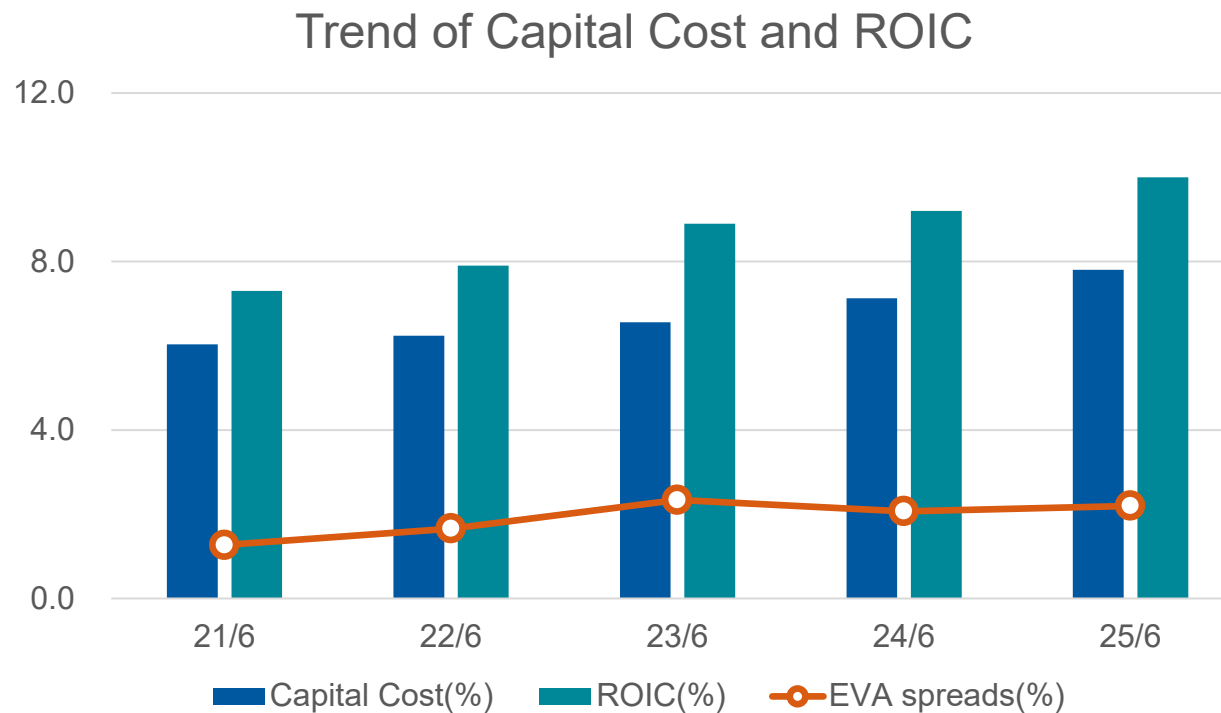
3. Market Assessment and Future Outlook

We believe that we can receive an appropriate valuation from the stock market by improving our capital profitability. We will continue to focus on capital costs and stock prices in our management and aim to increase shareholder value over the long term.

I. Assessment of current situation

(1) Return on capital

- ROIC has been improving and outpacing capital costs
- Improving profitability and capital efficiency are the issues to further widen EVA spread



I. Assessment of current situation

(2) Capital cost

■ Method of calculating capital cost

In order to obtain accurate and reliable figures from an objective perspective, the Company outsources the calculation of capital costs to an external third party. **WACC** is used as the calculation model.

■ Assessment of the company's capital cost

The capital cost of the Company does not differ significantly between CAPM and WACC because proportion of liabilities financing is very small (liabilities to equity ratio of about 2%). **Optimization of capital structure** is an issue to reduce capital cost.

Capital cost(WACC)

$$rE / (1 + D/E) + rD (1 - T) * D/E / (1 + D/E)$$

rE	:	Shareholders' equity cost(%)
rD	:	Cost of liabilities(%)
D/E	:	Liabilities-to-equity ratio(%)
T	:	Effective tax rate(%)

Shareholders' equity cost(CAPM)

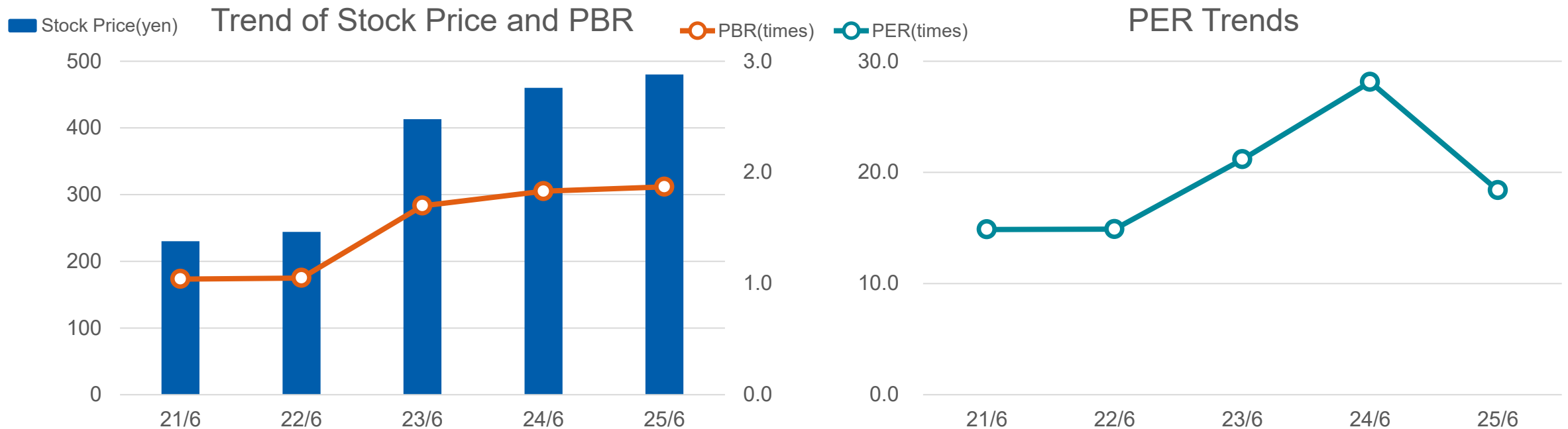
$$rf + \beta (rm - rf) + ru$$

rf	:	Risk-free rate(%)
β	:	Beta value
rm-rf	:	Market risk premium(%)
ru	:	Non-systematic risk(%)

I. Assessment of current situation

(3) Market valuation

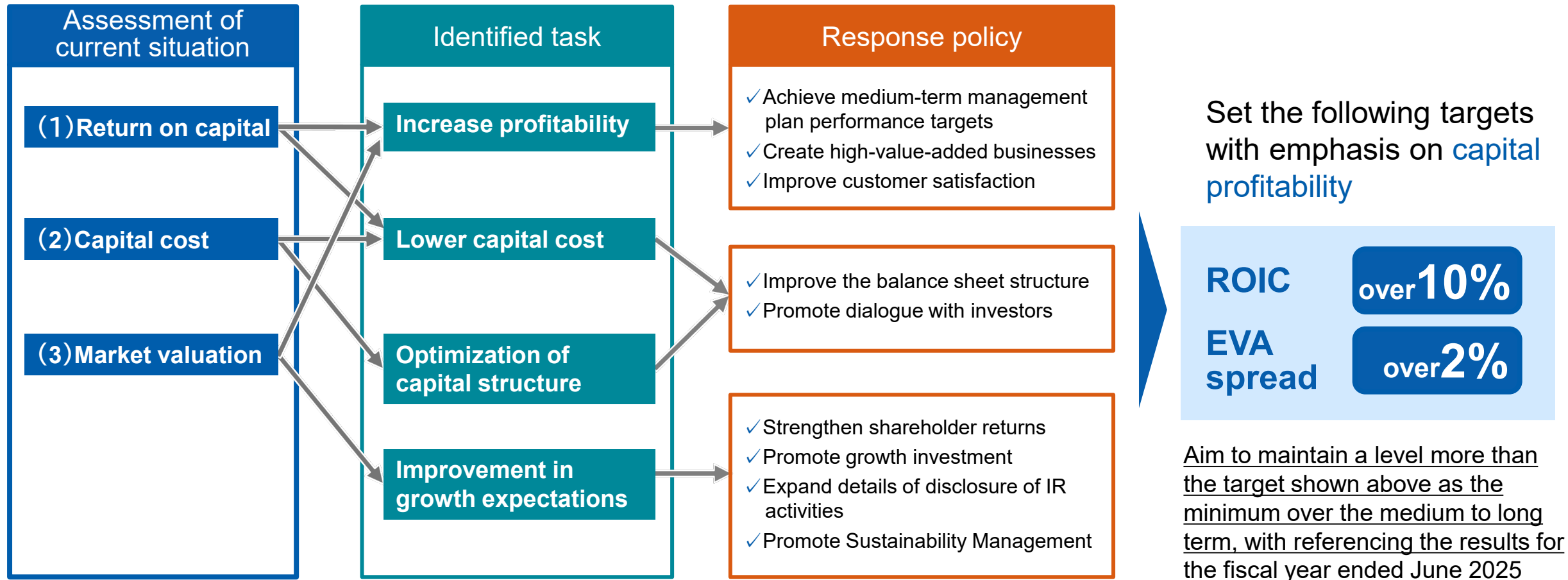
- PBR has remained close to double and has received market appreciation to a certain extent
- The PER is generally below the average of 26* for the information and communications industry, leaving room for stock prices to rise relative to earnings. As a result, the challenge is to **improve profitability** and **growth expectations**.



*Quoted from "PER/PBR by Size and Industry" published by Japan Exchange Group, Inc. (JPX)

II. Policies and targets

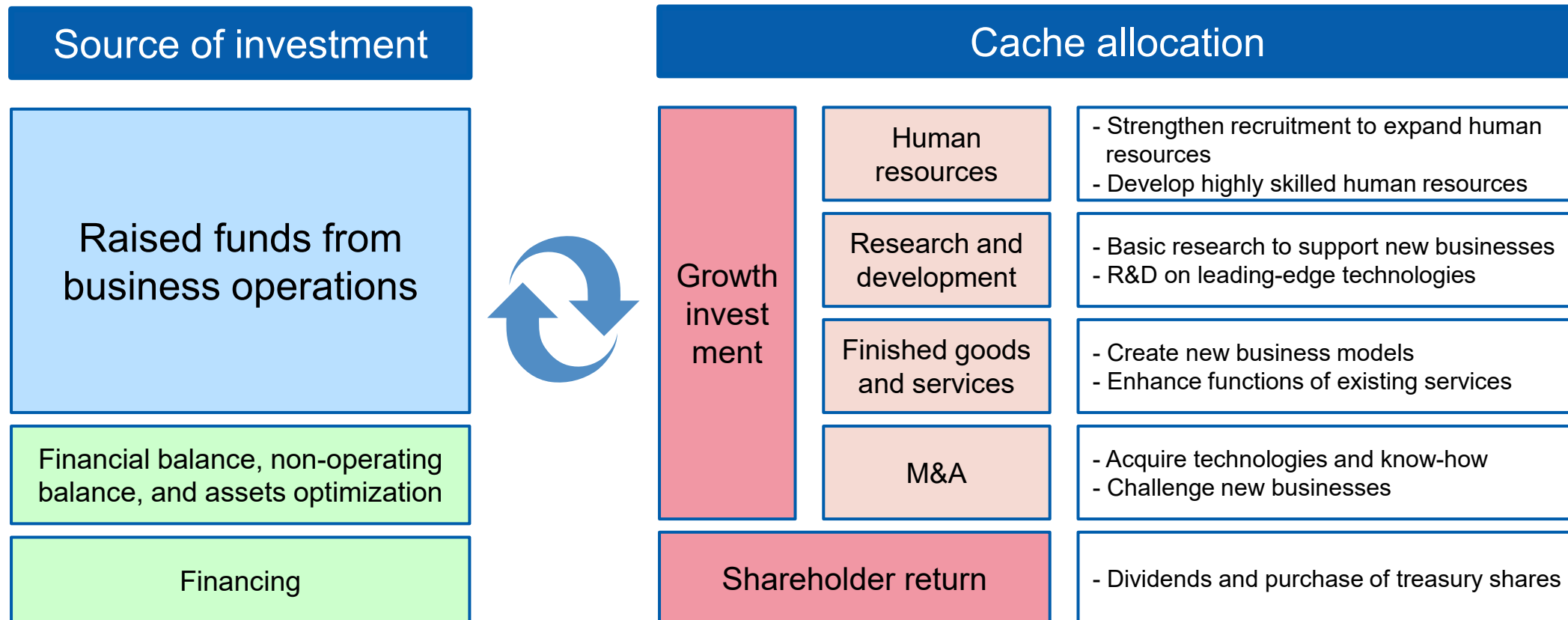
Set response policies and targets for issues identified based on current assessment



III. Main Initiatives in the Future

(1) Cache allocation

Focus on a balance of shareholder returns while improving ability to generate cash from annual earnings growth and securing expenditures for further growth investments.

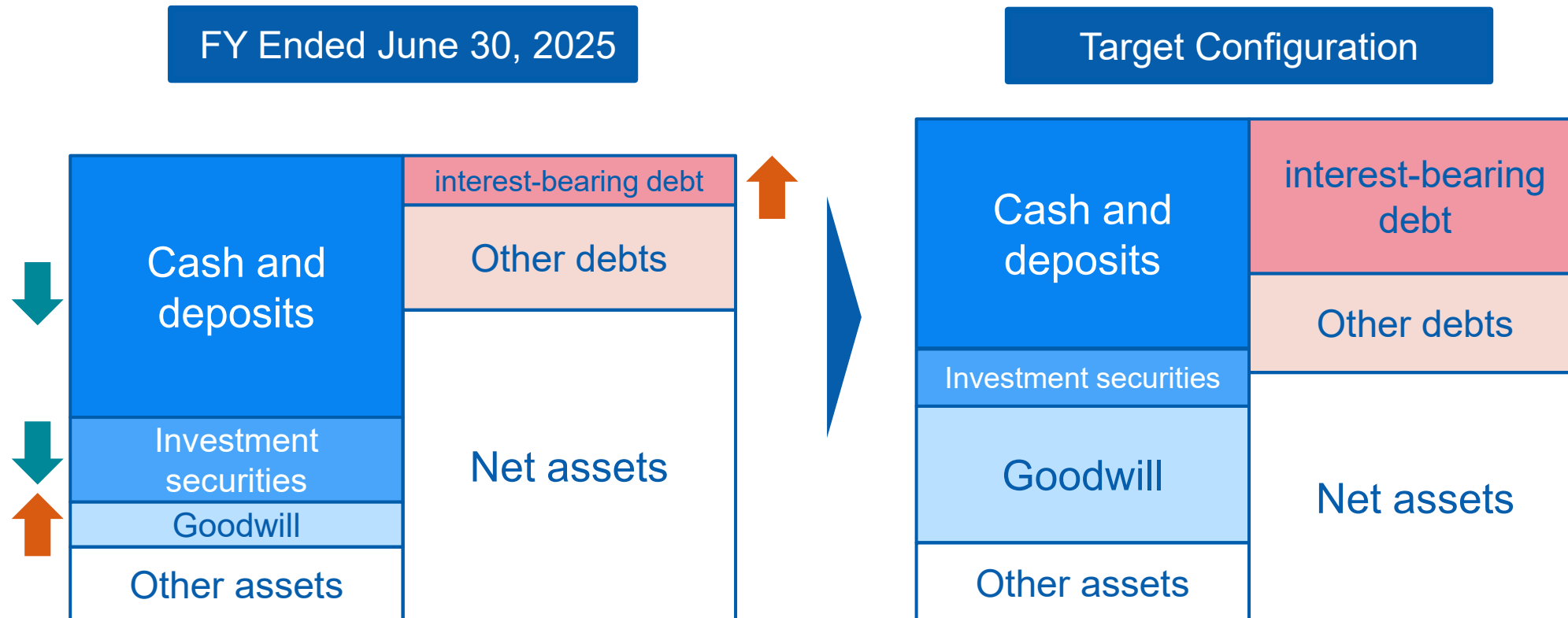


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III. Main Initiatives in the Future

(2) Balance sheet structure

Widen EVA spreads by improving capital efficiency and increasing profitability.
We will use financial leverage with optimization of the capital structure in mind.



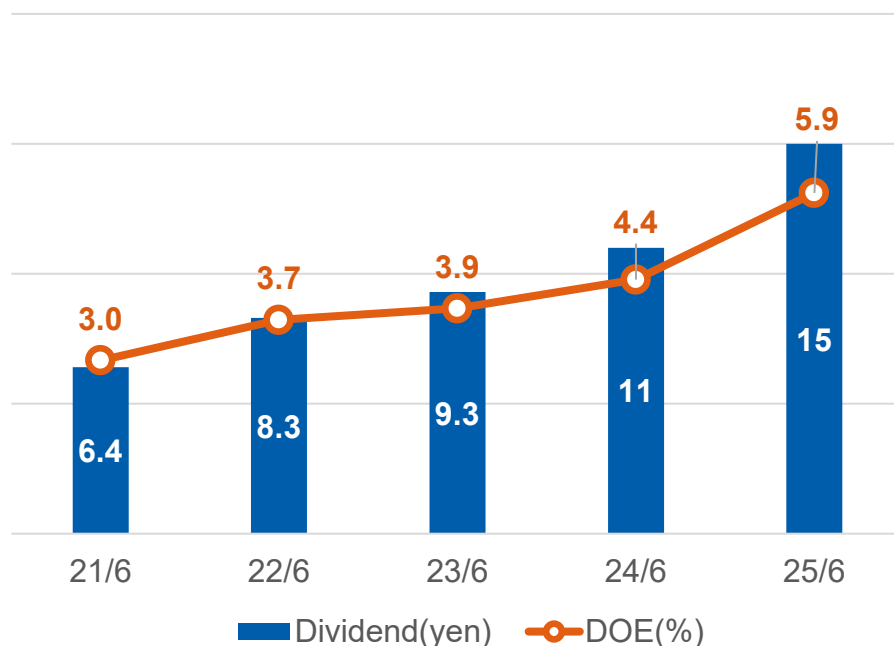
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III. Main Initiatives in the Future

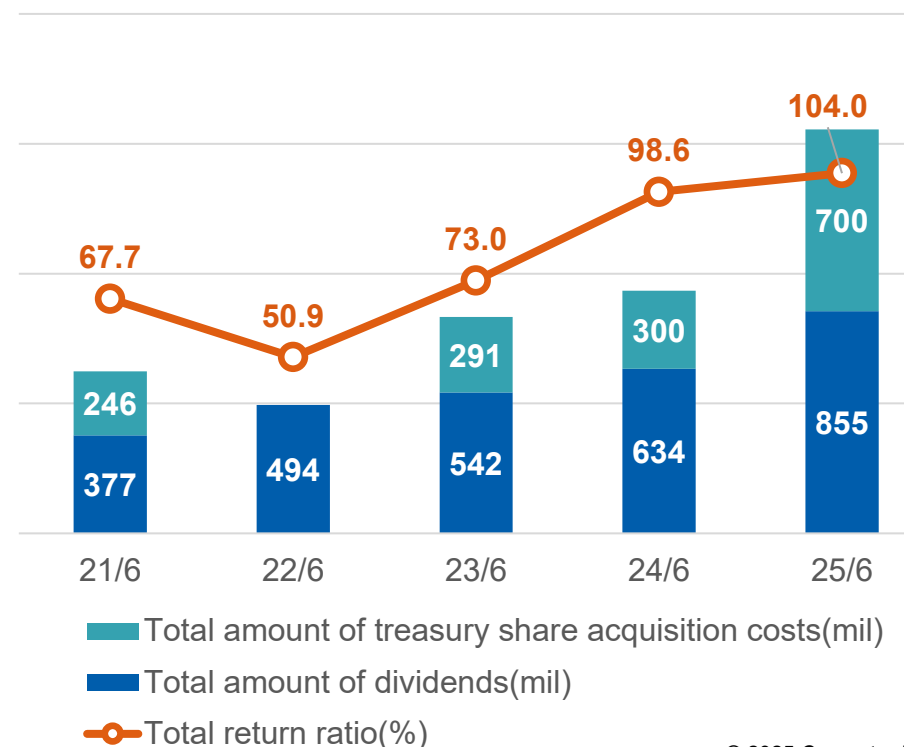
(3) Shareholder return

In the fiscal year ended June 2025, we achieved shareholder returns exceeding a total return ratio of 100%. While continuing the growth investment, we will consider increasing dividends every year and purchasing treasury shares continuously.

(Reference) Dividend per share and DOE



(Reference) Trend in total return ratio



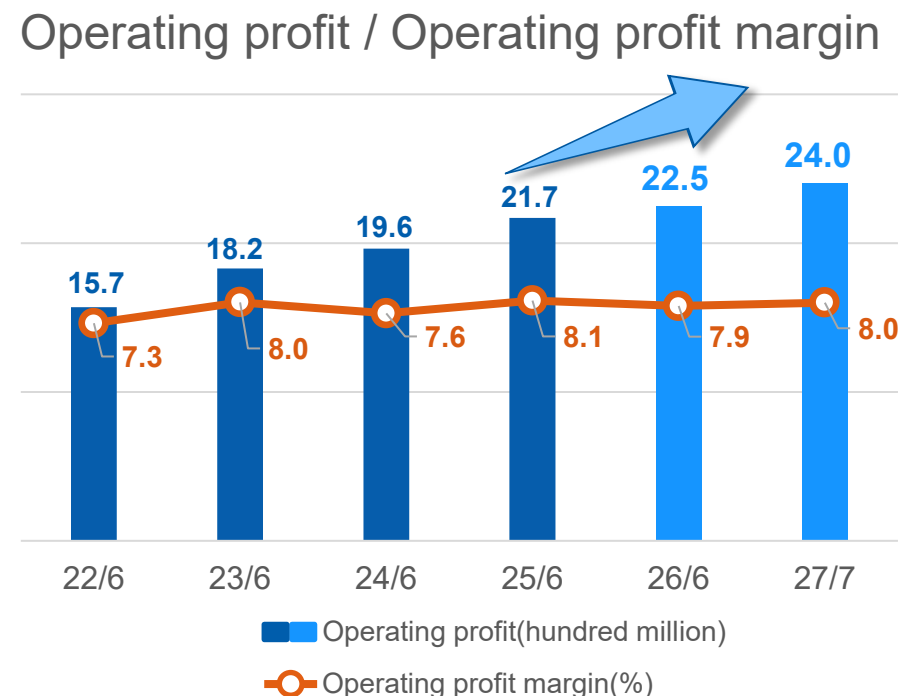
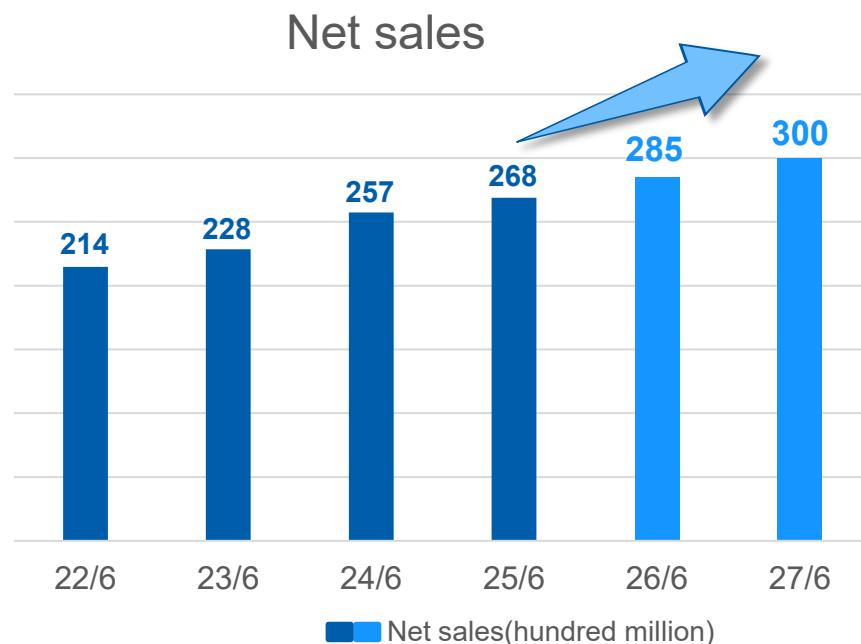
III. Main Initiatives in the Future



(4) Performance target

Under the medium-term management plan BEIT50*, we aim to achieve net sales of 30 billion yen and operating profit of 2.4 billion yen in the fiscal year ending June 2027.

The Company aims to further expand its business in the next medium-term management plan while promoting growth investment.



*Medium-term Management Plan BEIT50 (FY ended June 2025 ~ FY ending June 2027)
For more information, please visit our website.

Disclaimer

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[Questions and inquiries about IR]

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