

March 12, 2024

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News Release

RIX CORPORATION

1-15-15 Sanno, Hakata-ku,
Fukuoka City, Fukuoka, Japan
Tokyo Stock Exchange Prime Market (7525)

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

RIX CORPORATION (hereinafter referred to as “RIX”) hereby announces that, at a meeting of the Board of Directors held today, it has resolved policies regarding actions to implement management that is conscious of cost of capital and stock price, based on analysis and evaluation of the current situation.

For more information on RIX’s action to implement management that is conscious of cost of capital and stock price, please refer to the document annexed herewith.

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



March 12, 2024

Current Situation

- Regarding the most recent results, although there was a temporary decline due to the coronavirus, the company's performance reached **a record high in FY2022** and is expected to **reach another record high in FY2023**.
- PBR was under 1 until FY2022, but is expected to be **1.28 as of the end of FY2023** mainly due to strong performance and increased IR activities.
- ROE for the last three years is expected to **exceed the goal of ROE = 11% or more** set in the RIX's Long-term Vision for 2030.
- Regarding the stock price, although it has more than doubled over the past five years, we believe that the stock price is not yet sufficiently valued, considering the PBR and PER.

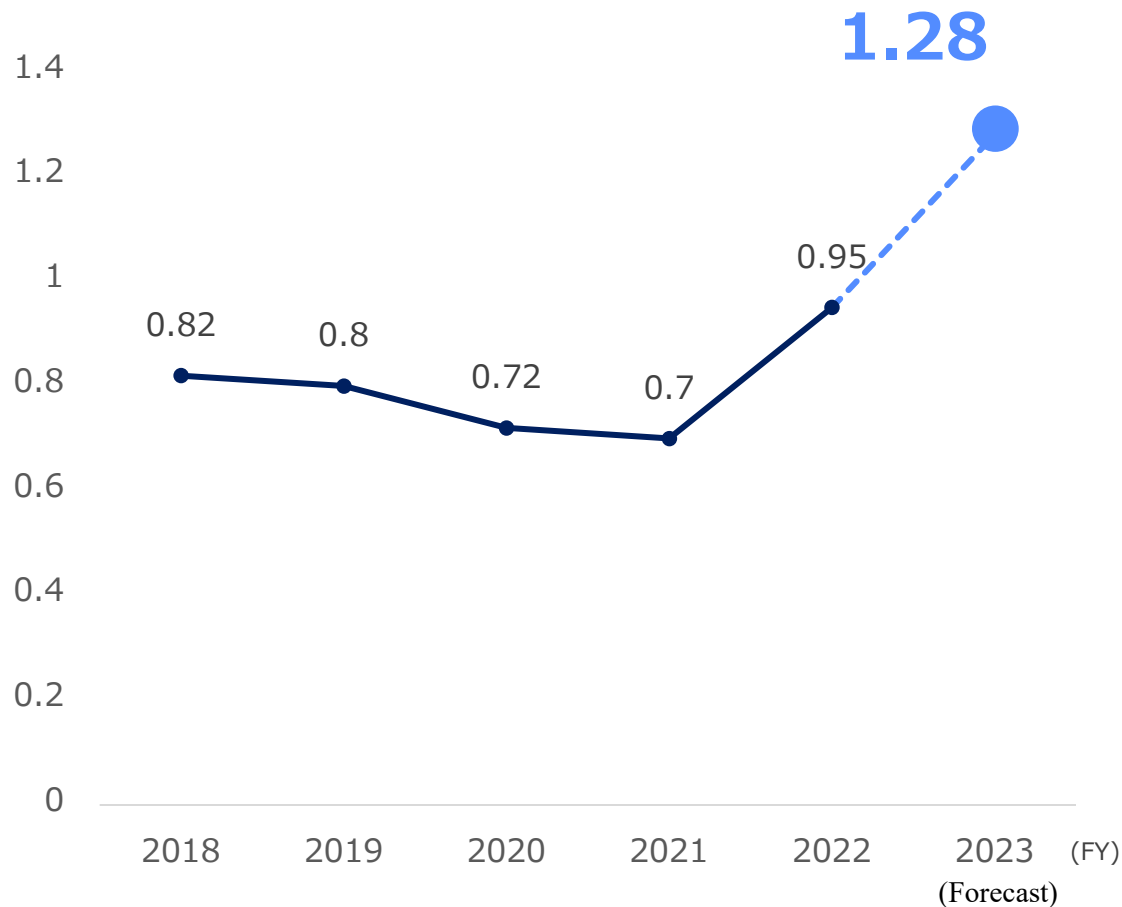
Transitions in Our Business Performances and Management Indicators

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Net sales (million yen)	42,135	43,426	36,023	39,969	45,233	48,800
Operating Profit (million yen)	2,861	2,577	1,785	2,580	3,326	3,580
Profit attributable to owners of parent (million yen)	2,116	1,826	1,364	2,051	2,763	2,840
ROE (%)	14.6	11.7	8.1	11.2	13.7	12.1
Stock price (yen)	1,531	1,574	1,552	1,647	2,512	3,700
PBR (times)	0.82	0.80	0.72	0.70	0.95	1.28
PER (times)	5.91	7.04	9.29	6.56	7.39	10.54

* PBR for FY2023 (forecast) is calculated assuming a share price of 3,700 yen

PBR Remained Stagnant until FY2021, but **Is Expected to Exceed 1 in FY2023 due to Improved Performance, Shareholder Returns, and Stronger IR Activities**

PBR Transition



PBR Improvement Factors

01 Improved Performance through Promotion of Mid- to Long-term Management Plan (GP2023 / LV2030)

Sales are expanding not only in existing fields but also in growth fields such as electric vehicles (EV). We achieved a record performance in FY2022 and expect to exceed it in FY2023.

02 Strengthening Shareholder Returns

Considering the return of profits to shareholders as one of our most important issues, we revised the payout ratio from 30% on a non-consolidated basis to 40% on a consolidated basis from FY2022.

03 Strengthen IR activities

The Investor and Public Relations Group was newly established in FY2022 to strengthen dialogue with shareholders and investors. A wide variety of activities were conducted for institutional and individual investors.

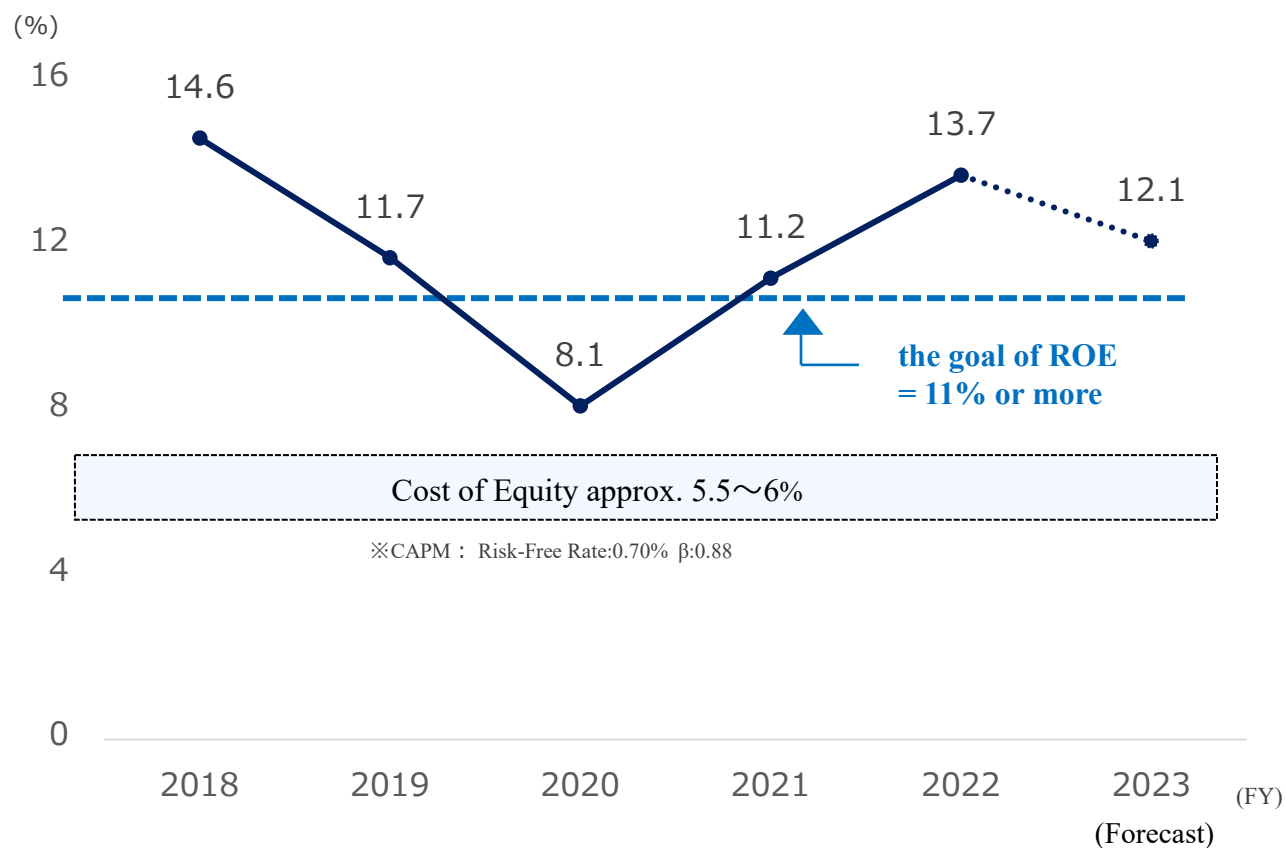
Continue to brush up on 01 to 03

We aim to become more attractive to both domestic and foreign investors

Continue to Promote Long-Term Management Plan "LV2030" to Maintain ROE of 11% or More

ROE Transition and Cost of Equity

Maintain ROE=11% or more as stated in the long-term management plan "LV2030"



Improving Profitability and Strengthening Management Base Based on the Long-term Management Plan "LV2030"

Strengthen profitability and management base by carrying out 01 to 04

<p>01. Business Field</p> <p>Consolidated net sales</p> <p>70 billion yen</p>	<p>02. Profitability</p> <p>Operating profit ratio</p> <p>8 % or more</p> <p>ROE</p> <p>11 % or more</p>
<p>03. Human Resources & Organization</p> <p>Work environment adapted to external changes</p>	<p>04. Stakeholder Relations</p> <p>Corporate citizenship through RIX's business</p>

e.g.

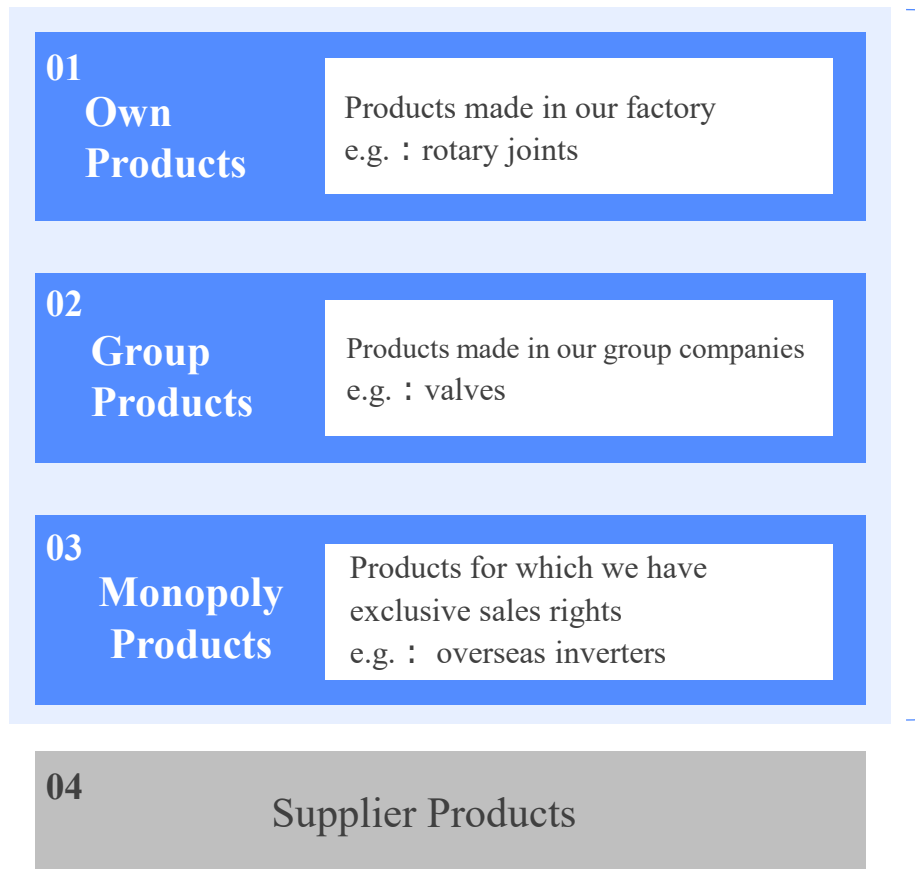
- Continue to acquire customers by constantly setting growth fields
- Expanding overseas business mainly in the U.S., China, and India
- Increasing the ratio of "original products" with high profit margins
- Establishing organizations to realize internal and external collaborative creation (e.g., RIX Cooperative Creation Center)
- Recruitment and education based on the "RIXing Action".

LV2030 details from [our website](#)
*Available in Japanese only

As a “Manufacturing and Trading Company,” Further Strengthening Our Manufacturing Function Going Forward.

Increasing the Composition Ratio of Original Products to Improve Profitability

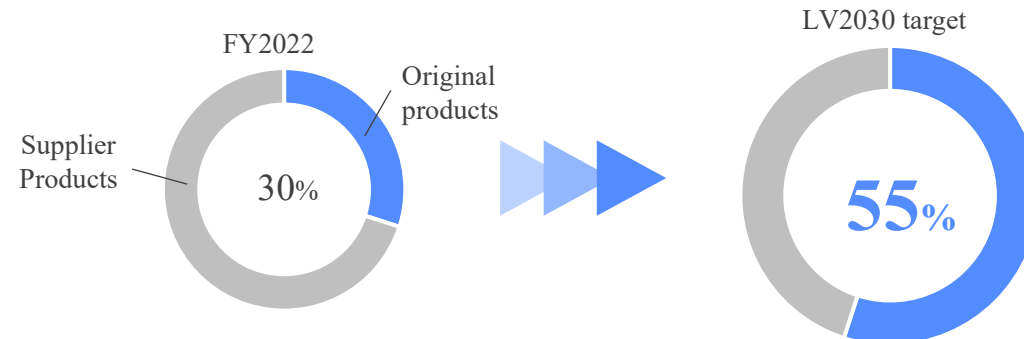
Our Product Categories and “Original Products”



Aims to Strengthen Development of Original Products

- To **solve customer and social issues** more than now
- Due to its uniqueness and **high profit margins**
- To be **highly competitive** both domestically and internationally

Current Original Product Sales Composition and Target



Investor Evaluation and Measures

TSE Prime Market Average PER

Wholesale Trade	Manufacturing	RIX'S PER
1.0	2.0	10.54

*FY2023 forecast

Manufacturing division's share of our operating income = approx. 20%
Appropriate PER = approx. 12
Expanding financial information to provide investors with more information on which to make decisions

01. Decision to Construct the RIX Cooperative Creation Center

To improving the Ratio of Original Products and Profitability
 Promote Development of New Products that will be the Next Core of the Company

Construction of the RIX Cooperative Creation Center



Image of RIX Cooperative Creation Center

Purpose

New product/ New service development that are not limited to existing products

Solving customer and social issues

+

Improve original products ratio

Outline of the Building

Location	Kasuya town, Fukuoka
Facility Usage	R&D of new products based on fluid control technology
Floor Area	1,055m ² (total floor area 3,802m ²)
Inside Rooms	Assembly rooms, laboratories, measurement rooms, design rooms, clean rooms, etc.
Date of Establishment	In summer 2024 (scheduled)
Investment	¥1,950 million
Other	Eco friendly building (Nealy ZEB)

02. Decision to Establish the New Company (Factory in India)

Decision to Construct a New Factory in India, where Further Industry Growth Is Expected

Aiming to Expand Overseas Sales by Strengthening Own Products Manufacturing

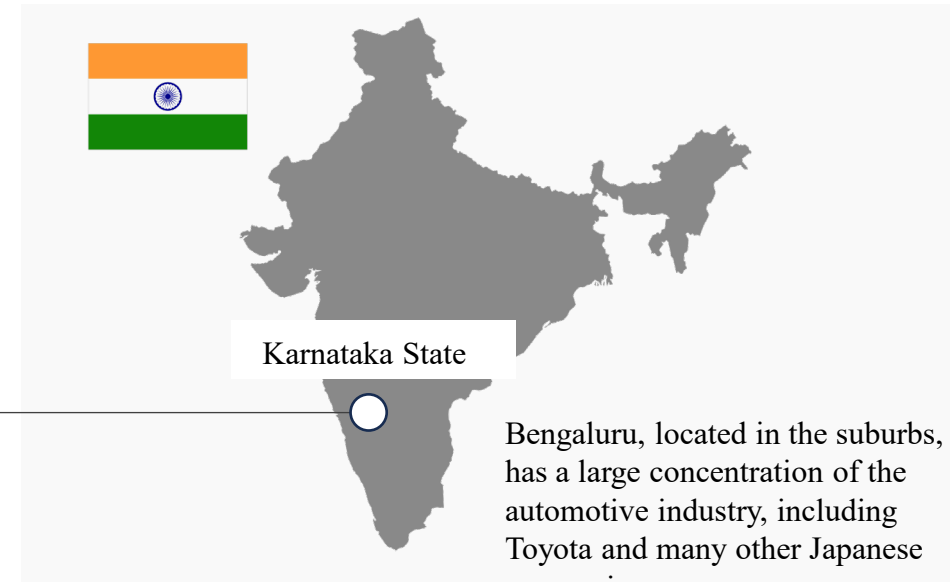
Name	RIX INDIA MANUFACTURING PRIVATE LIMITED
Location	Japan Industrial Township (JIT) in VASANTHA NARASAPURA INDUSTRIAL AREA, Karnataka State, India (scheduled)
Business Description	Manufacture of own products (rotary joints, oil skimmers)
Capital	370 million Indian rupee (equivalent to approximately ¥660 million) (planned amount)
Major Shareholders and Shareholding Ratio	RIX CORPORATION: 99.0% RIX INDIA TRADING & SERVICE PVT. LTD.: 1.0%
Subsidiary in India	Second base after the sales office (Mumbai/established in 2018)



Rotary Joint



Oil skimmer

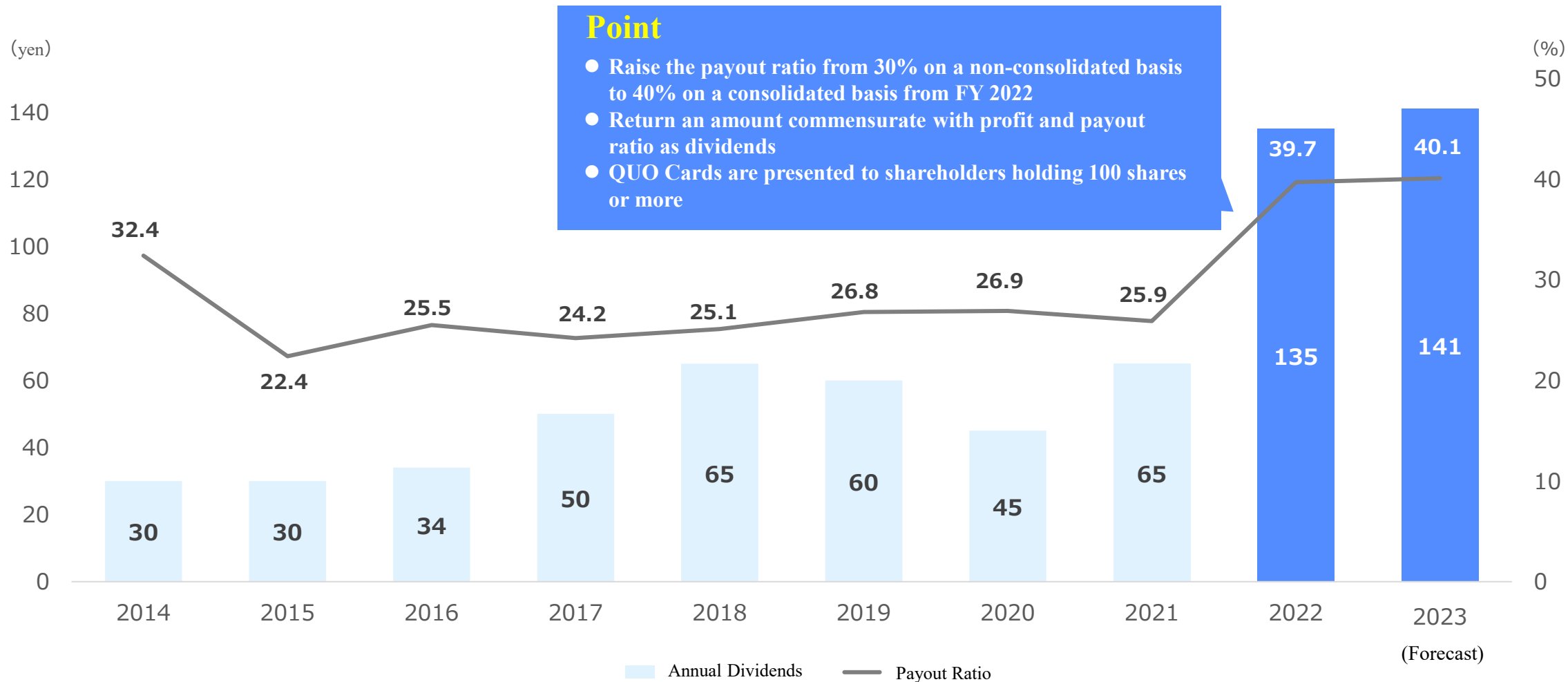


Bengaluru, located in the suburbs, has a large concentration of the automotive industry, including Toyota and many other Japanese companies.

Revision the Payout Ratio to 40% on a Consolidated Basis from FY2022.

Increasing Profits by Implementing Long-Term Management Plan and Returning Profits to Shareholders through Dividends

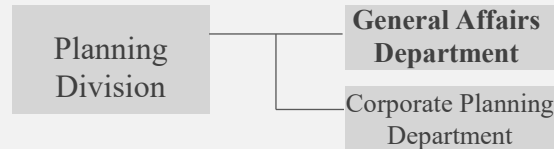
Payout Ratio and Dividends Transition



Establishment the Investor and Public Relations Group in FY2022 to Strengthen Dialogue with Shareholders and Investors Promoting Various IR Activities with Commitment of Top Executives

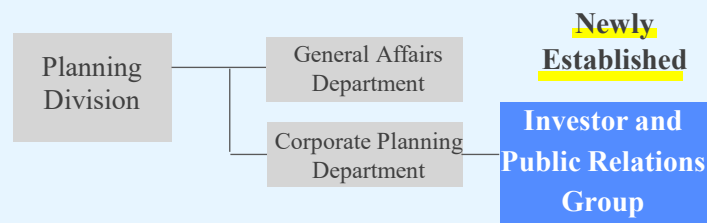
Establishment the Investor and Public Relations Group

Until FY2021



IR and public relations were handled by the General Affairs Department. There was no dedicated staff, and no active activities were being carried out.

From April 2022



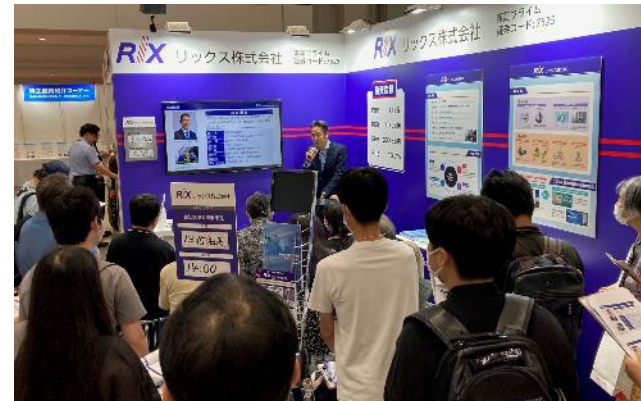
Investor and Public Relations Group was established. A dedicated employee has been appointed to strengthen external communications, expand contact and strengthen dialogue with shareholders and investors.

Top Executive Committing to IR

Our top executive is actively involved in IR activities and expresses our strengths and vision in his own words.



Takashi Yasui, Representative Director, President and Executive Officer, is actively interacting with shareholders and investors on various scenes.



Diversified IR Activities

Strengthen IR activities from FY2022

Briefing for individual investors



IR meeting with institutional investors



Strengthening Disclosure (HP/Press Release)



Creation of IR contents (videos, articles, etc.)



English translation of financial results



Renewal of IR website



We will continue to increase the frequency and quality of dialogue with shareholders and investors, and disclose information in an appropriate and timely manner.

To Further Enhance Corporate Value and Realize a Sustainable Society,
Materialities Were Identified and Sustainability Committee Was Established.

Sustainability Policy

Aiming to be a company that can grow over the long term, we promote initiatives to solve social issues from the three perspectives of the Environment (E), Society (S), and Governance (G).

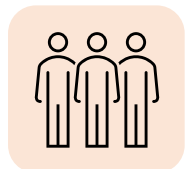
Identified 6 Materialities

Environment



1. Contribution to the realization of a low-carbon and recycling-oriented society
2. Creation of growing markets in the sustainable society

HR & Safety



3. Respecting diversity
4. Maintaining a healthy and secure environment

Governance



5. Establishment of governance structure
6. Dialogue with stakeholders

Issues Related to Materialities

- Complying with disclosure according to TCFD
- Reducing CO2 emission
- Responding to customers' sustainable challenges
- Responding to electrification (EV)

- Training and defining human resources capable of implementing RIXing Action
- Promoting health management
- Creating workplaces where everyone can perform well
- Securing stable procurement

- Realizing Fair Business Practices
- Establishing a highly effective governance structure
- Realizing a highly transparent management
- Activating Communication

At the three subcommittees, specific measures and initiatives are discussed and implemented.



The company's recent performance has been strong, including record high. PBR is expected to be 1.28 at the end of FY2023.

We will continue to promote activities to make the company more attractive to both domestic and foreign investors.



The ROE is expected to achieve the target of "11% or more" set forth in the Long-term Management Plan LV2030 for the past three years.

We will continue to implement this LV2030 to further improve profitability and strengthen the management base.



The company strengthened shareholder returns by raising its payout ratio from 30% on a non-consolidated basis to 40% on a consolidated basis in FY2022.

We will continue to increase corporate value and profits through the implementation of our long-term management plan, and return profits to shareholders through dividends.



The Investor and Public Relations Group was newly established and IR activities have actively been implemented.

We will continue to increase the frequency and quality of dialogue with shareholders and investors, and disclose information in an appropriate and timely manner.