

*News Release***KITZ CORPORATION**

Tokyo Shiodome Building,
1-9-1, Higashi-Shimbashi, Minato-ku, Tokyo, Japan
Tokyo Stock Exchange Prime Market (6498)

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

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

KITZ analyzed the cost of capital from two perspectives: the calculation based on the CAPM methodology and the rate of return expected by investors. Currently, our balance sheet profitability is aligned with the rate of return expected by investors. However, gaining market confidence in our potential for medium to long-term earnings growth remains a key priority for KITZ. In response, KITZ intends to enhance its corporate value by pursuing “ROIC×ESG” management, accelerating the growth strategy, and strengthening the IR strategy. These efforts are aimed at increasing corporate value by facilitating further profit generation, fostering growth expectations, and reducing the cost of capital.

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

Analysis of Current Situation of Cost of Equity



Cost of Equity

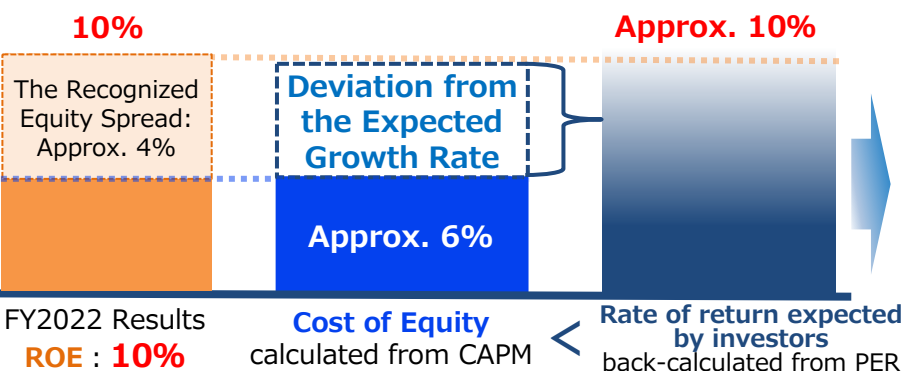
Analysis from the following 2 perspectives

- ① Cost of equity calculated based on the CAPM methodology: Approximately **6%**
- ② Rate of return expected by investors factoring in KITZ's expected growth rate (stock earning yield = the inverse of PER): Recently trending at approx. **10%**.



Current State & Analysis

Current Situation : ROE reached 10% for FY2022 → PBR remained stagnant, near 1.0



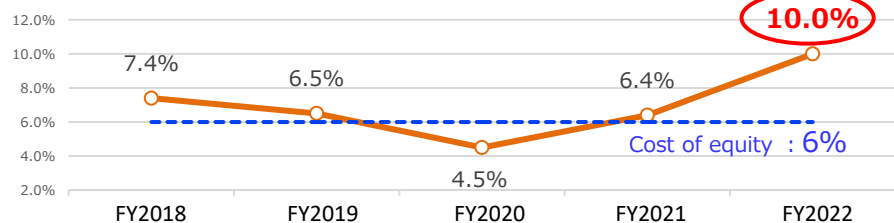
ROE for FY2022 markedly surpassed CAPM, resulting in a positive equity spread*, but PBR is near 1.0 level

*Equity spread = ROE - Cost of equity (CAPM)

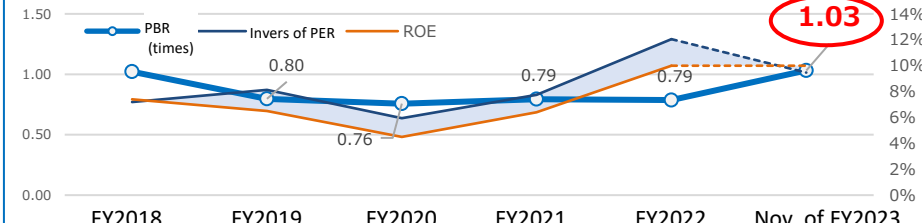
Analysis

- Balance sheet profitability aligned with the rate of return expected by investors in FY2022
- Future challenge: gaining market confidence in our potential for medium to long-term earnings growth

Trend of Fiscal Year-end ROE



Trend of PBR, Inverse of PER, Term end Fiscal Year-end ROE



*While FY2020 was a nine-month period (from April to December) due to accounting period changes, ROE was calculated from January to December to ensure comparability with the cost of equity.

Policies and Measures for Enhancing Corporate Value



Policies and Measures for the future

Links to Details for Each Measures

Aim to Achieve the ROE targets in the Medium-term Management Plan and Further Enhance Corporate Value

Pursuing "ROIC×ESG" Management
→ Enhancing both our corporate and social value simultaneously

Accelerating Growth Strategy
→ Active investment and M&A in growth areas

Strengthening IR Strategy
→ Disclosure responding to market expectations

