



May 15, 2025

Company name:	Koatsu Gas Kogyo Co., Ltd.
Representative:	Motonari Kuroki President and Representative Director
Securities code:	4097, Tokyo Stock Exchange Primary Market
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Notice Concerning Actions to Pursue Management Conscious of Cost of Capital and Stock Price

Koatsu Gas Kogyo Co., Ltd. (the “Company”) hereby announces that based on the analysis and evaluation of current actions for pursuing Management Conscious of Cost of Capital and Stock Price to promote the sustainable growth of the Company and improve corporate value over the medium to long term, it has resolved at a meeting of the Board of Directors held on May 15, 2025 to approve its policy for improvement of future efforts as described below.

1. Overview

Our corporate activities have been inspired by our basic philosophies of “Harmony among People, Technology and the Environment” and “Safety and security.” We are striving to contribute to building a sustainable society and enriching people’s everyday lives by mobilizing our creativity and technical strength accumulated since the foundation through our gas business, chemical products business, and IT solution business.

To further improve corporate value, we will optimize our capital structure through business expansion and profit growth based on the implementation of business strategies, investment, and research and development, while focusing on higher ROE, higher PER, and finally higher PBR.

2. Summary of action policy

(1) Business strategy

By steadily implementing the five growth strategies of “business expansion,” “human resources development,” “function maintenance,” “strategic investment,” and “social harmony” as part of the Medium-Term Management Plan “Change & Challenge Stage II,” which finishes in the fiscal year ending March 31, 2026, we are striving to increase profits such as the development of new applications through strengthening the existing business base and research and development, and the development of overseas business.

(2) Investment strategy

To expand our operations, our efforts in progress include research and development for exploring new products and businesses, positive actions for human capital, which is an important issue in the sustainability area, and investment in technological development for higher profitability, in addition to continued investment in existing plants and equipment for enhancing our stable revenue base.

(3) Financial strategy

The Company gives a major management priority to returning profits to shareholders. Based on the basic policy of providing stable and continuous dividends, it pays dividends to shareholders by comprehensively taking into account the business results, financial position, etc. for each fiscal year.

Aiming at increasing shareholder returns and optimizing the capital structure in the future, the Company will start to distribute annual dividends with a target payout ratio of 50% and a lower limit DOE of 2.5% in the fiscal year ending March 31, 2026.

(4) Management indicators

Our current ROE of almost 6% is lower than a recognized capital cost (CAPM, residual income model) of 5% to 8%, and hence we will aim at achieving the future ROE target of more than 8% by afore-mentioned profit growth and the improvement of capital efficiency, and thereby improving PBR and other related indicators.

For details, please see “Actions to Pursue Management Conscious of Cost of Capital and Stock Price” released on our website on May 15, 2025. (<https://www.koatsugas.co.jp/english/>)