

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

December 22, 2023

Company name : Mito Securities Co., Ltd.
Representative : Katsunori Kobayashi, President and Representative Director
(Securities code: 8622 Prime Market, Tokyo Stock Exchange)
Inquiries : Yuji Iimura, Manager, Corporate Planning Department
Phone: +81-3-6636-3061

Actions to Achieve Management Conscious of Capital Costs and Stock Prices

Mito Securities Co., Ltd. hereby announces that its Board of Directors has analyzed and evaluated the current actions to manage capital costs and stock prices. The Board has resolved on a policy to guide future efforts toward improvement, as detailed in the attached document.

Actions to Achieve Management Conscious of Capital Costs and Stock Prices

December 22, 2023
Mito Securities Co., Ltd.

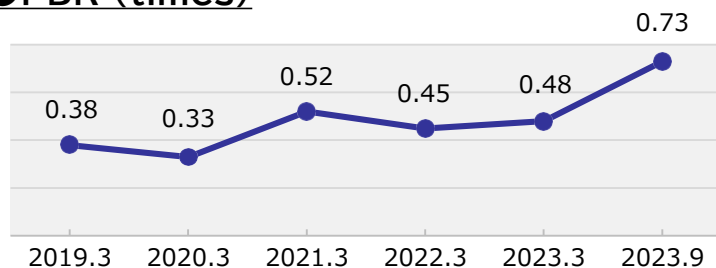
Note : This document has been translated from a part of the Japanese original for reference purposes only.
In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

The Company has been working to improve ROE by implementing various measures in accordance with its Medium-term Management Plan. Although PBR has been improving as a result of these efforts, it remains below 1x.

We believe this is due to the fact that our current ROE is lower than our estimated cost of shareholders' equity in a broad sense, which is approximately 6% to 9%.

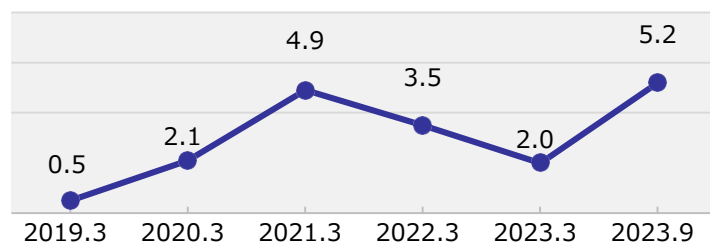
We recognize that it is necessary to reduce the cost of shareholders' equity in a broad sense to improve our PBR going forward.

●PBR (times)



※Calculated using year-end share price and net assets per share

●ROE(%)



●PBR formula

$$\text{PBR} = \text{ROE} \times \text{PER}$$

$$= \text{ROE} \times \frac{1}{\text{cost of shareholders' equity} - \text{expected growth rate}}$$

$$= \text{ROE} \times \frac{1}{\text{cost of shareholders' equity in a broad sense}}$$

●How to improve our PBR

- ◆ Improve ROE (↑)
- ◆ Reduce cost of shareholders' equity in a broad sense (↓)
 - ⇒ Reduce cost of shareholders' equity (↓)
 - and increase expected growth rate (↑)

●The Company's recognized cost of shareholders' equity

Estimated cost of shareholders' equity approx. 6% to 9%

Efforts Toward Sustainable Enhancement of Corporate Value

To sustainably enhance corporate value, we aim to improve ROE by increasing cash flow and reduce the cost of shareholders' equity by increasing expected growth and enhancing communication with the market.

Increase in corporate value	Important item	Specific initiatives
Improvement of ROE	Expansion of customer base and sales base	Offer financial services with value-added features for customers
		Build competitive advantage as a community-based face-to-face securities firm
		Expand customer base by solving local issues and increasing presence
	Increase in cash flow	Strengthen organizational responsiveness to improve customer lifetime value
		Increase productivity through human capital investment, digitalization, etc.
		Improve cost coverage ratio through SG&A stock income
	Efficient use of capital	Implement capital control with consideration of shareholder value
Reduction in cost of shareholders' equity Increase in expected growth rate	Growth strategy	Achieve sustainable growth and consider non-continuous growth strategies
	Corporate Governance	Implement capital cost management
	IR	Enhance market-oriented information disclosure and dialogue