Facing the rising cost of capital in an inflationary transition period

Monthly Economist Report

Governance Insights Series —Value management— vol. 7

October 2026

Four years have passed since the Tokyo Stock Exchange (TSE) requested ‘Management that is conscious of cost of capital and stock price’, and companies have made progress in their responses. During this period, Japan has shifted from escaping deflation to transitioning to inflation, and in September, the 10-year government bond yield exceeded 3% for the first time in 30 years, representing a market environment turnaround that stands in stark contrast to the zero-interest-rate era. A rise in long-term interest rates leads to an increase in the cost of capital, raising the hurdle for value creation. Companies are required not only to maintain investment discipline that secures a ‘spread’ against the return on capital while incorporating the rising cost of capital, but also to achieve growth by steadily executing investments that risk being insufficient on a real basis, and to improve capital efficiency by restructuring business portfolios. While Japanese companies’ PBR reforms have previously led similar reforms in Asian markets, as they now face a rising cost of capital, it is more crucial than ever to carefully select investment targets, disperse the time horizons of short-term and long-term earnings for future value creation, and communicate with investors regarding capital allocation.

1. Relationship between corporate value and cost of capital

(1) Cost of capital

The concept of the cost of capital in capital markets has become widespread, triggered by the TSE’s March 2023 request for ‘Management that is conscious of cost of capital and stock price’.[1] The cost of capital is the expected rate of return determined in capital markets by the supply and demand of capital between investors, who are the providers of capital, and companies, which are the users of capital. Since it depends on supply and demand based on individual corporate risks, competitors and the

[1] Tokyo Stock Exchange (2023) ‘Action on implementing management that is conscious of cost of capital and stock price’. 31 March 2023. https://www.jpx.co.jp/equities/follow-up/jr4eth0000004vj2-att/jr4eth0000004w6n.pdf

market environment, it fluctuates constantly. At the same time, attention has also been focused on the price book-value ratio (PBR) and the return on invested capital (ROIC) (hereinafter referred to as 'return on capital'). Since this request, the percentage of companies that grasp their cost of capital has increased from 66% to 99%, and the percentage of companies that calculate the numerical values and use them for comparison with capital efficiency, such as return on equity (ROE), has increased from 66% to 78%.[2]

(2) Corporate value and sustainable growth rate

First, let us consider the 'dividend discount model (DDM)', which is used as a simplified scale to view the cost of capital, stock prices and, by extension, corporate value. Assuming a company has no debt and corporate value is defined as the present value of future dividends, the profit generated by capital is (Invested capital × Return on capital). Assuming a portion of that profit is paid out as dividends (with internal reserves being reinvested), the dividend payout ratio = (Dividends ÷ Profit) and the retention rate = (1 − Dividend payout ratio). When the cash flow of future dividends increases at a constant growth rate and is discounted to the present value using the cost of capital reflecting its risk, using the formula for a geometric progression (the present value of a so-called growing perpetuity), corporate value can be expressed as the sum of the present values of all future dividends: Corporate value = (Invested capital × Return on capital × Dividend payout ratio) ÷ (Cost of capital − Growth rate) (**Figure 1**).[3]

Figure 1: Concept of corporate value

Dividend Discount Model

Corporate value = Dividend
÷ (Cost of capital − Growth rate)
↓
Corporate value = Profit × Payout ratio
÷ (Cost of capital − Growth rate)
↓
Corporate value = Invested capital × Return on capital × Payout ratio
÷ (Cost of capital − Growth rate)

Source: PwC

The growth rate used here is the 'sustainable growth rate', which represents the rate at which a company can maintain a constant growth rate without raising additional capital by reinvesting retained earnings to generate profits at the same return on capital. It is calculated as (Return on capital × Retention rate). Since the return on capital reflects the business strategy and the dividend payout ratio (or retention rate) reflects the dividend policy, the sustainable growth rate is a comprehensive growth rate combining both.

[2] The Life Insurance Association of Japan (2026) 'Initiatives by life insurers to reinvigorate the equity market and achieve a sustainable society through asset management'. April 2026. https://www.seiho.or.jp/activity/sdgs/esg/pdf/20260417_3_all.pdf; The Life Insurance Association of Japan (2023) 'Initiatives by life insurers to reinvigorate the equity market and achieve a sustainable society through asset management'. April 2023. https://www.seiho.or.jp/info/news/2023/pdf/20230421_3-all.pdf

[3] Asaoka, Daisuke, Nobuyuki Isagawa, and Noriko Okada (2022) Corporate Finance. Nikkei Publishing.

The sustainable growth rate is used because it allows the growth rate to be considered in relation to the return on capital and dividend policy. For example, when invested capital is 1,000, return on capital is 10%, dividend payout ratio is 40% and retention rate is (1 − Dividend payout ratio) = (100% − 40%) = 60%, the sustainable growth rate is (Return on capital 10% × Retention rate 60%) = 6%. Confirming in **Figure 2** that capital and profits actually grow at 6%, this current period's profit is (Invested capital 1,000 × Return on capital 10%) = 100, dividends are (Profit 100 × Dividend payout ratio 40%) = 40, retained earnings (= reinvestment) are (Profit 100 − Dividends 40) = 60, and end-of-period invested capital is (Beginning-of-period invested capital 1,000 + Retained earnings 60) = 1,060, which indeed shows a 6% growth from 1,000.

Similarly, in the next period, profit is (Beginning-of-period invested capital 1,060 × Return on capital 10%) = 106, dividends are (Profit 106 × Dividend payout ratio 40%) = 42.4, retained earnings (= reinvestment) are (Profit 106 × Retention rate 60%) = 63.6, and end-of-period invested capital is (1,060 + 63.6 = 1,123.6), representing a growth of 6% each. Since this continues in subsequent periods, invested capital, profits, dividends and retained earnings (= reinvestment) all grow at the sustainable growth rate.

Figure 2: Sustainable growth rate

Return on capital × Retention rate = 10% × 60% = 6%		
Current period	**Next period**	**(Growth rate)**
Beginning invested capital	**Beginning invested capital**	
1,000	1,060	(6%)
Return on capital	**Return on capital**	
10%	10%	
Profit	**Profit**	
1,000 × 10% = 100	1,060 × 10% = 106	(6%)
Dividend	**Dividend**	
100 × 40% = 40	106 × 40% = 42.4	(6%)
Retained earnings (Reinvestment)	**Retained earnings (Reinvestment)**	
100−40 = 60	106−42.4 = 63.6	(6%)
Ending invested capital	**Ending invested capital**	
1,000 + 60 = 1,060	1,060 + 63.6 = 1,123.6	(6%)

Source: PwC

(3) Relationship between return on capital, cost of capital and PBR

To examine the relationship between return on capital and cost of capital, we compare the impact of changes in return on capital on corporate value and PBR, assuming the cost of capital expected in capital markets remains constant at 8% (**Figure 3**).

First, if the return on capital is 10%, the sustainable growth rate is (Return on capital 10% × Retention rate 60%) = 6%. Using the relationship in **Figure 1**, Corporate value = (Invested capital 1,000 × Return on capital 10% × Payout ratio 40%) ÷ (Cost of capital 8% − Growth rate 6%) = 2,000. In other words, when the return on capital exceeds the cost of capital, corporate value exceeds invested capital. Since Corporate value ÷ Invested capital = 2, this corresponds to a PBR of 2.

Figure 3: Impact of return on capital

Return on capital	Corporate value and PBR
10%	Invested capital 1,000 × Return on capital **10%** × Payout ratio 40% ÷ (8%－6%) = **2,000** PBR = Corporate value 2,000 ÷ Invested capital 1,000 = **2**
8%	Invested capital 1,000 × Return on capital **8%** × Payout ratio 40% ÷ (8%－4.8%) = **1,000** PBR = Return on capital 1,000 ÷ Invested capital 1,000 = **1**
5%	Invested capital 1,000 × Return on capital **5%** × Payout ratio 40% ÷ (8%－3%) = **400** PBR = Return on capital 400 ÷ Invested capital 1,000 = **0.4**

Source：PwC

When the return on capital is equal to the cost of capital, corporate value equals invested capital. If the return on capital is 8%, the sustainable growth rate is (Return on capital 8% × Retention rate 60%) = 4.8%. Corporate value = (Invested capital 1,000 × Return on invested capital 8% × Payout ratio 40%) ÷ (Cost of capital 8% − Growth rate 4.8%) = 1,000. Corporate value and invested capital are equal, which corresponds to a PBR of 1.

On the other hand, if the return on capital is 5%, the sustainable growth rate is (Return on capital 5% × Retention rate 60%) = 3%. Corporate value = (Invested capital 1,000 × Return on capital 5% × Payout ratio 40%) ÷ (Cost of capital 8% − Growth rate 3%) = 400. When the return on capital is below the cost of capital, corporate value falls below invested capital. Since (Corporate value 400 ÷ Invested capital 1,000) = 0.4, this corresponds to a PBR of 0.4. Thus, if the return on capital exceeds the cost of capital, corporate value exceeds invested capital, but the reverse also holds true. This corresponds to the relationship of PBR being above or below 1.

2. Difference between return on capital and cost of capital

(1) What is the condition for value creation?

Thinking about the relationship between return on capital and cost of capital described in the previous section in a more general way leads to the following (**Figure 4**). The difference between corporate value and invested capital (= value creation) is: (Corporate value − Invested capital) = (Invested capital × Return on invested capital × Payout ratio) ÷ (Cost of capital − Growth rate) − Invested capital. This can be rewritten as: (Corporate value − Invested capital) = Invested capital × (Return on capital − Cost of capital) ÷ (Cost of capital − Growth rate).[4] From this, it is clear that to create value, investments must have a positive 'spread' (Return on capital − Cost of capital), where return on capital exceeds the cost of capital. This matches the condition for PBR to exceed 1. In the example of a 10%

[4] To express this in a more general way, let corporate value be V, invested capital be IC, return on capital be ROIC, dividend payout ratio be d, cost of capital be r and growth rate be g. Since the sustainable growth rate is g = ROIC × (1－d), the equation is: V－IC = IC × ROIC × d ÷ (r－g) －IC = [IC × ROIC × d－{r－ROIC × (1－d)} × IC] ÷ (r－g) = (ROIC－r) × IC ÷ (r－g). In other words, the difference (return on invested capital − cost of capital) represented by (ROIC－r), known as the 'spread', is the key to value creation where corporate value exceeds invested capital.

return on capital in **Figure 4**, since 'Return on capital 10% > Cost of capital 8%', it can be confirmed that value creation is achieved (corporate value exceeds invested capital).

Figure 4: Condition for value creation is 'Return on capital > Cost of capital'

	Cost of capital = 8%
	Value creation = Corporate value − Invested capital (IC) = IC × Return on capital × Payout ratio ÷ (Cost of capital − Growth rate) − IC ↓ Value creation = Corporate value − IC = IC × (Return on capital − Cost of capital) ÷ (Cost of capital − Growth rate)
Return on capital 10%	Value creation = 2,000 − 1,000 (= 1,000) > 0 = 1,000 × (10% − 8%) ÷ (8% − 6%)
Return on capital 8%	Value neutrality = 1,000 − 1,000 (= 0) = 1,000 × (8% − 8%) ÷ (8% − 4.8%)
Return on capital 5%	Value destruction = 400 − 1,000 (= −600) < 0 = 1,000 × (5% − 8%) ÷ (8% − 3%)

Source：PwC

(2) What is the condition for value destruction?

Conversely, if the return on capital falls below the cost of capital, increasing investments will reduce corporate value. Even if growth investments are made for the purpose of enhancing corporate value, unless the return on capital of those investments exceeds the cost of capital, it will conversely destroy value. If the return on capital equals the cost of capital, it corresponds to a state where the expected rate of return is exactly obtained. In this case, since value is neither created nor destroyed, it can be called value neutral.

Common to all of these is that while accounting profit itself is recorded (the company is in the black), value creation, neutrality or destruction is divided depending on the relative relationship with the opportunity cost of the invested capital.

(3) Value creation = Economic profit

In this way, corporate value is compared with invested capital, and the amount exceeding invested capital can be said to be value creation. This value creation matches the value of the excess return generated by invested capital, known as 'economic profit'. To say that value is created is equivalent to economic profit being positive. From the perspective of generating this economic profit, not only the 'quality' of profit as measured by the return on capital, but also its 'quantity' as measured by its monetary amount, is important. While it is important to maintain a high return on capital by narrowing down investments, it is also essential for the growth of corporate value to obtain a high level of economic profit in terms of scale by expanding business and investing more capital.

3. Rising cost of capital

(1) Impact of rising long-term interest rates

As seen in the previous section, the difference (spread) between return on capital and cost of capital is important for value creation; however, with the rise in long-term interest rates, an increase in the cost of capital is inevitable. Long-term interest rates are on an upward trend in Japan, surpassing 3% in September 2026 for the first time in 30 years, and the weighted average cost of capital (WACC), a representative indicator of the cost of capital, is also rising (**Figure 5**). Therefore, there is an increasing need to incorporate the rising cost of capital into investment decisions.

WACC is the weighted average of the cost of equity and the after-tax cost of debt. In calculating the cost of equity, using (risk-free rate + beta × market risk premium) under the Capital Asset Pricing Model (CAPM) and assuming beta is the market average of 1, a rise in long-term interest rates, which are used as the risk-free rate, directly increases the cost of equity.[5] The cost of debt also generally moves in tandem with the risk-free rate; for instance, looking at 5-year bonds with a single-A credit rating, a similar upward trend is observed (**Figure 5**).[6] As a result, if, for example, the target ratio of debt to equity based on market value is 3:7, the market risk premium is 6% and the corporate tax rate is 30%, a 1% rise in the risk-free rate can be estimated to lead to a WACC rise of around 0.9%.[7] This increases companies' cost of capital through channels such as investors' rising required rate of return for equity and banks' higher lending rates or rising bond yields for debt.

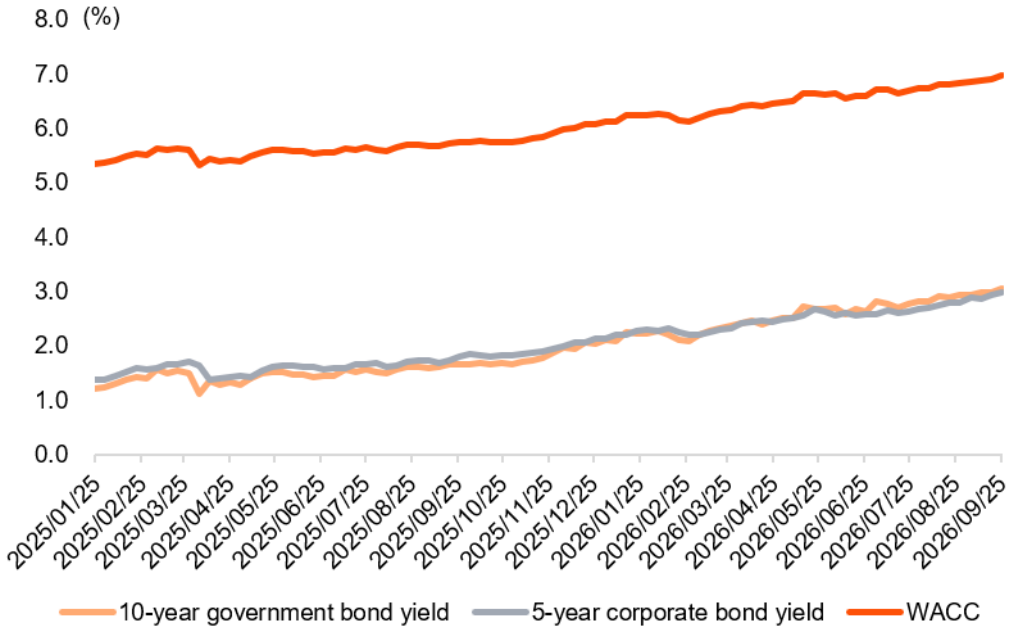
[5] See Footnote 3, Asaoka, Isagawa and Okada (2022).

[6] Ministry of Finance (2026) 'Government bond interest rate information'. Accessed on 28 September 2026. https://www.mof.go.jp/jgbs/reference/interest_rate/index.htm;

Japan Securities Dealers Association (2026) 'Reference statistical values for OTC bond transactions / Rating matrix table'. Secondary market yields for 5-year corporate bonds with a single-A rating by R&I. Accessed on 28 September 2026. https://market.jsda.or.jp/shijyo/saiken/baibai/baisanchi/index.html

[7] For example, if the risk-free rate rises from 2% to 3% and the cost of debt rises from 2.1% to 3.1%, WACC increases by 0.91% from 6.04% to 6.95%, calculated as: 0.3 × (1−30%) × 2.1% + 0.7 × (2% + 1×6%) = 6.04% rising to 0.3 × (1−30%) × 3.1% + 0.7 × (3% + 1 × 6%) = 6.95%.

Figure 5: Rising long-term interest rates and WACC



Source: PwC based on MOF (2026) and Japan Securities Dealers Association (2026)

(2) Securing the spread

Along with the rising cost of capital, if inflation causes all prices of goods, services and capital to rise simultaneously at the same rate, the spread would be secured and nominal cash flows would also increase, meaning there should be no impact on corporate value. However, due to various factors such as supply and demand or negotiating power, individual companies are not necessarily guaranteed to succeed in securing their spreads; conversely, there is a possibility that they could deteriorate through negotiations with suppliers and other parties. The key lies in the relative value of one's own company.

To maintain the spread, which corresponds to the 'quality' of profit, it is of course necessary to improve profit margins through price revision negotiations. However, it also increases the necessity of differentiation through business portfolio reforms, such as concentrated investment in businesses with relatively high spreads between return on capital and cost of capital among those held by the company. An environment where relative prices in the market fluctuate rapidly and business priorities shift can also be viewed as an opportune time to review business portfolios. Among Japanese companies, it cannot be said that much capital is necessarily invested in businesses with high economic profit, including fields where economic profit is negative. Indeed, the proportion of invested capital in value-destroying areas reaches 65% for Japanese companies, compared to 39% for US companies and 42% for European companies.[8] The key to continuing value creation even when facing price increases and rising cost of capital lies in raising the return on capital and increasing the spread—that is, in transformations that improve economic profit.

[8] Ministry of Economy, Trade and Industry (METI) (2026) 'Growth Investment Guidance: Towards sustainable growth of companies through the expansion of value creation (Value Creation Report)'. 21 July 2026.
https://www.meti.go.jp/shingikai/sankoshin/shin_kijiku/value_creation/pdf/009_03_00.pdf

In this regard, one key to raising the return on invested capital—the majority of which is recognised as tangible assets—is investing in intangible assets such as brand or intellectual property, which are not necessarily recorded under invested capital. It is well known that Japanese companies tend to under-invest in R&D and human capital compared to US and European companies, with the ratio of these investment amounts to sales remaining at 12.6%, compared to 23.3% for US companies and 20.4% for European companies.[9] Enhancing capital stock does not only refer to what is recorded on the balance sheet, but includes strengthening the power of invisible assets. To raise return on capital through 'offensive' growth investments via capital expenditure and M&A, it is necessary to accompany these with investments in organisational capabilities that draw value from assets.

(3) Maintenance and expansion of capital stock

Following the 'quality' represented by the spread, the next condition for value creation is growth from the perspective of 'quantity'. When inflation proceeds simultaneously, it is necessary to appropriately manage, maintain and expand capital stock to avoid falling into unintended under-investment. Since capital expenditure costs increase reflecting material and labor costs, even if the intention is only to invest in maintaining or updating stock such as production capacity, nominal stock will increase. Therefore, even if stock on a real basis has not changed, on a nominal basis it appears as if the stock has increased. If the nominal book value remains constant, it is equivalent to reducing stock in real terms. While growth investment means increasing capital stock in real terms, to conduct capital expenditure neither too much nor too little without being misled by inflation, it is necessary to focus on changes in stock on a real basis. This point also applies when acquiring a target company's assets at market value through M&A.

Additionally, as a technical yet important point, depreciation is carried out based on book value, but it is accompanied by a tax-saving effect (tax shield). Since existing capital stock is not valued at market price unless a transaction occurs, depreciation is carried out based on historical book value even as revenues and expenses rise simultaneously with inflation. Therefore, even if the nominal tax savings through deprecation are the same, they become relatively insufficient, causing a reduction in cash flow. If fixed assets were valued at market price or immediate depreciation was carried out, this problem would not occur. However, under a rising cost of capital, the financial burden to fill the resulting cash flow gap increases. While it is not easy to improve both quality and quantity, it is necessary to secure the 'quantity' of profits generated by stock by expanding capital stock while paying attention to unintended under-investment.

4. Attention to the Japanese market

(1) Leading 'PBR reform'

[9] Ibid.

The phenomenon of companies tackling 'Management that is conscious of cost of capital and stock price' while facing challenges is not limited to Japan. In fact, Japan's initiatives are attracting attention from other markets in Asia from a policy perspective. With Japan's market reforms as a reference, similar measures such as revising market systems and listing criteria have been introduced, centering on expanding the disclosure of value-enhancement measures by listed companies, and Japan is viewed as playing a leading role in these reforms (**Figure 6**).[10]

Indeed, many countries, including Japan, have achieved improvements in PBR after introducing these measures, and institutional investors' interest has also risen due to market growth expectations. In Japan, too, attention is focused on whether corporate value enhancement over the future can be realised through continuous follow-ups on market reforms.[11]

Figure 6: Market reforms in Asia

Implementation	Country	Framework	Content	PBR after implementation
March 2023	Japan	Request for 'Management that is conscious of cost of capital and stock price'	Voluntary disclosure of value creation plans, investor dialogue, stricter listing maintenance standards	1.1→1.3 (3 years)
February 2024	South Korea	Corporate Value Up Program	Voluntary disclosure of value up plan, value-up index, awards	1.1→1.0 (2 years)
November 2024	China	Regulatory Guidelines No. 10 for Listed Companies – Market Value Management	Stronger listing and delisting rules, dividend discipline, anti-fraud enforcement	2.3→2.9 (1 year)
November 2025	Singapore	Value Unlock Programme	Voluntary disclosure of value creation plans, capacity-building grants	0.8→0.9 (3 months)

Source: PwC based on OECD (2026)

(2) What are the conditions for market growth?

The measures that Japanese companies have taken, triggered by market reforms, also apply as conditions for future market growth in an environment of rising cost of capital, but the hurdle is higher compared to the past. To enhance each company's corporate value, it is essential to maintain investment discipline—allocating capital while carefully selecting investments that exceed the cost of capital over the entire investment period—by combining investment decisions and business portfolio reforms based on the return on capital described in the previous section with investments in long-term intangible assets.

Furthermore, while aiming to enhance corporate value under market discipline, it is necessary to create a virtuous cycle of value creation and stabilisation of the investor base by increasing the interest

[10] OECD (2026) 'Asia Capital Markets Report 2026'. 18 June 2026. https://doi.org/10.1787/08f87bed-en

[11] Tokyo Stock Exchange (2026) 'Update on the request for "Management that is conscious of cost of capital and stock price"'. 28 April 2026. https://www.jpx.co.jp/news/1020/t13vrt0000013ti4-att/t13vrt0000013tl6.pdf

of domestic and foreign investors through communication with investors regarding capital allocation, and by diversifying the channels of capital inflow into shares. It can be said that such growth at the corporate level will also lead to the growth of Japan's capital market in the future.

5. Implications for corporate management

Based on the above discussion, we would like to summarise the implications for corporate management as they face the rising cost of capital in an inflationary transition period while aiming for further growth (**Figure 7**).

Figure 7: Three implications for corporate management

	Item	Content
1	Discipline of 'quality' and 'quantity' for value creation	- Emphasis on the spread between return on capital and cost of capital to increase economic profit - Growth investments and business portfolio reforms for substantial capital stock growth
2	Dispersion of capital allocation over long- and short-term horizons	- Capital allocation that generates both long-term and short-term profits - Bold risk-taking including investment in intangible assets
3	Engagement to secure investor trust	- Appropriate updates to investors regarding capital allocation to secure trust - Securing discretion for 'offensive' decisions to respond agilely to changes in the market environment.

Source：PwC

(1) Discipline of 'quality' and 'quantity' for value creation

Under a rising cost of capital, capital allocation based on investment discipline that emphasises the spread between return on capital and cost of capital becomes even more important. This is an effort to improve the 'quality' of profit. Raising one's own prices does not necessarily lead to corporate value enhancement in an environment where suppliers simultaneously raise prices, causing the overall price level to rise. To raise the return on capital, negotiating power to set appropriate prices and, behind it, investments in long-term intangible assets that raise the original value of the company are crucial.

In addition, in an environment where a rising cost of capital progresses simultaneously with inflation, growth investments and business portfolio reforms that maintain and improve capital stock in real terms are indispensable from the perspective of 'quantity'. Changes in the market environment bring opportunities for 'offensive' measures, including new pricing and growth investments, which were difficult under deflation due to fears of causing a vicious cycle. Executing investments to secure an investment stock that is neither too large nor too small while keeping an eye on the return on capital is required. Existing capital stock is depreciated at book value, and under a rising cost of capital, there is a risk of falling into under-investment due to increased financial burden; in this context, investments to secure substantial capital stock for growth are necessary.

Both of these ‘quality’ and ‘quantity’ increase economic value. Since increasing economic value matches the value creation in **Figure 4**, this is precisely the effort to enhance corporate value.[12]

(2) Dispersion of capital allocation over long- and short-term horizons

Investment discipline from the perspective of raising return on capital or economic profit carries the risk of suppressing future value creation through narrowed-down investments or under-investment. Concentrating on investments with high return on capital in the present while suppressing investments that create long-term value can increase economic value in the short term. However, for a company to survive, capital allocation that considers the timing of investments in business and the time horizon of value creation is necessary.

For example, by dispersing over a time horizon investments that create long-term value—such as investments in growth businesses or intangible assets—and investments that generate short-term profits—such as additional investments in mature businesses or reviews of unprofitable businesses—it is necessary to realise value creation across the entire enterprise over the future. In particular, investments in intangible assets such as R&D, human capital and intellectual property are indispensable for improving long-term competitiveness and growth, and bold risk-taking aimed at long-term value creation is required even if profit margins are low in the short term.

(3) Engagement to secure investor trust

Investors also face changes in capital markets. Investors’ risk tolerance and investment time horizons are diverse, and they do not necessarily have only a long-term perspective or only a short-term perspective. Reflecting changes in investors’ areas of interest, companies must reflect investors’ concerns in a preemptive manner by incorporating them into capital allocation and capital efficiency improvements, while securing investor trust through engagement.

The necessity of securing such trust also applies to the board of directors, which is elected by shareholders and oversees management. While appropriately updating the board’s awareness and understanding regarding responses to changes in capital markets, it is important to obtain support to secure discretion for ‘offensive’ judgements to respond agilely to changes in the market environment.

In times of rapid change in capital markets, business priorities and market positions also shift, presenting fresh opportunities for new investment and value creation. As a discipline supporting corporate judgements at a turning point, investment judgements using economic profit based on return on capital and the cost of capital as a ‘common language’ are the key to facing market changes.

[12] Asaoka, Daisuke (2026) ‘Enhancing the quality of corporate value: The significance of economic profit’. PwC Intelligence Monthly Economist Report, Governance Insights Series —Value Management— Vol. 3. 3 July 2026.
https://www.pwc.com/jp/ja/services/consulting/intelligence/monthly-economist-report/monthly-economist-report202607.html

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