February 14, 2025

For Immediate Release

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Notice of Change in Shareholder Return Policy (Dividend Policy), Revision of Year-End Dividend Forecast for the Fiscal Year Ended December 31, 2024 (Dividend Increase), and Determination of Matters Relating to Purchase of Treasury Shares

(Acquisition of treasury shares pursuant to the provisions of the Articles of Incorporation in accordance with Article 165, Paragraph 2 of the Companies Act)

Okabe Co., Ltd. (the "Company") hereby announces that its Board of Directors has resolved at a meeting held today to change its shareholder return policy (dividend policy), revise its year-end dividend forecast for the fiscal year ended December 31, 2024 (dividend increase) and matters related to the purchase of treasury shares. Details are as follows. Matters pertaining to the purchase of treasury shares were resolved in accordance with the provisions of Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same act.

Details

1. Change in Shareholder Return Policy (Dividend Policy)

(1) Reason for change

In the medium-term management plan OX-2026 (okabe Transformation 2026) formulated in February 2024, the Company changed its dividend policy with the aim of raising the level of dividend on equity (DOE) over the medium to long term to increase the stability of the dividend amount, with an emphasis on the Company's sustainable growth and long-term benefits to shareholders.

Subsequently, the Company took the opportunity of reaching a settlement agreement on the lawsuit in the U.S. to re-examine its management issues and reaffirmed that it is essential to improve ROE and achieve a P/B ratio of over 1x. In light of this, the Company has decided to recast its shareholder return policy (dividend policy) in order to further enhance corporate value by practicing management that is more conscious of cost of capital and return on capital, while working to strengthen profitability through growth investments. As a new shareholder return policy (dividend policy), the Company will raise the dividend payout ratio (from 30% to 40%) and set a specific target for the dividend on equity (DOE) ratio (3%). The Company will also implement special dividends and purchase of treasury shares as appropriate to optimize the capital structure while aiming for a stable increase in ordinary dividends over the medium to long term.

(2) Details of change

Before change	The Company considers shareholder returns to be a crucial aspect of management and acknowledges the significance of capital efficiency. In principle, it intends to distribute its profit based on its business performance while maintaining its financial soundness. In addition, based on its basic

	policy, it seeks to consistently increase dividends by achieving sustainable growth while also taking into consideration the dividend on equity (DOE) ratio, with an eye on maintaining a payout ratio of 30% or higher. The Company's basic policy for dividends of surplus is to pay both an interim dividend and a year-end dividend each year.
After change	The Company considers shareholder returns to be a crucial aspect of management and acknowledges the significance of capital efficiency. In principle, it intends to distribute its profit based on its business performance while maintaining its financial soundness. In addition, based on its basic policy, it seeks to consistently increase dividends over the medium to long term by achieving sustainable growth while also taking into consideration the dividend on equity (DOE) ratio, with an eye on maintaining a payout ratio of 30% or higher. In principle, the Company aims for a dividend payout ratio of at least 40% and a dividend on equity (DOE) ratio of at least 3% for each fiscal year. In addition, the Company will implement a special dividend and purchase of treasury shares based on a comprehensive judgment, taking into consideration the level of the stock price, the need to implement a flexible capital policy, and the impact on its financial position, in order to improve ROE and achieve a P/B ratio of over 1x by optimizing its capital structure in conjunction with strengthening earning power. The Company's basic policy for dividends of surplus is to pay both an interim dividend and a year-end dividend each year.

2. Revision of year-end dividend forecast for the year ended December 31, 2024 (dividend increase)

(1) Reason for the revision

Although profit attributable to owners of parent was significantly lower than expected due mainly to the posting of the extraordinary loss, steady business growth is expected going forward as business performance is progressing as expected, excluding special factors such as the extraordinary loss. Therefore, with respect to the ordinary dividend, the Company plans to maintain the initial forecast (15 yen per share) for the fiscal year ended December 31, 2024.
Although the year-end dividend for the fiscal year ended December 31, 2024 will be based on the existing dividend policy, the Company plans to pay a special dividend of 5 yen per share (increased dividend) as part of its efforts to improve capital efficiency and enhance profit distribution, in order to rapidly implement measures to raise ROE and quickly achieve a P/B ratio of over 1x through optimization of capital structure in conjunction with strengthening profitability. The Company will consider paying special dividends in a flexible manner in order to improve ROE and achieve a P/B ratio of over 1x as soon as possible in the next fiscal year and beyond.
As a result, the year-end dividend forecast for the fiscal year ended December 31, 2024 is expected to be 20 yen per share (ordinary dividend: 15 yen per share, special dividend: 5 yen per share), an increase of 5 yen over the initial forecast, for an annual dividend of 35 yen per share (an increase of 10 yen over the previous year's actual dividend).

(2) Details of the revision

	Dividend per share		
	End of second quarter	End of fiscal year	Total
Previous forecast (Announced on February 19, 2024)		15.00 yen	30.00 yen
Revised forecast		20.00 yen (Ordinary dividend: 15.00 yen) (Special dividend: 5.00 yen)	35.00 yen (Ordinary dividend: 30.00 yen) (Special dividend: 5.00 yen)
Results for the current year	15.00 yen		
Results for the previous year (Fiscal year ended December 31, 2023)	12.50 yen	12.50 yen	25.00 yen

(Note) The year-end dividend and related figures for the fiscal year ended December 31, 2024 are forecasts. When the figures are determined by resolution of the Board of Directors, the Company will disclose them promptly.

3. Purchase of treasury shares

(1) Reason for the purchase of treasury shares

The Company will purchase treasury shares to improve capital efficiency, increase shareholder value per share, and enhance returns to shareholders by optimizing the capital structure in conjunction with strengthening profitability to improve ROE and achieve a P/B ratio in excess of 1x.

(2) Outline of the purchase of treasury shares

(i) Class of shares acquired:	Common stock of the Company
(ii) Total number of shares that can be purchased:	850,000 shares (maximum) (1.83% of the total number of outstanding shares (excluding treasury shares))
(iii) Total acquisition value of shares:	600 million yen (maximum)
(iv) Acquisition period:	February 17, 2025 to July 18, 2025
(vi) Acquisition method:	Discretionary investments by securities companies

(Reference) Status of treasury shares held as of December 31, 2024

Total number of outstanding shares:	49,290,632 shares
Number of treasury shares:	2,770,620 shares
Total number of shares outstanding (excluding treasury shares):	46,520,012 shares