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October 28, 2025

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Name of representative: Tsuguhisa Takimoto, President and Representative Director
Securities Code: 1946; Tokyo Stock Exchange Prime Market/Nagoya Stock Exchange Premier Market
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Notice Concerning Change in Dividend Policy, Dividends of Surplus (Interim Dividend), and Revision to Year-End Dividend Forecast (Dividend Increase)

TOENEC CORPORATION (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held on October 28, 2025, to change the dividend policy and to pay dividends of surplus (interim dividends) with a record date of September 30, 2025, and has revised the year-end dividend forecast for the fiscal year ending March 31, 2026 announced on April 28, 2025, as described below.

1. Change in dividend policy

(1) Details of change

(Before change)

Regarding the distribution of profits, the Company has positioned a balance between retained earnings for investment in growth strategies and shareholder returns as a key management issue in order to achieve sustainable growth and increase corporate value over the medium to long term, and while comprehensively taking into account factors such as improving capital profitability, ensuring financial soundness, and free cash flow conditions, its fundamental practice is to provide shareholder returns in proportion to business performance, targeting a consolidated dividend payout ratio of 30% or more.

(After change)

Regarding the distribution of profits, the Company has positioned a balance between retained earnings for investment in growth strategies and shareholder returns as a key management issue in order to achieve sustainable growth and increase corporate value over the medium to long term, and while comprehensively taking into account factors such as improving capital profitability, ensuring financial soundness, and free cash flow conditions, its fundamental practice is to provide shareholder returns in proportion to business performance, targeting a consolidated dividend payout ratio of 40%.

(2) Reason for change

The Company has adopted a dividend policy of “provide shareholder returns in proportion to business performance, targeting a consolidated dividend payout ratio of 30% or more ” in accordance with the “Response Guidelines for Achieving Management that is Conscious of Cost of Capital and Stock Price” announced on January 31, 2024.

The Company has already paid dividends with consolidated dividend payout ratios around 40% for the fiscal years ended March 31, 2024 and 2025, and plans to pay dividends at the same level for the fiscal year ending March 31, 2026. In light of these situations, the Company has changed its dividend policy to strengthen returns to shareholders.

2. Revisions to dividends of surplus (interim dividends) and year-end dividend forecast

Details of dividends of surplus (interim dividends)

	Determined amount	Most recent dividend forecast (Announced on April 28, 2025)	Actual results for the previous fiscal year * (interim for the fiscal year ended March 31, 2025)
Record date	September 30, 2025	September 30, 2025	September 30, 2024
Dividend per share	¥28.00	¥22.00	¥100.00
Total amount of dividends	¥2,599 million	-	¥1,857 million
Effective date	November 28, 2025	-	November 29, 2024
Source of dividends	Retained earnings	-	Retained earnings

* The second quarter-end dividend for the fiscal year ended March 31, 2025 is broken down into an ordinary dividend of ¥80.00 and a commemorative dividend ¥20.00 for the 80th anniversary of the Company's founding. The Company conducted a 5-for-1 stock split on October 1, 2024. As for the actual results for the previous fiscal year, the actual dividend on a pre-stock split basis is shown. The dividend per share converted on a post-stock split basis is ¥20 (an ordinary dividend of ¥16.00 and a commemorative dividend of ¥4.00 for the 80th anniversary of the Company's founding).

Details of Revision to Year-End Dividend Forecast

	Dividend per share			Payout ratio (consolidated)
	Second quarter-end	Fiscal-year end	Total	
Previous forecasts		¥30.00	¥52.00	40.2%
Revised forecasts		¥37.00	¥65.00	40.2%
Actual results for the current fiscal year	¥28.00			
Actual results for the previous fiscal year * (Fiscal year ended March 31, 2025)	¥100.00	¥30.00	-	43.2%

* The second quarter-end dividend for the fiscal year ended March 31, 2025 is broken down into an ordinary dividend of ¥80.00 and a commemorative dividend ¥20.00 for the 80th anniversary of the Company's founding. The Company conducted a 5-for-1 stock split on October 1, 2024. As for the actual results for the previous fiscal year, the actual dividend on a pre-stock split basis is shown for the second quarter-end dividend per share, and the total annual dividend is indicated as "-". The second quarter-end dividend converted on a post-stock split basis is ¥20 (an ordinary dividend of ¥16.00 and a commemorative dividend of ¥4.00 for the 80th anniversary of the Company's founding), bringing the total annual dividend to ¥50.

(Reasons for Revisions to Dividends of Surplus (Interim Dividends) and Year-End Dividend Forecast)

Based on the above "Change in Dividend Policy" and the "Notice Concerning Difference Between Earnings Forecast and Actual Results for the Six Months Ended September 30, 2025 and Revision to Earnings Forecast for the Fiscal Year Ending March 31, 2026" announced today, the Company has revised the interim dividend to ¥28 per share and the year-end dividend forecast to ¥37 per share. With these revisions, we forecast an annual dividends of ¥65 per share and a consolidated dividend payout ratio of 40.2%.