Translation

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May 15, 2026

Company name:	Kyosan Electric Manufacturing Co.,Ltd. (Securities code: 6742; Tokyo Market)
Name of representative:	Ryoji Kunisawa Representative Director, President
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Notice Regarding Change in Shareholder Return Policy and Dividends of Surplus (Dividend Increase)

The Company adopted a resolution at the Board of Directors' meeting held on May 15, 2026 to change its shareholder return policy and to make dividends of surplus with a record date of March 31, 2026, hereby notifies you as follows.

This matter is scheduled to be submitted to the 161th ordinary general meeting of shareholders to be held on June 24, 2026.

1. Change in Shareholder Return Policy

(1) Reason

Based on the current shareholder return policy, our company has paid dividends while comprehensively taking into account business performance, financial condition and other factors. This time, we have decided to raise the target level of DOE in order to further enhance the return of profits to shareholders and improve shareholder value through dividends.

(2) Details of Changes (Changes are shown in bold underline.)

[Before]

- The Company Group is engaged in businesses of a highly social and public nature, such as the "signaling solution business for railways and road traffic," and thus we have a responsibility to supply high-quality products in a stable manner. Accordingly, we will continue our efforts to establish a solid management foundation on a long-term and continuous basis and to enhance shareholders' equity.

- The Company Group has developed a three-year mid-term management plan “KYOSAN Next Step 2028,” which starts from April 2025, and will make efforts to resolve the four materialities to achieve its basic policies of “establishing the KYOSAN brand as a globally recognized brand” and to connect it to “creating new value.”
- As a basic principle, we will allocate profits in a balanced manner between investments in each business area to achieve the above objectives and stable shareholder returns corresponding to mid- and long-term profit levels, and we aim to **achieve dividends of surplus of around the mid-2% range of DOE.**

【After the change】

- (No change)
- (No change)
- As a basic principle, we will allocate profits in a balanced manner between investments in each business area to achieve the above objectives and stable shareholder returns corresponding to mid- and long-term profit levels, and we aim to **achieve dividends of surplus of around the 3% range of DOE.**

2. Dividends of surplus

(1) Dividends details

	Amount Determined	Most recent dividend forecast (Announced on May 14, 2025)	Previous year actual (Year ended March 31, 2025)
Record date	March 31, 2026	Same as on the left	March 31, 2025
Dividends per share	20.00 yen	18.00 yen	18.00 yen
Total dividends amount	1,234 million yen	—	1,129 million yen
Effective date	June 25, 2026	—	June 26, 2025
Source of dividends	Retained earnings	—	Retained earnings

(2)Reason

As a result of comprehensive judgment based on the Company’s Shareholder Return policy and the consolidated performance of this fiscal year, the year-end dividends for the year ended March 31, 2026 will be 20 yen per share, increased by 2 yen from the previous forecast of 18 yen. Accordingly, the annual dividends will be 25 yen per share, including the interim dividends of 5 yen.
The Company’s DOE (dividends on equity) for the year ended March 31, 2026 is 2.89%.

(For your reference) Breakdown of Annual dividend

	Dividend per share		
	2nd quarter-end	Year-end	Total
Current year actual (Year ended March 31, 2026)	5.00 yen	20.00 yen	25.00 yen
Previous year actual (Year ended March 31, 2025)	5.00 yen	18.00 yen	23.00 yen