



May 15, 2025

Listed Company Name: ESPEC CORP.
Representative: Satoshi Arata, President
Listed Stock Exchange: Tokyo Stock Exchanges,
Prime Market
Securities Code: 6859
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Notice Concerning Revision of Basic Policy on Dividends

ESPEC CORP. (the “Company”) hereby announces that, at the meeting of its Board of Directors on May 15, 2025, it resolved to revise the Basic Policy on Dividends as follows. (Substantial additions and changes are underlined)

1. Reason for the revision

The Company recognizes that the return of profits to shareholders is an important management priority, and that constantly raising enterprise value is the key element in ensuring improved shareholder returns. Accordingly, the Company returns profits to shareholders. Taking the opportunity of the development of the medium-term management plan “Progressive Plus 2027” (FY 2025 to FY 2027), the Company has decided to further clarify its policy to enhance returns to shareholders, including not only dividends but also purchase of treasury shares. The name of the policy will be changed from the Basic Policy on Dividends to the Shareholder Return Policy.

2. Details of the revision

| Before the revision | After the revision |
|---|---|
| <p>< Basic Policy on Dividends ></p> <p>The Company recognizes that the return of profits to shareholders is an important management priority, and that constantly raising enterprise value is the key element in ensuring improved shareholder returns. Accordingly, the Company’s basic policy on profit distributions is to determine dividends in consideration of continuity and the consolidated dividend payout ratio. Specifically, while maintaining dividend payments with a target consolidated dividend payout ratio of around 30%, in cases where the balance of cash and cash equivalents exceeds the planned necessary funds for uses such as dividends, corporate taxes, operating capital, capital investment, and strategic investment, the Company will also add around one-third of the excess to the dividend. Moreover, the Company will maintain a dividend of ¥20 as a stable dividend, regardless of the level of profit, but may review this in cases where the Company records consolidated net losses for two consecutive fiscal years.</p> <p>In addition, the Company will flexibly examine treasury share acquisitions, bearing in mind the necessary level of internal reserves and considering factors such as changes in the business environment and its financial position.</p> | <p>< <u>Shareholder Return</u> Policy ></p> <p>The Company recognizes that the return of profits to shareholders is an important management priority, and that constantly raising enterprise value is the key element in ensuring improved shareholder returns. Accordingly, the Company's basic policy is to determine <u>return of profits to shareholders</u> in consideration of continuity and the consolidated dividend payout ratio. Specifically, <u>we have decided on a consolidated dividend payout ratio of 40% or more and will be purchasing treasury shares in a flexible manner.</u></p> <p><u>During the period of the medium-term management plan “Progressive Plus 2027” (FY 2025 to FY 2027), we will ensure a total return ratio of 50% or more, cumulative over three years, and will not reduce dividends.</u></p> |

3. Time of the revision

Effective from the fiscal year ending March 31, 2026.