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Notice Regarding Review of Initiatives Based on Medium-Term Management Plan's Financial Strategy and Formulation of Next Medium-Term Management Plan's Financial Policy

MEITO CO., LTD. (the "Company") hereby announces that, at the Board of Directors meeting held today, it resolved to review initiatives aimed at improving capital efficiency and strengthening shareholder returns based on the financial strategy of the Medium-Term Management Plan "MEITO CHALLENGE 2026" covering FY2024 to FY2026 (hereinafter, the "Current Medium-Term Management Plan"), and also formulated the financial policy of the next Medium-Term Management Plan, as follows.

1. Reason for review of financial strategy of the Current Medium-Term Management Plan

In the Current Medium-Term Management Plan, the Company upholds "improving earning power and capital efficiency" and "ensuring continuous and stable shareholder returns" as priority measures and has been engaged in initiatives to strengthen management that is conscious of cost of capital and stock price.

In addition, the Company has set management targets (management indicators) of ROE of 5% or more and PBR of 1x in FY2026. However, with only the final year (FY2026) of the Current Medium-Term Management Plan remaining, ROE is approximately 5.2% and PBR is 0.8x. In light of the importance of management that is conscious of cost of capital costs and stock price, the Company has decided to review its financial strategy in order to further improve capital efficiency and enhance shareholder value.

2. Details of the review

In order to further improve capital efficiency and enhance shareholder value, the Company will, in the fiscal year ending March 31, 2027, implement the sale of cross-shareholdings in addition to expanding shareholder returns.

(1) Management indicator (KPI) for dividends

Regarding the management indicator (KPI) for dividends under the Current Medium-Term Management Plan, the Company has revised the annual dividend per share for the fiscal year ending March 31, 2027 upward by 20 yen, from the previously planned level of 60 yen to 80 yen in total.

	Fiscal year ended March 31, 2025 (Actual)	Fiscal year ended March 31, 2026 (Forecast)	Fiscal year ending March 31, 2025 (Target)
Previously announced annual dividends per share (DPS) (announced on February 9, 2026)	35 yen	55 yen	60 yen
Revised annual dividends per share (DPS)	35 yen	55 yen	80 yen

(2) Policy on acquisition and cancellation of own shares

The Company had planned to implement the acquisition and cancellation of own shares at a total amount of 2,000 million yen during the period of the Current Medium-Term Management Plan. However, in accordance with this revision, the amount will be increased by 1,500 million yen to a total of 3,500 million yen. As an approximate amount of 1,500 million yen in own shares had already been acquired by the fiscal year ended March 31, 2026, the Company plans to acquire and cancel the remaining approximately 2,000 million yen worth of own shares by the fiscal year ending March 31, 2027.

(3) Sale of cross-shareholdings

The Company will continue to verify the reasonableness of holding cross-shareholdings and further strengthen its initiatives to reduce them. From the perspective of improving asset efficiency and effectively utilizing assets, the Company will accelerate the sale of cross-shareholdings in the fiscal year ending March 31, 2027 compared with previous years. As the specific securities to be sold have not yet been determined, the impact of the sale has not been reflected in the current consolidated financial results forecast. However, if actual sales are finalized and disclosure becomes necessary, the Company will appropriately disclose the information, including any revision to its financial results forecast.

3. Financial policy of the next Medium-Term Management Plan

Under the next Medium-Term Management Plan (from the fiscal year ending March 31, 2028 to the fiscal year ending March 31, 2030), the Company will further promote management that is conscious of cost of capital and stock price, and will work toward the sustainable enhancement of corporate value by expanding growth investments and shareholder returns through asset utilization, with the aim of achieving continuous improvement of ROE and further enhancement of PBR.

In addition, the Company will promote the following three priority measures for enhancing corporate value:

- Generation of cash through the sale of cross-shareholdings

- Planning of strategic, large-scale, growth investments at a total amount of more than 20,000 million yen
- Expansion of shareholder returns to a total amount of more than 10,000 million yen

For further details, please refer to the attached material

Review of [Financial Strategy] Initiatives in Medium-Term Management Plan

■ Enhancement of shareholder returns and sale of shareholdings in FYE3/2027



* Planned shareholder returns totaling approx. ¥3.3 billion



Further improvement of capital efficiency and shareholder value

Dividend policy (management indicator (KPI) for dividends)

- Increase the annual dividend per share for FYE3/2027 by ¥20, from ¥60 planned prior to the review to ¥80.

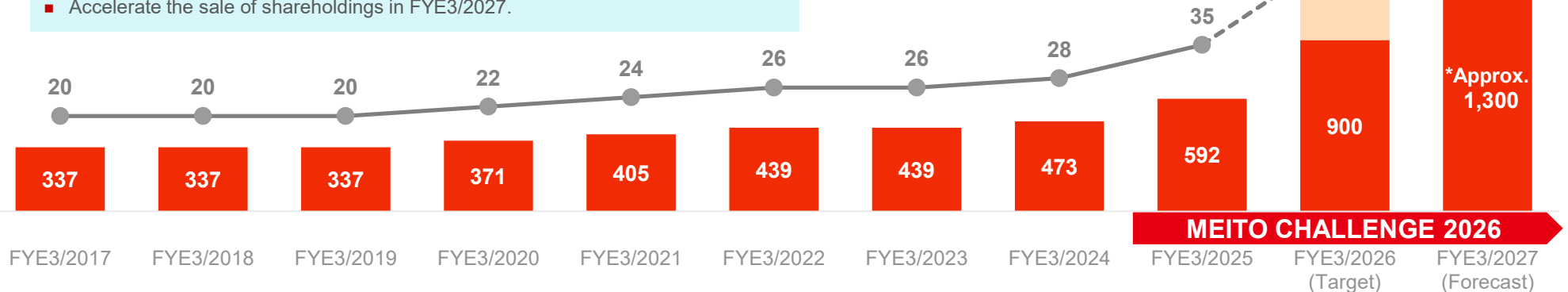
Acquisition and cancellation of own shares

- Increase the total amount to ¥3.5 billion from the previous plan (¥2.0 billion under the medium-term management plan).
- As approx. ¥1.5 billion had been spent by FYE3/2026, the remaining approx. ¥2.0 billion will be used for the acquisition and cancellation of own shares in FYE3/2027.

Sale of shareholdings

- Accelerate the sale of shareholdings in FYE3/2027.

■ Total Dividends (Millions of yen)
 ■ Acquisition of Own Shares (Millions of yen)
 ● Ordinary Dividend per Share (Yen)



MEITO CHALLENGE 2026

*This may change depending on the progress of the acquisition of own shares.

Financial Policy under the Next Medium-Term Management Plan: MEITO CHALLENGE 2029



Financial Policy of MEITO CHALLENGE 2029

Aim to achieve sustainable enhancement of corporate value by continuously increasing ROE and further improving PBR through further promoting management that is conscious of the cost of capital and stock price, while expanding growth investment through asset utilization and shareholder returns.

—Three Key Initiatives for Improving Corporate Value—

Generate cash by sale of shareholdings

Utilize cash generated through the sale of shareholdings as funds for growth investment and shareholder returns.

Plan large-scale strategic growth investments totaling more than ¥20.0 billion

Promote large-scale investments and strengthen the business foundation for medium- to long-term growth, aiming to enhance competitiveness and expand the revenue base going forward.

Expand shareholder returns totaling more than ¥10.0 billion

Further promote improvements in capital efficiency and shareholder value by flexibly implementing the acquisition and cancellation of own shares while maintaining progressive dividends during the period of the next Medium-Term Management Plan, MEITO CHALLENGE 2029.