



April 10, 2024

Company name:	Arisawa Mfg. Co., Ltd.
Name of representative:	Yuta Arisawa, Representative Director and CEO (Securities code: 5208; TSE Prime Market)
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Notice Concerning Change of Shareholder Return Policy and Basic Policy on Capital Management

Arisawa Mfg. Co., Ltd. hereby announces that it has decided, at a meeting of the Board of Directors held on April 10, 2024, to change our shareholder return policy and basic policy on capital management as described below.

1. Basic policy on capital management

In our “Medium-Term Business Plan (FY2020-FY2024)”, we set a management goal of “achieving a return on invested capital (ROIC) goal of over 6%”, while thoroughly promoting a business strategy that relies on strengthening profitability, with a conscious awareness of a financial strategy that pursues capital efficiency.

On the other hand, due to recent changes in the economic environment and other factors, we are halfway to our important management goal of achieving a return on invested capital (ROIC) goal of over 6%, and making preparations to achieve this goal in the next “Medium-Term Business Plan FY2025-FY2029 (tentative)”.

In order to achieve this goal, we will control the invested capital required for growth, ensure a capital structure (equity ratio of approximately 50% in the medium term), including the use of leverage with a conscious awareness of capital efficiency, actively return profits to shareholders and reduce the weighted average cost of capital (currently approximately 5%), while enhancing profitability and sustainable profit growth with the aim of exploring existing businesses and creating new businesses. We will strive to transform our corporate structure into a capital-efficient one.

Furthermore, we are summarizing our “Medium-Term Business Plan (FY2020-FY2024)”, which is in the final year, and reviewing our cash allocation. We will announce the results on May 9, 2024 at the same time of the announcement of the financial results for the fiscal year ending Mar 31, 2024.

2. Change of shareholder return policy

In our “Medium-Term Business Plan (FY2020-FY2024)”, we set “Total return ratio: 80% or more”, and in addition to the dividend payout ratio of 80%, we have conducted stock buy-back in consideration of capital needs and implemented shareholder return actively.

On the other hand, the shareholder returns have been unstable because we are sensitive to changes in business condition in Chinese and electronics markets.

Therefore, we will introduce a dividend policy from the fiscal year ending March 31, 2025, in which the greater of either “dividend on equity (DOE) ratio of 6%”, which is a stability-oriented dividend, or “total return ratio of 80% or more”, which is a profit distribution-oriented dividend, will be returned to shareholders.

The specific time period that it will be applied to is until when the equity ratio of around 50% is achieved as mentioned above in “1. Basic policy on capital management”.

(1) Details of change

Before change:

We will invest the funds acquired during the period in maintaining and expanding the revenue base of existing businesses and developing new applications, while actively returning profits to shareholders. Specifically, our basic policy is a total return ratio of 80% or more for performance-linked dividend and we will respond flexibly to an acquisition of treasury shares in total consideration of demand of funds, financial conditions, etc.

After change:

We will invest the funds acquired during the period in maintaining and expanding the revenue base of existing businesses and developing new applications, while actively and continuously returning profits to shareholders. Specifically, our basic policy is to adopt a dividend on equity ratio (DOE) of 6% or a total return ratio of 80% or more for dividend, whichever is greater. Also, we will respond flexibly to an acquisition of treasury shares in total consideration of demand of funds, financial conditions, etc.

(2) Effective Date

Applied from the fiscal year ending March 31, 2025.