




May 12, 2025

Company name:  NIPPON RIETEC CO., LTD.
Name of representative: Shigeru Egusa, Representative
Director and President
(Securities code: 1938; Tokyo
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Notice Regarding Basic Policy on Shareholder Returns

NIPPON RIETEC CO., LTD. (the “Company”) hereby announces that, at a meeting of its Board of Directors held on May 12, 2025, it resolved to adopt the following basic policy on shareholder return.

1. Basic policy on shareholder return

The Company regards the return of profit to its shareholders as a key management priority, and aim at increasing return of profit to shareholders and improving capital efficiency through the continuation of stable dividends and opportune acquisition of treasury shares. With respect to shareholder returns, we will aim to deliver stable and progressive dividend returns that are not unduly influenced by short-term earnings performance, using a DOE target of 3.2% as a benchmark.

(Reference: Previous version of basic policy)

The Company regards the return of profit to its shareholders as a key management priority, and aims at increasing return of profit to shares and improving capital efficiency through the continuation of stable dividends and opportune acquisition of treasury shares. Regarding profit distribution, the Company’s basic policy is to achieve both preparation for sustainable growth into the future and return of profit to shareholders, with optimized distribution, and to determine it with a target total return ratio of 40% as a guideline.

2. Supplementary information

- (1) With regard to the return of profit to shareholders, the Company’s basic policy was previously focused on the “total return ratio.” Going forward, we will adopt DOE (dividend on equity) as our key metric. By adopting DOE, calculated based on shareholder equity, we aim to clarify our shareholder return policy from a long-term perspective and to deliver stable and progressive dividend returns to our shareholders.
- (2) Under our 2027 Medium-Term Management Plan, the Company has set a target ROE of 8%. In addition, we have traditionally implemented shareholder returns with a total return ratio of 40%. Based on this, we have determined the target level for DOE to be 3.2%, as calculated below.
$$\text{DOE (3.2\%)} = \text{ROE (8\%)} \times \text{Dividend Payout Ratio (40\%)}$$

3. Effective date

This policy will be applied starting with the dividend for the fiscal year ending March 31, 2026.