



August 9, 2023

Company name: MIYAJI ENGINEERING GROUP, INC.
Representative: Shigetoshi Aota, President and
Representative Director
(Securities code: 3431, Prime Market,
Tokyo Stock Exchange)
Inquiries: Akinobu Endo, Operating Officer and
General Manager, Planning and
Management Department
(E-mail: meg.IR@miyaji-eng.co.jp)

Notice on the Share Split, and the Partial Amendment to the Articles of Incorporation and the Revision
(Increase) of Dividend Forecasts associated with the Share Split

MIYAJI ENGINEERING GROUP, INC. (the “Company”) hereby announces that it was resolved as follows at the Board of Directors meeting held today, regarding the share split and the partial amendment to the Articles of Incorporation as well as the revision (increase) of dividend forecasts for the fiscal year ending March 31, 2024 (the 21st fiscal year) that are associated with the share split.

The aforementioned share split and the increase in dividends shall be implemented as part of the measures to be adopted under the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” as announced today.

1. Share split

(1) Objectives of the share split

The share split shall be implemented with the aim of developing an investor-friendly environment by reducing the transaction amount per investment unit (share unit number), thereby enhancing the liquidity of the Company’s shares while widening the range of investors.

(2) Outline of the share split

1) Method of the share split

One common share of the Company held by shareholders who are registered or recorded in the final shareholder registry on September 30, 2023 (Saturday*) shall be split into two.

* As September 30, 2023 falls on a Saturday, which is a holiday for the shareholder registry administrator, it is in effect on September 29, 2023 (Friday).

2) Increase in the number of shares as a result of the share split

Total number of shares outstanding before the share split	6,919,454 shares
Increase in the number of shares as a result of the share split	6,919,454 shares
Total number of shares outstanding after the share split	13,838,908 shares
Total number of authorized shares after the share split	55,355,600 shares

3) Time schedule of the share split

Date of public notice of the record date	August 31, 2023 (Thursday)
Record date	September 30, 2023 (Saturday)
Effective date	October 1, 2023 (Sunday)

4) Impact of the share split

While the total number of shares outstanding will be doubled by the share split, the amount of net assets (the amount of equity capital) will remain the same. Thus, the amount of net assets per share will be halved. Theoretically, the asset value of the Company's shares will not change insofar as other factors, such as fluctuations in the share price are excluded.

As the number of shares is doubled, apparent indicators such as basic earnings per share and the dividend per share shall also be halved from the current figures. However, the total amount of profit or dividend will not change.

Furthermore, the amount of shareholders' equity will also remain unchanged.

2. Partial amendment to the Articles of Incorporation associated with the share split

(1) Reason for the amendment

In line with the share split, a partial amendment shall be made to the Articles of Incorporation of the Company effective October 1, 2023, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act.

(2) Description of the amendment

A description of the amendment is as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Amended Articles of Incorporation
(Total Number of Authorized Shares) Article 5. The total number of shares authorized to be issued by the Company shall be <u>27,677,800</u> .	(Total Number of Authorized Shares) Article 5. The total number of shares authorized to be issued by the Company shall be <u>55,355,600</u> .

(3) Time schedule of the amendment to the Articles of Incorporation

Date of resolution at the Board of Directors	August 9, 2023 (Wednesday)
Effective date	October 1, 2023 (Sunday)

3. Revision of dividend forecasts for the fiscal year ending March 31, 2024 (the 21st fiscal year)

(1) Reason for revision of dividend forecasts

The Company positions the return of profits to shareholders as an important management measure, and strives to maintain and increase shareholder returns.

We will achieve the profit target under the Medium-Term Business Plan (FY2022 to FY2026), with the aim of maintaining and further increasing the dividend per share. In addition, we will appropriately control the level of equity capital, paying careful attention to maintaining capital efficiency toward achieving a target of 10% ROE under the Plan, while flexibly implementing shareholder returns when performance is strong. At the same time, we have a basic policy of implementing a well-balanced capital policy, including investments for sustainable growth, which is a concept shared by all shareholders and stakeholders, and a certain level of capital reinforcement.

The revision of dividend forecasts involves a scheduled increase in dividend, based on a revision of the year-end dividend forecast due to the share split effective October 1, 2023, combined with an increase in the dividend payout ratio to roughly 60% as part of the initiative to raise the level of shareholder returns, from the dividend forecasts for the fiscal year ending March 31, 2024 (an annual dividend per share of ¥180, and a dividend payout ratio of 35%), as announced on May 15, 2023.

The dividend at the end of the second quarter (interim dividend) and the year-end dividend shall be paid after the formal decision by the resolution of the Board of Directors meeting scheduled to be held in November 2023, and by the resolution at the 21st Annual General Meeting of Shareholders of the Company scheduled to be held in June 2024, respectively.

(2) Details of the revision

	Annual dividends per share for the fiscal year ending March 31, 2024		
	Second quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen
Previous forecast (announced on May 15, 2023)	100.00	80.00	180.00
Revised forecast (before reflecting the share split)	170.00 (170.00)	75.00 (150.00)	— (320.00)
(Reference) Actual dividends for the previous fiscal year (fiscal year ended March 31, 2023)	60.00	80.00	140.00

Notes: 1. Breakdown of dividends at the end of the second quarter of the fiscal year ending March 31, 2024

Ordinary dividend: ¥150.00 Commemorative dividend: ¥20.00

2. The dividend at the end of the second quarter of the fiscal year ending March 31, 2024, with the record date of September 30, 2023, shall be based on the number of shares before the share split.

3. The year-end dividend for the fiscal year ending March 31, 2024, with the record date of March 31, 2024, shall be based on the number of shares after the share split.

4. The total amount of the revised forecast (on an annual basis) is not indicated due to the difficulty of a straightforward comparison as a result of the share split. The projected annual dividend without reflecting the share split is ¥320 per share, for an increase of ¥140 from the forecast before the revision (¥70 at the end of the second quarter, and ¥70 at the end of the fiscal year), and an increase of ¥180 compared with actual dividends for the previous fiscal year.

(Overview of the revision of the dividend forecasts)

	Second quarter-end	Fiscal year-end	Total	Dividend payout ratio
Forecast before the revision	¥100	¥80	¥180	35.0%

Share split (two-for-one)

Revision due to the share split	¥100	¥40	—	35.0%
---------------------------------	------	-----	---	-------

Dividend increase

Revision due to the dividend increase (before reflecting the share split)	¥170.00 (¥170.00)	¥75.00 (¥150.00)	— (¥320)	62.2% (62.2%)
---	----------------------	---------------------	-------------	------------------