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May 14, 2025

To whom it may concern

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Name of representative: President and Representative Director
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Notice Concerning Change to Shareholder Return Policy and Dividends of Surplus (Increase)

GUNZE LIMITED (the "Company") hereby announces that it has resolved, at a meeting of Board of Directors held on May 14, 2025, to change its shareholder return policy and to pay dividends of surplus with a record date of March 31, 2025. The details are described below.

The matter of dividends of surplus will be submitted to the 129th Ordinary General Meeting of Shareholders to be held on June 25, 2025.

1. Change to shareholder return policy

(1) Details of change

Before change	After change
The Company regards the return of profits to shareholders as an important management policy, and will maintain a return ratio of 100% until the consolidated ROE exceeds the cost of equity. In addition, in order to realize a stable and continuous return of profits, the Company will pay dividends with a DOE (dividend on equity) of 2.2% or more as a target.	The Company regards the stable and continuous return of profits to shareholders as an important management policy. The Company will pay dividends with a DOE (dividend on equity) of 4.0% or more as a target. In addition, in order to achieve sustainable enhancement of corporate value, the Company will flexibly implement shareholder returns (special dividends/purchases of treasury shares) with a return ratio of over 100% until the consolidated ROE reaches 8% or higher.

(2) Reason for change

The Company will work to improve capital profitability through business structural reforms and capital policy in order to continuously increase corporate value. Our capital policy is to work on balance sheet control with a DE ratio of approximately 0.3 times, equity of at least ¥100 billion, and an equity ratio of approximately 60% as targets, thereby optimizing capital in such a manner that maximizes capital profitability and maintains financial soundness at the same time. In addition, taking into account the opinions of shareholders and investors, the Company has decided to change its shareholder return policy with the aim of raising the dividend level from the perspective of placing emphasis on dividends.

(3) Time to apply change

We apply the change starting from the dividends for the fiscal year ended March 31, 2025.

2. Dividends of surplus

(1) Details of dividend

	Determined amount	Most recent dividend forecast (Announced on May 14, 2024)	Actual results for the previous fiscal year (Fiscal year ended March 31, 2024)
Record date	March 31, 2025	March 31, 2025	March 31, 2024
Dividend per share	¥390	¥157	¥153
Total amount of dividends	¥6,331 million	-	¥2,552 million
Effective date	June 26, 2025	-	June 26, 2024
Source of dividends	Retained earnings	-	Retained earnings

Note 1: The determined amount is broken down into an ordinary dividend of ¥289 and a special dividend of ¥101.

Note 2: The Company conducted a two-for-one stock split of its common shares effective April 1, 2025. As the dividend record date is March 31, 2025, the above details represent the actual dividends based on the number of shares before the stock split.

(2) Reason

Based on the shareholder return policy after the change in 1. above, the dividend for the fiscal year ended March 31, 2025 will be ¥390 per share, which is an ordinary dividend of ¥289 yen per share (DOE 4.0%) plus a special dividend of ¥101 yen per share. The determined amount is 233 yen higher than the most recent dividend forecast.