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November 11, 2026

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Representative: Masuo Mitsuya
Representative Director and President
(Securities code: 2207, Tokyo Stock Exchange Prime Market and Nagoya Stock Exchange Premier Market)
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Action to Implement Management that is Conscious of Cost of Capital and Stock Price

MEITO CO., LTD. (the "Company") hereby announces that, at a meeting of its Board of Directors held on November 11, 2026, it assessed the current situation with respect to "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," and resolved on the specific initiatives to take going forward.

For details, please refer to the attached document titled "Action to Implement Management that is Conscious of Cost of Capital and Stock Price."

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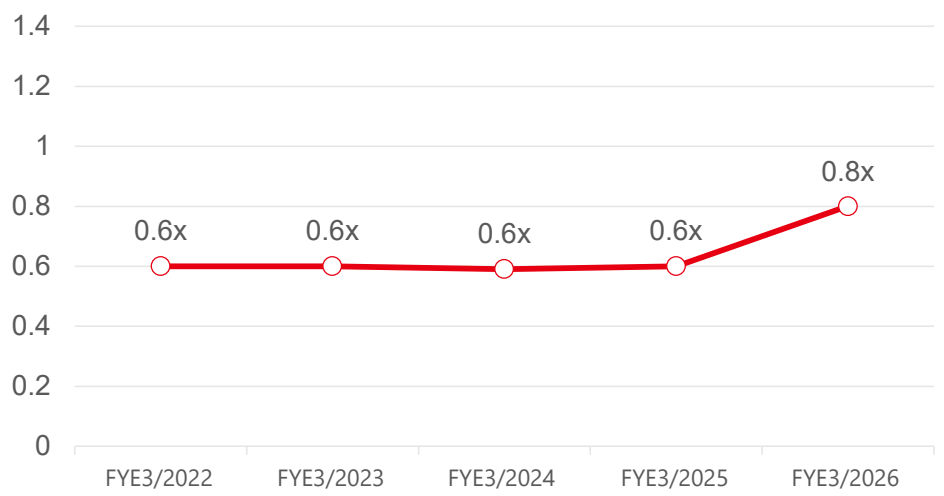
Action to Implement Management Conscious of Cost of Capital and Stock Price

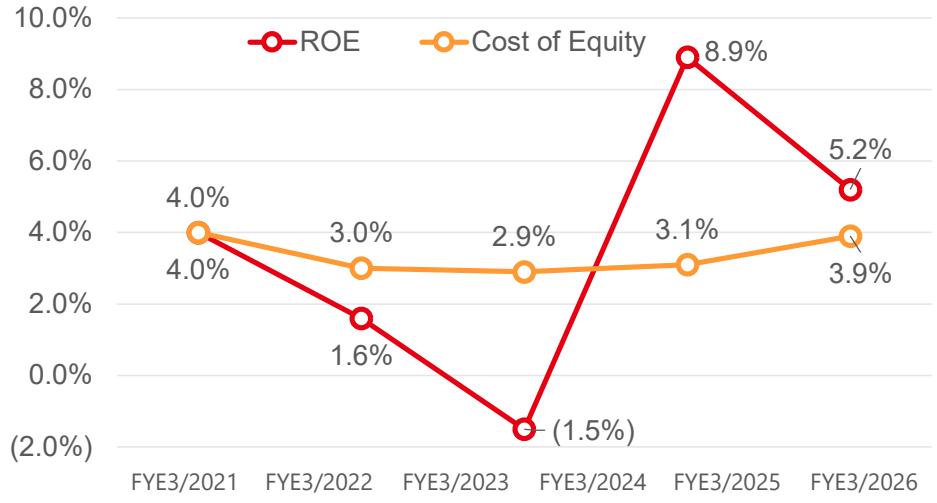
Action to Implement Management Conscious of Cost of Capital and Stock Price —Current Assessment and Challenges (1)

- Under the current Medium-Term Management Plan, “MEITO CHALLENGE 2026,” we aim to achieve an ROE of 5% or more and a PBR of 1.0x for the fiscal year ending March 31, 2027.
- Initiatives under the current Medium-Term Management Plan have improved profitability, but PBR remains below 1.0x. We recognize the need to improve earning power in our core business and increase capital efficiency to achieve a higher market valuation.
- ROE reached 5.2% in the fiscal year ended March 31, 2026, meeting the target set in the current Medium-Term Management Plan. However, we are reviewing our method for calculating the cost of equity, which has relied primarily on CAPM, so that it also takes into account dialogue with capital market participants, investors’ expected returns, and other factors. For future planning, we estimate the cost of equity at around 7%. We therefore recognize the need to further improve returns on capital.

PBR Trend



Comparison of ROE and Cost of Equity



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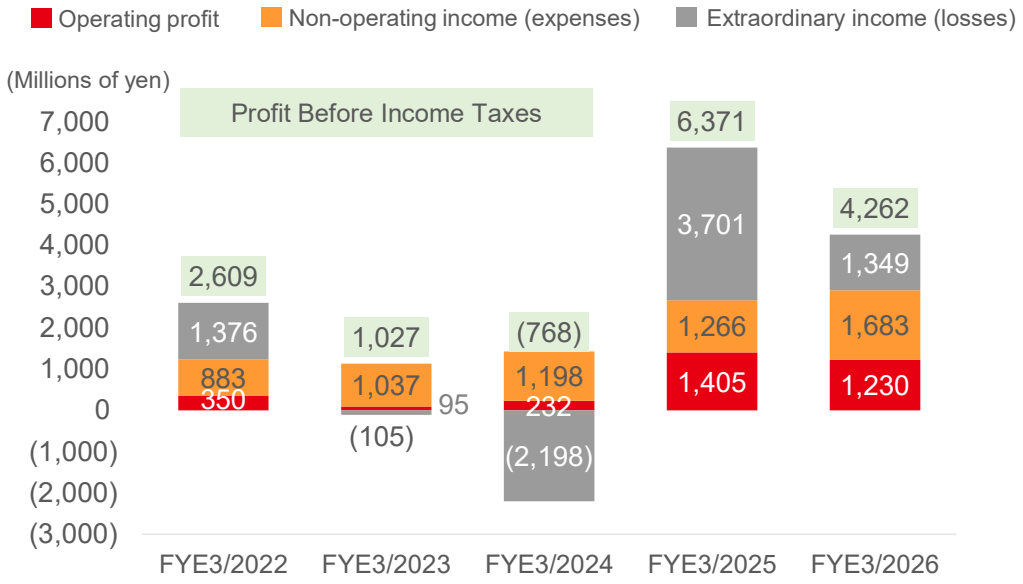
Action to Implement Management Conscious of Cost of Capital and Stock Price —Current Assessment and Challenges (2)

- While operating profit has been improving, non-operating income and gains on the sale of shares contributed substantially to the improvement in ROE.
- Going forward, we will steadily improve earning power under the current Medium-Term Management Plan and continue to clarify our capital allocation and shareholder return policies to sustain those gains. We will also deepen our dialogue with capital market participants. Through these efforts, we aim to improve our corporate value.

Breakdown and Trend of Profit Before Income Taxes



Identified Challenges

- Increase profit from core operations
- Optimize capital allocation
- Continuously improve capital efficiency
- Introduce ROIC management in each business

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Action to Implement Management Conscious of Cost of Capital and Stock Price —Improving Market Valuation to Raise PBR

■ **We aim to improve our stock market valuation by implementing the current Medium-Term Management Plan and continuing to clearly communicate our progress and capital policy.**

Improve PBR = Improve earning power/Improve capital efficiency (ROE) × Improve market valuation (PER)

Improve earning power/ Improve capital efficiency ▶ In progress under the current Medium-Term Management Plan

ROE Target 5.0% or more

"MEITO CHALLENGE 2026" Growth Strategy

Sales strategy	■ Expand sales by strategically allocating management resources to core brands. ■ Create new demand, including strengthening synergies across Group companies. ■ Strengthen promotion of high-value-added products in the global market. ■ Acquire new customers by developing new applications.
Production strategy	■ Implement DX and transition to smart factories. ■ Establish a system for increased production through capital investment, personnel reinforcement, and predictive/preventive maintenance. ■ Address quality requirements and improve productivity.
Organizational strategy	■ Carry out an organizational restructuring and promote communication. ■ Enhance (expand) reskilling. ■ Promote diversity.
Financial strategy	■ Optimize the business portfolio by reallocating management resources. ■ Improve capital efficiency through the acquisition and cancellation of own shares, progressive dividends, etc. ■ Enhance shareholder returns.

Improve market valuation ▶ Efforts now being stepped up

Initiatives to Improve Market Valuation through Dialogue with Capital Market Participants

Update
Clarify the capital allocation policy by presenting the cash allocation plan.

New
Implement a stock split to broaden the shareholder base and improve liquidity.

New
Expand investor dialogue and disclose the number of meetings and topics discussed.

New
Expand KPI disclosures to include business and non-financial KPIs.

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Action to Implement Management Conscious of Cost of Capital and Stock Price —Expanding Investor Dialogue

■ **We will continue to work to improve corporate value through dialogue with investors.**

Number of IR Meetings

36 meetings in total since April 2025

Key Discussion Topics

■ Business Growth Potential and Profitability
- Improving profit margins in the Food Business, the effects of price revisions, and responses to higher raw material costs
- Growth strategy for the Fine Chemicals Business

■ Capital Efficiency and Capital Policy
- Growth investment allocation, investment efficiency, and the likelihood of recouping investments
- ROE and ROIC, securities holdings, and the shareholder return policy

■ Raising the Stock Price and Improving Corporate Value
- Clarifying the medium-term shareholder return policy
- Fleshing out the growth strategy and strengthening communications

How Investor Feedback Informs Management and IR

■ Define specific initiatives to improve business growth potential and profitability.
■ Set out our policies on shareholder returns and capital efficiency improvements.
■ Clarify how we will use the proceeds from the sale of our securities holdings.
■ Expand disclosures on reducing asset holdings and making effective use of those assets.
■ Consider ways to broaden our retail investor base. Expand the shareholder benefit program and implement a stock split.

Future Direction

■ Continue involving executives and business unit heads in investor dialogue.
■ Strengthen ongoing, timely communications following earnings announcements.
■ Develop business strategies for further growth.

→ Planned for disclosure in the next Medium-Term Management Plan

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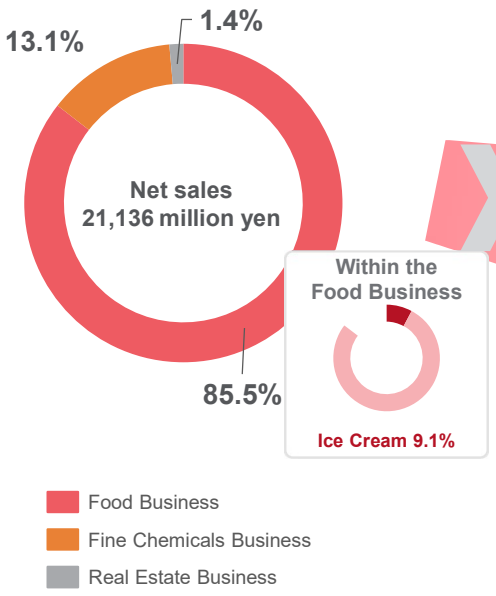
Approach to Net Sales Composition

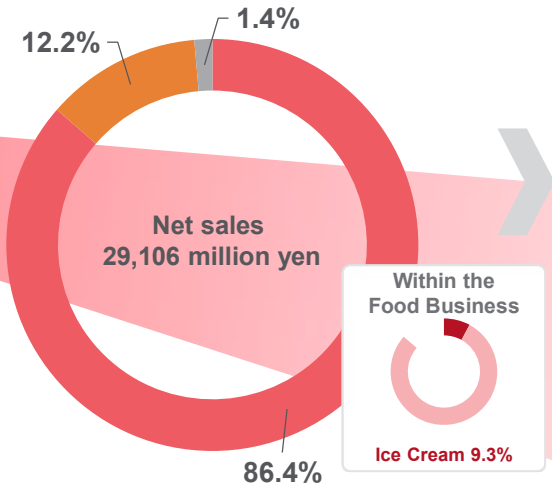
- While the Confectionery Division of the Food Business currently accounts for a large share of net sales, we have identified priority categories based on market growth potential.
- Going forward, we aim to grow net sales by accelerating growth investment beyond the current Medium-Term Management Plan period.

Net Sales Trend and Outlook

FYE3/2022

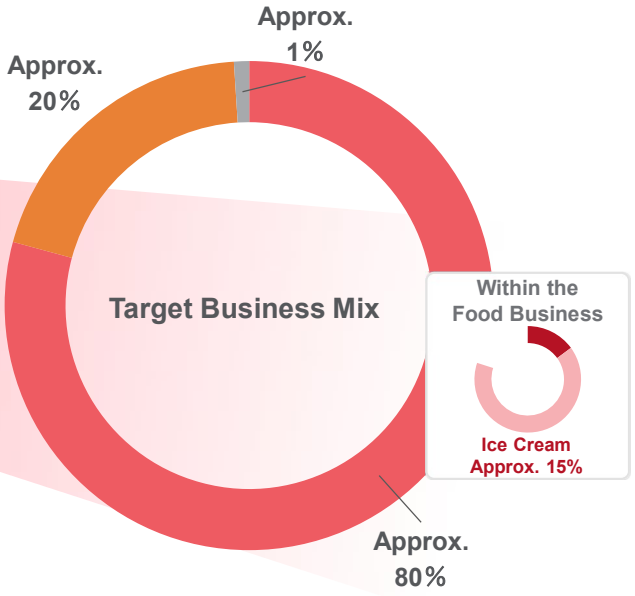


FYE3/2026



Our Target

Focus on the Ice Cream Division and the Fine Chemicals Business (Enzyme and Pharmaceuticals divisions).



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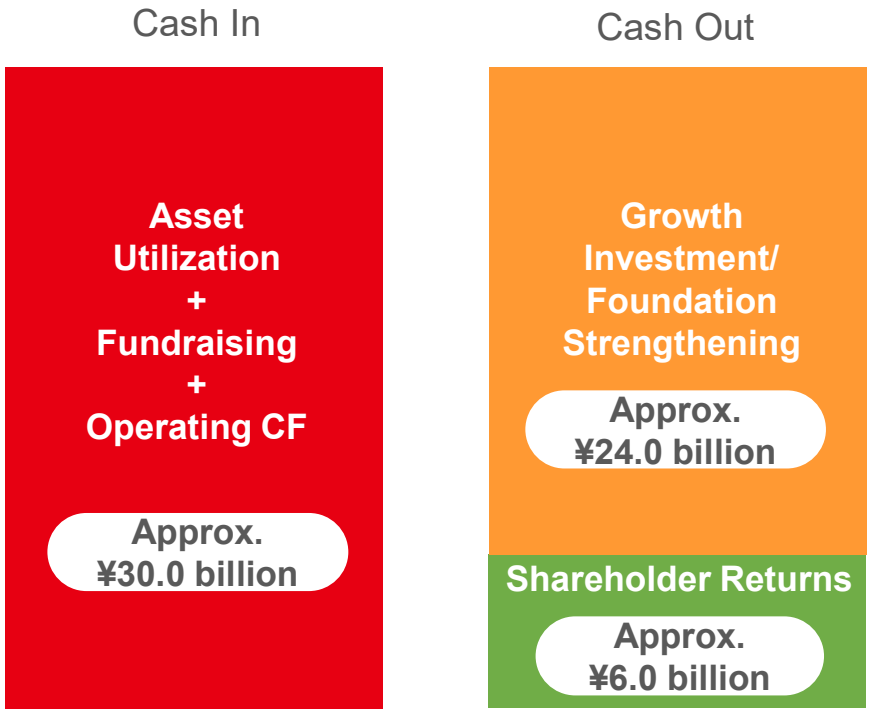
Medium-Term Management Plan “MEITO CHALLENGE 2026”—Cash Allocation

■ **The funds obtained from the sale of cross-shareholdings, along with cash generated from operating activities and other sources, will be allocated to growth investment, strengthening the management foundation, and shareholder returns**

Cash Allocation during the Medium-Term Management Plan Period



Asset Utilization/Fundraising/Operating CF

- **Results of the sale of cross-shareholdings**
  Sold ¥9.0 billion of shareholdings.
- **Approach to selling policy shareholdings for FYE3/2027 and beyond**
  Accelerate the sale of cross-shareholdings to promote efficient use of assets.
- **Sources of fundraising**
  In addition to the above, aim to generate cash from operating activities, among other means.

Growth Investment/Foundation Strengthening

Food Business

- **Jelly Factory Construction: ¥7.7 billion**
  Construction of a new jelly factory (including land acquisition) at the ACE BAKERY subsidiary to increase production of *Freeze and Eat Sherbet*, etc.

Fine Chemicals Business

- **Biwajima Plant Construction: ¥3.8 billion**
  Construction of a new plant (on the existing plant premises) to increase production of sodium dextran sulfate, one of the core products of the Fine Chemicals Business.

Real Estate Business

- **Acquisition of Real Estate for Leasing: ¥6.2 billion**
  Acquisition of land in Tokyo and start of leasing as part of efforts to optimize our asset mix

- **Capital investment, management foundation investment: Approx. ¥6.0 billion total over three years**

Shareholder Returns

- **Acquisition and cancellation of own shares up to ¥3.5 billion**
- **Implementation of progressive dividends (Approx. ¥2.8 billion in total over three years, from FYE3/2025 through FYE3/2027)**
  FYE3/2025: ¥35, FYE3/2026: ¥55, FYE3/2027 (Target): ¥80 *On the pre-split basis

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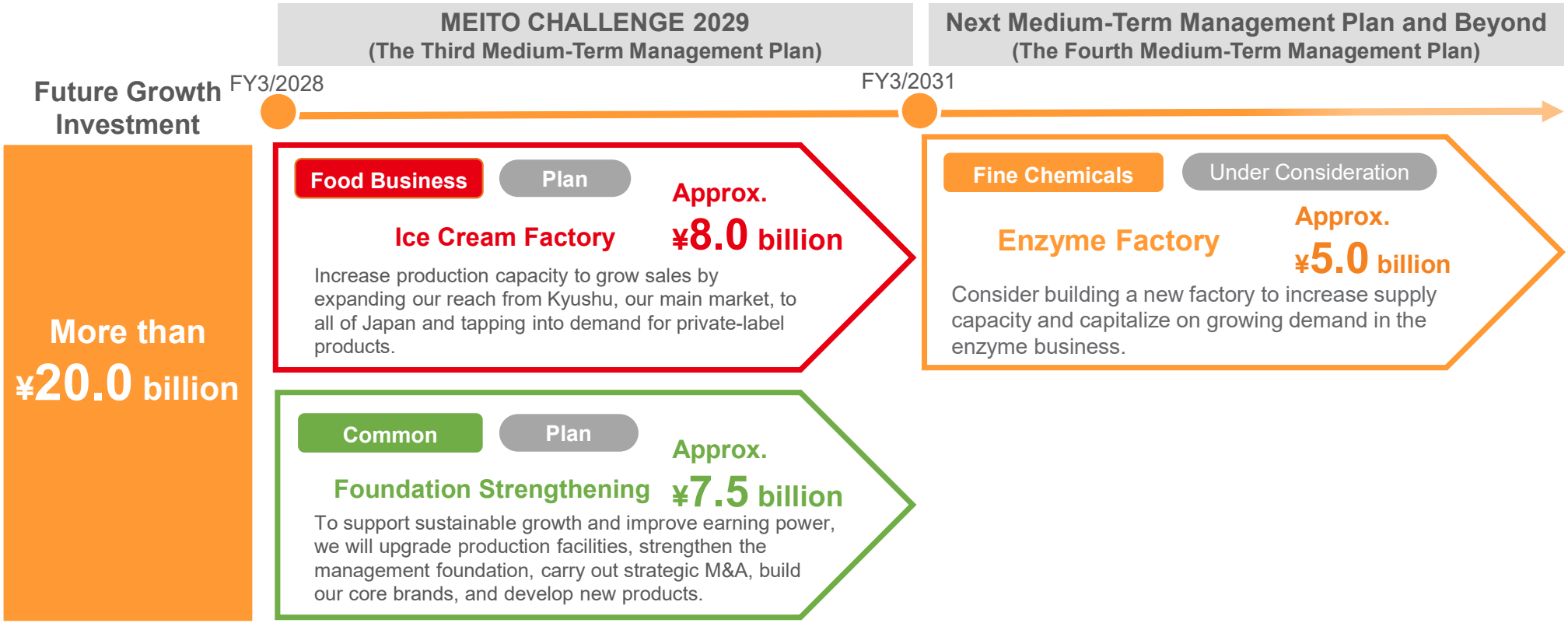
Future Investment Plans

- Based on our approach to the net sales composition, we plan to invest more than ¥20 billion in growth areas during and beyond the next Medium-Term Management Plan, “MEITO CHALLENGE 2029 (the Third Medium-Term Management Plan).”
- Invest in expanding production capacity and strengthening our business foundation to achieve sustainable growth and improve profitability.



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Action to Implement Management Conscious of Cost of Capital and Stock Price —Reducing Shareholdings

■ **We have regularly reviewed our reasons for holding shares since the fiscal year ended March 31, 2020. Since the fiscal year ended March 31, 2025, we have been working to reduce policy shareholdings and shares held solely for investment purposes as part of the Medium-Term Management Plan's measures to improve capital efficiency. In the fiscal year ending March 31, 2027, we are accelerating the sale of shareholdings.**

Initiatives to Date and New Policy

From FYE3/2020 Onward — **Ongoing review of the rationale for holding shares**

The Board of Directors reviews strategic importance, business relationships, economic rationale, and other factors, and holdings are reduced as needed.

FY2025 — **Accelerated efforts to improve capital efficiency**

In addition to reducing policy shareholdings, we implemented capital policy measures including a secondary offering of shares, acquisition of own shares, and a dividend increase.

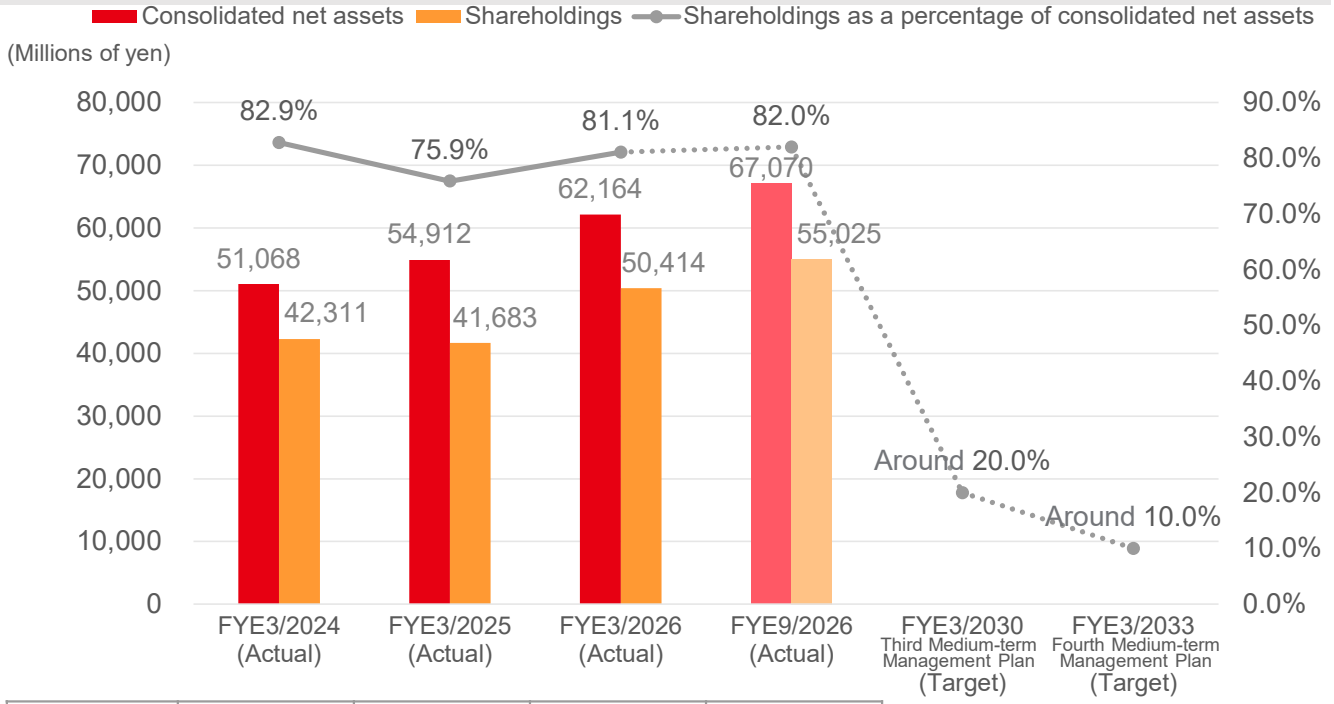
FY2026 — **Further acceleration of the reduction of shareholdings and other holdings.**

We will accelerate the sale of shareholdings and use the proceeds for growth investment and shareholder returns.

November 2026 — **Disclosure of the policy on reducing shareholdings**

We will reduce shareholdings to around 20% of consolidated net assets by March 31, 2030, and aim to reduce the ratio further to around 10% by March 31, 2033.

Status of Policy Shareholdings and Shares Held Solely for Investment Purposes



	FYE3/2024 (Actual)	FYE3/2025 (Actual)	FYE3/2026 (Actual)	FYE9/2026 (Actual)
Number of Stock Issues Held	73	72	67	64

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Action to Implement Management Conscious of Cost of Capital and Stock Price —Future Initiatives

■ We aim to improve PBR by implementing a range of initiatives to raise ROE and PER.



KPI Management Policy

Link initiatives to KPIs

■ Set KPIs to track each initiative.

Review progress regularly

■ Report KPI progress to management.

To be detailed in the next Medium-Term Management Plan

■ Set target levels aligned with the business strategy.

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Action to Implement Management Conscious of Cost of Capital and Stock Price —Shareholder Returns

■ **We aim to enhance shareholder returns by continuing to raise dividends and flexibly acquiring our own shares.**

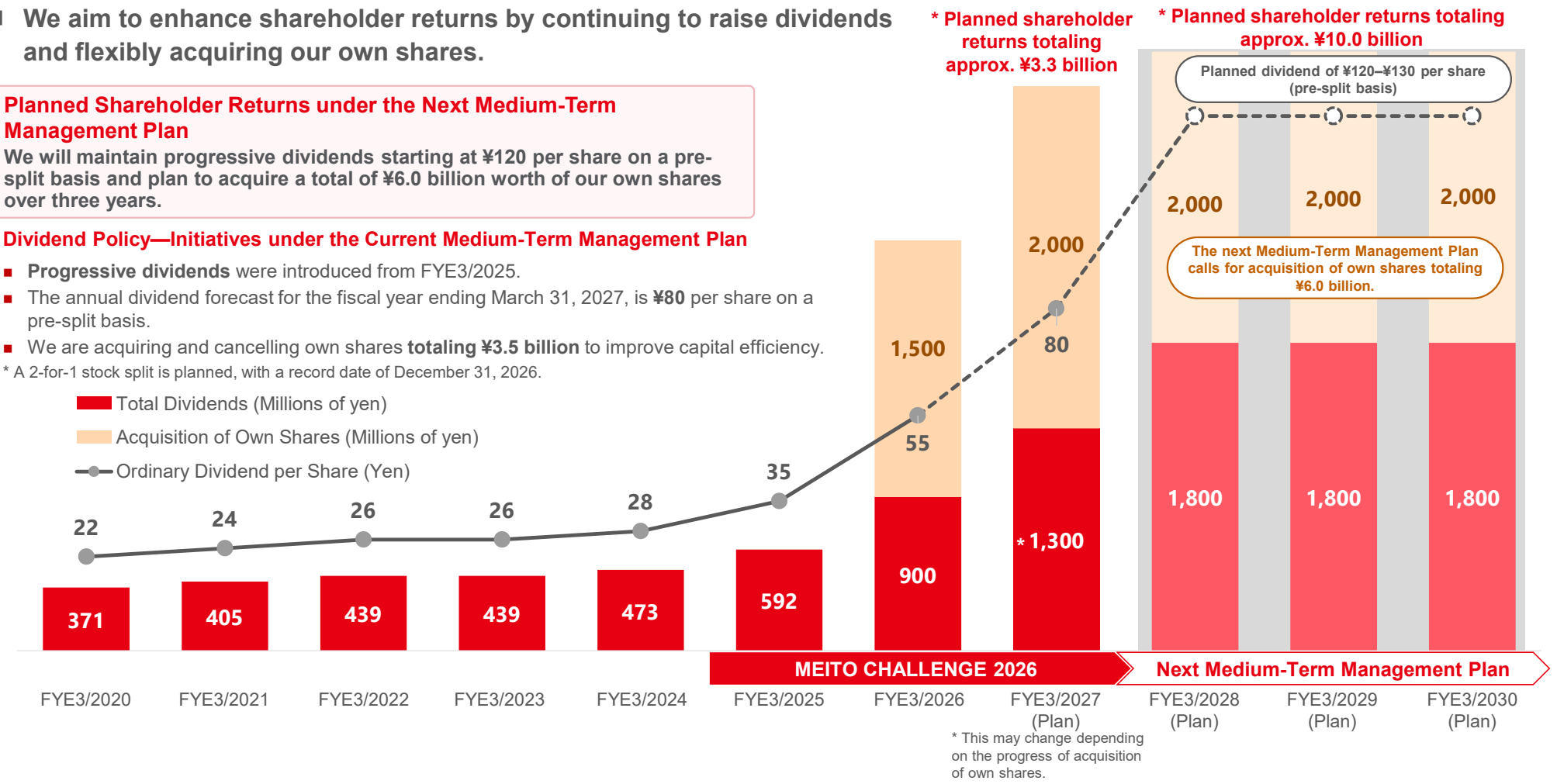
Planned Shareholder Returns under the Next Medium-Term Management Plan

We will maintain progressive dividends starting at ¥120 per share on a pre-split basis and plan to acquire a total of ¥6.0 billion worth of our own shares over three years.

Dividend Policy—Initiatives under the Current Medium-Term Management Plan

- **Progressive dividends** were introduced from FYE3/2025.
- The annual dividend forecast for the fiscal year ending March 31, 2027, is **¥80** per share on a pre-split basis.
- We are acquiring and cancelling own shares **totaling ¥3.5 billion** to improve capital efficiency.

* A 2-for-1 stock split is planned, with a record date of December 31, 2026.



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

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- This document contains the current plans and earnings forecasts of our company. These future plans and projected figures are based on information currently available to and planned/projected by our company. This document does not guarantee or assure such figures will be met. Actual business results may differ from these plans and projected figures due to various conditions and factors.

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