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Announcement of Dividend Payments Linked to Results of Operations

The Board of Directors of SERAKU Co., Ltd. approved a resolution on April 14, 2021 to pay dividends linked to results of operations (the “performance-linked dividend”) beginning with the dividend for the fiscal year ending on August 31, 2021.

1. Overview of the performance-linked dividend

In prior years, SERAKU has determined dividends by using the policy of paying a stable dividend while taking into account the need for funds for strengthening business operations and for upcoming business initiatives as well as the need to distribute earnings to shareholders. SERAKU will retain the policy of paying a stable dividend, but will also distribute earnings directly to shareholders with the goal of raising the fiscal year dividend from 5.6 yen to 32.6 yen in accordance with the degree to which the medium-term business plan targets are achieved. In addition, there will be substantial investments in growing business fields for the consistent growth of corporate value.

The performance-linked dividend will be based on adjusted consolidated profit attributable to owners of parent. The adjustment involves the deduction from this profit of the tax effect-adjusted contribution to this profit of subsidies, grants and other payments from the national government and local governments and affiliated organizations. The total fiscal year dividend will be the sum of the stable dividend and the performance-linked dividend. The fiscal year dividend will be determined by the Board of Directors based on the fiscal year dividend obtained by using the preceding process. The directors will also take into consideration economic conditions, SERAKU’s financial condition and the distribution of earnings to shareholders. The dividend determined by the Board of Directors will then be submitted at the Annual General Meeting of Shareholders for final approval.

2. Dividend guidelines

Adjusted consolidated profit attributable to owners of parent (See note)	Stable dividend	Performance-linked dividend	Annual dividend
More than 3.0 billion yen	5.6 yen	27.0 yen	32.6 yen
From 2.7 billion yen to less than 3.0 billion yen	5.6 yen	21.8 yen	27.4 yen
From 2.4 billion yen to less than 2.7 billion yen	5.6 yen	18.7 yen	24.3 yen
From 2.1 billion yen to less than 2.4 billion yen	5.6 yen	14.2 yen	19.8 yen
From 1.8 billion yen to less than 2.1 billion yen	5.6 yen	11.3 yen	16.9 yen
From 1.5 billion yen to less than 1.8 billion yen	5.6 yen	7.4 yen	13.0 yen
From 1.2 billion yen to less than 1.5 billion yen	5.6 yen	4.8 yen	10.4 yen
From 1.0 billion yen to less than 1.2 billion yen	5.6 yen	3.0 yen	8.6 yen
Less than 1.0 billion yen	5.6 yen	Forecasts will be reported in Kessan Tanshin.	

Note: The following formula is used to calculate adjusted consolidated profit attributable to owners of parent.

Consolidated profit attributable to owners of parent – Subsidies, grants and other payments received from the national government, local governments and affiliated organizations x (1 – Effective tax rate)

Note: Kessan Tanshin is the Summary of Consolidated Financial Results.

If there is a loss attributable to owners of parent or a sudden downturn in SERAKU's performance caused by a rapid economic downturn or some other event, and if this situation is expected to continue for the foreseeable future, SERAKU may reexamine the stable dividend of 5.6 yen per share. In addition, the dividend guideline table may be revised if adjusted consolidated profit attributable to owners of parent is expected to surpass 3 billion yen.

3. Dividend forecast

The forecast for the dividend for the fiscal year ending on August 31, 2021, as announced in the Summary of Consolidated Financial Results for the Fiscal Year Ended August 31, 2020, is as follows.

Dividend per share

Year-end dividend forecast	Annual dividend forecast	Consolidated payout ratio forecast
5.6 yen	5.6 yen	8.1%

*The dividend forecast of 5.6 yen per share is based on the assumption that consolidated profit attributable to owners of parent in the fiscal year ending on August 31, 2021 will be 957 million yen as in the current forecast.