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August 7, 2024

To Whom It May Concern:

Company name: Nippon Denko Co., Ltd.
Representative: Yasushi Aoki, President & CEO
(Securities code: 5563
TSE Prime Market)
Inquiries: Toru Tanaka, Executive Officer
Tel: +81-3-6860-6800

Notice Concerning Strengthening Shareholder Returns Policy and Revision in Forecasts for Dividend

The Board of Directors of Nippon Denko Co., Ltd. (the "Company") held a meeting on August 7, 2024 and decided on our shareholder return policy for the mid- to long-term management plan period (2024–2030).

In addition, the Company revised our dividend forecasts as follows.

1. Strengthening Shareholder Returns Policy

(1) Reason for strengthening the shareholder returns policy

Traditionally, our dividend policy has been basically to distribute dividends according to consolidated business performance of each fiscal year. In determining the amount of the dividends, the Company has taken into account the trends in business performance, the business development in the future and the amount of the reserves necessary for keeping the financial condition.

In the mid- to long-term management plan (2024–2030) announced in November 2023, we aim to transform our financial structure to support the realization of our growth strategies and improve profitability. To enhance corporate value, we have set forth financial strategies that include "To reinforce non-current assets as a source of profits," "Appropriate financial leverage," "To boost the efficiency of inventories," as well as "To proactively return profit to shareholders."

As part of these initiatives, the Company has decided to strengthen our shareholder return policy.

(2) Details of the strengthening shareholder returns policy

The dividend payout ratio is changed from 30% of net profit to 40% of underlying profit*, and the following policy is added to ensure stable shareholder returns.

- 1) By using underlying profit as the basis for dividends, we will implement dividends that are not affected by inventory impact.
- 2) We will set a minimum dividend of 10 yen per share, ensuring a certain amount of dividend is paid even in times of profit decline.
- 3) The acquisition of treasury shares is positioned as a complement to dividends.

*Underlying ordinary profit (Ordinary profit excluding inventory impact and one-time factors) × 0.7 (Income taxes, etc.)

2. Revision of dividend forecasts

(1) Details of revision

	Annual dividend				
	1Q-End	2Q-End	3Q-End	Year-End	Total
Previous forecasts (May 9, 2024)	–	¥4.00	–	TBD	TBD
Revised forecasts		¥4.00	–	¥6.00	¥10.00
Actual for the current fiscal year ending December 31, 2024	–				
Actual for the previous fiscal year ended December 31, 2023	–	¥3.00	–	¥6.00	¥9.00

(2) Reason for the revision

Based on the shareholder returns policy that described above, the Year-End dividend forecast for the fiscal year ending December 31, 2024, has been set to 6 yen per share.