March 28, 2025

To Whom It May Concern,

Name of company:	Nippon Kayaku Co., Ltd.
Name of representative:	Atsuhiro Wakumoto, President
Code No.:	4272 Tokyo Stock Exchange, Prime Market
Contact:	Tsutomu Kawamura, Director General Manager of Finance & Accounting Division (Tel: +81-3-6731-5842)

Measures for Delivering Management with an Awareness of the Cost of Capital and Stock Prices

At the Board of Directors meeting held on March 28, 2025, the Company resolved to analyze its current status and adopt a policy for improvement of measures to deliver management that is conscious of both the cost of capital and the stock price.

1. Analysis of the current situation

Our ROE has been dropped below 8.0% in the last four fiscal years and is expected to be 6.6% in Fiscal Year 2024. Meanwhile, PBR has remained at around 0.8 times, falling below 1.0 times. The Company considers enhancing profitability and capital-efficiency to be an urgent management issue as it works on the Mid-term Business Plan "KAYAKU Vision 2025." In particular, we recognize that further controlling capital is essential to improving capital efficiency and, in turn, improved ROE and PBR.

Management indicators

	FY2020	FY2021	FY2022	FY2023	FY2024 Forecast
Profit (billion yen)	12.6	17.2	15.0	4.1	17.9
Equity (billion yen)	227.5	245.5	254.0	269.6	268.9
ROE	5.8%	7.3%	6.0%	1.6%	6.6%
BPS (yen)	1,332.06	1,459.06	1,532.35	1,625.18	1,664.96
Year-end share price (yen)	1,069	1,161	1,197	1,306	1,416.5
PBR (times)	0.80	0.79	0.78	0.80	0.85
Total Shareholder Return Ratio	40.7%	56.8%	70.4%	181.4%	100.0%
Strategic stockholdings (billion yen)	26.1	25.3	26.1	36.8	26.9
Proportion of strategic stockholdings to net assets	11.5%	10.3%	10.2%	13.6%	10.0%

* The stock price at the end of Fiscal Year 2024 is the closing price on March 25, 2025.

2. Policy

The Company controls equity through the following measures and will reduce equity to less than 250 billion yen as soon as possible.

(1) Strengthening shareholders returns

- We will stably improve dividends with payout ratios of 40% or more and progressive payment of dividends.
- Until achieving an ROE of 8.0%, we will implement a total shareholder return ratio of 100% or more.

- We aim to acquire around 32 billion yen of treasury stock over a two-year period starting in April 2025.
- Treasury stock in excess of 0.5% of outstanding shares will be promptly cancelled.
- As announced today in “Notice regarding Suspension, Acquisition and Cancellation of Treasury Stock,” we will acquire up to 14 million shares or 17 billion yen in Fiscal Year 2025.

(2) Reduction of strategic stockholdings

- We will reduce our strategic shareholdings to less than 6.0% of net assets by the end of March 2029.
- Proceeds from sales of strategic shareholdings will be used primarily for purchases of treasury stock.