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For Immediate Release

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Announcement Regarding Change in Shareholder Return Policy

NIPPON SHOKUBAI CO., LTD. (the "Company") hereby announces that it has resolved, at the Board Meeting held today to change its Shareholder Return Policy as follows. The dividend forecast for the fiscal year ending March 31 2025, announced today is in line with this policy.

1. Reason for the change

The Company regards the distribution of profits to shareholders as its most important management issue, and its basic policy is to provide stable profit distribution with overall consideration its business expansion and strengthening of the corporate structure to enhance corporate value. The Company aims to raise the level of dividends over the medium to long term while taking into consideration the dividend payout ratio and other factors, and share buybacks to increase the value per share are also an option.

To achieve the vision for 2030 set forth in the Company's long-term vision "TechnoAmenity for the future," the Company has concluded that it is essential to accelerate the three transformations currently pursuing (Business Transformation, Strategic Transformation for Environmental Initiatives, and Organizational Transformation), as well as to shift to a financial strategy that places even greater emphasis on capital efficiency and optimize the leverage level. In addition, the Company has set a new target to reduce the shareholders' equity ratio to around 60% by the end of FY2027.

To meet the target, the Company has revised the shareholder return policy for the four years through the fiscal year ending March 31, 2028, as follows, in order to further increase and stabilize shareholder returns with securing sufficient financial resources to invest in growth and maintain competitiveness, while limiting the further buildup of shareholder equity.

2. Details of the change

Before Change

During the period of the medium-term management plan "TechnoAmenity for the future-I" announced in March 2022 (from the fiscal year ending March 31, 2023, to the fiscal year ending March 31, 2025), the total return ratio will be 50% (payout ratio 40% and share buybacks 10%).

After Change

For the four-year period from the fiscal year ending March 31, 2025, to the fiscal year ending March 31, 2028, the Company will pay dividends with a payout ratio of 100% or DOE (Dividend on equity ratio) of 2.0% as a guide, whichever is greater. In addition, the Company plans to buy back approximately 20 billion yen of its own shares over the four-year period.

3. Timing of the change

The change will be applied from the interim dividend for the fiscal year ending March 31, 2025.