Sanyo Chemical

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Notice Regarding Changes to the shareholder Return Policy

Sanyo Chemical Industries, Ltd. ("we" or "the Company") hereby announces that it has revised its shareholder return policy as follows.

(1) Reason for the Change

The Company regards enhancing returns to shareholders while strengthening our corporate foundation for future growth through improved group profitability as a key management priority.

In the "Medium-Term Management Plan 2030" announced today, we have updated our long-term aspiration to "Toward an 'Indispensable Company' that creates innovation at interfaces." To realize this aspiration, we have defined basic policies and formulated investment plans comprising growth strategies, structural reforms, and the strengthening of the management foundation.

We will steadily advance initiatives under the "Medium-Term Management Plan 2030" and, in order to realize management that takes into account capital costs and share price, review our cash allocation. While securing internal reserves necessary for growth investments, we will further enhance the stability, continuity, and predictability of shareholder returns. Specifically, with respect to dividends, we will implement a progressive dividend policy as a general rule—maintaining or increasing dividends per share without reduction—using the annual dividend per share for the fiscal year ending March 2026 (forecast: JPY 170.00) as a benchmark. Our basic policy is the maintenance and enhancement of long-term and stable dividends. In addition, from the perspective of improving capital efficiency and enhancing shareholder value, we will revise our shareholder return policy as set forth below to strengthen shareholder returns through flexible and agile measures, including share buybacks.

2. Details of the Changes

Before the Change	Aim to improve the medium- to long-term dividend level, targeting a consolidated dividend payout ratio of 30% or higher.
After the Change	We will implement a progressive dividend policy* as a general rule, targeting a consolidated total payout ratio of 40% or higher. *To maintain or increase dividends per share (excluding special dividends) without reduction.

3. Effective Date

The revised policy will be applied from the interim dividend for the fiscal year ending March 2027.