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May 20, 2024

Announcement on Dissolution and Liquidation of Consolidated Subsidiary

Nippon Chemical Industrial Co., Ltd. (the "Company") has adopted a resolution on the dissolution and liquidation of its wholly owned subsidiary Toho Ganryo Kogyo Co., Ltd., ("Toho Ganryo Kogyo") at the meeting of the Board of Directors on May 20, 2024.

Particulars

1. Reasons for dissolution and liquidation

Toho Ganryo Kogyo had operated business, including the manufacturing of a wide variety of rust-preventive pigments, since 1940. The Company made the judgment that it was difficult for Toho Ganryo Kogyo to further develop under the current production conditions because of aged production facilities and a changing production environment, and then the Company adopted the resolution to transfer the main businesses of Toho Ganryo Kogyo, including rust-preventive white pigments, to the Aichi factory of the Company for an increase in production efficiency and to let Toho Ganryo Kogyo discontinue production of all products and dissolve.

2. Overview of the subsidiary to be dissolved

(1) Company name	Toho Ganryo Kogyo Co., Ltd.
(2) Location	3-36-5 Sakashita, Itabashi-ku, Tokyo 174-0043 Japan
(3) Position and name of representative	President Katsuyuki Negishi
(4) Business description	Manufacturing and sale of inorganic pigments and polish
(5) Capital	96,000,000 yen
(6) Date of foundation	October 29, 1940
(7) Major shareholders and shareholding ratio	Nippon Chemical Industrial Co., Ltd., 100%

(8) Relationship between the listed company and the said company	Capital relationship	The Company owns 1,920,000 shares, or 100%, of the total number of shares issued of the said company.
	Personal relationship	Two employees of the Company concurrently serve as director of the said company and one employee of the Company concurrently serves as corporate auditor of the said company.
	Business relationship	Purchase of products from the said company, sales of raw materials to the said company, and others
	Application of the related party	The said company is a consolidated subsidiary of the Company, and it is applicable to the related company of the Company.

(9)	Business results and financial position for the last three years		
Fiscal year	FY March 2022	FY March 2023	FY March 2024
Net assets	344 million yen	381 million yen	430 million yen
Total assets	780 million yen	873 million yen	917 million yen
Net assets per share	179.25 yen	198.87 yen	224.08 yen
Net sales	806 million yen	972 million yen	915 million yen
Operating income	45 million yen	67 million yen	89 million yen
Ordinary income	43 million yen	61 million yen	86 million yen
Net income	28 million yen	40 million yen	56 million yen
Net income per share	14.96 yen	21.21 yen	29.49 yen
Dividend per share	3.12 yen	3.12 yen	5.00 yen

3. Schedule of dissolution and liquidation

Expected to be conducted in FY2025

4. Outlook

It is expected that expenses will accrue for the dissolution and liquidation. Their impact is now closely examined on the full-year consolidated business results for FY March 2025 and FY March 2026, and any matters to be announced would be immediately disclosed.