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To whom it may concern

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Notice Concerning Formulation of Shareholder Return Policy

STELLA CHEMIFA CORPORATION (the “Company”) hereby announces that, at a meeting of the Board of Directors held today, a resolution was passed regarding our shareholder return policy for the 4th Medium-Term Management Plan (FYE 3/2026–FYE 3/2028). Details are as follows.

1. Reason for formulation

The 4th Medium-Term Management Plan, announced today, sets as our basic policy for financial and capital strategy the aim of achieving, through the steady implementation of business and financial and capital strategies, an ROE of 8.0% or more, which will exceed the assumed cost of shareholder equity, by the fiscal year ending March 2028. To achieve this, the Company has decided to formulate a new shareholder return policy in order to improve capital efficiency by utilizing interest-bearing debt and strengthening shareholder returns.

2. Shareholder Return Policy

Shareholder Return Policy for FYE 3/2024 to FYE 3/2025
<p>The Company recognizes that paying stable and continuous dividends based on comprehensive consideration of factors including the Company's financial conditions and profit levels is an important management issue.</p> <p><u>In addition to the balance between growth investment and shareholder returns, in order to improve capital efficiency, the Company has set an applicable period for shareholder returns and aims for a total return ratio of 100%.</u></p> <p>Retained earnings will be used for capital investments, research and development investments, etc., and will be actively utilized in future business development in order to enhance corporate value.</p>
New Shareholder Return Policy for the Period of the 4th Medium-Term Management Plan (FYE 3/2026–FYE 3/2028)
<p>The Company recognizes that paying stable and continuous dividends based on comprehensive consideration of factors including the Company's financial conditions and profit levels is an important management issue.</p> <p><u>With respect to shareholder returns during the period of this Medium-Term Management Plan (FYE 3/2026–FYE 3/2028), in order to achieve management that is conscious of capital costs and share price in addition to balancing investments for growth, the Company will aim to achieve a total return ratio (Note) of 100% or more over the three-year period accumulatively, and will pay a minimum annual dividend of 170 yen per share. However, for fiscal years in which profit attributable to owners of parent fluctuates significantly due to extraordinary factors such as extraordinary profit or loss, the shareholder return amount will be determined in consideration of the impact of such fluctuations.</u></p> <p>Retained earnings will be used for capital investments, research and development investments, etc., and will be actively utilized in future business development in order to enhance corporate value.</p>

(Note) The ratio obtained by dividing the total amount of shareholder returns from FYE 3/2026 to FYE 3/2028 by the total amount of profit attributable to owners of parent during the same period

3. Applicable period

The three-year period constituting the 4th Medium-Term Management Plan (FYE 3/2026–FYE 3/2028), with a review being held at the end of the period.