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News Release

Company name: Kanto Denka Kogyo Co., Ltd.
Representative: Jun'ichi Hasegawa, President
(Securities code: 4047, TSE Prime Market)
Contact: Masanobu Shirokura, General Manager,
Public Relations & Investor Relations Dept.
(Phone: +81-3-4236-8804)

Discontinuance (Abolition) of Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company (Takeover Defense Measures)

At the Ordinary General Meeting of Shareholders held on June 29, 2006, Kanto Denka Kogyo Co., Ltd. (hereafter, the “Company”) resolved to adopt the Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company (Takeover Defense Measures; hereafter, the “Response Policy”) and has subsequently reaffirmed the basic contents of that policy at five Ordinary General Meetings of Shareholders up to the present, with the approval of shareholders.

The Response Policy will expire at the conclusion of the 117th Ordinary General Meeting of Shareholders scheduled on June 27, 2024 (hereafter, “this Shareholders’ Meeting”). We have repeatedly given careful consideration to that approach in light of the opinions of institutional investors and other shareholders in Japan and overseas, the latest trends in takeover defense measures and changes in the business environment, among other factors.

As a result, we hereby give notice of the resolution passed at the Board of Directors meeting held today to forego updating the Response Policy and abolish it when it expires upon conclusion of this Shareholders’ Meeting. The Board of Directors has also resolved to revise our “Basic policy on the way a person is to control the determination of financial and business policies of the Company” (hereafter, the “Basic Policy on Control Over the Listed Company”), specified in Article 118, Provision 3 of the Regulations for Enforcement of the Companies Act, as indicated in the addendum.

After the Response Policy is abolished, the Company will continue our efforts to secure and enhance corporate value and, by extension, the common interests of shareholders over the medium and long term and will continue to take appropriate steps to seek provision of sufficient information necessary for our shareholders to make appropriate decisions on a person who is conducting or is attempting to conduct a large-scale purchase of the share certificates, etc. of the Company. We will also disclose the opinion, etc. of the Company’s Board of Directors and endeavor to secure the necessary time and information for shareholders to consider such a purchase, within the scope permitted in the Financial Instruments and Exchange Act, the Companies Act, and related laws and regulations.

(Addendum)

Basic Policy on Control Over the Listed Company

- (1) “Basic policy on the way a person is to control the determination of financial and business policies of the Company”
(hereafter, the “Basic Policy”)

The Company consents to the free purchase and sale of its shares as a publicly listed company. We therefore think the decision on who should have control over the determination of the financial and business policies of the Company should ultimately reflect the opinions of our shareholders. We also will not reject a large-scale purchase of the share certificates, etc. of the Company, provided that such a purchase is not unsuitable or insufficient from the perspective of securing and enhancing the corporate value of the Company and, by extension, the common interests of shareholders over the medium and long term.

However, we cannot categorically state that there are no purchasers among those who initiate large-scale purchases who do not provide sufficient information and time for the Company’s Board of Directors and shareholders to determine whether or not that person is a suitable person to control determination of the financial and business policies of the Company. In looking at the purpose of a large-scale purchase, we also cannot categorically state that there are no purchases who are unsuitable or insufficient from the perspective of being someone who would cause clear harm to the corporate value of the Company and, by extension, the common interests of shareholders, someone who would effectively coerce shareholders to sell share certificates, etc. of the Company, or who is otherwise unsuitable or insufficient for securing and enhancing the corporate value of the Company and the common interests of shareholders over the medium and long term.

The Company’s Board of Directors thinks it is necessary for the person who controls determination of the financial and business policies of the Company to be a person who has a sufficient understanding of the Company’s finances and business and the sources of the Company’s corporate value, and who is capable of enhancing the corporate value of the Company over the medium and long term. The Board of Directors thinks that an unsuitable large-scale takeover bid and a person who engages in similar actions that could harm the corporate value of the Company and, by extension, the common interests of shareholders in the manner stated above is unsuitable for being the person who controls determination of the financial and business policies of the Company.

- (2) Special initiatives that contribute to implementation of the Basic Policy

1) Management philosophy and source of the Company’s corporate value

Our management philosophy is “Through the quest for constant corporate growth and acquisition of optimum profits while achieving harmony with nature, Kanto Denka is working with all its shareholders, users and employees to create a successful company and a sustainable society. To achieve this end, we are endeavoring to ensure our unique technologies and superior services meet the requirements of our users and build a trusted company based on the principles of sincerity, creativity, prompt response and harmony with nature.” In other words, the Company’s goals are to enhance corporate value and create a sustainable society, and we think building good relationships with shareholders, the local community, users, employees, and other stakeholders is the foundation for achieving these goals.

Moreover, the unique technologies we have created from sustained research activities are the source of the Company’s corporate value and social value. We think our human resources who support technology and invent

innovative new technologies provide the foundation for that. Since the Company was founded in 1938, electrolysis, fluorination, chlorination, and organic and inorganic synthesis have been our core technologies. In particular, we have continued to accumulate knowledge of hydrofluoric acid electrolysis technology for efficiently generating large volumes of high purity fluorine and fluorine related technologies that are applied widely to battery materials, pharmaceuticals and agrochemicals, and other areas, up to the present.

2) Medium-Term management plan

We formulate and steadily implement a medium-term management plan to enhance corporate value while adapting to the business environment surrounding the Company.

In the current plan, we are aiming to provide a safe work environment with job satisfaction, support technologies that are cutting-edge on a global stage with our superior, original products, and grow to become an innovative, development-driven company to contribute to a sustainable society, based on a stable management foundation in order to create the society we envision in 2030. More specifically, we are implementing a growth strategy centered on fluorochemicals for semiconductors, and are pursuing portfolio transformation in each business segment and R&D using our core technologies. We are also working to increase capital efficiency, strengthen corporate governance, and enhance human capital.

3) Corporate governance

We endeavor to increase the independence and ensure the diversity of the Board of Directors to strengthen its supervisory function.

Further, our company has established Principles of Conduct that transform the aforementioned management philosophy into specific actions, as a guidepost for our daily business activities. We promote sustainability and compliance through the activities of various committees chaired by the president and the Board of Directors monitors the execution of such activities.

The Company will continue to strengthen corporate governance as the foundation for enhancing corporate value through such initiatives.

(3) Initiatives to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person, in light of the Basic Policy

At the Ordinary General Meeting of Shareholders held on June 29, 2006, the Company resolved to adopt the Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company (Takeover Defense Measures; hereafter, the “Response Policy”), and has subsequently reaffirmed the basic contents of that policy at five Ordinary General Meetings of Shareholders up to the present. We have repeatedly given careful consideration to the opinions of institutional investors and other shareholders in Japan and overseas, the latest trends in takeover defense measures, changes in the business environment surrounding the Company, etc. As a result, the Board of Directors has decided to forego updating the Response Policy and resolved to abolish it at the Board of Directors meeting held on May 15, 2024.

After the Response Policy is abolished, the Company will continue our efforts to secure and enhance corporate value and, by extension, the common interests of shareholders over the medium and long term and will continue to take appropriate steps to seek provision of sufficient information necessary for our shareholders to make appropriate decisions on a person who is conducting or is attempting to conduct a large-scale purchase of the share certificates, etc. of the Company. We will also disclose the opinion, etc. of the Company’s Board of Directors and endeavor to

secure the necessary time and information for shareholders to consider such a purchase, within the scope permitted in the Financial Instruments and Exchange Act, the Companies Act, and related laws and regulations.

(4) Board of Directors' decisions on the initiatives in (2) and (3), above, and the reasons for those decisions

To prevent a person who is inappropriate in light of the Basic Policy from controlling the determination of the financial and business policies of the Company, the Company thinks it is important to first enhance the corporate value of the Company through the initiatives described in (2).

As stated in (3), the Company will also take appropriate steps regarding a person who is initiating or is attempting to initiate a large-scale purchase, within the scope permitted under the laws and regulations. However, these steps will be taken to secure sufficient information and time for shareholders to consider whether or not to accept a large-scale purchase, and to secure the common interests of shareholders.

The above initiatives are therefore aligned with the Basic Policy and their purpose is not to harm the common interests of shareholders or maintain the position of Company officers.