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News Release

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Notice of Cooperation Payment for Maebashi City Waterworks Facility Renewal Project

Kanto Denka Kogyo Co., Ltd. (hereafter, the “Company”) hereby announces that its Board of Directors resolved at its meeting today to make a cooperation payment to the Maebashi City Waterworks Bureau in support of their Waterworks Facility Renewal Project, as outlined below.

1. Background behind cooperation payment

In the Taguchi area of Maebashi City, Gunma Prefecture, tap water is sourced from wells processed at the Taguchi Water Purification Plant. In 1989, the Maebashi City Waterworks Bureau detected traces of tetrachloroethylene in one of these wells and subsequently installed a purification system to ensure the contaminant was fully removed. Thanks to this measure, safe drinking water has been consistently supplied to the community ever since.

This tetrachloroethylene originated from carbide slag produced by the Company and was buried in the Bando Industrial Park (Hokkitsu Town, Shibukawa City, Gunma Prefecture), located north of the Taguchi area.

Between 1961 and 1963, with permission from the landowners and approval from Gunma Prefecture to alter the riverbed, the Company legally transported the carbide slag to the designated location, which used to be the riverbed. Subsequently, from 1979 to 1981, the Gunma Prefectural Industrial Bureau developed

the area and sold it as the Bando Industrial Park. (Later, in 1989, regulations governing tetrachloroethylene were introduced under the Water Pollution Control Act and other legislation.)

The Company recognizes that we are not classified as a polluter under the Soil Contamination Countermeasures Act (enacted in 2003). Meanwhile, as the originator of the substance affecting the water source well, we have engaged in earnest discussions with the Maebashi City Waterworks Bureau. These discussions focus on the discontinuation of the well and securing an alternative water source, reflecting our commitment to social and moral responsibility.

To address water quality issues, aging facilities, and earthquake resistance, the Maebashi City Waterworks Bureau has announced plans to decommission the Taguchi Water Purification Plant and undertake expansion work of the Tajima Water Purification Plant, with completion targeted for March 2030. The expanded facility will source water from the Gunma Prefectural Bureau of Waterworks' Central No. 2 Waterworks, which utilizes the Tone River. Based on the above, the Company has decided to contribute to the Maebashi City Waterworks Facility Renewal Project, including the associated waterworks facility reorganization plan, recognizing our social and moral responsibility.

Notes: 1. Tetrachloroethylene is a colorless, transparent liquid that is highly volatile at room temperature.

It is still used today for dry cleaning solvents and for removal of oils from precision equipment.

Long-term exposure may lead to liver and kidney damage.

2. The well where tetrachloroethylene levels exceeded the national standard for water quality has already been shut down.

3. Carbide slag is the residue left after calcium carbide reacts with water to produce acetylene gas (used as a fuel and in the synthesis of organic compounds). Its main component is slaked lime (calcium hydroxide). At the time, the Company was producing tetrachloroethylene using acetylene gas as a raw material. As we were reusing calcium carbide residue (slaked lime) in the production process, trace amounts of tetrachloroethylene became mixed with the calcium carbide residue.

2. Amount of cooperation payment

¥300 million (to be paid to the Maebashi City Waterworks Bureau by the end of March 2025)

3. Impact on the Group's financial results

The cooperation payment was recorded as an extraordinary loss (environmental expenses) in the first half of the fiscal year ending March 31, 2025. Please refer to the “Notice of Difference Between Forecast and Actual Results for the First Half of the Fiscal Year Ending March 31, 2025 and Revision of Full-Year Consolidated Earnings Forecast” released today for details on the earnings forecast.