



NIPPON SEIRO CO., LTD.

MANUFACTURERS: PARAFFIN WAX

MICROCRYSTALLINE WAX

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September 11, 2023

Dear Valued Customers,

Notice Concerning Quality Policy and Mid-Term Management Plan: 2023-27

As previously informed on February 28th, Nippon Seiro fell short in the second year of our “Mid-Term Plan: 2021-24” resulting in a net loss during the same period. We take this very seriously and have formulated a new plan, “Mid-Term Management Plan: 2023-27,” which incorporates necessary revisions and additional measures while following the basic policy.

Among these revisions are plans to accelerate the shift from our traditional business model, which involves the use of LSWR (low sulfur waxy residual) as our raw material for distillation which creates a large amount of unprofitable heavy oil as a byproduct, and build a business model which allows us to focus on our strength as a specialized wax manufacturer while minimizing the output of unprofitable heavy oil.

All petroleum paraffin waxes are manufactured using crude oil-derived (1) LSWR, (2) slack wax, (3) or scale wax as raw material. In order to be free of LSWR by 2025, we will shift to a manufacturing system centered on (2) slack wax and (3) scale wax. The source of the raw material will not change, only the internal ratio will change so the CAS number, Chemical Substances Control Law number, and legal compliance regarding chemical substances will remain unaffected. In addition, there is no change in delivery standards.

To ensure that our customers can continue to use our products with peace of mind, we will continue to focus on managing the composition of our products in order to minimize fluctuations and strive to maintain the quality that our customers expect, and have relied on for many years.

Thank you for your understanding and continued support going forward.

Sincerely,

Takuya Konno, President
Nippon Seiro Co., Ltd.