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Denka Co., Ltd.  
(Securities Code: 4061)

**NOTICE OF CONVOCATION OF  
THE 166TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Date and Time: Friday, June 20, 2025 at 10:00 a.m.

Place: Nihonbashi Mitsui Hall, COREDO Muromachi 1 (reception desk on the 4th floor)  
2-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo

Proposals to Be Resolved:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of Five (5) Directors (Excluding Directors who are Audit Committee Members)

Proposal No. 3: Election of Four (4) Directors Who Are Audit Committee Members

Please exercise your voting rights in writing or via the Internet by  
5:00 p.m. on Thursday, June 19, 2025.

This year, the Company will not distribute souvenirs or beverages at the General Meeting of Shareholders.  
We appreciate your understanding.

**Message from the Management  
To Our Shareholders**

Building on the core values passed down from our predecessors over the past 110 years, we will work as **One Denka** to swiftly return to a growth trajectory and boldly pursue the realization of Denka's vision.

Enclosed please find the Notice of Convocation of the 166th Ordinary General Meeting of Shareholders.

We would like to take this opportunity to express our gratitude to you for your continued support of Denka and make some observations concerning the Company's results and current initiatives.

May 2025

Toshio Imai  
Chairman and Representative Director

Ikuo Ishida  
Representative Director  
President and Chief Executive Officer

During the fiscal year ended March 31, 2025 (fiscal 2024), Japan's economy saw a modest recovery, marked by a pickup in consumer spending and capital investment. Although the global economy showed signs of overall recovery, uncertainty persisted due to a slowdown in China and continued inflation in Europe and North America. Now, concerns over an economic slowdown are growing in light of U.S. tariff policies and sharp exchange-rate swings.

Amid these circumstances, the Group focused on expanding its business and securing profits by advancing initiatives based on the three growth strategies outlined in our eight-year management plan, "Mission 2030," launched in fiscal 2023: "Business Value Creation," "Human Resources Value Creation," and "Management Value Creation."

As a result, net sales totaled 400,251 million yen, up 10,987 million yen (2.8%) year on year, reflecting sales price revisions in response to higher raw material and fuel costs, as well as increased proceeds from a weaker yen. On the earnings front, operating income increased to 14,413 million yen (up 1,036 million yen, or 7.7% year on year), and ordinary income rose to 7,623 million yen (up 2,148 million yen, or 39.3% year on year) as improved terms of trade resulting from the weaker yen offset the negative impacts of lower sales volumes and higher fixed costs due to foreign exchange translation effects at overseas subsidiaries. The Group recorded net loss attributable to owners of parent of 12,300 million yen (compared with net income attributable to owners of parent of 11,947 million yen in the previous fiscal year), primarily due to extraordinary losses, including a loss on business liquidation related to the suspension of operations at the Ofuna Plant and an impairment loss on fixed assets at Denka Performance Elastomer LLC (DPE), a U.S. subsidiary.

In fiscal 2024, to resolve sluggish business performance resulting from changes in assumptions underlying the management plan, "Mission 2030," we focused on laying a foundation for returning to a growth trajectory.

Our top priority in this effort has been a fundamental reform of our chloroprene rubber business, as part of portfolio transformation under the "Business Value Creation" strategy. DPE has placed significant pressure on the Groups profits due to rising costs, declining production volumes, staffing challenges, and a weakening global economic environment for chloroprene. As a result of these circumstances, we recorded an extraordinary loss on DPE-related noncurrent assets and decided to suspend of Chloroprene Rubber Production.

We also decided to suspend operations at the Ofuna Plant. With regard to its main product, Toyokalon®—a synthetic fiber used in wigs—we are transitioning toward more profitable businesses by consolidating

operations at our Singapore subsidiary. This decision reflects structural changes, declining demand, and rising raw material and fixed costs.

In addition, we tightened investment selection criteria and launched a thorough cost reduction project leveraging external expertise. However, due to structural reforms related to DPE and the Ofuna Plant, we recorded extraordinary losses in fiscal 2024 and ultimately reported a substantial net loss.

Going forward, we will further strengthen our foundation for returning to a growth trajectory. In the chloroprene rubber business, we will steadily advance drastic measures, exploring all options—including the potential sale of DPE’s operations or assets. We will also continue to focus on tightening investment selection and delivering tangible outcomes from the cost reduction project. Furthermore, in light of changes to underlying assumptions, we will revise the management plan, “Mission 2030” within the current fiscal year. While our fundamental policy and long-term strategy remain unchanged, we are committed to ensuring that our initiatives deliver results. To that end, we will foster a corporate culture and build an organizational structure that promotes our core value of “Initiative,” and act with a sense of urgency to return our business performance to a growth trajectory.

Denka was established in 1915 to manufacture and sell calcium carbide and calcium cyanamide. This May, we celebrated the 110th anniversary of our founding. Guided by a strong commitment to contributing to society through manufacturing, our predecessors consistently embraced bold challenges and pursued new business opportunities. Today, Denka has evolved into a company with a diverse portfolio spanning electronic materials, synthetic rubber and resins, and even medical fields such as vaccines and diagnostic reagents. Our ability to adapt flexibly to environmental changes and to develop products that benefit society has shaped our 110-year history and is deeply embedded in our corporate DNA.

Today, 110 years on, we have set a new Purpose to guide us: “Make the world a better place as specialists in chemistry.” This Purpose is rooted in the core values of “Initiative,” “Integrity,” and “Empathy,” which have been passed down by our predecessors. As part of our Vision, we have also defined our Mission: “By 2030, we will increase the value of our human resources and management, and we will focus on creating business value that combines the three elements of specialty, megatrends, and sustainability.” Reaffirming that safety, quality, and environmental responsibility are absolute prerequisites for our continued corporate activities, we are committed to working as “One Denka” to return to a growth trajectory and pursue the realization of Denka’s Vision.

We hope we can count on the continued understanding and support of our shareholders in this endeavor.

(Securities Code: 4061)

May 30, 2025

Date of commencement of electronic provision measures

**To Our Shareholders:**

Ikuo Ishida  
President  
Denka Co., Ltd.  
1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo

**NOTICE OF CONVOCATION OF  
THE 166TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

The 166th Ordinary General Meeting of Shareholders of Denka Co., Ltd. (the “Company”) will be held as described below.

In convening this General Meeting of Shareholders, the Company provides electronically the Reference Documents of the General Meeting of Shareholders and other information (matters subject to the electronic provision measures) as the “Notice of the Convocation of the 166th Ordinary General Meeting of Shareholders” and “Matters Subject to the Electronic Provision Measures (Matters for which Document Delivery is Omitted)” on the Company website. Please access the following website to check the information.

The Company website

[https://www.denka.co.jp/ir/fact\\_04/](https://www.denka.co.jp/ir/fact_04/) (available in Japanese)

The matters subject to the electronic provision are posted also on the website of the Tokyo Stock Exchange (TSE) as well as the above website. Please access the following TSE website (Listed Company Information Service) and enter the Company’s name Denka or securities code “4061” to search, and select “Basic Information” and “Documents for Public Inspection/PR Information” in order, and check the information.

The Tokyo Stock Exchange (TSE) website (Listed Company Information Service)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

If you are unable to attend the meeting, you may exercise your voting rights in writing by mail (Voting Rights Exercise Form) or via the internet, etc., as described in the “Guide for Exercise of Voting Rights” (page 6). Please review the Reference Documents for the General Meeting and exercise your voting rights by 5:00 p.m. on Thursday, June 19, 2025.

- 1. Date and Time:** Friday, June 20, 2025 at 10:00 a.m.
- 2. Place:** **Nihonbashi Mitsui Hall, COREDO Muromachi 1  
(reception desk on the 4th floor)**  
2-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo

Please also consider viewing the live-streaming of the General Meeting of Shareholders on the day of the meeting. Please refer to the enclosed “Guide for Live-streaming” for details.

- 3. Meeting Agenda:**

- Matters to be reported:**
1. Business Report, Consolidated Financial Statements for the Company's 166th Term (from April 1, 2024 to March 31, 2025), and results of audits by the Accounting Auditor and the Audit Committee of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company's 166th Term (from April 1, 2024 to March 31, 2025)

**Proposals to be resolved:**

**Proposal No. 1:** Appropriation of Surplus

**Proposal No. 2:** Election of Five (5) Directors (Excluding Directors who are Audit Committee Members)

**Proposal No. 3:** Election of Four (4) Directors who are Audit Committee Members

- Among the matters subject to the electronic provision measures, the following matters are not stated in documents to be delivered to shareholders who make request for the delivery of hard copies, in accordance with the relevant laws and regulations and the provisions of the Article of Incorporation of the Company. In addition, the Audit Committee and the Accounting Auditor have audited documents including the following.
  - Company's Systems and Policies (Systems to Ensure the Appropriateness of Operations, Operational Status of Systems to Ensure the Appropriateness of Operations, and Basic Policies regarding the Control of the Company) in the Business Report
  - Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements
  - Non-consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements
- In the event of any modification to the matters subject to the electronic provision measures, the Company will post the modification on the Company's website and the TSE's website.

## <Guide for Exercise of Voting Rights>

The following three methods are available for exercising voting rights pertaining to the Company's General Meeting of Shareholders.

### **Exercise of Voting Rights in Writing by Mail (Voting Rights Exercise Form)**

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and send the completed form to us so that it is received by 5:00 p.m. on Thursday, June 19, 2025. If no indication of approval or disapproval is made on the Voting Rights Exercise Form, it will be treated as an indication of approval of the Company's proposal.

### **Exercise of Voting Rights via the Internet etc.**

Please access the website for exercising voting rights designated by the Company (<https://www.web54.net>), use the "Voting Rights Exercise Code" and the "Password" indicated on the enclosed Voting Rights Exercise Form, and follow the on-screen guidance. Please vote for or against the proposals by 5:00 p.m. on Thursday, June 19, 2025.

(Inquiry about Exercise of Voting Rights via the Internet etc.)  
Sumitomo Mitsui Trust Bank Stock Transfer Web Support Dial  
Tel: 0120-652-031  
(office hours: 9:00 a.m.–9:00 p.m.)

### **● Exercise of Voting Rights by Attending the Meeting**

Please bring the enclosed Voting Rights Exercise Form with you to the meeting and submit it to the receptionist at the meeting venue.

\* In the case of exercising voting rights by attending the meeting as a proxy, please submit a document evidencing the authority of proxy to the receptionist at the meeting venue together with the Voting Rights Exercise Form. Please note that such proxy must be one shareholder of the Company with voting rights in accordance with Article 18 of the Company's Articles of Incorporation.

Furthermore, the Company will not distribute souvenirs at the General Meeting of Shareholders. We appreciate your understanding.

### **\*Handling of duplicated exercise of voting rights**

If you exercise your voting rights both by the method of exercising voting rights in writing by mail (Voting Rights Exercise Form) and by the method of exercising voting rights via the Internet etc., the exercise of voting rights by the method of exercising voting rights via the Internet etc. shall prevail regardless of the time of arrival of the votes.

In addition, if you exercise your voting rights multiple times via the Internet, etc., the vote made last shall prevail.

# Reference Documents for the General Meeting of Shareholders

## Proposal No. 1: Appropriation of Surplus

It is proposed that the surplus be appropriated as follows:

### Matters concerning year-end dividends

In April 2023, the Company launched “Mission 2030,” an eight-year management plan covering the period through fiscal 2030. Under this plan, the Company is working to enhance its corporate value by focusing on both financial and non-financial aspects, with the three growth strategies of “Business Value Creation,” “Human Resources Value Creation,” and “Management Value Creation.” “Business Value Creation” aims at all business of Denka Co., Ltd. to be a three-star business with three elements: specialty, megatrends, and sustainability and place importance on three focus areas: “ICT & Energy,” “Healthcare,” and “Sustainable Living,” which have been derived from envisioned future world and megatrend.

While we pursue strategic investments and engage in research and development to actualize these objectives, we aim to attain a total payout ratio of 50% throughout the eight-year span of the management plan. Furthermore, we are committed to actively distributing profits to shareholders by either maintaining or increasing the dividend per share, with due consideration to future cash flows and other factors.

Shareholder returns under Management Plan “Mission 2030”	Aim to maintain or increase the dividend per share based on a target total payout ratio* of 50% (cumulative total for the eight years of the management plan) * Total payout ratio = (Dividends paid + treasury stock purchased) / consolidated net income
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With respect to the year-end dividend for the 166th term, in view of the above, the Company proposes a year-end dividend of ¥50 per share, as follows. Combined with the interim dividend, the annual dividends will be ¥100 per share.

- (1) Type of dividend property  
Cash
- (2) Allocation of dividend property and total amount thereof  
¥50 per share of common stock of the Company  
Total amount of dividends: ¥4,313,535,850
- (3) Effective date of dividends from surplus  
June 23, 2025

**Proposal No. 2: Election of Five (5) Directors (Excluding Directors Who Are Audit Committee Members)**

The terms of office of five (5) Directors (excluding Directors who are Audit Committee Members; hereinafter, the same applies in this proposal) will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the election of five (5) Directors is proposed.

The candidates for Directors are as follows.

No.		Name	Positions and responsibilities at the Company	Attendance at Board of Directors meetings
1	Reappointed	Toshio Imai	Chairman and Representative Director	15/15 (100%)
2	Reappointed	Ikuo Ishida	Representative Director, President and Chief Executive Officer	15/15 (100%)
3	New appointment	Rimiru Hayashida	Senior Managing Executive Officer Chief Financial Officer (CFO) Chief Supply Chain Officer (CSCO) In charge of Accounting Dept., Finance Dept., Corporate Communications Dept., Purchasing Dept., Logistics Dept.	-/- (-)
4	New appointment	Masanobu Kosaka	Managing Executive Officer Chief Technical Officer (CTO) In charge of Production & Process Technology Dept., Digital Strategy & Innovation Dept, Engineering Dept.	-/- (-)
5	Reappointed Outside Independent Director	Rumiko Nakata	Director	12/12 (100%) (Since taking office in June 2024)

Reappointed: Candidate for reappointment as Director

New appointment: Candidate for new appointment as Director

Outside: Candidate for Outside Director

Independent Director: Independent Director as notified to the Tokyo Stock Exchange

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
1	Reappointed  Toshio Imai (January 25, 1959) Age: 66  [June 2019] [6 years at the conclusion of this Ordinary General Meeting of Shareholders]	<p>April 1982      Joined the Company</p> <p>October 2006    General Manager, Styrene Div. of the Company</p> <p>June 2011      General Manager, Corporate Planning Dept. of the Company</p> <p>April 2013      Executive Officer, Assistant to General Manager, Elastomers &amp; Performance Plastics of the Company</p> <p>April 2015      General Manager, Elastomers &amp; Performance Plastics of the Company</p> <p>April 2017      Managing Executive Officer of the Company</p> <p>April 2019      General Manager, Denka Value-Up Promotion Dept. of the Company</p> <p>June 2019      Director and Managing Executive Officer of the Company</p> <p>April 2020      Director and Senior Managing Executive Officer of the Company</p> <p>April 2021      Representative Director, President and Chief Executive Officer of the Company</p> <p>April 2025      Chairman and Representative Director of the Company (present)</p>	29,417 (of the shares above, number of shares to be delivered pursuant to stock delivery trust system 12,817)
	Attendance at Board of Directors meetings 100% (15/15)	<p>[Reasons for selection as a candidate for Director] Mr. Toshio Imai possesses an international perspective and adequate operational experience, including work experience at overseas subsidiaries, and taking responsibility for the styrene and elastomer businesses over many years. After he supervised business strategies across the entire Denka Group including overseas businesses as the executive responsible for management strategy and investor relations and corporate communications divisions, he formulated and promoted the management plan, "Mission 2030," as Representative Director, President. As Chairman and Representative Director, he currently serves in the position of the Chairman of the Board of Directors, based on his deep knowledge and understanding of the Group. The Company has judged that he can appropriately fulfill the role of supervising the business execution of Directors and Executive Officers, and requests his election as Director.</p> <p>[Message to shareholders] Aiming to realize "Our Vision" and enhance our corporate value, I will strive to operate the Board of Directors from the perspective of our stakeholders in my role as Chairman.</p>	

- Notes: 1. No material relationship of interest exists between the Company and the above candidate.
2. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover legal damages, litigation expenses, and others in the event that a claim for damages is made against the insured persons, including Directors of the Company. If the appointment of the candidate above is approved, then he will become an insured person under the contract. The Company intends to renew this insurance contract with the same contents at the time of the renewal.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
2	<p>Reappointed</p> <p>Ikuo Ishida (March 7, 1962) Age: 63</p> <p>[June 2023] [2 years at the conclusion of this Ordinary General Meeting of Shareholders]</p>	<p>April 1985      Joined the Company</p> <p>April 2009      General Manager, Functional Films Dept., Electronics Materials Div. of Electronics Materials Business Group of the Company</p> <p>October 2011    General Manager, Advanced Fillers Dept., Electronics Materials Business Group of the Company</p> <p>October 2013    General Manager, Advanced Specialty Materials Dept., Electronics &amp; Innovative Products of the Company</p> <p>April 2017      Assistant General Manager, Electronics &amp; Innovative Products of the Company</p> <p>April 2019      Executive Officer and General Manager, Electronics &amp; Innovative Products of the Company</p> <p>April 2023      Managing Executive Officer of the Company</p> <p>June 2023      Director and Managing Executive Officer of the Company</p> <p>April 2025      Representative Director, President and Chief Executive Officer of the Company (present)</p>	<p>9,171 (of the shares above, number of shares to be delivered pursuant to stock delivery trust system 3,071)</p>
	<p>Attendance at Board of Directors meetings 100% (15/15)</p>	<p>[Reasons for selection as a candidate for Director] Mr. Ikuo Ishida possesses an international perspective and adequate operational experience, including work experience at overseas subsidiaries and taking responsibility for the electronic materials business division for many years. After taking charge of business strategy for the Denka Group as a whole, including overseas businesses, as the executive responsible for management strategy, human resource strategy, compliance, and investor relations and corporate communications divisions, he currently serves as Representative Director, President. Based on his rich experience and impressive track record in Company administration, it is hence judged by the Company that he can appropriately fulfill the role of determining important business execution and supervising the business execution of Directors and Executive Officers, and requests his election as Director.</p> <p>[Message to shareholders] By steadily addressing the issues at hand, I intend to guide fiscal 2025 toward a recovery trend, leading to the achievement of our medium-term management plan, "Mission 2030."</p>	

- Notes: 1. No material relationship of interest exists between the Company and the above candidate.
2. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover legal damages, litigation expenses, and others in the event that a claim for damages is made against the insured persons, including Directors of the Company. If the appointment of the candidate above is approved, then he will become an insured person under the contract. The Company intends to renew this insurance contract with the same contents at the time of the renewal.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
3	New appointment  Rimiru Hayashida (July 14, 1961) Age: 63  [-] [-]	April 1985      Joined the Company April 2009      General Manager, Accounting Dept. of the Company April 2017      Executive Officer, General Manager, Accounting Dept. of the Company April 2021      Executive Officer of the Company April 2023      Managing Executive Officer of the Company June 2024      Managing Executive Officer, Chief Financial Officer (CFO) of the Company April 2025      Senior Managing Executive Officer of the Company (present)	8,978 (of the shares above, number of shares to be delivered pursuant to stock delivery trust system 878)
	Attendance at Board of Directors meetings - (-/-)	[Reasons for selection as a candidate for Director] Since joining the Company, Mr. Rimiru Hayashida has consistently been involved in the Accounting Dept. and possesses adequate operational experience in accounting and finance. Then, he served as CFO and led initiatives to improve capital efficiency. He currently takes charge of supervising the Denka Group as a whole, as the executive responsible for accounting, financial strategy, investor relations and corporate communications divisions, and the supply chain. It is hence judged by the Company that he can appropriately fulfill the role of determining important business execution and supervising the business execution of Directors and Executive Officers, and his election as Director is requested.  [Message to shareholders] Basically, I would like to contribute to the enhancement of the corporate value in the medium-to long-term, but recovering the Company's growth trajectory as soon as possible is first priority, and I will think thoroughly what I can do as CFO and CSCO for this objective.	

- Notes: 1. No material relationship of interest exists between the Company and the above candidate.
2. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover legal damages, litigation expenses, and others in the event that a claim for damages is made against the insured persons, including Directors of the Company. If the appointment of the candidate above is approved, then he will become an insured person under the contract. The Company intends to renew this insurance contract with the same contents at the time of the renewal.

No.	Name (Date of birth) [Outside Director since] [Outside Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
4	New appointment  Masanobu Kosaka (January 2, 1963) Age: 62  [-] [-]	April 1985      Joined the Company April 2015      Deputy General Manager, Omi Plant of the Company November 2015      Vice President of Denka Performance Elastomer LLC June 2019      Vice General Manager, Omi Plant of the Company April 2021      Executive Officer, General Manager, Omi Plant of the Company  April 2023      Executive Officer of the Company April 2025      Managing Executive Officer of the Company (present)	1,078  (of the shares above, number of shares to be delivered pursuant to stock delivery trust system 878)
	Attendance at Board of Directors meetings – (–/–)	<p>[Reasons for selection as a candidate for Director]            Mr. Masanobu Kosaka possesses adequate operational experience, including work experience in plant manufacturing and overseas subsidiaries. After supervising promotion of environmental measures, he currently manages the entire technical departments as CTO as well as the executive responsible for digital strategy of the Denka Group as a whole. It is hence judged by the Company that he can appropriately fulfill the role of determining important execution and supervising the business execution of Directors and Executive Officers, and requests his election as Director.</p> <p>[Message to shareholders]            In the course of driving forward “Mission 2030,” I will contribute through technical insights and actions, aiming to enhance sustainable corporate value.</p>	

- Notes: 1. No material relationship of interest exists between the Company and the above candidate.
2. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover legal damages, litigation expenses, and others in the event that a claim for damages is made against the insured persons, including Directors of the Company. If the appointment of the candidate above is approved, then he will become an insured person under the contract. The Company intends to renew this insurance contract with the same contents at the time of the renewal.

No.	Name (Date of birth) [Outside Director since] [Outside Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
5	<p>Reappointed Outside Independent Director</p> <p>Rumiko Nakata (April 6, 1956) Age: 69</p> <p>[June 2024] [1 year at the conclusion of this Ordinary General Meeting of Shareholders]</p>	<p>April 1979      Joined Esso Sekiyu K.K.</p> <p>April 1996      Center for Socio-Economic Research K.K.</p> <p>June 2000      Joined Pfizer K.K.</p> <p>February 2007    Manager, Pharmaceutical Development and Human Resources (Public Relations) Dept., Pfizer K.K.</p> <p>May 2010        General Manager, Human Resources Group, Business Partners, Pfizer K.K.</p> <p>December 2011    Head of HR and Global Operations, Pfizer K.K.</p> <p>January 2014     Director of the Board, Corporate Officer, Pfizer K.K.</p> <p>March 2018      Executive Officer, in charge of Diversity &amp; Inclusion, Mitsubishi Chemical Corporation</p> <p>April 2019        Managing Executive Officer, Supervising – Human Resources Dept., Mitsubishi Chemical Corporation</p> <p>April 2020        Director of the Board, Managing Executive Officer, Supervising – Administration Dept., Public Relations Dept., Human Resources Dept., Mitsubishi Chemical Corporation</p> <p>April 2021        Director of the Board, Managing Executive Officer, Supervising – Resources, Mitsubishi Chemical Corporation</p> <p>April 2022        Director of the Board, Mitsubishi Chemical Corporation</p> <p>March 2023      Outside Director of the Board, Kyowa Kirin Co., Ltd. (present)</p> <p>June 2024        Outside Director of the Company (present)</p>	–
	<p>Attendance at Board of Directors meetings 100% (12/12) (Since taking office in June 2024)</p>	<p>[Reasons for selection as a candidate for Outside Director, and summary of expected roles] Having consistently held positions in charge of human resources departments for many years, Ms. Rumiko Nakata has rich management experience in human capital strategies, such as human resources system reform and promotion of diversity and inclusion. In addition, she has a deep knowledge of human capital management, including having served as a member of study groups on human capital organized by the Ministry of Economy, Trade and Industry and the Ministry of Health, Labor and Welfare. In order to receive recommendations and supervision of the Company's management based on her deep insight, as well as advice from the perspective of diversity, her election as Outside Director is requested.</p> <p>[Message to shareholders] As an Outside Director, I will support the Company by thorough management monitoring from the perspective of corporate governance, in order to enhance its corporate value.</p>	

- Notes: 1. No material relationship of interest exists between the Company and the above candidate.
2. Based on Article 427, Paragraph 1 of the Companies Act, the Company currently has a liability limitation contract with the candidate that limits her liability for damages of Article 423, Paragraph 1 of said Act to a predefined amount of ¥5 million or more or the amount stipulated by laws and regulations, whichever is higher. If the election of Ms. Nakata is approved, the Company plans to continue the same contract.

3. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover legal damages, litigation expenses, and others in the event that a claim for damages is made against the insured persons, including Directors of the Company. If the appointment of the candidate above is approved, then she will become an insured person under the contract. The Company intends to renew this insurance contract with the same contents at the time of the renewal.

### Proposal No. 3: Election of Four (4) Directors Who Are Audit Committee Members

The terms of office of four (4) Directors who are Audit Committee Members will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the election of four (4) Directors is proposed.

The consent of the Audit Committee has been obtained for the submission of this proposal.

The candidates for Directors are as follows.

No.	Name	Positions and responsibilities at the Company	Attendance at Audit Committee meetings	Attendance at Board of Directors meetings
1	Reappointed Mizuhiro Uchida	Director (Full-time Audit Committee Member)	13/13 (100%)	15/15 (100%)
2	Reappointed Outside Independent Director Toshio Kinoshita	Director (Audit Committee Member)	13/13 (100%)	15/15 (100%)
3	Reappointed Outside Independent Director Akio Yamamoto	Director (Audit Committee Member)	13/13 (100%)	15/15 (100%)
4	Reappointed Outside Independent Director Miyuki Matoba	Director (Audit Committee Member)	13/13 (100%)	15/15 (100%)

Reappointed: Candidate for reappointment as Director (Audit Committee Member)

Outside: Candidate for Outside Director (Audit Committee Member)

Independent Director: Independent Director as notified to the Tokyo Stock Exchange

No.	Name (Date of birth) [Director since] [Outsider Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
1	Reappointed  Mizuhiro Uchida (September 24, 1961) Age: 63  [June 2023] [2 years at the conclusion of this Ordinary General Meeting of Shareholders]	April 1984    Joined the Company April 2008    General Manager, Business Planning Dept., Resin Process Div., Resin Process Business Group of the Company April 2010    General Manager, Purchasing Dept. of the Company April 2014    Deputy General Manager, Chiba Plant of the Company July 2017    General Manager, Internal Auditing Dept. of the Company April 2021    General Manager, Internal Control Dept. of the Company June 2023    Director (Full-time Audit Committee Member) of the Company (present)	6,600 (of the shares above, number of shares to be delivered pursuant to stock delivery trust system →)
	Attendance at Audit Committee meetings 100% (13/13)  Attendance at Board of Directors meetings 100% (15/15)	[Reasons for selection as a candidate for Director who is an Audit Committee Member] Mr. Mizuhiro Uchida possesses adequate operational experience, including work experience in the departments responsible for internal controls of the Denka Group as a whole, in addition to accounting and systems departments and manufacturing sites. The Company judges that the abundant and broad knowledge and insight of Mr. Uchida is necessary for the supervision and audit of the Company's management, and proposes that he be elected as Director who is an Audit Committee Member.  [Message to shareholders] In order to contribute to the sustainable growth of the Group and the enhancement of its corporate value, I will continue to engage sincerely and in-depth with many audit targets, working to identify risks and issues through open dialogue and actively pursuing appropriate solutions.	

- Notes: 1. No material relationship of interest exists between the Company and the above candidate.
2. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover legal damages, litigation expenses, and others in the event that a claim for damages is made against the insured persons, including Directors of the Company. If the appointment of the candidate above is approved, then he will become an insured person under the contract. The Company intends to renew this insurance contract with the same contents at the time of the renewal.

No.	Name (Date of birth) [Director since] [Outsider Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
2	<p style="text-align: center;">Reappointed Outside Independent Director</p> <p style="text-align: center;">Toshio Kinoshita (April 12, 1949) Age: 76</p> <p style="text-align: center;">[June 2019] [6 years at the conclusion of this Ordinary General Meeting of Shareholders]</p>	<p>July 1983 Registered as Certified Public Accountant</p> <p>July 1989 Partner, U.S. Coopers &amp; Lybrand L.L.P (current PricewaterhouseCoopers) (until June 1998)</p> <p>June 1994 Representative employee of Chuo Audit Corporation (until July 2005)</p> <p>July 1998 Senior Managing Partner for North America, New York Head Office, U.S. PricewaterhouseCoopers L.L.P. (until June 2005)</p> <p>July 2005 Management Board Member for International Business of Tokyo Office of Chuo Aoyama PricewaterhouseCoopers (until June 2007)</p> <p>July 2007 Chief Executive of The Japanese Institute of Certified Public Accountants (JICPA) (until July 2013)</p> <p>July 2013 Council Member of JICPA (until July 2016)</p> <p>June 2014 Outside Audit &amp; Supervisory Board Member of Panasonic Corporation (current Panasonic Holdings Corporation) (until June 2022)</p> <p>July 2014 Representative Director of Global Professional Partners (until December 2024)</p> <p>August 2014 Outside Corporate Auditor of Weathernews Inc. (until August 2018)</p> <p>March 2015 Outside Director of Asatsu-DK Inc. (until December 2018)</p> <p>June 2015 Outside Audit &amp; Supervisory Board Member of the Company</p> <p>June 2015 Outside Director of TACHI-S CO., LTD. (present)</p> <p>July 2015 Outside Director of Mizuho Bank, Ltd. (until September 2019)</p> <p>January 2018 Outside Director of ThreePro Group Inc. (current GiG Works Inc.) (until January 2022)</p> <p>June 2019 Outside Director (Audit Committee Member) of the Company (present)</p> <p>January 2025 Chairman and Director of Global Professional Partners Corp. (present) (to date)</p>	<p style="text-align: center;">— (of the shares above, number of shares to be delivered pursuant to stock delivery trust system →)</p>
	<p>Attendance at Audit Committee meetings 100% (13/13)</p> <p>Attendance at Board of Directors meetings 100% (15/15)</p>	<p>[Reasons for selection as a candidate for Outside Director who is an Audit Committee Member and summary of expected roles]</p> <p>Mr. Toshio Kinoshita has experience and rich accounting knowledge gained as a certified public accountant who practiced in Japan and the U.S. for many years and is well versed in international accounting. The Company proposes that Mr. Kinoshita be elected as an Outside Director who is an Audit Committee Member in the expectation that he will utilize his knowledge in supervision and audit of the Company's management.</p>	

		<p>[Message to shareholders]</p> <p>Currently, what is required for Japanese enterprises including the Company is enhancement of corporate values. Reforming business portfolio, therefore, is an urgent matter in the Company as well.</p> <p>As an Outside Director, I will contribute to enhancing the Company's corporate value by utilizing my expertise and experience as a certified public accountant, a specialist of accounting and financing.</p>
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- Notes:
1. No material relationship of interest exists between the Company and the above candidate.
  2. Based on Article 427, Paragraph 1 of the Companies Act, the Company currently has a liability limitation contract with the candidate that limits his liability for damages of Article 423, Paragraph 1 of said Act to a predefined amount of ¥5 million or more or the amount stipulated by laws and regulations, whichever is higher. If the election of Mr. Kinoshita is approved, the Company plans to continue the same contract.
  3. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover legal damages, litigation expenses, and others in the event that a claim for damages is made against the insured persons, including Directors of the Company. If the appointment of the candidate above is approved, then he will become an insured person under the contract. The Company intends to renew this insurance contract with the same contents at the time of the renewal.

No.	Name (Date of birth) [Director since] [Outsider Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
	Reappointed Outside Independent Director  Akio Yamamoto (December 2, 1951) Age: 73  [June 2015] [10 years at the conclusion of this Ordinary General Meeting of Shareholders]	April 1974    Joined Mitsui & Co., Ltd. April 1999    President of Mitsui & Co., Benelux S.A./N.V. April 2004    Vice President of Synthetic Resin & Inorganic Chemical Products Business Unit of Mitsui & Co., Ltd. April 2007    Executive Officer of Mitsui & Co., Ltd. (until March 2010), President of Mitsui & Co. (Thailand) Ltd. April 2009    Representative Director and President of Mitsui Bussan Plastic Trade Co., Ltd. (present Mitsui & Co. Plastics Ltd.) (until June 2014) June 2014    Counselor of Mitsui & Co. Plastics Ltd. (until June 2015) June 2015    Outside Director of the Company June 2021    Outside Director (Audit Committee Member) of the Company (present)	–  (of the shares above, number of shares to be delivered pursuant to stock delivery trust system →)
3	Attendance at Audit Committee meetings 100% (13/13)  Attendance at Board of Directors meetings 100% (15/15)	<p>[Reasons, etc. for selection as a candidate for Outside Director who is an Audit Committee Member and summary of expected roles]</p> <p>Mr. Akio Yamamoto has rich experience and broad insight as a manager in Japan and overseas through his involvement in corporate management for many years. His career includes serving as an Executive Officer of Mitsui &amp; Co., Ltd. and the Representative Director and President of Mitsui &amp; Co. Plastics Ltd. He also has rich international experience, including serving as an officer responsible for businesses in global enterprises and has provided suggestions about the Company's overseas business expansion strategy and management in general based on this knowledge. The Company proposes that Mr. Yamamoto be elected as an Outside Director who is an Audit Committee Member in the expectation that he will utilize his abundant and broad knowledge, insight, and experience in the supervision and audit of the Company's management.</p> <p>Although he used to work at a company that has transactions with the Company, more than ten years have passed since he ceased to be an executive of that company. In addition, although the Company's sales to the said company account for 6.5% of the Company's total sales, transactions between the Company and the said company are substantially payments of commission by the Company to the said company for services offered by its trading company function and the amount of commission paid is modest (under 2% of the said company's sales), and he satisfies the Company's "Standards of Independence for Outside Directors." Thus, the Company considers that the said company has no special impact on the Company's decision-making by the Board of Directors, etc., and there is no risk that conflict of interest with other general shareholders will arise.</p> <p>[Message to shareholders]</p> <p>As the entire Company is working together to reform its business portfolio and to create new businesses, I renew my commitment to contribute to the sound development of the Company by maintaining a medium- to long-term perspective and a sincere, fair and upright attitude.</p>	

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- Notes:
1. No material relationship of interest exists between the Company and the above candidate.
  2. The above candidate is an incumbent Outside Director who is an Audit Committee Member, and he will have served in the position for four years at the conclusion of this Ordinary General Meeting of Shareholders. However, he served as an Outside Director for six years from June 2015 to June 2021, and including that period, he will have served for ten years.
  3. Based on Article 427, Paragraph 1 of the Companies Act, the Company currently has a liability limitation contract with the candidate that limits his liability for damages of Article 423, Paragraph 1 of said Act to a predefined amount of ¥5 million or more or the amount stipulated by laws and regulations, whichever is higher. If the election of Mr. Yamamoto is approved, the Company plans to continue the same contract.
  4. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover legal damages, litigation expenses, and others in the event that a claim for damages is made against the insured persons, including Directors of the Company. If the appointment of the candidate above is approved, then he will become an insured person under the contract. The Company intends to renew this insurance contract with the same contents at the time of the renewal.

No.	Name (Date of birth) [Director since] [Outsider Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
4	<p>Reappointed Outside Independent Director</p> <p>Miyuki Matoba (August 15, 1973) Age: 51</p> <p>[June 2021] [4 years at the conclusion of this Ordinary General Meeting of Shareholders]</p>	<p>April 2000 Registered as a lawyer (Tokyo Bar Association)</p> <p>April 2013 Executive Governor of the Japan Federation of Bar Associations (until March 2014)</p> <p>October 2015 Senior Leader, Management Support Division of MOS FOOD SERVICES, INC.</p> <p>April 2018 Risk Management &amp; Compliance Group Leader of MOS FOOD SERVICES, INC. (until March 2019)</p> <p>April 2019 General Manager, Risk Management &amp; Compliance Office of MOS FOOD SERVICES, INC. (until September 2020)</p> <p>September 2020 Intellectual Property and Legal Div., General Affairs H.Q. of NITTO KOHKI CO., LTD.</p> <p>April 2021 General Manager, Intellectual Property and Legal Div., General Affairs H.Q., and compliance supervisor of NITTO KOHKI CO., LTD. (present)</p> <p>June 2021 Outside Director (Audit Committee Member) of the Company (present)</p> <p>April 2025 Vice-President of Tokyo Bar Association (present) (to date)</p>	<p>– (of the shares above, number of shares to be delivered pursuant to stock delivery trust system –)</p>
	<p>Attendance at Audit Committee meetings 100% (13/13)</p> <p>Attendance at Board of Directors meetings 100% (15/15)</p>	<p>[Reasons, etc. for selection as a candidate for Outside Director who is an Audit Committee Member and summary of expected roles]</p> <p>Ms. Miyuki Matoba has abundant experience and legal knowledge acquired over many years as a lawyer. The Company proposes that Ms. Matoba be elected as an Outside Director who is an Audit Committee Member, in the expectation that she will utilize her knowledge in the supervision and audit of the Company's management, as well as provide advice from the perspective of diversity. Although she has never been directly involved in corporate management, she has extensive knowledge of corporate legal affairs as a lawyer and sufficient insight regarding corporate governance, including through her experience as corporate counsel. It is hence judged by the Company that she can appropriately fulfill the duties of an Outside Director who is an Audit Committee Member.</p> <p>[Message to shareholders]</p> <p>Maintaining a medium- to long-term perspective and a fair, sincere attitude, I will ensure that corporate governance functions more appropriately and thereby contribute to the healthy growth and enhancement of corporate value of the Group while tackling major challenges including portfolio reform.</p>	

- Notes: 1. No material relationship of interest exists between the Company and the above candidate.
2. Based on Article 427, Paragraph 1 of the Companies Act, the Company currently has a liability limitation contract with the candidate that limits her liability for damages of Article 423, Paragraph 1 of said Act to a predefined amount of ¥5 million or more or the amount stipulated by laws and regulations, whichever is higher. If the election of Ms. Matoba is approved, the Company plans to continue the same contract.
3. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover legal damages, litigation expenses, and others in the event that a claim for damages is made against the insured persons, including Directors of the Company. If the appointment of the candidate above is approved, then she will become an insured person under the contract. The Company intends to renew this insurance contract with the same contents at the time of the renewal.



(Reference)

**1. The Company's views regarding the election of Directors**

Under the Denka's vision formulated in 2022, in order to achieve the eight-year management plan "Mission 2030" through to fiscal 2030, the Company aims to strengthen the management structure with Directors and Executive Officers, while enriching the governance structure and supervisory function.

In electing Directors, internal Directors are chosen from persons who possess a wealth of experience and achievements in various divisions within the Company, while also possessing insights and adequate specialized knowledge as Director, and Outside Directors are chosen from persons who possess specialization required for continuous growth and improvement in corporate value of the Company and wide insights based on a wealth of business experience and management experience at other companies. The Company believes that it is important for the Board of Directors as a whole to elect a good balance of personnel with a variety of knowledge, experience, and abilities, and ensure that the composition of the Board of Directors is diverse in terms of gender, international background, work history, and other factors.

Additionally, the Company believes that Independent Outside Directors should compose at least one-third of Directors. The present ratio is approximately 44%.

## 2. Skills matrix of the Company's Board of Directors

\* If Proposals 2 and 3 are approved as submitted

		Attributes	Skills											
			Corporate Management/ Corporate Planning	Human Resources Value Creation	Global Business	Financial Strategy / Accounting	Legal/ Compliance	Sustainability/ESG			Business Value Creation and Marketing	Research/ Intellectual property	Technology /Manufacturing	DX
								E (Environment)	S (Society)	G (Governance)				
Toshio Imai	Chairman and Representative Director	Age: 66 Years of service: 6 Male	○	○	○			○		○				
Ikuo Ishida	Representative Director, President and Chief Executive Officer	Age: 63 Years of service: 2 Male	○	○	○		○			○	○			
Rimiru Hayashida	Director Senior Managing Executive Officer	Age: 63 Years of service: – Male	○			○				○				
Masanobu Kosaka	Director Managing Executive Officer	Age: 62 Years of service: – Male			○			○	○			○	○	○
Rumiko Nakata	Director	Independent Outside Age: 69 Years of service: 1 Female		○					○					
Mizuhiro Uchida	Director Full-time Audit Committee Member	Age: 63 Years of service: 2 Male				○	○		○	○				○
Toshio Kinoshita	Director Audit Committee Member	Independent Outside Age: 76 Years of service: 10 Male			○	○				○				
Akio Yamamoto	Director Audit Committee Member	Independent Outside Age: 73 Years of service: 10 Male	○	○	○						○			
Miyuki Matoba	Director Audit Committee Member	Independent Outside Age: 51 Years of service: 4 Female					○		○	○		○		

\* The matrix above shows the skills that the Board of Directors expects from them among knowledge and experience they possess.

\* Age and years of service are shown as of June 20, 2025.

(Reference)

Skill matrix of the Executive Officers who are not Directors

Yukio Sasagawa	Managing Executive Officer	Age: 64 Years of service: – Male						○	○			○	○	○
Kei Hara	Managing Executive Officer	Age: 59 Years of service: – Male	○	○	○		○		○		○			

### **3. Necessary skills for the Company’s Directors and the reason they were selected**

The skills considered necessary for the Company’s Board of Directors to make important decisions and supervise management under Denka’s vision formulated in 2022 to reach the goals of the Company’s eight-year management plan through fiscal 2030, and to promote ESG management through the priority management materiality issues are as follows.

Skills		Reason for the selection of the skills
Corporate Management and Corporate Planning		Directors are needed who have extensive management experience and achievements to establish and review management plans aimed at realizing the Denka’s Vision and supervise the execution of duties to achieve these plans.
Human Resources Value Creation		Directors are needed who have extensive knowledge and experience related to human resources value creation in order to realize human resource investment and system reforms, aiming to become a company where each and every employee can gain experience self-realization and personal growth.
Global Business		Directors are needed who have extensive experience in global business to fulfill our Purpose to “making the world a better place as specialists in chemistry” with an awareness of global megatrends.
Financial Strategy/Accounting		Directors are needed who have extensive knowledge and experience in the financial strategy and the accounting field not only to ensure the accurate disclosure of financial information, but also to drive selection and concentration of businesses, pursue optimal capital structure, and improve profitability and efficiency.
Legal/Compliance		Directors are needed who have robust knowledge and experience in the legal and compliance fields to ensure fair and trustworthy corporate activities appropriately responding to increasingly complex legal systems and regulations in Japan and abroad.
Sustainability/ ESG	E (Environment)	Directors with extensive knowledge and experience in E (Environment) are needed to fulfill corporate social responsibility working on the precondition for continuation of business, “Achievement of carbon neutrality,” “Sustainable cities and fulfilling daily lives,” and “Environmental conservation and minimization of environmental footprint.”
	S (Society)	Directors with solid knowledge and experience in S (Society) are needed to fulfill corporate social responsibility through the provision of safe and high-quality products, respect for human rights, and participation in the effort to build a better community.
	G (Governance)	Directors with solid knowledge and experience in G (Governance) are needed to fulfill corporate social responsibility building a more advanced and effective corporate governance system that ensures transparency and fairness based on high ethical standards.
Business Value Creation and Marketing		Directors are needed who have market insight based on a broad perspective, as well as extensive business experience to ensure that all the three focus areas, ICT & Energy, Healthcare, and Sustainable Living, will be fully made up of “three-star businesses” that incorporate the three elements of specialty, megatrends, and sustainability, while promoting the transformation of business portfolio, considering also selling or exiting a business that is difficult to convert to a “three-star business.”

R&D/Intellectual Property	Directors are needed who have a track record of promotion of innovation, as well as deep knowledge in science and technology and a wealth of experience in proprietary technologies and intellectual property, in order to create business value in the three focus areas of ICT & Energy, Healthcare, and Sustainable Living.
Technology/Manufacturing	Directors are needed who are deeply familiar with technology, and who have extensive practical experience and robust insight into manufacturing in order to create management values through process innovation to improve productivity, ensure trustworthiness in manufacturing, and establish a safe work environment.
DX	Directors are needed with profound knowledge and extensive experience related to digital technologies and data utilization, as well as the ability to understand and analyze the nature of the Group's business, and use this insight to transform it, in order to promote transformation of business model and organization through process innovation.

#### **4. Standards of independence for Denka Outside Directors**

The Company selects candidates for Outside Directors based mainly on practical considerations, such as whether we can expect the candidate to contribute to an increase in the corporate value of the Company as an independent officer. Specifically, the Company has defined the following standards, in accordance with the requirements for independence stipulated in the Companies Act, in addition to the standards for independence defined by the Tokyo Stock Exchange and other factors.

##### **Standards of Independence for Outside Directors**

The standard of independence for an Outside Director of the Company shall be persons that do not fall under any of the categories defined in items (1) through (5) below.

- (1) An executor of business (\*4) at a main customer (\*1), main supplier (\*2), or main lender (\*3) that is a main trading partner of the Company;
- (2) A consultant, accountant, lawyer, or other such person that has received money or other property exceeding ¥10 million in value per year from the Company, excluding officer compensation, in the most recent fiscal year;
- (3) A person belonging to a group for whom the amount paid by the Company makes up 2% or more of the group's revenues or total income in the most recent fiscal year, in cases where the entity receiving property under item (2) above is a group;
- (4) A person that has fallen under any of the above categories (1) through (3) within the past year;
- (5) A spouse or relation within the second degree of a person falling under any of the categories below (excluding an insignificant person):
  - i. A person that falls under any of the above categories (1) through (4);
  - ii. A person that is or was an executor of business at the Company or a subsidiary of the Company now or within the past year.

(\*1) Main customer: A customer from whom the amount paid has made up 2% or more of the Company's revenues in the most recent fiscal year

(\*2) Main supplier: A supplier to whom the amount paid from the Company has made up 2% or more of the supplier's revenues in the most recent fiscal year

(\*3) Main lender: A lender that was essential for the Company's funding, and that the Company relied on to the extent the lender was irreplaceable, as of the end of the most recent fiscal year

(\*4) Executor of business: An executive director, executive, executive officer, or other employee, etc.

**(Reference)**

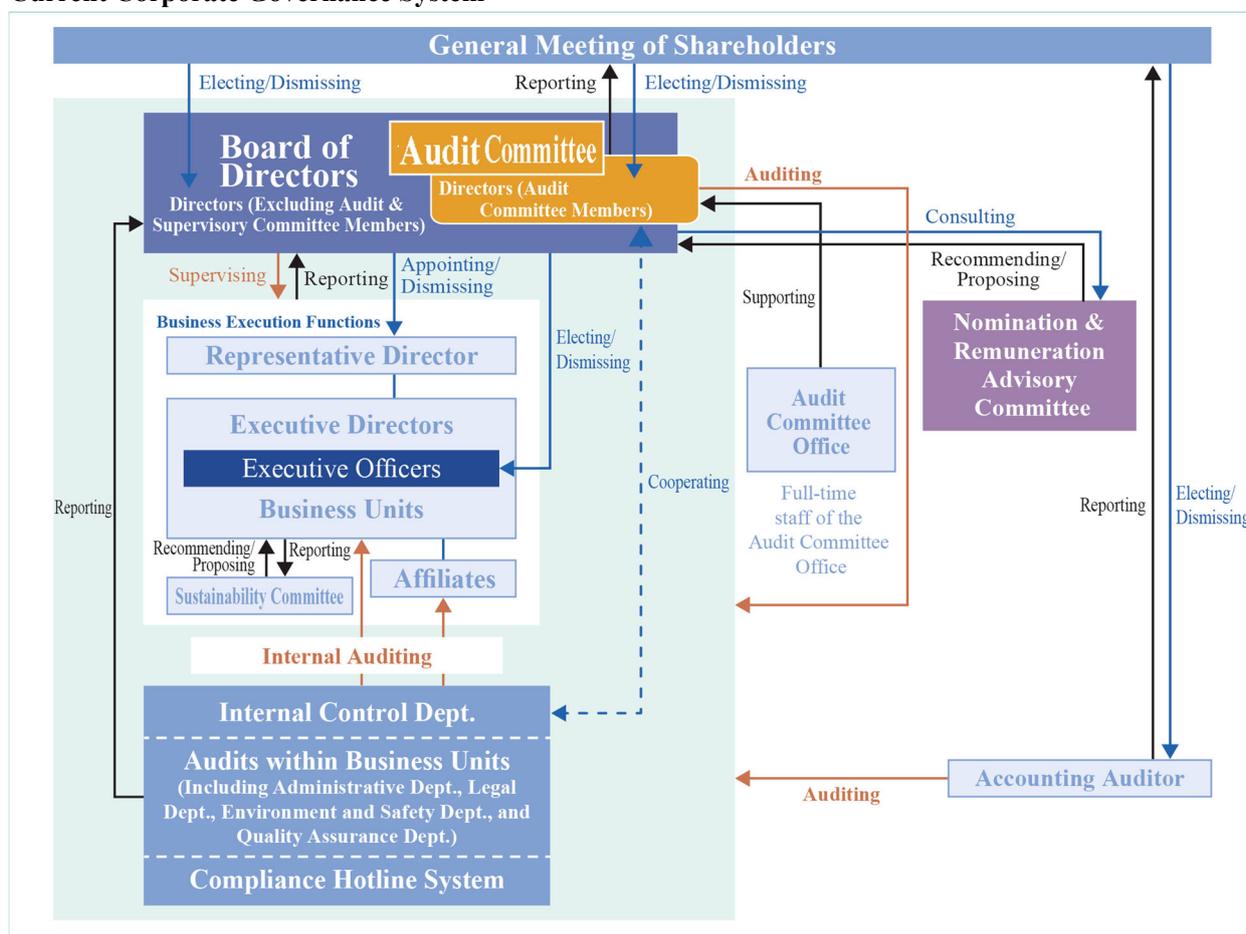
**Denka's Corporate Governance Initiatives**

**Basic Approach to Corporate Governance**

In order to fulfill the expectations and trust of its many stakeholders, including shareholders, customers, local society, and employees, based on the Denka's Vision (a vision of the future) comprising the Core Value that is the Company's DNA to serve as the foundation to support the tiers above, Purpose that serves as the North Star to guide the Company, and the Mission that the Company aspires to accomplish by 2030, the Company strives to strengthen its business foundation by improving its earnings power and expanding the scope of operations, while also working to improve corporate value by making every effort to continue being a company that can win the trust and sympathy of society.

The Company considers corporate governance as the foundation for the above, and so we have striven to strengthen governance, in order to fulfill the responsibilities, we owe to all our stakeholders, and ensure the transparency and soundness of our management.

**Current Corporate Governance System**



**Board of Directors and optional committees**

■ **Board of Directors (Met 15 times in fiscal 2024)**

To accomplish the Company's Mission in the Vision, the Board of Directors monitors and supervises major operational decision-making and execution of business duties by executive officers, based on strategic and management planning. The Board of Directors as a whole appoints candidates to be Directors in line with the standards for the appointment of both internal and Outside Directors, based on the belief that it is important to appoint a good balance of people with a variety of expertise, experiences, and skills. (Please see pages 24–25 for details of the Company's views regarding the election of Directors.)

In addition, in principle, the Company has discontinued the use of executive titles, (such as Senior Managing Director, Managing Director) for Directors, such that all Directors (excluding Directors who are Audit Committee Members) may focus on monitoring and supervising the execution of business duties from an equal standpoint. Also, the Company has set the length of Directors' (excluding Audit Committee Members) terms to one year, in order to facilitate flexible checks on them at the General Meeting of Shareholders.

Additionally, the Nomination & Remuneration Advisory Committee has been established as an advisory organ of the Board of Directors, to strengthen the roles of the Board of Directors and foster higher standards of objectivity and transparency. It also organizes the D&A Round Table, aimed at enriching deliberations on major matters of particular management concern.

■ Nomination & Remuneration Advisory Committee (Met 6 times in fiscal 2024)

For major management matters such as nomination, remuneration, and other elements of governance, the Board of Directors has set up the Nomination & Remuneration Advisory Committee, comprising all Outside Directors, the Chairman and the President, to foster transparency and objectivity in management decision-making, informed by a wide range of opinion and advice from Outside Directors.

In fiscal 2024, this Committee received inquiries from the Board of Directors regarding the executive and governance structure, the formulation of a skills matrix, the establishment of a CFO, succession planning, and remuneration for officers, and made recommendations and proposals regarding the results of these inquiries after deliberations at the Committee.

The committee is chaired by an Outside Director since fiscal 2023.

■ D&A Round Table (Met 9 times in fiscal 2024)

In order to facilitate in-depth discussions regarding management matters that are of particular importance, the D&A Round Table is organized as a forum for free, open-minded, constructive discussions, exchange of opinions and information, and strengthening of cooperation between internal and Outside Directors.

■ Sustainability Committee (Met 5 times in fiscal 2024)

The Sustainability Committee was established to supervise the efforts of the Executive Division to address issues related to sustainability (medium- to long-term sustainability) in order to achieve non-financial targets. (Chairperson: President; Committee member: Executive Officer in charge of the Management Department; Observers: Chairman, Outside Directors and Full-time Audit Committee Members).

This Committee deliberates on the activities of each division and reports to the Board of Directors, taking into consideration the risks and profit opportunities of business activities and their consistency with the value creation strategies related to business, human resources, and management.

The main matters of discussion in fiscal 2024 that were reported to the Board of Directors included the need to review targets related to the male childcare leave ratio and proportion of women in management in alignment with societal demands, as well as the importance of strengthening governance within the Group companies.

■ Evaluation of the Effectiveness of the Board of Directors

At Denka, the effectiveness of the Board of Directors is analyzed and evaluated annually. As a result of measures taken in fiscal 2024, we reaffirmed that the frequency and duration of meetings of the Board of Directors and the Board size and composition (in terms of achieving the right balance of expertise, experience, ability, and diversity) are appropriate and that monitoring and supervision of the management were being appropriately implemented by the Board of Directors, 44% of the members of which are Outside Directors.

Regarding the issue from the previous year of further enhancing the effectiveness of the Nomination & Remuneration Advisory Committee, we confirmed that the explanation regarding the nomination and remuneration proposals has become more detailed, leading to more active discussions. In addition, with the

establishment of the Career Planning Committee, a system has been put in place to focus on the development and enhancement of potential management candidates.

With regard to the further enhancement of discussions at the Board of Directors meetings, it was confirmed that the pre-discussions at the D&A Round Table for major investment projects deepened the decision-making process, and improvements were observed in monitoring and follow-up after resolutions. However, it was pointed out that there are still issues to address in continuing to improve the system.

Furthermore, regarding the further scrutiny of agenda items and the streamlining of reporting at the Board of Directors, while there has been some progress in reviewing the criteria for agenda items, it was shared that to ensure more time for discussions on management issues such as long-term business strategies and major investment projects, and to speed up decision-making, further careful selection of agenda items and important reports is necessary.

Looking ahead, in light of these constructive opinions, we will take steps to further improve the effectiveness of the Board of Directors, aiming to improve medium-to-long-term corporate value, and respond to the expectations and trust placed in us by our shareholders and numerous other stakeholders.

#### **Audit Committee (Met 13 times in fiscal 2024)**

In accordance with their fiduciary responsibilities to shareholders, Audit Committee Members and the Audit Committee, with the support of the full-time staff of the Audit Committee Dept., whose independence from management is ensured, conduct audits of the legality and appropriateness of the execution of duties by the Directors, while paying attention to efficiency through close cooperation with the Internal Control Department and other relevant departments. Additionally, the Committee visits the Company's divisions, departments, branches, business sites, and subsidiaries and engages in activities such as confirmation by hearing and the exchange of opinions on the status of business execution. They also work on enhancing the effectiveness of the audit by reporting their opinions to the Board of Directors after the necessary discussions concerning the results of these activities at the Audit Committee.

In addition, the Audit Committee forms views on matters related to the election and compensation of Directors (excluding Directors who are Audit Committee Members), as well as the election, dismissal, or non-reappointment of accounting auditors, in accordance with the Companies Act.

Furthermore, the Company appoints candidates for Directors who are Audit Committee Members based on its judgment that, in order for the Audit Committee to fulfill its roles and responsibilities, Audit Committee Members should possess appropriate experience and ability as required for their duties, and that in particular, there should be at least one person with expertise in finance and accounting.

#### **Outside Directors**

Regarding Outside Directors, the Company selects candidates based mainly on practical considerations, such as whether we can expect the candidate to contribute to an increase in the corporate value of the Company as an independent officer, and has also defined its own standards of independence (please see page 27), in accordance with the requirements for independence stipulated in the Companies Act, in addition to the standards for independence defined by the Tokyo Stock Exchange and other factors.

In addition, by enhancing their understanding of the Company, the Company strives to create an environment that allows those appointed as Outside Directors to perform their roles for the sake of the sustainable growth of the Company and the increase of its corporate value.

Specifically, in addition to tours of offices, plants, and other facilities, the Company has been implementing the following initiatives:

- **Outside Officer Liaison Committee (Met 4 times in fiscal 2024)**

Outside officers frankly discuss the nature of agenda and operation of the Board of Directors, as well as the Company's medium- to long-term issues and their solutions, from an independent standpoint and share the results of the discussions with internal Directors, so as to contribute to management.

- **Attendance at important internal meetings**

In addition to the aforementioned Sustainability Committee, Outside Directors also attend meetings to review and confirm the progress of the budget based on the mid- to long-term business strategy.

## Strategic shareholdings

### ■ Policy on strategic shareholdings

As a general rule, Denka does not hold strategic shareholdings considering the improvement of capital efficiency. However, Denka will hold such shareholdings if it judges that it will contribute to building a stable business relationship and maintaining and strengthening business alliances under its growth strategy, thereby enhancing the Company's corporate value over the medium to long term.

### ■ Verification at the Board of Directors meetings concerning strategic shareholdings

In accordance with the above policy, the Board of Directors conducts a comprehensive annual review of such shares from various perspectives, including the financial condition of the issuing company, the volume of transactions with the Company and the economic rationality of such transactions, and a comparison with the Company's cost of capital. The purpose of shareholding of such shares is stated in the Annual Securities Report.

In fiscal 2024, we re-examined the purpose of holding such shares, including from the viewpoint of capital efficiency, and further promoted the reduction of such shares. As a result, the number of issues of strategic shareholdings as of March 31, 2025 decreased by 9 from the end of the previous fiscal year to 45, and the ratio to consolidated net assets decreased by 0.79 percentage points to 6.42% compared to the end of the previous fiscal year.

### Trends in strategic shareholdings

		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
		159th	160th	161st	162nd	163rd	164th	165th	166th
		term							
Number of issues		106	102	97	93	90	70	54	45
Amount on balance sheet (Millions of yen)	A	36,233	32,665	26,468	33,243	34,034	29,956	22,848	19,786
Total net assets (Millions of yen)	B	242,780	250,481	254,014	270,036	292,094	300,351	316,915	308,296
	A/B	14.92%	13.04%	10.42%	12.31%	11.65%	9.97%	7.21%	6.42%

### ■ Voting rights exercise standards for policy on strategic shareholdings

Regarding the exercise of voting rights on strategic shareholdings, the Company will ultimately make a decision on approval or disapproval by individually examining proposals from the perspective of whether they contribute to the enhancement of the shareholder value, after each responsible department managing the shares considers the issuing company's business conditions, etc., respecting the issuing company's management policies and strategies in principle.

Particularly in the following cases, a decision on approval or disapproval will be made carefully after engaging in dialogue with the issuing company if necessary.

- (1) If a significant decline in business performance continues for a certain period
- (2) If a major misconduct occurs
- (3) In other cases, if proposals may undermine shareholder value

**(Reference)****Initiatives to Corporate Governance Thus Far**

	Purpose	Measures
2007	To speed up decision-making	Cut the number of directors by half and introduce an executive officer system
2008	Ensure that Directors monitor and supervise the execution of business on an equal footing	Abolition of executive titles (such as Senior Managing Director, Managing Director)
	Clear separation of monitoring and supervisory functions from the execution of business	Reassigning the authority of business execution and executive titles from directors to executive officers
	Flexibly perform checks on directors	Shortening the length of directors' appointments to one year
	Step up checks on management from an external perspective	By appointing two Outside Directors, the number of appointments of outside officers rises to four, including two Outside Audit & Supervisory Board Members (per statutory requirements)
	Create system enabling appropriate advice-giving even outside of meetings of the Board of Directors, by arranging ample exchange of opinions	Implement regular opportunities for outside officers to exchange opinions with top management
	Speed up decision-making by deepening discussions of important management matters	Establishment of a Management Committee comprising Directors, Audit & Supervisory Board Members (internal), and some executive officers
2015	Improve the governance framework and raise standards of transparency and soundness of management	Increasing the number of Outside Directors (from two to three) and reducing the number of members of the Board of Directors (by two)
	Create venues for free, vigorous, and constructive deliberations, exchange of opinions and information, and alliance-strengthening for internal and Outside Directors and Audit & Supervisory Board Members	To step up round-table meetings of Outside Directors and Audit & Supervisory Board Members formerly held twice per year, hold a round-table conference of Directors and Audit & Supervisory Board Members (current D&A Round Table)
	Achieve optimum standards of corporate governance to ensure sustainable growth and improve medium to long-term corporate value	Compilation of the Denka Corporate Governance Guidelines
	Deepen understanding of the Company's business, and stimulate debate at meetings of the Board of Directors	Enhance the provision of advance explanation for outside officers regarding specific agenda items that require adequate explanation
	From a standpoint independent of the Company, outside officers freely discuss the agendas and administration of Board meeting, medium- to long-term issues facing the Company, and their solutions, and share their views with Inside Directors	Holding "Outside Officer Liaison Committee" four times per year

	Purpose	Measures
2016	Promote understanding of the Company's medium- to long-term and short-term business and research objectives	Holding business and research objective briefings (currently referred to as objective briefings) for outside officers twice a year (Currently, they attend internal meetings such as the Budget Overview Meeting and Budget Review Meeting.)
	Ensure adequate auditing and supervision of business execution by executive officers	Clarification of the details of agenda and report materials at the Board of Directors meetings
	Step up the effectiveness of the Board of Directors	Arrangement for all Directors and all Audit & Supervisory Board Members to annually analyze and evaluate the effectiveness of the Board of Directors, and disclose the results in the Corporate Governance Report
2017	Foster greater transparency and objectivity in business decision-making, with the Board of Directors accepting diverse opinions and advice from the outside officers with regard to major business topics including appointments, remuneration and other governance matters	Establishment of the Management Advisory Committee comprising all Outside Directors, all Outside Audit & Supervisory Board Members, the Chairman and the President (current Nomination & Remuneration Advisory Committee)

	Purpose	Measures
2019	Further strengthen corporate governance and improve corporate value by further strengthening the supervisory role of the Board of Directors, by enabling more rapid decision-making and vesting directors who are members of the Audit Committee with voting rights at the Board of Directors meeting	Shift from the “Company with Audit & Supervisory Board” model to that of a “Company with Audit Committee”
2021	Review of regulations regarding the appointment of retirees from the office of Chairman and President as Counselors and Advisors.	Abolish the office of Counselor
	Clarify the roles of the Board of Directors and the executive structure, further enhance the effectiveness of discussions at Board of Directors meetings, and further expedite its decision-making process	Reduce the number of Directors from 12 to 9, and raise the proportion of Outside Directors on the Board of Directors to over 44%
2023	Effective committee administration through greater independence and objectivity	Appoint an Outside Director as chair of the Nomination & Remuneration Advisory Committee
	Strengthening of incentives	Revise the officer remuneration system <ul style="list-style-type: none"> <li>- Revision of remuneration composition ratio and strengthening of short-term incentives</li> <li>- Introduction of an individual performance evaluation system</li> <li>- Introduction of stock-based compensation for Executive Officers</li> </ul>
	Sustainability-related activities, progress with achievement of non-financial targets and KPIs, and responses to risks and earning opportunities	Established the Sustainability Committee, with Outside Directors and full-time Audit Committee Members as observers

## Business Report

(From April 1, 2024 to March 31, 2025)

### 1. Matters concerning the Group's Current Situation

#### (1) Business Progress and Results

During the fiscal year under review, the Japanese economy gradually recovered, as consumer spending and capital investment were rebounding. Although the global economy showed a rebounding trend overall, the outlook remained unclear due to factors such as economic slowdown in China and rising prices in Europe and the U.S. Furthermore, due to the impact of U.S. tariff policies and rapid fluctuations in exchange rates, concerns for economic slowdown are rising in Japan.

Under these circumstances, the Group focused on expanding its business and securing profits by promoting measures based on the three growth strategies: "Business Value Creation," "Human Resources Value Creation," and "Management Value Creation," set forth in the eight-year management plan "Mission 2030" started in fiscal 2023.

As a result, net sales totaled ¥400,251 million, up ¥10,987 million (2.8%) from the previous year owing to sales prices revisions in response to rising raw material and fuel costs and an increase in net income resulting from the weaker yen. In terms of earnings, despite decreased sales volume and an increase in fixed costs affected by currency conversion of the overseas subsidiaries, etc., owing to improvement in trade terms due to the weaker yen, operating income was ¥14,413 million (up ¥1,036 million, or 7.7% year on year), and ordinary income was ¥7,623 million (up ¥2,148 million, or 39.3% year on year). As the bottom line, the Group reported net loss attributable to owners of parent of ¥12,300 million (compared with a net income attributable to owners of parent of ¥11,947 million in the previous fiscal year), due to the recording of extraordinary losses, including a loss on business liquidation associated with the suspension of operations at the Ofuna Plant and an impairment loss on fixed assets at Denka Performance Elastomer LLC, a U.S. subsidiary.

(Reference)

Net sales	¥400.3 billion (YoY +2.8%)
Operating income	¥14.4 billion (YoY +7.7 %)
Ordinary income	¥7.6 billion (YoY +39.3%)
Net loss attributable to owners of parent	¥12.3 billion (YoY -%) (*Net income of ¥11.9 billion in the previous fiscal year)

Results of operations by division are described below.

#### Electronics & Innovative Products Division

**(Sales: ¥92,203 million; Operating Income: ¥ 9,168 million)**

Principal products: Electronic packaging materials, fine ceramics, fused silica, acetylene black, electronic circuit substrates, industrial tapes, etc.

Demand for spherical alumina and silica for semiconductors for PCs and smartphones only showed moderate recovery, but their demand for semiconductors for generative AI expanded, resulting in increased sales overall. Demand for high-performance film for electronic components also gradually recovered, resulting in increased sales. In addition, sales of acetylene black fell below the previous year for xEV but exceeded the previous year for high-voltage cables, resulting in increased sales of this material overall. Additionally, an increase in sales volume of ALONBRIGHT, SiAION phosphor for LED contributed to increased sales, demand for a high-reliability heat dissipation plate ALSINK recovered in railway applications and expanded in direct current transmission applications for renewable energy, resulting in increased sales. In contrast, sales volume of ceramic circuit boards significantly fell below the previous year, resulting in decreased sales.

As a result, division sales increased by ¥4,364 million, or 5.0%, year on year to ¥92,203 million, while operating income increased by ¥146 million, or 1.6%, year on year to ¥9,168 million.

### **Life Innovation Division**

**(Sales: ¥43,262 million; Operating Income: ¥9,602 million)**

Principal products: Vaccines, diagnostic reagents, oncolytic virus agents, etc.

Shipments of influenza vaccines were on par with the previous year. On the other hand, as for POCT test reagents, demand for tests remained strong but the sufficient supply of dual diagnostic kits for COVID-19 and influenza could not be secured because of temporary suspension of the facility due to production capacity expansion work, and the epidemic settled by the end of the fiscal year, resulting in decreased sales with a decline in sales volume below the previous year. In addition, sales of other test reagents were unchanged from the previous year, and shipments of influenza vaccines remained on par with the previous year.

As a result, division sales decreased by ¥3,816 million, or 8.1%, year on year to ¥43,262 million, while operating income decreased by ¥2,131 million, or 18.2%, year on year to ¥9,602 million.

### **Elastomers & Infrastructure Solutions Division**

**(Sales: ¥111,673 million; Operating Loss: ¥7,962 million)**

Principal products: Chloroprene rubber, cement, special cement additives, fertilizers, calcium carbide, fire resistant materials, environmental materials, etc.

As demand for chloroprene rubber remained sluggish, sales volume remained at the same level as the previous year. In terms of costs, an increase of the fixed costs and rising raw material prices strained the financial results of Denka Performance Elastomer LLC, a subsidiary in the U.S. In addition, sales of corrugated pipes and cement for agricultural and civil engineering applications also remained at the same level as the previous year. However, sales of special cement additives fell below the previous year due to an impact of construction delays and other factors.

As a result, division sales increased by ¥318 million, or 0.3%, year on year to ¥111,673 million, and operating loss was ¥7,962 million (compared with operating loss in the previous fiscal year of ¥9,295 million).

### **Polymer Solutions Division**

**(Sales: ¥135,365 million; Operating Income: ¥1,154 million)**

Principal products: Styrene monomer, polystyrene resin, ABS resin, CLEAREN, heat-resistant resin, transparent resin, POVAL, synthetic fiber for wigs, food packaging materials, etc.

The division proceeded with a price revision for each product in response to rising raw material and fuel prices. In terms of sales volume, MS resins of Denka Singapore Pte. Ltd. remained the same level as the previous year, and AS/ABS resins and transparent resins exceeded the previous year. Also, as demand for sheets for food wrapping materials and its processed products, and the TOYOKALON<sup>®</sup> synthetic fiber for wigs remained weak, sales remained at the same level as the previous year.

As a result, division sales increased by ¥11,125 million, or 9.0%, year on year to ¥135,365 million, and operating income was ¥1,154 million (compared with operating loss in the previous fiscal year of ¥102 million).

### **Others Division**

**(Sales: ¥17,746 million; Operating Income: ¥2,395 million)**

Principal business: Plant engineering, etc.

Transaction volumes of Akros Trading Co. Ltd. and other trading companies remained roughly unchanged year on year.

As a result, division sales decreased by ¥1,004 million, or 5.4%, year on year to ¥17,746 million, while operating income increased by ¥498 million, or 26.3%, year on year to ¥2,395 million.

## **(2) Capital Investment**

Under the “Mission 2030” management plan launched in fiscal 2023, the Company is working to enhance its corporate value by focusing on the three growth strategies of “Business Value Creation,” “Human Resources Value Creation,” and “Management Value Creation.” For capital investment, the Group has planned cumulative capital investment to reach ¥540.0 billion, including 360.0 billion yen in strategic investments in the eight-year term. However, in response to changing assumptions in the management plan, the Group is focusing management resources on carefully selected investment projects with a target of reducing 100.0 billion yen. In the fiscal year, capital investments of ¥69,173 million were made, including capital investments decided in previous years.

In the Electronics & Innovative Products Division, in response to megatrends such as semiconductors of ICT & Energy, xEVs and renewable energy, capital investments of ¥40,860 million were made for the construction projects, including the production capacity enhancement of the next-generation functional spherical fillers and silicon nitride at the Company’s Omuta Plant, manufacturing plant construction work for low-dielectric organic insulating material SNECTON at the Company’s Chiba Plant, and the acetylene black production plant at Denka SCGC Advanced Materials Co., Ltd., a newly established consolidated subsidiary in Thailand.

In the Life Innovation Division, capital investments of ¥10,613 million were made as an investment in the “Healthcare” area, production capacity enhancement work for rapid antigen diagnostic kits and test reagents at the Company’s Gosen Site.

In the Elastomers & Infrastructure Solutions Division, capital investments of ¥11,681 million were made in the Company’s Omi Plant and others.

In the Polymer Solutions Division, capital investments of ¥6,004 million were made in the Company’s Chiba Plant and others.

Completed major facility construction in the fiscal year under review include installation of new production equipment for heat dissipation sheets at the Company’s Shibukawa Plant for the Electronics & Innovative Products Division and the production capacity enhancement construction for spherical silica at Denka Advantech Pte., Ltd., a consolidated subsidiary in Singapore.

## **(3) Financing**

In fund procurement, the Company did not obtain any financing through the issue of new shares or corporate bonds during the fiscal year under review.

## **(4) Issues to Be Addressed**

The Group has been promoting its management plan “Mission 2030” since fiscal 2023, which aims to enhance enterprise value through the three growth strategies of “Business Value Creation,” “Human Resources Value Creation,” and “Management Value Creation.”

However, amid global upheavals, the business environment surrounding the Company has changed more significantly than anticipated at the time the planning, leading to a downturn in performance. In fiscal 2024, we focused on three key initiatives to overcome this situation.

The first initiative is the steady implementation of portfolio transformation under “Business Value Creation.” With the profitability improvement of the chloroprene rubber business positioned as the top priority, Denka Performance Elastomer LLC (“DPE”), our chloroprene rubber production subsidiary in the U.S., recorded an extraordinary loss on related noncurrent assets, and the Company decided to suspend of Chloroprene Rubber Production.

DPE is facing difficulties in improving profitability in the near term due to rising costs, declining production volumes, staffing challenges, and a weakening global economic environment for chloroprene. In terms of costs, DPE has been incurring substantial expenses for the installation and operation of pollution control equipment to reduce chloroprene emissions—equipment that was not anticipated when the production facilities were acquired from DuPont de Nemours, Inc., in 2015. In addition, inflation in the U.S. in recent years has accelerated increases in the cost of key raw materials and repair work, further escalating overall costs. On the production side, DPE is also contending with operational constraints arising from the emission reduction measures, supply chain disruptions, and unplanned shutdowns caused by natural disasters, all of which have contributed to declining output. Furthermore, demand for chloroprene rubber has decreased due to changes in the global economic environment, placing further pressure on the Group’s profits.

As a result of these circumstances, the Company recorded an extraordinary loss on the related noncurrent assets of DPE, and DPE has suspended of Chloroprene Rubber Production. Looking ahead, DPE will explore all possible options for the business, including a potential sale of the business or its

assets, and will steadily advance fundamental restructuring measures for the chloroprene rubber business. While no decision has been made at this time regarding the permanent closure of the manufacturing facilities, we have begun supplying customers with products from our existing inventory as well as from our Omi Plant.

In addition, the Company has decided to cease operations at the Ofuna Plant. The plant's mainstay product, "Toyokalon<sup>®</sup>," a synthetic fiber for wigs, will be integrated into the operations at our subsidiary in Singapore. Through structural reforms aimed at cost reduction and a shift to new products, we will work to improve profitability and transition the business into a high-margin operation. CARALYAN<sup>®</sup> Y FILM, another product manufactured at the same site, has experienced a continued decline in sales volume, and future prospects for sustaining or expanding the business are limited. Consequently, we have determined that it will be difficult to continue operations for CARALYAN<sup>®</sup> Y FILM, a key raw material, as a standalone business, and plan to exit both businesses. Since the plant site has no viable uses within the Group, we intend to transfer the property to improve capital efficiency.

While advancing business downsizing and withdrawal in certain areas, we also launched SNECTON<sup>®</sup>, a new product in our strategic focus area of ICT & Energy. SNECTON<sup>®</sup> is a low-dielectric organic insulating resin that offers the electrical properties required to reduce signal transmission loss in next-generation high-speed communications. Sales have commenced for use in copper-clad laminates for various high-speed communication devices, and adoption is under consideration for applications such as flexible copper-clad laminates and a variety of interlayer insulation materials. The product is expected to see deployment across a broad range of applications, including PCs, smartphones, data centers, mobile base stations, wearable devices, and automobiles, and we aim to grow it into a core pillar of our business. In parallel, we are also promoting the creation of new businesses through investments and partnerships with startups possessing cutting-edge technologies around the world. In fiscal 2024, we made investments in a startup developing wearable electronic stethoscopes and another with proprietary high-performance optical film technology, thereby driving both the transformation of existing businesses and the development of new business domains.

The second initiative is the review of our investment plan. Under the management plan "Mission 2030," we initially planned total investments of ¥540.0 billion over eight years, including ¥360.0 billion in strategic investments. Following a reassessment, we now aim to reduce overall investment spending by ¥100.0 billion. While working to reduce the total investment amount through more apparent prioritization of projects, further selection of investment themes, and rescheduling of non-urgent initiatives, we are also focusing our management resources on carefully selected key investments that are essential to driving the Company's future growth.

In fiscal 2024, we made strategic capital investments across our priority business areas. In the ICT & Energy field, in addition to previously approved projects, such as capacity expansions for next-generation high-performance spherical fillers and silicon nitride, and the construction of an acetylene black production facility at our consolidated subsidiary in Thailand, we also decided to build a new manufacturing plant for SNECTON<sup>®</sup>, our newly launched low-dielectric organic insulating material. In the Healthcare field, we proceeded with capital investments to expand production capacity for antigen rapid diagnostic kits and test reagents. These investments are critical to the Company's long-term growth, and we will continue to drive business development by capturing opportunities in expanding markets.

The third initiative is the company-wide cost reduction and best practice projects launched in April 2024. While cost reduction efforts had previously been carried out using internal expertise, these projects fully incorporate external knowledge, such as cost benchmarking and optimal cost reduction methodologies, and are being executed under the direct oversight of top management. In fiscal 2024, we achieved cost reductions of approximately ¥1.3 billion, exceeding the initial target of ¥1.0 billion, through initiatives such as lower raw material costs, reduced selling expenses, and more efficient capital investments. Toward our final goal of achieving ¥10.0 billion in cost reductions by fiscal 2026, we will continue to pursue these initiatives with determination, ensuring steady progress from planning to execution.

As outlined above, in fiscal 2024, we focused on three key initiatives to address the impact of changes in the assumptions underlying our management plan, which led to a decline in business performance. However, as a result of advancing structural reforms, including the impairment of fixed assets and temporary suspension of manufacturing facilities at DPE, as well as the shutdown of operations at the Ofuna Plant, we were compelled to record a significant extraordinary loss, resulting in a substantial net

loss for the fiscal year. Looking ahead, we intend to review our management plan in light of the changes in assumptions; however, there will be no change to our fundamental policies or long-term strategies. To ensure the steady realization of outcomes from these initiatives, we will foster a corporate culture and strengthen our organizational foundation that promotes “Initiative,” one of our core values. With a sense of urgency, we will drive execution and work to return our performance to a sustainable growth trajectory.

Established in 1915 for the production and sale of carbide and calcium cyanamide, the Company celebrated its 110th anniversary in May of this year. Since its founding, our predecessors have remained committed to contributing to society through manufacturing, boldly embracing new business opportunities. Over the years, we have continued to expand our operations across a broad spectrum of fields, from electronic materials and synthetic rubber and resins to vaccines and diagnostic reagents in the healthcare area. This ability to adapt to change and create value for society is not only the hallmark of our 110-year history, but also an enduring part of the Denka Group’s identity—our DNA.

Now, 110 years since our founding, we have reaffirmed the three core values passed down from our predecessors, “Initiative,” “Integrity,” and “Empathy,” as the foundation of all that we do. Guided by our Purpose, “Make the world a better place as specialists in chemistry,” we have also established our Vision by defining the Mission: “By 2030, we will increase the value of our human resources and management, and we will focus on creating business value that combines the three elements of specialty, megatrends, and sustainability.” With a renewed awareness that “Safety,” “Quality,” and the “Environment” are essential prerequisites for all corporate activity, we will remain steadfast in upholding these commitments. Under the banner of “One Denka,” we will act with unity and determination to return our performance to a growth trajectory at the earliest possible stage and rise to the challenge of realizing our Vision.

**(5) Financial Position and Results of Operations**

(Millions of yen, unless otherwise stated)

Item	163rd term (from April 1, 2021 to March 31, 2022)	164th term (from April 1, 2022 to March 31, 2023)	165th term (from April 1, 2023 to March 31, 2024)	166th term (from April 1, 2024 to March 31, 2025)
Net sales	384,849	407,559	389,263	400,251
Operating income	40,123	32,324	13,376	14,413
Ordinary income	36,474	28,025	5,474	7,623
Net income (loss) attributable to owners of parent	26,012	12,768	11,947	(12,300)
Net income (loss) per share (yen)	301.67	148.8	138.61	(142.73)
Total assets	557,646	592,158	616,244	655,524
Total net assets	292,094	300,351	316,915	308,296
Net assets per share (yen)	3,345.34	3,438.28	3,568.69	3,436.95
Total shareholders' equity ratio (%)	51.7	50.1	49.9	45.2
Return on equity (ROE) (%)	9.4	4.4	4.0	(4.1)
Total dividends paid	12,510	8,627	8,627	8,627
Dividends per share (yen)	145.00	100.00	100.00	100.00

- Notes: 1. Net income per share is calculated using the average number of shares issued and outstanding excluding treasury shares. Net assets per share are calculated using the number of shares issued and outstanding at the end of the fiscal year excluding treasury shares.
2. For total dividends paid and dividends per share for the 166th term, the sum of the interim dividend paid in December 2024 and the dividend proposed for resolution at this Ordinary General Meeting of Shareholders is indicated.

**(6) Significant Subsidiaries (as of March 31, 2025)**

## 1) Significant subsidiaries

Company name	Capital	The Company's percentage of equity participation	Principal business
Denka Chemicals Holdings Asia Pacific Pte., Ltd.	USD 68,700 thousand	100.0	Regional headquarters for Southeast and South Asia
Denka Singapore Pte., Ltd.	SGD 69,410 thousand	100.0 (100.0)	Manufacturing and sales of acetylene black and functional resin products
Denka Advantech Pte., Ltd.	SGD 17,000 thousand	100.0 (100.0)	Manufacturing and sales of fused silica, spherical alumina, and synthetic fiber for wigs and hairpieces
Denal Silane Co., Ltd.	JPY 500 million	51.0	Manufacturing and sales of monosilane gas, etc.
Denka Advanced Materials (Suzhou) Co., Ltd.	CNY 55,440 thousand	100.0	Manufacturing, processing, and sales of electronic packaging materials
Denka Electronic Materials Dalian Co., Ltd.	JPY 1,000 million	100.0	Processing and sales of electronic materials
Denka Advanced Materials Vietnam Co., Ltd.	USD 12,000 thousand	100.0 (100.0)	Manufacturing and sales of electronic packaging materials and vinyl tapes
Denka SCGC Advanced Materials Co., Ltd.	THB 7,219,191 thousand	60.0 (35.0)	Manufacturing and sales of acetylene black
Denka Performance Elastomer LLC	USD 121,000 thousand	70.0 (70.0)	Manufacturing and sales of synthetic rubbers
Hinode Kagaku Kogyo	JPY 300 million	100.0	Manufacturing and sales of fertilizers and chemical products
Denka RENOTEC Co., Ltd.	JPY 50 million	100.0	Repair, design, engineering, and management work for concrete structures
Denka Azumin Co., Ltd.	JPY 300 million	100.0	Manufacturing and sales of fertilizers and agricultural materials
Denka Inorganic Materials (Tianjin) Co., Ltd.	JPY 250 million	100.0	Manufacturing and sales of special cement additives
Denka Infrastructure Malaysia Sdn Bhd.	MYR 8,649 thousand	100.0 (100.0)	Manufacturing and sales of construction chemicals
Denka Construction Solutions Malaysia Sdn Bhd.	MYR 1,500 thousand	100.0 (100.0)	Manufacturing and sales of construction chemicals
PT. Hissan Trading Indonesia	IDR 10,001,376 thousand	100.0 (100.0)	Sales of special cement additives, etc. in Indonesia
DENKA Polymer Co., Ltd.	JPY 2,080 million	100.0	Manufacturing and sales of various packaging materials and plastic containers
Denka Astec Co., Ltd.	JPY 50 million	100.0	Manufacturing, processing, and sales of rain gutters
Denka Chemicals Shanghai Co., Ltd.	USD 2,000 thousand	100.0	Sales of various products and headquarters for Group companies in China
Denka Chemicals GmbH	EUR 256 thousand	100.0	Import, export, and sales of chemical and electronics products

Company name	Capital	The Company's percentage of equity participation	Principal business
Denka Consultant & Engineering Co., Ltd.	JPY 50 million	100.0	Design and engineering of various industrial facilities, transportation facilities, etc.
Akros Trading Co., Ltd.	JPY 1,200 million	77.4	Sales of inorganic industrial products, organic industrial products, civil engineering and construction materials, interior materials, etc.
Akros Trading China Co., Ltd.	USD 300 thousand	100.0 (100.0)	Sales of electronic packaging materials, etc.
Akros Trading Taiwan Co., Ltd.	TWD 29,000 thousand	100.0 (100.0)	Sales of resins and semiconductor-related materials, etc.

- Notes:
1. The Company's percentage of equity participation is calculated by dividing the number of shares held by the Company by the number of shares issued and outstanding. The figure within parentheses indicates the percentage of indirect ownership by subsidiaries.
  2. The capital of Denka SCGC Advanced Materials Co., Ltd. represents the paid-in capital of THB 7,219,191 thousand out of the registered capital of THB 7,258,560 thousand.
  3. Nishi-nihon Koatsu Gas Co., Ltd. is no longer a subsidiary of Denka Co., Ltd., as all shares of the company were transferred on June 28, 2024.
  4. As a portion of shares of Denka RENOTEC Co., Ltd. was transferred on April 1, 2025, the shareholding ratio of Denka Co., Ltd. in the company is 49.0%.

## 2) Significant affiliates

Company name	Capital	The Company's percentage of equity participation	Principal business
Toyo Styrene Co., Ltd.	JPY 5,000 million	50.0	Manufacturing processing sales of polystyrene resin and styrene-based special resin
Denak Co., Ltd.	JPY 600 million	50.0	Manufacturing and sales of monochloroacetic acid
Kurobegawa Power Plant	JPY 3,000 million	50.0	Operation of electric power business and other incidental business

**(7) Principal Business Details (as of March 31, 2025)**

The Company manufactures and sells the following products.

Business division	Main products
Electronics & Innovative Products Division	Electronic packaging materials, fine ceramics, fused silica, acetylene black, electronic circuit substrates, industrial tapes, etc.
Life Innovation Division	Vaccines, diagnostic reagents, oncolytic virus agents, etc.
Elastomers & Infrastructure Solutions Division	Chloroprene rubber, cement, special cement additives, fertilizers, calcium carbide, fire resistant materials, environmental materials, etc.
Polymer Solutions Division	Styrene monomer, polystyrene resin, ABS resin, CLEAREN, heat-resistant resin, transparent resin, POVAL, synthetic fiber for wigs, food packaging materials, etc.
Others Division	Plant engineering, etc.

**(8) Principal Offices and Factories (as of March 31, 2025)**

Company name	Principal offices
Denka Co., Ltd.	Head Office: 1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo Branches: Tokyo, Osaka, Nagoya, Fukuoka, Kanetsu (Saitama), Sapporo Plants: Omi (Itoigawa, Niigata Prefecture), Omuta, Chiba (Ichihara, Chiba Prefecture), Shibukawa, Ofuna (Kamakura, Kanagawa Prefecture), Isesaki, Gosen Research Institutes: Denka Innovation Center (Machida, Tokyo)
Denka Chemicals Holdings Asia Pacific Pte., Ltd.	Head Office: Singapore
Denka Singapore Pte., Ltd.	Head Office and Plants: Singapore
Denka Advantech Pte., Ltd.	Head Office and Plant: Singapore
Denal Silane Co., Ltd.	Head Office: Chuo-ku, Tokyo
Denka Advanced Materials (Suzhou) Co., Ltd.	Head Office and Plant: Suzhou, Jiangsu, China
Denka Electronic Materials Dalian Co., Ltd.	Head Office and Plant: Dalian, Liaoning, China
Denka Advanced Materials Vietnam Co., Ltd.	Head Office and Plant: Hung Yen, Vietnam
Denka SCGC Advanced Materials Co., Ltd.	Head Office and Plant: Rayong, Thailand
Denka Performance Elastomer LLC	Head Office and Plant: Louisiana, United States
Hinode Kagaku Kogyo	Head Office and Plant: Maizuru, Kyoto Prefecture
Denka RENOTEC Co., Ltd.	Head Office: Chuo-ku, Tokyo
Denka Azumin Co., Ltd.	Head Office and Plant: Hanamaki, Iwate Prefecture
Denka Inorganic Materials (Tianjin) Co., Ltd.	Head Office and Plant: Tianjin, China
Denka Infrastructure Malaysia Sdn Bhd.	Head Office and Plant: Selangor, Malaysia
Denka Construction Solutions Malaysia Sdn Bhd.	Head Office and Plant: Selangor, Malaysia
PT. Hissan Trading Indonesia	Head Office: Jakarta, Indonesia
DENKA Polymer Co., Ltd.	Head Office: Koto-ku, Tokyo Plants: Sakura, Katori (Tako-machi, Chiba Prefecture), Goi (Ichihara, Chiba Prefecture)

Company name	Principal offices
Denka Astec Co., Ltd.	Head Office: Minato-ku, Tokyo Plant: Kasai, Hyogo Prefecture
Denka Chemicals Shanghai Co., Ltd.	Head Office: Shanghai, China
Denka Chemicals GmbH	Head Office: Düsseldorf, Germany
Denka Consultant & Engineering Co., Ltd.	Head Office: Ichihara, Chiba Prefecture
Akros Trading Co., Ltd.	Head Office: Minato-ku, Tokyo
Akros Trading China Co., Ltd.	Head Office: Shanghai, China
Akros Trading Taiwan Co., Ltd.	Head Office: Hsin-Chu, Taiwan

- Notes: 1. Nishi-nihon Koatsu Gas Co., Ltd. is no longer a subsidiary of Denka Co., Ltd., as all shares of the company were transferred on June 28, 2024.
2. As a portion of shares of Denka RENOTEC Co., Ltd. was transferred on April 1, 2025, the shareholding ratio of Denka Co., Ltd. in the company is 49.0%.

**(9) Employees** (as of March 31, 2025)

1) The Group

Business segment	Number of employees	
Electronics & Innovative Products Division	1,787	[212]
Life Innovation Division	1,022	[198]
Elastomers & Infrastructure Solutions Division	1,554	[284]
Polymer Solutions Division	1,099	[193]
Others Division	667	[105]
Corporate (common)	413	[79]
Total	6,542	[1,071]

- Notes: 1. The number of employees indicated is the number of full-time employees and the annual average number of temporary employees is indicated in brackets.
2. The number of employees indicated for “Corporate (common)” is the number of employees who belong to administrative divisions that cannot be classified into a specific business.

2) The Company

Number of employees	Increase (Decrease) from the previous fiscal year-end	Average age	Average service years
4,369 [780]	+39 [+59]	40.6	16.0

- Note: The number of employees indicated is the number of full-time employees and the annual average number of temporary employees is indicated in brackets.

**(10) Principal Lenders** (as of March 31, 2025)

Lender	Outstanding borrowings (Millions of yen)
Syndicated loan	74,000
Mizuho Bank, Ltd.	31,921
Sumitomo Mitsui Banking Corporation	10,658
The Norinchukin Bank	8,990
MUFG Bank, Ltd.	6,241

Note: The syndicated loan is managed by Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation and is co-financed.

**(11) Other Significant Matters concerning the Group's Current Situation**

Not applicable.

## 2. Status of Shares (as of March 31, 2025)

(1) Total Number of Authorized Shares	290,000,000 shares
(2) Shares of Common Stock Issued	88,555,840 shares (including 2,285,123 shares of treasury shares)
(3) Number of Shareholders	64,656

### (4) Major Shareholders

Shareholder name	Number of shares held (hundred shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	154,465	17.90
Custody Bank of Japan, Ltd. (Trust Account)	97,707	11.33
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Mizuho Bank Account Account re-entrusted by Custody Bank of Japan, Ltd.	32,158	3.73
STATE STREET BANK AND TRUST COMPANY 505001	28,996	3.36
TAIJU LIFE INSURANCE COMPANY LIMITED	23,816	2.76
Denka Employee Stockholding Association	15,396	1.78
The Nomura Trust and Banking Co., Ltd. (Trust Account)	14,455	1.68
Custody Bank of Japan, Ltd. (Trust Account 4)	11,108	1.29
Mitsui Sumitomo Insurance Company, Limited	11,066	1.28
MITSUI & CO., LTD.	10,874	1.26

Notes: 1. 2,285,123 shares of treasury shares have been excluded from the above list of major shareholders.  
2. Treasury shares are excluded for calculation of the percentage of shares held.

### (5) Other Significant Matters concerning Shares

Not applicable.

## 3. Matters concerning the Company's Stock Acquisition Rights (as of March 31, 2025)

Not applicable.

## 4. Company Officers

### (1) Directors (as of March 31, 2025)

Name	Position	Responsibilities and significant concurrent positions
Manabu Yamamoto	Chairman and Director	
Toshio Imai	Representative Director, President	President and Chief Executive Officer
Kazuo Takahashi	Representative Director	Senior Managing Executive Officer Chief Technical Officer (CTO) In charge of Purchasing & Logistics Dept., Environment and Safety Dept., Quality Assurance Dept., Engineering Dept.
Ikuo Ishida	Director	Managing Executive Officer Chief Human Resource Officer (CHRO) Chief Compliance Officer (CCO) In charge of Corporate Planning Dept., Best Practice Promoting Dept., HR Dept., Denka Corporation, Denka Chemicals GmbH, Chinese Business
Rumiko Nakata	Director (Outside)	Outside Director of the Board, Kyowa Kirin Co., Ltd.
Mizuhiro Uchida	Director (Full-time Audit Committee Member)	
Toshio Kinoshita	Director (Outside) (Audit Committee Member)	Chairman and Director of Global Professional Partners Outside Director of TACHI-S CO., LTD.
Akio Yamamoto	Director (Outside) (Audit Committee Member)	
Miyuki Matoba	Director (Outside) (Audit Committee Member)	General Manager, Intellectual Property and Legal Div. and compliance supervisor of NITTO KOHKI CO., LTD.

- Notes:
1. Directors Ms. Rumiko Nakata, Mr. Toshio Kinoshita, Mr. Akio Yamamoto, and Ms. Miyuki Matoba are outside directors as stipulated in Article 2, Item 15 of the Companies Act.
  2. Director who is an Audit Committee Member, Mr. Toshio Kinoshita is a certified public accountant, and has an adequate level of knowledge regarding finance and accounting.
  3. Mr. Toshio Kinoshita, a Director who is an Audit Committee Member, retired as President and Representative Director of Global Professional Partners in December 2024 and assumed the position of Chairman and Director of the company starting in January 2025.
  4. The Company has appointed Director Mr. Mizuhiro Uchida as a Full-time Audit Committee Member, in order to enhance the effectiveness of audits through better information gathering and sufficient coordination with the Internal Control Dept., etc., and thereby strengthen audit and supervisory functions.
  5. The Company designated Directors Ms. Rumiko Nakata, Mr. Toshio Kinoshita, Mr. Akio Yamamoto, and Ms. Miyuki Matoba as independent officers as defined by Tokyo Stock Exchange, Inc. and notified it of the designation.
  6. Director who is an Audit Committee Member Ms. Miyuki Matoba has assumed the position of Vice-President of the Tokyo Bar Association in April 2025.

## (Reference) Executive Officers (as of April 1, 2025)

Title	Name	Responsibility
President and Chief Executive Officer	Ikuo Ishida	
Senior Managing Executive Officer	Rimiru Hayashida	Chief Financial Officer (CFO) Chief Supply Chain Officer (CSCO) In charge of the Accounting Dept., Financial Strategy Dept., Corporate Communications Dept., Purchasing Dept., and Logistics Dept.
Managing Executive Officers	Yukio Sasagawa	General Manager, Gosen Site
	Masanobu Kosaka	Chief Technical Officer (CTO) In charge of Production & Process Technology Dept., Digital Strategy & Innovation Dept., Engineering Dept.
	Kei Hara	Chief Human Resource Officer (CHRO) Chief Compliance Officer (CCO) In charge of Corporate Planning Dept., Best Practice Promoting Dept., HR Dept., Denka Corporation, Denka Chemicals GmbH, Chinese Business
Executive Officers	Michio Kawamura	In charge of Environment and Safety Dept., Quality Assurance Dept., Sustainability Promotion Dept.
	Masahiro Kawai	Managing Director, DCHA, DSPL, DAPL
	Takeshi Hagiwara	General Manager, Omi Plant
	Masahiro Omata	General Manager, Polymer Solutions
	Hiroto Horiuchi	General Manager, Electronics & Innovative Products
	Tetsuo Noguchi	General Manager, Shibukawa Plant
	Koji Nishimura	General Manager, Omuta Plant
	Taro Inada	General Manager, Life Innovation
	Akinori Adachi	In charge of Administrative Dept., Legal Dept., Secretary Dept., Internal Control Dept.
	Muneatsu Miida	President of Denka Performance Elastomer LLC
	Hiromichi Awada	General Manager, Chiba Plant
	Akira Kasahara	General Manager, Accounting Dept.
	Koya Takahashi	General Manager, Elastomers & Infrastructure Solutions
	Masahide Yamada	Chief Scientific Officer (CSO) General Manager, New Business Development General Manager, Innovation Center

Notes: DCHA: Denka Chemicals Holdings Asia Pacific Pte., Ltd.

DSPL: Denka Singapore Pte., Ltd.

DAPL: Denka Advantech Pte., Ltd.

**(2) Directors Who Retired during the Fiscal Year Under Review**

Name	Date of retirement	Reason for retirement	Position, responsibilities, and significant concurrent positions at the time of retirement
Yoshiyuki Fukuda	June 20, 2024	Expiration of term of office	Director (Outside)

**(3) Summary of Liability Limitation Agreements**

Based on Article 427, Paragraph 1 of the Companies Act, the Company currently has liability limitation contracts with Outside Directors Ms. Rumiko Nakata, Mr. Toshio Kinoshita, Mr. Akio Yamamoto, and Ms. Miyuki Matoba that limit their liability for damages provided for in Article 423, Paragraph 1 of said Act.

The limit of liability under the contract is set to a predefined amount of ¥5 million or more or the amount stipulated by laws and regulations, whichever is higher.

**(4) Summary of Directors and Officers Liability Insurance**

The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The Company's Directors (including Directors who are Audit Committee Members), Executive Officers, and Directors, Audit & Supervisory Board Members, and Executive Officers of some of the Company's Group companies are insured parties under the contract. As a rule, the insured parties are not responsible for paying insurance premiums.

The Directors and officers liability insurance covers legal damages and litigation expenses in the event that a claim for damages is made against the insured persons due to an act committed by an insured person in his/her capacity as such. However, measures have been implemented to ensure that proper execution of duties by officers, etc. is not impaired. These include an exclusion where the Company makes a claim for damages against the insured parties, as well as the establishment of a deductible amount.

**(5) Remuneration and Other Payments to Directors**

**1) Policy on the determination of remuneration and other payments to individual Directors**

The Board of Directors of the Company has decided on the following policy for determining remuneration and other payments to individual Directors (hereinafter referred to as the Decision Policy), after receiving recommendations and proposals from the Nomination & Remuneration Advisory Committee.

[Basic Policy]

Remuneration for individual Directors (excluding Directors who are Audit Committee Members; the same applies hereinafter) shall be in accordance with each Director's roles and responsibilities and performance, and shall be determined by the Board of Directors after receiving recommendations and proposals from the Nomination & Remuneration Advisory Committee, and set forth in internal regulations, in order to enhance objectivity and transparency.

The structure of Directors' remuneration shall, in addition to a fixed monthly amount of basic remuneration, consist of performance-linked cash remuneration, designed to increase motivation to improve the Company-wide and individual performance for each fiscal year, and stock remuneration, designed to increase motivation to contribute to improving medium- and long-term performance and enhancing corporate value. These function as sound incentives to maintain growth. However, in view of the duties performed by Outside Directors and non-executive Directors, remuneration for these Directors shall consist solely of basic remuneration.

[Policy on the determination of remuneration and other payments to individual Directors]

- i) Policy on the determination of the amount and calculation method of basic cash remuneration  
Basic remuneration shall be determined in accordance with each Director's roles and responsibilities, taking into consideration factors such as the level of employee pay. It shall be paid in a fixed amount every month.
- ii) Policy on the determination of the performance indicators, amount, and calculation method of performance-linked cash remuneration  
Performance-linked remuneration shall consist of Company-wide performance-linked remuneration and individual performance-linked remuneration. However, the Chairman and President shall receive only Company-wide performance-linked remuneration, excluding the Chairman without representative rights (non-executive Director).

The total amount of Company-wide performance-linked remuneration shall be determined with reference to consolidated operating income, a key indicator under the Company's management plan. It shall then be allotted in accordance with each Director's roles and responsibilities, and paid promptly after the financial results are finalized. However, if consolidated operating income is below a certain level, or a massive extraordinary loss is recorded, or if a serious compliance breach has occurred, then no payment shall be made, or the payment amount shall be reduced.

Individual performance-linked remuneration shall be linked to each Director's individual evaluation of the achievement and others of financial and non-financial targets, and shall be paid promptly after the financial results are finalized in accordance with internal regulations determined by the Company in advance.

- iii) Policy on the determination of the details, amount, and calculation method of stock remuneration  
The stock remuneration scheme shall utilize a trust structure. Points shall be granted to Directors each month in accordance with rank, based on stock delivery regulation established by the Company, and shares of the Company's stock shall be delivered to Directors through the trust on retirement, based on the number of points they have accumulated.  
The maximum amount of money to be contributed by the Company to the trust for the purpose of delivering the Company's shares to Directors shall be ¥40 million per year.
- iv) Policy on the determination of the proportions of the total amount of remuneration paid as basic remuneration, performance-linked remuneration, and stock remuneration  
No policy is established specifically to determine the proportion of Directors' remuneration to be paid as basic remuneration, performance-linked remuneration, and stock remuneration. However, if the operating income target under the management plan is achieved, and the evaluation of individual performance-linked compensation is standard, then the proportions will be approximately 60%, 30%, and 10% respectively.
- v) Method used to determine remuneration and other payments to individual Directors  
The details of remuneration and other payments to individual Directors shall be determined by the Board of Directors, after receiving recommendations and proposals from the Nomination & Remuneration Advisory Committee, and set forth in internal regulations.  
The individual performance-linked component of the remuneration for Directors shall be determined by the President, who has been delegated this authority, after individual evaluation in accordance with the internal regulations determined by the Board of Directors. In order to ensure that the President exercises this authority appropriately, the Board of Directors shall establish in advance the amount of remuneration linked to individual evaluations in the internal regulations and shall receive reports on the details of such remuneration.

## **2) Reason why the details of remuneration and other payments to individual Directors are judged by the Board of Directors to be in accordance with the Decision Policy**

The Board of Directors establishes the details of remuneration in internal regulation, in accordance with the Decision Policy, after receiving recommendations and proposals from the Nomination & Remuneration Advisory Committee. Remuneration for individual Directors is determined based on these regulations. Therefore, the Board of Directors deems it to be in accordance with the Decision Policy.

The individual performance-linked component of the remuneration for Directors was evaluated individually in accordance with internal regulations by the President, who had been delegated this authority, and the Board of Directors received reports on the details of such a component. However, based on the performance of the Company, both company-wide performance-linked remuneration and individual performance-linked remuneration were withheld for the fiscal year under review.

### 3) Remuneration and other payments to Directors

Category	Number of persons	Amount of remuneration, etc. (Millions of yen)	Breakdown					
			Cash remuneration				Stock remuneration	
			Basic remuneration		Performance-linked remuneration			
			Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)
Directors (excluding Directors who are Audit Committee Members) [of which Outside Directors]	6 [2]	203 [12]	6 [2]	181 [12]	– [–]	– [–]	3 [–]	21 [–]
Director (Audit Committee Member) [of which Outside Directors]	4 [3]	77 [38]	4 [3]	77 [38]	– [–]	– [–]	– [–]	– [–]
Total [of which Outside Directors]	10 [5]	280 [51]	10 [5]	258 [51]	– [–]	– [–]	3 [–]	21 [–]

- Notes:
1. The maximum amount of cash compensation remuneration for Directors (excluding Directors who are Audit Committee Members) is ¥490 million per year (of which the maximum amount of remuneration for Outside Directors is ¥40 million, excluding the portions of their salaries as employees) as resolved at the 160th Ordinary General Meeting of Shareholders held on June 20, 2019. There were 7 Directors (excluding Directors who are Audit Committee Members) as of the conclusion of the Ordinary General Meeting of Shareholders, including 2 Outside Directors.
  2. The maximum amount of remuneration for Directors who are Audit Committee Members is ¥166 million per year as resolved at the 160th Ordinary General Meeting of Shareholders held on June 20, 2019. There were 5 Directors who were Audit Committee Members as of the conclusion of the 160th Ordinary General Meeting of Shareholders.
  3. Regarding the amount of stock remuneration for Directors (excluding Directors who are Audit Committee Members or Outside Directors), the maximum amount of cash to be contributed by the Company is ¥40 million per year, and the maximum number of points to be awarded to Directors is 110,000 points per year, as resolved at the 160th Ordinary General Meeting of Shareholders held on June 20, 2019. There were 5 Directors (excluding Directors who were Audit Committee Members and Outside Directors) as of the conclusion of the Ordinary General Meeting of Shareholders.
  4. There were 9 Directors as of March 31, 2025. The difference between the total number of Directors shown in the table above and in (1) Directors is because the table above includes remuneration for 1 Director who retired at the conclusion of the 165th Ordinary General Meeting of Shareholders held on June 20, 2024, as stated in (2) Directors who Retired during the Fiscal Year Under Review.
  5. The total amount of stock remuneration is the amount of expenses recorded for the fiscal year under review for the stock remuneration plan that allots shares of the Company (a stock remuneration plan wherein a trust established by the Company makes acquisitions using funds contributed by the Company, and shares of the Company and cash equivalent to the disposal conversion amount of the Company's shares are allotted to Directors (excluding Directors who are Audit Committee Members and Outside Directors) through said trust).
  6. The amount of Company-wide performance-linked component of the performance-linked remuneration paid is determined with reference to the consolidated operating income for each

fiscal year. If consolidated operating income is below a certain level, or massive amount of extraordinary loss is recorded, or if a serious compliance breach has occurred, then no payment is made, or the payment amount is reduced. The reason why consolidated operating income has been selected as an index is because it is a key indicator in the Company's management plan. The trend in operating income for fiscal 2024 and other years is presented in 1. (5) Financial Position and Results of Operations.

The individual performance-linked remuneration for the fiscal year under review was evaluated individually in accordance with internal regulations by Mr. Toshio Imai, who was the Representative Director, President at the end of the fiscal year and who was delegated this authority. He has assumed the position of Chairman and Representative Director since April 1, 2025. The reason why the authority was delegated is that the Representative Director, President, who oversees the overall execution of the Company's operations, was deemed the most suitable person to evaluate the achievement of each Director's financial and non-financial targets. The Board of Directors received reports on the content and confirmed that it is in line with the determination policy. However, based on the performance of the Company, both company-wide performance-linked remuneration and individual performance-linked remuneration were withheld for the fiscal year under review.

## **(6) Outside Officers**

### **1) Significant concurrent positions as business executors at other companies, etc. and the relationship between the Company and such companies, etc.**

Director who is an Audit Committee Member Mr. Toshio Kinoshita is Chairman and Director of Global Professional Partners. There are no significant transactions between the Company and Global Professional Partners.

Director who is an Audit Committee Member Ms. Miyuki Matoba is General Manager of the Intellectual Property and Legal Div. of NITTO KOHKI CO., LTD. There are no significant transactions between the Company and NITTO KOHKI CO., LTD.

### **2) Significant concurrent positions as outside officers etc. at other companies, etc. and the relationship between the Company and such companies, etc.**

Director, Ms. Rumiko Nakata is Outside Director of the Board, Kyowa Kirin Co., Ltd.

There are no significant transactions between the Company and Kyowa Kirin Co., Ltd.

Director who is an Audit Committee Member Mr. Toshio Kinoshita is Outside Director of TACHI-S CO., LTD.

There are no significant transactions between the Company and TACHI-S CO., LTD.

### **3) Relationship with specified related parties such as major customers**

Not applicable.

### **4) Principal activities in the fiscal year ended March 31, 2025**

[Board of Directors meetings]

The Board of Directors met 15 times in the fiscal year ended March 31, 2025. Director, Ms. Rumiko Nakata, attended all 12 meetings held after her appointment as Director on June 20, 2024 (attendance rate: 100%). Directors who are Audit Committee Members, Mr. Toshio Kinoshita, Mr. Akio Yamamoto, and Ms. Miyuki Matoba attended all 15 meetings of the Board of Directors (attendance rate: 100%).

Ms. Rumiko Nakata, based on her rich management experience in human resources strategy and deep knowledge of human capital management, actively made necessary inquiries and recommendations at the Board of Directors.

In addition, as Directors who are Audit Committee Members, Mr. Toshio Kinoshita, based on his experience and rich accounting knowledge as a certified public accountant in Japan and the US, Mr. Akio Yamamoto, based on his rich experience and wide views as a corporate executive and rich international experience serving as a business manager at global companies, and Ms. Miyuki Matoba, based on her rich experience and expert knowledge as a lawyer, actively made necessary inquiries and recommendations.

[Audit Committee]

The Audit Committee met 13 times in the fiscal year ended March 31, 2025. Mr. Toshio Kinoshita, Mr. Akio Yamamoto, and Ms. Miyuki Matoba attended all 13 meetings of the Audit Committee (attendance rate: 100%.) Each member audited the legality and validity associated with the Directors' execution of duty while considering efficiency through close cooperation with the Internal Control Department and other departments. Additionally, the Committee visited the Company's divisions, departments, branches, business sites, and subsidiaries and engaged in activities such as confirmation of hearing and the exchange of opinions for the status of business execution. They also worked on enhancing effectiveness of audit by reporting their opinions to the Board of Directors after the necessary discussions concerning results of these activities at the Audit Committee.

	Board of Directors meetings		Audit Committee	
	Attendance	Attendance rate	Attendance	Attendance rate
Director Ms. Rumiko Nakata	12/12	100%	–	–
Director (Audit Committee Member) Toshio Kinoshita	15/15	100%	13/13	100%
Director (Audit Committee Member) Akio Yamamoto	15/15	100%	13/13	100%
Director (Audit Committee Member) Miyuki Matoba	15/15	100%	13/13	100%

**5) Summary of duties fulfilled by Outside Directors related to their expected roles**

	Expected roles	Summary of duties performed related to expected roles
Director Rumiko Nakata	Recommendations and supervision regarding the Company's management, based on her rich management experience in human resources strategy and deep knowledge of human capital management	Inquiries and recommendations regarding the human resources portfolio across the entire Group, organizational culture transformation, and the personnel evaluation system
Director (Audit Committee Member) Toshio Kinoshita	Supervision and audit of the Company's management, based on his experience and rich accounting knowledge as a certified public accountant in Japan and the US	Inquiries and recommendations regarding business strategies and business portfolio transformation from a financial perspective
Director (Audit Committee Member) Akio Yamamoto	Recommendations and supervision regarding the Company's management, based on his rich experience in Japan and overseas and wide views as a corporate executive, and rich international experience serving as a business manager at global companies	Inquiries and recommendations regarding risk management for fluctuations in domestic and overseas business environments and new business development strategies
Director (Audit Committee Member) Miyuki Matoba	Supervision and audit of the Company's management, based on her rich experience and expert knowledge as a lawyer	Inquiries and recommendations regarding risk management in business portfolio transformation and organizational culture transformation

## 5. Accounting Auditor's Status

### (1) Accounting Auditor's Name

Ernst & Young ShinNihon LLC

### (2) Accounting Auditor's Remuneration, etc. for the Fiscal Year Ended March 31, 2025

	Amount paid (thousands of yen)
Remuneration, etc. for the Accounting Auditor for the fiscal year ended March 31, 2025	105,000
Monetary or property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	142,592

- Notes:
1. Under the audit agreement between the Company and its Accounting Auditor, remuneration for audits based on the Companies Act and that for audits based on the Financial Instruments and Exchange Act are not strictly distinguished and they cannot be substantially distinguished. Consequently, the sum of the amounts of these remunerations is stated as the amount of remuneration, etc. for the Accounting Auditor for the fiscal year ended March 31, 2025.
  2. The Audit Committee of the Company, in observance of the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, has confirmed the time taken to audit each audit item compared to audit plans for previous fiscal years and comparisons with amounts for other companies as disclosed for the fiscal year ended March 31, 2024, and agrees to the fees, etc., of the Accounting Auditor under Article 399, Item 1 of the Companies Act.
  3. Financial statements (including corresponding statements) of some of the Company's significant subsidiaries are audited (subject to regulations of the Companies Act and the Financial Instruments and Exchange Act; including corresponding laws and regulations overseas) by Certified Public Accountants or Audit Corporations (including persons with qualifications that correspond to these qualifications overseas) other than the Company's Accounting Auditor.

### (3) Non-audit Services

The Company pays fees to Ernst & Young ShinNihon LLC mainly for confirmation provided in relation to applications for reduction or exemption under the Japanese renewable energy feed-in-tariff (FIT) scheme.

### (4) Policy for Determination of Dismissal or Non-reappointment of the Accounting Auditor

If the Audit Committee considers that it has become difficult for the Accounting Auditor to perform its duties appropriately or otherwise considers it necessary, the Audit Committee will make a resolution for dismissal or non-reappointment of the Accounting Auditor, and will submit a proposal to the General Meeting of Shareholders.

If it is deemed appropriate to dismiss the Accounting Auditor, because it falls under any item of Article 340, Paragraph 1 of the Companies Act, the Audit Committee will dismiss the Accounting Auditor upon consent of all the Audit Committee Members.

### (5) Disposition of Suspension of Business of the Accounting Auditor during the Past Two Years

Not applicable.

### (6) Summary of Liability Limitation Agreements

Not applicable.

# Consolidated Financial Statements

## Consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Account item	(Reference) 165th term	166th term	Account item	(Reference) 165th term	166th term
<b>(Assets)</b>	<b>616,244</b>	<b>655,524</b>	<b>(Liabilities)</b>	<b>299,329</b>	<b>347,228</b>
<b>Current assets</b>	<b>265,447</b>	<b>270,455</b>	<b>Current liabilities</b>	<b>171,557</b>	<b>230,501</b>
Cash and deposits	35,386	37,002	Notes and accounts payable - trade	54,193	48,023
Notes and accounts receivable - trade, and contract assets	96,431	88,035	Short-term borrowings	46,368	74,679
Merchandise and finished goods	81,235	89,988	Commercial papers	6,000	33,000
Work in progress	5,816	6,565	Current portion of long- term borrowings	5,000	–
Raw materials and supplies	34,565	33,951	Current portion of bonds payable	7,000	15,000
Other	12,262	15,175	Accounts payable - other	19,238	27,556
Allowance for doubtful accounts	(249)	(262)	Income taxes payable	4,479	2,321
			Accrued consumption taxes	946	262
			Accrued expenses	14,673	13,582
<b>Non-current assets</b>	<b>350,796</b>	<b>385,069</b>	Provision for bonuses	2,968	2,909
<b>Property, plant and   equipment</b>	<b>281,880</b>	<b>312,969</b>	Other	10,689	13,166
Buildings	50,557	54,075	<b>Non-current liabilities</b>	<b>127,771</b>	<b>116,727</b>
Structures	30,043	31,719	Bonds payable	30,000	15,000
Machinery and equipment	92,404	98,854	Long-term loans borrowings	80,000	80,000
Vehicles	708	640	Deferred tax liabilities	3,043	3,777
Tools, furniture, and fixtures	4,565	5,239	Deferred tax liabilities for land revaluation	8,367	8,613
Land	63,740	63,674	Retirement benefit liability	657	2,506
Leased assets	3,451	3,823	Provision for share awards	110	145
Construction in progress	36,409	54,942	Other	5,593	6,684
<b>Intangible assets</b>	<b>5,001</b>	<b>3,097</b>	<b>(Net assets)</b>	<b>316,915</b>	<b>308,296</b>
Software	1,429	1,828	<b>Shareholders' equity</b>	<b>266,192</b>	<b>245,698</b>
Goodwill	44	10	Share Capital	36,998	36,998
Patent right	3,527	1,258	Capital surplus	49,405	49,412
<b>Investments and other   assets</b>	<b>63,914</b>	<b>69,002</b>	Retained earnings	187,574	167,074
Investment securities	52,511	48,702	Treasury shares	(7,785)	(7,786)
Long-term loans receivable	101	87	<b>Accumulated other   comprehensive income</b>	<b>41,344</b>	<b>50,483</b>
Long-term prepaid expenses	2,579	3,520	Valuation difference on available-for-sale securities	14,257	12,062
Retirement benefit asset	–	4,316	Deferred gains or losses on hedges	(34)	(56)
Deferred tax assets	6,371	9,988	Revaluation reserve for land	10,407	10,161
Other	2,423	2,465	Foreign currency translation adjustment	16,680	26,104
Allowance for doubtful accounts	(72)	(77)	Remeasurements of defined benefit plans	33	2,210
			<b>Non-controlling interests</b>	<b>9,377</b>	<b>12,114</b>
<b>Total</b>	<b>616,244</b>	<b>655,524</b>	<b>Total</b>	<b>616,244</b>	<b>655,524</b>

(Note) Amounts are rounded down to the nearest million yen.

## Consolidated Statement of Income

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

Account item	(Reference) 165th term		166th term	
<b>Net sales</b>		<b>389,263</b>		<b>400,251</b>
<b>Cost of sales</b>		<b>306,762</b>		<b>315,655</b>
<b>Gross profit</b>		<b>82,501</b>		<b>84,595</b>
Selling, general and administrative expenses		69,124		70,182
<b>Operating income</b>		<b>13,376</b>		<b>14,413</b>
<b>Non-operating income</b>				
Interest and dividend income	1,663		1,362	
Share of profit of entities accounted for using equity method	1,731		1,983	
Other	1,770	5,165	880	4,226
<b>Non-operating expenses</b>				
Interest expenses	1,683		2,093	
Other	11,384	13,067	8,923	11,016
<b>Ordinary income</b>		<b>5,474</b>		<b>7,623</b>
<b>Extraordinary income</b>				
Gain on sale of investment securities	17,442	17,442	367	367
<b>Extraordinary losses</b>				
Impairment losses	–		16,111	
Loss on liquidation of business	7,573		7,852	
Loss on disaster	859		–	
Loss on valuation of shares of subsidiaries and associates	–	8,433	1,110	25,074
<b>Income (loss) before income taxes</b>		<b>14,483</b>		<b>(17,083)</b>
Income taxes - current	5,147		2,995	
Income taxes - deferred	(2,680)	2,466	(3,022)	(26)
<b>Net income (loss)</b>		<b>12,017</b>		<b>(17,056)</b>
Net income (loss) attributable to non-controlling interests		69		(4,756)
<b>Net income (loss) attributable to owners of parent</b>		<b>11,947</b>		<b>(12,300)</b>

(Note) Amounts are rounded down to the nearest million yen.

## Non-consolidated Financial Statements

### Non-consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Account item	(Reference) 165th term	166th term	Account item	(Reference) 165th term	166th term
<b>(Assets)</b>	<b>485,629</b>	<b>502,602</b>	<b>(Liabilities)</b>	<b>267,232</b>	<b>305,496</b>
<b>Current assets</b>	<b>199,992</b>	<b>197,614</b>	<b>Current liabilities</b>	<b>146,669</b>	<b>191,014</b>
Cash and deposits	14,060	9,382	Accounts payable - trade	37,605	35,294
Notes receivable - trade	5,986	5,719	Short-term borrowings	27,675	54,675
Accounts receivable - trade	67,951	58,788	Commercial paper	6,000	33,000
Merchandise and finished goods	66,875	75,164	Current portion of long-term borrowings	5,000	–
Work in progress	5,435	6,235	Current portion of bonds payable	7,000	15,000
Raw materials and supplies	27,072	27,633	Accounts payable - other	17,073	13,883
Prepaid expenses	2,096	2,417	Income taxes payable	2,975	497
Short-term loans receivable	308	1,321	Accrued consumption taxes	626	–
Other	10,214	11,014	Accrued expenses	11,253	9,725
Allowance for doubtful accounts	(10)	(64)	Deposits received	24,808	22,255
<b>Non-current assets</b>	<b>285,636</b>	<b>304,987</b>	Provision for bonuses	2,340	2,227
<b>Property, plant and equipment</b>	<b>222,658</b>	<b>239,888</b>	Other	4,311	4,455
Buildings	41,980	47,319	<b>Noncurrent liabilities</b>	<b>120,562</b>	<b>114,481</b>
Structures	23,565	24,867	Bonds payable	30,000	15,000
Machinery and equipment	66,081	79,228	Long-term borrowings	80,000	80,000
Vehicles	635	603	Deferred tax liabilities for land revaluation	8,367	8,613
Tools, furniture and fixtures	3,614	4,350	Provision for stock benefits	110	145
Land	61,980	62,173	Provision for loss on business of subsidiaries and associates	–	8,677
Leased assets	167	162	Asset retirement obligations	1,825	1,826
Construction in progress	24,633	21,182	Other	258	218
<b>Intangible assets</b>	<b>1,464</b>	<b>1,958</b>	<b>(Net assets)</b>	<b>218,397</b>	<b>197,105</b>
Software	1,141	1,658	<b>Shareholders' equity</b>	<b>195,926</b>	<b>177,051</b>
Patent right	322	300	<b>Share Capital</b>	<b>36,998</b>	<b>36,998</b>
<b>Investments and other assets</b>	<b>61,513</b>	<b>63,140</b>	<b>Capital surplus</b>	<b>49,284</b>	<b>49,284</b>
Investment securities	22,966	19,903	Legal capital surplus	49,284	49,284
Shares of subsidiaries and associates	28,487	29,842	Other capital surplus	0	–
Long-term loans receivable	101	87	<b>Retained earnings</b>	<b>117,429</b>	<b>98,554</b>
Long-term prepaid expenses	2,097	1,958	Other retained earnings	117,429	98,554
Prepaid pension cost	1,391	1,292	Reserve for advanced depreciation of noncurrent assets	3,589	3,529
Deferred tax assets	4,956	8,528	Retained earnings brought forward	113,840	95,025
Other investments	1,515	1,531	<b>Treasury shares</b>	<b>(7,785)</b>	<b>(7,786)</b>
Allowance for doubtful accounts	(2)	(2)	<b>Valuation and translation adjustments</b>	<b>22,470</b>	<b>20,054</b>
			<b>Valuation difference on available-for-sale securities</b>	<b>12,062</b>	<b>9,893</b>
			<b>Revaluation reserve for land</b>	<b>10,407</b>	<b>10,161</b>
<b>Total</b>	<b>485,629</b>	<b>502,602</b>	<b>Total</b>	<b>485,629</b>	<b>502,602</b>

(Note) Amounts are rounded down to the nearest million yen.

## Non-consolidated Statement of Income

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

Account item	(Reference) 165th term		166th term	
<b>Net sales</b>		<b>303,694</b>		<b>308,715</b>
<b>Cost of sales</b>		<b>249,393</b>		<b>255,074</b>
<b>Gross profit</b>		<b>54,300</b>		<b>53,640</b>
Selling, general, and administrative expenses		49,834		50,735
<b>Operating income</b>		<b>4,466</b>		<b>2,904</b>
<b>Non-operating income</b>				
Interest and dividend income	6,537		7,714	
Other	1,518	8,055	1,983	9,697
<b>Non-operating expenses</b>				
Interest expenses	1,640		1,712	
Other	8,542	10,182	7,159	8,871
<b>Ordinary income</b>		<b>2,339</b>		<b>3,730</b>
<b>Extraordinary income</b>				
Gain on sales of investment securities	15,373		239	
Gain on shares of sale of subsidiaries and associates	–	15,373	1,264	1,504
<b>Extraordinary losses</b>				
Loss on liquidation of business	788		6,403	
Loss on valuation of shares of subsidiaries and associates	9,177		3,449	
Loss due to disaster	804	10,770	–	
Provision for loss on business of subsidiaries and associates	–		8,677	18,530
<b>Income (loss) before income taxes</b>		<b>6,942</b>		<b>(13,294)</b>
Income taxes - current	3,303		616	
Income taxes - deferred	(3,732)	(428)	(2,801)	(2,184)
<b>Net income (loss)</b>		<b>7,370</b>		<b>(11,110)</b>

(Note) Amounts are rounded down to the nearest million yen.

Independent Auditors' Report  
(English Translation)

May 8, 2025

To the Board of Directors  
Denka Co., Ltd.

Ernst & Young ShinNihon LLC  
Tokyo office

Takao Maruyama  
Certified Public Accountant  
Designated and Engagement Partner  
Yasuyuki Kitamura  
Certified Public Accountant  
Designated and Engagement Partner  
Yuki Nakano  
Certified Public Accountant  
Designated and Engagement Partner

#### Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Denka Co., Ltd. (the "Company") for the fiscal year from April 1, 2024 through March 31, 2025.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Denka Group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

#### Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### Other Information

Other information refers to the business report and supplementary schedules. Management is responsible for the preparation and disclosure of other information. The Audit Committee are responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process for other information.

Other information is not included in the scope of our opinion on the consolidated financial statements, and we express no opinion on it.

Our responsibility with respect to the audit of the consolidated financial statements is to read through other information and, in this process, to consider whether any material differences exist between other information and the consolidated financial statements or knowledge we have gained through the auditing process; also, to remain alert for any other indications of material error in other information.

We are required to report any matter that we consider constitutes a material error in other information, based on the work we have undertaken.

We have nothing to report regarding other information.

## Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit Committee are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

## Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and

content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.

- Plan and perform audit on consolidated financial statements in order to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries that constitutes a basis for an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising, and reviewing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor shall report to the Audit Committee that the auditor has complied with the rules on professional ethics in Japan regarding independence. They shall also report matters that could reasonably affect their independence. Furthermore, if any measures have been taken to remove disincentive or to implement safeguards to reduce the disincentive to an acceptable level, the auditor shall provide a detailed report on those measures.

#### Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Independent Auditors' Report  
(English Translation)

May 8, 2025

To the Board of Directors  
Denka Co., Ltd.

Ernst & Young ShinNihon LLC  
Tokyo office

Takao Maruyama  
Certified Public Accountant  
Designated and Engagement Partner  
Yasuyuki Kitamura  
Certified Public Accountant  
Designated and Engagement Partner  
Yuki Nakano  
Certified Public Accountant  
Designated and Engagement Partner

#### Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of Denka Co., Ltd. (the "Company") for the 166th fiscal year from April 1, 2024 through March 31, 2025.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

#### Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### Other Information

Other information refers to the business report and accompanying supplementary schedules. Management is responsible for the preparation and disclosure of other information. The Audit Committee are responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process for other information.

Other information is not included in the scope of our opinion on the financial statements and accompanying supplementary schedules, and we express no opinion on it.

Our responsibility with respect to the audit of the financial statements and accompanying supplementary schedules is to read through other information and, in this process, to consider whether any material differences exist between other information and the financial statements and accompanying supplementary schedules, or knowledge we have gained through the auditing process; also, to remain alert for any other indications of material error in other information.

We are required to report any matter that we consider constitutes a material error in other information, based on the work we have undertaken.

We have nothing to report regarding other information.

#### Responsibilities of Management and the Audit Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit Committee are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

#### Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial

statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

- Plan and perform audit on non-consolidated financial statements in order to obtain sufficient and appropriate audit evidence regarding the financial information of the components included in the financial statements and the accompanying supplementary schedules, to provide a basis for an opinion on the non-consolidated financial statements and the accompanying supplementary schedules. The auditor is responsible for directing, supervising, and reviewing the audit of the financial information of the components, and is solely responsible for the audit opinion.

The auditor reports to the Audit Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor shall report to the Audit Committee that the auditor has complied with the rules on professional ethics in Japan regarding independence. They shall also report matters that could reasonably affect their independence. Furthermore, if any measures have been taken to remove disincentive or to implement safeguards to reduce the disincentive to an acceptable level, the auditor shall provide a detailed report on those measures.

#### Conflicts of Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

## **Audit Report**

(English Translation)

The Audit Committee has audited the Directors' performance of their duties during the 166th term from April 1, 2024 to March 31, 2025 and hereby reports the method and results thereof as follows:

### 1. Auditing Method and Details Thereof

The Audit Committee received regular reports from Directors, employees, etc. on the details of resolutions of the Board of Directors related to matters listed in Article 399-13, Paragraph 1, item (i), (b) and (c) of the Companies Act and the creation and operational status of systems developed pursuant to such resolutions (internal control systems), requested explanations as necessary, and expressed its views, in addition to conducting audits via the methods below.

- 1) Audit Committee Members conformed with the Audit Committee Audit Standards set forth by the Audit Committee and, in accordance with audit policies, the assignment of duties, etc., worked with the Internal Control Department and other internal control departments to attend meetings of important committees, receive reports on matters related to the execution of duties from Directors, employees, etc., requested explanations as necessary, reviewed important approval documents, etc., and investigated the status of operations and assets at head office and important business sites. In addition, with regard to subsidiaries, Audit Committee Members took steps to communicate and exchange information with the Directors, Audit & Supervisory Board Members, etc. of subsidiaries, and received business reports from subsidiaries as necessary.
- 2) With respect to the basic policy set forth in Article 118, Item 3 (i) of the Ordinance for Enforcement of the Companies Act and the measures set forth in Item 3 (ii) of the said article, which are described in the Business Report, the Audit Committee examined the content based on the status of deliberations at meetings of the Board of Directors and other meetings.
- 3) The Audit Committee monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, received reports from the Accounting Auditor regarding the status of the performance of its duties, and requested explanations as necessary. In addition, the Audit Committee received notice from the Accounting Auditor that the "system for ensuring that duties are performed properly" (matters set forth in each item of Article 131 of the Ordinance for Corporate Accounting) had been prepared in accordance with the "Quality Control Standards Relating to Auditing" (issued by the Business Accounting Council) and other relevant standards, and requested explanations as necessary.

Based on the above method, the Audit Committee reviewed the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and the accompanying supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements), and the business report and its accompanying supplementary schedules for the fiscal year in question.

### 2. Results of Audit

- (1) Results of Audit of Business Report, etc., and Other Relevant Documents
  - 1) In our opinion, the Business Report and the accompanying supplementary schedules present fairly the conditions of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
  - 2) We have found no instances of misconduct or material violation of the applicable laws and regulations or the Articles of Incorporation with respect to performance of duties by the Directors.
  - 3) In our opinion, the contents of the resolutions of the Board of Directors related to the internal control systems are fair and reasonable. In addition, we have found no matters requiring special mention regarding the description in the Business Report and the performance of duties by the Directors related to such internal control systems.

- 4) We have found no matters requiring special mention with respect to the basic policies and initiatives regarding the determination of policies on control of the finances and business of the Company described in the Business Report.
- (2) Results of Audit of Non-consolidated Financial Statements and the Accompanying Supplementary Schedules  
In our opinion, the method and the results of the audit performed by Ernst & Young ShinNihon LLC are fair and reasonable.
- (3) Results of Audit of Consolidated Financial Statements  
In our opinion, the method and the results of the audit performed by Ernst & Young ShinNihon LLC are fair and reasonable.

May 8, 2025

Audit Committee, Denka Co., Ltd.

Audit Committee Member  
Audit Committee Member  
Audit Committee Member  
Audit Committee Member

Mizuhiro Uchida  
Toshio Kinoshita  
Akio Yamamoto  
Miyuki Matoba

(Note) Audit Committee Members Toshio Kinoshita, Akio Yamamoto, and Miyuki Matoba are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Section 6 of the Companies Act.