

[Translation: Please note that this is an English translation of the Japanese original Notice of the 16th Ordinary General Meeting of Shareholders of KH Neochem Co., Ltd. prepared for your reference and convenience only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.]

Securities code: 4189

Date of sending: March 4, 2026

Start date for measures for providing information in electronic format: February 27, 2026

To our shareholders,

Michio Takahashi
Representative Director
President & Chief Executive Officer

KH Neochem Co., Ltd.

2-3-1, Nihonbashi-Muromachi, Chuo-ku, Tokyo

Notice of the 16th Ordinary General Meeting of Shareholders

We are pleased to announce the 16th Ordinary General Meeting of Shareholders (the “Meeting”) of KH Neochem Co., Ltd. (the “Company”), which will be held as indicated below. In the course of convening the Meeting, we have taken measures for providing information electronically—specifically, publishing the information comprising the Reference Documents for the Meeting, etc. (matters subject to measures for providing information electronically) under “Notice of the 16th Ordinary General Meeting of Shareholders” and “Informational Materials for the 16th Ordinary General Meeting of Shareholders (in Japanese only)” on the following website(s) on the Internet. Thus, we ask that you please visit the website(s) to look over the information.

[The Company’s website]

URL: <https://www.khneochem.co.jp/en/>

(To access the information, please visit the website above and click “Investor Relations.” Then, click “Stock Information” and select “General Meeting of Shareholders.”)

[Website containing the notice of the ordinary general meeting of shareholders]

URL: <https://d.sokai.jp/4189/teiji/> (in Japanese only)

[Tokyo Stock Exchange website (Listed Company Search)]

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

(To access the information, please visit the website above and enter “KH Neochem” in the “Issue name (company name)” field or the Company’s securities code (“4189”) in the “Code” field, click “Search,” then “Basic information,” and then “Documents for public inspection/PR information,” and then check the “Notice of General Shareholders Meeting / Informational Materials for a General Shareholders Meeting” column under “Documents for public inspection.”)

If you are unable to attend the Meeting in person, you may exercise your voting rights in writing, via the Internet, or by other means. We ask that you check the attached “Instructions for Exercising Voting Rights” on pages 4-5 for guidance on exercising your voting rights.

1. **Date and Time:** Thursday, March 26, 2026, at 10:00 a.m. (JST) (Reception will open at 9:00 a.m.)

2. **Venue:** Nihonbashi Mitsui Hall (Reception: 4F), COREDO Muromachi 1,
2-2-1, Nihonbashi-Muromachi, Chuo-ku, Tokyo

3. **Purposes:**

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 16th term (from January 1, 2025 to December 31, 2025), as well as the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. Non-consolidated Financial Statements for the 16th term (from January 1, 2025 to December 31, 2025)

Items to be resolved:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of Six Directors (excluding Directors who are Audit and Supervisory Committee Members)

Proposal No. 3: Election of Three Directors who are Audit and Supervisory Committee Members

Proposal No. 4: Election of One Substitute Director who is an Audit and Supervisory Committee Member

<Matters decided regarding the convocation>

- When exercising your voting rights by mail, if your approval or disapproval of a proposal is not indicated on the Voting Card, it will be handled as though you had indicated your approval of the proposal.
- If you exercise your voting rights in duplicate both by mail (Voting Card) and via the Internet or by other means, your voting via the Internet or by other means shall prevail. Additionally, if you exercise your voting rights multiple times via the Internet or by other means, only your last voting instructions will be valid.

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- If any revisions are made to the matters subject to measures for providing information electronically, we will publish the fact that revisions were made as well as the original and revised versions of the matters on the website(s) indicated above.
 - For shareholders who have requested document delivery, we send the documents, including the matters subject to measures for providing information electronically. However, pursuant to laws and regulations and Article 16, paragraph 2 of the Company's Articles of Incorporation, the following matters are not included in the documents delivered to shareholders. We publish them on the websites listed above.
 - Principal offices, plants, etc., Employees, Principal lenders, Share acquisition rights, etc., Accounting Auditor, and System to ensure appropriateness of operations and operational status of said system in the Business Report
 - Consolidated statement of changes in equity and Notes to the consolidated financial statements in the Consolidated Financial Statements
 - Non-consolidated statement of changes in equity and Notes to the non-consolidated financial statements in the Non-consolidated Financial Statements
 - Independent Auditor's Audit Report on the Consolidated Financial Statements, Independent Auditor's Audit Report on the Non-consolidated Financial Statements, and the Audit Report by the Audit and Supervisory Committee in the Audit Reports

Accordingly, the Business Report, Consolidated Financial Statements, and Non-consolidated Financial

Statements included in this notice are a portion of the documents audited, specifically when the Accounting Auditor prepares Independent Auditor's Audit Reports and the Audit and Supervisory Committee prepares Audit Report.

- The results of the resolutions of the Ordinary General Meeting of Shareholders will be published on the Company's website (<https://www.khneochem.co.jp/en/>) instead of sending a resolution notice.

Instructions for Exercising Voting Rights

You may exercise your voting rights by using any of the following three methods:

[Mailing the Voting Card]

Complete the Voting Card sent together with this notice by indicating your approval or disapproval of the proposals and return it without affixing a stamp.

Votes to be given by: 5:40 p.m. on Wednesday, March 25, 2026 (JST)

[Exercising Voting Rights via the Internet or by other means]

Scan the QR code with a smartphone or access the Voting Website (for PC) (<https://soukai.mizuho-tb.co.jp/> (in Japanese only)) through a computer, enter the “voting rights exercise code” and “password,” which are provided on the Voting Card sent together with this notice, and follow the instructions on the screen to exercise your voting rights.

Votes to be given by: 5:40 p.m. on Wednesday, March 25, 2026 (JST)

<Electronic Voting Platform>

Institutional investors may use the platform for institutional investors operated by ICJ, Inc. to electronically exercise their voting rights.

[Attending the Meeting]

Submit the Voting Card sent together with this notice at the venue’s reception.

Date/Time: Thursday, March 26, 2026, at 10:00 a.m. (JST) (Reception will open at 9:00 a.m.)

Venue: Nihonbashi Mitsui Hall, (Reception: 4F), COREDO Muromachi 1,
2-2-1, Nihonbashi-Muromachi, Chuo-ku, Tokyo

If you need support in attending the Meeting, please access “Contact (Others)” on the Company’s website in advance of attendance. (<https://www.khneochem.co.jp/en/contact/>)

<Exercising Voting Rights by Proxy>

You may exercise your voting rights by a proxy who is also a shareholder with voting rights.

Please be aware that a written statement attesting to the right of proxy must be submitted.

How to scan QR code, “Smart voting”

You can log in to the voting website for exercising voting rights without having to enter your “voting rights exercise code” and “password.”

1. Scan the QR code printed on the right side of Voting Card.
* QR Code is a registered trademark of DENSO WAVE INCORPORATED.
2. Then indicate your approval or disapproval for each of the proposals by following the instructions on the screen.

“Smart voting” can only be used once to exercise your voting rights.

In the event that you wish to modify the details of your vote after exercising your voting rights, please access the Voting Website (for PC) below from a PC or any other means, enter the voting rights exercise code printed on the Voting Card together with your password, log in, and exercise your voting rights once again.

* If the QR code is read a second time, you will be transferred to the Voting Website (for PC).

How to enter the “voting rights exercise code” and “password”

Voting Website (for PC): <https://soukai.mizuho-tb.co.jp/> (in Japanese only)

1. Please access the Voting Website (for PC) and click “次へすすむ (Next).”
2. Enter the voting rights exercise code printed on Voting Card and click “次へ (Next).”
3. Enter the password printed on Voting Card, set the new password that you actually use, and click “登録 (Register).”
4. Then indicate your approval or disapproval for each of the proposals by following the instructions on the screen.

Please contact the following if you have questions about the operation of your computer or smartphone regarding the exercise of voting rights via the Internet.

Inquiries: Mizuho Trust & Banking Co., Ltd.
Securities Agent Department, Web Support Desk
Telephone: 0120-768-524 (available only in Japan)
(Business hours: 9:00 a.m. to 9:00 p.m. (JST) excluding the New Year holidays)

Cautions regarding exercising voting rights via the Internet or by other means

- (1) Please be aware that, to prevent illegal online access by third parties who are non-shareholders (spoofing) and unauthorized changing of voting details, you will be asked to change your password when you log in to the voting website for the first time.
- (2) If you enter your password incorrectly for a certain number of times, the password will be locked and you will no longer be able to use it. If this occurs, please complete the procedures indicated in the guidance on the screen.
- (3) If you exercise your voting rights in duplicate both via the Internet or by other means and in writing, your voting via the Internet or by other means shall prevail.
- (4) If you exercise your voting rights multiple times via the Internet or by other means, only your last voting instructions will be valid.
- (5) Your password (including the password after you have changed it) shall be effective only for the Meeting.
- (6) Voting rights exercised via the Internet or by other means are accepted until 5:40 p.m. on Wednesday, March 25, 2026 (JST); however, we kindly ask that you vote as early as possible.
- (7) We conducted operation checks of the voting website using common Internet access devices. However, you may not be able to use the website on some devices.
- (8) Please note that shareholders bear any costs incurred when accessing the voting website.

English Summary of the PROXY STATEMENT of KH Neochem

KH Neochem provides the official version of “Notice of the 16th Ordinary General Meeting of Shareholders” in Japanese, and this “English Summary of the PROXY STATEMENT of KH Neochem” is provided for reference purposes only.

Reference Documents for the Meeting

Proposal No. 1: Appropriation of Surplus

The Company's basic policy regarding the return of profits to our shareholders is to strive to provide continuous and stable dividends in consideration of the balance between investments for future growth areas and retained earnings.

Based on the above policy, the Company proposes to pay ¥52.50 per share as the year-end dividend for the 16th term (fiscal year under review), in comprehensive consideration of factors such as the consolidated financial results and financial condition for the fiscal year under review. As a result, the annual dividend including the interim dividend (¥52.50 per share) will be ¥105.00 per share.

Year-end dividends

1	Type of dividend property	Cash
2	Allotment of dividend property and aggregate amount thereof	Dividends per common share of the Company: ¥52.50 Total dividends: ¥1,845,685,590
3	Effective date of dividends of surplus	March 27, 2026

Proposal No. 2: Election of Six Directors (excluding Directors who are Audit and Supervisory Committee Members)

At the conclusion of the Meeting, the terms of office of all six current Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire. Accordingly, the Company proposes the election of six Directors (excluding Directors who are Audit and Supervisory Committee Members). The Board of Directors passed a resolution to submit this proposal after deliberation by the Company's voluntary Nomination and Compensation Advisory Committee (the majority of whose members are Outside Directors).

The candidates for Director (excluding Directors who are Audit and Supervisory Committee Members) are as follows:

No.	Name		Gender	Position and responsibility in the Company (Significant concurrent positions outside the Company)	Attendance at Board of Directors meetings (fiscal year under review)
1	Michio Takahashi	Reelection	Male	Representative Director President & Chief Executive Officer CEO	94% (15 of 16 meetings)
2	Toshiaki Fujima	Reelection	Male	Board Director and Corporate Officer CSO Head of Corporate Planning	100% (13 of 13 meetings)
3	Taro Hasuo	New election	Male		–
4	Sayoko Miyairi	Reelection Outside Director Independent Director	Female	Outside Director (Independent Director) Partner of Scholar Consult Co., Ltd. Outside Director of Toyo Engineering Corporation Outside Director of NIHON SEIKAN K.K.	100% (16 of 16 meetings)
5	Jun Tsuchiya	Reelection Outside Director Independent Director	Male	Outside Director (Independent Director) CEO of Tsuchiya International Consulting Corp	100% (16 of 16 meetings)
6	Yuji Kikuchi	Reelection Outside Director Independent Director	Male	Outside Director (Independent Director) Partner and attorney at law of Tokyo Hatchobori Law Office	100% (16 of 16 meetings)

Notes:

- For Mr. Toshiaki Fujima, the attendance shown is for Board of Directors meetings held after his assumption of office as Director on March 25, 2025.
- The Company has submitted a notification to Tokyo Stock Exchange, Inc. that Ms. Sayoko Miyairi and Messrs. Jun Tsuchiya and Yuji Kikuchi have been designated as Independent Directors as provided for by the aforementioned stock exchange. If they are elected, the Company plans to again submit notification concerning their designation as Independent Directors.

■ **Opinion of the Audit and Supervisory Committee**

The Audit and Supervisory Committee has reviewed and examined this proposal in accordance with the Audit and Supervisory Committee Audit Standards. As a result, the Audit and Supervisory Committee has concluded that the deliberation and decision-making process regarding the appointment of each candidate was appropriate and that there are no objections to the content of this proposal.

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
1	<p style="text-align: center;">Reelection</p> <p>Michio Takahashi (February 15, 1965)</p>	<p>Apr. 1987 Joined Kyowa Hakko Kogyo Co., Ltd.</p> <p>Jul. 2011 Head of Basic Chemicals Division of Kyowa Hakko Chemical Co., Ltd. (now the Company)</p> <p>Mar. 2013 Director and Corporate Officer of the Company</p> <p>Mar. 2016 Managing Director and Corporate Officer of the Company</p> <p>Mar. 2017 Director, Executive Vice President and Corporate Officer of the Company</p> <p>Mar. 2019 Representative Director, President and Chief Corporate Officer of the Company</p> <p>Mar. 2020 Representative Director, President & Chief Executive Officer (CEO) of the Company (to present)</p> <hr/> <p>[Reason for nomination as candidate for Director]</p> <p>Mr. Michio Takahashi exercises strong leadership as President in order to realize VISION 2030 and has contributed to the further advancement of the Group through various measures. Additionally, the Company deems that Mr. Takahashi is a skilled individual that is appropriate for the sustained improvement of the Company's corporate value because he has extensive experience, achievements, and insight related to management of the Group. Accordingly, the Company proposes the election of Mr. Michio Takahashi as a Director.</p>	<p style="text-align: center;">39,619 shares (30,619 shares)</p> <hr/> <p style="text-align: center;">Attendance at Board of Directors meetings during the fiscal year</p> <p style="text-align: right;">94% (15 of 16 meetings)</p>

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
2	Reelection Toshiaki Fujima (July 8, 1974)	Apr. 1998 Joined Kyowa Hakko Kogyo Co., Ltd. Aug. 2006 Seconded to Kyowa Hakko U.S.A., Inc. as Director Mar. 2011 Seconded to Kyowa Hakko Chemical Americas, Inc. as Executive Vice President Aug. 2013 Manager of Sales Group 2, Chemicals Sales & Marketing of the Company Jan. 2023 Head of Corporate Planning of the Company Mar. 2024 Corporate Officer, Head of Corporate Planning of the Company Mar. 2025 Director and Corporate Officer, Head of Corporate Planning of the Company (to present) [Current responsibility] CSO Head of Corporate Planning	5,955 shares (1,455 shares)
		[Reason for nomination as candidate for Director] Mr. Toshiaki Fujima has extensive experience, achievements, and insight in the chemical industry, having been engaged in the Company's sales activities for many years. Additionally, he has acquired global expertise through his experience in the management of a U.S. corporation. As an Executive Director and Head of Corporate Planning, he has contributed to strengthening the Company's business foundation by formulating business strategies and overseeing their implementation. The Company deems that Mr. Fujima is a skilled individual who will continue to be appropriate for the sustained improvement of the Company's corporate value. Accordingly, the Company proposes the election of Mr. Toshiaki Fujima as a Director.	

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	New election Taro Hasuo (January 20, 1969)	<p>Apr. 1992 Joined The Industrial Bank of Japan, Limited. (now Mizuho Bank, Ltd.)</p> <p>May 2015 Managing Director and Head of M&A Advisory Group of Mizuho Securities USA LLC</p> <p>May 2021 Managing Director, Energy & Healthcare & Basic Materials Investment Banking, Global Investment Banking Division of Mizuho Securities Co., Ltd.</p> <p>Apr. 2022 Operating Officer, Head of Resource & Material Industry Group, Global Investment Banking Division of Mizuho Securities Co., Ltd.</p> <p>Apr. 2023 Executive Officer, Head of Resource & Material Industry Group, Global Investment Banking Division of Mizuho Securities Co., Ltd. (retired in December 2025)</p> <p>Jan. 2026 Joined the Company</p>	0 shares
		<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Taro Hasuo has served in important roles in the financial institutions over many years, and has extensive international experience, as well as expertise in accounting and finance, capital markets, and M&A. Based on his deep insight and extensive experience, the Company deems that Mr. Hasuo is a skilled individual who is appropriate for the sustained improvement of the Company's corporate value. Accordingly, the Company proposes the election of Mr. Taro Hasuo as a Director.</p>	Attendance at Board of Directors meetings during the fiscal year -

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	<p>Reelection Outside Director Independent Director</p> <p>Sayoko Miyairi (November 12, 1956)</p>	<p>Apr. 1979 Joined Hitachi, Ltd.</p> <p>Jul. 1982 Joined Bank of America, N.A., Asia Headquarters</p> <p>Mar. 1986 Joined Pasona Inc. and seconded and then transferred to Edu Consult Co., Ltd. (now Scholar Consult Co., Ltd.)</p> <p>Apr. 2000 Partner of Scholar Consult Co., Ltd. (to present)</p> <p>Apr. 2000 Assistant Professor of Nihonbashi Gakkan University (now Kaichi International University)</p> <p>Jan. 2005 Director of Scholar Consult Co., Ltd. (retired in December 2015)</p> <p>Apr. 2008 Professor of Nihonbashi Gakkan University (now Kaichi International University)</p> <p>Mar. 2019 Outside Director of the Company (to present)</p> <p>Aug. 2020 Outside Director of Toyo Engineering Corporation (to present)</p> <p>Apr. 2022 Professor Emeritus and Visiting Professor at Kaichi International University (to present)</p> <p>Jun. 2022 Outside Director of NIHON SEIKAN K.K. (to present)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Partner of Scholar Consult Co., Ltd.</p> <p>Outside Director of Toyo Engineering Corporation</p> <p>Outside Director of NIHON SEIKAN K.K.</p>	5,100 shares
		<p>[Reason for nomination as candidate for Outside Director and overview of expected role]</p> <p>Ms. Sayoko Miyairi appropriately fulfills such roles as providing opinions and recommendations on human resource training and improving employee engagement, particularly from her expert perspective in organization and human resource development, in order to ensure that decision making is suitable and appropriate. In addition, as a member of the Nomination and Compensation Advisory Committee, she attended all eight of its meetings held during the fiscal year under review, supervising the process for the selection of candidates and the determination of remuneration, etc. for officers of the Company from an objective and neutral viewpoint.</p> <p>The Company deems that Ms. Miyairi is a skilled individual who can contribute to the sustained improvement of the Company's corporate value through the provision of advice to management from an objective standpoint and appropriate supervision of the execution of duties. Accordingly, the Company proposes the election of Ms. Sayoko Miyairi as an Outside Director.</p>	<p>Attendance at Board of Directors meetings during the fiscal year</p> <p>100% (16 of 16 meetings)</p>

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
5	<p data-bbox="256 842 469 1066"> Reelection Outside Director Independent Director Jun Tsuchiya (October 23, 1952) </p>	<p data-bbox="496 293 1219 1021"> Apr. 1981 Joined Argonne National Laboratory, U.S.A. May 1983 Joined Lawrence Berkeley National Laboratory, U.S.A. Feb. 1984 Joined Mitsubishi Chemical Industries Limited (now Mitsubishi Chemical Corporation) Jan. 1999 Seconded to Verbatim Corporation, U.S.A. subsidiary of Mitsubishi Chemical Industries Limited (now Mitsubishi Chemical Corporation) as President Apr. 2001 General Manager of Corporate Planning Office of Mitsubishi Chemical Industries Limited (now Mitsubishi Chemical Corporation) (retired in January 2002) Feb. 2002 Director of Rohm & Haas Japan K.K. (now Dow Chemical Japan Limited) (retired in December 2006) Jan. 2007 Representative Director and President of Heraeus K.K. (retired in September 2018) Oct. 2018 CEO of Tsuchiya International Consulting Corp (to present) Jun. 2019 Outside Director of Soken Chemical & Engineering Co., Ltd. (retired in June 2024) Mar. 2020 Outside Director of the Company (to present) [Significant concurrent positions outside the Company] CEO of Tsuchiya International Consulting Corp </p>	<p data-bbox="1369 685 1490 712">1,300 shares</p>
		<p data-bbox="496 1133 1219 1615"> [Reason for nomination as candidate for Outside Director and overview of expected role] Mr. Jun Tsuchiya appropriately fulfills such roles as providing opinions and recommendations concerning the Company's business, particularly in the areas of management and technology in order to ensure that decision making is suitable and appropriate. In addition, as a member of the Nomination and Compensation Advisory Committee, he attended all eight of its meetings held during the fiscal year under review, supervising the process for the selection of candidates and the determination of remuneration, etc. for officers of the Company from an objective and neutral viewpoint. The Company deems that Mr. Tsuchiya is a skilled individual who can contribute to the sustained improvement of the Company's corporate value through the provision of advice to management from an objective standpoint and appropriate supervision of the execution of duties. Accordingly, the Company proposes the election of Mr. Jun Tsuchiya as an Outside Director. </p>	<p data-bbox="1257 1133 1490 1458"> Attendance at Board of Directors meetings during the fiscal year 100% (16 of 16 meetings) </p>

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
6	<p>Reelection Outside Director Independent Director</p> <p>Yuji Kikuchi (February 15, 1964)</p>	<p>Apr. 1992 Registered as an attorney at law Entered Sakano, Seo & Hashimoto Law Office (now Tokyo Hatchobori Law Office)</p> <p>Apr. 2002 Partner of Tokyo Hatchobori Law Office</p> <p>Mar. 2003 Joined the Securities and Exchange Surveillance Commission (Coordination and Inspection Division, Executive Bureau)</p> <p>Mar. 2005 Returned to Partner of Tokyo Hatchobori Law Office (to present)</p> <p>Jun. 2010 Outside Auditor of Inui Warehouse Co., Ltd. (now Inui Global Logistics Co., Ltd.) (retired in September 2014)</p> <p>Jun. 2014 Outside Auditor of NEC Networks & System Integration Corporation (retired in June 2022)</p> <p>Mar. 2020 Outside Director of the Company (to present)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Partner and attorney at law of Tokyo Hatchobori Law Office</p>	800 shares
		<p>[Reason for nomination as candidate for Outside Director and overview of expected role]</p> <p>Mr. Yuji Kikuchi appropriately fulfills such roles as providing opinions and recommendations concerning risk management and strengthening corporate governance, particularly from his professional perspective as an attorney in order to ensure that decision making is suitable and appropriate. In addition, as the chairperson of the Nomination and Compensation Advisory Committee, he attended all eight of its meetings held during the fiscal year under review, leading the supervision of the process for the selection of candidates and the determination of remuneration, etc. for officers of the Company from an objective and neutral viewpoint.</p> <p>Although he has never in the past been involved in a company's management by a method other than serving as an Outside Director or Outside Auditor, the Company deems that Mr. Kikuchi is a skilled individual who can contribute to the sustained improvement of the Company's corporate value through the provision of advice to management from an objective standpoint and appropriate supervision of the execution of duties. Accordingly, the Company proposes the election of Mr. Yuji Kikuchi as an Outside Director.</p>	<p>Attendance at Board of Directors meetings during the fiscal year</p> <p>100% (16 of 16 meetings)</p>

Notes:

1. The number of the Company's shares owned by the respective candidates for Director (excluding candidates for Outside Director) as stated includes the number of shares to be granted subsequent to retirement as directors and/or officers, pursuant to the performance-linked share-based remuneration plan as stated in parentheses (number of shares equivalent to the points already granted under the performance-linked share-based remuneration plan).
2. Ms. Sayoko Miyairi's name as recorded in her family register is Sayoko Ibaraki.
3. There is no special interest between any of the candidates for Director and the Company.
4. At the conclusion of the Meeting, Ms. Sayoko Miyairi's term of office as Outside Director will have been seven years. At the conclusion of the Meeting, the term of office of Messrs. Jun Tsuchiya and Yuji Kikuchi as Outside Directors will have been six years.
5. The Company has entered into liability limitation agreements with Ms. Sayoko Miyairi and Messrs. Jun Tsuchiya and Yuji Kikuchi in accordance with Article 427, paragraph (1) of the Companies Act to limit the liability for damages as provided for in Article 423, paragraph (1) of the same Act. The maximum amount of liability for damages under the said agreement shall be the amount stipulated by laws and regulations. If they are elected, the Company plans to renew the aforementioned agreement with each of them.

6. The Company has concluded a Directors and Officers liability insurance agreement with an insurance company in accordance with Article 430-3, paragraph (1) of the Companies Act, and the agreement covers legally required compensation for damages and lawsuit costs borne by the insured person. If respective candidates are elected, they will be included as insured persons in the agreement. The Company plans to renew the aforementioned agreement during the term of office of Directors elected under this proposal.
7. The Company has submitted a notification to Tokyo Stock Exchange, Inc. that Ms. Sayoko Miyairi and Messrs. Jun Tsuchiya and Yuji Kikuchi have been designated as Independent Directors as provided for by the aforementioned stock exchange. If they are elected, the Company plans to again submit notification concerning their designation as Independent Directors.

Proposal No. 3: Election of Three Directors who are Audit and Supervisory Committee Members

At the conclusion of the Meeting, the terms of office of all three current Directors who are Audit and Supervisory Committee Members will expire. Accordingly, the Company proposes the election of three Directors who are Audit and Supervisory Committee Members. The Board of Directors passed a resolution to submit this proposal after deliberation by the Company's voluntary Nomination and Compensation Advisory Committee (the majority of whose members are Outside Directors). In addition, the Audit and Supervisory Committee has given consent for this proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

No.	Name		Gender	Position and responsibility in the Company (Significant concurrent positions outside the Company)	Attendance at Board of Directors/ Audit and Supervisory Committee meetings (fiscal year under review)
1	Isao Takahashi	Reelection	Male	Director who is an Audit and Supervisory Committee Member	100% (16 of 16 meetings) 100% (12 of 12 meetings)
2	Keiko Tamura	Reelection Outside Director Independent Director	Female	Outside Director who is an Audit and Supervisory Committee Member (Independent Director) Partner attorney at law of Asahi Law Offices Outside Auditor of The Norinchukin Trust & Banking Co., Ltd. Outside Director of Amano Corporation	100% (16 of 16 meetings) 100% (12 of 12 meetings)
3	Yoji Murohashi	New election Outside Director Independent Director	Male	Certified Public Accountant of Murohashi Certified Public Accountant Office	—

The Company has submitted notification to Tokyo Stock Exchange, Inc. that Ms. Keiko Tamura has been designated as an Independent Director as provided for by the aforementioned stock exchange. If she is elected, the Company plans to again submit notification concerning her designation as an Independent Director. In addition, Mr. Yoji Murohashi meets the requirements for an Independent Director as provided for by the aforementioned stock exchange. If he is elected, the Company plans to submit notification concerning his designation as an Independent Director.

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
1	<p style="text-align: center;">Reelection</p> <p style="text-align: center;">Isao Takahashi (August 30, 1964)</p>	<p>Apr. 1988 Joined Fujisawa Pharmaceutical Co., Ltd. (now Astellas Pharma Inc.)</p> <p>Oct. 2012 General Manager of Corporate Planning Department of Astellas Business Service Company Limited</p> <p>Oct. 2014 General Manager of Operations Department of Astellas Business Service Company Limited</p> <p>Oct. 2017 Joined the Company</p> <p>Jan. 2019 General Manager of General Affairs Division of the Company</p> <p>Jan. 2020 Corporate Officer, Officer in charge of Corporate Functions (HR, Legal, General Affairs, IT, and Compliance) and Head of Corporate Administration, Public Relations, Legal and Compliance of the Company</p> <p>Apr. 2021 Corporate Officer and Head of Corporate Administration, Public Relations, Legal and Compliance of the Company</p> <p>Apr. 2023 Senior Corporate Officer and Head of Corporate Administration, Public Relations, Legal and Compliance of the Company</p> <p>Mar. 2024 Director who is an Audit and Supervisory Committee Member of the Company (to present)</p> <hr/> <p>[Reason for nomination as candidate for Director who is an Audit and Supervisory Committee Member]</p> <p>Mr. Isao Takahashi has amassed wide-ranging business experience through his work in administrative departments in the pharmaceutical industry and at the Company, and he possesses abundant insight regarding HR, general affairs, corporate shares, etc. In addition,</p> <p>Mr. Takahashi has his ample achievements as a Senior Corporate Officer of the Company and possesses particular expertise in governance and compliance. Since his appointment as Director who is an Audit and Supervisory Committee Member in March 2024, he has carried out supervision and auditing of the Company's management and offered advice on overall management. The Company deems that he is a skilled individual who can continue to contribute to the sustained improvement of the Company's corporate value. Accordingly, the Company proposes the election of Mr. Isao Takahashi as a Director who is an Audit and Supervisory Committee Member.</p>	<p style="text-align: center;">5,214 shares (3,714 shares)</p> <hr/> <p>Attendance at Board of Directors meetings during the fiscal year</p> <p style="text-align: right;">100 % (16 of 16 meetings)</p> <p>Attendance at Audit and Supervisory Committee meetings during the fiscal year</p> <p style="text-align: right;">100 % (12 of 12 meetings)</p>

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	<p style="text-align: center;">Reelection Outside Director Independent Director</p> <p style="text-align: center;">Keiko Tamura (August 11, 1963)</p>	<p>Apr. 1992 Registered as an attorney at law Joined Tokyo Yaesu Law Offices (now Asahi Law Offices)</p> <p>Apr. 1998 Partner of Asahi Law Offices (to present)</p> <p>Jun. 2014 Outside Auditor of The Norinchukin Trust & Banking Co., Ltd. (to present)</p> <p>Jun. 2016 Outside Director (Audit and Supervisory Committee Member) of ODELIC CO., LTD. (retired in June 2022)</p> <p>Mar. 2020 Outside Auditor of the Company</p> <p>Mar. 2024 Outside Director who is an Audit and Supervisory Committee Member of the Company (to present)</p> <p>Jun. 2025 Outside Director of Amano Corporation (to present)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Partner attorney at law of Asahi Law Offices Outside Auditor of The Norinchukin Trust & Banking Co., Ltd. Outside Director of Amano Corporation</p> <hr/> <p>[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected role]</p> <p>Ms. Keiko Tamura possesses broad expertise in the financial field and corporate legal affairs as an attorney at law. Although she has not been directly involved in a company's management by a method other than serving as Outside Director or Outside Auditor, the Company deems that Ms. Tamura is a skilled individual that, leveraging her experience serving as an Outside Auditor of the Company from March 2020, and subsequently as an Outside Director who is an Audit and Supervisory Committee Member of the Company from March 2024, and her extensive experience she possesses as an attorney at law, can contribute to the sustained improvement of the Company's corporate value through carrying out supervision and auditing of the Company's management. Accordingly, the Company proposes the election of Ms. Keiko Tamura as an Outside Director who is an Audit and Supervisory Committee Member.</p>	<p style="text-align: right;">0 shares</p> <hr/> <p style="text-align: right;">Attendance at Board of Directors meetings during the fiscal year 100 % (16 of 16 meetings)</p> <p style="text-align: right;">Attendance at Audit and Supervisory Committee meetings during the fiscal year 100 % (12 of 12 meetings)</p>

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	New election Outside Director Independent Director Yoji Murohashi (February 4, 1965)	Oct. 1985 Joined Showa Ota & Co. (now Ernst & Young ShinNihon LLC)	0 shares
		Mar. 1989 Registered as a Certified Public Accountant	
		May 2000 Partner of Century Showa Ota & Co. (now Ernst & Young ShinNihon LLC)	
		Jul. 2006 Senior Partner of Shin Nihon & Co. (now Ernst & Young ShinNihon LLC) (retired in June 2023)	
		Jul. 2023 Established Murohashi Certified Public Accountant Office (to present)	
		Jun. 2024 Outside Auditor of SB Technology Corp. (retired in September 2024)	
		[Significant concurrent positions outside the Company]	
		Certified Public Accountant of Murohashi Certified Public Accountant Office	
		[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected role]	Attendance at Board of Directors meetings during the fiscal year
		Mr. Yoji Murohashi possesses extensive experience as a Partner and Senior Partner at an audit firm and specialized knowledge in finance and accounting. Although he has not been directly involved in a company's management by a method other than serving as Outside Director or Outside Auditor, the Company deems that Mr. Murohashi is a skilled individual that, leveraging the experience he possesses as a certified public accountant, can contribute to the sustained improvement of the Company's corporate value through carrying out supervision and auditing of the Company's management. Accordingly, the Company proposes the election of Mr. Yoji Murohashi as an Outside Director who is an Audit and Supervisory Committee Member.	-
			Attendance at Audit and Supervisory Committee meetings during the fiscal year
			-

Notes:

1. The number of the Company's shares owned by Mr. Isao Takahashi as stated includes the number of shares to be granted subsequent to retirement as an officer, pursuant to the performance-linked share-based remuneration plan as stated in parentheses (number of shares equivalent to the points already granted under the performance-linked share-based remuneration plan).
2. There is no special interest between any of the candidates for Directors who are Audit and Supervisory Committee Members and the Company.
3. At the conclusion of the Meeting, Ms. Keiko Tamura's terms of office as Director who is an Audit and Supervisory Committee Member, will have been two years. In addition, Ms. Keiko Tamura previously served as an Outside Audit & Supervisory Board Member of the Company for four years.
4. The Company has entered into liability limitation agreements with Mr. Isao Takahashi and Ms. Keiko Tamura in accordance with Article 427, paragraph (1) of the Companies Act to limit the liability for damages as provided for in Article 423, paragraph (1) of the same Act. The maximum amount of liability for damages under the said agreements shall be the amount stipulated by laws and regulations. If their reelection is approved, the Company plans to renew the aforementioned agreement with each of them.
5. If the election of Mr. Yoji Murohashi is approved and he assumes office as Outside Director who is an Audit and Supervisory Committee Member, the Company plans to enter into liability limitation agreements with him in accordance with Article 427, paragraph (1) of the Companies Act to limit the liability for damages as provided for in Article 423, paragraph (1) of the same Act. The maximum amount of liability for damages under the said agreements shall be the amount stipulated by laws and regulations.
6. The Company has concluded a Directors and Officers liability insurance agreement with an insurance company in accordance with Article 430-3, paragraph (1) of the Companies Act, and the agreement covers legally required compensation for damages and lawsuit costs borne by the insured person. If the candidates are elected, they will be

included as insured persons under said insurance agreement. The Company plans to renew the aforementioned agreement during the term of office of Directors who are Audit and Supervisory Committee Members elected under this proposal.

7. The Company has submitted a notification to Tokyo Stock Exchange, Inc. that Ms. Keiko Tamura has been designated as an Independent Director as provided for by the aforementioned stock exchange. If she is elected, the Company plans to again submit notification concerning her designation as an Independent Director.
8. Mr. Yoji Murohashi meets the requirements for an Independent Director as provided for by the aforementioned stock exchange. If he is elected, the Company plans to submit a notification concerning his designation as an Independent Director.

Skills matrices for Directors and Corporate Officers (as of March 26, 2026)

In the event that Proposal No. 2 “Election of Six Directors (excluding Directors who are Audit and Supervisory Committee Members)” and Proposal No. 3 “Election of Three Directors who are Audit and Supervisory Committee Members” are approved as originally submitted at the Meeting, a skills matrix for the directors and officers is as shown in the table below. Furthermore, the Company has created skills matrices not only for Directors, but also for Corporate Officers, aiming to work on developing and promoting the next generation of human resources.

	Name	Gender	Management skills				
			Corporate management	Business strategy	Finance /accounting	Governance /compliance /risk management	Organizational & human resource development /diversity
Directors	Michio Takahashi	Male	●	●	●	●	●
	Toshiaki Fujima	Male	●	●			
	Taro Hasuo	Male			●		
	Sayoko Miyairi Outside Director Independent Director	Female					●
	Jun Tsuchiya Outside Director Independent Director	Male	●	●			
	Yuji Kikuchi Outside Director Independent Director	Male				●	
	Isao Takahashi	Male				●	●
	Keiko Tamura Outside Director Independent Director	Female				●	
	Yoji Murohashi Outside Director Independent Director	Male			●		

	Name	Gender	Management skills			Business execution skills		
			Finance /accounting	Governance /compliance /risk management	Organizational & human resource development /diversity	R&D /innovation	Manufacturing /environmental and safety /quality control	Sales /marketing
Corporate Officers	Michio Takahashi	Male	●	●	●			●
	Toshiaki Fujima	Male						●
	Yukihiro Isogai	Male			●	●		●
	Hideki Shimizu	Male						●
	Hideo Kurokawa	Male					●	
	Taro Hasuo	Male	●					
	Yoshiaki Kondo	Male					●	
	Atsushi Tokumitsu	Male	●	●				●
	Katsunori Sato	Male						●
	Takatoshi Fujii	Male			●			
	Maki Sato	Female		●				
	Takayuki Kobayashi	Male					●	
	Toshihiro Inayama	Male				●		
	Hiroshi Matsuoka	Male				●	●	
	Satoshi Kozasa	Male	●					

Note: The skills matrices provide an overview of the core skills that each director and/or officer possesses, but do not include all of their skills.

Reasons for selecting these skills

Skills	Reason
Corporate management	Experience and achievements in corporate management are necessary in order to present growth strategies aimed at the sustained improvement of the Group's corporate value and appropriately supervise the Group's management.
Business strategy	As the business environment is rapidly changing, experience and achievements in formulating strategies to enhance corporate value and building alliances that create new social value are necessary in order to establish a solid revenue base and ensure the Group's sustained growth.
Finance/accounting	Knowledge and experience in finance and accounting to formulate precise financial and capital strategies are necessary in order to achieve high capital efficiency while assessing business growth potential and profitability and maintaining financial soundness.
Governance/compliance/risk management	As for the corporate infrastructure, building an appropriate governance framework, accurately identifying and controlling business risks, and ensuring transparent, fair, and decisive decision-making require knowledge and experience in corporate governance, compliance, and risk management.
Organizational & human resource development/diversity	To strengthen human resources as part of our corporate infrastructure, it is necessary to secure diversity of human resources and create an environment in which each employee can fully utilize their strengths and contribute to the organization. This calls for knowledge and experience in diverse talent management and organizational culture enhancement.
R&D/innovation	To lead the development of new products and businesses, which serve as the foundation of the Group's growth, experience and achievements in research and development, as well as innovation, are necessary.
Manufacturing/environmental and safety/quality control	As the core of the Group's business, manufacturing and delivering high-quality products that earn customers' trust safely and stably over the long term, while also ensuring environmental sustainability and sustained growth require experience and achievements in manufacturing, environmental and safety, and quality control.
Sales/marketing	To accurately respond to market changes and continuously deliver high-value-added products that meet customer needs and societal expectations, thereby achieving the Group's sustained growth, experience and achievements in market analysis and sales strategy formulation are necessary.

(Policy on nominating candidates for Director)

The Company nominates candidates for Director from the perspective of putting the right person in the right place and selecting individuals who are competent and can contribute to precise and rapid decision-making, based on the skills, etc., required as Director. After considering diversity factors such as gender, the voluntary Nomination and Compensation Advisory Committee responds to inquiries from the Board of Directors by conducting a comprehensive review, and the Board of Directors makes the final decision.

The Company has created skills matrices to identify the skills required for the Directors and to ensure that the Board of Directors as a whole covers each skill, maintaining a balanced composition and ensuring experience and specialization. In addition, when selecting candidates for Independent Outside Director, the Company considers candidates who meet the Tokyo Stock Exchange's criteria for independence and who have management experience at other companies. The Nomination and Compensation Advisory Committee met

eight times during FY 2025, and the proposal pertaining to the election of Directors at the Meeting underwent the same procedure as described above.

The Company's governance system is described in "(Reference) The Company's governance system (as of December 31, 2025)" in the Business Report.

Proposal No. 4: Election of One Substitute Director who is an Audit and Supervisory Committee Member

At the commencement of the Meeting, the effect of the resolution concerning the election of the current two substitute Directors who are Audit and Supervisory Committee Members, which was made at the 14th Ordinary General Meeting of Shareholders held in March 2024, will expire. Accordingly, to prepare for cases in which the Company lacks the legally mandated number of Directors who are Audit and Supervisory Committee Members, the Company proposes the election of one substitute Director who is an Audit and Supervisory Committee Member in advance.

The Board of Directors passed a resolution to submit this proposal after deliberation by the Company's voluntary Nomination and Compensation Advisory Committee (the majority of whose members are Outside Directors). In addition, the Audit and Supervisory Committee has given consent for this proposal.

The candidate for substitute Director who is an Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
<p style="text-align: center;">Outside Director Independent Director</p> <p style="text-align: center;">Junko Imura (May 7, 1960)</p>	<p>Apr. 1983 Joined National Space Development Agency (now Japan Aerospace Exploration Agency)</p> <p>Oct. 1990 Joined Asahi Shinwa & Co. (now KPMG AZSA LLC)</p> <p>May 1993 Joined Showa Ota & Co. (now Ernst & Young ShinNihon LLC)</p> <p>Aug. 1994 Registered as a Certified Public Accountant</p> <p>May 2005 Partner of Shin Nihon & Co. (now Ernst & Young ShinNihon LLC)</p> <p>Jun. 2011 Senior Partner of ShinNihon LLC (now Ernst & Young ShinNihon LLC) (retired in June 2018)</p> <p>Sep. 2015 Visiting Professor of Tama Graduate School of Business (to present)</p> <p>Jul. 2018 Established Imura Certified Public Accountant Office (to present)</p> <p>Jun. 2019 Outside Auditor of Mitsui O.S.K. Lines, Ltd. (retired in June 2023)</p> <p>Dec. 2019 Outside Auditor of T. HASEGAWA CO., LTD. (retired in December 2023)</p> <p>Jun. 2020 Outside Director (Audit and Supervisory Committee Member) of Mitsubishi UFJ Trust and Banking Corporation (to present)</p> <p>Mar. 2021 Substitute Company Auditor of the Company</p> <p>Jun. 2023 Outside Director of the Board of Tokyo Metro Co., Ltd. (to present)</p> <p>Mar. 2024 Substitute Outside Director (Audit and Supervisory Committee Member) of the Company (to present)</p> <p>Jun. 2025 Inspector of Banks' Shareholdings Purchase Corporation (to present)</p>	0 shares
	<p>[Significant concurrent positions outside the Company]</p> <p>Visiting Professor of Tama Graduate School of Business</p> <p>Certified Public Accountant of Imura Certified Public Accountant Office</p> <p>Outside Director (Audit and Supervisory Committee Member) of Mitsubishi UFJ Trust and Banking Corporation</p> <p>Outside Director of Tokyo Metro Co., Ltd.</p> <p>Inspector of Banks' Shareholdings Purchase Corporation</p>	
	<p>[Reason for nomination as candidate for substitute Outside Director who is an Audit and Supervisory Committee Member and overview of expected role]</p> <p>Ms. Junko Imura possesses many years of business experience as a certified public accountant and expert knowledge of accounting, and her extensive accomplishments include having served as an outside director or outside auditor at numerous companies. Although she has not been directly involved in a company's management by a method other than serving as Outside Director or Outside Auditor, the Company deems her capable to audit and supervise its overall management from a fair and objective standpoint and offer advice on management, thereby contributing to enhancing its corporate value, for which reasons it proposes the election of Ms. Junko Imura as a substitute Outside Director who is an Audit and Supervisory Committee Member.</p>	

Notes:

1. There is no special interest between Ms. Junko Imura and the Company
2. Ms. Junko Imura is the candidate for substitute Outside Director who is an Audit and Supervisory Committee Member.
3. If this proposal is approved and adopted and Ms. Junko Imura assumes office as Director who is an Audit and Supervisory Committee Member, the Company will enter into a liability limitation agreement with her in accordance with Article 427, paragraph (1) of the Companies Act to limit the liability for damages as provided for in Article 423, paragraph (1) of the same Act. The maximum amount of liability for damages under the said agreements shall be the amount stipulated by laws and regulations.
4. The Company has concluded a Directors and Officers liability insurance agreement with an insurance company in accordance with Article 430-3, paragraph (1) of the Companies Act, and the agreement covers legally required compensation for damages and lawsuit costs borne by the insured person. If this proposal is approved and adopted and Ms. Junko Imura assumes office as Director who is an Audit and Supervisory Committee Member, she will be included as an insured person under said insurance agreement. The Company plans to renew the aforementioned agreement during the period that her appointment as a substitute Director who is an Audit and Supervisory Committee Member under this proposal is valid.
5. The appointments of Ms. Junko Imura shall be conditional upon the number of Directors who are Audit and Supervisory Committee Members falling below the minimum stipulated by laws and regulations, and her terms of office shall be the remaining terms of office of the retired Directors who are Audit and Supervisory Committee Members. The validity of her appointments as a substitute Director who is an Audit and Supervisory Committee Member shall, in accordance with the Company's Articles of Incorporation, expire at the commencement of the Ordinary General Meeting of Shareholders for the last business year which ends within two (2) years from the time of her election.
6. Ms. Junko Imura meets the requirements for an Independent Director as prescribed by Tokyo Stock Exchange, Inc. If this proposal is approved and adopted and she assumes office as a Director who is an Audit and Supervisory Committee Member, the Company plans to submit notification concerning her designation as an Independent Director as provided for by Tokyo Stock Exchange, Inc.

Business Report

(January 1, 2025 to December 31, 2025)

1. Current Status of the Corporate Group

(1) Status of business operations for the current fiscal year

(i) Business progress and results

In the fiscal year under review, the Japanese economy continued its moderate recovery. This was driven by personal consumption, corporate capital investment, and investment in human capital. However, the future remains unclear due to continuing price increases, as well as stagnation in the Chinese economy, U.S. policy trends, and rising geopolitical risks, which may negatively impact Japan's economic outlook. Additionally, uncertainty persists due to fluctuations in prices and financial capital markets.

Under these circumstances, the Group achieved increased profit in the Electronic Materials and maintained Performance Materials at approximately the same level as the previous fiscal year, while Basic Chemicals, which continues to face a challenging environment, negatively impacted overall performance.

Accordingly, the Group's net sales for the fiscal year under review was ¥115,098 million (down 3.9% year on year) while operating income was ¥11,248 million (down 7.8% year on year), ordinary income was ¥10,793 million (down 10.5% year on year), and net income attributable to owners of parent was ¥7,799 million (down 6.7% year on year).

(ii) Capex

Total capital investments for the Group in the fiscal year under review were ¥4,231 million, and were mainly focused on the installation of a new CO₂ capture system at the Chiba Plant and other projects.

(iii) Financing

The Group raises funds through loans from financial institutions, issuance of commercial papers and straight bonds.

Note: For the amounts shown in this Business Report, figures less than one unit of display are rounded down.

(2) Trends in operating results and assets

Item	13th Fiscal Year (Year ended December 31, 2022)	14th Fiscal Year (Year ended December 31, 2023)	15th Fiscal Year (Year ended December 31, 2024)	16th Fiscal Year (Current fiscal year) (Year ended December 31, 2025)
Net sales (Millions of yen)	114,880	115,217	119,758	115,098
Ordinary income (Millions of yen)	12,709	9,725	12,055	10,793
Net income attributable to owners of parent (Millions of yen)	8,073	6,826	8,360	7,799
Basic earnings per share (Yen)	217.73	184.23	225.81	218.15
Total assets (Millions of yen)	131,247	124,498	131,462	130,101
Net assets (Millions of yen)	62,066	66,493	71,919	72,629

Note:

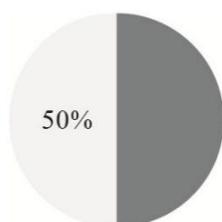
- (1) Basic earnings per share is calculated based on the weighted average number of shares outstanding during the period, excluding treasury stock and shares held in trust under the Board Benefit Trust (BBT) program.

Results by business field

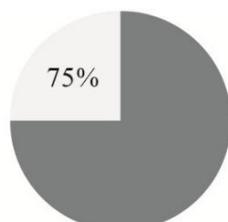
The Group is primarily engaged in the development, manufacture and sales of petrochemical products. As the business of the Group consists of a single segment, the chemical business, segment information is not provided. Furthermore, the overview of business and main products is current as of December 31, 2025.

Performance Materials

Performance Materials
proportion of total net
sales



Performance Materials
proportion of total
operating income



Net sales
(Millions of yen)



Operating income
(Millions of yen)



Overview of business

Manufacturing and sales of refrigeration lubricant raw materials for the compressors (of air conditioners, refrigerators, etc.), cosmetic ingredients and more.

Main products

Isononanoic acid

2-ethyl hexanoic acid

Tridecanol (tridecyl alcohol)

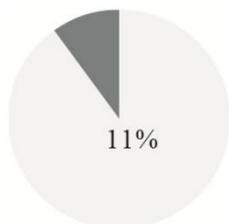
1,3-butylene glycol

Key points of results

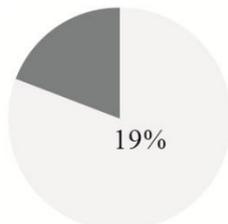
The global air conditioner market continued to achieve positive growth with a medium-term expansion trend. However, in the second half, demand temporarily slowed down due to unfavorable weather in emerging countries, a reactionary decline from rush demand associated with refrigerant regulations in the U.S., and a pause in the subsidy effect in China. The Company worked to expand sales by leveraging the expanded production facilities for refrigeration lubricant raw materials, and sales of high-quality grades of cosmetics ingredients also increased, particularly in Japan. As a result, net sales were ¥56,686 million (up 1.5% year on year) and operating income was ¥10,931 million (down 1.2% year on year) due to an increase in depreciation expenses.

Electronic Materials

Electronic Materials
proportion of total net
sales



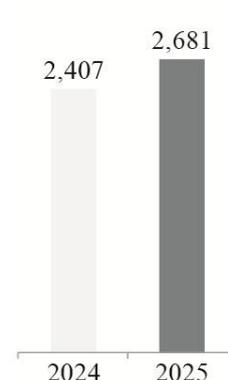
Electronic Materials
proportion of total
operating income



Net sales
(Millions of yen)



Operating income
(Millions of yen)



Overview of business

Manufacturing and sale of high-purity solvents, resist materials, etc. used in the production processes for semiconductors and liquid crystal displays.

Main products

Propylene glycol monomethyl ether-P

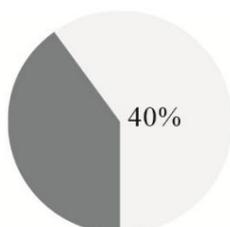
Propylene glycol monomethyl ether acetate-P

Key points of results

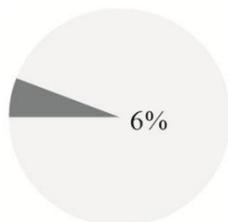
In the semiconductor market, driven by continued robust demand, such as for generative AI, sales of the Company's high-purity solvents increased, and the subsidiary's advanced semiconductor materials also remained firm. As a result, net sales were ¥12,309 million (up 2.9% year on year) and operating income was ¥2,681 million (up 11.4% year on year).

Basic Chemicals

Basic Chemicals
proportion of total net
sales



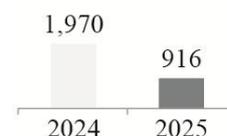
Basic Chemicals
proportion of total
operating income



Net sales
(Millions of yen)



Operating income
(Millions of yen)



Overview of business

Manufacturing and sale of solvents, plasticizer raw materials, resin raw materials, and more used in automotive, housing, and other industrial fields.

Main products

Butyl alcohol

2-ethyl hexyl alcohol

Isononyl alcohol

Butyl acetate

Key points of results

While domestic automobile production remained solid, the number of housing starts continued to fall below the previous year's levels. Additionally, the inflow of low-priced overseas products resulting from oversupply in China also continued. As a result, net sales were ¥45,374 million (down 11.4% year on year) and operating income was ¥916 million (down 53.5% year on year).

Note: In the Other field, net sales were ¥727 million (down 0.8% year on year) and operating income was ¥129 million (up 106.9% year on year).

Notably, when calculating "operating income" in results by business field, administrative expenses, etc., which are common to the entire company, are excluded.

(3) Issues to be addressed

As we continue to aim to be “A Leading Global Specialty Chemical Company” set forth in VISION 2030, the Group formulated the 5th Medium-Term Business Plan (MTBP) over the three-year period, with FY 2025 as the starting year, and is moving ahead with various measures under its Basic Policy of “Toward a New Growth Stage” and three Basic Strategies.

The current external environment continues to be uncertain due to factors including the global expansion of protectionist policies and the prolonged sluggishness of domestic demand in China. Particularly in the petrochemical industry, supply-demand easing for many chemical products and sluggish international market conditions have continued against the backdrop of the construction of new large-scale plants in China. In Japan, business restructuring is progressing in response to historically low operating rates of ethylene facilities. In addition, the business environment has become increasingly severe, with rising costs for logistics and maintenance squeezing profits.

Even in these challenging circumstances, the Group will work to enhance profitability across all business fields, while also steadily moving forward with initiatives to achieve medium- to long-term growth.

Initiatives for FY 2026

<Strategy I: Enhancement of earning power>

Regarding refrigeration lubricant raw materials in the Performance Materials field, although the air-conditioning market entered a temporary inventory adjustment phase in the second half of 2025, demand growth is expected to continue in Asia, mainly in China and India. Under these conditions, the Company, as a leading manufacturer of refrigeration lubricant raw materials, will strive to pursue further business growth by fully utilizing its strengths such as its close network with customers built over many years, advanced production technologies and expertise, global distribution bases, and stable procurement of raw materials, as well as its production facilities expanded in 2024.

In the Electronic Materials field, with the semiconductor market expected to expand, particularly for AI-related applications, the Company will work to expand sales of high-purity solvents and cutting-edge semiconductor materials developed by the Group company Kurogane Kasei Co., Ltd. In addition, through continuous quality improvement, the Company will accurately respond to increasingly sophisticated customer requirements and further advance value-added improvements.

Regarding the Basic Chemicals field, the Company expects a certain level of profit improvement in 2026 as the impact of the temporary procurement issue for raw materials that occurred in 2025 will be resolved. On the other hand, the business environment is expected to become even more severe due to structural factors, including sluggish growth in domestic automobile production and housing starts, as well as an increasing inflow of low-priced imports resulting from excess production capacity in Asia, mainly in China. In light of this situation, the Company will accelerate structural reform to establish a framework capable of securing sustainable profits, thereby ensuring stable supply.

<Strategy II: Efforts toward future growth>

Toward medium- to long-term growth, the Company is working to create new business, including Polyhydroxybutyrate (PHB), which is produced using biobased raw materials and has the property of degrading in marine environments, and glycans, which have gained attention as raw materials for next-generation biopharmaceuticals. The Company will advance the establishment of processes and technologies toward realizing mass-production, and will aim for commercialization during the 5th MTBP period by utilizing digital marketing and strengthening collaboration and cooperation with other companies, such as startup companies.

In addition, the Company is aiming to achieve the 2030 milestone of reducing GHG emissions by 30% from FY 2017 levels by the end of the 5th MTBP, ahead of schedule, toward achieving carbon neutrality. To achieve this goal, the Company will utilize the CO₂ capture system that has been newly installed at the Chiba Plant in 2025 to capture CO₂ produced during the manufacturing process and reuse it as a raw material for the Company’s core technology of oxo reaction, thereby advancing both CO₂ emission reduction and business expansion in parallel.

<Strategy III: Reinforcing the corporate infrastructure>

In order to develop competitive products worldwide, the Company is working to improve productivity and to advance and streamline operations through the promotion of digital transformation (DX). The Company will expand the scope of utilization of “predictive diagnostic systems” and “advanced plant control systems” at production sites, and will enhance educational programs aimed at promoting the proactive utilization of generative AI operated in the Company’s proprietary environment, thereby strengthening competitiveness.

Furthermore, as the roles required of human resources and organizations are becoming increasingly sophisticated with changes in the business environment, the Company has positioned the enhancement of responsiveness and organizational capabilities as important issues. Based on this idea, the Company will advance early development through selective training programs targeting human resources who will be responsible for future management and business, as well as proactive mid-career hiring.

In addition, regarding cyber security, which increases in importance with the utilization of DX and the advancement of digitalization, the Company will work to further strengthen its management infrastructure by implementing necessary measures across the Group.

Financial and Capital Strategy

The Group will maintain management that emphasizes a balance between growth and strategic investment and shareholder returns while working to strengthen profitability. Under the 5th MTBP, based on a policy to further strengthen profit distribution to shareholders, the Company will raise its dividend payout ratio to approximately 40%, and as a basic policy to maintain stable dividends, has set a DOE (dividend on equity) of at least 4%. In addition, the Company will conduct flexible and agile capital allocation based on operating cash flow, aiming for continuous enhancement of corporate value while responding swiftly to changes in the business environment.

(4) Major parent company and subsidiaries (As of December 31, 2025)

(i) Parent company

There is no relevant information.

(ii) Major subsidiaries

Company name	Capital	The Company's voting rights ratio	Principal business
Kurogane Kasei Co., Ltd.	¥90 million	70.9%	Contracted manufacture of high-performance organic materials for the electronics & information technology field and the medical field
Kurogane Fines Inc.	¥10 million	74.0% (64.0%)	Sale of products including raw materials for health foods and pharmaceuticals, and industrial chemical products
KH Neochem Americas, Inc.	US\$870 thousand	100.0%	Import, export and sale of chemicals

Notes:

1. Values in the parentheses under “The Company’s voting rights ratio” regarding Kurogane Fines Inc. are the portion of indirect holdings that is included in the values outside the parentheses.
2. In regard to “The Company’s voting rights ratio” figures less than one unit of display are rounded to the nearest unit.

(5) Other significant matters concerning the current status of the corporate group

There is no relevant information.

2. Current Status of the Company

(1) Shares (As of December 31, 2025)

- | | |
|--|---|
| (i) Total number of shares authorized to be issued | 136,200,000 shares |
| (ii) Total number of issued shares | 37,149,400 shares
(including 1,993,484 shares of treasury stock) |
| (iii) Number of shareholders | 16,100 |
| (iv) Major shareholders | |

Name of shareholders	Number of shares	Shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	5,206,300	14.81
Custody Bank of Japan, Ltd. (Trust account)	2,827,400	8.04
Tosoh Corporation	1,852,000	5.27
STATE STREET BANK AND TRUST COMPANY 505001	1,193,279	3.39
Mizuho Bank, Ltd.	733,300	2.09
GOVERNMENT OF NORWAY	655,929	1.87
JUNIPER	655,200	1.86
THE BANK OF NEW YORK 133652	645,800	1.84
STATE STREET BANK AND TRUST COMPANY 505019	521,461	1.48
NORTHERN TRUST CO. (AVFC) RE WS WALES PENSION PARTNERSHIP (WALES PP) ASSET POOLING ACS UMBRELLA	517,400	1.47

Notes:

- The Company holds 1,993,484 shares of treasury stock, which are excluded from the major shareholders listed above.
- Shareholding percentages are calculated after deducting the number of treasury shares from the number of shares outstanding, and they are rounded to the nearest displayed unit.

(2) Other significant matters relating to shares

In order to enhance shareholder returns and improve capital efficiency, as well as to enable the agile execution of capital policy in response to changes in the business environment, the Company acquired 1,993,000 shares of its own shares (5.7% of total number of issued shares, excluding treasury stock) for a total amount of ¥4,999,775,000 through market purchases from February 10, 2025 to September 22, 2025, based on the resolution at the meeting of the Board of Directors held on February 7, 2025, pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph (3) of the same Act, and Article 7 of the Articles of Incorporation.

(3) Cross-shareholding shares held by the Company

(i) Status of cross-shareholding shares held

The Company holds the shares of companies with which it deems it important to maintain transactions and create synergies over the medium to long term, based on mutual understanding of management policies, the nature of the businesses, and the value of sales and purchasing transactions (hereinafter referred to as the “cross-shareholding shares”). It does this for the purpose of enhancing corporate value. As of December 31, 2025, the total value of cross-shareholdings recorded in assets on the balance sheet was ¥7,231 million, accounting for 11.28% of total net assets, and 9.96% of total consolidated net assets. Of these, approximately 30% consists of shareholdings in unlisted companies. Of this 30%, approximately 90% consists of shares in key raw material manufacturers and joint facility management companies established through joint investments with affiliates for the purpose of ensuring stable supply of key raw materials and improving the efficient business operations of the industrial complex as a whole, as well as shares in startups in which we invested with the aim of creating new business. In that sense, it is precisely as part of a business investment that these shares are held.

For shares in listed companies, the Company views the rationale for each cross-shareholding, including appraisal losses and gains, shareholder returns, the financial condition of the issuing company, the status of transactions with the Company, and whether there have been any infringements of compliance.

Decisions on whether to continue holding the shares are based on a comprehensive medium- to long-term perspective that includes the contribution to the Company's earnings mainly through product sales, comparisons to the cost of capital, access to market information, and R&D initiatives. These are discussed and verified by the Board of Directors every year. In cases where, as a result, the appropriateness of the holding cannot be confirmed, or is not expected to be confirmed in the future, the shares will not be held.

Notably, in 2025, there was no increase or decrease in the number of issues held, in accordance with the aforementioned policy. As of December 31, 2025, the number of issues held was 23 (including seven issues of listed companies).

(ii) Exercising voting rights for cross-shareholding shares

When exercising voting rights, before coming to a judgment as to whether or not to support the resolution, the Company takes into account the condition of the issuer's management and finances, and verifies whether there have been any infringements of compliance. These are verified separately by the division in charge of finance, the division in charge of legal affairs, and the division in charge of trading, and when necessary a comprehensive decision will be made after dialogue with the issuing company.

(4) Directors

(i) Directors (As of December 31, 2025)

Position in the Company	Name	Responsibility in the Company and significant concurrent positions outside the Company
Representative Director President & Chief Executive Officer	Michio Takahashi	CEO
Board Director and Senior Corporate Officer	Masaya Hamamoto	CFO
Board Director and Corporate Officer	Toshiaki Fujima	CSO Head of Corporate Planning
Outside Director (Independent Director)	Sayoko Miyairi	Partner of Scholar Consult Co., Ltd. Outside Director of Toyo Engineering Corporation Outside Director of NIHON SEIKAN K.K.
Outside Director (Independent Director)	Jun Tsuchiya	CEO of Tsuchiya International Consulting Corp.
Outside Director (Independent Director)	Yuji Kikuchi	Partner and attorney at law of Tokyo Hatchobori Law Office
Board Director (Full-time Audit and Supervisory Committee Member)	Isao Takahashi	
Outside Director (Independent Director) (Audit and Supervisory Committee Member)	Kazuhiro Kawai	Outside Auditor of Kiraboshi Bank, Ltd. Auditor of Mizuho-DL Financial Technology Co., Ltd.
Outside Director (Independent Director) (Audit and Supervisory Committee Member)	Keiko Tamura	Partner attorney at law of Asahi Law Offices Outside Auditor of The Norinchukin Trust & Banking Co., Ltd. Outside Director of Amano Corporation

Notes:

- Ms. Sayoko Miyairi's name as recorded in her family register is Sayoko Ibaraki.
- Mr. Tatsuro Niiya retired as Director upon the conclusion of the 15th Ordinary General Meeting of Shareholders held on March 25, 2025, following the expiration of his term of office.
- There are no important transactional or other particular relationships between the Company and the companies at which Outside Directors hold significant concurrent positions.
- Changes in position and responsibility in the Company and significant concurrent positions outside the Company during the current fiscal year were as follows.

Name	Before changes	After changes	Date of changes
Masaya Hamamoto	Board Director and Senior Corporate Officer, CFO	Board Director and Senior Corporate Officer, CFO (concurrently serving as Head of Accounting, FP&A, Finance and IR)	March 25, 2025
	Board Director and Senior Corporate Officer, CFO (concurrently serving as Head of Accounting, FP&A, Finance and IR)	Board Director and Senior Corporate Officer, CFO	October 1, 2025
Kazuhiro Kawai	Outside Auditor of Kiraboshi Bank, Ltd.	Outside Auditor of Kiraboshi Bank, Ltd. Auditor of Mizuho-DL Financial Technology Co., Ltd.	October 1, 2025
Keiko Tamura	Partner attorney at law of Asahi Law Offices Outside Auditor of The Norinchukin Trust & Banking Co., Ltd.	Partner attorney at law of Asahi Law Offices Outside Auditor of The Norinchukin Trust & Banking Co., Ltd. Outside Director of Amano Corporation	June 27, 2025

- Mr. Kazuhiro Kawai and Ms. Keiko Tamura possess considerable knowledge of finance and accounting as Directors who are Audit and Supervisory Committee Members of the Company as described below.
 - Mr. Kazuhiro Kawai has many years of work experience and experience as an audit & supervisory board member mainly at financial institutions.
 - Ms. Keiko Tamura possesses broad expertise in the financial field and corporate legal affairs as an attorney at law, and experience as an audit & supervisory board member mainly at financial institutions.

6. The Company has designated Mr. Isao Takahashi as a full-time Audit and Supervisory Committee Member in order to strengthen the Audit and Supervisory Committee's audit and supervisory functions, facilitate ongoing information gathering and sharing through attendance at important meetings, and enable robust coordination between the Internal Audit Department and the Audit and Supervisory Committee.
7. Overview of content of liability limitation agreement
Under Article 427, paragraph (1) of the Companies Act and the provisions of the Company's Articles of Incorporation, the Company has entered into agreements with all three Outside Directors who are not Audit and Supervisory Committee Members and all three Directors who are Audit and Supervisory Committee Members to limit their liability for damages as provided for in Article 423, paragraph (1) of the Companies Act.
The maximum amount of liability for damages under the said agreement shall be the amount stipulated by laws and regulations.
8. Overview of Directors and Officers liability insurance agreement
The Company has concluded a Directors and Officers liability insurance agreement with an insurance company in accordance with Article 430-3, paragraph (1) of the Companies Act, and the agreement covers legally required compensation for damages and lawsuit costs borne by the insured person.
The insureds in this agreement are all Directors, Audit and Supervisory Committee Members and others (including those of subsidiaries) and the Company bears the premiums.
9. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Ms. Sayoko Miyairi, Messrs. Jun Tsuchiya, Yuji Kikuchi, and Kazuhiro Kawai, and Ms. Keiko Tamura have been designated as Independent Directors and Audit and Supervisory Committee Members as provided for by the aforementioned stock exchange.

(Reference) Corporate Officers (As of December 31, 2025)

Position in the Company	Name	Responsibility in the Company
President & Chief Executive Officer	Michio Takahashi	CEO
Executive Corporate Officer	Toshihiro Matsuoka	CTO
Senior Corporate Officer	Masaya Hamamoto	CFO
Senior Corporate Officer	Yukihiro Isogai	CMO
Senior Corporate Officer	Hideki Shimizu	CPO, Head of Procurement
Senior Corporate Officer	Hideo Kurokawa	General Manager of Yokkaichi Plant
Corporate Officer	Toshiaki Ogata	Head of Production Planning and Engineering
Corporate Officer	Akio Nakahashi	General Manager of Chiba Plant
Corporate Officer	Yoshiaki Kondo	Head of Environment, Safety and Quality Assurance
Corporate Officer	Atsushi Tokumitsu	Seconded to Kurogane Kasei Co., Ltd. (President & Chief Executive Officer)
Corporate Officer	Katsunori Sato	Head of Sales & Marketing
Corporate Officer	Takatoshi Fujii	CHRO, Head of Human Resources
Corporate Officer	Toshiaki Fujima	CSO, Head of Corporate Planning
Corporate Officer	Maki Sato	CLO, Head of Corporate Administration, Legal and Compliance

(ii) Amount of remuneration, etc. for Directors

(a) Policy on decisions pertaining to remuneration, etc. for Directors and Audit and Supervisory Committee Members

The policy on decisions pertaining to remuneration, etc., for individual Directors is deliberated by the voluntary Nomination and Compensation Advisory Committee (hereinafter referred to as the “Nomination and Compensation Advisory Committee”), which consists of all Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) and the Representative Director, the President & Chief Executive Officer. Based on the recommendations from the Nomination and Compensation Advisory Committee, the policy was established from the resolution of the Board of Directors held on February 16, 2024, as outlined below.

[The policy on decisions pertaining to remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members, hereinafter referred to as “Directors” in this section (a))]

Basic policy for Director remuneration

The Company’s basic policy for remuneration, etc. is that which achieves the following:

Director remuneration is to serve as a sufficient incentive for Directors to improve business performance and increase corporate value over the medium to long term.

Director remuneration is to give rise to competitive strengths that facilitate the capacity to gain diverse and outstanding talent.

Director remuneration is to cause Directors to have common interests with shareholders and other stakeholders.

Based on the above basic policy, remuneration, etc. consists of monetary remuneration comprising fixed remuneration and performance-linked remuneration, as well as performance-linked share-based remuneration involving a trust.

Remuneration, etc. is to be determined within a remuneration range resolved at the General Meeting of Shareholders, and is set at appropriate levels enlisting third-party surveys on compensation of business managers in Japan (hereinafter referred to as “Managerial Compensation Surveys”).

Regarding remuneration, etc. for individuals, for monetary remuneration, the Board of Directors must seek the advice of the Nomination and Compensation Advisory Committee, receive the committee’s report, and then reach a resolution that serves as the basis for delegating the decision to the Representative Director, the President & Chief Executive Officer, who then determines monetary remuneration. In pursuit of reasonable levels of remuneration and transparency in performance evaluations, the Representative Director, the President & Chief Executive Officer must make decisions in line with the details discussed by the Nomination and Compensation Advisory Committee. Performance-linked share-based remuneration is determined based on the “Rules for Delivery of Shares to Officers” set out by the Board of Directors in advance.

Policy on decisions pertaining to the proportional mix of remuneration, etc. for individuals

With regard to the proportional mix of remuneration, etc. by component type, overall remuneration is structured such that the higher the Director’s position, the greater the performance-linked portion, upon referring to remuneration, etc. at listed enterprises comparable to the Company cited in Managerial Compensation Surveys.

Specific details are considered by the Nomination and Compensation Advisory Committee and then reported to the Board of Directors. The Board of Directors must respect the information reported by the Nomination and Compensation Advisory Committee when determining the proportional mix of remuneration by component type.

Policy on decisions pertaining to amounts and methods of calculating monetary remuneration for individuals

Monetary remuneration for Directors is set such that the standard amounts for each position generally comprise 70% fixed remuneration and 30% performance-linked remuneration.

Fixed remuneration is paid in standard amounts set according to each Director's position, roles, and other factors.

Performance-linked remuneration is determined as follows.

Performance-linked remuneration for Representative Director, the President & Chief Executive Officer is calculated to reflect only the evaluation of the entire Company's performance to highlight the fact that the President & Chief Executive Officer is responsible for the entire Company's performance.

Performance-linked remuneration for other Directors is calculated to reflect the entire Company's performance and their individual performance to account for their responsibility for both the entire Company's performance and the execution of their duties in their areas of responsibility.

To reflect the entire Company's performance, considering the characteristics of the Company's business and other factors, the Company uses consolidated EBITDA (=operating income + depreciation + amortization of goodwill) as a performance evaluation indicator, and multiplies it by the percentage of progress made toward achieving the yearly budget to calculate two thirds of the standard amount of performance-linked remuneration set for each position, and by the percentage of progress with respect to actual mean values for the past five years to calculate the remaining third. Notably, the results of performance evaluations are reflected in remuneration for the following fiscal year.

To reflect individuals' performance, predetermined additions and subtractions based on performance evaluation results with respect to results in their areas and departments of responsibility are applied, and amounts are determined after deliberation by the Nomination and Compensation Advisory Committee. Notably, the results of performance evaluations are reflected in remuneration for the following fiscal year.

The annual amount of monetary remuneration is the sum of fixed remuneration and performance-linked remuneration, and a fixed amount corresponding to 1/12 of the annual amount is paid monthly.

Policy on decisions pertaining to the details of share-based remuneration and methods of calculating amounts and numbers of shares for individuals

The Company also uses consolidated EBITDA as a performance evaluation indicator for performance-linked share-based remuneration, which it calculates as follows using the percentage of progress made toward achieving the budget (Maximum: 120%, Minimum: 80%) on the condition that the Company's consolidated operating income is positive.

In March each year, the Company grants the number of points corresponding to the standard number of points for each position multiplied by the percentage of progress made toward achieving the budget, and remuneration, etc. corresponding to the cumulative number of points is paid upon each Director's retirement. Notably, for tax reasons, the Company provides the number of shares on a "one point per one share" basis for 70% of the points accumulated, and pays a monetary amount calculated by multiplying the market value of the shares on the date of retirement for the remaining 30%. The details of this handling are described in the "Rules for Delivery of Shares to Officers."

[Policy on decisions pertaining to remuneration, etc. for Outside Directors (except Directors who are Audit and Supervisory Committee Members)]

Given the fact that the role of Outside Directors is to supervise the Company's management from an objective, independent standpoint, they are only provided with monetary remuneration in the form of monthly fixed remuneration.

Their remuneration, etc. is determined within a remuneration range resolved at the General Meeting of Shareholders, and set at appropriate levels enlisting Managerial Compensation Surveys.

Regarding remuneration, etc. for individuals, the Board of Directors must seek the advice of the Nomination and Compensation Advisory Committee, and then receive the committee's report and reach a resolution that is the basis for delegating the decision to the Representative Director, the President & Chief Executive Officer, who then determines remuneration, etc. In pursuit of reasonable levels of remuneration and of transparency, the President & Chief Executive Officer must make decisions in line with the details discussed by the Nomination and Compensation Advisory Committee.

[Policy on decisions pertaining to remuneration, etc. for Directors who are Audit and Supervisory Committee Members]

Given the fact that the role of Directors who are Audit and Supervisory Committee Members is to supervise the Company's management from an objective, independent standpoint, they are only provided with monetary remuneration in the form of monthly fixed remuneration.

Their remuneration, etc. is determined within a remuneration range resolved at the General Meeting of Shareholders, and set at appropriate levels enlisting Managerial Compensation Surveys. Remuneration, etc. for individuals is determined through discussion among Directors who are Audit and Supervisory Committee Members.

(b) Total amount of remuneration, etc. for the current fiscal year

	Number of Directors and Audit and Supervisory Committee Members	Total amount of remuneration, etc. by type (Millions of yen)			Total amount of remuneration, etc. (Millions of yen)
		Monetary remuneration		Share-based remuneration	
		Fixed remuneration	Performance-linked remuneration	Performance-linked remuneration	
Director (excluding Director who is Audit and Supervisory Committee Member)	7	108	31	34	174
(of which, Outside Director)	(3)	(32)	(-)	(-)	(32)
Director (Audit and Supervisory Committee Member)	3	43	-	-	43
(of which, Outside Director)	(2)	(21)	(-)	(-)	(21)
Total	10	151	31	34	218
(of which, Outside Director and Outside Audit and Supervisory Committee Member)	(5)	(54)	(-)	(-)	(54)

Notes:

1. The number of Directors and Audit and Supervisory Committee Members and the amount of remuneration in the above table include one Director who retired at the conclusion of the 15th Ordinary General Meeting of Shareholders held on March 25, 2025.
2. Remuneration, etc. for Directors does not include the employee salaries paid to the Directors who concurrently serve as employees.
3. The share-based remuneration was determined based on a resolution at the 14th Ordinary General Meeting of Shareholders held on March 26, 2024. Accordingly, the maximum amount of money to be contributed to the trust every three fiscal years and the maximum number of points (shares) to be granted per fiscal year were resolved. The share-based remuneration amount recorded as expenses during the fiscal year under review is based on this resolution.

a. Matters concerning performance-linked remuneration, etc.

- Performance indicators and reasons for their selection

The Company strives to enhance its growth potential and efficiency with the aim of sustainably increasing corporate value. To such ends, the Company uses consolidated EBITDA (=operating income + depreciation + amortization of goodwill) as a performance indicator with respect to the Company's performance-linked remuneration for its

Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), considering the characteristics of the Company's business and other factors.

- **Method for calculating performance-linked remuneration amounts and quantitative values**

As outlined in the abovementioned "a. Policy on decisions pertaining to remuneration, etc. for Directors and Audit and Supervisory Committee Members," the Company has incorporated monetary remuneration and share-based remuneration into its performance-linked remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors). The monetary remuneration component of the performance-linked remuneration is calculated using the percentage of progress made toward achieving the yearly budget with respect to consolidated EBITDA combined with the average proportion of progress made over the last five years. When it comes to payment, the total annual amount of performance-linked remuneration and fixed remuneration is paid out monthly on a prorated basis over each of the twelve months.

For share-based remuneration as performance-linked remuneration, based on a resolution at the 8th Ordinary General Meeting of Shareholders held on March 27, 2018, the Company introduced a Board Benefit Trust ("BBT") as its performance-linked share-based remuneration plan, which it has continued based on a resolution at the 11th Ordinary General Meeting of Shareholders held on March 23, 2021. Additionally, the maximum amount of money contributed to the trust every three fiscal years and the maximum number of points (number of shares) to be granted per fiscal year were revised based on a resolution at the 12th Ordinary General Meeting of Shareholders held on March 24, 2022. Additionally, based on a resolution at the 14th Ordinary General Meeting of Shareholders held on March 26, 2024, following the Company's transition to a Company with an Audit and Supervisory Committee, the maximum amount of money to be contributed to the trust every three fiscal years and the maximum number of points (shares) to be granted per fiscal year were newly determined. The purpose of this Plan is to further increase the linkage with corporate performance, and clarify the linkage between remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) and the stock value of the Company at the same time, having the Directors share with our shareholders not only the merits of the increase in the stock price, but also the risk of the decrease in the stock price, thereby increasing awareness of the Directors to contribute to the medium- to long-term improvement in the business performance and to the enhancement of corporate value. Under the Plan, upon retirement those eligible receive payment of remuneration, etc. equivalent to the points they have accumulated under the Plan. Calculated using the percentage of progress made toward achieving the yearly budget with respect to consolidated EBITDA, points are granted every March on the condition that the Company has generated a positive consolidated operating income. As for payment, the Company provides the Company's shares on a "one point per one share" basis with respect to 70% of the points accumulated, and pays a monetary amount calculated by multiplying the market value of the shares on the date of retirement with respect to 30% of the points accumulated.

Specific details regarding such arrangements are stipulated in the "Rules for Delivery of Shares to Officers" as determined by the Board of Directors.

- Results in relation to the performance indicators

Consolidated EBITDA trends including that of the fiscal year under review are shown below.

	10th Fiscal Year– 14th Fiscal Year average value (Fiscal Year ended December 31, 2019 to Fiscal Year ended December 31, 2023)	15th Fiscal Year (Fiscal Year ended December 31, 2024)	16th Fiscal Year (fiscal year under review) (Fiscal Year ended December 31, 2025)
Consolidated EBITDA (Millions of yen)	15,588	17,169	17,581

b. Share-based remuneration (non-monetary remuneration, etc.)

The performance-linked share-based remuneration plan introduced by the Company has been described under the heading “Method for calculating performance-linked remuneration amounts and quantitative values” above. The total number of points above to be granted to the Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) as remuneration, etc. for the fiscal year under review is 12,433 points.

c. Matters concerning decisions on the amount of remuneration, etc. for Directors per resolution at the General Meeting of Shareholders

The maximum amount of remuneration, etc. for the Company’s Directors was resolved as follows.

Eligible persons	Type of remuneration, etc.	Maximum value and number of points (number of shares)	Resolution at the General Meeting of Shareholders	No. of eligible persons upon conclusion of said meeting
Directors (excluding Directors who are Audit and Supervisory Committee Members)	Monetary remuneration	No more than ¥350 million per year (including no more than ¥50 million per year for Outside Directors; however, this does not include the employee salary portion for Directors who concurrently serve as employees)	14th Ordinary General Meeting of Shareholders held on March 26, 2024	6 (including 3 Outside Directors)
Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)	Share-based remuneration	<ul style="list-style-type: none"> • Contribute money to the trust, up to ¥200 million every three fiscal years • Maximum number of points (number of shares) to be granted per fiscal year: 60,000 points (60,000 shares) 	14th Ordinary General Meeting of Shareholders held on March 26, 2024	3
Directors who are Audit and Supervisory Committee Members	Monetary remuneration	No more than ¥70 million per year	14th Ordinary General Meeting of Shareholders held on March 26, 2024	3 (including 2 Outside Directors)

d. Matters concerning third-party delegation

When it comes to the monetary remuneration component of the remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members), the task of making specific decisions on an individual basis in that regard is delegated to the Representative Director, the President & Chief Executive Officer. When the Board of Directors delegates the task of making decisions on amounts of individual remuneration, etc. to the Representative Director, the President & Chief Executive Officer, the Board of Directors consults with the Nomination and

Compensation Advisory Committee with regard to formulation of a draft thereof, in order to ensure appropriateness of remuneration levels and transparency of performance evaluations, adhering to the resolution of the General Meeting of Shareholders. Then the Representative Director, the President & Chief Executive Officer must make such decisions in accordance with reports made by the Committee.

- e. Reasons the Board of Directors has deemed that remuneration, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) pertaining to the fiscal year under review aligns with the Decision-making Policy

When it comes to making decisions on remuneration, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members), the Nomination and Compensation Advisory Committee comprehensively examines the draft thereof, including its consistency with the Decision-making Policy, and the Board of Directors respects the report from the Committee and deems the decisions align with the Decision-making Policy.

- f. Matters concerning delegation of decisions on remuneration, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members)

The Representative Director, the President & Chief Executive Officer has made decisions on monetary remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) during the current year under review, per resolution on delegating to the Representative Director, the President & Chief Executive Officer (CEO) Michio Takahashi the task of making specific decisions regarding individual remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members), approved at the Board of Directors meeting held on March 25, 2025.

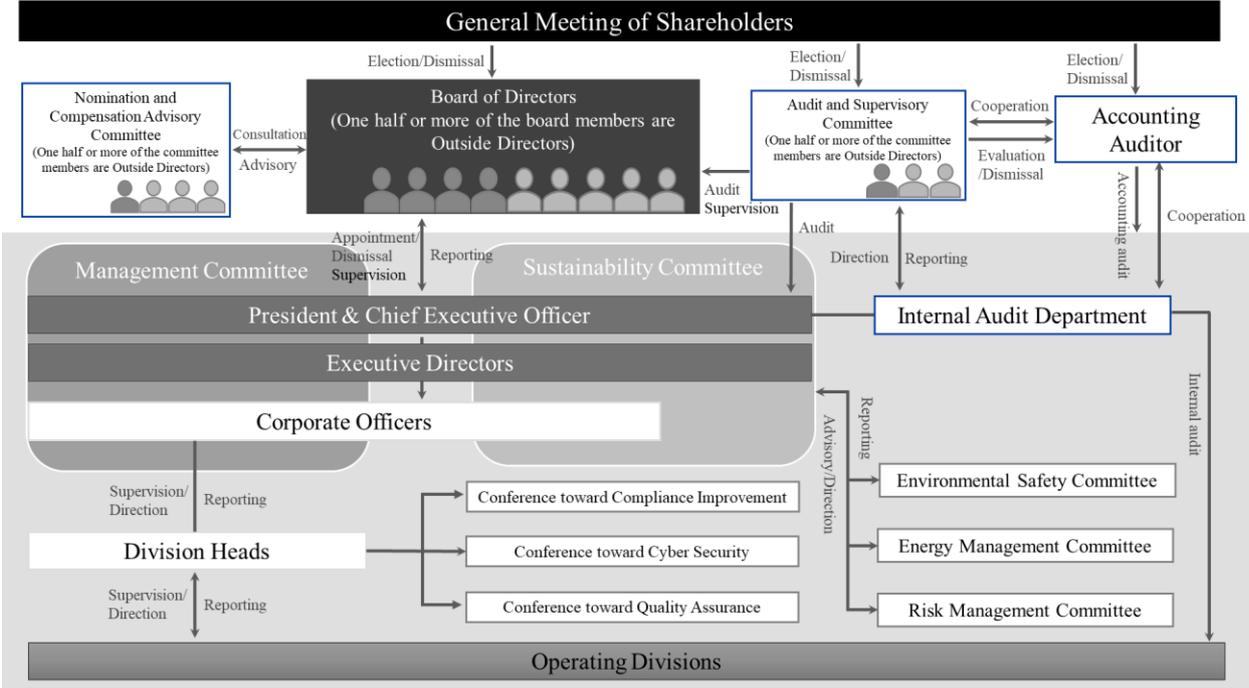
The reason for delegating such decisions to the Representative Director, the President & Chief Executive Officer is that the Representative Director, the President & Chief Executive Officer is best suited to the task of assessing areas of responsibility and professional duties assumed by each Director (excluding Directors who are Audit and Supervisory Committee Members), while taking an overhead view of business performance across the entire Company. However, when the Board of Directors delegates the task of making decisions on amounts of individual remuneration, etc. to the Representative Director, the President & Chief Executive Officer, the Board of Directors consults with the Nomination and Compensation Advisory Committee with regard to formulation of a draft thereof, in order to ensure appropriateness of remuneration levels and transparency of performance evaluations, adhering to the resolution of the General Meeting of Shareholders. Then the Representative Director, the President & Chief Executive Officer must make such decisions in accordance with reports made by the Committee.

(iii) Matters concerning Outside Directors

Name	Position	Attendance	Status of main statements made
Sayoko Miyairi	Outside Director	Board of Directors meetings: 16 of 16 meetings	She has appropriately fulfilled her role as an Outside Director of the Company in ensuring the correctness and reasonableness of decision-making, primarily by using her standpoint as an expert in organizational and human resource development to provide opinions and recommendations on human resource development and on improving employee engagement. In addition, as a member of the Nomination and Compensation Advisory Committee, she attended all 8 of its meetings during the fiscal year under review, supervising the process for the selection of candidates and the determination of remuneration for Directors and Audit and Supervisory Committee Members of the Company from an objective and independent viewpoint.
Jun Tsuchiya	Outside Director	Board of Directors meetings: 16 of 16 meetings	He has appropriately fulfilled his role as an Outside Director of the Company in ensuring the correctness and reasonableness of decision-making, primarily by using his standpoint as an expert in management and technology to provide opinions and recommendations on the business of the Company as a whole. In addition, as a member of the Nomination and Compensation Advisory Committee, he attended all 8 of its meetings during the fiscal year under review, supervising the process for the selection of candidates and the determination of remuneration for Directors and Audit and Supervisory Committee Members of the Company from an objective and independent viewpoint.
Yuji Kikuchi	Outside Director	Board of Directors meetings: 16 of 16 meetings	He has appropriately fulfilled his role as an Outside Director of the Company in ensuring the correctness and reasonableness of decision-making primarily by using his expert standpoint as an attorney to provide opinions and recommendations on risk management and strengthening corporate governance. In addition, as the chairperson of the Nomination and Compensation Advisory Committee, he attended all 8 of its meetings during the fiscal year under review, leading the supervision of the process for the selection of candidates and the determination of remuneration for Directors and Audit and Supervisory Committee Members of the Company from an objective and independent viewpoint.
Kazuhiro Kawai	Outside Director Audit and Supervisory Committee Member	Board of Directors meetings: 16 of 16 meetings Audit and Supervisory Committee meetings: 12 of 12 meetings	Based on his extensive experience and achievements in credit review operations and management at financial institutions, he plays an appropriate role in ensuring the correctness and reasonableness of decision-making by providing opinions and recommendations on accounting and internal controls. Additionally, by participating in management from the standpoint of an Audit and Supervisory Committee Member, he contributes to enhancing corporate value through supervision and audits.

Name	Position	Attendance	Status of main statements made
Keiko Tamura	Outside Director Audit and Supervisory Committee Member	Board of Directors meetings: 16 of 16 meetings Audit and Supervisory Committee meetings: 12 of 12 meetings	She played an appropriate role in ensuring the correctness and reasonableness of decision-making by providing opinions and recommendations on risk management and compliance, drawing on her extensive experience and achievements in the financial sector as an attorney. Additionally, by participating in management from the standpoint of an Audit and Supervisory Committee Member, she contributes to enhancing corporate value through supervision and audits.

(Reference) The Company’s governance system (as of December 31, 2025)



- Board of Directors

The Board of Directors exists to promote the sustained growth of the Company and the improvement of its corporate value over the medium and long term, to strive for proper structuring and management of a corporate control system, and to make decisions on matters set out in laws, regulations, and the Company’s Articles of Incorporation and other critical management matters as the Company’s key executive decision-making body in addition to serving as a supervisory body over the Directors’ performance of duties. The Board of Directors comprises nine Directors (including five Outside Directors) and, in principle, holds ordinary Board of Directors meetings on a monthly basis in addition to extraordinary Board of Directors meetings as needed, forming the Company’s system for swift decision-making in management.

- Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three Directors who are Audit and Supervisory Committee Members, including two Independent Outside Directors filed with the Tokyo Stock Exchange. Among them, one internal director serves as a full-time Audit and Supervisory Committee Member and is appointed as the Chair of the Committee. To discuss and resolve important audit-related matters, the Committee generally holds ordinary Audit and Supervisory Committee meetings once per month and convenes extraordinary meetings as necessary. Directors who are Audit and Supervisory Committee Members attend Board of Directors meetings, Management Committee meetings, and other important meetings, review important documents, and closely collaborate with or provide instructions to the Internal Audit Department to collect necessary information and audit the execution of duties. The Committee conducts effective audits by leveraging the expertise of Independent Outside Directors, who possess extensive practical experience in their respective fields,

and the insights of the full-time internal director, who possesses in-depth knowledge of internal affairs. Additionally, the Committee regularly exchanges opinions with the Representative Director and maintains close communication with the Accounting Auditor to enhance information gathering and improve the audit environment.

- Nomination and Compensation Advisory Committee

With the aim of ensuring the independence, objectivity and transparency of the Board of Directors functions related to nomination and remuneration of Directors and Corporate Officers, the Company has established a voluntary Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors. The Chair of the Committee is an Outside Director, and Outside Directors constitute a majority of the members.

- Sustainability Committee

KH Neochem's Sustainability Committee, composed of the CxOs and chaired by the Chief Strategy Officer (CSO), has been established as an advisory body to the Board of Directors. The committee's purpose is to deliberate and provide recommendations and monitoring concerning sustainability-related matters, and to reflect the results in management planning and other initiatives. These include matters for resolution by the Board of Directors or the Management Committee, as well as matters to be decided by the President. The committee chair may also request reports from specialist committees, as necessary. KH Neochem's CxOs (Chief x Officers) are appointed from among the Corporate Officers to enable rapid and precise business execution. They are the highest-ranking executives in specific functions and business areas.

- Management Committee

The Company has established a Management Committee as a meeting body to decide on important matters pertaining to the execution of duties delegated to the Company by the Board of Directors and to preliminarily deliberate on matters to be discussed at the Board of Directors. In principle, the Management Committee meets on a monthly basis, and the meetings are attended by the Director who is a full-time Audit and Supervisory Committee Member, among others.

- Expert Committees and Conferences

As important meeting bodies for governance that supplement and reinforce company-wide decision-making, the Company has established expert committees, which are chaired by CxOs, and examine and discuss specialized matters and analyze and report on such matters for decision-making; and conferences, which meet regularly to hold necessary discussions for decision-making and execution of duties involving items to be resolved exclusively by division heads based on Rules on Final Approval and organizational regulations, in addition to formulating and promoting company-wide policies, providing education and training, and sharing information.