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(Stock Exchange Code 4047)

June 11, 2024

(Electronic Provision Measures Commencement Date) June 4, 2024

**To Shareholders with Voting Rights:**

Jun'ichi Hasegawa  
President  
Kanto Denka Kogyo Co., Ltd.  
Yusen Building 3-2, Marunouchi 2-chome,  
Chiyoda-ku, Tokyo, Japan

**NOTICE OF THE 117TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We are pleased to inform you that we will hold the 117th Ordinary General Meeting of Shareholders of Kanto Denka Kogyo Co., Ltd. (the "Company") as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (items for which the measures for providing information in electronic format will be taken) in electronic format. It has posted the items for which the measures for providing information in electronic format will be taken as the "Notice of the 117th Ordinary General Meeting of Shareholders" and "Other Items Provided Electronically for the 117th Ordinary General Meeting of Shareholders (Matters Omitted in the Paper-Based Documents to be Delivered)" (Japanese only) on the Company's website on the Internet.

The Company's website: <https://www.kantodenka.co.jp/english/ir/>

To confirm the items for which the measures for providing information in electronic format will be taken, please access, in addition to the website above, the Tokyo Stock Exchange (TSE) website (TSE Listed Company Information Service) at the URL below, enter the Company's name in "Issue name (company name)" or our securities code in "Code," and click "Search." Then, select "Basic Information" and "Documents for public inspection/PR information" in that order.

TSE website (Listed Company Search):  
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

**If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. on Wednesday, June 26, 2024, Japan time.**

- 1. Date and Time:** Thursday, June 27, 2024, at 10:00 a.m. Japan time
- 2. Place:** 5F Conference Room, Headquarters of the Company  
Yusen Building 3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan
- 3. Meeting Agenda:**  
**Matters to be reported:**
  1. The Business Report, Consolidated Financial Statements for the Company's 117th Fiscal Year (April 1, 2023–March 31, 2024) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company's 117th Fiscal Year (April 1, 2023–March 31, 2024)

**Proposals to be resolved:**

<b>Proposal 1:</b>	Partial Amendments to the Articles of Incorporation
<b>Proposal 2:</b>	Election of Nine Directors
<b>Proposal 3:</b>	Election of Four Auditors
<b>Proposal 4:</b>	Election of One Substitute Auditor
<b>Proposal 5:</b>	Revision of Director Remuneration, etc. Amount

1. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
2. On the day of the meeting, the Company will adopt “Cool Biz” attire. Shareholders are also encouraged to attend the meeting in light clothing.
3. Although the Company has launched the system for providing informational materials for general meetings of shareholders in electronic format, in order to avoid confusion among shareholders, we will uniformly send paper-based documents stating the items for which the measures for providing information in electronic format will be taken for this General Meeting of Shareholders, regardless of whether or not a request for delivery of paper-based documents has been made.
4. Of the items for which the measures for providing information in electronic format will be taken, the following items are not included in this Notice pursuant to the provisions of laws and regulations as well as Article 14 of the Company’s Articles of Incorporation. The documents for audit, including the following items, have been audited by the auditors and by the Accounting Auditor.
  - The Systems for Ensuring Appropriate Business Activities and Status of System Operation (Summary) in the Business Report
  - The Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statements in the Consolidated Financial Statements
  - The Statement of Changes in Equity and the Notes to the Non-consolidated Financial Statements in the Non-consolidated Financial Statements
5. In the event of revision to the items for which the measures for providing information in electronic format will be taken, the content of the revisions will be posted on the respective websites listed.

# Business Report

(From April 1, 2023 to March 31, 2024)

## 1. Matters Related to the Status of the Corporate Group

### (1) Business Progress and Achievements

In the fiscal year ended March 31, 2024, the Japanese economy showed signs of a gradual recovery due to the positive effects of various government policies under an improving employment and income environment. However, severe conditions continued to prevail. Overseas, the outlook remained uncertain due to the need for caution amid downside risks stemming from such factors as global monetary tightening and concerns over the prospects for the Chinese economy, as well as inflation, geopolitical tensions in the Middle East, and fluctuations in financial and capital markets.

The chemical industry also continued to face a challenging business environment, with rising raw material, fuel and logistics prices coupled with the impact of production adjustments in the semiconductor and electronic materials industries.

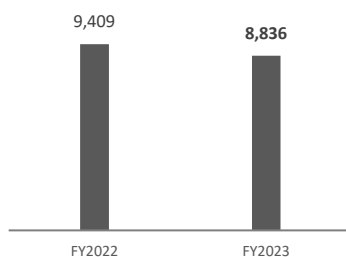
Against this backdrop, although the Kanto Denka Group has been actively promoting sales activities, business performance was greatly impacted, primarily due to a significant decline in demand in the Fine Chemicals Division.

Net sales amounted to ¥64,768 million, down ¥13,906 million, or 17.7%, year on year. Meanwhile, ordinary loss totaled ¥1,304 million compared with ordinary profit of ¥13,679 million in the previous fiscal year. The loss was mainly due to the persistent high cost of sales for battery materials and recognition of a loss on valuation of inventories, in addition to the decline in net sales. In terms of net profit and loss, the loss attributable to owners of parent amounted to ¥4,610 million compared with profit attributable to owners of parent of ¥9,382 million in the previous fiscal year. This was due to the decreased profitability of battery materials, which led to the inability to recover a portion of the investment, resulting in the recording of impairment losses as extraordinary losses.

The following provides an overview for each segment.

### Fundamental Chemicals Division

Net Sales (Millions of yen)



#### Inorganic Products

Sales of caustic soda and hydrochloric acid were up year on year due to effects from price revisions, despite lower sales volumes.

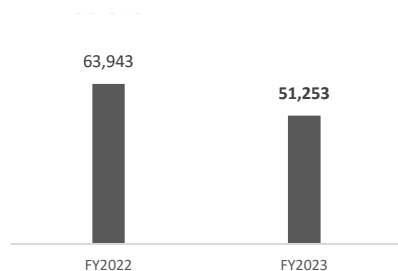
#### Organic Products

Sales of trichloroethylene were down due to the lower sales volume. Sales of perchloroethylene were down due to the lower sales volume and decrease in selling price.

As a result of the above, net sales in the Fundamental Chemicals Division amounted to ¥8,836 million, down ¥572 million or 6.1% year on year. Operating loss amounted to ¥139 million (versus operating profit of ¥325 million in the previous fiscal year).

## Fine Chemicals Division

Net Sales (Millions of yen)



### Fluorochemicals

Sales of fluorochemicals for semiconductors decreased year on year due to a decline in sales volume for nitrogen trifluoride, tungsten hexafluoride, and hexafluoro-1,3-butadiene.

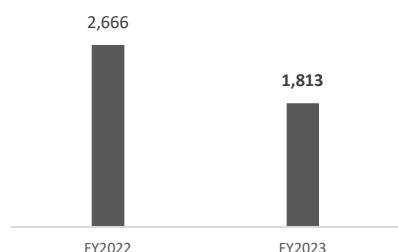
### Battery Materials

Sales of lithium hexafluorophosphate, a battery material, were down due to a decrease in sales volume and decrease in selling price.

As a result of the above, net sales in the Fine Chemicals Division amounted to ¥51,253 million, down ¥12,689 million or 19.8% year on year. An operating loss of ¥2,824 million was recorded, compared with operating profit of ¥11,450 million in the previous fiscal year. The loss was mainly due to the persistent high cost of sales for battery materials and recognition of a loss on valuation of inventories, in addition to the decline in net sales.

## Ferrochemicals Division

Net Sales (Millions of yen)

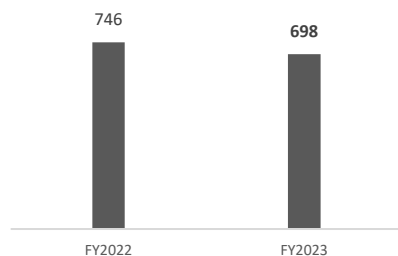


Sales of reprographic carriers, used in developers for copiers and printers, were down year on year due to lower sales volumes. Sales of iron oxide were down due to lower sales of colorants.

As a result of the above, net sales in the Ferrochemicals Division amounted to ¥1,813 million, down ¥853 million or 32.0% year on year. Operating profit totaled ¥172 million, down ¥513 million or 74.9% year on year.

## Commercial Business Division

Net Sales (Millions of yen)

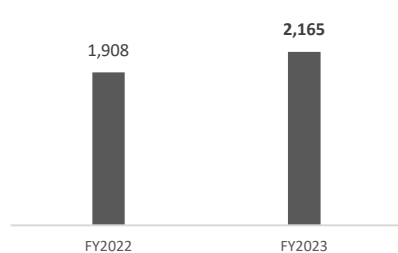


Commercial business sales were down year on year due to lower sales of chemical products.

As a result of the above, net sales in the Commercial Business Division amounted to ¥698 million, down ¥48 million or 6.4%. Operating profit totaled ¥190 million, down ¥8 million or 4.2% year on year.

## Facilities Division

Net Sales (Millions of yen)



Net sales in chemical facility plant and general industrial plant construction were up year on year due to an increase in contract work.

As a result of the above, net sales in the Facilities Division amounted to ¥2,165 million, up ¥257 million or 13.5%. Operating profit amounted to ¥668 million, up ¥66 million or 11.0%.

## **(2) Capital Investment and Financing**

Total capital investment amounted to ¥13,875 million.

Main activities here include the expansion of manufacturing facilities for fluorochemicals and batter materials.

These requirements were funded by cash on hand and borrowings.

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

Looking ahead, the economy is expected to continue rebounding moderately on the back of various governmental policies under an improving employment and income environment. Nonetheless, attention must be paid to the risk of downward pressure on the Japanese economy caused by the slowdown in the global economy, the risk of soaring raw material and energy prices squeezing corporate earnings, worldwide geopolitical risks, and the risk of fluctuations in financial and capital markets. As such, the future remains highly uncertain, and the business environment is expected to remain a challenging one.

Against this backdrop, the Group launched its new medium-term management plan, “Dominate 1000,” in the fiscal year ended March 31, 2023 with the goal of achieving ¥100 billion in consolidated net sales in the fiscal year ending March 31, 2025. However, taking into account the evolving business landscape and performance trends, we have reevaluated the plan and extended it by two years. We will implement new strategies and measures in addition to the initially planned key strategies to enhance corporate value. Specifically, we will expand business, predominantly in the Fine Chemicals Division, reform our business portfolio, pursue management leveraging return on invested capital (ROIC), strengthen investor relations (IR) activities, and reduce cross-shareholdings. These and other efforts seek to revitalize profitability while also prioritizing management mindful of capital costs.

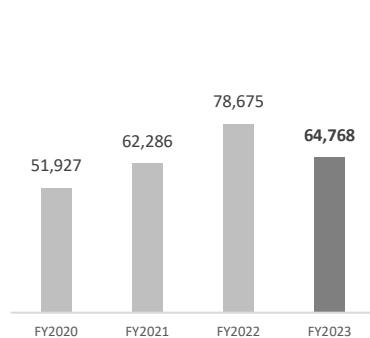
As we look ahead to the society we envision in 2030, we are committed to providing a safe work environment that fosters job satisfaction and supporting technologies that are cutting-edge on a global stage with our superior, original products. By building on a stable management foundation, we aim to grow into an innovative, development-driven company that contributes to a sustainable society.

It is my hope that you, our valued shareholders, will continue to lend your support going forward.

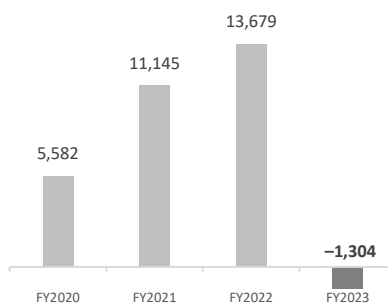
#### (4) Changes in Assets and Income

Item		FY2020	FY2021	FY2022	FY2023
Net sales	(Millions of yen)	51,927	62,286	78,675	64,768
Ordinary profit	(Millions of yen)	5,582	11,145	13,679	(1,304)
Profit attributable to owners of parent	(Millions of yen)	3,605	7,762	9,382	(4,610)
Basic Earnings per Share	(Yen)	62.73	135.12	163.32	(80.25)
Total assets	(Millions of yen)	92,324	109,902	130,762	125,302

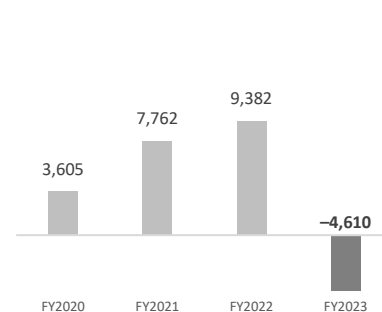
Net Sales (Millions of yen)



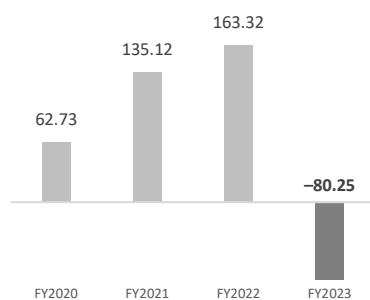
Ordinary Profit (Millions of yen)



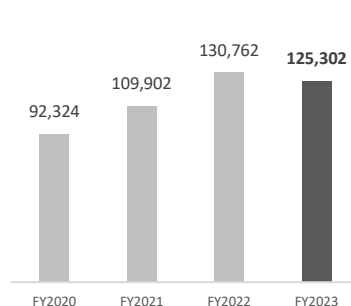
Profit Attributable to Owners of Parent (Millions of yen)



Basic Earnings per Share (Yen)



Total Assets (Millions of yen)



**(5) Significant Subsidiaries (As of March 31, 2024)**

Company Name	Capital	Kanto Denka Kogyo's Share of Investment	Major Business Lines
Kanden Kosan Co., Ltd.	¥10 million	100.0%	Sale of chemical products and maintenance of containers
Jobi Engineering Co., Ltd.	¥120 million	49.4%	Manufacture and sale of chemical industry equipment
Kanto Denka Finetech Co., Ltd.	¥27 million	100.0%	Manufacture and sale of iron oxide
Kanto Denka Korea Co., Ltd.	₩300 million	100.0%	Sale of fluorine compounds
Taiwan Kanto Denka Co., Ltd.	NT\$7 million	100.0%	Sale of fluorine compounds
Kanto Denka Fine Products Korea Co., Ltd.	₩42,000 million	100.0%	Manufacture and sale of fluorine compounds
Xuancheng KDK Technology Co., Ltd.	US\$50 million	98.3%	Manufacture and sale of fluorine compounds

**(6) Major Business Activities (As of March 31, 2024)**

Segment	Principal Products and Services	Composition of Net Sales
Fundamental Chemicals	(Inorganic products) Caustic soda, hydrochloric acid, sodium hypochlorite, aluminum chloride, etc. (Organic products) Trichloroethylene, perchloroethylene, vinylidene chloride, cyclohexanol, etc.	13.6%
Fine Chemicals	(Fluorochemicals) Sulfur hexafluoride, carbon tetrafluoride, trifluoromethane, hexafluoroethane, nitrogen trifluoride, hexafluoro-1,3-butadiene, octafluoropropane, tungsten hexafluoride, silicon tetrafluoride, chlorine trifluoride, octafluorocyclobutane, monofluoromethane, carbonyl sulfide, iodine pentafluoride, KSG-14, etc. (Battery materials) Lithium hexafluorophosphate, lithium tetrafluoroborate, lithium difluorophosphate, etc. (Other products) Organic fluorine compounds, etc.	79.1%
Ferrochemicals	Carriers, magnetite, toner, etc.	2.8%
Commercial Business	Sale of chemical products, maintenance of containers, insurance agency services, etc.	1.1%
Facilities	Factory plant construction, plant facility maintenance work, etc.	3.4%

**(7) Major Sales Offices and Plants (As of March 31, 2024)**

- (i) Kanto Denka Kogyo Co., Ltd. Headquarters: 3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan  
Sales Offices: Osaka Branch Office, Nagoya Office  
Plants: Shibukawa Plant (Gunma Prefecture), Mizushima Plant (Okayama Prefecture)  
Research Laboratories: Research & Development Center (Gunma Prefecture), Research & Development Center Shibukawa Branch (Gunma Prefecture), Research & Development Center Mizushima Branch (Okayama Prefecture)
- (ii) Subsidiaries Kanden Kosan Co., Ltd. (Tokyo, Gunma Prefecture, Okayama Prefecture), Jobi Engineering Co., Ltd. (Tokyo, Gunma Prefecture, Okayama Prefecture), Kanto Denka Finetech Co., Ltd. (Mie Prefecture, Tokyo, Osaka), Kanto Denka Korea Co., Ltd. (South Korea), Taiwan Kanto Denka Co., Ltd. (Taiwan, Singapore), Kanto Denka Fine Products Korea Co., Ltd. (South Korea), Xuancheng KDK Technology Co., Ltd. (China)

**(8) Status of Employees (As of March 31, 2024)**

Segment	No. of Employees	Year-on-Year Change
Fundamental Chemicals	40	+1
Fine Chemicals	620	+65
Ferrochemicals	49	—
Commercial Business	44	-1
Facilities	104	—
Company-wide (shared)	288	+21
Total	1,145	+86

**(9) Major Lenders (As of March 31, 2024)**

Lender	Borrowing Balance (Millions of yen)
Mizuho Bank, Ltd.	11,827
The Gunma Bank, Ltd.	7,429
The Chugoku Bank, Ltd.	5,696
Sumitomo Mitsui Trust Bank, Limited	4,988
Asahi Mutual Life Insurance Company	4,062



## 2. Matters Related to Company Shares (As of March 31, 2024)

(1) Total Number of Authorized Shares 200,000,000 shares

(2) Total Number of Shares Issued 57,546,050 shares

(Notes) 1. The total number of shares issued includes 22,662 treasury shares.

2. Treasury shares do not include 70,545 shares held in trust account for the stock-based remuneration plan.

(3) Number of Shareholders 10,115

### (4) Major Shareholders (Top 10)

Shareholder Name	Status of Investment in Kanto Denka Kogyo Co., Ltd.	
	Number of Shares Held (thousand shares)	Share of Investment (%)
Goldman Sachs International	5,956	10.35
The Master Trust Bank of Japan, Ltd. (trust account)	5,046	8.77
Asahi Mutual Life Insurance Company	3,570	6.21
Zeon Corporation	3,550	6.17
Custody Bank of Japan, Ltd. (trust account)	2,084	3.62
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	1,528	2.66
The Chugoku Bank, Ltd.	1,400	2.43
STATE STREET BANK AND TRUST COMPANY 505223	1,322	2.30
Mizuho Bank, Ltd.	1,202	2.09
ADEKA Corporation	1,148	2.00

(Note) Treasury shares (22,662 shares) are excluded when calculating share of investment.

### (5) Shares Issued to Corporate Officers as Compensation for Execution of Duties during the Fiscal Year Under Review

No shares were issued during the fiscal year under review.

### 3. Matters Related to Corporate Officers

#### (1) Names and Other Information for Directors and Audit & Supervisory Board Members (As of March 31, 2024)

Position	Name	Areas of Responsibility and Significant Concurrent Positions
President	Jun'ichi Hasegawa	In charge of Internal Auditing Dept.
Director and Managing Executive Officer	Yasunari Yamaguchi	General Manager, Technical Div., in charge of Purchasing Dept.
Director and Executive Officer	Kazuki Niimi	In charge of Accounting & Finance Dept., Information Systems Dept.
Director and Executive Officer	Yuki Abe	General Manager, Business Div.
Director and Executive Officer	Kunihiko Uramoto	In charge of Sustainability Dept., Legal & General Affairs Dept., Public Relations & Investor Relations Dept., Personnel Dept., Business Support Dept.
Director and Executive Officer	Ryoji Masujima	General Manager, Corporate Planning Dept., in charge of Corporate Planning Dept., Overseas Business Development Dept.
Director and Executive Officer	Go Takikawa	General Manager, New Products Development Div.; Plant Manager, Mizushima Plant
Director and Executive Officer	Kenichi Yako	In charge of Overseas Plants, Representative Director, Kanto Denka Fine Products Korea Co., Ltd.
Director	Hideki Matsui	Co-Representative Attorney-at-law, Marunouchi Sogo Law Office
Director	Masaharu Sugiyama	
Director	Hitoshi Habuka	Professor Emeritus, National University Corporation Yokohama National University
Director	Yuko Kariya	Outside Director, NIPPON KINZOKU CO., LTD. Outside Director (Audit & Supervisory Committee Member), Welby, Inc.
Full-time Audit & Supervisory Board Member	Takeaki Yajima	
Full-time Audit & Supervisory Board Member	Masatomo Hayashi	
Audit & Supervisory Board Member	Naozumi Furukawa	Honorary Chairman, Zeon Corporation
Audit & Supervisory Board Member	Kenichi Ikeda	Director and Managing Executive Officer (In charge of Corporate Planning Div., Research & Public Relations Dept., and Overseas and Direct Business Unit), Asahi Mutual Life Insurance Company

(Notes) 1. Directors Hideki Matsui, Masaharu Sugiyama, Hitoshi Habuka, and Yuko Kariya are outside directors. Each is an independent officer as stipulated by the rules of the Tokyo Stock Exchange.

2. Audit & Supervisory Board members Naozumi Furukawa and Kenichi Ikeda are outside Audit & Supervisory Board members. Each is an independent officer as stipulated by the rules of the Tokyo Stock Exchange.

3. Takeaki Yajima has many years of experience in banking and considerable knowledge of finance and accounting.

4. Position changes for officers during the fiscal year under review are as follows.

Election: At the 116th Ordinary General Meeting of Shareholders held on June 29, 2023, Kenichi Yako was newly elected as director.

#### (2) Overview of Limited Liability Agreement

Pursuant to Article 427, Paragraph 1 of the Companies Act (“the Act”), the Company has entered into agreements with its outside directors and outside Audit & Supervisory Board members to limit their liabilities stipulated in Article 423, Paragraph 1 of the Act to the total of the amounts stipulated in each item of Article 425, Paragraph 1 of the Act.

#### (3) Overview of Directors and Officers Liability Insurance Agreement

The Company has entered into a directors and officers liability insurance agreement for directors, Audit & Supervisory Board members, executive officers, and certain employees (including managers) of the Company and its subsidiaries as insureds, which is outlined below. The Company plans to renew the agreement in October 2024.

(i) Outline of events insured against

The agreement covers damages that may arise due to the insured directors, Audit & Supervisory Board members, and officers, etc. being held liable for the execution of his or her duties or being subject to a claim for this liability. However, the policy does include certain exemption clauses, such as for liabilities arising from acts committed by insureds while aware that doing so would be in violation of laws and regulations.

(ii) Premiums

Insurance premiums will be fully borne by the Company.

#### (4) Matters Related to Remuneration of Corporate Officers

##### Total Amount of Remuneration for Directors and Audit & Supervisory Board Members

Officer Remuneration	Total Remuneration Amount (Millions of yen)	Total Remuneration Amount by Type (Millions of yen)			Officers Paid
		Fixed Remuneration	Performance-Linked Remuneration	Non-Monetary Remuneration	
Directors (Outside Directors)	230 (24)	216 (24)	— (—)	14 (—)	12 (4)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	54 (12)	54 (12)	— (—)	— (—)	4 (2)
Total	284	270	—	14	16

(Note) The total amount of remuneration, etc. for directors does not include the amount of employee's salary (including bonuses) of directors who concurrently serve as employees. However, no such employee salaries were paid during the fiscal year under review.

##### Remuneration for Directors

(i) Basic approach to director remuneration

The Company determines the remuneration of its directors with care toward the balance between fixed and variable remuneration, and between short-term and medium- to long-term remuneration, in order to provide healthy incentives to improve business performance and corporate value. Specifically, remuneration for directors (excluding outside directors) consists of monthly remuneration (fixed portion), officer bonuses (performance-linked portion, short-term remuneration), and stock-based remuneration (medium- to long-term remuneration), while remuneration for outside directors consists solely of monthly remuneration.

(ii) Monthly remuneration (fixed portion)

Monthly remuneration is a fixed amount (in cash) determined for each position (chairman, president, director and senior managing executive officer, director and managing executive officer, director and senior executive officer, director and executive officer, and outside director). The Company reviews remuneration levels as necessary, with consideration to business performance, peer remuneration levels, social conditions, and other factors.

(Notes) 1. The total amount of monthly remuneration for directors (not exceeding ¥24 million) was resolved at the 100th Ordinary General Meeting of Shareholders held on June 28, 2007 (the number of directors at the conclusion of said meeting was 10).

2. For the position of director and executive officer, employee bonuses (for the executive officer role) are paid in addition to monthly remuneration. However, for those with the position of director and executive officer who are not concurrently serving as employees, the remuneration amount is determined by adding the amount of the employee bonuses to the monthly remuneration amount.

(iii) Officer bonuses (performance-linked portion and short-term remuneration)

As an incentive to improve business performance for each fiscal year, a certain percentage of the Company's ordinary profit, a solid indicator of earnings, is paid in cash to directors (excluding outside directors) in July of each year. This payment is explained in detail below.

- Officer bonuses shall be paid at a level of 0.8% of the Company's ordinary profit (rounded down to the nearest million yen) for the relevant fiscal year, with an upper limit of ¥80 million. However, if the Company's ordinary profit for the relevant fiscal year is less than ¥1 billion, no officer

bonuses shall be paid. Note that ordinary profit for the fiscal year under review was a loss of ¥2.8 billion.

- Officer bonuses are paid to all directors (excluding outside directors). However, this excludes directors who have performed their duties for less than one-half of the relevant fiscal year.
- The distribution of officer bonuses per director is as follows.

$$\text{Total amount of officer bonuses} \times \frac{\text{Rank points}}{\text{Total of all rank points for eligible officers}}$$

(Notes) 1. Rank points for each rank are as follows. Chairman: 2.0; president: 2.0; director, vice president and executive officer: 1.5; director and senior managing executive officer: 1.3; director and managing executive officer: 1.0; director and executive officer: 0.1. However, if there is a period during the relevant fiscal year in which the officer in question does not serve as a director, the number of months of service (periods of less than one month shall be counted as one month) shall be divided by 12 and then multiplied by the number of rank points. In the event of a change in position during the relevant fiscal year, the number of months shall be prorated.

2. By resolution at the 100th Ordinary General Meeting of Shareholders held on June 28, 2007, the bonus (performance-linked remuneration) for directors was set at 0.8% of the Company's ordinary profit for the relevant fiscal year, with ¥80 million as the upper limit. (However, if the Company's ordinary profit for said fiscal year is less than ¥1 billion, no payment shall be made. The number of directors at the conclusion of said meeting was 10).

(iv) Stock-based remuneration (medium- to long-term remuneration)

The Company pays stock-based remuneration through a stock issuance trust to directors (excluding outside directors) for the purpose of increasing their awareness of contributing to enhancement of the Company's performance and corporate value over the medium- to long-term. This is achieved by presenting a clear link between director remuneration and the value of Company shares, and having directors share the benefits and risks associated with share price fluctuations with shareholders. The Company will contribute up to ¥70 million over the applicable period (five years), and will grant up to 20,000 points per fiscal year (one point is equivalent to one share of the Company's stock), which will be allocated annually on the date of the Ordinary General Meeting of Shareholders in proportion to the position held by each director. In principle, these Company shares, which are calculated based on the number of points accumulated, are issued to directors at the time of their retirement from the position of director. In accordance with the rules on share issuance, directors eligible under this plan shall be granted points in proportion to their position each year on the date of the Ordinary General Meeting of Shareholders and, at the time of their retirement from the position of director, shall be granted shares of Company stock calculated based on the number of points accumulated.

(Notes) 1. By resolution at the 113th Ordinary General Meeting of Shareholders held on June 26, 2020, the Company decided to contribute up to ¥70 million over the applicable period (five years) to directors (excluding outside directors). It was also resolved to grant 20,000 points per fiscal year (one point is equivalent to one share of the Company's stock) in proportion to the position held by each director. In principle, these Company shares, which are calculated based on the number of points accumulated, are issued to directors at the time of their retirement from the position of director (the number of directors [excluding outside directors] at the conclusion of said meeting was six).

2. In consideration of tax treatment outside of Japan, non-resident directors are to join the officers' shareholding association, which shall contribute to the purchase of shares.

(v) Policy for determining the ratio of the amount of monthly remuneration, the amount of officer bonuses (performance-linked portion), and the amount of stock-based remuneration, to the amount of remuneration paid to each individual director

The Company determines the ratio of remuneration to directors (excluding outside directors) per remuneration type with care toward the balance between fixed and variable remuneration, and between short-term and medium- to long-term remuneration, in order to provide healthy incentives. Although the ratio of remuneration by type will vary depending on the Company's ordinary profit and stock price levels, calculation based on past performance shows that monthly remuneration is approximately 60–70%, officer bonuses are approximately 25–35%, and stock-based remuneration is approximately 5%.

(vi) Matters related to procedures for determining individual remuneration for directors

Individual remuneration for directors is determined by resolution of the Board of Directors after consulting with the Nomination & Compensation Committee, whose members include

independent outside directors, on remuneration proposals.

(vii) Important matters related to determining individual remuneration for directors  
In cases where there are reasonable grounds for paying no officer bonus to a director, such as when they have inflicted serious harm to the Company, said director shall be excluded from those eligible for payment.

(viii) Alignment between individual remuneration for directors for the fiscal year under review and the aforementioned policy

Policies on director remuneration (the basic policy and determination method for each remuneration amount per individual) are determined by resolution of the Board of Directors after consultation with the Nomination & Compensation Committee, and individual remuneration for directors is calculated by the individual determination method per remuneration amount. Therefore, the details of individual remuneration for directors are in alignment with the aforementioned policy.

(Note) With regard to remuneration, etc. for directors, Proposal 5: Revision of Director Remuneration, etc. Amount has been proposed for this General Meeting of Shareholders. The main revisions in this proposal are as follows. Subject to the approval of this proposal, the Company has decided on the Policy on Determination of Details of Individual Directors' Remuneration, etc., and the following content is in line with said policy after such decision.

Monthly remuneration in (ii) above is limited to ¥20 million per month for directors, including up to ¥4 million per month for outside directors.

Bonuses for officers in (iii) will be changed to a method that is linked to the performance of each position. Since the transfer from fixed remuneration to stock-based remuneration will be separately implemented, the remuneration ratio in (v) will be approximately 55–65% for monthly remuneration, 25–35% for officers' bonuses, and 10% for stock-based remuneration.

#### Remuneration for Audit & Supervisory Board members

Remuneration for Audit & Supervisory Board members consists solely of monthly remuneration, emphasizing independence and objectivity on management. Remuneration amounts per Audit & Supervisory Board member are determined in discussion among Audit & Supervisory Board members.

(Note) The total amount of monthly remuneration for Audit & Supervisory Board members was resolved to be no more than ¥5 million at the 100th Ordinary General Meeting of Shareholders held on June 28, 2007 (the number of Audit & Supervisory Board members at the conclusion of said meeting was four).

#### (5) Matters Related to Outside Officers

(i) Status of concurrent positions of executive officers, outside officers, etc. at other corporations (As of March 31, 2024)

Item	Name	Status of concurrent positions at other corporations
Outside Director	Hideki Matsui	Co-Representative Attorney-at-law, Marunouchi Sogo Law Office
Outside Director	Masaharu Sugiyama	
Outside Director	Hitoshi Habuka	Professor Emeritus, National University Corporation Yokohama National University
Outside Director	Yuko Kariya	Outside Director, NIPPON KINZOKU CO., LTD. Outside Director (Audit & Supervisory Committee Member), Welby, Inc.
Outside Audit & Supervisory Board Member	Naozumi Furukawa	Honorary Chairman, Zeon Corporation
Outside Audit & Supervisory Board Member	Kenichi Ikeda	Director and Managing Executive Officer (In charge of Corporate Planning Div., Research & Public Relations Dept., and Overseas and Direct Business Unit), Asahi Mutual Life Insurance Company

- (Notes) 1. Marunouchi Sogo Law Office is an advisory body to the Company to which the Company pays fees for legal services.  
2. There are no material transactions or other special relationships between the Company and National University Corporation Yokohama National University, NIPPON KINZOKU CO., LTD., or Welby, Inc.  
3. Zeon Corporation holds 3,550,000 shares (6.17% share of investment) in the Company. Although there are transactions between Zeon Corporation's group and the Group, these transactions in fiscal 2023 constituted less than 1% of the Company's consolidated net sales.  
4. Asahi Mutual Life Insurance Company holds 3,570,000 shares (6.21% share of investment) in the Company. In addition, the Company has received financing from Asahi Mutual Life Insurance Company.

## (ii) Major activities during the fiscal year under review

## (a) Outside directors

Name	Status of Board of Directors Meeting Attendance	Activity Status
Hideki Matsui	13 of 14	Hideki Matsui has been engaged in corporate legal affairs as an attorney-at-law for many years and has a wealth of experience and broad insights. He has met expectations by making comments as appropriate at the Board of Directors and has fully fulfilled his management oversight function.
Masaharu Sugiyama	14 of 14	Masaharu Sugiyama has been engaged in corporate accounting as a certified public accountant for many years and has a wealth of experience and broad insights. He has met expectations by making comments as appropriate at the Board of Directors and has fully fulfilled his management oversight function.
Hitoshi Habuka	14 of 14	Hitoshi Habuka has been engaged in technology development and R&D at universities and other companies for many years and has a wealth of experience and broad insights. He has met expectations by making comments as appropriate at the Board of Directors and has fully fulfilled his management oversight function.
Yuko Kariya	14 of 14	Yuko Kariya has engaged in management of a pharmaceutical manufacturer as director for many years, and has a wealth of experience and broad insights. She has met expectations by making comments as appropriate at the Board of Directors and has fully fulfilled her management oversight function.

## (b) Outside Audit &amp; Supervisory Board members

Name	Status of Board of Directors Meeting Attendance	Status of Audit & Supervisory Board Meeting Attendance	Activity Status
Naozumi Furukawa	11 of 14	6 of 6	Naozumi Furukawa utilized his wealth of experience in company management at manufacturers operating on a global scale, making comments as appropriate at the Board of Directors and Audit & Supervisory Board. In addition, he performed audits in accordance with audit policies established by the Audit & Supervisory Board and fully exercised his auditing function.
Kenichi Ikeda	14 of 14	6 of 6	Kenichi Ikeda utilized his wealth of experience in company management at financial institutions, making comments as appropriate at the Board of Directors and Audit & Supervisory Board. In addition, he performed audits in accordance with audit policies established by the Audit & Supervisory Board and fully exercised his auditing function.

#### **4. Matters Related to the Accounting Auditor**

##### **(1) Name**

Ernst & Young ShinNihon LLC

##### **(2) Amount of Remuneration for the Fiscal Year under Review**

(i) Remuneration as accounting auditor for the fiscal year under review ¥43 million

(ii) Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the accounting auditor ¥43 million

- (Notes)
1. The Audit & Supervisory Board has reviewed audit content, hours, and fees over time, as well as the status of audit plans and results for past fiscal years, in accordance with the Practical Guidelines for Cooperation with Accounting Auditors issued by the Japan Audit & Supervisory Board Members Association, and has considered the appropriateness of estimates for audit hours and fees for the fiscal year under review. Based on this, the Audit & Supervisory Board consents to the remuneration for the accounting auditor as stipulated in Article 399, Paragraph 1 of the Companies Act.
  2. Since the audit contract between the Company and the accounting auditor does not distinguish between the amount of audit fees for audits based on the Companies Act and the amount of audit fees for audits based on the Financial Instruments and Exchange Act, the amount in (i) above includes the amount of audit fees for audits based on the Financial Instruments and Exchange Act.
  3. Among the Company's significant subsidiaries, Kanto Denka Korea Co., Ltd., Taiwan Kanto Denka Co., Ltd., Kanto Denka Fine Products Korea Co., Ltd., and Xuancheng KDK Technology Co., Ltd. are audited by auditing firms other than the Company's accounting auditor.

##### **(3) Non-Audit Services**

Not applicable.

##### **(4) Policy on Dismissal or Non-Reappointment Decisions**

The Audit & Supervisory Board shall make decisions on dismissal or non-reappointment of the accounting auditor after comprehensively considering the independence and reliability of the accounting auditor and other conditions related to its performance of duties, as required by laws, regulations, and standards.

If the Audit & Supervisory Board determines that it is necessary to take such action, such as when there are impedances to the performance of the accounting auditor's duties, the Audit & Supervisory Board will determine the content of the relevant proposal to be submitted to the General Meeting of Shareholders regarding the dismissal or non-reappointment of the accounting auditor. If the accounting auditor is found to fall under any of the items of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall dismiss the accounting auditor with the unanimous consent of its members. In such an event, an Audit & Supervisory Board member selected by said board shall report the dismissal of the accounting auditor and the reasons thereof at the first General Meeting of Shareholders convened after the dismissal.

Note that if the Board of Directors determines that dismissal or non-reappointment of the accounting auditor is necessary, such as when there are impedances to the execution of the accounting auditor's duties, the Board of Directors shall request the Audit & Supervisory Board to cause the dismissal or non-reappointment of the accounting auditor to be proposed to the General Meeting of Shareholders. The Audit & Supervisory Board shall determine whether this request is appropriate and determine the content of the relevant proposal to be submitted to the General Meeting of Shareholders.

## 5. Basic Policy on Control Over the Listed Company

### (1) Basic Policy on Company Financial and Business Policy Decision Controllers (Summary; herein referred to the “Basic Policy”)

As a public company, the Company permits the shares of the Company to be traded freely. Accordingly, we believe that the intent of shareholders should ultimately be reflected in who the person controlling decisions on the Company’s financial and business policies should be. We also believe that any large-scale purchase of share certificates, etc. of the Company should not be denied unless it is inappropriate or insufficient from the perspective of protecting and improving the corporate value of the Company, and in turn, the common interests of the shareholders of the Company over the medium- to long-term.

However, there is a possibility that a large-scale purchaser is unwilling to provide the Board of Directors of the Company and shareholders with sufficient information and time to determine whether the large-scale purchaser is appropriate as a person controlling decisions on the Company’s financial and business policies. There is also a possibility that a large-scale purchaser is inappropriate or insufficient from the perspective of protecting and improving the corporate value of the Company, and in turn, the common interests of the shareholders of the Company over the medium- to long-term, given the purpose, etc., of the large-scale purchase. This can include those that would be clearly detrimental to the aforementioned corporate value and common shareholder interests, or those that would effectively force shareholders to sell the share certificates, etc. of the Company.

For these reasons, the Board of the Directors of the Company has determined that a large-scale purchaser should only be allowed to commence a large-scale purchase in accordance with certain rules that the Company established and disclosed in advance (hereinafter referred to as the “Large-Scale Purchase Rules”).

### (2) Efforts to Improve Corporate Value for Realization of the Basic Policy (Summary)

The Company has established the following management policy: “Through the quest for constant corporate growth and acquisition of optimum profits while achieving harmony with nature, Kanto Denka is working with all its shareholders, users and employees to create a successful company and a sustainable society. To achieve this end, we are endeavoring to ensure our unique technologies and superior services meet the requirements of our users and build a trusted company based on the principles of sincerity, creativity, prompt response and harmony with nature.” In other words, the Company’s corporate goal is to contribute to the realization of a sustainable society while enhancing its corporate value. To realize this goal, the Company is working to establish a good relationship with stakeholders including shareholders, local communities, users, and employees.

The Company believes that the source of its corporate and social value is its unique proprietary technologies developed through steady research activities, and that the foundation of these technologies is its human resources supporting technologies and generating new innovative ones. Since its founding in 1938, the Company has focused on the core technologies of electrolysis, fluorination, chlorination, and organic/inorganic synthesis. In particular, to this day, the Company has accumulated expertise in hydrofluoric acid electrolysis technology, which efficiently generates large amounts of high-purity fluorine gases, and fluorine-related technology, which has a wide range of applications including battery materials and medical and agricultural chemicals.

For fluorochemicals, the Company utilizes its unique fluorination technology to supply fluorinated gas products such as etching gases, cleaning gases, and wiring material gases. These products are essential in the manufacture of semiconductors, liquid crystals, and other products. While fluorine is dangerous and very difficult to handle, the Company produces and supplies various fluorinated gas products in a stable and efficient manner. This is done through the electrolysis of anhydrous hydrofluoric acid to generate fluorine and reacting this with nitrogen, tungsten, and other substances. The Company’s core technology of hydrofluoric acid electrolysis may also be converted to military applications. The Amendment to the Foreign Exchange and Foreign Trade Act, which came into effect on May 8, 2020, was enacted with the aim of appropriately responding to investments that may undermine national security. In this act and related ministerial ordinances and notices, the Company is listed as a listed company that operates within what are called “core industries” among a series of designated industries.

For battery materials products, the Company is the only manufacturer in Japan that produces and sells high-purity electrolytes for lithium-ion secondary batteries. Amid the urgent worldwide need for



environmental reforms to curb global warming, the move toward electrification of society is accelerating in Japan, with the declaration of carbon neutrality by 2050 and the ban on the sale of new gasoline and diesel vehicles by mid-2030. The Company is also the only Japanese provider of high-purity electrolytes for lithium-ion secondary batteries, a core component of this market and one that is expected to grow. It supplies world-class, high-grade products that meet the demanding needs of customers, supports the high performance and long life of lithium-ion secondary batteries, and plays an important role in the supply chain toward the realization of a decarbonized society.

The Company will continue to create unique proprietary technologies by building the capabilities of its human resources and harnessing its accumulated specialized technologies. We believe that this will improve our corporate value and contribute to the realization of a sustainable society.

**(3) Efforts to Prevent Decisions on the Company's Financial and Business Policies from Being Controlled by Inappropriate Parties in the Context of the Basic Policy (Summary)**

In line with the Basic Policy, and with the aim of securing and enhancing the Company's corporate value and the common interests of its shareholders over the medium- to long-term, the Company has adopted the Policy toward Large-Scale Purchase of Share Certificates, Etc. of the Company (Takeover Defense Measures; herein referred to as the "Policy") at the General Meeting of Shareholders held on June 29, 2021. Within the Policy, the Company has stipulated the Large-Scale Purchase Rules. The outline of the rules are that (i) the Company shall request that the large-scale purchaser provides necessary and sufficient information regarding the large-scale purchase, (ii) a certain assessment period for the Board of Directors of the Company shall be secured, (iii) the Board of Directors of the Company shall present the plans, alternatives, etc., of the Company's management to shareholders and conduct negotiations with the large-scale purchaser, and (iv) in principle, a General Meeting of Shareholders or other appropriate meeting shall be held to confirm the shareholders' intent as to whether to take countermeasures against the large-scale purchase. With these procedures established, the large-scale purchaser shall only commence the large-scale purchase after the completion of the procedures described in (i) to (iv) above so as to secure the opportunity to confirm the shareholders' intent.

**(4) The Policy's Compliance with the Basic Policy, Non-Harmfulness to Company Shareholder Common Interest, Non-Pursuance of Maintaining the Status of the Company Officers, and the Reasons Therefor**

(i) The Policy's compliance with the Basic Policy

In the Policy, it is stipulated that a large-scale purchaser is required to provide the Board of Directors of the Company with all necessary and sufficient information concerning the large-scale purchase in advance, that it is required to commence the large-scale purchase only after a certain assessment period for the Board of Directors of the Company has elapsed and the intention of shareholders as to whether the Board of Directors should take countermeasures has been confirmed directly, in principle, at a General Meeting of Shareholders, etc., and that the Board of Directors of the Company may take countermeasures against any large-scale purchaser who does not observe these rules. In addition, it is stipulated that, even if the large-scale purchaser observes the Large-Scale Purchase Rules, in the event that the Board of Directors of the Company judges that the large-scale purchase by the large-scale purchaser is inappropriate or insufficient from the perspective of protecting and improving the corporate value of the Company and the common interests of the shareholders of the Company over the medium- to long-term, the Board of Directors of the Company may take countermeasures against the large-scale purchaser, in principle, based on the judgment of the shareholders at a General Meeting of Shareholders or other appropriate meeting. As set forth above, the Policy is consistent with the Basic Policy.

(ii) The Policy shall not be harmful to the common interests of shareholders of the Company

The Policy is consistent with the Basic Policy and intended to ensure that shareholders of the Company are provided with the information necessary to decide whether or not to accept a large-scale purchase, the opinion of the Board of Directors of the Company, and the opportunity to receive alternative plans, so that ultimately the shareholders can decide whether countermeasures should be taken at the time the Company has received the proposal for a large-scale purchase. Because the shareholders of the Company and investors can make proper investment judgments through the Policy, it does not damage the common interests of the shareholders of the Company, but rather

contributes to their interests.

(iii) The Policy shall not pursue the maintenance of the status of the Company officers

The Policy has a broad principle that leaves the final decision whether or not a large-scale purchase shall be accepted to the judgment of the shareholders of the Company, while requiring compliance with the Large-Scale Purchase Rules and allowing countermeasures to the extent necessary to protect the common interests of the shareholders of the Company. The Policy discloses instances where the Board of Directors of the Company may take countermeasures in advance and in detail, and any countermeasures by the Board of Directors will be taken in accordance with the provisions of the Policy. In addition, the Policy prescribes that when the Board of Directors of the Company intends to take countermeasures against a large-scale purchase, it shall, in principle, hold a General Meeting of Shareholders or other appropriate meeting to seek the judgment of the shareholders. Furthermore, in exceptional situations in which the Board of Directors makes a decision to take such countermeasures or any other important judgment concerning the Policy without holding a General Meeting of Shareholders or other appropriate meeting, the Board of Directors shall request advice from outside experts and others, as necessary, and consult with the Special Committee consisting of members who are independent of the management team operating businesses of the Company and give utmost respect to the recommendation of the Special Committee. As such, the Policy includes procedures through which the appropriate operations by the Board of Directors of the Company are ensured. As described above, it is clear that the Policy is not designed arbitrarily to pursue the maintenance of the status of the Company officers.

(Notes) At the Board of Directors meeting held on May 15, 2024, the Company resolved not to continue the Response Policy and to abolish it at the conclusion of the 117th Ordinary General Meeting of Shareholders to be held on June 27, 2024, the expiration date of the Policy. For details, please refer to the May 15, 2024 press release “Discontinuance (Abolition) of Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company (Takeover Defense Measures)” published on the Company’s website (<https://www.kantodenka.co.jp/english/ir/>).

## 6. Policy for Determining Dividends from Surplus, etc.

In determining dividends from surplus, the Company’s basic policy is to provide appropriate return of profits while securing funds for capital investment, an indispensable driver of greater earnings, and strengthening its financial position. These actions are founded in its business plans over the medium- to long-term and take into consideration trends of business performance over time.

In addition, although we set a target dividend payout ratio of 20% in our medium-term management plan, “Dominate 1000,” introduced in April 2022, we have increased this to 30% following a review of the plan in November 2023.

(Note) The year-end dividend for the fiscal year under review was set at ¥7 per share at the Board of Directors meeting held on May 28, 2024, after comprehensive consideration of the business performance and environment for the fiscal year ended March 31, 2024. This makes the annual dividend per share ¥14, including the interim dividend already paid. Note that the start date for payment of the year-end dividend will be June 28, 2024.

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(Note) Figures in this business report are rounded down to the indicated unit for monetary amounts and share amounts, and rounded off for ratios and figures otherwise.

## Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023 (Reference)		As of March 31, 2024	As of March 31, 2023 (Reference)
<b>Assets:</b>			<b>Liabilities:</b>		
<b>Current assets</b>	<b>63,268</b>	<b>72,919</b>	<b>Current liabilities</b>	<b>30,891</b>	<b>33,680</b>
Cash and deposits	25,409	22,355	Notes and accounts payable—trade	7,287	9,620
Notes and accounts receivable—trade, and contract assets	14,835	20,560	Electronically recorded obligations—operating	1,021	1,022
Electronically recorded monetary claims—operating	1,292	1,130	Short-term borrowings	5,028	4,516
Merchandise and finished goods	6,943	7,055	Current portion of long-term borrowings	9,022	6,914
Work in process	6,475	9,332	Lease obligations	160	135
Raw materials and supplies	3,993	7,516	Income taxes payable	272	2,701
Other	4,359	5,030	Provision for bonuses to officers	60	134
Allowance for doubtful accounts	(41)	(62)	Other	8,038	8,634
<b>Non-current assets</b>	<b>62,034</b>	<b>57,842</b>	<b>Non-current liabilities</b>	<b>28,832</b>	<b>28,308</b>
<b>Property, plant and equipment</b>	<b>49,042</b>	<b>47,404</b>	Long-term borrowings	26,872	25,591
Buildings and structures	12,719	10,930	Lease obligations	598	635
Machinery and equipment	19,767	19,291	Deferred tax liabilities	10	36
Land	2,677	2,657	Provision for retirement benefits for directors (and other officers)	151	143
Lease assets	256	266	Provision for share awards for directors (and other officers)	33	18
Construction in progress	10,012	10,512	Retirement benefit liability	1,084	1,805
Other	3,609	3,745	Other	81	75
<b>Intangible assets</b>	<b>752</b>	<b>676</b>	<b>Total liabilities</b>	<b>59,724</b>	<b>61,988</b>
Other	752	676	<b>Net assets:</b>		
<b>Investments and other assets</b>	<b>12,238</b>	<b>9,762</b>	<b>Shareholders' equity</b>	<b>56,821</b>	<b>63,157</b>
Investment securities	9,224	7,399	Capital	2,877	2,877
Retirement benefit assets	11	14	Capital surplus	1,859	1,859
Deferred tax assets	2,093	1,404	Retained earnings	52,149	58,486
Other	916	950	Treasury shares	(66)	(65)
Allowance for doubtful accounts	(7)	(7)	<b>Accumulated other comprehensive income</b>	<b>7,185</b>	<b>4,323</b>
			Valuation difference on available-for-sale securities	3,939	2,512
			Foreign currency translation adjustment	2,402	1,534
			Remeasurements of defined benefit plans	843	275
			<b>Non-controlling interests</b>	<b>1,572</b>	<b>1,293</b>
			<b>Total net assets</b>	<b>65,578</b>	<b>68,774</b>
<b>Total assets</b>	<b>125,302</b>	<b>130,762</b>	<b>Total liabilities and net assets</b>	<b>125,302</b>	<b>130,762</b>

## Consolidated Statement of Income

(Millions of yen)

	From April 1, 2023 to March 31, 2024	From April 1, 2022 to March 31, 2023 (Reference)
<b>Net sales</b>	<b>64,768</b>	<b>78,675</b>
<b>Cost of sales</b>	<b>57,602</b>	<b>56,107</b>
<b>Gross profit</b>	<b>7,166</b>	<b>22,567</b>
<b>Selling, general and administrative expenses</b>	<b>9,135</b>	<b>9,619</b>
<b>Operating profit (loss)</b>	<b>(1,968)</b>	<b>12,947</b>
<b>Non-operating profit</b>	<b>1,519</b>	<b>1,164</b>
Interest income	58	20
Dividend income	255	248
Foreign exchange gains	831	112
Gain on sales of prototypes	—	515
Miscellaneous income	373	268
<b>Non-operating expenses</b>	<b>855</b>	<b>432</b>
Interest expenses	473	318
Loss on valuation of derivatives	173	59
Loss on sale of trial products	146	—
Miscellaneous loss	61	53
<b>Ordinary profit (loss)</b>	<b>(1,304)</b>	<b>13,679</b>
<b>Extraordinary income</b>	<b>586</b>	<b>—</b>
Gain on sale of investment securities	586	—
<b>Extraordinary losses</b>	<b>4,598</b>	<b>254</b>
Loss on retirement of non-current assets	336	242
Impairment losses	4,262	—
Loss on valuation of investment securities	—	11
<b>Profit (loss) before income taxes</b>	<b>(5,317)</b>	<b>13,425</b>
<b>Income taxes—current</b>	<b>415</b>	<b>4,166</b>
<b>Income taxes—deferred</b>	<b>(1,335)</b>	<b>(244)</b>
<b>Profit (loss)</b>	<b>(4,397)</b>	<b>9,503</b>
<b>Profit attributable to non-controlling interests</b>	<b>212</b>	<b>121</b>
<b>Profit (loss) attributable to owners of parent</b>	<b>(4,610)</b>	<b>9,382</b>

## Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023 (Reference)		As of March 31, 2024	As of March 31, 2023 (Reference)
<b>Assets:</b>			<b>Liabilities:</b>		
<b>Current assets</b>	<b>47,762</b>	<b>55,418</b>	<b>Current liabilities</b>	<b>26,550</b>	<b>27,230</b>
Cash and deposits	13,721	9,369	Notes payable—trade	79	67
Notes receivable—trade	282	757	Electronically recorded obligations— operating	1,203	1,117
Electronically recorded monetary claims—operating	1,089	961	Accounts payable—trade	4,053	5,260
Accounts receivable—trade	15,269	20,081	Short-term borrowings	3,050	3,050
Merchandise and finished goods	4,010	4,473	Current portion of long-term borrowings	8,282	6,440
Work in process	5,758	8,941	Lease obligations	77	71
Raw materials and supplies	3,700	7,141	Accounts payable—other	3,025	2,686
Advance payments to suppliers	25	0	Accrued expenses	1,097	1,308
Prepaid expenses	264	246	Income taxes payable	—	2,392
Short-term loans receivable from subsidiaries and associates	1,130	144	Derivatives liabilities	17	—
Accounts receivable—other	2,492	3,282	Advances received	—	1,716
Other	34	39	Deposits received	53	65
Allowance for doubtful accounts	(17)	(22)	Notes payable—facilities	3	774
			Electronically recorded obligations— facilities	5,605	2,199
<b>Non-current assets</b>	<b>58,041</b>	<b>54,848</b>	Provision for bonuses to officers	—	80
<b>Property, plant and equipment</b>	<b>30,071</b>	<b>29,878</b>	<b>Non-current liabilities</b>	<b>26,591</b>	<b>24,795</b>
Buildings	5,026	5,491	Long-term borrowings	24,278	22,560
Structures	2,993	2,460	Lease obligations	123	174
Machinery and equipment	11,153	13,684	Provision for retirement benefits	2,144	2,029
Vehicles	35	24	Provision for share awards for directors (and other officers)	33	18
Tools, furniture and fixtures	2,848	3,089	Other	11	11
Land	2,065	2,065	<b>Total liabilities</b>	<b>53,141</b>	<b>52,025</b>
Lease assets	197	244			
Construction in progress	5,750	2,819	<b>Net assets:</b>		
			<b>Shareholders' equity</b>	<b>48,936</b>	<b>55,910</b>
<b>Intangible assets</b>	<b>405</b>	<b>493</b>	<b>Capital</b>	<b>2,877</b>	<b>2,877</b>
Software	400	488	<b>Capital surplus</b>	<b>1,524</b>	<b>1,524</b>
Other	5	5	Legal capital surplus	1,524	1,524
<b>Investments and other     assets</b>	<b>27,564</b>	<b>24,475</b>	<b>Retained earnings</b>	<b>44,601</b>	<b>51,575</b>
Investment securities	8,077	6,395	Legal retained earnings	436	436
Shares of subsidiaries and associates	4,704	4,704	Other retained earnings	44,165	51,139
Investments in capital of subsidiaries and associates	5,393	5,393	Reserve for dividends	371	371
Long-term loans receivable from subsidiaries and associates	6,538	6,214	General reserve	4,608	4,608
Long-term loans receivable from employees	8	9	Retained earnings brought forward	39,185	46,159
Deferred tax assets	2,385	1,246	<b>Treasury shares</b>	<b>(66)</b>	<b>(65)</b>
Other	462	518	<b>Valuation and translation adjustments</b>	<b>3,725</b>	<b>2,331</b>
Allowance for doubtful accounts	(6)	(6)	Valuation difference on available-for- sale securities	3,725	2,331
			<b>Total net assets</b>	<b>52,662</b>	<b>58,241</b>
<b>Total assets</b>	<b>105,804</b>	<b>110,267</b>	<b>Total liabilities and net assets</b>	<b>105,804</b>	<b>110,267</b>

## Statement of Income

(Millions of yen)

	From April 1, 2023 to March 31, 2024	From April 1, 2022 to March 31, 2023 (Reference)
<b>Net sales</b>	<b>55,691</b>	<b>72,044</b>
<b>Cost of sales</b>	<b>52,888</b>	<b>53,162</b>
<b>Gross profit</b>	<b>2,803</b>	<b>18,882</b>
<b>Selling, general and administrative expenses</b>	<b>7,021</b>	<b>7,670</b>
<b>Operating profit (loss)</b>	<b>(4,217)</b>	<b>11,211</b>
<b>Non-operating profit</b>	<b>1,967</b>	<b>1,293</b>
Interest income	237	123
Dividend income	330	303
Foreign exchange gains	1,052	101
Gain on sales of prototypes	—	515
Miscellaneous income	347	249
<b>Non-operating expenses</b>	<b>596</b>	<b>288</b>
Interest expenses	226	177
Loss on valuation of derivatives	173	59
Loss on sale of trial products	146	—
Miscellaneous loss	49	50
<b>Ordinary profit (loss)</b>	<b>(2,846)</b>	<b>12,217</b>
<b>Extraordinary income</b>	<b>449</b>	<b>—</b>
Gain on sale of investment securities	449	—
<b>Extraordinary losses</b>	<b>4,422</b>	<b>278</b>
Loss on retirement of non-current assets	160	266
Impairment losses	4,262	—
Loss on valuation of investment securities	—	11
<b>Profit (loss) before income taxes</b>	<b>(6,819)</b>	<b>11,938</b>
<b>Income taxes—current</b>	<b>(52)</b>	<b>3,683</b>
<b>Income taxes—deferred</b>	<b>(1,519)</b>	<b>(148)</b>
<b>Profit (loss)</b>	<b>(5,247)</b>	<b>8,404</b>

# Accounting Audit Report on Consolidated Financial Statements

## Independent Auditor's Report (English Translation)

Kanto Denka Kogyo Co., Ltd.  
The Board of Directors of Kanto Denka Kogyo Co., Ltd.

May 24, 2024

Ernst & Young ShinNihon LLC  
Tokyo Office

Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant Shigeyuki Honda

Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant Tsuyoshi Nakano

### *Opinion*

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to the consolidated financial statements, of Kanto Denka Kogyo Co., Ltd. ("the Company") for the fiscal year from April 1, 2023 through March 31, 2024.

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

### *Basis for Opinion*

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

### *Other Information*

Other information is the business report and the supplementary schedules thereof. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for monitoring the execution of directors' duties related to designing and operating reporting processes for other information.

Other information is not subject to our audit opinion on the consolidated financial statements, and we express no opinion on the other information.

Our responsibility when auditing the consolidated financial statements is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### *Responsibilities of Management, Audit & Supervisory Board Members, and the Audit & Supervisory Board for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in

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

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

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for monitoring the execution of directors' duties related to designing and operating the financial reporting process.

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

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

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

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

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



observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any measures that are in place to eliminate obstacles or any safeguards that have been applied to reduce obstacles to an acceptable level.

*Interest*

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

## Accounting Audit Report

### Independent Auditor's Report (English Translation)

Kanto Denka Kogyo Co., Ltd.  
The Board of Directors of Kanto Denka Kogyo Co., Ltd.

May 24, 2024

Ernst & Young ShinNihon LLC  
Tokyo Office

Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant Shigeyuki Honda

Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant Tsuyoshi Nakano

#### *Opinion*

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in equity, the notes to the non-consolidated financial statements, and the supplementary schedules, of Kanto Denka Kogyo Co., Ltd. (“the Company”) for the fiscal year from April 1, 2023 through March 31, 2024.

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

#### *Basis for Opinion*

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

#### *Other Information*

Other information is the business report and the supplementary schedules thereof. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for monitoring the execution of directors’ duties related to designing and operating reporting processes for other information.

Other information is not subject to our audit opinion on the financial statements, and we express no opinion on the other information.

Our responsibility when auditing the financial statements and the accompanying supplementary schedules is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

*Responsibilities of Management, Audit & Supervisory Board Members, and the Audit & Supervisory Board for the Financial Statements*

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

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

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for monitoring the execution of directors' duties related to designing and operating the financial reporting process.

*Auditor's Responsibility for the Audit of the Financial Statements*

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

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

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

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

The auditor reports to Audit & Supervisory Board members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any measures that are in place to eliminate obstacles or any safeguards that have been applied to reduce obstacles to an acceptable level.

*Interest*

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

## **Audit & Supervisory Board's Report**

### **Audit Report** (English Translation)

We, the Audit & Supervisory Board, based on the audit report prepared by each Audit & Supervisory Board member on the performance by the directors of their duties during the fiscal year from April 1, 2023 to March 31, 2024, prepared this audit report upon deliberation and hereby report as follows.

1. Method of Audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board and Details Thereof
  - (1) The Audit & Supervisory Board determined the audit policy and plans and received from each Audit & Supervisory Board member reports on the state of their performance of audits and the results thereof. The Board also received reports from the directors and other parties as well as the accounting auditor on the state of performance of their duties, and sought explanations as necessary.
  - (2) Each Audit & Supervisory Board member, in accordance with the auditing standards of Audit & Supervisory Board members and the audit policy and plans determined by the Audit & Supervisory Board, maintained communication with the directors, internal auditing unit, employees, and other parties in an effort to collect information and improve the environment for auditing, and conducted audits in accordance with the following methods.
    - (i) Members attended important meetings, such as those of the Board of Directors, received reports from directors, employees, and other parties about the status of execution of their duties, asked for explanations as necessary, inspected important approval documents and others, and investigated the status of operations and assets at the Headquarters and major business locations. Members worked to communicate and exchange information with the directors, auditors, and others at subsidiaries, receiving business reports from these subsidiaries as necessary.
    - (ii) For the system (internal control system) listed in the business report established based on resolution of the Board of Directors and the content thereof related to the establishment of systems as prescribed in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, as a system for ensuring that the execution of duties of directors complies with laws, regulations, and the Articles of Incorporation and for ensuring the propriety of business activities in a group of enterprises comprised of the relevant stock company and its subsidiaries, members regularly received reports on its structure and operation status from directors, employees, and other parties, asked for explanations as necessary, and expressed their opinions, in accordance with the auditing standards related to internal control systems established by the Audit & Supervisory Board.
    - (iii) For the basic policy and efforts listed in the business report corresponding to Article 118, Item 3, (a) and (b) of the Ordinance for Enforcement of the Companies Act, respectively, the contents of these have also been examined based on the status of deliberations at the Board of Directors meetings and other meetings.
    - (iv) Members monitored and verified whether the accounting auditor had maintained an independent position and conducted adequate audits, received from the accounting auditor reports on the state of performance of their duties, and requested explanations as necessary. In addition, members received from the accounting auditor a notice that the systems to secure adequate performance of duties (as listed in the items of Article 131 of the Ordinance for Corporate Accounting) had been established in accordance with the Standard for Quality Control Concerning Audits (the Business Accounting Council), and requested explanations as necessary.

In accordance with these methods, we investigated the business report and its supplementary schedules, non-consolidated financial statements (the balance sheet, the statement of income, the statement of changes in equity, and the notes to financial statements) and its supplementary schedules, as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to consolidated financial statements), for the fiscal year under review.

## 2. Results of Audit

### (1) Results of audit of the business report, etc.

We are of the opinion:

- (i) That the business report and its supplementary schedules fairly present the state of the Company in accordance with laws and regulations and the Articles of Incorporation;
- (ii) That in connection with the performance by the directors of their duties, no fraudulent act or material fact of violation of laws and regulations and the Articles of Incorporation exists;
- (iii) That the details of the resolutions of the Board of Directors on internal control systems are proper. Furthermore, that there are no matters to be pointed out regarding the content of the business report and performance by the directors of their duties concerning such internal control systems; and
- (iv) That there are no matters to be pointed out regarding the Basic Policy on Company Financial and Business Policy Decision Controllers as listed in the business report, and that the efforts listed in the business report corresponding to Article 118, Item 3, (b) of the Ordinance for Enforcement of the Companies Act are recognized as consistent with this Basic Policy, and these efforts are not found to be detrimental to the Company's common shareholder interest, nor are they intended to protect the positions of the Company officers.

### (2) Results of audit of the non-consolidated financial statements and the supplementary schedules

We are of the opinion that the method and results of the audit made by the accounting auditor, Ernst & Young ShinNihon LLC, are proper.

### (3) Results of audit of the consolidated financial statements

We are of the opinion that the method and results of the audit made by the accounting auditor, Ernst & Young ShinNihon LLC, are proper.

May 24, 2024

Audit & Supervisory Board, Kanto Denka Kogyo Co., Ltd.  
Full-time Audit & Supervisory Board Member Takeaki Yajima (Seal)  
Full-time Audit & Supervisory Board Member Masatomo Hayashi (Seal)  
Outside Audit & Supervisory Board Member Naozumi Furukawa (Seal)  
Outside Audit & Supervisory Board Member Kenichi Ikeda (Seal)

## Reference Documents for the General Meeting of Shareholders

### Proposals and References

#### Proposal 1: Partial Amendments to the Articles of Incorporation

##### (1) Reasons for proposal

- 1) The proposal intends to delete a business purpose in Article 2 (Purpose) of the current Articles of Incorporation that is not currently implemented and to add a business purpose in order to clarify the nature of the business.
- 2) At the Ordinary General Meeting of Shareholders held on June 29, 2006, the Company, with the purpose of securing and improving medium- to long-term corporate value and therefore profits shared with shareholders, resolved to adopt the Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company (Takeover Defense Measures; hereafter, the “Response Policy”) and has subsequently maintained the basic contents of that policy over five Ordinary General Meetings of Shareholders up to the present, with the approval of shareholders.

As the Response Policy is approaching its expiration, the Company has repeatedly given careful consideration to that approach in light the opinions of institutional investors and other shareholders in Japan and overseas, the latest trends in takeover defense measures and changes in the business environment, among other factors. At the Board of Directors meeting held on May 15, 2024, the Company resolved not to continue the Response Policy and to abolish it at the conclusion of this General Meeting of Shareholders, which is when the Response Policy will expire.

Therefore, this proposal intends to delete Article 17 (Introduction of Takeover Defenses) of the current Articles of Incorporation.

- 3) In order to ensure the flexible operation of the Board of Directors, Article 18 (Number of Directors) of the current Articles of Incorporation shall be amended to change the maximum number of directors from 12 to 10.

##### (2) Details of the amendments

The details of the proposed amendments are as follows:

(Underlined portions indicate changes.)

Pre-amendment Articles of Incorporation	Proposed Amendments
<p>Article 1: (Text omitted)</p> <p>(Purpose)</p> <p>Article 2: The purpose of the Company shall be to engage in the following businesses.</p> <ul style="list-style-type: none"><li>(1) Manufacture and sale of caustic soda, chlorine and chlorine compounds, hydrogen and products utilizing hydrogen, and other related industrial products, pharmaceuticals and by-products thereof</li><li>(2) Manufacture and sale of fluorine and fluorine compounds and related products</li><li>(3) Manufacture and sale of petrochemical products and related products</li><li>(4) Manufacture and sale of iron oxides and related products</li><li>(5) Manufacture and sale of magnetic and electronic materials</li><li>(6) Manufacture and sale of powder alloys and molded products thereof</li><li>(7) <u>Manufacture and sale of products created by chemical treatment of agricultural and fishery products</u></li><li>(8) Any and all businesses incidental or related to the preceding items</li></ul> <p>Article 3 to 16: (Text omitted)</p>	<p>Article 1: (Unchanged)</p> <p>(Purpose)</p> <p>Article 2: The purpose of the Company shall be to engage in the following businesses.</p> <ul style="list-style-type: none"><li>(1) Manufacture and sale of caustic soda, chlorine and chlorine compounds, hydrogen and products utilizing hydrogen, and other related industrial products, pharmaceuticals and by-products thereof</li><li>(2) Manufacture and sale of fluorine and fluorine compounds and related products</li><li>(3) Manufacture and sale of petrochemical products and related products</li><li>(4) Manufacture and sale of iron oxides and related products</li><li>(5) Manufacture and sale of magnetic and electronic materials</li><li>(6) Manufacture and sale of powder alloys and molded products thereof</li><li>(7) <u>Design, manufacture and sale of equipment related to each of the preceding items, as well as sale of technology and consulting</u></li><li>(8) Any and all businesses incidental or related to the preceding items</li></ul> <p>Article 3 to 16: (Unchanged)</p>



(Underlined portions indicate changes.)

Pre-amendment Articles of Incorporation	Proposed Amendments
<p><u>(Introduction of Takeover Defenses)</u></p> <p><u>Article 17: Introduction of Takeover Defenses Decided at the General Meeting of Shareholders</u></p> <p><u>2. The introduction of takeover defenses specified in the preceding paragraph refers to Company-specified procedures that a person executing a takeover bid should comply with in regard to acquisition of shares and other rights the Company has issued in order to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person, in light of the Basic Policy on the way a person is to control the determination of financial and business policies of the Company.</u></p> <p><u>3. When it is clear that a bid to acquire shares and other rights issued by the Company will cause considerable harm to the overall interests of shareholders, the Board of Directors may take steps to prevent harm to the overall interests of shareholders, Paragraph 1 notwithstanding.</u></p> <p>(Number of Directors)</p> <p>Article <u>18</u>: The Company shall have no more than <u>12</u> directors.</p> <p>Article <u>19</u> to <u>40</u>: (Text omitted)</p>	<p>(Deleted)</p> <p>(Number of Directors)</p> <p>Article <u>17</u>: The Company shall have no more than <u>10</u> directors.</p> <p>Article <u>18</u> to <u>39</u>: (Unchanged)</p>

## Proposal 2: Election of Nine Directors

The terms of office of all 12 directors will expire at the conclusion of this General Meeting of Shareholders. Therefore, in order to further strengthen the flexible operation of the Board of Directors and the corporate governance system, the Company proposes to increase the number of outside directors by one while reducing the total number of directors by three, thereby proposing the election of nine directors (including five outside directors). The candidates for director are as follows:

No.	Name (Date of birth)	Past experience, positions, area of responsibility and significant concurrent positions	Number of shares of the Company held
1	Jun'ichi Hasegawa (November 11, 1958) Reappointment Male	<p>January 2000      Joined the Company</p> <p>July 2004          General Manager, Fine Chemicals Sales Dept.-II, Sales Div.</p> <p>June 2007          Executive Officer; General Manager, Fine Chemicals Sales Dept.-II, Sales Div.</p> <p>June 2009          Director and Executive Officer; General Manager, Sales Div.</p> <p>January 2011       Director and Executive Officer; General Manager, Sales Div.; General Manager, Fine Chemicals Sales Dept.-I</p> <p>June 2011          Director and Executive Officer of the Company; Chairman and Managing Director, Kanto Denka Kogyo (Shanghai) Co., Ltd.</p> <p>June 2015          President</p> <p>June 2019          President; General Manager, Business Div.</p> <p>June 2023          President (to present) (In charge of Internal Auditing Dept.)</p> <p>[Reasons for nomination as candidate for director] The Company has nominated Jun'ichi Hasegawa as a candidate for director because Mr. Hasegawa has long experience in the sales division and at overseas subsidiaries, experience as a director and broad insights concerning the overall management of the Company.</p>	<p>49,239</p> <p>Of which, number of shares to be delivered in the stock-based remuneration plan</p> <p>10,239</p>
2	Kazuki Niimi (September 22, 1960) Reappointment Male	<p>April 1984          Joined Asahi Mutual Life Insurance Company</p> <p>April 2006          General Manager, Finance Unit, Asahi Mutual Life Insurance Company</p> <p>April 2010          General Manager, Accounting Unit, Asahi Mutual Life Insurance Company</p> <p>April 2013          General Manager, Bond Management Unit, Asahi Mutual Life Insurance Company</p> <p>April 2015          General Manager, Securities Management Dept., Asahi Mutual Life Insurance Company</p> <p>April 2016          General Manager, Financial Controller Dept., Asahi Mutual Life Insurance Company</p> <p>April 2020          General Manager, in charge of Financial Controller Dept., Asahi Mutual Life Insurance Company</p> <p>June 2020          Director and Executive Officer of the Company (to present) (In charge of Accounting &amp; Finance Dept., Information Systems Dept.)</p> <p>[Reasons for nomination as candidate for director] The Company has nominated Kazuki Niimi as a candidate for director because Mr. Niimi has long experience at a financial institution, experience as a director, considerable knowledge in finance and accounting and broad insights concerning the overall management of the Company.</p>	<p>12,585</p> <p>Of which, number of shares to be delivered in the stock-based remuneration plan</p> <p>7,285</p>

No.	Name (Date of birth)	Past experience, positions, area of responsibility and significant concurrent positions	Number of shares of the Company held
3	Kenichi Yako (January 11, 1969) Reappointment Male	<p>April 1992      Joined the Company</p> <p>April 2009      General Manager, Production Engineering Dept., Shibukawa Plant</p> <p>June 2013      General Manager, Production Dept.-I, Shibukawa Plant</p> <p>January 2017    General Manager, Overseas Business Development Dept.</p> <p>November 2017 General Manager, Overseas Business Development Dept.; Representative Director, Kanto Denka Fine Products Korea Co., Ltd.</p> <p>June 2020      Executive Officer; General Manager, Overseas Business Development Dept. of the Company; Representative Director, Kanto Denka Fine Products Korea Co., Ltd.</p> <p>April 2023      Executive Officer; Representative Director, Kanto Denka Fine Products Korea Co., Ltd.</p> <p>June 2023      Director and Executive Officer; Representative Director, Kanto Denka Fine Products Korea Co., Ltd. (to present) (In charge of Overseas Plants)</p> <p>[Reasons for nomination as candidate for director] The Company has nominated Kenichi Yako as a candidate for director because Mr. Yako has long experience in the engineering division, including plant management, at an overseas subsidiary, and as director, and he also has broad insights concerning the overall management of the Company.</p>	3,500
4	Taisuke Yonemura (July 14, 1972) New appointment Male	<p>April 1998      Joined the Company</p> <p>April 2017      General Manager, Production Dept.-II, Shibukawa Plant</p> <p>June 2020      General Manager, Production Dept.-I, Shibukawa Plant</p> <p>June 2021      Executive Officer; Plant Manager, Shibukawa Plant; General Manager, Production Dept.-I, Shibukawa Plant</p> <p>April 2022      Director and Executive Officer; Plant Manager, Shibukawa Plant; General Manager, Quality Assurance Dept., Shibukawa Plant</p> <p>June 2022      Executive Officer; Plant Manager, Shibukawa Plant (to present)</p> <p>[Reasons for nomination as candidate for director] The Company has nominated Taisuke Yonemura as a candidate for director because Mr. Yonemura has long experience in the engineering division, including plant operations of the Company, and he also has broad insights concerning overall management.</p>	0
5	Hideki Matsui (July 9, 1962) Reappointment Outside Male	<p>April 1987      Admitted as Attorney-at-Law</p> <p>April 1987      Joined Marunouchi Sogo Law Office</p> <p>October 2006    Outside Auditor, Kanebo Cosmetics Inc.</p> <p>September 2011 Co-Representative Attorney-at-law, Marunouchi Sogo Law Office (to present)</p> <p>June 2015      Outside Director of the Company (to present)</p> <p>[Significant concurrent position] Co-Representative Attorney-at-law, Marunouchi Sogo Law Office</p> <p>[Reasons for nomination as candidate for outside director and overview of expected roles] Although Hideki Matsui has not been involved in corporate management other than as an outside officer, the Company has nominated him as a candidate for outside director because Mr. Matsui has engaged in corporate legal affairs as an attorney-at-law for many years, and the Company expects him to utilize his wealth of experience and broad insights for the management of the Company.</p>	0

No.	Name (Date of birth)	Past experience, positions, area of responsibility and significant concurrent positions	Number of shares of the Company held
6	Hitoshi Habuka (March 25, 1957) Reappointment Outside Male	<p>April 1981      Joined Shin-Etsu Chemical Co., Ltd.</p> <p>March 2000     Retired from Shin-Etsu Chemical Co., Ltd.</p> <p>April 2000      Associate Professor, Department of Material Science and Chemical Engineering, Faculty of Engineering, Yokohama National University (current National University Corporation Yokohama National University)</p> <p>April 2002      Professor, Department of Chemical Engineering Science, Faculty of Engineering, National University Corporation Yokohama National University</p> <p>April 2017      Vice Dean, College of Engineering Science, National University Corporation Yokohama National University</p> <p>June 2019      Outside Director of the Company (to present)</p> <p>April 2022      Professor Emeritus, National University Corporation Yokohama National University (to present) Lecturer (non full-time), Faculty of Engineering, National University Corporation Yokohama National University</p> <p>[Significant concurrent position] Professor Emeritus, National University Corporation Yokohama National University</p> <p>[Reasons for nomination as candidate for outside director and overview of expected roles] Although Hitoshi Habuka has not been involved in corporate management other than as an outside officer, the Company has nominated him as a candidate for outside director because Dr. Habuka has worked at Shin-Etsu Chemical Co., Ltd. and has experience as an engineering advisor and guest researcher, etc. at other companies. Also, he has engaged in research and development for many years, and the Company expects him to utilize his wealth of experience and broad insights for the management of the Company.</p>	0
7	Yuko Kariya (April 15, 1960) Reappointment Outside Female	<p>April 1983      Joined Torii Pharmaceutical Co., Ltd.</p> <p>June 2012      Executive Vice President; Head of Pharmacovigilance &amp; Quality Assurance Group, Torii Pharmaceutical Co., Ltd.</p> <p>June 2013      Member of the Board, Director; Head of Pharmacovigilance &amp; Quality Assurance Group, Torii Pharmaceutical Co., Ltd.</p> <p>March 2020     Standing Corporate Advisor, Torii Pharmaceutical Co., Ltd.</p> <p>March 2021     Retired from Torii Pharmaceutical Co., Ltd.</p> <p>June 2022      Outside Director of the Company (to present) Outside Director, NIPPON KINZOKU CO., LTD. (to present)</p> <p>March 2024     Outside Director (Audit &amp; Supervisory Committee Member), Welby, Inc. (to present)</p> <p>[Significant concurrent position] Outside Director, NIPPON KINZOKU CO., LTD. Outside Director (Audit &amp; Supervisory Committee Member), Welby, Inc.</p> <p>[Reasons for nomination as candidate for outside director and overview of expected roles] The Company has nominated Yuko Kariya as a candidate for outside director because Ms. Kariya has engaged in management of a pharmaceutical manufacturer as director for many years, and the Company expects her to utilize her wealth of experience and broad insights, including with regard to quality assurance, for the management of the Company.</p>	0

No.	Name (Date of birth)	Past experience, positions, area of responsibility and significant concurrent positions	Number of shares of the Company held
8	Takako Amitani (July 21, 1958) New appointment Outside Female	<p>September 1993 Registered as Certified Public Accountant (CPA)</p> <p>September 1993 President, Amitani Certified Public Accountant Office (to present)</p> <p>March 2005 Registered as a licensed tax accountant</p> <p>June 2008 Auditor, Public Foundation of Vaccination Research Center (to present)</p> <p>June 2019 Outside Director, Shin-Keisei Electric Railway Co., Ltd.</p> <p>June 2021 Auditor, Japan Center for Certified Public Psychologists (to present)</p> <p>June 2023 Outside Director, Keisei Electric Railway Co., Ltd. (to present)</p> <p>[Significant concurrent position]            Outside Director, Keisei Electric Railway Co., Ltd.</p> <p>[Reasons for nomination as candidate for outside director and overview of expected roles]            Although Takako Amitani has not been involved in corporate management other than as an outside officer, the Company has nominated her as a candidate for outside director because Ms. Amitani has engaged in corporate accounting and taxation for many years as a Certified Public Accountant and licensed tax accountant, and the Company expects her to utilize her wealth of experience and broad insights for the management of the Company.</p>	0

No.	Name (Date of birth)	Past experience, positions, area of responsibility and significant concurrent positions	Number of shares of the Company held
9	Junko Koshino (September 8, 1969) New appointment Outside Female	<p>April 1993      Joined Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)</p> <p>January 1997    Investment Analyst, Investment Department, FIL Investments (Japan) Limited</p> <p>April 2002      Investment Analyst, Investment Department, Capital Research and Management Company</p> <p>February 2006   Investment Analyst, Tokyo Representative Office, Halberdier Capital Management Pte. Ltd.</p> <p>April 2012      General Manager, Corporate Planning Dept., MORITO CO., LTD.</p> <p>October 2015    General Manager, Corporate Planning Office, Otsuka Kagu, Ltd.</p> <p>April 2016      General Manager, Business Development Dept. and Corporate Strategy Dept., Corporate Strategy Div., JVCKENWOOD Corporation</p> <p>April 2019      Executive Officer, General Manager of Corporate Strategy Department, JVCKENWOOD Corporation</p> <p>April 2020      Executive Officer, Assistant to CEO, JVCKENWOOD Corporation</p> <p>July 2020       Executive Officer, General Manager, Corporate Planning Dept., Company Corporate Planning Division, Frontier Management Inc.</p> <p>June 2021      Outside Director, SAXA Holdings, Inc.</p> <p>June 2022      Outside Director, Rikei Corporation (to present)</p> <p>[Significant concurrent position] Outside Director, Rikei Corporation</p> <p>[Reasons for nomination as candidate for outside director and overview of expected roles] Junko Koshino is familiar with financial and capital markets through her many years of activities as an analyst for financial institutions and other organizations. She was also involved in the management of a publicly traded company as an executive officer. The Company expects her to utilize this wealth of experience and broad insights for the management of the Company.</p>	0

- (Notes) 1. The number of shares of the Company held includes shares to be delivered in the stock-based remuneration plan.
2. Hideki Matsui, Hitoshi Habuka, Yuko Kariya, Takako Amitani, and Junko Koshino are candidates for outside director. Each is a candidate for independent officer as stipulated by the rules of the Tokyo Stock Exchange.
3. Although Hideki Matsui belongs to the Marunouchi Sogo Law Office, with which the Company has a legal advisory retainer contract and to which it pays fees for legal services provided by attorneys, the Company paid only about ¥3.2 million for the fiscal year ended March 31, 2024, and this amount does not affect the independence of Mr. Matsui either from the Company or from the law office.
4. The Company has an agreement with Hideki Matsui, Hitoshi Habuka, and Yuko Kariya to limit their liability as outside director on the basis of the provisions of Article 427, Paragraph 1, of the Companies Act with the liability limit set forth in the relevant law. In case Mr. Matsui, Mr. Sugiyama, Mr. Habuka, and Ms. Kariya are elected as outside directors and assume office as such, the Company plans to continue to enter into a similar agreement with them. In the case Takako Amitani and Junko Koshino are elected as outside director and assume office as such, the Company plans to enter into the same agreement with them.
5. The Company has entered into a directors and officers liability insurance agreement for directors, Audit & Supervisory Board members, executive officers, and certain employees (including managers) of the Company and its subsidiaries as insureds, which is outlined below. When each candidate is elected and assumes office as director, they will all be included as an insured under the said insurance. The Company plans to renew the agreement with the same content in October 2024.
- (i) Outline of events insured against  
The agreement covers damages that may arise due to the insured directors, Audit & Supervisory Board members, and officers, etc. being held liable for the execution of his or her duties or being subject to a claim for this liability. However, the policy does include certain exemption clauses, such as for liabilities arising from acts committed by insureds while aware that doing so would be in violation of laws and regulations.
- (ii) Insurance premiums will be fully borne by the Company.
6. The term of office of Hideki Matsui, Hitoshi Habuka, and Yuko Kariya as outside directors of the Company upon

the conclusion of this General Meeting of Shareholders will be nine years, five years, and two years, respectively.

[Reference] Director candidate expertise and experience (skill matrix)

The expertise and experience of the candidates for director are as follows:

Expertise and experience								
Name	Corporate management / management strategy	Globalization	Sales / marketing	Technology / R&D	Sustainability	Finance / accounting	Finance and capital markets	Legal affairs / risk management
Jun'ichi Hasegawa	√	√	√		√			√
Kazuki Niimi	√					√	√	
Kenichi Yako	√	√		√				
Taisuke Yonemura	√			√	√			
Hideki Matsui								√
Hitoshi Habuka				√				
Yuko Kariya	√			√				
Takako Amitani						√		
Junko Koshino	√	√				√	√	

Note: The above list is not intended to be an exhaustive list of the expertise and experience possessed by each candidate.



### Proposal 3: Election of Four Auditors

The terms of office of all four Auditors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of four Auditors.

The candidates for Auditor are as follows. The Audit & Supervisory Board has previously given its approval to this proposal.

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
1	Takeaki Yajima (April 20, 1963) Reappointment Male	<p>April 1987      Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>March 2003      General Manager of Tottori Branch, Mizuho Bank, Ltd.</p> <p>April 2010      General Manager, Unit No. 8 of Branch Department, Mizuho Bank, Ltd.</p> <p>April 2012      General Manager of Tachikawa Branch, Mizuho Bank, Ltd.</p> <p>April 2014      General Manager, Branch Banking Department No. 2, Mizuho Bank, Ltd.</p> <p>April 2015      General Manager, Tokyo Main Office Department No. 1, Mizuho Bank, Ltd.</p> <p>June 2018      Corporate Adviser of the Company</p> <p>June 2018      Director and Executive Officer</p> <p>June 2021      Full-time Auditor (to present)</p> <p>[Reasons for nomination of the candidate for auditor] The Company has nominated Takeaki Yajima as a candidate for auditor because Mr. Yajima has long experience at financial institutions, experience as a director and auditor of the Company, considerable knowledge in finance and accounting and broad insights concerning the overall management of the Company.</p>	6,175
2	Ryoji Masujima (June 16, 1967) New appointment Male	<p>April 1992      Joined the Company</p> <p>June 2015      General Manager, Corporate Planning Dept.</p> <p>June 2017      Chairman and Managing Director, Kanto Denka Kogyo (Shanghai) Co., Ltd.</p> <p>June 2019      Executive Officer of the Company; Chairman and Managing Director, Kanto Denka Kogyo (Shanghai) Co., Ltd.</p> <p>March 2021      Executive Officer; General Manager, Legal &amp; General Affairs Dept.</p> <p>December 2021      Executive Officer; General Manager of Legal &amp; General Affairs Dept. and General Manager of Sustainability Dept.</p> <p>June 2022      Director and Executive Officer; General Manager, Corporate Planning Dept. (to present) (In charge of Corporate Planning Dept., Overseas Business Development Dept.)</p> <p>[Reasons for nomination of the candidate for auditor] The Company has nominated Ryoji Masujima as a candidate for auditor because Mr. Masujima has long experience in the corporate planning division, the legal &amp; general affairs division, and at an overseas subsidiary, experience as a director and broad insights concerning overall management.</p>	<p>6,335</p> <p>Of which, number of shares to be delivered in the stock-based remuneration plan</p> <p>4,135</p>

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
3	Naozumi Furukawa (December 22, 1944) Reappointment Outside Male	April 1967      Joined Zeon Corporation June 1997      Director, Zeon Corporation June 1999      Senior Director, Zeon Corporation June 2001      Executive Director, Zeon Corporation June 2002      Representative Director and Executive Director, Zeon Corporation June 2003      President and CEO, Zeon Corporation June 2006      Outside Corporate Auditor, The Yokohama Rubber Co., Ltd. June 2013      Chairman, Zeon Corporation March 2014     Member of the Board (Outside), The Yokohama Rubber Co., Ltd. June 2015      Outside Auditor of the Company (to present) June 2020      Honorary Chairman, Zeon Corporation (to present) [Significant concurrent position] Honorary Chairman, Zeon Corporation [Reasons for nomination of the candidate for outside auditor] Naozumi Furukawa has engaged in management at a chemical manufacturer for many years, and the Company has nominated him as a candidate for outside auditor to reflect his experience and broad insights in Company audits.	0

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
4	Kenichi Ikeda (December 23, 1962) Reappointment Outside Male	<p>April 1986      Joined Asahi Mutual Life Insurance Company</p> <p>April 2011      General Manager, Insurance Unit, Office &amp; System Management Div., Asahi Mutual Life Insurance Company</p> <p>April 2014      General Manager, Product Development Unit, Sales Planning Dept., Asahi Mutual Life Insurance Company</p> <p>April 2015      General Manager, Product Development Dept., Asahi Mutual Life Insurance Company</p> <p>April 2016      General Manager, Sales Planning Dept., Asahi Mutual Life Insurance Company</p> <p>April 2017      Executive Officer (In charge of Sales Planning Dept. and Product Development Dept.), Asahi Mutual Life Insurance Company</p> <p>April 2019      Executive Officer (In charge of Sales Planning Dept., Marketing Div., and Product Development Dept.), Asahi Mutual Life Insurance Company</p> <p>April 2020      Executive Officer (In charge of Risk Management Div. and Compliance Div.), Asahi Mutual Life Insurance Company</p> <p>June 2020      Outside Auditor of the Company (to present)</p> <p>July 2020      Director and Executive Officer (In charge of Risk Management Div. and Compliance Div.), Asahi Mutual Life Insurance Company</p> <p>April 2021      Director and Managing Executive Officer (In charge of Corporate Planning Div. and Research and Public Relations Div.), Asahi Mutual Life Insurance Company</p> <p>April 2022      Director and Managing Executive Officer (In charge of Corporate Planning Div., Research &amp; Public Relations Dept., and Overseas and Direct Business Unit), Asahi Mutual Life Insurance Company</p> <p>April 2024      Director and Senior Managing Executive Officer (In charge of Financial Controller Dept., Risk Management Div., Compliance Div., ESR Administration Office), Asahi Mutual Life Insurance (to present)</p> <p>[Significant concurrent position] Director and Senior Managing Executive Officer (In charge of Financial Controller Dept., Risk Management Div., Compliance Div., ESR Administration Office), Asahi Mutual Life Insurance</p> <p>[Reasons for nomination of the candidate for outside auditor] Kenichi Ikeda has many years of experience and broad insights in financial institutions, and the Company has nominated him as a candidate for outside auditor to reflect these in Company audits.</p>	0

(Notes) 1. Naozumi Furukawa and Kenichi Ikeda are outside auditors. Both are candidates for independent officers as stipulated by the rules of the Tokyo Stock Exchange.

2. The Company has an agreement with Naozumi Furukawa and Kenichi Ikeda to limit their liability as outside auditor on the basis of the provisions of Article 427, Paragraph 1 of the Companies Act with the liability limit set forth in the relevant law. In case Mr. Furukawa and Mr. Ikeda are elected as outside auditors and assume office as such, the Company plans to continue to enter into a similar agreement with them.

3. The Company has entered into a directors and officers liability insurance agreement for directors, Audit & Supervisory Board members, executive officers, and certain employees (including managers) of the Company and its subsidiaries as insureds, which is outlined below. When each candidate is elected and assumes office, they will all be included as an insured under the said insurance. The Company plans to renew the agreement with the same content in October 2024.

(i) Outline of events insured against

The agreement covers damages that may arise due to the insured directors, Audit & Supervisory Board members, and officers, etc. being held liable for the execution of his or her duties or being subject to a claim for this liability. However, the policy does include certain exemption clauses, such as for liabilities arising from acts committed by insureds while aware that doing so would be in violation of laws and

regulations.

(ii) Insurance premiums will be fully borne by the Company.

4. The term of office of Naozumi Furukawa and Kenichi Ikeda as outside auditors of the Company upon the conclusion of this General Meeting of Shareholders will be nine years and four years, respectively.

#### Proposal 4: Election of One Substitute Auditor

As the appointment of Substitute Auditor Naotaka Kawamata, who was elected at the 113th Ordinary General Meeting of Shareholders held on June 26, 2020, will expire at the commencement of this General Meeting of Shareholders, the Company once again proposes the election of one Substitute Auditor in preparation for the event that the number of Auditors is insufficient as stipulated by law.

Pursuant to the stipulations of the Company's Articles of Incorporation, this election shall be effective until the beginning of the ordinary general meeting of shareholders concerning the last business year that ends within four years after the election. The effectiveness of this election shall be able to be revoked only before the assumption of office by resolution of the Board of Directors with the approval of the Audit & Supervisory Board.

The candidate for Substitute Auditor is as follows. The Audit & Supervisory Board has previously given its approval to this proposal.

Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
Naotaka Kawamata (May 1, 1965) Male	April 1994 Admitted as Attorney-at-Law April 1994 Joined Marunouchi Sogo Law Office April 2015 Practicing-Attorney-Professor for civil advocacy, the Legal Training and Research Institute of the Supreme Court of Japan June 2016 Outside Director (Audit & Supervisory Committee Member), Torex Semiconductor Ltd. (to present) June 2017 Outside Director, Nippon Flour Mills Co., Ltd. (currently NIPPON CORPORATION) (to present) November 2019 Member of the National Bar Examination Commission (Civil Code) June 2020 Outside Director (Audit & Supervisory Committee Member), NIPPON DENSETSU KOGYO CO., LTD. (to present) [Significant concurrent position] Partner, Marunouchi Sogo Law Office Outside Director (Audit & Supervisory Committee Member), TOREX SEMICONDUCTOR LTD. Outside Director, NIPPON CORPORATION Outside Director (Audit & Supervisory Committee Member), NIPPON DENSETSU KOGYO CO., LTD. [Reasons for nomination of the candidate for substitute outside auditor] Although Naotaka Kawamata has not been involved in corporate management other than as an outside officer, the Company has nominated him as a candidate for substitute outside auditor because Mr. Kawamata has specialized knowledge and experience, etc. as an attorney at law, and is familiar with corporate legal affairs.	0

- (Notes) 1. Naotaka Kawamata is a candidate for substitute outside auditor.
2. Although Naotaka Kawamata belongs to the Marunouchi Sogo Law Office, with which the Company has a legal advisory retainer contract and to which it pays fees for legal services provided by attorneys, the Company paid only about ¥3.2 million for the fiscal year ended March 31, 2024, and this amount does not affect the independence of Mr. Kawamata either from the Company or from the law office.
3. In the case when the number of auditors of the Company becomes insufficient in light of the legally stipulated number and Mr. Kawamata assumes office as an outside auditor, the Company plans to enter into an agreement with Mr. Kawamata to limit his liability as outside auditor on the basis of the provisions of Article 427, Paragraph 1, of the Companies Act with the liability limit set forth in the relevant law.
4. The Company has entered into a directors and officers liability insurance agreement for directors, Audit & Supervisory Board members, executive officers, and certain employees (including managers) of the Company and its subsidiaries as insureds, which is outlined below. In the case when the number of auditors of the Company becomes insufficient in light of the legally stipulated number and Naotaka Kawamata assumes office as an outside auditor, he will be included as an insured under the said insurance. The Company plans to renew the agreement with the same content in October 2024.
- (i) Outline of events insured against
- The agreement covers damages that may arise due to the insured directors, Audit & Supervisory Board members, and officers, etc. being held liable for the execution of his or her duties or being subject to a claim for this liability. However, the policy does include certain exemption clauses, such as for liabilities arising from acts committed by insureds while aware that doing so would be in violation of laws and regulations.
- (ii) Insurance premiums will be fully borne by the Company.

## **Proposal 5: Revision of Director Remuneration, etc. Amount**

Remuneration for directors (excluding outside directors) consists of monthly remuneration (fixed portion), officer bonuses (performance-linked portion, short-term remuneration), and stock-based remuneration (medium- to long-term remuneration), while remuneration for outside directors consists solely of monthly remuneration.

Of these, monthly remuneration and officer bonuses were approved at the General Meeting of Shareholders held on June 28, 2007, as described in [Pre-revision] below and effective as of the date of this document. However, as described below in [Post-revision], the Company proposes to revise the total amount of monthly remuneration in accordance with changes in the composition of the Board of Directors and to revise the amount of officer bonuses in order to directly reflect changes in business performance for each position in the amount of each director's remuneration.

On May 15, 2024, the Company's Board of Directors approved the Policy on Determination of Details of Individual Directors' Remuneration, etc., subject to the approval of Proposals 1 and 2 and this proposal. The content of this policy is a modification of the existing policy based on this proposal, and since this proposal is in line with such policy, we believe it is appropriate.

### **Pre-revision**

- (i) The total amount of monthly remuneration for directors shall be no more than ¥24 million.
- (ii) Separately to the monthly remuneration in (i), officer bonuses shall be paid at a level of 0.8% of the Company's ordinary profit (rounded down to the nearest million yen) for the relevant fiscal year, with an upper limit of ¥80 million. However, if the Company's ordinary profit for the relevant fiscal year is less than ¥1 billion, no officer bonuses shall be paid.

The amount of remuneration, etc. for directors shall not include employee remuneration for officers who concurrently serve as employees of the Company.

### **Post-revision**

- (i) The total amount of monthly remuneration for directors shall be no more than ¥20 million (including no more than ¥4 million for outside directors).
- (ii) Separately to the monthly remuneration in (i), the following officer bonuses shall be paid.
  - Officer bonuses are paid to directors (excluding outside directors). However, this excludes directors who have performed their duties for less than one-half of the relevant fiscal year.
  - The amount shall be calculated by multiplying the consolidated ordinary profit for the relevant fiscal year, which is a solid indicator of earnings, by a certain percentage determined for each position. However, the limit of consolidated ordinary profit for these purposes shall be ¥20 billion. In addition, if consolidated ordinary profit for the fiscal year in question is less than ¥2 billion, or if the final profit for said fiscal year is a loss (consolidated or non-consolidated), no officer bonuses shall be paid.
  - The formula and minimum and maximum amounts to be determined for each position shall be as follows (rounded down to the nearest ten thousand yen).

Position	Formula (lower limit–upper limit)
Chairman/President	Consolidated ordinary profit x 0.350% (¥0–¥70 million)
Director and Senior Managing Executive Officer	Consolidated ordinary profit x 0.225% (¥0–¥45 million)
Director and Managing Executive Officer	Consolidated ordinary profit x 0.175% (¥0–¥35 million)
Director and (Senior) Executive Officer	Consolidated ordinary profit x 0.018% (¥0–¥3.6 million)

- The final officer bonuses shall be the amount calculated above and shall vary according to the total shareholder return (TSR) index. Specifically, if the Company's TSR for the fiscal year in question exceeds the TOPIX TSR by 10% or more, the amount calculated above shall be multiplied by 1.1, and if it falls below 10% or more, the same amount shall be multiplied by 0.9 (rounded down to the nearest ten thousand yen). As a result, the maximum amount by position is ¥77 million for the Chairman/President, ¥49.5 million for Directors and Senior Managing Executive Officers, ¥38.5 million for Directors and Managing Executive Officers, and ¥3.96 million for Directors and Executive Officers.

The amount of remuneration for directors does not include employee salaries for directors who concurrently serve as employees of the Company.

If Proposal 2 is approved as proposed, the number of directors will be nine (including five outside directors).