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To our valued shareholders,

Let me first take this opportunity to express my sincerest gratitude to our shareholders for the outstanding support you have extended to Koatsu Gas Kogyo Co., Ltd. Please accept these humble greetings from myself, issued in conjunction with this Notice of the 92nd Annual General Meeting of Shareholders.

We are facing an era in which it is increasingly difficult to make predictions due to climate change, geopolitical risks, and fluctuations in financial and capital markets. In these rapidly changing times, the responsibilities that companies must fulfill continue to grow.

In order to achieve sustainable growth, it is more important than ever to have a long-term perspective, envision “what we aim for,” and think about “what needs to be done now,” starting from the future we envision.

Precisely because we are living in an era of dramatic change and uncertainty, we believe it is essential to fully demonstrate the “comprehensive strength” the Group has cultivated over time through our “experience” and “connections.” We will always return to our founding philosophy of “Harmony among People, Technology and the Environment” and steadily carry out the necessary steps to address social and industrial issues as we move toward our next stage of growth.

Looking ahead, we will continue to build long-term relationships of trust with our shareholders. We will seek to address society’s demands attentively and sincerely, and we will strive to achieve sustainable growth, enhance corporate value and develop as a group company that is both essential to and trusted by society at large.

I thank you in advance for your continued understanding and support, which is greatly appreciated.

June 2025

Motonari Kuroki

President and Representative Director

Medium-Term Management Plan (for the fiscal year ended March 2022 (89th fiscal year) to the fiscal year ending March 2026 (93rd fiscal year))

## Change & Challenge Stage II

An Evolving Company —Taking on Globalization—

<b>Performance targets (consolidated) Final fiscal year targets (fiscal year ending March 31, 2026)</b>			
Net sales	Operating profit	Operating profit margin	Strategic investment (cumulative)
<b>¥100.0 billion</b>	<b>¥7.0 billion</b>	<b>7.0%</b>	<b>¥17.0 billion</b>

<b>Five Growth Strategies</b>		
Business expansion	<ul style="list-style-type: none"> <li>• Deepening existing businesses</li> <li>• Developing new markets</li> </ul>	<ul style="list-style-type: none"> <li>• Developing new products</li> <li>• Diversified development of business</li> </ul>
Human resources development	<ul style="list-style-type: none"> <li>• Responding to a changing social environment</li> <li>• Diversification of human resources and organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Becoming a company that makes the most of people</li> </ul>
Function maintenance	<ul style="list-style-type: none"> <li>• Maintaining the system environment</li> <li>• Strengthening sales system, production management, and management system</li> </ul>	<ul style="list-style-type: none"> <li>• Improving the working environment</li> </ul>
Strategic investment	<ul style="list-style-type: none"> <li>• Introduction of new production equipment</li> <li>• Strategic M&amp;A</li> </ul>	<ul style="list-style-type: none"> <li>• New business development</li> </ul>
Social harmony	<ul style="list-style-type: none"> <li>• Practicing environmental management</li> <li>• Promoting CSR activities</li> </ul>	<ul style="list-style-type: none"> <li>• Thorough legal compliance</li> <li>• Improving workplace discipline</li> </ul>

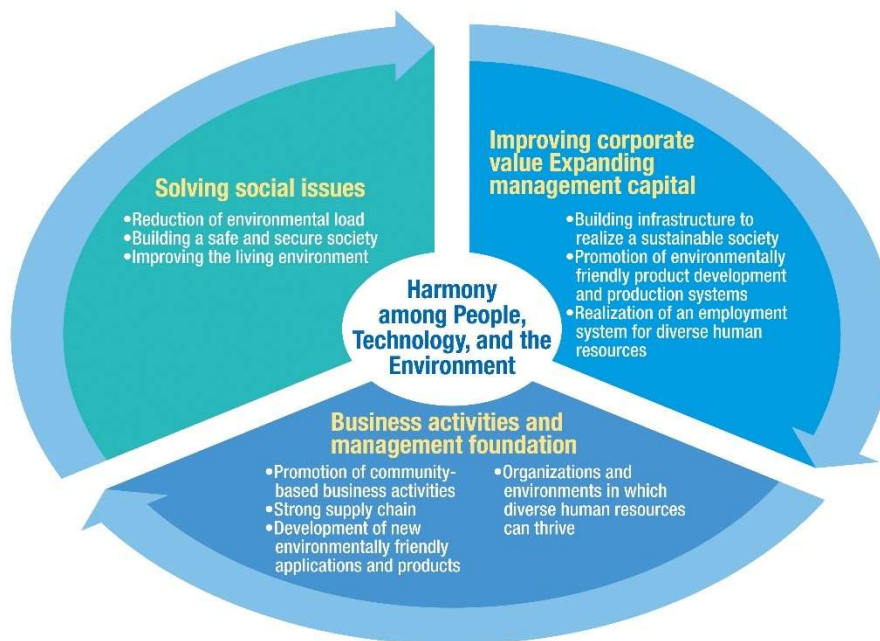
In the fiscal year under review, which is the fourth year of the Medium-Term Management Plan “Change & Challenge Stage II,” which finishes in the fiscal year ending March 31, 2026, we steadily implemented adjustments to sales prices and business strategies despite rising costs, including persistently high raw material prices, increased labor expenses, and depreciation associated with large-scale capital investments and as a result, we made solid progress toward the final-year targets. Regarding one of our key initiatives in business expansion and strategic development, the development of new products, we began demonstration testing of “normal pressure smart carburizing,” a new gas carburizing technology, as well as steady progress in plans to install mass-production equipment of carbon nanotubes. In addition, we also continue to promote initiatives aimed at strengthening our organizational capabilities through investment in human capital, which is particularly important as a non-financial strategy, such as the recruitment of diverse talent and enhancing our employee benefits and training programs.

Going forward, we will continue to expand the management resources necessary for profit growth and establish a management structure for more efficient management, and promote business activities aimed at achieving our targets toward the final fiscal year of the plan.

## Sustainability Initiatives

### Becoming a corporate group that continues to create value

The Group recognizes that proactively addressing social issues is an important management issue, and promotes company-wide sustainability initiatives to improve corporate value over the medium- to long-term.



### Initiatives towards the realization of sustainability

- Expansion of the governance and risk management system

Establish the Sustainability Promotion Committee, chaired by the President and Representative Director, to formulate and promote measures related to SDGs, climate change, and analyze sustainability risks and opportunities

- Initiatives for climate change

- Contribute to a carbon neutral society (normal pressure smart carburizing, hydrogen accumulators, etc.)
- Development of applications for acetylene gas in non-combustion fields (carbon nanotubes)
- Energy-saving initiatives (introduction of solar power generation equipment, conversion of business sites to LED lighting, adoption of energy-saving equipment, etc.)

- Initiatives for environmentally friendly products

Develop and increase sales of environmentally friendly products (water-based products, Thermal Barrier Paints, highly weather-resistant paints, damping products, etc.)

- Initiatives for regional communities

Promotion of disaster prevention and disaster reduction activities through disaster prevention councils of various regions

- Initiatives for human resources

- Establishment of a safe and secure working environment
- Enhancement of education and training programs for human resource development
- Active recruitment and development of global talent
- Promotion of employment and workplace support for persons with disabilities

**To Shareholders with Voting Rights:**

Motonari Kuroki  
President and Representative Director  
**Koatsu Gas Kogyo Co., Ltd.**  
2-4-12, Nakazaki-Nishi, Kita-ku,  
Osaka City, Osaka, Japan

**NOTICE OF  
THE 92nd ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby inform you that the 92nd Annual General Meeting of Shareholders of Koatsu Gas Kogyo Co., Ltd. (the “Company”) will be held as described below.

When convening this General Meeting of Shareholders, the Company takes measures for the supply in electronic format, and matters to be supplied in electronic format are posted on the website below as “Notice of the 92nd Annual General Meeting of Shareholders.”

The Company’s website: <https://www.koatsugas.co.jp/english/ir/>

In addition to the website above, matters to be supplied in electronic format are also posted on the website below.

Tokyo Stock Exchange website (Listed Company Search):

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

Please access the website above, enter “Koatsu Gas Kogyo” in “Issue name (company name)” or the Company’s securities code “4097” in “Code,” and click “Search.” Select “Basic information” and then “Documents for public inspection/PR information,” and view the information in “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting]” under “Filed information available for public inspection.”

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders below and exercise your voting rights by 5:30 p.m. on Monday, June 23, 2025 Japan time.

**1. Date and Time:** Tuesday, June 24, 2025 at 10:00 a.m.

**2. Place:** White Hall, 31F Umeda Center Building  
2-4-12, Nakazaki-Nishi, Kita-ku, Osaka City, Osaka, Japan

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements for the Company’s 92nd fiscal year (April 1, 2024 - March 31, 2025)
  2. Results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements for the Company’s 92nd fiscal year

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of Five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 3:** Election of Four (4) Directors Who Are Audit and Supervisory Committee Members

**4. Matters decided regarding convocation**

- (1) In the event that there is no indication of approval or disapproval of a proposal on the Voting Rights Exercise Form, it will be treated as an indication of approval.

- (2) In the event that voting rights are exercised both in writing and via the Internet, the vote via the Internet shall prevail. If voting rights are exercised multiple times by the Internet or on both PC and smartphone, the most recent vote shall prevail.

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(Request) When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

(Notice)

- Although a system for the supply in electronic format has been implemented due to revisions to the Companies Act, for this year's General Meeting of Shareholders, we will continue to send the reference documents for the General Meeting of Shareholders to all shareholders with voting rights as we have done in the past, regardless of whether or not a request for delivery of documents was made.
- Should any revisions occur to the matters to be supplied in electronic format, the revisions will be posted on the Company's website and the Tokyo Stock Exchange's website.
- Should there be any major changes to the operation of the General Meeting of Shareholders, it will be posted on the Company's website.

## **How to Exercise Your Voting Rights**

You can exercise your voting rights by one of the following three methods.

### **Exercise of voting rights by attending the General Meeting of Shareholders in person**

Please submit the enclosed Voting Rights Exercise Form at the reception desk.

If attending the meeting in person, there is no need to complete the exercise of voting rights either in writing or via the Internet.

**Date and Time of General Meeting of Shareholders: Tuesday, June 24, 2025 at 10:00 a.m. Japan time**

### **Exercise of voting rights by post**

Please indicate your vote in favor of or against each of the proposals on the enclosed Voting Rights Exercise Form and return the form for arrival by 5:30 p.m. on Monday, June 23, 2025 Japan time.

In the event that there is no indication of approval or disapproval of the proposals on the Voting Rights Exercise Form, it will be treated as an indication of approval.

### **Exercise of voting rights via the Internet**

Please access the website for exercising voting rights specified by the Company (<https://evote.tr.mufg.jp/>) and exercise your voting rights by 5:30 p.m. on Monday, June 23, 2025 Japan time. Please refer to the next page for details.

### **Exercise of voting rights multiple times**

In the event that voting rights are exercised both in writing and via the Internet, the vote via the Internet shall prevail. If voting rights are exercised multiple times by the Internet or on both PC and smartphone, the most recent vote shall prevail.

### **To institutional investors:**

Institutional investors also have the option of exercising their voting rights via electromagnetic means using the Electronic Voting System Platform operated by ICJ, Inc.

## How to Exercise Your Voting Rights Via the Internet

**Deadline for exercise of voting rights: 5:30 p.m. on Monday, June 23, 2025 Japan time**  
(The service will be unavailable from 2:30 a.m. to 4:30 a.m. of each day during the voting period.)

| <b>Voting method by scanning QR code</b>                                                                                                                                                                                                                                                                                                                                                                          | <b>Voting method by entering Login ID and temporary password</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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| <p>You can log on to the website for exercising voting rights without entering your Login ID and temporary password.</p> <ol style="list-style-type: none"><li>1. Scan the QR code at the bottom right of the Voting Rights Exercise Form with your smartphone.<br/>* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.</li><li>2. Follow the on-screen instructions to enter your votes.</li></ol> | <p><b>Website for exercising voting rights:</b><br/><b><a href="https://evote.tr.mufg.jp/">https://evote.tr.mufg.jp/</a></b></p> <ol style="list-style-type: none"><li>1. Access the website for exercising voting rights.<br/>Click on “Next screen”</li><li>2. Enter the Login ID and temporary password found at bottom right of the Voting Rights Exercise Form.<br/>Enter Login ID and temporary password and click on “Login”</li><li>3. Follow the on-screen instructions to enter your votes.</li></ol> |

Any costs involved in accessing the website for exercising voting rights (e.g., Internet connection fees) shall be the responsibility of the shareholder.

For any questions about exercising voting rights via the Internet, please contact the following:  
Securities Agency Division (Help Desk), Mitsubishi UFJ Trust and Banking Corporation  
Tel: 0120-173-027 (9:00 a.m. - 9:00 p.m., Japan time; toll free only in Japan)

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

Based on the basic policy of providing stable and continuous dividends, the Company strives to return profits to shareholders by comprehensively taking into account the business results, financial position, etc. for each fiscal year.

The Company proposes a year-end dividend for the fiscal year under review as follows.

### Matters concerning year-end dividends

1. Type of property for dividends  
Cash
2. Allotment of property for dividends to shareholders and total amount thereof  
10 yen per treasury share of the Company  
(Combined with interim dividend, total annual dividend per share: ¥20)  
Total: ¥552,035,700
3. Effective date of distribution of surplus  
June 25, 2025

**Proposal 2:** Election of Five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same shall apply in this proposal) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of five (5) Directors.

The candidates for Director are as follows:

| No. | Name                                        | Current positions and responsibilities at the Company                                                                                                                                 |
|-----|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | Motonari Kuroki [Reappointment]             | President and Representative Director<br>President and Executive Officer                                                                                                              |
| 2   | Kazuhiro Setsuda [Reappointment]            | Vice President and Representative Director<br>Vice President and Executive Officer<br>General Manager, Chemical Products Business Division                                            |
| 3   | Takashi Morimoto [Reappointment]            | Director<br>Senior Managing Executive Officer<br>General Manager, Corporate Planning Division; General Manager, Corporate Planning Department; General Manager, Gas Business Division |
| 4   | Yoshihiro Ikeda [Reappointment]             | Director<br>Managing Executive Officer<br>General Manager, Administration Division                                                                                                    |
| 5   | Kenji Nakano [New appointment]<br>[Outside] |                                                                                                                                                                                       |

| No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Name<br>(Date of birth)                                                                                                                                                                                   | Career summary, positions, responsibilities,<br>and significant concurrent positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Number of<br>shares of the<br>Company held |
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| 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>Motonari Kuroki<br/>(January 2, 1965)</p> <p>[Reappointment]</p> <p>[Years in office as<br/>Director]<br/>14 years</p> <p>[Attendance at the<br/>Board of Directors<br/>meetings]<br/>12/12 (100%)</p> | <p>April 1988      Joined the Company</p> <p>June 2011      Director, General Manager, Tokyo Office; Head of<br/>Kanto Area, Gas Business Division, the Company</p> <p>June 2015      Managing Director, General Manager, Tokyo Office;<br/>Deputy General Manager, Gas Business Division, the<br/>Company</p> <p>April 2017      Managing Director, General Manager, Tokyo Office;<br/>General Manager, Corporate Planning Division;<br/>Deputy General Manager, Gas Business Division, the<br/>Company</p> <p>June 2017      Senior Managing Director, General Manager, Tokyo<br/>Office; General Manager, Corporate Planning<br/>Division; General Manager, Gas Business Division,<br/>the Company</p> <p>April 2020      Senior Managing Director, General Manager, Tokyo<br/>Office; General Manager, Gas Business Division, the<br/>Company</p> <p>July 2020      Chairman and Representative Director, KGK Service<br/>Co., Ltd.</p> <p>June 2021      Chairman and Representative Director, KOATSU<br/>SHOWA CYLINDERS Co., Ltd. (current position)</p> <p>June 2021      President and Representative Director, President and<br/>Executive Officer, the Company (current position)</p> <p>June 2023      Representative Director, KGK Service Co., Ltd.<br/>(current position)</p> <p>[Significant concurrent positions]<br/>Chairman and Representative Director, KOATSU SHOWA<br/>CYLINDERS Co., Ltd.<br/>Representative Director, KGK Service Co., Ltd.</p> | 56,800                                     |
| <p>[Reason for nomination as candidate for Director]<br/>After serving in key positions in the gas business and corporate planning divisions, as President and Representative Director and President and Executive Officer of the Company from 2021, Mr. Motonari Kuroki has overseen and promoted management strategies with outstanding leadership, based on his wealth of experience and achievements related to the business and to corporate management, contributing to the growth of the Group's business and enhancement of its corporate value. As he possesses the knowledge, insight, high standard of ethics, ability to make fair judgments, and executive ability required to fulfill the duties of Director, the Company believes that he will be able to further contribute to the future enhancement of the Group's corporate value and that he is a suitable person to make material operational decisions and supervise the execution of duties by the Directors and Executive Officers. For this reason, the Company nominates him as a candidate for Director.</p> |                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                            |

| No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Name<br>(Date of birth)                                                                                                                                                                                   | Career summary, positions, responsibilities,<br>and significant concurrent positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Number of<br>shares of the<br>Company held |
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| 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>Kazuhiro Setsuda<br/>(August 5, 1963)</p> <p>[Reappointment]</p> <p>[Years in office as<br/>Director]<br/>14 years</p> <p>[Attendance at the<br/>Board of Directors<br/>meetings]<br/>12/12 (100%)</p> | <p>April 1988      Joined the Company</p> <p>June 2009      Executive Officer, Deputy General Manager,<br/>Chemical Products Business Division, the Company</p> <p>April 2010      Executive Officer, General Manager, Chemical<br/>Products Business Division, the Company</p> <p>June 2011      Director, General Manager, Chemical Products<br/>Business Division, the Company</p> <p>December 2013   Chairman and Representative Director, Koatsu Gas<br/>Kogyo Vietnam Co., Ltd.</p> <p>June 2015      Managing Director, General Manager, Chemical<br/>Products Business Division, the Company</p> <p>June 2017      Senior Managing Director, General Manager,<br/>Chemical Products Business Division, the Company</p> <p>June 2017      Chairman/President and Representative Director,<br/>Koatsu Gas Kogyo Vietnam Co., Ltd. (current<br/>position)</p> <p>June 2021      Vice President and Representative Director, Vice<br/>President and Executive Officer, General Manager,<br/>Chemical Products Business Division, the Company<br/>(current position)</p> <p>January 2024   Representative Director, SUZUKA FINE CO., LTD.<br/>(current position)</p> <p>[Significant concurrent positions]<br/>Representative Director, SUZUKA FINE CO., LTD.<br/>Chairman and Representative Director, Koatsu Gas Kogyo Vietnam<br/>Co., Ltd.</p> | 81,900                                     |
| <p>[Reason for nomination as candidate for Director]<br/>After serving in key positions in the sales division of the chemical products business, currently, as Vice President and Representative Director, Vice President and Executive Officer, and General Manager of the Chemical Products Business Division, Mr. Kazuhiro Setsuda oversees operations and is contributing to the growth of the Group's business and enhancement of its corporate value based on his wealth of experience and achievements. As he possesses the knowledge, insight, high standard of ethics, ability to make fair judgments, and executive ability required to fulfill the duties of Director, the Company believes that he will be able to further contribute to the future enhancement of the Group's corporate value and that he is a suitable person to make material operational decisions and supervise the execution of duties by the Directors and Executive Officers. For this reason, the Company nominates him as a candidate for Director.</p> |                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                            |

| No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Name<br>(Date of birth)                                                                                                                                                                                  | Career summary, positions, responsibilities,<br>and significant concurrent positions                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Number of<br>shares of the<br>Company held |
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| 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>Takashi Morimoto<br/>(August 6, 1963)</p> <p>[Reappointment]</p> <p>[Years in office as<br/>Director]<br/>2 years</p> <p>[Attendance at the<br/>Board of Directors<br/>meetings]<br/>12/12 (100%)</p> | <p>April 1986</p> <p>June 2013</p> <p>June 2015</p> <p>April 2020</p> <p>June 2020</p> <p>June 2021</p> <p>June 2023</p> | <p>Joined the Company</p> <p>Executive Officer, Head of Tokai Area, Gas Business Division, the Company</p> <p>Director, Head of Tokai Area, Gas Business Division, the Company</p> <p>Director, General Manager, Corporate Planning Division; General Manager, Corporate Planning Department, the Company</p> <p>Managing Director, General Manager, Corporate Planning Division; General Manager, Corporate Planning Department, the Company</p> <p>Senior Managing Executive Officer, General Manager, Corporate Planning Division; General Manager, Corporate Planning Department; General Manager, Gas Business Division, the Company</p> <p>Director, Senior Managing Executive Officer, General Manager, Corporate Planning Division; General Manager, Corporate Planning Department; General Manager, Gas Business Division, the Company (current position)</p> | 38,600                                     |
| <p>[Reason for nomination as candidate for Director]</p> <p>As Director, Senior Managing Executive Officer, General Manager of the Corporate Planning Division, and General Manager of the Gas Business Division, Mr. Takashi Morimoto oversees operations based on his wealth of experience and achievements, while planning and promoting management strategies, and contributes to the growth of the Company's business and enhancement of its corporate value. As he possesses the knowledge, insight, high standard of ethics, ability to make fair judgments, and executive ability required to fulfill the duties of Director, the Company believes that he will be able to further contribute to the future enhancement of the Group's corporate value and that he is a suitable person to make material operational decisions and supervise the execution of duties by the Directors and Executive Officers. For this reason, the Company nominates him as a candidate for Director.</p> |                                                                                                                                                                                                          |                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                            |

| No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Name<br>(Date of birth)                                                                                                                                                                                   | Career summary, positions, responsibilities,<br>and significant concurrent positions                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Number of<br>shares of the<br>Company held |
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| 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>Yoshihiro Ikeda<br/>(January 25, 1965)</p> <p>[Reappointment]</p> <p>[Years in office as<br/>Director]<br/>2 years</p> <p>[Attendance at the<br/>Board of Directors<br/>meetings]<br/>12/12 (100%)</p> | <p>April 1989</p> <p>April 2013</p> <p>July 2013</p> <p>April 2015</p> <p>April 2017</p> <p>June 2018</p> <p>June 2021</p> <p>June 2023</p> | <p>Joined the Company</p> <p>Executive Director, the Company, seconded to<br/>SUZUKA FINE CO., LTD.</p> <p>Executive Director, General Manager, General<br/>Affairs Department, Administration Division, Tokyo<br/>Office, the Company</p> <p>Executive Director, Deputy General Manager, Tokyo<br/>Office; General Manager, General Affairs<br/>Department, Administration Division, Tokyo Office,<br/>the Company</p> <p>Executive Director, General Manager, Corporate<br/>Planning Department, Corporate Planning Division,<br/>the Company</p> <p>Director, General Manager, Administration Division;<br/>General Manager, General Affairs and Human<br/>Resources Department, the Company</p> <p>Managing Executive Officer, General Manager,<br/>Administration Division, the Company</p> <p>Director, Managing Executive Officer, General<br/>Manager, Administration Division, the Company<br/>(current position)</p> | 12,100                                     |
| <p>[Reason for nomination as candidate for Director]</p> <p>Mr. Yoshihiro Ikeda has engaged in operations related to finance and accounting, as well as human resources and labor, for many years, and currently oversees operations as Director, Managing Executive Officer, and General Manager of the Administration Division, contributing to the growth of the Company's business and enhancement of its corporate value. As he possesses the knowledge, insight, high standard of ethics, ability to make fair judgments, and executive ability required to fulfill the duties of Director, the Company believes that he will be able to further contribute to the future enhancement of the Group's corporate value and that he is a suitable person to make material operational decisions and supervise the execution of duties by the Directors and Executive Officers. For this reason, the Company nominates him as a candidate for Director.</p> |                                                                                                                                                                                                           |                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                            |

| No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Name<br>(Date of birth)                                                   | Career summary, positions, responsibilities,<br>and significant concurrent positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Number of<br>shares of the<br>Company held |
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| 5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Kenji Nakano<br>(November 17, 1955)<br><br>[New appointment]<br>[Outside] | <p>April 1980      Joined Denki Kagaku Kogyo Kabushiki Kaisha (currently Denka Company Limited)</p> <p>April 2007      General Manager of Secretary Dept., Denki Kagaku Kogyo Kabushiki Kaisha</p> <p>April 2011      Executive Officer, General Manager of HR Dept. and in charge of Administrative Dept., Legal Dept., Secretary Dept., and DENKA100 Promoting Dept.</p> <p>April 2013      Executive Officer, Representative in China and in charge of HR Dept., Administrative Dept., Legal Dept., Secretary Dept., and DENKA100 Promoting Dept.</p> <p>April 2014      Managing Executive Officer, Representative in China and in charge of HR Dept., Administrative Dept., Legal Dept., Secretary Dept. and DENKA100 Promoting Dept.</p> <p>June 2016      Director and Managing Executive Officer</p> <p>June 2019      Representative Director, President, Akros Trading Co. Ltd.</p> <p>April 2020      Representative Director, President, Akros Trading Co. Ltd.</p> <p>March 2024      Retired from Denka Company Limited</p> | -                                          |
| <p>[Reason for nomination as candidate for Outside Director and overview of expected roles]</p> <p>Mr. Kenji Nakano has a wealth of experience and high degree of knowledge about corporate management, as well as considerable expertise in risk management and compliance. Accordingly, the Company expects him to provide useful advice and suggestions for the sustainable growth of the Company. In the expectation that he will leverage his wealth of experience and achievements to contribute to the expansion of the Group's business, the strengthening of governance functions, and the enhancement of corporate value from an objective perspective, the Company nominates him as a candidate for Outside Director.</p> |                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                            |

- Notes:
1. There are no special interests between each candidate and the Company.
  2. Mr. Kenji Nakano is a candidate for Outside Director.
  3. If the appointment of Mr. Kenji Nakano is approved, the Company plans to enter into an agreement with him to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations.
  4. Pursuant to Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance (D&O insurance) contract with an insurance company to cover legal damages and litigation expenses, etc. that would be incurred by the insured. If this proposal is approved as originally proposed and the candidate is appointed as Director, the candidate will be insured under this insurance contract. The premiums for the insurance contract will be borne in their entirety by the Company. The Company plans to renew the insurance contract with the same level of contents during the candidate's term of office.

**Proposal 3:** Election of Four (4) Directors Who Are Audit and Supervisory Committee Members

The terms of office of all four (4) Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of four (4) Directors who are Audit and Supervisory Committee Members.

The approval of the Audit and Supervisory Committee has been obtained for this proposal.

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

| No. | Name                                                            | Current positions and responsibilities at the Company         |
|-----|-----------------------------------------------------------------|---------------------------------------------------------------|
| 1   | Ryosuke Matsui [Reappointment]                                  | Director (Audit and Supervisory Committee Member (full-time)) |
| 2   | Tadao Yamamura [Reappointment]<br>[Outside]<br>[Independent]    | Director (Audit and Supervisory Committee Member)             |
| 3   | Hiroaki Nagashima [Reappointment]<br>[Outside]<br>[Independent] | Director (Audit and Supervisory Committee Member)             |
| 4   | Kazuyo Nishikata [Reappointment]<br>[Outside]<br>[Independent]  | Director (Audit and Supervisory Committee Member)             |

| No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Name<br>(Date of birth)                                                      | Career summary, positions, responsibilities,<br>and significant concurrent positions |                                                                                                                      | Number of<br>shares of the<br>Company held |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Ryosuke Matsui<br>(March 20, 1962)                                           | April 1985                                                                           | Joined the Company                                                                                                   | 40,400                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                              | June 2011                                                                            | Executive Officer, General Manager, General Affairs Office, Administration Division, Tokyo Office, the Company       |                                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | [Reappointment]                                                              | June 2013                                                                            | Executive Officer, Deputy General Manager, Administration Division; General Manager, Finance Department, the Company |                                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | [Years in office as Director]<br>4 years                                     | June 2015                                                                            | Director, General Manager, Administration Division; General Manager, Finance Department, the Company                 |                                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | [Attendance at the Board of Directors meetings]<br>12/12 (100%)              | April 2017                                                                           | Director, General Manager, Administration Division, the Company                                                      |                                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                              | June 2017                                                                            | Managing Director, General Manager, Administration Division, the Company                                             |                                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | [Attendance at the Audit and Supervisory Committee meetings]<br>11/11 (100%) | June 2018<br>June 2021                                                               | Full-time Auditor, the Company<br>Director (Audit and Supervisory Committee Member), the Company (current position)  |                                            |
| [Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected roles]<br>Mr. Ryosuke Matsui has been involved in operations such as finance and accounting, as well as human resources and labor, for many years, and has a wealth of knowledge and insight concerning the Company’s operations. Currently, as a Director who is an Audit and Supervisory Committee Member, he actively provides opinions and suggestions, and contributes to the improvement of the Company’s management governance. Based on these past achievements, the Company believes that he will continue to appropriately audit and supervise the overall management of the Company and that he can be expected to strengthen governance and enhance the audit system. For this reason, the Company nominates him as a candidate for Director who is an Audit and Supervisory Committee Member. |                                                                              |                                                                                      |                                                                                                                      |                                            |

| No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Name<br>(Date of birth)                                                                                                                                                                                                                                                                               | Career summary, positions, responsibilities,<br>and significant concurrent positions                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Number of<br>shares of the<br>Company held |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>Tadao Yamamura<br/>(October 15, 1955)</p> <p>[Reappointment]</p> <p>[Years in office as<br/>Director]<br/>6 years</p> <p>[Attendance at the<br/>Board of Directors<br/>meetings]<br/>12/12 (100%)</p> <p>[Attendance at the<br/>Audit and Supervisory<br/>Committee meetings]<br/>11/11 (100%)</p> | <p>April 1987</p> <p>April 1990</p> <p>April 2003</p> <p>April 2004</p> <p>October 2016</p> <p>June 2019</p> <p>June 2021</p> <p>[Significant concurrent positions]</p> | <p>Registered as Attorney with Kyoto Bar Association</p> <p>Established Yamamura Tadao Law Office</p> <p>Vice-Chairman, Kyoto Bar Association</p> <p>Domestic Relations Conciliation Commissioner,<br/>Kyoto Family Court</p> <p>Committee Member, Kyoto Prefectural Information<br/>Disclosure Review Board</p> <p>Director, the Company</p> <p>Director (Audit and Supervisory Committee<br/>Member), the Company</p> <p>Attorney, Yamamura Tadao Law Office</p> | 11,800                                     |
| <p>[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected roles]</p> <p>Mr. Tadao Yamamura has a wealth of specialized knowledge and experience cultivated as an attorney, and from an objective perspective that considers corporate society as a whole, he has provided the Company with useful advice and suggestions for strengthening the governance and sustainable growth of the Company. As the chairperson (presider) of the Nomination and Remuneration Advisory Committee, he also provides advice and suggestions regarding the selection of officers and the determination of their remuneration, contributing to the improvement of management transparency and fairness. In the expectation that he will continue to utilize his many years of experience and extensive knowledge as an attorney to supervise and audit the management of the Company, as well as provide advice and suggestions for improving corporate value, the Company nominates him as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p> |                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                            |

| No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Name<br>(Date of birth)                                                                                                                                                                                                                                                                                   | Career summary, positions, responsibilities,<br>and significant concurrent positions                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Number of<br>shares of the<br>Company held |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>Hiroaki Nagashima<br/>(November 23, 1976)</p> <p>[Reappointment]</p> <p>[Years in office as<br/>Director]<br/>4 years</p> <p>[Attendance at the<br/>Board of Directors<br/>meetings]<br/>12/12 (100%)</p> <p>[Attendance at the<br/>Audit and Supervisory<br/>Committee meetings]<br/>11/11 (100%)</p> | <p>October 2000</p> <p>April 2004</p> <p>August 2010</p> <p>October 2010</p> <p>October 2010</p> <p>October 2012</p> <p>April 2017</p> <p>March 2019</p> <p>June 2019</p> <p>June 2021</p> <p>[Significant concurrent positions]</p> <p>Certified Public Accountant, Nagashima Certified Public Accountant Office</p> | <p>Joined Tohmatsu &amp; Co. (currently Deloitte Touche Tohmatsu LLC) Osaka Office</p> <p>Registered as Certified Public Accountant</p> <p>Registered as Tax Accountant</p> <p>Retired from Deloitte Touche Tohmatsu LLC</p> <p>Established Nagashima Certified Public Accountant Office</p> <p>Established Nagashima Consulting Co., Ltd.</p> <p>Accounting Advisor, the Company</p> <p>Retired as Accounting Advisor, the Company</p> <p>Auditor, the Company</p> <p>Director (Audit and Supervisory Committee Member), the Company (current position)</p> | 19,100                                     |
| <p>[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected roles]</p> <p>Having engaged in corporate accounting audits as a certified public accountant for many years, Mr. Hiroaki Nagashima has advanced knowledge and extensive experience in finance and accounting, and from this perspective, he has provided the Company with useful advice and suggestions for strengthening the governance and corporate value of the Company. As a member of the Nomination and Remuneration Advisory Committee, he also provides advice and suggestions regarding the selection of officers and the determination of their remuneration, contributing to the improvement of management transparency and fairness. In the expectation that he will continue to utilize his specialized knowledge and experience to supervise and audit the management of the Company, as well as provide advice and suggestions for improving corporate value, the Company nominates him as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p> |                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                            |

| No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Name<br>(Date of birth)                                                                                                                                                                                                                                                                            | Career summary, positions, responsibilities,<br>and significant concurrent positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Number of<br>shares of the<br>Company held |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>Kazuyo Nishikata<br/>(April 22, 1969)</p> <p>[Reappointment]</p> <p>[Years in office as<br/>Director]<br/>1 year</p> <p>[Attendance at the<br/>Board of Directors<br/>meetings]<br/>10/10 (100%)</p> <p>[Attendance at the<br/>Audit and Supervisory<br/>Committee meetings]<br/>8/8 (100%)</p> | <p>October 2003 Registered as Attorney with the Hyogo Bar Association</p> <p>October 2003 Joined Toyoki Sakamoto Law Office (currently Kobe Partners Law Office)</p> <p>April 2018 Member, Kobe City Real Estate Deliberation Committee</p> <p>November 2020 Member, Hyogo Prefecture Information Disclosure Personal Information Protection Committee (current position)</p> <p>June 2021 Governor, Japan Federation of Bar Associations</p> <p>June 2022 Outside Audit &amp; Supervisory Board Member, TOA Corporation (current position)</p> <p>June 2024 Director (Audit and Supervisory Committee Member), the Company (current position)</p> <p>[Significant concurrent positions]<br/>Attorney, Kobe Partners Law Office</p> | -                                          |
| <p>[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected roles]</p> <p>Ms. Kazuyo Nishikata has a wealth of specialized knowledge and experience cultivated as an attorney, as well as considerable knowledge and experience in corporate auditing cultivated as an auditor of other listed companies and from this perspective, she has provided the Company with useful advice and suggestions for strengthening the governance and sustainable growth of the Company. As a member of the Nomination and Remuneration Advisory Committee, she also provides advice and suggestions regarding the selection of officers and the determination of their remuneration, contributing to the improvement of management transparency and fairness. In the expectation that she will continue to utilize her breadth of experience and knowledge to supervise and audit the management of the Company, as well as provide advice and suggestions for improving corporate value, the Company nominates her as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p> |                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                            |

- Notes:
1. There are no special interests between each candidate and the Company.
  2. Mr. Tadao Yamamura, Mr. Hiroaki Nagashima, and Ms. Kazuyo Nishikata are candidates for Outside Director.
  3. Mr. Tadao Yamamura, Mr. Hiroaki Nagashima, and Ms. Kazuyo Nishikata are currently Directors who are Audit and Supervisory Committee Members of the Company. At the conclusion of this General Meeting of Shareholders, they will have been in office for four years, four years, and one year, respectively.
  4. The Company has concluded an agreement with Mr. Tadao Yamamura, Mr. Hiroaki Nagashima, and Ms. Kazuyo Nishikata that limits their liability for damages indicated in Article 423, Paragraph 1 of the Companies Act. The amount of limitation of liability for damages based on that agreement is the amount stipulated by laws and regulations. Should their elections be approved, the Company intends to continue the liability limitation agreement with them.
  5. Pursuant to Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance (D&O insurance) contract with an insurance company to cover legal damages and litigation expenses, etc. that would be incurred by the insured. If this proposal is approved as originally proposed and the candidates are appointed as Director, the candidate will be insured under this insurance contract. The premiums for the insurance contract will be borne in their entirety by the Company. The Company plans to renew the insurance contract with the same level of contents during the candidates' term of office.
  6. Mr. Tadao Yamamura, Mr. Hiroaki Nagashima, and Ms. Kazuyo Nishikata have been registered with the Tokyo Stock Exchange as independent officers as stipulated in the regulations of the Tokyo Stock Exchange. Should their elections be approved, the Company intends to continue to designate them as independent officers.

[Reference]

## Skills Matrix for Directors of the Company

If the Proposals 2 and 3 are approved at this General Meeting of Shareholders, knowledge and experience of Directors of the Company are as follows:

| Position                                                                           | Name              | Gender | Corporate management<br>Management strategy | ESG/sustainability | Technology<br>R&D | Finance<br>Accounting | Human resources<br>Labor | Legal<br>Risk management | Sales<br>Marketing | Overseas business | IT/DX |
|------------------------------------------------------------------------------------|-------------------|--------|---------------------------------------------|--------------------|-------------------|-----------------------|--------------------------|--------------------------|--------------------|-------------------|-------|
| President and Representative Director<br>President and Executive Officer           | Motonari Kuroki   | Male   | ○                                           | ○                  |                   |                       | ○                        |                          | ○                  | ○                 |       |
| Vice President and Representative Director<br>Vice President and Executive Officer | Kazuhiro Setsuda  | Male   | ○                                           | ○                  | ○                 |                       | ○                        |                          | ○                  | ○                 | ○     |
| Director<br>Senior Managing Executive Officer                                      | Takashi Morimoto  | Male   | ○                                           | ○                  | ○                 |                       | ○                        |                          | ○                  | ○                 |       |
| Director<br>Managing Executive Officer                                             | Yoshihiro Ikeda   | Male   | ○                                           | ○                  |                   | ○                     | ○                        | ○                        |                    |                   | ○     |
| Outside Director                                                                   | Kenji Nakano      | Male   | ○                                           | ○                  |                   |                       | ○                        | ○                        | ○                  | ○                 |       |
| Director<br>Audit and Supervisory Committee Member (full-time)                     | Ryosuke Matsui    | Male   | ○                                           | ○                  |                   | ○                     | ○                        | ○                        |                    |                   | ○     |
| Outside Director<br>Audit and Supervisory Committee Member                         | Tadao Yamamura    | Male   |                                             | ○                  |                   |                       |                          | ○                        |                    |                   |       |
| Outside Director<br>Audit and Supervisory Committee Member                         | Hiroaki Nagashima | Male   |                                             | ○                  |                   | ○                     |                          | ○                        |                    |                   |       |
| Outside Director<br>Audit and Supervisory Committee Member                         | Kazuyo Nishikata  | Female |                                             | ○                  |                   |                       |                          | ○                        |                    |                   |       |

Note: The above is a list of major skills that each Director possesses. It does not represent all the skills that each Director possesses.

## Business Report

(April 1, 2024 - March 31, 2025)

### 1. Overview of the Corporate Group

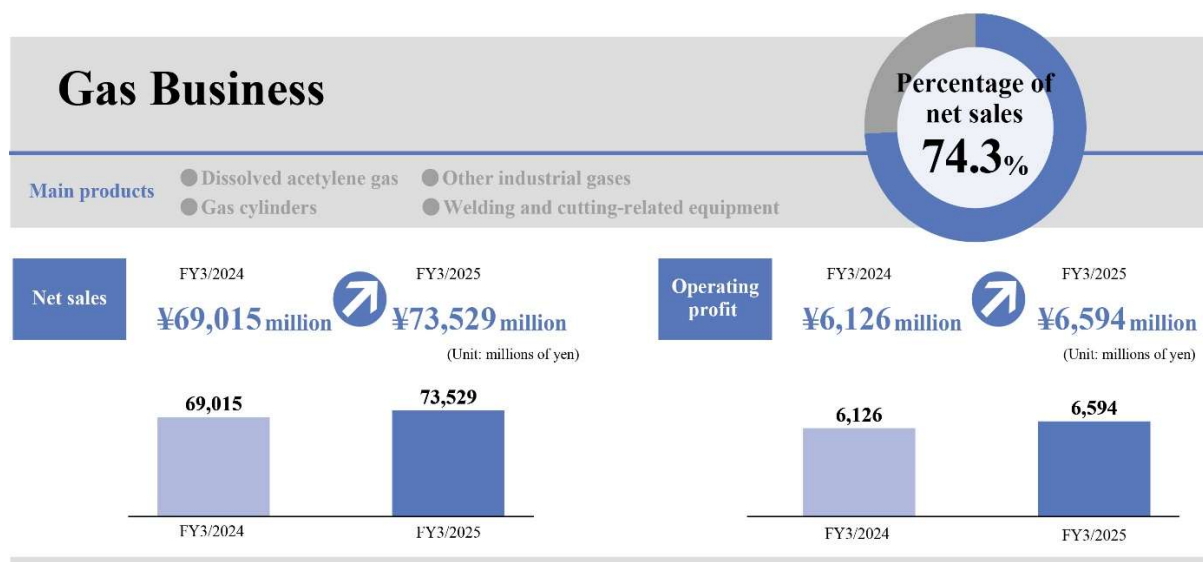
#### (1) Business Progress and Results

During the consolidated fiscal year under review, the Japanese economy continued on a modest recovery path, supported by improvements in corporate earnings and the employment and income environment. However, uncertainties persisted due to downside risks in overseas economies, particularly concerns over the outlook of the Chinese economy, and sustained high prices for energy and raw materials.

Under these circumstances, the Group has focused on supplying safe and reliable products and services to meet market demands. In addition, we worked to strengthen our sales framework and optimize the production framework with the aim of securing stable profit. As a result, consolidated net sales for the fiscal year under review was ¥98,983 million (up 6.1% year-on-year), operating profit was ¥5,969 million (up 4.0% year-on-year), ordinary profit was ¥6,642 million (down 0.2% year-on-year), and profit attributable to owners of parent was ¥4,784 million (up 6.2% year-on-year).

|                              |                                          |                                         |                                        |
|------------------------------|------------------------------------------|-----------------------------------------|----------------------------------------|
| Consolidated net sales       | ¥98.9 billion<br>(up 6.1% year-on-year)  | Consolidated operating profit           | ¥5.9 billion<br>(up 4.0% year-on-year) |
| Consolidated ordinary profit | ¥6.6 billion<br>(down 0.2% year-on-year) | Profit attributable to owners of parent | ¥4.7 billion<br>(up 6.2% year-on-year) |

The status of the Group's business segments is as follows.



#### <Business Overview>

The operating environment surrounding the Gas business remained challenging due to sluggish recovery in demand across major end-use industries such as steel, automotive, and construction, compounded by continued increases in raw material costs.

Under these business conditions, the business leveraged its long-standing strengths to drive sustainable growth and improve profitability in the cylinder gas business by focusing on regionally-based sales.

#### [Industrial gas]

- Dissolved acetylene gas sales declined due to delays in construction schedules caused by labor shortages and rising material costs in the construction and civil engineering sectors, decreased

- automotive production, and a shift to alternative fuels in the shipbuilding sector.
- Oxygen saw increased demand from copper smelting and the acquisition of new contracts; nitrogen demand rose for food-related applications; and argon demand also increased, particularly in the housing equipment sector.
- In LNG (liquefied natural gas), shipbuilding-related demand driven by a shift from heavy oils to LNG as well as the acquisition of carbon-neutral LNG contracts were noted.
- Ammonia sales increased, owing to the acquisition of new contracts in heat treatment, and recovering demand from thermal power plants.
- Fluorocarbon sales increased through the acquisition of contracts for eco-friendly alternative gases for automobiles.
- Standard gases saw the acquisition of new customers associated with the receipt of international certifications, and expanded sales to existing customers.

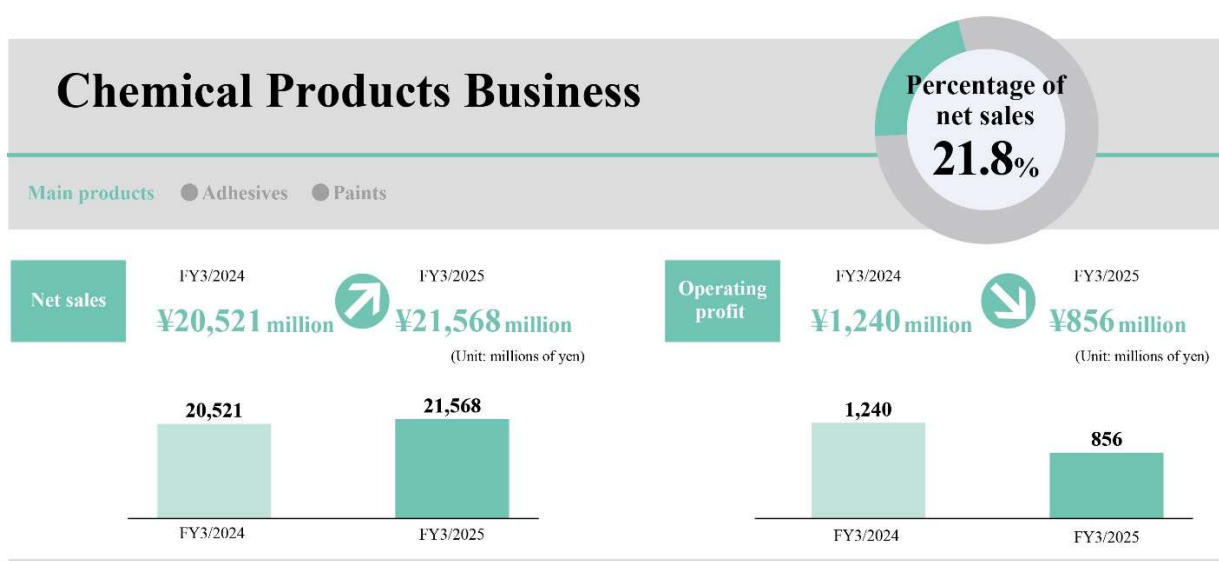
> Overall, net sales of industrial gases exceeded the previous fiscal year's results, supported by the acquisition of new contracts, recovery in demand across various sectors, and price revisions.

[Equipment, etc.]

- Gas cylinder sales increased due to new acquisitions in elongated high-pressure hydrogen cylinders and increased demand for cylinders used in fire extinguishing equipment.
- Sales for welding and cutting-related equipment saw recovery in the acquisition of new equipment installation projects and orders for machine tools, etc.

> Overall, net sales of equipment, etc. exceeded the previous fiscal year due to new acquisitions and a recover in demand from end-users.

Net sales for this business segment, including "facility rental," was ¥73,529 million (up 6.5% year-on-year) and operating profit was ¥6,594 million (up 7.6% year-on-year).



### <Business Overview>

The environment surrounding the Chemical Products business remained challenging due to continued increases in raw material costs driven by effects of a weak yen and rising naphtha prices.

In response to these business conditions, the business took steps to strengthen its production structure by newly establishing the Koka plant, aiming to strengthen the sales structure for business expansion and ensure stable supply to customers. Additionally, efforts were focused on developing new technologies to produce environmentally friendly and high value-added products, such as environmentally friendly water-based adhesives and highly weather-resistant paints.

[Adhesives]

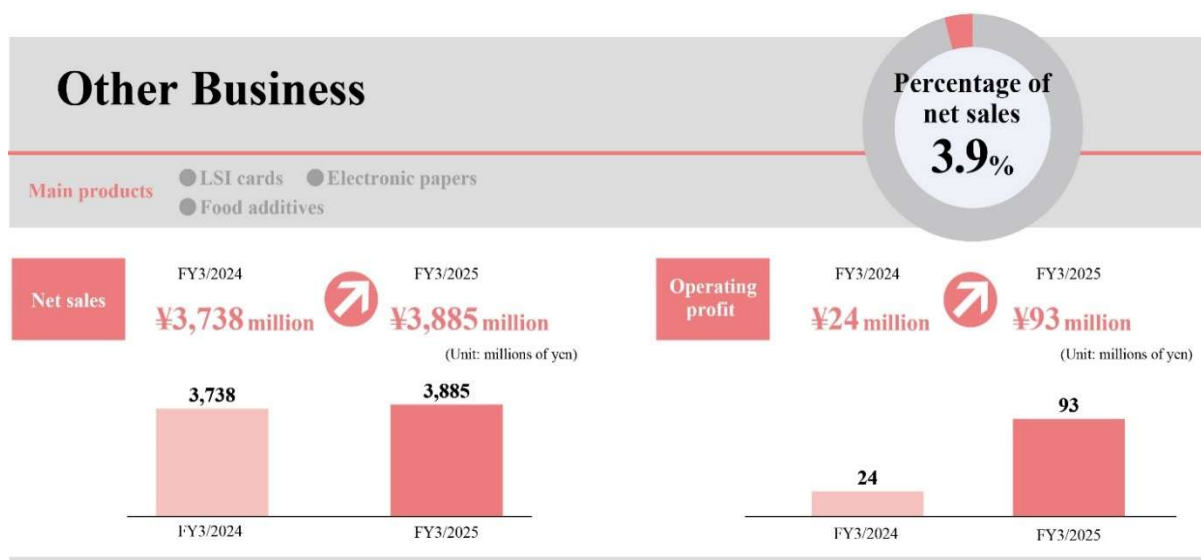
- PEGAR (water-based adhesive) sales increased due to new acquisitions in paper and painting applications, as well as rising demand in the Vietnamese furniture market for woodworking use.

- Regarding Cyanon (instant adhesive), despite a decline in consumer demand in South America, there was increased demand in South Korea as well as higher industrial demand in Germany.
  - Regarding PEGALOCK (two-component reactive adhesive), industrial demand from Europe and the United States increased.
- > Overall, net sales for adhesives exceeded the previous fiscal year, owing to price revisions due to soaring raw material costs.

#### [Paints]

- For paint products, demand for repainting single-family homes using architectural coatings continued to stagnate. While sales of high-performance products such as the “Wall Barrier series” and the “Bead Coat series” increased, sales of general architectural coatings and waterproof paints decreased.
  - Demand for aerosol products increased for applications in paints and sports equipment.
- > Overall, net sales for paints fell below the previous fiscal year’s level due to a decrease in shipment volume of paint products.

Net sales for this business segment, including “facility rental,” totaled ¥21,568 million (up 5.1% year-on-year), while operating profit was ¥856 million (down 30.9% year-on-year) mainly due to initial investment costs associated with the newly established Koka plant.



#### <Business Overview>

- Demand related to LSI cards increased for railway businesses.
- Demand related to food and food additives by food and beverage manufacturers increased.

Net sales for this business segment totaled ¥3,885 million (up 3.9% year-on-year), and operating profit was ¥93 million (up 279.5% year-on-year).

[Net sales and operating profit by business segment]

(Unit: millions of yen)

| Business segment  | Net sales |                | Operating profit |                |
|-------------------|-----------|----------------|------------------|----------------|
|                   | Amount    | YoY change (%) | Amount           | YoY change (%) |
| Gas               | 73,529    | 106.5          | 6,594            | 107.6          |
| Chemical Products | 21,568    | 105.1          | 856              | 69.0           |
| Other             | 3,885     | 103.9          | 93               | 379.5          |
| Total             | 98,983    | 106.1          | 7,544            | 102.0          |

(Note) The difference of ¥1,574 million between the total segment operating profit of ¥7,544 million and ¥5,969 million stated in the Consolidated Statement of Income represents general and administrative expenses not attributable to individual business segments.

(2) Capital Expenditures

The Group is engaged in the construction, maintenance, and renewal of facilities to ensure safe operations and stable supply, while also making proactive investments in growth areas and research and development. Total capital expenditures for the consolidated fiscal year under review amounted to ¥4,630 million. In the Gas business, capital expenditures amounted to ¥2,586 million, primarily for the renewal of existing facilities. Capital expenditures in the Chemical Products business amounted to ¥1,817 million, including costs related to the construction of the Koka plant, as well as the streamlining and renewal of existing facilities.

(3) Procurement of Funds

Funds for capital expenditures, etc. during the consolidated fiscal year under review were procured through a combination of own capital and borrowings.

(4) Issues to Be Addressed

The future of the Japanese economy is expected remain uncertain, despite a moderate recovery supported by improvements in the employment and income conditions, due to potential downside risks in the global economy, including U.S. policy developments, concerns over China's economy trajectory, and volatility in financial and capital markets.

In the likelihood that these uncertain market and economic conditions will persist, the Group will steadily implement growth strategies to realize our Medium-Term Management Plan "Change & Challenge Stage II," which concludes in the fiscal year ending March 31, 2026. Alongside constructing our business foundation, we will promote initiatives for the mutual prosperity of all stakeholders and proactively address social issues under our corporate philosophy of "Harmony among People, Technology and the Environment."

The Group recognizes the following as key issues to be addressed to ensure sustained business growth.

(1) Enhancing profitability

In addition to efforts to streamline the manufacturing process, reduce costs, allocate expenses efficiently, and appropriate management of inventory, we will make proactive investments to restructure the production system and construct and enhance manufacturing and supply facilities, with the aim of creating a business foundation with high profitability and efficiency. Furthermore, in addition to promoting regionally rooted business development, we will continue proactive sales activities targeting growth sectors where future demand is expected to grow, aiming to reinforce our earnings base.

In the Gas business, we will expand the cylinder gas business by developing new applications and cultivating new markets. Particular focus will be placed on expanding sales of low environmental impact products such as liquefied ammonia, hydrogen gas, new refrigerant gases, and agricultural carbon dioxide, alongside improvements to the supply network. Regarding specialty gases, new demand expansion both in Japan and abroad will be pursued. Moreover, to enhance safety, we will continue to implement fees for long-term stored cylinders to encourage inspections of gas supply facilities and timely returns of cylinders. In the Chemical Products business, we will continue to promote environmentally friendly products in sectors closely linked to daily life, such as paper processing, woodworking, and cosmetics. We will also offer high-value-added products tailored to user needs in the housing and facilities, automotive, light electrical, food product, and medical fields. As for products that contribute to a more comfortable living environment, we will also promote sound-absorbing and dampening materials that reduce rain noise and vibration, heat shield paints with high solar reflection, and high-performance exterior coatings like the highly weather-resistant "Wall Barrier series" and the highly water-repellent "Bead Coat series."

(2) Strengthening research and development and technology

We recognize accumulating and enhancing technical know-how through the adoption of new technologies and research and development is crucial to sustain and expand our businesses.

With a medium- to long-term perspective, we will engage in research and development in new business domains and contribute to solving social issues, while remaining conscious of SDGs, the realization of a decarbonized society, and digitalization.

In the Gas business, we aim to launch high-value-added products such as carbon nanotubes and flame retardants based on acetylene to expand use in non-combustion fields. In the area of cylinders, we are developing large-scale accumulators for hydrogen stations and for hydrogen power generation, as well as hydrogen accumulators designed for maintainability. Additionally, we are also developing lightweight cylinders aimed at transport efficiency. We are also working to establish a gas recycling system to promote the reuse of rare gases in fields such as semiconductors, thereby contributing to a reduction in environmental impact. We are also working together with other companies to develop manufacturing technologies that contribute to the realization of a carbon neutral society, including a new carburizing method that can reduce direct CO<sub>2</sub> emissions by 90% or more (normal pressure smart carburizing), and a carbon recycling material (precipitated calcium carbonate) made by reusing carbide slurry generated during acetylene production and carbon dioxide emissions from factories.

In the Chemical Products business, we are actively incorporating biomass raw materials and renewable energy to further advance the development of environmentally conscious products. We are also focusing on the development of high-value-added products such as environmentally conscious flame retardant adhesives and recycled dampening materials for automobiles; reactive adhesives and low-temperature curing adhesives for light electrical applications that do not require external energy sources; next-generation ultraviolet cure-type adhesives; highly weather-resistant paints; and low-irritation adhesives for skin suturing in the healthcare field.

(3) Expansion into overseas markets

For the Group, which primarily conducts business in Japan, expanding overseas is an important growth challenge necessary for further business development. We currently operate a subsidiary in Vietnam for the manufacture and sale of gases, as well as a subsidiary for the manufacture and sale of adhesives and paints.

By leveraging the business know-how accumulated in the Japanese market, we will enhance close collaboration to actively promote the fostering of global human resources and hiring locally. Starting from our local subsidiary as a base, we will aim to expand mainly in the Asia region and establish a solid business foundation.

(4) Strengthening the logistics system

Given that the Group pursues an integrated business model encompassing manufacturing, sales, and logistics, we recognize that rising logistics costs, shortage of delivery personnel, and the need to improve working conditions as urgent issues that need to be addressed.

To ensure the safe, swift, and stable supply of products, we will strive to strengthen the logistics system that leverages the Group's network. Additionally, we will aim to build a supportive transportation system for safe transport between business sites to respond to emergencies such as disasters. We will also be actively engaged in measures for the optimization of logistics costs as well as environmental measures.

(5) Securing and Fostering Human Resources

We recognize that in order to stabilize and expand business operations, continuous recruitment and development of human resources is essential.

While hiring conditions are expected to remain challenging, we will flexibly adapt to changes in the labor market and continue to engage in multifaceted hiring practices to attract diverse individuals with a range of experiences and skills. At the same time, we will enhance our education and training systems to maximize employee strengths and abilities, enhance benefits, promote the advancement of women, create a work environment where employees can feel secure working in the long term, and foster an engaging and meaningful corporate culture.

(6) Enhancing internal management frameworks

We recognize compliance as a critical management issue necessary to ensure the sustainable growth of companies and to remain a corporate group that is needed by society.

In order to ensure that all executives and employees act with a high sense of ethics and sound judgement

in accordance with laws and regulations, regulations, and social norms, we will continue to implement regular compliance training, effective audits conducted by the internal audit department, and collaboration with Audit and Supervisory Committee Members and the Accounting Auditor. These measures will serve to strengthen our corporate governance structure and promote fair, transparent, and responsible corporate activities.

(7) Strengthening the health and safety management system

We recognize that health and safety management is a key management issue. To promote and thoroughly implement our basic philosophy of “Positioning safety and security as a fundamental stance,” the Health and Safety Promotion Office plays a central role in expanding and enhancing health and safety management activities for the prevention of occupational disasters and enhancing hygiene conditions. By maintaining close coordination with each business site and Group company, we will ensure the effectiveness of health and safety conditions and foster a culture of safety that leads to sustained growth.

(8) Strengthening of information security system

As cyberattacks become increasingly sophisticated in recent years, the risks of information leaks and serious disruptions to operations due to computer virus infections, etc. have grown. As measures for information security, the Group implements technical measures such as security tools, regularly reviews their operation, and distributes information security updates to throughout the Group, with the aim of strengthening our security management levels.

Going forward, we will continue to position the information management system as a critical issue and advance various initiatives related to information security to strengthen our information management system.

(9) Measures to realize management conscious of capital cost and share price

To achieve sustainable growth and enhance corporate value of the medium to long term, we will focus on improving ROE and PER with the goal of increasing PBR. Through the execution of our business strategy, investments, and research and development, we aim to expand our business scale, drive profit growth, and strengthen shareholder returns, thereby working toward the optimization of our capital structure.

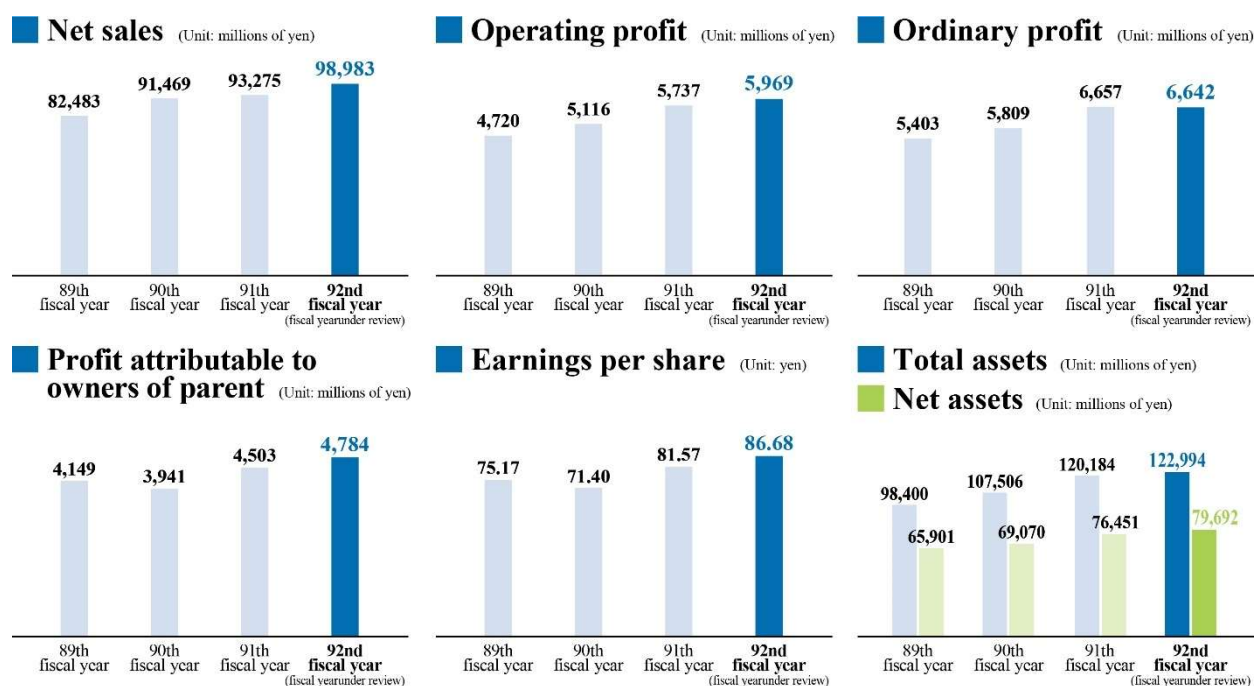
The Group remains committed to expanding our business scale while maintaining a sound corporate structure, striving for further development.

We sincerely ask our shareholders for their continued support and guidance in the future.

(5) Trends in Assets and Income

(In millions of yen, unless otherwise specified.)

| Item                                       | The 89th fiscal<br>year ended<br>March 31, 2022 | The 90th fiscal<br>year ended<br>March 31,<br>2023 | The 91st<br>fiscal year<br>ended<br>March 31,<br>2024 | The 92nd fiscal<br>year ended<br>March 31, 2025<br>(Fiscal year<br>under review) |
|--------------------------------------------|-------------------------------------------------|----------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------------------|
| Net sales                                  | 82,483                                          | 91,469                                             | 93,275                                                | 98,983                                                                           |
| Operating profit                           | 4,720                                           | 5,116                                              | 5,737                                                 | 5,969                                                                            |
| Ordinary profit                            | 5,403                                           | 5,809                                              | 6,657                                                 | 6,642                                                                            |
| Profit attributable to<br>owners of parent | 4,149                                           | 3,941                                              | 4,503                                                 | 4,784                                                                            |
| Basic earnings per share<br>(yen)          | 75.17                                           | 71.40                                              | 81.57                                                 | 86.68                                                                            |
| Total assets                               | 98,400                                          | 107,506                                            | 120,184                                               | 122,994                                                                          |
| Net assets                                 | 65,901                                          | 69,070                                             | 76,451                                                | 79,692                                                                           |
| Net assets per share<br>(yen)              | 1,182.63                                        | 1,239.23                                           | 1,371.58                                              | 1,429.54                                                                         |



(6) Material Subsidiaries (as of March 31, 2025)

| Company name                       | Capital        | The Company's percentage of voting rights | Principal business                                                                   |
|------------------------------------|----------------|-------------------------------------------|--------------------------------------------------------------------------------------|
| Koyo Tsusho Co., Ltd.              | ¥15 million    | 100%                                      | Road freight transportation                                                          |
| Uno Sanso Co., Ltd.                | ¥50 million    | 100%                                      | Manufacture and sale of various high-pressure gases                                  |
| KOATSU SHOWA CYLINDERS Co., Ltd.   | ¥90 million    | 100%                                      | Manufacture and sale of high-pressure gas cylinders                                  |
| SUZUKA FINE CO., LTD.              | ¥412 million   | 100%                                      | Manufacture and sale of paints and aerosols                                          |
| Weltec Daisan Co., Ltd.            | ¥50 million    | 90%                                       | Procurement and sale of welding equipment and materials                              |
| KGK Service Co., Ltd.              | ¥39 million    | 100%                                      | Manufacture and sale of various high-pressure gases                                  |
| SUMIKO AIR CO., LTD.               | ¥10 million    | 85%                                       | Procurement and sale of various high-pressure gases, chemicals, food additives, etc. |
| Koatsu Gas Kogyo Vietnam Co., Ltd. | ¥1,153 million | 100%                                      | Manufacture and sale of adhesives and resins for paints                              |

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

| Business                   | Principal businesses                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gas business               | Dissolved acetylene, other industrial gases (oxygen, nitrogen, argon, carbon dioxide, ammonia, LP gas, specialty gases, mixed gases, refrigerant gas, aerosol propellant gases), Welding and cutting-related equipment (welding machines, electrodes), cylinders (dissolve acetylene cylinders, cylinders for various high-pressure gases), other (carbide and other raw materials, pressure testing for high-pressure gas cylinders, etc.), facility rentals |
| Chemical Products business | Adhesives (synthetic resin-based adhesives such as "PEGAR," "Cyanon," and "PEGALOCK," etc.), paints (primers and finishing paints for                                                                                                                                                                                                                                                                                                                         |

|                |                                                                                                                                                                        |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                | construction use such as “Cool Top,” “HP Top,” “Epole,” “WB Art” and aerosols), other (raw materials related to soundproofing and chemical products), facility rentals |
| Other business | LSI cards, RFID, satellite positioning systems, electronic papers, food additives                                                                                      |

## (8) Principal Business Locations (as of March 31, 2025)

## 1) The Company

| Site type             | Office/Plant name and location                                                                                                                                                |                                                                                                                    |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| Head office           | Kita-ku, Osaka                                                                                                                                                                |                                                                                                                    |
| Administrative office | Tokyo (Chiyoda-ku, Tokyo)                                                                                                                                                     |                                                                                                                    |
| Sales offices         | Sapporo, Morioka, Niigata, Utsunomiya, Gunma, Kashima, Tama, Koto, Haneda, Yokohama, Hamamatsu, Kasugai, Wakayama, Okayama, Matsuyama, Kitakyushu, Fukuoka, Kumamoto, Nobeoka |                                                                                                                    |
| Plants                | Gas business                                                                                                                                                                  | Sendai, Fukushima, Chiba, Omiya, Kanagawa, Nagoya, Mie, Tsu, Shiga, Kyoto, Sakai, Harima, Okayama, Hiroshima, Oita |
|                       | Chemical Products business                                                                                                                                                    | Sakura, Tatsuno, Koka                                                                                              |
| Laboratories          | Gas business                                                                                                                                                                  | Tsuchiura                                                                                                          |
|                       | Chemical Products business                                                                                                                                                    | Tokyo (Sakura City, Chiba)                                                                                         |

Note: In April 2025, the production operations of the Mie plant were transferred to the Tsu plant, and the site was renamed to the Kuwana sales office.

## 2) Subsidiaries

| Company name                       | Head office location        | Plant location                |
|------------------------------------|-----------------------------|-------------------------------|
| Koyo Tsusho Co., Ltd.              | Kita-ku, Osaka              |                               |
| Uno Sanso Co., Ltd.                | Echizen City, Fukui         | Kanazawa City, Fukui City     |
| KOATSU SHOWA CYLINDERS Co., Ltd.   | Kita-ku, Osaka              | Tsuchiura City, Kameyama City |
| SUZUKA FINE CO., LTD.              | Yokkaichi City, Mie         | Yokkaichi City                |
| Weltec Daisan Co., Ltd.            | Kita-ku, Osaka              |                               |
| KGK Service Co., Ltd.              | Koto-ku, Tokyo              | Yokohama City, Koga City      |
| SUMIKO AIR CO., LTD.               | Chiyoda-ku, Tokyo           |                               |
| Koatsu Gas Kogyo Vietnam Co., Ltd. | Dong Nai Province (Vietnam) | Dong Nai Province             |

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

| Number of employees | Increase (decrease) from previous fiscal year-end |
|---------------------|---------------------------------------------------|
| 2,000 [252]         | Increase of 104 [Increase of 31]                  |

Notes: 1. The number of employees refers to persons working on a regular basis. The number of temporary employees is shown in brackets [ ] as the average number over the year.  
2. Temporary employees include temporary staff, contract workers, advisors, and part-timers, but excludes contract employees.  
3. The number of employees has increased by 104 compared to the end of the previous fiscal year, primarily due to the inclusion of Nishinihon Koatsu Gas Co., Ltd., Nishinihon Acetylene Co., Ltd., and JO-SAN CO., LTD. as consolidated subsidiaries.

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

| Lender            | Outstanding loan |
|-------------------|------------------|
| Mizuho Bank, Ltd. | ¥5,544 million   |

|                             |                |
|-----------------------------|----------------|
| MUFG Bank, Ltd.             | ¥3,836 million |
| The Senshu Ikeda Bank, Ltd. | ¥1,400 million |

## 2. Matters Concerning Status of the Company

(1) Status of shares (as of March 31, 2025)

- |                                                   |                                                            |
|---------------------------------------------------|------------------------------------------------------------|
| 1) Total number of shares authorized to be issued | 100,000,000 shares                                         |
| 2) Total number of shares outstanding             | 55,577,526 shares                                          |
| 3) Number of shareholders                         | 4,851 persons                                              |
|                                                   | (Increase of 225 compared to the previous fiscal year-end) |

4) Major shareholders

| Shareholder name                                                                                                                               | Number of shares held | Shareholding ratio |
|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------|
| Koatsu Kyoeikai                                                                                                                                | 7,283,553             | 13.19%             |
| Denka Company Limited                                                                                                                          | 6,325,498             | 11.45%             |
| The Kyoei Fire and Marine Insurance Company, Limited                                                                                           | 4,003,000             | 7.25%              |
| The Master Trust Bank of Japan, Ltd. (Trust account)                                                                                           | 3,296,300             | 5.97%              |
| Nippon Sanso Holdings Corporation                                                                                                              | 3,142,000             | 5.69%              |
| Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd. | 2,717,000             | 4.92%              |
| MUFG Bank, Ltd.                                                                                                                                | 2,471,427             | 4.47%              |
| Koatsu Gas Employee Shareholding Association                                                                                                   | 1,573,528             | 2.85%              |
| TOYO DENKA KOGYO CO., LTD.                                                                                                                     | 1,563,300             | 2.83%              |
| STATE STREET BANK AND TRUST COMPANY 505103                                                                                                     | 1,160,447             | 2.10%              |

Note: Shareholding ratios are calculated by excluding treasury shares (373,956 shares).

(2) Matters concerning Directors

1) Names, etc. of Directors (As of March 31, 2025)

| Position                                                      | Name               | Area of responsibility and significant concurrent positions                                                                                                                                                                |
|---------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Representative Director<br>President                          | Motonari Kuroki    | President and Executive Officer<br>Chairman and Representative Director, KOATSU SHOWA CYLINDERS Co., Ltd.<br>Representative Director, KGK Service Co., Ltd.                                                                |
| Representative Director<br>Vice President                     | Kazuhiro Setsuda   | Vice President and Executive Officer<br>General Manager, Chemical Products Business Division<br>Representative Director, SUZUKA FINE CO., LTD.<br>Chairman and Representative Director, Koatsu Gas Kogyo Vietnam Co., Ltd. |
| Director                                                      | Takashi Morimoto   | Senior Managing Executive Officer<br>General Manager, Corporate Planning Division;<br>General Manager, Corporate Planning Department; General Manager, Gas Business Division                                               |
| Director                                                      | Yoshihiro Ikeda    | Managing Executive Officer<br>General Manager, Administration Division                                                                                                                                                     |
| Director                                                      | Shinsuke Yoshitaka | Special Advisor, Denka Company Limited                                                                                                                                                                                     |
| Director (Audit and Supervisory Committee Member (full-time)) | Ryosuke Matsui     |                                                                                                                                                                                                                            |
| Director (Audit and Supervisory Committee Member)             | Tadao Yamamura     | Attorney, Yamamura Tadao Law Office                                                                                                                                                                                        |
| Director (Audit and Supervisory Committee Member)             | Hiroaki Nagashima  | Certified Public Accountant, Nagashima Certified Public Accountant Office                                                                                                                                                  |
| Director (Audit and Supervisory Committee Member)             | Kazuyo Nishikata   | Attorney, Kobe Partners Law Office                                                                                                                                                                                         |

- Notes:
- Changes to the Company's Directors during the fiscal year are as follows:
    - Director Tetsuro Sasano resigned and left office at the conclusion of the 91st Annual General Meeting of Shareholders held on June 25, 2024.
    - Director Kazuyo Nishikata was newly elected and assumed office at the 91st Annual General Meeting of Shareholders held on June 25, 2024.
  - Directors Shinsuke Yoshitaka, Tadao Yamamura, Hiroaki Nagashima, and Kazuyo Nishikata are Outside Directors.
  - To enhance the auditing and supervisory functions of the Audit and Supervisory Committee, the Company has appointed Mr. Ryosuke Matsui as a full-time Audit and Supervisory Committee Member, with the aim of facilitating information gathering from Directors (excluding Audit and Supervisory Committee Members), information sharing in key internal meetings, and sufficient coordination between the internal audit department and the Audit and Supervisory Committee.
  - Audit and Supervisory Committee Member Hiroaki Nagashima holds qualifications as a certified public accountant and tax accountant, and possesses considerable knowledge of finance and accounting.
  - Directors Tadao Yamamura, Hiroaki Nagashima, and Kazuyo Nishikata have been registered with the Tokyo Stock Exchange as independent officers as stipulated in the regulations of the Tokyo Stock Exchange.

2) Summary of Agreement on Limitation of Liability

The Company has concluded an agreement with all Outside Directors that limits their liability for damages indicated in Article 423, Paragraph 1 of the Companies Act. The amount of limitation of liability for damages based on that agreement is the amount stipulated by laws and regulations.

3) Summary of directors and officers liability insurance (D&O insurance)

Pursuant to Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance (D&O insurance) contract with an insurance company to cover damages and litigation expenses, etc. that would be incurred by the insured. The insured under this D&O insurance policy are the Company's Directors and Executive Officers, and the premiums for the insurance contract will be borne in their entirety by the Company for all insured parties.

4) Remuneration, etc. of Directors for the fiscal year under review

1) Policy for the determination of individual Director remuneration

The Company has established a policy regarding individual remuneration for Directors (the "Determination Policy"), the outline of which is as follows.

The remuneration structure for Directors is designed to contribute to the sustainable enhancement of corporate value and business performance, comprised of basic remuneration that is not performance-linked, and bonuses that reflect performance. The ratio of such remuneration is set with comprehensive consideration of position, responsibilities, business environment, business performance, and market levels among domestic companies of similar industry and scale. For Outside Directors and Directors who are Audit and Supervisory Committee Members, only basic remuneration is provided in recognition of their independent roles that are not influenced by performance.

i. Basic remuneration

Basic remuneration is fixed monthly monetary remuneration, comprehensively determined based on each Director's responsibilities, position, tenure, capabilities, contributions, and expectations. Consideration is also given to the Company's performance, market levels among domestic companies of similar industry and scale, and wage levels of employees.

ii. Bonus as short-term performance-linked remuneration

To further enhance the motivation and morale of Directors toward improving both medium- to long-term corporate value and year-on-year performance growth, bonuses are paid as short-term incentive remuneration. Consolidated operating profit for each fiscal year is set as the basic indicator. A fixed percentage is multiplied to this figure and the resulting amount is then adjusted based on comprehensive factors including economic conditions and individual performance evaluations. The final bonus amount is determined accordingly and paid at a predetermined time every year.

Consolidated operating profit is selected as the performance indicator because it is considered to provide a comprehensive and objective measure of business performance. Consolidated operating profit for the fiscal year under review is as stated on the Consolidated Statement of Income on page 44.

The Determination Policy is established by the Board of Directors based on the advice and recommendations of the Nomination and Remuneration Advisory Committee.

The Board of Directors has determined that, for the individual remuneration, etc. for Directors for the fiscal year under review, the procedures for determining remuneration and the decided remuneration amount are consistent with the Determination Policy approved by the Board of Directors, and that the recommendations of the Nomination and Remuneration Advisory Committee were duly respected.

[Nomination and Remuneration Advisory Committee]

To enhance the transparency, objectivity, and accountability of the functions of the Board of Directors regarding matters relating to the selection of director candidates and determination of Director remuneration, the Nomination and Remuneration Advisory Committee is established as a voluntary advisory body to the Board of Directors.

Members of the Nomination and Remuneration Advisory Committee are appointed by resolution of the Board of Directors.

The Nomination and Remuneration Advisory Committee is comprised of at least three members, with a majority being independent Outside Directors.

The chairperson (presider) of the Nomination and Remuneration Advisory Committee is selected from among the independent Outside Directors who serve as committee members by resolution of the committee.

- 2) Matters concerning resolutions of general meetings of shareholders on Director remuneration, etc.  
The monetary remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members) was resolved at the 88th Annual General Meeting of Shareholder held on June 24, 2021 to be within ¥300 million per year (of which, ¥20 million is allocated for Outside Directors) (the amount excludes salaries paid to Directors who concurrently serve as employees). As of the conclusion of this General Meeting, the number of Directors was five (5) (of which, one (1) Outside Director).

The monetary remuneration amount for Directors who are Audit and Supervisory Committee Members was resolved at the 88th Annual General Meeting of Shareholders held on June 24, 2021 to be within ¥100 million per year. As of the conclusion of this General Meeting, the number of Directors who are Audit and Supervisory Committee Members was four (4).

- 3) Matters concerning delegation of authority regarding the determination of individual Director remuneration

The Company delegates the authority to determine specific amounts of individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) to President and Representative Director Motonari Kuroki, based on a resolution by the Board of Directors. This authority covers the determination of the amount of basic remuneration and amount of bonuses for each Director. The reason for delegating this authority to the President and Representative Director is that it was determined that he is best positioned to evaluate the roles and responsibilities of each Director while overseeing the Company's overall business performance.

To ensure that this authority is appropriately exercised by the President and Representative Director, the Board of Directors consults the Nomination and Remuneration Advisory Committee and receives its recommendations.

- 4) Total amount of remuneration, etc. of Directors

| Officer category                                                                        | Total amount of remuneration, etc. | Total amount of remuneration, etc. by type |                                           | Number of eligible officers |
|-----------------------------------------------------------------------------------------|------------------------------------|--------------------------------------------|-------------------------------------------|-----------------------------|
|                                                                                         |                                    | Basic remuneration                         | Performance-linked remuneration (bonuses) |                             |
| Directors (excluding Audit and Supervisory Board Members) (of which, Outside Directors) | ¥225 million<br>(¥11 million)      | ¥181 million<br>(¥11 million)              | ¥44 million<br>(-)                        | 5<br>(1)                    |
| Directors (Audit and Supervisory Board Members) (of which, Outside Directors)           | ¥59 million<br>(¥26 million)       | ¥59 million<br>(¥26 million)               | -<br>(-)                                  | 5<br>(4)                    |

Note: The performance-linked remuneration (bonuses) of ¥44 million represents the estimated amount approved by the Board of Directors.

5) Significant concurrent positions of outside officers

| Category                                          | Name               | Significant concurrent positions                                          | Relationship      |
|---------------------------------------------------|--------------------|---------------------------------------------------------------------------|-------------------|
| Director                                          | Shinsuke Yoshitaka | Special Advisor, Denka Company Limited                                    | Major shareholder |
| Director (Audit and Supervisory Committee Member) | Tadao Yamamura     | Attorney, Yamamura Tadao Law Office                                       |                   |
| Director (Audit and Supervisory Committee Member) | Hiroaki Nagashima  | Certified Public Accountant, Nagashima Certified Public Accountant Office |                   |
| Director (Audit and Supervisory Committee Member) | Kazuyo Nishikata   | Attorney, Kobe Partners Law Office                                        |                   |

6) Main activities of outside officers

| Category                                          | Name               | Key activities and outline of                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Director                                          | Shinsuke Yoshitaka | Mr. Shinsuke Yoshitaka attended all 12 meetings of the Board of Directors held in the current fiscal year. With a thorough understanding of the Company's business initiatives and taking into account changes in social conditions, he actively provided valuable and constructive advice and recommendations from the perspective of an experienced business leader. Acting from an independent standpoint, he contributed to strengthening the oversight function and enhancing the transparency and fairness of management.                                                                                                                                                                                                                        |
| Director (Audit and Supervisory Committee Member) | Tadao Yamamura     | Mr. Tadao Yamamura attended all 12 meetings of the Board of Directors and all 11 meetings of the Audit and Supervisory Committee held in the current fiscal year. Leveraging his extensive expertise and experience gained as an attorney, he offered advice and recommendations from an objective, professional, and independent perspective to ensure the appropriateness and validity of the Board of Directors' decision-making. He also serves as chairperson (presider) of the Nomination and Remuneration Advisory Committee, providing further input on the selection of officers and decisions regarding their remuneration.                                                                                                                  |
| Director (Audit and Supervisory Committee Member) | Hiroaki Nagashima  | Mr. Hiroaki Nagashima attended all 12 meetings of the Board of Directors and all 11 meetings of the Audit and Supervisory Committee held in the current fiscal year. Leveraging his extensive expertise and experience gained as a certified public accountant, he offered valuable advice and recommendations from an objective and independent perspective. He also serves as a member of the Nomination and Remuneration Advisory Committee, providing further input on the selection of officers and decisions regarding their remuneration.                                                                                                                                                                                                       |
| Director (Audit and Supervisory Committee Member) | Kazuyo Nishikata   | Ms. Kazuyo Nishikata attended all 10 meetings of the Board of Directors (number of meetings since assuming office on June 25, 2024) and all eight meetings of the Audit and Supervisory Committee (number of meetings since assuming office on June 25, 2024) held in the current fiscal year. Leveraging her extensive expertise and experience gained as an attorney, she offered advice and recommendations from an objective, professional, and independent perspective to ensure the appropriateness and validity of the Board of Directors' decision-making. She also serves as a member of the Nomination and Remuneration Advisory Committee, providing further input on the selection of officers and decisions regarding their remuneration. |

(3) Accounting Auditor

1) Accounting Auditor's Name

Deloitte Touche Tohmatsu LLC

2) Accounting Auditor's Remuneration, etc.

|                                                                                                         | Amount paid |
|---------------------------------------------------------------------------------------------------------|-------------|
| Amount of remuneration, etc. as Accounting Auditor for the fiscal year under review                     | ¥48 million |
| Total amount of money and other property benefits payable by the Company and the Company's subsidiaries | ¥51 million |

Notes: 1. The Audit and Supervisory Committee, after obtaining necessary documents and receiving reports from Directors, related internal departments and the Accounting Auditor, reviewed and confirmed the appropriateness the Accounting Auditor's quality control systems, content of the audit plan, execution of audit duties, and basis for calculating the estimated remuneration. As a result of deliberation, the committee has consented to the amount of remuneration for the Accounting Auditor.

2. Under the audit contract between the Company and the Accounting Auditor, audit fees based on the Companies Act and those based on the Financial Instruments and Exchange Act are not clearly separated. As it is not practically possible to separate them, the remuneration for the current fiscal year is stated as the total amount.

3. Overseas subsidiaries of the Company are audited by audit firms other than the Company's Accounting Auditor.

3) Policy on Determination of Dismissal or Non-reappointment of Accounting Auditor

In the event that the Accounting Auditor is deemed to have met the items set forth in Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall consider the termination of appointment of the Accounting Auditor. In addition, if it is determined that there are issues with the execution of duties by the Accounting Auditor or other reason deemed necessary, the Audit and Supervisory Committee shall consider submitting a proposal to a general meeting of shareholders pertaining to the dismissal or non-reappointment of the Accounting Auditor.

### 3. Overview of Systems to Ensure the Appropriateness of Operations and Implementation Status

The following is a summary of the Company's determinations regarding systems to ensure that the execution of duties by Directors complies with laws and regulations and the Company's Articles of Incorporation, and other systems to ensure the appropriateness of business operations, along with the status of their implementation.

(1) System to ensure that the execution of duties by Directors, Executive Officers, and employees (the "Officers and Employees") comply with laws and regulations and the Company's Articles of Incorporation

Officers and Employees shall engage in lawful and fair business activities based on the Company's "corporate philosophy" and "Code of Corporate Ethical Conduct."

In order to ensure compliance with legal requirements, the Company's Corporate Ethics Committee shall oversee Company-wide compliance management, awareness-raising, and training, in accordance with the "Basic Compliance Regulations."

To facilitate early detection and correction of legal violations and other compliance issues, an internal whistleblowing system shall be established to allow direct reporting to an external contact point.

The Board of Directors deliberates thoroughly on matters submitted or reported by Directors and supervises the execution of duties from the perspectives of both managerial soundness and efficiency. Furthermore, it obtains opinions from Audit and Supervisory Committee Members and outside officers to enhance the objectivity and effectiveness of audit and supervisory functions.

An internal audit office that functions independently from other departments shall be established as the internal audit department to evaluate the effectiveness of appropriateness and effectiveness of internal control operations and risk management. The office also examines and evaluates the development and operational status of control activities for the purpose of preparing the "Internal Control Report on Financial Reporting" as stipulated by the Financial Instruments and Exchange Act, and reports its

findings to the President and Representative Director and the Audit and Supervisory Committee. To prevent involvement with antisocial forces, the “Code of Corporate Ethical Conduct” prohibits involvement in antisocial acts, and the Company shall develop systems to ensure complete severance from such antisocial forces.

- (2) System for the preservation and management of information related to the execution of duties by Directors

Information from general meetings of shareholders, Board of Directors meetings, Management Meetings, and other important meetings, as well as other information related to the execution of duties by Directors, shall be recorded in documents or by electromagnetic means (the “Documents, etc.”) and shall be appropriately preserved.

A framework shall be in place wherein the Company may promptly make such Documents, etc. available when Directors, Audit and Supervisory Committee Members, and the internal audit office request to inspect such Documents, etc.

Information required to be disclosed under laws and regulations or securities exchange regulations shall be disclosed promptly with a focus on ensuring appropriateness.

- (3) Regulations and other systems related to managing risks of loss

The monitoring and oversight of risks expected to arise within the Group shall be conducted by the management meeting, which shall identify risks and implement mitigation measures in accordance with the “Risk Management Regulations.”

In the event of incidents that may significantly impact corporate activities, a task force shall be established based on the “Emergency Response Regulations” with the President and Representative Director serving as the head of the task force to issue directives and coordinate an appropriate response.

- (4) System to ensure that the execution of duties by Directors is conducted efficiently

Separate from the Board of Directors, which is the decision-making body, a Management Meeting comprised of Directors (full-time), Audit and Supervisory Committee Member (full-time), and Executive Officers shall be established to deliberate on important matters related to the execution of duties to facilitate swift decision-making by the Board of Directors.

Efficiency in the execution of duties is promoted through the rational application of responsibilities and for each organizational unit and the authority of Officers and Employees as stipulated in the “Organizational Regulations” and the “Regulations on Division of Duties.”

Both the Board of Directors and the Management Meeting shall strive for Company-wide operational efficiency by eliminating or reducing factors that hinder management efficiency.

- (5) System to ensure the appropriateness of operations within the corporate group

The Company shall establish internal control systems in accordance with the size and characteristics of each Group company to address compliance and risk management measures. The responsible divisions and management divisions at the Company shall oversee and guide such measures.

The Board of Directors and the Management Meeting shall require regular and ongoing reports from Group companies on business performance, financial status, and other matters, in accordance with the “Affiliate Company Management Regulations.”

The Board of Directors and the Management Meeting shall support and guide Group companies to ensure sound and efficient management, and to contribute to improving consolidated business performance.

- (6) Matters relating to Directors and employees assigned to assist the Audit and Supervisory Committee, matters relating to the independence of such Directors and employees from Directors (excluding Audit and Supervisory Committee Members), and matters relating to the effectiveness of instructions from the Audit and Supervisory Committee to such Directors and employees

The internal audit office is established to assist the duties of the Audit and Supervisory Committee, with employees assigned accordingly. Personnel assignments and evaluations in relation to such employees shall be discussed in advance with the Audit and Supervisory Committee to ensure independence from Directors (excluding Directors who are Audit and Supervisory Committee Members).

Employees of the internal audit office shall receive instruction from the Audit and Supervisory Committee and engage in assistive duties related to audits, and shall be granted authority to gather necessary information. Directors (excluding Directors who are Audit and Supervisory Committee Members), Executive Officers, and employees shall not obstruct the execution of such assistive duties

and shall work to ensure the effectiveness of audits.

- (7) System for reporting to the Audit and Supervisory Committee  
Directors (excluding Directors who are Audit and Supervisory Committee Members), Executive Officers, and employees shall promptly and appropriately report to the Audit and Supervisory Committee any acts that violate laws and regulations and the Articles of Incorporation, facts that could cause significant damage to the Company, or the potential of such risks. Regarding Group companies, if there are any acts that violate laws and regulations and the Articles of Incorporation, facts that could cause significant damage to the company, or the potential of such risks, the directors, executive officers, and employees of such Group company shall promptly and appropriately report to the Audit and Supervisory Committee.  
Significant reports made to the whistleblowing hotline shall also be reported to the Audit and Supervisory Committee.  
The Company shall not treat any Officers and Employees of the Group who make a report to the Audit and Supervisory Committee unfavorably, in line with the prohibition against unfavorable treatment of internal whistleblowers under the internal whistleblowing system.
- (8) Other systems to ensure the effectiveness of audits by the Audit and Supervisory Committee  
Audit and Supervisory Committee Members shall be ensured the opportunity to coordinate with auditors from Group companies and collect information from Officers and Employees of Group companies. A system shall be established allowing members to attend important meetings and express their opinions.  
Audit and Supervisory Committee Members may at any time review minutes from important meetings and other significant documents (including electromagnetic records) of the Group.  
If Audit and Supervisory Committee Members make a request for the reimbursement of expenses incurred in the execution of their duties, the Company shall not reject such request unless it is deemed that such expenses are not necessary for the execution of duties.
- (9) Overview of the status of operation of systems to ensure the appropriateness of operations  
Based on the Company's "corporate philosophy" and "Code of Corporate Ethical Conduct" and in the pursuit of safety and security, the internal audit office and the Internal Control Committee monitor and the overall development and operation of internal control systems of the Company and its Group companies, and promote improvements. The internal whistleblowing system is an important system for the early detection of compliance issues. Efforts will be made to further increase awareness among Officers and Employees and enhance its effectiveness.  
The Board of Directors met 12 times to maintain an efficient framework for the execution of duties, and deliberated on matters submitted and reported by Directors, as well as reviewed progress on business performance and resolutions. The Management Meeting, comprised of full-time Directors and Executive Officers, met monthly for flexible business operations.  
Regarding the management of Group companies, proper oversight is ensured on the basic premise of having Directors and Executive Officers of the Company serve concurrently as directors and auditors at Group companies while respecting their autonomous operations. A system is established for the appropriate management of the execution of significant duties, which are carried out based on approval procedures, and regular business reporting meetings are held. Major Group companies deliberate and report on the status of execution of duties through the Management Meeting and Board of Directors meetings.  
The Audit and Supervisory Committee discusses and formulates its audit policy and audit plan, and carries out audits accordingly. Appointed Audit and Supervisory Committee Members attend important internal meetings, review Board of Directors and Management Meeting minutes, and conduct hearings with Officers and Employees as necessary to continuously receive reports with information necessary for audits. In addition, the committee conducts on-site inspections to verify the legality and appropriateness of operations, thereby strengthening functions to oversee legal compliance and the status of execution of duties by Officers and Employees. Information obtained through these activities is shared with Outside Audit and Supervisory Committee Members to conduct audits from an objective and fair perspective to ensure their effectiveness.  
The internal audit office conducts scheduled internal audits to verify that, through on-site visits, document inspections, and interviews, that appropriate daily operations are conducted across internal departments and Group companies in compliance with laws and regulations, the Articles of Incorporation, and internal regulations. Information gained through internal audits is reported to

Representative Directors and the Audit and Supervisory Committee to ensure the effectiveness of audits.

#### **4. Policy on Determining the Distribution of Surplus, etc.**

The Company's basic policy is to provide stable and continuous dividends by comprehensively taking into account the business results, financial position, etc. for each fiscal year as return to shareholders. Retained earnings will be strategically used to strengthen earnings power and competitiveness, as well as for initiatives for new businesses. This includes restructuring business sites, research and development, capital expenditures, and enhancing the sales structure.

As a general principle, dividends from surplus are paid twice a year, as an interim dividend and a year-end dividend. For the current fiscal year, the year-end dividend is proposed at 10 yen per share, as stated in Proposal 1 on page 8 of the Reference Documents for the General Meeting of Shareholders. If the proposal is approved, the total annual dividend for the fiscal year will be 20 yen per share. Regarding the disposal and utilization of treasury shares, the Company will consider optimal capital policies for the growth and development of the Group, and will make appropriate decisions in a timely manner.

As described in the "Actions Toward Achieving Management with a Focus on Capital Cost and Share Price," (in Japanese only) disclosed on May 15, 2025, the Company will implement annual dividends from the fiscal year ending March 31, 2026 with a target payout ratio of 50% and a minimum DOE of 2.5%, in order to further strengthen shareholder returns and optimize the capital structure.

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Amounts and figures stated in this Business Report have been rounded down to the nearest display unit.