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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 93rd Annual General Meeting of Shareholders.

We are facing a rapidly changing, uncertain and complex era, marked by the increasing division and fragmentation of the international community amid expanding geopolitical risks, rising prices driven by surging raw material costs, and the advancement of digital technologies. Not only our daily lives, but also the values and frameworks of society at large are undergoing greater change than ever before. In any such changes in the environment, we will remain steadfast in our founding philosophy of “Harmony among People, Technology, and the Environment; In pursuit of endless possibilities.” While continually exploring new opportunities for growth, we will steadily carry out the initiatives needed to achieve the targets set out in our new Medium-Term Management Plan, which begins in FY2026, thereby contributing to the development of society and enriching people’s lives.

“Safety, Security, and Trust” are the unwavering and most important management foundations of the Group, built together with our stakeholders over our long history. Based on ensuring safety and stable supply, doing what is right with sincerity, and diligently building on the basics, we will continue to strive to be a Group that is needed by, and continues to earn the trust of, our stakeholders.

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

June 2026

Motonari Kuroki

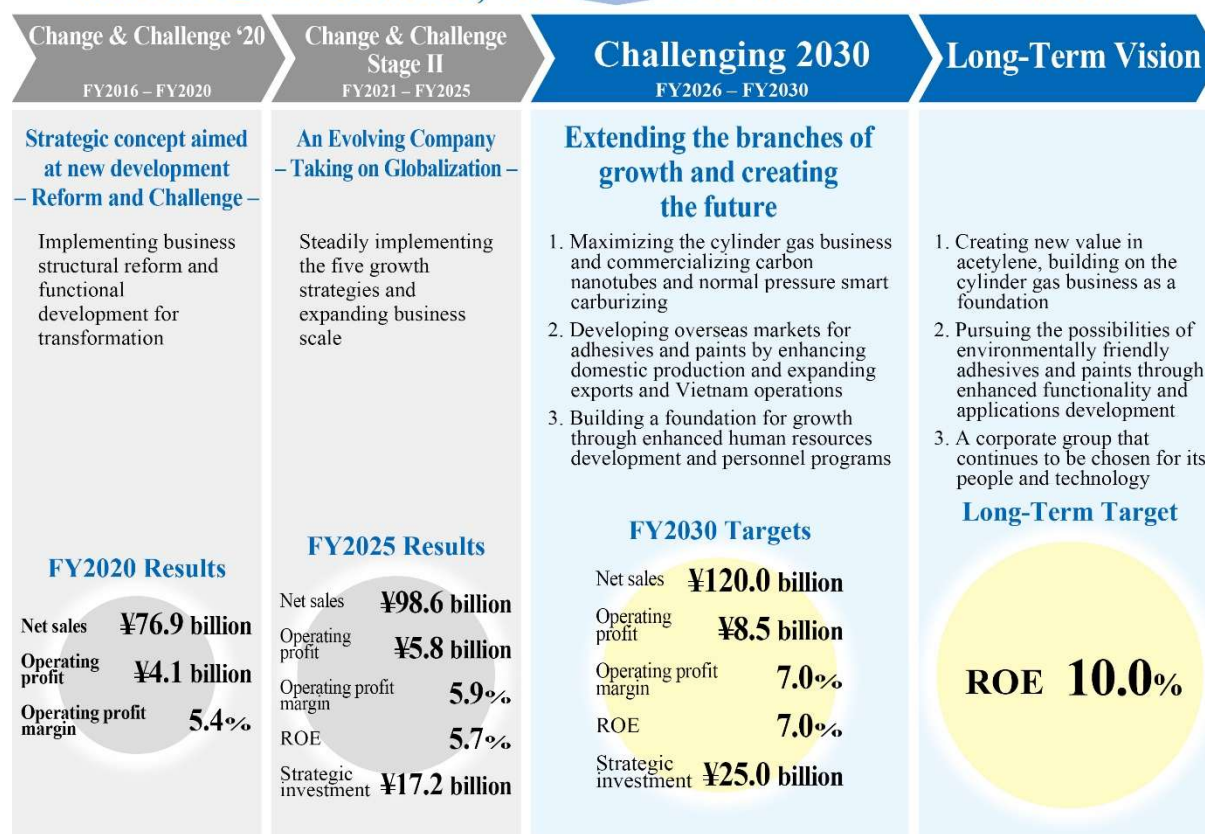
President and Representative Director

Long-Term Vision and Medium-Term Management Plan

- Concurrent with the conclusion of Change & Challenge Stage II, we have redefined the ideal vision of the Group and established a new Long-Term Vision.
- This Medium-Term Management Plan, premised on the realization of the Long-Term Vision, is back-cast from the Long-Term Vision and sets out management policies, business strategies, financial strategies, and other measures to be implemented during the period of the Plan.

Medium-Term Management Plan Roadmap

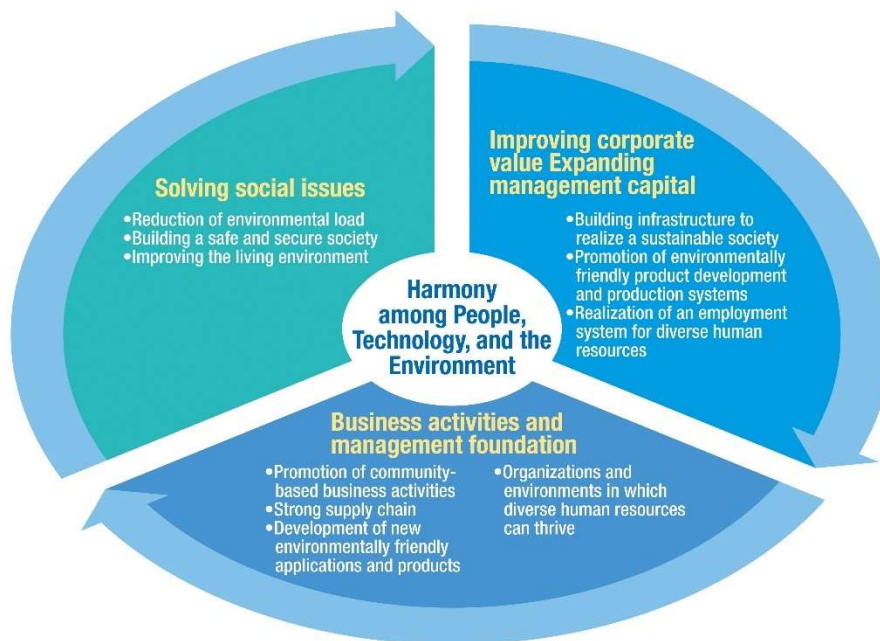
Corporate Philosophy: “Harmony among People, Technology and the Environment; In Pursuit of Endless Possibilities.”



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
- Implementation of compliance training for all officers and employees
- Launch of a computer security incident response team “CSIRT” for the purpose of strengthening the information security system, and implementation of incident response drills
- 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 93rd 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 93rd 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 93rd 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 Tuesday, June 23, 2026 Japan time.

1. Date and Time: Wednesday, June 24, 2026 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 93rd fiscal year (April 1, 2025 - March 31, 2026)
 2. Results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements for the Company’s 93rd 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)

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, the most recent vote shall prevail.



(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.
- The following matters subject to measures for electronic provisions have been omitted pursuant to laws and regulations and the Company's Articles of Incorporation. The Audit and Supervisory Committee and the Accounting Auditor have audited the documents subject to audit, including the following matters.
- "Overview of Systems to Ensure the Appropriateness of Operations and Implementation Status" of the Business Report
- "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements" of the Consolidated Financial Statements
- "Non-consolidated Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements" of the Non-consolidated Financial Statements

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: Wednesday, June 24, 2026 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 Tuesday, June 23, 2026 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 Tuesday, June 23, 2026 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, 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 Tuesday, June 23, 2026 Japan time
 (The service will be unavailable from 2:30 a.m. to 4:30 a.m. of each day during the voting period.)

Voting method by scanning QR code	Voting method by entering Login ID and temporary password
<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"> Scan the QR code at the bottom right of the Voting Rights Exercise Form with your smartphone. * “QR code” is a registered trademark of DENSO WAVE INCORPORATED. Follow the on-screen instructions to enter your votes. 	<p>Website for exercising voting rights: https://evote.tr.mufg.jp/</p> <ol style="list-style-type: none"> Access the website for exercising voting rights. Click on “Next screen” Enter the Login ID and temporary password found at bottom right of the Voting Rights Exercise Form. Enter Login ID and temporary password and click on “Login” Follow the on-screen instructions to enter your votes.

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

The Company positions returns to shareholders as an important management priority and, based on the basic policy of providing stable and continuous dividends, strives for dividends with a target payout ratio of 50% with a minimum DOE of 2.5% in order to further strengthen shareholder returns and realize an optimal capital structure.

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
20 yen per treasury share of the Company
(Combined with interim dividend, total annual dividend per share: ¥40)
Total: ¥1,104,068,140
3. Effective date of distribution of surplus
June 25, 2026

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 President and Executive Officer
2	Kazuhiro Setsuda [Reappointment]	Vice President and Representative Director Vice President and Executive Officer General Manager, Chemical Products Business Division
3	Takashi Morimoto [Reappointment]	Director Senior Managing Executive Officer General Manager, Gas Business Division
4	Yoshihiro Ikeda [Reappointment]	Director Managing Executive Officer General Manager, Administration Division
5	Kenji Nakano [Reappointment] [Outside]	Director

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	<p>Motonari Kuroki (January 2, 1965)</p> <p>[Reappointment]</p> <p>[Years in office as Director] 15 years</p> <p>[Attendance at the Board of Directors meetings] 11/11 (100%)</p>	<p>April 1988 Joined the Company</p> <p>June 2011 Director, General Manager, Tokyo Office; Head of Kanto Area, Gas Business Division, the Company</p> <p>June 2015 Managing Director, General Manager, Tokyo Office; Deputy General Manager, Gas Business Division, the Company</p> <p>April 2017 Managing Director, General Manager, Tokyo Office; General Manager, Corporate Planning Division; Deputy General Manager, Gas Business Division, the Company</p> <p>June 2017 Senior Managing Director, General Manager, Tokyo Office; General Manager, Corporate Planning Division; General Manager, Gas Business Division, the Company</p> <p>April 2020 Senior Managing Director, General Manager, Tokyo Office; General Manager, Gas Business Division, the Company</p> <p>July 2020 Chairman and Representative Director, KGK Service Co., Ltd.</p> <p>June 2021 Chairman and Representative Director, KOATSU SHOWA CYLINDERS Co., Ltd.</p> <p>June 2021 President and Representative Director, President and Executive Officer, the Company (current position)</p> <p>June 2023 Representative Director, KGK Service Co., Ltd.</p>	62,500
<p>[Reason for nomination as candidate for Director] 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 (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	<p>Kazuhiro Setsuda (August 5, 1963)</p> <p>[Reappointment]</p> <p>[Years in office as Director] 15 years</p> <p>[Attendance at the Board of Directors meetings] 11/11 (100%)</p>	<p>April 1988 Joined the Company</p> <p>June 2009 Executive Officer, Deputy General Manager, Chemical Products Business Division, the Company</p> <p>April 2010 Executive Officer, General Manager, Chemical Products Business Division, the Company</p> <p>June 2011 Director, General Manager, Chemical Products Business Division, the Company</p> <p>December 2013 Chairman and Representative Director, Koatsu Gas Kogyo Vietnam Co., Ltd.</p> <p>June 2015 Managing Director, General Manager, Chemical Products Business Division, the Company</p> <p>June 2017 Senior Managing Director, General Manager, Chemical Products Business Division, the Company</p> <p>June 2017 Chairman/President and Representative Director, Koatsu Gas Kogyo Vietnam Co., Ltd.</p> <p>June 2021 Vice President and Representative Director, Vice President and Executive Officer, General Manager, Chemical Products Business Division, the Company (current position)</p> <p>January 2024 Representative Director, SUZUKA FINE CO., LTD. (current position)</p> <p>June 2025 Chairman and Representative Director, Koatsu Gas Kogyo Vietnam Co., Ltd. (current position)</p> <p>[Significant concurrent positions] Representative Director, SUZUKA FINE CO., LTD. Chairman and Representative Director, Koatsu Gas Kogyo Vietnam Co., Ltd.</p>	88,800
<p>[Reason for nomination as candidate for Director] 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 (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	<p>Takashi Morimoto (August 6, 1963)</p> <p>[Reappointment]</p> <p>[Years in office as Director] 3 years</p> <p>[Attendance at the Board of Directors meetings] 11/11 (100%)</p>	<p>April 1986 Joined the Company</p> <p>June 2013 Executive Officer, Head of Tokai Area, Gas Business Division, the Company</p> <p>June 2015 Director, Head of Tokai Area, Gas Business Division, the Company</p> <p>April 2020 Director, General Manager, Corporate Planning Division; General Manager, Corporate Planning Department, the Company</p> <p>June 2020 Managing Director, General Manager, Corporate Planning Division; General Manager, Corporate Planning Department, the Company</p> <p>June 2021 Senior Managing Executive Officer, General Manager, Corporate Planning Division; General Manager, Corporate Planning Department; General Manager, Gas Business Division, the Company</p> <p>June 2023 Director, Senior Managing Executive Officer, General Manager, Corporate Planning Division; General Manager, Corporate Planning Department; General Manager, Gas Business Division, the Company</p> <p>April 2026 Director, Senior Managing Executive Officer, General Manager, Gas Business Division, the Company (current position)</p>	42,100
<p>[Reason for nomination as candidate for Director] As Director, Senior Managing Executive Officer, 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 (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	<p data-bbox="212 387 426 450">Yoshihiro Ikeda (January 25, 1965)</p> <p data-bbox="212 517 426 551">[Reappointment]</p> <p data-bbox="212 584 426 674">[Years in office as Director] 3 years</p> <p data-bbox="212 707 426 837">[Attendance at the Board of Directors meetings] 11/11 (100%)</p>	<p data-bbox="464 275 592 297">April 1989</p> <p data-bbox="464 315 592 338">April 2013</p> <p data-bbox="464 378 576 400">July 2013</p> <p data-bbox="464 472 592 495">April 2015</p> <p data-bbox="464 602 592 624">April 2017</p> <p data-bbox="464 696 584 719">June 2018</p> <p data-bbox="464 792 584 815">June 2021</p> <p data-bbox="464 860 584 882">June 2023</p> <p data-bbox="663 275 1265 943"> Joined the Company Executive Director, the Company, seconded to SUZUKA FINE CO., LTD. Executive Director, General Manager, General Affairs Department, Administration Division, Tokyo Office, the Company Executive Director, Deputy General Manager, Tokyo Office; General Manager, General Affairs Department, Administration Division, Tokyo Office, the Company Executive Director, General Manager, Corporate Planning Department, Corporate Planning Division, the Company Director, General Manager, Administration Division; General Manager, General Affairs and Human Resources Department, the Company Managing Executive Officer, General Manager, Administration Division, the Company Director, Managing Executive Officer, General Manager, Administration Division, the Company (current position) </p>	13,200
<p data-bbox="193 965 759 987">[Reason for nomination as candidate for Director]</p> <p data-bbox="193 999 1465 1245"> 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 (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
5	Kenji Nakano (November 17, 1955) [Reappointment] [Outside] [Years in office as Director] 1 year [Attendance at the Board of Directors meetings] 8/8 (100%)	April 1980	Joined Denki Kagaku Kogyo Kabushiki Kaisha (currently Denka Company Limited)	-
		April 2011	Executive Officer, General Manager of HR Dept. and in charge of Administrative Dept., Legal Dept., Secretary Dept., and DENKA100 Promoting Dept.	
		April 2014	Managing Executive Officer, Representative in China and in charge of HR Dept., Administrative Dept., Legal Dept., Secretary Dept. and DENKA100 Promoting Dept.	
		June 2016	Director and Managing Executive Officer	
		June 2019	Representative Director, President, Akros Trading Co. Ltd.	
		April 2020	Representative Director, President, Akros Trading Co. Ltd.	
		March 2024	Retired from Denka Company Limited	
		June 2025	Director, the Company (current position)	
[Reason for nomination as candidate for Outside Director and overview of expected roles] 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 the experience and achievements he has developed over the years 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.				

- Notes:
1. There are no special interests between each candidate and the Company.
 2. Mr. Kenji Nakano is a candidate for Outside Director.
 3. The Company has concluded an agreement with Mr. Kenji Nakano to limit his liability for damages indicated in 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. Should his election be approved, the Company intends to continue the liability limitation agreement with him.
 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.

[Reference]

Skills Matrix for Directors of the Company

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

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

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

(Appendix)

Business Report

(April 1, 2025 - March 31, 2026)

1. Overview of the Corporate Group

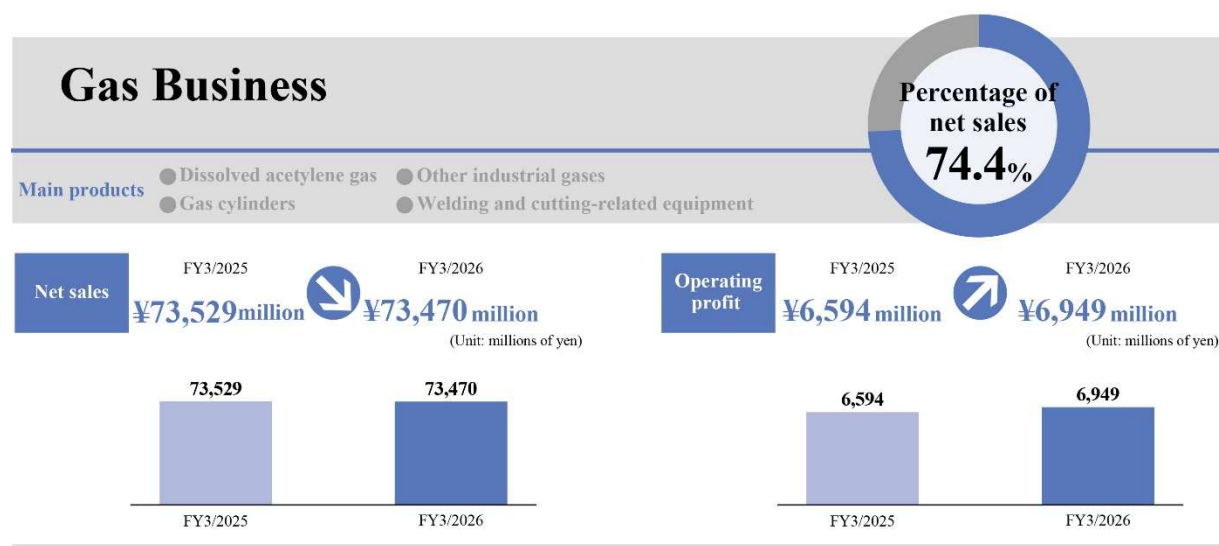
(1) Business Progress and Results

During the consolidated fiscal year under review, the Japanese economy showed signs of a modest recovery, supported by improvements in employment and income conditions, as well as inbound tourism demand. However, the outlook remained uncertain due to heightened tensions overseas, rising prices accompanying surging resource and energy costs, and the impact of interest rate fluctuations.

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 ¥98,678 million (down 0.3% year-on-year), operating profit was ¥5,871 million (down 1.6% year-on-year), ordinary profit was ¥6,951 million (up 4.6% year-on-year), and profit attributable to owners of parent was ¥4,661 million (down 2.5% year-on-year).

Consolidated net sales	¥98.6 billion (down 0.3% year-on-year)	Consolidated operating profit	¥5.8 billion (down 1.6% year-on-year)
Consolidated ordinary profit	¥6.9 billion (up 4.6% year-on-year)	Profit attributable to owners of parent	¥4.6 billion (down 2.5% 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 amid continued declines in domestic demand for industrial gases and capital investment. While a partial recovery trend was seen in the semiconductor sector, demand recovery in end-use industries such as steel, automotive, construction, and food remained sluggish, and raw material costs stayed elevated.

Under these business conditions, the business leveraged its long-standing strengths cultivated through years of operations to engage in regionally-based sales, including the acquisition of new and spot contracts, and worked to optimize the production, sales and logistics framework, while ensuring safe and stable supply in order to drive sustainable growth and improve profitability in the cylinder gas business.

[Industrial gas]

<Dissolved acetylene>

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 alternatives for certain gases in the shipbuilding sector.

<Other industrial gases>

Nitrogen sales increased, driven by spot demand from chemical plants, while argon sales also increased, particularly for welded piping work and the housing equipment sector. Hydrogen saw a recovery in demand, mainly in semiconductor-related fields. Specialty gases saw progress in the acquisition of customers among end-users of gas measurement instruments. Carbon dioxide profitability improved due to price revisions, despite a decline in shipment volume for food-related applications. On the other hand, oxygen demand decreased in combustion applications for construction and civil engineering and copper smelting applications, and LP gas was affected by a decline in residential demand due to climatic factors, as well as a drop in import prices.

- > Overall, net sales of industrial gases exceeded the previous fiscal year's results despite the impact of declining demand, supported by the acquisition of new contracts and price revisions.

[Equipment, etc.]

<Gas cylinders>

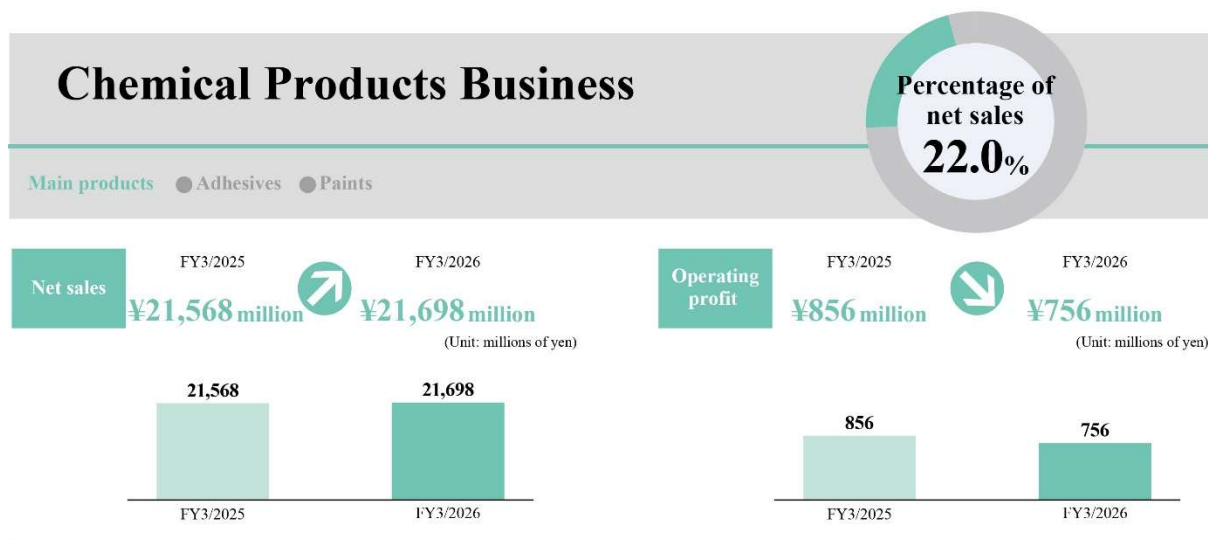
Although sales for cylinders used in fire extinguishing equipment remained solid, cylinders for industrial gases and elongated high-pressure hydrogen cylinders declined.

<Welding and cutting-related equipment>

Demand for welding materials declined, and orders for machine tools and equipment installation projects decreased.

- > Overall, net sales of equipment, etc. fell below the previous fiscal year due to declining demand from end-users.

Net sales for this business segment, including “facility rental,” was ¥73,470 million (down 0.0% year-on-year; decrease below the display unit) and operating profit was ¥6,949 million (up 5.3% year-on-year).



<Business Overview>

The environment surrounding the Chemical Products business remained challenging, with raw material costs remaining elevated, despite a modest downward trend in naphtha prices.

In response to these business conditions, the business took steps to strengthen its production structure at the Koka plant which was newly established in the previous fiscal year, working to ensure stable supply

of products to end-users. 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)>

While sales for adhesives for tapes and labels were sluggish, sales of adhesives and coating agents for paper processing applications increased, as well as increased sales for painting applications owing to the acquisition of new contracts for industrial paints.

<Cyanon (instant adhesive)>

While sales to China, South Korea, and Thailand were sluggish, sales of high-performance products (adhesives for skin suturing) to Europe and the United States increased, driven by a focus on product development in the healthcare field.

<PEGALOCK (two-component reactive adhesive)>

Sales for motor assembly applications to the United States increased, however sales for automotive parts applications to Europe declined significantly.

- > Overall, net sales for adhesives fell below the previous fiscal year, despite price revisions due to soaring raw material costs.

[Paints]

<Paint products>

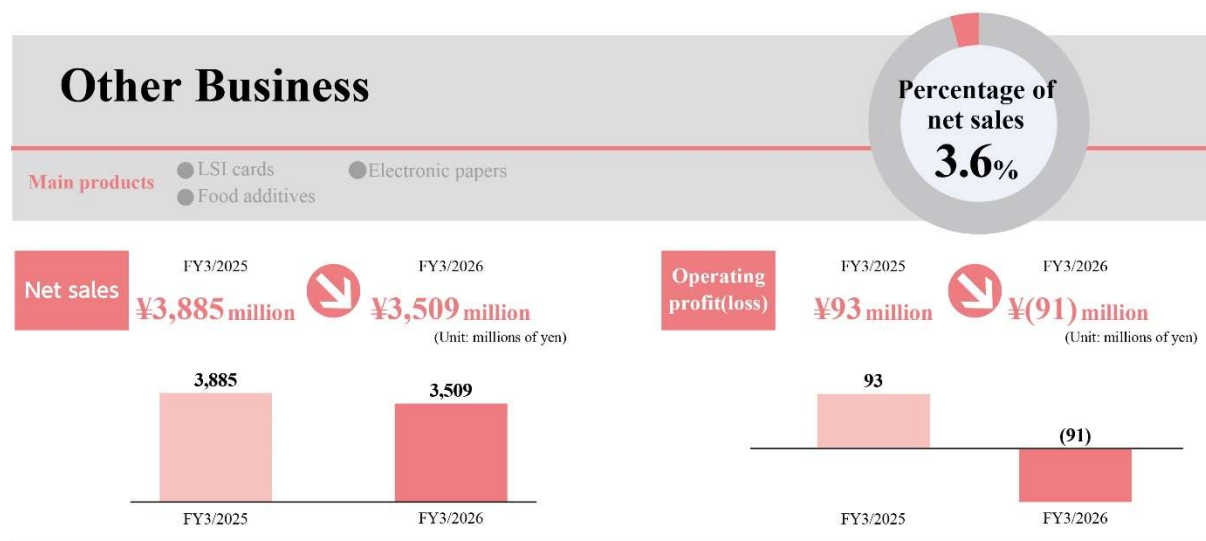
While waterproof paints and industrial paints remained solid, demand for repainting single-family homes continued to stagnate, and sales of architectural coatings declined.

<Aerosol products>

While sales of products such as industrial lubricant sprays and food-grade cooking oil spray increased, sales of waterproof sprays for sports equipment decreased.

- > Overall, net sales for paints fell below the previous fiscal year's level due to a decrease in shipment volume of paint products.

Supported by an increase in chemical products handled, net sales for this business segment, including "facility rental," totaled ¥21,698 million (up 0.6% year-on-year), while operating profit was ¥756 million (down 11.6% year-on-year) partly due to the impact of costs at the Koka plant.



<Business Overview>

<LSI cards-related>

Demand from railway businesses decreased.

<Food and food additives>

Demand from major customers decreased.

Net sales for this business segment totaled ¥3,509 million (down 9.6% year-on-year), and operating loss was ¥91 million (compared to operating profit of ¥93 million in the previous fiscal 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	73,470	99.9	6,949	105.3
Chemical Products	21,698	100.6	756	88.3
Other	3,509	90.3	(91)	—
Total	98,678	99.6	7,614	100.9

(Note) The difference of ¥1,742 million between the total segment operating profit of ¥7,614 million and ¥5,871 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 ¥3,307 million. In the Gas business, capital expenditures amounted to ¥2,880 million, primarily for the expansion of facilities at the Shiga High Pressure Gas Center and the renewal of existing facilities. Capital expenditures in the Chemical Products business amounted to ¥365 million, including 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 to continue on a moderate growth path, supported by improvements in the employment and income conditions; however, uncertainty over the outlook is likely to persist due to U.S. policy developments, volatility in foreign exchange rates, and rising tensions in the Middle East.

In the likelihood that these uncertain market and economic conditions will persist, the Group will steadily implement growth strategies to achieve the targets set out in the new Medium-Term Management Plan starting in FY2026. 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; In pursuit of endless possibilities.”

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

(1) Enhancing profitability and strengthening research, development, and technology

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 pursue the cultivation of the electronics industry market, including semiconductors, and work to expand 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, we will enhance manufacturing facilities with a view to improving production capabilities, and pursue new demand expansion not only in the domestic market but also in overseas markets.

As part of our carbon neutrality initiatives, we will launch high-value-added products such as carbon nanotubes and flame retardants based on acetylene, and work to expand use in non-combustion fields, including the dissemination of normal pressure smart carburizing, which can reduce direct CO₂ emissions by 90% or more. Regarding research and development, in the area of cylinders, we are developing large-scale accumulators for hydrogen stations and for hydrogen power generation, as well as large clean welding cylinders for specialty gases. Furthermore, through industry-government-academia collaboration, we will promote the reuse of rare gases in fields such as semiconductors by establishing a gas recycling system and contribute to a reduction in environmental impact.

In the Chemical Products business, we will 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 newly developed products, we will pursue expansion into a range of new applications, including emulsion products for inks and coatings; next-generation ultraviolet cure-type adhesives; ultra-highly weather-resistant paints for housing that reduce the frequency of repainting; and low-irritation, high-performance adhesives for skin suturing in the healthcare field. Furthermore, as for products that contribute to a more comfortable living environment, we will roll out the sound-absorbing and damping material “Sound Proof,” which reduces rain noise and vibration, as well as a newly developed high-performance damping material with heat-shielding and insulating specifications made from a composite aluminum sheet, and a recycled damping material that effectively reuses scrap from automotive interior materials. In addition, we will expand sales of the “Cool Top series” of heat shield paints with high solar reflection, the “Wall Barrier series” and “Bead Coat series” high-performance exterior coatings, and the “Water Barrier series” high-performance protective coatings for rooftop waterproofing layers.

(2) 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. In addition, by also expanding sales of domestic high-value-added products to Europe and the United States, we will pursue further development and establish a solid business foundation.

(3) Strengthening the logistics system

To ensure the safe and stable supply of products, we will strive to strengthen the logistics system that leverages the Group’s network and will aim to build a supportive transportation system for safe transport between business sites to respond to emergencies such as disasters. Furthermore, by actively utilizing AI-equipped telematic dashboard cameras to automatically detect and analyze driving risks for delivery vehicles, we will promote support for safe driving and operational efficiency. In addition to these initiatives, we will also be actively engaged in measures for the optimization of logistics costs as well as environmental measures.

(4) Securing and fostering human resources

While hiring conditions are expected to remain challenging, in order to broaden the possibilities for diverse hiring without judging by specific attributes such as age, gender, or nationality, 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. In addition, we will implement proactive investment in human capital, including the realization of an evaluation and compensation system through a review of human resource systems design for long-term career development in mind; further expansion of training systems for human resource development; and enhancement of benefit programs in order to create a work environment where employees can feel secure working in the long term, and foster an engaging and meaningful corporate culture.

(5) Enhancing internal management frameworks

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 for all Group employees as well as managerial training targeting those in positions of responsibility; awareness-raising activities through meetings, etc. for Group companies; 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.

(6) Strengthening the health and safety management system

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.

(7) Strengthening of information security system

As cyberattacks become increasingly sophisticated in recent years, the risks of information leaks and the halting of operations, etc. have grown. The Group implements technical measures such as security tools, regularly reviews their operation, and distributes information security updates throughout the Group, with the aim of strengthening our management system. In addition, to enhance our ability to respond to cyber risks, we have established a CSIRT (computer security incident response team) and are conducting incident response drills that anticipate emergency situations, thereby advancing the development of a framework capable of responding swiftly and appropriately.

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

(8) 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.

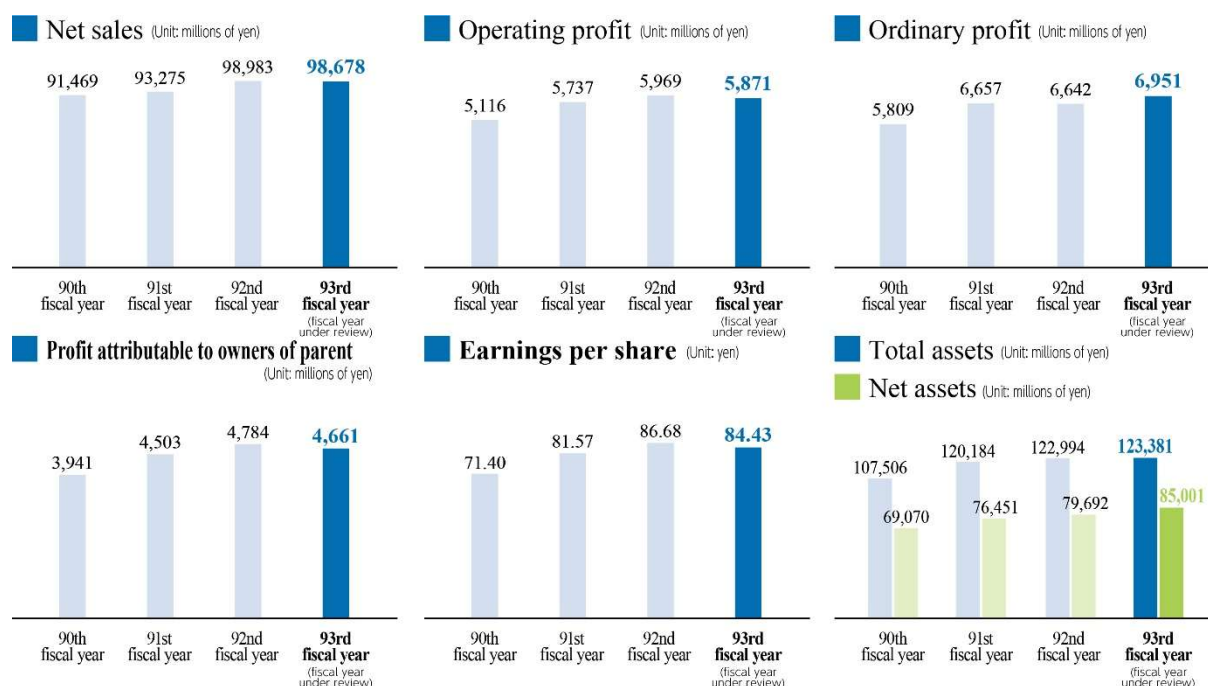
The Group remains committed to expanding our business scale while maintaining a sound corporate structure, striving for further development.

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 90th fiscal year ended March 31, 2023	The 91st fiscal year ended March 31, 2024	The 92nd fiscal year ended March 31, 2025	The 93rd fiscal year ended March 31, 2026 (Fiscal year under review)
Net sales	91,469	93,275	98,983	98,678
Operating profit	5,116	5,737	5,969	5,871
Ordinary profit	5,809	6,657	6,642	6,951
Profit attributable to owners of parent	3,941	4,503	4,784	4,661
Basic earnings per share (yen)	71.40	81.57	86.68	84.43
Total assets	107,506	120,184	122,994	123,381
Net assets	69,070	76,451	79,692	85,001
Net assets per share (yen)	1,239.23	1,371.58	1,429.54	1,524.65



(6) Material Subsidiaries (as of March 31, 2026)

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, 2026)

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, 2026)

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, Kuwana, Wakayama, Okayama, Matsuyama, Kitakyushu, Fukuoka, Kumamoto, Nobeoka	
Plants	Gas business	Sendai, Fukushima, Chiba, Omiya, Kanagawa, Nagoya, 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 November 2025, the Okayama plant was suspended in conjunction with the streamlining of the acetylene production system.

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

Note: On April 30, 2026, Dong Nai Province became Dong Nai City.

(9) Employees (as of March 31, 2026)

Number of employees	Increase (decrease) from previous fiscal year-end
2,005 [258]	Increase of 5 [Increase of 6]

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.

(10) Principal Lenders (as of March 31, 2026)

Lender	Outstanding loan
Mizuho Bank, Ltd.	¥3,044 million
MUFG Bank, Ltd.	¥2,020 million
THE HYAKUGO BANK, LTD.	¥740 million
The Senshu Ikeda Bank, Ltd.	¥700 million

2. Matters Concerning Status of the Company

(1) Status of shares (as of March 31, 2026)

- | | |
|---|---|
| 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 | 17,957 persons
(Increase of 13,106 compared to the previous fiscal year-end) |

4) Major shareholders

Shareholder name	Number of shares held	Shareholding ratio
Koatsu Kyoekikai	7,462,053	13.51%
Denka Company Limited	5,457,998	9.88%
The Kyoei Fire and Marine Insurance Company, Limited	4,003,000	7.25%
The Master Trust Bank of Japan, Ltd. (Trust account)	3,175,800	5.75%
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%
TOYO DENKA KOGYO CO., LTD.	2,430,800	4.40%
Koatsu Gas Employee Shareholding Association	1,538,949	2.78%
STATE STREET BANK AND TRUST COMPANY 505103	929,700	1.68%

Note: Shareholding ratios are calculated by excluding treasury shares (374,119 shares).

(2) Matters concerning Directors

1) Names, etc. of Directors (As of March 31, 2026)

Position	Name	Area of responsibility and significant concurrent positions
Representative Director President	Motonari Kuroki	President and Executive Officer
Representative Director Vice President	Kazuhiro Setsuda	Vice President and Executive Officer General Manager, Chemical Products Business Division Representative Director, SUZUKA FINE CO., LTD. Chairman and Representative Director, Koatsu Gas Kogyo Vietnam Co., Ltd.
Director	Takashi Morimoto	Senior Managing Executive Officer General Manager, Corporate Planning Division; General Manager, Corporate Planning Department; General Manager, Gas Business Division
Director	Yoshihiro Ikeda	Managing Executive Officer General Manager, Administration Division
Director	Kenji Nakano	
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 Shinsuke Yoshitaka retired upon the expiration of his term of office at the conclusion of the 92nd Annual General Meeting of Shareholders held on June 24, 2025.
 - Director Kenji Nakano was newly elected and assumed office at the 92nd Annual General Meeting of Shareholders held on June 24, 2025.
 - Directors Kenji Nakano, 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 37.

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)	¥221 million (¥9 million)	¥180 million (¥9 million)	¥41 million (-)	6 (2)
Directors (Audit and Supervisory Board Members) (of which, Outside Directors)	¥60 million (¥26 million)	¥60 million (¥26 million)	- (-)	4 (3)

Note: The performance-linked remuneration (bonuses) of ¥41 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	Kenji Nakano		
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	Kenji Nakano	Mr. Kenji Nakano attended all eight meetings of the Board of Directors held in the current fiscal year (number of meetings since assuming office in June 24, 2025). With a thorough understanding of the Company's business initiatives, he actively provided valuable and constructive advice and recommendations, leveraging his extensive experience and high level of insight on corporate management. 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 11 meetings of the Board of Directors and all 14 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 11 meetings of the Board of Directors and all 14 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 11 meetings of the Board of Directors and all 14 meetings of the Audit and Supervisory Committee 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	¥70 million
Total amount of money and other property benefits payable by the Company and the Company's subsidiaries	¥70 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 of 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. Policy on Determining the Distribution of Surplus, etc.

Regarding returns to shareholders, based on the basic policy of providing stable and continuous dividends, the Company strives for dividends with a target payout ratio of 50% with a minimum DOE of 2.5% in order to further strengthen shareholder returns and realize an optimal capital 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 20 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 40 yen per share.

Furthermore, 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, human capital investment, and enhancing the sales structure.

Regarding the acquisition 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.

4. 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 11 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. Furthermore, to strengthen the management framework, the Company held Group Representative Meetings to share information on issues and responses related to compliance and risk management.

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.

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