

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

# **NOTICE OF THE 125TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**VALQUA, LTD.**

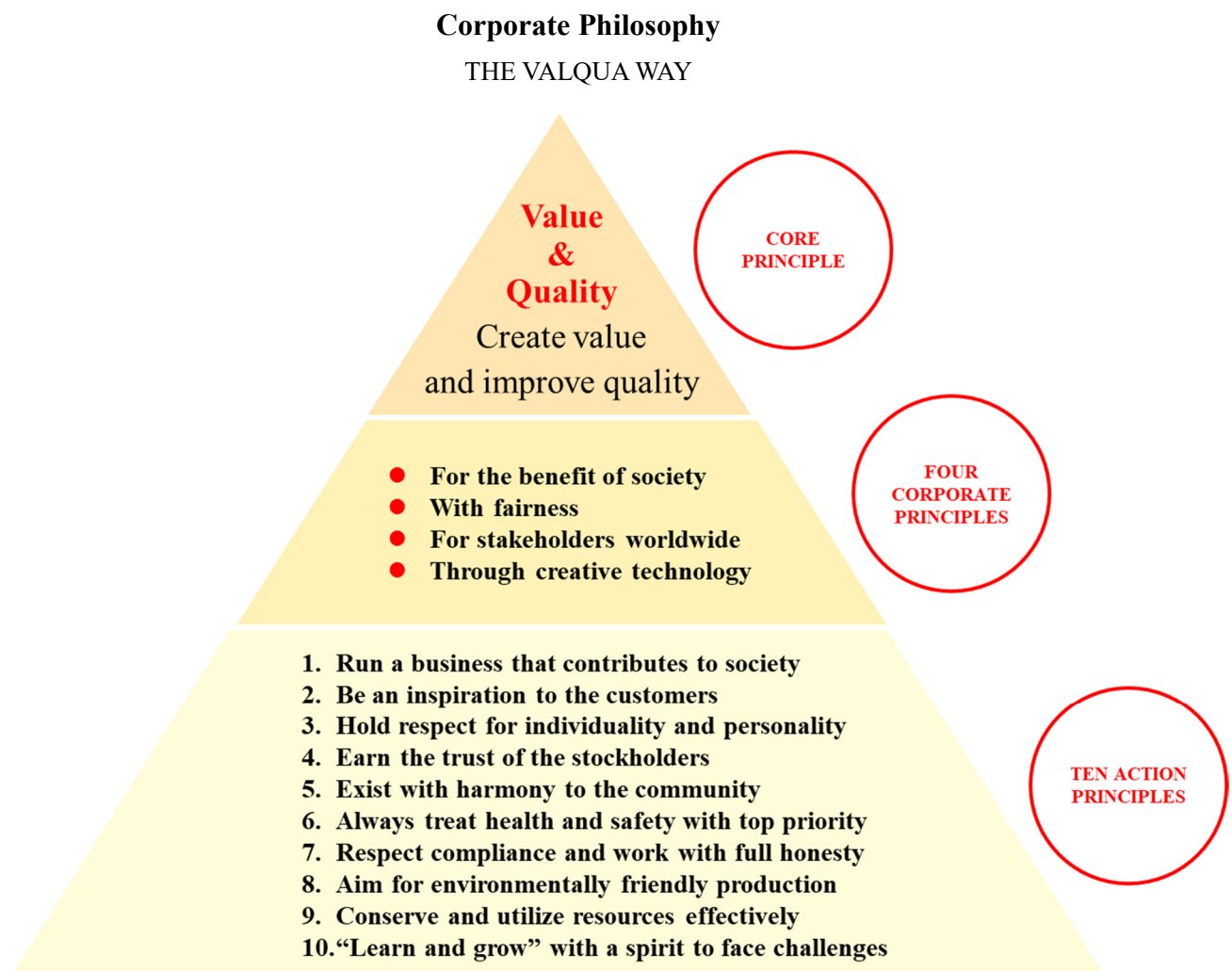
Securities code: 7995

# Corporate Image we aim to become in the coming 100th anniversary

## A Challenging Company that Challenges the Future and the Unknown

- To contribute to the richness of human race and global environment -

1. Endless pursuit and monitoring of growth strategy
2. Strengthening management foundation that will solidify company growth
3. Active engagement in “environment, society, and corporate governance” in becoming a better global citizen



## Greetings

We thank our shareholders for their continuous patronage.

The Company has decided to hold the 125th Annual General Meeting of Shareholders on Wednesday, June 25, 2025. You are cordially invited to attend the meeting.

Global affairs are growing ever more complex, raising the risk of unexpected shifts in our business environment.

Against this backdrop, during the fiscal year under review, we saw a recovery trend in high performance seal out of seal products business for the semiconductor market. Meanwhile, in the high performance plastics product business, as customers continued adjusting their capital investment, we proactively strengthened our supply capacity, carried out research and development and invested in human resources, laying the groundwork for the future.

In the next fiscal year, we will address geopolitical risks and rapid technological changes. As we reach the midpoint of our medium-term management plan, “New Frontier 2026” (NF2026), we will use digital technology and reinforce our global supply chain to build a stronger groundwork for future growth.

To achieve the creation of new value for the highest satisfaction of stakeholders as outlined in NF2026, as we approach our 100th anniversary, in addition to “Visionary Management” based on our corporate philosophy “THE VALQUA WAY,” we will push ahead with “Well-being management” over the next two years, which focuses on raising employee engagement, motivation, and energy, so that we can foster the well-being of all stakeholders. Through these efforts, we aim to drive the Group’s strong and sustainable growth.

We would like to ask our shareholders for further support.

May 2025

Toshikazu Takisawa

Representative Director, Chairman and CEO

Securities code: 7995  
(Delivery date: June 5, 2025)  
(Start date of providing information in electric format: May 29, 2025)

To our shareholders:

Toshiharu Takisawa  
Representative Director and President  
**VALQUA, LTD.**  
1-1, Osaki 2-chome, Shinagawa-ku,  
Tokyo

## Notice of the 125th Annual General Meeting of Shareholders

We hereby notify you that the 125th Annual General Meeting of Shareholders of VALQUA, LTD. (the “Company”) will be held as indicated below.

When the Company convenes a General Meeting of Shareholders, it takes measures for providing information that constitutes the content of reference documents for a General Meeting of Shareholders, etc. in electronic format (matters to be provided in electronic format). As such information is posted on each of the following websites, please access one of the websites to review such information.

[Company’s website]

[https://www.valqua.com/ir/meeting\\_report/](https://www.valqua.com/ir/meeting_report/)

(Please check the “IR (Investor Relations)” and “Meeting of Shareholders” sections through the menu on the Company’s website.)

[Website on which materials for the general meeting of shareholders are posted]

<https://d.sokai.jp/7995/teiji/> (Japanese only)

[Tokyo Stock Exchange website (Search for a listed company)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

(Please access the Tokyo Stock Exchange website above, enter/search “VALQUA” in “Issue name (company name)” or the Company’s securities code “7995” in “Code,” and select “Basic Information” and then “Documents for public inspection/PR information,” and then confirm “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” in “Filed information available for public inspection.”)

**Institutional investors can utilize the electronic voting platform operated by ICJ, Inc.**

<b>1. Date and time</b>	Wednesday, June 25, 2025, at 10:00 a.m. (Reception starts at 9:00 a.m.) (JST)
<b>2. Venue</b>	Large Conference Room, Head Office of VALQUA, LTD. 24th Floor, ThinkPark Tower, 1-1, Osaki 2-chome, Shinagawa-ku, Tokyo
<b>3. Purpose of the meeting</b>	<p><b>Matters to be reported</b></p> <ol style="list-style-type: none"> <li>1. The Business Report and the Consolidated Financial Statements for the 125th fiscal year (from April 1, 2024 to March 31, 2025), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Board of Corporate Auditors</li> <li>2. The Non-consolidated Financial Statements for the 125th fiscal year (from April 1, 2024 to March 31, 2025)</li> </ol> <p><b>Matters to be resolved</b></p> <p>Proposal No. 1    Appropriation of Surplus  Proposal No. 2    Election of Six Directors  Proposal No. 3    Election of One Substitute Auditor</p>
<b>4. Matters decided upon convocation (guide on exercise of voting rights)</b>	<ol style="list-style-type: none"> <li>(1) In the event that the exercise of voting rights document does not indicate approval or disapproval of the proposals, it shall be treated as indicating the intention to approve the proposals.</li> <li>(2) In the event that voting rights are exercised in duplicate, in writing and via the internet, etc., the vote via the internet, etc. shall be treated as valid.</li> <li>(3) In the event that voting rights are exercised multiple times via the internet, etc. only the last vote exercised shall be treated as valid.</li> <li>(4) In the event that voting rights are exercised by proxy on the appointed date, they may be delegated to one other shareholder who possesses voting rights. In such a case, please submit documentation which certifies the proxy rights.</li> </ol>

- ◎ When you attend the meeting in person, please present the voting rights exercise form to the receptionist.
- ◎ In the event that any revisions are made to matters to be provided in electronic format, matters before and after revision will be posted on each of the websites mentioned on page 4.
- ◎ For shareholders who have made a request for delivery of documents, we also send a printed copy of documents stating matters to be provided in electronic format. However, in accordance with laws and regulations and the provisions of Article 16 of the Company's Articles of Incorporation, the following matters are excluded.  
Accordingly, the Business Report, the Consolidated Financial Statements, and Financial Statements stated in this form are part of the documents that were audited by the Financial Auditors when preparing the financial audit report and by the Auditors when preparing the audit report.
  - 1) The "System for Ensuring the Appropriateness of Operations and Overview of the Operational Status of Said System" of the Business Report
  - 2) The "Consolidated Statement of Changes in Net Assets" and "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements
  - 3) The "Non-consolidated Statement of Changes in Net Assets" and "Notes to the Non-consolidated Financial Statements" of the Non-consolidated Financial Statements
- ◎ For shareholders who have not made a request for delivery of documents, we send this Notice and Reference Documents for General Meeting of Shareholders.

[Attached document]

## **Business Report** (from April 1, 2024 to March 31, 2025)

### **1. Status of the corporate group**

#### **(1) Progress and results of operations**

##### **1) Business overview**

During the fiscal year under review, under our new medium-term management plan “New Frontier 2026” (NF2026), which started from the fiscal year under review, the Group had a standpoint of creating new value for the highest satisfaction of stakeholders. We swiftly implemented measures including restructuring of our supply chain in preparation for the recovery and expected growth of the semiconductor market going forward, while making efforts in strengthening earnings for further growth in the future and building a solid corporate foundation that can support sound and sustainable growth.

We deeply apologize for the significant inconvenience and concern caused to all stakeholders by the misconduct of former Executive Officer and employee of the Company, which we announced on September 25, 2024. We announced the recurrence prevention measures on November 27 of the same year and are implementing them promptly and thoroughly.

The Group reports the following consolidated results for the fiscal year under review: net sales of ¥60,113 million (2.6% decrease year on year), operating profit of ¥5,669 million (20.2% decrease year on year), ordinary profit of ¥5,999 million (18.9% decrease year on year), and profit attributable to owners of parent of ¥4,676 million (4.7% decrease year on year).

## 2) Overview of business by segment

Net sales by segment of the Group were as follows:

Category	Net sales			
	Current fiscal year	Previous fiscal year	Changes	Changes (%)
	Millions of yen	Millions of yen	Millions of yen	%
Seal Products Business	40,616	37,160	3,455	9.3
High Performance Plastics Products Business	16,334	21,580	(5,246)	(24.3)
Silicon Wafer Reclaim and Other Businesses	3,161	3,002	159	5.3
Total	60,113	61,744	(1,631)	(2.6)

(Notes) 1. Figures are rounded down to the nearest million.

2. On March 21, 2025, the Company transferred all of the shares of VALQUA FFT INC. that constitutes the Silicon Wafer Reclaim and Other Businesses. However, the financial results of VALQUA FFT INC. for the fiscal year under review is recorded up to the end of the consolidated cumulative period.

### (2) Capital expenditures

Capital expenditures during the fiscal year ended March 31, 2025 reached ¥2.4 billion based on completed construction work. The Group primarily invested in constructing new plants, enhancing production capacity, streamlining and renewing a new ERP system.

### (3) Financing activities

During the fiscal year under review, the Company raised ¥1.8 billion from long-term borrowings and increased short-term borrowings by ¥1.5 billion in order to make investments in improvement of production capacity, including construction of a new plant, and to maintain persistently high-level inventories. The Company extended a commitment line agreement by two years to efficiently and stably acquire operating funds effective April 30, 2024, and borrowed ¥1.0 billion as a temporary measure as of the end of the fiscal year.

### (4) Business transfers, absorption-type company split, or incorporation-type company split

See “(11) Major businesses (as of March 31, 2025).”

### (5) Transfer of business from other companies

Not applicable.

### (6) Succession of rights and obligations regarding the business of another corporation, etc. due to absorption-type merger or absorption-type company split

Not applicable.

### (7) Acquisition or disposal of another company’s shares or other equity or share acquisition rights, etc.

See “(10) Parent company and major subsidiaries, 2) Major subsidiaries.”

### (8) Issues to be addressed

As we begin the fiscal year ending March 31, 2026, we have noted many uncertainties that could have an impact on the global economic recovery, such as the situations in East Asia, Ukraine, and the Middle East, energy and raw materials prices, and the progression of inflation. In addition, there are possible concerns surrounding the Group about a slowdown in global capital expenditures, delays in full-fledged recovery in semiconductor-related business conditions, labor shortages, rising personnel costs, and other issues.

Given these business conditions, the Group formulated a three-year medium-term management plan NF2026. The plan expresses our commitment in the following basic policy:

In an environment of rapid global fragmentation and drastic changes in business models due to digitalization, let’s strive to create new value for the highest satisfaction of stakeholders from multiple perspectives under “THE VALQUA WAY”!

1. Establish a perspective to pursue the essential in a rapidly changing world and develop human resources in line with this.
2. Further reform and strengthen the supply chain in response to increasing geopolitical risks.
3. Monetize new AI/IT Solutions Business through accelerating digital innovation.
4. Thoroughly prevent technology leakage and identify new areas and technologies.
5. Thorough glocalization through “Think Globally, Act Locally.”

With this policy, we will steadily accelerate these strategies for achieving the medium-term management plan.

#### <Business deployment>

With respect to the Seal Products Business, we will work to enhance profitability based on the selection and focus of our existing core areas, while reinforcing our business foundation by strengthening cooperation between manufacturing, sales, and engineering, working to broaden our various sales channels, and promoting key initiatives of “providing AI/IT solutions integrated with digital technology” and “developing high performance seal product solutions and production capacity enhancement.”

With respect to the High Performance Plastics Business, the Company plans to continue strengthening allocation of resources to semiconductor-related markets in the future, and work to develop our supply chain, through such measures as expansion of production capacity for this market with growth potential. We will also work to achieve expansion of the range of our business activities and enhancement of operational efficiency by actively creating high value-added for the business using digital services.

With respect to geopolitical risks, we will continue reforming and enhancing resilience of our supply chain in response to growing awareness of economic security stemming from interregional confrontations including those between the United States and China and moves toward economic decoupling.

#### <Promotion of sustainability activities and strengthening of human resources development>

Sustainability within the Group consists of achieving a sustainable society along with sound and sustainable growth of the Group based on the corporate philosophy known as “THE VALQUA WAY.” To contribute to the richness of the human race and global environment, we are actively engaging in “environment, society, and corporate governance” in becoming a better global citizen, which is the corporate image we aim to become in the coming 100th anniversary. We have defined our initiatives towards realizing a sustainable society as “VALQUA Sustainable Action” and, through focusing on the following three activities, we will continue to pursue our core principle of Value (create value) & Quality (improve quality).

1. Review of important issues contributing to sustainability management
2. Establish specific goals for each important issue and manage progress
3. Enhance disclosure of sustainability activities connected to management strategies through the Corporate Report, etc.

In addition, we have consistently positioned human resources as our most important management resource and the source of our competitiveness. In an environment where the world faces an unprecedented crisis, we will go back to strengthening visionary management with the aim of realizing “philosophy and profit” through the pursuit of the essence of things with “THE VALQUA WAY” as the cornerstone of our efforts while instilling “THE VALQUA WAY” into worksites. We also actively develop human resources in promoting “Well-being management,” in order to work actively to develop human resources at VALQUA who can shoulder the responsibilities of the times.

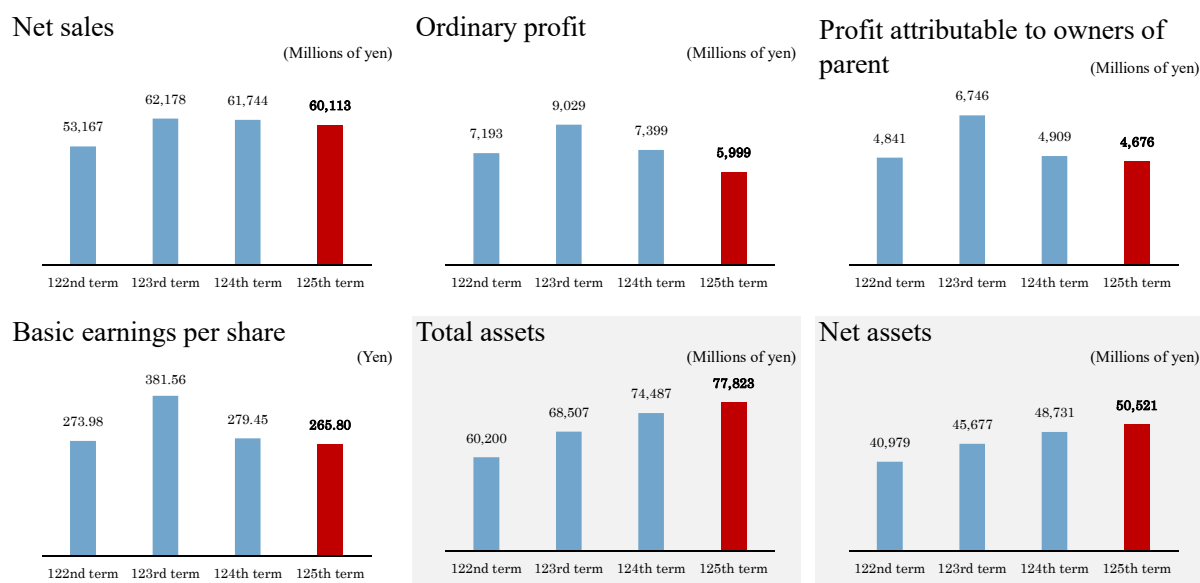


<Strengthening the enforcement and penetration of corporate ethics>

Regarding the misconduct of former Executive Officer and employee of the Company, which we announced on September 25, 2024, we have taken the Special Investigation Committee's findings and recommendations for prevention of recurrence seriously. We are implementing the measures to prevent recurrence disclosed on November 27, 2024, promptly and thoroughly. First and second reports on progress on these measures were released on February 26 and May 14, 2025, respectively.

Going forward, we will remain committed to preventing misconduct from recurring by implementing and reinforcing the recurrence prevention measures while also advancing corporate culture reform.

## (9) Summary of assets and profit or loss



Category		122nd term (Fiscal year ended March 31, 2022)	123rd term (Fiscal year ended March 31, 2023)	124th term (Fiscal year ended March 31, 2024)	125th term (Fiscal year ended March 31, 2025)
Net sales	(Millions of yen)	53,167	62,178	61,744	60,113
Ordinary profit	(Millions of yen)	7,193	9,029	7,399	5,999
Profit attributable to owners of parent	(Millions of yen)	4,841	6,746	4,909	4,676
Basic earnings per share	(Yen)	273.98	381.56	279.45	265.80
Total assets	(Millions of yen)	60,200	68,507	74,487	77,823
Net assets	(Millions of yen)	40,979	45,677	48,731	50,521
Net assets per share	(Yen)	2,246.76	2,575.01	2,742.82	2,869.23

- (Notes)
- Figures are rounded down to the nearest million.
  - Basic earnings per share are calculated based on the average total number of issued shares, excluding treasury shares, during the term.
  - Net assets per share are calculated based on the total number of issued shares excluding treasury shares at the end of the term.
  - In the 123rd term, from the standpoint of “protect growth” described in our two-year medium-term management plan, “New Frontier 2023” (NF2023), we worked to review the supply chain in response to increasing geopolitical risks, to strengthen product competitiveness and supply capabilities for growth markets such as semiconductors, and to implement corporate reform on both the offensive and defensive fronts centered on digital transformation, resulting in increased sales and profits.
  - In the 124th term, in line with the strategy set forth for the two-year medium-term management plan, “New Frontier 2023” (NF2023), the Group implemented measures to secure earnings and improve profitability, including speeding up its response to any changes in the situation and further improving operational efficiency.
  - The situation in the current fiscal year is as described in “Progress and results of operations” in Section (1) above.

(10) Parent company and major subsidiaries

1) Relationship with the parent company

Not applicable.

2) Major subsidiaries

Company name	Share capital	Company's shareholding ratio	Major businesses
VALQUA TECHNO CO., LTD.	¥30 million	100%	Product sales within each business
VALQUA SES CO., LTD.	¥30 million	100%	Product sales within each business
VALQUA SEAL SOLUTIONS CO., LTD.	¥90 million	100%	Manufacturing of seal products
KYUSHU VALQUA CO., LTD.	¥30 million	100%	Manufacturing of seal products, and solar power generation business
VALQUA MIKAWA FRONTECH CO., LTD.	¥33 million	100%	Manufacturing of seal products and high performance plastic products
VALQUA NGC, INC.	US\$2,437 thousand	100%	Manufacturing and sales of high performance plastic products
VALQUA AMERICA, INC.	US\$1,260 thousand	100%	Product sales within each business
VALQUA SEAL PRODUCTS (SHANGHAI) CO., LTD.	¥1,150 million	100%	Manufacturing of seal products and high performance plastic products and product sales within each business
VALQUA (SHANGHAI) TRADING CO., LTD.	RMB1,655 thousand	100%	Product sales within each business
VALQUA KOREA CO., LTD.	KRW10,859 million	100%	Manufacturing of seal products and product sales within each business
TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD.	NT\$100 million	100%	Manufacturing of seal products and high performance plastic products and product sales within each business
VALQUA VIETNAM CO., LTD.	US\$9,300 thousand	100%	Manufacturing of seal products and product sales within each business
VALQUA INDUSTRIES (THAILAND), LTD.	THB126 million	95.3%	Manufacturing of seal products and product sales within each business
VALQUA INDUSTRIES SINGAPORE PTE. LTD.	US\$2,500 thousand	100%	Product sales within each business

- (Notes) 1. As of March 31, 2025, the Company has 14 consolidated subsidiaries listed above.
2. VALQUA SES CO., LTD. and VALQUA NGC, INC. are currently in the process of liquidation.
3. VALQUA METAL TECHNOLOGY CO., LTD. changed its name to VALQUA MIKAWA FRONTECH CO., LTD. effective January 1, 2025.
4. VALQUA VIETNAM CO., LTD. increased its share capital by US\$4,000 thousand in October 2024 in order to strengthen its management foundation.
5. VALQUA FFT INC. was removed from the list of major subsidiaries because the Company transferred all of the shares held on March 21, 2025.

## (11) Major businesses (as of March 31, 2025)

Business division	Main products and businesses
Seal Products Business	Plant, equipment, and piping gaskets Equipment gland packing Various rubber products (O-rings, etc.) for industrial and transportation equipment Rubber molded products for semiconductor manufacturing equipment Automobile parts Construction education service Facilities management and maintenance management services
High Performance Plastics Products Business	Fluorocarbon materials (sheets, rods, etc.) Fluorocarbon molded products Fluorocarbon film and tape products Fluorocarbon lining products and related services
Silicon Wafer Reclaim and Other Businesses	Silicon wafer reclaiming Solar power generation H&S Business

(Note) On March 21, 2025, the Company transferred all of the shares of VALQUA FFT INC. that constitutes the silicon wafer reclaiming. However, the financial results of VALQUA FFT INC. for the fiscal year under review is recorded up to the end of the consolidated cumulative period.

## (12) Major sales office and plants (as of March 31, 2025)

## Domestic

Company name	Name	Location
VALQUA, LTD.	Head office MRT Center Osaka Sales Office Nagoya Sales Office Kitakyusyu Sales Office	Shinagawa-ku, Tokyo Machida-shi, Tokyo Osaka-shi, Osaka Nagoya-shi, Aichi Kitakyushu-shi, Fukuoka
VALQUA TECHNO CO., LTD.	Head office	Shinagawa-ku, Tokyo
VALQUA SES CO., LTD.	Head office	Shinagawa-ku, Tokyo
VALQUA SEAL SOLUTIONS CO., LTD.	Head office	Gojo-shi, Nara
KYUSHU VALQUA CO., LTD.	Head office	Iizuka-shi, Fukuoka
VALQUA MIKAWA FRONTTECH CO., LTD.	Head office	Shinshiro-shi, Aichi

## Overseas

Company name	Country name	Location
VALQUA NGC, INC.	United States	Houston, Texas
VALQUA AMERICA, INC.	United States	Sunnyvale, California
VALQUA SEAL PRODUCTS (SHANGHAI) CO., LTD.	China	Shanghai
VALQUA (SHANGHAI) TRADING CO., LTD.	China	Shanghai
VALQUA KOREA CO., LTD.	South Korea	Seoul
TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD.	Taiwan	Kaohsiung
VALQUA VIETNAM CO., LTD.	Vietnam	Hai Duong Province
VALQUA INDUSTRIES (THAILAND), LTD.	Thailand	Samut Prakan
VALQUA INDUSTRIES SINGAPORE PTE. LTD.	Singapore	Singapore

(13) Employees (as of March 31, 2025)

1) Employees of the Group

Number of employees	Change from the end of previous fiscal year
1,536 (171)	Decrease of 134 (decrease of 22)

- (Notes) 1. The number of employees excludes employees transferred from a Group company to an outside Group company, and includes employees transferred from an outside Group company to a Group company, and the number of temporary employees is indicated in parentheses as the average number of employed persons during the year.
2. The number of employees decreased by 134 compared to the end of the previous fiscal year, primarily due to the transfer of all the shares in VALQUA FFT INC., which was removed from the scope of consolidation.

2) Employees of the Company

Number of employees	Change from the end of previous fiscal year	Average age	Average length of service
426 (101)	Increase of 3 (decrease of 8)	46.7 years old	17.4 years

- (Note) The number of employees excludes employees transferred from the Company to an outside company, and includes employees transferred from an outside company to the Company, and the number of temporary employees is indicated in parentheses as the average number of employed persons during the year.

We deploy the right personnel in the right positions regardless of age or career background and promote the advancement of senior workers, which results in a slightly high average age of employees.

(14) Major lenders (as of March 31, 2025)

Lender	Outstanding borrowings
	Millions of yen
Sumitomo Mitsui Banking Corporation	7,133
Sumitomo Mitsui Trust Bank, Limited	2,735
Mizuho Bank, Ltd.	2,349
Nippon Life Insurance Company	900

- (Notes) 1. Figures are rounded down to the nearest million.
2. The Company entered into a commitment line agreement for a total amount of ¥3.0 billion with the main bank to efficiently and stably acquire operating funds. As of the end of the fiscal year under review, outstanding borrowings totaled ¥1.0 billion.

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

- (1) Total number of authorized shares: 68,000,000 shares  
(2) Total number of issued shares: 18,688,733 shares  
(3) Number of shareholders: 39,868  
(4) Major shareholders (top 10)

Shareholder name	Number of shares held	Ratio of shares held
	Thousands of shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,623	14.91
Custody Bank of Japan, Ltd. (Trust Account)	1,398	7.95
Valqua Tokyo Kyoeikai	586	3.33
Sumitomo Mitsui Banking Corporation	537	3.06
Sumitomo Mitsui Trust Bank, Limited	400	2.27
Toshikazu Takisawa	398	2.27
Keiichiro Nakayama	320	1.82
Daikin Industries, Ltd.	285	1.62
Valqua Osaka Kyoeikai	274	1.56
Shiiko Takisawa	243	1.38

(Note) The Company holds 1,086 thousand treasury shares but is not included in the list of major shareholders shown above.

The ratio of shares held is calculated by deducting treasury shares.

- (5) Status of the shares granted to the Company's officers as consideration for the execution of duties during the fiscal year ended March 31, 2025

	Number of shares	Number of grantees
Directors (excluding outside Directors)	13,300	4
Outside Directors	—	—
Auditors	—	—

(Note) The content of share-based remuneration of the Company is described in "4. (4) Remuneration, etc. for Directors and Auditors."

## 3. Share acquisition rights, etc. of the Company

Not applicable.

## 4. Officers

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

Position in the Company	Name	Responsibility in the Company and significant concurrent positions outside the Company
Representative Director and Chairman	Toshikazu Takisawa	CEO
Representative Director and President	Toshiharu Takisawa	COO and CWO
Director and Vice Chairman	Yoshihiro Hombo	Outside Director of Tosoh Corporation Outside Director of Mitsubishi Pencil Company, Limited
Director and Vice President	Gota Nakazawa	CDO, Director of Digital Strategy Group and Silicon Wafer Reclaiming Business Director of TORANOTEC Ltd.
Outside Director	Chikako Sekine	Representative Director of B-mind Co., Ltd. Outside Director of TAKARA & COMPANY LTD. Outside Director of TOLI Corporation
Outside Director	Mikiko Saito	Representative Director and CEO of SMO Inc.
Outside Director	Hiroya Kutsuzawa	
Standing Auditor	Akio Ko	
Outside Auditor	Hidenori Takahashi	Certified Public Accountant (Hidenori Takahashi Certified Public Accountant Office) Outside Director of PENTA-OCEAN CONSTRUCTION CO., LTD.
Outside Auditor	Iwao Toigawa	Attorney at law (Hibiya T&Y Law Office) Outside Director (Audit & Supervisory Committee Member) of NIHON NOHYAKU CO., LTD

- (Notes)
1. Directors Chikako Sekine, Mikiko Saito, and Hiroya Kutsuzawa are outside Directors. Moreover, Auditors Hidenori Takahashi and Iwao Toigawa are outside Auditors.
  2. Standing Auditor Akio Ko was previously involved in the operations of the Company's finance division for many years and possesses considerable knowledge about corporate finance and accounting.
  3. Outside Auditor Hidenori Takahashi is a licensed Certified Public Accountant and possesses considerable knowledge about corporate finance and accounting.
  4. Outside Auditor Iwao Toigawa is a licensed attorney at law and possesses considerable knowledge about corporate legal affairs.
  5. The Company has submitted notification to the Tokyo Stock Exchange that outside Directors Chikako Sekine, Mikiko Saito, and Hiroya Kutsuzawa as well as outside Auditors Hidenori Takahashi and Iwao Toigawa have been designated as independent officers as provided for by the aforementioned exchange.
  6. Mutsuo Aoki retired as Director at the conclusion of the 124th Annual General Meeting of Shareholders held on June 20, 2024.
  7. Director Gota Nakazawa was reassigned to Executive Vice President, CFO and CDO, effective April 1, 2025.
  8. Outside Director Mikiko Saito is scheduled to assume the office of outside Director at HIDAY HIDAKA Corp. effective May 27, 2025, and outside Director at THE TOWA BANK, LTD. effective June 26, 2025, respectively.
  9. Outside Auditor Hidenori Takahashi is scheduled to resign the position of outside Director at PENTA-OCEAN CONSTRUCTION CO., LTD. effective June 24, 2025.

<Reference> Executive Officers (excluding Executive Officers who also serve as Directors)  
(as of April 1, 2025)

Position in the Company	Name	Responsibility in the Company
Managing Executive Officer	Yoshiaki Tsubakiyama	General Manager of General Affairs Group, Corporate Philosophy
Managing Executive Officer	Daisuke Kanda	Director of High Performance Plastics and Products Group
Senior Executive Officer	Tadashi Ogawa	Chairman Secretary
Senior Executive Officer	Mamiko Yatabe	CCO, Legal Division, Environmental Management Division
Senior Executive Officer	Katsutoshi Fuseya	Director of Production and Procurement Group, General Manager of Production and Procurement Planning Division, Safety Management
Senior Executive Officer	Mikihito Ono	Director of H&S Business Group
Senior Executive Officer	Takahiro Kawakami	Director of High Performance Seals Group
Executive Officer	Atsushi Nobe	Deputy Director of High Performance Plastics and Products Group, President of TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD.
Executive Officer	Masahiro Imai	Deputy Director of H&S Business Group, General Manager of Sales Division
Executive Officer	Sadayuki Kadowaki	General Manager of Finance Group
Executive Officer	Ryota Murakami	Deputy Director of H&S Business Group, President of VALQUA VIETNAM CO., LTD.
Executive Officer	Masaaki Nose	Manager of Corporate Research and Development Institute, Intellectual Property and Quality Assurance
Executive Officer	Naohiko Tsutsumi	General Manager of Corporate Planning Group, Investor Relations and International Business Support
Executive Officer	Kimihiro Murai	Deputy Director of High Performance Seals Group
Executive Officer	Yuko Kishi	General Manager of Human Resources Group, Human Resources Development Center
Executive Officer	Yusuke Kishita	Director of Digital Strategy Group

CEO: Chief Executive Officer  
COO: Chief Operating Officer  
CWO: Chief Well-being Officer  
CFO: Chief Financial Officer  
CDO: Chief Digital Officer  
CCO: Chief Compliance Officer

(2) Summary of details of limited liability agreements

Outside Directors Chikako Sekine, Mikiko Saito, and Hiroya Kutsuzawa as well as outside Auditors Hidenori Takahashi and Iwao Toigawa have entered into agreements with the Company that limit liability for damages under Article 423, Paragraph (1) of the Companies Act in accordance with Article 427, Paragraph (1) of the Companies Act, and the maximum amount of damages under these agreements is the minimum liability amount provided for under laws and regulations.

(3) Summary of directors and officers liability insurance policy

The Company and an insurance company have entered into a directors and officers liability insurance policy under Article 430-3, Paragraph (1) of the Companies Act, appointing as the insured persons Directors, Auditors and Executive Officers (including those who are in the position during the fiscal year ended March 31, 2025) of the Company and its subsidiaries listed in “1. (10) Parent company and major subsidiaries,” and the Company bears the total amount of premium.

The summary of the insurance policy is as follows. Based on it, the insurance company compensates for any damage that may be incurred while the insureds bear liability related to the execution of their duties or receive a claim pursuing such liability, and the policy is renewed every year.



(4) Remuneration, etc. for Directors and Auditors

1) Total amount of remuneration, etc. for the fiscal year ended March 31, 2025

Category	Total amount of remuneration, etc. (millions of yen)	Total amount of remuneration, etc. by type (millions of yen)			Number of applicable officers
		Fixed remuneration	Performance-based remuneration, etc.	Non-monetary remuneration, etc.	
Directors (included outside Directors)	464 (34)	330 (34)	86 (-)	48 (-)	8 (3)
Auditors (included outside Auditors)	38 (20)	38 (20)	-	-	4 (3)
Total (included outside Directors and outside Auditors)	503 (54)	369 (54)	86 (-)	48 (-)	12 (6)

(Notes) 1. The table above includes one Director and one Auditor (including one outside Auditor) who resigned at the end of the 124th Annual General Meeting of Shareholders held on June 20, 2024.

Since the voluntary returns of remuneration between December 2024 and February 2025 (three months) were made after the Company had paid remunerations for Directors, the amounts shown in the table represent remunerations before any voluntary returns.

2. The total amount of remuneration, etc. for Directors does not include the employee salaries for employees who also serve as Director.
3. Performance-based remuneration etc. for Directors should motivate Directors to perform their duties fully. To evaluate company performance comprehensively and adequately, we consider important management indicators related to performance, including operating profit, profit and ROE. The actual results are described in “1 (9) Summary of assets and profit or loss,” “Consolidated Financial Statements,” “Non-consolidated Financial Statements,” etc.
4. Non-monetary remuneration, etc. for Directors is remuneration related to restricted shares, and the amount recorded as expenses for the fiscal year under review is shown. In addition, the conditions, etc. of the allotment are stated in “4. (4) 2) Policy for decisions on the content of remuneration, etc. for officers” and the allotment status of the fiscal year ended March 31, 2025 is listed in “2. (5) Status of the shares granted to the Company’s officers as consideration for the execution of duties during the fiscal year ended March 31, 2025.”
5. At the 118th Annual General Meeting of Shareholders held on June 20, 2018, it was resolved that the amount of remuneration, etc. for Directors will be ¥500 million or less per year (for outside Directors: ¥60 million or less per year). (The employee salaries for employees who also serve as Directors are not included.) There were six Directors (including three outside Directors) at the end of the Annual General Meeting of Shareholders.  
In addition, at the 119th Annual General Meeting of Shareholders held on June 20, 2019, it was resolved that the total number of restricted shares allotted in each fiscal year would be 30,000 shares or less within the maximum amount of remuneration per year stated above as remuneration, etc. related to restricted shares for Directors (excluding outside Directors). There were four Directors (excluding outside Directors) at the end of the Annual General Meeting of Shareholders.
6. At the 118th Annual General Meeting of Shareholders held on June 20, 2018, the amount of remuneration, etc. for Auditors was resolved to be ¥100 million or less per year. There were four Auditors at the end of the Annual General Meeting of Shareholders (which includes three outside Auditors).
7. The Board of Directors entrusts the determination of the concrete amount of fixed remuneration (fixed amount remuneration) and performance-based remuneration (bonus for officers) for each Director to the Representative Director, Chairman and CEO, Toshikazu Takisawa. The reason for the entrustment is that the Company judged that it is adequate to assign the duty to evaluate each Director while taking into account the Company’s overall performance, etc. to the Representative Director, Chairman and CEO.
8. As for individual remuneration, etc. for Directors in the fiscal year ended March 31, 2025, Representative Director, Chairman and CEO, who is entrusted by the Board of Directors, decided the details of fixed remuneration (fixed amount remuneration) and performance-based remuneration (bonus for officers) within the maximum amount of remuneration approved at the Annual General Meeting of Shareholders, based on “4. (4) 2) Policy for decisions on the content of remuneration, etc. for officers.” Non-monetary remuneration (remuneration related to restricted shares) was determined based on the resolution of the Board of Directors meeting. Since individual remuneration, etc. for Directors are decided with the procedure, the Board of Directors assesses that the content is in line with the policy.

2) Policy for decisions on the content of remuneration, etc. for officers

At the Board of Director meeting held on February 24, 2021, the Company resolved the policy for deciding remuneration, etc. for Directors.

The policy for decisions on the content of individual remuneration, etc. for Directors is as follows:

a) Basic policy

The Company considers that the role of the officers is to improve its corporate value based on the group-wide management policy and strategies. We position the remuneration for Directors as an incentive, and offer a level of remuneration which is adequate for the role, responsibilities and performance of Director as the basic policy. To be more specific, it consists of fixed remuneration (remuneration of determined amount), performance-based remuneration (officer's bonus) and non-monetary remuneration (remuneration related to restricted shares). However, to outside Directors, we provide only fixed remuneration (remuneration of determined amount) based on consideration of their duties.

b) Policy for fixed remuneration (fixed amount remuneration) (including the policy for the timing of provision and conditions)

Fixed remuneration (fixed amount remuneration) for Directors shall be monthly remuneration, consisting of monthly basic remuneration and fixed-amount remuneration determined based on whether a Director has representation rights or not, their position (Chairman or President), and whether they are full-time or part-time personnel. (Moreover, when a Director concurrently serves as Executive Officer, the fixed remuneration is determined separately from remuneration for officers.) This is decided based on their position and basic amount for the group considering the years of service, contribution, experience, specialties, etc.

c) Policy for performance-based remuneration (bonus for officers) (including the policy for the timing of provision and conditions)

Performance-based remuneration (bonus for officers) should motivate Directors to perform their duties fully and is provided at fixed times of the year. To be more specific, we consider important business-related management indicators, including operating profit, profit and ROE, to evaluate corporate performance comprehensively and appropriately. As for individual performance-based remuneration (bonus for officers), after calculating a base amount which has the ratio of fixed remuneration (fixed amount remuneration) and performance-based remuneration (bonus for officers) as specified e) below, we shall decide the payment amount to be within the range of 0 to 150% of the base amount based on the performance level and the status of each Director's execution of priority measures, etc. in the fiscal year ended March 31, 2025.

d) Policy for non-monetary remuneration (remuneration related to restricted shares) (including the policy for the timing of provision and conditions)

Non-monetary remuneration for Directors (remuneration related to restricted shares) is designed to have our Directors share the merits and risks of fluctuations in the stock price with shareholders, and improve their motivation to contribute to stock price increases and the improvement of corporate value. We calculate the number of allotted shares having a fixed remuneration (fixed amount remuneration) (for employees who also serve as Directors, the employee salaries shall be included) as a base amount after giving consideration to job position. In accordance with the regulations for the remuneration related to restricted shares, the number of allotted shares shall be determined at the Board of Directors meeting, and provided at fixed times of the year. In addition, when the transfer restriction of a share allotment agreement with restriction on transfer between the Company and Directors has not been lifted until the maturity of transfer restriction period (the period which should 30 years or over and defined by the Board of Directors) or a person who resigned from the post of the Company's Director, employee, etc. or left the Company prior to the first Annual General Meeting of Shareholders after the start of the transfer restriction period, the Company is entitled to receive restricted shares free of charge.

e) Policy for the ratio of remuneration, etc.

The ratio of remuneration for Directors other than outside Directors by type shall be set in a way that functions as a sound incentive for the Company's sustainable growth. To be more specific, the

Company uses the standard ratio of fixed remuneration (fixed amount remuneration), performance-based remuneration (bonus for officers) and non-monetary remuneration (remuneration related to restricted shares) of 7:2:1 as a guide, and determines the actual amount while taking into account the job position and level of remuneration.

f) Matters related to the entrustment of decisions on remuneration, etc.

Among the components of individual remuneration, etc. for Directors, as for fixed remuneration (fixed amount remuneration) and performance-based remuneration (bonus for officers), the Company entrusts the determination of concrete details to the Representative Director and Chairman based on the resolution of the Board of Directors meeting. The scope of such authority is determination of the concrete allotment to each Director, based on the assumption that it should be within the maximum amount of remuneration approved at the Annual General Meeting of Shareholders and comply with the policy stated above and the regulations for remuneration for officers. As for non-monetary remuneration (remuneration related to restricted shares) of individual remuneration, etc. for Directors, the amount shall be determined at the Board of Directors meeting within the maximum amount of remuneration approved at the Annual General Meeting of Shareholders based on the regulations for the remuneration related to restricted shares.

(5) Matters regarding outside Directors and outside Auditors

1) Significant concurrent positions and relationship with the Company of outside Directors and outside Auditors

Outside Director Chikako Sekine concurrently serves as the Representative Director of B-mind Co., Ltd., an outside Director of TAKARA & COMPANY LTD, and an outside Director of TOLI Corporation. The Company has no business relations with B-mind Co., Ltd., TAKARA & COMPANY LTD or TOLI Corporation.

Outside Director Mikiko Saito concurrently serves as the Representative Director and CEO of SMO Inc. The Company has no business relations with SMO Inc.

Outside Auditor Hidenori Takahashi is a Certified Public Accountant (Hidenori Takahashi Certified Public Accountant Office) and an outside Director of PENTA-OCEAN CONSTRUCTION CO., LTD. The Company has no business relations with Hidenori Takahashi Certified Public Accountant Office or PENTA-OCEAN CONSTRUCTION CO., LTD.

Outside Auditor Iwao Toigawa is an attorney at law (Hibiya T&Y Law Office) and serves as outside Director (Audit & Supervisory Committee Member) of NIHON NOHYAKU CO., LTD. The Company has no business relations with Hibiya T&Y Law Office or NIHON NOHYAKU CO., LTD.

2) Major activities in the fiscal year ended March 31, 2025

Category	Name	Summary of activities and duties performed with respect to the role expected of outside Directors
Outside Director	Chikako Sekine	She attended all 15 of Board of Directors meetings, made appropriate remarks required for the deliberation of proposals from the viewpoint of business judgment-related supervision and advice as an expert of management, and served to secure the validity and adequateness of decision-making properly. She also served as a member of the Nomination and Remuneration Advisory Committee and made remarks from an independent and objective standpoint.
Outside Director	Mikiko Saito	She attended all 15 of Board of Directors meetings, made appropriate remarks required for the deliberation of proposals from the viewpoint of business judgment-related supervision and advice as an expert of management, and served to secure the validity and adequateness of decision-making properly. She also served as a member of the Nomination and Remuneration Advisory Committee and made remarks from an independent and objective standpoint.
Outside Director	Hiroya Kutsuzawa	He attended all 15 of Board of Directors meetings, made appropriate remarks required for the deliberation of proposals from the viewpoint of business judgment-related supervision and advice as an expert of management, and served to secure the validity and adequateness of decision-making properly. He also served as a member of the Nomination and Remuneration Advisory Committee and made remarks from an independent and objective standpoint.
Outside Auditor	Hidenori Takahashi	He attended all 15 of Board of Directors meetings and all 16 of Board of Corporate Auditors, and he made appropriate remarks required for the deliberation of proposals primarily from his expert viewpoint as a Certified Public Accountant.
Outside Auditor	Iwao Toigawa	He attended 11 out of the 12 Board of Directors meetings and 11 out of the 12 Board of Corporate Auditors held after he assumed office on June 20, 2024, and he made appropriate remarks required for the deliberation of proposals primarily from his expert viewpoint as an attorney at law.

## 5. Financial Auditor

- (1) Name of Financial Auditor Ernst & Young ShinNihon LLC
- (2) Audit fees, etc. for Financial Auditor for the fiscal year ended March 31, 2025
  - 1) Audit fees for Financial Auditor for the fiscal year ended March 31, 2025: ¥85 million
  - 2) Total amount of cash and other compensation payable by the Company and its subsidiaries: ¥85 million

- (Notes)
- 1. The amount of audit fees for audit services under the Companies Act and audit services under the Financial Instruments and Exchange Act are not clearly segregated in the auditing agreement between the Company and the Financial Auditor. As it is impracticable to segregate them, the audit fee amount for the fiscal year under review indicates the total amount.
  - 2. The Board of Corporate Auditors agreed on the amount of the audit fees for the Financial Auditor etc. after performing the required verification of the details of the Financial Auditor's audit plan and whether or not the Financial Auditor's performance and the basis of calculation for the audit fee estimate were appropriate.
  - 3. Certain consolidated subsidiaries of the Company are audited by Certified Public Accountants (or auditing firms) other than the Company's Financial Auditor.

- (3) Description of non-auditing services

Not applicable.

- (4) Policy for decisions on dismissal and non-reappointment of Financial Auditor

In the event that there is an impediment to the execution of a Financial Auditor's duties and it is deemed necessary to do so, the Board of Corporate Auditors shall decide on the details of a proposal to dismiss or non-reappointment the Financial Auditor to be submitted to the General Meeting of Shareholders. Moreover, if the Board of Corporate Auditors determines that the Financial Auditor is subject to any of the items under Article 340, Paragraph (1) of the Companies Act, the Financial Auditor shall be dismissed based on the consent of all Auditors.

# Consolidated Financial Statements

Consolidated balance sheet (as of March 31, 2025)

(Millions of yen)

Item	Amount
<b>Assets</b>	<b>77,823</b>
<b>Current assets</b>	<b>46,430</b>
Cash and deposits	7,969
Notes receivable - trade	995
Electronically recorded monetary claims - operating	4,142
Accounts receivable - trade	11,346
Contract assets	154
Merchandise and finished goods	6,542
Work in process	1,095
Raw materials and supplies	11,491
Accounts receivable - other	2,000
Other	844
Allowance for doubtful accounts	(154)
<b>Non-current assets</b>	<b>31,393</b>
<b>Property, plant and equipment</b>	<b>22,624</b>
Buildings and structures	7,194
Machinery, equipment and vehicles	2,725
Tools, furniture and fixtures	1,363
Land	4,169
Leased assets	815
Construction in progress	6,356
<b>Intangible assets</b>	<b>1,876</b>
Software	1,273
Other	603
<b>Investments and other assets</b>	<b>6,891</b>
Investment securities	3,949
Deferred tax assets	204
Retirement benefit asset	1,946
Other	826
Allowance for doubtful accounts	(34)
<b>Total assets</b>	<b>77,823</b>

Item	Amount
<b>Liabilities</b>	<b>27,302</b>
<b>Current liabilities</b>	<b>18,569</b>
Notes and accounts payable - trade	5,809
Electronically recorded obligations - operating	901
Short-term borrowings	4,952
Current portion of long-term borrowings	2,000
Lease liabilities	212
Income taxes payable	1,206
Contract liabilities	251
Provision for bonuses	699
Provision for bonuses for directors (and other officers)	86
Other	2,448
<b>Non-current liabilities</b>	<b>8,732</b>
Long-term borrowings	6,662
Lease liabilities	679
Deferred tax liabilities	659
Retirement benefit liability	373
Other	356
<b>Net assets</b>	<b>50,521</b>
<b>Shareholders' equity</b>	<b>46,256</b>
Share capital	13,957
Capital surplus	4,756
Retained earnings	29,446
Treasury shares	(1,904)
<b>Accumulated other comprehensive income</b>	<b>4,230</b>
Valuation difference on available-for-sale securities	1,307
Foreign currency translation adjustment	2,721
Remeasurements of defined benefit plans	201
<b>Non-controlling interests</b>	<b>34</b>
<b>Total liabilities and net assets</b>	<b>77,823</b>

Consolidated statement of income (from April 1, 2024 to March 31, 2025)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		<b>60,113</b>
<b>Cost of sales</b>		<b>36,269</b>
<b>Gross profit</b>		<b>23,843</b>
<b>Selling, general and administrative expenses</b>		<b>18,174</b>
<b>Operating profit</b>		<b>5,669</b>
<b>Non-operating income</b>		
Interest and dividend income	100	
Rental income from facilities	288	
Share of profit of entities accounted for using equity method	138	
Foreign exchange gains	200	
Other	184	912
<b>Non-operating expenses</b>		
Interest expenses	214	
Loss on sale of notes receivable - trade	32	
Rental expenses on facilities	240	
Other	94	582
<b>Ordinary profit</b>		<b>5,999</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	7	
Gain on sale of investment securities	406	
Gain on sale of shares of subsidiaries and associates	507	
Gain on sales of investments in capital of subsidiaries and associates	179	1,100
<b>Extraordinary losses</b>		
Loss on abandonment of non-current assets	72	
Impairment losses	141	
Compensation expenses for health damage caused by asbestos	42	
Business restructuring expenses	527	
Special survey costs, etc.	109	893
<b>Profit before income taxes</b>		<b>6,207</b>
Income taxes - current	2,045	
Income taxes - deferred	(561)	1,484
<b>Profit</b>		<b>4,722</b>
Profit attributable to non-controlling interests		46
<b>Profit attributable to owners of parent</b>		<b>4,676</b>



## Non-consolidated Financial Statements

Non-consolidated balance sheet (as of March 31, 2025)

(Millions of yen)

Item	Amount
<b>Assets</b>	<b>55,916</b>
<b>Current assets</b>	<b>32,742</b>
Cash and deposits	4,755
Notes receivable - trade	775
Electronically recorded monetary claims - operating	3,643
Accounts receivable - trade	7,405
Merchandise	3,492
Raw materials	8,858
Supplies	3
Prepaid expenses	391
Short-term loans receivable	1,869
Accounts receivable - other	1,492
Other	55
Allowance for doubtful accounts	(1)
<b>Non-current assets</b>	<b>23,173</b>
<b>Property, plant and equipment</b>	<b>6,271</b>
Buildings	1,689
Structures	51
Machinery and equipment	268
Vehicles	0
Tools, furniture and fixtures	731
Land	3,363
Leased assets	13
Construction in progress	155
<b>Intangible assets</b>	<b>1,109</b>
Software	1,094
Telephone subscription right	14
<b>Investments and other assets</b>	<b>15,792</b>
Investment securities	3,567
Shares of subsidiaries and associates	3,093
Investments in capital of subsidiaries and associates	2,262
Long-term loans receivable	5,263
Leasehold and guarantee deposits	449
Prepaid pension costs	1,542
Other	149
Allowance for doubtful accounts	(536)
<b>Total assets</b>	<b>55,916</b>

Item	Amount
<b>Liabilities</b>	<b>21,898</b>
<b>Current liabilities</b>	<b>17,180</b>
Electronically recorded obligations - operating	837
Accounts payable - trade	5,357
Short-term borrowings	3,153
Current portion of long-term borrowings	1,613
Lease liabilities	3
Accounts payable - other	727
Income taxes payable	302
Accrued consumption taxes	44
Accrued expenses	80
Deposits received	4,189
Provision for bonuses	328
Provision for bonuses for directors (and other officers)	86
Other	456
<b>Non-current liabilities</b>	<b>4,718</b>
Long-term borrowings	4,370
Lease liabilities	11
Deferred tax liabilities	89
Asset retirement obligations	140
Other	107
<b>Net assets</b>	<b>34,017</b>
<b>Shareholders' equity</b>	<b>32,721</b>
<b>Share capital</b>	<b>13,957</b>
<b>Capital surplus</b>	<b>4,421</b>
Legal capital surplus	4,197
Other capital surplus	223
<b>Retained earnings</b>	<b>16,237</b>
Other retained earnings	16,237
Retained earnings brought forward	16,237
<b>Treasury shares</b>	<b>(1,895)</b>
<b>Valuation and translation adjustments</b>	<b>1,296</b>
Valuation difference on available-for-sale securities	1,296
<b>Total liabilities and net assets</b>	<b>55,916</b>

Non-consolidated statement of income (from April 1, 2024 to March 31, 2025)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		<b>39,753</b>
<b>Cost of sales</b>		<b>26,942</b>
<b>Gross profit</b>		<b>12,811</b>
<b>Selling, general and administrative expenses</b>		<b>12,951</b>
<b>Operating loss</b>		<b>140</b>
<b>Non-operating income</b>		
Interest and dividend income	5,301	
Other	669	5,970
<b>Non-operating expenses</b>		
Interest expenses	266	
Other	724	991
<b>Ordinary profit</b>		<b>4,838</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	4	
Gain on sale of investment securities	406	
Gain on sales of investments in capital of subsidiaries and associates	602	1,013
<b>Extraordinary losses</b>		
Loss on abandonment of non-current assets	45	
Impairment losses	3	
Loss on sale of shares of subsidiaries and associates	688	
Compensation expenses for health damage caused by asbestos	42	
Special survey costs, etc.	109	890
<b>Profit before income taxes</b>		<b>4,962</b>
Income taxes - current	367	
Income taxes - deferred	(562)	(194)
<b>Profit</b>		<b>5,156</b>

# Audit Reports

## Audit Report on the Consolidated Financial Statements

### Translation

### Independent Auditor's Report

May 13, 2025

The Board of Directors VALQUA, LTD.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Naoki Kuramochi  
Designated Engagement Partner  
Certified Public Accountant

Kosuke Kawabata  
Designated Engagement Partner  
Certified Public Accountant

### Opinion

Pursuant to Article 444, Paragraph (4) of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of VALQUA, LTD. and its consolidated subsidiaries (the "Group") applicable to the fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2025, in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The other information comprises the information included in the Company's Business Report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the execution of duties by the Directors pertaining to the establishment and operation of the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

We have nothing to report with respect to the other information.

### **Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the execution of duties by the Directors pertaining to the establishment and operation of the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit.

- We also: Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, for which the selection and application of audit procedures is at the discretion of the auditor, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Plan and conduct an audit the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, providing the basis for expressing an opinion on the consolidated financial statements. We are responsible for the direction, supervision and examination of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, any countermeasures taken to eliminate obstacles or safeguards put in place to reduce obstacles to acceptable levels.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

**Note to Readers of Independent Auditor's Report**

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the convenience of readers.

## Audit Report on the Non-consolidated Financial Statements

### Translation

### Independent Auditor's Report

May 13, 2025

The Board of Directors VALQUA, LTD.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Naoki Kuramochi  
Designated Engagement Partner  
Certified Public Accountant

Kosuke Kawabata  
Designated Engagement Partner  
Certified Public Accountant

#### Opinion

Pursuant to Article 436, Paragraph (2), Item (i) of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, notes to the non-consolidated financial statements, and their supplementary schedules (hereinafter referred to as “non-consolidated financial statements”) of VALQUA, LTD. (the “Company”) applicable to the fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2025, in accordance with accounting principles generally accepted in Japan.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The other information comprises the information included in the Company's Business Report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the execution of duties by the Directors pertaining to the establishment and operation of the Company's reporting process of the other information.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

We have nothing to report with respect to the other information.

### **Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Non-Consolidated Financial Statements**

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

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the execution of duties by the Directors pertaining to the establishment and operation of the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit.

- We also: Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, for which the selection and application of audit procedures is at the discretion of the auditor, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, any countermeasures taken to eliminate obstacles or safeguards put in place to reduce obstacles to acceptable levels.



**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

**Note to Readers of Independent Auditor's Report**

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the convenience of readers.

## Audit Report of Board of Corporate Auditors

### Audit Report

Regarding the performance of duties by the Directors for the 125th fiscal year from April 1, 2024 to March 31, 2025, the Board of Corporate Auditors has prepared this Audit Report upon deliberation based on the audit reports prepared by each Auditor and hereby reports as follows:

1. Auditing Methods Employed by the Auditors and the Board of Corporate Auditors and Details of Such Audit
  - (1) We established auditing policies, allocation of duties and other relevant matters, and received reports from each Auditor regarding their execution of audits and results thereof, as well as reports from the Directors, other relevant personnel, and the Financial Auditor regarding performance of their duties, and sought explanations as necessary.
  - (2) Each Auditor complied with the auditing standards of Auditors established by the Board of Corporate Auditors, followed the auditing policies, allocation of duties, and other relevant matters, communicated with Directors, Internal Audit Division and other employees, made efforts to establish the environment for collecting information and auditing, and conducted the audit by the following methods.
    - 1) Each Auditor participated in the meetings of the Board of Directors and other important meetings, received reports from Directors, employees and others regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial position at the headquarters and principal offices. With respect to subsidiaries, we communicated and exchanged information with Directors and Auditors of subsidiaries, and received business reports from subsidiaries as necessary.
    - 2) We periodically received reports from Directors, employees and others, requested explanations as necessary, and expressed opinions, regarding the resolution of the Board of Directors on the establishment of following systems (Internal Control System) and the status of operation of the organized system based on such resolution, both of which are described in the Business Report; i) the system for ensuring that the performance of duties by the Directors conforms to the applicable laws and regulations and Articles of Incorporation, and ii) the system stipulated in Article 100, Paragraphs (1) and (3) of the Regulation for Enforcement of the Companies Act, which are necessary for ensuring the appropriateness of operations within the business group composed of the Company and its subsidiaries.

As for internal controls over financial reporting, reports made by Directors, etc. and Ernst & Young ShinNihon LLC about the status of assessment and audit of said internal controls were provided to Auditors, who asked for explanations as necessary.

Regarding the misconduct involving former Executive Officer and employee of the Company, we received explanations from the Directors and the Special Investigation Committee—established by the Directors, mainly consisting of external experts and independent outside officers—stating that they had investigated the root cause, formulated measures to prevent recurrence, and were working to ensure the proper implementation of internal control systems. We verified these explanations through Q&A sessions and by reviewing relevant evidence. We also confirmed the Board's oversight of this matter.

- 3) We monitored and verified whether the Financial Auditor maintained their independence and implemented appropriate audits, and we received reports from the Financial Auditor regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the Financial Auditor that “System for ensuring that duties are performed appropriately” (matters set forth in each item of Article 131 of the Regulation on Corporate Accounting) is organized in accordance with the “Quality Control Standard for Audit” (Business Accounting Council) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and its supplementary schedules, the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, and notes to the non-consolidated financial statements) and their supplementary schedules as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements) applicable to the fiscal year.

## 2. Audit Results

### (1) Results of Audit of Business Report, etc.

- 1) The Board of Corporate Auditors confirms that the Business Report and its supplementary schedules conformed to the applicable laws and regulations, and the Articles of Incorporation, and that they accurately present the situation of the Company.
- 2) With respect to the performance of duties by Directors, the Board of Corporate Auditors found no improper acts or important violation of applicable laws and regulations or the Articles of Incorporation.
- 3) We confirm that the content of the resolution of the Board of Directors regarding the Internal Control System is proper. In addition, we have found no matters on which to remark in regard to the description of the Business Report and the execution of duties by the Directors regarding the Internal Control System, including internal controls over financial reporting.

Regarding the implementation of the recurrence prevention measures related to the misconduct, we will continue to monitor and verify the progress going forward.

### (2) Results of Audit of the Non-consolidated Financial Statements and their Supplementary Schedules

The Board of Corporate Auditors confirms that the methods used and results achieved by the Financial Auditor, Ernst & Young ShinNihon LLC, are fair and adequate.

### (3) Results of Audit of the Consolidated Financial Statements

The Board of Corporate Auditors confirms that the methods used and results achieved by the Financial Auditor, Ernst & Young ShinNihon LLC, are fair and adequate.

May 13, 2025

Board of Corporate Auditors of VALQUA, LTD.

Standing Auditor	Akio Ko	(Seal)
------------------	---------	--------

Outside Auditor	Hidenori Takahashi	(Seal)
-----------------	--------------------	--------

Outside Auditor	Iwao Toigawa	(Seal)
-----------------	--------------	--------

## Reference Documents for General Meeting of Shareholders

### Proposals and Reference Information

#### Proposal No. 1      Appropriation of Surplus

The Company has given consideration to matters including the business performance of the fiscal year and future business development, and it proposes to pay year-end dividends as follows.

- (1) Type of dividend property

To be paid in cash.

- (2) Allotment of dividend property to shareholders and their aggregate amount

¥75 per common share of the Company

Total: ¥1,320,150,975

(Note) As the Company has already paid an interim dividend of ¥75 per share, the annual dividend for the fiscal year will be ¥150 per share.

- (3) Effective date of dividends of surplus

June 26, 2025

## Proposal No. 2 Election of Six Directors

The terms of office of the current seven Directors will expire at the conclusion of this Annual General Meeting of Shareholders.

Accordingly, for agile swift decision-making by the Board of Directors, the Company proposes reduction of one Director and election of six Directors.

The candidates for Director are as follows:

Candidate No.	Name	Current position and responsibilities in the Company	Attendance of Board of Directors meetings
1	Toshikazu Takisawa <span>Reelection</span>	Representative Director, Chairman and CEO	15/15 times (100%)
2	Toshiharu Takisawa <span>Reelection</span>	Representative Director, President, COO and CWO	12/12 times (100%)
3	Gota Nakazawa <span>Reelection</span>	Director, Vice President, CFO and CDO	15/15 times (100%)
4	Manabu Narita <span>New election</span> <span>Outside</span> <span>Independent</span>	—	—
5	Mikiko Saito <span>Reelection</span> <span>Outside</span> <span>Independent</span>	Outside Director	15/15 times (100%)
6	Hiroya Kutsuzawa <span>Reelection</span> <span>Outside</span> <span>Independent</span>	Outside Director	15/15 times (100%)

(Note) Attendance of Toshiharu Takisawa at Board of Directors meetings is recorded after he assumed office on June 20, 2024.

Candidate No.	Name (Date of birth)	Career summary, position, responsibilities in the Company, and significant concurrent positions outside the Company		Number of the Company's common shares owned
1	Toshikazu Takisawa (October 24, 1960)	Apr. 1984	Joined Taisei Corporation	398,768
	Tenure as Director: 30 years	Apr. 1987	Joined the Company	
		Apr. 1991	Seconded to ITOCHU Corporation	
Reelection	Number of Board of Directors meetings attended: 15/15 times (100%)	June 1995	Director of the Company	
		June 1996	Managing Director	
		Oct. 1996	Representative Director and Vice President	
		Nov. 1996	Representative Director and President	
		June 2003	Representative Director, President and CEO	
		June 2019	Representative Director, Chairman and CEO (current position)	
Reasons for nomination as candidate for Director				
The Company proposes the election of Toshikazu Takisawa as Director based on his excellent management skills demonstrated as the Company's Representative Director, Chairman and CEO, and the determination that he can keep providing appropriate supervision of our overall business as Director and contribute to the sustainable improvement of corporate value.				
2	Toshiharu Takisawa (January 29, 1988)	Jan. 2014	Joined the Company	38,660
	Tenure as Director: 1 year	Apr. 2014	Seconded to MITSUI & CO., LTD.	
		Jan. 2019	Deputy Director of Overseas Business Group of the Company	
Reelection	Number of Board of Directors meetings attended: 12/12 times (100%)	Apr. 2019	Executive Officer and Deputy Director of Overseas Business Group, Head of China Business	
		Apr. 2020	Senior Executive Officer and Director of High Performance Plastics Group	
		Apr. 2022	Senior Executive Officer and Director of H&S Sales Group	
		Apr. 2023	Managing Executive Officer and Director of H&S Business Group	
		Apr. 2024	Managing Executive Officer and Responsible for Special Projects	
		June 2024	Representative Director, President, COO and CWO (current position)	
Reasons for nomination as candidate for Director				
The Company proposes the election of Toshiharu Takisawa as Director based on his excellent management skills, which have been demonstrated as the Company's Representative Director, President and COO, drawing on his experience of making every effort toward structural reform and strengthening of the system as manager of the Company's business segments, achieving steady results, and the determination that such experience and practical skills can continue to contribute to the sustainable improvement of the Company's corporate value in response to future business deployment and the changing business environment.				

Candidate No.	Name (Date of birth)	Career summary, position, responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's common shares owned
<div>Reelection</div> <div>3</div>	<div>Gota Nakazawa (August 11, 1980)</div> <div>Tenure as Director: 4 years</div> <div>Number of Board of Directors meetings attended: 15/15 times (100%)</div>	<div>Apr. 2004      Joined Ministry of Finance</div> <div>July 2011      Deputy Senior Director of Office for Preparing Annual Meetings of IMF/WBG, Secretarial Division, Minister's Secretariat</div> <div>Dec. 2012      Joined Dream Incubator Inc.</div> <div>Apr. 2015      Executive Secretary to the Minister of Economy, Trade and Industry</div> <div>Dec. 2016      Chief Strategy Officer of TORANOTEC Ltd.</div> <div>Mar. 2021      Director of TORANOTEC Ltd. (current position)</div> <div>June 2021      Director, Managing Executive Officer and CDO of the Company</div> <div>Apr. 2023      Director, Vice President, CDO and Silicon Wafer Reclaiming Business</div> <div>Oct. 2024      Director, Vice President, CDO, Director of Digital Strategy Group and Silicon Wafer Reclaiming Business</div> <div>Apr. 2025      <b>Director, Vice President, CFO and CDO (current position)</b></div>	10,100
<b>Reasons for nomination as candidate for Director</b>  The Company proposes the election of Gota Nakazawa as Director based on his deep insight into financial and industrial policies, etc. acquired through his experience at the Ministry of Finance, etc., his remarkable capabilities for the creation of new business, etc. accumulated through his experience at a consulting company and an investment advisory company, and the determination that he can keep contributing to the sustainable improvement of corporate value as Director.			

Candidate No.	Name (Date of birth)	Career summary, position, responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's common shares owned
<div>New election</div> <div>Outside</div> <div>Independent</div> <div>4</div>	Manabu Narita (March 29, 1959)	<div>Apr. 1981      Joined The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)</div> <div>Apr. 2008      Executive Officer</div> <div>Apr. 2011      Managing Executive Officer and General Manager of Planning Department, Corporate Banking Unit &amp; Middle Market Banking Unit</div> <div>June 2013      Director of Sumitomo Mitsui Financial Group, Inc. (retired in March 2014)</div> <div>Apr. 2014      Director and Senior Managing Executive Officer of Sumitomo Mitsui Banking Corporation</div> <div>Apr. 2017      Director and Deputy President (retired in April 2019)</div> <div>June 2017      Deputy President and Corporate Executive Officer of Sumitomo Mitsui Financial Group, Inc. (retired in April 2019)</div> <div>Apr. 2019      Deputy Chairman of Sumitomo Mitsui Banking Corporation (retired in April 2022) Deputy Chairman of Sumitomo Mitsui Financial Group, Inc. (retired in April 2022)</div> <div>June 2022      President of GINSEN CO., LTD. (current position)</div>	—
<b>Reasons for nomination as candidate for outside Director and expected role</b>  The Company proposes the election of Manabu Narita as outside Director based on his abundant business experience of corporate management gained at a major financial institution, as well as his deep insight into finance and monetary affairs, and the determination that he can provide appropriate advice for our overall management.			



Candidate No.	Name (Date of birth)	Career summary, position, responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's common shares owned
<div> <div>Reelection</div> <div>Outside</div> <div>Independent</div> </div> <div>5</div>	Mikiko Saito (August 10, 1975)  Tenure as Outside Director: 4 years  Number of Board of Directors meetings attended: 15/15 times (100%)	Apr. 1998      Joined DENTSU INC. Mar. 2005      Representative Director and CEO of Saito & Co. (currently SMO Inc.) (current position)  <b>June 2021      Outside Director of the Company (current  position)</b>	4,200
<b>Reasons for nomination as candidate for outside Director and expected role</b>  The Company proposes the election of Mikiko Saito as outside Director based on her abundant business experience acquired serving as CEO of a brand consulting company, and the determination that she can keep providing appropriate advice for our overall management from multilateral viewpoints.			

Candidate No.	Name (Date of birth)	Career summary, position, responsibilities in the Company, and significant concurrent positions outside the Company		Number of the Company's common shares owned
<div>Reelection</div> <div>Outside</div> <div>Independent</div> 6	Hiroya Kutsuzawa (January 27, 1959)  Tenure as Outside Director: 2 years  Number of Board of Directors meetings attended: 15/15 times (100%)	Jan. 2000 June 2007 July 2014 June 2017 Jan. 2018 June 2018 Apr. 2019 June 2020 June 2022 <b>June 2023</b>	Joined TOMY Company, Ltd. Representative Director & President of TINKERBELL Inc. Executive Officer, Head of Corporate Planning Division and General Manager of Affiliate Company Control Division of TOMY Company, Ltd. Senior Managing Officer and Head of Corporate Administrations Senior Managing Officer & CFO Board Director, Senior Executive Officer & CFO Board Director, Executive Managing Officer & CFO Senior Managing Director & CFO Special Management Advisor <b>Outside Director of the Company (current position)</b>	1,000
<b>Reasons for nomination as candidate for outside Director and expected role</b>  The Company proposes the election of Hiroya Kutsuzawa as outside Director based on his abundant business experience acquired serving as Senior Managing Director & CFO of a major toy manufacturer, as well as his deep insight into finance and personnel and labor affairs, and the determination that he can keep providing appropriate advice for our overall management utilizing his insight.				

- (Notes)
- There are no special interests between each Director candidate and the Company.
  - Manabu Narita, Mikiko Saito, and Hiroya Kutsuzawa are candidates for outside Director. The reasons for nominating each candidate for outside Director and expected roles, and reasons for determining that they are capable of appropriately fulfilling their duties are described under “Reasons for nomination as candidate for outside Director and expected role” above.
  - The Company has submitted notification to the Tokyo Stock Exchange that Mikiko Saito and Hiroya Kutsuzawa have been designated as independent officers as provided for by the aforementioned exchange. If the reelection of both candidates is approved, they will remain independent officers. Manabu Narita also meets the requirements for independent officers set by the Tokyo Stock Exchange. If his election is approved, the Company plans to submit notification to the Tokyo Stock Exchange. He also serves as President of GINSEN CO., LTD., which does business with the Company. However, the volume of transactions is minimal. He previously served as an executive at Sumitomo Mitsui Banking Corporation, one of the Company's main lenders. However, more than three years have passed since he last held an executive role there; therefore, we judge that his independence is not affected.
  - The Company has entered into limited liability agreements with outside Director candidates Mikiko Saito and Hiroya Kutsuzawa. The maximum amount of liability for damages under the relevant agreements is the minimum liability amount provided for under laws and regulations. If their reelection is approved, the Company plans to continue the relevant agreements. If the election of Manabu Narita, a candidate for outside Director, is approved, the Company plans to enter into a similar agreement with him.
  - The Company and an insurance company have entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph (1) of the Companies Act, and a summary of the policy is described in “4. (3) Summary of directors and officers liability insurance policy.” Each candidate for Director is included in the insured persons of the insurance policy once the election is approved. The Company plans to maintain the insurance policy at the next time of renewal.
  - A candidate for outside Director, Mikiko Saito, is scheduled to assume the office of outside Director at HIDAY HIDAKA Corp. effective May 27, 2025. She is scheduled to assume the office of outside Director at THE TOWA BANK, LTD. effective June 26, 2025.

### **Proposal No. 3      Election of One Substitute Auditor**

At the 124th Annual General Meeting of Shareholders held on June 20, 2024, Satoshi Ueki was appointed as a substitute Auditor. However, He notified the Company of his intention to resign from this position at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of one substitute Auditor in preparation for a case where it falls short of the number of Auditors provided for under laws and regulations.

The Company proposes the election of Naohiko Tsutsumi, a substitute Auditor candidate, as a substitute for an Auditor who is not an outside Auditor. The Proposal has been approved by the Board of Corporate Auditors.

The candidate for substitute Auditor is as follows:

Name	Current position in the Company	Attendance
Naohiko Tsutsumi	Executive Officer General Manager of Corporate Planning Group, Investor Relations Division, International Business Support Center	—

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's common shares owned
Naohiko Tsutsumi (October 22, 1972)	Apr. 1995      Joined The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation) Apr. 2014      Sales Promotion Group Manager of Shinjuku West Exit Corporate Business No. 1 Office Oct. 2020      Deputy General Manager of Ikebukuro Corporate Business No. 2 Office Apr. 2022      General Manager of Nagano Corporate Business Office Apr. 2024      Deputy General Manager of Corporate Planning Group <b>Apr. 2025      Executive Officer and General Manager of Corporate Planning Group, Investor Relations Division, International Business Support Center (current position)</b>	—
<b>Reasons for nomination as candidate for substitute Auditor</b> The Company proposes the election of Naohiko Tsutsumi as substitute Auditor based on his many years of experience in a financial institution, abundant experience and deep insight regarding finance and accounting, skills currently demonstrated as General Manager of Corporate Planning Group, and the determination that he can provide appropriate advice and supervision.		

- (Notes)
1. There are no special interests between substitute Auditor candidate and the Company.
  2. The Company and an insurance company have entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph (1) of the Companies Act, and a summary of the policy is described in “4. (3) Summary of directors and officers liability insurance policy.” If Naohiko Tsutsumi assumes office as Auditor, he will be included in the insured persons of the insurance policy. The Company plans to maintain the insurance policy at the next time of renewal.

(Reference)

The Company's Directors and Auditors shall be composed of persons with a high level of expertise and experience in various fields related to corporate management.

The expertise and experience of each Director and Auditor if Proposal No. 2 is approved as originally proposed will be as follows.

Name			Corporate Management, Management Strategy	Finance, Accounting	Legal, Risk Management	ESG	Manufacturing	Sales, Marketing	HR, HR Development	Global	Technology
Director	Toshikazu Takisawa		●	●	●	●	●	●	●		●
	Toshiharu Takisawa		●	●		●		●		●	
	Gota Nakazawa		●	●		●					●
	Manabu Narita	Outside	●	●	●	●		●			
	Mikiko Saito	Outside	●		●	●		●	●		
	Hiroya Kutsuzawa	Outside	●	●		●			●	●	●
Auditor	Akio Ko			●	●						
	Hidenori Takahashi	Outside	●	●	●	●					
	Iwao Toigawa	Outside			●				●		

\*The above table does not show all the expertise and experience possessed by each individual.