To Shareholders

We would like to express our appreciation for your ongoing support of our business activities.

Through the initiatives in the new medium-term management plan, “DK-One Next,” the Group aims to create a business foundation of a 100-year company that will allow us to get over major changes in the business environment and to become an organization continuing to grow far into the future. The current fiscal year, two years since the launch of DK-One Next, has seen a combination of areas where progress was confirmed as planned, and areas where issues were identified and require additional responses.

Firstly, the significant growth in sales for semiconductors and healthcare, which are positioned as strategic areas, was a major development in building an earnings base that is not dependent on specific industries. In addition, at our R&D center, which began operations in autumn last year, we are moving forward with the introduction of state-of-the-art evaluation analysis equipment and laboratory equipment in order to develop new functions for zirconium. By expanding these technological bases, we are accelerating the development of new products and new applications.

Meanwhile, although we launched operations at a new factory at our subsidiary in Vietnam last summer, the start of full operations has been pushed back significantly due to the discovery of equipment issues. Since this business is essential for us to become a 100-year company, the entire Company will work together to get operations up and running as soon as possible. On the other hand, the fact that PBR remains below 1.0x is also an issue. In addition to steadily promoting the six pillars in DK-One Next, we will also pursue a balance between investments that contribute to growth and proactive returns to shareholders in efforts to enhance our corporate value.

We appreciate the continued understanding and support of our shareholders.

Hiroshi Kokubu
Representative Director, Member of the Board;
President, Executive Officer

Management Philosophy

To pursue a continuous supply of valuable products for society, we need to utilize the hands of individuals who live a fulfilling life. In order to live a fulfilling life, we need to create a rewarding workplace – a place where we spend a significant part of our lives.

Note: This document has been translated from a part of 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. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Security Code 4082)
June 3, 2024
(Date of commencement of measures for electronic provision: May 28, 2024)

To Shareholders with Voting Rights:

Hiroshi Kokubu
Representative Director, Member of the Board; President, Executive Officer
DAIICHI KIGENSO KAGAKU KOGYO CO., LTD.
4-4-9, Kitahama, Chuo-ku, Osaka

NOTICE OF THE 68TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

Please be informed that the 68th Annual General Meeting of Shareholders of Daiichi Kigenso Kagaku Kogyo Co., Ltd. (the "Company") will be held as described below.

In convening this General Meeting of Shareholders, measures for electronic provision have been taken and, matters to be provided electronically are posted as materials for the General Meeting of Shareholders (excluding Voting Rights Exercise Form) on the Company's website on the Internet indicated below.

• The Company's website:
https://www.dkkk.co.jp/english/ir/library/

In addition to the above, the information is also posted on the website on the Internet indicated below. Please access the website indicated below, enter "Daiichi Kigenso Kagaku Kogyo" in the "Issue name (company name)" field or the Company's securities code "4082" in the "Code" field and click "Search," select "Basic information," then "Documents for public inspection/PR information," and read the information.

•Tokyo Stock Exchange website (TSE Listed Company Search):
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

Instead of attending the meeting, you can exercise your voting rights in writing or via electromagnetic means (such as the Internet). Please review the Reference Documents for the General Meeting of Shareholders included in the matters to be provided electronically, and exercise your voting rights by following the Guide to Exercising Voting Rights on page 4 of the Notice by 5:30 p.m. on Tuesday, June 18, 2024, Japan time.

1. **Date and Time:** Wednesday, June 19, 2024 at 10:00 a.m. Japan time (reception starts at 9:30 a.m.)

2. **Place:** 1-20 Oyodo-Naka 1-Chome, Kita-ku, Osaka
The Westin Osaka (banquet room Karin on the 4th floor)
(Please refer to the "Access to the Venue of General Meeting of Shareholders" attached at the end of this document.)

3. **Meeting Agenda:**

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company's 68th Fiscal Year (April 1, 2023 - March 31, 2024) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the Company's 68th Fiscal Year (April 1, 2023 - March 31, 2024)

Proposals to be resolved:

Proposal 1: Election of Six Directors

Proposal 2: Election of One Substitute Audit & Supervisory Board Member

◎Should matters to be provided electronically require revisions, the revised versions will be posted on the websites indicated above.

◎Pursuant to the provisions of applicable laws and regulations and Article 13 of the Articles of Incorporation of the Company, documents sent to shareholders who have requested the paper copy do not include the matters listed below. Therefore, the said documents are part of the documents that were audited by Audit & Supervisory Board Members and the Accounting Auditor to prepare the respective audit reports.
Share Acquisition Rights, etc., Accounting Auditor, Basic Policies on Establishment of Internal Control Systems and Their Implementation Status, Consolidated Statement of Changes in Equity, Notes to the Consolidated Financial Statements, Non-Consolidated Statement of Changes in Equity, Notes to the Non-Consolidated Financial Statements, the Independent Auditor's Report, and the Audit & Supervisory Board's Audit Report

◎Courtesy gifts and food and beverages for attending shareholders will not be provided. We ask for your kind understanding.

Guide for Shareholders Who Wish to Ask Questions

The Company will accept questions in advance through one of the following methods.
Of the questions received, those that we believe will be of great interest to shareholders will be discussed at the General Meeting of Shareholders.

Please access the dedicated question website from the URL or QR Code, and fill in the "Inquiry Form."
URL: https://q.srdb.jp/4082/
QR Code:

Period for Pre-questions: **Tuesday, May 28, 2024 to Monday, June 10, 2024, by 5:30 p.m. (Japan time)**

*Please note that we will not respond to individual inquiries received in advance.
*Questions that could not be addressed at the General Meeting of Shareholders will be used for future reference.
*Any costs arising from accessing the question website (Internet connection fees, telecommunication fees, etc.) shall be the responsibility of shareholders.

Guide to Exercising Voting Rights

Exercising voting rights via the Internet
Deadline for exercising voting rights: 5:30 p.m. on Tuesday, June 18, 2024 (Japan time)
Please access the Voting Right Exercise Website designated by the Company and indicate your vote for or against the proposals.
Please refer to "Guide to Exercising Voting Rights via the Internet" in the Japanese version of this document.

Exercising voting rights in writing
Deadline for exercising voting rights: 5:30 p.m. on Tuesday, June 18, 2024 (Japan time)
Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and send the Form back so that it will be received by the deadline for exercising voting rights. If your vote for or against a proposal is not indicated on the Voting Rights Exercise Form, it will be treated as if you voted for that proposal.

Exercising voting rights by attending the Meeting in person
Date and time: Wednesday, June 19, 2024 at 10:00 a.m. (Japan time)
Please submit the enclosed Voting Rights Exercise Form at the reception desk.
(Reception will be opened at 9:30 a.m.)
Please be advised that persons other than shareholders (e.g., a proxy who is not a shareholder, a non-shareholder accompanying a shareholder) are not allowed to attend the General Meeting of Shareholders.

* For multiple exercises of voting rights:
(1) If voting rights are exercised both via the Internet and in writing, only the exercise via the Internet shall be treated as valid.
(2) If voting rights are exercised multiple times via the Internet, the last exercise will be treated as valid. If voting rights are exercised more than once on your computer, smartphone, etc., the last exercise will be treated as valid.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of Six Directors

The terms of office of all of the six Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of six Directors is proposed.

If the candidates for Director in this proposal are elected as proposed, there will be six Directors, three of whom will be Outside Directors and one of whom will be a woman.

The candidates are as follows:

No.	Name		Current positions, responsibilities and significant concurrent positions
1	Hiroshi Kokubu	Reappointment	Representative Director, Member of the Board; President, Executive Officer
2	Kimio Ouchi	Reappointment	Director, Member of the Board; Managing Executive Officer General Manager, Administration Unit
3	Masayuki Itahashi	New appointment	Senior Executive Officer General Manager, Strategy Unit
4	Toshiyuki Umehara	Reappointment Outside Independent	Outside Director, Member of the Board Independent Officer Outside Director, Fuji Oil Holdings Inc. Outside Director, ShinMaywa Industries, Ltd. Representative Director, JCCL, Inc.
5	Junichi Tanaka	Reappointment Outside Independent	Outside Director, Member of the Board Independent Officer
6	Naomi Tobita	Reappointment Outside Independent	Outside Director, Member of the Board Independent Officer Outside Director, T.D.I. CO., LTD.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	
1	Hiroshi Kokubu Reappointment Date of birth: February 26, 1972 Term of office as Director: 11 years (at close of this meeting) Attendance at Board of Directors meetings: 13/13 (100%) Number of shares of the Company held: 98,208	Apr. 1995 Oct. 2004 Jun. 2009 Mar. 2011 Jun. 2013 Jul. 2014 Jul. 2014 Apr. 2016 Apr. 2016 Dec. 2017 Apr. 2019 Apr. 2020 Jun. 2020 Apr. 2022 Jun. 2022	Joined the Sanwa Bank, Ltd. (currently the MUFG Bank, Ltd.) Joined the Company Branch Manager (Tokyo Sales Office), Sales and Marketing Division General Manager, Procurement Division Director, Member of the Board; General Manager, Procurement Division Vice President, Shandong Guangyin DKK New Materials Co., Ltd. Vice President, Shandong Guangyin DKK Environment Technology Co., Ltd. Director, I.D.U. Co., Ltd. Director, Member of the Board; General Manager, Sales and Marketing Division and Responsible for Procurement Division, the Company President, DKK (Shanghai) Materials Trading Co., Ltd. Director, Member of the Board; General Manager, Operational Unit, the Company Managing Director, Member of the Board; General Manager, Operational Unit Director, Member of the Board; Managing Executive Officer, General Manager, Operational Unit Director, Member of the Board; Managing Executive Officer Representative Director, Member of the Board; President, Executive Officer (current position)
	[Reason for nomination as candidate for Director] Hiroshi Kokubu was elected as Director in June 2013 and has been serving as Representative Director, Member of the Board; President, Executive Officer since June 2022. Previously, he was responsible for the sales and procurement divisions and was widely involved in the management of overseas subsidiaries, and has contributed to the development of the Group's global management. As Representative Director, Member of the Board; President, Executive Officer, he is harnessing the power of the Executive Officers and energetically promoting the "six pillars" that are the core measures in the current medium-term management plan, "DK-One Next." We nominate Hiroshi Kokubu as a Director, Member of the Board of the Company for re-election because we believe that his leadership is necessary for the continuous enhancement of the Group's corporate value.		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	
2	Kimio Ouchi Reappointment Date of birth: July 1, 1967 Term of office as Director: 16 years (at close of this meeting) Attendance at Board of Directors meetings: 13/ 13(100%) Number of shares of the Company held: 85,631	Apr. 1992	Joined the Company
		Sep. 2006	Branch Manager (Osaka Sales Office), Sales and Marketing Division
		Apr. 2008	Director, Member of the Board, I.D.U. Co., Ltd.
		Jun. 2008	Director, Member of the Board; General Manager, Sales and Marketing Division
		Apr. 2011	Representative Director, Member of the Board, I.D.U. Co., Ltd.
		Apr. 2013	Managing Director, Member of the Board; Responsible for Sales and Marketing Division, Technology Division, and Corporate Planning Division
		Sep. 2013	Director, Member of the Board, Suihua Shanghai Trading Co., Ltd. (currently DKK (Shanghai) Materials Trading Co., Ltd.)
		Apr. 2016	Managing Director, Member of the Board; General Manager, Research and Development Office; General Manager, Intellectual Property Management Office; Responsible for Technology Division and Corporate Planning Division
		Jul. 2017	Representative Director, Member of the Board, DKK Logistics Corporation
		Apr. 2018	Managing Director, Member of the Board; Responsible for Research and Development Office, Intellectual Property Management Office, and Technology Division, the Company
		Apr. 2019	Managing Director, Member of the Board; Responsible for R&D Unit
		Jun. 2020	Director, Member of the Board; Managing Executive Officer
		Apr. 2024	Director, Member of the Board; Managing Executive Officer; General Manager, Administration Unit (current position)
	[Reason for nomination as candidate for Director] Kimio Ouchi was elected as Director in June 2008, and became Managing Director in 2016, and Director, Member of the Board; Managing Executive Officer in 2020 with the introduction of the executive officer system. He has been supervising the technology and marketing divisions for many years, laid the foundations for the catalyst area, and made efforts in the establishment of a logistics subsidiary in response to global logistics issues. In the current medium-term management plan, “DK-One Next,” he is playing a key role in improving human capital and organizational capabilities, and as Director he is promoting the strengthening of risk management for the entire Group. We nominate Kimio Ouchi as a Director, Member of the Board of Directors of the Company for re-election because we believe that his extensive experience and wide-ranging insight are necessary for the continuous enhancement of the Group’s corporate value.		

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Past experience, positions, responsibilities
and significant concurrent positions</th></tr>
<tr><td rowspan="2">3</td><td>Masayuki Itahashi

New appointment

Date of birth:
December 22, 1966

Number of shares of the Company held:
27,085</td><td>Apr. 1993 Joined the Company
Apr. 2013 General Manager, Planning Division
Jun. 2017 Director, Member of the Board; General Manager, Planning Division and Responsible for Finance Division
Jun. 2018 Director, VIETNAM RARE ELEMENTS CHEMICAL JOINT STOCK COMPANY (current position)
Apr. 2019 Director, Member of the Board; General Manager, Corporate Planning Division
Jun. 2019 Senior Executive Officer; General Manager, Corporate Planning Division
Apr. 2024 Senior Executive Officer; General Manager, Strategy Unit (current position)
[Significant concurrent positions]
• Director, VIETNAM RARE ELEMENTS CHEMICAL JOINT STOCK COMPANY</td></tr>
<tr><td colspan="2">[Reason for nomination as candidate for Director]
Masayuki Itahashi has been at the core of the Group’s management for many years, including by being involved in formulating medium-term and annual management plans as General Manager, Corporate Planning Division and as Senior Executive Officer, and by contributing to the development of VREC, the Company’s Vietnamese subsidiary, as its Director.
As General Manager, Strategy Unit, he is playing a key role in achieving the goals of the current medium-term management plan, “DK-One Next.”
We nominate Masayuki Itahashi as a Director, Member of the Board of Directors of the Company for election because we believe that his extensive experience and wide-ranging insight are necessary for the further development of the Group.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Past experience, positions, responsibilities
and significant concurrent positions</th></tr>
<tr><td rowspan="2">4</td><td>Toshiyuki Umehara

Reappointment

Date of birth:
September 3, 1957

Term of office as Director: 2 years (at close of this meeting)

Attendance at Board of Directors meetings:
13/13 (100%)

Number of shares of the Company held:
0</td><td>Apr. 1984 Joined Nitto Denko Corporation
Jun. 2010 Vice President
Jun. 2015 Board Member, Executive Vice President, General Manager of Automotive Products Sector
Apr. 2018 Board Member, Senior Executive Vice President, CTO, CIO, General Manager of Corporate Technology Sector
Jun. 2019 Representative Director, Senior Executive Vice President, CTO, General Manager of Corporate Technology Sector
Jun. 2022 Outside Director, Member of the Board, the Company (current position)
[Significant concurrent positions]
• Outside Director, Fuji Oil Holdings Inc.
• Outside Director, ShinMaywa Industries, Ltd.
• Representative Director, JCCL, Inc.</td></tr>
<tr><td colspan="2">[Reason for nomination as candidate for Outside Director and overview of expected roles]
Toshiyuki Umehara is a candidate for Outside Director as set forth in Article 2, Paragraph 3, Item 7 of the Regulations for Enforcement of the Companies Act. At Nitto Denko Corporation, he worked for many years as an engineer and as a business director, contributing to the promotion of that company’s business. Further, he promoted the implementation of technology-oriented management, which is a strength of Nitto Denko Corporation, as CTO and promoted the strengthening of the information area as CIO.
He also provides suggestions and advice for the Group from a variety of perspectives, including the global development of new business, the enhancement of quality and safety awareness, and investment decisions and their verification, and plays a key role in the enhancement of the Company’s corporate value.
The Company expects that, from an independent stance as an Outside Director, he will draw on this abundant experience and wide-ranging knowledge to contribute to the decision-making and supervisory functions of the Board of Directors in the promotion of the Company’s business going forward, and nominates Toshiyuki Umehara as an Outside Director, Member of the Board of the Company for re-election.</td></tr>
</table>

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions
5	Junichi Tanaka Reappointment Date of birth: January 2, 1957 Term of office as Director: 2 years (at close of this meeting) Attendance at Board of Directors meetings: 13/13 (100%) Number of shares of the Company held: 0	Apr. 1979 Joined Fukui Murata Manufacturing Co., Ltd. Jan. 2008 General Manager of Finance Department, Murata Manufacturing Co., Ltd. Jun. 2013 Standing Statutory Auditor Jun. 2016 Director, Audit and Supervisory Committee Member (Full-time, Chief of the Committee) Jun. 2022 Outside Director, Member of the Board, the Company (current position)

[Reason for nomination as candidate for Outside Director and overview of expected roles]
Junichi Tanaka is a candidate for Outside Director as set forth in Article 2, Paragraph 3, Item 7 of the Regulations for Enforcement of the Companies Act. He was engaged in accounting, finance, and other areas for many years at Murata Manufacturing Co., Ltd. and that company's Group companies in Europe and Asia. He served as General Manager of the Finance Department of Murata Manufacturing, and he had abundant operational experience, mainly in the finance field. Also, as a standing statutory auditor and as a director and audit and supervisory committee member, he worked on the strengthening of that company's audit structure.
He also provides vigorous suggestions and advice for the Group on business development, taking into account country risk, financial analysis, and improving the effectiveness of the Board of Directors, and plays a key role in the enhancement of the Company's corporate value.
The Company expects that, from an independent stance as an Outside Director, he will draw on this experience and a high degree of expertise to contribute to the strengthening of the decision-making and supervisory functions of the Board of Directors in the promotion of the Company's business going forward, and nominates Junichi Tanaka as an Outside Director, Member of the Board of the Company for re-election.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions
6	Naomi Tobita Reappointment Date of birth: July 3, 1962 Term of office as Director: 1 year (at close of this meeting) Attendance at Board of Directors meetings: 10/10 (100%) Number of shares of the Company held: 0	Apr. 1986 Joined BANDAI CO., LTD. Aug. 2009 Executive Officer, General Manager, Girls Toy Division, BANDAI CO., LTD. Apr. 2012 Director; General Manager, Play Toy Division; Chief Tamagotchi Officer (CTO), BANDAI CO., LTD. Apr. 2018 Managing Director, Bandai Namco Business Arc Inc.; Deputy Division General Manager, Administrative Headquarters, Bandai Namco Holdings Inc. Jun. 2023 Outside Director, Member of the Board, the Company (current position) [Significant concurrent positions] • Outside Director, T.D.I. CO., LTD.
	[Reason for nomination as candidate for Outside Director and overview of expected roles] Naomi Tobita is a candidate for Outside Director as set forth in Article 2, Paragraph 3, Item 7 of the Regulations for Enforcement of the Companies Act. She worked at BANDAI CO., LTD. for many years and served as a manager of a development division and a business division and a director of BANDAI CO., LTD. and its affiliated companies. While involved in business operations and corporate management, she promoted the vitalization of the organization and the development of human resources. She provides vigorous suggestions and advice on the development of human resources, fostering corporate culture, and vitalizing organizations, and plays a key role in the enhancement of the Company's corporate value. The Company expects that, from an independent stance as an Outside Director, she will draw on this experience and a high degree of expertise to contribute to the strengthening of the decision-making and supervisory functions of the Board of Directors in the promotion of the Company's business going forward, and nominates Naomi Tobita as an Outside Director, Member of the Board of the Company for re-election.	

(Notes)

1. No conflict of interest exists between the Company and any of the above Director candidates.
2. The number of shares of the Company held does not include the number of shares held through the Officers Stock Ownership Plan.
3. Toshiyuki Umehara, Junichi Tanaka and Naomi Tobita are candidates for Outside Director. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company entered into agreements with Toshiyuki Umehara, Junichi Tanaka and Naomi Tobita to limit their liability for damages prescribed in Article 423, Paragraph 1 of the same Act. The amount of their respective total maximum liability for damages under the said agreement is the higher of 5,000,000 yen or the minimum liability amount prescribed in Article 425, Paragraph 1 of the same Act. The Company plans to continue the said agreement with Toshiyuki Umehara, Junichi Tanaka and Naomi Tobita if they are reelected as proposed. The Company has designated Toshiyuki Umehara, Junichi Tanaka and Naomi Tobita as independent officers of the Company pursuant to the rules of the Tokyo Stock Exchange with appropriate filings of the designation with the Exchange.
4. The Company has concluded a directors and officers liability insurance contract with an insurance company as set forth in Article 430-3, Paragraph 1 of the Companies Act to cover statutory damages and litigation fees incurred by the insured. Each candidate will be insured under the insurance contract. The Company plans to retain the insurance contract with similar terms and conditions at the time of renewal.
5. The Company has entered into indemnification agreements with all Directors as set forth in Article 430-2, Paragraph 1 of the Companies Act, and the Company will indemnify them for the expenses set forth in Paragraph 1 and losses set forth in Paragraph 2 of the same article to the extent provided by laws and regulations. If the candidates are reelected as proposed, the Company plans to continue the indemnification agreements with each of them. In addition, if Masayuki Itahashi, a new candidate, is elected as proposed, the Company plans to enter into said indemnification agreement with him.

(Reference) Skills Matrix

The Company implements the basic policy of nominating candidates for Director mainly considering the balance of credentials and experience, diversity, etc. In addition to the procedure, this is set forth in "Rules for Officers." To achieve sustainable growth and enhance corporate value toward becoming a 100-year company and to prepare for changes in the business environment, we have identified the six pillars to work on (new business creation, earnings structure reform, innovative manufacturing, results-oriented organization, corporate culture advancement, and sustainability initiatives) under the new medium-term management plan, "DK-One Next." In order to achieve this, we believe that it is important for the Board of Directors to be comprised of members who have the knowledge, experience, and abilities listed in the skill matrix below, and we have selected candidates after considering the balance and diversity of these skills. If all the candidates described in this convocation notice are elected as proposed, the expertise and experience of each Director will be as follows.

Position	Independent	Name	Business Management	Sales, Marketing	Research, Development	Production, Technology	Global Business	Finance, Accounting	Law, Risk Management	Organizations, Human Resources Development	Environment, Energy	DX
Representative Director, Member of the Board; President, Executive Officer		Hiroshi Kokubu	○	○			○					
Director, Member of the Board; Managing Executive Officer		Kimio Ouchi	○	○	○	○	○		○		○	
Director, Member of the Board; Managing Executive Officer		Masayuki Itahashi	○	○			○	○				○
Outside Director, Member of the Board	●	Toshiyuki Umehara	○		○	○	○				○	○
Outside Director, Member of the Board	●	Junichi Tanaka	○				○	○	○			
Outside Director, Member of the Board	●	Naomi Tobita	○	○						○		

(Notes) 1. The system is after the resolution of the 68th Annual General Meeting of Shareholders and the Board of Directors meeting held on the same day.
2. The knowledge and experience listed above show only typical skills instead of all the knowledge and experience.

(Reference) Criteria for Independence of Outside Officers

1. The Board of Directors of the Company recognizes that its Outside Directors*[1] or Outside Audit & Supervisory Board Members*[2] pursuant to the provisions of the Companies Act and the Regulation for Enforcement of the Companies Act (hereinafter collectively referred to as "Outside Officers") are independent in cases where Outside Officers do not fall under any of the following:

   (1) An executive*[3] of the Company and its subsidiaries (hereinafter collectively referred to as the "Group");
   (2) A counterparty to whom the Group is a major business client*[4] or an executive thereof;
   (3) A major business client of the Group*[5] or an executive thereof;
   (4) A major shareholder (i.e., a shareholder whose direct or indirect holding of voting rights accounts for 10% or more of the total number of voting rights) of the Company or an executive thereof;
   (5) An executive of an investee in which the Group is a large investor (i.e., investee whose voting rights held by the Company account for 10% or more of the total number of voting rights);
   (6) A director (limited to a person who executes operations) or other executive of an organization that receives a donation or grant exceeding a certain amount (i.e., 10 million yen per year on average over the past three years or 30% of the annual total expenses of such organization, whichever is higher) from the Group;
   (7) An executive of a financial institution or other major creditor that is indispensable for the Company in raising funds and depended upon by the Company to the extent that there is no substitute;
   (8) An attorney, certified public accountant, certified tax accountant or consultant who has received monetary or other property benefits in the amount of 10 million yen or more per year on average over the past three years other than officer compensation from the Group;
   (9) A certified public accountant or an executive, partner or employee of an audit corporation serving as an accounting auditor or accounting advisor of the Company or its subsidiaries;
   (10) An executive at another company in which an executive of the Group is currently serving or has served in the past three years as an outside officer;
   (11) A person who has fallen under (1) above in the past ten years;
   (12) A person who has fallen under (2) through (10) above in the past three years; or
   (13) A person who falls under (1) through (12) above who is a close relative, etc.*[6] of an important executive.*[7]

2. Being an independent officer requires that the person essentially be free of risk of conflict of interest with ordinary shareholders of the Company as a whole at all times in circumstances other than the factors taken into consideration in (1) through (12) above.

3. Upon the election of an independent officer, the recommendation or consent of at least one independent Director or independent Audit & Supervisory Board Member must be obtained.

*1 "Outside Director" means "Outside Director" as defined in Article 2, item (xv) of the Companies Act.
*2 "Outside Audit & Supervisory Board Member" means "Outside Company Auditor" as defined in Article 2, item (xvi) of the Companies Act.
*3 "Executive" means "Executive" as defined in Article 2, paragraph (3), item (vi) of the Regulation for Enforcement of the Companies Act.
*4 "A counterparty to whom the Group is a major business client" means a party who received from the Group payments accounting for 2% or more of said party's annual consolidated gross sales in the latest fiscal year.
*5 "A major business client of the Group" means a business client to whom the amount of sales of the Group to such business client in the latest fiscal year accounted for 2% or more of the Group's consolidated net sales.
*6 "Close relative, etc." means a relative within the second degree of kinship and an interested person who shares living expenses.
*7 "Important executive" means an executive director, person responsible for a division, or other people who execute important operations.

Proposal 2: Election of One Substitute Audit & Supervisory Board Member

In order for the Company to maintain uninterrupted auditing activities even in the event where the number of Audit & Supervisory Board Members fails to meet the quorum requirement, the Company proposes the election of Takao Mizuno as substitute Outside Audit & Supervisory Board Member.

This resolution may be canceled by the Board of Directors' resolution with the consent of Audit & Supervisory Board only before Takao Mizuno's assumption of office.

This Proposal has obtained the Audit & Supervisory Board's prior consent.

The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions	
Takao Mizuno Date of birth: February 14, 1962 Number of shares of the Company held: 26,100	Mar. 1987 Apr. 2012 Apr. 2013 Apr. 2019 Apr. 2020 Apr. 2024	Joined the Company General Manager, Quality Assurance Division General Manager, General Affairs Division Deputy General Manager, Administration Unit; Site Manager, Osaka Site Deputy General Manager, Administration Unit Deputy General Manager, General Affairs & Human Resources Division, Administration Unit (current position)
[Reason for nomination as candidate for substitute Audit & Supervisory Board Member] Takao Mizuno has extensive experience at the Company, including as Assistant General Manager of Technology Division, General Manager of Quality Assurance Division, and General Manager of General Affairs Division. The Company considers that he can be expected to perform accurate audits of all corporate activities as an Audit & Supervisory Board Member, and thus nominates Takao Mizuno as a candidate for substitute Audit & Supervisory Board Member.		

(Notes)

1. The number of shares of the Company held does not include the number of shares held through the Employee Stock Ownership Plan.
2. Takao Mizuno has been elected as a substitute Audit & Supervisory Board Member at the 67th Annual General Meeting of Shareholders.
3. No conflict of interest exists between the Company and the above candidate.
4. Should Takao Mizuno assume office as Audit & Supervisory Board Member, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company plans to enter into an agreement with him to limit his liability for damages prescribed in Article 423, Paragraph 1 of the same Act. The amount of his respective total maximum liability for damages under the said agreement is the minimum liability amount prescribed in Article 425, Paragraph 1 of the same Act.
5. The Company has concluded a directors and officers liability insurance contract with an insurance company as set forth in Article 430-3, Paragraph 1 of the Companies Act to cover statutory damages and litigation fees incurred by the insured. Should Takao Mizuno assume office as Audit & Supervisory Board Member, he will be included among the insureds under this contract.
6. If Takao Mizuno assumes office as Audit & Supervisory Board Member, the Company plans to enter into an indemnification agreement with him pursuant to the provisions of Article 430-2, Paragraph 1 of the Companies Act, under which the Company will indemnify him for the expenses set forth in Paragraph 1 and losses set forth in Paragraph 2 of the same article to the extent provided by laws and regulations.

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Business Report

(April 1, 2023 - March 31, 2024)

1. Overview of the Corporate Group

(1) Business Progress and Results

* The achievement rate is compared with the consolidated performance forecast announced on October 31, 2023.

In the fiscal year ended March 31, 2024, the global economy experienced the continued stagnancy of the gross fixed capital formation, which indicates capital investment trends in OECD countries. Against a backdrop of rising wages due to a tight labor market, the core inflation rate, excluding energy and food items, remained high, weighing on personal consumption.

In the automotive industry, which is the Group's major customer, cumulative global sales volume of light vehicles in 2023 increased by 11% from the previous year due to the effect of tax incentives for new energy vehicles in China.

In the Group's Strategic Areas, although sales grew steadily for semiconductor and biomaterial applications, net sales for both electronics applications and secondary battery applications decreased from the previous year due to sluggish demand for telecommunication devices and consumer electronics, etc., and a slowdown in the shift to the electrification of automobiles. In the automotive catalyst field, net sales decreased from the previous fiscal year due to a decline in sales prices resulting from a decrease in raw material prices.

As a result of the above, net sales for the fiscal year under review were 35,220 million yen (down 1.5% from the previous year, achievement rate was 95.2%, but 4.8% short of the forecast of 37,000 million yen), and sales volume increased 0.9% from the previous year. Operating profit was 2,422 million yen (down 55.1% from the previous year, achievement rate was 78.1% but 21.9% short of the forecast of 3,100 million yen) due mainly to a year-on-year decrease due to drop out of inventory sales impact and significant production adjustments by some customers during the fourth quarter of the fiscal year under review. Ordinary profit was 2,942 million yen (down 50.7% from the previous year, achievement rate was 84.1% but 15.9% short of the forecast of 3,500 million yen) due to a decline in operating profit, an increase in interest expenses owing to a rise in the interest rate on U.S. dollar-denominated borrowings for loans by the subsidiary in Vietnam, and higher-than-anticipated foreign exchange gains on foreign currency-denominated assets resulting from the sharp depreciation of the yen since the beginning of 2024. Profit attributable to owners of parent was 1,140 million yen (down 71.6% from the previous year, achievement rate was 57.0% but 43.0% short of the forecast of 2,000 million yen) due to an impairment loss on the former plant of the Vietnamese subsidiary (recorded as extraordinary loss in the first quarter of the fiscal year under review) and the difference in tax estimates arising from changes in financial performance at a consolidated subsidiary.

Financial Highlights of the 68th term (Fiscal Year Ended March 31, 2024 (Consolidated))

	Results	Year-on-year Change
Net sales	35.2 billion yen	-1.5%
Operating profit	2.4 billion yen	-55.1%
Operating profit margin	6.9%	-54.3%
Profit before income taxes	2.5 billion yen	-55.8%
Profit attributable to owners of parent	1.1 billion yen	-71.6%
Basic earnings per share	46.87 yen	-71.7%

Notes: 1. The Company plans to issue year-end dividends of 14 yen per share for the fiscal year ended March 31, 2024

2. The year-on-year change in operating profit margin of (54.3)% is the difference from the previous fiscal year's result of 15.1%.

Strategic Areas

Semiconductor/Electronics

Although sales volume of semiconductor applications did not reach the level seen in the previous year, sales increased due to progress in the adoption of products for new applications. Sales volume of electronics applications decreased from the previous fiscal year due to sluggish demand for end products, including telecommunication devices and consumer electronics.

As a result of the above, net sales in the semiconductor/electronics field in the consolidated fiscal year under review were 1,696 million yen (up 3.7% compared with the previous fiscal year, and 6.0% over the forecast of 1,600 million yen).

Strategic Areas

Energy

Sales volume of secondary battery applications was below the previous year's level, owing to a slowdown in the shift to electrification of automobiles mainly in markets in Europe and the United States. The sales volume of applications for SOFC (Solid Oxide Fuel Cells) and SOEC (Solid Oxide Electrolysis Cells) was below the previous year's level due to our inability to capture increased demand overseas. Hydrogen-related sales grew steadily.

As a result of the above, net sales in the energy field in the consolidated fiscal year under review were 2,190 million yen (down 14.3% compared with the previous fiscal year, and achievement rate was 68.4%, but 31.6% short of the forecast of 3,200 million yen).

Strategic Areas

Healthcare

Sales volume of biomaterials and applications for antibacterial agents and the environment exceeded the previous year's level, resulting in a significant increase in sales, Sales volume of medical equipment applications remained at the same level as the previous year.

As a result of the above, net sales in the healthcare field in the consolidated fiscal year under review were 1,762 million yen (up 47.7% compared with the previous fiscal year, and 10.1% over the forecast of 1,600 million yen).

Automotive Catalyst

Although we captured strong demand in the Japan, North America, and Global South markets in the first half of the year, sales volume for the full year increased only slightly from the previous year due to the shift to electrification of automobiles, mainly in China, and significant production adjustments by some customers in the second half of the year, and net sales were below the previous year's level due to a decline in sales prices resulting from lower raw material prices.

As a result of the above, net sales in the Automotive Catalyst Area in the consolidated fiscal year under review were 22,574 million yen (down 4.0% compared with the previous fiscal year, and achievement rate was 96.1%, but 3.9% short of the forecast of 23,500 million yen).

Basic Areas

Although the sales volume of brazing (aluminum piping) remained at the same level as the previous year, sales rose owing to an increase in sales prices as a result of fluctuations in the market prices of raw materials. Sales of structural members and brake materials were solid. On the other hand, sales volume of refractories applications was below the previous year due to a slump in the domestic steel industry, which is a main consumer.

As a result of the above, net sales in basic areas in the consolidated fiscal year under review were 6,996 million yen (up 2.4% compared with the previous fiscal year, and achievement rate was 98.5%, but 1.5% short of the forecast of 7,100 million yen).

(2) Capital Expenditures

The total amount of capital expenditures conducted in the fiscal year under review was 4,363 million yen. The main expenditures were as follows:

- Redevelopment of Osaka Site 1,339 million yen
- Construction of new factory at Vietnamese subsidiary 2,023 million yen

(3) Financing

In the fiscal year under review, the Group procured 3,785 million yen in long-term borrowings (1,000 million in working capital and 2,785 million in capital funds).

(4) Issues to Be Addressed

Initiatives by individual countries toward achieving global carbon neutrality are accelerating, and sales volume of internal combustion engine vehicles is bound to decline.

Amid such major changes in the business environment, the Company will promote the creation of new business, reforms of its revenue structure, the realization of innovative manufacturing, the implementation of organization-building that will continue to produce results, the further cultivation of the Kigenso way, and sustainability initiatives in its efforts to respond to changes in the environment.

Under these circumstances, in fiscal 2024, the third year of the medium-term management plan, "DK-One Next," we will address the following issues in our efforts toward further business expansion and the strengthening of our earnings foundations.

1) Strengthening activities to create new businesses and to develop strategic areas

Products for automotive catalysts account for approximately 60% of the Group's net sales, and our dependence on products for specific fields remains high. The Group has designated the semiconductor/electronics field and the healthcare field, which are expected to grow, and the energy field, which will contribute to carbon neutrality, as strategic areas, and is channeling resources into these fields. Sales in the semiconductor field and the healthcare field were considerably higher than the previous year. Going forward, we will further strengthen our R&D system at the new R&D Center established in August 2023, accelerate our initiatives in the energy area, and establish an earnings base that is not dependent on specific industries.

2) Strengthening of supply chain for procurement of zirconium compounds

To address the current situation, in which production of zirconium oxychloride, a zirconium intermediate, is skewed toward China, we have started production in Vietnam of zirconium oxychloride using zirconium ore mined in Vietnam. Whilst we are continuing ongoing production at the new factory that began operations in August 2023, several equipment issues have emerged, and we have positioned the resolution of these issues as our most significant issue and are channeling human resources into this. We aim to start full operations at the new factory in January 2025; however, if the installation of equipment is delayed, the start of full operations could be postponed by about half a year.

3) Strengthening of the capability to generate cash and improvement of profitability

We will enhance our profitability and asset efficiency to continue to maintain the Group's stable management foundations over the medium- to long-term. We will reduce inventory by reviewing the number of products and LOT size, and by shortening lead time. Furthermore, we will promote the reform and improvement of production processes to reduce costs, and work on the enhancement of the operation efficiency and optimization of receivables and payables by utilizing IT systems, etc.

4) Response to reduce greenhouse gas emissions

The reduction of greenhouse gas emissions to counter environmental changes caused by climate change is a global challenge, and we consider it as a key issue for the Group to address. While steadily engaging in ongoing activities to reduce energy consumption, we will identify emissions across the entire supply chain and pursue specific initiatives to reduce our greenhouse gas emissions over the medium- to long-term to achieve the medium- to long-term reduction targets.

5) Building foundations where our diverse people can shine

For the Group to continue to grow while creating new values, it is essential that it secure and develop diverse human resources. Therefore, we will promote the active participation of women, the

internationalization of our workforce, and the active promotion of young personnel. To build the foundations to enable our diverse people to play active roles, we will enhance the systems to facilitate diverse workstyles and conduct education and training to encourage them to make the best use of their abilities.

6) Strengthening of organizational capabilities and human resources development to continue growth
For the Group to continue growth while achieving good results, we believe it is important to strengthen the organizational capabilities, develop human resources, and create a corporate culture that values a challenging spirit. To this end, we will promote organizational reform, strengthening of management capabilities, establishment of systems that promote growth and taking up challenges, creation of a mechanism for development of next-generation leaders, and reform and cultivation of the corporate culture.

(5) Trends in Assets and Income

(In millions of yen, unless otherwise specified.)

Item	FY ended March 31, 2021 (65th term)	FY ended March 31, 2022 (66th term)	FY ended March 31, 2023 (67th term)	FY ended March 31, 2024 (Fiscal year under review) (68th term)
Net sales	23,465	29,365	35,748	35,220
Operating profit	2,131	6,000	5,969	2,942
Profit attributable to owners of parent	1,235	1,849	4,020	1,140
Basic earnings per share (yen)	50.91	76.15	165.40	46.87
Total assets	56,256	58,043	66,004	65,605
Total net assets	30,784	31,816	36,151	36,316

Notes: 1. Basic earnings per share is calculated based on the average number of shares outstanding (excluding treasury shares) during the fiscal year.
2. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) and "Implementation Guidance on Revenue Recognition" (ASBJ Guidance No.30, March 26, 2021) from the beginning of the 66th fiscal term.

(6) Material Subsidiaries

Company name	Capital or Equity	Ratio of voting rights	Principle business
VIETNAM RARE ELEMENTS CHEMICAL JOINT STOCK COMPANY	VND 808,618 million	99.99%	Manufacture and sale of zirconium oxychloride
DKK (Shanghai) Materials Trading Co., Ltd.	CNY 4.2 million	66.67%	Sale of zirconium compounds
DKK Thai Materials Trading Co., Ltd.	THB 10 million	99.99%	Sale of zirconium compounds, etc.
DKK America Materials, Inc.	USD 1 million	100.00%	Sale of zirconium compounds, etc.
DKK Logistics Corporation	JPY 50 million	51.00%	Warehousing, general cargo trucking

(7) Principal Business (as of March 31, 2024)
The Group manufactures and sells zirconium, cesium, and rare earth compounds.

(8) Principal Business Locations (as of March 31, 2024)

Business location name	Location
Head Office	Osaka-shi, Osaka

Sales offices and distributors

Business location name	Location
Tokyo Office	Chiyoda-ku, Tokyo
DKK (Shanghai) Materials Trading Co., Ltd.	Shanghai, People's Republic of China
DKK Thai Materials Trading Co., Ltd.	Bangkok, Thailand
DKK America Materials, Inc.	Michigan, USA

Factories and Production Companies

Business location name	Location
Osaka Site	Osaka-shi, Osaka
Gotsu Site	Gotsu-shi, Shimane
Fukui Site	Fukui-shi, Fukui
VIETNAM RARE ELEMENTS CHEMICAL JOINT STOCK COMPANY	Bà Rịa–Vũng Tàu Province, Vietnam

(Note) The Osaka Site was renamed the R&D Center as of April 1, 2024.

Associated Companies

Company name	Location	Capital or Equity	Business purposes
I.D.U. Co., Ltd.	Kochi-shi, Kochi	JPY 50 million	Manufacture of electromelting stabilized zirconium oxide
Shandong Guangyin DKK New Materials Co., Ltd.	Shandong, China	CNY 98.00 million	Production and sale of materials for fine ceramics
Shandong Guangyin DKK Environment Technology Co., Ltd.	Shandong, China	CNY 27.86 million	Collection, production and sale of rare metals

(9) Employees (as of March 31, 2024)

1) Employees of the Corporate Group

Number of employees	Year-on-year increase (decrease)
642	+73

Notes: 1. The number of employees is the number of people employed in the Group.
2. The number of employees does not include 33 contract workers, 15 part-timers, and 55 temporarily dispatched workers.

2) Employees of the Company

Number of employees		Year-on-year increase (decrease)	Average age	Average years of service
Male	387	+2	39.0	14.8 years
Female	56	+6	37.7	10.5 years
Total or Average	443	+8	38.8	14.2 years

Notes: 1. The number of employees is the number of people employed in the Company.
2. The number of employees does not include 33 contract workers, 15part-timers, and 55 temporarily dispatched workers.
3. 19 people on temporary assignment to associated companies are not included.

(10) Major Lenders (as of March 31, 2024)

Lender	Borrowing outstanding (million yen)
Japan Bank for International Cooperation	6,103
MUFG Bank, Ltd.	4,691
Development Bank of Japan Inc.	2,799
Sumitomo Mitsui Banking Corporation	2,663
THE SAN-IN GODO BANK, LTD.	2,500
Resona Bank, Limited	2,137
The Fukui Bank, Ltd.	1,802
Nippon Life Insurance Company	1,035
Sumitomo Mitsui Trust Bank, Limited	452

(11) Other important matters concerning the current state of the Group
Not applicable

2. Shares of the Company (as of March 31, 2024)

(1) Total number of shares authorized to be issued 97,600,000 shares
(2) Total number of shares outstanding 24,400,000 shares
(3) Number of shareholders 13,316 persons
(4) Major shareholders (top ten shareholders)

Shareholder's name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	2,511,300	10.31
Custody Bank of Japan, Ltd. (Trust account)	1,279,800	5.26
Katsuhiko Kokubu	1,210,000	4.97
Daiichi Kigenso Kagaku Kogyo Co., Ltd. Employees Stock Ownership Plan	1,186,900	4.87
Iwatani Corporation	861,000	3.54
Tsuyoshi Inoue	810,305	3.33
Junko Inoue	810,000	3.33
Tomoyuki Kokubu	687,700	2.82
Tadashi Terada	387,785	1.59
Koji Nakamura	340,000	1.40

Note: Shareholding ratio has been calculated after exclusion of treasury shares (51,887 shares) and rounded to two decimal places.

(5) Shares granted to Company officers in the fiscal year under review as consideration for execution of duties

Category	Number of shares held	Number of persons granted shares
Directors (excluding Outside Directors)	20,391 shares	3
Outside Directors	—	—

3. Share Acquisition Rights, etc. (as of March 31, 2024)

Not applicable.

4. Company Officers

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2024)

Position	Name	Responsibilities and significant concurrent positions
Representative Director, Member of the Board; President, Executive Officer	Hiroshi Kokubu	
Director, Member of the Board; Managing Executive Officer	Kimio Ouchi	Representative Director, I.D.U. Co., Ltd.
Director, Member of the Board; Senior Advisor	Tsuyoshi Inoue	Outside Director (Audit & Supervisory Committee Member), TAYCA CORPORATION
Director, Member of the Board	Toshiyuki Umehara	Outside Director, Fuji Oil Holdings Inc. Outside Director, ShinMaywa Industries, Ltd. Representative Director, JCCL, Inc.
Director, Member of the Board	Junichi Tanaka	
Director, Member of the Board	Naomi Tobita	Outside Director, T.D.I. CO., LTD.
Standing Audit & Supervisory Board Member	Hiroshi Kawaguchi	
Audit & Supervisory Board Member	Yoshinori Tsuda	Representative Director and Partner, ASUKA Consulting INC. Representative, Yoshinori Tsuda CPA Office Outside Director (Audit and Supervisory Committee Member), YAMAZEN CORPORATION
Audit & Supervisory Board Member	Ayako Oura	Partner, Noguchi & Partners

Notes: 1. Directors Toshiyuki Umehara, Junichi Tanaka and Naomi Tobita are Outside Directors. Furthermore, the Company has registered each of them as independent officers pursuant to the regulations set forth by the Tokyo Stock Exchange.

2. Audit & Supervisory Board Members Hiroshi Kawaguchi, Yoshinori Tsuda and Ayako Oura are Outside Audit & Supervisory Board Members. Furthermore, the Company has registered each of them as independent officers pursuant to the regulations set forth by the Tokyo Stock Exchange.
3. There are no special relationships of particular note with the corporations, etc. where Directors Toshiyuki Umehara and Naomi Tobita, and Audit & Supervisory Board Members Yoshinori Tsuda and Ayako Oura hold significant concurrent positions.
4. Audit & Supervisory Board Member Hiroshi Kawaguchi has experience serving as General Manager of the Accounting Department and General Manager of the Financial Department at Watabe Ishoten K.K. (currently Watabe Wedding Corporation), and has a considerable amount of knowledge about finance and accounting.
5. Audit & Supervisory Board Member Yoshinori Tsuda is qualified as a certified public accountant, and has a considerable amount of knowledge about finance and accounting.
6. The Company has introduced an executive officer system, and the Executive Officers are as follows.

Position	Name	Responsibilities and significant concurrent positions
Representative Director, Member of the Board; President, Executive Officer	Hiroshi Kokubu	
Director, Member of the Board; Managing Executive Officer	Kimio Ouchi	Representative Director, I.D.U. Co., Ltd.
Managing Executive Officer	Isao Okazaki	General Manager, Operational Unit Vice President, Shandong Guangyin DKK New Materials Co., Ltd. Vice President, Shandong Guangyin DKK Environment Technology Co., Ltd. Director, VIETNAM RARE ELEMENTS CHEMICAL JOINT STOCK COMPANY
Senior Executive Officer	Tadashi Terada	General Manager, Administration Unit
Senior Executive Officer	Masayuki Itahashi	General Manager, Corporate Planning Division Director, VIETNAM RARE ELEMENTS CHEMICAL JOINT STOCK COMPANY
Executive Officer	Hiroshi Okamoto	General Manager, R&D Unit
Executive Officer	Keita Kodama	President, VIETNAM RARE ELEMENTS CHEMICAL JOINT STOCK COMPANY

(2) Agreement on Limitation of Liability

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Toshiyuki Umehara, Junichi Tanaka, Naomi Tobita, Hiroshi Kawaguchi, Yoshinori Tsuda, and Ayako Oura to limit their liability for damages prescribed in Article 423, Paragraph 1 of the same Act. The amount of their total maximum liability for damages under these agreements is the higher amount of 5,000,000 yen or the minimum liability amount prescribed in Article 425, Paragraph 1 of the same act.

(3) Summary of Directors and Officers Liability Insurance Contract

The Company and the Directors, Audit & Supervisory Board Members, and Executive Officers have concluded a directors and officers liability insurance contract with an insurance company as set forth in Article 430-3, Paragraph 1 of the Companies Act, with the Company paying all insurance premiums.

The contents of this contract are as follows: with the major executives, including the Directors, Audit & Supervisory Board Members, and Executive Officers, as the insured and the entire world as the applicable territory, in the event that a claim for damages is made by a shareholder, company, employee, or other third party against the insured based on an act that the insured committed in the course of his or her duties, the policy will cover the damages and costs of litigation. However, in order to ensure that the properness of officers is not compromised as the result of said contract, certain exemptions shall be in place; for example, damage caused as a result of any conduct known to be in violation of laws and regulations shall not be covered.

(4) Summary of the Contents, etc. of the Indemnification Agreement

Pursuant to the provisions of Article 430-2, Paragraph 1 of the Companies Act, the Company has entered into indemnification agreements with the six Directors and three Audit & Supervisory Board Members stated in the abovementioned “(1) Directors and Audit & Supervisory Board Members”, under which the Company indemnifies them for the expenses set forth in Paragraph 1 and losses set forth in Paragraph 2 of the same article to the extent provided by laws and regulations. However, in order to ensure that the properness of the execution of duties by officers is not compromised as the result of said agreements, certain exemptions shall be in place; for example, damage caused as a result of any conduct known to be in violation of laws and regulations shall not be covered.

(5) Compensation of Officers

1) Policy for the determination of compensation of Directors

The Company considers the officers' compensation system to be a key pillar of its corporate governance. To ensure that the officers' compensation system leads to the ongoing enhancement of corporate value, the Nomination and Compensation Committee, chaired by an Outside Director, has formulated an officers' compensation policy, incorporating objective perspectives and the suppression of an over-emphasis on short-term intent, and this policy has been decided by the Board of Directors.

A summary of the contents of the policy is as follows:

a. the system should be designed to reflect the Company's medium- to long-term management strategies, while at the same time providing strong motivation for medium- to long-term growth;
b. the system's level of compensation and design should enable the Company to secure outstanding talent globally, stimulate motivation for growth among that talent, who will be the next generation of management, and be able to increase the dynamism of the organization;
c. the system should be one in which company performance and individual performance are reflected directly and quantitatively in compensation, to strengthen the links to performance and raise incentive.

Compensation of inside (full-time) Directors comprises fixed, variable, and share-based compensation. The variable compensation comprises performance-linked compensation, using the degree of achievement of net sales and ordinary profit as indicators, and individual evaluation-based compensation. The percentage of performance-linked compensation is set higher the higher ranked the position, in proportion with management responsibilities. The Nomination and Compensation Committee conducts ongoing deliberation and monitoring of the suitability of the level and composition of officers' compensation and the appropriateness of the compensation determination process, etc.

Regarding the decisions on individual compensation amounts for the fiscal year under review, based on recommendations from the Nomination and Compensation Committee and upon deliberation of the Board of Directors, the Board of Directors has determined that those decisions are in line with the policy.

Due to the need to ensure independence so that they will fulfill their respective roles appropriately, compensation of Outside Directors is by fixed compensation only. Compensation of Audit & Supervisory Board Members is also by fixed compensation only, from a perspective of emphasizing independence from management and objectivity. Compensation for Audit & Supervisory Board Members is decided by consultation of the Audit & Supervisory Board.

2) Resolution of the General Meeting of Shareholders regarding compensation of Directors and Audit & Supervisory Board Members

The amount of monetary compensation for Directors of the Company was approved at the 47th Annual General Meeting of Shareholders held on May 14, 2003 to be no more than 500 million yen per year. There were six (6) Directors at the time of the conclusion of that General Meeting. Further, at the 63rd Annual General Meeting of Shareholders held on June 25, 2019, a resolution was passed for compensation by granting restricted stock of up to 100 million yen per year to Directors (excluding Outside Directors), separately from the aforementioned 500 million yen compensation limit. There were six (6) Directors at the time of the conclusion of that General Meeting.

The amount of monetary compensation for Audit & Supervisory Board Members was approved at the 47th Annual General Meeting of Shareholders held on May 14, 2003 to be no more than 100 million yen per year. There was one (1) Audit & Supervisory Board Member at the time of the conclusion of that General Meeting. The number of Audit & Supervisory Board Members was increased to three (3) at an Extraordinary General Meeting of Shareholders held on November 7, 2003.

3) Delegation of decisions on the compensation, etc. of individual directors

Not applicable.

4) Compensation, etc. of officers

Officer Category	Total compensation amount (Million yen)	Total amount by type of compensation, etc. (Million yen)			Number of eligible officers
		Basic compensation	Performance-linked compensation	Non-monetary compensation	
Directors [of whom Outside Directors]	147 [32]	89 [32]	37 [—]	19 [—]	7 [4]
Audit & Supervisory Board Members [of whom Outside Audit & Supervisory Board Members]	29 [29]	29 [29]	— [—]	— [—]	4 [4]

(Notes) 1. The one Outside Director and one Outside Audit & Supervisory Board Member who retired at the conclusion of the 67th Annual General Meeting of Shareholders held on June 22, 2023 are included in the above table.

2. Performance-linked compensation is stated as the amount recorded as an expense prior to taking into account performance evaluations for the fiscal year ended March 31, 2024. Actual amounts paid will be calculated and determined based on the performance evaluation for each Director.

5) Performance-linked compensation

Variable compensation for inside (full-time) Directors is paid based on company performance and individual evaluation.

Indicators of company performance are ones that directly show company performance. The indicators, namely net sales and ordinary profit, are used as the indicators for performance-linked compensation. Net sales and ordinary profit were chosen because they are the most appropriate indicators of contribution to the improvement of the Group's performance and to the enhancement of corporate value and also because the Company determined that, being clear and objective indicators, they would enable greater transparency of performance-linked compensation. Net sales for the fiscal year under review amounted to 35,220 million yen and ordinary profit to 2,942 million yen. The forecasts for net sales and ordinary profit disclosed at the beginning of the fiscal year are set as "net sales criterion" and "ordinary profit criterion" respectively, and compensation amounts are decided based on the degree to which net sales and ordinary profit results achieved these criteria. Regarding the calculation method, the compensation amount in the event that the indicators achieved 100% of the criteria is set as the "compensation base amount," and the net sales portion of the compensation amount is calculated by increasing or decreasing a pre-determined compensation base amount for the net sales portion by 10% for every 2.5% increase or decrease from the net sales criterion. The ordinary profit portion of the compensation amount is calculated by increasing or decreasing a pre-determined compensation base amount for the ordinary profit portion by 10% for every 5% increase or decrease from the operation profit criterion. The upper limit of the compensation amount for both the net sales portion and the operating profit portion is up to 200% of the compensation base amounts.

Regarding individual evaluation-based compensation, the Representative Director and President/Executive Officer evaluates the degree to which each Director (excluding the President/Executive Officer) achieved his or her goals for the fiscal year under review and the state of their efforts toward them. After the Nomination and Compensation Committee has confirmed the validity of those evaluations, the compensation amounts are decided at the Board of Directors. In the event that business performance deteriorates and net profit margin falls significantly, restrictions on the payment of variable compensation may be established in line with the net profit margin.

Variable compensation based on results of the fiscal year is paid as bonuses for the fiscal year under review.

6) Non-monetary compensation
In an effort to further share value with shareholders, inside (full-time) Directors were granted share-based compensation. The main details are as follows.

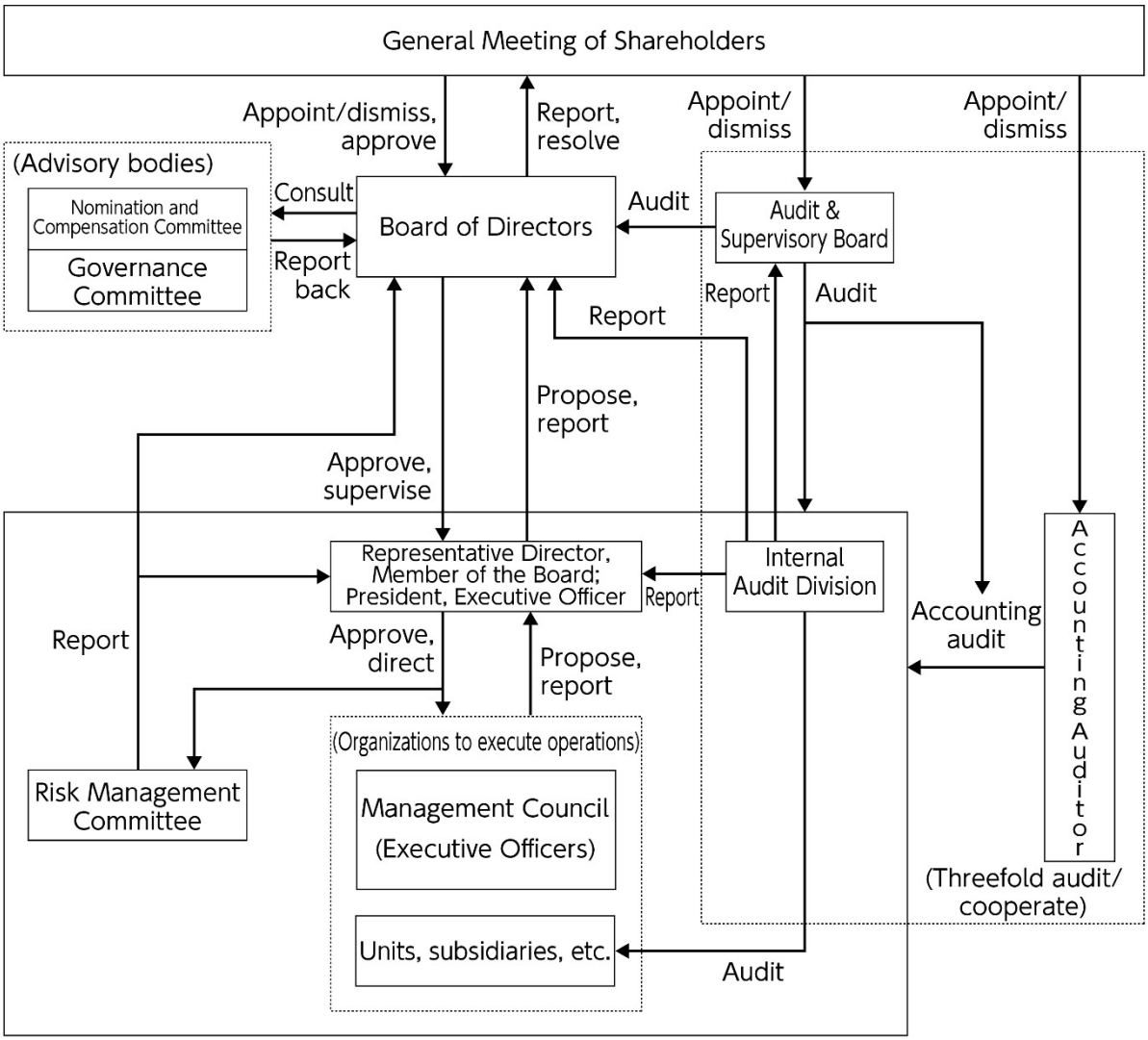
Eligible parties	Directors (excluding Outside Directors)
Share compensation limit	No more than 100 million yen per year
Share-based compensation for individual Directors	Fixed amount is set according to job responsibilities
Type of shares allocated and allocation method	Issue or disposition of ordinary shares
Total number of shares to be allocated	Total of no more than 100,000 shares per year
Transfer restriction period	30 years from date of allocation
Handling at time of resignation	In the event that a Director or Audit & Supervisory Board Member of the Company ceases to hold that position before the expiration of the transfer restriction period, the Company shall rightfully acquire the allocated shares without consideration, except in cases where the position was vacated due to expiration of term of office, death, or other valid reason.
Conditions for lifting of restrictions on transfer	Restrictions shall be lifted with the expiration of the transfer restriction period. However, in the event that a Director or Audit & Supervisory Board Member of the Company ceases to hold that position before the expiration of the transfer restriction period due to expiration of term of office, death, or other valid reason, the restrictions on transfer will be lifted.

(Note) An overview of the details and granting of this share-based compensation is as described in 2. Shares of the Company.

(6) Main Activities of Outside Officers

Position	Name	Major activities
Outside Director	Toshiyuki Umehara	Mr. Umehara attended all 13 Board of Directors meetings. With his experience as a representative director of a global company, he undertook appropriate management decisions and management supervision. Based on his extensive knowledge and experience in the production, technology and information fields, he provided suggestions and advice on the Group's business operations in general and the progress of the Medium-Term Management Plan, "DK-One Next," from a variety of perspectives, including the global development of new business, the enhancement of quality and safety awareness, and investment decisions and their verification, and played a key role in the enhancement of the Company's corporate value. He also served as the Chair of the Nomination and Compensation Committee and as a member of the Governance Committee.
	Junichi Tanaka	Mr. Tanaka attended all 13 Board of Directors meetings. With his experience as a full-time auditor and a director (Audit & Supervisory Committee member) of a global company, he undertook appropriate management decisions and management supervision. Based on his extensive knowledge and experience in the risk management and finance fields, he provided vigorous suggestions and advice on business development, financial analysis, and improving the effectiveness of the Board of Directors, taking into account country risk with regard to the Group's business operations in general and the progress of the Medium-Term Management Plan, "DK-One Next," and played a key role in the enhancement of the Company's corporate value. He also served as the Chair of the Governance Committee and as a member of the Nomination and Compensation Committee.
	Naomi Tobita	Ms. Tobita attended all 10 Board of Directors meetings after her assumption of office as Director. With her experience as an executive at a global company, she undertook appropriate management decisions and management supervision. Based on her extensive knowledge and experience in the vitalization of the organization and the development of human resources, she provided vigorous suggestions and advice on the development and education of human resources, fostering corporate culture, and vitalizing organizations with regard to the Group's business operations in general and the progress of the Medium-Term Management Plan, "DK-One Next," and played a key role in the enhancement of the Company's corporate value. She also served as a member of the Nomination and Compensation Committee and a member of the Governance Committee.
Outside Audit & Supervisory Board Member	Hiroshi Kawaguchi	Mr. Kawaguchi attended 12 meetings out of 13 Board of Directors meetings and all 13 Audit & Supervisory Board meetings. He made appropriate comments where necessary, based on his experience and insights as director and Audit & Supervisory Board member at listed companies. He also served as a member of the Governance Committee.
	Yoshinori Tsuda	Mr. Tsuda attended all 13 Board of Directors meetings and all 13 Audit & Supervisory Board meetings. He made comments where necessary, based on his expertise as a Certified Public Accountant and experience as an outside officer at other companies. He also served as a member of the Governance Committee.
	Ayako Oura	Ms. Oura attended all 10 Board of Directors meetings and all 10 Audit & Supervisory Board meetings after her assumption of office as Audit & Supervisory Board Member. She made comments where necessary, based on her expertise as an Attorney-at-Law. She also served as a member of the Governance Committee.

Corporate Governance Structure



5. Accounting Auditor

(1) Accounting Auditor's Name
Deloitte Touche Tohmatsu LLC

(2) Accounting Auditor's Compensation, etc.

	Amount Paid
Accounting Auditor's compensation, etc., for the fiscal year ended March 31, 2024	34 million yen
Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor	34 million yen

Notes: 1. The audit agreement between the Company and the Accounting Auditor does not distinguish between the amount of accounting auditor's compensation, etc. being derived from the audit under the Companies Act and that being derived from the audit under the Financial Instruments and Exchange Act. As such distinction cannot essentially be made, the amount of compensation, etc. is presented as the total of these amounts.
2. The material subsidiaries of the Company have received audits from audit firms other than the Company's Accounting Auditor.
3. Based on the Practical Guidelines for Collaboration with Accounting Auditors published by the Japan Audit & Supervisory Board Members Association, the Company's Audit & Supervisory Board has given consent to the compensation, etc. to be paid to the Accounting Auditor pursuant to Article 399, Paragraph 1 and 2 of the Companies Act as a result of consideration of the details of the audit schedule for the fiscal year under review, and the validity of compensation estimates after having needed briefing from the Accounting Auditor and relevant divisions within the Company
4. In addition to the above, additional compensation of 1 million yen was paid in the current fiscal year for the audit of the previous fiscal year.

(3) Policy on Determination of Dismissal or Non-reappointment of Accounting Auditor
The Company's Audit & Supervisory Board shall dismiss the Accounting Auditor with the unanimous consent of all Audit & Supervisory Board Members if they recognize that the Accounting Auditor falls under any of the items set forth in Article 340, Paragraph 1 of the Companies Act, such as having breached its obligations in the course of duty, or neglected its duties, or engaged in misconduct inappropriate for an accounting auditor. In such an event, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board shall report the dismissal of the Accounting Auditor and the reasons for it at the first General Meeting of Shareholders convened after the dismissal.

Further, if the Audit & Supervisory Board Members recognize that it has become difficult for the Accounting Auditor to execute its duties appropriately or if it determines that the replacement of the Accounting Auditor would be appropriate to further improve the properness of audits, the Audit & Supervisory Board will decide the content of a proposal to be submitted to the General Meeting of Shareholders concerning the dismissal or non-reappointment of the Accounting Auditor.

6. Basic Policies on Establishment of Internal Control Systems and Their Implementation Status

Basic Policies

(1) System to ensure Directors and employees of the Corporate Group execute their duties in accordance with laws and regulations and the Articles of Incorporation

Basic Policy	1) The Group will make the Action Guidelines of Daiichi Kigenso Kagaku Kogyo Co., Ltd., specific rules for management to fulfill its social responsibilities, well known to its Directors and employees to ensure their legal compliance.
	2) The Group will establish internal and external whistleblowing contact points for the purpose of discovering and correcting legal violations and instances of unfair practices within the Group. In addition, the Group will not treat whistleblowers unfavorably.
	3) The Group will establish the Internal Audit Division controlled directly by the President to audit the appropriateness of the Group's operations.
	4) Our policy for the elimination of anti-social forces is declared in the Action Guidelines of DAIICHI KIGENSO KAGAKU KOGYO CO., LTD. and provided in the Rules for Banning Relations with Anti-social Forces. The Company also coordinates with local police departments, etc. and strives to obtain relevant information.

(2) System concerning the storage and management of information on the execution of duties by Directors

Basic Policy	Documents relevant to the execution of duties by Directors such as minutes of board meetings and requests for managerial decisions will be stored and managed appropriately in accordance with laws and regulations as well as internal rules.

(3) Rules and other systems concerning the Corporate Group's management of risk of loss

Basic Policy	1) The Group will establish the Risk Management Committee, collect and analyze risk information, and take preventive measures against risks which may have grave consequences in order to continue its business and fulfill its social responsibilities.
	2) In the event that a crisis occurs, responses will be made in accordance with the crisis management system as set forth in the Rules for Crisis Management.

(4) System to ensure the efficient execution of duties by Directors of the Corporate Group

Basic Policy	1) The Board of Directors will make decisions on the execution of the important duties based on the Rules for the Board of Directors, and serve a supervising function while receiving reports from each Director regarding the Company's and its subsidiaries' performance of operations based on the medium-term management plan.
	2) The Group will establish the Management Council consisting of Executive Officers and Unit General Managers, etc. that will discuss from multiple perspectives and make decisions on the execution of important duties within the authority of the President, Executive Officer.

(5) System for reports to the Company regarding the execution of duties by the directors of individual Group companies

Basic Policy	The Company will receive timely reports on business performance, management challenges, and other important information of subsidiaries and affiliated companies based on the Rules for Management of Affiliated Companies.

(6) System for employees to assist the duties of Audit & Supervisory Board Members and matters concerning securing the independence of those employees from Directors and the effectiveness of directions to those employees

Basic Policy	The Company, placing no employee to assist with the duties of Audit & Supervisory Board Members at present, will assign assistants if requested by Audit & Supervisory Board Members, securing their independence.

(7) System for Directors and employees of the Corporate Group to report to Audit & Supervisory Board Members, other systems for reporting to Audit & Supervisory Board Members, and system to ensure Audit & Supervisory Board Members conduct effective audits

Basic Policy	1) Directors and employees will report the execution of their duties through the attendance of Audit & Supervisory Board Members at meetings of the Board of Directors and the Management Council. Audit & Supervisory Board Members may request that Directors and employees report to them as necessary, in addition to the above.
	2) Directors and employees of the Group will report to Audit & Supervisory Board Members immediately if they discover or they receive report on any grave legal violation or fact which may cause substantial damage to the Company or their companies.
	3) The Company will not treat those who report to Audit & Supervisory Board Members unfavorably for reason of such reporting.
	4) If Audit & Supervisory Board Members make a request for expenses relevant to the execution of their duties, the Company will process said request appropriately in accordance with Article 388 of the Companies Act.

Implementation Status

Based on the aforementioned basic policies, a comprehensive review of the implementation status of internal systems was conducted at the Board of Directors meeting held on March 14, 2024.

(1) Efforts toward compliance systems

- The Company performed a self-assessment of the implementation status of compliance in the entire Group, and awareness-raising and education activities were conducted where improvement was needed.
- During the fiscal year under review, awareness-raising and education activities were conducted to deepen employees' understanding of human rights. In addition, as part of our human rights due diligence activities, we conducted a survey among all employees to identify levels of awareness regarding "Business and Human Rights." Going forward, we will use the results of the survey for these activities.
- The Company has established a consultation and reporting system based on the Rules for the Whistleblower System with reference to the revised Whistleblower Protection Act and the whistleblower system. During the fiscal year under review, we took appropriate measures in regard to reported incidents in accordance with the rules, while taking into account the protection of whistleblowers.

(2) Efforts toward risk management systems

- In addition to deliberating on risks that present an urgent challenge for the Group in the Management Council, the Risk Management Committee took an encompassing view of risks in the Group, conducted an evaluation of those risks based on their likelihood of occurring and degree of impact, and confirmed the state of responses to them.
- Based on the Risk Management Rules, the Company reconfirmed the initial responses in the event of an emergency and conducted training.

(3) Efforts toward systems for execution of duties

- The Company has an executive officer system. The roles of the Board of Directors and the Management Council are clarified to strengthen the supervisory functions of the Board of Directors and enhance deliberation systems.
- In order to increase its effectiveness, the Board of Directors formulates a proposal schedule at the beginning of the fiscal year, and further deliberates on the proposals each month while monitoring the management situation at the time.
- In the Management Council, whose members are Executive Officers and Unit General Managers, prompt decisions are made about the execution of important operations, etc. within the President's authority.

(4) Efforts to ensure the effectiveness of audits by Audit & Supervisory Board Members

- In addition to attending the Board of Directors meetings, Audit & Supervisory Board Members attend meetings of the Management Council and the Risk Management Committee as observers to confirm the content of deliberations and state opinions as necessary.
- Audit & Supervisory Board Members exchange opinions with the President. The Meeting with the Accounting Auditor, which is held quarterly to receive reports from the Accounting Auditor, is also attended by the Internal Audit Division to collaborate as a threefold audit by sharing audit information.

7. Policy regarding the determination of dividends of surplus

The Company's approach to profit allocation is to continue stable dividend while securing retained earnings necessary to develop future businesses and strengthen the management practices. We will actively return profits to shareholders, based on a payout ratio of 30%, while comprehensively considering performance and investment promotion in strategic areas.

The Company's basic policy is to distribute surplus twice a year as interim dividend and year-end dividend. We have determined to pay both interim and year-end dividends by a resolution of the Board of Directors.

In light of this dividend policy and the current management circumstances, the Company will provide year-end dividends of 14 yen per share for the fiscal year under review. Combined with the 12-yen interim dividend, the annual dividend will be 26 yen.

The Company wishes to invest its internal reserves effectively to further increase cost competitiveness to respond to future changes in the management environment, strengthen its technological and manufacturing development systems to meet market needs, and, further, to roll out global strategies.

End of Report

(Reference) Policies and Procedures for Appointment and Dismissal of Directors and Audit & Supervisory Board Members

Basic Policy on Appointment and Dismissal of Officers

In the appointment and dismissal of Directors, given that these are the most important strategic decisions for the sustainable growth of the Company and the medium- to long-term enhancement of corporate value, the Company considers the balance and diversity of the qualities and experiences of the Board of Directors and the officers as a whole when nominating candidates for Director and Audit & Supervisory Board Member.

With the objectives of selecting the best talent to be officers and of establishing appointment and dismissal procedures that are objective, timely, and transparent, Officer Selection Standards, Standards for the Dismissal and Termination of Employment of Officers, and Procedures for the Appointment and Dismissal of Officers have been established. In line with these standards and procedures, the appointment and dismissal of officers is deliberated by the Nomination and Compensation Committee, comprising the Representative Director and President/Executive Officer and Outside Directors and chaired by an Outside Director, and decisions on candidates are made by the Board of Directors.

Procedure for Nomination of Officers

The appointment and dismissal of Directors, Audit & Supervisory Board Members, and Executive Officers are conducted according to the following steps.

1) The appointment of Directors and Audit & Supervisory Board Members shall be by resolution of the General Meeting of Shareholders. Candidates are recommended by the Representative Director and President/Executive Officer in light of the Selection Standards, and after deliberation by the Nomination and Compensation Committee, decisions are made by the Board of Directors. The approval of the Audit & Supervisory Board is also obtained for the selection of candidates for Audit & Supervisory Board Members.
2) Regarding the dismissal and termination of employment of Directors and Audit & Supervisory Board Members, if another Director makes a proposal that falls under the Standards for Dismissal and Termination of Employment, after deliberations by the Nomination and Compensation Committee, the Board of Directors will convene the General Meeting of Shareholders and make a resolution.

Consolidated Financial Statements

(April 1, 2023 - March 31, 2024)

Consolidated Balance Sheet

(As of March 31, 2024)

(In millions of yen)

Description	Amount	Description	Amount
(Assets)		**(Liabilities)**	
Current assets	**32,523**	**Current liabilities**	**9,915**
Cash and deposits	8,289	Notes and accounts payable - trade	1,474
Notes and accounts receivable - trade	6,814	Short-term borrowings	800
Finished goods	6,724	Current portion of long-term borrowings	5,254
Work in process	2,776	Accounts payable - other	1,035
Raw materials and supplies	4,819	Income taxes payable	448
Other	3,098	Provision for bonuses	309
		Provision for bonuses for directors and other officers	28
		Forward exchange contracts	2
Non-current assets	**33,081**	Other	563
Property, plant and equipment	**27,726**	**Non-current liabilities**	**19,373**
Buildings and structures	14,002	Long-term borrowings	18,130
Machinery, equipment and vehicles	9,981	Retirement benefit liability	3
Land	2,233	Other	1,238
Construction in progress	332	**Total liabilities**	**29,288**
Other	1,175	**(Net assets)**	
Intangible assets	**1,490**	**Shareholders' equity**	**34,864**
Investments and other assets	**3,865**	**Share capital**	**787**
Investment securities	1,062	**Capital surplus**	**1,194**
Shares of subsidiaries and associates	17	**Retained earnings**	**32,901**
Long-term loans receivable	244	**Treasury shares**	**(18)**
Retirement benefit asset	1,173	**Accumulated other comprehensive income**	**860**
Deferred tax assets	92	**Unrealized gain on available-for-sale securities**	**518**
Long-term accounts receivable - other	3,331	**Foreign currency translation adjustments**	**(75)**
Other	1,275	**Defined retirement benefit plans**	**417**
Allowance for doubtful accounts	(3,332)	**Non-controlling interests**	**591**
		Total net assets	**36,316**
Total assets	**65,605**	**Total liabilities and net assets**	**65,605**

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

Consolidated Statement of Income

(April 1, 2023 - March 31, 2024)

(In millions of yen)

Description	Amount	
Net sales		35,220
Cost of sales		26,907
Gross profit		**8,313**
Selling, general and administrative expenses		5,890
Operating profit		**2,422**
Non-operating income		
Interest income	129	
Dividend income	21	
Purchase discounts	19	
Share of profit of entities accounted for using equity method	11	
Foreign exchange gains	1,891	
Subsidy income	6	
Other	109	**2,188**
Non-operating expenses		
Interest expenses	546	
Loss on valuation of derivatives	636	
Provision of allowance for doubtful accounts	393	
Other	92	**1,668**
Ordinary profit		**2,942**
Extraordinary losses		
Loss on disposal of non-current assets	22	
Impairment losses	351	**373**
Profit before income taxes		**2,568**
Income taxes-current	1,310	
Income taxes-deferred	100	**1,411**
Profit		**1,157**
Profit attributable to non-controlling interests		17
Profit attributable to owners of parent		**1,140**

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

Consolidated Statement of Changes in Equity

(April 1, 2023 – March 31, 2024)

(In millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2023	787	1,175	32,442	(30)	34,374
Changes during period					
Dividends from surplus			(681)		(681)
Profit attributable to owners of parent			1,140		1,140
Disposal of treasury shares		18		11	30
Change in scope of consolidation	—	0	—	—	0
Net changes in items other than shareholders' equity					
Total changes during period	—	18	459	11	489
Balance as of March 31, 2024	787	1,194	32,901	(18)	34,864

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustment	Defined retirement benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2023	332	680	134	1,147	629	36,151
Changes during period						
Dividends from surplus						(681)
Profit attributable to owners of parent						1,140
Disposal of treasury shares						30
Change in scope of consolidation	—	—	—	—	—	0
Net changes in items other than shareholders' equity	185	(756)	283	(287)	(37)	(324)
Total changes during period	185	(756)	283	(287)	(37)	165
Balance as of March 31, 2024	518	(75)	417	860	591	36,316

Notes to the Consolidated Financial Statements

(Notes on the Basis for Preparation of Consolidated Financial Statements)

1. Scope of consolidation

Number of consolidated subsidiaries: 5

Names of consolidated subsidiaries:

VIETNAM RARE ELEMENTS CHEMICAL JOINT STOCK COMPANY
DKK (Shanghai) Materials Trading Co., Ltd.
DKK Thai Materials Trading Co., Ltd.
DKK America Materials, Inc.
DKK Logistics Corporation

2. Application of the equity method

(1) Names of associates accounted for using the equity method

Number of associates accounted for using the equity method: 2

Names of associates accounted for using the equity method:

Shandong Guangyin DKK New Materials Co., Ltd.
Shandong Guangyin DKK Environment Technology Co., Ltd.

(2) Names of associates not accounted for using the equity method

I.D.U. Co., Ltd.

Reason for not accounted for using the equity method:

The associate not accounted for using the equity method is excluded from the scope of the equity method since it does not have a material impact on the consolidated financial statements in terms of profit or loss (amounts corresponding to the Company's equity interest) and retained earnings (amounts corresponding to the Company's equity interest), etc., and the impact is also insignificant as a whole.

(3) Special matters concerning application of the equity method

Regarding the affiliates accounted for using the equity method with the different closing date from the consolidated closing date, the Company used the financial statements of each affiliate prepared as of its most recent fiscal year-end.

3. Fiscal year-end of consolidated subsidiaries

The Company's consolidated subsidiaries: VIETNAM RARE ELEMENTS CHEMICAL JOINT STOCK COMPANY, DKK (Shanghai) Materials Trading Co., Ltd., DKK Thai Materials Trading Co., Ltd., DKK America Materials, Inc., and DKK Logistics Corporation, settle accounts on December 31. In preparing the consolidated financial statements, the Company used these companies' financial statements as of December 31 and for the year then ended, and made necessary adjustments for major transactions that occurred between December 31 and the consolidated closing date.

4. Matters concerning accounting policies

(1) Basis and methods for valuation of significant assets

1) Basis and method for valuation of securities

Available-for-sale securities:

Equity securities with market prices:

Stated at fair value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Costs of securities sold are determined by the moving-average method.

Equity securities without market prices:

Stated at cost determined by the moving-average method.

2) Basis and method for valuation of inventories

At the Company and its overseas consolidated subsidiaries, inventories are measured at the lower of cost determined by the weighted-average method or net realizable value.

3) Basis and method for valuation of net receivables and payables arising from derivatives transactions

Stated at fair value.

(2) Depreciation or amortization method for significant depreciable or amortizable assets

1) Property, plant and equipment

The Company applies the declining-balance method and its overseas consolidated subsidiaries apply the straight-line method.

However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998 and building fixtures and structures acquired on or after April 1, 2016.

2) Intangible assets

The straight-line method is applied.

Internal-use software is amortized over the estimated period of internal use (3 to 5 years). Fixed-term land lease rights are amortized over the respective term of lease agreements.

(3) Basis for significant provision and allowance

1) Allowance for doubtful accounts

The Company provides the allowance for doubtful accounts at the amount determined based on the historical experience of bad debt with respect to ordinary receivables and an estimate of uncollectible amount determined by reference to specific doubtful receivables of customers experiencing financial difficulties. Overseas consolidated subsidiaries provide the allowance for doubtful accounts mainly for specific receivables at the amount determined based on an estimate of uncollectible amount.

2) Provision for bonuses

The Company provides the provision for bonuses to meet the payment to employees at the estimated amount which the Company is obligated to pay as of the balance sheet date.

3) Provision for bonuses for directors and other officers

The provision for bonuses for directors and other officers is provided to meet the payment to directors (and other officers) at the estimated amount.

(4) Basis for recognizing revenue and expenses

The Company determines that performance obligations on sales of the Company's products are satisfied at the point in time at which the products are delivered to the customers since the legal titles, physical possessions, significant risks and rewards of ownership of the products are transferred and the customers obtain the control of the products at the point in time of delivery. The Company also determines the amount of revenue at the amount calculated by deducting discounts, rebates and refunds due to returned goods, etc. from the promised considerations under the contracts with customers. For domestic sales of products, revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the product is transferred to the customer is within the usual period.

(5) Other significant matters for the preparation of consolidated financial statements

1) Accounting treatment of retirement benefits

a. Method of attributing retirement benefit obligation to the period

The benefit formula basis is used as a method of attributing retirement benefit obligation to the period through the end of the fiscal year.

b. Treatment of actuarial differences

Actuarial differences are amortized commencing in the following year after the differences are recognized, using the straight-line method over a period within the average remaining service years for employees (5 years) at the time of recognition of such differences for respective fiscal year.

c. Application of the simplified method for small-sized companies, etc.

Certain consolidated subsidiary applies the simplified method that assumes the amount required for voluntary resignation at the end of the fiscal year to be retirement benefit obligation in computing retirement benefit liability and retirement benefit expenses.

2) Basis for foreign currency translation of significant assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the prevailing rates of exchange at the consolidated balance sheet date. Exchange gains or losses resulting from translation of assets and liabilities are recognized in income or expenses.

The assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen at the prevailing rates of exchange at the respective balance sheet date. Revenue and expense items are translated at the average exchange rate prevailing during the fiscal year. The exchange differences are recognized as foreign currency translation adjustment and non-controlling interests under a separate component of net assets.

3) Significant hedge accounting method
   a. Hedge accounting method
      The exceptional treatment is applied since the interest rate swaps qualify for exceptional treatment.
   b. Hedging instruments and hedged items
      Hedging instruments – interest rate swaps
      Hedged items – borrowings
   c. Hedging policy
      As a basic policy, the Company uses hedging instruments within certain defined limits for the purpose of hedging the risk of interest rate fluctuations.
   d. Method to assess hedge effectiveness
      The assessment of hedge effectiveness is omitted since the interest rate swaps qualify for exceptional treatment.

(Notes on Revenue Recognition)

(1) Information on disaggregation of revenue from contracts with customers

	Net sales (In millions of yen)
Major regional market:	
Japan	15,989
North America	6,619
Europe	4,071
East Asia	4,911
Global South & Central Asia	3,629
Total	35,220
Sales by use:	
Strategic Areas	
Semiconductor/Electronics	1,696
Energy	2,190
Healthcare	1,762
Automotive Catalyst	22,574
Basic Areas	6,996
Total	35,220

(Note) An additional amount of 0 million yen falls under Strategic Areas but the amount is immaterial and therefore not shown in the table above.

Starting from the current consolidated fiscal year, the classifications of "Major regional market" under "Information on disaggregation of revenue from contracts with customers" has been changed from "Japan, Asia, North America, Europe, Other" to "Japan, North America, Europe, East Asia, Global South & Central Asia." In addition, the classifications of "Sales by use" have been changed from "Catalysts, Electronic materials and oxygen sensors, Fine ceramics, Refractories and brake materials, Other" to "Strategic Areas (Semiconductor/Electronics, Energy, Healthcare), Automotive Catalyst, Basic Areas." The reason for this is that in the medium-term management plan announced in 2022, we aim to transform our business portfolio, and we determined that visualizing the progress, analyzing sales data in accordance with the regional characteristics of industries and markets and the degree of progress with automotive electrification, and appropriately determining the allocation of management resources based on these would facilitate evaluations and analyses that are more in line with the actual situation.

(2) Information on basis for understanding revenue from contracts with customers
Information on basis for understanding revenue from contracts with customers is stated in "4. Matters concerning accounting policies, (4) Basis for recognizing revenue and expenses."

(Notes on Significant Accounting Estimates)

(1) Deferred tax assets

1) Amounts on the consolidated balance sheet as of March 31, 2024

(In millions of yen)

	As of March 31, 2024
Deferred tax assets	92

2) Information on details of significant accounting estimates for identified items

Deferred tax assets are recognized for future deductible temporary differences when the Group determines that the future taxable income is sufficient and thus the deferred tax assets are recoverable. The Group estimates taxable income based on the future business plans, with sales volumes, sales prices, and raw material prices as key assumptions. The recoverability of deferred tax assets depends on how future taxable income is estimated; thus, the amount of deferred tax assets may be reduced and the tax expenses may be recognized when conditions or assumptions used for the estimates changes due to changes in the business environment.

(2) Allowance for doubtful accounts on long-term accounts receivable - other

1) Amounts on the consolidated balance sheet as of March 31, 2024

(In millions of yen)

	As of March 31, 2024
Allowance for doubtful accounts	3,332
[including allowance for doubtful accounts on long-term accounts receivable - other]	[3,331]

2) Information on details of significant accounting estimates for identified items

The Company decided to invest in Duong Lam Joint Stock Company (hereinafter, "DL"), a Vietnamese mining company, for the purpose of the stable long-term procurement of zirconium ore which is the main raw material used by VIETNAM RARE ELEMENTS CHEMICAL JOINT STOCK COMPANY (hereinafter, "VREC"), a consolidated subsidiary of the Company, and negotiated with Solid Success International Limited (hereinafter, "SSI") which intended to reorganize through the acquisition of DL. In accordance with the stock transfer agreement with SSI's shareholders, the Company paid 2,447 million yen in cash in January 2019 for the acquisition of SSI's shares.

The execution of the investment is subject to the performance of the obligation by the relevant parties as stipulated in the stock transfer agreement. However, a lawsuit which was filed between SSI's subsidiaries and associates and DL's shareholders regarding the stock transfer, etc. has been protracted and a conclusion to the lawsuit, including a settlement, is not in prospect. In addition, affected by the lawsuit, etc., the procurement of zirconium ore based on the purchase and sale agreement between VREC and DL had also stalled. Therefore, the performance of the obligation stated in the stock transfer agreement with SSI's shareholders, the calculation of DL's stock value, the resumption of DL's business activities and the performance of the obligation of the purchase and sale agreement between VREC and DL at an early stage would be highly unlikely. Judging the circumstances including these factors comprehensively, the Company terminated the stock transfer agreement by notifying the cancellation of the said stock transfer agreement in April 2022. Concurrently, the Company claimed the refund of advance payments. As a result, the account title was changed from long-term advance payments - other to long-term accounts receivable - other in the fiscal year ended March 31, 2023.

As a result of the evaluation of the collectability of long-term advance payments - other at the end of the fiscal year ended March 31, 2022, the Company provided allowance for doubtful accounts for the entire amount of long-term advance payments - other. In the fiscal year under review, the Company continued negotiation with SSI's shareholders so that they would refund the payment for the acquisition of SSI's shares made by the Company. However, SSI's shareholders' intention to refund has not been confirmed. Moreover, although the Company is monitoring DL's move for resumption of operations, no information on DL's resumption of business activities has been gained. As a result of evaluating the collectability of the payment for acquisition of SSI's shares paid to SSI's shareholders, which were collateralized by DL's stock value, based on the right to claim a refund from SSI shareholders, the Company determined that there is no collectability at present. Therefore, the Company provided allowance for doubtful accounts on the entire amount of long-term accounts receivable - other.

Since the major assumption used for the evaluation of long-term accounts receivable - other is DL's stock value based on future cash flows, which is based on DL's business plan, and is subject to future uncertainties, it may give a significant impact on the consolidated financial statements in the following fiscal year.

(Notes to the Consolidated Balance Sheet)

Accumulated depreciation of property, plant and equipment 31,440 million yen

(Notes to the Consolidated Statement of Income)

The Group recorded impairment losses on the following assets.

Company	Application	Type	Impairment loss (In millions of yen)
VIETNAM RARE ELEMENTS CHEMICAL JOINT STOCK COMPANY	Idle assets	Machinery and equipment	186
		Leasehold interests in land	84
		Buildings	78
		Other	1
Total			351

The Company and its consolidated subsidiaries, in principle, group business assets based on management accounting classifications that continually track profits and losses, and track idle assets on an individual asset basis.

VIETNAM RARE ELEMENTS CHEMICAL JOINT STOCK COMPANY, a consolidated subsidiary of the Company, has reduced the book value of non-current assets to the recoverable amount due to the decision to sell the former factory in association with the start of operations at the new factory, and recorded the reduction amount as an impairment loss under extraordinary losses. The recoverable amount of said assets is measured using the net realizable value, and the net realizable value is calculated using the estimated selling price.

(Notes to the Consolidated Statement of Changes in Equity)

1. Class and total number of outstanding shares as of March 31, 2024

Common stock 24,400,000 shares

2. Dividends

(1) Dividend amount

Resolution	Class	Total amount of dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting on May 12, 2023	Common stock	389	16.00	March 31, 2023	June 23, 2023
Board of Directors meeting on November 15, 2023	Common stock	292	12.00	September 30, 2023	December 1, 2023

(2) Dividends whose record date is during the current fiscal year, but whose effective date is after the end of the current fiscal year

Resolution	Class	Source of dividends	Total amount of dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting on May 13, 2024	Common stock	Retained earnings	340	14.00	March 31, 2024	June 20, 2024

(Notes on Financial Instruments)

1. Status of financial instruments

(1) Policy on financial instruments

The Group invests funds only in highly stable financial instruments without the risk of loss of principals and obtains necessary funds through borrowings from financial institutions such as banks.

As a policy, the Group uses derivative transactions only when actual demand arises.

(2) Details of financial instruments, their risks and risk management system

It is necessary to manage customers' credit risk for operating receivables, such as notes and accounts receivable-trade. In accordance with the credit management rules, the marketing department and the management planning department periodically monitor customers' credit status for operating receivables, review payment terms and balances by customers, and ensure early identification and mitigation of potential bad debt caused by deterioration in their financial conditions or other factors. Operating receivables denominated in foreign currencies arising from exports and operating payables denominated in foreign currencies arising from imports are exposed to the foreign currency fluctuation risk. The Company monitors the outstanding position of receivables and payables denominated in foreign currencies, and performs foreign currency transactions in accordance with the foreign currency transaction manual. As a basic policy, the Company makes payments in foreign currencies using foreign funds received, and exchanges them into Japanese yen or purchases foreign currencies as necessary.

Investment securities, which consist of equity securities, are exposed to the market price fluctuation risk. The Company monitors their market prices and financial status of issuers on a periodical basis.

The borrowings, which are used as short-term and mid-term working capital and long-term capital expenditures, are exposed to the liquidity risk. To manage the liquidity risk, the finance department prepares and updates the monthly cash flow projection based on reports from each department, and maintains a certain level of liquidity on hand.

The derivative transactions that the Company enters are currency swaps for the purpose of hedging foreign currency fluctuation risks associated with loans receivable denominated in foreign currencies. Since counterparties of these currency swaps are domestic banks with high credit rating, the Company regards that the credit risk is minimal. Derivative transactions are properly conducted in accordance with the internal rules.

(3) Supplemental explanation for the fair value of financial instruments

The fair value of financial instruments includes values based on market prices and values which are reasonably calculated in case market prices are not readily available. Since certain assumptions are used for the calculation of the fair value of financial instruments, values may vary when different assumptions are applied.

2. Matters concerning fair value of financial instruments

Carrying value on the consolidated balance sheet, fair value and the differences between the two are presented below.

(In millions of yen)

	Carrying value	Fair value	Difference
Investment securities	1,015	1,015	—
Assets, total	1,015	1,015	—
Current portion of long-term borrowings and long-term borrowings	23,384	23,196	(187)
Liabilities, total	23,384	23,196	(187)
Derivative transactions (*3)	[1,013]	[1,013]	—
Derivative transactions, total	[1,013]	[1,013]	—

(*1) Notes are omitted for "Cash and deposits," "Notes and accounts receivable - trade," "Notes and accounts payable - trade," "Short-term borrowing," and "Accounts payable - other," since they are in cash and the carrying values approximate fair value due to their short maturities.

(*2) Equity securities without market prices are not included in "Investment securities."

Classification	Carrying value (Million yen)
Unlisted equity securities Investment securities	47

(*3) Assets and liabilities from derivative transactions are netted, with net liabilities presented in [parentheses].

3. Matters concerning fair value hierarchy of financial instruments

The Company classifies fair value of financial instruments into the following three categories depending on whether the inputs are observable and significant.

Level 1 fair value:	Fair value measured by using quoted value in active markets as inputs for assets or liabilities subject to the fair value measurement, of observable inputs for fair value measurement.
Level 2 fair value:	Fair value measured by using inputs other than those for Level 1, of observable inputs for fair value measurement.
Level 3 fair value:	Fair value measured by using unobservable inputs for fair value measurement.

When multiple inputs with significant impacts on the fair value measurement are used, the fair value is classified into the level that has the lowest priority in the fair value measurement among the levels to which those inputs belong.

(1) Financial instruments whose carrying value is their fair value

(In millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	1,015	—	—	1,015
Derivative transactions (*1)				
Foreign currency forward contracts	—	[1,013]	—	[1,013]

(*1) Assets and liabilities from derivative transactions are netted, with net liabilities presented in [parentheses].

(2) Financial instruments whose carrying value is not their fair value

(In millions of yen)

Classification	Fair value				Carrying value	Difference
	Level 1	Level 2	Level 3	Total		
Current portion of long-term borrowings and long-term borrowings	—	23,196	—	23,196	23,384	(187)

Note: 1. Fair value measurement of financial instruments and matters concerning securities

Investment securities

Listed equity securities are measured at quoted value since they are traded in active markets. The fair value is classified into Level 1.

Derivative transactions

The fair value of derivative transactions is based on prices, etc. provided by financial institutions with which the Company has transactions. The fair value is classified into Level 2.

Current portion of long-term borrowings and long-term borrowings

The fair value of current portion of long-term borrowings and long-term borrowings is determined by discounting the total of principal and interests using an interest rate that would be applied to similar new borrowings. The fair value is classified into Level 2.

(Notes on Per Share Information)

(1) Net assets per share	1,467.26 yen
(2) Profit per share	46.87 yen

(Notes on Significant Subsequent Events)

None

(Other Notes)

Change in presentation of unit amounts

From the fiscal year ended March 31, 2024, the unit of presentation has been changed from units of thousand yen to units of million yen.

Non-Consolidated Financial Statements

(April 1, 2023 - March 31, 2024)

Non-Consolidated Balance Sheet

(As of March 31, 2024)

(In millions of yen)

Description	Amount	Description	Amount
(Assets)		**(Liabilities)**	
Current assets	**29,996**	**Current liabilities**	**9,873**
Cash and deposits	5,025	Notes payable-trade	34
Notes receivable	83	Electronically recorded obligations - operating	479
Electronically recorded monetary claims - operating	828	Accounts payable - trade	1,273
Accounts receivable - trade	8,998	Short-term borrowings	800
Finished goods	4,929	Current portion of long-term borrowings	5,254
Work in process	2,533		
Raw materials and supplies	3,847	Accounts payable-other	845
Advance payments to suppliers	123	Accrued expenses	262
Prepaid expenses	39	Income taxes payable	441
Accounts receivable - other	2,337	Deposits received	28
Current portion of long-term loans receivable	930	Notes payable - facilities	59
		Provision for bonuses	307
Other	318	Provision for bonuses for directors and other officers	28
Non-current assets	**37,471**	Other	57
Property, plant and equipment	**14,841**	**Non-current liabilities**	**19,474**
Buildings	6,894	Long-term borrowings	18,130
Structures	1,221	Guarantee deposits received	85
Machinery and equipment	3,542	Deferred tax liabilities	135
		Asset retirement obligations	27
Vehicles	7	Other	1,096
Tools, furniture and fixtures	753	**Total liabilities**	**29,347**
Land	2,233	**(Net assets)**	
Construction in progress	188	**Shareholders' equity**	**37,602**
Intangible assets	**823**	**Share capital**	**787**
Patent right	14	**Capital surplus**	**1,338**
Telephone subscription right	2	Legal capital surplus	1,194
Software	360	Other capital surplus	143
Software in progress	445		
Investments and other assets	**21,806**	**Retained earnings**	**35,495**
Investment securities	1,062	Legal retained earnings	35
Shares of subsidiaries and associates	2,967	Other retained earnings	35,460
Investments in capital of subsidiaries and associates	325	Reserve for tax purpose reduction entry of non-current assets	94
Long-term loans receivable	16,300	General reserve	27,000
Investments in capital	100	Retained earnings brought forward	8,366
Long-term prepaid expenses	340	**Treasury shares**	**(18)**
Prepaid pension costs	571	**Valuation and translation adjustments**	**518**
Lease and guarantee deposits	131	Unrealized gain on available-for-sale securities	**518**
Long-term accounts receivable - other	3,331	**Total net assets**	**38,120**
Other	8		
Allowance for doubtful accounts	(3,332)		
Total assets	**67,467**	**Total liabilities and net assets**	**67,467**

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

Non-Consolidated Statement of Income

(April 1, 2023 - March 31, 2024)

(In millions of yen)

Description	Amount	
Net sales		33,697
Cost of sales		24,707
Gross profit		**8,989**
Selling, general and administrative expenses		5,352
Operating profit		**3,636**
Non-operating income		
Interest and dividend income	524	
Purchase discounts	19	
Foreign exchange gains	2,305	
Subsidy income	6	
Other	98	**2,953**
Non-operating expenses		
Interest expenses	542	
Loss on valuation of derivatives	636	
Provision of allowance for doubtful accounts	393	
Other	59	**1,631**
Ordinary profit		**4,959**
Extraordinary losses		
Loss on disposal of non-current assets	22	**22**
Profit before income taxes		**4,937**
Income taxes-current	1,292	
Income taxes-deferred	132	1,425
Profit		**3,511**

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

Non-Consolidated Statement of Changes in Equity

(April 1, 2023 – March 31, 2024)

(In millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance as of April 1, 2023	787	1,194	124	1,319	35	94	27,000	5,536	32,665
Changes during period									
Dividends from surplus								(681)	(681)
Profit								3,511	3,511
Disposal of treasury shares			18	18					
Net changes in items other than shareholders' equity									
Total changes during period	–	–	18	18	–	–	–	2,830	2,830
Balance as of March 31, 2024	787	1,194	143	1,338	35	94	27,000	8,366	35,495

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Unrealized gain on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2023	(30)	34,741	332	332	35,073
Changes during period					
Dividends from surplus		(681)			(681)
Profit		3,511			3,511
Disposal of treasury shares	11	30			30
Net changes in items other than shareholders' equity			185	185	185
Total changes during period	11	2,860	185	185	3,046
Balance as of March 31, 2024	(18)	37,602	518	518	38,120

Notes to the Non-Consolidated Financial Statements

(Notes on Significant Accounting Policies)

1. Basis and methods for valuation of assets
   (1) Basis and method for valuation of securities
      1) Shares of subsidiaries and associates and investments in capital of subsidiaries and associates:
         Stated at cost determined by the moving-average method.

      2) Available-for-sale securities
         Equity securities with market prices:
            Stated at fair value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Costs of securities sold are determined by the moving-average method.
         Equity securities without market prices:
            Stated at cost determined by the moving-average method.

   (2) Basis and method for valuation of inventories
      Inventories are measured at the lower of cost determined by the weighted-average method or net realizable value.

   (3) Basis and method for valuation of net receivables and payables arising from derivatives transactions
      Stated at fair value.

2. Depreciation or amortization method for non-current assets
   (1) Property, plant and equipment
      The declining-balance method is applied.
         However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998 and building fixtures and structures acquired on or after April 1, 2016.

   (2) Intangible assets
      The straight-line method is applied.
         Internal-use software is amortized over the estimated period of internal use (3 to 5 years).

3. Basis for provision and allowance
   (1) Allowance for doubtful accounts
      The Company provides the allowance for doubtful accounts at the amount determined based on the historical experience of bad debt with respect to ordinary receivables and an estimate of uncollectible amount determined by reference to specific doubtful receivables of customers experiencing financial difficulties.

   (2) Provision for bonuses
      The Company provides the provision for bonuses to meet the bonus payment to employees at the estimated amount which the Company is obligated to pay as of the balance sheet date.

   (3) Provision for retirement benefits
      The Company provides the provision for retirement benefits to meet the retirement benefit payment to employees based on the estimated amount of retirement benefit obligation and plan assets as of the balance sheet date.
      1) Method of attributing retirement benefit obligation to the period
         The benefit formula basis is used as a method of attributing retirement benefit obligation to the period through the end of the fiscal year.

      2) Treatment of actuarial differences
         Actuarial differences are amortized commencing in the following year after the differences are recognized, using the straight-line method over a period within the average remaining service years for employees (5 years) at the time of recognition of such differences for respective fiscal year.

(4) Provision for bonuses for directors and other officers
The provision for bonuses for directors and other officers is provided to meet the payment to directors (and other officers) at the estimated amount.

4. Basis for recognizing revenue and expenses
The Company determines that performance obligations on sales of the Company's products are satisfied at the point in time at which the products are delivered to the customers since the legal titles, physical possessions, significant risks and rewards of ownership of the products are transferred and the customers obtain the control of the products at the point in time of delivery. The Company also determines the amount of revenue at the amount calculated by deducting discounts, rebates and refunds due to returned goods, etc. from the promised considerations under the contracts with customers. For domestic sales of products, revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the product is transferred to the customer is within the usual period.

5. Other significant matters for the preparation of financial statements
(1) Accounting treatment of retirement benefits
Accounting treatment for unrecognized actuarial differences and unrecognized past service costs of retirement benefits are different from those of the consolidated financial statements.

(2) Basis for foreign currency translation of significant assets and liabilities denominated in foreign currencies
Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the prevailing rates of exchange at the balance sheet date. Exchange gains or losses resulting from translation of assets and liabilities are recognized in income or expenses.

(3) Significant hedge accounting method
1) Hedge accounting method
The exceptional treatment is applied since the interest rate swaps qualify for exceptional treatment.

2) Hedging instruments and hedged items
Hedging instruments – interest rate swaps
Hedged items – borrowings

3) Hedging policy
As a basic policy, the Company uses hedging instruments within certain defined limits for the purpose of hedging the risk of interest rate fluctuations.

4) Method to assess hedge effectiveness
The assessment of hedge effectiveness is omitted since the interest rate swaps qualify for exceptional treatment.

(Notes on Revenue Recognition)
(Information on basis for understanding revenue from contracts with customers)
Information on basis for understanding revenue from contracts with customers is omitted since it is stated in "Notes on Revenue Recognition" of notes to the consolidated financial statements.

(Notes on Significant Accounting Estimates)
(1) Deferred tax assets
1) Amounts on the balance sheet as of March 31, 2024

(In millions of yen)

	As of March 31, 2024
Deferred tax assets	—
Deferred tax assets (amount before offsetting with deferred tax liabilities)	309

2) Information on details of significant accounting estimates for identified items
Information on details of significant accounting estimates for identified items is the same as those described in "Notes on Significant Accounting Estimates" of notes to the consolidated financial statements.

(2) Allowance for doubtful accounts

1) Amounts on the balance sheet as of March 31, 2024

(In millions of yen)

	As of March 31, 2024
Allowance for doubtful accounts	3,332
[including allowance for doubtful accounts on long-term accounts receivable - other]	[3,331]

2) Information on details of significant accounting estimates for identified items

Information on details of significant accounting estimates for identified items is the same as those described in "Notes on Significant Accounting Estimates" of notes to the consolidated financial statements.

(Notes to the Non-Consolidated Balance Sheet)

1. Accumulated depreciation of property, plant and equipment 30,830 million yen

2. Monetary claims to/ debts from subsidiaries and associates

Monetary receivables	22,923 million yen
Monetary payables	149 million yen

(Notes to the Non-Consolidated Statement of Income)

Transactions with subsidiaries and associates

Operating transactions	
Net sales	8,385 million yen
Purchase of goods	2,087 million yen
Selling, general and administrative expenses	285 million yen
Non-operating transactions	475 million yen

(Notes to the Non-Consolidated Statement of Changes in Equity)

Class and total number of treasury shares as of March 31, 2024

Common stock	51,887 shares

(Notes on Tax Effect Accounting)

1. Significant components of deferred tax assets and liabilities

Deferred tax assets:

Provision for bonuses	94	million yen
Lump-sum depreciable assets	17	million yen
Social insurance premium	15	million yen
Loss on valuation of inventories	45	million yen
Enterprise tax payable	34	million yen
Gain on change in equity	45	million yen
Impairment losses	0	million yen
Excess depreciation	0	million yen
Loss on valuation of investments in capital of subsidiaries and associates	91	million yen
Loss on disposal of non-current assets	22	million yen
Loss on valuation of investment securities	14	million yen
Loss on valuation of shares of subsidiaries and associates	133	million yen
Research and development expenses	0	million yen
Allowance for doubtful accounts	1,047	million yen
Other	80	million yen
Subtotal deferred tax assets	1,642	million yen
Valuation allowances	(1,332)	million yen
Total deferred tax assets	309	million yen

Deferred tax liabilities:

Valuation difference on available-for-sale securities	228	million yen
Prepaid pension costs	174	million yen
Reserve for tax purpose reduction entry of non-current assets	41	million yen
Total deferred tax liabilities	444	million yen
Net deferred tax liabilities	135	million yen

(Notes on Transactions with Related Parties)

(In millions of yen)

Type	Name of companies	Ownership ratio of voting rights	Relationship	Transaction details	Amount of transaction	Account name	Balance as of the end of year
Subsidiary	VIETNAM RARE ELEMENTS CHEMICAL JOINT STOCK COMPANY	Owned Direct 99.99%	Interlocking directors Fund support	Loan of funds (* 1)	1,785	Current portion of long-term loans receivable	930
				Receipt of interests (* 1)	331	Long-term loans receivable	16,055
				Temporary payment for plant construction	0	Accounts receivable-other	664
Subsidiary	DKK America Materials, Inc.	Owned Direct 100.00%	Sales of the Company's products	Sales of products (* 2)	4,322	Accounts receivable-trade	2,737
Subsidiary	DKK (Shanghai) Materials Trading Co., Ltd.	Owned Direct 66.67%	Fund support Sales of the Company's products, etc.	Loan of funds (*1)	305	Short-term loans receivable	312
				Sales of products, etc. (*2)	2,703	Accounts receivable-trade	1,306
Associate	Shandong Guangyin DKK New Materials Co., Ltd.	Owned Direct 34.00%	Interlocking directors Fund support	Loan of funds (*1)	—	Long-term loans receivable	237
				Collection of funds	186	—	—

Policies to determine terms and conditions

(*1) As to loan of funds, interest rates are determined based on market rates.

(*2) As to sales of products, prices are determined with reference to market prices.

(Notes on Per Share Information)

1. Net assets per share 1,565.64 yen
2. Earnings per share 144.29 yen

(Notes on Significant Subsequent Events)

None

(Other Notes)

Change in presentation of unit amounts

From the fiscal year ended March 31, 2024, the unit of presentation has been changed from units of thousand yen to units of million yen.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 15, 2024

To the Board of Directors of
Daiichi Kigenso Kagaku Kogyo Co., Ltd.:

Deloitte Touche Tohmatsu LLC
Osaka office

Designated Engagement Partner,
Certified Public Accountant:

Takashi Okumura

Designated Engagement Partner,
Certified Public Accountant:

Sawako Fukui

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Daiichi Kigenso Kagaku Kogyo Co., Ltd. and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of March 31, 2024, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2023 to March 31, 2024, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024, and its consolidated financial performance for the year then ended 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 provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

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 in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, 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, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over 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. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

• Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of 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 whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as 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.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board 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 Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures taken to eliminate impeding factors or safeguards applied to reduce impeding factors 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.

Notes to the 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 conveniences of the reader. The other information in "the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 15, 2024

To the Board of Directors of
Daiichi Kigenso Kagaku Kogyo Co., Ltd.:

Deloitte Touche Tohmatsu LLC
Osaka office

Designated Engagement Partner,
Certified Public Accountant:

Takashi Okumura

Designated Engagement Partner,
Certified Public Accountant:

Sawako Fukui

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of Daiichi Kigenso Kagaku Kogyo Co., Ltd. (the "Company"), namely, the nonconsolidated balance sheet as of March 31, 2024, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 68th fiscal year from April 1, 2023 to March 31, 2024, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and its financial performance for the year then ended 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 Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the nonconsolidated 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 nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company'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 nonconsolidated 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 nonconsolidated 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 nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

· Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of 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 nonconsolidated 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 whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures,

and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board 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 Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures taken to eliminate impeding factors or safeguards applied to reduce impeding factors 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.

Notes to the 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 conveniences of the reader. The accompanying supplemental schedules" referred to in the "Opinion" section of this English translation are not included in the attached financial documents. In addition, the other information in "the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.

Audit & Supervisory Board's Audit Report

Audit Report

(English Translation)

The Audit & Supervisory Board has prepared this Audit Report following deliberations based on the respective audit reports prepared by Audit & Supervisory Board Members in relation to the execution of duties by Directors for the 68th fiscal term from April 1, 2023 to March 31, 2024. The report is as follows.

1. Method and Description of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board
   (1) The Audit & Supervisory Board determined the audit policy, allocation of duties and other relevant matters, received reports from each Audit & Supervisory Board Member on the progress and results of his/her audit, in addition to receiving reports from Directors, etc. and the Accounting Auditor on the execution status of their duties, and sought explanations as necessary.
   (2) Each Audit & Supervisory Board Member, based on the audit standards for Audit & Supervisory Board Members established by the Audit & Supervisory Board, followed the audit policy, allocation of duties and other relevant matters, communicated with Directors, Executive Officers, and Internal Audit Division and other employees, etc., endeavored to collect information and develop an environment for the audit, and implemented audits via the following methods.
      1) We attended the meetings of the Board of Directors and other important meetings, received reports from Directors, employees, etc. on the execution status of their duties, sought explanations as necessary, reviewed important approval documents, etc., and investigated the status of operations and assets at the head office and principal places of business. With respect to subsidiaries, we communicated and exchanged information with Directors or Audit & Supervisory Board Member, etc. of the subsidiaries, and received reports on their business and business condition.
      2) We also received reports from Directors and other employees, etc., on development and execution status of the system, and sought explanations as necessary, and received reports periodically from the Internal Auditing Department and expressed opinions about the content of the resolution passed by the Board of Directors regarding the development of a system to ensure that Directors comply with laws, ordinances and the Articles of Incorporation in executing their duties and other systems stipulated in paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act that are required to ensure proper operations of a company group comprised of a stock company and its subsidiaries, as well as the status of the system developed pursuant to such resolution (i.e., internal control system) set forth in the business report.
      3) We monitored and verified whether or not the Accounting Auditor had maintained its independence and whether or not it had conducted its audit properly, received reports from the Accounting Auditor on the execution status of its duties, and sought explanations as necessary. In addition, we were notified by the Accounting Auditor that it is equipped with a system for ensuring that duties are performed properly (matters listed in the items of Article 131 of the Company Accounting Ordinance) in accordance with the Quality Control Standards for Audits (issued by the Business Accounting Council on November 16, 2021), etc., and sought explanations as necessary. Besides, we hold consultations with Deloitte Touche Tohmatsu LLC on the major issues in auditing, and received reports on execution status of the Audit, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and its supplementary schedules, Nonconsolidated Financial Statements (i.e., Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Equity and Notes to the Non-Consolidated Financial Statements) and their supplementary schedules as well as the Consolidated Financial Statements (i.e., Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements) for the fiscal year under review.

2. Audit Results

(1) Results of audit of Business Report, etc.

1. In our opinion, the Business Report and the supplementary schedules are in compliance with laws, ordinances and the Articles of Incorporation, and fairly represent the Company's position.

2. No material facts were identified regarding misconduct or violation of any laws, ordinances or the Articles of Incorporation in relation to the execution of duties by Directors.

3. In our opinion, the Board of Directors' resolution on the internal control system is adequate in content. We found no matters that need to be pointed out in regards to the content of the records in the Business Report and the execution of duties by Directors in relation to said internal control system.

(2) Results of audit of Non-consolidated Financial Statements and their supplementary schedules

In our opinion, the methods and results of the audit conducted by Accounting Auditor Deloitte Touche Tohmatsu LLC are reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results of the audit conducted by Accounting Auditor Deloitte Touche Tohmatsu LLC are reasonable.

May 20, 2024

Audit & Supervisory Board, Daiichi Kigenso Kagaku Kogyo Co., Ltd.

Standing Outside Audit & Supervisory Board Member	Hiroshi Kawaguchi
Outside Audit & Supervisory Board Member	Yoshinori Tsuda
Outside Audit & Supervisory Board Member	Ayako Oura