To Shareholders

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

Under the medium-term management plan, “DK-One Next,” the Group aims to overcome changes in the business environment and continue to grow far into the future.
In the current fiscal year (ended March 31, 2026), which is the final year of the plan’s first period, we achieved year-on-year increases in both sales and profits despite continued uncertainty in the external environment. In the Strategic Areas, we achieved growth primarily in the Energy and Healthcare Areas, while the Automotive Catalyst Area also remained firm. In the Vietnam business, the transition to full-scale operation progressed, and we made steady progress in establishing a foundation for future growth.
On the other hand, challenges remained in launching the Strategic Areas and adapting to changes in market structure, and as a result, we fell short of the targets set for the plan’s first period. Taking these results seriously, we will accelerate our initiatives to achieve the medium-term management plan and steadily implement portfolio transformation and profitability improvement.
In the 71st fiscal year, the first year of the plan’s second period, we will accelerate the qualitative transformation of our business foundation by prioritizing the allocation of management resources to Strategic Areas and improving the profit structure of the Vietnam business. Although these initiatives are expected to result in a temporary decline in profits, we will advance the sophistication of business management with a focus on capital efficiency in order to achieve the targets of the plan’s second period and enhance corporate value over the medium to long term.
The 73rd fiscal year, the final year of the second period of DK-One Next, is positioned as a milestone at which we will demonstrate concrete improvements in profitability and capital efficiency as a result of these initiatives. Looking ahead, in the 76th fiscal year, we aim to establish profitability that consistently exceeds the cost of capital, thereby solidifying the foundation for sustainable growth to become a “100-year company.”

We appreciate the continued understanding and support of our shareholders.

Hiroshi Kokubu
Chairman of the Board, Chief 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, 2026

To Shareholders with Voting Rights:

Hiroshi Kokubu
Chairman of the Board, Chief Executive Officer
DAIICHI KIGENSO KAGAKU KOGYO CO., LTD.
4-4-9, Kitahama, Chuo-ku, Osaka

NOTICE OF THE 70TH 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 70th 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 Thursday, June 18, 2026, Japan time.

1. **Date and Time:** Friday, June 19, 2026 at 10:00 a.m. Japan time (reception starts at 9:30 a.m.)

2. **Place:** 1-8-16, Kitahama, Chuo-ku, Osaka
Kitahama Forum ABC Room, 3F Osaka Securities Exchange Building
(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 70th Fiscal Year (April 1, 2025 - March 31, 2026) 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 70th Fiscal Year (April 1, 2025 - March 31, 2026)

Proposals to be resolved:

Proposal 1: Election of Six Directors

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

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Guide to Exercising Voting Rights

Exercising voting rights via the Internet

Deadline for exercising voting rights: 5:30 p.m. on Thursday, June 18, 2026 (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 Thursday, June 18, 2026 (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: Friday, June 19, 2026 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.

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 and fill in the “Inquiry Form.”
URL: https://q.srdb.jp/4082/

Period for Pre-questions: **Wednesday, May 27, 2026 to Tuesday, June 9, 2026, 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.

Information on Content Exclusively for Shareholders

We offer the following content exclusively for our shareholders:

- Special website introducing the Group’s plant in Vietnam
- On-demand streaming of the General Meeting of Shareholders (available at a later date)

Please refer to the enclosed flyer for the URL, login ID, and password required to access this content.

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	Chairman of the Board, Chief Executive Officer
2	Kimio Ouchi	Reappointment	Director, Member of the Board, Managing Executive Officer Senior General Manager, Administration Unit
3	Masayuki Itahashi	Reappointment	Director, Member of the Board, Managing Executive Officer Senior General Manager, Research & Development Unit
4	Toshiyuki Umehara	Reappointment Outside Independent	Outside Director, Member of the Board Independent Officer Outside Director, FUJI OIL CO., LTD. Outside Director, ShinMaywa Industries, Ltd. Representative Director and CEO, 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, TDI Co., Ltd. (former 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: 13 years (at close of this meeting) Attendance at Board of Directors meetings: 17/17 (100%) Number of shares of the Company held: 114,563	Oct. 2004 Joined the Company Jun. 2013 Director, Member of the Board; General Manager, Procurement Division Jul. 2014 Vice President, Shandong Guangyin DKK New Materials Co., Ltd. Jul. 2014 Vice President, Shandong Guangyin DKK Environment Technology Co., Ltd. Apr. 2016 Director, Member of the Board, I.D.U. Co., Ltd. Apr. 2016 Director, Member of the Board; General Manager, Sales and Marketing Division and Responsible for Procurement Division, the Company Dec. 2017 President, DKK (Shanghai) Materials Trading Co., Ltd. Apr. 2019 Director, Member of the Board; Director, Operational Unit, the Company Apr. 2020 Managing Director, Member of the Board; Director, Operational Unit Jun. 2020 Director, Member of the Board, Managing Executive Officer; Director, Operational Unit Jun. 2022 Chairman of the Board, Chief Executive Officer (current position)
	[Reason for nomination as candidate for Director] Hiroshi Kokubu has extensive experience in the overall business operations of the Group over many years, including serving as the head of the sales and procurement divisions and being involved in the management of overseas subsidiaries. Since June 2022, in his capacity overseeing the management of the entire Group, he has clearly articulated the direction of the growth strategy in the current medium-term management plan, “DK-One Next,” and has led discussions at the Board of Directors. Amid significant changes in the business environment surrounding the Company, we believe that his company-wide perspective and sound management judgment are central to decision-making by the Board of Directors and are indispensable for ensuring management continuity and the sustainable enhancement of corporate value. Therefore, we nominate Hiroshi Kokubu as a Director, Member of the Board of the Company for re-election.	

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: 18 years (at close of this meeting) Attendance at Board of Directors meetings: 17/17(100%) Number of shares of the Company held: 100,883	Apr. 1992 Joined the Company 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.) Jul. 2017 Representative Director, Member of the Board, DKK Logistics Corporation Jun. 2020 Director, Member of the Board, Managing Executive Officer Apr. 2024 Director, Member of the Board, Managing Executive Officer; Senior General Manager, Administration Unit (current position)
	[Reason for nomination as candidate for Director] Kimio Ouchi has held key positions in the Company's technology, sales, and management divisions for many years, and possesses extensive knowledge, with a deep understanding of both business operations and group management. He has also been involved in strengthening the Group's business foundations from a company-wide perspective, including the development of the logistics structure and the establishment of the risk management structure. In the current medium-term management plan, "DK-One Next," he is playing a key role in decision-making and from the viewpoint of supervision by the Board of Directors on key issues such as strengthening human capital and advancing the organizational foundation. We believe that his extensive experience and company-wide perspective are indispensable for the sustainable growth of the Group and for the stable strengthening of the management foundation. Therefore, we nominate Kimio Ouchi as a Director, Member of the Board of the Company for re-election.	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions
3	Masayuki Itahashi Reappointment Date of birth: December 22, 1966 Term of office as Director: 2 years (at close of this meeting) Attendance at Board of Directors meetings: 17/17(100%) Number of shares of the Company held: 38,137	Apr. 1993 Joined the Company 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) Jun. 2020 Senior Executive Officer; General Manager, Corporate Planning Division Apr. 2024 Senior Executive Officer; Director, Strategy Unit Jun. 2024 Director, Member of the Board, Managing Executive Officer; Senior General Manager, Strategy Unit Apr. 2026 Director, Member of the Board, Managing Executive Officer; Senior General Manager, Research & Development Unit (current position)
	[Reason for nomination as candidate for Director] Masayuki Itahashi has been at the core of the Group's management, mainly through his involvement in the corporate planning division in formulating and promoting mid- to long-term strategies, as well as supervising key projects. He also contributed to the development of the Company's Vietnamese subsidiary by dedicating himself to its stable production. In the current medium-term management plan, "DK-One Next," he is leading decision-making and discussions at the Board of Directors. We believe that his extensive experience and wide-ranging insight are essential for the sustainable growth of the Group and the enhancement of corporate value. Therefore, we nominate Masayuki Itahashi as a Director, Member of the Board of the Company for re-election.	

<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
Outside
Independent

Date of birth:
September 3, 1957

Term of office as Director: 4 years (at close of this meeting)

Attendance at Board of Directors meetings:
17/17 (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 CO., LTD.
• 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]
At Nitto Denko Corporation, Toshiyuki Umehara 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.
The Company expects that, drawing on this abundant experience and a high degree of expertise, he will appropriately supervise the decision-making on important matters and business execution and provide useful suggestions and advice in the promotion of the Company’s business, and thus nominates Toshiyuki Umehara as an Outside Director, Member of the Board of the Company for re-election.</td></tr>
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<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">5</td><td>Junichi Tanaka

Reappointment
Outside
Independent

Date of birth:
January 2, 1957

Term of office as Director: 4 years (at close of this meeting)

Attendance at Board of Directors meetings:
17/17 (100%)

Number of shares of the Company held:
0</td><td>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)</td></tr>
<tr><td colspan="2">[Reason for nomination as candidate for Outside Director and overview of expected roles]
Junichi Tanaka 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. Having served as General Manager of the Finance Department of Murata Manufacturing, he contributed to the promotion of that company’s business in terms of administration. He also served as a standing statutory auditor and as a director and audit and supervisory committee member of that company.
The Company expects that, drawing on this experience and a high degree of expertise, he will appropriately supervise the decision-making on important matters and business execution and provide useful suggestions and advice in the promotion of the Company’s business, and thus nominates Junichi Tanaka as an Outside Director, Member of the Board of the Company for re-election.</td></tr>
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<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">6</td><td>Naomi Tobita

Reappointment
Outside
Independent

Date of birth:
July 3, 1962

Term of office as Director: 3 years (at close of this meeting)

Attendance at Board of Directors meetings:
17/17 (100%)

Number of shares of the Company held:
0</td><td>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, TDI Co., Ltd. (former T.D.I. CO., LTD.)</td></tr>
<tr><td colspan="2">[Reason for nomination as candidate for Outside Director and overview of expected roles]
Naomi Tobita 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, drawing on this extensive experience and a high degree of expertise, she will appropriately supervise the decision-making on important matters and business execution and provide useful suggestions and advice in the promotion of the Company’s business, and thus nominates Naomi Tobita as an Outside Director, Member of the Board of the Company for re-election.</td></tr>
</table>

(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.
6. In cases where a candidate for Outside Director has been a director or corporate auditor of another company during the past five years, the fact that improper business practices were conducted at that company during his/her term of office ShinMaywa Industries, Ltd., where Mr. Toshiyuki Umehara currently serves as an outside director, received a cease and desist order and surcharge payment order from the Japan Fair Trade Commission pursuant to the Antimonopoly Act on March 24, 2025, which was during his term of office.
   Although he was not aware of the violation in advance, he had been expressing his opinion regarding compliance with laws and regulations at Board of Directors meetings and other meetings. After the violation came to light, he actively expressed his opinions at Board of Directors meetings regarding measures to prevent recurrence of such violations, thereby fulfilling his responsibilities appropriately.

(Reference) Skills Matrix

In selecting candidates for Director, the Company's basic policy is to ensure a balance and diversity of knowledge, experience, and abilities across the Board of Directors. Additionally, to achieve sustainable growth and enhance corporate value toward becoming a 100-year company, the Company places importance on maintaining a structure in which the Board of Directors can make appropriate decisions and provide oversight regarding the key issues identified in the new medium-term management plan, "DK-One Next." The skill matrix below indicates the main areas of knowledge, experience, etc. of each candidate for Director that contribute to discussions and decision-making by the Board of Directors, and does not cover all of each individual's capabilities. If this proposal is approved, the Board of Directors will leverage the balance of these skills and diverse insights to achieve sustainable growth of the Group and enhancement of corporate value in the medium to long term.

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
Chairman of the Board, Chief 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 70th 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: 26,200	Mar. 1987	Joined the Company
	Apr. 2012	General Manager, Quality Assurance Division
	Apr. 2013	General Manager, General Affairs Division
	Apr. 2019	Deputy Director, Administration Unit; Site Manager, Osaka Site
	Apr. 2020	Deputy Director, Administration Unit
	Apr. 2024	Deputy General Manager, General Affairs & Human Resources Division, Administration Unit
	Apr. 2025	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 was elected as a substitute Audit & Supervisory Board Member at the 69th 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, 2025–March 31, 2026)

1. Overview of the Corporate Group

(1) Business Progress and Results

In the fiscal year ended March 31, 2026, the global economy experienced only modest growth overall amid ongoing geopolitical risks and uncertainty surrounding trade policies. In the U.S., personal consumption and capital expenditures remained firm, while in Europe, economic weakness was evident, particularly in the manufacturing sector. In China, adjustments in the real estate market exerted downward pressure on economic growth. Regarding financial aspects, while the U.S. and Europe shifted from monetary tightening to easing against the backdrop of declining inflation rates, the Bank of Japan adjusted the degree of monetary easing while closely monitoring price and wage trends.

The Japanese economy saw a recovery in personal consumption against the backdrop of rising wages, while corporate capital expenditures remained robust, particularly for labor-saving and digital-related initiatives. In the resources sector, amid export restrictions and tighter controls in major supplying countries, in addition to expanding demand in electrification and renewable energy-related fields, supply and demand for critical minerals, including rare earth elements, tightened, giving rise to concerns about the risk of supply concentration. Furthermore, crude oil prices remained high mainly due to escalating tensions in the Middle East.

Furthermore, foreign exchange rates related to the Group's business (USD/JPY, USD/VND) trended toward a stronger U.S. dollar than the Group had anticipated. In the automotive industry, which is the Group's major customer, global new vehicle sales volume increased only 1.0% year on year. Although sales of vehicles with internal combustion engines, which use automotive catalysts, decreased 2.2% year on year, sales of hybrid vehicles, which require high-performance catalysts, increased 6.3% year on year, driven by stricter environmental regulations.

As a result of the above, net sales for the fiscal year under review were 35,751 million yen (up 6.3% from the previous fiscal year, achievement rate was 101.3%, or 1.3% over the earnings forecast of 35,300 million yen announced on February 12, 2026), and sales volume increased 2.8% from the previous fiscal year. Operating profit was 3,479 million yen (up 52.4% from the previous fiscal year, and achievement rate was 108.7%, or 8.7% over the forecast of 3,200 million yen). In addition to an increase in net sales, factors contributing to this result include the elimination of high-value inventories reflecting raw material market conditions, which had previously exerted downward pressure on profit, and a reduction in expenses related to the full-scale operation at a subsidiary in Vietnam, despite increases in expenses related to investment in human capital, research and development, and the operation of the new backbone system. Ordinary profit was 3,255 million yen (up 414.8% from the previous fiscal year, achievement rate was 135.6%, or 35.6% over the forecast of 2,400 million yen) due to the impact of foreign exchange gains arising from foreign currency-denominated assets such as loans to the subsidiary in Vietnam and corresponding borrowings by that subsidiary. Profit attributable to owners of the parent was 2,514 million yen (up 217.4% from the previous fiscal year, achievement rate was 147.9%, or 47.9% over the forecast of 1,700 million yen).

F Financial Highlights of the 69th term (Fiscal Year Ended March 31, 2026 (Consolidated))

	Results	Year-on-year Change
Net sales	35.7 billion yen	6.3%
Operating profit	3.4 billion yen	52.4%
Operating profit margin	9.7%	2.9%
Profit before income taxes	3.4 billion yen	101.0%
Profit attributable to owners of the parent	2.5 billion yen	217.4%
Basic earnings per share	103.85 yen	218.2%

Notes: 1. The Company plans to issue year-end dividends of 14 yen per share for the fiscal year ended March 31, 2026.

2. The year-on-year change in operating profit margin of 2.9% is the difference from the previous fiscal year's result of 6.8%.

Strategic Areas

Semiconductor/Electronics

Regarding semiconductor applications, equipment-related demand remained robust, supported by the overall strength of the market. Regarding abrasive material applications, the increasing influx of low-cost SiC wafers manufactured in China into the market changed the position of our materials within the supply chain for abrasive materials for SiC wafers. As a result, sales of our materials continued to decline, resulting in a 25.3% year-on-year decrease in sales.

Regarding electronics applications, demand for capacitor materials remained robust, driven by growing demand for electronic devices such as smartphones, resulting in a 16.1% year-on-year increase in sales.

As a result of the above, net sales in the Semiconductor/Electronics field in the fiscal year under review were 1,618 million yen (down 8.1% compared with the previous fiscal year, and achievement rate* was 101.1%, or 1.1% over the forecast of 1,600 million yen).

*In comparison with the consolidated earnings forecasts announced on February 12, 2026.

Strategic Areas

Energy

Regarding secondary battery applications, some manufacturers took steps to mitigate geopolitical risks by avoiding supplies of materials from specific countries, particularly for automotive battery applications. On the other hand, sales declined 2.7% year on year due to a decrease in demand for automotive batteries outside China.

In contrast, regarding SOFC (solid oxide fuel cell) applications, the growth of the AI market has led to increased recognition of SOFCs as a power source capable of providing highly efficient and stable power supply for data centers. Furthermore, as demand for our products rose amid disruptions in the supply chain in specific countries, sales increased 35.5% year on year.

As a result of the above, net sales in the Energy field in the fiscal year under review were 1,686 million yen (up 20.8% compared with the previous fiscal year, and achievement rate* was 99.2%, but 0.8% short of the forecast of 1,700 million yen).

*In comparison with the consolidated earnings forecasts announced on February 12, 2026.

Strategic Areas

Healthcare

Regarding biomaterial applications, although delays in major customers switching to our products have persisted, sales increased 30.8% quarter on quarter and 9.1% year on year, driven by the completion of inventory drawdowns at some customers and signs of a recovery in demand.

As a result of the above, net sales in the Healthcare field in the fiscal year under review were 2,151 million yen (up 8.4% compared with the previous fiscal year, and achievement rate* was 100.0%, matching the forecast of 2,150 million yen).

*In comparison with the consolidated earnings forecasts announced on February 12, 2026.

Automotive Catalyst

Regarding automotive catalyst applications, although sales volume of vehicles with internal combustion engines are trending downward, the pace of decline has been slower than expected, as the shift toward electric vehicles has been slower than anticipated and there has been a return to internal combustion engines to some extent. Furthermore, amid increasingly stringent automobile emission regulations, demand for hybrid vehicles remained robust and there has also been a move to mitigate geopolitical risks associated with reliance on material supplies from specific countries. As a result, sales volume increased 7.7% year on year.

As a result of the above, net sales in the Automotive Catalyst Area in the fiscal year under review were 22,424 million yen (up 7.7% compared with the previous fiscal year, and achievement rate* was 100.6%, or 0.6% over the forecast of 22,300 million yen).

*In comparison with the consolidated earnings forecasts announced on February 12, 2026.

Basic Areas

Net sales of brake applications increased 14.8% year on year due to a rise in unit sales prices aligned with soaring raw material prices.

Regarding refractory applications, although demand had been declining due to pricing pressures, a partial recovery in demand was observed in some areas following a reassessment of procurement to hedge geopolitical risks. However, net sales decreased 8.1% year on year as Chinese manufacturers gained a greater share.

As a result of the above, net sales in Basic Areas in the fiscal year under review were 7,870 million yen (up 2.4% compared with the previous fiscal year, and achievement rate* was 104.2%, or 4.2% over the forecast of 7,550 million yen).

*In comparison with the consolidated earnings forecasts announced on February 12, 2026.

(2) Capital Expenditures

The total amount of capital expenditures conducted in the fiscal year under review was 1,723 million yen. The main expenditures were as follows:

- New business-related investments 624 million yen
- Upgrading aging facilities and equipment 365 million yen

(3) Financing

In the fiscal year under review, the Group procured 1,900 million yen in short-term borrowings (1,900 million yen in working capital), 3,300 million yen in long-term borrowings (2,000 million yen in working capital and 1,300 million yen in capital funds).

(4) Issues to Be Addressed

During the four years in the first period of the medium-term management plan (from the 67th fiscal year to the 70th fiscal year), the Group promoted the prioritized allocation of management resources to Strategic Areas and the diversification of supply chains for main raw materials. A plant of our subsidiary in Vietnam started full-scale operations in July 2025. In this way, we have laid the foundation for our next phase of growth. On the other hand, the transformation of our business portfolio is still underway. During the plan's second period beginning with the fiscal year ending March 31, 2027 (71st fiscal year), we will position the transformation of our profit structure through sales growth in the Strategic Areas as our highest priority issue, while also solidifying the foundation for accelerated growth by ensuring stable operation of the Vietnam business and improving profitability. Based on this recognition, we will prioritize addressing the following issues.

1) Strengthening activities to create new businesses and to develop Strategic Areas

To reduce the dependence on products for automotive catalysts and diversify the profit structure, the Group will continue to promote the development of applications and expansion of the customer base in its Strategic Areas: Semiconductors/Electronics, Energy, and Healthcare. Over the four years in the first period of the medium-term management plan, we established a framework for application-oriented development and customer proposals and advanced initiatives toward a proposal-based business model. However, changes in the market environment delayed the emergence of demand for certain applications, and we have begun restructuring our sales and development strategies, including a review of target markets and key customers. Going forward, we will strengthen our efforts to identify business opportunities and promote commercialization based on our own strategic decisions, and work to increase the sales composition ratio of the Strategic Areas. We are also promoting the development of rare-earth-free materials with a view to strengthening our technological foundation. However, no specific sales plans have been determined at this time, and we position this as one of the options for future business development.

2) Strengthening of supply chain for procurement of main raw materials

The Group considers the stable procurement of main raw materials to be fundamental to business continuity and will continue to strengthen its supply chain. With regard to zirconium oxychloride (ZOC), diversification of the supply structure was achieved with the start of full-scale operations at a plant of our subsidiary in Vietnam in July 2025. We have now entered the implementation phase of initiatives to reduce the risk of dependence on specific regions and reduce costs. Meanwhile, with regard to yttrium and medium and heavy rare earth elements, the impact of China's export restrictions continues. We will work to establish a stable procurement system through the diversification of suppliers, review of inventory levels, and collaboration with relevant government agencies. In addition, to mitigate the impact of constraints on raw material procurement, we will promote the diversification of raw materials and the consideration of alternative technologies as medium- to long-term initiatives. We will also work to maintain our business continuity framework in the event of unforeseen circumstances by reviewing our business continuity plan (BCP) and promoting equipment maintenance.

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

The Group continues to promote initiatives to improve asset efficiency and reduce costs. Inventory levels have increased, and reducing them remains an important issue. In the 70th fiscal year, ROIC and ROE reached the target levels set for the 73rd fiscal year, driven by increased sales and progress in reducing variable costs in the Vietnam business. In addition, we will pursue the mitigation of interest burdens through the reduction of outstanding loans related to the

Vietnam business, as well as the management of foreign exchange gains and losses, as key financial priorities. During the upcoming second period of the plan, we will work to achieve sustainable improvements in ROIC and ROE through sales growth in the Strategic Areas.

4) Response to reduce greenhouse gas emissions
The Group has set greenhouse gas emissions reduction targets and is continuously advancing initiatives based on the reduction roadmap, with the aim of achieving carbon neutrality by 2050. We will continue reducing Scope 1 emissions through the introduction of energy-efficient equipment and the optimization of operating conditions. At the plant of our subsidiary in Vietnam, biomass (rice husks) is utilized as a heat source for production. With regard to Scope 2, we are promoting expanded adoption of renewable energy at each production site. Regarding Scope 3, we began calculating emissions throughout the entire supply chain in the 70th fiscal year and are currently working toward the formulation and disclosure of a reduction roadmap for the next fiscal year and beyond. At the same time, we recognize as an important issue the need to address transition risks such as the introduction and strengthening of carbon pricing, stricter emissions regulations, and customer demands for decarbonization, and we will take necessary measures in a flexible and timely manner while continuing to closely monitor trends in environmental regulations.

5) Building foundations where our diverse people can shine
The Group is working to restructure its human capital strategy, which is directly linked to the resolution of management issues, with the aim of transforming the business portfolio and ensuring stable operations of the Vietnam business. We view diversity not merely in terms of gender or nationality, but under a broader definition that encompasses knowledge, experience, and perspectives. We position diversity as a means of strengthening the ability to respond to environmental changes and enhancing management capabilities to seize growth opportunities. Based on this recognition, we will expand investment in human resources development and strive to develop the capabilities of all employees while promoting a comprehensive review of the personnel system. We will also continue efforts to develop local personnel at overseas sites, including our subsidiary in Vietnam.

6) Strengthening of organizational capabilities and human resources development to continue growth
Over the four years of the first period of the medium-term management plan, the Group established a training system, including a program for newly appointed managers, and worked to enhance the practical skills of managers. During the upcoming second period of the plan, we will work to secure and develop personnel with a high level of expertise while strengthening the development of management personnel capable of addressing management issues. Furthermore, in order to strengthen organizational capabilities so that development, manufacturing, and sales can work together as one to achieve goals, we will establish an execution cycle through the clarification of strategic priorities and regular progress reviews, as well as strengthen cross-functional collaboration.

(5) Trends in Assets and Income

(In millions of yen, unless otherwise specified.)

Item	FY ended March 31, 2023 (67th term)	FY ended March 31, 2024 (68th term)	FY ended March 31, 2025 (69th term)	FY ended March 31, 2026 (Fiscal year under review) (70th term)
Net sales	35,748	35,220	33,641	35,751
Ordinary profit	5,969	2,942	632	3,255
Profit attributable to owners of the parent	4,020	1,140	792	2,514
Basic earnings per share (yen)	165.40	46.87	32.64	103.85
Total assets	66,004	65,605	64,754	66,898
Total net assets	36,151	36,316	38,483	39,021

Note: Basic earnings per share is calculated based on the average number of shares outstanding (excluding treasury shares) during the fiscal year.

(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	100.00%	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, 2026)

The Group manufactures and sells zirconium, cesium, and rare earth compounds.

(8) Principal Business Locations (as of March 31, 2026)

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
R&D Center	Osaka-shi, Osaka
Gotsu Site	Gotsu-shi, Shimane
Fukui Site	Fukui-shi, Fukui
VIETNAM RARE ELEMENTS CHEMICAL JOINT STOCK COMPANY	Ho Chi Minh City, Vietnam

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, 2026)

1) Employees of the Corporate Group

Number of employees	Year-on-year increase (decrease)
709	+11

Notes: 1. The number of employees is the number of people employed in the Group.
2. The number of employees does not include 46 contract workers, 18 part-timers, and 53 temporarily dispatched workers.

2) Employees of the Company

Number of employees		Year-on-year increase (decrease)	Average age	Average years of service
Male	391	-6	39.5	14.9 years
Female	66	+2	38.0	10.5 years
Total or Average	457	-4	39.3	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 43 contract workers, 18 part-timers, and 50 temporarily dispatched workers.
3. 17 people on temporary assignment to associated companies are not included.