This Convocation Notice is a translation of the Japanese language original *"Teiji Kabunushisoukai Shoushugotsuchi,"* and is provided in English for reference purposes only. In the event of any discrepancy, the Japanese language 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.

Securities Code: 4114
(Date of Dispatch: May 29, 2026)
(Starting Date of Measures for Electronic Provision: May 22, 2026)

To Our Shareholders

Kazuhiro Noda
President & CEO, Representative Director
NIPPON SHOKUBAI CO., LTD.
4-1-1 Koraibashi, Chuo-ku, Osaka

Convocation Notice of the 114th Ordinary General Meeting of Shareholders

NIPPON SHOKUBAI CO., LTD. (the "Company") will be holding the 114th Ordinary General Meeting of Shareholders. The meeting will be held as described below, and you are cordially invited to attend the meeting.

In convening this General Meeting of Shareholders, the Company has provided information contained in the "Reference Materials for the Ordinary General Meeting of Shareholders," etc. electronically (matters to be provided electronically), and posted such information on each of the following websites on the Internet. Please access any of them to check the information.

The Company website
https://www.shokubai.co.jp/ja/ir/stock/shareholder/ (in Japanese)

Website of materials for General Meeting of Shareholders
https://d.sokai.jp/4114/teiji/ (in Japanese)

Tokyo Stock Exchange website (Listed Company Search):
https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show

(Access the Tokyo Stock Exchange website by using the Internet address shown above, enter "NIPPON SHOKUBAI" in "Issue name (company name)" or the Company's securities code "4114" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].")

If you are unable to attend the meeting, you may exercise your voting rights via the Internet or in writing. Please review the "Reference Materials for the Ordinary General Meeting of Shareholders" and exercise your voting rights at https://evote.tr.mufg.jp/ (in Japanese), or indicate your intention to vote "for" or "against" each agenda item by returning the Voting Rights Exercise Form, by 5:00 p.m. on June 18, 2026 (Thursday).

1. **Date/Time:** June 19, 2026 (Friday) 10:00 a.m. (reception starts: 9:00 a.m.)

2. **Venue:** Osaka Asahi Seimei Kaikan Building 8F, 4-2-16 Koraibashi, Chuo-ku, Osaka (Asahi Seimei Hall)

3. **Meeting Agenda:**

[Matters to be Reported]

1. Business report, consolidated financial statements, and financial statements for the 114th Term (from April 1, 2025 to March 31, 2026)
2. Report on results of the audits conducted by the accounting auditor and the Audit & Supervisory Board with respect to the consolidated financial statements for the 114th Term

[Matters to be Resolved]

1st Agenda item: Appropriation of Retained Earnings

2nd Agenda item: Election of Eight (8) Directors of the Board

3rd Agenda item: Election of One (1) Audit & Supervisory Board Member

- If you attend the meeting in person, please present the Voting Rights Exercise Form to the reception desk at the meeting.
- There will be no distribution of souvenirs and no shareholders reception. We appreciate your understanding in advance.
- Among the matters to be provided electronically, the following items are not included in the documents delivered to shareholders who have requested delivery of the document in accordance with the provisions of laws and regulations and the Articles of Incorporation of the Company. The Audit & Supervisory Board Members and the Accounting Auditor have audited the documents subject to audit, including the following matters:
  - Systems and Policies of the Company in the Business Report
  - "Consolidated Statements of Changes in Equity" and "Notes to Consolidated Financial Statements" of the Consolidated Financial Statements
  - "Nonconsolidated Statements of Changes in Equity" and "Notes to Nonconsolidated Financial Statements" of the Nonconsolidated Financial Statements
- If it becomes necessary to make an amendment to the matters to be provided electronically, the Company will post the matters before and after the amendment on each of the websites that provide the matters electronically.
- We have sent summary materials, excerpts from the "Reference Materials for the Ordinary General Meeting of Shareholders" and the "Business Report," to shareholders who have not requested delivery of documents, with the aim of reducing the use of paper resources while also providing the necessary information for them to exercise their voting rights. Shareholders who wish to receive matters to be provided electronically (excluding matters not stated on delivered documents) in paper-based format are requested to complete the procedures for requesting delivery of documents by the Company's record date.

[**Inquiries on the electronic provision system and requests for document delivery**]
Dedicated dial for the electronic provision systems, Securities Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation
0120-696-505 (Business hours: From 9:00 a.m. to 5:00 p.m. excluding Saturdays, Sundays, and public holidays)

Reference Materials for the Ordinary General Meeting of Shareholders

Agenda and Reference Matters:

Agenda Item No. 1: Appropriation of Retained Earnings

The Company defined the distribution of profits to shareholders as a top priority of management. The Company's basic policy is to maintain a stable distribution of profits to shareholders, while at the same time taking an overall view to expand the business toward the enhancement of corporate value and strengthen the corporate structure. The Company aims to increase medium to long-term dividend levels in consideration of the dividend payout ratio.

During the four years from FY2024 to FY2027, the Company intends to restrain further accumulation of shareholders' equity for a shift to a financial strategy focusing more on capital efficiency and optimization of the leverage level. At the same time, in order to further increase and stabilize returns to shareholders, while securing sufficient financial resources for investments in growth and maintaining competitiveness, the Company aims to provide dividends with dividend payout ratio of 100% or DOE (dividend on equity ratio) of 2.0%, whichever is higher.

Under the above basic policy, in consideration of the business environment, earnings, and future business development, the Company proposes the year-end dividend per share for the fiscal year 2025 stated below. Together with the interim dividend of 50 yen per share paid, the annual dividend for the fiscal year ended March 31, 2026 (the "current fiscal year") will be 113 yen per share.

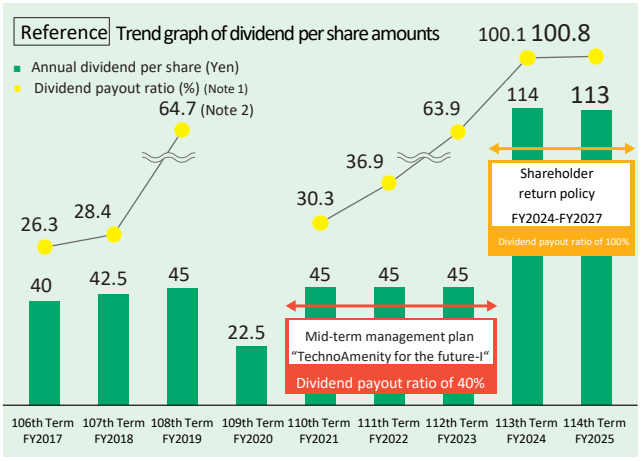
(1) Type of Dividend: Cash

(2) Dividend Payment and Total Amount:

63.00 yen per share of common stock of the Company

Total amount of dividends: 9,319,193,100 yen

(3) Effective Date of Distribution of Retained Earnings: June 22, 2026



Note:
1. The Company has adopted International Financial Reporting Standards (IFRS) since the 107th Term, and the consolidated dividend payout ratio for the 106th Term is in accordance with generally accepted accounting principles in Japan (JGAAP).
2. No dividend payout ratio is presented for the 109th Term, because a loss was recorded.
3. The Company carried out a four-for-one stock split effective April 1, 2024. The amount of annual dividend per share is adjusted in consideration of the effect of the stock split.

Agenda Item No. 2: Election of Eight (8) Directors of the Board

As the terms of office of all eight (8) Directors of the Board will expire at the conclusion of this Ordinary General Meeting of Shareholders, we are submitting the following eight (8) candidates for election as Directors of the Board.

The candidates for Director of the Board are as follows:

No.	Name	Positions	Responsibility in the Company	Attendance at the Board of Directors meetings	Attribute
1	Kazuhiro Noda	President & CEO, Representative Director Chief Executive Officer	-	15/15	Reelection
2	Yasutaka Sumida	Director of the Board Managing Executive Officer	In charge of Innovation & Business Development, Corporate Research Div., Health & Medical Business Div., New Business Promotion Div., R&D Management Dept., and Process Catalysts Research Dept.	15/15	Reelection
3	Yukihiro Matsumoto	Director of the Board Managing Executive Officer	In charge of Production & Technology, Engineering Div., DX Promotion Div., Responsible Care Div., Battery Business Project Div., and Indonesian Project	15/15	Reelection
4	Kenjiro Komoda	Director of the Board Managing Executive Officer	In charge of Business Sector, Battery Business Solutions Div., Business Planning Div., and Purchasing & Logistics Div.	11/11	Reelection
5	Shigeru Harada	Senior Executive Officer	Director of General Affairs & HR Div.	-	New election
6	Miyuki Sakurai	Outside Director of the Board	-	15/15	Reelection (Outside) Independent
7	Akiko Ikeda	Outside Director of the Board	-	15/15	Reelection (Outside) Independent
8	Shigeru Takaragi	-	-	-	New election (Outside) Independent

Reelection: Candidate for reelection

New election: Candidate for new election

(Outside): Candidate for Outside Director of the Board

Independent: Candidate for Independent Officer

No.	Name (Date of birth)	Profile (Positions, responsibility in the Company and/or important positions concurrently held at other companies)	Number of Shares of the Company Owned
1	Kazuhiro Noda (Jan. 21, 1963) Reelection Attendance at the Board of Directors meetings during the current fiscal year: 15/15 Number of years in office at the conclusion of this General Meeting of Shareholders 6 years	Apr. 1986 Joined the Company Apr. 2005 General Manager of Superabsorbents Sales Dept. Apr. 2011 General Manager of Corporate Planning Div. Apr. 2015 Deputy Director of Corporate Planning Div. and General Manager of Group Management and Project Planning Dept. Apr. 2017 Director of Superabsorbents Business Div. June 2018 Executive Officer June 2020 Director of the Board, Managing Executive Officer Director of Corporate Planning Div. June 2022 President & CEO, Representative Director , Chief Executive Officer (current)	29,512 shares
	<Reasons for nominating as a candidate for Director of the Board> Mr. Kazuhiro Noda has been serving as President & CEO, Representative Director to play key roles in the Company's management, including the formulation and execution of Mid-term Management Plans. The Company believes that he will appropriately make decisions on the Company's management and provide supervision based on his achievements. Thus, the Company proposes him to continue as a Director of the Board.		

No.	Name (Date of birth)	Profile (Positions, responsibility in the Company and/or important positions concurrently held at other companies)	Number of Shares of the Company Owned
2	Yasutaka Sumida (Oct. 4, 1963) Reelection Attendance at the Board of Directors meetings during the current fiscal year: 15/15 Number of years in office at the conclusion of this General Meeting of Shareholders 5 years	Apr. 1991 Joined the Company Apr. 2017 General Manager of Research Center Apr. 2020 Director of Innovation & Business Development Div. June 2020 Executive Officer June 2021 Director of the Board, Managing Executive Officer (current) (Current responsibility in the Company) In charge of Innovation & Business Development In charge of Corporate Research Div. In charge of Health & Medical Business Div. In charge of New Business Promotion Div. In charge of R&D Management Dept. In charge of Process Catalysts Research Dept.	22,168 shares
	<Reasons for nominating as a candidate for Director of the Board> Mr. Yasutaka Sumida has been engaging in research and development divisions for a long time and has achievements in strengthening the research and development capabilities and promoting open innovation, etc. In addition, he has been serving as Executive Officer in charge of Innovation & Business Development to accelerate the creation of new businesses and products and spearhead research and development toward the achievement of carbon neutrality. The Company believes that he will appropriately make decisions on the Company's management and provide supervision based on his achievements. Thus, the Company proposes him to continue as a Director of the Board.		

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Profile
(Positions, responsibility in the Company and/or important positions concurrently held at other companies)</th><th>Number of Shares of the Company Owned</th></tr>
<tr><td rowspan="2">3</td><td>Yukihiro Matsumoto
(Jan. 24, 1964)

Reelection

Attendance at the Board of Directors meetings during the current fiscal year:
15/15

Number of years in office at the conclusion of this General Meeting of Shareholders
3 years</td><td>Apr. 1988 Joined the Company
July 2004 Vice President of SINGAPORE ACRYLIC PTE LTD
Vice President of SINGAPORE GLACIAL ACRYLIC PTE. LTD. (at present, NIPPON SHOKUBAI (ASIA) PTE. LTD.)
Apr. 2009 General Manager of Technology Department of Himeji Plant
Apr. 2014 Director of Production Div.
Apr. 2016 Director of Corporate Planning Div.
June 2016 Director of the Board, Executive Officer
June 2020 Managing Executive Officer Director & Plant Manager of Himeji Plant
June 2022 Director of Production Div.
June 2023 Director of the Board, Managing Executive Officer (current)
(Current responsibility in the Company)
In charge of Production & Technology
In charge of Engineering Div.
In charge of DX Promotion Div.
In charge of Responsible Care Div.
In charge of Battery Business Project Div.
In charge of Indonesia Project</td><td rowspan="2">23,512 shares</td></tr>
<tr><td colspan="2"><Reasons for nominating as a candidate for Director of the Board>
Mr. Yukihiro Matsumoto has been engaging in the production and technology divisions and overseas services for a long time and has achievements in launching manufacturing sites in Japan and overseas and promoting responsible care, etc. In addition, he has been serving as Executive Officer in charge of Production & Technology to promote efforts to improve productivity through the introduction of highly efficient production technology in the acrylic business and the superabsorbents business to strengthen the global production and supply system. The Company believes that he will appropriately make decisions on the Company’s management and provide supervision based on his achievements. Thus, the Company proposes him to continue as a Director of the Board.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Profile
(Positions, responsibility in the Company and/or important positions concurrently held at other companies)</th><th>Number of Shares of the Company Owned</th></tr>
<tr><td rowspan="2">4</td><td>Kenjiro Komoda
(Oct. 27, 1962)

Reelection

Attendance at the Board of Directors meetings during the current fiscal year:
11/11

Number of years in office at the conclusion of this General Meeting of Shareholders
1 year</td><td>Apr. 1986 Joined the Company
July 2005 President of NIPPON SHOKUBAI (ASIA) PTE. LTD.
Apr. 2010 General Manager of Specialty Esters Sales & Marketing Dept.
Apr. 2013 General Manager of Specialty Acrylics Sales & Marketing Dept.
Apr. 2017 President of SINO-JAPAN CHEMICAL CO., LTD.
Apr. 2020 General Manager of Business Planning and Development Dept.
Apr. 2022 Director of Business Planning Div.
June 2022 Executive Officer
Apr. 2025 Senior Executive Officer
June 2025 Director of the Board, Managing Executive Officer (current)
(Current responsibility in the Company)
In charge of Business Sector
In charge of Battery Business Solutions Div.
In charge of Business Planning Div.
In charge of Purchasing & Logistics Div.</td><td rowspan="2">9,912 shares</td></tr>
<tr><td colspan="2"><Reasons for nominating as a candidate for Director of the Board>
Mr. Kenjiro Komoda has been engaging in the enhancement of the Company’s earnings base and execution of overseas business growth strategies through years of experience centered on the business division and overseas assignment. In addition, he has been promoting efforts to expand the business scale and profits of the Solutions Business and strengthen profitability of the Materials Business as Executive Officer in charge of Business Sector. The Company believes that he will appropriately make decisions on the Company’s management and provide supervision based on his achievements. Thus, the Company proposes him to continue as a Director of the Board.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Profile
(Positions, responsibility in the Company and/or important positions concurrently held at other companies)</th><th>Number of Shares of the Company Owned</th></tr>
<tr><td rowspan="2">5</td><td>Shigeru Harada
(Aug. 19, 1966)

New election

Attendance at the Board of Directors meetings during the current fiscal year:
-

Number of years in office at the conclusion of this General Meeting of Shareholders
-</td><td>Apr. 1990 Joined the Company
Apr. 2016 General Manager of Group Management and Project Planning Dept.
Apr. 2022 Director of Finance & Accounting Div.
June 2022 Executive Officer
Apr. 2025 Senior Executive Officer, Director of General Affairs & HR Div. (current)
(Current responsibility in the Company)
Director of General Affairs & HR Div.</td><td>7,396 shares</td></tr>
<tr><td colspan="2"><Reasons for nominating as a candidate for Director of the Board>
Mr. Shigeru Harada has been mostly engaging in the planning, administration, and finance divisions and overseas services for a long time and has achievements in strengthening the corporate governance system and building and improving the administration system of the Group. In addition, he is promoting efforts to strengthen the corporate foundation including HR strategy as Director of General Affairs & HR Div. The Company believes that he will appropriately make decisions on the Company’s management and provide supervision based on his achievements. Thus, the Company proposes him for election as Director of the Board.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Profile
(Positions, responsibility in the Company and/or important positions concurrently held at other companies)</th><th>Number of Shares of the Company Owned</th></tr>
<tr><td rowspan="2">6</td><td>Miyuki Sakurai
(Dec. 15, 1964)

Reelection

Outside Director of the Board

Independent Officer

Attendance at the Board of Directors meetings during the current fiscal year:
15/15

Number of years in office at the conclusion of this General Meeting of Shareholders
6 years</td><td>Apr. 1992

May 2003

Mar. 2015

Apr. 2016

June 2017

June 2020

June 2022</td><td>Registered as attorney-at-law
Joined Nishimura Law and Accounting Office

Partner of Hanamizuki Law Office (current)

Auditor of Nippon Life Insurance Foundation (current)

Auditor of Osaka University

External Director of Nippon Shinyaku Co., Ltd.

Outside Director of the Board of the Company (current)

Outside Auditor of MBS MEDIA HOLDINGS, INC. (current)</td><td>-</td></tr>
<tr><td colspan="3"><Reasons for nominating as a candidate for Outside Director of the Board and outline of expected roles>
The Company requests the reelection of Ms. Miyuki Sakurai for her to serve as an Outside Director of the Board in the expectation that she will offer valuable opinions and proposals that would benefit the Company’s management and provide supervision from an independent position based on her highly professional expertise and a wealth of experience as attorney-at-law and achievements as External Director of other companies, in addition to her past achievements as an Outside Director of the Board of the Company. Although she has never been involved in corporate management in any way other than as an outside officer, for the reasons stated above, we believe that she will be able to appropriately perform her duties as an Outside Director of the Board of the Company.</td></tr>
</table>

No.	Name (Date of birth)	Profile (Positions, responsibility in the Company and/or important positions concurrently held at other companies)		Number of Shares of the Company Owned
7	Akiko Ikeda (Jul. 26, 1960) Reelection Outside Director of the Board Independent Officer Attendance at the Board of Directors meetings during the current fiscal year: 15/15 Number of years in office at the conclusion of this General Meeting of Shareholders 2 years	Apr. 1983	Joined The Daimaru, Inc. (Currently Daimaru Matsuzakaya Department Stores Co., Ltd.)	-
		Apr. 2003	Joined Ito-Yokado Co., Ltd.	
		Mar. 2011	Executive Officer of Ito-Yokado Co., Ltd.	
		Apr. 2016	President and Representative Director of Jolly-Pasta Co., Ltd.	
		June 2017	President and Representative Director of COCO'S JAPAN CO., LTD.	
		Apr. 2019	Director of Okamoto Corporation	
		Jan. 2023	Outside Director of Kura Sushi, Inc.	
		June 2024	Outside Director of the Board of the Company (current) Outside Director of J-OIL MILLS, INC. (current)	
	<Reasons for nominating as a candidate for Outside Director of the Board and outline of expected roles> The Company requests the reelection of Ms. Akiko Ikeda for her to serve as an Outside Director of the Board in the expectation that she will offer valuable opinions and proposals that would benefit the Company's management and provide supervision from an independent position based on her wealth of experience in corporate and human resource management as well as sales and marketing at other companies and achievements as External Director of other companies, in addition to her past achievements as an Outside Director of the Board of the Company.			

No.	Name (Date of birth)	Profile (Positions, responsibility in the Company and/or important positions concurrently held at other companies)		Number of Shares of the Company Owned
8	Shigeru Takaragi (May 19, 1960) New election Outside Director of the Board Independent Officer Attendance at the Board of Directors meetings during the current fiscal year: - Number of years in office at the conclusion of this General Meeting of Shareholders -	Apr. 1984 July 2007 June 2014 June 2024 July 2025	Joined TODA KOGYO CORP. Executive Officer of TODA KOGYO CORP. President and Representative Director of TODA KOGYO CORP. Director, Chairman and Executive Officer of TODA KOGYO CORP. Director & Chairman of TODA KOGYO CORP. (current)	-
	<Reasons for nominating as a candidate for Outside Director of the Board and outline of expected roles> The Company requests the election of Mr. Shigeru Takaragi for him to serve as an Outside Director of the Board in the expectation that he will offer valuable opinions and proposals that would benefit the Company's management and provide supervision from an independent position based on his experience in corporate management at a company that manufactures and sells chemical products.			

Note:
1. There are no special interests between each candidate and the Company.
2. Ms. Miyuki Sakurai, Ms. Akiko Ikeda, and Mr. Shigeru Takaragi are candidates for Outside Directors of the Board.
3. The Company has concluded liability limitation contracts with Ms. Miyuki Sakurai and Ms. Akiko Ikeda with regard to Article 423, Paragraph 1 of the Companies Act of Japan. This contract will limit the liability to the total amount of each Item in Article 425, Paragraph 1 of the same Act. In the event Ms. Sakurai and Ms. Ikeda are reelected as Outside Directors of the Board, the Company plans to extend the contracts with them. If Mr. Shigeru Takaragi is elected, the Company plans to enter into the same liability limitation contract with him.
4. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract with an insurance company. In the event of a claim for damages submitted by a shareholder or a third party, said insurance shall compensate for damages to be borne by the insureds. If the candidates are elected as Directors of the Board, they will be included as the insureds under the contract. The Company plans to renew the insurance policy with the same details during their terms of office.
5. Ms. Miyuki Sakurai, Ms. Akiko Ikeda, and Mr. Shigeru Takaragi meet the criteria of independence set out by Tokyo Stock Exchange, Inc. and the Criteria of Independence set out by the Company. The Company has reported to the Tokyo Stock Exchange that Ms. Sakurai and Ms. Ikeda have been appointed as independent officers, and in the event Ms. Sakurai and Ms. Ikeda are reelected, the Company plans to report to the Exchange that they will continue to be independent officers. In the event Mr. Shigeru Takaragi is elected, the Company plans to appoint him as an independent officer and report to the Tokyo Stock Exchange.

6. The Company purchases raw materials from TODA KOGYO CORP., at which Mr. Shigeru Takaragi serves as Director & Chairman. The average trading amount in the recent three fiscal years is a nominal (less than 0.2%) portion of the consolidated net sales of TODA KOGYO CORP., and the Company has therefore determined that there will be no impact on the independence of Mr. Shigeru Takaragi.
7. Ms. Akiko Ikeda is scheduled to be appointed as Outside Director of YAMAZEN CORPORATION in June 23, 2026.
8. Mr. Shigeru Takaragi is scheduled to retire from Director & Chairman of TODA KOGYO CORP. on June 25, 2026.

Agenda Item No. 3: Election of One (1) Audit & Supervisory Board Member

Of the four Audit & Supervisory Board Members, the terms of office of Mr. Takashi Kobayashi will expire at the conclusion of this Ordinary General Meeting of Shareholders, and the Company proposes the election of one (1) Audit & Supervisory Board Member.

The Audit & Supervisory Board has given its prior consent to the submission of this proposal.

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

Name (Date of birth)	Profile (Positions, responsibility in the Company and/or important positions concurrently held at other companies)		Number of Shares of the Company Owned
Kenichi Ueda (Sep. 13, 1961) New election Attendance at the Board of Directors meetings during the current fiscal year: - Attendance at the Audit & Supervisory Board meetings during the current fiscal year: - Number of years in office at the conclusion of this General Meeting of Shareholders -	Apr. 1986 Apr. 2010 Apr. 2017 Apr. 2020 Apr. 2026	Joined the Company Director of Electronic Information Materials Research Center General Manager of Development Dept. Chief Technology Manager Entrusted worker attached to Audit & Supervisory Board Member (current)	1,204 shares
<Reasons for nominating as a candidate for Audit & Supervisory Board Member> Based on his wealth of experience in Research Division and Business Development Division of the Company, we believe that Mr. Kenichi Ueda can provide useful opinions to the Board of Directors of the Company and properly audit the legality of management execution, etc. Thus, the Company proposes him as an Audit & Supervisory Board Member.			

Note: 1. There are no special interests between Mr. Kenichi Ueda and the Company.

2. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract with an insurance company. In the event of a claim for damages submitted by a shareholder or a third party, said insurance shall compensate for damages to be borne by the insureds. If Mr. Kenichi Ueda is elected as Audit & Supervisory Board Member, he will be included as the insured under the contract. The Company plans to renew the insurance policy with the same details during his term of office.

(Reference)
Specialty and Experience of Directors of the Board and Audit & Supervisory Board Members (expected after the conclusion of the 114th Ordinary General Meeting of Shareholders)

	Name	Corporate management	Inter-nationality	Sustainability	Compliance/ Governance	Finance/Accounting	Production technology /R&D	Sales and Marketing	Other
Director of the Board	Kazuhiro Noda	●	●			●		●	
	Yasutaka Sumida			●			●		● Intellectual property
	Yukihiro Matsumoto	●	●				●		● (DX)
	Kenjiro Komoda	●	●					●	● Business development
	Shigeru Harada	●		●	●	●			
	(Outside) Miyuki Sakurai				●				● Internal control, Audit
	(Outside) Akiko Ikeda	●			●			●	● Human resource development
	(Outside) Shigeru Takaragi	●	●				●	●	
Audit & Supervisory Board Member	Atsushi Tabata		●		●				● Human resource development
	Kenichi Ueda			●			●		● Business development
	(Outside) Tsukasa Takahashi				●				
	(Outside) Kazumasa Murai			●	●	●			

Note: 1. In the table above, up to four main areas of specialty and experience are marked for each person.
2. DX is an acronym for Digital Transformation.

Reasons for the selection of specialty and experience of the Board members are as follows:

Items	Reasons for selection
Corporate management	Specialty and experience of corporate management are required to formulate and promote corporate strategies for our sustainable growth and medium-to long-term enhancement of corporate value through the practice of the Group's Mission: "TechnoAmenity: Providing Prosperity and Comfort to People and Society, with Our Unique Technology."
Internationality	Specialty and experience regarding internationality are required to formulate and promote management strategies from a global perspective.
Sustainability	Specialty and experience regarding sustainability are required to contribute to the realization of a sustainable society and practice the Group's Mission through business activities.
Compliance/Governance	Specialty and experience regarding compliance/governance are required to promote compliance and enhance the effectiveness of corporate governance as foundation to support our sustainable growth.
Finance/Accounting	Specialty and experience regarding finance/accounting are required to make appropriate financial reports as well as formulate and promote a capital policy striking an ideal balance between investment for growth, investment to maintain competitiveness, and shareholder returns.
Production technology/R&D	Under the long-term vision "TechnoAmenity for the future," specialty and experience regarding production technology/R&D are required to provide solutions to diverse customer challenges by taking advantage of the Group's advanced technology.
Sales and Marketing	In order to strengthen the Solutions Business, specialty and experience regarding sales/marketing are required to identify market needs and solve customer challenges from a customers' perspective.

(Reference)
Criteria of Independence

The Company has established criteria of independence for Outside Directors of the Board and Outside Audit & Supervisory Board Members (hereinafter referred to as "Outside Officers" along with candidates for these positions), and Outside Officers are judged to be sufficiently independent so long as they do not fall under any of the following categories.

1. An individual from the Company or a consolidated subsidiary (hereinafter "the Group") (Note 1)
2. A major shareholder of the Company (Note 2) or a business executive thereof
3. A business executive of any of the following corporations or other entities
   (1) A major business partner of the Group (Note 3)
   (2) A major lender of the Group (Note 4)
   (3) A corporation or other entity whose stock the Group possesses 10% or more of based on voting rights
4. A certified public accountant belonging to the Auditing Firm that is the Group's Accounting Auditor
5. A consultant, accountant, tax counselor, attorney, judicial scrivener, patent attorney, or other professional who has received a large amount (Note 5) of monetary or other assets from the Group
6. An individual who has received a large amount of donations or grants from the Group (Note 6)
7. A business executive of another company whose position would constitute them as having an interlocking relationship (Note 7)
8. An individual whose spouse or relative within two degrees of kinship is an individual who falls under any of criteria 1 through 7 (however, this is limited to significant persons (Note 8))
9. An individual who has fallen under any of criteria 2 through 8 in the past five years
10. Any other individual who can be reasonably judged to have concerns of constant and substantial conflict of interest with the Company

(Note 1) Defined as a current executive Director of the Board, executive, executive officer, or other corresponding individual or employee (hereinafter "business executives" in these criteria) or a business executive who has belonged to the Group at least once in the past.

(Note 2) "Major shareholder" is defined as a shareholder with 10% or more of voting shares in their own name or a third party's name in average of the three most recent fiscal years.

(Note 3) "Major business partner" is defined as an entity which purchases the Group's products and whose transactions with the Group exceed 2% of the Group's consolidated net sales in average of the three most recent fiscal years, or a supplier of products to the Group whose transactions with the Group exceed 2% of their consolidated net sales in average of the three most recent fiscal years.

(Note 4) "Major lender" is defined as a financial or other institution from which the Group receives loans and whose average loan balance over the three most recent fiscal years exceeds 2% of the Company's consolidated total assets or 2% of that financial or other institution's consolidated total assets.

(Note 5) (i) In the event that the professional is providing services to the Group as an individual, an individual whose compensation received from the Group (excluding executive compensation) exceeds 10 million yen a year in average of the three most recent fiscal years.
(ii) In the event that the professional is providing services to the Group as a member of a legal entity, association, or other organization, an organization whose average compensation received from the Group in average of the three most recent fiscal years exceeds 2% of its yearly total income.

(Note 6) Defined as an entity who has received more than 10 million yen in yearly donations or grants from the Group in average of the three most recent fiscal years. In the case that the recipient of these donations or grants is a legal entity, association, or other organization, an organization whose average amount received from the Group in average of the three most recent fiscal years exceeds 2% of its yearly total income.

(Note 7) Defined as a relationship where a business executive of the Group is an Outside Officer of another company and where a business executive of said other company is an Outside Officer of the Company.

(Note 8) "Significant persons" is defined as a Director of the Board, executive, executive officer, or business executive of the rank of General Manager or above.

Business Report
(April 1, 2025 to March 31, 2026)

I. Current Status of the Group

1. Progress and Results of Operations

Revenue	399.9 billion yen (down 2.3% year-on-year)
Consolidated operating profit (loss)	17.5 billion yen (down 8.0% year-on-year)
Profit (loss) attributable to owners of parent	16.8 billion yen (down 3.6% year-on-year)

In the current fiscal year, the global economy remained resilient as a whole, supported by AI-related investments and other factors, amid heightened geopolitical risks in the Middle East and uncertainty over U.S. trade policy.

In the United States, AI-related investments and personal consumption continued to expand, despite a slight slowdown in the second half of the fiscal year.

In Europe, while exports weakened due to the impact of U.S. trade policy, robust personal consumption underpinned an economic recovery.

In China, while the effects of measures to support the economy ran their course, the strong sense of economic stagnation continued mainly in domestic demand against the backdrop of prolonged adjustments in the real estate market, moves to eliminate excess production capacity, and a weak employment environment.

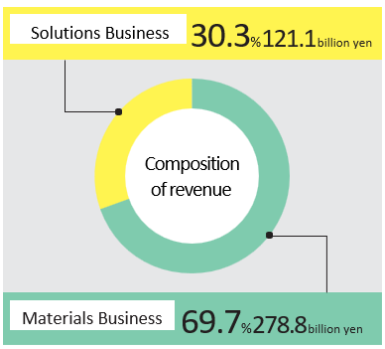
The Japanese economy lacked strength due to price hikes, despite a continuous moderate recovery on the back of firm capital investments and a pick-up in personal consumption due to wage increases.

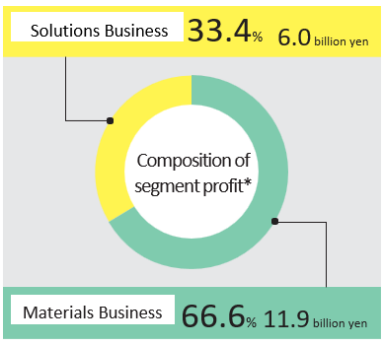
Under these conditions, the Group's revenue in the current fiscal year decreased 2.3% year-on-year to 399,898 million yen, down 9,448 million yen, due to a decrease in selling prices partly resulting from declines in overseas product market conditions and raw material prices, despite an increase in the sales volume.

With regard to profits, operating profit decreased 8.0% year-on-year to 17,530 million yen, down 1,532 million yen, due in part to the gain on valuation of inventory in the previous fiscal year turning into a valuation loss in the current fiscal year, and an increase in fixed manufacturing costs and selling, general, and administrative expenses, despite positive factors including an increase in the production and sales volume of some products and a widening of spreads on solutions products.

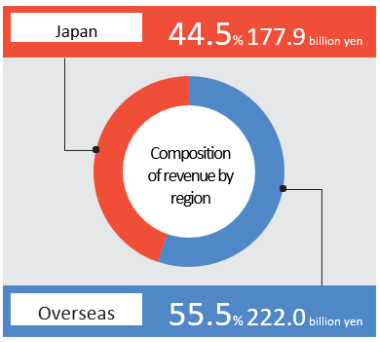
Profit before tax was 21,493 million yen, a year-on-year decrease of 1,710 million yen or 7.4%, due to a decrease in operating profit and a decrease in share of profit (loss) of investments accounted for using equity method, despite an improvement in foreign exchange loss (gain).

As a result, profit attributable to owners of parent of 16,764 million yen was posted, down 629 million yen (3.6%) year-on-year.





*Segment profit is calculated using the formula "Operating profit" + "Share of profit (loss) of investments accounted for using equity method," and excludes adjustments of 800 million yen (inter-segment transaction eliminations and corporate profit (loss) not allocated to reportable segments).



[Materials business]

Description of Principal Businesses

The Group mainly manufactures and sells the following products:

Market Domain	Principal Products
AA・SAP	Acrylic acids, acrylates, superabsorbent polymers
EO, etc.	Ethylene oxide, ethylene glycols, organic acids, special acrylates, process catalysts, etc.

Sales of acrylic acids and acrylates decreased due to a decrease in selling prices resulting from declines in overseas product market conditions and raw material prices.

Sales of superabsorbent polymers increased due to an increase in the sales volume, despite a decrease in selling prices due to declines in overseas product market conditions and raw material prices.

Sales of ethylene oxide and maleic anhydride decreased due to a decrease in selling prices resulting from declines in raw material prices and a decrease in the sales volume.

Sales of ethylene glycols decreased due to a decline in selling prices resulting from declines in raw material prices.

Sales of special acrylates decreased due to a decline in the sales volume and a decrease in selling prices resulting from declines in overseas product market conditions.

Sales of process catalysts decreased due to a decline in the sales volume.

As a result, revenue in the materials business decreased 5.2% year-on-year to 278,810 million yen.

Operating profit decreased 20.7% year-on-year to 10,234 million yen due to negative factors including an increase in fixed manufacturing costs and a narrowing of spreads resulting from declines in overseas product market conditions, despite a positive factor of an increase in the sales volume of some products.

Segment profit* decreased 24.8% year-on-year to 11,943 million yen due to decreases in operating profit and share of profit (loss) of investments accounted for using equity method.

*Segment profit is calculated using the formula "Operating profit" + "Share of loss (profit) of investments accounted for using equity method."

[Solutions business]

Description of Principal Businesses

The Group mainly manufactures and sells the following products:

Market Domain		Principal Products
Specialty chemicals		Various amines, cross-linking agent for water-based resins, surfactants
Electronics		Resin for optical films, resist materials, fine particles, dye, iodine
Other	Construction	Polymers for concrete admixtures, emulsions
	Energy (batteries, hydrogen), Environmental catalysts	Electrolyte in lithium-ion batteries, electrolyte sheets, ammonia decomposition catalysts, waste gas treatment catalysts, wastewater treatment catalysts
	Household, Health & Medical, etc.	Raw materials for detergents, oligonucleotide & peptides contract development and manufacturing organization

Sales of polymers for concrete admixtures, ethyleneimine derivatives, secondary alcohol ethoxylates, and resins for paints decreased due to a decline in the sales volume.

Sales of water-soluble polymers including raw materials for detergents increased due to the launch of new highly functional polymers for cleaning.

Sales of iodine compounds increased due to an increase in selling prices despite a decrease in the sales volume.

Sales of electronic information materials and De-NOx catalysts increased due to an increase in the sales volume.

Sales of materials for batteries increased due to the composition of products sold.

As a result of including Emulsion Technology Co., Ltd. in the scope of consolidation, in addition to the above, revenue in the solutions business increased 5.1% year on year to 121,088 million yen.

Operating profit increased 27.1% year on year to 6,503 million yen due in part to an increase in the sales volume of some products and a widening of spreads, despite negative factors such as an increase in selling, general and administrative expenses and the impact of valuation difference on inventories resulting from a decline in raw material prices.

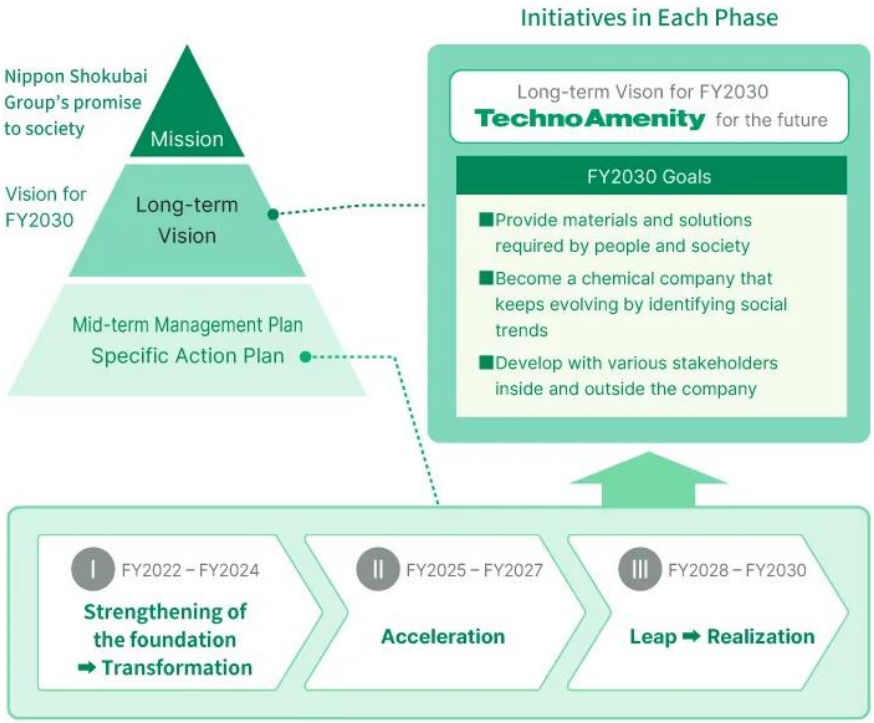
Segment profit* decreased 2.4% year on year to 5,996 million yen due to impairment losses on investments accounted for using equity method, despite an increase in operating profit.

*Segment profit is calculated using the formula "Operating profit" + "Share of loss (profit) of investments accounted for using equity method."

2. Issues to Be Addressed

The Nippon Shokubai Group conducts business activities in pursuit of the fulfillment of its Mission: "**TechnoAmenity**: Providing Prosperity and Comfort to People and Society, with Our Unique Technology." The Mission reflects our strong desire to contribute to creating a sustainable society where people can live safely in peace.

The Group set forth the three transformations outlined in the long-term vision toward 2030: "Business Transformation," "Strategic Transformation for Environmental Initiatives," and "Organizational Transformation," and we will contribute to the solution of various social challenges and realize our sustainable growth through provision of materials and solutions required by future society.



(1) Mid-term Management Plan 2027

In the Mid-term Management Plan 2027 that started in FY2025, we have prioritized achieving portfolio transformation and will proactively invest our resources in the Solutions Business.

In the Solutions Business, we will expand the scope of the business and profit through active capital investments in growth areas such as specialty chemicals, electronics, and batteries. In addition, we will aim to commercialize highly functional materials more speedily by promoting technology development using digital technology and human resource development. In the Materials Business, we will enhance our productivity by optimizing facilities and equipment and also strengthen profitability through sales expansion in global growth markets and alliances with other companies.

The financial targets of the Mid-term Management Plan 2027 are as follows:

Targets	FY2025 Actual results	Mid-term Management Targets for FY2027	Goals in FY2030
Operating profit + equity in losses (earnings) of affiliates	18.7 billion yen	35.0 billion yen	60.0 billion yen
Solutions business Operating profit + equity in losses (earnings) of affiliates	6.0 billion yen	18.5 billion yen	40.0 billion yen or more
ROE	4.3%	7% or higher	9% or higher
ROA	3.8%	6% or higher	9% or higher
ROIC*	3.3%	6% or higher	8% or higher
Investments for future growth and investments to remain competitive	152.7 billion yen (Cumulative total from FY2022 to FY2025)	245.0 billion yen (Cumulative total from FY2022 to FY2027)	400.0 billion yen (Cumulative total from FY2022 to FY2030)

Prerequisites: FY2025: USD=151 yen; Euro=175 yen, FY2027: USD=145 yen; Euro=155 yen

* ROIC (Return on Invested Capital) = (after-tax operating profit + equity in losses (earnings) of affiliates) / (interest-bearing liabilities + shareholders' equity)

(2) Major progress and initiatives in each business area

[Solutions business]

Expand the business scale and profits through active investments (about twice the amount under the former mid-term management plan)

Growth business areas

Specialty chemicals

- Water treatment agent applications are growing steadily
- Sales are increasing due to expanded sales of newly developed products
- For CO_2 absorbent applications, new customers are being newly developed, despite delay in some projects mainly in the United States

Electronics

- The adoption of ACRYVIEWA is increasing due to the development of the highly functional type against a backdrop of the expansion of the large and high-definition television market
- The adoption of silica particles for materials for semiconductor post-process is increasing. Silica particles are characterized by the uniformity of the particle diameter

Construction

- Creation of synergies with E-TEC Co., Ltd., a consolidated subsidiary established in April 2025, to enhance business competitiveness.
- Development of next-generation environmentally friendly products, including concrete admixtures contributing to CO_2 emissions reduction.

Energy (batteries)

- Profitability has been improved due to strong demand for electrolytes at a Chinese joint venture. Further facility expansion is planned in China
- In Japan, a new plant is under construction in Kitakyushu, Fukuoka Prefecture, aiming to start operations in FY2028

Next-generation business areas

Energy (hydrogen)

- The sales volume of SOFC[*1] increased due to increased demand for fuel cells
- Technology using ammonia cracking catalysts to efficiently extract hydrogen from ammonia was adopted for a NEDO[*2] project (jointly developed with Mitsubishi Heavy Industries, Ltd.)

Health & Medical

- Significant enhancement of manufacturing capacity in accordance with the Good Manufacturing Practice (GMP) (about 10 times the current level, scheduled for completion in 2027)
- Increase in lab-level acceptance to the scale of 1,000 projects per year and increase in requests for manufacturing using GMP-based manufacturing facilities

[Materials business]

Enhance profitability by implementing measures to strengthen businesses

- SAP[*3] quantity increased due to expanded sales to emerging countries. In Indonesia, a 50,000-ton capacity enhancement is under way to capture growth in the Global South markets (scheduled for completion in 2027)
- For bio-based acrylic acids, a new development process was demonstrated at a bench-scale facility with a scale of several tons per year
- Technology to recycle SAP derived from used diapers was established through joint development with partners
- Heat- and alkali-resistant new-grade SAP is under development for high value-added applications

*1 SOFC: solid oxide fuel cell
*2 NEDO: New Energy and Industrial Technology Development Organization
*3 SAP: superabsorbent polymers

(3) Non-financial targets

The non-financial targets of the mid-term management plan 2027 are stated below. As a group- wide policy of sustainability strategy, based on the three pillars of "contribute to people and society," "promote environmental initiatives," and "strengthen the Company's foundation and grow sustainably," we will aim to realize a sustainable society and increase our corporate value by continuing dialogue with stakeholders.

Targets	FY2025 Actual results	Mid-term Management Targets for FY2027
Reduction rate of GHG emissions (Scope 1 & 2)	23%*1	Goals in FY2030 30%*2
Revenue from environmental contribution products	44.0 billion yen	55.0 billion yen
Ratio of female recruitment in clerical and chemical positions	27.3%	30% or higher
Ratio of female managers	7.0%	8% or higher
Ratio of male employees taking childcare leave (15 days or more)	95.3%	100%

*1: Compared with the reference year, preliminary Group total (including 4.5% carbon credits)

Finalized emissions figures will be disclosed on the Company website in July 2026

We are proceeding with the following initiatives to achieve non-financial targets.

■ GX strategy

Contribute to the environment through reduction of GHG emissions and sales expansion of environmental contribution products

- Reduction of GHG emissions through improvement of processes and accelerated introduction of renewable energy
- Sales expansion of environmental contribution products, including battery-related materials, hydrogen-related materials, CO2 reduction materials, and other such products

■ HR strategy

Nurture and assign human resources who are capable of achieving the business strategies to maximize each individual's potential

- Appropriate allocation of human resources (development of HR portfolio, implementation of training programs of next-generation leaders, etc.)
- Promotion of personal growth (learning programs, career application system etc.)
- Increase job satisfaction (engagement survey, D&I promotion etc.)

■ Digital technology strategy

Accelerate productivity increase and new product launch through smart factory and smart laboratory initiatives

- Reduce operational man-hours and maintenance costs through the use of the data integration platform being adopted at Plants
- Establish a system to accelerate the new product launch through the use of data and AI in R&D

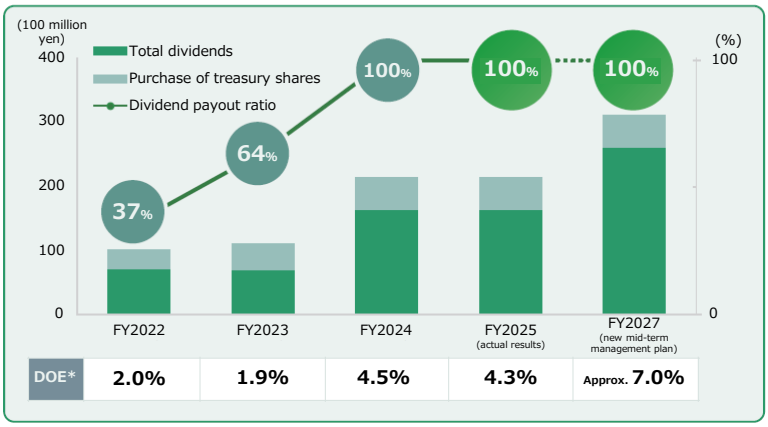
(4) Shareholder return

Policy through FY2027

- **We aim to achieve a shareholder return with dividend payout ratio of 100% or DOE* of 2.0%, whichever is higher.**
- **We aim to purchase treasury shares with the funds obtained from reduction in cross-shareholdings and other measures.**

*DOE: dividend on equity ratio

Changes in shareholder return



DOE*	2.0%	1.9%	4.5%	4.3%	Approx. 7.0%

We would appreciate your continued support and encouragement.

Mid-term Management Plan 2027 => https://www.shokubai.co.jp/en/ir/management/vision/

TechnoAmenity Report 2025 (Integrated Report) => https://www.shokubai.co.jp/en/ir/library/#sec03

The Company's Sustainability

The Company has identified priority materialities (material issues) to enhance its long-term corporate vale. The Company aims to realize a sustainable society by putting into practice the Group's Mission: "**TechnoAmenity**: Providing Prosperity and Comfort to People and Society, with Our Unique Technology."

Strategy and Basic Policy	Materialities (material issues)	Initiatives	Contributing to SDGs
Contribution to people and society We will solve social challenges through business activities and contribute to people and society in the future.	Contribute to solving social challenges	Continue to create new products	
		Promote the development and sale of environmental contribution products	
Promote environmental initiatives We will protect the global environment and create a safe society for future generations.	Promote environmental initiatives	Contribute to the achievement of carbon neutrality	
		Reduce carbon footprint of products (CFP)	
		Conserve water resources and use them effectively	
		Contribute to resource recycling	
Strengthen the Company's foundation and grow sustainably We will aim to be a growing organization that encourages its diverse human resources to exercise their talents.	Develop and empower human resources	Develop self-directed human resources	
		Promote empowerment of diverse human resources	
	Promote social responsibility in value chain	Strengthen supply chain management	
		Strengthen efforts to respect human rights	
	Strengthen governance	Raise awareness of compliance	
		Strengthen the effectiveness of the Board of Directors	
		Strengthen medium-to long-term incentives for corporate officers	
	Promote safe and stable production activities	Develop a safety culture and strengthen the safety foundation	
		Enhance the quality and reliability of products	

Increase corporate value and realize a sustainable society

Topics regarding sustainability

"Nippon Shokubai – Yugawara Myriad Leaves Forest" certified as a "Nature Symbiosis Site" by the Ministry of the Environment

The Company's biodiversity preservation and restoration activity, the "Nippon Shokubai – Yugawara Myriad Leaves Forest," was certified as a "Nature Symbiosis Site" under the Regional Biodiversity Enhancement Act by the Ministry of the Environment in September 2025. This certification resulted from our continuous employee volunteer activities including tree planting, thinning and nature observation for many years in the water source conservation forest in Yugawara Town, Kanagawa Prefecture, with the cooperation of local governments, NPOs, and other organizations, as well as the recognition of a healthy ecosystem confirmed in the forest. We will continue to work on biodiversity preservation and restoration.

Platinum Kurumin Accreditation obtained as a childcare support company

In December 2025, the Company obtained Platinum Kurumin Accreditation, a special accreditation that requires a high level of support for balancing work and childcare, from the Minister of Health, Labour and Welfare. Since the acquisition of Kurumin Accreditation in 2012, we have continued to develop systems and a culture that make it easier to balance work and childcare. As a result, we were highly evaluated for our high percentage of employees who took childcare leave (97.8% of males and 100% of females in FY2024) and overtime working hours (15.1 hours per month per employee in FY2024), which led to this accreditation. Under its long-term vision, the Company will continue to seek sustainable growth by building organizations where diverse human resources can work with peace of mind.

Appreciation by the outside (as of March 31, 2026)

Efforts at sustainability by the Group have been appreciated and included in these ESG indices.

FTSE4Good

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

2025 CONSTITUENT MSCI日本株女性活躍指数 (WIN)

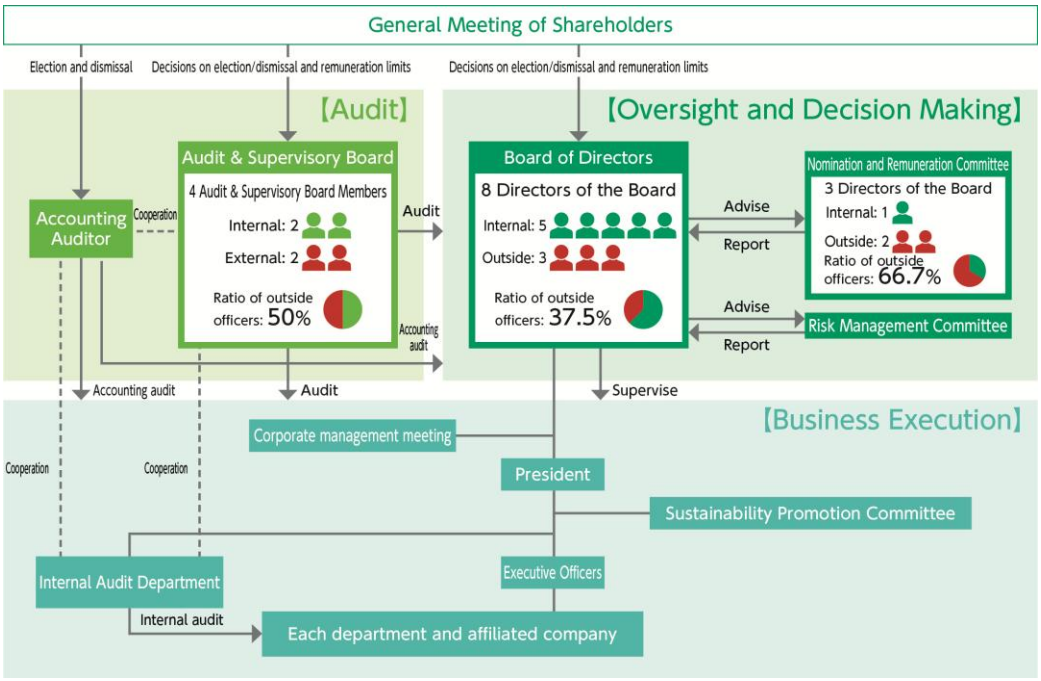
2025 Sompo Sustainability Index

The Company's corporate governance

The Company considers enhancing its corporate value and aiming at sustained growth under the Group's corporate philosophy: "**TechnoAmenity**: Providing Prosperity and Comfort to People and Society, with Our Unique Technology."

For that purpose, the Company understands that it is important to realize highly effective corporate governance and is making efforts to strengthen and enhance corporate governance, including securing the rights and equality of and dialog with shareholders, appropriate cooperation with various stakeholders, appropriate information disclosure and securing of transparency, appropriate playing and performance of their roles and obligations by the Board of Directors Meeting and the management, appropriate supervision of execution, and enhancement and strengthening of the internal control system.

Corporate Governance System (as of March 31, 2026)



Evaluation of the effectiveness of the Board of Directors

To verify whether the Board of Directors performs its expected functions and continues to extract issues and make efforts at improvement, the Company evaluates the effectiveness of the Board of Directors every year. In addition, to verify the effectiveness neutrally and objectively, the Company requests a third party evaluation organization to conduct an evaluation.



Main evaluation items

(i) Roles and functions of the Board of Directors

(ii) Scale and composition of the Board of Directors

(iii) Operation of the Board of Directors

(iv) Internal control and audit bodies

(v) Relations with Outside Directors of the Board

(vi) Relations with shareholders and investors

(vii) Nomination and Remuneration Committee

Evaluation Results of the Effectiveness of the Board of Directors in FY2025

The evaluation results confirmed that the Board of Directors of the Company is generally equipped with a high-level governance system and that improvement initiatives for recognized issues are being implemented steadily with respect to both systems and operations.

Issues and major initiatives taken in FY2025 are as follows:

Issue	Working On
Establishment of a framework for the development and evaluation of the next management team	・ Report to the Board of Directors of the results of discussions by the Nomination and Remuneration Committee on management succession planning and nomination of Directors ・ Introduction of internal candidates evaluation sheets
Enhancement of discussions by the Board of Directors on Director remuneration	・ Implementation of multiple briefings and deliberations in connection with the revision of the Director remuneration system
Strengthening of the provision of information that contributes to the oversight and decision-making by the Board of Directors	・ Strengthening of feedback from shareholders and investors to the Board of Directors regarding evaluation and concerns

3. Financial Condition and Profit and Loss

Items \ Term	111th Term (April 2022 - March 2023)	112th Term (April 2023 - March 2024)	113th Term (April 2024 - March 2025)	114th Term (April 2025 - March 2026)
Revenue (¥ millions)	419,568	392,009	409,346	399,898
Operating profit (¥ millions)	23,528	16,562	19,062	17,530
Profit before tax (¥ millions)	26,175	15,744	23,203	21,493
Profit attributable to owners of parent (¥ millions)	19,392	11,008	17,394	16,764
Basic profit per share (¥)	122.07	70.48	113.90	112.15
Total assets (¥ millions)	523,319	544,060	543,659	580,209
Total equity (¥ millions)	369,998	392,562	392,533	406,587
Equity attributable to owners of parent per share (¥)	2,303.48	2,482.45	2,527.98	2,684.47
ROA (Ratio of profit before tax to total assets) (%)	5.0	2.9	4.3	3.8
ROE (Ratio of profit to equity attributable to owners of parent) (%)	5.5	3.0	4.5	4.3

Note: 1. In the calculation of basic earnings per share, the Company's shares held in trust for the Performance-linked Stock Remuneration Plan for the Company's Directors of the Board and Executive Officers are treated as treasury shares, and the number of such shares is deducted in the calculation of the average number of shares outstanding during the period.

2. The Company carried out a four-for-one stock split effective from April 1, 2024. Consequently, basic earnings per share and equity attributable to owners of parent per share were calculated on the assumption that the stock split was carried out at the beginning of the 111th term.

4. Capital Expenditures

Segment name	Capital expenditures (Millions of yen)	Details of main capital expenditures
Materials	27,081	Construction of equipment for manufacturing acrylic acids
Solutions	26,216	Construction of equipment for manufacturing electrolyte in lithium-ion batteries
Total	53,297	-

5. Fund Procurement

(Unit: Millions of yen)

Items	Balance at beginning of period	Balance at end of period	Changes
Borrowings	41,391	58,731	17,340
Corporate bonds	–	–	–
Total	41,391	58,731	17,340

6. Significant Subsidiaries

Company name	Share capital (¥ millions, unless otherwise quoted)	Nippon Shokubai's Shareholding Percentage (%)	Description of Principal Businesses
Nippoh Chemicals Co., Ltd.	517	84.70	Manufacture and sale of iodine, iodine compounds, raw materials for pharmaceuticals and agricultural chemicals, and natural gas
NIPPON NYUKAZAI CO., LTD.	1,000	100.00	Manufacture and sale of surfactants and chemical products
Emulsion Technology Co., Ltd.	168	100.00	Manufacture and sale of products whose main raw materials are synthetic rubber latex and acrylic emulsion
Nisshoku Butsuryu Co., Ltd.	100	100.00	General distribution of chemicals
Nippon Shokubai America Industries, Inc.	* (US$ thousands) 100,000	100.00	Manufacture and sale of superabsorbent polymers, polymers for concrete admixtures, and acrylic acid detergent builders
PT. NIPPON SHOKUBAI INDONESIA	(US$ thousands) 120,000	99.99	Manufacture and sale of acrylic acids, acrylates, and superabsorbent polymers
NIPPON SHOKUBAI EUROPE N.V.	(€ thousands) 280,000	100.00	Manufacture of acrylic acids and manufacture and sale of superabsorbent polymers
NISSHOKU CHEMICAL INDUSTRY	(US$ thousands) 38,820	100.00	Manufacture and sale of superabsorbent polymers

Company name	Share capital (¥ millions, unless otherwise quoted)	Nippon Shokubai's Shareholding Percentage (%)	Description of Principal Businesses
(ZHANGJIAGANG) Co., Ltd.			
NIPPON SHOKUBAI (ASIA) PTE. LTD.	* (US$ thousands) 4,175	100.00	Manufacture and sale of glacial acrylic acids and sale of other chemicals
SINGAPORE ACRYLIC PTE LTD	(US$ thousands) 27,007	79.42	Manufacture and sale of crude acrylic acids

Note: 1. Asterisk mark (*) in the above list means "paid-in capital."
2. Figures listed with respect to the Company's shareholding percentage in the above list are truncated.
3. The Company acquired all shares of Emulsion Technology Co., Ltd. from JSR Corporation on April 1, 2025, consolidating it as a subsidiary.
4. NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) Co., Ltd. reduced capital by 14,000 thousand US dollars on November 25, 2025.

7. Principal Offices and Plants

To supply products quickly, safely, and securely in response to customers' requests, the Company has built a network with affiliated companies in the fields of manufacturing and transportation, including chemical manufacture, and is carrying on with improvement of a global production and supply system in unison.

Domestic Network

The Company

Office	Location
Osaka Office	Osaka, Osaka Prefecture
Tokyo Office	Chiyoda-ku, Tokyo
Kawasaki Plant	Kawasaki, Kanagawa Prefecture
Himeji Plant	Himeji, Hyogo Prefecture
Suita Research Center	Suita, Osaka Prefecture
Himeji Research Center	Himeji, Hyogo Prefecture

Office Location

Company name	Location
Nippoh Chemicals Co., Ltd.	Head Office: Chuo-ku, Tokyo Plant: Isumi, Chiba Prefecture
NIPPON NYUKAZAI CO., LTD.	Head Office: Chuo-ku, Tokyo Plant: Kawasaki, Kanagawa Prefecture and Kamisu, Ibaraki Prefecture
Nisshoku Butsuryu Co., Ltd.	Osaka, Osaka Prefecture
Emulsion Technology Co., Ltd.	Head Office & Plant: Yokkaichi, Mie Prefecture

Overseas Network

Principal overseas subsidiaries

Company name	Location
NIPPON SHOKUBAI EUROPE N.V.	Head Office & Plant: Belgium
NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) CO., LTD.	Head Office & Plant: China
SINGAPORE ACRYLIC PTE LTD	Head Office & Plant: Singapore
NIPPON SHOKUBAI (ASIA) PTE. LTD.	Head Office & Plant: Singapore
PT. NIPPON SHOKUBAI INDONESIA	Head Office & Plant: Indonesia
Nippon Shokubai America Industries, Inc.	Head Office & Plant: U.S.

8. Employees of the Company and Group Companies

Number of Employees	Increase/Decrease Compared to the End of the Previous Fiscal Year
4,880	Increase of 195 persons

Note: "Number of Employees" includes those who were reemployed.

(Reference) Employees of the Company

Number of Employees	Increase/Decrease Compared to the End of the Previous Fiscal Year	Average Age	Average Length of Service
2,573	Increase of 32 persons	39.4 years old	16.6 years

Note: 1. "Number of Employees" includes employees seconded from affiliates of the Company, but excludes employees seconded to affiliates of the Company and temporary employees.
2. "Number of Employees" includes those who were reemployed.
3. Average age and average length of service do not include reemployed employees.

9. Principal Lenders

(Millions of yen)

Name of Lender	Amount Outstanding
Resona Bank, Limited	17,134
Development Bank of Japan Inc.	14,000
MUFG Bank, Ltd.	6,958
Mizuho Bank, Ltd.	6,000
The Norinchukin Bank	4,150

Note: Figures in "Amount Outstanding" above include figures from overseas local subsidiaries of each lender.

II. Matters Concerning the Company's Shares as of March 31, 2026

1. Total Number of Authorized Shares: 508,800,000 shares

2. Total Number of Issued and Outstanding Shares: 150,000,000 shares

3. Number of Shareholders: 74,464

4. Major Shareholders (Top 10 shareholders)

Name	Number of Shares Owned (thousand shares)	Ratio of Capital Contribution (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,077	12.22
Custody Bank of Japan, Ltd. (Trust Account)	6,770	4.57
ENEOS Holdings, Inc.	6,016	4.06
Resona Bank, Limited	5,493	3.71
Sanyo Chemical Industries, Ltd.	5,070	3.42
Mizuho Bank, Ltd.	3,795	2.56
artience Co., Ltd.	3,618	2.44
JPMorgan Securities Japan Co., Ltd.	3,071	2.07
STATE STREET BANK AND TRUST COMPANY 505001	2,935	1.98
STATE STREET BANK AND TRUST COMPANY 505223	2,428	1.64

Note: 1. In addition to the above, the Company has treasury shares of 2,076 thousand shares. Treasury shares do not include 166 thousand shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account) in connection with the Performance-linked Stock Compensation Plan.
2. In calculating the ratio of capital contribution, the number of treasury shares is deducted.
3. Figures in "Number of Shares Owned" and "Shareholding Ratio of the Total Shares Outstanding" are truncated.

5. Other Important Matters Concerning Shares as of March 31, 2026

(1) Purchase of treasury shares

The Company purchased treasury shares according to the resolution at the Board of Directors Meeting held on July 30, 2025 as follows:

- Type and number of purchased shares: 3,807,800 common shares of the Company
- Total amount of purchased shares: 6,999,833,700 yen
- Purchase period: from August 8, 2025 to October 21, 2025
- Purchase method: market purchase at the Tokyo Stock Exchange

(2) Cancellation of treasury shares

The Company cancelled 6,000,000 treasury shares on November 28, 2025 according to the resolution at the Board of Directors Meeting held on October 30, 2025.

(3) Disposal of treasury shares through third-party allocation associated with additional contribution to the Board Benefit Trust

The Company resolved disposal of treasury shares through third-party allocation associated with additional contribution to the Board Benefit Trust (Restricted Stock) at the Board of Directors meeting held on July 30, 2025, and disposed of treasury shares as below.

- Deadline for disposal: August 14, 2025
- Type and number of disposed shares: 41,100 common shares of the Company
- Disposal value: 1,694 yen per share
- Total amount of disposed shares: 69,623,400 yen
- Allottee: Custody Bank of Japan, Ltd. (Trust Account)

III. Executives of the Company

1. Directors of the Board and Audit & Supervisory Board Members of the Company

Positions	Name	Responsibility in the Company and/or Important Positions Concurrently Held at Other Companies
President & CEO, Representative Director , Chief Executive Officer	Kazuhiro Noda	–
Director of the Board, Managing Executive Officer	Kuniaki Takagi	In charge of Administration, HR, Finance, and Accounting
Director of the Board, Managing Executive Officer	Yasutaka Sumida	In charge of Innovation & Business Development, Corporate Research Div., Health & Medical Business Div., New Business Promotion Div., R&D Management Dept., and Process Catalysts Research Dept.
Director of the Board, Managing Executive Officer	Yukihiro Matsumoto	In charge of Production & Technology, DX Promotion Div., Responsible Care Div., IONEL Project Div., and Indonesian Project
Director of the Board, Managing Executive Officer	Kenjiro Komoda	In charge of Business Sector, Battery Business Solutions Div., Business Planning Div., and Purchasing & Logistics Div.
Director of the Board	Tetsuo Setoguchi	–
Director of the Board	Miyuki Sakurai	Attorney-at-law, Outside Auditor of MBS MEDIA HOLDINGS, INC., and Auditor of Nippon Life Insurance Foundation
Director of the Board	Akiko Ikeda	Outside Director of J-OIL MILLS, INC.
Audit & Supervisory Board Member	Takashi Kobayashi	(Full-time)
Audit & Supervisory Board Member	Atsushi Tabata	(Full-time)
Audit & Supervisory Board Member	Tsukasa Takahashi	Attorney-at-law, and Outside Audit & Supervisory Board Member of Toyo Tire Corporation
Audit & Supervisory Board Member	Kazumasa Murai	Certified Public Accountant, Tax Counselor, Outside Director of Daiei Kankyo Co., Ltd. (Member of the Audit and Supervisory Committee)

Note:
1. Mr. Teruhisa Wada retired from the position of Audit & Supervisory Board Member at the conclusion of the 113th Ordinary General Meeting of Shareholders held on June 19, 2025.
2. Mr. Tetsuo Setoguchi, Ms. Miyuki Sakurai, and Ms. Akiko Ikeda are Outside Directors of the Board.
3. Mr. Tsukasa Takahashi and Mr. Kazumasa Murai are Outside Audit & Supervisory Board Members.
4. Audit & Supervisory Board Member Mr. Takashi Kobayashi has years of experience in the Finance & Accounting Division of the Company, and Audit & Supervisory Board Member Mr. Kazumasa Murai has years of experience as a certified public accountant. Both of them possess considerable knowledge in finance and accounting.
5. Mr. Tetsuo Setoguchi, Ms. Miyuki Sakurai, and Ms. Akiko Ikeda, Outside Directors of the Board, and Mr. Tsukasa Takahashi and Mr. Kazumasa Murai, Outside Audit & Supervisory Board Members, are registered at Tokyo Stock Exchange Markets as independent officers.
6. The important positions concurrently held at other companies by Outside Directors of the Board and Outside Audit & Supervisory Board Members are as presented above. Moreover, there are no special relationships between the companies and other organizations at which the concurrent

positions are held and the Company.

7. There were changes in positions, responsibilities in the Company and/or important positions concurrently held at other companies of Directors of the Board of the Company as follows:

As of April 1, 2026

Positions	Name	Responsibility in the Company and/or Important Positions Concurrently Held at Other Companies
Director of the Board, Managing Executive Officer	Yukihiro Matsumoto	In charge of Production & Technology, Engineering Div., DX Promotion Div., Responsible Care Div., Battery Business Project Div., and Indonesian Project

(Reference) Executive Officers, except individuals who are also Directors of the Board (as of April 1, 2026)

Positions	Name	Responsibility in the Company
Senior Executive Officer	Naoki Hijikuro	Chairperson and President of SINO-JAPAN CHEMICAL CO., LTD.
Senior Executive Officer	Kenta Kanaida	President of Nippon Shokubai America Industries, Inc.
Senior Executive Officer	Kazuhiro Sakuma	Director of Industrial & Household Solutions Division
Senior Executive Officer	Shinya Kataoka	Director of Acrylic Business Div.
Senior Executive Officer	Shigeru Harada	Director of General Affairs & HR Div.
Senior Executive Officer	Tomiyuki Sawada	Director of Electronics & Environmental Solutions Div.
Executive Officer	Shinichi Ito	Director of Finance & Accounting Div.
Executive Officer	Koji Takeda	Director & Plant Manager of Kawasaki Plant
Executive Officer	Kazuto Okazaki	Director & Plant Manager of Himeji Plant
Executive Officer	Hisakazu Fujita	President of NIPPON NYUKAZAI CO., LTD.
Executive Officer	Yasuharu Nakabayashi	Director of Basic Materials Business Div.
Executive Officer	Shigetaka Takamiya	Director of Production Div.
Executive Officer	Nobuo Akanuma	Director of Superabsorbents Business Div.
Executive Officer	Takashi Tomita	President of Nippoh Chemicals Co., Ltd.

2. Outline, etc. of the Contents of the Directors' and Officers' Liability Insurance Policy

■ Scope of the insured

Directors of the Board, Audit & Supervisory Board Members, and Executive Officers of the Company and its subsidiaries

■ Substantial ratio of premium payment by the insured

The premiums are borne by the Company in full, and the insured bear no premium.

■ Outline of accidents included in insurance coverage

The insurance policy is designed to cover damages, litigation costs, and other losses incurred by the insured in the event of a claim for damages by a shareholder or third party.

■ Measures to prevent injury to propriety in the insured's executing duties

There are certain exemptions for which compensation will not be provided, such as losses arising from the insured's criminal acts, etc.

3. Remuneration to Directors of the Board and Audit & Supervisory Board Members

(1) Aggregate Amount of Remuneration to Directors of the Board and Audit & Supervisory Board Members

Category of positions	Aggregate Amount of Remuneration (¥ millions)	Aggregate Amount of Remuneration by Type (¥ millions)			Number of persons to be paid (persons)
		Fixed Remuneration	Performance-linked Remuneration		
		Basic remuneration	Bonuses	Stock compensation	
Director of the Board (Outside Directors of the Board)	317 (40)	216 (40)	87 (–)	14 (–)	9 (3)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Members)	74 (40)	74 (20)	– (–)	– (–)	5 (2)
Total (Outside Officers)	391 (60)	290 (60)	87 (–)	14 (–)	14 (5)

Note: 1. One person who retired as a Director of the Board and one person who resigned as an Audit & Supervisory Board Member at the conclusion of the 113th Ordinary General Meeting of Shareholders held on June 19, 2025 are included in the numbers of persons paid and the payment amounts as stated above.
2. The amount of bonuses represents the amount of provision for directors' bonuses for the current fiscal year.
3. The amount of stock compensation is the amount posted for the current fiscal year.

(2) Shares Delivered to the Company Officers as Compensation for the Execution of Their Duties During the Current Fiscal Year:

Category	Number of shares	Number of persons to be given
Directors of the Board (except for Outside Directors of the Board)	35,832 shares	6

Note: 1. Shares delivered to Members of the Board who were in office in the current fiscal year in accordance with the Company's performance-linked stock compensation plan are listed.
2. Of the above number of shares, 1,928 have been converted to cash and the money equivalent of the shares converted to cash has been paid to the recipients.

(3) Matters concerning Determination Policy for the Contents of Remuneration for Individual Directors of the Board

At the Board of Directors Meeting held on May 13, 2025, through a discussion by the Nomination and Remuneration Committee, which was consulted by the Board of Directors Meeting, and a report submitted by the Committee to the Board of Directors, the Company resolved concerning the details of remuneration, etc. for individual Directors of the Board as follows.

(i) Basic policy

- To have Directors of the Board put the Company's mission into practice and provide an incentive to sustainably enhance corporate value
- To have Directors of the Board share interests with shareholders according to the Company's business results and commensurate with their responsibilities
- Remuneration shall be set at a proper level based on the Company's business results, the level of employee salary, and that of other companies.
- To have the Nomination and Remuneration Committee, consisting mainly of independent Outside Directors of the Board, deliberate on the matter, thereby ensuring transparency and fairness

(ii) Remuneration composition

The remuneration structure and approximate remuneration proportion by type are as follows. However, Outside Directors of the Board receive only basic remuneration of the fixed remuneration because they oversee business operations from an independent standpoint.

Category of positions	Fixed Remuneration	Performance-linked Remuneration	
	Basic remuneration	Bonuses	Stock compensation
Directors of the Board (except for Outside Directors of the Board)	55%	30%	15%
Outside Director of the Board	100%	–	–

Note: The remuneration proportion is subject to change according to the Company's business results, stock market conditions, and degrees of achievement of targets by each individual.

A) Basic remuneration

- The amount of payment to each Director of the Board is calculated within the remuneration amount determined according to the resolution of the General Meeting of Shareholders, and their total amount is set by the Board of Directors.
- It consists of a basic salary and a salary for services rendered, and is calculated based on a predetermined formula according to the position and work responsibility.
- The amount of basic remuneration for an Outside Director of the Board is determined by comprehensively considering the level of remuneration for the Company's officers and that of other companies.
- It is paid in cash monthly.

B) Bonuses

- The amount of payment to each Director of the Board is calculated within the remuneration amount determined according to the resolution of the General Meeting of Shareholders, and their total amount is set by the Board of Directors.
- The bonus amount is calculated based on a predetermined formula in accordance with the degree of achievement of KPI (key performance indicators) and the degree of achievement of individual performance targets in order to raise awareness of the need to improve business performance for each fiscal year, in addition to the standard bonus amount for each position.

KPI for Bonuses

KPI	Evaluation weight	Achievement level evaluation	Reasons for choice of the indicator
Operating profit margin	25%	70 - 110%	As an indicator of a company's growth potential and its earning power in its core business
Operating profit	25%	70 - 110%	The same as above
Degree of achievement of individual performance targets	50%	80 - 120%	-

Note: The KPI results for the current fiscal year were operating profit margin of 4.4% and operating profit of 17,530 million yen.

・ To be paid in cash at a certain time after the annual General Meeting of Shareholders each year.

C) Stock compensation

・ The purpose is to improve incentives to achieve the goals of the mid-term management plan and to link this with the value of the Company's stock.

・ Utilizing the stock benefit trust (restricted stock) mechanism, in accordance with the stock delivery rules, Directors of the Board are granted points to benefit stocks (each point is converted into one share of the Company's stock), linked with the position in the Company and the degree of achievement of the mid-term management plan, after the end of each fiscal year.

・ The granted points are calculated in each fiscal year during the subject period based on standard points for each position in the Company and a predetermined formula according to the achievement level of KPIs set forth in the mid-term management plan.

KPI for Stock Compensation

KPI	Evaluation weight	Achievement level evaluation	Reasons for choice of the indicator
ROE (Ratio of profit to equity attributable to owners of parent)	40%	30 - 100%	As an indicator to assess profitability and capital efficiency improvement
Profit	40%	30 - 100%	As an indicator to assess profitability improvement
ROIC (return on invested capital)	20%	30 - 100%	As an indicator to assess profitability and capital efficiency improvement

Note: 1. Profit refers to profit attributable to owners of parent.
2. ROIC (Return on Invested Capital) = (after-tax operating profit + equity in losses (earnings) of affiliates) / (interest-bearing liabilities + shareholders' equity)
3. The KPI results for the current fiscal year were ROE of 4.3%, profit of 16,764 million yen, and ROIC of 3.3%.

・ As a general rule, stock compensation is paid in the form of transfer-restricted stocks in proportion to the number of points granted to Directors of the Board through the Trust after the finalization of business results for each fiscal year, if they satisfy certain beneficiary requirements stipulated in the stock delivery rules.

・ Transfer restrictions are lifted when the Director retires

(iii) Reason that the Board of Directors decided that the details of remuneration for individual Directors of the Board in the current fiscal year met the determination policy

In the determination of the contents of remuneration, etc. for individual Directors of the Board for the fiscal year 2025, the Nomination and Remuneration Committee discussed the contents of the remuneration, etc., including conformity of remuneration to the determination policy. The Board of Directors therefore believes that the contents of the remuneration, etc., are in line with the determination policy.

(iv) Matters concerning Delegation of Determination of Contents of Remuneration, etc. for Individual Directors of the Board

With regard to the amounts of remuneration for individual Directors of the Board for the fiscal year 2025, Kazuhiro Noda, President & CEO, Representative Director, is authorized to determine their specific details. The scope of the power is to determine the amounts of basic remuneration and bonuses for individual Directors of the Board. The reason for delegating this authority to the President & CEO, Representative Director is because it was determined that the President & CEO, Representative Director would be the most appropriate to evaluate the operations and work responsibilities of each Director of the Board, while at the same time taking into account the business results of the entire Company.

The amount of stock compensation for individual Directors of the Board is determined in accordance with the stock delivery rules established by the Board of Directors. In order to ensure that the authority is exercised by the President & CEO, Representative Director in an appropriate manner, policy for determination of remuneration for Directors of the Board, remuneration systems and issues thereof, as well as appropriateness of the level of remuneration are deliberated by the Nomination and Remuneration Committee upon receiving consultation from the Board of Directors, and the deliberation outcome is reported to the Board of Directors before the determination is made by the President & CEO, Representative Director based on such authority.

(4) Matters concerning Remuneration, etc. for Audit & Supervisory Board Members

Audit & Supervisory Board Members receive only basic remuneration of fixed remuneration, because they oversee business operations from an independent standpoint.

(5) Matters concerning Resolution of General Meeting of Shareholders on Remuneration, etc. for Directors of the Board and Audit & Supervisory Board Members

	Basic remuneration and bonuses	Stock compensation	Basic remuneration
Shareholders meeting resolution	110th Ordinary General Meeting of Shareholders held on June 21, 2022	113th Ordinary General Meeting of Shareholders on June 19, 2025	110th Ordinary General Meeting of Shareholders held on June 21, 2022
Limit or points (in a year)	550 million yen (75 million yen is paid to Outside Directors of the Board)	77 million yen 35,100 points (1 point is converted into 1 share of the Company's stock)	100 million yen
Persons to be given	Director of the Board	Directors of the Board (except for Outside Directors of the Board)	Audit & Supervisory Board Member
Number of persons (at the conclusion of that General Meeting of Shareholders)	9 (3 Outside Directors of the Board are included)	5	4

4. Matters Concerning the Company's Outside Directors of the Board and Audit & Supervisory Board Members

(1) Principal activities during the fiscal year 2025

Name	Activities Undertaken as Part of Expected Roles of Outside Directors of the Board	Attendance
Tetsuo Setoguchi (Outside Director of the Board)	Based on his wealth of experience in corporate management in the manufacturing industry and at a company with high public utility properties, he gives advice about the Company's management and supervises that management from an independent point of view. Moreover, he serves as a member of the Nomination and Remuneration Committee, helping to ensure the transparency and fairness of nominations and remuneration of officers.	Board of Directors 15/15
Miyuki Sakurai (Outside Director of the Board)	Based on high expertise and a wealth of experience as an attorney-at-law as well as achievements as an outside director of other companies, she gives useful advice about the Company's management and supervises that management from an independent point of view. Moreover, she serves as a member of the Nomination and Remuneration Committee, helping to ensure the transparency and fairness of nominations and remuneration of officers.	Board of Directors 15/15
Akiko Ikeda (Outside Director of the Board)	She has given useful advice and provided supervision in an independent position to the Company based on a wealth of experience in corporate management as well as sales and marketing and human resources management at other companies, in addition to her past achievements as an outside director of other companies.	Board of Directors 15/15
Tsukasa Takahashi (Outside Audit & Supervisory Board Member)	At the Board of Directors meetings, from the perspective of a law expert and based on his achievements as an outside corporate auditor of other companies, he asks and gives questions and opinions that contribute to securing propriety in the Company's management execution, as necessary. At the Audit & Supervisory Board meetings, according to the Audit Policy and the like framed by the Audit & Supervisory Board, he exchanges opinions with respect to the results of audits and discusses important issues regarding such audits. Furthermore, he participates in regular meetings for exchange of opinions with the senior management and Outside Directors of the Board.	Board of Directors 15/15 Audit & Supervisory Board meetings 15/15

Name	Activities Undertaken as Part of Expected Roles of Outside Directors of the Board	Attendance
Kazumasa Murai (Outside Audit & Supervisory Board Member)	At the Board of Directors meetings, from the perspective of an accounting and tax matter expert and based on his achievements as an outside corporate auditor and an outside director (audit & supervisory board member) of other companies, he asks and gives questions and opinions that contribute to securing propriety in the Company's management execution, as necessary. At the Audit & Supervisory Board meetings, according to the Audit Policy and the like framed by the Audit & Supervisory Board, he exchanges opinions with respect to the results of audits and discusses important issues regarding such audits. Furthermore, he participates in regular meetings for exchange of opinions with the senior management and Outside Directors of the Board.	Board of Directors 15/15 Audit & Supervisory Board meetings 15/15

(2) Summary of Contract for Limitation of Liability

The Company has signed liability limitation contracts with Outside Directors of the Board and Outside Audit & Supervisory Board Members concerning liability as prescribed in Article 423, Paragraph 1 of the Companies Act of Japan. The contracts limit liability to the total of the monetary amounts in all items of Article 425, Paragraph 1 of the said Act so long as Outside Directors of the Board and Outside Audit & Supervisory Board Members perform their duties in good conscience and without any gross negligence.

IV. Matters Concerning Accounting Auditor

1. Name of Accounting Auditor

Ernst & Young ShinNihon LLC

2. Remuneration Paid to Accounting Auditor

Class	Amount Paid
(1) Total amount payable by the Company to the Accounting Auditor	85 million yen
(2) Total amount of cash and other financial benefits payable by the Company and its subsidiaries to the Accounting Auditor	103 million yen

Note: 1. Because no distinction is made between remuneration for audit services rendered pursuant to the Companies Act and remuneration for audit services rendered pursuant to the Financial Instruments and Exchange Act of Japan under the agreement between the Company and the Accounting Auditor, the amount of remuneration paid to the Accounting Auditor listed above in "(1) Total amount payable by the Company to the Accounting Auditor" is the sum of these two.

2. Among the significant subsidiaries of the Company, Nippon Shokubai America Industries, Inc., PT. NIPPON SHOKUBAI INDONESIA, NIPPON SHOKUBAI EUROPE N. V., NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) Co., Ltd., NIPPON SHOKUBAI (ASIA) PTE. LTD., and SINGAPORE ACRYLIC PTE LTD have been audited by auditing firms other than the Accounting Auditor of the Company.

3. After receiving an explanation of this fiscal year's audit plan from the Accounting Auditor, the Audit & Supervisory Board considered risks that would require special consideration based on the Company's risk approach as well as methods to deal with other auditing items of importance and the auditing time and personnel scheduling they would require, audit plans and results from years past, audit quality, audit time, and changes in auditor remuneration. Upon this consideration, the remuneration for this fiscal year's Accounting Auditor was determined to be of an amount not in conflict with retaining audit quality and conducting more in-depth audits, and was thus approved.

3. Content of Non-auditing Services

The Company pays fees for advisory service related to the translation of financial statements into English.

4. Policies on Dismissal or Non-reappointment of the Accounting Auditor

In the event that the Audit & Supervisory Board determines that the Accounting Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board will dismiss the Accounting Auditor upon unanimous consent of all Audit & Supervisory Board Members.

Additionally, if it is deemed that it is difficult for the Accounting Auditor to adequately execute its duties, or if is determined that a change in Accounting Auditor would be appropriate in order to further increase auditing suitability, the Audit & Supervisory Board will determine an agenda item regarding the dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

Note: Unless otherwise noted, amounts and ratios in this Business Report are rounded to the nearest unit.

V. Systems and Policies of the Company

1. Systems to Ensure Proper Business Activities

The Company's basic policy with respect to the internal control systems resolved at the Directors of the Board meeting is as follows:

The Company is guided by the Nippon Shokubai Group Mission: "**TechnoAmenity**: providing prosperity and comfort to people and society, with our unique technology." Based on this mission, we have established the following fundamental policy for the creation of internal control systems. This policy reflects the understanding that the establishment and operation of a system for conducting business operations properly is vital to the continuous preservation and growth of corporate value.

(1) Systems to ensure that Directors of the Board and employees perform their duties in compliance with laws, regulations, and the Articles of Incorporation

1. The Code of Conduct serves as a norm to be observed by Directors of the Board, Executive Officers and employees of the Group.
2. Establish a compliance system pursuant to the Compliance Regulation and prevent the violation of laws and regulations.
3. The Executive Officer in charge of Administration, HR, Finance, and Accounting serves as Executive Officer in charge of compliance. Under the officer in charge of compliance, the Legal Department promotes compliance activities.
4. As an internal auditing division, establish the Internal Audit Department, which is to be independent from other executive sections.
5. Establish the Internal Reporting System under which facts with respect to the violation of laws and regulations and other compliance-related matters will be reported internally.

(2) Systems for storing and managing information concerning the execution of duties by Directors of the Board

Information concerning the execution of duties by Directors of the Board shall be stored and managed, as the minutes of the Board of Directors meetings (torishimariyakukai gijiroku), internal memo to obtain approval (ringisho), and other documents, pursuant to the Regulations of the Board of Directors (torishimariyakukai kitei), the Rules on Administrative Authority (shokumukengen kitei) and the Rules for Document Control (bunsho kanri kisoku).

(3) Rules and systems with respect to the management of the risks of loss

1. Clarify risk management systems, risk recognition and risk management procedures in the Risk Management Regulations (risuku kanri kitei), and prevent such risks from occurring.
2. Pursuant to the Risk Management Regulations (risuku kanri kitei), the director of each division conducts risk management of each division on an ongoing basis. Executive Officers in charge of each division report to the Board of Directors as necessary on such matters as the contents of material risks associated with their respective divisions and the controlling status of such risks.
3. The Board of Directors shall receive a report from the Risk Management Committee, which is its advisory panel, and shall identify risks which may significantly affect the management of the entire Group, as well as appointing a risk manager and establishing a risk management system. In addition, the risk manager shall report to the Board of Directors the controlling status of such risks at his/her discretion.
4. Upon the occurrence of an unexpected event, establish a special division with the President as its Director and take prompt and appropriate measures pursuant to the rules concerning measures for unexpected events.

(4) Systems to ensure that Directors of the Board execute their duties efficiently

1. In order to deliberate and determine matters with respect to the execution of duties by Directors of the Board, a Board of Directors meeting shall, in principle, be held once a month so that prompt decision-making may be carried out.

2. The Board of Directors shall select Executive Officers. The Board of Directors is responsible for reaching decisions involving management and supervising business operations, and the Executive Officers are responsible for conducting business operations. Separating these functions increases the efficiency of management and clearly defines accountability.

3. The Company shall have Outside Directors of the Board for the purpose of ensuring the suitability of decisions and the oversight of business operations by the Board of Directors.

4. The Company shall have a Corporate Managing Committee meeting consisting of the President and Executive Officers, which shall be held once a month for the purpose of discussing subjects involving fundamental management policies and actions involving important matters.

(5) Systems to ensure proper business activities by the Group, which consists of the Company and its subsidiaries

1. In order to achieve sound management of the Group companies and overall development of the Group through mutual cooperation of the respective companies, the Company's officers and employees in charge of group companies (hereinafter "Group Company Administrative Managers"), who are stipulated in the affiliated company's administration codes, request the Group companies to have the Company's prior consent on important matters. The Group Company Administrative Managers shall also obtain approval for the important matters from the Corporate Managing Committee and the Board of Directors of the Company as necessary.

2. The Group companies shall report the overview of business and status of profit and loss to the Group Company Administrative Managers. The Group Company Administrative Managers shall provide advice as needed.

3. In order to properly understand the operational status of the Group companies, the Group Company Administrative Managers shall promptly report managerial and other issues to the Corporate Managing Committee and the Board of Directors.

4. In order to ensure proper business activities by the Group companies, the Internal Audit Department and the Responsible Care Division shall audit each Group company as appropriate.

5. Under the Executive Officer in charge of Administration, HR, Finance and Accounting, the Legal Department shall promote compliance activities for the entire Group.

6. The Group companies manage their respective risks on an ongoing basis and report to Group Company Administrative Managers on such matters as contents of significant risks and the controlling status of such risks. In addition, the Group Company Administrative Managers or Executive Officer supervising Group Company Administrative Managers shall report to the Board of Directors as necessary on such matters as contents of significant risks associated with the Group companies and the controlling status of such risks.

(6) Matters concerning employees who are allocated to assist Audit & Supervisory Board Members, matters concerning the independence of these employees from Directors of the Board, and matters concerning ensuring the effectiveness of instructions of the Audit & Supervisory Board Members to the employees who assist Audit & Supervisory Board Members

1. The Auditor Office, which shall be established under the direct control of the Audit & Supervisory Board Members of the Company, and the employees thereof shall assist the Audit & Supervisory Board Members in their duties.

2. The Auditor Office shall be independent from the Board of Directors, and the employees assigned thereto shall, pursuant to the Business Segregation Rules (gyoumu bunshou) and instructions of Audit & Supervisory Board Members, perform their duties independently from the Board of Directors, Directors of the Board, and Executive Officers. The personnel affairs of the employees who belong to the Auditor Office shall be determined after obtaining the consent of Audit & Supervisory Board Members.

(7) Systems for submitting reports from Directors of the Board and employees to Audit & Supervisory Board Members, for making other reports to Audit & Supervisory Board Members and for ensuring effectiveness of audits by Audit & Supervisory Board Members

1. In order to understand important decision-making processes and the status of executing operations executed/to be executed, Audit & Supervisory Board Members shall attend important meetings such as the Corporate Managing Committee meetings and budget meetings, in addition to the Board of Directors meetings.
2. Directors of the Board, Executive Officers, and employees shall report to Audit & Supervisory Board Members important information associated with the status of the Company's and its Group companies' internal audits, compliance, risk management, and internal reporting.
3. The director of each division shall report the status of executing operations to Audit & Supervisory Board Members in accordance with the audit plan (annual plan) drawn up by the Audit & Supervisory Board Members.
4. The Directors of the Board, Audit & Supervisory Board Members, and employees of the Group companies shall promptly report to Audit & Supervisory Board Members when an Audit & Supervisory Board Member requests them to report matters concerning the execution of business, internal audit status, compliance, risk control, and internal reporting.
5. A person who has made a report to an Audit & Supervisory Board Member shall not receive any disadvantageous treatment due to the report.
6. When an Audit & Supervisory Board Member requests the Company to pay costs incurred in the execution of his/her duties, the Company shall bear those costs except that those costs are found not necessary for the execution of the duties of the Audit & Supervisory Board Member.

(8) Basic policy on the elimination of anti-social forces

No relations, including those for business transactions, shall be had with anti-social forces that serve to disturb the order and safety of civil society and threaten wholesome corporate activities, and these anti-social forces shall be firmly dealt with in cooperation with outside specialists such as the police.

Outline of the State of Operations of Internal Control Systems

(1) Legal Compliance

Under the supervision of the person responsible for compliance, the Legal Department has implemented activities such as holding educational activities through the internal portal site, compliance training sessions on laws, regulations, and corporate ethics, as well as legal training on company newsletter and disseminating and operating a legal compliance manual and the Nippon Shokubai Group Code of Conduct, thereby strengthening the Company and Group companies' legal compliance structures.

(2) Execution of Duties by Directors of the Board

The Company has held Board of Directors meetings a total of 15 times throughout this fiscal year, and by reporting, deliberating, and deciding on items regarding to the execution of their duties, the Board of Directors has supervised the execution of the duties which has been decided by the Board of Directors.

By separating the Board of Directors, which is responsible for reaching decisions involving management and supervising business operations, from Executive Officers, who are responsible for conducting business operations, the Company works to establish efficient management and clear definition of accountability.

Additionally, the Company has appointed three Outside Directors of the Board, and through their opinions and proposals benefitting the Company's management based on their wealth of experience and specialized knowledge as managers, as well as their supervision from a position independent of management, the Company ensures the appropriateness of decision-making process and execution supervision by the Board of Directors.

During the fiscal year, the Corporate Managing Committee convened meetings 19 times to deliberate on matters regarding basic management policies and the execution of items of importance. Attempts are being made to realize more efficient business operations, and measures are being taken regarding the execution of important business duties.

(3) Management of Risks of Loss

In accordance with the Risk Management Regulations, each division appropriately manages the risks of its own division and reports the results, etc., to the Board of Directors. Moreover, based on a report from the Risk Management Committee, which is its advisory panel, the Board of Directors identifies risks which may significantly affect the management of the entire Group, as well as appointing a risk manager and establishing a risk management system. In addition, the risk manager shall report the controlling status of such risks to the Board of Directors, which supervises that status.

In addition, in order to respond quickly and appropriately to unforeseen circumstances, we regularly review our business continuity plan (BCP) and conduct comprehensive earthquake response drills.

(4) Ensuring Suitability of the Group's Business Activities

Group companies issue regular reports to the Group Company Administrative Managers on the overview of business and status of profit and loss, and the Group Company Administrative Managers provide advice as needed. Additionally, the Corporate Planning Division reports to the Corporate Managing Committee and the Board of Directors regarding managerial and other issues as necessary.

Also, the Internal Audit Office and the Responsible Care Division each audit Group companies based on their auditing plans.

(5) Ensuring the Efficacy of Audits by Audit & Supervisory Board Members

Audit & Supervisory Board meetings were convened a total of 15 times over the course of fiscal year 2025. At the meetings, important matters related to audits are reported, discussed, and resolved, including the audit policy, audit plans, and audit results, in accordance with the Auditor Audit Criteria set by the Audit & Supervisory Board.

Audit & Supervisory Board Members also attend important meetings such as the Corporate Managing Committee meetings, Sustainability Promotion Committee meetings, and Risk Management Committee meetings, in addition to the Board of Directors meetings, in order to understand important decision-making processes and operations performance, and give opportunities to give a hearing by Audit & Supervisory Board Members to receive reports on the situation of operations from Directors of the Board, division heads, and the management of subsidiaries for efforts to grasp the state of improvement and operation of the internal control system.

Furthermore, Audit & Supervisory Board Members hold regular meetings for exchange of opinions between the Audit & Supervisory Board and top management. In addition, they secure the effectiveness of audits through receiving reports on audit results regularly from the Accounting Auditor and the Internal Audit Department and exchanging opinions with them.

(6) The Elimination of Anti-Social Forces

Information is regularly gathered from the police and other external specialist agencies so that no relations are had with anti-social forces, and internal calls for caution are also made by taking action based on the manual for responding to unreasonable demands. Additionally, contracts formed with major clients include items stating that no relations shall be had with anti-social forces.

2. Basic Policies Concerning Control of the Company

The Group is guided by the Nippon Shokubai Group Mission "**TechnoAmenity**: providing prosperity and comfort to people and society, with our unique technology." Based on this mission, we devise and execute management strategies and work on becoming more competitive and profitable. The objective of these activities is to increase corporate value and the common interests of shareholders.

When there is a proposal by a third party for a large-scale purchase of the Company's stock, the Company believes that its shareholders at that time should be entrusted with reaching the final decision about whether or not to accept the proposed acquisition. However, it is assumed that, in large-scale purchases of the Company's stock, there are those that may distort the Company's mission and management strategies, such as those that solely pursue the purchaser's interests without concern for the corporate value and common interests of its shareholders, or those that may effectively force shareholders to sell their shares, or those that do not provide sufficient time and information for shareholders or the Board of Directors to consider the terms of the large-scale purchase, or for the Board of Directors to offer an alternative proposal, and ultimately impair the corporate value of the Company and the common interests of its shareholders.

For the benefit of common interests of shareholders by maintaining and increasing corporate value in a stable and consistent manner, the Company strives to request those who are conducting or intending to conduct a large-scale purchase of the Company's stock to provide sufficient information necessary for the shareholders to properly judge whether or not to accept such a large-scale purchase. In addition, the Company will disclose the opinions of its Board of Directors and secure time and information to enable the shareholders' examination, while taking appropriate measures pursuant to the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and regulations.

Consolidated Statement of Financial Position

(As of March 31, 2026)

(Unit: Millions of yen)

[Assets]	
Current assets	**247,243**
Cash and cash equivalents	51,819
Trade receivables	91,288
Inventories	85,758
Other financial assets	9,101
Other current assets	9,277
Non-current assets	**332,966**
Property, plant, and equipment	223,128
Goodwill	3,539
Intangible assets	6,015
Investments accounted for using equity method	30,004
Other financial assets	42,199
Retirement benefit asset	20,675
Deferred tax assets	4,616
Other non-current assets	2,791
Total assets	**580,209**

[Liabilities]	
Current liabilities	**103,867**
Trade payables	51,659
Borrowings	23,107
Other financial liabilities	13,194
Income taxes payable	2,427
Provisions	7,020
Other current liabilities	6,460
Non-current liabilities	**69,755**
Borrowings	35,624
Other financial liabilities	6,302
Retirement benefit liability	9,189
Provisions	4,006
Deferred tax liabilities	14,510
Other non-current liabilities	125
Total liabilities	**173,622**
[Equity]	
Total equity attributable to owners of parent	**396,649**
Share capital	25,038
Capital surplus	22,473
Treasury shares	(3,854)
Retained earnings	302,831
Other components of equity	50,160
Non-controlling interests	9,939
Total equity	**406,587**
Total liabilities and equity	**580,209**

Note: Amounts in the Consolidated Statements of Financial Position are rounded to the nearest million yen.

Consolidated Statement of Income

(April 1, 2025 to March 31, 2026)

(Unit: Millions of yen)

Revenue	**399,898**
Cost of sales	325,092
Gross profit	**74,806**
Selling, general, and administrative expenses	57,635
Other operating revenue	2,768
Other operating expenses	2,409
Operating profit	**17,530**
Financial income	3,935
Financial costs	1,174
Share of profit (loss) of investments accounted for using equity method	1,202
Profit before tax	**21,493**
Income tax expense	3,997
Profit	**17,496**
Profit attributable to:	
Owners of parent	16,764
Non-controlling interests	732
Profit	**17,496**

Note: Amounts in the Consolidated Statements of Profit or Loss are rounded to the nearest million yen.

Consolidated Statement of Changes in Equity

(April 1, 2025 to March 31, 2026)

(Unit: Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at beginning of period	25,038	22,533	-7,263	308,770	4,225	–
Profit	–	–	–	16,764	–	–
Other comprehensive income	–	–	–	–	7,235	3,060
Comprehensive income	–	–	–	16,764	7,235	3,060
Purchase of treasury shares	–	–	-7,003	–	–	–
Disposal of treasury shares	–	-18	86	–	–	–
Cancellation of treasury shares	–	-15	10,326	-10,311	–	–
Share-based payment transactions	–	-26	–	–	–	–
Dividends	–	–	–	-16,528	–	–
Transfer from other components of equity to retained earnings	–	–	–	4,136	-1,076	-3,060
Total transactions with owners	–	-60	3,409	-22,703	-1,076	-3,060
Balance at end of period	25,038	22,473	-3,854	302,831	10,384	–

	Other components of equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total			
Balance at beginning of period	29,726	33,951	383,029	9,505	392,533
Profit	–	–	16,764	732	17,496
Other comprehensive income	10,050	20,345	20,345	318	20,663
Comprehensive income	10,050	20,345	37,109	1,050	38,159
Purchase of treasury shares	–	–	-7,003	–	-7,003
Disposal of treasury shares	–	–	68	–	68
Cancellation of treasury shares	–	–	-	–	–
Share-based payment transactions	–	–	-26	–	-26
Dividends	–	–	-16,528	-616	-17,144
Transfer from other components of equity to retained earnings	–	-4,136	–	–	–
Total transactions with owners	–	-4,136	-23,489	-616	-24,105
Balance at end of period	39,776	50,160	396,649	9,939	406,587

Note: Note: Amounts in the Consolidated Statements of Changes in Equity are rounded to the nearest million yen.

Reference

Consolidated Statement of Cash Flows

(April 1, 2025 to March 31, 2026)

(Unit: Millions of yen)

I	Cash flows from operating activities	
	Profit before tax	21,493
	Depreciation and amortization	32,243
	Loss (gain) on sale of property, plant and equipment	-6
	Impairment losses	948
	Interest and dividend income	-2,615
	Interest expenses	1,019
	Share of loss (profit) of entities accounted for using equity method	-1,202
	Decrease (increase) in trade receivables	8,793
	Decrease (increase) in inventories	2,416
	Increase (decrease) in trade payables	-5,703
	Other	-271
	Subtotal	57,115
	Interest and dividends received	4,603
	Interest paid	-849
	Income taxes refund (paid)	-7,325
	Cash flows from operating activities	53,544
II	Cash flows from investing activities	
	Purchase of property, plant and equipment	-49,013
	Proceeds from sale of property, plant, and equipment	7
	Purchase of intangible assets	-722
	Purchase of investments	-103
	Proceeds from sale and redemption of investments	9,037
	Purchase of shares of subsidiaries and associates	-1,945
	Purchase of shares of subsidiaries resulting in change in scope of consolidation	-7,261
	Other	1,680
	Cash flows from investing activities	-48,319
III	Cash flows from financing activities	
	Net increase (decrease) in short-term borrowings	-6,254
	Proceeds from long-term borrowings	25,955
	Repayments of long-term borrowings	-3,694
	Repayments of lease liabilities	-1,697
	Purchase of treasury shares	-7,003
	Dividends paid	-16,528
	Dividends paid to non-controlling interests	-616
	Cash flows from financing activities	-9,837
IV	Effect of exchange rate change on cash and cash equivalents	1,866
V	Net increase (decrease) in cash and cash equivalents	-2,745
VI	Cash and cash equivalents at beginning of period	54,565
VII	Cash and cash equivalents at end of period	51,819

Note: Amounts in the Consolidated Statements of Cash Flows are rounded to the nearest million yen.

Notes to Consolidated Financial Statements

♦ **Significant Accounting Policies**

1. Basis of Preparation for Consolidated Financial Statements

The consolidated financial statements of the Company and its subsidiaries (hereinafter the "Group") are prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRS"), pursuant to the provisions of Article 120, Paragraph 1 of the Regulation on Corporate Accounting. In compliance with the second sentence of said Paragraph, certain disclosures and notes required by IFRS are omitted.

2. Scope of Consolidation

(1) Number of consolidated subsidiaries: 16 companies

Name of the principal company:

(Japan) NIPPOH CHEMICALS CO., LTD.
Nisshoku Butsuryu Co., Ltd.
Tokyo Fine Chemical Co., Ltd.
CHUGOKU KAKO CO., LTD.
NIPPON SHOKUBAI TRADING CO., LTD.
NISSHOKU TECHNO FINE CHEMICAL CO., LTD.
NIPPON NYUKAZAI CO., LTD.
NIPPON POLYMER INDUSTRIES CO., LTD.
Emulsion Technology Co., Ltd.

(Overseas) Nippon Shokubai America Industries, Inc.
NIPPON SHOKUBAI (ASIA) PTE. LTD.
PT. NIPPON SHOKUBAI INDONESIA
NIPPON SHOKUBAI EUROPE N.V.
SINGAPORE ACRYLIC PTE LTD
NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) CO., LTD.
SINO-JAPAN CHEMICAL CO., LTD.

Starting from the current fiscal year, Emulsion Technology Co., Ltd. is included in the scope of consolidation since the Company newly acquired its shares.

(2) Associates and jointly controlled companies accounted for by the equity method: 11 companies

Name of the principal company:

LX MMA Corp.
Hunan Fluopont New Materials Co., Ltd.

3. Accounting Policies

(1) Basis and methods of valuation of financial assets

1) Non-derivative financial assets

(i) Initial recognition and measurement and subsequent measurement

The Group initially recognizes trade receivables and other receivables on the date of occurrence. All other non-derivative financial assets are recognized at the transaction date, in which the Group becomes a party to the contract.

(a) Financial assets measured at amortized cost

Financial assets are classified as "financial assets measured at amortized cost" if they meet the following two conditions:

- The financial assets are held with a business model of the Group whose objective is to collect contractual cash flows.

- The contractual terms of the financial asset provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially recognized at fair value (including transaction cost directly attributable to the acquisition of such financial assets). These financial assets are subsequently measured at amortized cost using the effective interest method.

(b) Financial assets measured at fair value through profit or loss or other comprehensive income

Financial assets that fail to meet either of the above two conditions are classified as "financial assets measured at fair value through profit or loss" or "financial assets measured at fair value through other comprehensive income." In addition, the Group has made an irrevocable decision that changes in fair value of equity financial instruments, such as shares held with the purpose to maintain and strengthen business relationships with investees, are recognized through other comprehensive income instead of profit or loss.

Debt instruments are classified as "financial assets measured at fair value through other comprehensive income" when the following two conditions are met.

- The debt instruments are held with a business model of the Group whose objective is to both collect contractual cash flows and sell such instruments.
- The contractual terms of the financial asset provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognized at fair value. The Group includes in fair value any transaction costs directly attributable to the acquisition of such financial assets, with the exception of financial assets measured at fair value through profit or loss.

Regarding equity financial instruments measured at fair value through other comprehensive income, loss or gain attributable to changes in realized fair value is not reclassified to profit or loss. However, dividend income from such investments is recognized as "finance income" as a part of profit or loss, except in cases where it is clear that such dividends are the refund of the investment principal.

(ii) Derecognition

When the rights to the cash flows from a financial asset expire or when a financial asset is transferred and substantially all of the risks and rewards of ownership of such financial asset are transferred, the Group derecognizes such financial asset.

(iii) Impairment of financial assets

When recognizing the impairment of financial assets measured at amortized cost, the Group evaluates whether or not credit risk associated with such financial assets has increased significantly since the initial recognition at the end of each reporting period.

When credit risk has increased significantly, the Group measures allowance for doubtful accounts for such financial assets at an amount equivalent to lifetime expected credit losses. When credit risk has not increased significantly, the Group measures allowance for doubtful accounts for such financial assets at an amount equivalent to the 12-month expected credit losses. However, the Group always measures allowance for doubtful accounts for trade receivables at an amount equivalent to lifetime expected credit losses. Furthermore, the Group measures expected credit losses of financial instruments by considering the time value of the difference between contractual cash flows and the expected cash flows and recognizes it in profit or loss.

The Group determines whether or not credit risk associated with such financial assets has increased significantly since the initial recognition, by basing the judgment on changes in the risk of a default occurring. When determining such changes, the Group mainly considers past due information.

When measuring expected credit losses, the Group estimates in a way that reflects the following elements.

(a) Unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes

(b) Time value of money

(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

2) Derivatives and hedge accounting

The Group designates certain derivative instruments as cash flow hedges to hedge foreign exchange risk, interest rate risk, or other risks.

At the inception of a transaction, the Group documents the relationship between the hedging instrument and hedged item and the risk management objectives and strategies for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Group also documents its assessment of whether derivatives used for hedge transactions can be highly effective in offsetting changes in cash flows of the hedged item. Furthermore, the Group verifies that such forecast transactions are highly probable to apply cash flow hedge accounting.

Changes in fair value of derivative instruments are recognized in profit or loss. The effective portion of changes in fair value of derivative instruments that are designated as cash flow hedges and meet the qualifying criteria is recognized in other components of equity. The ineffective portion is recognized in profit or loss.

Any amount incurred with respect to hedging instruments that is recognized in other components of equity is reclassified to profit or loss in the period when hedged items affect profit or loss. When hedged forecast transactions result in the recognition of non-financial assets, any amount that has been recognized in other comprehensive income is reclassified and included in the initial carrying amount of such assets.

The Group discontinues hedge accounting prospectively when the hedging instrument expires or is sold, or the hedge no longer meets the criteria for hedge accounting. Any amount incurred with respect to hedging instruments that have already been recognized in other components of equity is further recognized until forecast transactions are eventually recognized in profit or loss. When forecast transactions are no longer expected to occur, any amount incurred with respect to hedging instruments that has been recognized in other components of equity is immediately recognized in profit or loss.

(2) Basis and methods of valuation of inventories:

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is principally calculated based on the moving average method. In addition, net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs.

(3) Basis and methods of valuation of and methods of depreciation or amortization of property, plant, and equipment, goodwill, and intangible assets

1) Property, plant, and equipment

Property, plant and equipment are measured using the cost model and stated at acquisition cost less accumulated depreciation and accumulated impairment.

Cost includes cost directly attributable to the acquisition of assets, dismantling and removal costs, restoration costs, and borrowing costs that meet requirements for asset capitalization.

Each asset (excluding assets that are not subject to depreciation such as land) is depreciated using the straight-line method over its estimated useful life. The estimated useful lives of main asset items are as follows:

- Buildings and structures: 3 to 50 years
- Machinery, equipment, and vehicles: 2 to 15 years

Estimated useful lives and the method of depreciation are reviewed at the end of each fiscal year. Any change in estimated useful lives and the depreciation method is accounted for on a prospective basis as a change in accounting estimate.

2) Goodwill and intangible assets

(i) Goodwill

The Group accounts for business combinations using the acquisition method. If the consideration exceeds the net of the fair value of identifiable assets acquired and liabilities assumed, the Group records it as goodwill in the consolidated statement of financial position.

The Group does not amortize goodwill but conducts impairment tests every fiscal year or whenever there is an indication of impairment. Impairment losses on goodwill is recognized in profit or loss and is not subsequently reversed.

Furthermore, goodwill is stated at cost less accumulated impairment losses in the consolidated statement of financial position.

(ii) Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses.

Individually acquired intangible assets are measured at a cost at the time of initial recognition, while intangible assets acquired through business combination are measured at fair value at the date of the acquisition. Intangible assets are amortized using the straight-line method over their estimated useful lives. The estimated useful lives of main asset items are as follows:

- Software: 5 years
- Customer-related intangible assets: 15 years
- Technology-related intangible assets: 8 years

3) Leases

Lease liabilities in lease transactions are measured at the discounted present value of the residual amount of total lease payments at the lease commencement date. Right-of-use assets are initially measured based on the initially measured amount of the lease liability adjusted for initial direct costs and prepaid lease payments, etc., and added costs such as obligations of restoration to original conditions requested by lease contracts. Right-of-use assets are depreciated regularly over the estimated useful lives of the respective assets or lease terms, whichever is shorter.

The discount rate that shall be used in calculating the discounted present value of the residual amount of total lease payments is the interest rate implicit in the lease, if this is practicably possible, and if not, the lessee's incremental borrowing rate.

Lease payments are distributed between finance costs and repayment of lease liabilities so that interest rates will be constant on the remaining balance of the lease liability. Finance costs are presented separately from the depreciation and amortization of right-of-use assets in the consolidated statements of profit or loss.

Whether or not a contract is, or contains, a lease is determined based on the substance of a contract, even when it does not take the legal form of a lease.

Lease payments for leases that have a lease term of twelve months or less and leases for which the underlying assets are of low value are recognized as expenses on either a straight-line basis over the lease term or another systematic basis.

(4) Impairment of non-financial assets

Every fiscal year, the Group assesses non-financial assets for any indications of impairment. In case there is an indication of impairment or in case the impairment test is required every fiscal year, the recoverable amount of the asset is estimated. When the recoverable amount of an asset cannot be estimated, the recoverable amount of the cash-generating unit to which such assets are allocated is estimated. The Group conducts impairment tests of goodwill every fiscal year or whenever there is an indication of impairment. Goodwill is allocated to each cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the business combination.

(5) Method of providing major allowances and provisions

Provisions are recognized when the Group has present obligations (legal or constructive) as a result of past events, it is probable that the outflow of economic resources will be required to settle the obligations, and the amounts of the obligations can be reliably estimated.

1) Provision for bonuses

To provide for payment of bonuses to employees, amounts are recorded in the current fiscal year based on an estimate to be paid in the following fiscal year.

2) Asset retirement obligations

To provide for obligations to restore plant and equipment and premises that the Group uses and removal of hazardous materials, the Group records asset retirement obligations based on estimated amounts to be paid in the future based on past results. Although these expenses are estimated to be mainly paid after one year or more, they may be affected by future business plans.

(6) Method of accounting for post-employment benefits

1) Defined benefit plans

The Company and some of its subsidiaries have defined benefit pension plans and severance lump-sum payment plans as defined benefit plans. Under the defined benefit plans, the net present value of defined benefit obligations less the fair value of plan assets is recognized in assets or liabilities in the consolidated statement of financial position. The present value of defined benefit obligations is calculated using the projected unit credit method.

The difference in the remeasurement of net defined benefit assets or obligations is recognized in other comprehensive income in the fiscal year as incurred. Furthermore, past service cost is recognized in profit or loss in the fiscal year it is incurred.

2) Defined contribution plans

Some of the Company's subsidiaries have defined contribution pension plans. Defined contribution pension plans are post-employment benefit plans, under which the employer pays a certain amount of contributions to another independent entity and will have no legal or constructive obligations to pay further contributions. Contributions to the defined contribution pension plans are expensed in the period in which employees render services.

(7) Revenue recognition

The Group recognizes revenue in accordance with the following five-step approach, except interest and dividend revenue under IFRS 9.

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the separate performance obligations in the contract

Step 5: Recognize revenue when, or as, the entity satisfies a performance obligation

The Group's main business includes manufacturing and sales of products in the Materials business and the Solutions business. The Group recognizes revenue from the sale of these products upon delivery of the products to the customer, since the performance obligation is fulfilled because the customer obtains control over such products upon delivery of the products. Revenue is measured at the amount obtained after deducting price reductions, rebates, and sales returns from the transaction price in the contract with the customer.

(8) Foreign currency translation

1) Foreign currency transactions

The Group measures items included in the financial statements of each Group company using the currency used in the main economic environment where each Group company conducts its operating activities (functional currency).

Foreign currency transactions are converted into the functional currency using the exchange rates at the date of the transactions. When remeasuring items included in the financial statements, the Group converts them into the functional currency using the exchange rates at the date of the remeasurement. Exchange differences arising from the settlement of these transactions or the translation of monetary assets or liabilities in a foreign currency using the exchange rates at the date of the settlement are recognized in profit or loss. However, translation differences arising from equity financial instruments measured at fair value through other comprehensive income or cash flow hedges are recognized in other comprehensive income.

2) Foreign operations

Regarding foreign operations using a functional currency that differs from the presentation currency, assets and liabilities (including goodwill arising from the acquisition and revision of fair value) are translated to Japanese yen using the exchange rates at the end of the reporting period, while revenue and expenses are translated to Japanese yen at the average rate during the period unless the exchange rates fluctuate significantly during that period.

Exchange differences arising from the translation of financial statements of a foreign operation are recognized in other comprehensive income. When a foreign operation is disposed of, the cumulative translation differences related to the foregoing operation are recognized in profit or loss at the time of the disposal.

♦ **Notes to Accounting Estimates**

In preparing consolidated financial statements, the management applies accounting policies, and makes judgment, estimates, and assumptions that affect the reporting amounts of assets, liabilities, revenue, and costs. Actual results may differ from these estimates. We review estimates and assumptions that serve as the basis for the estimates on an ongoing basis. The impact from reviews in accounting estimates is recognized over the accounting period in which the estimate was reviewed, and future accounting periods.

It is assumed to have no significant impact on the Group's medium- to long-term business environment, although the status of procurement of raw materials is uncertain due to escalating tensions in the Middle East.

However, the above assumptions used for the estimates are subject to many uncertainties, and any change in the impact on the business environment may affect the estimates and their assumptions.

Material estimates and judgments made by the management are as described below.

1. Impairment of non-financial assets

   PT. NIPPON SHOKUBAI INDONESIA

   During the current fiscal year, the Group conducted an impairment test on property, plant, and equipment of 43,395 million yen owned by PT. NIPPON SHOKUBAI INDONESIA, a consolidated subsidiary of the Company under the Materials business segment, because there were indications of impairment mainly due to deteriorating market conditions in the Southeast Asian market for acrylic acid and acrylic esters against the backdrop of an influx of competitors' products chiefly from China. The recoverable amount of the cash-generating unit was based on its value in use. The value in use was calculated by discounting five years of future cash flows based on a business plan approved by the management, plus future cash flows after the sixth year calculated using a certain growth rate. As a result, no impairment loss was recognized, since the recoverable amount exceeded the carrying amount.

   Key assumptions used in the valuation of the cash-generating unit are sales volumes and sales prices underlying the business plan, discount rates established based on market interest rates and other factors, and long-term growth rates. Future sales volumes and sales prices are set based on information obtained from customers, a future supply-demand balance, future market forecasts, and other information. If sales volumes or sales prices are affected by changes in the supply-demand balance or the market outlook for acrylic acid, acrylic esters, superabsorbent polymers, etc. that differ from expectations, or if the discount rate and the long-term growth rate are affected by changes in uncertain future economic conditions, it could have a significant impact on the valuation of property, plant, and equipment.

2. Measurement of defined benefit obligations

   To provide for retirement benefits to employees, the Group has defined benefit plans and defined contribution plans which are funded and unfunded schemes. The present value of defined benefit obligations and relevant service cost, etc. are calculated based on actuarial assumptions. Actuarial assumptions necessitate estimates and judgements in discount rates, retirement rates, mortality rates and other various coefficients. The Group obtains advice of external pension actuaries regarding the appropriateness of the actuarial assumptions including those coefficients.

   Actuarial assumptions are determined based on the best estimates and judgments of the management, but the results of fluctuations in future uncertain economic conditions as well as revisions or promulgation of applicable laws and regulations may have an impact on these assumptions. If it becomes necessary to review the assumptions, amounts to be recognized in the consolidated financial statements in the following fiscal year onward may be significantly affected.

(1) Reconciliation of the end-of-period balance of defined benefit obligations and plan assets and amounts recorded on Consolidated Statement of Financial Position

Amounts recorded on Consolidated Statement of Financial Position are as follows.

(Unit: Millions of yen)

Present value of defined benefit obligations	-35,239
Fair value of plan assets	46,725
Net amount of liability and asset recorded on Consolidated Statement of Financial Position	11,486
Amounts recorded on Consolidated Statement of Financial Position	
Retirement benefit liability	-9,189
Retirement benefit asset	20,675
Net amount of liability and asset recorded on Consolidated Statement of Financial Position	11,486

(2) Major actuarial assumptions

Major actuarial assumption used in the calculation of the present value of defined benefit obligations is as follows.

Discount rate	3.56%

(3) Sensitivity analysis of defined benefit obligations

Sensitivity analysis of defined benefit obligations to the fluctuations in weighted-average major actuarial assumptions is as follows.

(Unit: Millions of yen)

Discount rate	In case of 0.5% increase	-1,428
	In case of 0.5% decrease	1,563

Sensitivity analysis shown above is the result of fluctuation in one assumption, assuming that all other assumptions are invariable. In actuality, multiple assumptions may change by interacting each other.

In the calculation of sensitivity of defined benefit obligations to major actuarial assumptions, the same method for calculating the defined benefit obligations to be recognized in the Consolidated Statement of Financial Position (present value of defined benefit obligations calculated using the projected unit credit method as of the end of the reporting period) has been applied.

♦ Notes to Consolidated Statement of Financial Position

(Unit: Millions of yen)

1.	Accumulated depreciation and accumulated impairment losses on property, plant, and equipment	613,555
2.	Collateral assets and secured liabilities:	
	Assets pledged as collateral	281
	Cash and cash equivalents	8
	Property, plant, and equipment	273
	Obligations corresponding to the above items	270
	Trade payables	10
	Borrowings	260
3.	Allowance for doubtful accounts directly deducted from assets	289
4.	Balance of guarantee obligations, etc.	
	Outstanding balance of guarantee obligations:	1,940

With regard to 970 million yen within the guarantee obligations, reassurance from another company has been secured.

♦ Notes to Consolidated Statement of Income

1. Impairment of non-financial assets

The Group groups its assets in the smallest units that generate largely independent cash flows based on the classification of business. For assets that are not expected to be used in the future, individual properties are grouped as a single unit.

In the current fiscal year, the Group recorded an impairment loss of 593 million yen for some items including property, plant, and equipment related to certain products primarily used for paints made in the Materials business segment. This was caused by reducing the carrying amount to a memorandum value as a result of reviewing business plans for products whose profitability decreased and examining future recoverability of property, plant and equipment and other assets due to the business environment deteriorated by sluggish demand, intensified price competition in overseas markets, and other factors.

Impairment losses are included in “Other operating expenses” in the Consolidated Statement of Income.

The recoverable amount is measured based on the value in use under the business plan. The key assumptions used in the measurement of such value in use are sales volumes and sales prices based on information obtained from customers, future market forecasts, and other information. The presentation of the discount rate is omitted because the undiscounted future cash flows are negative.

The breakdown of impairment losses of 593 million yen is as follows:

(Unit: Millions of yen)

Segment	Type	Amount
Materials	Buildings and structures	138
	Machinery and equipment	280
	Construction in progress	155
	Other	20
	Total	593

2. Impairment losses in investments accounted for using equity method

In the current fiscal year, the Group recorded an impairment loss of 1,126 million yen for investments in Hunan Fluopont New Materials Co., Ltd. in the Solutions business segment. This was caused by reducing the carrying amount of the investments accounted for using equity method to a recoverable amount as a result of the measurement of the recoverable amount based on the latest business plan and other information, because this company's business performance was below the plan expected at the time of acquisition of interests.

Impairment losses are included in "Share of profit (loss) of investments accounted for using equity method" in the Consolidated Statement of Income.

The recoverable amount is the value in use of 2,068 million yen measured at a discount rate of 17.2%. Key assumptions used in the measurement of such value in use are sales volumes and selling prices underlying the business plan, discount rates, and long-term growth rates.

♦ **Notes to Consolidated Statement of Changes in Equity**

1. Matters related to class and total number of shares issued

Class of shares	Number of shares at the beginning of the current fiscal year	Number of shares increased in the current fiscal year	Number of shares decreased in the current fiscal year	Number of shares at the end of the current fiscal year
Common stock	156,000,000 shares	-	6,000,000 shares	150,000,000 shares

Note: 1. Figures listed with respect to the number of shares in the above list are rounded down.
2. A decrease of 6,000,000 shares in the number of common stocks resulted from a cancellation of treasury shares according to a resolution at the Board of Directors meeting held on October 30, 2025.

2. Matters related to class and number of treasury shares

Class of shares	Number of shares at the beginning of the current fiscal year	Number of shares increased in the current fiscal year	Number of shares decreased in the current fiscal year	Number of shares at the end of the current fiscal year
Common stock	4,484,000 shares	3,809,000 shares	6,050,000 shares	2,243,000 shares

Note: 1. Figures listed with respect to the number of shares in the above list are rounded down.
2. An increase of 3,809,000 shares in the number of treasury shares in common stocks was due to an increase of 3,807,000 shares resulting from a purchase of treasury shares according to a resolution at the Board of Directors meeting held on July 30, 2025, and an increase of 1,000 shares resulting from the purchase of shares less than one unit.
3. A decrease of 6,050,000 shares in the number of treasury shares in common stocks was due to a decrease of 6,000,000 shares resulting from a cancellation of treasury shares according to a resolution at the Board of Directors meeting held on October 30, 2025 and a decrease of 50,000 shares resulting from the payment of stocks under the Performance-linked Stock Compensation Plan for the Company's Directors of the Board and Executive Officers.

3. Matters related to distribution of retained earnings

(1) Dividend payment

Resolution	Class of shares	Total amount of dividends (¥ millions)	Dividend per share (¥)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 19, 2025	Common stock	9,102	60.00	March 31, 2025	June 20, 2025
Board of Directors meeting held on November 7, 2025	Common stock	7,445	50.00	September 30, 2025	December 5, 2025

Note: 1. The total amount of dividends resolved at the Ordinary General Meeting of Shareholders on June 19, 2025 includes a 11 million yen dividend for the Company's shares held in trust for the Performance-linked Stock Compensation Plan for the Company's Directors of the Board and Executive Officers.
2. The total amount of dividends resolved at the Board of Directors meeting on November 7, 2025 includes a 8 million yen dividend for the Company's shares held in trust for the Performance-linked Stock Compensation Plan for the Company's Directors of the Board and Executive Officers.

(2) Dividends with a record date in the fiscal year 2025 but an effective date in the following fiscal year

Expected date of resolution	Class of shares	Source of dividends	Total amount of dividends (¥ millions)	Dividend per share (¥)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 19, 2026	Common stock	Retained earnings	9,319	63.00	March 31, 2026	June 22, 2026

Note: The total amount of dividends includes an 11 million yen dividend for the Company's shares held in trust for the Performance-linked Stock Compensation Plan for the Company's Directors of the Board and Executive Officers.

♦ **Notes to Financial Instruments**

1. Conditions of financial instruments

The Group's business activities may be affected by various risks, including market risk, credit risk, and liquidity risk. While recognizing the possibility of occurrence of such risks, the Group makes every possible effort to prevent their occurrence and to manage them if they occur. Furthermore, at the Board of Directors meetings, the Group implements company-wide measures as appropriate in response to its exposure to various risks.

(1) Market risk

1) Foreign exchange risk

As the Group operates its business globally, it owns trade receivables and trade payables denominated in foreign currencies. These trade receivables and payables are exposed to the risk of fluctuations of foreign exchange rates. The Group enters into forward exchange contracts to hedge the risk of the trade receivables and payables denominated in foreign currencies.

2) Interest rate risk

The Group covers working capital and capital expenditures using its own capital, bonds payable, and borrowings. As certain interest rates on its borrowings are floating rates, the Group is exposed to the risk of changes in interest rates. The Group enters into interest rate swap contracts to reduce such risk as necessary.

The effect of changes in market interest rates on the Group's operating profit is immaterial.

3) Share price fluctuation risk

As the Group owns shares of business partners for reinforcing business collaboration or capital tie-ups, it is exposed to the risk of market price fluctuations.

To reduce such risk, the Group periodically assesses the market value and financial condition of issuers (business partners) and continually reviews the shareholding status by considering its relationships with business partners.

4) Derivative transactions

The Group enters into forward exchange contracts to hedge the risk of fluctuation in foreign exchange rates pertaining to trade receivables and payables denominated in foreign currencies, interest rate swap contracts to hedge the risk of fluctuation in interest rates related to borrowings, and virtual power purchase transactions to be settled based on difference in values with the power market prices or other market prices as the basic variable. The Finance & Accounting Division, etc. is responsible for managing derivative contracts and periodically reports the status of such transactions to officers in charge.

(2) Credit risk

Credit risk is the risk of incurring losses where an obligor, an issuer of financial assets owned by the Group, fails to honor its obligations. With regard to trade receivables, each business division regularly monitors the condition of major business partners, manages due dates and balances for each business partner, and assesses the credit condition of major business partners every six months. The consolidated subsidiaries also manage their credit risk in accordance with the above-mentioned procedures.

With regard to derivative transactions, the Group judges that credit risk is minimal since the counterparties are financial institutions, etc. with high credit ratings.

There is no excessive concentration of the credit risk that requires special management.

The carrying amount of financial assets after deducting allowance for doubtful accounts in the consolidated statement of financial position is the maximum exposure to the credit risk of the Group's financial assets that does not take into account collateral held and other credit enhancements.

(3) Liquidity risk

Liquidity risk is the risk that the Group will be unable to perform its repayment obligations for financial liabilities on the due date. Each Group company manages liquidity risk by preparing their funding plans in a timely manner.

2. Fair value of financial instruments

The carrying amount and fair value of financial assets and financial liabilities measured at amortized cost are as follows.

Financial instruments whose carrying amounts approximate their fair values are not included in the table below.

(Unit: Millions of yen)

	Carrying amount	Fair value
Financial liabilities measured at amortized cost		
Long-term borrowings	44,779	43,986
Total financial liabilities	44,779	43,986

The fair value of long-term borrowings is calculated by discounting the total amounts of principal and interest to the present value using the incremental borrowing rate, and is classified as Level 2 as indicated in 3. below.

3. Matters relating to the breakdown of financial instruments by level of fair value, etc.

The following table presents an analysis of financial instruments carried at fair value. Each level is defined as follows.
Level 1: Fair value measured at quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Fair value measured using direct or indirect observable inputs other than those in Level 1
Level 3: Fair value measured using unobservable inputs

(Unit: Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Debt financial instruments	630	-	-	630
Derivative assets	-	9	-	9
Other	-	140	640	779
Financial assets measured at fair value through other comprehensive income				
Equity financial instruments	37,537	-	3,182	40,719
Other	-	-	0	0
Total assets	38,167	149	3,821	42,137
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	-	46	41	87
Total liabilities	-	46	41	87

Fair value of listed shares is measured at quoted market prices on the stock exchange and is classified as Level 1 of the fair value hierarchy.
Fair value of forward exchange contracts and interest rate swap contracts is measured at an estimated value calculated using observable inputs such as exchange rates provided by counterparty financial institutions, and is classified as Level 2 of the fair value hierarchy.
Virtual power purchase transactions include derivatives recognized in connection with the settlement of cash flows arising from difference between the fixed price of renewable energy under the contract

and the variable market price. The fair value is calculated using the discounted cash flow method and is classified as Level 3 of the fair value hierarchy, taking into account the forecast electricity market price and the forecast power generation volume as the principal assumptions.
Fair value of unlisted shares is measured using valuation techniques based on net asset value and is classified as Level 3 of the fair value hierarchy. The reasonableness of such valuations is verified by the Accounting Department and approved by the department manager. No significant changes in fair value due to changes in unobservable inputs are expected.
No material transfers between Level 1 and Level 2 of the fair value hierarchy were made during the current fiscal year.

The following table presents a reconciliation from the beginning-of-period balance to the end-of-period balance of fair value measurements classified as Level 3 of the fair value hierarchy.

(Unit: Millions of yen)

	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Total
Balance at beginning of period	1,658	656	2,313
Purchase	1,945	100	2,045
Profit (loss)	-	-143	-143
Other comprehensive income	-426	-	-426
Sale	-0	-	-0
Other	5	-15	-10
Balance at end of period	3,182	598	3,780

Profit (loss) related to the above financial assets is included in “finance income” and “finance costs” in the Consolidated Statement of Income

♦ **Notes to Information Per Share**

Equity attributable to owners of parent per share: ¥2,684.47

Basic earnings per share: ¥112.15

♦ **Notes to Revenue Recognition**

1. Revenue disaggregation

The Group's organization consists of divisions by business, namely Materials business and Solutions business, whose operating results are reviewed regularly by the Board of Directors of the Company in order to allocate management resources and assess performance of operations. Earnings to be recorded from these businesses are presented as revenue. Revenue is disaggregated by region, according to the customers' locations. The relationship between disaggregated revenue and revenue posted under each of the reportable segments is as follows.

(Unit: Millions of yen)

	Japan	Asia:	Europe:	North America:	Others	Total
Materials	96,391	77,283	62,783	30,350	12,003	278,810
Solutions	81,510	23,950	4,065	8,895	2,667	121,088
Total	177,902	101,232	66,848	39,245	14,670	399,898

Note: 1. Revenue is classified by the customer's location, and country and regional segmentation is based on geographical proximity.

2. Major countries and regions of each area:

(1) Asia: East and South East Asian countries
(2) Europe: European countries
(3) North America: North American countries
(4) Others Countries and regions except Asia, Europe, North America, and Japan

In the sales of products in the Materials business and the Solutions business, mainly when the control of product is transferred to the customer; that is, when the product is delivered to the customer, the legal and physical ownership of the product and material risks and rewards of ownership of such product are transferred to the customer, and the Group becomes entitled to receive payment from the customer. Therefore, revenue is recognized at that timing. Revenue from the sales of these products is measured at the transaction price according to the contract with customers. In addition, consideration for transactions is received within a year after satisfying performance obligations, and does not involve significant financial elements.

2. Contract balance outstanding

(Unit: Millions of yen)

Receivables arising from contract with customers	
Notes receivable - trade and accounts receivable - trade	90,178
Electronically recorded monetary claims - operating	1,144
Contract liabilities	154

For the current fiscal year, there is no materiality in the amount of revenue recognized from the performance obligation satisfied in past periods.

♦ **Notes to Business Combination**

Business Combination by Acquisition

On the acquisition of the shares of Emulsion Technology Co., Ltd. (hereinafter referred to as "E-TEC"), which conducts an emulsion business, (that acquisition is referred to as the "Transaction" hereinafter), the Company has agreed with JSR Corporation and entered into a share purchase agreement (hereinafter referred to as the "Share Purchase Agreement") on November 12, 2024. The Company has also completed a procedure for acquiring the shares of the acquired company pursuant to the Share Purchase Agreement on April 1, 2025.

1. Outline of business combination

(1) Name and details of its business of acquired company

Name	Emulsion Technology Co., Ltd.
Details of business	The manufacture and sale of building and civil engineering materials and industrial materials whose main raw materials are synthetic rubber latex and acrylic emulsion and the manufacture and sale of acrylic emulsion

(2) Acquisition date

April 1, 2025

(3) Proportion of voting equity interests acquired

100%

(4) Main reasons for business combination

Since the foundation in 1941, the Company has been expanding its business with the core of unique techniques related to organic synthesis on the basis of oxidation catalyst techniques. In the long-term vision "TechnoAmenity for the future," which started in 2022, holding up portfolio change for growth areas, the Company aims at expanding the Solutions business that provides unique functions to solve problems which customers hold by utilizing the research and development power that it has fostered. In the Solutions business, the construction chemicals market developed by the "Industrial & Household business" is expected to grow globally against a background of population increase and urbanization. The Company has put resin for paint and polymer for cement additives on the market until now. For business expansion, it has aimed at strengthening proposing power by acquiring outside techniques and businesses to realize a business model to solve customers' problems with a one-stop service.

Utilizing "emulsion polymerization techniques," which are its core techniques, and "compound techniques" to compound emulsion with other materials for sophistication, E-TEC manufactures and sells products such as waterproof agents, glue and adhesive for construction, civil engineering, and other industries whose main raw materials are synthetic rubber latex and acrylic emulsion.

The Company has concluded that it can increase its product portfolio mainly in construction chemicals, enhance emulsion polymerization techniques and productive capacity, and develop the power to propose products with compound techniques, through the Transaction, and resulted in having entered into the Share Purchase Agreement. The Company also considers that E-TEC can enhance its corporate value further with expansion of its business through increasing its product portfolio and fusing research and development power by deepening cooperative relations with the Group with the Transaction as an opportunity.

(5) Method of acquiring control of acquired company

Acquisition of the shares for a consideration in cash

2. Amount and title of acquisition-related cost

The Company recorded 92 million yen for the previous fiscal year, and 82 million yen for the current fiscal year, in “selling, general, and administrative expenses” as acquisition- related cost relating to the business combination.

3. Fair value of consideration paid, assets acquired and liabilities assumed as of the date of acquisition

(Unit: Millions of yen)

	Amount
Fair value of consideration for acquisition (Note 1)	
Cash and cash equivalents	7,593
Total consideration for acquisition	7,593
Components of assets	
Current assets (Note 2)	2,736
Intangible assets (except for goodwill) (Note 3)	2,841
Other non-current assets	1,740
Total assets	7,316
Components of liabilities	
Current liabilities	1,752
Non-current liabilities	1,510
Total liabilities	3,262
Fair value of assets acquired and liabilities assumed, net	4,055
Goodwill (Note 4)	3,539

Note:
1. The price adjustment after the acquisition of shares has been completed and the consideration for acquisition has been fixed. Consideration for acquisition includes consideration of 33 million yen unpaid as of the end of the current fiscal year.
2. The fair value of trade receivables and other receivables acquired was 1,320 million yen, and the contract amount was approximately equal to the fair value. There are no potentially uncollectible amounts.
3. Intangible assets consist mainly of customer-related intangible assets of 1,876 million yen and technology-related intangible assets of 879 million yen. The fair values of these intangible assets are measured using the excess earnings method for customer-related intangible assets and the relief-from-royalty method for technology-related intangible assets based on the following key assumptions.
   (Customer-related intangible assets)
   - Future sales volumes and sales prices as the basis of the business plan used to forecast operating profit earned from existing customers
   - Discount rates that are set based on market interest rates and other factors

   (Technology-related intangible assets)
   - Royalty rates
4. The details of goodwill resulting from the said business combination mainly reflects expected future excess earning power and synergies with existing businesses. There is no amount in the said goodwill expected to be deductible for tax purposes.

4. Purchase of shares of subsidiaries

(Unit: Millions of yen)

	Amount
Cash and cash equivalents paid for acquisition	7,561
Cash and cash equivalents held by the acquired company at the time of acquisition	-300
Purchase of shares of subsidiaries	7,261

5. Revenue and profit or loss of the acquired company on and after the acquisition date related to the business combination

Revenue and profit of the acquired company recognized in the Consolidated Statement of Income for the current fiscal year before elimination of intercompany transactions on and after the acquisition date are as follows:

(Unit: Millions of yen)

	Amount
Revenue	7,603
Profit (Note)	423

Note: Amortization of intangible assets acquired through the business combination is included.

Nonconsolidated Balance Sheet

(As of March 31, 2026)

(Unit: Millions of yen)

[Assets]	
Current assets	131,439
Cash and deposits	9,438
Notes receivable - trade	31
Accounts receivable - trade	65,538
Merchandise and finished goods	29,394
Work in process	6,910
Raw materials and supplies	12,043
Prepaid expenses	1,260
Short-term loans receivable from subsidiaries and associates	1,500
Accounts receivable - other	2,346
Other	3,228
Allowance for doubtful accounts	-251
Non-current assets	240,317
Property, plant, and equipment	114,634
Buildings	18,709
Structures	7,657
Machinery and equipment	23,507
Vehicles	39
Tools, furniture and fixtures	3,350
Land	35,517
Construction in progress	31,795
Accumulated impairment	-5,940
Intangible assets	3,495
Patent rights	158
Leasehold interests in land	120
Software	2,811
Telephone subscription right	15
Right to use facilities	84
Other	307
Investments and other assets	122,188
Investment securities	36,469
Shares of subsidiaries and associates	65,137
Investments in capital of subsidiaries and associates	5,631
Long-term prepaid expenses	1,660
Lease and guarantee deposits	442
Prepaid pension costs	11,212
Other	1,664
Allowance for doubtful accounts	-26
Total assets	**371,756**

[Liabilities]	
Current liabilities	68,746
Accounts payable - trade	29,622
Short-term borrowings	9,000
Current portion of long-term borrowings	6,000
Accounts payable - other	13,959
Accrued expenses	1,063
Income taxes payable	1,561
Advances received	82
Deposits received	382
Provision for bonuses	2,912
Provision for bonuses for directors	87
Provision for repairs	3,778
Provision for share-based payments	20
Other	280
Non-current liabilities	41,242
Long-term borrowings	29,000
Deferred tax liabilities	4,250
Provision for retirement benefits	6,918
Other	1,074
Total liabilities	**109,988**
[Net assets]	
Shareholders' equity	245,625
Share capital	25,038
Capital surplus	22,071
Legal capital surplus	22,071
Retained earnings	202,326
Legal retained earnings	3,920
Other retained earnings	198,406
Reserve for dividends	760
Reserve for advanced depreciation of non-current assets	473
General reserve	157,665
Retained earnings brought forward	39,508
Treasury shares	-3,811
Valuation and translation adjustments	16,143
Valuation difference on available- for-sale securities	16,143
Total net assets	**261,768**
Total liabilities and net assets	**371,756**

Note: Amounts in the Nonconsolidated Balance Sheet are rounded to the nearest million yen.

Nonconsolidated Statement of Income

(April 1, 2025 to March 31, 2026)

(Unit: Millions of yen)

Net sales	**232,324**
Cost of sales	179,092
Gross profit	**53,232**
Selling, general, and administrative expenses	41,009
Operating profit	**12,223**
Non-operating income	**9,938**
Interest and dividend income	4,881
Miscellaneous income	5,057
Non-operating expenses	**1,781**
Interest expenses	242
Miscellaneous losses	1,539
Ordinary profit	**20,380**
Extraordinary income	**5,089**
Gain on sale of investment securities	4,887
National subsidies	202
Extraordinary losses	**3,752**
Loss on valuation of investments in capital of subsidiaries and associates	1,912
Impairment losses	948
Loss on valuation of shares of subsidiaries and associates	662
Loss on tax purpose reduction entry of non-current assets	149
Loss on valuation of investment securities	81
Profit before income taxes	**21,717**
Income taxes	**5,182**
Income taxes - current	3,806
Income taxes - deferred	1,376
Profit	**16,535**

Note: Amounts in the Nonconsolidated Statement of Income are rounded to the nearest million yen.

Nonconsolidated Statement of Changes in Equity
(April 1, 2025 to March 31, 2026)

(Unit: 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 dividends	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	25,038	22,071	12	22,083	3,920	760	474	157,665	49,830	212,649
Changes of items during period										
Dividends of surplus									-16,547	-16,547
Profit									16,535	16,535
Reversal of reserve for advanced depreciation of non-current assets							-1		1	-
Purchase of treasury shares										
Disposal of treasury shares			3	3						
Cancellation of treasury shares			-10,326	-10,326						
Transfer from capital surplus to retained earnings			10,311	10,311					-10,311	-10,311
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	-12	-12	-	-	-1	-	-10,322	-10,323
Balance at end of period	25,038	22,071	-	22,071	3,920	760	473	157,665	39,508	202,326

(Unit: Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	-7,198	252,573	12,411	12,411	264,984
Changes of items during period					
Dividends of surplus		-16,547			-16,547
Profit		16,535			16,535
Reversal of reserve for advanced depreciation of non- current assets		-			-
Purchase of treasury shares	-7,003	-7,003			-7,003
Disposal of treasury shares	65	68			68
Cancellation of treasury shares	10,326	-			-
Transfer from capital surplus to retained earnings		-			-
Net changes of items other than shareholders' equity			3,732	3,732	3,732
Total changes of items during period	3,388	-6,948	3,732	3,732	-3,216
Balance at end of period	-3,811	245,625	16,143	16,143	261,768

Note: Note: Amounts in the Nonconsolidated Statement of Changes in Equity are rounded to the nearest million yen.

Notes to Nonconsolidated Financial Statements

♦ Significant Accounting Policies

1. Basis and methods of valuation of assets

(1) Basis and methods of valuation of securities

1) Shares of subsidiaries and associates:

Stated at cost, determined by the moving average method.

2) Other securities:

Securities other than nonmarketable securities, etc.:

Carried at fair value, based on market prices at fiscal year-end. (Unrealized holding gain or loss, net of the applicable income taxes, is reported as a separate component of net assets. Cost of securities sold is primarily determined by the moving average method).

Nonmarketable securities, etc.:

Primarily stated at cost, determined mainly by the moving average method.

(2) Basis and methods of valuation of inventories:

Inventories held for sale in the ordinary course:

Valued at cost, determined by the moving average method (the book values are written down due to decreased profitability).

2. Depreciation methods applicable to depreciable assets

(1) Property, plant, and equipment

By the straight-line method. Useful lives and residual values are calculated based on the same criteria as those stipulated under the Corporate Income Tax Law of Japan.

(2) Intangible assets:

By the straight-line method. Software (for internal use) is amortized by the straight-line method over the estimated useful life for internal use (five years).

3. Method of providing allowances and provisions

(1) Allowance for doubtful accounts

To provide for losses on doubtful accounts, the Company reserves an amount based on the historical write-off ratio for normal accounts and amounts projected to be unrecoverable based on assessments for specific doubtful accounts such as claims with default possibility.

(2) Provision for bonuses

To provide for payment of bonuses to employees, amounts are recorded in the current fiscal year based on an estimate to be paid in the following fiscal year.

(3) Provision for bonuses for directors

To provide for payment of bonuses to directors, amounts are recorded in the current fiscal year based on an estimate to be paid in the following fiscal year.

(4) Provision for repairs

The Company provides an allowance for the cost of periodic repairs to large-scale production equipment based on estimates of the future cost of such repairs.

(5) Provision for share-based payments:

The Company provides an allowance for payments to Directors of the Board and Executive Officers under the Performance-linked Stock Compensation Plan based on the estimated amount of benefits to be paid at the end of the current fiscal year.

(6) Provision for retirement benefits

The Company provides an allowance for accrued retirement benefits to employees based on the retirement benefit obligation and the fair value of the pension plan assets as of the end of the fiscal year.

1) Regarding determination of retirement benefit obligations, the benefit formula basis is adopted as the way of attributing expected benefit to the periods up to this fiscal year-end.

2) Prior service cost is amortized by the straight-line method over a period (mostly over five years) which is within the estimated average remaining years of service of the eligible employees.

Actuarial gain or loss is amortized and charged to income in the year following the year in which such gain or loss is recognized by the straight-line method over a period (mostly over ten years) which is within the estimated average remaining years of service of the eligible employees.

4. Standard for recognizing revenues and expenses

The Company's main business includes manufacturing and sales of products in the Materials business and the Solutions business. The Company recognizes revenue from the sale of these products upon delivery of the products to the customer, since the performance obligation is fulfilled because the customer obtains control over such products upon delivery of the products. Revenue is measured at the amount obtained after deducting price reductions, rebates, and sales returns from the transaction price in the contract with the customer. v

5. Other significant matters pertaining to the preparation of the financial statements

(1) Method of material hedge accounting

1) Method of hedge accounting:

Deferred hedge treatment is adopted.

2) Hedging instruments and risks hedged:

Hedging methods to which hedge accounting is applied and hedge targets are as follows.

a. Hedging instruments: Forward exchange contracts

Hedged risk: Foreign currency-denominated monetary assets and liabilities

b. Hedging instruments: Interest rate swaps

Hedged risk: Borrowings

3) Hedging policy:

Our policy is to establish hedges for risks associated with movements in foreign exchange rates and interest rates. Derivatives are not used for more than the actual amount of the associated transactions and are never used for speculation.

4) Evaluation method for the effectiveness of hedges:

The Company evaluates the effectiveness of hedges by directly linking the hedging instruments with market changes in hedging methods or changes in cash flows.

(2) Translation of assets and liabilities denominated in foreign currencies into Japanese Yen:

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate in effect at the consolidated balance sheet date, and any gains and losses resulting from the translation are credited or charged to income.

♦ Notes to Accounting Estimates

Impairment of Non-current Assets

In the current fiscal year, the Company found that there was indication of impairment of 876 million yen in property, plant, and equipment, etc. related to some of its fuel cell materials products due to a decrease in sales quantity from the initial plan as a result of taking time to respond to requests of customers regarding product quality. After assessing whether an impairment loss should be recognized, no impairment loss was recognized, because the undiscounted future cash flows of the asset group exceeded the carrying amount.

The key assumptions used in the valuation of such undiscounted future cash flows are sales volumes and sales prices. Future sales volumes and sales prices are based on information obtained from customers, future market forecasts, and other information. If the outlook of the future business environment differs from the assumptions, it may have a significant impact on the estimate of the recoverable amount of the above asset group.

♦ Notes to Nonconsolidated Balance Sheet

1. Monetary claims and liabilities relating to subsidiaries and associates

Short-term monetary claims:	21,088 million yen
Long-term monetary claims:	11 million yen
Short-term monetary liabilities:	3,970 million yen
Long-term monetary liabilities:	24 million yen

2. Accumulated depreciation on property, plant, and equipment: 321,009 million yen

3. Balance of guarantee obligations, etc.

Outstanding balance of guarantee obligations:	5,009 million yen

With regard to 970 million yen within the guarantee obligations, reassurance from another company has been secured.

♦ Notes to Nonconsolidated Statement of Income

Balance of transactions with subsidiaries and associates

Balance of operating transactions	
Net sales	52,514 million yen
Total purchase of goods:	31,748 million yen
Balance of non-operating transactions:	6,623 million yen

♦ Notes to Nonconsolidated Statement of Changes in Equity

Class and number of treasury shares at end of current period

Common stock	2,243,116 shares

Note: The number of treasury shares of common stock includes 166,816 shares of the Company's stock held in trust for the Performance-linked Stock Compensation Plan for the Company's Directors of the Board and Executive Officers.

♦ Notes to Tax Effect Accounting

Major factors for deferred tax assets and liabilities

Deferred tax assets	
Shares of subsidiaries and associates	8,980 million yen
Depreciation (including impairment losses)	1,241 million yen
Provision for repairs	1,190 million yen
Provision for bonuses	917 million yen
Land	912 million yen
Investment securities	711 million yen
Other	1,182 million yen
Deferred tax assets subtotal	15,135 million yen
Valuation allowance	-10,617 million yen
Total deferred tax assets	4,518 million yen
Deferred tax liabilities	
Valuation difference on available- for-sale securities	-7,197 million yen
Reserve for advanced depreciation of non-current assets	-218 million yen
Other	-1,353 million yen
Total deferred tax liabilities	-8,767 million yen
Deferred tax assets (liabilities), net	-4,250 million yen

♦ Notes to Information Per Share

Net assets per share:	1,771.61 yen
Profit per share:	110.62 yen

♦ Notes to Revenue Recognition

The information that forms the basis for understanding revenue from contracts with customers is omitted, as the same information is provided in “Notes to Revenue Recognition” in the Notes to Consolidated Financial Statements.