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**You should be aware that the issuer may purchase securities otherwise than under the exchange offer, such as in open market or privately negotiated purchases.**

[Translation]

**NOTICE OF THE  
88TH ORDINARY  
GENERAL MEETING  
OF SHAREHOLDERS**





Wednesday, June 15, 2022 at 10 a.m.

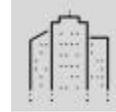
Date and Time:



Osaki Bright Core Hall  
3F, Osaki Bright Core

Place: 5-5-15, Kita-shinagawa, Shinagawa-ku, Tokyo

## Valuable Adhesion



### Proposals to be resolved

- Proposal No.1: Approval of the Share Exchange Agreement
- Proposal No.2: Disposal of Surplus
- Proposal No.3: Election of Eight Directors
- Proposal No.4: Election of One Company Auditor

Deadline for the exercise of voting rights by post

Tuesday, June 14, 2022 at 5:20 p.m.

CEMEDINE CO., LTD.

Code number: 4999

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Code number: 4999  
May 30, 2022

To our  
Shareholders:

Gate City Ohsaki East Tower, 1-11-  
2, Osaki, Shinagawa-ku, Tokyo  
**CEMEDINE CO., LTD.**  
President and Representative Director  
Hidesuke Amachi

## NOTICE OF THE 88TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 88th Ordinary General Meeting of Shareholders (the “Meeting”) of CEMEDINE CO., LTD. (the “Company”) that will be held as described below.

In place of attending the Meeting in person on the day of the Meeting, you can exercise your voting rights in writing. Please carefully review and consider the Reference Materials for the General Meeting of Shareholders described hereinafter, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return the enclosed form to us by mail so that it will arrive no later than the close of business of the Company (5:20 p.m.) on Tuesday, June 14, 2022.

1. Date and time: Wednesday, June 15, 2022 at 10 a.m.
2. Place: Osaki Bright Core Hall, 3F, Osaki Bright Core  
5-5-15, Kita-shinagawa, Shinagawa-ku, Tokyo
3. Objectives of the Meeting
  - Matters to be Reported: 1. Business report, Consolidated Financial Statements and the results of the Audit of the Consolidated Financial Statements by the Accounting Auditor and the board of company auditors for the 88th Fiscal Year (April 1, 2021 to March 31, 2022)
  2. Financial Statements for the 88th Fiscal Year (April 1, 2021 to March 31, 2022)Matters to be Resolved
  - Proposal No. 1: Approval of the Share Exchange Agreement between the Company and KANEKA CORPORATION
  - Proposal No. 2: Disposal of Surplus
  - Proposal No. 3: Election of Eight Directors
  - Proposal No. 4: Election of One Company Auditor

END

- ◎ When attending the Meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk on the day of the Meeting.
- ◎ If any amendments are made to the Reference Materials for the General Meeting of Shareholders as well as the Business Report, Financial Statements and Consolidated Financial Statements, those amendments will be reported on the Internet on the Company's website (<https://www.cemedine.co.jp>).
- ◎ Among the documents to be provided in this notice, with respect to the documents related to "Proposal No. 1: Approval of the Share Exchange Agreement between the Company and KANEKA CORPORATION," the "Provisions of the Articles of Incorporation of KANEKA CORPORATION" and "Content of the financial statements, etc. of KANEKA CORPORATION for the last fiscal year," as well as "Matters concerning the subscription rights to shares, etc. of the Company" and the "Company Structure and Policies" of the Business Report, and the "Consolidated statement of changes in equity" and "Notes to consolidated financial statements" of the Consolidated financial statements, and the "Statements of changes in equity" and "Notes to financial statements (non-consolidated)" of the financial statements are posted on the Company's website in accordance with applicable laws and the provisions of Article 15 of the Company's Articles of Incorporation.

## Reference Materials for the General Meeting of Shareholders

### Proposals and Matters for Reference

Proposal No.1	<b>Approval of the Share Exchange Agreement between the Company and KANEKA CORPORATION</b>
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The Company and KANEKA CORPORATION (“KANEKA”) resolved at their board of directors meetings held on May 12, 2022 to conduct a share exchange (the “Share Exchange”), in which KANEKA will become the wholly owning parent company through such share exchange and the Company will become the wholly owned subsidiary through such share exchange, and concluded a share exchange agreement (the “Share Exchange Agreement”) between the companies as of May 12, 2022.

As such, the Company seeks approval for the conclusion of the Share Exchange Agreement.

KANEKA intends to carry out the Share Exchange through a simplified share exchange (*kan-i kabushiki kokan*) pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; the same shall apply hereinafter), without obtaining approval by its General Meeting of Shareholders for the conclusion of the Share Exchange Agreement, and the Company intends to carry out the Share Exchange after obtaining approval for the Share Exchange Agreement at the Meeting. The Share Exchange is scheduled to be effective on August 1, 2022.

Prior to the effective date of the Share Exchange (scheduled to be August 1, 2022), common shares of the Company (the “Company Shares”) are scheduled to be delisted from the Standard market of the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) on July 28, 2022 (last trading date being July 27, 2022).

The reasons for conducting the Share Exchange, contents of the Share Exchange Agreement and other matters related to this proposal are as follows:

#### 1. The Reasons for Conducting the Share Exchange

KANEKA was founded in 1949 and was listed on the First Section of the Tokyo Stock Exchange and the First Section of the Osaka Stock Exchange (hereinafter referred to as the “Osaka Stock Exchange”; As a result of the merger of the spot markets of the Tokyo Stock Exchange and the Osaka Stock Exchange in July 2015, KANEKA was then appointed to be listed on the First Section of the Tokyo Stock Exchange) on October 31, 1949. KANEKA was also listed on the First Section of the Nagoya Stock Exchange, Inc. (the “Nagoya Stock Exchange”) on December 21, 1949. As of March 31, 2022, the KANEKA Group (a corporate group consisting of KANEKA, 90 consolidated subsidiaries, 22 non-consolidated subsidiaries, and 16 affiliates of KANEKA (of which 3 companies are equity-method affiliated companies); the same shall apply

hereinafter) is composed of “Material Solutions Unit (polyvinyl chloride, impact modifiers, silyl-terminated polyether, etc.),” “Quality of Life Solutions Unit (styrene foam resins and molded products, polyimide film, photovoltaic power generation systems, acrylic synthetic fibers, etc.),” “Health Care Solutions Unit (medical devices, raw materials for small molecule pharmaceuticals, APIs, biopharmaceuticals, etc.),” and “Nutrition Solutions Unit (functional foodstuffs, margarine, spices, daily products, etc.),” and it globally operates its businesses in a wide range of sectors.

Under the Management Philosophy which comprises the “Corporate Philosophy,” “Corporate Ideals,” and “ESG Charter,” set forth in its long-term management vision, the “Declaration of KANEKA UNITED for the future,” which was formulated at the 60th anniversary of its founding in September 2009, the KANEKA Group has stated that the top management priority of the group is to achieve sustainable growth and enhance medium to long-term corporate value. In addition, in order to achieve the “Declaration of KANEKA UNITED for the future,” the KANEKA Group has set its goal in the current medium-term management plan to contribute to society through its business activities by allocating its business resources preferentially to four growing areas: “Environment and Energy,” “Health,” “Information Communication,” and “Foods Production Support.”

Meanwhile, the Company was founded in 1923 and was listed on the Second Section of the Tokyo Stock Exchange in 1968. As of May 12, 2022, the Company group (the “Company Group,” a corporate group consisting of the Company, eight consolidated subsidiaries, and two equity-method affiliated companies of the Company; the same shall apply hereinafter) has established its foundation as a specialized manufacturer of adhesives and sealing materials, and its superior quality and technological capabilities are widely known both in Japan and overseas. Under the Corporate Philosophy of “Contributing to Society by Providing Better Products to More People,” the products of the Company Group, including “CEMEDINE A,” a solution-type adhesive, the manufacturing and sale of which commenced in November 1923 (in 1931, “CEMEDINE” was registered as a trademark) and “CEMEDINE C,” which was launched in March 1938 and is Japan’s first household use synthetic adhesive that is colorless, transparent, and extremely water-resistant, heat-resistant, and quick-drying, have grown popular nationwide through the model airplane boom and educational support activities, and are widely used as a synonym for adhesives. In addition to the above products, the Company Group has introduced many innovative products to the market, such as “CEMEDINE POS Seal,” a sealant with excellent durability, suitable for a wide range of applications in the interior and exterior of buildings, and “CEMEDINE Super X,” a solvent-free elastic adhesive, available for adhesive bonding. The Company Group is also known for its strong development capabilities and, in recent years, it has been actively expanding its business overseas, starting with the establishment of a Taiwanese subsidiary, “Taiwan CEMEDINE Co., Ltd.,” in 1977, followed by business expansions to Thailand in 1981, China and the Philippines in 2012 and the United States in 2013. With the mission of “‘Valuable Adhesion’ - Create new value through adhesion, and solve the needs of society,” the Company Group is implementing measures to strengthen and expand the fundamentals of the entire group.

The KANEKA Group supplies its products, such as silyl-terminated polyether, to the Company Group as raw materials for the products of the Company Group, and has been acquiring the Company Shares in stages in order to form a cooperative relationship between both groups. Since its capital participation through a third-party allotment in April 1990, KANEKA has additionally acquired the Company Shares through transactions in and outside the market, including the tender offer implemented in December 2015. As of May 12, 2022, 8,218,700 shares of the Company Shares (54.76% (rounded to the nearest two decimal places; the same shall apply hereinafter with respect to the calculation of holding ratios) of the total number of issued and outstanding shares (excluding treasury shares) as of March 31, 2022) are held by KANEKA.

In recent years, the business environment surrounding both companies is significantly changing. After the Company became a consolidated subsidiary, KANEKA has been focusing on achieving the envisioned synergies, including (i) new development of products in the fields where significant growth is expected, such as structural adhesives (Note 1) and thermal conductive adhesives (Note 2), (ii) global business expansions in Europe, the United States and Asia, and (iii) implementation of measures and other efforts to strengthen cost competitiveness and to ensure safe and stable operations by utilizing the human resources, expertise, etc., of KANEKA. Specifically, both companies have been working closely together in their R&D in cutting-edge fields as well as in market development and business expansion in the construction and automobile fields in China, the United States and other countries. As a consequence, results were achieved to a reasonable extent. However, under the current situation, where KANEKA and the Company are independently operating their businesses as separate listed companies, the KANEKA Group as a whole is not sufficiently capable of making optimal decisions in a timely and flexible manner; for example, careful consideration should be given to the interests of the Company's minority shareholders with respect to joint business operations and mutual utilization of business resources between both companies. This is believed to be a hindrance for further expansion of overseas business, new business development, and speedy execution of technological development. At the same time, based on the recent discussions regarding the independence of listed companies, including the "Practical Guidelines on Group Governance Systems" formulated by the Ministry of Economy, Trade and Industry in 2019 as well as the establishment of the "Study Group on Protection of Minority Shareholders by Dependent Listed Companies" in 2020, KANEKA continued to examine the ideal capital relationship with the Company. And finally, KANEKA reached the conclusion that making the Company a wholly owned subsidiary of KANEKA through the Share Exchange would contribute to further speeding up the KANEKA Group's overall decision-making process and enable the timely and appropriate allocation and utilization of the management resources of both companies to address important issues such as new business development and overseas business expansion, and would be the best choice for both KANEKA and the Company in terms of increasing their corporate values. Thus, KANEKA made a proposal to the Company for the Share Exchange in late December 2021.

(Note 1) "Structural adhesive" is a highly reliable adhesive that can withstand large loads for long periods of time, such as those for automobiles, ships and airplanes. In recent years,

adhesives have been diversified and are attracting increasing attention due to characteristics such as their ability to bond dissimilar materials in order to reduce the weight of automobiles and create a comfortable driving experience.

(Note 2) “Thermal conductive adhesives” is an adhesive with high thermal conductivity and excellent heat dissipation, used for adhesion of components that are exposed to high temperatures, such as electric components, and other purposes.

KANEKA believes that the benefit the Company will obtain from its becoming a wholly owned subsidiary of KANEKA through the Share Exchange is that the Company will be able to quickly and flexibly utilize KANEKA’s business resources, including its global business platforms, customer network, technology, know-how, and human resources, and thereby, the Company can further enhance its brand and business values and become a company with a stronger presence.

Specifically, by deepening the integration of KANEKA’s polymer synthesizing technology and the Company’s blending technology and assessment technology related to raw material resins, it is possible to further accelerate the Company’s development of new structural adhesives and thermal conductive adhesives and realize business expansion faster and effectively by utilizing the global business resources of KANEKA. With respect to structural adhesive, it is expected to increase the adoption of such adhesives by improving their performance for automobile body joining applications, and by globally expanding such applications. Further, as for the application to buildings, structural adhesives are being offered as a new bonding method other than conventional bolting or welding. It is expected to expand the business of the Company by utilizing more effectively the relationships between KANEKA and general contractors, housebuilders, building contractors, etc., in the business of thermal insulating material, PV (Note 3), etc. Also, with respect to thermal conductive adhesive, the Company’s business can be accelerated in Europe and the United States by leveraging the development of the Company products with the information on needs, technologies, products, customer access, etc., held by both companies regarding thermal countermeasures in the electrical machinery and telecommunication fields, and by utilizing KANEKA’s global network related to application for the purpose of heat dissipation of electric components of EVs (electric-powered vehicles), for which significant growth is expected in the future.

(Note 3) “PV” stands for “photovoltaic.” For KANEKA, it means the business of manufacturing and sale of solar modules.

In the meantime, in response to the proposal from KANEKA, which is its parent company and the controlling shareholder, the Company examined specific details of an independent examination system that would be necessary for the examinations of the Share Exchange, in order to ensure the fairness of the Share Exchange as stated in 3.(3) “Matters that required attention not to damage the interests of the Company’s shareholders” below and appropriately established such examination system. Then, after mid-February of 2022, the Company started to conduct specific examinations regarding the Share Exchange. In starting such specific examinations, for the purpose of ensuring the fairness, transparency and objectivity of the decision-

making process of its board of directors and eliminating arbitrariness in decision-making with respect to the proposal from KANEKA, on February 25, 2022, the Company established a special committee (the “Special Committee;” please refer to 3.(3) “Matters that required attention not to damage the interests of the Company’s shareholders” below for the details) consisting of the committee members who are without vested interest in and independent of KANEKA, which is the controlling shareholder, and in addition, established a system for specific examinations, including engaging outside experts.

As a result of careful examinations on the proposal from KANEKA under such system, the Company realized that the Share Exchange would be beneficial to enhance the corporate value of the Company because, if the Company becomes a wholly owned subsidiary of KANEKA, in addition to the pursuit of faster decision-making for business decisions through even closer collaboration between both company groups, greater use of the business resources of both company groups, including assets, technology, know-how and overseas networks will allow the two groups to flexibly implement business strategies from a medium- to long-term perspective. After the Share Exchange, the following specific measures and business synergies are expected to be realized:

- a. by the Company’s active use of the abundant business resources the KANEKA Group possesses in its wide range of business areas, including its assets, technology, human resources, know-how, overseas operation bases and other infrastructures, the Company will further accelerate business restructuring such as the expansion of new projects and globalization;
- b. by combining the Company Group’s technology concerning adhesives, specifically, technology for compounding various raw materials, technology for evaluation, such as durability and adhesiveness, and technology to add value such as electrical conductivity and damp-proofing, with the KANEKA Group’s technology for polymer synthesis for raw resins, it will promote technology development of new adhesives, sealing materials, coating materials and other materials mainly for industrial use overseas, or the European and the United States markets in particular, while further strengthening the fundamentals of both companies;
- c. by adding the KANEKA Group’s thermal conductive adhesives for electric equipment and LED parts, and the Company Group’s adhesives for electronic materials, to the product lineup of both companies, it will promote sales of such extensive lineup by utilizing both companies’ markets to further expand their business operations;

- d. by the Company becoming an unlisted company, it will allow the Company to engage in flexible and prompt decision-making regardless of the short-term stock market valuation, and by enhancing business efficiency through cost reduction, etc., associated with the termination of the listing of both parent company and its subsidiary, as well as by intensifying access to the corporate resources such as the funds and personnel of the KANEKA Group, accelerate the growth strategy.

In the above situation, as a result of careful examinations by the Company of the proposal from KANEKA, the Company believed that, becoming a wholly owned subsidiary of KANEKA, which is its parent company and the supplier of raw materials for the Company Group products, would further strengthen the collaboration with KANEKA and allow the Company to receive active investment of business resources from KANEKA, to further improve efficiency of the group management, and to establish a system to realize business strategies from a medium- to longer-term perspective based on prompt decision-making. The Company came to realize that becoming a wholly owned subsidiary of KANEKA through the Share Exchange would be beneficial to enhance its corporate value.

Both companies came to the decision that, as a method of making the Company a wholly owned subsidiary of KANEKA, it would be desirable to select the scheme of the Share Exchange because, if common shares of KANEKA (the “KANEKA Shares”) are delivered to the minority shareholders of the Company in consideration for the Share Exchange, it is possible to provide the minority shareholders of the Company, through their holding of the KANEKA Shares, with the opportunities to enjoy the synergy effects expected through the implementation of various measures that are to be taken after the Share Exchange, the business development and revenue expansion of KANEKA due to the realization of synergy effects, as well as the rise of the stock price of the KANEKA Shares as a result thereof, while, at the same time, it is possible to monetize the highly liquid KANEKA Shares from time to time by trading them on the market.

Based on the foregoing, as a result of comprehensive examinations at both companies, KANEKA and the Company shared the recognition that making the Company a wholly owned subsidiary of KANEKA in the Share Exchange would be beneficial to enhance the corporate value of both companies. After examinations and discussions on the conditions of the Share Exchange, including the ratio of allotment, KANEKA and the Company reached an agreement, and on May 12, 2022, at their board of directors meetings, for the purpose of KANEKA making the Company its wholly owned subsidiary, both companies resolved to carry out the Share Exchange and concluded the Share Exchange Agreement. KANEKA and the Company will carry out the Share Exchange, aiming to enhance management flexibility, further strengthen the group strategy, improve business efficiency through cost reduction, etc., associated with the termination of the listing of both parent company and its subsidiary, and enhance the corporate value of both companies.

2. Contents of the Share Exchange Agreement

The Contents of the Share Exchange Agreement executed between the Company and KANEKA as of May 12, 2022 are as follows:

### Share Exchange Agreement (copy)

KANEKA CORPORATION (“KANEKA”) and CEMEDINE CO., LTD. (“CEMEDINE”) hereby enter into this Share Exchange Agreement (this “Agreement”) as of May 12, 2022 (the “Date of Execution”), as follows.

#### Article 1 (Share Exchange)

In accordance with the provisions of this Agreement, KANEKA and CEMEDINE shall conduct a share exchange (the “Share Exchange”), in which KANEKA will become the wholly owning parent company through such share exchange and CEMEDINE will become the wholly owned subsidiary through such share exchange, and KANEKA shall acquire all issued and outstanding shares of CEMEDINE (excluding the shares in CEMEDINE already held by KANEKA; the same shall apply hereinafter) in the Share Exchange.

#### Article 2 (Trade Names and Addresses of the Wholly Owning Parent Company and the Wholly Owned Subsidiary)

The trade names and addresses of KANEKA and CEMEDINE are as follows:

(1) KANEKA (the wholly owning parent company)

Trade Name: KANEKA CORPORATION

Address: 2-3-18, Nakanoshima, Kita-ku, Osaka-shi, Osaka

(2) CEMEDINE (the wholly owned subsidiary)

Trade Name: CEMEDINE CO., LTD.

Address: Gate City Ohsaki East Tower, 1-11-2, Osaki, Shinagawa-ku, Tokyo

#### Article 3 (Shares to be Delivered in the Share Exchange and Allotment Thereof)

1. In the Share Exchange, KANEKA shall deliver its common shares to the shareholders of CEMEDINE (the shareholders after the cancellation of the treasury shares of CEMEDINE pursuant to Article 10, excluding KANEKA; the same shall apply in this article), in exchange for the common shares of CEMEDINE held by them, at the point in time immediately preceding the point in time when KANEKA acquires all issued and outstanding shares of CEMEDINE (the “Record Time”), in the number obtained by multiplying the total number of common shares of CEMEDINE held by such shareholders by 0.282.
2. In the Share Exchange, KANEKA shall allot its common shares to the shareholders of CEMEDINE as at the Record Time, at the ratio of 0.282 shares of common shares of KANEKA per common share of CEMEDINE held by such shareholders (the “Share Exchange Ratio”).

3. Any fraction less than one common share of KANEKA to be allotted by KANEKA to the shareholders of CEMEDINE pursuant the preceding two paragraphs shall be handled in accordance with the provisions of Article 234 of the Companies Act and other relevant laws and regulations.

#### Article 4 (Capital and Reserve Amounts of KANEKA)

The amounts of KANEKA's capital and reserves to be increased as a result of the Share Exchange shall be as follows:

- (1) Amount of capital: 0 yen
- (2) Amount of legal capital surplus: the amount separately determined by KANEKA in accordance with Article 39 of the Regulations on Corporate Accounting
- (3) Amount of legal retained earnings: 0 yen

#### Article 5 (Effective Date)

The effective date of the Share Exchange (the "Effective Date") shall be August 1, 2022; provided, however, that KANEKA and CEMEDINE may change this date upon mutual consultation and agreement if it is necessary due to the progress of the procedures for the Share Exchange or for any other reason.

#### Article 6 (Approval for the Conclusion of this Agreement by Resolution of a General Meeting of Shareholders)

1. KANEKA shall, pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act, carry out the Share Exchange without obtaining approval for the conclusion of this Agreement by resolution of a general meeting of its shareholders; provided, however, that in case the approval for the conclusion of this Agreement by resolution of a general meeting of shareholders becomes necessary pursuant to Article 796, Paragraph 3 of the same act, KANEKA shall seek approval for the conclusion of this Agreement by resolution of a general meeting of its shareholders by the day immediately preceding the Effective Date.
2. CEMEDINE shall seek approval for the conclusion of this Agreement and other matters necessary for the Share Exchange at the general meeting of its shareholders to be held on June 15, 2022 (the "General Meeting of CEMEDINE Shareholders").
3. If it is necessary due to the progress of the procedures for the Share Exchange or for any other reason, KANEKA and CEMEDINE may change the date of the General Meeting of CEMEDINE Shareholders upon mutual consultation and agreement.

#### Article 7 (Business Operations and Other Matters)

1. During the period from the Date of Execution to the Effective Date, KANEKA and CEMEDINE shall respectively conduct their businesses and keep and manage their properties with the due care of good managers, and cause their subsidiaries to do the same.
2. During the period from the Date of Execution to the Effective Date, if KANEKA or CEMEDINE intends to conduct or cause its subsidiary to conduct an act which may materially affect the execution of the Share Exchange or the Share Exchange Ratio, it shall conduct such act upon mutual consultation and agreement

in wiring with the counterparty in advance, unless otherwise provided for in this Agreement.

#### Article 8 (Distribution of Surplus)

1. KANEKA may make a distribution of surplus up to 60 yen per share to the shareholders or registered share pledgees whose names are listed or recorded in the last shareholders register as of March 31, 2022.
2. CEMEDINE may make a distribution of surplus up to 10 yen per share to the shareholders or registered share pledgees whose names are listed or recorded in the last shareholders register as of March 31, 2022.
3. Except for those provided for in the preceding paragraphs, on and after the Date of Execution, neither KANEKA nor CEMEDINE shall pass a resolution for the distribution of surplus with a record date on or before the Effective Date, nor shall it pass a resolution to acquire its treasury shares with an acquisition date on or before the Effective Date (unless it is required to repurchase its shares in response to the exercise of shareholder's rights pursuant to applicable laws and regulations).

#### Article 9 (Handling of Subscription Rights to Shares)

Subject to the approval for the conclusion of this Agreement by resolution of the General Meeting of CEMEDINE Shareholders (in addition, if KANEKA becomes required to obtain the approval for the conclusion of this Agreement by resolution of a general meeting of its shareholders pursuant to Article 796, Paragraph 3 of the Companies Act, subject to such approval for the conclusion of this Agreement by resolution of a general meeting of shareholders of KANEKA), CEMEDINE shall acquire, without payment, cancel and extinguish all of the subscription rights to shares which were issued by CEMEDINE and for which the rights have not been exercised by the day immediately preceding the Effective Date, and it shall conduct all acts necessary therefor.

#### Article 10 (Cancellation of Treasury Shares)

CEMEDINE shall, by resolution of its board of directors meeting to be held by the day immediately preceding the Effective Date, cancel as at the Record Time all treasury shares it holds at such time (including the treasury shares to be acquired in response to share repurchase requests by dissenting shareholders exercising their rights pertaining to the Share Exchange pursuant to Article 785, Paragraph 1 of the Companies Act).

#### Article 11 (Change in Terms and Conditions of the Share Exchange, and Other Matters)

During the period from the Date of Execution to the Effective Date, if any material change to the financial or business conditions of KANEKA or CEMEDINE has arisen, if any material event affecting the appropriateness of the Share Exchange Ratio or any hindrance to the execution of the Share Exchange has occurred or become apparent, or if it otherwise becomes difficult to consummate the purposes of this Agreement, KANEKA and CEMEDINE may change the terms and conditions of the Share Exchange or other contents of this Agreement, or cancel the Share Exchange, or terminate this Agreement upon mutual

consultation and agreement.

Article 12 (Validity of this Agreement)

This Agreement shall lose its validity in the event that (i) the approval for the conclusion of this Agreement by resolution of the General Meeting of CEMEDINE Shareholders is not obtained by the day immediately preceding the Effective Date, (ii) the approval for the conclusion of this Agreement by resolution of a general meeting of shareholders of KANEKA is not obtained by the day immediately preceding the Effective Date if it becomes necessary to obtain such approval for the conclusion of this Agreement by resolution of a general meeting of shareholders of KANEKA pursuant to the provisions of Article 796, Paragraph 3 of the Companies Act, (iii) any approval, etc., of a relevant government office, etc., which is required for the execution of the Share Exchange under applicable laws and regulations of Japan or overseas, is not obtained before the Effective Date, or (iv) the Share Exchange is cancelled or this Agreement is terminated pursuant to the preceding article.

Article 13 (Agreed Court of Competent Jurisdiction)

The Tokyo District Court shall be the agreed court of first instance having exclusive jurisdiction with respect to any dispute in connection with the execution or interpretation of this Agreement.

Article 14 (Mutual Consultation)

Any matter not stipulated in this Agreement or any doubt with respect to the contents of this Agreement shall be discussed by KANEKA and CEMEDINE in good faith to resolve the same.

May 12, 2022

KANEKA:

Minoru Tanaka, President  
KANEKA CORPORATION  
2-3-18, Nakanoshima, Kita-ku, Osaka-shi, Osaka

CEMEDINE:

Hidesuke Amachi, President and Representative  
Director  
CEMEDINE CO., LTD.  
Gate City Ohsaki East Tower, 1-11-2, Osaki,  
Shinagawa-ku, Tokyo

[End of the Share Exchange Agreement]

### 3. Matters Related to the Reasonableness of the Consideration of the Share Exchange

#### (1) Matters related to the reasonableness of the consideration of the Share Exchange

##### 1) Details of the allotment of shares pertaining to the Share Exchange

	KANEKA (wholly owning parent company in the share exchange)	The Company (wholly owned subsidiary in the share exchange)
Allotment ratio pertaining to the Share Exchange	1	0.282
Number of shares to be delivered upon the Share Exchange	Common shares of KANEKA: 1,950,265 shares (scheduled)	

##### (Note 1) Share allotment ratio

0.282 shares of the KANEKA Shares will be allotted and delivered per share of the Company Shares; provided, however, that no shares will be allotted in the Share Exchange for the 8,218,700 Company Shares held by KANEKA (as of May 12, 2022). KANEKA and the Company may change the ratio of allotment in the Share Exchange above (the “Share Exchange Ratio”) upon mutual consultation and agreement, in the event of any material change in the conditions that served as the basis of such calculation.

##### (Note 2) Number of the KANEKA Shares to be delivered in the Share Exchange

In the Share Exchange, KANEKA intends to allot and deliver the KANEKA Shares to the shareholders of the Company (excluding KANEKA) at a point in time immediately preceding the point in time when KANEKA acquires all issued and outstanding shares of the Company (excluding the Company Shares held by KANEKA) (the “Record Time”), in the number obtained by multiplying the total number of the Company Shares held by such shareholders by the Share Exchange Ratio. KANEKA intends to allot its treasury shares for the purpose of such delivery, and as such, issuance of new shares has not been scheduled for the allotment of shares in the Share Exchange. By resolution of a board of directors meeting to be held by the day immediately preceding the effective date of the Share Exchange, the Company intends to cancel by the Record Time all treasury shares it holds (including the shares to be acquired in accordance with the share purchase request by the dissenting shareholders pursuant to the provisions of Article 785, Paragraph 1 of the Companies Act pertaining to the Share Exchange). The number of shares to be delivered in the Share Exchange may change in the future due to reasons such as the acquisition or cancellation of the treasury shares by the Company. The above-mentioned number of shares to be delivered in the Share Exchange is based on the assumption that all subscription rights to shares

issued by the Company will be exercised by the day immediately preceding the effective date of the Share Exchange. If any or all of the subscription rights to shares are not exercised by that day, the number of shares to be delivered in the Share Exchange will decrease.

(Note 3) Treatment of shares less than one unit

Shareholders of the Company who will hold shares in KANEKA less than one unit (less than 100 shares) upon the Share Exchange will be entitled to use the following programs concerning the KANEKA Shares on and after the effective date of the Share Exchange. However, shareholders cannot sell KANEKA Shares of less than one unit in the financial instruments exchange market.

(i) Additional purchase program for shares less than one unit (for additional purchase to make one unit (100 shares))

This is a program through which a shareholder holding shares less than one unit in KANEKA may request KANEKA to sell the number of KANEKA Shares which, together with the existing number of shares less than one unit held by such shareholder, will make one unit (100 shares) and conduct additional purchase thereof from KANEKA, pursuant to the provisions of Article 194, Paragraph 1 of the Companies Act and Article 7 of the Articles of Incorporation of KANEKA, and any other provisions.

(ii) Repurchase program for shares less than one unit (for sale of shares less than one unit (100 shares))

This is a program through which a shareholder holding shares less than one unit in KANEKA may request repurchase of its shares less than one unit by KANEKA, pursuant to the provisions of Article 192, Paragraph 1 of the Companies Act.

(Note 4) Handling of fractions less than one share

With respect to the shareholders of the Company who would receive an allotment and delivery of fractions less than one KANEKA Share upon the Share Exchange, KANEKA will sell KANEKA Shares in a number equivalent to the total sum of such fractions (any fraction of less than one share in the total sum shall be rounded down) and deliver the sales proceeds therefrom to such shareholders, in proportion to such fractions held by them, pursuant to the provisions of Article 234 of the Companies Act, as well as other relevant laws and regulations.

2) Rationale for the terms of allotment associated with the Share Exchange

(i) Rationale and reasons for the terms of allotment

As mentioned in 1. "The Reasons for Conducting the Share Exchange" above, KANEKA made a proposal

to the Company to make the Company a wholly owned subsidiary through the Share Exchange late in December of 2021, and as a result of repeated sincere discussions and negotiations between the companies, KANEKA and the Company reached the conclusion that KANEKA making the Company a wholly owned subsidiary would be the best course of action to improve the corporate value of both companies.

In order to ensure fairness and reasonableness in the calculation of the Share Exchange Ratio as mentioned in 3.(1)1) “Details of the allotment of shares pertaining to the Share Exchange” above used for the Share Exchange, KANEKA and the Company decided to separately request a third party calculation institution independent of both companies to calculate the share exchange ratio. KANEKA appointed Nomura Securities Co., Ltd. (“Nomura Securities”) and the Company appointed SMBC Nikko Securities Inc. (“SMBC Nikko Securities”) as their respective financial advisors and third party calculation institutions. As mentioned in (3) “Matters that required attention not to damage the interests of the Company shareholders” below, as a result of careful discussions and examinations, based on the document concerning the calculation of the share exchange ratio received on May 11, 2022 from Nomura Securities, which is KANEKA’s third party calculation institution, advice from OH-EBASHI LPC & PARTNERS, which is KANEKA’s legal advisor, results of the due diligence conducted by KANEKA with respect to the Company and other matters, KANEKA came to the decision that the Share Exchange Ratio is reasonable and beneficial to shareholders of KANEKA, and determined that the implementation of the Share Exchange at the Share Exchange Ratio is reasonable.

In the meantime, as mentioned in (3) “Matters that required attention not to damage the interests of the Company shareholders” below, taking into consideration the document concerning the calculation of the share exchange ratio received on May 11, 2022 from SMBC Nikko Securities, which is the Company’s financial advisor and third party calculation institution, advice from Anderson Mori & Tomotsune (“Anderson Mori & Tomotsune”), which is the Company’s legal advisor, results of the due diligence conducted by the Company with respect to KANEKA, details of the Special Committee meetings, the document concerning the calculation of the share exchange ratio received on May 11, 2022 and submitted through the Special Committee from YAMADA Consulting Group Co., Ltd. (“Yamada Consulting”), which is a financial advisor and third party calculation institution independently appointed by the Special Committee and other materials, the Company held careful discussions and examinations on the implementation of the Share Exchange at the Share Exchange Ratio. Based on the contents of repeated negotiations and discussions with KANEKA regarding the terms and conditions of the Share Exchange including the Share Exchange Ratio, and the Response to Referrals (*toshinsho*) received on May 12, 2022 from the Special Committee and other matters, the Company came to the decision that the Share Exchange

Ratio is reasonable and beneficial to minority shareholders of the Company, and determined that the implementation of the Share Exchange at the Share Exchange Ratio is reasonable.

As stated above, by using the calculation results of the Share Exchange Ratio submitted by their respective third party calculation institutions (for the Company, including the calculation result of the Share Exchange Ratio submitted by the Special Committee), KANEKA and the Company engaged in careful review based on the results of the due diligence conducted by each party with respect to the other party and other matters, and held repeated careful discussions and negotiations regarding the terms and conditions of the Share Exchange, including the Share Exchange Ratio, while comprehensively taking into consideration the financial conditions, asset conditions and future prospects of the companies, as well as other factors. As a result, KANEKA and the Company came to the decision that the Share Exchange Ratio is reasonable and beneficial to their respective shareholders, and determined that the implementation of the Share Exchange at the Share Exchange Ratio is reasonable. The Share Exchange Ratio may change upon mutual consultation pursuant to the Share Exchange Agreement, in the case of any material change to the conditions that served as the basis of the calculation.

(ii) Matters related to the calculation of the Share Exchange Ratio

(a) Names of the institutions appointed for the calculation and relationship with both companies

Nomura Securities as a third party calculation institution for KANEKA, SMBC Nikko Securities as a third party calculation institution for the Company, and Yamada Consulting as a third party calculation institution for the Special Committee are institutions independent of KANEKA and the Company, and do not fall under the category of a related party of both companies, and do not have significant interests that need to be noted for the purpose of the Share Exchange.

SMBC Nikko Securities and Sumitomo Mitsui Banking Corporation (“SMBC”), which are members of Sumitomo Mitsui Financial Group, Inc., are a shareholder and a major shareholder of KANEKA respectively holding 0.10% (as of the end of March 2022) and 4.74% (as of the end of March 2022) of the total number of issued and outstanding shares of the KANEKA Shares, and SMBC has transactions, including loans, with KANEKA and the Company as a part of their ordinary bank transactions. However, they have no significant interests that conflict with the interests of KANEKA and the Company with respect to the Share Exchange. According to SMBC Nikko Securities, SMBC Nikko Securities has internally taken adequate measures to prevent adverse effects, such as establishing firewalls between the section in charge of financial advisory and valuation of the KANEKA Shares and the Company Shares and other sections. In addition, based on the facts that an adequate system to manage conflicts of interest, such as firewalls, has been established between

SMBC Nikko Securities and SMBC, that although the remuneration to SMBC Nikko Securities for the Share Exchange includes a contingency fee to be paid subject to the consummation of the Share Exchange and other matters, the independence between the Company and SMBC Nikko Securities cannot be denied due to the fact that the contingency fee to be paid subject to the consummation of the Share Exchange is included, when taking into consideration matters such as the general practice in similar transactions as well as the appropriateness, etc., of a remuneration structure that would cause the Company to incur a reasonable amount of financial burden if the Share Exchange was not consummated, and that SMBC Nikko Securities has experience as a third party calculation institution in similar cases in the past, it is considered that, from the viewpoint of fairness, there is no problem if the Company requests SMBC Nikko Securities to conduct the valuation of shares of KANEKA and the Company. Therefore, SMBC Nikko Securities was selected as a third party calculation institution, independent of KANEKA and the Company.

The remuneration to Yamada Consulting in relation to the Share Exchange includes a fixed fee only, which will be paid regardless of the consummation of the Share Exchange, and does not include any contingent fee to be paid subject to the consummation of the Share Exchange and other matters.

(b) Outline of the calculation

Nomura Securities conducted the calculation by adopting (i) the average market share price method, since the KANEKA Shares are listed on the Prime market of the Tokyo Stock Exchange and the Premier market of the Nagoya Stock Exchange, and the Company Shares are listed on the Standard market of the Tokyo Stock Exchange, and quoted market share prices for both shares are available, (ii) the comparable companies method, since there are similar listed companies comparable with both KANEKA and the Company, and it is possible to analogize the share values with such method, and (iii) the discounted cash flow method (the “DCF method”) in order to reflect the prospective business activities of both companies.

The calculated ranges of the share exchange ratio using 1 as the per share equity value of the KANEKA Shares under the respective valuation methods, are as follows.

Method adopted	Calculated range of the share exchange ratio
Average market share price method	0.229 to 0.251
Comparable companies method	0.182 to 0.374
DCF method	0.198 to 0.431

In the average market share price method, based on the calculation base date of May 11, 2022, the closing

price at the Tokyo Stock Exchange on the calculation base date, and simple average closing prices over the latest five-business-day period as well as one-month, three-month and six-month periods were used.

In calculating the aforesaid share exchange ratio, Nomura Securities assumed that public information and the information provided to Nomura Securities were all accurate and complete, and did not independently verify their accuracy and completeness. With respect to the assets and liabilities (including derivatives, off-balance sheet assets and liabilities and other contingent liabilities) of both companies and their affiliates, Nomura Securities did not independently carry out any evaluation, appraisal or assessment, including analysis and evaluation of specific assets and liabilities, nor did it request third party institutions to carry out such appraisal or assessment. The financial results forecasts (including profit planning and other information) of each party were assumed to have been considered and prepared in a reasonable manner, based on the best possible and faithful forecast and judgment available to the management of both companies at the time they were considered and prepared. The calculation by Nomura Securities reflects the information and economic conditions that were obtained by Nomura Securities by May 11, 2022. The sole purpose of the calculation by Nomura Securities is to serve as a reference for the board of directors of KANEKA to consider the Share Exchange Ratio.

The future outlook of KANEKA that was used by Nomura Securities as the basis for the calculation with the DCF method includes a fiscal year in which a significant increase in earnings is projected. Specifically, for the fiscal year ending March 2022, a significant increase in earnings is projected compared to the previous fiscal year, due to the expansion of overseas sales backed by the global economic recovery, as well as the steady growth in sales of products in the targeted areas, including the new products of Medical Solution Vehicle (“Medical”) such as blood purification and catheter products, the small molecule and biopharmaceutical products of Pharma Solution Vehicle (“Pharma”), and supplements for the Americas. Also, the future outlook of the Company includes a fiscal year in which a significant increase in earnings is projected. Specifically, for the fiscal year ending March 2022, the Company expects the demand for products for automobile components and electric and electronic parts as part of the process of recovery from the significant market slowdown in the previous fiscal year due to the spread of COVID-19, and thus a significant increase in earnings compared to the previous year is projected. The synergies expected to be realized from the Share Exchange are not reflected in the financial results forecast used as the basis for the calculation under the DCF method, because, at this time, it is difficult to estimate the specific effect on earnings.

On the other hand, with respect to KANEKA, SMBC Nikko Securities conducted the calculation by adopting (i) the market share price method, since the KANEKA Shares are listed on the Prime market of the

Tokyo Stock Exchange and the Premier market of the Nagoya Stock Exchange, and a quoted market share price for such shares is available, (ii) the comparable companies method since there are similar listed companies comparable with KANEKA, and it is possible to analogize the share values by comparing with similar listed companies, and (iii) the DCF method in order to reflect the prospective business activities.

In the market share price method, based on the calculation base date of May 11, 2022, the simple average closing prices over one-month (from April 12, 2022 to May 11, 2022), three-month (from February 14, 2022 to May 11, 2022) and six-month (from November 12, 2021 to May 11, 2022) periods on the Prime market of the Tokyo Stock Exchange were used.

In the comparable companies method, after selecting Toray Industries, Inc., Mitsubishi Gas Chemical Company, Inc., Daicel Corporation, DIC Corporation, Sumitomo Bakelite Co., Ltd., KUREHA Corporation, and Sanyo Chemical Industries, Ltd. as the similar listed company that was determined to be similar to KANEKA, the calculation was made using the EBITDA ratio against the enterprise value.

In the DCF method, the enterprise value and share value were evaluated on a present value basis, by discounting the free cash flow that KANEKA is expected to generate from January 2022 based on financial results forecasts for the fiscal year ending March 2022 through the fiscal year ending March 2025 prepared by KANEKA, using a fixed discount rate. The perpetual growth method and multiple method were used to calculate the going concern value under the DCF method. Specifically, the discount rate in the range of 5.76% to 7.04% was used. To calculate the discount rate, the Weighted Average Cost of Capital (“WACC”) was used. Also, the perpetual growth ratio of -0.25% to 0.25% was used for the calculation.

With respect to the Company, SMBC Nikko Securities conducted the calculation by adopting (i) the market share price method, since the Company Shares are listed on the Standard market of the Tokyo Stock Exchange, and a quoted market share price for such shares is available, (ii) the comparable companies method, since there are similar listed companies comparable with the Company, and it is possible to analogize the share values by comparing with similar listed companies, and (iii) the DCF method in order to reflect the prospective business activities.

In the market share price method, based on the calculation base date of May 11, 2022, the simple average closing prices over one-month (from April 12, 2022 to May 11, 2022), three-month (from February 14, 2022 to May 11, 2022) and six-month (from November 12, 2021 to May 11, 2022) periods on the Standard market of the Tokyo Stock Exchange were used.

In the comparable companies method, after selecting LINTEC Corporation, Konishi Co., Ltd., Nichiban Co., Ltd., and Soken Chemical & Engineering Co., Ltd. as the similar listed company that was determined to be similar to the Company, the calculation was made using the EBITDA ratio against the enterprise value.

In the DCF method, the enterprise value and share value were evaluated on a present value basis, by discounting the free cash flow that the Company is expected to generate from April 2022 based on financial results forecasts for the fiscal year ending March 2023 through the fiscal year ending March 2025 prepared by the Company, using a fixed discount rate. The perpetual growth method and multiple method were used to calculate the going concern value under the DCF method. Specifically the discount rate in the range of 5.88% to 7.18% was used. To calculate the discount rate, WACC was used. Also, the perpetual growth ratio of -0.25% to 0.25% was used for the calculation.

The synergies expected to be realized from the Share Exchange are not reflected in the financial results forecasts used in the calculation under the DCF method because, at this time, it is difficult to estimate the specific effect on earnings. In addition, the business plan of KANEKA that was used by SMBC Nikko Securities as the basis for the calculation with the DCF method includes a fiscal year in which a significant increase in earnings is projected. Specifically, for the fiscal year ending March 2022, a significant increase in earnings is projected compared to the previous fiscal year, due to the expansion of overseas sales backed by the global economic recovery, as well as the steady growth in sales of products in the targeted areas, including Medical's new products such as blood purification and catheter products, Pharma's small molecule and biopharmaceutical products, and supplements for the Americas. The business plan of the Company that was used by SMBC Nikko Securities as the basis for the calculation with the DCF method is for the fiscal year ending March 2023 through the fiscal year ending March 2025, and no significant increase or decrease in earnings is expected in each fiscal year.

The calculated ranges of the number of common shares in KANEKA to be allotted against one common share in the Company under each of the valuation methods are as follows:

Method adopted	Calculated range of the share exchange ratio
Market share price method	0.229 to 0.242
Comparable companies method	0.161 to 0.251
DCF method	0.167 to 0.424

(Note) In preparing the document concerning the calculation of the share exchange ratio, SMBC Nikko Securities assumed that the materials and information used as the basis for the calculation of the share exchange ratio were all accurate and complete, and did not conduct independent verification, and it does not assume any obligation or liability with respect to the accuracy and completeness thereof. Also, KANEKA and the Company are assumed to have been not aware of any facts or circumstances that would cause the provided information to be inaccurate or misleading. In addition, with respect

to the assets and liabilities of KANEKA and the Company and their affiliates, SMBC Nikko Securities did not independently carry out any evaluation, appraisal or assessment, nor did it request third party institutions to carry out such evaluation, appraisal or assessment. If any issue is found with respect to the accuracy or completeness of these materials or information, the calculation results may change significantly. Furthermore, it is assumed that there are no contingent or off-balance-sheet liabilities, including claims or liabilities relating to undisclosed lawsuits, disputes, environmental, tax or other matters related to KANEKA and the Company and their affiliates, or other fact that would materially affect the document concerning the calculation of the share exchange ratio. The business plans, etc., of KANEKA and the Company used in the document concerning the calculation of the share exchange ratio by SMBC Nikko Securities were assumed to have been prepared by KANEKA and the Company respectively in a reasonable and appropriate manner, based on the best possible forecast and judgment available as of the calculation base date. In addition, if the document concerning the calculation of the share exchange ratio contains an assumption that the analysis was made based on the materials and information provided to SMBC Nikko Securities, it is assumed that the provided materials, information and assumptions are accurate and reasonable. SMBC Nikko Securities did not conduct independent verification, and it does not assume any obligation or liability with respect to the accuracy, reasonableness and feasibility of these assumptions.

The calculation results by SMBC Nikko Securities were submitted to the Company for the sole purpose of serving as a reference for the board of directors of the Company to consider the share exchange ratio, and such calculation results do not constitute an opinion of SMBC Nikko Securities on the fairness of the Share Exchange Ratio.

Yamada Consulting conducted the calculation by adopting (i) the market share price method, since the KANEKA Shares are listed on the Prime market of the Tokyo Stock Exchange and the Premier market of the Nagoya Stock Exchange, and a quoted market share price for such shares is available, (ii) the comparable companies method, since there are similar listed companies comparable with KANEKA, and it is possible to analogize the share values by comparing with similar companies, and (iii) the DCF method in order to reflect the prospective business activities.

In the market share price method, based on the calculation base date of May 11, 2022, the closing price on the calculation base date, and simple average closing prices over one-month (from April 12, 2022 to May 11, 2022), three-month (from February 14, 2022 to May 11, 2022) and six-month (from November 12, 2021 to May 11, 2022) periods on the Prime market of the Tokyo Stock Exchange were used

In the comparable companies method, after selecting Denka Company Limited, Daicel Corporation, Sumitomo Bakelite Co., Ltd., KUREHA Corporation, Sanyo Chemical Industries, Ltd., and Nippon Shokubai Co., Ltd. as the similar listed company that engages in a business comparatively similar to that of KANEKA, the calculation was made using the EBITDA ratio against the enterprise value (EV/EBITDA ratio).

In the DCF method, the enterprise value and share value were evaluated on a present value basis, by discounting the free cash flow that KANEKA is expected to generate from January 2022, based on financial results forecasts for the fiscal year ending March 2022 through the fiscal year ending March 2025 prepared by KANEKA, using a fixed discount rate. The perpetual growth ratio method and multiple method were used to calculate the going concern value under the DCF method. Specifically, the discount rate in the range of 6.15% to 7.15% was used. To calculate the discount rate, WACC was used. Also, the perpetual growth ratio of -0.25% to 0.25% was used for the calculation.]

With respect to the Company, Yamada Consulting conducted the calculation by adopting (i) the market share price method, since the Company Shares are listed on the Standard market of the Tokyo Stock Exchange, and a quoted market share price for such shares are available, (ii) the comparable companies method, since there are similar listed companies comparable with the Company, and it is possible to analogize the share values by comparing with similar companies, and (iii) the DCF method in order to reflect the prospective business activities.

In the market share price method, based on the calculation base date of May 11, 2022, the closing price on the calculation base date, and simple average closing prices over one-month (from April 12, 2022 to May 11, 2022), three-month (from February 14, 2022 to May 11, 2022) and six-month (from November 12, 2021 to May 11, 2022) periods on the Standard market of the Tokyo Stock Exchange were used.

In the comparable companies method, after selecting Nichiban Co., Ltd., Konishi Co., Ltd., and Soken Chemical & Engineering Co., Ltd. as the similar listed company that engages in a business comparatively similar to that of the Company, the calculation was made using the EBITDA ratio against the enterprise value (EV/EBITDA ratio).

In the DCF method, the enterprise value and share value were evaluated on a present value basis, by discounting the free cash flow that the Company is expected to generate from April 2022, based on financial results forecasts for the fiscal year ending March 2023 through the fiscal year ending March 2025 prepared by the Company, using a fixed discount rate. The perpetual growth ratio method and multiple method were used to calculate the going concern value under the DCF method. Specifically, the discount rate in the range of 5.46% to 6.46% was used. To calculate the discount rate, WACC was used. Also, the perpetual growth

ratio of -0.25% to 0.25% was used for the calculation.

The synergies expected to be realized from the Share Exchange are not reflected in the financial results forecasts used in the calculation under the DCF method because, at this time, it is difficult to estimate the specific effect on earnings. In addition, the business plan of KANEKA that was used by Yamada Consulting as the basis for calculation with the DCF method includes a fiscal year in which a significant increase in earnings is projected. Specifically, for the fiscal year ending March 2022, a significant increase in earnings is projected compared to the previous fiscal year, due to the expansion of overseas sales backed by the global economic recovery, as well as the steady growth in sales of products in the targeted areas, including Medical's new products such as blood purification and catheter products, Pharma's small molecule and biopharmaceutical products, and supplements for the Americas. According to the business plan of the Company that was used by Yamada Consulting as the basis for the calculation with the DCF method is for the fiscal year ending March 2023 through the fiscal year ending March 2025, and no significant increase or decrease in earnings is expected in each fiscal year.

The calculated ranges of the number of common shares in KANEKA to be allotted against one common share in the Company under each of the valuation methods are as follows:

Method adopted	Calculated range of the share exchange ratio
Market share price method	0.226 to 0.251
Comparable companies method	0.176 to 0.270
DCF method	0.184 to 0.452

(Note) In calculating the share exchange ratio, Yamada Consulting, in principle, adopted the information provided by both companies and the information, etc., available to the public on the assumption that these documents and information were all accurate and complete, without independently verifying the accuracy and completeness thereof. With respect to assets and liabilities (including off-balance sheet assets and liabilities and other contingent liabilities) of both companies, Yamada Consulting did not independently carry out any evaluation, appraisal or assessment, nor did it request third party institutions to carry out such evaluation, appraisal or assessment. Furthermore, financial results forecasts (including profit planning and other information) provided by both companies were assumed to have been reasonably prepared, based on the best possible forecast and judgment available to the management of both companies at the time they were provided. However, Yamada Consulting conducted interviews with both companies on their business plans that were the basis of the calculation, and after hearing the process of preparation thereof and the status of both companies, confirmed the rationality of such business plans from the viewpoint of whether there are any unreasonable points. The calculation by Yamada Consulting reflects the information and economic conditions that were obtained by Yamada Consulting as of May 11, 2022.

(2) The Reason for selecting the KANEKA Shares as the consideration of the Share Exchange

KANEKA and the Company selected the shares of KANEKA, the wholly owning company through the Share Exchange, as the consideration of the Share Exchange. Since the KANEKA Shares are listed on the Prime market of the Tokyo Stock Exchange and trading opportunities remain secured on and after the effective date of the Share Exchange, and it is expected that the Company shareholders can enjoy the synergy effects associated with the Share Exchange, the above selection is considered to be appropriate.

As a result of the Share Exchange, the Company will become a wholly owned subsidiary of KANEKA on the effective date thereof (scheduled on August 1, 2022), and the Company Shares are scheduled to be delisted on July 28, 2022 in accordance with the delisting standards of the Tokyo Stock Exchange (last trading date being July 27, 2022). If the current effective date of the Share Exchange changes, the delisting date will change accordingly.

After the delisting, the Company Shares may no longer be traded on the Tokyo Stock Exchange. However, since the KANEKA Shares to be allotted to the shareholders of the Company as a result of the Share Exchange are listed on the Tokyo Stock Exchange and will remain tradable on and after the effective date,

the shareholders of the Company who hold 355 or more Company Shares as at the Record Time and are entitled to receive allotment of one unit (100 shares) or more of the KANEKA Shares should, despite the possibility that their allotment may contain some shares less than one unit depending on the number of shares they own, remain able to trade their shares of one share or more, whereby liquidity of shares shall be secured.

On the other hand, shareholders who own less than 355 shares of the Company Shares as at the Record Time will receive allotment of the KANEKA Shares less than one unit, which is equivalent to 100 shares of the KANEKA Shares. According to the number of such shares less than one unit, the holders thereof are entitled to receive dividends from KANEKA based on the record dates on and after the effective date of the Share Exchange; however, such shares cannot be sold on any financial instrument exchange market. The persons who will hold shares less than one unit may request KANEKA to repurchase such shares. For the details of how such shares will be handled, please refer to (Note 3) “Treatment of shares less than one unit” in (1)1) “Details of the allotment of shares pertaining to the Share Exchange” above. In addition, for the details of how fractions less than one share resulting from the Share Exchange will be handled, please refer to (Note 4) “Handling of fractions less than one share” in (1)1) “Details of the allotment of shares pertaining to the Share Exchange” above.

Until the last trading day (scheduled on July 27, 2022), the holders of the Company Shares may trade their Company Shares on the Tokyo Stock Exchange as usual, and will also be able to exercise their legal rights as provided for in the Companies Act and other related laws and regulations.

### (3) Matters that required attention not to damage the interests of the Company shareholders

Since KANEKA already holds 8,218,700 shares of the Company Shares (the ratio of voting rights to total number of issued and outstanding shares (15,167,000 shares) as of March 31, 2022 is 54.76%) and the Company is a consolidated subsidiary of KANEKA, the Company and KANEKA determined that it is necessary to ensure the fairness of the Share Exchange and have implemented measures to ensure the fairness (including measures to avoid conflicts of interest) as follows.

#### 1) Obtaining of calculation documents from independent third party calculation institutions

KANEKA appointed Nomura Securities as a third party calculation institution in early February 2022, which is independent of KANEKA and the Company, and obtained a document concerning the calculation of the share exchange ratio dated May 11, 2022. For the outline of this calculation document, please refer to (1)2)(ii) “Matters related to the calculation of the Share Exchange Ratio” above.

On the other hand, the Company appointed SMBC Nikko Securities as a financial advisor and a third party

calculation institution in late February 2022, which is independent of KANEKA and the Company as well as the Share Exchange, and obtained a document concerning the calculation of the share exchange ratio dated May 11, 2022. For the outline of this calculation document, please refer to (1)2)(ii) “Matters related to the calculation of the Share Exchange Ratio” above. The Company has not obtained an opinion (fairness opinion) from SMBC Nikko Securities to the effect that the Share Exchange Ratio is appropriate or fair from a financial viewpoint.

Moreover, the Special Committee has obtained a document concerning the calculation of the share exchange ratio dated May 11, 2022 from Yamada Consulting, its own financial advisor and third party calculation institution, which is independent of KANEKA and the Company as well as the Share Exchange and was appointed after the Special Committee examined the independence, expertise, past records or the like thereof. For the outline of this calculation document, please refer to (1)2)(ii) “Matters related to the calculation of the Share Exchange Ratio” above. The Special Committee has not obtained an opinion (fairness opinion) from Yamada Consulting to the effect that the Share Exchange Ratio is appropriate or fair from a financial viewpoint.

#### 2) Advice from independent law firms

As legal advisors on the Share Exchange, KANEKA appointed OH-EBASHI LPC & PARTNERS and the Company appointed Anderson Mori & Tomotsune for legal advice on the various procedures for the Share Exchange and the method and process of decision-making from a legal perspective. Moreover, OH-EBASHI LPC & PARTNERS and Anderson, Mori & Tomotsune are independent of KANEKA and the Company as well as the Share Exchange, and do not have significant interest in the Share Exchange.

#### 3) Obtaining of the Response to Referrals (*toshinsho*) from the Special Committee that have no interest in the Company

In response to the proposal of the Share Exchange between the Company and KANEKA, the controlling shareholder of the Company, the Company resolved at its board of directors meeting held on February 25, 2022 to establish the Special Committee with the aim to avoid arbitrariness in the decision-making regarding the Share Exchange by the Company, a listed company, and to ensure fairness, transparency and objectivity of the decision-making process of the Company and the like. The Special Committee so established is comprised of the following five persons: Mr. Takao Oikawa and Mr. Chiharu Komachi (outside directors of the Company) and Mr. Yukio Hosono, Mr. Masahiro Watanabe and Mr. Satoshi Mizukawa (outside company auditors of the Company), all of whom are designated as independent officers registered to the

Tokyo Stock Exchange, and determined to be independent of KANEKA and the Company, hold a reasonable degree of knowledge of the business and management issues of the Company, and hold a relevant level of professional expertise and qualifications to consider the Share Exchange (regardless of the content of the Response to Referrals (*toshinsho*), the members of the Special Committee shall be paid a fixed amount of remuneration as a consideration for their duties, and this amount does not include contingency fees that will be paid upon the conclusion of the Share Exchange and other conditions). When examining the Share Exchange, the Company has consulted with the Special Committee on the following matters (collectively, the “Matters of Inquiry”): (i) whether the purpose of the Share Exchange is deemed legitimate and reasonable (including whether the Share Exchange will contribute to the enhancement of the Company’s corporate value), (ii) whether the appropriateness of the terms and conditions of the Share Exchange (including the Share Exchange Ratio) is ensured, (iii) whether the benefit of shareholders of the Company is sufficiently considered through fair procedures in the Share Exchange, and (iv) in addition to (i) through (iii) above, whether it can be considered that the decision by the Company to conclude the Share Exchange will not be disadvantageous to the minority shareholders of the Company.

The board of directors of the Company has also resolved that (a) the opinions of the Special Committee shall be respected to the maximum extent upon making decisions regarding the Share Exchange at the board of directors of the Company; (b) the board of directors of the Company shall not conclude the Share Exchange Agreement if the Special Committee determines that the Share Exchange Ratio and other terms and conditions of the Share Exchange are inappropriate; (c) upon the negotiations with KANEKA regarding the terms and conditions of the Share Exchange (including the Share Exchange Ratio), it shall ensure that the Special Committee may substantially affect the negotiation process regarding the terms and conditions of the transaction by confirming the policy in advance and reporting the status of the negotiation in a timely manner to the Special Committee, and obtaining its opinions, instructions and requests on important aspects; (d) it grants the Special Committee the right to use the advisors of the Company in relation to the Share Exchange, as well as to appoint the Special Committee’s own advisor if it deems it necessary (in such case, the cost of such appointment shall be borne by the Company); and (e) it grants the Special Committee the right to negotiate with KANEKA regarding the terms and conditions of the Share Exchange if necessary. The Special Committee has appointed Yamada Consulting as its own financial advisor and third party calculation institution on March 25, 2022 pursuant to the right described in (d) above.

The Special Committee held eleven meetings in total, which amounted to approximately 18 hours from March 4, 2022 to May 11, 2022. Outside the meetings, the Special Committee also carefully examined the Matters of Inquiry by expressing opinions, exchanging information and gathering information through

emails and other means, and by holding occasional discussions when necessary. More specifically, at the first meeting of the Special Committee, the Special Committee approved the appointments, which were made by the Company, of SMBC Nikko Securities as a financial advisor and a third party calculation institution, and of Anderson, Mori & Tomotsune as a legal advisor after confirming that they have no problem with their professional expertise and independence. The Special Committee also approved the review structure of the Share Exchange established by the Company within its company (including the selection of officers and employees of the Company who will engage in the examination, negotiations and determinations for the Share Exchange and their duties) after confirming that the review structure has no problem in terms of independence. Further, at the first meeting of the Special Committee, each member of the Special Committee confirmed with each other his/her independence from KANEKA and the Share Exchange. Then, the Special Committee gathered information regarding the Share Exchange by (a) receiving explanations from KANEKA regarding the details of the Share Exchange proposal, the purpose of the Share Exchange, and the synergy effects to be expected from the Share Exchange and the like, and held a question and answer session for these matters, (b) receiving explanations from the Company regarding its business, background and circumstances that led to the Share Exchange proposal, the purpose of the Share Exchange, the Company's views on the proposals from KANEKA, the effect of the Share Exchange on the corporate value of the Company, the method of preparation and contents of the Company's business plan, and held a question and answer session for these matters, (c) receiving explanations from SMBC Nikko Securities on the calculation methods and results of the valuation of shares, and held a question and answer session for these matters, (d) receiving explanations from Yamada Consulting on the calculation methods and results of the valuation of shares, and held a question and answer session for these matters, (e) receiving advice from Anderson Mori & Tomotsune on measures to ensure the fairness of the Share Exchange procedures, and methods and processes for the decision making of the board of directors of the Company for the Share Exchange and measures to avoid other conflicts of interest, and held a question and answer session for these matters, (f) receiving explanation from Anderson Mori & Tomotsune, the legal advisor of the Company, on the results of legal due diligence conducted on KANEKA, as well as receiving explanations from EY Strategy and Consulting Co., Ltd., the financial advisor of the Company, on the results of financial due diligence it conducted on KANEKA, and Ernst & Young Tax Co., the tax advisor of the Company, on the results of tax due diligence it conducted on KANEKA, and held a question and answer session regarding the contents of each due diligence, and (g) confirming relevant materials relating to the Share Exchange, and carefully deliberated the Matters for Inquiry through careful discussion and examination based on the information above. Further, the Special Committee received explanation from the Company regarding the method of

preparation and contents of the Company's business plan, and also confirmed that there are no unreasonable aspects in the course of preparation of the business plan. Based on timely reports that the Special Committee has received from SMBC Nikko Securities on the background and details of the discussions and negotiations between KANEKA and the Company regarding the Share Exchange, the Special Committee was substantially involved in the process of negotiations with KANEKA until the Company received the final proposal on the consideration of the Share Exchange from KANEKA by holding several discussions on the policy of negotiation and other matters and by expressing its opinions or giving instructions or requests on the negotiation policy, such as the detailed share exchange ratio to be proposed upon negotiation of important aspects.

Through these processes, the Special Committee has carefully discussed and considered the Matters for Inquiry based on these explanations, calculation results and other materials it examined, and has submitted the Response to Referrals (*toshinsho*) to the board of directors of the Company on May 12, 2022 stating that (i) it is recognized that the Share Exchange would be beneficial to enhance the corporate value of the Company, and the purpose thereof is found to be legitimate and reasonable, (ii) it is considered that the appropriateness of the terms and conditions of the Share Exchange, including the Share Exchange Ratio, has been ensured, (iii) it is considered that, the interests of the shareholders of the Company have been fully considered through fair procedures as part of the Share Exchange, and (iv) in addition to (i) through (iii) above, the decision by the Company to carry out the Share Exchange is not found to be disadvantageous to the Company's minority shareholders.

4) Approval of all Directors excluding those who have interests, and opinions of all company auditors that they have no objection

Among the eight directors of the Company, Mr. Hidesuke Amachi, the representative director, is from KANEKA, and Mr. Isao Otsu, Mr. Akihiko Iida, and Mr. Hiroaki Shiota, the directors, are seconded directors from KANEKA. Therefore, from the standpoint of avoiding any possible impact of structural conflicts of interest issues and information asymmetry issues in the Share Exchange, the board of directors meeting of the Company held on May 12, 2022 was convened by the attendance of four directors, excluding Mr. Hidesuke Amachi, the representative director, and directors Mr. Isao Otsu, Mr. Akihiko Iida, and Mr. Hiroaki Shiota, who participated in the deliberation and passed a resolution to conclude the Share Exchange by unanimous approval. Subsequently, in order to meet the quorum required by the Companies Act to ensure a valid adoption of a resolution, five directors including Mr. Hidesuke Amachi, the representative director, who had already retired from KANEKA, among the four directors who were not participating in the

deliberations and resolutions at the above-mentioned board of directors meeting of the Company, once again discussed the matter and passed the above resolution by unanimous approval.

In addition, from the standpoint of avoiding any possible impact of structural conflicts of interest issues and information asymmetry issues in the Share Exchange, neither Mr. Hidesuke Amachi, the representative director, nor directors Mr. Isao Otsu, Mr. Akihiko Iida, and Mr. Hiroaki Shiota, participated in the discussion and negotiations on the Shares Exchange. However, Mr. Hidesuke Amachi, the representative director, participated only in the second stage of the resolution of the board of directors meeting in order to meet the quorum required by the Companies Act to ensure a valid resolution of the board of directors. In addition, at the above-mentioned board of directors meeting of the Company, all company auditors expressed their opinions that they have no objection to the above-mentioned resolution.

(4) Matters concerning the appropriateness of the capital and reserve amounts of KANEKA, which will become the wholly owning parent company through the Share Exchange

The amounts of KANEKA's capital and reserves to be increased as a result of the Share Exchange are as follows. Since the following capital and reserves were calculated in accordance with the Regulations on Corporate Accounting and other fair accounting standards, and they are consistent with KANEKA's capital policy, they are considered as appropriate.

Amount of capital: 0 yen

Amount of legal capital surplus: the amount separately determined by KANEKA in accordance with Article 39 of the Regulations on Corporate Accounting

Amount of legal retained earnings: 0 yen

4. Matters to be referred to with respect to the consideration of the Share Exchange

(1) Provisions of the Articles of Incorporation of KANEKA

The Articles of Incorporation of KANEKA are disclosed on the Company's website (<https://www.cemedine.co.jp>) pursuant to applicable laws and regulations and the provisions of Article 15 of the Articles of Incorporation of the Company.

(2) Matters concerning the liquidation method for the consideration of the Share Exchange

(i) Markets on which the consideration of the Share Exchange is traded

The KANEKA Shares are traded on the Prime market of the Tokyo Stock Exchange.

(ii) Party who conducts the intermediary, brokerage or agency service for the consideration of the Share Exchange

The intermediary, brokerage, etc., of the KANEKA Shares are conducted at securities companies, etc., across the country.

(iii) Details of the restrictions on assignment or other disposal of the consideration of the Share Exchange

Not applicable.

(3) Matters concerning the market price of the consideration of the Share Exchange

Based on the business day immediately preceding the day on which the conclusion of the Share Exchange was released (May 12, 2022), the average closing prices of the KANEKA Shares at the Tokyo Stock Exchange over the latest one-month, three-month and six-month periods are 3,437 yen, 3,529 yen and 3,681 yen respectively.

For the latest market price and other matters regarding the KANEKA Shares, please see the website of the Tokyo Stock Exchange (<https://www.jpx.co.jp>).

(4) Content of the Balance Sheet for each of the fiscal years ending within the last five years

This information is omitted because KANEKA has submitted the securities report for each of the said fiscal years in accordance with the provision of Article 24, Paragraph 1 of the Financial Instruments and Exchange Act.

5. Matters relating to the appropriateness of the provisions pertaining to [the handling of] subscription rights to shares in the Share Exchange

With respect to all subscription rights to shares issued by the Company, if the approval for the Share Exchange Agreement is obtained at the Meeting, the holders of such subscription rights will be permitted to exercise the same pursuant to the provisions of the terms and conditions thereof. In addition, on the day immediately preceding the effective date of the Share Exchange, the Company will acquire, without payment, and cancel the unexercised subscription rights to shares as of the same date, pursuant to the terms and conditions for the acquisition of such subscription rights.

The Company has not issued any bonds with subscription rights to shares.

6. Matters relating to financial statements, etc.

(1) Content of the financial statements, etc., of KANEKA for the last fiscal year

The financial statements, etc., of KANEKA for the last fiscal year (ended March 2022) are disclosed on the Company's website (<https://www.cemedine.co.jp>) pursuant to applicable laws and regulations and the provisions of Article 15 of the Articles of Incorporation of the Company.

(2) Details of disposition of significant assets, assumption of significant liabilities, and other events that would materially affect the status of assets of the Company that occurred after the end of the last fiscal year of KANEKA and the Company

(i) The Company

- a. The Company has resolved at the board of directors meeting held on May 12, 2022 to enter into the Share Exchange Agreement with KANEKA, and concluded the Share Exchange Agreement as of the same date. The contents of the Share Exchange Agreement are described in 2. "Contents of the Share Exchange Agreement" above.
- b. The Company will cancel at the point in time immediately preceding the Record Time all treasury shares held by the Company as at the point in time immediately preceding the record date and time (including the treasury shares to be acquired in response to share repurchase requests by the dissenting shareholders exercising their rights pertaining to the Share Exchange pursuant to Article 785, Paragraph 1 of the Companies Act).

(ii) KANEKA

KANEKA has resolved at the board of directors meeting held on May 12, 2022 to enter into the Share Exchange Agreement with the Company, and concluded the Share Exchange Agreement as of the same date. The contents of the Share Exchange Agreement are described in 2. "Contents of the Share Exchange Agreement" above.

**Proposal No. 2 Disposal of Surplus**

By taking into consideration the operating results for the current fiscal year and future business development, etc., the Company proposes that the year-end dividends for the 88th fiscal year be as follows:

In this respect, since the interim dividends of 5 yen per share were already paid, the amount of annual dividends for the current fiscal year will be 15 yen per share.

(1) Type of distributed assets

Cash

(2) Matters related to allotment of distributed assets and aggregate amount thereof

The Company proposes to make cash dividend payments of 10 yen per share in respect of the common shares of the Company.

In this case, the total amount of dividends will amount to be 150,075,350 yen.

(3) Effective date on which dividends of surplus take effect

June 16, 2022

### Proposal No. 3: Election of Eight Directors

The term of office of all eight directors will expire at the conclusion of the Meeting. Therefore, the Company proposes the election of eight directors.

The candidates for directors are as follows:

Candidate No.	<b>1</b>	<b>Yusuke Matsumoto</b>	Date of birth (April 22, 1947)	Reappointment	Number of the Company Shares held 68,900 shares
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#### Career summary, positions, responsibilities and significant concurrent positions

April 1970	Joined the Company	June 2008	Managing Director and Executive General Manager of Administration Headquarters, and General Manager of HR & General Affairs Department, the Company
April 2020	General Manager of HI Business & Marketing Department, the Company		
April 2005	General Manager of Administration Division (in charge of General Affairs), the Company	April 2012	Managing Director and Executive General Manager of Administration Headquarters, the Company
April 2006	General Manager of HR & General Affairs Department, the Company		
June 2006	Director, General Manager of HR & General Affairs Department, the Company	February 2014	Managing Director and Executive General Manager of Administration Headquarters, and General Manager of Purchasing Department, the Company
		April 2015	Chairman and Representative Director, the Company (current position)

Candidate No.	<b>2</b>	<b>Hidesuke Amachi</b>	Date of birth December 18, 1956	Reappointment	Number of the Company Shares held 13,400 shares
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#### Career summary, positions, responsibilities and significant concurrent positions

April 1979	Joined Kanegafuchi Chemical Industry Co., Ltd. (currently KANEKA CORPORATION)	June 2013	Managing Executive Officer, KANEKA CORPORATION
March 2009	General Manager of Kanekalon Division, KANEKA CORPORATION	June 2014	Director, Managing Executive Officer, KANEKA CORPORATION
June 2011	Executive Officer, KANEKA CORPORATION	April 2019	Advisor of the Company
		June 2019	President and Representative Director, the Company (current position)

Candidate No.	<b>3</b>	<b>Isao Otsu</b>	Date of birth August 25, 1960	Reappointment	Number of the Company Shares held 1,100 shares
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Career summary, positions, responsibilities and significant concurrent positions

December 1992	Joined Kanegafuchi Chemical Industry Co., Ltd. (currently KANEKA CORPORATION)	June 2017	Director, Executive General Manager of Marketing Headquarters, General Manager of Business Strategy Planning Office, and General Manager of Customer Satisfaction Improvement Office, the Company
February 1994	Seconded to Kaneka Texas Corporation (currently Kaneka North America LLC)		
December 2003	Returned to KANEKA CORPORATION		
April 2010	President, Kaneka India Pvt. Ltd.	August 2017	Director, Executive General Manager of Business & Marketing Headquarters, General Manager of Business Administration Department, General Manager of Industrial Materials Department, and General Manager of Automotive Department, the Company
April 2016	President, PT. Kaneka Foods Indonesia		
April 2017	Executive Officer, Executive General Manager of Marketing Headquarters, General Manager of Business Strategy Planning Office, and General Manager of Customer Satisfaction Improvement Office, the Company	October 2017	Director, Executive General Manager of Business & Marketing Headquarters, General Manager of Business Administration Department, and General Manager of Industrial Materials Department, the Company
		April 2019	Director, Executive General Manager of Business & Marketing Headquarters and General Manager of Industrial Materials Department, the Company
		October 2019	Director, Executive General Manager of Business & Marketing Headquarters, the Company
		April 2020	Director, Executive General Manager of Marketing Headquarters (current position)

Candidate No.	<b>4</b>	<b>Masato Akimoto</b>	Date of birth (January 24, 1962)	Reappointment	Number of the Company Shares held 6,300 Shares
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Career summary, positions, responsibilities and significant concurrent positions

April 1985	Join the Company	April 2019	Executive Officer, Executive General Manager of Technical Headquarters, the Company
October 2009	General Manager of Development Department, the Company		
April 2013	General Manager of No.2 Business Department, the Company	June 2019	Director, Executive General Manager of Technical Headquarters, the Company
April 2015	Executive Officer, Executive General Manager of Technical Headquarters and General Manager of Development Department, the Company	April 2020	Director, Executive General Manager of Technical Division, the Company (current position)

Candidate No.	<b>5</b>	<b>Akihiko Iida</b>	Date of birth (September 7, 1964)	Reappointment	Number of the Company Shares held 0 Shares
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Career summary, positions, responsibilities and significant concurrent positions

April 1988	Joined Kanegafuchi Chemical Industry Co., Ltd. (currently KANEKA CORPORATION)	April 2017	Head of Strategic Planning Group, Performance Polymers Solutions Vehicle, KANEKA CORPORATION
March 2011	Head of Administration Group, PVC & Chemicals Division, KANEKA CORPORATION	April 2021	Assistant to President, the Company
May 2015	Head of Strategic Planning Group, Electrical & Electronic Materials Division, KANEKA CORPORATION	June 2021	Director, Executive General Manager of Administration Division, the Company (current position)
April 2016	Head of Business Management Group, Corporate Planning Department, KANEKA CORPORATION		

Candidate No.	<b>6</b>	<b>Hiroaki Shiota</b>	Date of birth (October 4, 1968)	Reappointment	Number of the Company Shares held 400 Shares
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Career summary, positions, responsibilities and significant concurrent positions

April 1993	Joined Kanegafuchi Chemical Industry Co., Ltd. (currently KANEKA CORPORATION)	November 2016	Assistant General Manager to Executive General Manager of Production Strategy Planning Department, the Company
April 2014	Seconded to Kaneka North America LLC		
April 2015	Manager (Planning & Coordination), Corporate Technology Administration Department Production Technology Division, KANEKA CORPORATION	August 2017	Assistant General Manager to Executive General Manager of Production & Logistics Division, the Company
April 2016	Manager (Planning & Coordination), Engineering Department, KANEKA CORPORATION	April 2020	General Manager of Production Engineering Department, and Assistant General Manager (Planning & Coordination) to Executive General Manager of Production Division, the Company
		June 2021	Director, Executive General Manager of SCM Division and Production Division, the Company (current position)

Candidate No.	<b>7</b>	<b>Takao Oikawa</b>	Date of birth (November 7, 1947)	Reappointment	Outside	Number of the Company Shares held 27,300 Shares
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**Career summary, positions, responsibilities and significant concurrent positions**

April 1970	Joined NIPPON CONCRETE INDUSTRIES CO., LTD.	July 2007	Executive Officer, NIPPON CONCRETE INDUSTRIES CO., LTD.
April 2003	Director and Branch Manager of Tokyo Branch, Nichicon Marugo Hanbai K.K.	June 2009	Director and Executive Officer, NIPPON CONCRETE INDUSTRIES CO., LTD.
April 2005	President and Representative Director, Higashi Nichicon Co. Ltd.	June 2015	Director, the Company (current position)

**Reason for nomination as a candidate for outside director and summary of expected roles**

Mr. Takao Oikawa possesses abundant experience and a long track record in corporate management in the manufacturing industry. The Company expects him to continuously provide appropriate advice on the Company's overall management by utilizing his experience and track record, and that he will be involved in and supervise the selection of candidates for the Company's officers and the determination of their compensation, etc. from an objective and neutral standpoint. Thus, the Company nominates him as a candidate for outside director.

Candidate No.	<b>8</b>	<b>Chiharu Komachi</b>	Date of birth (April 22, 1957)	Reappointment	Outside	Number of the Company Shares held 22,300 Shares
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**Career summary, positions, responsibilities and significant concurrent positions**

April 1980	Joined Mitsui & Co., Ltd.	April 2006	MITSUI & CO. EUROPE PLC
January 1998	MITSUI & CO. DEUTSCHLAND GMBH, Head Office (Düsseldorf)	April 2010	Deputy General Manager of Performance Chemicals Business, Mitsui & Co., Ltd.
April 2002	General Manager of Packaging Material Department, Plastics Synthetic Resin Unit II, Mitsui & Co., Ltd.	December 2010	Joined JAPAN POST BANK Co., Ltd.
April 2004	General Manager of Corporate Administration Division of Kansai Branch, Mitsui & Co., Ltd.	April 2011	Executive Officer, JAPAN POST BANK Co., Ltd.
		April 2012	Managing Executive Officer, JAPAN POST BANK Co., Ltd.
		June 2015	Director, the Company (current position)

**Reason for nomination as a candidate for outside director and summary of expected roles**

Mr. Chiharu Komachi possesses abundant work experience in general trading companies, including overseas business, and abundant experience and a long track record in corporate management at financial institutions. The Company expects him to continuously provide appropriate advice on the Company's overall management by utilizing his experience and track record, and that he will be involved in and supervise the selection of candidates for the Company's officers and the determination of their compensation, etc. from an objective and neutral standpoint. Thus, the Company nominates him as a candidate for outside director.

(Note)

1. There are no special interests between any of the candidates and the Company.
2. Mr. Takao Oikawa and Mr. Chiharu Komachi are candidates for outside directors.
3. Mr. Takao Oikawa and Mr. Chiharu Komachi have served as outside directors of the Company for seven years.
4. The Company has entered into a liability limitation contract with Mr. Takao Oikawa and Mr. Chiharu Komachi, which limits their liabilities for damages stipulated in Article 423, Paragraph 1 of the Companies Act to the minimum liability amount as provided by laws and regulations, if the said outside directors have acted in good faith and without gross negligence in performing their duties. If their reappointments are approved, the Company plans to renew the said contract with them.
5. The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, covering damages to be borne by the insureds, such as the directors of the Company, due to execution of their duties (excluding the cases where the damages were caused by gross negligence or willful misconduct of the insureds). If each of the candidates is reappointed and has assumed office, each of the candidates will be included as insureds under the said insurance contract. The said insurance contract is scheduled to be renewed with the same terms at the next renewal.

**Reference: Expertise and experience of Directors of the Company (skill matrix of Directors)**

Candidate No.	Name		Corporate Management	Legal/Risk Management	Global Experience	Sales	Finance/Accounting	Technology/Manufacturing
1	Yusuke Matsumoto		○	○		○	○	
2	Hidesuke Amachi		○		○	○		
3	Isao Otsu		○		○	○		
4	Masato Akimoto		○			○		○
5	Akihiko Iida		○	○			○	
6	Hiroaki Shiota		○		○			○
7	Takao Oikawa	Outside	○			○		
8	Chiharu Komachi	Outside	○		○		○	

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\*The above chart does not present all of the expertise and experience possessed by each candidate, instead, it only shows the main expertise and experience.

Proposal No. 4:

## Election of One Company Auditor

The term of office of Mr. Masahiro Watanabe, the company auditor, will expire at the conclusion of the Meeting. Therefore, the Company proposes the election of one company auditor.

This proposal has been approved by the board of company auditors.

The candidates for company auditors are as follows:

Masahiro Watanabe	Date of birth (October 1, 1947)	Reappointment	Outside	Number of the Company Shares held 5,200 Shares
Career summary, positions, responsibilities and significant concurrent positions				
March 1976	Registered as a certified public accountant	June 1998	Company Auditor, the Company	
November 1986	Joined Nishikata Audit Corporation (currently Deloitte Touche Tohmatsu LLC)	June 2007	Resigned as the Company Auditor, the Company	
July 1993	Partner, Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC )	December 2010	Resigned from Deloitte Touche Tohmatsu LLC	
		June 2011	Company Auditor, the Company (current position)	
		June 2013	Outside Director, Tokai Carbon Co., Ltd.	

### Reason for nomination as a candidate for outside company auditor and summary of expected roles

Mr. Masahiro Watanabe possesses a considerable degree of knowledge in financial accounting as a certified public accountant. The Company expects him to continuously provide appropriate advice on the Company's overall management by utilizing his knowledge, experience and track record, and that he will be involved in and supervise the selection of candidates for the Company's officers and the determination of their compensation, etc. from an objective and neutral standpoint. Thus, the Company nominates him as a candidate for outside company auditor.

(Note)

1. There are no special interests between the candidate and the Company.
2. Mr. Masahiro Watanabe is a candidate for outside company auditor.
3. Mr. Masahiro Watanabe has served as the outside company auditor of the Company for eleven years.
4. The Company has entered into a liability limitation contract with Mr. Masahiro Watanabe, which limits his liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act to the minimum liability amount as provided by laws and regulations, if he has acted in good faith and without gross negligence in performing his duties. If this reappointment is approved, the Company plans to renew the said contract with him.
5. The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, covering damages to be borne by the insured, such as the company auditor of the Company, due to execution of his duties (excluding the cases where the damages were caused by gross negligence or willful misconduct of the insured). If the candidate is reappointed and has assumed office, the candidate will be included as an insured under the said insurance contract. The said insurance contract is scheduled to be renewed with the same terms at the next renewal.

END

## Business Report

(From April 1, 2021 to March 31, 2022)

### 1. Current Status of the Corporate Group

#### (1) Business Progress and Results

In the consolidated fiscal year ended March 31, 2022, the Japanese economy was greatly affected by the COVID-19 pandemic through to the second quarter, after which it was poised for recovery due to a decline in new COVID-19 cases as the vaccination rollout progressed. However, toward the end of the fiscal year, economic activities were again restricted due to the spread of a new COVID-19 variant and implementation of another round of semi-emergency measures to prevent the spread of COVID-19 by the government.

While the global economy continued to recover, especially in the US, it was affected by global logistics disruptions, increased resource prices and semiconductor shortages. In addition, the global economy currently faces great uncertainty due to the current spread of COVID-19 in China, Russia's invasion of Ukraine, and other issues.

As for the sectors related to the Company Group, the construction and civil engineering-related sector saw a recovery in housing starts, mainly on owner-occupied and rental dwellings. In the industry-related sector, despite robust demand for digital devices due to the proliferation of remote working practices, the global semiconductor shortage affected car manufacturers, forcing them to cut production. In the general consumer-related sector, since the stay-at-home consumption that was boosted by the spread of the COVID-19 pandemic last year faded, we saw a change in consumer spending.

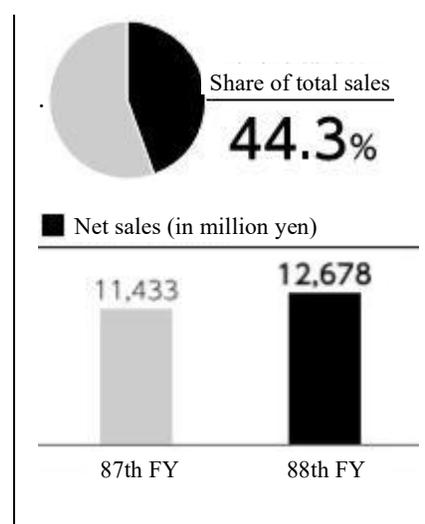
Under these circumstances, the Company Group was committed to ensuring stable product supply while taking measures to prevent COVID-19 from spreading. The Company Group also worked to strengthen competitiveness with continuous cost improvement efforts and worked on price revisions for our products to deal with the unprecedented rise in raw material prices.

As a result, in the current consolidated fiscal year, net sales were 28,577 million yen (up 10.9% year on year), operating profit was 2,136 million yen (up 40.4% year on year), ordinary profit was 2,148 million yen (up 41.5% year on year), and profit attributable to owners of parent was 1,479 million yen (up 39.1% year on year).

Set out below is an overview of our sales by market for the current fiscal year.

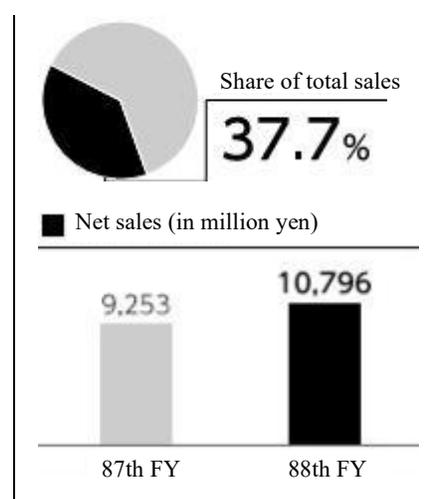
[Construction and civil engineering-related market]

Net sales amounted to 12,678 million yen (up 10.9% year on year) mainly because demand for houses grew along with the recovery of housing starts, and sales of our exterior-use sealing materials for housing material manufacturers and adhesives for interior and exterior tiles called “CEMEDINE Tile Ace Series” increased.



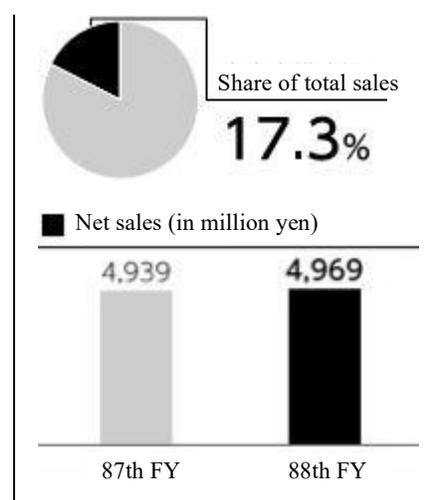
[Industry-related market]

Net sales amounted to 10,796 million yen (up 16.7% year on year) because robust demand for laptops, tablets and other digital devices boosted sales of our products for electric and electronic parts despite moderate recovery of sales of our products for vehicles due to car manufacturers’ cutting output over the semiconductor shortage.



[General consumer-related market]

Net sales amounted to 4,969 million yen (up 0.6% year on year) because, despite the continued impact of a reactionary drop from the stay-at-home demand in the previous year, we launched and worked to expand sales of new products such as an instant adhesive superior in durability and water-resistance called “CEMEDINE 3000 Water-proof and Shock-resistance” and an eco-friendly, super multi-use adhesive called “CEMEDINE Super X Natura.”



Other sales consisted of rent income of real estate. Rent income amounted to 132 million yen (down 0.2% year on year).

(2) Capital Expenditure and Financing

For the current fiscal year, the Company Group’s total capital expenditure was 594 million yen, and mainly included investments by the Company and its affiliates in adhesive manufacturing facilities.

The capital expenditure was financed with our own funds.

(3) Issues to be Addressed

Uncertainty as to when the spread of COVID-19 will come under full control, and the impact of the global supply chain disruption and increased raw material prices on economic activities in general have led to continued uncertainty. Even amid these circumstances, as innovative technologies such as CASE and 5G are proliferating, it has become more important to understand and deal with those changes.

Furthermore, in the context of environmental issues such as global warming and marine plastics as well as social issues such as carbon-neutrality, recycling and ethical consumption, more and more companies are proactively introducing the SDGs developed by the UN and promoting ESG management.

Under this business environment, in order to achieve sustainable growth and enhance corporate value while pursuing social contributions in line with the SDGs, the Company Group has identified the following matters as key issues and will actively work to address them.

(i) Sustainable growth through business creation

By leveraging our capabilities to develop the next generation of adhesive products with advanced technologies, we will work on a group of technological themes that enables us to provide products and solutions better suited to market needs that are more eco-friendly. We will select development themes through intensified collaboration between the technology development division and the marketing division, and establish business models through the investigation of new technologies in collaboration with academia and development of competitive formulations, thereby accelerating business creation.

(ii) Business expansion in the global market

We will seek to capture the momentum of growth overseas, strengthen the product development and marketing structure suitable for the relevant markets, work to build a global management system, and accelerate business development and improve the results.

(iii) Enhancement of business profitability

While incorporating carbon-neutral thinking, we will work on shifting our business resources to important and growing areas, carrying out work style reform and operational reform through digital transformation, implementing capital expenditure and cost reduction for improved product competitiveness and executing supply chain management reform, thereby strengthening our business foundation.

In order to solve social issues and support people's lives by providing unique products, technologies

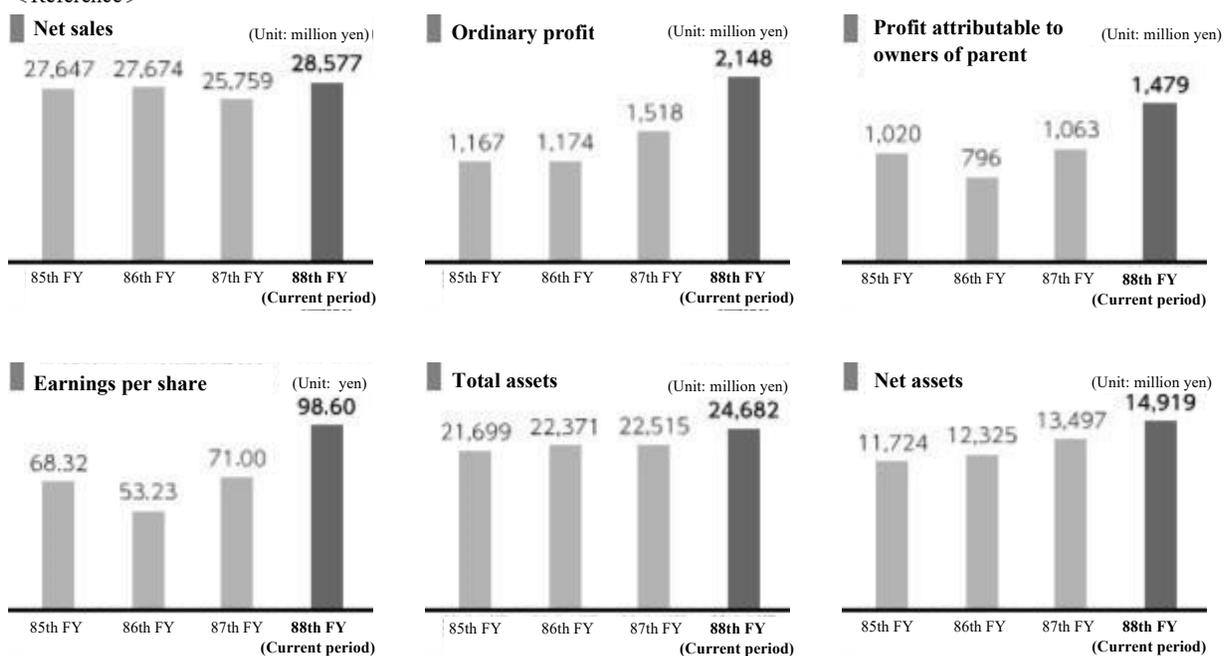
and services in the adhesive market, the Company Group will work as one to address various corporate imperatives, and further enhance our corporate value.

We would appreciate it if our shareholders would continue to provide further support and cooperation.

(4) Changes in Financial Position and Results of Operations

Classification	85th fiscal year (From April 2018 To March 2019)	86th fiscal year (From April 2019 To March 2020)	87th fiscal year (From April 2020 To March 2021)	88th fiscal year (Current period) (From April 2021 To March 2022)
Net sales (In million yen)	27,647	27,674	25,759	28,577
Ordinary profit (In million yen)	1,167	1,174	1,518	2,148
Profit attributable to owners of parent (In million yen)	1,020	796	1,063	1,479
Earnings per share (In yen)	68.32	53.23	71.00	98.60
Total assets (In million yen)	21,699	22,371	22,515	24,682
Net assets (In million yen)	11,724	12,325	13,497	14,919

<Reference>



(5) Status of Principal Parent Company and Subsidiaries

(i) Status of parent company

Company name	Capital	Stake in the Company	Relationship with the Company
KANEKA CORPORATION	33,046 million yen	54.76%	The Company purchases the parent company's products as raw materials for adhesives, and the parent company seconds its employees to the Company.

(Note) The Company and the parent company have agreed to consult with each other before making determinations on certain matters relating to the important financial and business policies of the Company. However, the Company makes a final determination using its own business judgment based on the results of such consultation, and believes that it maintains a certain independence from the parent company.

(ii) Matters regarding transactions with parent company

When engaging in transactions with the parent company, the Company does so by ensuring economic rationality according to their importance and nature so as not to breach the principle of equality of treatment of shareholders or to harm the interests of the Company or the common interests of shareholders. Final decisions on these transactions are made by our board of directors, etc. based on the Company's approval rules and independently from the parent company. Thus, the Company believes the decision making procedures are legitimate.

(iii) Status of subsidiaries

Company name	Capital	Company's investment ratio	Principal business
CEMEDINE CHEMICAL CO., LTD.	40 million yen	100.0%	Manufacture and sale of adhesives
CEMEDINE SALES CO., LTD.	10 million yen	100.0%	Sale of adhesives
CEMEDINE CHEMICAL INDUSTRIES CO., LTD.	10 million yen	100.0%	Manufacture and sale of adhesives
Taiwan Cemedine Co., Ltd.	12,500 thousand Taiwan dollars	60.0%	Manufacture and sale of adhesives
CEMEDINE SHANGHAI CO., LTD.	140 million yen	100.0%	Sale of adhesives
CEMEDINE PHILIPPINES CORP.	20,450 thousand Philippine pesos	100.0%	Manufacture and sale of adhesives
CEMEDINE (THAILAND) CO., LTD.	10,000 thousand baht	50.5%	Manufacture and sale of adhesives

(Note) 1. Principal subsidiaries are selected with reference to capital, total assets, net sales, etc.  
2. The Company has no subsidiary which falls under the category of a specified wholly owned subsidiary.

(iv) Status of affiliates

Company name	Capital	Company's investment ratio	Principal business
ASIA CEMEDINE CO.,LTD.	30,000 thousand baht	44.0%	Manufacture and sale of adhesives
CEMEDINE NORTH AMERICA LLC	2,050 thousand US dollars	49.0% (49.0%)	Manufacture and sale of adhesives

(Note) The number in parentheses under the "Company's investment ratio" column includes and indicates the indirect investment ratio.

(6) Principal Business

Manufacture and sale of adhesives, sealing materials and other products

(7) Major Offices and Plants

(i) Major offices and plants of the Company

Name	Location	Name	Location
Head office	Shinagawa-ku, Tokyo	Ibaraki Plant	Koga-shi, Ibaraki
Osaka Branch	Chuo-ku, Osaka	Mie Plant	Kameyama-shi, Mie
Nagoya Branch	Naka-ku, Nagoya	Kinuura Plant	Hekinan-shi, Aichi
Development Center	Koga-shi, Ibaraki		

(Note) In addition to the above, there are offices in Sapporo, Sendai and Fukuoka.

(ii) Head office and plants of subsidiaries

Name	Location	Name	Location
CEMEDINE CHEMICAL CO., LTD. (Head office and plant)	Kaga-gun, Okayama	TAIWAN CEMEDINE CO., LTD. (Head office and plant)	New Taipei City, Taiwan
CEMEDINE SALES, CO., LTD. (Head office)	Shinagawa-ku, Tokyo	CEMEDINE SHANGHAI CO., LTD. (Head office)	Shanghai, China
CEMEDINE CHEMICAL INDUSTRIES CO., LTD. (Head office and plant)	Koga-shi, Ibaraki	CEMEDINE PHILIPPINES CORP. (Head office and plant)	Cavite, Philippines
CEMEDINE CHEMICAL INDUSTRIES CO., LTD. (Plant)	Joso-shi, Ibaraki	CEMEDINE (THAILAND) CO., LTD. (Head office and plant)	Bangkok, Thailand

(iii) Head office and plant of affiliate

Name	Location	Name	Location
ASIA CEMEDINE CO., LTD. (Head office and plant)	Bangkok, Thailand	CEMEDINE NORTH AMERICA LLC (Head office and plant)	Ohio, USA

(8) Status of Employees

Number of employees	Increase or decrease from the end of previous consolidated fiscal year
549 (165)	Decrease of 10 persons (Decrease of 6 persons)

(Note) The number of employees represents the number of persons currently employed, excluding the average number of temporary employees (advisors, employees on short-term contracts, non-regular employees, part-time employees and temporary employees) in the current fiscal year, which is stated in parentheses.

(9) Principal Lenders and Amount of Borrowing

Not applicable.

(10) Other Important Matters regarding the Current Status of the Corporate Group

Not applicable.

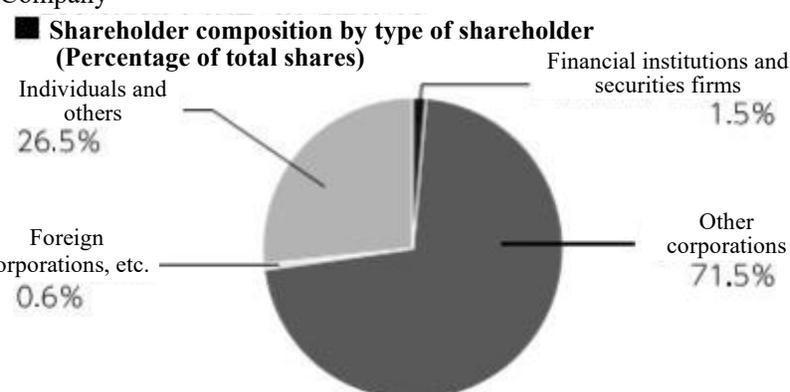
## 2. Matters Regarding Shares of the Company

(1) Total Number of Authorized Shares

40,000,000 shares

(2) Total Number of Issued Shares

15,007,535 shares  
(excluding 159,465 treasury shares)



(3) Number of Shareholders

3,823 persons

(4) Status of Major Shareholders

Name of shareholders	Number of shares held	Shareholding ratio
	Shares	%
KANEKA CORPORATION	8,218,700	54.76
CEMEDINE Kyoeikai	1,406,000	9.37
Nihon Willing K.K.	510,000	3.40
LIXIL Corporation	300,000	2.00
Asia Kendy Japan K.K.	205,000	1.37
MIKI & CO., LTD.	200,000	1.33
CEMEDINE's Employees Shareholding Association	168,340	1.12
Kimiko Kurokawa	135,000	0.90
J and S INSURANCE SERVICE Co., Ltd.	125,000	0.83
Towa-Tsusho Co., Ltd.	107,000	0.71

(Note) The shareholding ratio is calculated excluding treasury stock (159,465 shares).

(5) Other Important Matters regarding Shares  
Not applicable.

### 3. Matters Regarding Company Officers

#### (1) Name of Directors and Company Auditors

Position	Name	Responsibilities or important concurrent positions
* Director and Chairman	Yusuke Matsumoto	
* Director and President	Hidesuke Amachi	
Director	Isao Otsu	Executive General Manager of Marketing Headquarters
Director	Masato Akimoto	Executive General Manager of Technical Division
Director	Akihiko Iida	Executive General Manager of Administration Division
Director	Hiroaki Shiota	Executive General Manager of SCM Division & Production Division
Director	Takao Oikawa	
Director	Chiharu Komachi	
Company auditor (full-time)	Yasunobu Horie	
Company auditor	Yukio Hosono	Company auditor of YUTORI NO KUKAN CORPORATION
Company auditor	Masahiro Watanabe	Certified public accountant
Company auditor	Satoshi Mizukawa	Lawyer at Iwaida Partners Outside company auditor of TOKYO KOKI CO., LTD.

- (Note)
- \* indicates representative directors.
  - Among the directors listed above, Messrs. Takao Oikawa and Chiharu Komachi are outside directors. The Company has designated them as independent officers pursuant to the regulations of Tokyo Stock Exchange, Inc. and registered them as such with the said Stock Exchange.
  - Among the company auditors listed above, Messrs. Yukio Hosono, Masahiro Watanabe and Satoshi Mizukawa are outside company auditors. The Company has designated them as independent officers pursuant to the regulations of Tokyo Stock Exchange, Inc. and registered them as such with the said Stock Exchange.
  - A company auditor, Mr. Masahiro Watanabe, has credentials as a certified public accountant, and has considerable knowledge related to finance and accounting.
  - A company auditor, Mr. Yukio Hosono, resigned as full-time company auditor of QB Net Holdings Co., Ltd. on September 22, 2021. Also, he was appointed as company auditor of YUTORI NO KUKAN CORPORATION on December 24, 2021.

#### (2) Outline of the Contents of Liability Limitation Agreements

The Company has entered into agreements with all outside directors and outside company auditors to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under such agreements is the minimum amount of liability for damages

stipulated by laws and regulations.

This limitation of liability applies only if the relevant outside officer performs the duties for which he should be liable in good faith without gross negligence.

(3) Outline of the Contents of Directors and Officers Liability Insurance Agreement

The Company has entered into a directors and officers liability insurance agreement under Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The scope of the insured under such insurance agreement includes all officers of the Company, and the insured do not bear insurance premiums. Such insurance agreement covers any damages that may result from the insured being liable for the performance of their duties or being subject to a claim for the pursuit of such liability.

However, the above insurance agreement does not cover claims for damages caused by willful misconduct or gross negligence so as to ensure that the appropriateness of the insured's performance of their duties is not impaired.

(4) Policy for Determining Remuneration, etc. for Directors and Company Auditors

At a meeting of the board of directors held on February 6, 2021, the Company resolved the policy for determining the details of remuneration, etc. for individual directors.

In addition, based on the deliberation at the remuneration committee consisting of directors appointed by resolution of independent outside officers and the board of directors, the board of directors confirmed that the method of determining remuneration, etc. for individual directors for the current fiscal year and the details of remuneration, etc. so determined are consistent with the determination policy, and judged that they are in line with such determination policy.

The details of the policy for determining remuneration, etc. for directors and company auditors are as described below.

(i) Basic policy

The basic policy for the remuneration, etc. for the Company's directors is to ensure that the remuneration structure is appropriate to motivate them to fully play their expected roles toward achieving the Company's mission and sustainably improving corporate value and shareholder value and that the remuneration for individual directors is set at a level appropriate to their respective duties and responsibilities when determining the same. More specifically, the remuneration consists of base remuneration determined by evaluating each director's performance of his/her duties, performance-linked remuneration to be paid according to the Company's results, and stock option based compensation which was introduced from the perspective of sharing risks with shareholders, while outside directors who are in charge of supervisory functions are entitled only to base remuneration.

Company auditors (including outside company auditors) are entitled only to base remuneration.

(ii) Structure of remuneration, etc. for directors and determination policy

Remuneration, etc. for directors consists of base remuneration, performance-linked remuneration and stock options, the details of which are as follows:

Type of remuneration, etc.	Details of remuneration, etc.
Base remuneration	Fixed monthly monetary remuneration. The amount thereof is determined according to the positions, duties and responsibilities, years of office, etc. by comprehensively taking into account relevant factors including the Company's results, employees' salary level and social conditions.
Performance-linked remuneration	Profit-linked remuneration to be paid annually at a given time after the relevant fiscal year ends. The amount thereof is calculated using the formula, "director's monthly remuneration × number of months in which profit-linked remuneration is paid." The criteria for the number of months in which profit-linked remuneration is paid are determined by reference to the past results of the Company Group, based on the target management indicator and business strategy, and also by taking into account the Company's sustainable growth, etc.
Stock options	Subscription rights to shares which are exercisable for twenty years or less are granted as stock options at a given time each year. The number of subscription rights to shares to be granted is determined in light of the positions, duties and responsibilities, stock price, etc.

(5) Total Amount of Remuneration, etc. for Directors and Company Auditors

Category of officers	Total amount of remuneration, etc. (In million yen)	Total amount by type of remuneration, etc. (In million yen)			Number of officers
		Base remuneration	Stock options	Performance-linked remuneration	
Directors (excluding outside directors)	130	96	13	20	8
Company auditor (excluding outside company auditors)	18	18	—	—	1
Outside directors	19	19	—	—	2
Outside company auditors	24	24	—	—	3

- (Note) 1. In addition to the above, the employee compensation for six employee directors (56 million yen) was paid.
2. The performance indicator for the performance-linked remuneration is (consolidated) operating profit, which amounted to 2,136 million yen. The reason for selecting such indicator is that the use of so-called "profit earned from main business" as a criterion motivates them to improve the short-term results and makes it possible to measure the contribution to the improvement of corporate value. The amount of the performance-linked remuneration is calculated using the formula, "director's monthly remuneration × number of months in which profit-linked remuneration is paid." The criteria for the number of months in which profit-linked remuneration is paid are determined by reference to the past results of the Company Group, based on the target management indicator and business strategy, and also by taking into account the Company's sustainable growth, etc.
3. Details and other information of the stock options are described in "(4) Policy for Determining Remuneration,

etc. for Directors and Company Auditors” above, and “(1) Status of subscription rights to shares as of the end of the current fiscal year” of <Matters concerning subscription rights to shares, etc., of the Company> disclosed on our website.

4. It was resolved at the 76th Ordinary General Meeting of Shareholders held on June 25, 2010 that the amount of monetary remuneration for directors shall not exceed 200 million yen per year (excluding employee compensation for employee directors). The number of directors at the conclusion of such General Meeting of Shareholders was 7 (none of whom was an outside director).

In addition, separately from monetary remuneration, it was resolved at the 74th Ordinary General Meeting of Shareholders held on June 27, 2008 that the value and the number of the stock options to be granted shall not exceed 24 million yen and 100 per year, respectively. The number of directors (excluding outside directors) at the conclusion of such General Meeting of Shareholders was 9.

5. It was resolved at the 74th Ordinary General Meeting of Shareholders held on June 27, 2008 that the amount of monetary remuneration for company auditors shall not exceed 48 million yen per year. The number of company auditors at the conclusion of such General Meeting of Shareholders was 4.

(6) Matters regarding Outside Directors and other Officers

(i) Status of significant concurrent positions of the Company officers as executives or outside officers of other corporations

Name	Concurrent positions	Relationship between other corporations and the Company
Yukio Hosono	Company auditor of YUTORI NO KUKAN CORPORATION	There is no special relationship.
Masahiro Watanabe	Certified public accountant	There is no special relationship.
Satoshi Mizukawa	Lawyer at Iwaida Partners Outside company auditor of TOKYO KOKI CO., LTD. (Outside officer)	There is no special relationship.

(ii) Major activities during the current fiscal year

Outside Directors

Name	Attendance at board of directors meetings	Summary of advice and duties performed regarding expected roles
Takao Oikawa	15 out of 16	Mr. Oikawa from time to time provided advice and recommendations based on his knowledge of and insights in his own field of manufacturing. In particular, he actively provided opinions and recommendations on risks and concerns related to corporate governance and transactions.
Chiharu Komachi	16 out of 16	Mr. Komachi from time to time provided advice and recommendations based on his knowledge and insights acquired through work experience at a general trading company and financial institution. In particular, he actively provided opinions and recommendations on risks and concerns related to foreign subsidiaries or foreign regulations and tax matters.

Outside Company Auditors

Name	Attendance	Status of main activities
Yukio Hosono	Meetings of board of directors: 16 out of 16 Meetings of board of company auditors: 17 out of 17	Mr. Hosono stated opinions based on his knowledge and insights acquired through his experience in business management and career as a company auditor, and provided advice and recommendations on the directors' performance of their duties to ensure the lawfulness, appropriateness and validity thereof.
Masahiro Watanabe	Meetings of board of directors: 15 out of 16 Meetings of board of company auditors: 17 out of 17	Mr. Watanabe stated opinions based on his professional perspective as a certified public accountant, and provided advice and recommendations on the directors' performance of their duties to ensure the lawfulness, appropriateness and validity thereof.
Satoshi Mizukawa	Meetings of board of directors: 16 out of 16 Meetings of board of company auditors: 17 out of 17	Mr. Mizukawa stated opinions based on his professional perspective as a lawyer, and provided advice and recommendations on the directors' performance of their duties to ensure the lawfulness, appropriateness and validity thereof.

(7) Other Important Matters regarding Company officers

Not applicable.

#### 4. Status of the Accounting Auditor

(1) Name of the accounting auditor

TOHO Audit Corporation

(2) Amount of Remuneration for the Accounting Auditor for the Current Fiscal Year

(i) Amount of remuneration for the fiscal year

28 million yen

(ii) Total amount of money or other economic benefits to be paid by the Company and its subsidiaries

28 million yen

- (Note)
1. The board of company auditors performed necessary verification to decide whether the contents of the accounting auditor's audit plan, the status of accounting audit execution and the grounds for calculation of the remuneration estimate, etc. were appropriate, and determined to agree on the amount of remuneration, etc. for the accounting auditor pursuant to Article 399, Paragraph 1 of the Companies Act.
  2. The audit agreement between the Company and the accounting auditor does not separate the remuneration for audit services under the Companies Act from that for audit services under the Financial Instruments and Exchange Act. Thus, the amount described above includes the remuneration, etc. for audit services under the Financial Instruments and Exchange Act.

(3) Contents of Non-auditing Services

Not applicable.

(4) Policies for Determination of Dismissal or Non-reappointment of the Accounting Auditor

The board of company auditors will determine the details of a proposal regarding dismissal or non-reappointment of the accounting auditor to be submitted to a general meeting of shareholders if the board of company auditors decides it is necessary, including the case where the accounting auditor has difficulty in the execution of its duties. If the board of directors decides that it is necessary, including the case where the accounting auditor has difficulty in the execution of its duties, the board of directors will demand that the board of company auditors should include dismissal or non-reappointment of the accounting auditor in the purpose of a general meeting of shareholders, and the board of company auditors will decide whether or not it is appropriate, and determine the details of a proposal to be submitted to the general meeting of shareholders. In these cases, the board of directors and the board of company auditors will communicate with each other regarding the reasons therefor, which will be included in the Reference Documents for the General Meeting of Shareholders.

The board of company auditors will confirm the facts, and deliberate on and determine whether or not to dismiss the accounting auditor if the accounting auditor is considered to fall under any item of Article

340, Paragraph 1 of the Companies Act. Dismissal of the accounting auditor is subject to the consent of all company auditors, and the fact and reasons for dismissal will be reported at the next general meeting of shareholders to be held after such dismissal.

5. Basic Policies regarding Control of the Company

The Company does not specifically prescribe basic policies regarding the way a person is to control the determination of financial and business policies of a company.

## Consolidated Balance Sheet

(As of March 31, 2022)

Account item	Amount	Account item	Amount
	In thousand yen		In thousand yen
<b>(Assets)</b>		<b>(Liabilities)</b>	
Current assets	18,956,428	Current liabilities	8,401,259
Cash and deposits	6,869,691	Notes and accounts payable - trade	4,489,961
Notes and accounts receivable – trade, and contract assets	6,164,258	Electronically recorded obligations - operating	2,332,104
Electronically recorded monetary claims - operating	2,122,615	Income taxes payable	379,417
Merchandise and finished goods	2,299,651	Provision for bonuses	360,287
Work in process	189,338	Other	839,488
Raw materials and supplies	1,091,491	Non-current liabilities	1,362,013
Other	238,194	Deferred tax liabilities	26,691
Allowance for doubtful accounts	(18,814)	Retirement benefit liability	991,098
Non-current assets	5,714,136	Other	344,223
Property, plant and equipment	4,138,672	Total liabilities	9,763,272
Buildings and structures	1,935,866		
Machinery, equipment and vehicles	677,039	<b>(Net assets)</b>	
Tools, furniture and fixtures	251,437	Shareholders' equity	14,187,433
Land	1,073,687	Share capital	3,050,375
Construction in progress	200,641	Capital surplus	2,598,416
Intangible assets	253,983	Retained earnings	8,590,788
Goodwill	23,680	Treasury shares	(52,147)
Leasehold interests in land	62,689	Accumulated other comprehensive income	196,223
Software	119,495	Valuation difference on available-for-sale securities	115,242
Software in progress	34,828	Foreign currency translation adjustment	95,060
Other	13,289	Remeasurements of defined benefit plans	(14,079)
Investments and other assets	1,321,479	Subscription rights to shares	63,562
Investment securities	729,298	Non-controlling interests	472,183
Deferred tax assets	380,063	Total net assets	14,919,402
Other	213,949		
Allowance for doubtful accounts	(1,831)	Total liabilities and net assets	24,682,674
Deferred assets	12,110		
Development expenses	12,110		
Total assets	24,682,674		

Consolidated Statement of Income

( From April 1, 2021  
to March 31, 2022 )

Account item	Amount	
	In thousand yen	In thousand yen
Net sales		28,577,698
Cost of sales		20,098,735
Gross profit		8,478,962
Selling, general and administrative expenses		6,342,037
Operating profit		2,136,925
Non-operating income		
Interest income	1,699	
Dividend income	23,975	
Share of profit of entities accounted for using equity method	8,826	
Foreign exchange gains	32,035	
Other	25,944	92,481
Non-operating expenses		
Interest expenses	24	
Compensation expenses	10,555	
Sales discounts	55,898	
Other	14,001	80,479
Ordinary profit		2,148,926
Extraordinary income		
Gain on sale of non-current assets	3,292	3,292
Extraordinary losses		
Loss on sale and retirement of non-current assets	15,096	
Contribution for facility removal costs	47,640	62,737
Profit before income taxes		2,089,482
Income taxes - current	647,463	
Income taxes - deferred	(86,413)	561,050
Profit		1,528,432
Profit attributable to non-controlling interests		49,274
Profit attributable to owners of parent		1,479,157

## Balance Sheet

(As of March 31, 2022)

Account item	Amount	Account item	Amount
	In thousand yen		In thousand yen
(Assets)		(Liabilities)	
Current assets	17,111,277	Current liabilities	8,012,895
Cash and deposits	4,980,877	Notes payable - trade	494,431
Notes receivable - trade	699,042	Electronically recorded obligations - operating	2,779,500
Electronically recorded monetary claims - operating	2,113,207	Accounts payable - trade	3,458,915
Accounts receivable - trade	5,077,917	Accounts payable - other	135,159
Merchandise and finished goods	2,005,499	Accrued expenses	434,851
Work in process	170,084	Income taxes payable	309,051
Raw materials and supplies	692,495	Provision for bonuses	351,025
Prepaid expenses	47,884	Notes payable - facilities	13,755
Short-term loans receivable	1,852	Other	36,205
Accounts receivable - other	1,287,887	Non-current liabilities	1,205,499
Consumption taxes refund receivable	2,126	Provision for retirement benefits	896,337
Other	33,402	Long-term accounts payable - other	3,600
Allowance for doubtful accounts	(999)	Long-term guarantee deposits	305,561
Non-current assets	5,146,192	<b>Total liabilities</b>	<b>9,218,395</b>
Property, plant and equipment	3,098,086	(Net assets)	
Buildings	1,504,542	Shareholders' equity	12,860,270
Structures	80,907	Share capital	3,050,375
Machinery and equipment	454,354	Capital surplus	2,696,283
Vehicles	14,953	Legal capital surplus	2,676,947
Tools, furniture and fixtures	223,442	Other capital surplus	19,335
Land	633,268	Retained earnings	7,165,759
Construction in progress	186,617	Legal retained earnings	158,000
Intangible assets	222,782	Other retained earnings	7,007,759
Leasehold interests in land	57,779	Reserve for reduction entry of assets	70,545
Software	117,534	General reserve	3,500,000
Software in progress	34,828	Retained earnings brought forward	3,437,213
Other	12,640	Treasury shares	(52,147)
Investments and other assets	1,825,323	Valuation and translation adjustments	115,242
Investment securities	656,612	Valuation difference on available-for-sale securities	115,242
Shares of subsidiaries and associates	473,291	Subscription rights to shares	63,562
Investments in capital of subsidiaries and associates	140,000	<b>Total net assets</b>	<b>13,039,074</b>
Deferred tax assets	373,981	<b>Total liabilities and net assets</b>	<b>22,257,469</b>
Other	182,995		
Allowance for doubtful accounts	(1,557)		
<b>Total assets</b>	<b>22,257,469</b>		

## Statement of Income

( From April 1, 2021  
to March 31, 2022 )

Account item	Amount	
	In thousand yen	In thousand yen
Net sales		24,574,506
Cost of sales		17,528,929
Gross profit		7,045,576
Selling, general and administrative expenses		5,562,159
Operating profit		1,483,417
Non-operating income		
Interest income	181	
Dividend income	372,453	
Other	64,648	437,283
Non-operating expenses		
Interest expenses	24	
Compensation expenses	10,555	
Sales discounts	55,765	
Other	3,546	69,891
Ordinary profit		1,850,809
Extraordinary losses		
Loss on sale and retirement of non-current assets	15,096	15,096
Profit before income taxes		1,835,712
Income taxes - current	478,682	
Income taxes - deferred	(68,268)	410,414
Profit		1,425,298

Accounting Auditor's Audit Report on Consolidated Financial Statements

Independent Auditor's Audit Report

May 9, 2022

To the Board of Directors of  
CEMEDINE CO., LTD.

TOHO Audit Corporation  
Chiyoda-ku, Tokyo

Designated Partner	Certified Public	Toshihide Koike	[Seal]
Engagement Partner	Accountant		
Designated Partner	Certified Public	Koji Kobayashi	[Seal]
Engagement Partner	Accountant		

**Opinion**

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, which are comprised of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the consolidated notes of CEMEDINE CO., LTD. (the "Company") for the consolidated fiscal year from April 1, 2021 to March 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of the corporate group comprising CEMEDINE CO., LTD. and its consolidated subsidiaries (the "Company Group") for the period for which the consolidated financial statements were prepared in accordance with accounting principles generally accepted in Japan.

**Basis for Audit Opinion**

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

**Other Information**

The other information is comprised of the business report and the supplementary schedules. Management is responsible for the presentation and disclosure of the other information. The company auditors and the board of company auditors are responsible for overseeing the directors' performance of their duties with regard to the development and operation of the Company's financial reporting process for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated, as well as to give consideration as to whether there is any sign of material misstatement in the other information other than such material misstatement.

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

We have nothing to report in this regard

#### Responsibilities of Management, Company Auditors, and the Board of Company Auditors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing whether or not the preparation of the consolidated financial statements using the going concern basis of accounting is appropriate, and disclosing, as applicable, matters relating to a going concern in accordance with accounting principles generally accepted in Japan.

The company auditors and the board of company auditors are responsible for overseeing the directors' performance of their duties with regard to the development and operation of the Company Group's financial reporting process.

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

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express our opinion on the consolidated financial statements in an auditor's report based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision-making of those who use these consolidated financial statements.

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

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks of material misstatement. The selection and application of audit procedures is at the auditor's discretion. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in assessing risks, while the objective of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the application method thereof, and the reasonableness of accounting estimates and the appropriateness of related notes made by management.
- Make a determination on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty is deemed to exist related to events or conditions that may cast significant doubt on the use of the going concern basis of accounting. If a material uncertainty is deemed to exist related to the use of the going concern basis of accounting, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if such notes to the consolidated financial statements related to a material uncertainty are inadequate, to

express our qualified opinion with respect to the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and notes in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the relevant notes, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We notify the company auditors and the board of company auditors of the planned scope and timing of the audit, significant audit findings, including any significant inadequacy in internal control that we identify during our audit, and other matters that are required to be reported under applicable auditing standards.

We also provide the company auditors and the board of company auditors with a statement that we have complied with professional ethical requirements in Japan regarding independence, and notify them of all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards to eliminate or mitigate factors that may hinder our independence.

#### Interest

Neither we nor our engagement partners have any interest in the Company and its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End

## Accounting Auditor's Audit Report

### Independent Auditor's Audit Report

May 9, 2022

To the Board of Directors of  
CEMEDINE CO., LTD.

TOHO Audit Corporation  
Chiyoda-ku, Tokyo

Designated Partner	Certified Public	Toshihide Koike	[Seal]
Engagement Partner	Accountant		
Designated Partner	Certified Public	Koji Kobayashi	[Seal]
Engagement Partner	Accountant		

#### Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements, which are comprised of the balance sheet, the statement of income, the statement of changes in equity and the non-consolidated notes, and the supplementary schedules (the "financial statements, etc.") of CEMEDINE CO., LTD. (the "Company") for the 88th fiscal year from April 1, 2021 to March 31, 2022.

In our opinion, the financial statements, etc. referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period for which the financial statements, etc. were prepared in accordance with accounting principles generally accepted in Japan.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are described in "Auditor's Responsibilities for the Audit of the Financial Statements, etc." We are independent of the Company in accordance with the professional ethical requirements in Japan, and we have fulfilled our other ethical responsibilities. We believe that we have obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The other information is comprised of the business report and the supplementary schedules. Management is responsible for the presentation and disclosure of the other information. The company auditors and the board of company auditors are responsible for overseeing the directors' performance of their duties with regard to the development and operation of the Company's financial reporting process for the other information.

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

In connection with our audit of the financial statements, etc., our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, etc. or our knowledge obtained in the audit, or otherwise appears to be materially misstated, as well as to give consideration as to whether there is any sign of material misstatement in the other information other than such material misstatement.

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

We have nothing to report in this regard.

Responsibilities of Management, Company Auditors, and the Board of Company Auditors for the Financial Statements, etc.

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

In preparing the financial statements, etc., management is responsible for assessing whether or not the preparation of the financial statements, etc. using the going concern basis of accounting is appropriate, and disclosing, as applicable, matters relating to a going concern in accordance with accounting principles generally accepted in Japan.

The company auditors and the board of company auditors are responsible for overseeing the directors' performance of their duties with regard to the development and operation of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements, etc.

Our responsibilities are to obtain reasonable assurance about whether the financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to express our opinion on the financial statements, etc. in an auditor's report based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision-making of those who use these financial statements, etc.

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

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks of material misstatement. The selection and application of audit procedures is at the auditor's discretion. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in assessing risks, while the objective of the audit of the financial statements, etc. is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the application method thereof, and the reasonableness of accounting estimates and the appropriateness of related notes made by management.
- Make a determination on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty is deemed to exist related to events or conditions that may cast significant doubt on the use of the going concern basis of accounting. If a material uncertainty is deemed to exist related to the use of the going concern basis of accounting, we are required to draw attention in our auditor's report to the related notes to the financial statements, etc. or, if such notes to the financial statements, etc. related to a material uncertainty are inadequate, to express our qualified opinion with respect to the financial statements, etc. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and notes in the financial statements, etc. are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, etc., including the relevant notes, and whether the financial statements, etc. fairly represent the underlying transactions and accounting events.

We notify the company auditor and the board of company auditors of the planned scope and timing of the audit, significant audit findings, including any significant inadequacy in internal control that we identify during our audit, and other matters that are required to be reported under applicable auditing standards.

We also provide the company auditors and the board of company auditors with a statement that we have complied with professional ethical requirements in Japan regarding independence, and notify them of all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards to eliminate or mitigate factors that may hinder our independence.

#### Interest

Neither we nor our engagement partners have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End

## Board of Company Auditors' Audit Report

### Audit Report

In regard to the directors' performance of their duties for the 88th fiscal year from April 1, 2021 to March 31, 2022, the board of company auditors has prepared this Audit Report as the unanimous opinion of the company auditors resulting from deliberations based on the audit reports prepared by each company auditor, and reports as follows.

#### 1. Method and Contents of Audits by the Company Auditors and the Board of Company Auditors

The board of company auditors determined the audit policies for the period under review, audit plan and division of duties, etc. and received reports from each company auditor regarding the implementation status and results of their audits, using face-to-face methods as well as online communication methods via telephone lines or the Internet, in addition to which it received reports from the directors, etc. and the accounting auditor regarding the status of the performance of their duties, and requested explanations as necessary.

In compliance with the company auditor auditing standards established by the board of company auditors and in accordance with the audit policies, audit plan and division of duties, etc., each company auditor communicated with the directors, the Audit Office and other employees, subsidiaries and the accounting auditor, etc., endeavored to gather information and develop the audit environment, using face-to-face methods as well as online communication methods via telephone lines or the Internet, and conducted audits using the following methods.

- (1) The company auditors attended meetings of the board of directors, the management committee and other important meetings, received reports from directors and employees, etc., regarding the status of the performance of their duties, requested explanations as necessary, viewed important decision-making documents, etc., and inspected the status of operations and assets at the head office and main business locations. Additionally, they oversaw and verified the status of the content of resolutions of the board of directors regarding the development of systems to ensure that the directors' performance of their duties complies with laws, regulations and the articles of incorporation and other systems provided for in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act as systems necessary to ensure the appropriateness of operations of a corporate group composed of a stock company and its subsidiaries, as well as the systems developed pursuant to those resolutions (i.e., internal control systems). In regard to the matters subject to due consideration provided for in Article 18, item (v)(a) of the Ordinance for Enforcement of the Companies Act, and the judgment and reasons provided for in item (v)(b) of that article, each as stated in the business report, they considered the contents thereof taking into account matters such as the status of deliberations at meetings of the board of directors and other deliberations. In regard to the internal control over financial reporting provided for in the Financial Instruments and Exchange Act, etc., they received reports from directors, etc. and TOHO Audit Corporation regarding their assessment of such internal control and the status of their audits, and requested explanations as necessary. In regard to subsidiaries, they communicated and exchanged information with directors and company auditors of subsidiaries, and received business reports from subsidiaries. Using the methods above, the board of company auditors examined the business report and the supplementary schedules thereto for the fiscal year.
- (2) The company auditors oversaw and verified whether the accounting auditor maintained an independent position and conducted an appropriate audit, received reports from the accounting auditor on the status of the performance of its duties, and requested explanations as necessary. Additionally, they received notification from the accounting auditor that, in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) etc., it had developed systems in order to ensure that its duties are appropriately performed (i.e., notification of the matters stated in the items of Article 131 of the Ordinance on Accounting of Companies) and requested explanations as necessary. In regard to key audit items, they discussed with and received reports on the status of the conducted audit from the accounting auditor, and requested explanations as necessary. Using the methods above, the board of company auditors examined the financial statements (i.e., the balance sheet, statement of income, statement of changes in equity, and explanatory notes to financial statements), and the consolidated financial statements (i.e., the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and explanatory notes to consolidated financial statements) for the fiscal year.

2. Audit Results

(1) Results of audit of business report, etc.

- (i) We find that the business report and the supplementary schedules thereto accurately present the status of the company in accordance with laws, regulations, and the articles of incorporation.
- (ii) We do not find any misconduct nor any material fact constituting a violation of any law, regulation, or the articles of incorporation in relation to the directors' performance of their duties.
- (iii) We find the content of the resolutions of the board of directors regarding internal control systems to be reasonable. Additionally, we do not find any matters that should be commented upon in regard to the statements in the business report or the directors' performance of their duties relating to the internal control systems, including internal control over financial reporting.
- (iv) In regard to transactions with the parent company, etc., stated in the business report, we do not find any matters that should be commented upon in regard to the matters subject to due consideration to prevent harm to the interests of the company when engaging in such transactions, the judgment of the board of directors regarding whether or not such transactions harm the interests of the company, and the reasons for that judgment.

(2) Results of audit of financial statements and supplementary schedules thereto

We find the methods and results of the audit by the accounting auditor, TOHO Audit Corporation, to be reasonable.

(3) Results of audit of consolidated financial statements

We find the methods and results of the audit by the accounting auditor, TOHO Audit Corporation, to be reasonable.

May 10, 2022

Board of company auditors of CEMEDINE CO., LTD.

Full-time company auditor

Yasunobu Horie

[Seal]

Outside company auditor

Yukio Hosono

[Seal]

Outside company auditor

Masahiro Watanabe

[Seal]

Outside company auditor

Satoshi Mizukawa

[Seal]

End