Local Insight, Global Impact

Integrated Report 2026

Ishihara Sangyo Kaisha, Ltd.

ISK Brand Renewal

In 2026, the ISK Group revamped its brand communications and adopted a new corporate slogan: “Local Insight, Global Impact.” While preserving the ISK mark, which is a symbol cherished since the Company’s earliest days, we remain committed to anticipating the needs of the times, delivering the value and products society seeks, and creating things that have never existed before.
We will share this enduring commitment with the world through a new brand story.



Ideas have no borders, no limits.

An idea from anyone, anywhere in the world, can spread and grow to change the future. That’s why we value listening to each and every voice around the world and gaining a deep understanding of people’s lives in their local communities.

That’s why we look ahead and envision a better future for people and the planet, and passionately pursue ways to turn it into reality together. Nurture the seeds of originality that give rise to new ideas, drive innovation across boundaries, and open up new possibilities.

Build new bonds and become a catalyst of positive change.
Turn insights into impact, inspiration into better choices, and unlock the power of chemistry to create more meaningful value for people, society, and the planet.

ISK Local Insight, Global Impact

Listening to People's Voices to Turn Untapped Insights into Impact

"Local Insight, Global Impact"—these words embody the ISK Group's enduring strengths and our unwavering commitment.
From dialogue with farmers and R&D activities to manufacturing processes and environmental conservation efforts,
we bring together the insights gained in different regions and at different operational sites, combining them into the collective strength of the ISK Group.
We then transform these insights into value that benefits society worldwide, such as improving living environments and ensuring stable food production.
Moving forward, we will continue to listen to voices from around the world, transforming untapped insights into impactful solutions as we strive to realize a better future.

Local Insight, Global Impact

Insights and ideas born from operations around the globe.
The activities cultivated in each region and at every operational site serve as the starting point for value creation by the ISK Group.

Drawing on the knowledge and expertise gained worldwide, we generate social impact, such as improving living environments and stabilizing food production, to create indispensable value for people, society, and the planet.





Contents

ISK Brand Renewal
01 Brand Story
02 Introduction
03 Contents
04 Message from the President
08 Special Feature: Biosciences Business Local Insight, Global Impact

Sustainable Growth Strategy
12 Purpose and Corporate Philosophy
13 Vision 2030 Management Targets
14 Business in Brief
16 Financial Highlights
17 Non-Financial Highlights
18 Value Creation Process
19 Six Types of Capital Supporting Our Business Activities
21 Vision 2030 Stage Ⅱ – Progress
22 Message from the CFO
25 Research and Development Activities
29 Organic Chemicals Business (Biosciences)
32 Organic Chemicals Business (Healthcare)
34 Inorganic Chemicals Business
37 Special Feature: Inorganic Chemicals Business Local Insight, Global Impact
39 Intellectual Property Management
40 Improving Productivity and Strengthening Business Competitiveness Through DX
41 Human Capital
46 Message from the Executive Director of the Office of Sustainability Promotion
47 Materiality

Management Foundation
49 Environment
57 Responsible Care Activities
58 Social
60 Stakeholder Engagement
62 Outside Director Roundtable
64 Board of Directors and Executive Officers
66 Corporate Governance
71 Risk Management
73 Compliance

Corporate Data
74 Financial Summary
75 Non-Financial Summary
76 History of ISK
77 Company Profile/ Group Bases
78 Stock Information
79 Editorial Policy

P04

Message from the President

Pursuing Business Portfolio Transformation to Achieve Vision 2030 Goals

Executive Director and President
Hiroshi Okubo



P08

Expanding Sales of the Corn Herbicide Tolpyralate in the Major Market of North America by Extending Its Application to Wheat



Central Research Institute
Bioscience Research Laboratory,
Development Group Leader
Taketo Suganuma

Local Insight

Complementary Benefits of Tank-Mixing with a Product from Another Company

Global Impact

Global Impact: Exploring a New Business Model



Central Research Institute,
Deputy Director
Hiroshi Kikukawa

P37

Addressing Latent Needs Abroad with Black Heat-Shielding Pigment Born from an In-House Insight



Central Research Institute
New Business Development Laboratory
Senior Manager
Norihiko Sanefuji

Local Insight

New Value Gleaned from Sales Staff Input

Global Impact

Recognizing a Latent Need and Deciding to Expand Overseas



ISHIHARA CORPORATION (U.S.A.)
General Manager, Marketing and Administration
Satoshi Shimomura

Message from the President



Pursuing Business Portfolio Transformation to Achieve Vision 2030 Goals

Executive Director and President
Hiroshi Okubo

Our Aims

- Building brand awareness
- Human resources system and business portfolio transformation
- Solid shareholder returns
- Formulation of the next medium-term business plan Vision 2030 Stage Ⅲ and conceptualization of our Vision for 2040

Our Message

Fostering a New Sense of Unity Through Our Brand

To lay the groundwork for our next medium-term business plan, Vision 2030 Stage Ⅲ (spanning from the fiscal year ending March 2028 through the fiscal year ending March 2031), we revamped the Group's branding in April 2026 and adopted a new corporate slogan: "Local Insight, Global Impact."
We chose an English slogan to ensure that our shared values resonate not only with employees in Japan but also with those at our overseas Group companies. The slogan was developed through a project led primarily by mid-level employees, involving internal surveys and interviews with overseas offices, as well as vigorous, wide-ranging discussions among personnel at all levels, from executives to junior staff.
This slogan encapsulates the corporate stance we have cherished since our founding. It is my hope that our employees will embody this spirit in their daily work and that it will serve as an opportunity for stakeholders to better understand us as a company that provides products essential to society.

Message from the President

Furthermore, the approach I have championed since taking office has gradually taken hold. A particularly crucial concept is that of “deprioritization.”
Rather than striving for perfection in every aspect, I encourage employees to clearly distinguish between tasks to prioritize and those to defer, while emphasizing speed and the PDCA (Plan-Do-Check-Act) cycle. As part of this, we have strictly implemented such practices as distributing meeting materials in advance and limiting presentation times to a maximum of 20 minutes. These measures are now firmly established, leading to greater efficiency in how we conduct meetings. At the same time, however, we insist on 100% compliance in areas where no compromise is possible, such as safety, quality, contract verification, and compliance.

Business Environment and Performance

Pressing Ahead Toward Stage Ⅱ Goals Despite Challenges

In the fiscal year ended March 2026, we achieved record-high profits (operating income of ¥19.0 billion) driven by a surge in demand for agrochemicals in the European market due to climate-related factors, particularly within our biosciences business. However, our forecast for the fiscal year ending March 2027, which is the final year of our Medium-Term Management Plan “Vision 2030 Stage Ⅱ”, projects operating income of ¥14.2 billion, representing a decline from the previous fiscal year.
To achieve the final Stage Ⅱ targets of an operating income of ¥19.0 billion or more and an ROE of 10% or higher, we must first expand earnings in our core biosciences business within the major markets of Europe and India. While demand remains solid, Europe has been hit by heatwaves, and the Americas market is less buoyant than in the previous fiscal year. The Americas, led by the massive Brazilian market, are seeing a significant influx of low-cost, generic agrochemicals from Chinese manufacturers; consequently, we face the challenge of securing a competitive edge through agrochemical registrations in each country while simultaneously minimizing production costs. With regard to our healthcare business, we aim to move closer to eliminating losses from the next fiscal year onward by completing U.S. clinical trials and securing full approval for PANOQUELL™, an anti-inflammatory agent for acute canine pancreatitis.
In our inorganic chemicals business, the operating environment for general-purpose titanium dioxide remains harsh, so we are asking customers to accept pricing that reflects fair market value. Conversely, the electronic materials segment has made a strong start, though success in the second half of the year will depend on the effectiveness of our strategic initiatives. High-purity titanium dioxide, which is used in barium titanate for multilayer ceramic capacitors (MLCCs) in AI servers, is performing well, and we anticipate better-than-expected results for barium titanate produced by MF MATERIAL CO., LTD. our joint venture with Murata Manufacturing Co., Ltd.
As discussed later, we are working, through our operating performance, to recover losses stemming from factors such as the voluntary early retirement program and fixed asset impairment associated with Fuji Titanium Industry’s business withdrawal. We remain committed to achieving our Stage Ⅱ targets without giving up.

Human Resources System Reform

Recognizing Achievements and Cultivating Motivated Talent

Since assuming the role of president two and a half years ago, I have prioritized “people-centric” reform as a key management issue. An initiative emblematic of this effort is the introduction of a new personnel system for management-level employees starting in April 2027, marking a shift toward a performance-based model. Evaluations will focus on results rather than processes. By establishing a system that fairly rewards those who take on challenges and achieve results, I aim to strengthen each employee’s motivation to grow and the vitality of the organization as a whole.
Of course, a performance-based system requires fair and transparent implementation to ensure employee buy-in. We are currently refining our evaluation criteria and operational rules to meet this standard. Even after the system is launched, we will continuously review and improve it, ensuring it evolves into a framework that supports employee initiative and drives the enhancement of corporate value.
With a non-consolidated workforce of approximately 1,300 employees, which includes about 250 managers, our organization is sized such that the management team is still small enough for us to know each manager individually. I consider it a strength that our executive team can engage directly with each manager to share our management policies and values. We will ensure that management decisions permeate every corner of the organization while boldly re-evaluating low-priority tasks, thereby transforming into a more agile and responsive organization.
Although we achieved record profits in the fiscal year ended March 2026, this is by no means the finish line; it is merely a milestone on the path to further growth. I encourage all employees to constantly question the work right in front of them and keep asking, “Is there a better way?” I want to foster a corporate culture that embraces change and encourages taking on challenges, moving beyond the mindset of simply sticking to “the way things have always been done.”
Securing and developing talent is essential to supporting this growth. However, competition for top talent has intensified in recent years; we face particularly fierce competition from major corporations when it comes to recruiting researchers in the field of electronic materials. Amidst these circumstances, we are implementing multifaceted recruitment initiatives, such as raising starting salaries, improving overall compensation, and strengthening collaboration with universities, to secure the talent essential for our Company’s growth.
Meanwhile, in areas where recruiting personnel who can contribute immediately is challenging, we are adopting a strategy of steadily developing young talent, primarily through the recruitment of new graduates. Although talent development takes time, we believe that cultivating our own workforce is the source of sustainable competitiveness. Guided by the conviction that the growth of each individual employee drives the growth of the Company, we will continue to actively invest in our people.

Message from the President

Business Portfolio Transformation

Inorganic Chemicals Business Structural Reform and Paving the Way for the Future

Another reform initiative I have pursued since becoming president is the structural reform of our inorganic chemicals business. We previously announced the scheduled shutdown of the sulfate process plant at the Yokkaichi Plant (planned for March 2027). As the implementation date approaches, we have decided to introduce a voluntary early retirement program to ensure the business remains competitive and achieves sustainable growth while enhancing capital efficiency. We made this forward-looking decision recognizing that the business environment is becoming increasingly challenging, due to such factors as market conditions, competition, and costs, and that it would be difficult to maintain our current workforce structure through personnel reassignments alone.

We have also decided to withdraw from the titanium dioxide business of our subsidiary, Fuji Titanium Industry, effectively ending sulfate process titanium dioxide production by the Group entirely. Our goal is to rebuild our earnings base and review our fixed-cost structure during Stage Ⅱ, paving the way for a different path to growth in Stage Ⅲ. While short-term financial costs are unavoidable, I believe that building a lean, resilient organization while we have the financial strength to do so is essential for remaining a trusted company of choice beyond 2030. With these measures, I believe the structural reform of our inorganic chemicals business is nearing completion.

However, looking ten years ahead, challenges regarding CO_2 emissions and waste management will remain even for titanium dioxide in chloride process production. The process is energy-intensive and generates waste. Anticipating a shift toward high-value-added products accompanying changing market needs, we must remain flexible regarding the Yokkaichi Plant's facility configuration to adapt to the times. In that sense, I view structural reform as an ongoing, perpetual process.

Titanium dioxide remains vital to the Japanese economy, such as its use as a material for electronics, so we will continue production. Determining how to develop this business in the future is the next challenge facing us.

Stage Ⅲ Conceptualization

Boosting Operating Margin Through a Shift Toward High Value-Added Offerings

We are approaching a crucial stage in formulating the plan for Stage Ⅲ. We are currently consolidating the earnings plans submitted by each business headquarters, using operating income as the basis. We intend to eventually transition to management based on ROIC, and, to that end, we have bolstered the staff in our Corporate Strategy Division.

Our primary goal is to achieve operating income of 24 billion yen, a target set out in our long-term vision, Vision 2030. While this is a challenging hurdle, we believe it is fully attainable by turning our healthcare business profitable and improving the earnings capacity of our inorganic chemicals business following its structural reforms.

Although our Group's consolidated operating margin for the fiscal year ended March 2026 stands at 12.3%, we aim to exceed 20% in the near future. In both our bioscience and inorganic chemicals businesses, increasing our lineup of high-demand, high-performance products will enable us to raise prices and manage profit margins effectively. This strategy is essential not only for Stage Ⅲ but also for the period beyond. I will now outline the measures currently being taken in each business segment.

In biosciences business, we are accelerating globalization. We are rejuvenating the leadership of the business headquarters and revamping our personnel structure; we also aim to keep pace with global trends by expanding joint development efforts to launch new agents . As our proprietary new agents have not yet reached the stage for market launch, we are considering, among other things, in-licensing products from other companies, though it will likely take some time before these efforts yield results. Notably, at the Technology Research Center, Hyogo-Ono (TREC), we are on track to achieve the world's lowest manufacturing costs. By running R&D and production technology development in parallel, we expect this facility to contribute significantly to a brighter future for the business.

With regard to our healthcare business, while it is projected to lead the way in terms of profitability during Stage Ⅲ, progress is running one year behind the original schedule from Stage Ⅱ, and the business remains in the upfront investment phase. A key factor moving forward is securing global approvals for PANOQUELL™, an anti-inflammatory agent for acute canine pancreatitis. In particular, obtaining full approval from the U.S. Food and Drug Administration (FDA) has entailed significant clinical trial costs. We must secure approval as soon as possible to begin contributing to earnings.

Sales in Japan have grown steadily, and we anticipate substantial growth if we can secure approval in the U.S., a market with ten times the dog population of Japan. Research into expanding the drug's indications is also underway, offering the prospect of further growth should that approval be granted.

In our inorganic chemicals business, the weak yen has driven up procurement costs for raw materials, such as titanium ore, and energy. On the sales front, despite the weak yen, we have struggled against the low-price offensive of Chinese manufacturers regarding general-purpose titanium dioxide. These conditions have caused a divergence from the plans originally established for Stage Ⅱ. Given this situation, the decision to discontinue titanium dioxide production in sulfate process across the Group was unavoidable. Although the Fuji Titanium Industry Kobe Plant suspended operations following a fire in April, the entire team is currently working at full capacity to restart operations by next March, prioritizing safety while fulfilling our supply obligations to long-standing customers.

Growth in functional color materials, such as conductive materials, has been slower than anticipated; however, the electronic materials segment is seeing strong momentum in high-purity titanium dioxide for MLCCs. We are currently investing 3.9 billion yen to install production-expansion equipment at the Yokkaichi Plant, and we expect this to make a significant contribution to our financial performance once the second phase of construction is completed next year.

Message from the President

Beyond Vision 2030

Aiming for a Compact and Agile Organizational Structure

We are simultaneously considering our vision for the stages beyond Vision 2030, looking toward 2040, 2050, and further into the future. Given that our Group is an R&D-driven enterprise, a shift toward a fabless model may be the right direction. Outsourcing production is a viable option for manufacturing high-value products while minimizing environmental impact. As we strive for carbon neutrality, we envision the Yokkaichi Plant evolving into a compact, disaster-resilient, and carbon-neutral facility that focuses on R&D while retaining a certain level of production capacity. Furthermore, we believe there would be significant value in recovering rare metals and other materials from the waste generated during titanium dioxide production. Our bioscience and healthcare businesses have always operated on a fabless model. Ideally, we would also transition our inorganic chemicals business toward an intellectual property-centric model, even if not becoming fully fabless.
Achieving such a production structure requires substantial capital. With this ideal in mind, we will steadily strengthen our financial position as we move toward 2040.

New Central Research Institute

Accelerating Research in an Open Research Environment

While we have not introduced a new product in over a decade, we aim to accelerate agrochemical development and establish a pipeline capable of delivering one new agent every three years. Achieving this will require research DX and more active communication.
With regard to research DX, we are steadily building a research platform that enables AI-driven analysis and simulations using experimental logs and historical data, alongside the implementation of an electronic lab notebook system.
As for enhancing communication, we have brought our patent specialists together near the research departments to strengthen inter-organizational collaboration. By uniting the business, technical, intellectual property, and research management departments, we will ensure timely and reliable patent filings aligned with research progress, thereby boosting product added value and sustaining or expanding sales.
In addition, regarding our “New Central Research Institute” concept, i.e., the planned reconstruction of our Central Research Institute in Kusatsu City, Shiga Prefecture, we are currently reviewing specifications and costs in response to soaring prices for construction materials and labor, but we aim to complete the project by the end of the fiscal year ending March 2030. As an R&D-driven company, this facility will serve as a hub for talent development. We are designing a layout that fosters open innovation, bringing together diverse researchers from fields such as agrochemicals, healthcare, and materials chemistry on a single, expansive floor without walls or partitions to encourage active interaction. We also aim to create new value by actively facilitating personnel exchanges with other research facilities, such as TREC and Yokkaichi.
At the New Central Research Institute, we will minimize constraints on the research environment and create a setting where researchers can efficiently focus on their experiments, all to achieve our goal of developing one new agent every three years. For example, we will accelerate compound discovery by establishing a system for efficient synthesis through the introduction of parallel synthesis equipment, while simultaneously strengthening our synthesis capabilities by exploring new technologies such as flow synthesis.

Shareholder Returns

Towards Achieving Growth That Lives Up to the Trust Placed in Us

Since reinstating dividends in the fiscal year ended March 2019, we have consistently increased our dividend payouts. Furthermore, at the start of Stage II, we set a target for a consolidated dividend payout ratio of 40% or higher, and from the fiscal year ended March 2025, introduced a new target for a minimum DOE of 3%; we have successfully met our commitments regarding the DOE.
Regarding PBR, a key indicator of stock valuation, the figure once rose to 1.25 but has recently hovered around 1.0. We intend to attract new investor segments, including individual investors, by strengthening our IR activities, such as by establishing an Investor Relations Division and introducing interim dividends starting in the fiscal year ended March 2026. Given our high dividend yield, it is crucial that we articulate a growth strategy centered on portfolio transformation. Realizing this strategy is the responsibility of our management team.
We may face challenging business conditions in the future. Nevertheless, it is my hope that our shareholders will place their trust in the Group, based on our track record since reinstating dividends. We are committed to achieving our targets and dividend forecasts for fiscal 2026. We will not betray your trust. We plan to unveil a new growth strategy under Stage Ⅲ in May 2027, and I hope you will continue to support the Group with a long-term perspective.



Special Feature

Local Insight × Global Impact

Corn Herbicide Tolpyralate

Expanding Sales of the Corn Herbicide Tolpyralate in the Major Market of North America by Extending Its Application to Wheat

Our proprietary herbicide, Tolpyralate, is enjoying remarkable success in the major market of North America. This achievement, which has far exceeded initial projections, stemmed from a strategic insight to expand the application of an herbicide originally intended for corn to include wheat, combined with the impact of expanding sales channels through a partnership with a multinational corporation specializing in the wheat sector.
We spoke with the researcher who turned this insight into reality and the product manager who spearheaded the initiative to drive this impact, asking them to share the story behind the product's success.



Central Research Institute
Bioscience Research Laboratory,
Development Group Leader
Taketo Suganuma

Local Insight: Complementary Benefits of Tank-Mixing with a Product from Another Company

Tolpyralate is a "foliar-applied" herbicide, meaning its active ingredient is absorbed through the leaves and stems of weeds. By inhibiting a specific part of the photosynthesis process, it causes new leaves to bleach, stunts growth, and ultimately kills the plant. It is highly effective against summer-growing annual grasses and broadleaf weeds, and it is particularly notable for its strong performance against foxtail species among annual grasses.
Since joining the company in 2002, Taketo Suganuma has been engaged in herbicide research and development, including work on Tolpyralate. Initially, development focused on forage corn; Suganuma handled tasks such as optimizing the formulation, expanding data to support the dissemination of application techniques across different regions, and conducting trials required for product registration. Even at that early stage, he was already envisioning its future application to wheat.

Suganuma: "We had discovered from the beginning stages of development that it could also be applied to wheat. While Tolpyralate is highly effective against foxtail grasses, a problem in North American wheat cultivation, its efficacy against winter annual weeds is limited. Because the range of target weeds was limited, it was difficult to launch Tolpyralate as a standalone product for wheat; consequently, development proceeded first with corn, which offered greater promise. Nevertheless, the North American wheat market is massive, with a cultivation area of approximately 13 million hectares for spring wheat alone. We viewed it as a major market opportunity in which Tolpyralate's performance could be fully leveraged."

It was while evaluating the performance of products from other companies that Suganuma became convinced of Tolpyralate's potential for use on wheat.

Special Feature

Local Insight × Global Impact

Corn Herbicide Tolpyralate

Suganuma: "We routinely conduct performance evaluations to verify the efficacy of products from other companies. As part of this process, We re-evaluated an herbicide marketed by a major U.S. agrochemical company and found it to be less effective against foxtail grasses. The prevalence of foxtail grasses in North American wheat fields may well be the result of long-term reliance on herbicides with poor efficacy against these weeds. We realized that tank-mixing this product with Tolpyralate, which is highly effective against foxtail grasses, would allow the two to compensate for each other's weaknesses. This insight marked a turning point in our efforts to expand the product's application to wheat."

A Safener Makes the Difference

Expanding the application to wheat involved numerous tasks. One of them was ensuring crop selectivity.

Suganuma: "Causing even the new leaves of the wheat to bleach would defeat the purpose; therefore, it was necessary to determine an application rate that is safe for the crop while killing only the weeds. This is known as 'crop selectivity'; however wheat exhibits lower selectivity than corn and is more prone to herbicide injury. We investigated the safety threshold for wheat by gradually reducing the application rate from the 30 - 50 grams per hectare effective for corn.

Suganuma: "We faced particular challenges regarding the tendency for phytotoxicity symptoms in wheat to intensify when high temperatures persisted after application, as this caused excessive absorption of the chemical. We ultimately overcame this issue by using an active ingredient known as a 'safener,' which specifically mitigates crop injury. While this ingredient has no effect on either wheat or weeds when used alone, combining it with an herbicide enhances crop safety without compromising weed control efficacy. The herbicide used in the mixture also contained the same safener, thereby ensuring crop safety.

Tolpyralate, which was launched following regulatory approvals in various countries, is now sold in 12 nations, including across the Americas and Asia, and has grown into a key product generating 4.9 billion yen in sales in fiscal 2025. Its performance in the wheat market has been particularly strong; it is highly valued for its superior efficacy against foxtail grasses, which is a capability lacking in conventional products, and is seeing sales growth that exceeds initial projections.

Suganuma: "Working on the application of Tolpyralate to wheat taught me not to give up when facing difficult challenges. While new obstacles inevitably arise when shifting to a different application area, they can be overcome by persevering and methodically testing potential solutions one by one.
Currently, many of our proprietary products have seen their patents expire and are facing competition from generics. Differentiation is key. I aim to unlock new potential for our products by identifying areas where market penetration has stalled due to specific challenges, analyzing them from various angles, and developing new tank-mix technologies or application methods to expand their scope of use."

Making TREC a Motivating Workplace for Everyone

The Technology Research Center, Hyogo-Ono (TREC; Ono City, Hyogo Prefecture), is engaged in developing technologies to produce agrochemicals more efficiently and cost-effectively. It was Kengou Kizu who succeeded in reducing the production cost of Tolpyralate by approximately 15% at this facility. We spoke with Kizu about how he achieved this result and his future goals.

How did you achieve cost reduction?

One method involved providing technical guidance to our contract manufacturing plants. We had been producing the intermediate for Tolpyralate in both India and South Korea, with production costs in India being significantly lower. However, the intermediate suffered from poor storage stability, making it difficult to store. We achieved long-term storage capability by modifying not only the packaging materials but also the packaging procedures to minimize air exposure. This enabled the export of the lower-cost intermediate from India, thereby reducing production costs in South Korea.

Another method was improving the yield by changing the base and catalyst. Recognizing that previous studies had not thoroughly evaluated these components, we explored various combinations to identify the optimal base and catalyst.

What has changed since TREC was established?

Previously, even when we achieved good results in the lab, the lack of in-house scale-up facilities meant we often had to outsource that stage, resulting in a process that took anywhere from several months to a year to gather the data needed for full-scale production. With TREC's facilities, however, we can handle this in-house, cutting the time required for data acquisition in half. Sample synthesis, as well, was a process that took a full year to produce just a few kilograms using our Central Research Institute's equipment, but it can now be completed in two to three months.

What are your goals for the future?

My mission is to accelerate R&D and pass on technical expertise to the younger generation, but, beyond that, I also want to make TREC a workplace where everyone feels truly motivated to work. Specifically, I envision an environment where people can quickly put their ideas into action. In the past, there were many things we couldn't do due to equipment or facility limitations, but, here, those hurdles have been significantly lowered. I believe we have created an environment where it is much easier to turn ideas into reality.



Biosciences Business Headquarters
Technology Research Center, Hyogo-Ono
Commercialization Engineering Group Manager

Kengou Kizu

Special Feature

Local Insight × Global Impact

Corn Herbicide Tolpyralate

Global Impact: Exploring a New Business Model

Tolpyralate moved toward expanded application for wheat crops. However, penetrating international markets, including the major market of North America, presented significant hurdles. The key factor in overcoming these obstacles was collaboration with a multinational corporation specializing in the wheat sector. From the very early stages of development, ISK actively pursued a partnership model in which the Tolpyralate active ingredient was sold to a major agrochemical partner, which then mixed it with another herbicide to create the final commercial product. Hiroshi Kikukawa was the driving force behind this collaboration.

Kikukawa was originally a researcher involved in the discovery and development of Tolpyralate. He later served as an herbicide product manager within the Biosciences Business Headquarters. This was the period when he spearheaded this collaborative effort.

Kikukawa: "While Tolpyralate is an excellent herbicide, its spectrum of target weeds in wheat cultivation is too narrow for it to take the lead role. We needed another product to serve as the lead role, one that would allow Tolpyralate to play a stellar supporting role. That was when the other party reached out to us."

ISK already had an established business relationship with them involving the trading of agrochemical active ingredients, intermediates, and finished products and was scheduled to meet their representatives for business discussions at the CAC (China International Agrochemical & Crop Protection Exhibition) in Shanghai. During the 2018 meeting, they also proposed discussing Tolpyralate.

Kikukawa: "During the actual meeting, I received a proposal to collaborate in the wheat market by combining Tolpyralate with 'Pyroxsulam,' one of their herbicides. Their explanation, such as regarding the benefits of using the two agents together, was clear and convincing."

While Pyroxsulam is a versatile herbicide, it has a weakness in that it is less effective against certain weeds, such as foxtail species. In contrast, although Tolpyralate cannot control a broad spectrum of weeds in wheat fields, it is highly effective against specific, important weeds like foxtail, thereby compensating for Pyroxsulam's shortcomings.

Kikukawa: "Actually, back in 2015, three years prior, we presented findings on the development and performance of Tolpyralate at the Weed Science Society of America conference. I believe that presentation sparked their interest. After evaluating Tolpyralate over the course of several seasons, they likely concluded that it would be a valuable addition to their herbicide portfolio."

However, ISK had hardly any prior experience with a business model in which it would supply a proprietary new compound, in the form of an active ingredient, to another company at an early stage of development for commercialization.

Kikukawa: "There were some who argued that selling the product in its final form would yield a higher unit price and greater profit. However, multinational corporations possess powerful sales networks and the capacity to achieve widespread market penetration. We believed that by taking advantage of their sales capabilities, we could significantly increase sales volume and ultimately generate greater overall profits."



Central Research Institute,
Deputy Director
Hiroshi Kikukawa

Special Feature

Local Insight × Global Impact

Corn Herbicide Tolpyralate

Net Sales Significantly Exceeding Initial Forecasts

Shortly thereafter, a development agreement was concluded. ISK supplied the active ingredient and entered the development and commercialization phase.

Kikukawa: "In major Canadian wheat-growing regions, soil characteristics can cause herbicide residues to persist in the ground. Because such residues can harm subsequent crops, existing herbicides require a rotation restriction' (a waiting period before planting the next crop) of several months or more.
In contrast, Tolpyralate is a 'foliar-applied' herbicide, which is absorbed through the leaves and stems of weeds, that leaves virtually no residue in the soil. Consequently, farmers can plant the next crop immediately after application without issues, eliminating the need for rotation intervals.
This feature made it highly attractive to farmers compared to existing products with rotation restrictions, leading us to believe it could capture a significant share of the market. And, indeed, that is exactly what is happening now. I truly feel that a multinational corporation provided the perfect stage for Tolpyralate to demonstrate its full potential."

Ultimately, the strategy adopted involved selling a product that combined Tolpyralate with Bromoxynil (highly effective against broadleaf weeds) and having farmers mix it with Pyroxsulam during application. Upon launch, net sales far exceeded initial projections.

Kikukawa: "To be honest, we initially viewed corn as the primary market for Tolpyralate and wheat as secondary. Since it was intended to be used in combination with another herbicide, playing a supporting role, so to speak, we thought that secondary status was sufficient. However, actual sales vastly outperformed our expectations, and, today, the wheat market now accounts for a portion of Tolpyralate's global sales.

He also discussed his own role and approach, expressing optimism about continuing to collaborate with external partners from the R&D stage onward.

Kikukawa: "I have returned to the research institute. Moving forward, I intend to leverage my past experience and knowledge to contribute to agrochemical R&D, specifically, the creation of novel agrochemicals. I also aim to establish an environment that fosters efficient, rapid results through collaboration with external partners from the early stages of research. Furthermore, I will dedicate myself to talent development by thoroughly passing on my experience and knowledge, ensuring that young researchers can develop steadily."

Leveraging Experience to Support the Coordination of IBA as a Whole

There is still significant room to expand sales of Tolpyralate in the Americas, which is a major market for the product. Hiroyuki Okamoto, who transferred from the Head Office to U.S. subsidiary ISK Biosciences Corporation (IBA) in May of this year, is taking on this challenge. Leveraging his background as a researcher and his extensive knowledge, he aims to drive the expansion of the business in the Americas.

What is your mission in the Americas?

My mission is to "lay the groundwork" for the sustainable growth of our agrochemical business. Up until now, our sales strategy has focused on transactions with a relatively limited number of customers. To achieve further business growth, I believe it is crucial to broaden our reach to customers who appreciate the value of our products and to create more sales opportunities.

How is the process of "laying the groundwork" progressing?

We are currently in discussions with several potential partners to initiate business, aiming to establish business relationships by the end of 2026. I want to build relationships of trust, including with existing partners, that foster mutual benefit and long-term, shared growth.
I am placing particular emphasis on expanding our market share in the United States, which is the largest market within IBA's territory. By prioritizing key crops, such as corn, soybeans, and wheat, I aim to further strengthen our business foundation in the U.S. market.

What do you hope to achieve going forward?

I have been involved in various stages of our business value chain, starting with research lab work and moving into the management of agrochemical product development and commercialization, as well as sales and business development. I intend to leverage this experience to strengthen collaboration across functions, such as R&D, procurement, manufacturing, registration, and sales, between ISK and IBA, thereby supporting IBA's business growth.
My aim is to achieve the targets set out in our Medium-Term Management Plan "Vision 2030 Stage Ⅱ", which represents a vital, shared objective for IBA as well. While it is by no means easy, the entire IBA team is working together to achieve this goal, and I intend to contribute to that effort as a member of the team.



ISK Biosciences Corporation
IBA Strategic Marketing Liaison
Hiroyuki Okamoto

Purpose and Corporate Philosophy

Purpose

To continue contributing to better living environments through chemical technologies

Basic Philosophy

Contribute to social development, protection of life and environmental preservation

Respect shareholders, customers, suppliers, local communities and employees

Abide by laws and regulations; maintain transparency in business activities

Code of Conduct

- At ISK Group, we will strictly observe laws, regulations, social norms and Company rules, while steadfastly adhering to high ethical standards, so as to gain social trust in our business.
- In manufacturing activities, we will place the utmost priority on global environmental protection, as well as on worker safety, and will work to prevent any workplace accident or disaster.
- On the basis of respect for human rights, we will promote mutual understanding and cooperation among employees, in order to create an open and friendly workplace.
- To maintain transparency in our business activities, we will promote communication with local communities and society, and will disclose corporate information in a timely and appropriate manner.

Vision 2030 Management targets

Operating income

Greater than ¥24 billion

Estimated net sales

Greater than ¥180 billion

ROE

10% or more

Continuing stable return for shareholders

Contributing to realization of a sustainable society together with improving our corporate value through such business activities.

Megatrends

- Escalating climate change issues, transition to a carbon-neutral society
- Aging populations as a result of greater longevity
- Growth of the global population and food problems
- Growth of emerging economies
- Unstable political situations around the world
- Development of digital technologies
- Improvement in the standard of living

Stakeholders

- Shareholders and investors
- Local communities
- Customers and business partners
- Employees

Organic chemicals business

Supply unique products that directly enhance customer value across the world, and support people's nutrition, health and life to contribute to realizing a sustainable society.

Agrochemicals	Improving agricultural production stability and quality
Animal health products	Attain a comfortable life with companion animals
Pharmaceuticals	Contributing to medical care

- Pursuing development and commercialization in a way that's aware of the value chain
- Accelerating the creation of value and restoring our growth trajectory by improving and evolving in-house technologies
- Manufacturing flagship products at the lowest cost in the world and supplying them in a stable manner to customers

Inorganic chemicals business

Create new value based on the technologies developed for titanium dioxide products, to support the environment and digital society, and contribute to realizing a sustainable society.

Functional materials	Creating a range of comfort
Titanium dioxide	Providing a variety of colors and hues
Environmental products	Achieving both innovation and environmental protection

- Contributing to the resolution of social issues such as the adoption of information and communications technologies and the electrification of automobiles through functional materials
- Diversifying the optical properties of titanium dioxide to realize new value creation
- Reducing environmental impacts while streamlining production through a revolution in production structures

New businesses, others

- Building a new business portfolio
- Strengthening development of environmentally friendly products by investing resources (people and money) with an awareness of environmental, social, and corporate governance (ESG) considerations
- Establishing structures to pursue carbon neutrality by 2050

Business in Brief

Organic chemicals business

Underpinning food production worldwide and saving animal lives

Our organic chemicals business, whose flagship agrochemical products include herbicides, fungicides, and insecticides, is building a broad network that encompasses the Americas, Europe, and Asia. The value of its exports places it among the leading domestic businesses in its sector. Furthermore, we've identified animal health products created through the application of agrochemical development technologies as a new growth sector, and we're working to start sales in major countries worldwide.



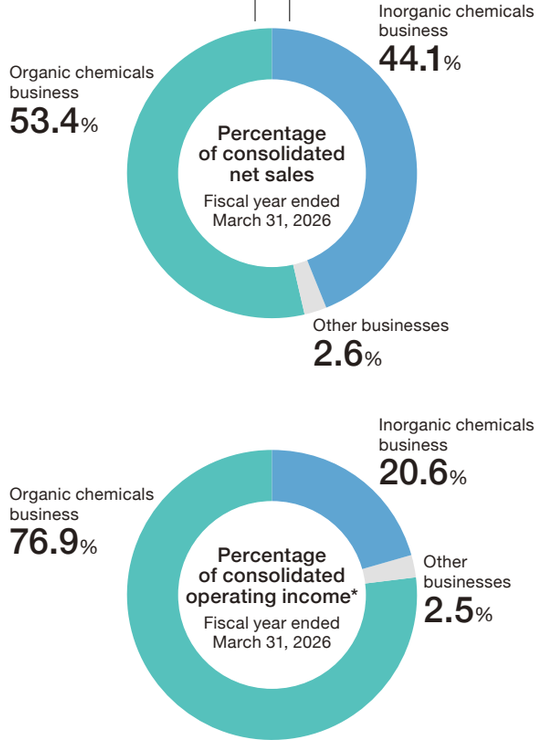
Agrochemicals

Since becoming the first company to introduce chemical agrochemical technology to Japan, we have been a pioneer in the agrochemical industry, leveraging our world-class R&D capabilities to provide products that are friendly to people and the environment worldwide. We opened a new research facility, the Technology Research Center, Hyogo-Ono, in December 2025 to further strengthen our R&D capabilities and efficiency.



Animal health products

PANOQUELL™, the world's first canine anti-pancreatitis drug, is a flagship product in this segment. We're already manufacturing and selling it in Japan, and we expect to obtain full regulatory approval and transition to full-scale sales in the U.S. in the near future. We're also working to broaden the applications of the major ingredient fuzapladib sodium hydrate to include other conditions, including other inflammation diseases, in ways that take advantage of its unique action mechanism.



* Pre-allocation of corporate expenses

Inorganic chemicals business

Supplying products that help realize a comfortable, sustainable society

The flagship products of our inorganic chemicals business include functional materials like electronic component materials and thermal barrier materials. We're also the only domestic manufacturer to produce titanium dioxide in chloride process*, which has a lower environmental impact, and we supply the material as a white pigment to a broad range of fields, including for use in industrial products like paints, plastics, and inks as well as cosmetics and synthetic fibers.

* A manufacturing method that requires advanced technologies and that is characterized by low industrial waste emissions.

Functional materials, titanium dioxide, and other chemical products

Electronic materials

We offer newly developed materials needed to fuel progress in digital technologies, including high-purity titanium dioxide, a raw material used in laminated ceramic capacitors.



Functional color materials

We contribute to a comfortable living environment by using proprietary material design technologies to develop functional materials. These include high jet-black pigments, conductive materials, layered titanate, cosmetic-use pigments, and micro-granular titanium dioxide.



Fine chemicals

We supply fine chemicals including titanium dioxide for use in pigments, which is our core business, as well as high-weather-resistant titanium dioxide, chemical products, and HASClay™.



Business in Brief

Key Figures

Fiscal year ended March 31, 2026

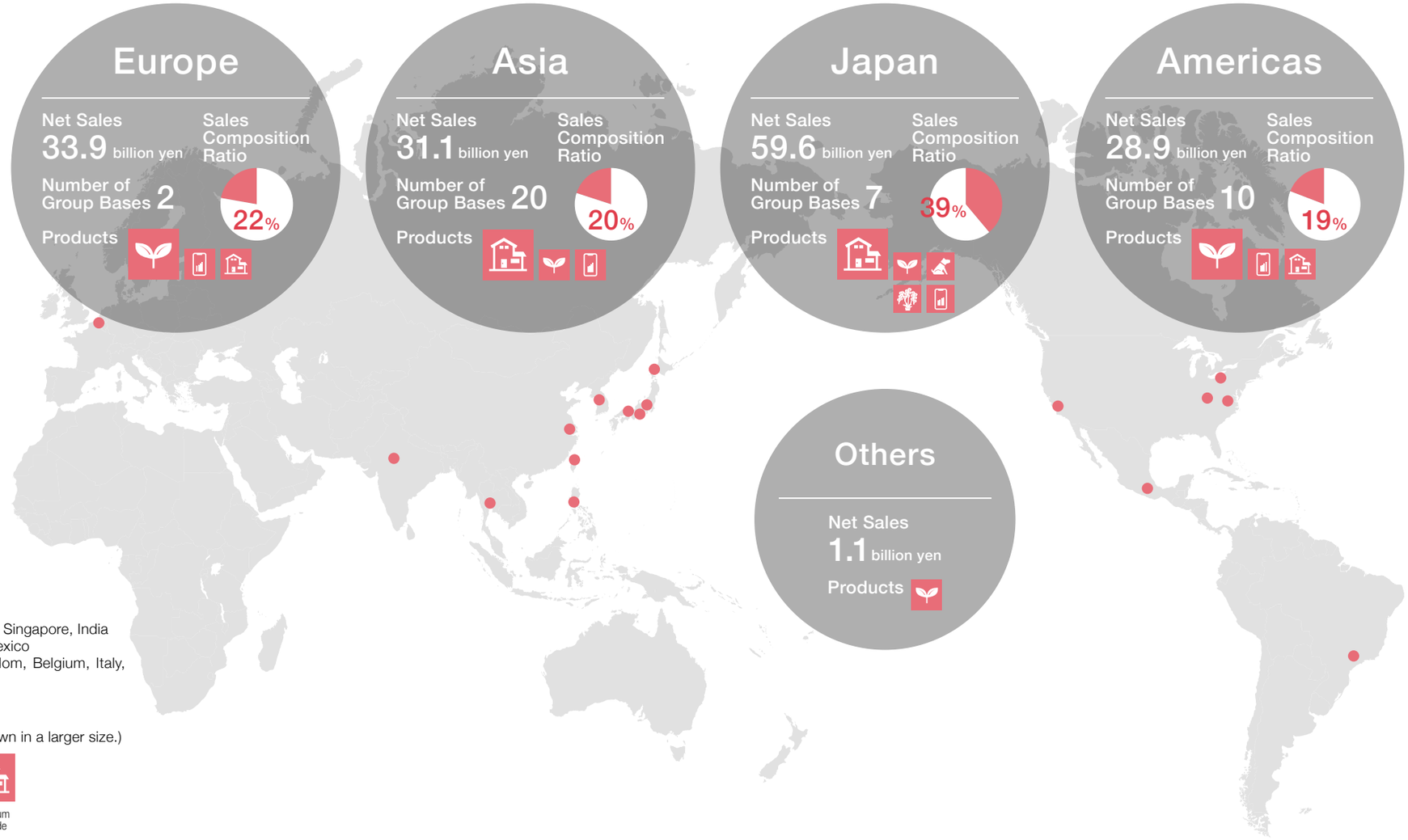
Net Sales	154.8 billion yen
Operating Income	19 billion yen
Operating Margin	12.3 %
ROE	13.7 %
Capital Adequacy Ratio	53.7 %
R&D Expenses	11.2 billion yen
Group employees	1,813

Major countries and regions in each category

- Asia: China, Taiwan, South Korea, Thailand, Indonesia, Singapore, India
- Americas: United States, Canada, Brazil, Argentina, Mexico
- Europe: Germany, Netherlands, France, United Kingdom, Belgium, Italy, Eastern Europe and the Middle East
- Other Regions: Australia, New Zealand, Africa

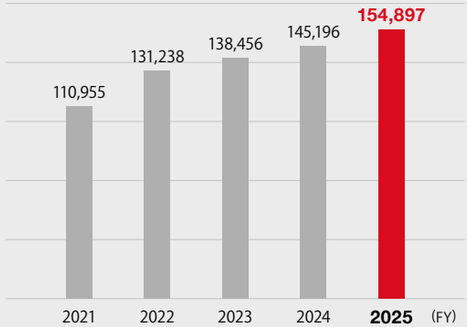
Pictograms representing major products
(The product with the highest sales in each region is shown in a larger size.)

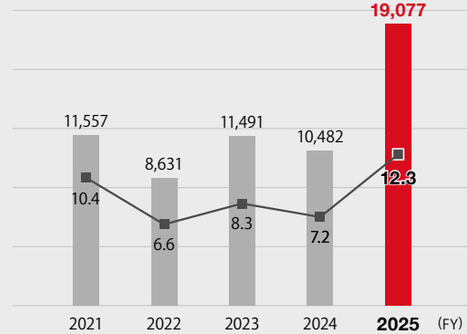
Agrochemicals / Animal health products / Blue phalaenopsis / Functional materials / Titanium dioxide

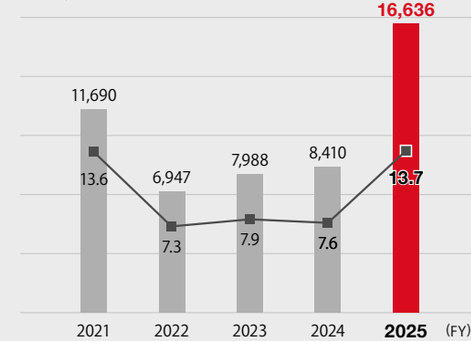


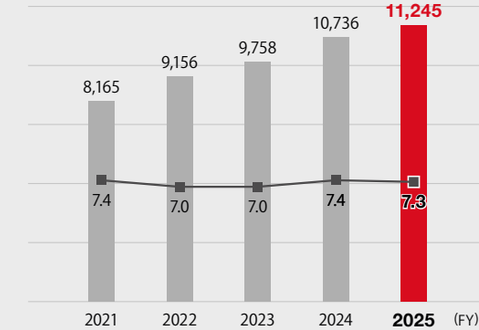
Financial and Non-Financial Highlights

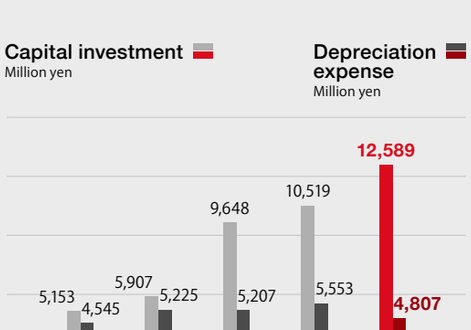
Financial Highlights (Consolidated)

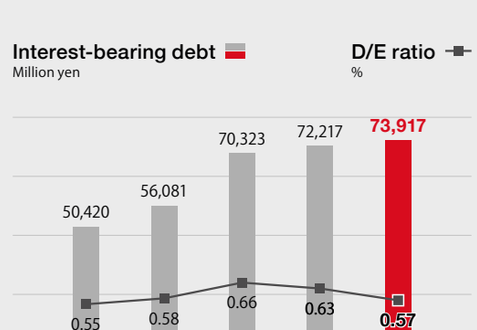


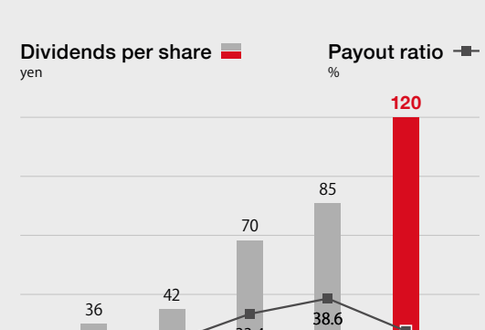


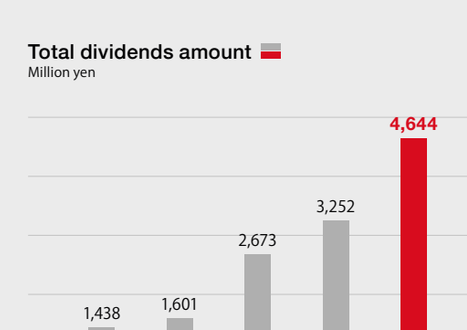










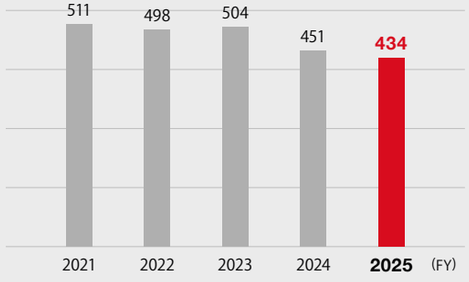


Financial and Non-Financial Highlights

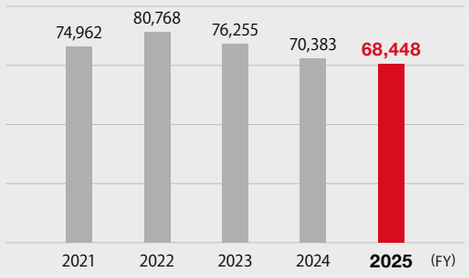
Non-Financial Highlights

Environmental

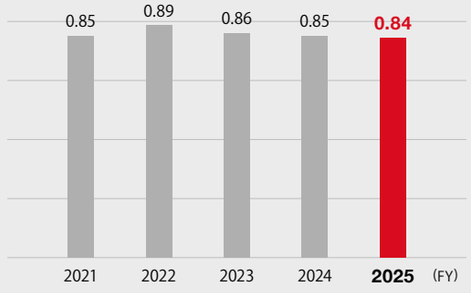
Greenhouse Gas (GHG) emissions (ISK Group*1)
Thousand tons CO_2e



Industrial waste (sludge) (Japan, consolidated*2)
t

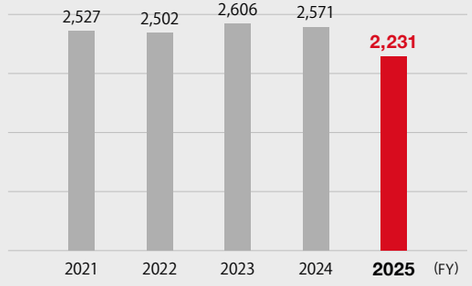


Energy intensity (Japan, consolidated*2)
kl/t



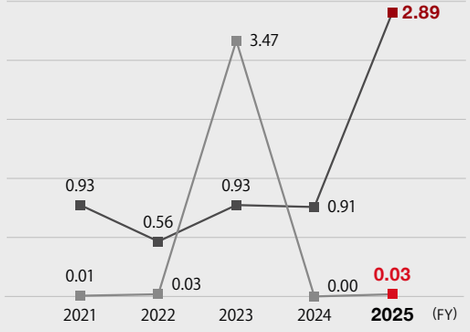
Others

Number of patents held (non-consolidated)
Cases



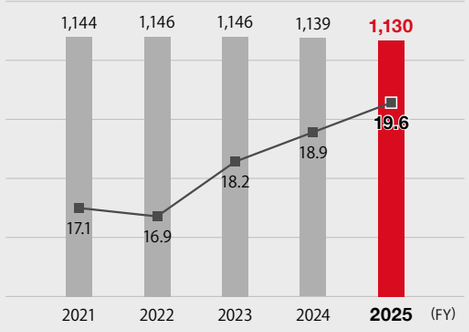
Social

Workplace accidents (Japan, consolidated*2)
Frequency rate of lost-worktime injuries
%
Severity rate
%

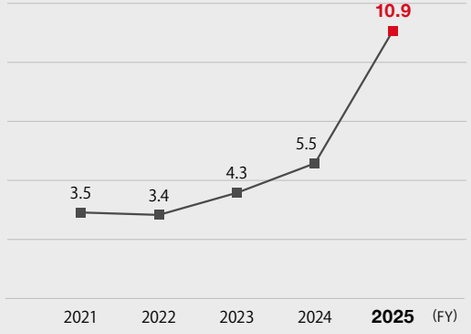


Number of employees
(non-consolidated)
Persons

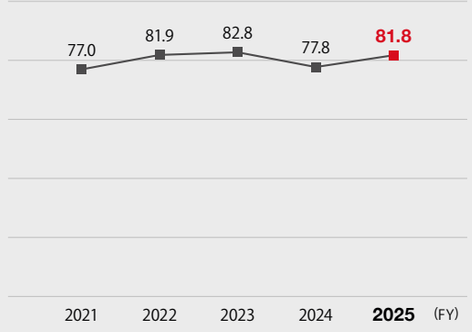
Female employee ratio
(non-consolidated)
%



Female manager ratio (non-consolidated)
%



Paid leave acquisition rate (non-consolidated)
%



*1 Entire ISK Group *2 Operated by ISK and Fuji Titanium Industry Co., Ltd. Production facilities only.

Value Creation Process

Building upon the chemical technologies and expertise cultivated over many years, the ISK Group engages in unique value creation by leveraging six types of capital: human, intellectual, manufacturing, natural, social and relationship, and financial.
Across our value chain, spanning from R&D to sales, we aim to enhance sustainable corporate value while contributing to the resolution of societal issues in diverse business fields, including agrochemicals, animal health drugs and electronic materials.

Input

Six Types of Capital Supporting Our Business Activities ▸P19

We are building a foundation for sustainable value creation by combining diverse types of capital.

- Human Capital
- Intellectual Capital
- Manufacturing Capital
- Natural Capital
- Social and Relationship Capital
- Financial Capital

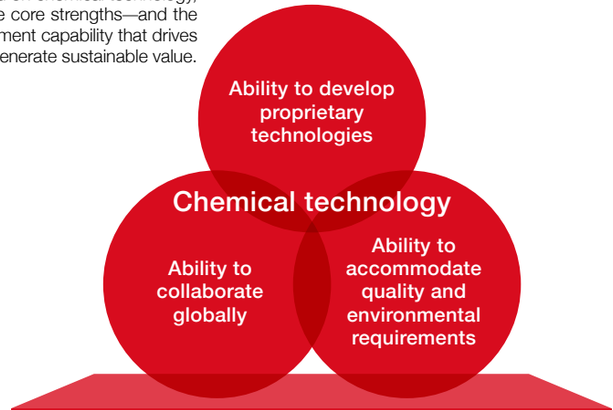
Business Model

Value chain

Research and Development → Product Development → Procurement → Production → Logistics → Sales

ISK's Value Creation Core

Centered on chemical technology, our three core strengths—and the management capability that drives them—generate sustainable value.



- Management capability
- Materiality ▸P47
- Vision2030 ▸P13
- Purpose Basic Philosophy / Code of Conduct ▸P12

Output

ISK's Products

By bringing our unique technologies and expertise together, we provide products that contribute to society across diverse business areas.

Agrochemicals ▸P29
To help ensure food security and achieve sustainable agriculture, we leverage our long-cultivated discovery and development capabilities to provide crop protection-related products globally which address the specific agricultural challenges and needs of each region.

Animal health products ▸P32
We leverage our development strengths to deliver outstanding products that meet the needs of pet owners and veterinary professionals.

Electronic materials ▸P34
We research, develop, and supply electronic component materials that support next-generation digital technologies requiring higher performance and miniaturization.

Functional color materials
We leverage our proprietary material design technology to supply high-performance materials to a diverse range of industrial sectors, including the automotive and cosmetics industries.

Fine chemicals
We provide chemical products like titanium dioxide that meet the needs of a wide range of industrial sectors, including paints, resins, and inks.

Outcome

Social Value

- Improving agricultural production stability and quality
- Attain a comfortable life with companion animals
- Contributing to medical care
- Providing a variety of colors and hues
- Creating a range of comfort
- Achieving both innovation and environmental protection

Economic Value

Vision 2030 Targets

Operating Income
¥24Billion or more

ROE 10% or more

Six Types of Capital Supporting Our Business Activities

Human Capital-Driven Value Creation and Corporate Value Enhancement

The ISK Group has cultivated unique technologies and expertise as an R&D-driven enterprise, building a foundation for value creation based on the insights, experience, and spirit of challenge of its diverse workforce. Revenue and cash flow are generated through the interplay of intellectual capital, derived from human capital, with manufacturing, natural, and social and relationship capital during the course of business activities. Through this cycle of capital, our Group aims to achieve sustainable growth and enhanced profitability, while, by leveraging human capital management and intellectual property and DX strategies, we seek to increase the reproducibility of value creation, thereby improving the quality of our business portfolio and enhancing our corporate value over the medium to long term.

Human Capital

Securing and making the most of a diverse group of human resources are key priorities of the ISK Group. We strive to secure human resources with a challenging spirit and a global perspective, regardless of their gender or nationality, as newly hired graduates or mid-career hires. We also help newly hired employees develop their careers in order to strengthen their basic skills as working members of society, raise the awareness of employees at all levels of their roles, and offer a career development program designed to prepare promising candidates for executive roles. In this way, we're working to put in place an environment in which all employees can embrace the challenge of doing high-quality work and to enhance our training programs. Through these initiatives, we will maximize the value of our human resources.

Intellectual Capital

Research and development have long been a priority for the ISK Group. We ensure that we maintain R&D expenses above a certain level regardless of fluctuations in business performance. R&D activities at the Central Research Institute and Yokkaichi Plant account for the majority of R&D expenses, while some are used for the registration of agrochemicals in various countries. Through these efforts, we will support our business by applying for and obtaining patents both domestically and internationally for new agrochemicals and inorganic materials.

Manufacturing Capital

Most products in our organic chemicals business are produced at contractors' facilities, rather than at our own plants. In this way, we've linked manufacturing directly to product sales and implemented supply structures that are resistant to geopolitical and ESG risk. In addition, we're working to lower the cost of manufacturing aggressively so that we can compete with generic products. Although products in our inorganic chemicals business are produced at our Yokkaichi Plant, we will halt production of titanium dioxide in sulfate process at the end of FY2026. We are aiming to transform our business into a sustainable profit-generating model, centered on our strength of being Japan's only producer of titanium dioxide using the chloride process.

Natural Capital

We treat energy, water, and titanium ore consumption at Yokkaichi Plant and our subsidiary, Fuji Titanium Industry, as key indicators so that we work to reduce the volume of our CO_2 emissions, water usage, and industrial waste disposal. By reducing coal-fired boiler CO_2 emissions as part of our efforts to address global warming, we aim to preserve a comfortable living environment.
Through more thorough chemical substance management, we are reducing the amount of emissions and transfers, with the goal of reducing the impact on humans and the ecosystem to as close to zero as possible.

Social and Relationship Capital

In keeping with the Group's corporate philosophy, we strive for the sustained growth of our business and growth in our corporate value through a commitment to compliance and management that is transparent, trustworthy, and sound. We promote two-way communication to earn the trust of local residents, for example through efforts to ensure safety and disaster prevention, environmental activities, and active communication of information. In addition to undertaking human rights initiatives, we observe the laws and regulations in every country and region in which we operate, and we ensure our purchasing activities are characterized by decency and adherence to social ethics.

Financial Capital

The ISK Group considers taking maximum advantage of the resources it owns to generate profit efficiently to be an important priority. Under Vision 2030 Stage Ⅱ, we will introduce ROIC management and work to further improve capital efficiency. In addition, we will control the balance between equity and interest-bearing debt, both of which are sources of assets, as we work to lower capital costs.

Six Types of Capital Supporting Our Business Activities

Six Types of Capital - Key Initiatives and Key Indicators

	Key Initiatives	Key Indicators
Human Capital	**Key Elements of Human Capital Strategy** ■ Securing diverse talent ■ Developing talent that drives innovation ■ Self-actualization (realizing career aspirations)	■ Number of employees (FY2025 consolidated) **1,813** ■ Number of new graduates hired **20** (including 8 women) (FY2025 non-consolidated) ■ Number of mid-career hires **42** (including 14 women) (same as above) ■ Training expenses per employee (FY2025 non-consolidated) **67,000** yen per person/year ■ Female manager ratio (same as above) **10.9**% ■ Number of employees taking childcare leave (same as above) **21** ■ Paid leave acquisition rate (FY2025 non-consolidated) **81.8**% ■ Number of participants in global talent development programs (same as above) **72** ■ R&D employee ratio (same as above) **20.6**%
Intellectual Capital	**Key Elements of IP and DX Strategies** ■ Strengthening in-house development capabilities ■ Global IP strategy ■ Promoting digitalization	■ R&D expenses (FY2025 consolidated) Total of ¥**11.2** billion ■ Organic chemicals business **10.0** billion yen ■ Inorganic chemicals business **0.9** billion yen ■ Number of patents held (non-consolidated, as of the end of FY2025) **2,231** ■ Domestic **192** ■ Overseas **2,039** ■ Sales ratio of proprietary products within the organic chemicals business (FY2025 consolidated) **90.0**%
Manufacturing Capital	**Key Elements of Business Strategy** ■ Strengthening competitiveness through focus and concentration ■ Resilient supply system ■ Risk-diversified production strategy	■ Capital investment (FY2025 consolidated) **12.5** billion yen ■ Organic chemicals business **4.6** billion yen ■ Inorganic chemicals business **6.9** billion yen ■ Contract manufacturing sites for agrochemicals (FY2025 non-consolidated) **39** sites ■ Domestic **19** sites ■ Overseas **20** sites ■ Production value (FY2025 consolidated) **137.1** billion yen ■ Organic chemicals business **70.9** billion yen ■ Inorganic chemicals business **66.1** billion yen
Natural Capital	**Key Elements of Environmental Value** ■ Promoting climate change countermeasures ■ Waste reduction and resource circulation ■ Thorough management of chemical substances	**FY2025 Yokkaichi Plant** ■ Energy (crude oil equivalent) **130,000** kl ■ Industrial water **14** million m³ ■ Seawater **9** million m³ ■ Titanium ore **120,000** t ■ CO_2 emissions **460,000** t ■ Wastewater discharged into public waterways **24** million m³ ■ Industrial waste disposal volume **84,000** t ■ Industrial waste (PRTR-listed substances) **1,300** t
Social and Relationship Capital	**Key Elements of Coexistence with Local Communities** ■ A trusted management foundation ■ Dialogue with investors ■ Fulfillment of social responsibilities	■ Transparent management prioritizing legal compliance ■ Sales presence: **73** countries ■ IR engagements with institutional investors (FY2025): **115** ■ Participation in the Ministry of the Environment's "30by30 Alliance for Biodiversity" ■ Conclusion of an agreement with Hyogo Prefecture on corporate-sponsored forest development activities ■ Impact of corporate branding
Financial Capital	**Key Elements of Financial Strategy** ■ Improving capital efficiency through ROIC-based management ■ Enhancing profitability and shareholder returns	■ Total assets (FY2025 consolidated) **240.4** billion yen ■ Interest-bearing debt (end of FY2025) **73.9** billion yen ■ Shareholders' equity (FY2025 consolidated) **120.1** billion yen **FY2026 performance forecast** ■ Consolidated net sales **150.0** billion yen ■ Consolidated operating income **14.2** billion yen ■ ROE **7.0**%

Vision 2030 Stage Ⅱ – Progress

Progress of Key KPIs

	FY2024 plan	FY2024 results	FY2024 differences	FY2025 plan	FY2025 results	FY2025 differences	FY2026 plan	FY2026 forecast
Operating income	10.0 billion yen	10.4 billion yen	0.4 billion yen	16.7 billion yen	19.0 billion yen	2.3 billion yen	19.8 billion yen	14.2 billion yen
Operating margin	6.9%	7.2%	0.3%	11.1%	12.3%	1.2%	12% or more	9.5%
Net income	6.0 billion yen	8.4 billion yen	2.4 billion yen	10.3 billion yen	16.6 billion yen	6.3 billion yen	13.6 billion yen	9.1 billion yen
ROE	5.6%	7.6%	2.0%	9.1%	13.7%	4.6%	10% or more	7.0%
Capital investment	13.0 billion yen	10.5 billion yen	-2.5 billion yen	15.7 billion yen	12.5 billion yen	-3.2 billion yen	4.0 billion yen	11 billion yen
R&D expenses	10.4 billion yen	10.7 billion yen	0.3 billion yen	9.8 billion yen	11.2 billion yen	1.4 billion yen	10.1 billion yen	16.1 billion yen
Dividends per share	70 yen	85 yen	15 yen	100 – 105 yen	120 yen	15 – 20 yen	143 yen	130 yen

FY2025 Progress

Organic chemicals business

- Our biosciences business saw a significant increase in profit, driven by factors such as rising sales in Europe and North America and the impact of exchange rates (a weaker yen).
- In our healthcare business, the operating loss narrowed due to increased overseas sales; however, rising costs prevented a return to profitability.

Inorganic chemicals business

- Domestic sales of electronic materials grew.
- Functional color materials saw solid demand for cosmetic applications.
- Fine chemicals saw improved earnings, as the sales expansion efforts undertaken in the previous fiscal year to optimize inventory levels were no longer required.

Progress on Major Initiatives

Strengthening R&D capabilities and improving efficiency for greater originality	Strengthening development capabilities and competitiveness through DX adoption and intellectual property strategies Upgrading process development to reduce costs via the establishment of TREC
Accelerating globalization	Launching production with new subcontractors, centered on India, in addition to existing subcontractors, with the aim of balancing cost reduction with stable supply
Pursuing ROIC management	Working to identify key factors for improving ROIC in each business segment and further upgrade our ROIC-based management by integrating these into our KPIs and reviewing our strategic initiatives
Continuing stable shareholder returns	Under our shareholder return policy, implementing a dividend policy with a minimum DOE of 3%. This represents a dividend increase of 35 yen per share (from 85 yen to 120 yen) compared to the previous fiscal year.

Message from the CFO

Preparing for the Next Medium-Term Management Plan, Vision 2030 Stage Ⅲ



Director of Finance & Accounting Headquarters
Toichiro Shiomi

Results for the Fiscal Year Ended March 2026

Towards Stable Earnings Growth

The fiscal year ended March 2026 marked the second year of our medium-term management plan, Vision 2030 Stage Ⅱ (covering the fiscal year ended March 2025 through the fiscal year ending March 2027). Measures to enhance profitability, already in implementation since previous fiscal years, proved successful; consolidated operating income reached a record high of 19.0 billion yen, and ROE stood at 13.7%, thereby achieving the targets set for the final year of Stage Ⅱ (operating income of 19.0 billion yen or more; ROE of 10% or more).

However, the underlying reality is that, while our inorganic chemicals and healthcare businesses fell significantly short of their Stage Ⅱ plan targets, the strong earnings of our biosciences business offset these shortfalls; in other words, our performance relied heavily on our bioscience business' profitability.

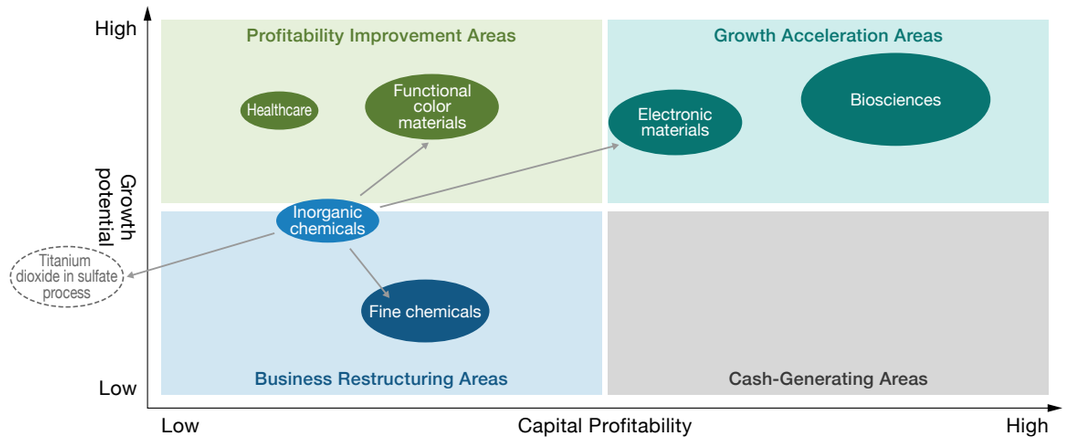
Although we continue to view our biosciences business as a core driver of our future growth, its profit levels are susceptible to global weather conditions. While weather factors worked in our favor during the fiscal year ended March 2026, we observe increasing weather instability, such as heatwaves in Europe, and the occurrence of such events and their impact on our earnings remain unpredictable.

Furthermore, requirements for maintaining agrochemical registrations in Europe are becoming increasingly stringent year by year, leading to a heavier burden of research and development costs to meet these standards. For the fiscal year ending March 2027, we forecast a decline in consolidated operating income to 14.2 billion yen, driven by rising costs, particularly in R&D for our bioscience business.

To achieve stable earnings growth, it is essential not only to further strengthen the profitability of our core biosciences business but also to raise our overall earnings level—and create a buffer against the inherent volatility of biosciences business—by improving the efficiency and profitability of our inorganic chemicals and healthcare businesses. Achieving this requires a dual approach: making upfront investments to boost profitability while simultaneously securing cash (and curbing cash outflows) by withdrawing from low-margin businesses.

The fiscal year ending March 2027 marks the final year of our Stage Ⅱ medium-term management plan, with Stage Ⅲ set to begin the following year. To pave the way for stable earnings growth in Stage Ⅲ, we have decided to implement, during this final year of Stage Ⅱ, painful measures involving structural reforms within our inorganic chemicals business. This decision will inevitably result in a decline in earnings and ROE for the fiscal year ending March 2027. However, we believe these measures are indispensable for achieving further stable growth and improving profit and ROE levels from the fiscal year ending March 2028 onward.

Conceptualization of Business Portfolio Transformation Capital Profitability × Growth Potential



Message from the CFO

ROIC

Selection and Concentration in Our Inorganic Chemicals Business (Titanium Dioxide)

For the fiscal year ending March 2027, Ishihara Sangyo has announced the implementation of a voluntary early retirement program and the withdrawal of its subsidiary, Fuji Titanium Industry, from the titanium dioxide business. Both measures aim to transform our inorganic chemicals business into a more profitable operation.

Two years ago, Ishihara Sangyo announced plans to cease titanium dioxide in sulfate process production by the end of March 2027. The current voluntary early retirement program at Ishihara Sangyo originated from discussions regarding the future of sulfate process plant employees.

Fuji Titanium Industry's titanium dioxide business also relied on the sulfate process. Although the company manufactured titanium dioxide primarily for synthetic fibers, it unfortunately struggled with low profitability.

In essence, these measures reflect a decision by the Ishihara Sangyo Group to withdraw from the titanium dioxide in sulfate process business, even at the cost of the pain associated with early retirement, after assessing its future prospects.

Meanwhile, electronic materials represent a future growth driver for our inorganic chemicals business. Specifically, this refers to materials for multilayer ceramic capacitors (MLCCs), a sector promising both growth and profitability. We intend to strengthen our earnings capacity by actively investing to increase production of electronic materials at both Ishihara Sangyo and our subsidiary, MF MATERIAL.

The concept of ROIC plays a key role in guiding these decisions regarding selection and concentration. We have been introducing this approach in stages since 2024, and, in December 2025, we established guidelines for investment decisions (excluding replacement investments). These guidelines evaluate the economic viability of investments based on WACC (Weighted Average Cost of Capital) and the payback period. While we do not base investment decisions solely on numerical criteria, these metrics inevitably factor into our considerations when evaluating potential investments.

I believe the decision to withdraw from titanium dioxide in sulfate process business also reflects the ROIC-based approach. After assessing the business' profitability, and considering projected levels of invested capital, we concluded that withdrawing from the business was preferable to making additional capital investments.

With this focus on invested capital, there is also a permeating awareness regarding the cash conversion cycle. Specifically, we are intensifying efforts to reduce working capital, and thereby generate cash, by managing inventory levels. In our inorganic chemicals business, we have adopted a policy of adjusting production volumes based on product inventory levels; we believe this approach successfully generated a significant amount of cash last fiscal year, driven by inventory reduction and the consequent decrease in working capital.

Cash Allocation

Strengthening Profitability in Our Organic Chemicals Business (Agrochemicals and Animal Health Products)

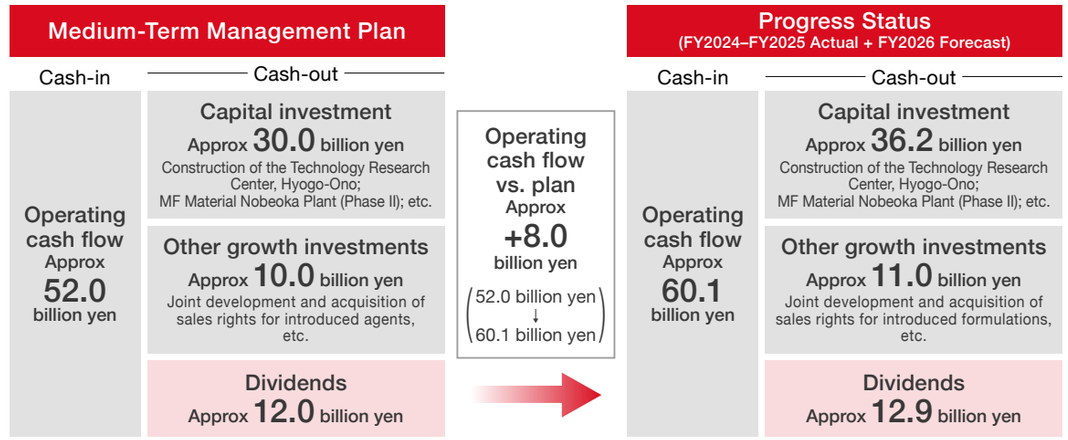
In our biosciences business, which is one of our key drivers, we anticipate growth stemming from both organic and inorganic sources.

Regarding organic growth, we are focusing not only on expanding sales in the North American and Indian markets but also on reducing agrochemical manufacturing costs.

Generic products are gaining an increasing market presence, and we must constantly remain mindful of the threat they pose to our own agrochemicals. In terms of production, we operate as a "fabless" company, which means we do not own manufacturing plants (with the exception of certain formulation processes). While outsourcing production allows us to avoid the burden of fixed manufacturing costs, thereby providing a degree of cost competitiveness, this alone is insufficient to fully counter the threat posed by generics.

In December 2025, we opened the Technology Research Center, Hyogo-Ono. Here, under a motto of "producing the world's lowest-cost agrochemicals," we conduct research daily into methods for reducing manufacturing costs. We view the investment in the Technology Research Center, Hyogo-Ono as essential to supporting the organic growth of our bioscience business.

Cash Allocation: Vision 2030 Stage Ⅱ (FY2024–2026) Progress Status



Message from the CFO

In addition to organic growth, we intend to actively pursue inorganic growth, including M&A, the acquisition of products or sales rights from other companies (introduced formulations), and joint development. Under our current Stage Ⅱ medium-term management plan, we have allocated specific funds for inorganic growth investments. We plan to maintain a similar investment allocation in the upcoming Stage Ⅲ medium-term management plan, aiming to seize inorganic growth opportunities without missing the right moment.
We look to animal health products within our healthcare business as a key driver of future growth. Sales of PANOQUELL™, an anti-inflammatory agent for acute canine pancreatitis, are expanding steadily in the U.S. market. However, we currently sell the product under conditional approval from the U.S. Food and Drug Administration (FDA), and our goal is to secure full approval. While our healthcare business segment is currently operating at a loss due to the substantial R&D costs required to achieve full approval, we anticipate that it will make a significant contribution to earnings once this R&D burden subsides.
Although the R&D costs are heavy, we view this as a period requiring patience, as we look forward to the future earnings contribution these investments will generate.

Financial Soundness

Financial Soundness Capable of Supporting Growth Investment

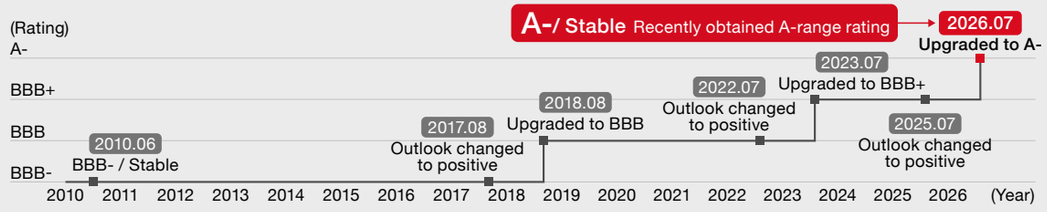
Investment is essential for strengthening our future earning power. However, it is important, of course, to strike a balance with financial soundness.
On July 24, 2026, our credit rating (from JCR) was upgraded from BBB+ (Positive) to A- (Stable). This upgrade reflects the improvement in our profit levels and the stability of our earning power. Following this upgrade, our immediate objective is to maintain our A-range rating rather than aiming for an AA rating.
Our capital adequacy ratio rose to 53.7% as of the end of March 2026. However, we do not intend to raise this ratio further merely to maintain or improve our credit rating; instead, we aim to keep it around the 50% level.
The upgrade to the A-range rating has also enabled us to diversify our financing methods.
We intend to actively invest in strengthening our earning power by utilizing not only internal capital generated from operating cash flow but, also, through borrowing, bond issuance, and other external funding sources. That said, we consider maintaining our A-range rating to be a prerequisite for this approach.

IR Activities and PBR

Strengthening IR Activities for Individual Investors

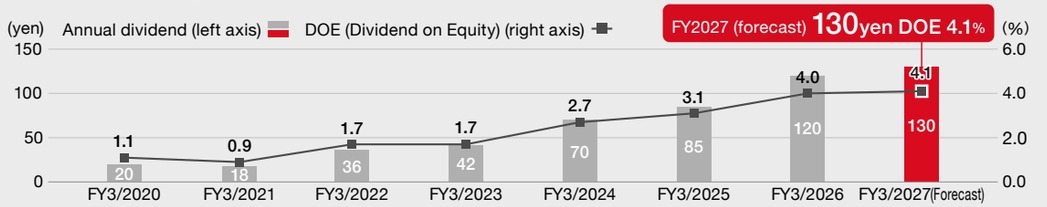
In February 2026, we established a new “Investor Relations Division” with the aim of strengthening our investor relations activities. In addition to handling one-on-one meetings with institutional investors, the division has begun preparing and releasing materials for our quarterly financial results announcements.
We have long reported feedback and insights gained from institutional investors in one-on-one meetings to the Board of Directors and incorporated them into measures such as shareholder return policies; however, with the establishment of the Investor Relations Division, we aim to enhance not only our external communications but also the sharing of information within the company.
With regard to external communications, we intend to further strengthen our IR activities aimed at individual investors. By increasing our visibility, such as through briefings for individual investors and participation in various IR fairs, we hope, first and foremost, to raise awareness of the Ishihara Sangyo name.

JCR Rating History (2010–2026): Upgraded to A- in July 2026



Source: Prepared by ISK based on JCR published data

Dividend History (2020s): Delivering stable and continuous returns. DOE is also steadily improving.



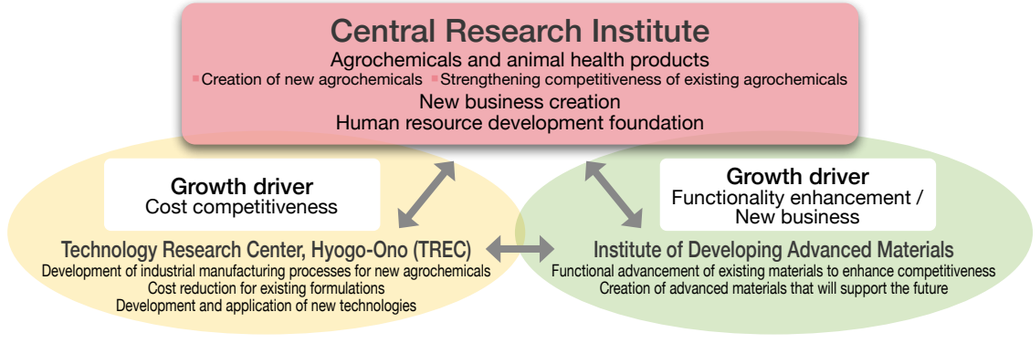
*DOE (Dividend on Equity) = Total annual dividends ÷ Shareholders' equity (average during the period) *ISK forecast for FY3/2027

Research and Development Activities

Research and development vision

Enhancing Business Competitiveness and Growth Generation Capacity Through Collaboration Between R&D Bases

Our Group is an R&D-driven enterprise that leverages chemical technology to simultaneously strengthen the competitiveness of our existing businesses and cultivate new areas for future growth.
At our Central Research Institute, we focus on creating new agrochemicals and animal health products, as well as maintaining and expanding our existing product lines. We are also exploring new business ideas, such as organic semiconductor materials. We place particular emphasis on creating new agrochemicals, which we expect to become key drivers of future growth. Furthermore, the Central Research Institute is a hub for a diverse range of researchers and serves as a foundation for developing ISK's R&D talent.
Our Technology Research Center, Hyogo-Ono (TREC) contributes to enhancing competitiveness by optimizing manufacturing processes and reducing costs for our existing agrochemicals. Additionally, TREC works on developing manufacturing processes for future products currently under research at the Central Research Institute.
Our Institute of Developing Advanced Materials focuses on such fields as electronic materials and functional color materials. Here, we enhance the competitiveness of our existing materials by developing higher-performance products, while also pursuing the creation of entirely new materials by building upon our existing technological expertise.
The addition of these two research centers has created synergies across our R&D sites, providing new drivers of growth: the acceleration of new business creation, the enhancement of existing products, and the strengthening of cost competitiveness. By simultaneously boosting the profitability of our current offerings and developing new products, we aim to augment our business portfolio and, thereby, enhance our corporate value.



Key Priorities

Converting R&D into Corporate Value Through Stronger Profitability and New Growth Opportunities

In our research and development activities, we are focusing on the following three areas to contribute to the enhancement of corporate value.

Three Priorities for Research and Development Activities

1 Strengthening competitiveness of existing agrochemicals

We will enhance the cost competitiveness and stable supply capacity of our core agrochemicals by refining manufacturing processes, shortening production cycles, improving yields, and advancing scale-up technologies. Furthermore, we will strengthen the development of new formulations that leverage the characteristics of our existing agrochemicals to address specific needs in the field.

2 Creation of future growth drivers

The Central Research Institute aims to create one new agent every three years by accelerating the discovery and development process, thereby ultimately generating future sources of revenue.
The Institute of Developing Advanced Materials leverages our core materials technologies to foster technical integration across business areas and organizational boundaries, with the goal of creating advanced materials that will support the future.

3 Enhancing our business portfolio

We will explore new business opportunities by leveraging the expertise and technologies cultivated in our existing operations, such as those related to agrochemicals, animal health products, and inorganic chemicals, while also flexibly incorporating external knowledge, technologies, and partnerships. Through this approach, we aim to strengthen our current businesses and augment our future business portfolio.

Research and Development Activities

Technology Research Center, Hyogo-Ono (TREC)

Reducing Manufacturing Costs and Strengthening Supply Stability

The Technology Research Center, Hyogo-Ono (TREC), which began operation in December 2025, serves as a new hub for the research and development of production technologies for agrochemical active ingredients. Equipped with pilot-scale facilities, it enables us to conduct scale-up studies in-house, bridging the gap between laboratory experiments and full-scale production. Through agrochemical active ingredient manufacturing process refinement, production cycle shortening, yield improvement, scale-up technology advancement and other means, TREC aims to reduce manufacturing costs and strengthen the stability of supply.

TREC effectively reconstructs, in an updated form, the scale-up capabilities for agrochemical active ingredients that were previously housed at the Yokkaichi Plant (Yokkaichi City, Mie Prefecture). Furthermore, it integrates process development functions that were once split between the Central Research Institute (Kusatsu City, Shiga Prefecture) and the Yokkaichi Plant.

In the production of agrochemical active ingredients, intermediates are typically procured at the lowest possible cost and then processed into final products using large-capacity reactors at contract manufacturing facilities. However, relying solely on laboratory-scale experiments makes it difficult to fully anticipate challenges that may arise during mass production. By identifying potential issues and establishing solutions through scale-up experiments at TREC, we can significantly shorten the time required to reach mass production while simultaneously lowering costs.

Because changes to manufacturing methods necessitate updates to agrochemical registrations in various countries, cost-reduction benefits are expected to begin materializing from FY2027. We project annual cost savings of $10 million by FY2028, with cumulative savings exceeding $70 million by the end of FY2030.

Additionally, TREC plays a vital role in developing chemical engineers and passing on expertise in plant engineering. By cultivating the talent that underpins production technology and ensuring that research outcomes are effectively translated into mass-production processes, TREC aims to enhance long-term business sustainability. To this end, we have established an open environment that facilitates interaction among both internal and external talent. This includes a laboratory equipped with state-of-the-art experimental facilities, flexible, unassigned workspaces, and a cafeteria. Looking ahead, we intend to extend these interactions to include external researchers and members of the local community, thereby fostering new discoveries while simultaneously enhancing our corporate image and strengthening our ability to attract talent.

Key Initiatives

- Optimization of manufacturing processes for existing agrochemicals
- Reduction of active ingredient costs
- Advancement of in-house scale-up technologies
- Technology transfer to overseas contract manufacturers
- Development of chemical engineers
- Passing on plant engineering expertise









Research and Development Activities

Central Research Institute

Nurturing the Seeds of Growth to Evolve Our Business Portfolio

The Central Research Institute is our core R&D center, responsible for creating new agrochemicals to drive future growth, developing new formulations of existing agrochemicals, expanding their approved uses, and exploring opportunities for new businesses. In FY2026, we are championing the New Central Research Institute that will serve as a sustainable research foundation where a diverse range of talent gathers to pursue the growth of our existing businesses while venturing into new fields.
In our biosciences business, we are accelerating research with the aim of contributing to business performance as early as possible, with the goal of discovering one new agent every three years. In the meantime, we will strengthen the sustainability of our existing business by developing new formulations of existing agrochemicals, expanding their approved uses, and taking measures to protect our market position. Furthermore, by fostering collaboration among researchers across areas such as agrochemicals, animal health products, and inorganic chemicals, we will generate new technologies and products which will, ultimately, enrich our future business portfolio.

Key Initiatives

- Discovery of one new agent every three years
- Acceleration of the discovery and development of new agrochemicals
- Development of new formulations and expansion of approved uses for existing agrochemicals
- Exploration of new business themes



Institute of Developing Advanced Materials

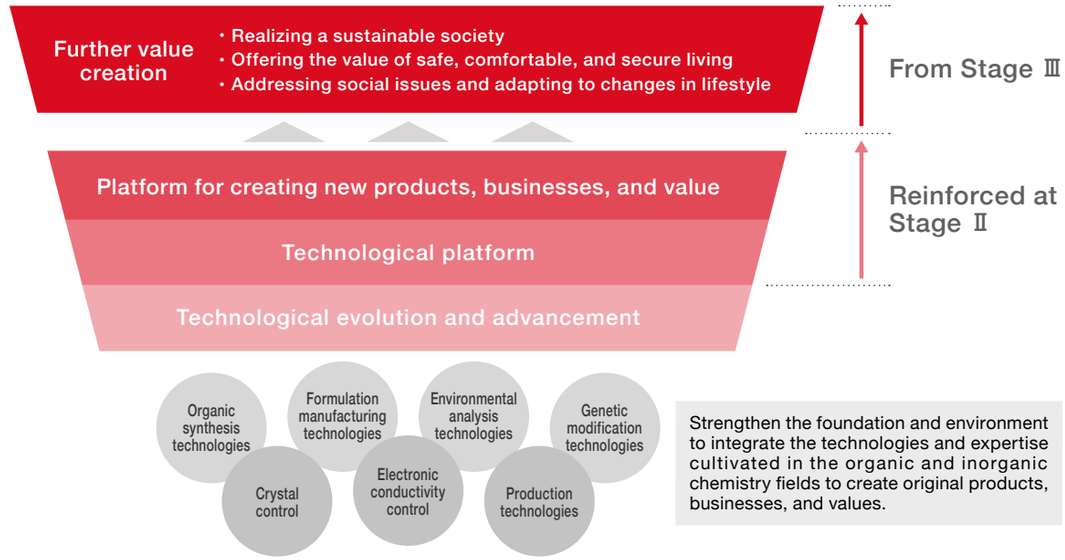
Creating Advanced Materials for the Future

In June 2026, we established the Institute of Developing Advanced Materials to serve as a unified technical platform for the development departments within our inorganic business, enabling the organization to respond flexibly to rapid shifts in the market environment.
The mission of this institute is to create advanced materials that will be key in shaping the future and to bring them to market on an ongoing basis. In FY2026, the institute is focusing on developing new products, including high-purity titanium dioxide, cosmetic ingredients, and thermal barrier materials, which form the foundation of our electronic materials and functional color materials businesses. It is also working to create new products such as copper microparticles and high jet-black pigments.

Research and Development Basic Policy

Identify products and services that meet global needs, and continue to provide new value

Since the opening of our research institute in 1958, we have expanded our business into a wide range of fields as a research and development-oriented manufacturer. Each of our businesses conducts competitive research and development in its own field and shapes the market with its strong chemical technology and product appeal.
We are currently building a research and development data infrastructure using internal and external information and our own technological assets that will satisfy market needs, create value, and generate sustainable competitiveness, thereby promoting the development of new products in existing fields, the creation of new businesses, and the creation of new value.
Also, through intellectual property activities that are consistently aligned with our business and research, we will move beyond conventional approaches and evolve our intellectual property practices to better contribute to our business.



Research and Development Activities

Business-specific R&D Pipeline

[Biosciences] Capitalize on Our Technological Strengths and Research System to Accelerate Development

We will capitalize on our unique technological strengths and integrated research system to accelerate development that will contribute to sustainable food production.

We aim to develop new agrochemicals that are safe for people and the environment, and to promote and expand their sales in a sustainable manner. We will also work to commercialize non-chemical agrochemicals, such as biological pesticides. By making the most of our knowledge and strengths, we are revitalizing our integrated R&D system, which covers the entire process from agrochemical discovery to commercialization, and are conducting safety testing and manufacturing process development in parallel with the early stages of the development process to accelerate the development of new products. We are also actively introducing new drug discovery technologies with the aim of further improving efficiency. The results of these research and development efforts, when combined with our intellectual property strategy, will strengthen our competitiveness. In terms of new areas of research, one example we are exploring is the field of floriculture using biotechnology, and we will continue to challenge ourselves to build new businesses in various technological fields without limiting ourselves to specific fields.

Agrochemical Pipeline

Development pipeline	R&D stage	Phase 1	Phase 2	Phase 3	Registration stage
Herbicide A					
Fungicide B					
Herbicide C					
Insecticide D					

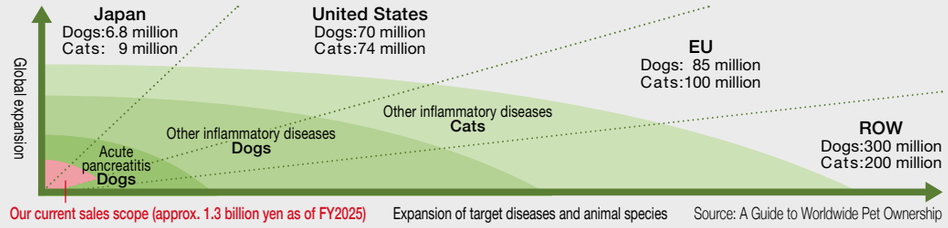
→ Planning for consideration during FY2026-FY2028

[Healthcare] Combine Market Needs with ISK Technology to Create Value

By combining the needs of clinical practice with our elemental technologies, we create value in the field of healthcare, focusing in particular on animal health products.

In our healthcare business, we identify needs in clinical settings and other areas, focusing our R&D on fields with strong growth potential and the ability to make a broad contribution to society. We then choose themes that can be combined with our own technology and know-how, or outside expertise and thereby differentiate ourselves from our competitors. Throughout the development process, our researchers seek to understand the needs of clinical practice and incorporate feedback from the field to improve the quality of our products. Through these research and development efforts, we aim to create new value that we provide to our global customers in the form of medical products and services, including animal health products.

Animal Health Product Cases



[Inorganic Chemicals] Achieve Value Creation that Supports the Environment and a Digital Society

We pursue the development of products and processes that support both the environment and a digital society in ways which contribute to the realization of a society which is comfortable and sustainable.

We are accelerating product development centered on customer value propositions derived from market needs. By leveraging our core titanium dioxide technology and strategically combining it with a diverse range of inorganic and functional materials, we create innovative, unprecedented solutions. Through an integrated approach, which unites planning, sales, and R&D, we delve deeply to uncover our customers' latent needs. We maximize internal synergies by fostering the fusion of technologies across business divisions, while simultaneously accelerating development through open innovation and co-creation with external partners. This enables us to achieve rapid market entry and establish a sustainable competitive advantage.

Inorganic Chemicals Pipeline (New Product Development)

Pre-sale / Full-scale sales

Classification	Developed materials	Sales period			
		2025	2026	2027	2028
Continued expansion market	New high-purity titanium dioxide				
New expansion market	High refractive index material				
	High jet-black pigment (LUSHADE™ BLACK)				
	Copper microparticles				
	Novel aesthetic design material (SILKIA)				

Organic Chemicals Business (Biosciences)

Business Overview

In our agrochemicals business, we manufacture and distribute products such as herbicides, fungicides, and insecticides. We are focused not only on the domestic market but also on international expansion, where we have achieved a solid track record. We are engaged in ongoing research and development, striving to contribute to better daily nutrition, health, and quality of life.

Stage Ⅱ Goals and Progress

Priority measures

- Expanding sales of growth strategy agents*
- Strengthening R&D capabilities and improving efficiency
- Accelerating R&D and commercialization of new chemical pesticides
- Expanding business operations in the Americas and India
- Expanding the scale of our business by pursuing M&As and partnerships with other companies, and introducing agents from other companies

* Tolpyralate (herbicide), Cyclaniliprole (insecticide), Tiafenacil (herbicide), Isofetamid (fungicide), Pyriofenone (fungicide)

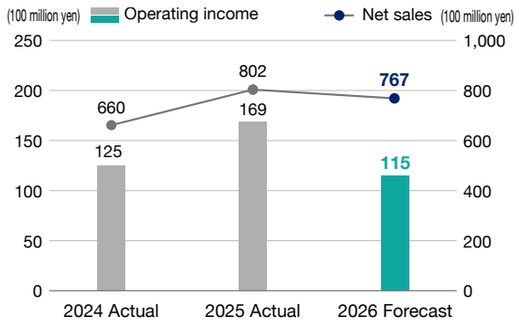
Progress and issues

- Partnered with India's Godrej Agrovet and UPL to launch the herbicide Tolpyralate in the Indian market
- Since FY2025, sales from Indian subsidiary ISK Biosciences India are directly consolidated into our financial results, driving growth in net sales
- Continuing efforts to ensure stable production and improve manufacturing efficiency for agrochemicals (e.g., optimizing production site selection, selecting raw material suppliers, and refining manufacturing processes)

Establishment of a New Base and Expansion of Agrochemical Sales

We have opened the Technology Research Center, Hyogo-Ono (TREC), our first new domestic facility in 60 years, to serve as a core base of operations for research and development in agrochemical production technology. Through TREC, we will pursue innovative synthesis methods that offer superior safety and cost-efficiency, enabling the production of high-quality, affordable products.
Furthermore, we are strengthening our global agrochemical sales network to drive growth in both existing products and growth strategy agents. By expanding our global market share, we aim to achieve sustained growth in both sales and earnings.

Trends for Net Sales and Operating Income



Business Background

The current global population is approximately 8.1 billion, and with the United Nations projecting an increase to 9.7 billion by 2050, there are growing concerns regarding a potential, severe food shortage. To sustain this population growth, it is essential to enhance agricultural productivity, a task in which agrochemicals play a vital role. However, the agrochemicals required today must meet a multifaceted set of criteria: they must ensure safety for human health, adapt to environmental changes driven by climate change, preserve biodiversity, and minimize environmental impact. Developing such innovative agrochemicals is our mission.

A Sustainable Future for Agriculture Built Through Global Partnerships

We are strengthening our global competitiveness while creating sustainable value. A prime example of this is our joint development project for a new herbicide, undertaken through a strategic partnership with the South Korean company FarmHannong.
This herbicide is highly effective against difficult-to-control weeds in field crops, and we anticipate that it will contribute to addressing key agricultural challenges on a global scale.
The project is defined by a collaborative model that leverages the core strengths of both companies. A joint team of experts from both firms is managing research, development, and the regulatory registration process for global markets, which is an approach designed to minimize risk while maximizing market opportunities. We are currently planning for a full-scale market rollout in the United States, Canada, and Brazil.
Through such collaborative efforts with our partners, we remain committed to delivering sustainable agricultural solutions and contributing to global food production.

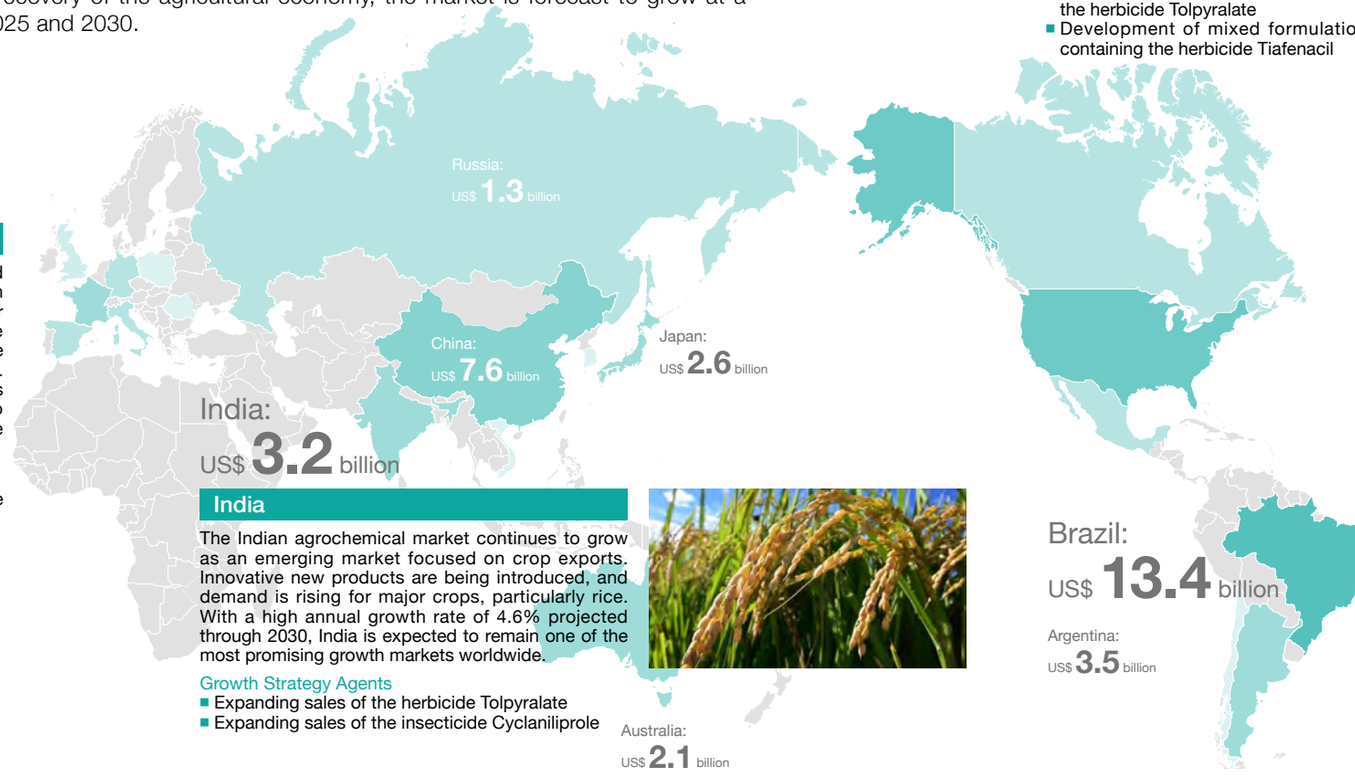


Organic Chemicals Business (Biosciences)

Market and Growth Strategy

Global Agrochemical Market

In 2025, the agrochemical market faced a deteriorating agricultural economy, driven by low crop prices and soaring input costs, that constrained farmers' purchasing power. Adverse weather conditions in certain regions and a reduction in the planted area for key crops also negatively impacted the market. Conversely, market conditions are expected to improve significantly in 2026; demand is projected to recover as agrochemical prices stabilize and inventory levels normalize. Driven by expanded planting areas for major crops, further improvements in weather conditions, and a gradual recovery of the agricultural economy, the market is forecast to grow at a steady annual rate of 2.1% between 2025 and 2030.
(Source: AgbioCrop 2025)



* The figures and color shading on the map indicate crop protection market sales (at the manufacturer shipment stage, in US dollars) for each country in 2025.

France: US$ 2.4 billion
Germany: US$ 1.7 billion

Europe

The European agrochemical market is projected to grow at a steady annual rate of 1.9% between 2025 and 2030. However, in recent years, stricter agrochemical registration regulations and the development of resistance to agrochemicals have limited the available options for agrochemicals. Maintaining access to effective agrochemicals while introducing new products is expected to enable a balance between sustainable agriculture and efficient crop protection.

Existing Products
- Maintaining agrochemical registration in the highly regulated EU
- Expanding sales of the fungicide Cyazofamid



India

The Indian agrochemical market continues to grow as an emerging market focused on crop exports. Innovative new products are being introduced, and demand is rising for major crops, particularly rice. With a high annual growth rate of 4.6% projected through 2030, India is expected to remain one of the most promising growth markets worldwide.

Growth Strategy Agents
- Expanding sales of the herbicide Tolpyralate
- Expanding sales of the insecticide Cyclaniliprole

USA: US$ 10.3 billion
Canada: US$ 1.6 billion

North America

In the United States, corn acreage increased by 8.7%, while wheat acreage in Canada rose by 1.0%. Market recovery was driven by the stabilization of agrochemical prices and the normalization of inventory levels. Farmers' purchasing power has been sustained by the expansion of government support programs, and a stable market foundation is anticipated leading up to 2030.



Growth Strategy Agents
- Development of new formulations of the herbicide Tolpyralate
- Development of mixed formulations containing the herbicide Tiafenacil

Existing Products
- Developing mixed formulations for the fungicide Fluazinam

South America

In 2025, the Latin American agrochemical market saw an expansion in the planted area for major crops in Brazil and Argentina. Specifically, planted areas increased by 2.7% for soybeans and 3.7% for corn in Brazil, and by 8.6% for soybeans and 8.8% for grains in Argentina. Productivity in both countries has improved due to favorable weather conditions. Countries such as Chile, Colombia, and Peru are also experiencing sustained growth driven by rising export demand for fruits and vegetables. An annual growth rate of 3.3% is projected through 2030.

Growth Strategy Agents
- Developing new preparations and mixed formulations for Tolpyralate (herbicide)
- Developing new preparations and mixed formulations for Cyclaniliprole (insecticide)

Existing products
- Sales of a new formulation of the insecticide Flonicamid



Organic Chemicals Business (Biosciences)

Risks and Opportunities

Risks	Opportunities
Delay in, or failure to achieve, product approval or registration	Take proper approach to countries' registration agencies and authorities; assess other companies' agrochemicals registration and survey their registration status; secure personnel with expertise in highly specialized fields, ensure handover of registration know-how
Revised and stricter laws and regulations	Appropriately gather information relating to laws and regulations and registration requirements
New entries and intensifying competition	Lower production costs to strengthen competitiveness; develop new products and mixed formulations that will enable ISK to stand out in the agrochemicals market
Crop damage caused by agrochemicals	Strengthen safety confirmation by performing growing tests in fields. Promote and disseminate appropriate methods for using agrochemical products

Social Issues

Tiafenacil (herbicide): Balancing Environmental Protection with Productivity

Tiafenacil is an herbicide designed to support sustainable agriculture. It offers superior, rapid-acting control against broadleaf weeds and certain grass weeds, outperforming conventional products even at low application rates. Furthermore, because it breaks down quickly in the soil after application, it is highly versatile for a range of agricultural uses, including pre-sowing treatment in no-till farming, desiccation, and the management of ground vegetation in orchards.

Reducing Environmental Impact Through No-Till Farming

- Decreasing fuel consumption and significantly lowering CO_2 emissions by reducing tractor-based tillage operations
- Promoting sustainable land use by improving soil water retention, enhancing drought resistance, and preventing soil erosion
- Protecting biodiversity by maintaining soil ecosystems, including microorganisms, mycorrhizal fungi, and natural predators

Increasing Agricultural Productivity

- Lowering fuel costs by reducing tractor fuel consumption
- Reducing labor costs on large-scale farms by shortening working hours
- Improving field turnover rates by shortening the interval between herbicide application and planting

Tiafenacil contributes to addressing the societal challenge of balancing environmental protection with agricultural productivity.



Message from the Director

Expanding Sales of Growth Strategy Agents to Fully Meet Stage Ⅱ Targets



Director of Biosciences Business Headquarters
Nobuyuki Akiyoshi

In fiscal 2025, our biosciences business surpassed its targets for the second year of Stage II, driven by significant growth in overseas agrochemical sales and steady performance in the domestic market. In Europe, in particular, both fungicides and insecticides performed well. This was largely due to weather conditions that led to an increased incidence of pests and diseases, resulting in higher demand for our products. Conversely, the market environment in Brazil has continued to deteriorate, with no signs of recovery yet.

Looking ahead to fiscal 2026, we do not anticipate a repeat of the exceptional demand seen in Europe. Nevertheless, as this is the final and critical year of our Stage II plan, we remain fully committed to achieving our established goals. Specifically, we will focus on expanding sales of key growth strategy agents, including the herbicides Tolpyralate and Tiafenacil.

We also remain focused on the Indian market, where the agrochemical sector is projected to continue growing at a high rate. Following the 2024 launch of the insecticide Cyclapryne (Cyclaniliprole) and the 2025 launch of the herbicide Tolpyralate, we plan to continue introducing new products, further strengthening our position as a trusted partner in India.

Historically, our portfolio has been heavily weighted toward single-agent products. Moving forward, we will place greater emphasis on commercializing high-value mixed formulations as solutions that can address the complex, multifaceted challenges of pests, diseases, and weeds in agricultural production.

By its very nature, the agrochemical business is highly sensitive to weather-related fluctuations in demand. Also, with rising geopolitical instability, such as in the Gulf region, the importance of a robust supply chain has never been greater. We will remain agile and resourceful, adapting quickly to changing conditions to ensure the timely supply of our products at a stable cost.

Furthermore, the production technology research facility, Technology Research Center, Hyogo-Ono (TREC), began full-scale operations in December 2025, as scheduled. We intend to vigorously pursue research into optimizing the manufacturing processes for our proprietary agrochemical active ingredients, thereby ensuring strong price competitiveness.

Organic Chemicals Business (Healthcare)

Business Overview

Our healthcare business manufactures and sells animal health products and active pharmaceutical ingredients for human use, with the aim of protecting the health of people and animals and contributing to the realization of a fulfilling life both physically and mentally. With regard to animal health products, we are currently pursuing global expansion, primarily in the United States and Europe.

Stage Ⅱ Goals and Progress

Priority measures

- Obtaining full U.S. approval for PANOQUELL™, an anti-inflammatory drug for acute canine pancreatitis, and launching sales in other major countries
- Expanding the applications of Fuzapladib sodium, the active ingredient in PANOQUELL™, and expanding the business and disease-treatment areas

Progress and issues

- Europe: Approval expected in 2026, with sales scheduled to begin in the second quarter of 2027
- USA: Advancing toward the goal of obtaining full approval by November 2027
- Conducting market research and R&D to expand indications to new disease areas and introduce new agents

Review of FY2025

Overseas Sales

- Sales of PANOQUELL™-CA1 in the U.S. performed well in 2025, reaching 150% of the previous year's level
- Development costs exceeded planned levels due to clinical trial delays and production scale-up efforts aimed at securing full U.S. approval
- Continuing to pursue regulatory approval applications for PANOQUELL™ in European countries and other major countries around the world

Domestic Sales

- In addition to the canine acute pancreatitis anti-inflammatory drug BRENDA™, we launched sales of the globally marketed product PANOQUELL™ in Japan in November 2024 and have seen steady sales growth; however, we fell short of our targets for fiscal 2025 as a result of efforts to optimize distribution inventory levels, which had previously been on the rise.

Business Background

Companion animals (CAs) are increasingly seen as cherished members of the family and lifelong companions.
Due to the growing diversity of illnesses affecting them, and rising awareness of pet health, the global market for animal health products is projected to grow at an average annual rate of 7% or more until 2030, particularly in Europe and North America.
We will leverage our accumulated expertise in developing new agrochemical products to help ensure we can continue to provide high-quality products that meet the needs of pet owners and veterinary professionals.

Overseas

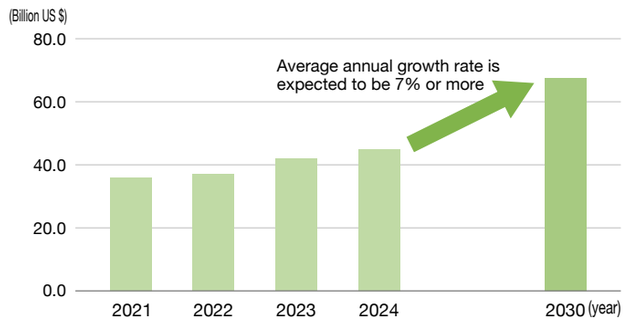
- Animal health products markets worldwide (2024) About US$ **45.0** billion*1
- Health products for CA markets worldwide (2024) About US$ **23.5** billion*1

Japan

- Animal health products markets in Japan (2024) About **155.7** billion yen*1
- Health products for CA markets in Japan (2024) About **72.8** billion yen*1

* In-house research and forecasts based on publicly available materials

Global animal health products market





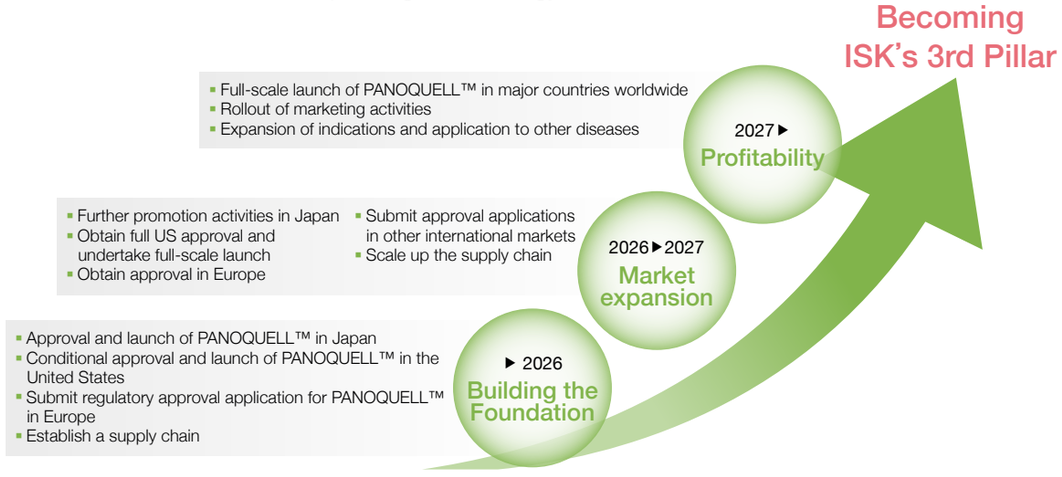
Organic Chemicals Business (Healthcare)

Risks and Opportunities

Risks	Opportunities
Delay in, or failure to achieve, product approval or registration	▪ Competing products are prevented from entering the market during the data protection period after approval ▪ Efficacy and safety are confirmed and communicated through the data ▪ The data from major countries can be used for applications in other countries
Delay in, or cancellation of product or technological development	▪ While we strive to conduct thorough preliminary investigations, changes or cancellations of plans may occur in order to optimize the development portfolio. Even in such cases, we continue to accumulate knowledge, such as about markets and data, that can be applied to future initiatives.

Social Issues

With regard to animal health products, as the lifespans of companion animals (CAs) increase they experience a greater variety of diseases and have a wider range of medical needs; however, addressing these is complicated by the fact that there is a shortage of therapeutic drugs in the veterinary medical field. By helping companion animals lead healthier and happier lives, and thereby contributing to improving the quality of life of the people and families to whom they belong, we will further enhance our business value and drive our corporate growth strategy.



Message from the Director

Accelerating Global Expansion to Establish ISK's Third Pillar



Director of Healthcare Business Headquarters
Tsuyoshi Sato

In fiscal 2025, while sales of PANOQUELL™ grew steadily in both Japan and the United States, domestic performance fell short of targets due to the optimization of distribution inventories.
Furthermore, in the U.S., development costs increased as clinical trials required for full regulatory approval took longer than anticipated, pushing the timeline for achieving operational profitability to fiscal 2027. However, these expenditures represent necessary investments for future growth; we view fiscal 2026, which is the final year of our Stage II phase, as a crucial year for establishing the foundation for our global expansion.
Currently, our product is marketed for the treatment of canine pancreatitis, with sales limited to Japan and the United States. We plan to secure regulatory approvals in Europe, Australia, Brazil, and other regions during fiscal 2026, setting the stage for a phase of significant sales expansion beginning in fiscal 2027. We are actively working toward obtaining these regional approvals while simultaneously strengthening our organizational structure to support further geographic expansion.
At the same time, we are leveraging the unique mechanism of action of the active pharmaceutical ingredient, fuzapladib sodium, to explore its application for other inflammatory diseases. The revenue generated from these efforts will serve as capital to accelerate the development of new medicines.
In Stage Ⅲ, we aim to establish this business as the third pillar of ISK, alongside our biosciences and inorganic chemicals businesses. With a focus on our innovative technological development capabilities and our ability to respond to the global market as our primary priorities, we remain firmly committed to realizing our Vision 2030.

Inorganic Chemicals Business

Business Overview

Our inorganic chemicals business, rooted in titanium dioxide technology, has evolved into such high-performance sectors as electronic component materials, cosmetic ingredients, and thermal barrier materials. By concentrating investment in these functional materials, we are driving both improved profitability and sustainable growth.

Stage Ⅱ Goals and Progress

Priority measures

- Structural reform of our inorganic chemicals business
- Expansion of sales and production capacity for electronic component materials
- Strengthening of overseas marketing and technical sales

Progress and issues

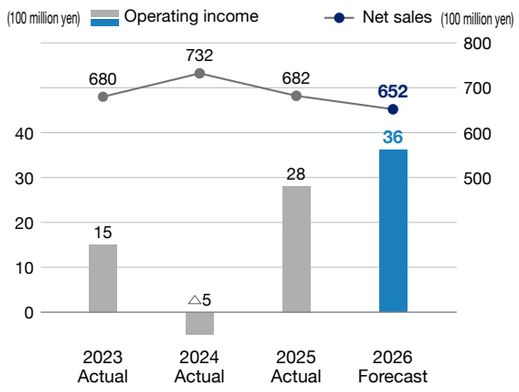
- Addressing issues following withdrawal from sulfate-process titanium dioxide production
- Strengthening our business portfolio, with a focus on raw materials for electronic materials
- Strengthening of functions at overseas bases

Revenue Base and Future Development

The market for MLCCs (multi-layer ceramic capacitors) has entered a new phase of growth, driven by the widespread adoption of generative AI.

Following a period of stagnation in the smartphone market through 2024, demand for MLCCs in data centers and AI servers has begun to expand rapidly from 2025 onward. As this demand is rooted in infrastructure investment, which is independent of consumer trends, and supported by the economic security policies of various national governments, sustained growth is expected through around 2030. By strengthening our supply system for high-purity titanium dioxide, we are well-positioned to fully capitalize on this opportunity.

Trends for Net Sales and Operating Income



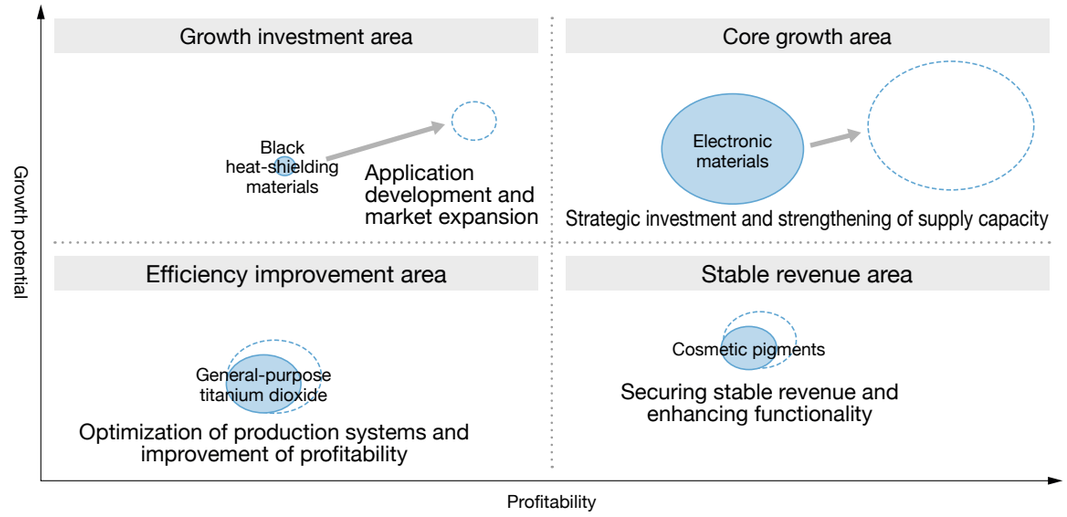
Business Background

Value Proposition

We provide solutions focused on three social issues—digitalization, the environment, and health—through the use of functional materials. By supporting the digital society with materials for electronic components, enhancing comfort and safety for people through cosmetic ingredients, and reducing environmental impact with thermal barrier materials, we contribute to creating a better living environment through chemical technology.

Basic Policy for Portfolio Transformation

Our inorganic chemicals business is undergoing a portfolio transformation aimed at enhancing profitability and capital efficiency. Our traditional core product, general-purpose titanium dioxide, has long served as a fundamental material for providing “whiteness” across a wide range of applications. However, due to market maturation and intensifying price competition driven largely by Chinese manufacturers, the potential for improving the profitability and capital efficiency of this business has become limited. In light of this, we are implementing structural reforms within our inorganic chemicals business while shifting our management resources toward higher value-added areas.



The size of the circle represents the current scale of profit, while the dotted-line circle indicates the target position for the future.

Inorganic Chemicals Business

Growth Strategy in Electronic Materials

As Japan's only manufacturer of titanium dioxide using the chloride process, we will leverage our supply stability, contributions to economic security, and focus on high value-added products to strengthen our presence within the MLCC value chain.

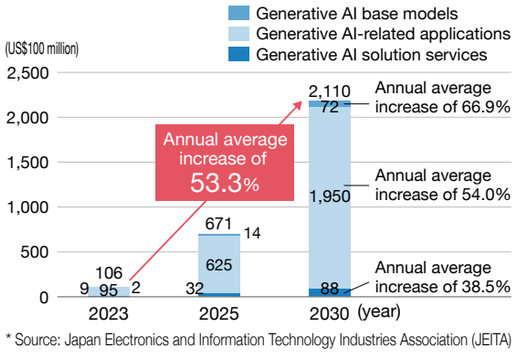
Investment highlights

Perspective	Summary
Market Growth	The MLCC market is projected to grow at an annual rate of 3 - 5%, driven by demand from AI servers and data centers, with a favorable demand environment expected to persist.
Supply advantage	We are the only domestic titanium dioxide in chloride process manufacturer, and we are one of the few players capable of ensuring a stable supply of titanium tetrachloride.
Barriers to entry	Due to transportation constraints, the influx of Chinese products into Japan remains limited.
Growth potential	Leveraging our control over upstream supply, we will expand our lineup of high-purity titanium dioxide and pursue joint ventures in the barium titanate sector, thereby broadening profit opportunities across the entire value chain.

Market opportunities

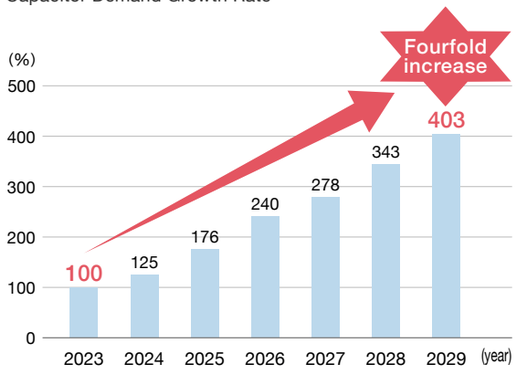
The MLCC market is expected to continue growing steadily, driven by rising demand for AI servers and data centers. Furthermore, as the market is characterized by an oligopolistic structure, with Japanese manufacturers accounting for 60 - 70% of the global market share, the ability to ensure a stable domestic supply has become increasingly important from the perspective of economic security.

Outlook for Demand for Generative AI (global)



* Source: Japan Electronics and Information Technology Industries Association (JEITA)

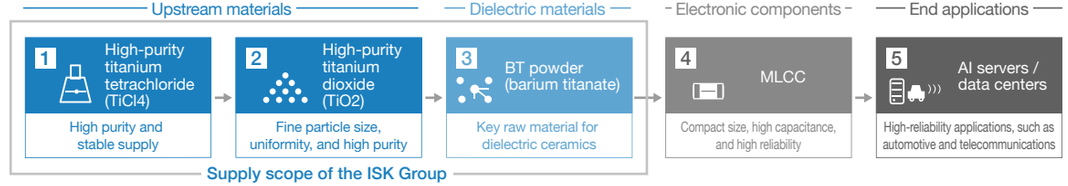
Capacitor Demand Growth Rate



Competitive Advantages

Our competitive advantage lies in the fact that we are the only domestic titanium dioxide in chloride process manufacturer, enabling us to ensure a stable supply of titanium tetrachloride. Due to transportation constraints, the influx of Chinese-made titanium tetrachloride into the Japanese market remains limited. Given this supply structure, we have established a unique position as an essential, infrastructure-like supplier that is difficult to replace.

The purity, fineness, uniformity, and stable supply of raw materials determine BT characteristics, MLCC yields, reliability, and supply stability.



Growth Strategy

Leveraging our control over upstream resources, we will implement strategies optimized for both solid-state and oxalate-based synthesis methods, thereby strengthening our presence across the electronic materials value chain.

Area	Strategy	Objective
Solid-state method	We will expand our product lineup of high-purity titanium dioxide and advance our capabilities in particle size control and impurity management.	Enhance compatibility with customer processes to drive broader adoption through differentiation and improve profit margins.
Oxalate method	We supply barium titanate through a joint venture with a downstream manufacturer and are deeply involved in the production process.	Strengthen our presence in higher value-added areas, thereby deepening relationships with customers and expanding revenue opportunities.

Progress of Growth Investments

To keep pace with the high growth of the MLCC market, we are currently expanding our production capacity for the oxalate process. Furthermore, we are considering capacity enhancements for the solid-state process, ensuring a framework that allows us to flexibly scale up supply in line with rising demand.

Medium- to Long-Term Growth Outlook

This value chain faces low structural substitution risk through the first half of the 2030s, which points toward stable growth. During this period, we aim to achieve both profit growth and improved capital efficiency by maintaining our dominant supply position in the upstream segment while steadily expanding into downstream areas and executing growth-oriented investments.

Inorganic Chemicals Business

Risks and Opportunities

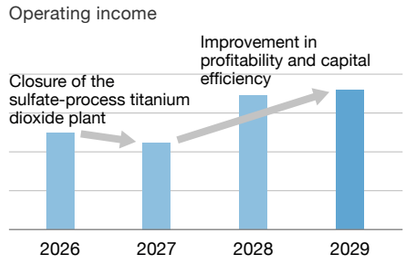
Risks	Opportunities
Temporary performance fluctuations resulting from structural reforms Response: Implementing structural reforms in stages, exercising cost control, and accelerating the launch of growth-oriented business segments	Growing demand for high-performance materials driven by advancements in digital technology Response: Prioritizing electronic materials-focused investment in functional materials and strengthening our supply structure
Delays in the ramp-up of growth areas Response: Strengthening joint development with key clients and advancing multiple projects concurrently	Rising demand for UV protection and enhanced comfort Response: Expanding the portfolio of functional materials, such as cosmetic ingredients, and deepening technical collaboration with clients
Uncertainty regarding the commercialization of R&D initiatives Response: Focusing development on market needs and enhancing collaboration with business departments	Market shift toward high-value-added materials Response: Reallocating resources through structural reforms of the general-purpose titanium dioxide business and concentrating efforts on differentiated market segments

Impact of Structural Reforms on Financial Performance in Fiscal 2027

We have designated fiscal 2027 as a pivotal year for achieving the structural reform of our inorganic chemicals business. While the closure of our titanium dioxide in sulfate process plant is expected to have a temporary impact on our financial performance, this is a necessary step in our transition toward a more resilient and highly profitable business structure. Following the completion of these reforms, we anticipate significant improvements in both profitability and capital efficiency from fiscal 2028 onward.
This initiative is not merely a cost-cutting measure; it is a strategic move aimed at shifting toward a sustainable earnings structure. Our existing sulfate process plant has faced declining profitability due to factors such as soaring raw material and energy costs, as well as rising maintenance expenses associated with aging equipment, all of which have weighed on our overall earnings.
Through this decision, we aim to achieve the following objectives, which will also enable us to reallocate our management resources toward areas with greater growth potential.

1 Transition to a High-Profitability Business Structure
- Strengthening the production system and reducing manufacturing costs by consolidating operations around the chloride process
- Improving profit margins by expanding the production capacity for functional materials (high value-added products)
- Increasing the share of high value-added products by accelerating the market launch of next-generation offerings

2 Improvement of Capital Efficiency
- Enhancing ROIC by shifting away from low-profitability businesses
- Maximizing investment efficiency through the selective and focused allocation of capital expenditures



Message from the Director

Steadily Advancing Structural Reforms for Sustainable Growth in Our Inorganic Chemicals Business



Director of Inorganic Chemicals Business Headquarters
Yoshiyuki Shimmyo

The business environment surrounding our inorganic chemicals business is at a major turning point.
Driven by the expansion of AI and data centers, the electronic materials sector continues to experience robust growth. This presents significant opportunities in areas where we hold a competitive advantage, such as high-purity titanium dioxide and high-purity titanium tetrachloride, both of which are essential raw materials for MLCCs.
Conversely, the general-purpose titanium dioxide sector faces ongoing price competition and fluctuations in the costs of raw materials and fuel, necessitating a fundamental review of the profit structure of our traditional business operations.
In light of these changes, our business headquarters has adopted a core strategy of “shifting from volume to quality” in order to transition toward a business portfolio that prioritizes profitability and capital efficiency.
We are steadily implementing structural reforms within our titanium dioxide business while concentrating management resources on high-value-added sectors, such as electronic materials and functional color materials, to achieve sustainable profit growth.
Furthermore, while we transform our business portfolio, our Yokkaichi Plant remains a vital production hub for our inorganic chemicals business. By enhancing operational rates and productivity at the plant, alongside a strategic shift toward high-value-added products, we aim to simultaneously strengthen our profitability and ensure a stable supply system.
We are also working to fortify our fundamental business infrastructure through initiatives such as strengthening overseas marketing and technical sales capabilities, reorganizing our R&D structure, and reforming our SCM. By pursuing development based on market needs and co-creating new value with our customers, we will further enhance our competitive advantage.
Moving forward, we will continue to advance our structural reforms through a dual approach: a “proactive” focus on strengthening profitability and a “defensive” focus on maintaining a stable supply system. By transforming change into an opportunity for growth, we will evolve our inorganic chemicals business into one capable of sustainable, long-term expansion. And, by creating new value centered on our titanium dioxide technology and continuing to contribute to the digital society as well as the fields of environment and health, we aim to be a company that grows alongside society.

Special Feature

Local Insight × Global Impact

SG Series Black Heat-Shielding Pigments

Addressing Latent Needs Abroad with Black Heat-Shielding Pigment Born from an In-House Insight

TIPAQUE BLACK SG-101 is a black, heat-shielding pigment that, despite its black color, does not easily heat up when exposed to sunlight. Having solidified its position in the domestic market, the product is now set to expand into overseas markets. We spoke with the team members involved to learn about the insights they have gathered along the way and the impact they aim to achieve moving forward.

Local Insight: New Value Gleaned from Sales Staff Input

The defining feature of SG-101 is its unique physical property: a high reflectance specifically for "near-infrared" radiation, which is a component that accounts for 50% of solar energy. Compared to carbon black pigment, the near-infrared solar reflectance of SG-101 is approximately ten times higher. This was achieved by incorporating elements such as aluminum and manganese into a calcium titanate-based "perovskite structure," which is a specialized octahedral crystalline arrangement. The man who developed this recipe is Norihiko Sanefuji.

Sanefuji: "At the Central Research Institute, we hold monthly progress meetings to share our research status and findings with other departments. During one of these sessions, a member of the sales team remarked, almost as if talking to themselves, 'Wouldn't it be great to have something that's black but doesn't heat up?' While black materials are typically associated with heat absorption, the temperature rise can be mitigated if the material reflects near-infrared radiation. I realized this was an intriguing idea that could lead to new value."

This occurred at a time when rising summer temperatures were becoming a major concern, and interest in reducing environmental impact was growing. However, there was almost no existing research data on materials capable of reflecting only specific wavelengths of light, so the experimental process was largely a matter of trial and error.

Sanefuji: "From the outset, I knew that a rutile structure would yield a high refractive index in the near-infrared range, so I explored various possibilities. I began by experimenting with white, highly reflective titanium dioxide to see what would happen if it were colored, but it simply wouldn't turn black. I then tried incorporating elements like manganese and iron to deepen the blackness, but that didn't work either. So, I took a completely different approach and tried calcium titanate, which showed high reflectivity in the near-infrared range. Building on this, I looked at calcium manganate, which has a similar structure, introduced metallic elements, and added aluminum. Finally, I succeeded in creating a material that is intensely black while maintaining sharp reflective properties. The whole process took about three to four months."

The resulting product, TIPAQUE BLACK SG-101 stands out among black heat-shielding pigments for its excellent balance between deep blackness and near-infrared reflectivity. Unlike iron- or chromium-based reflective materials, it does not exhibit a reddish tint, which saves both time and costs associated with color matching. It is already being shipped in significant quantities within Japan, and the next step is a full-scale expansion into international markets.

Meanwhile, Sanefuji has already moved on to his next research project.

Sanefuji: "I want to develop functional materials that help address societal challenges. With the recent AI boom, there is growing interest in acetylene gas, which is used for thin-film deposition on semiconductor wafers. However, separating it from CO_2, which has similar physical properties, is quite difficult. I am currently focusing on materials that could enable this separation and am working on enhancing their performance."



TIPAQUE BLACK SG-101 Black Heat-Shielding Pigment



Central Research Institute
New Business Development Laboratory
Senior Manager
Norihiko Sanefuji

Special Feature

Local Insight × Global Impact

SG Series Black Heat-Shielding Pigments

Global Impact: Recognizing a Latent Need and Deciding to Expand Overseas

First, there is TIPAQUE BLACK SG-101, which was initially launched in the domestic Japanese market. It has gained traction there thanks to its excellent near-infrared reflectance and its specific hue. Recently, amidst continuing global warming, there has been an uptick in inquiries from overseas markets regarding heat-shielding pigments. Satoshi Shimomura, a member of our sales team, is spearheading ISK's global expansion efforts.

Shimomura: "What first sparked the idea for global expansion was seeing news from abroad: reports about asphalt cracking, or the degradation of plastics and paint coatings. It became clear that the momentum for addressing global warming was building worldwide. There is definitely a need. Drawing on the expertise we've cultivated in the Japanese market, we are focusing primarily on paints for roofs and exterior walls, as well as resin-based building materials."

Selling products internationally requires compliance with the chemical substance regulations of each individual country.



ISHIHARA CORPORATION (U.S.A.)
General Manager, Marketing and Administration
Satoshi Shimomura

Shimomura: "Navigating these regulations takes a significant amount of time and investment. By conducting sample testing within the bounds of these regulations, we've received positive feedback from overseas clients. It's given me the confidence that our product can succeed in the global market."

Shimomura notes that by listening to customer feedback, he discovered new value in the product.

Shimomura: "Conventional heat-shielding paints often use iron- or chromium-based pigments. However, the iron content tends to introduce a reddish tint, making it difficult to achieve a pure black, which meant that manufacturers had to add extra agents during production to adjust the color. Additionally, organic pigments, often used to achieve black tones, tend to fade more easily than inorganic ones. In contrast, SG-101 offers a neutral black which requires no—or at most, only very minor—color adjustments, making it highly regarded as it is exceptionally easy to use."

Having identified business opportunities abroad and taken steps to comply with chemical regulations in various countries, we are now ready for a full-scale global rollout.

Shimomura: "Our primary focus markets are China and the United States. In China, we are leveraging a network of distributors with extensive connections in the paint industry to engage with local paint manufacturers. In the U.S., we intend to promote our products directly to customers while utilizing digital marketing to increase product awareness. In fact, as of July, I have transferred to our U.S. subsidiary, ISHIHARA CORPORATION (U.S.A.). My primary mission is to accelerate the adoption of SG-101."

He also mentions plans to expand into applications beyond heat shielding.

Shimomura: "The core function of SG-101 is to reflect near-infrared radiation. There are many technologies in use today that rely on infrared light. For instance, in the recycling of plastics, infrared sensors are used to sort resins by type; however, if a resin is colored black using a pigment like carbon black, which absorbs near-infrared radiation, it becomes impossible to sort. We believe that by using SG-101, which reflects near-infrared radiation, it will be possible to sort even black-colored resins."

Typical Applications of SG-101



Heat-reflective coatings (roofs and walls)



Wood decks

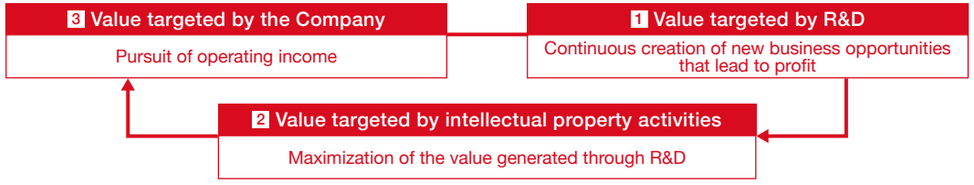
Intellectual Property Management

Basic Policy

The core of our Group's competitiveness lies in the technologies and know-how accumulated through years of research and development (R&D), as well as our in-house development capabilities. By integrating our business, R&D, and intellectual property (IP) strategies, we aim to secure a business advantage and enhance our corporate value through the strategic utilization of intellectual property at every stage, from initial research to commercialization. This approach includes not only maintaining a business advantage over other companies but also, when appropriate, generating revenue by licensing our patents, know-how, trademarks and other IP assets to third parties.

The Role of Intellectual Property Activities in Business Development

Our Group aims for sustainable growth by establishing the following virtuous cycle.



Intellectual Property Activities That Create a Virtuous Cycle

- Building an intellectual property portfolio integrated with business and R&D strategies
  We ensure that the outcomes of our R&D are promptly and reliably patented in alignment with our business and R&D strategies, thereby building a robust and well-tailored patent portfolio. By establishing barriers that hinder other companies from entering our markets or utilizing our technologies, we create and expand our own business opportunities and strengthen our competitiveness, ultimately securing a distinct business advantage. Furthermore, we leverage this portfolio to facilitate licensing opportunities with third parties.
- Establishing a foundation for continuous generation of intellectual property that drives competitive advantage
  We foster a Company-wide culture that prioritizes the protection and utilization of business seeds as intellectual property.

Through these initiatives, we effectively harness the intellectual property system to secure a business advantage and ensure the safety of our business, ultimately contributing to the growth of our operating income and cash generation.

Intellectual Property Strategy

Building an Intellectual Property Strategy for Business Success: Laying the Foundation for Profits 20 Years Hence

Our Group's businesses are all R&D-driven, with R&D functions embedded within each division. In this context, the role of the Intellectual Property Division is to maximize the value generated through R&D.
Moving forward, our primary objective is to strengthen collaboration between IP functions and our R&D and business divisions. We aim to foster a shared understanding that prioritizes the success of the Company as a whole, rather than focusing solely on localized optimization. Furthermore, we intend to enhance our capacity for future-oriented exploration by working closely with the planning departments of our business divisions and research laboratories as they identify future competitive arenas.
We will also promote IP awareness across the organization, sharing insights from past experiences and potential risks.
Ultimately, we aim to be involved in policy formulation from the very earliest stages of R&D planning and strategy development, ensuring the creation of an IP strategy that drives business success. While IP activities, much like any upfront investment, may not yield immediate, visible results, we are committed to advancing these efforts to serve as the bedrock for our profitability 5, 10, and 20 years into the future.

Intellectual Property Division
General Manager,
Yoshihiro Masuda



Intellectual Property Strategy and the "Open & Close" Strategy

In our approach to intellectual property, we employ a flexible strategy. For highly unique active compounds, manufacturing processes, formulation techniques, and quality stabilization technologies, we pursue a "closed" strategy, securing proprietary rights for these assets. Conversely, for activities such as distribution through overseas operations, contract manufacturing, or the in-licensing of products from other companies, we adopt an "open" strategy, utilizing comprehensive licensing agreements that include ongoing technical support.
Furthermore, in the development of new business ventures, we secure intellectual property rights for joint inventions, which arise from collaborative efforts with customers, universities, research institutions, and industry associations, and license these rights accordingly. By protecting these new business domains, we drive corporate growth and enhance our overall corporate value.

Improving Productivity and Strengthening Business Competitiveness Through DX

Basic Policy

Through company-wide digital transformation (DX) initiatives, we aim to strengthen the competitiveness of our existing businesses in response to changing customer and societal needs while creating new value. We are integrating business process transformation, the use of AI and data, and DX talent development, while expanding employee-led improvement efforts across the company. These efforts will enable better decision-making, greater operational efficiency, and faster creation of new value, contributing to sustainable growth in corporate value.

DX Strategy Overview and Roadmap

Our DX efforts began with the digitization of business operations. We are now nearing completion of the DX-Ready phase, which focuses on business process transformation. In parallel, we are developing the infrastructure necessary to leverage AI and data. Moving forward, we plan to further advance the restructuring of our business processes while enhancing our use of AI and data, with the ultimate goals of accelerating decision-making, boosting productivity, and creating new value.

2022	2024	2027	2030
StageⅠ DX-Prep	StageⅡ DX-Ready	StageⅢ DX-Emerging	Goal DX-Excellent
Building a foundation for DX ▪ Developing company-wide DX promotion systems ▪ Work style reform and operational efficiency improvements ▪ Strengthening production capacities at the Yokkaichi Plant	**Innovation in business processes** ▪ Accelerating business transformation and digitalization ▪ Promoting interdepartmental collaboration	**Strengthening management capabilities** ▪ Realizing data-driven management ▪ Improving technology platforms ▪ Creating new business models	**Creation of new value** ▪ Creating an innovation-focused organization ▪ Establishing new business pillars

Promoting the Use of AI and Data

To enhance operational efficiency and improve decision-making through the use of AI and data, we are working on visualizing management information and establishing a shared infrastructure for technical data. By building a framework that allows knowledge accumulated within individual departments to be leveraged across the entire organization, we aim to improve both the quality of our work and our overall productivity.

From Initial Adoption to Advanced Utilization of Generative AI

In fiscal 2025, we rolled out ISK-AI, a secure generative AI tool developed for internal use, across the company. It is being used for tasks such as drafting documents, searching for information, organizing technical data, and generating ideas for operational improvements. Through practical workshops designed to foster organizational learning, the employee adoption rate has exceeded 70%, and the tool is becoming firmly established as a means to streamline general business tasks.

Moving forward, we will evolve our generative AI in stages, progressing from general-purpose operational support to decision-making assistance that leverages internal knowledge and, ultimately, to AI capable of providing autonomous operational support. Particularly in the realm of advanced AI and data utilization, we have already begun pilot projects with defined use cases, starting within our research and development departments, as we strengthen our efforts to create new value.

Phased Evolution of Generative AI

General-Purpose Operational Support	AI Assistants	AI Agents
Summarization, Meeting Minutes, and Document Drafting	Document Search (RAG) and Use of Internal Knowledge	Embedded in Workflows and Operating Autonomously

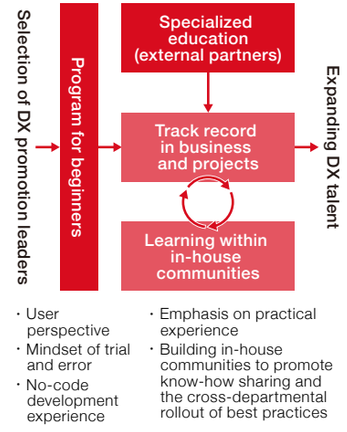
On-Site-Led Business Transformation and DX Talent Development

To drive business transformation and productivity improvements using digital technology, we are strengthening the development of DX talent who can lead on-site transformation. We have established a learning cycle that integrates hands-on training with daily operations, thereby enhancing our on-site execution capabilities.

In fiscal 2025, we selected DX promotion leaders from every department to identify operational challenges, define themes for improvement and transformation, and implement digital-based solutions. Furthermore, by sharing insights gained from these transformation initiatives across departments, and by scaling successful improvements throughout the organization, we are building a foundation of talent capable of driving change autonomously.

Moving forward, we aim to elevate DX literacy across the entire company while simultaneously strengthening specialized digital skills, such as those required for business innovation, data management, and AI implementation, with a focus on the effective use of AI and data.

Additionally, while continuing to pursue on-site-led business transformation, we will ensure that these efforts extend beyond localized optimizations to achieve company-wide optimization, as well as the standardization and harmonization of business processes.



Company-Wide Sharing Session: ISK Business Transformation Day

In fiscal 2025, we held ISK Business Transformation Day, an event attended by approximately 120 participants, including executives, managers, and DX promotion leaders, to share examples and outcomes of business transformation initiatives from various departments. Through this activity, we are not only scaling up improvement insights generated on-site across the entire company but also fostering cross-departmental learning and a culture of transformation.



Human Capital

Message from the Director of General Affairs & Human Resources Headquarters

Aiming to Further Enhance Corporate Value Through “People-Powered” Challenges and Transformation



Director of General Affairs & Human Resources Headquarters
Yoshio Nishiyama

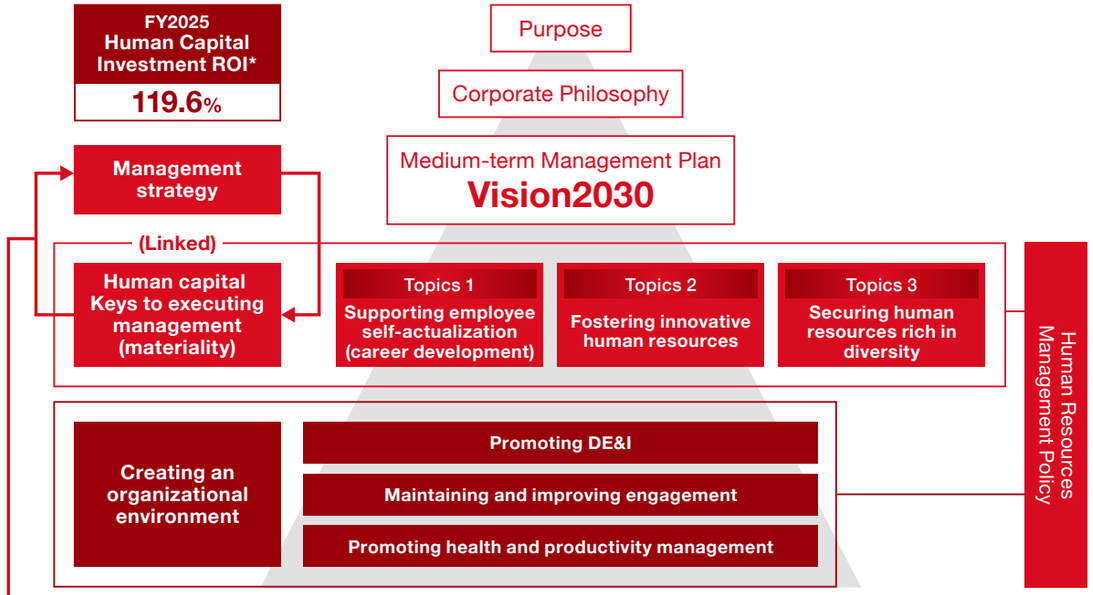
The ISK Group’s Perspective On—and Vision For—Its People

For our Group, our people are a vital asset and the very source of value creation. Our growth and ability to overcome numerous challenges since our founding are a testament to the “power of our people,” a force defined by a persistent spirit of challenge and reform.

In April 2026, we unveiled our corporate slogan, “Local Insight, Global Impact,” as part of our ongoing efforts to enhance our corporate brand value. This slogan serves as a guiding principle, articulating who we aspire to be and what we hold most dear. “Local Insight” reflects our enduring spirit of challenge, a core strength passed down since our inception, which involves cultivating the “seeds of creativity” to spark innovation that transcends traditional boundaries and unlocks untapped potential. “Global Impact” embodies our commitment to seeing these “seeds of creativity” flourish everywhere, contributing to the realization of a better living environment. While we continue to uphold the spirit of challenge cultivated over our 106-year history, we must now shift into a higher gear to strengthen our earning power (profit-generating capability) in order to advance our global business strategy.

By centering our management and business strategies on our people, and aligning them with our human resources strategy, we are implementing KPI-driven management to bolster our earning power. This includes Group-wide initiatives such as increasing value-added per employee, further enhancing productivity, strengthening growth businesses, and reducing loss-related costs (including the maintenance of health and productivity management). Simultaneously, to ensure the efficient use of invested capital, we are focusing on the optimal management of our total workforce, the strategic allocation of human capital, and the reduction of costs within indirect functions.

This fiscal year marks the final year of Vision 2030 Stage II. We have been steadily achieving our performance targets, which we believe reflects the strength of our people across the Group. As we move toward the next phase, Stage III, we will further strengthen unity across the entire Group and foster a shift in behavior focused on achieving results. By concentrating on the following three areas, we aim to drive a further increase in our corporate value.



* Human capital investment ROI (non-consolidated) = Operating income ÷ (Personnel costs + Recruitment costs + Training and development costs) × 100

Management strategy		Human Capital Challenges	KPI			
Materiality-Related Management Challenges			Indicator	Target	Target year	FY2025 results
Technology development capabilities	Creation of new businesses	Utilization of external knowledge	Mid-career hires as a percentage of total hires	50% or more, continuing	FY2030	67.70%
	Enhancement of R&D capabilities	Development capability index	R&D employee ratio	20% or more, continuing	FY2030	20.60%
	Revitalization of individuals and organizations	Improvement of engagement	Engagement index	70 or more	FY2030	67.3
			Turnover rate (voluntary resignations)	3% or less, continuing	FY2030	2.20%
		Human resource development	Training cost per employee	60,000 yen or more per employee	FY2026	67,000 yen per employee
Occupational safety and health, operation safety and disaster prevention	Response to environmental changes	Flexible work styles	Rate of childcare leave taken by men	100%	FY2027	Men 75.0%
			Paid leave acquisition rate	80% or more, continuing	FY2030	81.80%
	Sustainable production activities	Safety and health	Frequency rate of lost-worktime injuries	Zero	FY2030	3.53*
DE&I	Diversity and inclusion	Women’s empowerment	Female manager ratio	15% or more	FY2030	10.90%
			Female ratio among new hires	30% or more, continuing	FY2030	35.50%

* Calculated for non-consolidated production sites only, based on the Annual Securities Report

Human Capital

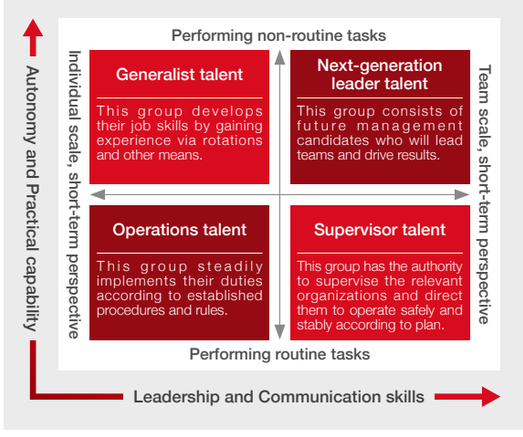
Maximizing Organizational Strength Through Business Strategy and Talent Portfolio Alignment

Two years ago, we implemented a talent management system to analyze human capital data for all employees. We believe that further data accumulation and analysis are essential for building a talent portfolio aligned with our business strategy, as well as for developing and executing specific strategic initiatives. To identify our human capital-related challenges, we conducted assessments for managers and senior-level staff, gaining insight into their current state ("As Is"), including their cognitive traits, behavioral tendencies, values, executive competencies, leadership traits, aptitudes, and personality profiles. Our management team has discussed action plans to bridge the gap between this current state and our desired future state ("To Be"), and we are now implementing these plans in a phased manner. Under "Vision 2030 Stage III," we will redefine the talent required for our business strategy and refine our KGIs and KPIs to maximize our organizational capabilities.

ISK Talent Portfolio Conceptual Diagram

Both general and managerial job categories are divided into four-quadrant frameworks, within which talent is mapped based on assessment results. In addition, we have established thematic talent portfolios aligned with key management strategies, such as those focused on innovation creation and global talent. In Stage III, to realize our "To Be" future state, we will implement strategic placements and development support designed to optimize the organization and foster the growth of our people.

General Employees

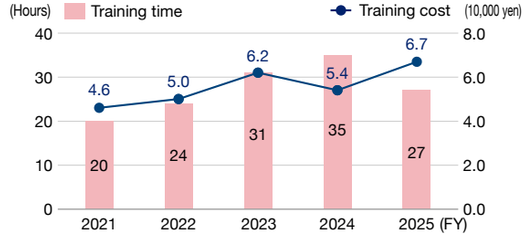


Managers

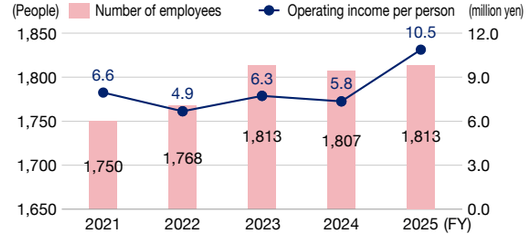


Status of Human Resource Development

Training Time and Cost per Person (Non-consolidated)



Consolidated Operating Income per Person



Driving Individual and ISK Group Growth Through Sustained Improvement in Engagement

Our Group aims to foster a corporate culture that transcends hierarchical structures and rigid formalities, offering an environment where everyone feels free to express their opinions, take initiative, and embrace new challenges. To gauge our progress in this direction, we conduct ongoing engagement surveys. Our focus is not merely on improving scores; rather, we view engagement as a reflection of a workplace where every employee feels that their time here has been rewarding and that they wish to continue their career with us. We believe that maintaining and enhancing an environment that enables consistently high performance also contributes to the growth of the individual. Survey results are analyzed from multiple perspectives, such as by business headquarters, age group, job level/grade, and length of service, and are reported to the Board of Directors, where potential improvements are discussed. This fiscal year, our overall score improved by 2.3 points compared to the previous year. Notably, scores related to our corporate philosophy, specifically, the extent to which employees understand and embrace our strategic direction and business strategies, have risen. We attribute this to initiatives such as town hall meetings led by the president at various business sites, roundtable discussions between the management team and managers at our research laboratories and the Yokkaichi Plant, and dedicated sessions with shift-based employees who support our manufacturing operations. These efforts have helped ensure that every employee understands our management and business policies, as well as the challenges and goals we face.

Moving forward, we will continue to align our management and business policies with the individual missions of our employees, driving growth for the entire Group through the development of each individual.



Engagement Survey Results

2025 results	2026 results	2030 target
65.0	67.3	70 or more

Human Capital

Introducing a System to Reward Future-Focused Challenges and Achievements

In an environment characterized by high uncertainty and volatility, enhancing corporate value requires a limited workforce to deliver double the output, both in terms of quality and quantity. While we have previously worked to elevate our overall human capital, including by developing and acquiring talent capable of excelling across a wide range of fields, we have lacked clarity regarding our core business strengths and have failed to explicitly define the specific competencies required for different business areas and job roles.
Coinciding with the launch of "Vision 2030 Stage III," we will introduce a new human resources system in April 2027. Guided by the core ideas of providing greater opportunities to capable and motivated individuals, prioritizing current and future-focused challenges and achievements over past accomplishments, and aligning compensation and evaluation with specific roles and responsibilities, while expanding the range of these structures, we are building a framework designed to maximize the capabilities and potential of our people.

Topics 1

Supporting employee self-actualization (career development)

Providing Career Development Support



We view career development support for employees, which our engagement survey has identified as our most significant issue, to be a critical, medium- to long-term theme, and we are addressing it through a phased approach. Fostering career autonomy requires managers who work closely with their team members to understand each individual's strengths and aspirations, provide constructive feedback, and offer opportunities for new challenges. To strengthen our organizational support structure, we conducted career support training for managers in fiscal 2025. The training emphasized looking beyond mere job titles or positions; it encouraged managers to help employees explore their core professional values (or "career anchors") and provided guidance on how to engage in ongoing dialogue to build trust and support career development.
Furthermore, analysis of our engagement survey revealed that, while expectations and motivation regarding career aspirations tend to rise from the late 20s onward, there is a noticeable decline in the sense of personal growth and career progress among employees in their 30s. Recognizing the early 30s as a pivotal turning point for career autonomy, we are launching targeted career support initiatives for this age group in fiscal 2026. When employees feel confident that they can build their careers within our Company, it not only boosts their motivation but also invigorates the workplace and fosters the fresh ideas necessary to realize our corporate purpose. Moving forward, we will continue to implement a range of support measures to create an environment where every employee can take ownership of their own career path and experience meaningful personal growth.

Engagement Survey Insights from the Analysis

"The early 30s represent a pivotal turning point for career autonomy." Precisely because this is a phase when one's sense of personal growth and career fulfillment can easily waver, support is needed to help individuals re-examine their core values at a profound level.

Going Forward: Establishing a Comprehensive Support System

1 Career Support Training
Organizing one's experiences and reflections to clarify core personal values.

2 Enhanced Opportunities for Career Dialogue
Expanding possibilities and options through discussions with supervisors, HR, or mentors.

3 Provision of Growth Opportunities
Increasing access to reskilling and new challenges to foster a sense of personal growth and self-confidence.

4 Encouragement of Autonomous Initiatives
Supporting proactive career self-development via self-nomination programs and opportunities to work across organizational boundaries.

Interview

Building a Career Through Supporting Individual Health and Well-being

After gaining clinical experience as a nurse, I transitioned into the role of a public health nurse, focusing on preventive medicine and health support. Witnessing how illnesses or injuries can abruptly alter a person's everyday life—a life previously taken for granted—made me realize the vital importance of daily health, which inspired me to pursue a career in preventive care. Currently, based primarily at the Yokkaichi Plant, I manage employee health in a role that encompasses post-health-checkup guidance, encouraging medical consultations, providing health counseling, supporting employees' return to work, and disseminating health-related information. My first priority has been to ensure that employees know a public health nurse is available, as well as to build a relationship of trust where they feel comfortable reaching out for advice. Because every individual faces unique health concerns and different barriers to taking action, I make it a point to listen carefully to their personal circumstances and perspectives, working alongside them to find solutions.
The health of our employees is the essential foundation that sustains our Company. As a public health nurse, I aim to contribute to creating a workplace where employees can remain healthy and productive for the long term and where each person can perform at their full potential. Furthermore, I am committed to developing systems that empower employees to take personal ownership of their health, fostering awareness and encouraging proactive steps, while also helping to build an environment where they can continue to work with peace of mind, even when facing personal health challenges or the need to care for aging parents.



General Affairs & Human Resources Headquarters, Human Resources Division, Yokkaichi Group, Occupational Health Nurse
Harumi Hirano

Health and Productivity Management Initiatives

We organized a walking event aimed at enhancing our employees' health awareness and habits. By leveraging the wearable devices provided to employees free of charge, teams competed based on their total step count over the course of a month, creating an engaging way for employees to incorporate physical activity into their routines. The event also included activities designed to foster communication among colleagues, such as a challenge to submit photos taken by the entire team. During the event, we observed more employees using their lunch breaks to go for walks, which represents a positive outcome that has helped encourage the adoption of regular, daily exercise habits.

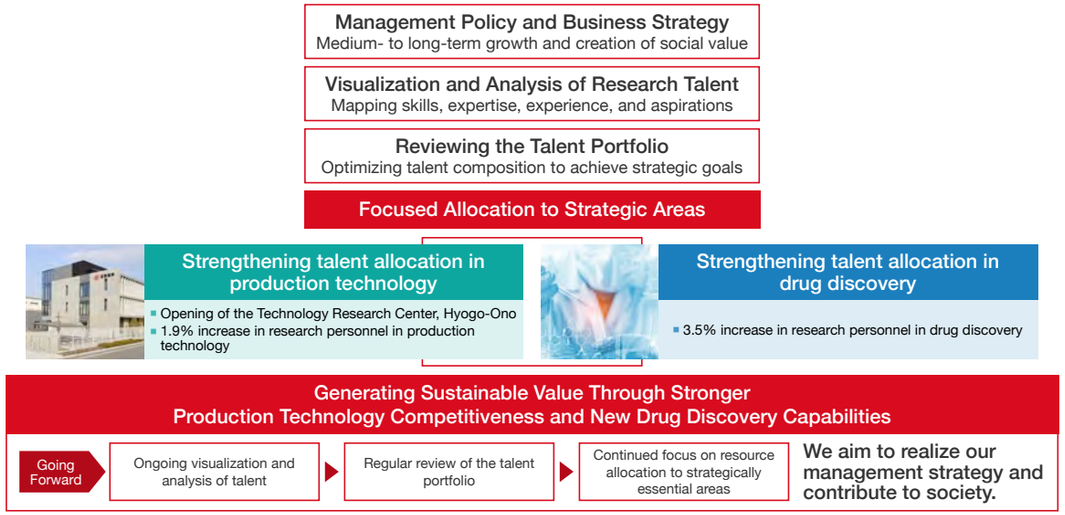
Human Capital

Topics 2

Developing Human Resources to Foster Innovation

Talent Portfolio Strategy - Optimal Allocation of Research Personnel

To realize our management strategy, we are working to optimize our “talent portfolio” by ensuring the appropriate acquisition and allocation of the talent needed to strengthen our research and development (R&D) capabilities. In December 2025, we opened the Technology Research Center, Hyogo-Ono, establishing a framework to bolster R&D in agrochemical production technologies by strategically assigning research personnel based on their specific expertise and experience. We have also strengthened our efforts in the discovery of discovery research, one of our Company’s key priorities. Through these initiatives, we align personnel assignments with specific research themes and strategic business priorities, ensuring that the expertise of our researchers is utilized to the fullest extent.
Moving forward, we will continue to visualize the expertise and experience of our workforce, identifying any gaps between our current talent pool and the requirements of our management policy and departmental business strategies. This will enable us to deploy personnel effectively into our priority areas. Furthermore, by combining the development of internal talent with the acquisition of external talent, we aim to build a flexible “talent portfolio” capable of adapting to shifts in the business environment and evolving R&D themes. This will strengthen our talent foundation, ultimately driving both enhanced R&D capabilities and business growth.



Launching Innovation Creation Training

As part of our R&D strategy for Vision 2030 Stage II, we have been building a foundation to generate new value and competitive strength by combining internal and external information with our own technological assets. In this context, we have launched an “Innovation Creation Training” program designed to develop talent capable of consistently driving innovation. The program focuses on cultivating the ability to create original, new businesses, markets, and products by integrating diverse technologies that have been cultivated within the fields of organic and inorganic chemistry, and which span disciplinary boundaries, all while precisely identifying market needs. Mid-level employees from research and planning roles across various business segments participate in the program; through collaboration and leveraging of their distinct areas of expertise and knowledge, they engage in practical learning aimed at uncovering new business opportunities.



Interview

Leveraging International Experience to Drive Manufacturing and Innovation

During an approximately three-month internship at a trading company in Cambodia, I worked on expanding market access for agricultural products and establishing systems for sales management. By engaging with local customers and stakeholders and taking the initiative to think and act independently, I learned an approach to work that involves defining a clear goal, assessing one’s current position, and then addressing the gap between the two. This experience instilled in me a habit of rapidly cycling through the PDCA process and constantly evaluating not just the immediate tasks at hand, but what truly needs to be done at any given moment.
Currently, I work in procurement, which is the starting point of the manufacturing process, and I handle materials such as agrochemical ingredients and packaging. To ensure that necessary items are delivered exactly when needed, I anticipate potential risks, ranging from weather conditions to international developments, and coordinate closely with both internal and external stakeholders. The lessons I learned during my internship about sharing goals and critically assessing the necessary next steps remain highly relevant to my current responsibilities. Moving forward, I intend to build upon this experience to support manufacturing, foster innovation, and continue delivering new value to our customers.



Biosciences Business Headquarters
Supply Chain Management Division
Purchasing Group
Takuya Matsumoto

Human Capital

Topics 3

Securing Human Resources Rich in Diversity

Promoting Women's Empowerment

Our vision for DE&I is to create an "organization where everyone thrives," in which every employee can excel by leveraging their unique personalities and strengths while supporting one another. As part of this commitment, we are actively promoting the advancement of women, which is an initiative underscored by a clear, top-level commitment from our president.

While our recruitment and promotion systems are designed to value individual talent, ability, and performance, regardless of gender, we recognize that certain barriers can hinder women's professional growth. These include a tendency to lack self-confidence (often referred to as "imposter syndrome") and the influence of unconscious bias. To address these challenges, we provide support tailored to the specific circumstances and needs of each individual.

As one such initiative, in fiscal 2025, we conducted a group coaching program for 38 female employees. Participants learned from one another on topics such as career re-evaluation, interpersonal communication, critical thinking to uncover core issues, and the ability to effectively convey ideas. At the end of the program, each participant delivered a three-minute presentation to the president and members of the Board of Directors, proposing talent models essential for the Company's future and outlining initiatives they wish to pursue, thereby deepening their direct engagement with the executive leadership.

Furthermore, a roundtable discussion featuring outside directors Akemi Uchida and Yumi Sano served as a forum for a lively exchange of views regarding career paths and workplace challenges.

Moving forward, we remain dedicated to supporting each employee's career development and personal ambitions, continuing our efforts to foster an environment where a diverse workforce can fully leverage their individual strengths.

Excerpt from the Roadmap for Promoting Women's Empowerment

	2030 Outputs	Outcomes
1 Mindset and organizational culture	▪ Female manager ratio: 15% or more	An "organization where everyone thrives" —a workplace where all employees, regardless of age or gender, can perform at their best and excel
2 Systems and careers	▪ Female ratio among new hires: 30% or more	
3 Building a talent pipeline	▪ Rate of childcare leave taken by men: 100%, etc.	A strong organization that embraces diversity and flexibility in thinking



Roundtable discussion with outside directors

Internships for International Talent

To strengthen the human resources foundation that supports our global business operations, we are actively expanding our connections with independent administrative agencies and government bodies that support the recruitment of foreign nationals, thereby diversifying our hiring channels. In recent years, we have placed a particular focus on internships for international university students, both those based in Japan and abroad. Last fiscal year, we hosted an internship at our Technology Research Center, Hyogo-Ono (TREC) for students majoring in chemical engineering, which resulted in the recruitment of one of the participants.

A key strength of our biosciences business lies in its contribution to solving challenges in agricultural production worldwide. Through these internships, we aim to bolster the recruitment of international talent who possess deep knowledge of the business environments and market characteristics of their respective countries and regions.

Moving forward, we will continue to offer practical internship programs that provide participants with a deeper understanding of our business and corporate culture. By fostering mutual understanding between the Company and the participants, we aim to attract individuals with diverse backgrounds and specialized expertise who will go on to drive our global business operations in the future.



Interview

Passing the Baton: Navigating Family Life and Careers Together

Because our third pregnancy brought us twins, we discussed our approach early on and decided to take maternity and parental leave in succession, with Yoko taking leave first and Koichiro following. Yoko returned to work after about six months, including prenatal and postnatal leave, and Koichiro then took approximately seven months of parental leave. Rather than taking leave simultaneously, we alternated between focusing on childcare and focusing on our careers; this allowed each of us to fully engage with both our professional and parental responsibilities, which was of significant benefit to us both.

We also joined the Company in the same year. Being able to share household responsibilities while respecting each other's professional pursuits, rather than one of us having to scale back their career, has provided a strong foundation for our future together. Since returning to work, we have utilized remote work options and flexible scheduling, with the support of our colleagues. We intend to show our appreciation for this support through our professional contributions, and we look forward to accelerating our career growth moving forward.



Biosciences Business Headquarters, Regulatory Affairs Division Registration Study Group

Koichiro Cho

Central Research Institute Research Management Division Research Information Management Group

Yoko Cho

Message from the Executive Director of the Office of Sustainability Promotion

No Sustainability, No Business!

We live in an era characterized by the acronyms VUCA (volatility, uncertainty, complexity, and ambiguity) and BANI (brittleness, anxiety, non-linearity, and incomprehensibility). Predicting the future is difficult, and one should avoid jumping to either pessimistic or optimistic conclusions. In this environment, my role as the newly appointed Executive Director of the Office of Sustainability Promotion is to transform our sustainability function into a value center that actively creates value. I am fully committed to this mission, ensuring that the value we create aligns with our Group's Purpose "To continue contributing to better living environments through chemical technologies."
In my previous role as Director of Legal & IP Headquarters, I found that compliance and sustainability share several commonalities. Both serve as foundational pillars for our business, and both are currently transitioning from a phase of exploring the scope of necessary responses to a phase of proactively establishing core principles. Only by putting these efforts on a firm footing can we achieve true sustainability.
Our organizational structure for sustainability is also evolving; the Office of Sustainability Promotion has now taken on public relations functions, including corporate branding. This is because public relations, too, serves as a vital foundation for our business.
During my time as Director of Legal & IP Headquarters, my personal motto was "No Agreement, No Business!" Moving forward, I have adopted a new guiding principle: "No Sustainability, No Business!" With this conviction, I am dedicated to driving our sustainability initiatives forward.

Among our sustainability initiatives, addressing climate change stands as our top priority. We are currently working to reduce CO_2 emissions, with a primary focus on our Yokkaichi Plant. We are reviewing and improving existing manufacturing processes and installing CO_2 capture equipment to keep emissions within nationally prescribed limits.
Furthermore, climate change mitigation and environmental efforts integrated into our business operations are also of great importance. Our Group offers environmentally conscious products, such as the "SG" series of black heat-shielding materials and "Riceful" biostimulant* designed to enhance the natural physiological functions of plants, which we believe will contribute to the realization of a more sustainable society.

* Biostimulants are materials that help mitigate abiotic stress caused by high temperatures, drought, cold, salinity, and physical damage.

At our new, sustainability-focused facility, the Technology Research Center, Hyogo-Ono (TREC), we have achieved 100% renewable energy usage through a combination of on-site solar power generation and the purchase of non-fossil certificates equivalent to our total grid electricity consumption. We also participate in Hyogo Prefecture's corporate-sponsored forest development activities, having established the "ISK Forest" at the foot of the mountains in Ono City, Hyogo Prefecture to support the conservation of biodiversity. The facility has also earned an S rating, the highest under the CASBEE-Wellness Office certification system, which evaluates the health and comfort of office environments. We believe this demonstrates that the facility provides a comfortable and healthy workplace for our employees.

The integration of public relations and branding activities under the purview of our Office of Sustainability Promotion represents a new challenge for our Group. Under this new structure, we aim to enhance our long-term corporate value and strengthen our brand image.
As a first step, we are embedding our corporate slogan, "Local Insight, Global Impact," as a shared philosophy across the entire Group. This is intended to foster a unified sense of the ISK brand on a global scale. We are committed to clearly communicating ISK's corporate value to all our stakeholders, while also actively sharing information regarding our Group's sustainability initiatives.
Both branding and sustainability require a long-term perspective, demanding consistency and coherence as they are developed over time. Guided by our top management's commitment that sustainability is the foundation of our business, we remain dedicated to responding flexibly to changes in the business environment. We are confident that building an organizational structure resilient to uncertainty will contribute to the sustained growth of our Group's corporate value.



Executive Director of the Office of Sustainability Promotion
Akihiko Kikuchi

Materiality

Aiming for Materiality-Centered Sustainable Growth

Our Group has identified materialities that affect our corporate value over the medium to long term. For issues deemed highly significant both to our stakeholders and to our Group, we have established medium- to long-term key performance indicators (KPIs) and are advancing concrete initiatives. Through our efforts to address these materialities, we aim to contribute to the sustainable development of society while enhancing our corporate value.

Materiality Identification

The Group identified 16 materialities by resolution of the Board of Directors by compiling a list of themes (issues) by means of an employee questionnaire and workshops, ranking them based on their importance for the Company and stakeholders, and having them reviewed by outside experts.

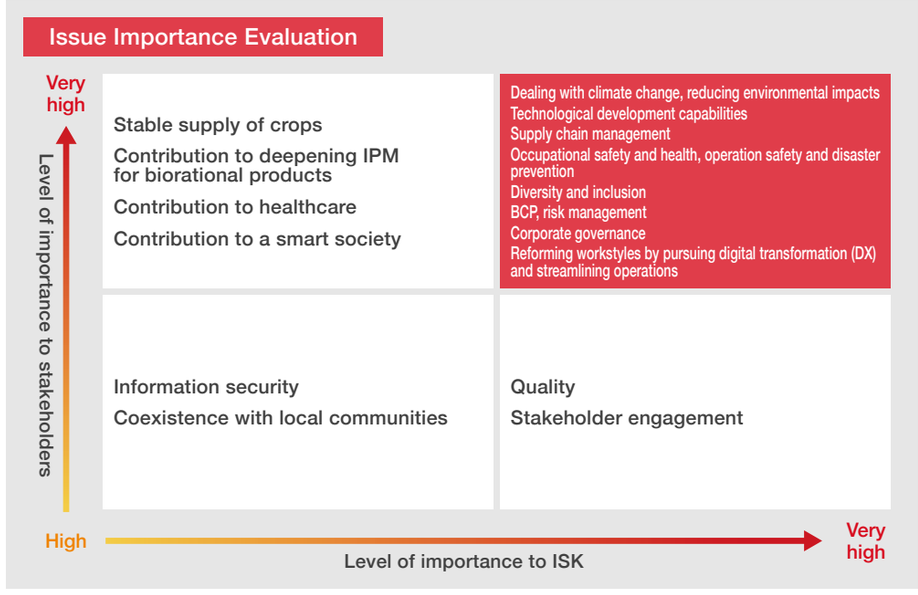
Initiatives to Achieve KPIs

We established KPIs for eight of the 16 identified materialities characterized by a particularly high level of importance, and we are managing progress by setting single- and multi-year targets and assigning a department with oversight responsibility for each.
Progress towards achieving KPIs is monitored by the Office of Sustainability Promotion, and results for each fiscal year are reported to the Sustainability Promotion Committee. KPIs are reviewed as appropriate based on progress in related initiatives, deliberated by the Sustainability Promotion Committee, and disclosed in the Integrated Report and on the website.
In addition, we plan to review the materialities during Vision 2030 Stage II to accommodate changes in the business environment and society. We are working to develop mechanisms for bringing information about business risks and opportunities to bear on our management from an ESG and SDGs perspective.

STEP 1 Issue identification
- In accordance with GRI, SASB, and other guidelines, as well as the ISK Group's long-term vision and other resources, we identified issues that deserve to be emphasized.

STEP 2 Prioritization
- We carefully reviewed the importance of issues for ISK based on their alignment with our Purpose and other policies, and the importance of issues for stakeholders based on industry issues, key ESG themes, and other resources.

STEP 3 Materiality identification
- Outside experts reviewed the process and verified its suitability.
- Finalized following deliberation by the Executive Management Committee and approval by the Board of Directors.



STEP 4 Establishment of KPIs
- We reviewed materiality-related indicators highlighted by ESG evaluation organizations.
- We then established KPIs after conducting interviews with business departments and other entities as necessary.

STEP 5 Regular monitoring
- Progress is monitored by the Office of Sustainability Promotion.
- Results are reported to the Sustainability Promotion Committee.

STEP 6 Disclosure of results and review of KPIs
- KPIs are deliberated by the Sustainability Promotion Committee.
- KPIs are disclosed each year in the Integrated Report and on the website.

Materiality

Eight Most Important Issues and KPIs

Materiality	KPI	FY2024 Achievements	FY2025 Achievements	FY2026 Target / FY	Scope
Dealing with climate change, reducing environmental impacts	CO_2 emission reduction rate (Scope 1+2, vs. FY2019)	8.1% decrease (vs. FY2019)	11.4% decrease (vs. FY2019)	30% or more / 2030	ISK Group
	Reduction in energy intensity	1.7% decrease (Year-on-year)	0.9% decrease (Year-on-year)	1% or more annually	ISK,FTI,MFM
	Industrial waste emission reduction rate (vs. FY2019)	32.0% reduction (FY2019 levels)	32.5% reduction (FY2019 levels)	50% or more / 2030	ISK
	Adherence to voluntary control standard values that are stricter than environmental laws (wastewater, waste gas)	Achieved	Achieved	Continuing / 2026	ISK,FTI,MFM
Technological development capabilities	Creation of new products and technologies in each business segment	Average of most recent 3 years decreased by 3.3	Average of most recent 3 years decreased by 2.0	Increase in number of new products created / Every year (average of most recent 3 years)	ISK Group
	R&D expenses	10.7 billion yen (FY2024)	11.2 billion yen (FY2025)	30.3 billion yen / Cumulative total, FY2024 to FY2026	ISK Group
	Percentage of employees in research positions	21.0%	20.6%	20% or more, continuing / 2030	ISK
Supply chain management	Supplier CSR survey implementation rate	Selection of companies to be surveyed completed	78.7%	70% or more (transaction value) / 2027	ISK
	Business and human rights training participation rate	—	—	Training conducted in all departments / 2026	ISK Group (Japan, consolidated)
Occupational safety and health, operation safety and disaster prevention	Frequency rate of lost-worktime injuries, severity rate*	Frequency rate: 0.91 Severity rate: 0.00	Frequency rate: 2.89 Severity rate: 0.03	0 accidents / 2026	ISK,FTI,MFM
	Percentage of employees undergoing health checkups and stress checks	100%	100%	100%, continuing / 2030	ISK
	Paid leave acquisition rate	77.8%	81.8%	80% or more, continuing / 2030	ISK
Diversity and inclusion	Female manager ratio	5.5%	10.9%	15% or more / 2030	ISK
	Mid-career hires as percentage of managers (average for last three years)	23.8%	32.6%	30% or more / 2026	ISK
	Percentage of male employees taking childcare leave	66.6%	75.0%	100% / 2027	ISK
	Employee engagement	65.0	67.3	Total score of 66.6 / 2026 Total score of 70 / 2030	ISK
	Female ratio among new hires	24.3%	35.5%	30% or more continuing / 2030	ISK
	Mid-career hire ratio among new hires	44.6%	67.7%	50% or more continuing / 2030	ISK
BCP, risk management	Implementation of training envisioning a large-scale disaster and review of documented procedures in light of environmental changes	Held	Held	1 per year / every year	ISK
	Revisions to the risk map and review of high priority risks targeted by measures	Held	Held	Held / every year	ISK Group
Corporate governance	Participation in at least 1 compliance training session	100%	100%	100%, continuing / 2026	ISK Group (Japan, consolidated)
Reforming workstyles by pursuing digital transformation (DX) and streamlining operations	Effective contribution to operational streamlining	2 cases	3 cases	3 cases / 2026	ISK

* Frequency rate of lost-worktime injuries: Number of employees injured or killed in occupational accidents per 1 million total working hours; indicates the frequency of occupational accidents. Severity rate: Number of working days lost per 1,000 total working hours; indicates the severity of occupational accidents.

Environment

Dealing with climate change

Within the ISK Group, we recognize climate change action is an urgent issue, and we are making efforts focused on "Dealing with climate change, reducing environmental impacts" as a materiality.
ISK Group strives to analyze, examine, and disclose the information related to the climate change issues under the TCFD recommendations, and in carrying out business activities, ISK Group will contribute to addressing environmental and social issues to realize a sustainable society and improve its corporate value.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Sustainability: Dealing with climate change
https://www.iskweb.co.jp/eng/environment/climate.html

Governance

Our climate change-related efforts are overseen by the Sustainability Promotion Committee, which is established under the Board of Directors. The Office of Sustainability Promotion, headed up by an executive officer, plans measures which will then be implemented by the Climate Change Team underneath it. The team comprises people from factory management, manufacturing divisions, administrative department, and ISK affiliates. The efforts and measures the team comes up with are deliberated on at Sustainability Promotion Committee meetings held at least twice a year, and those approved are consulted on and passed by the Board of Directors.
The progress of activities by the Office of Sustainability Promotion, including the Climate Change Team, is reported every three months to the Board of Directors, which supervises these activities.



Strategy

Chosen Climate Change Scenarios

Referencing climate change scenarios published by the IEA (International Energy Agency) and IPCC (Intergovernmental Panel on Climate Change), we selected scenarios of a rise of 1.5–2°C and 4°C. Recognizing that climate change's impact on business becomes more evident in the medium- and long-term, we analyzed the impact of climate change until 2050, as the time horizon.

* Referenced climate change scenarios
  - 1.5–2°C scenario: Scenario with sustainable development and climate policy to keep temperature rise under 2°C compared to pre-industrial levels but to also aim to keep it to 1.5°C or less (IEA NZE 2050, IEA SDS, SSP1-2.6, RCP2.6)
  - 4°C scenario: Maximum emissions scenario with no climate policy and development dependent on fossil fuels (IEA STEPS, SSP2-4.5, RCP8.5)

Scenario Analysis Process

Identify major risks and opportunities	■ Gather information on risks and opportunities in the chemical industry. ■ Identify climate change risks and opportunities for ISK, and narrow down the major potential risks and opportunities that could have a large impact on our business.
Gather future forecast data	■ Gather highly reliable, external future forecast data related to major risks and opportunities. ■ Organize the future forecast data for each scenario and, along with relevant personnel at ISK, examine possible future world outlooks.
Calculate impact on business	■ Using the collected future forecast data and in-house data, quantitatively assess what possible impacts the highly important risks and opportunities will have on business for each scenario.
Consider responses	■ Consider ways to deal with climate change risks and opportunities that have a particularly large impact on business. ■ Consider other efforts and ways to implement them when necessary.

Environment

Scenario Analysis Results

The ISK Group used external information to analyze the main climate change risks and opportunities in our business, and gathered future forecast data related to each risk and opportunity.
Based on this, we considered the risks and opportunities that arise from the transition to the carbon neutral society, and the physical risks and opportunities caused by climate change, under each of the 1.5–2℃ and 4℃ scenario. We then analyzed the major risks and opportunities that could impact our business up until 2050.
As a result, for the 1.5–2℃ scenario, we identified risks such as greatly increased operating costs due to the imposition of a carbon tax on CO_2 emissions.
Therefore, recognizing the importance of reducing CO_2 emissions across the entire ISK Group, we will proceed with various planned measures towards achieving carbon neutrality by 2050.

Risk Management

One of the eight priority issues (materiality) that the ISK Group has identified is "dealing with climate change and reducing environmental impacts."
In recognition of the urgency of climate change, the ISK Group has established the Climate Change Team under the Office of Sustainability Promotion.
This team identified climate change risks, the results of which are assessed and controlled by the Sustainability Promotion Committee. When necessary, matters are reported to the Corporate Risk Management Committee.

Business Risks and Opportunities Identified through Risk Level Assessment and Scenario Analysis

Time horizon:
Short term: 2025, medium term: 2030, long term: 2050

On major opportunities
Financial impact of ¥1 billion or more :
Financial impact of less than ¥1 billion :

On major risks
Financial loss of ¥1 billion or more :
Financial loss of less than ¥1 billion :

Major Risks and Opportunities			Covered business	Explanation of risks and opportunities			Responses aimed at reducing risks and seizing opportunities
				Explanation	Time horizon	Financial impact (2050)	
Transition risks	Policies/ regulations	Introduction of carbon tax, stricter CO_2 emission regulations	Organic chemicals/ Inorganic chemicals	Increased operating costs due to the imposition of a carbon tax on CO_2 emissions (For 1.5℃: Cost increase of approx. 17.2 billion yen in 2050*)	Medium–long	↘	■ Shift boiler fuel away from coal ■ Rebuild manufacturing systems ■ Implement carbon capture and use renewable energy
	Technologies	Shift to meeting consumer needs for low-carbon products	Organic chemicals/ Inorganic chemicals	Developing low-environmental impact products and strengthening manufacturing systems (Financial impact is evaluated based on increased semiconductor demand)	Medium	↗	■ Expand sales of electronic components (semiconductors etc.), materials (IPM products), and others that reduce environmental impact ■ Create new technologies and products (Organic: Develop IPM products with a view to smart agriculture using AI and IoT, etc.) ■ Utilize subsidies and subsidy systems for capital investment and product development
	Markets	Rising raw material prices (titanium ore, coke, others)	Inorganic chemicals	Increased procurement costs, rising material prices due to limited availability	Medium	↘	■ Increase yields and reduce waste ■ Reduce CO_2 in procurement through cooperation with suppliers and the industry
		Energy cost fluctuations	Organic chemicals/ Inorganic chemicals	Sharp price fluctuations in coal, fuel oil, gas, and electricity	Short-medium	↘	■ Diversify the energy sources ■ Pursue thorough energy savings
	Reputation	Greater awareness of environmental consciousness among customers	Organic chemicals/ Inorganic chemicals	Fewer product orders and lower investor ratings due to delay in decarbonization	Medium	—	■ Proactively strive to reduce environmental impact ■ Pursue thorough information disclosure
Physical risks	Acute	Rise in severity of extreme weather events such as typhoons and floods	Organic chemicals/ Inorganic chemicals	Property damage and lost profits due to disasters	Short	↘	■ Expand and improve BCPs, conduct drills ■ Increase the number of suppliers ■ Consider a backup manufacturing system
			Organic chemicals/ Inorganic chemicals	Rise in insurance costs due to higher risks of disaster striking bases	Short	↘	■ Revise terms of insurance contracts
			Organic chemicals	Decrease in sales of agricultural materials due to farmers' damage from floods	Short	↘	■ Develop materials that solve new issues arising from extreme weather (rain-resistant materials, biostimulants that counter heat stress, and others) ■ Select certain countries for priority development and marketing based on predictions of changes in uncertain ecosystems (pests, weeds, etc.)
	Chronic	Rise in average temperature, extreme change of weather patterns	Organic chemicals	Increase in sales opportunities from selling materials that respond to ecosystem changes	Medium–long	↗	

* Financial impact evaluation uses carbon pricing in each country under the 1.5℃ scenario (IEA NZE 2050) for the calculation of cost impact (Scope 1, 2). Note that the organic chemical business includes subcontractors (Scope 3).

Environment

Metrics and Targets

Our Group's greenhouse gas (GHG) emissions (Scope 1 and 2) fluctuated in line with our annual production volume but, overall, remained at the same level as the previous year. Our Scope 3 emissions, which are emissions from the supply chain, increased, driven by a rise in activity levels such as raw material procurement and capital investment.
At the Yokkaichi Plant, which has the highest CO_2 emissions, we are working to reduce emissions from various perspectives, including promoting energy-saving activities, using renewable energy derived from biomass, implementing an internal carbon pricing system, and installing equipment to capture a portion of the CO_2 generated during manufacturing processes.

GHG (Greenhouse Gas) Emissions of ISK Group (1,000 t-CO_2e)

GHG emissions	FY2019 (base year)	FY2023	FY2024	FY2025	
Scope1	471	479	427	412	☑
Scope 2 (market-based)	20	24	23	22	☑
Total	490	504	451	434	

☑:Emissions subject to third-party assurance

GHG emissions are calculated in accordance with the GHG Protocol.
Note: For the current year and all previous years, Scope 1 emissions data has been adjusted, in line with the Act on Promotion of Global Warming Countermeasures, by deducting emissions associated with energy supplied to other companies (107,000 t-CO_2e in FY2025).

- **Calculation target:** For Scope 1 and 2 emissions, the calculation includes Ishihara Sangyo Kaisha, LTD., and the following domestic and international consolidated subsidiaries.

Domestic: Ishihara Sangyo Kaisha, LTD.: Encompasses the Head Office, Tokyo Branch, Yokkaichi Plant, Central Research Institute, and Technology Research Center, Hyogo-Ono / Fuji Titanium Industry Co., Ltd.: Encompasses the Main Office, Kobe Plant, and Hiratsuka Plant / MF Material Co., Ltd.: Encompasses the Nobeoka Plant and Hyuga Plant / Ishihara Engineering Partners Corporation/ Ishihara Techno Corporation / ISK Biosciences K.K.
International: IBC Manufacturing Company; ISK Americas Incorporated (including ISK Biosciences Corporation, Ishihara Corporation (U.S.A.), ISK Biocides INC. and ISK Animal Health LLC); ISK Biosciences Europe N.V.; ISK Biosciences India PVT. LTD.; ISK TAIWAN CO., LTD.

- **Calculation method:** GHG emissions = CO_2 emissions + non-CO_2 GHG emissions
  - CO_2 emissions(energy-related) = Σ (fuel consumption or purchased electricity x CO_2 emission factor)
  - CO_2 emissions from non-energy sources=Σ (Activity level of non-energy GHG sources x CO_2 emission factor)
  - Non-CO_2 GHG emissions =Σ (Emissions of each non-CO_2 greenhouse gas x its global warming potential (GWP))

[Emission factor] Fuel and steam: Latest emission factors based on the Act on Promotion of Global Warming Countermeasures
Purchased electricity: For domestic electricity, the latest basic emission factor based on the official notification under the Act on Promotion of Global Warming Countermeasures is used, reflecting the environmental attributes of non-fossil certificates for FY2025.
For international locations, Emission factors from the Emission Intensity Database for Calculating Greenhouse Gas Emissions of Organizations Throughout the Supply Chain, Ver. 3.6 (b. Electricity intensity by country)
Global warming potential: The global warming potential (GWP) values specified under Japan's Greenhouse Gas Emissions Calculation, Reporting and Disclosure System are used.

GHG Emissions of Scope 3 (1,000 t-CO_2e)

Scope3	Category	Calculation Basis	Calculated Scope	FY2025
Category 1	Purchased goods and services	Non-consolidated	Calculated from raw material procurement costs and outsourcing costs	414.22
Category 2	Capital goods	Consolidated	Calculated from capital expenditure and emission intensities	31.78
Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	Consolidated	Calculated from Scope 1 and 2 energy consumption	47.10 ☑
Category 4	Upstream transportation and distribution	Non-consolidated	Calculated based on the periodic report submitted as a specified consigner	4.07
Category 5	Waste generated in operations	Domestic consolidated	Calculated from the volume of municipal and industrial waste disposed of	2.40
Category 6	Business travel	Consolidated	Calculated from the number of employees and emission intensities	0.24
Category 7	Employee commuting	Non-consolidated	Calculated from commuting allowances paid to employees	0.50
Category 8	Upstream leased assets	All leased assets are included in Scope 1 and 2; therefore not applicable to Scope 3		—
Category 9	Downstream transportation and distribution	Not calculated, as the wide range of product applications makes it impracticable to determine		—
Category 10	Processing of sold products	Excluded in accordance with the WBCSD Chemical Sector Guidance		—
Category 11	Use of sold products	Excluded in accordance with the WBCSD Chemical Sector Guidance		—
Category 12	End-of-life treatment of sold products	Not calculated, as the wide range of product applications makes it impracticable to determine		—
Category 13	Downstream leased assets	Not applicable, as the Group holds no assets leased out to third parties		—
Category 14	Franchises	Not applicable, as the Group has no franchise operations		—
Category 15	Investments	Not applicable, as the Group has no investment activities for profit		—
Total Scope 3 emissions				500.30

☑:Emissions subject to third-party assurance

- **Calculation method for Category 3**
  GHG emissions = Σ (Consumption by energy type x Corresponding upstream emission factor)

[Emission factors]Electricity: Emission factor from the Emission Intensity Database for Calculating Greenhouse Gas Emissions of Organizations Throughout the Supply Chain, Ver. 3.6 (7. Electricity and Heat)
Fuel: Emission factor from IDEA v2.3 (Release date: December 27, 2019)

About acquisition of third-party assurance

For our GHG emissions data (Scope 1, 2, and Scope 3 Category 3), we have obtained a third-party assurance report (limited assurance) from Asuene Veritas Inc., a provider of third-party assurance services in accordance with ISAE (International Standard on Assurance Engagements) 3000 and ISAE 3410.

ASUENE VERITAS

Independent Practitioner's Assurance Report
https://www.iskweb.co.jp/eng/environment/pdf/asuene_veritas_eng_260831.pdf

Environment

ISK Group Aiming for Carbon Neutrality by 2050

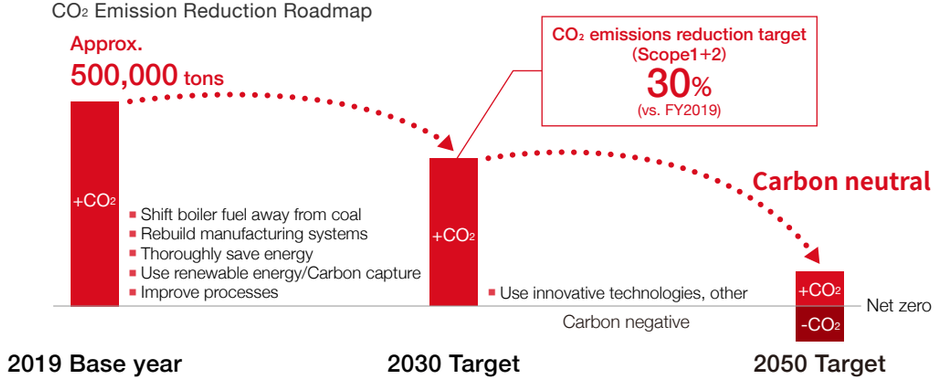
With climate change becoming a major worldwide issue, the ISK Group has identified dealing with climate change and reducing environmental impacts as priority issues (identified materiality) and aims to become carbon neutral by 2050.

Reduction Targets

- 2030: Target CO_2 emissions reduction by 30% (vs. FY2019)
- 2050: Challenge carbon neutrality (net zero emissions)

The ISK Group has set the reduction targets for CO_2 emissions (Scope 1 and 2). We will continue to strive for reduced emissions and carbon neutrality in order to promote Climate Change Mitigation and Adaptation.

CO_2 Emission Reduction Roadmap



Conducting In-House Training on Climate Change

We provide structured, level-specific training designed to foster awareness regarding climate change initiatives. By ensuring that everyone, from senior management to frontline personnel, shares an understanding of the risks and opportunities that climate change presents to our business, we aim to cultivate a sense of personal ownership and responsibility across the entire organization. We will continue to conduct these training sessions, with the goal of further enhancing the awareness and actions of every employee in relation to climate change.



Technology Research Center, Hyogo-Ono (TREC)

Achieving 100% Renewable Energy for Electricity Consumption

At the Technology Research Center, Hyogo-Ono (TREC), which opened in December 2025, we have effectively achieved 100% renewable energy for our electricity consumption. This was accomplished by generating renewable energy through rooftop solar power installations and by procuring non-fossil certificates equivalent to the volume of electricity purchased from the grid.
This initiative to effectively achieve 100% renewable energy is part of our broader efforts toward decarbonization. We are also exploring the implementation of energy-saving and renewable energy measures at other sites beyond the Yokkaichi Plant, which currently accounts for a large share of our CO_2 emissions, as we work to reduce CO_2 emissions across the entire Group and contribute to the realization of a sustainable society.



Solar power generation system on the TREC rooftop

Yokkaichi Plant

Utilization of Internal Carbon Pricing

We have introduced internal carbon pricing (ICP) as a mechanism to integrate climate change countermeasures into our management decision-making. Initially, we are applying this to our capital investment decision-making process; by assigning an internal price to CO_2 emissions, we are making the “carbon cost” visible when evaluating potential investments.
By incorporating a process that translates the CO_2 reduction impact of proposed capital investments into monetary terms, we aim to encourage investments in energy-efficient equipment and renewable energy. Furthermore, by fostering a culture where every department approaches CO_2 reduction with a keen awareness of costs, we are driving a transition toward a low-carbon business model.
Moving forward, we plan to build upon our operational experience and gradually expand the scope of ICP to a broader range of decision-making areas, such as business planning. Through the use of ICP, we will further accelerate our efforts to embed a decarbonization-focused mindset across the entire Group and achieve our CO_2 emission reduction targets.

Environment

Helping to Realize Better Living Environments by Creating Environmentally Conscious Products

The mission of the ISK Group is “To continue contributing to better living environments through chemical technologies,” and we have endeavored over the course of many years to provide products that benefit people’s lives and society. In recent years, in response to global challenges such as climate change and the sustainable use of limited resources, we have placed even greater emphasis on reducing environmental impact throughout all stages of the product manufacturing, logistics, use, and disposal processes.
It is in this context that, starting in FY2025, we introduced a system within our Company to certify products that meet given standards for environmental contribution as “environmentally conscious products.” This system aims to make the environmental value of our products more visible and to communicate it more clearly to both internal and external stakeholders. We will continue our efforts to develop environmentally conscious products that contribute to creating better living environments for everyone.

Certification System for Environmentally Conscious Products

We define environmentally conscious products as those that possess characteristics that reduce environmental impact, taking into account aspects such as addressing climate change, efficient resource utilization, reducing environmental impact, and other ESG contributions. We conduct both qualitative and quantitative assessments to determine the extent to which our products contribute to reducing GHG emissions and other environmental impacts throughout the value chain (product manufacturing, logistics, use, and disposal). Based on data related to the carbon footprint (CFP), usage, and distribution of the target product, the “Environmentally Conscious Product Review Committee” will evaluate its advantages compared to conventional products, and the Sustainability Promotion Committee will then certify it.

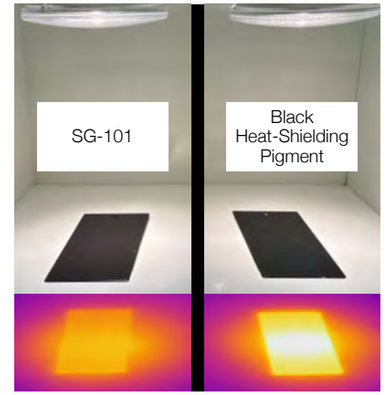


Environmentally Conscious Products and Reasons for Certification

SG Series Black Heat-Shielding Pigment

- This is a chromium (Cr)-free, inorganic black heat-shielding pigment with excellent near-infrared reflective properties. It can be used in architectural coatings, as an additive for resins, or in textile fibers to suppress temperature increases in materials caused by sunlight, thereby helping to adapt to the risks of rising temperatures associated with climate change.
- When used in heat-shielding roof coatings, it helps prevent indoor temperature increases, and, by reducing the load on air-conditioning systems, it contributes to lower electricity consumption and reduced CO_2 emissions. Furthermore, its chromium-free, environmentally conscious design allows it to serve as a replacement for conventional chromium-containing black heat-shielding pigments, helping to reduce environmental impact.

Product Information: Heat-Shielding Materials
https://www.iskweb.co.jp/eng/products/heat_shield.html



Effect of SG-101-based paint in suppressing surface temperature rise

* Compared to a standard black pigment (right), the SG-101-based paint (left) shows less “whiteness” in the high-temperature range, indicating that it suppresses the rise in surface temperature.

Biostimulant Riceful

- This biostimulant* enhances heat tolerance, supporting the production of various crops, including rice, during hot summers and helping to adapt to the rising temperatures associated with climate change.
- Made from plant-derived ingredients and requiring a minimal manufacturing process, it helps reduce energy consumption during production, lessens reliance on fossil-based resources, and lowers environmental impact. Furthermore, because it can be applied during the early stages of cultivation, such as the seedling stage, to prepare crops for subsequent high-temperature conditions, it also helps reduce both CO_2 emissions and the labor burden compared to applying products directly in the main field.



* Biostimulants are materials that mitigate “abiotic stress,” such as high temperatures, dryness, cold damage, salt damage and physical damage.

Product Information: Riceful
https://ibj.iskweb.co.jp/product/application10/25937/

Environment

Environmental Protection

Yokkaichi Plant's Material Balance in FY2025

Energy and raw materials consumed

- Energy*1: 130,000 kiloliters (crude oil equivalent)
- Industrial water: 14 million m³
- Seawater: 9 million m³
- Raw materials Titanium ore: 120,000 tons
- Coke: 20,000 tons
- Calcium carbonate: 70,000 tons

INPUT ▶

ISK Yokkaichi Plant

OUTPUT ▶

Production

- Products*2: 120,000 tons (titanium dioxide equivalent)

Atmospheric Emissions

- Energy-derived CO_2 emissions from production activities: 340,000 tons
- Greenhouse gas emissions (in accordance with the revised Act on Promotion of Global Warming Countermeasures)*3: 460,000 tons
- Nitrogen oxides (NOx): 171 tons
- Sulfur oxides (SOx): 6,700 Nm³
- PRTR-listed substances: 10 tons

Emissions into public water areas

- Wastewater: 24 million m³
- PRTR-listed substances: 59 tons
- Phosphorus: 1.4 tons
- COD: 34 tons
- Nitrogen: 112 tons

Industrial waste

- Disposal volume: 84,000 tons
- PRTR-listed substances: 1,300 tons

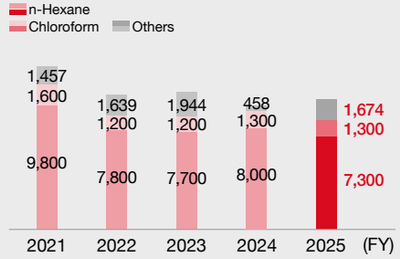
*1 Heavy oil, LNG, steam, and electricity are used as energy sources. The combined usage volume is expressed as a crude oil equivalent figure under Act on the Rational Use of Energy.
*2 Besides titanium dioxide, we produce functional materials, diversified chemical products, organic, and other products. These have all been converted to titanium dioxide production figures using energy consumption intensity under Act on the Rational Use of Energy.
*3 The amount of carbon dioxide equivalent calculated from product production volume based on the revised Act on Promotion of Global Warming Countermeasures has been added to the amount of carbon dioxide emissions from energy sources based on the Act on the Rational Use of Energy.

Environment

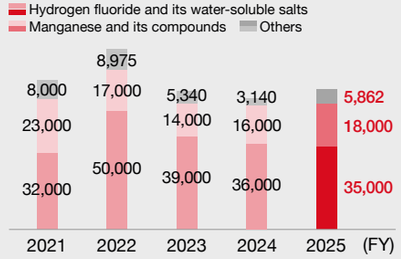
Release and Transfer of PRTR-Listed Chemical Substances to Environment

The PRTR (Pollutant Release and Transfer Register) is a system under which the government announces, from where, to where and how much chemical substances are released and transferred that may be harmful to human health and ecosystems. It also aims to encourage companies to exercise self-restraint through disclosure. The Yokkaichi Plant and the Central Research Institute handle 27 substances and 1 substance covered by the PRTR, respectively. These have been reported to the government.
The graphs show the change in the amounts released and transferred at the Yokkaichi Plant in the past five years.

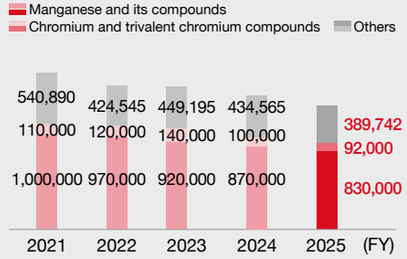
Atmospheric Emissions (kg)



Discharge into Public Water Areas (kg)



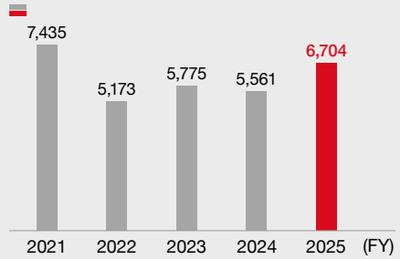
Amount Transferred Off-Site (kg)



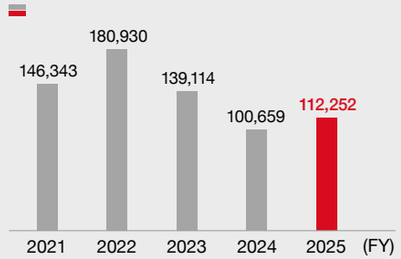
Reducing Environmental Impact on Atmosphere and Water Areas

The graphs show the amounts of substances, covered by total mass emission control, discharged into the atmosphere and public waters at the Yokkaichi Plant.
The plant has voluntary emission standards that are stricter than the total mass emission control values set under Japan's Air Pollution Control Act and Water Pollution Control Act.

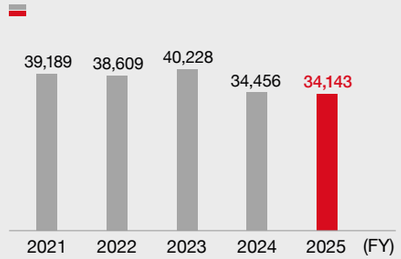
SOx Emissions (Nm³)



Nitrogen Pollutant Load into Public Water Areas (kg)



COD in Public Water Areas (kg)



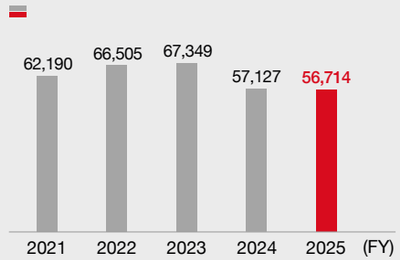
Reduction of By-product Inorganic Sludge

Unnecessary by-product solids (inorganic sludge), generated by each production activity such as titanium dioxide, are properly transported to an industrial waste disposal site.

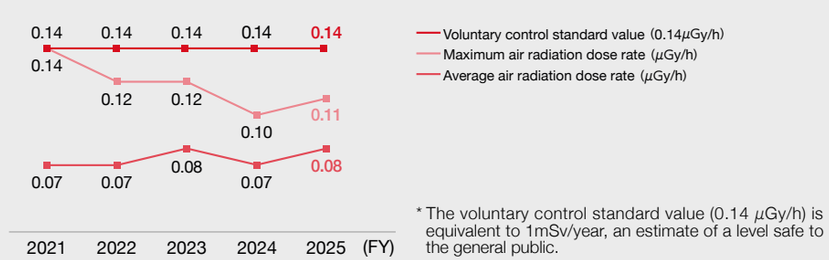
Controlling Air Radiation Dose Rate of Inorganic Sludge

Ore, used as a raw material for titanium dioxide, contains trace amounts of radioactive impurities such as uranium and thorium, and these are treated and disposed of as waste. Prior to being transferred as industrial waste, radiation levels are measured in accordance with a voluntary control standard to ensure that they are safe.

Disposed Volumes of Inorganic Sludge (tons)



Air Radiation Dose Rate Originating from Radionuclides Contained in Industrial Waste (Inorganic Sludge)



* The voluntary control standard value (0.14 μGy/h) is equivalent to 1mSv/year, an estimate of a level safe to the general public.

Environment

Biodiversity Conservation

As the loss of biodiversity increasingly impacts both business operations and society as a whole, we have identified biodiversity conservation as an important management issue and have established a “Biodiversity Conservation Policy.” Guided by this policy, we have joined the 30by30 Alliance, launched the ISK Forest initiative, and initiated forest conservation activities carried out by our employees.

Ishihara Sangyo Biodiversity Conservation Policy

We recognize that the conservation of biodiversity is essential to our business activities. Guided by our Purpose “to continue contributing to better living environments through chemical technologies,” we strive to coexist with nature and promote sustainable business practices. We are committed to the conservation and restoration of biodiversity, ensuring that healthy ecosystems are passed on to future generations.

1. We consider biodiversity conservation throughout the entire lifecycle of our products.
2. We strive to reduce our environmental impact by managing and minimizing wastewater, emissions, waste, greenhouse gases, and chemical substances.
3. We are dedicated to developing and providing products and technologies that contribute to the conservation and restoration of biodiversity.
4. We comply with the Convention on Biological Diversity, the Cartagena Protocol, and all related laws and regulations, and we ensure the appropriate management of genetic resources.
5. We value collaboration and cooperation with stakeholders, including local communities and government authorities.
6. We provide ongoing education and awareness-raising activities regarding biodiversity conservation for all our employees.

30by30 Alliance for Biodiversity

To support biodiversity conservation and the realization of a “nature-positive” future, we have joined the 30by30 Alliance for Biodiversity. In pursuit of the international goal to conserve 30% of the world’s land and sea by 2030, we will work with a diverse range of stakeholders to contribute to the realization of a society that lives in harmony with nature.

Conservation Activities at a Nationally Certified Sustainably Managed Natural Site in Osaka Prefecture

To contribute to the conservation and restoration of local biodiversity, we participate in the “Wellbe-Meeting” co-creation community. As part of this involvement, we engage in tree care and forest maintenance activities at the “Sakai District 7-3 Kyosei no Mori” (a nationally certified sustainably managed forest) located in Sakai City, Osaka Prefecture.

Employee Cultivation of the “ISK Forest”

In February 2026, we entered into an agreement regarding corporate-sponsored forest development activities with Hyogo Prefecture, Ono City and the Hyogo Greenery Promotion Association. As part of this, we designated an area on the northeastern side of the Ono Alps, located near the Technology Research Center, Hyogo-Ono, as the “ISK Forest.” In April 2026, we held an opening ceremony for the forest, attended by representatives from Hyogo Prefecture, Ono City and local community members.

In the ISK Forest, we will conduct forest development activities twice a year, with participation from our employees. Under the guidance of the local forestry cooperative, we will carry out tasks such as selective thinning of evergreen broad-leaved trees, clearing of undergrowth, and removal of invasive vines. These efforts are designed to improve the overall health of the forest and enhance its multifaceted functions, including carbon sequestration and the preservation of biodiversity.
In addition to these forest development activities, we are fostering collaboration with the local community by participating in forest volunteer activities led mainly by local residents.



“ISK Forest” opening ceremony


Selective thinning being done by employees

Workshops on Biodiversity Conservation

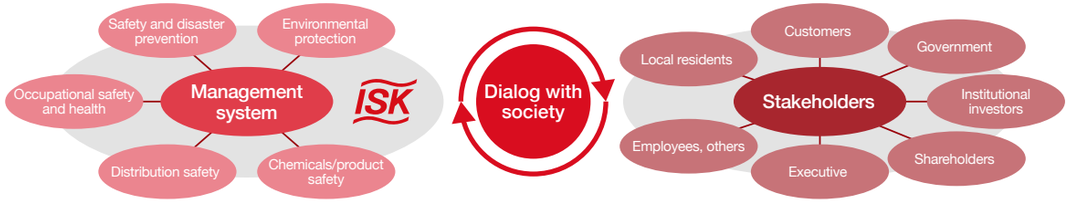
Following the establishment of our Biodiversity Conservation Policy and the launch of our corporate forest initiatives, we conducted training sessions for relevant departments to explore future actions. Through lectures delivered by specialists, participants deepened their understanding of the significance of biodiversity conservation and the role that corporations play and, in subsequent group sessions, proactively discussed what they themselves could do, thereby fostering a sense of personal ownership of the issue. Moving forward, we intend to expand this training Company-wide to ensure a deeper, broader understanding and to further advance our biodiversity conservation efforts.


A specialist-led training session

Responsible Care Activities

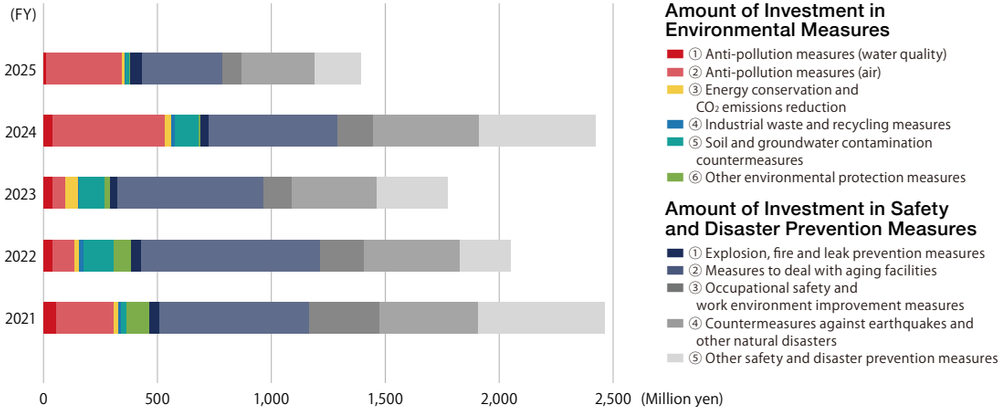
ISK's Responsible Care

ISK undertakes Responsible Care (RC) activities aimed at environmental, health, and safety assurance. In particular, our activities encompass chemical product and distribution safety specific to the chemical industry, as well as environmental protection, process safety and disaster prevention, and occupational safety and health, which are common to other industries, together with dialog with society.



Trends in Investment in Environmental, Safety and Disaster Prevention Measures

The majority of this investment is going to the Yokkaichi Plant. The graph below shows the trends in "Amount of Investment in Environmental Measures" and "Amount of Investment in Safety and Disaster Prevention Measures." In FY2025, we focused our investments on such areas as anti-pollution measures (air), measures to deal with aging facilities, and countermeasures against earthquakes and other natural disasters.



What is Responsible Care?

Companies that handle chemicals voluntarily undertake Responsible Care activities to provide environmental, health, and safety assurance covering everything from chemical substance development to production, distribution, usage, final consumption, disposal, and recycling. The results of these activities are shared and discussed with stakeholders. Responsible Care originated in Canada in 1985 and has subsequently spread to companies around the world.

レスポンシブル・ケア
安全とサステナビリティの推進

FY 2025 activity report

RC Code	FY2025 Results		
	Objectives	Achievements	Evaluation
Environmental protection	Planned emission reduction of PRTR-listed materials	Total emissions, combining off-site transfer and release to the environment, were reduced.	●
	Reduce energy intensity or electricity demand leveling performance by 1% year-on-year and reduce carbon dioxide emissions by 1% year-on-year.	Energy intensity was 99.7% year-on-year, thus not achieving the 1% reduction target.	×
	Reduce, reuse, and recycle waste	Waste was sorted and disposed of appropriately.	●
Process safety and disaster prevention	Eliminate plant accidents (fire, explosion, leakage, etc.)	There were three plant accidents (exposure to chemical solutions, an activated carbon fire, and a chemical leak).	×
Occupational safety and health	Work to achieve "zero lost time accidents" at each ISK site.	There were five lost-time accidents at the Yokkaichi Plant (two falls, one case of contact with hazardous substances, one case of tripping, and one case of lower back pain).	×
Distribution safety	Ensure compliance with domestic and international chemical substance regulations and implement the use of emergency response cards (so-called Yellow Cards), GHS labels, and SDS management.	Yellow Cards, GHS labelling, and SDSs were appropriately implemented.	●
Product safety	Ensure that the authorities are properly notified on the use of chemical substances, and provide customers with appropriate SDSs and labels.	We ensured that the authorities were properly notified on the use of chemical substances, and we provided SDSs.	●
Dialog with community	Pursue public information disclosure and two-way communication with local citizens.	More two-way communication was carried out with local citizens.	●

Social

Occupational Safety and Health

Basic Policy

ISK's safety and health policy is to ensure the safety, security, and health of employees and local residents by complying with safety and health-related laws, preventing accidents and disasters, building a pleasant work environment, and constantly raising the level of safety and health. Additionally, we have established "occupational safety and health, operation safety, and disaster prevention" as one of our Group's key issues (materiality) and are promoting initiatives aimed at achieving a lost-worktime injury frequency rate and severity rate of zero.

Safety and Health Management Structures

In line with our "Basic Policy on the Environment, Safety and Health" we have established the Environment, Safety & Health Management Committee under the purview of the Office of President to deliberate on the highest level policy proposals relating to safety and health, the environment and chemical substance management. Below this is the Environmental, Safety & Health Council which, in addition to the organizations that promote environmental conservation and undertake chemical substance management, promotes occupational safety and health promotion awareness.



Safety and Health Management System

At ISK, we have established "environmental, safety and health goals" which reflect the characteristics of operation at each business location, and, in order to achieve these goals, key initiatives are set at the beginning of each fiscal year.
Here, we will look at the initiatives of our sole plant, the Yokkaichi Plant.

FY2025 Environmental, Safety and Health Goals for the Yokkaichi Plant (safety and health-related only)

1. Eliminate plant accidents (fire, explosion, leakage, etc.)
2. Achieve zero workplace accidents (zero lost-time accidents)
3. Prevent health disorders
4. Promote safety and health and health measures for older workers
5. Achieve zero lost-time accidents involving commuting employees' vehicles

Initiatives to Prevent Fall-Related Accidents

At the Yokkaichi Plant, the promotion of safety and health and health measures for older workers was established as a key objective for FY2025, with a specific focus on preventing fall-related accidents.
As part of this effort, the plant introduced "StA²BLE," a tool designed to visualize the risk of falling, for employees aged 40 and older. Through a one-minute assessment evaluating both physical and sensory functions, 43.9% of those tested were identified as having a "high" risk of falling. This provided employees with an objective understanding of their own physical condition, encouraging them to take a personal interest in fall prevention.
Furthermore, to help employees translate these assessment results into daily preventive actions, a health seminar was held with the theme of "Safely Navigating Stairs and Steps - Fall Prevention You Can Start Today!" Yosuke Kurachi from Machiriha Co., Ltd. served as the instructor, guiding participants through practical fall-prevention strategies that address both muscle strengthening and the maintenance of cognitive function. Participant surveys indicated a 96% satisfaction and effectiveness rating, contributing significantly to an enhanced culture of safety awareness among the workforce.
This approach of linking "visualization" to "awareness" and, finally, to "practical action" demonstrates a cohesive, purposeful strategy rather than a collection of disjointed, one-off initiatives.


Fall Risk Assessment Using StA²BLE

Strengthening Safety Management Towards the Realization of Zero Accidents

Following the occurrence of five workplace accidents resulting in lost work time during FY2025, the Yokkaichi Plant was designated by the Mie Labor Bureau as a "Workplace Requiring Special Safety Management Guidance" for FY2026.
We prioritize safety above all other business activities and, thus, take this situation very seriously. We are firmly committed to ensuring that such accidents do not reoccur and will continue to elevate our standards for both safety awareness and safety management.
In line with the principle that safety takes precedence over everything else, we have established three key policy priorities at the Yokkaichi Plant: 1 fostering a sense of personal ownership, 2 heightening sensitivity toward risks, and 3 ensuring the consistent practice of safe behaviors.
Moving forward, we will continue to work toward embedding a strong safety culture and achieving zero accidents by thoroughly analyzing the causes of incidents and implementing robust measures to prevent their reoccurrence.

Social

Respect for Human Rights

We have formulated the ISK Group Policy on Human Rights to further our efforts in respecting individuals. Based on international human rights standards such as the International Bill of Human Rights, the policy proclaims ISK's dedication to preventing discrimination and harassment and respecting individual privacy. It also details how we implement education and training to effectively achieve these goals and conduct due diligence, as well as disclose pertinent information. In line with this policy, we pursue efforts to further respect human rights at all our worldwide bases.

Designation of Human Rights Risks to Be Prioritized

In FY2022, with the support of external experts, our Group identified the following priority human rights risks. We have prioritized and are actively addressing several key areas: mitigating risks associated with having major manufacturing facilities in regions projected to be affected by a Nankai Trough earthquake; strengthening our response to geopolitical risks; addressing workplace-specific issues such as long working hours and harassment; enhancing information security measures; and tackling human rights issues within our suppliers and business partners.

Human Rights Risks to Be Prioritized	Affected Group	Major Human Rights Risks
Health and safety	Workers at ISK's group companies	▪ Large-scale earthquakes, pandemics, etc. ▪ Protest activities, terrorism, and kidnappings in regions with geopolitical risks and at our overseas sites
Long working hours	Workers at ISK's group companies	▪ Normalization of long working hours due to personnel shortages, diversification of work styles, etc.
Harassment/abuse/corporal punishment	Workers at ISK's group companies	▪ Occurrence of harassment accompanying the diversification of work and human relationships
Leakage of personal information or invasion of privacy	Workers at ISK's group companies and Customers	▪ Diversification of risk factors, such as unauthorized access and cyberattacks, accompanying the development of information technology
Human rights issues at suppliers and business partners	Workers at suppliers and business partners	▪ Insufficient understanding of the actual state of human rights

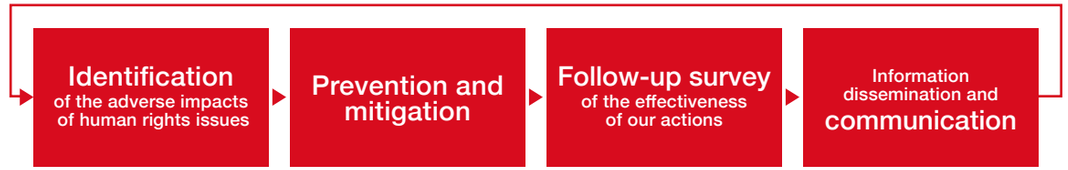
Sustainability: Respect for Human Rights
https://www.iskweb.co.jp/eng/environment/human_rights.html

Sustainability: Sustainable Procurement
https://www.iskweb.co.jp/eng/environment/procurement.html

Implementation of Human Rights Due Diligence

As part of our commitment to respecting human rights, as outlined in the "ISK Group Policy on Human Rights," we conduct human rights due diligence to prevent and mitigate identified priority human rights risks. Furthermore, to ensure the effectiveness of these measures and drive continuous improvement, the relevant departments carry out monitoring and periodically review the progress made in reducing these risks.

Steps in Human Rights Due Diligence



Conducting Supplier CSR Surveys

To enhance transparency regarding human rights issues among our suppliers and business partners, we have established the ISK Group Policy on Procurement and Supplier Guidelines. Along with this, we strive to foster mutual understanding with our suppliers and business partners and conduct regular CSR surveys.
In our second supplier CSR survey, carried out between June and August 2025, we expanded the scope beyond the initial 2023 survey. The survey covered 43 business partners (those with an annual transaction value of 100 million yen or more and with whom we anticipate ongoing business), and we received responses from all of these companies. While the results did not identify any partners requiring immediate corrective action, we remain committed to maintaining close communication with our business partners and strengthening risk management throughout our supply chain.

Implementation of Human Rights Education and Training

To promote a better understanding of human rights issues, all employees completed e-learning training focused on human rights issues within the supply chain. Through this training, employees deepened their collective understanding of human rights risks across the entire supply chain and developed a greater awareness of the importance of respecting human rights in the performance of daily work duties. We remain committed to advancing our human rights initiatives through such ongoing education and awareness-raising efforts.

Stakeholder Engagement

Ensuring We Continue to Earn Society's Trust

It is important that the ISK Group continues to earn society's trust so that we can grow in a sustained manner, both in terms of contributing to the realization of a sustainable society and in terms of its business activities.
We are engaged in a variety of activities to increase relationships with business partners, shareholders and investors, local communities, and employees.



Collaboration with Business Partners

Our Group strives to foster mutual understanding with suppliers and business partners, aiming to build better partnerships based on trust.
We take proactive and appropriate measures to ensure that our suppliers and business partners understand, share and implement our Group values throughout their operations.

Communication with Shareholders and Investors

We position enhancing corporate value and returning profits to shareholders, along with ongoing dialog with our shareholders and investors, to be one of our most important management policies.

System

- The CFO serves as the lead executive responsible for engaging in constructive dialog with shareholders and investors.
- We have established Investor Relations Division within the Finance and Accounting Headquarters to formulate IR policies and strategies and to promote information disclosure (in February 2026).

Initiatives

- **Financial Results Report Meeting**

We hold financial results briefings following the announcement of our full-year (May) and second-quarter (November) financial results, providing opportunities for communication between top management and institutional investors.

No. of Participants in Financial Results Briefings (including Online Participants) (Persons)

	FY2021	FY2022	FY2023	FY2024	FY2025
May	35	35	39	54	44
November	38	34	41	42	48
Total	73	69	80	96	92

- **Institutional Investor IR Coverage**

The CFO handles individual interviews with institutional investors, either face-to-face or online, and engages in lively discussion on topics such as business growth strategies and shareholder returns.

Trends in institutional investor IR coverage (Cases)

	FY2021	FY2022	FY2023	FY2024	FY2025
Domestic investors	71	51	61	72	90
Overseas investors	19	21	39	43	59
Total	90	72	100	115	149

- **Shareholders' Meeting**

We view the Shareholders' Meeting as an important forum for dialogue with our shareholders and strive to ensure meaningful Q&A sessions and exchanges of views.
Furthermore, to allow shareholders sufficient time to review materials before exercising their voting rights, we provide meeting materials electronically and dispatch the notices of the meeting well in advance of the statutory deadlines. The full text of the notice of the meeting, including the business report, is also translated into English.


103rd ordinary
General Shareholders' Meeting
(convened in June 2026)

- **SR Interview**

We conduct an annual SR meeting with domestic institutional investors who hold voting rights, focusing on topics such as our business performance and corporate governance initiatives. The views and information from this meeting are reported to the Board of Directors for the purposes of information sharing and for improving governance.

Stakeholder Engagement

Communication with the Local Community

Yokkaichi Plant

Joint Disaster Drill with the Yokkaichi Minami Fire Station

On May 28, 2025, we conducted a joint disaster drill at our coal-fired boiler facility in collaboration with the Yokkaichi Minami Fire Station. This was a “blind” drill carried out without any prior information, which was a first for this facility. Unlike conventional, scenario-based exercises, this approach created an atmosphere similar to an actual emergency, requiring participants to exercise sound judgment and respond immediately to unforeseen events. We will address the challenges identified during the drill by applying the PDCA cycle to drive improvements and by strengthening our systems to ensure that fundamental operational procedures are consistently and reliably executed. Moving forward, we remain committed to maintaining safe operations and enhancing local disaster prevention capabilities.



Water discharge drill

Central Research Institute

Participation in Class at a Local High School

On March 17, 2026, four of our staff members participated as guest instructors in the final presentation session for the “Integrated Inquiry” class at the local prefectural Kusatsu Higashi High School. In this class, second-year high school students work in small groups to explore the “why” behind topics that interest them, conducting research and analysis over the course of a year. Amidst the palpable tension of presenting before their peers and teachers, the students shared the research, analysis, and presentation strategies they had developed through their own dedicated efforts, leading to a productive exchange of ideas. For many of the students, this marked their first opportunity to showcase scientific findings, and we are pleased to have been able to support them in this initial step. We remain committed to sharing the experience and knowledge of our staff with the next generation in our local community.



During a presentation

Ishihara Techno Corporation

Investment in Sagamihara Biogas Power Co., Ltd.

Sagamihara Biogas Power, based in Sagamihara City, Kanagawa Prefecture, operates a resource-recycling business that utilizes food waste, sourced from entities such as food processing plants and supermarkets, as a resource. By processing 50 tons of liquid food-derived organic matter per day through methane fermentation, the company generates biogas-based electricity equivalent to the consumption of approximately 1,000 households. Furthermore, it produces fertilizer raw materials from the residue remaining after fermentation and sells these to local farmers and fertilizer manufacturers, thereby establishing a localized resource-recycling loop centered on food waste.
Since 2023, Ishihara Techno Corporation has invested in the company, supporting this regional circular initiative. Beyond reducing waste disposal costs and environmental impact, the project contributes to the promotion of local agriculture and the local production and consumption of energy.
Our participation in this venture is part of our Group’s broader commitment to building a sustainable local community.

Sagamihara Biogas Power Co., Ltd.
https://www.sbp.co.jp/eng/index.html

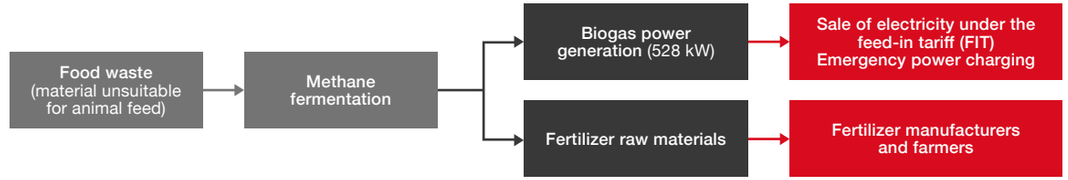
さがみはら
バイオガスパワー株式会社
SAGAMIHARA BIOGAS POWER



Building exterior



Methane fermentation tank





Outside Director Roundtable

Supporting ISK Through an Era of Profound Transformation with Expertise

Discussions at Board of Directors Meetings

More Constructive Discussion as a Result of a Shift in Directors' Mindset

Ando: It has been over two years since ISK shifted its performance targets to prioritize profit, and this new mindset has now taken root. I believe this is one of the reasons the Company was able to achieve record-high profits for the fiscal year ended March 2026. I can sense a shift in awareness; for instance, in Board of Directors' meetings, the primary question now often concerns how much a given initiative will contribute to profit.

Uchida: We are seeing more proactive discussions regarding investments and business operations, all with an eye toward enhancing corporate value over the medium to long term. With initiatives such as the review of how the Board of Directors functions, the discussions have gained even greater depth.

Sano: I recall how Mr. Okubo (the president) steered the conversation, for example, following the decision to cease titanium dioxide production using the sulfate process; he explicitly stated that ISK must "manage with a clear sense of priority" and "concentrate our management resources on products with growth potential."

Ando: Mr. Okubo also placed a strong emphasis on acceleration. Even just a short time ago, when discussing structural reforms, any proposed initiative would typically be slated to begin in the "next fiscal year." Now, however, there is a shared recognition that such a timeline is simply too slow. As a result, ISK's inorganic chemicals business has clearly shifted its focus toward high-value-added products.

Uchida: As ISK transforms its overall business portfolio, it faces some critical questions: how should its various businesses be combined, and how best to optimize the allocation of resources? These are vital issues, and I hope the Board can continue to deepen its discussions of them to redefine the positioning and framework of existing businesses.

Ando: This has been a long-standing challenge, but the Board certainly needs to delve deeper into discussions regarding business composition, including the creation of new businesses and potential M&A opportunities.

Expertise of Each Member

Strengthening Governance Through Expertise in Key Areas

Sano: My area of expertise lies in issues concerning people and management; so, I am particularly focused on the Company's human capital management. Shifting toward growth-oriented business areas and achieving sustainable increases in corporate value can only be realized when built upon a solid foundation of human talent. It is not enough for the passion to exist solely at the executive level; I want to ensure that every single employee is able to leverage their individual capabilities and unique traits to grow.

Ando: Having gained insight into the realities of various companies through my roles as an outside director and a lawyer, I pay close attention to whether management decision-making processes are appropriate. Mr. Okubo places a very high priority on compliance; he often says that, while a "60-point" approach might be acceptable in other areas, compliance must always be a "100-point" standard. I believe I should apply my own expertise with that perspective in mind.

Uchida: I intend to leverage the knowledge I have cultivated through my experience as an executive at various operating companies, specifically in the areas of business strategy, human resources strategy, and risk management, to help strengthen ISK's governance. In particular, I hope to enhance the quality of discussions within the Board of Directors by focusing on areas such as increasing the transparency of management decision-making processes, aligning human resources strategy with business strategy, and ensuring the early identification of risks.

Direction of Governance

Helping Enable Appropriate Risk-Taking

Sano: This year, the Corporate Governance Code was revised for the first time in five years, with "sustainability-related initiatives" highlighted as a key focus. While ISK has established a Sustainability Promotion Committee that is functioning effectively, I suspect there may still be a lingering CSR mindset, which is the idea that a company engages in these activities simply because it is its "social responsibility." In reality, however, sustainability is now synonymous with management itself.
While profitability is, of course, essential, a company's value is also measured by how it contributes to society. Future management discussions must address both of these aspects in tandem.

Ando: One aspect of the revision that particularly interests me concerns risk management. Perhaps due to issues ISK has faced in the past, the Company tends to be overly cautious when it comes to taking risks. Since it is impossible to generate profit without taking risks, supporting appropriate risk-taking is a vital role for an outside director.

Outside Director Roundtable

I make a point of being especially vocal in sharing my perspective on this matter.

Uchida: What caught my attention in this revision of the Corporate Governance Code is the emphasis placed on initiatives for growth investment. To enhance corporate value sustainably, it is essential to clearly define where and to what extent management resources, including human capital, should be allocated, as well as to have a governance framework in place to support such decisions. ISK needs to deepen its Board-level discussions on topics like the rationality of management resource allocation and human capital strategies aligned with the overall business strategy.

Sano: Regarding human capital, the diversity of ISK's core talent is also crucial. The balance between mid-career hires and new graduates, and whether those who join the Company mid-career are truly thriving in their respective fields, needs to be considered. Furthermore, ISK must ensure that it provides a development environment for employees with diverse backgrounds, one that fosters a positive, rewarding, and accessible workplace.
In terms of making work rewarding, last year I was asked to provide advice for a training program designed for potential next-generation female leaders. Furthermore, Ms. Uchida and I attended the final presentation session, where we joined the participants in a discussion circle. Moving forward, I hope to continue helping to broaden people's perspectives.

Succession Plan

Articulating What Is Being Sought and Clarifying Criteria and Selection Processes

Ando: In the past, through channels such as the Personnel Committee and informal discussions, successive presidents have shared their perspectives on next-generation talent, and I have had the opportunity to offer my own input. I am also aware of Mr. Okubo's current thinking on this matter, and, with that in mind, I observe potential future leaders during Board of Directors and Executive Management Committee meetings to gauge their thinking and character.

Uchida: A key aspect of succession planning is the ability to envision, as well as define the specific requirements for, the kind of individuals who will form the next generation of management talent. I have consistently advocated for clearly articulating the desired roles, competencies, and values, and for establishing explicit criteria and the rationale behind them when evaluating candidates. This structured approach can also help bring to light talent that might otherwise have gone unnoticed.

Sano: It is essential to make the selection process transparent. ISK encompasses diverse business models with varying time horizons, which makes selecting top-level leadership particularly challenging. That is precisely why it is so important to define and document the criteria and the selection process itself.

The Next Medium-Term Management Plan and the Vision for the Next Era

Expectations for a Passionate Message from the President

Uchida: The Company is now reaching a critical juncture in the formulation of its next medium-term management plan, Vision 2030 Stage III. I believe the key lies in how the overall balance of the plan is designed. In particular, in-depth market analysis is essential for making decisions regarding the restructuring of ISK's business portfolio and the allocation of resources toward growth areas; this is a point I emphasized during the development of Stage II. By leveraging my management experience from other companies, I hope to introduce perspectives and structural considerations that might not be as apparent from within, thereby elevating the quality of discussions.

Ando: Stage III is the final phase of ISK's long-term plan, Vision 2030, and serves as the culmination of Stages I and II. To date, the Company has pursued structural reforms in its inorganic chemicals business and implemented a voluntary early retirement program. Following such significant decisions, the Company must now demonstrate what ISK will look like as it evolves. For instance, it would be beneficial to present a concrete vision for how the Company intends to allocate its management resources.
The operating income target of 24 billion yen under Vision 2030 is highly ambitious, and, as an outside director, I intend to support the various initiatives aimed at achieving this goal.

Sano: The current structural reforms have been impactful. The evolution of the Yokkaichi Plant, which is a core element of ISK's corporate identity, has introduced a new dimension which marks a major turning point in the Company's 106-year history. In this context, what matters most is the passion with which the president conveys his message to the employees. The success or failure of Stage III hinges on this.
Regarding the vision for 2030 and beyond, it is crucial to engage in a process of dialogue with stakeholders (employees included) to identify past challenges and determine the path forward. If communication is insufficient, the concerns and frustrations of employees may never reach the executive level. A thorough, deliberate process must be followed, after which the leadership must take responsibility for making the final decisions. We outside directors will also strengthen our collaboration and engage in joint deliberation to provide support to the management team.



Outside Director
Satoshi Ando
Mr. Ando is a lawyer. He also serves as an outside director for Toho Co., Ltd. and possesses extensive expertise in corporate legal affairs. He is the chairperson of ISK's Personnel Committee and a member of the Compensation Committee and the Evaluation Committee.



Outside Director
Akemi Uchida
Having served as a full-time director at Topre Corporation and Morpho, Inc., Ms. Uchida possesses extensive knowledge and practical experience, particularly in the areas of corporate strategy, risk management, and human resources strategy. She also currently serves as an outside director for Iriso Electronics Co., Ltd. and Stellachemifa Corporation. She is the Chairperson of ISK's Compensation Committee and is a member of the Personnel Committee and the Evaluation Committee.



Outside Director
Yumi Sano
Ms. Sano is director of the Kansai Office of the Japan Institute for Women's Empowerment & Diversity Management. She possesses extensive experience in organizational management within public interest and other organizations, as well as in the promotion of diversity and human resource development. She also serves as an outside director for Sanyo Chemical Industries, Ltd. and StudioAlice Co., Ltd. She is a member of ISK's Personnel Committee, Compensation Committee, and Evaluation Committee.

Board of Directors and Executive Officers

Board of Directors (As of June 30, 2026)



Hiroshi Okubo
Executive Director
President & Chief Executive Officer
Chief Compliance Officer (CCO)

4 years
20,961
16/16 (100%)



Mikiya Horie
Executive Director
Executive Vice President
In charge of Organic Chemicals Business

2 years
12,760
16/16 (100%)



Yoshio Nishiyama
Director
Senior Managing Executive Officer
Director of General Affairs & Human Resources Headquarters

2 years
11,725
16/16 (100%)



Yoshiyuki Shimmyo
Director
Managing Executive Officer
Director of Inorganic Chemicals Business Headquarters

2 years
11,381
16/16 (100%)



Kenji Tanaka
Director
Managing Executive Officer
Director of Corporate Planning Headquarters

1 year
8,925
16/16 (100%)



Ikuo Yamashita
Director
Managing Executive Officer
Director of Yokkaichi Plant
Deputy Director of Inorganic Chemicals Business Headquarters (Production)

1 year
11,687
16/16 (100%)



Satoshi Ando
Outside Director

6 years
2,700
15/16 (94%)



Akemi Uchida
Outside Director

3 years
900
16/16 (100%)



Yumi Sano
Outside Director

1 year
0
16/16 (100%)

- Term of office as Director
- Number of shares held (as of March 31, 2026)
- Attendance at Board of Directors meetings (June 26, 2025–June 24, 2026)
- Attendance at Audit & Supervisory Board meetings (June 26, 2025–June 24, 2026)

Audit & Supervisory Board Members (As of June 30, 2026)



Hirotsugu Sakai
Audit & Supervisory Board Member

1 year
4,759
16/16 (100%)
12/12 (100%)



Yoichi Kobayashi
Audit & Supervisory Board Member

3 years
10,800
16/16 (100%)
12/12 (100%)



Norihisa Kusumi
Outside Audit & Supervisory Board Member

3 years
500
16/16 (100%)
12/12 (100%)



Yasuhiro Koike
Outside Audit & Supervisory Board Member

3 years
1,800
16/16 (100%)
12/12 (100%)

Board of Directors and Executive Officers

Skills Matrix, Reasons for Appointment (As of June 30, 2026)

	Name / Position	Skills matrix								Reasons for Appointment
		Vision		Business foundation		Management foundation				
		Corporate management, management strategy	Environment, society	R&D, production	Global business	Legal, risk management	Human resource strategy	Financial accounting	DX	
Directors	Hiroshi Okubo Executive Director President & Chief Executive Officer Chief Compliance Officer (CCO)	●	●	●		●		●	●	Mr. Okubo has led the promotion of the Medium-Term Management Plan "Vision 2030 Stage II" as Executive Director and President. In the plan's second year, he again achieved earnings exceeding performance targets, making a significant contribution to enhancing the Group's corporate value. He has also continued to strengthen the management foundation and governance structure, steadily establishing a framework for sustainable growth. He has been appointed with the expectation that he will demonstrate strong leadership in achieving the Medium-Term Management Plan and implementing further growth strategies.
Directors	Mikiya Horie Executive Director Executive Vice President In charge of Organic Chemicals Business	●	●	●	●					As Representative Director, Mr. Horie oversees company-wide management and has led the execution of the Group's management strategies, including advancing the Medium-Term Management Plan, addressing key management issues, and optimizing the Group-wide business portfolio. As Director of Biosciences Business Headquarters, he has led sales expansion in global markets and made a significant contribution to enhancing corporate value by improving profitability. He has been appointed with the expectation that he will steadily advance the Group's growth strategies by combining a broad management perspective and swift decision-making with execution capabilities grounded in frontline operations.
Directors	Yoshio Nishiyama Director Senior Managing Executive Officer Director of General Affairs & Human Resources Headquarters		●	●			●			Mr. Nishiyama has gained broad operational experience at plants, in the environmental, general affairs and labor departments, then as the head of the human resources department at the head office. In 2021, he was appointed Executive Officer, while simultaneously managing the General Affairs & Human Resources Headquarters as its Director. Since becoming a Director in 2024, he has continued to promote human capital management, contributing to talent development, organizational revitalization, and a stronger management foundation. He has been appointed with the expectation that his achievements and management insight will enable him to contribute to the sustainable enhancement of the Group's corporate value.
Directors	Yoshiyuki Shimmyo Director Managing Executive Officer Director of Inorganic Chemicals Business Headquarters	●	●	●	●					Mr. Shimmyo has extensive operational experience in sales in Japan and overseas in the inorganic chemicals department and has held positions including responsibility for operations at the Yokkaichi Plant since his appointment as Executive Officer in 2022. Since becoming a Director in 2024, he has led business reforms as Director of Inorganic Chemicals Business Headquarters, including efforts to expand sales of high-value-added products, steadily strengthening profitability and competitiveness. He has been appointed with the expectation that his achievements and management insight will enable him to contribute to the sustainable enhancement of the Group's corporate value.
Directors	Kenji Tanaka Director Managing Executive Officer Director of Corporate Administration & Planning Headquarters	●	●	●				●	●	Mr. Tanaka has been engaged in production, environment, safety and health, and other divisions at plants. He was appointed as an Executive Officer in 2023 and became a Director in 2025. Since then, as Director of Corporate Administration & Planning Headquarters, he has been responsible for formulating and executing management strategies, budget management, Group company management, and promoting digital transformation (DX), contributing to stronger Group-wide management systems and greater operational efficiency. He has been appointed with the expectation that his achievements and management insight will enable him to contribute to the sustainable enhancement of the Group's corporate value.
Directors	Ikuo Yamashita Director Managing Executive Officer Director of Yokkaichi Plant, Deputy Director of Inorganic Chemicals Business Headquarters, Production	●	●	●						Mr. Yamashita has mainly been engaged in logistics at plants. As the leader of the Group's construction company, he has been responsible for constructing and repairing the Group's manufacturing plants, and has made substantial contributions to the Group's stable business operations and growth. Since becoming a Director in 2025, he has overseen all operations at the Yokkaichi Plant, a major business site, as Plant Manager, working to strengthen the production foundation and ensure stable operations. He has been appointed with the expectation that his achievements and management insight will enable him to contribute to the sustainable enhancement of the Group's corporate value.
Directors	Satoshi Ando Outside Director					●	●			Mr. Ando has advanced professional expertise as an attorney-at-law, as well as extensive experience and broad insight in corporate legal affairs. He provides appropriate advice and supervision of the management of the Company, in the fields of law, risk management, finance, and accounting, from an objective and legal standpoint. In addition, he chairs the Personnel Committee and serves as a member of the Compensation Committee and Evaluation Committee, actively expressing his opinions. He has been reappointed with the expectation that he will continue to fulfill his duties as an Outside Director from an independent standpoint.
Directors	Akemi Uchida Outside Director	●	●			●	●	●	●	Ms. Uchida has extensive experience related to corporate planning, risk management, and financial and management accounting, as well as experience as Director of a company engaged in the global development, manufacture and sale of automotive press components, refrigeration equipment, etc. She provides appropriate advice and supervision of the management of the Company from an external perspective and an objective and neutral standpoint. In addition, she chairs the Compensation Committee and serves as a member of the Personnel Committee and Evaluation Committee, actively expressing her opinions. She has been reappointed with the expectation that she will continue to fulfill her duties as an Outside Director from an independent standpoint.
Directors	Yumi Sano Outside Director		●			●	●			Ms. Sano has held an important post for many years in public-service corporations and has extensive experience related to organizational management and human resources development. She also has broad insight, particularly in promoting diversity, supporting women's advancement, and reforming work styles. She provides appropriate advice and oversight of the Company's management from an external, objective, and neutral standpoint. She also actively expresses her opinions as a member of the Personnel, Compensation, and Evaluation Committees. She has been reappointed with the expectation that she will continue to fulfill her duties as an Outside Director from an independent standpoint.
Audit & Supervisory Board Members	Hirotsugu Sakai Audit & Supervisory Board Member	●						●	●	Mr. Sakai has acquired abundant practical experience in the Corporate Administration & Planning Headquarters and Finance & Accounting Headquarters as well as the secretarial division. Through formulating management strategies, financial management, and supporting management decision-making, he has developed broad knowledge of overall management and a keen awareness of risk. Using his experience and knowledge, he has been appointed with the expectation that he will carry out auditing and supervision of ISK's business in an appropriate, objective manner.
Audit & Supervisory Board Members	Yoichi Kobayashi Audit & Supervisory Board Member				●	●				Mr. Kobayashi's experience includes working in organic chemicals and legal at ISK and serving as a director of domestic and overseas affiliates. He has extensive experience and knowledge of business operations, legal affairs, and the management of overseas affiliates. He has been appointed with the expectation that he will use his experience and expertise to carry out appropriate audits and supervision of ISK's business in an objective manner.
Audit & Supervisory Board Members	Norihisa Kusumi Outside Audit & Supervisory Board Member	●				●	●	●		Mr. Kusumi is well versed in corporate management, having amassed a wealth of knowledge and insight through many years at financial institutions, as well as experience serving as a director of another company. In light of this experience and knowledge, he has been appointed with the expectation that he will appropriately audit the Company's business execution from an independent and impartial standpoint.
Audit & Supervisory Board Members	Yasuhiro Koike Outside Audit & Supervisory Board Member					●				Mr. Koike has amassed expertise and experience through his work as a lawyer, as well as significant knowledge about managing companies. In light of this experience and knowledge, he has been appointed with the expectation that he will appropriately audit the Company's business execution from an independent and impartial standpoint.

Corporate Governance

Basic Policy

In addition to making contributions to social development, protection of life and environmental preservation, ISK strives constantly to respect our shareholders, customers, suppliers, local communities, and employees while maintaining transparency in business activities abiding by laws and regulations.
In order to enhance corporate value by maintaining steady business growth and securing profitability, efforts to improve business transparency, reliability and corporate health are among management's most important concerns, and we have worked hard to strengthen Corporate Governance through business management and enhanced internal controls founded on compliance.

Corporate Governance Structure

Structurally, we operate as a company with an Audit & Supervisory Board. In addition, we set Executive Management Committee under the Board of Directors in order to speed up decision-making by the Board of Directors and efficiently monitor and assess progress in important activities and projects. We have also introduced Executive Officer system with the aim of speeding up decision-making related to business activities. Furthermore, we have the committees listed on the following page in order to strengthen our Corporate Governance.
The Sustainability Promotion Committee, which is under the Board of Directors, is responsible for deliberations, decision-making and control over important management issues related to the sustainability of our Group.

Board of Directors

Pursuant to the Board of Directors Regulations and other rules, our Board of Directors clearly defines the scope of matters to be resolved by the Board of Directors and sets the scope of authority delegated to management. Based on this, the Board of Directors discusses, and makes decisions on, basic management policies and other important matters, including business plans, sustainability management, corporate governance, and risk and compliance-related issues. In addition, as part of ISK Group management, the Board also makes resolutions regarding the basic management policies of our Group subsidiaries.
We strictly supervise the execution of business matters decided by the Board of Directors and conduct appropriate evaluations. Through these efforts we promote transparent and reliable management with the aim of achieving sustainable growth and increased corporate value.

Major Matters Discussed and Reported at Board of Directors Meetings (June 26, 2025 to June 25, 2026)

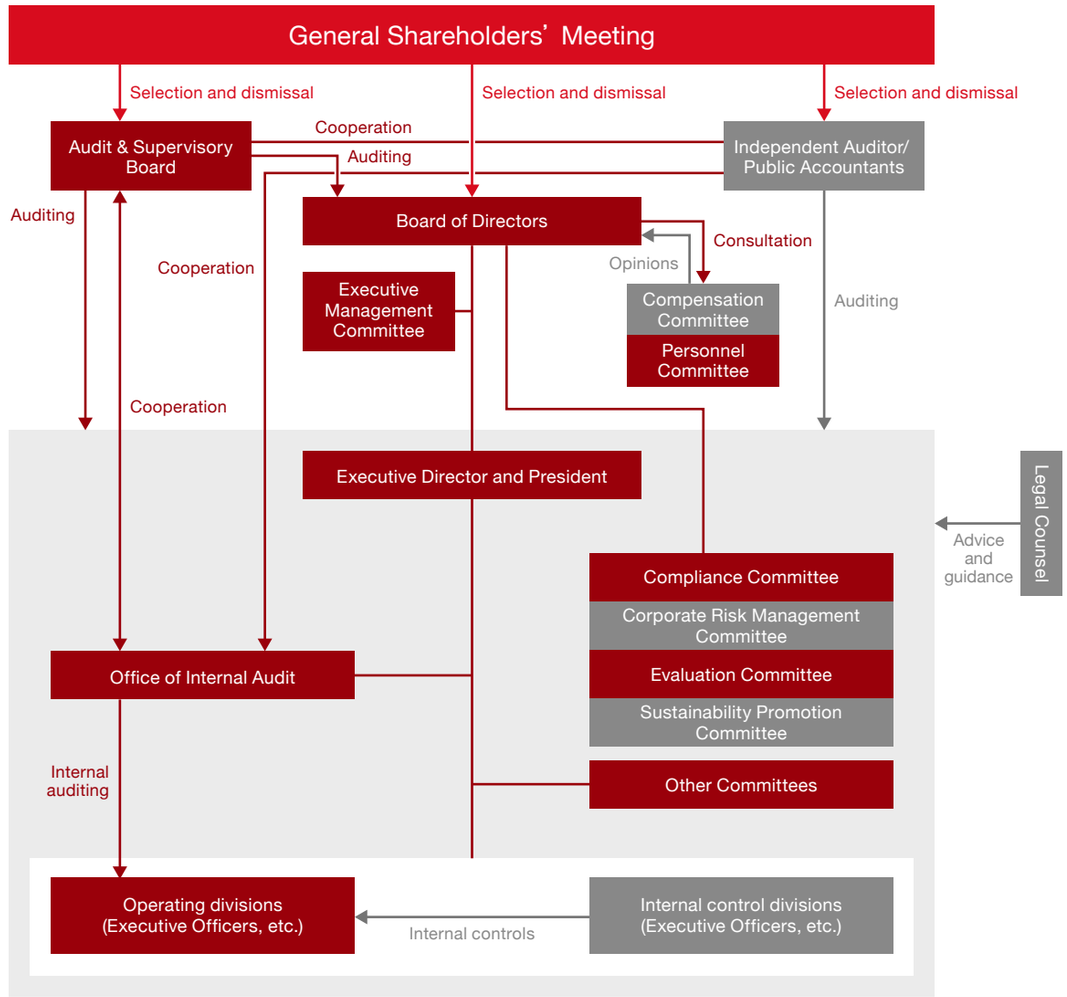
Corporate strategy, business portfolio
- Capital investment in production facilities
- R&D base planning (TREC, research facility upgrade planning)
- New business
- External collaboration in R&D

Sustainability management
- Environmental, health and safety activities
- Talent portfolio
- Employee engagement
- Investor dialog-related activities

Corporate governance
- Effectiveness evaluation of the Board of Directors
- Evaluation of the internal control system
- Cross-shareholdings policy
- Operation of stock-based compensation plan for directors and officers

Risk and compliance
- Risk management activities
- Compliance program
- Internal auditing

Corporate Governance Structure



Corporate Governance

Major Organizational Entities Related to Corporate Governance

Board of Directors	Functions	The Board of Directors meets at least once a month to make decisions concerning important matters, report on the progress of operational execution and action plan implementation, review performance, and discuss and make decisions about how to deal with related issues.	
	Times convened	16	
	Composition	Chairperson	Executive Director and President
		Members	Directors
Executive Management Committee	Functions	The Executive Management Committee is established under the Board of Directors in order to speed up decision-making by the Board of Directors and efficiently monitor and assess progress in important activities and projects.	
	Times convened	13	
	Composition	Chairperson	Executive Director and President
		Members	The chairperson may require the attendance of such personnel as deemed necessary.
Audit & Supervisory Board	Functions	Audits the Board of Directors' execution of its responsibilities, for example by attending Board of Directors and other important bodies and visiting departments regularly to exchange views in accordance with an audit plan adopted by the Audit & Supervisory Board, at least half of whose membership consists of independent Outside Audit & Supervisory Board members.	
	Times convened	12	
	Composition	Chairperson	Inside Audit & Supervisory Board member
		Members	Inside Audit & Supervisory Board members, independent Outside Audit &Supervisory Board members
Compliance Committee	Functions	Develops compliance structures based on the corporate philosophy and promotes corporate management predicated on compliance, for example by conducting compliance education and responding to the issues that come from its whistleblowing system.	
	Times convened	2	
	Composition	Chairperson (CCO)	Representative Director and President
		Members	Directors, Audit & Supervisory Board Members, Headquarters Directors, Outside lawyer, ISK Labor Union chairperson
			Directors of major subsidiaries
Corporate Risk Management Committee	Functions	Assesses and manages corporate risk incurred in the course of operations, formulates countermeasures, and deals with risks that have manifested themselves.	
	Times convened	2	
	Composition	Chairperson	Executive Director and President
		Members	Inside Directors, Headquarters Directors

Evaluation Committee	Functions	Analyzes and evaluates the overall effectiveness of the Board of Directors	
	Times convened	2	
	Composition	Chairperson	Independent Outside Audit & Supervisory Board member
		Members	Independent Outside Directors, Inside Audit & Supervisory Board members, Independent Outside Audit & Supervisory Board members
		Note: Four of six positions on the committee (66%) are filled by independent Directors and Audit & Supervisory Board members (rounded down to the nearest whole percentage).	
Compensation Committee	Functions	Offers views in response to requests for advice from the executive director and president, who is delegated by the Board of Directors, concerning the remuneration of directors and executive officers.	
	Times convened	1	
	Composition	Chairperson	Independent Outside Director
		Members	Independent Outside Directors, Independent Outside Audit & Supervisory Board members
		Note: All five positions on the committee (100%) are filled by independent Directors and Audit & Supervisory Board members.	
Personnel Committee	Functions	Responds to inquiries from the executive director and president, who is delegated by the Board of Directors about the appointment of CEO's successor and candidates for new Director or Audit & Supervisory Board member positions, as advising the Board of Directors	
	Times convened	5	
	Composition	Chairperson	Independent Outside Director
		Members	Independent Outside Directors, Independent Outside Audit & Supervisory Board members
		Note: All five positions on the committee (100%) are filled by independent Directors and Audit & Supervisory Board members.	
Sustainability Promotion Committee	Functions	Undertakes initiatives to address climate change, human rights, diversity and inclusion, health and productivity management, and DX	
	Times convened	2	
	Composition	Chairperson	Executive Director and President
		Members	Inside Directors, Headquarters Directors, and others

Corporate Governance

Board of Directors Effectiveness Analysis, Evaluation, and Results

In view of the responsibilities for Boards of Directors stipulated in the Corporate Governance Code, and in order to improve the functioning of the Board of Directors, an Evaluation Committee comprised of Outside Directors and Audit & Supervisory Board members has been established under ISK Board of Directors and in line with Board of Director evaluation-related rules. Every year since fiscal 2016, this committee has analyzed and evaluated the overall effectiveness of the Board of Directors and provided the Board with its results for deliberation and approval, after which an outline of those results is released publicly. In fiscal 2025, as well, an evaluation of the Board of Directors' overall effectiveness was carried out in accordance with this policy.

Method of Evaluation

About the Questionnaire

For fiscal 2025, it was decided to retain essentially the same set of questions used in the previous year. Additionally, as some progress has been made regarding the issues previously addressed under "VII. Challenges identified in the prior year's evaluation as requiring attention in the current year," this section has been removed and the individual questions have been returned to their original categories.

Use of Anonymity in Implementation

The Board of Directors evaluation-related rules stipulate that responses should be completed anonymously on the questionnaire, and each director and Audit & Supervisory Board member was asked to respond anonymously.

Analysis and Evaluation Results of Overall Board of Directors Effectiveness

Evaluation Results of the Effectiveness of the Board of Directors (All Directors) for Fiscal 2025: Comparison with the Previous Fiscal Year

	FY2024	FY2025	Increase/ Decrease
Ⅰ. Composition of Board of Directors	90.6%	88.0%	-2.6P
Ⅱ. Operation of the Board of Directors	92.3%	95.2%	+2.9P
Ⅲ. Agenda of Board of Directors	86.2%	85.6%	-0.6P
Ⅳ. System supporting Board of Directors	85.3%	88.5%	+3.2P
Ⅴ. Self-evaluation of each director	82.9%	88.2%	+5.3P
Ⅵ. Minutes of Board of Directors' meetings	99.1%	93.3%	-0.9P

Awareness of Issues

For fiscal 2026, it is necessary to strengthen efforts in areas where the achievement rate was below 80% in fiscal 2025, i.e., discussions regarding the portfolio and key risks, the establishment of Group company oversight and management frameworks, the utilization of reports from the Office of Internal Audit, and the acquisition and further development of knowledge required of directors. Speedy action will be taken with regard to the operation of the Board of Directors to ensure these issues are addressed earnestly and that the evaluation of effectiveness helps lead to sustainable growth and improvement of corporate value over the medium- to long-term for ISK.

Future Initiatives

In fiscal 2026, we will take an even more proactive approach to the following five issues that must be addressed.

1 Review of the corporate governance structure, refinement of the business portfolio, and strengthening of global risk management

The Board of Directors will examine the Company's corporate governance structure, including a potential transition to a "monitoring model," to ensure both an "offensive" capability for swift and flexible business execution and a "defensive" function for overseeing management and maintaining operational transparency. Furthermore, the Board will pursue medium- to long-term refinement of the business portfolio and strengthen the global risk management framework.

2 Purpose-driven strengthening of technological development capabilities and expansion into new businesses

Guided by our corporate purpose, and leveraging our three core chemical technology-rooted strengths, i.e., the ability to develop proprietary technologies, to accommodate quality and environmental requirements, and to collaborate globally, along with our management execution strength, we will advance initiatives such as further strengthening our technology development capabilities and expanding into new business areas.

3 Substantive strengthening of internal audit division functions and ensuring collaboration with directors and Audit & Supervisory Board members

We will strengthen our internal audit division functions, enhance collaboration with directors and Audit & Supervisory Board members, and bolster oversight and auditing of Group companies and overseas subsidiaries.

4 Acquisition and cultivation of essential knowledge by directors and sufficient oversight of fellow directors' performance of duties

Directors will strive to acquire and cultivate essential knowledge, as well as exercise oversight of one another's execution of duties.

5 Sustainability issues

The Sustainability Promotion Committee, in communication with outside directors and Audit & Supervisory Board members, will discuss sustainability-related issues and disclose information as appropriate through ISK's Integrated Report.

Corporate Governance

Remuneration of Directors

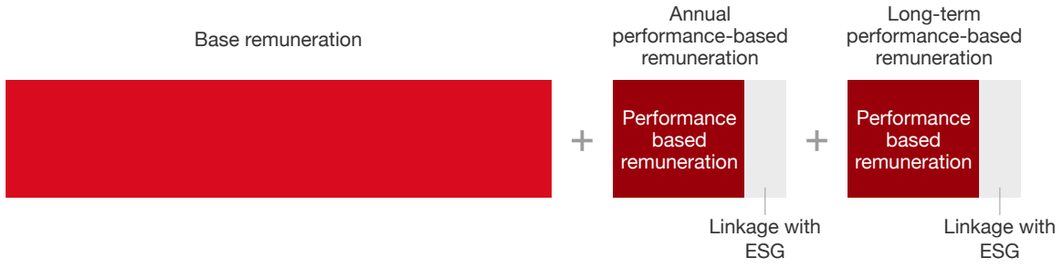
Basic Policy

Compensation for the Directors of the Company shall be determined with consideration for the factors listed below, taking into account the content of each Director's duties and the Company's condition.

a Compensation shall be fair and highly reasonable, enabling Directors to fulfill their accountability to stakeholders;
b Compensation shall be structured to raise the incentive for Directors to increase corporate value;
c Compensation shall be structured to enable the Company to secure and retain outstanding human resources as Directors;

Compensation

Compensation shall be composed of "basic compensation (cash)," "annual performance-linked compensation (cash)," and "long-term performance-linked compensation (stock-based)" Compensation for Outside Directors shall be composed only of basic compensation due to their independence from business execution.



Base remuneration

Basic compensation is paid as fixed monetary compensation based on the Officers Compensation Regulations, in amounts corresponding to the roles and positions of each Director. Basic compensation is paid per calendar month, with a monthly amount paid on the same day as employees' salaries.

Annual Performance-based Remuneration

Annual performance-linked compensation, paid as monetary compensation, is aimed at ensuring that compensation is linked to corporate performance and securing its objectivity. Whether annual performance-linked compensation is paid, and the amount of such payment, is calculated upon comprehensive consideration of the Company's performance, including operating income and net income attributable to owners of parent, which represent the ultimate results of corporate activities, and corporate ESG performance, as well as individual performance evaluation.
After the results for each fiscal year are finalized, they are discussed by the Compensation Committee, and the amount to be paid is decided at the first meeting of the Board of Directors held after the General Meeting of Shareholders. Annual performance-linked compensation is paid on the same day as employees' summer bonuses.

Long-term Performance-based Remuneration

Long-term performance-linked compensation is paid through a share delivery trust, composed of restricted stock units and performance share units.
The restricted stock units are aimed at promoting the enhancement of shareholder value by encouraging each Director to continuously hold the Company's stock while in office, thereby participating in shareholder value. The number of shares to be delivered is calculated for each rank. The performance share units are aimed at promoting the enhancement of shareholder value. The number of shares to be delivered is calculated with regard to ROE, which represents the ultimate results of corporate activities, and corporate ESG performance.
Long-term performance-linked compensation is paid at a certain time based on the share delivery guidelines established by the resolution of the Board of Directors.

Proportions of Each Type of Compensation for Individual Directors

The proportions of basic compensation, annual performance-linked compensation, and long-term performance-linked compensation are proposed, taking into account each year's financial results, etc., by the Executive Director and President, who is delegated authority by resolution of the Board of Directors. It is then referred to the Compensation Committee for deliberation, and determined by the Board of Directors, after discussion among the Executive Directors, based on the report by the Compensation Committee.
If the standard amounts of annual performance-linked compensation and long-term performance-linked compensation are paid, then the relative proportions of each type of compensation will be roughly as shown below.

	Base remuneration	Annual performance-based remuneration	Long-term performance-based remuneration
Executive Director and President	60%	20%	20%
Other Directors	65%	20%	15%

Corporate Governance

Delegation of Authority Concerning the Determination of Compensation, etc. for Individual Directors

The details of compensation for individual Directors will be determined after deliberation by the Compensation Committee, which is composed of independent Outside Directors and independent Outside Audit & Supervisory Board Members. The Compensation Committee will provide advice and recommendations, based on the information from officers' compensation surveys carried out by third-party firms, and each member's insight, before the decision is made.
Compensation, etc. for individual Directors of the Company will be decided by the Executive Director, President, who is delegated authority by resolution of the Board of Directors. The Executive Director, President will evaluate the individual performance of each Director and determine compensation within the range approved by the Board of Directors, after deliberations by the Compensation Committee.

Overview of the RS Trust

1	Persons eligible for the RS Trust	Directors of the Company (excluding Outside Directors)
2	Period of eligibility	From the day following the day on which this Ordinary General Meeting of Shareholders concludes to the day on which the Ordinary General Meeting of Shareholders to be held in June 2030 concludes
3	Maximum amount to be contributed by the Company to fund the acquisition of the Company's shares necessary for delivery to the persons eligible in 1) during five (5) years of the Period of Eligibility in 2)	500 million yen in total
4	Method used to acquire the Company's shares	Receipt of disposal of treasury stock or acquisition via stock markets (including off-floor trading)
5	Maximum total number of points to be awarded to the persons eligible in 1)	106,800 points each fiscal year
6	Criteria for the award of points	Points will be awarded based on factors such as rank and the degree of achievement of business performance targets
7	Timing of the delivery of the Company's shares to the eligible persons in 1)	A predesignated time each fiscal year during the trust period
8	Duration of transfer restrictions under the transfer restriction agreement with the Directors.	From the day of the delivery of the Company's shares until immediately after retirement

Remuneration of Directors and Audit & Supervisory Board Members in Fiscal 2025

Officer category	Total remuneration (Million yen)	Total remuneration by type (Million yen)				Number of eligible officers (Persons)
		Base remuneration	Performance based remuneration	Transfer restricted share compensation	Performance-linked stock compensation system	
Directors (excluding Outside Directors)	286	173	58	3	51	8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	36	36	–	–	–	3
Outside Directors and Outside Audit & Supervisory Board Members	66	66	–	–	–	6
Total	388	275	58	3	51	17

Policy on Cross-Shareholdings

ISK maintains an amount of cross-shareholdings deemed to build a smooth, stable, and ongoing relationship with business partners, in line with our business strategy. The status of cross-shareholdings is disclosed in our securities report. Other shareholdings have been appropriately reduced.

Independence Criteria for Outside Officers

Independence criteria have been established for Outside Directors and Audit & Supervisory Board members. These appear on the ISK website.

Company: Corporate Governance
https://www.iskweb.co.jp/eng/company/governance.html

Basic Policy for the Internal Control System

We are continually working to expand and improve our Group internal control systems in order to ensure the appropriate-ness of subsidiary governance as well as the maintenance of compliance systems. For details, please refer to ISK Corporate Governance Report.

Corporate Governance Report (in Japanese)
https://www.iskweb.co.jp/company/pdf/corporate_governance.pdf?t=250626

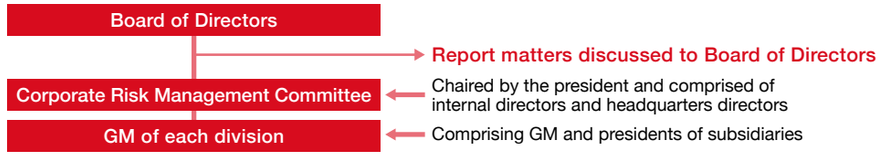
Risk Management

Basic Policy

The ISK Group pursues risk management with the aim of preparing for various risks that could seriously impact the smooth operation of our business, and in the event of an emergency, appropriately and swiftly addressing it in order not to harm the health, safety, or interests of stakeholders, restoring our business operations as soon as possible, protecting our corporate resources, and minimizing the damage to our business.

Risk Management System

We have "risk management regulations" governing our basic policy on risk management and risk management system. We have also established the Corporate Risk Management Committee, aimed at appropriately managing and preparing for various risks surrounding our business.
The Corporate Risk Management Committee is chaired by the executive director and president, and its members include the directors of each business headquarters. The Committee meets twice a year, or more frequently if necessary, to consolidate risk assessments, to identify priority risks requiring immediate action (high-priority risks) and other needs, to deliberate on risk mitigation plans, and to monitor the implementation status of these measures. The outcomes of these deliberations are reported to the Board of Directors.
The Sustainability Promotion Committee's jurisdiction includes priority issues (materiality), climate change risks, and human rights risks, and it advances measures for them in coordination with the Corporate Risk Management Committee.



Risk Management Process

Plan
- **Implement risk assessment**
  Identify risks from a company-wide perspective
  Assess risk impact and probability
  Select major risks to address
- **Formulate countermeasure plans against risk**
  Allocate risks to each person/division in charge
  Decide on risk countermeasure policies
  Decide on action plan for countermeasures

Do
- **Implement risk countermeasures**

Check
- **Monitor progress on implementation of countermeasures**
  Review progress on implementation

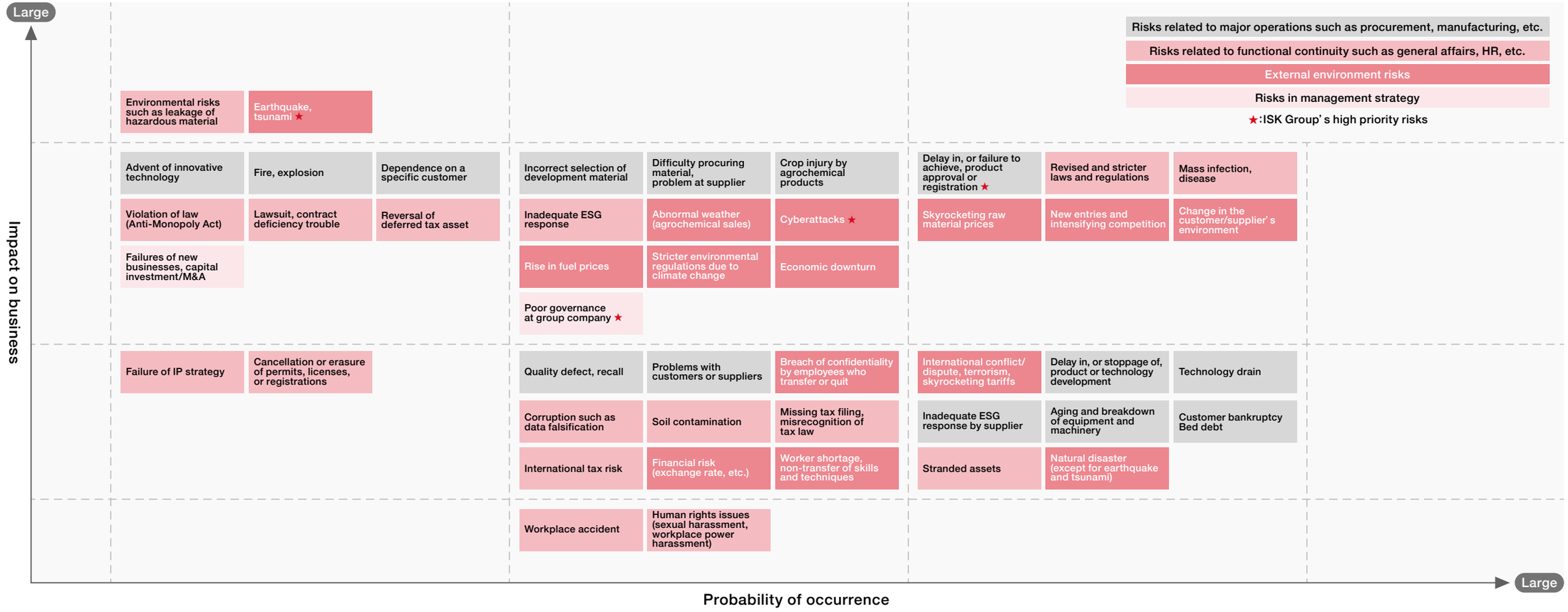
Act
- **Summary and improvement plan**
  Report to management
  Consideration on countermeasure plans

High Priority Risk

Major Risk	Explanation of Risk	Major Measures
Delay in, or failure to achieve, product approval or registration (Agrochemicals)	As regulations concerning agrochemicals are stronger around the world, our Group's business performance could be affected if existing products fail to maintain their registration or cannot be re-registered, thus rendering them unsalable, or if the permitted uses for these products are restricted, thereby reducing sales opportunities.	▪ Take proper approach to countries' registration agencies and authorities ▪ Assess other companies' agrochemicals registration and survey their registration status ▪ Secure personnel with expertise in highly specialized fields, ensure handover of registration know-how
Delay in, or failure to achieve, product approval or registration (Animal health products)	If full regulatory approval in the United States or approval by regulatory authorities in Europe is rejected or delayed, sales may fall far short of expectations, which could have an adverse effect on our business performance.	▪ Use consultants and other means to gather information on trends related to the rules and approval of the regulatory authorities ▪ Team up with contract manufacturers or sales partners
Earthquake, tsunami	The Yokkaichi Plant, which is a manufacturing base for titanium dioxide, is located in an area expected to be affected by a Nankai Trough earthquake. In the event of a major earthquake and serious damage caused by a tsunami, liquefaction, etc., this could result in damage to the Yokkaichi Plant's facilities and products, a suspension of production and business operations at the plant, and/or human casualties, which could have an adverse effect on the business performance of the Group.	▪ Provide aging facilities at our Yokkaichi Plant with seismic reinforcement ▪ Step up product storage at multiple bases (at elevated locations, etc.) in Yokkaichi City ▪ Update business continuity plans ▪ Get business interruption insurance to cover business continuity expenses as a response after earthquake (Yokkaichi Plant) Sign committed line of credit with financial institutions, which is applied to earthquake disasters
Poor governance at group company	We strive to ensure proper Group management through affiliate company management regulations, internal audits, and other means; however, if accounting fraud, bribery, quality fraud, etc., are discovered due to insufficient control over overseas Group companies, it may have an adverse effect on the business performance of our group.	We are proceeding with efforts to strengthen group governance. ▪ Organize and clearly stipulate the functions and roles of Three Lines model (business divisions, back-office divisions, internal audit division) ▪ Refine and publicize rules for group companies ▪ Strengthen internal auditing
Cyberattacks	If, for example, an employee opens a sophisticated, targeted-attack email, their computer becomes infected with malware that spreads to other devices and servers via the Company network. Such an incident could disrupt our business operations, including production and sales, and negatively impact the performance of our Group. Furthermore, it could lead to the leakage of confidential data, such as customer information or contractual documents, potentially causing financial losses to our Company and harm to our reputation.	▪ Take measures to prevent leakage of confidential information due to cyberattacks ▪ Protect the system against cyberattacks and strengthen security measures ▪ Enhance the coverage of cyber risk insurance ▪ Establish an information security policy for the entire Group

Risk Management

High Priority Risk



Note: 1. The risks described here are those that may affect the business activities of our Group; however, this list is not exhaustive. We may, in the future, be impacted by risks that were not anticipated or that were previously considered to be of low significance.
2. ISK defines risk as any possibility of physical or economic damage to ISK, loss of trust, or other disadvantage to ISK.
3. To ensure a consistent understanding among those conducting assessments, we evaluate the magnitude of risks (based on their potential impact and likelihood of occurrence) by establishing risk scenarios and estimating the associated financial losses. We, thus, utilize "worst-case scenarios" that represent the most significant threats that could potentially materialize.
4. Risk assessments were conducted throughout the consolidated fiscal year under review.

Compliance

Basic Philosophy

ISK Group places the utmost importance on compliance. We have formulated a code of conduct in order to carry out business rooted in our corporate philosophy, with the aim of thoroughly complying with laws and regulations, conducting fair and equitable business practices, and maintaining a high level of corporate ethics.
A company cannot exist without society's trust. To fulfill our corporate responsibilities and contribute to society, our Group treats compliance as a fundamental prerequisite for all business activities, and we have, therefore, established a Compliance Committee to drive these efforts. Through the activities of this committee, we foster a strong culture of compliance among all members of the Group while working to prevent, promptly detect, and rectify any instances of non-compliance.

ISK Group Code of Conduct
https://www.iskweb.co.jp/eng/compliance/observance.html

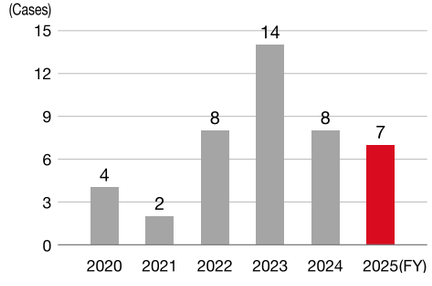
Compliance Promotion System (Overview)

Based on our reflection on the Ferosilt problem, in November 2005 we appointed a Chief Compliance Officer (CCO) and established the Compliance Committee. This committee operates under the Board of Directors and is chaired by the executive director and president (as CCO), and comprises directors (excluding outside directors), directors of each headquarters, Audit & Supervisory Board members, president of affiliated subsidiaries, labor union representative, an outside lawyer, and the secretariat. In addition, each division has a compliance promotion manager and a compliance leader. The Compliance Committee has met about twice a year. It currently meets every March and September, with March 2026 marking the 40th session.

The following are activities which have been undertaken in recent years.

- Ensuring compliance with the ISK Group Code of Conduct and the Whistleblowing Rules
- Handling reports and consultations received through the internal whistleblowing system
- Deliberating on, and responding to, instances of compliance violations
- Developing and implementing compliance training and awareness-raising programs
- Developing and implementing measures to prevent harassment
- Supporting and monitoring compliance-related activities within individual departments

Numbers of Compliance-related Whistleblowing Reports and Consultations



Fiscal 2025 Compliance-Related Training and Awareness-Raising at ISK

ISK Group carries out compliance-related training in accordance with an annual plan, which is discussed and approved by the Compliance Committee. Besides job grade-specific training, training on specific topics is planned and carried out according to social conditions. In fiscal 2025, many ISK Group members participated in training (refer to the chart below).

Classification	Target	Implementation (Theme)	Total number of participants
Job grade-specific	New and mid-career hires	Group training and online learning	109
	Newly appointed chiefs	Online learning	47
	Newly appointed managers	Lawyer-led group training	13
	Mid-career managers (one year in)	In-house staff-led group training	5
	Personnel who have been employees for a set period	In-house staff- and lawyer-led group training	116
Topic-specific	All Group members (interested applicants)	Outside expert-led group training (security export control)	342
	Executives and officers	Lawyer-led group training (qualities and responsibilities of executive management)	27
	All Group members (all)	Anonymous survey (prevention of power harassment)	1,676
By workplace	All Group members (all)	In-house study sessions and discussion meetings (specialized laws/regulations and compliance)	4,739



Training included ongoing study sessions featuring invited outside experts, internal discussion meetings, etc.

Implementation of Training and Initiatives Corresponding to Changing Social Conditions and Business Environments

In recent years, there have been numerous instances where corporate misconduct has not only led to a loss of public trust but has also severely impacted corporate value and business continuity. We view compliance as more than just adherence to laws and regulations; it encompasses the practice of corporate ethics and serves as a foundational element of management that supports sustainable growth. Accordingly, we promote ongoing education and awareness-raising initiatives for all members of our organization.
Specifically, we provide systematic training tailored to the roles and responsibilities required at every level, from new employees to management and executive leadership.
Furthermore, we conduct annual training sessions on specific topics, such as harassment prevention, information management, quality control, and legal requirements for fair and equitable business transactions, that address evolving social expectations and changes in our business environment. Our goal is to ensure that these concepts are well-understood and effectively applied in daily operations.
Recent examples include in-person, outside expert-led training sessions at various business locations covering the Antimonopoly Act and the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (now the Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment) in fiscal 2024, and security export control under the Foreign Exchange and Trade Act in fiscal 2025.
Beyond the mere acquisition of knowledge, we prioritize fostering a corporate culture where individuals think for themselves and act appropriately. Through interactive training that encourages candid exchanges and active discussion within each workplace, we aim to embed a compliance-oriented mindset that can be put into practice on the front lines.
Moving forward, we remain committed to strengthening our effective compliance framework and enhancing corporate ethics, ensuring that we continue to be a company trusted by all our stakeholders.

Financial and Non-Financial Summaries

Financial Summary (Consolidated)

(FY)

Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Profit and loss											(Million yen)
Net sales	102,903	101,601	108,001	106,441	101,066	101,774	110,955	131,238	138,456	145,196	**154,897**
Operating income	8,314	8,415	10,022	11,372	6,188	5,173	11,557	8,631	11,491	10,482	**19,077**
Net income attributable to owners of parent	9,151	3,804	3,442	8,683	2,359	3,373	11,690	6,947	7,988	8,410	**16,636**
Financial status											(Million yen)
Current assets	109,386	102,565	103,387	107,080	110,324	117,003	121,389	137,499	161,173	154,830	**161,808**
Property, plant and equipment	38,733	39,183	40,843	43,167	46,271	47,107	46,535	46,728	41,560	46,579	**53,502**
Intangible assets, investments and other assets	14,935	15,121	15,536	18,442	15,841	15,909	17,834	17,685	21,590	23,687	**25,096**
Total assets	163,056	156,871	159,767	168,689	172,437	180,021	185,758	201,913	224,324	225,097	**240,408**
Current liabilities	49,725	47,310	47,990	44,712	43,737	42,203	46,731	59,192	53,056	46,667	**52,021**
Long-term liabilities	54,396	46,579	44,638	48,642	52,029	58,302	47,157	45,289	65,150	63,981	**59,207**
Total net assets	58,933	62,981	67,137	75,335	76,669	79,515	91,869	97,431	106,068	114,272	**128,991**
Interest-bearing debt	67,686	58,781	51,328	49,528	52,531	60,103	50,420	56,081	70,323	72,217	**73,917**
Other											(Million yen)
Cash flows from operating activities	10,268	14,631	16,607	4,907	3,317	4,749	16,501	-6,022	-2,811	18,332	**17,259**
Cash flows from investing activities	9,656	-5,950	-6,030	-8,590	-6,922	-6,162	-4,319	-5,021	-7,044	-11,412	**-10,009**
Free cash flow	19,925	8,681	10,577	-3,682	-3,605	-1,413	12,182	-11,043	-9,855	6,920	**7,250**
Depreciation and amortization	4,458	4,215	4,214	4,266	4,445	4,669	4,545	5,225	5,207	5,553	**4,807**
Capital investment	4,654	5,442	6,439	7,239	8,298	6,365	5,153	5,907	9,648	10,519	**12,589**
R&D expenses	8,988	8,173	8,706	8,070	9,150	8,639	8,165	9,156	9,758	10,736	**11,245**
Per share status											(Yen)
Net income per share	228.88	95.15	86.12	217.25	59.03	84.41	292.58	175.75	209.27	219.98	**434.78**
Dividends per share	-	-	-	12.00	20.00	18.00	36.00	42.00	70.00	85.00	**120.00**
Financial indicators											
Operating margin (ROS, %)	8.08	8.28	9.28	10.68	6.12	5.08	10.42	6.58	8.30	7.22	**12.32**
Return on equity (ROE, %)	16.68	6.24	5.29	12.19	3.10	4.32	13.64	7.34	7.85	7.63	**13.68**
Return on assets (ROA, %)	5.03	5.26	6.33	6.92	3.63	2.94	6.32	4.45	5.39	4.66	**7.94**
D/E ratio (double)	1.15	0.93	0.76	0.66	0.69	0.76	0.55	0.58	0.66	0.63	**0.57**

Financial and Non-Financial Summaries

Non-Financial Summary

(FY)

Fiscal year	2023	2024	2025
GHG (greenhouse gas) emissions (ISK Group*1)			
Year-on-year comparison of GHG emissions (%)	101.1	89.5	**96.4**
GHG emissions (thousand tons-CO_2e)	504	451	**434**
Waste (Japan, consolidated*2)			
Industrial waste (sludge) (tons)	76,255	70,383	**68,448**
Atmosphere SOx (Japan, consolidated*2)			
SOx emissions (Nm^3)	7,241	6,944	**8,349**
Atmosphere NOx (Japan, consolidated*2)			
NOx emissions (kg)	195,514	189,641	**189,452**
PRTR-listed substances (Japan, consolidated*3)			
Atmospheric emissions (tons)	10.9	9.8	**10.3**
Emissions into bodies of water (tons)	58.8	55.7	**59.3**
Amount transferred (tons)	1,592	1,518	**1,399**
Water usage (Japan, consolidated*3)			
Water intake (thousand m^3)	29,403	26,864	**26,825**
Wastewater discharges (thousand m^3)	29,492	26,554	**27,408**
Water quality COD (Japan, consolidated*3)			
COD (kg)	59,431	61,074	**57,744**
Water quality Total Nitrogen (Japan, consolidated*3)			
Nitrogen pollutant load (kg)	150,963	116,451	**125,995**
Energy-related (Japan, consolidated*2)			
Total energy consumption (crude oil equivalent, kl)	159,297	149,893	**142,605**
Year-on-year comparison of energy intensity (%)	97.6	98.3	**99.1**
Energy intensity (kl/t)	0.86	0.85	**0.84**

(FY)

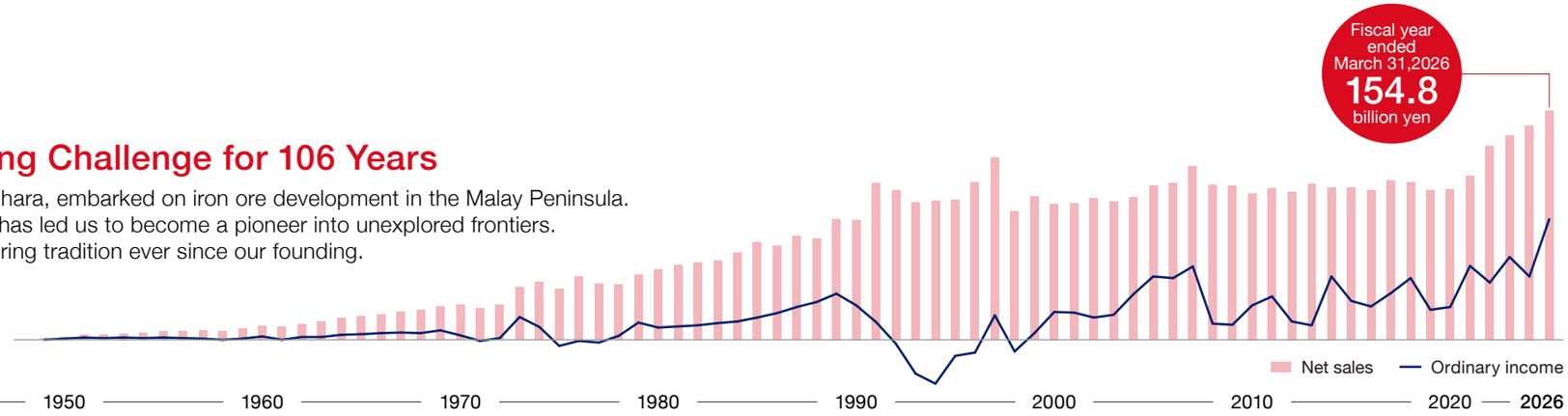
Fiscal year	2023	2024	2025
Workplace accidents (Japan, consolidated*2)			
Frequency rate of lost-worktime injuries	0.93	0.91	**2.89**
Severity rate	3.47	0.00	**0.03**
Number of employees (non-consolidated)			
Number of male employees	937	924	**908**
Number of female employees	209	215	**222**
Male employee ratio (%)	81.8	81.1	**80.4**
Female employee ratio (%)	18.2	18.9	**19.6**
Diversity and inclusion (non-consolidated)			
Female ratio among new hires (%)	36.8	24.3	**35.5**
Number of female managers	5	7	**14**
Female manager ratio (%)	4.3	5.5	**10.9**
Number of employees taking childcare leave	18	20	**21**
Paid leave acquisition rate (%)	82.8	77.8	**81.8**
Employees over 60 rehired after retirement (%)	93.3	80.9	**93.3**
Employment rate of persons with disabilities (%)	2.0	2.6	**2.4**
Other (non-consolidated)			
R&D employee ratio (%)	22.4	21.0	**20.6**
Number of patents held	2,606	2,571	**2,231**

*1 Entire ISK Group
*2 Operated by ISK and Fuji Titanium Industry Co., Ltd. Production facilities only
*3 ISK and Fuji Titanium Industry Co., Ltd.

History of ISK

An Enduring Tradition of Embracing Challenge for 106 Years

It has been 106 years since ISK's founder, Hiroichiro Ishihara, embarked on iron ore development in the Malay Peninsula.
Our Group's constant willingness to embrace challenge has led us to become a pioneer into unexplored frontiers.
This willingness to embrace challenge has been an enduring tradition ever since our founding.
We have embarked on our next challenge.



1920 ► 1945

Willingness to Embrace Challenges

ISK begins handling its own ore shipping. Ships flying the company flag ply the oceans.





In Japan, the Kishu Mine is opened and the Yokkaichi Plant begins operations.

1945 ► 1960

Entering New Fields

In the field of organic chemicals, ISK enters the agrochemicals business. ISK becomes a pioneer in selective herbicides.





In the field of inorganic chemicals, ISK begins producing titanium dioxide and becomes a top domestic producer.
ISK establishes a research institute in Yokkaichi; technological development capabilities are enhanced; and management focus shifts from mining to chemicals.

1960 ► 1990

Growth and Overseas Expansion

As an environmental protection measure, ISK becomes one of the first in its industry worldwide to build a comprehensive water treatment facility.





ISK grows into a global manufacturer by increasing demand both domestically and internationally for both the agrochemical and titanium dioxide businesses.

1990 ► 2010

Social Responsibility

Venturing into the field of health products. ISK takes on challenges in life sciences, including the gene therapy business.





ISK decides to voluntarily recall Ferosilt and completes its removal and final disposal over a 10-year period. Fostering a stronger, compliance-oriented mindset and making a unified effort to rebuild trust.

2010 ► 2020

Strength and Trust

ISK launches full-scale sales of super-weather-resistant titanium dioxide, marking a shift from general-purpose products to highly functional and high value-added products.





ISK develops its presence in the agrochemical market in Brazil, India and elsewhere. ISK strengthens its global competitiveness.
ISK receives approval for domestic manufacture and sale of the world's first anti-pancreatitis agent for dogs.

2020 ►

Transformation with Chemistry

ISK celebrates the 100th anniversary of its founding. By contributing to society through technological development, the company aims to help realize a sustainable world and enhance corporate value.





Under the corporate slogan "Local Insight, Global Impact," ISK aims to realize Vision 2030 by leveraging its deep understanding of local communities to create new value through original ideas and the power of chemistry.

Company Profile/Group Bases

Company Profile

Company Name	ISHIHARA SANGYO KAISHA, LTD.
Head Office Location	3-15 Edobori 1-chome, Nishi-ku, Osaka 550-0002, Japan +81-6-6444-1451
Founded	September 10, 1920
Incorporated	June 1, 1949
Representative	Hiroshi Okubo, Executive Director & President
Capital Stock	43.4 billion yen
Net Sales	(Fiscal year ended March 31, 2026) Consolidated: 154,897 million yen Non-consolidated: 118,066 million yen
Number of Employees	(Fiscal year ended March 31, 2026) Consolidated: 1,813 Non-consolidated: 1,130

Network/Group Companies

Network

Head Office, Central Research Institute, Yokkaichi Plant, Technology Research Center, Hyogo-Ono, Tokyo Branch, Chubu Branch, Sapporo Sales Office, Fukuoka Sales Office, Argentina Branch

Group Companies

Japan

- **ISK BIOSCIENCES K.K.**
  Sale of agrochemicals
- **ISHIHARA TECHNO CORPORATION**
  Trade in organic and inorganic chemical products
- **FUJI TITANIUM INDUSTRY CO., LTD.**
  Manufacture and sale of functional color materials, electronic materials, and fine chemicals
- **MF MATERIAL CO., LTD.**
  Manufacturing and sale of electronic materials
- **ISK ENGINEERING PARTNERS CORPORATION**
  Construction
- **ISHIHARA SANSO KAISHA, LTD.**
  Manufacture and sale of industrial gases
- **ISHIHARA KOSAN CO., LTD.**
  Asset management
- **HOKUSAN CO., LTD.**
  Manufacture and sale of agrochemicals

Taiwan

- **ISK TAIWAN CO., LTD.**
  Sale of inorganic chemical products

Korea

- **ISK KOREA CORPORATION**
  Sale of inorganic chemical products
- **ISK BIOSCIENCES KOREA LTD.**
  Administration of agrochemicals business in South Korea; manufacture and sale of agrochemicals

Thailand

- **ISK BIOSCIENCES (THAILAND) LTD.**
  Registration and market development of agrochemicals in Thailand

India

- **ISK BIOSCIENCES INDIA PVT. LTD.**
  Registration, manufacture and sale of agrochemicals

China

- **ZHEJIANG ISK & TAURUS CHEMICAL CO., LTD.**
  Sale of agrochemicals
- **ISK (SHANGHAI) CHEMICAL CO., LTD.**
  Registration and sale of agrochemicals

Philippines

- **AVC CHEMICAL CORP.**
  Sale of agrochemicals

Belgium

- **ISK BIOSCIENCES EUROPE N.V.**
  Administration of agrochemicals business in Europe; manufacture and sale of agrochemicals

The Netherlands

- **CERTIS BELCHIM B.V.**
  Sale of agricultural materials

United States

- **ISK AMERICAS INCORPORATED**
  Administration of U.S. subsidiaries
- **ISK BIOSCIENCES CORPORATION**
  Administration of agrochemicals business in Americas; manufacture and sale of agrochemicals
- **ISK BIOCIDES, INC.**
  Sales of wood preservative
- **IBC MANUFACTURING COMPANY**
  Manufacture of wood preservative and agrochemicals
- **ISK ANIMAL HEALTH, LLC (Ohio)**
  Manufacture and sale of animal health products
- **ISHIHARA CORPORATION (U.S.A.)**
  Market development of inorganic chemical products
- **ISK MAGNETICS, INC.**
  Asset management
- **SUMMIT AGRO USA, LLC**
  Sale of agricultural materials and manufacture of agrochemicals

Mexico

- **ISK BIOSCIENCES, S.A. DE C.V**
  Registration and sale of agrochemicals

Brazil

- **ISK BIOSCIENCES DO BRASIL DEFENSIVOS AGRICOLAS LTDA.**
  Registration and market development of agrochemicals in Brazil

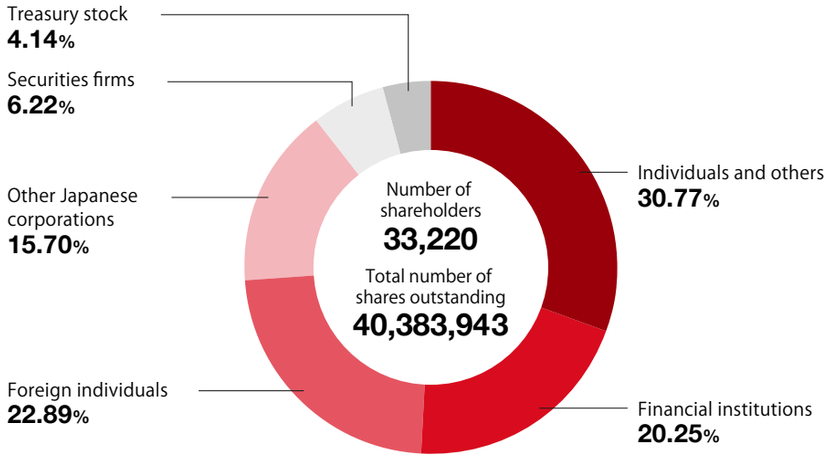
Consolidated subsidiary company
Non-consolidated subsidiary company
Equity method affiliated company
Non-equity method affiliated company

Stock Information

Stock Information (As of March 31, 2026)

Total Number of Shares Authorized	100,000,000 shares
Total Number of Issued Shares	40,383,943 shares
Number of Shareholders	33,220
Stock Exchange Listing	Tokyo Stock Exchange, Prime Market
Stock Code	4028

Shareholder Composition



Total Shareholder Return

(Unit: %)

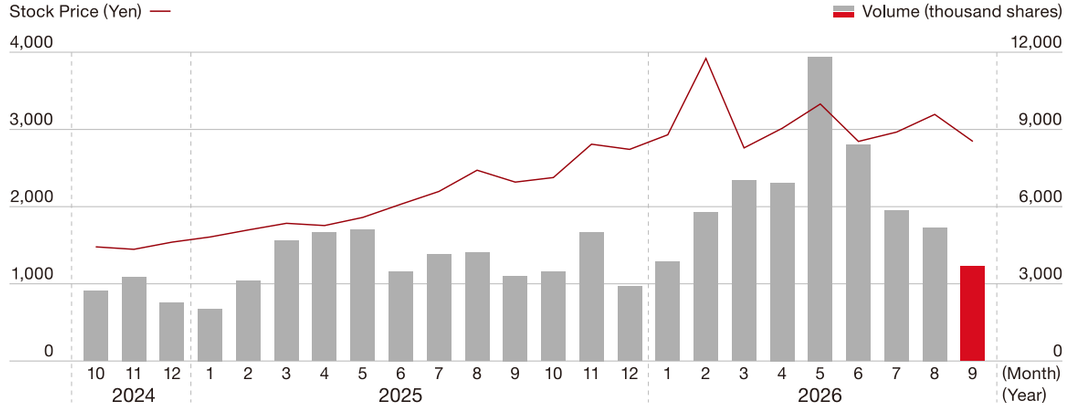
	FY2021	FY2022	FY2023	FY2024	FY2025
ISK	122.2	131.0	210.4	221.4	**341.8**
TOPIX	102.0	107.9	152.5	150.2	**202.2**
TOPIX Chemical	92.1	96.5	120.4	104.4	**133.3**

Major Shareholders (As of March 31, 2026)

Shareholder	Investment in ISK	
	Number of shares held (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	4,911	12.69
Mitsui & Co., Ltd.	2,019	5.22
Custody Bank of Japan, Ltd. (trust account)	1,800	4.65
Toagosei Co., Ltd.	1,722	4.45
Ishihara Sangyo Kaisha Client Stock Ownership Association	1,171	3.03
UPL Japan GK	1,170	3.02
State Street Bank and Trust Company 505223	896	2.32
Ishihara Sangyo Kaisha Employee Stock Ownership Association	810	2.09
DFA Intl Small Cap Value Portfolio	760	1.96
JPMorgan Securities Japan Co., Ltd.	612	1.58

Note:
1: The shareholding ratio is calculated after deducting treasury stock.
2: The shares owned by The Master Trust Bank of Japan, Ltd. (Trust Account) and Custody Bank of Japan, Ltd. (Trust Account) are shares used for trust operations.
3: In addition to the above, the Company owns 1,673 thousand shares of treasury stock

Stock Price and Trading Volume



Editorial Policy

Editorial Policy

This integrated report is intended to provide stakeholders with integrated financial and non-financial information on the ISK Group (on a consolidated basis), which operates in and outside Japan. The report includes business results, as well as management policies and business strategies for creating value in the medium- and long-term. Some past figures have been revised due to improvements in precision.

Coverage

Organizations: Ishihara Sangyo Kaisha, Ltd. (ISK) and its consolidated subsidiaries and affiliates
Period: Fiscal 2025 (April 1, 2025 to March 31, 2026)

Referenced Guidelines

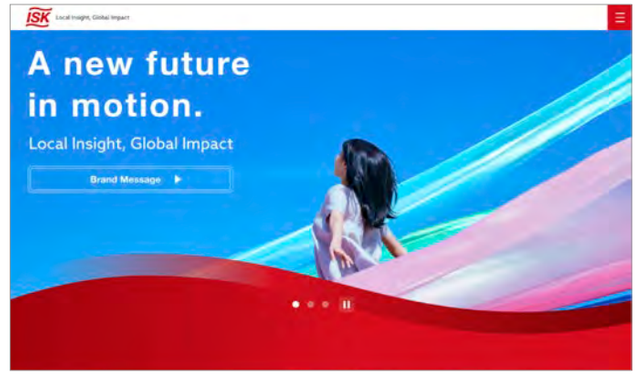
Integrated Reporting, International Integrated Reporting Council (IIRC)
Guidance for Collaborative Value Creation; Ministry of Economy, Trade and Industry, Japan
Environmental Reporting Guidelines (2018 version), Ministry of the Environment, Japan
GRI Standards, Global Reporting Initiative (GRI)



Website

Ishihara Sangyo Kaisha, Ltd. Official Website

https://www.iskweb.co.jp/eng/



► Investor Relations

https://www.iskweb.co.jp/eng/ir/



- Latest stock price
- Topics
- Latest IR materials
- Management policies and organization
- IR library
- Stock information

► Sustainability

https://www.iskweb.co.jp/eng/environment/



- Top commitment
- Sustainability structures
- Environmental initiatives
- Social initiatives
- Governance initiatives