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(Securities code: 4028)

June 8, 2023

(Date of commencement of measures for providing information in electronic format: May 30, 2023)

To Those Shareholders with Voting Rights

Hideo Takahashi
Executive Director, President
ISHIHARA SANGYO KAISHA, LTD.
3-15, Edobori 1-chome, Nishi-ku, Osaka

NOTICE OF THE 100th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Firstly, we would like to extend our sincere thanks for your ongoing support.

We are pleased to inform you that the 100th Ordinary General Meeting of Shareholders will be held as follows.

We have adopted measures for providing information in electronic format for this General Meeting of Shareholders. The matters provided in electronic format have been posted on the following Internet website as “Notice of the 100th Ordinary General Meeting of Shareholders” and “Other Matters Provided in Electronic Format (Matters Omitted from the Paper Copy).”

The Company’s website:

<https://www.iskweb.co.jp/eng/ir/stockholders.html>

This information also been posted on the following website.

The website of the Tokyo Stock Exchange:

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

*Please access the website shown above, enter the Company’s name or securities code to search, and select “Basic information” then “Documents for public inspection/PR information” to view the information.

Please exercise your voting rights in writing or via the Internet, etc. by 5:30 p.m. on Tuesday, June 27, 2023, after reading the attached REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS.

1. **Date and Time:** 10:00 a.m., Wednesday, June 28, 2023 (Reception opens: 9:00 a.m.)
2. **Venue:** Hall on the 5th floor of Shin-Ishihara Building, at 3-15, Edobori 1-chome, Nishi-ku, Osaka
(Shin-Ishihara Building: Please use Exit 5-B of Higobashi Station, Osaka Metro Yotsubashi Line.)
3. **Objectives of the Meeting**

Reports:

1. The Business Report and the Consolidated Financial Statements for the 100th Fiscal Year (from April 1, 2022 to March 31, 2023), as well as the audit reports on the Consolidated Financial Statements by the Company's Accounting Auditors and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 100th Fiscal Term (from April 1, 2022 to March 31, 2023)

Matters to Be Resolved

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of Nine (9) Directors

Proposal No. 3: Election of Four (4) Audit & Supervisory Board Members

Proposal No. 4: Election of One (1) Substitute Audit & Supervisory Board Member

4. How to Exercise Your Voting Rights

If you are attending the General Meeting of Shareholders

Please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.

Date & Time: **10:00 a.m., Wednesday, June 28, 2023**

(Reception opens: 9:00 a.m.)

If you are exercising your voting rights in writing

Please indicate your approval or disapproval of the matters to be resolved on the Voting Rights Exercise Form enclosed herewith, and return it to us. If you do not indicate your vote on a proposal, this will be treated as a vote in favor of the proposal.

Deadline: **The form should arrive by 5:30 p.m., Tuesday, June 27, 2023.**

If you are exercising your voting rights via the Internet, etc.

Please first read the attached Guidance on the Exercise of Voting Rights via the Internet, etc. (p. 3) and indicate your approval or disapproval.

Deadline: **Votes should be accepted by 5:30 p.m., Tuesday, June 27, 2023.**

- If you have exercised your voting rights both in writing and via the Internet, etc., the votes cast via the Internet, etc. shall be deemed valid. If you have exercised your voting rights via the Internet, etc. multiple times, the votes cast last shall be deemed valid.
- The costs incurred for access to the website for the exercise of voting rights via the Internet (such as Internet connection fees, phone charges, etc.) shall be borne by the shareholders.
- Of the matters provided in electronic format, the items listed below are not included in the paper copy sent to shareholders who have requested it, in accordance with laws and regulations, as well as the provisions of Article 19 of our Articles of Incorporation. Thus, the paper copy sent to shareholders who have requested it includes only part of the subjects audited by the Audit & Supervisory Board Members and the Accounting Auditor in preparing their Audit Reports.
 - Principal Business Locations, Employees, Accounting Auditor, and Systems to Ensure the Proper Business Operation of the Corporate Group Composed of the Company and Its Subsidiaries, Including Systems to Ensure that Directors Execute Duties in Line with Relevant Laws, Regulations and the Articles of Incorporation, and Status of Their Operation in the Business Report
 - Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements
 - Non-consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements

If any situation arises that requires amendment to the matters provided in electronic format, such amendment will be posted on the websites on which they are posted, together with the matters before and after amendment.

Guidance on the Exercise of Voting Rights via the Internet, etc.

How to scan the QR code “Smart Voting”

You can log in to the voting rights exercise website without entering a “voting rights exercise code” and a “password.”

- 1 Please use your smartphone to scan the “voting rights exercise website login QR code” on the bottom right of the voting rights exercise form.
- 2 Please enter your vote for each proposal by following the instructions on the screen.

Voting rights can be exercised only once using “Smart Voting.”

If you want to change your vote after exercising your voting rights, please enter the “voting rights exercise code” and “password” on the voting rights exercise form to log in to the voting rights exercise website by following the instructions under “How to enter a voting rights exercise code and a password” on the right hand side, and exercise your voting rights again.

* You can access the voting rights exercise website on the right hand side by scanning the QR code again.

* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

How to enter a voting rights exercise code and a password

The voting rights exercise website:

<https://www.web54.net>

- 1 Please access the voting rights exercise website.
- 2 Please enter the “voting rights exercise code” on the bottom left of the reverse side of the voting rights exercise form.
- 3 Please enter the “password” on the bottom left of the reverse side of the voting rights exercise form.
- 4 Please enter your vote for each proposal by following the instructions on the screen.

Please call the number on the right hand side, if you have any questions relating to the exercise of voting rights via the Internet.

Transfer Agency Web Support
Hotline, Sumitomo Mitsui Trust Bank

 **0120-652-031**
Business hours: 9:00 a.m. to 9:00 p.m.

To institutional investors

In addition to the exercise of voting rights via the Internet as stated above, you may use the electronic voting platform operated by ICJ, Inc. only if you apply for its use in advance.

REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and References

Proposal No. 1

Appropriation of Surplus

One of the most important management policies of the Company is to increase corporate value while returning profits to our shareholders.

Our basic principle for dividends is to continue to implement stable dividend distribution according to our business performance, taking into comprehensive consideration the business trends, financial condition, and need to enhance our internal reserve for business expansion into the future; moreover, to flexibly implement repurchases of treasury stock and provide shareholder returns with an awareness of the total return ratio.

Based on the results for the fiscal year ended March 31, 2023, and the outlook for the business environment, we have decided to pay a year-end dividend of 42 yen per share, a 6-yen increase from that for the previous fiscal year, as summarized below.

1. Type of dividend property

Cash

2. Matters concerning the allocation of dividend property to shareholders and the total amount thereof

42 yen per share of common stock of the Company

Total: 1,601,899,488 yen

3. Date on which the dividend of surplus takes effect

June 29, 2023

REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposal No. 2

Election of Nine (9) Directors

The terms of office of all current nine (9) Directors will expire at the conclusion of this General Meeting of Shareholders.

We therefore propose that nine (9) Directors (three (3) of whom are Outside Directors) be elected.

The candidates for Directors are as follows:

Candidate No.	Full name	Posts and responsibilities held at the Company	Term of office as Director	Attendance at Board of Directors meetings
1	Kenichi Tanaka	Reappointment	Executive Director, Chairman	9 years 100% (18/18)
2	Hideo Takahashi	Reappointment	Executive Director, President & Chief Executive Officer, Chief Compliance Officer (CCO)	4 years 100% (18/18)
3	Hiroshi Okubo	Reappointment	Director, Managing Executive Officer, Director of Corporate Administration & Planning Headquarters	1 year 92% (12/13)
4	Kiyomitsu Yoshida	Reappointment	Director, Senior Managing Executive Officer, in charge of Organic Chemicals Business	5 years 94% (17/18)
5	Yasunobu Kawazoe	Reappointment	Director, Managing Executive Officer, Director of Finance & Accounting Headquarters	4 years 100% (18/18)
6	Masaki Shimojo	Reappointment	Director, Managing Executive Officer, Director of Inorganic Chemicals Sales & Marketing, R&D Strategy Headquarters, Assistant Director of R&D Strategy Headquarters	3 years 100% (18/18)
7	Tatsuo Hanazawa	Reappointment [Outside] Independent	Director	4 years 100% (18/18)
8	Satoshi Ando	Reappointment [Outside] [Independent]	Director	3 years 94% (17/18)
9	Akemi Uchida	New appointment [Outside] [Independent]	—	- -

New appointment
Candidate for new Director
Reappointment
Candidate for reappointment
[Outside]
Outside Officer
[Independent]
Independent Officer

Notes:

1. Nomination of the candidates for Directors is decided at the Board of Directors after consulting with the Personnel Committee, consisting of independent Outside Directors and Outside Audit & Supervisory Board Members. The Board of Directors nominates the persons who are deemed appropriate as candidates for Directors after comprehensive examination of their personalities, knowledge, abilities, etc. based on the perspective of prompt and proper decision making.
2. The Company has concluded a directors and officers liability insurance contract with an insurance company, as prescribed in Article 430-3, Paragraph 1 of the Companies Act, with all Directors as the insured. The insurance covers legal damages and litigation expenses in the event that a claim for damages is made against the insured during the insurance period due to improper actions (including errors of omission) committed by the insured in his/her capacity as such. The Company is fully responsible for paying the insurance premium. The Company intends to include all candidates for Directors, if appointed, in the insured under this insurance contract. The Company intends to renew this insurance contract under the same terms when it comes due for renewal.

REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

Candidate No.

1 **Kenichi Tanaka** (Born on January 18, 1954)

Reappointment

A brief summary of his career, posts and responsibilities held, and other major offices concurrently held

Number of the Company's shares held 25,727 shares	April 1976	Joined the Company
Term of office as Director 9 years (at the conclusion of this General Meeting of Shareholders)	April 2009	Executive Officer, and Acting Director of General Affairs Headquarters
Attendance at Board of Directors meetings 18 times / 18 meetings (100%)	June 2011	Executive Officer, and Director of General Affairs Headquarters
	June 2012	Managing Executive Officer, and Director of General Affairs Headquarters
	June 2014	Director, Managing Executive Officer, and Director of General Affairs Headquarters
	June 2015	Executive Director, President & Chief Executive Officer, Chief Compliance Officer (CCO), Chairman of Compliance Committee, Director of Business Strategy Office, and Director of General Affairs Headquarters
	February 2016	Executive Director, President & Chief Executive Officer, Chief Compliance Officer (CCO), Chairman of Compliance Committee, and Director of General Affairs & Human Resources Headquarters
	June 2017	Executive Director, President & Chief Executive Officer, Chief Compliance Officer (CCO), and Chairman of Compliance Committee
	June 2021	Executive Director, Chairman (to date)

◆ Reason for nomination as a candidate for Director

Since assuming office as President and Chief Executive Officer in 2015, Mr. Kenichi Tanaka has demonstrated strong leadership in his management of the Company, formulating Vision 2030, the Company's long-term vision for the year 2030 that forms the foundation for two Mid-Term Management Plans and the current Mid-Term Management Plan. He has accurately and efficiently engaged in the management and administration of the entire Group. Since June 2021, he has focused on enhancing the effectiveness of the Board of Directors and supervising management as Executive Director, Chairman. He is deeply familiar with the Group's external environment and corporate governance. Expectations of his contribution to the sustained improvement of the corporate value of the Company resulted in our decision to re-appoint him as a candidate for our Director.

Note: No special-interest relationships exist between the Company and Mr. Kenichi Tanaka.

Candidate No.

2

Hideo Takahashi (Born on December 4, 1956)

Reappointment

A brief summary of his career, posts and responsibilities held, and other major offices concurrently held

Number of the Company's shares held 14,627 shares	April 1980	Joined the Company
Term of office as Director 4 years (at the conclusion of this General Meeting of Shareholders)	June 2013	Executive Officer, and Deputy Director of R&D Strategy Headquarters
Attendance at Board of Directors meetings 18 times / 18 meetings (100%)	June 2014	Executive Officer, and Acting Director of R&D Strategy Headquarters
	June 2015	Executive Officer, and Director of R&D Strategy Headquarters
	October 2015	Executive Officer, Director of R&D Strategy Headquarters and Battery & Power Generation Materials Development Promotion Headquarters
	June 2018	Managing Executive Officer, and Director of R&D Strategy Headquarters
	June 2019	Director, Managing Executive Officer, and Director of Yokkaichi Plant
	June 2021	Executive Director, President & Chief Executive Officer, and Chief Compliance Officer (CCO) (to date)

Major other offices concurrently held

Director and Chairman at ISK AMERICAS INCORPORATED

◆ Reason for nomination as a candidate for Director

Mr. Hideo Takahashi has experience including research, product development, sales and served as Director of a plant and Director of R&D Strategy Headquarters. He was appointed President and Chief Executive Officer in June 2021. Since assuming office, he has properly made decisions and conducted supervision on important business execution and management based on his abundant experience and achievements.

Since assuming office as President and Chief Executive Officer, he has used his experience, achievements and leadership to guide management of the entire Group to achieve the goals of the Company's long-term vision, Vision 2030. We expect that Mr. Takahashi will contribute to the sustained improvement of the corporate value of the Group. This resulted in our decision to re-appoint him as a candidate for our Director.

Note: No special-interest relationships exist between the Company and Mr. Hideo Takahashi.

REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

Candidate No.

3

Hiroshi Okubo (Born on December 9, 1961)

Reappointment

A brief summary of his career, posts and responsibilities held, and other major offices concurrently held

Number of the Company's shares held 7,900 shares	April 1986	Joined the Company
Term of office as Director 1 year (at the conclusion of this General Meeting of Shareholders)	June 2016	Seconded to ISK ENGINEERING PARTNERS CORPORATION (Executive Officer)
Attendance at Board of Directors meetings 12 times / 13 meetings (92%)	July 2017	Seconded to FUJI TITANIUM INDUSTRY CO., LTD. (Director, Managing Executive Officer)
	June 2020	General Manager of Corporate Planning & Administration Division, Corporate Administration & Planning Headquarters
	June 2020	Executive Officer, Deputy Director of Corporate Administration & Planning Headquarters
	June 2021	Managing Executive Officer, Director of Corporate Administration & Planning Headquarters
	June 2022	Director, Managing Executive Officer, Director of Corporate Administration & Planning Headquarters (to date)

◆ Reason for nomination as a candidate for Director

Mr. Hiroshi Okubo has experience in production, environment, safety and health, and other divisions at plants, as well as in the management of subsidiaries and affiliates. He is currently engaged in corporate administration and planning, and is in charge of human rights due diligence and DX promotion. We expect that Mr. Okubo will contribute to the sustained improvement of the corporate value of the Group by using this experience and knowledge in the formulation and deliberation of management strategy and supervision of business execution, etc. by the Board of Directors. This resulted in our decision to re-appoint him as a candidate for our Director.

Note: No special-interest relationships exist between the Company and Mr. Hiroshi Okubo.

REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

Candidate No.

4

Kiyomitsu Yoshida (Born on May 19, 1958)

Reappointment

A brief summary of his career, posts and responsibilities held, and other major offices concurrently held

Number of the Company's shares held 10,963 shares	April 1981	Joined the Company
Term of office as Director 5 years (at the conclusion of this General Meeting of Shareholders)	June 2014	Executive Officer, and Acting Director of Central Research Institute
Attendance at Board of Directors meetings 17 times / 18 meetings (94%)	May 2016	Executive Officer, Acting Director of Central Research Institute, and Director of Animal Health Headquarters
	June 2016	Executive Officer, Director of Central Research Institute, and Director of Animal Health Headquarters
	June 2017	Managing Executive Officer, Director of Central Research Institute, and Director of Animal Health Headquarters
	June 2018	Director, Managing Executive Officer, Deputy Director of Biosciences Sales & Marketing, and Director of Animal Health Headquarters
	January 2019	Director, Managing Executive Officer, Director of Biosciences Sales & Marketing, and Director of Animal Health Headquarters
	February 2019	Director, Managing Executive Officer, Director of Biosciences Business Headquarters, and Director of Animal Health Headquarters
	June 2019	Director, Managing Executive Officer, and Director of Biosciences Business Headquarters
	June 2021	Director, Senior Managing Executive Officer, in charge of Organic Chemicals Business, and Director of Biosciences Business Headquarters
	June 2022	Director, Senior Managing Executive Officer, in charge of Organic Chemicals Business (to date)

Major other offices concurrently held

Director and Chairman at ISK BIOSCIENCES EUROPE N.V.

◆ Reason for nomination as a candidate for Director

Mr. Kiyomitsu Yoshida has been engaged in sales, research & development, operation of a research institute, etc., mainly in the organic chemicals department, and has properly made decisions and conducted supervision on important business execution and management based on his abundant experience and achievements.

Since taking charge of the Organic Chemicals Business in June 2021, he has been engaged in planning and examining, or supervising the execution of, management strategies across the bioscience and healthcare fields. We expect that Mr. Yoshida will contribute to the sustained improvement of the corporate value of the Group. This resulted in our decision to re-appoint him as a candidate for our Director.

Note: No special-interest relationships exist between the Company and Mr. Kiyomitsu Yoshida.

Candidate No.

5

Yasunobu Kawazoe (Born on August 5, 1958) **Reappointment**

A brief summary of his career, posts and responsibilities held, and other major offices concurrently held

Number of the Company's shares held 20,814 shares	April 1982	Joined Long-Term Credit Bank of Japan, Limited (currently SBI Shinsei Bank, Limited)
Term of office as Director 4 years (at the conclusion of this General Meeting of Shareholders)	April 2012	Executive Officer, and General Manager of Institutional Credit Management Division, Shinsei Bank, Limited (currently SBI Shinsei Bank, Limited)
Attendance at Board of Directors meetings 18 times / 18 meetings (100%)	April 2015	Managing Executive Officer, Chief Risk Officer, and Head of Risk Management Group, Shinsei Bank, Limited (currently SBI Shinsei Bank, Limited)
	April 2016	Managing Executive Officer, and Head of Credit Risk Management, Shinsei Bank, Limited (currently SBI Shinsei Bank, Limited)
	December 2016	Retired from Shinsei Bank, Limited (currently SBI Shinsei Bank, Limited)
	January 2017	Advisor to Ishihara Sangyo Kaisha, Ltd.
	June 2017	Managing Executive Officer, and Director of Finance & Accounting Headquarters
	June 2019	Director, Managing Executive Officer, and Director of Finance & Accounting Headquarters (to date)

◆ Reason for nomination as a candidate for Director

Mr. Yasunobu Kawazoe, has properly made decisions and conducted supervision on important business execution and management in fields related to the strengthening of governance, in addition to finance and accounting, based on his abundant experience and achievements, by making effective use of his many years of experience and expertise related to finance and accounting that he had cultivated at a financial institution. He is also in charge of public relations activities.

We expect that Mr. Kawazoe will contribute to the sustained improvement of the corporate value of the Group by utilizing his experience and knowledge for the Board of Directors in planning and examining, or supervising the execution of, management strategies. This resulted in our decision to re-appoint him as a candidate for our Director.

Note: No special-interest relationships exist between the Company and Mr. Yasunobu Kawazoe.

REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

Candidate No.

6 Masaki Shimojo (Born on April 14, 1960)

Reappointment

A brief summary of his career, posts and responsibilities held, and other major offices concurrently held

<p>Number of the Company's shares held 8,014 shares</p>	<p>April 1983</p>	<p>Joined the Company</p>
<p>Term of office as Director 3 years (at the conclusion of this General Meeting of Shareholders)</p>	<p>October 2016</p>	<p>Executive Officer, and Director of Inorganic Chemicals Sales & Marketing</p>
<p>Attendance at Board of Directors meetings 18 times / 18 meetings (100%)</p>	<p>June 2019</p>	<p>Managing Executive Officer, Director of Inorganic Chemicals Sales & Marketing, and Director of R&D Strategy Headquarters</p>
	<p>June 2020</p>	<p>Director, Managing Executive Officer, Director of Inorganic Chemicals Sales & Marketing, and Director of R&D Strategy Headquarters</p>
	<p>June 2021</p>	<p>Director, Managing Executive Officer, and Director of Inorganic Chemicals Sales & Marketing, R&D Strategy Headquarters Assistant Director of R&D Strategy Headquarters (to date)</p>

Major other offices concurrently held

Director and Chairman at ISHIHARA CORPORATION (U.S.A.)
Chairman at ISK TAIWAN CO., LTD.

◆ Reason for nomination as a candidate for Director

Mr. Masaki Shimojo has been engaged in sales, research, product development, and production, etc. mainly in the inorganic chemicals department. He has properly made decisions and conducted supervision on important business execution and management in the fields of research, development, and domestic and international market expansion, based on his abundant experience and achievements. We expect that Mr. Shimojo will contribute to the sustained improvement of the corporate value of the Group by utilizing his experience and knowledge for the Board of Directors in planning and examining, or supervising the execution of, management strategies. This resulted in our decision to re-appoint him as a candidate for our Director.

Note: No special-interest relationships exist between the Company and Mr. Masaki Shimojo.

REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

Candidate No.

7 **Tatsuo Hanazawa** (Born on April 30, 1951)

Reappointment

Outside Officer

Independent Officer

A brief summary of his career, posts and responsibilities held, and other major offices concurrently held

Number of the Company's shares held 3,300 shares	April 1975	Joined Ministry of Agriculture and Forestry (currently Ministry of Agriculture, Forestry and Fisheries)
Term of office as Outside Director 4 years (at the conclusion of this General Meeting of Shareholders)	August 1990	Research Administrator of Administration Division, Food and Marketing Bureau
Attendance at Board of Directors meetings 18 times / 18 meetings (100%)	May 1992	Counselor, Embassy of Japan in the People's Republic of China
	July 1995	Councilor, Cabinet Councilors' Office in Internal Affairs, Cabinet Secretariat
	July 1997	Manager of Mountainous and Snowy Regions Development Division, National Land Agency
	July 1999	Manager of Upland Crop Division, Agricultural Production Bureau
	April 2000	Deputy Director-General of Hokuriku Regional Agricultural Administration Office
	July 2001	Director-General of Kinki Chugoku Regional Forest Office
	July 2002	Assistant Vice-Minister, Minister's Secretariat and Land and Water Bureau, Ministry of Land, Infrastructure, Transport and Tourism
	January 2004	Director of Selection and Evaluation Committee, Bio-Oriented Technology Research Advancement Institution, National Agriculture and Food Research Organization
	October 2005	Executive Director of Japan Food Industry Center (currently Japan Food Industry Association)
	April 2006	Executive Director of Japan Food Industry Center and Japan Food Safety Management System Assessment & Registration Senior Manager
	April 2013	Executive Director of Japan Food Industry Association
	June 2019	Outside Director of the Company (to date)

◆ Reason for nomination as a candidate for Outside Director and summary of expected roles

Mr. Tatsuo Hanazawa, currently serving as Outside Director of the Company, has experience and knowledge of public administration, especially of agricultural policies both inside and outside Japan, and experience in the environmental field. Based on this experience, he provides appropriate advice and supervision of the management of the Company, in the fields of expansion of the domestic and overseas markets and environmental issues. In addition, he also serves as Chairman of the Compensation Committee and a member of the Personnel Committee and Evaluation Committee, actively expressing his opinions. Mr. Hanazawa has never in the past been involved in the management of a company except as an Outside Director. However, for these reasons, he is expected to perform his duties as Outside Director adequately from an independent standpoint. This resulted in our decision to re-appoint him as a candidate for our Outside Director.

Notes:

1. No special-interest relationships exist between the Company and Mr. Tatsuo Hanazawa.
2. Mr. Tatsuo Hanazawa is a candidate for Outside Director.
3. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Articles of Incorporation stipulate that the Company may enter into an agreement with an Outside Director that sets a limit on the liability for damages under Article 423, Paragraph 1 of the Companies Act. The Company has entered into an agreement on limitation of liability (the larger of an amount determined in advance, which shall be equal to or more than 10 million yen, and an amount prescribed by laws and regulations) with Mr. Tatsuo Hanazawa, and will renew the current agreement with him upon the approval of his re-election at this General Meeting of Shareholders.
4. Mr. Tatsuo Hanazawa meets the requirements of the “Criteria for the Independence of Outside Officers at the Company” and the requirements for Independent Officer set by the TSE. The Company has notified the TSE of his election as an Independent Officer as required by the TSE. If his re-election is approved at this General Meeting of Shareholders, the Company will continue to appoint him as an Independent Officer.

REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

Candidate No.

8

Satoshi Ando (Born on April 27, 1974)

Reappointment

Outside Officer

Independent Officer

A brief summary of his career, posts and responsibilities held, and other major offices concurrently held

<p>Number of the Company's shares held 1,600 shares</p>	October 2001	Admitted to the bar (Dai-Ichi Tokyo Bar Association)
<p>Term of office as Outside Director 3 years (at the conclusion of this General Meeting of Shareholders)</p>	October 2001 May 2015	Joined Onishi Shoichiro Law Office Senior Partner of Onishi Shoichiro Law Office (to date)
<p>Attendance at Board of Directors meetings 17 times / 18 meetings (94%)</p>	May 2016 June 2020	Outside Director (Audit & Supervisory Committee Member) of TOHO CO., LTD. (to date) Outside Director of the Company (to date)
<p>Major other offices concurrently held Attorney-at-law Outside Director (Audit & Supervisory Committee Member) of TOHO CO., LTD.</p>		

◆ Reason for nomination as a candidate for Outside Director and summary of expected roles

Mr. Satoshi Ando, currently serving as Outside Director of the Company, 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 independent and legal standpoint. In addition, he also serves as a member of the Compensation Committee, Personnel Committee and Evaluation Committee, actively expressing his opinions. Mr. Ando has never in the past been involved in the management of a company except as an Outside Director. However, for these reasons, he is expected to perform his duties as Outside Director adequately from an independent standpoint. This resulted in our decision to re-appoint him as a candidate for our Outside Director.

Notes:

1. No special-interest relationships exist between the Company and Mr. Satoshi Ando.
2. Mr. Satoshi Ando is a candidate for Outside Director.
3. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Articles of Incorporation stipulate that the Company may enter into an agreement with an Outside Director that sets a limit on the liability for damages under Article 423, Paragraph 1 of the Companies Act. The Company has entered into an agreement on limitation of liability (the larger of an amount determined in advance, which shall be equal to or more than 10 million yen, and an amount prescribed by laws and regulations) with Mr. Satoshi Ando, and will renew the current agreement with him upon the approval of his re-election at this General Meeting of Shareholders.
4. Mr. Satoshi Ando meets the requirements of the "Criteria for the Independence of Outside Officers at the Company" and the requirements for Independent Officer set by the TSE. The Company has notified the TSE of his election as an Independent Officer as required by the TSE. If his re-election is approved at this General Meeting of Shareholders, the Company will continue to appoint him as an Independent Officer.

REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

Candidate No.

9

Akemi Uchida (Born on April 27, 1965)

New appointment

Outside Officer

Independent Officer

A brief summary of his career, posts and responsibilities held, and other major offices concurrently held

<p>Number of the Company's shares held 0 shares</p>	<p>April 2000</p>	<p>Joined TOMY Company, Ltd.</p>
<p>Term of office as Outside Director -</p>	<p>August 2008</p>	<p>General Manager of Internal Control Promotion Department, Corporate Planning Division</p>
<p>Attendance at Board of Directors meetings -</p>	<p>October 2016</p>	<p>Joined Topre Corporation, Assistant to Auditors (with General Manager status)</p>
	<p>July 2017</p>	<p>General Manager of Audit Department</p>
	<p>June 2019</p>	<p>General Manager of Corporate Planning Department and Audit Department</p>
	<p>June 2020</p>	<p>Director</p>
	<p>June 2022</p>	<p>Senior Advisor of Toprec Corporation</p>
	<p>January 2023</p>	<p>Senior Director of Morpho, Inc. (to date)</p>

Major other offices concurrently held

Senior Director of Morpho, Inc.

◆ Reason for nomination as a candidate for Outside Director and summary of expected roles

Ms. Akemi Uchida has extensive knowledge related to corporate planning, human resources, 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 is expected to utilize this knowledge and experience in managing the Company from an external perspective and an objective and neutral standpoint. This resulted in our decision to appoint her as a new candidate for our Outside Director.

Notes:

1. No special-interest relationships exist between the Company and Ms. Akemi Uchida.
2. Ms. Akemi Uchida is a candidate for Outside Director.
3. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Articles of Incorporation stipulate that the Company may enter into an agreement with an Outside Director that sets a limit on the liability for damages under Article 423, Paragraph 1 of the Companies Act. If the election of Ms. Akemi Uchida is approved by this General Meeting of Shareholders, the Company intends to enter into an agreement on limitation of liability (the larger of an amount determined in advance, which shall be equal to or more than 10 million yen, and an amount prescribed by laws and regulations) with her.
4. Ms. Akemi Uchida meets the requirements of the "Criteria for the Independence of Outside Officers at the Company" and the requirements for Independent Officer set by the TSE. If her election is approved by this General Meeting of Shareholders, the Company intends to notify the TSE of her election as an Independent Officer as required by the TSE.

Election of Four (4) Audit & Supervisory Board Members

The terms of office of all current four (4) Audit & Supervisory Board Members will expire at the conclusion of this General Meeting of Shareholders.

We therefore propose that four (4) Audit & Supervisory Board Members (two (2) of whom are Outside Audit & Supervisory Board Members) be elected.

This proposal has obtained the consent of the Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Members are as follows:

Candidate No.	Full name		Posts and responsibilities held at the Company	Term of office as Audit & Supervisory Board Member	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings
1	Yoshihito Akiyama	Reappointment	Audit & Supervisory Board Member	2 years	100% (18/18)	100% (12/12)
2	Yoichi Kobayashi	New appointment	Advisor	-	-	-
3	Norihisa Kusumi	New appointment [Outside] [Independent]	—	-	-	-
4	Yasuhiro Koike	New appointment [Outside] [Independent]	—	-	-	-

New appointment Candidate for new Audit & Supervisory Board Members
 Reappointment Candidate for reappointment
 [Outside] Outside Officer
[Independent] Independent Officer

Notes:

- Nomination of the candidates for Audit & Supervisory Board Members is decided at the Board of Directors after consulting with the Personnel Committee, consisting of independent Outside Directors and Outside Audit & Supervisory Board Members.
- The Company has concluded a directors and officers liability insurance contract with an insurance company, as prescribed in Article 430-3, Paragraph 1 of the Companies Act, with all Audit & Supervisory Board Members as the insured. The insurance covers legal damages and litigation expenses in the event that a claim for damages is made against the insured during the insurance period due to improper actions (including errors of omission) committed by the insured in his/her capacity as such. The Company is fully responsible for paying the insurance premium. If this proposal is approved and passed, the Company intends to include all candidates for Audit & Supervisory Board Members in the insured under this insurance contract. The Company intends to renew this insurance contract under the same terms when it comes due for renewal.

Candidate No.

1 **Yoshihito Akiyama** (Born on June 15, 1958)

Reappointment

A brief summary of his career and posts held, and other major offices concurrently held

Number of the Company's shares held
5,182 shares

Term of office as Audit & Supervisory Board Member
2 years (at the conclusion of this General Meeting of Shareholders)

Attendance at Board of Directors meetings
18 times / 18 meetings (100%)

Attendance at Audit & Supervisory Board meetings
12 times / 12 meetings (100%)

April 1982	Joined TOHO TITANIUM CO., LTD.
April 1991	Joined KEYENCE CORPORATION
November 2004	Joined the Company
March 2008	Deputy General Manager of Corporate Planning & Administration Division, Corporate Administration & Planning Headquarters, Auditor of ISK KOREA CORPORATION, and Auditor of ISK BIOSCIENCES KOREA LTD.
April 2009	Deputy General Manager of Corporate Planning & Administration Division, Corporate Administration & Planning Headquarters, and Part-time Auditor of FUJI TITANIUM INDUSTRY CO., LTD.
June 2012	General Manager of Corporate Planning & Administration Division, Corporate Administration & Planning Headquarters, and Director (Part-time) of ISHIHARA TECHNO CORPORATION
July 2018	Associate Director, General Manager of Third Party Relations & Sales Administration Division, Biosciences Sales & Marketing of the Company
December 2018	Associate Director, General Manager of Third Party Relations & Sales Administration Division, Biosciences Sales & Marketing, and Director of ISK BIOSCIENCES EUROPE N.V.
June 2021	Audit & Supervisory Board Member of the Company (to date)

Major other offices concurrently held

Audit & Supervisory Board Member of ISHIHARA TECHNO CORPORATION

Audit & Supervisory Board Member of ISHIHARA SANZO KAISHA, LTD.

Audit & Supervisory Board Member of ISK ENGINEERING PARTNERS CORPORATION

Audit & Supervisory Board Member of ISHIHARA KOSAN CO., LTD.

◆ Reason for nomination as a candidate for Audit & Supervisory Board Member

Mr. Yoshihito Akiyama, currently serving as Audit & Supervisory Board Member of the Company, has served in the Company's management and sales divisions, and has experience as Director and Audit & Supervisory Board Member of affiliates in Japan and overseas, which endorses our expectation that he has the ability to properly supervise and audit the management of the Company from an objective standpoint. We therefore decided to re-appoint him as a candidate for our Audit & Supervisory Board Member.

(Note) No special-interest relationships exist between the Company and Mr. Yoshihito Akiyama.

Candidate No.

2

Yoichi Kobayashi (Born on April 13, 1957)

New appointment

A brief summary of his career and posts held, and other major offices concurrently held

Number of the Company's shares held 10,600 shares	April 1981	Joined the Company
Term of office as Audit & Supervisory Board Member -	February 2007	General Manager of Sales & Marketing Strategy Planning Department, Biosciences Business Planning Headquarters
Attendance at Board of Directors meetings -	April 2007	Executive Officer, General Manager of Sales & Marketing Strategy Planning Department, Biosciences Business Planning Headquarters
Attendance at Audit & Supervisory Board meetings -		Director (part-time) of ISK BIOSCIENCES EUROPE N.V. Director (part-time) at ISK BIOSCIENCES KOREA LTD.
	February 2009	Executive Officer, General Manager of Third Party Relations & Sales Strategy Planning Division, Biosciences Business Sales & Marketing
	June 2018	Executive Officer, Director of Legal & IP Headquarters
	June 2020	Managing Executive Officer, Director of Legal & IP Headquarters
	June 2022	Advisor, Assistant Director of Legal & IP Headquarters (in charge of legal affairs) (to date)

◆ Reason for nomination as a candidate for Audit & Supervisory Board Member

Mr. Yoichi Kobayashi has served in the Company's organic chemicals department and legal division, and has experience as Director of overseas affiliates, which endorses our expectation that he has the ability to properly supervise and audit the management of the Company from an objective standpoint, based on this experience and knowledge. We therefore decided to appoint him as a new candidate for our Audit & Supervisory Board Member.

(Note) No special-interest relationships exist between the Company and Mr. Yoichi Kobayashi.

Candidate No.

3

Norihisa Kusumi (Born on July 25, 1964)

New appointment

Outside Officer

Independent Officer

A brief summary of his career and posts held, and other major offices concurrently held

Number of the Company's shares held 0 shares	April 1987	Joined Daiwa Bank, Ltd. (currently Resona Bank, Limited)
Term of office as Outside Audit & Supervisory Board Member -	October 2009	General Manager of Corporate Governance Secretariat, Resona Holdings, Inc.
	April 2015	General Manager of Human Resources Services Department, Saitama Resona Bank, Limited
Attendance at Board of Directors meetings -	April 2017	Outside Auditor of The Kinki Osaka Bank, Ltd.
	April 2018	Director (Audit & Supervisory Committee Member) of Kansai Mirai Financial Group, Inc.
Attendance at Audit & Supervisory Board meetings -	June 2020	Managing Executive Officer of J and S Insurance Service Co., Ltd.
	April 2023	Advisor of J and S Insurance Service Co., Ltd. (to date)

Major other offices concurrently held

Advisor of J and S Insurance Service Co., Ltd.

◆ Reason for nomination as a candidate for Outside Audit & Supervisory Board Member

Mr. Norihisa Kusumi has wide-ranging knowledge and insights cultivated during his many years of service at financial institutions, and sufficient insight related to corporate management from his experience as a director. He is expected to utilize this knowledge, experience and insight to audit the execution of duties from an objective and unbiased standpoint. This resulted in our decision to appoint him as a new candidate for our Outside Audit & Supervisory Board Member.

- (Notes)
1. No special-interest relationships exist between the Company and Mr. Norihisa Kusumi.
 2. Mr. Norihisa Kusumi is a candidate for Outside Audit & Supervisory Board Member.
 3. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Articles of Incorporation stipulate that the Company may enter into an agreement with an Outside Audit & Supervisory Board Member that sets a limit on the liability for damages under Article 423, Paragraph 1 of the Companies Act. If the election of Mr. Norihisa Kusumi is approved by this General Meeting of Shareholders, the Company intends to enter into an agreement on limitation of liability (the larger of an amount determined in advance, which shall be equal to or more than 10 million yen, and an amount prescribed by laws and regulations) with him.
 4. Mr. Norihisa Kusumi meets the requirements of the "Criteria for the Independence of Outside Officers at the Company" and the requirements for Independent Officer set by the TSE. If his election is approved by this General Meeting of Shareholders, the Company intends to notify the TSE of his election as an Independent Officer as required by the TSE.

Candidate No.

4

Yasuhiro Koike

(Born on July 31, 1962)

New appointment

Outside Officer

Independent Officer

	A brief summary of his career and posts held, and other major offices concurrently held	
Number of the Company's shares held 0 shares	April 1991	Admitted to the bar (Osaka Bar Association)
Term of office as Outside Audit & Supervisory Board Member -	April 1998	Opened Koike Law Office
	April 2004	Opened Ohara & Koike Law Office
	April 2012	Vice-president of Osaka Bar Association
Attendance at Board of Directors meetings -	April 2019	Executive Governor of Japan Federation of Bar Associations
Attendance at Audit & Supervisory Board meetings -	Major other offices concurrently held Attorney-at-law	

◆ Reason for nomination as a candidate for Outside Audit & Supervisory Board Member

Mr. Yasuhiro Koike has professional knowledge and experience of legal practice and sufficient insight into corporate management. He is expected to utilize this knowledge, experience and insight to audit the execution of duties from an objective and unbiased standpoint. This resulted in our decision to appoint him as a new candidate for our Outside Audit & Supervisory Board Member.

- (Notes)
1. No special-interest relationships exist between the Company and Mr. Yasuhiro Koike.
 2. Mr. Yasuhiro Koike is a candidate for Outside Audit & Supervisory Board Member.
 3. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Articles of Incorporation stipulate that the Company may enter into an agreement with an Outside Audit & Supervisory Board Member that sets a limit on the liability for damages under Article 423, Paragraph 1 of the Companies Act. If the election of Mr. Yasuhiro Koike is approved by this General Meeting of Shareholders, the Company intends to enter into an agreement on limitation of liability (the larger of an amount determined in advance, which shall be equal to or more than 10 million yen, and an amount prescribed by laws and regulations) with him.
 4. Mr. Yasuhiro Koike meets the requirements of the "Criteria for the Independence of Outside Officers at the Company" and the requirements for Independent Officer set by the TSE. If his election is approved by this General Meeting of Shareholders, the Company intends to notify the TSE of his election as an Independent Officer as required by the TSE.

Election of One (1) Substitute Audit & Supervisory Board Member

At the 99th Ordinary General Meeting of Shareholders held on June 28, 2022, Mr. Yasuhiro Koike was elected as a substitute Audit & Supervisory Board Member. The election is effective until the time of the start of this General Meeting of Shareholders. Therefore, one (1) substitute Audit & Supervisory Board Member shall be appointed anew in the case that a vacancy occurs in the statutory number of auditors. This proposal has obtained the consent of the Audit & Supervisory Board. The candidate for substitute Audit & Supervisory Board Member is as follows:

Masaki Nakajima (Born on July 19, 1973)

New appointment

Substitute Outside Audit & Supervisory Board

Independent Officer

A brief summary of his career and posts held, and other major offices concurrently held

Number of the Company's shares held
0 shares

October 2001 Admitted to the bar (Osaka Bar Association)
September 2007 Opened ACT Osaka Law Office
October 2007 Outside Auditor, Nippon Parking Development Co., Ltd.
April 2021 Vice-president of Osaka Bar Association

Major other offices concurrently held

Attorney-at-law
Outside Auditor of Nippon Parking Development Co., Ltd.

◆ Reason for nomination as a candidate for substitute Outside Audit & Supervisory Board Member

Mr. Masaki Nakajima has professional knowledge and experience of legal practice and sufficient insight into corporate management. He currently serves as an outside auditor at a company engaged in developing car parking. Although he has never been involved in corporate management except in the capacity of outside officer, for the reasons above, he is expected to audit the execution of business from an independent and unbiased perspective. This resulted in our decision to appoint him as a substitute Outside Audit & Supervisory Board Member.

Notes:

1. No special-interest relationships exist between the Company and Mr. Masaki Nakajima.
2. Mr. Masaki Nakajima is a candidate for a substitute Outside Audit & Supervisory Board Member.
3. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Articles of Incorporation stipulate that the Company may enter into an agreement with an Outside Audit & Supervisory Board Member that sets a limit on the liability for damages under Article 423, Paragraph 1 of the Companies Act. If the election of Mr. Masaki Nakajima is approved at this General Meeting of Shareholders and he assumes his Audit & Supervisory Board Member role, the Company will enter into an agreement on limitation of liability (the larger of an amount determined in advance, which shall be equal to or more than 10 million yen, and an amount prescribed by laws and regulations) with him.
4. Mr. Masaki Nakajima meets the requirements of the "Criteria for the Independence of Outside Officers at the Company" and the requirements for Independent Officer set by the TSE. If his election is approved by this General Meeting of Shareholders and he assumes his Audit & Supervisory Board Member role, the Company will notify the TSE of his election as an Independent Officer as required by the TSE.
5. The Company has concluded a directors and officers liability insurance contract with an insurance company, as prescribed in Article 430-3, Paragraph 1 of the Companies Act, with all Audit & Supervisory Board Members as the insured. The insurance covers legal damages and litigation expenses in the event that a claim for damages is made against the insured during the insurance period due to improper actions (including errors of omission) committed by the insured in his/her capacity as such. If the election of Mr. Masaki Nakajima is approved at this General Meeting of Shareholders and he assumes his Audit & Supervisory Board Member role, then he will be included in the insured under this insurance contract. The Company intends to renew this insurance contract under the same terms when it comes due for renewal.

(Reference)

Skills Matrix of Director and Audit & Supervisory Member Candidates

Name	Vision		Business base		Management base		
	Corporate management and corporate strategy	Environment and society	R&D and production	Global business	Legal and risk management	Human resources strategy	Financial accounting
Directors							
Kenichi Tanaka	●	●		●	●	●	
Hideo Takahashi	●	●	●	●	●		
Hiroshi Okubo	●	●	●				●
Kiyomitsu Yoshida	●	●	●	●			
Yasunobu Kawazoe		●			●		●
Masaki Shimojo	●	●	●	●			
Tatsuo Hanazawa [Outside] [Independent]		●		●		●	
Satoshi Ando [Outside] [Independent]					●	●	
Akemi Uchida [Outside] [Independent]	●	●			●	●	●
Audit & Supervisory Members							
Yoshihito Akiyama	●			●	●		●
Yoichi Kobayashi				●	●		
Norihisa Kusumi [Outside] [Independent]	●				●	●	●
Yasuhiro Koike [Outside] [Independent]					●		

(Reference)

Explanation of Skills

■Corporate management and corporate strategy	The skills to establish growth strategies, make swift management decisions, and lead the organization to achieve our Purpose “To continue contributing to better living environments through chemical technologies” This includes corporate management experience at other companies
■Environment and society	The skills to identify issues and formulate policies on engaging with the environment and society, which are vital elements of conducting corporate activities, promote continuing activities, and balance economic value and sustainable value This includes the skills to promote DX as a basis for boosting operational efficiency and driving work style reform
■R&D and production	The skills to lead the development of new products that leverage our strengths “develop proprietary technologies” and “accommodate quality and environmental requirements” as well as the improvement of production technology, the search for new businesses, and challenges to create high-quality, environmentally-friendly products
■Global business	The skills to leverage our strength “collaborate globally,” leading distribution, development, and registration activities firmly rooted in each local community, while also driving the establishment of robust global supply chains and the expansion of new products to achieve further business growth
■Legal and risk management	The skills to lead corporate activities that prioritize compliance, to achieve sustainable corporate growth by fulfilling our social responsibilities and contributing to society
■Human resources strategy	The skills to lead the development of strategies to generate human resources who will drive the creation of new value and innovations to resolve social issues, and the creation of safe and vibrant workplaces where all people can make the most of their individual abilities
■Financial accounting	The skills to formulate and manage budgets to achieve medium- and long-term strategies, prepare financial reports, and formulate dividend policies

(Reference)

Criteria for the Independence of Outside Officers at the Company

An Outside Director or Outside Audit & Supervisory Board Member shall be deemed independent if he/she falls under none of the following criteria:

1. A person who is or was within the past 10 years an executive of business^{*1} of the corporate group composed of the Company and its subsidiaries (hereinafter, “the Group”)
2. A person who is or was within the past five years a major shareholder (holding 10% or more of total voting rights) of the Company or an executive of business thereof
3. A person who is a client of the Group and whose transactions with the Group exceeded 2% of the consolidated annual sales of the Group in one of the recent three business years, or the executive of business thereof
4. A person for whom the Group is a client and whose transactions with the Group exceeded 2% of its consolidated annual sales in one of its recent three business years, or the executive of business thereof
5. An accounting professional, legal professional, or other consultant or a member of a group thereof who receives from the Group a large amount of money or other financial benefit^{*2} besides the officer’s remuneration
6. A person who receives or has received within the past three years a large amount of donation or other assistance^{*3} from the Group, or the executive of business thereof
7. A spouse or a relative within the second degree of kinship of any person who falls under any of the criteria 1 through 6 above, or a relative who lives with such a person.

*1: “An executive of business” refers to the person defined in Article 2, Paragraph 3 (6) of the Ordinance for Enforcement of the Companies Act.

*2: “A large amount of money or other financial benefit” refers to over 10 million yen of regular annual compensation on average over the past three years.

*3: “A large amount of donation or other assistance” refers to over 10 million yen of an annual total amount of donation or assistance.

Business Report

(April 1, 2022 - March 31, 2023)

I. Overview of the Corporate Group

1. Business Progress and Results

(1) Business Conditions

The outlook for the global economy remains uncertain due to factors such as accelerating inflation worldwide and the tightening of monetary policies in each country, in addition to the prolonged Russia-Ukraine conflict and the resulting surge in fuel and resource prices. The environments for the Group's main businesses are as follows. In the inorganic chemicals business, sales of titanium dioxide for automotive uses were subdued, and overseas sales suffered the impact of a weakening Asian market. In functional materials, materials for electronics components performed strongly during the first half, but demand slackened towards the end of the fiscal year. In the organic chemicals business, the market for the Group's main agrochemicals expanded, with an increase in the area planted with crops such as soy beans and corn amid the continuation of brisk production, mainly in South America. The Group achieved a substantial increase in sales of fungicides, herbicides, and other agrochemicals, mainly in the Americas and Europe.

Under these conditions, the Group embarked on "Vision 2030 Stage I," its Mid-Term Management Plan for the three years from fiscal 2021 to fiscal 2023, under the banner of "Vision 2030 – Originality. Acceleration. Global Reach. Transforming Lives Through the Power of Chemistry," its long-term vision for 2030. In this context, the Group engaged in promoting stronger management initiatives and clearly establishing targets incorporating the perspectives of ESG and the SDGs, among other measures aimed at creating sustainable corporate value.

As a result, the Company posted consolidated net sales of ¥131.2 billion (up ¥20.2 billion YoY) and consolidated operating income of ¥8.6 billion (down ¥2.9 billion YoY) for the fiscal year ended March 31, 2023 (the "current fiscal year"). Consolidated ordinary income was ¥10.3 billion (down ¥2.9 billion YoY) mainly due to a foreign exchange gain in terms of non-operating income. Net income attributable to owners of parent was ¥6.9 billion (down ¥4.7 billion YoY).

Results for each business segment

[Inorganic Chemicals Business]

Sales composition ratio: 49.1%

Net sales: (Fiscal 2021) ¥59.8 billion ▶ (Fiscal 2022) ¥64.4 billion Up ¥4.6 billion

Operating income: (Fiscal 2021) ¥6.0 billion ▶ (Fiscal 2022) ¥1.0 billion Down ¥5.0 billion

Details of business: Manufacture and sale of titanium dioxide, functional materials, electronics materials, plaster, etc.

- Sales of titanium dioxide increased due to factors such as the penetration of price revisions and the depreciation of the yen, despite the impact of automotive production adjustments, due mainly to the shortage of semiconductors, and the deterioration of business conditions in China.
- Sales of functional materials increased with smooth sales of materials for electronics components for automotive and other applications during the first half of the fiscal year.
- Income decreased, as efforts to pass on soaring raw materials and fuel prices through sales prices were more than offset by a significantly larger increase in costs and a decline in sales due to a slump in demand in Japan and overseas.

[Organic Chemicals Business]

Sales composition ratio: 48.6%

Net sales: (Fiscal 2021) ¥48.2 billion ► (Fiscal 2022) ¥63.7 billion Up ¥15.4 billion

Operating income: (Fiscal 2021) ¥7.7 billion ► (Fiscal 2022) ¥10.6 billion Up ¥2.8 billion

Details of business: Manufacture and sale of herbicides, pesticides, disinfectants, plant growth regulators, organic intermediates and pharmaceuticals; manufacture and sale of veterinary drugs

- Sales of agrochemicals increased both overseas and in Japan, with robust sales of fungicides and herbicides in the Americas, as well as strong sales of fungicides in Asia due to the progress of sales promotion activities. This was despite a slump in sales of pesticides due to factors such as distribution stock adjustments in Europe.
- Net sales in the healthcare business, including veterinary drugs, exceeded the previous fiscal year's results.

[Other Businesses]

Sales composition ratio: 2.3%

Net sales: (Fiscal 2021) ¥2.7 billion ► (Fiscal 2022) ¥2.9 billion Up ¥0.2 billion

Operating income: (Fiscal 2021) ¥0.4 billion ► (Fiscal 2022) ¥0.2 billion Down ¥0.2 billion

Details of business: Construction, trading, etc.

- Net sales in other businesses increased, but operating income was lower than in the previous fiscal year.

(2) Capital Expenditures

Capital expenditures during the current fiscal year amounted to ¥5.3 billion, mainly comprising ¥3.4 billion in the inorganic chemicals business and ¥1.7 billion in the organic chemicals business.

(3) Financing

Investment in the maintenance and renewal of facilities at the Group's main plants increased year over year.

Research and development costs increased year over year, partly due to the impact of an increase in overseas outsourcing expenses in the organic chemicals department resulting from the depreciation of the yen.

Interest-bearing debt at the end of the current fiscal year increased by ¥5.6 billion year over year to ¥56.0 billion, as the Group undertook new borrowings to finance a temporary increase in working capital resulting from factors such as a rise in inventory balances associated with elevated materials and energy costs, as well as additional funding demands from the acquisition of land for the organic chemicals production technology research institute and the repurchase of treasury stock.

(4) Issues to Be Addressed

The Group has been implementing its long-term vision, "Vision 2030" and the Mid-Term Management Plan "Vision 2030 Stage I" (for fiscal 2021-2023), founded on this vision.

1) Long-term vision "Vision 2030"

We took the opportunity of the 100th anniversary of the Group's founding to visualize our ideal for the Group in 2030, ten years from now, and establish "Originality. Acceleration. Global Reach. Transforming Lives Through the Power of Chemistry." as our long-term vision, "Vision 2030." We aim to achieve the following management targets and policy approach.

• Management targets (2030)

Consolidated net sales: over ¥200.0 billion

Consolidated operating income ratio: 15% or greater

ROE: 10% or greater

Shareholder returns: maintain stable shareholder returns

- Basic policy approach

We will strive to achieve Vision 2030, focusing our value creation on three strengths that the Group has developed over many years, based on its corporate philosophy.

<Three strengths>

“Quality” for safety and security, to contribute to social development, protection of life and environmental preservation

Leading-edge “technological development” supported by diverse human resources

“Management drive” based on a high awareness of compliance

In an increasingly uncertain business environment involving soaring prices for raw materials and fuel, rising geopolitical risk, COVID-19, carbon neutrality and rapid digitalization, the Group will contribute to realizing a sustainable society while simultaneously enhancing corporate value through its business activities.

We will continually promote management initiatives incorporating the perspectives of ESG and the SDGs and further strengthen the business base. On this firm foundation, we will strive together as a Group to achieve Vision 2030, based on the policies of the inorganic and organic chemicals businesses.

- Business policies and key measures

- 1) Inorganic chemicals business

Business policy: Create new value based on the technologies developed for titanium dioxide products to support the environment and digital society, and contribute to the realization of a sustainable society.

Key measures: - Diversify the optical characteristics of titanium dioxide to achieve new value creation
- Contribute to the resolution of social issues including the spread of ICT and the shift to electric vehicles through functional materials
- Reform production structures to achieve both a reduction in environmental impact and an increase in production efficiency

- 2) Organic chemicals business

Business policy: Supply unique products that directly enhance customer value across the world, and support people’s nutrition, health and life to contribute to the realization of a sustainable society.

Key measures: - Promote development and commercialization with an awareness of the entire value chain
- Refine and evolve proprietary technologies to accelerate value creation and return to a growth trajectory
- Achieve global lowest-cost manufacture and stable customer supply of main products

- 2) Mid-Term Management Plan (for fiscal 2021-2023) “Vision 2030 Stage I”

- Basic policy

This Mid-Term Management Plan, “Vision 2030 Stage I,” is the first of three stages backcast from the long-term vision, “Vision 2030.” The basic policy of the plan is to aim to create sustainable corporate value by promoting stronger management initiatives incorporating the perspectives of ESG and the SDGs.

	Fiscal 2021 results	Fiscal 2022 results	Fiscal 2023 forecast
Net sales	¥110.9 billion	¥131.2 billion	¥147.0 billion
Operating income	¥11.5 billion	¥8.6 billion	¥11.0 billion
Ordinary income	¥13.2 billion	¥10.3 billion	¥10.5 billion
Net income attributable to owners of parent	¥11.6 billion	¥6.9 billion	¥7.5 billion
Operating income ratio	10%	7%	7%
ROE	14%	7%	7% or greater

• Key measures

The key measures to be implemented across the Group and within each business are as follows. We will review the business plan each fiscal year, and strive to achieve performance targets for the final fiscal year of the plan.

Group

- Strengthen sustainable management initiatives incorporating the perspectives of ESG and the SDGs
- Identify material factors and strengthen initiatives related to each material factor
- Drive work style reform through the promotion of DX and greater operational efficiency
- Continue and strengthen compliance management
- Strengthen risk management
- Expand the top line
- Strengthen the capacity to create new businesses and products
- Continue initiatives to reform internal structures and attitudes to achieve Vision 2030
- Conduct thorough capital cost management, such as improvement along the whole cash conversion cycle

Inorganic chemicals business

- Raise the sales proportion of highly functional, high value-added products
- Implement sales expansion strategies for electronic component materials and electro-conductive materials
- Accelerate development of new products to drive further growth
- Achieve more favorable procurement terms for ore, the main raw material
- Promote cost reduction at the Yokkaichi Plant through waste reduction and better manufacturing and operating processes
- Launch a master plan to optimize manufacturing bases
- Create a road map towards reducing greenhouse gas emissions

Organic chemicals business

- Achieve global lowest-cost manufacturing of our main agrochemical agents and ensure stable supply, to expand our share of the global market
- Reduce manufacturing costs and expand demand for the next main agrochemical products
- Develop and commercialize biorational products and embed IPM*
- Implement strategic and innovative sales initiatives, such as the use of multiple agrochemicals sales companies
- Acquire and maintain agrochemicals registration in countries around the world
- Expand the business scale by promoting corporate acquisitions and corporate alliances

- Refine our chemosynthesis technologies and strengthen our traditional foundation
- Expand sales of our veterinary pharmaceuticals around the globe
 - *Integrated pest management

3) Sustainable management

The Group actively promotes a diverse range of specific measures as sustainable management initiatives incorporating the perspectives of ESG and the SDGs.

In June 2022, we created a digital transformation promotion team under the Sustainability Promotion Committee to accelerate our shift to sustainability management. We aim to reform work styles by promoting greater efficiency through the use of IT technologies concerning specific themes directly linked to our business operations.

- Environmental initiatives

To further the Group's response to the urgent issue of climate change, we have ascertained the volume of CO₂ emissions from all of our business sites in Japan, and considered a range of scenarios. As a result, in June 2022, we announced that we would strive to achieve a 30% reduction in CO₂ emissions by 2030 (against fiscal 2019) and carbon neutrality by 2050. This will be achieved, for example, by replacing coal for boilers with low-carbon fuels, rebuilding manufacturing systems, thoroughly saving energy, using renewable energy, capturing CO₂ in various processes, and improving facilities. Towards achieving carbon neutrality in 2050, in addition to the measures mentioned above, we will aim to dramatically reduce emissions through innovative technologies, and explore the development and implementation of decarbonization technologies such as CCUS (carbon capture, utilization, and storage).

In June 2022, the Company announced its support for the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, and disclosed information on the inorganic chemicals business based on the TCFD framework (governance, strategy, risk management, and metrics and targets). We are currently continuing scenario analysis for the organic chemicals business (agrochemicals), and plan to disclose the results in our Integrated Report.

- Social initiatives

We believe that the new value creation demanded in this era of dramatic change, characterized by VUCA (volatility, uncertainty, complexity, and ambiguity), must be realized through the collective pursuit of challenges by diverse personnel with a range of different value perceptions and ideas, working united to achieve our Corporate Purpose. Based on this belief, we are engaged in enhancing our human capital, the core source of value creation. A corporate culture and systems that value reform and innovation through new challenges are also necessary to achieve Vision 2030, based on the expectation of future trends that are not simply an extension of what came before. We have therefore defined our vision for human resources as “people capable of understanding the essence of things, applying this understanding, and ‘changing’ in order to ‘change’ them.” By basing our human resources system and personnel evaluation system on this vision for human resources, we aim to reflect the abilities, efforts, and achievements of each individual employee in the Group's business results, facilitate the realization and enhancement of meaningful work, and enable each individual to grow together with society.

In terms of human resources development, specifically, we have established an education and training framework to achieve our vision for human resources under the following five expressions of this vision.

1. Human resources with a sense of responsibility as professionals, who produce outstanding results
2. Human resources with the ability to respond astutely and flexibly to change, as well as to overcome difficulties
3. Human resources who will apprehend the path forward for society and the issues to be tackled, and drive progress

4. Human resources who constantly strive to advance one step further forwards and upwards, and continue to evolve
 5. Human resources who can cooperate with stakeholders to grow together through work
- We are also pursuing human rights due diligence initiatives. In January 2023, we identified “Priority risks for human rights countermeasures” for the Group.

Regarding health and productivity management, since announcing the ISK Health Management Declaration in October 2021, we have promoted activities including the implementation of e-learning aimed at raising health awareness among all employees. These efforts were recognized with our certification as a Health & Productivity Management Outstanding Organization for 2023 (large enterprise category). We will continue to engage in promoting health and productivity.

- Governance initiatives
The Sustainability Promotion Committee is chaired by the Executive Director, President and mainly composed of Executive Officers, under the supervision of the Board of Directors. The Sustainability Promotion Committee meets at least twice each year, and approved matters are submitted for resolution by the Board of Directors. A system is in place to report on the progress of the committee’s activities to the Board of Directors every three months.

2. Trends in Assets and Income

(Millions of yen, unless otherwise specified)

Item	The 97th fiscal year ended March 31, 2020	The 98th fiscal year ended March 31, 2021	The 99th fiscal year ended March 31, 2022	The 100th fiscal year ended March 31, 2023 (Current fiscal year)
Net sales	101,066	101,774	110,955	131,238
Ordinary income	5,345	5,944	13,272	10,349
Net income attributable to owners of parent	2,359	3,373	11,690	6,947
Net income per share (Yen)	59.03	84.41	292.58	175.75
Total assets	172,437	180,021	185,758	201,913
Total net assets	76,669	79,515	91,869	97,431

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other guidance from the 99th fiscal year. Assets and income from the 99th fiscal year onward are presented after the application of these accounting standards.

3. Significant Parent Companies and Subsidiaries, etc. (As of March 31, 2023)

(1) Relationship with Parent
Not applicable.

(2) Significant Subsidiaries, etc.

1) Significant Subsidiaries

Name	Capital	Ownership Ratio (%)	Main Business
ISK BIOSCIENCES K.K.	¥600 million	100	Agrochemical sales
ISK AMERICAS INCORPORATED	US\$27,253 thousand	100	Management and administration of subsidiaries in the United States
ISK BIOSCIENCES EUROPE N.V.	€7,436 thousand	100	Management of the European agrochemicals business; manufacture and sale of agrochemicals
ISHIHARA TECHNO CORPORATION	¥100 million	100	Trading
FUJI TITANIUM INDUSTRY CO., LTD.	¥1,926 million	100	Manufacture and sale of titanium dioxide, functional materials, etc.
ISK ENGINEERING PARTNERS CORPORATION	¥100 million	100	Construction

2) Significant Affiliates

Name	Capital	Ownership Ratio (%)	Main Business
CERTIS BELCHIM B.V.	€3,942 thousand	15 [15]	Sale of materials related to agriculture

Note: The figure shown in square brackets [] in the Ownership Ratio column represents the indirect ownership ratio.

4. Principal Businesses (As of March 31, 2023)

Business Segment	Details of Business
Inorganic chemicals business	Manufacture and sale of titanium dioxide, functional materials, electronics materials, plaster, etc.
Organic chemicals business	Manufacture and sale of herbicides, pesticides, disinfectants, plant growth regulators, organic intermediates and pharmaceuticals; manufacture and sale of veterinary drugs
Other businesses	Construction, trading, etc.

5. Major Lenders (As of March 31, 2023)

Lender	Balance of Loans (in millions of yen)
SBI Shinsei Bank, Limited	11,976
Sumitomo Mitsui Banking Corporation	8,944
Development Bank of Japan Inc.	4,478
The Norinchukin Bank	4,017
JA Mie Shinren	3,342

II. Status of the Company

1. Shares (As of March 31, 2023)

- (1) Total Number of Shares Authorized to be Issued 100,000,000 shares
- (2) Total Number of Shares Outstanding 40,383,943 shares
(including 2,243,479 shares of treasury stock)
- (3) Number of Shareholders 27,672 persons
- (4) Major Shareholders (Top10)

Name of Shareholder	Investment to the Company	
	Number of Shares of the Company Held (Thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	4,768	12.50
Custody Bank of Japan, Ltd. (trust account)	3,675	9.64
MITSUI & CO., LTD.	2,019	5.29
Toagosei Co., Ltd.	1,722	4.52
UPL Japan GK	1,170	3.07
Ishihara Sangyo Kaisha Client Stock Ownership Association	1,039	2.73
BNP PARIBAS PARIS/2S/JASDEC/FBB SEC/BELCHIM MANAGEMENT	960	2.52
Ishihara Sangyo Kaisha Employee Stock Ownership Association	830	2.18
DFA INTL SMALL CAP VALUE PORTFOLIO	821	2.15
CREDIT SUISSE AG	537	1.41

- Notes: 1. The Company holds 2,243 thousand shares of treasury stock, but has been excluded from the major shareholders shown above. The shareholding ratio is calculated after deducting treasury stock.
2. Shares held by The Master Trust Bank of Japan, Ltd. (trust account) and Custody Bank of Japan, Ltd. (trust account) are held in connection with their trust operations.
3. The 960 thousand shares of the Company held by BNP PARIBAS PARIS/2S/JASDEC/FBB SEC/BELCHIM MANAGEMENT are effectively owned by Belchim Management N.V.

(5) Shares Delivered to Company Officers during the Current Fiscal Year as Consideration for the Execution of Duties

Post	Number of shares	Number of recipients
Directors (excluding Outside Directors)	8,259 shares	6

Note: The details of the Company's stock compensation are presented in "3. Company Officers (2) Compensation, etc. for Directors and Audit & Supervisory Board Members."

(6) Other Important Matters Concerning Shares

One of the most important management policies of the Company is to return profits to our shareholders while raising the Company's corporate value. The Company purchased treasury shares as follows for the purpose of improving capital efficiency, based on a comprehensive consideration of factors such as its investment in growth, level of its dividends, its cash reserves and the price level of its common stock.

Purchase of treasury shares

(resolved at the meeting of the Board of Directors held on November 10, 2022)

Class and number of shares purchased	Common stock	1,859,500 shares
Total purchase value		¥1,999,964,756
Timing of the purchase	From November 11, 2022 to March 23, 2023	
Purchase method	Market purchases on the Tokyo Stock Exchange	

2. Stock Acquisition Rights (As of March 31, 2023)

Not applicable.

3. Company Officers

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2023)

Name	Posts	Responsibilities	Major Other Offices Concurrently Held
Kenichi Tanaka	Executive Director, Chairman		
Hideo Takahashi	Executive Director, President (President & Chief Executive Officer)		Director and Chairman at ISK AMERICAS INCORPORATED
Kiyomitsu Yoshida	Director (Senior Managing Executive Officer)	Organic Chemicals Business	Director and Chairman at ISK BIOSCIENCES EUROPE N.V.
Yasunobu Kawazoe	Director (Managing Executive Officer)	Director of Finance & Accounting Headquarters	
Masaki Shimojo	Director (Managing Executive Officer)	Director of Inorganic Chemicals Sales & Marketing R&D Strategy Headquarters	Director and Chairman at ISHIHARA CORPORATION (U.S.A.)
		Assistant Director of R&D Strategy Headquarters	Chairman at ISK TAIWAN CO., LTD.
Hiroshi Okubo	Director (Managing Executive Officer)	Director of Corporate Administration & Planning Headquarters	

Name	Posts	Responsibilities	Major Other Offices Concurrently Held
Hiroshi Katsumata	Director		
Tatsuo Hanazawa	Director		
Satoshi Ando	Director		<p>Attorney-at-law</p> <p>Outside Director (Audit & Supervisory Committee Member) of TOHO CO., LTD.</p> <p>Audit & Supervisory Board Member at ISHIHARA TECHNO CORPORATION</p> <p>Audit & Supervisory Board Member at ISK BIOSCIENCES K.K.</p> <p>Audit & Supervisory Board Member at FUJI TITANIUM INDUSTRY CO., LTD.</p> <p>Audit & Supervisory Board Member at ISHIHARA TECHNO CORPORATION</p> <p>Audit & Supervisory Board Member at ISK ENGINEERING PARTNERS CORPORATION</p> <p>Audit & Supervisory Board Member at ISK BIOSCIENCES K.K.</p> <p>Audit & Supervisory Board Member at FUJI TITANIUM INDUSTRY CO., LTD.</p> <p>Audit & Supervisory Board Member at ISK ENGINEERING PARTNERS CORPORATION</p> <p>Attorney-at-law</p> <p>Outside Director, Toyobo Co., Ltd.</p> <p>Chairman of Osaka Prefectural Pollution Review Board</p> <p>Member of Sakai City Audit Committee</p>
Taizo Kato	Standing Audit & Supervisory Board Member		
Yoshihito Akiyama	Standing Audit & Supervisory Board Member		
Yoshitaka Akikuni	Standing Audit & Supervisory Board Member		
Masaaki Harima	Audit & Supervisory Board Member		

- Notes:
1. Of the Directors, Mr. Hiroshi Katsumata, Mr. Tatsuo Hanazawa and Mr. Satoshi Ando are Outside Directors.
 2. Of the Audit & Supervisory Board Members, Mr. Yoshitaka Akikuni and Mr. Masaaki Harima are Outside Audit & Supervisory Board Members.
 3. No special-interest relationships exist between the Company and TOHO CO., LTD., at which Outside Director Mr. Satoshi Ando concurrently serves. ISK BIOSCIENCES K.K., FUJI TITANIUM INDUSTRY CO., LTD. and ISK

ENGINEERING PARTNERS CORPORATION, at which Outside Audit & Supervisory Board Member Mr. Yoshitaka Akikuni concurrently serves, are subsidiaries of the Company.

No special-interest relationships exist between the Company and Toyobo Co., Ltd., at which Outside Audit & Supervisory Board Member Mr. Masaaki Harima concurrently serves.

4. Changes in Directors and Audit & Supervisory Board Members during the current fiscal year were as follows:
 - 1) At the conclusion of the 99th Ordinary General Meeting of Shareholders held on June 28, 2022, Director Mr. Hisashi Takenaka left office due to the expiration of his term of office.
 - 2) Mr. Hiroshi Okubo was newly elected and appointed to the post of Director at the 99th Ordinary General Meeting of Shareholders held on June 28, 2022.
 - 3) Mr. Yasuhiro Koike was elected as a substitute Audit & Supervisory Board Member at the 99th Ordinary General Meeting of Shareholders held on June 28, 2022.
5. Outside Directors Mr. Hiroshi Katsumata, Mr. Tatsuo Hanazawa and Mr. Satoshi Ando, and Outside Audit & Supervisory Board Members, Mr. Yoshitaka Akikuni and Mr. Masaaki Harima have been registered with the TSE as Independent Officers as stipulated by its regulations.

(2) Compensation, etc. for Directors and Audit & Supervisory Board Members

- 1) Decision policy regarding the amount and calculation method of compensation, etc. for individual Directors
The standards for basic compensation and performance-linked compensation are based on rank in accordance with the Officers Compensation Regulations decided by the Board of Directors. Basic compensation is paid based on the Officers Compensation Regulations, in amounts corresponding to the roles and responsibilities of Directors and Executive Officers.
Compensation for Audit & Supervisory Board Members is determined through discussion among Audit & Supervisory Board Members.
The maximum amount of compensation for Directors was determined as 460 million yen per annum by the 82nd Ordinary General Meeting of Shareholders held on June 29, 2005. There were 12 incumbent Directors at the conclusion of that Ordinary General Meeting of Shareholders. The maximum amount of compensation for Audit & Supervisory Board Members was determined as 90 million yen per annum at the 71st Ordinary General Meeting of Shareholders held on June 29, 1994. There were four incumbent Audit & Supervisory Board Members at the conclusion of that Ordinary General Meeting of Shareholders. Only basic compensation is paid to Outside Directors and Audit & Supervisory Board Members.
- 2) Details of performance indicators, the decision policy for calculating the amount or number for performance-linked compensation, etc.
Under the Officers Compensation Regulations decided by the Board of Directors, performance-linked compensation comprises annual performance-linked compensation aimed at ensuring objectivity and linkage with the Company's financial results, and long-term performance-linked compensation. The amount of annual performance-linked compensation is calculated and determined upon comprehensive consideration of factors including the results of corporate activities, such as net income attributable to owners of parent, and individual performance evaluation. Long-term performance-linked compensation is calculated based on the degree to which the net income targets under the Mid-Term Management Plan have been achieved.

(Targets and results for indicators associated with performance-linked compensation)
Consolidated operating indicator targets under the Mid-Term Management Plan
[Fiscal 2021]

Net income attributable to owners of parent: 3.6 billion yen (result: 11.6 billion yen)

[Fiscal 2022]

Net income attributable to owners of parent: 6.9 billion yen (result: 6.9 billion yen)

[Fiscal 2023]

Net income attributable to owners of parent: 12.4 billion yen

- 3) Delegation of authority concerning the determination of compensation, etc. for individual Directors

Compensation, etc. for individual Directors of the Company is proposed by Executive Director, President, Mr. Hideo Takahashi, who is delegated authority by resolution of the Board of Directors. It is then referred to the Compensation Committee for deliberation, and determined the Executive Director, President after discussion among Executive Directors, based on the report by the Compensation Committee.

The reason for delegating this authority is that the Executive Director, President, who chairs the Board of Directors, is most aptly suited to evaluating each Director based on his or her rank, and in accordance with his or her responsibilities and roles, etc., while maintaining a comprehensive view of the Company as a whole.

The details of compensation for individual Directors are determined after deliberation by the Compensation Committee. The Compensation Committee provides 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, in order to ensure that the Executive Director, President exercises his authority appropriately. The Board of Directors therefore deems the details of compensation for individual Directors to be in accordance with the decision policy set forth above.

- 4) Details of non-monetary compensation, etc., and the decision policy for calculating the amount or number for non-monetary compensation, etc. or the calculation method thereof

At the 99th Ordinary General Meeting of Shareholders held on June 28, 2022, the Company resolved to pay compensation for the grant of restricted stock to Directors (excluding Outside Directors) of the Company. The maximum total amount of monetary claims provided for the grant of restricted stock to Directors (excluding Outside Directors) is 90 million yen per annum (not including compensation received in the capacity of an employee, for Directors who serve concurrently as employees), and the maximum total number of common shares to be issued or disposed by the Company is 95,000 shares. Six (6) Directors (excluding Outside Directors) were in office at the conclusion of that Ordinary General Meeting of Shareholders.

- 5) Decision policy for the proportions of compensation, etc. for individual Directors by type

The proportions of basic compensation and performance-linked compensation, etc. are proposed, taking into account each year's financial results, etc., by the Executive Director, 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 Executive Directors, based on the report by the Compensation Committee.

- 6) Decision policy on the timing and conditions for paying compensation, etc. to Directors

It is prescribed in the Officers Compensation Regulations decided by the Board of Directors that basic compensation shall be calculated per calendar month, that the amount for each month shall be paid on the same day as salaries for employees and that performance-linked compensation, etc. shall be paid on the same day as summer bonuses for employees, and that the timing and allocation of payments of restricted stock compensation shall be determined by the Board of Directors.

- 7) Total amount of compensation, etc. for Directors and Audit & Supervisory Board Members

Post	Total Amount of Compensation, etc. (million yen)	Total Amount of Compensation, etc. by type (million yen)			Number of Eligible Recipients
		Basic Compensation	Performance-linked Compensation	Restricted Stock Compensation	
Directors [of whom Outside Directors]	262 [25]	204 [25]	51 [-]	6 [-]	10 [3]
Audit & Supervisory Board Members [of whom Outside Audit & Supervisory Board Members)	66 [30]	66 [30]	- [-]	- [-]	4 [2]
Total	329	271	51	6	14

- Notes: 1. The amounts of compensation, etc. and the number of recipients shown in the table above include compensation, etc. for one Director who retired at the conclusion of the 99th Ordinary General Meeting of Shareholders held on June 28, 2022.
2. The amount shown for restricted stock compensation is the amount expensed in the current fiscal year.

- (3) Summary of Agreement on Limitation of Liability

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Articles of Incorporation stipulate that the Company may enter into an agreement with an Outside Director or Outside Audit & Supervisory Board Member that sets a limit on the liability for damages under Article 423, Paragraph 1 of the Companies Act. The limitation of liability, provided the Outside Director or Outside Audit & Supervisory Board Member acted in good faith and without gross negligence, shall be the larger of an amount determined in advance, which shall be equal to or more than 10 million yen, and an amount prescribed by laws and regulations. Accordingly, the Company has entered into liability limitation agreements with all Outside Directors and Outside Audit & Supervisory Board Members.

- (4) Summary of the Directors and Officers Liability Insurance Contract

The Company has concluded a directors and officers liability insurance contract with an insurance company, in accordance with the provisions of Article 430-3, Paragraph 1 of the Companies Act.

- 1) Insured parties

Directors, Audit & Supervisory Board Members and Executive Officers of the Company and its subsidiaries and affiliates, and employees of the Company's subsidiaries and affiliates in management positions who may be subject to litigation at affiliates.

- 2) Summary of the insurance contract

The insurance covers legal damages and litigation expenses in the event that a claim for damages is made against the insured during the insurance period due to improper actions (including errors of omission) committed by the insured in his/her capacity as such. However,

individual officers, etc. are not covered by the insurance for damages arising from criminal acts such as offering or receiving bribes, or intentional unlawful acts, to ensure the proper execution of duties by officers, etc. The Company is fully responsible for paying the insurance premium.

(5) Outside Directors and Outside Audit & Supervisory Board Members

1) Main activities of Outside Directors and Outside Audit & Supervisory Board Members

Post	Name	Main Activities
Director	Hiroshi Katsumata	Mr. Hiroshi Katsumata attended all 18 meetings of the Board of Directors held during the current fiscal year. He expressed opinions as necessary, with an external perspective from an objective and neutral standpoint, utilizing his diverse experience in public administration, as well as extensive experience and insight as a company manager of an industrial gas business operator.
Director	Tatsuo Hanazawa	Mr. Tatsuo Hanazawa attended all 18 meetings of the Board of Directors held during the current fiscal year. He expressed opinions as necessary, with an external perspective from an objective and neutral standpoint, utilizing his diverse experience and knowledge in public administration, especially of agricultural policies both inside and outside Japan.
Director	Satoshi Ando	Mr. Satoshi Ando attended 17 out of 18 meetings of the Board of Directors held during the current fiscal year. He expressed opinions as necessary with an external perspective from an objective and neutral standpoint, mainly utilizing professional knowledge, cultivated as an attorney-at-law and abundant experience related to corporate legal affairs.
Standing Audit & Supervisory Board Member	Yoshitaka Akikuni	Mr. Yoshitaka Akikuni attended all 18 meetings of the Board of Directors and all 12 meetings of the Audit & Supervisory Board held during the current fiscal year. He expressed opinions as necessary, with an external perspective from an objective and neutral standpoint, mainly utilizing wide-ranging knowledge cultivated during his service at financial institutions, and experience as a corporate auditor at a chemical business company, etc.
Audit & Supervisory Board Member	Masaaki Harima	Mr. Masaaki Harima attended all 18 meetings of the Board of Directors and all 12 meetings of the Audit & Supervisory Board held during the current fiscal year. He expressed opinions as necessary with an external perspective from an objective and neutral standpoint, utilizing professional knowledge, cultivated mainly as an attorney-at-law and abundant experience related to corporate legal affairs.

- 2) Details of situations where decisions on the Company's business policy or other matters were changed due to the opinions of Outside Directors or Outside Audit & Supervisory Board Members
Not applicable.
- 3) Any incident or scandal in business execution at the Company during the fiscal year that violated laws, regulations, or the Articles of Incorporation, or were otherwise improper
Not applicable.
- 4) Duties performed in relation to expected roles of Outside Directors during the fiscal year
Outside Directors Mr. Hiroshi Katsumata, Mr. Tatsuo Hanazawa and Mr. Satoshi Ando attended all meetings of the Board of Directors held during the fiscal year. In addition, Mr. Hiroshi Katsumata and Mr. Tatsuo Hanazawa attended all 18 meetings, and Mr. Satoshi Ando attended 17 meetings, of the Executive Management Committee, a body established under the Board of Directors to enable swifter decision making by the Board of Directors and more efficiently supervise and evaluate the execution status of important items of business, held during the fiscal year. At these meetings, they expressed their opinions without reserve on overall important matters concerning management of the Company and important items of business execution, based on their extensive experience and insight.
- 5) Any opinions of Outside Directors or Outside Audit & Supervisory Board Members regarding matters related to Outside Directors or Outside Audit & Supervisory Board Members
Not applicable.

4. Policy Regarding Decisions on Dividends of Surplus, etc.

One of the most important management policies of the Company is to return profits to our shareholders while raising the Company's corporate value.

The Company's basic principle for dividends is to continue to implement stable dividend distribution according to our business performance, taking into comprehensive consideration the business trends, financial condition, and need to enhance our internal reserve for business expansion into the future; moreover, to flexibly implement repurchases of treasury stock and provide shareholder returns with an awareness of the total return ratio.

Under the Mid-Term Management Plan "Vision 2030 Stage I," we aim to achieve a consolidated payout ratio of 30% by the final year of the plan (fiscal 2023).

Based on this dividend policy, the Company requests the General Meeting of Shareholders to resolve on a year-end dividend of 42 yen per share for the current fiscal year.

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Reference:

Amounts and numbers of shares presented in this business report have been rounded down to the nearest unit, and percentages have been rounded off to the nearest unit.

## Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

| Description                                         | Amount         | Description                                                           | Amount         |
|-----------------------------------------------------|----------------|-----------------------------------------------------------------------|----------------|
| <b>ASSETS</b>                                       | [201,913]      | <b>LIABILITIES</b>                                                    | [104,481]      |
| Current assets                                      | 137,499        | Current liabilities                                                   | 59,192         |
| Cash and deposits                                   | 17,662         | Notes and accounts payable - trade                                    | 22,682         |
| Notes receivable - trade                            | 2,233          | Electronically recorded obligations - operating                       | 1,366          |
| Accounts receivable - trade                         | 35,889         | Short-term bank loans                                                 | 13,470         |
| Electronically recorded monetary claims - operating | 1,322          | Current portion of long-term bank loans                               | 8,956          |
| Contract assets                                     | 495            | Current portion of bonds                                              | 938            |
| Merchandise and finished goods                      | 37,558         | Lease obligations                                                     | 403            |
| Work in process                                     | 6,897          | Accrued income taxes                                                  | 403            |
| Raw materials and supplies                          | 30,323         | Contract liabilities                                                  | 16             |
| Other                                               | 6,292          | Accrued expenses                                                      | 4,529          |
| Allowance for doubtful receivables                  | (1,175)        | Provision for bonuses                                                 | 870            |
| Non-current assets                                  | 64,414         | Provision for loss on withdrawal from business                        | 54             |
| Property, plant and equipment                       | 46,728         | Other                                                                 | 5,500          |
| Buildings and structures                            | 15,389         |                                                                       |                |
| Machinery, equipment and vehicles                   | 20,437         | Long-term liabilities                                                 | 45,289         |
| Land                                                | 6,753          | Bonds                                                                 | 2,960          |
| Leased assets                                       | 874            | Long-term bank loans                                                  | 25,647         |
| Construction in progress                            | 2,419          | Lease obligations                                                     | 545            |
| Other                                               | 853            | Provision for implementation of environmental and safety arrangements | 1,145          |
| Intangible assets                                   | 1,396          | Provision for maintenance                                             | 238            |
| Software                                            | 413            | Retirement benefit liability                                          | 12,166         |
| Software in progress                                | 969            | Asset retirement obligations                                          | 82             |
| Leased assets                                       | 1              | Other                                                                 | 2,503          |
| Other                                               | 11             |                                                                       |                |
| Investments and other assets                        | 16,289         | <b>NET ASSETS</b>                                                     | [97,431]       |
| Investments in securities                           | 8,106          | Shareholders' equity                                                  | 95,466         |
| Deferred tax assets                                 | 7,308          | Common stock                                                          | 43,420         |
| Retirement benefit asset                            | 23             | Capital surplus                                                       | 10,653         |
| Other                                               | 900            | Retained earnings                                                     | 44,102         |
| Allowance for doubtful receivables                  | (49)           | Treasury stock                                                        | (2,710)        |
|                                                     |                | Accumulated other comprehensive income (loss)                         | 1,965          |
|                                                     |                | Valuation difference on available-for-sale securities                 | 384            |
|                                                     |                | Translation adjustments                                               | 1,309          |
|                                                     |                | Remeasurements of defined benefit plans                               | 271            |
| <b>Total assets</b>                                 | <b>201,913</b> | <b>Total liabilities and net assets</b>                               | <b>201,913</b> |

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



## Consolidated Statement of Income

(April 1, 2022 - March 31, 2023)

(Millions of yen)

| Description                                  | Amount |         |
|----------------------------------------------|--------|---------|
| Net sales                                    |        | 131,238 |
| Cost of sales                                |        | 97,973  |
| Gross profit                                 |        | 33,265  |
| Selling, general and administrative expenses |        | 24,633  |
| Operating income                             |        | 8,631   |
| Non-operating income                         |        |         |
| Interest income                              | 40     |         |
| Dividend income                              | 202    |         |
| Equity in earnings of affiliates             | 648    |         |
| Foreign exchange gains                       | 1,452  |         |
| Gain on sales of raw materials               | 113    |         |
| Other                                        | 453    | 2,911   |
| Non-operating expenses                       |        |         |
| Interest expense                             | 481    |         |
| Financial fee                                | 421    |         |
| Other                                        | 290    | 1,194   |
| Ordinary income                              |        | 10,349  |
| Extraordinary income                         |        |         |
| Gain on sale of investment securities        | 76     | 76      |
| Extraordinary losses                         |        |         |
| Loss on disposal of non-current assets       | 862    |         |
| Loss on impairment                           | 63     | 925     |
| Income before income taxes                   |        | 9,499   |
| Income taxes – current                       | 1,148  |         |
| Income taxes – deferred                      | 1,403  | 2,551   |
| Net income                                   |        | 6,947   |
| Net income attributable to owners of parent  |        | 6,947   |

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

## Non-consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

| Description                                         | Amount         | Description                                                           | Amount         |
|-----------------------------------------------------|----------------|-----------------------------------------------------------------------|----------------|
| <b>ASSETS</b>                                       | [172,607]      | <b>LIABILITIES</b>                                                    | [92,832]       |
| Current assets                                      | 115,328        | Current liabilities                                                   | 54,752         |
| Cash and deposits                                   | 8,070          | Accounts payable – trade                                              | 19,834         |
| Notes receivable – trade                            | 1,341          | Electronically recorded obligations - operating                       | 400            |
| Accounts receivable – trade                         | 46,115         | Short-term bank loans                                                 | 13,380         |
| Electronically recorded monetary claims - operating | 465            | Current portion of long-term bank loans                               | 8,009          |
| Merchandise and finished goods                      | 29,312         | Current portion of bonds                                              | 938            |
| Work in process                                     | 5,687          | Lease obligations                                                     | 261            |
| Raw materials and supplies                          | 19,321         | Accrued income taxes                                                  | 282            |
| Advance payments to suppliers                       | 1,876          | Contract liabilities                                                  | 15             |
| Prepaid expenses                                    | 396            | Accounts payable - other                                              | 3,230          |
| Short-term loans receivable                         | 1,681          | Accrued expenses                                                      | 4,065          |
| Other                                               | 2,448          | Deposits received                                                     | 2,035          |
| Allowance for doubtful receivables                  | (1,389)        | Provision for bonuses                                                 | 592            |
|                                                     |                | Provision for loss on withdrawal from business                        | 54             |
|                                                     |                | Other                                                                 | 1,649          |
| Non-current assets                                  | 57,278         |                                                                       |                |
| Property, plant and equipment                       | 37,521         | Long-term liabilities                                                 | 38,080         |
| Buildings                                           | 6,720          | Bonds                                                                 | 2,960          |
| Structures                                          | 5,049          | Long-term bank loans                                                  | 21,117         |
| Machinery and equipment                             | 16,445         | Lease obligations                                                     | 387            |
| Vehicles                                            | 42             | Long-term deposits received                                           | 68             |
| Tools, furniture and fixtures                       | 670            | Provision for retirement benefits                                     | 10,862         |
| Land                                                | 5,655          | Provision for implementation of environmental and safety arrangements | 1,145          |
| Leased assets                                       | 588            | Provision for maintenance                                             | 238            |
| Construction in progress                            | 2,348          | Asset retirement obligations                                          | 82             |
| Intangible assets                                   | 1,353          | Other                                                                 | 1,218          |
| Software                                            | 372            |                                                                       |                |
| Software in progress                                | 969            | <b>NET ASSETS</b>                                                     | [79,774]       |
| Leased assets                                       | 1              | Shareholders' equity                                                  | 79,530         |
| Other                                               | 9              | Common stock                                                          | 43,420         |
| Investments and other assets                        | 18,403         | Capital surplus                                                       | 9,822          |
| Investments in securities                           | 1,815          | Legal capital surplus                                                 | 9,155          |
| Shares of subsidiaries and affiliates               | 10,205         | Other capital surplus                                                 | 667            |
| Long-term loans receivable from employees           | 55             | Retained earnings                                                     | 28,500         |
| Long-term prepaid expenses                          | 581            | Legal retained earnings                                               | 613            |
| Deferred tax assets                                 | 5,600          | Other retained earnings                                               | 27,886         |
| Other                                               | 193            | Retained earnings brought forward                                     | 27,886         |
| Allowance for doubtful receivables                  | (48)           | Treasury stock                                                        | (2,213)        |
|                                                     |                | Valuation and translation adjustments                                 | 243            |
|                                                     |                | Valuation difference on available-for-sale securities                 | 243            |
| <b>Total assets</b>                                 | <b>172,607</b> | <b>Total liabilities and net assets</b>                               | <b>172,607</b> |

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

**Non-consolidated Statement of Income**  
(April 1, 2022 - March 31, 2023)

(Millions of yen)

| Description                                  | Amount |         |
|----------------------------------------------|--------|---------|
| Net sales                                    |        | 110,498 |
| Cost of sales                                |        | 85,220  |
| Gross profit                                 |        | 25,278  |
| Selling, general and administrative expenses |        | 18,018  |
| Operating income                             |        | 7,260   |
| Non-operating income                         |        |         |
| Interest income                              | 12     |         |
| Dividend income                              | 1,768  |         |
| Foreign exchange gains                       | 1,369  |         |
| Gain on sales of raw materials               | 113    |         |
| Other                                        | 401    | 3,665   |
| Non-operating expenses                       |        |         |
| Interest expenses                            | 458    |         |
| Financial fee                                | 404    |         |
| Other                                        | 235    | 1,098   |
| Ordinary income                              |        | 9,827   |
| Extraordinary income                         |        |         |
| Gain on sale of investment securities        | 58     | 58      |
| Extraordinary losses                         |        |         |
| Loss on disposal of non-current assets       | 780    | 780     |
| Income before income taxes                   |        | 9,105   |
| Income taxes – current                       | 417    |         |
| Income taxes – deferred                      | 1,064  | 1,481   |
| Net income                                   |        | 7,623   |

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

**Independent Auditor's Report**  
(English Translation)

May 16, 2023

To the Board of Directors  
ISHIHARA SANGYO KAISHA, LTD.

Ernst & Young ShinNihon LLC  
Osaka, Japan

Shunsuke Sakai  
Designated Engagement Partner  
Certified Public Accountant  
Daiji Tokuno  
Designated Engagement Partner  
Certified Public Accountant

*Opinion*

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to consolidated financial statements of ISHIHARA SANGYO KAISHA, LTD. and its consolidated subsidiaries (the "Group") applicable to the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

*Basis for the Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements in Japan that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

Other information refers to the business report and supplementary schedules. Management is responsible for the preparation and disclosure of other information. The Audit & Supervisory Board and its members are responsible for overseeing performance of duties by directors in developing and operating the reporting process for other information.

Other information is not included in the scope of our opinion on the consolidated financial statements, and we express no opinion on it.

Our responsibility with respect to the audit of the consolidated financial statements is to read through other information and, in this process, to consider whether any material differences exist between other information and the consolidated financial statements or knowledge we have gained through the auditing process; also, to remain alert for any other indications of material error in other information.

We are required to report any matter that we consider constitutes a material error in other information, based on the work we have undertaken.

We have nothing to report regarding other information.

### *Responsibilities of Management, the Audit & Supervisory Board and Its Members for the Consolidated Financial Statements*

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

In preparing the consolidated financial statements, management is responsible to evaluate whether it is appropriate to prepare the consolidated financial statements as a going concern. As required by accounting principles generally accepted in Japan, if it is necessary for the Group to disclose matters relating to a going concern, the management has the responsibility to disclose such information.

The Audit & Supervisory Board and its members are responsible for overseeing performance of duties by directors in developing and operating the Group's financial reporting process.

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

Our responsibilities are to obtain reasonable assurance, based on the audit we conducted, about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion regarding the consolidated financial statements from an independent viewpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We perform the following procedure in accordance with auditing standards generally accepted in Japan, while exercising professional judgment and maintaining professional skepticism throughout the audit process:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. Design and perform audit procedures responsive to those risks. The selection and application of audit procedures are at our discretion. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies and accounting methods adopted by the management, the reasonableness of accounting estimates made by the management, and the appropriateness of the related notes to the consolidated financial statements.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty regarding the going concern assumption exists, we are required to draw attention in our auditor's report that the related notes to the consolidated financial statements should be considered. Or, if any note to the consolidated financial statements regarding significant uncertainty is inadequate, we are required to express a modified opinion on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes comply with the corporate accounting principles generally accepted in Japan, and whether the overall presentation, structure and contents of the consolidated financial statements, including the related notes, accurately represent the underlying transactions and events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We

are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board and its members regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control, that we identify during our audit, and other matters required by audit standards.

We also report to the Audit & Supervisory Board and its members that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, matters that are reasonably considered to affect the independence of us, and where applicable, related safeguards taken to remove or reduce factors that could hinder our independence.

*Interest*

Our firm and its designated engagement partners do not have any interest in the Company and its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## **Independent Auditor's Report**

(English Translation)

May 16, 2023

To the Board of Directors  
ISHIHARA SANGYO KAISHA, LTD.

Ernst & Young ShinNihon LLC  
Osaka, Japan

Shunsuke Sakai  
Designated Engagement Partner  
Certified Public Accountant  
Daiji Tokuno  
Designated Engagement Partner  
Certified Public Accountant

### *Opinion*

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, and notes to financial statements, and the supplementary schedules thereto ("financial statements, etc.") of ISHIHARA SANGYO KAISHA, LTD. (the "Company") applicable to the 100<sup>th</sup> fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying financial statements, etc. present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

### *Basis for the Opinion*

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

### *Other Information*

Other information refers to the business report and supplementary schedules. Management is responsible for the preparation and disclosure of other information. The Audit & Supervisory Board and its members are responsible for overseeing performance of duties by directors in developing and operating the reporting process for other information.

Other information is not included in the scope of our opinion on the financial statements, etc., and we express no opinion on it.

Our responsibility with respect to the audit of the financial statements, etc. is to read through other information and, in this process, to consider whether any material differences exist between other information and the financial statements, etc. or knowledge we have gained through the auditing process; also, to remain alert for any other indications of material error in other information.

We are required to report any matter that we consider constitutes a material error in other information, based on the work we have undertaken.

We have nothing to report regarding other information.

*Responsibilities of Management, the Audit & Supervisory Board and Its Members for the Financial Statements, etc.*

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

In preparing the financial statements, etc., management is responsible to evaluate whether it is appropriate to prepare the financial statements, etc. as a going concern. As required by accounting principles generally accepted in Japan, if it is necessary for the Company to disclose matters relating to a going concern, the management has the responsibility to disclose such information.

The Audit & Supervisory Board and its members are responsible for overseeing performance of duties by directors in developing and operating the Company's financial reporting process.

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

Our responsibilities are to obtain reasonable assurance, based on the audit we conducted, about whether the financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion regarding the financial statements, etc. from an independent viewpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements, etc.

We perform the following procedure in accordance with auditing standards generally accepted in Japan, while exercising professional judgment and maintaining professional skepticism throughout the audit process. We also:

- Identify and assess the risks of material misstatement of the financial statements, etc., whether due to fraud or error. Design and perform audit procedures responsive to those risks. The selection and application of audit procedures are at our discretion. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements, etc. is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies and accounting methods adopted by the management, the reasonableness of accounting estimates made by the management, and the appropriateness of the related notes to the financial statements, etc.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty regarding the going concern assumption exists, we are required to draw attention in our auditor's report that the related notes to the financial statements, etc. should be considered. Or, if any note to the financial statements, etc. regarding significant uncertainty is inadequate, we are required to express a modified opinion on the financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the financial statements, etc. and notes comply with the corporate accounting principles generally accepted in Japan, and whether the overall presentation, structure and contents of the financial statements etc., including the related notes, accurately represent the underlying transactions and events.

We communicate with the Audit & Supervisory Board and its members regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control, that we identify during our audit, and other matters required by audit standards.

We also report to the Audit & Supervisory Board and its members with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of



the financial statements, matters that are reasonably considered to affect the independence of us, and where applicable, related safeguards taken to remove or reduce factors that could hinder our independence.

*Interest*

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

**Audit Report**  
(English Translation)

The Audit & Supervisory Board prepared this audit report regarding the performance of duties by Directors for the 100th fiscal year from April 1, 2022 to March 31, 2023, upon deliberation based on audit reports from individual Audit & Supervisory Board Members and reports as follows.

1. Methods and Details of Audit by Audit & Supervisory Board and its members

- (1) The Audit & Supervisory Board established the audit policy, allocation of duties, etc., and received reports from each Audit & Supervisory Board Member regarding the state of implementation of his or her audits and results thereof, as well as received reports from Directors, etc., and the accounting auditor regarding performance of their duties, and sought explanations as necessary.
- (2) Each Audit & Supervisory Board Member complied with the auditing standards established by the Audit & Supervisory Board, in accordance with the audit policy, allocation of duties, etc., communicated with the Directors, the internal audit department, other employees, etc., and made efforts to collect information and improve the audit environment, and conducted audits by the following methods:
  - 1) We attended the meetings of the Board of Directors, the Executive Management Committee, and other important meetings, received reports from Directors, Executive Officers, employees, etc., regarding the state of performance of their duties, sought explanations as necessary, inspected important approval documents, etc., and investigated the state of activities and property at the head office and other main business offices of the Company. With respect to subsidiaries, we communicated and exchanged information with Directors, Audit & Supervisory Board Members, employees, etc., of the subsidiaries, and ascertained the status of business, management and administration.
  - 2) With respect to the systems stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act to ensure the proper business operation of a corporate group composed of a parent and its subsidiaries, including systems to ensure compliance of the duties performed by directors and reported in business reports with relevant laws, regulations and the Articles of Incorporation of the Company (“internal control system”), the Audit & Supervisory Board Members regularly received reports from Directors, Executive Officers, employees, etc., asked for explanations and expressed opinions as needed, regarding the resolutions adopted by the Board of Directors on the establishment of such system, the system established in accordance with the resolutions, and the status of improvement and operation of the system.
  - 3) We monitored and verified whether the accounting auditor maintained independence and implemented appropriate audits, and we received reports from the accounting auditor regarding the state of performance of their duties and sought explanations as necessary. In addition, we received notice from the accounting auditor that systems for ensuring that the correct performance of duties (matters set forth in each item of Article 131 of the Regulation on Corporate Accounting) are organized in accordance with the Standards for Quality Control of Audit (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the business report and supplementary schedules thereto, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and related notes) and supplementary schedules thereto, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and related notes) for the fiscal year under review.

## 2. Results of Audit

### (1) Results of audit of the business report and other relevant documents

- 1) We recognize the business report and supplementary schedules thereto represent the situation of the Company correctly in accordance with laws, regulations, and the Articles of Incorporation.
- 2) We do not recognize any misconduct related to Directors' execution of their duties or material facts that constitute violations of laws, regulations or the Articles of Incorporation.
- 3) We recognize the contents of the resolutions by the Board of Directors regarding the internal control system are appropriate. We do not recognize any matters to be noted on the contents of the business report regarding the said internal control system or Directors' execution of duties.

### (2) Results of the audit of the non-consolidated financial statements and supplementary schedules thereto

We recognize the methods and results of audits by Ernst & Young ShinNihon LLC, the accounting auditor, are appropriate.

### (3) Results of the audit of consolidated financial statements

We recognize the methods and results of audits by Ernst & Young ShinNihon LLC, the accounting auditor, are appropriate.

May 18, 2023

Audit & Supervisory Board,  
ISHIHARA SANGYO KAISHA, LTD.

Standing Audit & Supervisory Board Member  
Standing Audit & Supervisory Board Member  
Standing Audit & Supervisory Board Member  
(Outside Audit & Supervisory Board Member)  
Audit & Supervisory Board Member  
(Outside Audit & Supervisory Board Member)

Taizo Kato  
Yoshihito Akiyama  
Yoshitaka Akikuni  
Masaaki Harima