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To Those Shareholders with Voting Rights:

**INFORMATION DISCLOSURE ON THE INTERNET
REGARDING THE NOTICE OF
THE 99th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

**Notes to the Consolidated Financial Statements
Notes to the Non-consolidated Financial Statements
(April 1, 2021 to March 31, 2022)**

The Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements are made available to the shareholders on our website (<https://www.iskweb.co.jp/ir/stockholders.html>) in accordance with laws and ordinances, as well as the provisions of Article 19 of our Articles of Incorporation.

ISHIHARA SANGYO KAISHA, LTD.

Notes to the Consolidated Financial Statements

1. Notes on Going Concern Assumption

Not applicable.

2. Notes on the Significant Items that Constitute the Basis of Preparation of Consolidated Financial Statements

(1) Scope of Consolidation

1) Number of Consolidated Subsidiaries and Names of Major Consolidated Subsidiaries

The Company has 17 consolidated subsidiaries.

Japan	ISK Bioscience K.K. Ishihara Techno Corporation Fuji Titanium Industry Co., Ltd. ISK Engineering Partners Corporation
Overseas	ISK AMERICAS INCORPORATED ISK BIOSCIENCES EUROPE N.V. ISK TAIWAN CO., LTD.

2) Name of Major Non-consolidated Subsidiaries

ISK BIOSCIENCES KOREA LTD.

The Company's 16 non-consolidated subsidiaries are all small companies, and have been excluded from the scope of consolidation as they do not have a material impact on the Company's consolidated financial statements individually or in the aggregate.

(2) Application of the Equity Method

1) Number and Names of Affiliates Accounted for Under the Equity Method

3 companies	CERTIS EUROPE B.V. HOKUSAN CO., LTD. SUMMIT AGRO USA, LLC
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On March 22, 2022, CERTIS EUROPE B.V. became an equity method affiliate through an exchange of shares with BELCHIM CROP PROTECTION N.V., which was previously an equity method affiliate.

2) Names of Major Non-consolidated Subsidiaries and Affiliates Not Accounted for Under the Equity Method

ISK BIOSCIENCES KOREA LTD.

The Company's 16 non-consolidated subsidiaries and two affiliates have been excluded from the scope of application of the equity method, as their impact on the Company's net income and retained earnings for the current fiscal year are immaterial, and are also immaterial in the aggregate.

(3) Fiscal Year of the Consolidated Subsidiaries

The fiscal closing date for all consolidated subsidiaries in Japan is March 31. The fiscal closing date for all consolidated subsidiaries overseas is December 31. Their financial statements as of that date are used to prepare the consolidated financial statements, and necessary adjustments are made to reflect significant transactions that occurred between that date and the consolidated fiscal closing date.

(4) Accounting Policies

1) Standards and Methods for Valuation of Assets

Securities

Held-to-maturity debt securities: Carried at amortized cost

Available-for-sale securities

Securities apart from shares, etc. without market prices:

Carried at fair value (any valuation differences are reported as a separate component of net assets; cost of securities sold is calculated using the moving average method.)

Shares, etc. without market prices:

Carried at cost using the moving average method

Derivatives: Carried at fair value

Inventories:

Inventories held for regular sales purposes

Principally stated at cost, determined by the gross average method (carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profit margin).

At other overseas consolidated subsidiaries, inventories are mainly stated at lower of cost or net sales value, cost being determined by the gross average method.

2) Depreciation or Amortization Method for Non-current Assets

Property, plant and equipment (except for leased assets):

Primarily the straight-line method

Intangible assets (except for leased assets):

Straight-line method

Computer software for internal use is amortized by the straight-line method over their estimated useful lives of 5 years.

Leased assets:

Leased assets under finance lease contracts that transfer ownership to the lessee are depreciated by using the same method as for self-held non-current assets.

Leased assets under finance lease contracts that do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight-line method over the lease term as the useful life.

3) Standards for Recording Allowances and Provisions

Allowance for doubtful receivables:

An estimated amount of uncollectible receivables is recorded based on the aggregate historical experience of bad debts for ordinary

receivables. For specific probable doubtful accounts from customers experiencing financial difficulties and those in bankruptcy, bad debts amounts are estimated individually based on their specific collectibility.

Provision for bonuses:

A provision for bonuses to be paid to employees is recorded for the estimated amount of such payments.

Provision for implementation of environmental and safety arrangements:

A provision for expenditure to implement environmental and safety arrangements is recorded for the estimated amount of such expenditure. Specifically, the provision pertains to expenses related to the remediation of soil and groundwater contamination and measures for buried waste at the Yokkaichi Plant.

Provision for maintenance: A provision for expenditure for the maintenance of certain equipment is recorded for the estimated amount of such expenditure that is attributable to the current fiscal year.

Provision for loss on withdrawal from business:

A provision for expenditure for the withdrawal from the biopharmaceutical HVJ-E development business in the organic chemicals business (healthcare) is recorded for the estimated amount of such expenditure.

4) Standards for Translating the Value of Important Foreign Currency-denominated Assets and Liabilities into Japanese Yen

The amounts of monetary receivables and payables denominated in foreign currencies are translated into yen amounts at the spot rates of exchange in effect at the balance sheet date, and differences resulting from translation are recognized in income or loss. The assets and liabilities of overseas subsidiaries, etc. are translated into yen at the spot rates of exchange in effect at the balance sheet date, revenue and expense accounts are translated at the average rates of exchange in effect during the year, and differences resulting from translation are reported as translation adjustments which is a component of net assets.

5) Method of Hedge Accounting

Hedging transactions are mainly accounted for using the deferral method. Forward exchange contracts which meet certain conditions are accounted for at their contracted rates (the “allocation method”), and interest-rate swaps which meet certain conditions are accounted for as if the interest rates which apply to the swaps had originally applied to the underlying debt (the “special method”).

6) Method of Accounting for Retirement Benefits

a) Method of attribution of expected retirement benefits to each period

In order to calculate the amount of retirement benefit obligations, expected future retirement benefits are attributed to each period through the end of the current fiscal year on a straight-line basis.

b) Method of recognizing actuarial gains and losses and prior service cost in profit or loss

Actuarial gain or loss is amortized from the following fiscal year in which such gain or loss is recognized, by the straight-line method, over the estimated average remaining years of service of the employees at the time of occurrence of such gain or loss.

Prior service cost is amortized as incurred by the straight-line method over the estimated average remaining years of service of the employees at the time of such occurrence.

7) Standards for Recording Revenue and Expenses

The details of the main performance obligations concerning revenue arising from contracts with customers in the Company's main businesses, and the normal timing of revenue recognition, are as follows.

The Company is mainly engaged in the manufacture and sale of products of the inorganic chemicals business and those of the organic chemicals business. The Company generally considers performance obligations associated with the sale of products to be satisfied at the time of delivery, when the customer gains control over the products, and normally recognizes revenue from the sale of products at the time of delivery.

The Company considers performance obligations associated with construction contracts to be satisfied over a certain period of time, and recognizes revenue based on the progress made in satisfying these performance obligations. Progress is measured based on the ratio of the cost of works incurred as of the end of the reporting period to the forecast total cost of works. In cases where the progress made in satisfying performance obligations cannot be reasonably estimated, but the costs that arise are expected to be recovered, the Company recognizes revenue based on the cost recovery method.

8) Application of Consolidated Taxation System

The Company has applied a consolidated taxation system from the current fiscal year.

9) Application of Tax Effect Accounting Associated with the Transition from a Consolidated Taxation System to a Group Tax Sharing System

Regarding the transition to a group tax sharing system established under the Act to Partially Amend the Income Tax Act (Act No.8 of 2020) and items in the non-consolidated taxation system reviewed pursuant to this transition, the Company has not applied the provisions set forth in Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), in accordance with the treatment set forth in Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Accounting Standards Board of Japan PITF No.39, March 31, 2020). As such, the amounts of deferred tax assets and deferred tax liabilities are based on the tax law prior to amendment.

3. Notes on Changes in Accounting Policies

(1) Application of the Accounting Standard for Revenue Recognition, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Standard") and other guidance from the beginning of the fiscal year under review. The Company recognizes revenue when control of promised goods or services is transferred to the customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

The main changes pursuant to the application of the Revenue Recognition Standard, etc. are as follows.

(Revenue recognition for variable consideration)

Sales promotion expenses, etc., which the Company previously included in selling expenses, and sales discounts, which the Company previously included in non-operating expenses, are deducted from net sales.

(Revenue recognition for principal/agent transactions)

For transactions where the role of the Company in the provision of products to customers is that of an agent, whereas the Company previously recognized the amount receivable from the customer as revenue, it now only recognizes the net amount after deducting the amount payable to the supplier of the products as revenue.

The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings at the beginning of the fiscal year under review, with the new accounting policy applied from the beginning balance. However, the Company, applying the method provided for in Paragraph 86 of the Revenue Recognition Standard, does not apply the new accounting policy retrospectively to contracts where substantially all revenue has been recognized in accordance with the previous policy before the beginning of the fiscal year under review.

As a result of this change, for the fiscal year under review, net sales decreased by 4,239 million yen, cost of sales decreased by 1,126 million yen, selling, general and administrative expenses decreased by 3,084 million yen, and operating income decreased by 29 million yen. Ordinary income and income before income taxes decreased by 18 million yen each. The impact on the balance of retained earnings at the start of the fiscal year under review was immaterial.

Pursuant to the application of the Revenue Recognition Standard, etc., “trade receivables,” which were presented under “current assets” in the consolidated balance sheet for the previous fiscal year, have been included in “notes receivable - trade,” “accounts receivable - trade,” and “contract assets” from the fiscal year under review. “Other,” which was presented under “current liabilities,” has been included in “contract liabilities” and “other” from the fiscal year under review.

(2) Application of the Accounting Standard for Fair Value Measurement, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and other guidance from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This change has no effect on the consolidated financial statements for the fiscal year under review.

(3) Changes in the calculation method for retirement benefit obligation

From the fiscal year under review, the method used to calculate the retirement benefit obligation at the Company’s consolidated subsidiary Fuji Titanium Industry Co., Ltd. has changed from the simplified method to the standard method. The reason for this change is as follows. In view of a possible further increase in the number of employees due to business expansion under the new Mid-Term Management Plan established in April 2021, the reliability of actuarial estimates concerning retirement benefits was verified, and it became apparent that the application of the standard method would increase the accuracy of the calculation of the retirement benefit obligation, and enable retirement benefit expenses to be more appropriately reflected in the calculation of income or loss.

This change in accounting policy has been applied prospectively from the beginning of the fiscal year under review, as the standard treatment for retrospective application is not practically possible due to a lack of the necessary accumulated data for previous fiscal years. The quantitative impact of this change is immaterial.

4. Notes on Changes in Presentation Method

Consolidated Balance Sheet

Software within intangible assets, included in “other” in the previous fiscal year (535 million yen in the previous fiscal year), is presented as a separate item in the current fiscal year, due to increased materiality.

5. Notes on Accounting Estimates

Recoverability of Deferred Tax Assets

Amount recorded on the consolidated financial statements for the fiscal year under review:

Deferred tax assets 8,883 million yen

Other information useful for the understanding of estimates:

1) Calculation Method

Recoverability of deferred tax assets is judged through estimated taxable income based on future earning capacity, set against deductible temporary differences and a loss carry-forward in tax accounting. The estimate of taxable income is based on future business plans at the time of the estimate.

2) Main Assumptions

Estimated taxable income based on future earning capacity is based on future business plans. Main assumptions include estimated future sales volumes, and the trends in selling prices and raw materials prices.

3) Impact on the Consolidated Financial Statements for the Following Fiscal Year

Estimated sales volume, one of the main assumptions, is highly uncertain, and there is a risk that changes in forecast taxable income due to fluctuations in sales volume may have a significant impact on the judgement regarding the recoverability of deferred tax assets. A decrease in future forecast sales volume, on which the future business plans are premised, may lead to a reversal of deferred tax assets.

6. Notes to the Consolidated Balance Sheet

(1) Accumulated Depreciation on Property, Plant and Equipment 125,865 million yen

Accumulated depreciation includes accumulated impairment loss.

(2) Assets Pledged as Collateral, and Related Obligations

Assets pledged as collateral

Investment securities	27 million yen
Buildings and structures	9,246 million yen
Machinery, equipment and vehicles	15,614 million yen
Land	868 million yen
Other property, plant and equipment	403 million yen
Total	26,159 million yen

Among the above assets, the total value of property, plant and equipment pledged as a floating mortgage is 25,609 million yen, covering all classifications of assets.

Obligations related to the collateral

Short-term bank loans	6,020 million yen
Current portion of long-term bank loans	3,380 million yen
Long-term bank loans	7,638 million yen
Total	17,039 million yen

(3) Trade Notes Receivable Discounted with Banks 55 million yen

(4) Guarantee Obligations

The Company provides a guarantee on the borrowings from financial institutions and others of the following non-consolidated company:

ISK (SHANGHAI) CHEMICAL CO., LTD. 125 million yen

7. Notes to the Consolidated Statement of Changes in Net Assets

(1) Class and Total Number of Shares Outstanding at the Fiscal Year-end

Common stock 40,383,943 shares

(2) Class and Total Number of Shares of Treasury Stock at the Fiscal Year-end

Common stock 430,740 shares

(3) Dividends of Surplus

1) Dividend Amounts

Resolution	Class of shares	Source of dividend	Total amount of dividend	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2021	Common stock	Retained earnings	719 million yen	18.00 yen	March 31, 2021	June 28, 2021

2) Dividend for which the Record Date is During the Current Fiscal Year, but Whose Effective Date is after the End of the Current Fiscal Year

Anticipated Resolution	Class of shares	Source of dividend	Total amount of dividend	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders on June 28, 2022	Common stock	Retained earnings	1,438 million yen	36.00 yen	March 31, 2022	June 29, 2022

8. Notes on Financial Instruments

(1) Status of Financial Instruments

In consideration of plans for capital expenditures, etc., the Company and its consolidated subsidiaries (collectively, the “Group”) raise required funds through loans from financial institutions such as banks, or issuing bonds, for its domestic and overseas business. The Group manages temporary cash surpluses through only low-risk short-term deposits and the like. The use of derivatives is limited within the extent of risk arising at the actual demand and the Group does not enter into derivative contracts for speculative trading purposes.

Trade receivables – trade notes and accounts receivable – are exposed to credit risk in relation to customers. The risk is mitigated in accordance with the Credit Control Rules. The Group manages market price fluctuation risk associated with investment securities by regularly monitoring market prices and the financial condition of the securities issuer.

Bank loans are used for working capital and capital expenditure purposes, and the Group enters into interest rate swap transactions for some bank loans to reduce the risk of interest rate fluctuations.

(2) Fair Value, etc. of Financial Instruments

The value recorded on the consolidated balance sheet, fair value, and difference between them as of the end of the current fiscal year, are as follows.

Note that shares, etc. without market prices (unlisted shares with a consolidated balance sheet amount of 6,089 million yen) are not included in “available-for-sale securities.”

Notes on “cash” have been omitted. Those on “deposits,” “notes receivable - trade,” “accounts receivable - trade,” “notes and accounts payable - trade,” and “short-term bank loans” have also been omitted as they are settled in a short period of time, and balance sheet amounts approximate fair values.

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Securities and investment securities			
Held-to-maturity debt securities	9	10	0
Available-for-sale securities	1,366	1,366	-
(2) Long-term bank loans, including current portion	33,130	33,123	(6)
(3) Derivatives*	(13)	(13)	-

*The value of derivative transactions is presented net of claims and obligations. Net obligations are shown in parentheses.

(3) Fair Value Information by Level Within the Fair Value Hierarchy

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 fair value: Fair value calculated using (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2 fair value: Fair value calculated using directly or indirectly observable inputs other than those in Level 1

Level 3 fair value: Fair value calculated using significant unobservable inputs

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial assets and financial liabilities carried on the consolidated balance sheet at fair value

(Millions of yen)

Category	Fair Value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	1,366	-	-	1,366

(2) Financial assets and financial liabilities not carried on the consolidated balance sheets at fair value

(Millions of yen)

Category	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Discounted Japanese government bonds	10	-	-	10
Long-term bank loans, including current portion	-	33,123	-	33,123
Derivatives	-	(13)	-	(13)

Note: Methods and inputs used to determine the fair value of financial instruments

Securities and investment securities

The fair value of listed shares and government bonds is measured based on quoted market prices. As listed shares and government bonds are traded in an active market, their fair value is classified as Level 1 fair value.

Long-term bank loans, including current portion

Fair value is calculated as the present value of the total of principal and interest of the long-term bank loans, discounted using an interest rate that takes account of the remaining life and credit risk of the loan, and is classified as Level 2 fair value. The special method of interest rate swaps is applicable for long-term bank loans with floating interest rates (see “Derivatives” below), and fair value is calculated using the total of their principal and interest payments that are accounted for together with the relevant interest rate swap.

Derivatives

The fair value of interest-rate swaps that meet certain conditions for the special method is included in the fair value of the long-term bank loans that they hedge (see “Long-term bank loans, including current portion” above).

9. Notes on Real Estate for Rent, etc.

Notes omitted due to lack of materiality.

10. Notes on Per Share Information

Net assets per share	2,299.42 yen
Net income per share	292.58 yen

*The basis for calculating net assets per share is as follows:

Total net assets	91,869 million yen
Amount deducted from total net assets	—
Total net assets attributable to common stock at the end of the fiscal year	91,869 million yen
Number of shares of common stock used to calculate net assets per share	39,953 thousand shares

*The basis for calculating net income per share is as follows:

Net income attributable to the owners of the parent company recorded on the consolidated statement of income	11,690 million yen
Amount not attributable to common shareholders	—
Net income attributable to the owners of the parent company attributable to common stock	11,690 million yen
Average number of shares of common stock during the period	39,954 thousand shares

11. Significant Subsequent Events

Not applicable.

12. Notes on Revenue Recognition

(1) Breakdown of revenue arising from contracts with customers

The net sales of the Company mainly comprise revenue recognized from contracts with customers. A breakdown of this revenue by geographical region for each reportable segment is shown below.

(Millions of yen)

	Reportable segment			Total
	Inorganic chemicals business	Organic chemicals business	Other businesses	
Japan	35,642	12,068	2,764	50,475
Asia	20,025	6,737	1	26,764
Americas	2,805	14,091	16	16,913
Europe	1,318	15,156	-	16,475
Other regions	82	243	-	325
Net sales to external customers	59,875	48,296	2,783	110,955

(2) Information Fundamental to an Understanding of Revenue Arising from Contracts with Customers

1) Revenue from the sale of products

The Group's main performance obligations consist of providing customers with inorganic chemical products and organic chemical products. The Group generally considers these performance obligations to be satisfied at the time of delivery, when the customer gains control over the products, and normally

recognizes revenue from the sale of products at the time of delivery. However, the Group applies the alternative treatment prescribed in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, and recognizes revenue at the time of shipment for domestic sales transactions where there is a normal period of time between the shipment of the product and the transfer of control to the customer. Such revenue is measured as the net consideration promised under the contract with the customer, after deducting discounts, rebates, returns, or other similar consideration payable to the customer.

2) Revenue from construction contracts

The Group considers performance obligations associated with construction contracts in other businesses to be satisfied over a certain period of time, and recognizes revenue based on the progress made in satisfying these performance obligations. Progress is measured based on the ratio of the cost of works incurred as of the end of the reporting period to the forecast total cost of works. In cases where the progress made in satisfying performance obligations cannot be reasonably estimated, but the costs that arise are expected to be recovered, the Company recognizes revenue based on the cost recovery method.

3) Revenue from principal/agent transactions

The Group identifies performance obligations through a consideration of whether it is acting as a principal or agent. For performance obligations judged to comprise arrangements for other companies, etc. to provide the goods or services promise under the contract with the customer, the Group is acting as an agent, and recognizes revenue equal to the net amount of consideration to which it expects to be entitled in return for arranging the provision of said goods or services by other companies, etc.

The Group considers the following three indicators when judging whether it is acting as a principal.

- Whether it is primarily responsible for fulfilling the promise to provide the relevant goods or services
- Whether it has inventory risk prior to the transfer of the relevant goods or services to the customer, or after the transfer of control to the customer
- Whether it has the discretion to set the prices for the goods or services

(3) Information to Enable the Understanding of the Amount of Revenue for the Fiscal Year under Review and Subsequent Fiscal Years

1) Balance of contract assets and contract liabilities

Contract assets comprise accounts receivable - trade that have not yet been invoiced, mainly associated with the recognition of revenue based on the measurement of progress on construction contracts. They are transferred to accounts receivable - trade when the customer accepts delivery and the work is invoiced. Contract liabilities are related to considerations received in advance of fulfillment based on the contract, and are transferred to income when the Group fulfills its contractual obligations.

All contract liabilities outstanding at the end of the previous fiscal year were recognized as revenue during the fiscal year under review.

2) Transaction price allocated to remaining performance obligations

The Group has applied a practical expedient and omitted presentation of the transaction price allocated to remaining performance obligations because there are no material contracts for which the initially expected contract term exceeds one year.

13. Other Notes

(1) Gain on Forgiveness of Debts

Gain of forgiveness of debts was recorded due to exemption of the Group by the Japan Science and Technology Agency from its obligation to return development expense subsidies associated with the HVJ-E business.

(2) Notes on Business Combinations

1) Overview of transaction

a) Name and business description of combined company

Combined company: CERTIS EUROPE B.V. (equity method affiliate of the Company)
Business description: import/export, registration, promotion, sale, etc. of agrochemicals

b) Date of business combination

March 22, 2022

c) Legal form of business combination

ISK BIOSCIENCES EUROPE N.V., a consolidated subsidiary of the Company, exchanged the shares of BELCHIM CROP PROTECTION N.V., which was previously an equity method affiliate, with the shares of CERTIS EUROPE B.V.

d) Name after business combination

Unchanged.

e) Other matters concerning the overview of the transaction

CERTIS EUROPE B.V. has net sales of approximately 700 million euros after the business combination. The Company has positioned CERTIS EUROPE B.V. as its strategic alliance partner and prime distributor in Europe, and will endeavor to further strengthen its presence there.

2) Reason for the recognition of gain on change in equity

The Company recognized gain on change in equity of 2,736 million yen as extraordinary income due to the conclusion of a share exchange agreement for this transaction.

(3) Impairment Loss

The Group has recorded impairment loss on the following asset groups.

Location	Use	Classification	Impairment loss
ISHIHARA SANGYO KAISHA, LTD. (Yokkaichi City, Mie Prefecture)	Production equipment	Buildings and structures Machinery, equipment, and vehicles Other	12 million yen
Fuji Titanium Industry Co., Ltd. (Hiratsuka City, Kanagawa Prefecture)	Production equipment	Buildings and structures Machinery, equipment, and vehicles Construction in progress Other	150 million yen

1) Method of asset grouping

The Company and its consolidated subsidiaries group their assets based on relation in the business segment and production process for assessment of impairment loss. For example, real estate for rent and idle assets which are not anticipated to be utilized in the future are classified as individual asset group if they are deemed to generate cash flow independently. Assets not clearly linked to a specific business, such as the head-office building, the facilities for research and development and the facilities for welfare, are classified as corporate assets.

2) Reason for the recognition of a loss on impairment

As a part of production equipment located at the Company's plant in the above table is not anticipated to be utilized in the future, the Company classified the production equipment as idle assets and recorded an impairment loss.

Furthermore, as the cumulative future cash flow from the filter materials business, etc. at the plant of the Company's consolidated subsidiary Fuji Titanium Industry Co., Ltd. in the table above became zero, Fuji Titanium Industry Co., Ltd. recorded an impairment loss.

3) Method for determining the recoverable amount

As the equipment at the Yokkaichi Plant in the above table is not anticipated to be utilized in the future, the net book value of these assets was reduced to zero. Furthermore, as the value based on future cash flow of the equipment at the Hiratsuka Plant in the table above is zero, its recoverable amount was determined to be zero, and its net book value of was reduced to memorandum value.

4) Impairment loss by non-current asset classification

Classification	ISHIHARA SANGYO KAISHA, LTD.	Fuji Titanium Industry Co., Ltd.
Buildings and structures	9 million yen	111 million yen
Machinery, equipment, and vehicles	2 million yen	35 million yen
Construction in progress	- million yen	1 million yen
Other	1 million yen	1 million yen

(4) Loss on valuation of investment securities

A loss on valuation of investment securities of 2,344 million yen was recorded as an impairment loss, due to a significant decline in the net asset value of investment securities held by the Company and its consolidated subsidiaries.

(5) Amounts presented are rounded down to the nearest million yen.

Notes to the Non-consolidated Financial Statements

1. Notes on Going Concern Assumption

Not applicable.

2. Notes on Significant Accounting Policies

(1) Standards and Methods for Valuation of Assets

Securities

Held-to-maturity debt securities: Carried at amortized cost

Shares of subsidiaries and affiliates: Carried at cost using the moving average method

Available-for-sale securities

Securities apart from shares, etc. without market prices:

Carried at fair value (any valuation differences are reported as a separate component of net assets; cost of securities sold is calculated using the moving average method)

Shares, etc. without market prices:

Carried at cost using the moving average method.

Derivatives: Carried at fair value

Inventories:

Inventories held for ordinary sales purposes

Stated at cost, determined by the gross average method (carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profit margin).

(2) Depreciation or Amortization Method for Non-current Assets

Property, plant and equipment (except for leased assets):

Straight-line method

Intangible assets (except for leased assets):

Straight-line method

Computer software for internal use is amortized by the straight-line method over their estimated useful lives of 5 years.

Leased assets:

Leased assets under finance lease contracts that transfer ownership to the lessee are depreciated by using the same method as for self-held non-current assets.

Leased assets under finance lease contracts that do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight-line method over the lease term as the useful life.

(3) Standards for Recording Allowances and Provisions

Allowance for doubtful receivables:

An estimated amount of uncollectible receivables is recorded based on the aggregate historical experience of bad debts for ordinary receivables. For specific probable doubtful accounts from

customers experiencing financial difficulties and those in bankruptcy, bad debts amounts are estimated individually based on their specific collectibility.

Provision for bonuses:

A provision for bonuses to be paid to employees is recorded for the estimated amount of such payments.

Provision for retirement benefits

A provision for retirement benefits to be paid to employees is recorded for the estimated amount of such payments as of the end of the current fiscal year.

1) Method of attribution of expected retirement benefits to each period

In order to calculate the amount of retirement benefit obligations, expected future retirement benefits are attributed to each period through the end of the current fiscal year on a straight-line basis.

2) Method of recognizing actuarial gains and losses and prior service cost in profit or loss

Actuarial gain or loss is amortized from the following year in which such gain or loss is recognized, by the straight-line method, over the estimated average remaining years of service of the employees at the time of occurrence of such gain or loss. Prior service cost is amortized as incurred by the straight-line method over the estimated average remaining years of service of the employees at the time of such occurrence.

Unrecognized actuarial differences and unrecognized prior service cost are carried on the non-consolidated balance sheet in a different manner compared to that on the consolidated basis.

Provision for implementation of environmental and safety arrangements:

A provision for expenditure to implement environmental and safety arrangements is recorded for the estimated amount of such expenditure. Specifically, the provision pertains to expenses related to the remediation of soil and groundwater contamination and measures for buried waste at the Yokkaichi Plant.

Provision for maintenance: A provision for expenditure for the maintenance of certain equipment is recorded for the estimated amount of such expenditure that is attributable for the current fiscal year.

Provision for loss on withdrawal from business:

A provision for expenditure for the withdrawal from the biopharmaceutical HVJ-E development business in the organic chemicals business (healthcare) is recorded for the estimated amount of such expenditure.

(4) Standards for Recording Revenue and Expenses

The details of the main performance obligations concerning revenue arising from contracts with customers in the Company's main businesses, and the normal timing of revenue recognition, are as

follows. The Company is mainly engaged in the manufacture and sale of inorganic chemical products and organic chemical products. The Company generally considers performance obligations associated with the sale of products to be satisfied at the time of delivery, when the customer gains control over the products, and normally recognizes revenue from the sale of products at the time of delivery.

(5) Method of Hedge Accounting

Hedging transactions are mainly accounted for using the deferral method. Forward exchange contracts which meet certain conditions are accounted for using the allocation method, and interest-rate swaps which meet certain conditions are accounted for using the special method.

(6) Application of Consolidated Taxation System

The Company has applied a consolidated taxation system during the current fiscal year.

(7) Application of Tax Effect Accounting Associated with the Transition from a Consolidated Taxation System to a Group Tax Sharing System

Regarding the transition to a group tax sharing system established under the Act to Partially Amend the Income Tax Act (Act No.8 of 2020) and items in the non-consolidated taxation system reviewed pursuant to this transition, the Company has not applied the provisions set forth in Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), in accordance with the treatment set forth in Paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (Accounting Standards Board of Japan PITF No.39, March 31, 2020). As such, the amounts of deferred tax assets and deferred tax liabilities are based on the tax law prior to amendment.

3. Notes on Changes in Accounting Policies

(1) Application of the Accounting Standard for Revenue Recognition, etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Standard”) and other guidance from the beginning of the fiscal year under review. The Company recognizes revenue when control of promised goods or services is transferred to the customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

The main changes pursuant to the application of the Revenue Recognition Standard, etc. are as follows.

(Revenue recognition for variable consideration)

Sales promotion expenses, etc., which the Company previously included in selling expenses, and sales discounts, which the Company previously included in non-operating expenses, will be deducted from net sales.

(Revenue recognition for principal/agent transactions)

For transactions where the role of the Company in the provision of products to customers is that of an agent, whereas the Company previously recognized the amount receivable from the customer as revenue, it now only recognizes the net amount after deducting the amount payable to the supplier of the products as revenue.

The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings brought forward at the beginning of the fiscal year, with the new accounting policy

applied from the beginning balance. However, the Company, applying the method provided for in Paragraph 86 of the Revenue Recognition Standard, does not apply the new accounting policy retrospectively to contracts where substantially all revenue has been recognized in accordance with the previous policy before the beginning of the fiscal year under review.

As a result of this change, for the fiscal year under review, net sales decreased by 2,929 million yen, selling, general and administrative expenses decreased by 2,929 million yen, and operating income decreased by 0 million yen.

(2) Application of the Accounting Standard for Fair Value Measurement, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and other guidance from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This change has no effect on the non-consolidated financial statements for the fiscal year under review.

4. Notes on Changes in Presentation Method

Not applicable.

5. Notes on Accounting Estimates

Recoverability of Deferred Tax Assets

Amount recorded on the non-consolidated financial statements for the current fiscal year:

Deferred tax assets 6,670 million yen

Other information useful for the understanding of estimates:

Identical to the information provided in the Notes to Consolidated Financial Statements “Recoverability of Deferred Tax Assets”

6. Notes to the Non-consolidated Balance Sheet

(1) Monetary Claims and Obligations to Subsidiaries and Affiliates

Short-term monetary claims	26,693 million yen
Long-term monetary claims	2 million yen
Short-term monetary obligations	8,962 million yen
Long-term monetary obligations	68 million yen

(2) Accumulated Depreciation on Property, Plant and Equipment 108,659 million yen

Accumulated depreciation includes accumulated impairment loss.

(3) Assets Pledged as Collateral, and Related Obligations

Assets pledged as collateral

Buildings	4,862 million yen
Structures	4,665 million yen
Machinery and equipment	16,317 million yen
Tools, furniture and fixtures	403 million yen
Land	868 million yen
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Total	27,116 million yen

Among the above assets, the total value of property, plant and equipment pledged as a floating mortgage is 26,594 million yen, covering all classifications of assets.

Obligations related to the collateral

Short-term bank loans	6,020 million yen
Current portion of long-term bank loans	3,380 million yen
Long-term bank loans	7,638 million yen
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Total	17,039 million yen

(4) Guarantee Obligations

The Company provides a guarantee on the borrowings from financial institutions and others of the following affiliate:

ISK (SHANGHAI) CHEMICAL CO., LTD. 125 million yen

7. Notes to the Non-consolidated Statement of Income

Transactions with Subsidiaries and Affiliates

Sales	40,441 million yen
Purchases, etc.	9,845 million yen
Transactions other than trade	1,563 million yen

8. Notes to the Non-consolidated Statement of Changes in Net Assets

Class and Total Number of Shares of Treasury Stock at the Fiscal Year-end

Common stock 430,740 shares

9. Notes on Tax Effect Accounting

Breakdown of deferred tax assets and deferred tax liabilities by major causes

[Deferred tax assets]

Tax loss carryforwards	2,956 million yen
Loss on valuation of shares of subsidiaries and affiliates	1,891 million yen
Provision for retirement benefits	3,386 million yen
Allowance for doubtful receivables	409 million yen
Loss on valuation of investment securities	800 million yen
Accrued expenses, etc.	178 million yen
Provision for bonuses	180 million yen
Provision for implementation of environmental and safety arrangements	442 million yen
Asset retirement obligations	48 million yen
Other	1,094 million yen
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Gross deferred tax assets	11,389 million yen
Valuation allowance	(4,640) million yen
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Total deferred tax assets	6,749 million yen

[Deferred tax liabilities]

Valuation difference on available-for-sale securities	79 million yen
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Total deferred tax liabilities	79 million yen
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Net deferred tax assets	6,670 million yen

10. Notes on Transactions with Related Parties

Subsidiaries and Affiliates

Name of company (Subsidiaries)	Voting right holdings (held)	Relationship with the related party	Details of transactions	Transaction amount (Millions of yen)	Item	Year-end balance (Millions of yen)
ISK Bioscience K.K.	Direct 100%	Sale of the Company's products Concurrent service by directors, etc.	Sale of agrochemicals (Note 1)	9,307	Accounts receivable – trade	8,096
			Deposit of surplus funds (Note 2)	—	Deposits received	548
			Payment of interest (Note 3)	10		
ISK BIOSCIENCES EUROPE N.V.	Direct 100%	Sale of the Company's products Concurrent service by directors, etc.	Sale of agrochemicals (Note 1)	11,271	Accounts receivable – trade	6,769
Ishihara Techno Corporation	Direct 100%	Purchase of raw materials Sale of the Company's products Concurrent service by directors, etc.	Purchase of raw materials, fuel, packaging materials, etc. (Note 1)	5,133	Accounts payable – trade	2,159
			Sale of titanium dioxide and agrochemicals (Note 1)	5,487	Accounts receivable – trade	2,188
Fuji Titanium Industry Co., Ltd.	Direct 100%	Supply of raw materials, etc. Concurrent service by directors, etc.	Supply of raw materials, etc. (Note 1)	1,262	Accounts receivable – trade	468
			Deposit of surplus funds (Note 2)	—	Deposits received	2,470
			Payment of interest (Note 3)	20		
ISK Engineering Partners Corporation	Direct 100%	Contracted construction and maintenance of equipment Concurrent service by directors, etc.	Construction of production equipment (Note 4)	2,236	Accounts payable - other	1,133
ISK BIO-SCIENCES CORP.	Indirect 100%	Sale of the Company's products Concurrent service by directors, etc.	Sale of agrochemicals (Note 1)	6,325	Accounts receivable – trade	5,206

Transaction terms and method of determining transaction terms, etc.

- Notes: 1. Transaction terms for the sale of products and the purchase of raw materials are determined based on market prices, etc.
2. Deposit of surplus funds is carried out based on a deposit agreement. It is not recorded in the Transaction amount column, since the amount is moving daily.

3. Interest rates for interest payment are determined in view of prevailing market values.
4. Terms for the construction of production equipment are determined in view of prevailing market values, etc.

11. Notes on Per Share Information

Net assets per share	1,891.21 yen
Net income per share	172.15 yen

*The basis for calculating net assets per share is as follows:

Total net assets	75,559 million yen
Amount deducted from total net assets	—
Total net assets attributable to common stock at the end of the fiscal year	75,559 million yen
Number of shares of common stock used to calculate net assets per share	39,953 thousand shares

*The basis for calculating net income per share is as follows:

Net income recorded on the non-consolidated statement of income	6,878 million yen
Amount not attributable to common shareholders	—
Net income attributable to common stock	6,878 million yen
Average number of shares of common stock during the period	39,954 thousand shares

12. Notes on Significant Subsequent Events

Not applicable.

13. Notes on Revenue Recognition

Information fundamental to an understanding of revenue arising from contracts with customers is identical to the information provided in the Notes to Consolidated Financial Statements “Notes on Revenue Recognition.”

14. Other Notes

(1) Gain on Forgiveness of Debts

Identical to the information provided in the Notes to Consolidated Financial Statements “Gain on Forgiveness of Debts.”

(3) Loss on Valuation of Investment Securities

Identical to the information provided in the Notes to Consolidated Financial Statements “Loss on valuation of investment securities.”

(3) Impairment Loss

Identical to the information provided in the Notes to Consolidated Financial Statements “Impairment Loss.”

(4) Amounts presented are rounded down to the nearest million yen.