Purpose and Corporate Philosophy

Purpose

To continue contributing to better living environments through chemical technologies

Basic Philosophy

Contribute to social development, protection of life and environmental preservation

Respect shareholders, customers, suppliers, local communities and employees

Abide by laws and regulations; maintain transparency in business activities

Code of Conduct

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

Vision 2030 Management targets

Operating income

Greater than ¥24 billion

Estimated net sales

Greater than ¥180 billion

ROE

10% or more

Continuing stable return for shareholders

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

Megatrends

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

Stakeholders

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

Organic chemicals business

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

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

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

Inorganic chemicals business

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

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

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

New businesses, others

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

Business in Brief

Organic chemicals business

Underpinning food production worldwide and saving animal lives

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



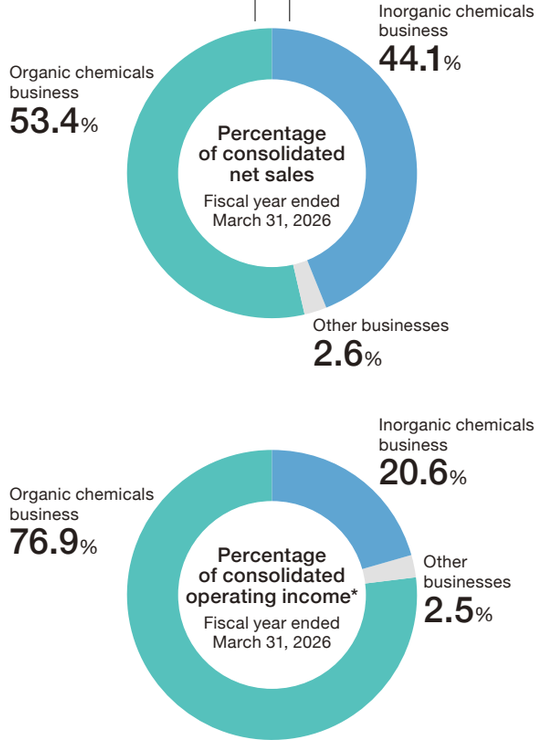
Agrochemicals

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



Animal health products

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



* Pre-allocation of corporate expenses

Inorganic chemicals business

Supplying products that help realize a comfortable, sustainable society

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

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

Functional materials, titanium dioxide, and other chemical products

Electronic materials

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



Functional color materials

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



Fine chemicals

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



Business in Brief

Key Figures

Fiscal year ended March 31, 2026

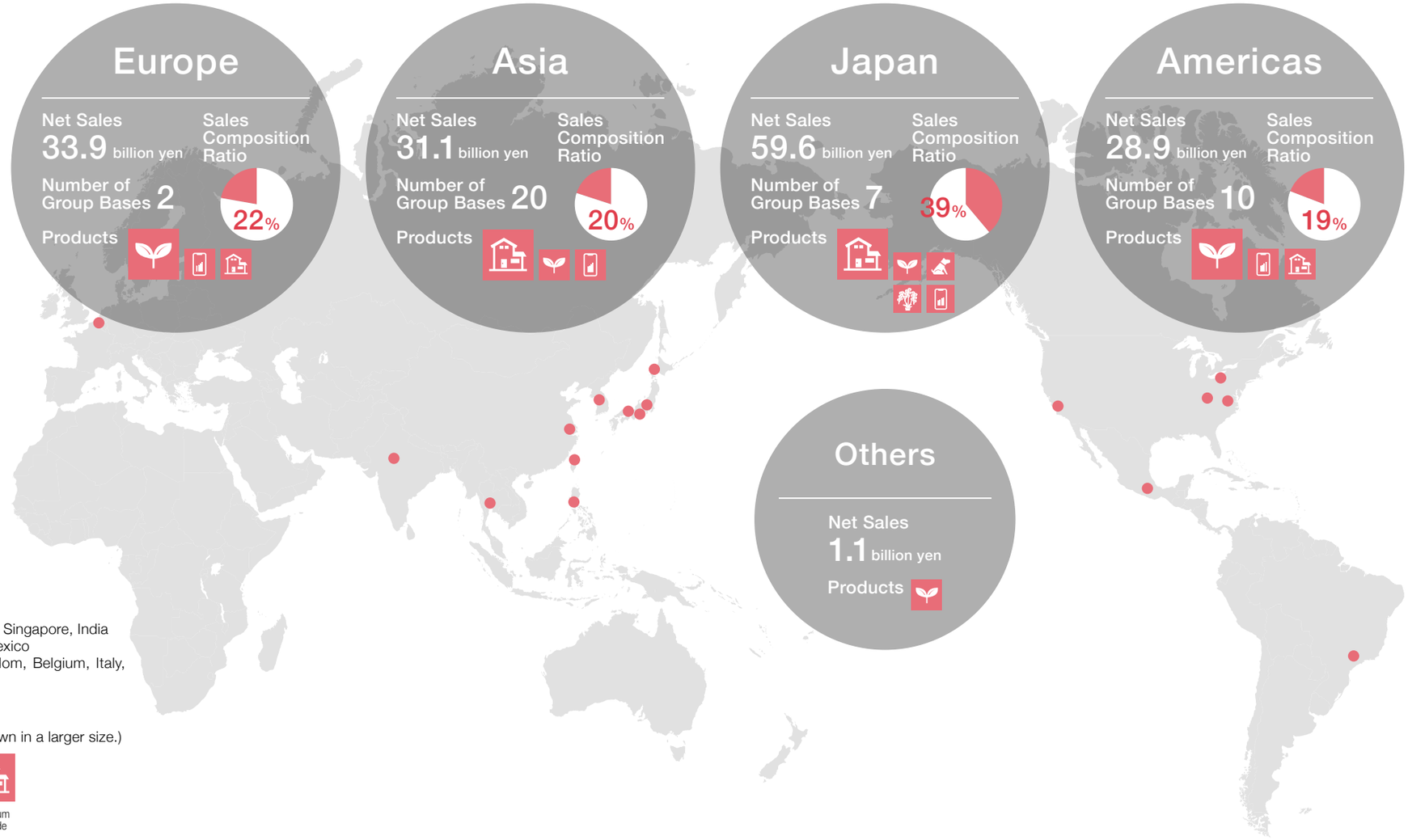
Net Sales	154.8 billion yen
Operating Income	19 billion yen
Operating Margin	12.3 %
ROE	13.7 %
Capital Adequacy Ratio	53.7 %
R&D Expenses	11.2 billion yen
Group employees	1,813

Major countries and regions in each category

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

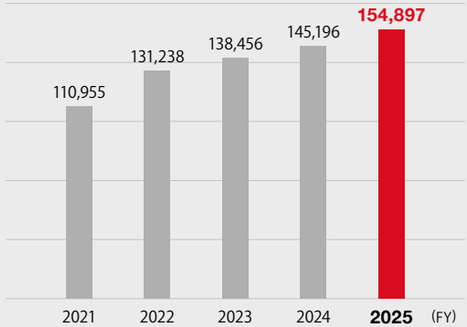
Pictograms representing major products
(The product with the highest sales in each region is shown in a larger size.)

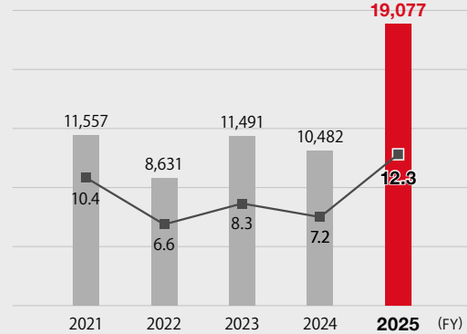
Agrochemicals / Animal health products / Blue phalaenopsis / Functional materials / Titanium dioxide

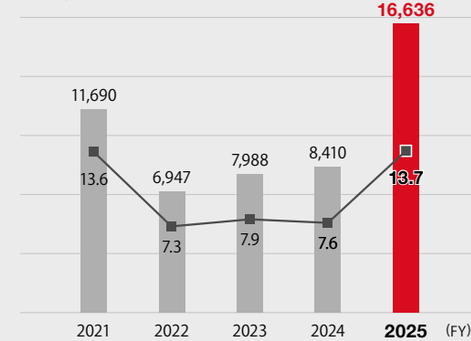


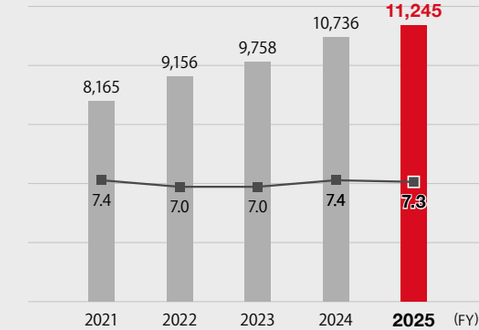
Financial and Non-Financial Highlights

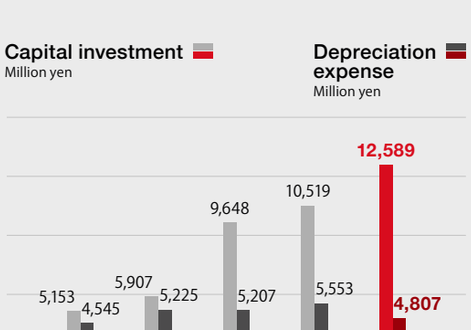
Financial Highlights (Consolidated)

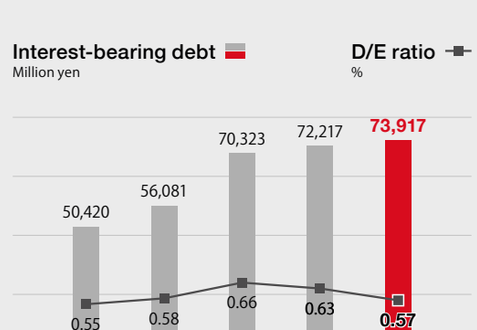


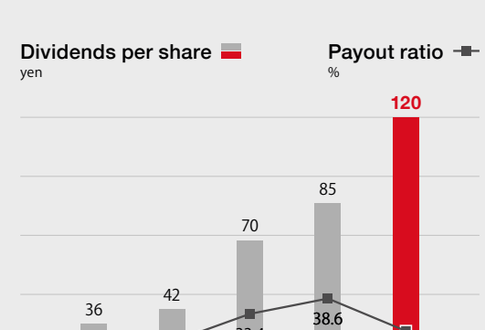


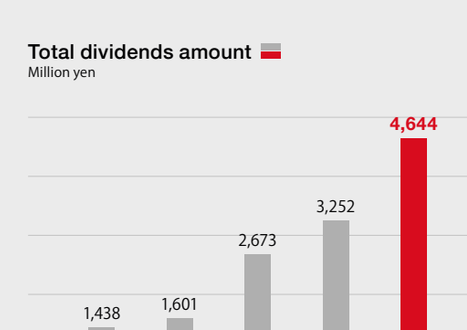










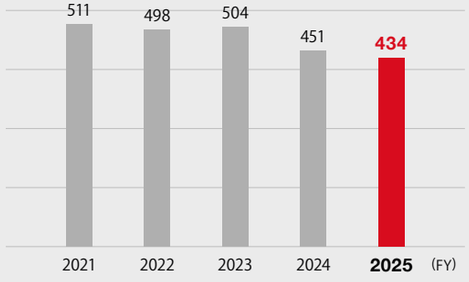


Financial and Non-Financial Highlights

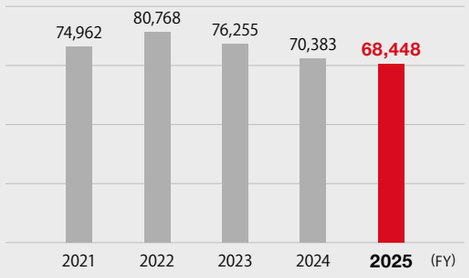
Non-Financial Highlights

Environmental

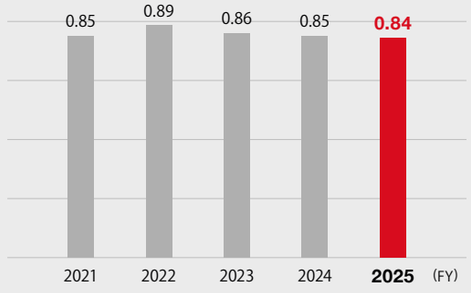
Greenhouse Gas (GHG) emissions (ISK Group*1)
Thousand tons CO_2e



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

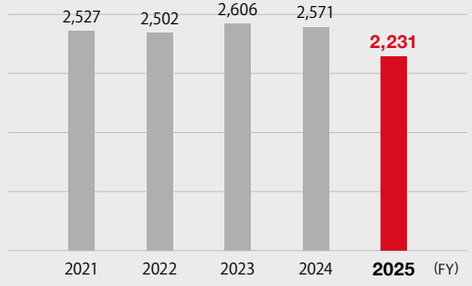


Energy intensity (Japan, consolidated*2)
kl/t



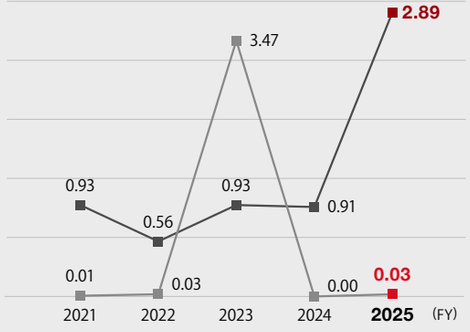
Others

Number of patents held (non-consolidated)
Cases



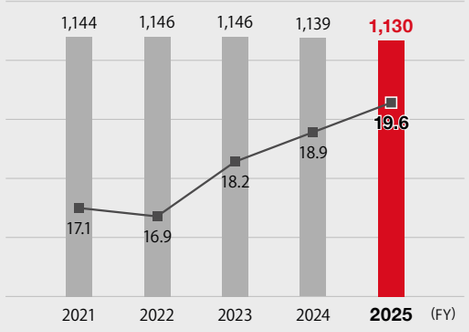
Social

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

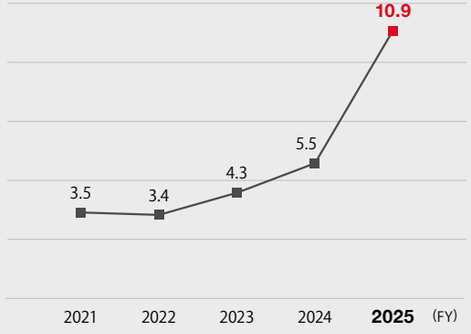


Number of employees
(non-consolidated)
Persons

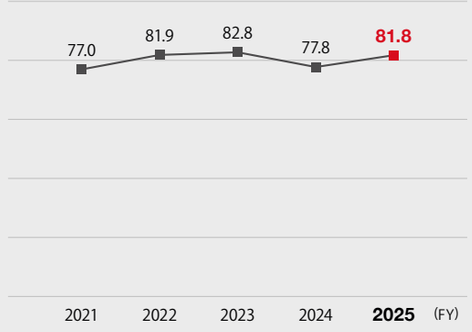
Female employee ratio
(non-consolidated)
%



Female manager ratio (non-consolidated)
%



Paid leave acquisition rate (non-consolidated)
%



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

Value Creation Process

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

Input

Six Types of Capital Supporting Our Business Activities ▸P19

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

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

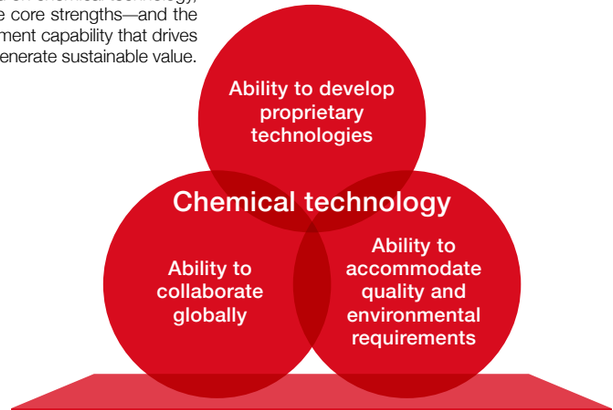
Business Model

Value chain

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

ISK's Value Creation Core

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



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

Output

ISK's Products

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

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

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

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

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

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

Outcome

Social Value

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

Economic Value

Vision 2030 Targets

Operating Income
¥24Billion or more

ROE 10% or more

Six Types of Capital Supporting Our Business Activities

Human Capital-Driven Value Creation and Corporate Value Enhancement

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

Human Capital

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

Intellectual Capital

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

Manufacturing Capital

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

Natural Capital

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

Social and Relationship Capital

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

Financial Capital

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

Six Types of Capital Supporting Our Business Activities

Six Types of Capital - Key Initiatives and Key Indicators

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

Vision 2030 Stage Ⅱ – Progress

Progress of Key KPIs

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

FY2025 Progress

Organic chemicals business

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

Inorganic chemicals business

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

Progress on Major Initiatives

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

Message from the CFO

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



Director of Finance & Accounting Headquarters
Toichiro Shiomi

Results for the Fiscal Year Ended March 2026

Towards Stable Earnings Growth

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

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

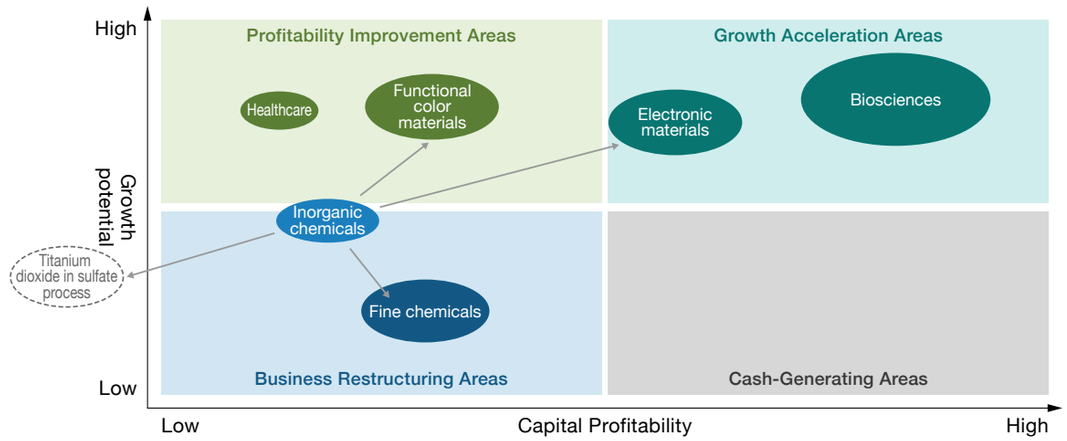
Although we continue to view our biosciences business as a core driver of our future growth, its profit levels are susceptible to global weather conditions. While weather factors worked in our favor during the fiscal year ended March 2026, we observe increasing weather instability, such as heatwaves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

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

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

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

Conceptualization of Business Portfolio Transformation Capital Profitability × Growth Potential



Message from the CFO

ROIC

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

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

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

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

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

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

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

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

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

Cash Allocation

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

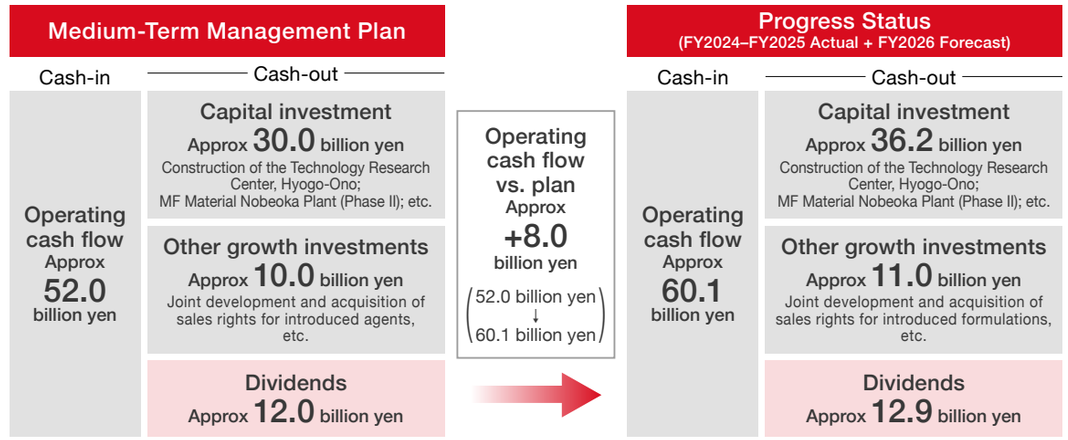
In our biosciences business, which is one of our key drivers, we anticipate growth stemming from both organic and inorganic sources.

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

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

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

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



Message from the CFO

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

Financial Soundness

Financial Soundness Capable of Supporting Growth Investment

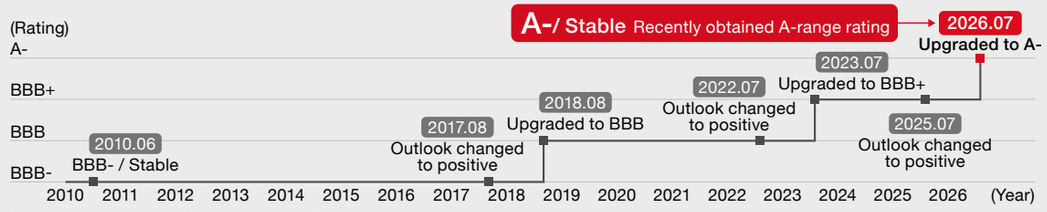
Investment is essential for strengthening our future earning power. However, it is important, of course, to strike a balance with financial soundness.
On July 24, 2026, our credit rating (from JCR) was upgraded from BBB+ (Positive) to A- (Stable). This upgrade reflects the improvement in our profit levels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

IR Activities and PBR

Strengthening IR Activities for Individual Investors

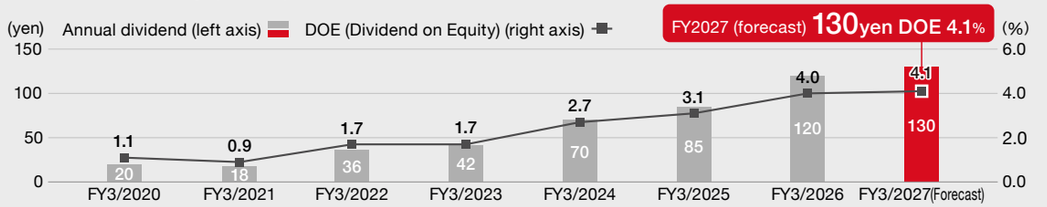
In February 2026, we established a new “Investor Relations Division” with the aim of strengthening our investor relations activities. In addition to handling one-on-one meetings with institutional investors, the division has begun preparing and releasing materials for our quarterly financial results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

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



Source: Prepared by ISK based on JCR published data

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



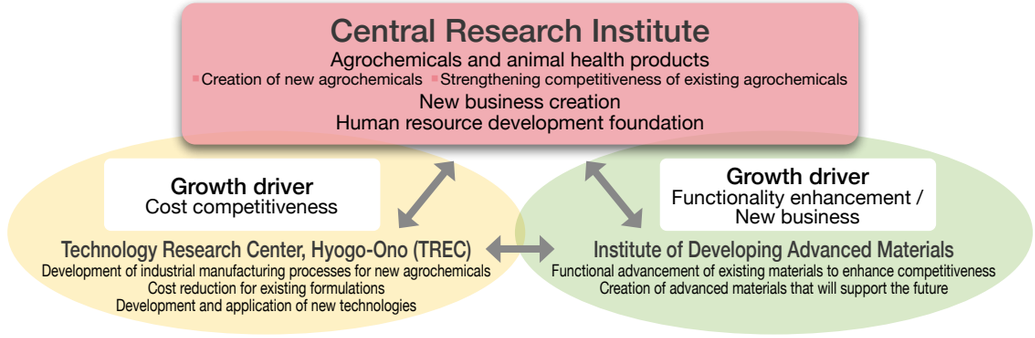
*DOE (Dividend on Equity) = Total annual dividends ÷ Shareholders' equity (average during the period) *ISK forecast for FY3/2027

Research and Development Activities

Research and development vision

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

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



Key Priorities

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

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

Three Priorities for Research and Development Activities

1 Strengthening competitiveness of existing agrochemicals

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

2 Creation of future growth drivers

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

3 Enhancing our business portfolio

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

Research and Development Activities

Technology Research Center, Hyogo-Ono (TREC)

Reducing Manufacturing Costs and Strengthening Supply Stability

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

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

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

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

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

Key Initiatives

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









Research and Development Activities

Central Research Institute

Nurturing the Seeds of Growth to Evolve Our Business Portfolio

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

Key Initiatives

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



Institute of Developing Advanced Materials

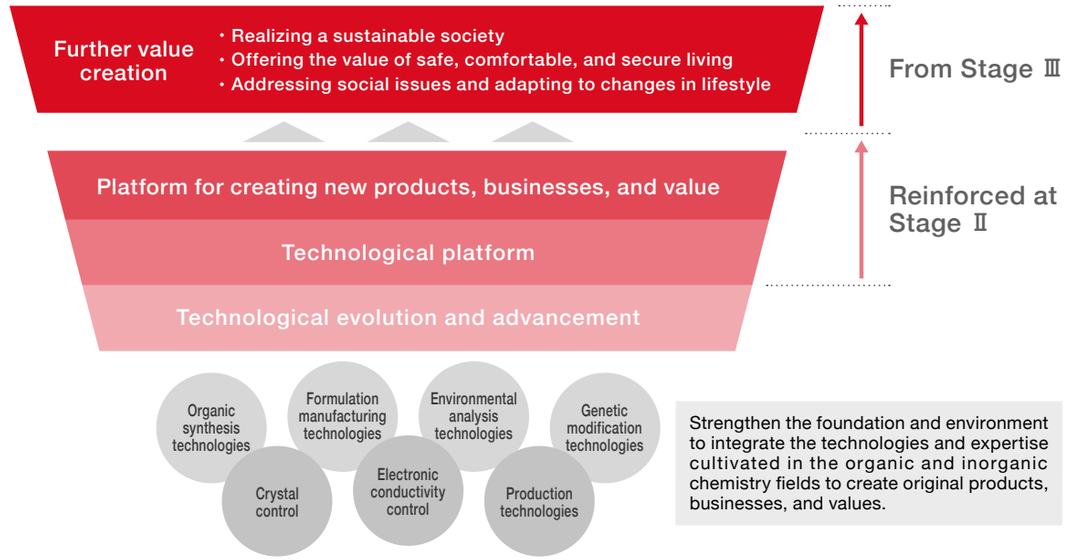
Creating Advanced Materials for the Future

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

Research and Development Basic Policy

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

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



Research and Development Activities

Business-specific R&D Pipeline

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

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

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

Agrochemical Pipeline

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

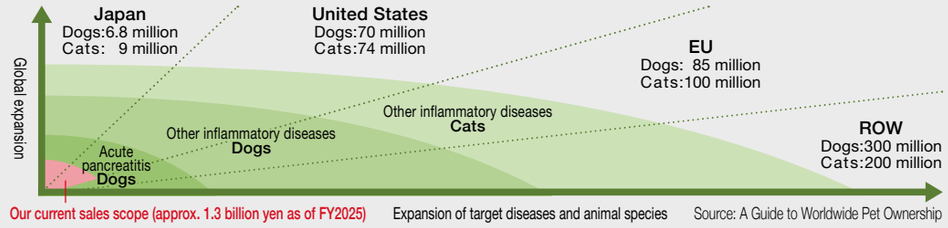
→ Planning for consideration during FY2026-FY2028

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

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

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

Animal Health Product Cases



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

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

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

Inorganic Chemicals Pipeline (New Product Development)

Pre-sale / Full-scale sales

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

Organic Chemicals Business (Biosciences)

Business Overview

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

Stage Ⅱ Goals and Progress

Priority measures

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

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

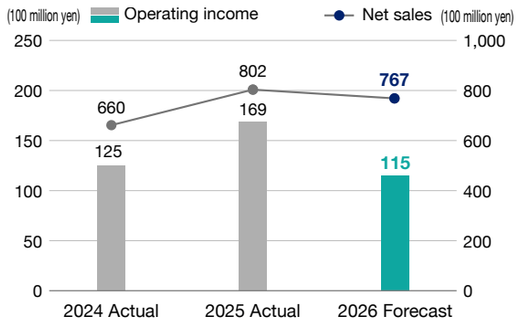
Progress and issues

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

Establishment of a New Base and Expansion of Agrochemical Sales

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

Trends for Net Sales and Operating Income



Business Background

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

A Sustainable Future for Agriculture Built Through Global Partnerships

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

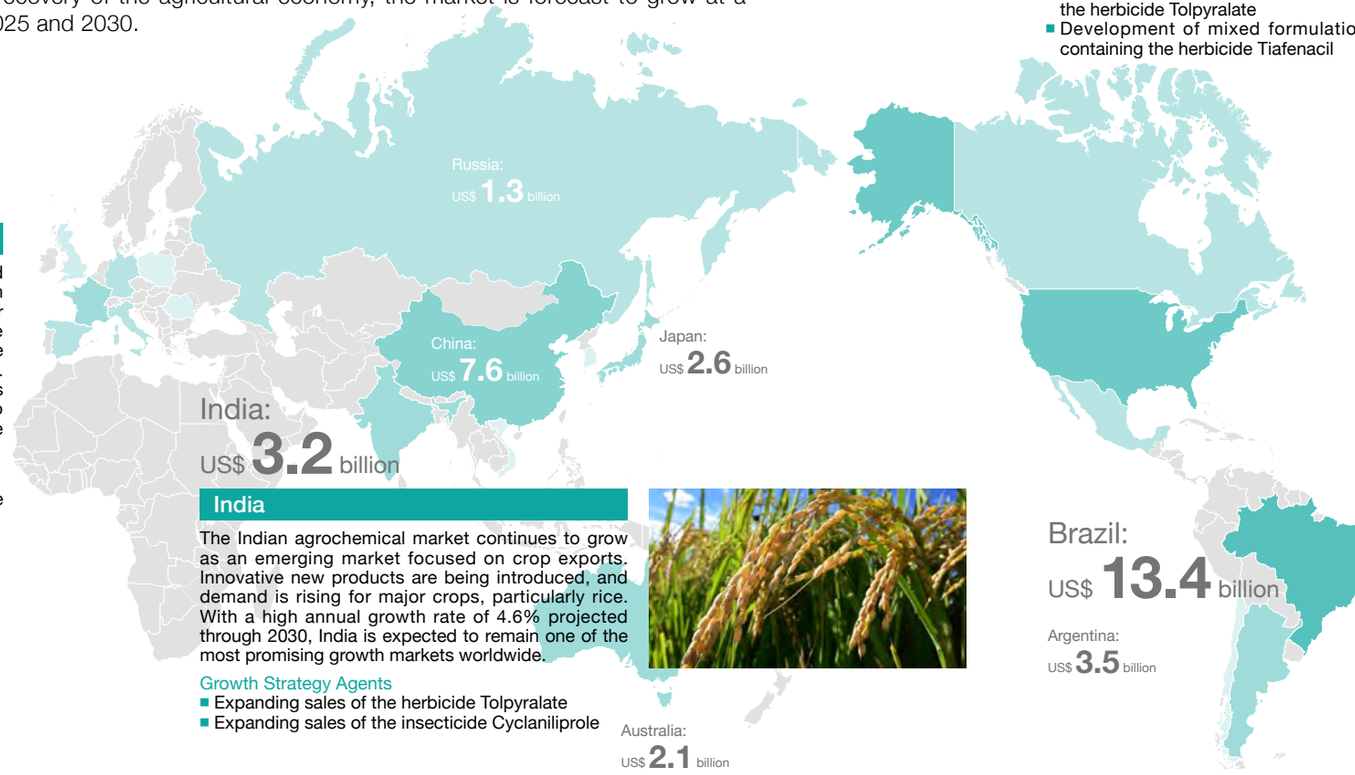


Organic Chemicals Business (Biosciences)

Market and Growth Strategy

Global Agrochemical Market

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



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

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

Europe

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

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



India

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

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

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

North America

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



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

Existing Products
- Developing mixed formulations for the fungicide Fluazinam

South America

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

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

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



Organic Chemicals Business (Biosciences)

Risks and Opportunities

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

Social Issues

Tiafenacil (herbicide): Balancing Environmental Protection with Productivity

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

Reducing Environmental Impact Through No-Till Farming

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

Increasing Agricultural Productivity

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

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



Message from the Director

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



Director of Biosciences Business Headquarters
Nobuyuki Akiyoshi

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

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

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

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

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

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

Organic Chemicals Business (Healthcare)

Business Overview

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

Stage Ⅱ Goals and Progress

Priority measures

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

Progress and issues

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

Review of FY2025

Overseas Sales

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

Domestic Sales

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

Business Background

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

Overseas

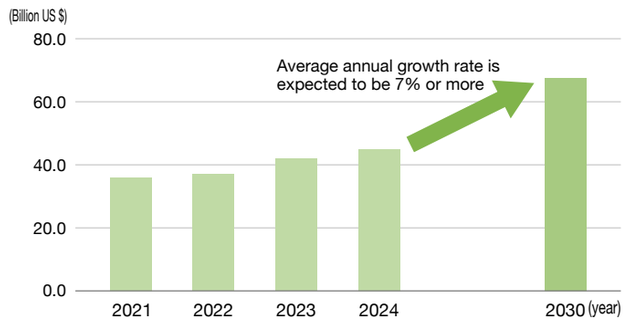
- Animal health products markets worldwide (2024) About US$ **45.0** billion*1
- Health products for CA markets worldwide (2024) About US$ **23.5** billion*1

Japan

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

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

Global animal health products market





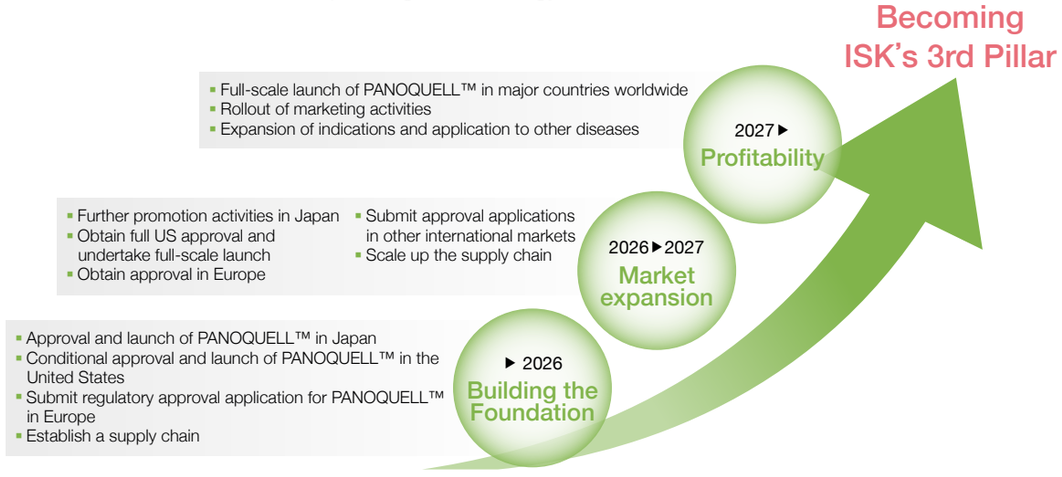
Organic Chemicals Business (Healthcare)

Risks and Opportunities

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

Social Issues

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



Message from the Director

Accelerating Global Expansion to Establish ISK's Third Pillar



Director of Healthcare Business Headquarters
Tsuyoshi Sato

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

Inorganic Chemicals Business

Business Overview

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

Stage Ⅱ Goals and Progress

Priority measures

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

Progress and issues

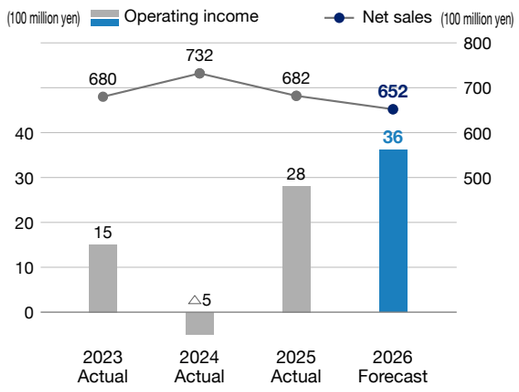
- Addressing issues following withdrawal from sulfate-process titanium dioxide production
- Strengthening our business portfolio, with a focus on raw materials for electronic materials
- Strengthening of functions at overseas bases

Revenue Base and Future Development

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

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

Trends for Net Sales and Operating Income



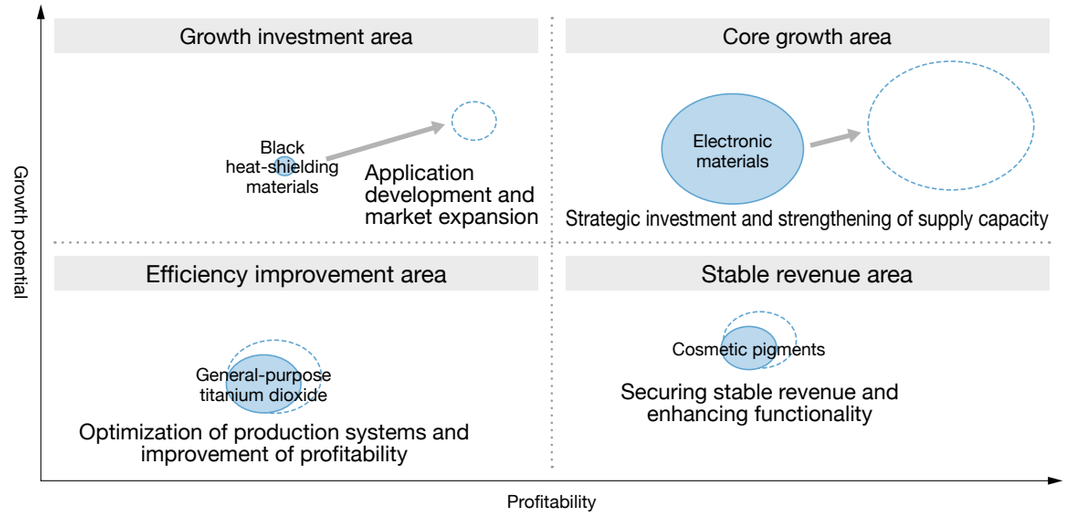
Business Background

Value Proposition

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

Basic Policy for Portfolio Transformation

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



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

Inorganic Chemicals Business

Growth Strategy in Electronic Materials

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

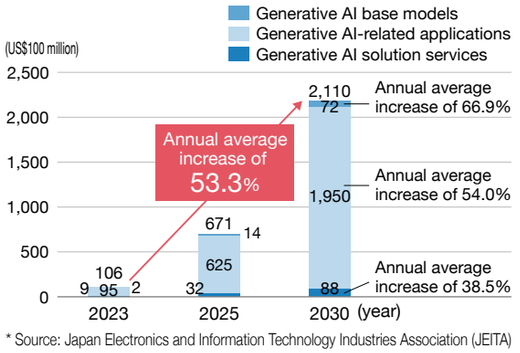
Investment highlights

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

Market opportunities

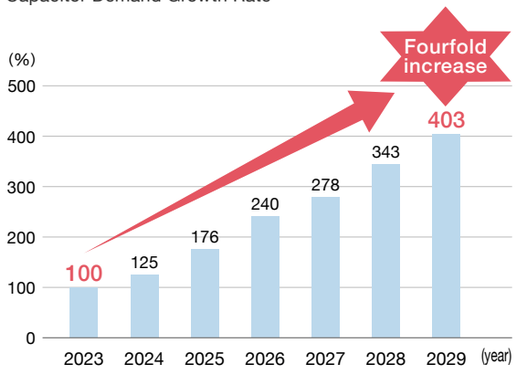
The MLCC market is expected to continue growing steadily, driven by rising demand for AI servers and data centers. Furthermore, as the market is characterized by an oligopolistic structure, with Japanese manufacturers accounting for 60 - 70% of the global market share, the ability to ensure a stable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

Outlook for Demand for Generative AI (global)



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

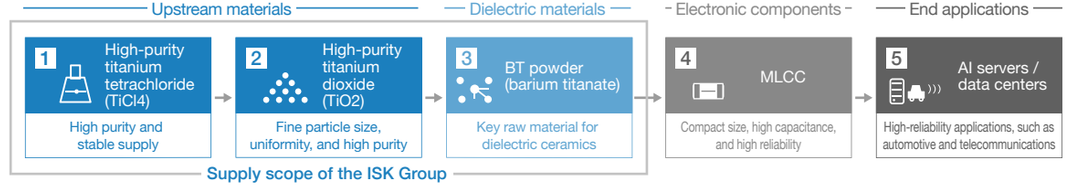
Capacitor Demand Growth Rate



Competitive Advantages

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

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



Growth Strategy

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

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

Progress of Growth Investments

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

Medium- to Long-Term Growth Outlook

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

Inorganic Chemicals Business

Risks and Opportunities

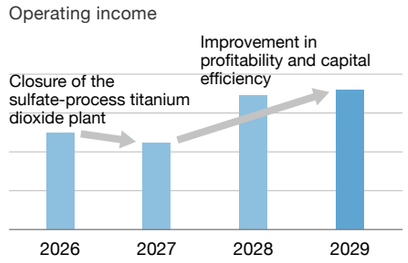
Risks	Opportunities
Temporary performance fluctuations resulting from structural reforms Response: Implementing structural reforms in stages, exercising cost control, and accelerating the launch of growth-oriented business segments	Growing demand for high-performance materials driven by advancements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

Impact of Structural Reforms on Financial Performance in Fiscal 2027

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

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

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



Message from the Director

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



Director of Inorganic Chemicals Business Headquarters
Yoshiyuki Shimmyo

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

Special Feature

Local Insight × Global Impact

SG Series Black Heat-Shielding Pigments

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

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

Local Insight: New Value Gleaned from Sales Staff Input

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

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

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

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

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

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

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



TIPAQUE BLACK SG-101 Black Heat-Shielding Pigment



Central Research Institute
New Business Development Laboratory
Senior Manager
Norihiko Sanefuji

Special Feature

Local Insight × Global Impact

SG Series Black Heat-Shielding Pigments

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

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

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

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



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

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

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

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

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

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

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

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

Typical Applications of SG-101



Heat-reflective coatings (roofs and walls)



Wood decks

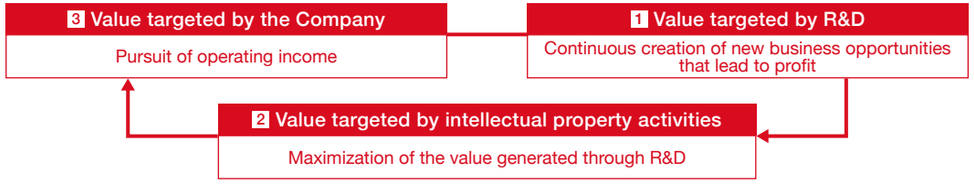
Intellectual Property Management

Basic Policy

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

The Role of Intellectual Property Activities in Business Development

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



Intellectual Property Activities That Create a Virtuous Cycle

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

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

Intellectual Property Strategy

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

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

Intellectual Property Division
General Manager,
Yoshihiro Masuda



Intellectual Property Strategy and the "Open & Close" Strategy

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

Improving Productivity and Strengthening Business Competitiveness Through DX

Basic Policy

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

DX Strategy Overview and Roadmap

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

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

Promoting the Use of AI and Data

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

From Initial Adoption to Advanced Utilization of Generative AI

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

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

Phased Evolution of Generative AI

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

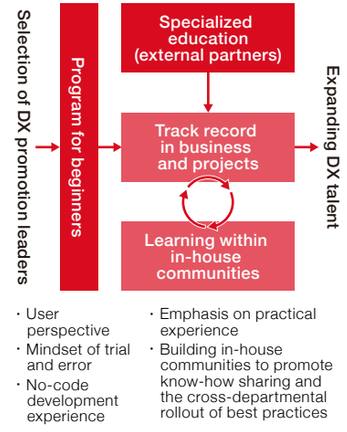
On-Site-Led Business Transformation and DX Talent Development

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

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

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

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



Company-Wide Sharing Session: ISK Business Transformation Day

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



Human Capital

Message from the Director of General Affairs & Human Resources Headquarters

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



Director of General Affairs & Human Resources Headquarters
Yoshio Nishiyama

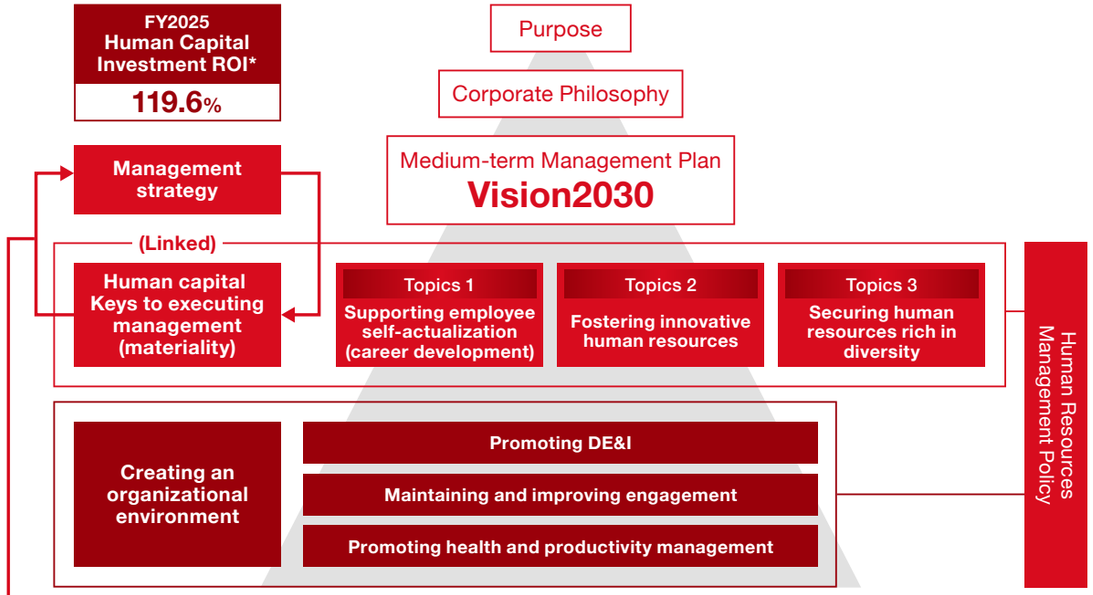
The ISK Group’s Perspective On—and Vision For—Its People

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

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

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

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



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

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

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

Human Capital

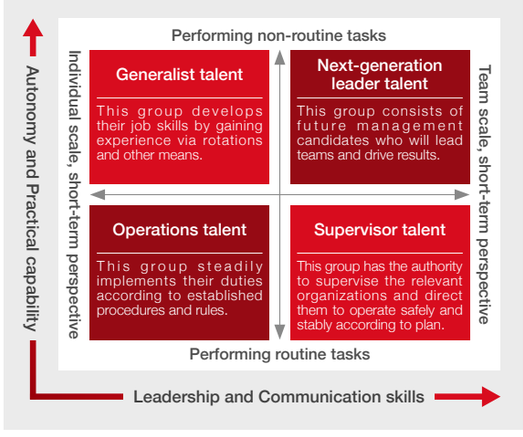
Maximizing Organizational Strength Through Business Strategy and Talent Portfolio Alignment

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

ISK Talent Portfolio Conceptual Diagram

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

General Employees

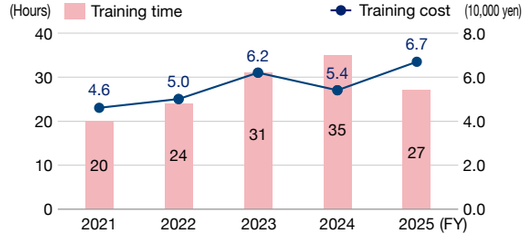


Managers

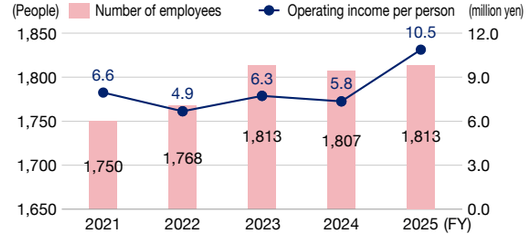


Status of Human Resource Development

Training Time and Cost per Person (Non-consolidated)



Consolidated Operating Income per Person



Driving Individual and ISK Group Growth Through Sustained Improvement in Engagement

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

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



Engagement Survey Results

2025 results	2026 results	2030 target
65.0	67.3	70 or more

Human Capital

Introducing a System to Reward Future-Focused Challenges and Achievements

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

Topics 1

Supporting employee self-actualization (career development)

Providing Career Development Support



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

Engagement Survey Insights from the Analysis

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

Going Forward: Establishing a Comprehensive Support System

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

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

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

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

Interview

Building a Career Through Supporting Individual Health and Well-being

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



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

Health and Productivity Management Initiatives

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

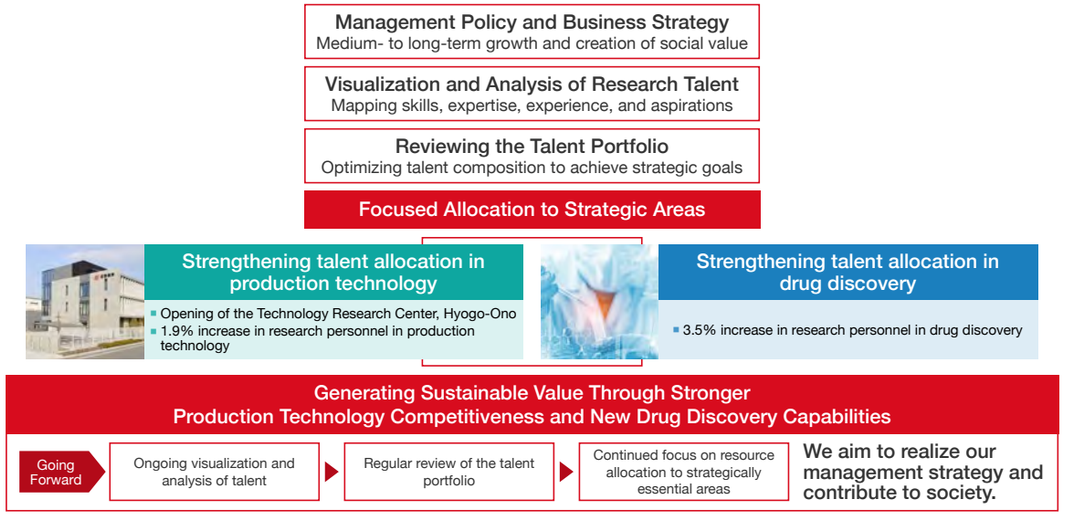
Human Capital

Topics 2

Developing Human Resources to Foster Innovation

Talent Portfolio Strategy - Optimal Allocation of Research Personnel

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



Launching Innovation Creation Training

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



Interview

Leveraging International Experience to Drive Manufacturing and Innovation

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



Biosciences Business Headquarters
Supply Chain Management Division
Purchasing Group
Takuya Matsumoto

Human Capital

Topics 3

Securing Human Resources Rich in Diversity

Promoting Women's Empowerment

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

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

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

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

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

Excerpt from the Roadmap for Promoting Women's Empowerment

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



Roundtable discussion with outside directors

Internships for International Talent

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

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

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



Interview

Passing the Baton: Navigating Family Life and Careers Together

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

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



Biosciences Business Headquarters, Regulatory Affairs Division Registration Study Group

Koichiro Cho

Central Research Institute Research Management Division Research Information Management Group

Yoko Cho

Message from the Executive Director of the Office of Sustainability Promotion

No Sustainability, No Business!

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

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

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

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

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



Executive Director of the Office of Sustainability Promotion
Akihiko Kikuchi

Materiality

Aiming for Materiality-Centered Sustainable Growth

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

Materiality Identification

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

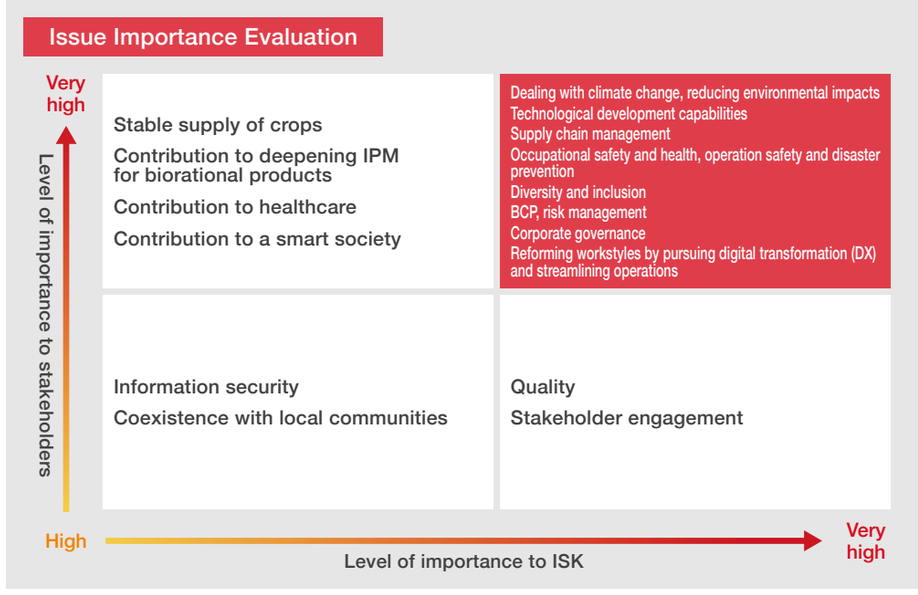
Initiatives to Achieve KPIs

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

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

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

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



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

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

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

Materiality

Eight Most Important Issues and KPIs

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

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