

Vision2030 Stage II

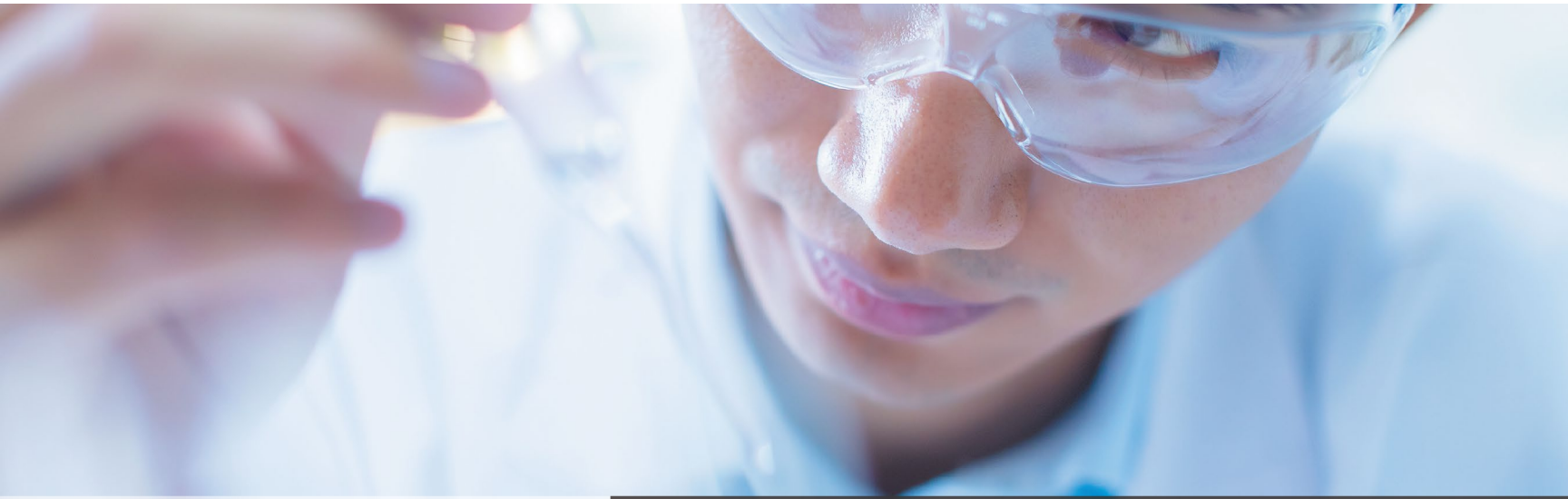


May 27, 2024
Ishihara Sangyo Kaisha, Ltd.

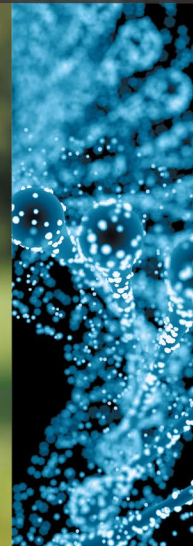
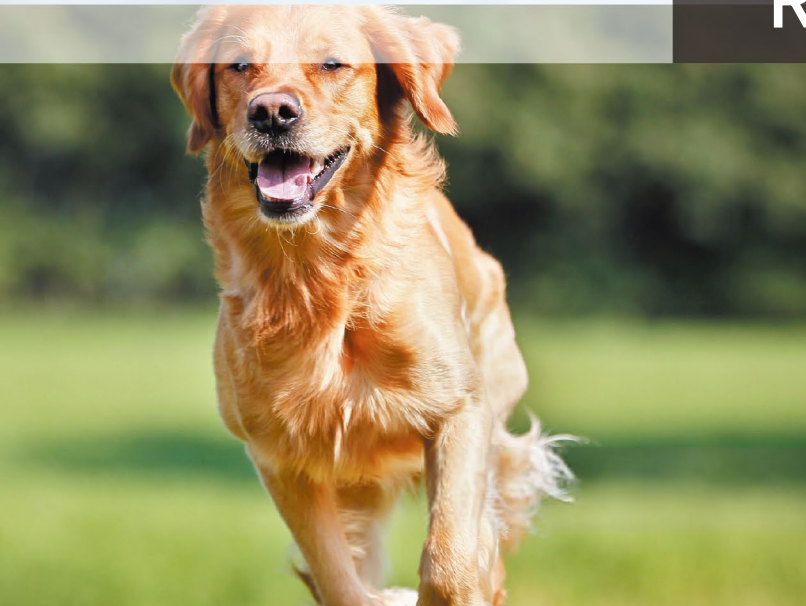
- **Medium-term Business Plan Vision 2030 Stage II**

- **Note concerning forward-looking statements**

This presentation material contains forecasts based on future assumptions, outlooks, and plans that were current as of the time of their announcement. Actual performance may differ materially from these forecasts due to risks and uncertainties associated with factors including economic conditions, demand trends, competitive conditions, and exchange rate fluctuations in Japan and overseas.



Review of Vision 2030 Stage I



Summary of FY2023 financial results

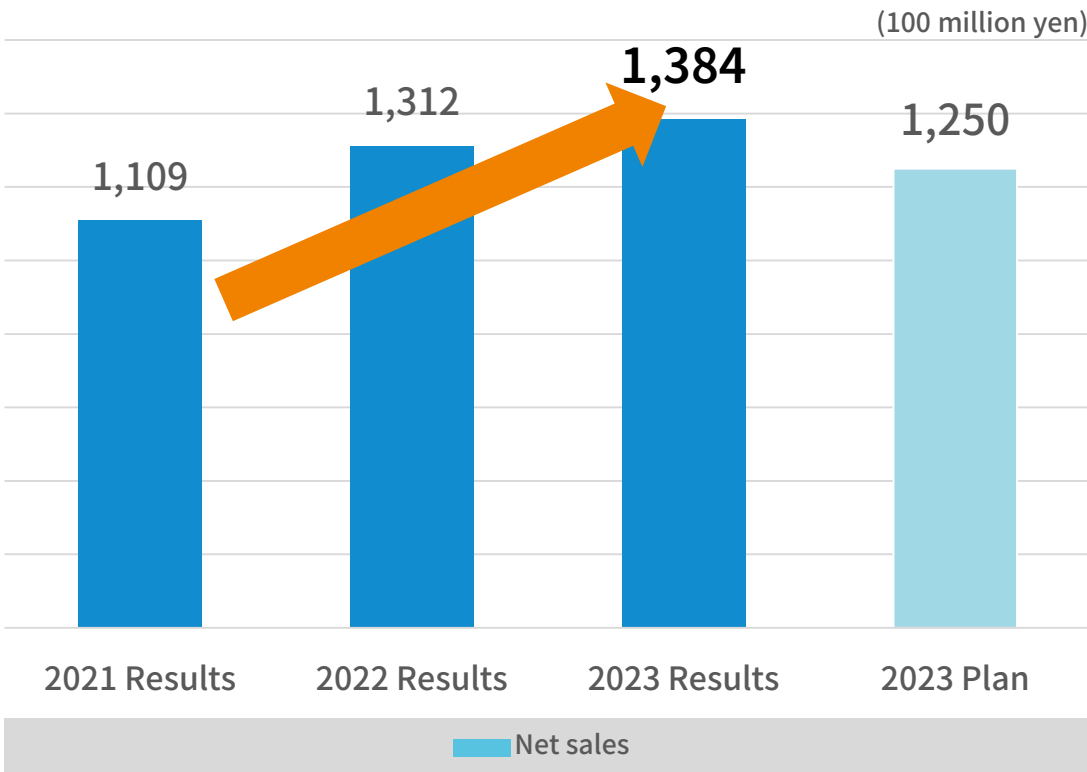
(100 million yen)

	2022 Results	2023 Results	Increase/ Decrease	FY2023 Forecast (November 2023)	Difference
Net sales	1,312	1,384	72	1,380	4
Operating income	86	114	28	100	14
Ordinary income	103	148	45	110	38
Net income	69	79	10	80	△0
Dividends (yen/share)	42	70	28	60	10

Group-wide net sales and operating income

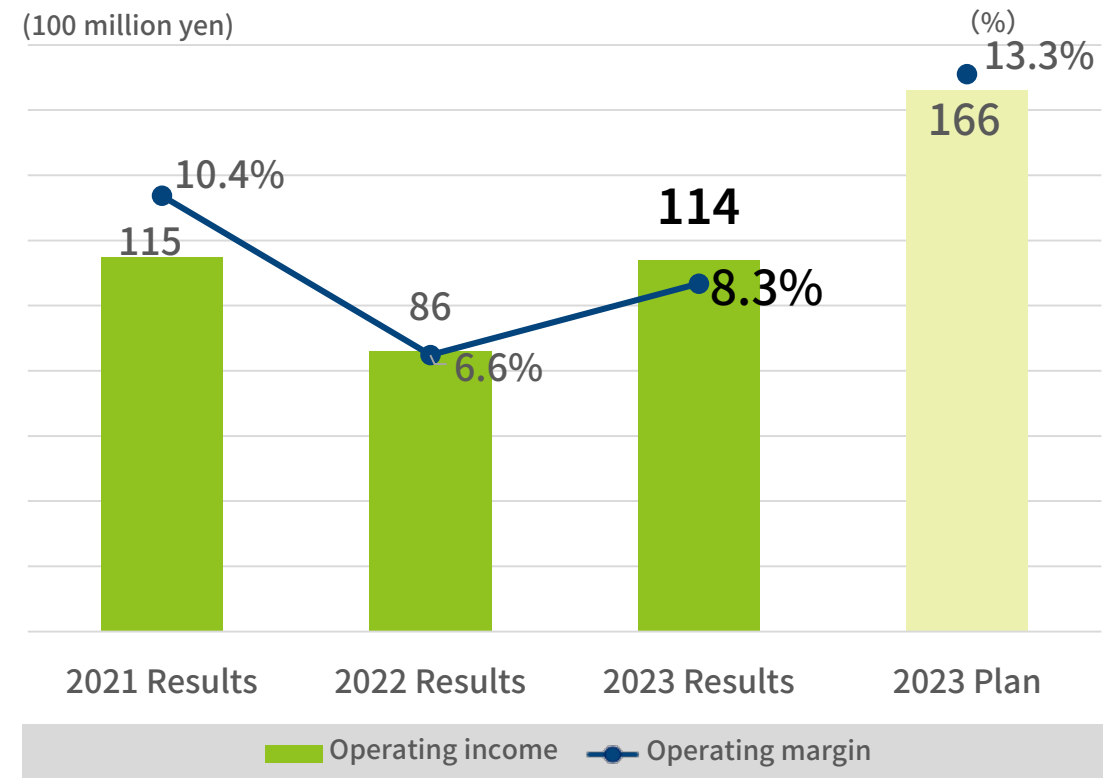
Net sales trends

- Net sales increased due to product price revisions, the depreciation of the yen, increased agrochemical sales in Brazil, and the sales of new herbicides in the US.



Operating income and operating margin trends

- Income from Biosciences business increased along with sales.
- Titanium dioxide sales income decreased as the market declined in the latter half of FY2022, resulting in reduced profits thereafter.

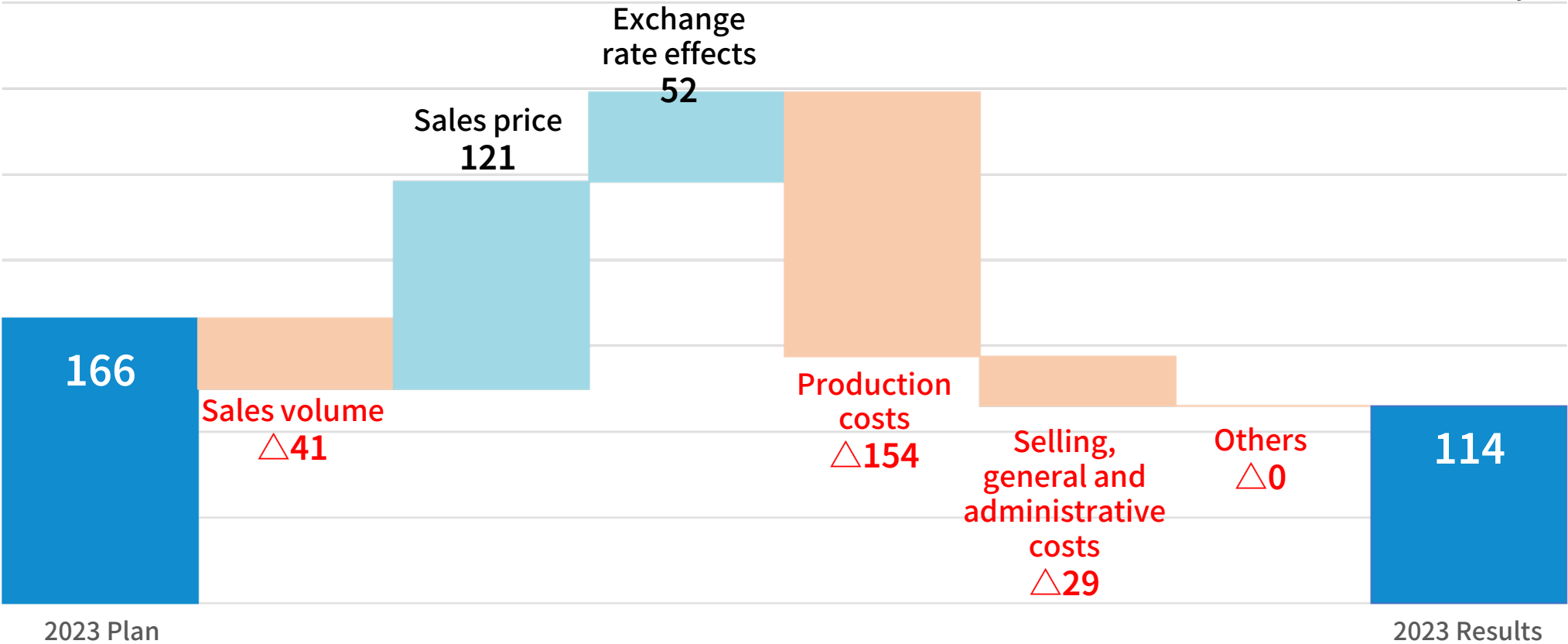


Review of Vision 2030 Stage I

Group-wide operating income

- While we managed to offset the increased manufacturing costs stemming from rising raw material and fuel cost through price adjustments and currency effects, operating income fell short of our plan due to lower-than-expected sales volume and increased sales and administrative expenses.

(100 million yen)

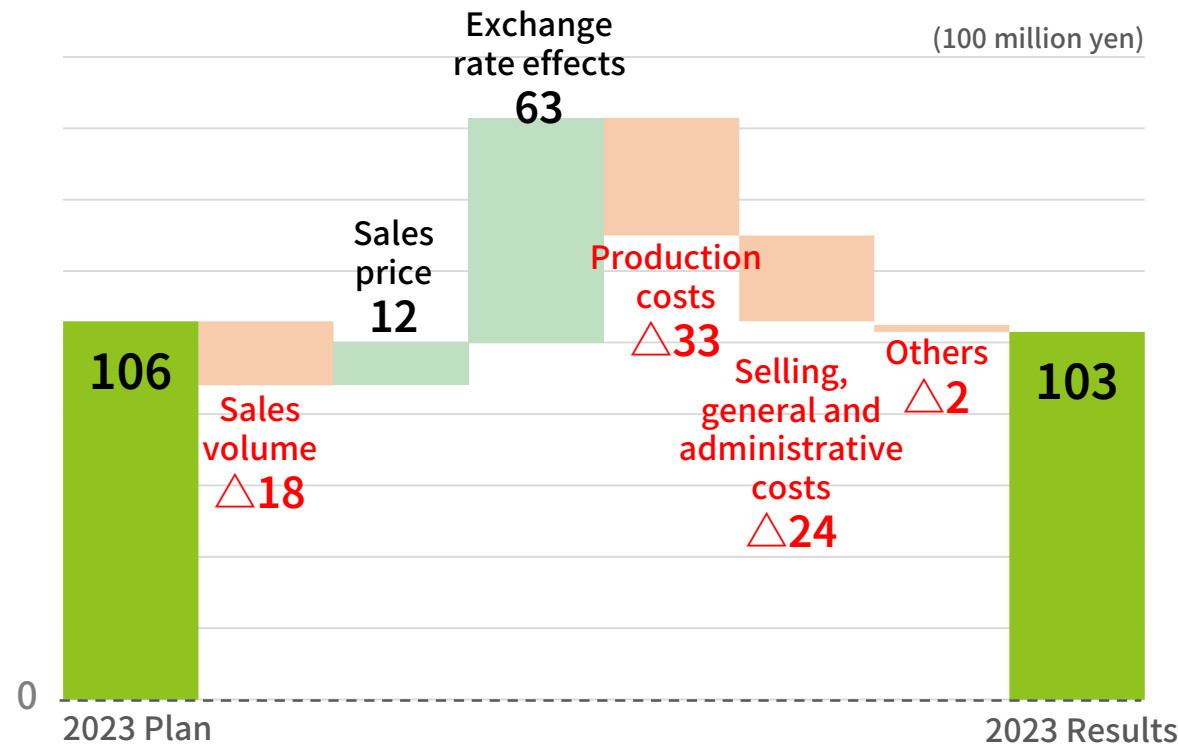


Analysis of differences in operating income

by business segment (FY2023 Plan vs. FY2023 Results)

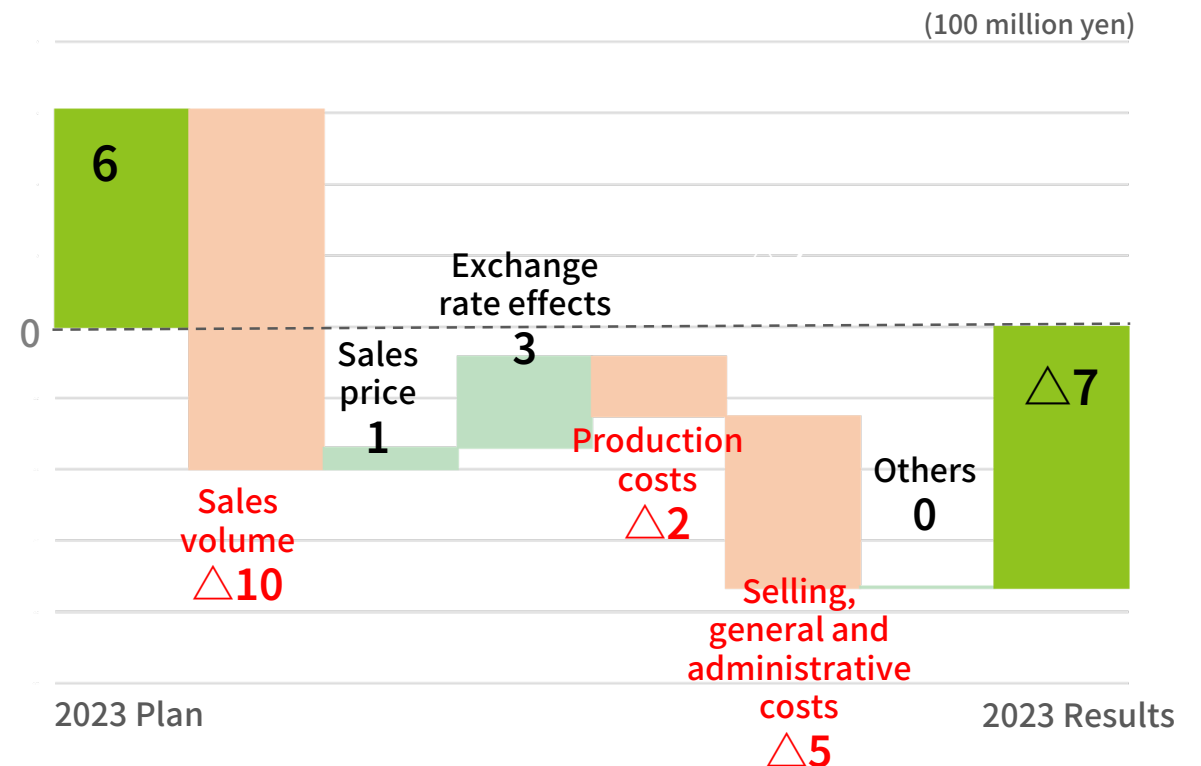
Biosciences business

- Despite falling short of the sales volume target, we nearly achieved our goals due to the depreciation of the yen.
(10.6 billion yen income targeted in medium-term business plan ⇒ Recorded 10.3 billion yen, falling 0.2 billion yen short of plan)



Healthcare business

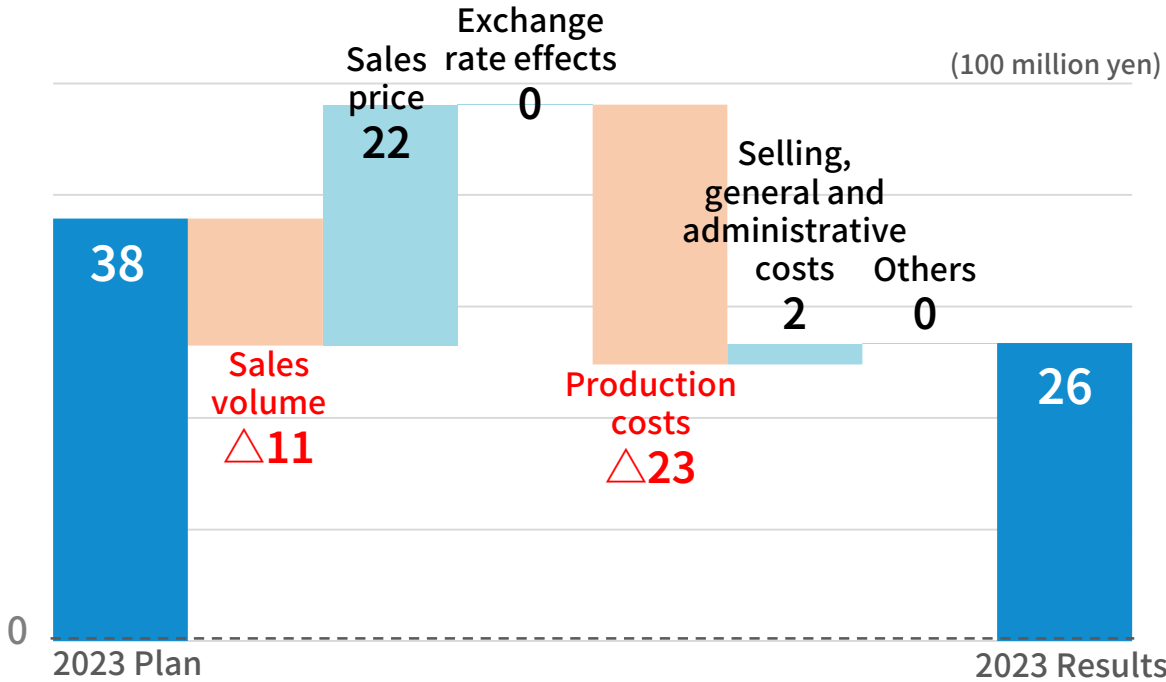
- Targets were not met due to the delayed launch of the animal health product Panoquell™ in the US.
(0.6 billion yen income targeted in plan ⇒ Recorded 0.7 billion loss, falling 1.3 billion short of plan)



Analysis of differences in operating income by business unit (FY2023 Plan vs. FY2023 Results)

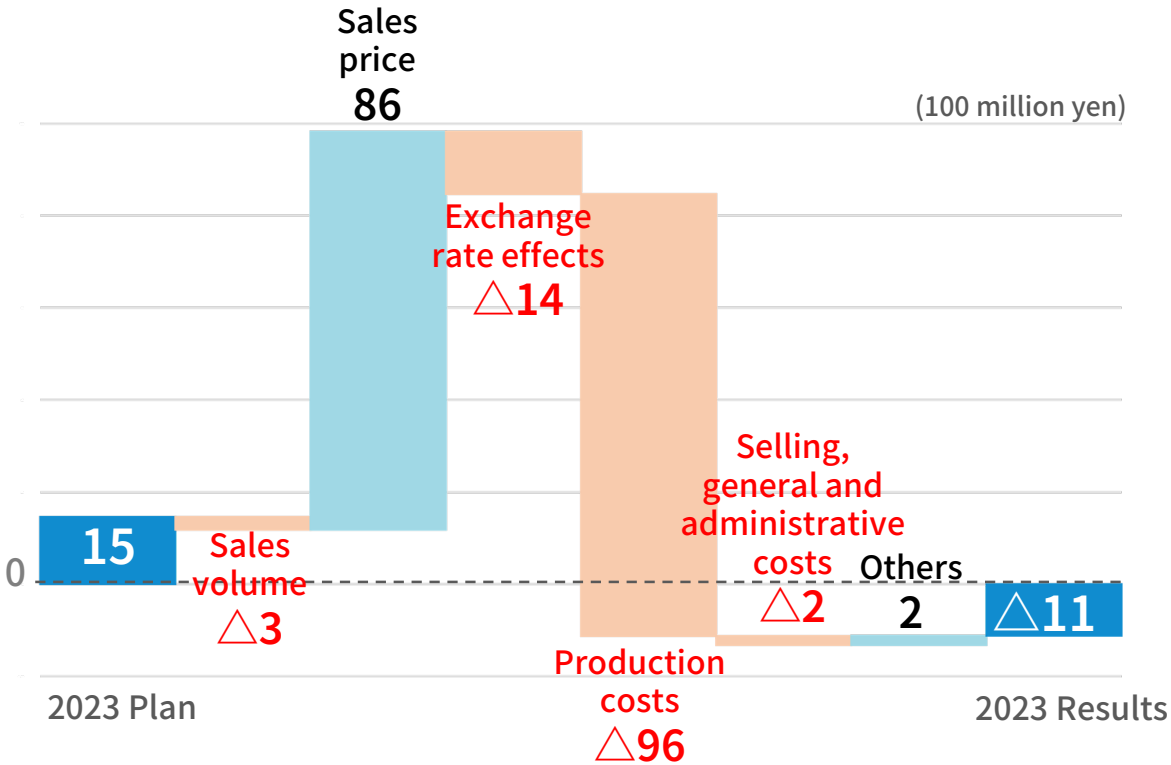
Functional materials

- Medium-term business plan targets were not achieved due to a downturn in the electronic components market and a failure to expand sales of electrically conductive materials in Japan and overseas.
(3.8 billion yen income targeted in plan ⇒ Recorded 2.6 billion income, falling 1.1 billion short of plan)



Titanium dioxide and other inorganic chemicals

- Due to the market slowdown, price revisions were insufficient to fully offset the increase in raw material and fuel cost.
(1.5 billion yen income targeted in medium-term business plan ⇒ Recorded 1.1 billion loss, falling 2.6 billion short of plan)



Review of Vision 2030 Stage I Results of the priority measures

- In Stage II, we will further strengthen the business foundation and reform our business structure.

Note: Text in “ ” indicates the priority measures defined for Stage I

Results	<ul style="list-style-type: none"> Organic chemicals <ul style="list-style-type: none"> • “The use of multiple agrochemical distributor” and “the maintenance of agrochemical registrations” helped achieve the sales targets of agrochemicals. • Finalized the construction plan for Technology Research Center, Hyogo-Ono to “refine and pass on chemical synthesis technologies.” Inorganic chemicals <ul style="list-style-type: none"> • To “expand sales of high-purity materials for components,” we established a joint venture company with Murata Manufacturing Co., Ltd. and finalized the plant construction plan. • We successfully achieved “waste reduction at the Yokkaichi Plant”. “Creating a roadmap toward carbon neutrality”. Group-wide <ul style="list-style-type: none"> • To achieve ““management from the perspective of ESG and the SDGs,” we have implemented an organizational transformation under the leadership of the Sustainability Promotion Committee. • We successfully achieved “strengthening shareholder return ” with a payout ratio of 30% and a cumulative shareholder return of 7.7 billion yen. Further enhancement will be pursued in Stage II.
Issues	<ul style="list-style-type: none"> Group-wide <ul style="list-style-type: none"> • “Strengthening of the ability to create new businesses and products” is still ongoing. We will pursue the enhancement of R&D organization. • To achieve “exhaustive capital cost management,” we will establish mechanisms and structures for ROIC-focused management. Organic chemicals <ul style="list-style-type: none"> • A new subcontractor plant in India has started operation to achieve “low-cost production of active agrochemical ingredients,” but the introduction of the new production method is behind schedule. • To achieve the “global roll-out of the anti-inflammatory drug for acute phase of pancreatitis in dogs,” a sales partnership with Ceva Santé Animale S.A. was concluded but the sales plan was behind schedule. Inorganic chemicals <ul style="list-style-type: none"> • “Increasing the sales ratio for highly functional, high-value-added products” was not achieved. We are steadfastly implementing the structural reform of the inorganic chemicals business. • “Accelerating development of new products that will serve as drivers of further growth” was behind schedule.

Review of Vision 2030 Stage I

Trends for business indicators

- Operating income fell short due to the rise in raw material and fuel cost.
- Interest-bearing debt increased due to investment in equipment at MF Material Co., Ltd.'s second plant at Nobeoka.

	2021 Results	2022 Results	2023 Results	2023 Plan	Differences
Net income per share (yen)	292.5	175.7	209.2	310.3	△101.0
Net assets balance (100 million yen)	918	974	1,061	1,003	58
Interest-bearing debt balance (100 million yen)	504	560	703	414	289
Return on equity (ROE)	14%	7%	8%	13%	△5pt
Operating margin	10%	7%	8%	13%	△5pt

Corporate 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

Our Vision Towards 2050

A global company that is cherished by people and society, achieving healthy and fulfilling lives

Three initiatives to realize our vision

Challenges and innovation

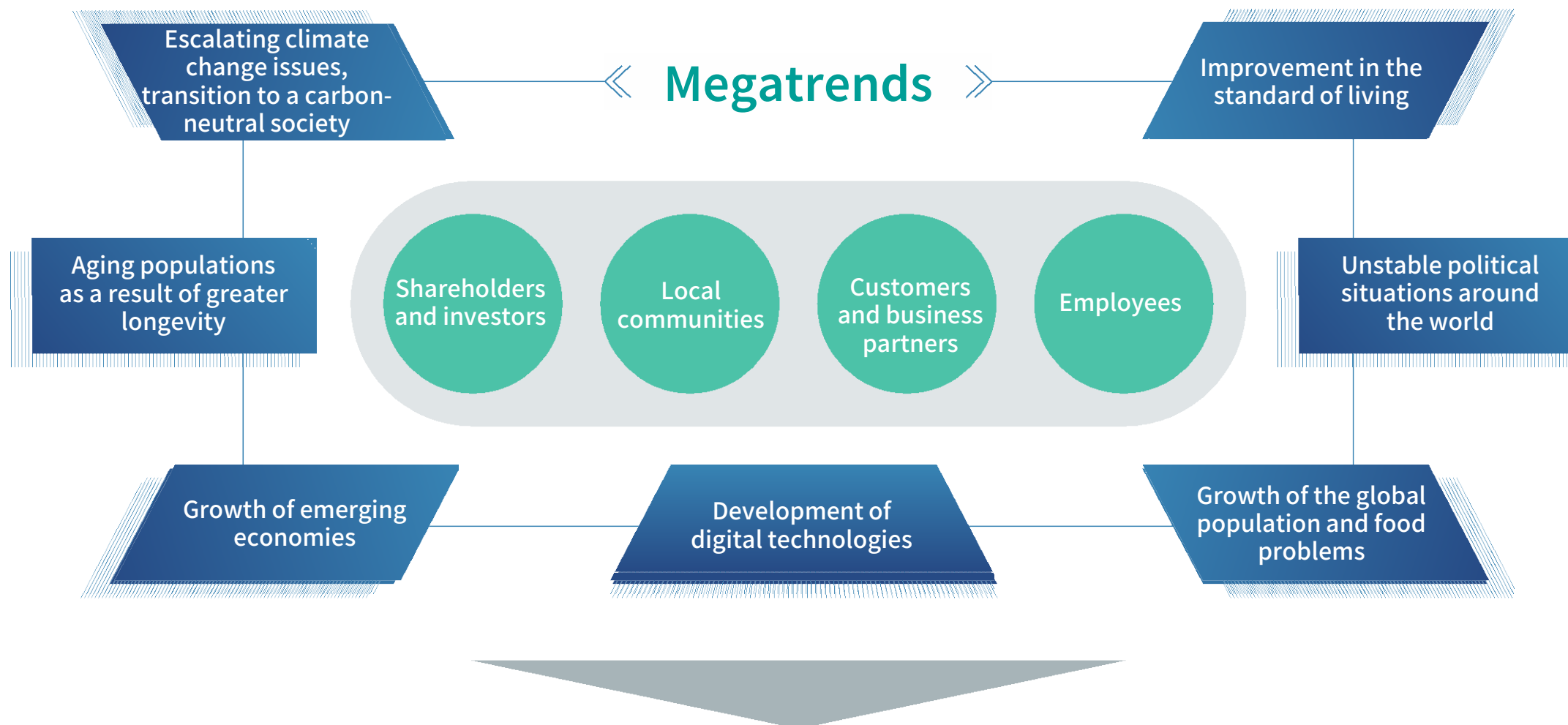
- Create new value through chemical technology
- Solve living problems through chemical technology
- Construct a new business model through chemical technology and DX

Create society

- Realize a sustainable society
- Offer the value of environmentally friendly, people-friendly, safe, comfortable, and secure living
- Addressing social issues and adapting to changes in lifestyles

Organizational and human evolution

- Enhance our human capital
- Enhance our technological infrastructure
- Promote a culture of compliance and ethical conduct, ensuring corporate health and reliability



Vision 2030

Originality. Acceleration. Global Reach.
Transforming Lives Through the Power of Chemistry.

ISK's strengths derived from our corporate philosophy and DNA

Ability to develop proprietary technologies × Ability to accommodate quality and environmental requirements × Ability to collaborate globally

Management capability

Organic Chemicals

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

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.

Titanium dioxide

Providing a variety of colors and hues

Functional materials

Creating a range of comfort

Environmental products

Achieving both innovation and environmental protection

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

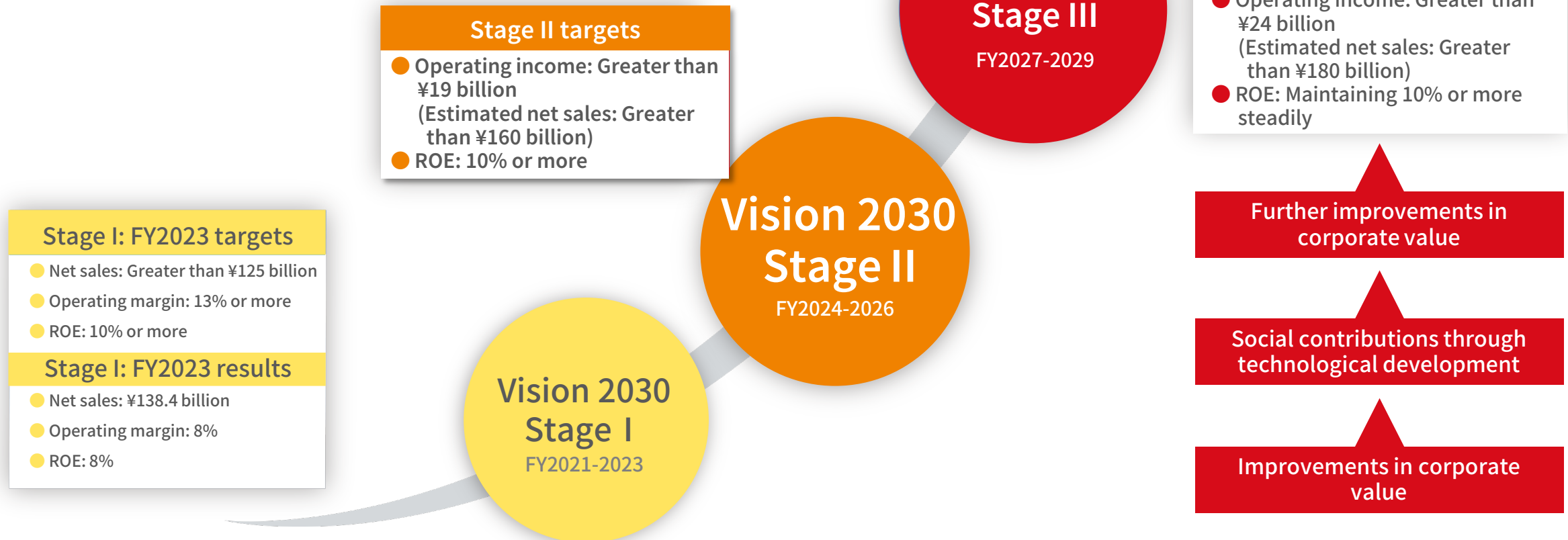
New businesses, others

- Building a new business portfolio
- Strengthening development of environmentally friendly products by investing resources (people and money) with an awareness of ESG considerations in areas other than titanium dioxide or agrochemicals
- Establishing structures to pursue carbon neutrality by 2050

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

Path to realizing Vision 2030 targets

Originality. Acceleration. Global Reach.
Transforming Lives Through
the Power of Chemistry.





Vision 2030 Stage II



Overview of Vision 2030 Stage II

Vision 2030

Originality. Acceleration. Global Reach. Transforming Lives Through the Power of Chemistry.

Medium-term business plan FY2024 to FY2026 Vision 2030 Stage II

Strengthening R&D capabilities and improving efficiency for greater originality

Accelerating globalization

Pursuing ROIC management

Continuing stable returns for shareholders



Organic chemicals business

- Accelerating R&D and commercialization of new agrochemicals and animal health products
- Increasing our share of the global market by manufacturing agrochemicals at the lowest cost in the world and supplying them in a stable manner
- Acquiring and maintaining agrochemical registrations in various countries worldwide
- Expanding sales for the animal health product PANOQUELL™ in the US and deploying the drug in other major countries as well
- Expanding the scale of our businesses by pursuing M&As and partnerships with other companies, and introducing agents from other companies
- Developing and commercializing biological products



Inorganic chemicals business

- Reforming our inorganic chemicals business structure
- Expanding sales and increasing production capacity of electronic component materials
- Expanding business by marketing newly developed products and creating new businesses
- Improving the capability of technical sales overseas
- Expanding business through collaboration with other companies
- Procuring main raw materials and fuels stably and on favorable terms

Overall management

Pursuing the initiatives to combine business activities with sustainability

- Contributing to the environment and society
- Promoting DX
- Promoting human capital management
- Continuing and improving corporate governance

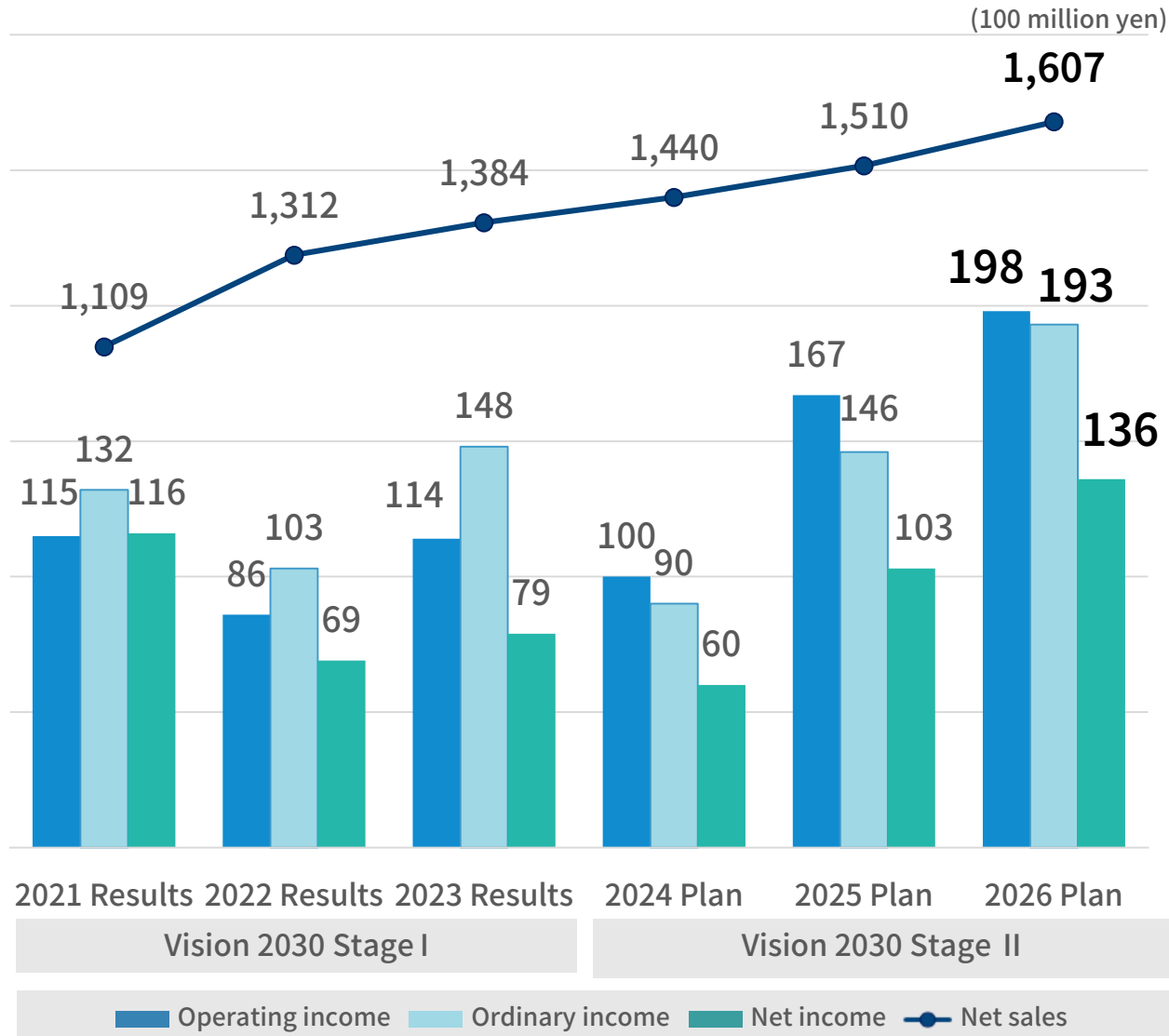
Vision 2030 Stage II Management targets

	2023 Results	2026 Target
Operating income	11.1 billion yen	Over 19 billion yen
Operating margin	8%	12% or more
Net income	7.9 billion yen	Over 13 billion yen
ROE	8%	10% or more

	2021-2023 Results	2024-2026 Targets
Capital investment	20.7 billion yen	32.7 billion yen
R&D expenses	27 billion yen	30.3 billion yen

Target	
Dividend policy	Aiming for a consolidated dividend payout ratio of 40% toward FY2026

Vision 2030 Stage II Performance targets



- Accelerate globalization and improve the ratio of overseas sales.

- Organic chemicals business

In FY2024, sales and profits have decreased from the previous year due to inventory adjustment in the agrochemicals (herbicides) market in North America.

After FY2025, the sales of growth strategy agents* will increase, including a recovery in herbicides sales.

*Growth strategy agents here refer to Tolpyralate (herbicide), Cyclanilprole (insecticides), Tiafenacil (herbicide), Isofetamid (fungicides), and Pyriofenone (fungicides).

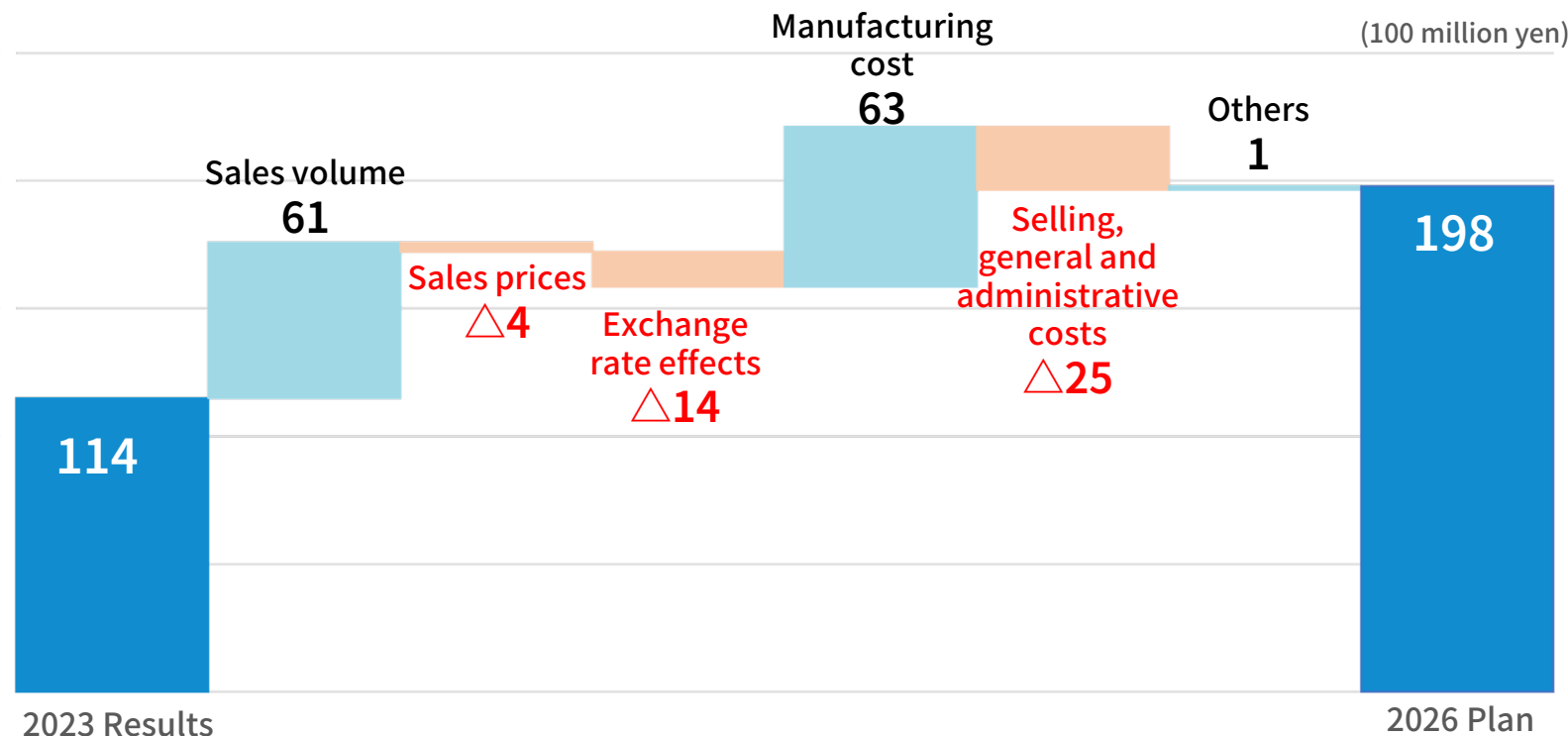
- Inorganic chemicals business

In FY2024,, profits decreased because of a production adjustment. From FY 2025, sales and profits will increase due to reduced manufacturing costs and increased sales of functional materials.

Exchange rate	(JPY/USD)	(JPY/EUR)
FY2021	112.8	130.4
FY2022	134.7	140.7
FY2023	145.6	157.0
FY2024	148.0	158.0
FY2025	140.0	150.0
FY2026		

Vision 2030 Stage II Group-wide operating income

- **Organic chemicals business:** Increase the sales volume through expanded sales of the growth strategy agents including the recovery of herbicide sales and animal health products. Increase profits through improved manufacturing costs.
- **Inorganic chemicals business:** Reduce manufacturing costs through rationalization and the favorable procurement of raw materials and fuel.



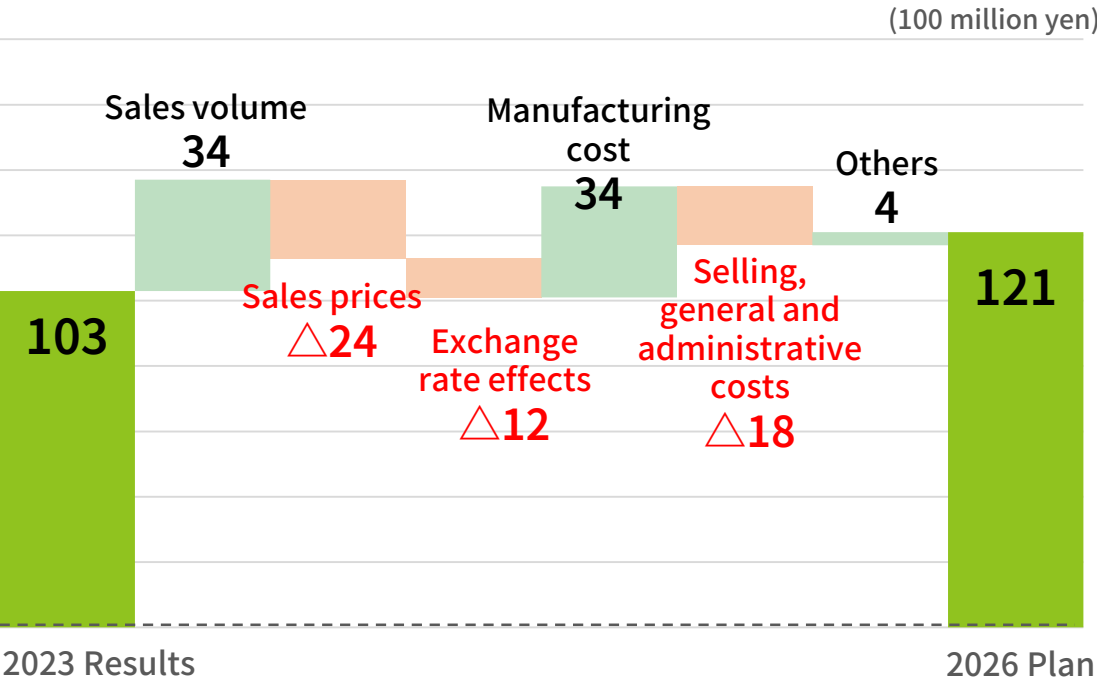
Exchange rate	(JPY/USD)	(JPY/EUR)
FY2023	145.6	157.0
FY2024	148.0	158.0
FY2025	140.0	150.0
FY2026		

Analysis of differences in operating income by business unit (FY2023 Results vs. FY2026 Plan)

Biosciences business

- Increase profit due to higher sales volumes focused on growth strategy agents and reduced manufacturing costs through new manufacturing techniques.

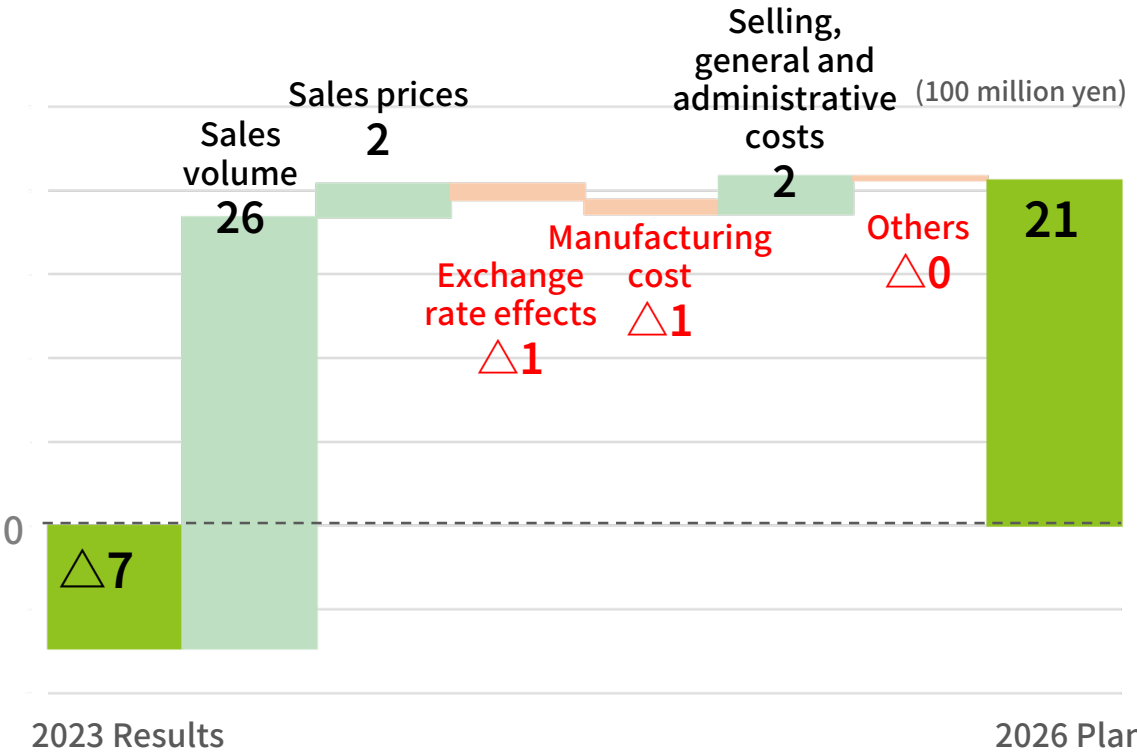
(Recorded 10.3 billion yen ⇒ 12.1 billion yen income targeted in medium-term business plan to achieve an increase of 1.7 billion yen)



Healthcare business

- Increase due to expanding sales of animal health products in the US.

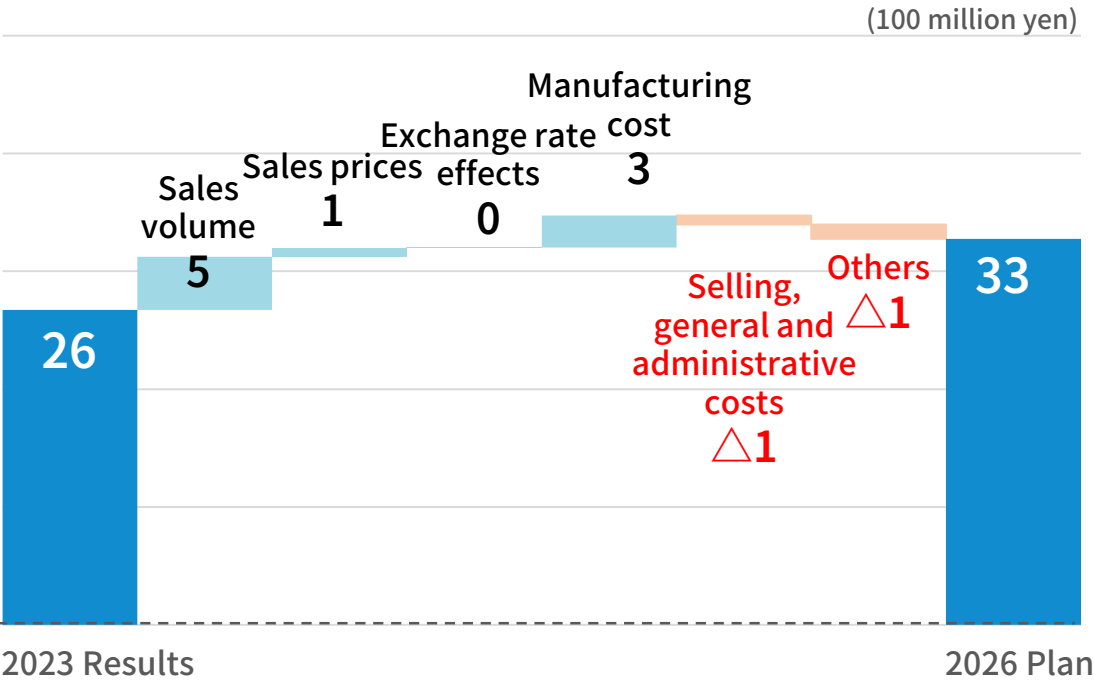
(Recorded 0.7 billion yen ⇒ 2.1 billion yen income targeted in medium-term business plan to achieve an increase of 2.8 billion yen)



Analysis of differences in operating income by business unit(FY2023 Plan vs. FY2023 Results)

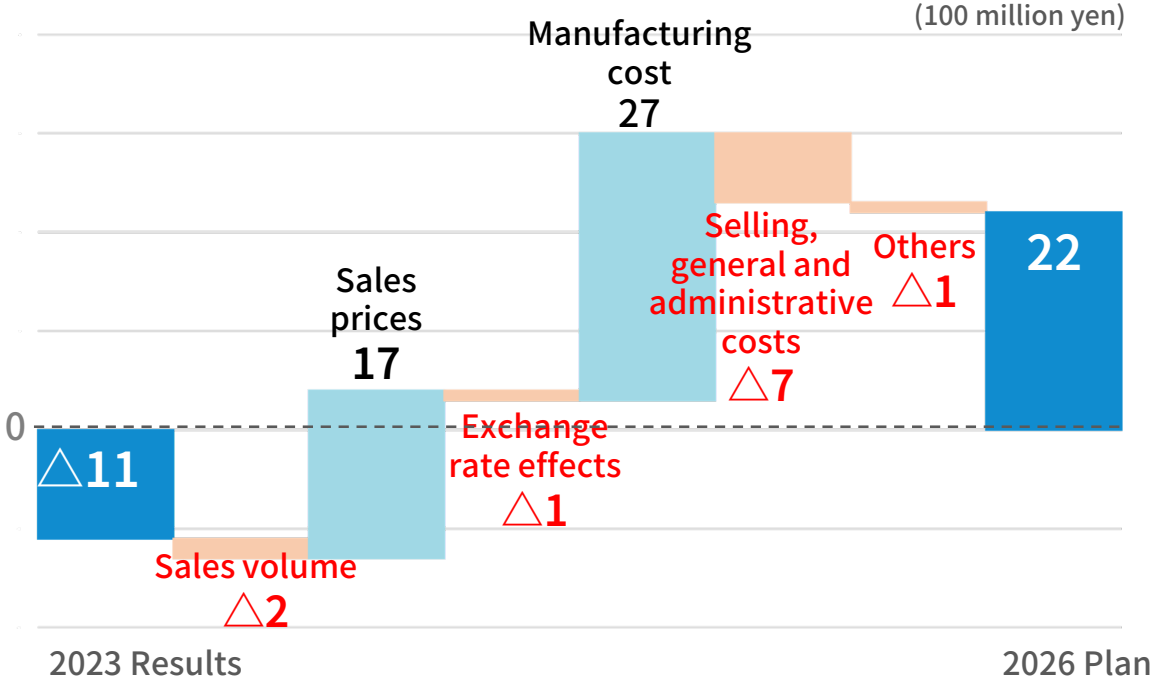
Functional materials

- Expanding sales of mainly electronic component materials.
(Recorded 2.6 billion yen ⇒ 3.3 billion yen income targeted in medium-term business plan to achieve an increase of 0.6 billion yen)



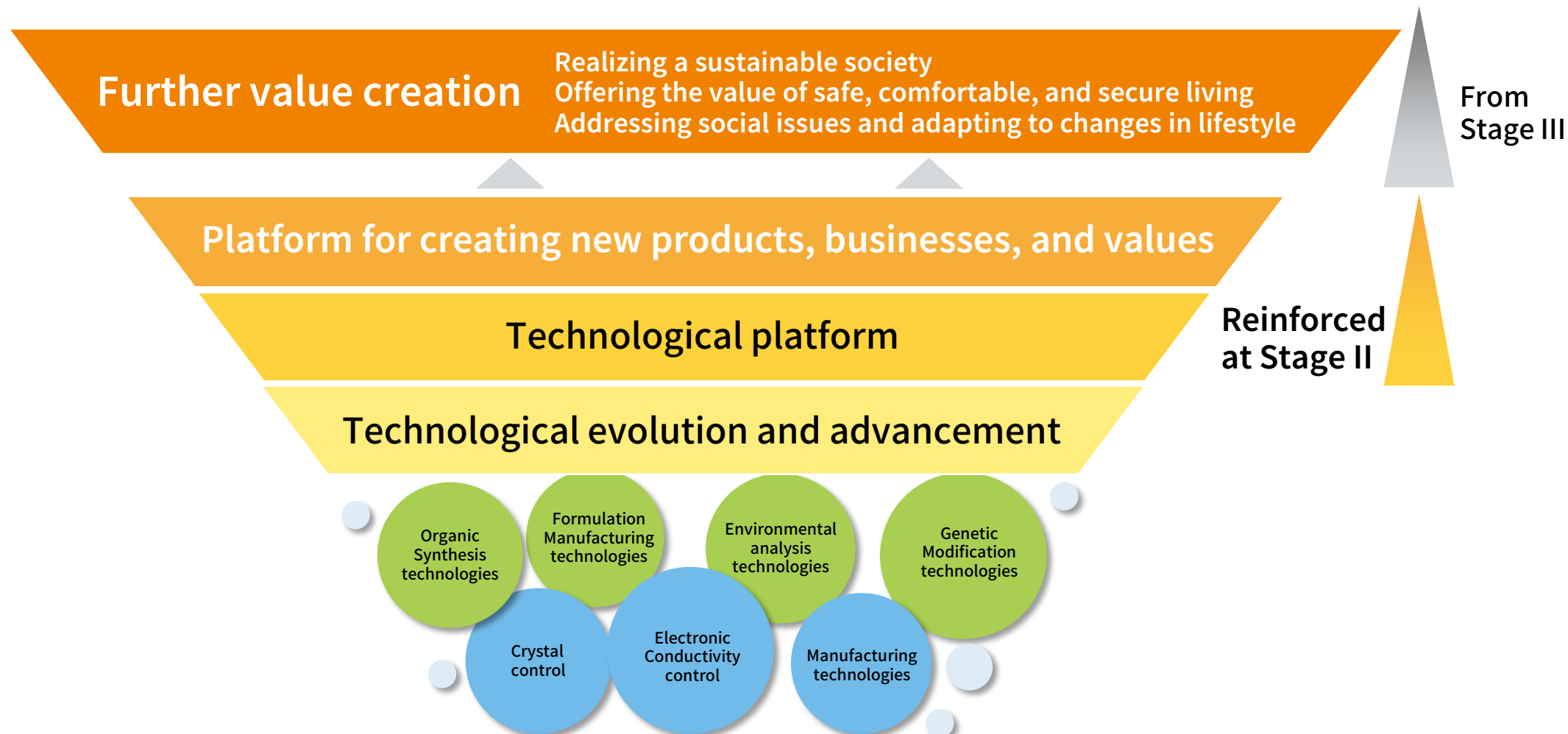
Titanium dioxide and other inorganic chemicals

- Revise the sales prices.
- Reduce manufacturing cost by procuring raw materials and fuels stably and on favorable terms and lowering the depreciation and repair costs of titanium dioxide plants in the sulfate process.
(Recorded 1.1 billion yen loss ⇒ 2.2 billion yen income targeted in the medium-term business plan to achieve an increase of 3.3 billion yen)

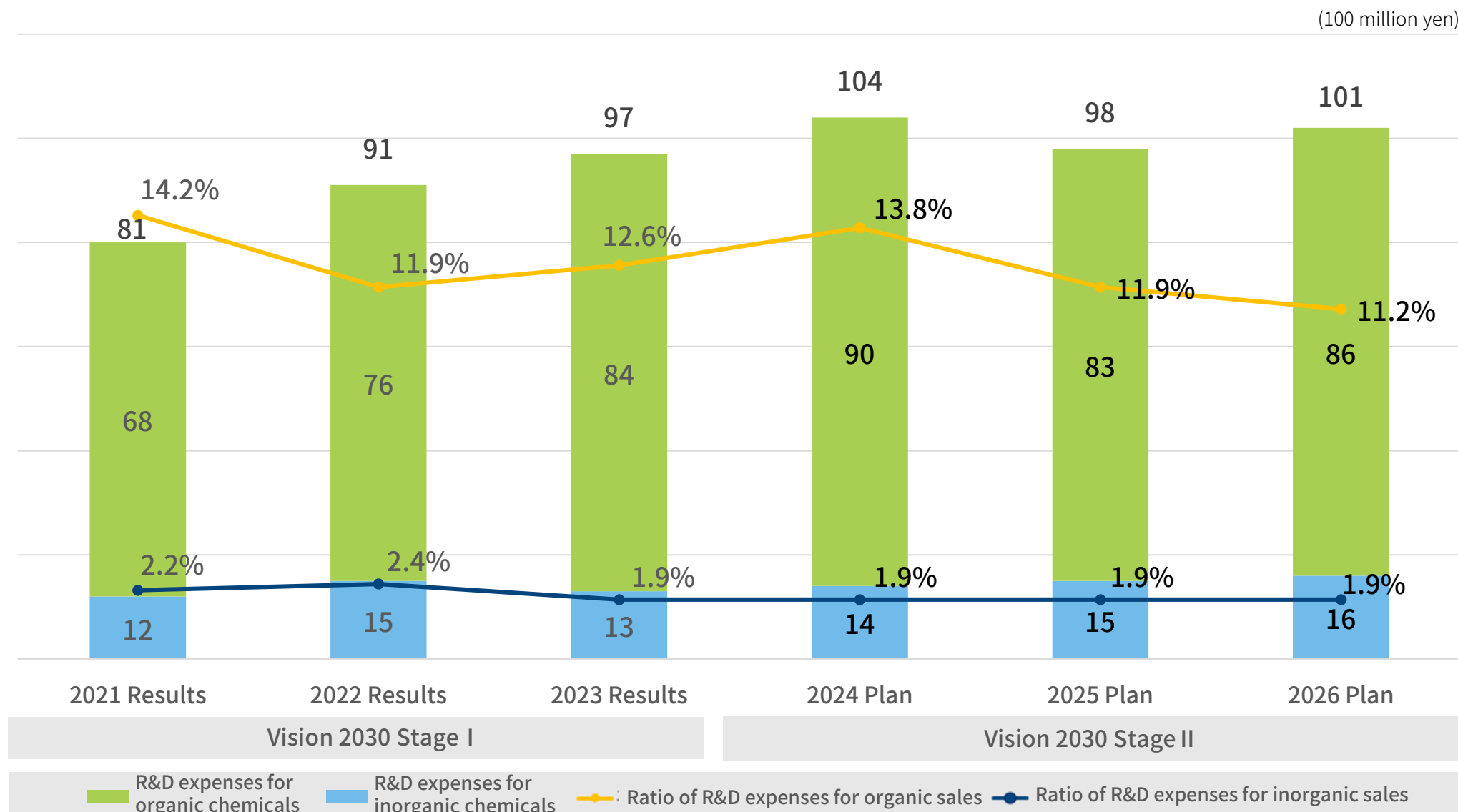


Vision 2030 Stage II R&D Strategy (Group wide)

- Strengthen the foundation and environment to merge a number of technologies expertise in organic and inorganic chemicals fields to create original products, businesses, and values.



Vision 2030 Stage II R&D expenses trends (Group wide)



Vision 2030 Stage II Business strategy (bioscience business)

- Accelerating R&D of new chemical pesticides. Lowering manufacturing cost by refining the manufacturing technology.
- Acquiring agrochemical registrations in countries worldwide and expanding the sales area using our global network.

Priority measures

- **Strengthening R&D capabilities and improving efficiency**
- **Accelerating R&D and commercialization of new chemical pesticides**
 - Proposing at least one full-scale R&D program for a new chemical compound pesticide every three years
 - Embodying and executing a new value-creation theme
- **Accelerating globalization**
 - Increasing our share of the global market by manufacturing agrochemicals at the lowest cost in the world and supplying them in a stable manner
 - Acquiring and maintaining agrochemical registrations in various countries worldwide
 - Implementing strategic, innovative sales measures, for example, by utilizing multiple agrochemical sales companies
- Expanding the scale of our business by pursuing M&As and partnerships with other companies, and introducing agents from other companies
- Developing and commercializing biological products

Sources of growth

- **R&D capabilities**
Organic synthesis, agrochemical ingredients and intermediates manufacturing technologies, biological and bioactivity evaluation technologies, formulation technology, safety assessment technology, environmental analysis technology, biological control technology, pest activity control technology, genetic modification technology, production engineering
- **Global network**
 - Capability to develop and register agrochemicals in various countries worldwide
 - Sales bases and sales partners in various countries worldwide
 - Raw material procurement sources and manufacturing partners in major countries

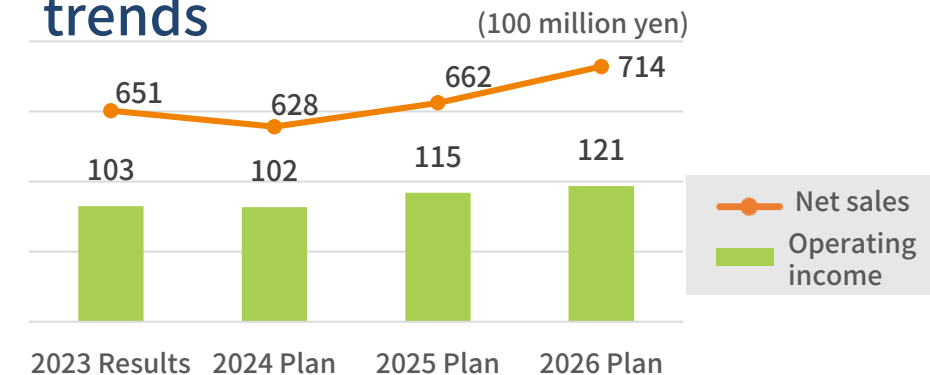
Major investment

Construction of Technology Research Center, Hyogo-Ono for production engineering R&D
M&A and business alliances



Concept drawing of Technology Research Center, Hyogo-Ono

Net sales and operating income trends



Vision 2030 Stage II Business strategy (healthcare business)

- Acquiring a full approval for PANOQUELL™ in the US and starting sales in other major countries.
- Expanding the applications of Fuzapladib sodium, the active ingredient in PANOQUELL™, and expanding the business and disease-treatment areas.

Priority measures

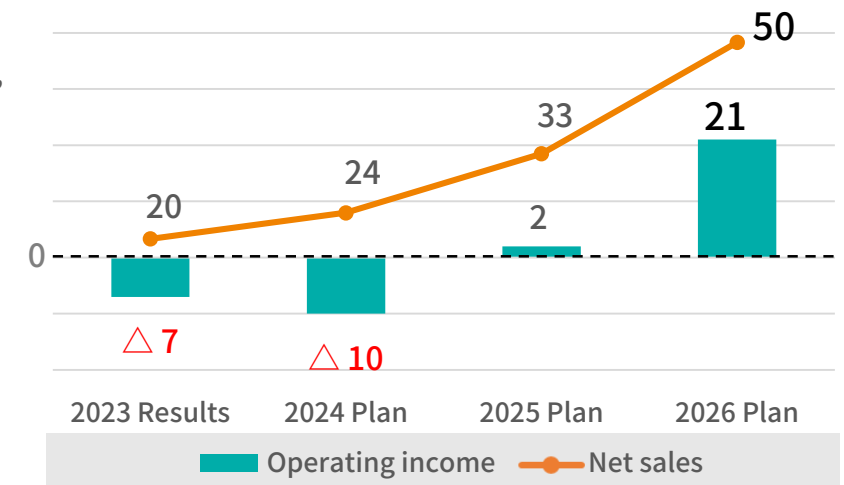
- **Strengthening R&D capabilities and improving efficiency**
- **Accelerating R&D and commercialization of animal health products**
 - Creating business through multiple pipelines including in the veterinary and human health products fields
- **Accelerating globalization**
 - Expanding sales for the animal health product PANOQUELL™ in the US and deploying the drug in other major countries

Sources of growth

- **R&D capabilities**
Organic synthesis, manufacturing technologies for veterinary drug ingredients and intermediates, drug efficacy/pharmacological analysis technology, formulation technology, safety assessment technology, production engineering
- **Global network**
 - Sales bases and sales partners in countries worldwide
 - Raw material procurement sources and manufacturing partners in major countries

Net sales and operating income trends

(100 million yen)



R&D strategy (organic chemicals business)

- Accelerate R&D of new drugs for growth markets and new product launches.
- Advance chemical pesticides by considering the introduction of agents from other companies and joint development with partners.

[Newly expanding market] Development pipeline

- Development of new agrochemicals utilizing ISK's advanced agrochemical creation capabilities*.

Developed agents	R&D	Phase1	Phase2	Phase3	Registration stage
Insecticide A					
Herbicide B					
Fungicide C					
Insecticide D					

→ : Planning to consider in FY2024 to 2026

*Generally, the probability of successfully creating a new medicine is considered to be one in 160,000 compounds, but the rate for ISK is one in approximately 13,000 compounds

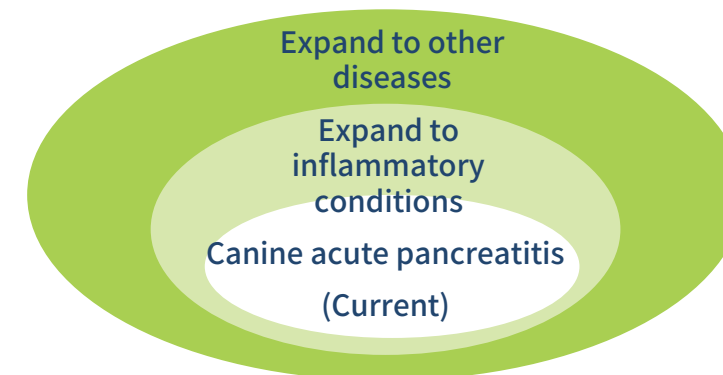
[Newly expanding market] Other development

- Current development status of agents that contribute to sustainable agriculture

Products under development	Marketing period
Biopesticides	In FY2026
Biostimulant agents	In FY2026

[Continuously expanding market] Animal healthcare products

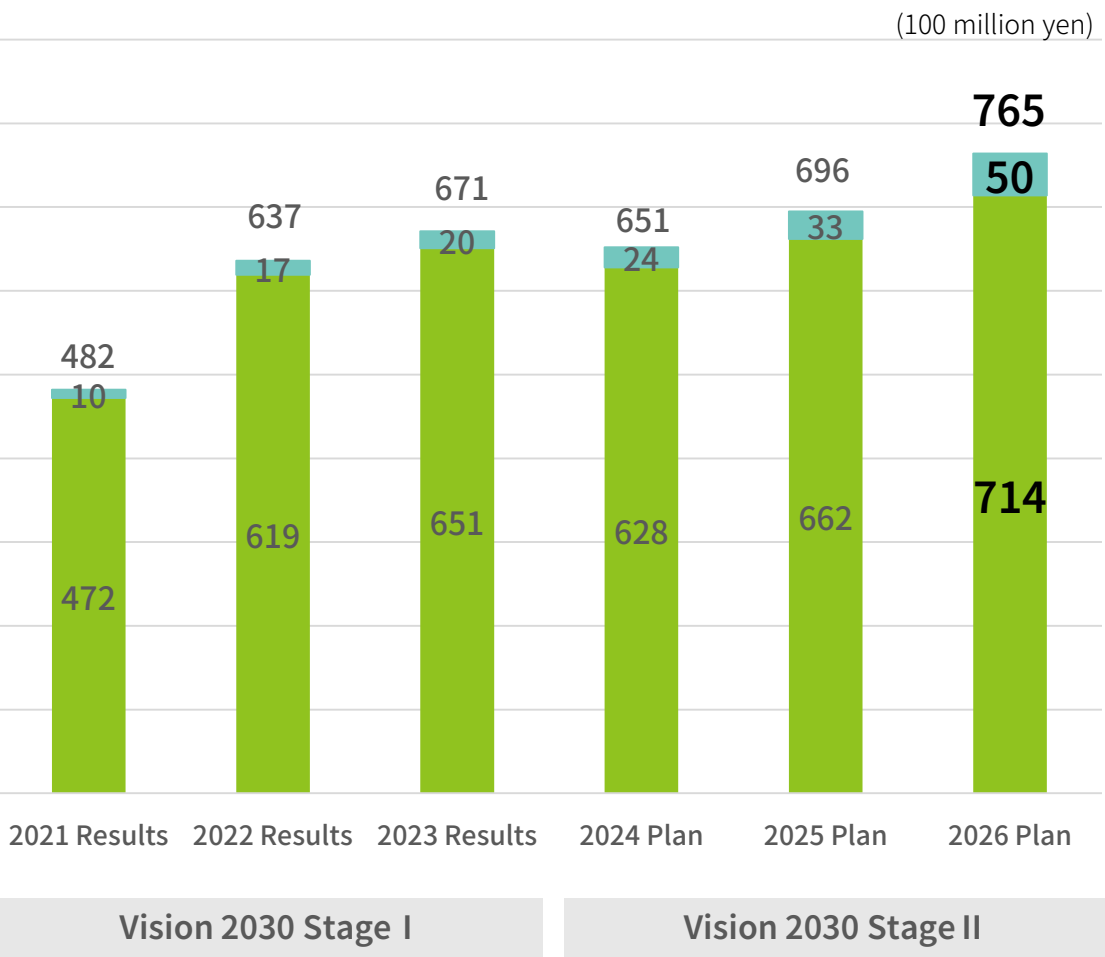
- Expanding the application of fuzapladib sodium hydrate utilizing its unique mechanism of action, towards Stage III



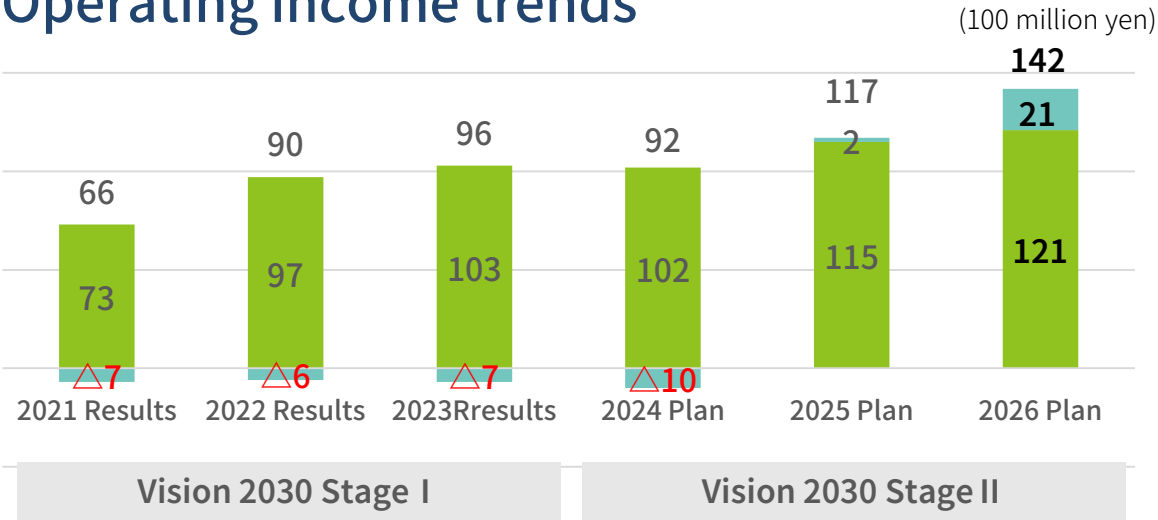
Vision 2030 Stage II Organic chemicals business

Net sales and operating income plan

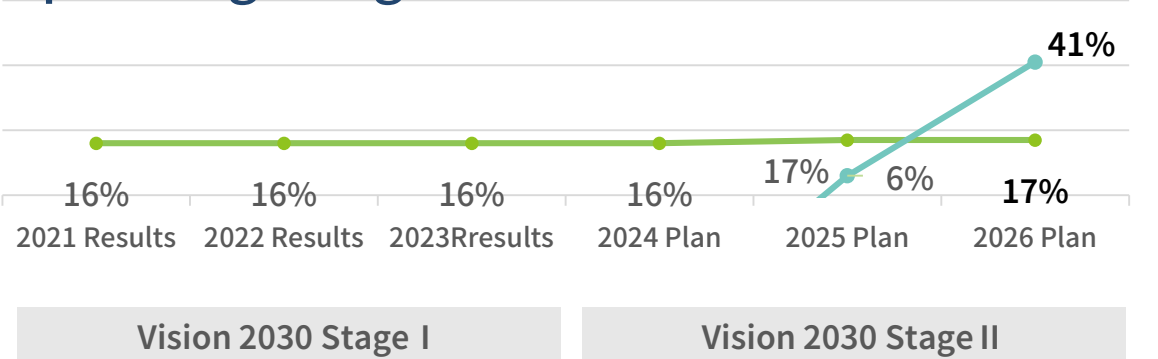
Net sales trends



Operating income trends



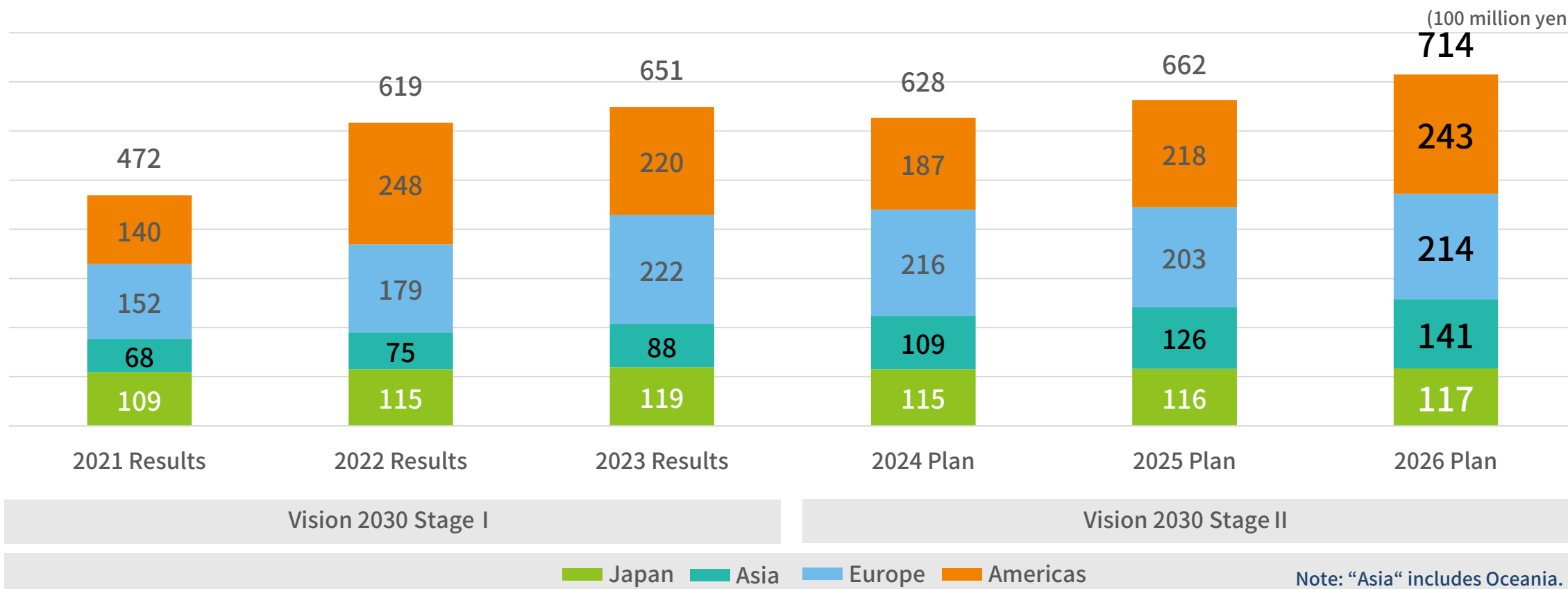
Operating margin trends



Bioscience Healthcare Bioscience operating margin Healthcare operating margin

Vision 2030 Stage II Agrochemical sales plan by region

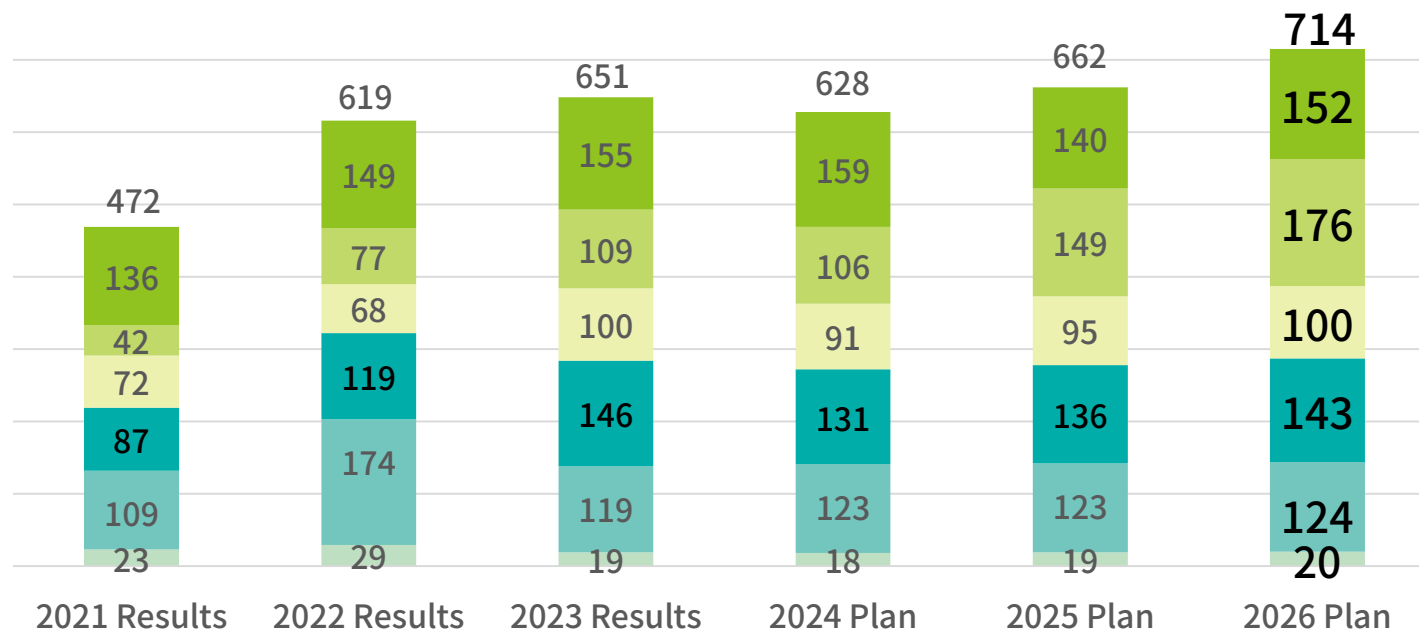
- In the Americas, the herbicide market will recover in FY 2025; sales of our growth strategy agents will increase.
- In Europe, maintain sales by taking action against generic versions of our main agrochemicals and increasing sales of the fungicide isofetamid.
- Increase sales by employing multiple dealers in Asia.



Vision 2030 Stage II Agrochemical sales plan by product

- For the fungicide fluazinam, eliminate the stock in the Brazilian market, and maintain market share by adopting new sales companies.
- For the fungicide cyazofamid, maintain registration and expand sales areas.
- For the insecticide flonicamid, expect an increased competition from generic products in Europe and US. Take action to maintain market share by developing and launching mixed agents.

(100 million yen)



Vision 2030 Stage I

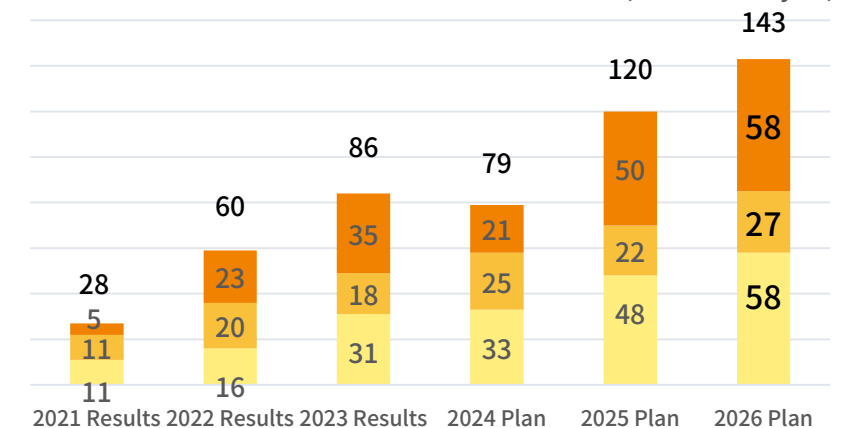
Vision 2030 Stage II

Nicosulfuron Fluazinam Cyazofamid Flonicamid Growth strategy agents Others

- For the herbicide tiafenacil, increase sales by achieving recovery in North American herbicide markets and launching new mixed agents.
- For the herbicide tolpyralate, increase sales in the US by launching mixed agents etc. Start sales in several other countries.
- For the insecticide cyclaniliprole, lower manufacturing costs using new manufacturing methods. Sales growth expected in Asia and Brazil.

Three growth-strategy agents

(100 million yen)



Vision 2030 Stage I

Vision 2030 Stage II

Tolpyralate
Tiafenacil

Cyclaniliprole

Vision 2030 Stage II Business strategy (inorganic chemicals business)

- Accomplishing structural reforms of inorganic chemicals business by FY2026 to achieve higher profitability.
- Accelerating the development of new products by strengthening R&D capabilities and improving efficiency, and expanding functional materials sales.

Priority measures

- **Reforming the structure of the inorganic chemicals business**
- **Strengthening R&D capabilities and improving efficiency**
- **Expanding sales and increasing production capacity of electronic component materials**
 - Improving quality and reducing costs by improving the processes used at MF Material Co., Ltd. (Nobeoka Plant and Hyuga Plant)
 - Expanding the portfolio for the electronic component materials field
- **Expanding business by marketing newly developed products and creating new businesses**
- **Accelerating globalization**
 - Improving the capability of technical sales overseas
- **Expanding businesses through collaboration with other companies**
- **Procuring main raw materials and fuels stably and on favorable terms**

Sources of growth

- **R&D capability**
Crystal control, fine-particle synthesis, particle shape control, dispersion technology, optical property control, electronic conductivity control, heat storage and dissipation technology, production technology
- **Wide-ranging and loyal customer base**
- **Extensive product lineup**
- **Newly developed unique products**
High and low dielectric constant materials (filler materials), new, high-purity titanium dioxide (electronic component materials), high refractive index materials, high jet-black materials, heat storage materials

Major investment

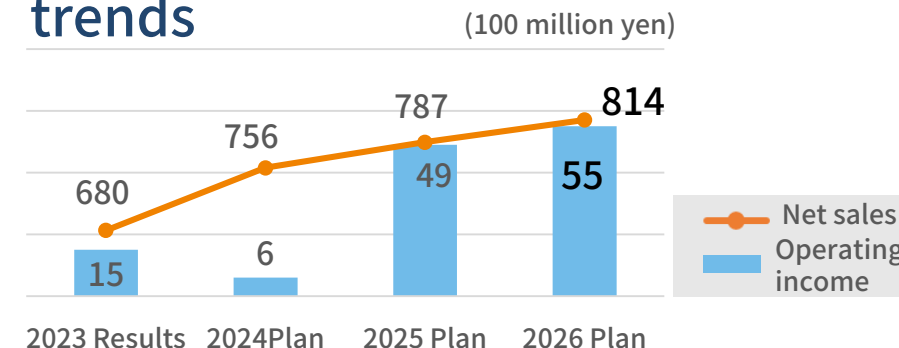
MF Material Co., Ltd.'s second plant at Nobeoka (to increase production capacity) Yokkaichi Plant
Electrolytic cell alteration to zero gap design (energy conservation)



Slag richening construction (expanded freedom to choose minerals)

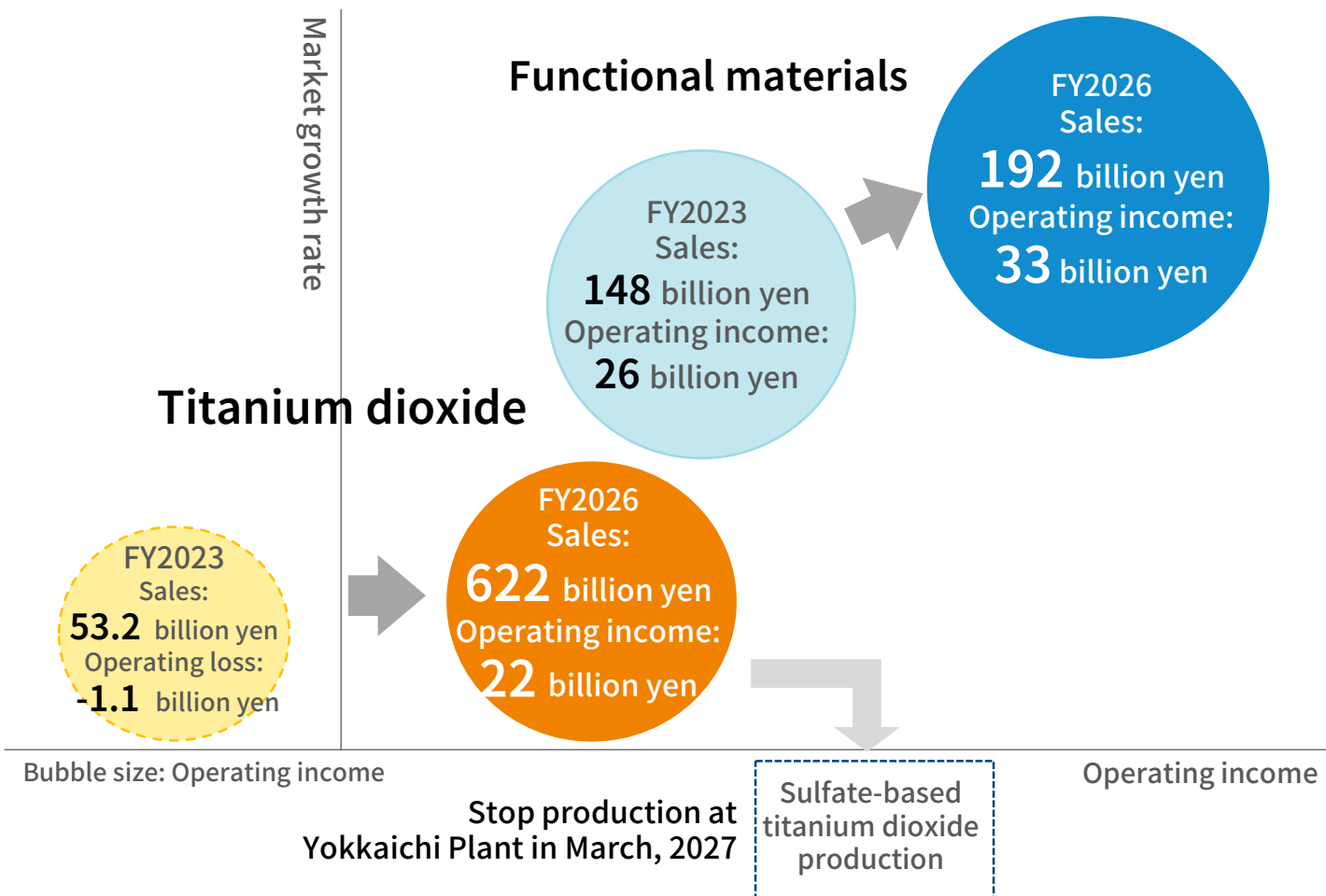
Conceptual view of completed MF Material Co., Ltd.'s second plant at Nobeoka

Net sales and operating income trends



Structural reform of inorganic chemicals business

• Completing structural reforms of inorganic chemicals business for Stage III





- Setup of inorganic chemicals business headquarters by reforming organization
 - Unify sales, production and R&D functions
- Full-scale transformation of product portfolio from commodity titanium dioxide to functional materials domain
 - Accelerating new product R&D, primarily for electronic component materials field
 - Investing resources in functional materials domain
- Merging and streamlining production bases and product lines
 - Improving production efficiency through optimization and rationalization across the entire group

- Accelerating new product R&D in other fields, including product portfolio extension for electronic component materials field.

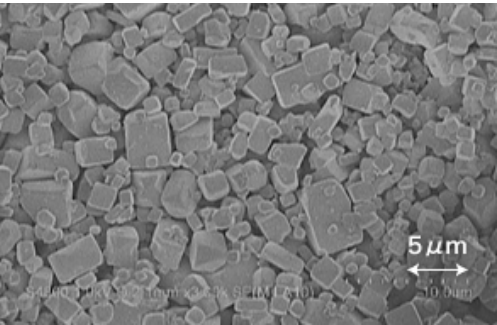
New product R&D

Classifi-cation	Developed materials	Sales period (Unit: Fiscal year)			
		2024	2025	2026	2027
Continued expansion market	High and low dielectric constant materials				
	New high-purity titanium dioxide				
New expansion market	High refractive index material				
	High jet-black pigment (LUSHADE™)				
	Heat storage material (HASClay™*)				

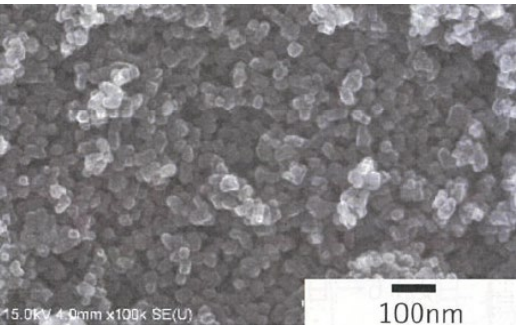
*This product was developed based on findings from our collaborative research with the National Institute of Advanced Industrial Science and Technology.

 : Full-scale sales
 : Pre-sale

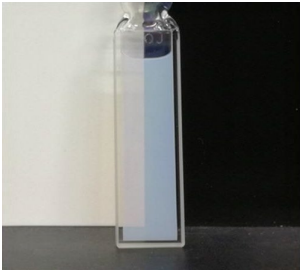
High and low dielectric constant materials



New high-purity titanium dioxide (new particle size)



High refractive material



High jet-black pigment



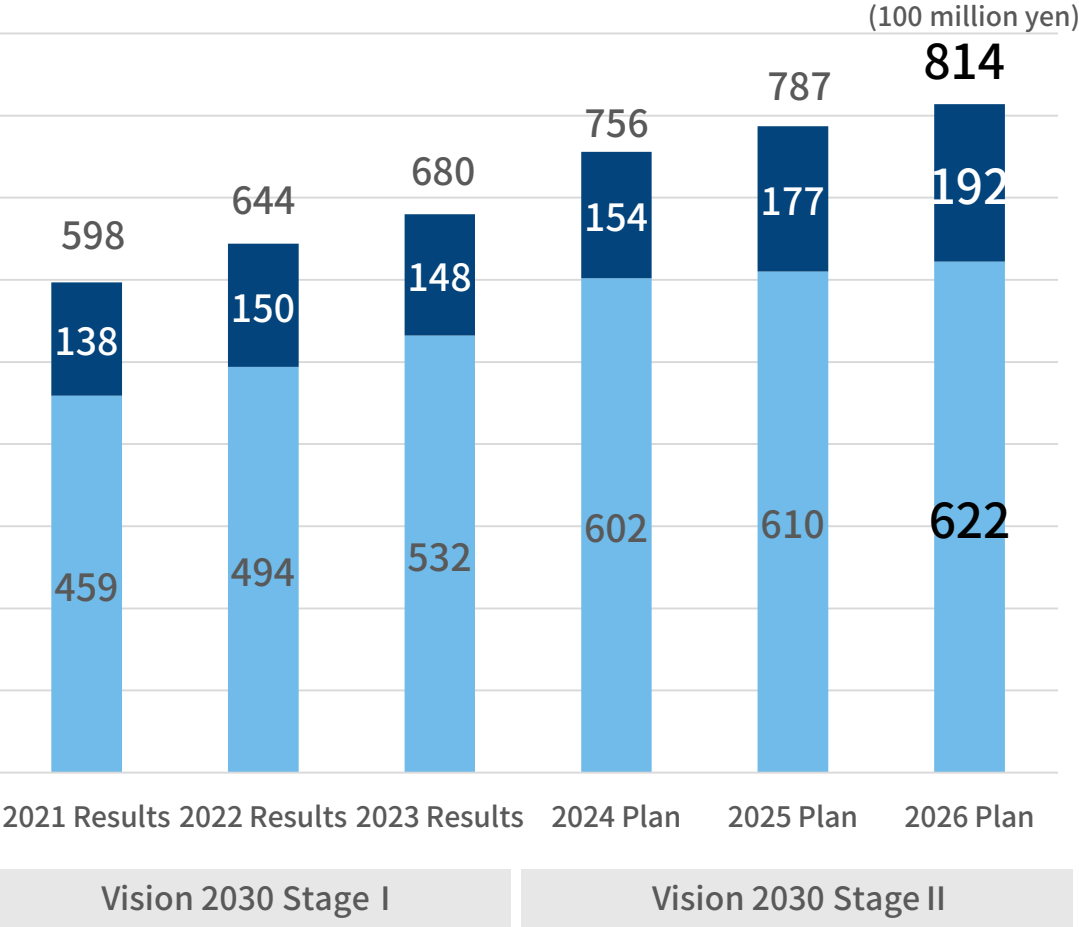
Heat storage (HASClay)

Vision 2030 Stage II

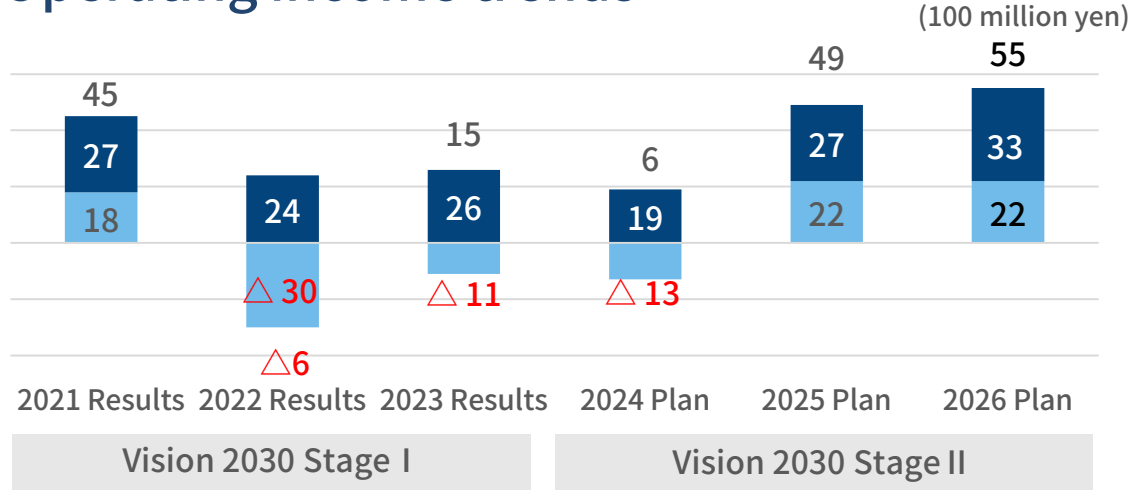
Inorganic chemicals business Net sales and operating income plan

ISK ISHIHARA SANGYO KAISHA, LTD.

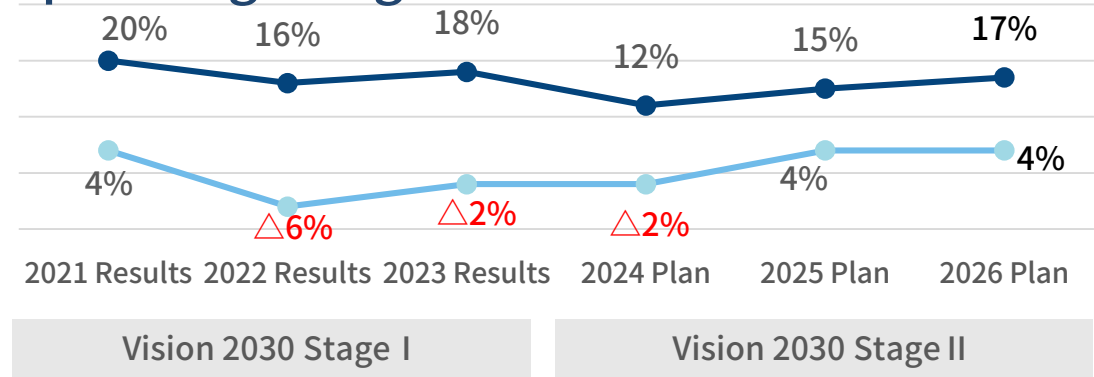
Net sales trends



Operating income trends



Operating margin trends

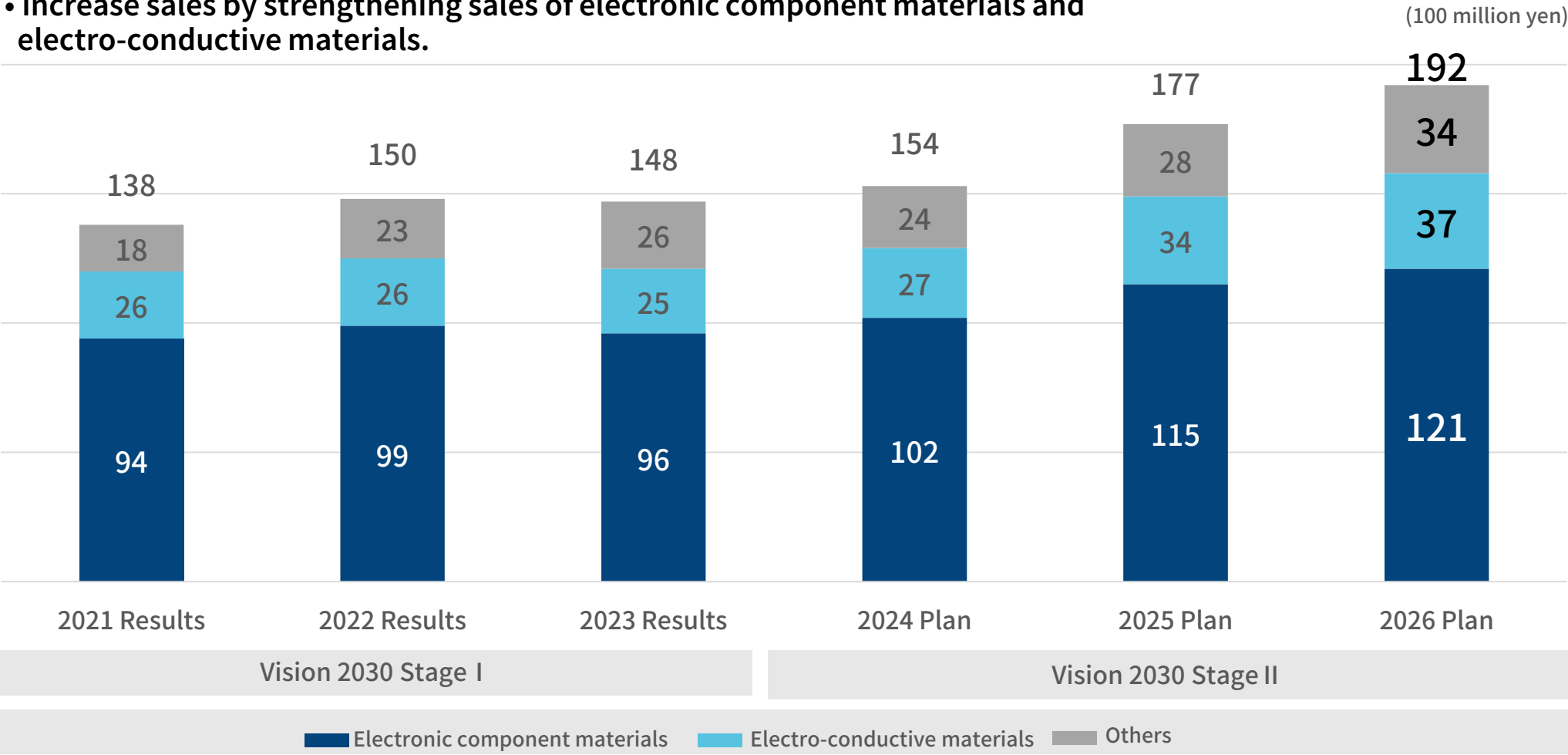


Titanium dioxide Functional materials Titanium dioxide operating margin Functional materials operating margin

Functional materials sales plan by materials

Sales amount by material trends

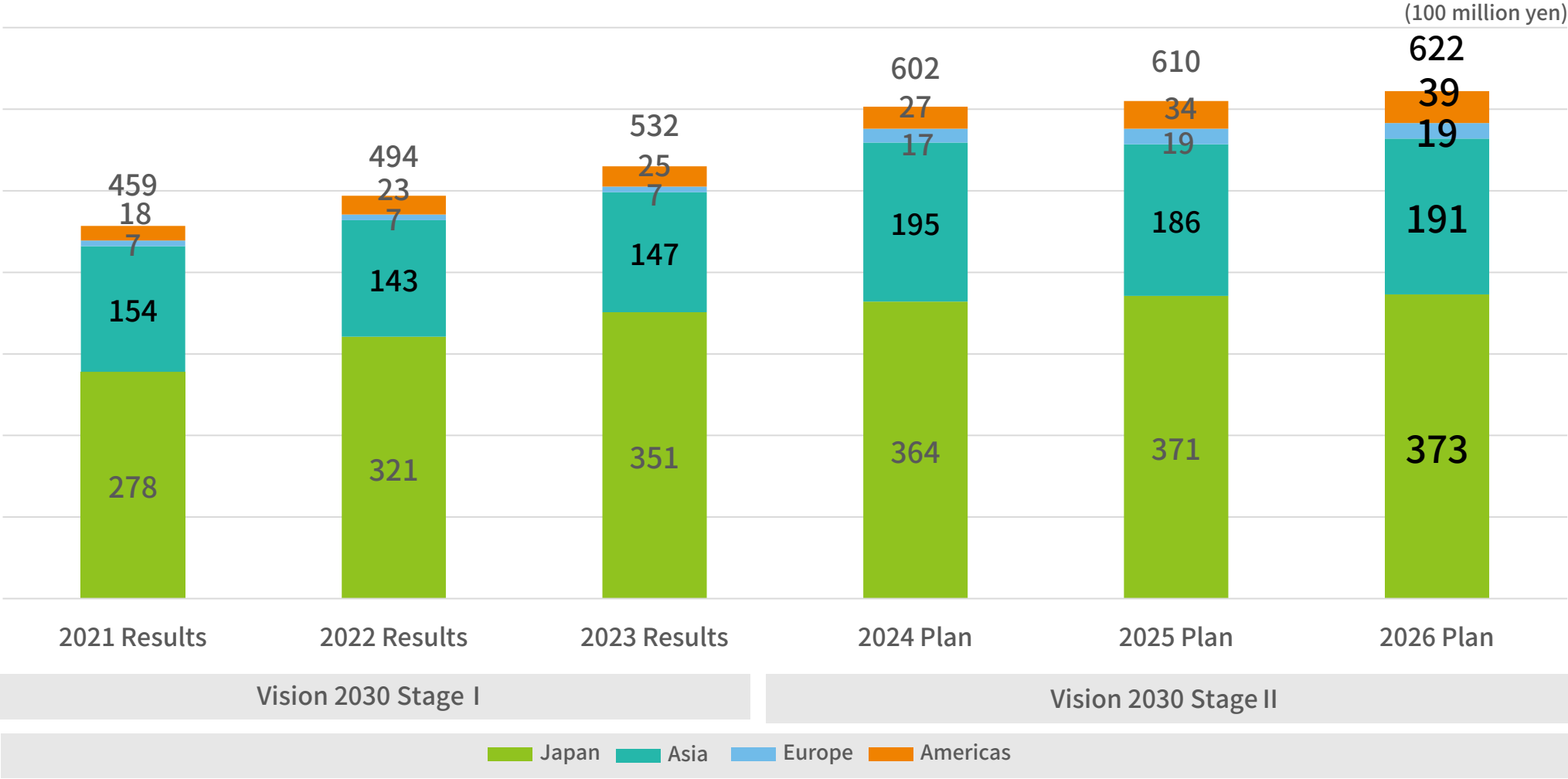
- Increase sales by strengthening sales of electronic component materials and electro-conductive materials.



Vision 2030 Stage II

Sales of titanium dioxide by region

Sales amount by region trends



Vision 2030 Stage II Priority measures (overall management)

Implementing sustainability initiatives to increase corporate value

Contributing to the environment and society

- Creating measures to improve energy efficiency and to reduce greenhouse gases
- Promoting carbon neutrality along the roadmap
- Identifying and developing environmentally friendly products and technologies
- Supporting human rights issues, including in the supply chain

Promoting DX

- Accelerating innovation by introducing a technical data/information-sharing system
- Streamlining and saving manpower through digitalization
- Improving productivity through utilization of generative AI
- Developing DX talent and improving employee IT literacy

Promoting human capital management

- Taking action based on ISK Group human resources management policy
- Accumulating and organizing human resource information (use a talent management system)
- Fostering human resources linked to business strategy
- Maintaining and improving employee engagement
- Promoting career development of employees

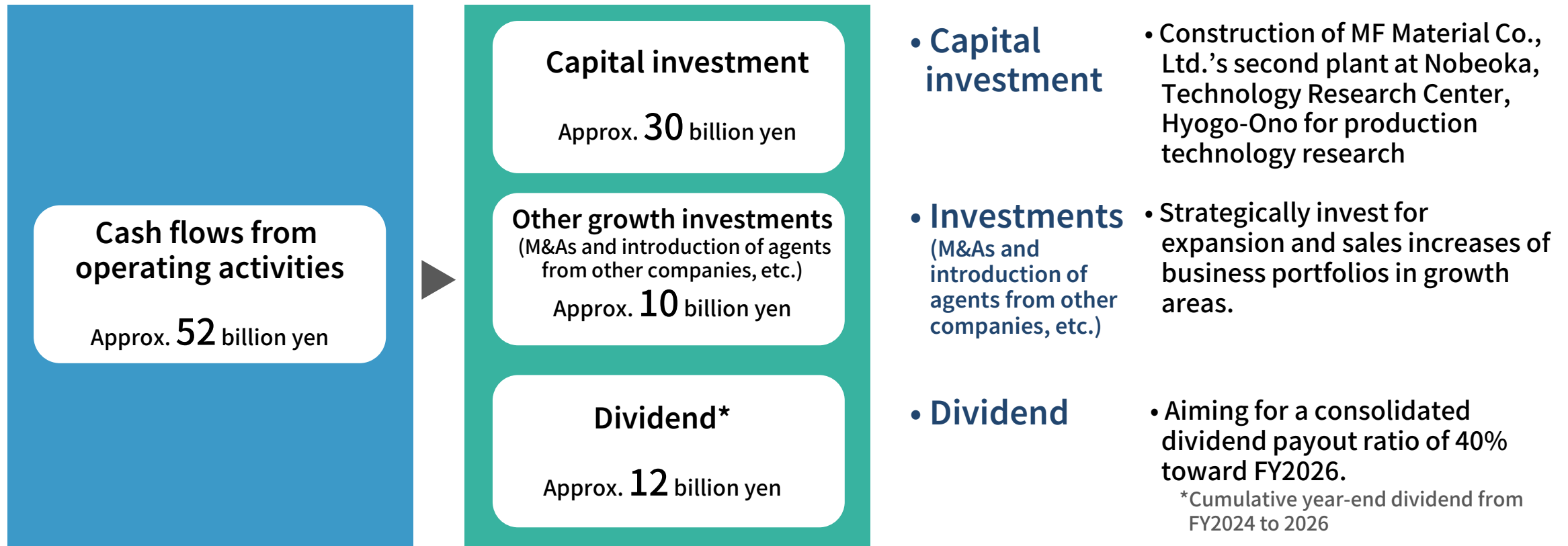
Continuing and advancing corporate governance

- Continuing and strengthening compliance management
- Strengthening risk management

Vision 2030 Stage II Capital allocation

Capital allocation plan for FY2024–2026 (3-year cumulative)

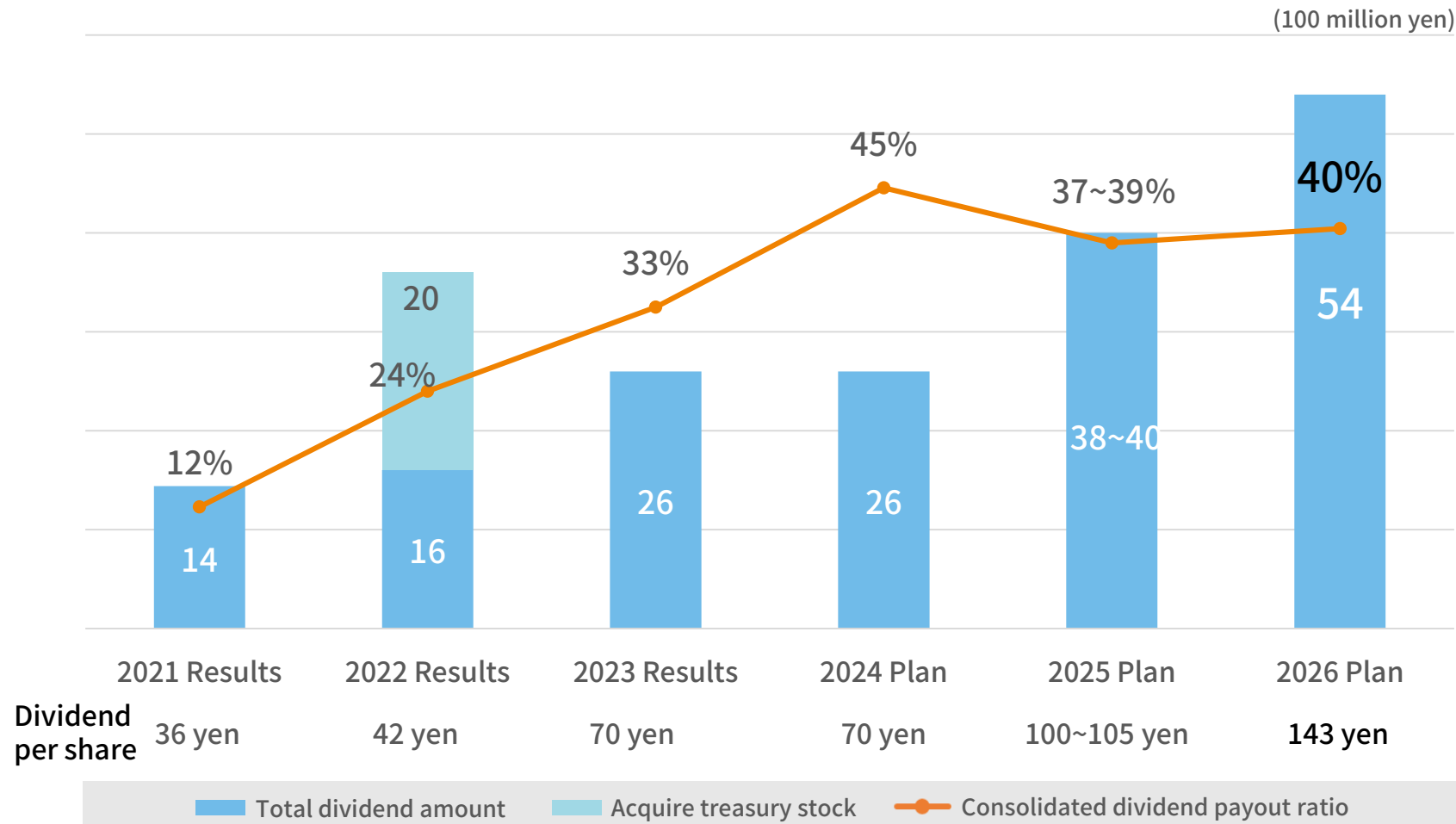
- Actively invest for growth and shareholder returns to increase the corporate value.



We will flexibly acquire treasury stock in line with the cash flow situation.

Vision 2030 Stage II Shareholder return policy

- Aiming for a consolidated dividend payout ratio of 40% toward the final year.



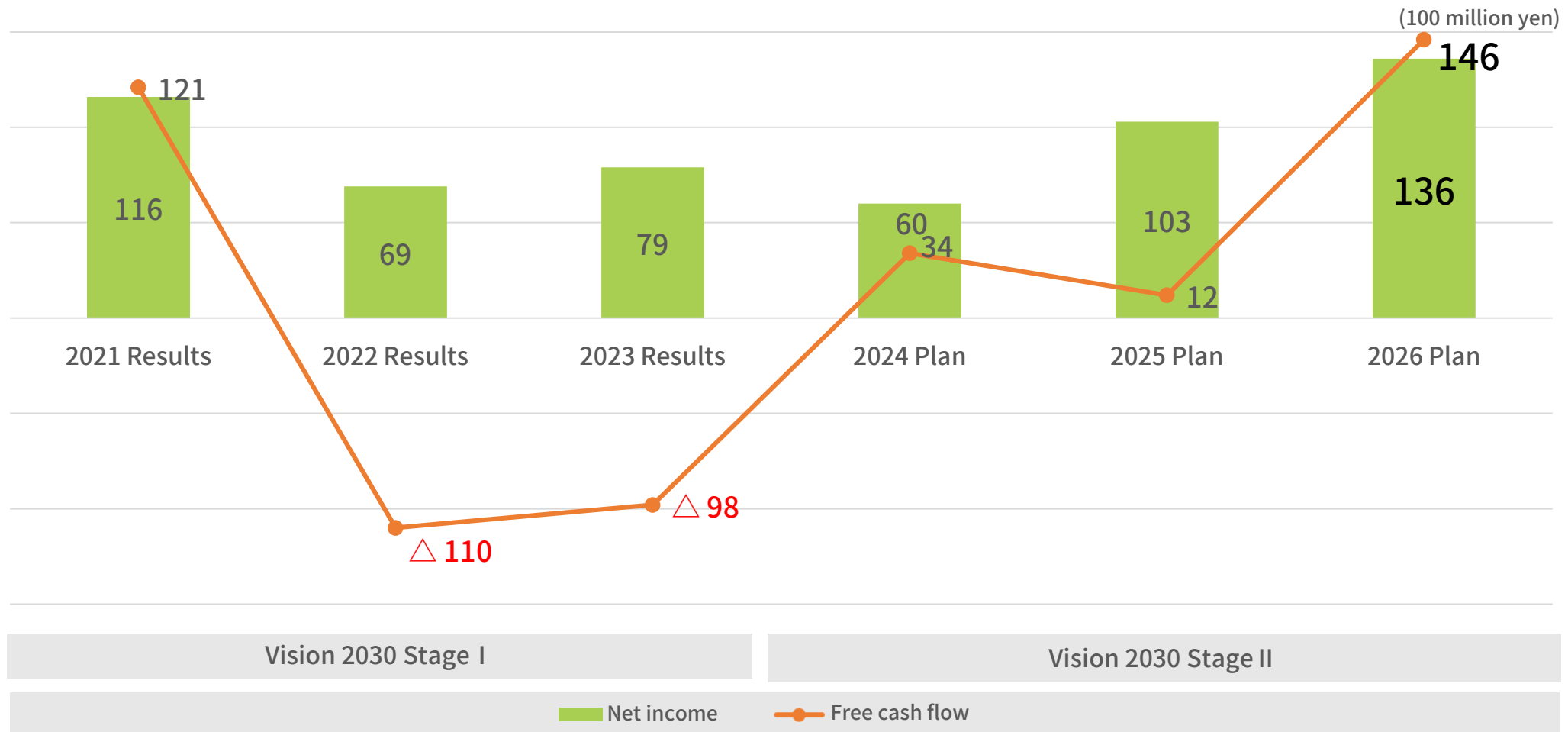
Shareholder return policy

I Regarding dividends, our basic policy is to continue paying stable dividends in line with business performance, comprehensively taking into account factors such as business performance trends, financial conditions, and the maintenance of sufficient internal reserves necessary for future business development.

II We aim for a consolidated dividend payout ratio of 40% toward the final year (FY2026).

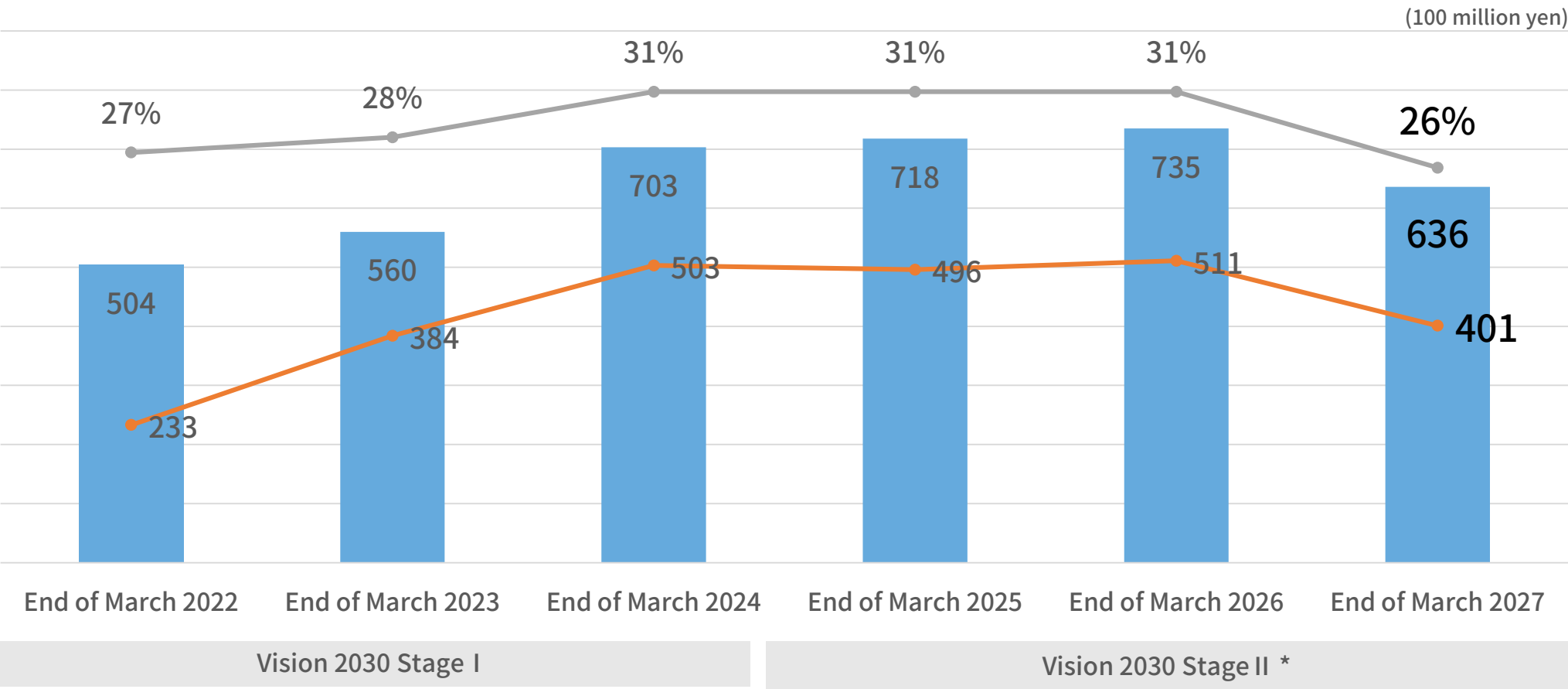
III We will flexibly acquire treasury stock.

Vision 2030 Stage II Free cash flow plan



Vision 2030 Stage II Interest bearing debt balance plan

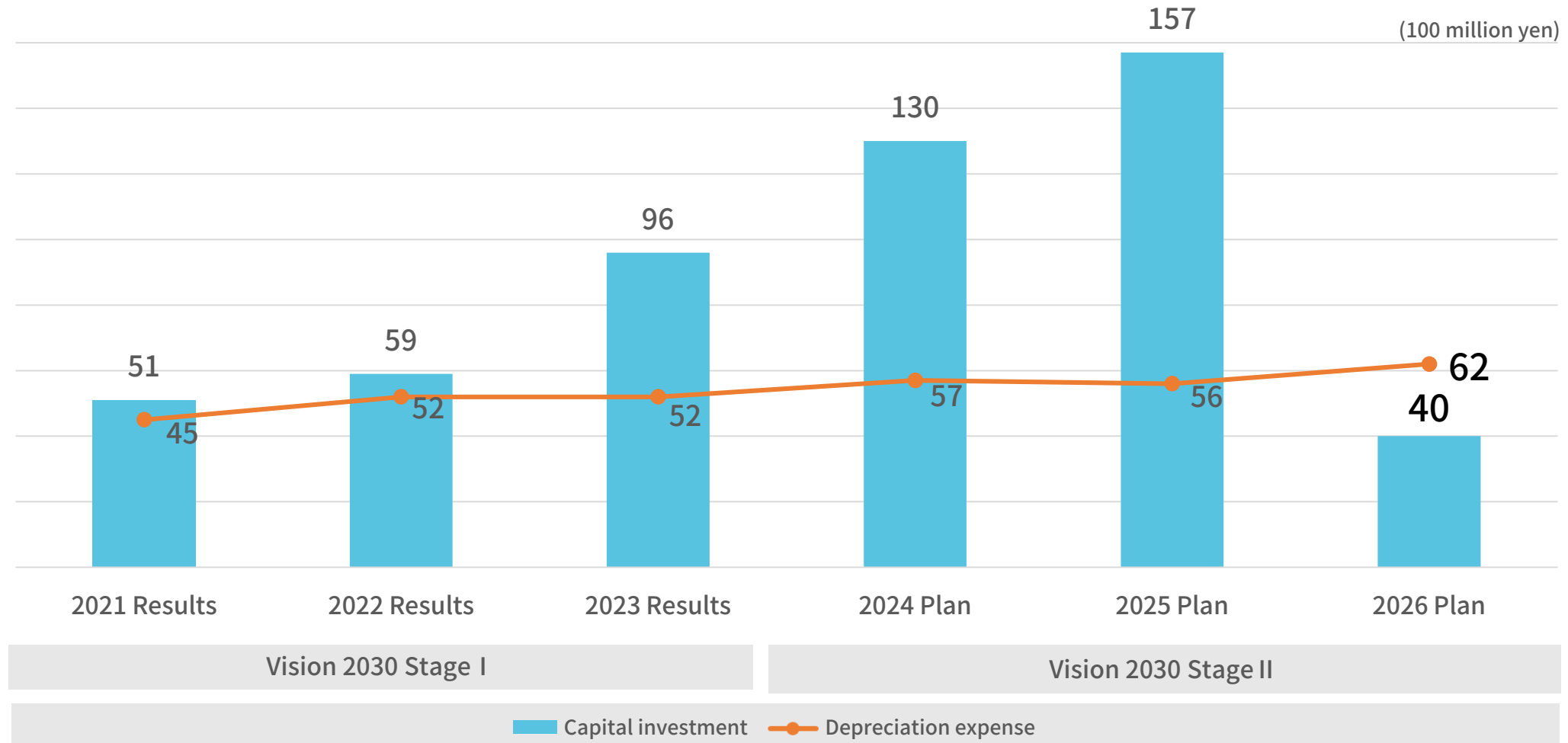
Debt-related indicators




Interest-bearing debt balance Net interest-bearing debt balance Debt as a percentage of total assets *Cash outflows from other growth investments in capital allocations (approximately 10 billion yen) are not considered.

Vision 2030 Stage II Capital investments; Depreciation plan

Transition of capital investments, and depreciation expenses





Management policies focused on
capital cost and stock price

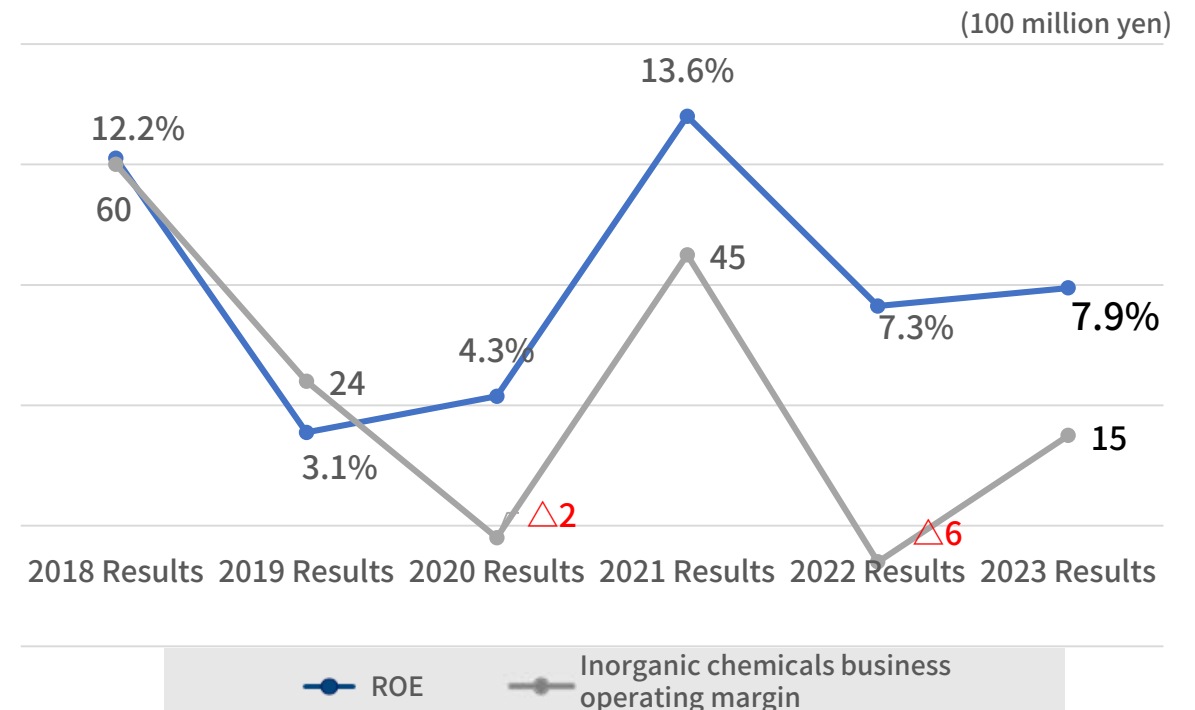
Management policies focused on capital cost and stock price

Current situation as we see it

- The ROE target for Vision2030 Stage I is 10% or more; Although 13.6% was achieved in FY2021, it was only 7.3% in FY2022 and 7.9% in FY2023 due to weak operating income in the inorganic chemicals business.
- We recognize that the cost of equity is at a high level due to the high volatility of operating profits in the inorganic chemicals business*. ROE is expected to fall below the cost of equity due to a decline in ROE in FY2022 and FY2023.
- PBR has remained below 1x.

	2018 Results	2019 Results	2020 Results	2021 Results	2021 Results	2022 Results
PER (times)	5.2	9.3	10.8	3.7	6.3	8.5
ROE(%)	12.2	3.1	4.3	13.6	7.3	7.9
PBR (times)	0.6	0.3	0.5	0.5	0.5	0.7

*According to CAPM calculations, our cost of equity at the end of FY2023 was estimated to be in the range of 7% to 10%.



Management policies focused on capital cost and stock price

Policy

- By diligently implementing the priority measures defined for Vision2030 Stage II, we aim to achieve an operating income of over 19 billion yen and a ROE of over 10%.
- Further strengthen our R&D capabilities and strengthen our growth base.
- Shift to a more profitable business structure through structural reform of the inorganic business.
- Promote ROIC management to increase ROE.
- Aim to achieve PBR of more than 1x during Stage II.
- Strengthen shareholder returns.

Initiatives

- Progress steadily in product development and strengthen internal R&D mechanisms and systems.
- In the bioscience business, take action to expand sales of growth strategy agents and to reduce manufacturing costs through changes in manufacturing methods, etc.
- The healthcare business will increase sales through complete US approval of PANOQUELL™ in FY2026.
- In the inorganic chemicals business, implement a full-scale shift of the product portfolio to the functional materials domain by accelerating new product R&D and sales and strengthening our technical sales capabilities.
- Formulate and implement a roadmap to promote ROIC management capabilities.
- Achieve the target dividend of 70 yen per share for FY2024 (year-end dividend), and aim at a consolidated dividend payout ratio of 40% for the final fiscal year of Stage II.

Strengthen IR activities (promote dialog with shareholders and institutional investors)

- In addition to disclosure in our annual integrated report, disclosures are made on the company's homepage every quarter.

Number of IR coverage for institutional investors

	2018	2019	2020	2021	2022	2023
Domestic investors	77	48	39	71	51	61
Overseas investors	14	19	9	19	21	39
Total	91	67	48	90	72	100

Number of participants in company orientations (including online participants since FY2020)

	2018	2019	2020	2021	2022	2023
May	42	36	Canceled	35	35	39
November	39	32	22	38	34	41
Total	81	68	22	73	69	80

End

- **Note concerning forward-looking statements**

This presentation material contains forecasts based on future assumptions, outlooks, and plans that were current as of the time of their announcement. Actual performance may differ materially from these forecasts due to risks and uncertainties associated with factors including economic conditions, demand trends, competitive conditions, and exchange rate fluctuations in Japan and overseas.