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To Those Shareholders with Voting Rights:

INFORMATION DISCLOSURE ON THE INTERNET
REGARDING THE NOTICE OF
THE 98th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Notes to the Consolidated Financial Statements
Notes to the Non-consolidated Financial Statements

(April 1, 2020 to March 31, 2021)

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

ISHIHARA SANGYO KAISHA, LTD.

Notes to the Consolidated Financial Statements

1. Notes on Going Concern Assumption

Not applicable.

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

(1) Scope of Consolidation

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

The Company has 12 consolidated subsidiaries.

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

2) Name of Major Non-consolidated Subsidiaries

ISK BIOSCIENCES KOREA LTD.

The Company's 13 non-consolidated subsidiaries are all small companies, and have been excluded from the scope of consolidation as they do not have a material impact on the Company's consolidated financial statements individually or in aggregate.

(2) Application of the Equity Method

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

3 companies	BELCHIM CROP PROTECTION N.V.
	HOKUSAN CO., LTD.
	SUMMIT AGRO USA, LLC

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

ISK BIOSCIENCES KOREA LTD.

The Company's 13 non-consolidated subsidiaries and two affiliates have been excluded from the scope of application of the equity method, as their impact on the Company's net income and retained earnings for the current fiscal year are immaterial, and are also immaterial in aggregate.

(3) Fiscal Year of the Consolidated Subsidiaries

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

(4) Accounting Policies

1) Standards and Methods for Valuation of Assets

Securities

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

Marketable securities: Carried at fair value based on market price on the fiscal closing date (any changes in unrealized holding gain or loss are reported as a separate component of net assets; cost of sales is calculated using the moving average method.)

Non-marketable securities: Carried at cost using the moving average method

Investments in investment business limited liability partnerships (deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act of Japan) are valued at the net amount of the underlying equity in them based on the latest financial statements available as of the closing date stipulated in the partnership agreement.

Derivatives: Carried at fair value

Inventories: Inventories held for regular sales purposes

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

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

2) Depreciation or Amortization Method for Non-current Assets

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

Primarily the straight-line method

Intangible assets (except for leased assets):

Straight-line method

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

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

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

3) Standards for Recording Allowances and Provisions

Allowance for doubtful receivables:

An estimated amount of uncollectible receivables is recorded based on the historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific doubtful accounts receivables from customers experiencing financial difficulties.

Accrued bonuses for employees:

Accrued employees' bonuses are accounted for at an estimated amount of the bonuses to be paid.

Reserve for implementation of environmental and safety arrangements:

The Company has provided the reserve for estimated expenditures to implement environmental and safety arrangements.

In addition, the Company has also provided the reserve for the expenses related to the remediation of soil and groundwater contamination and measures for buried waste at the Yokkaichi Plant.

Reserve for sales returns: Reserve for sales returns is provided for estimated losses incurring due to the return of finished goods and merchandise sold during the consolidated fiscal year subsequent to the consolidated balance sheet date, using the historical rate of such returns in prior years.

Provision for maintenance: Provision for maintenance is provided in an amount estimated to be necessary for the maintenance for certain machinery and equipment attributable to the current consolidated fiscal year.

Provision for loss on withdrawal from business:

Provision for loss on withdrawal from business is provided in the estimated necessary amount payable for the withdrawal from the biopharmaceutical HVJ-E development business in the organic chemicals business (healthcare).

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

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

5) Method of Hedge Accounting

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

6) Method of Accounting for Consumption Taxes, etc.

Consumption taxes, etc. are excluded from the reported amounts.

7) Method of Accounting for Retirement Benefits

a) Attribution of estimated retirement benefit payments to each period

The retirement benefit obligation for employees is attributed to each period mainly by the straight-line method over the estimated years of service of the eligible employees.

b) Accounting for actuarial gain and loss and prior service cost

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

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

8) Application of Consolidated Taxation System

The Company and its consolidated subsidiaries in Japan applied for approval for a consolidated taxation system during the current consolidated fiscal year. Because the consolidated taxation system will be applied from the following consolidated fiscal year. In this relation, accounting treatment and presentation for the consolidated fiscal year under review is premised on the application of a consolidated taxation system, based on "Revised Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" (Accounting Standards Board of Japan PITF No.5, January 16, 2015) and "Revised Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" (Accounting Standards Board of Japan PITF No.7, January 16, 2015).

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

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

3. Notes on Changes in Presentation Method

(1) Consolidated Statement of Income

Reversal of allowance for doubtful accounts within non-operating income, included in "other" in the previous fiscal year (26 million yen in the previous consolidated fiscal year), is presented as a separate item in the current consolidated fiscal year, due to increased materiality.

(2) Change Pursuant to the Application of "Accounting Standard for Disclosure of Accounting Estimates"

Notes on Accounting Estimates are presented pursuant to the application of "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) from the current consolidated fiscal year.

4. Notes on Accounting Estimates

(1) Recoverability of Deferred Tax Assets

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

Deferred tax assets 8,547 million yen

Other information to useful for the understanding of estimates:

1) Calculation Method

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

2) Main Assumptions

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

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

Estimated sales volume, one of the main assumptions, is highly uncertain, and there is a risk that changes in forecast taxable income due to fluctuations in sales volume may have a significant impact on the judgement regarding the recoverability of deferred tax assets. It is considered difficult at present to forecast the impact that the COVID-19 pandemic will have on the Company in the future. A decrease in future forecast sales volume, on which the future business plans are premised, may lead to a reversal of deferred tax assets.

(2) Loss on Valuation of Investment Securities

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

Loss on valuation of investment securities: - million yen

Investment securities: 1,992 million yen

(Although no loss on valuation of investment securities has been recorded in the consolidated fiscal year under review, this item is identified as required presentation due to the risk that it may exert a material impact on the consolidated financial statements for the next consolidated fiscal year)

Other information useful for the understanding of estimates:

1) Calculation Method

A non-listed company in Brazil (investment securities) is carried at a value based on the business plans that formed the basis for the determination of the acquisition cost.

2) Main Assumptions

The main assumption contained in the business plans that formed the basis for the determination of the acquisition cost for these shares is the growth rate.

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

The growth rate which is a main assumption contains an element of uncertainty, and there is the possibility that a loss on valuation of investments in securities may arise if it is judged that the growth rate has declined and excess earning capacity is impaired.

5. Notes to the Consolidated Balance Sheet

(1) Accumulated Depreciation on Property, Plant and Equipment 125,545 million yen

Accumulated depreciation includes accumulated impairment loss.

(2) Assets Pledged as Collateral, and Related Obligations

Assets pledged as collateral

Investment securities	28	million yen
Buildings and structures	8,284	million yen
Machinery and vehicles	14,519	million yen
Land	868	million yen
Other fixed assets	379	million yen
Total	24,079	million yen

Among the above assets, the total value of property, plant and equipment pledged as a floating mortgage is 23,511 million yen, covering all classifications of assets.

Obligations related to the collateral

Short-term bank loans	6,020	million yen
Current portion of long-term bank loans	3,535	million yen
Long-term bank loans	10,499	million yen
Total	20,054	million yen

(3) Trade Notes Receivable Discounted with Banks 47 million yen

(4) Guarantee Obligations

Liabilities, such as loans from financial institutions that the Group guarantees under joint signature for companies outside its scope of consolidation are as follows:

ISK (SHANGHAI) CHEMICAL CO., LTD. 155 million yen

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

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

Common stock 40,383,943 shares

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

Common stock 427,338 shares

(3) Dividends of Surplus

1) Dividend Amounts

Resolution	Class of shares	Source of dividend	Total amount of dividend	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2020	Common stock	Retained earnings	799 million yen	20.00 yen	March 31, 2020	June 26, 2020

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

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

7. Notes on Financial Instruments

(1) Status of Financial Instruments

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

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

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

(2) Fair Value, etc. of Financial Instruments

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

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and deposits	25,941	25,941	-
(2) Accounts Receivable and Notes receivable	34,235	34,235	-
(3) Investment securities			
Held-to-maturity debt securities	9	10	0
Available-for-sale securities	1,556	1,556	-
(4) Accounts Payable and Notes Payable	14,476	14,476	-
(5) Short-term bank loans	8,100	8,100	-
(6) Long-term bank loans, including current portion	41,453	41,640	187
(7) Derivatives*	(2)	(2)	-

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

Notes: 1. Methods used to determine the fair value of financial instruments, and matters concerning securities and derivative transactions

(1) Cash and deposits and (2) Accounts Receivable and Notes receivable

Since these items are settled in a short time period, their carrying value approximates fair value, and carrying value has been used.

(3) Investment securities

The fair value of equity and debt securities is based on quoted market prices.

(4) Accounts Payable and Notes Payable and (5) Short-term bank loans

Since these items are settled in a short time period, their carrying value approximates fair value, and carrying value is used.

(6) Long-term bank loans, including current portion

For long-term bank loans with floating interest rates, their carrying value approximates fair value because their interest rate reflects the short-term market interest rate. Therefore, carrying values are used.

The estimated fair value of long-term bank loans with fixed interest rates is based on the present value of the total of principal and interest of the long-term bank loans classified into certain periods, discounted by the interest rate to be applied assuming new loans under the similar conditions.

(7) Derivatives

The fair value of forward exchange contracts that meet certain conditions for the allocation method is included in the fair value of accounts receivable or accounts payable to which they are allocated. The fair value of interest-rate swaps that meet certain conditions for the special method are included in the fair value of the long-term bank loans that they hedge.

2. Financial instruments that have no quoted market price available, and deemed extremely difficult to determine fair value, are as described below. They are not included in "(3) Investment securities, Available-for-sale securities" in the preceding table.

Type	Consolidated balance sheet amount
Unlisted equity securities	4,619 million yen
Investments in investment business limited liability partnerships	1 million yen

8. Notes on Leased Real Estate, etc.

Notes omitted due to lack of materiality.

9. Notes on Per Share Information

Net assets per share 1,990.03 yen

Net income per share 84.41 yen

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

Total net assets	79,515 million yen
Amount deducted from total net assets	—
Total net assets attributable to common stock at the end of the consolidated fiscal year	79,515 million yen
Number of shares of common stock used to calculate net assets per share	39,956 thousand shares

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

Net income attributable to the owners of the parent company recorded on the consolidated statement of income	3,373 million yen
Amount not attributable to common shareholders	—
Net income attributable to the owners of the parent company attributable to common stock	3,373 million yen
Average number of shares of common stock during the period	39,959 thousand shares

10. Significant Subsequent Events

Not applicable.

11. Other Notes

(1) Impairment Loss

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

Location	Use	Classification	Impairment loss
ISHIHARA SANGYO KAISHA, LTD. (Ikeda City, etc., Osaka Prefecture)	Research and development equipment	Machinery, equipment, and vehicles Other	54 million yen
ISHIHARA SANGYO KAISHA, LTD. (Hiratsuka City, Kanagawa Prefecture)	Production equipment	Machinery, equipment and vehicles Construction in progress	106 million yen
Fuji Titanium Industry Co., Ltd. (Hiratsuka City, Kanagawa Prefecture)	Production equipment	Buildings and structures Machinery, equipment, and vehicles Other	314 million yen

1) Method of asset grouping

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

2) Reason for the recognition of a loss on impairment

As a part of production equipment located at the plants in the above table is not anticipated to be utilized in the future, the Company and its consolidated subsidiary Fuji Titanium Industry Co., Ltd. classified the production equipment as idle assets and recorded an impairment loss. Furthermore, pursuant to the Company’s decision to withdraw from the HVJ-E development business, the equipment used for this business was recognized as idle assets, and this is included in loss on withdrawal from business.

3) Method for determining the recoverable amount

As the equipment at the plant in the above table is not anticipated to be utilized in the future, the net book value of these assets was reduced to memorandum value.

4) Impairment loss by fixed asset classification

Classification	ISHIHARA SANGYO KAISHA, LTD.	Fuji Titanium Industry Co., Ltd.
Buildings and structures	- million yen	94 million yen
Machinery, equipment, and vehicles	54 million yen	209 million yen
Construction in progress	62 million yen	- million yen
Other	43 million yen	10 million yen

(2) Loss on Withdrawal from Business

Loss on withdrawal from business was recorded associated with the withdrawal from the biopharmaceutical HVJ-E development business, in the organic chemicals business (healthcare). It comprises impairment loss on property, tangible fixed assets of 54 million yen, recording of allowance for doubtful accounts of 482 million yen, and provision for loss on withdrawal from business of 371 million yen, representing expected costs in the future.

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

Notes to the Non-consolidated Financial Statements

1. Notes on Going Concern Assumption

Not applicable.

2. Notes on Significant Accounting Policies

(1) Standards and Methods for Valuation of Assets

Securities

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

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

Available-for-sale securities

Marketable securities: Carried at fair value based on market price on the fiscal closing date (any changes in unrealized holding gain or loss are reported as a separate component of net assets; cost of sales is calculated using the moving average method)

Non-marketable securities: Carried at cost using the moving average method

Investments in investment business limited liability partnerships (deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act of Japan) are valued at the net amount of the underlying equity in them based on the latest financial statements available as of the closing date stipulated in the partnership agreement.

Derivatives: Carried at fair value

Inventories: Inventories held for ordinarysales purposes

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

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

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

Straight-line method

Intangible assets (except for leased assets):

Straight-line method

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

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

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

(3) Standards for Recording Allowances and Provisions

Allowance for doubtful receivables:

An estimated amount of uncollectible receivables is recorded based on the aggregate historical experience of bad debts for ordinary receivables. For specific probable doubtful accounts from customers experiencing financial difficulties and those in bankruptcy, bad debts amounts are estimated individually based on their specific collectibility.

Accrued bonuses for employees:

Accrued employees' bonuses are accounted for at an estimated amount of the bonuses to be paid.

Provision for retirement benefits

Provision for retirement benefits is provided at an amount calculated based on the retirement benefit obligation at the end of the current fiscal year, to prepare for the payment of retirement benefits to employees.

1) Attribution of estimated retirement benefit payments to each period

The retirement benefit obligation for employees is attributed to each period mainly by the straight-line method over the estimated years of service of the eligible employees.

2) Accounting for actuarial gain and loss and prior service cost

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

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

Reserve for implementation of environmental and safety arrangements:

The Company has provided the reserve for estimated expenditures to implement environmental and safety arrangements.

In addition, the Company has also provided the reserve for the expenses related to the remediation of soil and groundwater contamination and measures for buried waste at the Yokkaichi Plant.

Provision for maintenance: Provision for maintenance is provided in an amount estimated to be necessary for the maintenance for certain machinery and equipment attributable for the current fiscal year.

Provision for loss on withdrawal from business:

Provision for loss on withdrawal from business is provided in the estimated necessary amount payable for the withdrawal from the biopharmaceutical HVJ-E development business, in the organic chemicals business (healthcare).

(4) Method of Hedge Accounting

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

(5) Method of Accounting for Consumption Taxes, etc.

Consumption taxes, etc. are excluded from the reported amounts.

(6) Application of Consolidated Taxation System

The Company applied for approval for a consolidated taxation system during the current fiscal year and the consolidated taxation system will be applied from the following fiscal year. In this relation, accounting treatment and presentation for the current fiscal year is premised on the application of a consolidated taxation system, based on "Revised Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" (Accounting Standards Board of Japan PITF No.5, January 16, 2015) and "Revised Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" (Accounting Standards Board of Japan PITF No.7, January 16, 2015).

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

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

2. Notes on Changes in Presentation Method

Change Pursuant to the Application of "Accounting Standard for Disclosure of Accounting Estimates"

Notes on Accounting Estimates are presented pursuant to the application of "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) from the current fiscal year.

3. Notes on Accounting Estimates

(1) Recoverability of Deferred Tax Assets

Amount recorded on the non-consolidated financial statements for the current fiscal year:
Deferred tax assets 7,019 million yen

Other information useful for the understanding of estimates:
Identical to the information provided in the Notes to Consolidated Financial Statements "Recoverability of Deferred Tax Assets"

(2) Loss on Valuation of Investment Securities

Amounts recorded on the financial statements for the current fiscal year:
Loss on valuation of investment securities: - million yen

Investment securities: 1,992 million yen
(Although no loss on valuation of investment securities has been recorded in the current fiscal year, this item is identified as required presentation due to the risk that it may exert a material impact on the financial statements for the next fiscal year)

Other information useful for the understanding of estimates:
Identical to the information provided in the Notes to Consolidated Financial Statements "Loss on Valuation of Investment Securities"

4. Notes to the Non-consolidated Balance Sheet

(1) Monetary Claims and Obligations to Subsidiaries and Affiliates

Short-term monetary claims	25,337	million yen
Long-term monetary claims	2	million yen
Short-term monetary obligations	6,958	million yen
Long-term monetary obligations	68	million yen

(2) Accumulated Depreciation on Property, Plant and Equipment 108,954 million yen
Accumulated depreciation includes accumulated impairment loss.

(3) Assets Pledged as Collateral, and Related Obligations

Assets pledged as collateral

Buildings	4,424	million yen
Structures	4,139	million yen
Machinery and equipment	15,209	million yen
Tools, furniture and fixtures	379	million yen
Land	868	million yen
Total	25,020	million yen

Among the above assets, the total value of property, plant and equipment pledged as a floating mortgage is 24,481 million yen, covering all classifications of assets.

Obligations related to the collateral

Short-term bank loans	6,020	million yen
Current portion of long-term bank loans	3,535	million yen
Long-term bank loans	10,499	million yen
Total	20,054	million yen

(4) Guarantee Obligations

Liabilities, such as loans from financial institutions that the Group guarantees under joint signature for subsidiaries and affiliates are as follows:

ISK (SHANGHAI) CHEMICAL CO., LTD. 155 million yen

5. Notes to the Non-consolidated Statement of Income

Transactions with Subsidiaries and Affiliates

Sales	40,219 million yen
Purchases, etc.	12,145 million yen
Transactions other than trade	1,011 million yen

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

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

Common stock 427,338 shares

7. Notes on Tax Effect Accounting

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

[Deferred tax assets]	
Tax loss carryforwards	4,508 million yen
Loss on valuation of shares of subsidiaries and affiliates	1,891 million yen
Provision for retirement benefits	3,432 million yen
Allowance for doubtful receivables	405 million yen
Accrued expenses, etc	113 million yen
Accrued bonuses for employees	134 million yen
Reserve for implementation of environmental and safety arrangements	550 million yen
Asset retirement obligations	166 million yen
Other	1,231 million yen
Gross deferred tax assets	12,434 million yen
Valuation allowance	(5,415) million yen
Total deferred tax assets	7,019 million yen
[Deferred tax liabilities]	
Asset retirement expenses	0 million yen
Total deferred tax liabilities	0 million yen
Net deferred tax assets	7,019 million yen

8. Notes on Transactions with Related Parties

Subsidiaries and Affiliates

Name of company (Subsidiaries)	Voting right holdings (held)	Relationship with the related party	Details of transactions	Transaction amount (Millions of yen)	Item	Year-end balance (Millions of yen)
ISK Bioscience K.K.	Direct 100%	Sale of the Company's products Concurrent service by directors, etc.	Sale of agrochemicals (Note 1)	12,058	Accounts receivable – trade	8,082
			Payment of sales rebates (Note 2)	2,718		
			Deposit of surplus funds (Note 3)	—	Deposits received	1,019
			Payment of interest (Note 4)	7		
ISK BIOSCIENCES EUROPE N.V.	Direct 100%	Sale of the Company's products Concurrent service by directors, etc.	Sale of agrochemicals (Note 1)	12,332	Accounts receivable – trade	7,106
Ishihara Techno Corporation	Direct 100%	Purchase of raw materials Sale of the Company's products Concurrent service by directors, etc.	Purchase of raw materials, fuel, packaging materials, etc. (Note 1)	5,030	Accounts payable – trade	1,466
			Sale of titanium dioxide and agrochemicals (Note 1)	4,514	Accounts receivable – trade	2,023
Fuji Titanium Industry Co., Ltd.	Direct 100%	Supply of raw materials, etc. Concurrent service by directors, etc.	Supply of raw materials, etc. (Note 1)	854	Accounts receivable – trade	294
			Deposit of surplus funds (Note 3)	—	Deposits received	1,450
			Payment of interest (Note 4)	6		
ISK Engineering Partners Corporation	Direct 100%	Contracted construction and maintenance of equipment Concurrent service by directors, etc.	Construction of production equipment (Note 5)	3,383	Accounts payable - other	1,961
ISK BIO-SCIENCES CORP.	Indirect 100%	Sale of the Company's products Concurrent service by directors, etc.	Sale of agrochemicals (Note 1)	5,085	Trade receivables	3,976

Transaction terms and method of determining transaction terms, etc.

Notes: 1. Transaction terms for the sale of products and the purchase of raw materials are determined based on market prices, etc.

2. Sales rebates are paid in accordance with sales, based on the relevant contract.
3. Deposit of surplus funds is carried out based on a loan agreement. It is not recorded in the Transaction amount column, since the amount is moving daily.
4. Interest rates for interest payment are determined in view of prevailing market values.
5. Terms for the construction of production equipment are determined in view of prevailing market values, etc.

Transaction amounts are presented exclusive of consumption taxes, etc. whereas the year-end balances presented are inclusive of consumption taxes, etc.

9. Notes on Per Share Information

Net assets per share 1,719.42 yen

Net income per share 95.88 yen

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

Total net assets	68,702 million yen
Amount deducted from total net assets	—
Total net assets attributable to common stock at the end of the fiscal year	68,702 million yen
Number of shares of common stock used to calculate net assets per share	39,956 thousand shares

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

Net income recorded on the non-consolidated statement of income	3,831 million yen
Amount not attributable to common shareholders	—
Net income attributable to common stock	3,831 million yen
Average number of shares of common stock during the period	39,959 thousand shares

10. Notes on Significant Subsequent Events

Not applicable.

11. Other Notes

(1) Impairment Loss

Identical to the information provided in the Notes to Consolidated Financial Statements "Impairment Loss"

(2) Loss on Withdrawal from Business

Identical to the information provided in the Notes to Consolidated Financial Statements "Loss on Withdrawal from Business"

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