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To Those Shareholders with Voting Rights:

**MATTERS PROVIDED IN ELECTRONIC FORMAT FOR THE CONVOVATION OF
THE 100th ORDINARY GENERAL MEETING OF SHAREHOLDERS
(MATTERS OMITTED FROM THE PAPER COPY)**

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- Systems to Ensure the Proper Business Operation of the Corporate Group Composed of the Company and Its Subsidiaries, Including Systems to Ensure that Directors Execute Duties in Line with Relevant Laws, Regulations and the Articles of Incorporation, and Status of Their Operation**

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(April 1, 2022 to March 31, 2023)

ISHIHARA SANGYO KAISHA, LTD.

The matters shown above have not been included in the paper copy sent to shareholders who have requested it, in accordance with laws and regulations, as well as the provisions of Article 19 of our Articles of Incorporation.

Principal Business Locations (As of March 31, 2023)**(1) The Company**

Name	Location
Osaka Head Office	Osaka City, Osaka Prefecture
Yokkaichi Plant	Yokkaichi City, Mie Prefecture
Central Research Institute	Kusatsu City, Shiga Prefecture
Tokyo Branch	Chiyoda-ku, Tokyo
Chubu Branch	Yokkaichi City, Mie Prefecture
Singapore Branch	Singapore
Sapporo Sales Office	Sapporo City, Hokkaido
Sendai Sales Office	Sendai City, Miyagi Prefecture
Fukuoka Sales Office	Fukuoka City, Fukuoka Prefecture

(2) Subsidiaries

Name	Location
ISK BIOSCIENCES K.K.	Chiyoda-ku, Tokyo
ISK AMERICAS INCORPORATED	Ohio, United States
ISK BIOSCIENCES EUROPE N.V.	Belgium
ISHIHARA TECHNO CORPORATION	Osaka City, Osaka Prefecture
FUJI TITANIUM INDUSTRY CO., LTD.	Kobe City, Hyogo Prefecture
ISK ENGINEERING PARTNERS CORPORATION	Yokkaichi City, Mie Prefecture

Employees (As of March 31, 2023)

Business Segment	Number of Employees	YoY Change
Inorganic chemicals business	975	+ 17
Organic chemicals business	565	- 7
Other businesses	122	+ 1
Corporate (common)	106	+ 7
Total	1,768	+ 18

Note: The number of employees represents the number of active personnel employed. Corporate (common) employees mainly comprise those employed at the administration department at the head office, who do not belong to any reportable segment.

Accounting Auditor

- (1) Accounting Auditor's Name
Ernst & Young ShinNihon LLC
- (2) Accounting Auditor's Compensation, etc.
Accounting Auditor's compensation, etc., for the fiscal year ended March 31, 2023:
70 million yen
Total cash and other proprietary benefits payable by the Company and its subsidiaries
to the Accounting Auditor: 85 million yen

Notes: 1. Under the audit agreement with the Accounting Auditor, audit compensation is not distinguished between that pertaining to audits based on the Companies Act, and audits based on the Financial Instruments and Exchange Act, which are effectively inseparable. The amount shown above therefore represents the total, undivided amount.

2. ISK BIOSCIENCES EUROPE N.V., a significant subsidiary of the Company, is audited by Ernst & Young, Reviseurs d'Entreprises.

3. The Audit & Supervisory Board has given its consent to the compensation, etc. for the Accounting Auditor in accordance with Article 399, Paragraph 1 of the Companies Act, after confirming the audit plan, status of audit execution, basis for calculating the expected compensation, etc., based on the Practical Guidelines for Coordination with Accounting Auditors published by the Japan Audit & Supervisory Board Members Association.

- (3) Policy on Determination of Dismissal or Non-reappointment of Accounting Auditor
Where deemed necessary, due to the incapacity of the Accounting Auditor to execute its duties or other reason, the Audit & Supervisory Board shall determine the content of a proposal on the dismissal or non-reappointment of the Accounting Auditor, to be submitted to the General Meeting of Shareholders.
Moreover, if the Accounting Auditor falls under any of the items set forth in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall dismiss the Accounting Auditor through the unanimous consent of all its Members. In this event, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board shall report on the dismissal of the Accounting Auditor, and the reason for the dismissal, at the first General Meeting of Shareholders held after the dismissal.

Systems to Ensure the Proper Business Operation of the Corporate Group Composed of the Company and Its Subsidiaries, Including Systems to Ensure that Directors Execute Duties in Line with Relevant Laws, Regulations and the Articles of Incorporation, and Status of Their Operation

The Company's Board of Directors has resolved on the following basic policy regarding systems to ensure proper business operation of the corporate group composed of the Company and its subsidiaries (referred to hereinafter as the Group), including systems to ensure that Directors execute duties in line with laws, regulations and the Articles of Incorporation.

- (1) Systems to Ensure that the Execution of Duties by Directors and Employees Complies with Laws, Regulations and the Articles of Incorporation
 - 1) The Company has adopted a management structure that places priority on compliance with laws, rules and societal norms.
 - 2) The Company has established the ISK Group Code of Conduct, which stresses the importance of compliance activities, and makes sure that Directors and employees follow them strictly.
 - 3) The Company has established a Compliance Committee, headed by the Director in charge of Compliance. This committee creates and implements plans to develop and maintain the compliance structure.
 - 4) Company policy dictates that should it be discovered that any Director or employee of the Company has acted illegally, transgressed the Company's Articles of Incorporation, or acted in a way that raises the risk of a legal transgression, the incident must be reported immediately. Furthermore, all records of the reports and investigation are to be kept strictly confidential to ensure that those who report such incidents are not subject to repercussions.
 - 5) The Company has established an Office of Internal Audit to conduct regular audits, and which reports directly to the Executive Director, President.
- (2) Recording and Managing Information Regarding the Activities of Directors

The Company maintains written records of the minutes of Board of Directors meetings, proposals submitted for consideration, and other important documents used in the course of Directors' duties. These documents are stored and managed in a way that corresponds to the legal regulations governing official documents, as well as all internal rules and regulations.
- (3) Rules and Structures Intended to Manage Risk of Loss
 - 1) A set of Risk Management Regulations has been established to express the Company's basic stance on risk management and to help guard against the risk of unexpected losses.
 - 2) The Company seeks to identify the various types of risk that emerge in the course of normal business activities, taking steps to ensure that each sector of business operations is aware of risk factors that may affect them, and takes steps to manage such risks.
 - 3) When events occur that could have an important impact on the Company's management and business activities, the Corporate Risk Management Committee takes action under the Risk Management Regulations, and assumes control of the operating divisions in order to minimize and address problems.
- (4) Structures to Ensure That the Duties of Directors Are Executed Efficiently
 - 1) The Board of Directors meets regularly, a minimum of once a month, to make decisions on important issues that affect the Company, and to oversee the activities of its Directors. In the case of priority issues that relate to management and business execution, the Executive Management Committee, made up of Board members who are associated with the issue, discusses it first, and then reports to the entire Board for a final decision.
 - 2) The Company establishes clear and specific numerical targets for achievement, in an effort to improve management efficiency.
 - 3) The Board of Directors allocates duties and work responsibilities to individual Directors, and each Director reports back to the Board of Directors regarding progress in completing the allocated business tasks.

- (5) Measures to Ensure Proper Business Operation of the Group
 - 1) The Company ensures proper group management based on regulations established concerning the basic policies for the execution of its subsidiaries and affiliates' business activities, and for the various work processes concerning management of subsidiaries and affiliates.
 - 2) Subsidiaries report regularly to the Company on important information such as business performance and financial condition, based on the aforementioned regulations.
 - 3) Subsidiaries guard against the risk of unexpected losses in accordance with the Risk Management Regulations established by the Company, and immediately report to the Company, endeavor to contain and resolve the situation in the case of an emergency.
 - 4) Subsidiaries comply with laws, rules and societal norms, in accordance with the ISK Group Code of Conduct established by the Company. The Company's internal whistleblower system is also applicable to subsidiaries.

- (6) Employees Assigned as Requested to Assist the Duties of Audit & Supervisory Board Members, Measures to Ensure the Independence of These Employees from the Influence of Directors, and Measures to Ensure the Effectiveness of Directions Given to These Employees
 - 1) Audit & Supervisory Board Members may request that the Company assign personnel to assist them in carrying out their duties. When this need arises, Directors cooperate with Audit & Supervisory Board Members to select individuals who are able to provide assistance.
 - 2) When Audit & Supervisory Board Members ask to have employees assigned to assist with their activities, the views of the Audit & Supervisory Board are given top priority in selecting, transferring and evaluating such employees. This is intended as a way to ensure that the employees can act independently, without influence from Directors.
 - 3) Employees who assist Audit & Supervisory Board Members in carrying out their duties do not work concurrently in any other section, and must only follow the directions and orders of the Audit & Supervisory Board Members.

- (7) Structure for Reporting Information to Audit & Supervisory Board Members, Including Reports Provided by Directors and Employees of the Group, and Structures to Ensure That the Person Reporting Information Is Not Disadvantaged as a Result
 - 1) Audit & Supervisory Board Members of the Company attend meetings of the Board of Directors and the Executive Management Committee, as well as other important company meetings. They are also provided with access to documents regarding all important proposals and resolutions made by management personnel.
 - 2) Directors and employees of the Company are required to provide necessary reports and information to Audit & Supervisory Board Members, as stipulated in the Company's internal regulations regarding reporting to Audit & Supervisory Board and its members.
 - 3) Directors, Audit & Supervisory Board Members and employees of subsidiaries are required to provide necessary reports and information to the Company's Audit & Supervisory Board Members as stipulated in the Company's internal regulations regarding reporting to Audit & Supervisory Board and its members.
 - 4) The Company prohibits any disadvantageous treatment of its Directors or employees, or Directors, Audit & Supervisory Board Members or employees of subsidiaries, as a result of reporting to the Company's Audit & Supervisory Board Members. This information is made known broadly among the Group's Directors, Audit & Supervisory Board Members and employees.

- (8) Policy on the Treatment of Expenses and Liabilities Arising from the Execution of Duties by Audit & Supervisory Board Members, Including Processes for Prepaying or Reimbursing Such Expenses
Should the Company receive a prepayment or similar request based on Article 388 of the Companies Act for expenses incurred by an Audit & Supervisory Board Member in the execution of his/her duties, the section responsible examines the request and, except where deemed unnecessary for the execution of duties by the Audit & Supervisory Board Member, promptly processes the relevant expenses or liabilities.

- (9) Structures to Ensure That the Duties of Audit & Supervisory Board Members Are Executed Effectively
- 1) The Executive Director, President holds regular meetings with Audit & Supervisory Board Members in order to exchange opinions regarding the improvement of the audit environment for Audit & Supervisory Board Members, and promote mutual understanding.
 - 2) To ensure the effectiveness of auditing activities, Directors are responsible for ensuring that there is close cooperation between Audit & Supervisory Board Members and the Office of Internal Audit.
- (10) Structures to Ensure the Reliability of Financial Reporting Activities
- In order to ensure the reliability of financial reporting, the Company and its subsidiaries and affiliates have established a structure to operate appropriately, and to improve and evaluate internal controls governing the preparation of financial reports, in accordance with the Financial Instruments and Exchange Act and other relevant laws and regulations.
- (11) Basic Stance on Measures to Prevent Interaction with “Antisocial Groups”
- 1) The Company strictly prohibits any activity or interaction with “antisocial groups” which may threaten public order or present a danger to the general public. The Company shall be resolute in avoiding any such contact, and will under no circumstances give in to unreasonable demands or pressure from any such group.
 - 2) In order to ensure that no such relationships or activities arise, a section of the General Affairs Division has been assigned specifically to cooperate with police, corporate lawyers and other outside organizations to combat the influence of corporate racketeers. This division will collect relevant information on a daily basis and establish a system to deal with unexpected incidents involving such groups.

[Overview of the Status of Operation of Systems to Ensure Proper Business Operations]

Overview of the status of operation in the current fiscal year is as follows.

(1) Compliance

- 1) The Company holds biannual meetings of its Compliance Committee, to confirm and discuss matters such as the compliance implementation structure and the status of compliance education, in accordance with the Company’s corporate philosophy.
- 2) The ISK Group Code of Conduct requires that any person who discovers an actual or possible violation of compliance by an organization member, where resolution or improvement is difficult through the usual chain of command, must report this through the Company’s whistleblower system.

(2) Execution of Duties by Directors

- 1) The Board of Directors meets each month as a rule, and holds extraordinary meetings as required, based on the Company’s Company Rules and Board of Directors Rules. In addition, the Board of Directors deliberates and passes resolutions on matters concerning management policy and important business execution, after these have first been thoroughly considered by the Executive Management Committee.
- 2) The Company establishes a group management plan to serve as a goal, clarifies the measures necessary to achieve this goal, and monitors their progress through the Board of Directors.
- 3) Important documents concerning the execution of duties by Directors, such as the minutes of Board of Directors meetings, are properly stored and managed in a way that corresponds to legal regulations and the Company’s internal rules such as the Document Management Regulations.

(3) Risk Management Structure

- 1) The Company engages in risk management, appropriately assesses risk, and has implemented the necessary measures to prevent, mitigate, transfer, or otherwise prepare for risk, based on the impact and likelihood of occurrence, to ensure that the Group attains optimal results.
- 2) The Company holds biannual meetings of the Corporate Risk Management Committee, chaired by the Executive Director, President, to check the results of risk assessment, designate “risks for priority measures” that would materially impact the Company’s business activities, and deliberate and resolve on measures to address these risks. The results of this deliberation are reported to the Board of Directors.
- 3) The Company implements regular training sessions to address the risk of disasters.

(4) Group Management Structure

- 1) The Company ensures a proper group management structure, including the establishment of a system to receive advance applications or reports concerning the execution of important duties from subsidiaries that fulfill certain criteria, based on regulations established concerning the basic policies for the execution of its subsidiaries and affiliates’ business activities.
- 2) The Company implements audits of its subsidiaries and affiliates as necessary, based on the Internal Audit Regulations.

(5) Execution of Duties by Audit & Supervisory Board Members

- 1) Audit & Supervisory Board Members attend important meetings, including meetings of the Board of Directors and the Executive Management Committee, comprehend important decision-making processes, and the status of the execution of duties, request explanations from Directors or others as necessary, and express opinions.
- 2) Audit & Supervisory Board Members hold regular meetings with the Executive Director, President in order to exchange opinions regarding matters such as issues to be addressed, and promote mutual understanding. Moreover, in the course of their audit duties, Audit & Supervisory Board Members coordinate with the Office of Internal Audit, including holding regular meetings, in order to implement organized and effective audits.

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Reference:

Amounts presented in this business report have been rounded down to the nearest unit.

## Consolidated Statement of Changes in Net Assets

(April 1, 2022 - March 31, 2023)

(Millions of yen)

|                                                            | Shareholders' equity |                 |                   |                |                            |
|------------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------------------------|
|                                                            | Common stock         | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at April 1, 2022                                   | 43,420               | 10,627          | 38,592            | (734)          | 91,905                     |
| Changes of items during period                             |                      |                 |                   |                |                            |
| Dividends of surplus                                       | -                    | -               | (1,438)           | -              | (1,438)                    |
| Net income attributable to owners of parent for the period | -                    | -               | 6,947             | -              | 6,947                      |
| Acquisition of treasury stock                              | -                    | -               | -                 | (2,003)        | (2,003)                    |
| Disposal of treasury stock                                 | -                    | 26              | -                 | 28             | 54                         |
| Other changes                                              | -                    | -               | -                 | -              | -                          |
| Total changes of items during period                       | -                    | 26              | 5,509             | (1,975)        | 3,560                      |
| Balance at March 31, 2023                                  | 43,420               | 10,653          | 44,102            | (2,710)        | 95,466                     |



|                                                            | Accumulated other comprehensive income (loss)         |                         |                                         |                                                     | Total net assets |
|------------------------------------------------------------|-------------------------------------------------------|-------------------------|-----------------------------------------|-----------------------------------------------------|------------------|
|                                                            | Valuation difference on available-for-sale securities | Translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income (loss) |                  |
| Balance at April 1, 2022                                   | 405                                                   | (297)                   | (143)                                   | (36)                                                | 91,869           |
| Changes of items during period                             |                                                       |                         |                                         |                                                     |                  |
| Dividends of surplus                                       | –                                                     | –                       | –                                       | –                                                   | (1,438)          |
| Net income attributable to owners of parent for the period | –                                                     | –                       | –                                       | –                                                   | 6,947            |
| Acquisition of treasury stock                              | –                                                     | –                       | –                                       | –                                                   | (2,003)          |
| Disposal of treasury stock                                 | –                                                     | –                       | –                                       | –                                                   | 54               |
| Other changes                                              | (21)                                                  | 1,607                   | 414                                     | 2,001                                               | 2,001            |
| Total changes of items during period                       | (21)                                                  | 1,607                   | 414                                     | 2,001                                               | 5,562            |
| Balance at March 31, 2023                                  | 384                                                   | 1,309                   | 271                                     | 1,965                                               | 97,431           |

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

## Notes to the Consolidated Financial Statements

### 1. Notes on Going Concern Assumption

Not applicable.

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

#### (1) Scope of Consolidation

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

The Company has 17 consolidated subsidiaries.

|          |                                                                                                                                    |
|----------|------------------------------------------------------------------------------------------------------------------------------------|
| Japan    | ISK BIOSCIENCES K.K.<br>ISHIHARA TECHNO CORPORATION<br>FUJI TITANIUM INDUSTRY CO., LTD.<br>ISK ENGINEERING PARTNERS<br>CORPORATION |
| Overseas | ISK AMERICAS INCORPORATED<br>ISK BIOSCIENCES EUROPE N.V.<br>ISK TAIWAN CO., LTD.                                                   |

##### 2) Name of Major Non-consolidated Subsidiaries

ISK BIOSCIENCES KOREA LTD.

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

#### (2) Application of the Equity Method

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

|             |                                                                  |
|-------------|------------------------------------------------------------------|
| 3 companies | CERTIS BELCHIM B.V.<br>HOKUSAN CO., LTD.<br>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 16 non-consolidated subsidiaries and two affiliates have been excluded from the scope of application of the equity method, as their impact on the Company's net income and retained earnings for the current fiscal year are immaterial, and are also immaterial in the aggregate.

#### (3) Fiscal Year of the Consolidated Subsidiaries

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

#### (4) Accounting Policies

##### 1) Standards and Methods for Valuation of Assets

###### Securities

###### Available-for-sale securities

Securities apart from shares, etc. without market prices:

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

Shares, etc. without market prices:

Carried at cost using the moving average method

Derivatives: Carried at fair value

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

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

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

Primarily the straight-line method

Intangible assets (except for leased assets):

Straight-line method

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

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

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

##### 3) Standards for Recording Allowances and Provisions

Allowance for doubtful receivables:

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

Provision for bonuses:

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

Provision for implementation of environmental and safety arrangements:

A provision for expenditure to implement environmental and safety arrangements is recorded for the estimated amount of such expenditure.

Specifically, the provision pertains to expenses related to the remediation of soil and groundwater contamination and measures for buried waste at the Yokkaichi Plant.

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

Provision for loss on withdrawal from business:

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

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

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

#### 5) Method of Hedge Accounting

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

#### 6) Method of Accounting for Retirement Benefits

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

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

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

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

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

## 7) Standards for Recording Revenue and Expenses

The details of the main performance obligations concerning revenue arising from contracts with customers in the main businesses of the Company and its consolidated subsidiaries (collectively, the “Group”), and the normal timing of revenue recognition, are as follows.

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

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

## 3. Notes on Changes in Accounting Policies

Application of United States Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 842 “Leases”

From the current fiscal year, the Group has applied ASC 842 “Leases” for overseas subsidiaries and affiliates that have adopted US GAAP.

As a result, in principle, all lease transactions in which these subsidiaries and affiliates are lessees are recorded as assets and liabilities on the balance sheet.

This has had no material effect on the consolidated financial statements for the current fiscal year.

## 4. Notes on Changes in Presentation Method

### (1) Consolidated Balance Sheet

1) “Electronically recorded monetary claims - operating,” included in “notes receivable - trade” within current assets in the previous fiscal year (1,000 million yen in the previous fiscal year), is presented as a separate item in the current fiscal year, due to increased materiality.

2) “Electronically recorded obligations - operating,” included in “notes and accounts payable - trade” within current liabilities in the previous fiscal year (1,058 million yen in the previous fiscal year), is presented as a separate item in the current fiscal year, due to increased materiality.

### (2) Consolidated Statement of Income

“Gain on sale of investment securities,” included in “other” within extraordinary income in the previous fiscal year (41 million yen in the previous fiscal year), is presented as a separate item in the current fiscal year, due to increased materiality.

## 5. Notes on Accounting Estimates

Recoverability of Deferred Tax Assets

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

Deferred tax assets 7,308 million yen

Other information useful for the understanding of estimates:

### 1) Calculation Method

Recoverability of deferred tax assets is judged through estimated taxable income based on future earning capacity, set against deductible temporary differences and a loss carry-forward in tax

accounting. The estimate of taxable income is based on future business plans at the time of the estimate.

## 2) Main Assumptions

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

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

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

## 6. Notes to the Consolidated Balance Sheet

- (1) Accumulated Depreciation on Property, Plant and Equipment 128,559 million yen  
Accumulated depreciation includes accumulated impairment loss.

### (2) Assets Pledged as Collateral, and Related Obligations

Assets pledged as collateral

|                                     |                           |
|-------------------------------------|---------------------------|
| Investment securities               | 37 million yen            |
| Buildings and structures            | 9,424 million yen         |
| Machinery, equipment and vehicles   | 15,589 million yen        |
| Land                                | 868 million yen           |
| Other property, plant and equipment | 459 million yen           |
| <b>Total</b>                        | <b>26,378 million yen</b> |

Among the above assets, the total value of property, plant and equipment pledged as a floating mortgage is 25,836 million yen, covering all classifications of assets.

Obligations related to the collateral

|                                         |                           |
|-----------------------------------------|---------------------------|
| Short-term bank loans                   | 6,540 million yen         |
| Current portion of long-term bank loans | 2,940 million yen         |
| Long-term bank loans                    | 8,989 million yen         |
| <b>Total</b>                            | <b>18,469 million yen</b> |

- (3) Trade Notes Receivable Discounted with Banks 127 million yen

### (4) Guarantee Obligations

Not applicable.

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

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

Common stock 40,383,943 shares

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

Common stock 2,243,479 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 28, 2022 | Common stock    | Retained earnings  | 1,438 million yen        | 36.00 yen          | March 31, 2022 | June 29, 2022  |

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

| Anticipated Resolution                                    | Class of shares | Source of dividend | Total amount of dividend | Dividend per share | Record date    | Effective date |
|-----------------------------------------------------------|-----------------|--------------------|--------------------------|--------------------|----------------|----------------|
| Ordinary General Meeting of Shareholders on June 28, 2023 | Common stock    | Retained earnings  | 1,601 million yen        | 42.00 yen          | March 31, 2022 | June 29, 2022  |

## 8. Notes on Financial Instruments

### (1) Status of Financial Instruments

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

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

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

### (2) Fair Value, etc. of Financial Instruments

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

Note that shares, etc. without market prices (unlisted shares with a consolidated balance sheet amount of 6,871 million yen) are not included in “available-for-sale securities.”

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

(Millions of yen)

|                                                     | Consolidated balance sheet amount | Fair value | Difference |
|-----------------------------------------------------|-----------------------------------|------------|------------|
| (1) Investment securities                           |                                   |            |            |
| Available-for-sale securities                       | 1,234                             | 1,234      | -          |
| (2) Long-term bank loans, including current portion | 34,604                            | 34,630     | 26         |
| (3) Derivatives*                                    | 16                                | 16         | -          |

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

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

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

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

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

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

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



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

(Millions of yen)

| Category                      | Fair Value |         |         |       |
|-------------------------------|------------|---------|---------|-------|
|                               | Level 1    | Level 2 | Level 3 | Total |
| Investment securities         |            |         |         |       |
| Available-for-sale securities |            |         |         |       |
| Shares                        | 1,234      | -       | -       | 1,234 |
| Derivatives                   | -          | 16      | -       | 16    |

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

(Millions of yen)

| Category                                        | Fair Value |         |         |        |
|-------------------------------------------------|------------|---------|---------|--------|
|                                                 | Level 1    | Level 2 | Level 3 | Total  |
| Long-term bank loans, including current portion | -          | 34,630  | -       | 34,630 |

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

Investment securities

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

Derivatives

The fair value of currency swaps is measured using the discounted present value method with observable inputs such as currency exchange rates, and is classified as Level 2 fair value.

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

Long-term bank loans, including current portion

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

## 9. Notes on Real Estate for Rent, etc.

Notes omitted due to lack of materiality.

## 10. Notes on Per Share Information

|                      |              |
|----------------------|--------------|
| Net assets per share | 2,554.54 yen |
| Net income per share | 175.75 yen   |

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

|                                                                             |                        |
|-----------------------------------------------------------------------------|------------------------|
| Total net assets                                                            | 97,431 million yen     |
| Amount deducted from total net assets                                       | —                      |
| Total net assets attributable to common stock at the end of the fiscal year | 97,431 million yen     |
| Number of shares of common stock used to calculate net assets per share     | 38,140 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 | 6,947 million yen      |
| Amount not attributable to common shareholders                                                               | —                      |
| Net income attributable to the owners of the parent company attributable to common stock                     | 6,947 million yen      |
| Average number of shares of common stock during the period                                                   | 39,532 thousand shares |

## 11. Significant Subsequent Events

Not applicable.

## 12. Notes on Revenue Recognition

### (1) Breakdown of revenue arising from contracts with customers

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

(Millions of yen)

|                                 | Reportable segment           |                            |                  | Total   |
|---------------------------------|------------------------------|----------------------------|------------------|---------|
|                                 | Inorganic chemicals business | Organic chemicals business | Other businesses |         |
| Japan                           | 40,397                       | 13,015                     | 2,978            | 56,391  |
| Asia                            | 19,165                       | 7,334                      | 1                | 26,501  |
| Americas                        | 3,320                        | 25,117                     | 15               | 28,453  |
| Europe                          | 1,547                        | 17,924                     | -                | 19,471  |
| Other regions                   | 48                           | 372                        | -                | 421     |
| Net sales to external customers | 64,479                       | 63,764                     | 2,995            | 131,238 |

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

#### 1) Revenue from the sale of products

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

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

## 2) Revenue from construction contracts

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

## 3) Revenue from principal/agent transactions

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

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

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

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

### 1) Balance of contract assets and contract liabilities

Contract assets comprise accounts receivable - trade that have not yet been invoiced, mainly associated with the recognition of revenue based on the measurement of progress on construction contracts. They are transferred to accounts receivable - trade when the customer accepts delivery and the work is invoiced.

Contract liabilities are related to considerations received in advance of fulfillment based on the contract, and are transferred to income when the Group fulfills its contractual obligations.

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

### 2) Transaction price allocated to remaining performance obligations

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

### 13. Other Notes

#### (1) Impairment Loss

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

| Location                                                                        | Use                  | Classification                        | Impairment loss |
|---------------------------------------------------------------------------------|----------------------|---------------------------------------|-----------------|
| FUJI TITANIUM<br>INDUSTRY CO., LTD.<br>(Hiratsuka City,<br>Kanagawa Prefecture) | Production equipment | Machinery, equipment, and<br>vehicles | 63 million yen  |
|                                                                                 |                      | Construction in progress              |                 |
|                                                                                 |                      | Software                              |                 |
|                                                                                 |                      | Other                                 |                 |

#### 1) Method of asset grouping

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

#### 2) Reason for the recognition of a loss on impairment

As future cash flows cannot be expected from the barium titanate materials business at the Hiratsuka plant of the Company's consolidated subsidiary FUJI TITANIUM INDUSTRY CO., LTD., it recorded an impairment loss.

#### 3) Method for determining the recoverable amount

As future cash flows cannot be expected from the equipment in the table above, its recoverable amount was determined to be zero, and its net book value of was reduced to memorandum value.

#### 4) Impairment loss by non-current asset classification

| Classification                     | FUJI TITANIUM<br>INDUSTRY CO., LTD. |
|------------------------------------|-------------------------------------|
| Machinery, equipment, and vehicles | 33 million yen                      |
| Construction in progress           | 28 million yen                      |
| Software                           | 0 million yen                       |
| Other                              | 0 million yen                       |

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

## Non-consolidated Statement of Changes in Net Assets

(April 1, 2022 - March 31, 2023)

(Millions of yen)

|                                                                  | Shareholders' equity |                       |                       |                       |
|------------------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|
|                                                                  | Common stock         | Capital surplus       |                       |                       |
|                                                                  |                      | Legal capital surplus | Other capital surplus | Total capital surplus |
| Balance at April 1, 2022                                         | 43,420               | 9,155                 | 641                   | 9,796                 |
| Changes of items during period                                   |                      |                       |                       |                       |
| Dividends of surplus                                             | -                    | -                     | -                     | -                     |
| Provision of legal retained earnings due to dividends of surplus | -                    | -                     | -                     | -                     |
| Net income                                                       | -                    | -                     | -                     | -                     |
| Acquisition of treasury stock                                    | -                    | -                     | -                     | -                     |
| Disposal of treasury stock                                       | -                    | -                     | 26                    | 26                    |
| Other changes                                                    | -                    | -                     | -                     | -                     |
| Total changes of items during period                             | -                    | -                     | 26                    | 26                    |
| Balance at March 31, 2023                                        | 43,420               | 9,155                 | 667                   | 9,822                 |

|                                                                  | Shareholders' equity    |                         |                         |                |                            |
|------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|----------------|----------------------------|
|                                                                  | Retained earnings       |                         |                         | Treasury stock | Total shareholders' equity |
|                                                                  | Legal retained earnings | Other retained earnings | Total retained earnings |                |                            |
| Retained earnings brought forward                                |                         |                         |                         |                |                            |
| Balance at April 1, 2022                                         | 469                     | 21,845                  | 22,314                  | (238)          | 75,293                     |
| Changes of items during period                                   |                         |                         |                         |                |                            |
| Dividends of surplus                                             | –                       | (1,438)                 | (1,438)                 | –              | (1,438)                    |
| Provision of legal retained earnings due to dividends of surplus | 143                     | (143)                   | –                       | –              | –                          |
| Net income                                                       | –                       | 7,623                   | 7,623                   | –              | 7,623                      |
| Acquisition of treasury stock                                    | –                       | –                       | –                       | (2,003)        | (2,003)                    |
| Disposal of treasury stock                                       | –                       | –                       | –                       | 28             | 54                         |
| Other changes                                                    | –                       | –                       | –                       | –              | –                          |
| Total changes of items during period                             | 143                     | 6,041                   | 6,185                   | (1,975)        | 4,236                      |
| Balance at March 31, 2023                                        | 613                     | 27,886                  | 28,500                  | (2,213)        | 79,530                     |

|                                                                  | Valuation and translation adjustments                 |                                             | Total net assets |
|------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------|------------------|
|                                                                  | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                  |
| Balance at April 1, 2022                                         | 266                                                   | 266                                         | 75,559           |
| Changes of items during period                                   |                                                       |                                             |                  |
| Dividends of surplus                                             | –                                                     | –                                           | (1,438)          |
| Provision of legal retained earnings due to dividends of surplus | –                                                     | –                                           | –                |
| Net income                                                       | –                                                     | –                                           | 7,623            |
| Acquisition of treasury stock                                    | –                                                     | –                                           | (2,003)          |
| Disposal of treasury stock                                       | –                                                     | –                                           | 54               |
| Other changes                                                    | (22)                                                  | (22)                                        | (22)             |
| Total changes of items during period                             | (22)                                                  | (22)                                        | 4,214            |
| Balance at March 31, 2023                                        | 243                                                   | 243                                         | 79,774           |

Note: Figures presented in the financial statements 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

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

##### Available-for-sale securities

Securities apart from shares, etc. without market prices:

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

Shares, etc. without market prices:

Carried at cost using the moving average method.

Derivatives: Carried at fair value

Inventories: Inventories held for ordinary sales purposes

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

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

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

Straight-line method

Intangible assets (except for leased assets):

Straight-line method

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

Leased assets:

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

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

#### (3) Standards for Recording Allowances and Provisions

Allowance for doubtful receivables:

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



amounts are estimated individually based on their specific collectibility.

Provision for bonuses:

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

Provision for retirement benefits

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

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

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

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

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

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

Provision for implementation of environmental and safety arrangements:

A provision for expenditure to implement environmental and safety arrangements is recorded for the estimated amount of such expenditure.

Specifically, the provision pertains to expenses related to the remediation of soil and groundwater contamination and measures for buried waste at the Yokkaichi Plant.

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

Provision for loss on withdrawal from business:

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

(4) Standards for Recording Revenue and Expenses

The details of the main performance obligations concerning revenue arising from contracts with customers in the Company's main businesses, and the normal timing of revenue recognition, are as follows. The Company is mainly engaged in the manufacture and sale of inorganic chemical products

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

(5) Method of Hedge Accounting

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

**3. Notes on Changes in Accounting Policies**

Not applicable.

**4. Notes on Changes in Presentation Method**

(1) Non-consolidated Balance Sheet

- 1) “Electronically recorded monetary claims - operating,” included in “notes receivable - trade” within current assets in the previous fiscal year (393 million yen in the previous fiscal year), is presented as a separate item in the current fiscal year, due to increased materiality.
- 2) “Electronically recorded obligations - operating,” included in “notes payable - trade” within current liabilities in the previous fiscal year (253 million yen in the previous fiscal year), is presented as a separate item in the current fiscal year, due to increased materiality.

(2) Non-consolidated Statement of Income

“Gain on sale of investment securities,” included in “other” within extraordinary income in the previous fiscal year (35 million yen in the previous fiscal year), is presented as a separate item in the current fiscal year, due to increased materiality.

**5. Notes on Accounting Estimates**

Recoverability of Deferred Tax Assets

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

Deferred tax assets 5,600 million yen

Other information useful for the understanding of estimates:

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

**6. Notes to the Non-consolidated Balance Sheet**

(1) Monetary Claims and Obligations to Subsidiaries and Affiliates

|                                 |                    |
|---------------------------------|--------------------|
| Short-term monetary claims      | 32,698 million yen |
| Long-term monetary claims       | 2 million yen      |
| Short-term monetary obligations | 6,190 million yen  |
| Long-term monetary obligations  | 68 million yen     |

(2) Accumulated Depreciation on Property, Plant and Equipment 110,776 million yen

Accumulated depreciation includes accumulated impairment loss.

(3) Assets Pledged as Collateral, and Related Obligations

|                               |                    |
|-------------------------------|--------------------|
| Assets pledged as collateral  |                    |
| Buildings                     | 4,794 million yen  |
| Structures                    | 4,898 million yen  |
| Machinery and equipment       | 16,210 million yen |
| Tools, furniture and fixtures | 459 million yen    |
| Land                          | 868 million yen    |
| <hr/>                         |                    |
| Total                         | 27,230 million yen |

Among the above assets, the total value of property, plant and equipment pledged as a floating mortgage is 26,725 million yen, covering all classifications of assets.

|                                         |                    |
|-----------------------------------------|--------------------|
| Obligations related to the collateral   |                    |
| Short-term bank loans                   | 6,540 million yen  |
| Current portion of long-term bank loans | 2,940 million yen  |
| Long-term bank loans                    | 8,989 million yen  |
| <hr/>                                   |                    |
| Total                                   | 18,469 million yen |

(4) Guarantee Obligations

Not applicable.

**7. Notes to the Non-consolidated Statement of Income**

|                                               |                    |
|-----------------------------------------------|--------------------|
| Transactions with Subsidiaries and Affiliates |                    |
| Sales                                         | 52,149 million yen |
| Purchases, etc.                               | 12,012 million yen |
| Transactions other than trade                 | 1,981 million yen  |

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

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

Common stock 2,243,479 shares

## 9. Notes on Tax Effect Accounting

### (1) Breakdown of deferred tax assets and deferred tax liabilities by major causes

#### [Deferred tax assets]

|                                                                       |                     |
|-----------------------------------------------------------------------|---------------------|
| Tax loss carryforwards                                                | 1,860 million yen   |
| Loss on valuation of shares of subsidiaries and affiliates            | 1,891 million yen   |
| Provision for retirement benefits                                     | 3,280 million yen   |
| Allowance for doubtful receivables                                    | 434 million yen     |
| Loss on valuation of investment securities                            | 785 million yen     |
| Accrued expenses, etc.                                                | 144 million yen     |
| Provision for bonuses                                                 | 178 million yen     |
| Provision for implementation of environmental and safety arrangements | 345 million yen     |
| Asset retirement obligations                                          | 25 million yen      |
| Other                                                                 | 826 million yen     |
| <hr/>                                                                 |                     |
| Gross deferred tax assets                                             | 9,772 million yen   |
| Valuation allowance                                                   | (4,087) million yen |
| <hr/>                                                                 |                     |
| Total deferred tax assets                                             | 5,685 million yen   |

#### [Deferred tax liabilities]

|                                                       |                   |
|-------------------------------------------------------|-------------------|
| Valuation difference on available-for-sale securities | 85 million yen    |
| <hr/>                                                 |                   |
| Total deferred tax liabilities                        | 85 million yen    |
| <hr/>                                                 |                   |
| Net deferred tax assets                               | 5,600 million yen |

### (2) Accounting treatment of corporate tax and local corporate tax and accounting treatment of related tax-effect accounting

The Company has transitioned to a group tax sharing system from the current fiscal year. The accounting treatment and disclosure of corporate tax and local corporate tax, as well as related tax-effect accounting, is in accordance with “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ Guidance No. 42, August 12, 2021).

## 10. Notes on Transactions with Related Parties

### Subsidiaries and Affiliates

| Name of company (Subsidiaries)       | Voting right holdings (held) | Relationship with the related party                                                                  | Details of transactions                                             | Transaction amount (Millions of yen) | Item                        | Year-end balance (Millions of yen) |
|--------------------------------------|------------------------------|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------|-----------------------------|------------------------------------|
| ISK BIOSCIENCES K.K.                 | Direct 100%                  | Sale of the Company's products<br>Concurrent service by directors, etc.                              | Sale of agrochemicals (Note 1)                                      | 9,330                                | Accounts receivable – trade | 8,127                              |
|                                      |                              |                                                                                                      | Deposit of surplus funds (Note 2)                                   | —                                    | Deposits received           | 1,332                              |
|                                      |                              |                                                                                                      | Payment of interest (Note 3)                                        | 10                                   |                             |                                    |
| ISK BIOSCIENCES EUROPE N.V.          | Direct 100%                  | Sale of the Company's products<br>Concurrent service by directors, etc.                              | Sale of agrochemicals (Note 1)                                      | 16,754                               | Accounts receivable – trade | 10,189                             |
| ISHIHARA TECHNO CORPORATION          | Direct 100%                  | Purchase of raw materials<br>Sale of the Company's products<br>Concurrent service by directors, etc. | Purchase of raw materials, fuel, packaging materials, etc. (Note 1) | 6,002                                | Accounts payable – trade    | 1,997                              |
|                                      |                              |                                                                                                      | Sale of titanium dioxide and agrochemicals (Note 1)                 | 6,394                                | Accounts receivable – trade | 2,490                              |
| FUJI TITANIUM INDUSTRY CO., LTD.     | Direct 100%                  | Supply of raw materials, etc.<br>Concurrent service by directors, etc.                               | Supply of raw materials, etc. (Note 1)                              | 1,453                                | Accounts receivable – trade | 538                                |
|                                      |                              |                                                                                                      | Payment of interest (Note 3)                                        | 17                                   |                             |                                    |
| ISK ENGINEERING PARTNERS CORPORATION | Direct 100%                  | Contracted construction and maintenance of equipment<br>Concurrent service by directors, etc.        | Construction of production equipment (Note 4)                       | 1,724                                | Accounts payable - other    | 802                                |
| ISK BIO-SCIENCES CORP.               | Indirect 100%                | Sale of the Company's products<br>Concurrent service by directors, etc.                              | Sale of agrochemicals (Note 1)                                      | 10,411                               | Accounts receivable – trade | 6,645                              |

Transaction terms and method of determining transaction terms, etc.

- Notes:
1. Transaction terms for the sale of products and the purchase of raw materials are determined based on market prices, etc.
  2. Deposit of surplus funds is carried out based on a deposit agreement. It is not recorded in the Transaction amount column, since the amount is moving daily.
  3. Interest rates for interest payment are determined in view of prevailing market values.
  4. Terms for the construction of production equipment are determined in view of prevailing market values, etc.

## 11. Notes on Per Share Information

|                      |              |
|----------------------|--------------|
| Net assets per share | 2,091.59 yen |
| Net income per share | 192.84 yen   |

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

|                                                                             |                        |
|-----------------------------------------------------------------------------|------------------------|
| Total net assets                                                            | 79,774 million yen     |
| Amount deducted from total net assets                                       | —                      |
| Total net assets attributable to common stock at the end of the fiscal year | 79,774 million yen     |
| Number of shares of common stock used to calculate net assets per share     | 38,140 thousand shares |

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

|                                                                 |                        |
|-----------------------------------------------------------------|------------------------|
| Net income recorded on the non-consolidated statement of income | 7,623 million yen      |
| Amount not attributable to common shareholders                  | —                      |
| Net income attributable to common stock                         | 7,623 million yen      |
| Average number of shares of common stock during the period      | 39,532 thousand shares |

## 12. Notes on Significant Subsequent Events

Not applicable.

## 13. Notes on Revenue Recognition

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

## 14. Other Notes

Amounts presented are rounded down to the nearest million yen.