



Sakai Chemical Industry Co., Ltd.

Sakai Chemical Group
Integrated Report
2025



Transformation BEYOND 2030



Publication of Integrated Report 2025

Thank you for reading the Sakai Chemical Group Integrated Report 2025,
which is the second integrated report published by the Group.

The Group currently faces the need to rebuild its earning power. Amid increasingly rapid changes in the external environment, growth cannot be achieved as a mere extension of the past. Based on this strong sense of urgency, the Group formulated the Medium-Term Management Plan “Transformation: BEYOND 2030.”

What has been the progress of strategies and initiatives?

To what extent has the commitment to “change” taken root at workplaces?

What have we succeeded in changing over the past year? Has our earning power increased?

We are resolutely taking on the challenge of transformation, fundamentally reviewing our businesses, technologies, organizations, mindsets, and human resources capability.

We will push through repeated trial and error to move boldly toward the future.

This report presents our challenges, achievements, and ongoing issues as fully as possible.

**Chemicals make
dreams come true**

MISSION

Chemistry for a Friendly Future

Creating materials that support the comfort and security of society through compassion and technological innovation.

VISION

Exciting Company

We will build an exciting company together

Disclosure of financial and non-financial information

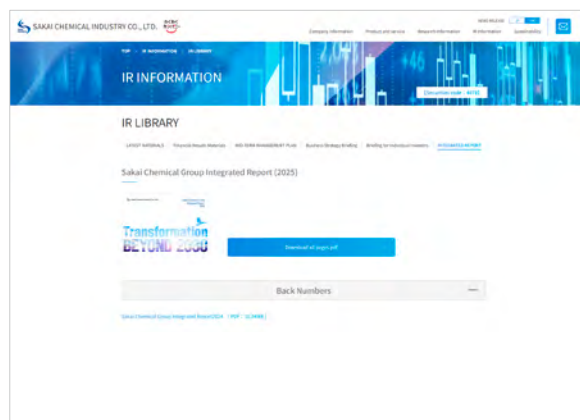
The Sakai Chemical Group separates financial and non-financial information as appropriate for disclosure.

Details of non-financial information not contained in this report (for example, environmental initiatives, social activities, and policies related to ESG) can be viewed on the “Sustainability” page of the Sakai Chemical Industry website. The “IR Library” page discloses financial information (including financial statements and corporate governance information), as well as the Medium-Term Management Plan, annual Integrated Reports, and past information.

Sustainability



IR



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Scope and period of report

Organizations covered: Sakai Chemical Industry Co., Ltd. and its domestic/overseas consolidated subsidiaries (referred to as Sakai Chemical Group)
Reporting period: April 1, 2023 to March 31, 2024
The latest information at the time of publication is included as much as possible.
Publication date: October 2025

Reference guidelines

- Integrated Reporting Framework (IFRS Foundation)
- Guidance for Collaborative Value Creation 2.0 (Ministry of Economy, Trade and Industry)

Notes regarding forward-looking statements

This report contains forward-looking statements. These statements are based on information available at the time of publishing and therefore include risks and uncertainties. Please be aware that actual results may differ from the forward-looking statements due to changes in various factors.

History of Sakai Chemical Group

Sakai Chemical Group began business in 1918 as Sakai Refinery Factory in Sakai City, Osaka Prefecture.

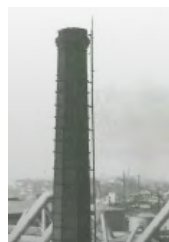
Since then, the Group has continued to pursue constant technological innovation and to provide products and services that contribute to Chemistry for a Friendly Future.

1918



Zinc business

White pigment zinc oxide $\text{ZnO} \rightarrow$
Lithopone
 $\text{ZnS BaSO}_4 \rightarrow$ Titanium dioxide TiO_2



1918

Founded

Began operation as Sakai Refinery Factory, a wooden zinc white factory with an octagonal brick chimney and two oxidation furnaces

1950s



Plastic additive business

From zinc stearate

1970s



Catalyst business

Titanium dioxide as carrier

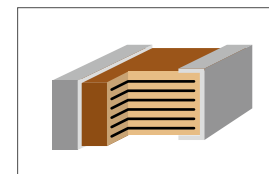
1980s



Cosmetics materials business

From ultrafine particle zinc oxide technology

1990s



Electronic materials business

From barium titanate



Organic chemicals business

Catalyst

Cosmetics

Electronic

Organic

Electronic materials business

Cosmetics materials business

Catalyst business

Plastic additive business

Titanium dioxide business

Barium business

Zinc business

2000s



Started overseas production

Sakai Chemical (Vietnam) Co., Ltd.

Net sales for FY2024

¥84,409 million

Sales trends



Founding period

- 1918** Founded Sakai Refinery Factory in a corner of the current Sakai Manufacturing Site premises
- 1918** Started production of zinc white (zinc oxide)
- 1920** Started production of various barium products
- 1932** Changed trade name to the present Sakai Chemical Industry Co., Ltd.
- 1935** Became the first in Japan to succeed in factory production of anatase type titanium dioxide
- 1936** Founded Sakai Trading Co., Ltd., expanding into trade business such as raw material and product imports

Growth period

- 1949-50** Started production of vinyl chloride stabilizers and metal soaps
- 1950** Listed on the Osaka Securities Exchange (at that time)
- 1961** Listed on Tokyo Stock Exchange
- 1963** Completed Onahama Factory (to cope with the increasing demand for titanium dioxide)
- 1969** Completed Yumoto Factory and Semboku Factory
- 1978** Started production of de-NOx catalyst
- 1991** Completed Otsurugi Factory

Expansion and transformation of business domain

- 1992** Started commercial production of electronic ceramic materials
- 1994** Acquired all shares of Tomioka Chemical Co., Ltd. (expanded into the organic chemicals business)
- 2007** Founded Sakai Chemical (Vietnam) Co., Ltd. (plastic additives business)
- 2012** Acquired all shares of Katayama Seiyakusyo Co., Ltd. (expanded into the active pharmaceutical intermediates and ingredients business)
- 2013** Established Kaigen Pharma Co., Ltd.
- 2018** Acquired the major stocks of Siam Stabilizers and Chemicals Co., Ltd. (Thailand)
- 2024** Transformed business portfolio
- 2025** Opened the Hanoi Sales Office of Sakai Chemical (Vietnam) Co., Ltd.

About SAKAI

Value created by the Sakai Chemical Group

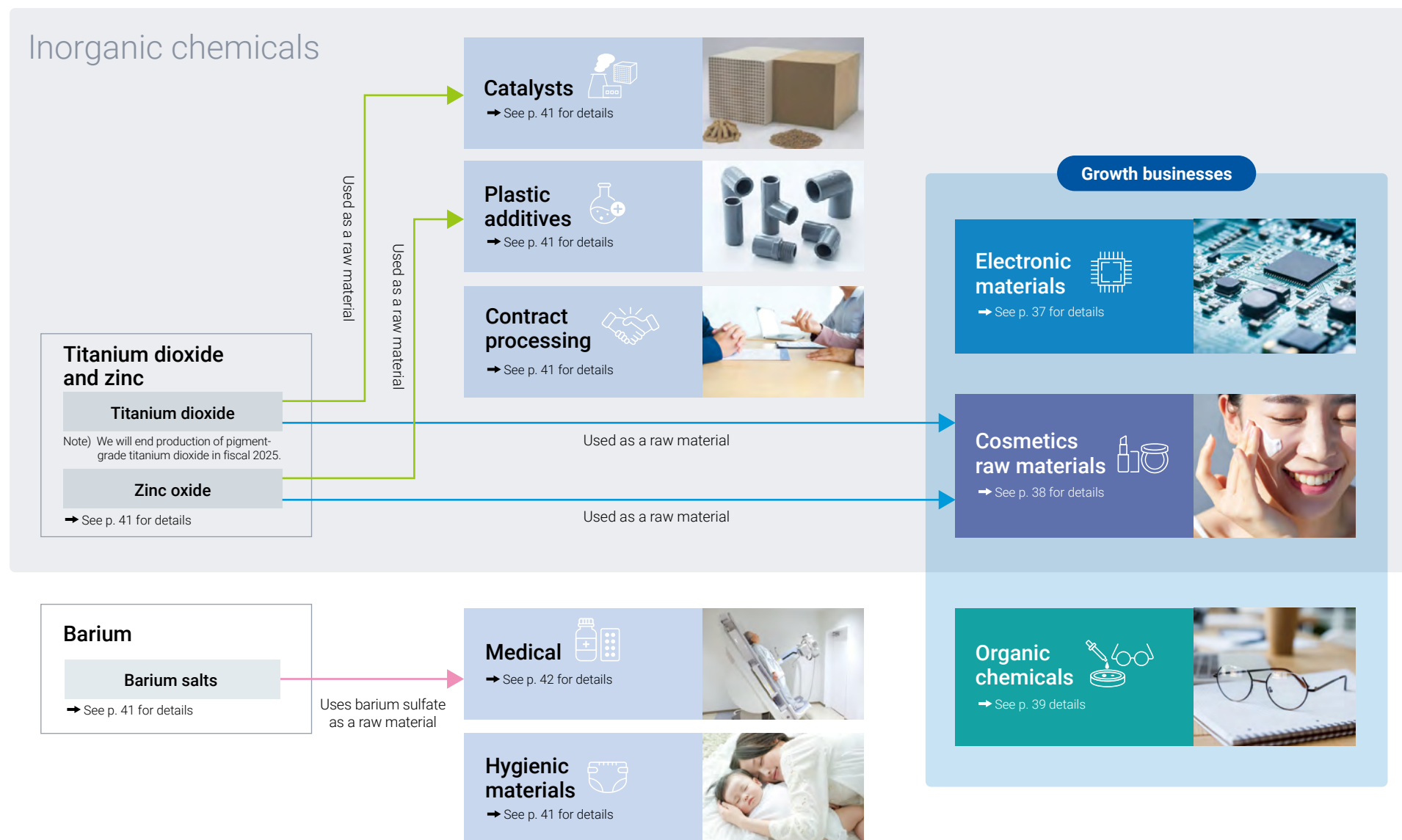
Innovation strategy / New business creation

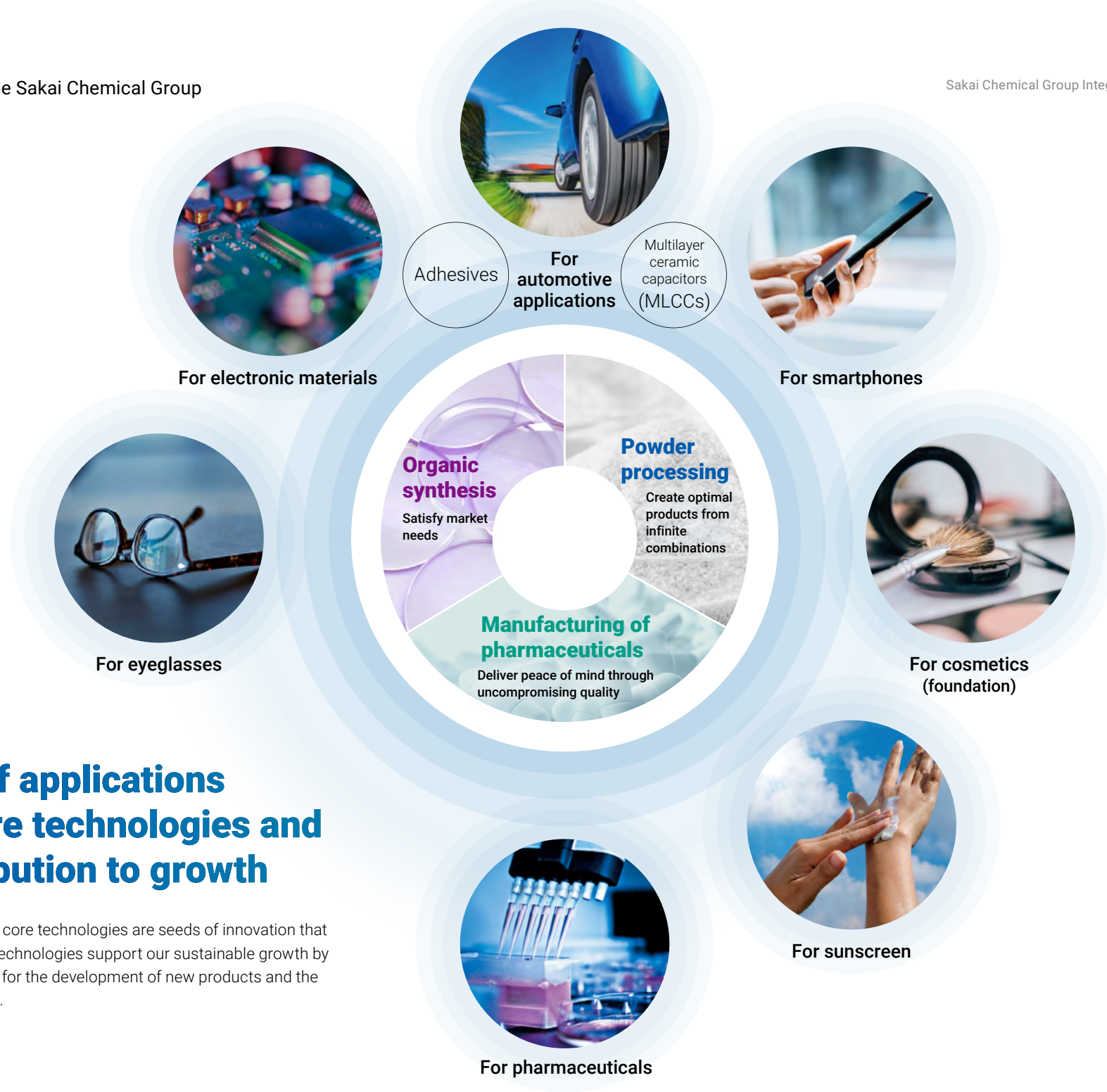
Value creation method (business)

Source of value creation (capital)

The Sakai Chemical Group engages in 10 businesses.

Among these, we have positioned the electronic materials business, cosmetics raw materials business, and organic chemicals business as growth businesses.





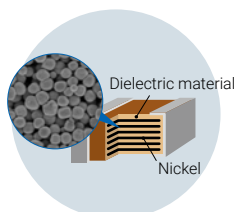
Examples of applications utilizing core technologies and their contribution to growth

The Sakai Chemical Group's core technologies are seeds of innovation that generate new value. These technologies support our sustainable growth by serving as the starting point for the development of new products and the creation of new applications.

Examples of applications utilizing core technologies and their contribution to growth

Powder processing

Dielectric material for electronic components: Barium titanate



As a dielectric material for multilayer ceramic capacitors (MLCCs), barium titanate contributes to the enhanced performance and miniaturization of electronic components. Through microparticulation enabled by powder processing technology and a robust supply chain extending from procurement to sales, we are strengthening our presence in high-end and mid-range markets exhibiting high growth.

Average annual
market growth
rate of MLCCs
8%

Cosmetics raw materials: Special-shaped barium sulfate

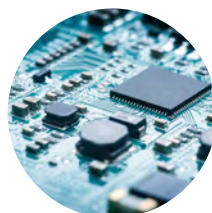


Barium sulfate processed into flake and spherical shapes through powder processing technology achieves excellent usability. In addition to soft focus effects that beautifully mask skin imperfections, anticipation is growing for its skincare effects. As such, it has captured the top market share in cosmetic applications. Going forward, we will also expand into use as a substitute for microplastic beads and for skincare purposes.

**Top
global share**

Organic synthesis technology

Adhesives for electronic materials: Thiol products



Market
growth rate
**5%
or higher**

Thiol products are a type of sulfur compound that are useful as resin curing agents which cure at low temperatures and in short time periods. Thiol products are highly adhesive and water resistant and have been adopted by multiple companies as a material used in adhesives for electronic materials and other applications. The market for adhesives used with electronic materials is expected to grow at an annual rate of approximately 5%. Going forward, we aim to achieve adoption in the automotive field.

Highly refractive material: β -Mercaptopropionic acid (BMPA)



**Only
manufacturer
in Japan**

Sulfur compounds are materials that impart a high refractive index to resins. β -Mercaptopropionic acid (BMPA) is a compound that contributes to increasing the refractive index of eyeglass lenses. The Sakai Chemical Group possesses advanced synthesis technology for organic sulfur compounds and has established a solid position as the only manufacturer of BMPA in Japan.

Pharmaceutical manufacturing technology

GMP management that supports manufacturing of pharmaceuticals



Manufacturing
pharmaceuticals
for **45** years

Pharmaceuticals are high-value-added products that require advanced technology and bring high profitability. At the same time, they have a significant impact on human life and therefore require strict manufacturing and quality control. We aim to solidify our industry position by enhancing the Group's governance structure, thereby ensuring compliance with regulations that become increasingly strict each year, and maintaining data integrity.

Powder processing and pharmaceutical manufacturing technology (management compliant with GMP)

Sunscreen material: Ultrafine zinc oxide



Global share
15%

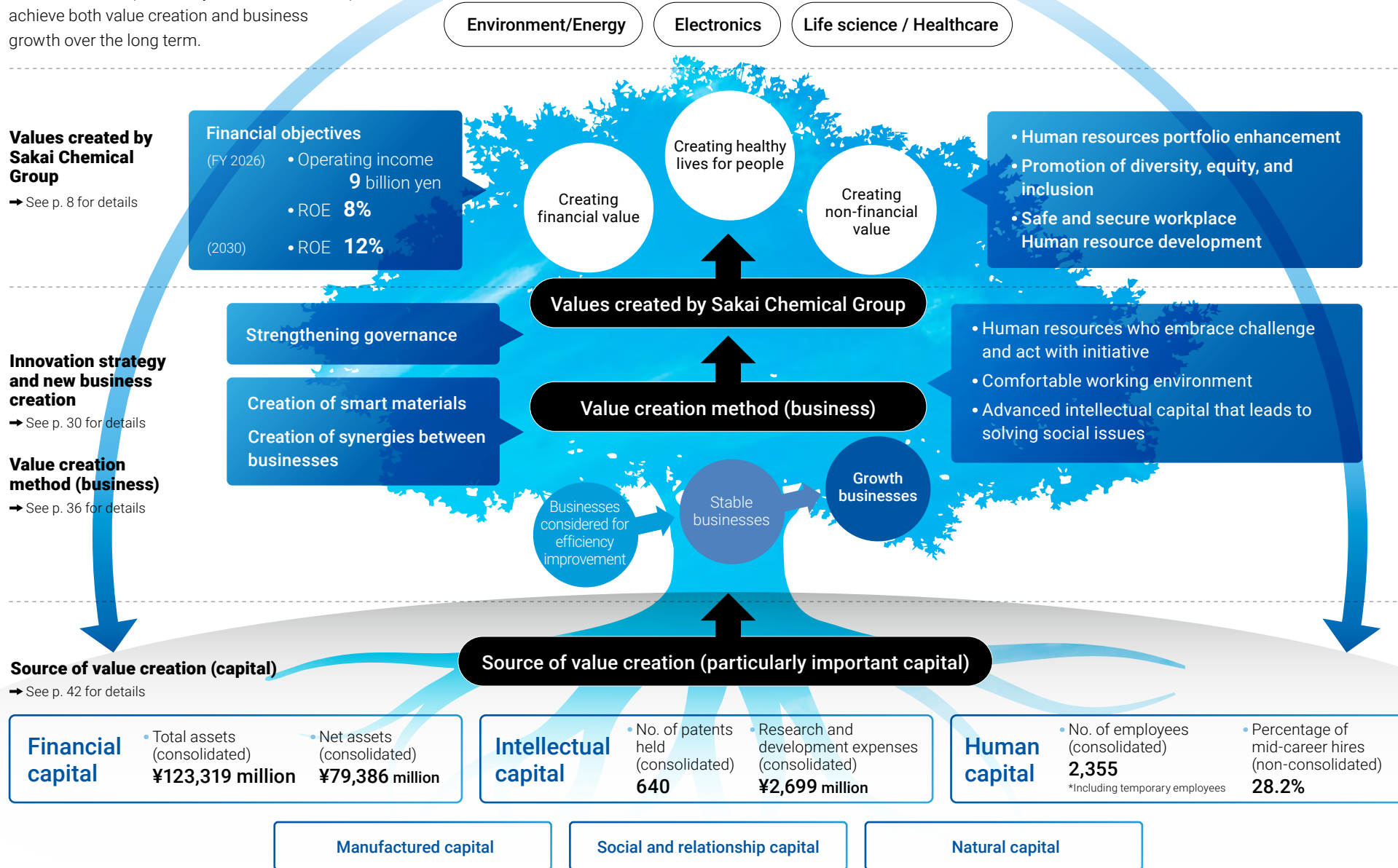
Through our proprietary manufacturing process, we have achieved world-leading transparency while maintaining a high UV-blocking effect. To guarantee the quality of our cosmetics raw materials, we produce under GMP management. These efforts have gained us high recognition in Europe and the United States, and we hold approximately 15% global market share in zinc oxide for sunscreen applications (according to our research). Going forward, we will leverage our product's transparency to expand into applications as a substitute for organic UV absorbers.

Value creation strategy

The Sakai Chemical Group creates three types of social value through our business. By reinvesting a portion of this value as capital, we achieve business growth and create even more value. This positive cycle allows the Group to achieve both value creation and business growth over the long term.

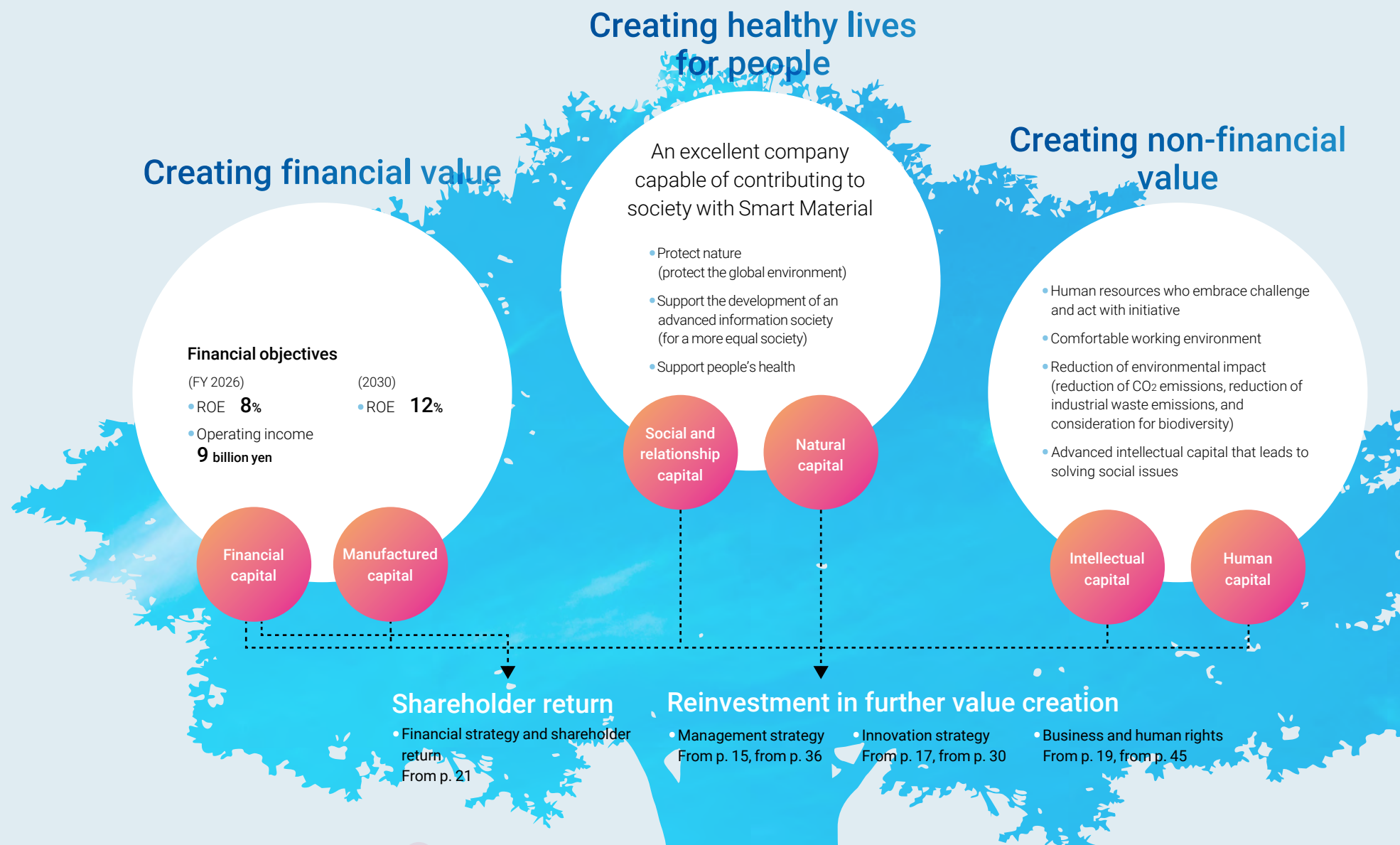
An excellent company capable of contributing to society with Smart Material

Sakai Chemical Group Integrated Report 2025 07



Value created by the Sakai Chemical Group

The Sakai Chemical Group places the highest value on creating healthy lives for people.
We believe that this initiative will result in the creation of both financial and non-financial value.



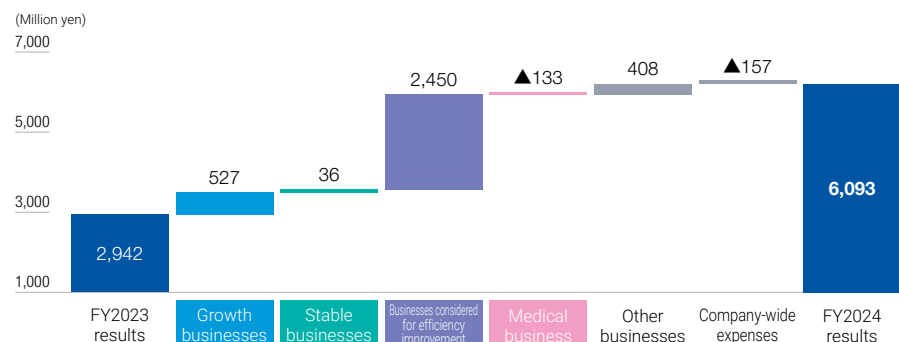
Earnings increased through businesses considered for efficiency improvement; strengthening growth businesses is the next challenge

In the first year of the Medium-Term Management Plan “Transformation: BEYOND 2030,” steady progress was demonstrated by increasing the earning power of businesses considered for efficiency improvement. Specifically, we advanced initiatives within our control, including consolidating and discontinuing unprofitable products and revising prices. While also obtaining customer understanding, we increased efficiency and were able to raise operating profit to approximately ¥6.1 billion, nearly double the results in fiscal 2023.

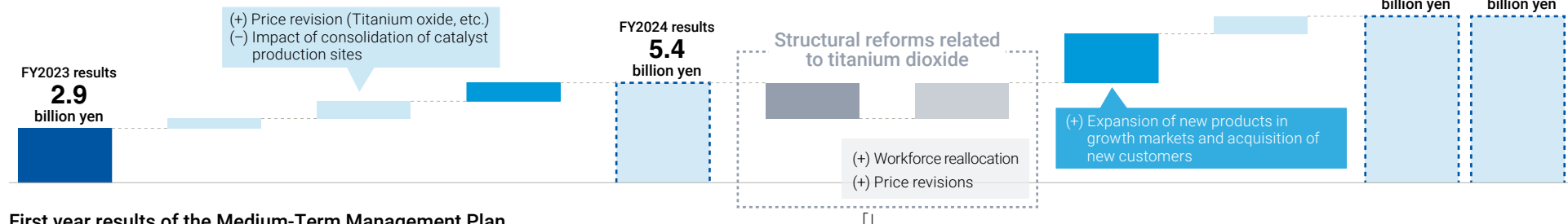
In the second year, by maintaining the earning power of businesses considered for efficiency improvement, we plan to secure profit growth, although the growth will not reach the level of the increase achieved in the first year.

At the same time, the challenge awaiting us in the final year has become clear: that is, the earning power of growth businesses. Although the external environment remains uncertain, in the second year of the plan, we will steadily lay the groundwork to achieve operating profit of ¥9.0 billion in the third year.

YoY change in operating profit by segment



Initial phase of Medium-Term Management Plan



First year results of the Medium-Term Management Plan

Initiatives	(1)	(2)	(3)	Year-one	(4)	(5)	(6)	(7)	Year-two	Year-three
	Depreciation, etc.	Improvement of businesses under efficiency review	Capitalizing on market recovery through growth businesses	FY2024 results	Impact from discontinuation of pigment-grade titanium oxide business	Improvements addressing rising fixed cost ratios	Capitalizing on market expansion through growth businesses	Expanding earnings from stable businesses, etc.	FY2025 forecast	FY2026 medium-term plan targets
FY2024 (year-one results)	In line with projections	Exceeded projections	Some projections unmet	6.1 billion yen	—	—	—	—	—	—
FY2025 (year-two targets)	—	Improvements impacting performance throughout the year	Implementing initiatives with continued diligence	—	Proceeding as planned	Initiatives underway despite delays	Initiatives underway despite delays	Proceeding as planned	6.5 billion yen	—
FY2026 (year-three targets)	—	—	—	—	—	Make up for previous delays	Make up for previous delays	Proceeding as planned	—	9.0 billion yen

Advancement, analysis, and commitment to the management plan



Message from the President
→ See p. 11 for details

Launch of the Medium-Term Management Plan “Transformation: BEYOND 2030” Pioneering the future through businesses, organizations, and human resources

Toshiyuki Yagura

President and Representative Director
Executive Officer
Member of the Nomination and Compensation Committee



Message on management strategy
→ See p. 15 for details

Q1 Is progress being made in business portfolio reform?

Efficiency is increasing steadily—in the second year, we are preparing for growth businesses to surge

Shinji Ogama

Executive Officer
Deputy Head of Corporate Strategy Division
General Manager of Corporate Planning Department



Message on human resources strategy
→ See p. 19 for details

Q3 How does the Sakai Chemical Group cultivate autonomous human resources that drive transformation and create value?

From practicing “management by all” to the phase of validating effectiveness

Akira Morioka

Executive Officer
Head Of Administration Division

Roundtable discussion with Outside Directors
→ See p. 23 for details

How will you lead the transformation of the Sakai Chemical Group?



Yoshikazu Ito

Outside Director
Chairman of the Nomination and Compensation Committee



Mitsunori Matsuda

Outside Director
Member of the Nomination and Compensation Committee



Hisao Miyagawa

Outside Director



Yoshiko Hamazaki

Outside Director
Member of the Nomination and Compensation Committee



Message on innovation strategy
→ See p. 17 for details

Q2 How will the Sakai Chemical Group shape the future?

Determination to change the future from manufacturing to value creation

Koichiro Magara

Director and Executive Officer
Head of Research & Development Division



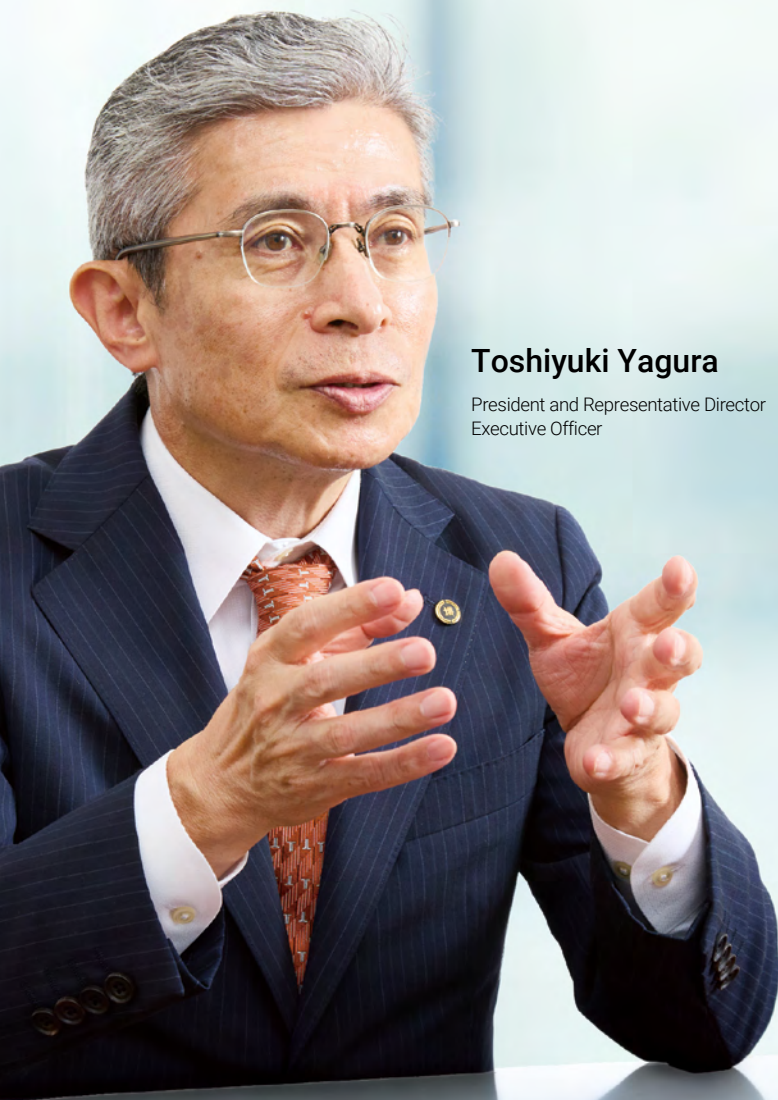
Message on financial strategy
→ See p. 21 for details

Q4 Is your capital policy proceeding smoothly?

Cash inflows and outflows have already surpassed the plan, and overall performance is strong

Hiroyuki Hattori

Director and Executive Officer
General Manager of Corporate Strategy Division
Member of the Nomination and Compensation Committee



Toshiyuki Yagura

President and Representative Director
Executive Officer

Launch of the Medium-Term Management Plan “Transformation: BEYOND 2030” – Pioneering the future through businesses, organizations, and human resources

Completion of the first year of the new Medium-Term Management Plan

Bridging the gap between our progress and the contradictory market response

Having completed the first year of the Medium-Term Management Plan “Transformation: BEYOND 2030” (fiscal year ended March 31, 2025), I feel both a sense of achievement and a heightened awareness of the enormous scale of our challenges.

We conceived “Transformation: BEYOND 2030” out of a urgent sense that we cannot continue on our current path. Instead of simply continuing as we have before, we developed the plan with a backcasting approach that looks to the future. “Transformation: BEYOND 2030” clearly defines what the Sakai Chemical Group must do to transform itself into a company capable of responding flexibly even in turbulent times.

In the first fiscal year of the plan, we improved consolidated results significantly through a unified effort by the entire Group to strengthen our earning power. Net sales rose 2.8% compared to the previous fiscal year to ¥84,409 million, and operating profit doubled from ¥2,942 million in the previous fiscal year to ¥6,093 million. Our operating profit margin also doubled from 3.6% to 7.2%, and ROE improved substantially from -9.2% to +6.6%. Despite these tangible results, the reality we now face is that our stock price showed little reaction and we have yet to receive recognition from the market. This gap represents my foremost management issue. I am currently addressing this

challenge with a strong sense of urgency.

Progress of reforms

Significant improvement in profitability and capital efficiency

Ultimately, the results of the first fiscal year of “Transformation: BEYOND 2030” serve as proof that the Company has taken the initiative to change and has demonstrated our underlying strength.

A major contributor to our improved business was the creation of the category called “businesses considered for efficiency improvement.” Starting this fiscal year, the former chemical business was divided into three categories: growth businesses, stable businesses, and businesses considered for efficiency improvement. By doing so, we clarified strategic approaches tailored to the characteristics of each business. The target of transformations was the category of “businesses considered for efficiency improvement,” with the aim of stabilizing profits through measures including consolidating factories, reducing production scale, and, where necessary, withdrawing from businesses. In this way, we shifted from quantity to quality and implemented reforms that involved difficult decisions such as optimizing pricing and rationalizing unprofitable products, thereby reallocating management resources to more profitable product areas. This included ending our 90-year-old business of pigment-grade titanium dioxide products (with production ending on December 31, 2025, and sales ending in March 2026) and the withdrawal from domestic production of lead-based

stabilizers. I am truly grateful and happy for our employees who, under such difficult circumstances, tenaciously carried out reforms and turned their frustration into a driving force for delivering results.

In regard to finances, we improved our efficiency dramatically. By shortening our collection period for accounts receivable and reducing inventory, we shortened our cash conversion cycle (CCC) to 194 days, which was a reduction of 22 days compared to the previous fiscal year. We also increased our operating cash flow to ¥12,005 million and reduced working capital by ¥3,800 million.

Furthermore, we significantly revised our shareholder returns policy. To implement shareholder returns exceeding ¥8,000 million over the three years of the Medium-Term Management Plan, we revised the previous dividend payout ratio to a dividend on equity (DOE) of 3%. This basic policy will ensure more stable dividends than in the past. When considering the strong progress in profits, we increased the annual dividend for the fiscal year ended March 31, 2025 by ¥10 from the initial plan to ¥135 per share (interim ¥62.5, year-end ¥72.5). Additionally, we decided to acquire treasury shares with a maximum of ¥2,500 million or 1 million shares. We plan to cancel all of the acquired treasury shares. These measures will increase confidence in achieving our goal of shareholder returns exceeding ¥8,000 million during the Medium-Term Management Plan.

Increase (decrease) in operating profit by business (billion yen)

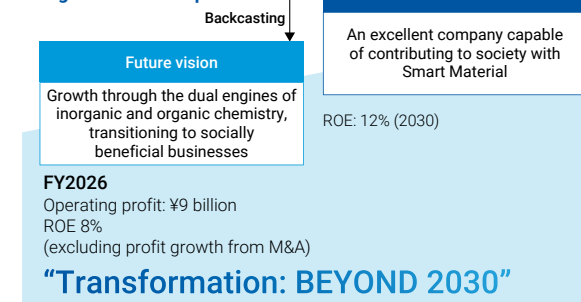
Business	FY2023	FY2024	Increase/decrease
Growth businesses	20	25	5
Stable businesses	10	10	0
Businesses considered for efficiency improvement	12	37	24
Medical	0	0	▲1
Others	7	11	4

Changes to Segments

		Previous sub-segments	New segments	
Chemical business	Growth businesses	Electronic materials	Electronic materials	
		Cosmetics raw materials	Cosmetics raw materials	
	Stable businesses	Hygienic products	Organic chemicals	
		Organic chemicals	Hygienic products	
		Contract processing	Contract processing	
	Businesses considered for efficiency improvement	Titanium dioxide and zinc	Titanium dioxide	zinc
		Plastic additives	Plastic additives	
		Catalysts	Catalysts	
			Barium	
Medical Business				

Positioning of the Medium-Term Management Plan "Transformation: BEYOND 2030"

Positioned as a transformation stage toward the future, focusing intensively on shifting to high-value-added products



Transformation targets		Key initiatives	Progress summary				
Transformation 1	Raise profitability	Realigning our business portfolio toward high-value-added products <ul style="list-style-type: none">Expand sales and profits in growth businesses through investment in electronic materials, cosmetics raw materials, and organic chemicals, and grow businesses through M&A while determining the most suitable ownership for each businessMake future investments for the next medium-term management plan (including cosmetics raw materials)End the pigment-grade titanium dioxide business	Self-assessment ○ (Operating profit (¥ billion)) <table><tr><th>FY2023</th><th>FY2024</th></tr><tr><td>29</td><td>60</td></tr></table> Approx. 2 times operating profit	FY2023	FY2024	29	60
			FY2023	FY2024			
29	60						
Transformation 2	Improve capital efficiency	Achieving ROE that exceeds capital costs and improving PBR <ul style="list-style-type: none">Manage cash flow and reduce assets through the sale of underutilized fixed assetsStrengthen growth businesses through M&A and other proactive investmentImprove capital efficiency through shareholder returns	Self-assessment ○ (ROE (%)) <table><tr><th>FY2023</th><th>FY2024</th></tr><tr><td>△9.2</td><td>6.6</td></tr></table> Targeting ROE of 8%	FY2023	FY2024	△9.2	6.6
			FY2023	FY2024			
△9.2	6.6						
Transformation 3	Enhance non-financial performance	Rebuilding the management foundation through materiality promotion and accelerating non-financial initiatives <ul style="list-style-type: none">Ensure thorough measures to prevent recurrence of quality and safety issuesImplement initiatives for human capital management as a source of growth	Self-assessment ○ Implementation of planned initiatives				

Market evaluation and management issues

Responding to questions of our value through results

Despite these achievements in the first fiscal year of “Transformation: BEYOND 2030”, our price-to-book ratio (PBR) has remained below 1, which is a low level. Although our stock price temporarily rose when “Transformation: BEYOND 2030” was announced, the price has changed little since then. I recognize that this reflects some approval from the market for our efforts to reform the business portfolio, such as withdrawing from the pigment-grade titanium dioxide business. At the same time, it shows that the market lacks confidence in our ability to achieve our targeted high levels of profit and ROE.

Furthermore, many of the Sakai Chemical Group’s businesses are upstream within the chemical sector. Generally speaking, this makes it difficult to discern the value of our businesses and creates the possibility of their value being discounted.

The Board of Directors is holding active discussions regarding the future potential of our earning power. The key question is how to communicate the Company’s true value to the market while improving both profit and asset efficiency. I recognize this as one of our most important management issues.

In any case, to reconcile this gap with the market, we must communicate more effectively and further accelerate the pace of transformation. This will help stakeholders understand the potential of our earning power and have confidence in the transformation and growth story defined in “Transformation: BEYOND 2030”. By delivering sustained results in ROE and enhancing expectations for our future earning power, we aim to increase corporate value and build trust with all stakeholders, including shareholders and investors. This is my responsibility moving forward.

Accelerating business portfolio reforms

Outlook and value creation for each business

For the fiscal year ending March 31, 2026, we anticipate net sales of ¥86,000 million (up 1.9%) and operating profit of ¥6,500 million (up 6.7%). Although we expect fixed-cost burdens associated with ending the production of pigment-grade titanium dioxide and increases in personnel expenses, we aim for steady growth through measures such as the full-year effect of price revisions implemented in the previous fiscal year. Furthermore, to enhance our earning power and raise market expectations, we will accelerate reforms of our business portfolio.

Strengthening our growth businesses

The businesses driving the near-term future of the Sakai Chemical Group are the electronic materials business, the cosmetics raw materials business, and the organic chemicals business.

In the electronic materials business, we are accelerating the development of new materials in anticipation of increased demand for multilayer ceramic capacitor (MLCC) dielectrics and dielectric materials, as well as next-generation communications (5G and Beyond 5G) and AI applications. In particular, we are pursuing technological innovation and capturing market share by fully leveraging our long-cultivated technological advantages, such as silica-based materials that achieve low dielectric loss. We are confident that these markets are extremely broad and that significant growth potential remains within our reach.

In the cosmetics raw materials business, we are utilizing the Sakai Chemical Group’s strengths in powder processing technology to develop and expand sales of high-value-added inorganic materials, such as UV scattering agents and tactile enhancers for makeup applications. Particularly for makeup applications, these materials are gaining recognition as alternatives to microplastics. We are also strengthening our

production system, and we are scheduled to complete a multi-plant facility in February 2026. In the second year of the Medium-Term Management Plan, we have increased our sales staff to acquire new overseas customers. Although some time will be required until results materialize, I am eagerly anticipating the outcomes of our efforts.

In the organic chemicals business, demand for additives for plastic lenses is growing alongside our steady expansion in the eyewear market, and we are considering further strengthening of our production system. We also have high expectations for the new functional material, Multiol, used in adhesives for electronic materials. We aim to develop Multiol into a new pillar of our organic chemicals business. Meanwhile, although contract work for pharmaceutical active pharmaceutical ingredients (API) and intermediates has been declining due to increased competition, we will leverage our track record as a contract manufacturing organization (CMO) to focus on enhancing our contract development and manufacturing organization (CDMO) capabilities and acquiring new projects from our new research building, which became operational last year.

Several products within these growth businesses already hold the No. 1 market share in specific niche markets. As these markets continue to expand, we will further strengthen our growth businesses by leveraging our technological capabilities and market presence, enabling each employee to maximize their potential, and engaging in bold investment as necessary.

Transforming businesses considered for efficiency improvement into stable businesses that generate stable profits

Businesses considered for efficiency improvement contributed significantly to improved earnings in the fiscal year ended March 31, 2025. We will steadily overcome the remaining issues and transition the aforementioned businesses into stable businesses. Over the course of the

current Medium-Term Management Plan, we aim to entirely eliminate the category of businesses considered for efficiency improvement, thereby building a robust portfolio in which all businesses possess strong earning power.

Even within the businesses considered for efficiency improvement, regarding the overseas expansion of the plastic additives business, we are expanding local production and sales systems while shifting to lead-free products. These efforts are supported by infrastructure demand in Southeast Asian markets. In order to further increase our market share, we will open a new sales office in Hanoi under our Vietnamese subsidiary in May 2025.

Innovation strategy for creating new products and businesses

While strengthening our short-term earning power through existing businesses, we will also work to create new products and new businesses by promoting an innovation strategy in the medium to long term. By continuously developing Smart Materials in the three fields of environment and energy, electronics, and life sciences and healthcare, we will continually advance business portfolio reforms and achieve sustainable value creation.

Cultivating an organizational culture that supports transformation

Advancing together through dialogue and trust in people

The true source of the earning power that supports and drives all of these transformations is none other than our people. I am committed to building an autonomous organization in which each employee proactively drives change.

In particular, cultivating awareness as manufacturing professionals—namely, a steadfast commitment to safety and quality—is the fundamental prerequisite for our earning power and must never be compromised. We have reflected deeply on past quality issues and fires (such as the violation

of the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices by Kaigen Pharma Co., Ltd., an explosion and fire at our Yumoto Factory, and a fire at Onahama Manufacturing Site) and are making it our key priority to prevent recurrence. In addition to renewing our management system and strengthening compliance frameworks, we are working to deeply instill an organizational culture that prioritizes quality and safety, even if it means halting production or shipments.

To strengthen human capital, we fully support activities of the Human Capital Committee, which were voluntarily started by employees, and hold monthly *Syain kai* meetings (meetings where employees are the stars and can reach their fullest potential) where executives and employees engage in direct dialogue. Through continuous dialogue, we promote organizational understanding of management policies, reflect on-site feedback into management decisions, and enhance overall engagement across our organization. At the *Syain kai* meetings, “shining” employees are introduced and celebrated for their achievements. Every time that I hear an employee state the reasons why they recommended a “shining” employee and that “shining” employee’s own comments, I am inspired by the accomplishments in their respective workplaces. At the same time, the engagement survey conducted across the Sakai Chemical Group revealed challenges in disseminating and understanding management policies and business strategies. Based on data-driven cause analysis, one hypothesis for these challenges pointed to insufficient dialogue with managers. In response, we have held Chain of Command Dialogue Meetings since July. At these meetings, the President directly engages with department managers and section managers. We gained several insights for improvement from the meetings, and will translate these insights into further actions.

Separately from the *Syain kai* meetings, I also make time to visit workplaces and engage directly with employees at factories and group companies. Transformation requires



breaking down organizational barriers, sharing information, and creating an environment where everyone can freely voice their opinions. Leading this effort is my responsibility. That is why I am committed to continuous dialogue and fostering an organizational culture in which each employee can take on challenges with confidence.

Many employees of the Sakai Chemical Group hold dreams and aspire to shape the future. It is my responsibility to listen to their aspirations and provide opportunities to achieve their dreams.

Based on insights gained from these dialogues, I am also reviewing systems, organizational structures, and educational frameworks to ensure they are suited to change. Through these efforts, I am guiding the Sakai Chemical Group’s evolution into an even stronger organization.

Under “Transformation: BEYOND 2030”, we aim not only to achieve numerical targets but also to ensure that all members of the Sakai Chemical Group share common values, respect each other, and collaborate to create “Chemistry for a Friendly Future.” I will continue advancing this transformation without pause, embracing future challenges, and driving future change with unwavering resolve.

Toshiyuki Yagura

President and Representative Director
Executive Officer



Shinji Ogama

Executive Officer
Deputy Head of Corporate
Strategy Division
General Manager of Corporate
Planning Department
Sakai Chemical Industry Co., Ltd.

Q1 Is progress being made in business portfolio reform?

Efficiency is increasing steadily— in the second year, we are preparing for growth businesses to surge

In last year's message, I spoke of the need to shift our business portfolio toward high-value-added products. Having completed the first year of the Medium-Term Management Plan "Transformation: BEYOND 2030," we have taken a clear step toward restoring profitability through transformation. Here, I will share the progress made over the past year, the results we are beginning to manifest, and our outlook going forward.

The aim of business portfolio transformation looking beyond 2030

The Medium-Term Management Plan "Transformation: BEYOND 2030" (for the fiscal years ending March 2025 to March 2027) differs significantly from our previous medium-term management plans. Through the current plan, the Sakai Chemical Group seeks to achieve continuous transformation by envisioning the future of society, people's lives, and the ideal form of the Company, while clearly distinguishing between businesses to be expanded and those to be scaled back or withdrawn from. The name "Transformation: BEYOND 2030" reflects our determination to continue positive transformation not only during the term of the current plan but also beyond 2030.

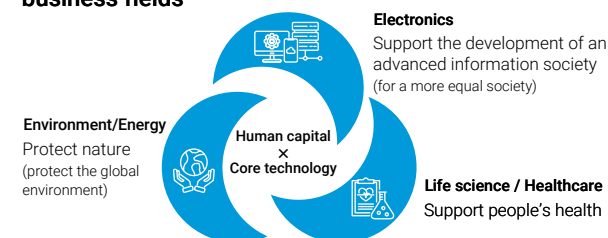
In formulating the plan, the Sakai Chemical Group looked ahead to 2030 and further to 2050. We engaged in extensive discussion on what chemistry can do under four elements

of our future vision: 1) coexistence of virtual and real spaces, 2) a society based on human involvement, 3) further diversification of lifestyles, and 4) both remote and in-person communications. From this, the Group derived the values we should provide and identified three business fields on which to focus.

The first is protecting nature, the second is supporting the development of an advanced information society, and the third is supporting people's health. In other words, the three business fields are environment and energy, electronics, and life sciences and healthcare.

Now, exactly how can the Sakai Chemical Group contribute to society in these three fields? As stated in our management mission, the Sakai Chemical Group has a number of unique seeds that can create materials that support the comfort and security of society. Currently, we

Aiming to contribute to society through our business fields

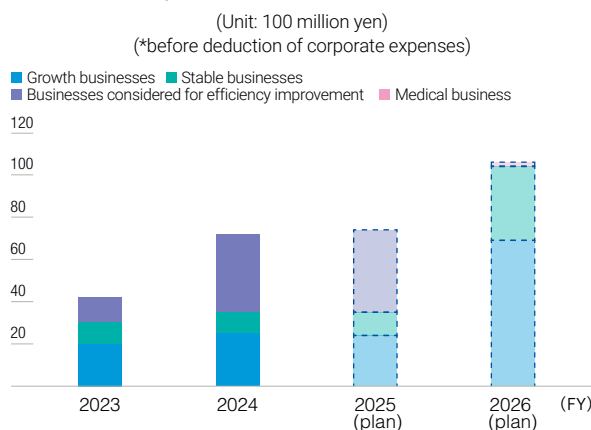


only provide a few materials in one field. However, by expanding our high-added-value seeds, we can grow them into the core of our future businesses. Furthermore, pooling the Group's strengths will make it possible to process and distribute these seeds. In this way, we intend to actively invest management resources in the seeds of highly profitable businesses that contribute to the future of society. For this purpose, we must first reorganize our low-profit businesses and concentrate management resources in growth fields.

Reorganization of segments

From the fiscal year ended March 31, 2025, we abolished the former chemical business segment and changed the sub-segments within the chemical business into reportable segments. Additionally, inorganic materials, which had been included in the "Other" sub-segment, were made into an independent reportable segment. Through this reorganization, we now have a total of 10 reportable segments: three growth businesses, two stable businesses, four businesses considered for efficiency improvement, and the medical business. This reorganization also marks the start of our review of allocating management resources.

Profit trends by business segment



Progress of first year of portfolio transformation in "Transformation: BEYOND 2030"

Key Points

We made significant progress in addressing the issue of low-profit businesses, specifically those classified as businesses considered for efficiency improvement.

As a result of shifting our strategy from pursuing net sales and sales volume to prioritizing profitability, and moving toward a cost-minimized, efficiency-focused production system, our net sales declined, but profitability recovered.

Growth businesses (electronic materials, cosmetic raw materials, organic chemicals)

We position electronic materials, cosmetics raw materials, and organic chemicals as growth drivers, aiming to increase profits through growth investment in existing businesses and strategic M&A. Currently, we are engaging in growth investments in cosmetics raw materials and organic chemicals.

In the cosmetics raw materials, business, we are targeting entry into the makeup products market by investing in production facilities for makeup materials (a cosmetic multi-plant). The plant is scheduled for completion in February 2026.

In the organic chemicals business, we have invested in research and development to expand CMO operations for pharmaceutical APIs and intermediates and to establish a CDMO system.

We expect profit contributions from these investments to continue in the next Medium-Term Management Plan and beyond. We are exploring M&A opportunities primarily in the three growth businesses.

Stable businesses (hygienic materials, contract processing)

Both hygienic materials and contract processing continue to generate stable profits. We expect these businesses to maintain steady performance going forward, and we will sustain them as sources of stable cash flow.



Businesses considered for efficiency improvement (titanium dioxide and zinc, plastic additives, catalysts, inorganic materials)

We are working to transition each of these businesses into stable businesses by implementing efficiency improvements.

In the titanium dioxide business, we will end the low-profit pigment-grade titanium dioxide business in the fiscal year ending March 31, 2026. Since this business had nearly ¥10,000 million in sales, we have launched company-wide structural reforms such as fixed-cost reductions.

In the plastic additives business, we will continue consolidating and rationalizing low-profit product lines in Japan. For example, we will withdraw from the production of low-profit domestic lead-based stabilizers in the fiscal year ending March 31, 2026. Going forward, we will shift to overseas expansion, focusing on lead-free stabilizers and targeting the ASEAN region.

In the catalysts business, we are consolidating production sites and revising prices. In preparation for the next Medium-Term Management Plan and beyond, we are accelerating the development of next-generation catalysts that contribute to carbon neutrality in the environmental and energy fields.

In the inorganic materials business, we have achieved significant profit improvement through price revisions.



Koichiro Magara

Director and Executive Officer
Head of Research &
Development Division
Sakai Chemical Industry Co., Ltd.

Q2 How will the Sakai Chemical Group shape the future?

Determination to change the future from manufacturing to value creation

Definition of innovation: Shifting from technology to value creation

For the Sakai Chemical Group, innovation is not the core of our growth strategy; rather, it is the starting point of transformation.

The heart of our innovation strategy is a shift from the belief that “materials themselves hold value” to the new perspective of “creating what customers recognize as valuable.” From manufacturing to value creation—this reflects how we advance change based on our commitment to transforming from a provider of materials to a driver of value creation.

A pillar for shaping the future: Executing the Smart Materials policy

The Sakai Chemical Group has set the development policy of Smart Materials as a pillar of our transformation. Smart Materials are products and services that leverage our strengths to shape the future. Specifically, these products and services satisfy the two evaluation criteria of “degree of contribution to our ideal future” and “degree of contribution through the Sakai Chemical Group’s technology” in the three fields of environment and energy, electronics, and life sciences and healthcare. This initiative is not simply about increasing profit; rather, it is a challenge to embody our philosophy of Chemistry for a Friendly Future.

In an era where the concept of sustainability is widely discussed, the Sakai Chemical Group has embodied the values of safety, security, and comfort from our inception. For example, our achievements range from developing non-toxic face powder free of lead, which is hazardous to humans, to creating deNOx catalysts that remove environmental pollutants. We are now placing importance on the sustainability of manufacturing processes, not just the products themselves. One of the evaluation criteria for Smart Materials is “degree of contribution through the Sakai Chemical Group’s technology,” which includes the degree of contribution to reducing environmental impact through innovations in manufacturing processes. Even existing products can be recognized as Smart Materials if they are improved through processing to meet contemporary needs. To clearly demonstrate this vision to both internal and external stakeholders, we will give the title “Smart Materials” to products and services that shape the future, and we will nurture them as part of the Sakai Chemical brand.

Going forward, we aim to achieve the KPIs of “launch five or more products and services certified as Smart Materials,” “sales of ¥2 billion from R&D products and services,” and “gross profit margin of 50%.” In addition to resolving social issues, achieving these KPIs will also build a structure that ensures consistent profitability.

Shift to high-value-added products

Transformation to flexible switching production

To achieve this transformation, it is essential to support high-mix, low-volume production. Unlike traditional equipment designed for mass production, factory designs must allow for flexible switching between product lines. In pursuit of this goal, we are focusing on both structural reforms of factories and optimization of our organizational framework.

Cultivating human resources with expertise in both manufacturing equipment and chemical reactions will be pivotal to the success of this transformation. Simply upgrading equipment is not enough; instead, the transformation depends on individuals with expertise in both chemicals and equipment to lay the foundation for new production activities.

This series of initiatives represents a fundamental and strategic transformation for the Sakai Chemical Group, with the aim of continuously creating and delivering value that will be chosen by customers in the future.



Transformation toward co-creation

Strengthening external partnerships and maximizing group synergies

To realize the Sakai Chemical Group's goal of a high-value-added, short payback period business model, collaboration with external partners (including industry-academia partnerships) is essential, as is leveraging internal resources. Reflecting on the fact that we have not sufficiently focused on external partnerships in the past, we are now actively strengthening our investment in collaboration with external partners.

The Sakai Chemical Group comprises companies with diverse strengths—for example, companies responsible for the pharmaceutical business, companies with strong international networks, and companies possessing unique core technologies. Maximizing the use of these assets is crucial for creating innovation. To enhance previously underutilized synergies within the Group, we are encouraging participation from all group companies in our annual SAKAINNOVATION Presentation. The number of presentations has steadily increased, opportunities for new communication are increasing through enhanced familiarity among companies, and new seeds of innovation are beginning to emerge.

Furthermore, we are strengthening collaboration within the Group in projects for creating new businesses. We aim to establish a foundation for future value creation by building networks across departments and companies and integrating knowledge and technologies.

Additionally, recognizing that there was no system for cross-sharing technical information among group companies, we are establishing mechanisms to facilitate the sharing of technical information to maximize synergies.

Creating a culture that fosters innovation

Embracing the challenge of cultivating leaders

I have explained how the Sakai Chemical Group will shape the future. As I noted, the key to this transformation lies in people, and the mindset and cultural shift towards creating new products and services are fundamental to our success.

Over the past year, the Company has made organizational changes and strategic investments. However, our passion toward innovation is still insufficient. There is much room for improvement, and I believe that we can do more to create a system for cultivating leaders who will drive this transformation forward. As the first step in cultivating leaders of transformation, we launched a Marketing Subcommittee, which focuses on acquiring marketing knowledge while also clarifying the direction of product and service development through practical experience. The subcommittee functions as an organization that motivates members and facilitates their growth.

Rather than waiting for individual leaders to emerge naturally, we are intentionally and systematically cultivating them. In addition to driving innovation, these leaders will also identify and nurture the next generation of leaders. Establishing this system of sustainable leader cultivation is a new challenge for the Company.



Akira Morioka

Executive Officer
Head Of Administration Division
Sakai Chemical Industry Co., Ltd.

Q3 How does the Sakai Chemical Group cultivate autonomous human resources that drive transformation and create value?

From practicing “management by all” to the phase of validating effectiveness

Last year, I emphasized the importance of management by all. Over the past year, the Sakai Chemical Group has focused on cultivating a corporate culture in which all employees take the initiative in solving challenges. Now that we have established the foundations of management by all—that is, promoting dialogue, establishing systems, and visualizing talent information—we are entering the next phase, one of validating the effectiveness of these initiatives and translating them into tangible results.

Autonomy and engagement fostered by *Syain kai*

Launched in 2024, *Syain kai* are meetings where employees are the stars and can reach their fullest potential. *Syain kai* is an employee initiative conceived by young members of the Human Capital Committee. It is a bottom-up, employee-driven initiative designed to encourage open exchange of opinions among employees and to deepen mutual understanding and empathy.

Through *Syain kai*, management and employees engage in monthly dialogues to deepen understanding of the Company’s philosophy and vision, while also sharing real-time information on activities and achievements within each strategic business unit (SBU). This helps bring employees and management closer together and builds trust.

One year after the launch of *Syain kai*, the foundation is steadily being established in the form of initiatives such as

visualization of management metrics and reports on SBU activities. Going forward, *Syain kai* aims to evolve into a forum where employees can truly feel that their opinions are heard and reflected through measures such as introducing interactive Q&A sessions and initiatives involving group companies.

Working to build a strategic human resources portfolio

Alignment between business strategy and human capital strategy is essential for a company to achieve sustainable growth and establish a competitive advantage. In particular, in rapidly changing market environments, each employee’s ability to generate earnings contributes directly to the overall profitability of the company.

Currently, each SBU is formulating a human capital strategy based on our Medium-Term Management Plan. These strategies advance hiring and placement that align with the profile of desired human resources. This approach goes beyond simply tracking headcount; rather, it advances the construction of a strategic human resources portfolio by clarifying the optimal area, skills, and timing as pertains to placement and cultivation of human resources.

Regarding personnel transfers, we have moved away from the traditional approach of filling vacancies. Instead, we are now implementing transfers by considering the expected outcome of allowing human resources to gain

experience. The Human Resources Division is no longer merely in a support role; it has entered a stage where it serves as a core function that can determine the Company's success or failure.

Reassignment of human resources and strengthening of collaboration across the Group

The Group now faces a major turning point upon ending the pigment-grade titanium dioxide business, which is one of our core businesses. In these circumstances, the Human Resources Division is tasked with the critical role of reassigning human resources. A key challenge is to maintain the motivation of employees by clearly communicating the significance and responsibilities of new roles.

The role of our Human Resources Division is becoming increasingly important in the context of our Group-wide human capital strategy. The division is working to accelerate talent exchanges among group companies. Going forward, two-way interactions will be strengthened to optimize the use of human capital. For this purpose, it is necessary to improve matching accuracy by enhancing the visibility and sharing of human resources information.

Sakai Chemical Industry Co., Ltd. is currently developing a talent management system. As of fiscal 2024, the system had already enabled linkage between performance targets and evaluation of results. Going forward, employee histories, achievements, and self-reported information will be centrally managed, and supervisors will have access to effectively utilize this information for the development of systems. This system will improve the quality of feedback and career development discussions.

Innovation in hiring, retention, and working styles—Creating a workplace where everyone can shine

The hiring environment is becoming increasingly challenging due to factors such as a declining and aging workforce, an ultra-competitive labor market, and greater diversity in values. Under these circumstances, establishing a system to secure human resources that can flexibly respond to the speed of business growth is an urgent priority. Instead of simply relying on hiring new graduates in the spring, we have established systems and training programs to accept diverse human resources throughout the year, including mid-career hires, recent graduates with some work experience, and foreign nationals. We are revising our hiring policy at production sites, which previously focused on high school graduates, and are now actively recruiting young human resources including university graduates.

In fiscal 2025, we introduced systems to support working styles aligned with the life stages of employees. These systems include expanded telework, increased flexibility for staggered working hours, and relaxed requirements for taking accumulated paid leave.

In addition to developing systems, we are also focusing on improving engagement so that employees feel motivated to continue working with the Company. For fiscal year 2025, we have set a KPI of raising the engagement score by three points and are currently implementing initiatives across the entire Group to achieve this goal.

Promotion of DEI and human capital disclosure: Realizing new working styles

The Sakai Chemical Group positions diversity, equity, and inclusion (DEI) as a key initiative supporting sustainable growth and continues to consistently advance DEI.

As of the end of fiscal year 2024, women accounted for 10.6% of core human resources (fiscal 2030 target: over 20%) and 4.17% of managers (fiscal 2030 target: over 10%). We will



continue to actively promote hiring and cultivation of female employees. The usage rate for childcare leave by male employees is also high at 54.5% (fiscal year 2025 target: 50% or higher). This contributes to the cultivation of an open and inclusive workplace culture. Additionally, our employees are increasingly using programs that support the acquisition of MBAs and professional certifications. In this way, we are encouraging even more employees to proactively take on challenges.

Requirements for corporate disclosure are expanding year by year. Corporations must be capable of addressing a wide range of topics including human capital, diversity, human rights, and governance. Connecting these initiatives in a coherent story and effectively communicating that story is key to advancing DEI.

We expect the Human Resources Division to go beyond a support role and serve as a hub to enhance the quality of our entire organization as a strategic function that influences the success of our business.

Through the development of autonomous human resources, the enhancement of engagement, and the promotion of diversity, the Sakai Chemical Group aims to build a robust human capital foundation that supports sustainable growth.



Hiroyuki Hattori

Director and Executive Officer
General Manager of Corporate
Strategy Division
Sakai Chemical Industry Co., Ltd.

Q4 Is your capital policy proceeding smoothly?

Cash inflows and outflows have already surpassed the plan, and overall performance is strong

The first fiscal year of the Medium-Term Management Plan “Transformation: BEYOND 2030” saw progress exceeding expectations in both cash generation and utilization. It was a year in which measures to improve capital efficiency began functioning smoothly. Here, I will discuss the current status of the key pillars of capital policy: namely, growth investments, shareholder returns, and improvement of our cash conversion cycle (CCC). I will also explain our policy for the coming fiscal years.

Strengthening the generation of operating cash flow and improving CCC

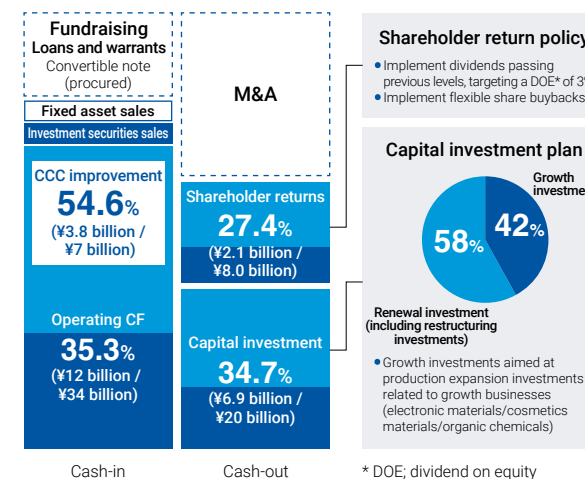
Based on the key initiative of improving capital efficiency, we aim to generate a total of ¥34,000 million in cash over three years, of which ¥7,000 million is planned to come from improvements in the CCC. We will also utilize proceeds from the sale of idle assets and financing, with ¥20,000 million allocated to capital expenditures (including ¥8,400 million for growth investments) and over ¥8,000 million for shareholder returns and M&A.

For the fiscal year ended March 31, 2025, cash generated from operating activities amounted to ¥12,000 million (progress rate: 35.3%). This was supported by profitability improvements through price revisions and the rationalization of unprofitable products. Cash generated from CCC improvements exceeded the plan and reached ¥3,800

million (progress rate: 54.6%). In terms of cash outflows, growth investments included manufacturing facilities for pharmaceutical APIs and intermediates and makeup materials, while investments for efficiency included the consolidation of catalyst business sites, resulting in capital investments totaling ¥6,900 million (progress rate: 34.7%).

Shareholder returns were increased by ¥10 per share from the initial plan. This resulted in dividends of ¥135 per share and a total of approximately ¥2,200 million (progress

Capital allocation (three-year cumulative)



rate: 27.4%).

In the second year of the Medium-Term Management Plan, we will continue efforts to increase cash generated from operating activities and improve CCC, while also advancing the sale of idle assets. We will appropriately allocate the generated cash to growth investments and shareholder returns.

Premise: Return over ¥8,000 million to shareholders over three years, and consider further measures as needed

Approach to shareholder returns

Strengthening shareholder returns is also an important point of the Medium-Term Management Plan “Transformation: BEYOND 2030.” During the previous Medium-Term Management Plan, returns were based on the dividend payout ratio. However, we were unable to maintain stable dividends due to significant fluctuations in net income. Reflecting on this, the current plan commits to providing shareholders with a stable total return, with the premise of cumulative shareholder returns of over ¥8,000

million over the three-year period of the plan. As a means to achieve this, we introduced dividends on equity (DOE) from the fiscal year ended March 31, 2025. By shifting to a return policy targeting a DOE of around 3%, we aim to provide a relatively stable dividend even amid rapidly changing business conditions.

Moreover, based on consideration of business performance and target ROE, we will further enhance our capital policy by implementing supplementary dividends and flexible share buybacks.

Shareholder returns in the first and second years of the Medium-Term Management Plan

In the first year, in response to performance that exceeded the plan, the dividend was increased from ¥125 to ¥135 per share. This resulted in a total dividend of approximately ¥2,200 million, which surpassed the initial plan of ¥2,000 million.

In the second year of the plan, in addition to a dividend of ¥130 per share, we are engaging in share buybacks of up to ¥2,500 million. The acquired shares are scheduled for cancellation. The cumulative total returns through the



second year are expected to reach approximately ¥6,700 million, achieving approximately 83% of the three-year plan target of ¥8,000 million. Going forward, the Company will continue to provide stable returns with a target DOE of 3%.

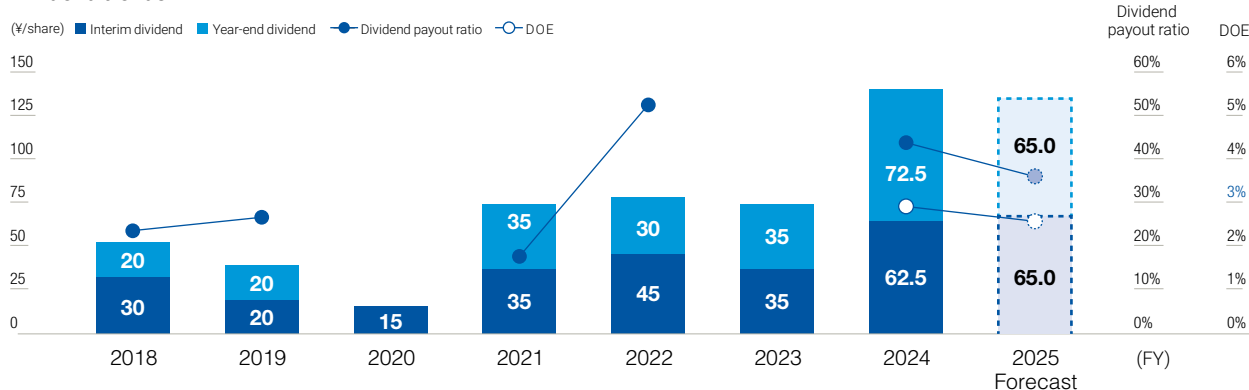
Strengthening financial health through an improved CCC

Through improved CCC, we aim to generate a total of ¥7,000 million in cash over three years. We set the KPI for a maximum of 180 days when viewed in the unit of days.

In the first year of the Medium-Term Management Plan, we shortened the CCC by 22 days and generated ¥3,800 million in cash from operating activities. We improved the collection period of accounts receivable by 15 days to 115 days through a review of collection terms. We also shortened inventory turnover by 11 days to 115 days, mainly by adjusting the appropriate inventory levels and reducing quantities. We also shortened the accounts payable turnover period by 3 days to 37 days.

From the second year onward, we will continue to review collection terms and optimize inventory levels and quantities.

Dividend trends



[Basic policy for dividends of surplus from FY2024 to FY2026]

Revised our target dividend payout ratio to 30% or more and implemented profit return with a target DOE of 3% (biannual)



Yoshikazu Ito
Outside Director

Hisao Miyagawa
Outside Director

Mitsunori Matsuda
Outside Director

Yoshiko Hamazaki
Outside Director

Roundtable discussion with Outside Directors

How will you lead the transformation of the Sakai Chemical Group?

The Sakai Chemical Group is currently in the midst of a transformation aimed at achieving sustainable growth and enhancing corporate value. The central theme of the transformation is how to further strengthen earning power. In this roundtable discussion, four outside directors shared their perspectives on a range of topics, from improving the effectiveness of the Board of Directors to the challenges of achieving the Medium-Term Management Plan, as well as the roles they should fulfill as outside directors.

1. Evaluating the effectiveness of the Board of Directors

The significance and impact of revising the effectiveness evaluation method by shifting from outsourcing to an in-house evaluation

Miyagawa:

Until now, we had relied on an external organization to conduct a quantitative evaluation by administering a questionnaire with five rating levels. However, from the perspective of empirical research, which is my area of expertise, simple quantitative analysis via a questionnaire can be difficult to interpret or manage unless it is based on appropriate hypotheses. This creates the risk of reaching incorrect conclusions. In my opinion, an evaluation must start with clarifying the very premise of the meaning of “effectiveness.” It is important for members of the Board of Directors to focus on the items we truly consider necessary and discuss them candidly. For these reasons, we switched to an in-house evaluation method in which each director freely records their opinions, which then serve as the basis for discussion among all directors.

Matsuda:

Thanks to Mr. Miyagawa’s proposal to switch to an in-house evaluation of the effectiveness of the Board of Directors, we are now able to hold open and candid discussions. Simply answering a questionnaire based on an externally provided format made it difficult to fully convey what we truly wanted to express or the topics we wanted to discuss. The new method allowed us to engage in honest debate, which was extremely meaningful. Through these discussions, we also reaffirmed that many shared understandings had been established among directors.

Ito:

I agree. While the objectivity and comprehensiveness of external surveys are important, simply summarizing questionnaire responses can result in contradicting opinions being left unaddressed. This time, by thoroughly discussing important matters, we were able to identify and correct differences in interpretation on the spot. I also felt that the new method has strengthened the sense of unity among board members.

**Yoshikazu Ito**

Outside Director

Chairman of the Nomination and Compensation Committee

Mr. Ito has been involved in production technology and quality control for many years at a food manufacturing company that requires strict quality control, and he possesses a wealth of management experience as a top executive.

What are the key points assessed when evaluating the effectiveness of the Board of Directors?

Miyagawa:

The effectiveness of the Board of Directors fundamentally refers to whether the board is accurately fulfilling its core roles—namely, “making decisions related to business execution by the Company” and “overseeing the execution of duties by the directors.” To properly carry out these two roles, it is essential that the proposals submitted to the board have been thoroughly examined through internal processes such as management councils. In other words, the evaluation assesses the soundness of the decision-making process itself, based on the premise of enhancing shareholder value.

Matsuda:

From this perspective, a key challenge is the tendency of outside directors to delve too deeply into practical discussions from their role of safeguarding shareholder value when reviewing proposals and business execution reports submitted to the board by executives. The practical capabilities of executives have been improving rapidly, so while we should continue to expect further development on that front, the board as a whole should shift its focus toward more fundamental and big-picture discussions.

Ito:

Exactly. For the Board of Directors to function effectively as a monitoring board, there must be a clear division of roles between review and decision-making. However, at present, I also recognize the need for the board—in its capacity as a “management board”—to discuss the content of decisions themselves. In fact, the well-thought-out nature of the Medium-Term Management Plan “Transformation: BEYOND 2030” is a result of thorough discussions at the board level. Going forward, the key will be finding the right balance as we transition into the role of a monitoring board.

Miyagawa:

My focus is infusing the decision-making of executives with science-based evaluation, as well as third-party perspectives and knowledge. I see my role as supporting the board to ensure that decisions are made with a high degree of rationality and objectivity.

For the board as a whole, it is essential to assess whether proposals truly contribute to shareholder value. At this time, we must evaluate both the rationality of the strategy and the legitimacy of the decision-making process. In this context, greater scrutiny will be placed on the quality of management councils and other internal review processes that precede proposals. We are expected to ask probing questions about initiatives that lack clear evidence

or to pose questions that stimulate substantive discussions. I am confident that such focused and meaningful engagement will strengthen the effectiveness of the Board of Directors.

Hamazaki:

To strengthen the board's supervisory function, it is essential to clearly share the vision sought after by both management and each director, to deepen discussions from a cross-functional perspective to achieve that vision, and to strengthen processes for appropriately monitoring progress. In particular, based on a shared understanding of key challenges, it is important to prioritize and reflect on certain matters in management such as the establishment of a governance framework that includes group companies and the formulation of continuous evaluation criteria that will serve as future financial indicators. I also believe it is crucial to continuously review and update these initiatives while balancing rapid decision-making with efficient operations.

2. Challenges in achieving the Medium-Term Management Plan “Transformation: BEYOND 2030”

Key points in the second and third years for achieving the plan

Ito:

In the first year of the Medium-Term Management Plan, we were able to achieve the Group-wide numerical targets and deliver a certain level of results. However, we still have not finished the necessary structural reforms. The second year will be particularly important for engaging in work based on new ideas, enhancing our earning power, and establishing a foundation for sustainable growth.

Matsuda:

In discussions at the Board of Directors, upon considering the rapidly changing business environment, we shared a healthy sense of urgency that “the future of the Sakai Chemical Group cannot be built as an extension of the past.” We then conducted backcasting discussions starting from an ideal future image. As a result, we recognized the need for fundamental transformation. To continuously demonstrate our earning power over the long term, it is essential to move away from a sales-driven approach, restructure the business portfolio, and strengthen capital efficiency and cash-flow management. Through repeated discussions and collaboration with the executive management team, we completed the groundbreaking Medium-Term Management Plan “Transformation: BEYOND 2030.”

This plan lays the foundation for the next phase of growth by the Sakai Chemical Group. However, the effort of envisioning the future and improving current management efficiency is meaningless without products that generate earnings. In order to demonstrate earning power, we must establish a business model capable of continuously creating new products. The future of the Sakai Chemical Group hinges precisely on this point. That said, I feel that this awareness is not yet fully shared by employees involved in new product development. While dramatic change cannot happen overnight, I hope that every employee approaches their daily work with the resolve to shape the future of the Sakai Chemical Group. The Board of Directors will also provide maximum support to transform this vision into reality.

Miyagawa:

I feel the need for further in-depth analysis of the current situation and assessment of the external environment. The process of formulating a strategy begins with understanding external factors beyond our control and determining how to adjust the Company’s strengths in response. We need a

deeper analysis of what factors influence the performance of the Sakai Chemical Group, where business risks might be hiding, how the competitive environment is likely to change, and what future prospects exist. Of course, we also need measures to address these issues.

Furthermore, market pressure creates the tendency to overly fixate on the envisioned future. Nevertheless, it is essential to rigorously analyze the Company’s current state. By “rigorous,” I do not mean focusing only on negatives, but also identifying positives. Why has the Company succeeded for over 100 years? Where do our technological strengths originate? What factors have allowed our technologies to be applied so widely and give rise to multiple businesses? Examining these past facts will allow us to uncover clues that guide our future.

Ito:

The concept of “designing materials with the end product in mind” is essential for a materials manufacturer to continue creating value. Although the Sakai Chemical Group possesses excellent technical capabilities, an essential part of future growth will be to transcend the B2B framework and strengthen understanding of end-user needs, as well as marketing capabilities for responding to those needs. I believe it is beneficial to have marketing talent within the Company and to provide that talent with opportunities to thrive. In addition to technical development, growth will be driven by individuals who deeply understand how that technology leads to final products and generates value for customers.

Hamazaki:

With its many years of expertise in raw materials and its development capabilities that respond to customer and market needs, the Sakai Chemical Group operates a variety of businesses. As such, the Company has the potential to view societal changes as opportunities and to explore and

**Yoshiko Hamazaki**

Outside Director
Member of the Nomination and Compensation Committee

Ms. Hamazaki has been involved in corporate branding for many years at a general electric manufacturer and possesses extensive experience in managing major international events and promoting regional development.

establish new markets. In the coming era, it will be crucial to strengthen a resource strategy and organizational framework oriented toward co-creation. This strategy must skillfully combine external knowledge with internal infrastructure and continue building a narrative of value creation with diverse stakeholders, including B2B, B2C, and B2G.

Ito:

While the Company appears to be advancing collaboration in R&D with universities, I feel that the Company’s awareness of strengthening its own in-house research and development capabilities is still relatively weak. Enhancing the Company’s core R&D strength is essential as a source of sustainable innovation. To shape the future, it is crucial to establish a system that hones these core R&D capabilities, as well as a solid financial foundation for R&D.



Mitsunori Matsuda

Outside Director

Member of the Nomination and Compensation Committee

Mr. Matsuda possesses extensive management experience through work in CMC (Chemistry, Manufacturing and Controls) management and organizational management for many years at pharmaceutical companies where strict quality control is required.

Matsuda:

That's right. Innovation possibilities are expanded significantly more by cross-organizational, matrix-style communication and collaboration than siloed, in-depth work within individual departments. There is significant potential to generate synergy through coordination between sales and R&D, collaboration among group companies, and partnerships with academia and other external organizations.

In addition, bringing in external talent with diverse perspectives and experiences can stimulate innovation.

Instead of operating as a closed, self-contained organization, we must maintain constant external connections that broaden opportunities to enhance our earning power. Another important element of these external interactions is understanding where the Group stands in the world, including both strengths and weaknesses. Areas that

we have not yet explored may hold the next growth opportunities for the Sakai Chemical Group. In fact, the current situation should be viewed as a treasure trove of potential.

Ito:

Productivity will improve significantly when each employee works with a sense of enjoyment rather than feeling forced. Of course, in order to foster a culture of guidance and support for the growth of subordinates, it is important for supervisors to show an interest in their subordinates and provide leadership. That said, the most crucial thing is that every employee finds purpose in their work and remains mindful of productivity. Mutual support is also necessary to achieve this mindset. Furthermore, we must move beyond the current situation in which workplace accidents remain frequent. Establishing a safe and comfortable working environment will directly contribute to increased employee motivation.

Miyagawa:

A key focus from the second year onward in the Medium-Term Management Plan is generating initiatives that executives can propose with confidence. Such proposals can only be generated through intensive discussion and careful preparation. As outside directors, our role is to evaluate these proposals from the perspective of shareholders and to ask questions as necessary. For major decisions such as acquisitions or new investments, we aim to assess their rationality and consistency and fulfill our responsibilities without compromising our judgment criteria.

Ito:

I believe it all comes down to doing everything we can to the best of our ability. We must not stand still. We need to steadily execute each initiative with a sense of urgency and focus on achieving results. Everything now depends on implementing the current Medium-Term Management Plan.

3. Roles fulfilled by outside directors going forward

How will outside directors contribute to driving transformation at the Sakai Chemical Group?

Matsuda:

In order to continue providing value into the future, the current management team has begun tackling the challenge of building new business models that leverage the DNA of a century-old company. Specific initiatives include formulating the Medium-Term Management Plan "Transformation: BEYOND 2030," strengthening capital efficiency and cash-flow management, and reforming our business portfolio. In an era dominated by horizontal division of labor, the top priority may have been simply to reliably execute assigned tasks. However, to succeed in these new challenges, it is essential to cultivate an organizational culture where each employee takes ownership in their work and takes the initiative to be creative. The Group has already begun various initiatives to encourage employee proactivity, with one example being Syain kai meetings. I have high expectations for President Yagura, who personally takes the lead, speaks in his own words, and engages in repeated dialogue. As an outside director, I intend to closely monitor these efforts while leading deeper discussions aimed at establishing a competitive, value-creating business model

Ito:

As I mentioned in last year's integrated report, there are three key issues that Sakai Chemical Group must address going forward: 1) developing the dynamism for expanding from a materials-centered company to a consumer products (B2C) company, 2) strengthening our customer orientation, and 3) reforming our profitability. Although there has been increased discussion among directors in regard to consumer products, we have not yet been able to determine

a clear direction for the Company or to consider specific projects. Therefore, we will continue discussing consumer products as a key issue.

Moreover, the parties driving transformation are not limited to the management.

A company's strength multiplies when each employee understands their role, thinks proactively, and takes action. I hope to contribute as an Outside Director by supporting management's belief in the potential of employees and their active efforts to strengthen the organization's capability to develop human resources.

Miyagawa:

My fundamental principle as an outside director is to provide support that enables the management team to boldly pursue business while taking appropriate risks without undue concerns. Power within an organization is unevenly distributed. However, that power does not inherently reside in any individual nor have a tangible form. The reason that people holding power are needed is that an organization could not function without leaders. Therefore, the one principle that anyone with authority must uphold is as follows: "Only take action if you can explain that action." Conversely, a leader must act on matters that they can explain. This is the essence of accountability. From a scientific and professional standpoint, my role is to evaluate whether the explanations provided are sufficient for shareholders, while offering a third-party perspective and knowledge to support sound decision-making.

Hamazaki:

As a newly appointed outside director, I am closely observing how Sakai Chemical Group envisions its future and what value it seeks to deliver to society—in other words, how the "shared story" of the Company can be visualized and communicated in a way to ensure understanding. I will carefully discern whether this story resonates across

diverse stakeholders, including investors, employees, customers, and local communities.

As corporate risks become increasingly complex, we must collectively prepare for risks that could damage our brand and instantly undermine social trust. I want to support management in swiftly implementing measures such as reinforcing the Code of Conduct and strengthening corporate resilience, while at the same time fostering a transparent and open corporate culture.

In order to achieve dreams that can be reached through effort and visions of our future ideal and to contribute to society, it is important for each of us to strive for professionalism and excellence in our respective roles, engaging large numbers of our peers and learning from one another. By exercising imagination through high-quality communication and co-creation activities, we can generate added value. This is the key to shaping the future of the Sakai Chemical Group.

It is crucial that everyone actively and energetically participates in the process of building the Company's unique, medium- to long-term value-creation story. Each of us must be the main character in this story. By actively communicating this corporate stance and initiatives, the Company can earn support from a broad range of stakeholders, link this support to positive cycles, and further accelerate innovation and other long-term growth investments, which is of great importance. I truly look forward to witnessing the new form of the Sakai Chemical Group together with all of you.

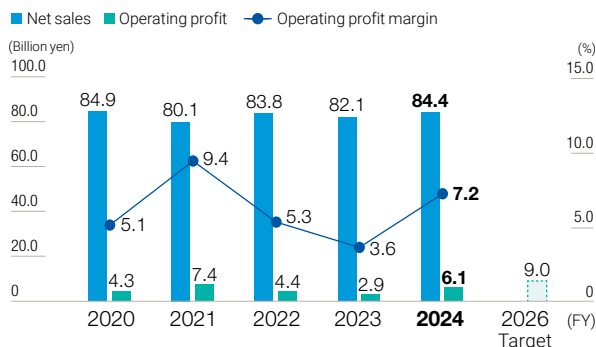


Hisao Miyagawa

Outside Director

Mr. Miyagawa possesses extensive practical experience in capital markets and a wealth of knowledge and research achievements in business administration, particularly in corporate finance theory.

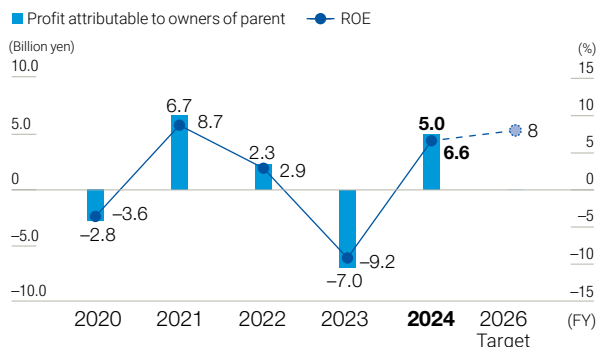
Net sales / Operating profit / Operating profit margin



Through the effects of price revisions and impairment losses, consolidation and discontinuation of unprofitable products, and other initiatives aimed at transforming the business portfolio, we significantly improved earnings, mainly in businesses considered for efficiency improvement.

In growth businesses, operating profit improved significantly and exceeded the growth in net sales. These results were due to recovery in the electronic materials business caused by a rebound in the semiconductor market and to the effects of price revisions.

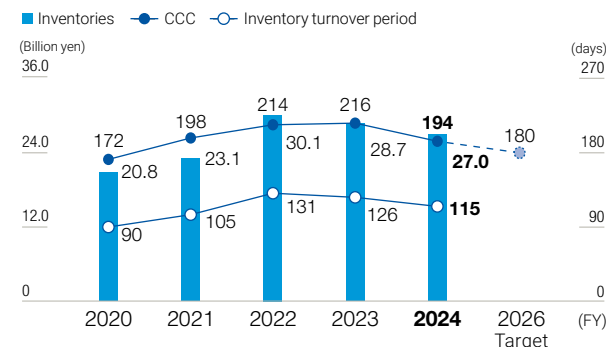
Profit attributable to owners of parent and ROE



Profit approximately doubled compared with the previous fiscal year, leading to a significant improvement in ROE. This was the result of recovery in electronic materials and increased profitability in businesses considered for efficiency improvement due to the combined effects of price revisions, impairment losses, and the consolidation and discontinuation of unprofitable products.

ROE: Return on Equity

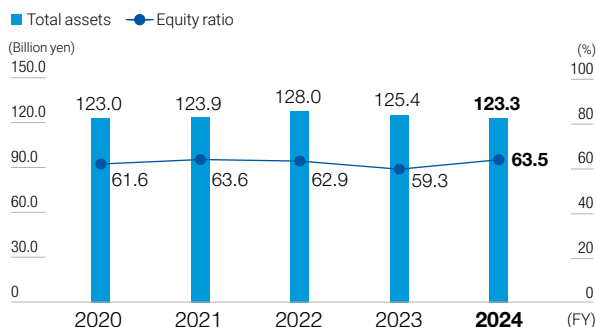
Inventory / Inventory turnover period / CCC



In fiscal 2024, by shortening the receivables collection period for accounts receivable, reviewing appropriate inventory levels, and reducing inventory quantity, we reduced the CCC by 22 days (an improvement of ¥3.8 billion on a cash flow basis).

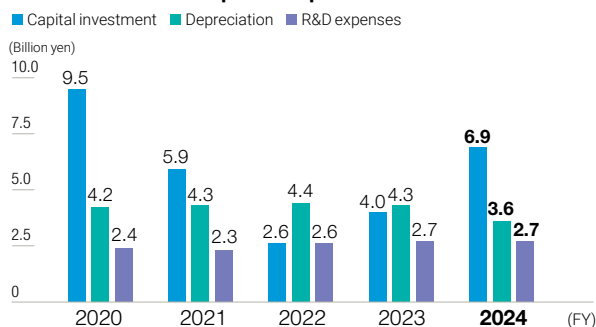
CCC: Cash conversion cycle
(accounts receivable turnover period + inventory turnover period - accounts payable turnover period)

Total assets and equity ratio



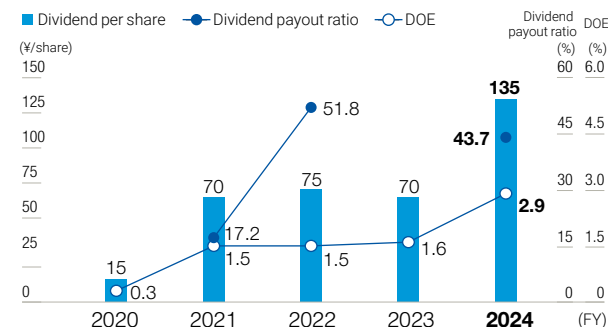
We are maintaining financial stability by keeping an equity ratio of approximately 60%.

Capital investment amount / Depreciation / Research and development expenses



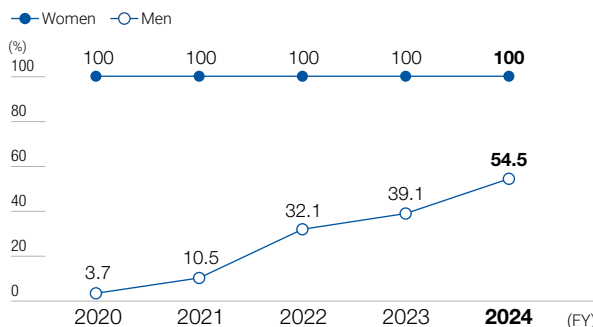
In fiscal 2024, as planned at the beginning of the fiscal year, we made growth investments in the organic chemicals business and the cosmetics raw materials business. Research and development expenses have remained relatively stable.

Dividend per share / Dividend payout ratio / DOE



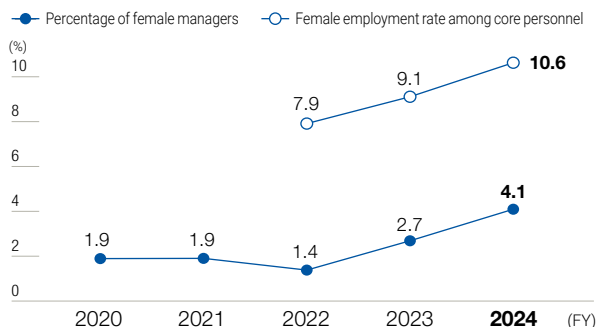
We aim to realize a total of more than ¥8.0 billion in dividends over the three-year period of the Medium-Term Management Plan. As a first step, we have set forth a basic dividend policy of achieving stable dividends based on the guideline of 3% DOE. In fiscal 2024, due to strong progress in increasing profitability, we revised the initial plan to increase the dividend by ¥10 per share, resulting in a dividend of ¥135 per share (totaling ¥2.2 billion).

Childcare leave usage rate for both men and women (non-consolidated)



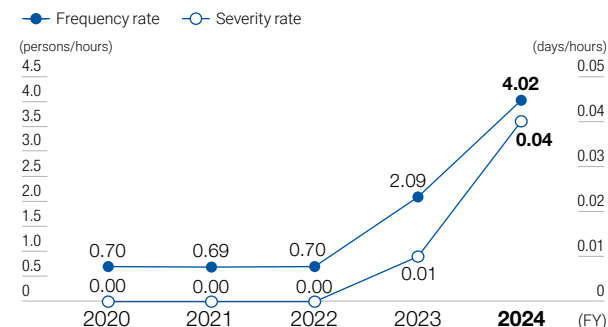
All eligible women are taking childcare leave. The percentage of men taking childcare leave is increasing, due in part to increased understanding from the workplace. In fiscal 2024, we achieved more than 50% of the target.

Percentage of female managers / Percentage of female employees among core personnel (non-consolidated)



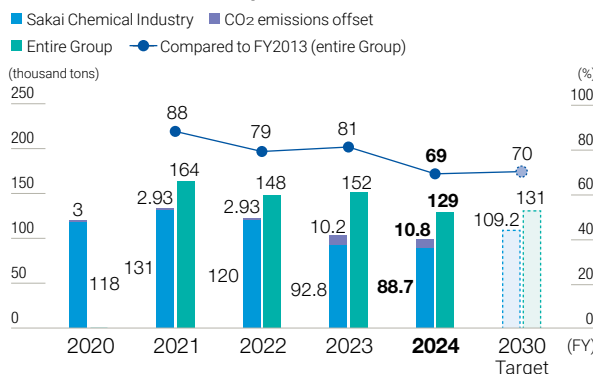
Even though the absolute number of female employees remains small, the ratio of women in management positions steadily increased from 1.9% in 2020 to 4.1% in 2024. The ratio of women among core personnel is also trending upward, and we are developing systems that enable women to advance their careers by realizing their full abilities. Core personnel: Mid-level employees and above (including managers)

Frequency rate / Severity rate (non-consolidated)



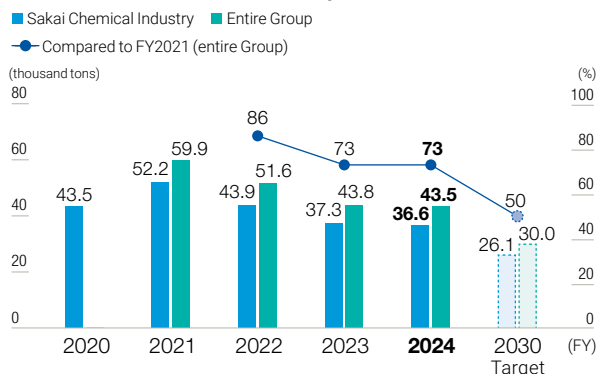
In fiscal 2024, the number of work-related accidents resulting in leave increased by two from the previous fiscal year, reaching a total of five cases. Both the frequency rate and the severity rate of work-related accidents resulting in leave rose compared with the previous fiscal year. Going forward, we will work to transform each employee's safety awareness and raise the level of safety across the Group through initiatives such as immersive learning using VR technology and risk assessments from third-party perspectives.

CO₂ emissions / CO₂ compared to 2013



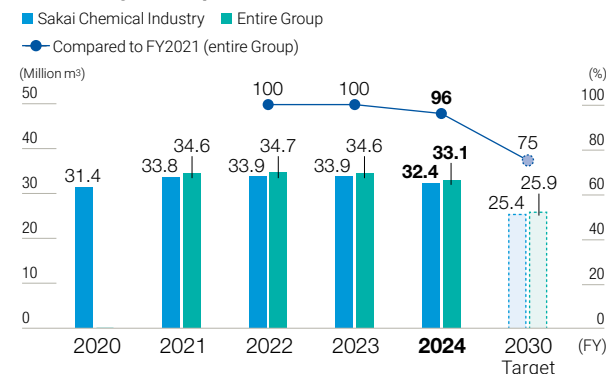
In fiscal 2024, our CO₂ emissions totaled 129,000 tons, which means that we achieved the 2030 reduction target ahead of schedule. We will continue to work on reducing emissions across the Sakai Chemical Group by promoting the use of carbon-offset city gas and expanding the adoption of renewable energy.

Industrial waste emissions / Compared to 2021



In fiscal 2024, our industrial waste emissions totaled 43,500 tons, a decrease of 3,000 tons compared with the previous fiscal year. The majority of this waste consisted of sludge generated in the titanium dioxide production process. We expect to further reduce emissions in fiscal 2025 in conjunction with withdrawal from the pigment-grade titanium dioxide business.

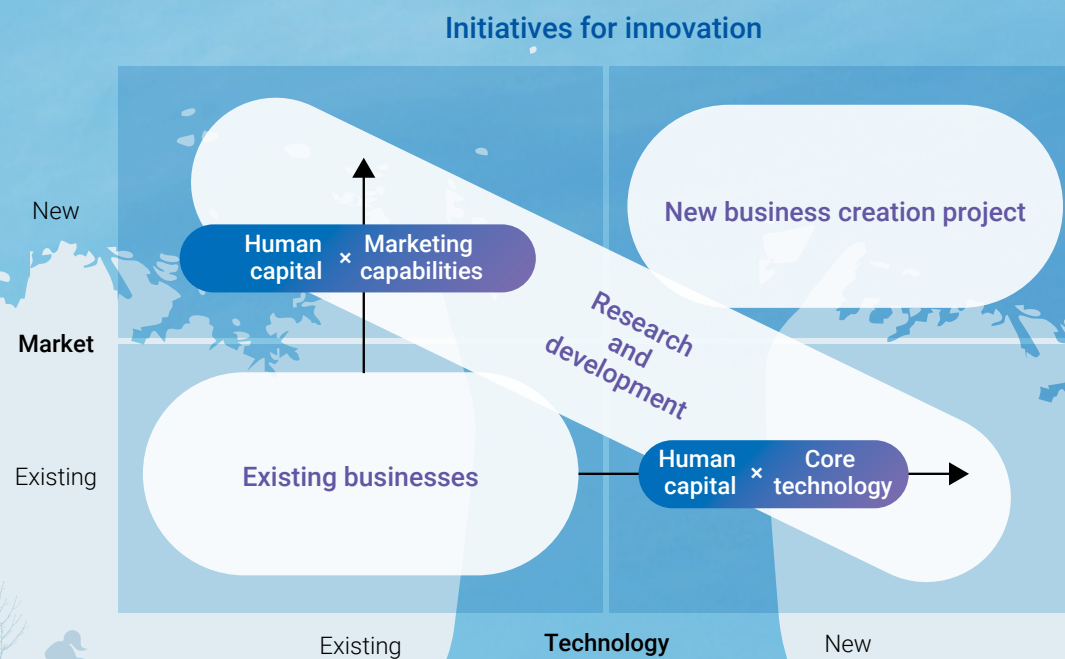
Water usage / Compared to 2021



In fiscal 2024, our water usage totaled 33,100,000 cubic meters. Approximately 60% of this was seawater used mainly in the production of titanium dioxide. We expect water usage to decrease in fiscal 2025 in conjunction with withdrawal from the pigment-grade titanium dioxide business.

Innovation strategy / New business creation

The Sakai Chemical Group develops and provides society with materials that enrich people's lives. Our business activities are evolving together with changes to society and people's lifestyles. The Group is currently pursuing materials that contribute to a better life in the fields of environment and energy, electronics, and life sciences and healthcare.



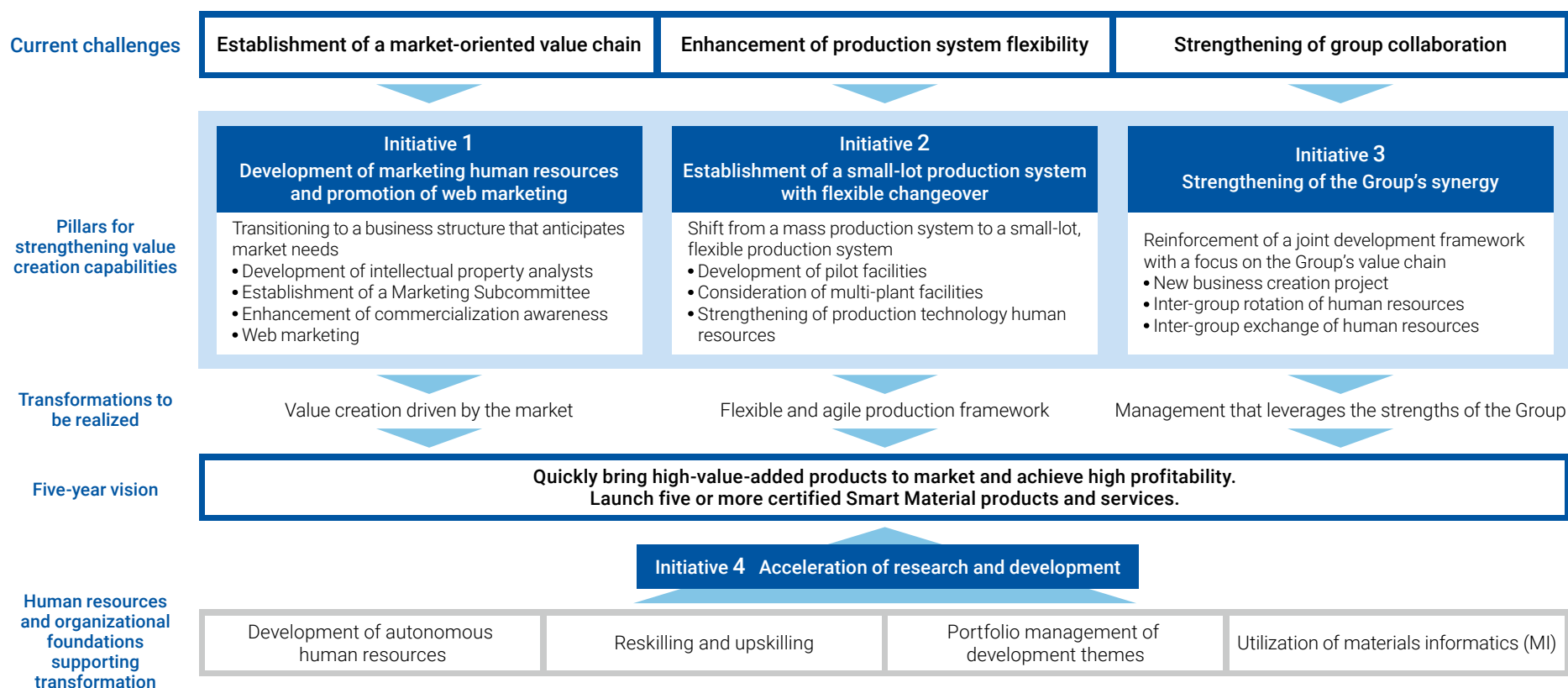
Pioneering the future of high-value-added business through a flexible production system and skilled human resources

The Sakai Chemical Group is moving away from cost competition through mass production and working to transition to a business model that adds new value recognized by customers to materials and quickly brings that value to the market. The Group strives to discern what constitutes essential value for customers and to anticipate needs and market changes. We even look ahead to customers' future expectations, with the aim of creating products that surpass those expectations.

To realize this new business model, it is essential for the Group to possess market-oriented design capabilities and to develop human resources to support those capabilities. Furthermore, since high-value-added products are not necessarily premised on mass production, it is also important to build a flexible production system capable of handling

small-lot, multi-product output. The Group is concurrently promoting both the transformation of equipment and plant systems to handle small-lot changeover and the development of human resources capable of skillful operation and management.

Moreover, in an effort to maximizing synergies across the entire Group, we are leveraging the technologies and distribution channels of group companies engaged in pharmaceutical manufacturing and sales as well as contract processing. We will work to increase profitability through transformations such as transitioning to a business structure that anticipates market needs, establishing a flexible production system to handle small-lot changeover, and strengthening joint development frameworks with awareness of the value chain.

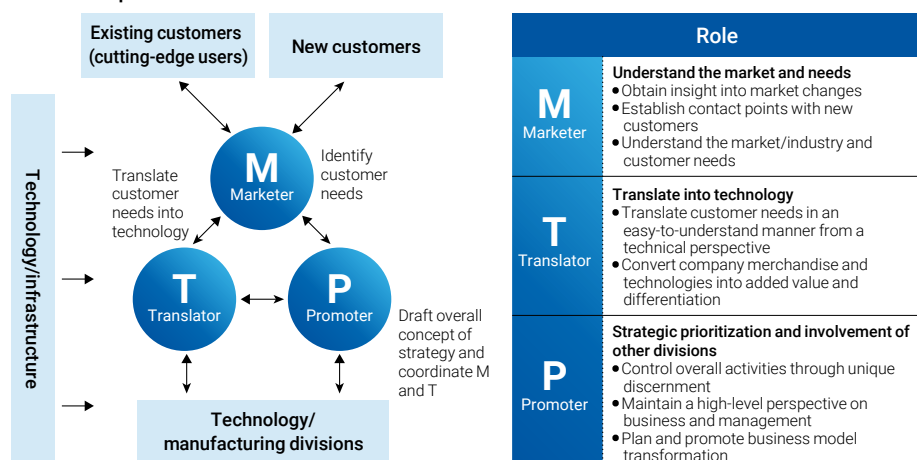


Value creation through the development of marketers and promoters

In order to shift from a product-out approach to value creation driven by a market-in approach, the Sakai Chemical Group is strengthening the functional collaboration among MTP (M: marketer, T: translator, P: promoter) roles.

Until now, the Group has specialized in technology-driven, product-out development

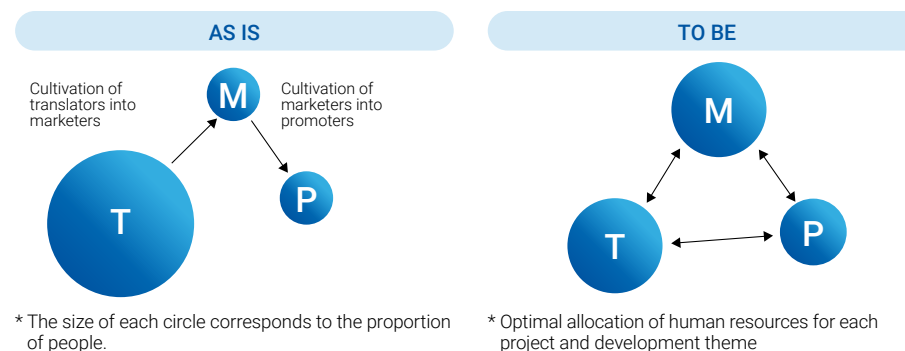
MTP concept



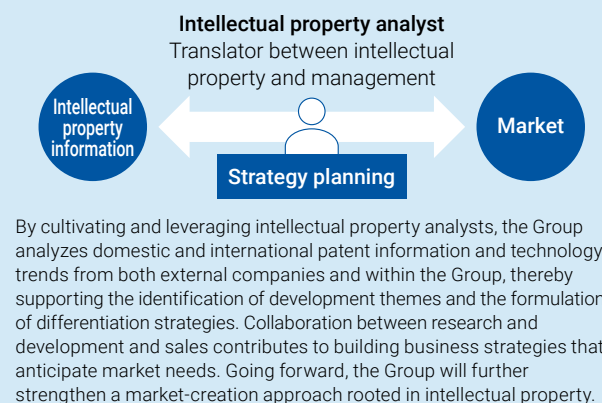
Source: Diagram created based on Knowledge Creation and Integration (April 2016 issue, p. 63), Nomura Research Institute

that leverages our proprietary technologies and know-how. However, a market-in approach has become increasingly important to consistently launch profitable products. Currently, the Group has many translators who analyze customer needs from a technical perspective and translate them into solutions based on the Group's technologies. Going forward, the Group will expand our pool of marketers. Specifically, this includes the development of intellectual property analysts and the establishment of a Marketing Subcommittee aimed at acquiring practical insights. In terms of promoters, the Group will identify human resources with exceptional ability to recognize business development opportunities and cultivate them as leaders of the next generation in our business commercialization activities.

Human resources composition by headcount



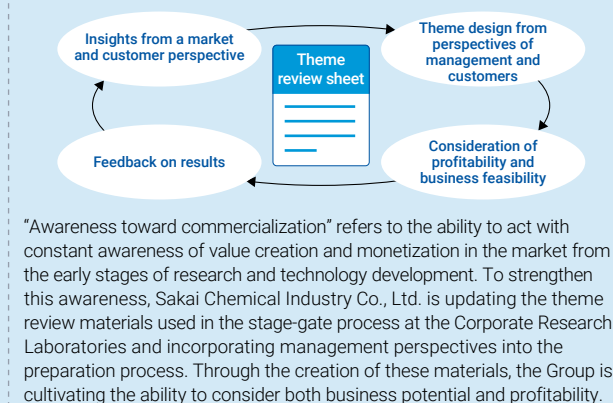
Cultivation of intellectual property analysts



Marketing Subcommittee



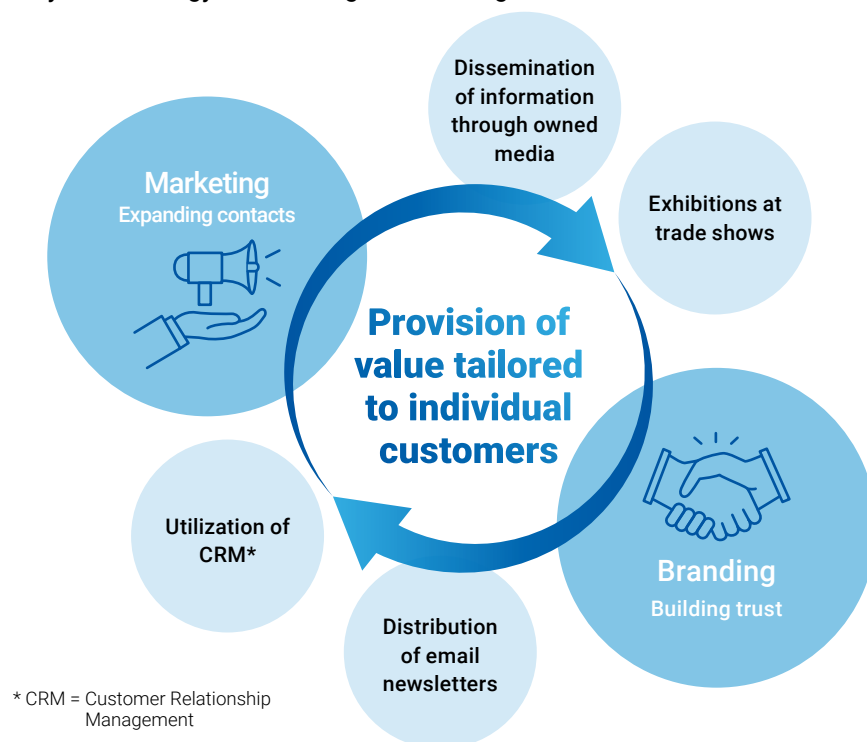
Strengthening awareness toward commercialization



Creating “reasons to be chosen”— A cyclical strategy of marketing and branding

Nippon Color Industry Co., Ltd. does business primarily through contract processing of catalysts, various chemical products for electronic materials, and other inorganic and organic products. Currently, in order to balance sustainable corporate growth with the provision of value to customers, while at the same time responding to changing market needs and the digital environment, Nippon Color Industry is strengthening customer touchpoints with a dual focus on marketing and branding. By strategically linking these two elements, the company is establishing a framework that simultaneously enables continuous new business development and deepening of customer relationships.

A cyclical strategy of marketing and branding



Digital initiatives

Dissemination of information through owned media

Nippon Color Industry disseminates information useful for demonstrating its expertise and solving customer challenges through owned media, thereby creating continuous touchpoints with customers. The dissemination of information also functions as part of branding by conveying the company's stance and values.



Utilization of CRM to build relationships with customers

By utilizing CRM to accumulate customer data, Nippon Color Industry promotes customer loyalty through data-driven touchpoint design and engagement. The weekly email newsletter provides information that is useful in business practice. This fosters empathy and trust and thereby strengthens medium- to long-term relationships with customers.



From a company that “sells” contract processing services to a company that is “chosen”

By providing customers with valuable information and experiences, Nippon Color Industry aims to build relationships that make customers want to choose the company. The company is optimizing customer experiences by integrating real and digital channels and by further providing the delivery of individualized value that meets each customer's expectations. Through these initiatives, Nippon Color Industry will become a company that is “chosen” rather than one that merely “sells.” This leads to sustainable growth.

Website page views

124% compared with
FY2023

Inquiries originating from the website

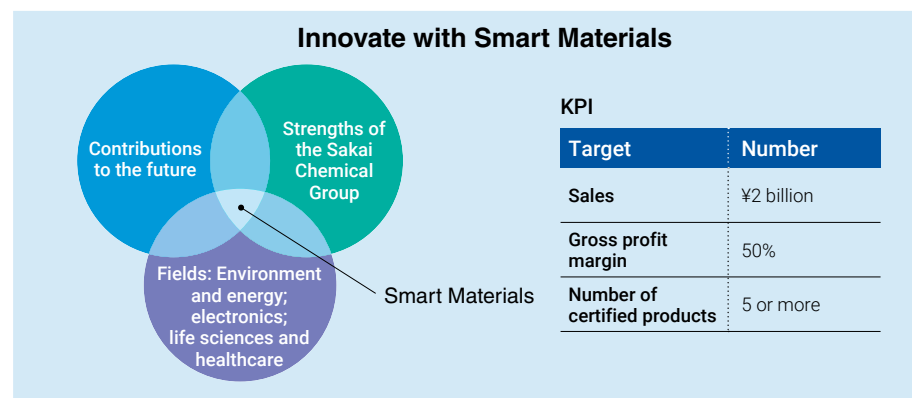
110% compared with
FY2023

Preparations for the Medium-Term Management Plan “Transformation: BEYOND 2030”

The Sakai Chemical Group is working toward the realization of the Medium-Term Management Plan “Transformation: BEYOND 2030” by creating new businesses with a forward-looking perspective and by developing high-value-added products and launching them to market at an early stage. To ensure the success of these initiatives, we are accelerating research and development, strengthening collaboration across the Group, engaging in capital investments that support the creation of Smart Materials, and embracing the challenge of transformation.

Pioneering the future with Smart Materials

The Sakai Chemical Group aims to be an “excellent company capable of contributing to society with Smart Materials” in the three fields of environment and energy, electronics, and life sciences and healthcare. Smart Materials are products and services that leverage the Group’s strengths to change the future, embodying the aspirations we have pursued since our founding to realize safe, secure, and comfortable lives for people. We have set the following KPIs to achieve by 2030: sales of ¥2 billion from research and development products and services, gross profit margin of 50%, and launch of five or more products and services certified as Smart Materials. Achieving these KPIs will enable us to contribute to the world.

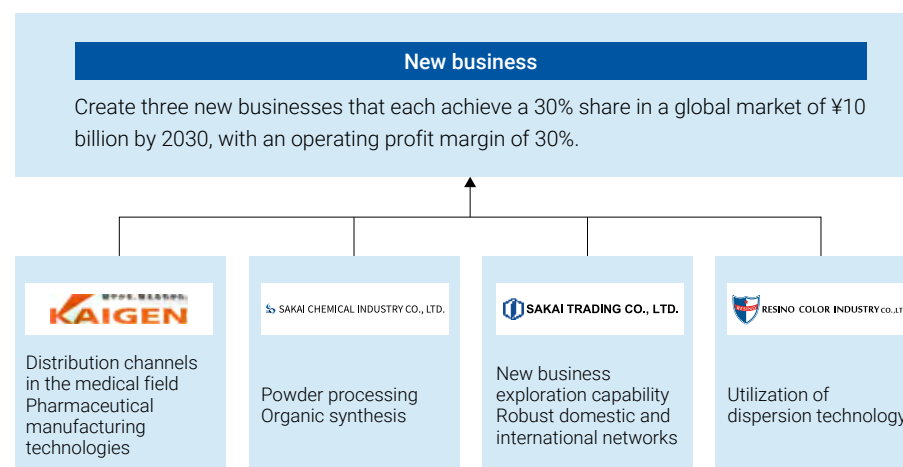


New business creation projects through Group collaboration

The Sakai Chemical Group launched the new business creation projects in August 2023. The second year of the projects has now passed. With the goal of “creating new value through unprecedented ideas not bound by the scope of existing businesses,” the projects have conducted extensive information gathering and market exploration focused on the three fields of environment and energy, electronics, and life sciences and healthcare.

These projects have now evolved beyond mere idea generation into an execution phase aimed at building earning power. Three companies (Sakai Chemical Industry Co., Ltd., Sakai Trading Co., Ltd., and Kaigen Pharma Co., Ltd.) have collaborated based on themes materialized in the life sciences and healthcare field. Under a business promotion structure that spans the entire Group, we have begun full-scale efforts toward profitability.

After two years of activities, we have reaffirmed the significance and potential of the projects. From fiscal 2025, with a view to strengthening synergies across the Sakai Chemical Group and developing next-generation human resources, we have expanded the number of participating Group companies from three to four and relaunched the project as a new initiative. These challenges originate from transformation, and we will accelerate them further as a source of the Group’s earning power that will pioneer the future.

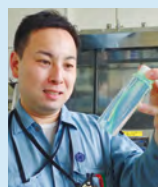


Innovation through Smart Materials

Life science and healthcare

Contributing to profit through high-value-added products; Transparent high-refractive-index material SZR

Zirconium oxide dispersion SZR is a product characterized by high transparency and excellent dispersibility. Leveraging our diverse sales networks cultivated in the materials business, we are expanding SZR into high-performance fields (including applications for eyeglasses) in order to contribute to profit as a high-value-added product. We aim to achieve further growth through expanded applications and strengthened sales.



Takuma Ieda Barium Salts Plant Technology Section Sakai Chemical Industry Co., Ltd.

Electronics

Multhiol® series of thiol curing agents combining flexibility and water resistance

Conventional products faced the issue of reduced adhesion in high-humidity environments. Multhiol® overcomes these issues. In addition to low-temperature curing, a short curing time, and high adhesion, Multhiol also offers flexibility, leading to its adoption in electronic materials and the start of operations at mass-production plants. Going forward, we aim to further enhance heat resistance and expand into automotive applications.



Yohei Toriyama Research and Business Development Department Sakai Chemical Industry Co., Ltd.

Environment and energy

Catalysts enabling carbon neutrality

We are developing methanation catalysts that enable the production of clean gaseous fuels without relying on fossil fuels. Catalysts are among the most important materials in modern society, where energy efficiency is increasingly required. Our team is working together to advance research and development on catalysts as a technology supporting the sustainability of society and the energy transition.



Shintaro Atobe Corporate Research Laboratories Sakai Chemical Industry Co., Ltd.

Reorganized facilities at the Onahama Manufacturing Site to enhance prototyping diversity and efficiency

Seventeen years have passed since the construction of the Industrial Pilot Building at the Onahama Manufacturing Site, and it had become increasingly difficult to meet prototyping needs that changed with the times. In response to these challenges, we formulated a development plan based on the following policy. Work under the plan began in June 2024 and was completed in July 2025.

[Improvements]

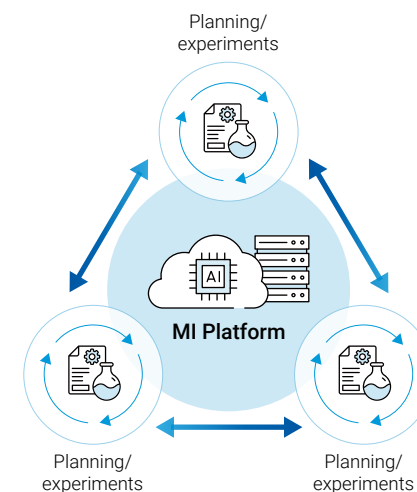
- We increased work efficiency by reorganizing test equipment according to usage frequency and work content.
- By making some of the equipment movable, we increased the flexibility of equipment combinations, which led to diversified prototyping activities.
- By zoning and consolidating workspaces, we have maintained a good working environment and prevented contamination.



Sharing knowledge and accelerating research and development through the use of materials informatics

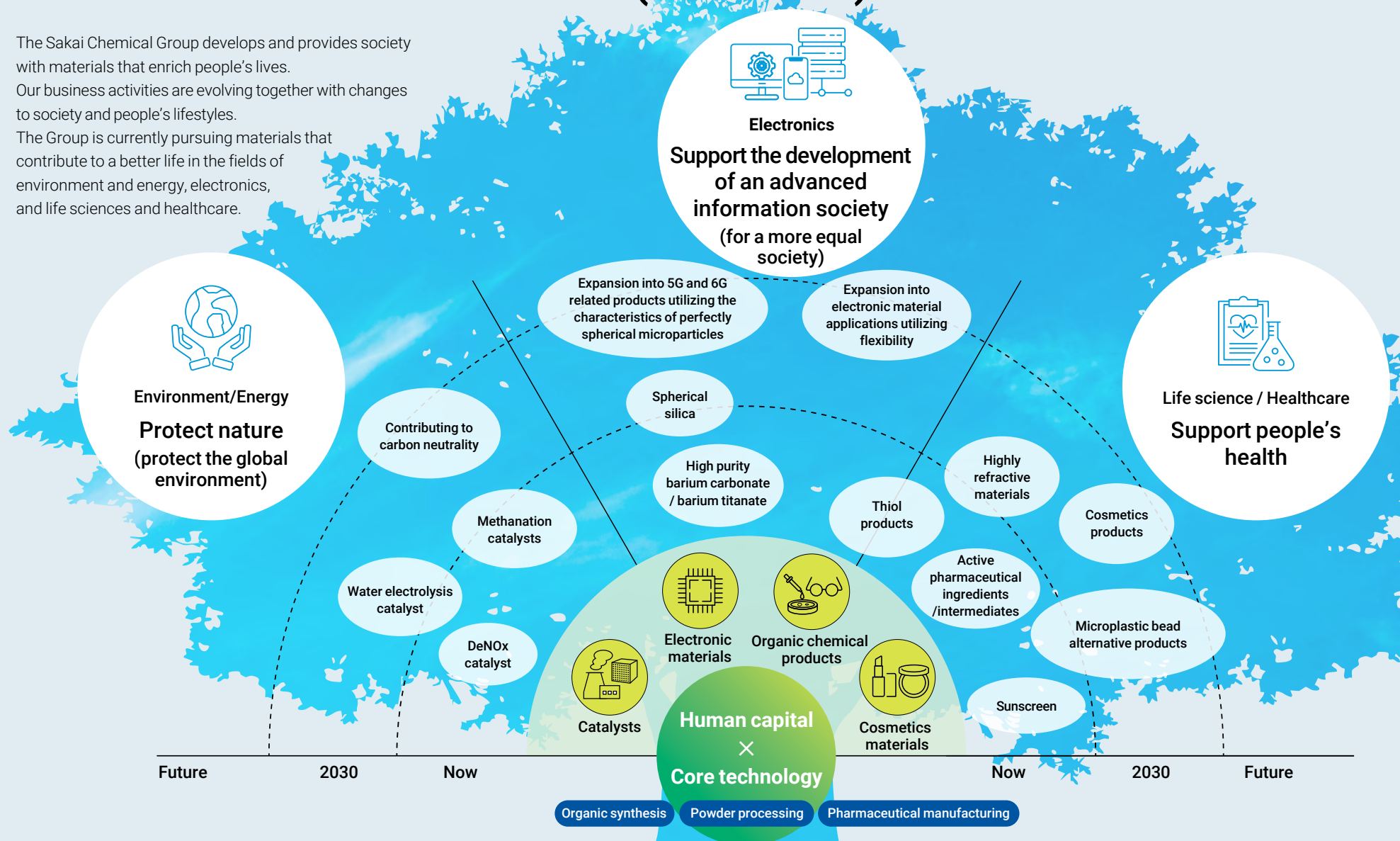
With the goal of leveraging materials informatics (MI)*, the Research and Development Division has begun trial implementation of a cloud-based MI platform from April 1, 2025. By accumulating and sharing technical knowledge and know-how gained by engineers through trial-and-error as digital assets, the MI platform promotes innovation across departments and sites. This enables the early commercialization of Smart Materials by improving the efficiency and speed of research and development.

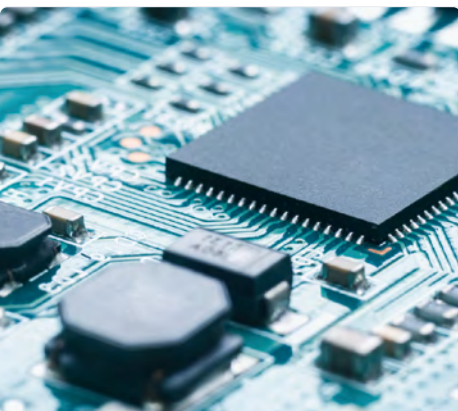
* Materials informatics (MI): An innovative approach that improves the efficiency of materials development by combining the expertise of engineers with AI



Value creation method (business)

The Sakai Chemical Group develops and provides society with materials that enrich people's lives. Our business activities are evolving together with changes to society and people's lifestyles. The Group is currently pursuing materials that contribute to a better life in the fields of environment and energy, electronics, and life sciences and healthcare.





Electronic materials

Electronics

Achieving growth speed that surpasses the market through reliable technical capabilities

Business activities:
Manufacturing and sales of high-purity dielectric powders, high-luminance inorganic luminescent materials, etc.

Establishing a competitive advantage in the high-performance MLCC market through our proprietary hydrothermal synthesis method

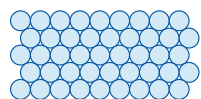
The electronic materials business manufactures and sells dielectrics and dielectric materials for multilayer ceramic capacitors (MLCCs). Driven by digitalization, the electrification of vehicles, and the advancement of generative AI, the MLCC market is expected to grow at an annual rate of approximately 8%. The Ministry of Economy, Trade and Industry also recognizes this as an important area in industrial policy, where Japanese companies are highly competitive.

The Sakai Chemical Group's proprietary hydrothermal synthesis method offers superior particle uniformity and crystallinity compared with other manufacturing methods. Our method is also highly compatible with particle miniaturization. A core strength of the Group is leveraging this technological advantage and our long-standing expertise in powder processing to flexibly and rapidly develop high-purity, highly uniform materials that meet customer requirements.

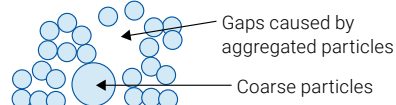
Features of the hydrothermal method

- Facilitates control of particle size and enables synthesis of ultrafine particles
- Achieves both miniaturization and higher capacitance through thinner MLCC dielectric layers and increased layering
- Enhances reliability through easy forming of structures with minimal gaps between particles, thereby preventing penetration of electrode materials

Uniform particles (hydrothermal synthesis method)



Non-uniform particles (other methods)



Sales / operating profit

	Fiscal year ended March 31, 2024:	Fiscal year ended March 31, 2025:	Fiscal year ending March 31, 2026 (plan):
Sales	¥7,857million	¥10,014million	¥10,100million
Operating profit	¥616million	¥1,493million	¥1,430million

Perception of the business environment for the fiscal year ending March 31, 2026 (as of May 2025)

AI-related business is expected to remain strong.

The semiconductor market, at least for automotive applications, is expected to remain sluggish.

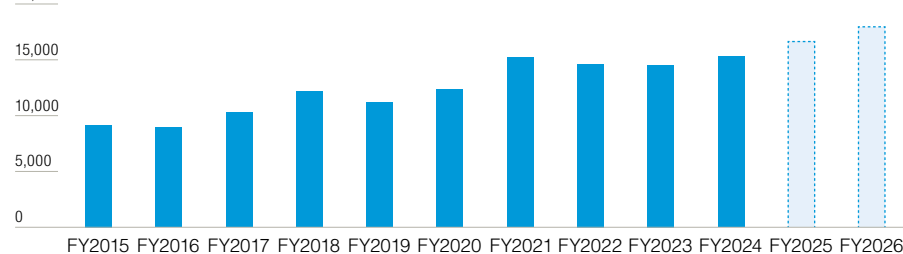
Building a global procurement network and increasing the ratio of high-end products through investment in technology and human resources

Barium raw materials are essential for the manufacture of dielectrics and dielectric materials. To ensure stable procurement, we are leveraging the full acquisition of Sakai Trading Co., Ltd. as a driver for further accelerating the diversification of sourcing and building a highly competitive, robust, and flexible supply chain. We are also establishing a global procurement network through the establishment of a local subsidiary in India.

Going forward, we will focus on expanding our lineup of high-end products and strongly promote improvements in the sales mix. We will also accelerate the acquisition of technology and know-how by considering joint research with universities and academic institutions, strengthening of recruitment of experienced research personnel, and collaboration with other companies and M&A.

Capacitor shipment value

(¥100 million) Shipments of capacitors (the end-use application) are forecasted to grow



(Estimated by the Company based on World Semiconductor Trade Statistics (WSTS) and statistical data from the Japan Electronics and Information Technology Industries Association (JEITA))



Cosmetics raw materials
Life sciences and healthcare

Anticipating change and creating value through sustainability and high functionality

Business activities:
Manufacturing and sales of ultrafine zinc oxide, ultrafine titanium dioxide, flake-shaped barium sulfate, etc.

Sales / operating profit

	Fiscal year ended March 31, 2024:	Fiscal year ended March 31, 2025:	Fiscal year ending March 31, 2026 (plan):
Sales	¥2,496million	¥2,676million	¥2,800million
Operating profit	¥120million	¥293million	¥270million

Perception of the business environment for the fiscal year ending March 31, 2026 (as of May 2025)

Both domestic and international markets are expected to recover steadily, although the outlook for China remains challenging.

Achieving growth trajectory through mindset transformation and deeper customer engagement

In fiscal 2023, earnings deteriorated due to a sluggish Chinese market, strategic shortcomings, and the occurrence of defective products. In response, we started fundamental reforms in fiscal 2024. To address quality, we launched a preventive maintenance project to eliminate defects. We also increased quality awareness among employees through training and the thorough implementation of new systems. Signs of improvement are being observed, including early detection and response to abnormal products. In terms of sales, to strengthen marketing, we deepened engagement with domestic and international customers and established a system in which sales and development collaborate to accurately understand customer needs and market conditions. These measures enable the selection and execution of flexible strategies.

Entering the global market with environmental-friendly materials with high functionality

In the cosmetics industry, reducing environmental impact and complying with microplastic beads (MPB) regulations have become key criteria for materials selection. Furthermore, growing concerns about health and beauty risks from ultraviolet radiation are driving global expansion of the sunscreen market.

Sakai Chemical Group's ultrafine zinc oxide meets market needs as a sunscreen material that naturally adapts to all skin tones with a sheer, translucent finish. Our flake-shaped barium sulfate serves as a safe material with skincare functionality for makeup products.

Meeting market needs through environmentally friendly materials with high functionality

Strengths

Materials for sunscreen

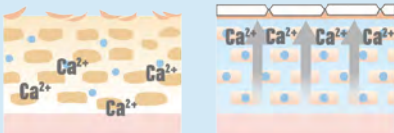
Ultrafine zinc oxide that naturally adapts to all skin tones with a sheer, translucent finish



Materials for makeup products

Flake-shaped barium sulfate, a safe substance with added skincare functionality

Smoothing rough skin with the effect of flake-shaped barium sulfate



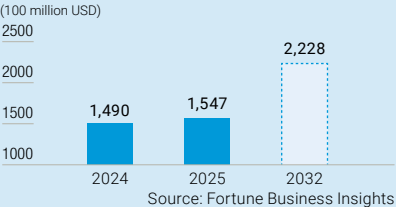
Source: Fuziwara et al., *British Journal of Dermatology*, 2004 (illustration by our company)

Growth opportunities

Materials for sunscreen

Growing concerns about health and beauty risks from ultraviolet radiation are driving global expansion

Global market size of skincare products



Materials for makeup products

Reducing environmental impact and complying with MPB regulations have become key criteria for materials selection





Organic chemicals

Electronics
Life sciences and healthcare

Leveraging our niche top positioning to enhance earning power in the organic field

Business activities:
Manufacturing and sales of sulfur compounds, active pharmaceutical ingredients, and pharmaceutical intermediates

Sales / operating profit

	Fiscal year ended March 31, 2024:	Fiscal year ended March 31, 2025:	Fiscal year ending March 31, 2026 (plan):
Sales	¥7,799million	¥6,638million	¥7,500million
Operating profit	¥1,293million	¥770million	¥730million

Perception of the business environment for the fiscal year ending March 31, 2026 (as of May 2025)

The eyeglass lens market is expected to remain steady.
Contract manufacturing of key products in the field of active pharmaceutical ingredients/intermediates is forecasted to decline due to intensifying competition.

Toward optimization of supply capacity for core products

In recent years, the eyeglass market has been expanding in conjunction with an increasing number of people with myopia. Consumer needs are also shifting toward thin, high-index lenses with superior comfort, and we expect demand for our core product, the eyeglass lens material BMPA (β-Mercaptopropionic acid), to increase even further. We are currently working to strengthen our supply system in order to reliably capture these opportunities. Full-scale monetization is expected to begin under the next Medium-Term Management Plan, but we will continue to consider optimal investment.

The Company’s understanding of the overall BMPA market

For comparison, the market size for concrete admixtures is set at “100.”

	Market size	Required characteristics	Competition
Concrete admixtures	100	Low	High
Eyeglass lenses	40	High	Low
Other	40	Medium	Medium

The BMPA market can be broadly divided into three segments: concrete admixtures, eyeglass lenses, and other. Among these, the eyeglass lens segment requires particularly high-performance required characteristics. As such, it is characterized by high entry barriers and a low number of competitors compared with other segments. Our ability to meet these required characteristics allows us to concentrate BMPA supply in the eyeglass lens segment and strengthen our presence.

Positioning the newly developed product Multihol as a new pillar of thiol products

Multihol is a new functional material for adhesives used with electronic materials. Multihol has begun to gain support from adhesive manufacturers, a trend driven by changes in the electronic materials market and the efforts of component manufacturers to respond.

As electronic devices continue to advance and become increasingly multifunctional, the components they incorporate are simultaneously becoming smaller and more sophisticated. As a result, there is a growing demand for improved adhesion during assembly, reduced damage to high-performance components, and enhanced water resistance and impact resistance of finished products.

Multihol was developed to meet these strict requirements through a redesign of existing thiol product structures. We are accelerating plans for a production expansion framework for Multihol, positioning it as a new pillar of thiol products alongside BMPA.

Multihol contributes to enhanced functionality of adhesives used with electronic materials

Changes	Emerging challenges	Required characteristics
Miniaturization	How can we securely bond smaller components with reduced adhesion areas?	High adhesive properties
High performance	High-performance components must be protected from the heat required for bonding.	Lower the bonding temperature.
Multifunctionality	As electronic devices become more expensive, there is growing demand for greater durability.	Improved impact resistance and moisture resistance

Katayama Seiyakusyo Co., Ltd.

Contract manufacturing of active pharmaceutical ingredients and intermediates

Transformation into a CDMO —Aiming to be the best partner in pharmaceutical manufacturing—

Katayama Seiyakusyo Co., Ltd. aims to be an excellent company that contributes to society by anticipating advances in pharmaceutical manufacturing technology and organic synthesis technology. Over the three-year period from 2024 to 2026, the company will advance its transformation from a Contract Manufacturing Organization (CMO) to a Contract Development and Manufacturing Organization (CDMO). The company will also pursue the sustainable enhancement of corporate value while strengthening its short-term earnings base.



Short-term strategy: Accelerate contract development of new products and generate cash

The company has positioned the expansion of contract development for new products as the top priority for improving profitability. For example, the company aims to significantly improve operational efficiency at the Hirakata Plant. Investments are being made in equipment such as grinding mills, which are rarely owned by competitors. At the same time, manufacturing efficiency for existing products is being improved, allowing production space and human resources to be allocated to newly developed products. Through these efforts, the company is steadily building a record of achievement as a CDMO. At the Toyama Plant, the production system for small-molecule APIs and intermediates is being strengthened through acquisition of new development projects, increased production of existing products, and in-house production of specialized raw materials. New modalities such as targeted protein degradation (TPD) drugs are emerging in the small-molecule segment, and the market is thriving. The company will pursue business growth that maximizes the strengths cultivated in this field.

In the Research Department, in addition to process development, the company is strengthening its capabilities in regulatory filing support and analytical method development to secure CDMO projects. Furthermore, the company will further deepen customer trust by engaging in public relations activities such as participation in exhibitions and by enhancing reliability assurance through more robust data integrity measures.

Long-term strategy: Leading the paradigm shift in pharmaceutical manufacturing and organic synthesis technology

To secure competitive advantages in the future, the company will pursue technological innovation that leads the paradigm shift in the field of pharmaceutical manufacturing and organic synthesis. In recent years, the field of pharmaceutical organic synthesis has increasingly focused on continuous production as an alternative to traditional batch

processes, with many companies accelerating the use of flow synthesis technology. In addition to adopting flow synthesis technology, Katayama Seiyakusyo is also acquiring continuous processing technology for the post-reaction stage (post-processing), thereby differentiating the company from competitors.

Furthermore, to improve the quality and efficiency of internal operations, the company is actively promoting the introduction of generative AI. Although still at the proof-of-concept (PoC) stage, the company has already confirmed results in knowledge sharing, document preparation, and various research tasks. The company aims to enable all employees to use AI in the future. AI will also be applied to optimize synthetic routes and create new synthesis pathways, further strengthening its capabilities as a CDMO.

Strengthening human capital and organizational capability: Aiming to reinforce the source of value creation

An employee engagement survey at Katayama Seiyakusyo Co., Ltd. revealed challenges in communication between management and employees. In response, the company has taken measures to create a shared vision between management and employees, such as sharing a video message from the President explaining the Medium-Term Management Plan and holding town hall meetings.

The company has also revised its traditional human resources system, implementing updates to the evaluation system, work style reforms, and restructuring of training programs. Through these measures, Katayama Seiyakusyo aims to be a company that attracts talented human resources and supports them in demonstrating their full potential.

Furthermore, the company supports researchers in pursuing doctoral degrees to strengthen organic synthesis capabilities and enhance competitiveness as a CDMO.

Although these measures are still in their early stages, the company continues to make steady progress based on the conviction that the growth of people is the source of corporate growth.

Businesses considered for efficiency improvement



Zinc



High value-added products

To increase the sales ratio of high value-added products, we are working to grow sales for heat-dissipation applications and antibacterial/antiviral applications. For general-purpose zinc oxide products, the Company continues to strive to improve profitability.

In heat-dissipation and antibacterial/antiviral applications, we are strengthening product introduction activities and continuing to expand sales to new customers. The Company is also exploring the potential to newly expand into deodorization applications.



Plastic additives



Domestic market

Withdrawal from the lead-based stabilizers business is expected to be completed in fiscal year ending 2026.

Overseas market

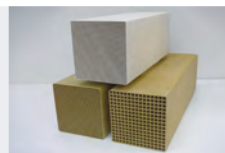
We are promoting expanded sales in ASEAN. Sakai Chemical (Vietnam) Co., Ltd. has established a new sales office in Hanoi, Vietnam, to strengthen sales activities in the northern Vietnam region.

Strengthening development capabilities

We have begun on-the-job training (OJT) through hands-on equipment trials at customers for young team members in Vietnam and Thailand. In the second year of the training, we will continue to promote the transfer of technical expertise to further strengthen development capabilities.



Catalysts



Nickel catalysts

Consolidation of production at the Otsurugi Factory was completed in March 2025. This made it possible to optimize production capacity, and we are currently working to improve factory utilization rates and reduce manufacturing costs.

De-NOx catalyst

We are working to further improve production efficiency by reducing fixed costs and maximizing the use of existing facilities.

Catalyst materials related to carbon neutrality

Some developed products have entered the scale-up phase, and we are aiming for early contributions to the profits.



Inorganic chemicals



Barium sulfate products

Cost reductions and price revisions have progressed, leading to significant improvement in profitability. For fine-particle products, we have established a competitive advantage in water-based formulations, which are mainstream in automotive coatings, and we are expanding sales to exterior paint manufacturers.

Zirconia dispersion products

Adoption of zirconia dispersion products as refractive index adjusters in eyewear applications is increasing. Going forward, we will promote sales growth by expanding into other applications.

Stable businesses



Hygienic materials



PT. S&S Hygiene Solution

We engaged in capital investment to increase the production capacity of breathable films and strengthen the supply chain. We are also working to reduce basis weight and develop value-added products.

Strengthening sales

We are expanding our sales area and applications and strengthening sales in Japan, Europe and the Middle East.



Contract processing



Resino Color Industry Co., Ltd.

In addition to reorganizing the technology development departments, the company established a market research team and is strengthening its ability to propose contract services and high-margin technology-driven products through participation in exhibitions and e-commerce sites. Through these efforts, the company is promoting the acquisition of new customers and sales expansion.

Nippon Color Industry Co., Ltd.

The company is strengthening web marketing through enhancements to its website and owned media. It is also working to acquire new customers and deepen existing relationships through presentations to manufacturers and trading companies and participation in exhibitions.

**Medical**

Life sciences and healthcare

Aiming for business growth by fostering a culture of quality and transforming the revenue structure

Business activities:

Manufacturing and sales of prescription pharmaceuticals, over-the-counter pharmaceuticals, medical devices, etc.

Sales / operating profit

	Fiscal year ended March 31, 2024:	Fiscal year ended March 31, 2025:	Fiscal year ending March 31, 2026 (plan):
Sales	¥8,054million	¥8,321million	¥8,600million
Operating profit	¥89million	(¥24million) (loss)	¥0million

Recognition of the business environment for the fiscal year ending March 31, 2026 (as of May 2025)

Profitability is declining due to reduced drug prices, fewer gastric X-ray examinations, a gradual decline in OTC products such as the Kaigen cold medicine brand, and rising costs. In addition to securing profits from the steadily-performing segments of supplements and medical devices for cosmetic medicine, the Company is accelerating fundamental measures to develop new businesses and improve profitability.

Building business pillars unaffected by drug prices—Focusing investment on three areas: medical examination, gastrointestinal, and beauty

The current challenge in the medical business is to cultivate new business pillars that are not affected by drug prices. With this in mind, we have designated the three priority areas of medical examination, gastrointestinal, and beauty. We are also working to increase sales of medical devices and to create and grow new businesses such as supplements.

We are further expanding our medical device business, including the introduction of the endoscope washer-disinfector KD-1 SAKURA to the otolaryngology field. In terms of product development, we have introduced the fourth generation of our drinkable UV protection supplement SolPro, which has been marketed to medical clinics and cosmetic medical institutions under the concept of “caring for brighter, clearer skin.” We are also advancing the development of new products for the future, including medical devices developed through industry-academia collaboration and adhesion prevention materials.

Completing the establishment of systems supporting quality and moving into the operational phase

Kaigen Pharma Co., Ltd., which manages the medical business within the Sakai Chemical Group, has taken the administrative disciplinary action issued in December 2023 seriously. The company is working to foster a culture of quality that places quality as the top priority. Based on the business improvement plan, the company has completed the establishment of regulations to strengthen the quality management system. It has now moved into the phase of ensuring proper operation in accordance with those regulations. However, regardless of how well a system has been established, it remains merely a framework, with the risk of being reduced to a formality. Therefore, it is crucial for all executives and employees to have a “beyond compliance” mindset, characterized by constant attention to quality and autonomous action with patients in mind. This concept is incorporated in our Purpose and Key Visual.

Without forgetting the recent quality issues, the company is nurturing the essential spirit that should be instilled in its framework. It will continue to refine its framework through that spirit, thereby advancing sustainable improvement.

Main products
Priority area 1
Medical examination
Endoscope washer-disinfector SAKURA
Main features

- (1) Uses strongly acidic electrolyzed water that is gentle on people and the environment, while being effective against bacteria and viruses
- (2) Reduces work time and offers easy operation
- (3) Extensive functionality ensures reliability and peace of mind


Priority area 3
Beauty
**UV protection supplement SolPro
(drinkable capsule)**
Main features

- (1) Contains the original ingredient blend Marine Polyphenol®*
- (2) Formulated with carefully-selected plant extracts from the perspective of a pharmaceutical company

* Marine Polyphenol®: A registered trademark of Mie University, a national university corporation.

**Purpose of Kaigen Pharma**

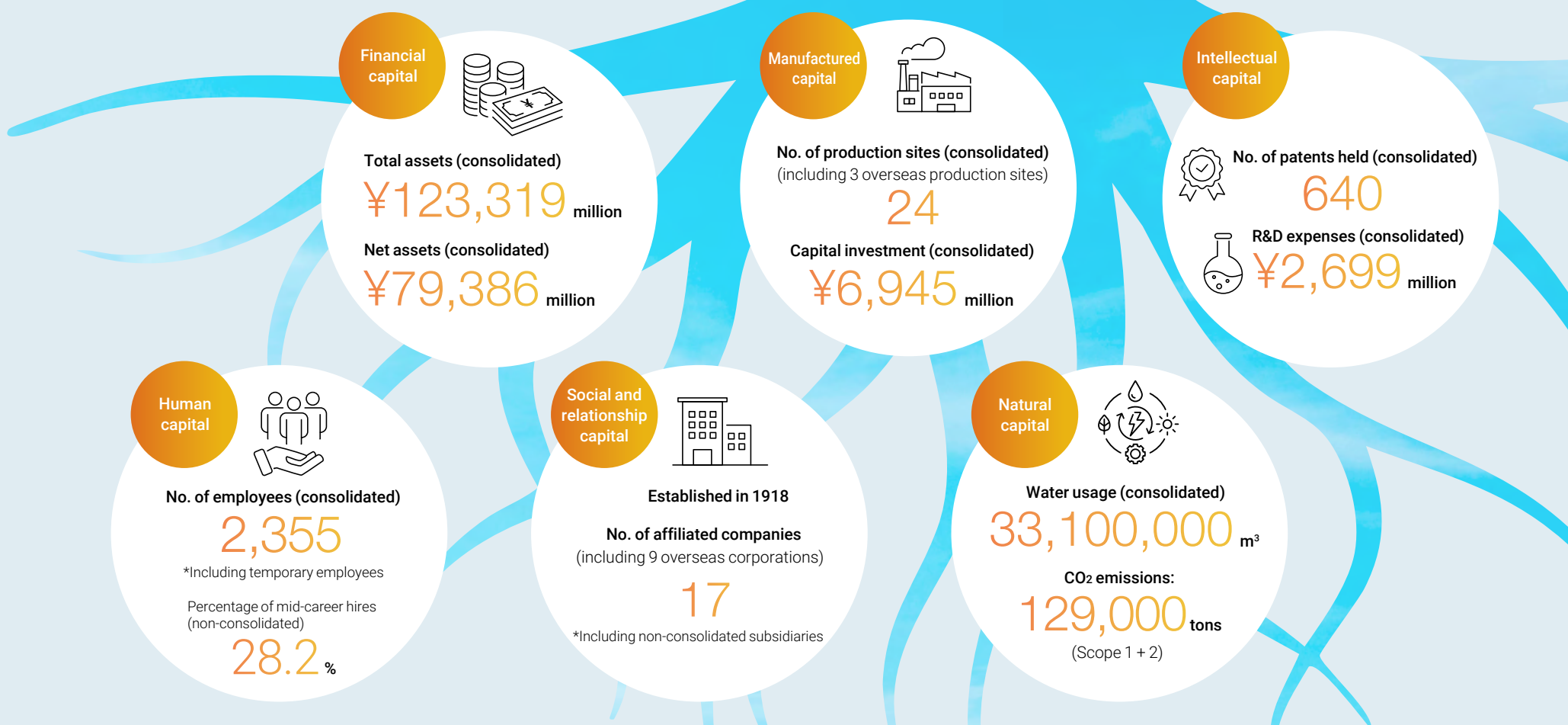
Kaigen Pharma supports each and every one of you in your daily health and creates a happy tomorrow.
~Assist with your well-being~







Source of value creation (capital)

Effective and efficient use of limited capital will make it possible to create even more value for society.

The Sakai Chemical Group is working to create such value through a unified management and workforce

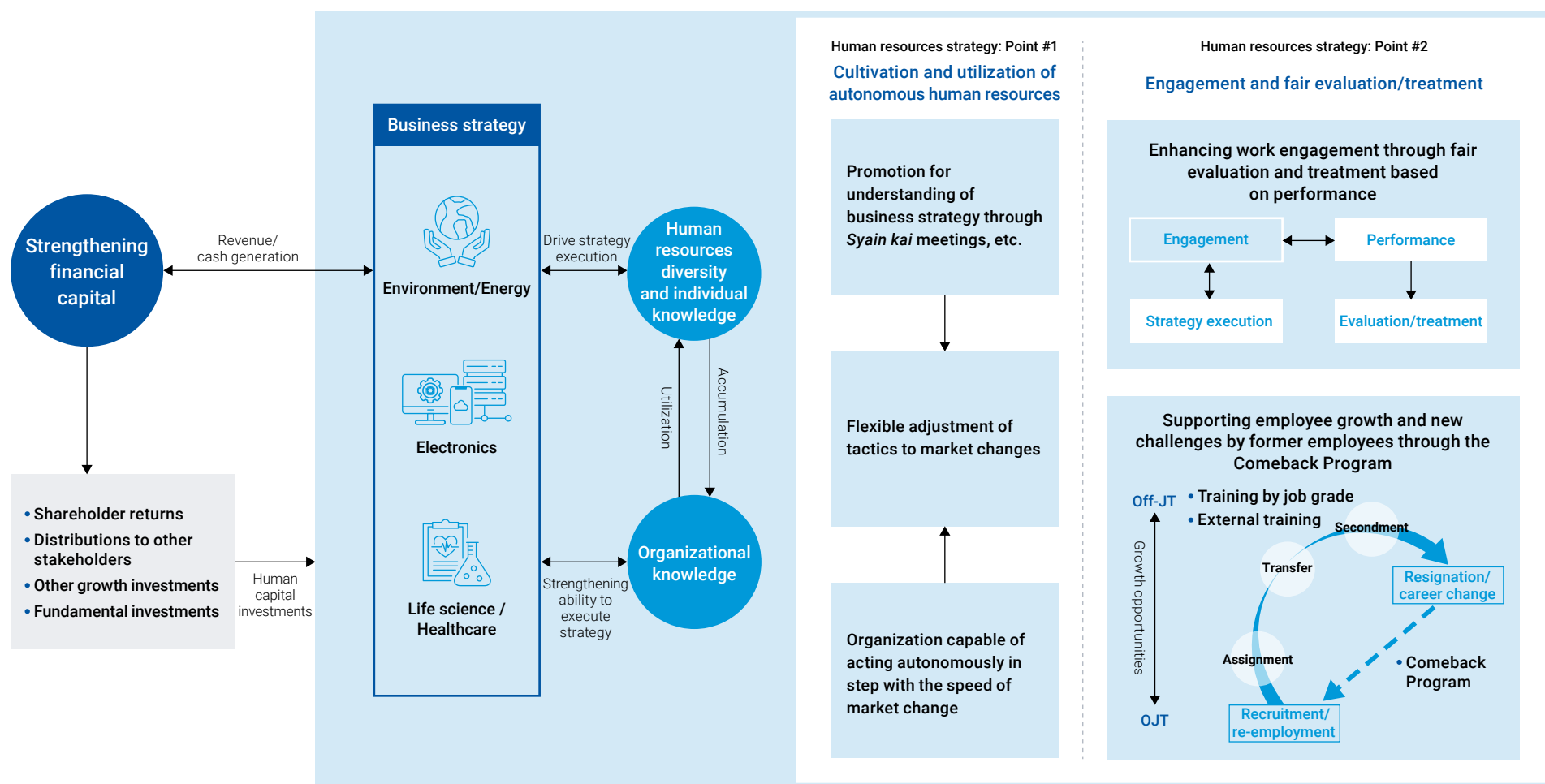


	Issue of materiality	Key performance indicators (KPIs)		
		KPIs	Targets	FY2024 results
Make people happy 	(1) Foster human resources and create a corporate culture where employees can feel their growth	Score on Geppo, an employee engagement and management tool from Recruit Co., Ltd.	66.4 out of 100 (or higher)	63.4
	(2) Create a comfortable working environment	No. of people working long hours (over 60 hours per month) No. of injuries/deaths requiring 4 or more days off work No. of days of lost work Percentage of new hires with experience (experienced hire ratio) Percentage of female employees among core personnel Percentage of female employees among managers Percentage of employees taking annual paid leave Percentage of male employees taking parental leave	0 people/year (FY2030) 0 people/year 0 days/year 20% or more 20% or more (FY2030) 10% or more (FY2030) 80% or more (FY2030) 50% or more (FY2030)	243 people 4 people 61 days 28.2% (non-consolidated) 10.6% (non-consolidated) 4.1% (non-consolidated) 85.7% (non-consolidated) 54.5% (non-consolidated)
	(3) Contribute to local communities	Participating in social contribution activities at cooperating membership groups	Implementing social contribution activities	Sponsoring the Iwaki FC Participated in the Iwaki Odori Dance Festival held in Onahama and sponsored the Iwaki Fireworks Festival Sponsored the Iwaki Carbon-Neutral Social Cooperation Joint Course (a human resources development program to achieve carbon neutrality) Participated in the Izumi Ward Furusato Festival Participated in the Science Fair held at the National Institute of Technology, Fukushima College Volunteered at the Sakai Science Education Festival and the Sakai City Festival
	Issue of materiality	Key performance indicators (KPIs)		
		KPIs	Targets	FY2024 results
Protect the global environment 	(4) Manage chemical substances appropriately, reduce environmental impact, and implement measures to improve product safety	Scope 1 and Scope 2 CO ₂ emissions reduction rate (versus FY2013 level) Ascertaining Scope 3 CO ₂ emissions No. of serious environmental accidents	30% (FY2030) Determining scope and calculating values 0 cases/year	31% Determining scope and calculating values 0 cases/year
	(5) Reduce industrial waste emissions	Industrial waste reduction rate (versus the FY2021 level)	50% (FY2030)	27%
	(6) Give consideration to biodiversity	Reducing rate of water usage (compared to FY2021)	25% (FY2030)	4%
	Issue of materiality	Key performance indicators (KPIs)		
		KPIs	Targets	FY2024 results
Solve social issues through manufacturing 	(7) Create products and services that help solve environmental and social issues	No. of developed products and services certified as Smart Materials	Launch five Smart Material products by FY2030	0
	(8) Promote responsible procurement	Holding CSR procurement surveys for business partners	Implementing CSR procurement surveys and improvements	Implemented CSR procurement surveys
	Issue of materiality	Key performance indicators (KPIs)		
		KPIs	Targets	FY2024 results
Build a transparent and strong management system 	(9) Increase the effectiveness of the Board of Directors	Based on the results of the questionnaire on the effectiveness of the Board of Directors (1) No. of challenges identified (2) No. and total hours of discussion sessions on each challenge (3) No. of countermeasures devised (4) No. of countermeasures implemented	Identify challenges based on the results of the questionnaire on the effectiveness of the Board and make necessary improvements * Sakai Chemical Industry (non-consolidated)	Clarified rules on Outside Directors' attendance at Company meetings
	(10) Understand risks and take countermeasures	Number of serious compliance violations Ability to maintain a Company-wide risk management system	Achieve zero serious compliance violations throughout the year Maintain the effectiveness of the system	Achieved zero serious compliance violations throughout the year Maintained the effectiveness of the system
	(11) Ensure timely and appropriate information disclosure	Compiling and providing an integrated report or information equivalent to the content of such a report	Provide an integrated report or information equivalent to the content of such a report from FY2023	Issued Sakai Chemical Group Integrated Report 2024

The Sakai Chemical Group regards the sources of sustainable growth as the independent actions of each employee and overall organizational collaboration across departmental boundaries. In an era when the business environment is changing rapidly, it is essential that frontline employees are able to make their own decisions and act flexibly. For this reason, we are promoting initiatives to enhance employee autonomy as a central pillar of our human resources strategy. At the same time, we are committed to fostering an organizational culture in which diverse human resources can leverage each other's knowledge and experience. We

are working to create an environment where ideas are respected across diversity of gender, age, and nationality, and where innovation is generated. Through this human resources strategy, employees who can act independently can utilize diverse ideas and information to overcome challenges, thereby strengthening the competitiveness and profitability of the Group as a whole.

The following is an overview of our human capital investment strategy and its key initiatives.



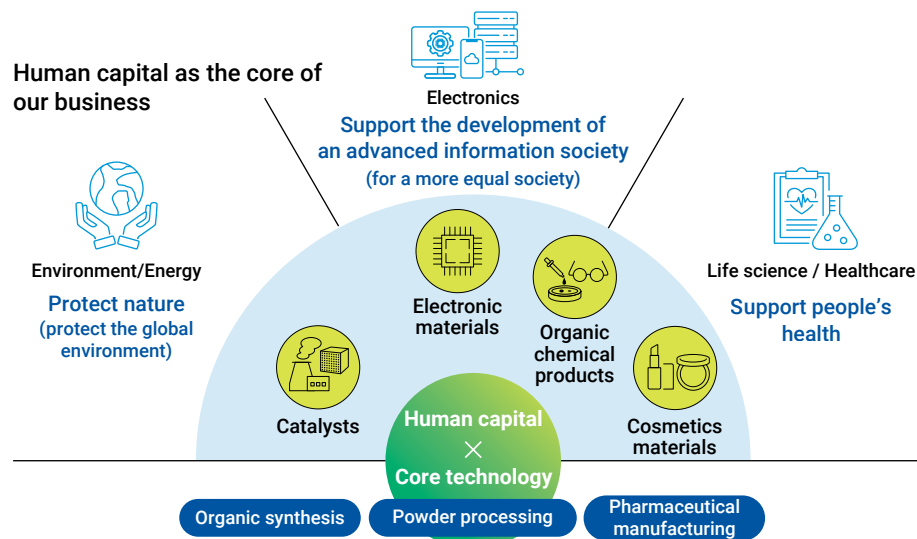


Integration of business strategy and human resources strategy

Akira Morioka
Executive Officer
Head Of Administration Division
Sakai Chemical Industry Co., Ltd.

The Sakai Chemical Group currently identifies three fields as growth areas: environment and energy, electronics, and life sciences and healthcare. In the current changing environment, in order to break down policies and strategies into concrete tactics and measures that are reliably executed, it is essential to engage in flexible, accurate, and swift decision-making and execution, while taking into account short- to medium-term outcomes.

From this perspective, we have positioned the cultivation and utilization of autonomous employees as key points in human capital investment.



Human resources strategy: Point #1)

Cultivation and utilization of autonomous human resources

As part of our efforts to cultivate autonomous human resources, in addition to employees acquiring expertise within their departments through on-the-job training (OJT), we also provide a wide range of contents in off-the-job training (Off-JT) that uses external training institutions to cultivate perspectives, ways of thinking, problem-solving abilities, and communication skills. This training is positioned as mandatory training by job grade, thereby enabling all employees to attend lectures aligned with their awareness of issues and challenges. Additionally, through evaluation feedback and self-reporting interviews for career development, we provide employees with opportunities to identify their own challenges from an objective perspective and enhance their thinking skills and viewpoints.

To support the performance of autonomous human resources, we increase sensitivity to environmental changes surrounding each business domain, provide more information for decision-making at the time of tactical changes, and ensure employees can adjust and execute accordingly by increasing opportunities for sharing and providing information on the situation of each business domain and key strategic points. We also focus on expanding DEI and increasing engagement, thereby promoting the creation of an organizational culture where each individual's experience and knowledge can be accumulated and utilized as organizational knowledge.

Human resources strategy: Point #2)

Engagement and fair evaluation/treatment

The Sakai Chemical Group enhances work engagement through the fair evaluation and treatment of employee performance. At the core of our evaluation system is the role-grade system, which defines expected roles for each job grade. Employees understand the roles required at their own grade and remain mindful of roles at higher grades. This broad awareness helps them enhance their practical abilities. In evaluations, employees first engage in self-assessment, which is then reviewed by their supervisors. Through feedback interviews, employees gain objective insights into their strengths, accomplishments, and areas for improvement.

As part of our human resource development initiatives, we also transfer employees across departments and business domains. Instead of developing generalists, these transfers are intended to deepen individual strengths and expertise. By placing employees in areas adjacent to their specialties, we enable them to broaden their perspectives and develop problem-solving abilities and the capacity to overcome difficult situations. Furthermore, to maximize the effectiveness of these transfers and enable employees to autonomously shape their career paths, we conduct interviews with managers (department head level and higher) and promote the development of model career paths.

Revision of human resource evaluation systems

The role-grade system was at the core of revisions made to the human resource system by Sakai Chemical Industry Co., Ltd. in 2021. This system enables employees to objectively recognize their strengths and challenges through self-assessment and feedback from supervisors, and it supports the creation of an environment where employees can autonomously engage not only in OJT but also in Off-JT such as mandatory training by job grade.

To ensure understanding and effective adoption of the system, in July 2024, we held training for evaluators and employees being evaluated. Based on questions and feedback received during this training, we identified issues in the current operation and created a manual with a clear Q&A section and an overview of the human resource evaluation system.

Going forward, we plan to continue improving operations, including minor changes to the human resource evaluation systems. First, we will review the structure of the evaluation forms to clarify the relationship between targets and business strategies, tactics, and individual roles and duties. As an easy-to-use tool through which employees can see how their work and achievements contribute to business success, we view the evaluation forms as important for enhancing work engagement.

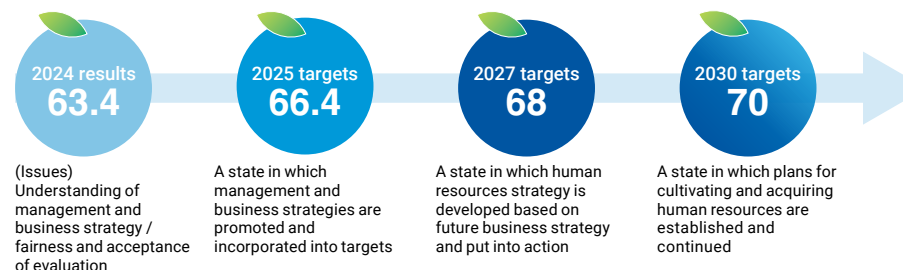
Engagement survey and improvement activities

From fiscal 2024, the Sakai Chemical Group has been conducting engagement surveys using Geppo, an employee engagement and management tool from Recruit Co., Ltd. In the first year, the overall score for the Group was 63.4, below the industry average for the chemical industry of 66.4. Analyzing the results by factor indicated room for improvement in items related to management, business strategy, and evaluation, leading to the following hypotheses:

1. In the goal-setting process, employees do not fully feel the connection between business strategy and their individual work targets.
2. One possible reason for the above is insufficient communication between supervisors and subordinates.
3. As a result, employees below the managerial level feel a sense of uncertainty stemming from an inadequate understanding of the business strategy.

Based on these hypotheses, roundtable discussions led by the president and line managers are being held to ensure that managers can appropriately incorporate business strategy into the missions of teams and individual employees. Moving forward, we will continue initiatives to strengthen communication between supervisors and subordinates regarding business strategy.

Roadmap and initiatives for improving engagement



An internal award recognizing the ability to think and act independently and to engage others

Our system for awarding “shining” employees recognizes employees who embody “management by all” by thinking about how they can personally contribute and acting proactively. In fiscal 2024, we presented the award to 12 employees, including young employees who took the initiative in beautifying the company premises and employees who worked diligently in teams to solve business challenges. Although modest, these efforts had a positive influence on other employees. The award has not only motivated the recipients themselves but also boosted the motivation of their team members.



An opportunity for the president and employees to share the management's vision and intentions

For those chosen for the “shining” employee award, we held lunches with the president at the Sakai Manufacturing Site and Onahama Manufacturing Site. The purpose of these lunches is for employees to directly engage in dialogue with the president, experience management's vision firsthand, deepen their understanding of and empathy for management policies and business strategies, and help spread and reinforce this understanding throughout their respective departments.

Employees who participated in the lunches commented that they were deeply inspired and gained significant insights from direct discussions of the sincere intentions of the president. Going forward, we will continue these initiatives as a way to foster closer relationships between management and employees.



Diversity, equity and inclusion (DEI)

The Sakai Chemical Group recognizes that our human resources drive our business and create value and that each individual maximizing their unique strengths contributes to value creation. Diversity is generally categorized as task-type (diversity related to individual abilities and experiences) and demographic-type (diversity based on attributes such as gender or nationality).

The current state of the Sakai Chemical Group is primarily demographic-type diversity; however, we believe that transitioning to task-type diversity is necessary to generate truly new ideas, develop novel materials, and realize innovation. In making this transition, it is important that each employee accepts colleagues with diverse backgrounds (experience and knowledge shaped by attributes/factors such as gender, nationality, disabilities, childcare, caregiving, career changes, and transfers) and enhances their ability to empathize with others. Achieving this will improve business execution and problem-solving capabilities, thereby transforming individual knowledge and experience into organizational knowledge and facilitating innovation.

As an example of a concrete initiative, for the employment of people with disabilities, we are advancing the formation of a centralized placement organization with a view to establishing a special subsidiary. This initiative aggregates diverse tasks so that people with disabilities can thrive by leveraging their characteristics and strengths.

To further promote such efforts, we plan to conduct internal seminars aimed at enhancing empathy and sensitivity.

Ratio of women

	March 31, 2024	March 31, 2025	FY2030 target
Manager	2.7%	4.1%	10.0%
Core personnel	9.1%	10.6%	20.0%

* FY2024: Female employees: 140; foreign employees: 2; employees with disabilities: 15; employees taking childcare leave: 15; mid-career hires: 20; internal transfers: 165

Initiatives in human resources acquisition and working style reform

In addition to childcare and family care, we foresee that advances in medical technology will lead to an increased number of employees who continue working while managing serious illnesses such as cancer. In order to respond to the changing times and enable more flexible working styles, we introduced a staggered work hours system in fiscal 2024. Currently, the system is mainly used by employees with childcare responsibilities, but we expect its use to expand in the future for purposes such as medical treatment, self-development, and pursuing an MBA or MOT.

On the other hand, in factories with three-shift operations, balancing production efficiency with flexible working styles remains challenging. Due to the declining labor force in Japan, we expect that older employees and women may fulfill a larger role in factory work in the future. These changes could make it difficult to find and retain human resources for night shifts in a three-shift system. Amidst these circumstances, we are considering reducing three-shift operations on some production lines.

Working style reforms and the associated improvement of the work environment not only support the active engagement of current employees but also serve as important factors for prospective employees when choosing a company. Going forward, we will continue to create an environment in which people want to continue working and choose to work at the Sakai Chemical Group.



Usage rate of childcare leave by male employees

Nationwide average*	March 31, 2023	March 31, 2024	FY2024
40.5%	32.1%	39.1%	54.5%

* Source: FY2024 Basic Survey of Gender Equality in Employment Management, Ministry of Health, Labour and Welfare

Initiatives by group companies

Based on the belief that people are the driving force behind value creation, the Sakai Chemical Group has positioned human resource strategy at the core of group management.

Various initiatives are being promoted at Sakai Chemical Industry Co., Ltd. and its group companies. These initiatives include human resource development, enhancement of engagement, and respect for diversity.

The fundamental policies are set by Sakai Chemical Industry Co., Ltd., while the specific implementation methods are independently devised by each company. Outstanding initiatives are shared across the Group and rolled out horizontally.

Katayama Seiyakusyo Co., Ltd.

Profile: Engaged in contract manufacturing and process development of active pharmaceutical ingredients (APIs) and intermediates for small-molecule drugs for domestic and international pharmaceutical companies. The company promotes a quality culture and operates a quality assurance system and production facilities managed under GMP.

Value being provided to society

Maintaining health and improving quality of life

Net sales

¥3,445million
(Fiscal year ended March 31, 2025)

No. of employees

134
(As of March 31, 2025)

Promoting the creation of workplaces where diverse human resources can work comfortably and thrive

As part of efforts to create a workplace where diverse talent can thrive, Katayama Seiyakusyo Co., Ltd. set a 100% childcare leave usage rate for both men and women as a target in its General Employer Action Plan and worked to promote the use of the childcare leave system. As a result, the system has become well established among male employees across a wide range of roles, including research and production staff. The company achieved a 100% childcare leave usage rate for both genders. This achievement earned the company the Kurumin Certification, making it the third company in Hirakata City to receive this recognition. In addition, to ensure that employees raising children can continue working with peace of mind, the company has improved relevant regulations and strengthened support for balancing childcare and work. As a result of these efforts, Katayama Seiyakusyo has maintained a 100% return-to-work rate after maternity and childcare leave. Furthermore, the company promotes the use of paid leave and limits overtime work, thereby striving to create an environment in which all employees can continue working.

Going forward, the company will continue to create an appealing workplace through initiatives such as projects that explore new working styles in response to societal changes.



Resino Color Industry Co., Ltd.

Profile: For over 90 years since its founding, drawing on cutting-edge techniques to maximize the inherent performance of pigments and functional materials, Resino Color Industry has pursued expertise in formulation and dispersion technologies through the synthesis and processing of pigments. The company has earned high trust and built a strong track record across a wide range of industries, including the automotive, construction, and chemical sectors.

Value being provided to society

Realization of a prosperous society

Net sales

¥5,125million
(Fiscal year ended March 31, 2025)

No. of employees

130
(As of March 31, 2025)

Supporting growth through fair evaluations based on dialogue and mutual understanding

Resino Color Industry Co., Ltd. is reforming its human resources system with a focus on supporting employee growth and conducting fair evaluations. In fiscal 2024, the system was overhauled to fairly evaluate employees based on results and desire to achieve growth rather than academic background or seniority. However, because evaluations can be harsh when results fall short, the company emphasizes two-way dialogue with subordinates in evaluation meetings, rather than one-sided feedback from supervisors. This dialogue enhances employees' understanding and acceptance of evaluation outcomes.

It is essential that each individual thinks and acts proactively in order to realize sustainable corporate growth. By repeatedly and carefully communicating the reasons behind initiatives along with policies and goals, top management seeks to foster understanding and acceptance. In fiscal 2025, the company plans to promote further dialogue by holding a town meeting with participation from members of the Board of Directors. Moving forward, the company will support employee growth by expanding opportunities for mutual learning and personnel exchanges among group companies.



Right) Hideaki Okamura (Manager, General Affairs and Personnel Group, General Affairs Department)
Left) Ayumi Nakata (Member, General Affairs and Personnel Group, General Affairs Department)

Sakai Trading Co., Ltd.

Profile: Sakai Trading's main business is the import, export, and domestic sales of a wide range of products such as chemical products, electronic materials, and hygienic materials. With numerous overseas offices, including offices in New York and Shanghai, the company provides customers with optimal product solutions based on global market information. Approximately 50% of its business involves import and export. A feature of the company is its small, highly productive sales team composed of experts.

Value being provided to society

Net sales

No. of employees

Supporting manufacturing and accelerating innovation through information provision and product supply

¥9,900million
(consolidated: ¥13,400 million)
(Fiscal year ended March 31, 2025)

102
(As of March 31, 2025)

Human resources cultivation and optimal placement that brings out each individual's strengths

Sakai Trading Co., Ltd. has been operating a new human resources system since April 2023. The pillars of this system are: (1) transition to a role-grade system, (2) clarification of roles that contribute to the achievement of management goals, and (3) establishment of dual career paths (line management and specialists). The system aims to cultivate a growth mindset for employees aspiring to reach higher grades, thereby increasing opportunities for each individual to fully leverage their strengths and unique qualities and fulfill their roles in a rapidly changing market environment. Ultimately, this will contribute to the achievement of management goals.

Furthermore, in April 2025, the company revised its human resource evaluation system by organizing evaluation items into "evaluation of performance based on achievement of roles" and "evaluation of behavior linked to performance." The company also adjusted weighting to recognize the value of behavior that generates results, thereby enhancing employees' understanding and acceptance of evaluation outcomes. These system reforms aim to further stimulate employees' desire for growth, provide and expand opportunities for employees to excel by means of optimal placement, and enhance their active contribution. Additionally, from fiscal 2025, Sakai Trading introduced a one-year overseas training program utilizing international offices. This highlights the company's strong emphasis on the development of global talent.



Yoshitomo Hitomi
General Manager,
General Affairs
and Personnel Division

Osaki Industry Co., Ltd.

Profile: Osaki Industry provides contract manufacturing for traffic safety materials, inorganic and organic fine chemical products, chemicals for electronic materials, and other products. Osaki Industry collaborates with companies within the Sakai Chemical Group to establish manufacturing systems tailored to customer needs. The company operates its business with two main pillars: enhancing the safety of transportation and construction infrastructure, and supporting industries through chemical technologies.

Value being provided to society

Net sales

No. of employees

Improving infrastructure safety and supporting industry through chemical technology

¥5,559million
(Fiscal year ended March 31, 2025)

99
(As of March 31, 2025)

Creating a workplace that understands differences and individuality and turns them into strengths

As part of its non-financial initiatives, Osaki Industry Co., Ltd. has focused on the employment and retention of people with disabilities. In fiscal 2024, the company hired two individuals: one with an intellectual disability and one with a mental disability. During the recruitment process, both the hiring staff and the receiving workplace deepened their understanding of the characteristics of people with disabilities and related employment considerations. This understanding contributed to employee retention, active engagement, and subsequent expansion of responsibilities. The keys to the success of this initiative were (1) recognizing that all individuals, regardless of disability, have unique strengths, weaknesses, and characteristics, (2) maintaining a mindset of trying to understand the background of each individual, and (3) maintaining a management attitude aimed at steadily improving the company, including creating a comfortable workplace. In particular, the effort to understand the background of employees has served as a foundation for deeper internal communication and has fostered flexibility to embrace diverse ideas, which can become the seeds of creating new value.

This culture extends beyond the employment of people with disabilities; moreover, it facilitates smoother communication and information sharing throughout the company.



Yusuke Manabe
Deputy Section Manager,
General Affairs Department

Foundation for promoting human resource strategy and feedback from employees

Toward the realization of management by all— Initiatives by the Human Capital Committee

The Human Capital Committee, established in April 2024, is working to create a culture in which all members of the Sakai Chemical Group actively translate organizational goals and challenges into their own work and take initiative, with the aim of achieving management by all. Currently, in order to encourage employees to take ownership of management objectives and business strategies, executives themselves share progress and challenges directly with employees and engage in dialogue through a monthly *Syain kai* meeting where employees are the stars. After one year, the meetings have become established as a regular event. Each meeting attracts more than 300 participants and features lively exchanges of opinions.

In fiscal 2024, in line with the concept of management by all, 12 employees who took initiative and involved those around them were chosen and awarded as “shining employees.” By sharing these efforts across the Company, we have further enhanced our employees’ sense of ownership and organizational unity, leading to a broader spread of positive challenges.

Frontline of initiatives: From the secretariat of the Human Capital Committee

We are drawing on the experience of operating the *Syain kai* meetings (where employees are the stars) over the past year to explore more practical ways to create a workplace where every employee can find fulfillment in work and take initiative. As actions arising from these efforts, the Diversity Subcommittee is taking on the challenge of creating new value from diverse perspectives, such as supporting the performance of non-Japanese employees through the Global Ambassador activities, enhancing psychological safety, improving operational efficiency, and sharing examples from departments with high engagement.

We feel that positive change emerging from the workplace is steadily contributing to strengthening organizational capabilities, and we will continue to evolve opportunities that encourage the autonomy of employees.



Miho Kishi

Tadaoka Manufacturing department,
Ishizu & Tadaoka Factory
Sakai Chemical Industry Co., Ltd.

Feedback from employees and on-site experiences

Facing challenges and contributing to employees becoming stars and reaching their fullest potential

Through initiatives such as *Syain kai* meetings, we have increased opportunities for learning about management policies and the Company’s situation. When my daily work aligns with management policies and business strategies, I feel that my efforts are contributing to the Company’s growth. So, I hope that these initiatives will continue.

To win in the market and continue generating earnings, it is essential to acquire good work habits. Under the current human resources system, communication between supervisors and subordinates is essential to encourage employees to take initiative and grow. However, further efforts are needed beyond goal setting and career development support that reflect actual workplace conditions and role grades.

As a human resources representative at the manufacturing site, I will also gather feedback from employees, refine the system into something better, and contribute to the growth of both people and the organization.



Hidetaka Sakai

General Affairs Section,
Operations Management
Department
Onahama Manufacturing Site
Sakai Chemical Industry Co., Ltd.

Valuing on-site opinions and dialogue during transformation

The decision has been made to withdraw from the pigment-grade titanium dioxide business. As this was a core business in which numerous colleagues have been involved for many years, there is an understandable sense of sadness and confusion. At the same time, I feel the Company’s strong commitment to focusing on priority areas. Since reforming the human resources system in 2021, including the renewal of the talent management system and education programs, there have been times when keeping up with change has felt challenging. However, I also understand that we are living in an era that demands such significant transformation.

As a site manager, I strive to instill the importance of CCC and thoroughly implement the 5S organization system while striving to make daily improvements. As the environment around us continues to change, I want to continue valuing feedback from the workplace, avoid being swayed by negative opinions, and advance together through dialogue built on mutual respect.

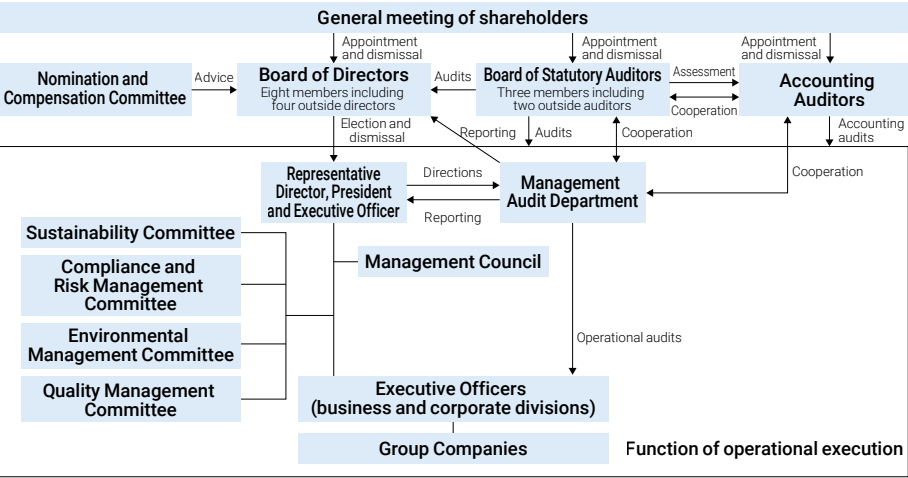


Jun Iwakura

Manufacturing Section,
Plant No. 1
Sakai Manufacturing Site
Sakai Chemical Industry Co., Ltd.

Corporate governance system

Sakai Chemical Industry Co., Ltd. has adopted the form of a company with an audit and supervisory board. We recognize the enhancement of corporate governance as an important management issue. Accordingly, we aim to increase corporate value by conducting business activities under a transparent and fair management system and pursuing the interests and satisfaction of stakeholders.



As of June 27, 2025

Skill matrix of the Board of Directors

Skills	Yagura	Okamoto	Hattori	Magara	Ito	Matsuda	Miyagawa	Hamazaki	Definitions of skills
(1) Corporate management	○				○	○			Skills in detecting current trends and implementing structural changes, including business reforms, business expansion, and the selling of businesses, based on one's experience of serving as CEO of a Sakai Chemical Industry subsidiary or another company
(2) R&D and production technology		○		○	○	○			Skills in creating new businesses based on one's mastery of R&D, manufacturing, quality control, etc.
(3) Business strategy and marketing	○			○			○	○	Skills in working as a person responsible for business strategy based on one's mastery thereof
(4) Finance and accounting			○		○		○		Skills in accurately assessing the Company's business performance, making right investment decisions, and communicating effectively with the capital market
(5) Human resources and organizational administration	○				○	○		○	Skills in organizational development and personnel management based on one's mastery of human resources and organizational administration
(6) Legal affairs and risk management	○		○						Skills in addressing obvious business and management risks based on one's mastery of legal affairs concerning corporate activities
(7) ESG and the SDGs	○	○	○	○			○	○	Skills in addressing obvious business and management risks based on one's mastery of legal affairs concerning corporate activities

Compensation for directors (and other officers)

The basic policy for the compensation system for directors and auditors is to promote the sharing of value with shareholders, provide objectivity and transparency to fulfill accountability, consider a level of compensation for securing and retaining excellent human resources, and promote the sustainable growth of the Sakai Chemical Group and the increase of corporate value in the medium to long term. From fiscal 2024, we revised the calculation items and evaluation criteria for executive bonuses to serve as an incentive for the medium- to long-term enhancement of corporate value. In addition to conventional profit/loss indicators, non-financial items and priority themes for each fiscal year are also included in the evaluation. The specific initiatives and outcomes are reviewed and deliberated by the Nomination and Compensation Committee, after which the committee determines the evaluation.

New bonus evaluation items / Ratios / Evaluation criteria (from FY2024)

	Performance indicators	Non-financial items	Priority themes
Before revision	100%	—	—
After revision	60%	20%	20%
Evaluation criteria	Scoring	Quantitatively evaluate the achievement of each fiscal year's plan within the Medium-Term Management Plan and assign points. 110% or above / 100% to less than 110% / 80% to less than 100% / below 80%	Comprehensively evaluate initiatives targeting each materiality KPI from both quantitative and qualitative perspectives, and assign points. Result achieved and evaluation ○ / Result achieved and evaluation △ or × / Result not achieved but in progress / Result not achieved and not started
	Assessment	(1) Add up points (performance indicators + non-financial items) and assign scores across four levels. (2) The sum of the scores from (1) and the scores for priority themes is assessed on four levels (A, B, C, and D), and the bonus amount is determined by applying the coefficient specified for each assessment.	

Main differences between new and previous bonus evaluation items

Item	Previous	New
Results	Mainly profit/loss indicators and amounts (sales, profit)	Be conscious of ROE and evaluate not only profit amount but also profit margin and operating cash flow (sales removed)
Non-financial	—	Evaluate the PDCA cycle and its effectiveness for KPIs related to the four priority themes essential for medium- to long-term growth
Priority themes	—	Set annual priority themes for each business and evaluate the effectiveness of actions taken to resolve those themes

Compensation for corporate auditors

Compensation for corporate auditors consists of base compensation only. This is because corporate auditors are responsible for auditing the performance of duties across the entire Sakai Chemical Group.

Please see our website for more details. URL <https://www.sakai-chem.co.jp/jp/ir/governance/>



Top row (from left to right): Hisao Miyagawa, Outside Director; Yoshikazu Ito, Outside Director; Mitsunori Matsuda, Outside Director; Yoshiko Hamazaki, Outside Director; Hiroshi Ushio, Corporate Auditor; Tomonori Yasuda, Corporate Auditor; Teruya Takamatsu, Corporate Auditor
Bottom row (from left to right): Koichiro Magara, Director and Executive Officer; Yasuhiro Okamoto, Director and Executive Officer; Toshiyuki Yagura, President, Representative Director, and Executive Officer; Hiroyuki Hattori, Director and Executive Officer

Directors, corporate auditors, and executive officers (as of June 30, 2025)

Directors

Toshiyuki Yagura (61 years old) Tenure: 5 years
President, Representative Director, and Executive Officer

Overall General Manager
In charge of Internal Control over Financial Reporting
Apr. 1988 Joined the Company
June 2014 General Manager, Corporate Planning Department
June 2019 General Manager, Human Resources and General Affairs Department
June 2020 Director, General Manager, Administration Division
June 2021 Director and Executive Officer; General Manager, Administration Division
June 2022 President Representative Director and Executive Officer
In charge of Internal Control over Financial Reporting (to present)

Yasuhiro Okamoto (62 years old) Tenure: 9 years
Director and Executive Officer

Head of Onahama Manufacturing Site
Head of Production Technology Division
Apr. 1987 Joined the Company
Dec. 2011 General Manager, Manufacturing Department, Inorganic Chemicals Division
Oct. 2014 General Manager, Production Department 2, Inorganic Chemicals Division
June 2015 Director, General Manager, Production Technology Division and Sakai Manufacturing Site
Sept. 2019 Director, General Manager, Onahama Manufacturing Site
June 2021 Executive Officer; General Manager, Onahama Manufacturing Site
June 2022 Director and Executive Officer; General Manager, Onahama Manufacturing Site; Deputy General Manager, Production Technology Division
June 2023 Director and Executive Officer; General Manager, Onahama Manufacturing Site; General Manager, Otsurugi Factory; Deputy General Manager, Production Technology Division
Oct. 2023 Director and Executive Officer; General Manager, Onahama Manufacturing Site; Deputy General Manager, Production Technology Division
June 2024 Director and Executive Officer; General Manager, Onahama Manufacturing Site; General Manager, Production Technology Division (to present)

Hiroyuki Hattori (61 years old) Tenure: 5 years
Director and Executive Officer

In charge of Compliance, Legal, and Risk Management
Head of Corporate Strategy Division, General Manager of Accounting & Finance Department
Apr. 1988 Joined the Company
June 2014 General Manager, Administration & Management Department, Kaigen Pharma Co., Ltd.
Apr. 2015 General Manager, General Affairs Department and Management Department, Kaigen Pharma Co., Ltd.
June 2017 Director, General Manager, General Affairs Department and Management Department, Kaigen Pharma Co., Ltd.
Oct. 2018 Director, General Manager, General Affairs Department, Kaigen Pharma Co., Ltd.
June 2020 Director, Deputy General Manager, Corporate Strategy Division; General Manager, Accounting & Finance Department; General Manager, Compliance and Risk Management Promotion Department of the Company
May 2021 Director, Deputy General Manager, Corporate Strategy Division; General Manager, Accounting & Finance Department
June 2021 Director and Executive Officer; Deputy General Manager, Corporate Strategy Division; General Manager, Accounting & Finance Department
June 2023 Director and Executive Officer; General Manager, Corporate Strategy Division; General Manager, Accounting & Finance Department
In charge of Compliance, Legal Affairs, Risk Management (to present)

Koichiro Magara (58 years old) Tenure: 1 year
Director and Executive Officer

In charge of Cosmetic Innovation
Head of Research & Development Division
Apr. 1990 Joined the Company
Sept. 2018 General Manager, Advanced Materials Department
Apr. 2019 General Manager, Matsubara Factory, Onahama Manufacturing Site
June 2022 Executive Officer; Deputy General Manager, Research & Development Division
In charge of New Business (sales and development)
Sept. 2023 Executive Officer; Deputy General Manager, Research & Development Division
In charge of New Business (sales and development) and Cosmetics
June 2024 Director and Executive Officer; General Manager, Research & Development Division
In charge of Cosmetic Innovation (to present)

Yoshikazu Ito (65 years old) Tenure: 4 years
Director (Outside and Independent Director)

Apr. 1983 Joined Ajinomoto Co., Inc.
Apr. 2005 Deputy President, Ajinomoto U.S.A., Inc.
Aug. 2006 Deputy General Manager, Kawasaki Plant, Ajinomoto Co., Inc.
Oct. 2008 General Manager, Production & Technology Administration Center, Ajinomoto Co., Inc.
July 2013 Corporate Fellow, General Manager, Kawasaki Administration & Coordination Office and Kawasaki Plant, Ajinomoto Co., Inc.
July 2017 Representative Director and President, Knorr Foods Co., Ltd.
Apr. 2019 Senior Managing Director, Ajinomoto Food Manufacturing Co., Ltd.
July 2020 Advisor, Ajinomoto Co., Inc.
June 2021 Outside Director of the Company (to present)
Mar. 2023 Outside Director, Kanro Inc. (to present)

Yoshiko Hamazaki (63 years old) Tenure: 0 years
Director (Outside and Independent Director)

Apr. 1982 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)
Apr. 2005 Director, Panasonic Center OSAKA; in charge of Overseas, Showroom Strategy Planning Office
Oct. 2009 Promotion Manager, Panasonic Risupia Vietnam Establishment
Oct. 2011 Promotion Manager, Osaka North Yard Site Establishment Project
Apr. 2014 Director, Panasonic Center TOKYO
Oct. 2017 International Olympic Committee Culture and Olympic Heritage Commission member
Feb. 2019 Director, Japan Olympic Museum, JAPANESE OLYMPIC COMMITTEE
Nov. 2021 Retired from Panasonic Holdings Corporation
Jan. 2022 Joined Comsis Co., Inc.
Kansai Supervisor and Deputy General Manager, Business Administration Department; Manager, Corporate Planning Department; Manager, Business Strategy Planning Section, IoT System Department
June 2024 Outside Director, Imasen Electric Industrial Co., Ltd. (to present)
Mar. 2025 Retired from Comsis Co., Inc.
June 2025 Outside Director of the Company (to present)

Mitsunori Matsuda (66 years old) Tenure: 3 years
Director (Outside and Independent Director)

Apr. 1982 Joined Fujisawa Pharmaceutical Co., Ltd. (current Astellas Pharma Inc.)
Apr. 2005 Global Product II Group Leader, Supply Chain Management Department, Technology, Astellas Pharma Inc.
Apr. 2006 SVP, Head of Kerry Plant, Astellas Ireland Co., Ltd.
Apr. 2008 Vice President Strategy & Administration, Technology, Astellas Pharma Inc.
June 2009 Corporate Executive, Vice President Strategy & Administration, Technology, Astellas Pharma Inc.
Apr. 2010 Corporate Executive, SVP & President, Technology, Astellas Pharma Inc.
June 2015 Senior Corporate Executive, SVP and President, Technology, Astellas Pharma Inc.
Apr. 2017 Senior Corporate Executive, SVP and President, Pharmaceutical Technology, Astellas Pharma Inc.
Apr. 2019 Senior Corporate Executive, Assistant to President, Astellas Pharma Inc.
June 2019 Mandatory retirement from Astellas Pharma Inc.
Jan. 2021 Sole proprietor (consulting) (to present)
June 2022 Outside Director of the Company (to present)

Hisao Miyagawa (65 years old) Tenure: 1 year
Director (Outside and Independent Director)

Apr. 1985 Joined Nomura Securities Co., Ltd.
Sept. 2001 Senior Director, U.S. Thompson Financial Consulting Group
Aug. 2007 Executive Manager, Senior Specialist, IB Consulting Dept., Nomura Securities Co., Ltd.
Apr. 2010 Full-time Lecturer, Graduate School of Business, Osaka City University (current Osaka Metropolitan University)
Oct. 2010 Associate Professor, Graduate School of Business, Osaka City University
Apr. 2014 Professor, Graduate School of Business, Osaka City University (to present)
Mar. 2015 Visiting Scholar, University of Washington
June 2015 Outside Director, SUGIMURA WAREHOUSE CO., LTD.
Apr. 2020 Visiting Scholar, School of Business Administration, Hitotsubashi Business School, Hitotsubashi University
June 2022 Outside Director (Audit and Supervisory Committee Member), SUGIMURA WAREHOUSE CO., LTD. (to present)
June 2024 Outside Director of the Company (to present)

Corporate Auditors

Teruya Takamatsu (65 years old) Tenure: 5 years
Corporate Auditor

Hiroshi Ushio (62 years old) Tenure: 1 years
Corporate Auditor (Outside and Independent Auditor)

Tomonori Yasuda (55 years old) Tenure: 1 year
Corporate Auditor (Outside and Independent Auditor)

Executive Officers

Hiroshi Tokunaga (56 years old) Tenure: 2 year

Keiichi Tabata (57 years old) Tenure: 2 years

Wataru Ibaraki (58 years old) Tenure: 2 years

Shinji Ogama (54 years old) Tenure: 2 years

Akira Morioka (57 years old) Tenure: 1 year

Hiroshi Nakao (54 years old) Tenure: 1 year



Sakai Chemical Industry Co., Ltd.

<https://www.sakai-chem.co.jp/en/>

5-2 Ebisujimacho, Sakai-ku, Sakai City, 590-8502



Integrated Report Publishing Committee

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Members	Corporate Planning Department, Sakai Chemical Industry Co., Ltd.	Takeshi Yabuuchi
	Corporate Research Laboratories, Sakai Chemical Industry Co., Ltd.	Akiyo Ozawa
	Cosmetic Innovation Department, Sakai Chemical Industry Co., Ltd.	Yuji Wakagi
	Onahama Manufacturing Site Matsubara Factory, Sakai Chemical Industry Co., Ltd.	Hiroataka Kawagishi
	Compliance and Risk Management Department, Sakai Chemical Industry Co., Ltd.	Akio Nakashima
	Planning Section, Nippon Color Industry Co., Ltd.	Natsumi Yamano
Administrative Office	Corporate Planning Department, Katayama Seiyakusyo Co., Ltd.	Yuta Ogata
	Corporate Planning Department, Sakai Chemical Industry Co., Ltd.	Kenji Mori