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August 7, 2026

To whom it may concern

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Notice Concerning Implementation of Additional Measures Related to Structural Reform of the Inorganic Chemicals Business

Ishihara Sangyo Kaisha, Ltd. (hereinafter "ISK") has designated the structural reform of its inorganic chemicals business as a key theme of its Medium-term Business Plan, "Vision 2030 Stage II." As part of its business portfolio restructuring aimed at enhancing corporate value during this period and beyond, ISK has been reorganizing its production, sales, and development structures to improve profitability through a review and rationalization of its product lineup. ISK will proceed as planned with the shutdown of the sulfate-process titanium dioxide plant at its Yokkaichi Plant in March 2027, as previously announced in May 2024.

Meanwhile, the business environment surrounding the ISK Group remains highly uncertain due to factors such as shifting demand patterns and intensifying competition. To ensure the effectiveness of structural reforms amidst these conditions, the ISK Board of Directors resolved on August 7, 2026, to implement the following two measures.

1. Implementation of an early retirement incentive program for employees of ISK
2. Withdrawal from the titanium dioxide business (sulfate process) of Fuji Titanium Industry Co., Ltd. (a consolidated subsidiary of ISK)

Details are as set forth below. Through these measures, the ISK Group will review its overall workforce composition and establish an organizational structure capable of flexibly responding to changes in the business environment. At the same time, within the Inorganic Chemicals business segment, the Group will continue to position functional materials—centered on chloride-process titanium dioxide and including electronic component materials for MLCCs and functional colorants—as key drivers of future growth, while steadily advancing its growth strategies for the future.

1. Implementation of an early retirement incentive program for employees of ISK

A) Overview of the Program

(1) Eligible persons

Among all employees of ISK, those who fall under any of the following categories as of March 31, 2027:

・Full-time employees aged 50 or older but under 60, with 10 or more years of service
・Re-employed retirees

*Details of the eligibility and other conditions are based on the Company’s internal regulations.

(2) Number of applicants sought: About 100
(3) Application period: From October 26, 2026 to November 10, 2026
(4) Retirement date: January 31, 2027 or March 31, 2027
(5) Preferential treatment: In addition to the regular retirement allowance, a retirement bonus will be paid. Re-employment support will also be provided through external specialized companies for those who wish to receive it.

B) Future Outlook

Costs such as supplemental retirement payments arising from the implementation of this program are scheduled to be recorded as an extraordinary loss in the fiscal year ending March 31, 2027.

As the number of applicants and the breakdown thereof have not yet been determined, ISK will promptly disclose the impact on our financial results once these details are finalized.

2. Withdrawal from the titanium dioxide business (sulfate process) of Fuji Titanium Industry Co., Ltd. (a consolidated subsidiary of ISK)

A) Overview of the Consolidated Subsidiary

(1) Name: Fuji Titanium Industry Co., Ltd. (hereinafter "Fuji Titanium")
(2) Location: 1-3-15 Edobori, Nishi-ku, Osaka City, Osaka
(3) Representative: Masaki Shimojo, Executive Director, President and Chief Executive Officer
(4) Description of business: Inorganic chemicals business (manufacture and sale of titanium dioxide and related products)
(5) Share capital: ¥450 million

B) Overview of the business to be withdrawn

(1) Products subject to withdrawal: Titanium dioxide and related products
(2) Target Plant: Kobe Plant (96-1 Ikuno, Dojo-cho, Kita-ku, Kobe City, Hyogo)
(3) Financial Results of the Target Business

	Fiscal year ended March 31, 2026 Fuji Titanium titanium dioxide business (a)	Fiscal year ended March 31, 2026 ISK's consolidated results (b)	Ratio (a/b)
Net sales	¥6,033 million	¥154,897 million	3.9%
Gross profit	¥203 million	¥49,666 million	0.4%
Operating profit	(¥696 million)	¥19,077 million	-

*The business slated for withdrawal falls under the Fine Chemicals business within the Inorganic Chemicals business segment. For the fiscal year ending March 31, 2026, the Fine Chemicals business recorded net sales of 50,848 million yen but posted an operating loss of 155 million yen.

C) Matters concerning the business to be discontinued

(1) Fuji Titanium has primarily produced and sold titanium dioxide for chemical fibers. While this business has faced a prolonged slump in profitability, Fuji Titanium has explored ways to ensure its viability through cost reductions and downsizing. However, having concluded that there is no prospect for growth, profitability, or cash generation in this business, Fuji Titanium has decided to withdraw from it.
(2) Operations at the Kobe Plant are expected to cease during the fiscal year ending March 31, 2027 (FY2026).
(3) As of the end of June 2026, approximately 160 employees are assigned to this business. Fuji Titanium are committed to handling matters regarding these employees with sincerity.
(4) Regarding businesses other than the titanium dioxide business, Fuji Titanium will continue to evaluate their viability and consider how best to proceed; however, regardless of the outcome, the impact on the ISK Group's consolidated financial results will be negligible.

D) Major costs and the like associated with business withdrawal

(1) An impairment loss of ¥2.5 billion on fixed assets at the Kobe Plant has been recorded as an extraordinary loss in the financial results for the first quarter of the fiscal year ending March 31, 2027.

(2) Costs associated with equipment removal and employee-related matters resulting from the business withdrawal are expected to be recorded as extraordinary losses from the current consolidated fiscal year onwards; however, the impact of these costs is currently under evaluation and detailed review. ISK will make a disclosure promptly upon completion of this review.