

Integrated Report 2026

Tradition and Innovation:
A Company Chosen for the Next 100 Years and More

 **TAKI CHEMICAL CO.,LTD.**

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Editorial Policy

Integrated Report 2026, issued by the Taki Chemical Group (the "Group"), presents our various related initiatives to help stakeholders deepen their understanding of how we contribute to a sustainable society and create medium- to long-term value. We will continue helping to address social issues through our business so that we remain a company chosen by our stakeholders for the next 100 years and more.

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About the Taki Chemical Group

Tradition and Innovation

Striving to Be a Company Chosen for the Next 100 Years and Beyond

Group Philosophy

Following the spirit of its founder,* the Taki Chemical Group is committed to protecting the natural environment and contributing to the realization of a more affluent society by constantly creating real value.

Taki Chemical's history began in 1885 with the successful development of Japan's first artificial fertilizer. Believing that artificial fertilizers would be indispensable to the advancement of agriculture, founder Kumejiro Taki laid the foundation for the Company's enduring business activities through his remarkable foresight and fearless spirit of challenge. Beginning in the 1960s, the Company expanded into industrial chemicals, including water treatment chemicals, and in recent years, has further entered the fields of functional materials and biotechnology. In the 21st century, as globalization accelerates, the Taki Chemical Group has embraced change as an opportunity. Drawing on its accumulated technological expertise and a corporate culture that turns change into growth, the Group continues to take on new challenges and pursue new business opportunities to respond to society's evolving needs. Looking toward the near future and ultimately toward the Company's 200th anniversary, we will continue to contribute to a prosperous society by creating real value.

* An entrepreneurial spirit characterized by exceptional foresight, a belief in independence and self-reliance, and a willingness to take on new and uncharted fields without fear of failure.

Taki Chemical Group Code of Conduct

1	We develop and provide safe, reliable, and high-quality products and services that meet society's needs, earning the satisfaction and trust of our customers.
2	We comply with laws, social norms, and internal regulations, and engage in fair and free competition.
3	We disclose corporate information appropriately and in a timely manner to stakeholders, including shareholders, business partners, employees, and local communities, and strive to be a company that remains open to society.
4	We respect the individuality and dignity of our employees, provide a safe and comfortable working environment, and foster a dynamic workplace where people are encouraged to take on ambitious goals.
5	We protect nature and the environment, promote business activities that value harmony with society, and work to preserve the global environment.
6	As a responsible member of society, we act with integrity and proactively engage in social contribution activities.
7	We take a firm and uncompromising stance against antisocial forces and organizations that threaten social order or public safety.

Corporate Emblem: "Jindai Kuwajirushi"

This emblem is a stylized depiction of the *karasuki*, an ancient plow used to break and cultivate farmland in the earliest days of agriculture.

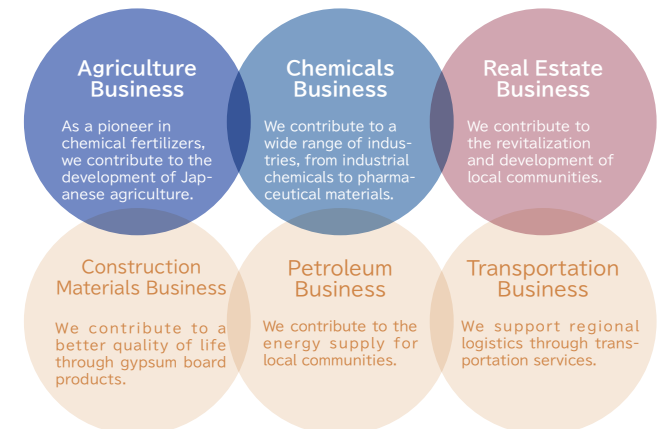
(Trademark registered on May 13, 1893)

Founding Memorial Monument

A memorial monument erected by founder Kumejiro Taki, incorporating three stone mills that were once used to grind animal bones, a raw material for fertilizer, into powder. (Erected on June 7, 1929)



The Six Businesses of the Taki Chemical Group



About the Taki Chemical Group

Leveraging more than a century of accumulated chemical expertise, we develop businesses that respond to the evolving needs of each era.

Taki Chemical's history began in 1885 with the successful development of Japan's first artificial fertilizer. Since then, guided by our founder's spirit, an entrepreneurial spirit characterized by exceptional foresight, a belief in independence and self-reliance, and a willingness to take on new and uncharted fields without fear of failure, we have continued to expand into a wide range of fields in step with the needs of the times, from chemicals and real estate to construction materials, petroleum, and transportation. Going forward, we will continue to contribute to society by placing the environment, society, and local communities at the core of our strategy, creating original and innovative businesses and products, and striving to remain a sustainable company trusted and chosen for generations to come. We look forward to growing and evolving together with society, now and into the future.

Major Milestones

- 1885** Start of production of bone meal, Japan's first artificial fertilizer, by founder Kumejiro Taki
 - 1890** Start of production of superphosphate fertilizer using bone meal as a raw material
 - 1893** Registration of the "*Jindai Kuwajirushi*" trademark
 - 1898** Construction of a superphosphate fertilizer plant using phosphate rock as a raw material
 - 1903** Start of production of "Kokonoe Fertilizer" (Mixed Fertilizer) in commemoration of the dispatch of an Imperial Chamberlain by Emperor Meiji
- 
- 1916** Start of production of "Shikishima Fertilizer" (Mixed Fertilizer)
 - 1918** Reorganization as Taki Fertilizer Manufacturing Co., Ltd.
 - 1931** Construction of a branch plant in Ae Village, Hyogo Prefecture (present-day Harima-cho, Kako-gun; now the Head Office Plant), and start of chemical fertilizer production
 - 1946** Opening of the Tokyo Office (currently the Tokyo Branch)
 - 1947** Imperial visit by Emperor Showa
 - 1949** Listing on the Osaka Securities Exchange
 - 1950** Installation of compound fertilizer production facilities and commencement of production
 - 1961** Establishment of Shikishima Trading Co., Ltd.
 - 1963** Installation of advanced compound fertilizer production facilities and commencement of production

- 1964** Installation of gypsum board production facilities and commencement of production
- 1969** Installation of polyaluminum chloride (PAC) production facilities and commencement of production
- 1970** Construction of the Chiba PAC Plant and commencement of production



- 1974** Change of company name to Taki Chemical Co., Ltd.
- 1982** Establishment of Taki Gypsum board Mfg. Co., Ltd. through the spin-off of the construction materials (gypsum board) business
- 1988** Construction of Green Plaza Befu, a commercial building for a shopping center



- 1991** Installation of high-purity tantalum oxide and niobium oxide production facilities and commencement of production
- 1992** Construction of a new research laboratory building
- 1993** Construction of a multi-level parking structure for a shopping center
- 1996** Construction of the Kyushu PAC Plant and commencement of production

- 1999** Designation to the First Section of the Osaka Securities Exchange
- 2007** Construction of a high-basicity polyaluminum chloride production plant
Construction of a large sporting goods store and specialty retail building
- 2008** Acquisition of shares in TAKI CORPORATION and conversion into a subsidiary
- 2011** Acquisition of shares in Taki Logistics Co., Ltd. and conversion into a subsidiary
Acquisition of shares in Befu Railway Co., Ltd. and conversion into a subsidiary
- 2013** Listing on the First Section of the Tokyo Stock Exchange
- 2017** Construction of a biodegradable polymer production plant for sustained-release pharmaceutical formulations
- 2021** Major renovation of Green Plaza Befu, a commercial building for a shopping center
- 2022** Transfer to the Prime Market of the Tokyo Stock Exchange
- 2024** Construction of a new Head Office building

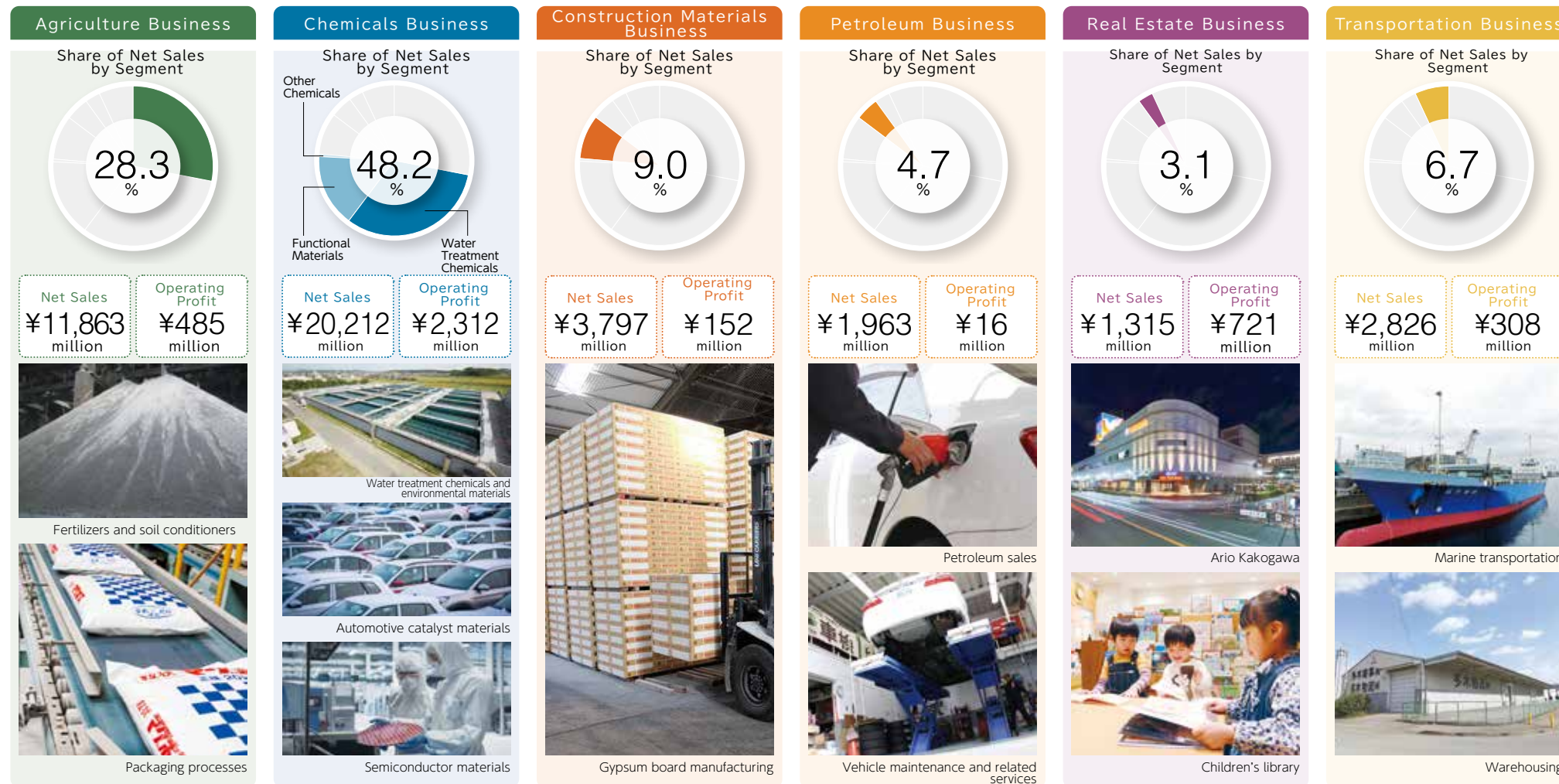


- 2025** Acquisition of shares in Rakuto Kasei Industrial Co., Ltd. and conversion into a subsidiary

Expansion into New Technologies and Business Fields

Taki Chemical's Businesses

2025 Results

Business information: <https://www.takichem.co.jp/products/> (in Japanese)

■ From agriculture and manufacturing to community development, the Taki Chemical Group's products and services support everyday life in countless ways.



Message from the Representative Director, President



Katsuhiko Taki
Representative Director,
President

Building on tradition, driving business innovation.
We will continue addressing society's challenges through
the power of chemistry while enhancing corporate value
for all stakeholders.

Bonds of Trust Built Over 140 Years of History

In 2025, we reached the significant milestone of our 140th anniversary. We have been able to continue our business for so long thanks to the support of our many stakeholders, including our customers, local communities, shareholders, and employees, who support our operations every day. I would like to express my sincere gratitude to all of them. In particular, through our fertilizer business, we have supported regional agriculture alongside our distributors for many years, while in our Chemicals Business, we have worked hand in hand with our customers as a partner supporting industrial activity. The trust we have built with these partners is one of our most valuable assets and an indispensable foundation for our business.

Over the past 140 years, we have used our fertilizers and chemicals to operate in fields that underpin society. Our fertilizer business provides a foundation for agriculture and food production, while our Chemicals Business, including water treatment chemicals, plays a vital role in supporting water environments, drinking water infrastructure, and industrial activity. Through these businesses, we believe we have contributed to the sustainable development of society.

We are also a company that has grown alongside the communities centered around Kakogawa, where our Head Office is located. I believe our long-standing commitment to these communities has helped earn the trust we enjoy today.

The chemical technologies and expertise accumulated throughout our long history form the foundation of our business today. Our businesses are built on this accumulation of knowledge and technology, and this foundation is the source of Taki Chemical's competitive strength.

It was also a great honor and source of pride that our Chairman received the Order of the Rising Sun, Gold and Silver Rays during this milestone year. However, this recognition does not belong to any one individual alone. I believe it was made possible by the collective efforts of the customers and local communities who have supported us over the years, as well as every employee who has contributed to our business day after day. Once again, I would like to express my heartfelt appreciation for the support we have received from so many people.

Message from the Representative Director, President

The Essence of Management Envisioned in My First Two Years as President

It has been nearly two years since I assumed the role of President. During this time, I have reflected on the current state of our businesses and organization while considering what Taki Chemical should become in the years ahead.

One of the first things I have come to appreciate is the reality of our business environment today. Thanks to the dedicated efforts of each department across the Company, we achieved record-high profits. At the same time, I have been reminded that corporate performance is not determined solely by our own efforts. Results are influenced by a variety of external factors, including raw material prices and market conditions. While our Medium-Term Management Plan sets targets for five years from now, performance may fluctuate positively or negatively along the way as the business environment changes. For that reason, I do not believe the current results are something we can simply celebrate without reservation.

I have also come to appreciate the importance of ensuring that management's vision is fully understood throughout the organization. I make a point of regularly communicating the values and principles that are important to the Company, including sending a message to employees each month. Even



when the message itself remains the same, the way it is communicated can greatly affect how it is received. I believe it is important to continually refine how we communicate so that these ideas take root throughout the organization.

I have also come to recognize the importance of having a clear framework for management decision-making. While we are a company with a 140-year history, sustaining our business for the long term requires distinguishing between what must be preserved and what must change. Around the time I became President, I was asked what phrase I value most, and my answer was *Fueki Ryuko*. *Fueki* means preserving the essential values that should never change, while *Ryuko* means embracing new ideas and initiatives in response to the changing times.

I believe this concept closely reflects our corporate philosophy of "Tradition and Innovation." We must continue to value the technologies and trust we have built over many years, while also taking on new challenges that respond to changing times. Striking that balance will be essential to Taki Chemical's future growth and success.

Enhancing Capital Efficiency and Pursuing Future Growth Opportunities

While we achieved record-high profits in our milestone 140th year, we fully recognize that our price-to-book ratio (PBR) remains below 1.0 and that investors remain cautious about our valuation. We are therefore working to improve both profitability and capital efficiency.

From a profit management perspective, the introduction of our enterprise resource planning (ERP) systems has enabled us to evaluate our businesses on a gross profit basis, giving us a much clearer understanding of profitability by product and customer. As a result, discussions on improving operational efficiency have become more active across the Company. We are also advancing internal discussions on calculating return on invested capital (ROIC) for each business segment, with the aim of clarifying the challenges each segment faces in terms of capital costs and investment returns.

One principle we hold firmly is that the true source of corporate value lies in the businesses themselves. Generating stable earnings from our established businesses, including fertilizers and chemicals, forms the foundation of our Compa-

ny, and steadily strengthening their competitiveness remains our highest priority. We believe that continuously refining our technologies, deepening our relationships with customers, and improving the quality of our businesses through our day-to-day operations will ultimately lead to greater corporate value.

At the same time, it is equally important to pursue future growth opportunities while building on the strength of our existing businesses. We will continue to pursue growth by exploring new business fields and expanding collaboration with external partners. We believe that enhancing the earning power of our businesses through these efforts will also improve the capital efficiency that is increasingly valued by the capital markets.

Expanding into overseas markets is also one of our key growth themes and an important opportunity to leverage our technological strengths. Given the structural changes taking place in the domestic market, we believe applying the fertilizer production technologies, cultivation know-how, and chemical technologies, including water treatment chemicals, that we have developed over many years to overseas markets will be an important way to expand our growth potential. Our Long-Term Vision 2050 also identifies overseas expansion as a key strategic priority, building on the strengths of our existing businesses. By leveraging the technologies and expertise we have cultivated in Japan, we will steadily explore opportunities in new markets. Beginning in 2026, we will station representatives in Southeast Asia to conduct local marketing activities and explore new business opportunities in the region.

While we place primary emphasis on self-sustaining growth built on our own technologies and business foundations, we also intend to use M&A to complement capabilities that are strategically important to our future growth. One example of this approach is the acquisition of Rakuto Kasei Industrial Co., Ltd. as a subsidiary. We expect the acquisition to generate significant synergies in areas such as biostimulants within our Agriculture Business, environmentally friendly water treatment chemicals within our Chemicals Business, and future research and development initiatives. We believe it will serve as a powerful driver in achieving the goals set forth in Long-Term Vision 2050. Going forward, we will carefully assess the compatibility of Rakuto Kasei Industrial's businesses and technologies with our own and pursue initiatives that maximize synergies and enhance corporate value.

Message from the Representative Director, President

The Strength of Businesses Built on Chemical Technologies

When speaking about our Company, I often say that “we are, at our core, a chemical company.” While we operate across a variety of fields, including fertilizers, chemicals, and water treatment agents, all of these businesses are rooted in chemical technologies. We have developed each of these businesses on the foundation of the chemical expertise we have accumulated throughout our long history.

At the same time, the business environment surrounding chemical manufacturers is undergoing significant change. Competition is becoming increasingly intense as low-cost products from overseas enter the market, and even our established businesses cannot afford to be complacent. Even businesses with a long history must be managed with the recognition that they operate in a constantly competitive environment.

On the other hand, one of our key strengths lies in our ability to apply chemical technologies across a wide range of fields. Chemical technologies are not limited to a single application; they can be adapted to meet new needs and serve new purposes. Even existing chemical products can unlock new growth opportunities when new applications are discovered. For many years, we have pursued growth by expanding the applications of the technologies we have developed.

Our fertilizer business, for example, has been a core part of the Company's operations since its founding. By supplying fertilizers essential to agriculture, we have supported food production in Japan. In our Chemicals Business as well, we leverage our accumulated expertise to provide products that meet a wide range of application needs.

Our chemical technologies also play an important role in the water treatment field. Water is an indispensable resource for society, and maintaining and improving water quality is essential to supporting social infrastructure. PAC700A, our environmentally friendly water treatment agent, has gained market acceptance, and we are currently expanding production capacity to meet growing demand. We continue to apply the power of chemistry in these types of areas to create and expand business opportunities.

Although our businesses may appear diverse on the surface, they are all united by a common foundation: chemical technologies. We believe that strengthening the competitiveness of each

business through the power of chemistry and our ability to apply it will drive our sustainable growth.

Creating Value and Unlocking New Possibilities Through R&D

Chemical technologies are not confined to a single application and can be extended into entirely new fields through research and development. We have strengthened the competitiveness of our existing businesses through technology while simultaneously expanding into new areas.

Even within our existing businesses, applying technologies in new ways can create entirely new applications. Existing chemical products can create new markets and growth opportunities as their application range expands. Throughout our history, we have driven business growth by developing new applications.

Because chemical technologies can be applied across many fields, exploring new business areas is equally important. We believe it is essential to identify fields where our technologies can add value while responding to changing social needs and expanding opportunities for new businesses.

Selecting the right research themes is critical to this process. Research themes must be chosen by carefully considering social needs and market trends, and by identifying areas where our technologies can make a meaningful contribution. Research and development do not deliver results overnight. It requires years of accumulated effort, and meaningful innovation cannot be achieved solely through short-term profitability considerations. At the same time, we have introduced an investment evaluation framework based on economic rationality and make investment decisions using measures such as internal rate of return (IRR) and net present value (NPV).

Our 140-year history is not simply a record of time passed; it is also a history of continuously accumulating chemical technologies and expertise. The knowledge, expertise, and know-how built up through that process are the source of our competitiveness and a unique strength of Taki Chemical.

In recent years, we have focused on strengthening the infrastructure that supports our research and development activities. In 2025, we established the Shinobe Research Laboratory in Kakogawa City, consolidating research func-

tions across intellectual property management, functional materials, and environmental technologies. By strengthening its role as a research hub, we aim to further accelerate both the accumulation of technological expertise and the creation of new value.

The outcomes of our R&D activities contribute not only to advancing existing businesses but also to creating value in entirely new fields. For example, we have developed a collagen material extracted and purified from fish scales using our proprietary non-heat processing technology. This material retains the same triple-helix structure found in living organisms and is currently being jointly developed as a collagen material with strong compatibility with iPS cells. A “beating iPS cardiac muscle sheet” developed using this technology was exhibited at EXPO 2025 Osaka, Kansai, Japan.

For a chemical manufacturer, research and development is the foundation of the company itself. If we stop investing in research and development, there can be no future for the Company. The technologies built over many years are what create a company's competitiveness, and it is the accumulation of those technologies that ultimately shapes the Company's future.

While our businesses are primarily built on chemical technologies, we also pursue initiatives that leverage assets accumulated through many years of business operations. We own extensive landholdings in the area surrounding our



Message from the Representative Director, President



Head Office in Kakogawa City, which serve as the foundation of our Real Estate Business. Looking ahead, we will consider how best to balance sustainable regional development with business profitability, taking into account demographic changes and the principles of compact city planning.

Sustainable Growth Powered by Our People

The technologies and businesses that underpin our Company are ultimately supported by each and every employee working on the front lines every day. Chemical technologies themselves are refined and advanced through the efforts of the people who develop and apply them. The dedication of our employees across R&D, manufacturing, sales, and other functions has laid the foundation for the business we have today.

At Taki Chemical, new initiatives often originate from the workplace itself. Employees who confront challenges first-hand in research, manufacturing, and business operations frequently generate ideas for new initiatives and improvements. These bottom-up proposals are shared with management and often lead to new initiatives, creating a source of vitality throughout our organization.

For a technology-driven company, developing people is critically important. Technology is not created by facilities alone; it is cultivated by the people who use, develop, and improve it. Passing on the technologies and expertise we have accumulated over our long history to the next generation is essential to maintaining our competitiveness as a company.

At the same time, attracting and securing talent remains a challenge. Our businesses are not particularly visible to the general public. When speaking with students, I often find that most have never heard of Taki Chemical. Yet our products, including fertilizers and water treatment chemicals, play an essential role in supporting agriculture, industry, and social infrastructure. Communicating the significance of our businesses, both internally and externally, while developing the people who will carry that value forward, is also an important responsibility of management.

Supporting our people also requires creating an environment where employees can work with confidence and peace of mind. In 2025, we focused on enhancing and reviewing internal systems, including personnel programs and employee benefits, to ensure Taki Chemical remains an attractive

workplace for all employees.

Under Sustainability Transformation (SX), one of the four core policies of Medium-Term Management Plan 2028, we have identified the promotion of human capital management and digital transformation (DX) as key priorities.

We have already achieved meaningful progress in DX through initiatives led by our Digital Promotion Project Team. However, given increasingly intense competition for talent and rising labor costs driven by inflation, it is becoming increasingly important to create an environment where employees can focus on higher-value-added work.

For this reason, human capital management and DX are closely linked and cannot be considered separately.

Management does not view DX simply as a means of reducing labor costs. Rather, we see human capital management and DX as two essential pillars for building a company where employees can remain healthy, engaged, and confident in their future. This year, we have positioned these initiatives as key management priorities and will focus our efforts accordingly.

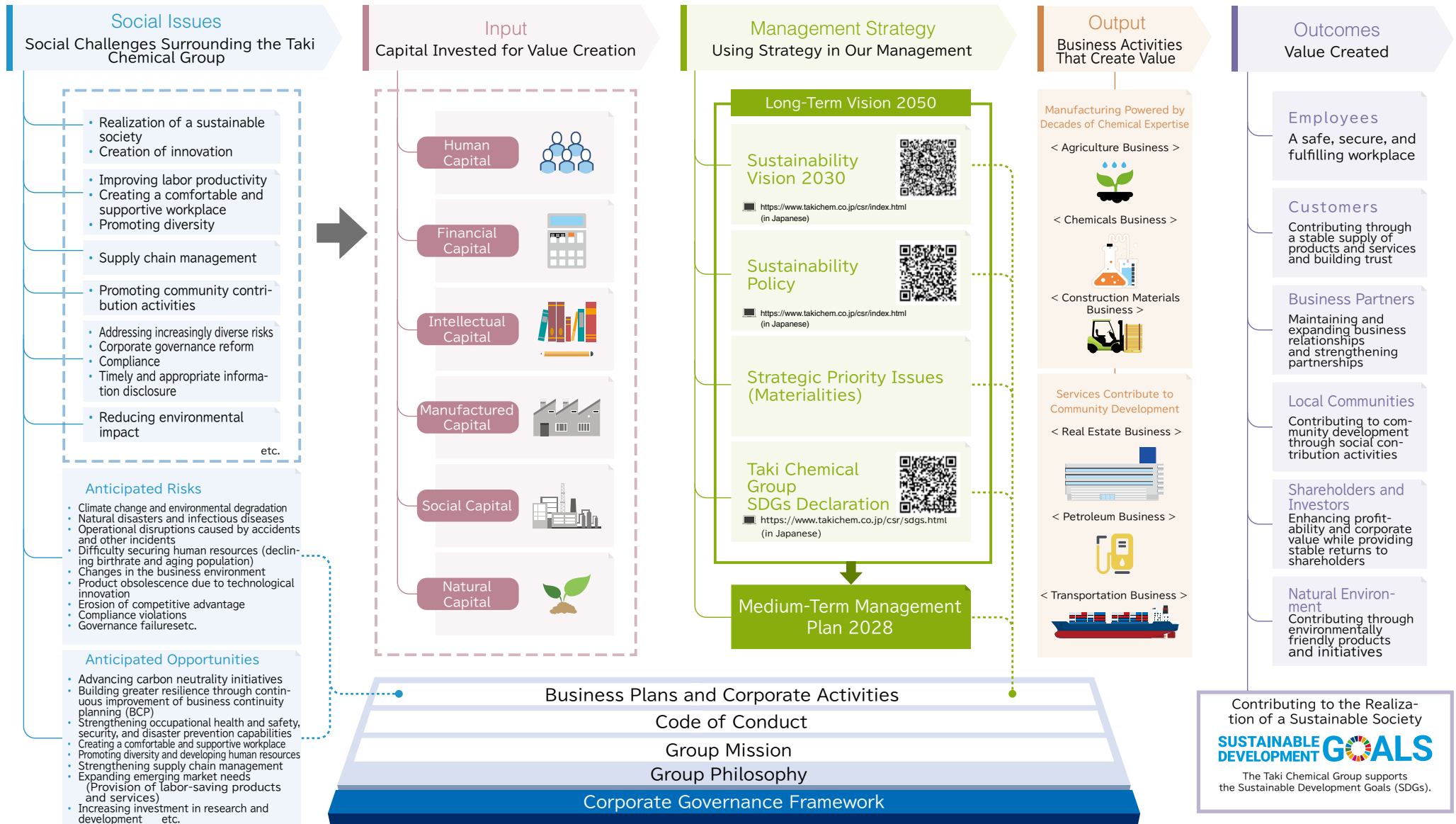
In addition, maintaining rigorous safety and compliance standards is a fundamental prerequisite for a chemical manufacturer. Last year, we focused on employee education and awareness initiatives in areas that underpin the Company, including safety, accounting, internal controls, and compliance. We believe that developing people who can support and strengthen the foundations of corporate governance is essential to achieving sustainable growth.

Our businesses are deeply connected to sectors that are vital to society, including agriculture, industry, and social infrastructure. Going forward, we will continue to uphold our founder's "entrepreneurial spirit characterized by exceptional foresight, a belief in independence and self-reliance, and a willingness to take on new and uncharted fields without fear of failure." By enabling each employee to refine their expertise and apply it to advancing our businesses, we will continue to provide the products and technologies society needs.

Taki Chemical Group Value Creation Process

Guided by our Group Philosophy, we strive to achieve sustainable growth and enhance corporate value. We seek to earn the trust and meet the expectations of our stakeholders by complying with laws and social norms, while addressing social challenges and creating new value through fair and sound corporate activities.

To balance the creation of both economic and social value and contribute to a sustainable society, we formulated and announced our Sustainability Vision 2030 in February 2022. Based on the Sustainability Policy established under this vision, we identified four strategic priority issues (materialities), taking into account our commitment to the SDGs. In 2024, we reviewed our materialities to reflect changes in the social environment and emerging stakeholder expectations, and we are now advancing our sustainability initiatives under a renewed framework.



Sustainability Strategy

We believe that the ESG^{*1} concept is of critical importance to Corporate management. Rather than viewing companies simply as entities that return profits generated through economic growth, ESG recognizes that businesses exist because of a healthy environment and society. It calls on companies to govern themselves rigorously and contribute to environmental conservation and the resolution of social challenges through their business activities.

We also believe that corporate actions guided by medium- to long-term strategies that balance economic, social, and environmental considerations in line with the SDGs, and that pursue sustainable growth alongside society, help earn the trust of stakeholders and ultimately enhance corporate value.

Based on this philosophy, the Group formulated Sustainability Vision 2030 in 2022 and has been working toward contributing to society and achieving sustainable growth through 2030. In 2024, however, we launched our new Long-Term Vision 2050 to navigate the challenges of the VUCA^{*2} era. Going forward, guided by both Long-Term Vision 2050 and Sustainability Vision 2030, we will further strengthen our efforts to support the Group's continued growth and help realize a sustainable society.

^{*1} ESG: An acronym formed from the initials of Environment (E), Social (S), and Governance (G).

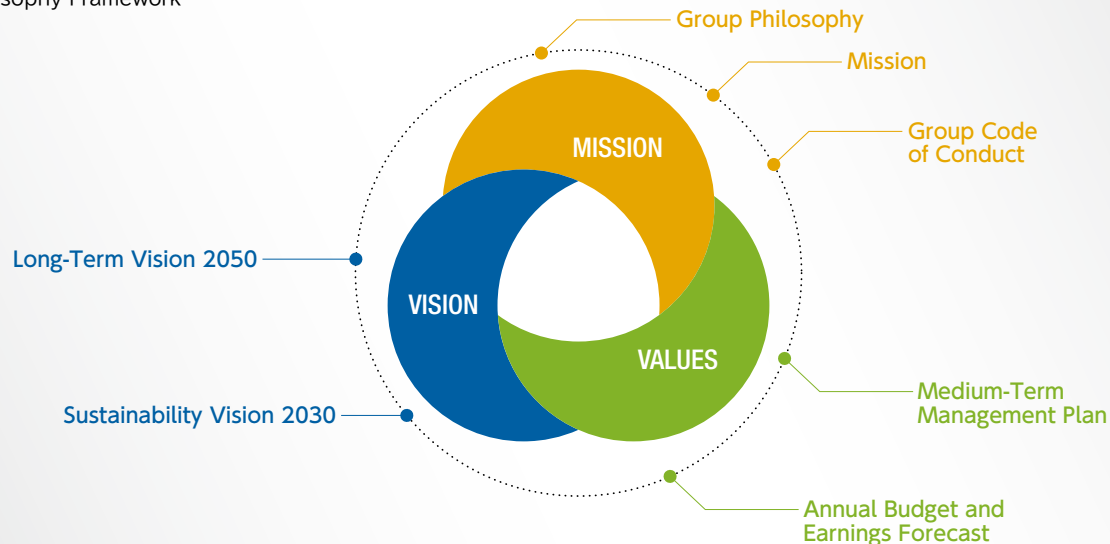
^{*2} VUCA era: A term derived from the initials of Volatility (V), Uncertainty (U), Complexity (C), and Ambiguity (A), referring to an era characterized by uncertainty and difficulty in predicting the future.

Basic Approach to Sustainability

Guided by our Group Philosophy, "in the spirit of its founder, we are committed to protecting the natural environment and contributing to the realization of a more affluent society by constantly creating real value," the Taki Chemical Group has worked to enhance corporate economic value by meeting society's needs through the manufacture and sale of fertilizers, chemicals, and other products, while remaining mindful of nature and the environment.

Our Group Philosophy embodies the very essence of sustainability. In the past, today, and into the future, we will continue contributing to solutions for environmental and social challenges through our business activities.

Philosophy Framework



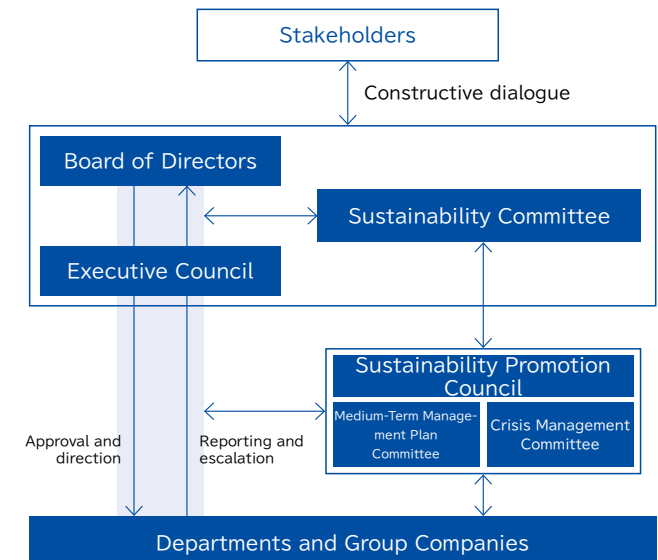
Governance and Promotion Framework

To drive sustainability initiatives effectively, the Group has established a Sustainability Committee, chaired by the Representative Director, President and composed of all officers. The committee meets, in principle, four times per year. The Sustainability Promotion Council, a working body of the Sustainability Committee, works closely with the Medium-Term Management Plan Committee, which monitors the Group's Medium-Term Management Plan, to continuously advance and track progress on material sustainability issues. The Crisis Management Committee oversees a broad range of business risks, from disaster preparedness to business continuity planning (BCP), and is also responsible for addressing sustainability-related risks such as climate change.

Human capital initiatives have been identified as one of the Group's four sustainability materialities and are primarily promoted by the human resources and labor relations functions. The outcomes of these cross-functional discussions are regularly reported to the Executive Council and Sustainability Committee for further deliberation.

For all material issues, important matters are reviewed and discussed by the Board of Directors, with the results fed back to the relevant business executive departments.

Governance Structure



Sustainability Strategy

Process for Identifying Materiality and Material Issues

In 2020, the Group identified specific issues through which each department could contribute to the SDGs. After organizing these issues from environmental (E), social (S), and governance (G) perspectives, we assessed them based on both their importance to stakeholders and their significance to the Group. Subsequently, in light of the revised Corporate Governance Code that came into effect in June 2021, we identified our materialities and material issues.

In 2024, we conducted a periodic review to reflect evolving stakeholder expectations, including those of long-term investors, as well as changing ESG-related demands placed on companies.

Contribution to the Sustainable Development Goals (SDGs)

The materialities and material issues identified by the Group were selected with consideration for, and alignment with, the 17 SDGs. By advancing SDG contributions and ESG initiatives as two complementary pillars, and by ensuring that every officer and employee understands their significance and remains committed to them, we promote the Group's sustainability efforts.

SUSTAINABLE DEVELOPMENT GOALS

Step 1 Identification of Issues

We identified material issues from environmental (E), social (S), and governance (G) perspectives based on proposals submitted by each department that could contribute to the 17 SDGs.

Step 2 Assessment of Impact on Stakeholders and the Group

The material issues identified in Step 1 were evaluated from the perspectives of their importance to stakeholders and to the Group, and the results were reported to the Executive Council.

Step 3 Narrowing Down the Candidates

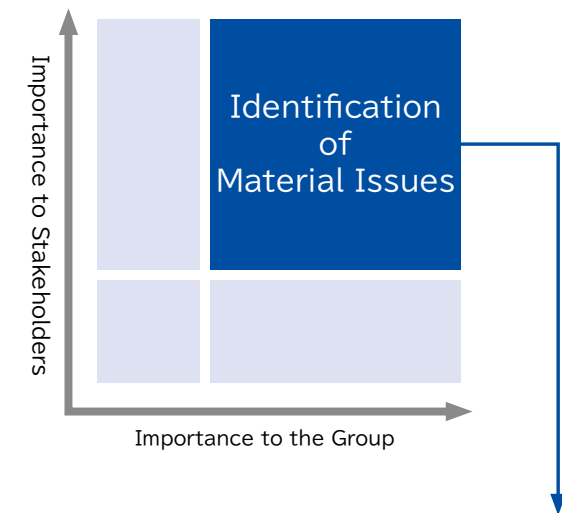
Following the implementation of the revised Corporate Governance Code, we reassessed and reviewed the identified issues. After review by the Sustainability Promotion Council, we narrowed down the candidates for materialities and material issues.

Step 4 Approval by the Executive Council and Board of Directors

The identified materialities and material issues were reported to and approved by the Executive Council and Board of Directors. Targets and indicators for each department are being advanced in alignment with the Medium-Term Management Plan.

Step 5 Periodic Review

We conduct regular reviews to reflect evolving stakeholder expectations, including those of long-term investors, and changing ESG-related demands on companies.



Materialities and Our Vision for 2030

1. Contributing to a Sustainable Global Environment

We analyze the impacts of climate change, assess associated risks and opportunities, and implement appropriate countermeasures. Through these efforts, we will achieve our 2030 greenhouse gas and water reduction targets and contribute to realizing carbon neutrality by 2050. The use of circular resources has expanded, supporting the advancement of a circular economy.

2. Contributing to the Environment and Society through Products and Services

We are expanding the provision of products and services that help address environmental and social challenges such as global warming, environmental pollution, and demographic aging. New products and services that contribute to the sustainable growth of society are being developed and brought to market.

3. Promoting Human Capital Management

We respect human rights and diverse values through our corporate activities. We also believe that employee growth drives corporate growth, and therefore promote workstyle reforms and talent development to create a safe, secure, and fulfilling workplace, along with a vibrant corporate culture.

4. Enhancing Stakeholder Engagement and Advancing GRC

Through a variety of communication opportunities, we fulfill our responsibilities to stakeholders through both disclosure and dialogue. We have established a fair and transparent governance framework, a business continuity structure built on a clear understanding of risks, and a compliance framework grounded in a strong culture of legal and ethical conduct.

Sustainability Strategy

Taki Chemical Group Materiality and Material Issues

Materiality	Material Issue	ESG Category	2030 Targets and Indicators	2025 Results	2026 Targets
1. Contributing to a Sustainable Global Environment 	Addressing Climate Change Promote energy resource conservation, as well as the procurement of environmentally responsible raw materials and energy sources, thereby contributing to reductions in greenhouse gas emissions and water consumption.	E	- Greenhouse gas emissions (Taki Chemical Group) ➔ Reduce by at least 38% versus FY2013 (Scope 1 and 2) - Water consumption per unit of added value for PAC products ➔ Reduce by at least 18% versus FY2023	- Greenhouse gas emissions (Taki Chemical Group) ➔ Reduced by 24.3% versus FY2013 (Including a 14.5% reduction through emissions reduction initiatives and a 9.8% reduction through the use of carbon-neutral city gas) - Water consumption per unit of added value for PAC products ➔ Reduced by 35% versus FY2023	- Greenhouse gas emissions (Taki Chemical Group) ➔ Reduce by 27.3% versus FY2013 (Scope 1 and 2) (Including reduction achieved through the use of carbon-neutral city gas) - Water consumption per unit of added value for PAC products ➔ Reduce by at least 17% versus FY2023
	Promoting a Circular Economy* In addition to the traditional 3Rs, contribute to the advancement of the circular economy through the use of sustainable natural resources, resource recovery from waste, and the utilization of alternative materials. * In addition to the traditional 3R initiatives, the circular economy is an economic model that creates added value through approaches such as servitization while reducing resource inputs and consumption and making effective use of existing assets. It aims to maximize the value of resources and products, minimize resource consumption, and prevent waste generation.	E	- Reduction of industrial waste and improvement of resource recovery rates ➔ Resource recovery rate: 100% - Continued adoption and procurement of environmentally friendly products, raw materials, and packaging materials ➔ Six or more cases per year - Continued adoption and procurement of recycled raw materials ➔ One or more cases per year - Adoption of decarbonized raw materials ➔ Five or more cases cumulatively	- Industrial waste reduction and resource recovery rate ➔ Resource recovery rate: 90% - Adoption and procurement of environmentally friendly products, raw materials, and packaging materials ➔ Six cases (including the purchase of a clean diesel wheel loader) - Adoption and procurement of recycled raw materials ➔ One case - Adoption of decarbonized raw materials ➔ Zero cases (two cases cumulatively)	- Reduction of industrial waste and improvement of resource recovery rates ➔ Resource recovery rate: 89% - Continued adoption and procurement of environmentally friendly products, raw materials, and packaging materials ➔ Six or more cases per year - Continued adoption and procurement of recycled raw materials ➔ One or more cases per year - Adoption of decarbonized raw materials ➔ Five or more cases cumulatively
2. Contributing to the Environment and Society Through Products and Services 	Research and Development of New Products and Technologies Establish new core technologies that anticipate future changes and promote the development of high-value-added materials.	E,S	- Continued development of high-value-added new products and technologies ➔ Five development projects per year - Promotion of the acquisition, protection, and utilization of intellectual property rights ➔ Increase patent applications and similar filings by 50% (FY2013-FY2021 Total: 80 cases)	- Continued development of high-value-added new products and technologies ➔ Seven development projects - Promotion of the acquisition, protection, and utilization of intellectual property rights ➔ Patent applications and similar filings: 14 (single-year performance: 14/8.9 = approx. 157%)	- Continued development of high-value-added new products and technologies ➔ Five development projects per year - Promotion of the acquisition, protection, and utilization of intellectual property rights ➔ Increase patent applications and similar filings by 50% (FY2013-FY2021 Total: 80 cases)
	Providing Environmentally Friendly Products and Services That Address Social Challenges Contribute to a sustainable society through the provision of environmentally friendly products and services that help solve social challenges.	S	- Launch environmentally friendly and social-issue-solving agriculture-related products ➔ Five products cumulatively - Ratio of environmentally friendly products in total PAC sales volume for water treatment applications ➔ 50% or more - Sales ratio of functional materials developed to address environmental and social challenges ➔ 9.0% (50% increase compared with 2021 sales)	- Launch environmentally friendly and social-issue-solving agriculture-related products ➔ One product launched (controlled-release paste fertilizer), two products cumulatively - Ratio of environmentally friendly products in total PAC sales volume for water treatment applications ➔ 38.7% - Sales ratio of functional materials developed to address environmental and social challenges ➔ 3.8%	- Launch environmentally friendly and social-issue-solving agriculture-related products ➔ One product (three products cumulatively) - Ratio of environmentally friendly products in total PAC sales volume for water treatment applications ➔ 37.9% - Sales ratio of functional materials developed to address environmental and social challenges ➔ 4.7%

Sustainability Strategy

Materiality	Material Issue	ESG Category	2030 Targets and Indicators	2025 Results	2026 Targets
3. Promoting Human Capital Management	5 Respect for Human Rights and Creating Comfortable Workplaces Respect all human rights and work to create a workplace environment where employees are healthy in mind and body and find their work fulfilling.	S	- Participate in the Kakogawa City Corporate Human Rights and Dowa Education Council as chair and vice chair - Continue conducting harassment surveys and training for all employees - Once per year - Annual paid leave utilization rate 80% or higher - Promote use of childcare and nursing care support programs	- Participate in the Kakogawa City Corporate Human Rights and Dowa Education Council as chair and vice chair → 21 times - Continue conducting harassment surveys and training for all employees - Once per year - Annual paid leave utilization rate → 83.6% - Promote use of childcare and nursing care support programs - Childcare leave: 8 employees; childcare reduced working hours: 18 employees; nursing care reduced working hours: 1 employee	- Participate in the Kakogawa City Corporate Human Rights and Dowa Education Council as chair and vice chair - Continue conducting harassment surveys and training for all employees - Once per year - Annual paid leave utilization rate → 80% or higher - Promote use of childcare and nursing care support programs
	6 Promoting Human Resource Development and Diversity Support employee growth by enhancing training systems and other programs, while fostering a corporate culture where diverse talent with different attributes and work styles can thrive.	S	- Further enhance various training programs and qualification acquisition support programs, and raise the participation rate in correspondence courses and e-learning → 60% or higher - Continue conducting diversity training and other training programs to promote women's advancement → 100% implementation for eligible employees - Ratio of women among all managers → 15% - Ratio of mid-career hires among all managers → 25%	- Further enhance various training programs and qualification acquisition support programs, and raise the participation rate in correspondence courses and e-learning → 45.0% or higher - Continue conducting diversity training and other training programs to promote women's advancement → 100% implementation for eligible employees - Ratio of women among all managers → 4.5% - Ratio of mid-career hires among all managers → 12.5%	- Further enhance various training programs and qualification acquisition support programs, and raise the participation rate in correspondence courses and e-learning → 56% or higher - Continue conducting diversity training and other training programs to promote women's advancement → 100% implementation for eligible employees - Ratio of women among all managers → 9.1% - Ratio of mid-career hires among all managers → 18.3%
	7 Improving Operational Efficiency and Productivity Eliminate overburden, waste, and unevenness and improve productivity through automation using digital transformation (DX) and generative AI, as well as rationalization by reviewing business processes.	S	- Number of operational improvements using IT - Zero cases (15 cases cumulatively) - Continue TK Group activities (small-group activities) - Once per year (100% implementation and completion by the entire Group)	- Number of operational improvements using IT - Zero cases (12 cases cumulatively) - Continue TK Group activities (small-group activities) - Once per year (100% implementation and completion by the entire Group)	- Number of operational improvements using IT 13 cases cumulatively - Continue TK Group activities (small-group activities) - Once per year (100% implementation and completion by the entire Group)
4. Enhancing Stakeholder Engagement and Advancing GRC	8 Enhancing Stakeholder Engagement Actively engage with stakeholders to deepen mutual understanding and collaboration, so that the Group can share values with stakeholders and work toward a better society.	S, G	- Response rate to requests for individual IR meetings → Maintain a 100% rate - IR briefings held for individual investors → once per year - Continue regularly publishing the sustainability report → once per year - Strengthen supply chain management - Request rate for sustainable procurement guidelines among major business partners → 100% - Continue implementing communication programs, including cultural promotion activities and community cleanups → twice per year - Continue support activities during disasters and other emergencies	- Response rate to requests for individual IR meetings → 100% (17 cases) - IR briefings held for individual investors - Once (held an online company briefing for individual investors) - Continue regular publication of the sustainability report → once - Strengthen supply chain management - Request rate for sustainable procurement guidelines among major business partners → 87% - Continue implementing communication programs, including cultural promotion activities and community cleanups - On November 1, 2025, held a cultural music event and Osaka Symphony Orchestra concert for the general public at SHOWA Group Civic Hall (Attendance: 1,036) - Entered into a sponsorship agreement with the Himeji Egrets, a W League Division 2 women's basketball team - Continue support activities during disasters and other emergencies - Concluded a memorandum of understanding with a nearby educational institution to provide an emergency evacuation site in the event of a disaster	- Response rate to requests for individual IR meetings → Maintain a 100% rate - IR briefings held for individual investors → once per year - Continue regularly publishing the sustainability report → once per year - Strengthen supply chain management - Request rate for sustainable procurement guidelines among major business partners → 90% - Continue implementing communication programs, including cultural promotion activities and community cleanups → twice per year - Continue support activities during disasters and other emergencies
	9 Strengthening Governance (G) Strengthen initiatives to accelerate decision-making, supervise business execution, and develop internal control systems in line with the Corporate Governance Code.	G	- Maintain a fair and transparent governance framework - Maintain and improve Board of Directors effectiveness evaluations - Respond to the Corporate Governance Code - Full compliance with all principles	- Maintain a fair and transparent governance framework - Disclosed information on the number of Board of Directors meetings held, attendance rate of outside Directors, Board of Directors effectiveness evaluations, and human capital - Respond to the Corporate Governance Code - Full compliance with all principles	- Maintain a fair and transparent governance framework - Maintain and improve Board of Directors effectiveness evaluations - Respond to the Corporate Governance Code - Full compliance with all principles
	10 Strengthening Risk Management (R) Strengthen systems to accurately identify risks and implement measures to minimize their impact, while making business continuity more resilient.	G	- Identify material risks - Strengthen chemical substance management - Conduct BCP training → once per year - Efficiently operate the integrated management system - Zero major quality-related complaints per year - Zero major environmental accidents per year - Zero major occupational accidents per year	- Identified material risks - Strengthen chemical substance management - Revised chemical substance management documents and incorporated them into ISO systems - Conduct BCP training → once per year - Efficiently operate the integrated management system - Zero major quality-related complaints per year - Zero major environmental accidents per year - Zero major occupational accidents per year	- Identify material risks - Strengthen chemical substance management - Link initiatives with sustainable procurement - Conduct BCP training → once per year - Efficiently operate the integrated management system - Zero major quality-related complaints per year - Zero major environmental accidents per year - Zero major occupational accidents per year
	11 Maintaining and Strengthening the Compliance (C) Framework Establish fair and transparent Corporate Management by ensuring a thorough awareness of legal compliance and fostering a sound corporate culture.	G	- Conduct employee education - Strengthen internal audit system - Ensure awareness and fair operation of the internal reporting system	- Conduct employee education - Held harassment seminars - Strengthen internal audit system - Conducted preliminary audits using department-specific checklists - Ensure awareness and fair operation of the internal reporting system - Informed Head Office Factory departments of the reporting contact point and handled reported cases in accordance with regulations	- Conduct employee education - Strengthen internal audit system - Ensure awareness and fair operation of the internal reporting system

Sustainability Strategy

Long-Term Vision 2050

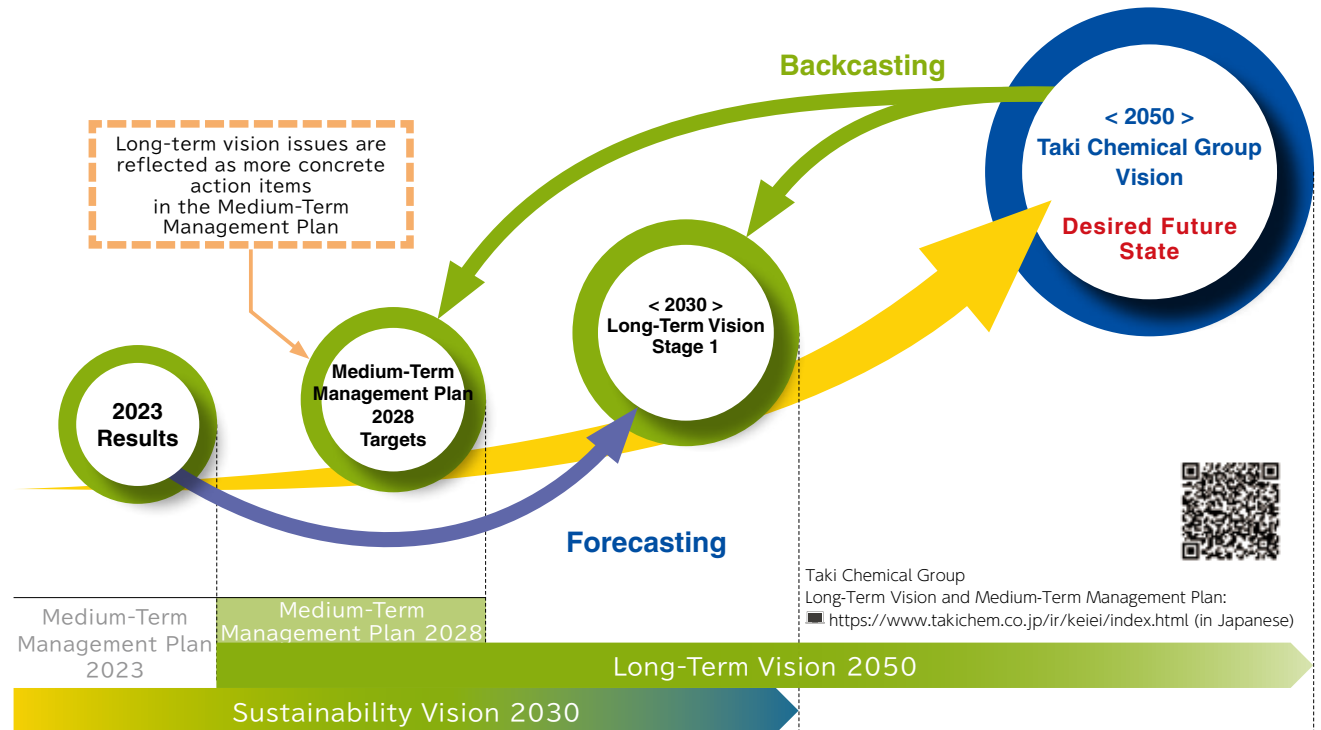
We established Long-Term Vision 2050 to define our desired future state in 2050 and serve as a guide for sustainable growth in an era where the future is difficult to predict.

■ Taki Chemical Group Mission Tradition and Innovation: A Company Chosen for the Next 100 Years and Beyond

The Taki Chemical Group will pursue the material and emotional well-being of employees and their families, while continuing to contribute to society as a sustainable company, deepening existing businesses grounded in tradition and history, and developing innovative new businesses.

■ Taki Chemical Group's Desired Future State Practicing Sustainable Business Strategies That Consider the Environment, Society, and Local Communities

In this VUCA era, where the future is difficult to predict, the Taki Chemical Group will define its desired future state for 2050 and adapt to the changing environment while drawing on its strengths. With the environment, society, and local communities as the three pillars of our strategy, we will further deepen our three core businesses of agriculture, chemicals, and real estate, while pursuing sustainable management through original and innovative new businesses and products.



Strategy Concepts

Agriculture Business

Desired Future State **"Try Agriculture"**

What We Aim to Achieve

1. Streamline the production system in light of domestic market trends and carbon neutrality, and enter overseas markets by leveraging our fertilizer production and cultivation expertise
2. Enter the agricultural production business, build brands for high-value-added crops, and create new sales solutions

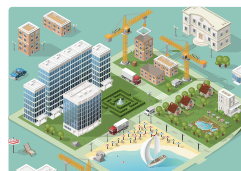


Real Estate Business

Desired Future State **Transforming our in-house development area into a compact city**

What We Aim to Achieve

1. Transform our in-house development area into a compact city through redevelopment
2. Create new revenue opportunities and employment opportunities by entering related businesses



Chemicals Business

Desired Future State **Realizing a circular society through environmentally friendly chemical materials**

What We Aim to Achieve

1. Expand adoption of environmentally friendly water treatment chemicals and enter overseas markets
2. Expand the functional materials business by deploying the growth matrix



New Businesses and New Products

Desired Future State **Developing new businesses and new products that build the future through the "power to foster originality"**

What We Aim to Achieve

1. Develop innovative products by expanding and integrating our diverse R&D capabilities
2. Create new businesses and new products that solve social challenges by using every available means, including industry-government-academia collaboration and M&A



Sustainability Strategy

Medium-Term Management Plan 2028

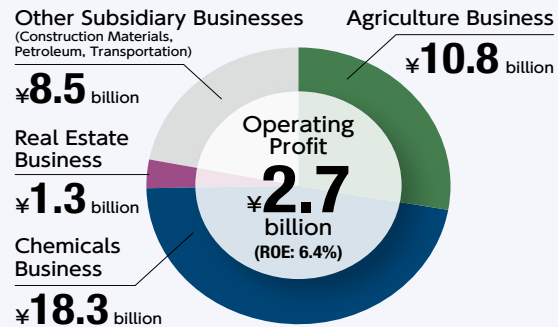
To realize the desired future state set out in Long-Term Vision 2050, we formulated Medium-Term Management Plan 2028, shifting from the previous three-year plan to a five-year plan that can incorporate longer-term initiatives and includes specific action plans and targets for each department.

Year 1 (2024) Results (Consolidated)

Sales volumes of fertilizers and water treatment chemicals grew steadily. In addition, sales price adjustments in response to higher raw material prices took hold, and performance remained stable across each business segment. As a result, both net sales and profit exceeded the initial plan in the first year.

2024 Results (Consolidated)

Net Sales: **¥38.9 billion**

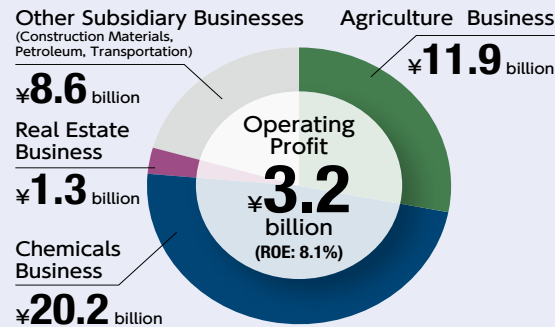


Year 2 (2025) Results

Sales volumes continued to increase, supported by flexible pricing strategies in response to changes in the business environment and steady progress in sales measures. Rigorous cost management and improved production efficiency also contributed, allowing net sales and profit to exceed initial expectations for the second consecutive year.

2025 Results (Consolidated)

Net Sales: **¥42.0 billion**

Year 2 Segment
Results

Agriculture Business

Sales volumes of fertilizers increased, and sales prices rose due to higher raw material prices. As a result, net sales increased significantly by 10.1% year on year to ¥11,863 million. In addition, rationalization of production methods and other factors drove operating profit up sharply by 110.9% year on year to ¥485 million.

Chemicals Business

In water treatment chemicals, sales volumes of ultra-high-basicity polyaluminum chloride (PAC700A) increased, and we worked to revise sales prices in response to higher raw material prices. As a result, net sales rose significantly by 11.8% year on year to ¥13,417 million.

In functional materials, sales volumes of high-purity tantalum oxide for smartphones declined due to intensifying competition.

However, sales volumes of high-basicity aluminum chloride and other products for automotive ceramic fibers remained strong, increasing net sales by 7.3% year on year to ¥6,619 million.

Net sales of other chemical products increased by 11.4% year on year to ¥175 million. As a result, net sales increased significantly by 10.3% year on year to ¥20,212 million, while operating profit rose sharply by 10.8% year on year to ¥2,312 million.

Real Estate Business

Although rental income from shopping centers remained roughly in line with the previous year, net sales declined 1.8% year on year to ¥1,315 million due to factors including a decrease in leased properties. Operating profit decreased 2.0% year on year to ¥721 million.

Year 3 (2026) Earnings Forecast

Net sales are expected to increase, reflecting anticipated price increases for fertilizers, water treatment chemicals, and other products, while operating profit is expected to decline due to uncertainty in raw material conditions.

(Billions of yen)

	2025 Results	2026 (Forecast)	Difference
Net Sales	42.0	43.0	+1.0
Operating Profit	3.2	2.5	-0.7



Others

Construction Materials Business: Although sales volumes of gypsum board declined, higher sales prices lifted net sales by 2.5% year on year to ¥3,797 million. In addition, lower energy costs and other factors drove operating profit up sharply by 178.7% year on year to ¥152 million.

Petroleum Business: Although sales volumes of fuel oil declined due to weaker demand, higher sales prices increased net sales by 0.3% year on year to ¥1,963 million. In addition, lower selling, general and administrative expenses and other factors drove operating profit up sharply by 28.1% year on year to ¥16 million.

Transportation Business: Although sales of goods declined, increases in cargo transport volume and cargo handling volume lifted net sales by 0.5% year on year to ¥2,826 million, while operating profit rose by 3.9% year on year to ¥308 million.

Sustainability Strategy

Upward Revision of Final-Year Targets Under the Medium-Term Management Plan 2028 (Announced February 9, 2026)

Achievement Targets Before Revision (2028)	Net Sales ¥42.0 billion	Operating Profit ¥3.0 billion	ROE 6.0% or higher
→ Achievement Targets After Upward Revision (2028)	Net Sales ¥44.0 billion	Operating Profit ¥3.5 billion	ROE 7.0% or higher

For the final year of the plan as well, increased sales driven by expanded production capacity for water treatment chemicals, a core pillar of our growth strategy, are expected to exceed the initial targets. We therefore revised our net sales and operating profit targets upward to ¥44.0 billion and ¥3.5 billion, respectively. At the same time, we revised our return on equity (ROE) target upward from the initial target of 6.0% or higher to 7.0% or higher by improving profit levels and promoting the optimization of capital efficiency through flexible shareholder returns.

With this revision, we have set a new baseline of 7.0% or higher, above the initial plan, under a policy of balancing “strengthening earning power” through proactive growth investments with “pursuing efficiency” through appropriate capital policy. We will continue working to sustainably enhance corporate value.

Basic Policies

1. Proactive investment in growth businesses and creation of new businesses

Life Sciences

- Expand the medical materials business
- Establish the collagen business
- Commercialize *Tricholoma bakamatsutake* mushrooms



Functional Materials

- Expand sales of nanomaterials
- Develop new applications and products through technological innovation
- Develop new environmentally friendly products that address social challenges



M&A and Overseas Expansion

- Expand businesses through strategic partnerships
- Diversify through capital alliances
- Break new ground in overseas markets



2. Improving profitability by deepening existing businesses

Strengthening the Continuity of the Agriculture Business

- Optimize production, sales, and inventory
- Promote modal shift
- Develop environmentally friendly products
- Enter new agriculture-related businesses



New Developments in the Water Treatment Business

- Expand market adoption of ultra-high-basacity PAC
- Develop new environmentally friendly water treatment chemicals
- Ensure stable procurement of raw materials and reduce costs

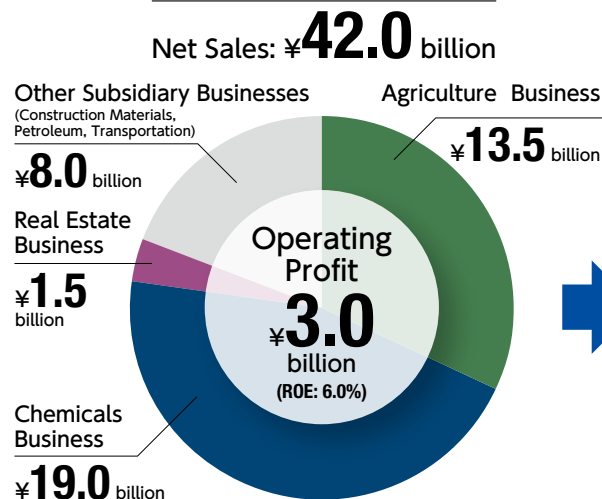


Expansion of the Real Estate Business

- Advance compact city development
- Explore entry into renovation and franchise businesses

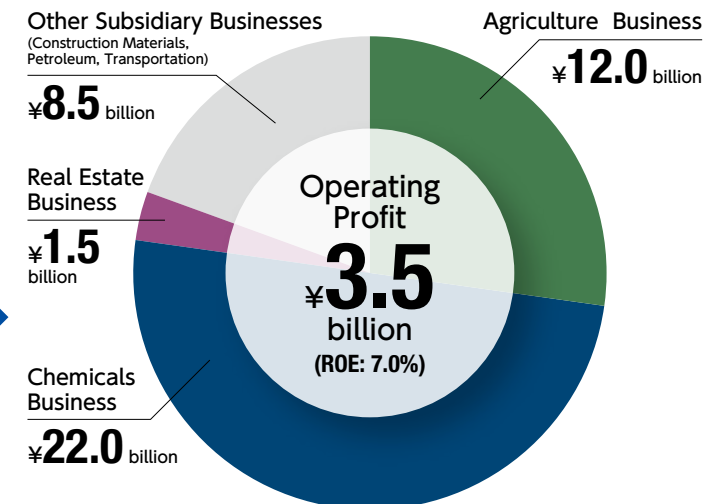


Before Revision



After Upward Revision

Net Sales: ¥44.0 billion



3. Implementing sustainability transformation

Addressing Climate Change

- Promote energy conservation
- Introduce renewable energy
- Reduce greenhouse gas emissions across the supply chain
- Align with the Task Force on Climate-related Financial Disclosures (TCFD)

Promoting Human Capital Management

- Provide equal opportunities and promote women's empowerment
- Establish individualized career paths and support employee growth
- Support continuous skills development and acquisition of up-to-date knowledge
- Foster open communication and a culture of feedback
- Enhance employee engagement and the workplace environment, and promote health and productivity management

Promoting Digital Transformation (DX)

- Improve operational efficiency through the use of RPA and generative AI
- Improve IT literacy
- Diversify information dissemination through ICT

4. Advancing GRC

G: Governance

- Enhance Board of Directors effectiveness and ensure independence
- Ensure timely, appropriate, and transparent disclosure of information
- Strengthen audit and oversight functions through coordination with the Audit and Supervisory Committee
- Enhance communication with stakeholders
- Contribute to local communities

R: Risk Management

- Strengthen the risk management framework
- Respond based on updated risk maps created through regular risk reviews
- Strengthen business continuity based on the BCP
- Strengthen information security

C: Compliance

- Establish, embed, and strengthen a robust compliance framework
- Enhance the effectiveness of the internal control system
- Respond promptly to changes in laws and regulations
- Promote early detection of issues and strengthen organizational self-cleaning through the whistleblowing system

Financial Strategy

Using Our Stable Financial Foundation to Advance Strategies to Enhance Corporate Value

Hiroyuki Izutsu

Director, Executive Officer
in charge of Management
Planning Department,
Sustainability, and Financing &
Accounting Department



1. Strong Financial Foundation

Taki Chemical's history began with the production of bone meal, Japan's first artificial fertilizer. Since then, we have expanded our lineup of fertilizers and related products in the Agriculture segment while also developing a wide range of distinctive chemical products, including inorganic water treatment coagulants, functional metal oxides, biodegradable polymers, and triple-helix collagen in the chemicals field. Throughout our more than 140-year history, we have remained committed to being a chemical manufacturer that contributes to society. At the same time, we have faced financial challenges, including delays in monetizing new businesses and products, as well as the burden of debt. By overcoming these challenges and continuing to actively pursue technological innovation while maintaining disciplined, sustainable management, we have established a strong financial foundation. Today, we have secured the financial stability needed to withstand changes in the business environment while retaining the capacity to invest in future growth. Going forward, we will maintain our stable financial foundation while actively pursuing focused growth investments to realize the vision set out in Long-Term Vision 2050 and enhance corporate value over the medium to long term.

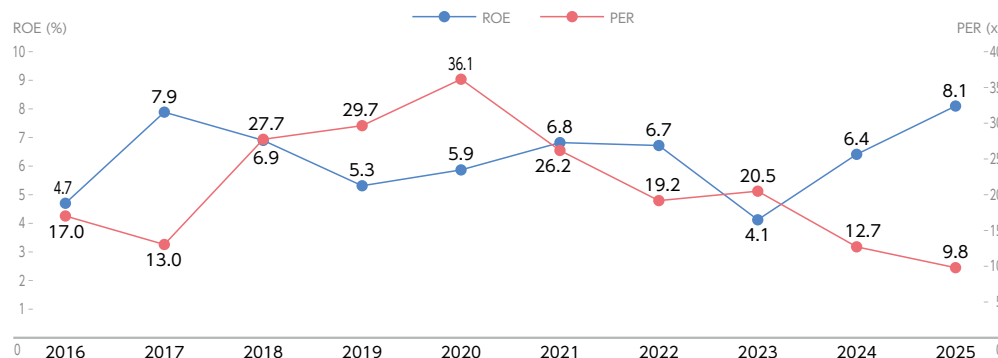
2. Improving Capital Efficiency

Our consolidated ROE for the previous fiscal year was 8.1%, which we believe was a respectable level given our business portfolio's focus on basic chemicals. At the same time, it is widely recognized that a target ROE should generally exceed 8% when capital costs are taken into account, and in recent years, investors have increasingly expected even higher levels. We also take seriously the view that we should further improve capital efficiency in light of our growing equity base. To improve capital efficiency, we will increase the share of sales generated by high-value-added products in the Chemicals segment while reviewing low-profit products and non-core businesses based on economic rationality. For PAC700A, our environmentally friendly water treatment agent that is experiencing growing demand, we plan to expand production capacity at each site during the period covered by Medium-Term Management Plan 2028. We will also actively pursue growth investments in new areas, including overseas expansion leveraging R&D capabilities and proprietary technologies, as well as M&A opportunities that create synergies. In executing these investments, we will place a strong emphasis on risk management and capital efficiency. While rigorously evaluating investment returns, we will remain flexible and proactive in deploying capital, with the goal of achieving profitability as quickly as possible.

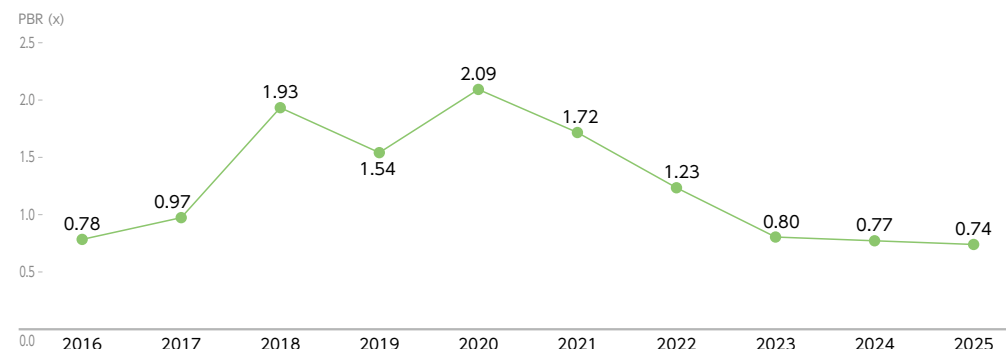
3. Improving PBR

Taki Chemical's shares are currently trading at a PBR below 1.0. Mathematically, PBR can be expressed as the product of ROE and PER. We understand that ROE is primarily driven by business profitability, while PER is heavily influenced by shareholder returns, including dividends and share buybacks, as well as investor relations activities. Based on this perspective, when considering the factors that influence ROE and PER, we believe the most important priority for improving ROE is to increase the proportion of high-value-added products, particularly in chemicals, while steadily advancing growth investments and converting them into earnings without delay. Whether through capacity expansion, in-house R&D, collaboration with other companies, or M&A, we remain highly focused on expanding our investment opportunities. With regard to PER, we received a positive market response last year after raising our earnings forecast, increasing dividends, and conducting share buybacks. In addition, we believe it is essential to provide timely and appropriate disclosure regarding our future growth prospects and path toward enhancing corporate value, helping stakeholders better understand our strategy and build confidence in our future. We will continue taking a multifaceted approach to improving PBR while carefully monitoring a range of related performance indicators.

■ ROE and PER Trends



■ PBR Trend



Business Activities That Create Value

Agriculture Business

Business Overview

Our Company traces its origins to our founder's commitment to developing fertilizers to revitalize rural communities and advance agriculture for the benefit of the nation. That founding spirit continues to guide us today. Since our founding, we have carried forward the belief that our role extends beyond manufacturing and selling fertilizers to promoting agricultural technologies that support the advancement of agriculture. Backed by reliable product quality and technical services, Taki Fertilizer has earned the trust of customers nationwide through our network of authorized distributors. Products such as Kokonoe Fertilizer and Shikishima Fertilizer, which date back to the Meiji and Taisho eras, along with Magphos, which has maintained the leading market share for more than 60 years, stand as enduring proof of the quality and performance of Taki Fertilizer. We will continue working closely with farmers, developing products that meet the changing needs of the times, promoting new agricultural technologies, and contributing to the continued development of Japanese agriculture.



■ Main Products

Business Challenges and Our Competitive Advantages

Business Challenges

In Japan, the Agriculture Business is being affected by a decline in cultivated acreage resulting from a shrinking farming population, as well as the MIDORI Strategy for Sustainable Food Systems, which calls for reduced use of chemical fertilizers. These factors are having a significant impact on demand for chemical fertilizers. Efforts to reduce environmental impacts are also driving a shift toward agricultural practices that rely less on resin-coated fertilizers. At the same time, heavy rainfall and extreme heat are reducing crop yields across all agricultural production areas, making it necessary to rethink conventional farming practices.

Overseas, fertilizer demand continues to grow as population growth drives the need for increased food production. However, the fossil fuels and raw materials used to produce chemical fertilizers are concentrated in certain regions of the world, creating significant geopolitical risks.

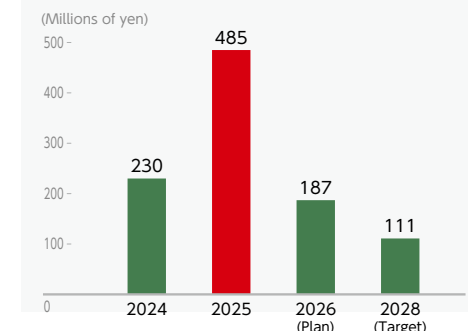
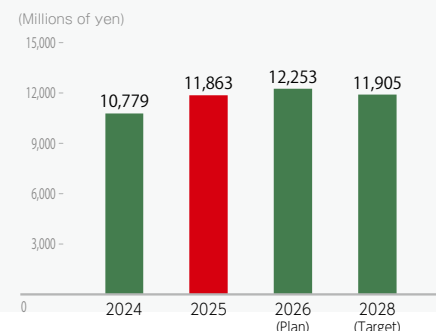
Our Competitive Advantages

Through more than 140 years of manufacturing and selling fertilizers, we have built a strong nationwide network of authorized distributors. Through this distributor network, we carry forward our founder's philosophy by providing cultivation technologies and technical information directly to farmers in support of Japanese agriculture. Our extensive product lineup, together with the expertise and field knowledge accumulated over many years, enables us to respond effectively to the MIDORI Strategy for Sustainable Food Systems and the challenges posed by increasingly severe weather conditions. Biostimulants (BS), which are expected to play an increasingly important role in agriculture, embody the same product development philosophy that has long defined Taki Fertilizer.

Medium- to Long-Term Vision and Strategies Under Medium-Term Management Plan 2028

2028
Target
Net Sales **¥11.9 billion**

2028
Target
Operating Profit **¥110 million**



Japanese agriculture faces serious challenges, including shrinking cultivated acreage caused by an aging farming population and a shortage of successors. To address food security, the government is accelerating structural reforms aimed at improving productivity while ensuring long-term sustainability. In response, we will create new value by leveraging the technologies and innovations we have cultivated over many years. We also view agriculture as a growth industry on a global scale and will continue exploring opportunities to expand overseas.

T O P I C S

In 2024, Japan's Basic Act on Food, Agriculture and Rural Areas was revised for the first time in a quarter century, establishing food security as one of its fundamental guiding principles. Estimates indicate that the number of farming operations will decline by approximately 80% between 2020 and 2050, from 1.07 million, while cultivated farmland is expected to decrease by about 30% from 4.2 million hectares.

The decline of rural communities threatens not only food security but also the local cultures and traditions they sustain. Guided by our founder's belief that "agriculture is the foundation of the nation," we began cultivating rice on a 40-acre field in Kakogawa City in 2025 as part of our commitment to supporting local communities and contributing to society. We believe it is our mission to expand our cultivated acreage and contribute to food security and regional revitalization through agricultural production.



Business Activities That Create Value

Chemicals Business (Water Treatment Chemicals and Environmental Materials)

Water treatment Business Overview

Our water treatment business centers on polyaluminum chloride (PAC), for which we hold the leading market share in Japan, and offers a comprehensive lineup of related products, including organic polymer coagulants and disinfectants. Our primary customers include municipal water purification plants, wastewater treatment facilities, and private wastewater treatment operators. Leveraging the expertise and technical capabilities we have accumulated over decades, we address a wide range of challenges arising from differences in raw water quality and treatment systems.

Main Products



Business Challenges and Our Competitive Advantages

Business Challenges

Although water demand in Japan is declining due to population decline, customer needs for water treatment are becoming increasingly diverse. This shift is driven by deteriorating raw water quality from climate change and stricter water quality requirements from industry.

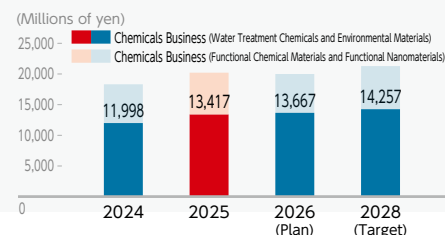
Our Competitive Advantages

PAC700A, the environmentally friendly water treatment agent developed by Taki Chemical, meets increasingly complex and diverse customer needs, and continues to gain market share. PAC700A combines outstanding coagulation performance with excellent storage stability. By reducing required dosages, PAC700A lowers transport-related CO₂ emissions and sludge generation. This allows us to address customer needs by driving both operational efficiency and cost reductions. Our competitive advantage is built on proposal-based technical sales, with sales representatives and technical specialists working together to deliver tailored solutions for each customer.

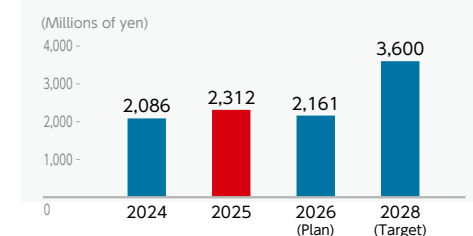


Medium- to Long-Term Vision and Strategies Under Medium-Term Management Plan 2028

2028
Target Net
Sales **¥14.3 billion**



2028
Target
Operating Profit **¥3.6 billion** [Chemicals Total]



We are positioning PAC700A, our environmentally friendly water treatment agent, as a new standard product and are accelerating its market adoption. PAC700A delivers high performance with lower dosage requirements while reducing environmental impacts. Through our proposal-based sales approach, we aim to increase PAC700A's share of our PAC sales volume for water treatment to more than 50% by 2030.

We will also actively pursue overseas expansion. We will evaluate water-treatment infrastructure, raw-water characteristics, and regulatory and market conditions in potential markets. Based on the findings, we will select priority countries and establish a local presence. Through local market research and partnership development, local representatives will assess the suitability of our technologies while defining product specifications and establishing supply networks.

We also plan to introduce a latest environmentally friendly water treatment agent to the market. Based on assessments of technical performance and customer needs, we will formulate a product strategy and conduct demonstration testing with water utilities. Based on the results of these trials, we will establish our sales structure in phases.

T O P I C S

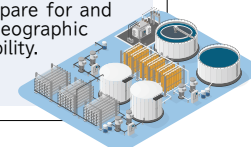
In response to growing nationwide demand for our environmentally friendly water treatment agent, PAC700A, we have completed studies and planning for increased production capacity. For the Chugoku and Kyushu regions, we are investing to expand production capacity at our Kyushu Plant and will approximately double its production capacity by March 2027. To meet growing demand in the Kansai and Chukyo regions and ensure a stable supply system, we are evaluating an accelerated expansion of production capacity at our Head Office Plant.

Based on the results of our market research, we have selected Malaysia as our first overseas market and established a local representative

office there. Our local representatives will study raw water characteristics, regulations, and business practices, leveraging this knowledge to develop product specifications and supply systems tailored to local needs. At the same time, we will identify potential partners, conduct demonstration testing, and work toward establishing a local subsidiary.

Demonstration trials of our latest environmentally friendly water treatment agent have been conducted with municipal governments, confirming its effectiveness.

From next fiscal year, we will prepare for and conduct sales across a broader geographic area to evaluate its commercial viability.



Business Activities That Create Value

Chemicals Business (Functional Chemical Materials and Functional Nanomaterials)

Business Overview

Our functional chemical materials business supplies products such as water-soluble aluminum salts and high-purity metal oxides. Water-soluble aluminum salts are used in automotive ceramics and steelmaking refractories, while high-purity metal oxides are used in electronic components found in products such as smartphones. Together, these materials serve a wide range of industries.

Our functional nanomaterials business supplies metal oxide sols used in catalyst binders, battery materials, photocatalyst materials, and other advanced applications. We offer a broad portfolio of metal oxide sols that are highly regarded for use in advanced technology development across catalysts, electronic materials, coatings, and many other applications.

Main Products (Nanomaterials)



Business Challenges and Our Competitive Advantages

Business Challenges

Customers in the industries that use our materials are working to address social challenges such as reducing greenhouse gas emissions, improving energy efficiency, advancing resource recycling, and enhancing well-being. We see it as the mission of our Chemicals Business to contribute to solving these challenges through our materials technologies.

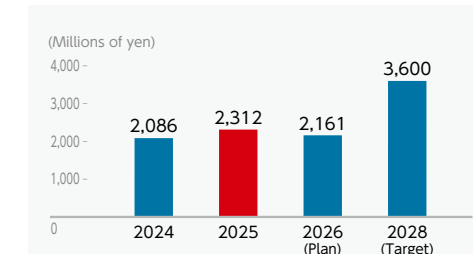
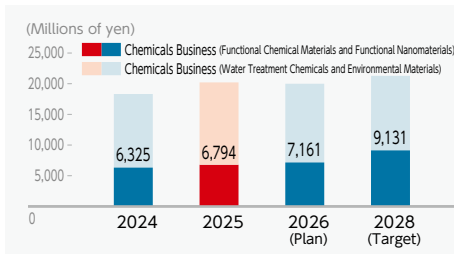
Our Competitive Advantages

Over the past several decades, we have worked alongside a diverse range of customers across a broad spectrum of industries in Japan to solve a wide variety of technical challenges. The proprietary expertise and proven track record we have built through those experiences, together with the trust they have earned, form the foundation of our competitive strength. For example, the automotive industry's efforts to reduce greenhouse gas emissions are advancing through both cleaner exhaust systems for gasoline-powered vehicles and the wider adoption of electric vehicles. Our materials are used in the core technologies supporting both approaches and are being evaluated as key materials for next-generation development.



Medium- to Long-Term Vision and Strategies Under Medium-Term Management Plan 2028

2028 Target Net Sales **¥9.1 billion** 2028 Target Operating Profit **¥3.6 billion** ^[Chemicals Total]



We will advance the following initiatives by focusing on evolving social challenges that our materials can help address and on technological developments aimed at solving them.

To expand our nanomaterials business, we will not only grow sales in existing applications but also promote the development of new applications. Through technological innovation, we will develop new applications and products by further advancing the technologies we have accumulated over many years, expanding the use of recycled raw materials, creating new technologies and applications, and exploring new markets. With an eye on global markets, we will promote the development of new, environmentally friendly products that address social challenges, focusing on technologies that contribute to energy conservation and improved well-being.

T O P I C S

High-basacity polyaluminum chloride, a water-soluble aluminum salt, is primarily used as a raw material for ceramic fibers. These fibers serve as cushioning materials in components that purify the exhaust emissions of gasoline and hybrid vehicles. Demand has been increasing gradually in response to tighter environmental regulations worldwide, and its thermal insulation properties are also attracting attention for potential applications in new fields.

Our high-purity metal oxides, high-purity tantalum pentoxide and high-purity niobium pentoxide, are primarily used as raw materials for single crystals, which serve as substrates for electronic components that support communications in smartphones and other devices. The enhanced performance made possible by advances in composite single-crystal technology has earned recognition in the development of next-generation communications technologies.

Our functional nanomaterial alumina sol is used as a binder that strengthens catalysts, enabling them to withstand demanding operating environments. Working quietly behind the scenes, it helps catalysts deliver stable, long-lasting performance. As catalyst technologies continue to evolve for applications such as automotive exhaust purification and environmental remediation, alumina sol quietly supports our customers' product development efforts. Titania sol is used as a raw material for photocatalysts that harness light energy to break down dirt and harmful substances, and has long been used in exterior building materials exposed to abundant sunlight. In recent years, we have improved its performance so that it can also be used in indoor environments with limited light, and the technology has now reached the commercialization stage. We are also advancing numerous development projects involving other metal oxide sols across a wide range of industries to promote environmental sustainability and help address social challenges. For each project, we steadily pursue scale-up development, from laboratory prototypes to mass-production technologies and ultimately full-scale commercial production.

As part of our Chemicals Business and our commitment to realizing a circular economy, we are developing production technologies that enable the recycling and use of by-product materials as feedstocks for rare metal materials such as tantalum and niobium, as well as aluminum raw materials used in our core water-soluble aluminum salt products. We are already achieving steady progress in the recycling of rare metal feedstocks and will continue to build on these efforts through ongoing development.

Business Activities That Create Value

Real Estate Business

Business Overview

We own a substantial amount of land in and around Midorimachi, Befu-cho, Kakogawa City, where the Company was founded. As part of our land development initiatives, we opened the Green Plaza Befu shopping center in 1988. Since then, we have attracted retail, dining, entertainment, and lodging facilities to the surrounding area, contributing to the development of southeastern Kakogawa.

Going forward, we will continue to promote real estate projects that revitalize the local community and contribute to society.



Business Challenges and Our Competitive Advantages

Business Challenges

Our Real Estate Business has focused on developing and expanding commercial facilities in front of Befu Station. However, the business faces several challenges, including population decline, an aging society, and economic contraction. Economic contraction could further accelerate population decline and aging, creating a negative cycle.

Addressing a shrinking customer base and an aging population requires the creation of a compact, walkable community that considers both visitors and local residents, supported by measures such as reducing road congestion and improving public transportation networks.

As part of these efforts, Sanyo Electric Railway's Befu Station became an all-day limited express stop in 2025.

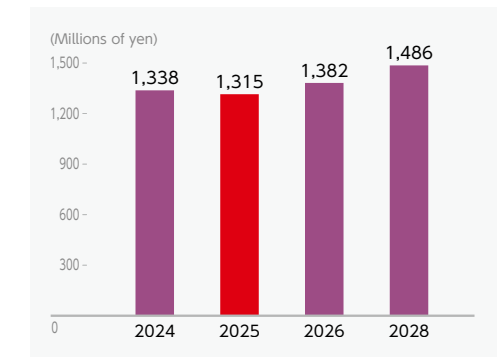
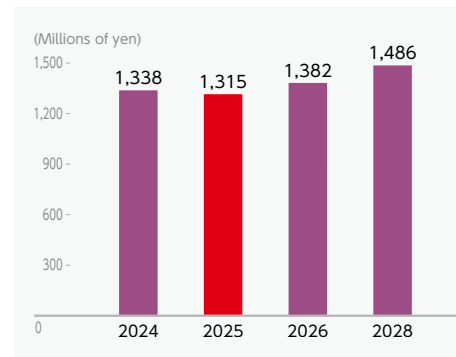
Kakogawa City is promoting urban development around Befu Station as a designated secondary city center. The station serves as the southern gateway to the city and is also widely recognized as the birthplace of our Company. We will continue to strengthen collaboration with Kakogawa City, local businesses, and the broader community while focusing on the development of our existing commercial properties and the large undeveloped land surrounding them.

Leveraging the trust, brand recognition, and strong network we have built within the community, we will continue working to create a better place to live and work.

Medium- to Long-Term Vision and Strategies Under Medium-Term Management Plan 2028

2028
Target Net
Sales **¥1.5 billion**

2028
Target
Operating Profit **¥8.1 billion**



It has been 38 years since the opening of the commercial complex that serves as the cornerstone of our Real Estate Business. During that time, the surrounding environment, consumer needs, and lifestyles have changed significantly, making it increasingly urgent to address population decline and an aging society. By making full use of the expertise we have accumulated over the years, we will contribute to the development of the local community while ensuring the long-term stability of the business.

Developing Our Company-Owned Areas into a Compact, Walkable City

By efficiently integrating essential urban functions, including housing, public services, healthcare facilities, and infrastructure, we aim to contribute to the local community while creating a sustainable, livable city.

Creating New Revenue Streams and Employment Opportunities Through Expansion into Related Businesses

We will expand into renovation and franchise businesses to secure new sources of revenue and create additional employment opportunities.

T O P I C S

To advance our vision of a compact, walkable city, our internal project team and a consulting firm launched the Befu Mirai Conference in May 2024. By the end of the fiscal year, the group had completed its first step, a community branding proposal. Since FY2025, we have been working with local government and businesses to move the plan forward.

In addition, as part of the area development surrounding the shopping center, we attracted the TABINO HOTEL, a nine-story, 172-room business hotel, to land owned by one of our subsidiaries in front of Befu Station. The hotel opened in September 2025.

Business Activities That Create Value



New Businesses and New Products

Basic R&D Policy and Strategy



Goro Suzuki
Director, Executive
Officer in charge of
Research Division

We view research and development as the driving force behind enhancing corporate value. Guided by this belief, we are focusing on developing new products and technologies while improving the efficiency and sophistication of our existing technologies to support the two key pillars of Medium-Term Management Plan 2028: proactive investment in growth businesses and creation of new businesses, and improving profitability by deepening existing businesses.

Under our previous organizational structure, the Research Group handled basic research while the Engineering Department focused on commercialization. However, both teams often found themselves allocating resources to the same projects, resulting in inefficiencies. To address this issue and accelerate R&D,* we reorganized our structure in 2024 by clearly defining responsibilities: the Research Group now focuses on growth-business R&D, while the Engineering Department is responsible for R&D supporting our existing businesses.

The Engineering Department, based at our production sites, is responsible for improving productivity and advancing product enhancements across our existing businesses to drive earnings growth. Meanwhile, the Research Group's core mission is to create the growth businesses that will shape our next generation.

In the summer of 2025, we established the Shinobe Research Laboratory adjacent to our Head Office as a new hub for innovation. By strengthening collaboration with our Head Office marketing team, we will accelerate the creation of new growth businesses.

* R&D: Research and Development. Activities focused on creating and improving technologies and products.



Value Creation Story



Within our existing businesses, we are prioritizing R&D that supports the expansion of PAC700A, our environmentally friendly water treatment agent, while improving productivity at our manufacturing sites in Hyogo, Chiba, and Fukuoka.

In 2004, residual aluminum concentration was added to Japan's drinking water quality standards, and in 2009, even stricter target values were introduced to support the maintenance and management of high-quality drinking water. PAC700A was developed and commercialized in response to these new regulatory requirements and growing societal demands. In addition to reducing residual aluminum concentrations, PAC700A significantly lowers the required dosage and reduces the number of fine particles in treated water, contributing to improved water quality.

Through manufacturing process improvements, we have enhanced production efficiency and ensured stable product quality in support of mass production. We are also developing new coagulants that suppress membrane fouling, a growing challenge at membrane filtration water treatment plants.

We continue to refine our core technologies, including improved purification techniques for high-purity metal oxides and the addition of functional properties to silica powders, helping expand profitability across our businesses.

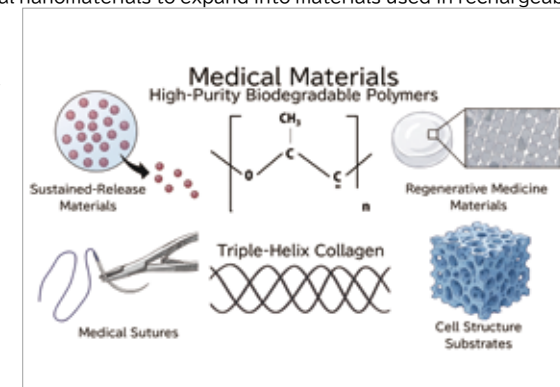
Within our growth businesses, we are developing high-purity biodegradable polymers with precisely controlled material properties for medical applications while expanding market opportunities. We are also advancing research on sustained-release materials for pharmaceuticals. Through continued investment, we aim to grow this business into our next major earnings driver after our existing businesses within the next few years.

Another key growth initiative is the development of medical materials, consumer products, and cosmetic ingredients based on triple-helix collagen derived from fish scales. This material was selected as a cell structure substrate for the beating iPS heart exhibited at Expo 2025 Osaka, Kansai, allowing our technology to play a part in inspiring many visitors. During the period covered by Medium-Term Management Plan 2028, we will accelerate the application of this triple-helix collagen to medical materials with the goal of contributing to society through regenerative medicine.

We are also conducting R&D on functional nanomaterials to expand into materials used in rechargeable batteries and solar power generation.

At the same time, we continue to deepen our expertise in aluminum-based materials and water treatment technologies, our core competencies, while aggressively pursuing new businesses and products.

By further strengthening the technological foundations of our existing businesses while boldly pursuing growth opportunities, we will continue driving innovation across the Company.



Business Activities That Create Value

New Businesses and New Products

From the Origins of Technology to the Trends of Tomorrow: Taki Chemical's Value Creation Story



Messages from Our Research Group Managers



Taketoshi Kuroda
Functional Materials Group
Group Manager

The Functional Materials Group is developing new products and applications centered on aluminum, one of our core materials. Most recently, we developed a silica-alumina sol that overcomes the limitations of both conventional silica sols and our alumina sols. We have also proposed new applications for aluminum phosphate and aluminum lactate through presentations at academic conferences. Going forward, we will continue creating high-value products that address social challenges and meet evolving market needs.



Takahiro Kawakami
Life Science Group
Group Manager

The Life Science Group extracts collagen from fish scales generated during aquaculture processing and uses it to produce cell culture materials and cosmetic ingredients. These materials offer the unique advantage of posing no risk of diseases shared with humans while providing an excellent platform for reproducing biological environments. Our team is highly motivated by the challenge of transforming hard fish scales into flexible gels and fibers that support regenerative medicine and improve everyday life. We will continue creating materials that deliver real value and contribute meaningfully to society.

Financial and Non-Financial Indicators and Future Challenges

Annual R&D expenses are approximately ¥600 million, representing about 1% of Group net sales. We have 76 R&D personnel, accounting for 12% of the Group workforce. The industry average R&D-to-sales ratio for chemical manufacturers is estimated to be 5-7%.

Even excluding the pharmaceutical industry, where R&D spending is typically higher, the average is estimated to be around 3%. We increased both R&D spending and staffing when launching our mushroom commercialization project, but levels have remained relatively stable since then.

Although our ratio is below the industry average, we do not believe that simply increasing spending is the right approach. Instead, we will carefully evaluate R&D progress and make timely, proactive investments where they will create real value.

Intellectual property is a vital management asset that supports our businesses, enhances corporate value, and strengthens our competitive advantage. To maintain and strengthen our competitive position, our intellectual property and R&D teams work closely together to strategically file patent applications and secure rights for inventions generated through research. We also recognize the know-how generated through continuous improvement activities as intellectual property and actively protect and manage it.

As of the end of 2025, we held 82 patents. As we have continued acquiring patents aligned with our business strategy, the share of patents related to our Agriculture Business and existing Chemicals Business has declined, while those supporting new growth businesses, including collagen materials and Tricholoma bakamatsutake mushrooms, have increased. More recently, patent filings related to aluminum-based materials, one of our emerging growth businesses, have increased significantly as R&D activity has accelerated.

We will continue creating intellectual property strategically to preserve our competitive advantage.

Since our founding, we have also protected and maintained our brands through trademark rights, some of which have been held for more than 100 years. Building on the trust embodied in our trademarks, we will continue strengthening customer relationships and enhancing brand value over the long term.

To proactively manage intellectual property risks, we conduct appropriate freedom-to-operate searches to avoid infringing third-party intellectual property rights. At the same time, we protect our technologies and brands from imitation and infringement to help ensure stable business operations. We also respect the rights of others and are committed to maintaining fair and responsible business practices.

One of our most important challenges going forward is increasing the speed of R&D. We recognize that delays in R&D can weaken our competitiveness and ultimately reduce corporate value.

To accelerate R&D, we will build on our organizational restructuring by implementing rigorous project management and flexible course corrections, while actively promoting open innovation through collaboration with universities, companies, and other research institutions.

By leveraging the unique technological capabilities cultivated through our R&D, we aim to become a niche market leader, contribute to a more prosperous society, and continue enhancing corporate value.



Making Rakuto Kasei Industrial Co., Ltd. a Group Company and Creating Synergies

Rakuto Kasei Industrial Co., Ltd. ("Rakuto Kasei") joined the Taki Chemical Group on January 7, 2025. Rakuto Kasei manufactures and sells a wide range of industrial enzyme products and textile processing chemicals, and is Japan's leading manufacturer of textile desizing agents. Since its founding, the company has operated under the corporate philosophy of "Contributing to society through the fusion of chemistry and biology." With microbial cultivation as its core technology, it manufactures and sells its own microbial products while also providing contract cultivation services for a wide variety of microorganisms.

A Pioneer in Enzymes for Textile Processing

Rakuto Kasei was founded in Kyoto's Higashiyama district in 1952 as a manufacturer and distributor of enzymes for textile processing. The company began by marketing amylase, a starch-degrading enzyme produced through the solid-state cultivation of bacteria, as a textile desizing agent under the product name RACTASE. At the time, enzyme-based products were a groundbreaking technology. By integrating its sales and technical support functions, the company expanded both customer service and product adoption. It also developed scouring agents, hydrogen peroxide stabilizers, and other products, building a comprehensive lineup that covers the entire textile pretreatment process.

In 1980, the company relocated its operations to Otsu City, Shiga Prefecture. More recently, it has expanded into textile finishing applications, including the use of cellulase, a cellulose-degrading enzyme, for distressed denim processing. As part of its commitment to environmental sustainability, the company has developed silicone-free fabric softeners and natural dyes. Its pollution-free fermented pig farming method has attracted attention internationally.



Microbial cultivation equipment

What Is a Textile Desizing Agent?

During textile manufacturing, yarn is coated with sizing to improve its strength. However, if the sizing remains during subsequent processing, it can cause uneven dyeing and prevent finishing agents, such as fabric softeners, from penetrating the fabric properly. For this reason, the sizing must be removed before textile processing, and one common method is to use a desizing agent. Rakuto Kasei pioneered the use of amylase, an enzyme that selectively breaks down starch, as the active ingredient in its desizing agents. Taki Chemical was also an early innovator in oxidative chemical desizing agents, securing patents and marketing the product under the name RACTOGEN.

Contributing to the Achievement of the Group's Long-Term Vision

We expect the acquisition of Rakuto Kasei to generate significant synergies in areas such as biostimulants within the Taki Chemical Group's core segment of Agriculture Business, environmentally friendly water treatment chemicals within our Chemicals Business, and future research and development initiatives. We believe it will serve as a powerful driver in achieving the goals set forth in Long-Term Vision.

Biostimulants

Plants are exposed to a wide range of environmental stresses, including soil nutrient conditions, pests and diseases, temperature fluctuations, and rainfall. These stresses have a significant impact on both crop quality and yield. To address these challenges, farmers use fertilizers and soil conditioners to improve soil conditions, while crop protection products help safeguard plants from pests and diseases, enabling stable food production.



Unlike conventional pesticides, fertilizers, and soil conditioners, biostimulants are an entirely new category of agricultural inputs that enhance a plant's own ability to withstand environmental stress. As demand grows for sustainable agriculture with a lower environmental impact, biostimulants are attracting increasing attention as an environmentally friendly technology that unlocks plants' natural resilience.

Certain microorganisms and their metabolites are known to promote plant health and improve tolerance to environmental stress. For example, soil microorganisms are known to enhance resistance to plant diseases and promote plant growth. We believe Rakuto Kasei's expertise in microbial cultivation, together with its accumulated knowledge of enzymes and microorganisms, will make a significant contribution to the development of biostimulants.

Water Treatment Chemicals

Water, which is essential to our daily lives, is drawn from rivers and groundwater, treated at water purification facilities, and then supplied for residential and industrial use. Wastewater generated through daily life and industrial activities is treated at wastewater treatment facilities before being returned to the natural environment, helping prevent environmental pollution. Water purification plants, sewage treatment plants, and wastewater treatment facilities use a variety of water treatment chemicals to improve treatment efficiency.

Organic matter present in water can cause a wide range of problems during the treatment process. For example, unexpected reactions with other water treatment chemicals can reduce treatment efficiency, making facility operation and maintenance more difficult. Some substances are also difficult to remove using chemicals alone. One promising approach to addressing these issues is the enzymatic breakdown of organic matter.

By combining Taki Chemical's extensive expertise in water treatment with Rakuto Kasei's enzyme and microbial technologies, we believe we can create and deliver new value in water treatment solutions.



Roundtable Discussion (Dialogue with an Outside Director)



Shozo Shigeta
Independent Outside
Director
Audit & Supervisory
Committee Member

Kazunari Izumi
Director
Managing Executive
Officer

Sustainable Growth Supported by the Evolution of Our Production Platform

As a company responsible for the stable supply of products that are essential to society, we are continuously strengthening our production platform. In this discussion, an outside Director and the Director responsible for production operations exchanged views on the strengths and challenges of our production sites, covering topics such as investment decisions, capital efficiency, supply chain risk management, talent development, and the promotion of digital transformation (DX). In today's rapidly changing business environment, how can we balance the need for stable supply with the pursuit of greater capital efficiency while building the next generation of manufacturing operations? This discussion explores the path forward.

The Competitive Strength of Our Production Platform That Supports Operational Excellence

Shigeta: We conduct our business based on our corporate philosophy, "Protecting the natural environment and contributing to the realization of a more affluent society by constantly creating real value." In addition to supporting agricultural development through fertilizers, the Company also provides essential value to society and the environment through products such as water treatment chemicals. I believe this is one of its greatest strengths.

Izumi: Guided by our corporate philosophy, one of the defining features of our production platform is that manufacturing,

technology, engineering, safety and environmental management, and quality assurance are all integrated at the same site. This makes cross-functional collaboration much easier during new product development and raw material evaluation, allowing us to respond quickly. In addition, because we have in-house engineering capabilities, we are well-equipped to respond to equipment-related issues. Another strength is our extensive range of production facilities, which enables us to manufacture a diverse portfolio of products.

Shigeta: The production platform built on decades of operational expertise is certainly one of the Company's strengths. At the same time, we should not become complacent. We need to

leverage DX and AI to improve productivity and efficiency, while continuing to evolve our production system and drive innovation. It's also important to avoid allocating management resources uniformly across all domestic sites. Instead, resources should be deployed strategically according to local circumstances to build a more agile and optimized production network.

Izumi: While multi-product manufacturing allows us to produce a wide variety of products, it also presents challenges because dedicated equipment can result in lower utilization rates for certain facilities. To address this, we currently consolidate production into specific periods so that equipment can be operated more intensively, reducing operational losses. Looking ahead, I believe we need to further explore multipurpose production facilities capable of manufacturing multiple products on the same equipment.

Making Investment Decisions That Balance Stable Supply with Capital Efficiency

Shigeta: I'd like to ask about your approach to investment decisions for production facilities. Profitability is, of course, the top priority, but it's equally important to fulfill our responsibility to ensure a stable supply.

Izumi: I completely agree. Our top priority is maintaining the stable operation of our existing businesses, and the capital investments needed to support these operations are essential. Environmental considerations have also become increasingly important in recent years. We need to look beyond our own operations and carefully consider the impact our activities have on neighboring communities as well.

Shigeta: Capital efficiency is another important consideration when making investment decisions. Under our Medium-Term Management Plan 2028, expanding production capacity for water treatment chemicals has been identified as a key growth initiative, and I believe this investment will both accelerate future growth and improve capital efficiency.

At Board of Directors meetings, investments such as those in our Kyushu operations, in addition to our Head Office Plant, are discussed with close attention to indicators such as return on invested capital (ROIC). Rather than simply replacing equipment, it is important to instill throughout the organization the mindset of maximizing added value from our limited assets. In addition to updates on our existing businesses, the Board of Directors also receives reports on new business initiatives and R&D progress, enabling thoughtful discussions about maintaining a balanced investment portfolio.

Izumi: As you have noted, Mr. Shigeta, we prioritize investments in facilities that support stable operations while remaining mindful of both growth and capital efficiency. At the same time, we will continue to invest in labor-saving technologies to address future workforce shortages, carefully evaluating their effectiveness as we move forward.

Roundtable Discussion (Dialogue with an Outside Director)

Decarbonization is also an important consideration in our capital investment decisions. We have introduced an internal carbon pricing (ICP) framework, and when evaluating new investments, we now incorporate the impact of CO₂ emissions into our decision-making process.

Managing Raw Material Procurement Risk Through Diversification

Shigeta: What do you see as the key risks facing production operations? At present, the situation in the Middle East could drive fertilizer raw material procurement costs higher than expected. In situations like this, passing higher costs on through selling prices may temporarily improve earnings. However, when raw materials prices decline, selling prices may also fall, resulting in significant fluctuations in business performance. Managing and mitigating

the impact of these price fluctuations is therefore a key challenge.

Izumi: Geopolitical risk has a tremendous impact on production operations. In response, we are diversifying our supplier base, expanding procurement to multiple regions, even for raw materials that were previously sourced from a single area.

Shigeta: In addition to geopolitical risk, uncertainty surrounding procurement is increasing further as tariff issues and exchange rate volatility become

more pronounced. Faced with these overlapping risks, diversifying procurement channels and spreading sourcing across different regions are essential to maintaining a resilient supply chain.

Izumi: I completely agree. Diversifying our supplier base is not only a defensive strategy for mitigating risk, but also an opportunity to redesign our cost structure from a global perspective. By strengthening our supply network, we aim to build an organization that can remain competitive under any business environment.



Advancing Our Production System Through Talent Development and Digital Transformation (DX)

Shigeta: Demographic changes are another issue we need to watch closely. As labor shortages become more severe, the decline in experienced personnel creates a risk that technical expertise and know-how will become more difficult to pass on. When critical work depends too heavily on specific individuals, operations become overly person-dependent, which can hinder talent development and undermine operational stability. To reduce these risks, it is important to further strengthen training programs and standardize work procedures through better documentation.

Izumi: On the production floor, we are already taking steps to prevent work from becoming overly dependent on individuals in anticipation of a shrinking workforce. Specifically, we use job rotation to give employees experience across multiple roles, helping them develop a broader range of skills. We also want to develop people who understand not only the procedures themselves, but also the principles and reasoning behind them.

At the same time, we are advancing factory automation, including the automated weighing and feeding of raw materials. Looking ahead, we hope to leverage these efforts to optimize plant operations through AI. Going forward, a key challenge will be determining how best to utilize the data we accumulate, and we intend to continue evaluating AI as part of that effort.

Shigeta: As labor shortages intensify, improving efficiency through DX and AI on the production floor is no longer optional. To move these initiatives forward, we need not only to secure specialized talent internally, but also to make use of external expertise where appropriate. We have reached the point where we should move beyond limited pilot projects and focus on rolling these initiatives out across the entire company as quickly as possible. It is essential to accelerate implementation by engaging frontline employees through measures such as plant-level training sessions and dedicated implementation teams.

As we continue evolving our production system, every employee must avoid becoming complacent and instead take the initiative to think about what needs to be done to achieve even higher goals. I also hope our people will think beyond their own roles, consider what the organization as a whole should do, and actively share their ideas with supervisors and colleagues.

Further Evolving Our Production Platform Through Employee Initiative

Shigeta: To achieve sustainable growth, it is essential that we continue pursuing the ideal production workplace while building a system in which employees take ownership of their work and deliver efficient, high-quality manufacturing. Our production platform is at the heart of the Company's growth, and it is important that everyone on the production floor recognizes this role and shares the understanding that they are a source of value creation.

In that context, DX and AI are key themes for advancing our production system. The first step is to build knowledge through practical application. In fact, our Board of Directors includes outside Directors with AI expertise, and initiatives such as executive education and internal study sessions are already underway. Going forward, we need to expand these efforts across every department and promote company-wide adoption, including at our plants and research divisions. Once we establish a successful use case, it can serve as a catalyst for broader adoption across other departments and ultimately drive company-wide transformation.

Izumi: I want everyone on the production floor to understand that their work creates products that are essential to our customers. At the same time, we will build a workplace where employees themselves can

identify issues, propose solutions, and drive improvements to their working environment. By actively incorporating employees' ideas and translating them into tangible improvements, we will create a production workplace that people can take even greater pride in.

It is important that we remain a company chosen not only by our customers, but also by our employees, their families, and the local communities where we operate for many years to come. We intend to take the lead in proactively building a strong production platform that will make this possible.



1. Contributing to a Sustainable Global Environment

Related SDGs



Material Issue 1 Addressing Climate Change

Recognizing climate change as an urgent global challenge, the Taki Chemical Group considers the continuous reduction of greenhouse gas emissions generated through its business activities to be one of its key management priorities.

Under its Sustainability Policy, the Group leverages its sustainability governance and promotion framework to identify and advance key climate-related initiatives, with the aim of contributing to carbon neutrality across both the Group and society as a whole. We disclose information on our carbon neutrality initiatives in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), providing timely and appropriate disclosures aligned with the TCFD framework in the areas of (1) Governance, (2) Strategy, (3) Risk Management, and (4) Metrics & Targets.

Addressing Climate Change

Energy Consumption Intensity^{*1}

To achieve the Group's target of reducing greenhouse gas emissions by at least 38% from FY2013 levels by FY2030, we are promoting energy conservation measures and reviewing our production processes.

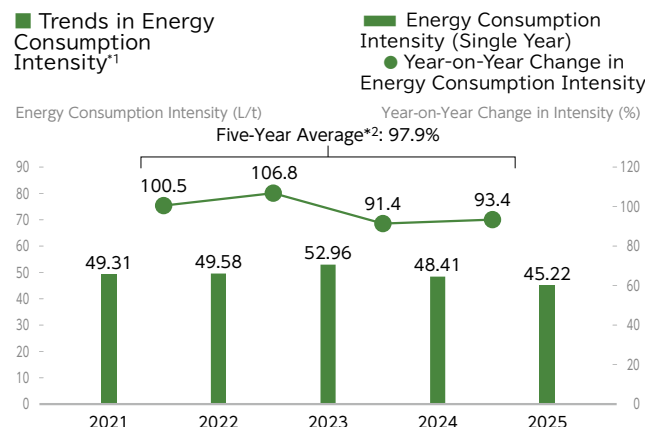
As part of our efforts to improve our production processes, we discontinued operation of our slurry-process fertilizer production line, a highly energy-intensive facility, during the second half of 2024 and transferred production to other lines, thereby streamlining our fertilizer manufacturing process. This significantly reduced energy consumption and contributed to lower greenhouse gas emissions. In addition, as part of our energy conservation efforts, effective use of thermal energy through the waste heat recovery system introduced in last year's report has also contributed to reducing energy consumption.

As a result of these initiatives, our energy consumption intensity for 2025 (January–December) fell to 45.2 kL/t, representing a 6.6% reduction from 48.4 kL/t in 2024, when these measures had begun to take effect, and a 14.7% reduction from 53.0 kL/t in 2023, before the initiatives were implemented.

Our Head Office Plant is designated as a Type 1 Designated Energy Management Factory because it consumes the equivalent of 3,000 kL or more of crude oil annually in electricity, gas, and other forms of energy. As such, it is expected to achieve an average annual reduction of at least 1% in energy consumption intensity over the medium to long term.

As shown in the graph, our energy consumption intensity over the five-year period from 2021 to 2025 (medium to long term) reached 97.9% of the baseline, representing a 2.1% reduction and exceeding the target of at least a 1% reduction. We will continue implementing additional energy-saving initiatives going forward.

^{*} Energy consumption intensity: The amount of energy (fuel and electricity) required to produce one metric ton of product, expressed as the equivalent volume of crude oil (kL). The Company calculates intensity using "adjusted production volume," which is weighted according to the energy consumption of each product.



^{*1} Administrative reporting is based on data from April through March and therefore differs from the figures presented here.

^{*2} Five-year average calculation formula = $(100.5 \times 106.8 \times 91.4 \times 93.4)^{1/4}$

Gas Cogeneration System

The cogeneration facility, equipped with two 1,000 kW gas engine generators and commissioned in December 2020, continues to operate reliably. The facility provides a stable supply of electricity and steam generated by waste heat boilers to our Head Office Plant and Taki Gypsum board Mfg. Co., Ltd.

The cogeneration facility is equipped with a blackout start function.^{*} This enables the facility to generate electricity independently during power outages, allowing it to play an important role in our business continuity plan (BCP). In addition, we have entered into a Disaster Support Agreement with the local municipality of Harima Town. In the event of a disaster, electricity generated by the cogeneration facility can be used to charge residents' smartphones and other devices, while groundwater can be pumped and supplied as water for daily living.

^{*} Blackout start: A function that enables the system to start up and generate electricity even during a power outage.



Cogeneration facility with a total output of 2,000 kW

Modal Shift

In logistics, modal shift refers to replacing truck-based freight transport with lower-environmental-impact alternatives such as rail and marine transportation. We actively promote the use of these environmentally friendly transportation methods.

In 2025 (January–December), the combined share of marine and rail transportation remained unchanged from 2024 (January–December) at 13.1% of all freight transport.

For our rail freight operations, we were certified as an Eco Rail Mark Participating Company in 2019 in recognition of our proactive use of environmentally friendly rail freight transportation. In 2025, we successfully renewed this certification for the third time. Because heavy products such as fertilizers are particularly affected by transportation-related greenhouse gas emissions, we will continue working to reduce the environmental impact of logistics by improving transportation efficiency.



1. Contributing to a Sustainable Global Environment

Biodiversity Conservation Activities

Hyogo Prefecture selects exemplary biodiversity conservation initiatives, including activities to protect rare species and control designated invasive alien species, as part of the Hyogo Biodiversity Conservation Project. Through support for participating organizations, the prefecture promotes biodiversity conservation while fostering and expanding the network of people engaged in these activities. The Company and the Taki Cultural Promotion Foundation have supported this initiative by making ongoing donations since 2019. In FY2025, our donations supported the Kakogawa no Satoyama Gifucho Net, which works to conserve rare butterfly species; the Hyogo-morinoclub (NPO), a forest volunteer organization; and the Yashiro Forest Park Association, which is dedicated to protecting and nurturing satoyama woodland ecosystems.



Letter of appreciation presentation ceremony

Information Disclosure Based on the TCFD Recommendations

One of the principles set forth in the Taki Chemical Group's Code of Conduct states, "We protect nature and the environment, promote business activities that value harmony with society, and work to preserve the global environment." Guided by this principle, we are committed to creating shared value and enhancing our corporate value over the medium to long term. Going forward, we will continue enhancing our climate-related disclosures in line with the TCFD recommendations, reduce our environmental footprint through our business activities, and contribute to the realization of a decarbonized society, a circular economy, and a society in harmony with nature, while enhancing our corporate value.

1. Governance

The Sustainability Committee recognizes responding to climate change as a key management issue and reviews and monitors related initiatives.

The Sustainability Promotion Council is responsible for formulating related policies, monitoring progress toward overall sustainability goals, and reviewing sustainability initiatives.

The Group's basic policies and key initiatives are reviewed and approved by the Board of Directors and the Executive Council.

2. Strategy

Recognizing that climate-related risks and opportunities are material to its business strategy, the Group conducted analyses based on the 1.5 °C and 4 °C scenarios in accordance with the TCFD recommendations, drawing on scenarios published by the International Energy Agency (IEA) as well as future outlook reports issued by governments and international organizations. Based on these analyses, we identified climate-related risks, opportunities, and corresponding response measures over the short, medium, and long term.

Our analysis indicates that one of the most significant transition risks is the potential increase in raw material and fuel procurement costs resulting from the introduction of carbon pricing, including carbon taxes. Accordingly, we believe it is necessary to carefully monitor technological innovation and broader social developments and select appropriate measures to mitigate these risks as we formulate future strategies.

Since 2022, we have also implemented internal carbon pricing (ICP), which is now used as one of the criteria in evaluating capital investment decisions. In terms of physical risks, we recognize that extreme weather events, including heavy rainfall and flooding, could disrupt our operations and supply chain. To reduce these impacts, we are strengthening our BCP framework and enhancing our business continuity capabilities. With the exception of certain quantitative assessments, the financial impacts of transition and physical risks on our business are evaluated qualitatively using categories: High, Medium, and Low. While carbon pricing may increase raw material and fuel procurement costs, we also recognize opportunities arising from growing demand for products and services that contribute to climate change mitigation. We will

continue refining our scenario analyses to better assess financial impacts and evaluation results, advance measures to address both risks and opportunities, integrate these findings into our business strategy, and further strengthen our business continuity capabilities.

3. Risk Management

The Crisis Management Committee identifies and assesses management risks, including those related to climate change, based on the Company-wide Risk Map. It also develops preventive measures against material risks and response plans for crisis situations, maintaining a comprehensive and agile crisis management framework.

Because climate-related risks are considered particularly important from a business strategy perspective, the Sustainability Promotion Council works closely with the Crisis Management Committee to identify, prioritize, manage, and evaluate these risks based on scenario analyses, reporting to the Board of Directors and the Executive Council as necessary.

4. Metrics & Targets

The Group is implementing a range of initiatives with due consideration for both sustainability and economic feasibility to achieve its targets of reducing greenhouse gas emissions (Scope 1 and Scope 2)¹ by at least 38% from FY2013 levels by 2030 and achieving carbon neutrality by 2050.

As part of our ongoing energy conservation efforts at the Head Office Plant, we converted all heavy fuel oil to city gas between 1999 and 2005 to help prevent environmental pollution and reduce carbon emissions, significantly lowering CO₂ emissions generated through our operations. By leveraging this infrastructure, we will be able to transition quickly to carbon-free energy once synthetic methane² becomes commercially available. As outlined in the Carbon Neutral Roadmap below, we will continue implementing a range of initiatives, including maximizing the use of existing infrastructure, while reviewing and adapting our measures as social and technological conditions evolve.

Going forward, we will accelerate initiatives to reduce greenhouse gas emissions across our entire supply chain, including Scope 3 emissions,¹ and actively contribute to achieving carbon neutrality throughout society.

¹ Scope 1: Direct greenhouse gas emissions from sources owned or controlled by the Company (fuel combustion and industrial processes).

Scope 2: Indirect greenhouse gas emissions from the consumption of purchased electricity, heat, and steam supplied by third parties.

Scope 3: All other indirect greenhouse gas emissions that occur throughout the value chain as a result of the Company's activities.

² Methane synthesized from hydrogen and CO₂ through the methanation process.

1. Contributing to a Sustainable Global Environment

■ Key Risk Response Measures and Opportunities

Category			Description	Financial Impact	Risk Response Measures and Opportunities
Risk	Transition Risk (1.5 °C Scenario)	Policy and Regulation	• Higher raw material and fuel procurement costs resulting from the introduction of carbon pricing (including carbon taxes), along with increased costs associated with expanded greenhouse gas emissions regulations	High Internal carbon pricing (ICP) has been established at ¥10,000 per t-CO ₂ . Based on the Group's combined Scope 1 and Scope 2 emissions of 45,382 tons in FY2025, this would result in an estimated cost increase of approximately ¥454 million.	• ICP has been introduced and is used as one of the criteria for capital investment decisions. • Further promote the adoption of renewable energy and additional energy conservation initiatives. • Increase the use of recycled resources and recycled raw materials that comply with applicable regulations. • Respond actively to new regulatory requirements.
		Technology	• Rising costs associated with the transition to low-carbon technologies	Medium	• Across All Businesses • Develop technologies that reduce greenhouse gas emissions. • Modify production processes to reduce energy consumption.
		Market	• Reduced demand for existing products due to changes in customer (consumer) behavior	Medium	• Across All Businesses • Invest in R&D for environmentally friendly products and services while developing new markets.
					• Agriculture Business • Develop agricultural materials that support Japan's MI-DORI Strategy for Sustainable Food Systems
	Physical Risk (4 °C Scenario)	Reputation	• Declining favorability from investors and customers	Low to Medium	• Chemicals Business (Water Treatment Chemicals) • Expand sales of PAC700A, an ultra-high-basidity polyaluminum chloride. • Chemicals Business (Functional Materials) • Develop advanced functional materials that support the growing adoption of electric vehicles (EVs).
		Acute	• Increasing severity of extreme weather events	High	• Advance carbon neutrality in accordance with the roadmap. • Strengthen an agile BCP framework to prepare for disasters. • Diversify raw material suppliers and strengthen logistics capabilities. • Maintain adequate product inventories.
		Chronic	• Changes in rainfall and weather patterns • Rising average temperatures • Rising sea levels		

■ Overview of the Carbon Neutral Roadmap

Period	Key Initiatives
2022-2030 Transition Phase	• Implement thorough energy-saving measures; review and improve production processes and business structure • Introduce or procure renewable energy • Utilize carbon-neutral city gas³ (introduced in phases beginning in 2021) • Establish Scope 3 reduction targets and implement reduction initiatives • Utilize green electricity (introduced in 2024) ⇒ Through these initiatives, aim to reduce Scopes 1 and 2 greenhouse gas emissions by at least 38% from FY2013 levels⁴
2030-2040 Technological Innovation Phase	• (Ongoing) Implement thorough energy-saving measures and review production processes and business structure • Progressively increase the use of green hydrogen⁵ and synthetic methane ⇒ Further reduce carbon emissions while making effective use of existing infrastructure
2040-2050 Deployment Phase	• Maximize the use of green hydrogen and synthetic methane • Continue or introduce additional initiatives ⇒ Aim to achieve carbon neutrality while making effective use of existing infrastructure

³ Carbon-neutral city gas is city gas for which greenhouse gas emissions generated throughout the process from natural gas extraction to combustion are offset using credits from projects such as forest conservation, allowing the emissions to be regarded as zero. At present, the Company procures voluntary carbon credits for this purpose.

⁴ Ministry of the Environment, Plan for Global Warming Countermeasures (approved by the Cabinet on October 22, 2021), Greenhouse Gas Reduction Target for the Industrial Sector: <https://www.env.go.jp/content/000249336.pdf>

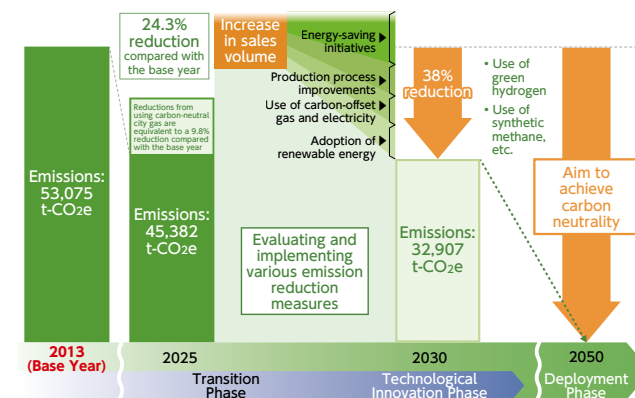
⁵ Hydrogen produced by electrolyzing water using electricity generated from renewable energy sources.

Reducing Greenhouse Gas (CO₂) Emissions

In its Sustainability Vision 2030, the Group has declared its commitment to reducing greenhouse gas emissions across the entire Group in order to contribute to the Japanese government's goal of achieving carbon neutrality by 2050. At the Head Office Plant, where fertilizer and chemical production consume significant amounts of energy, we completed the conversion from heavy fuel oil to natural gas in 2005. In addition, we have operated gas-fired cogeneration facilities since 2002, substantially reducing CO₂ emissions generated through our manufacturing activities. To further contribute to a sustainable society, we have established a target of reducing greenhouse gas emissions by 38% by 2030, using 2013, the year after these measures had been fully implemented, as the baseline year.

As shown in the chart below, the Taki Chemical Group's CO₂ emissions (Scopes 1 and 2) in 2025¹ totaled 45,382 t-CO₂e, representing a 14.5% reduction from the base year. Including the 5,238 t-CO₂e reduction achieved through the use of carbon-neutral city gas,² emissions were reduced by 24.3% (63.9% of the target achieved). We will continue to reduce CO₂ emissions by implementing energy-saving initiatives and improving production processes, primarily at our production sites, while further accelerating reductions through the use of carbon-offset gas and electricity and the adoption of renewable energy. Since 2023, we have expanded the scope of emissions accounting to include the entire Group, including consolidated subsidiaries, and we will continue working together across the Group to steadily reduce CO₂ emissions.

■ Taki Chemical Group CO₂ Emissions (Scopes 1 and 2)



¹ Scope of data collection: Taki Chemical Group (including remote sites and consolidated subsidiaries), excluding Rakuto Kasei, which became a consolidated subsidiary in 2025. Reporting period: January to December 2025

² Based on the value stated in the Certificate of Carbon Offset City Gas (V) Supply.

1. Contributing to a Sustainable Global Environment

Taki Chemical Group Supply Chain CO₂ Emissions

In response to growing societal expectations for greater disclosure, we calculated the Taki Chemical Group's FY2025 supply chain greenhouse gas emissions (Scopes 1, 2, and 3) in accordance with the GHG Protocol, the internationally recognized standard for greenhouse gas emissions accounting and reporting. For the Group, whose core businesses are the manufacture and sale of fertilizers and chemicals, Scope 3 emissions account for approximately 90% of total emissions. In particular, Category 1 emissions from the purchase of raw materials make up a significant share of CO₂ emissions, while Category 11 emissions from the use of sold fertilizer and petroleum products also represent a substantial proportion. Accordingly, we are promoting the use of lower-emission raw materials and encouraging our suppliers to reduce their emissions.

We also intend to establish appropriate Scope 3 reduction targets for 2030 and, in line with our Long-Term Vision 2050, work toward achieving carbon neutrality by 2050.

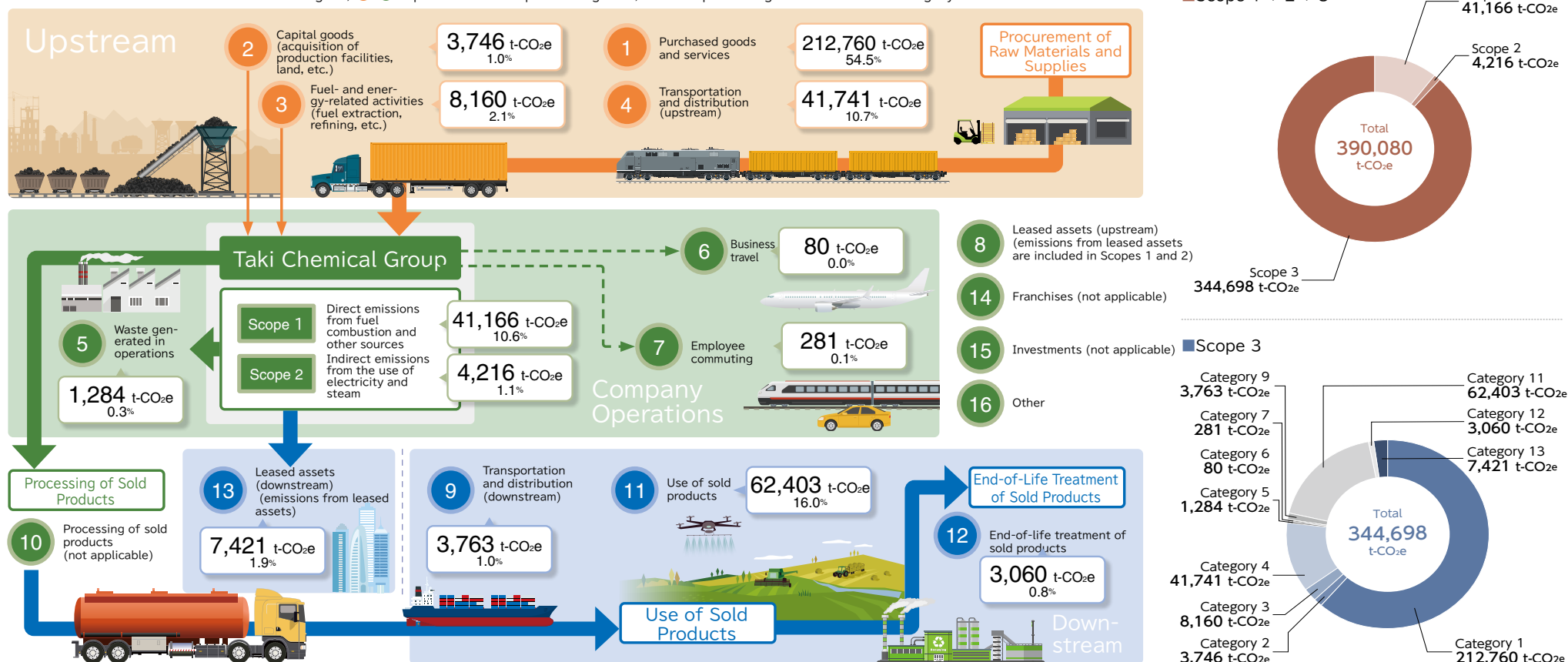
Since FY2022, the Group has participated in the international environmental disclosure initiative, CDP,* by responding to its questionnaires. In FY2025, we responded to the CDP 2025 Corporate Questionnaire, which integrates the Climate Change, Water Security, and Forests questionnaires.

In addition to the GHG Protocol, our calculations were based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.7) issued by the Ministry of the Environment and Ministry of Economy, Trade and Industry. Emission factors were derived from the Emission Factor Database for Accounting Greenhouse Gas Emissions of Organizations

Throughout the Supply Chain (Ver 3.5) and other relevant sources. In addition, beginning this fiscal year, we introduced third-party assurance to enhance the credibility of our emissions data.

* An international NGO working on environmental issues. It distributes environmental questionnaires to companies, compiles the results, and analyzes and evaluates them using a common framework.

In the figure, ①-⑮ represent the Scope 3 categories, and the percentages indicate each category's share of total emissions.



Scope of data collection: Taki Chemical Group (including remote sites and consolidated subsidiaries). Reporting period: January to December 2025.

For Category 1, items considered to have low significance within the overall supply chain have been excluded from the calculation.

1. Contributing to a Sustainable Global Environment

Material Issue 2

Promoting a Circular Economy

In recent years, there has been a shift away from conventional economic activities characterized by excessive production and consumption toward the circular economy,* a new business model that creates added value in a more sustainable way. This model seeks to support economic activities by minimizing resource inputs and consumption while delivering services through the effective use of existing assets.

To help realize a sustainable society, the Taki Chemical Group is actively promoting the effective use of resources, one of our key material issues.

* In addition to the traditional 3R initiatives, the circular economy is an economic model that creates added value through approaches such as servitization while reducing resource inputs and consumption and making effective use of existing assets. It aims to maximize the value of resources and products, minimize resource consumption, and prevent waste generation.

Environmental Flowchart

Across all business activities, from raw material procurement through product shipment, the Taki Chemical Group monitors resource consumption and environmental emissions. The data below represents FY2025 (January–December) results for the Head Office Plant (including part of Taki Kenzai).



*1 Net of the energy equivalent of electricity sold.

*2 NOx represents the combined total for the Head Office Plant and Taki Kenzai.

*3 COD, N and P are based on total water quality measurements.

*4 SS is calculated based on total annual wastewater volume and average concentration.

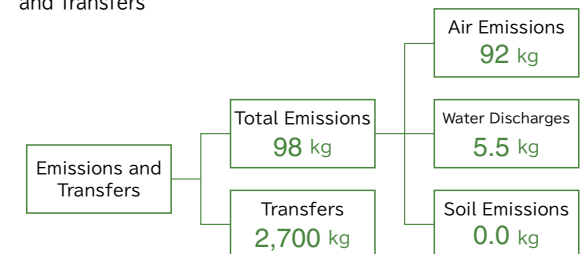
Reducing Chemical Substance Emissions

PRTR-Designated Substances

We properly manage all substances designated under the PRTR Act (Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof). In FY2024 (April–March),* seven designated substances were subject to reporting, and total emissions to the environment amounted to 98 kg.

* Due to data aggregation schedules, the reported data covers the previous fiscal year (April through March).

FY2024 (April–March) PRTR-Designated Substance Emissions and Transfers



* Emissions and transfers for designated substances are reported to two significant figures.

FY2024 (April–March) PRTR-Designated Substances (Annual Handling Volume of 1 ton or More)

100% Basis (Unit: kg)						
PRTR Designation No.	Chemical Substance	Quantity Used	Air Emissions	Water Discharges	Soil Emissions	Transfers
87	Chromium and trivalent chromium compounds	20,000	0	0	0	0.7
127	Chloroform	2,300	87	0	0	2,300
374	Hydrogen fluoride and its water-soluble salts	600,000	4.8	0	0	0
405	Boron compounds	16,000	0	0	0	0.8
407	Poly (oxyethylene) alkyl ether	1,000	0	0	0	0
412	Manganese and its compounds	10,000	0	5.5	0	52
665	Cerium and its compounds	1,700	0	0	0	300
	Total	651,000	92	5.5	0	2,700

* Figures in the table are reported to two significant figures.

NOx: Nitrogen oxides generated during fuel combustion.
COD: Abbreviation for "Chemical Oxygen Demand," an indicator of the degree of water pollution.
SS: Abbreviation for "Suspended Solids," representing the amount of suspended matter in water.

N, P: Nitrogen and phosphorus. While both are essential nutrients for plant growth, excessive concentrations in water can contribute to the occurrence of red tides.

1. Contributing to a Sustainable Global Environment

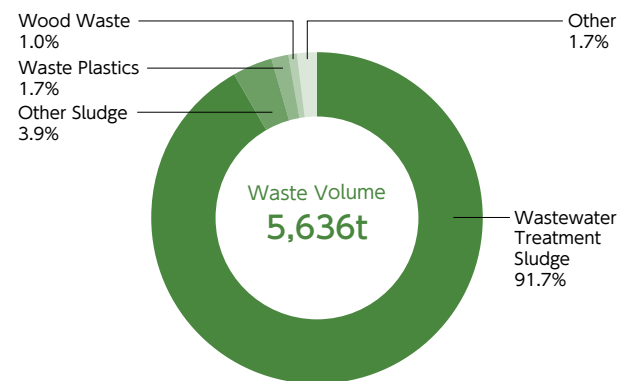
Reducing Waste

Industrial waste (including specially controlled industrial waste) generated at the Head Office Plant totaled 5,636 tons in 2025 (January–December), an increase of 639 tons from 4,997 tons in the previous fiscal year. This increase was primarily attributable to wastewater treatment sludge, which accounts for approximately 92% of our industrial waste and increased by nearly 800 tons compared with the previous year. Although sludge volumes increased, we prioritized sending it to recycling companies, resulting in a recycling rate of 90%, exceeding our 2025 target of 86%.

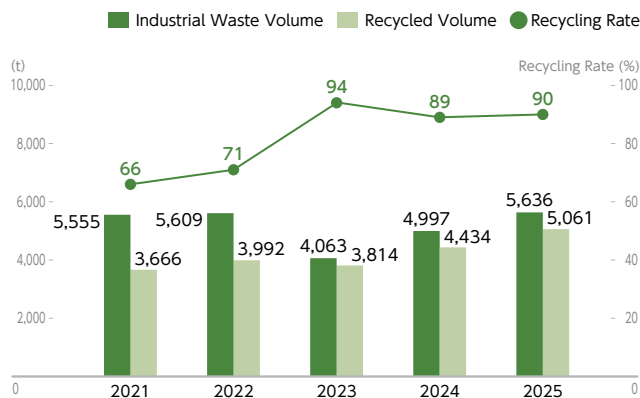
As a new industrial waste initiative in 2025, approximately 400 obsolete office devices, including computers and printers that had previously been disposed of as mixed metal and plastic waste, were collected as valuable recyclables. This contributed to the recovery and reuse of rare metals contained in computers and other equipment. In addition, beginning this fiscal year, we introduced third-party assurance to enhance the credibility of our reported data.

Looking ahead, we will continue working toward our 2030 goal of achieving a 100% recycling rate by reducing waste generation and progressively decreasing the volume of waste sent to landfill.

Breakdown of Major Waste Streams at the Head Office Plant in FY2025 (January–December)



Trend in Industrial Waste Generation



Reporting period: January–December

Initiatives to Reduce Plastic Industrial Waste

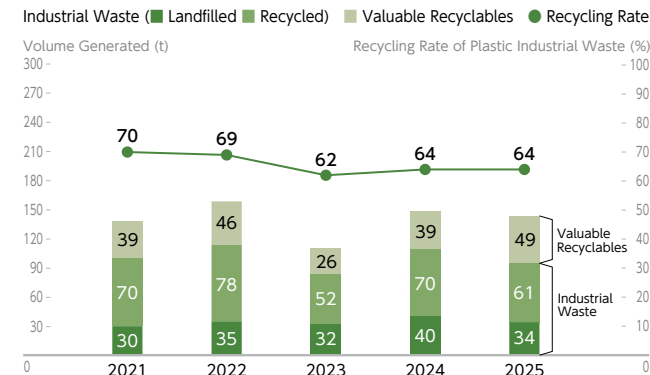
Plastic waste generated in 2025 (January–December) totaled 144 tons, a slight decrease from 149 tons in the previous year. Of this total, 95 tons (86% year on year) was classified as industrial waste and 49 tons (126% year on year) as valuable recyclables. Of the industrial waste, 61 tons (87% year on year) was recycled into raw material for RPF,^{*1} while 34 tons (85% year on year) was sent to landfill. As a result, the recycling rate for plastic industrial waste remained unchanged from the previous year at 64%.

We have promoted proper sorting and storage of plastic waste while advancing the recycling and reuse of plastic containers. As a result, valuable recyclables accounted for 34% of all plastic waste this fiscal year, up approximately 8 percentage points from 26% in the previous year. We will continue pursuing initiatives such as the reuse and material recycling^{*2} of waste plastics to further reduce industrial waste.

^{*1} RPF (Refuse Derived Paper and Plastics Densified Fuel): A high-quality solid fuel made primarily from waste paper and waste plastics from industrial waste streams that are difficult to recycle through material recycling.

^{*2} Material recycling: A low-environmental-impact recycling method in which waste materials are reused as raw materials for new products.

Trends in Plastic Waste Generation and Treatment Methods



Fiscal year: January–December

All figures are rounded to the nearest ton.



Loading waste plastic pallets

2. Contributing to the Environment and Society Through Products and Services

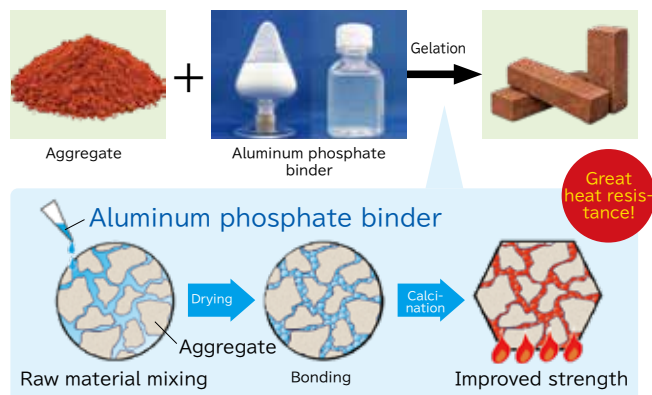
Material Issue 3 Research and Development of New Products and Technologies

Continuing to Develop High-Value-Added New Products and Technologies

Development of an Acidic Aluminum Binder That Gels at Room Temperature

The aluminum phosphate we manufacture and sell is primarily used as a binder for refractory materials that operate at temperatures exceeding 1,000 °C. Although aluminum phosphate offers excellent bonding performance and heat resistance, it is also hygroscopic and absorbs moisture from the air. As a result, drying at approximately 100 °C and pre-calcination at temperatures above 500 °C are required to achieve its full performance as a binder.

While developing new binder materials, our Functional Materials Group discovered that aluminum phosphate hardens (gels) when mixed under specific conditions with either basic aluminum lactate (product name: Takiceram) or basic aluminum chloride (product name: Takibine), which we manufacture and sell. We also found that this gelation reaction requires no heating and that the gelation speed and hardness can be adjusted by changing the type of materials, mixing ratio, and mixing temperature. As a new two-component binder unlike any previously available, this technology is expected to significantly reduce drying and pre-calcination processes while greatly improving workability in industrial applications. We plan to present this research at the Ceramic Society of Japan Annual Meeting 2026 and the 38th Annual Colloquium of the Technical Association of Refractories, Japan, and hope to promote it widely throughout the industry as a technology that helps reduce environmental impact.

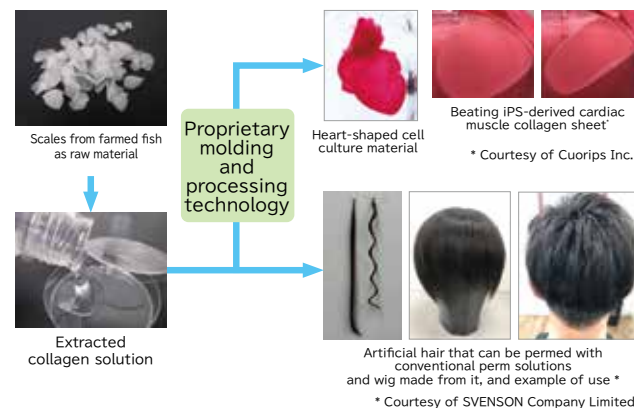


Development of Life Science Materials Using Fish Scales

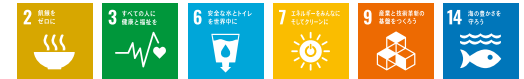
We manufacture collagen derived from fish scales generated during the processing of farmed fish. Our proprietary non-heat extraction and purification technology preserves the same triple-helix structure found in living tissue collagen. This structure enables excellent biological functionality, including the ability to closely replicate the in vivo environment. In addition, collagen derived from fish scales poses no risk of zoonotic viral infection and offers a high level of safety, making it widely used as a cosmetic ingredient and as a reagent for cell culture research.

At Expo 2025 Osaka, Kansai, we exhibited a miniature self-beating iPS heart and an iPS-derived cardiac muscle sheet, both jointly developed with Cuorips Inc. We contributed to this development by optimizing the physical properties and cell adhesion characteristics of the collagen and by providing our proprietary molding and processing technology. At the Osaka Healthcare Pavilion and PASONA NATUREVERSE, where the exhibits were displayed, many visitors experienced the promise and potential of future medical technologies. By combining our fiber molding technology with collagen modified using natural ingredients and other materials, we have also developed artificial hair with a texture comparable to human hair that can be permed using conventional perm solutions.

Going forward, we will continue advancing research and development centered on our proprietary collagen materials and processing technologies to create new value and meet diverse customer needs.



Related SDGs



Material Issue 4 Providing Environmentally Friendly Products and Services That Address Social Challenges

Environmentally Friendly Products and Initiatives

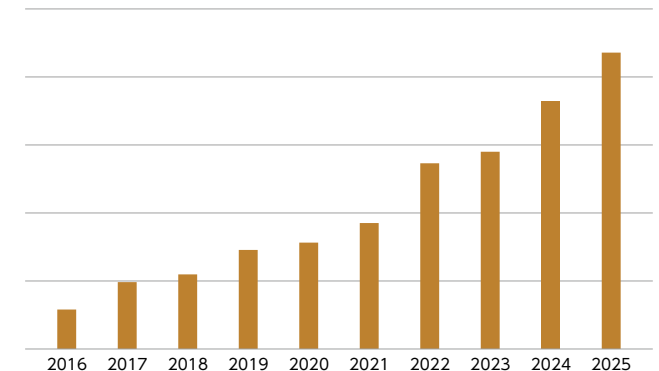
Water Treatment Chemicals

Developed in 2010 based on knowledge gained through many years of research aimed at reducing residual aluminum concentration in treated drinking water, our ultra-high-basidity polyaluminum chloride (PAC700A) has since been adopted by numerous water utilities.

Compared with conventional PAC products, PAC700A not only offers the advantages described above, but also performs effectively over a broader range of raw water qualities, reduces the amount of coagulants, pH adjusters, and the generation of PAC-derived sludge, and suppresses scale formation through its excellent product stability. These benefits have accelerated its adoption, improving treated water quality while also reducing the environmental impact of facility operations. In recent years, its use has expanded into the sewage treatment and private wastewater treatment markets, with sales volumes continuing to grow steadily. To ensure a stable supply as demand grows, we are systematically expanding our manufacturing capacity.

We will continue promoting PAC700A as the new standard for water treatment chemicals while advancing research and development that meets society's evolving needs, thereby contributing to society by reducing the environmental impact of essential water infrastructure.

Trend in PAC700A Sales Volume



2. Contributing to the Environment and Society through Products and Services

Safety and Reliability

Taki Chemical's Approach to Chemical Safety

Promoting Chemical Substance Management

Companies that handle chemical substances are expected to act responsibly and proactively to protect the environment, human health, and safety throughout every stage of a product's life cycle, from development and manufacturing to logistics, use, final consumption, and disposal. This requires not only compliance with applicable laws and regulations, but also effective communication of information throughout the supply chain.

We have established Chemical Substance Management Guidelines under which chemical substances used in our research and development, procurement, production, and sales activities are classified into three categories: "Prohibited Substances," "Risk Assessment Substances," and "Properly Managed Substances." These classifications take into account their impact on the environment, ecosystems, and human health, as well as domestic and international trends, customer requirements, and applicable regulations.

We also conduct surveys for chemical substances contained in products with our suppliers and obtain SDSs and chemSHERPA* information to identify chemical substances contained in raw materials, including substances specified in our Chemical Substance Management Guidelines. The results of these surveys are used to reduce the risk of hazardous substances entering our products and to communicate chemical substance information to our customers.

* chemSHERPA: A scheme for communicating information on chemical substances contained in products.

Chemical Substance Management Categories

Category	Definition
Prohibited Substances	Chemical substances that are prohibited from intentional use in the Company's business activities. Where impurity control limits have been established, they must be strictly observed.
Risk Assessment Substances	Substances that require a risk assessment (RA) from the perspectives of product content, environmental impact, and occupational safety before use. Where the RA identifies high risk, the risk must first be reduced and the substance then managed under strict controls. Substances whose risks cannot be adequately reduced are prohibited from use.
Properly Managed Substances	Substances whose usage must be monitored and whose recycling and proper use should be considered. This category includes all substances other than Prohibited Substances and Risk Assessment Substances.

Product Safety Initiatives

Our products contain a variety of chemical substances. To ensure that customers use our products properly and safely, we disclose and communicate hazard information through GHS-compliant labeling and Safety Data Sheets (SDS).

We also receive a wide range of inquiries and requests from customers regarding the chemical substances contained in our products, and we carefully review each one to provide accurate information. In FY2025, we responded to 194 requests for information on chemical substances.

* GHS (Globally Harmonized System of Classification and Labelling of Chemicals): An internationally harmonized system for the classification and labeling of chemicals.

Procurement

To provide customers with safe, reliable, and high-quality products and services while fulfilling our social responsibilities, we conduct fair procurement activities in accordance with the Taki Chemical Group Code of Conduct, the Taki Chemical Group Human Rights Policy, and the Taki Chemical Group Procurement Policy. In doing so, we value strong partnerships with our business partners as well as responsible conduct within our own operations.

We also believe that achieving a sustainable society requires shared awareness and coordinated action across the entire supply chain. Accordingly, we have established the Taki Chemical Group Sustainable Procurement Guidelines, which consist of the Taki Chemical Group Procurement Policy and Sustainable Procurement Promotion Items. These guidelines are intended to help our business partners understand the Taki Chemical Group's sustainability initiatives while encouraging sustainability efforts throughout their upstream supply chains, enabling us to advance sustainability together.

Through the guidelines, the Group will continue pursuing sustainable procurement by prioritizing a sustainable global environment, environmental and social responsibility, human capital management, and stakeholder engagement.

Procurement Policy:

■ <https://www.takichem.co.jp/csr/procure.html>
(in Japanese)



Responsible Mineral Sourcing Initiatives

Responsible mineral sourcing means making every effort, from a sustainability and CSR perspective, to avoid the use of minerals associated with armed conflict or human rights abuses.

The trade of so-called "conflict minerals," including tin, tantalum, tungsten, and gold, raises concerns about financing armed groups, forced labor, and other human rights abuses. These minerals are subject not only to the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, but also to the EU Conflict Minerals Regulation, both of which require thorough due diligence¹ in sourcing them.

As a refiner of high-purity tantalum oxide, we fully recognize the importance of responsible mineral sourcing. As a member of the global supply chain, we respect the OECD Due Diligence Guidance for Mineral Supply Chains² and have established our Tantalum Supply Chain Policy³ to guide our activities. Since 2012, we have undergone annual RMAP⁴ audits conducted by third-party organizations designated by RMI⁵ and have continuously maintained our certification as a Conformant Smelter.

*1 A series of activities to investigate and assess information relating to suppliers, business partners, and the origin of minerals, and to implement appropriate corrective actions when risks are identified.

*2 OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

*3 https://www.takichem.co.jp/eng/products/functional/pdf/tantalum_EN_2025.pdf

*4 RMAP (Responsible Minerals Assurance Process): An RMI program that verifies conformance with responsible mineral sourcing practices.

*5 RMI (Responsible Minerals Initiative): One of the most widely used and respected resources for companies across a broad range of industries addressing responsible mineral sourcing in supply chains. More than 500 companies worldwide participate in the initiative.



RMAP Recognition Certificate (RMAP Conformity Certification)

3. Promoting Human Capital Management

Related SDGs



Material Issue 5

Respect for Human Rights and Creating Comfortable Workplaces

In all of its business activities, the Group respects all human rights and diverse values. Guided by the belief that people's growth drives corporate growth, we will reform work styles and develop human resources to foster safe, secure, and rewarding workplaces and a vibrant corporate culture.

Respect for Human Rights

In accordance with the international labor standards of the International Labour Organization (ILO), the Group has established the Taki Chemical Group Human Rights Policy and respects the human rights of all people affected by its business activities.

Among the ILO international labor standards, we respect and properly implement the core labor standards of freedom of association and recognition of the right to collective bargaining, prohibition of forced labor, prohibition of child labor (Conventions Nos. 138 and 182), and elimination of discrimination.

We also participate in the meetings of chairpersons and vice chairpersons of the Kakogawa City Corporate Human Rights and Dowa Education Council as vice chair, and in vice block leader capacity for the Council's Befu Block, we participate in training sessions for block leaders and vice block leaders as well as block training sessions.

In addition, 10 employees participated in new employee training organized by the Council.

Internally, we conducted human rights training as part of induction training for new employees.

Work-Life Balance

The Company supports employees with childbirth, childcare, and nursing care.

In addition to legally mandated systems such as childcare leave and leave for child nursing care and related needs, we offer a reduced working hours system that employees can use until their children graduate from elementary school. Employees are granted up to two days of paid leave when their spouse gives birth. In our action plan under the Act on Advancement of Measures to Support Raising Next-Generation Children, which covers the period from October 1, 2022 to March 31, 2026, we set three goals: "Maintain a childcare leave usage rate of at least 15% among male employees," "Introduce systems that enable flexible work styles for childcare and nursing care," and "Ensure strict implementation of no-overtime days to reduce non-scheduled working hours." Through these goals, we are working to enhance employees' work-life balance.

In 2025, in addition to statutory requirements, we made leave for child nursing care and related needs available as paid leave until the end of the child's third year of elementary school, and expanded the reasons for taking the leave to include events such as class observation days and music performances. We also made nursing care leave available as paid leave. In addition, we introduced a paid leave system that allows employees to take leave in one-hour increments up to five days per year, and menstrual leave available as paid leave for up to six days per year.

Kurumin Certification Mark

In 2014, the Company received its first Kurumin certification from the Hyogo Labour Bureau of the Ministry of Health, Labour and Welfare in recognition of achieving the targets set in its action plan under the Act on Advancement of Measures to Support Raising Next-Generation Children.



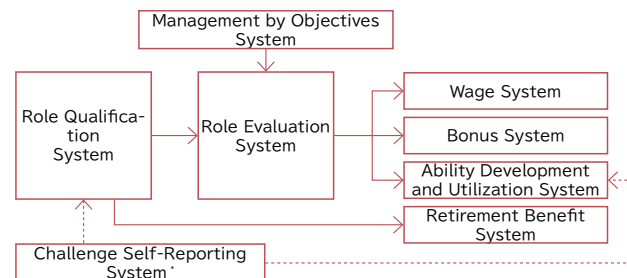
Creating Comfortable Workplaces

Fair Evaluation, Role-Based Human Resources System

The Company has introduced a role-based human resources system that emphasizes employees' roles in the workplace. This system evaluates and rewards employees for demonstrating "an entrepreneurial spirit that takes on unknown fields without fear of failure" and achieving results toward their goals, enabling them to approach their work with a sense of fulfillment.

To operate the role-based human resources system fairly and appropriately, we have managers and leaders responsible for evaluations participate in evaluator training so that they can conduct fair assessments. We enhance transparency by disclosing evaluation criteria and sharing evaluation results with the employees concerned, and promote communication through interviews between evaluators and employees being evaluated. In 2025, we reviewed the evaluation criteria and shifted from relative evaluation to absolute evaluation to make the system easier to understand.

Framework for the Role-Based Human Resources System



* The Challenge Self-Reporting System is designed to reflect employees' work-related preferences and opinions in role changes, transfers, ability development, and other initiatives.

Engagement Survey

We regularly conduct engagement surveys to measure the extent to which employees value their relationships with the Company and their colleagues, and feel motivated to actively contribute to the Company. Based on the results, we identify issues and take measures to create an environment where employees can work with greater fulfillment, while improving both mental and physical health and labor productivity. In 2025, we changed our once-a-year proprietary survey to a new survey format and began conducting it monthly. This will enable us to identify issues more quickly and improve the workplace environment.

Financial Wellness

We are promoting various initiatives to provide employees with financial security. In 2023, we introduced a restricted stock incentive plan for the employee shareholding association, designed to support employees' asset formation by giving them the opportunity to acquire restricted shares issued or disposed of by the Company through the association. In 2025, we also introduced a corporate defined contribution pension plan (corporate DC plan) to support employees' asset formation for retirement.

3. Promoting Human Capital Management

Material Issue 7

Improving Operational Efficiency and Productivity

Improving Operational Efficiency

Promoting Digital Transformation (DX)

The widespread adoption of online meetings and remote work during the COVID-19 pandemic, combined with work style reforms and the rapid spread of generative AI, has accelerated operational efficiency across industries and companies of all sizes. Across the Group, we are standardizing our core business systems and have completed the rollout of a highly versatile ERP system and groupware at nearly all consolidated subsidiaries. As a result, accounting operations can now be managed almost entirely by the Group Head Office, while standardized groupware has made information sharing between the parent company and subsidiaries easier, strengthening collaboration across the Group.

For standardized processes enabled by our common core systems, we are improving efficiency across both shared and department-specific operations through paperless workflows, the elimination of physical seals, faster approvals using electronic authentication, and the use of small-scale departmental databases. We are also automating routine and repetitive tasks through RPA^{*1} to reduce manual data entry and minimize human error. Thin-client terminals have been introduced to provide employees with secure access to our shared systems anytime and anywhere.

In response to advances in generative AI over the past year, we integrated generative AI capabilities into the groupware used by all employees, enabling rapid adoption across the Company. We currently use these tools for information gathering, document and meeting minute preparation, and summarization. Going forward, we will develop a generative AI environment using the Group's proprietary data while improving AI literacy among employees to enable more advanced applications. We also plan to restructure accumulated data so it can be effectively utilized for sales support, production efficiency, and quality control, while reviewing and improving our business processes themselves.

We view DX not simply as a tool for labor savings and efficiency, but as an integral part of our overall management strategy.



^{*1} RPA (Robotic Process Automation): A technology that automates tasks using software robots.

Improving Productivity

TK Group Activities

For more than 30 years, the Group has promoted TK Group Activities (small group activities), in which all employees voluntarily and continuously participate in improving workplaces and operations using a variety of improvement methods. Activity groups across the Company are divided into ten divisions, with each division holding an annual presentation event. In FY2025, 63 groups across the 10 divisions gave presentations. On average, each group spent 100.0 hours on meetings and activities, equivalent to 13.7 hours per participant.

The groups that place first in each divisional presentation event advance to the Company-wide presentation competition.



FY2025 TK Company-wide Convention Awards Ceremony

Continuous Improvement Activities

Our continuous improvement activities are designed to build a culture of improvement, strengthen employees' problem-solving and improvement skills, promote on-the-job training through improvement initiatives, and foster a stronger sense of unity between the Company and its employees through full participation, while also encouraging communication and active engagement in the workplace. Each year, employees who submit numerous improvement proposals and those recognized for outstanding improvements are honored at an awards ceremony.

In FY2025, a total of 5,043 improvement proposals were submitted.

Message from the Executive Officer in charge of Human Resources

Guided by our Mission, "Tradition and Innovation: A Company Chosen for the Next 100 Years and Beyond," the Group regards its people as its most important management resource. Achieving sustainable growth in today's rapidly changing business environment requires us to strengthen the capabilities of our people, even more than our facilities and technologies, and enable them to realize their full potential. We have positioned strategic investment in human capital at the core of both our growth strategy and ESG management, enhancing individual capabilities and organizational strength to drive the sustainable growth of corporate value.

Last year, we comprehensively revised our personnel system and introduced an absolute evaluation system that fairly recognizes not only results, but also initiative and creativity. We are building an evaluation framework that carefully recognizes each employee's efforts and growth, while ensuring fairness and transparency that employees can trust. In addition, the Personnel System Committee reviews evaluations from multiple perspectives to further strengthen their transparency and credibility.

We also introduced a restricted stock (RS) incentive plan for the employee shareholding association, enabling employees to share in the medium- to long-term growth of corporate value as a direct outcome of their own contributions. By promoting a partnership-based management approach in which employees and shareholders shape the Company's future together, we are fostering a culture in which employees act with an ownership mindset. Ongoing investment in human capital and deeper employee engagement are the driving forces behind our sustainable competitive advantage.

We conducted an employee engagement survey to identify our organizational strengths and challenges, and as one outcome of that initiative, launched Career Design Training for younger employees. We are creating an environment where employees can take ownership of their careers and pursue long-term professional growth.

As part of our work style reforms, we introduced an hourly paid leave system to support flexible working arrangements that accommodate diverse lifestyles, including childcare and caregiving responsibilities. We also recognize health and productivity management as a key management priority. In addition to strengthening regular health checkups and mental health initiatives, we support employees' medium- to long-term financial security by expanding our defined contribution pension plan and other asset-building programs, helping ensure both physical and mental well-being.

Promoting diversity and inclusion is another essential pillar supporting our growth. We are fostering a corporate culture where people with diverse perspectives and experiences respect one another and generate new ideas together. We have strengthened mid-career recruitment to secure experienced talent in growth areas, actively bringing in new expertise and external perspectives to energize the entire organization and drive innovation. As part of women's empowerment initiatives, we are also expanding leadership training and career development support for women, with a focus on developing the next generation of female leaders.

Going forward, we will continue building a strategic talent portfolio that integrates recruitment, development, evaluation, and compensation, enabling us to place the right people in the right growth areas.

By creating a virtuous cycle in which our people grow, and our Company grows with them, we will continue boldly taking on the challenge of creating sustainable corporate value through human capital.



Takahisa Masaki
Representative
Director
Senior Managing
Executive Officer

4. Enhancing Stakeholder Engagement and Advancing GRC

Related SDGs



Material Issue 8

Enhancing Stakeholder Engagement

Our founder, Kumejiro Taki, worked tirelessly to develop the region by improving roads, ports, rivers, railways, and communications infrastructure, contributing to the development of today's Harima Coastal Industrial Zone. He was also deeply committed to education and culture, investing his personal funds in the establishment, assistance, and support of numerous schools and helping develop future talent. This spirit of service has been carried forward as a foundation of the Group's management. Today, as a company rooted in the community, we actively participate in regional associations and councils, communicate with neighborhood associations, fisheries cooperatives, and other local organizations, and continue to act as a member of the community.

Community Engagement Activities

Taki Cultural Promotion Foundation Holds a Concert

The Taki Cultural Promotion Foundation invited the Osaka Symphony Orchestra to perform the Taki Cultural Promotion Foundation Presents Osaka Symphony Orchestra Special Concert in Kakogawa on Saturday, November 1, 2025.

A total of 1,036 people attended the concert.



Conducted by Kazufumi Yamashita, the concert featured a vibrant orchestral program in the first half and captivated the audience in the second half with the delicate expressiveness of pianist Hibiki Tamura, bringing the event to a successful close. (Taki Cultural Promotion Foundation: public-interest activity ratio of 77.5%)

Supporting Local Government Through the Naming Rights Program

Kakogawa City seeks Naming Partners that give sports facilities, cultural facilities, parks, and other public assets nicknames incorporating company names, product brands, and other names, with the aim of improving services for residents and revitalizing the local economy through collaboration with private companies and other partners.

Supporting this program, we applied to become the partner company for the Kakogawa Marine Culture Center, an ocean-themed cultural facility located at the port in Befu-cho, Kakogawa City.

Following the screening process, we were selected as the partner beginning April 1, 2026, and the facility is operated under the name Taki Chemical Marine Culture Center.

We hope the naming rights fees we pay will be used to help maintain the facility and improve its services.



Received the Landscape Community Development Award

On October 20, 2025, our Head Office building received the 5th Landscape Community Development Award from Kakogawa City, which recognizes our community development initiatives that aim to create attractive landscapes by harmonizing outstanding buildings, signage, and other features with the local landscape.



Chairman Taki Receives the Order of the Rising Sun, Gold and Silver Rays

Chairman Takamoto Taki received the Order of the Rising Sun, Gold and Silver Rays in the Spring 2025 Decorations. (The Order of the Rising Sun, Gold and Silver Rays is awarded in recognition of outstanding achievements as a corporate executive who has contributed to the economy, industry, and local community. In addition, because the Company celebrated its 140th anniversary in 2025, Chairman Taki has served as a Representative Director, President of a company with more than 100 years of history, and he is over 70 years old, he became eligible for a decoration from the Ministry of Economy, Trade and Industry.)

Chairman Taki became Representative Director, President in 1997 and has worked to expand the business while valuing the trust and expectations of business partners and the local community as a company rooted in the region.

We will continue to carry forward our founder's spirit, an "entrepreneurial spirit characterized by exceptional foresight, a belief in independence and self-reliance, and a willingness to take on new and uncharted fields without fear of failure," and will devote ourselves sincerely to this mission.



4. Enhancing Stakeholder Engagement and Advancing GRC

Timely and Appropriate Information Disclosure

We have established an Information Disclosure Policy and appropriately provide financial and non-financial information both inside and outside the Company in response to the expectations of society and our stakeholders (please refer to the URL below).

Information Disclosure Policy:

■ <https://www.takichem.co.jp/ir/disclosure/index.html> (in Japanese)



Communication with Stakeholders

Upper row: Relationship with stakeholders, Lower row: Communication methods

Employees	We respect employees' character and individuality, conduct fair evaluations, and strive to create a positive and comfortable workplace. Labor-management meetings, Safety and Health Committee, internal newsletters such as <i>Shikishima</i>, intranet, education and training, evaluation interviews, one-on-one meetings, internal reporting channels, harassment consultation channels, Challenge Self-Reporting System, and other initiatives
Customers	We provide safe, reliable, and high-quality products and services, including fertilizers, water treatment chemicals, functional materials, building materials, and petroleum, to individuals, companies, local governments, and other customers. Meetings, authorized dealer meetings, distributor meetings, Company website, exhibitions, technical newsletters such as <i>Taki News</i>, agricultural guidance, plant tours, customer audits, inquiry channels, and other initiatives
Business Partners	The Group procures raw materials from and sells products through many business partners, whom we regard as equal and important partners. Meetings, information exchange meetings, explanations on safety and environmental considerations, plant visits, audits, requests to follow the Sustainable Procurement Guidelines, responses to sustainability questionnaires, and other initiatives
Local Communities	As a member of the local community, we deepen communication and contribute to regional development. Regular councils with local governments and neighborhood associations (including environmental preservation councils and environmental preservation study groups); regular exchanges with neighborhood associations, cooperatives, and local PTAs; various local and association meetings; plant tours; and other initiatives
Shareholders and Investors	As of the end of December 2025, the Company had 5,856 shareholders, down 32 from the previous fiscal year. We are committed to timely and appropriate information disclosure. General Meeting of Shareholders, financial results reports, IR meetings for institutional investors, IR briefings for individual investors, investor information on the Company website, inquiry channels, and other initiatives

Dividend Policy

We regard returning profits to shareholders as an important management priority. Our basic policy is to provide stable and continuous dividends with an awareness of progressive dividends, while targeting a consolidated dividend payout ratio of at least 30%.

We will also allocate earnings to capital investment, research and development investment, rationalization investment, and other initiatives to support sustainable corporate development and enhance corporate value.

Sharing Technical Information via Social Media

Until recently, we primarily provided information through printed materials and on-site guidance, but in response to the growing shift toward digitalization, we are working to expand new channels for information sharing.

To help users make more effective use of our fertilizers, we launched the YouTube channel "多木肥料・肥料の寺子屋 (Taki Fertilizer, Fertilizer Terakoya)" in July 2022.

The channel shares information on a wide range of crops, centered on cultivation examples using our fertilizers. As of January 2026, the channel had approximately 2,850 subscribers and had surpassed 330,000 total views. Awareness in the field has steadily grown, and we are increasingly hearing comments such as, "I tried using the fertilizer after watching the videos."

多木肥料・肥料の寺子屋 (Taki Fertilizer, Fertilizer Terakoya) [YouTube]

■ <https://www.youtube.com/channel/UChWsdgZpnkdTgJLZ-rKwg> (in Japanese)



In 2025, we also opened a new account on the LINE communication app and began sharing agricultural topics and distributing the technical information magazine *Technical News*. We will continue enhancing the content we provide through these information tools, accelerating digital transformation (DX) and evolving toward new forms of technical support.

Taki Fertilizer, Fertilizer Terakoya [LINE]

■ <https://lin.ee/fnG6UJL>



Investment in Sustainability Bonds Issued by Japan Water Agency

In December 2025, we invested in sustainability bonds issued by the Japan Water Agency.

The funds raised through these bonds will be allocated to projects such as the construction of dams and water channels, which are essential for avoiding and mitigating the damage caused by issues such as more frequent droughts and increasingly severe torrential rain disasters associated with climate change. These projects will also contribute to achieving the United Nations Sustainable Development Goals (SDGs).

We will continue to fulfill our social responsibility through ongoing ESG investments, including sustainability bonds.

Investment in Sustainability Bonds:

■ <https://www.takichem.co.jp/news/news20251219.pdf> (in Japanese)



4. Enhancing Stakeholder Engagement and Advancing GRC

Material Issue 9

Strengthening Governance (G)

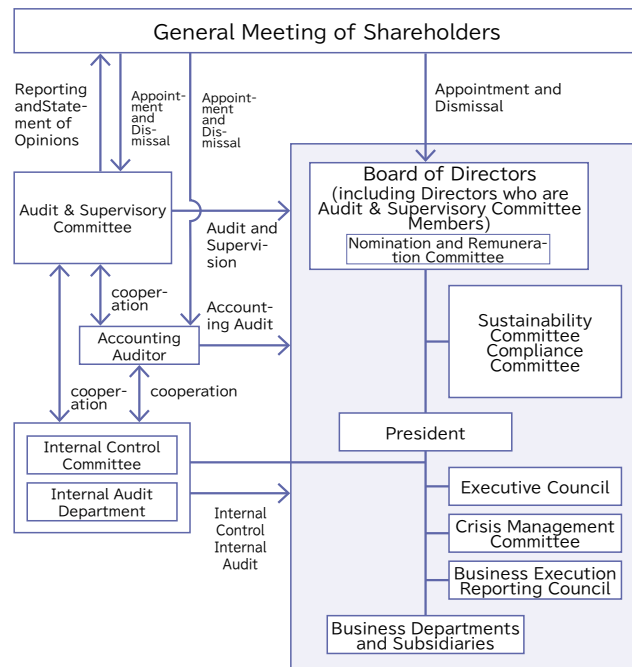
Corporate Governance

Basic Approach

We recognize that the foundation of corporate governance is meeting the trust placed in us by shareholders and other stakeholders. We strive to achieve sustainable corporate development and enhance corporate value, while emphasizing management transparency and fair business execution, and working to strengthen audit and supervisory systems and develop and operate compliance and internal control systems.

In line with the intent of each principle of the Corporate Governance Code, we also work to secure the rights and equal treatment of shareholders, cooperate appropriately with stakeholders other than shareholders, ensure appropriate information disclosure and transparency, properly fulfill the roles and responsibilities of the Board of Directors and other bodies, and engage in constructive dialogue with shareholders to the reasonable extent the Company deems appropriate.

Corporate Governance Framework



Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for formulating and overseeing policies on the nomination and remuneration of senior management in order to strengthen the Company's governance structure and support sustainable growth. To ensure independence and transparency, the Committee consists of seven members: four independent outside Directors, two Representative Directors, and one Director, Managing Executive Officer. The chair is selected by mutual vote and is an independent outside Director.

The Committee meets approximately six times a year and ensures sound selection, evaluation, and remuneration decisions for senior management through the following activities.

1. Recommendations on the Appointment and Dismissal of Senior Management

To secure the leadership needed to support the Company's long-term growth, the Committee properly evaluates Directors and Executive Officers and selects suitable candidates. In particular, based on the succession plan, the Committee selects diverse candidates and promotes a human resources strategy focused on appointing next-generation leaders. From the perspective of promoting women's empowerment, we have set a target of raising the ratio of women in Executive Officer positions to at least 30% by 2030, and are actively working to appoint women in these positions to develop women's leadership.

2. Determining Remuneration Policies and Remuneration Levels

The Committee establishes remuneration systems that encourage business performance and the sustainable growth of corporate value. By adopting remuneration principles based on job size, it sets appropriate remuneration levels according to each member of management's role. It also enhances the transparency of performance-linked remuneration and other compensation, while appropriately monitoring and discussing remuneration limits.

3. Ensuring Transparency and Fairness

The Committee ensures transparency in the remuneration decision-making process and fulfills appropriate accountability to shareholders and stakeholders. In officer appointments in particular, we consider diversity and the required skill sets, making fair appointment and remuneration decisions from a broad perspective that includes gender balance.

Governance Structure

The Company's Board of Directors consists of 10 Directors, including four outside Directors who are Audit & Supervisory Committee Members. We have also adopted an Executive Officer system to more clearly separate management decision-making and supervisory functions from business execution functions, improving management effectiveness and establishing a management structure capable of responding quickly to changes in the business environment.

In FY2025, the Board of Directors met 14 times to decide matters stipulated by laws and regulations and the Articles of Incorporation, decide important management matters, and receive reports on and supervise the execution of business. We also held 24 Group Business Execution Reporting Councils, sharing information such as the Medium-Term Management Plan and target management indicators across the Group.

The Audit & Supervisory Committee consists of five Directors who are Audit & Supervisory Committee Members, four of whom are independent outside Directors. From an independent standpoint, the Audit & Supervisory Committee uses the Company's internal control system while working closely with the Internal Control Committee, Internal Audit Department, and accounting auditor, conducting audits based on the annual audit plan in accordance with the audit policies and division of duties established by the Committee. In FY2025, the Committee met 13 times. In principle, the Committee meets once a month to share information and exchange views on the status and results of audits. Audit & Supervisory Committee Members who are independent outside Directors attend the Board of Directors meetings, held once a month in principle, as well as Group Business Execution Reporting Councils, Sustainability Committee meetings, Compliance Committee meetings, and Nomination and Remuneration Committee meetings, where they provide necessary opinions to help protect the interests of general shareholders. They also share information and exchange views with the accounting auditor and internal control departments, working to strengthen organic collaboration. They receive regular reports from full-time Audit & Supervisory Committee Members on the status and results of audits and other matters, share information, and apply their advanced expertise and extensive experience to the Company's audits and supervision, helping ensure the legality and appropriateness of management.

For internal audits, we have established an Internal Audit Department with four members, independent of executive departments, to verify and evaluate whether the Group's organizational management and business activities are conducted properly and efficiently in accordance with laws, regulations, and internal rules. To ensure the effectiveness of internal audits, the Internal Audit Department reports the internal audit plan at the beginning of the fiscal year and the audit results at the end of the fiscal year to all Directors, including the Representative Directors and Audit & Supervisory Committee Members.

These reporting sessions include question-and-answer discussions, and the feedback is reflected in subsequent internal audits. Full-time Audit & Supervisory Committee Members attend internal audits, confirm the audit status, and provide opinions as needed.

Sustainability Committee

The Sustainability Committee consists of Directors and Executive Officers, and is chaired by the President. (See p. 10, "Governance and Promotion Framework," and p. 51, "Sustainability Committee.")

Compliance Committee

The Compliance Committee consists of Directors and Executive Officers, and is chaired by the President. (See p. 47, "Compliance.")

Crisis Management Committee

The Crisis Management Committee reports directly to the President and consists of a chair, vice chair, and several members commissioned or appointed by the President. The chair is a Director, Managing Executive Officer. (See p. 43, "Risk management.")

4. Enhancing Stakeholder Engagement and Advancing GRC

Directors



Katsuhiko Taki
Representative Director
President



Takahisa Masaki
Representative Director
Senior Managing Executive Officer



Kazunari Izumi
Director
Managing Executive Officer



Hiroyuki Izutsu
Director
Executive Officer



Goro Suzuki
Director
Executive Officer



Masahiko Shimoyama
Director
Full-time Audit &
Supervisory Committee Member



Shozo Shigeta
Independent Outside
Director
Audit & Supervisory
Committee Member



Noriko Kitajima
Independent Outside
Director
Audit & Supervisory
Committee Member



Kumiko Mizuno
Independent Outside
Director
Audit & Supervisory
Committee Member



Noboru Kagami
Independent Outside
Director
Audit & Supervisory
Committee Member

■ Expertise and Experience of Directors (Skill Matrix)

	Name	Position	Corporate Management	Finance/Accounting/Finance & economies	Legal affairs/Risk management	Personnel & labor affairs/Human resources Development	Sales/Marketing	Manufacturing/Quality	Research/Development	IT/Digital Information Security	Sustainability/ESG
Directors	Katsuhiko Taki	Representative Director, President	●	●				●		●	
	Takahisa Masaki	Representative Director, Senior Managing Executive Officer	●		●	●	●				
	Kazunari Izumi	Director, Managing Executive Officer						●	●	●	●
	Hiroyuki Izutsu	Director, Executive Officer		●					●	●	●
	Goro Suzuki	Director, Executive Officer						●	●		●
	Masahiko Shimoyama	Director, Full-time Audit & Supervisory Committee Member		●	●						
	Shozo Shigeta	Independent Outside Director (Audit & Supervisory Committee Member)	●	●			●				●
	Noriko Kitajima	Independent Outside Director (Audit & Supervisory Committee Member)			●	●					●
	Kumiko Mizuno	Independent Outside Director (Audit & Supervisory Committee Member)		●	●		●			●	
	Noboru Kagami	Independent Outside Director (Audit & Supervisory Committee Member)	●					●	●		●

*1 A ● mark indicates up to four principal areas of expertise and experience held by each individual.

*2 For Corporate management above, a ● mark indicates internal Directors with experience as a Representative Director, including at major subsidiaries, and outside Directors with experience as an internal director at another company.

4. Enhancing Stakeholder Engagement and Advancing GRC

Evaluation of Board Effectiveness

The Company evaluates the effectiveness of the Board of Directors and its own business execution through self-assessment. In the FY2025 evaluation, we distributed a Board effectiveness questionnaire, obtained responses on a named basis, and analyzed and evaluated Board effectiveness based on the aggregated results.

As a result, we assessed that the Board's composition is appropriate, including the number of directors and outside directors and the overall balance of knowledge, experience, and abilities across the Board. We also assessed that, in terms of operation, the matters submitted to the Board are appropriate in scope and sufficient to support effective supervision, enabling transparent, fair, prompt, and decisive decision-making.

We also assessed that progress has been made on the previous year's issues, namely providing training opportunities for Directors and using external experts as needed. However, we concluded that continued improvement is needed in properly discussing opinions and requests from shareholders, investors, and external stakeholders.

To further enrich deliberations and enhance Board effectiveness, the issues identified for continued action are "deepening multifaceted discussions on the appropriateness of management strategies (growth strategies) and resource allocation from a medium- to long-term perspective" and "strengthening mutual collaboration among outside Directors."

We will continue to review and implement improvement measures to address the management issues identified through the Board effectiveness survey, with the aim of further enhancing the effectiveness of the Board of Directors.

Board Effectiveness Evaluation Results for FY2025:

■ <https://www.takichem.co.jp/news/news20260128.pdf>
(In Japanese)



Message from Outside Directors



From left: Mr. Kagami, Ms. Mizuno, Ms. Kitajima, and Mr. Shigeta

Through our involvement with Taki Chemical as outside Directors, we are reminded every day that the values the Company has upheld since its founding, together with the technological expertise and sincere approach to business that support them, quietly underpin the foundations of society. As the first company in Japan to develop artificial fertilizer, Taki Chemical has made a significant contribution to the advancement of agriculture. Today, through a diverse portfolio that includes fertilizers and water treatment chemicals, the Company contributes to safe water supplies, environmental conservation, and stable industrial activity, and its role in society has only grown more important over time. Because we are a B-to-B company, the value we provide is not always visible to the public. Even so, our businesses are indispensable in supporting a prosperous society at its foundation.

Our Group Philosophy, "Protecting the natural environment and contributing to the realization of a more affluent society by constantly creating real value," has become even more significant in an era when sustainability is central to Corporate management. As companies face major changes driven by geopolitical risks, climate change, population decline, and accelerating digital transformation (DX), one of the most

important factors shaping our medium- to long-term corporate value is how effectively we continue to put this philosophy into practice through our businesses.

As outside Directors, we are committed to enhancing the soundness and transparency of management from an independent perspective while helping communicate the Company's intrinsic value more broadly to society. Precisely because the Company has steadily created value through a sincere and disciplined approach, there is still room to better communicate its purpose and achievements to society. Clearly communicating the importance of the role we play in society and raising public awareness of the Company are essential for its sustainable growth, attracting talented people, and fostering constructive dialogue with shareholders.

Going forward, we will continue to engage in candid and constructive discussions with management, supporting stronger governance, more robust risk management, and deeper sustainability management, while contributing to the enhancement of corporate value over the medium to long term. We will continue contributing to ensuring that the strengths of this Company, built on real value, are carried forward to the next generation.

4. Enhancing Stakeholder Engagement and Advancing GRC

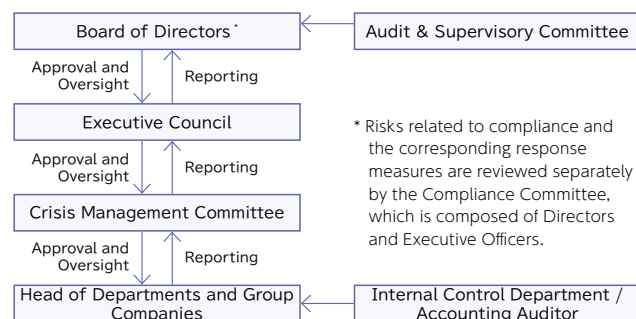
Material Issue 10

Strengthening Risk Management (R)

Risk Management

The Group's risk management structure and framework are based on our Crisis Management Policy. Under this framework, the Crisis Management Committee identifies and evaluates management risks across the Group, develops preventive measures for significant risks and response plans for emergencies, working with Group companies to strengthen both risk management and response capabilities. The Executive Council and the Board of Directors also conduct comprehensive, multifaceted reviews of business and investment risks, while evaluating and overseeing risks that require priority management.

Risk Management Structure



Crisis Management Policy:

■ <https://www.takichem.co.jp/csr/risk.html> (in Japanese)



Information Security

The Group recognizes information security as one of its key management priorities and has established its Basic Information Security Policy to address human-related threats such as tampering, intentional or accidental destruction, and leakage of information assets. We have also established an information security framework to maintain and continuously strengthen information security. To centralize security management and reduce the risk of system downtime in the event of a disaster, our internal IT systems utilize a virtual desktop infrastructure (VDI)-based thin-client system. As a general rule, no data or applications are stored on user terminals, with all information centrally managed on external servers. We

also ensure secure remote working through our virtual desktop environment.

In addition, we conduct regular phishing simulation exercises and other awareness programs to help officers and employees respond to the growing range of information security risks. We also regularly review our internal security regulations and ensure that they are thoroughly communicated and understood throughout the organization.

We appropriately manage and handle the Individual Numbers (My Number) we collect in accordance with applicable laws and regulations, and provide annual training on personnel security management to those responsible for handling specified personal information and related administrative operations.

Business Continuity Plan

If the Group's operations were to be interrupted, it could have a significant impact on our business partners and other stakeholders. To address the various threats that could disrupt our operations, we established a business continuity plan (BCP) for our Head Office, Head Office Plant, and Research Laboratory in April 2019, placing the highest priority on protecting human life and fulfilling our social responsibilities. The following year, the plan was expanded to cover remote sites and subsidiaries, creating a Group-wide business continuity framework.

In 2024, we substantially revised the BCP manual to improve its effectiveness. The revised manual consists of two sections: "Initial Response Stage," which focuses on ensuring safety and preventing further damage immediately after an incident, and the "Recovery Stage," which focuses on restoring business operations after assessing the extent of the damage. The Initial Response Stage incorporates site-specific conditions and includes clear, easy-to-follow flowcharts showing who should take what actions to enable a prompt and effective response. It also incorporates lessons learned from routine information gathering and disaster preparedness drills. The Recovery Stage provides more comprehensive guidance by analyzing business impacts according to the level of damage



Business recovery training exercise

chemicals business, which supports essential public infrastructure, we have identified tasks required during a disaster and prepared contingency measures, including reciprocal product supply arrangements with industry peers should production be suspended for an extended period.

In 2025, we verified the effectiveness of the revised manual for both the Initial Response Stage and the Recovery Stage.

For the Initial Response Stage, we conducted the verification during our annual comprehensive disaster drill held each October at the Head Office Plant, based on the assumption of a major earthquake. The drill began with an emergency earthquake warning (training broadcast) and followed the procedures outlined in the manual, including establishing the emergency response headquarters, confirming and reporting employee safety and site damage using checklists, making legally required notifications under the Act on the Prevention of Disaster in Petroleum Industrial Complexes and Other Petroleum Facilities, and activating the in-house disaster response team.

The disaster scenarios assumed a leak caused by damage to a hazardous chemical transport pipeline and a fire with injuries at a wooden office building. The in-house disaster response team successfully carried out appropriate initial response measures, including constructing a sandbag barrier to prevent spills, using fire engines to suppress the spread of hazardous gases with water spray, extinguishing fires with hydrants, and rescuing and providing first aid to injured personnel. By intentionally avoiding an overly detailed scenario, unexpected issues arose during the exercise, providing valuable training in responding flexibly and appropriately to unforeseen situations. At the emergency response headquarters, we also conducted a power supply exercise using an electric vehicle to simulate a power outage.



Power supply exercise using an electric vehicle

We also used drone and web camera footage to monitor the exercise in real time. Recording the exercise made it easier to identify issues and areas for improvement, enabling us to refine the manual and enhance future training.

For the Recovery Stage, we used the resumption of water treatment chemicals as the exercise scenario. Representatives from Manufacturing, Engineering, Quality Assurance, Sales, Procurement, Logistics, and other relevant departments met to discuss each step of the recovery process, from assessing the damage, setting target recovery levels, and identifying the required management resources to develop a recovery plan, while confirming

4. Enhancing Stakeholder Engagement and Advancing GRC

the responsibilities of their respective departments. While initial response drills had been conducted repeatedly through disaster preparedness exercises, business recovery training had been limited, and the exercise revealed a number of issues that needed to be addressed. In particular, because real disasters inevitably involve unexpected situations, the exercise highlighted the importance of information sharing by revealing issues that are not normally considered, such as what information other departments require and how they need it to be communicated.

We will continue improving the effectiveness of our BCP to minimize the impact of potential disruptions on our business operations.

Business Continuity Policy:

■ <https://www.takichem.co.jp/csr/bcp.html>
(in Japanese)



Integrated Management System

We have integrated ISO 9001 (quality), ISO 14001 (environment), and ISO 45001 (occupational health and safety) into a single integrated management system, which we operate efficiently. By managing common requirements in an integrated manner, we have streamlined the system and conduct management reviews, internal audits, and external audits under this integrated format. Going forward, our challenge is to increase the level of integration and build a resilient management system capable of addressing a wide range of issues within a unified framework.

Quality

Quality Policy

1

Provide quality that meets customer expectations and fulfill our social responsibilities.

2

Deploy measures based on targets for improving product competitiveness and review their implementation status.

3

Ensure conformity with requirements through the participation of all employees.

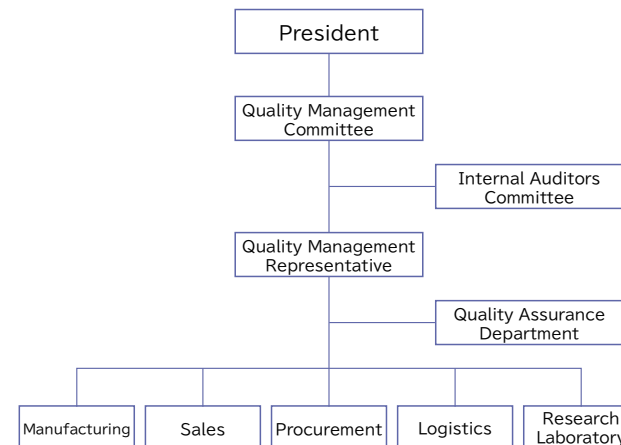
4

Continuously improve the quality management system.

Framework Supporting Quality Assurance

Under our Quality Policy, we conduct activities based on ISO 9001 and work continuously to improve quality. We have established the Quality Management Committee, which reports directly to the President, as the body that drives quality assurance activities. Under the Committee chair, the officer responsible for quality assurance, the Quality Assurance Department plays a central role in carrying out these activities. The Committee reviews activities and deliberates on important matters, and has built and operates a structure that enables prompt responses to quality issues. We will continue to further enhance our quality assurance activities to meet increasingly diverse customer requirements.

■ Quality Assurance Structure



Quality Assurance for Chemicals

Quality assurance for our chemicals is based on ISO 9001, and we have obtained third-party certification for our mainstay water treatment chemicals and certain industrial chemicals used as ceramic raw materials.

We continuously and proactively work to improve customer satisfaction by addressing matters identified from a third-party perspective and the results of customer audits, or second-party audits. We have also obtained Japan Water Works Association (JWWA) certification for our water treatment chemicals, polyaluminum chloride and aluminum sulfate.

For ISO 9001, which forms the foundation of these activities, we systematically train auditors and provide skill development courses, working to maintain and improve our internal checking system through internal audits.

Quality Assurance for Fertilizer Products

Quality assurance for our fertilizer products is grounded in compliance with the Act on the Quality Control of Fertilizer, and we appropriately manage raw material purchasing, manufacturing, inspection, packaging, labeling, inventory, and shipment. We also seek guidance from the Food and Agricultural Materials Inspection Center (FAMIC) as needed and take appropriate action. Product inspections are conducted around the clock in coordination with manufacturing operations to monitor quality.

We are a member of the Osaka Fertilizer Quality Preservation Council, where we work to improve the knowledge and technologies needed to maintain fertilizer quality. We also participate in the subcommittee "Teawase Bunseki no Kai" (to be renamed the "Fertilizer Proficiency Testing Program" from FY2026), working to maintain and improve the fertilizer analysis technologies that form the foundation of quality assurance.

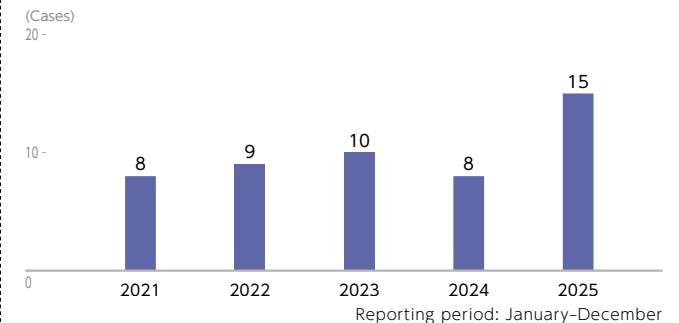
Responding to Customer Complaints and Requests

When we receive a complaint or request from a customer, we promptly share the information internally and then proceed through six steps: initial response, root cause investigation, implementation of recurrence prevention measures, assessment of the validity of those measures, explanation to the customer, and follow-up checks.

Based on prompt initial response and reliable recurrence prevention, the Quality Assurance Department checks each step to ensure an appropriate response to the customer.

Customer complaints in FY2025 concerned product properties such as foreign matter contamination and sedimentation, as well as issues related to packaging, shipment, transport, and delivery. None were serious, but unfortunately, the number of cases increased from the previous fiscal year. We will continue working to reduce the number of cases by continuously improving our quality management system and thoroughly assessing the validity of corrective actions.

■ Number of Customer Complaints (Scope: Taki Chemical)



4. Enhancing Stakeholder Engagement and Advancing GRC

Environment

At the Group's manufacturing plants, we strictly manage wastewater, exhaust gases, waste, and other items because a wide range of environmental laws and regulations apply to areas such as water quality and air emissions.

In particular, at the Head Office Plant, our largest site, we have concluded an Environmental Conservation Agreement with the local government and implement voluntary environmental conservation measures that go beyond legal requirements. The results of these initiatives are reported each year to the local government and representatives of local residents at the Environmental Conservation Council.

ISO 14001 Certification

In September 2003, the Head Office Plant obtained ISO 14001 certification, the international standard for environmental management systems, and has continued working to reduce environmental impact and improve environmental performance.



Certification Body: Japan Quality Assurance Organization
Initial Registration Date: September 11, 2003
Registration No.: JQA-EM7754

Environmental Policy

We established our Environmental Policy when we obtained ISO 14001 certification, initially limiting its scope to the departments covered by ISO initiatives. In January 2024, however, we revised the policy and expanded its scope to the entire Group.

Basic Philosophy

The Taki Chemical Group works toward the realization of a sustainable society by protecting nature and the environment through its Group-wide business activities, promoting business activities that value harmony with society, and contributing to the conservation of the global environment.

Basic Policy

1. In every aspect of our business activities, we place importance on understanding environmental impacts and reducing environmental burden, working to prevent pollution, and promoting initiatives to improve the environment.
2. We continuously promote energy conservation, use renewable energy, and implement other measures to address global warming, contributing to climate change mitigation.
3. We comply with environmental laws, regulations, agreements, and other requirements to which we have agreed.
4. We establish, implement, evaluate, and periodically review environmental objectives and targets.
5. We continuously promote resource conservation and the reduction, utilization, and recycling of waste, contributing to the formation of a circular society.
6. Through activities such as water environment conservation and biodiversity conservation, we work to protect the local environment and maintain harmony with local communities.
7. We contribute to a sustainable society by providing environmentally friendly products and services.
8. We provide all employees with environmental education and awareness-raising activities.
9. We communicate the Environmental Policy to all employees and disclose it externally through our website and other channels.

Environmental Policy:

■ <https://www.takichem.co.jp/csr/environment.html>
(in Japanese)



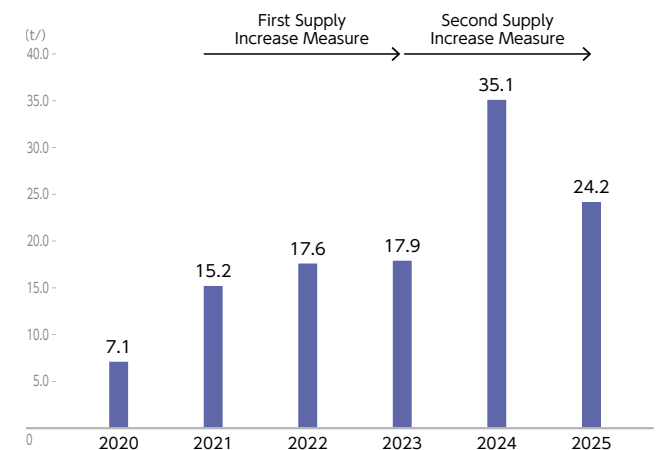
Environmental Conservation Activities (Implementation of Measures to Increase Nutrient Salts)

In the past, nutrient salt concentrations in the Seto Inland Sea rose sharply, causing severe environmental degradation marked by frequent red tides, and the sea was even described as “dying.” Today, however, water quality has improved significantly, and nutrient salt shortages have instead become a serious issue, leading to declining catches of sand lance and discoloration of nori seaweed. In response, the Act on Special Measures concerning Conservation of the Environment of the Seto Inland Sea was amended in 2021, shifting the policy on nutrient salt concentration from “regulation” to “optimization” and promoting the supply of nutrient salts.

Even before the legal amendment, the Head Office Plant obtained permission to discharge a portion of treated water containing nitrogen together with other plant wastewater, and began doing so in March 2021 (First Supply Increase Measure).

In March 2023, we received approval to further increase nitrogen supply based on Hyogo Prefecture Nutrient Salt Management Plan (Second Supply Increase Measure). Modification work for the Second Supply Increase Measure was completed in July 2023, and we gradually increased nitrogen supply, enabling us to discharge a record-high 35.1 tons of nitrogen in the previous year. However, in 2025, nitrogen discharge fell to 24.2 tons, a decrease of around 10 tons from the previous year. We believe this was because the “supply-demand balance” between the amount of nitrogen-containing wastewater generated and the amount recovered and reused on-site shifted toward internal demand, reducing the amount of nitrogen discharged externally. We will continue supplying nitrogen to the extent possible and work to conserve the environment of the Seto Inland Sea.

■ Nitrogen Discharge into Water Bodies



4. Enhancing Stakeholder Engagement and Advancing GRC

Occupational Health and Safety

Occupational Health and Safety Policy

We have established the following Occupational Health and Safety Policy and conduct occupational health and safety activities accordingly.

Basic Philosophy

In accordance with the Taki Chemical Group Code of Conduct, Taki Chemical recognizes ensuring the health and safety of all employees as a corporate social responsibility, and promotes the prevention of accidents, the physical and mental health of employees, and the creation of comfortable workplace environments.

Basic Policy

1. Labor and management will work together to prevent occupational accidents, and occupational health and safety activities will be carried out with the cooperation of all employees.
2. We will conduct advance assessments of hazards and harmful factors in all business activities and work to reduce risks.
3. We will comply with occupational health and safety laws, regulations, agreements, and internal rules, conduct business activities in accordance with the occupational health and safety management system, link them to continuous improvement, and enhance occupational health and safety performance.
4. We will establish, implement, and periodically review occupational health and safety objectives aimed at preventing accidents, ensuring physical and mental health, and creating comfortable workplace environments.
5. We will continuously provide all employees with the education necessary and sufficient to ensure occupational health and safety, and work to raise awareness of occupational health and safety.
6. We will communicate the Occupational Health and Safety Policy to all employees in writing and disclose it externally together with accurate and transparent information to enhance trust from society.

Occupational Health and Safety Policy:

■ <https://www.takichem.co.jp/csr/oshp.html> (in Japanese)



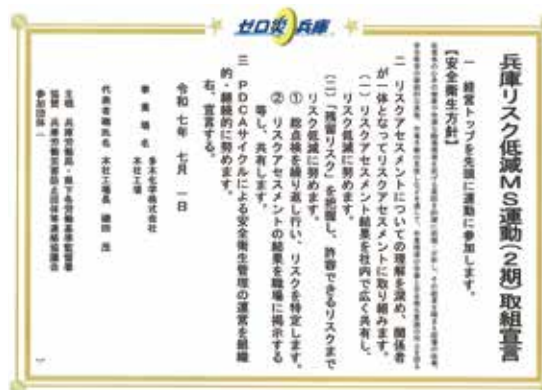
Occupational Health and Safety Plan Targets and Results

In 2023, we launched our 13th Medium-Term Health and Safety Plan and have continued working toward the targets of zero lost-time injuries, non-lost-time injuries at or below the previous year's level, absences due to illness at or below the previous year's level, and traffic accidents at or below the previous year's level.

As specific initiatives, our measures to prevent occupational accidents centered on ISO 45001 for occupational health and safety management systems included conducting risk assessments for both routine and non-routine work, holding our ongoing "Fall Prevention Focus Month" twice a year to eliminate fall-related accidents, and surveying awareness of the work environment to ensure the safety of an increasing number of older workers. Through these efforts, we identified workplace hazards, assessed current conditions such as fall-risk locations and work tasks that pose risks to older workers, and implemented measures for each.

We also promote the submission of near-miss reports so that potential occupational accident hazards are recognized across the Company. We set target numbers, manage progress, and share the information with all employees through monthly Safety and Health Committee meetings and regular posts on the Company-wide bulletin board. In FY2025, 232 reports were submitted, an increase of 48 from the previous year and above the target of 221.

Because these activities align with the objectives of Hyogo Prefecture's "Hyogo Risk Reduction MS Campaign,"* the Head Office Plant Manager declared the Company's commitment to the campaign at the Taki Chemical Group Safety Convention held on July 1, 2025.



Declaration of Commitment to the Hyogo Risk Reduction MS Campaign*

* About the Hyogo Risk Reduction MS Campaign

This initiative aims to create workplaces with no unacceptable risks by working in advance to eliminate potential workplace risks and clarify residual risks, so that even if an occupational accident occurs and a worker is injured, the injury does not become severe enough to require time off work.

For measures addressing absences due to illness and traffic accidents, we held various seminars led by external experts on topics such as mental health, heatstroke prevention, lifestyle disease prevention, first aid and emergency response, and traffic safety, as well as safety education using DVD materials, with many employees participating. In particular, for mental health care, we conduct stress checks and, in 2025, formulated a Mental Health Promotion Plan and have implemented initiatives to prevent mental health issues among employees.

On the organizational side, two years have passed since the health and safety organization for the new Head Office building was established in March 2024, and active health and safety activities continue, with 5S activities and hygiene patrols now firmly in place.

The 13th Medium-Term Health and Safety Plan ended in FY2025, and the safety results for the three-year plan are summarized below.

	FY2022	FY2023	FY2024	FY2025
Number of occupational accidents (cases)	11	10	13	11
Break-down				
Lost-time injuries (cases)	2	2	0	1
Non-lost-time injuries (cases)	7	7	7	9
Minor injuries (cases)	2	1	6	1
Absences due to illness ^{*1} (persons)	94	61	23	13
Traffic accidents ^{*2} (cases)	9	13	6	12

*1 Includes infectious diseases. *2 Includes commuting accidents.

As a result, we achieved the target of keeping absences due to illness at or below the previous year's level.

Meanwhile, we did not achieve the targets of zero lost-time injuries, non-lost-time injuries at or below the previous year's level, and traffic accidents at or below the previous year's level. In addition to continuing the initiatives implemented to date, we will review past occupational accidents, raise safety awareness to prevent similar accidents, and deliberate and implement safety measures through the Safety and Health Committee as we work to achieve the targets of the next three-year plan.

4. Enhancing Stakeholder Engagement and Advancing GRC

Material Issue 11

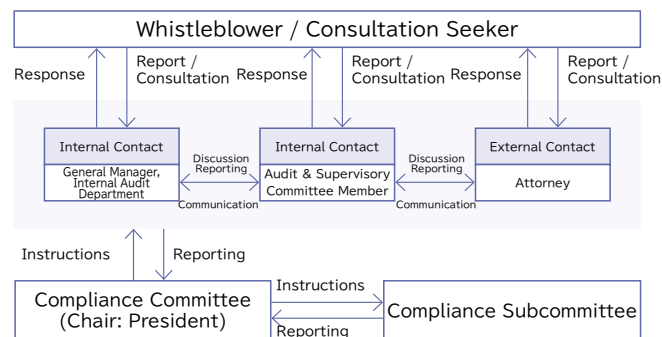
Maintaining and Strengthening the Compliance (C) Framework

Compliance

The Group positions compliance as a key management priority and works to instill awareness so that officers and employees make appropriate decisions and take appropriate actions under the corporate governance structure. Through opportunities such as the President's messages at the New Year ceremony, awards ceremony, entrance ceremony, and Safety Convention, we continuously inform and educate Group officers and employees about the importance of compliance.

In addition, our Antimonopoly Act Compliance Regulations and Antimonopoly Act Compliance Manual require officers and employees to comply with these rules, and require prior application and post-meeting reporting when meetings with competitors. We also regularly hold training sessions related to the Antimonopoly Act.

Whistleblowing System



Strengthening the Internal Audit System

It is important to build systems that prevent misconduct from occurring, and the most desirable approach is to prevent it before it happens. However, intentional or unintentional misconduct cannot necessarily be eliminated completely. We will therefore establish a system that ensures misconduct is identified through internal audits, strengthen deterrence against intentional misconduct, and build a structure that enables early detection and prompt, appropriate responses.

Introducing risk-based audits is an effective way to strengthen internal audits. We prepare checklists based on the risks inherent in each department's characteristics and identify issues by focusing on high-risk areas. When issues are identified, we request corrective action from the relevant department and follow up until the improvement results are confirmed. We share these results with management, evaluate whether corporate strategies are being appropriately advanced and whether any risks exist that could impair corporate value, and work to improve and strengthen the effectiveness of internal audits.

Promoting Awareness and Ensuring Fair Operation of the Internal Reporting System

To ensure compliance, we conduct employee training and strengthen our internal audit system. It is also important not only for the organization to prevent and detect compliance violations at an early stage, but also to correct or resolve violations by allowing parties involved and third parties to bring them to light.

The Group has established and operates Internal Reporting Regulations to promote the early detection and correction of legal violations, breaches of internal rules, and acts contrary to corporate ethics, encourage self-cleaning, and protect whistleblowers.

Our officers, employees, and related personnel may report the following:

1. Acts that violate laws, social norms, corporate ethics, or internal rules.
2. Acts that cause damage or pose risks to stakeholders surrounding the Company, including shareholders, business partners, employees, and local communities.
3. Acts that cause deterioration or destruction of nature or the environment.
4. Acts that may damage the honor or social credibility of the Company or others through concealment, destruction of evidence, or similar conduct related to the above acts, when such acts have occurred or may occur.

Three reporting channels have been established: two internal channels, a full-time Director who is an Audit & Supervisory Committee Member and the General Manager, Internal Audit Department, and one external channel, an attorney. Reports may be made to any of these channels, and all are handled in the same manner. Anonymous reports are also accepted. Whistleblowers are protected and will not be treated unfavorably because they made a report.

Reporting methods are not limited and may include in-person meetings, telephone, email, postal mail, and fax.

Reported information is shared only with the person responsible at the reporting channel and the officer in charge, who serves as a leader of internal reporting overall, and investigations, corrective actions, and other responses are carried out.

Whistleblowers are notified of the investigation results and corrective action results.

The reporting system is explained not only at the time of joining the Company, but also regularly through various training sessions and meetings, and we work to ensure full awareness through interviews and other means.

We also post information about the reporting system on the internal network and distribute business card-sized cards listing the reporting channels to all officers, employees, and related personnel.

We have also established a reporting channel for business partners, which is posted on our website.

We will continue working to maintain a system that allows whistleblowers to report concerns without hesitation and ensures their protection, while strengthening a system in which reported information is not concealed or altered and is appropriately investigated and corrected.

Employee Training

Building various systems that prevent compliance violations is highly effective and important. At the same time, it is people who commit compliance violations, and it is also people who build systems to prevent them. Therefore, educating people is the foundation of compliance, and compliance systems cannot be maintained or strengthened without robust training.

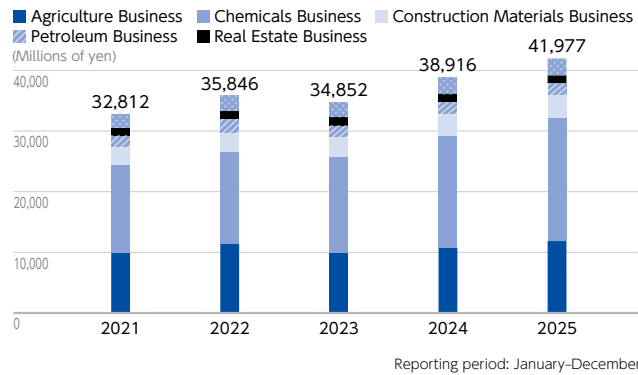
In the Group, each department prepares an annual compliance training plan and reports progress to the Compliance Committee every six months, creating a monitoring system to ensure there are no gaps.

We also promote compliance education by providing learning opportunities for both groups and individuals, including training sessions for all employees led by external instructors, department-level study sessions, e-learning, and the provision of materials and video content. Employee training never ends. Rather than simply repeating the same content, we will actively incorporate approaches we believe to be effective and continue employee training that updates knowledge, awareness, and judgment related to compliance.

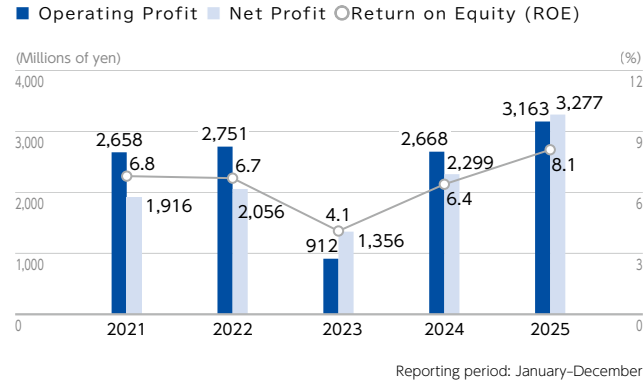
Financial and Non-Financial Data

■ Financial Data (Consolidated)

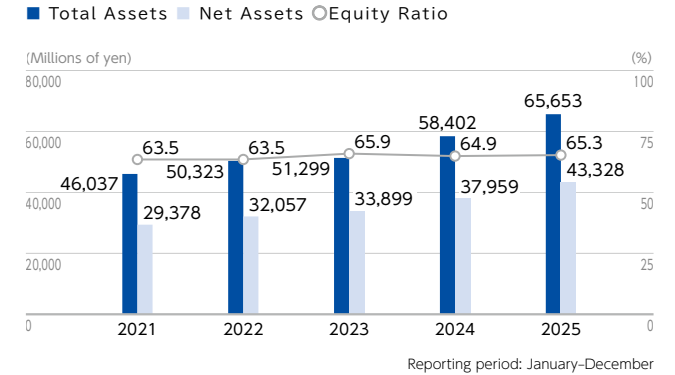
Net Sales



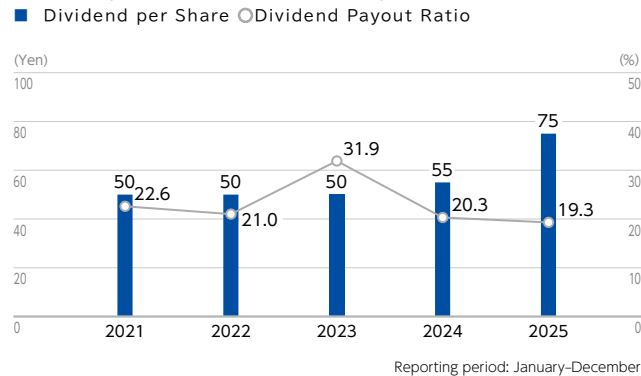
Operating Profit, Net Profit, and Return on Equity (ROE)



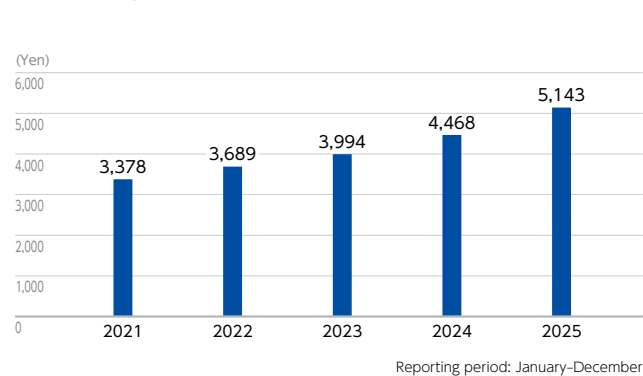
Total Assets, Net Assets, and Equity Ratio



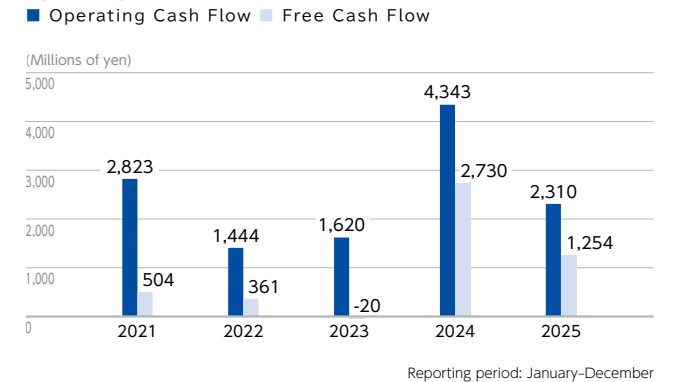
Dividend per Share and Dividend Payout Ratio



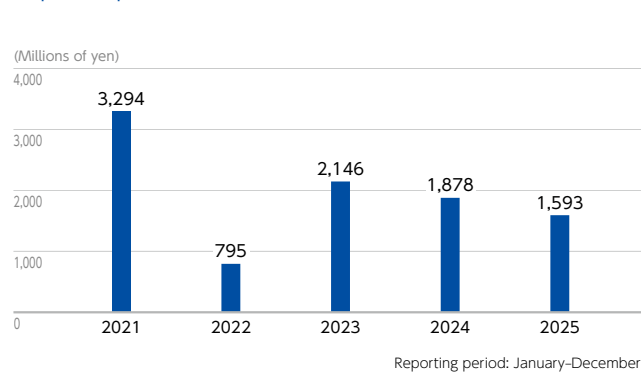
Net Assets per Share



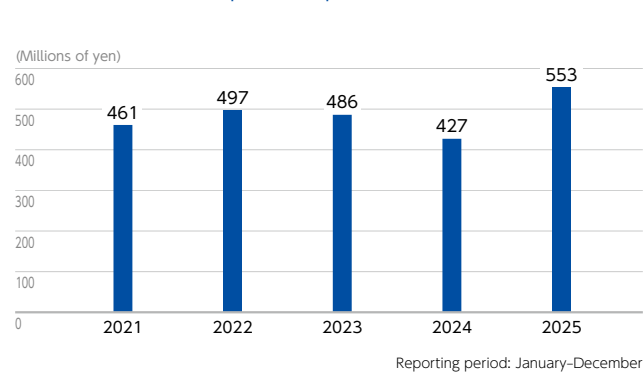
Operating Cash Flow and Free Cash Flow



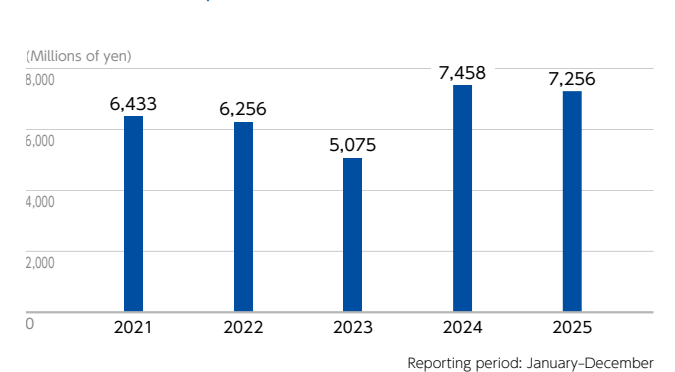
Capital Expenditures



Research and Development Expenses



Cash and Cash Equivalents at Year-end



Financial and Non-Financial Data

■ Non-Financial Data

Human Capital		2021	2022	2023	2024	2025
Item						
Number of Employees (Non-Consolidated) (Persons) ^{*1}	Total	462	464	474	472	484
	Male	396	396	401	397	408
	Female	66	68	73	75	76
Number of Employees (Consolidated) (Persons) ^{*1}		598	599	609	604	640
Average Age (Non-Consolidated) (Years) ^{*1}	Total	44.7	44.7	44.6	44.6	45.8
	Male	45.3	45.2	44.8	45.1	46.4
	Female	41.3	41.5	42.8	41.6	42.8
Average Years of Service (Non-Consolidated) (Years) ^{*1}	Total	18.2	17.4	16.9	16.7	17.0
	Male	18.9	18.1	17.6	17.5	17.8
	Female	13.7	13.8	13.1	12.6	12.8
Ratio of Female Employees (Non-Consolidated) (%) ^{*1}		14.3	14.7	15.4	15.9	15.7
Ratio of Female Managers (Non-Consolidated) (%) ^{*1}		3.0	3.1	4.3	4.5	4.5
Number of Female Managers (Non-Consolidated) (Persons) ^{*1}		3	3	4	4	4
Number of Female Directors (Non-Consolidated) (Persons) ^{*1}		0	0	0	0	1
Ratio of Female New Graduate Hires for Career-Track Positions (Non-Consolidated) (%)		33.3	40.0	33.3	16.7	75.0
Turnover Rate (Non-Consolidated) (%) ^{*2}		1.9	2.2	1.9	2.1	1.4
Employment Rate of Persons with Disabilities (Non-Consolidated) (%) ^{*3}		2.6	2.4	3.0	2.9	2.7
Number of Employees with Disabilities (Non-Consolidated) (Persons) ^{*3}		12	11	14	14	13
Paid Leave Utilization Rate (Non-Consolidated) (%) ^{*4}		69.2	72.5	82.8	77.2	83.6
Childcare Leave Utilization Rate (Non-Consolidated) (%)	Male	13.3	37.5	41.7	70.0	70.0
	Female	–	100	100	100	100
Return-to-Work Rate After Childcare Leave (Non-Consolidated) (%)	Male	100	100	100	100	100
	Female	–	100	–	100	100
Number of Employees Using Reduced Working Hours for Childcare (Non-Consolidated) (Persons)		4	4	7	14	18
Number of Employees Taking Family Care Leave (Non-Consolidated) (Persons)		0	0	0	1	0
Number of Employees Taking Family Care Leave Days (Non-Consolidated) (Persons)		0	0	2	0	32
Number of Employees Using Reduced Working Hours for Family Care, etc. (Non-Consolidated) (Persons)		0	0	0	0	1
Number of Rehired Employees After Mandatory Retirement (Non-Consolidated) (Persons)		24	28	31	30	34
Number of Improvement Suggestions Submitted	Consolidated	4,843	4,838	4,885	5,015	5,043
	Non-Consolidated	4,182	4,207	4,113	4,305	4,404
Occupational Health and Safety		2021	2022	2023	2024	2025
Item						
Lost-Time Injury Frequency Rate*		4.65	2.36	2.37	0.00	1.16
Number of Occupational Injuries (persons)		16	11	10	13	11
Stress Check Participation Rate (%)		95	100	98	98	100

*1 As of the end of December of each year.

*2 Number of voluntary resignations during the year ÷ number of employees at the beginning of the year (excluding directors and fixed-term employees) × 100 (%)

*3 As of June 1 each year.

*4 Fiscal years shown are April–March.

* An indicator showing the frequency of occupational accidents.

Financial and Non-Financial Data

Intellectual Property

Item	2021	2022	2023	2024	2025
Number of Patents held*	86	92	88	82	82

* As of the end of December of each year.

Procurement

Item	2021	2022	2023	2024	2025
Number of Requests to Suppliers to Adopt the Sustainable Procurement Guidelines	50	78	80	65	80

Quality

Item	2021	2022	2023	2024	2025
Number of Customer Complaints (Non-Consolidated)	8	9	10	8	15

Environment

Item	2021	2022	2023	2024	2025
Water Consumption (Thousand m ³)	2,235	2,364	2,507	2,475	2,498
Electricity Consumption (Thousand kWh)	16,536	17,096	14,116	14,506	13,788
Fuel Consumption (Crude Oil Equivalent) (kL)	9,617	8,840	7,373	7,442	6,775
Energy Consumption (Crude Oil Equivalent) (kL)	9,325	9,502	7,627	7,642	6,881
NOx Emissions (t/year)* ¹	29.3	35.0	30.8	28.0	26.6
COD Load (kg/day)	Average	34	31	24	28
	Maximum	44	38	29	44
SS Load (kg/day)	Average	25	26	29	37
	Maximum	62	38	42	142
Energy Consumption Intensity (L/t)	49.3	49.6	53.0	48.4	45.2
Energy-Related CO ₂ Emissions (Thousand t)	15.96	16.48	13.41	13.76	12.72
Energy-Related CO ₂ Emissions Intensity (t-CO ₂ /t)	0.084	0.086	0.093	0.087	0.084

Fiscal data shown are based on data from January–December.

*¹ NOx emissions include data from the Head Office Plant and Taki Kenzai. All other data are for the Head Office Plant only.

Item	2021	2022	2023	2024	2025
Industrial Waste Generated (t)	5,555	5,609	4,063	4,997	5,636
Industrial Waste Recycled (t)	3,666	3,992	3,814	4,434	5,061
Recycling Rate (%)	66	71	94	89	90
Waste Plastics Generated as Part of Industrial Waste (t)	100	113	84	110	95
Construction Offcut Recycling Volume (t)	24,881	24,254	22,152	22,820	29,985
Packaging Material Reuse Volume (t)	19	27	16	22	27

Fiscal data shown are based on data from January–December.

Only the construction offcut recycling volume is data for Taki Kenzai. All other data are for the Head Office Plant only.

Corporate Governance

Item	2021	2022	2023	2024	2025
Average Attendance Rate of Outside Directors at Board of Directors Meetings (%) (Including Written Resolutions)*	100	96.4	100	100	96.7
Average Attendance Rate of Outside Directors at Audit & Supervisory Committee Meetings (%) (Including Web Meetings)*	100	96.7	100	100	98.1
Number of Significant Legal Violations Requiring Corrective Action	0	0	0	0	0
Of Which, Significant Environmental Law Violations and Environmental Incidents	0	0	0	0	0

* As of the end of December of each year.

Sustainability Committee

■ Sustainability Committee

Chair of the Sustainability Committee	Representative Director, President	Katsuhiko Taki
Vice Chair of the Sustainability Committee	Representative Director, Senior Managing Executive Officer	Takahisa Masaki
Sustainability Committee Members	Director, Managing Executive Officer	Kazunari Izumi
	Director, Executive Officer	Hiroyuki Izutsu, Goro Suzuki
	Director (Full-Time Audit & Supervisory Committee Member)	Masahiko Shimoyama
	Outside Director (Audit & Supervisory Committee Member)	Shozo Shigeta, Noriko Kitajima, Kumiko Mizuno, Noboru Kagami
	Managing Executive Officer	Hisamori Kanaji
	Executive Officer	Akihito Ohya
	Associate Executive Officer	Shigeto Hashimoto, Shigeru Isoda, Tadashi Ohashi, Yumi Matsui, Kazuhito Noguchi, Kazuma Kirai

As of March 26, 2026

Message from the Executive Officer in charge of Sustainability



Hiroyuki Izutsu
Taki Chemical Co., Ltd.
Director, Executive
Officer

The world around us is changing at a remarkable pace, and uncertainty continues to grow. Society and economic activity are fundamentally supported by natural capital, including the atmosphere, water, soil, and living organisms. At the same time, greenhouse gas emissions contribute to climate change and rising temperatures, driving the loss of natural capital and biodiversity. If the balance of the natural environment and ecosystems is disrupted, it will pose a serious threat to the very foundation of human life. As the adverse impacts of climate change and related issues become more evident year after year, we must keep our focus on both the present and the future while addressing these challenges through sustainable approaches.

In recent years, the environmentally friendly water treatment chemicals we have developed have rapidly gained market share. This is certainly due in part to the growing demand for solutions that reduce environmental impact. However, the products themselves are not especially different in terms of performance or cost. Rather, they steadily improve upon several shortcomings of existing products. I have long believed that social responsibility without economic viability cannot be sustained. That is why sustainability should never be something “special.” Sustainability encompasses many perspectives, including integrity and service to society, corporate

social responsibility, and business economics and strategy. These are viewed through both short-term and long-term time horizons, shaping the actions of individuals and companies alike. I believe our customers see these products as “just right” because they strike an ideal balance among personal integrity, corporate responsibility, business profitability, and both the present and future value and sustainability they provide. That intuitive sense of being “just right” leads to the creation of shared value (CSV), which I believe is why demand and the number of loyal supporters continue to grow.

Last year, generative AI advanced and spread rapidly, becoming an important tool that offers new possibilities for our future. Going forward, we expect generative AI to do more than improve operational efficiency. By combining chemistry with generative AI, we aim to bring knowledge together to create well-balanced technologies and products that are highly efficient and have a lower environmental impact. Through approaches that reflect the unique strengths of the Taki Chemical Group, we will continue contributing to society while pursuing a form of sustainability that people can relate to as being “just right,” and that endures over the long term.

We sincerely appreciate your continued understanding and support for the Taki Chemical Group.

Corporate and Stock Information

■ Company Profile

(As of December 31, 2025)

Company Name	Taki Chemical Co., Ltd.
Founded	March 1885
Capital	¥2,147 million
Stock Exchange Listing	Tokyo Stock Exchange Prime Market
Number of Employees	Consolidated: 640, Non-Consolidated: 484
Business Activities	Agriculture Business, Chemicals Business, Real Estate Business, Construction Materials Business, Petroleum Business, Transportation Business
Group Companies (Consolidated Subsidiaries)	Taki Gypsum board Mfg. Co., Ltd. (Construction Materials Business) Shikishima Trading Co., Ltd. (Petroleum Business) TAKI CORPORATION (Transportation Business) Taki Logistics Co., Ltd. (Transportation Business) Befu Railway Co., Ltd. (Real Estate Business) Rakuto Kasei Industrial Co., Ltd. (Chemicals Business)

■ Offices and Facilities

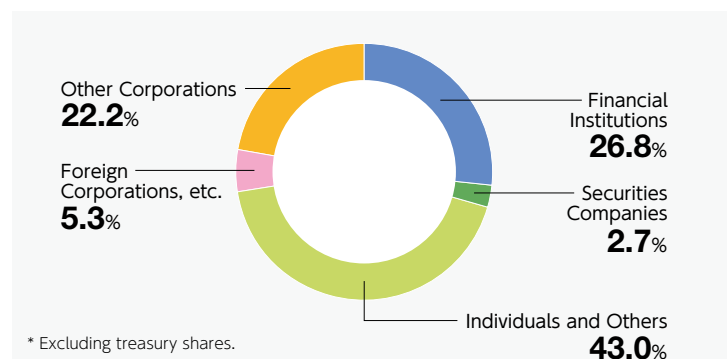
Head Office	3050 Shinobe, Befu-cho, Kakogawa-shi, Hyogo	TEL. 079-437-6002
Registered Head Office	2 Midorimachi, Befu-cho, Kakogawa-shi, Hyogo	TEL. 079-437-6003
Head Office Plant	346 Miyanishi, Harima-cho, Kako-gun, Hyogo	TEL. 079-436-0222
Research Laboratory (Main Building) Shinobe Research Laboratory	64-1 Nishiwaki, Befu-cho, Kakogawa-shi, Hyogo	TEL. 079-435-6641
	3062 Shinobe, Befu-cho, Kakogawa-shi, Hyogo	TEL. 079-435-6641
Tokyo Branch	7-14-4 Ginza, Chuo-ku, Tokyo	TEL. 03-3541-2775
Sendai Sales Office	1-4-1 Ichibancho, Aoba-ku, Sendai-shi	TEL. 022-265-0691
Tokyo Sales Office	7-14-4 Ginza, Chuo-ku, Tokyo	TEL. 03-3543-1905
Nagoya Sales Office	3-90 Yashirodai, Meito-ku, Nagoya-shi	TEL. 052-773-3361
Osaka Sales Office	1-2-11 Edobori, Nishi-ku, Osaka-shi	TEL. 06-6444-3306
Kakogawa Sales Office	3050 Shinobe, Befu-cho, Kakogawa-shi, Hyogo	TEL. 079-437-2000
Fukuoka Sales Office	64-70 Anse, Wakamatsu-ku, Kitakyushu-shi	TEL. 093-761-0277
Chiba Plant	567 Shimono, Ichihara-shi, Chiba	TEL. 0436-74-0541
Kyushu Plant	64-70 Anse, Wakamatsu-ku, Kitakyushu-shi	TEL. 093-761-0277

■ Stock Information

(As of December 31, 2025)

Total Number of Authorized Shares	30,400,000 shares
Total Number of Issued Shares	9,458,768 shares
Number of Shareholders	5,856

■ Share Ownership Distribution by Shareholder Type



■ Major Shareholders (Top 10)

(As of December 31, 2025)

Shareholder	Shares Held (Thousands)	Ownership Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	621	7.45
Mitsubishi UFJ Trust and Banking Corporation	302	3.62
The Chugoku Bank, Ltd.	286	3.43
The Hyakujushi Bank, Ltd.	237	2.85
Nihon Matai Co., Ltd.	223	2.68
Ito-Yokado Co. Ltd.	200	2.40
Forest Kikaku Limited	187	2.25
Aioi Nissay Dowa Insurance Co., Ltd.	178	2.14
Sumitomo Mitsui Banking Corporation	169	2.04
Sompo Japan Insurance Inc.	162	1.95

Notes: 1. The Company holds 1,119 thousand treasury shares, which are excluded from the list of major shareholders above.
2. Ownership ratios are calculated excluding treasury shares.

✂ TAKI CHEMICAL CO.,LTD.



Head Office Plant

Head Office /
Kakogawa Sales Office

Chiba Plant



Kyushu Plant

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