

June 17, 2025

Company name: Sakai Chemical Industry Co., Ltd.
Representative: President and Representative Director,
Toshiyuki Yagura
(TSE Prime Market, Stock code:4078)
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Supplemental Explanation regarding the Proposal No.2, “Election of Eight (8) Directors” to be Resolved at the 130th Ordinary General Meeting of Shareholders

Sakai Chemical Industry Co., Ltd. (hereinafter referred to as “the Company”) has confirmed that Institutional Shareholder Services, Inc. (“ISS”), a proxy adviser, has issued a report regarding the proposal to be resolved at our 130th Ordinary General Meeting of Shareholders (“the Meeting”) scheduled for June 26, 2025. Regarding the proposal No.2, “Election of Eight (8) Directors”, ISS recommends vote FOR Mr. Hisao Miyagawa, who is a candidate for Outside Director, but states an affiliated outsider.

We would like to offer the following supplemental explanation of our position and sincerely ask our shareholders and investors to review this information and understand our position on the proposal.

Our View

Proposal 2: Election of Eight (8) Directors
Candidate No.7, Mr. Hisao Miyagawa

To enhance corporate value, we are working to improve capital profitability and strengthen governance. Mr. Hisao Miyagawa has many years of business experience in the capital market and has deep knowledge and an extensive track record of research in corporate finance theory. Therefore, the Company expects him to give appropriate advice on and supervise management issues facing the Company from an independent viewpoint and determined that he should continue to be a candidate for Outside Director.

As stated in the Business Report on page 38 of the Notice of the Meeting (available only in Japanese version), the Company has made donations to University Public Corporation Osaka where he is a professor of Graduate School of Business, and the average donation over the past three (3) years has been less than one (1) million yen.

In addition, the Company conducts joint research with the same corporation, and the expenses of such research have averaged less than two (2) million yen over the past three (3) years. The total transaction amount, including donations, is less than 0.01% of the Company's consolidated



net sales.

The Company designated him as an Independent Director specified by the Tokyo Stock Exchange and registered him with the stock exchange, based on the judgment that no issue regarding conflict of interests is likely to occur with the general shareholders in accordance with the standards for independence prescribed by the Tokyo Stock Exchange and Standards for Selecting Independent Outside Director specified by the Company.

The Company intends to designate him as an Independent Director again, should his election be approved.

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.