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Consolidated Financial Results for the Three Months Ended March 31, 2025 [Japanese GAAP]

April 25, 2025

Company name: SHIKOKU KASEI HOLDINGS CORPORATION

Listing: Tokyo Stock Exchange

Securities code: 4099

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended March 31, 2025 (January 1, 2025 to March 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2025	16,809	(3.2)	3,037	26.3	2,811	(3.2)	1,925	6.8
March 31, 2024	17,358	18.2	2,405	(0.1)	2,903	11.2	1,803	3.4

(Note) Comprehensive income: Three months ended March 31, 2025: ¥ 2,372 million [(21.0) %]
Three months ended March 31, 2024: ¥ 3,003 million [29.8 %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2025	43.08	-
March 31, 2024	36.72	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of March 31, 2025	127,995	85,420	66.1
December 31, 2024	135,827	84,168	61.4

(Reference) Equity: As of March 31, 2025: ¥ 84,594 million
As of December 31, 2024: ¥ 83,380 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended December 31, 2024	Yen -	Yen 25.00	Yen -	Yen 25.00	Yen 50.00
Fiscal year ending December 31, 2025	-				
Fiscal year ending December 31, 2025 (Forecast)		25.00	-	25.00	50.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025(January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	70,000	0.7	9,400	(3.5)	9,800	(9.1)	6,500	(26.2)	145.44

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2025: 44,869,563 shares

December 31, 2024: 44,869,563 shares

2) Number of treasury shares at the end of the period:

March 31, 2025: 176,832 shares

December 31, 2024: 176,760 shares

3) Average number of shares outstanding during the period:

Three months ended March 31, 2025: 44,692,785 shares

Three months ended March 31, 2024: 49,111,426 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

Forward-looking statements such as operating results forecasts and other projections contained in this report are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors. For the assumptions underlying the operating results forecasts and cautionary notes concerning their use, please refer to “(3) Explanation of

Consolidated Financial Results Forecast and Other Forward-looking Information” under “1. Qualitative Information on Quarterly Financial Results for the Period under Review” on page 3 of the attached documents to the quarterly financial statements.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

The Japanese economy during the three months ended March 31, 2025 recovered moderately, driven by a recovery in consumer spending backed by improvements in the employment and income environments, as well as moderate growth in corporate capital expenditure, against a backdrop of continuing moderate growth in overseas economies. However, the Company recognizes the need to continue to monitor heightened uncertainty surrounding future developments in U.S. trade policy and the risk of economic slowdown due in part to prolonged inflation in Japan.

Under these circumstances, for the three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025), the Group posted net sales of ¥16,809 million (down 3.2% year-on-year), operating profit of ¥3,037 million (up 26.3% year-on-year), ordinary profit of ¥2,811 million (down 3.2% year-on-year), and profit attributable to owners of parent of ¥1,925 million (up 6.8% year-on-year).

Strong sales in fine chemicals for our Chemicals operations resulted in renewed record highs in terms of operating profit and profit attributable to owners of parent for a first quarter.

Operating results by segment are as follows.

1) Chemicals operations

(Inorganic chemicals)

Sales of insoluble sulfur, a material for radial tires, narrowly exceeded those of the previous year due to solid export sales. Sales of carbon disulfide for rayon and cellophane were also higher than the previous year due to strong domestic and export sales. Sales of sodium sulfate for bath agents and detergents were higher than the previous year, due to the price pass-through.

(Organic chemicals)

Regarding chlorinated isocyanurates for disinfectants, sales were lower than those of the previous year due to the absence of year-earlier strong sales in the U.S. market.

(Fine chemicals)

Regarding electronic chemicals, sales of Glicoat-SMD, a heat-resistant soluble OSP (Organic Solderability Preservative) for printed wiring boards, exceeded those of the previous year owing to the continued recovery of the semiconductor and electronics markets. Chemical adhesion process GliCAP also performed well due to an increase in the number of orders for use in server boards. Sales of advanced & specialty chemicals exceeded those of the previous year owing to an increase in demand for epoxy resin curing agent (imidazoles). As for sales of semiconductor process materials, we saw progress in customer evaluations and the acquisition of new prototype production orders.

As a result, net sales for the Chemicals operations segment were ¥11,582 million (down 2.2% year-on-year) and segment profit was ¥2,701 million (up 66.3% year-on-year), with a decrease in net sales but an increase in profit.

2) Housing Materials operations

As housing-related demand has fallen amid the continued decline in the number of new housing starts, particularly for owned houses, due to a surge in construction costs and other factors, we have poured our efforts into expanding landscape exterior products for non-residential purposes, which is one of our strengths. Nevertheless, sales were down on the previous year. In addition, prices of aluminum ingots and other raw materials have continued to rise sharply along with the increase in distribution costs, causing profitability to deteriorate.

As a result, net sales for the Housing Materials operations segment were ¥4,915 million (down 5.8% year-on-year) and segment profit was ¥274 million (down 60.3% year-on-year), resulting in a decrease in both net sales and profit.

Reference information

[Overseas net sales]

	Three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)		Three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)	
	Net sales (Million yen)	Overseas net sales to consolidated net sales (%)	Net sales (Million yen)	Overseas net sales to consolidated net sales (%)
Asia	1,966	11.3	2,464	14.7
North America	4,127	23.8	2,872	17.1
Other regions	428	2.5	414	2.5
Total	6,523	37.6	5,751	34.2
Consolidated net sales	17,358		16,809	

(2) Explanation of Financial Position

Status of assets, liabilities and net assets

Total assets decreased by ¥7,832 million from the end of the previous fiscal year to ¥127,995 million. The major increase was ¥750 million in construction in progress, while major decreases were ¥5,234 million in cash and deposits, ¥1,775 million in investment securities and ¥998 million in securities.

Liabilities decreased by ¥9,084 million from the end of the previous fiscal year to ¥42,575 million. Major decreases were ¥5,319 million in long-term borrowings, ¥1,500 million in short-term borrowings, ¥1,113 million in income taxes payable and ¥508 million in current portion of long-term borrowings.

Net assets increased by ¥1,252 million from the end of the previous fiscal year to ¥85,420 million. Major increases were ¥805 million in retained earnings and ¥555 million in valuation difference on available-for-sale securities.

As a result, equity ratio rose to 66.1% from 61.4% at the end of the previous fiscal year.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The full-year financial results forecast has not been revised from the plan most recently announced (announced on January 29, 2025). Assumptions for the exchange rates of major currencies are ¥150 to U.S. dollar and ¥160 to Euro.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	33,789	28,554
Notes receivable - trade	368	259
Electronically recorded monetary claims - operating	3,281	3,338
Accounts receivable - trade	14,215	13,490
Securities	14,619	13,620
Merchandise and finished goods	8,317	8,482
Work in process	46	49
Raw materials and supplies	4,498	4,692
Other	1,154	1,385
Allowance for doubtful accounts	(3)	(3)
Total current assets	80,288	73,869
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,239	6,137
Machinery, equipment and vehicles, net	6,921	6,599
Land	8,793	8,788
Construction in progress	4,245	4,996
Other, net	789	753
Total property, plant and equipment	26,989	27,275
Intangible assets	589	651
Investments and other assets		
Investment securities	24,023	22,247
Deferred tax assets	1,821	1,852
Retirement benefit asset	967	976
Other	1,147	1,122
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	27,960	26,198
Total non-current assets	55,539	54,125
Total assets	135,827	127,995

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,142	7,857
Electronically recorded obligations - operating	589	537
Short-term borrowings	5,500	4,000
Current portion of long-term borrowings	8,391	7,882
Accrued expenses	1,541	1,961
Income taxes payable	2,109	996
Accrued consumption taxes	163	228
Notes payable - facilities	37	1
Electronically recorded obligations-facilities	857	538
Other	3,182	2,546
Total current liabilities	30,516	26,550
Non-current liabilities		
Long-term borrowings	16,664	11,345
Deferred tax liabilities	2,122	2,362
Deferred tax liabilities for land revaluation	998	998
Provision for retirement benefits for directors (and other officers)	70	53
Retirement benefit liability	515	506
Asset retirement obligations	371	371
Provision for share awards	77	63
Other	323	324
Total non-current liabilities	21,143	16,025
Total liabilities	51,659	42,575
Net assets		
Shareholders' equity		
Share capital	6,867	6,867
Capital surplus	5,711	5,711
Retained earnings	62,851	63,656
Treasury shares	(238)	(238)
Total shareholders' equity	75,192	75,997
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,944	5,499
Revaluation reserve for land	2,274	2,274
Foreign currency translation adjustment	499	357
Remeasurements of defined benefit plans	470	465
Total accumulated other comprehensive income	8,187	8,596
Non-controlling interests	788	825
Total net assets	84,168	85,420
Total liabilities and net assets	135,827	127,995

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Net sales	17,358	16,809
Cost of sales	10,488	9,262
Gross profit	6,869	7,547
Selling, general and administrative expenses		
Transportation and storage costs	1,667	1,650
Advertising expenses	142	212
Salaries	643	698
Retirement benefit expenses	31	24
Provision for retirement benefits for directors (and other officers)	6	2
Research and development expenses	410	452
Other	1,559	1,468
Total selling, general and administrative expenses	4,463	4,509
Operating profit	2,405	3,037
Non-operating income		
Interest income	106	98
Dividend income	65	65
Foreign exchange gains	343	-
Miscellaneous income	6	2
Total non-operating income	522	166
Non-operating expenses		
Interest expenses	9	33
Foreign exchange losses	-	353
Donations	10	5
Miscellaneous losses	3	0
Total non-operating expenses	23	392
Ordinary profit	2,903	2,811
Extraordinary income		
Gain on sale of non-current assets	-	4
Gain on sale of investment securities	-	146
Subsidy income	0	-
Total extraordinary income	0	151
Extraordinary losses		
Loss on sale of non-current assets	-	5
Loss on retirement of non-current assets	3	37
Total extraordinary losses	3	43
Profit before income taxes	2,901	2,919
Income taxes	1,047	956
Profit	1,853	1,963
Profit attributable to non-controlling interests	50	37
Profit attributable to owners of parent	1,803	1,925

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Millions of yen)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Profit	1,853	1,963
Other comprehensive income		
Valuation difference on available-for-sale securities	1,011	555
Foreign currency translation adjustment	138	(141)
Remeasurements of defined benefit plans, net of tax	(0)	(4)
Total other comprehensive income	1,150	409
Comprehensive income	3,003	2,372
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,953	2,334
Comprehensive income attributable to non-controlling interests	50	37

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

There is no relevant information.

(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

The Company makes a reasonable estimate of the effective tax rate after the application of tax effect accounting to profit before income taxes for the current fiscal year, including the first quarter under review, and multiplies profit before income taxes for the quarter by the estimated effective tax rate.

Income taxes - deferred is included in income taxes.

(Changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes", etc.)

The Company has adopted the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan [ASBJ] Statement No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard") from the beginning of the first quarter of the current fiscal year.

The amendments to the classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatment set forth in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment set forth in the proviso to Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the "2022 Revised Guidance"). This change in accounting policy has no impact on the quarterly consolidated financial statements.

In addition, the Company has applied the 2022 Revised Guidance from the beginning of the first quarter of the current fiscal year to the revision related to the review of the treatment in the consolidated financial statements in the case of tax deferral of the gains and losses arising from the sale of shares of subsidiaries among consolidated companies. This change in accounting policy has been retrospectively applied to the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year. This change in accounting policy had no effect on the quarterly consolidated financial statements for the quarters of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Segment information, etc.)

I. For the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

1. Information on net sales and profit (loss) by reportable segment and information on composition of revenue

(Million yen)

	Reportable segment			Other (Note) 1	Total	Adjustment (Note) 2	Amount recorded in quarterly consolidated statements of income (Note) 3
	Chemicals operations	Housing Materials operations	Total				
Net sales							
Inorganic chemicals	3,820	-	3,820	-	3,820	-	3,820
Organic chemicals	5,046	-	5,046	-	5,046	-	5,046
Fine chemicals	2,974	-	2,974	-	2,974	-	2,974
Interior, exterior finishes and paving materials	-	330	330	-	330	-	330
Exterior products	-	4,887	4,887	-	4,887	-	4,887
Other	-	-	-	293	293	-	293
Revenue from contracts with customers	11,840	5,218	17,059	293	17,352	-	17,352
Other revenue	-	-	-	5	5	-	5
Net sales to outside customers	11,840	5,218	17,059	298	17,358	-	17,358
Inter-segment net sales or transfers	1	0	1	77	79	(79)	-
Total	11,842	5,218	17,060	376	17,437	(79)	17,358
Segment profit	1,624	692	2,316	44	2,361	44	2,405

(Notes) 1. The “Other” category represents business segments not included in the reportable segments and includes the IT systems operations and food operations.

2. The adjustment for segment profit of ¥44 million includes profit (loss) and others not allocated to each reportable segment.

3. Segment profit is adjusted with operating profit on the quarterly consolidated statements of income.

II. For the three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

1. Information on net sales and profit (loss) by reportable segment and information on composition of revenue

(Million yen)

	Reportable segment			Other (Note) 1	Total	Adjustment (Note) 2	Amount recorded in quarterly consolidated statements of income (Note) 3
	Chemicals operations	Housing Materials operations	Total				
Net sales							
Inorganic chemicals	3,850	-	3,850	-	3,850	-	3,850
Organic chemicals	3,745	-	3,745	-	3,745	-	3,745
Fine chemicals	3,986	-	3,986	-	3,986	-	3,986
Interior, exterior finishes and paving materials	-	312	312	-	312	-	312
Exterior products	-	4,603	4,603	-	4,603	-	4,603
Other	-	-	-	306	306	-	306
Revenue from contracts with customers	11,582	4,915	16,497	306	16,803	-	16,803
Other revenue	-	-	-	5	5	-	5
Net sales to outside customers	11,582	4,915	16,497	311	16,809	-	16,809
Inter-segment net sales or transfers	7	0	7	67	75	(75)	-
Total	11,589	4,915	16,505	379	16,884	(75)	16,809
Segment profit	2,701	274	2,976	33	3,009	27	3,037

(Notes) 1. The “Other” category represents business segments not included in the reportable segments and includes the IT systems operations and food operations.

2. The adjustment for segment profit of ¥27 million includes profit (loss) and others not allocated to each reportable segment.

3. Segment profit is adjusted with operating profit on the quarterly consolidated statements of income.

(Notes to statements of cash flows)

No quarterly consolidated statements of cash flows were prepared for the three months ended March 31, 2025. Depreciation (including amortization related to intangible assets) for the three months ended March 31 is as follows.

(Million yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Depreciation	743	726