

Supplemental Information Financial Results For FY 2025 2Q

2025/7/30

SHIKOKU KASEI HOLDINGS CORPORATION
(Tokyo Stock Exchange Prime Market 4099)

1. Consolidated Financial Results

Financial highlights

Net sales decreased but operating profit increased due to increased sales in fine chemicals, despite a decrease in sales of organic chemicals and Housing Materials operations.

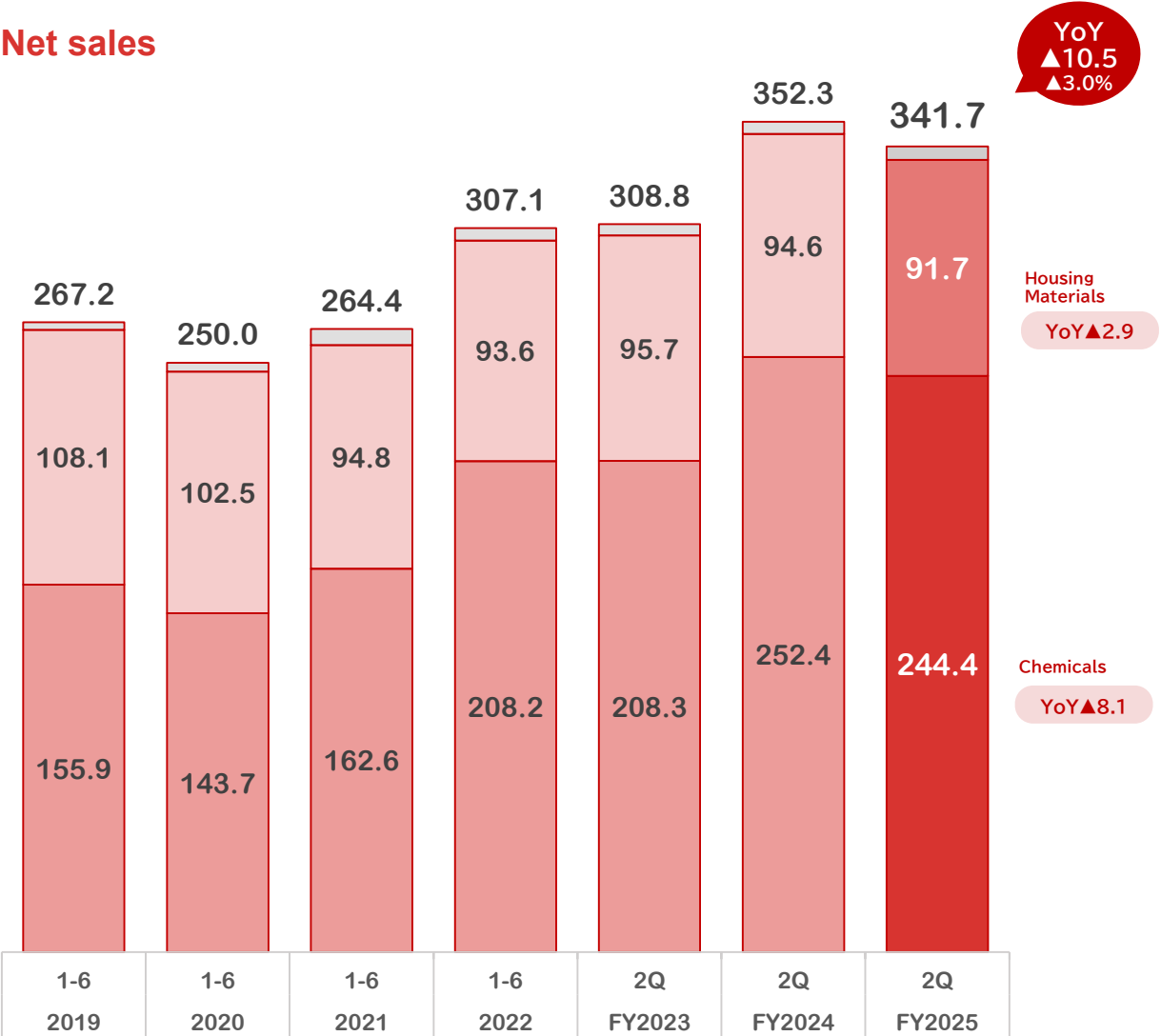
Million yen

	FY2024 2Q	FY2025 2Q	Change / Rate	Remarks
Net Sales	35,225	34,172	▲1,053 ▲3.0%	- Chemicals operations decreased due to the absence of year-earlier strong sales of organic chemicals to North America - Housing Materials operations decreased due to a sluggish detached houses market
Operating profit	4,835	5,253	+418 +8.6%	Despite decreased profits in Housing Material operations, total operating profit increased due to increased fine chemicals sales
Ordinary profit	5,936	5,205	▲730 ▲12.3%	- Foreign exchange gains and losses ▲536 (YoY▲1,274) - Interest income 183 (YoY+35)
Profit attributable to owners of parent	4,032	3,729	▲302 ▲7.5%	- Gain and loss on sale of investment securities 146 (YoY+146) - Loss on retirement of non-current assets ▲39 (YoY▲33)
Exchange rate	1USD 150 JPY 1EUR 164 JPY 1RMB 20.9 JPY	1USD 150 JPY 1EUR 161 JPY 1RMB 20.2 JPY	Net Sales +0.2 billion yen Operating Profit +0.1 billion yen	Foreign exchange impact on PL included in the change from the previous year (total of Chemicals and Housing Materials) Only the impact of exchange rate fluctuations on foreign currency transactions is shown. Many yen-denominated transactions are also substantially affected by changes in foreign exchange rates; however, they are not included.
ROE	9.7%	8.8%	▲0.9%	*Quarterly ROE is converted to the annual rate, and in 2Q, returns are multiplied by 2.

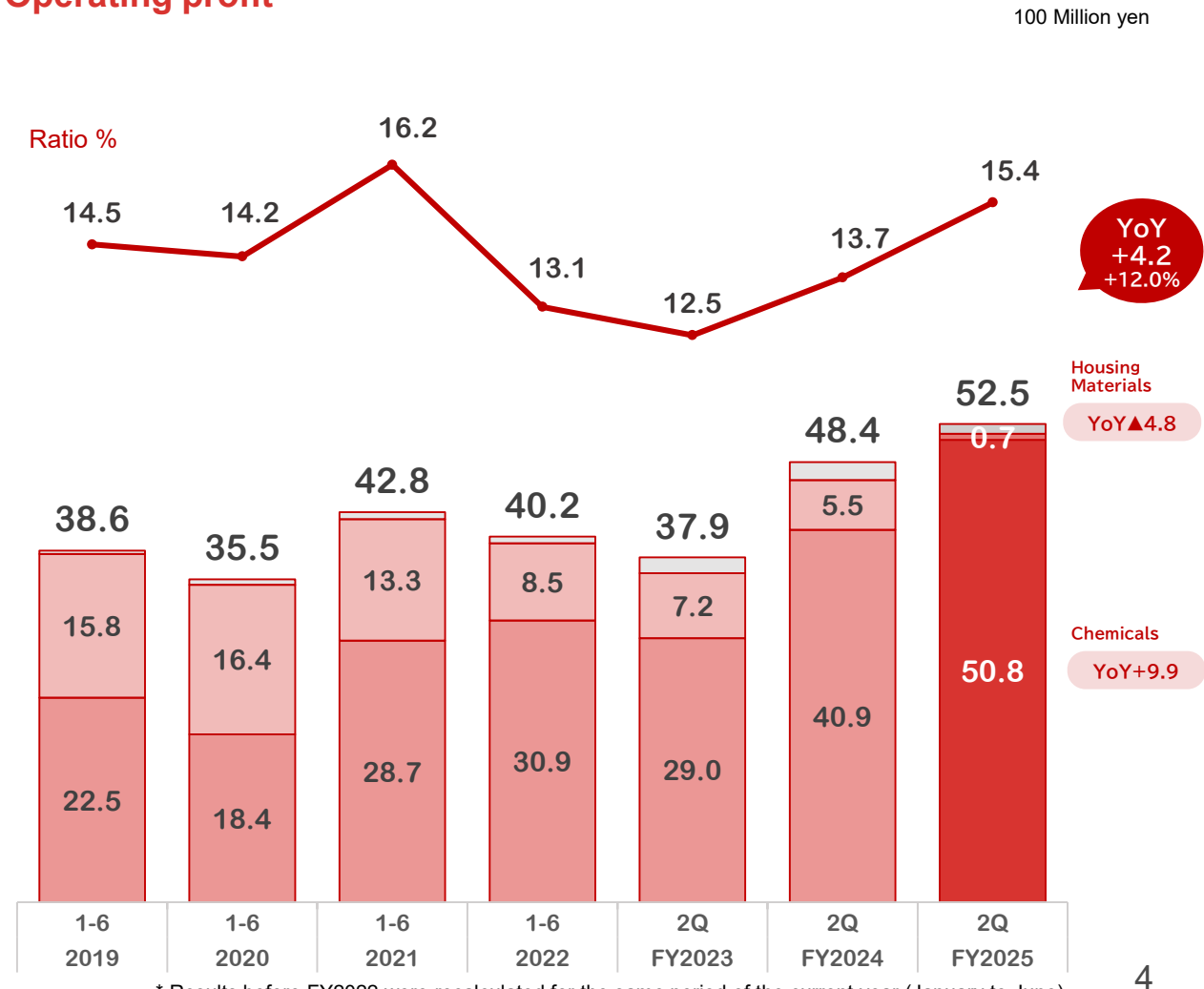
Trends in Net sales and Operating profit (YTD)

Net sales decreased in both Chemicals (-810M) and Housing Materials (-290M), resulting in a companywide decrease in sales (-1.05B)
 Total operating profit increased (+420M) due to increased profits in Chemicals(+990M), despite decreased profits in Housing Materials (-480M)

Net sales



Operating profit



* Results before FY2022 were recalculated for the same period of the current year (January to June).

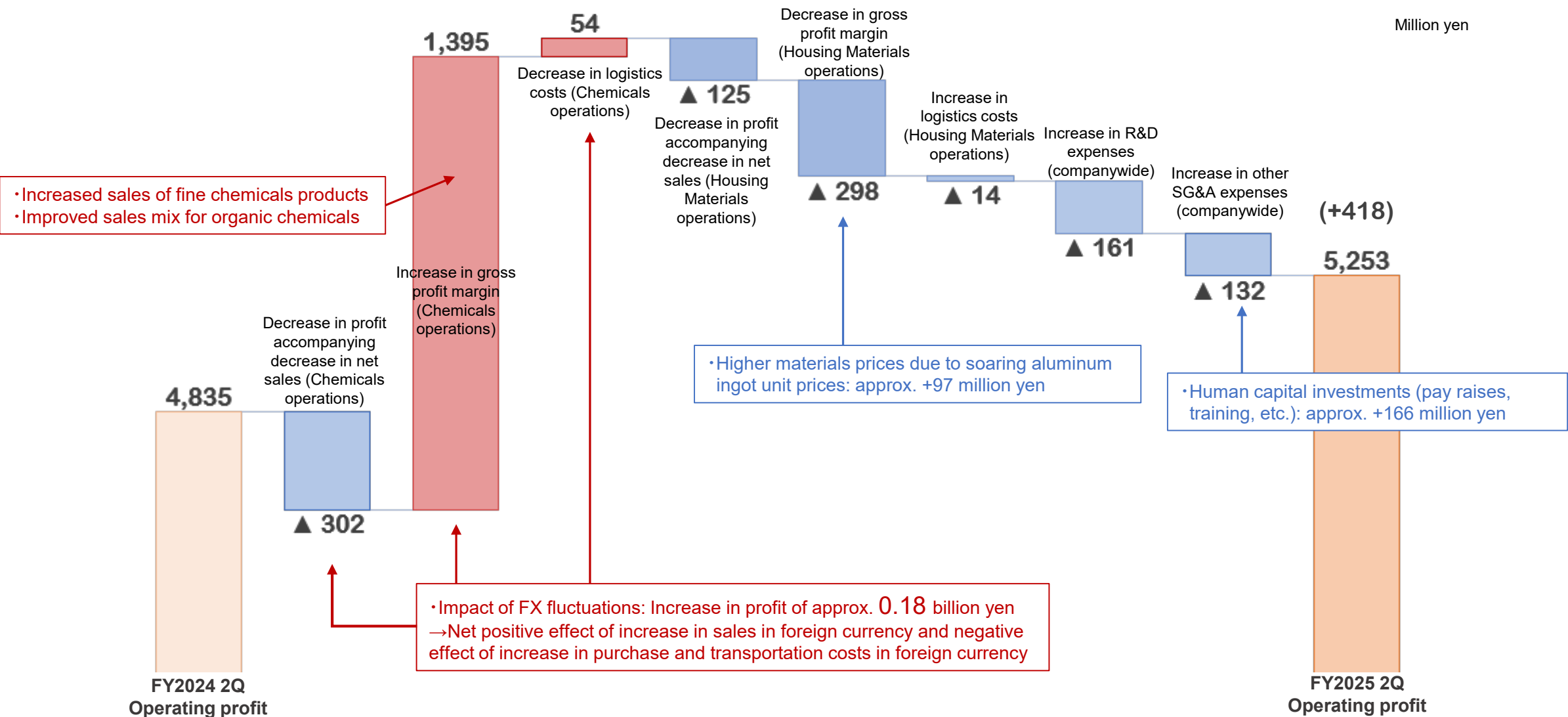
Segment		Overview of FY2025 2Q		
Inorganic chemicals		YoY	QoQ	Sales of insoluble sulfur decreased both YoY and QoQ due to damage to customer factories and low-price competition from Chinese companies, resulting in a decline in sales volume for Asian markets.
				
Organic chemicals		YoY	QoQ	Despite increased sales of Neo-Chlor QoQ due to seasonal demands, sales decreased YoY due to the absence of year-earlier strong sales.
				
Fine chemicals	Advanced & specialty chemicals	YoY	QoQ	Sales of IMZ increased slightly both YoY and QoQ. Sales of resin modifiers were strong and increased significantly both YoY and QoQ. Sales of semiconductor process materials decreased QoQ due to factors such as shipping timing, but increased significantly YoY.
				
	Electronic chemicals	YoY	QoQ	Sales of Glicoat-SMD decreased both YoY and QoQ due to sluggish exports to Asia. Sales of GliCAP increased slightly QoQ due to the reaction to the advance shipment in 1Q, but increased significantly YoY.
				
Housing Materials		YoY	QoQ	The number of new housing starts was sluggish due to the reactionary decline in demand due to the rush to start construction in February and March before the revision of the Building Standards Act. Sales decreased QoQ due to the absence of the impact of peak demand in 1Q, but increased slightly due to the effect of raising prices.
				

Total	YoY	QoQ
		

YoY Changes in Operating profit

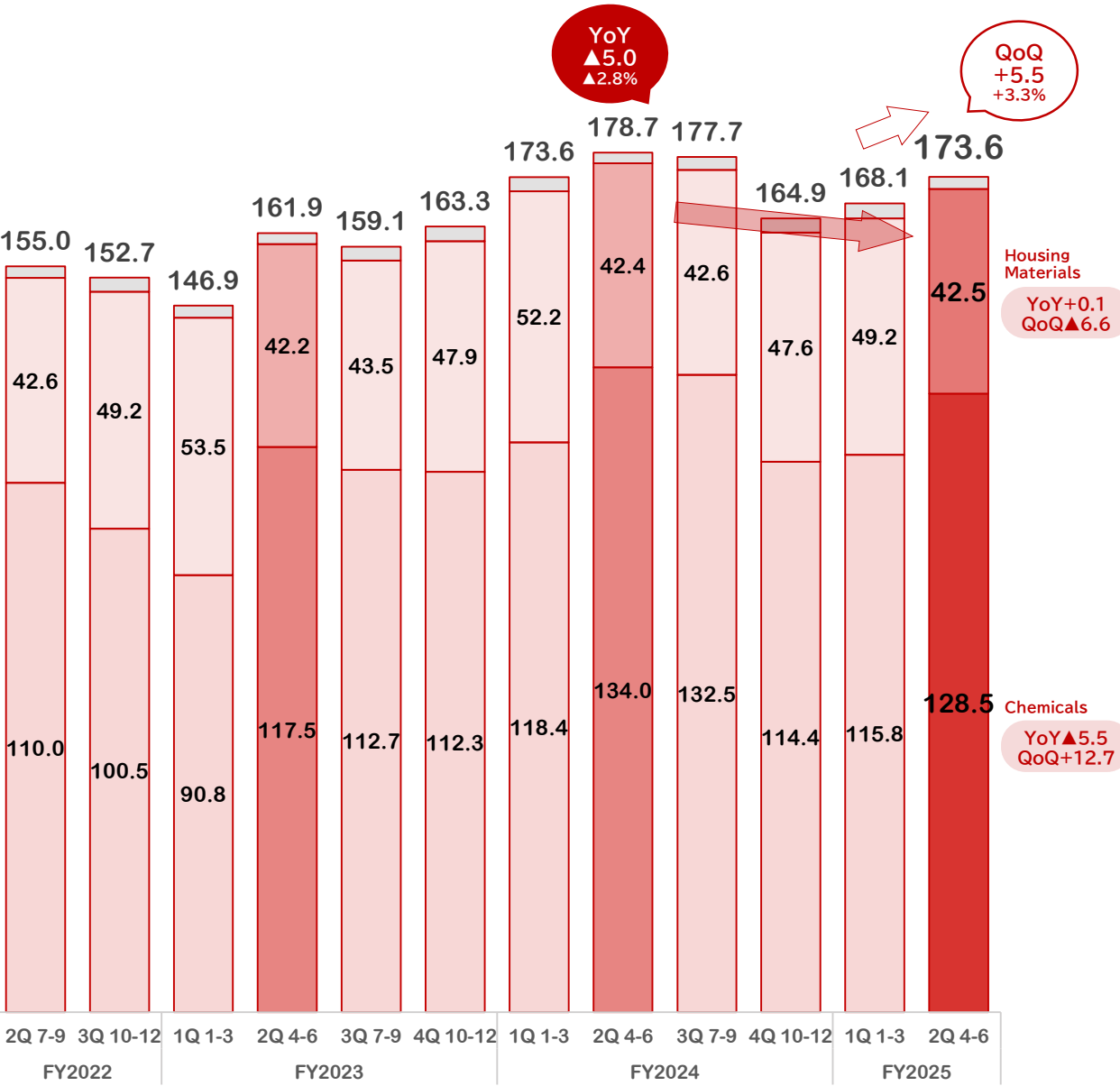
6,500

Operating profit increased, as increased sales of fine chemicals products canceled out the decreased profit of organic chemicals and the Housing Materials operations caused by weak sales thereof.



Trends in Net sales and Operating profit (QTD)

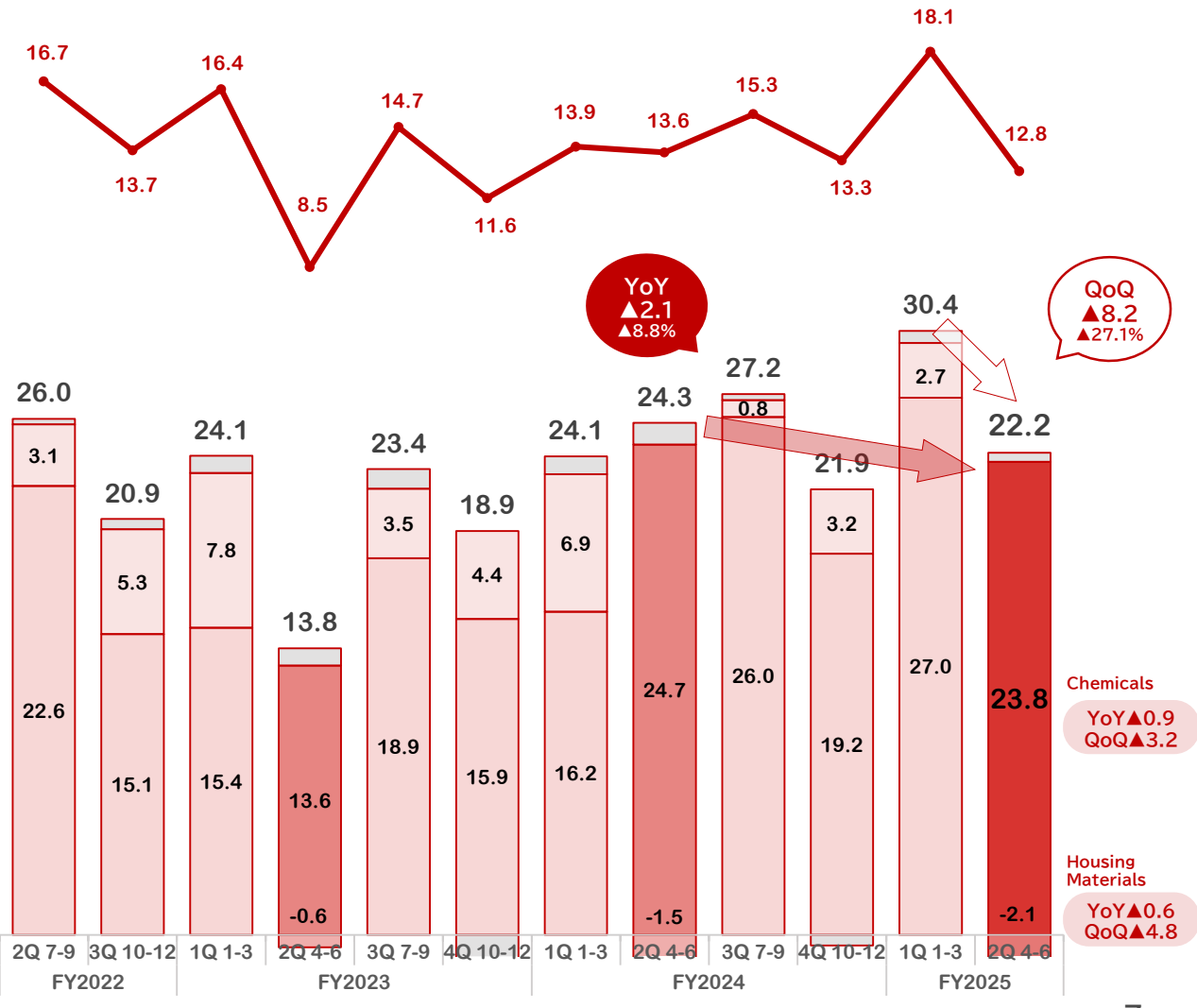
Net sales



Operating profit

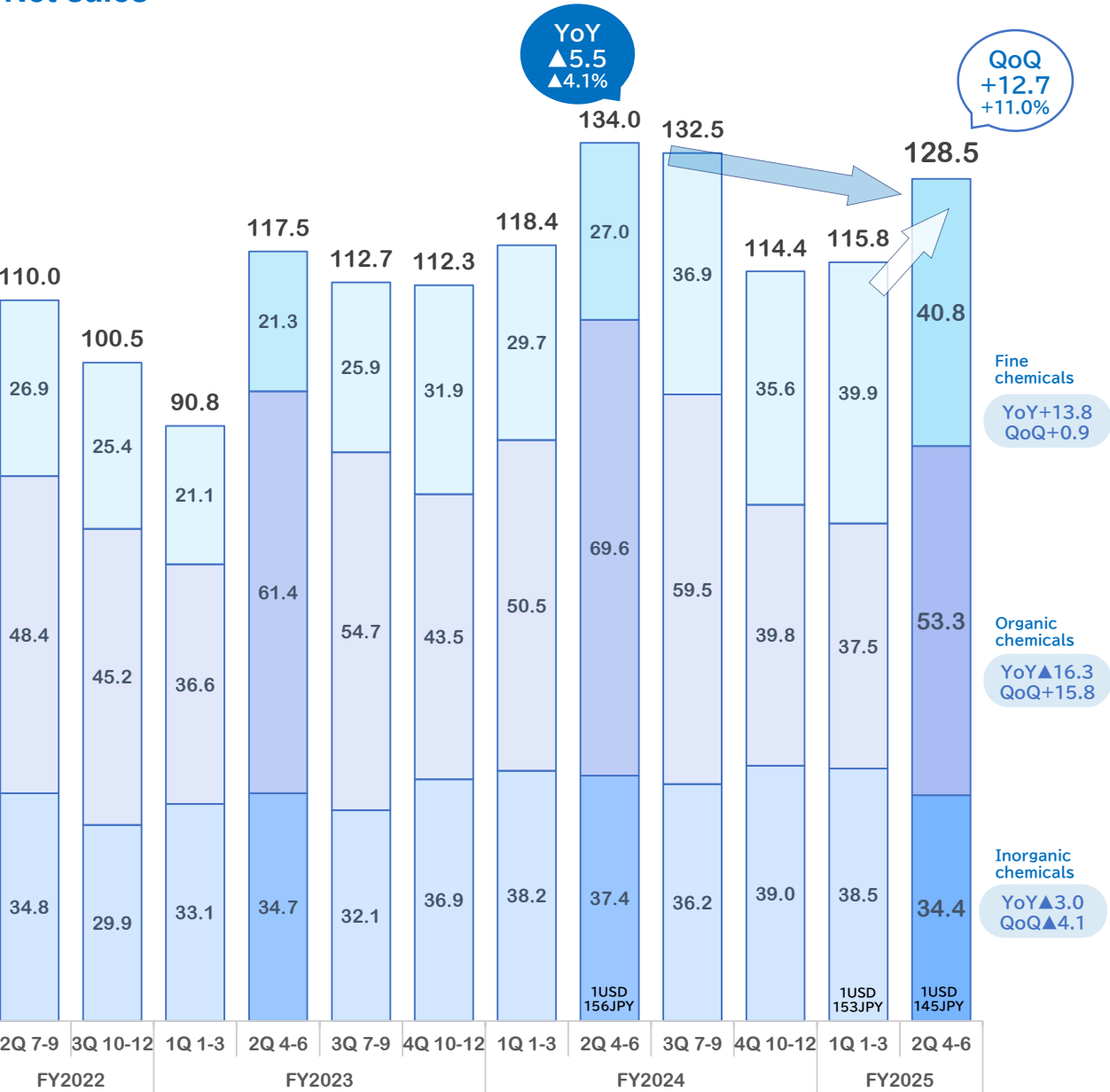
100Million yen

Ratio %



Operating results by segment: Chemicals (QTD)

Net sales



Operating profit

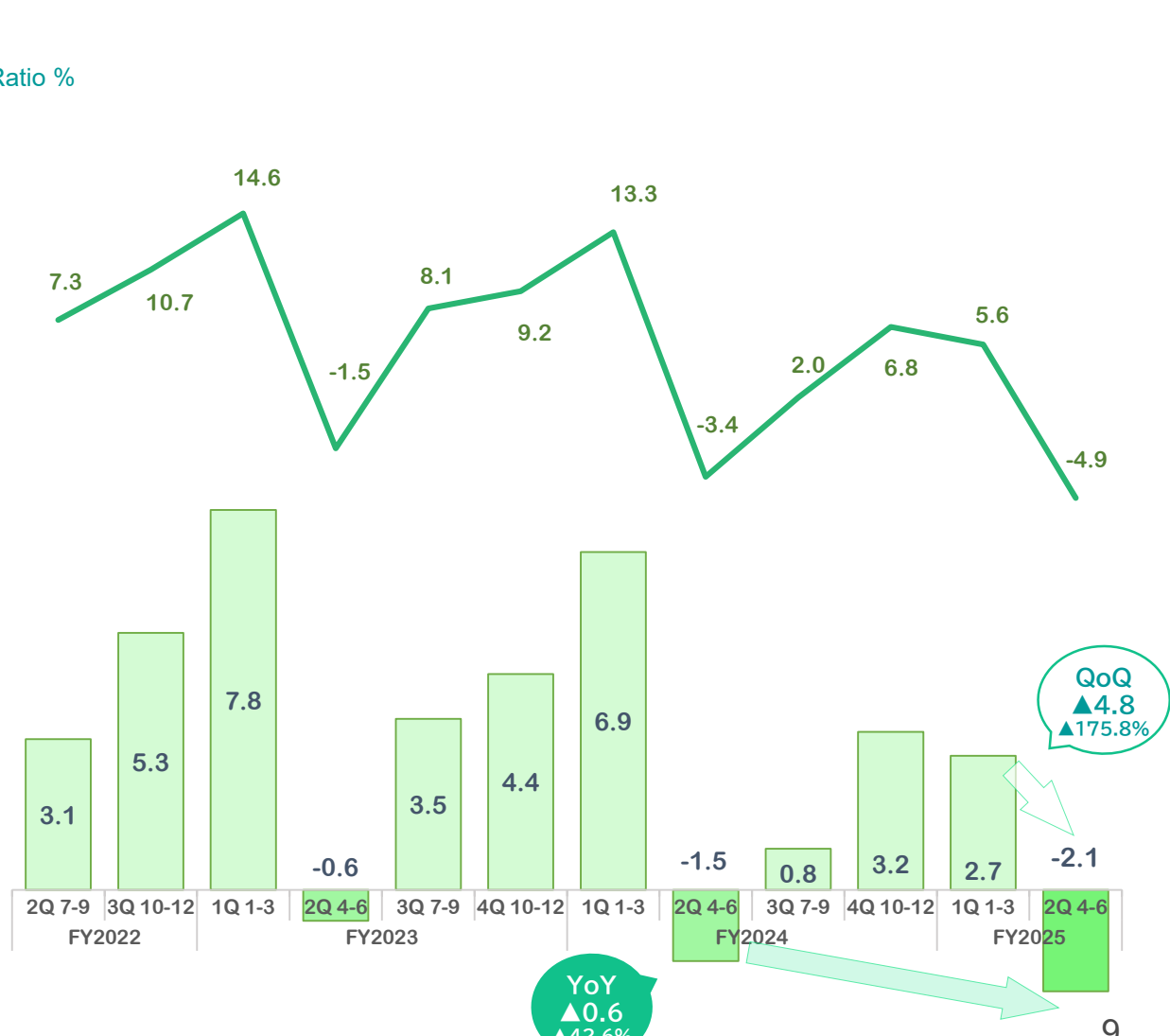
100 Million yen



Net sales

Operating profit

100Million yen



2. Financial Forecast for the Fiscal Year Ending 2025

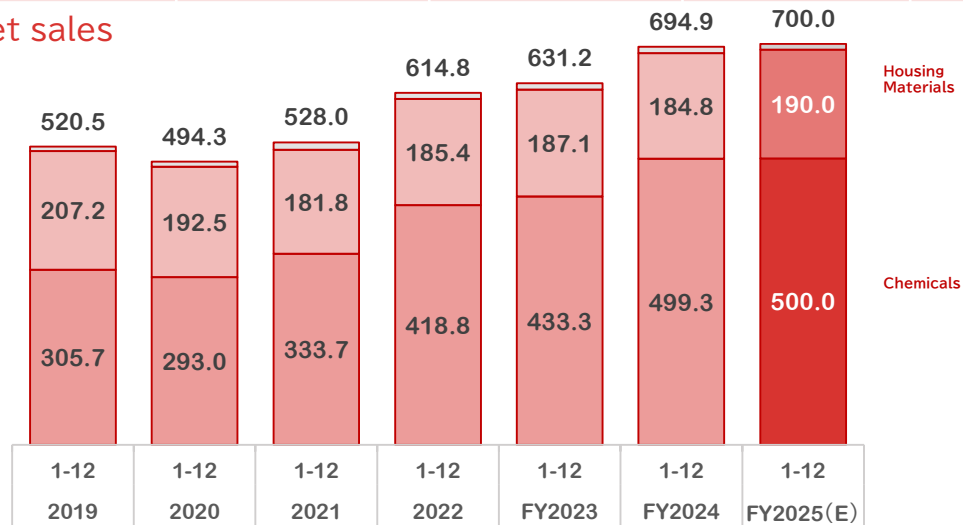
Forecast of Consolidated Financial Results

The full-year financial results forecast remains unchanged due to strong performance in fine chemicals, despite a revision of assumed exchange rate of US dollar to a stronger yen.

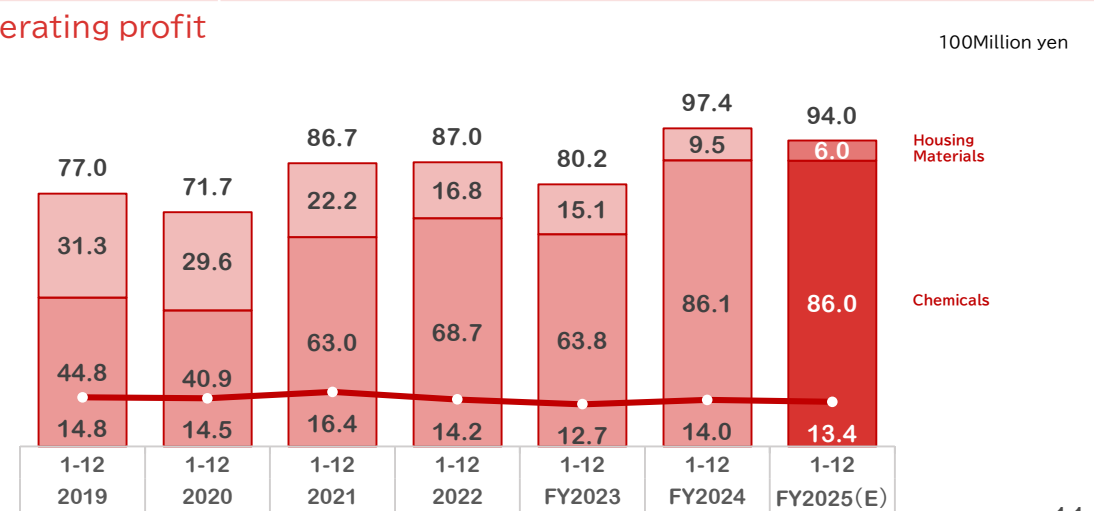
Million yen

	Forecast of the beginning of period (2025/1/29)	Revisions of the forecast (2025/7/30)	Change / Rate	FY2024	Change / Rate	Remarks
Net Sales	70,000 (Chemicals) 50,000 (Housing Materials) 19,000	70,000 (Chemicals) 50,000 (Housing Materials) 19,000	—	69,493 (Chemicals) 49,993 (Housing Materials) 18,477	+507 +0.7%	- Sales of Chemicals operations are expected to remain unchanged due to sales expansion of fine chemicals from the initial forecast, despite sluggish sales of organic chemicals and revisions to the assumed exchange rates. - Sales of Housing Materials operations are expected to remain unchanged from the forecast due to the effect of raising prices, despite continued sluggish housing starts.
Operating profit	9,400 (Chemicals) 7,950 (Housing Materials) 1,250	9,400 (Chemicals) 8,600 (Housing Materials) 600	—	9,741 (Chemicals) 8,611 (Housing Materials) 954	▲341 ▲3.5%	- Operating profit of Chemicals operations is expected to increase from the initial forecast due to an increase in sales of fine chemicals. - Operating profit of Housing Materials operations is expected to decrease from the initial forecast due to a decrease in sales volume.
Ordinary profit	9,800	9,800	—	10,779	▲979 ▲9.1%	Ordinary profit is expected to decrease compared to the previous fiscal year due to foreign exchange losses.
Profit attributable to owners of parent	6,500	6,500	—	8,813	▲2,313 ▲26.2%	Profit is expected to decrease compared to the previous fiscal year due to the absence of gain on sale of investment securities resulting from the elimination of cross-shareholdings.
Exchange rate	1USD 150JPY 1EUR 160JPY 1RMB 21.0JPY	1USD 145JPY 1EUR 165JPY 1RMB 20.5JPY		1USD 151JPY 1EUR 164JPY 1RMB 20.8JPY		

Net sales



Operating profit

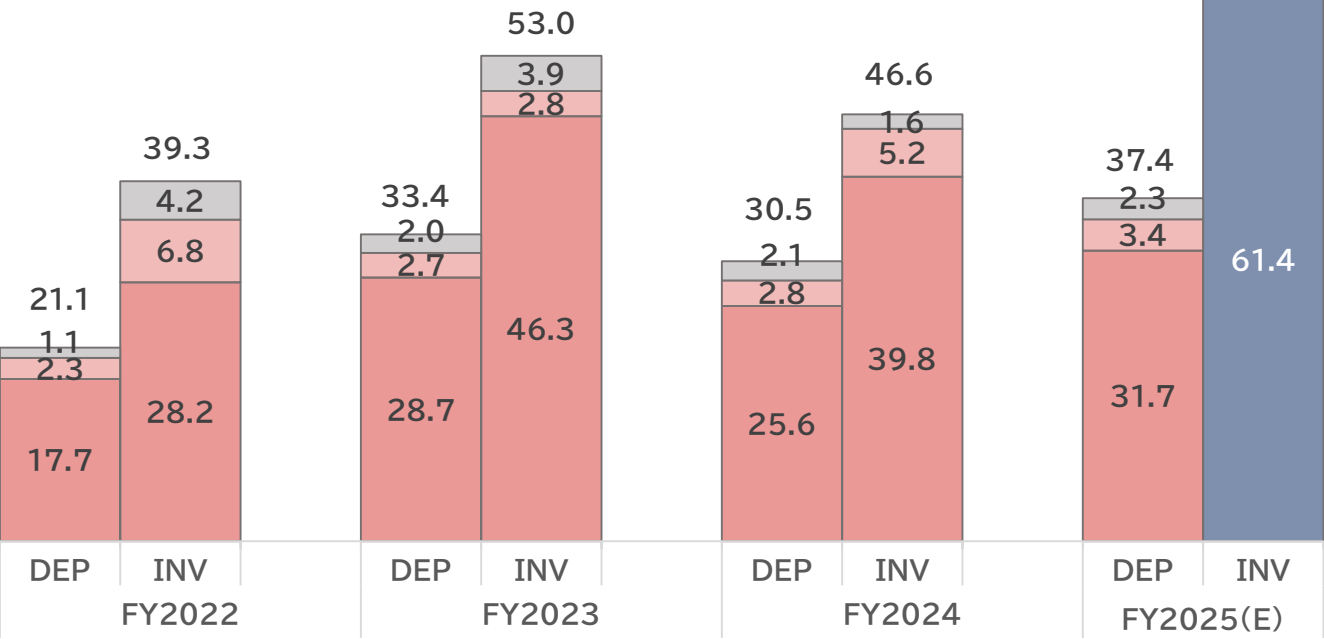


* In comparison and in the graphs, performance in prior years is adjusted to the same period in FY2022 (January to December).

Capital investment and Depreciation

[Progress with major capital investment in FY2025 2Q]

- 390 million yen for the construction of a new plant for insoluble sulfur
- 60 million yen for expenses related to new R&D Center building
- 150 million yen for equipment upgrades for the Marugame plant
- 520 million yen for equipment upgrades for the Tokushima plant
- 170 million yen for Chemicals R&D equipment



[Major capital investment in FY2025]

- Other**
 - 200 million yen for system-related upgrades, etc.
 - 100 million yen for other upgrades, etc.
- Housing Materials**
 - 120 million yen for set-up costs for online pricing calculator
 - 820 million yen for plant equipment upgrades, etc.
- Chemicals R&D**
 - 1.76 billion yen for expenses related to new R&D Center building
 - 540 million yen for Chemicals R&D equipment, etc.
- Chemicals Manufacturing equipment**
 - 1.40 billion yen for cogeneration system
 - 780 million yen for new insoluble sulfur plant
 - 990 million yen for increased production of Neo-Chlor, tableting machines, etc.
 - 1.03 billion yen for Marugame plant equipment upgrades
 - 1.14 billion yen for Kitajima plant equipment upgrades
 - 800 million yen for other equipment upgrades

Dividend and Share buyback Trends

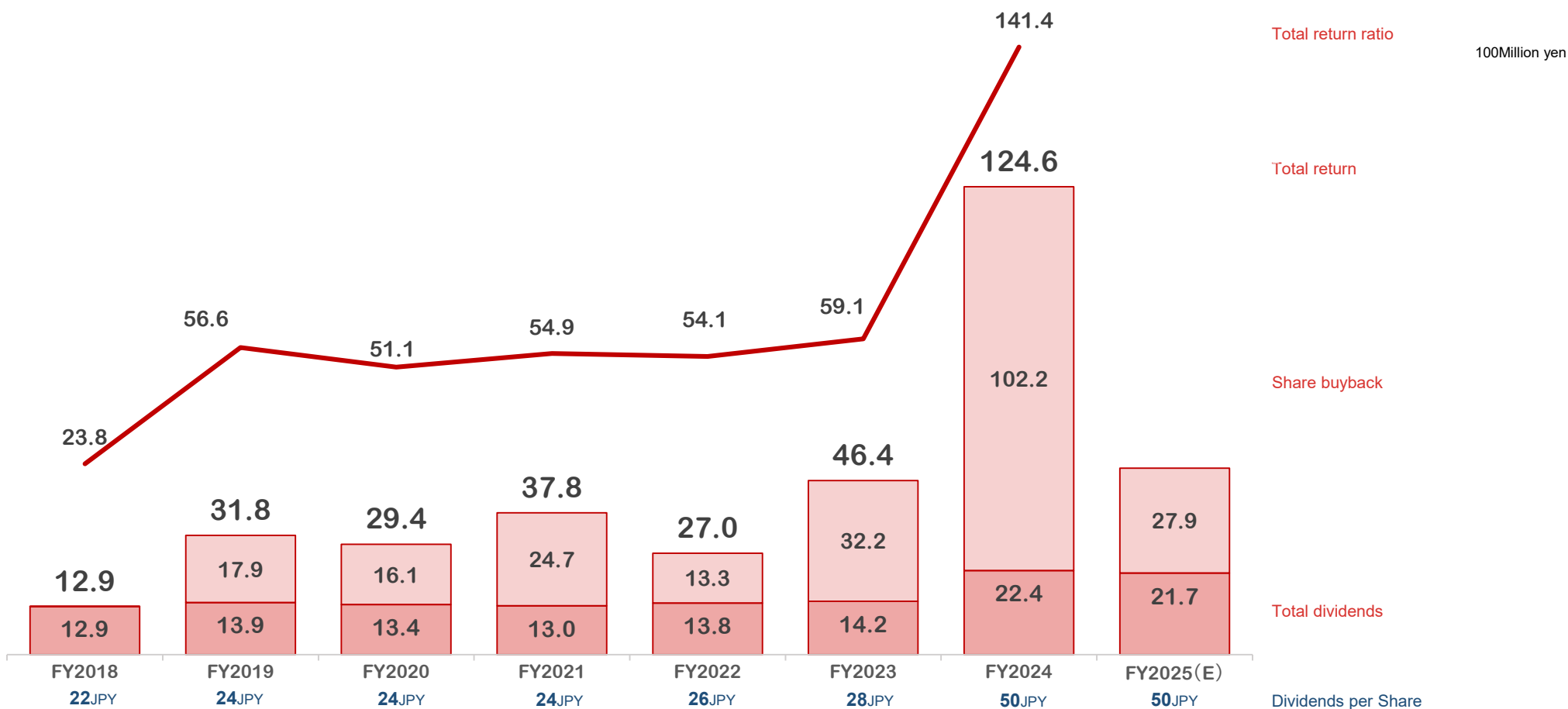
[Shareholder Return Policy]

- Dividend payout ratio **30%**
- Total return ratio **50%**
- DOE (consolidated dividend on equity) **3%**

[FY2025 Shareholder Return Policy (plan)]

- Plans to maintain dividends of 50 yen per share (interim dividend of 25 yen, year-end dividend of 25 yen).
- Premised upon the shareholder return policy, the Company will repurchase its shares in a flexible manner and promote the reduction of excess capital and cross-shareholdings to improve the value of shares.

Under the “Challenge 1000” long-term vision, aims for the above shareholder returns based on consolidated results.



3. Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Analysis of current situation and policies for the present

Companywide ROIC increased due to repayment of borrowings.
ROE decreased due to the absence of year-earlier gain on sale of
Investment securities.

Consolidated Balance Sheets (as of 6/30/2025)

[Financial assets]

(Current status and basic policy)

Financial assets balance decreased 8.0bn yen compared with December 31, 2024 due to repayment of borrowings. While using interest-bearing debt for capital needs, actively reduce excess via repayments.

	FY2024	FY2025 2Q
	72.9bn	65.1bn
	(▲7.81bn from the beginning of the year)	

Cash and deposits	33.7bn	27.2bn
Securities	14.6bn	12.0bn
Investment securities	24.5bn	25.8bn

[Business assets]

Trade receivables
Inventories
Property, plant and equipment/ Intangible assets

	FY2024	FY2025 2Q
[Chemicals]	43.9bn	44.7bn
	(+0.8bn from the beginning of the year)	

[Housing Materials]	14.9bn	14.7bn
	(▲0.2bn from the beginning of the year)	

[Excess capital]

(Current status)

Current policy is to retain ¼ of annual net sales. Of 65.1bn yen in financial assets, approximately 20.0bn yen is excess capital, after deducting 23.2bn yen in interest-bearing debt and approx. 20.0bn yen in risk buffer.

(Basic policy)

In the final stage of the long-term management plan, a time for implementing the framework for growth from 2030 onward, prioritize growth investments as well as investments in human capital and environment. Consider reducing cross-shareholdings and promptly carry out shareholder returns according to progress.

[Investment capital]

(Profit indicators to be compared)

Operating profit after tax by business → ROIC by business

	FY2024	FY2025 2Q
[Chemicals]	31.4bn	33.6bn
	(+2.1bn from the beginning of the year)	
ROIC by business	19.6%	21.9%

[Housing Materials]	9.1bn	9.3bn
	(+0.2bn from the beginning of the year)	
ROIC by business	7.7%	1.0%

[Business liabilities]

Trade payable
Labor liabilities and provisions

[Group capital invested]

(Profit indicators to be compared)

Profit after tax (operating profit + financial revenue)
→ Group ROIC

(Current status)

Current WACC estimated at 4.5-5.5%. Group ROIC currently exceeds WACC but we will continue with initiatives to expand ROIC-WACC spread.

	FY2024	FY2025 2Q
	114.7bn	108.1bn
	(▲6.5bn from the beginning of the year)	
Group ROIC	6.6%	7.3%

[Future earnings to be acquired (FCF)]

(Shareholder return)

Carry out promptly, targeting 50% of profit

(Internal reserve)

Prioritize investments in growth and human capital as risk capital

[Net assets in carrying amount]

(Profit indicators to be compared)
Profit → ROE

(Target ROE)

Set to 8% as hurdle rate in the short term, and aim to stably exceed 10% by capital reduction.

	FY2024	FY2025 2Q
	83.3bn	85.8bn
	(+2.4bn from the beginning of the year)	
ROE	10.4%	8.8%

[Interest-bearing debt]

(Basic policy)

Utilize interest-bearing debt for active investments to achieve 2029 targets and sustainable growth from 2030 onward. Pursue optimal capital structure while considering present financial status, assuming maintaining current credit ratings (A-, R&I).

	FY2024	FY2025 2Q
	30.5bn	21.4bn
	(▲9.1bn from the beginning of the year)	

[Future net assets]

Maintain ROE and net asset levels that exceed the cost of shareholders' equity at all times through balance sheet management to secure both aggressive growth strategies and capital efficiency.

Both Chemicals and Housing Materials operations maintained high capital turnover due to high added value based on low cost ratio and high ROS arising from their niche business areas and R&D capabilities as well as a lower investment burden on production facilities.

	FY2025 2Q	FY2024		FY2025 2Q	FY2024		FY2025 2Q	FY2024		FY2025 2Q	FY2024
Chemicals	ROIC	21.9% / 19.6%	Ratio of operating profit to sales	20.8% / 17.2%	Ratio of cost to sales	56.5% / 61.1%	Ratio of R&D to sales	3.2% / 2.8%	Ratio of transportation cost to sales	9.4% / 9.2%	
					Ratio of SG&A to sales	22.7% / 21.6%					
	Turnover of invested capital	1.45 / 1.59			Turnover of working capital	3.02 / 3.23	Receivables turnover	3.97 / 4.11			
					Fixed asset turnover (tangible/intangible)	2.23 / 2.38	Inventory turnover	5.73 / 5.81			
							Payables turnover	10.47 / 9.44			
Housing Materials	ROIC	1.0% / 7.7%	Ratio of operating profit to sales	0.7% / 5.2%	Ratio of cost to sales	60.2% / 58.1%	Ratio of R&D to sales	2.3% / 2.3%	Ratio of transportation cost to sales	10.1% / 9.9%	
					Ratio of SG&A to sales	39.1% / 36.7%					
	Turnover of invested capital	1.95 / 2.02			Turnover of working capital	2.69 / 2.84	Receivables turnover	3.42 / 3.31			
					Fixed asset turnover (tangible/intangible)	5.04 / 5.23	Inventory turnover	4.35 / 4.38			
							Payables turnover	6.68 / 5.59			

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