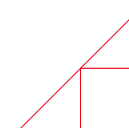
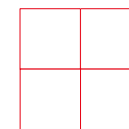
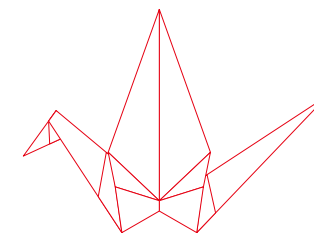


Integrated Report 2023



Transform the future.



Corporate Philosophy



We always value creativity as a driving force for company development

- "Doku-sou-ryoku (creativity)" is the eternal philosophy of SHIKOKU KASEI Group.
- Since inventing an innovative manufacturing method for carbon disulfide, we have considered creativity as the cornerstone of growth and the power of development.
- We will bring together the wisdom of each and every person involved, and will always break new ground using out-of-the-box ideas.

CONTENTS

1 About SHIKOKU KASEI Group

- 01 Corporate Philosophy
- 02 Contents
- 03 History
- 04 Our Businesses
- 05 Financial/Non-Financial Highlights

2 Value Creation Story

- 06 Top Message
- 12 Value Creation Process
- 13 Long-Term Vision "Challenge 1000"
- 18 Sustainability in SHIKOKU KASEI Group

3 Foundation to Support Value Creation

- 20 Environmental Efforts

- 27 With Our Customers
- 28 With Our Business Partners
- 29 With Our Employees
- 32 With Our Shareholders/Investors
- 34 With Local Community
- 35 Governance

4 Business Strategy

- 43 Inorganic Chemicals
- 44 Organic Chemicals
- 45 Fine Chemicals
- 46 Housing Materials

5 Data

- 47 Financial/Non-Financial Summary
- 54 Company Profile/Stock Overview

● Editing policy

This report provides a systematic overview of the Group's medium- to long-term vision and initiatives for value creation from a financial and non-financial perspective, and is issued as a tool to communicate with any stakeholders, including shareholders and investors. Going forward, we will continue to enhance the content of our integrated reports to enable stakeholders to gain a deeper understanding of the Group.

● Applicable period

April 1, 2022 to December 31, 2022

(Some content is outside the applicable period.)

※From the fiscal year under review, the Company changed its fiscal year end from March 31 to December 31, and all consolidated subsidiaries also changed their fiscal year ends to December. As such, the consolidated fiscal year under review, which is a transitional period, is an irregular nine-month period spanning from April 1, 2022 to December 31, 2022.

● Applicable organization

SHIKOKU KASEI HOLDINGS CORPORATION and its consolidated subsidiaries (13 domestic, 1 overseas)

● Reference guidelines

International <IR> Framework (International Integrated Reporting Council [IIRC]), Environmental Accounting Guidelines (Ministry of the Environment)

● Cautionary statement regarding forward-looking statements

The earnings estimate and other forward-looking statements in this report that are not historical facts are based on the information and projections available at the time of writing, and thus involve risks and uncertainties. It therefore bears keeping in mind that a number of factors could cause actual results to differ from the forecasts presented in this report.

Meaning of navigation icons

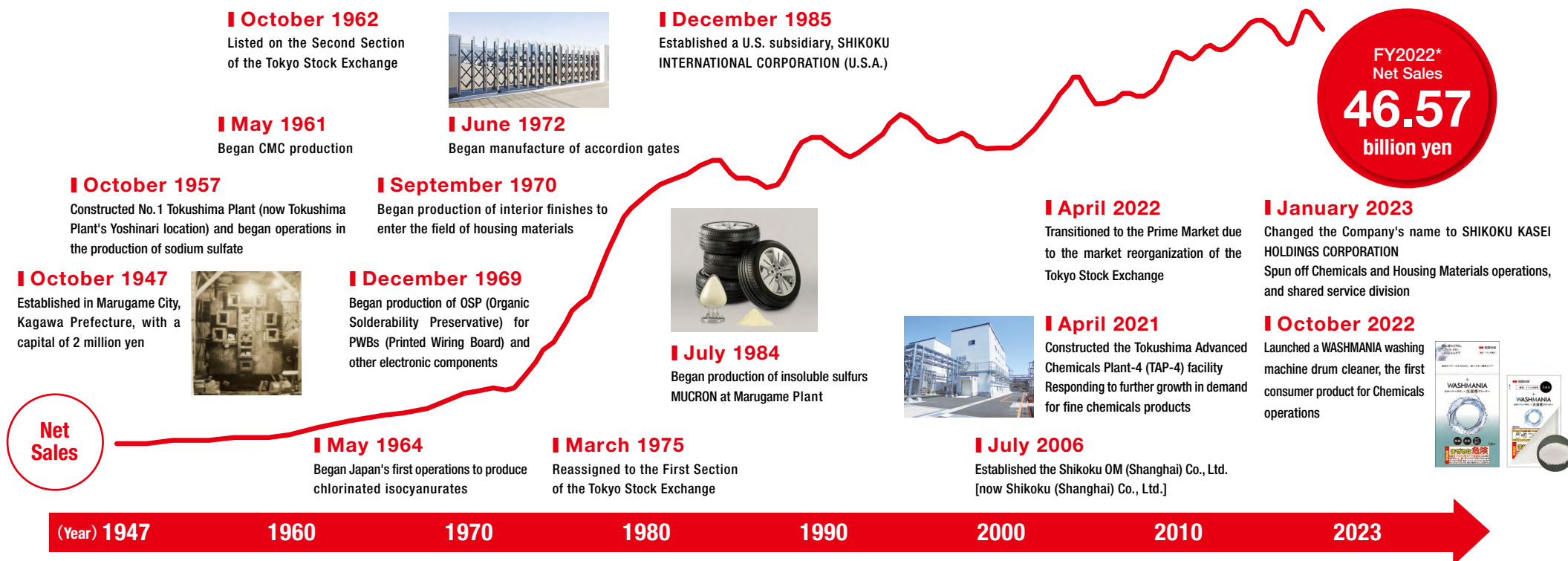


Directs to the corresponding page within the report



Directs to an external website

History



Founding

In 1947, SHIKOKU CHEMICALS CORPORATION was established in Marugame City, Kagawa Prefecture. In the chaos of the post-war period, the founders developed an innovative manufacturing method for carbon disulfide, the raw material for rayon, a chemical fiber. This is the origin of our creativity.

Two businesses that continue to evolve

Starting with the development of an innovative manufacturing method for carbon disulfide, the Company has developed its own manufacturing methods for sodium sulfate and chlorinated isocyanurates. In the Chemicals operations, we have expanded into new fields such as fine chemicals and insoluble sulfur. In 1970, we expanded the applications of CMC to include industrial glue, and commercialized interior/exterior finishes and paving materials with our unique technology. Thus we made our first step toward launching the Housing Materials operations in 1972, and also entered the exterior industry with the development of accordion gates. Focusing on the needs of society, we have created many products that combine functionality and design. The Group has developed unique products while continuing to refine its proprietary technologies, achieving world firsts and a high market share in many fields.

Now

We provide chemicals that work behind the scenes in cars, smartphones, pools, and other objects, and housing materials that liven up living spaces, such as plastered (or mortar-covered) walls, carports, and archways in public facilities. We support prosperous and comfortable lifestyles around the world through our two operations: Chemicals and Housing Materials. Going forward, we will continue to expand the possibilities of both businesses and tap into new markets.

*From the fiscal year under review, the fiscal year-end (the last day of the fiscal year) has changed from March 31 to December 31. As it will be a transition period for this change in fiscal year-end, the fiscal year under review has an irregular nine-month period.

Our Businesses

The SHIKOKU KASEI Group offers one-step-ahead value to suit a variety of lifestyles

In households

Household Products



We support clean lifestyles with products that utilize chlorinated isocyanurate technology, such as household pipe cleaning agents and washing machine drum cleaners.

Carports



We have an ample lineup of carefully thought-out designs that match various lifestyles and complement the home, while protecting precious cars from the wind and rain.

Construction/inspection of Waste water facilities



We support a hygienic and comfortable living environment in the field of water treatment facilities, such as the construction, inspection, and cleaning of septic tanks.

In offices and plants

Glicoat-SMD

(Organic Solderability Preservative for PWBs)



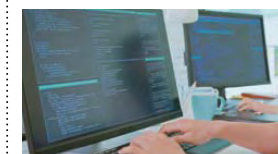
An environmentally friendly water-soluble rust inhibitor for PWBs with the highest shares in the world, indispensable for smartphones and digital products used in everyday life.

Accordion gates



The stretch mechanism provides compact storage as well as coverage for a wide area. In 1972, we became the first Japanese company to launch accordion gates and entered the exterior products field.

System development



We have developed a system that respects the know-how and opinions of our customers. We contribute to the improvement of operations and productivity on-site.

At schools

Bicycle ports



Bicycle parking lots are used across a number of public facilities, such as train stations and hospitals. Various styles designed to complement the installation location decorate the landscape.

NEO-CHLOR



A highly safe disinfectant for pools that exhibits a strong and stable sterilizing power even under strong ultraviolet rays, and is also kind on the eyes.

Garbage containers



Contributing to the creation of a comfortable living environment by transforming the garbage storage area, which tends to be messy and unsanitary, into a clean and beautiful space.

At restaurants

Carbon disulfide



The first product we manufactured, and a raw material for the chemical fiber rayon. It is widely used in the textile field, such as for clothing.

JULUX



It is an eco-friendly interior decoration material that maintains healthy indoor air quality and has a low environmental impact, thanks to the blessings of natural materials and the handwork of plasterers.

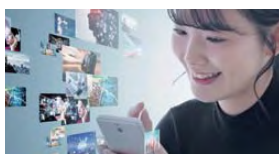
Hamburger shop operation



We operate four hamburger franchise shops in Kagawa Prefecture. Our shops offer delicious food and a space to relax.

Around cities

GliCAP



As a chemical for PWBs, it supports ever-evolving information and communication technologies such as 5G communication, which transmits huge amounts of data at high speed.

Archways



Archways protect pedestrians from strong sunlight and rain. They blend in with the scenery and help create beautiful cities.

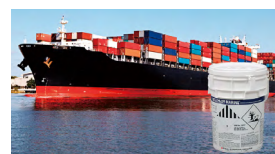
Insoluble sulfur



An essential raw material for radial tires. As one of the world's leading manufacturers, we contribute to the safety of tires by providing a stable supply of high-quality products.

Also in places like this

NEO-CHLOR MARINE



A chemical agent for ballast water treatment systems that prevents the destruction of marine ecosystems caused by the ballast water discharged from ships.

ICOI



In addition to preventing secondhand smoking, the stylish appearance of the cubicles helps create a clean smoking space.

Inspection and Analytical work



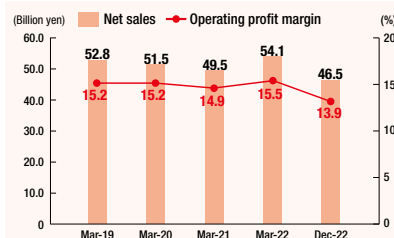
We support a safe and secure living environment by highly precise measurement and analysis for the solution of environmental problems.

Financial/Non-Financial Highlights

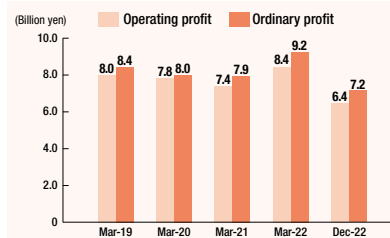
Financial Highlights

(April 1 2022 to December 31, 2022*)

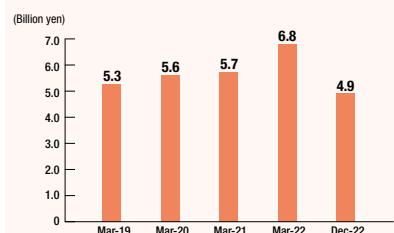
Net sales / Operating profit margin



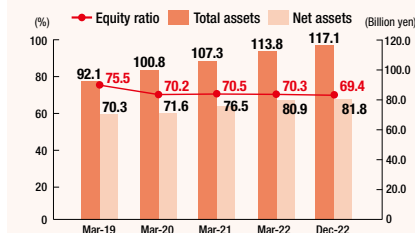
Operating profit / Ordinary profit



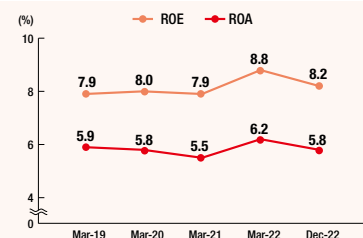
Profit attributable to owners of parent



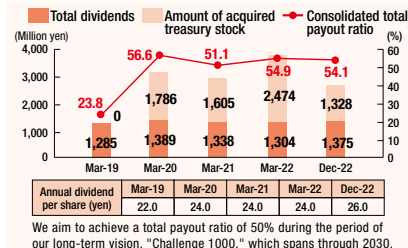
Equity ratio



Return on equity (ROE) / Return on assets (ROA)



Shareholder returns

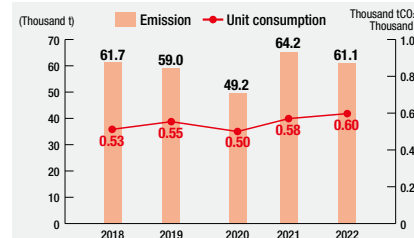


Non-Financial Highlights

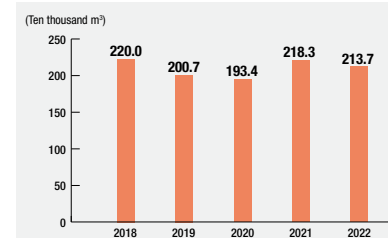
(★April 1, 2022 to March 31, 2023)

(●April 1, 2022 to December 31, 2022)

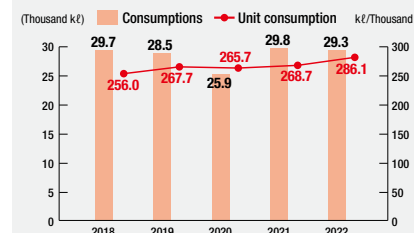
★ CO₂ emissions (domestic consolidated subsidiaries)



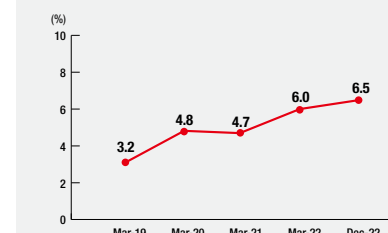
★ Water input (three chemical plants*2)



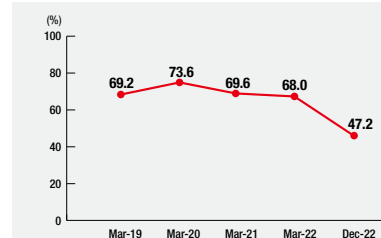
★ Energy consumption (domestic consolidated subsidiaries)



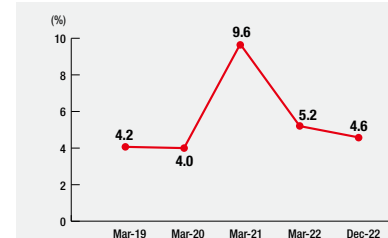
● Ratio of female managers (SHIKOKU KASEI*3)



● Rate of paid holiday use (SHIKOKU KASEI*3)



● Turnover rate (SHIKOKU KASEI*3)



*1 From the fiscal year under review, the fiscal year-end (the last day of the fiscal year) has changed from March 31 to December 31. As it will be a transition period for this change in fiscal year-end, the fiscal year under review has an irregular nine-month period.

*2 The three chemical plants: Marugame Plant, Tokushima Plants (Kitajima location and Yoshinari location)

*3 SHIKOKU KASEI: SHIKOKU KASEI HOLDINGS, SHIKOKU CHEMICALS, SHIKOKU KASEI KENZAI, SHIKOKU KASEI CORPORATE SERVICE

Top Message



Top Message



Please tell us about the history of the SHIKOKU KASEI Group and how you have followed your corporate philosophy of "Doku-sou-ryoku (creativity)."

The SHIKOKU KASEI Group was founded in 1947 based on our innovative manufacturing technology for carbon disulfide, a raw material for the chemical fiber rayon. While carbon disulfide itself was already on the market, the founders invented a brand-new manufacturing method, dramatically improving production efficiency and commanding a competitive edge despite being a latecomer. In 1957 and 1964, we developed an original manufacturing method for sodium sulfate, which is used as a raw material for synthetic detergents, and chlorinated isocyanurates, which is used as a sterilizing disinfectant for swimming pools. We thus expanded our business into new fields. In 1970, we took the first step in launching our Housing Materials operations by utilizing our chemical technologies to develop interior finishing materials that enable the industrial production of plastered (or mortar-covered) walls. Furthermore, with the development of an accordion gate in 1972, we entered the exterior products field and expanded the scope of our operations. Since then, we have continued to create unique products in our two businesses: Chemicals and Housing Materials.

We already had a mission statement in place for some time, but since it contained a mix of words and phrases from different eras, we wanted to converge them into one word that could better express the essence of the Group. As such, 30 years ago we set "Doku-sou-ryoku (creativity)" as the core of our corporate philosophy.

While true that the Company has been shaped by the "creativity" of the past, I tell employees to constantly question whether they can demonstrate their creativity in the present. I believe that "creativity" is rather a guidepost that keeps us creating new products and services with new ideas.

What is the source of profit for the SHIKOKU KASEI Group?

The biggest feature of the Group is that it has two core businesses, Chemicals and Housing Materials. The Chemicals operation accounts for roughly 60% of total sales, while the Housing Materials operation accounts for about 40%. There was a time when Housing Materials made up the higher percentage. The completely different natures of these two businesses have helped them complement one another, enabling our business to grow as a whole.

Let's take a look at the strengths of each business in more detail. The Chemicals operation is made up of three sub-segments. Looking at Inorganic Chemicals, our products have not necessarily been market

firsts as mentioned earlier. However, we have entered the market with our innovative manufacturing methods and we have rapidly grown to become a leading manufacturer. In Organic Chemicals, chlorinated isocyanurates did not gain traction as bleaching agent as we had originally expected. However, we discovered that it could be used as a disinfectant for pools. After conducting market research, we found that many households in the United States have their own pools, and this discovery enabled us to tap into the export market. In Fine Chemicals, our strength lies in our technological prowess in organic synthesis, a process that enables the production of chemical substances that do not exist naturally. Not only can we quickly manufacture products that meet the needs of our customers, but we also excel in mass production technologies.

As for the Housing Materials operation, we enabled the industrialization of interior/exterior finishes and paving materials by developing technology to coat colored soil, as well as for CMC (carboxymethyl cellulose), which had previously been manufactured using chemicals to modify individual grains of natural sand, used as an aggregate. For Exterior products, we created a new market using our unique products that boast excellent design and functionality, such as accordion gates and garbage stockers, and have steadily achieved growth even amid the overall decline in the housing market.

You assumed the position of President along with the shift to a holding company structure on January 1, 2023. Could you tell us why you took up your position at this time and what your aspirations are?

The SHIKOKU KASEI Group experienced a period of deterioration in profitability and financial position due to business diversification in the 1980s and 1990s. Under the medium-term management plan that had a basic policy of returning to our original strengths, we made efforts to innovate management and restructure our businesses. These moves led us reborn into a company with a leaner and more robust business model.

However, when I was in charge of the Corporate Planning Department, I realized that our management strategies would end up being short-sighted under a three-year medium-term management plan. I thus proposed setting a long-term vision to the upper management at the time, and formed a project with the members who would likely be responsible for the next generation. The SHIKOKU KASEI Group's long-term vision "Challenge 1000" was born in this manner. We set our vision for 2030 as: "Toward 'one-step-ahead, proposal' company with creativity — Solve social

Top Message



issues with creative ideas, leading the world." Backcasting from this future vision, we formulated and have begun implementing our business plan.

We reached the end of STAGE 1 of our long-term vision, which spanned from 2020 to 2022, and approached the start of STAGE 2, under which we aim for further growth. It was at this point that I took over as President, with a strong desire to firmly fulfill this long-term vision with my own hands. When it comes to long-term visions, the strong intent held when the vision is first formulated tends to fade over time. In order to keep the flames of this long-term vision alive, I intend to refocus the attention of all our employees on the vision to achieve sustainable growth.

Please also tell us about the aim of shifting to a holding company structure.

Until now, we engaged in Chemicals and Housing Materials operations, two completely different businesses, as a single company. However, we believe it is necessary to refine our R&D and technological capabilities in each area to accelerate growth, by having one company specializing in chemicals and the other in housing materials. As part of the transition to a holding company structure, we spun the two businesses off to establish SHIKOKU CHEMICALS CORPORATION, a chemicals company, and SHIKOKU KASEI KENZAI CORPORATION, a housing materials company, and these companies are controlled by SHIKOKU KASEI HOLDINGS CORPORATION.

There are three key purposes of shifting to a holding company structure. The first is to reinforce our



business operation system. We want to expedite decision-making by boldly transferring authority to each operating company. I take part in the board meetings of both operating companies as an observer and feel that discussions are already growing more active.

The second is to redefine the governance structure and the roles of head office divisions. By specializing the holding company as a group management function, we strengthened the management and supervisory functions of each operating company. Since we have just begun to operate under this structure, we plan to review it going forward while determining the degree of control the holding company should have. In addition, the indirect operations functions of each group company have been consolidated into the newly established SHIKOKU KASEI CORPORATE SERVICE. In doing so, we aim to eliminate and optimize overlapping operations.

The third is to strengthen the development of management personnel. To promote the development of future management personnel, the holding company formulates strategies and frameworks for the entire group to enhance its human resources in terms of both quality and quantity.

In the long-term vision, "Challenge 1000" (April 2020 to December 2029), the Company has set Business Reform Policies for each business in addition to a Companywide Reform Policy. While also looking back on your results for FY2022, please tell us what kind of business reform policies you are setting for the Inorganic Chemicals, Organic Chemicals, Fine Chemicals, and Housing Materials businesses, and what kind of growth strategies you are planning for the future.

FY2022 was an irregular nine-month accounting period due to the change to the fiscal year-end. When adjusting this to 12 months spanning January to December 2022, we achieved record net sales of 61.5 billion yen and operating profit of 8.7 billion yen. We successfully hit our Stage 1 targets of 60 billion yen for net sales and 7.5 billion yen for operating profit.

First, I will explain our business reform policies and growth strategies for the Chemicals operation, starting with Inorganic Chemicals, followed by Organic Chemicals, and then Fine Chemicals.

In our Inorganic Chemicals business, we offer products that contribute to the enrichment of people's daily lives, such as: (1) insoluble sulfur, MUCRON, which is indispensable for the production of radial

Top Message



tires, (2) carbon disulfide, a raw material for chemical fiber rayon, and (3) sodium sulfate, which is used in synthetic detergent powders and bath salts. In our "Challenge 1000," we aim to turn the Inorganic Chemicals business into one that recycles difficult-to-handle materials and contributes to technological innovation and environmental preservation around the world. With regard to insoluble sulfur, we are working to establish a framework geared toward expanding sales by newly expanding facilities, further improving quality, and developing production technology.

As for the Organic Chemicals business, our products that contribute to improving water sanitation conditions, from the sanitation management of bathing facilities to the wastewater treatment of industrial water, are used all over the world. One such product is NEO-CHLOR, a disinfectant for pools that leverages the excellent properties of chlorinated isocyanurates, a chemical that we are the first Japanese company to mass produce. Organic Chemicals business has set forth "a business that protects environment and sanitation and delivers cleanliness to people around the world" as its ideal vision. In 2022, we launched a new B2C brand WASHMANIA, which utilizes the experience and know-how we have accumulated over the years in our B2B operations, and introduced a washing machine drum cleaner as the first product.

In the Fine Chemicals business, our heat-resistant water-soluble preflux Glicoat-SMD, which protects the copper circuits on PWBs from oxidation, boasts the top global market share. We are also rolling out high-value-added products in cutting-edge fields, such as compounds that contribute to improving the performance of resins, and GliCAP, an agent that improves adhesion in the chemical adhesion process, for which we aim to become the global standard in the 5G era. Our vision for the Fine Chemicals business is to (1) contribute to technological advancement by providing highly functional products based on our unique technology, and (2) create global standards with our new technologies. At the Tokushima Plant, TAP-4, a multi-plant for fine chemicals, has been in operation since July 2021. Utilizing this multi-plant, we are working to develop materials used in semiconductor process materials that are expected to experience growth going forward.

In the Housing Materials business, we offer a range of products, including (1) interior finishing materials, exterior finishing materials, and paving materials that provide comfort in living spaces, (2) home exterior products that contribute to an affluent lifestyle with their functionality and excellent design, and (3) decorative exterior products that create a more comfortable urban space through their beautiful designs. In this business, we aim to design a new lifestyle in the future and contribute to community development around the world for everyone's happiness. In the Housing Materials business, we manufacture a vast variety of products via processing and assembly. As such, finding the most efficient ways to manufacture these products is a major issue. To tackle this, we are

pushing forward with the shift toward smart factories, including the use of IT systems. For exterior products, we are striving to explore new fields, and also build relationships with architect offices and urban development consultants, while increasing the uptake of our products.

Enhancing R&D personnel is also a major topic that needs to be addressed in our two core operations. We plan to secure human resources and invest in facilities and software, and will also endeavor to improve the working environment of our employees.

In addition, we plan to invest around 50.0 billion yen during the span of our "Challenge 1000." In STAGE 1, we carried out investments geared toward the next stage of growth. In STAGE 2 and beyond, we will make further capital investments, while also focusing on M&As and investment in human resources.

Please also tell us about the progress made with the Companywide Reform Policy so far.

Separate from the reform of each business, the Companywide Reform Policy sets out the direction for the Group to change as a whole. We are working to build a foundation that can accommodate diverse work styles, foster a sense of self-improvement, and establish a framework for change, and we are generally making progress as planned.

The Companywide Reform Policy contains six smaller policies. One of these is "creation of reserve energy," which is aimed at improving efficiency to secure the resources to carry out reforms. We set out to establish an infrastructure that leads to improved work efficiency. In doing so, we were able to quickly roll out remote working, which allows employees to work efficiently regardless of their location. Another policy is "creation of values," through which we aim to boost our brand value and embark upon new businesses. To this end, we implemented initiatives aimed at creating new businesses. Of course, in both the Chemicals and Housing Materials operations, we are carrying out product development based on our R&D efforts. However, as we plan to create new businesses that are not derived from these products, we provided two opportunities for our employees to submit new business ideas. Of the ideas that were selected, the very employees who put forth the ideas are actively involved and are responsible for promoting their projects. Going forward, we will continue to promote initiatives aimed at turning new ideas into businesses. We also established the SHIKOKU KASEI Quality Policy as part of our efforts to enhance brand value. In addition to setting the quality standard of products, divisions that are not directly involved in manufacturing have set quality

Top Message



requirements for their respective work and incorporated them into action plans, which they have started to put into practice.

In "creation of operational bases," which calls for gaining a foothold in the world and accelerating global business expansion, we moved the production base for interior/exterior finishes and paving materials from the Tokushima Plant's Kitajima location to its Yoshinari location, and turned the Kitajima location into a chemical plant. Going forward, we will continue to formulate and implement optimal base strategies that factor in M&A activity, function, cost, and risk.

In "creation of company climate," we aim to foster a company climate that embraces diversity and encourages challenges. In this policy, we are focusing on instilling our vision for 2030: "Toward 'one-step-ahead, proposal' company with creativity — Solve social issues with creative ideas, leading the world." We will step up efforts to foster a climate that encourages employees to always be conscious of making proposals that anticipate customer needs.

As for our "creation of human resources" policy, which aims to build a framework to evaluate individuals fairly and encourage individuals to take on challenges, we will strive to support a prosperous life by creating an environment in which people can experience growth via diverse work styles and challenges.

How about progress with contributions to stakeholders ("YONPO-YOSHI," favorable in all four directions)?

The four directions (YONPO) refer to customers, employees, shareholders, and society. For shareholders, we set a total payout ratio target of 50% when formulating our "Challenge 1000."

For society, we are committed to contributing to the resolution of social issues. While there are many things we could do, we decided, in particular, to start carrying out activities that contribute to the local communities where our operations are based. One such activity involved establishing "PARKLET" (a temporary deck structure where pedestrians can casually take a break and eat), one of the Group's new businesses launched with the aim of providing resting spots where people can eat and drink. We built one of these structures along the Takamatsu Port Ferry Pier for the Setouchi Triennale event, where it was used by many people. In addition, we contributed to the excitement of the Kagawa Marugame International Half Marathon as the main sponsor, such as by setting up food stations, providing support for water stations, and operating a charity website.



For customers, as I have said before, we will make a contribution by providing new value with our unique, state-of-the-art products and services.

Since assuming the position of President, you have stated your intent to focus on investing in people under the motto of "employees first." What exactly are you planning to carry out?

It's very important for each employee to feel that their work is making them grow. To achieve this, I think it's necessary to think about how each individual can gain the experience of various divisions and how they can advance their careers. In order to create an environment in which employees can actively take on challenges, we have also reviewed our evaluation system, including the introduction of challenging goals with a point-addition system.

Also, in order to make employees feel that they want to work at this company and to stay motivated as they tackle challenges, a comfortable work environment is necessary. At plants in particular, the security, safety, and health of employees is a prerequisite. We thus plan to continuously improve and upgrade our facilities to ensure this.

In recruitment, we intend to be even more active in our activities to hire not only new graduates but also former graduates without work experience. We are looking for people who hold

Top Message



firmly onto their dreams and make plans to reach them while also having a mindset to strive continuously to improve themselves.

"Achievement of SDGs" is one of the Pillars for Strategy in the long-term vision, "Challenge 1000."

Making the global environment and nature sustainable will ultimately lead to the sustainability of the SHIKOKU KASEI Group. We have identified three priority issues (materiality): (1) creating a workplace where employees can work with enthusiasm, (2) pursuing safe operations, environmental preservation, and stable quality, and (3) taking on challenges of new business opportunities. For each issue, we have set numerical targets for 2025 and are working to achieve them.

For "creating a workplace where employees can work with enthusiasm," we aim to thoroughly manage efforts on this front via measurement and operation to ensure a high engagement ratio from the employee survey. Concerning the ratio of female managers, I believe that we must not only achieve our numerical targets but also work to raise awareness. Working while recognizing diversity and differences also leads to the rejuvenation of an organization. I would like to once again start promoting this, by first re-instilling awareness among employees through training and other means.

For "pursue safe operations, environmental preservation, and stable quality," as a manufacturer, we have long focused on indicators such as achieving zero lost time accidents. As part of our decarbonization efforts, we have been working to reduce greenhouse gas emissions by 30% compared to FY2013, and to achieve a renewable energy use ratio of 10% or more. Recently, we added solar power generation equipment to the roof of the Marugame plant, which produces water-soluble preflux Glicoat-SMD for PWBs, and also to its product warehouse. We did this to ensure that the production of Glicoat-SMD is covered 100% by renewable energy. We will continue our efforts to increase the ratio of renewable energy use going forward.

As for "taking on challenges of new business opportunities," while working to promote open innovation, we have set a target of 2.5 billion yen in sales from new sustainable products and services and the development of new businesses outside the framework of existing businesses. One such endeavor is our PARKLET business, operated under the brand name "SWALOCCA." We believe that PARKLET can make a significant contribution to the development of walkable city, Infrastructure, Transport, and Tourism. We aim to shift our business model from "selling things," in other words,

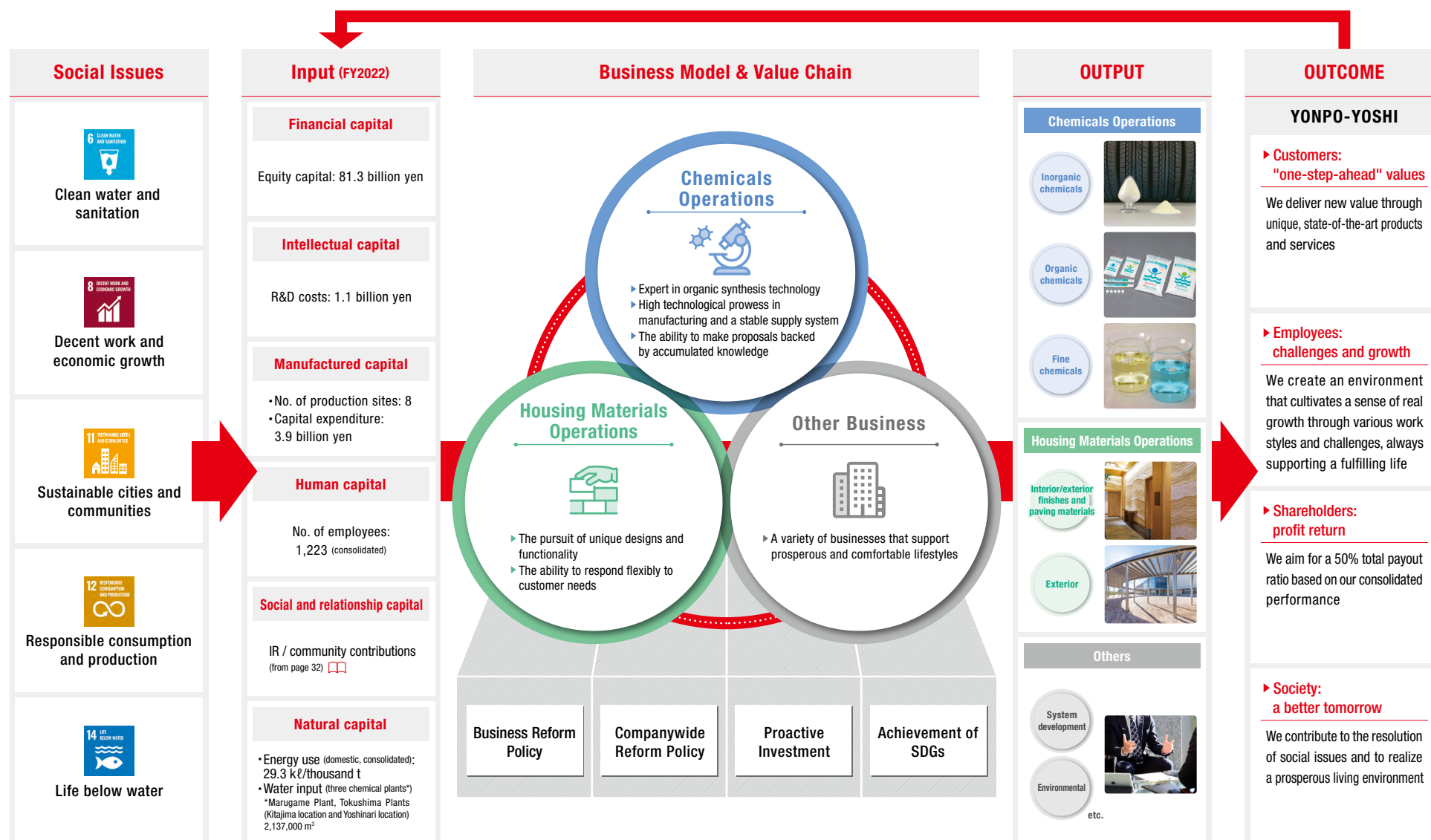
selling conventional products, to "selling experiences," providing experience-based value in the form of experiences and impressions gained through the use of our products and services. In our new businesses, we are tackling issues in a wide range of fields by attempting to think outside the box. We are working to create a culture of taking on challenges, and plan to do our utmost to support employees who tackle challenges without fear of failure.

What would you like to say to your stakeholders?

In addition to achieving our financial targets, we will also endeavor to grow the SHIKOKU KASEI Group's presence as a company that contributes to solving social issues by gaining recognition in terms of both the managerial and the operational aspects of our business.

Going forward, all our employees will continue to work as one to achieve the targets set forth in the "Challenge 1000," aiming "toward 'one-step-ahead, proposal' company with creativity." We look forward to your continued support of the SHIKOKU KASEI Group.

Value Creation Process



Long-Term Vision "Challenge 1000"

Thus far, the SHIKOKU KASEI Group has achieved steady growth through the formulation and execution of medium-term management plans. Now, however, we have put forth a long-term vision, "Challenge 1000," using the backcasting method, with the aim of making history by attaining further growth, and ultimately achieving sustainable improvement in corporate value. Under this long-term vision, which we had been unable to fully envision in previous medium-term management plans, we are implementing various initiatives to achieve our 2030 goal: "toward 'one-step-ahead, proposal' company with creativity."

We have set the following "Pillars for Strategy" to make a major shift in our operations: (1) "Business Reform Policy," which calls for changes in each business, (2) "Companywide Reform Policy," which calls for change in the attitudes and work styles of the employees who support our operations, and (3) "Proactive Investment" geared toward business expansion and the rebuilding of our business foundation. We have also placed "Achievement of SDGs," which has become a common mission worldwide, as another pillar.

Under our "YONPO-YOSHI (favorable in all four directions)" activity policy, we are committed to growing together with our customers, employees, shareholders, and society as a good corporate citizen.



Our Vision for 2030

Toward "one-step-ahead, proposal" company with creativity

Solve social issues with creative ideas, leading the world

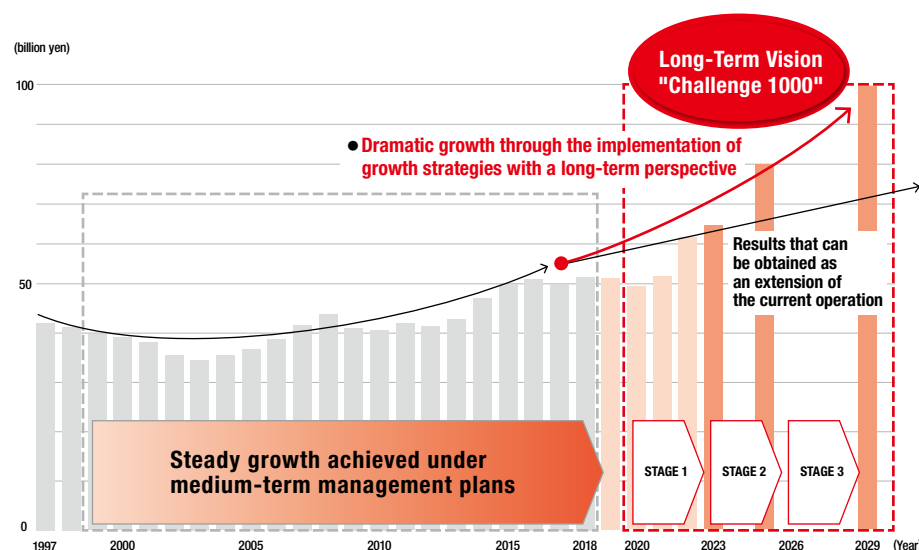
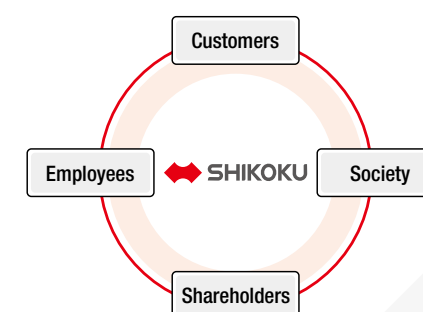
Financial Goals



Pillars for Strategy



YONPO-YOSHI



Long-Term Vision "Challenge 1000": Financial Information



Progress Against Financial Targets

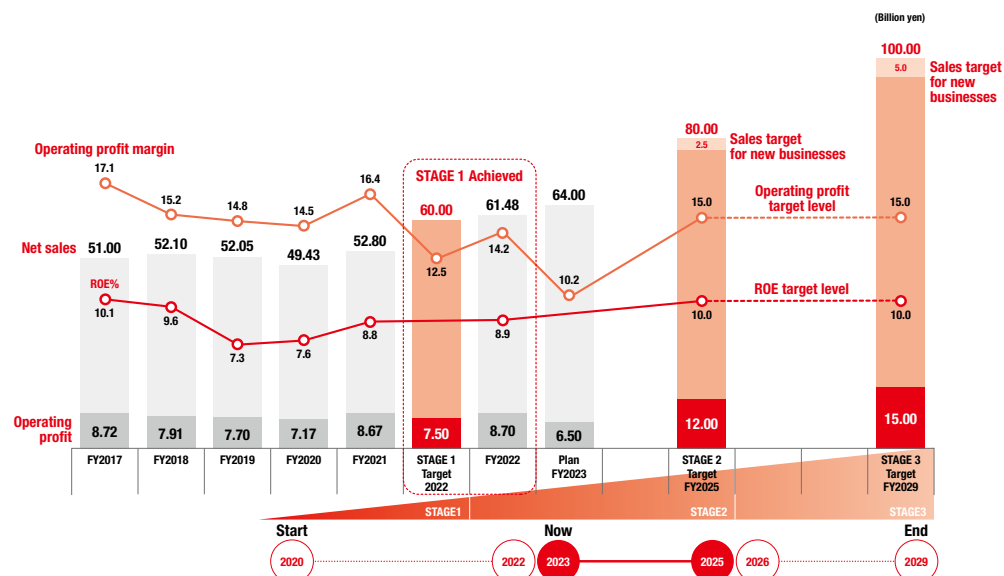
► "STAGE 1"

Target	Net Sales	60.0 billion yen	Operating Profit	7.5 billion yen
Results	Net Sales	61.5 billion yen	Operating Profit	8.7 billion yen

* Since the final year of Stage 1 was an irregular nine-month period (April to December 2022), results have been adjusted to 12 months (January to December 2022).

► "STAGE 2"

Target	Net Sales	80.0 billion yen	Operating Profit	12.0 billion yen
--------	-----------	------------------	------------------	------------------



* In the graph above, results for and before FY2022 have been adjusted to cover the same period as FY2023 (January to December).

Financial Highlights for FY2022

In FY2022, the profitability of export sales improved due to the foreign exchange rate leaning toward yen depreciation and progress with passing the spiking raw material prices to product prices. As a result, net sales and profit reached record highs across the board, with net sales amounting to 46,566 million yen (up 18.7% YoY), operating profit to 6,462 million yen (up 4.9% YoY), ordinary profit to 7,270 million yen (up 8.2% YoY), and profit attributable to owners of parent to 4,997 million yen (up 4.2% YoY).

In FY2022, the final year of STAGE 1, we achieved our numerical targets, supported by tailwinds from the operating environment, such as growth in exports of chemicals to North America and depreciation of yen.

(Million yen)

	Previous year* April to December 2021	FY2022 (nine-month period)	Change / Rate
Net sales	39,229	46,566	+7,337 +18.7%
Operating profit	6,158	6,462	+304 +4.9%
Ordinary profit	6,721	7,270	+549 +8.2%
Profit attributable to owners of parent	4,794	4,997	+203 +4.2%
Exchange rate (for income statement conversion)	1 USD = 111 JPY 1 EUR = 131 JPY 1 RMB = 17.1 JPY	1 USD = 135 JPY 1 EUR = 137 JPY 1 RMB = 19.8 JPY	Net sales: +3.1 billion yen Operating profit: +1.4 billion yen

* For the previous year, the results of the nine months ended December 31, 2021 are shown for comparison.

Long-Term Vision "Challenge 1000": Pillars for Strategy



Business Reform Policy / Companywide Reform Policy

Business Reform Policy

Reform policies for each business geared toward changing our style of operations to providing proposals from the SHIKOKU KASEI Group.

Business strategy from page 43

Companywide Reform Policy

Six basic policies for companywide reforms that call for reforms in the awareness, ways of thinking, and working styles of the employees that support our business

① Creation of values

Improve brand value and embark upon new businesses

- Improve SHIKOKU QUALITY
- Enhance sustainability measures
- Establish a framework that makes it easier for everyone to propose and take on challenges for new businesses and ideas for such businesses

<STAGE 1 Results>

- Improved brand value (formulated SHIKOKU QUALITY policy and launched initiatives)
- Enhanced and disclosed environmental and social initiatives (issued Corporate Social Responsibility Report)
- Implemented initiatives aimed at creating new businesses (called for ideas internally)

② Creation of reserve energy

Improve efficiency to secure resources for reforms

- Promote operational improvement
- Review work style
- Adopt a system that motivates employees in doing their work

<STAGE 1 Results>

- Efficient work styles regardless of location (development of telework environment)
- Improved infrastructure

③ Creation of operational bases

Gain a foothold in the world and accelerate global expansion

- Consider and formulate strategies for Group bases
- Optimize production, development, and sales bases in Japan and overseas

<STAGE 1 Results>

- Moved production base for interior/exterior finishes and paving materials to Tokushima Plant's Yoshinari location

④ Creation of organizations

Establish a Group governance structure to realize the vision

- Optimize Group governance structure

<STAGE 1 Results>

- Transitioned to holding company structure

⑤ Creation of company climate

Foster a company climate that embraces diversity and encourages challenges

- Spread "proposal-based styles" among employees
- Accelerate the fostering of a company climate that develops "proposal-based styles"
- Establish a working environment that accommodates diverse work styles

<STAGE 1 Results>

- Held workshops, roundtable discussions, and other events

⑥ Creation of human resources

Build a framework to encourage individuals to take on challenges and evaluate individuals fairly

- Revamp and strengthen the operation of the evaluation system
- Establish a framework that enables diverse human resources to flourish
- Focus HR strategy on the optimal allocation of employees
- Create a framework that supports motivation for personal growth

<STAGE 1 Results>

- Introduced a new employee evaluation system (introduced challenging goals with a point-addition system)

Long-Term Vision "Challenge 1000": Pillars for Strategy



Proactive Investment

Proactive investment is one of our key strategies to accelerate growth in our long-term vision, "Challenge 1000." In STAGE 1, we newly established TAP-4, a plant for manufacturing cutting-edge products that require extremely high-level low metal management. We also constructed NEO2022, a production facility for chlorinated isocyanurates, a chemical that is expected to be utilized in the further expansion of sterilization and cleaning demand fueled by the COVID-19 pandemic and the improvement of hygienic environments. At the new insoluble sulfur plant, which is currently under construction, we are aiming to enhance quality by drastically improving our manufacturing technology, and are working to strengthen the competitiveness of our products in order to capture global market share.

In addition, as part of our environmental initiatives, we installed solar power generation equipment at the Marugame Plant in July 2022. We have decided to install additional equipment in 2023 as we continue our efforts to reduce CO₂ emissions.

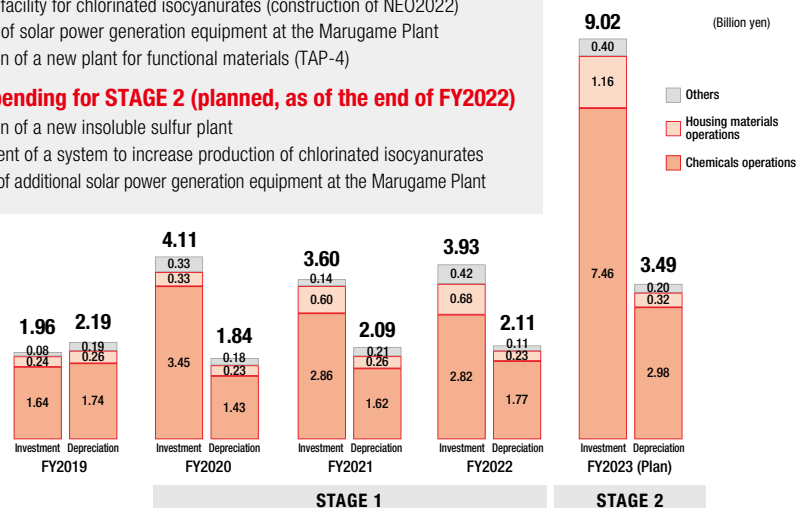
Capital expenditure

Major capital spending in STAGE 1

- Production facility for chlorinated isocyanurates (construction of NEO2022)
- Installation of solar power generation equipment at the Marugame Plant
- Construction of a new plant for functional materials (TAP-4)

Capital spending for STAGE 2 (planned, as of the end of FY2022)

- Construction of a new insoluble sulfur plant
- Establishment of a system to increase production of chlorinated isocyanurates
- Installation of additional solar power generation equipment at the Marugame Plant



Achievement of SDGs

In addition to environmental conservation efforts carried out via Responsible Care activities, the Group has declared that it will work to achieve the Sustainable Development Goals (SDGs) adopted by the United Nations in order to further solve social issues.



Our core businesses and the related SDGs

Customers

"One-step-ahead" values

- Contribute to building infrastructure that fosters technological innovation
- Provide the materials and processes necessary for future ICT technology to achieve a smart society



Society

A better tomorrow

- Provide safe and hygienic environments to people around the world with our sterilization, cleaning, and bleaching technologies, and help conserve the marine environment
- Design future lifestyles and create cities where people all over the world can live safely and securely



The SDGs at the foundation of business activities

Employees

Challenges and growth

- Review the personnel evaluation and human resource training systems that focus on taking on challenges, and aim to create a workplace where employees can feel their growth
- Establish an organizational structure and introduce systems that can accommodate diverse work styles and enable all employees to exercise their full potential



Basic Policy for Responsible Care * For more information on Responsible Care, please see page 20.

The SHIKOKU KASEI Group is committed to protecting the global environment, as a broad-minded corporate citizen that contributes to a society in which harmony with nature is a priority.



Long-Term Vision "Challenge 1000": Pillars for Strategy



YONPO-YOSHI

In our long-term vision, "Challenge 1000," we have set "YONPO-YOSHI" as our activity policy, under which we focus on delivering value and contributing to customers, employees, shareholders, and society.

Customers

"One-step-ahead" values

We deliver new value through unique, state-of-the-art products and services



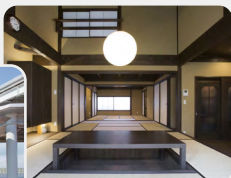
Adhesion-improvement process <GliCAP>



Materials used in semiconductor manufacturing processes

Washing machine drum cleaner

Interior/exterior finishes



Exterior products



Employees

Challenges and growth

We create an environment that cultivates a sense of real growth through various work styles and challenges, always supporting a fulfilling life

Introduction of a new personnel evaluation system

- We introduced job descriptions to clarify goal setting and prevent disparities in evaluation criteria. We support the growth of our employees through a cycle of engagement and evaluation against benchmark goals and expected roles.
- We newly introduced challenging goals with a point-addition system that awards points for the action of taking on a challenge. We are working to establish an environment in which all employees can take on challenges.

Introduction of "Special Incentive Scheme (Treasury Share Disposal)"

- We have introduced an incentive plan designed to improve employee motivation toward the Company's medium- to long-term shareholder value.
- Employees are granted shares of the Company through the employee shareholding association. In addition to rewarding employees for their work, we aim to foster motivation to build assets via growth in our share price, as well as a sense of participation in the management of the Company.
- This should lead to the sharing of medium- to long-term shareholder value between shareholders and employees.

Shareholders

Profit return

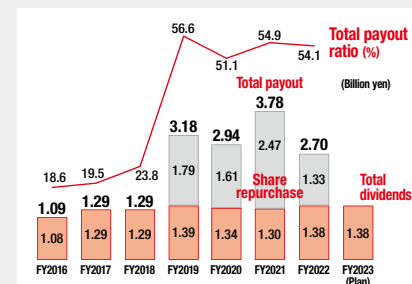
We aim for a 50% total payout ratio based on our consolidated performance

[FY2022]

- Annual dividend of **26 yen per share** (interim dividend of 13 yen, year-end dividend of 13 yen), an increase of 2 yen as a commemorative dividend to celebrate the 75th anniversary of our founding
- The total payout ratio combining share repurchase (1.33 billion yen) and dividend payouts (1.38 billion yen) came to **54.1%**

[FY2023 (forecast)]

We plan to incorporate 2 yen of the commemorative dividend in FY2022 into the ordinary dividend to maintain **26 yen per share** (interim dividend of 13 yen, year-end dividend of 13 yen).



Based on our shareholder return policy, we will continue to flexibly repurchase our own shares and reduce surplus capital and cross-shareholdings in order to increase the value of our shares.

Society

A better tomorrow

We contribute to the resolution of social issues and to realize a prosperous living environment

Building of "PARKLET"**Special sponsor for the 75th Kagawa Marugame International Half Marathon**

Sustainability in SHIKOKU KASEI Group



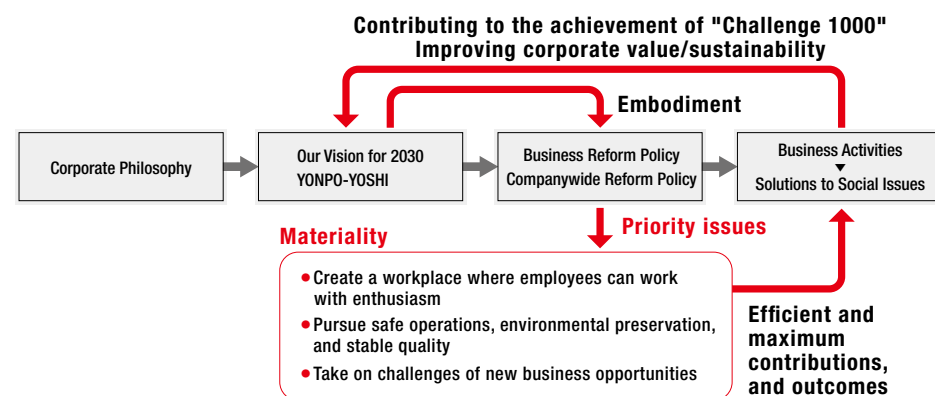
The Concept of Sustainability

Under our longstanding corporate philosophy of "Doku-sou-ryoku (creativity)," SHIKOKU KASEI Group considers addressing the global environment and social issues as one of the most important matters of management policy.

Our approach to the "vision for 2030," set forth in our long-term vision of "Challenge 1000," and "YONPO-YOSHI (favorable in all four directions)," which is the action plan, defines our group's sustainability.

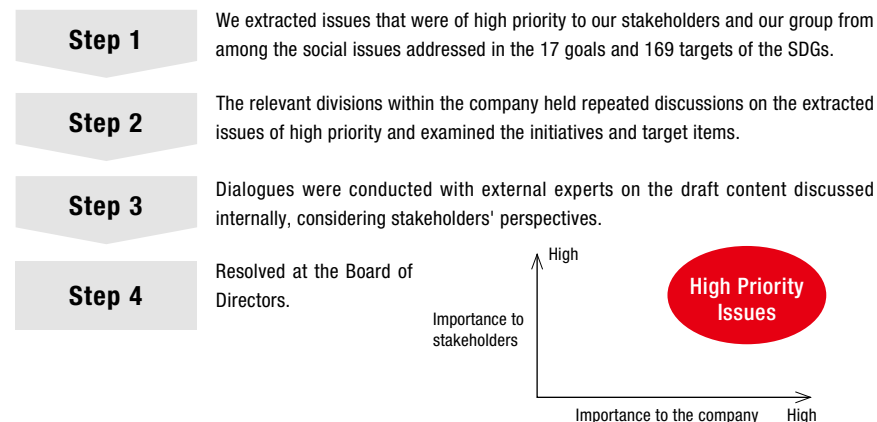
Since environmental and social issues are diverse, we have identified important issues for prioritization (materiality) that will lead to sustainable company and social growth. We will aim to work efficiently and maximally to serve a business that contributes to resolving issues and the realization of a sustainable society.

Moreover, the achievement of the "Challenge 1000" financial goals will also lead to an increase in our management resources. This will enable material solutions that are developed from the current state in terms of both quality and quantity, and lead to greater investment. We believe this will eventually result in a higher level of contribution for each stakeholder listed in the "YONPO-YOSHI" policy and further improve our group's sustainability.



Identification Process

The materiality of our group was determined through four processes.



Promotion Structure

Initiatives geared toward achieving the long-term vision, "Challenge 1000," are implemented by each business and group company; this progress is reviewed and managed by each operating company.













In addition, the Corporate Planning Department summarizes and regularly reports on the progress to SHIKOKU KASEI HOLDINGS CORPORATION's Board of Directors and Corporate Strategy Meeting, where decisions are made taking into account the potential impact on the environment and society. The Group will continue to hold a dialogue with internal and external stakeholders to identify the expectations and demands of society and utilize them to promote sustainability activities.



Sustainability in SHIKOKU KASEI Group



Materiality and Initiatives of SHIKOKU KASEI Group

Materiality	Initiatives	KPI	2025 Target	2029 Target
Creating a workplace where employees can work with enthusiasm Main connections with "Challenge 1000" <Companywide Reform Policy: creation of company climate, creation of human resources> 	<ul style="list-style-type: none"> Promotion of work-life balance Initiatives for flexible and diverse work styles Promotion of mental and physical health of employees Recruitment and performance of diverse human resources Effective measures to eliminate harassment 	High engagement ratio from the employee survey	Measurement and operation	Measurement and operation
		Percentage of persons with high stress by stress check	8% or less	5% or less
		Annual paid leave acquisition rate	70%/person or higher	75%/person or higher
		Health and Productivity Management Outstanding Organization	Certified as a Health and Productivity Management Outstanding Organization	Certified as a White 500 company
		Ratio of female managers	5% or more	10% or more
		Employment ratio of people with disabilities	2.3% or more	2.5% or more
Pursue safe operations, environmental preservation, and stable quality Main connections with "Challenge 1000" <Business Reform Policy>      	<ul style="list-style-type: none"> Fostering a culture of safety Facilitating the transition to a decarbonized society Capital investments in safety/environment/quality Promotion of responsible care activities Strengthening compliance and risk management Establishment of a sustainable supply chain 	Lost time accident	0 case/FY	0 case/FY
		GHG emissions	Decreased 30%, compared to FY2013	Decreased 38%, compared to FY2013
		Ratio of renewable energy use	10% or more	30% or more
		Incidence of critical environmental and quality problems	0 cases	0 cases
		Reduction in water consumption (chemical production volume unit at three chemical plants)	3% reduction compared to FY2020	5% reduction compared to FY2020
		Requesting new business partners to comply with CSR	100%	100%
		Sales from new sustainable products and services and the development of new businesses outside the framework of existing businesses	2.5 billion yen	5.0 billion yen
Taking on challenges of new business opportunities Main connections with "Challenge 1000" <Business Reform Policy> <Companywide Reform Policy: creation of values>     	<ul style="list-style-type: none"> Creation of products and services to solve social issues Promotion of open innovation Creating a culture, developing human resources, and designing systems to address challenges 	Improvement of new business unit structure	Establishment of a basic operation system	Operation/improvement
		Sales of existing businesses	77.0 billion yen	96.0 billion yen

Environmental Efforts



SHIKOKU KASEI Group Responsible Care

SHIKOKU KASEI HOLDINGS CORPORATION
Chief Responsible Care Officer, President Mitsunori Watanabe

Philosophy

We are committed to protecting the global environment, as a broad-minded corporate citizen that contributes to a society in which harmony with nature is a priority.

Basic Policy



▶ About Responsible Care

Responsible Care (RC) refers to voluntary activities conducted by the business operators manufacturing or handling chemical substances, for the purpose of protecting the safety, environment and health throughout the entire life cycle of products: development, manufacturing, distribution, use, final consumption, disposal and recycling.

*Our company promotes its activities as a member of the Responsible Care Committee.

1

Our actions are based on the idea that each company must take steps to reduce greenhouse gas emissions, conserve resources and energy, and minimize the discharge of environmental pollutants and the generation of industrial waste. These measures both protect the environment and ensure safety.

2

We make products that are friendly to both people and nature.

3

Strive to preserve the environment and ensure the safety and health of our employees and citizens, while also considering biodiversity and working in harmony with local communities.

4

Strive for safety and environmental considerations throughout the entire life cycle of our products to mitigate risks and achieve continuous improvement.

5

Actively provide product safety, environmental and quality information.

6

We follow domestic and overseas laws and regulations and take active environmental protection measures.

In order to achieve the "Priority Goals of Environmental Protection," the Group formulates annual plans at each facility and implements target management and continuous improvement through PDCA (plan, do, check, act).

▶ Responsible Care Practices

- ① Establishment of basic policies and targets related to environment, health, and safety
- ② Understanding the status of Responsible Care implementation
- ③ Promotion of environmental impact reduction activities including climate change response (from page 21)
- ④ Promotion of energy and resource conservation
- ⑤ Reduction and recycling of industrial waste
- ⑥ Conducting surveys on the amount of chemical substances discharged into the environment
- ⑦ Cooperation in environmental conservation activities in the local community
- ⑧ Public announcement of plans and results related to environment and safety
- ⑨ Employee awareness education

▶ Promotion Structure

Board of Directors

President

RC Promotion Committee

• Basic Policy for Responsible Care, Priority Goals of Environmental Protection

Management Activities [Sustainability Management Dept.]

• Action plans, safety and health education

Information Activities [Chemicals Compliance Promotion Committee]

• Information collection

Environmental Conservation [Each facility]

• Energy-saving activities, chemical substance management, resource saving, occupational health and safety activities, internal audits, waste reduction activities

Communication with Local Community [Corporate Planning Dept.]

Environmental Efforts



Climate Change Action (Commitment to TCFD* Recommendations)

SHIKOKU KASEI Group recognizes the long-term impacts (risks and opportunities) of climate change on our business activities. The international frameworks, the Paris Agreement and the Sustainable Development Goals (SDGs) also necessitate stronger action on climate change. As such, we expressed our support for the TCFD recommendations in March 2023. Our group aims to contribute to the realization of a sustainable society by working in harmony with the global environment in all aspects of business activities.

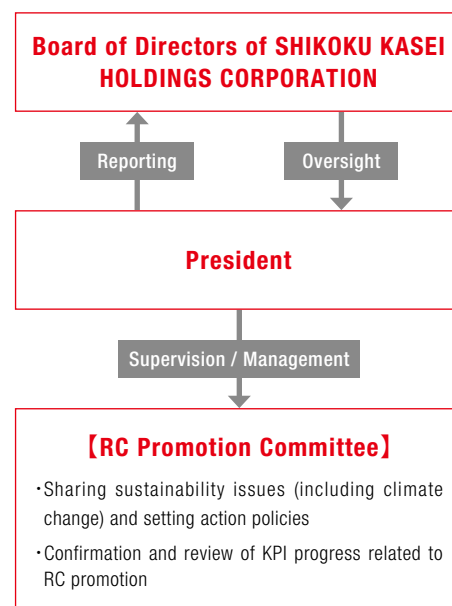
*TCFD: Task Force on Climate-related Financial Disclosures. Individual companies are required to disclose the impact of climate change on their financial reporting.

Governance

Our group's sustainability activities, are overseen by the Board of Directors and reflected in management. To strengthen the group's overall sustainability activities, the president is positioned as the Chief Responsible Care* Officer. Additionally, an RC Promotion Committee, consisting of officers, has been established under this position.

RC Promotion Committee meetings (held twice a year) check the progress of targets and set agendas for continuous improvement under the leadership of the committee chair, who is responsible for promoting specific activities. The results were reported and supervised by the Board of Directors.

*For more information on Responsible Care, please see page 20.



Strategy

The group has identified the following as material, physical and transition risks and opportunities related to climate change. Based on scenario analysis, we will continue efforts to increase resilience to climate change.

Type of Risks / Opportunities				
Transition Risk	Policy / Legal / Regulatory Risk	2°C		Strengthening legal regulations
		2°C		Expansion of information disclosure obligations
	Technology Risk	2°C		Delayed response to environment-friendly technologies
		2°C		Increased investment and R&D costs for environment-friendly technologies
	Market Risk	2°C	4°C	Decreased demand for products with high environmental impact
		2°C		Longer product life cycle
Physical Risk	Reputation Risk	2°C		Decline in appreciation by stakeholders
	Acute Risk	2°C	4°C	Incidence of abnormal weather
Opportunities	Chronic Risk		4°C	Increased abnormal weather
	Improvement of Resource Efficiency	2°C		Improved resource conservation and recycling
	Energy Sources	2°C		Shifting energy sources to create business opportunities
	Products and Services	2°C	4°C	Increased opportunities to capture markets through the development of environment-friendly products and goods
	Stock Market	2°C	4°C	Enhance corporate image by promoting environment-friendly products and information disclosure
	Resilience	2°C		Improved ability to adapt quickly to market changes associated with climate change

To identify and assess risks, we referred to the Guidebook for Promoting Decarbonization Management published by the Ministry of the Environment and other sources. Most material risks and opportunities were identified by assessing the risks and opportunities faced by the group in relation to climate change using the criteria in the table on the right, based on the timing of manifestation and the degree of impact on the company's business.

Time of Risk Manifestation		Business Impact	
Likelihood of Incidence	Timing	Magnitude of Impact	Impact
10-30 years	Long term	Significant impact	Large
3-10 years	Medium term	Temporary impact	Medium
0-3 years	Short term	Minor impact	Small

Environmental Efforts



Indicators and Targets

The GHG emissions were selected as indicators of climate change. In addition, we disclose the following indicators for Scope 1 and 2 as GHG emissions.

Item	Scope	Target	Policy
1 Reduction in greenhouse gas (GHG) emissions (CO ₂ equivalent)	SHIKOKU KASEI Group (Scope 1, 2)	<ul style="list-style-type: none"> FY2029 : ▲38% from FY2013 FY2025 : ▲30% from FY2013 (Total emission) 	<p>*Priority goals are set based on the national policy seeking carbon neutrality, and periodic reviews are implemented to continuously improve these.</p> <p>[Plant facilities]</p> <ul style="list-style-type: none"> Promote improvement activities to increase production efficiency, reduce waste, and improve equipment performance Optimization of operating conditions for facilities that use heating, air conditioning equipment, freezers, and refrigerators Consideration of renewable energy use <p>[Office]</p> <ul style="list-style-type: none"> Implementing Cool Biz and Warm Biz Strictly obeying the rule to set the temperature at energy-saving ranges Updating to highly efficient equipment (LED luminaire) <p>[Transportation]</p> <ul style="list-style-type: none"> Improving the efficiency in transportation of products (efficient use of transportation routes, rational transportation of freight, consolidated shipping, etc.) Cooperation in the promotion of eco-drive
	SHIKOKU KASEI Group (Scope 1, 2)	<ul style="list-style-type: none"> Reduction by 1% compared to the previous year (Unit consumption of energy) 	
2 Reduction in energy consumption (Crude oil equivalent)	SHIKOKU KASEI (Scope 1, 2)	<ul style="list-style-type: none"> Reduction by 1% of the 5-year average (Unit consumption of energy) 	
	SHIKOKU KASEI (Transportation)	<ul style="list-style-type: none"> Reduction by 1% compared to the previous year (Unit consumption of energy) 	

• Scope 1: Direct GHG emissions from the business itself (fuel combustion and industrial processes)

• Scope 2: Indirect emissions from electricity, heat, and steam supplied by other companies

• SHIKOKU KASEI: SHIKOKU KASEI HOLDINGS, SHIKOKU CHEMICALS, SHIKOKU KASEI KENZAI, SHIKOKU KASEI CORPORATE SERVICE

(Excerpts from the Priority Goals of Environmental Protection in FY2023)

Items to Be Considered for Disclosure in the Future

We will continue to consider ways to expand our disclosure of the scenario analysis and the financial impact of each risk and opportunity.

Risk Management

The identification of company-wide risks and the policies for responding to the material risks are reviewed annually, following consultation with the RC Promotion Committee and risk management divisions. The results of the risk assessment are then reported by the RC Promotion Committee to the Board of Directors, which is responsible for corporate risks, and further climate change risks are incorporated into the corporate risks.

Chemical Substance Management

Correspondence Situation of PRTR System

The PRTR system specifies requirements for the business operators to grasp and voluntarily control the volume of chemical substances, which can be hazardous to human health and the ecosystem, discharged to the environment and moved as contained in the wastes. The top four substances (accounting for 87.3%) of emissions and movement: carbon disulfide, toluene, xylene and ethylbenzene.

Gas emission washing treatment facility (Tokushima Plant (Kitajima location))



This is the facility for gathering chlorine generated in the process of manufacturing chlorinated isocyanurates and treating it by washing.

Equipment for recovery of carbon disulfide (Marugame Plant)



This is the equipment for recovering carbon sulfide used in the process of manufacturing insoluble sulfur.

Environmental Audit, Education

Progress on Activities related to ISO 14001

Our Marugame Plant and Tokushima Plant acquired the certification of ISO 14001, the international standard for environmental conservation in 2002. We have been developing our environmental conservation activities with the participation of all employees. We conduct risk assessment, education, and self-audit in accordance with the activity plan.

Environmental Efforts

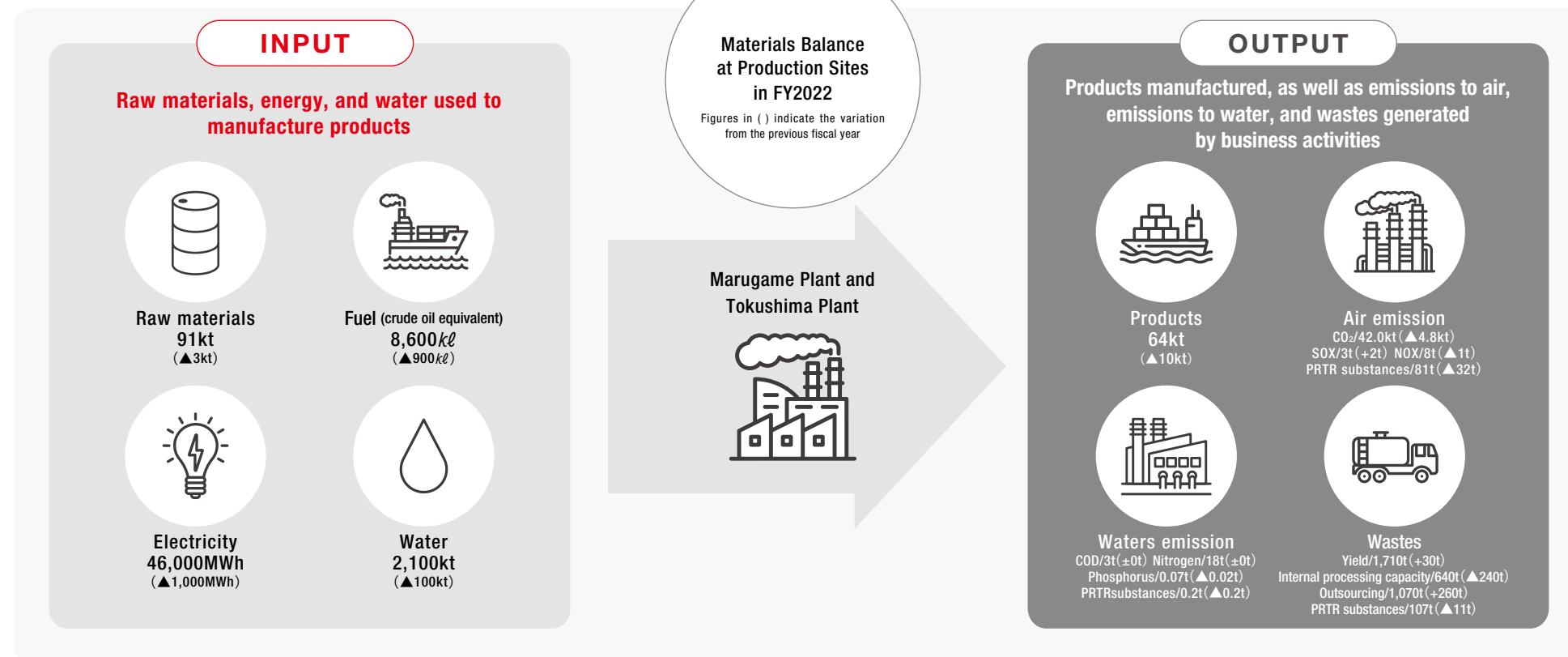


Environmental Conservation

We aim to contribute to ensuring the protection of the environment, safety and health of the community residents and our employees by continuously reducing environmental burdens caused by the greenhouse gas, chemical substances, and industrial wastes emitted from each of our plants and facilities.

Overview of Environmental Burden

(To understand the environmental burden of production activities)



*We have confirmed that the risk to the production business associated with water is low according to the water risk map (AQUEDUCT).

Environmental Efforts



Priority Goals and Results of Environmental Protection in FY2022

Priority Goals	Scope	Target	Results in FY2022	Overview of Results
①Reduction in greenhouse gas (GHG) emissions (CO ₂ equivalent)	SHIKOKU KASEI Group (Scope 1, 2)	<ul style="list-style-type: none"> • FY2029 : ▲38% from FY2013 • FY2025 : ▲30% from FY2013 (Unit consumption of sales) 	▲22.3% from FY2013	GHG emissions decreased due to an increase in sales and a decrease in electricity emission factors.
②Reduction in energy consumption (Crude oil equivalent)	SHIKOKU KASEI Group (Scope 1, 2)	<ul style="list-style-type: none"> • Reduction by 1% compared to the previous year (Unit consumption of energy) 	+8.8% from FY2021	Decreased insoluble sulfur production worsened specific energy consumption and the target was not achieved.
	SHIKOKU KASEI (Scope 1, 2)	<ul style="list-style-type: none"> • Reduction by 1% of the 5-year average (Unit consumption of energy) 	+2.7% of the 5-year average	
	SHIKOKU KASEI (Transportation)	<ul style="list-style-type: none"> • Reduction by 1% compared to the previous year (Unit consumption of energy) 	▲2.0% from FY2021	Appropriate selection of routes and charter flights continued and the target was achieved.
③Reduction in water consumption	The three chemical plants	<ul style="list-style-type: none"> • FY2025: 3% reduction from FY2020 (Production volume unit) 	+5.2% from FY2020	Water consumption increased due to decreased production volume, resulting in deteriorated consumption units.
④Expanding the ratio of renewable energy sources in electricity consumption	SHIKOKU KASEI Group	<ul style="list-style-type: none"> • FY2025: 10% or more 	FY2022: 0.59%	Solar power generation equipment was installed at the Marugame Plant.
⑤Management and reduction of environmental impact on water and air	Plant facilities	<ul style="list-style-type: none"> • Discharge of wastewater into water areas below the discharge criteria of the Water Pollution Prevention Act and other laws • Emissions into the atmosphere, etc. below the emission criteria of the Air Pollution Control Act and other related laws 	Water: Below the discharge criteria Air: Below the emission criteria	We were able to operate and control appropriately.
⑥Reduction in industrial waste to be processed externally	Plant facilities	<ul style="list-style-type: none"> • Equal to the previous year or lower 	+25.0% from FY2021	Although appropriate management was implemented, the amount of emissions and movement increased from the previous fiscal year.
⑦Participation and cooperation in safety and environmental conservation activities	SHIKOKU KASEI Group	<ul style="list-style-type: none"> • Safe and stable operations • Participation in local environmental conservation activities • Promotion of environmental conservation activities in cooperation with business partners 	<ul style="list-style-type: none"> • Continued implementation of general disaster drills in the Marugame and Tokushima Plants • Participation in volunteer and community-cleaning activities • Operation of supply chain procurement criteria 	<ul style="list-style-type: none"> • Each production site made efforts for the maintenance and management of facilities, security, and disaster prevention. • We actively participated in local cleaning activities. • The procurement criteria were operated appropriately.

■ Scope : SHIKOKU KASEI Group : All of the SHIKOKU KASEI Group companies
 : SHIKOKU KASEI : SHIKOKU KASEI HOLDINGS, SHIKOKU CHEMICALS, SHIKOKU KASEI KENZAI, SHIKOKU KASEI CORPORATE SERVICE
 : The three chemical plants : Marugame Plant, Tokushima Plant, Oita Plant
 : Plant facilities : Marugame Plant, Tokushima Plant, Tadotsu Plant, Naruto Plant, Ranzan Plant, Oita Plant, Takase Plant

Environmental Efforts



Priority Goals of Environmental Protection in FY2023

Priority Goals	Scope	Target	Policy
①Reduction in greenhouse gas (GHG) emissions (CO ₂ equivalent)	SHIKOKU KASEI Group (Scope 1, 2)	<ul style="list-style-type: none"> ● FY2029 : ▲38% from FY2013 ● FY2025 : ▲30% from FY2013 (Total emission) 	<p>※Priority goals are set based on the national policy seeking carbon neutrality, and periodic reviews are implemented to continuously improve these.</p> <p>[Plant facilities]</p> <ul style="list-style-type: none"> ● Promote improvement activities to increase production efficiency, reduce waste, and improve equipment performance ● Optimization of operating conditions for facilities that use heating, air conditioning equipment, freezers, and refrigerators ● Consideration of renewable energy use <p>[Office]</p> <ul style="list-style-type: none"> ● Implementing Cool Biz and Warm Biz ● Strictly obeying the rule to set the temperature at energy-saving ranges ● Updating to highly efficient equipment (LED luminaire) <p>[Transportation]</p> <ul style="list-style-type: none"> ● Improving the efficiency in transportation of products (efficient use of transportation routes, rational transportation of freight, consolidated shipping, etc.) ● Cooperation in the promotion of eco-drive
②Reduction in energy consumption (Crude oil equivalent)	SHIKOKU KASEI Group (Scope 1, 2)	<ul style="list-style-type: none"> ● Reduction by 1% compared to the previous year (Unit consumption of energy) 	
	SHIKOKU KASEI Group (Scope 1, 2)	<ul style="list-style-type: none"> ● Reduction by 1% of the 5-year average (Unit consumption of energy) 	
	SHIKOKU KASEI (Transportation)	<ul style="list-style-type: none"> ● Reduction by 1% compared to the previous year (Unit consumption of energy) 	
③Reduction in water consumption	The three chemical plants	<ul style="list-style-type: none"> ● FY2025: ▲3% from FY2020 (Production volume unit) 	
④Expanding the ratio of renewable energy sources in electricity consumption	SHIKOKU KASEI Group	<ul style="list-style-type: none"> ● FY2025: 10% or more 	
⑤Scope 3 initiatives	SHIKOKU KASEI Group	<ul style="list-style-type: none"> ● Scope 3 calculation 	
⑥Reduction in industrial waste to be processed externally	Plant facilities	<ul style="list-style-type: none"> ● Equal to the previous year or lower 	<ul style="list-style-type: none"> ● Working on 3R activities, for example, with reviews of raw materials and packaging ● Promotion of the use of groupware and digitalization of documents
⑦Participation and cooperation in safety and environmental conservation activities	SHIKOKU KASEI Group	<ul style="list-style-type: none"> ● Safe and stable operations ● Participation in local environmental conservation activities ● Promotion of environmental conservation activities in cooperation with business partners 	<ul style="list-style-type: none"> ● Facility maintenance, facility security, and disaster prevention ● Participation in local activities near our operation sites ● Operation of the procurement system

■ Scope

- SHIKOKU KASEI Group : All of the SHIKOKU KASEI Group companies
- SHIKOKU KASEI : SHIKOKU KASEI HOLDINGS, SHIKOKU CHEMICALS, SHIKOKU KASEI KENZAI, SHIKOKU KASEI CORPORATE SERVICE
- The three chemical plants : Marugame Plant, Tokushima Plant, Oita Plant
- Plant facilities : Marugame Plant, Tokushima Plant, Tadotsu Plant, Naruto Plant, Ranzan Plant, Oita Plant, Takase Plant

Environmental Efforts



Pricing carbon emissions, prioritizing investments in measures with high CO₂ reduction effects

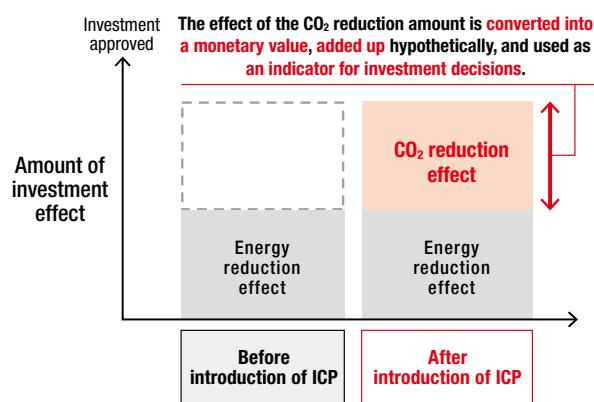
The Company has set a goal to reduce greenhouse gas (GHG) emissions by 30% by 2025 compared to 2013.

As one of these initiatives, we introduced an internal carbon pricing (ICP) system in 2023, where we set our own price for carbon dioxide (CO₂) to use as a basis for investment decisions.

Carbon pricing is a method that prices the CO₂ that is emitted, reveals the cost of this emission, and encourages behavioral changes towards a low-carbon society. ICP is its implementation within the company. When making various investments, knowing how much CO₂ can be reduced through such investment becomes a criterion for whether to invest or not.

SHIKOKU KASEI Group has set the internal carbon price at 8,000 yen/t-CO₂ (at the time of introduction) and applies the internal carbon price to the CO₂ reduction amount resulting from capital investment. We will then prioritize investments in measures with high CO₂ reduction effects. The ICP system targets capital investment that involves reductions in energy use that can be expected to have tangible benefits, whether new or renewal.

ICP is one of the important indicators in ESG information disclosure frameworks such as TCFD, which recommends the use of ICP as an investment indicator for decarbonization. As a response to the ever-increasing demand for reduction of greenhouse gas emissions, SHIKOKU KASEI Group will utilize ICP for decision-making in long-term, forward-looking low-carbon investments and measures, and further promote the introduction of energy-saving and renewable energy equipment.



Covering 100% of the production of Glicoat-SMD with renewable energy

The company has set a goal to increase the ratio of renewable energy sources in electricity consumption to at least 10% by 2025. One of these initiatives is the installation of solar power generation equipment. As the first step, in the fall of 2022, we installed solar power generation equipment at the Marugame Plant (Marugame City, Kagawa Prefecture). For the funds for equipment, we utilized the 114 Green Loan, a new loan from the Hyakujushi Bank, Ltd (Takamatsu City, Kagawa Prefecture) that is specifically designated for environmental conservation.

Within the Marugame Plant, the solar power generation equipment was installed on the rooftop of both the production plant and the product warehouse of the water-soluble preflux Glicoat-SMD, which is used for PWBs. Glicoat-SMD is a heat-resistant water-soluble preflux that forms an organic film on the copper surface of PWBs to protect against oxidation (rust). Compared to conventional products such as gold plating, it features higher soldering durability and less environmental impact as it is water-based. The estimated annual power generation from the newly introduced solar power generation equipment is approximately 450,000 kWh, which is expected to reduce annual carbon dioxide (CO₂) emissions by 243 tons. This has made it possible to cover the production of Glicoat-SMD at the Marugame Plant with 100% renewable energy.

The 114 Green Loan from the Hyakujushi Bank, Ltd is a loan specifically designated for projects with positive environmental impacts, such as renewable energy projects and the installation of energy-saving equipment. We have obtained a third-party opinion from the Rating and Investment Information, Inc. (R&I) stating that the project is consistent with international principles and guidelines, and with this scheme, we will clearly demonstrate the environmental improvement effect and report the progress regularly, ensuring transparency in the project's implementation. We have adopted "YONPO-YOSHI (favorable in all four directions)" as our corporate policy to contribute to customers, employees, shareholders, and society as good citizens. Going forward, we will actively address societal issues through our business activities and aim for the realization of a sustainable society.



Glicoat-SMD, water-soluble preflux



PWBs treated with Glicoat-SMD

With Our Customers



Quality Initiatives

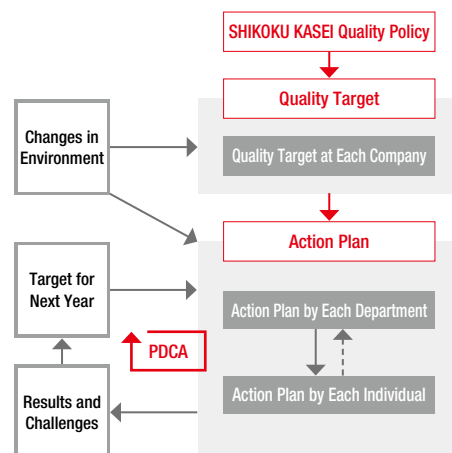
SHIKOKU KASEI Quality Policy

"Improve not only products, but also the levels of all activities"

Under the long-term vision "Challenge 1000," SHIKOKU KASEI Group will aim to achieve a state in which each and every one of us continues to provide products, services, and values that are one step ahead.

To achieve these goals, we have established the SHIKOKU KASEI Quality Policy and will implement PDCA cycle activities based on this policy across the group. SHIKOKU KASEI Quality refers to the quality of all activities related to products, services, and values provided by SHIKOKU KASEI Group to our customers.

In addition to the quality of products, we will strive to continuously improve SHIKOKU KASEI Quality through efforts, for example, to improve the quality of services, take into consideration environment and safety, and increase the level of satisfaction at related departments within the company.



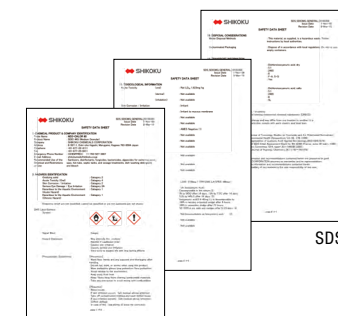
Progress on Activities related to ISO 9001

The quality assurance system for our group is based on ISO 9001. Marugame Plant, Tokushima Plant (Kitajima location, Yoshinari location), SHIKOKU KEIZAI CORPORATION, SHIKOKU KOHKI CORPORATION, and Shikoku Analytical Laboratories have obtained ISO 9001 certification and have received maintenance and updates from qualified certification organizations.

Product Liability

Product Safety

To ensure that our customers handle chemical products safely, we comply with the regulations of each country based on the UN-recommended GHS* guidelines and publish SDS (safety data sheets) for all chemical products on our website. The SDS clearly describes hazard and toxicity information, first aid measures, measures to be taken in case of fire or leakage, handling and storage precautions, physical and chemical properties, information on environmental impacts, toxicological information, disposal and transport precautions, and applicable laws and regulations. We have also established an internal database so that our employees can access this information and use it for safety and legal compliance, and we regularly conduct surveys on the environmental management status and regulated substances for our business partners and strive to provide information promptly.

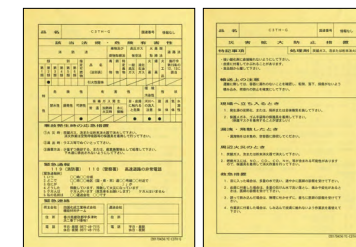


SDS

*GHS: Globally Harmonized System of Classification and Labelling of Chemicals

Safety in Logistics

In case of accidents during transportation, we issue the emergency contact card, "Yellow Card," containing the contents of safe measures to be taken by the carrier, police, firefighters, and other people concerned in dealing with the accidents. We also annually provide contract carriers with training for unexpected accidents including things to be carried with them in transportation. These cards contain information such as names of the substances transported, their properties, first aid measures, and emergency contact.



Yellow Card

With Our Business Partners



Procurement

Procurement Policy

Regarding procurement, we have established a procurement policy to ensure fair and transparent trading with our business partners, and we aim to fulfill our social responsibility in cooperation with them. Our group's procurement policy also covers conflict minerals (tin, tungsten, tantalum, and gold)* produced in the Democratic Republic of Congo and surrounding conflict areas.

► Compliance with Laws and Social Norms

We will comply with all domestic and foreign laws, social norms, and international rules.

► Fair, Just, and Transparent Trading

We will conduct our trading in a fair, just, and transparent manner.

► Consideration for Human Rights, Environment, and Other Social Responsibilities

To realize a sustainable society, we will strive to procure goods with due consideration of human rights and the preservation of the global environment.

► Optimal Procurement

We will conduct optimal procurement for the company by comprehensively assessing quality, price, delivery time, service responsiveness, occupational health and safety, and the environment.

► Building Partnerships

All officers and employees of the SHIKOKU KASEI Group shall comply with and live the Charter of Corporate Behavior and Code of Business Conduct and strive to build a relationship of mutual cooperation and trust with our business partners.

*Conflict minerals: Some minerals produced in the Democratic Republic of Congo and neighboring countries are used to finance inhumane armed groups. Efforts to eliminate the use of such conflict minerals, including the Financial Regulatory Reform Act passed in the United States in 2010, are expanding worldwide. The group takes the issue of conflict minerals seriously and will practice responsible mineral sourcing to ensure that it is not complicit in conflict and inhumane activities.

Matters to be Addressed with Business Partners

SHIKOKU KASEI Group recognizes that, in order to earn the trust of society in the course of its business activities, it is necessary to address social responsibility not only within the group, but also throughout the entire supply chain, including the business partners.

We are committed to working with our business partners on the following topics to fulfill our corporate social responsibility and achieve mutual prosperity and survival.

(1) **Compliance with Laws and Regulations, Social Norms, and Ethics**

(2) **Respect for Human Rights and Trade**

(3) **Focus on Occupational Safety, Health, Environmental Protection, and Quality**

*We may check the status of actions on the above topics in our survey and audits.

Conducting Questionnaires to Suppliers

We conduct questionnaires to new and existing suppliers and prioritize transactions with suppliers that meet our standards while also conducting awareness-raising and improvement activities with them.

► Main survey items in the questionnaire

Sustainability, health and safety, environment, and quality

On-site Audits of Suppliers

The group visits domestic and overseas suppliers to audit their efforts in sustainability, health and safety, environment, and quality, promoting sustainable procurement.

With Our Employees



Respect for Human Rights and Labor Management

Respect for Human Rights

We respect the individuality and the rights of all people.

We do not discriminate on the basis of birth, nationality, ethnicity, belief, religion, gender, age, disability, educational background, etc.

Non-complicity in Human Rights Violations

We request that all employees refrain from infringing on human rights or discriminating against others, and that they not become involved in human rights violations, even indirectly.

Employment and Labor Policies

▶ Prohibition of Forced Labor and Child Labor

We prohibit the employment of children who have not reached the working age stipulated by national and local laws and regulations. In addition, we will not tolerate forced labor, slave labor, or labor from human trafficking. We require our business partners to do the same. We will not impose unreasonable restrictions on employees leaving their jobs or terminating employment at any time.

▶ Good Labor-Management Relations

We guarantee the freedom of employees to form a union and approve the right to collective bargaining.

▶ Correct and Fair Compensation

We pay our employees fair and correct compensation in accordance with all applicable wage laws, including minimum wage, overtime, and legally mandated benefits laws.

▶ Elimination of Discrimination

We ensure equal opportunity in recruitment, assignment, promotion, and competence development.

Remedial Action

If our business activities have resulted in a human rights violation, we will take appropriate measures to remedy and correct it.

In 1966, we concluded a labor agreement with our labor union. We are committed to respecting each other's positions and cooperating with each other in the spirit of mutual trust to ensure the sound development of the company and the improvement of the welfare of union members. We have promised to comply with the safe and peaceful labor-management relationship that we have established.

Our company aims to "create a bright workplace where the human rights of each employee are respected, and individual abilities and individuality can be fully demonstrated, " and is engaged in human rights awareness for employees. To avoid forced labor, we provide harassment prevention education to managers. In addition, we adopt procedures to confirm that workers are at or older than the minimum age based on identification documents at the time of employment to avoid employment of child labor.

Management of Working Hours

In order to optimize the working hours and working hours management, we strengthened the function of the attendance management system in March 2019. We have used the cloud system and established a mechanism to effectively understand and manage the working hours, and allow employees and their superiors to check the working conditions at all times. To reduce overtime work, for example, we are working to optimize the working hours and improve the management of working hours with the introduction of a system that generates an alert when the monthly overtime work hours or the total working hours reach a certain number.

With Our Employees



Support and Development of Employees

With a declining birthrate and an aging population, we are offering employees various kinds of support programs that make it possible for them to achieve a balance between work and family, encouraging employees who need to provide childcare or nursing care to work with peace of mind. In the future, we will continue to foster a workplace environment and climate to realize an environment where all employees can work with peace of mind.

▶ Period of Childcare / Nursing Care Leave

Employees are able to take childcare leave until the child turns the age of 1 year and 6 months. They may also take up to one year of leave for each family member in need of nursing care, which may be divided into at most three times in a case. In addition, employees eligible for childcare short-time work can reduce their working hours by up to two hours per day until their child reaches the beginning of the fourth grade in elementary school.

▶ Accumulated Annual Leave

For general employees, up to 40 days of expired, unused paid leave accumulated over a period extending up to three years may be used as sick leave.

▶ Mutual Aid Association

In accordance with the spirit of mutual cooperation, we implement mutual relief and welfare enhancement for employees, including injury and disease benefits, congratulatory or condolence money, and solatium money.

▶ Mutual Aid Society

In accordance with the spirit of mutual cooperation, we provide mutual relief to members as benefits such as a child education pension to support the healthy development of the children of any member who dies or retires due to severe disability.

Human Resource Development

Ideal Candidate Profile

"Human resources with a strong sense of mission and the ability of taking on challenges by themselves"

We are focusing on securing and developing excellent human resources, aiming at "Toward 'one-step-ahead, proposal' company with creativity, " as stated in the long-term vision "Challenge 1000.". In particular, with regard to training employees who engage in business activities, we are working on the

development and use of human resources that take advantage of each employee's strengths and abilities from a mid-and long-term perspective. The company provides employees with the tools and support they need to engage in the independent and ongoing development of their abilities. As a means of providing on-the-job training in daily operations, we have implemented a system of work targets. Every six months, employees meet with their superiors to complete a full management cycle of Plan, Do, Check, and Action, which means goal setting, implementation to achieve goals, confirmation of performance, and making use of their results next. Superiors hold periodic meetings with employees to set goals, check interim progress, and assess outcomes, through discussion and guidance, to steadily raise the business execution capabilities of each employee, with the aim of further boosting their department's performance.

Employees also have opportunities to attend various seminars, workshops, and social university courses held outside the company as necessary.

As for off-the-job training, we conduct group training for new recruits, regular employees, and managers, apart from daily operations. In addition, for career enhancement through self-development, we encourage the acquisition of qualifications and attending correspondence education courses; we deliver rewards to an employee who successfully acquires a new qualification, and pay for all expenses if an employee successfully completes an education course with excellent grades.

▶ Educational Support for Upskilling and Self-development

Training by Job Level

We provide career-specific training programs such as training for new employees, training for year 2-3 employees, training for mid-level employees, and training for newly appointed managers.

Distance Learning System to Support Qualification Acquisition

For career enhancement through self-development, we deliver rewards if an employee successfully acquires a new qualification and pay for all expenses if an employee successfully completes an education course with excellent grades.

External Seminar Participation Support System

This system allows employees to attend external seminars and lectures to acquire the knowledge and skills necessary for work. The course fee as well as all transportation expenses are provided.

Domestic and Overseas Study System

This system supports studying at domestic and overseas universities and research institutions to acquire useful knowledge, skills, and languages. In recent years, we have conducted language learning programs in China.

With Our Employees



Occupational Safety and Health

In our company, the corporate safety and health meeting, chaired by the President, determines the basic policy on safety and health management and other important matters concerning the promotion of safety management. Based on the decisions made at this meeting, each site devises the "Safety and Health Activity Plan" every year to prevent accidents. Under the "Safety and Health Activity Plan" prepared at each site, we hold joint labor-management safety and health committees on a regular basis to promote improvements in the workplace environment.

Furthermore, the Marugame and Tokushima Plants have established and actively operated the occupational safety and health management systems in accordance with ISO 45001.



Marugame Plant



Tokushima Plant (Kitajima location)



Tokushima Plant (Yoshinari location)

Holding the Convention for Safety and Health in Production & Technology Division

The Convention for Product/Technology Safety and Health is organized at the Marugame and Tokushima Plants, and aims to make both plants reliable for local communities by building a culture fostered on the concept which shows that "Safety overrides everything else." Top management shares their plans to ensure safety, employees communicate with each other through presentations on risk prediction activities, and excellent safety and health activities are recognized.



Commendation for Safety

Education on Safety

Our safety activities focus on risk assessment, detection of near-miss incidents and concerns, and risk prediction to prevent the occurrence of serious industrial accidents. In addition, our education and training aim to prevent accidents by improving individual risk sensitivity, for example through safety education involving simulations in which participants can virtually experience an accident caught in a machine and a potential risk in a plant such as combustion and explosion, as well as risk prediction training to extract potential risks in operations.



Education Involving Simulations

Education on Health

In activities for occupational health, we work for employees' health management through the implementation of mental health workshops, periodical health checkups, counseling, and stress checks for all employees because mental and physical fatigue or poor physical condition may cause occupational accidents. We also provide education on harassment to improve our work environments, where fundamental human rights are respected.



Succession of Safety (Marugame Plant)

Relationship with Labor Union

Labor and management work in collaboration in a relationship of mutual trust. We focus on specific collaborative themes such as revision of the personnel system, reduction of overwork, promotion of yearly paid vacations, and review of the personnel evaluation system. We hold regular meetings of the labor-management expert committee to discuss workplace issues and improve the workplace environment.

Security and Disaster Prevention

We proactively conduct regular education and training programs on disaster prevention and security, as well as comprehensive disaster drills, to be prepared for unexpected accidents. In addition, we developed BCP* to secure the safety of employees and ensure early resumption of business activities in preparation for the "Major Nankai Trough Earthquake" that is expected to occur in the near future.



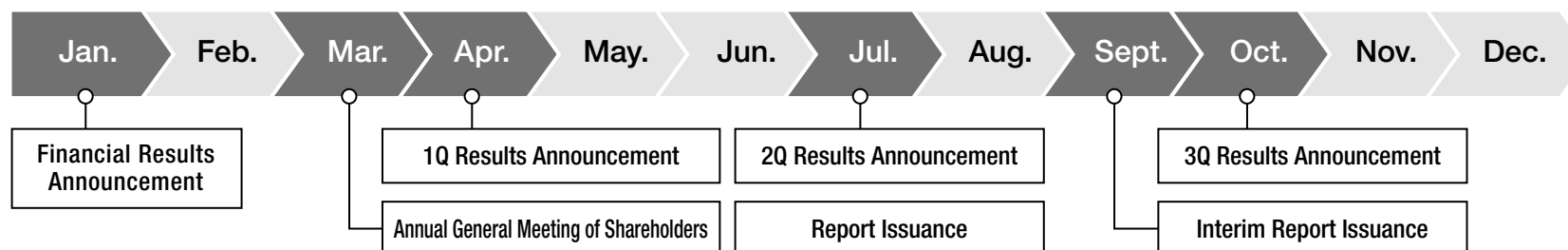
Comprehensive disaster drill in Tokushima Plant

*BCP (Business Continuity Plan): A summary of countermeasures for business continuity in case of disasters and accidents

With Our Shareholders/Investors



IR Calendar



Disclosure Policy

Basic Policy

In the "Charter of Corporate Behavior," our group defines the basic policy for timely disclosure of company information as "We will proactively, effectively, and fairly disclose corporate information, engage in a constructive dialogue with a wide range of stakeholders surrounding the company, and strive to enhance corporate value."

We believe that the foundation of information disclosure is a constructive dialogue with stakeholders through proper information disclosure to various stakeholders surrounding our group, including shareholders, investors, business partners, and communities.

Information Disclosure Standard

Our group conducts information disclosure in accordance with the Financial Instruments and Exchange Act and other laws and regulations, as well as in accordance with the regulations for timely disclosure defined by the securities listing regulations of stock exchanges. In addition, we will proactively disclose information that does not apply to the aforementioned laws and regulations but that would have an important influence on the decisions of investors when we judge that the information significantly affects stakeholders.

Information Disclosure Method

Our group conducts information disclosure according to the applicable laws and regulations as well as in accordance with the regulations for timely disclosure.

In addition, information that is the subject of regulations for timely disclosure shall be posted on TDnet, which is operated by the Tokyo Stock Exchange, our website, and so on, following the regulations. Other information that would have a significant impact on stakeholders shall be disclosed as required using appropriate methods, such as announcements through seminars for institutional investors, our website, and so on.

Quiet Period

To prevent leakage of financial results and ensure fair information disclosure, we have designated a period from the day following the last day of the financial period (including quarterly financial periods) until the day of the financial results announcement as a quiet period.

Even during the quiet period, we will conduct timely disclosure of information whose disclosure is required as per the applicable laws and regulations, including the regulations for timely disclosure.

Forward-looking Statement

The information disclosed by our group includes forward-looking statements, such as a performance outlook, plans, and goals. Such information may be significantly different from actual results because of various risks and uncertainties such as economic status, market trends, and changes in various regulations.

When considering the corporate value of our group, please pay attention to the points above.

With Our Shareholders/Investors



Annual General Meeting of Shareholders

We recognize the general meeting of shareholders as an opportunity for constructive dialogue with shareholders and investors, and are working to establish an environment for facilitating the smooth exercise of voting rights through means such as early dispatching and disclosure of convocation notices and participating in a web-based voting platform.

▶ Early Dispatch of the Notice of General Meeting of Shareholders

The notice will be sent out at least three weeks prior to the date of the Annual General Meeting of Shareholders. In addition, matters subject to measures for electronic provision will be posted on the company's website, etc., by the day before the date of mailing.

▶ Electronic Exercise of Voting Rights

Voting rights can be exercised via the Internet.

▶ Participation in the Electronic Voting Rights Exercise Platform and Other Initiatives to Improve the Environment for the Exercise of Voting Rights by Institutional Investors

We participate in the voting rights exercise platform for institutional investors operated by ICJ, Inc.

▶ Provision of Notice of General Meeting of Shareholders (Summary) in English

We create an English version of the Notice of General Meeting of Shareholders (Summary) and post it on the company's website, etc.



Expansion of Shareholder Benefits Program

In appreciation for the continual support from our shareholders, we have decided to change (expand) the shareholder benefits program to enhance the attractiveness of investing in the company's stock and to encourage more shareholders to hold our shares in the medium to long term.

Details of Expansion

		Before change	After change
Record date		End of March	End of December ^{*1}
Presentation timing		Early June	Early April (catalog products will be shipped sequentially from early May)
Number of shares held	100 shares or more	—	Our product (worth 1,500 yen) ^{*2}
	1,000 shares or more	Local specialty product (worth 3,000 yen) [Sanuki udon]	Our product (worth 1,500 yen) ^{*2} and one item from our catalog featuring local specialties from Kagawa Prefecture (worth 5,000 yen)

^{*1} The Company changed its fiscal year end to December 31 in line with the transition to a holding company system effective January 1, 2023.

^{*2} For the shareholder benefits (our product) planned for FY2022, we will present the washing machine drum cleaner "WASHMANIA" (2 bags).



The Company's product for the FY2022 benefit is the washing machine drum cleaner "WASHMANIA"



Our catalog

With Local Community



Conducting Lectures for High School Students

The Company regularly holds lectures at high schools in Kagawa Prefecture by dispatching employees as instructors. We create programs in line with the school's wishes on topics and fields that students are interested in and provide more practical lessons. The content of these lessons is diverse, and so far, we have conducted chemical experiments, assisted in career planning, and held presentations suggesting specific community development measures.

On September 13 and 27, 2022, we conducted lectures for 18 third-year high school students aspiring to enter chemistry and pharmaceutical sciences departments at a university, where they engaged in research on the synthesis methods of active pharmaceutical ingredients and their actual synthesis experiments. By getting hands-on experience with the chemical substance search systems and experimental equipment used in real research, students had the opportunity to feel chemistry more closely and deepen their interest. As a new attempt this year, a theater workshop was held before the lectures with the cooperation of Shikoku Gakuin University under the guidance of playwright Oriza Hirata. The Company's employees and students were able to shorten their distance by engaging in role-plays and gesture games together. In addition, after the classes, we received consultations from six students about advancing to chemistry-related universities, indicating that the response was even better than last year.

We aim to contribute to the community and develop the human resources of the next generation through these lectures. Although it will take some time to produce results, we will steadily continue these activities.



Exploring the Possibilities of Community Development Through PARKLET

As a new business, the Company is focusing on developing PARKLET which utilizes the strengths of design and safety of our exterior products. PARKLET is a temporary structure where pedestrians can casually rest and eat in a surplus space on the road to create new relaxation spaces. Currently, the Ministry of Land, Infrastructure, Transport and Tourism is promoting "walkable city" as part of its initiatives to enhance the attractiveness of cities. Given the decreasing population and environmental considerations, there's a demand for creating comfortable urban spaces centered around people, and the use of PARKLET in outdoor public spaces such as sidewalks and parks is gaining attention as a means of achieving this.

At the "Setouchi Triennale 2022" held mainly on the islands of the Seto Inland Sea, we provided actual PARKLET as resting places accessible to anyone, which were installed near the Takamatsu Port Ferry Pier from the spring session. Many visitors to the art festival and local residents using the Takamatsu Port utilized the PARKLET. Furthermore, during the autumn session of this art festival, we installed PARKLET at Marugame City's Minato Park and conducted a social experiment in collaboration with Marugame City, Kagawa University, and the urban regeneration corporation, HYAKUSHO Co., Ltd., to examine the ways of creating lively and relaxing spaces. Events were held on weekends during the festival, including local food offering, experiential events, and the conversion of roads into turf.

The Company is committed to creating a lively and attractive city by producing space through PARKLET, and will strive to ensure that its business activities contribute to the growth of the communities and as a company that lives together with society.



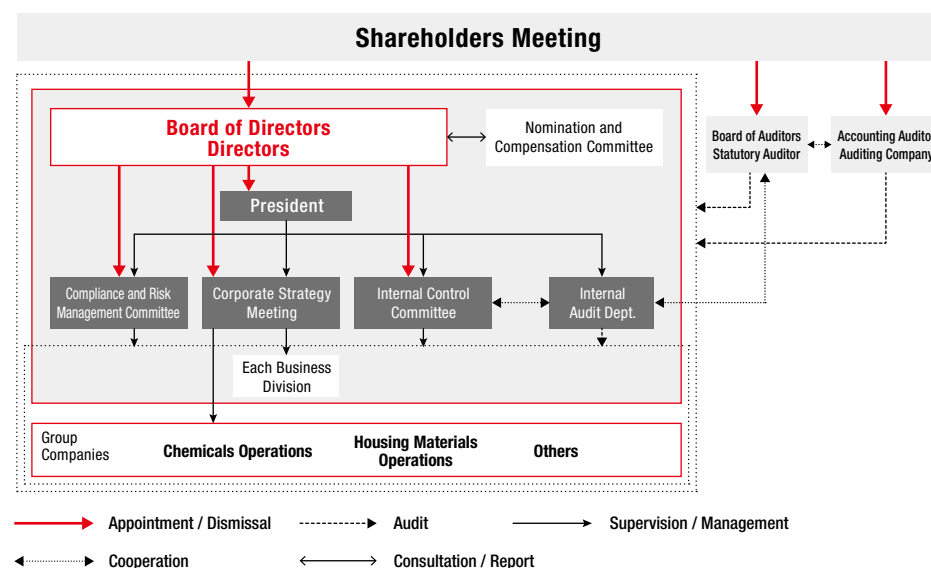
PARKLET special website  <https://shikoku-parklet.nurumori.com/> (Japanese only)

Governance



Corporate Governance

Our company recognizes that establishing both an organization where corporate governance is functioning effectively and a transparent management system that puts shareholders first is an important measure to continuously improve corporate value. Specifically, we strive to establish a system to ensure its effectiveness, focusing on securing shareholder rights and equality, appropriate collaboration with stakeholders other than shareholders, appropriate information disclosure and transparency, proper execution of the roles and responsibilities of the Board of Directors, and constructive dialogue with shareholders.



Internal Control System

Basic Approach

In the process of sharing and implementing management strategies by officers and employees, our company recognizes that preparing and properly operating the internal control system is the basis of establishing a compliance system to ensure that the execution of duties complies with the laws and articles of incorporation, striving to enhance and improve the system.

Development Status

► In internal control, according to the "Basic Policy for Establishment of Internal Control System" resolved by the Board of Directors, various compliance-related regulations, such as "Charter of Corporate Behavior," "Code of Business Conduct," "Compliance Management Regulations," and "Whistle-blowing Protection Regulations" covering the entire group of the Company, have been prepared. We have also organized a "Compliance and Risk Management Committee," chaired by an officer in charge of Group Compliance, for effective management of compliance activities, striving to establish a system for proper checks. As for internal control related to financial reporting, we have established the "Internal Control Committee" with the President as the chairperson, making efforts to continuously maintain and control the internal control function based on the "Basic Policy on Internal Control for Financial Reporting."

► For risk management, the "Basic Risk Management Regulations," which are the highest standard for risk management, have been established, and each General Manager conducts the management within the scope of their control in accordance with the "Risk Management Manual." In addition, we have set up a system for appropriate risk management where the aforementioned "Compliance and Risk Management Committee" oversees company-wide risk management with the President defined as the highest responsible person for risk management.

► Information related to the execution of duties by the Directors is recorded and stored either in written documents or on electromagnetic media based on the Document Handling Regulations, and Directors and Statutory Auditors can always view these documents, etc. in accordance with the regulations. In addition, the execution of the Company's and group companies' business, including the progress of the medium-term management plan and annual plan, is reported to all Directors and Statutory Auditors in the form of a monthly business execution report created by the Representative Directors of each group company, based on internal regulations such as the Group Management Regulations.

► As a system to ensure the appropriate execution of duties within the corporate group, including subsidiaries, the Company sends at least one Director or Statutory Auditor to each subsidiary, and these officers report on the business execution status of each subsidiary at the regular meetings of the Board of Directors as appropriate. Moreover, based on the Group Management Regulations, we manage subsidiaries as necessary depending on their circumstances, always maintain close coordination while respecting their independence, and aim for the comprehensive growth of the group. At the same time, we have dedicated personnel for the finances of affiliates within the group's financial department, ensuring the propriety of internal financial controls.

Governance



Policy for Determining Directors' Compensation

The Company's Board of Directors has resolved a policy for determining the details of compensation for individual Directors. In such resolution by the Board of Directors, the details to be resolved were deliberated at a voluntary advisory committee, consisting mainly of Outside Directors ("Nomination and Compensation Committee"), and then reported to the Board of Directors.

(Summary of the details of the determination policy)

► Basic Policy

The compensation for Directors (excluding Outside Directors) consists of base compensation, performance-linked compensation, and stock compensation. The ratio is approximately 75:15:10 (base compensation: performance-linked compensation: stock compensation). Compensation for Outside Directors consists only of base compensation.

► Policy for Determining the Amount of Individual Base Compensation

Base compensation is a fixed monthly compensation based on position, determined in consideration of social standards and other factors.

► Policy for Determining the Content and Amount of Performance-linked Compensation

Performance-linked compensation is determined as monetary compensation, a short-term incentive, based on standard amounts specific to each position, considering the Company's annual business performance, including consolidated net sales and consolidated operating profit, and a qualitative evaluation of the status of execution of duties and the degree of contribution, and is paid monthly in conjunction with the base compensation.

► Policy for Determining the Content and Amount of Non-monetary Compensation

Non-monetary compensation is set as stock compensation, a medium- to long-term incentive, aiming to clarify the link between the Directors' compensation and the Company's stock value, with the intent that Directors share both profits and risks from stock price fluctuations with all shareholders, thus fostering a heightened awareness to contribute to medium- to long-term performance improvement and increased corporate value. A stock compensation system using a trust has been adopted for non-monetary compensation.

Under this system, one share is assigned one point, and in addition to the standard points set for each position, points that vary based on a fixed coefficient determined by the percentage of achievement compared to the previous year, are awarded, using consolidated operating profit as a clear and objective performance indicator based on results. The shares are delivered to each Director upon their retirement.

► Matters concerning the determination of details of individual compensation, etc. of Directors

Decisions on base compensation and performance-linked compensation are delegated to the President based on the resolution by the Board of Directors, within the maximum amount of total compensation determined by the resolution of the General Meeting of Shareholders. This authority entails the decision on the individual payment amounts for each Director. For stock compensation, amounts are determined based on the stock compensation system. The delegation of authority to the President is subject to deliberation by the Nomination and Compensation Committee. The authority and operation of the Nomination and Compensation Committee are stipulated in the Nomination and Compensation Committee Regulations. With the President as the chairman, it deliberates on the basic policy for officer compensation, the compensation framework, compensation amount, etc., and reports to the Board of Directors.

Evaluation of the Effectiveness of the Board of Directors

The Company regularly conducts a questionnaire survey targeting all Directors and Statutory Auditors on matters such as the composition of the Board of Directors, its operation, how discussions should be conducted, the support system for officers, constructive dialogue with shareholders, and contributions to the Board of Directors. Based on the aggregation and analysis results of the survey, we evaluate the overall effectiveness of the Board of Directors and discuss its improvements and enhancements. Moreover, to enhance the fairness and objectivity of the evaluation, we have appointed a third party for the aggregation and analysis of the questionnaire.

Target	All Directors and Statutory Auditors (including outside officers)
Evaluation method	Anonymous questionnaire
Summary of questions (about 40 questions) <small>*Multiple-choice and descriptive</small>	Composition of the Board of Directors, operation of the Board of Directors, discussions of the Board of Directors, monitoring function of the Board of Directors, performance of internal and outside Directors, support system for Directors and Statutory Auditors, training, dialogue with shareholders (investors), individual initiatives, summary
Aggregation and analysis	Conducted by a third-party, external organization

(Evaluation for FY2022)

Based on the results of the aggregation and analysis of this questionnaire, we have evaluated that the overall effectiveness of the Board of Directors is reasonably secured. On the other hand, regarding the issues identified for further enhancement of the functions of the Board of Directors and deeper discussions, we will continue to make ongoing improvements and strive to enable the Board of Directors to fulfill its roles and responsibilities even more effectively.

Governance



Elimination of Antisocial Forces

Basic Approach

We confront any antisocial forces that threaten the order and safety of civil society with a resolute organizational stance and have a system in place that will not comply with their unjust demands, regardless of the circumstances, in collaboration with related agencies.

Development Status

The group's Charter of Corporate Behavior declares thorough organizational crisis management in preparation for actions by antisocial forces and groups, terrorism, cyberattacks, natural disasters, etc., that threaten civil and corporate activities and we specify concrete standards of action aimed at excluding antisocial forces and groups in our Code of Business Conduct. We are advancing the establishment of a management system through the formulation of regulations such as the Compliance Management Regulations, the establishment of a control structure by the Compliance and Risk Management Committee, the distribution of the Compliance Handbook to all group officers and employees, and by having them submit a pledge to adhere to the said handbook.

Cross-shareholdings

The Company acquires and holds shares of business partners when deemed beneficial for improving our medium- to long-term corporate value from the perspective of building and strengthening relationships. Every year, the Board of Directors verifies the rationality of continuing to hold all of these shares, considering both quantitative aspects such as trading volume and dividends, and qualitative aspects such as the importance of strengthening relationships in future business strategies. As a result of verification, for shares not recognized as contributing to our medium- to long-term corporate value, we proceed with phased, planned sales after discussions with the business partners, considering stock prices and market impact, and we will continue to aim for a reduction in cross-shareholdings.

When exercising voting rights for shares held, if a situation arises in the entity held that might greatly damage shareholder value, such as corporate scandals, we comprehensively consider factors such as whether it damages the corporate value of the entity held or contributes to its medium- to long-term corporate value, and make decisions on whether to approve or disapprove of all proposals.

Charter of Corporate Behavior

The SHIKOKU KASEI Group, according to its corporate philosophy of "Doku-sou-ryoku (creativity)," adopts the principle of "YONPO-YOSHI (favorable in all four directions)" to contribute to customers, employees, shareholders, and society. Based on the following eight principles, SHIKOKU KASEI Group respects human rights, complies with all applicable laws and regulations as well as international rules and their spirits, and acts with high ethical standards at the local and international levels in order to fulfill the role of leading the realization of sustainable society.

1. We develop and provide socially useful, safe, and high-quality products and services through innovation, and strive for sustainable economic growth and resolution of social issues.
2. We engage in fair and free competition, appropriate transactions, and responsible procurement. We also maintain healthy and sound relationships with the governments and administrative authorities.
3. We will proactively, effectively, and fairly disclose corporate information and engage in constructive dialogue with a broad range of stakeholders surrounding the Company to enhance corporate value. In addition, we provide appropriate information about products and services to consumers and customers and communicate with them in good faith to earn their satisfaction and trust.
4. We will develop a comfortable work environment that considers employee health and safety, while realizing working practices that enhance their capabilities and respect their diversity, personality, and individuality.
5. We proactively address environmental problems with the understanding that resolving them effectively is one of humanity's common goals and essential for corporate existence and activities. Moreover, we actively participate in society and contribute to its development as a good corporate citizen.
6. We recognize that intellectual property is the foundation of corporate activities and a source of competitiveness, therefore, we instill the importance of protecting intellectual property, and at the same time, utilize them appropriately.
7. We take a broad interest in challenges faced by the international and local communities, and understand social issues from diverse perspectives to implement social contribution activities.
8. We will ensure systematic crisis management in preparation for actions of antisocial forces or groups, terrorism, cyberattacks, natural disasters, and other crises that threaten civil and corporate activities.

Top management and board members in each company of SHIKOKU KASEI Group recognize that it is their role to realize the spirit of this Charter, establish effective governance, and take the lead in an exemplary manner to implement the Charter within each company of SHIKOKU KASEI Group and encourage behavior in accordance with this Charter throughout the supply chain. They also constantly endeavor to understand diverse voices within and outside their companies and establish effective company structures.

When a situation that threatens to breach this Charter arises, as part of their responsibility, the heads of each company of the group act strongly to resolve the problem, investigate the cause, and prevent recurrences of similar problems. In such cases, they also immediately disclose accurate information and fulfill the group's accountability to society, clarify their authority and responsibilities, and then severely punish the personnel involved, including themselves.

Governance



Risk Management

For risk management, the "Basic Risk Management Regulations," which are the highest standard for risk management, have been established, and each General Manager conducts the management within the scope of their control in accordance with the "Risk Management Manual." In addition, we have set up a system for appropriate risk management where the "Compliance and Risk Management Committee" oversees company-wide risk management with the President defined as the highest responsible person for risk management.

Compliance

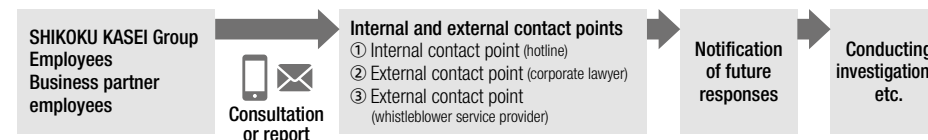
In the process of sharing and implementing management strategies by officers and employees, our company recognizes that preparing and properly operating the internal control system is the basis of establishing a compliance system to ensure that the execution of duties complies with the laws and articles of incorporation, striving to enhance and improve the system.

More specifically, according to the "Basic Policy for Establishment of Internal Control System" resolved by the Board of Directors, various compliance-related regulations, such as "Charter of Corporate Behavior," "Code of Business Conduct," "Compliance Management Regulations," and "Whistle-blowing Protection Regulations" covering the entire group of the Company, have been prepared. We repeatedly educate employees about the importance of compliance with the Charter of Corporate Behavior, etc. to make them thoroughly known. All officers and employees have also been given a Charter of Corporate Behavior card and Compliance Handbook and they submitted a written commitment to read regularly and comply with its content. We have also organized a "Compliance and Risk Management Committee," chaired by an officer in charge of Group Compliance, for effective management of compliance activities, striving to establish a system for proper checks. Furthermore, we have set up an internal and external compliance hotline as consultation/reporting services for employees of our company group, as well as our business partners, regarding the overall corporate ethics, including our group's compliance, to detect and correct organizational and personal violations of laws, unjust acts, and improper acts at an early stage. As for internal control related to financial reporting, we have established the "Internal Control Committee" with the President as the chairperson, making efforts to continuously maintain and control the internal control function based on the "Basic Policy on Internal Control for Financial Reporting."

Internal Reporting System

We have set up both internal and external (counsel lawyers, internal reporting service providers) contact points to accept consultations and reports from our employees and those of our business partners regarding corporate ethics in general including legal compliance within the group. Reports can be made anonymously, and the confidentiality and privacy of the whistleblower is strictly observed. The Compliance and Risk Management Committee, upon receiving a consultation or report, conducts investigations with full consideration for the privacy of the whistleblower. In addition, the Whistle-blowing Protection Regulations specify that people who consult or report will not be treated unfairly in any way.

Whistleblower reporting route



Information Security

The group recognizes that information assets including personal data of customers, information from our business partners, trade secrets held by the group, and the systems that manage such information are important management resources and sources of competitiveness. In order to appropriately protect our information assets and prevent problems related to information security, we have formulated a Basic Policy on Information Security and manage and operate information assets appropriately.

(Management system)

The Compliance and Risk Management Committee chaired by the officer in charge of group compliance is at the top position, with company-wide information security discussed and policy decisions made by the subordinate Information Security Subcommittee. This subcommittee designates an information security officer to handle specialized information security issues, and it shares and resolves critical information security topics.

(Initiatives to strengthen information security)

In order to appropriately protect information assets, we have established information security-related regulations and are working to enhance the maintenance and management of information security. In addition, we regularly provide targeted attack email simulation training by sending emails mimicking such attacks and e-learning education to enhance the awareness of information security of the Group employees, including those overseas.

Governance



Officers



President

Mitsunori Watanabe

Apr. 1980 Joined the Company
 Mar. 2002 General Manager, Corporate Planning Dept., the Company
 Jun. 2013 Executive Officer; General Manager, Corporate Planning Dept., the Company
 Jun. 2014 Director; Executive Officer; General Manager, Corporate Planning and Secretariat, the Company
 Jun. 2016 Director; Executive Officer; General Manager, Corporate Planning, the Company
 Mar. 2017 Director; Executive Officer; Deputy Head, Planning and Management, the Company
 Feb. 2018 Director; Executive Officer; Deputy Head, Planning and Management; Head, Osaka Branch Office, the Company
 Mar. 2019 Director; Executive Officer; Head, Corporate Strategy Division, the Company
 Jun. 2019 Director; Managing Executive Officer; Head, Corporate Strategy Division, the Company
 Apr. 2022 Director; Managing Executive Officer; Head, Corporate Strategy & Business Promotion, the Company
 Jan. 2023 President, the Company (to present)



Executive Director

Yoshinori Manabe

Apr. 1988 Joined the Company
 Mar. 2005 General Manager, Logistics & Purchasing Dept., Housing Materials Operations, the Company
 Mar. 2017 Executive Officer; General Manager, Sales & Marketing, Housing Materials Operations, the Company
 Jun. 2018 Executive Officer; Deputy Head, Housing Materials Operations; General Manager, Sales & Marketing, Housing Materials Operations, the Company
 Mar. 2019 Executive Officer; Deputy Head, Business Promotion Division, the Company
 Jun. 2019 Director; Executive Officer; Head, Business Promotion Division, the Company
 Apr. 2022 Director; Executive Officer; Deputy Head, Corporate Strategy & Business Promotion, the Company
 Jan. 2023 Executive Director, the Company (to present)
 President, SHIKOKU KASEI KENZAI CORPORATION (to present)



Senior Managing Executive Director

Jun Matsubara

Apr. 1976 Joined the Company
 Mar. 2000 General Manager, Logistics & Purchasing Dept., Chemicals Operations, the Company
 Jun. 2001 General Manager, Operational Management & Planning Dept., Chemicals Operations, the Company
 Jun. 2005 General Manager, Operational Management & Planning, Chemicals Operations, the Company
 Jun. 2007 Executive Officer; General Manager, Operational Management & Planning, Chemicals Operations, the Company
 Jun. 2011 Statutory Auditor, the Company
 Jun. 2019 Director; Managing Executive Officer; Head, Chemicals Sales & Marketing Division, the Company
 Apr. 2022 Director; Managing Executive Officer; Head, Chemicals Business, the Company
 Jan. 2023 Executive Director, the Company
 Mar. 2023 Senior Managing Executive Director, in charge of Group Compliance



Executive Director

Makoto Hamazaki

Apr. 1980 Joined the Company
 Mar. 2002 General Manager, Technology Dept., the Company
 Sept. 2004 Deputy Manager, Tokushima Plant, the Company
 Mar. 2008 Deputy Manager, Marugame Plant, the Company
 Jun. 2012 Manager, Marugame Plant, the Company
 Mar. 2015 Executive Officer; Manager, Marugame Plant, the Company
 Jun. 2018 Director; Executive Officer; Head, Production and Technology; Manager, Marugame Plant, the Company
 Mar. 2019 Director; Executive Officer; Head, Production and Technology Division, the Company
 Apr. 2022 Director; Executive Officer; Deputy Head, Chemicals Business; Head, Production and Technology, the Company
 Jan. 2023 Executive Director, the Company (to present)
 President, SHIKOKU CHEMICALS CORPORATION (to present)

Governance



Director

Yuichi Ikeda

Apr. 1992 Joined the Company
 Mar. 2006 Leader, Minute Chemicals Team, R&D Center, the Company
 Mar. 2018 Deputy Manager, Tokushima Plant; General Manager, Engineering Dept., the Company
 Mar. 2019 Manager, Tokushima Plant, the Company
 Apr. 2021 General Manager, Research and Development, Research and Development of Chemical Products Division; Head, R&D Center, the Company
 Jun. 2021 Executive Officer; General Manager, Research and Development, Research and Development of Chemical Products Division; Head, R&D Center, the Company
 Apr. 2022 Executive Officer; General Manager, Research and Development, Chemicals Business; Head, R&D Center, the Company
 Jan. 2023 Executive Officer, the Company
 Director; Managing Executive Officer; Head, Research and Development, SHIKOKU CHEMICALS CORPORATION (to present)
 Mar. 2023 Director, the Company (to present)



Outside Director

Shuitsu Harada

Apr. 1976 Joined Ministry of Construction (currently Ministry of Land, Infrastructure, Transport and Tourism)
 Jul. 1998 Director General, Land Department, Kanto Regional Construction Bureau, Ministry of Construction
 Jan. 2001 Director, National Land and Environment Coordination Division, Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism
 Jul. 2002 Director-General, Corporate Planning and General Affairs Department, Japan Sewage Works Agency
 Apr. 2004 Director-General, Corporate Planning Department, Japan Sewage Works Agency
 Aug. 2005 Chief Researcher, Land, Infrastructure, Transport and Tourism Research Office, Research Bureau, Secretariat of the House of Representatives
 Jul. 2007 Chief Researcher, Audit and Administration Monitoring Research Office, Research Bureau, Secretariat of the House of Representatives
 Jun. 2011 Director and Managing Executive Officer, Honshu-Shikoku Bridge Expressway Company Limited
 Sept. 2013 Advisor, JAPAN DIGITAL ROAD MAP ASSOCIATION
 Jun. 2016 Representative Director and President, JB Highway Service Company Limited
 Jun. 2020 Outside Director, the Company (to present)



Director

Yoshiaki Ando

Apr. 1990 Joined Nomura Securities Co., Ltd.
 Apr. 2019 Deputy Manager, Takamatsu Branch Office; Manager, Corporate Finance Sec., Nomura Securities Co., Ltd.
 Apr. 2021 Joined the Company
 General Manager, Assistant to Head, Corporate Strategy Division, the Company
 Jun. 2021 General Manager, Finance & Accounting Dept., Business Promotion Division, the Company
 Apr. 2022 General Manager, Corporate Strategy and Finance, Corporate Strategy & Business Promotion; General Manager, Finance & Accounting Dept., the Company
 Jun. 2022 Executive Officer; General Manager, Corporate Strategy and Finance, Corporate Strategy & Business Promotion, the Company
 Jan. 2023 Executive Officer; General Manager, the Company
 Representative Director and President, SHIKOKU KASEI CORPORATE SERVICE CO., LTD. (to present)
 Mar. 2023 Director, in charge of Corporate Planning and Management, the Company (to present)



Outside Director

Norihiko Umazume

Apr. 1983 Joined Nippon Life Insurance Company
 Mar. 2005 General Manager, Aoyama Branch, Nippon Life Insurance Company
 Mar. 2007 General Manager, Nihonbashi Branch, Nippon Life Insurance Company
 Mar. 2010 General Manager, Shinjuku Branch, Nippon Life Insurance Company
 Mar. 2012 Executive Officer; General Manager, Sales Representatives Training Dept.; General Manager, Business School for Sales Managers; General Manager, Hatsuatsu Training Promotion Office, Nippon Life Insurance Company
 Mar. 2013 Executive Officer; General Manager, Sales Representatives Training Dept.; General Manager, Business School for Sales Managers; Nippon Life Insurance Company
 Mar. 2014 Executive Officer; General Manager, Kinki Regional Headquarters; Deputy General Manager of Head Office, Osaka Corporate Marketing Dept., Nippon Life Insurance Company
 Mar. 2017 Managing Executive Officer; General Manager, Kinki Regional Headquarters; Deputy General Manager of Head Office, Osaka Corporate Marketing Dept., Nippon Life Insurance Company
 Mar. 2018 Managing Executive Officer; General Manager, Agency Marketing Headquarters; Deputy General Manager, Financial Institution Relations Headquarters, Nippon Life Insurance Company
 Mar. 2019 Managing Executive Officer; General Manager, Agency Marketing Headquarters, Nippon Life Insurance Company
 Mar. 2020 Advisor, Nissay Insurance Agency Co., Ltd.
 Apr. 2020 President, Nissay Insurance Agency Co., Ltd.
 Jun. 2021 Outside Director, the Company (to present)
 Apr. 2023 Chairman, Nissay Insurance Agency Co., Ltd. (to present)

Governance



Outside Director

Minoru Furusawa

Apr. 1981 Joined Mitsubishi Corporation
 May. 2002 General Manager, Chemicals Division, Mitsubishi Corporation Singapore Branch
 May. 2004 General Manager, Chemicals Division, Mitsubishi International GmbH; responsible for Chemicals, Mitsubishi Corporation International (Europe) Plc.
 Apr. 2009 Manager, Functional Polymer Unit, Mitsubishi Corporation
 Apr. 2010 General Manager, Inorganic Chemicals Dept., Mitsubishi Corporation
 Apr. 2011 President, Mitsubishi Company (Thailand) Ltd.; President, Thai-MC Company Limited
 Apr. 2014 Officer; Deputy General Manager, Europe and Africa Region, Mitsubishi Corporation; General Director, Mitsubishi Corporation (Russia) LLC
 Jul. 2018 Councilor; Assistant to General Manager of Overseas Business Group, VALQUA, LTD.
 Jan. 2019 President, VALQUA AMERICA, INC.
 Apr. 2019 Executive Officer; Head of America Business, VALQUA, LTD.; President, VALQUA AMERICA, INC.
 Nov. 2020 Executive Officer; Deputy Director of Overseas Business Group, VALQUA, LTD.
 Jun. 2021 Outside Director, the Company (to present)



Statutory Auditor

Kazuhiko Katayama

Apr. 1983 Joined the Company
 Mar. 2003 General Manager, Operational Management & Marketing Administration Dept., the Company
 Jun. 2007 General Manager, Finance & Accounting Dept., the Company
 Jun. 2016 Executive Officer; General Manager, Finance & Accounting Dept., the Company
 Mar. 2018 Executive Officer; General Manager, Finance & Accounting Dept.; General Manager, Related Operations Dept., the Company
 Jun. 2018 Executive Officer; General Manager, Finance & Accounting Dept., the Company
 Mar. 2019 Executive Officer; General Manager, Finance, Accounting & Information Systems Dept.; Head, Osaka Branch Office, the Company
 Jun. 2019 Executive Officer; General Manager, Finance, Accounting & Information Systems Dept.; General Manager, Related Operations Dept.; Head, Osaka Branch Office, the Company
 Apr. 2021 Executive Officer; General Manager, Finance & Accounting Dept., the Company
 Jun. 2021 Statutory Auditor, the Company (to present)



Outside Director

Kiyoshi Mori

Apr. 1984 Joined MITSUI & CO., LTD.
 Jan. 2002 General Manager, Metals No. 2 Dept., MITSUI & CO. (SHANGHAI) LTD.
 Feb. 2005 General Manager, Coal No. 2 Dept., Coal and Nuclear Fuel Division, MITSUI & CO., LTD.
 Jul. 2007 Vice President, Inner Mongolia Erdos Electric Power & Metallurgy Co., Ltd.
 Oct. 2011 General Manager, Ferro-Alloys Dept., MITSUI & CO., LTD.
 Apr. 2012 General Manager, Chinese Business Dept., MITSUI & CO., LTD.
 Mar. 2014 Director & President, MITSUI & CO. (GUANGDONG) LTD.
 Apr. 2017 President & CEO, Mitsui Bussan Metals Co., Ltd.
 Apr. 2019 Officer, MITSUI & CO., LTD.
 Jun. 2021 Outside Director, the Company (to present)



Statutory Auditor

Kenji Tanabe

Feb. 1990 Joined the Company
 Mar. 2009 General Manager, Administration Department, SHIKOKU KEIZAI CORPORATION
 Jun. 2012 Director; General Manager, General Administration Department, Nippon Ryutan Kogyo Co., Ltd. (currently Shikoku Ryutan Co., Ltd.)
 Jun. 2018 General Manager, Group Business Support Department, the Company
 Jun. 2019 Statutory Auditor, the Company (to present)

Governance



Outside Statutory Auditor

Koji Nishihara

Apr. 1981 Joined Nisshin Spinning Co., Ltd. (currently Nisshinbo Holdings Inc.)
 Apr. 2009 Director; Executive Managing Officer; General Manager, Administration Division; General Manager, Business Administration Dept.; General Manager, Overseas Business Dept., Nisshinbo Brake Inc.
 Jun. 2011 Representative Director, President, Nisshinbo Brake Inc. Director and Managing Officer, Nisshinbo Holdings Inc.
 Jun. 2015 Director and Executive Managing Officer, Nisshinbo Holdings Inc.
 Jun. 2017 Representative Director, Chairman, Nisshinbo Brake Inc.
 Mar. 2019 Executive Managing Officer, Nisshinbo Holdings Inc.
 Jun. 2019 Outside Statutory Auditor, the Company (to present)
 Jul. 2019 President & CEO, NJ Components Co., Ltd. (to present)
 Mar. 2020 Executive Officer, Japan Radio Co., Ltd. (to present) Director, Nagano Japan Radio Co., Ltd. (to present)



Outside Statutory Auditor

Nobuhiro Kagoike

Apr. 1994 Registered as attorney-at-law; joined Osaka Bar Association
 Feb. 2000 Transferred registration to Kagawa Bar Association
 Apr. 2000 Joined Kagoike Law Office (to present)
 Apr. 2005 Professor, Shikoku Law School
 Jun. 2008 Outside Statutory Auditor, the Company (to present)

► Skills Matrix

	Name	Particularly expected knowledge, experience, abilities, etc.						
		Management/ Business strategy	ESG	Sales/ Marketing/ Procurement	R&D/ Technology/ Production	Finance/ Accounting	Labor/ Legal/ Risk management	Internationality
Directors	Mitsunori Watanabe	●	●			●	●	
	Jun Matsubara	●	●			●	●	
	Yoshinori Manabe	●	●	●		●	●	●
	Makoto Hamazaki	●	●	●	●		●	●
	Yuichi Ikeda	●	●		●			
	Yoshiaki Ando	●	●	●		●	●	
	Shuitsu Harada	Independent Outside	●	●			●	
	Norihiko Umazume	Independent Outside	●	●	●			
	Minoru Furusawa	Independent Outside	●	●	●			●
	Kiyoshi Mori	Independent Outside	●	●	●			●
Statutory Auditor	Kazuhiko Katayama		●			●		●
	Kenji Tanabe		●			●		
	Koji Nishihara	Independent Outside	●				●	●
	Nobuhiro Kagoike	Independent Outside	●			●	●	

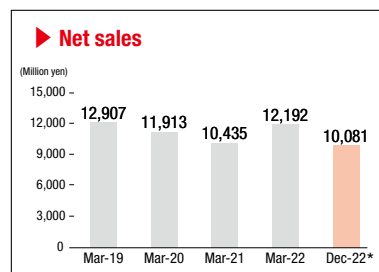
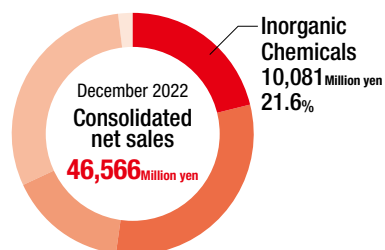
*The matrix above does not describe all knowledge, experience, abilities, etc. possessed by each officer.

Inorganic Chemicals



Business Overview

Sales of insoluble sulfur, a material for radial tires, remained sluggish, with a slackening of demand due to a decline in automobile production resulting from semiconductor shortages and a decline in operation at tire factories in China associated with the spread of COVID-19. Domestic sales of carbon disulfide for rayon and cellophane were robust. Regarding domestic sales of sodium sulfate for bath agents and detergents, the Company strove to improve profitability by the price pass-through of the impact of the sharp rise in procurement prices due to yen depreciation.



*As it will be a transition period for this change in fiscal year-end, the fiscal year under review has an irregular nine-month period.

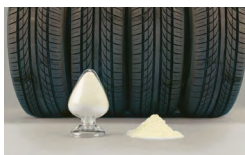
Main Products

Insoluble sulfur

Applications: Rubber vulcanization materials

Main customers: Tire manufacturers in Japan and overseas

- By adding sulfur and heating (vulcanizing) raw rubber, it gains the properties of stretching and shrinking.
- In the production process of radial tires, when using normal sulfur, it causes blooming (deposition) on the surface of the rubber leading to adhesive failures. However, insoluble sulfur can suppress blooming as sulfur remains dispersed in the raw rubber.
- The production of insoluble sulfur requires a high level of handling technology for our founding product, carbon disulfide.



Carbon disulfide

Applications: Raw material for rayon, a synthetic fiber



Sodium sulfate

Applications: Bath salts



Business Strategy

Our Vision

A business that recycles difficult-to-handle materials and contributes to technological innovation and environmental preservation around the world



Strategic Scenario

- Accumulate sulfur handling technology and synthetic reaction evaluation technology
- Create new value and expand business domains based on the utilization of sulfur

Achievements and Future Initiatives

STAGE 1 Initiative Results

- Further quality improvement of insoluble sulfur
- Started sales of hydrogen sulfide, a by-product of carbon disulfide

Initiatives Toward Achieving STAGE 2 Goals

- Installation of insoluble sulfur equipment and establishment of a system aimed at improving quality through drastic manufacturing technology improvements (scheduled to start operations in December 2024)
- Promotion of environmental responses (reduction of GHG emissions, reduction of water usage, use of sustainable raw materials, etc.)
- Development of new products based on sulfur

TOPICS

Enhancement of insoluble sulfur facilities (Marugame Plant)

In the tire market, demand is growing every year for high-performance tires in terms of safety, comfort, fuel efficiency, and durability, and consequently, a higher quality of insoluble sulfur, the raw material for tires, is being demanded. The new plant will develop manufacturing technology for high-quality products to meet these market demands and establish a mass production system to expand sales. In addition, the new plant will partly utilize electricity obtained from our in-house solar power generation, thereby reducing carbon dioxide (CO₂) emissions and minimizing the environmental impact.

► **Floor area: Approximately 1,020 m² (steel-reinforced concrete 5-story building)**

► **Construction period: Construction to begin in April 2023, completion in October 2024, and production to start in December 2024**

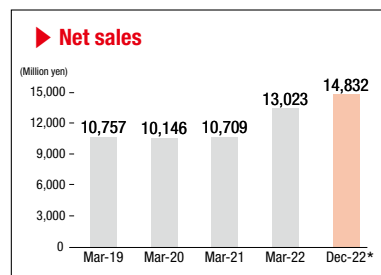
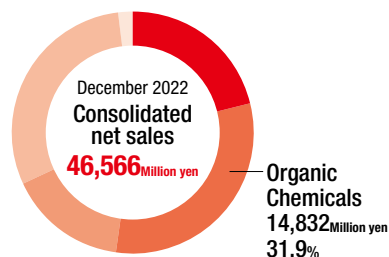
► **Total investment: Approximately 4.5 billion yen**

Organic Chemicals



Business Overview

Regarding chlorinated isocyanurates for disinfectants, the domestic market performed better than the previous fiscal year mainly due to a recovery in sales of agents for swimming pools. In the U.S. market, the pool market continues to be brisk, and production continues at high capacity. We also made efforts to improve profitability by passing on soaring resource prices and logistics costs to product prices.



*As it will be a transition period for this change in fiscal year-end, the fiscal year under review has an irregular nine-month period.

Main Products

Chlorinated Isocyanurates (NEO-CHLOR)

Applications: Disinfectant for swimming pools and septic tanks, sanitary products

Main customers: Swimming pool operators, schools, general consumers (U.S.A.)

- The pool disinfectant NEO-CHLOR is characterized by its minimal degradation by ultraviolet rays compared to other pool disinfectants, long-lasting performance in outdoor pools, and hardly any quality degradation even after long-term storage.
- Taking advantage of chlorine's powerful oxidizing, bleaching, and cleaning capabilities, it is expanding into various fields such as commercial and household sanitary products, ballast water treatment (water loaded by ships for balance), drinking water, and sanitation management at various facilities.

HIPOLKA

Applications: Wastewater and sludge treatment agent



Business Strategy

Our Vision

A business that protects the environment and sanitation and delivers cleanliness to people around the world



Strategic Scenario

Anticipate customer needs in response to social issues such as water and hygiene, we achieve optimal proposals for disinfection and cleaning with our proprietary technologies and services

Achievements and Future Initiatives

► STAGE 1 Initiative Results

- Launched our own brand, WASHMANIA
- Released our first own-brand product for general household use in the Chemicals operations
- Constructed NEO2022, a production facility for chlorinated isocyanurates (completed in April 2022)

► Initiatives Toward Achieving STAGE 2 Goals

- Expansion of downstream products utilizing proprietary technologies (surface treatment)
- Increase the production capacity of chlorinated isocyanurates
- Further expanding our business into high-value-added areas, including sanitary products under the WASHMANIA brand and ODM products
- Business expansion into new domains (drinking water applications, non-chlorine domain)

TOPICS

Launch of the first general household product in the Chemicals operations

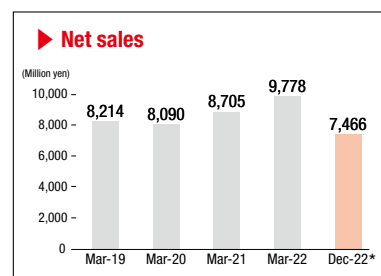
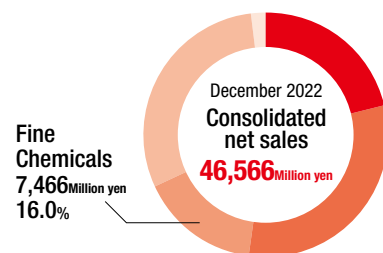
In October 2022, we began selling washing machine drum cleaners as our first release from WASHMANIA, our first brand for general households in the Chemicals operation. WASHMANIA was launched as a household detergent brand that applies innovative technologies and know-how underpinned by our unique R&D capabilities, and it provides high cleaning capabilities that even true cleaning enthusiasts and detergent lovers can appreciate. With this launch, we will fully enter the general consumer (B to C) market and will aim for further expansion of business domains.

Fine Chemicals



Business Overview

Regarding electronic chemicals, particularly Glicoat-SMD, a heat-resistant soluble OSP (Organic Solderability Preservative) for printed wiring boards (PWBs), sales were sluggish due to the lockdown in Shanghai and adjustments in the semiconductor market. Sales of advanced & specialty chemicals surpassed those of the previous fiscal year, mainly thanks to an increase in demand for resin modifiers (Glycoluril Acid Derivatives, etc.) and the acquisition of new projects for semiconductor process materials.



*As it will be a transition period for this change in fiscal year-end, the fiscal year under review has an irregular nine-month period.

Main Products

Functional materials

Imidazole derivatives, resin modifiers, and curing agents

Main customers: Functional materials manufacturers, electronic components manufacturers

- Imidazole is broadly used as a curing agent for epoxy resins and urethane resins, raw materials for medicines and agrochemicals, rust preventives, and various other industrial chemicals.



Electronic chemicals

Surface treatment chemicals for PWBs

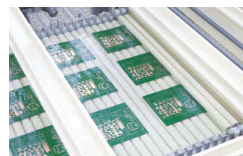
Main customers: PWB manufacturers worldwide

●GliCAP®

The product possesses both the property of strongly bonding with resin and strongly bonding with copper, and can improve adhesion chemically without roughening the copper surface.

●"Glicoat-SMD (Organic Solderability Preservative for PWBs)"

It forms an organic film on the copper circuit of a PWB, preventing the exposed copper circuit from oxidizing, ensuring good solderability in the mounting process, and contributing to the production of reliable electronic components.



Business Strategy

Our Vision

- Contributing to technological advancement by providing highly functional products based on our unique technology
- Creating global standards with our new technologies



Strategic Scenario

- Anticipate needs and establish unique themes, to establish technologies with promising customers
- Develop highly functional products based on our accumulated unique technologies
- Set themes based on market trends and develop products leveraging our strengths. Propose total solutions from the perspective of the customer

Achievements and Future Initiatives

▶ STAGE 1 Initiative Results

- Establishment of the TAP-4 production facility for fine chemicals products (completed in July 2021)
- Installation of solar power generation equipment at the Marugame Plant Glicoat-SMD production facility (capable of covering 100% of Glicoat-SMD production with renewable energy)
- Our relationship with major manufacturers has deepened in semiconductor process materials, and we successfully acquired new projects
- Implementation of activities aimed at adopting GliCAP for server and package substrates

▶ Initiatives Toward Achieving STAGE 2 Goals

- In functional materials and materials used in semiconductor process materials, we will steadily address emerging projects to expand our track record as soon as possible
- In addition to supporting user-specified materials, we have started developing proprietary materials
- Glicoat-SMD: Expand sales through quality differentiated from competitors
- Continue technical support aimed at expanding the adoption of GliCAP for server and package substrates
- Research on market needs and technical trends in the electronic device market

TOPICS

Accelerating the development of high-value-added products that support cutting-edge fields

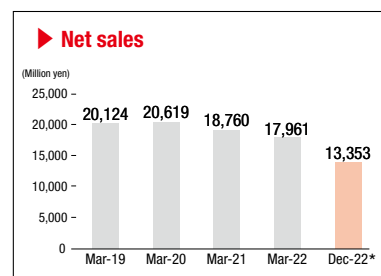
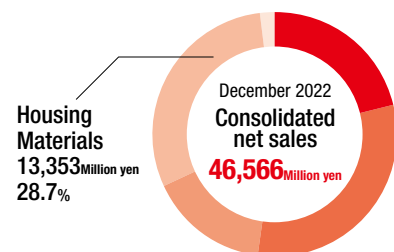
With the manufacturing plant TAP-4 launched in July 2021, which can handle an extremely high level of low metal management, we have steadily advanced the establishment of a system capable of handling everything from prototype production to mass production of new substances, along with the physical property evaluations and the enhancement of quality assurance. We will accelerate the development of new high-value-added products through coordination between research, manufacturing technology, and quality assurance, including the functional materials product group that contributes to the advancement of cutting-edge electrical and electronic materials, such as semiconductor process materials, and electronic chemical materials such as GliCAP aimed at becoming the industry standard in the 5G (5th generation mobile communication system) era.

Housing Materials



Business Overview

The number of new housing starts continued to be weak for owned houses, and demand for interior/exterior finishes and paving materials and exterior products remained sluggish. However, net sales increased from the previous fiscal year due to the penetration of the price revision implemented in April 2022. On the other hand, the price revision failed to absorb soaring prices of raw materials, and therefore profitability declined from the previous fiscal year.

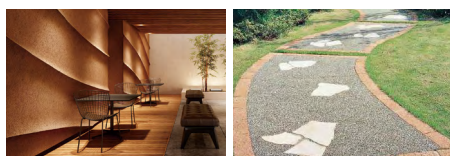


*As it will be a transition period for this change in fiscal year-end, the fiscal year under review has an irregular nine-month period.

Main Products

Interior/exterior finishes and Paving Materials

- **Interior finishing materials** (Keiso-kabe, walls made of natural materials)
Wall finishing materials with humidity control, adsorption and decomposition functions for harmful chemicals and household odors
- **Exterior finishing materials**
Wet exterior finishing materials for residential use
- **Paving materials**
Natural stone paving materials, recycled glass paving materials, rubber chip paving materials



Exterior products

- **Home exterior products**
 - Gates, fences, carports, decks
 - Accordion gates
 - Art walls (aluminum system fences)
- **Landscaping exterior products**
 - Large gates, fences, archways, bicycle ports
 - Garbage containers (developed by the Company as the first of its kind in the industry)
 - Rooftop greening, etc.



Business Strategy

Our Vision

Designing a new lifestyle in the future and contributing to community development around the world for everyone's happiness



Strategic Scenario

- Attract and acquire diverse human resources and engineers in Japan and overseas with unique products that pursue design and functionality
- Promote alliances in unique product categories and expand globally

Achievements and Future Initiatives

▶ STAGE 1 Initiative Results

- Expanded the lineup of high-value-added products
- Interior/exterior finishes: Started to use tools (such as YouTube) that make it easy to understand the construction process.
- Enhanced sales capabilities through reskilling
- Smart factory initiatives to create a highly efficient production system

▶ Initiatives Toward Achieving STAGE 2 Goals

- Expanding our business domain into the civil engineering field by leveraging our strengths in design integration and custom orders
- Capturing the market by providing value-added products specialized in functionality and design
- Collaborating with companies closer to downstream that have decision-making powers
- Pursuing smart factory initiatives to create a highly efficient production system

TOPICS

Holding an interior/exterior finishes workshop

In June 2022, at the Marugame Genichiro-Inokuma Museum of Contemporary Art (MIMOCA), we held a workshop for children to create art pieces using our interior finishing materials. Under the cooperation of MIMOCA and the Kagawa Plasterers' Association, in the experience of creating their own personalized walls, children demonstrated their abundant creativity and produced artworks in their own ways.

We will continue to engage in activities to familiarize local children with plastering techniques and wall paintings.

Financial/Non-Financial Summary



Consolidated Management Indicators

	March 2019 99th fiscal year	March 2020 100th fiscal year	March 2021 101st fiscal year	March 2022 102nd fiscal year	December 2022 103rd fiscal year
Net sales (Million yen)	52,813	51,564	49,590	54,137	46,566
Ordinary profit (Million yen)	8,431	8,022	7,997	9,291	7,270
Profit attributable to owners of parent (Million yen)	5,397	5,610	5,760	6,878	4,997
Comprehensive income (Million yen)	3,645	4,412	7,732	8,138	3,988
Net assets (Million yen)	70,370	71,647	76,566	80,908	81,806
Total assets (Million yen)	92,191	100,896	107,344	113,805	117,176
Net assets per share (Yen)	1,191.07	1,241.76	1,360.26	1,487.55	1,541.17
Basic earnings per share (Yen)	92.39	96.92	103.27	125.52	93.78
Diluted earnings per share (Yen)	—	—	—	—	—
Equity ratio (%)	75.5	70.2	70.5	70.3	69.4
Return on equity (%)	7.9	8.0	7.9	8.8	6.2
P/E ratio (times)	13	10	12	10	13
Cash flows from operating activities (Million yen)	5,984	7,385	7,411	5,089	2,919
Cash flows from investing activities (Million yen)	(4,174)	(6,018)	(2,999)	(5,087)	(3,669)
Cash flows from financing activities (Million yen)	(1,294)	3,875	89	(1,809)	1,423
Cash and cash equivalents at end of period (Million yen)	27,441	32,607	37,207	35,755	36,683
Number of employees [excluding average number of temporary employees] (People)	1,167 [168]	1,206 [153]	1,194 [145]	1,210 [133]	1,223 [133]

(Note)

Diluted earnings per share is not stated as there are no dilutive shares.
The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the 102nd fiscal year. The major management indicators, etc. for the 102nd fiscal year onwards are indicators after the application of the accounting standard.

By resolution at the 102nd Annual General Meeting of Shareholders held on June 24, 2022, the fiscal year-end changed from March 31 to December 31. Accordingly, the 103rd fiscal year was the nine-months period between April 1, 2022 and December 31, 2022.

Financial/Non-Financial Summary



Consolidated Balance Sheets

(Million yen)

Assets	As of March 31, 2022	As of December 31, 2022
Current assets		
Cash and deposits	23,155	23,283
Notes receivable - trade	1,271	879
Electronically recorded monetary claims - operating	2,622	3,166
Accounts receivable - trade	13,044	13,362
Securities	15,600	16,400
Merchandise and finished goods	7,373	8,770
Work in process	41	37
Raw materials and supplies	3,689	4,140
Other	870	602
Allowance for doubtful accounts	(1)	(0)
Total current assets	67,668	70,642
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,238	5,780
Machinery, equipment and vehicles, net	4,136	7,969
Land	8,523	8,509
Construction in progress	3,776	687
Other, net	692	685
Total property, plant and equipment	22,366	23,632
Intangible assets	356	501
Investments and other assets		
Investment securities	22,331	21,008
Deferred tax assets	319	412
Retirement benefit asset	364	411
Other	403	572
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	23,414	22,400
Total non-current assets	46,137	46,533
Total assets	113,805	117,176

(Million yen)

Liabilities	As of March 31, 2022	As of December 31, 2022
Current liabilities		
Notes and accounts payable - trade	7,993	7,483
Electronically recorded obligations - operating	471	570
Short-term borrowings	2,530	2,530
Current portion of long-term borrowings	2,074	3,083
Accrued expenses	1,449	1,105
Income taxes payable	1,849	160
Accrued consumption taxes	116	117
Notes payable - facilities	36	25
Electronically recorded obligations - facilities	49	140
Other	2,537	3,068
Total current liabilities	19,109	18,284
Non-current liabilities		
Long-term borrowings	11,017	14,534
Deferred tax liabilities	295	49
Deferred tax liabilities for land revaluation	1,008	1,004
Provision for retirement benefits for directors (and officers)	90	67
Retirement benefit liability	625	656
Asset retirement obligations	380	381
Provision for share awards	50	64
Other	318	328
Total non-current liabilities	13,788	17,085
Total liabilities	32,897	35,370
Net assets		
Shareholders' equity		
Share capital	6,867	6,867
Capital surplus	5,740	5,711
Retained earnings	60,475	62,808
Treasury shares	(250)	(240)
Total shareholders' equity	72,833	75,147
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,853	3,766
Revaluation reserve for land	2,298	2,288
Foreign currency translation adjustment	32	136
Remeasurements of defined benefit plans	30	(15)
Total accumulated other comprehensive income	7,215	6,175
Non-controlling interests	859	482
Total net assets	80,908	81,806
Total liabilities and net assets	113,805	117,176

Financial/Non-Financial Summary



Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended December 31, 2022
Net sales	54,137	46,566
Cost of sales	31,363	27,723
Gross profit	22,774	18,843
Selling, general and administrative expenses		
Transportation and storage costs	5,964	5,337
Advertising expenses	473	580
Salaries	2,228	1,695
Retirement benefit expenses	149	108
Provision for retirement benefits for directors (and other officers)	17	12
Research and development expenses	1,392	1,180
Other	4,147	3,465
Total selling, general and administrative expenses	14,374	12,381
Operating profit	8,400	6,462
Non-operating income		
Interest income	66	74
Dividend income	478	395
Foreign exchange gains	359	334
Miscellaneous income	65	28
Total non-operating income	969	832
Non-operating expenses		
Interest expenses	23	19
Donations	50	—
Miscellaneous losses	4	4
Total non-operating expenses	78	24
Ordinary profit	9,291	7,270
Extraordinary income		
Gain on sale of non-current assets	1	—
Gain on sale of investment securities	856	12
Subsidy income	28	21
Total extraordinary income	885	33
Extraordinary losses		
Loss on sale of non-current assets	0	—
Loss on retirement of non-current assets	23	31
Impairment losses	436	400
Loss on valuation of investment securities	6	—
Loss on revision of retirement benefit plan	—	24
Total extraordinary losses	466	456
Profit before income taxes	9,710	6,848
Income taxes - current	3,145	1,666
Income taxes - deferred	(319)	159
Total income taxes	2,825	1,826
Profit	6,884	5,022
Profit attributable to non-controlling interests	6	24
Profit attributable to owners of parent	6,878	4,997

Consolidated Statement of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended December 31, 2022
Profit	6,884	5,022
Other comprehensive income		
Valuation difference on available-for-sale securities	1,073	(1,090)
Deferred gains or losses on hedges	27	—
Foreign currency translation adjustment	122	103
Remeasurements of defined benefit plans, net of tax	29	(46)
Total other comprehensive income	1,253	(1,033)
Comprehensive income	8,138	3,988
Comprehensive income attributable to owners of parent	8,124	3,967
Comprehensive income attributable to non-controlling interests	14	21

Financial/Non-Financial Summary



Consolidated Statement of Changes in Shareholders' Equity

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022) (Million yen)	Shareholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,867	5,740	57,140	(236)	69,512	3,789	(27)	2,533	(90)	0	6,205	847	76,566
Changes during period													
Dividends of surplus			(1,326)		(1,326)								(1,326)
Profit attributable to owners of parent			6,878		6,878								6,878
Purchase of treasury shares				(2,474)	(2,474)								(2,474)
Cancellation of treasury shares			(2,452)	2,452	—								—
Reversal of revaluation reserve for land			235		235								235
Disposal of treasury shares by stocks payment trust				8	8								8
Net changes in items other than shareholders' equity						1,064	27	(235)	122	29	1,009	11	1,021
Total changes during period	—	—	3,334	(13)	3,321	1,064	27	(235)	122	29	1,009	11	4,342
Balance at end of period	6,867	5,740	60,475	(250)	72,833	4,853	—	2,298	32	30	7,215	859	80,908

Fiscal year ended December 31, 2022 (from April 1, 2022 to December 31, 2022) (Million yen)	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,867	5,740	60,475	(250)	72,833	4,853	2,298	32	30	7,215	859	80,908
Changes during period												
Dividends of surplus			(1,335)		(1,335)							(1,335)
Profit attributable to owners of parent			4,997		4,997							4,997
Purchase of treasury shares				(1,328)	(1,328)							(1,328)
Cancellation of treasury shares			(1,338)	1,338	—							—
Reversal of revaluation reserve for land			9		9							9
Change in ownership interest of parent due to transactions with non-controlling interests		(29)			(29)							(29)
Net changes in items other than shareholders' equity						(1,086)	(9)	103	(46)	(1,039)	(377)	(1,416)
Total changes during period	—	(29)	2,333	9	2,314	(1,086)	(9)	103	(46)	(1,039)	(377)	897
Balance at end of period	6,867	5,711	62,808	(240)	75,147	3,766	2,288	136	(15)	6,175	482	81,806

Financial/Non-Financial Summary



Consolidated Statement of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	9,710	6,848
Depreciation	2,090	2,112
Impairment losses	436	400
Increase (decrease) in retirement benefit liability	(27)	(19)
Decrease (increase) in retirement benefit asset	6	(64)
Contribution to employees' retirement benefits trust	(1,500)	—
Interest and dividend income	(544)	(470)
Interest expenses	23	19
Loss (gain) on valuation of investment securities	6	—
Loss (gain) on sale of investment securities	(856)	(12)
Subsidy income	(28)	(21)
Loss on retirement of property, plant and equipment	23	31
Loss (gain) on sale of property, plant and equipment	(0)	—
Decrease (increase) in trade receivables	(1,317)	(162)
Decrease (increase) in inventories	(1,627)	(1,693)
Increase (decrease) in trade payables	1,366	(574)
Increase (decrease) in accrued consumption taxes	(440)	192
Other	(44)	(792)
Subtotal	7,276	5,794
Interest and dividends received	547	472
Interest paid	(23)	(17)
Subsidies received	28	21
Income taxes paid	(2,739)	(3,351)
Net cash provided by (used in) operating activities	5,089	2,919

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended December 31, 2022
Cash flows from investing activities		
Purchase of securities	(2,300)	—
Proceeds from redemption of securities	2,000	—
Purchase of property, plant and equipment	(4,153)	(3,018)
Proceeds from sale of property, plant and equipment	5	—
Payments for retirement of property, plant and equipment	(19)	(27)
Purchase of investment securities	(1,235)	(308)
Proceeds from sale and redemption of investment securities	1,006	70
Other	(391)	(385)
Net cash provided by (used in) investing activities	(5,087)	(3,669)
Cash flows from financing activities		
Proceeds from long-term borrowings	2,160	4,600
Repayments of long-term borrowings	(100)	(74)
Purchase of treasury shares	(2,474)	(1,328)
Dividends paid	(1,326)	(1,335)
Dividends paid to non-controlling interests	(3)	(3)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(424)
Other	(64)	(9)
Net cash provided by (used in) financing activities	(1,809)	1,423
Effect of exchange rate change on cash and cash equivalents	355	253
Net increase (decrease) in cash and cash equivalents	(1,451)	927
Cash and cash equivalents at beginning of period	37,207	35,755
Cash and cash equivalents at end of period	35,755	36,683

Financial/Non-Financial Summary



ESG Performance Data

	Indicator		Unit	Scope	2018	2019	2020	2021	2022*1
Environmental	CO ₂ emission	Emission	Thousand t	SHIKOKU KASEI	44.0	42.2	32.9	47.9	43.2
		Unit consumption	Thousand tCO ₂ /Thousand t	SHIKOKU KASEI	0.6	0.7	0.6	0.6	0.7
		Emission	from 2013	SHIKOKU KASEI	105.3%	100.9%	78.7%	114.5%	103.3%
		Emission	Thousand t	Domestic consolidated subsidiary	61.7	59.0	49.2	64.2	61.1
		Unit consumption	Thousand tCO ₂ /Thousand t	Domestic consolidated subsidiary	0.53	0.55	0.50	0.58	0.60
	Energy consumption (Crude oil equivalent)	Consumptions	Thousand kℓ	SHIKOKU KASEI	20.9	20.0	17.7	21.8	20.4
		Unit consumption	kℓ/Thousand t	SHIKOKU KASEI	294.3	311.8	308.7	293.2	325.4
		Consumptions	Thousand kℓ	Domestic consolidated subsidiary	29.7	28.5	25.9	29.8	29.3
		Unit consumption	kℓ/Thousand t	Domestic consolidated subsidiary	256.0	267.7	265.7	268.7	286.1
	Energy basic unit for product transportation	Transport volume	million ton-kilometers	SHIKOKU KASEI	37.8	36.8	32.3	33.0	35.6
		Unit consumption	kℓ /million ton-kilometers	SHIKOKU KASEI	79.5	76.6	76.9	76.6	75.1
		CO ₂ emissions	kt	SHIKOKU KASEI	8.0	7.5	6.6	6.7	7.1
	SO _x and NO _x emissions	SO _x	t	The three chemical plants	1.6	1.2	1.5	1.1	2.9
		NO _x	t	The three chemical plants	12.3	12.2	10.2	9.4	8.0
		SO _x allowable ratio	%	The three chemical plants	0.3	0.3	0.3	0.2	0.6
		NO _x allowable ratio	%	The three chemical plants	22.3	23.2	20.5	19.2	15.1
	Soot and dust emissions	Soot and dust	t	The two chemical plants	0.3	0.1	0.8	0.0	0.1
	Water input and drainage	Input	Ten thousand m ³	The three chemical plants	220.0	200.7	193.4	218.3	213.7
		Emission	Ten thousand m ³	The three chemical plants	174.0	156.8	158.0	174.9	172.2
	Water pollutant emissions	COD	t	The three chemical plants	4.8	3.5	4.3	3.2	3.3
		Total nitrogen	t	The three chemical plants	12.3	12.6	16.2	17.8	18.2
		Total phosphorus	t	The three chemical plants	0.05	0.05	0.08	0.09	0.07
	Waste emissions	Emission	t	The three chemical plants	1,034.2	931.9	849.5	809.5	1,065.4
		Unit consumption	kg/t	The three chemical plants	14.6	14.5	14.8	10.9	17.0
	Emission and movement of substances specified in PRTR*2	Total	t	The three chemical plants	266.2	168.8	230.8	230.9	188.2
		Air	t	The three chemical plants	194.3	111.5	120.5	112.7	81.0
		Public waters	t	The three chemical plants	0.2	0.0	0.2	0.4	0.2
		Industrial waste	t	The three chemical plants	71.7	57.3	110.6	117.8	107.0
	Emission and movement of carbon disulfide	Air	t	The three chemical plants	194.1	111.0	120.2	112.7	81.0
		Public waters	t	The three chemical plants	0.0	0.0	0.0	0.0	0.0
		Industrial waste	t	The three chemical plants	0.0	0.0	0.0	0.0	0.0
	Emission and movement of toluene	Air	t	The three chemical plants	0.0	0.0	0.0	0.0	0.0
		Public waters	t	The three chemical plants	0.0	0.0	0.0	0.0	0.0
		Industrial waste	t	The three chemical plants	46.7	24.2	72.1	48.8	45.1
	Emission and movement of xylene	Air	t	The three chemical plants	0.0	0.0	0.0	0.0	0.0
		Public waters	t	The three chemical plants	0.0	0.0	0.0	0.0	0.0
		Industrial waste	t	The three chemical plants	7.0	9.5	9.7	21.7	17.5
	Emission and movement of ethylbenzene	Air	t	The three chemical plants	0.0	0.0	0.0	0.0	0.0
		Public waters	t	The three chemical plants	0.0	0.0	0.0	0.0	0.0
		Industrial waste	t	The three chemical plants	8.2	11.2	11.4	25.5	20.6

Financial/Non-Financial Summary



	Indicator	Unit	Scope	2018	2019	2020	2021	2022*3
Social	Work-related fatalities	Case	SHIKOKU KASEI	0	0	0	0	0
	Rate of accidents resulting in absence from work	-	The three chemical plants	5.2	10.3	0	2.7	5.3
	Number of Employees	People	SHIKOKU KASEI Group	1,167	1,206	1,194	1,210	1,223
		People	SHIKOKU KASEI	660	660	618	619	624
	Number of employees (men)	People	SHIKOKU KASEI	543	538	495	492	494
	Number of employees (women)	People	SHIKOKU KASEI	117	122	123	127	130
	Average age (men)	Age	SHIKOKU KASEI	37.5	40.3	41.0	40.8	40.6
	Average age (women)	Age	SHIKOKU KASEI	38.1	39.9	39.8	39.3	39.3
	Average length of service (men)	Years	SHIKOKU KASEI	15.4	15.4	16.9	16.7	16.3
	Average length of service (women)	Years	SHIKOKU KASEI	13.8	14.0	14.1	13.9	13.8
	Average monthly overtime hours	Hours	SHIKOKU KASEI	17.2	17.3	16.2	17.7	12.5
	Number of new graduate hires	People	SHIKOKU KASEI	14	18	18	21	22
	Number of new graduate hires (men)	People	SHIKOKU KASEI	11	13	11	16	15
	Number of new graduate hires (women)	People	SHIKOKU KASEI	3	5	7	5	7
	Number of mid-career hires	People	SHIKOKU KASEI	20	17	9	15	15
	Hiring ratio (new graduate hires) (Number of new graduate hires / Number of new hires)	%	SHIKOKU KASEI	41.2	51.4	66.7	58.3	59.5
	Hiring ratio (mid-career hires) (Number of mid-career hires / Number of new hires)	%	SHIKOKU KASEI	58.8	48.6	33.3	41.7	40.5
	Female employment rate	%	SHIKOKU KASEI	17.9	18.5	38.5	23.1	23.1
	Turnover rate	%	SHIKOKU KASEI	4.2	4.0	9.6	5.2	4.6
	Number of employees who acquired childcare/family care leave; figures in () indicate the number of male employees	People	SHIKOKU KASEI	2 (1)	2 (0)	6 (3)	7 (4)	9 (1)
Governance	Rate of paid holiday use	%	SHIKOKU KASEI	69.2	73.6	69.6	68.0	47.2
	Annual average salary	Million yen	SHIKOKU KASEI	6.95	6.90	6.71	6.78	6.81
	Donations to local communities	Million yen	SHIKOKU KASEI	2.7	53.6	8.4	51.5	0
	Number of Internal Directors	People	SHIKOKU KASEI HOLDINGS Corp.	8	8	7	7	7
	Number of Outside Directors	People	SHIKOKU KASEI HOLDINGS Corp.	2	2	3	4	4
	Number of Internal Auditors	People	SHIKOKU KASEI HOLDINGS Corp.	2	2	2	2	2
	Number of Outside Auditors	People	SHIKOKU KASEI HOLDINGS Corp.	2	2	2	2	2
	Number of female executives	People	SHIKOKU KASEI HOLDINGS Corp.	0	0	0	0	0
	Number of managers	People	SHIKOKU KASEI	124	126	129	134	123
	Number of female managers	People	SHIKOKU KASEI	4	6	6	8	8
	Ratio of female managers	%	SHIKOKU KASEI	3.2	4.8	4.7	6.0	6.5

SHIKOKU KASEI Group : All of the SHIKOKU KASEI Group companies

SHIKOKU KASEI: SHIKOKU KASEI HOLDINGS, SHIKOKU CHEMICALS, SHIKOKU KASEI KENZAI, SHIKOKU KASEI CORPORATE SERVICE

The three chemical plants: Marugame Plant, Tokushima Plant (Kitajima location, Yoshinari location)

The two chemical plants: Dust is applied to Tokushima Plant (Kitajima, Yoshinari locations). Dust is eliminated at Marugame Plant due to the change to city gas.

*1 FY2022 covers the period from April 1, 2022 to March 31, 2023.

*2 Top four substances (accounting for 87.3%) of emissions and movement : carbon disulfide, toluene, xylene and ethylbenzene.

*3 FY2022 covers the nine-month period from April 1, 2022 to December 31, 2022.

Company Profile/Stock Overview



Corporate Profile (as of the end of March, 2023)

Corporate name	SHIKOKU KASEI HOLDINGS CORPORATION
Foundation	October 10, 1947
Capital	6,867 million yen
Head Office	8-537-1, Doki-cho-higashi, Marugame, Kagawa 763-8504 Japan
Representative	Mitsunori Watanabe, President
Number of group employees	1,223 (consolidated : as of the end of December, 2022)
Business description and major products	
▶ Chemicals Operations	Inorganic chemicals : carbon disulfide, insoluble sulfur, sodium sulfate Organic chemicals : Chlorinated isocyanurates (NEO-CHLOR) Fine chemicals : Electronic chemicals, functional materials
▶ Housing Materials Operations	Interior/exterior finishes and Paving Materials : Interior finishing materials, exterior finishing materials, paving materials Exterior products : Housing exteriors, Landscaping exterior products
▶ Others	IT systems, fast-food sales and other service operations

Group Information

Holding company

- SHIKOKU KASEI HOLDINGS CORPORATION

Chemicals Operations

- SHIKOKU CHEMICALS CORPORATION Head Office
- Makuhari Branch Office
- Osaka Branch Office
- R&D Center
- Marugame Plant
- Tokushima Plant Kitajima location
- Shikoku Chemicals Corporation Shenzhen Representative Office
- Shikoku Chemicals Corporation Taiwan Representative Office
- SHIKOKU KOSAN CORPORATION
- SHIKOKU INTERNATIONAL CORPORATION
- Shikoku Ryutan Co., Ltd.

Housing Materials Operations

- SHIKOKU KASEI KENZAI CORPORATION Head Office
- Makuhari Branch Office
- Osaka Branch Office

- Sendai Sales Office
- Kitakanto Sales Office
- Shizuoka Sales Office
- Nagoya Sales Office
- Hiroshima Sales Office
- Shikoku Sales Office
- Fukuoka Sales Office
- Tokushima Plant Yoshinari location
- SHIKOKU KEIZAI CORPORATION Tadotsu Plant
- SHIKOKU KEIZAI CORPORATION Naruto Plant
- SHIKOKU KEIZAI KANTO CORPORATION
- SHIKOKU KOHKI CORPORATION

Corporate Service

- SHIKOKU KASEI CORPORATE SERVICE CO., LTD.

Related Operations

- SHIKOKU SYSTEM KOHBOH CORPORATION
- Shikoku Foods & Trading Company
- Shikoku Foods & Insurance Service Co., Ltd.
- Shikoku Analytical Laboratories
- Shikoku Environmental Business Company
- Shikoku (Shanghai) Co., Ltd

Company Profile/Stock Overview



Status of Shares

Total number of shares authorized to be issued	235,850,000 shares
Total number of issued shares	52,907,807 shares (excluding 65,756 treasury shares)
Number of shareholders	8,272

Major Shareholders

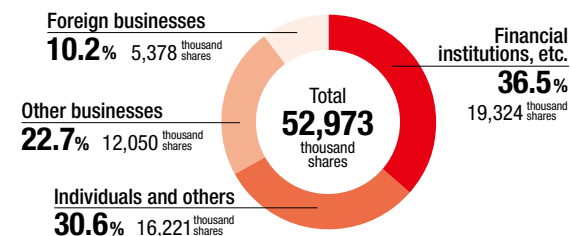
Name	Number of shares held (thousand shares)	Shareholding ratio (%)
Nisshinbo Holdings Inc.	5,580	10.54
Shikoku Kyoueikai	4,558	8.61
The Master Trust Bank of Japan, Ltd. (Trust account)	3,794	7.17
Nippon Life Insurance Company	3,295	6.22
The Hyakujushi Bank, Ltd. Retirement Benefit Trust Account re-entrusted by The Master Trust Bank of Japan, Ltd.	2,640	4.99
The Kagawa Bank, Ltd.	2,500	4.72
The Iyo Bank, Ltd.	1,500	2.83
Custody Bank of Japan, Ltd. (Trust account)	1,462	2.76
HSBC PRIVATE BANK (SUISSE) SA GENEVA – SEGREG HK IND1 CLT ASSET	1,056	1.99
MUFG Bank, Ltd.	947	1.79

(Note) ● The shareholding ratio is calculated after deducting treasury shares (65,756 shares).

● The treasury shares above do not include the 140,275 shares of the Company held by the Custody Bank of Japan, Ltd. as trust assets for the stock compensation system.

● The number of shares held by The Hyakujushi Bank, Ltd. Retirement Benefit Trust Account re-entrusted by The Master Trust Bank of Japan, Ltd. includes the 300,000 shares held in the name of The Hyakujushi Bank, Ltd.

Distribution of Shares by Shareholder



Shareholder memo

Fiscal year	From January 1 to December 31*
Annual General Meeting of Shareholders	Every March
Record date	Annual General Meeting of Shareholders : December 31 Year-end dividend : December 31 Interim dividend : June 30 In addition, when necessary, an extraordinary record date can be set with prior notice. *The fiscal year ending December 31, 2022 is the nine-month period from April 1, 2022 to December 31, 2022.
Shareholder register administrator and special account management institution	Sumitomo Mitsui Trust Bank, Limited
Shareholder register administrator's office	4-5-33 Kitahama, Chuo-ku, Osaka Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited
Mailing address and inquiries	2-8-4 Izumi, Suginami-ku, Tokyo 168-0063 Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited Toll-free number: 0120-782-031 (available from 9:00 to 17:00, excluding Saturdays, Sundays, and holidays)
Notification method	Notifications will be made electronically on the Company's website. https://www.shikoku.co.jp/eng/ However, in the event that we cannot provide a notification electronically due to accidents or unavoidable circumstances, we will publish them in the Nihon Keizai Shimbun.



8-537-1, Doki-cho-higashi, Marugame, Kagawa 763-8504 Japan

Phone. +81-877-22-4111

<https://www.shikoku.co.jp/eng>

Issued in: August 2023 (Next issue scheduled in August 2024)

