

Financial Results for the FY2020

(April 1, 2019-March 31, 2020)

April 27, 2020

 **SHIKOKU CHEMICALS CORPORATION**

Stock Code : 4099

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Corporate Profile

▼ Company overview

- Company name SHIKOKU CHEMICALS CORPORATION
- Incorporated October 10, 1947
The Company was established in Marugame, Kagawa Prefecture, to produce carbon disulfide.
- Lines of Business [Chemical operations]Inorganic Chemicals, Organic Chemicals, Fine Chemicals [Housing Materials operations]Interior, Exterior Finishes and Paving Materials, Home Exterior Products,Decorative Exterior Products
- R&D,Plant Facilities 1 R&D,7 Plants
- Directory [Japan]2 branches,11 sales offices [Overseas]U.S.A,China(Shanghai,Shenzhen), Taiwan,Shingapore
- Capital 6,867 million yen
- Number of employees Consolidated 1,206 Non-Consolidated 660 (As of March 31, 2020)

▼ Share of stock

- Issued Shares 58 million shares
- Number of Shareholders 4,307 (As of March 31, 2020)

▼ SHIKOKU CHEMICALS CORPORATION Group

[Japan]10 consolidated subsidiaries

[Overseas]one consolidated subsidiary and one unconsolidated subsidiary

SHIKOKU INTERNATIONAL CORPORATION

Nippon Ryutan Kogyo Co., Ltd.

Shikoku Environmental Business Company

Shikoku Analytical Laboratories

SHIKOKU KOSAN CORPORATION

SHIKOKU KEIZAI CORPORATION

SHIKOKU KEIZAI KANTO CORPORATION

NIHON KOHKI CORPORATION

SHIKOKU SYSTEM KOHBOH CORPORATION

Shikoku Foods & Trading Company

Shikoku Foods & Insurance Service Co., Ltd.

Shikoku (Shanghai) Co., Ltd.

Highlights of Financial Results for FY2020

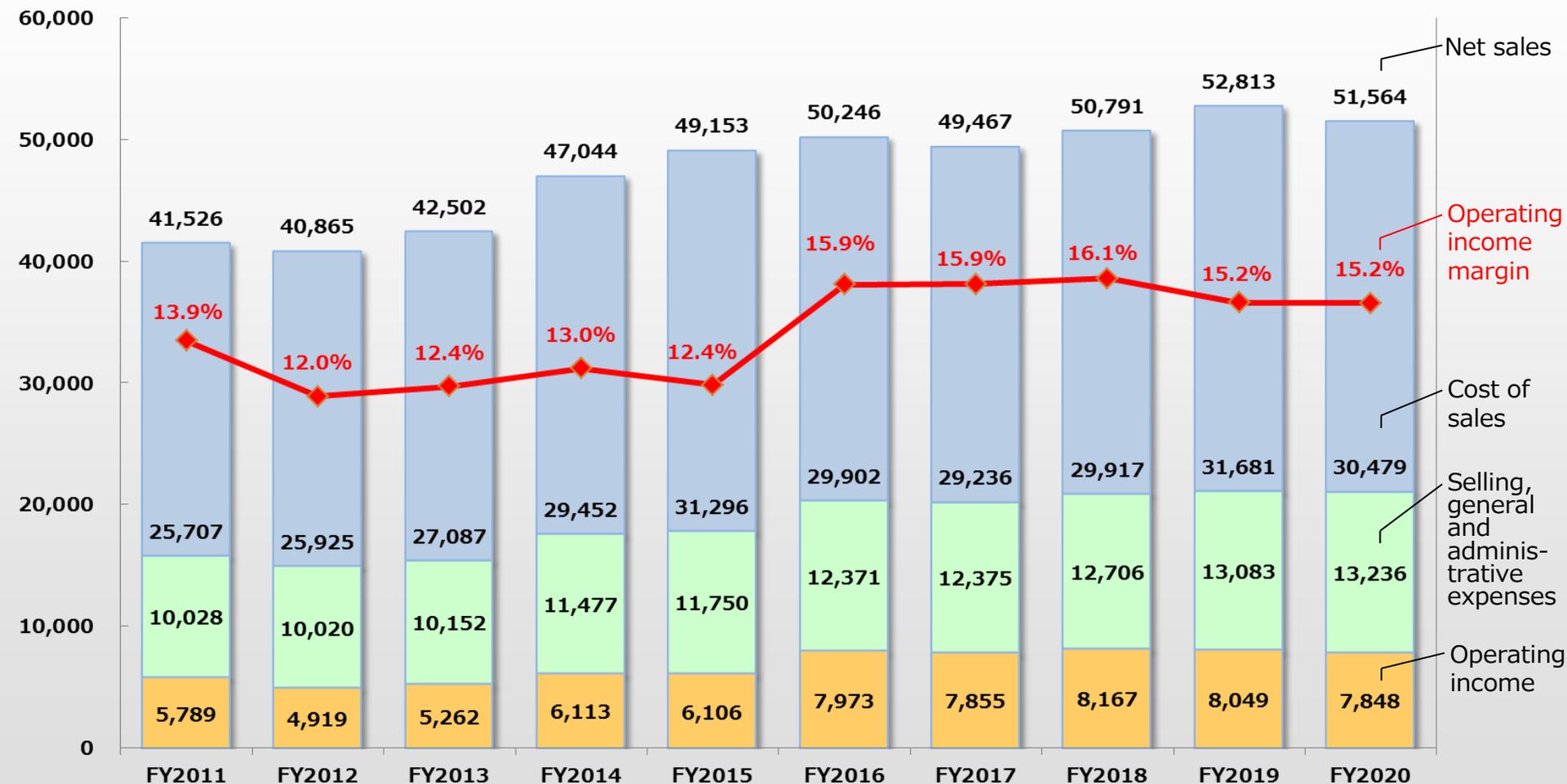
(Millions of yen)

| | FY2019 | | FY2020 | | Increase of amount | Changes |
|---|--------|------------|--------|------------|--------------------|---------|
| | Amount | Percentage | Amount | Percentage | | |
| Net sales | 52,813 | 100.0% | 51,564 | 100.0% | ▲ 1,249 | ▲2.4% |
| Operating Income | 8,049 | 15.2% | 7,848 | 15.2% | ▲ 200 | ▲2.5% |
| Ordinary income | 8,431 | 16.0% | 8,022 | 15.6% | ▲ 409 | ▲4.9% |
| Net income attributable to owners of the parent | 5,397 | 10.2% | 5,610 | 10.9% | 213 | 3.9% |
| Exchange rate (USD) | 111 | | 109 | | | |
| Exchange rate (EUR) | 129 | | 122 | | | |

The exchange rates given above are average rates for the period from April to March.

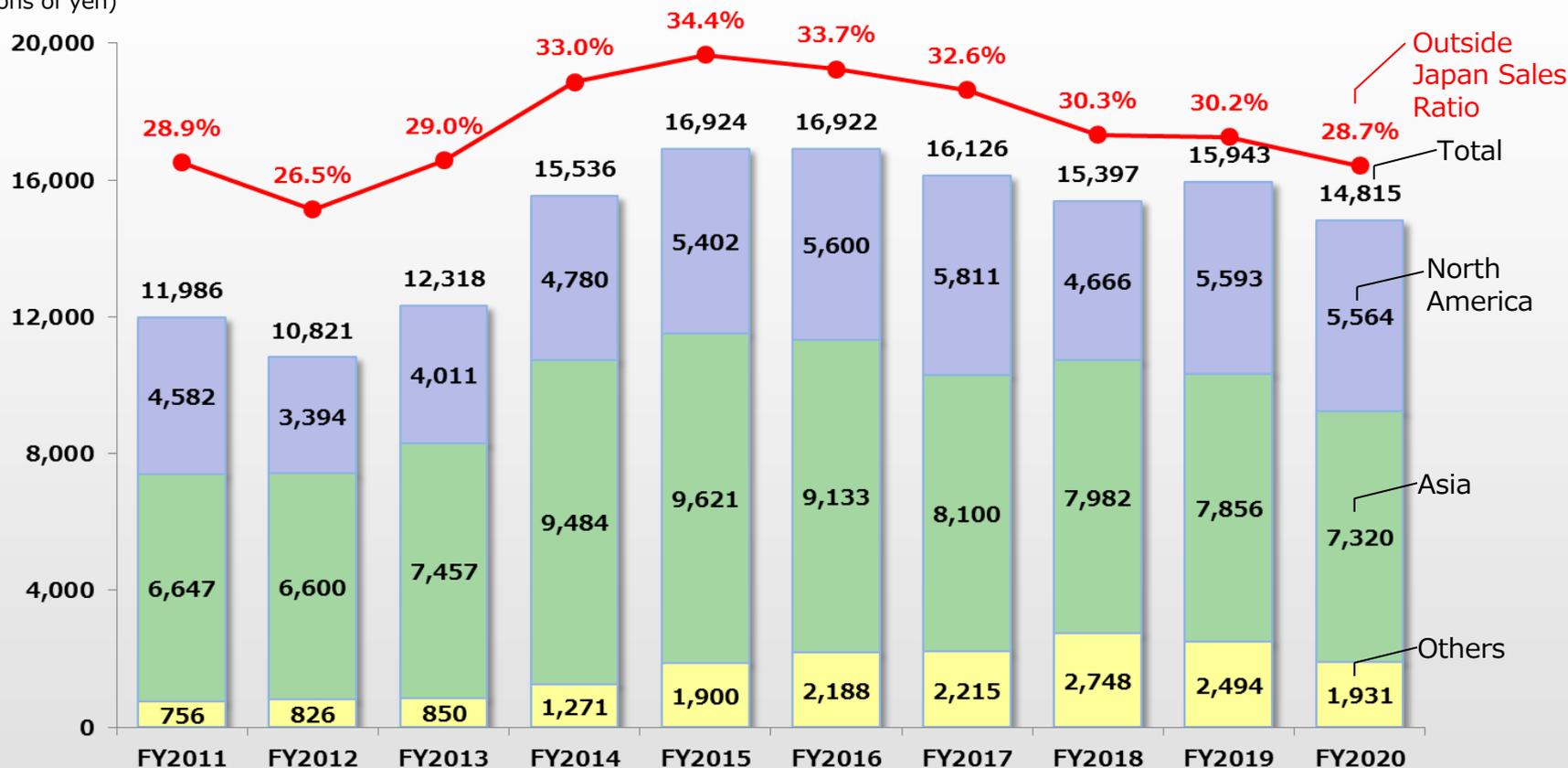
Financial Results Trend (consolidated and full-year)

(Millions of yen)



Sales Trends by Region

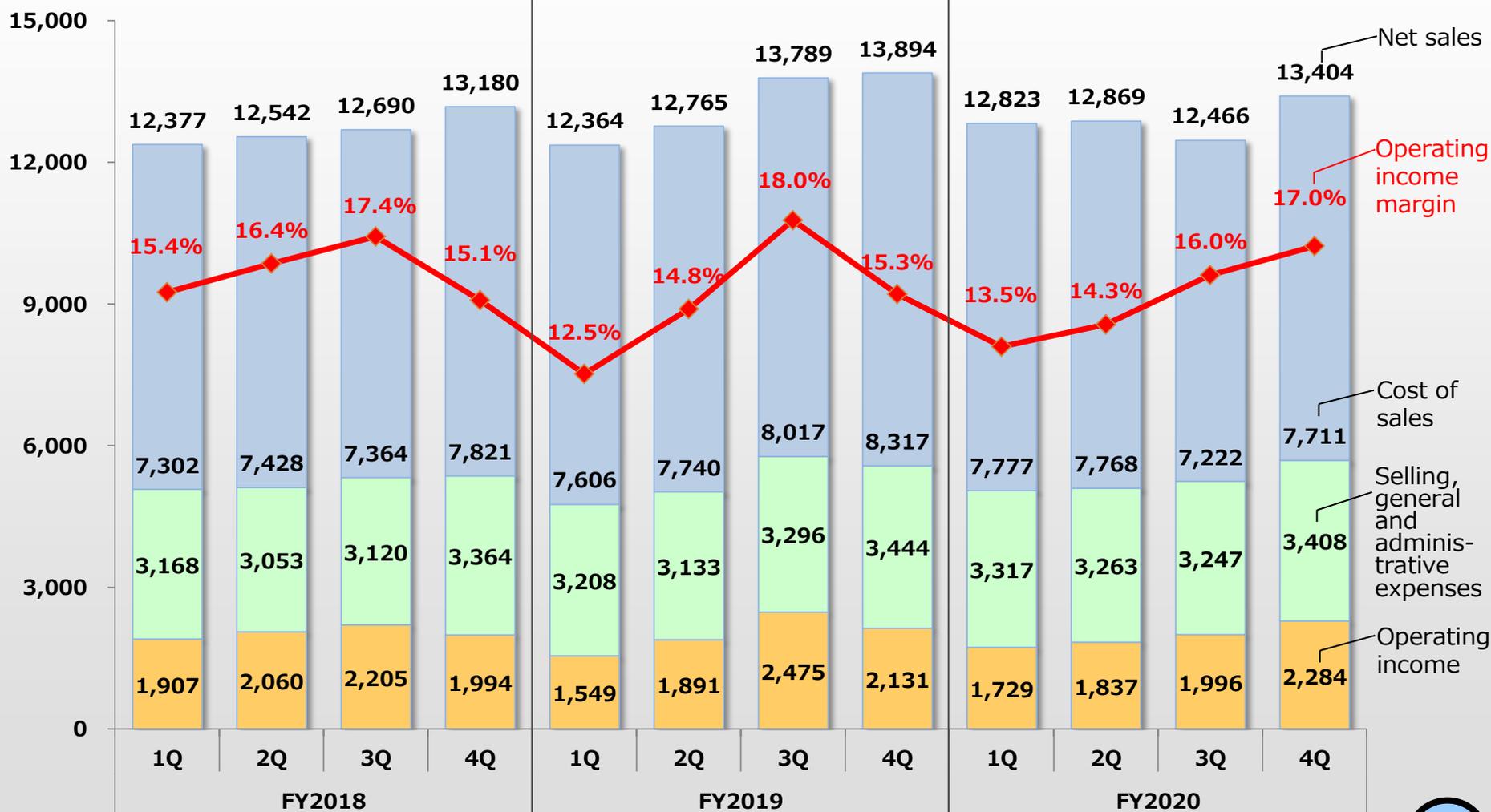
(Millions of yen)



| | | | | | | | | | | |
|---------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Exchange rate (USD) | 86 | 79 | 82 | 100 | 109 | 121 | 108 | 111 | 111 | 109 |
| Exchange rate (EUR) | 114 | 110 | 106 | 132 | 139 | 133 | 120 | 128 | 129 | 122 |

Financial Results Trend (consolidated and quarter)

(Millions of yen)



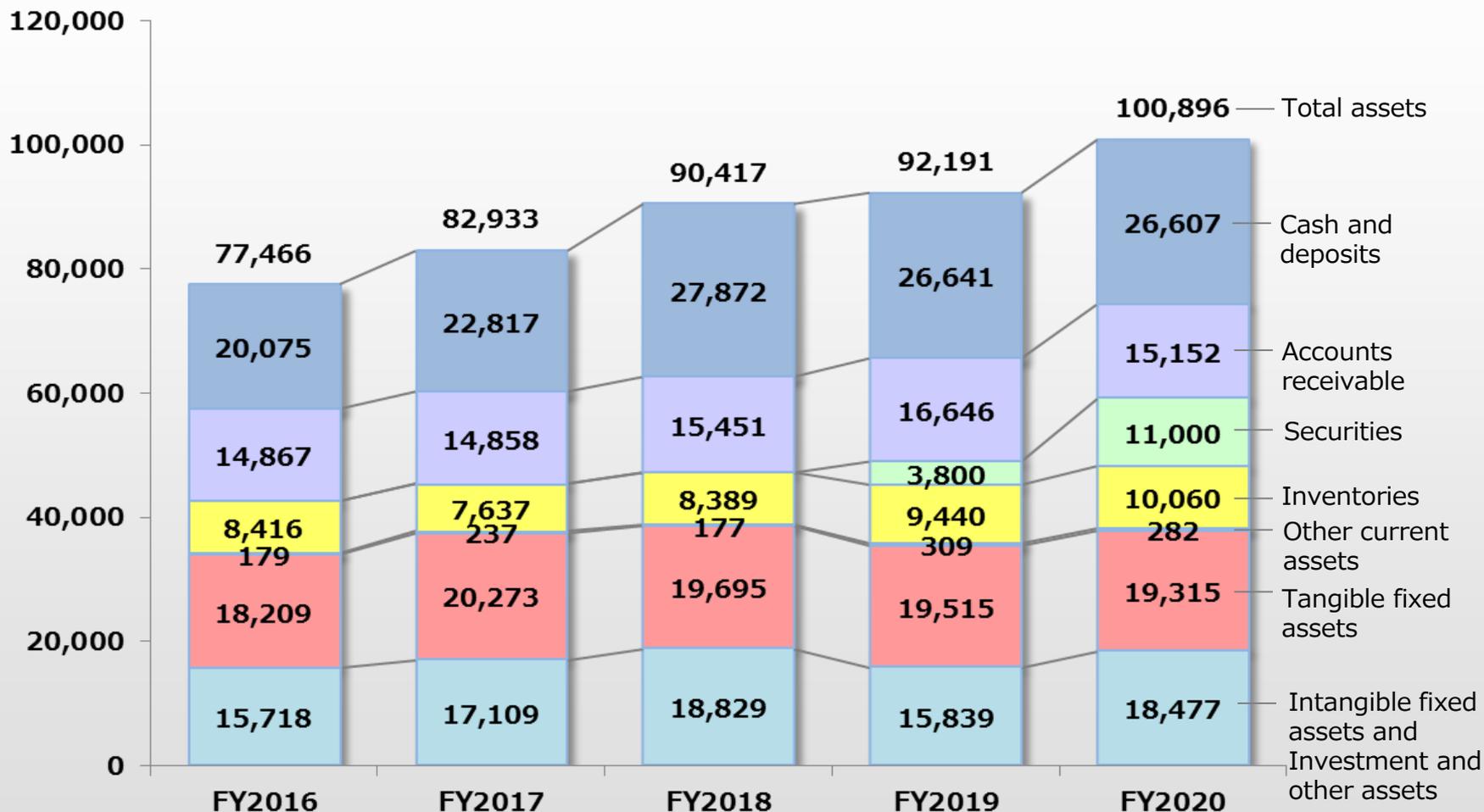
Financial Results (consolidated and quarter)

(Millions of yen)

| | 1Q | | 2Q | | 3Q | | 4Q | | FY2020 | |
|--|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|
| | | year-on year changes |
| Net sales | 12,823 | 459 (+3.7%) | 12,869 | 104 (+0.8%) | 12,466 | ▲ 1,323 (▲9.6%) | 13,404 | ▲ 489 (▲3.5%) | 51,564 | ▲ 1,249 (▲2.4%) |
| Operating income | 1,729 | 179 (+11.6%) | 1,837 | ▲ 53 (▲2.8%) | 1,996 | ▲ 478 (▲19.3%) | 2,284 | 152 (+7.2%) | 7,848 | ▲ 200 (▲2.5%) |
| Ordinary income | 1,782 | ▲ 83 (▲4.5%) | 1,843 | ▲ 36 (▲1.9%) | 2,134 | ▲ 450 (▲17.4%) | 2,261 | 160 (+7.6%) | 8,022 | ▲ 409 (▲4.9%) |
| Net income attributable to owners of the parent | 1,209 | ▲ 24 (▲2.0%) | 1,324 | 17 (+1.3%) | 1,493 | ▲ 301 (▲16.8%) | 1,583 | 521 (+49.2%) | 5,610 | 213 (+3.9%) |

Assets (consolidated)

(Millions of yen)



ROA (%)

6.4%

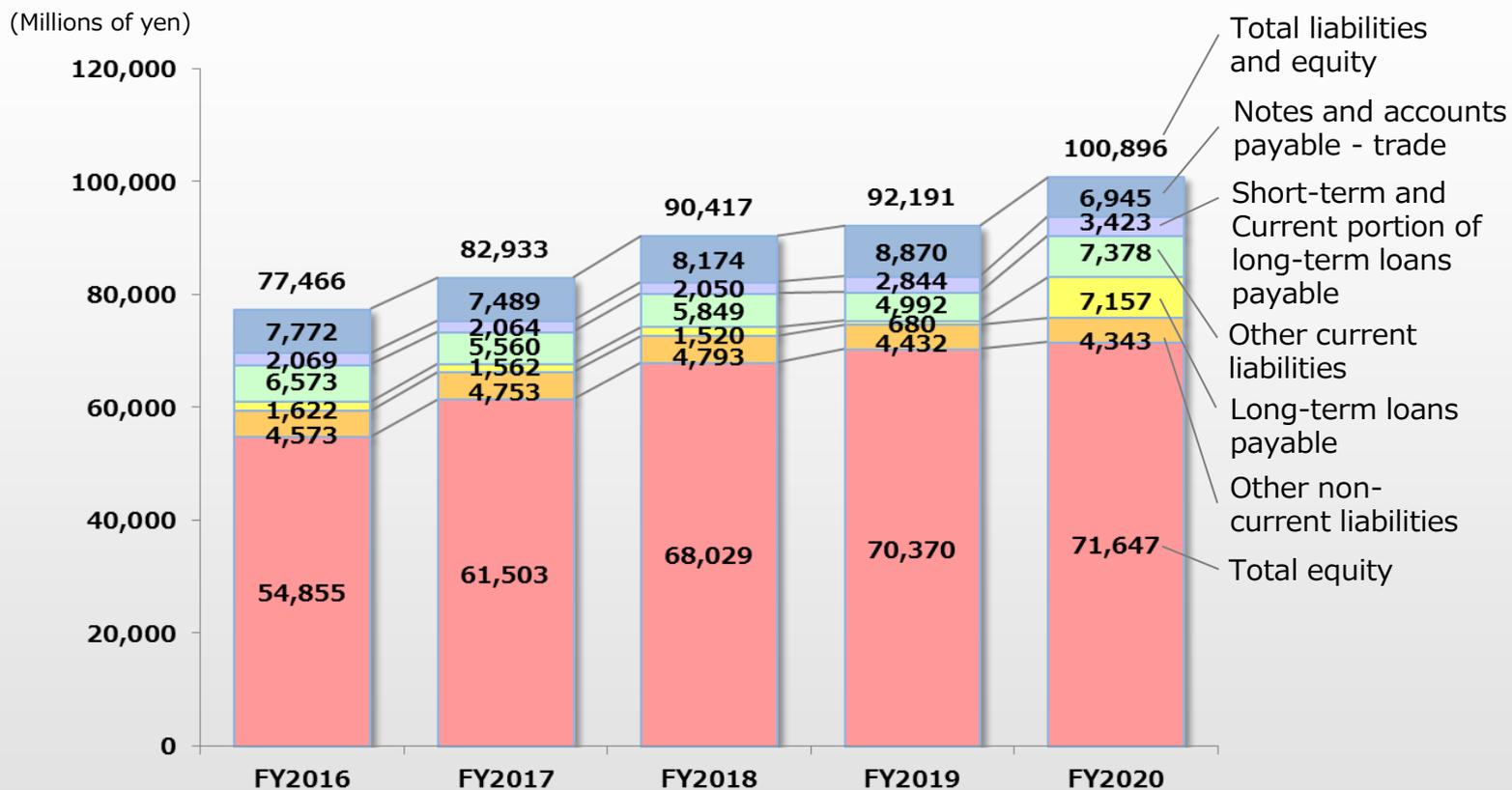
7.3%

7.6%

5.9%

5.8%

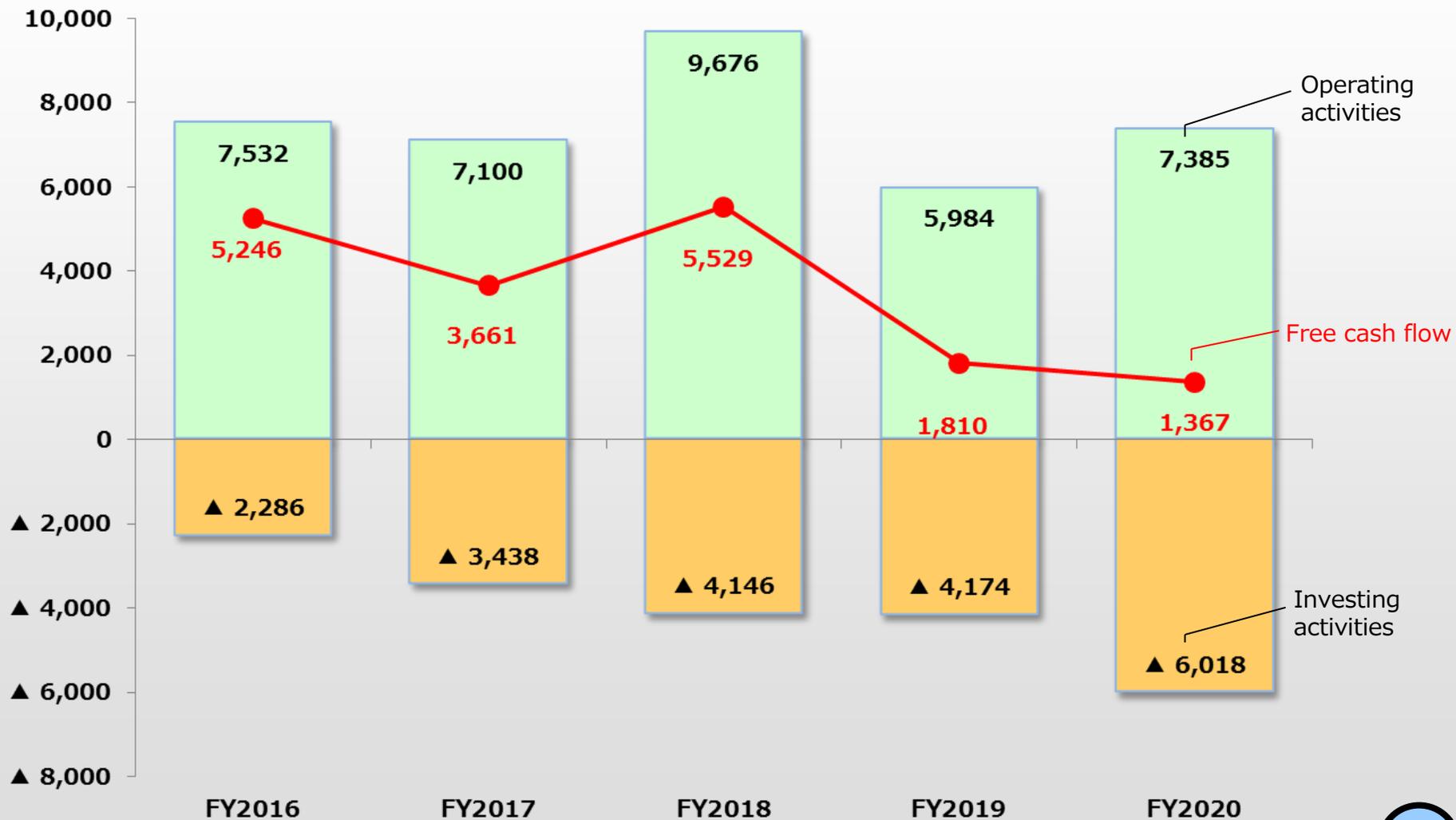
Liabilities, and a total equity (consolidated)



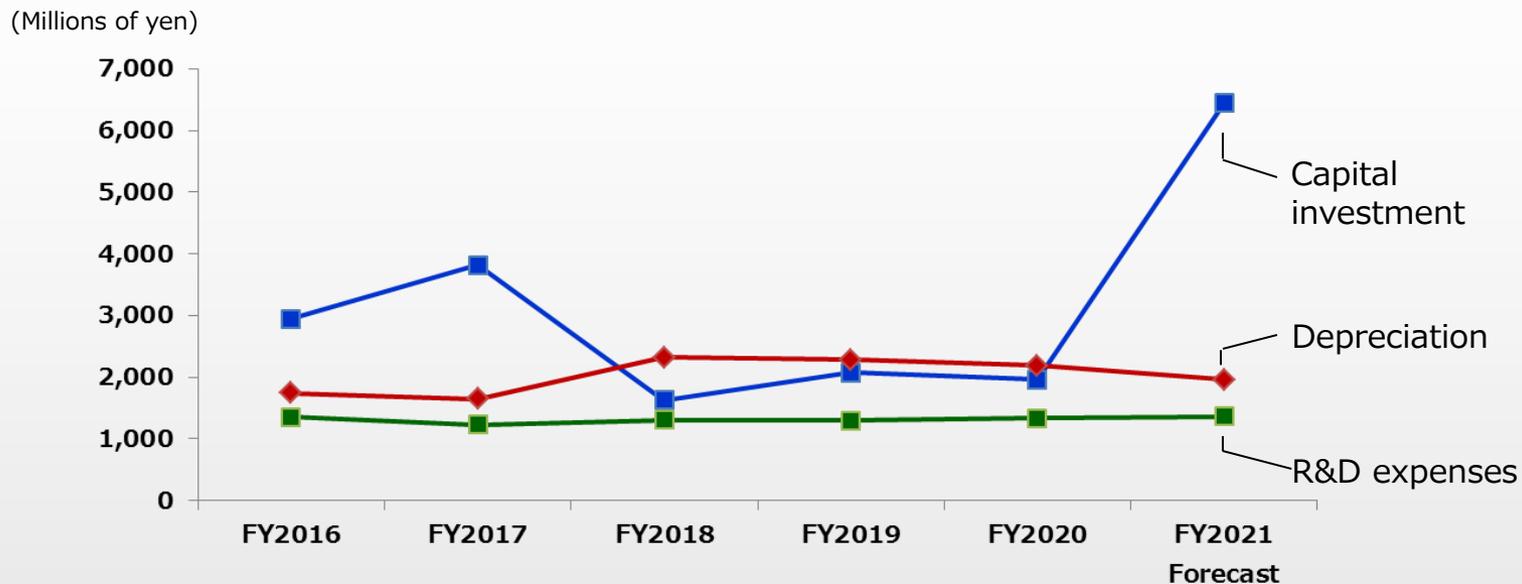
| | | | | | |
|--|----------|----------|----------|----------|----------|
| ROE (%) | 9.2 | 10.1 | 10.3 | 7.9 | 8.0 |
| interest-bearing debt (millions of yen) | 3,917 | 3,853 | 3,806 | 3,768 | 10,838 |
| net interest-bearing debt (millions of yen) | ▲ 16,158 | ▲ 18,963 | ▲ 24,066 | ▲ 22,872 | ▲ 15,769 |
| Ratio of equity attributable to owners of the Parent (%) | 70.0 | 73.4 | 74.4 | 75.5 | 70.2 |

Cash Flow Overview (consolidated)

(Millions of yen)



Capital investment, Depreciation, R&D expenses (consolidated)



| | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 Forecast |
|---------------------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| Capital investment | 2,952 | 3,815 | 1,628 | 2,073 | 1,961 | 6,447 |
| Depreciation | 1,747 | 1,645 | 2,318 | 2,281 | 2,189 | 1,959 |
| R&D expenses | 1,358 | 1,235 | 1,310 | 1,295 | 1,338 | 1,362 |

Forecast for FY2021 (consolidated)

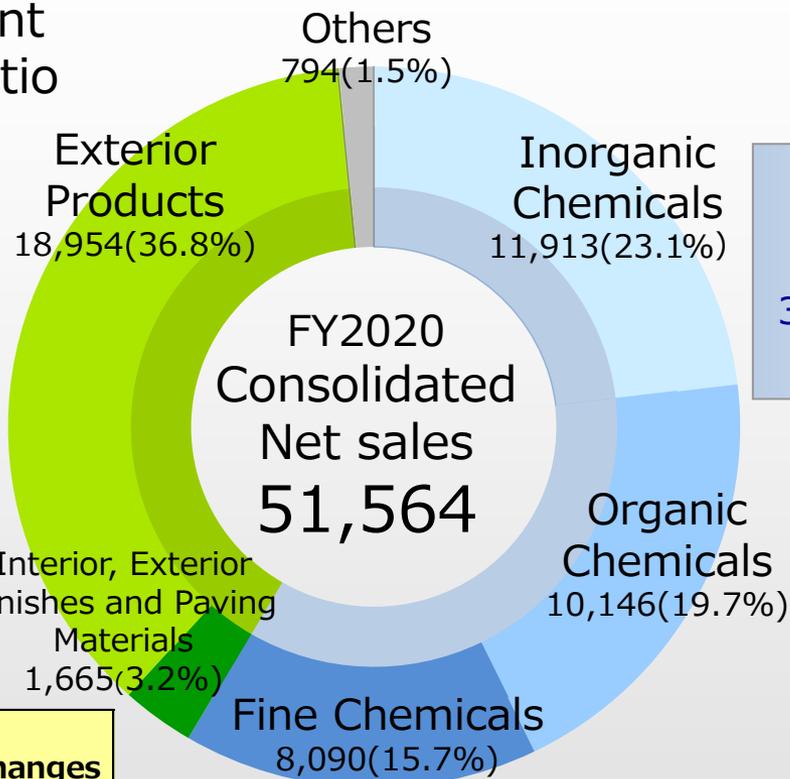
The forecast of business results for the fiscal year ending March 31, 2021 has not yet been determined at the present moment, because of the effect of the worldwide spread of the novel coronavirus(COVID-19).

We will carefully assess the impact and announce it promptly when we can disclose reasonable forecast.

Sales and Profit by Business segments

■ Sales amount constituent ratio

(Millions of yen)



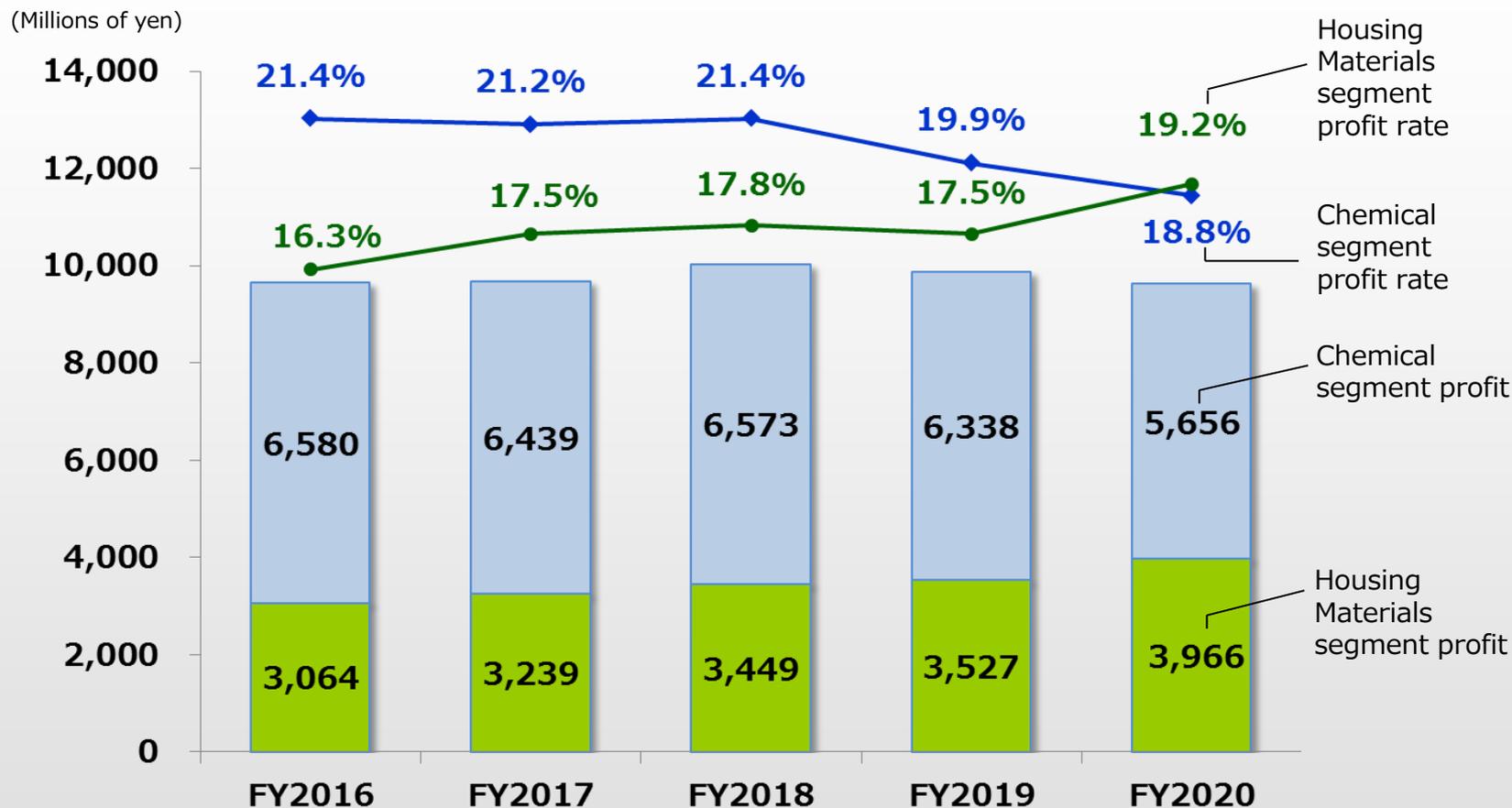
Chemical operations
30,150(58.5%)

■ Segment information

(Millions of yen)

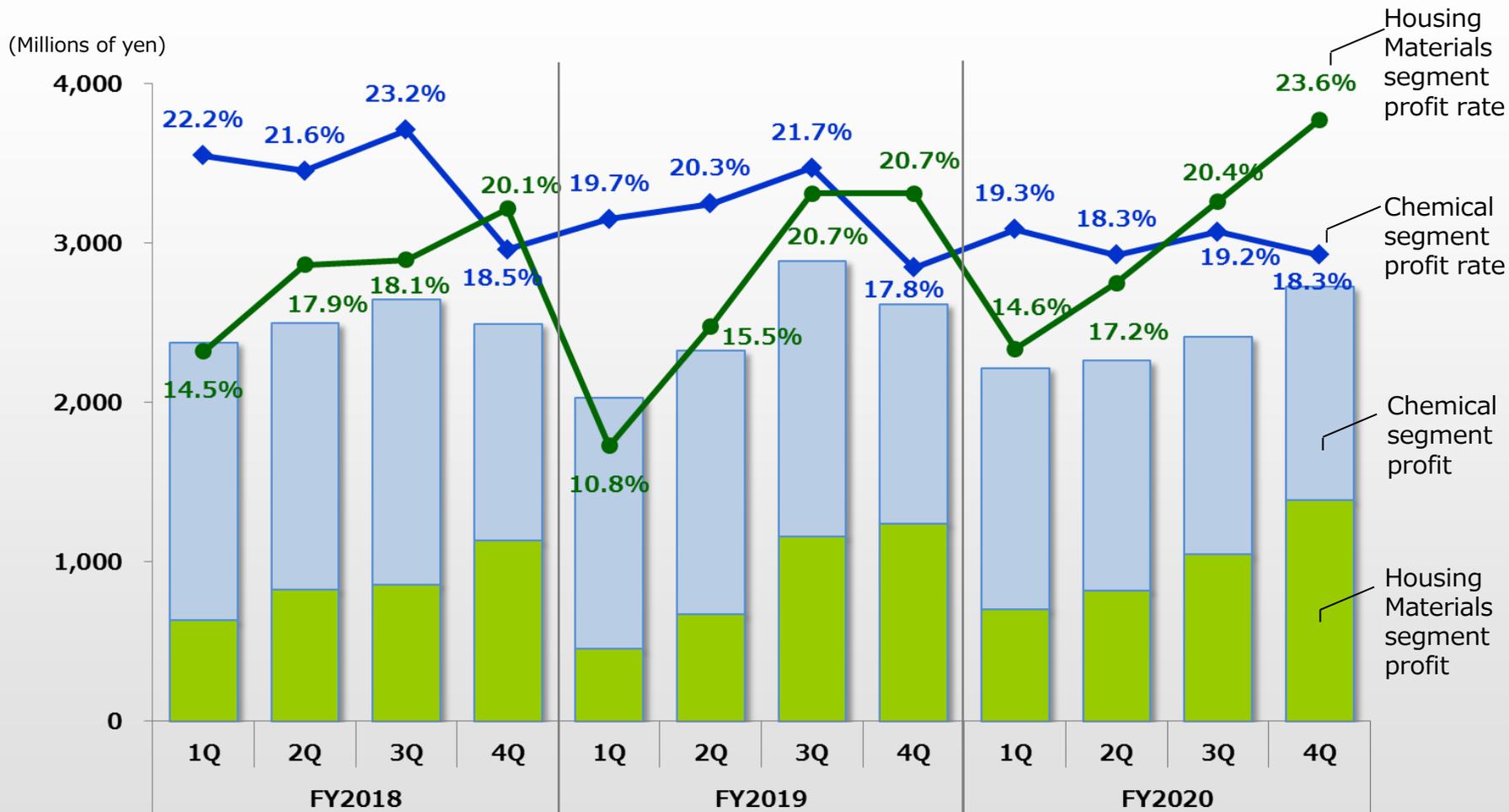
| | FY2019 | FY2020 | Increase of amount | Changes |
|------------------------------|--------|--------|--------------------|---------|
| Net sales | | | | |
| Chemical operations | 31,879 | 30,150 | ▲ 1,729 | ▲ 5.4% |
| Housing Materials operations | 20,124 | 20,619 | 495 | 2.5% |
| Segment profit | | | | |
| Chemical operations | 6,338 | 5,656 | ▲ 682 | ▲ 10.8% |
| Housing Materials operations | 3,527 | 3,966 | 439 | 12.5% |

Sales and Profit by Business segments (consolidated and full-year)



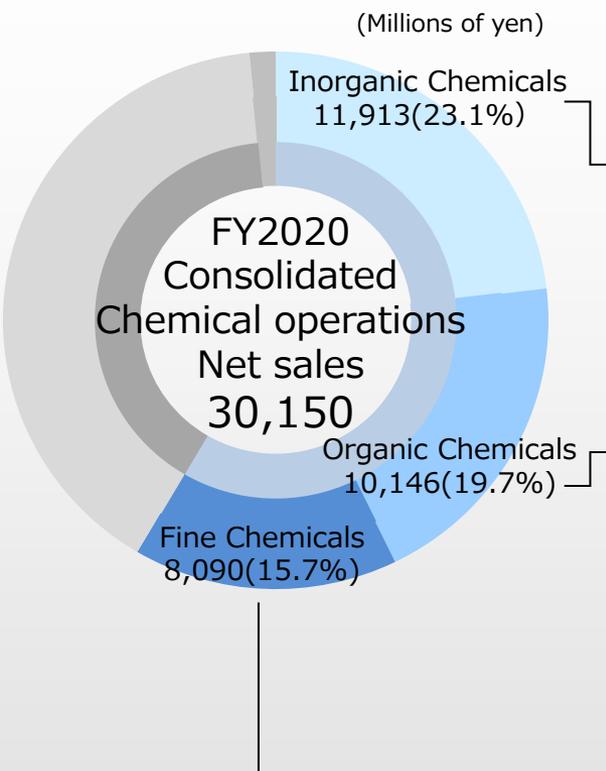
| | | | | | |
|--|--------|--------|--------|--------|--------|
| Chemical operations net sales | 30,769 | 30,325 | 30,701 | 31,879 | 30,150 |
| Housing Materials operations net sales | 18,792 | 18,468 | 19,376 | 20,124 | 20,619 |
| Chemical segment profit | 6,580 | 6,439 | 6,573 | 6,338 | 5,656 |
| Housing Materials segment profit | 3,064 | 3,239 | 3,449 | 3,527 | 3,966 |

Sales and Profit by Business segments (consolidated and quarter)



| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Chemical operations net sales | 7,845 | 7,750 | 7,726 | 7,379 | 8,024 | 8,132 | 7,988 | 7,734 | 7,854 | 7,885 | 7,092 | 7,317 |
| Housing Materials operations net sales | 4,383 | 4,609 | 4,751 | 5,632 | 4,193 | 4,350 | 5,593 | 5,986 | 4,821 | 4,772 | 5,137 | 5,888 |
| Chemical segment profit | 1,745 | 1,675 | 1,790 | 1,362 | 1,577 | 1,652 | 1,731 | 1,377 | 1,514 | 1,440 | 1,362 | 1,338 |
| Housing Materials segment profit | 633 | 823 | 859 | 1,133 | 452 | 673 | 1,160 | 1,241 | 704 | 822 | 1,048 | 1,390 |

Chemicals operations segment



【 Main products 】

- Insoluble sulfur
 - Vulcanizing agent for rubber
- Carbon Disulfide
- Sodium Sulfate
- Sodium carbonate



【 Main products 】

- Cyanuric acid derivatives
 - for swimming pool and septic tank disinfectants
- Hipolka



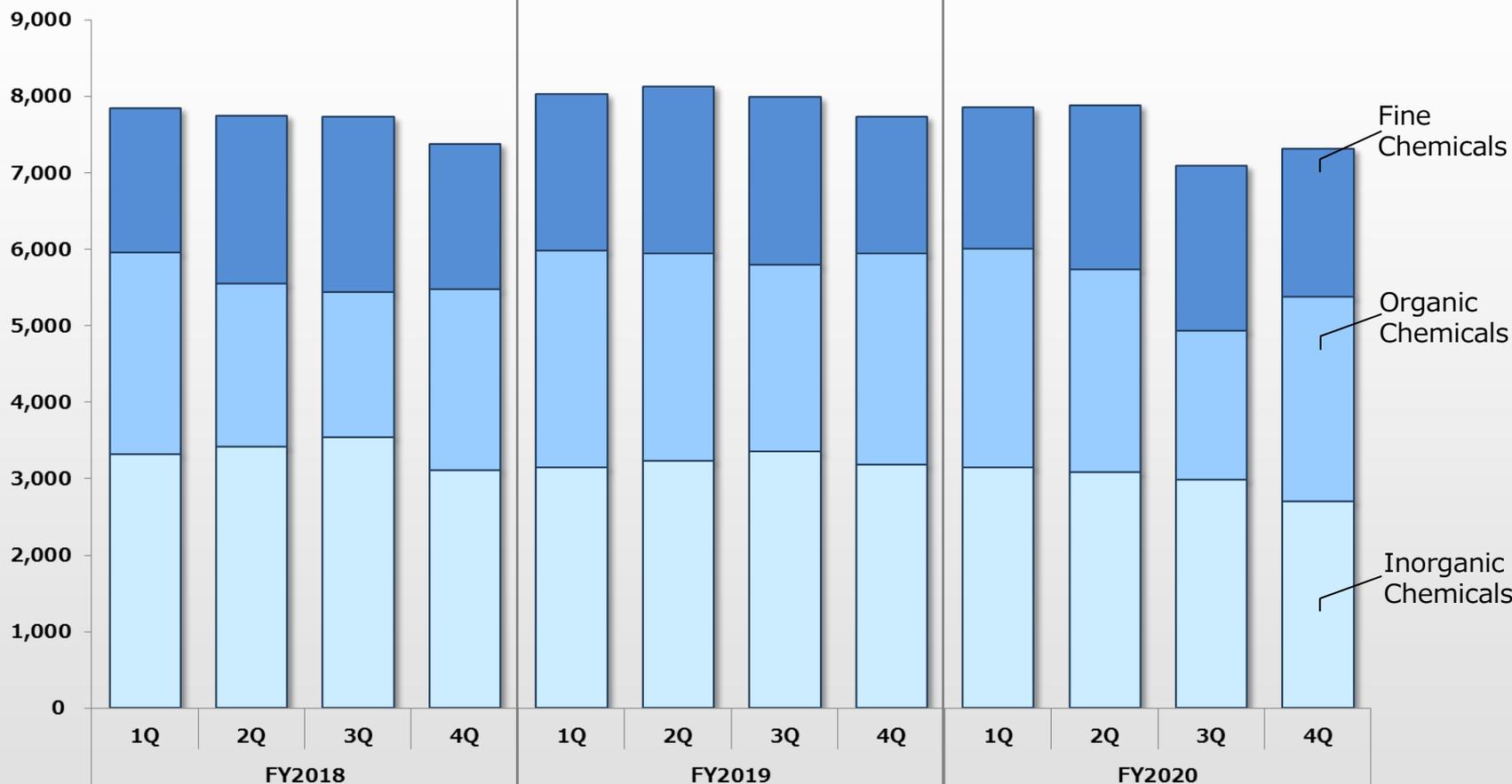
【 Main products 】

- Gliccoat-SMD
 - Heat-resistant OSP (Organic Solderability Preservative) for printed wiring boards
- Imidazoles
 - Imidazole derivatives for an epoxy resin curing agent and a raw material for pharmaceuticals and other applications; modifiers for high-added-value resins
- THEIC



Sales Trend of Chemical operations (consolidated and quarter)

(Millions of yen)



| | | | | | | | | | | | | |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Fine Chemicals | 1,888 | 2,202 | 2,283 | 1,910 | 2,044 | 2,190 | 2,188 | 1,790 | 1,844 | 2,148 | 2,159 | 1,937 |
| Organic Chemicals | 2,636 | 2,126 | 1,900 | 2,358 | 2,839 | 2,707 | 2,450 | 2,761 | 2,859 | 2,659 | 1,948 | 2,679 |
| Inorganic Chemicals | 3,320 | 3,420 | 3,543 | 3,110 | 3,140 | 3,233 | 3,350 | 3,183 | 3,149 | 3,077 | 2,984 | 2,700 |

Housing Materials operations segment

【Main products】

- Home Exterior Products
gates, fences , garage and accordion gate
- Decorative Exterior Products
large gates and fences , shelter, bicycle parking, garbage collection container and Greening system

【Main products】

- Interior, Exterior Finishes and Paving Materials

(Millions of yen)

Exterior Products
18,954(36.8%)

FY2020
Consolidated
Housing Materials
operations net sales
20,619

Interior, Exterior Finishes
and Paving Materials
1,665(3.2%)



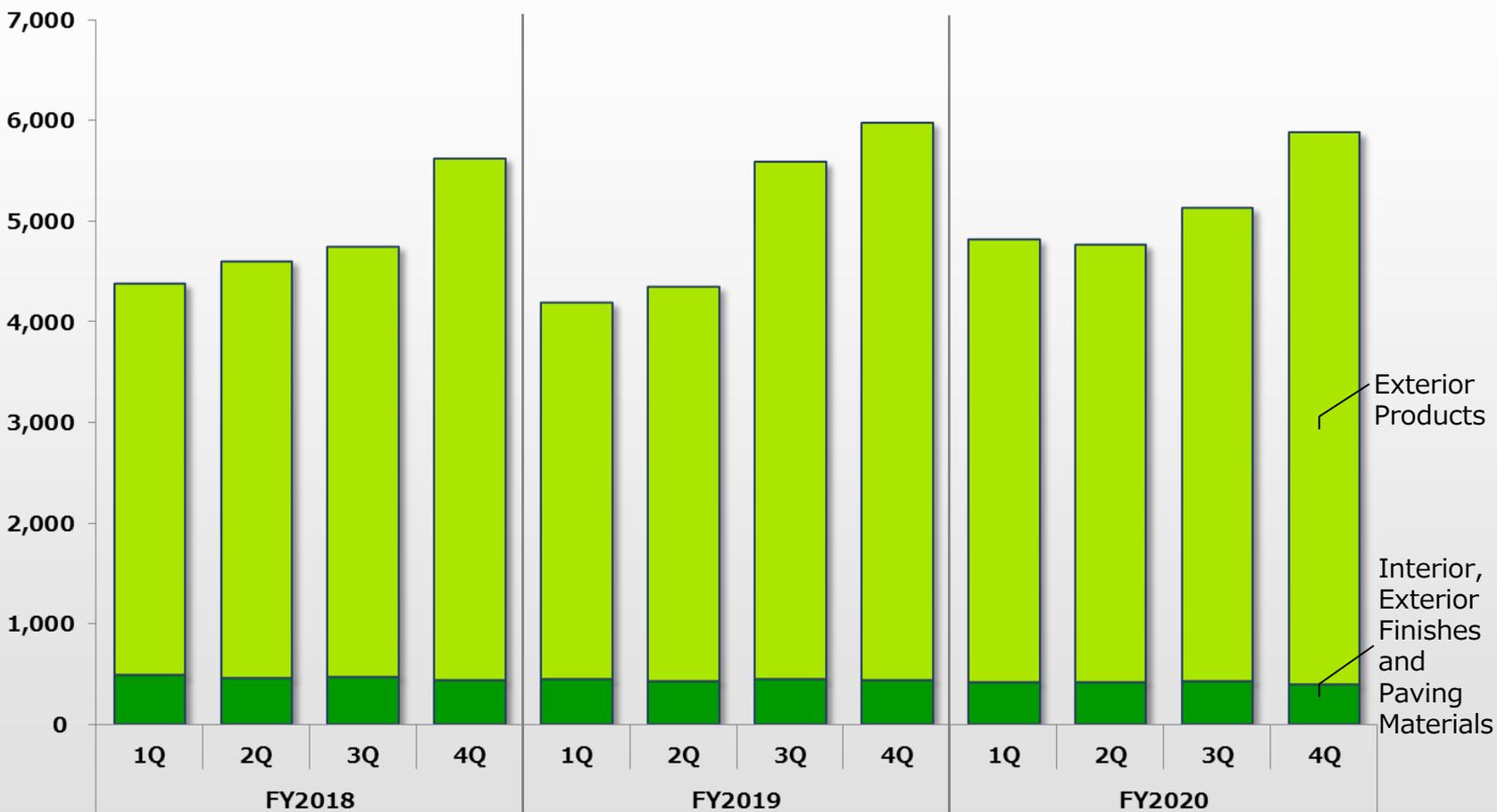
“ALPHAGRAN” (facade)



“Fun roof” (terrace)

Sales Trend of Housing Materials operations (consolidated and quarter)

(Millions of yen)



| | | | | | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Exterior Products | 3,895 | 4,148 | 4,279 | 5,195 | 3,746 | 3,926 | 5,147 | 5,547 | 4,401 | 4,355 | 4,705 | 5,492 |
| Interior, Exterior Finishes and Paving Materials | 487 | 460 | 471 | 437 | 446 | 423 | 446 | 438 | 419 | 417 | 431 | 396 |

Contact Information

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[Note regarding this document]

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Further, the purpose of this material is to provide information to the investors, and not to serve as a recommendation to buy or to sell. Please note that Shikoku Chemical Corporation will not be responsible for the consequences of investments etc.