

Supplemental Information Financial Results For FY 12 / 2022 (9months)

2023/2/15

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

1. Consolidated Financial Results

Financial Highlights

Net sales, operating profit, ordinary profit, and profit attributable to owners of parent reached record high compared with the same period of the previous year (April to December)

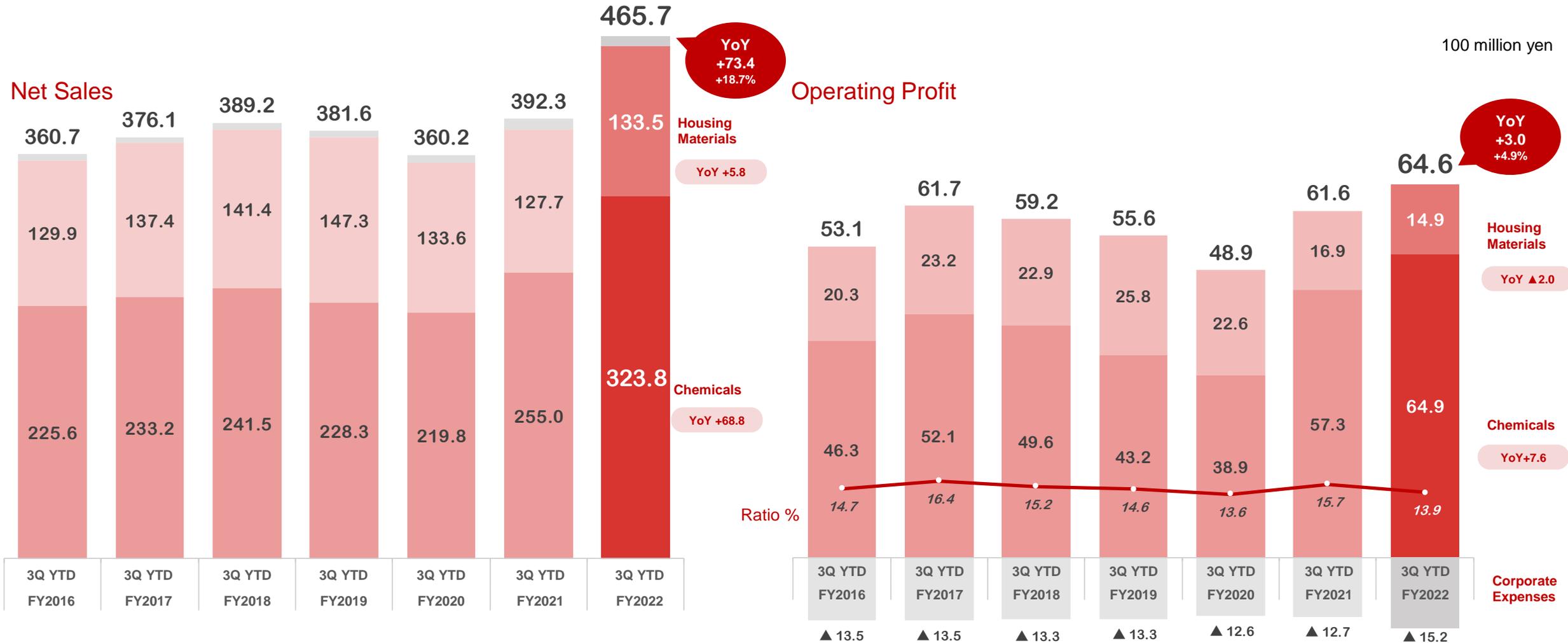
million yen

| | Previous year* April to December 2021 | FY2022 (Nine-month period) | Change/Rate | Remarks |
|---|---|---|---|--|
| Net sales | 39,229 | 46,566 | +7,337 +18.7% | • Sales increased due to the growth of exports to North America in Chemicals Operations |
| Operating profit | 6,158 | 6,462 | +304 +4.9% | • Achieved increased profits by passing on rising costs of purchase prices and distribution costs |
| Ordinary profit | 6,721 | 7,270 | +549 +8.2% | • Foreign exchange gains 334 (YoY +224) |
| Profit attributable to owners of parent | 4,794 | 4,997 | +203 +4.2% | • Impairment losses ▲ 400 (YoY ▲ 400) |
| Exchange rate | 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 | • Foreign exchange impact on PL included in change from the previous year Only the impact of changes in foreign exchange rates in foreign currency transactions is shown. Even in the case of transactions in Japanese yen, there are many transactions that are substantially affected by changes in foreign exchange rates, but they are not included. |

* The Company changed its closing date, and the fiscal year ended December 31, 2022 is an irregular accounting period of nine months from April 1 to December 31, 2022. For this reason, in comparison with the previous year, the results of the previous year are shown for the same period as this year (from April 1 to December 31, 2021).

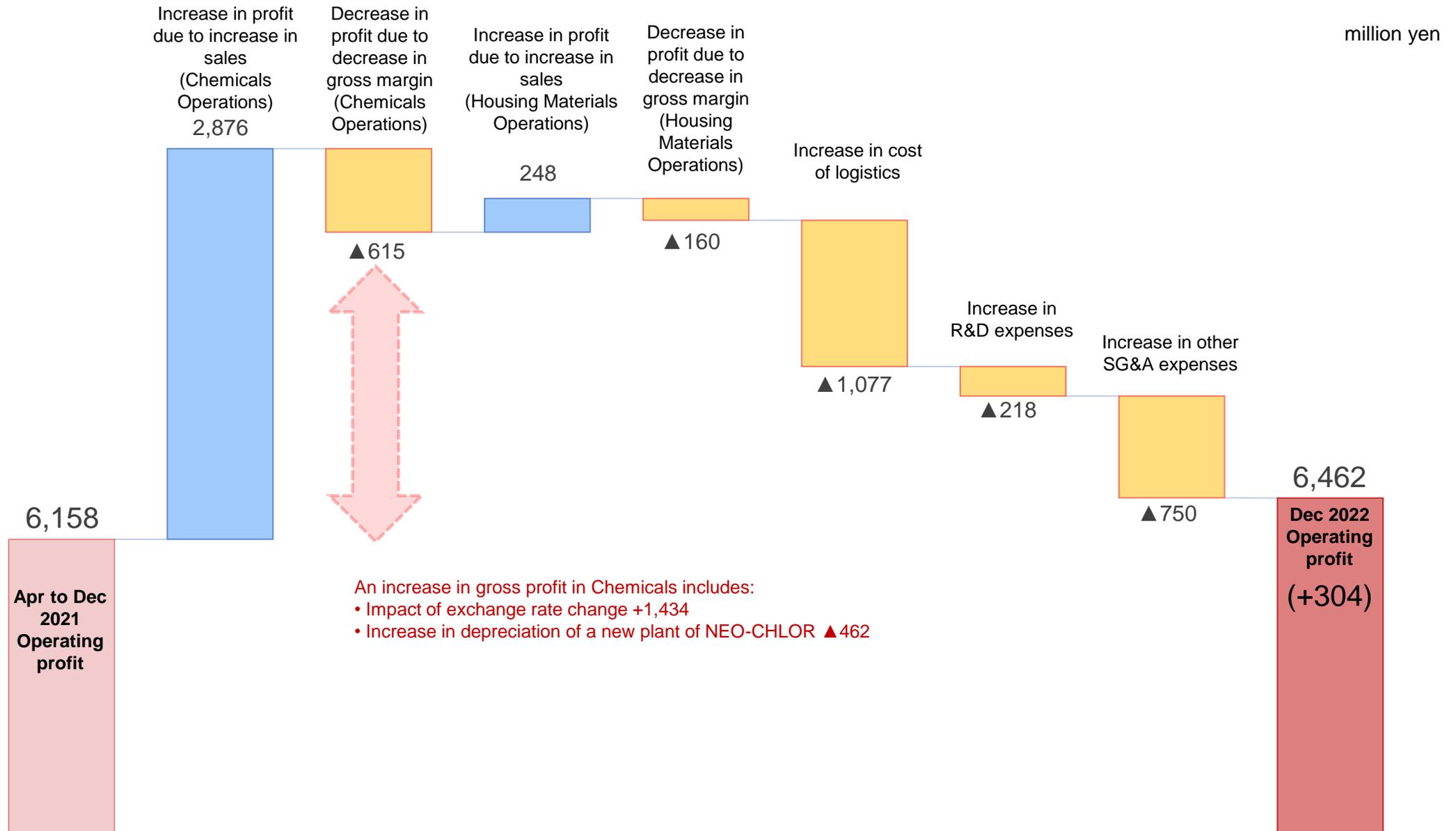
Trends in Net Sales and Operating Profit (9 months)

Net sales significantly increased mainly in Chemicals Operations (Chemicals: +68.8, Housing Materials: +5.8), while operating profit margin decreased due to the increase in cost and profits (Chemicals: +7.6, Housing Materials: ▲2.0)



*The results in prior years are displayed for the same period as this fiscal year (from April 31 to December 31).

YoY Changes in Operating Profit

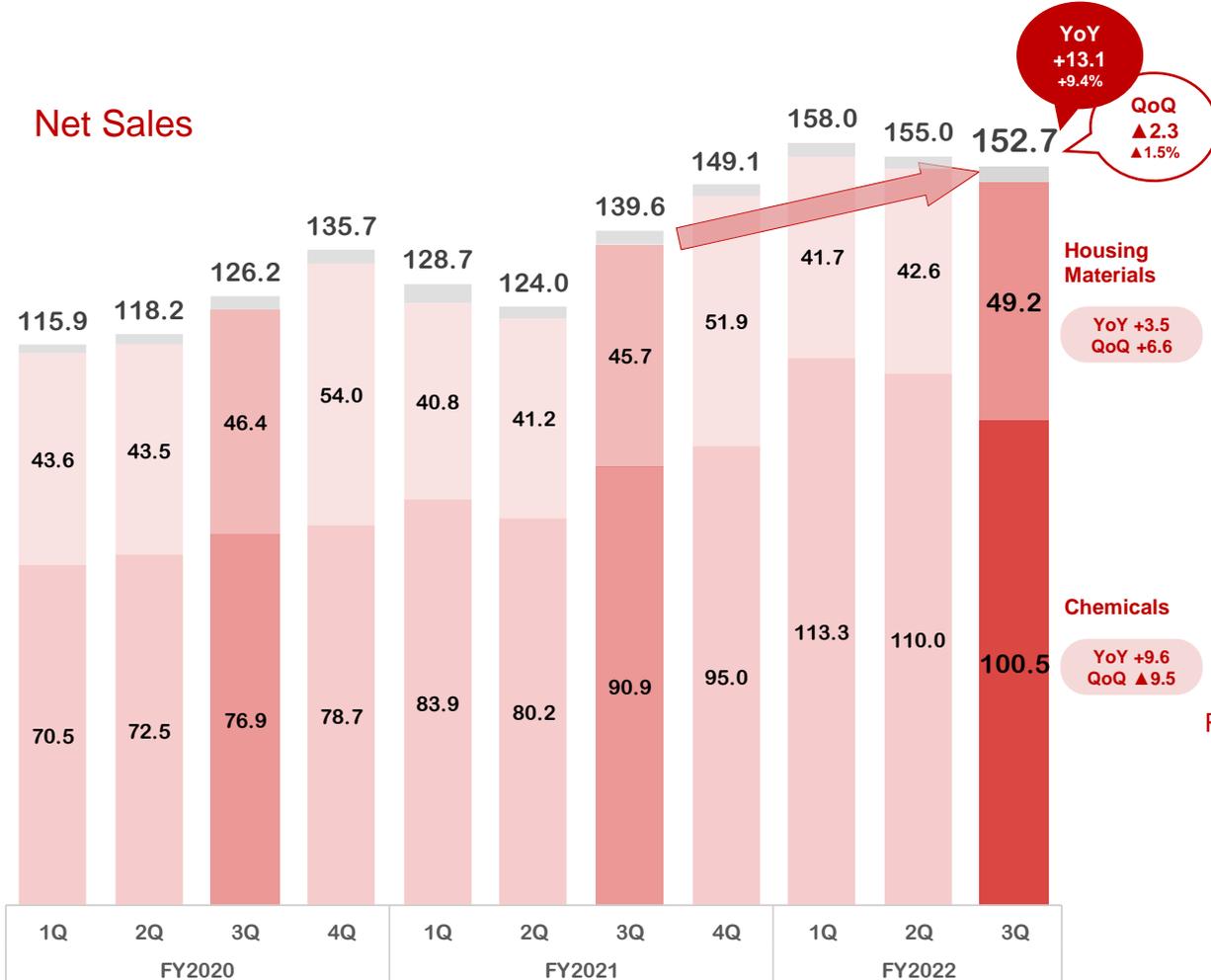


Trends in Net Sales and Operating Profit (3 months)

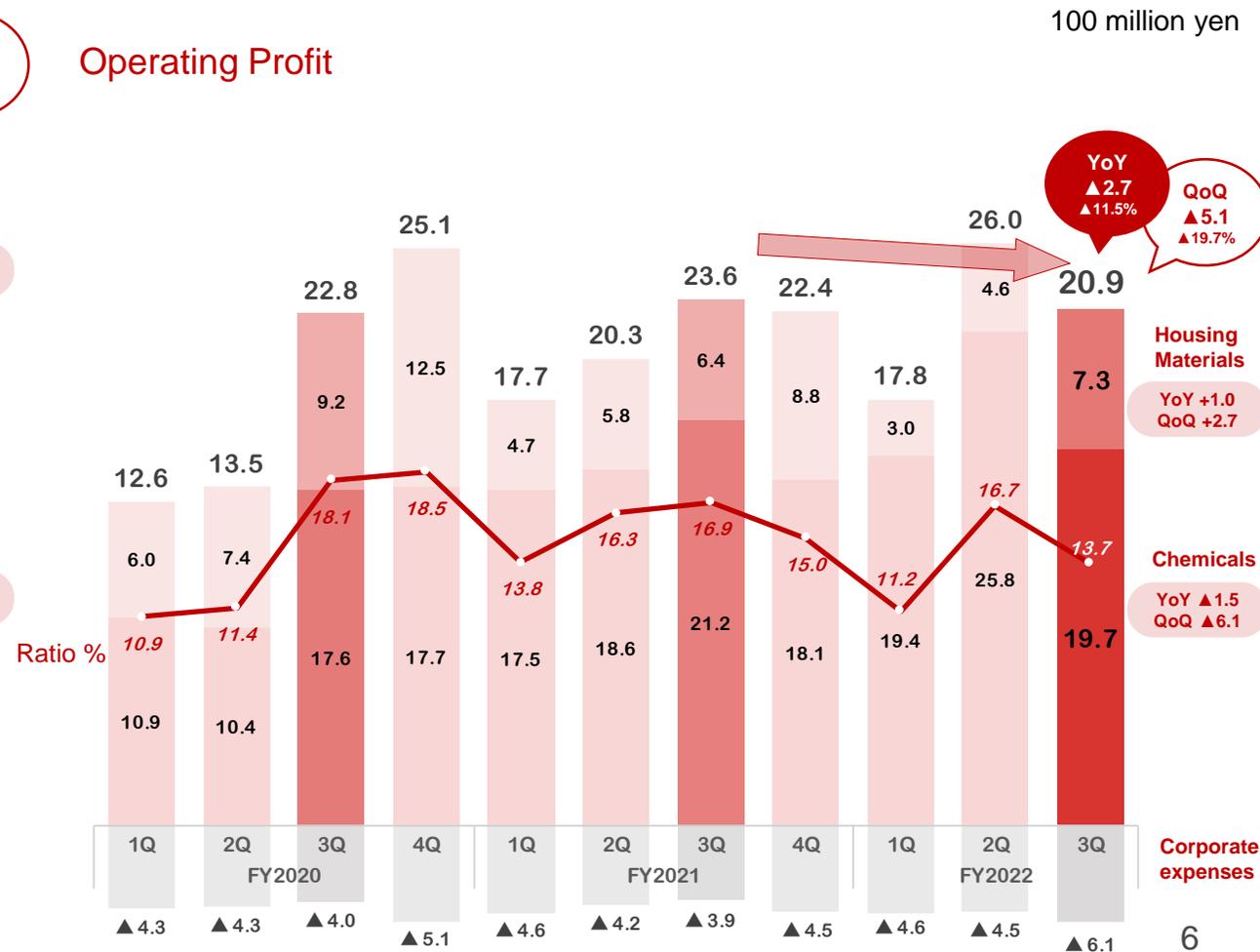
- Total sales increased by 1.31 billion yen YoY. Chemicals Operations continued its sales increase trend since the beginning of this year (up by 960 million yen), and Housing Materials Operations showed signs of recovery (up by 350 million yen) though it struggled in the first half.
- On the other hand, in QoQ, sales decreased by 230 million yen as growth in Chemicals Operations slowed somewhat due to deterioration of the market conditions (down by 950 million yen).

- Total operating profit decreased by 270 million yen YoY. Chemicals Operations' operating profit decreased by 150 million yen due to cost increases attributable to depreciation, but Housing Materials Operations' operation profit increased by 100 million yen following the recovery of sales.
- On the other hand, in QoQ, operating profit decreased by 510 million yen, with a decrease of 610 million yen in Chemicals Operations due to decreased sales.

Net Sales



Operating Profit

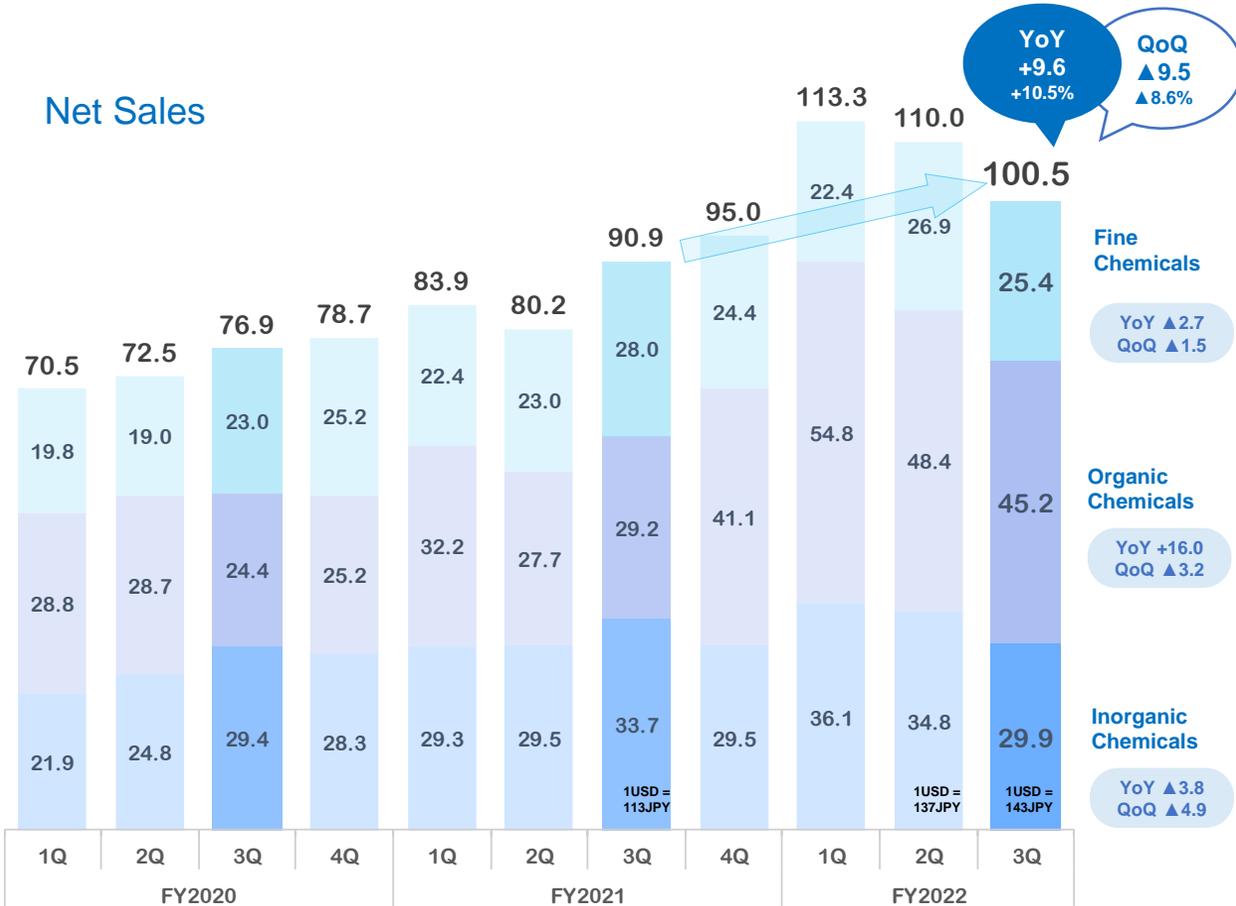


Operating Results by Segment: Chemicals (3 months)

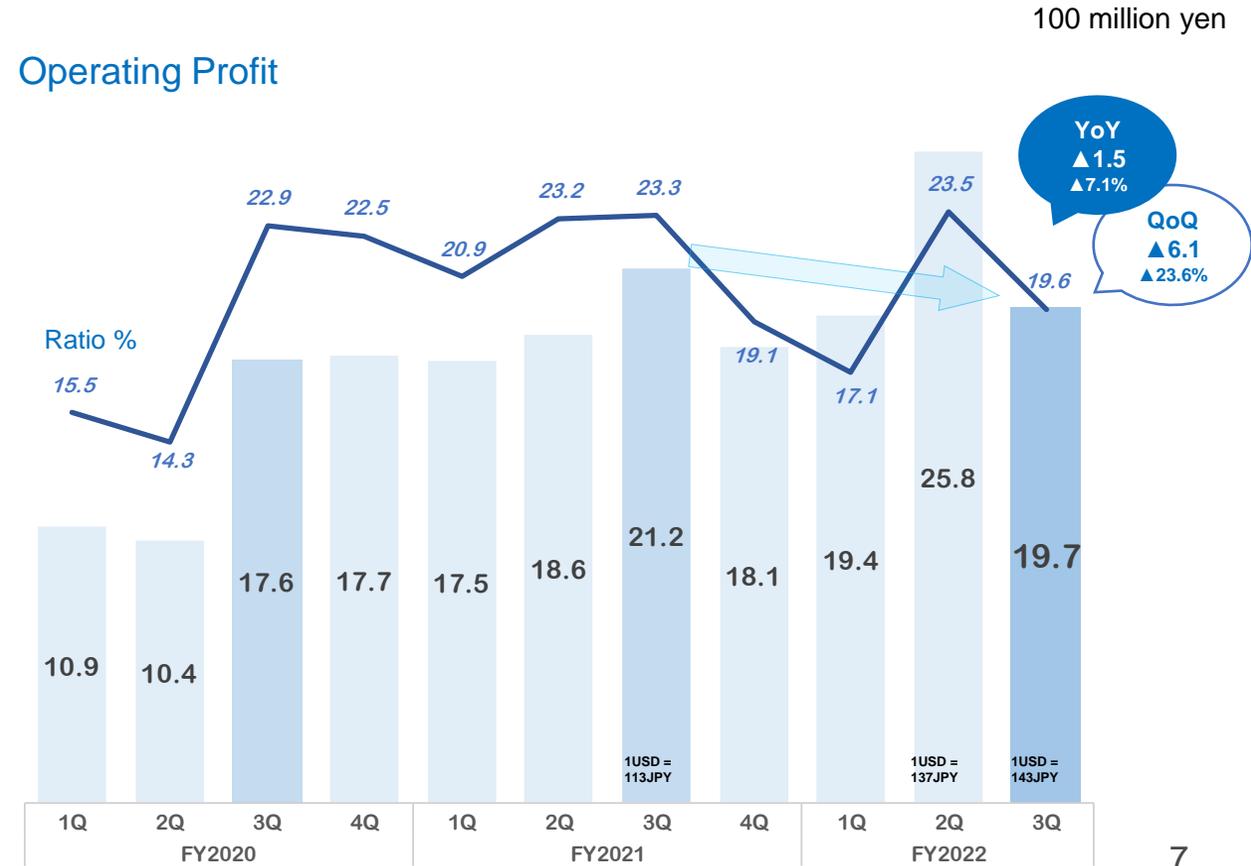
- Sales of inorganic chemicals decreased by 380 million yen YoY. Orders of insoluble sulfur decreased due to a decline in tire production resulting from reduced global demand for tires.
- Sales of organic chemicals increased by 1.6 billion yen YoY. Shipment to North America is still strong and comprises the maximum production volume. In the inflation environment, we successfully passed rising costs on to our product prices while keeping unit selling price high in 3Q.
- Sales of fine chemicals decreased by 270 million yen YoY. Despite the deterioration of the market conditions for semiconductors and electronics as well as the impact of the COVID-19 epidemic in China, sales of the developed products (GliCAP, semiconductor process materials, etc.) are expanding smoothly.
- The impact regarding foreign exchange was about +1 billion yen (JPY/USD:113 → 143) YoY and +200 million yen (JPY/USD: 137 → 143) QoQ.

- Depreciation of the yen served as a tailwind for the company, boosting profit by 370 million yen YoY and 70 million yen QoQ.
- We worked to pass rising costs on to our product prices following the steep rise in raw material costs, and our unit selling prices in all businesses, including organic chemicals, rose significantly. Additionally, the rise in logistics costs is expected to peak out. Therefore, the marginal profit ratio was generally maintained at the same level as in the previous period even though the cost increased.
- However, operating profit decreased slightly by 150 million yen YoY due to an increase in the fixed cost (internal cost) resulting from depreciation of the now completed new NEO 2022 plant and facility relocation expenses for reconstruction of the Yoshinari plant.

Net Sales



Operating Profit



Operating Results by Segment: Housing Materials (3 months)

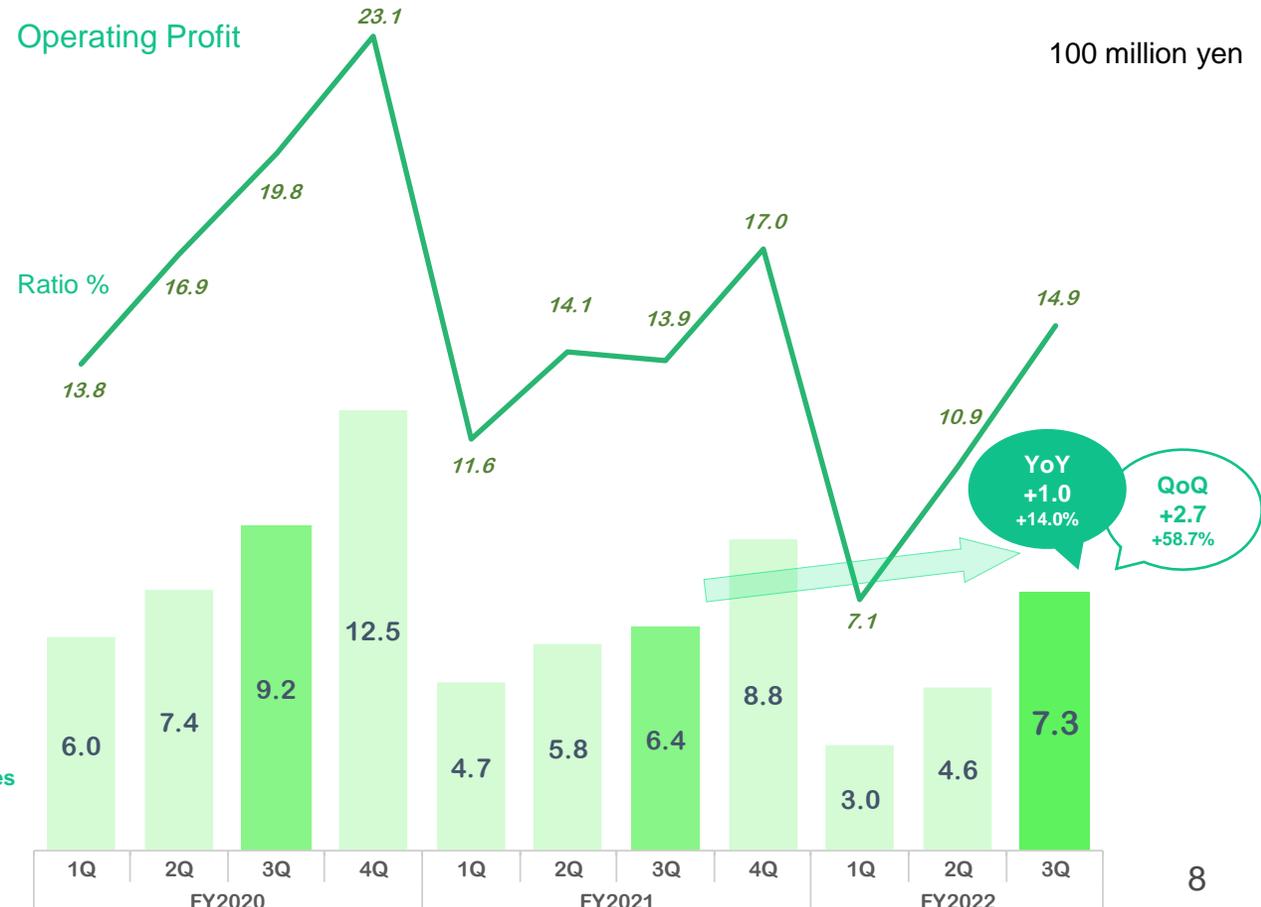
- Housing Materials Operations achieved an increase in sales worth 350 million yen, that is, up 7.7% YoY.
- In the subdivisions Interior and Exterior Finishes and Paving Materials, sales increased by 10 million yen YoY and 50 million yen QoQ, respectively, showing signs of bottoming out from a long-term downward trend.
- In Exterior Products, sales increased by 340 million yen YoY. In addition to the effect of price revision in April followed by the steep rise in aluminum ingot prices, shipping is recovering, mainly in the housing area, in terms of quantity, resulting in an increase in sales in terms of both unit price and quantity. Increased in sales in QoQ included seasonal factors.

- Housing Materials Operations achieved an increase in operating profit worth 100 million yen, that is, up 14.0% YoY.
- This was largely due to the penetration of the price revision of exteriors and the recovery of sales volume. In the first half of the year, we struggled to penetrate price increases and meet the demand surge, but trends are reversing in the business environment.
- The raw material price has been increasing for resin materials derived from crude oil, but the aluminum ingot market is stable at this point, and we are able to purchase raw material mostly under the same conditions as in the previous term.
- Fixed cost increased due to tentative repair and other costs associated with the relocation of facilities related to interior and exterior finishes and paving materials, but these costs were absorbed by the total operating profit.

Net Sales



Operating Profit



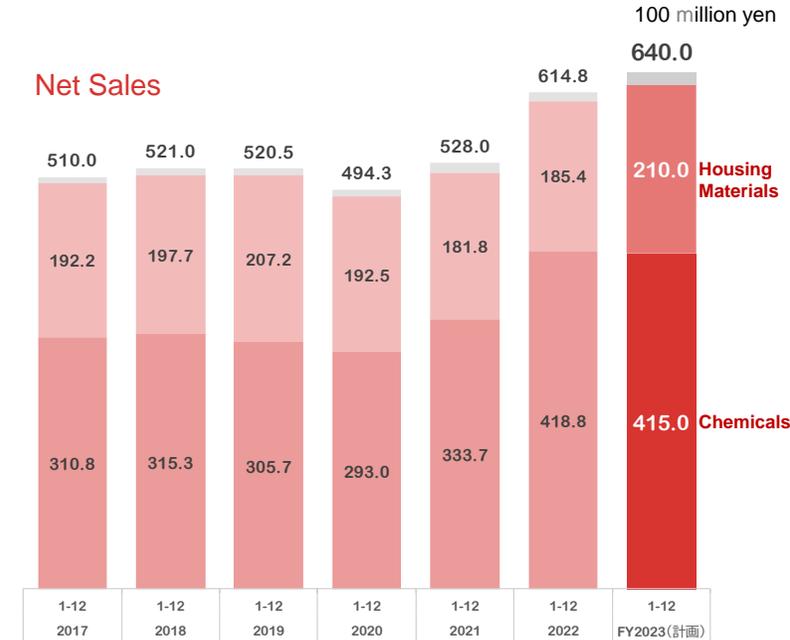
2. Financial Forecast for the Fiscal Year Ending 2023

Forecast of Consolidated Financial Results

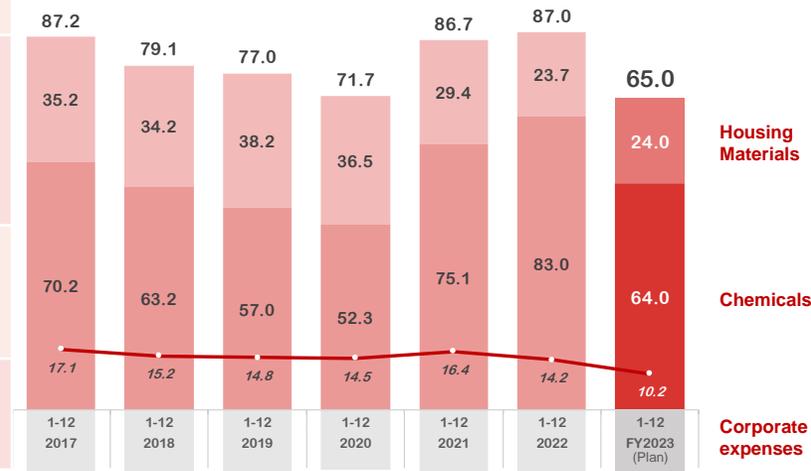
| | Previous year* (January to December 2022) | FY2023 (January to December) | Change/Rate | Remarks |
|---|--|--|------------------|---|
| Net sales | 61,475 (Chemicals) 41,876 (Housing Materials) 18,543 | 64,000 (Chemicals) 41,500 (Housing Materials) 21,000 | +2,525 +4.1% | <ul style="list-style-type: none"> Chemicals Operations' sales are expected to be stable due to the deterioration of the market conditions for insoluble sulfur and slack supply and demand of chlorinated isocyanurate. A sales increase is expected from Housing Materials Operations due to price revisions in January 2023. |
| Operating profit | 8,703 (Chemicals) 8,301 (Housing Materials) 2,373 | 6,500 (Chemicals) 6,400 (Housing Materials) 2,400 | ▲2,203 ▲25.3% | <ul style="list-style-type: none"> The Chemicals Operations segment is expected to see reduced operating profit due to a decrease in the unit selling price and an increase in fixed expenses (depreciation expense). The operating profit of the Housing Materials Operations segment is expected to remain unchanged due to a drop in the marginal profit ratio associated with an increase in material prices. |
| Ordinary profit | 9,840 | 7,000 | ▲2,840 ▲28.9% | <ul style="list-style-type: none"> Ordinary profit is expected to decrease due to the non-recurrence of the effect of profit increase resulting from the foreign exchange gain recorded in the previous term (foreign exchange gains in the same period of the previous year: 583). |
| Profit attributable to owners of parent company | 7,081 | 4,900 | ▲2,181 ▲30.8% | |
| Exchange rate | 1 USD = 128 JPY 1 EUR = 135 JPY 1 RMB = 19.4 JPY | 1 USD = 125 JPY 1 EUR = 135 JPY 1 RMB = 18 JPY | | <ul style="list-style-type: none"> FX Impact is approx. 150 million yen for sales and 70 million yen for operating profit against fluctuation of 1 yen. |

Million yen

Net Sales



Operating Profit



* In comparison and in the graphs, performance in prior years is adjusted to the same period in FY2022 (January to December). 10

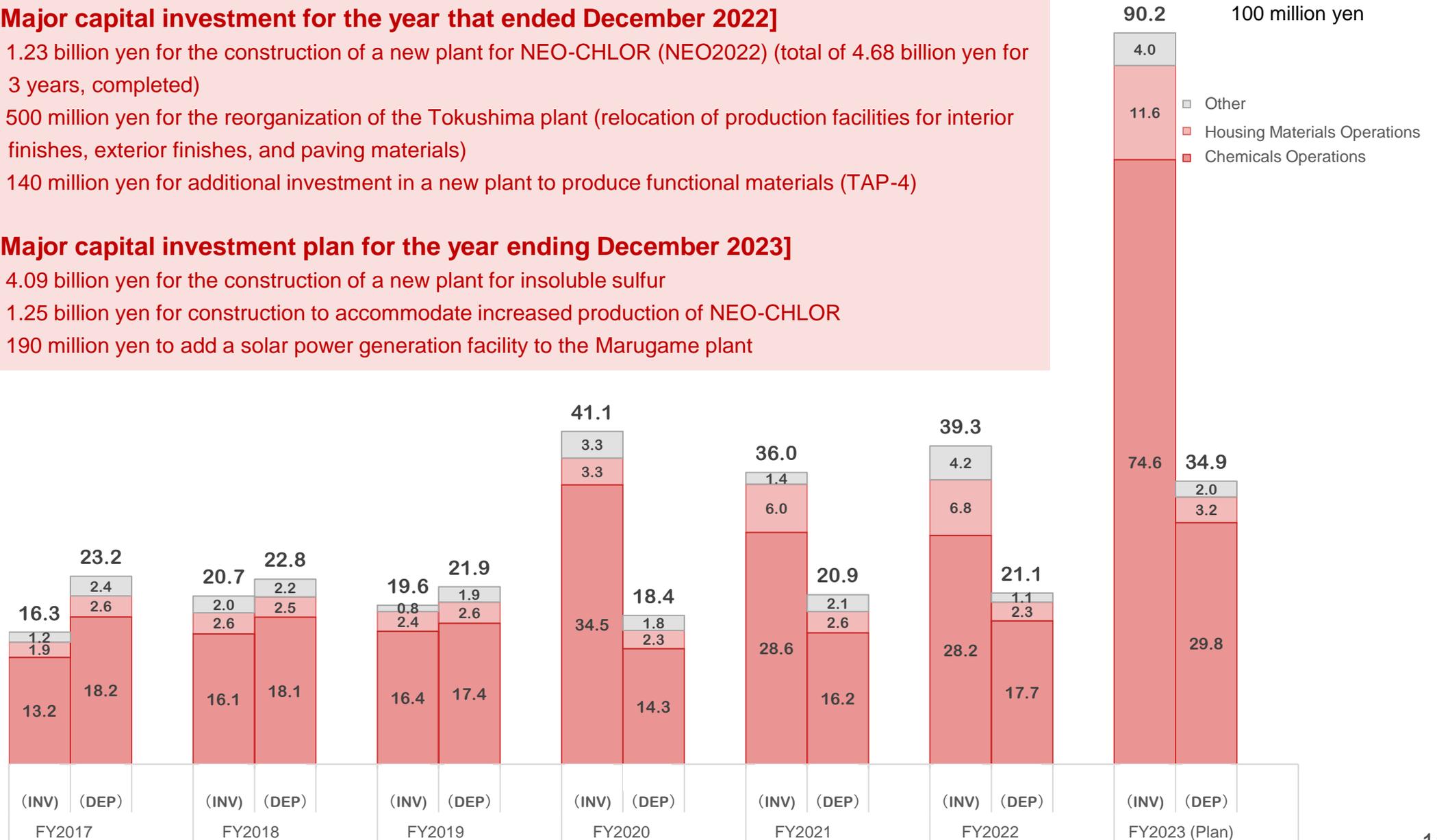
Capital Investment and Depreciation

[Major capital investment for the year that ended December 2022]

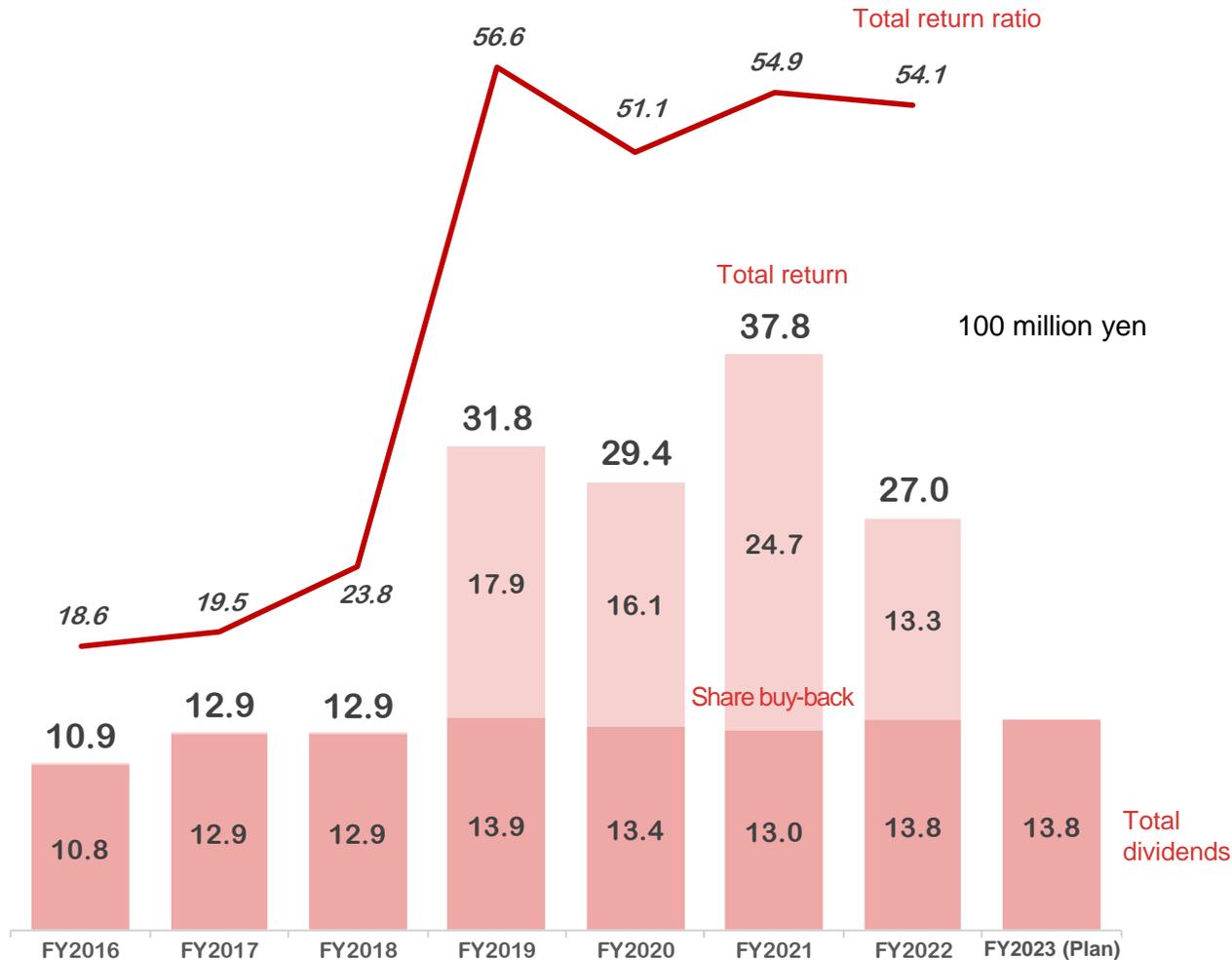
- 1.23 billion yen for the construction of a new plant for NEO-CHLOR (NEO2022) (total of 4.68 billion yen for 3 years, completed)
- 500 million yen for the reorganization of the Tokushima plant (relocation of production facilities for interior finishes, exterior finishes, and paving materials)
- 140 million yen for additional investment in a new plant to produce functional materials (TAP-4)

[Major capital investment plan for the year ending December 2023]

- 4.09 billion yen for the construction of a new plant for insoluble sulfur
- 1.25 billion yen for construction to accommodate increased production of NEO-CHLOR
- 190 million yen to add a solar power generation facility to the Marugame plant



Dividend and Share Buy-Back Trends



[Shareholder Return Policy]

- The Company aims to achieve “a total payout ratio of 50% based on consolidated financial results” under the “Challenge 1000” long-term vision for 2030.

[FY2022 Shareholder Return Policy]

- The Company increased the annual dividend of 24 yen per share (interim dividend of 12 yen and year-end dividend of 12 yen) by 2 yen as a commemorative dividend to celebrate the Company’s 75th anniversary of establishment; the new annual dividend is 26 yen per share (interim dividend of 13 yen and year-end dividend of 13 yen).
- On August 29, 2022, we repurchased our own shares worth 1.33 billion yen through ToSTNeT-3. The total shareholder returns combined with dividends (1.38 billion yen) amounted to 2.7 billion yen, and the total payout ratio was 54.1%.

[FY2023 Shareholder Return Policy]

- The Company plans to incorporate 2 yen of the commemorative dividend in FY2022 into the ordinary dividend and maintain the 26 yen per share dividend (interim dividend of 13 yen and year-end dividend of 13 yen).
- Additionally, premised upon the shareholder return policy, the Company will repurchase its own shares in a flexible manner and will also promote the reduction of surplus capital and cross-shareholdings in order to improve the value of shares.

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- ◆ This material is intended to help shareholders, investors, etc., understand pertinent information such as the Company's management policy, plans, and financial status, and it does not solicit investment such as purchasing or selling stocks in the Company.
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