

# Investor Briefing Shikoku Kasei HD Corp. For FY 12 / 2022 (9months)

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2023/2/15

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

# 1. Consolidated Financial Results

# 2. Financial Forecast for the Fiscal Year Ending 2023

# 3. 'Challenge 1000' Long-Term Vision

# 4. Transition to Holding company

# 5. Appendix

# 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)

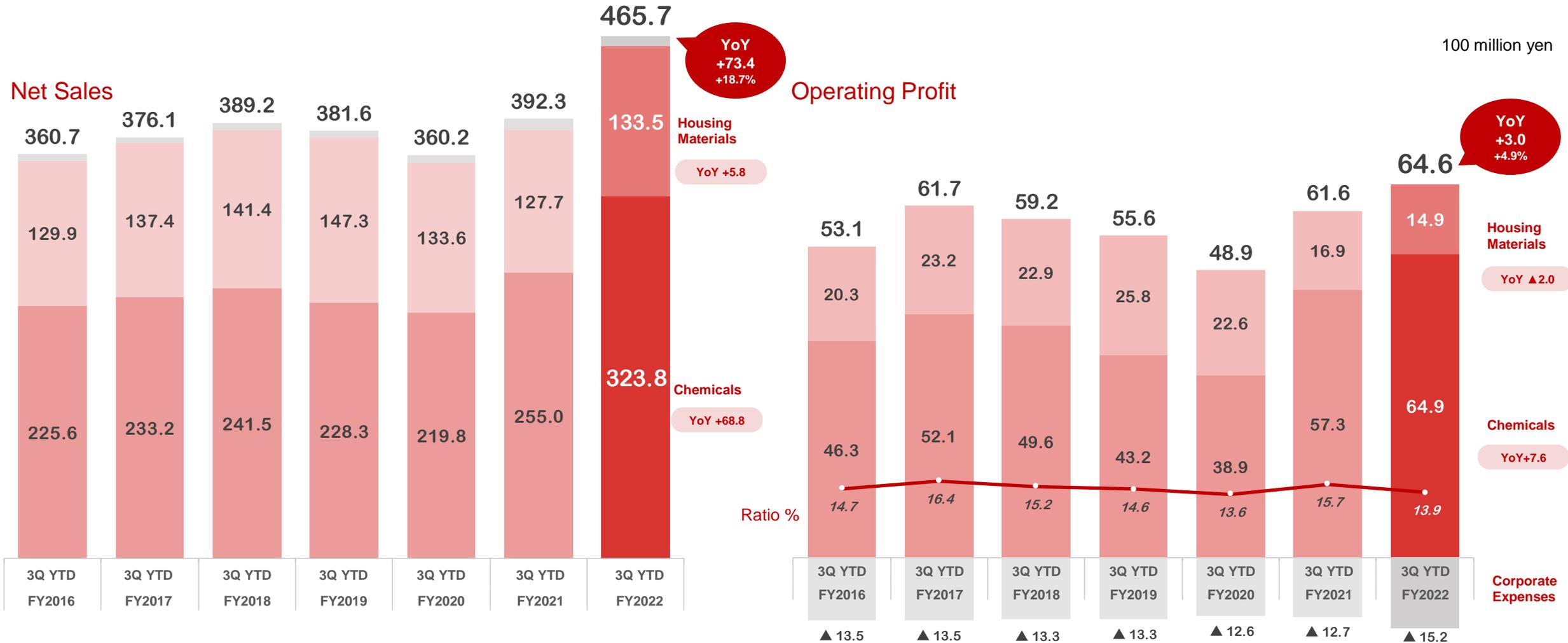
million yen

	Previous year* April to December 2021	FY2022 (Nine-month period)	Change/Rate	Remarks
Net sales	<b>39,229</b>	<b>46,566</b>	+7,337 +18.7%	• Sales increased due to the growth of exports to North America in Chemicals Operations
Operating profit	<b>6,158</b>	<b>6,462</b>	+304 +4.9%	• Achieved increased profits by passing on rising costs of purchase prices and distribution costs
Ordinary profit	<b>6,721</b>	<b>7,270</b>	+549 +8.2%	• Foreign exchange gains 334 (YoY +224)
Profit attributable to owners of parent	<b>4,794</b>	<b>4,997</b>	+203 +4.2%	• Impairment losses ▲ 400 (YoY ▲ 400)
Exchange rate	<b>1 USD = 111 JPY</b> 1 EUR = 131 JPY 1 RMB = 17.1 JPY	<b>1 USD = 135 JPY</b> 1 EUR = 137 JPY 1 RMB = 19.8 JPY	Net sales <b>+3.1</b> billion yen Operating profit <b>+1.4</b> 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).

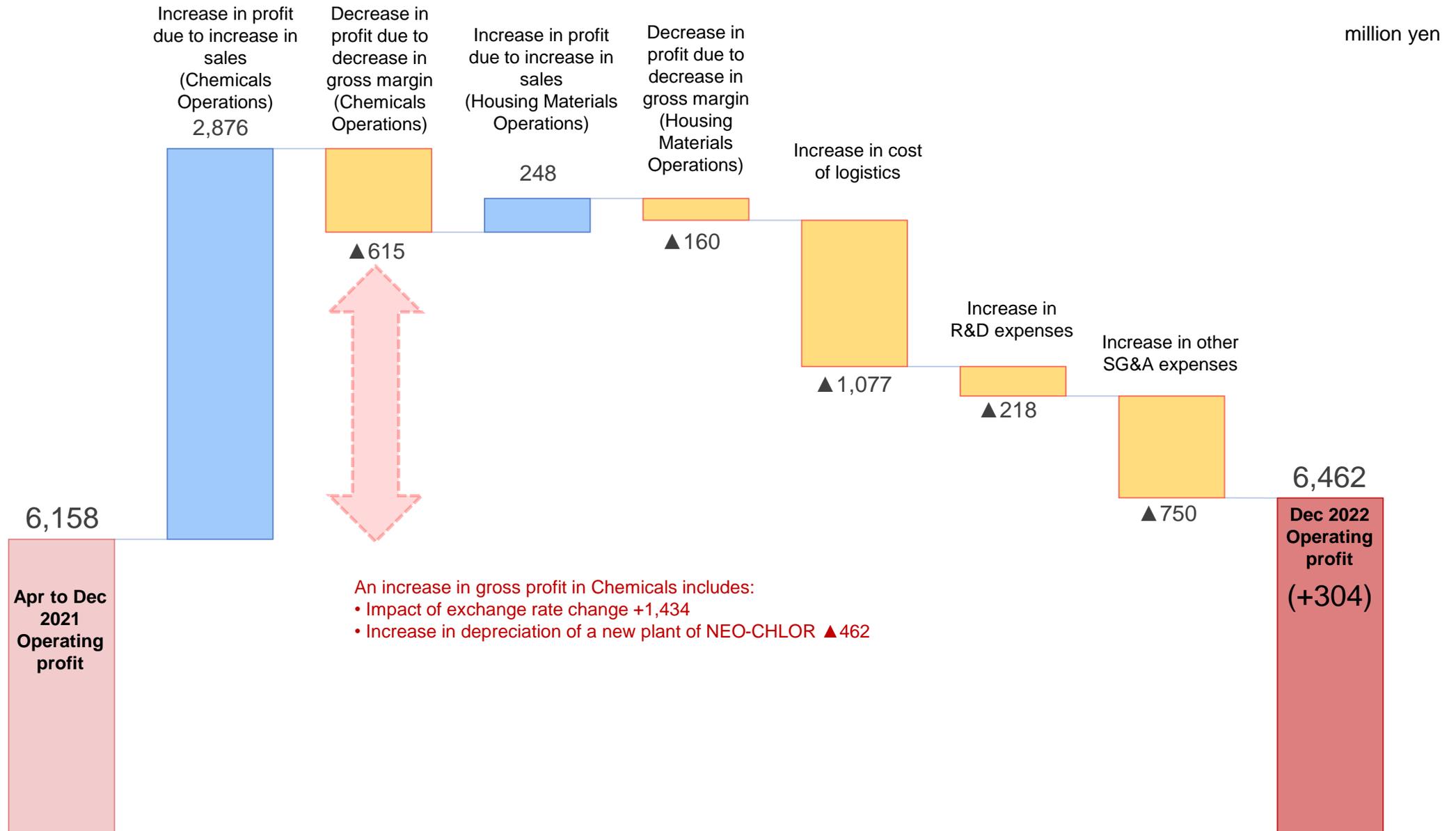
# Trends in Net Sales and Operating Profit (9 months)

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

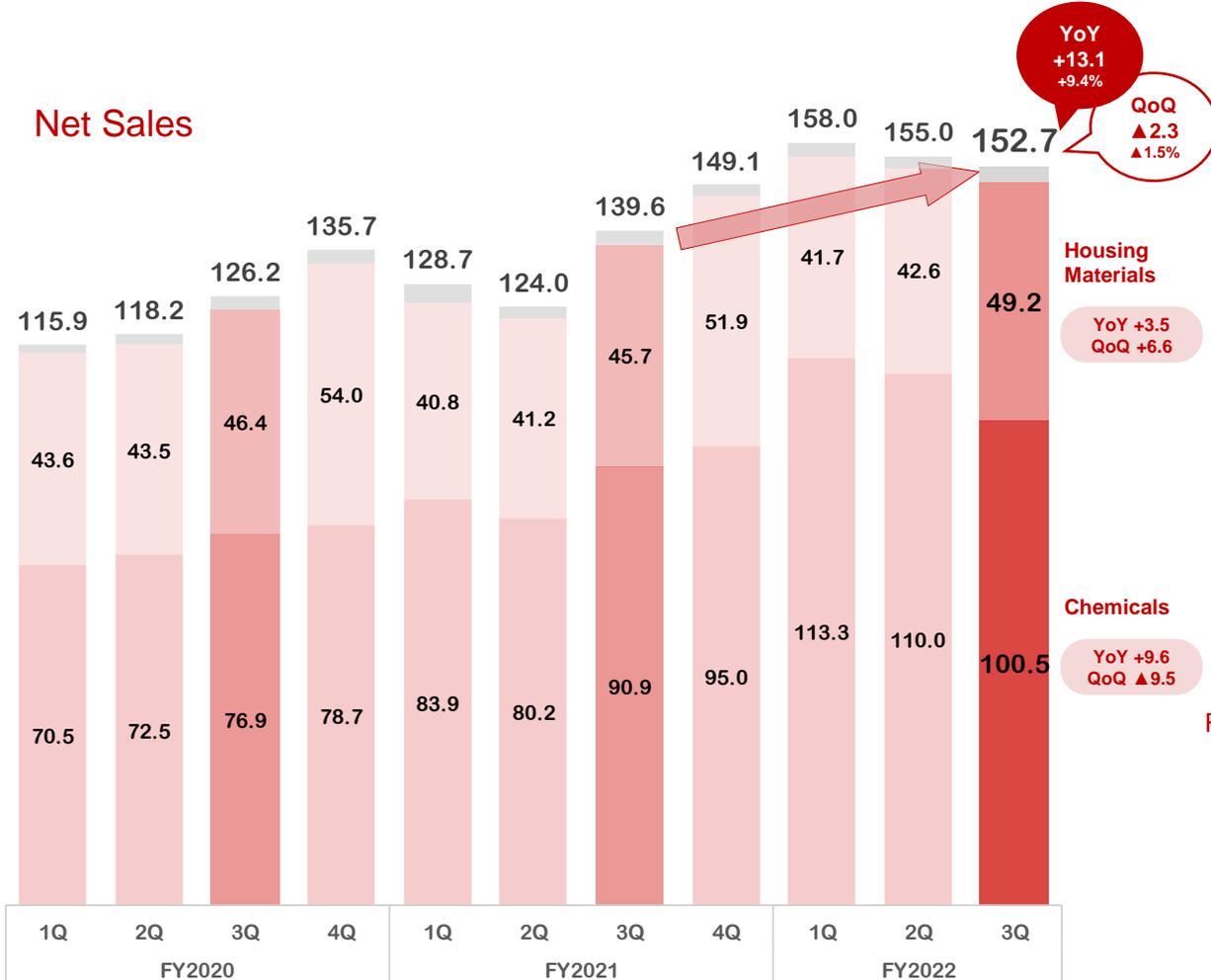


# Trends in Net Sales and Operating Profit (3 months)

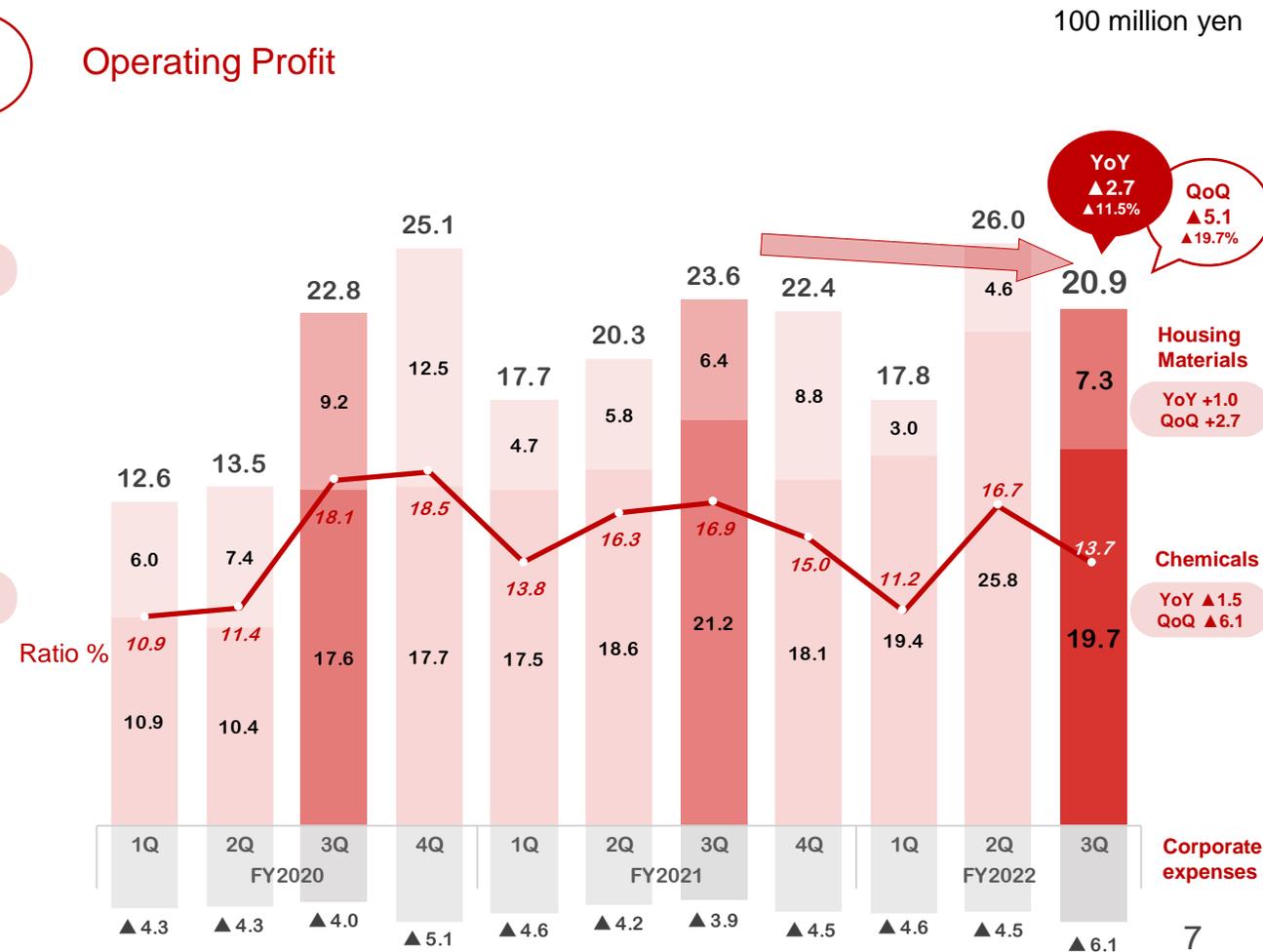
- Total sales increased by 1.31 billion yen YoY. Chemicals Operations continued its sales increase trend since the beginning of this year (up by 960 million yen), and Housing Materials Operations showed signs of recovery (up by 350 million yen) though it struggled in the first half.
- On the other hand, 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

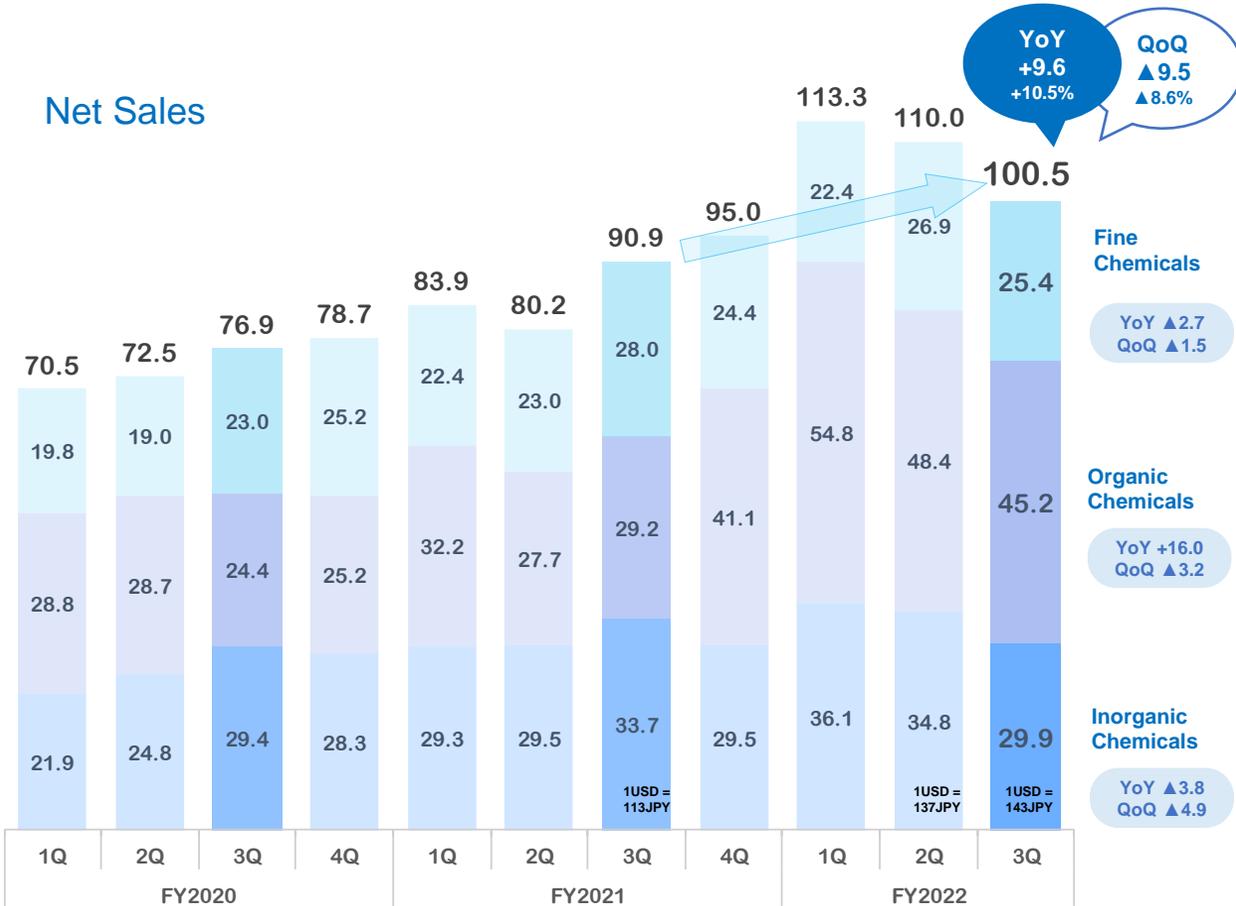


# Operating Results by Segment: Chemicals (3 months)

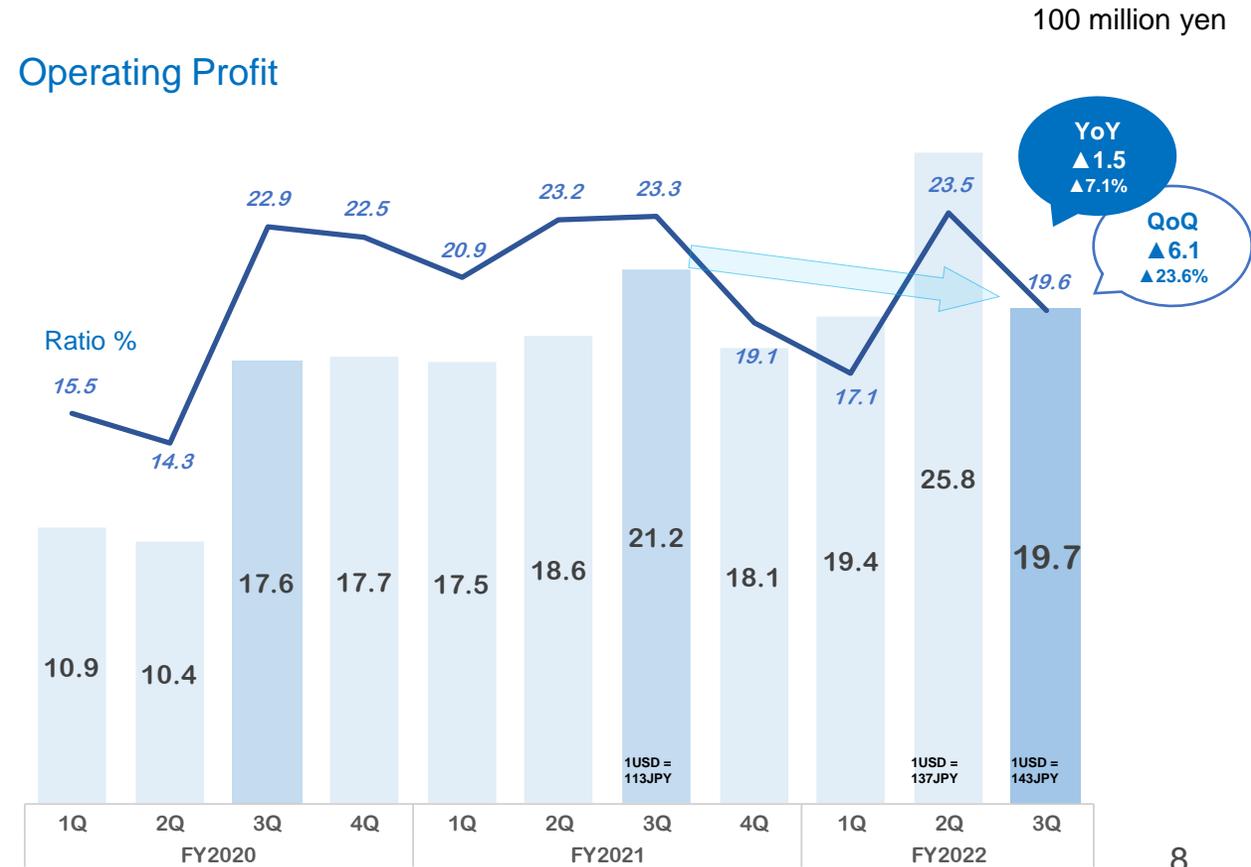
- Sales of inorganic chemicals decreased by 380 million yen YoY. Orders of insoluble sulfur decreased due to a decline in tire production resulting from reduced global demand for tires.
- Sales of organic chemicals increased by 1.6 billion yen YoY. Shipment to North America is still strong and comprises 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)

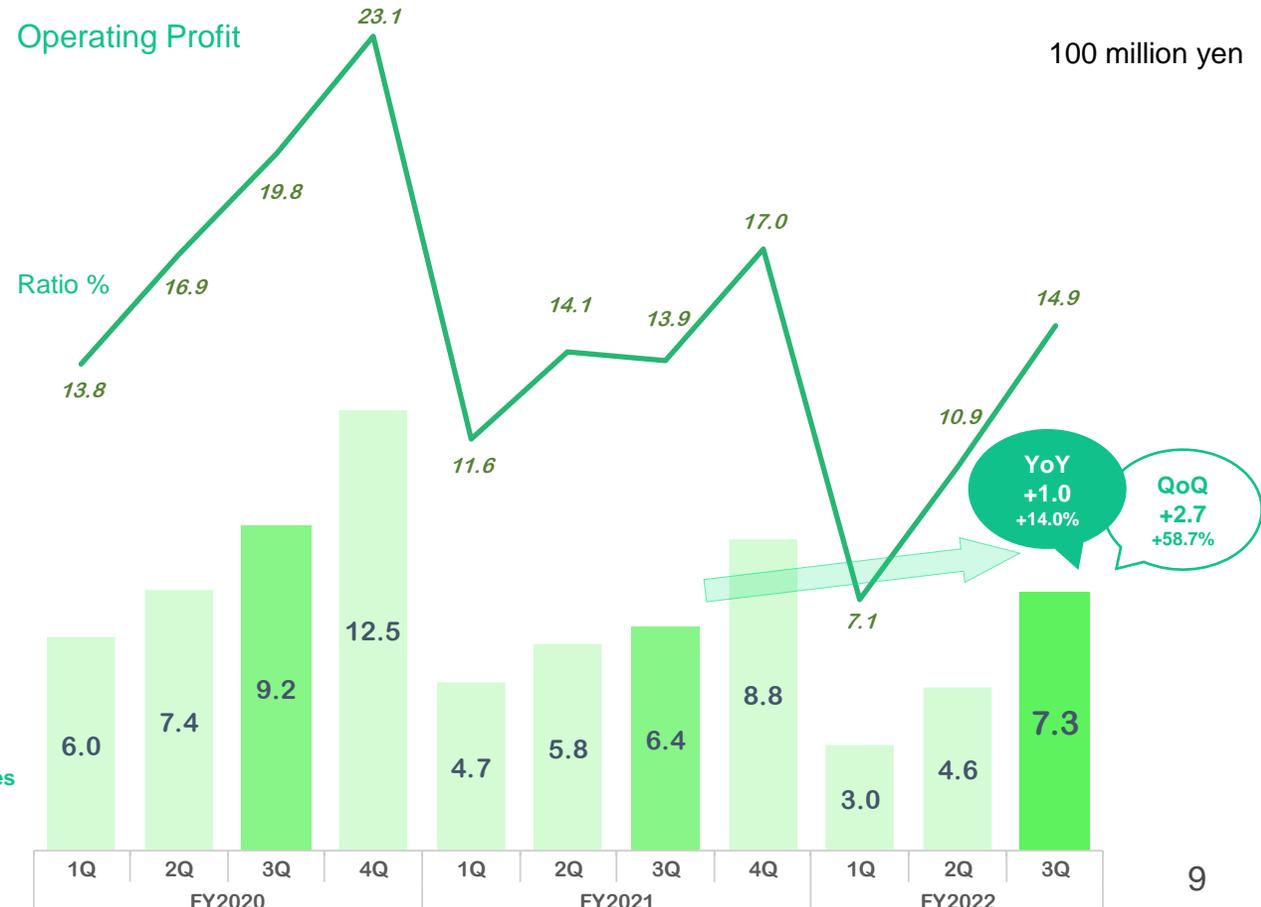
- Housing Materials Operations achieved an increase in sales worth 350 million yen, that is, up 7.7% YoY.
- In the subdivisions Interior and Exterior Finishes and Paving Materials, sales increased by 10 million yen YoY and 50 million yen QoQ, respectively, showing signs of bottoming out from a long-term 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



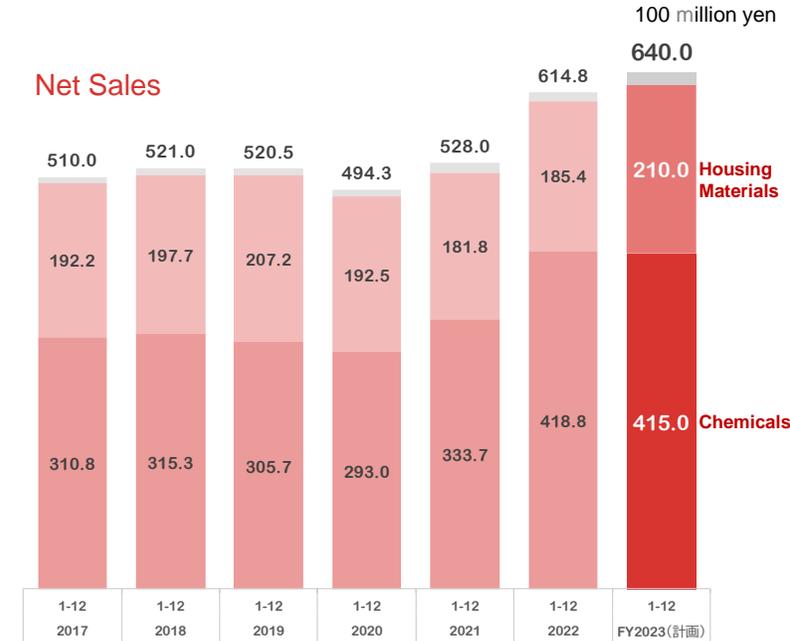
## 2. Financial Forecast for the Fiscal Year Ending 2023

# Forecast of Consolidated Financial Results

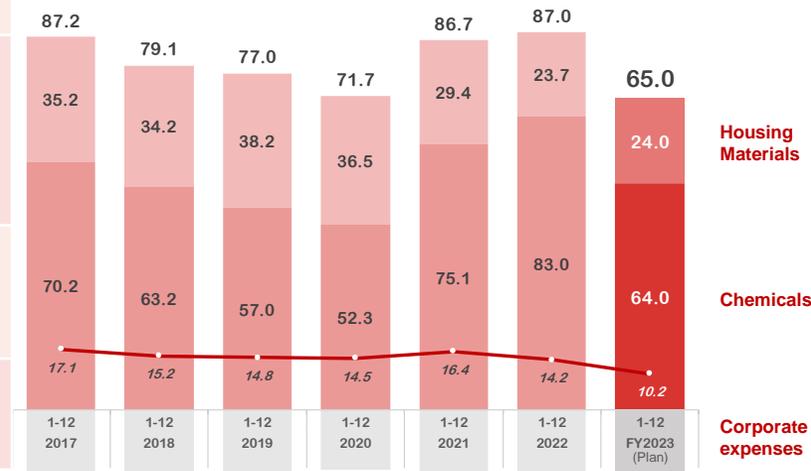
	Previous year* (January to December 2022)	FY2023 (January to December)	Change/Rate	Remarks
Net sales	<b>61,475</b> (Chemicals) 41,876 (Housing Materials) 18,543	<b>64,000</b> (Chemicals) 41,500 (Housing Materials) 21,000	+2,525 +4.1%	<ul style="list-style-type: none"> <li>Chemicals Operations' sales are expected to be stable due to the deterioration of the market conditions for insoluble sulfur and slack supply and demand of chlorinated isocyanurate.</li> <li>A sales increase is expected from Housing Materials Operations due to price revisions in January 2023.</li> </ul>
Operating profit	<b>8,703</b> (Chemicals) 8,301 (Housing Materials) 2,373	<b>6,500</b> (Chemicals) 6,400 (Housing Materials) 2,400	▲2,203 ▲25.3%	<ul style="list-style-type: none"> <li>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).</li> <li>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.</li> </ul>
Ordinary profit	<b>9,840</b>	<b>7,000</b>	▲2,840 ▲28.9%	<ul style="list-style-type: none"> <li>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).</li> </ul>
Profit attributable to owners of parent company	<b>7,081</b>	<b>4,900</b>	▲2,181 ▲30.8%	
Exchange rate	<b>1 USD = 128 JPY</b> 1 EUR = 135 JPY 1 RMB = 19.4 JPY	<b>1 USD = 125 JPY</b> 1 EUR = 135 JPY 1 RMB = 18 JPY		<ul style="list-style-type: none"> <li>FX Impact is approx. 150 million yen for sales and 70 million yen for operating profit against fluctuation of 1 yen.</li> </ul>

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). 11

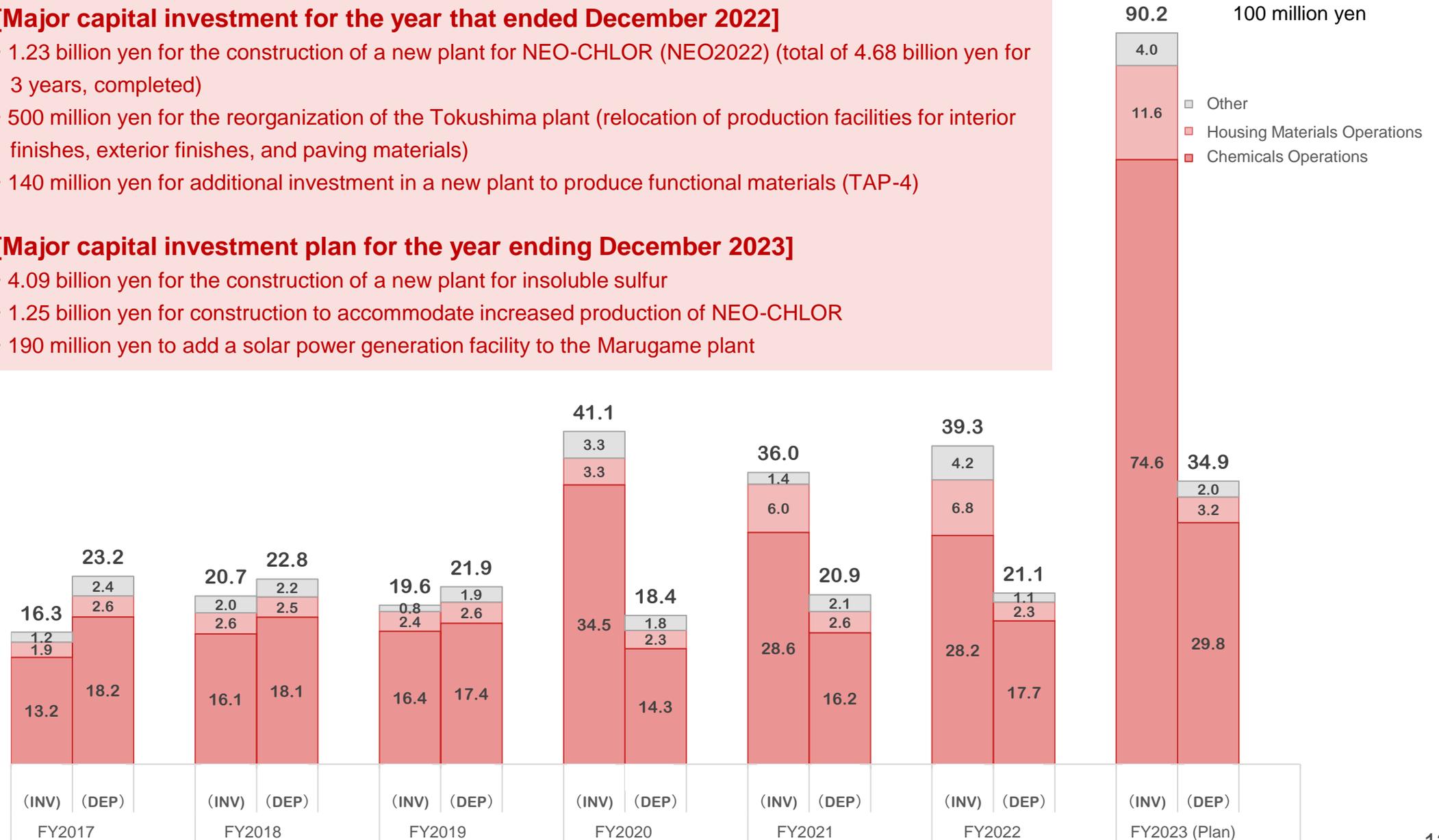
# Capital Investment and Depreciation

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

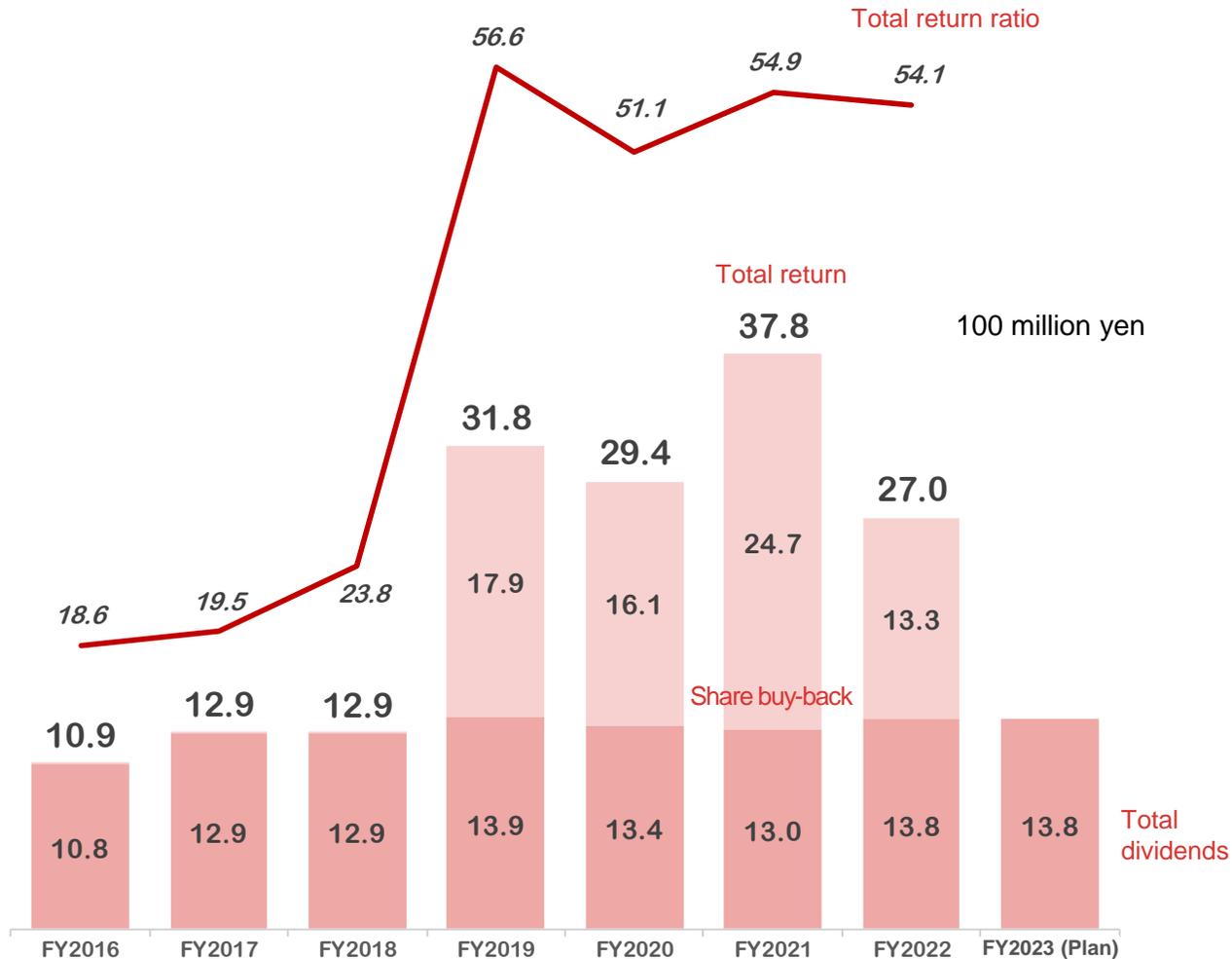
- 1.23 billion yen for the construction of a new plant for NEO-CHLOR (NEO2022) (total of 4.68 billion yen for 3 years, completed)
- 500 million yen for the reorganization of the Tokushima plant (relocation of production facilities for interior finishes, exterior finishes, and paving materials)
- 140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

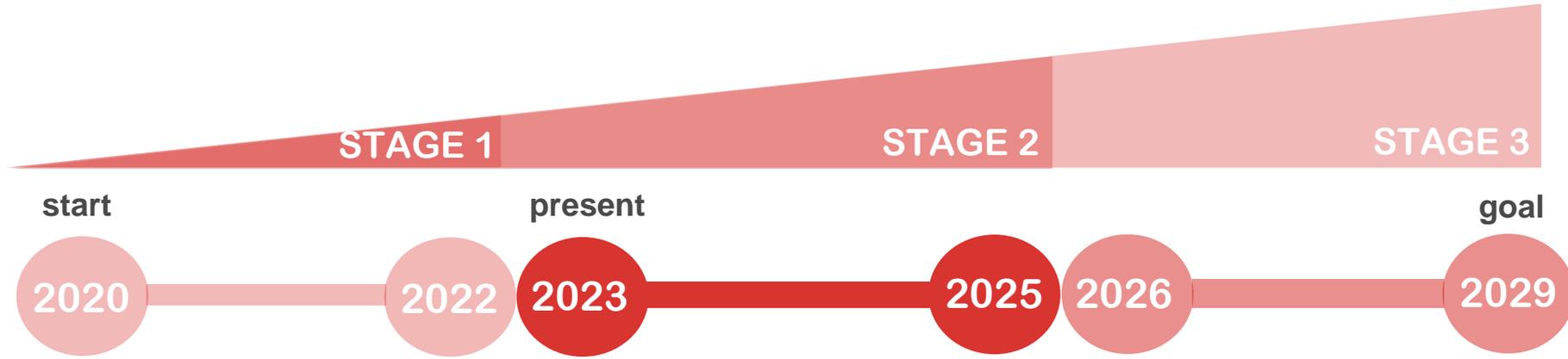
- The Company increased the annual dividend of 24 yen per share (interim dividend of 12 yen and year-end dividend of 12 yen) by 2 yen as a commemorative dividend to celebrate the Company’s 75th anniversary of establishment; the new annual dividend is 26 yen per share (interim dividend of 13 yen and year-end 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.

### 3. 'Challenge 1000' Long-Term Vision

# Outline of 'Challenge 1000'



Desired state in 2030  
**Toward “one- step-ahead, proposal” company with Dokusouryoku (creativity)**  
Solve social issues with creative ideas, leading the progress of the world

**Financial Goals**

- Net Sales  
100 billions of yen
- Operating Income  
15 billions of yen
- ROE10%

**Pillars for Strategy**

- Business Reform Policy
- Companywide Reform Policy
- Proactive Investment
- Achievement of SDGs

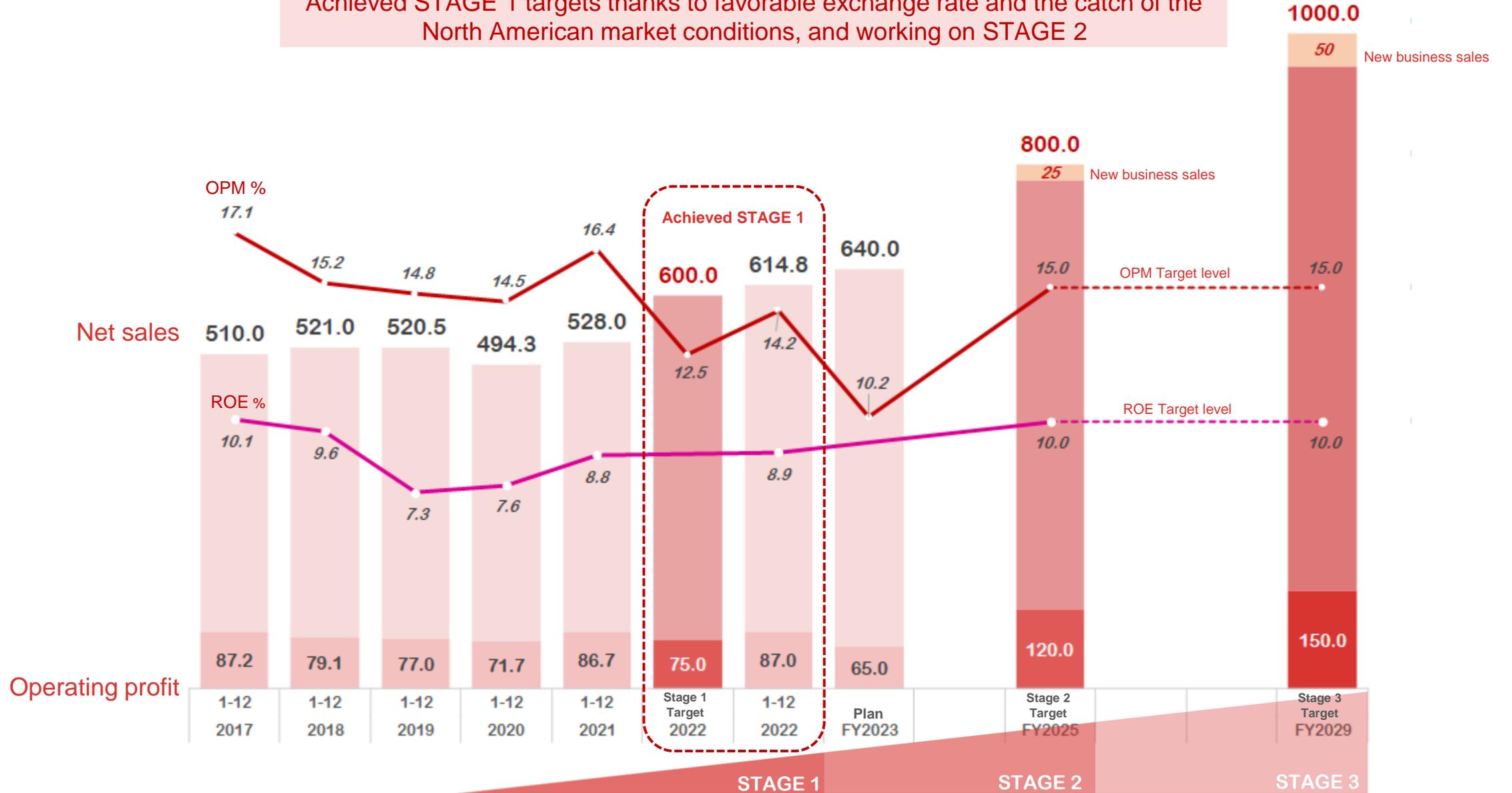
**YONPO- YOSHI**  
 (Contributions to Stakeholders)

- Customers
- Employees
- Shareholders
- Society

# Quantitative Targets of 'Challenge 1000'

Achieved STAGE 1 targets thanks to favorable exchange rate and the catch of the North American market conditions, and working on STAGE 2

100 million yen



\* In the graph, performance in prior years is adjusted to the same period of FY2023 (January to December).

# Progress and Outlook

## Progress in STAGE 1 (FY2020 to FY2022)

### Financial Goals

#### ◆ Progress as planned against STAGE 1 goals

Apr. to Dec. 2022 (FY2022)	Sales: 46.5 billion yen, Operating profit: 6.4 billion yen
Jan. to Mar. 2022 (FY2021 4Q)	Sales: 14.9 billion yen, Operating profit: 2.2 billion yen
<b>Equivalent to Jan to Dec 2022</b>	<b>Sales: 61.4 billion yen, Operating profit: 8.7 billion yen</b>
	... Achieved STAGE 1 targets

### Strategic Pillar

#### ◆ Expansion of business domains; active investment as planned

- Launched our own brand "WASHMANIA"  
Released the first BtoC product in Chemicals Operations
- Production facilities for fine chemicals "TAP-4"  
(2.5 billion yen; completed in July 2021)
- Production facilities for chlorinated isocyanurates "NEO2022"  
(5 billion yen; completed in April 2022)
- Introduced solar power generation equipment at the Marugame plant



### YONPO-YOSHI (Contributions to Stakeholders)

#### ◆ Activities for stakeholders' benefit

- Executed share buy-back and listed shares on the prime market (shareholders)
- Granted shares through the Employee Shareholding Association as well as a commemorative bonus for the company's 75th anniversary (employees)
- Provided in-kind support to Parklet for Setouchi Triennale 2022 (society)
- Signed the "Collaboration Agreement on Nigiwai (lively) Community Building" with Marugame City (society)



## Outlook for STAGE 2 (FY2023 to FY2025)

### Financial Goals

#### ◆ No change from the initial target of "Challenge 1000"

STAGE 2 First Year (FY2023)	Sales: 64 billion yen, Operating profit: 6.5 billion yen
STAGE 2 Final Year (FY2025)	Sales: 80 billion yen, Operating profit: 12 billion yen

### Strategic Pillar

#### ◆ Aim for further growth through active investment

- Expand business domains such as BtoC (down-streaming) and M&A
- Build a high-efficiency production system and promote the optimization of production/sales bases
- Increase the production chlorinated isocyanurates production capacity  
(total investment of 1.6 billion yen; operation scheduled to start in October 2023)
- Build insoluble sulfur production facilities  
(total investment of 4.5 billion yen; scheduled to be completed in October 2024)
- Expand solar power generation facilities at the Marugame plant

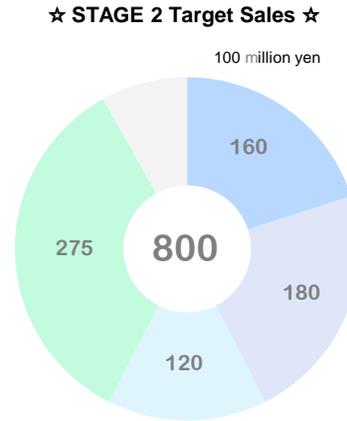
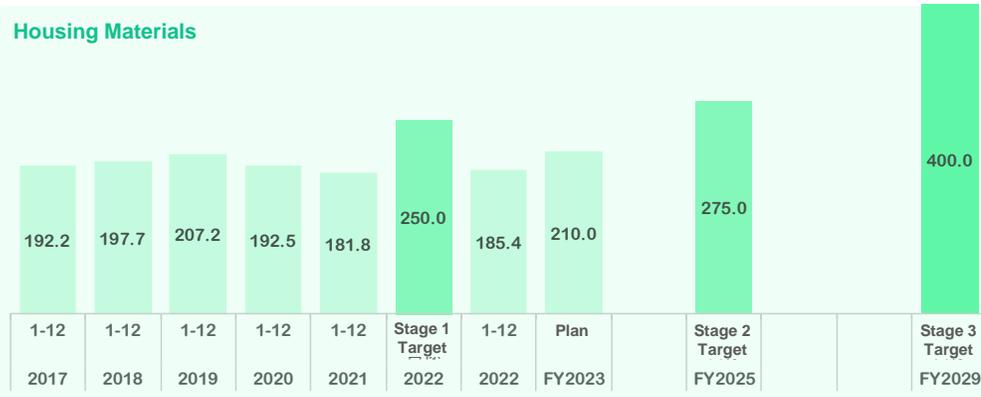
### YONPO-YOSHI (Contributions to Stakeholders)

#### ◆ Continue the "YONPO-YOSHI" action policy

- Enhance the shareholder special benefit plan and issue a consolidated report (shareholders)
- Special sponsorship of the Kagawa Marugame International Half Marathon event  
(to be held on February 5, 2023)



# STAGE 2 Priority Measures and Quantitative Targets by Segment



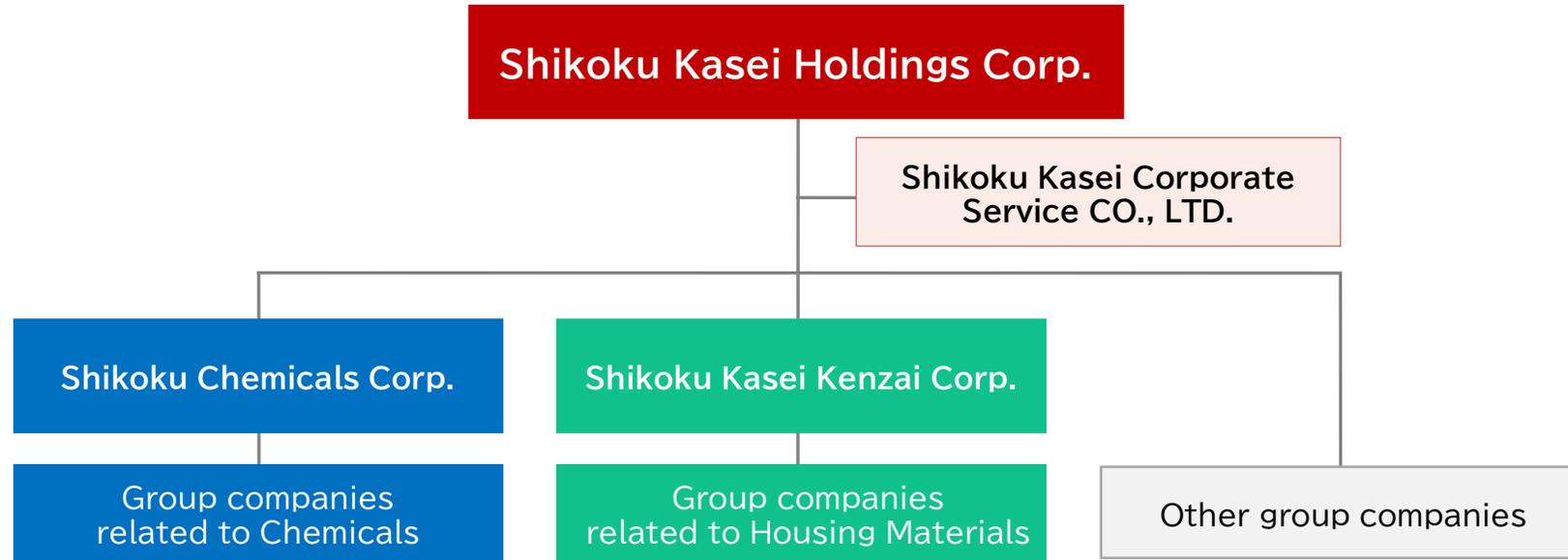
Segment	Priority Measures	STAGE 2 Target
Inorganic chemicals	<ul style="list-style-type: none"> <li>Improve manufacturing technology and establish a mass production system to expand sales</li> <li>Expand sulfur-driven business domains</li> </ul>	Sales: 16 billion yen
Organic chemicals	<ul style="list-style-type: none"> <li>Expand production bases and increase production capacity</li> <li>Enhance the products that belong to our brand and strengthen marketing activities</li> </ul>	Sales: 18 billion yen
Fine chemicals	<ul style="list-style-type: none"> <li>Advanced and specialty chemicals: Work to bring to fruition the early expansion of the performance of semiconductor process materials and develop new applications for resin curing agents and resin modifier</li> <li>Gliccoat-SMD: Expand sales by differentiating from other companies based on the superior quality we offer</li> <li>GliCAP: Aim for the adoption and achievement of optimal use of server board and package board applications</li> </ul>	Sales: 12 billion yen
Housing materials	<ul style="list-style-type: none"> <li>Establish a high-efficiency production system</li> <li>Expand business domains by introducing new products in response to changes in customer needs</li> </ul>	Sales: 27.5 billion yen

\* In the graph, performance in prior years is adjusted to the same period in FY2023 (January to December).

## 4. Transition to Holding company

# Transition to Holding company

■ Group Management System after January 1, 2023



## 化成/Kasei

Meaning:

- 1 change for the better
- 2 transform to another
- 3 change to another by combining
- 4 achieve growth

**Thank you for your attention!**

## 5. Appendix

# Corporate Profile

As of December 31, 2022

■ Company name	SHIKOKU KASEI HOLDINGS CORPORATION
■ Code number	4099 (Tokyo Stock Exchange Prime Market ) Industry : Chemicals
■ Incorporated	October 10, 1947
■ Head office	Marugame, Kagawa Prefecture
■ President	Mitsunori Watanabe
■ Capital	6,867 million yen
■ Number of employees	1,223 (Consolidated)
■ Net sales	46,566 million yen (Consolidated FY2022/12)

## Chemicals (SHIKOKU CHEMICALS CORPORATION)

Inorganic  
Chemicals



Raw materials for tires, etc.

Organic  
Chemicals



For swimming pool and  
septic tank disinfectants

Fine  
Chemicals



Chemicals for electronic  
components

(for printed wiring boards,  
resin modifiers, etc.)

## Housing Materials (SHIKOKU KASEI KENZAI CORPORATION)

Interior,  
Exterior Finishes  
and  
Paving Materials



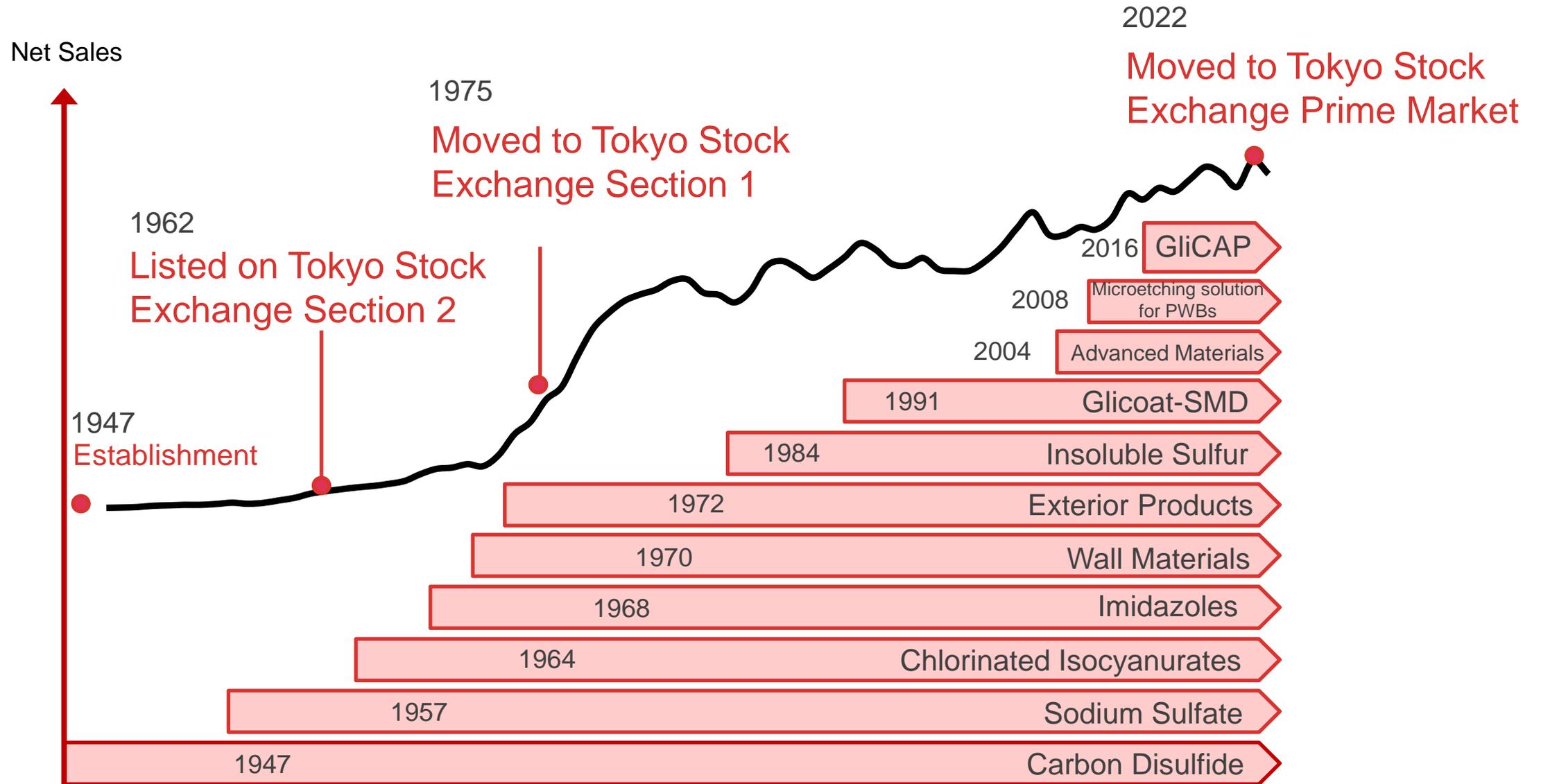
Interiors

Exterior  
Products



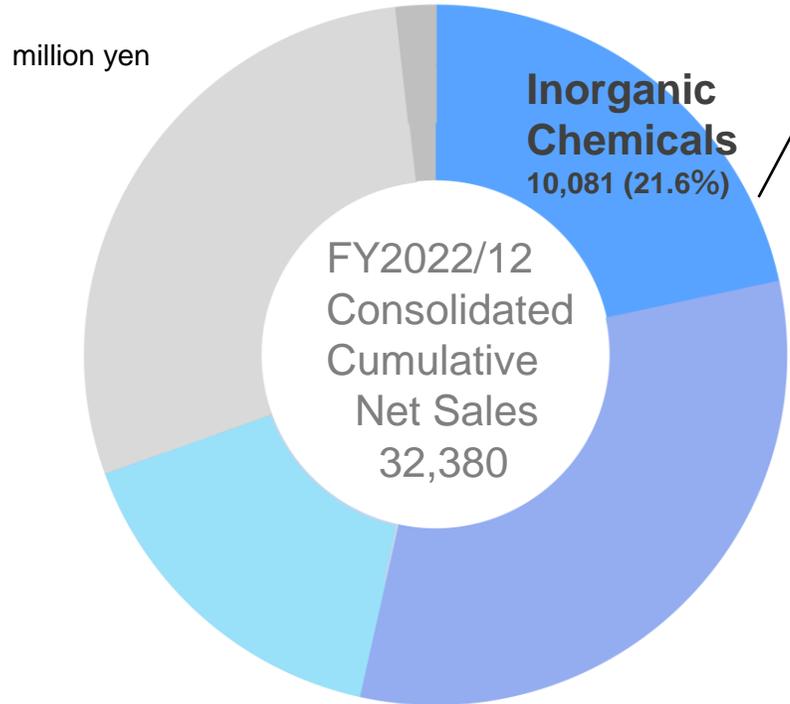
Exterior Products  
(carports, gates, etc.)

Oct 1947	Established in Marugame, Kagawa Prefecture with a capital of 2 million yen as a producer of <b>carbon disulfide</b> (=> <b>inorganic chemical products</b> )
Oct 1957	No. 1 Tokushima Plant (now Tokushima Plant's Yoshinari location) was constructed and began operations in the production of <b>sodium sulfate</b> (=> <b>inorganic chemical products</b> )
Jun 1962	No. 2 Tokushima Plant (now Tokushima Plant's Kitajima location) was constructed
Oct 1962	The Company's shares were listed on the Second Section of the Tokyo Stock Exchange
May 1964	Japan's first operations to produce <b>chlorinated isocyanurates</b> (=> <b>organic chemical products</b> ) were launched at No. 2 Tokushima Plant
Dec 1969	The Company began production of OSP (Organic Solderability Preservative) (which was later called <b>Gliccoat-SMD</b> (=> <b>Fine Chemicals</b> ) for PWBs (Printed Wired Board) and other electronic components
Sep 1970	The Company began production in the field of housing materials, launching production of <b>interior finishes (JULUX)</b> at No. 2 Tokushima Plant
Jun 1972	The Company began production and sales of <b>accordion gates</b> (=> <b>Exterior Products</b> )
Mar 1975	The Company moves its share listings from the Second to First Sections of the Tokyo Stock Exchange and Osaka Securities Exchange
Jul 1975	Tadotsu Plant was constructed in Tadotsu, Kagawa Prefecture
Nov 1975	Full-scale production of <b>imidazole</b> (=> <b>Fine Chemicals</b> ) began at No. 2 Tokushima Plant (test production began in 1968)
Jun 1981	The Company opened a representative office in Los Angeles (which later became an overseas subsidiary as SIC in 1985)
Jul 1984	Production of <b>insoluble sulfurs</b> (=> <b>Inorganic Chemicals</b> ) began at Marugame Plant
Sep 1992	The Research Center (now R&D Center) was constructed in Utazu, Kagawa Prefecture
Oct 1995	Ranzan Plant was constructed in Ranzan, Saitama Prefecture
Jul 2006	Shikoku (Shanghai) Co., Ltd. was established in Shanghai
2008	The Company began sales of <b>a roughening agent for PWBs</b> (=> <b>Fine Chemicals</b> ), and constructed a new plant for Gliccoat-SMD at Marugame Plant
Aug 2013	Tokushima Advanced Chemicals Plant-3 (TAP-3) facility was constructed at Tokushima Plant
Sep 2014	Converted Nippon Ryutan Kogyo Co., Ltd., the only carbon disulfide production company in Japan, into a consolidated subsidiary
Apr 2015	Offices were established in Taiwan and Singapore
Apr 2017	Converted Nippon Koki Co., Ltd. into a subsidiary
Jul 2021	Tokushima Advanced Chemicals Plant-4 (TAP-4) facility was constructed at Tokushima Plant
Apr 2022	Moved to the prime market following the TSE's market reclassification
Apr 2022	New chlorinated isocyanurates production facilities (NEO2022) constructed at Tokushima Plant
Jan 2023	The Company converted to a holding company structure and changed its name to SHIKOKU KASEI HOLDINGS CORPORATION. Chemicals and Housing Materials business, and the shared service division spun off.



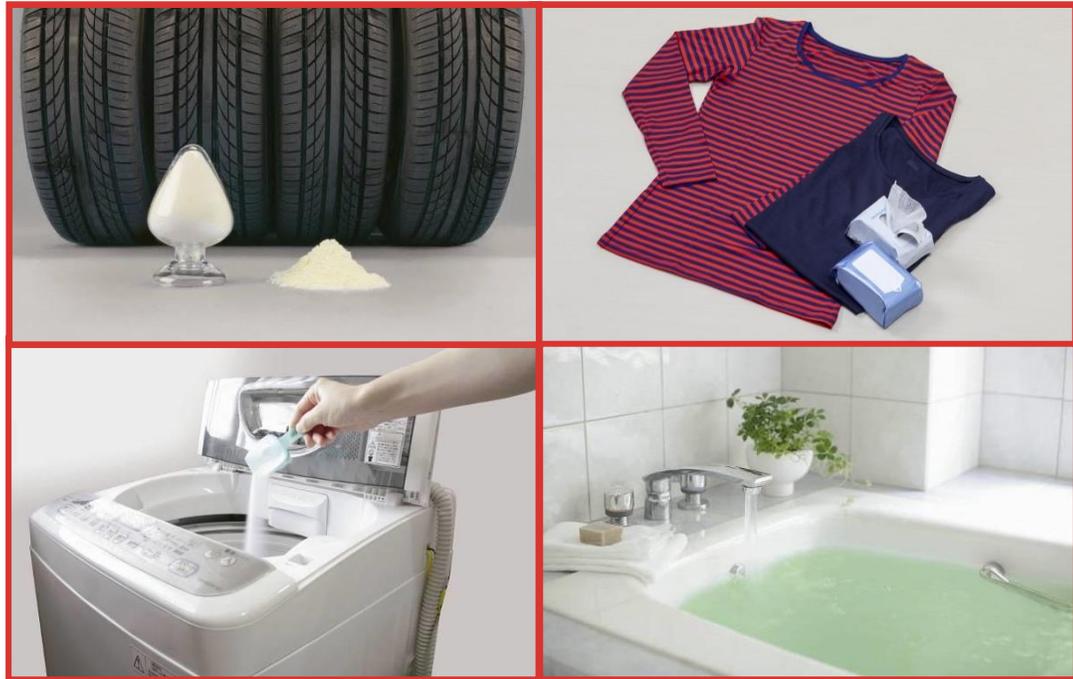
# Chemicals Operations

Chemicals Operations  
**Inorganic Chemicals**



[Major products]

- Carbon Disulfide ...Essential materials for chemical fiber rayon
- Insoluble Sulfur** ...**Rubber vulcanization agent**
- Sodium Sulfate ...Warm bath effect accelerator for bath additives  
Synthetic detergent cleaning aid



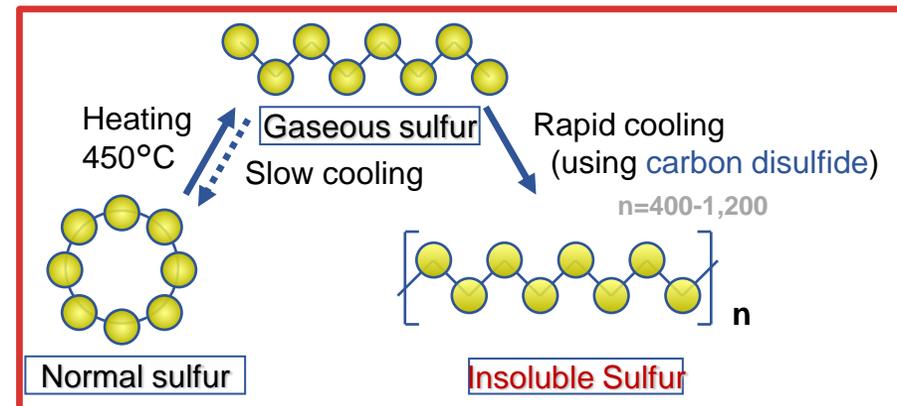
## Insoluble Sulfur -Product Introduction-

- Application: Vulcanizing agent for rubber
- Main customers: Domestic and overseas tire manufacturers
- The raw material rubber is hard, and it acquires the characteristic to extend and contract by adding sulfur and heating (vulcanizing).
- When normal sulfur is used in the production process of radial tires, sulfur blooming (deposition) occurs on the surface of rubber and cause poor adhesion of rubber.  
Since insoluble sulfur is dispersed in the material rubber, it can be used to suppress blooming.
- For production of insoluble sulfur, polished handling technique for the company foundation product “carbon disulfide” is required.
- High quality is demanded in insoluble sulfur by tire manufacturers.
- The production capacity is planned to be increased by about 1.2 times by the expansion of the new plant in 2024.

### ■ Insoluble Sulfur

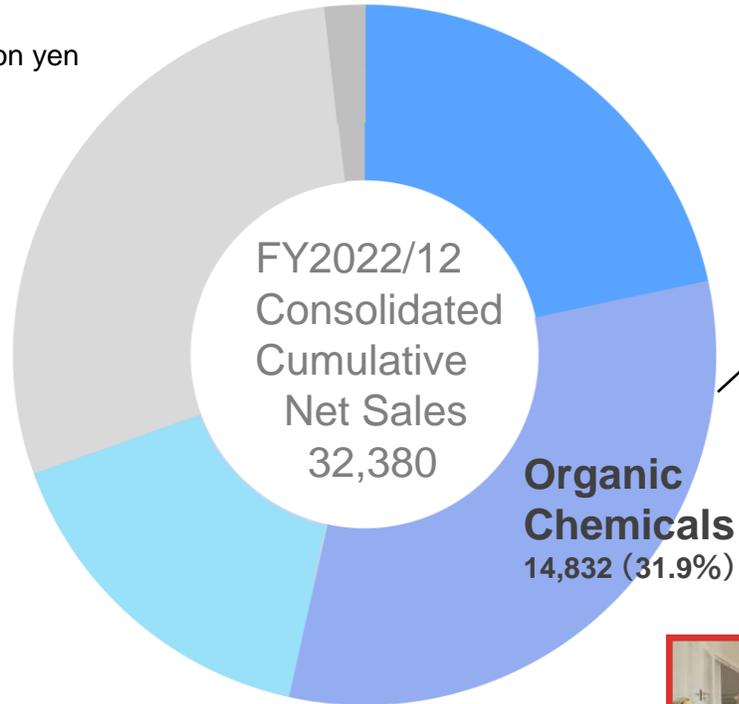


### ■ Manufacturing processes for insoluble sulfur (schematic diagram)



Chemicals Operations  
**Organic Chemicals**

million yen



### [Major products]

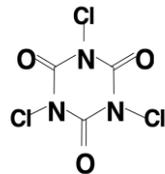
- Chlorinated Isocyanurates (NEO-CHLOR)  
... for swimming pool and septic tank disinfectants  
for sanitary products
- HIPOLKA ... Wastewater/sludge treatment agent



# Chlorinated Isocyanurates -Product Introduction-

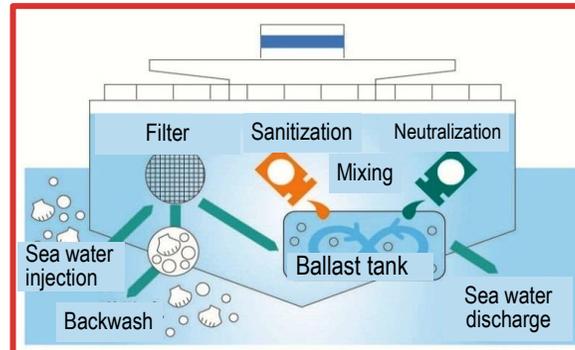
- Applications: Sanitizing agent for swimming pools and septic tanks, chlorine-based sanitizing agent for spas and home baths
- Main customers: Swimming pool operators, schools, general consumers (U.S.)
- Main component: Chlorinated Isocyanurates
- Compared to other disinfectant agents for swimming pools, “NEO-CHLOR” is characterized by longer duration in outdoor pools and little quality deterioration even after a long period of storage, as it undergoes little degradation caused by ultraviolet rays.
- It delivers strengths in “NAPIX,” an automatic chlorine feeder for swimming pools and business baths.
- Utilizing the strong oxidation, bleaching, and cleaning power of chlorine, we are developing various fields of application such as industrial and home sanitary field, ballast water (seawater used as weight on the bottom of the ship) treatment, drinking water application, and sanitation management applications in various facilities.
- In October 2022, we launched our own branded washing tub cleaner “WASHMANIA,” and expanded our business area to the BtoC market.

## ■ NEO-CHLOR product group



Chlorinated Isocyanurates

## ■ Image of ballast water sanitization

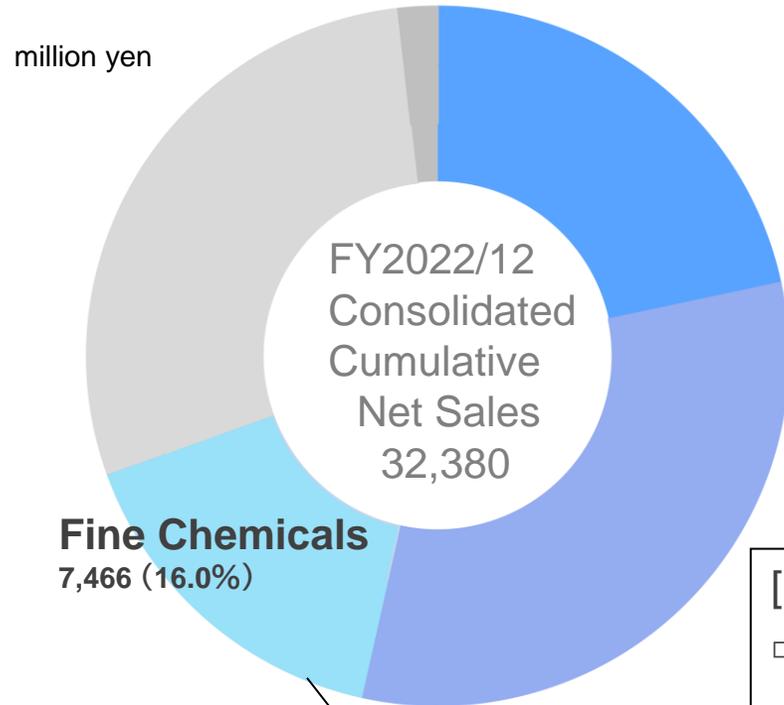


## ■ WASHMANIA



NEO-CHLOR MARINE

Chemicals Operations  
**Fine Chemicals**



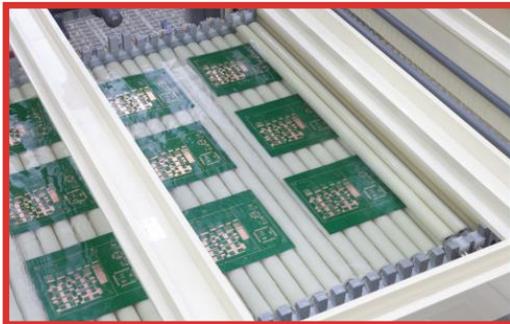
- [Major products]
- **Gliccoat-SMD...** Water-soluble rust preventive agent for printed wiring boards (OSP)
  - **Advanced & Specialty Chemicals...**  
Imidazoles (curing agent of epoxy resin)  
Resin modifier, raw material for drug
  - **THEIC** ... Raw material for heat-resistant wire varnish
  - **Solder resist**

## OSP: Organic Solderability Preservative

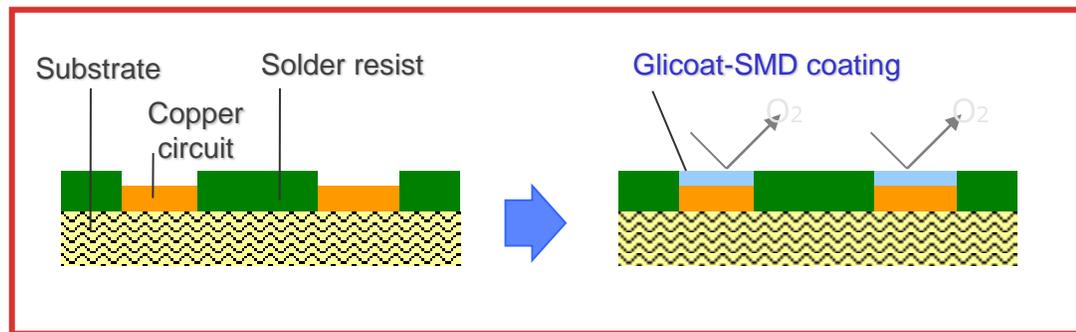
Application: Water-soluble rust preventive agent for printed wiring boards  
 [OSP: Organic Solderability Preservative]

- Main customers: **Printed wiring board** manufacturers all over the world
- By forming an organic coating on the copper circuit of the printed wiring board to prevent oxidation of the exposed copper circuit, it ensures good soldering performance in the implementation process, and contributes to reliable electronic component manufacture.
- The main component of OSP is imidazole, which has a property to selectively undergo chemical reaction with copper. Our strength is that we are also an imidazole manufacturer and can synthesize the main ingredient to suit the required properties of OSP.
- While rust preventive agents for printed circuit boards include metal plating in addition to OSP, the percentage of OSP is still increasing.
- Gliccoat-SMD has acquired a lot of material designations from major electrical manufacturers, and has become an industry standard.
- By increasing the environmental performance ahead of other companies, we are increasing the adoption results for **automotive electrical components** and **semiconductor package boards**.

■ Printed wiring boards going through Gliccoat-SMD treatment tank

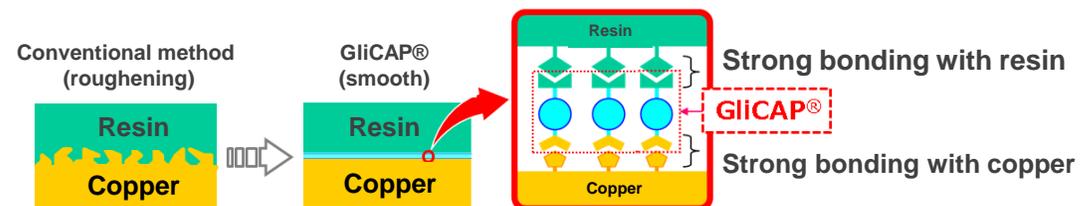


■ Treatment with Gliccoat-SMD (schematic diagram)



### ■ GliCAP®

- Adhesion improving agent between copper circuit and resin on printed wiring boards.
- Conventionally, unevenness was formed on surface by roughening (etching) the copper so that the adhesion to resin was improved by “mechanical bonding” (anchor effect).
- As the performance of semiconductors is improved, it is becoming more difficult to roughen the copper on **package boards** implementing high performance semiconductors, with the copper circuit width decreasing to ultrafine level.
- Copper circuits with smooth surface are required for high-frequency **server boards** for which further acceleration is being demanded to achieve practical application of the 5th generation mobile communication system (5G), since transmission loss is caused by the unevenness of the copper surface in the high-frequency range.
- GliCAP® has both properties to “strongly bind to resin” and “strongly bind to copper,” and can improve the adhesion “chemically” without roughening the copper surface.
- GliCAP® has already been adopted **for high-frequency server boards**, and evaluation for adoption and mass production has progressed for the **package boards** as well. We are including applications other than those for printed circuit boards in future.



- Application: Curing agent and curing accelerator for epoxy resin\*, raw material for drugs
- Main customers: Resin material manufacturers and drug manufacturers
- Imidazole is used in a wide range of applications, including curing agent for epoxy resin and urethane resin, raw material of **drugs and agricultural chemicals**, and **raw material** of various industrial chemicals such as **rust preventive agents**.
- The majority of our company sales come from application as an epoxy resin curing agent. Epoxy resin which used imidazole as a component has optimal properties for **electrical and electronic component applications**.
- We have a lineup of various imidazoles to support the diverse curing speeds and properties demanded by the users.
- In the fields where competitive products (non-imidazole products) were strong, there is a movement for customers to newly adopt imidazole to improve the product performance.

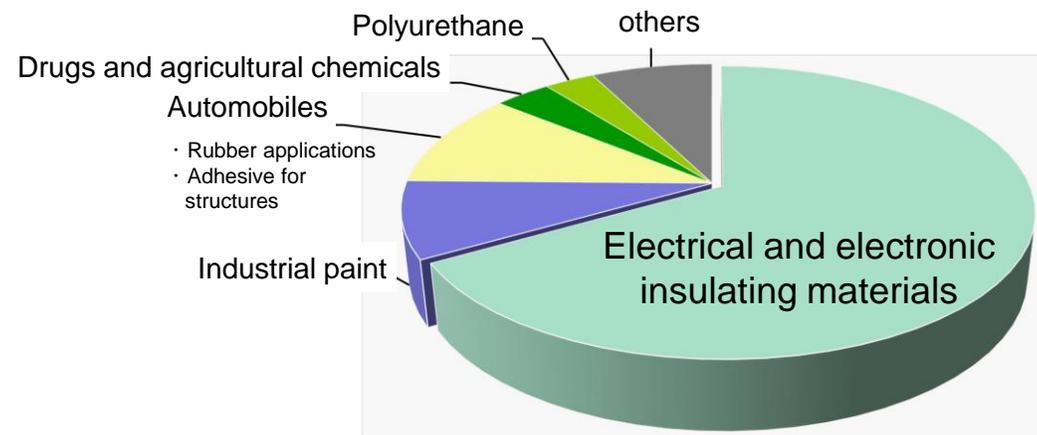
\*Epoxy resin: A collective term for resin-like compounds with epoxy groups that readily react at the ends of a molecule, and thermosetting synthetic resins that are formed by polymerizing the compounds with curing agents. Used in printed circuit boards, paints, etc. in addition to adhesives.

■ Electronic part using epoxy resin (example)

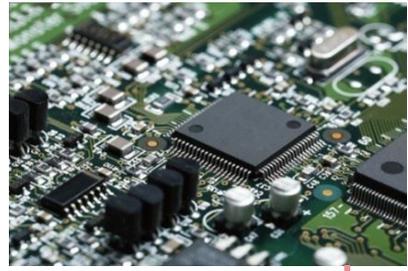


Imidazole

■ Applications of imidazoles from our company

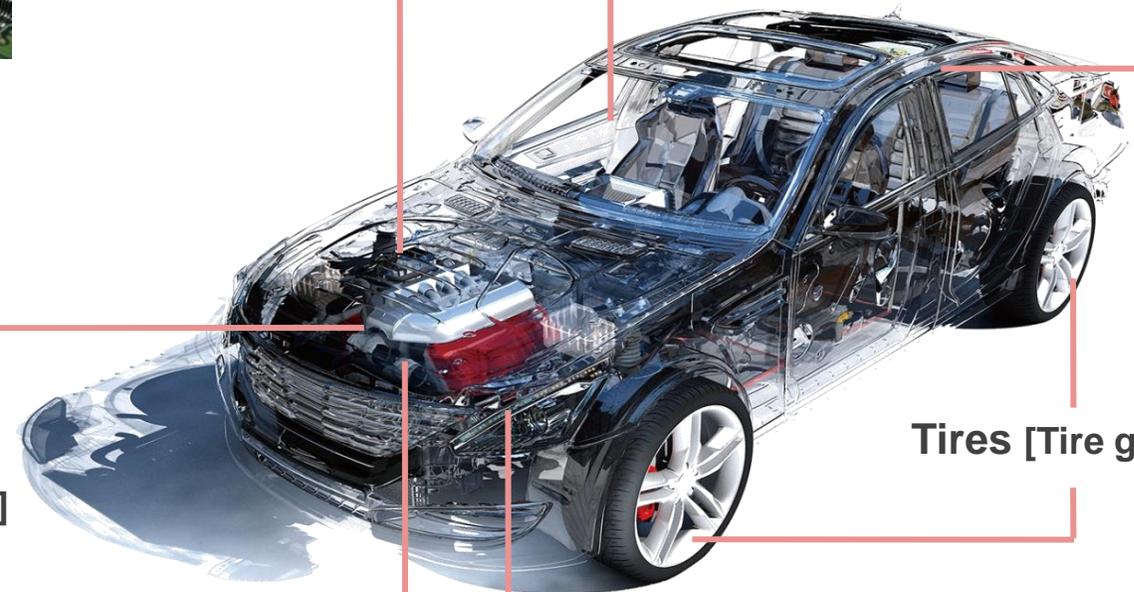


**Engine CPU**  
[Laminated plate, sealing agent, solder resist ink]



**Engine hood**  
[CFRP (reinforced carbon fiber)]

**Car navigation system**  
[Liquid crystal sealing material]



**Frame structure**  
[Adhesive for structures]

**Electric motor**  
[Insulating powder paint]



**Tires** [Tire grip improving agent]

**Air hose**  
[Acrylic rubber agent]



## ■ Advanced materials

- Advanced materials at our company refer to the products (compounds) that can improve various functions by blending them as materials for electronic parts such as **semiconductors** that are used in **electronic devices**, etc.
- Demands for improvement in the properties of resin materials to be used (heat resistance, electrical properties, etc.) are increasing as electronic devices evolve, and there are increasing opportunities to consider the functional materials of our company.
- The range of examination for the functional materials of our company is quite wide, and examinations are being made even with **carbon fiber reinforced plastics (CFRPs)** that are used as structural materials for automobiles and aircrafts with a purpose to improve heat resistance and strength.
- **Semiconductor process materials**, which have been focusing on development in recent years, are becoming increasingly difficult to synthesize as semiconductors become ultra-microcircuits, but they are steadily acquiring new projects.
- The new plant「TAP-4」 was constructed in anticipation of increased demand for advanced materials, and it started operation in July 2021.  
The 「TAP-4」 is equipped for high quality control, such as **low metal management**.
- Using the various organic synthesis technologies we have cultivated, we are committed to conducting research and development related to new and functional material products such as low dielectric materials that will contribute to high-speed and high-capacity infrastructure and 5G.

■ TAP-4



### ■ Benzoxazine

- A resin with excellent heat resistance, flame resistance and electrical properties.
- Examination is being made as a semiconductors sealing agent and carbon fiber reinforced plastics (CFRPs) .

### ■ A new isocyanuric acid derivatives

- We developed this material by utilizing isocyanuric acid synthesis technology we have accumulated.
- It has excellent heat resistance, light resistance, and transparency, and is used as a modifier for sealing agent, etc.

### ■ Glycoluril derivatives

- A multi-functional resin modifier with transparency and high heat resistance.  
It has 4 functional groups and is expected to form hardened materials with a high crosslinking density.
- Products having a thiol groups (-SH) as a functional group will rapidly cure with epoxy resin at a low temperature.  
Compared to the conventional modifiers, cured resin has excellent heat resistance, moisture resistance, acid resistance, alkali resistance, and hardness, and it can significantly improve the resistance to heat and moisture, which had been a problem.
- It has been adopted in the field of electronic materials that continue to advance in performance and miniaturization.

### ■ New adhesion improver

- A resin modifier that improves adhesion to inorganic materials such as metals through addition to the resin. Since it delivers adhesion equivalent to the conventional modifiers while having no sulfur content, it can improve the metal corrosivity, which was a problem with the conventional product.
- We are developing its application in a wide range of resin materials including epoxy system commonly used in electronic parts, acrylic system, urethane system and polyimide system.

# Housing Materials Operations

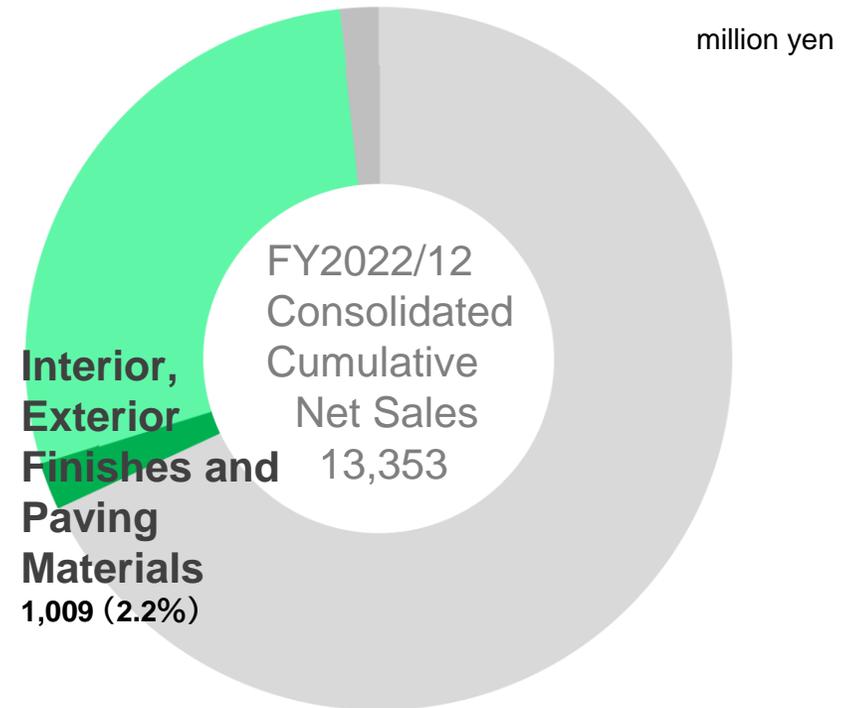
Housing Materials Operations

## 4. Interior, Exterior Finishes and Paving Materials



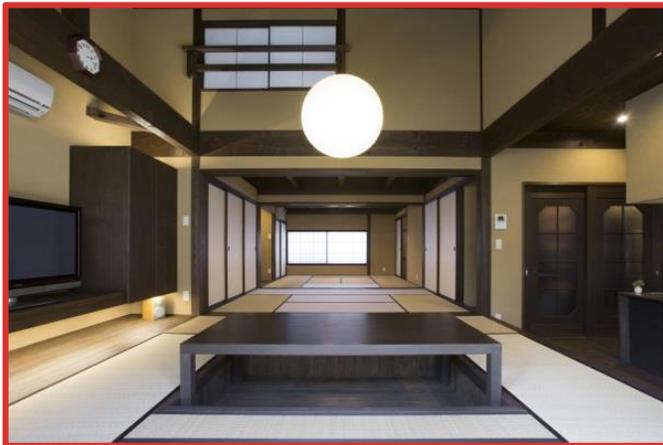
[Major products]

- Interior materials (silicate walls, natural material walls)  
Plastered wall materials with moisture control function and harmful chemical substance and daily odor adsorption/decomposition function
- Exterior materials  
Wet exterior material for housing
- Paving materials  
Natural stone paving materials,  
recycled glass paving materials  
Rubber chip paving materials



- Interior materials
  - The business started with “JULUX,” the first industrial product for plastered wall material in Japan, which was developed for in-house chemical glue CMC application.
  - It is difficult to handle Juraku wall, traditional Japanese wall, but with our wall materials, uniform quality can be maintained only by mixing a specified amount of water. Our plastered wall material is freshly drawing attention because of its property of high adsorption of chemicals that cause sick building syndrome such as formaldehyde as well as odor.
  - We are deploying the products characterized by high designability to our target market of commercial and public space design and custom-designed houses. Colors and expressions are brought to a space by three-dimensional and various patterns that can be only achieved with thick coating.

#### ■ Interior materials



- Exterior and paving materials
  - We also expand our business to “exterior” to cover the outside of buildings and exterior parts, and “paving” to cover the surfaces of roads and approaches.
  - Our exterior materials come in wide variations including colors and can create subtle expressions as they are finished manually to the texture of the surface. As paving materials, we offer materials such as natural stone, natural sand, and rubber chips.
  - For exterior materials and paving materials, we create synergistic effects by making use of our sales channels for exterior products.

#### ■ Paving materials



Housing Materials Operations  
**5. Exterior Products**

[Major products]

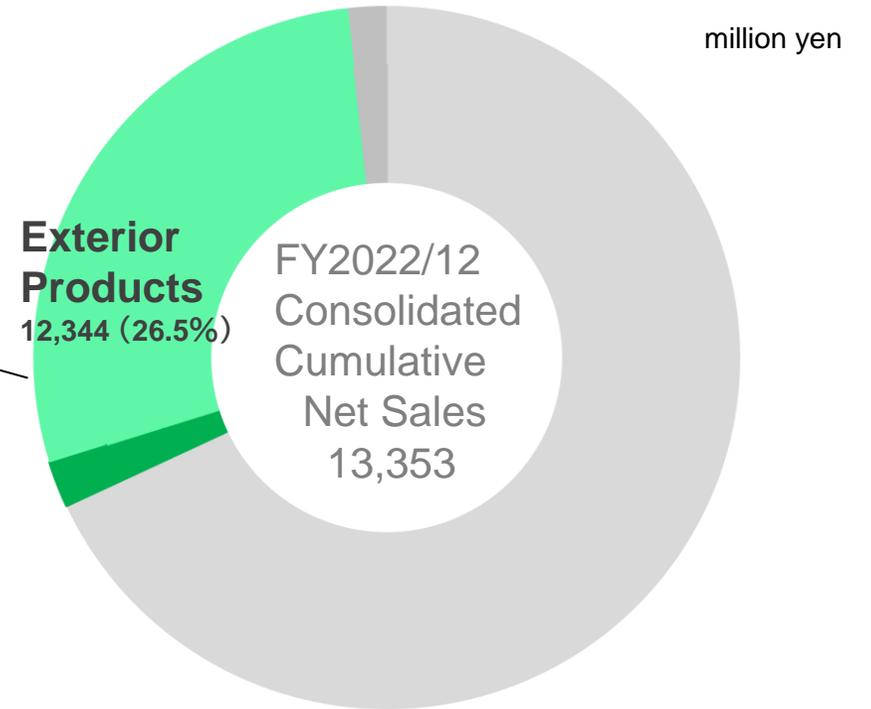
Home Exterior Products

- Gates, fences, carports, and decks
- Accordion gates  
(expansion type gates)
- Art Wall  
(aluminum system fence)

First product in industry  
which was developed by our company

Decorative Exterior Products

- Large gates, fences, pathway shelters, bicycle parking spaces
- Garbage accumulation storage (first product in industry which was developed by our company)
- Green roof, etc.



- In 1972, when the motorization was rapidly progressing, we devised an “**accordion gate**,” which can be easily opened and closed with an expansion mechanism, and which can respond to the residential situation with limited space in Japan, and it became the standard for gates in front of the car shed.
- Since then, we have continued to add to the product lineup for general gates, car sheds (car ports), fences, deck materials, terraces, etc.
- We also devote our efforts in design, in addition to our focus on functions, and won the first “G mark” (current Good Design Award) in the exterior industry in 1984.
- ‘Fun roof,’ our terrace roof with a sample design which harmonizes to the house using flat, wood-like ceiling materials received the 2019 Good Design Award.

■ Terrace



■ Carport



■ Accordion gate



# Decorative Exterior Products

■ Pathway shelter



■ Bicycle parking space



■ High strength car stops



■ Garbage accumulation storage



## Efforts in Housing Materials Business

- We are adding to the lineup of high-strength exterior products that are resistant to wind and snow and promoting sales expansion, based on the fact that large-scale disasters such as typhoons have been recently happening one after another over the country.
- We deploy the strength standards and quality cultivated in the decorative area to all products and are developing products with high quality and strength.
- As parts of the lineup of high-strength products, we have commercialized fences for detached houses, and independent terraces in addition to the large fences, archways, Large fences, and car ports.

■ Fences



■ Shelter



■ Car port



■ Fences



■ Terrace



# Long-term Vision Challenge 1000

**Chemicals Operations** Continue to develop and advance for the sake of the world

	Desired State	Strategic Scenario
Inorganic	Make use of materials which are difficult to handle in a recycling-oriented manner and contribute to technological innovation and environmental preservation around the world	<p>Accumulate sulfur handling and synthesis reaction evaluation technologies</p> <p>Create new value starting from making use of sulfur and expand the business domain</p>
Organic	Deliver cleanliness to people across the globe by protecting the environment and ensuring sanitation	Anticipate customer needs based on social issues such as the water environment and sanitation and make optimal proposals concerning sterilization and cleaning with our unique technologies and services
Fine	<p>Contribute to technological advancement by providing highly functional products based on unique technologies</p> <p>Create global standards with our new technologies</p>	<p>Set unique themes by anticipating needs and establish technologies in cooperation with prosperous customers</p> <p>Develop highly functional products based on accumulated unique technologies</p> <p>Set themes with an eye on market trends and develop products drawing on our strengths</p> <p>Strive to propose comprehensive solutions from the point of view of customers</p>

Housing Materials  
Operations

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

Housing  
Materials

### Desired state

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

### Process to provide value

Attract and acquire human resources and engineers in Japan and overseas, with original products placing focus on the design and functionality

Promote alliance and extend operations globally with our unique product categories

# Companywide Reform Policy

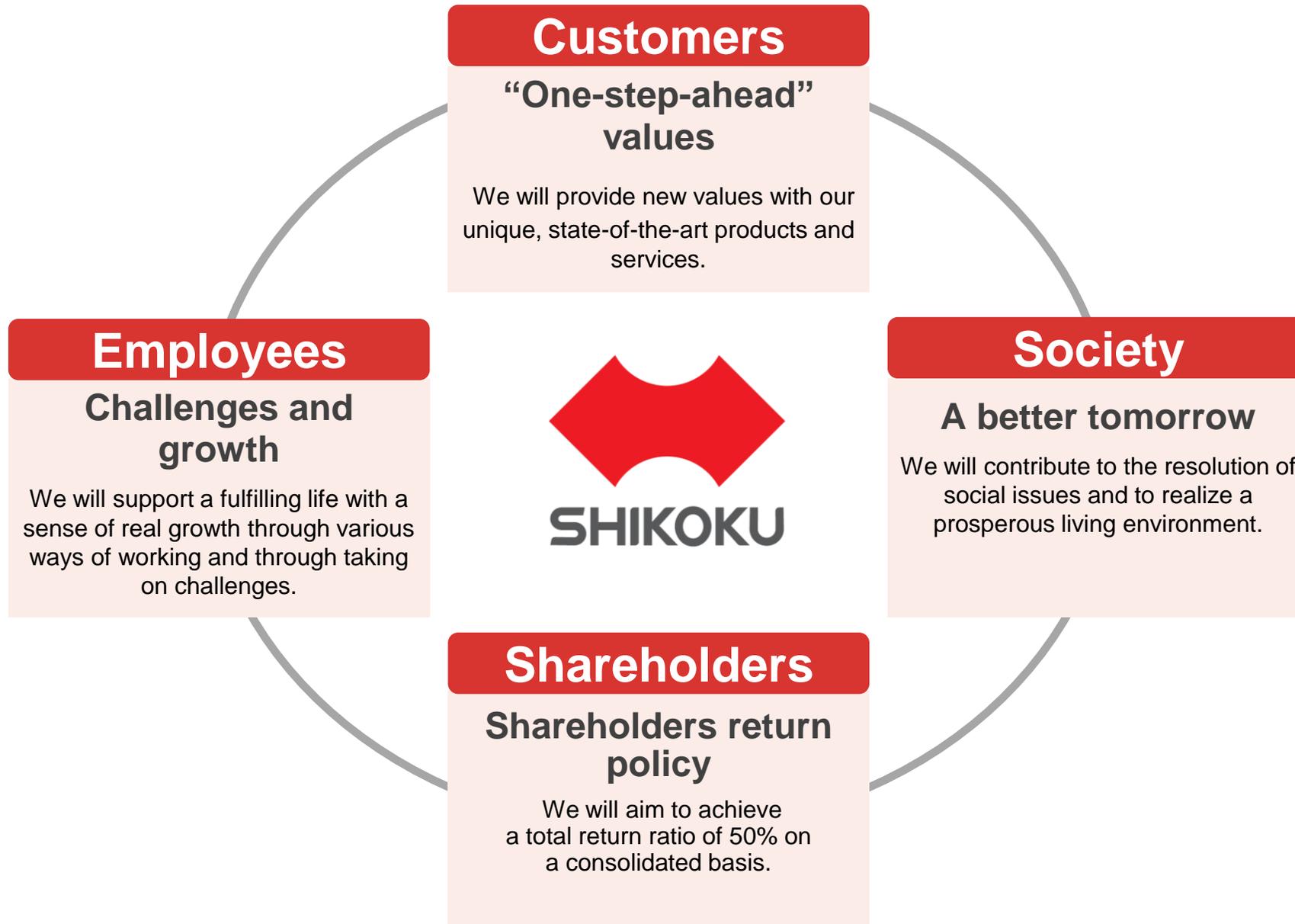
- Set six companywide reform policies toward realization of the desired state in 2030 and push forward with them mobilizing group-wide efforts.

<p>Desired state in 2030</p>	<p><b>Toward “one- step-ahead, proposal” company with Dokusouryoku (creativity) Solve social issues with creative ideas, leading the progress of the world</b></p>		
<p><b>Company- wide reform policy</b></p>	<p><b>① Creation of values</b></p>	<p><b>② Creation of reserve energy</b></p>	<p><b>③ Creation of operational bases</b></p>
	<p><b>Increase brand value and take on challenges for new business</b></p> <ul style="list-style-type: none"> <li>● Improvement of SHIKOKU QUALITY</li> <li>● Establishment of a framework that makes it easier for everyone to propose and take on challenges for new businesses and ideas for such businesses</li> </ul>	<p><b>Improve efficiency to secure resources for reforms</b></p> <ul style="list-style-type: none"> <li>● Elimination of inefficiencies and simplification and standardization of operations</li> <li>● Efficiency improvement by making use of technology such as IT</li> <li>● Optimal allocation of personnel and work style reforms</li> </ul>	<p><b>Gain a foothold into the world and accelerate global business expansion</b></p> <ul style="list-style-type: none"> <li>● Formulation of companywide operational base strategy</li> <li>● Optimization of domestic production, development and sales operational bases</li> <li>● Optimization of overseas production, development and sales operational bases</li> </ul>
	<p><b>④ Creation of organizations</b></p>	<p><b>⑤ Creation of company climate</b></p>	<p><b>⑥ Creation of human resources</b></p>
	<p><b>Establish a group governance structure to realize the vision</b></p> <ul style="list-style-type: none"> <li>● Building of an optimal group governance structure</li> <li>● Establishment of a group governance structure in keeping with the business expansion overseas</li> </ul>	<p><b>Foster company climate which embraces diversity and encourages challenges</b></p> <ul style="list-style-type: none"> <li>● Spread of “proposal-based styles” among employees</li> <li>● Fostering of company climate to develop “proposal-based styles”</li> <li>● Establishment of a working environment which accommodates diverse work styles</li> </ul>	<p><b>Build a framework to encourage individuals to take on challenges and evaluate individuals fairly</b></p> <ul style="list-style-type: none"> <li>● Establishment of a framework for recruitment which attracts desired human resources</li> <li>● Creation of opportunities for growth where each individual is respected</li> <li>● Revision to and strengthening of management of the evaluation system</li> </ul>

## Progress on Companywide Reform Policy

- We are working to build a foundation that can accommodate diverse work styles, fostering a sense of self-improvement, and creating a framework for change, and we are generally making progress as planned.

Item	Topics
Creation of values	<ul style="list-style-type: none"> <li>◆ <b>Enhance brand value</b> (Formulation of SHIKOKU QUALITY)</li> <li>◆ <b>Strengthen environmental initiatives</b> (Issue CSR report)</li> <li>◆ <b>Implement measures to create new businesses</b> (Implement internal recruitment)</li> </ul>
Creation of reserve energy	<ul style="list-style-type: none"> <li>◆ <b>Promotion of telework and other initiatives to improve work efficiency</b> <ul style="list-style-type: none"> <li>• Promote telework, which allows employees to work efficiently regardless of their physical location</li> </ul> </li> </ul>
Creating of operational bases	<ul style="list-style-type: none"> <li>◆ <b>Consolidation of sales bases</b> <ul style="list-style-type: none"> <li>• Moved interior, exterior finishes and paving materials production base to Yoshinari location of Tokushima Plant</li> </ul> </li> </ul>
Creation of organization	<ul style="list-style-type: none"> <li>◆ <b>Start discussion to determine the organizational structure to be pursued</b> <ul style="list-style-type: none"> <li>• Transition to a holding company structure</li> </ul> </li> </ul>
Creation of company climate	<ul style="list-style-type: none"> <li>◆ <b>Dissemination of long-term vision and exchange activities to eliminate barriers between divisions</b> <ul style="list-style-type: none"> <li>• Hold workshops, roundtable discussions, and other events</li> </ul> </li> </ul>
Creation of human resources	<ul style="list-style-type: none"> <li>◆ <b>Create an environment in which employees can actively tackle challenges</b> <ul style="list-style-type: none"> <li>• Review the evaluation system, including the introduction of challenge goals with a point system</li> </ul> </li> </ul>



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