

Supplemental Information Financial Results For FY 2025 1Q

2025/4/25

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

1. Consolidated Financial Results

Financial highlights

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

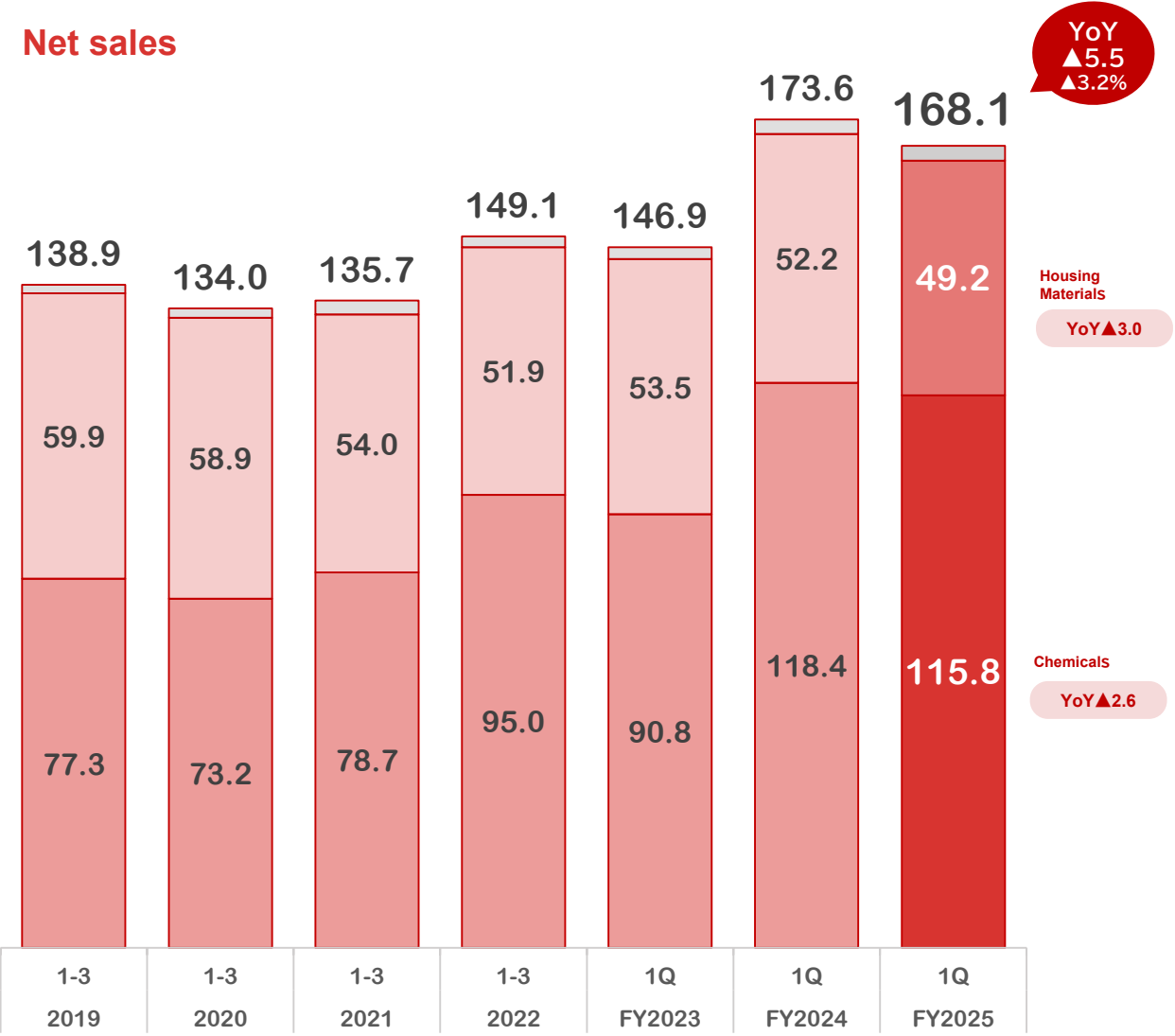
Million yen

	FY2024 1Q	FY2025 1Q	Change / Rate	Remarks
Net Sales	17,358	16,809	▲548 ▲3.2%	<ul style="list-style-type: none"> Chemicals operations decreased due to the absence of year-earlier strong sales of organic chemicals to North America Housing Materials operations decreased due to a sluggish detached houses market
Operating profit	2,405	3,037	+631 +26.3%	<ul style="list-style-type: none"> Despite decreased profits in Housing Material operations, total operating profit increased due to increased fine chemicals sales
Ordinary profit	2,903	2,811	▲92 ▲3.2%	<ul style="list-style-type: none"> Foreign exchange gains and losses ▲353 (YoY▲696) Interest income 98 (YoY▲7)
Profit attributable to owners of parent	1,803	1,925	+122 +6.8%	<ul style="list-style-type: none"> Gain and loss on sale of investment securities 146 (YoY+146) Loss on retirement of non-current assets ▲37 (YoY▲34)
Exchange rate	1USD 148 JPY 1EUR 161 JPY 1RMB 20.4 JPY	1USD 153 JPY 1EUR 159 JPY 1RMB 21.1 JPY	Net Sales +0.2 billion yen Operating Profit +0.15 billion yen	<ul style="list-style-type: none"> Foreign exchange impact on PL included in the change from the previous year (total of Chemicals and Housing Materials) Only the impact of exchange rate fluctuations on foreign currency transactions is shown. Many yen-denominated transactions are also substantially affected by changes in foreign exchange rates; however, they are not included.
ROE	8.8%	9.2%	+0.4%	*Quarterly ROE is converted to the annual rate, and in 1Q, returns are multiplied by 4.

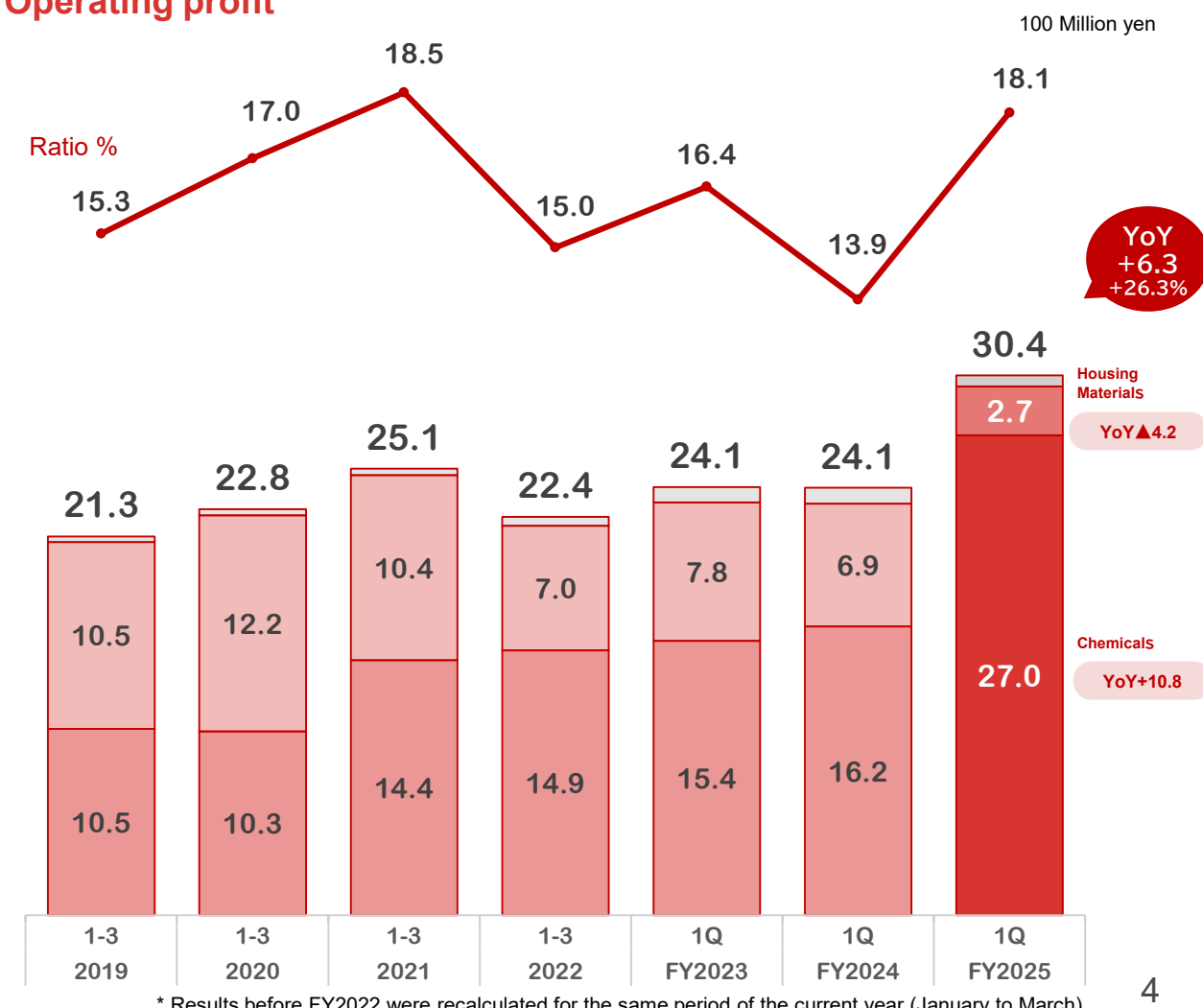
Trends in Net sales and Operating profit (YTD)

Net sales decreased in both Chemicals (-260M) and Housing Materials (-300M), resulting in a companywide decrease in sales (-550M)
 Total operating profit increased (+630M) due to increased profits in Chemicals(+1.08B) despite decreased profits in Housing Materials (-420M)







Net sales



Operating profit

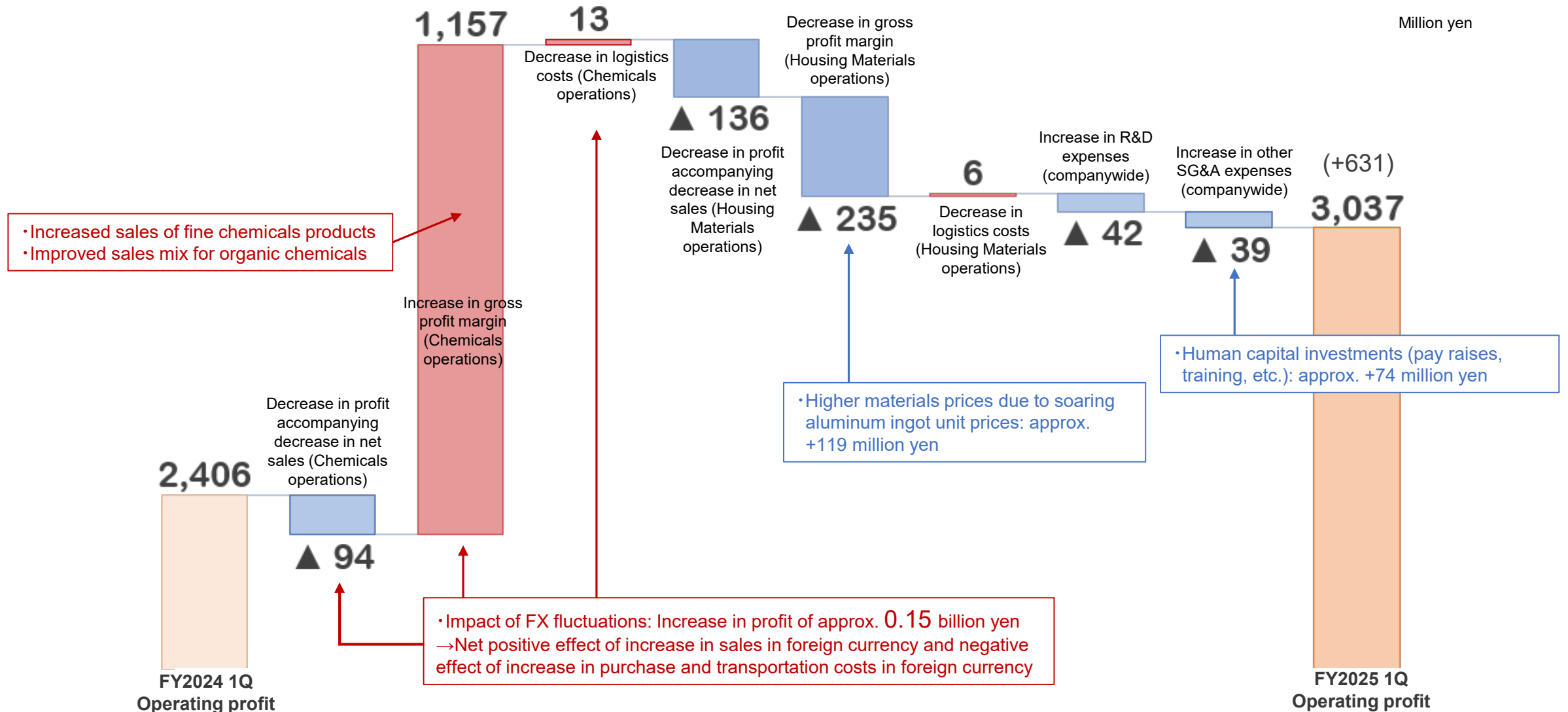


* Results before FY2022 were recalculated for the same period of the current year (January to March).

Segment		Overview of FY2025 1Q	
Inorganic chemicals			Sales of insoluble sulfur increased both YoY and QoQ due to increased sales volume on the back of aggressive marketing for overseas customers.
Organic chemicals			Sales decreased both YoY and QoQ due to the absence of year-earlier strong sales to North America.
Fine chemicals	Advanced & specialty chemicals		Sales increased YoY due to higher unit sales prices despite IMZ sales volume remaining flat YoY. Sales of resin modifiers were flat YoY. Sales of semiconductor process materials increased due to greater demand for prototype production and mass production.
	Electronic chemicals		Sales of Glicoat-SMD increased both YoY and QoQ due to acquisition of new customers. Sales of GliCAP increased due to increased demand from existing customers and the start of demand from new customers.
Housing Materials			Because the peak demand period for landscape exteriors fell on Japan's fiscal year-end, total Housing Materials sales increased QoQ but fell YoY due to the sluggish number of new housing starts as well as delays at construction sites.
Total			

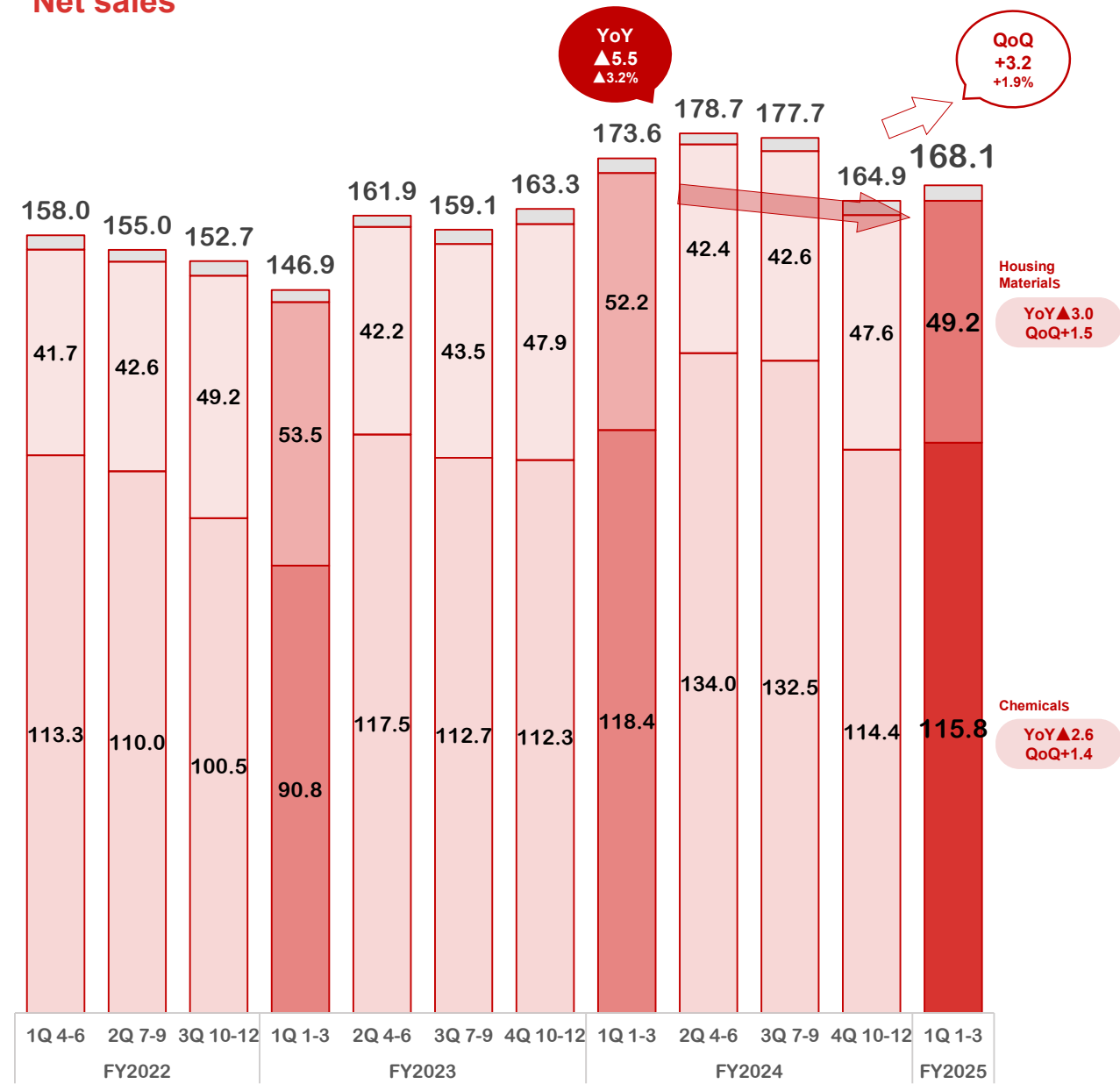
YoY Changes in Operating profit

Operating profit increased, as increased sales of highly profitable fine chemicals products canceled out the decrease profit of the Housing Materials operations caused by weak sales thereof.

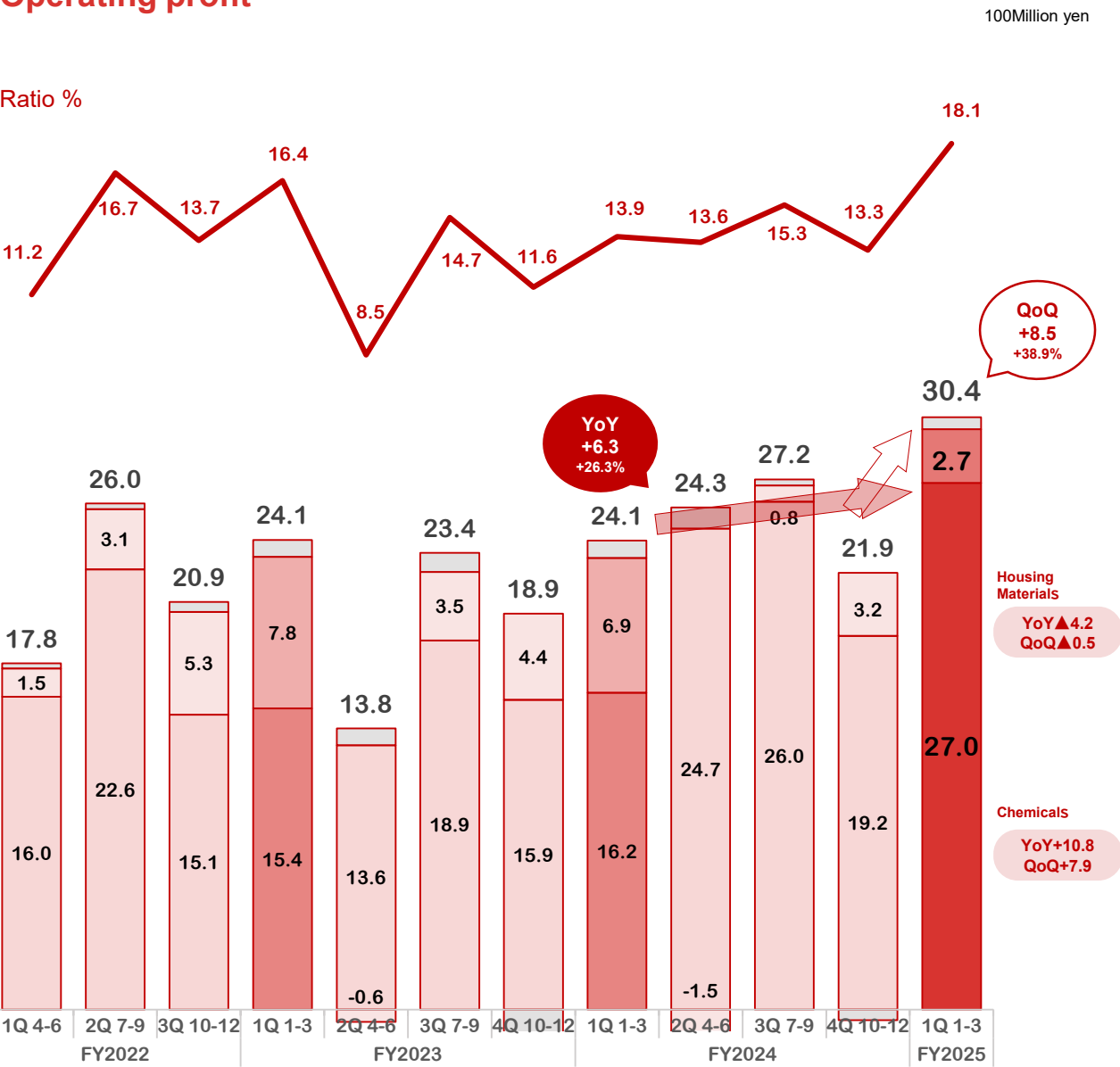


Trends in Net sales and Operating profit (QTD)

Net sales

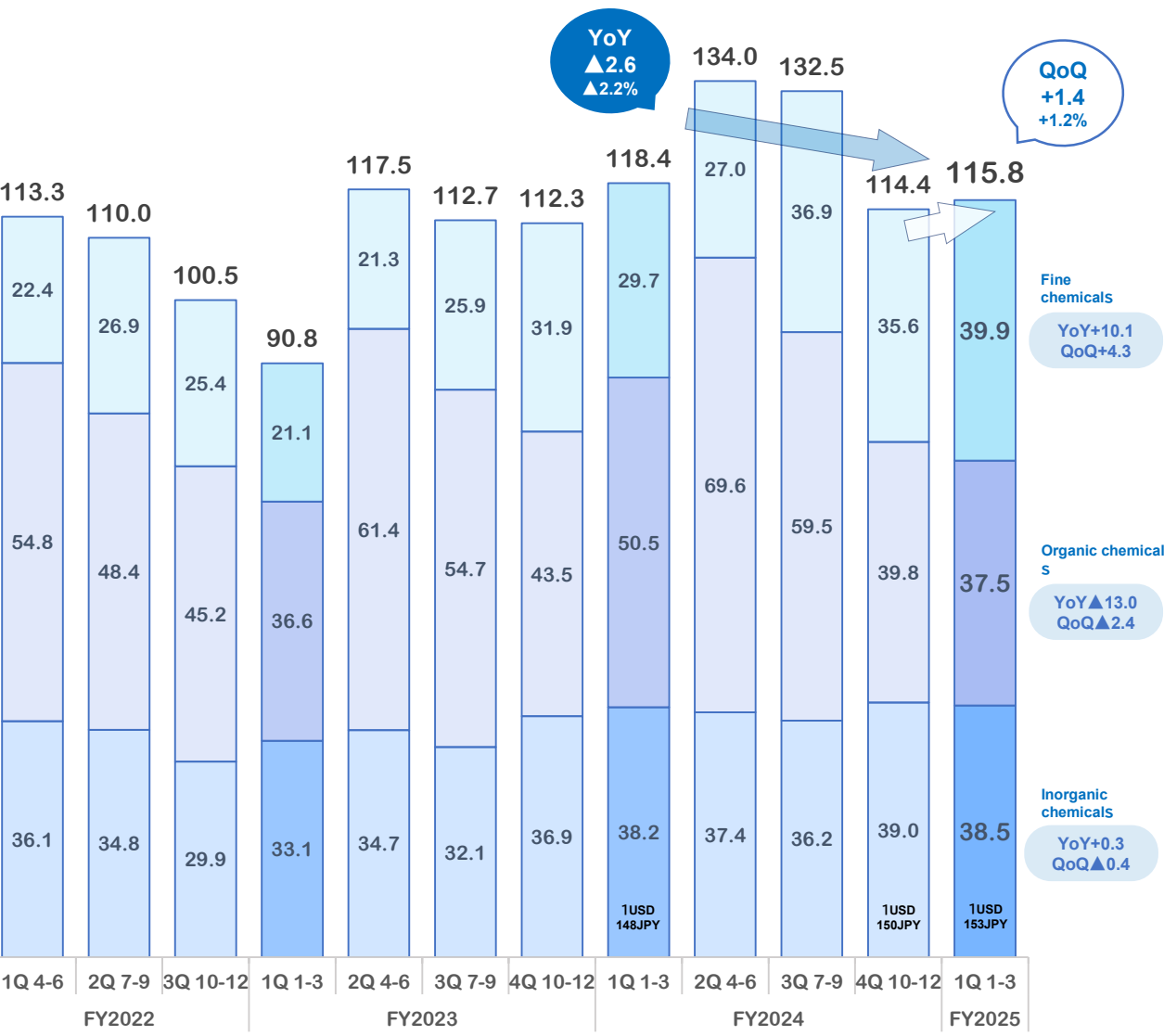


Operating profit

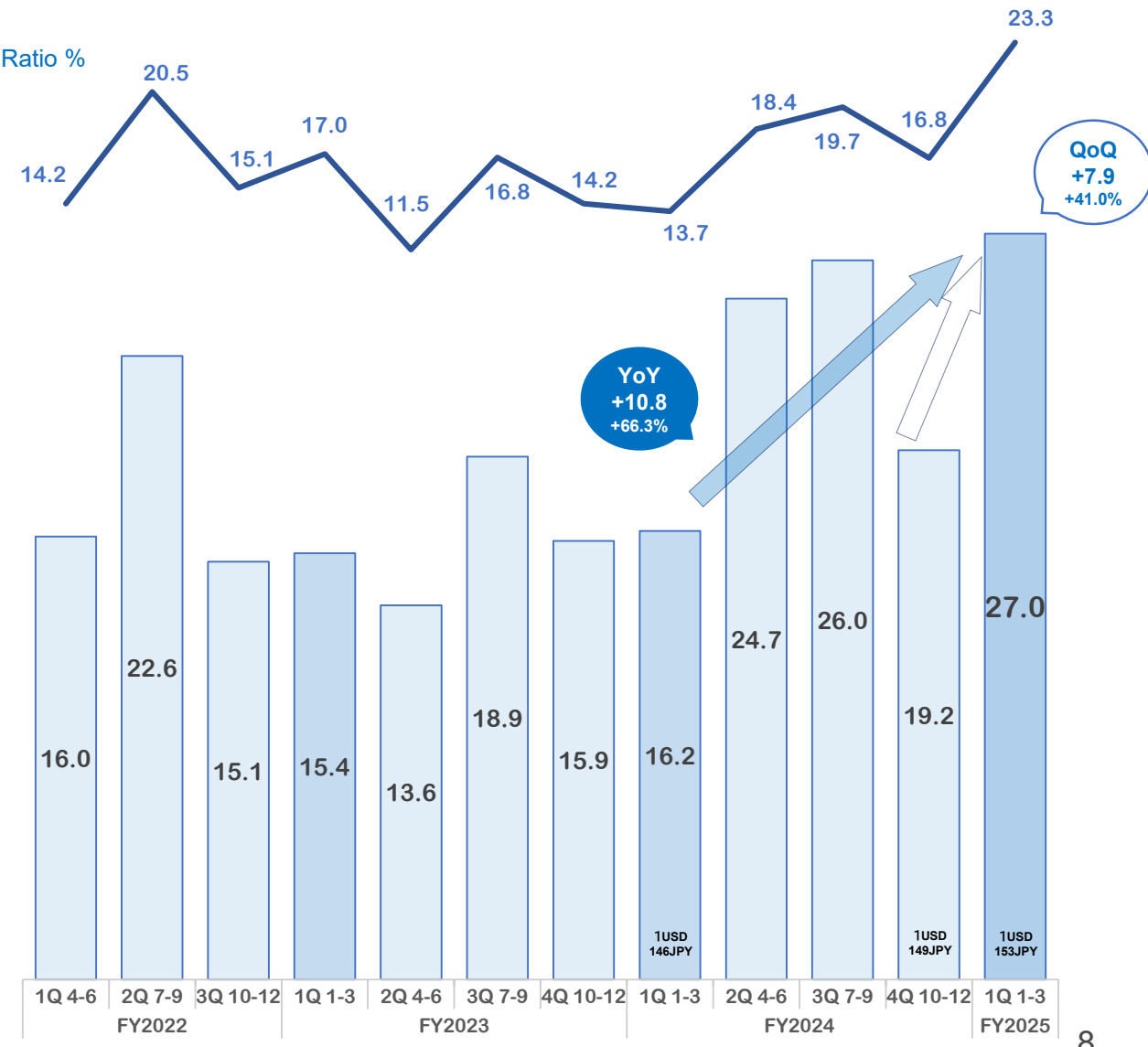


Operating results by segment: Chemicals (QTD)

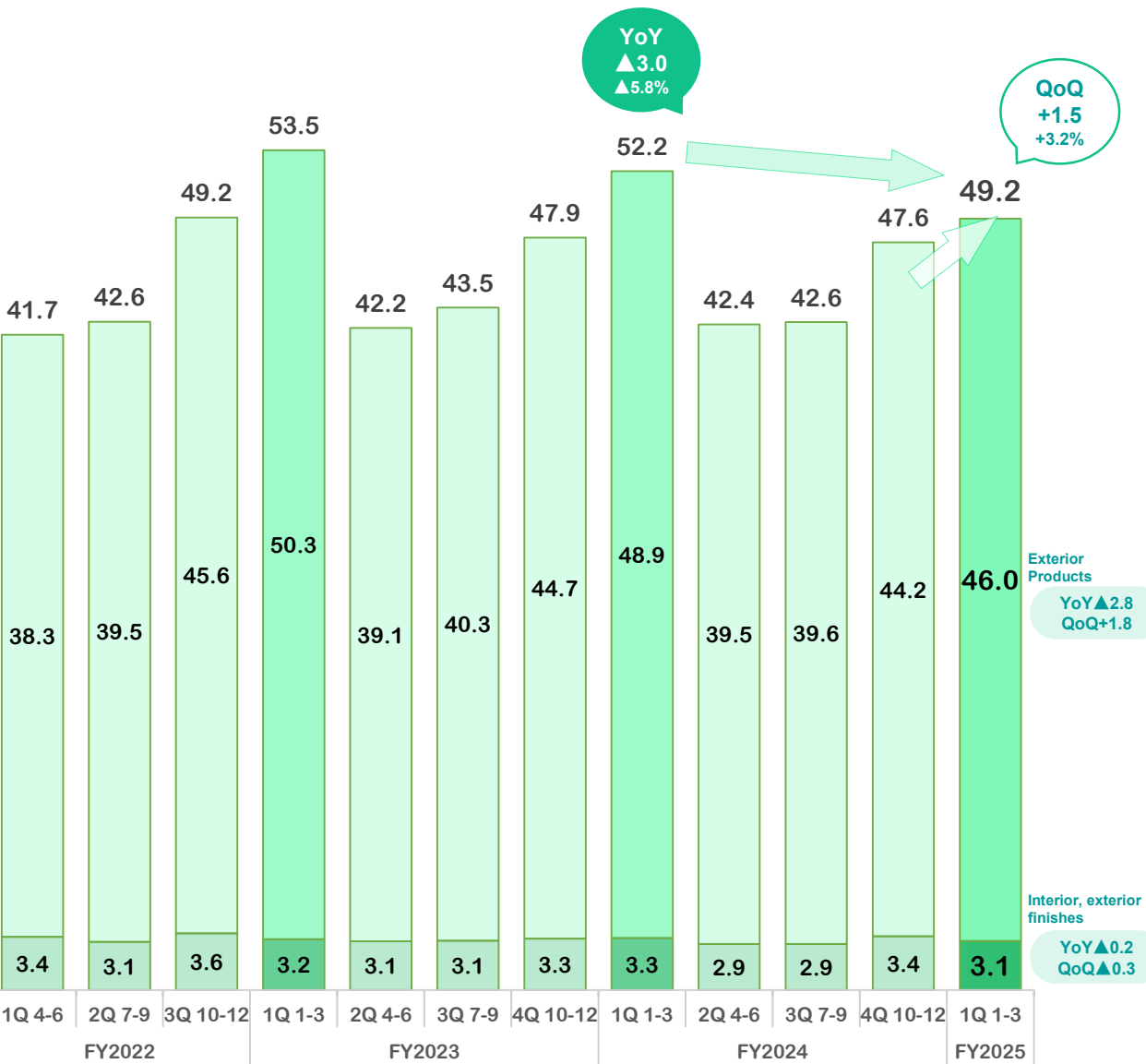
Net sales



Operating profit

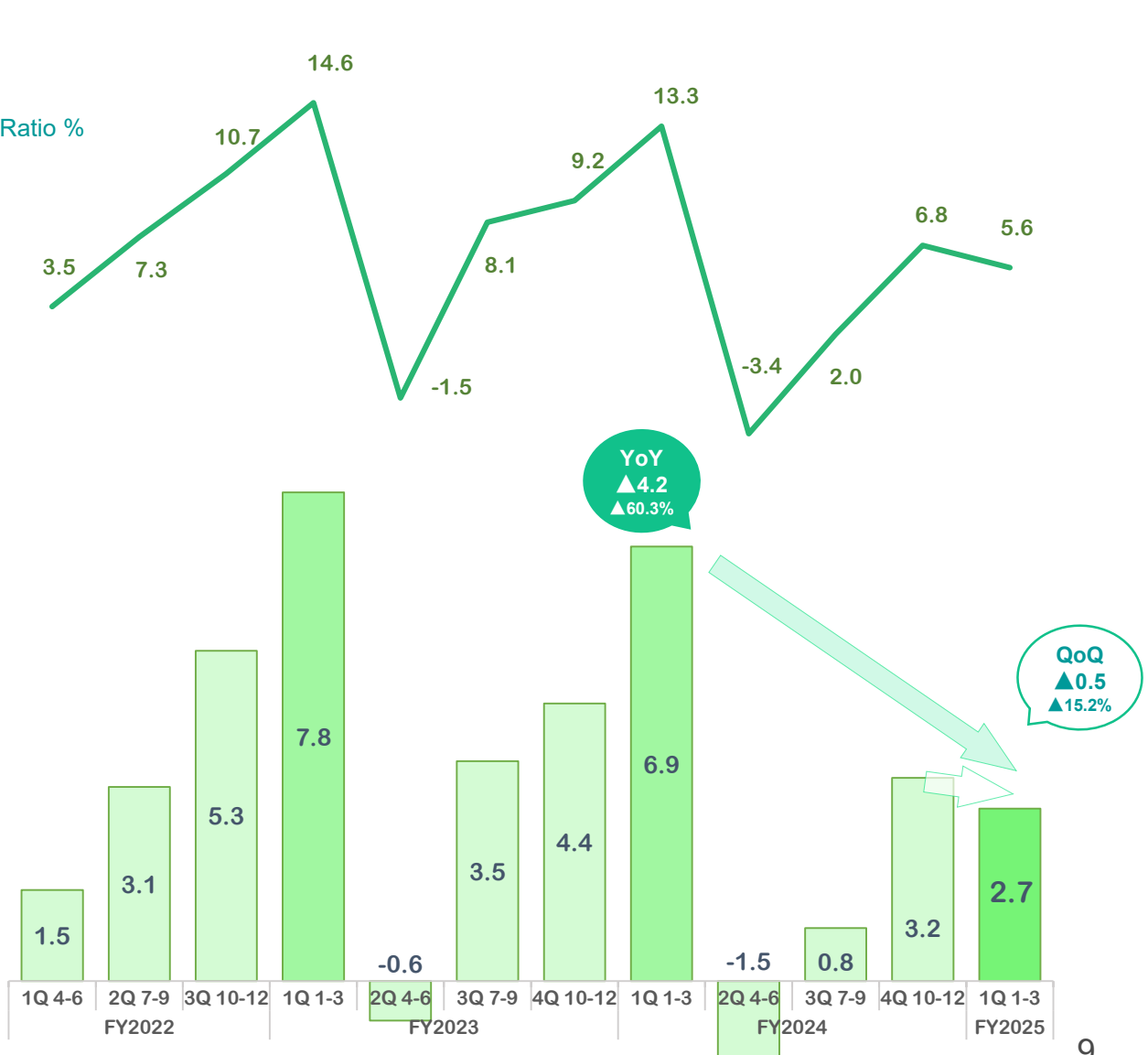


Net sales



Operating profit

100Million yen



2. Financial Forecast for the Fiscal Year Ending 2025

Forecast of Consolidated Financial Results

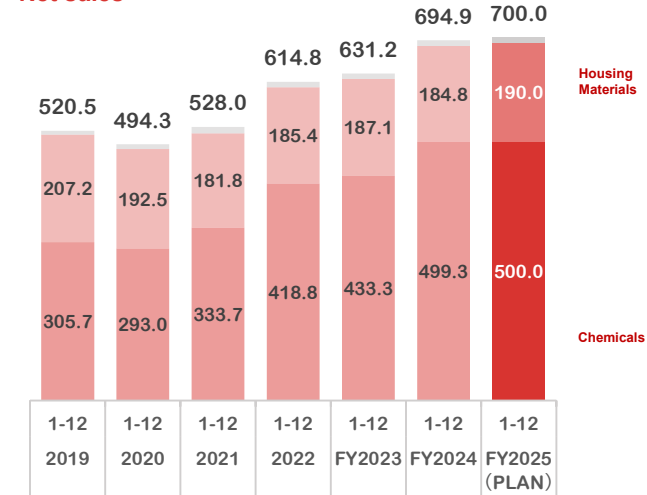
Net sales were in line with the forecast thanks to strong sales of fine chemicals, despite some segments trailing.

Profit at each level exceeded the forecast thanks to the boost from sales growth for fine chemicals. As for the impact from the US trade policy, we are currently investigating the tariff exclusion list and confirming the timing of selling the inventory in the US.

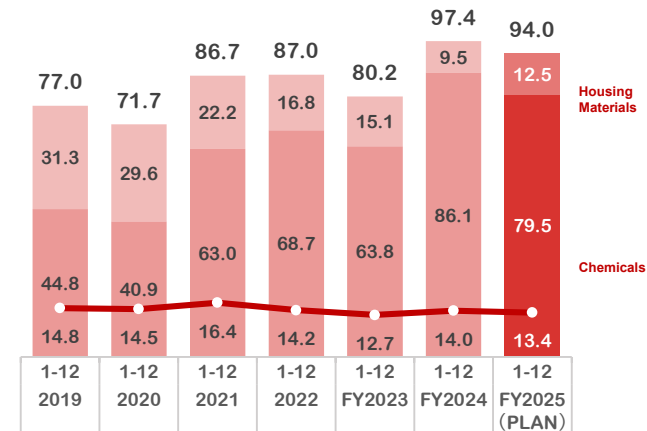
Million yen

	FY2025 (PLAN)	FY2025 1Q	Progress Rate	Remark
Net sales	70,000 (chemicals) 50,000 (Housing Materials) 19,000	16,809 (Chemicals) 11,582 (Housing Materials) 4,915	24% (Chemicals) 23% (Housing Materials) 26%	<ul style="list-style-type: none"> Sales of Chemicals operations are overall in line with the forecast thanks to strong sales of fine chemicals despite decreased sales of organic chemicals in North America due to the absence of year-earlier large sales. Sales of Housing Materials operations trailed the forecast due to the sluggish number of new housing starts for detached houses and delays to construction stemming from workstyle reforms.
Operating profit	9,400 (chemicals) 7,950 (Housing Materials) 1,250	3,037 (chemicals) 2,701 (Housing Materials) 274	32% (chemicals) 34% (Housing Materials) 22%	<ul style="list-style-type: none"> Operating profit of Chemicals operations is exceeding the forecast on increased sales of fine chemicals. Housing Materials operations were off to a slightly slow start but profitability is expected to improve due to price revisions since April and operating profit is expected to increase.
Ordinary profit	9,800	2,811	29%	<ul style="list-style-type: none"> Ordinary profit growth narrowed due to the recording of foreign exchange losses of 353 million yen but still exceeded the forecast.
Profit attributable to owners of parent	6,500	1,925	30%	
Exchange rate	1USD 150JPY 1EUR 160JPY 1RMB 21.0JPY	1USD 153JPY 1EUR 159JPY 1RMB 21.1JPY		<ul style="list-style-type: none"> The yen weakened compared with our estimated rates, providing a positive impact of 150 million yen for net sales and approximately 110 million yen for operating profit compared with the 1Q forecast.

Net sales



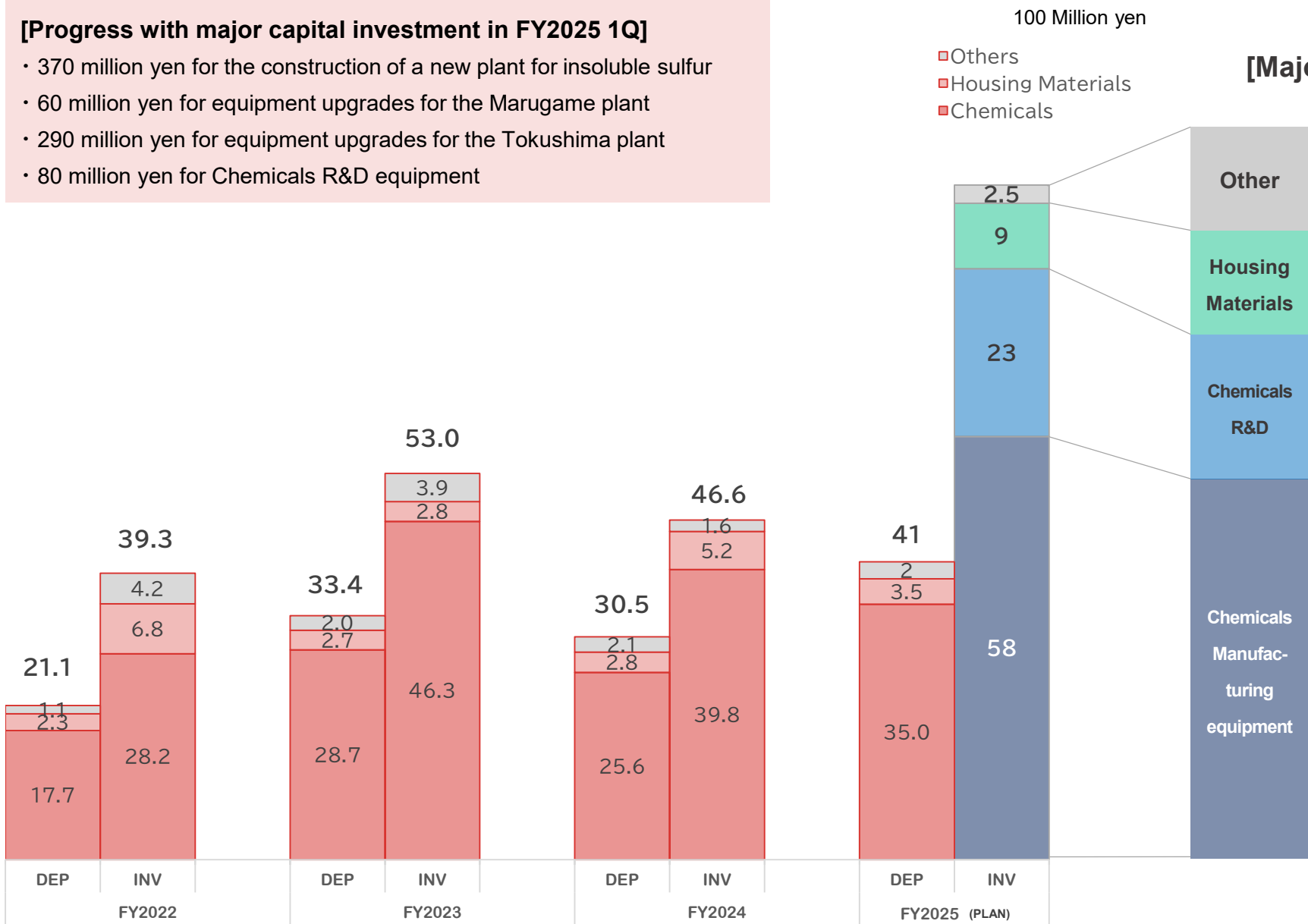
Operating profit



Capital investment and Depreciation

[Progress with major capital investment in FY2025 1Q]

- 370 million yen for the construction of a new plant for insoluble sulfur
- 60 million yen for equipment upgrades for the Marugame plant
- 290 million yen for equipment upgrades for the Tokushima plant
- 80 million yen for Chemicals R&D equipment



[Major capital investment in FY2025]

- 120 million yen for system-related upgrades, etc.
- 130 million yen for other upgrades, etc.
- 120 million yen for set-up costs for online pricing calculator
- 780 million yen for plant equipment upgrades, etc.
- 1.76 billion yen for expenses related to new R&D Center building
- 540 million yen for Chemicals R&D equipment, etc.
- 1.30 billion yen for cogeneration system
- 780 million yen for new insoluble sulfur plant
- 720 million yen for increased production of Neo-Chlor, tableting machines, etc.
- 1.01 billion yen for Marugame plant equipment upgrades
- 1.20 billion yen for Kitajima plant equipment upgrades
- 790 million yen for other equipment upgrades

Dividend and Share buyback Trends

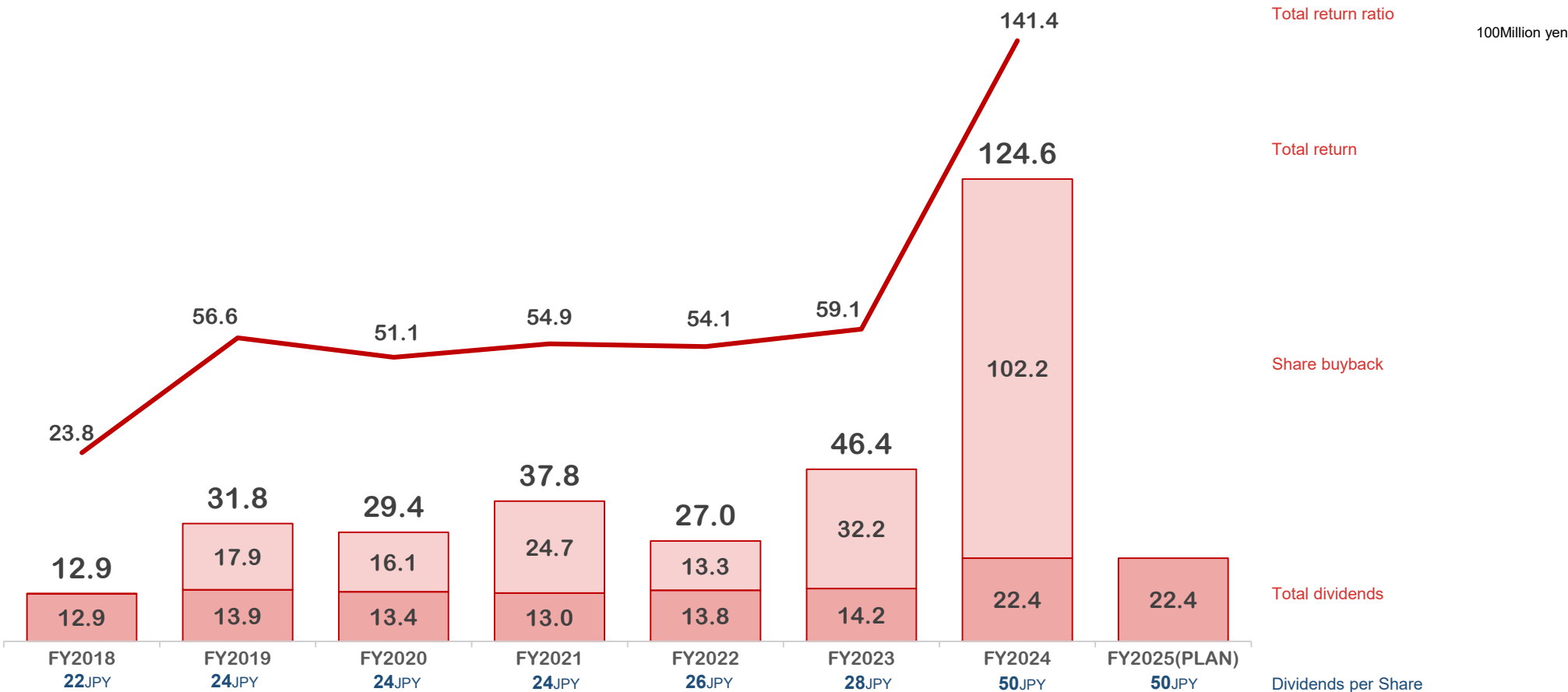
[Shareholder Return Policy]

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

[FY2025 Shareholder Return Policy (plan)]

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

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



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

Analysis of current situation and policies for the present

ROIC by business increased for both Chemicals and Housing Materials.
Companywide ROIC increased due to repayment of borrowings.
ROE decreased due to the absence of year-earlier gain on sale of securities but increased 0.4 percentage points compared with FY2024 1Q.

Consolidated Balance Sheets (as of 3/31/2025)

[Financial assets]

(Current status and basic policy)

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

	FY2024	FY2025 1Q
	72.9bn	64.9bn
	(▲8.02bn from the beginning of the year)	

Cash and deposits	33.7bn	28.5bn
Securities	14.6bn	13.6bn
Investment securities	24.5bn	22.7bn

[Business assets]

Trade receivables
Inventories
Property, plant and equipment/ Intangible assets

	FY2024	FY2025 1Q
[Chemicals]	43.9bn	43.9bn
	(+0.0bn from the beginning of the year)	

[Housing Materials]	14.9bn	14.9bn
	(+0.0bn from the beginning of the year)	

[Excess capital]

(Current status)

Current policy is to retain ¼ of annual net sales. Of 64.9bn yen in financial assets, approximately 20.0bn yen is excess capital, after deducting 23.2bn yen in interest-bearing debt and approx. 20.0bn yen in risk buffer.

(Basic policy)

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

[Investment capital]

(Profit indicators to be compared)

Operating profit after tax by business → ROIC by business

	FY2024	FY2025 1Q
[Chemicals]	31.4bn	33.2bn
	(+1.8bn from the beginning of the year)	
ROIC by business	19.6%	23.4%

[Housing Materials]	9.1bn	9.5bn
	(+0.4bn from the beginning of the year)	
ROIC by business	7.7%	8.2%

[Business liabilities]

Trade payable
Labor liabilities and provisions

[Group capital invested]

(Profit indicators to be compared)

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

(Current status)

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

	FY2024	FY2025 1Q
	114.7bn	108.6bn
	(+▲6.0bn from the beginning of the year)	
Group ROIC	6.6%	8.0%

[Future earnings to be acquired (FCF)]

(Shareholder return)

Carry out promptly, targeting 50% of profit

(Internal reserve)

Prioritize investments in growth and human capital as risk capital

[Net assets in carrying amount]

(Profit indicators to be compared)
Profit → ROE

(Target ROE)

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

	FY2024	FY2025 1Q
	83.3bn	84.5bn
	(+1.2bn from the beginning of the year)	
ROE	10.4%	9.2%

[Interest-bearing debt]

(Basic policy)

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

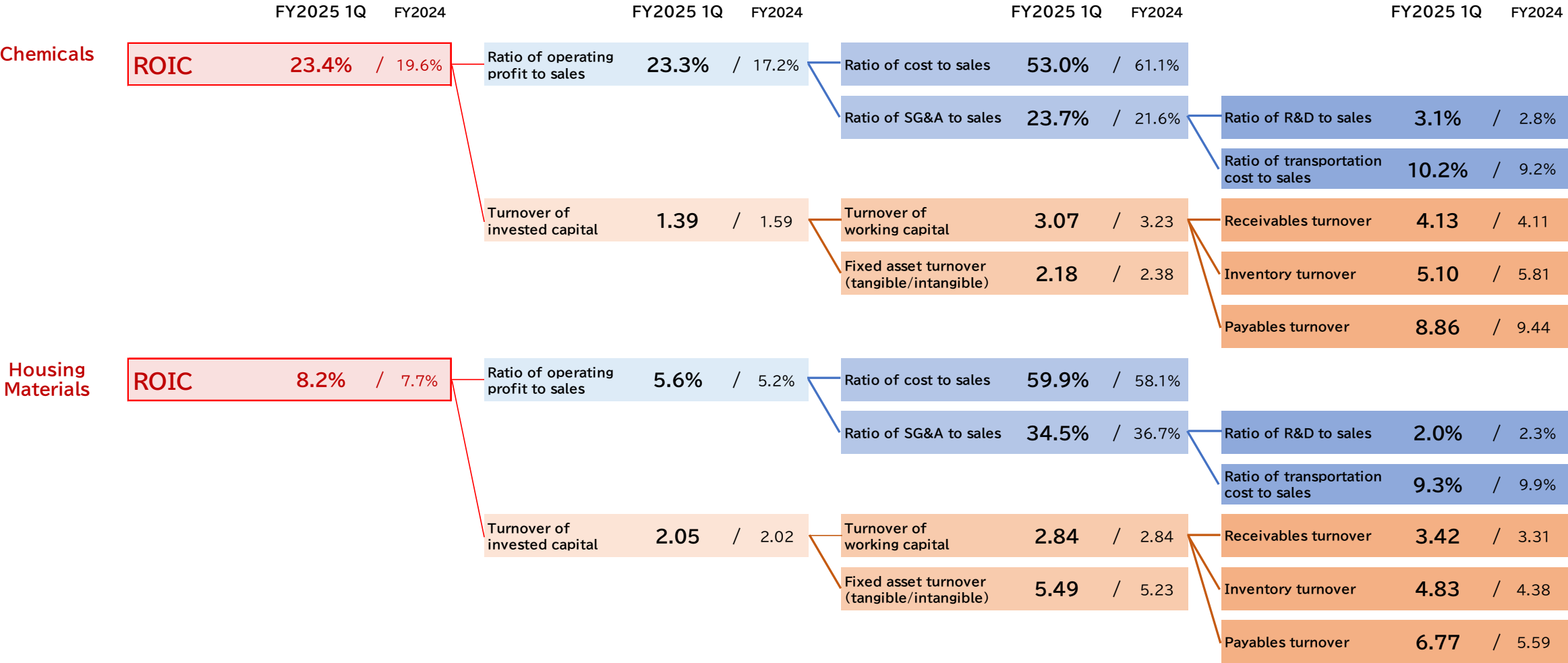
	FY2024	FY2025 1Q
	30.5bn	23.2bn
	(▲7.3bn from the beginning of the year)	

[Future net assets]

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

Analysis of ROIC Tree

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



※Quarterly ROIC is converted to the annual rate, and in 1Q, returns are multiplied by 4.

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Contact information

SHIKOKU KASEI HOLDINGS CORPORATION, Corporate Planning Dept.

TEL: +81-(0)877-21-4119

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