INTEGRATED REPORT 2025

SHIKOKU KASEI HOLDINGS

SHIKOKU

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

CONTENTS

● Editing policy

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

● Applicable period

January 1, 2024 to December 31, 2024
(Some content is outside the applicable period.)

● Applicable organization

SHIKOKU KASEI HOLDINGS CORPORATION and its consolidated subsidiaries (15 domestic, 1 overseas)

● Reference guidelines

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

● Cautionary statement regarding forward-looking statements

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

Meaning of navigation icons	Directs to the corresponding page within the report	Directs to an external website

Corporate Philosophy

We always value creativity as a driving force for company development

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

History

Net Sales

FY2024
Net sales
69.49
billion yen

October 1947
Established in Marugame City, Kagawa Prefecture, with a capital of 2 million yen

October 1957
Constructed No. 1 Tokushima Plant (now Tokushima Plant's Yoshinari location) and began operations in the production of sodium sulfate

May 1961
Began CMC production

October 1962
Listed on the Second Section of the Tokyo Stock Exchange

May 1964
Began Japan's first operations to produce chlorinated isocyanurates

December 1969
Began production of OSP (Organic Solderability Preservative) for PWBs (printed wiring boards) and other electronic components

September 1970
Began production of interior finishes to enter the field of housing materials

June 1972
Began manufacture of accordion gates

March 1975
Reassigned to the First Section of the Tokyo Stock Exchange

July 1984
Began production of insoluble sulfurs MUCRON at Marugame Plant

December 1985
Established a U.S. subsidiary, SHIKOKU INTERNATIONAL CORPORATION

July 2006
Established the SHIKOKU OM (SHANGHAI) CO., LTD. [now SHIKOKU (SHANGHAI) CO., LTD.]

April 2021
Constructed the Tokushima Advanced Chemicals Plant-4 (TAP-4) facility
Responding to further growth in demand for fine chemicals products

April 2022
Transitioned to the Prime Market due to the market reorganization of the Tokyo Stock Exchange

October 2022
Launched a WASHMANIA washing machine drum cleaner, the first consumer product for Chemicals operations

January 2023
Changed the Company's name to SHIKOKU KASEI HOLDINGS CORPORATION
Spun off Chemicals and Housing Materials operations, and shared service divisions

April 2024
Established an Indian subsidiary, SHIKOKU INDIA Pvt. Ltd.

(Year) 1947 | 1960 | 1970 | 1980 | 1990 | 2000 | 2010 | 2024

Founding

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

Two businesses that continue to evolve

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

Now

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

Top Message

We will rapidly invest in new growth areas without hesitation, fostering employee autonomy and taking one step ahead with creativity.

SHIKOKU KASEI HOLDINGS CORPORATION
Representative Director, President

Mitsunori Watanabe

Top Message

We have reached the halfway point of our long-term vision "Challenge 1000" (March 2021-December 2029), which looks ahead to 2030. At the midpoint, we conducted a comprehensive examination last fiscal year to assess the progress made toward the KPIs we aim to achieve by FY2029. In addition to the results, I understand that all employees were also informed about the history and strengths of the SHIKOKU KASEI Group. What exactly was conveyed to them?

Challenge 1000 is a 10-year initiative, but generational change is progressing, as we have welcomed many new employees over the past five years. There are not very many opportunities to learn about the Group's history, particularly among the younger generation. We believe that our founder's passionate vision and message, along with the unique culture cultivated from them, are deeply entrenched in the background against which our business today has taken shape. Given this, I decided to analyze them and communicate our findings to the employees.
Founder Akitoshi Tazu started as an engineer at a glass manufacturer and held the concept of the "laws of nature"—in other words, not going against the natural order of things—in very high regard. In the production of carbon disulfide, the company's founding enterprise, it developed a unique manufacturing method aligned with natural principles and, amidst over twenty established manufacturers, rose to become a top producer. This success led to our corporate philosophy of "Doku-sou-ryoku (creativity)," which positions creativity as the driving force behind the development of our company. Furthermore, they valued the concept of "child prodigy organization"—the idea that rather than needing a single "genius," everyone works together to create a child prodigy, in a manner of speaking. He was explaining the importance of stressing teamwork while working.
The philosophy of "prioritizing customer relationships above all else" has also been deeply ingrained in SHIKOKU KASEI for many years. We never bartered with suppliers to get prices down; rather, we prioritized our commitment to fulfilling our supply responsibilities above all, building relationships of trust with our customers. In my view, the reason we have maintained long-standing relationships with so many companies to this day lies in this sincerity.
Leveraging this as a strength since its founding, to date, the SHIKOKU KASEI Group has expanded into a diverse range of businesses. Our predecessors undeniably forged the foundation upon which we engage in work today. We must not, however, rest on our laurels. We must continue to refine our DNA based on teamwork, creativity, and earnest engagement.

What was confirmed as a result of the comprehensive examination of Challenge 1000?

We have set financial targets for FY2029: consolidated net sales of 100 billion yen, consolidated operating profit of 15 billion yen, and ROE of 10%. We are slightly behind our sales and profit forecasts for FY2025 compared with the targets for the final year of STAGE 2 (FY2025). Looking at individual components, however, while some are progressing ahead of schedule, certain others are lagging. We have communicated to our employees that we have no intention of lowering the banner of 100 billion yen in net sales, but aim to surpass it.
With regard to ROE, we will pursue the universal activity of selling more high value-added products as a business to boost the profit that constitutes the numerator. In addition, we aim to realize our target for ROE by optimizing the denominator through balance sheet management.
Regarding operating profit, it is true that previously, our approach was "balancing spending," or maximizing profits by cutting back on expenses. While discipline is important when it comes to spending, profits achieved by cutting back on investments will not lead to the future growth of the company. Looking beyond Challenge 1000 to sustainable growth, we intend to prioritize investment not only in production facilities but even more so in people and R&D, even if this may impact profit to a certain extent in the near term.

Top Message

Please share what you feel must be addressed over the next five years for chemicals and housing materials, respectively.

In the Chemicals operations business, our strength lies in the broad range of our operations. We acknowledge that reviewing our business portfolio—that is to say, determining priority businesses for investment—is a challenge.
We must first promptly invest in areas of business experiencing extremely rapid growth, striking while the iron is hot. Due to the surge in demand, particularly for semiconductor process materials in the fine chemicals field and the GliCAP adhesion improvement process, we have decided to build a new factory in Sakaide City, Kagawa Prefecture. And we must not only look to grow in emerging fields, but increase production volumes for products we have handled for many years and expand into new markets. One example involves the commercialization of hydrogen sulfide, a byproduct of carbon disulfide manufacturing, and exploring applications. To achieve this, we will also expand investment in augmenting basic research and production technologies.
In the Housing Materials operations business, we must identify the areas requiring focus and align our business strategy accordingly, as we anticipate a decline in new housing starts. We are concentrating our management resources on the non-housing exterior field, where we have a rather high market share in the industry. In the interest of further strengthening our environmental initiatives, we launched the new brand MEGLIO. Additionally, to avoid over-dependence on the domestic market, where we expect stagnation in growth, we established the new Overseas Sales Department. Furthermore, concerning interior/exterior finishes and paving materials, the decline in traditional Japanese-style construction coupled with a dearth of skilled craftsmen renders the outlook even more challenging. Rather than simply selling materials, however, we take the perspective of proposing spaces and conveying the beauty of plastered walls.
The SHIKOKU KASEI Group has primarily grown through the expansion of production capacity for existing products and the ramping up of output volume. This approach is effective when market growth is high and our company's market share is increasing. In the latter five years of Challenge 1000, however, we believe we should be highly aware of more rapid investment in the next new areas of growth. We will follow a policy of actively investing in areas with growth potential, even in niche markets, while boldly pursuing restructuring and redefinition of businesses in stagnant fields.

It is often said that the most crucial factor in ensuring sustainable growth is investment in human capital. What specific initiatives are currently underway?

To aim for sustainable growth, we believe that ensuring the employees driving this progress can work with enthusiasm is paramount. As such, we have issued a "Declaration of Employees' Working Environment Improvement" and are proceeding with a number of initiatives.
Under Challenge 1000, we have set a goal of doubling sales over the next 10 years, and the first step is securing the necessary personnel to achieve this. We are also strengthening our outreach regarding internships and recruitment, fully conveying SHIKOKU KASEI Group's business operations and the principles that underpin them to all students, thereby mitigating the chances of a mismatch after joining the company. Promoting the active engagement of women is also a key theme. Ms. Sachiko Ishikawa, who joined us as an Outside Director in March 2024, has been proactively engaging in dialogue as a mentor with female employees at each business location. There are many who, despite having the ability, hesitate, however, as they struggle to envision themselves in a management role. For such individuals, we aim to promote motivation enhancement and provide opportunities for employees to thrive through dialogue with mentors, enhanced education and training programs, and job rotation.
In terms of fostering a supportive working environment, we are also focused on health management initiatives that address both physical and mental well-being, and have received certification as a "Health and Productivity Management Outstanding Organization" promoted by the Ministry of Economy, Trade and Industry. We will utilize the Kagawa Marugame International Half Marathon, for

which we serve as main sponsor each year, to heighten health awareness among all employees.
Additionally, in the division focused on new businesses that we launched five years ago, we solicit ideas on the premise that employees who volunteer those ideas will themselves take on the challenge of bringing them to fruition. This also serves to convey to employees that even within a relatively stable corporate culture, they each have the right to take on new challenges.

We have entered the third year since establishing the holding company. What are your thoughts on the role SHIKOKU KASEI Holdings should fulfill?

At the newly spun-off chemical and housing materials companies, decision-making speed has increased and we are seeing tangible benefits. While we must avoid the holding company expanding excessively, we have established dedicated departments to enhance our approach to challenges requiring group-wide efforts—including quality assurance, sustainability, and safety and risk management—instead of having individual companies address them. Regarding quality assurance, for instance, beyond the quality management conducted by each operating company, we are advancing the establishment of a framework in alignment with the SHIKOKU KASEI Quality Policy. The objective of the policy is to elevate the level of all activities, not just products—with the Quality Assurance Dept. serving as the hub—from the perspective of fulfilling our social responsibilities.
Furthermore, improving governance, which includes oversight functions for business execution, is a vital role the holding company has to fulfill. To grow into a better group of companies, in terms of compliance and other aspects, we are first establishing a mechanism where an open, candid exchange of opinions among management itself is possible. Fortunately, we have been able to appoint outside officers with diverse backgrounds and rich expertise, and they are engaging in extremely robust discussions. Based on such discussions, we must identify areas in need of reform and ensure that the outcomes of these discussions are comprehensively implemented into management practices.

During the comprehensive examination of Challenge 1000, I understand you had the opportunity to talk directly with a number of employees. Did anything from those conversations stand out? Additionally, after having participated in these dialogues, what role do you feel you should play as the leader of the holding company?

This time, we visited each office to hold town hall meetings to confirm the current status of Challenge 1000, reaffirm our fundamental objective, and share the company's direction. While checking the progress of our plans and communicating the fundamental management policies for the next five years, we also encouraged employees to freely discuss matters involving the company and their own work. It was very reassuring to see once again how everyone at each site approaches their work with such a high level of awareness.
Meanwhile, employees offered a number of astute insights that really opened our eyes. Sales representatives in the Housing Materials operations business, for instance, suggested that to confidently recommend products to customers, we must enhance not only the products but the services and maintenance that accompany them. Moreover, workers at chemical product plants raised serious concerns that the succession and utilization of techniques developed and accumulated by their predecessors over time may not be sufficient. We do not intend to merely listen to these opinions and leave it at that. We will instead thoroughly examine countermeasures, implement them as policies and, after having verified the results, pursue further improvements.
My role as the head of the holding company is clearly defining the direction of the SHIKOKU KASEI Group. Furthermore, I am committed to respecting, supporting, and guiding our employees as they take the initiative and responsibility as they strive to improve the company.

In closing, is there anything that you would like to say to your stakeholders?

Under Challenge 1000, we have established the vision for 2030 as "Toward 'one-step-ahead, proposal' company with creativity." Anticipating societal needs, we will swiftly introduce products to the market when there is an actual need, establish de facto standards, and secure a competitive edge. This is the growth we aim for. We are committed to ensuring that all employees not only pursue short-term results but refine their already keen sensitivity to change and swiftly apply it to our business. While building upon our achievements to date, we must never forget our resolve to transform the Company.
Through this growth, we will advance corporate management mindful of all stakeholders—customers, employees, shareholders, and society—pursuing a "YONPO-YOSHI (favorable in all four directions)" approach. We hope you will continue to support the SHIKOKU KASEI Group.

Human Capital Initiatives

As a manufacturer, by repeatedly increasing production and expanding sales through investments in facilities such as production plants, we have succeeded in achieving growth. We will invest in improving the workplace environment as we receive feedback from employees on aspects they perceive as challenges. And to have our employees realize in visible ways that we do indeed place “employees first,” we have declared our commitment to improving the working environment and are implementing improvements accordingly.

Improve the environment in response to the willingness to work

We declare that we will improve the working environment to satisfy employees who display the willingness to work, and that we will invest in improving the working environment.

- **Production facilities and business locations where the physical and mental health and safety of workers are ensured**
- **Investment in a comfortable work environment**
- **Development of agile sales bases, etc.**

We will accelerate the creation of a work environment employees find comfortable.

Declaration of Employees’ Working Environment Improvement

The policy is to

"not put off or spare any expense"

when it comes to necessary investments

Becoming a company where employees can work more cheerfully.
Becoming a company where employees can work with more pride.
We look forward to an exciting company that is constantly changing for the better, and together we will make it happen.

Human Capital Initiatives

Concrete initiatives Establish facilities and bases that respond to workers' motivation

In the interest of creating a comfortable work environment, we have constructed a new welfare building at the Marugame Plant taking employees' views into account. At the Tokushima Plant, we are also investigating the possibility of integrating and rebuilding the administration office, manufacturing office, and welfare building—currently separate buildings—into a single structure. We aim for completion in 2027. A new building for the R&D Center, which will serve as a cornerstone for creativity, has been designed with original features not only to enhance the office environment, but also to be a "place of collaboration" for researchers to gather. The building is scheduled to be completed in 2027.

We are also proceeding with the development of sales offices. Driven by the idea of flexibly locating our bases in optimum locations and preparing facilities that can respond to our workers' motivation, our Housing Materials operations business is advancing the opening and renovation of offices. Moreover, the Chemicals operations business relocated to the Tokyo Branch Office in May 2024 and also relocated the Osaka Branch Office in June 2025.

We are also proceeding with initiatives to revitalize communication. An example is the transformation of the basement cafeteria at the head office into a versatile space for interaction named "HONCHIKA."

Basement at the head office (HONCHIKA)

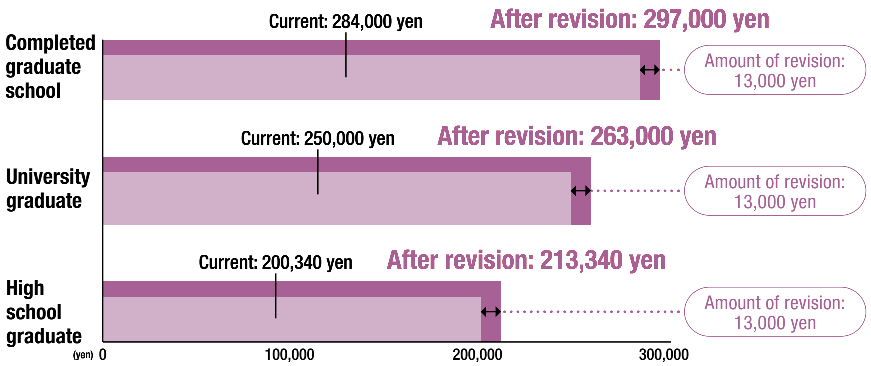
column

Initiatives not related to workplace environment Implemented average wage increase of 5.6%

We upgraded our work experience program and appointed younger employees as recruiters with the aim of reinforcing recruitment. In the interest of augmenting training, we proactively utilized the internal commendation system, called for people to participate actively in cross-industry exchange training, and looked at reviewing the systematic training program. We launched operation in FY2025.

In March 2025, in support of our employees' livelihood in the face of rising prices, and in the interest of boosting employee engagement, the Company implemented an average wage increase of 5.6% combined with regular pay hikes. In addition, starting in April 2025, we raised starting salaries for high school graduates from 200,340 yen to 213,340 yen, for university graduates from 250,000 yen to 263,000 yen, and for those who completed graduate school from 284,000 yen to 297,000 yen. The aim is to secure superior human resources for tomorrow.

Increase in starting salary *Implemented March 16, 2025



To realize the fundamental principle of long-term vision Challenge 1000, “YONPO-YOSHI (favorable in all four directions),” we are committed to fostering an environment and cultivating an organizational culture in which diverse talents can thrive.

Promotion of gender diversity

As part of its materiality, the Group has set a target of achieving a ratio of female managers of at least 10% by 2029. We are implementing training programs for female leadership candidates and providing support to aid them in balancing work and childcare. As an example of a concrete initiative, we provide opportunities for female employees to interact with women from outside the company and from other industries. These serve as great forums to foster diverse perspectives and independent career awareness. Moreover, female Outside Directors visit workplaces to heighten awareness among female employees about career development. And, through work-childcare balance support that exceeds legal requirements, we have created an environment where women can continue working, as evidenced by our achievement of a 100% childcare leave acquisition rate and a 100% return-to-work rate for women. Meanwhile, we have observed a wage gap of approximately 15% between men and women. There are no systemic differences within same job levels, but one factor contributing to the observed disparity is the prevalence of men in higher-level positions. We will continue monitoring indicators including the development status of female management candidates and the gender wage gap, while endeavoring to support career advancement and work-life balance for women.

Item	2023	2024
Ratio of female managers	6.0%	7.0%
Female childcare leave acquisition rate	100%	100%
Gender wage gap (regular employees)	85.1%	85.5%

Fostering an environment in which employees can work with peace of mind

We acknowledge that fostering an environment that allows employees to work with peace of mind is a prerequisite to realizing the goals set forth in Challenge 1000. In April 2025, we implemented the fourth consecutive base wage increase for employees, while also boosting starting salaries for new graduates, in support of employees facing an increasing cost of living. We are also continuously reviewing various allowances. Furthermore, we are offering employees various kinds of support programs that make it possible for them to achieve a balance between work and family, encouraging employees who were forced to take medical leave or need to provide childcare or nursing care to work with peace of mind. In the future, we will continue to foster a workplace environment and climate to realize an environment where all employees can work with peace of mind.

Group Long-Term Disability (GLTD) income protection insurance system

We introduced this system in 2025 to create an environment in which employees unable to work due to treatment for illness or injury or handling family care responsibilities can focus on treatment or caregiving free of concern. Providing long-term income protection offers employees support in returning to work and helps mitigate resignations related to caregiving.

Period of Childcare / Nursing Care Leave

Employees are able to take childcare leave until the child turns the age of 2 years. They may also take up to one year of leave for each family member in need of nursing care, which may be divided into at most three times in a case. In addition, employees eligible for childcare short-time work can reduce their working hours by up to two hours per day until their child reaches the beginning of the fourth grade in elementary school.

Accumulated Annual Leave

For general employees, up to 40 days of expired, unused paid leave accumulated may be used as sick leave.

Mutual Aid Association

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

Mutual Aid Society

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

Value Creation Process

Social Issues

- Clean water and sanitation
- Decent work and economic growth
- Sustainable cities and communities
- Responsible consumption and production
- Life below water

INPUT (FY2024)

Financial capital
- Equity ratio: 61.4%
- Total assets: 135.8 billion yen

Intellectual capital
R&D costs: 1.8 billion yen

Manufactured capital
- No. of production sites: 10
- Capital expenditure: 4.7 billion yen

Human capital
No. of employees: 1,276 (consolidated)

Social and relationship capital
Group companies: 19

Natural capital
- Energy consumption: 158,901 MWh
- Water consumption: 2,362 kt

Business Model

Chemicals Operations
- Expert in organic synthesis technology
- High technological prowess in manufacturing and a stable supply system
- The ability to make proposals backed by accumulated knowledge

Housing Materials Operations
- The pursuit of unique designs and functionality
- The ability to respond flexibly to customer needs

Other Business
- A variety of businesses that support prosperous and comfortable lifestyles

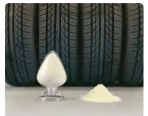
Companywide Reform Policy | Business Reform Policy | Proactive Investment | Achievement of SDGs

Long-Term Vision “Challenge 1000”

OUTPUT

Chemicals Operations
(from page 15)

Inorganic chemicals



Organic chemicals

Fine chemicals

Housing Materials Operations
(from page 26)

Interior/exterior finishes and paving materials

Exterior products

Others

System development

Environment

etc.

OUTCOME

YONPO-YOSHI

Customers: “one-step-ahead values”
We deliver new value through unique, state-of-the-art products and services.

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

Shareholders: profit return
We aim for a 30% dividend payout ratio, a 50% total payout ratio, and a 3% dividend on equity ratio (DOE) based on our consolidated performance.

Society: a better tomorrow
We contribute to the resolution of social issues and realize a prosperous living environment.

Creation of social value
- Annual paid leave utilization rate: 77.7%
- Ratio of female managers: 7.0%
- GHG emissions, compared to FY2021: 13.3% decrease
- Water consumption, compared to FY2020: 4.9% increase

(from page 41)

Creation of economic value
FY2024 results
- Net sales: 69.5 billion yen
- Operating profit: 9.7 billion yen
- ROE: 10.4%
- Consolidated total payout ratio: 141.4%
- Annual dividend per share: 50 yen

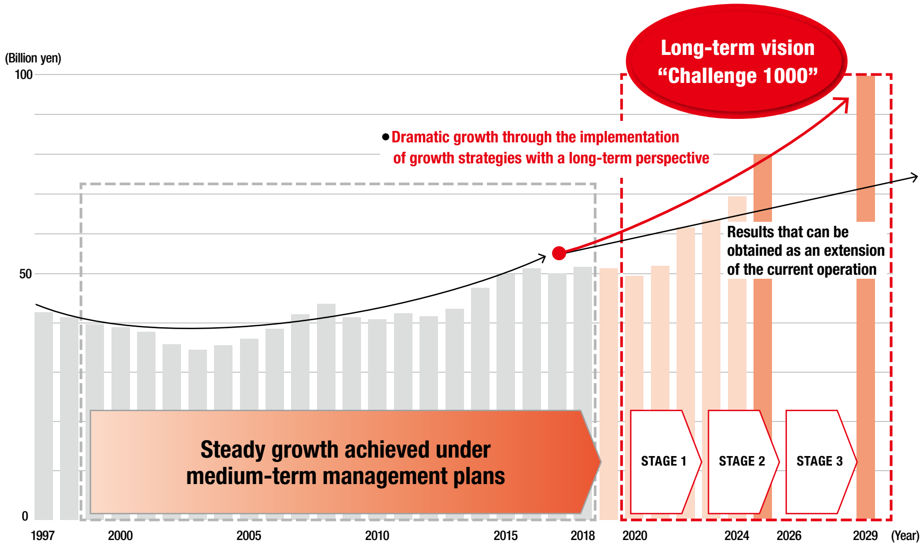
(from page 75)

Long-Term Vision "Challenge 1000"

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

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

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



Our vision for 2030

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

Solve social issues with creative ideas, leading the world

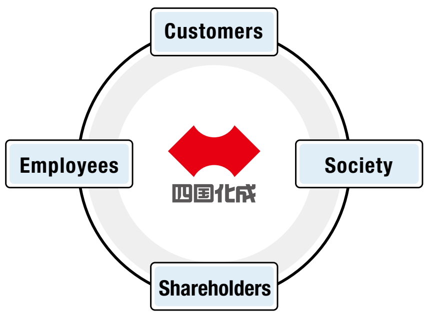
Financial Goals

Net sales	Operating profit	ROE
100.0 billion yen	15.0 billion yen	10%

Pillars for Strategy

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

YONPO-YOSHI



Long-Term Vision “Challenge 1000”: Financial Information

Progress Against Financial Targets

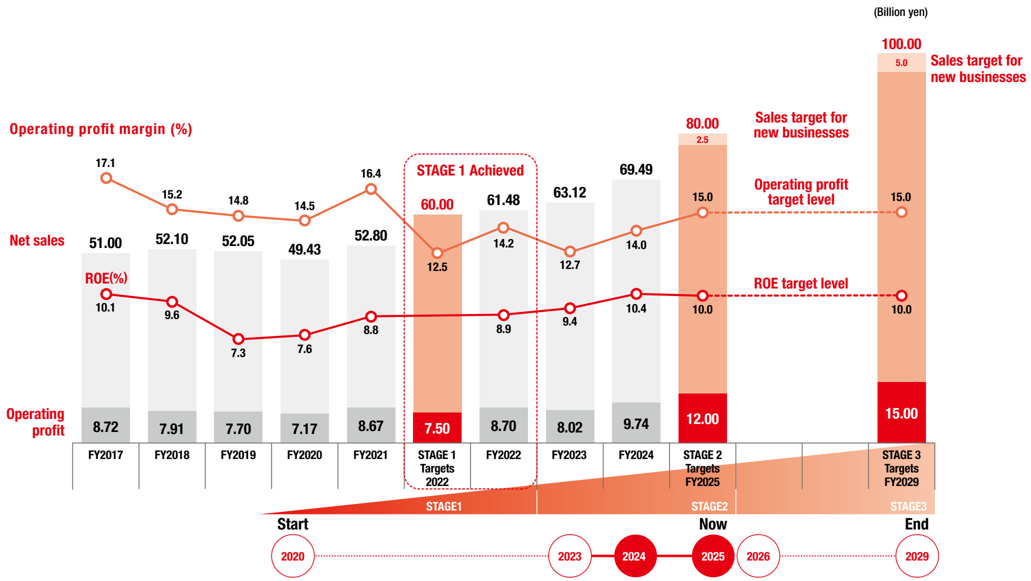
“STAGE 1”

Targets	Net Sales	60.0 billion yen	Operating profit	7.5 billion yen
Results	Net Sales	61.5 billion yen	Operating profit	8.7 billion yen

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

"STAGE 2"

Targets	Net Sales	80.0 billion yen	Operating profit	12.0 billion yen



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

Financial Highlights for FY2024

The Group’s net sales amounted to 69,493 million yen (up 10.1% YoY), operating profit to 9,741 million yen (up 21.5% YoY), ordinary profit to 10,779 million yen (up 16.2% YoY), and profit attributable to owners of parent to 8,813 million yen (up 12.2% YoY). Chemicals operations sales in overseas markets were robust, resulting in record figures for net sales, operating profit, ordinary profit, and profit attributable to owners of parent.

(Million yen)

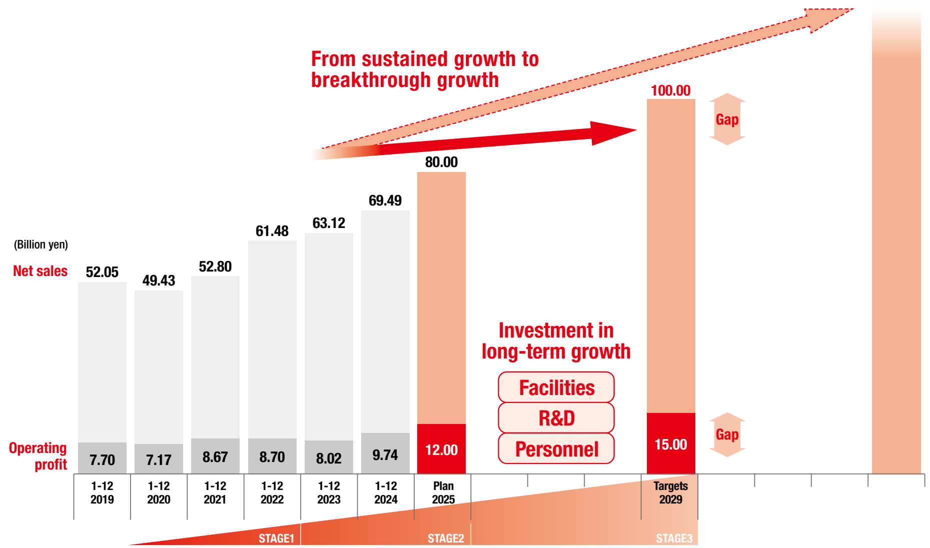
	FY2023	FY2024	Change / Rate
Net sales	63,117	69,493	+6,375 +10.1%
Operating profit	8,019	9,741	+1,721 +21.5%
Ordinary profit	9,280	10,779	+1,499 +16.2%
Profit attributable to owners of parent	7,853	8,813	+959 +12.2%
Exchange rate (for income statement conversion)	1USD = 140JPY 1EUR = 148JPY 1RMB = 19.8JPY	1USD = 151JPY 1EUR = 164JPY 1RMB = 20.8JPY	Net sales: +2.0 billion yen Operating profit: +1.2 billion yen

Long-Term Vision “Challenge 1000”: Comprehensive Examination Results

Comprehensive examination

We have reached the fifth year—the halfway point—of Challenge 1000, and conducted a comprehensive examination to assess the gap between each initiative’s current status and desired state.

- Examine each business’ desired state and the gap with 2029 financial targets. Visualize the probability of achieving initiatives and grasp projected net sales and profits for 2029.
- Regarding investments, we are considering capital expenditures as well as investments in R&D and personnel (ongoing).



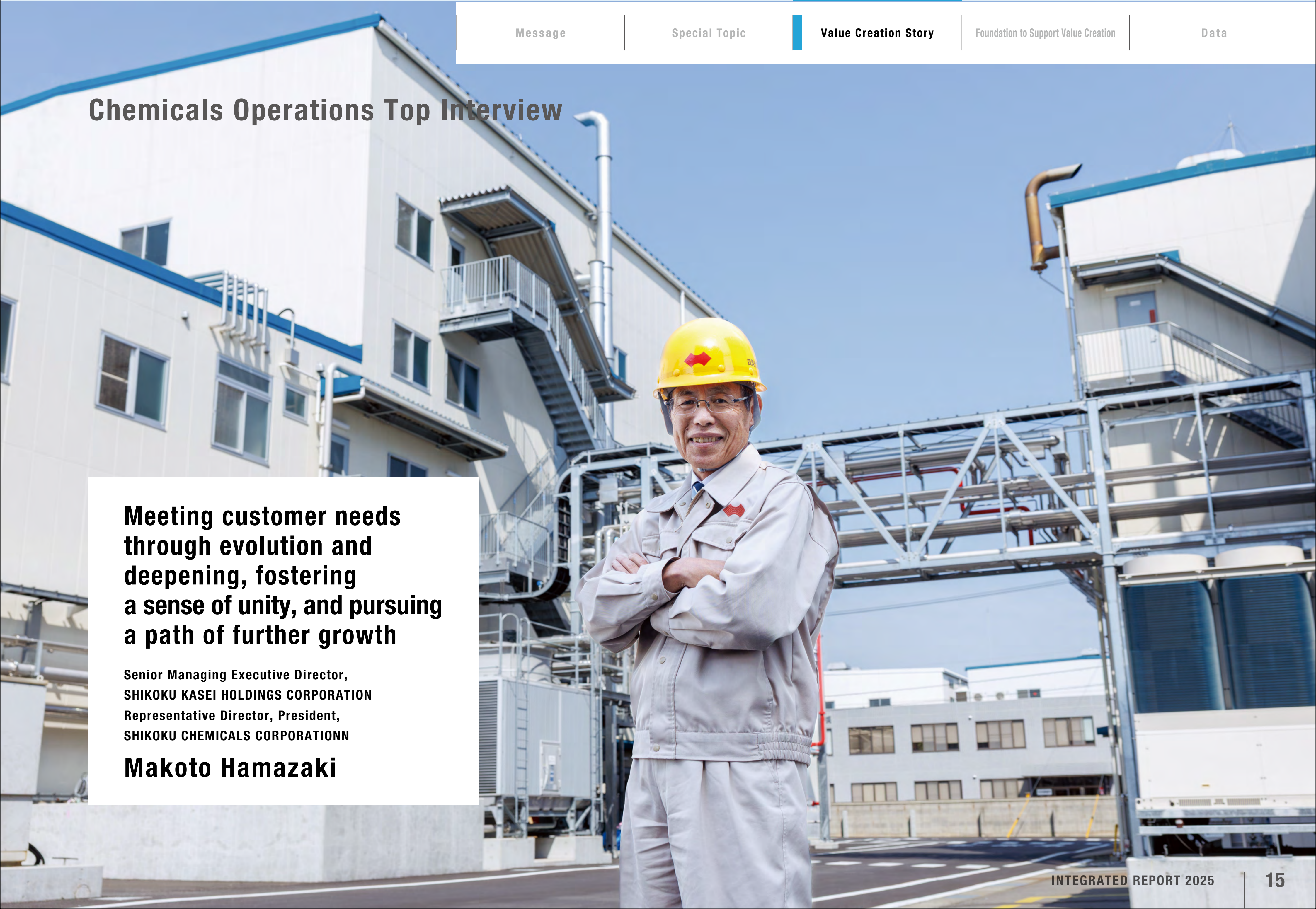
Comprehensive examination results

- The comprehensive examination revealed that, while the implementation of measures will result in net sales growth, we cannot achieve Challenge 1000 with only the current measures.
- With regard to profitability, many of the large-scale investments expected over the next several years will not begin contributing significantly to earnings until after 2030. Depreciation expenses will peak in 2028–2029.
- Furthermore, we reaffirm that our strengths lie in the proprietary technologies and sincere, meticulous customer service that support the SHIKOKU KASEI Group’s growth, and we will continue building upon them as the starting point for growth.

Future policies

- STAGE 3 is positioned as a period for building the structure for growth. Our policy is not only to achieve the objectives for 2029 but to augment measures for significant advancement beyond 2030.
- Regarding the net sales gap, we will further strengthen each business’ sustainable growth while working to achieve results through new businesses and M&A activity. We will look at new business ventures and M&A opportunities in fields and domains where we can capitalize on our strengths, driving exponential growth beyond 2030.
- On the profit side, we will place priority on growth investments beyond 2030. Fine chemicals in particular views the present as a time for significant growth and, as such, will pursue proactive investment.
- We believe that personnel are the source of competitiveness. We will bolster proactive investment in human capital as well as investments to enhance the working environment, which will lead to value creation.

Chemicals Operations Top Interview



Meeting customer needs through evolution and deepening, fostering a sense of unity, and pursuing a path of further growth

Senior Managing Executive Director,
SHIKOKU KASEI HOLDINGS CORPORATION
Representative Director, President,
SHIKOKU CHEMICALS CORPORATIONN

Makoto Hamazaki

Chemicals Operations Top Interview

Two years have passed since the spin-off into a separate company. Looking back on the past two years, what have been your achievements and challenges?

I believe that my greatest mission as the president is to make SHIKOKU CHEMICALS a company where all employees involved in our business are motivated to engage in the safe manufacture of high-quality products, to achieve the sustainable growth of the company. For this reason, over the past two years, I have worked to improve the office environment so that employees can work safely, securely and comfortably, as well as to create an atmosphere and culture in which employees can have vibrant discussions and actively take on new challenges. Fortunately, new projects and new businesses are emerging in quick succession, and I am feeling a great sense that progress is being made. On the other hand, with the simultaneous launch of these various projects, we face the problem of not having sufficient personnel to move them forward. In addition to hiring more people, I feel that we need to make further improvements in the working environment, both tangible and intangible, so that each employee can work with passion and motivation.

Could you sum up your company's business performance for the fiscal year ended December 31, 2024?

We achieved record sales in all categories of inorganic, organic, and fine chemicals, and overall net sales increased by 6.6 billion yen year on year to 49.9 billion yen.
In inorganic chemicals, exports of insoluble sulfur for radial tires to the United States, and carbon disulfide, a raw material for chemical fiber rayon, to India, increased steadily as new overseas customers were developed. We also increased our sales of sodium sulfate, which are used in detergent powders and bath salts, by capturing demand generated by the withdrawal of our competitors. In organic chemicals, NEO-CHLOR, our mainstay disinfectant for pools, performed well, maintaining high selling prices, and we also succeeded in eliminating excess inventories in the United States, our primary market for this product. Sales of B-to-C sanitary products for household use in Japan also increased.
The fine chemicals category is currently growing at a rapid pace. In electronic chemicals, Glicoat-SMD, our water-soluble preflux for PWBs, is attracting new customers. The number of projects that have adopted our GliCAP adhesion improvement process for server substrates also increased. In functional materials, curing agents for epoxy resins remained strong due mainly to the elimination of excess inventory at our distributors, as well as rapid growth in resin modifiers. We are also seeing an increase in new trial projects for semiconductor process materials as a result of their growing reputation among our customers.
In the forecast for the current fiscal year, sales are expected to increase due to the expansion of fine chemicals sales, but operating profit is expected to fall due to a decline in unit selling prices and an increase in fixed costs associated with the start of depreciation of our insoluble sulfur plant.

What areas do you think should be addressed in light of the comprehensive review conducted at the halfway mark of the long-term vision "Challenge 1000" (from the fiscal year ended March 31, 2021 to the fiscal year ending December 31, 2029)?

If we look at the individual businesses, some have already achieved their final targets, while others are not there yet. However, in anticipation of future growth beyond "Challenge 1000," I see it as an urgent challenge to tackle new projects that are currently in progress with a sense of speed.
As for organic chemicals and inorganic chemicals, there are many products that we have been handling for a long time, and I expect further growth for those products through the development of derivatives and value-added products. For example, for insoluble sulfur, a new plant was completed in January 2025, and from FY2026, when product approval by customers is completed, we expect to achieve a stable supply of high-quality products that will contribute to earnings. In organic chemicals, our washing machine drum cleaner, which was released as the first product in the WASHMANIA series of B-to-C products using the disinfectant agent, chlorinated isocyanurates, has been well received. We have also launched a consumer-focused campaign in India for products intended for drinking water use, and we are looking forward to future sales growth. For the ballast water management system business acquired from Kuraray Co., Ltd., in addition to demand for upgrading from the previous version, we will aim for the system's adoption on new ships going forward.
For fine chemicals, we decided to build a new plant in Sakaide City, Kagawa Prefecture, in

response to the rapid growth of electronic chemicals, functional materials, and semiconductor process materials. In particular, with regard to GliCAP, taking the opportunity of the new plant's construction, we intend to position it as the de facto standard and increase production to a level unrivaled by other companies.

We now have excellent opportunities to achieve even greater growth. However, I am always on my guard, aware that if we fail to seize these opportunities, they could quickly turn into a crisis. For this reason, we are moving swiftly to develop them into businesses, keeping M&A in mind as an option.

How are you working to secure human resources, which is one of the company's challenges, and improve employee motivation?

If we are to realize these opportunities, securing human resources will be of the utmost importance. In addition to new graduate recruitment, we are also focusing on mid-career hires, as well as alumni recruitment, in which we re-hire employees who have resigned or retired from the company. These efforts have enabled us to increase the number of re-hired alumni. We must also further enhance the R&D system that supports manufacturing. In addition to substantially increasing the number of R&D personnel, in terms of key R&D themes, we intend to strengthen the R&D structure for inorganic chemicals, as well as the organic synthesis field, which includes the rapidly growing fine chemicals category.

As I mentioned earlier, it will be essential to create an environment in which employees can work with high motivation, both in tangible and intangible aspects, in order to improve creativity. Following on from the relocation of our Tokyo office, we have also moved our Osaka office to a more convenient, more spacious location. We are also in the process of building a new R&D center to create an environment that can accommodate an increase in development personnel and new R&D themes in 2027. The new center's design incorporates a variety of ingenious features to make it a "collaborative hub" where researchers can come together, collaborate, and actively pursue their research work.

We also hold in-house networking events to improve communication among employees. Employees in charge of development, production, and sales in a business unit gather to share information about what they are doing, thereby fostering a sense of unity as a team. In the future, we hope to hold inter-operation networking events.

What would you like to say to your stakeholders?

Recently, the Kagawa Industry Support Foundation awarded its Ashihara Science Award Grand Prize to our resin curing agent (product name: TS-G), which enables curing and forming of epoxy resins under lower temperature conditions than conventional agents. We also received the Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology. This product was recognized for contributing to the performance improvement of smartphones by adding characteristics that could not be achieved with conventional materials. I view this award as the result of the recognition of the Group's corporate philosophy "Doku-sou-ryoku (creativity)." We will continue to further refine this creativity to promote more innovative development.

We will deepen our existing businesses by exploring the potential of existing products, while at the same time, we must achieve "evolution" that goes even further in cutting-edge fields. We will work to contribute to the lives of people around the world and to the development of society by steadily advancing in our aim to be a "Toward 'one-step-ahead, proposal' company with creativity," as stated in the long-term vision "Challenge 1000."

Chemicals Operations

Chemicals that continue to evolve and deepen for the progress of the world

Inorganic chemicals that contribute to the richness of daily life, from tires to textile materials.
Organic chemicals that clean the world's various water environments, from pools to ballast water.
Fine chemicals that assist cutting-edge technologies all over the world, from IoT to 5G.
Our technologies support the safety and advancement of our lives.

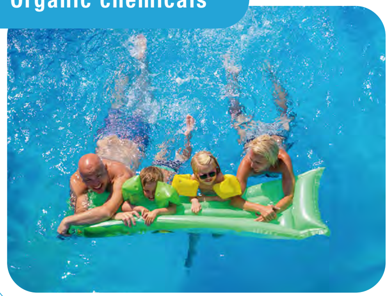
Inorganic chemicals

We deliver numerous products that are deeply intertwined in daily life, including (1) insoluble sulfur, MUCRON, which is indispensable for the production of radial tires, (2) carbon disulfide, a raw material for chemical fiber rayon, and (3) sodium sulfate and sodium carbonate, which are used in synthetic detergent powders and bath salts.

Insoluble sulfur, MUCRON, a vulcanizing agent for radial tires

Chemical fiber rayon made with carbon disulfide

Organic chemicals



Chlorinated isocyanurates were mass produced by SHIKOKU KASEI for the first time in Japan in 1964. NEO-CHLOR, a disinfectant for pools that leverages the excellent properties of those chlorinated isocyanurates, is an example of our products that contribute to improving water sanitation conditions, from the sanitation management of bathing facilities to the wastewater treatment of industrial water, which are in use all over the world.

NEO-CHLOR pool disinfectant

NAPIX automatic chlorine feeder for pools

WASHMANIA washing machine drum cleaner

Fine chemicals

Our heat-resistant water-soluble preflux, Glicoat-SMD, which protects the copper circuits on printed wiring boards (PWBs) from oxidation, boasts the top global share.
We are also rolling out high value-added products in cutting-edge fields, such as compounds that contribute to improving the performance of resins, and GliCAP, an agent that improves adhesion in the chemical adhesion process, for which we aim to become the global standard in the era of next-generation mobile communication systems.

Treatment using Glicoat-SMD heat-resistant water-soluble preflux

SHIKOKU KASEI Group supporting the Chemicals operations

Click here for details.

Research and development, manufacture, and sales of inorganic chemicals, organic chemicals, and fine chemicals
SHIKOKU CHEMICALS CORPORATION

Manufacture, packaging, and transportation of various products
SHIKOKU KOSAN CORPORATION

Marketing and sales of chemicals and housing material products
SHIKOKU INTERNATIONAL CORPORATION

Manufacture and sales of carbon disulfide and hydrogen sulfide
SHIKOKU RYUTAN CO., LTD.

Research and development and manufacture of fine chemicals
MASUDA CHEMICAL INDUSTRIES CO., LTD.

Marketing and sales of chemicals
SHIKOKU INDIA Pvt. Ltd.

Chemicals Operations **Inorganic Chemicals**

From tires to textiles. Supporting the world's many different lifestyles.

SHIKOKU KASEI's beginnings lie in the development of a method for the manufacture of carbon disulfide, the raw material for the chemical fiber, rayon. The technological capabilities thus cultivated have been passed down in an unbroken line to subsequent chemical products. Examples are sodium sulfate, which is used to make synthetic detergents, bath salts, and dyeing auxiliaries, and insoluble sulfur, a vulcanizing agent used in high-performance radial tires. We deliver globally many raw materials that are indispensable to familiar products, with high quality supported by our advanced technologies. Our inorganic chemicals support a wide variety of living situations, from the very familiar to the familiar yet globally active.

Raw material for rayon, a chemical fiber

Carbon disulfide

Carbon disulfide, our founding product, is used as the raw material in rayon, a chemical fiber. Rayon, with its excellent water-absorbing and humidity-absorbing properties, is used for clothing and also for wet wipes and other sanitary products.

Synthetic detergent builder

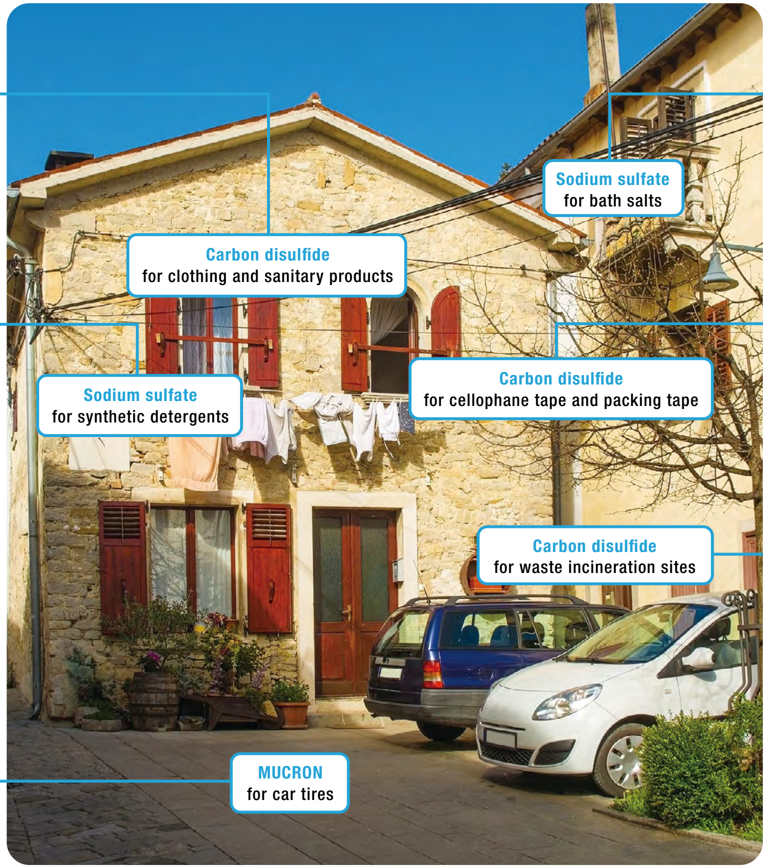
Sodium sulfate

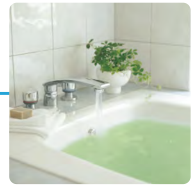
Our sodium sulfate maintains the high quality as the industry's leading manufacturer. It is used as a synthetic detergent builder.

Vulcanizing agent for radial tires

Insoluble sulfur, MUCRON

Our insoluble sulfur, MUCRON, brings out the superior performance of high-performance radial tires. It is used not only for car tires, but also for the tires of aircraft and large construction machinery.





Promotes warm bath effect of bath salts

Sodium sulfate

Sodium sulfate is an ingredient of bath salts. A major component of hot springs, sodium sulfate, works to increase the warm bath effect, so is used as an important active ingredient of bath salts.

Raw material of cellophane and rayon fabric

Carbon disulfide

Carbon disulfide is used in the cellophane backing of clear adhesive tape and the rayon fabric of packing tape (cloth type). It is an environmentally friendly material, including not emitting harmful fumes even when burnt.

Raw material of heavy metal fixatives

Carbon disulfide

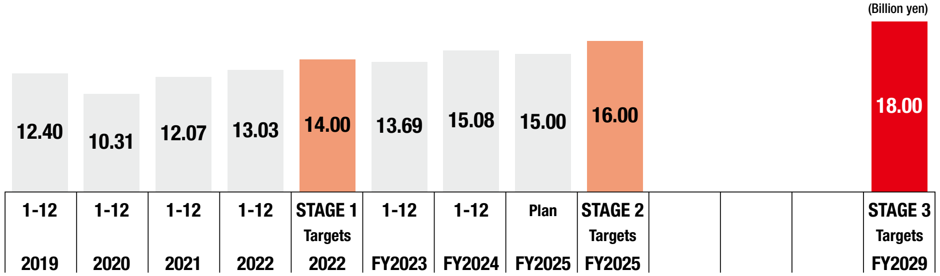
To ensure that harmful heavy metals such as copper and lead found in fly ash after waste incineration do not leak out into the environment, heavy metal fixatives are used as a detoxifying agent. Carbon disulfide is used as a raw material in these fixatives.

Chemicals Operations

Inorganic Chemicals

Business Overview

Sales of insoluble sulfur for radial tires increased year on year, due mainly to the expansion of sales to overseas markets. Sales of carbon disulfide for rayon and cellophane were also up year on year, due mainly to strong exports as a result of developing new customers. Sales of sodium sulfate for bath salts and synthetic detergents also increased year on year as a result of price pass-throughs.



Business Strategy

Our Vision

Recycling difficult-to-handle materials and contributing to technological innovation and environmental preservation around the world

Strategic Scenario

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

Achievements and Future Initiatives

STAGE 1 Initiative Results

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

Initiatives Toward Achieving STAGE 2 Targets

- Enhancement of insoluble sulfur facilities
  - A new plant was completed in January 2025
    Floor area: 1,020 m^2 (steel-reinforced concrete 5-story building)
    Total investment: Approximately 4.5 billion yen
  - Work on the development of manufacturing technologies for high-quality products and build frameworks for mass production.
  - Due to the need for manufacturer-approved tasks, the full-scale continuous operation of the new plant and its contribution to profits are expected to be in STAGE 3 and beyond.
- External sales of hydrogen sulfide are expected to achieve initially projected sales target due to high demand for our high-quality product.
- Promotion of environmental responses (reduction of GHG emissions, reduction of water usage, use of sustainable raw materials, etc.)
- Development of new products based on sulfur

New insoluble sulfur plant

Chemicals Operations

Organic Chemicals

From pools to water for industrial use. Supporting the world's various water environments.

In 1964, we became the first company in Japan to mass produce chlorinated isocyanurates. Since then, we have worked hard to refine various application technologies and create original products using this chemical as a raw material. We have a range of products that target bathing facilities and the sanitary market, including disinfectants for swimming pools and septic tanks. We have also moved into the wastewater treatment field, contributing widely to the water hygiene environment.

Chlorine agent for bathwater

SPACLEAN

SPACLEAN contributes to the sanitation management of bathing facilities such as hot spring and public bathhouses. Its powerful cleaning action removes scale and slime on the bath tub and keeps the bathwater clean at all times.

Automatic chlorine feeder for pools

NAPIX

NAPIX, an automatic feeder for NEO-CHLOR, saves labor and ensures safe and certain chlorine management. Its lightweight, compact design has a small footprint for convenient installation.

Pool disinfectant

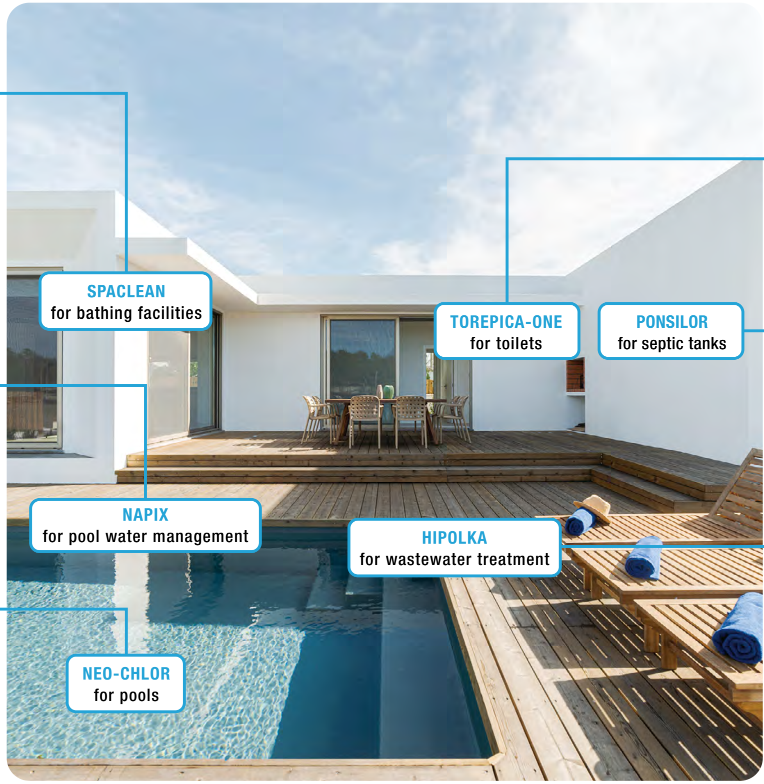
NEO-CHLOR

The pool disinfectant NEO-CHLOR has a stable disinfectant effect even under summer's strong UV rays. Demonstrating strong disinfectant power, with little irritation to the eyes, and a high degree of safety, it is a much loved product in many parts of the world.

Protecting marine ecosystems

NEO-CHLOR MARINE

NEO-CHLOR MARINE protects marine ecosystems. It uses the power of chlorine to exterminate invasive species found in ballast water, which is water pumped into the hulls of ships to maintain balance, thus protecting native species.



Urinary calculus remover

TOREPICA-ONE

TOREPICA-ONE prevents the formation of urinary calculus, which is a cause of the blocking of toilet piping and offensive odors, and removes urinary calculus that has attached to the pipes. It prevents offensive toilet odors, contributing to a fresh, clean environment.

Septic tank disinfectant

PONSILOR

PONSILOR is a disinfectant for septic tanks that has efficient disinfectant power. It quickly deactivates pathogenic bacteria such as E. coli, salmonella typhi, and staphylococci, demonstrating stable disinfectant effects, even in the high humidity of septic tanks, to return the water to a natural, clear stream.

Bacterial enzymatic agents for household and industrial wastewater treatment

HIPOLKA

The HIPOLKA series of bacterial enzymatic agents contains different highly active beneficial bacteria selected for different applications. Beneficial bacteria to suit the properties of the wastewater work quickly to improve the biological treatment function of activated sludge.

Ship ballast water management system

MICROFADE

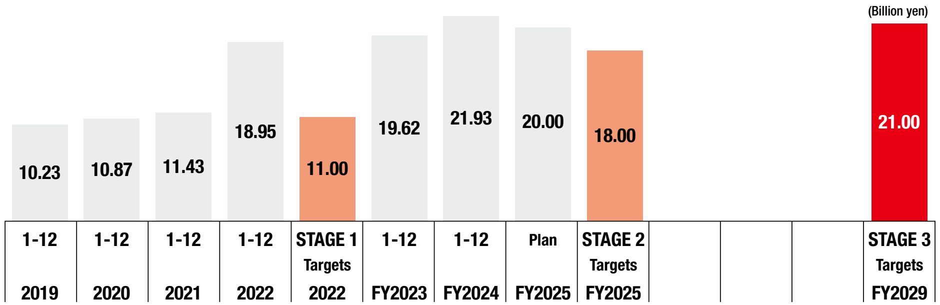
We will operate a comprehensive business by handling the ship ballast water management system as well as selling ballast water treatment agents.

Chemicals Operations

Organic Chemicals

Business Overview

Sales of chlorinated isocyanurate disinfectants in the domestic market were up year on year, due mainly to strong sales of sanitary products for household use. In the U.S. market, market conditions remained firm and sales were up year on year due mainly to the easing of excess inventories.



Business Strategy

Our Vision

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

Strategic Scenario

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

Achievements and Future Initiatives

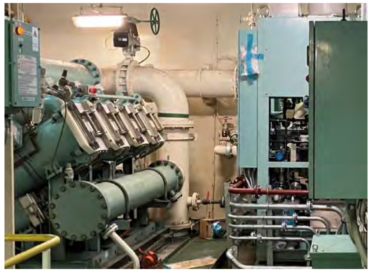
STAGE 1 Initiative Results

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

Initiatives Toward Achieving STAGE 2 Targets

- Business expansion into high added value areas such as sanitary products
  - Making progress with the development of new B-to-C products (WASHMANIA series) that apply our proprietary technologies (surface treatment)
  - Making progress in many development projects for ODM production, taking on the entire process from product conceptualization to manufacturing and packaging.
- Increase the production capacity of chlorinated isocyanurates
  - Continued investment in tableting equipment. Aim to be the largest manufacturer of solid chlorine agents in Japan.
- Acquired MICROFADE® ballast water management system business from Kuraray Co., Ltd.
  - Take on the challenge of expanding the chemical agents market through system sales.
- Efforts toward the Indian drinking water project
  - Set up a local subsidiary in India, one country that has issues with its drinking water situation, after determining that our chlorinated isocyanurates may be a useful solution to that social issue.

WASHMANIA


MICROFADE®

Chemicals Operations Fine Chemicals

From semiconductors to energy. Supporting the world's various cutting-edge technologies.

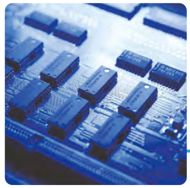
Our Fine Chemicals business began with the production of imidazole derivatives and has since expanded into many different areas in response to customers' needs. Adding to our CUREZOL range of curing agents for epoxy resins, we have also ventured into new fields such as pharmaceutical ingredients and functional materials such as resin modifiers. We have also rolled out PWB-related products such as Glicoat-SMD, our water-soluble preflux that boasts the top market share in Japan and overseas. Our products support cutting-edge technologies in a wide range of fields around the world.

Curing agents for epoxy resins

CUREZOL, which demonstrates outstanding properties as a curing agent for epoxy resins, is used in a wide range of fields, including powder coatings, adhesives for automotive structures, and wind power generation facilities.

Curing agents for epoxy resins

CUREZOL has been adopted for various epoxy compositions for electrical and electronic components, including copper clad laminate and semiconductor sealing materials, which require many different properties such as heat resistance, adhesion, and insulation properties.



Water-soluble preflux for PWBs

Glicoat-SMD is an environmentally friendly, water-soluble copper surface treatment agent whose main ingredient is imidazole. It forms an organic film on the copper circuits of PWBs to prevent oxidation, ensuring good solderability.

Modifiers for high value-added resins

White LEDs are in wide use of liquid-crystal backlights and lighting fixtures. We have created new key materials to meet customers' needs, such as sealing material modifiers, contributing to the further functional improvement of high value-added resins.

Copper surface treatment agents

Our Glibrite series roughens the copper surface of PWBs to an optimal state to suit the application. Our GliCAP adhesion improvement process forms an organic film directly on the copper surface to chemically improve the adhesion between copper and resin.

Adhesion improvement process

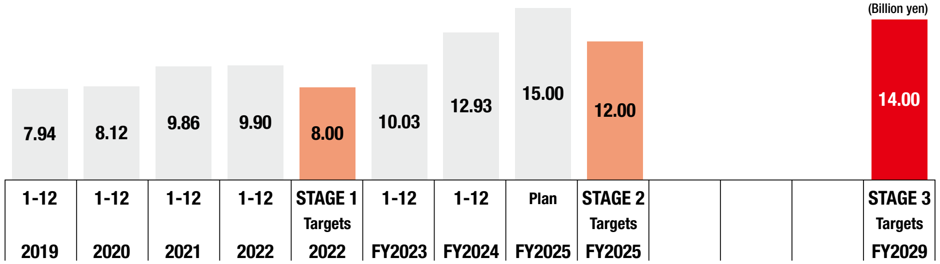
GliCAP improves the adhesion between copper and resin by forming an organic film selectively on the copper surface of PWBs. There is no roughening, so electrical conduction is superior at high frequency bands, making it suitable for the refining of copper circuits.

Chemicals Operations

Fine Chemicals

Business Overview

In electronic chemical materials, sales of Glicoat-SMD, our water-soluble preflux for PWBs, increased year on year, due mainly to the continued recovery in the semiconductor and electronics markets. Sales of the GliCAP adhesion improvement process also remained steady, primarily because of an increase in the number of projects that adopted the product for server substrates. In functional materials, sales of curing agents for epoxy resins (imidazole derivatives) and resin modifiers (glycoluril acid derivatives, etc.) were up year on year, due mainly to increased sales resulting from market recovery. Along with the progress of customer evaluations, there was an increase in the acquisition of new projects for semiconductor process materials.



Business Strategy

Our Vision	Strategic Scenario
● Contributing to technological advancement by providing highly functional products based on our unique technology ● Creating global standards with our new technologies	● Anticipate needs and establish unique themes, to establish technologies with promising customers ● Develop highly functional products based on our accumulated unique technologies ● Set themes based on market trends and develop products leveraging our strengths. Propose total solutions from the perspective of the customer

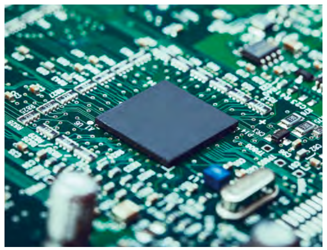
Achievements and Future Initiatives

STAGE 1 Initiative Results

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

Initiatives Toward Achieving STAGE 2 Targets

- Functional materials business: Growth of resin modifiers and semiconductor process materials
  - In resin modifiers, in addition to the growth of our current mainstay product, glycoluril acid derivatives (winner of Awards for Science and Technology for FY2025), evaluation of in-development products in the low-permittivity materials and biomass materials fields is progressing.
  - In semiconductor process materials, evaluation of in-development products in the advanced-function films field is progressing with the generational evolution of semiconductor manufacturing processes.
  - MASUDA CHEMICAL INDUSTRIES CO., LTD. was made a subsidiary for the construction of a production framework.
- Electronic chemicals: Growth of GliCAP
  - Sales of GliCAP in 2024 grew significantly.
  - In the server substrate domain, we began achieving results with its adoption in manufacturing lines.
  - In the semiconductor package substrate domain, full-scale adoption for next-generation GPUs progressed.



New Group company, MASUDA CHEMICAL INDUSTRIES

Chemicals Operations Topics

Received four awards for TS-G development and patents

SHIKOKU CHEMICALS recently received four awards for the development of a new resin curing agent (product name: TS-G) that contributes to increased functionality of semiconductor devices and for patents related to this product.

The award-winning product, TS-G, has been adopted as an ingredient in advanced-function adhesive agents for electronic materials. It is used as a curing agent for epoxy resins, enabling curing at lower temperatures than conventional products. Some electronic components may deform or fail under high-temperature conditions of 150°C or higher. However, by curing and bonding in low-temperature conditions using this curing agent, it is possible to mount electronic components that are sensitive to high temperature, greatly contributing to higher functionality of various cutting-edge equipment.

The four awards received are as follows. The first two awards received were the 31st Ashihara Science Award Grand Prize and the Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology in 2025, both of which are related to development. The former is funded by donations from the late Yoshishige Ashihara, a native of Takamatsu City and Honorary Chairman of the Kansai Electric Power Company. With the aim of contributing to the advancement of industrial technology and the promotion of industry in Kagawa Prefecture, the Kagawa Industrial Support Foundation grants the award to individuals and organizations that have achieved outstanding research results in the field of natural science. The latter award aims to raise the motivation of those engaged in science and technology and to contribute to raising the standard of science and technology in Japan by honoring those who have made remarkable achievements in research and development and the promotion of understanding of science and technology. This is the second time that we have won the Ashihara Science Award Grand Prize, the first being in FY1995, and our second time receiving the Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology, after first receiving it in 2010.

We also received two awards for patents related to this product: the Minister of Education, Culture, Sports, Science and Technology Award in 2024, which is a local commendation for invention for the Shikoku region, and a national commendation for invention, namely, the President's Award of the Japan Patent Attorneys Association in 2025. The purpose of the former award is to encourage and nurture inventions in each region and to contribute to the improvement of science and technology and the promotion of local industries. The award honors and commends the achievements of those who have completed outstanding inventions, ideas and designs, those who have made efforts to put inventions into practice, and those who have contributed to guidance, nurturing and encouragement. The latter award is given to inventions that have demonstrated outstanding scientific and technological progress, achieved remarkable results, and contributed significantly to the promotion of science and technology and the development of industry and economy in Japan. This is the second time we have won the Minister of Education, Culture, Sports, Science and Technology Award for the Shikoku region after first receiving it in FY2005, and our first time to be awarded the President's Award of the Japan Patent Attorneys Association.

We view these awards as the result of close cooperation between the R&D division and the intellectual property division, leveraging each other's expertise and experience. The R&D division created innovative technologies and the intellectual property division protected and utilized their value appropriately, thereby increasing our competitiveness. We will further strengthen cooperation between the two divisions and incorporate intellectual property strategies from the early stages of research and development in our efforts to promote the creation of intellectual property. This will contribute to our business expansion and the development of new markets, leading to sustainable growth.

National Commendation for Invention


The Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology

Housing Materials Operations Top Interview

Pressing steadily ahead along a defined path to become a manufacturer that our customers see as essential

Executive Director,
SHIKOKU KASEI HOLDINGS CORPORATION
Representative Director, President,
SHIKOKU KASEI KENZAI CORPORATION

Yoshinori Manabe

Housing Materials Operations Top Interview

Could you reflect on the two years since you assumed the position of President?

After I became President, I reassessed the profit structure of each product and restructured our business strategy accordingly. As a result, while allocating management resources to landscaping exterior products, with which we enjoy a high market share, to increase our earnings capacity, we are advancing a sales strategy based on space proposals for our home exterior products, interior/exterior finishes, and paving materials. Additionally, with a key theme of “working together,” we decided to pursue business development with a strong focus on proposal capabilities, including collaborations with partners with which we can grow together, complementing each other’s weaknesses. Looking at our customers’ responses and employees’ efforts over the past year, I am confident that we were not mistaken in the direction we chose.
This fiscal year, my third year in the job, I plan to thoroughly examine new sales channels and methods beyond traditional markets for the products that we have developed over the past two years, with the goal of driving growth of net sales. While the results of these efforts may not be immediately quantifiable, I believe that we will definitely achieve outcomes from a long-term perspective, so I intend to hold fast to this policy.

Could you look back on your company’s business performance for the fiscal year ended December 31, 2024?

We recorded decreases in both sales and profit, with net sales falling 1.3% year on year to 18,477 million yen and operating profit by 36.7% to 954 million yen. The interior/exterior finishes and paving materials category continues its trend of gradual decline, even with the emergence of post-disaster reconstruction-related demand in the wake of the Noto Peninsula Earthquake. The fall in the number of new housing starts impacted the home exterior products category, with sales volumes of commodity products declining. The landscaping exterior products category was affected by delays in commencement of construction in new public office and private-sector facility projects, which were the result of labor shortages and soaring material prices. On the profit front, the surge in the price of aluminum ingots, a raw material used in exterior products, was a major factor in the decline in operating income. Although the costs of exhibiting at trade shows for the promotion of new products increased, I view those costs as a positive investment for the future. We intend to continue injecting such funds firmly where necessary.

Could you describe your current priority initiatives in each product category?

While our exterior products category began with accordion gates, subsequently, with different ideas and in response to customers’ requests, we developed more products, including archways (roofs for pathways), site-assembled large sliding doors, and garbage storage containers (Garbage Container) in the landscape category. Going forward, cherishing our motto of “SHIKOKU KASEI, the company that never says no,” I hope to continue launching new products onto the market.
In light of these trends, in March 2025, we launched a new brand, “MEGLIO,” with the aims of contributing to a carbon-free society and creating landscapes that are kind to people and the natural environment. “Solar carports,” a solar power-integrated carport, became the first product to be released under the new brand. Its proprietary structure and aesthetic design, which leverage our strengths as a manufacturer of exterior products, set it apart from the carports with mounted solar panels that are most commonly seen on the market. We are already working with an EPC enterprise on sales activities, and there has been a strong response, with the product being praised highly for its combination of function and design. For the time being, we intend to develop sales channels targeting roofs for parking lots for commercial facilities and private-sector companies.

What about the home exterior products and interior/exterior finishes and paving materials categories?

With regard to home exterior products, we intend to propose the creation of high value-added spaces that combine the aesthetically pleasing products that are our strength with our exterior finishing materials and paving materials that no other company offers. Based on the expertise cultivated in landscaping exterior products, for which we enjoy the top share in the exterior products sector, we are working on the development of products that are considerate of safety and security. Amid heightened risks of natural disasters such as earthquakes and severe storms prompted by the growing frequency and severity of disasters, there has been discussion in the Japan Exterior Industry Association* about the establishment of industry rules for strength standards. However, we have taken the lead in this regard by developing products that comply with the Building Standards Act. We hope to establish a sense of trust in our customers, that they may feel reassured by choosing SHIKOKU KASEI’s building materials.
Regarding interior/exterior finishes and paving materials, when we consider the ongoing

Housing Materials Operations Top Interview

gradual declining trend in Japanese-style architecture, there were times when we thought that a complete re-examination from the basics would be necessary. However, many of the products that have won awards in our spatial design competitions that are held most years have been interior/exterior finishes and paving materials. These results have given us a renewed recognition that interior/exterior finishes and paving materials are a crucial element in space proposals. As such, we are now working on the development of Texage, a range of paints with a high degree of aesthetic design, as a new item in this category. Until now, we have primarily focused on finishing materials that are applied with plastering trowels. However, going forward, we will pursue product development and sales expansion that go beyond the boundaries of our existing business, positioning these products as integral materials in spatial design. While demand for plastered walls, which are the original product of our Housing Materials operations, is expected to continue its gradual decline, we will work on rebranding to suit changes in the times and the market. By making proposals to customers who will understand their value, we hope to secure profits from them.

*Japan Exterior Industry Association: Established in 1977. Along with its 11 members, including SHIKOKU KASEI KENZAI CORPORATION, the Association operates with the objective of contributing to the advancement of the housing industry through the provision of excellent exterior products to the market.

Could you tell us about the prospects for the parklet business?

A parklet is a single, integrated structure that includes seating, tables, and a base platform. By installing them on sidewalks and other public spaces, we can create spaces for people to rest and relax. With the partial amendment of the Road Act and other legislation, these parklets are now being built all over Japan. On the other hand, parklets are not something that can be addressed with standardized products alone. They require customized shapes and designs to suit the installation space and surrounding environment, making them essentially order-made products. To grow this business, we intend to coordinate with event organizers, advertising agencies, real estate agencies, and other entities subcontracted by local governments to establish facilities.

What are your thoughts on initiatives to open up overseas markets?

In light of the shrinking of the domestic market, we intend to strengthen our development of overseas markets for exterior products. First, we will build a network of distributors in China, where we have a local subsidiary, and we will also explore sales channels in Thailand after stationing ex-pat personnel there in August. Fortunately, we have received many requests from local companies in these markets that want to sell our products to affluent customers. The word “exterior” as it is used in Japanese in this context does not have an exact equivalent in other countries. In that respect, we are hoping to export the very concept of “exterior,” meaning the use of aesthetically pleasing, highly durable metal products to encompass a site and elevate the aesthetic beauty of the home.

What are your thoughts regarding future investment plans?

We intend to invest in production, logistics, and human capital. Our greatest issue on the production front is the labor shortage, which is making the automation of tasks and labor-saving urgent challenges. However, for the adoption of robots on the factory floor, it is essential to manage all processes, from receipt of materials to completion of finished products, with data. To achieve this, we will invest in the construction of a production management system. On the logistics front, in addition to the establishment of the logistics center for the Shikoku area to which products are currently shipped individually from our three plants, we are currently working on a project for the improvement of logistics efficiency. As part of this project, we are also considering joint deliveries with other manufacturers in the same industry.
In addition, if we are to advance new business strategies, the mindset reform and skills advancement of our employees will be vital. This fiscal year, we are conducting logical thinking training for all employees, and from next fiscal year and beyond as well, we are planning group training that will lead to the improvement of skills. Further, we encourage our employees to obtain qualifications that are relevant to their work, such as Exterior Planner and Licensed Building Construction Management Engineer qualifications, and consistently promote a mindset of continuous learning.

What would you like to say to the company’s stakeholders?

We want to offer products that are of value to our customers, for SHIKOKU KASEI KENZAI’s products to be recognized for their outstanding function, safety and security, and aesthetic design, and to remain a manufacturer that is seen as essential. Now that the path toward the future has become clear, unconstrained by conventional ways of doing things, we will develop new markets with flexible thinking in our commitment to raise the brand value of SHIKOKU KASEI KENZAI.

Housing Materials Operations

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

Our aim is to create townscapes where people feel at ease and that are kind to the natural environment. With proposals that turn spaces that would ordinarily be passed by unnoticed into relaxing spaces that will invite people to stop and rest and spaces of value that enrich people’s lives. And with the use of renewable energy and natural and recycled materials, we will contribute to the realization of a sustainable society.

MEGLIO

*MEGLIO is a new brand created from the concept of “bringing better circulation to people and nature.”

Landscaping exterior products

With a focus on materials and design that many visitors to a place will find pleasing, our landscaping exterior products also propose the creation of public spaces that are functional and comfortable.
Along with meticulous attention to safety, we contribute to the development of beautiful townscapes with proposals that make the most of our ability to respond flexibly to custom orders.

Large accordion gates

Bicycle ports

Archways

Large fences

Home exterior products

SHIKOKU KASEI was the inventor of the “accordion gate,” which has become synonymous with carport-front gates.
Our product lineup, which includes gates, fences, carports, decks, and shutters, offers functionality and outstanding design. Coordinating them with SHIKOKU KASEI’s unique exterior finishing materials and paving materials will enrich the hearts of those who live there.

Facades

Carports

Terraces and decks

Aluminum system fences

Interior finishing materials, exterior finishing materials, paving materials

Our extensive range of finishing materials creates beautiful scenes in all manner of locations, from individual homes to commercial and public facilities.
Including interior finishing materials that have a unique function of adsorbing and decomposing formaldehyde to detoxify it, and paving materials made with recycled materials, we actively engage in the development of products that consider health and the environment as well as design.

Interior finishing materials

Exterior finishing materials

Paving materials

SHIKOKU KASEI Group supporting the Housing Materials operations

Click here for details.

Development, manufacture and sale of interior finishing materials, exterior finishing materials, paving materials, and exterior products
SHIKOKU KASEI KENZAI CORPORATION

Manufacture of exterior products
SHIKOKU KEIZAI CORPORATION

Manufacture of exterior products
RYOUWA KASEI KOGYO CO., LTD.

Manufacture of exterior products,
and store-related products such as shutters
SHIKOKU KEIZAI KANTO CORPORATION

Manufacture of exterior products
SHIKOKU KOHKI CORPORATION

Housing Materials Operations

Interior Finishing Materials, Exterior Finishing Materials, Paving Materials

Interiors and even the exterior walls of houses. Making the world's various housing environments healthy.

Our extensive range of interior finishing materials, exterior finishing materials, and paving materials accommodates all manner of scenes, from individual homes to commercial and public facilities. Including interior finishing materials that have a unique function of adsorbing and decomposing formaldehyde, which is a cause of sick house syndrome, to detoxify it and paving materials made with recycled waste materials, we actively engage in the development of products that consider health and the environment as well as design.

Finishing materials with richly nuanced expressions created by inorganic materials

Mortar-style finishing materials whose muted textures offer a depth of expression and charm. They can be used on walls, counters, floors, and even curved surfaces.

Paving materials with excellent function and design

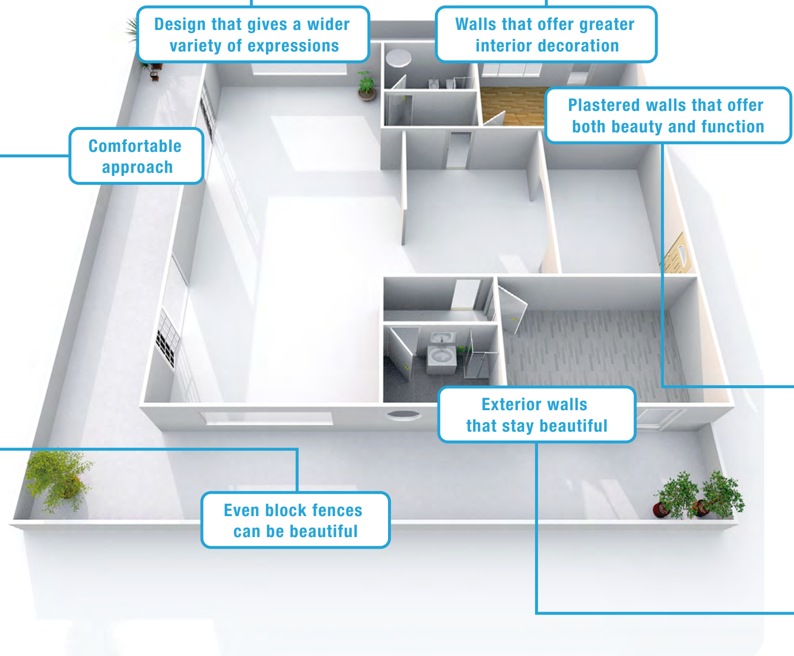
Water-permeable paving materials made with natural stone, environmentally friendly paving materials made with recycled glass, and paving materials with advanced cushioning provided by rubber chips. A wealth of materials and color variations create beautiful facilities and townscapes.

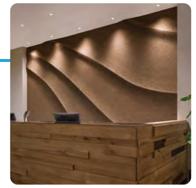
Block exterior finishing materials

Slightly elastic exterior finishing materials that are strongly resistant to cracking and can be decorated with a rich variety of patterns, materials that can be directly applied to blocks, and other products realize the creation of unique exterior structures.

Colored topcoats for renovation

So that people can enjoy plastered walls that provide comfort in their homes for many years to come, we have created colored topcoats that allow for easy renovation. Both interior and exterior walls can be reborn into new walls.





Walls with uniquely distinctive designs

Walls with a high degree of aesthetic design have outstanding presence created by tremendously thick coatings. Rich expressions that make the most of plastering techniques and colors with the unique depth of colored clay provide spaces with a dignified appearance.

Creating safe and comfortable interior spaces

Advanced-function walls such as JULUX, whose main ingredient is diatomaceous earth, products that can be easily applied directly with a roller or pallet, and other interior finishing materials that have evolved from traditions improve the interior environment and create comfortable spaces.

An extensive range of exterior finishing materials

Our distinctive products include exterior-only elastic walls that prevent cracking, excellent functions such as dirt resistance, and a rich variety of colors and decorations. Customers can choose from a rich variety of designs, from traditionally tasteful to more modern expressions.

Housing Materials Operations Home Exterior Products

From gates to carports. We create a variety of housing designs around the world, enriching the hearts of those who live in them.

SHIKOKU KASEI was the first to develop the “accordion gate,” which has become synonymous with carport-front gates. From gates and fences to carports, decks, and terraces, we have an extensive range of products that make life more comfortable and secure. Our products are distinctive for their functionality and design. SHIKOKU KASEI’s unique total coordination with exterior finishing materials and paving materials expresses the individuality of the people who live there.

Elevating the impression of the home around the entrance

We have a full line-up of gates, gateposts, and items for the gate area. We also have a range of gates with electric locks for added security. Our products create the faces of various homes, both closed exterior structures that ensure privacy and more open exteriors.

Creating relaxing spaces for an expansive lifestyle

We have an extensive range of terraces, whose flat ceilings harmonize beautifully with the building, and wood-plastic-composite decks. We propose the creation of outdoor living rooms that connect the home’s interior and garden as a space for relaxing with family and friends.

Exterior structure innovations

We solve the problems of fences that pose a hazard, such as aging block fences. Our aluminum system fences have a light construction that realizes a freedom of expression and easy installation. They open up a wealth of possibilities for elevating the home’s appearance.

People-friendly universal design

Our railings, which were developed to create an environment in which everybody can live in safety and comfort, are in wide use in various locations, from regular houses to hospitals to welfare facilities. With the aims of easy installation and suitability for all conditions, we support the safety of all.

Carport areas to suit all plans

From models with outstanding design for simple, modern forms to more basic models, our extensive range of carports has something for every plan. We can also combine them with lighting fixtures to create fantastic spaces.

Aluminum shutters that protect both aesthetics and car

Taking advantage of the aluminum shutter technology that we developed ourselves, we have produced unit-type facades that combine carport and gate. The total aesthetic arrangement from house entrance to carport area creates a finish that gives a sense of unity with the building.

Housing Materials Operations Landscaping Exterior Products

Under the concept of "bringing better circulation to people and nature," we will beautify the community's landscape and contribute to society.

While careful thought is given to materials and designs so that the many visitors to a place will find them pleasing, our landscaping exterior products also propose the creation of more comfortable public spaces. We carefully consider usability and safety so that everyone, from small children to the elderly, can use our products with peace of mind. Continuously reflecting on our responsibility to create, we are also engaged in the development of sustainable products that will offer a sense of greater circulation.

Solar carports that aim for a carbon neutral society

Carports and bicycle ports with solar panels mounted offer greater convenience while contributing to a carbon-free society.

Exterior structure series that allows for total coordination

As well as the functional aspects such as crime prevention and safety, our many exterior structure products are created in harmony with the building and surrounding environment in mind. Large sliding doors, accordion gates, fences, and other products that all have the same design concept make total coordination of the exterior possible.

Creating walkable townscapes with SWALOCCA

SWALOCCA is ideal for creating townscapes that feel comfortable and walkable. The modular style allows for proposals that suit the space.

Garbage containers for comfortable housing environments

Our garbage containers were developed with the theme of creating a comfortable environment. They transform the garbage storage area, which tends to be messy and unsanitary, into a clean and beautiful space. Our attention is focused on creating a comfortable living environment even in these kinds of spaces that tend to be overlooked.

Energy-saving, low-maintenance greening systems

As part of our environmental measures, based on our own cultivation trials and verification results in joint research with a university, we propose unique aerial greening systems that contribute to the reduction of the heat island effect.

Beautiful and functional bicycle ports

Bicycle parking areas are indispensable in various public areas such as outside railway stations, schools, and hospitals. Our bicycle ports are distinctive for their extensive range of designs to suit the area that they will be installed and for their ease of use.

Archways that bring added comfort to the landscape

Our aluminum archways (pathway shelters) that combine function and beauty have the top share of this market. Harmonizing beautifully with urban spaces, they protect people from rain, sun, and UV rays and add color and comfort to the landscape.

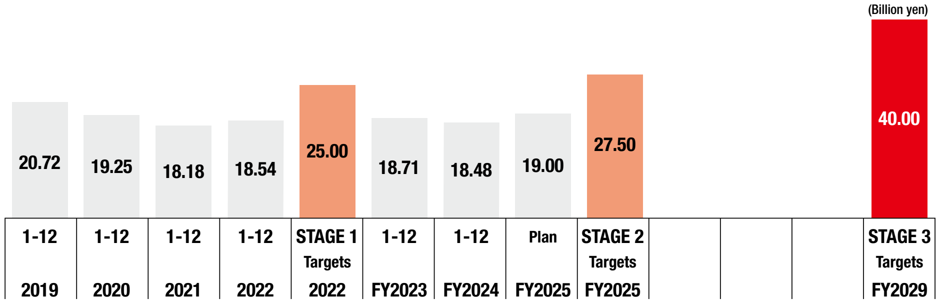
Large fences with a diversity of functions, designs, and colors

In addition to functions such as wind prevention, noise prevention, and screening, we propose fences with many different design variations to create different impressions, such as a sharp impression or a dignified appearance.

Housing Materials Operations Overview

Business Overview

The trend of decline in new housing starts, particularly owned houses, continues, due to the impact of soaring construction costs, which has meant sluggish demand for materials for detached housing. On the other hand, non-housing landscaping exterior products, which are one of our strengths, saw increased sales through stronger incorporation at the design stage. However, the large sales decline in the housing field meant that net sales in the Housing Materials operations as a whole decreased year on year. Profitability also declined due to soaring costs of raw material, particularly aluminum ingots.



Business Strategy

Our Vision

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

Strategic Scenario

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

Achievements and Future Initiatives

STAGE 1 Initiative Results

- Expanded the lineup of high value-added products
- In interior/exterior finishes and paving materials, began producing tools that make it easy to understand the construction process
- Enhanced sales capabilities through reskilling
- Smart factory initiatives to create a highly efficient production system

Initiatives Toward Achieving STAGE 2 Targets

- Initiatives toward new products and domains
  - Integrated and mounted solar carports fitted with solar panels
  - Emphasis on design and greater depth of high added values
- Strengthening of activities through organizational changes
  - Strengthening of space proposal operations for interior/exterior finishes and paving materials by Special Sales Dept.
  - Strengthening of overseas sales of exterior products by Overseas Sales Dept.
  - Enhancement of social media by DX Promotion Sec.
  - Strengthening of quality management systems by Quality Assurance Dept.
- Initiatives in legal compliance and construction support
  - Make use of trade exhibitions, etc. to hold seminars explaining the Building Standards Act and conduct construction demonstrations
- Initiatives for stable supply of products and strengthening of logistics
- Work on labor-saving, crime-prevention, and disaster-readiness responses as solutions to social issues

Housing Materials Operations Topics

Solar power-integrated carport is the first product in the new “MEGLIO” brand of environmentally friendly products

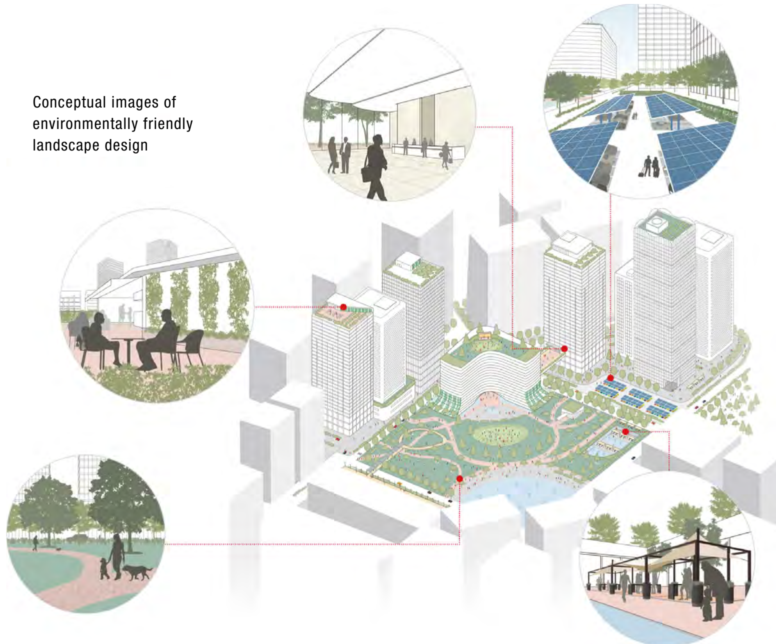
In the interest of further strengthening our environmental initiatives, we launched the new brand, “MEGLIO.” The first product under this new brand was “SOLIS ROOF,” a solar power-integrated carport, released in March 2025.
Natural disasters believed to be linked to climate change are occurring all over the world, and awareness is growing of the need to reduce greenhouse gas emissions and protect the natural environment. As a result, markets that prioritize environmental value are expanding, and companies are being increasingly called on to enhance their corporate value through environmental initiatives. In response, we launched our new “MEGLIO” brand with the goal of contributing to society through environmental friendly product development and corporate activities.
The concept of the brand is “bringing better circulation to people and nature.” It is imbued with our desire to thoughtfully care for both people and nature alike with our products that are meant to exist quietly within people’s daily lives and the natural world. Through our products, we will turn spaces that would ordinarily be passed by unnoticed into relaxing spaces that will invite people to stop and rest, and contribute to the realization of a sustainable society with the use of renewable energy and natural and recycled materials.
In March, we released “SOLIS ROOF,” the first product under the MEGLIO brand. SOLIS ROOF is a solar power-integrated carport suitable for large-scale parking lots at public facilities and large-scale commercial facilities, areas in which we excel. Integrating the roof and solar panels resulted in a smart, streamlined design unlike anything seen before. The roof panels are pitched at a 3° angle to increase power generation efficiency, with an estimated annual output of approximately 15,000 kWh. By eliminating the need for regular roofing materials, we were able to reduce costs by around 30% compared to conventional products.
In addition, with the adoption of a proprietary rear-support structure in which two columns support a roof covering space for four cars, fewer columns are required. This not only reduces installation costs, but also makes it easier for cars to enter and leave the parking spaces and for car occupants to enter and leave their vehicles. Furthermore, dedicated signage panels that clearly indicate parking positions are just one of the various user-friendly features incorporated throughout the product’s design. Combining upward- and downward-sloping roof types allows for consistent solar exposure while creating an aesthetically cohesive design. Primary demand for this product is expected to be for large-scale parking lots attached to commercial facilities, factories, and other similar facilities. Starting with SOLIS ROOF, we will expand the lineup of MEGLIO brand products, contributing to the creation of spaces with sustainable value.

The goal of SHIKOKU KASEI is to create an environment of the future that is ideal for both people and nature. In the years ahead, we will continue to contribute to society through environmentally friendly product development and corporate activities, with the key themes of “contribution to a carbon-free society,” “provision of comfortable spaces,” and “sustainability.”

MEGLIO


SOLIS ROOF

Conceptual images of environmentally friendly landscape design



Head Office Divisions Top Interview

We will build win-win relationships with all stakeholders through synergy between the "centripetal force" of the head office divisions and the "centrifugal force" of the business divisions

Director, Head, Corporate Management,
SHIKOKU KASEI HOLDINGS CORPORATION
Representative Director, President,
SHIKOKU KASEI CORPORATE SERVICE CO., LTD.

Yoshiaki Ando

Head Office Divisions Top Interview

Two years have passed since the spin-off into a separate company. Looking back on the past two years, what have you been working on as the top executive?

I worked in corporate sales for most of my career at my previous employer, Nomura Securities. I have seen the management of various listed companies from the outside, but when I was in charge of SHIKOKU KASEI, I felt that this was not a company that would stay at its current level, and that had tremendous room for growth (in other words, it was wasting its potential). I subsequently had the good fortune to join the Company in April 2021.

Given this background, my position within the company is free from past entanglements. As such, I have been working to create an environment where employees in the head office divisions can work cheerfully and energetically. I am sure that, at heart, every employee, from new recruits to executives, shares a strong desire to make this a “great company.” If there is anything in their way, I will try to remove those obstacles so that our employees can pour their full efforts into their work without undue stress. Fortunately, I have received comments from people around us that the atmosphere at the company (head office divisions) has become brighter, and the turnover rate in the head office divisions has remained at a low level.

Over the past two years, under our principle of “YONPO-YOSHI (favorable in all four directions),” we have considered our customers, employees, shareholders, and society to be our most important stakeholders, and have addressed all of them with sincerity. I feel confident that the Group’s growth and the enhancement of its corporate value through candid dialogue with our stakeholders will lead to the happiness of them all. We will continue to strive to build a win-win relationship that will make both the Group and our stakeholders happy.

What do you think the head office divisions have achieved over the past two years and what challenges do they face?

Let me begin by looking back on the process leading up to the creation of the holding company (spin-off). During the glamorous Showa era of the bubble economy, the Company aggressively promoted business diversification and engaged in excessive financing. However, those attempts at business diversification did not succeed, which left the company holding large amounts of debt. The Company subsequently cut back on its expenses, paid off its debts, and built up its retained earnings. In its business activities as well, it carried on sound management with minimum staffing levels. Those steady efforts paid off, and the Company evolved into a leading global niche company and strengthened its financial position. On the other hand, it continued its conservative management style for many more years. Accordingly, the Company announced its determination to shift away from such conservative management toward a more aggressive style, which led to the establishment of the long-term vision “Challenge 1000” five years ago. In particular, the spin-off that took place two years ago served as a major turning point in encouraging the individual operating companies to change their own mindset and shift to a more forward-looking (aggressive) management style.

Another objective of the spin-off was to redefine the head office and clarify the division of roles between the operating companies and head office. Over the past two years, I feel that we have made great strides in achieving these objectives. I have always said that if head office does not have the respect of the operating companies, it will lose its very reason for existence. I hope that employees working in the head office divisions, including General Affairs, HR, Finance & Accounting, and Planning, remain conscious that their own salaries are covered by “head office service fees” paid by the operating companies if they are in the corporate services division, or by the “management guidance fees” if they are in the holdings division, and that they will support the operating companies closely as they engage in their work. My sense is that this hope is steadily taking shape, for which I am very grateful. However, we do face a challenge in that we are unable to meet the needs of operating companies fully due to our current shortage of personnel. For this reason, I feel strongly that we must give top priority to reinforcing our workforce and improving operational efficiency through the proactive promotion of DX.

What kind of things do you hope to work on in the head office divisions in the future?

Over the past two years, the two operating companies established by the spin-off have demonstrated significant independence and a healthy “centrifugal force” by shifting to quick management decisions and proactive management. On the other hand, we are now approaching a critical time for the SHIKOKU KASEI Group to strengthen the “centripetal force” of the head office divisions, namely the holding company and the corporate services company. It is for this very reason that I believe that the head office divisions must play a role in creating synergies for the Group so that two (chemicals) plus one (housing materials) equals not three, but five.

To this end, we established the Safety and Risk Management Dept. and the Quality Assurance Department directly under the holding company in January 2025. As a result, we have established a system that enables us to collaborate across the entire Group, including the existing Sustainability Management Department, while taking a bird's-eye view of our efforts in the areas of safety, quality, and environment, which are the most important pillars for a manufacturing company. Going forward, we must evolve our core divisions such as the HR, General Affairs, Finance & Accounting, and Information Systems Departments, all of which support the infrastructure of the entire Group, into leaders who will drive our strategy. To this end, each director of the corporate services company will be responsible for the management of personnel and human resources development, governance, and information security for the entire Group.

In this way, we have established a system to promote our human resources strategy, sustainability strategy, DX strategy, financial strategy, new business strategy, and public relations strategy with the goal of achieving "Challenge 1000."

I believe that these efforts will lead to the strengthening of governance of the entire Group. I look forward to Outside Directors evaluating the Group from objective, comprehensive perspectives and expressing their frank opinions. I am confident that, by steadily advancing these efforts, the SHIKOKU KASEI Group will realize its full potential and leap even further to a new stage.

Could you tell us about human resources strategy?

I consider human resources strategy to be of particular importance. We need to implement a variety of measures to ensure that each and every employee takes pride in their work and in the company, feels a sense of reward, and remains highly motivated. Over the past two years, among the 120 people in managerial positions, we have held meetings to exchange opinions with 64 of them who are candidates for executive management roles in the future. In these dialogues, I conveyed my thoughts directly to them and listened carefully to their opinions on the challenges we face to make the company better. Through these conversations, I was able to reaffirm that the SHIKOKU KASEI Group is a group of people who have integrity and independence and who place importance on teamwork.

At the same time, I recognized that there are various issues at each site that are obstacles to employee motivation. I see one of my key roles as working closely with the front lines to promote initiatives that will foster an open and rewarding corporate culture, and I am putting that role into practice every day. Going forward, I hope to create opportunities for direct communication with more employees.

What are your thoughts on efforts to enhance corporate value?

In management conscious of capital costs and stock prices, it is a matter of course that we reduce excess capital, just as we have done in the past. However, I believe that, by rights, what management executives should focus most on is growth investment to enhance corporate value. In other words, they should make proactive investments in human resources, equipment, and research and development. Fortunately, our aggressive business development through the spin-off has paid off, and we are currently considering a number of investment projects. Linking these investment projects to long-term growth will lead to the enhancement of the Group's corporate value. It will also help us to build a sustainable win-win relationship with stakeholders in all four directions, including shareholders.

What would you like to say to the Company's stakeholders?

I am always telling our employees, "Let's make us the No.1 company in Shikoku." By "No.1," I mean a company that is brimming with appeal, that is, a company where every employee sincerely wants to work, a company to which the parents of employees can entrust their children with peace of mind, and above all, a company that shines brightly in the region of Shikoku. In other words, it is a company that is replete with sustainability and that can continue to grow in the medium to long term. To this end, we must realize overall optimization while paying attention to and staying close to all our stakeholders, including customers, employees, shareholders, and society, and dealing with each of them in a balanced manner. I believe that this is the very mission of management and its most fulfilling task.

In-depth Explanation! SHIKOKU KASEI's Financial Strategy

To appropriately convert the Company's inherently high operating profitability into share profitability and returns, we will use ROIC management and flexible capital policy to realize appropriately-sized balance sheets and appropriate capital composition. We will also candidly disclose the current state of the Company to lower individual stakeholders' consciousness of risk and stabilize expected returns.

Consolidated Balance Sheets (approximate figures as of December 31, 2024)

[Financial assets]

(Current status and future policies)
Use interest-bearing debt to meet funding needs, while actively reducing surpluses through repayment.

	As of Dec. 31, 2023	As of Dec. 31, 2024
	69.8 billion yen	72.9 billion yen
(Breakdown)		(up 3.07 billion yen from beginning of year)
Cash and deposits	29.9 billion yen	33.7 billion yen
Securities	17.5 billion yen	14.6 billion yen
Investment securities	22.3 billion yen	24.5 billion yen

[Excess capital]

(Current status)
Our current cash holding policy is to maintain deposits equivalent to approximately one-fourth of annual sales. We recognize excess capital to be approximately 20.0 billion yen. This figure is obtained by subtracting 30.5 billion yen in interest-bearing debt and a risk buffer of approximately 20.0 billion yen from our financial assets of 72.9 billion yen.

(Future policies)
Viewing the final stage of our long-term management plan as a period for building the framework for a leap forward in 2030 and beyond, we will prioritize investment in human capital and environmental improvement, in addition to investment in growth.
We will proceed with the reduction of cross-shareholdings and make flexible shareholder returns in line with progress made.

[Business assets]

Trade receivables
Inventories
Property, plant and equipment/
Intangible assets

	As of Dec. 31, 2023	As of Dec. 31, 2024
[Chemicals]	43.1 billion yen	43.9 billion yen (up 0.8 billion yen from beginning of year)
[Housing Materials]	14.4 billion yen	14.9 billion yen (up 0.4 billion yen from beginning of year)

[Investment capital]

(Profit indicators to be compared)
Operating profit after tax by business
→ROIC by business

	As of Dec. 31, 2023	As of Dec. 31, 2024
[Chemicals]	30.1 billion yen	31.4 billion yen (up 1.3 billion yen from beginning of year)
ROIC by business	15.2%	19.6%
[Housing Materials]	8.1 billion yen	9.1 billion yen (up 1.0 billion yen from beginning of year)
ROIC by business	12.0%	7.7%

[Business liabilities]

Trade payable
Labor-related liabilities and provisions

[Group capital invested]

(Profit indicators to be compared)
Profit after tax (operating profit + financial revenue)
→Group ROIC

(Current status)
Current WACC is recognized at 4.5–5.5%. Although Group ROIC exceeds WACC, we will continue to take measures to widen the ROIC-WACC spread.

	As of Dec. 31, 2023	As of Dec. 31, 2024
	109.0 billion yen	114.7 billion yen (up 5.6 billion yen from beginning of year)
Group ROIC	5.8%	6.6%

[Future Cash Flows (FCF)]

(Shareholder returns)
Carry out promptly, targeting 50% of profit

(Internal reserves)
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 8% as hurdle rate in the short term, to exceed minimum cost of shareholders' equity, and aim to steadily exceed 10% by capital reduction.

	As of Dec. 31, 2023	As of Dec. 31, 2024
	86.1 billion yen	83.3 billion yen (down 2.7 billion yen from beginning of year)
ROE	9.4%	10.4%

[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.

[Interest-bearing debt]

(Future policies)
Use interest-bearing debt for proactive investment for the achievement of the 2029 target and for sustainable growth in 2030 and beyond.
Pursue an optimal capital structure, taking into account current financial conditions, on the premise of maintaining the current credit rating (A-, R&I).

	As of Dec. 31, 2023	As of Dec. 31, 2024
	22.2 billion yen	30.5 billion yen (up 8.3 billion yen from beginning of year)

In-depth Explanation! SHIKOKU KASEI's Financial Strategy

Although cash and deposits are counted as financial assets, in fact, they are retained in part for the operating companies to execute smooth payments at a level of around one-fourth of annual net sales. Any cash and deposits on the operating company side that exceed that level are returned to the holding company every year as dividends.

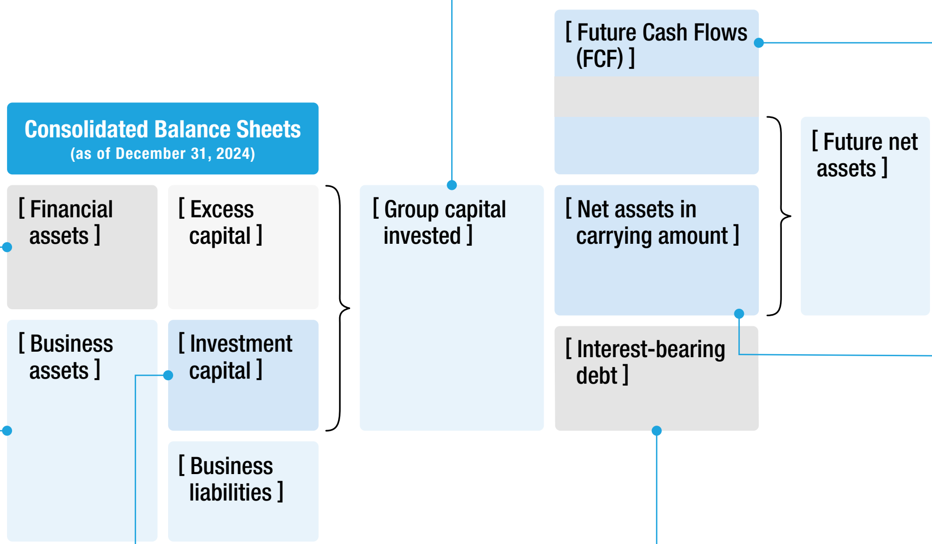
Capital held by the holding company will be prioritized for investment in human capital and environmental improvement, in addition to investment in growth for a leap forward in 2030 and beyond.

Cross-shareholdings are being steadily reduced every year, a trend that will continue unchanged going forward.

Current WACC is recognized at 4.5–5.5%. The reasons for the low level of Group ROIC despite Group ROIC exceeding WACC are the large scale of the financial assets factored in and their low yields. We will work to expand the ROIC-WACC spread from both growth investment and balance sheet management angles.

Business assets are maintained at a compact scale.
In the Chemicals operations, investment in the production capacity enhancement of insoluble sulfur and NEO-CHLOR has been completed. The strength of the fine chemicals area is that it relies greatly on intellectual property and mass production expertise, rather than manufacturing equipment, so it does not hold expensive equipment.

The business assets of the Housing Materials operations are also compact, even in comparison with the Chemicals operations, and there is a high rate of asset turnover. In exterior products, simple cellular production equipment is used for cutting, machining, and assembling the aluminum bars, and the manufacturing plant is small and agile, with no large-scale mass-production machinery. This is responsible for the ability to respond to custom orders that is our strength.



The total payout ratio target is on a flow basis level, but we will reduce excess capital on an assets basis flexibly, without a preoccupation with this target.
In addition, we are currently updating our business plan based on the Challenge 1000, as part of which we are re-tallying medium-term funding demand. After that, we will decide on specific cash allocations.

Regarding cost of shareholders' equity, there are various estimation models (e.g., CAPM, APT), but instead of deciding on the sole basis of these models, we place importance on dialogue and exchanges of opinions with investors. When growth expectations and the effects of small-cap stocks are factored in, cost of capital may become even higher, but we recognize it as the minimum hurdle rate.

ROIC as stated here refers to pure ROIC that does not include any cash and deposits whatsoever, and we recognize it as a number that indicates the potential maximum at the current time.
ROIC of the Chemicals operations is being maintained at a high level due to the high ROS (return on sales), particularly for fine chemicals. In the Housing Materials operations, although ROS is not as high as the Chemicals operations, due to its compact invested capital, it is on a high level on an ROIC basis.
Even further divided into sub-segments, we understand that almost all operations have earned ROIC in excess of the cost of capital.

We will use interest-bearing debt for proactive investment for the achievement of the 2029 target and for sustainable growth in 2030 and beyond.
The borrowing limit is set at a level that maintains the current credit rating (A-, R&I). While interest rates are rising, we will pursue an optimal capital structure, taking the WACC reduction effect through borrowing and current financial conditions into account.

Sustainability in SHIKOKU KASEI Group

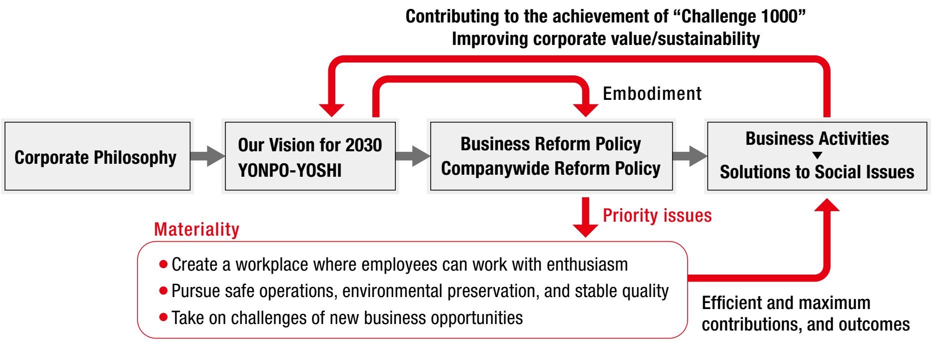
The Concept of Sustainability

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

Our approach to the “vision for 2030,” set forth in our long-term vision of “Challenge 1000,” and “YONPO-YOSHI (favorable in all four directions),” which is the activity policy, defines our group’s sustainability.

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

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



Identification Process

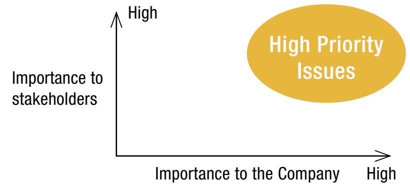
The materiality of our group was determined through four processes.

Step 1 We extracted issues that were of high priority to our stakeholders and our group from among the social issues addressed in the 17 goals and 169 targets of the SDGs.

Step 2 The relevant divisions within the Company held repeated discussions on the extracted issues of high priority and examined the initiatives and target items.

Step 3 Dialogues were conducted with external experts on the draft content discussed internally, considering stakeholders’ perspectives.

Step 4 Resolved at the Board of Directors.



Promotion Structure

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

In addition, the Corporate Planning Department summarizes and regularly reports on the progress to SHIKOKU KASEI HOLDINGS CORPORATION’s Board of Directors and Corporate Strategy Meeting, where decisions are made taking into account the potential impact on the environment and society.

The Group will continue to hold a dialogue with internal and external stakeholders to identify the expectations and demands of society and utilize them to promote sustainability activities.

Corporate Strategy Meeting/Board of Directors, SHIKOKU KASEI HOLDINGS CORPORATION

↓↑

Corporate Planning Dept., SHIKOKU KASEI HOLDINGS CORPORATION

↓↑

Operating companies

Sustainability in SHIKOKU KASEI Group

Materiality and Initiatives of SHIKOKU KASEI Group

Materiality	Initiatives	KPI	2025 Target	2024 Results
Create a workplace where employees can work with enthusiasm Main connections with “Challenge 1000” <Companywide Reform Policy: creation of company climate, creation of human resources>	• Promotion of work-life balance • Initiatives for flexible and diverse work styles • Promotion of mental and physical health of employees • Recruitment and performance of diverse human resources • Effective measures to eliminate harassment	High engagement ratio from the employee survey (base year: 2023)	Score improvement of 3 points	Improvement of 1 point
		Percentage of persons with high stress by stress check	8% or less	21.7%
		Annual paid leave acquisition rate	70%/person or higher	77.7%
		Health and Productivity Management Outstanding Organization	Certified as a Health and Productivity Management Outstanding Organization	March 2025 Certified as a Health and Productivity Management Outstanding Organization
		Ratio of female managers	5% or more	7.0%
		Employment ratio of people with disabilities	2.3% or more	1.9%
Pursue safe operations, environmental preservation, and stable quality Main connections with “Challenge 1000” <Business Reform Policy>	• Fostering a culture of safety • Facilitating the transition to a decarbonized society • Capital investments in safety/environment/quality • Promotion of responsible care activities • Strengthening compliance and risk management • Establishment of a sustainable supply chain	Lost time accidents	0 cases/FY	1 case/FY
		GHG emissions, compared to FY2021	Decreased 16.8%	Decreased 13.3%
		Ratio of renewable energy use	10% or more	6.7%
		Incidence of critical environmental and quality problems	0 cases	0 cases
		Reduction in water consumption (chemical production volume unit at three chemical plants)	3% reduction compared to FY2020	4.9% increase
		Requesting new business partners to comply with CSR	100%	-
Take on challenges of new business opportunities Main connections with “Challenge 1000” <Business Reform Policy> <Companywide Reform Policy: creation of values>	• Creation of products and services to solve social issues • Promotion of open innovation • Creating a culture, developing human resources, and designing systems to address challenges	Sales from new sustainable products and services and the development of new businesses outside the framework of existing businesses	2.5 billion yen	5 million yen
		Improvement of new business unit structure	Establishment of a basic operation system	Internal open calls and in-house seminars Promotion of review and organization of technology
		Sales of existing businesses	77.0 billion yen	69.5 billion yen

Environmental Efforts

General Manager, Sustainability Management Dept.
Masamichi Iwasaki

Under the long-term vision "Challenge 1000," the SHIKOKU KASEI Group has established our vision for 2030 as "Toward 'one-step-ahead, proposal' company with creativity," positioning sustainability initiatives at the core of our management strategies.
Our environmental efforts include facilitating the transition to a decarbonized society and establishing a sustainable supply chain. We have established clear numerical targets by setting greenhouse gas (GHG) emissions, ratio of renewable energy use, and water consumption as KPIs, and are working on initiatives to achieve these targets.

1 KPIs, Targets, and Progress

● Greenhouse Gas (GHG) Emissions:

With FY2021 as the base year, we aim to achieve a 4.2% reduction per year in accordance with the SBT certification criteria, targeting to achieve a 21% reduction in FY2026 and a 42% reduction in FY2031. Our initiatives through FY2024 have been generally progressing as planned; however, GHG emissions are expected to increase due to business expansion in the future, and further reduction efforts are becoming our urgent issue. To achieve our targets, we believe that we need to further promote energy saving, shift from fossil fuels to electrification and new energy sources, and adopt new technologies.

● Ratio of Renewable Energy Use:

We aim to introduce renewable energy and increase its ratio to 10% in FY2025 and 30% in FY2029. We have installed solar power generation facilities at SHIKOKU CHEMICALS Marugame Plant and SHIKOKU KEIZAI KANTO. In addition, with the adoption of an off-site PPA at SHIKOKU CHEMICALS Tokushima Plant, we are making progress largely as planned. We will consider installing more solar power generation facilities and introducing renewable energy that can serve as base power, aiming to achieve our targets.

● Reduction in Water Consumption:

With FY2020 as the base year, we aim to reduce water consumption by 3% in FY2025 and by 5% in FY2029 in terms of production volume unit. However, water consumption increased by 4.9% in FY2024, resulting in a significant deviation from our targets. This was caused by increased water intake from deep wells due to expanded production. Going forward, we will strive to reduce water consumption by promoting reuse of water and optimized water intake from deep wells.

2 Focusing on Reducing Greenhouse Gas Emissions Throughout the Entire Supply Chain

We will not only advance our contribution to a sustainable society within the SHIKOKU KASEI Group, but also promote initiatives to reduce greenhouse gas (GHG) emissions across all supplier companies including raw material manufacturers and trading companies. We will aim to realize a sustainable society by reducing greenhouse gas (GHG) emissions throughout the entire supply chain through collecting information via surveys of supplier companies and reducing greenhouse gas emissions through dialogue.

3 To Close

The SHIKOKU KASEI Group's sustainability strategy aims to achieve both the realization of a sustainable society and the enhancement of corporate value in environmental, social, and governance (ESG) aspects, with corporate philosophy of "Doku-sou-ryoku (creativity)" as a driving force.

Environmental Efforts

Philosophy and Basic Policy

SHIKOKU KASEI HOLDINGS CORPORATION
Mitsunori Watanabe
Chairperson of the Sustainability Committee and Representative Director, President

Philosophy

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

Basic Policy

1. Our actions are based on the idea that each company must take steps to reduce greenhouse gas emissions, conserve resources and energy, and minimize the discharge of environmental pollutants and the generation of industrial waste. These measures both protect the environment and ensure safety.
2. Strive to preserve the environment, prevent facility-related accidents, and ensure preparedness for natural disasters while also considering biodiversity, and protect the safety and health of working people.
3. Strive for safety and environmental considerations throughout the entire life cycle of our products to mitigate risks and achieve continuous improvement.
4. Publicly announce our activities and achievements.
5. We follow domestic and overseas laws and regulations and take active environmental protection measures.

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

Responsible Care Practices

(1) Establishment of basic policies and targets related to environment, health, and safety
(2) Understanding the status of Responsible Care implementation
(3) Promotion of environmental impact reduction activities including climate change response (from page 44)
(4) Promotion of energy and resource conservation
(5) Reduction and recycling of industrial waste
(6) Conducting surveys on the amount of chemical substances discharged into the environment
(7) Cooperation in environmental conservation activities in the local community
(8) Public announcement of plans and results related to environment and safety
(9) Employee awareness education

About Responsible Care

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

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

Promotion Structure

Board of Directors
Representative Director, President
Sustainability Committee ・Basic Policy for Responsible Care, Priority Goals of Environmental Protection
Management Activities [Sustainability Management Dept./Safety and Risk Management Dept.]
・Action plans, safety and health education, information collection
Environmental Conservation [Each facility]
・Energy-saving activities, chemical substance management, resource saving, occupational health and safety activities, internal audits, waste reduction activities
Communication with Local Community [General Affairs/Public Relations Department]

Environmental Efforts

Climate Change Action (Commitment to TCFD* Recommendations)

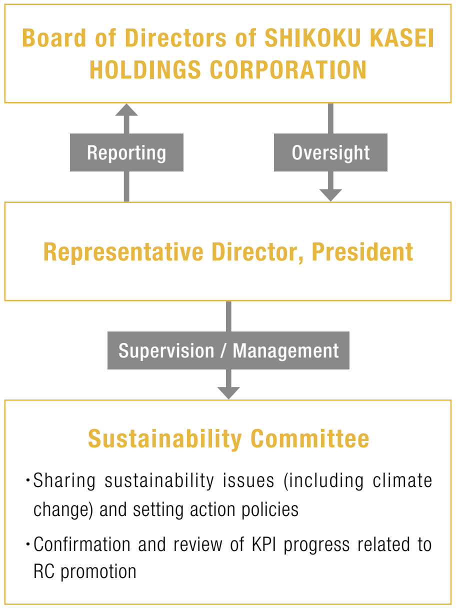
We recognize that the long-term impacts (risks and opportunities) of climate change on our business activities are significant and that addressing climate change is an important management issue. The international frameworks, the Paris Agreement and the Sustainable Development Goals (SDGs) also necessitate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

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

Governance

Our group's sustainability activities, are overseen by the Board of Directors and reflected in management.
To strengthen the Group's overall sustainability activities, the President is positioned as the Chief Responsible Care* Officer. Additionally, the Sustainability Committee, consisting of officers, has been established under this position.
Sustainability Committee meetings (held twice a year) check the progress of targets and set agendas for continuous improvement under the leadership of the committee chair, who is responsible for promoting specific activities. The results were reported and supervised by the Board of Directors.

*For more information on Responsible Care, please see page 43.



Strategy

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

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

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

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

Environmental Efforts

Risk Management

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

Indicators and Targets

The GHG emissions were selected as indicators of climate change and are disclosed as follows.

Item	Scope	Target	Policy
Reduction in greenhouse gas (GHG) emissions (CO_2 equivalent)	SHIKOKU KASEI Group	Scope1, 2 ● FY2026: reduction by 21% from FY2021 ● FY2031: reduction by 42% from FY2021	In response to more stringent regulations on the environment, obtaining SBT* certification is becoming more common among our customers, and they require us to set CO_2 emissions reduction target and to report emissions in accordance with the SBT criteria. Accordingly, we will set targets in accordance with the SBT criteria, switching from targets based on existing national policies, and proactively address environmental issues. *SBT (Science Based Targets): CO_2 emissions reduction targets for companies based on the Paris Agreement, which replaces the framework of the Kyoto Protocol. Target level ● Scope 1, 2: reduction by at least 4.2% per year ● Scope 3: reduction by at least 2.5% per year
		Scope3 ● Set target with FY2022 as the base year	■ Scope1, 2 **[Plant facilities]** ● Strengthening energy-saving measures for existing facilities ● Installation of energy-saving equipment ● Introduction of renewable energy ● Change to energy with lower environmental burden ● Collecting information on decarbonization technologies **[Development]** ● Development of decarbonization technologies and new products **[Office]** ● Energy saving in offices ● Electrification of company vehicles ● Change to decarbonized work styles ■ Scope3 ● Consider targets with achievable reduction projections ● Enhance supplier engagement ● Data collection and calculation by the responsible department

・Scope 1: Direct GHG emissions from the business itself (fuel combustion and industrial processes)
・Scope 2: Indirect emissions from electricity, heat, and steam supplied by other companies

Items to Be Considered for Disclosure in the Future

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

Assessment by CDP

We received a "B" score in the "climate change" category of the 2024 assessment by CDP, ranking in the third-highest tier of the eight levels.
Our current "B" score is classified as "Management level," which indicates that we have been assessed as "recognizing our environmental risks and impacts and taking action."

CDP Discloser 2024

CDP* is a nonprofit organization that requires companies and local governments to disclose information regarding countermeasures for the environmental issues such as climate change, water sources protection, and forest conservation, based on requests from institutional investors and major purchasing companies worldwide with a strong interest in the environment. Its primary activity involves analyzing data submitted by companies and local governments, evaluating them on an eight-tier scale from A to D-, and encouraging them to take countermeasures for environmental issues. In 2024, over 24,800 organizations worldwide made responses.

*CDP was originally called the "Carbon Disclosure Project." With the expansion of the scope beyond carbon to include water security and forests, "CDP" is now the official name.
Global site : https://www.cdp.net/en

Water Resources

Basic Approach to Water

Our company manufactures products that contain water such as Glicoat-SMD as well as products that have a strong relationship with water such as chlorinated isocyanurates. Furthermore, we use water for cleaning in manufacturing processes and as cooling water for equipment. Securing an adequate supply of water with appropriate quality is critical to the continuity of our business operations.

Initiatives

Given the importance of access to water in our business activities, we comply with water-related laws and regulations and thoroughly manage water intake and discharge at our plants. We will continue to conserve water resources including improving water usage efficiency.

We will utilize the powerful oxidizing, bleaching, and cleaning properties of chlorine to contribute to securing water resources across various fields, including sanitary products for commercial and household use, ballast water (seawater used as ballast in ship hulls) treatment, drinking water, and hygiene management in various facilities.

Water Risk Analysis

To identify risks related to water usage and discharge in the Group, we conducted an assessment using AQUEDUCT (https://www.wri.org/aqueduct), a tool by the World Research Institute (WRI) to evaluate potential water-related risks for the areas where the Group's manufacturing facilities are located.

The results showed that the ratio of water intake from areas classified as "high" water stress or higher was 0%. However, we anticipate the worst-case scenario, and utilize multiple water sources (groundwater, tap water, and industrial water) to diversify risks. As we had never been forced to adjust production due to water shortages in the past, we do not believe that we will be materially impacted by water risks in financial and strategic terms.

Indicators and Targets

	2025	2029
Reduction in water consumption (production volume unit at three chemical plants)	Reduction by 3% (Compared to FY2020)	Reduction by 5% (Compared to FY2020)

Assessment by CDP

We received an "A-" score in the "water risk" category of the 2024 assessment by CDP, ranking in the second-highest tier of the eight levels for our initiatives for water risks and their disclosures.

Our current "A-" score is classified as "Leadership level," which indicates that we have been assessed as "considering how to address environmental risks and taking action."

*For more information on CDP, please see page 45.

Environmental Efforts

Environmental Conservation

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

Overview of Environmental Burden

Materials Balance in FY2024

Figures in ( ) indicate the variation from the previous fiscal year

INPUT

Fuel/energy
Fossil fuel/147,851 MWh (+9,727 MWh)
Purchased steam/11,051 MWh (-1,186 MWh)

Electricity
Non-renewable electricity/55,139 MWh (+1,890 MWh)
Renewable electricity/1,833 MWh (+1,232 MWh)
*Not including non-fossil certificate

Water
Municipal water/166,614 t (+11,369 t)
Groundwater/1,479,534 t (+137,698 t)
Industrial water/716,357 t (+11,903 t)

SHIKOKU KASEI Group

OUTPUT

Net sales
69,493 million yen (+6,376 million yen)

Air emission
GHG (including CO_2, HFC)/58,763 t-CO_2e (+2,929 t-CO_2e)
SO_x/2 t (-1 t) NO_x/14 t (+3 t)
Soot and dust/0.5 t (+0.4 t)
PRTR substances/130 t (-131 t)

Waters emission
COD/6 t (+2 t)
Nitrogen/16 t (-2 t)
Phosphorus/0.1 t (+0.1 t)
PRTR substances/0.2 t (-0.0 t)

Wastes
Yield/3,435 t (+700 t)
PRTR substances/232 t (+70 t)

*From Integrated Report 2025, the scope has been changed to cover the entire SHIKOKU KASEI Group.

Environmental Efforts

Priority Goals and Results of Environmental Protection in FY2024

Priority Goals	Scope	Target	Results	Evaluation
(1) Reduction in greenhouse gas (GHG) emissions (CO_2 equivalent)	SHIKOKU KASEI Group (Scope 1, 2)	Scope 1, 2 • FY2026: reduction by 21% from FY2021 • FY2031: reduction by 42% from FY2021 Scope 3 • Identify Scope 3 emissions to set the base year	Scope 1, 2 Emissions in 2024 was 58,763 tCO_2 With the application of non-fossil certificate, we offset -894 tCO_2, achieving a 12.8% reduction compared to FY2021 and meeting the SBT criteria. Scope 3 Scope 3 emissions were calculated based on the GHG Protocol. FY2022 was set as the base year.	○
(2) Reduction in water consumption	The three chemical plants (Marugame, Tokushima, and Oita)	• FY2025: 3% reduction from FY2020 • FY2029: 5% reduction from FY2020 (Production volume unit)	Input for the three chemical plants in 2024 was 2,316,000 t, +15.1% (+303,000 t) compared to FY2020. In terms of production volume unit, it increased by 4.9% compared to FY2020. This was due to expanded production at the Marugame Plant.	×
(3) Expanding the ratio of renewable energy sources in electricity consumption	SHIKOKU KASEI Group	• FY2025: 10% or more • FY2029: 30% or more	By installing solar power generation facilities at our plants and utilizing an off-site PPA, we generated electricity of 1,833,000 kWh, increasing the ratio of renewable energy sources to 3.2%. We purchased non-fossil certificate for 2,000,000 kWh, bringing the ratio of renewable energy sources to 6.7%.	○
(4) Reduction in industrial waste to be processed internally	Plant facilities	• Equal to the previous year or lower	For the entire plant facilities, industrial waste increased by 22.7% compared to FY2023. Industrial waste increased at the Oita Plant due to replacing equipment to promote new businesses.	×
(5) Participation and cooperation in safety and environmental conservation activities	SHIKOKU KASEI Group	• Safe and stable operations • Participation in local environmental conservation activities • Promotion of environmental conservation activities in cooperation with business partners	We had one walking-related accident, and are considering countermeasures. We had safe and stable operations in terms of production. To reduce waste, we began collecting empty cases for disposable contact lenses.	△

SIKOKU KASEI Group: All of the SHIKOKU KASEI Group companies
Plant facilities: Marugame Plant, Tokushima Plant, Tadotsu Plant, Naruto Plant, Ranzan Plant, Oita Plant, Takase Plant

Environmental Efforts

Priority Goals of Environmental Protection in FY2025

Item	Scope	Target	Policy
(1) Reduction in greenhouse gas (GHG) emissions (CO_2 equivalent)	SHIKOKU KASEI Group	Scope1, 2 ● FY2026: reduction by 21% from FY2021 ● FY2031: reduction by 42% from FY2021	In response to more stringent regulations on the environment, obtaining SBT* certification is becoming more common among our customers, and they require us to set CO_2 emissions reduction target and to report emissions in accordance with the SBT criteria. Accordingly, we will proactively address environmental issues based on targets set in accordance with the SBT criteria, not based on the existing national policies. *SBT (Science Based Targets): CO_2 emissions reduction targets for companies based on the Paris Agreement, which replaces the framework of the Kyoto Protocol. Target level ● Scope 1, 2: reduction by at least 4.2% per year ● Scope 3: reduction by at least 2.5% per year
		Scope3 ● Set target with FY2022 as the base year	■ Scope1, 2 **[Plant facilities]** ● Strengthening energy-saving measures for new/existing facilities ● Installation of energy-saving equipment ● Introduction of renewable energy ● Change to energy with lower environmental burden ● Collecting information on decarbonization technologies **[Development]** ● Development of decarbonization technologies and new products **[Office]** ● Energy saving in offices ● Electrification of company vehicles ● Change to decarbonized work styles ■ Scope3 ● Consider targets with achievable reduction projections ● Enhance supplier engagement ● Data collection and calculation by the responsible department
(2) Reduction in water consumption	The three chemical plants	Production volume unit ● 2025: 3% reduction from FY2020 ● 2029: 5% reduction from FY2020	● Improving facilities and increasing efficiency ● Promoting reuse and recycling ● Utilizing new technologies such as water-saving devices
(3) Expanding the ratio of renewable energy sources in electricity consumption	SHIKOKU KASEI Group	● 2025: 10% or more ● 2029: 30% or more	● Introduction of renewable energy facilities ● Procurement of renewable energy power ● Procurement of electricity with environmental value
(4) Reduction in industrial waste to be processed externally	SHIKOKU KASEI Group	● Equal to the previous year or lower	● Working on 3R activities by reviewing raw materials and packaging ● Promotion of the use of groupware and digitalization of documents
(5) Participation and cooperation in safety and environmental conservation activities	SHIKOKU KASEI Group	● Safe and stable operations ● Participation in local environmental conservation activities ● Promotion of environmental conservation activities in cooperation with business partners	● Facility maintenance, facility security, and disaster prevention ● Participation in local activities near our operation sites ● Operation of the procurement system

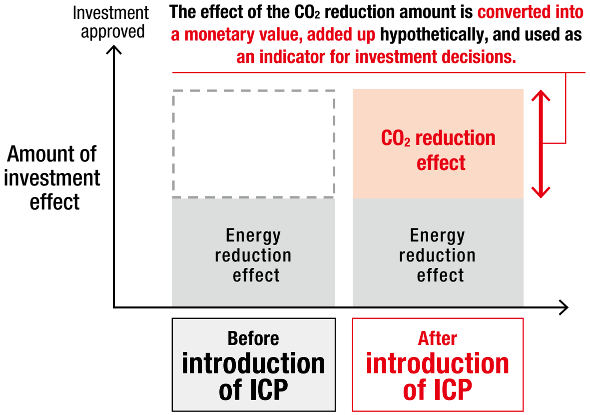
■Scope ・The three chemical plants: SHIKOKU CHEMICALS Marugame Plant, SHIKOKU CHEMICALS Tokushima Plant, SHIKOKU RYUTAN

Environmental Efforts

ICP (Internal Carbon Pricing)

ICP system is a mechanism under which companies set their own carbon price to promote decision-making on decarbonization investments and smooth decarbonization levels from a long-term perspective. Currently, companies all over the world are adopting the ICP system, which is included as a recommended item in the disclosure requirements of TCFD (Task Force on Climate-related Financial Disclosures).
We will proactively address the climate change issues by utilizing the ICP system as an environmental investment decision.

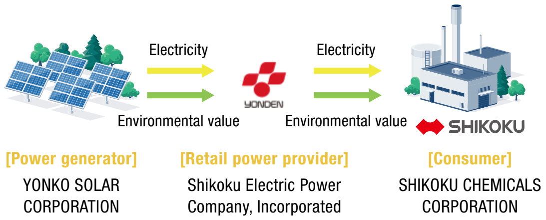
Overview of the ICP system	
Internal carbon price	12,000 yen/t-CO_2
Scope of application	Investments in energy saving and introduction of new technologies
Scope	Scope 1, 2 (CO_2 emissions of the Company)
Utilization method	Investment in targeted facilities is converted into costs using the internal carbon price, which is used as a reference when selecting facilities.



Increasing the Ratio of Renewable Energy Use through Various Methods

"Achievement of SDGs" is one of the four Pillars for Strategy in the long-term vision, "Challenge 1000." We aim to increase the ratio of renewable energy use to 10% or more by 2025.
One of the initiatives to achieve our goal is the installation of solar panels in each operation site. Solar panels installed on the rooftop of the Marugame Plant warehouse has increased its overall solar power generation capacity to 1,449 kWh, leading to a reduction of 736 tons of CO_2 emissions per year. The installation of solar panels was implemented through a system called "internal carbon pricing (ICP)." ICP is a method that prices the CO_2 emitted in the course of business and converts the effect of reducing the CO_2 emissions into a monetary value when installing new equipment, which is incorporated into the investment decisions. Utilizing this method makes it easier to make capital investments to reduce CO_2 emissions. We are continuing to add solar panels at the Marugame Plant.
In addition, at the Tokushima Plant, we adopted an "off-site corporate PPA" that generates electricity from a reservoir in Miki Town, Kagawa Prefecture. Off-site corporate PPA is a mechanism in which a power generator (YONKO SOLAR CORPORATION) installs and operates a power source (solar power generation) outside the premises of the land of a consumer (SHIKOKU CHEMICALS CORPORATION), and the electricity generated there is purchased by a retail power provider (Shikoku Electric Power Company, Incorporated) to be supplied to the consumer. We can reliably procure electricity derived from renewable energy sources on a large scale outside of our own premises. We also have the benefit of being able to leave the installation and operational management of power generation equipment to the power generator. Total generation output will be 2,035 kWh, leading to the annual reduction of CO_2 emissions by 1,503 tons. The operation started in December 2024. Furthermore, solar panels were also installed at SHIKOKU KEIZAI KANTO, leading to the annual reduction of CO_2 emissions by 92 tons.


North area of the Marugame Plant: solar panels



Environmental Efforts

Participation in the GX League for Achieving Both Carbon Neutrality and Sustainable Growth

The SHIKOKU KASEI Group participated in the GX League led by the Ministry of Economy, Trade and Industry in FY2024. Under our corporate philosophy of “Doku-sou-ryoku (creativity),” we will strive to solve global environmental and social issues through products and services outside the existing frameworks.

The GX League was established as a forum for companies challenging GX (green transformation) and aiming to achieve sustainable growth in current and future societies to cooperate with other companies undertaking similar initiatives, as well as government and academic institutions, with an eye toward achieving carbon neutrality by 2050 and transforming society.

The Group promotes voluntary activities to protect safety, environment, and health throughout the entire process from development to disposal and recycling of products (responsible care). In addition, we have set “facilitating the transition to a decarbonized society” as a materiality initiative and are advancing activities aiming to reduce greenhouse gas emissions by 33.6% (from FY2021) in 2029. Another materiality initiative includes “creation of products and services to solve social issues,” and we are also working on sales from new sustainable products and services and the development of new businesses outside the framework of existing businesses.

We will leverage knowledge gained through our participation in the GX League to achieve both greenhouse gas emissions reduction and sustainable growth, aiming to enhance corporate value.

Chemical Substance Management

Correspondence Situation of PRTR System

The PRTR system specifies requirements for the business operators to grasp and voluntarily control the volume of chemical substances, which can be hazardous to human health and the ecosystem, discharged to the environment and moved as contained in the wastes. The top four substances (accounting for 73.4%) of emissions: carbon disulfide, benzene, toluene, and chloroform.

Gas emission washing treatment facility
(Tokushima Plant (Kitajima location))
This is the facility for gathering chlorine generated in the process of manufacturing chlorinated isocyanurates and treating it by washing.

Equipment for recovery of carbon disulfide
(Marugame Plant)
This is the equipment for recovering carbon disulfide used in the process of manufacturing insoluble sulfur.

Environmental Monitoring, Education

Progress on Activities

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

Societal Efforts

In Charge of Group Human Resources and Human Resources Development
Tomoko Kawabata

To achieve Challenge 1000, our human resources strategy focuses on "creating systems that enable diverse human resources to be motivated in their work." With "working environment improvement," "recruitment," and "training" as key issues, we are working on various measures.

1 Environment Improvement

We are striving to enhance our welfare and benefit system to create an environment where employees can work with peace of mind, both physically and mentally. We consider maintaining and promoting employee health as a key management priority, and adopted a "Health Declaration" in 2024. This year, we were certified as a "2025 Health and Productivity Management Outstanding Organization." We are working to strengthen our support for employees health and create an environment where each employee can work energetically in good physical and mental health. We will promote the acquisition of paid leave through measures such as correcting long working hours and introducing a refreshment leave system as well as advance our initiatives to prevent disease by enhancing our mutual aid association system, thereby supporting employees in staying healthy both physically and mentally. In addition, we have also decided to introduce a Group Long-Term Disability (GLTD) program to make compensation in the event that employees are forced to take sick leave or are temporarily unable to work due to childcare or nursing care, providing a workplace environment where employees can work with peace of mind.

2 Recruitment

We believe that securing and retaining human resources who support our business is of utmost importance. This fiscal year, we have adopted new recruitment programs as part of our measures to secure human resources, including an alumni hiring program and a referral hiring program. Both programs have resulted in successful hires. To expand our business going forward, we believe that we need to take additional measures so that diverse human resources can choose the Group from among many companies. In STAGE 3, we will also work to build a human resource portfolio that allows us to achieve the optimal staffing plans across the entire company and the optimal allocation of employees.

For retaining human resources, it is essential to create the appeal that makes each employee think "I want to continue to work at this company." Motivation to work varies depending on each individual's career and lifestyle, in terms of management policies, corporate culture, working conditions, welfare and benefits, wages, and so on. We will implement various measures, including establishing flexible systems to respond to such motivation, operating a compensation system that rewards individual achievements and an evaluation system that makes employees themselves feel a sense of satisfaction and self-growth. We believe that by building a system where the Company thoroughly evaluates and supports employees who take on challenges and act, promising human resources will stay with the Company, leading to its growth.

3 Training

We are working to create an environment where each employee can envision their own growth and career path, and maximize their value to achieve it, as well as to create a company climate that encourages their growth and challenges. We have completely revamped our training system starting this fiscal year. We offer more learning opportunities and have newly incorporated selection-based training programs to encourage employees to take on challenges on their own initiative. Through training, we aim not only to enhance their basic skills but also to deepen our strengths by instilling our corporate philosophy and vision.

4 To Close

To make our company a place where everyone can work comfortably, it is essential to adopt an attitude of understanding others' perspectives and circumstances, and respect each other.

We will be committed to achieving Challenge 1000 by eliminating harassment, promoting mutual understanding through smooth workplace communication, and putting into practice the creation of a workplace where diverse perspectives and values are respected.

Respect for Human Rights and Labor Management

Respect for Human Rights

We respect the individuality and the rights of all people.
We do not discriminate on the basis of birth, nationality, ethnicity, belief, religion, gender, age, disability, educational background, etc.

Non-complicity in Human Rights Violations

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

Employment and Labor Policies

Prohibition of Forced Labor and Child Labor

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

Good Labor-Management Relations

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

Correct and Fair Compensation

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

Elimination of Discrimination

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

Remedial Action

If our business activities have resulted in a human rights violation, we will take appropriate measures to remedy and correct it.
In 1966, we concluded a labor agreement with our labor union. We are committed to respecting each other’s positions and cooperating with each other in the spirit of mutual trust to ensure the sound development of the Company and the improvement of the welfare of union members. We have promised to comply with the safe and peaceful labor-management relationship that we have established.

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

Management of Working Hours

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

Societal Efforts

Securing Human Resources and Growth Support

Ideal Candidate Profile “Human resources with a strong sense of mission and the ability of taking on challenges by themselves”

We are focusing on securing and developing excellent human resources, aiming at “Toward ‘one-step-ahead, proposal’ company with creativity,” as stated in the long-term vision “Challenge 1000.”

Strategic Talent Acquisition

The Group is committed to hiring diverse human resources with different attributes and backgrounds, aiming to become a company that solves social issues with creative ideas, and leads the world. For mid-career recruitment, we are focusing our efforts on securing human resources who are capable of driving our business domains and who are well versed in specialized fields, and a mid-career hiring ratio was 45% as of the end of December 2024. Furthermore, we are also hiring highly skilled foreign nationals, and will continue to expand opportunities for foreign nationals to flourish.

Starting in December 2024, we have adopted an “alumni hiring program” that enables former employees who left the Company to return to the workplace. We widely recruit motivated retirees who have cultivated diverse experience and knowledge after leaving their careers and welcome them back as colleagues to create the future together. This has led to the rejuvenation of the Company. Going forward, we will consider ways of working and an organizational structure that enable diverse human resources to demonstrate their abilities.

Autonomous Growth Support

In particular, with regard to training employees who engage in business activities, we are working on the development and use of human resources that take advantage of each employee’s strengths and abilities from a mid-and long-term perspective. We revamped our training system in 2025 so that employees can engage in the independent and ongoing development of their abilities. In addition to the existing training by job level, we have significantly expanded our curriculum by establishing new training programs such as nomination-based training from Personnel Dept. and department heads and voluntary participation-based training. We will continue to enhance corporate value by working on developing employees with skills and advanced expertise that meet our business strategies.

As a means of providing on-the-job training in daily operations, we have implemented a system of work targets. Every six months, employees meet with their superiors to complete a full management cycle of Plan, Do, Check, and Action, which means goal setting, implementation to achieve goals, confirmation of performance, and making use of their results next. Superiors hold periodic meetings with employees to set goals, check interim progress, and assess outcomes, through discussion and guidance, to steadily raise the business execution capabilities of each employee, with the aim of further boosting their department’s performance.

<table>
<tr><th colspan="2" rowspan="2">Stages / Training content</th><th colspan="3">General employees</th><th>Managers</th></tr>
<tr><th>Stage in which basic skills are acquired</th><th>Stage in which practical and specialized skills are established</th><th>State in which practical skills are mastered to lead the team</th><th>Stage in which management skills are demonstrated</th></tr>
<tr><td rowspan="9">Group training</td><td rowspan="5">Training by job level</td><td rowspan="2">Training for new employees</td><td>Training for year 3 employees</td><td></td><td rowspan="3">Training for newly appointed managers</td></tr>
<tr><td colspan="2">Development training for next generation leaders</td></tr>
<tr><td>Follow-up training for new employees</td><td></td><td>Development training for group leaders</td></tr>
<tr><td colspan="3">Evaluated person training</td><td>Evaluator training</td></tr>
<tr><td colspan="4">Mid-career hires training (at the time of joining the Company, follow-up)</td></tr>
<tr><td rowspan="2">Nomination-based training</td><td colspan="4">Workplace environment improvement training</td></tr>
<tr><td></td><td colspan="2">OJT trainer training</td><td></td></tr>
<tr><td>Selection-based training</td><td colspan="4">・Facilitation ・Presentation ・Followership
・Attentive listening skills ・Coaching ・Feedback etc.</td></tr>
<tr><td rowspan="6">Training by department/self-development</td><td rowspan="2">Career development</td><td colspan="4">Career planning training</td></tr>
<tr><td>Consulting interview</td><td colspan="2">Career development interview</td><td></td></tr>
<tr><td>e-learning</td><td colspan="4">・Information security ・Compliance ・Accounting knowledge, finance
・Sustainability ・BCP (Business Continuity Plan) ・Harassment etc.</td></tr>
<tr><td>Self-development support</td><td colspan="4">・External seminar participation expenses support system ・Distance learning system
・Qualification acquisition support system ・Study abroad system in Japan and overseas</td></tr>
<tr><td>Training by department</td><td colspan="4">Specialized knowledge and business skills education by sales, development, and manufacturing departments</td></tr>
</table>

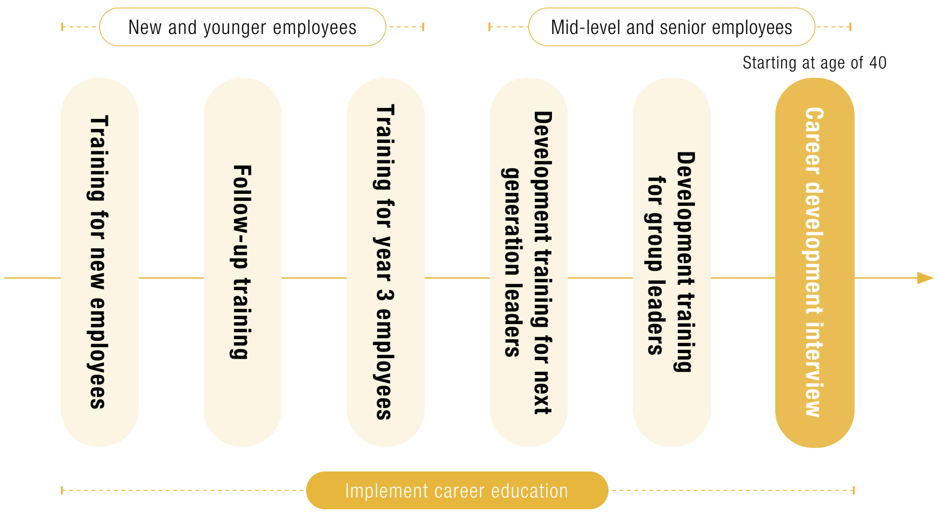
Societal Efforts

Opinion Exchange with "Next Generation Management Personnel"

We recognize that developing the next generation management personnel to lead the Group's future management and drive sustainable growth is one of our most important challenges. The Group holds meetings to exchange opinions between the Head of Corporate Management and members of upper and middle management to cultivate integrity, a high level of perspective, and other essential qualities required for management. Senior management will take a more direct role than ever in developing candidates and strengthening out talent competitiveness. At the same time we will establish a framework for developing next generation management personnel.

Career Development Interview

We believe that, in order to put into practice the ideal candidate profile stated in "Challenge 1000," it is essential for employees to autonomously shape their own careers. To support the mutual growth of employees and the organization, we have conducted "career development interviews" since 2021. As a milestone in career development, we provide employees with opportunities to foster growth and self-awareness, encouraging them to reflect on their own careers through interviews conducted every five years starting at age 40. Going forward, we will strive to enhance employee engagement and revitalize the organization by sharing with employees the challenges we want to address and areas we want to improve for growth.



Initiatives for Health and Productivity Management

Certified as a Health and Productivity Management Outstanding Organization

The SHIKOKU KASEI Group has appointed top management as the "Chief Health and Productivity Management Officer" and is working to foster an organizational culture and improve an environment where employees can work energetically and in good health, in response to their motivation and enthusiasm. We have set specific numerical targets for initiatives such as promoting work-life balance and efforts that contribute to disease prevention, thereby promoting employees' safety as well as physical and mental health. For example, as an initiative to promote health, we held a stretching and core exercise event led by a sports coach for employees and their families. In addition, we conducted consultations with an occupational health nurse and held seminars for working environment improvement to prevent mental health issues. These initiatives were recognized, and we have been certified as a "Health and Productivity Management Outstanding Organization (in the large enterprise category)," jointly selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

2025
健康経営優良法人
KENKO Investment for Health
大規模法人部門

Furthermore, we were certified as a "Sports Yell Company" that actively promotes sports to enhance employee health, under the certification program by the Japan Sports Agency. The certification was granted in recognition of our efforts to promote sports through subsidizing participation fees for employees in the Kagawa Marugame International Half Marathon and volunteer activities in the event operations.

SPORTS YELL COMPANY 2025

Employee Engagement

Summary of Employee Engagement Survey Results

Purpose of survey

With our corporate philosophy of "Doku-sou-ryoku (creativity)," SHIKOKU KASEI Group aims to contribute to solving social issues through the creation of new value. To achieve our goal, it is essential not only to ensure the physical and mental health and safety of our employees, but also to create an organization with high engagement where employees resonate with the Company's vision and are motivated and act independently. The Group understands the actual status of employee engagement through the "engagement survey," to promote measures for the Company and employees to grow together.

Our vision for 2030

Toward "one-step-ahead, proposal" company with creativity
Solve social issues with creative ideas, leading the world

High state of engagement

Employees' "growth" and "rejuvenation" of an organization
The state where employees resonate with our "vision" and are motivated and act independently

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

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

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

Survey method

[Subject of the survey] The Company and its group companies (SHIKOKU CHEMICALS CORPORATION, SHIKOKU KASEI KENZAI CORPORATION, SHIKOKU KASEI CORPORATE SERVICE CO., LTD.)
[Survey period] From November 5, 2024 to November 26, 2024 (three weeks) [Survey method] Web-based method

Summary of the survey results

Engagement score* was as follows. The overall results of the survey are disclosed on intranet page available to all group employees. In addition, the results by department are presented to managers to encourage them to use the results to make changes to improve day-to-day management and engagement in their respective workplaces.

Number of targets	Number of responses	Response rate	Engagement score
637 persons	531 persons	83.4%	51 (up 1 point from the base year)

*Items are surveyed, tabulated, and quantified, with the focus on job discretion, job satisfaction, relationships with superiors and coworkers, and trust in and contribution to the organization.

SHIKOKU KASEI Group's Strengths and Challenges

Our group has set our vision for 2030 as "Toward 'one-step-ahead, proposal' company with creativity." We believe that the Group's sustainable growth will be achieved when each employee resonates with our vision, and is motivated and acts independently in their own duties with the awareness that the status quo is not acceptable and it must be changed.

The engagement survey results showed an increase in scores of "the degree of understanding of and satisfaction with career support and human resource training system" and "understanding and acceptance of the personnel evaluation system," the Group's strength. As one basic policy of our "Companywide Reform Policy" stated in the long-term vision "Challenge 1000," the Group has worked on the "creation of human resources" to encourage individuals to take on challenges, including the expansion of the educational system to support employees' growth and creation of a framework for fair evaluation. We evaluate that the survey results show that our initiatives have been steadily progressing.

On the other hand, while we saw a score improvement in "promotion of diversity, equity, and inclusion (DE&I)," it remained relatively low and we recognized the need to accelerate our efforts in this area as our challenge. We have begun career education for women and proactive recruitment of foreign nationals as part of DE&I promotion measures. We will also continue to support our diverse employees in balancing work and life so that they can choose flexible work styles according to changes in their life stages such as childcare and nursing care.

Engagement Score Targets

Going forward, we will continue to create opportunities to think and have a dialogue with employees while utilizing data, and develop an environment that supports diverse work styles and challenges, thereby aiming to foster an organizational culture that promotes the growth and challenges of the employees who support our business.

Indicator	KPI	
	2025 Target	2030 Target
Engagement Score (base year: 2023)	Score improvement of 3 points	Score improvement of 10 points

Societal Efforts

Occupational Safety and Health

In our company, the corporate safety and health meeting, chaired by the Representative Director, President, determines the basic policy on safety and health management and other important matters concerning the promotion of safety management. Based on the decisions made at this meeting, each site devises the “Safety and Health Activity Plan” every year to prevent accidents. Under the “Safety and Health Activity Plan” prepared at each site, we hold joint labor-management safety and health committees on a regular basis to promote improvements in the workplace environment.
Furthermore, the Marugame Plant has obtained an ISO 45001 certification and the Tokushima Plant has established and actively operated the occupational safety and health management systems in accordance with ISO 45001.

Operation site	Achieved days of accident- and injury-free operations
Marugame Plant	573 days
Tokushima Plant (Kitajima location)	222 days
Tokushima Plant (Yoshinari location)	10,759 days

*As of December 31, 2024

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

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

Commendation for safety

Education on Safety

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

Education involving simulations

Education on Health

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

Succession of safety (Marugame Plant)

Relationship with Labor Union

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

Security and Disaster Prevention

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

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

Comprehensive disaster drill in Tokushima Plant

Societal Efforts

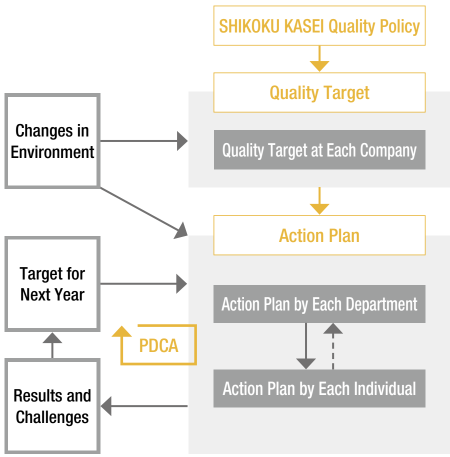
Quality Initiatives

SHIKOKU KASEI Quality Policy "Improve not only products, but also the levels of all activities"

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

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

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



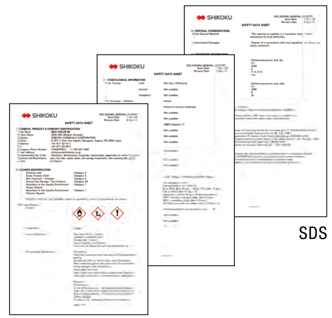
Progress on Activities

The quality assurance system for our group is based on ISO 9001. Marugame Plant, Tokushima Plant (Kitajima location, Yoshinari location), SHIKOKU KEIZAI CORPORATION, SHIKOKU KOHKI CORPORATION, and SHIKOKU ANALYTICAL LABORATORIES have obtained ISO 9001 certification and have received maintenance and updates from qualified certification organizations. No serious quality problems occurred during this fiscal year.

Product Liability

Product Safety

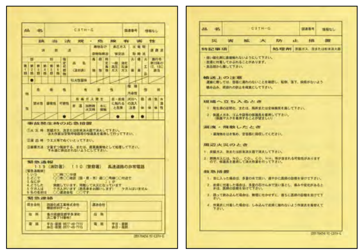
To ensure that our customers handle chemical products safely, we comply with the regulations of each country based on the UN-recommended GHS* guidelines and publish SDS (safety data sheets) for all chemical products on our website. The SDS clearly describes hazard and toxicity information, first aid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


SDS

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

Safety in Logistics

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


Yellow Card

Societal Efforts

Procurement

Procurement Policy

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

Compliance with Laws and Social Norms

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

Fair, Just, and Transparent Trading

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

Consideration for Human Rights, Environment, and Other Social Responsibilities

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

Optimal Procurement

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

Building Partnerships

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

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

Matters to be Addressed with Business Partners

SHIKOKU KASEI Group recognizes that, in order to earn the trust of society in the course of its business activities, it is necessary to address social responsibility not only within the Group, but also throughout the entire supply chain, including the business partners.
We are committed to working with our business partners on the following topics to fulfill our corporate social responsibility and achieve mutual prosperity and survival.

(1) Compliance with Laws and Regulations, Social Norms, and Ethics
(2) Respect for Human Rights and Fair Trade
(3) Focus on Occupational Safety, Health, Environmental Protection, and Quality

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

Conducting Questionnaires to Suppliers

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

Main survey items in the questionnaire

Sustainability, health and safety, environment, and quality

On-site Audits of Suppliers

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

Societal Efforts

Lectures by Dispatching Our Employees as Instructors and Facility Tours for Students

The Group has held lectures by dispatching employees as instructors and conducted facility tours for junior high and high school students, who will lead the next generation, to deepen ties with local communities.
In July 2024, we held lectures at Kagawa Prefectural Takamatsu High School. The Group’s employees served as instructors for 14 third-year students pursuing careers in chemistry and pharmacy. In the experiment synthesizing acetaminophen, known as a pain reliever, students were deeply interested, exclaiming with wonder at the chemical reactions. In one scene, an alumnus of the high school who is now the Group’s employee took the podium to passionately speak about maintaining motivation for university entrance exams and study methods for improving academic performance. Students listened intently, taking notes.
In October, approximately 40 students from Tokushima Municipal Joto Junior High School visited the Tokushima Plant Kitajima location. The students were divided into three groups and toured four locations:NEO2022, ironworks, TAP-3, and a quality control building. They gained hands-on experiences in the world of chemistry through peering into the actual reaction vessels and learning how to distinguish color difference using instruments.
In November, 37 first-year students from the Special Science Course at Takamatsu Daiichi High School visited our R&D Center. The school collaborates with universities, companies, and research institutions in Japan and overseas to offer programs in which students receive lectures on cutting-edge research and technology. This year marks the third visit to our R&D Center. On the day of the visit, the students attended a lecture on the rewards of research careers, toured the GliCAP processing equipment, experienced the curing of photocurable resins and experiments using UV irradiation.
We will continue to value our interactions with local communities and actively promote efforts to enhance awareness of the Group and advance our social contribution activities.

Special sponsor for the 77th Kagawa Marugame International Half Marathon

The SHIKOKU KASEI Group supports a wide range of activities as part of our contribution to the community and society. Among our efforts is special sponsorship of “Kagawa Marugame International Half Marathon,” held every February in Marugame City, Kagawa Prefecture. Kagawa Marugame International Half Marathon is an international half marathon that brings together top athletes from Japan and abroad. Its first race was held in 1947, the year the Company was founded, making it a race with special importance for the Group. We have been a special sponsor since the 75th event held in 2023.
At the 77th event held on February 1 and 2, 2025, approximately 8,700 runners participated, including world-class invited athletes and citizen runners. The weather was favorable that day, and numerous records were set, including a new Japanese record. Tomoki Ota (TOYOTA MOTOR CORPORATION), who placed third in the men’s race, set a new Japanese record of 59 minutes and 27 seconds, becoming the first Japanese runner to go under the one-hour mark. We presented him with 5 million yen as the “New Japanese Record Award.”
A total of 243 runners participated from the Group, including customers, employees, and their families, making this event an opportunity for internal interaction. Following last year, we operated two food service stations along the course this year. Approximately 70 employees from the Group participated as volunteer staff, offering local famous confection from Marugame and cheering on the runners.
We will continue to fully support the Kagawa Marugame International Half Marathon, so that we can deliver the joy and excitement of bright and healthy sports from Marugame to the world through our sponsorship of this event.

Kagawa Marugame International Half Marathon website https://jtbsports.jp/en/detail/oebrw

Governance Efforts

In Charge of Group Governance
Yoshihisa Tabusa

1 Recognition of the Current Situation (Including Challenges)

The Company transitioned to a holding company structure in January 2023, and is now entering its third year. At the time of establishing the holding company, we set three objectives of the transition, namely (1) to reinforce our business operation system, (2) to redefine our governance system and the roles of head office divisions, and (3) to review our human resource training and HR/evaluation systems. We have conducted business under this new system over the past few years.

The chemicals and housing materials businesses were spun off into separate companies, and the delegation and clarification of authority progressed to a certain extent. This has resulted in a stronger sense of unity within each company, enabling faster decision-making on various matters, including proactive investments. We have been experiencing this more in our daily operations, and we believe that the benefits of the spin-off are becoming apparent. In addition, regarding the Board of Directors of the holding company, the most recent evaluation of its effectiveness showed numerous comments indicating more active discussions in a flatter atmosphere, and easier free exchange of opinions and communication among officers. We think these are areas that have been advanced with the new structure.

On the other hand, when we see the Group as a pure holding company structure from a bird's-eye view, although operations have been running smoothly without major issues during the past 2 years after the transition, concerns began to emerge among the president and other officers around the latter half of last year. These concerns were about whether our governance system centered on the Board of Directors of the holding company was evolving in line with the transition objectives, or if it was not quite advancing sufficiently. This led to a movement to update our governance structure as well, though not exactly a three-year cycle, and we have been pursuing this starting this fiscal year, alongside the formulation of STAGE 3 of the long-term vision "Challenge 1000."

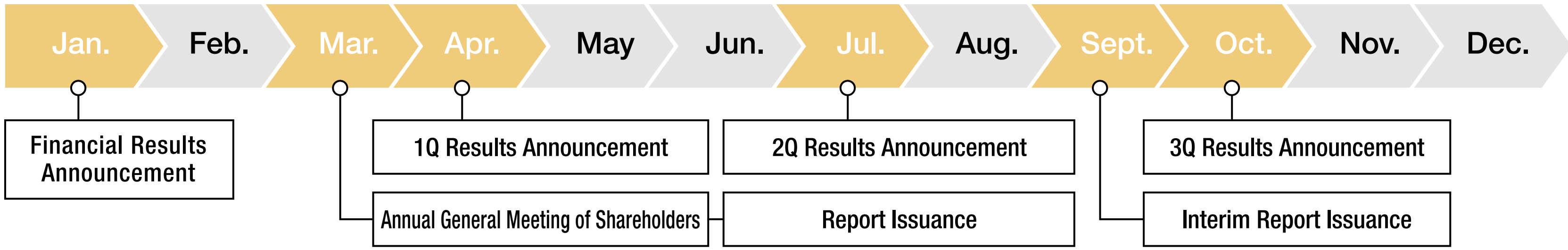
2 Initiatives to Address the Gap with the Issues

In order to address the Group's governance issues, we started with deepening discussions primarily among members of the Board of Directors of the holding company. As there are different types of governance issues, we may risk losing sight of where the holding company structure is actually headed if we dive straight into specific issues such as the composition, operation, or details of discussions of the Board of Directors. For that reason, before getting into specific details, we began by creating an environment in which we could thoroughly gather opinions on what each officer perceives as the fundamental challenges. We particularly value opinions from objective and bird's-eye perspectives offered by Outside Directors and Outside Statutory Auditors. We held informal meetings between Outside Directors and Outside Statutory Auditors on a regular basis to gather opinions that may be difficult to express directly at the Board of Directors meetings. In addition, the composition of the Board members also changed before and after the transition to the holding company structure, resulting in differences in the amount of information received by each officer. Therefore, as a premise for future discussions, we shared fundamental information such as the background of establishing the current holding company structure and an understanding of the system, before starting discussions.

As we advanced our discussions, one concern revealed: "at the time of transition, we designed a holding company's authority relatively small while delegating authority to each operating company so that they can demonstrate their capabilities freely and vigorously; however, this has made the holding company's functions weak from a company-wide perspective. Shouldn't we further clarify roles of the holding company as a command center?" As a result, as a function unique to the holding company, we decided to aim at further evolution toward resolving issues from a perspective of group-wide optimization through the allocation of management resources across all areas of people, assets, capital, and information, coordinating and sharing information as a hub among operating companies, creating new businesses through these efforts, and enhancing the Group's identity.

Currently, we have begun addressing issues under each theme while working to improve operational issues such as streamlining reporting items at the Board of Directors and securing sufficient time for deliberation, and working to create concrete mechanisms and solving issues. Although it is not going to be easy, we will advance the development of governance framework towards the Group's sustainable growth and corporate value enhancement.

IR Calendar



Disclosure Policy

Basic Policy

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

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

Information Disclosure Standard

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

Information Disclosure Method

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

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

Quiet Period

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

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

Forward-looking Statement

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

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

Governance Efforts

Annual General Meeting of Shareholders

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

Early Dispatch of the Notice of General Meeting of Shareholders

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

Electronic Exercise of Voting Rights

Voting rights can be exercised via the Internet.

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

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

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

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

Basic Policy for Shareholder Returns

Shareholder Return Policy

- We aim for a 30% dividend payout ratio and a 50% total return ratio based on our consolidated performance during the period of our long-term vision, "Challenge 1000," which spans through 2030.
- We have set a consolidated dividend on equity* (DOE) ratio of 3% as an indicator for determining dividend amounts, and will achieve progressive dividends while taking both the dividend payout ratio and DOE indicators into consideration.

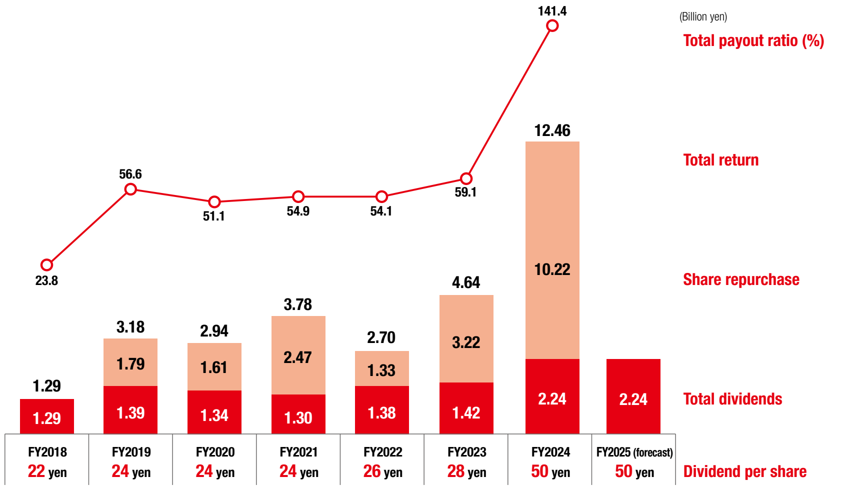
*Consolidated shareholders' equity (consolidated net assets – accumulated other comprehensive income)

FY2024 Shareholder Return Policy

- The Company has decided to pay an annual dividend of 50 yen (interim dividend of 25 yen and year-end dividend of 25 yen) per share.
- The Company conducted a share buyback totaling 10.22 billion yen (5,891,100 shares) through ToSTNeT-3 in February 2024. This was due to as an elimination of cross-shareholdings with financial institutions.
- Total dividends amounted to 2.24 billion yen, bringing total shareholder returns to 12.46 billion yen, with a total return ratio of 141.4%.

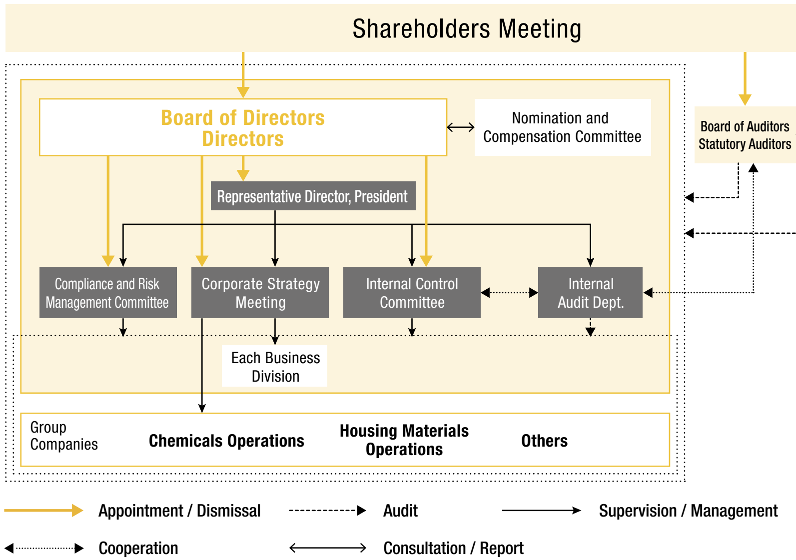
FY2025 Shareholder Return Policy (Forecast)

- The Company plans to maintain a dividend of 50 yen (interim dividend of 25 yen and year-end dividend of 25 yen) per share.
- In addition, premised upon its 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 its shares.



Corporate Governance

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



Internal Control System

Basic Approach

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

Development Status

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

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

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

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

Governance Efforts

Policy for Determining Directors’ Compensation

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

(Summary of the details of the determination policy)

Basic Policy

The compensation for Directors (excluding Outside Directors) consists of base compensation, performance-linked compensation, and stock compensation. The ratio is approximately 60:25:15 (base compensation: performance-linked compensation: stock compensation). Compensation for Outside Directors consists only of base compensation.

Policy for Determining the Amount of Individual Base Compensation

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

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

Performance-linked compensation is determined as monetary compensation, a short-term incentive, based on standard amounts specific to each position, considering qualitative and quantitative evaluation according to performance indicators, etc. In qualitative evaluation, the status of execution of duties and the degree of contribution, etc. are considered based on the Company’s annual business performance, including consolidated net sales and consolidated operating profit. On the other hand, in quantitative evaluation, ESG indicators (such as evaluation from external institutions and reduction of GHG emissions) are taken into consideration. Performance-linked compensation is paid monthly in conjunction with the base compensation.

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

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

Under this system, one share is assigned one point, and in addition to the base points set for each position, performance-linked points are awarded according to results. In calculating performance-linked points, consolidated net sales, consolidated operating profit, and consolidated ROE are used as clear and objective performance indicators based on results, considering the financial goals set forth in the long-term management plan. Performance-linked points are awarded according to the degree of achievement of each indicator. They are based on the percentage of achievement compared to the previous fiscal year for consolidated net sales and consolidated operating profit, and for consolidated ROE, they are based on actual values based on financial statements as of the end of each fiscal year. The shares are delivered to each Director upon their retirement.

Matters Concerning the Determination of Details of Individual Compensation, etc. of Directors

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

Evaluation of the Effectiveness of the Board of Directors

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

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

(Evaluation for FY2024)

We conducted a questionnaire survey at the end of the previous fiscal year, and based on its results, held discussions and conducted evaluations by all Directors and Statutory Auditors including outside officers. As a result, the Board of Directors of the Company is composed of members who are appropriately qualified in terms of skills and diversity. In addition, it was confirmed that the independence and functionality of outside officers were secured and discussions at the Board of Directors meetings were accelerated as a result of measures such as ensuring opportunities for exchanging opinions among Outside Directors outside the Board of Directors meetings.

Based on the above, we have evaluated that the operation of the Board of Directors is generally appropriate and that the overall effectiveness of the Board of Directors is reasonably ensured. On the other hand, we recognize that there is room for improvement in areas such as balancing the execution and supervisory functions as a holding company and selecting agenda items for medium- to long-term challenges from the perspective of the Company's sustainable growth and corporate value creation. Regarding the issues identified, for further enhancement of the functions of the Board of Directors and deeper discussions, we will continue to make improvements and strive to enable the Board of Directors to fulfill its roles and responsibilities even more effectively.

Elimination of Antisocial Forces

Basic Approach

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

Development Status

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

Cross-shareholdings

Verifying Appropriateness of Holding

The Company holds shares of business partners when deemed beneficial for improving our medium- to long-term corporate value from the perspective of building and strengthening relationships. For all shares held, the Board of Directors annually deliberates on whether to retain them and determines which shares to continue holding, considering both quantitative aspects such as trading volume and dividends, and qualitative aspects such as the importance of strengthening relationships in future business strategies.

Policy and Approach Regarding Reduction of Cross-shareholdings

As a result of the above verification, for shares not recognized as contributing to our medium- to long-term corporate value, we proceed with phased, planned sales after discussions with the business partners, considering stock prices and market impact, and we will continue to aim for a reduction in cross-shareholdings.

Criteria for Exercising Voting Rights

We make decisions on whether to approve or disapprove of all proposals by comprehensively considering factors such as whether it would impair the corporate value of the entity in which we hold shares and whether it would contribute to its medium- to long-term corporate value.

Issues in Which the Number of Shares Held by the Company Increased During the Current Fiscal Year

	Number of issues	Total acquisition value related to increase in number of shares (Million yen)	Reason for increase in number of shares
Listed shares	4	12	To strengthen business relationships
Non-listed shares	–	–	–

Issues in Which the Number of Shares Held by the Company Decreased During the Current Fiscal Year

	Number of issues	Total sales value related to decrease in number of shares (Million yen)
Listed shares	5	3,367
Non-listed shares	–	–

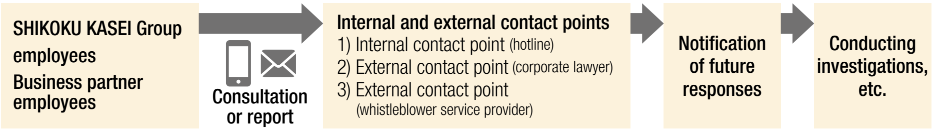
Total Number of Issues and Total Amount Recorded on the Balance Sheet

	Number of issues	Total amount recorded on balance sheet (Million yen)
Listed shares	21	12,509
Non-listed shares	9	19

Internal Reporting System

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

Whistleblower reporting route



Information Security

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

(Management system)

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

(Initiatives to strengthen information security)

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

Risk management and compliance https://www.shikoku.co.jp/eng/environment/governance/
Charter of Corporate Behavior https://www.shikoku.co.jp/eng/company/rinen/

Officers

1

Mitsunori Watanabe

Representative Director, President

▶Reason for appointment as Director

Mr. Mitsunori Watanabe has been mainly engaged in the corporate planning division of the Company. He assumed office as Director in 2014 and as Representative Director in 2023, and currently serves as Representative Director, President. He has been responsible for administration and supervision of overall management of the Company for many years. Based on his wealth of experience and knowledge, the Company believes he will continue to effectively fulfill his duties as Director.

2

Makoto Hamazaki

Senior Managing Executive Director

▶Reason for appointment as Director

Mr. Makoto Hamazaki has been mainly engaged in the production and technology division of the Company. He assumed office as Director in 2018 and currently serves as Senior Managing Executive Director. He has been responsible for administration and supervision of overall management mainly of the Chemicals operations. Based on his wealth of experience and knowledge, the Company believes he will continue to effectively fulfill his duties as Director.

3

Yoshinori Manabe

Executive Director

▶Reason for appointment as Director

Mr. Yoshinori Manabe has been mainly engaged in the Housing Materials operations of the Company. He assumed office as Director in 2019 and currently serves as Executive Director. He has been responsible for administration and supervision of overall management mainly of the Housing Materials operations. Based on his wealth of experience and knowledge, the Company believes he will continue to effectively fulfill his duties as Director.

4

Yuichi Ikeda

Director

▶Reason for appointment as Director

Mr. Yuichi Ikeda has been mainly engaged in the research and development division of the Company and assumed office as Director in 2023. He has been responsible for administration and supervision of overall management mainly of the Chemicals operations. Based on his wealth of experience and knowledge, the Company believes he will continue to effectively fulfill his duties as Director.

5

Yoshiaki Ando

Director

▶Reason for appointment as Director

Mr. Yoshiaki Ando has been mainly engaged in the corporate planning and management division of the Company and assumed office as Director in 2023. He has been responsible for administration and supervision of overall management mainly in the corporate planning and corporate service divisions. Based on his wealth of experience and knowledge, the Company believes he will continue to effectively fulfill his duties as Director.

6

Kiyoshi Mori

Outside Director

▶Reason for appointment as Outside Director and overview of expected role

Mr. Kiyoshi Mori leverages his experience and knowledge gained through his involvement in management as a director at other companies, in addition to his abundant overseas experience, to contribute to the Company's management decision-making from an objective standpoint.

7

Shoichiro Tonomura

Outside Director

▶Reason for appointment as Outside Director and overview of expected role

Mr. Shoichiro Tonomura leverages his experience gained through his involvement in research and development and business in the fields of printed circuit boards and semiconductors at other companies, as well as his experience and knowledge in corporate management and supervision at public interest corporations, to contribute to the Company's management decision-making from an objective standpoint.

8

Minoru Ota

Outside Director

▶Reason for appointment as Outside Director and overview of expected role

Mr. Minoru Ota leverages his extensive experience in corporate legal affairs at companies in Japan and overseas, accumulated through many years of practice as an attorney-at-law, to contribute to the Company's management decision-making from an objective standpoint.

Officers

9
Sachiko Ishikawa
Outside Director

▶Reason for appointment as Outside Director and overview of expected role

Ms. Sachiko Ishikawa leverages her wealth of international experience and knowledge in the fields of international cooperation (humanitarian aid and development), international exchange, negotiation, and communication to contribute to the Company's management decision-making from an objective standpoint.

10
Kazuhiko Katayama
Statutory Auditor

▶Reason for appointment as Statutory Auditor

Mr. Kazuhiko Katayama has been mainly engaged in the planning and operational management & marketing administration divisions as a manager and Executive Officer of the Company and has served as Statutory Auditor of the Company since 2021. He leverages his considerable knowledge of finance and accounting accumulated through many years of experience in the Finance & Accounting Department and planning and operational management & marketing administration divisions, to enhance the Company's audit system.

13
Hiroyasu Kawai
Outside Statutory Auditor

▶Reason for appointment as Outside Statutory Auditor

Mr. Hiroyasu Kawai leverages his many years of abundant experience and advanced expertise in corporate accounting and auditing accumulated through practice as a certified public accountant, to enhance the Company's audit system.

11
Kenji Tanabe
Statutory Auditor

▶Reason for appointment as Statutory Auditor

Mr. Kenji Tanabe has been mainly engaged in the administration division as a manager and a director of the Company's subsidiary, and has served as Statutory Auditor of the Company since 2019. He leverages his many years of experience in administrative operations, including accounting, as well as his knowledge of finance and accounting, to enhance the Company's audit system.

12
Koji Nishihara
Outside Statutory Auditor

▶Reason for appointment as Outside Statutory Auditor

Mr. Koji Nishihara leverages his experience and knowledge gained through his involvement in management as a director at other companies, to enhance the Company's audit system.

Please refer to the Company's website for details of their professional backgrounds.(available only in Japanese)

https://www.shikoku.co.jp/company/profile/

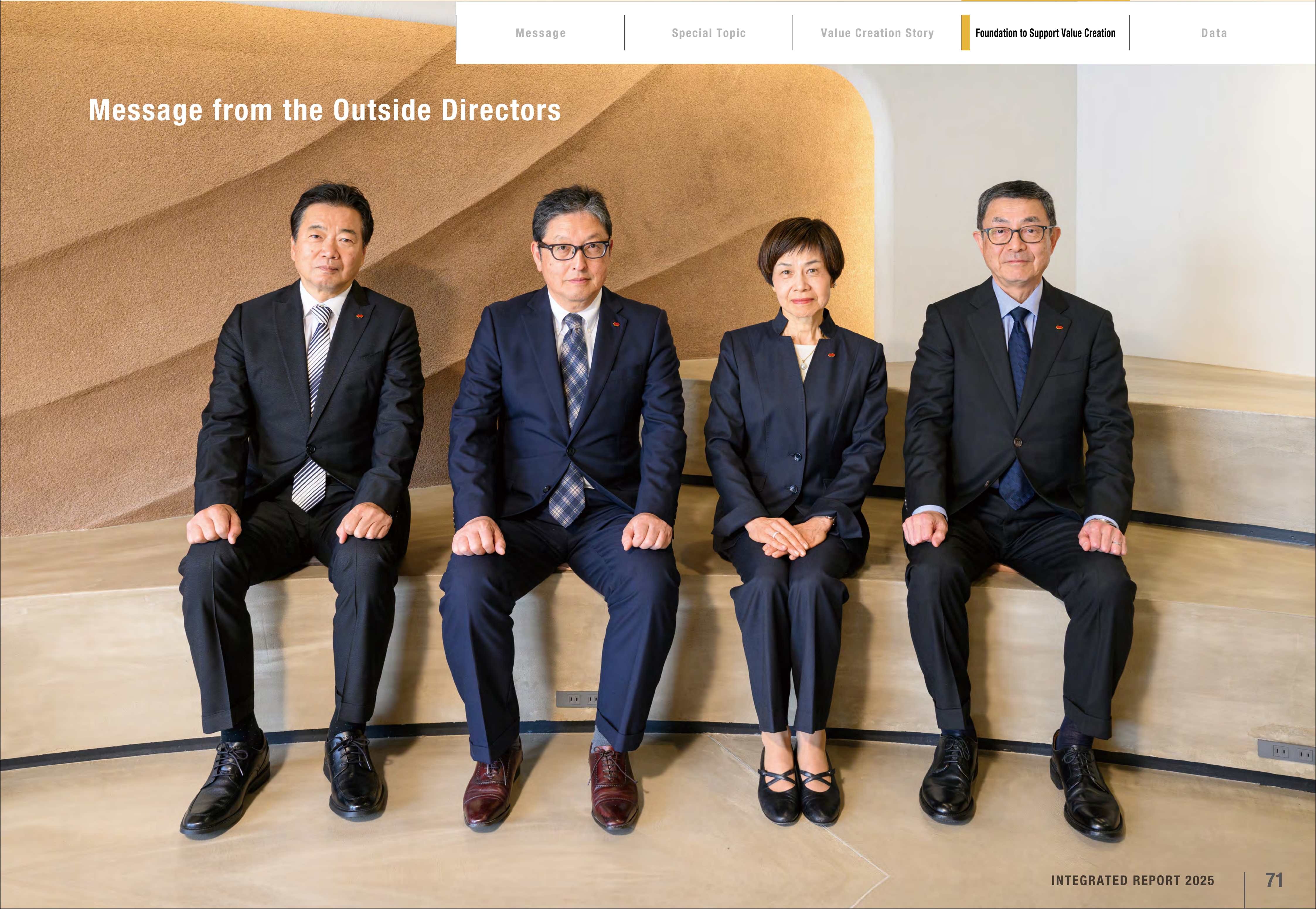
Officers

▶ Skills Matrix

	Name	Particularly expected knowledge, experience, abilities, etc.						
		Management/ Business strategy	ESG	Sales/ Marketing/ Procurement	R&D/ Technology/ Production	Finance/ Accounting	Labor/Legal/ Risk management	Internationality
Directors	Mitsunori Watanabe [Reappointment]	●	●			●	●	
	Makoto Hamazaki [Reappointment]	●	●	●	●		●	●
	Yoshinori Manabe [Reappointment]	●	●	●		●	●	●
	Yuichi Ikeda [Reappointment]	●	●		●			
	Yoshiaki Ando [Reappointment]	●	●	●		●	●	
	Kiyoshi Mori [Reappointment] [Outside] [Independent]	●	●	●				●
	Shoichiro Tonomura [Reappointment] [Outside] [Independent]	●	●	●	●			●
	Minoru Ota [Reappointment] [Outside] [Independent]	●	●				●	●
	Sachiko Ishikawa [Reappointment] [Outside] [Independent]		●				●	●
Statutory Auditors	Kazuhiko Katayama [Reappointment]		●			●		●
	Kenji Tanabe		●			●		
	Koji Nishihara [Outside] [Independent]		●				●	●
	Hiroyasu Kawai [Outside] [Independent]		●			●	●	

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

Message from the Outside Directors



Message from the Outside Directors

Kiyoshi Mori

We will move toward achieving the strengthening of the function of the Board of Directors and our long-term vision. We support sustainable growth through on-the-job experience and a multifaceted perspective.

The Board generally reviews a variety of matters related to overall management in a timely fashion, with opinions being exchanged in a relaxed atmosphere. We also participate in operating company Corporate Strategy Meetings in an observational capacity, which allows us to hear directly from the front lines involved in business execution from the case submission process. In board discussions, I work to ensure transparency and fairness while prioritizing an understanding what is happening in the workplace, the front lines of management.

As a new initiative since the latter half of last fiscal year, we have regularly held meetings to exchange opinions with the Statutory Auditors in addition to the Board. At these meetings, we review the content of board proceedings while maintaining a bird's-eye view of overall management, identify issues, and leverage each member's background and experience in objectively compiling recommendations for the Board. This fiscal year, we intend to regularly delve more deeply into these identified issues during the Board meetings.

This year marks the halfway point of long-term vision Challenge 1000, which looks ahead to 2030. In addition to the organic growth of our operating companies, we believe it is necessary to strengthen the holding company's functions to support that growth if we are to realize our vision. The holding company must exhibit leadership in advancing cross-functional initiatives including M&A activities for business expansion, complementation, and acquisition of new business domains, DX promotion, and initiatives toward human capital management. The Board intends to deepen discussions on individual agenda items and a host of measures supporting the Company's sustainable growth.

I have been involved in capital alliances, investments, and operating company management with firms across various industries both in Japan and abroad. I will share the experience and knowledge I have cultivated over the years and offer advice from the perspective of how—even amidst uncertain social conditions—our company can demonstrate its unique "Doku-sou-ryoku (creativity)" to realize long-term growth.

Shoichiro Tonomura

Through diverse perspectives and insights, we will reinforce board decision-making, thereby contributing to highly transparent management.

It is essential to enhance management transparency and ensure the Board's effectiveness for companies to realize sustainable growth. In today's business environment marked by rapid change and heightened uncertainty, we must incorporate a diverse range of perspectives, engage in data-based discussions, and ensure multifaceted and precise decision-making. If we are to achieve this, we have to enhance diversity among management and employees and construct an organization where flexible, creative decision-making is possible. The Board of Directors at SHIKOKU KASEI Holdings fosters an atmosphere where members can freely exchange opinions. I feel this is what forms the foundation for sound management.

I strive to fully utilize the experience and knowledge I have cultivated in both corporate and academic environments to address short-term challenges while proactively proposing medium- to long-term R&D and growth strategies. As technological innovation and digitalization in particular have an increasing effect on corporate competitiveness, strategic planning leveraging the latest insights has never been more important. Today, companies have to achieve sustainable growth not only through their own efforts but by leveraging industry-government-academia collaborations and a broad range of other external resources. Being aware of this, as an Outside Director, I will strive to offer objective opinions and ensure multifaceted and precise decision-making by the Board.

Furthermore, to ensure information transparency, we intend to actively propose improvements to the Board's operation and the manner of information disclosure. These will contribute to the continuous enhancement of the governance framework. To achieve sustainable growth in corporate value, it is essential not only to fulfill management's oversight function, but to engage in constructive dialogue with management to enhance strategy effectiveness. I will continue to fulfill my responsibilities as an Outside Director to further raise the quality of Board discussions and contribute to the continuous improvement of corporate value.

Message from the Outside Directors

Minoru Ota

We will work toward the strengthening governance and enhancing the brand. We aim to contribute to management by leveraging our legal expertise and multifaceted perspectives.

We transitioned to a holding company structure in January 2023 by spinning off the Chemical operations, Housing Materials operations, and shared service divisions from the former SHIKOKU CHEMICALS CORPORATION. We are now in our third fiscal year under this structure. In this time, the spin-off has promoted the efficient management of each business. In March 2024, I was appointed as an Outside Director at our company's general meeting of shareholders. Since then, I have participated in the Company's management to further solidify its role in overseeing all SHIKOKU KASEI Group operations. At the monthly Corporate Strategy Meetings and Board meetings, I speak freely from a supervisory perspective on business execution, based on an advance review of materials related to each agenda item. The atmosphere within these meetings is not expressly hierarchical; we are encouraged to speak and never prevented from doing so. Additionally, starting from the previous fiscal period, we have established quarterly opportunities for consultation between Outside Directors and Statutory Auditors. The content of these discussions is shared with the President and other top management, and may be incorporated into agendas for Corporate Strategy Meetings or Board meetings. Furthermore, I have been given the opportunity to take part as an observer in the Corporate Strategy Meetings of our subsidiaries in the Chemicals operations and Housing Materials operations businesses. Although I have just entered my second year since my reappointment as an Outside Director, this arrangement facilitates communication with the management executives of each business. Drawing on my years of experience as a corporate lawyer for domestic and international firms, I proactively contribute my insights to further enhance the governance and sustainability of the SHIKOKU KASEI Group. Furthermore, I strive to provide the executives in charge with specific reminders regarding legal and compliance risks based on my knowledge, particularly concerning overseas business expansion. Furthermore, regarding our business operations—which may appear complex precisely because of their inherent creativity—we believe that Outside Directors are uniquely qualified to communicate their substance more clearly to external stakeholders. This effort contributes to enhancing the SHIKOKU KASEI Group brand.

Sachiko Ishikawa

By promoting the recruitment of women and internationalization, we embody the principle of "YONPO-YOSHI (favorable in all four directions)" and drive sustainable growth.

I understand that it has become easier to have discussions on the current Board compared with the time prior to my starting my tenure as an Outside Director.
The organizational structure and personnel overhaul significantly changed the nature and atmosphere of the Board. In fact, over the course of this past year of Board meetings, the atmosphere has become more open. I feel that Outside Directors are increasingly finding opportunities to contribute by leveraging their individual expertise in particular. This is evidence that the synergy between the roles of Internal and Outside Directors is starting to take effect.
Going forward, I believe it is desirable to actively address more fundamental issues. These include reconsidering the role of the holding company, and enhancing the Board's effectiveness. The Board of Directors has already confirmed this direction. After that, it is important to conduct thorough discussions and embody the principle of "YONPO YOSHI (favorable in all four directions)."
One of my primary responsibilities is to promote the recruitment of female talent within the Company. Over the past year, I have visited a number of locations, including our head office, Tokyo, and R&D Center, to exchange views with female employees. Amidst these visits, while we encountered promising female employees who were future leadership candidates, we were also given a stark reminder that we face challenges in achieving work-life balance. Regardless of whether we achieve the goal of 10% female managers by 2029, as set forth in Challenge 1000, simply stating that "there is no gender gap in hiring standards" is not enough. I feel we must work to build a corporate culture where male employees can cooperate with female employees in considering and resolving the challenges they face in their everyday work.
Moreover, to advance our adaptation to an increasingly globalized business environment, we are currently providing lateral support for the expansion of the Housing Materials operations business into Thailand. Regarding personnel development, we are also considering dispatching employees to short-term volunteer programs abroad such as the Japan International Cooperation Agency's (JICA's) Japan Overseas Cooperation Volunteers. We plan to collaborate with the relevant internal departments to explore realistic, concrete frameworks for implementation.

SHIKOKU KASEI in Figures

Corporate History

\On October 10, 2025/

Anniversary of foundation **78th**

Patent Ownership Breakdown

In Japan **60%**

Overseas **40%**

Turnover Rate

4.7%

15.4% in all industries

9.7% in manufacturing industry

Market Share

Glicoat-SMD — World No. 1 share

*Water-soluble preflux for PWBs

See page 23 for details.

Insoluble sulfur — World No. 2 share

*Vulcanizing agent to bond rubber molecules

See page 19 for details.

Landscaping exterior products — Industry No. 1 share

See page 32 for details.

Mid-Career Hiring Rate

60.0%

Membership in Employee Shareholding Association

97.7%

(As of the end of December 2024)

Average Length of Service

14.9 years

National average length of service

12.7 years for all

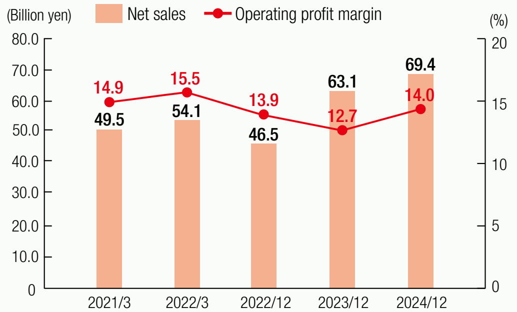
14.3 years for men / 10.4 years for women

For men **15.4 years**

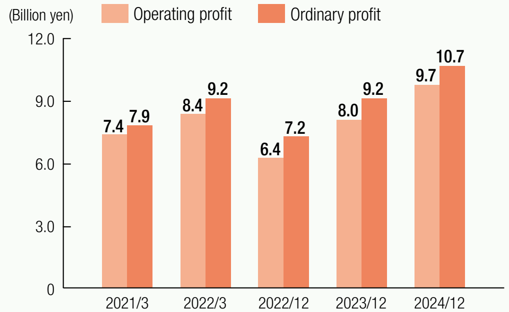
For women **13.5 years**

Financial Highlights (January 1, 2024 to December 31, 2024*)

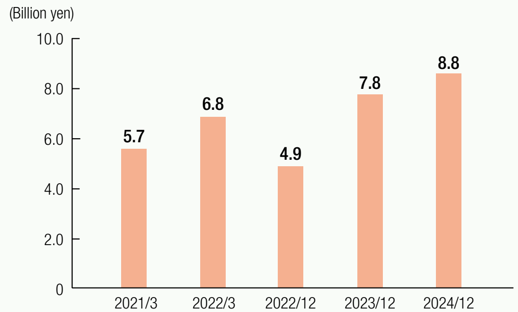
Net sales / Operating profit margin



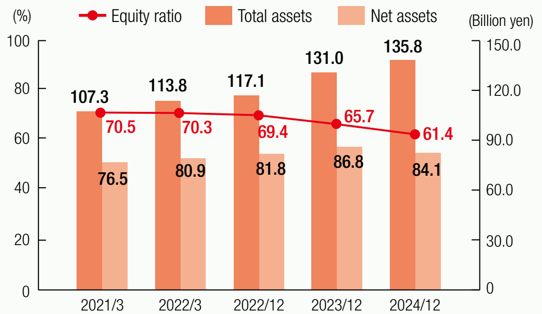
Operating profit / Ordinary profit



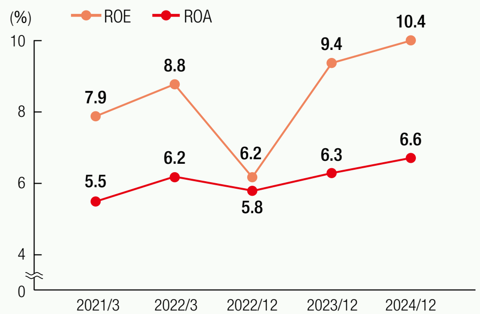
Profit attributable to owners of parent



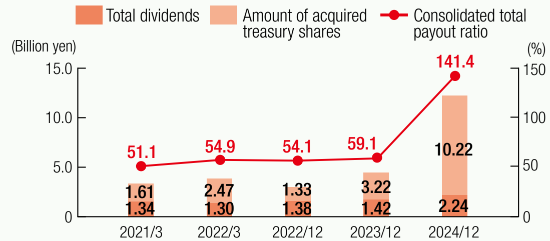
Equity ratio



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



Shareholder returns



	2021/3	2022/3	2022/12	2023/12	2024/12
Annual dividend per share (yen)	24.0	24.0	26.0	28.0	50.0

We aim to achieve a total payout ratio of 50% during the period of our long-term vision, "Challenge 1000," which spans through 2030.

*From the fiscal year ended December 31, 2022, the fiscal year-end (the last day of the fiscal year) has changed from March 31 to December 31. As it was a transition period for this change in fiscal year-end, the fiscal year ended December 31, 2022 had an irregular nine-month period.

Consolidated Management Indicators

	March 2021 101st fiscal year	March 2022 102nd fiscal year	December 2022 103rd fiscal year	December 2023 104th fiscal year	December 2024 105th fiscal year
Net sales (Million yen)	49,590	54,137	46,566	63,117	69,493
Ordinary profit (Million yen)	7,997	9,291	7,270	9,280	10,779
Profit attributable to owners of parent (Million yen)	5,760	6,878	4,997	7,853	8,813
Comprehensive income (Million yen)	7,732	8,138	3,988	9,449	9,352
Net assets (Million yen)	76,566	80,908	81,806	86,867	84,168
Total assets (Million yen)	107,344	113,805	117,176	131,046	135,827
Net assets per share (Yen)	1,360.26	1,487.55	1,541.17	1,703.25	1,865.63
Basic earnings per share (Yen)	103.27	125.52	93.78	152.12	191.38
Diluted earnings per share (Yen)	–	–	–	–	–
Equity ratio (%)	70.5	70.3	69.4	65.7	61.4
Return on equity (%)	7.9	8.8	6.2	9.4	10.4
P/E ratio (Times)	12	10	13	11	10
Cash flows from operating activities (Million yen)	7,411	5,089	2,919	12,950	9,021
Cash flows from investing activities (Million yen)	-2,999	-5,087	-3,669	-3,559	-15,550
Cash flows from financing activities (Million yen)	89	-1,809	1,423	-2,810	-3,717
Cash and cash equivalents at end of period (Million yen)	37,207	35,755	36,683	43,597	33,739
Number of employees (People)	1,194	1,210	1,223	1,262	1,276

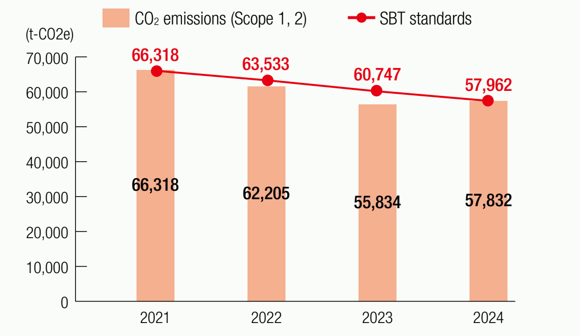
(Notes)
1. Diluted earnings per share is not stated as there are no dilutive shares.
2. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the 102nd fiscal year. The major management indicators, etc. for the 102nd fiscal year onwards are indicators after the application of the accounting standard.
3. By resolution at the 102nd Annual General Meeting of Shareholders held on June 24, 2022, the fiscal year-end changed from March 31 to December 31. Accordingly, the 103rd fiscal year was the nine-month period between April 1, 2022 and December 31, 2022.

Financial statements are available on the Company's website.

IR Library https://www.shikoku.co.jp/eng/ir/#irlibrary

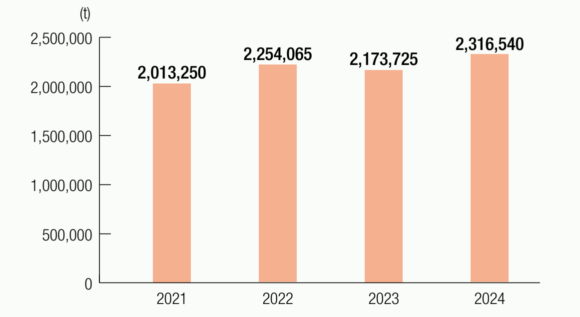
Non-Financial Highlights

CO_2 emissions (SHIKOKU KASEI Group)

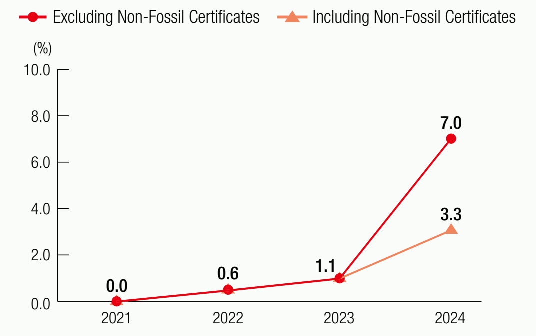


*Figures reflect values offset using Non-Fossil Certificates.

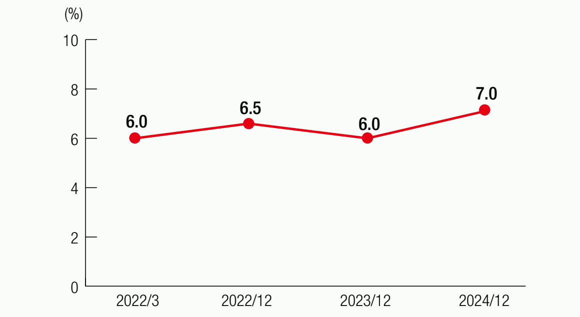
Water input (Three chemical plants*1)



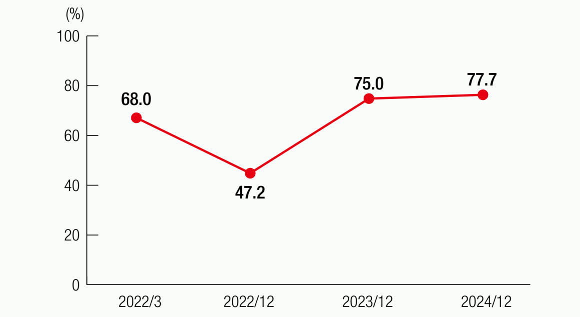
Ratio of renewable energy sources in electricity consumption (SHIKOKU KASEI Group)



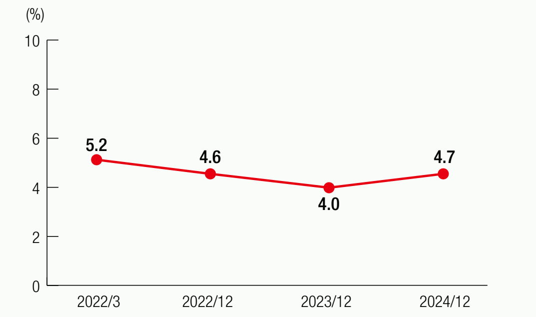
Ratio of female managers (The four SHIKOKU KASEI companies*2)



Rate of paid holiday use (The four SHIKOKU KASEI companies*2)



Turnover rate (The four SHIKOKU KASEI companies*2)



*1 The three chemical plants: Marugame Plant, Tokushima Plant, SHIKOKU RYUTAN
*2 The four SHIKOKU KASEI companies: SHIKOKU KASEI HOLDINGS, SHIKOKU CHEMICALS, SHIKOKU KASEI KENZAI, SHIKOKU KASEI CORPORATE SERVICE

ESG Performance Data

	Indicator		Unit	Scope	FY2021	FY2022	FY2023	FY2024
Environmental	Greenhouse gas (GHG) emissions *Calculated based on the GHG Protocol *For SHIKOKU RYUTAN, the emission factor applied for FY2024 is the same as that used in FY2023.	Energy-related CO_2	t-CO_2e	SHIKOKU KASEI Group	29,309	29,070	27,748	29,839
		HFCs	t-CO_2e	SHIKOKU KASEI Group	85	68	66	445
		Non-energy related CO_2	t-CO_2e	SHIKOKU KASEI Group	0	0	0	0
		N_2O	t-CO_2e	SHIKOKU KASEI Group	0	0	0	0
		CH_4	t-CO_2e	SHIKOKU KASEI Group	0	0	0	0
		PFCs	t-CO_2e	SHIKOKU KASEI Group	0	0	0	0
		SF_6	t-CO_2e	SHIKOKU KASEI Group	0	0	0	0
		NF_3	t-CO_2e	SHIKOKU KASEI Group	0	0	0	0
		Scope1	t-CO_2e	SHIKOKU KASEI Group	29,394	29,138	27,814	30,284
			t-CO_2e	Chemicals operations	28,465	28,263	27,029	29,387
			t-CO_2e	Housing Materials operations (excluding company vehicles)	179	172	175	198
			t-CO_2e	Housing Materials operations company vehicles	353	319	286	251
			t-CO_2e	Other business	312	315	324	449
		Scope 2 (Location-based method)	t-CO_2e	SHIKOKU KASEI Group	24,907	24,026	25,900	25,933
		Scope 1+2 (Location-based method)	t-CO_2e	SHIKOKU KASEI Group	54,302	53,163	53,715	56,217
		Scope 2 (Market-based method)	t-CO_2e	SHIKOKU KASEI Group	36,923	33,067	28,020	28,479
			t-CO_2e	Chemicals operations	34,744	31,218	26,225	26,506
			t-CO_2e	Housing Materials operations	1,492	1,246	1,283	1,468
			t-CO_2e	Other business	687	603	512	505
		Scope 1+2 (Market-based method)	t-CO_2e	SHIKOKU KASEI Group	66,318	62,205	55,834	58,763
		After offsetting with Renewable Energy Certificates	t-CO_2e	SHIKOKU KASEI Group	66,318	62,205	55,834	57,832
	Energy consumption		kl / crude oil equivalent	SHIKOKU KASEI Group	30,571	29,704	27,869	29,319
		Non-renewable fuel purchased and consumed	MWh	SHIKOKU KASEI Group	144,374	144,373	138,124	147,851
		Steam, heat, cooling, and other non-renewable energy purchased	MWh	SHIKOKU KASEI Group	20,156	18,665	12,236	11,051
		Non-renewable electricity purchased	MWh	SHIKOKU KASEI Group	57,522	55,486	53,247	55,135
		Renewable electricity purchased and generated	MWh	SHIKOKU KASEI Group	0	321	601	1,833
		Ratio of renewable energy use	%	SHIKOKU KASEI Group	0.0%	0.6%	1.1%	3.3%
		Renewable Energy Certificates purchased	MWh	SHIKOKU KASEI Group	0	0	0	2,000
		Ratio of renewable energy use in electricity including Renewable Energy Certificates	%	SHIKOKU KASEI Group	0.0%	0.6%	1.1%	7.0%
	Atmospheric emissions	SOx	t	SHIKOKU KASEI Group	1.1	2.9	2.9	1.6
		NOx	t	SHIKOKU KASEI Group	11.5	11.0	11.0	14.5
		Soot and dust	t	SHIKOKU KASEI Group	0.0	0.1	0.1	0.5
	Water resource input *The regions where our production facilities are located (Marugame, Kitajima, Yoshinari, Tadotsu, Naruto, Ranzan, Takase, Oita, Takamatsu, and Sanuki) are evaluated as not being water-stressed areas.	Municipal water	t	SHIKOKU KASEI Group	167,908	173,379	155,245	166,614
		Groundwater	t	SHIKOKU KASEI Group	1,446,392	1,396,148	1,341,841	1,479,534
		Industrial water	t	SHIKOKU KASEI Group	691,991	695,044	704,454	716,357
		Total water withdrawal	t	SHIKOKU KASEI Group	2,306,291	2,264,571	2,201,540	2,362,505
			t	The three chemical plants (Marugame Plant, Kitajima location, and Oita Plant)	2,013,250	2,254,065	2,173,725	2,316,540
		Reduction rate of input volume (compared to FY2020)	Production volume unit	The three chemical plants (Marugame Plant, Kitajima location, and Oita Plant)	-1.4%	5.7%	9.8%	4.9%
	Total drainage		t	SHIKOKU KASEI Group	2,247,000	2,176,016	2,109,818	2,248,423
	Wastewater management	COD	t	SHIKOKU KASEI Group	3.2	3.3	3.8	5.9
		Total nitrogen	t	SHIKOKU KASEI Group	17.8	18.2	18.3	16.1
		Total phosphorus	t	SHIKOKU KASEI Group	0.1	0.1	0.1	0.1
	Waste emissions ・The scope of data collection has been expanded starting from FY2024.	Industrial waste	t	SHIKOKU KASEI Group	2,848	3,004	2,735	3,435
		Waste plastic	t	SHIKOKU KASEI Group	–	–	–	336
		Specified hazardous wastes (Special management industrial waste)	t	SHIKOKU KASEI Group	–	–	–	1,165
		Valuables	t	SHIKOKU KASEI Group	–	–	–	551
		Industrial waste (Plant facilities)	t	SHIKOKU KASEI Group	2,701	2,861	2,655	3,403
		Compared to the previous year	%	SHIKOKU KASEI Group	22.7%	5.9%	-7.2%	28.2%
	Emission and movement of PRTR substances ・The data for “2023” and “2024” represent cumulative values for fiscal years 2023 and 2024, respectively.	Total	t	SHIKOKU KASEI Group	275	225	423	362
		Air	t	SHIKOKU KASEI Group	113	81	261	130
		Public waters	t	SHIKOKU KASEI Group	0.4	0.2	0.2	0.2
		Industrial waste	t	SHIKOKU KASEI Group	162	143	162	232
	Environmental Management System Certification	Acquisition rate at production facilities		SHIKOKU KASEI Group	44%	44%	36%	36%
		Facilities with valid certification (2024)	SHIKOKU CHEMICALS CORPORATION Marugame Plant		JCQA-E-0452/JIS Q 14001:2015 (ISO 14001:2015)			
			SHIKOKU CHEMICALS CORPORATION Tokushima Plant Kitajima location		JCQA-E-0443/JIS Q 14001:2015 (ISO 14001:2015)			
			SHIKOKU KASEI KENZAI CORPORATION Tokushima Plant Yoshinari location		JCQA-E-0998/JIS Q 14001:2015 (ISO 14001:2015)			
			SHIKOKU ENVIRONMENTAL BUSINESS COMPANY		0012360/ EcoAction 21			
	Environmental education hours		h	SHIKOKU KASEI Group	–	–	–	989

■ Plant facilities: Marugame, Kitajima, Yoshinari, Tadotsu, Naruto, Ranzan, Takase, Oita, Masuda Chemical, Ryouwa Kasei

■ SHIKOKU KASEI: SHIKOKU KASEI HOLDINGS CORPORATION, SHIKOKU CHEMICALS CORPORATION, SHIKOKU KASEI KENZAI CORPORATION, SHIKOKU KASEI CORPORATE SERVICE CO., LTD.

*From this year, environmental data (FY2021–2024) from Masuda Chemical Industries Co., Ltd., Ryouwa Kasei Kogyo Co., Ltd., and Shikoku (Shanghai) Co., Ltd. have been included.

ESG Performance Data

	Indicator	Unit	Scope	FY2021	FY2022	FY2023	FY2024
Social	Work-related fatalities	Case	SHIKOKU KASEI	0	0	0	0
	Rate of accidents resulting in absence from work	–	(Marugame Plant, Kitajima location, and Yoshinari location)	2.7	5.3	0	2.7
	Lost time accidents (4 days or more)	Case	(Marugame Plant, Kitajima location, and Yoshinari location)	0	2	0	1
	Number of employees	People	SHIKOKU KASEI Group	1,210	1,223	1,262	1,276
		People	The four SHIKOKU KASEI companies	619	624	620	642
	Number of employees (men)	People	The four SHIKOKU KASEI companies	492	494	484	497
	Number of employees (women)	People	The four SHIKOKU KASEI companies	127	130	136	145
	Average age (men)	Age	The four SHIKOKU KASEI companies	40.8	40.6	40.8	40.5
	Average age (women)	Age	The four SHIKOKU KASEI companies	39.3	39.3	40.4	40.3
	Average length of service (men)	Years	The four SHIKOKU KASEI companies	16.7	16.3	16.0	15.4
	Average length of service (women)	Years	The four SHIKOKU KASEI companies	13.9	13.8	13.8	13.5
	Average monthly overtime hours	Hours	The four SHIKOKU KASEI companies	7.7	12.5	15.7	13.6
	Number of new graduate hires	People	The four SHIKOKU KASEI companies	21	22	15	14
	Number of new graduate hires (men)	People	The four SHIKOKU KASEI companies	16	15	13	9
	Number of new graduate hires (women)	People	The four SHIKOKU KASEI companies	5	7	2	5
	Number of mid-career hires	People	The four SHIKOKU KASEI companies	15	15	19	21
	Hiring ratio (new graduate hires) (Number of new graduate hires / Number of new hires)	%	The four SHIKOKU KASEI companies	58.3	59.5	44.1	40.0
	Hiring ratio (mid-career hires) (Number of mid-career hires / Number of new hires)	%	The four SHIKOKU KASEI companies	41.7	40.5	55.9	60.0
	Ratio of female hires	%	The four SHIKOKU KASEI companies	23.1	23.1	21.9	22.6
	Turnover rate	%	The four SHIKOKU KASEI companies	5.2	4.6	4.0	4.7
	Number of employees who acquired childcare/family care leave; figures in ( ) indicate the number of male employees	People	The four SHIKOKU KASEI companies	7(4)	9(1)	8(5)	9(6)
	Number of employees who acquired childcare leave (men)	%	The four SHIKOKU KASEI companies	17.2	4.8	45.0	25.0
	Number of employees who acquired childcare leave (women)	%	The four SHIKOKU KASEI companies	100	100	100	100
	Percentage of persons with high stress	%	The four SHIKOKU KASEI companies	8.5	10.4	20.5	21.7
	Rate of paid holiday use	%	The four SHIKOKU KASEI companies	68.0	47.2	75.0	77.7
	Annual average salary	Million yen	The four SHIKOKU KASEI companies	6.78	6.81	6.92	7.31
	Contributions to local communities	Million yen	The four SHIKOKU KASEI companies	51.5	0	44.6	75.2
	Sustainability education hours	hours/person/year	The four SHIKOKU KASEI companies				1.5
Governance	Number of Internal Directors	People	SHIKOKU KASEI HOLDINGS CORPORATION	7	7	6	6
	Number of Outside Directors	People	SHIKOKU KASEI HOLDINGS CORPORATION	4	4	4	4
	Number of Internal Auditors	People	SHIKOKU KASEI HOLDINGS CORPORATION	2	2	2	2
	Number of Outside Auditors	People	SHIKOKU KASEI HOLDINGS CORPORATION	2	2	2	2
	Number of female executives	People	SHIKOKU KASEI HOLDINGS CORPORATION	0	0	0	1
	Number of managers	People	The four SHIKOKU KASEI companies	134	123	116	114
	Number of female managers	People	The four SHIKOKU KASEI companies	8	8	7	8
	Ratio of female managers	%	The four SHIKOKU KASEI companies	6.0	6.5	6.0	7.0

■ SHIKOKU KASEI Group: All of the SHIKOKU KASEI Group companies
■ The four SHIKOKU KASEI companies: SHIKOKU KASEI HOLDINGS CORPORATION, SHIKOKU CHEMICALS CORPORATION, SHIKOKU KASEI KENZAI CORPORATION, SHIKOKU KASEI CORPORATE SERVICE CO., LTD.
*FY2022 covers the nine-month period from April 1, 2022 to December 31, 2022.

Company Profile

Corporate Profile (as of the end of March 2025)

Corporate name	SHIKOKU KASEI HOLDINGS CORPORATION	
Foundation	October 10, 1947	
Capital	6,867 million yen	
Head Office	8-537-1, Doki-cho-higashi, Marugame, Kagawa 763-8504 Japan	
Representative	Mitsunori Watanabe, Representative Director, President	
Number of group employees	1,276	
Business description and major products		
Chemicals Operations	Inorganic chemicals	: Carbon disulfide, insoluble sulfur, sodium sulfate
	Organic chemicals	: Chlorinated isocyanurates (NEO-CHLOR)
	Fine chemicals	: Electronic chemicals, functional materials
Housing Materials Operations	Interior/exterior finishes and paving materials	: Interior finishing materials, exterior finishing materials, paving materials
	Exterior products	: Housing exteriors, landscaping exterior products
Other Business	IT systems, fast-food sales and other service operations	

Group Information

Group Companies

Holding Company

- SHIKOKU KASEI HOLDINGS CORPORATION

Chemicals Operations

- SHIKOKU CHEMICALS CORPORATION Head Office
- Tokyo Branch Office
- Osaka Branch Office
- R&D Center
- Marugame Plant
- Tokushima Plant Kitajima location
- SHIKOKU CHEMICALS CORPORATION Shenzhen Representative Office
- SHIKOKU CHEMICALS CORPORATION Taiwan Representative Office
- SHIKOKU KOSAN CORPORATION
- SHIKOKU INTERNATIONAL CORPORATION
- SHIKOKU RYUTAN CO., LTD.
- MASUDA CHEMICAL INDUSTRIES CO., LTD.
- SHIKOKU INDIA PVT. LTD.

Housing Materials Operations

- SHIKOKU KASEI KENZAI CORPORATION Head Office
- Osaka Branch Office
- Sales Office
  - Sapporo
  - Shizuoka
  - Sendai
  - Nagoya
  - Higashikanto
  - Osaka
  - Kitakantoa
  - Okayama
  - Chiba
  - Hiroshima
  - Tokyo
  - Shikoku
  - Kanagawaa
  - Kyushu
- Tokushima Plant Yoshinari location
- SHIKOKU KEIZAI CORPORATION Tadotsu Plant
- SHIKOKU KEIZAI CORPORATION Naruto Plant
- SHIKOKU KEIZAI KANTO CORPORATION
- SHIKOKU KOHKI CORPORATION
- RYOUWA KASEI KOGYO CO., LTD.

Corporate Service

- SHIKOKU KASEI CORPORATE SERVICE CO., LTD.

Related Operations

- SHIKOKU SYSTEM KOHBOH CORPORATION
- SHIKOKU FOODS & TRADING COMPANY
- SHIKOKU FOODS & INSURANCE SERVICE CO., LTD.
- SHIKOKU ANALYTICAL LABORATORIES
- SHIKOKU ENVIRONMENTAL BUSINESS COMPANY
- SHIKOKU (SHANGHAI) CO., LTD.

Stock Overview

Status of Shares (as of the end of December 2024)

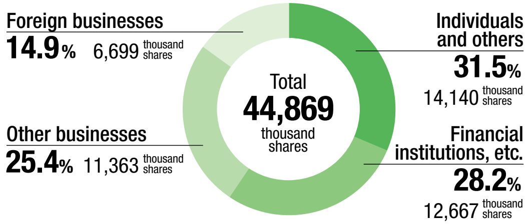
Total number of shares authorized to be issued	235,850,000 shares
Total number of issued shares	44,802,503 shares (excluding 67,060 treasury shares)
Number of shareholders	4,835

Major Shareholders

Name	Number of shares held (thousand shares)	Shareholding ratio (%)
Nisshinbo Holdings Inc.	5,580	12.45
Shikoku Kyoueikai	4,649	10.37
The Master Trust Bank of Japan, Ltd. (Trust account)	3,616	8.07
Nippon Life Insurance Company	3,295	7.35
Custody Bank of Japan, Ltd. (Trust account)	2,043	4.56
The Hyakujushi Bank, Ltd. Retirement Benefit Trust Account re-entrusted by The Master Trust Bank of Japan, Ltd.	1,320	2.94
The Kagawa Bank, Ltd.	1,250	2.79
SHIKOKU KASEI Employee Shareholding Association	884	1.97
GOVERNMENT OF NORWAY	871	1.94
Kentaro Nishikawa	754	1.68

(Notes) ● The shareholding ratio is calculated after deducting treasury shares (67,060 shares).
● The treasury shares above do not include the 109,700 shares of the Company held by the Custody Bank of Japan, Ltd. as trust assets for the stock compensation system.

Distribution of Shares by Shareholder



Shareholder memo

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

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

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