

Investor Briefing Shikoku Kasei HD Corp. For FY 2025

2026/2/17

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

1. Consolidated Financial Results

Both net sales and profits increased due to increased sales in fine chemicals, despite decreases in sales of organic chemicals and Housing Materials operations.

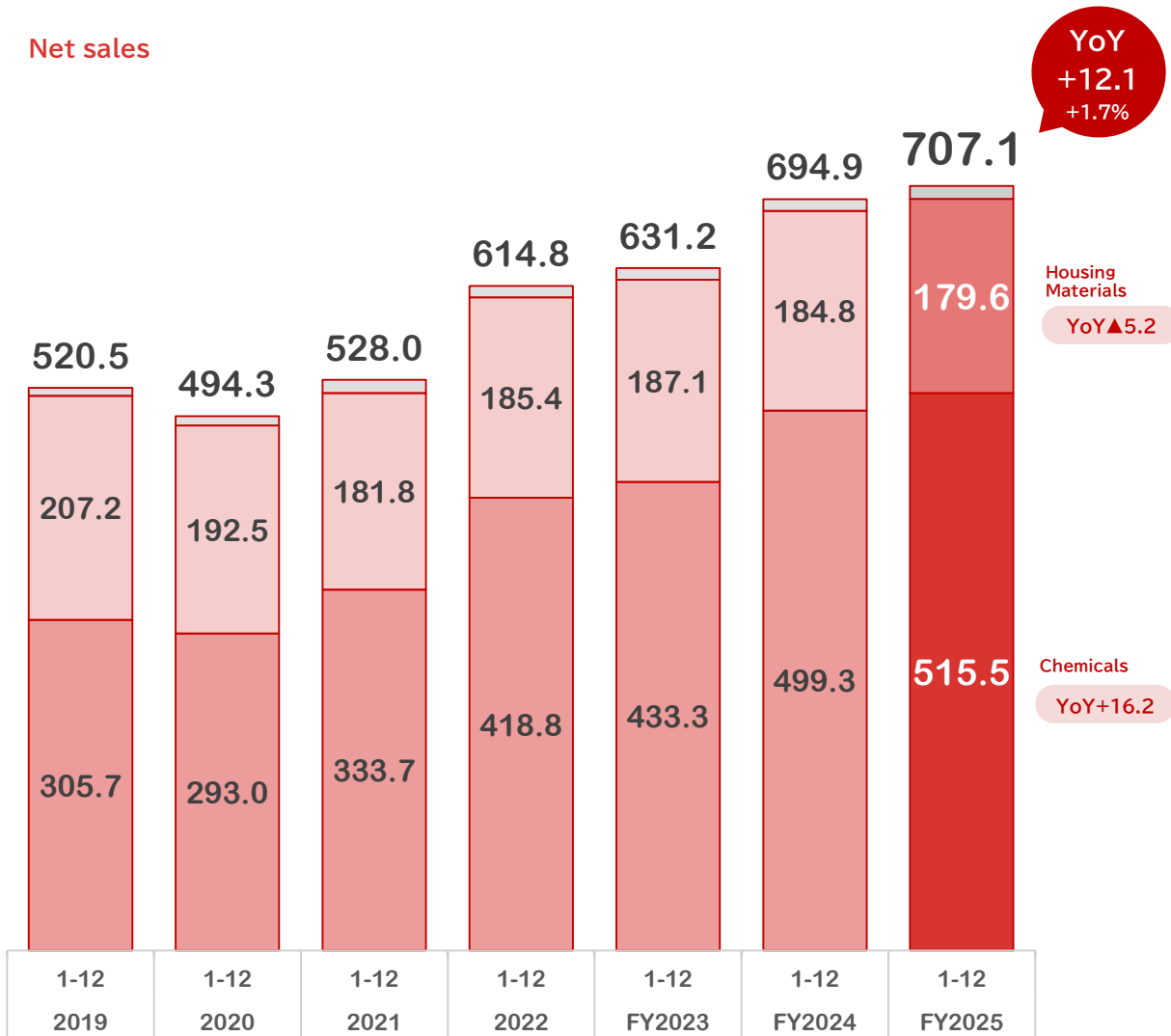
Million yen

	FY2024	FY2025	Change / Rate	Remarks
Net Sales	69,493	70,705	+1,211 +1.7%	<ul style="list-style-type: none"> Chemicals operations increased due to strong sales of fine chemicals Housing Materials operations decreased due to a sluggish detached housing market and extension of construction schedule
Operating profit	9,741	10,869	+1,127 +11.6%	<ul style="list-style-type: none"> Despite decreased profits in Housing Materials operations, total operating profit increased due to increased fine chemicals sales
Ordinary profit	10,779	11,921	+1,141 +10.6%	<ul style="list-style-type: none"> Foreign exchange gains and losses 46 (YoY▲343) Interest income 323 (YoY+16)
Profit attributable to owners of parent	8,813	8,459	▲354 ▲4.0%	<ul style="list-style-type: none"> Gain and loss on sale of investment securities 147 (YoY▲1,747) Loss of retirement of non-current assets ▲56 (YoY▲25)
Exchange rate	1USD 150JPY 1EUR 165JPY 1RMB 20.6JPY	1USD 150JPY 1EUR 167JPY 1RMB 20.8JPY	Net sales ▲0.3 billion yen Operating Profit +0.0 billion yen	<ul style="list-style-type: none"> Foreign exchange impact on PL included in the change from the previous year (total of Chemicals and Housing Materials) Only the impact of exchange rate fluctuations on foreign currency transactions is shown. Many yen-denominated transactions are also substantially affected by changes in foreign exchange rates; however, they are not included.
ROE	10.4%	9.5%	▲0.9%	

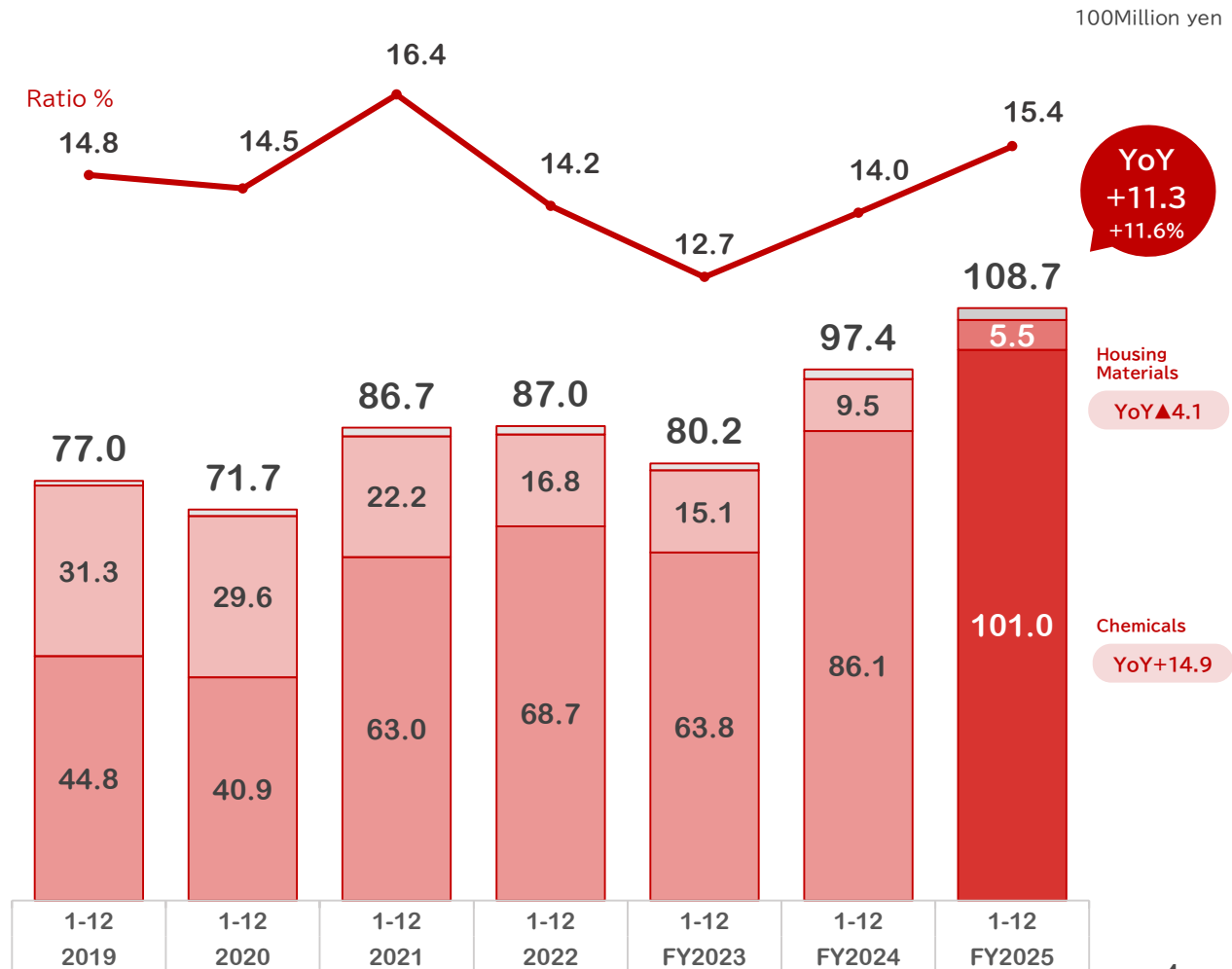
Trends in Net sales and Operating profit (YTD)

Total net sales increased (+1.21B) due to increased sales in Chemicals (+1.62B) despite decreased sales in Housing Materials(-520M)
 Total operating profit increased (+1.13B) due to increased profits in Chemicals(+1.49B) despite decreased profits in Housing Materials (-410M)

Net sales









Operating profit



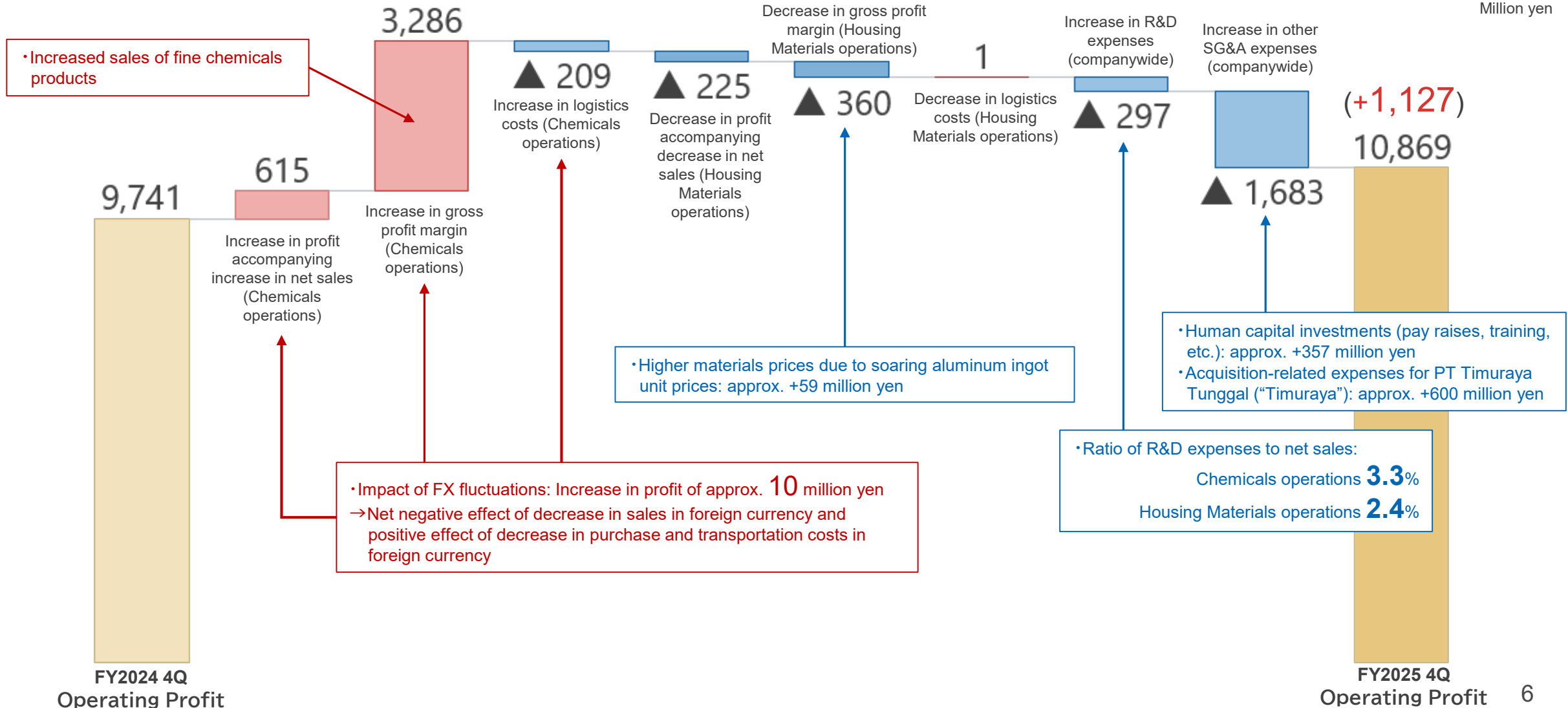
* In comparison and in the graphs, performance in prior years is adjusted to the same period (January to December).

Sales Overview by Segment

Segment		Overview of FY2025	
Inorganic chemicals			<ul style="list-style-type: none"> • Sales of insoluble sulfur remained sluggish and decreased due to intensified competition. • Sales of carbon disulfide increased due to strong export sales.
Organic chemicals			<ul style="list-style-type: none"> • Sales of Neo-Chlor in the North American market decreased due to the absence of year-earlier strong sales. Sales expansion continued for sanitary products.
Fine chemicals	Advanced & specialty chemicals		<ul style="list-style-type: none"> • Sales of resin curing agent (imidazoles) increased slightly. • Sales of resin modifiers increased due to higher demand and progress in new application development. • Sales of semiconductor process materials increased significantly as demand expanded.
	Electronic chemicals		<ul style="list-style-type: none"> • Sales of Gliccoat-SMD remained strong and increased. • Sales of GliCAP were strong against the backdrop of growing AI-related demand and increased significantly.
Housing Materials			<ul style="list-style-type: none"> • Sales decreased due to a sluggish detached houses market and extension of construction schedule stemming from work-style reforms.
Company-wide			

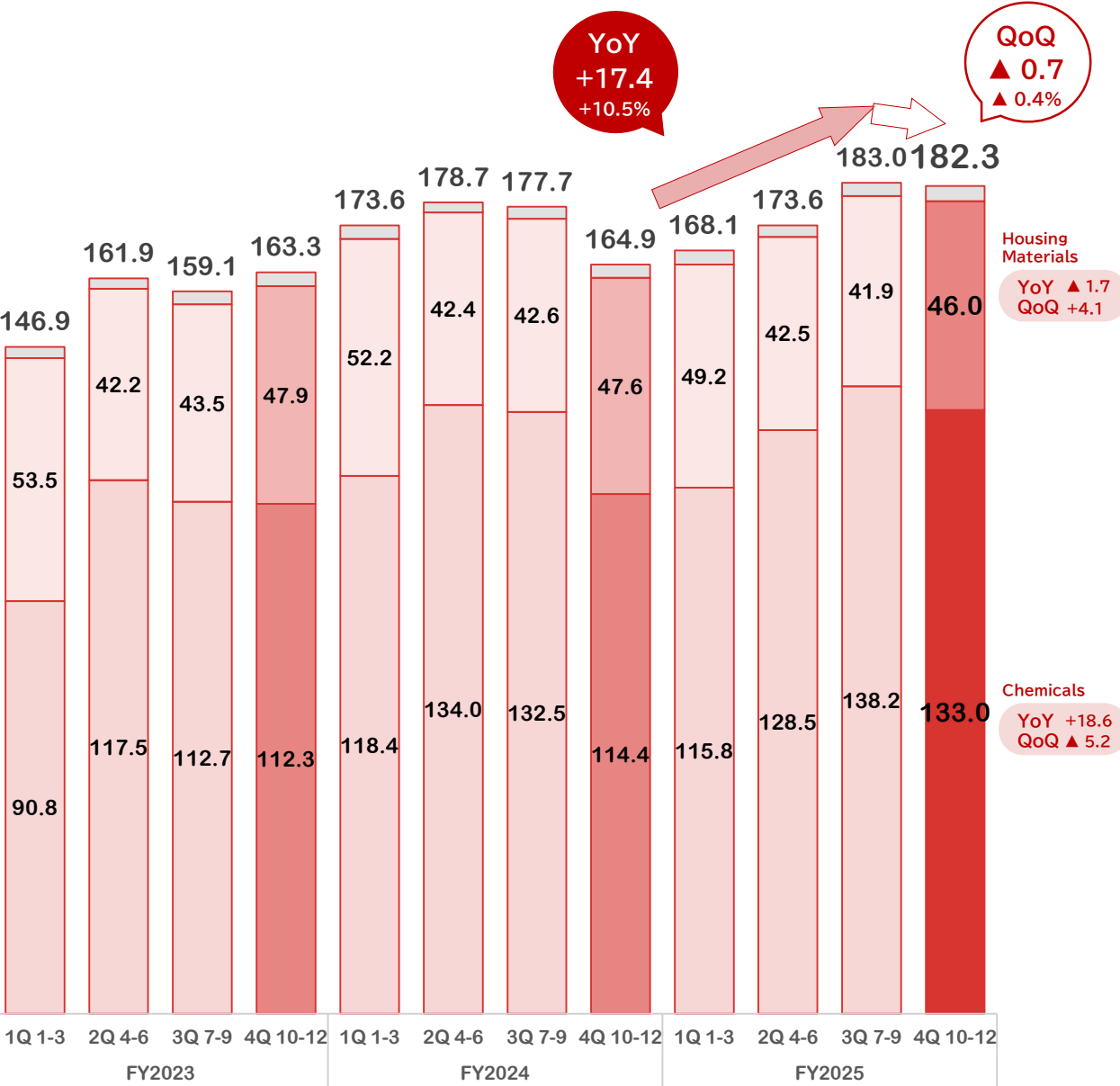
YoY Changes in Operating profit

Operating profit increased, as increased sales of fine chemicals products canceled out the decreased profit of organic chemicals and the Housing Materials operations caused by weak sales thereof.



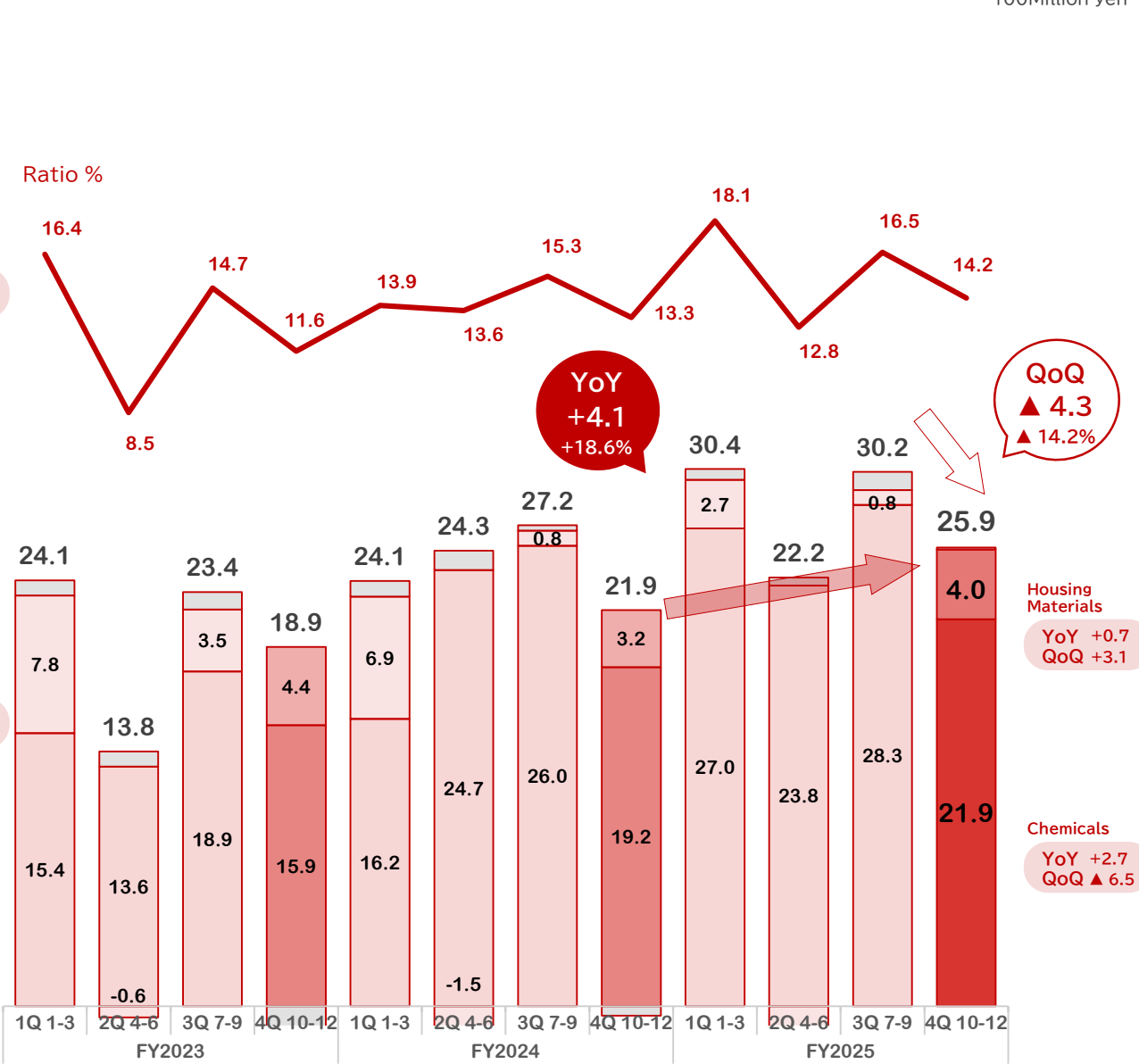
Trends in Net sales and Operating profit (QTD)

Net sales



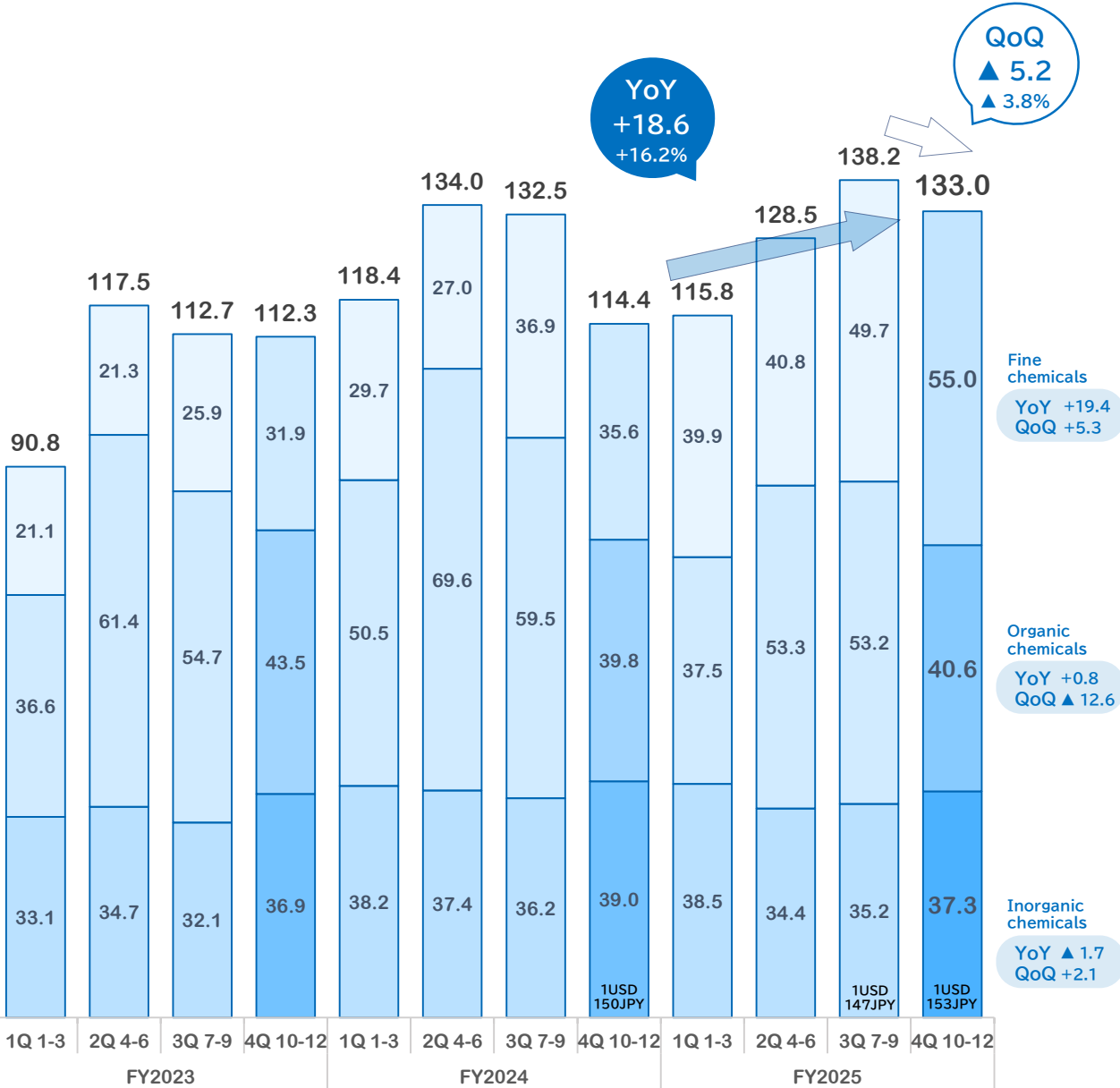
Operating profit

100Million yen



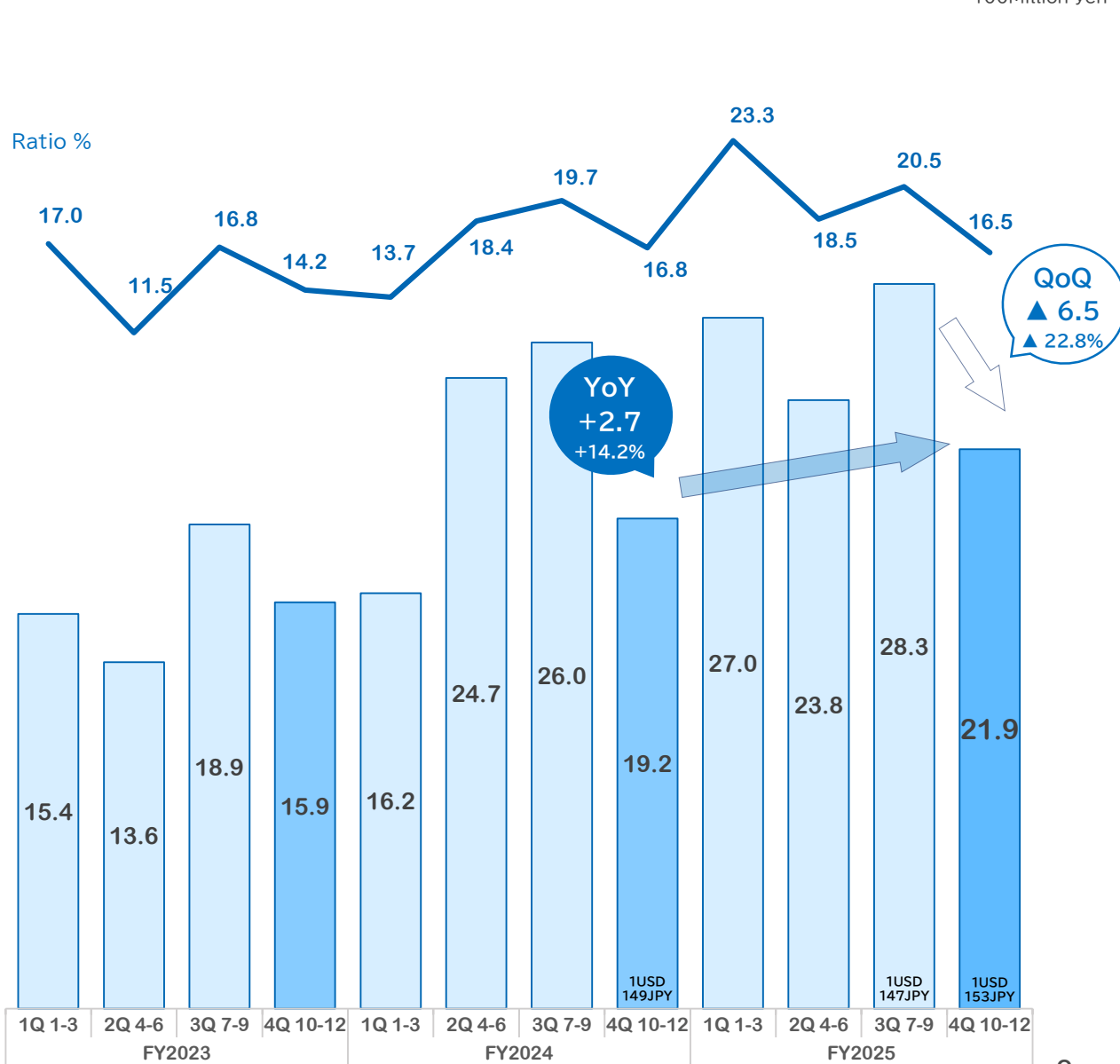
Operating results by segment : Chemicals (QTD)

Net sales



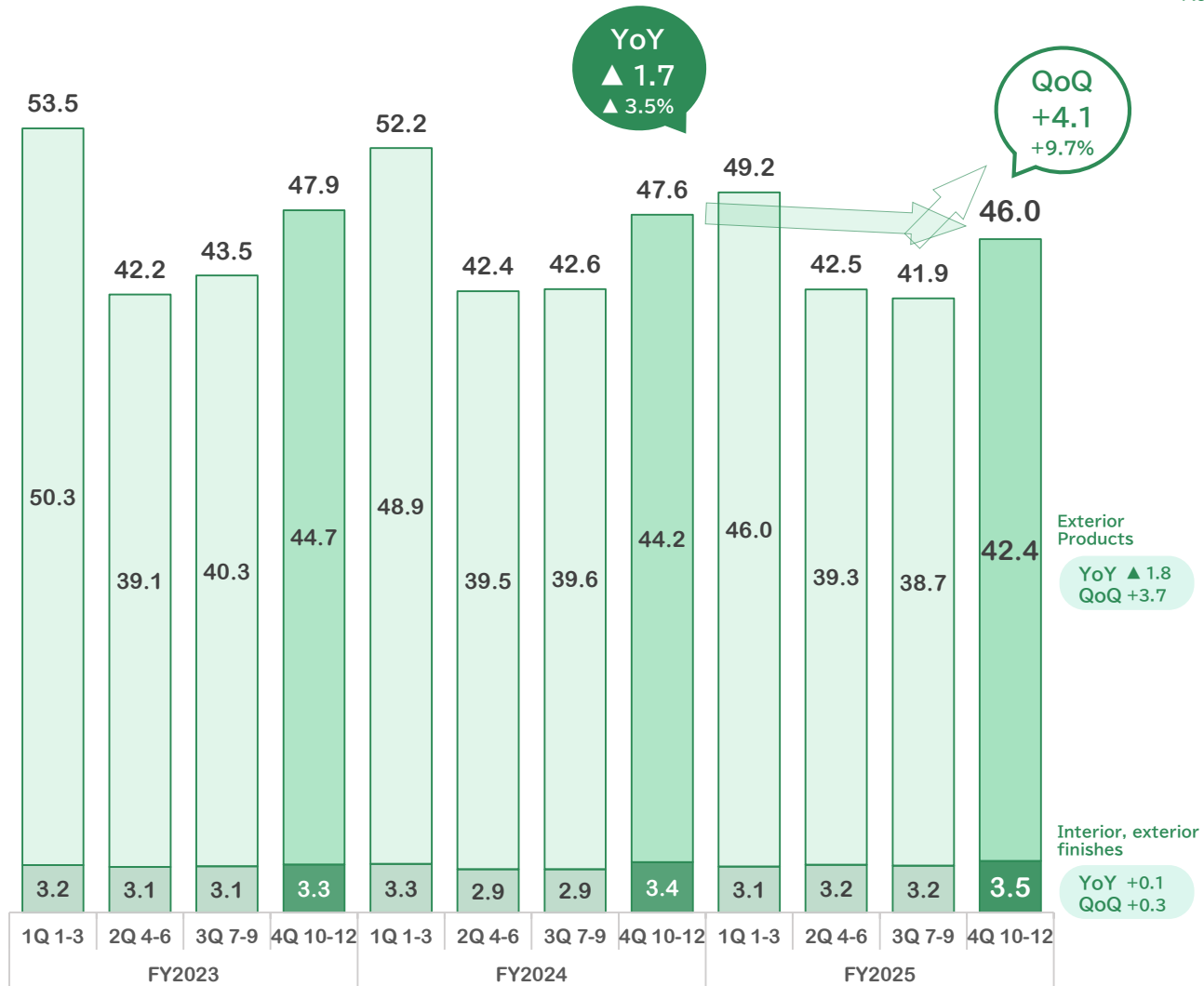
Operating profit

100Million yen



Operating results by segment : Housing Materials (QTD)

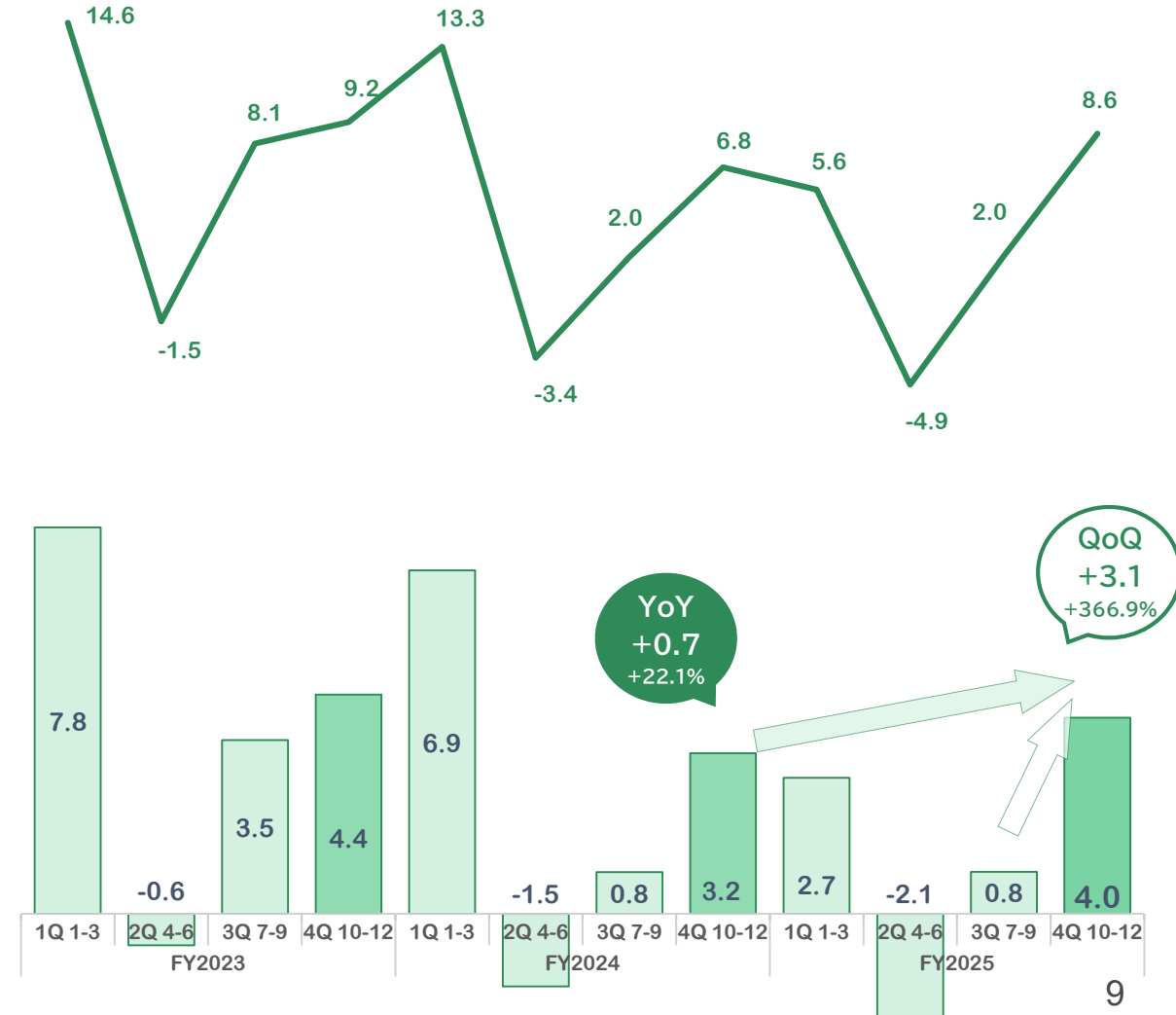
Net sales



Operating profit

100Million yen

Ratio %



2. Financial Forecast for the Fiscal Year Ending 2026

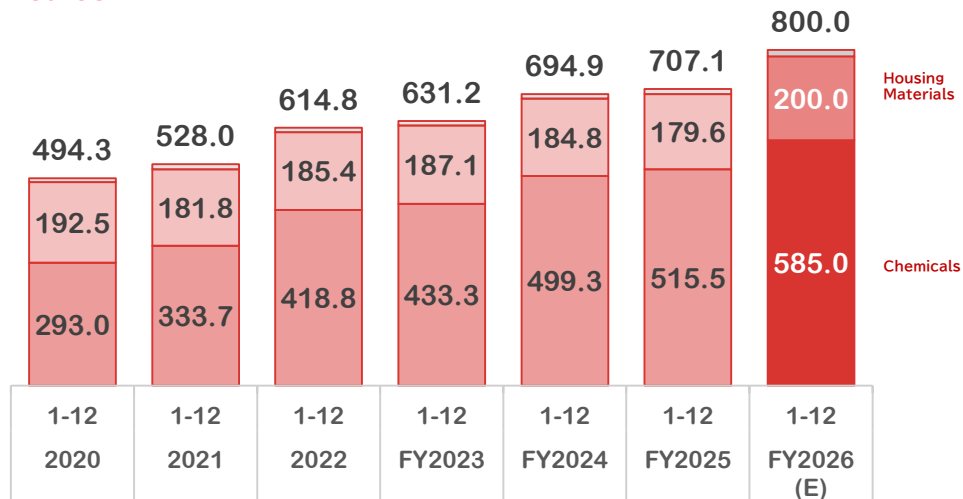
Forecast of Consolidated Financial Results

Sales of organic chemicals, fine chemicals, and Housing Materials operations are projected to increase, and net sales and profit at each level are expected to reach record highs.

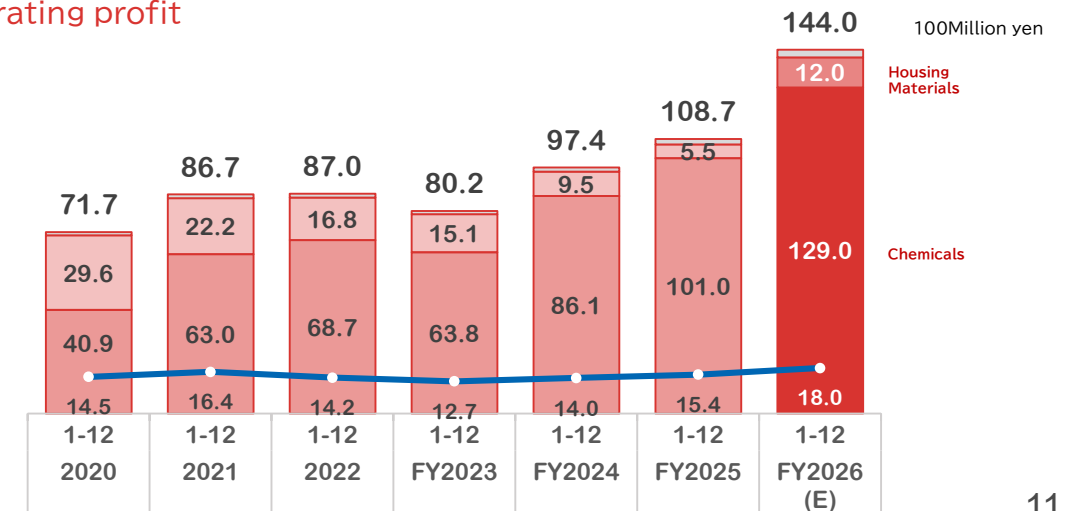
Million yen

	FY2025	FY2026 forecast	Change / Rate	Remarks
Net Sales	70,705 (Chemicals) 51,551 (Housing Materials) 17,955	80,000 (Chemicals) 58,500 (Housing Materials) 20,000	+9,295 +13.1%	<ul style="list-style-type: none"> Sales of Chemicals operations are expected to increase significantly YoY, driven by a recovery in organic chemicals and a significant increase in sales of fine chemicals. We plan to implement price increases exceeding the previous year's level in the Housing Materials operations, and expect increased sales of high-value-added products.
Operating profit	10,869 (Chemicals) 10,103 (Housing Materials) 546	14,400 (Chemicals) 12,900 (Housing Materials) 1,200	+3,531 +32.5%	<ul style="list-style-type: none"> Operating profit of Chemicals operations is expected to increase due to increased sales of fine chemicals. Operating profit of Housing Materials operations is expected to increase due to the effects of price increase and mix improvements.
Ordinary profit	11,921	14,500	+2,579 +21.6%	-
Profit attributable to owners of parent	8,459	10,000	+1,541 +18.2%	-
Exchange rate	1USD 150JPY 1EUR 168JPY 1RMB 20.8JPY	1USD 150JPY 1EUR 175JPY 1RMB 21.0JPY		

Net sales



Operating profit

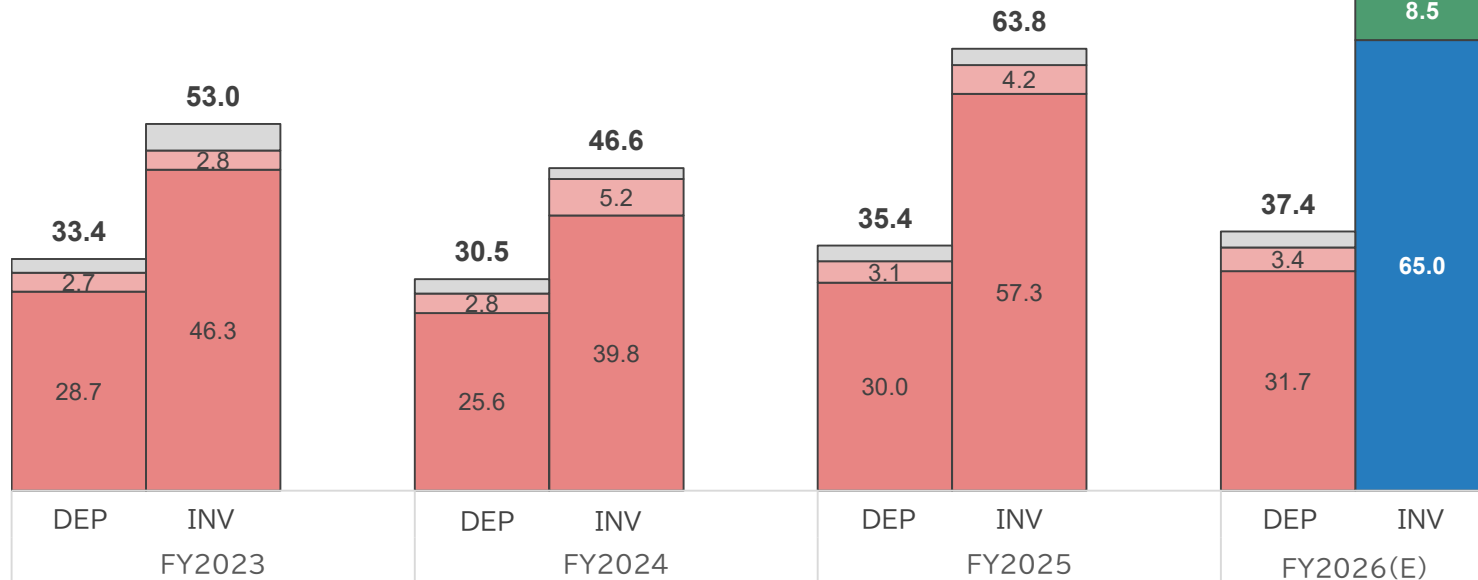


* In comparison and in the graphs, performance in prior years is adjusted to the same period in FY2022 (January to December).

Capital investment and Depreciation

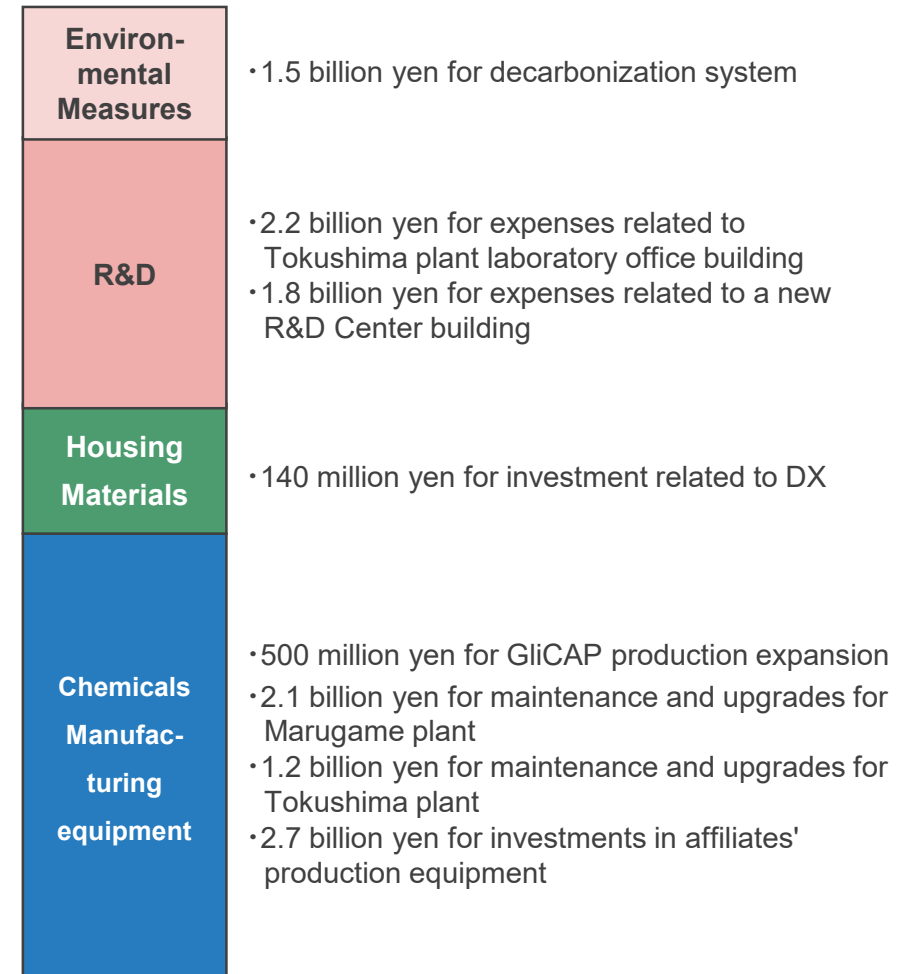
[Progress with major capital investments in FY2025]

- 410 million yen for the construction of a new plant for insoluble sulfur
- 170 million yen for expenses related to the Tokushima plant laboratory office building
- 2.09 billion yen for expenses related to a new R&D Center building
- 470 million yen for equipment upgrades for the Marugame plant
- 1.03 billion yen for equipment upgrades for the Tokushima plant
- 300 million yen for expenses related to the Sakaide plant
- 270 million yen for Chemicals R&D equipment



- Chemicals
 - Housing Materials
 - Others
- 100 Million yen

[Planned major capital investments for FY2026]



Dividend and Share buy-back Trends

[Shareholder Return Policy]

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

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

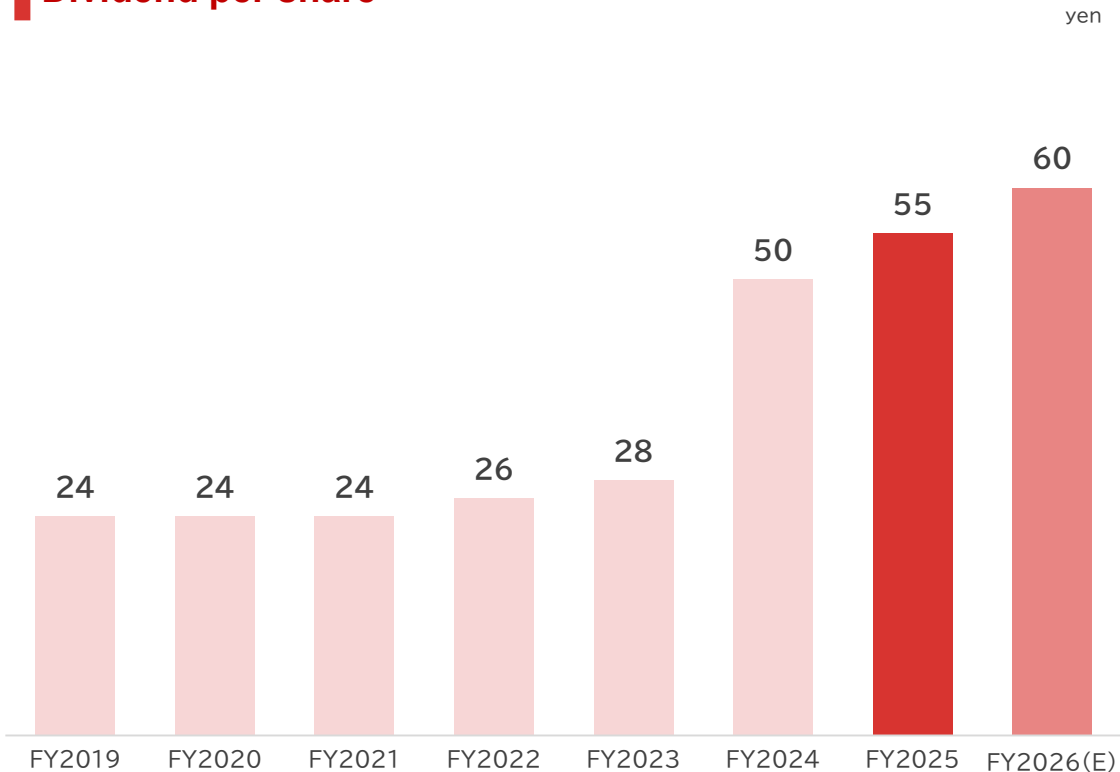
[FY2025 Shareholder Return Policy]

- Decided to increase the dividend by 5 yen per share to 55 yen per share (interim dividend of 25 yen and year-end dividend of 30 yen).
- Implemented a share buyback of 2.79 billion yen (1.46 million shares) in April 2025 through ToSTNeT-3.
- Total dividends amounted to 2.38 billion yen, bringing total shareholder returns to 5.18 billion yen, with a total return ratio of 61.3%.

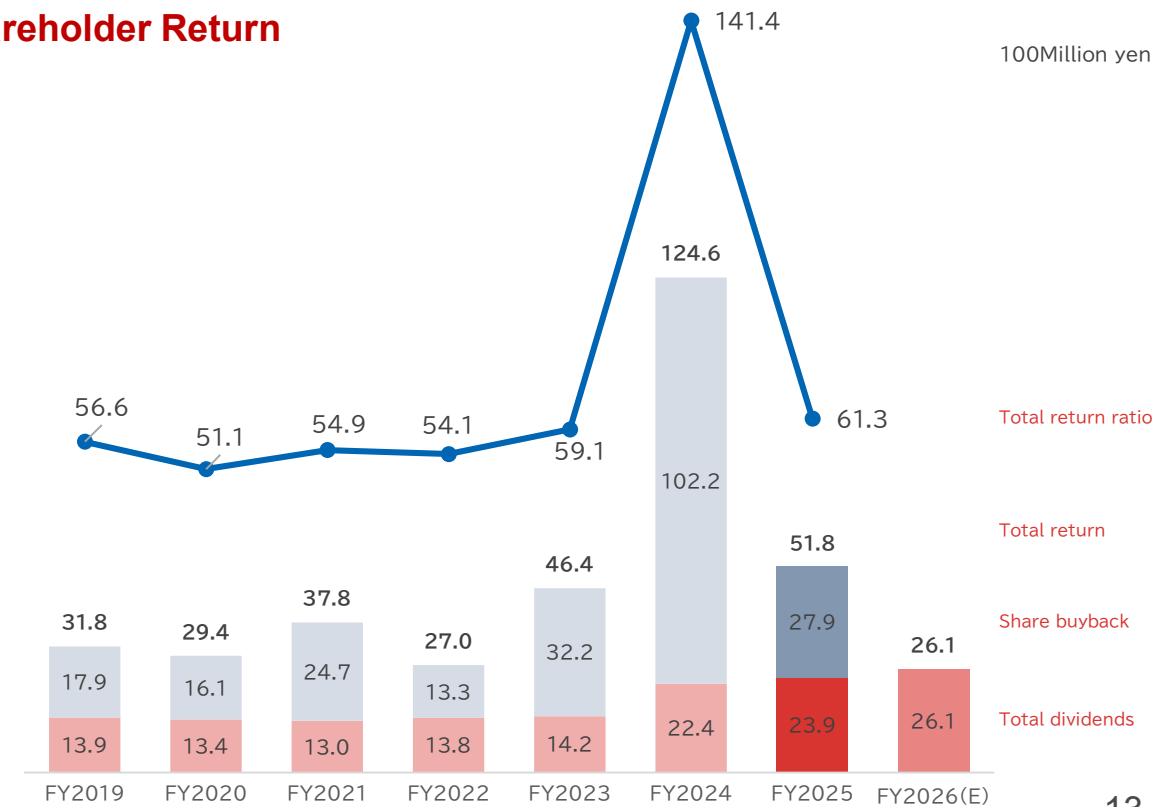
[FY2026 Shareholder Return Policy (plan)]

- Plans to set the dividends of 60 yen per share (interim dividend of 30 yen and year-end dividend of 30 yen).
- Premised upon the shareholder return policy, the Company will repurchase its shares in a flexible manner and promote the reduction of excess capital to improve the value of shares.

Dividend per share



Shareholder Return

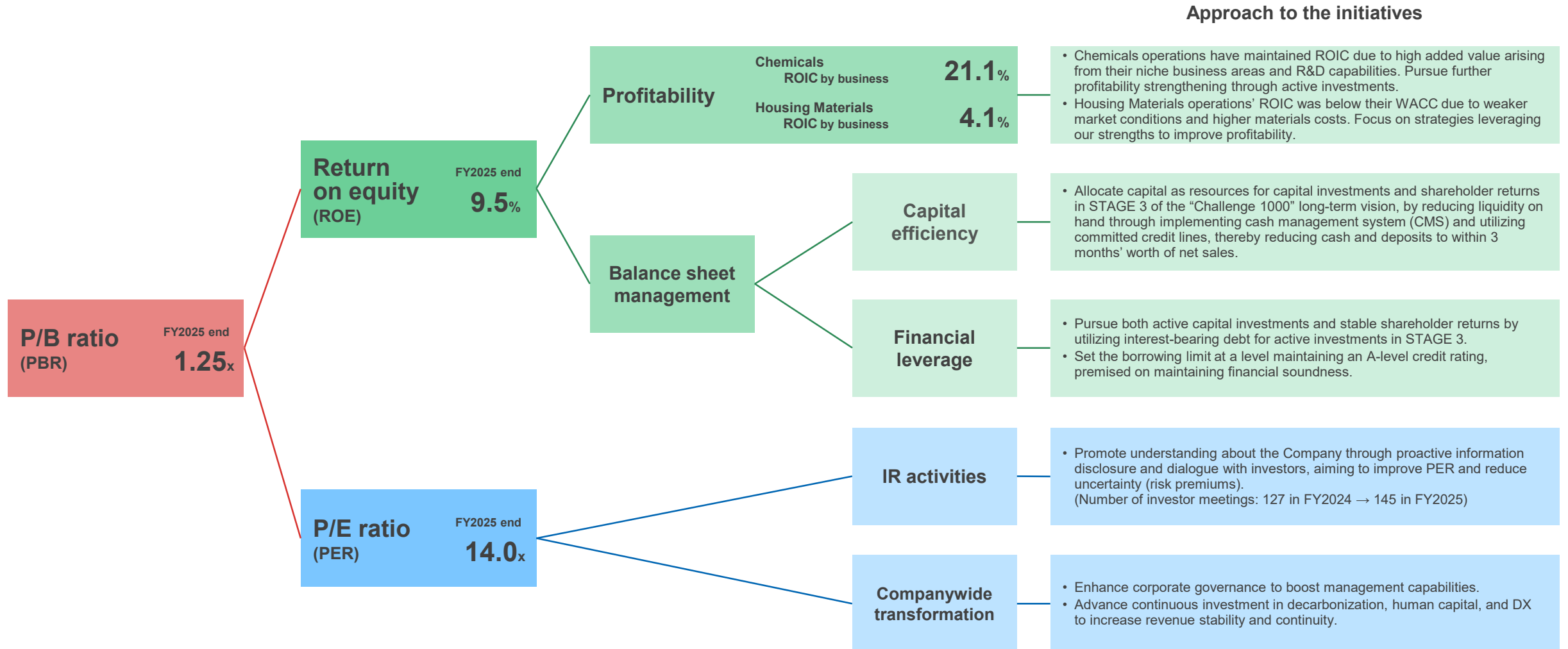


3. Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Current Assessment and Future Initiatives for Enhancing Corporate Value

PBR improved YoY due to growth expectations centered on fine chemicals. (FY2024 end: 1.11x → FY2025 end: 1.25x)

Going forward: While aiming to maintain and raise ROE levels that meet market expectations through further profitability improvements and reduction of excess capital, we will enhance corporate governance to boost management capabilities and further strengthen our influence over the stock market.



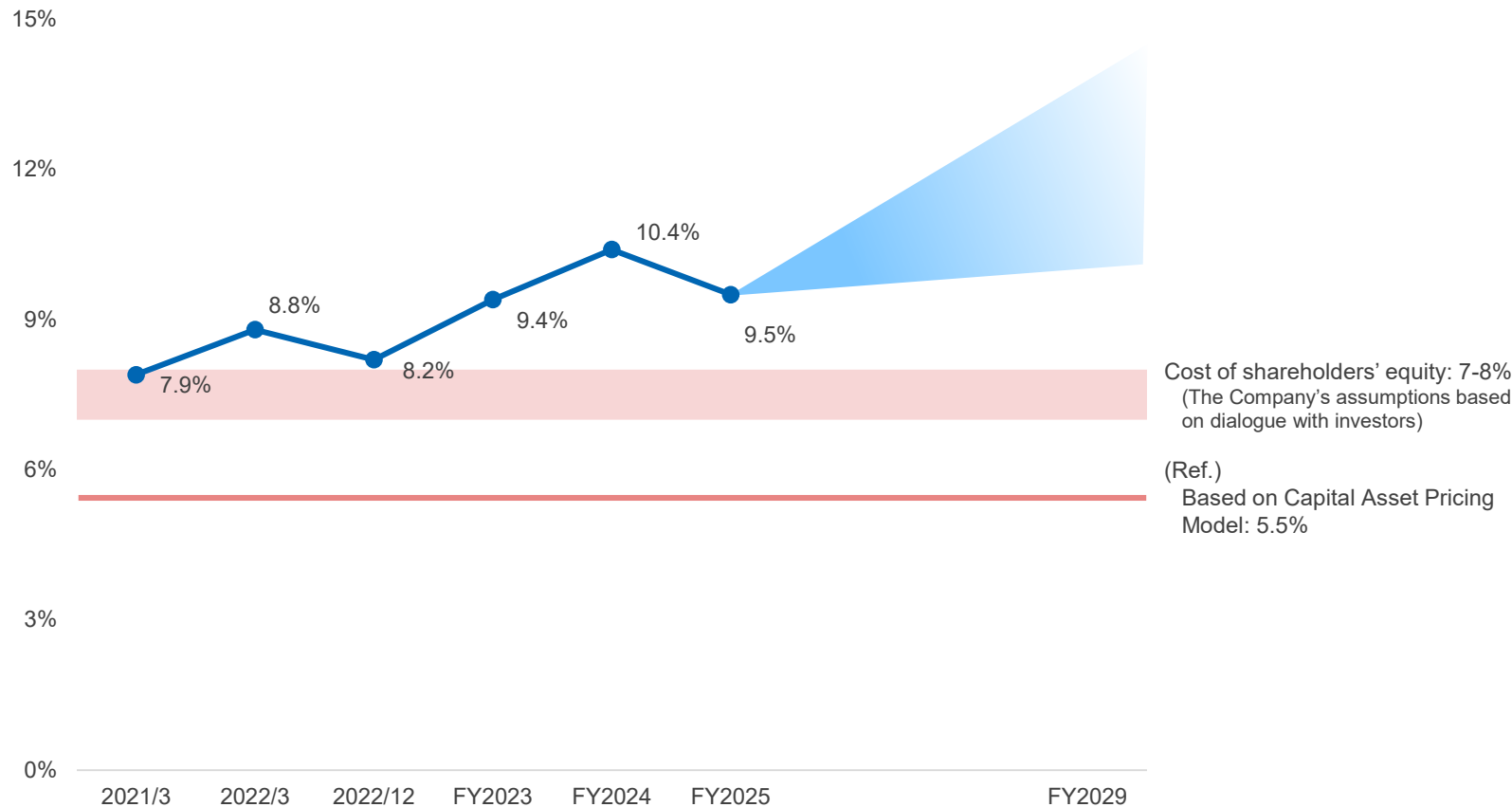
*PBR and PER are calculated using the following figures: Closing share price on the fiscal year-end: 2,745 yen

Number of shares issued excluding treasury shares as of the fiscal year-end: 43,249,226 shares

Enhancing Capital Efficiency

Raise profit levels (numerator) through active growth investments while controlling net asset value (denominator).
 Maintain ROE of 10% or higher level, exceeding market expectations (the cost of shareholders' equity of 7-8%) in even STAGE 3, where increased depreciation expenses are anticipated, by balancing growth investments with stable and prompt shareholder returns.

ROE trends



Toward maintaining and improving ROE levels stably above the cost of shareholders' equity

Elevate profit levels

Strengthen and accelerate business strategy

Improve capital efficiency

Improve balance sheet management to minimize excess capital

Reduce cost of capital

Promote understanding about the Company through IR activities
 Enhance management quality through governance improvements

Improving Balance Sheet Management

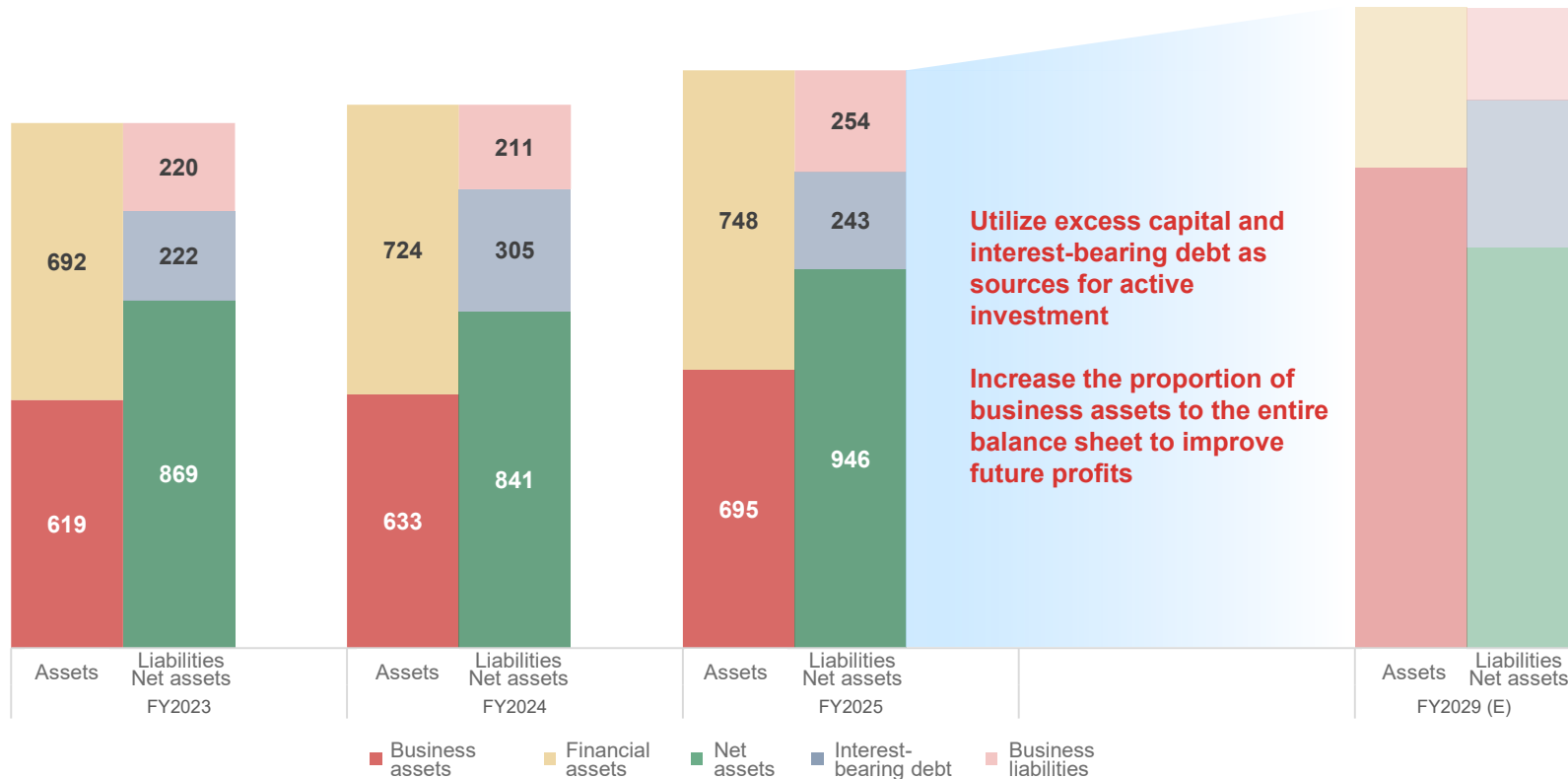
Capital efficiency is being dragged down by holding cash and securities (cash and deposits + securities + investment securities, etc.) as financial assets, which exceed the Company's capital policy (within 3 months' worth of net sales).

Going forward: Enhance capital efficiency by implementing CMS and committed credit lines, and redirect excess financial assets toward growth investments, converting them into business assets. Concurrently, allocate cash flow from operating activities to further growth investments and shareholder returns.

Consolidated balance sheet trends

(Approximate value)

100 Million yen



Utilize excess capital and interest-bearing debt as sources for active investment

Increase the proportion of business assets to the entire balance sheet to improve future profits

Toward improving balance sheet management



Conduct active investment in growth and new businesses

Expand overseas operations through M&A (Timuraya acquisition) and continuously invest in new businesses

Manage intra-Group capital efficiently

Utilize intra-Group capital as a source for active investment through CMS implementation

Reduce financial assets

Sell corporate bonds and eliminate cross-shareholdings

Financial soundness

While leveraging interest-bearing debt for STAGE 3 investments, maintain financial soundness by securing debt financing only under the premise of maintaining an A-level credit rating

Analysis of current situation and Policies for the present

Group ROIC increased due to expansion of operating profit driven by the growth of fine chemicals. Meanwhile, ROE decreased YoY, mainly due to increased financial assets.

Consolidated Balance Sheet (as of 12/31/2025)

[Financial assets]

(Current status and basic policy)

Financial assets balance decreased 5.0bn yen compared with December 31, 2024, due to repayment of borrowings. While using interest-bearing debt for capital needs, actively reduce excess via repayments.

	FY2024	FY2025 4Q
	72.4bn	74.8bn
	(+2.46bn from the beginning of the year)	

Cash and deposits	33.7bn	35.5bn
Securities	14.6bn	11.8bn
Investment securities	24.0bn	27.4bn

[Business assets]

Trade receivables
Inventories
Property, plant and equipment / Intangible assets

	FY2024	FY2025 4Q
[Chemicals]	43.9bn	49.9bn
	(+5.9bn from the beginning of the year)	

[Housing Materials]	14.9bn	14.9bn
	(+0bn from the beginning of the year)	

[Excess capital]

(Current status and basic policy)

Set the Company's policy to retain 3 months' worth of net sales. Reduce liquidity on hand through utilizing CMS and committed credit lines. Cross-shareholdings are being gradually sold off following discussions with business partners and will continue to be reduced.

Prioritize allocating excess capital to growth investments in STAGE 3, as well as investments in human capital and environment. Stably and continuously carry out shareholder returns in line with our current return policy, while also reviewing investment opportunities in a timely manner and considering prompt returns for excess capital.

[Investment capital]

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

	FY2024	FY2025 4Q
[Chemicals]	31.4bn	35.6bn
	(+4.2bn from the beginning of the year)	
ROIC by business	19.6%	21.1%

[Housing Materials]	9.1bn	9.5bn
	(+0.37bn from the beginning of the year)	
ROIC by business	7.7%	4.1%

[Business liabilities]

Trade payable
Labor liabilities and provisions

[Group capital invested]

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

(Current status)

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

	FY2024	FY2025 4Q
	114.7bn	118.9bn
	(+4.2bn from the beginning of the year)	
Group ROIC	6.6%	7.2%

[Future earnings to be acquired (FCF)]

(Shareholder return)

Carry out promptly, targeting 50% of profit

(Internal reserve)

Prioritize investments in growth and human capital as risk capital

[Net assets in carrying amount]

(Profit indicators to be compared)
Profit → ROE

(Target ROE)

Maintain a 10% ROE even during phases prioritizing growth investments, and aim to improve medium- to long-term capital efficiency by advancing investment recovery and capital policy.

	FY2024	FY2025 4Q
	83.3bn	93.7bn
	(+10.4bn from the beginning of the year)	
ROE	10.4%	9.5%

[Interest-bearing debt]

(Basic policy)

Utilize interest-bearing debt for active investments to achieve 2029 targets and sustainable growth from 2030 onward. Set borrowing limit at a level that maintains the credit rating (A-, R&I), with a medium- to long-term target D/E ratio of 0.3x range.

	FY2024	FY2025 4Q
	30.5bn	24.3bn
	(▲6.2bn from the beginning of the year)	

[Future net assets]

Maintain 10% ROE through balance sheet management to secure both aggressive growth strategies and capital efficiency.

	FY2029 end target
	105.0bn or less
ROE	10.0% or higher

4. Challenge 1000 「STAGE 3」 Plan Overview

Toward “one-step-ahead, proposal” company with creativity

Solve social issues with creative ideas, leading the world

Financial Goals

Net sales

100.0 billion yen

Operating profit

15.0 billion yen

ROE

10%

Pillars for Strategy

Business Reform Policy

From customer requests as the starting point to our proposals as the starting point

Companywide Reform Policy

Formulation of six Companywide Reform Policies toward the realization of the desired state in 2030

Proactive Investment

Proactive investment to support our Business Reform Policy and Companywide Reform Policy

Achievement of SDGs

Environmental preservation through Responsible Care, and contribution to achievement of SDGs to further address social issues

YONPO-YOSHI

Customers

“One-step-ahead values”

Deliver new value through unique, state-of-the-art products and services

Employees

Challenges and growth

Create an environment where diverse work styles and challenges foster real growth, always supporting a fulfilling life

Shareholders

Profit return

Aim for a 30% dividend payout ratio, a 50% total payout ratio, and a 3% dividend on equity ratio (DOE)

Society

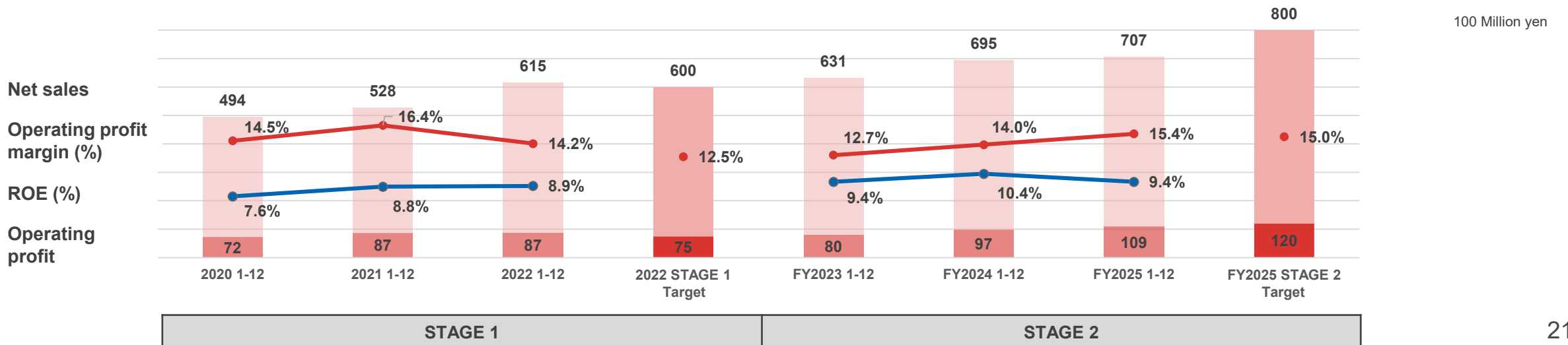
A better tomorrow

Contribute to the resolution of social issues and realize a prosperous living environment

Summary of Challenge 1000 STAGE 1 and STAGE 2

100 Million yen

	STAGE 2 Targets	FY2025 Results	Summary
Net sales of Chemicals operations	500	515.5	For inorganic chemicals, target missed due to lower sales price of insoluble sulfur as a result of low-price offensives by competitors. For organic chemicals, target achieved due to significantly higher unit prices in the North American market as a result of changes in market environment. For fine chemicals, the initial STAGE 3 target is already exceeded due to significantly higher sales volume of newly developed products.
Net sales of Housing Materials operations	275	179.6	Aimed to expand market share and achieve sales growth by focusing on home exterior products, where our share is low, but struggled due to the prolonged sluggishness in the number of new housing starts. Focusing on landscape exterior products, our area of expertise, and working to improve profitability.
Company-wide net sales	800	707.0	Chemicals operations exceeded the STAGE 2 target, while Housing Materials operations and new businesses fell short of the STAGE 2 target. As a result, net sales did not meet the STAGE 2 target.
Operating profit	120	108.7	Although sales of highly profitable fine chemicals expanded, sales of inorganic chemicals and housing materials fell short of their targets. As a result, the STAGE 2 profit target was missed by approximately 1.0 billion yen.



Chemicals operations

A company that continues to deepen and evolve for the progress of the world through the power of chemistry

Operations	Our Vision	Strategic Scenario
Inorganic chemicals	Promote the circular use of difficult-to-handle materials, contributing to technological innovation and environmental preservation around the world	Expanding sales of high-quality products manufactured at our new plant and sales of insoluble sulfur that uses sustainable raw materials Expanding business domains based on sulfur utilization to offer new value
Organic chemicals	Protect the environment and sanitation and deliver cleanliness to people around the world	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
Advanced & specialty chemicals	Leading in cutting-edge technologies with unique materials centered on organic synthesis capabilities	Stably supplying unique key materials and having them widely recognized as industry standards
Electronic chemicals	Creating global standards with our unique new technologies	Creating formulations leveraging molecular design technology for electronic device and cutting-edge semiconductor markets, and proposing total solutions

Housing Materials operations

Contributing to community development such that everyone can live with peace of mind by bringing “better circulation” to people and nature

Our Vision

Contributing to community development such that everyone can live with peace of mind by bringing “better circulation” to people and nature

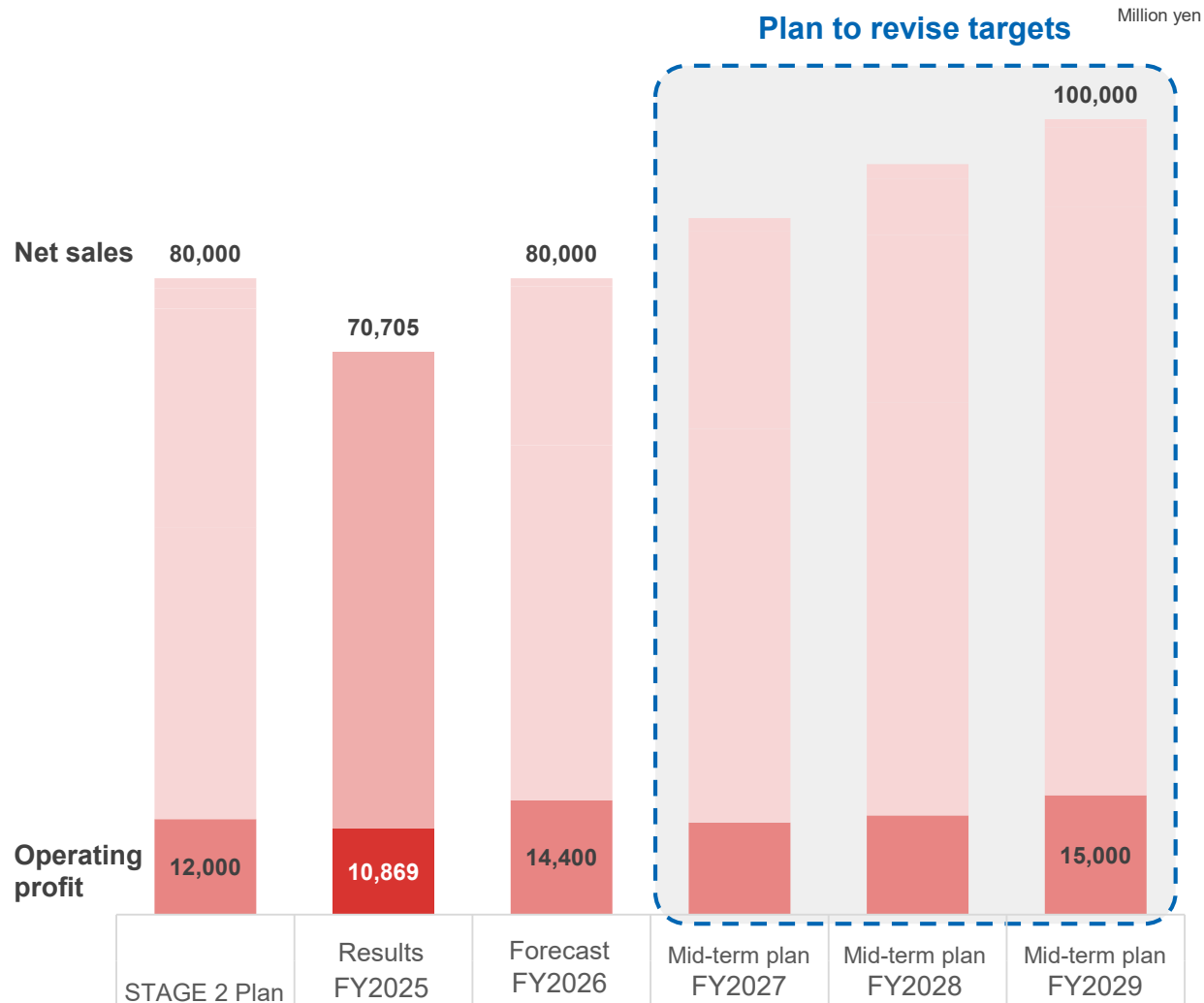
Strategic Scenario

Positioned “MEGLIO” as the brand that expresses our purpose, and engage in business activities centered on that purpose, work to resolve social issues, and create added value. Aim to establish a unique market position as an indispensable company by becoming a more recognized and valued presence in the market.



Challenge 1000 STAGE 3 Profit Plan

In STAGE 3, we are prioritizing growth investments aimed at dramatic growth from 2030 onward, and the likelihood of achieving the profit target has increased in light of the near-term demand outlook.



1) Maintaining the numerical targets for STAGE 3 despite missing STAGE 2 targets

- While the degree of achievement of the STAGE 2 targets varied by segment, we are planning new business strategies that incorporate current conditions.
- We aim to achieve targets by compensating for areas where targets were missed with inorganic growth (external growth).

2) STAGE 3 is an investment phase toward dramatic growth from 2030 onward

- We are prioritizing future growth and proactively making advance investments for that.
- Our policy is to steadily proceed with necessary investments even if the depreciation accompanying them puts temporary pressure on profits.

Due to rapid demand expansion for fine chemicals, our financial results forecast for FY2026 is expected to significantly exceed the STAGE 3 targets for 2026

- Currently re-estimating STAGE 3 figures to incorporate demand forecasts for our main fine chemical products and Timuraya's business plan
- Plan to disclose the new targets at the investor briefing for FY2026 2Q in August 2026

Challenge 1000 STAGE 3 Business Reform Policy

Million yen

Inorganic chemicals

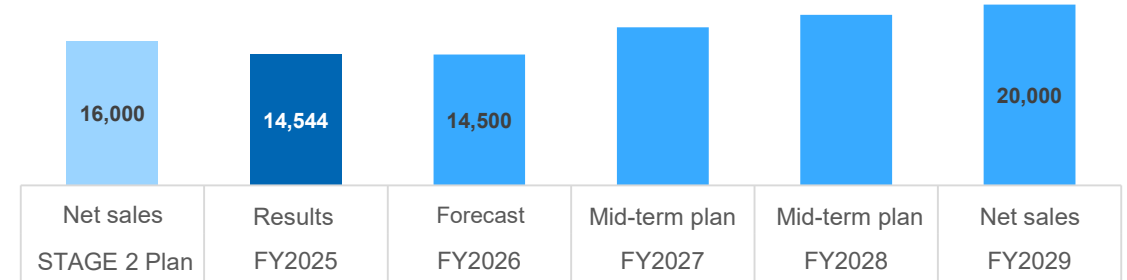
(FY2029 net sales target: Initial 18.0 billion yen → Revised 20.0 billion yen)

Aim for net sales of inorganic chemicals of 20.0 billion yen in FY2029

Main measures

- Sales expansion of insoluble sulfur that uses sustainable raw materials
- Sales expansion of high-quality insoluble sulfur manufactured at new plant
- Sales expansion of newly developed products based on sulfur

+5.5bn yen vs. FY2025



Organic chemicals

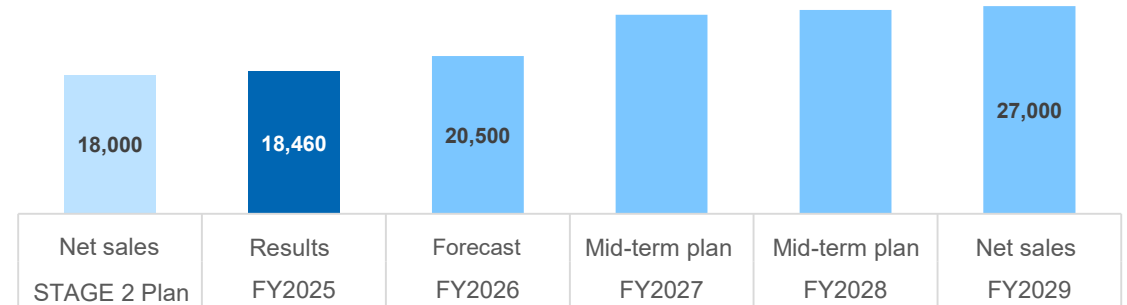
(FY2029 net sales target: Initial 21.0 billion yen → Revised 27.0 billion yen)

Aim for net sales of organic chemicals of 27.0 billion yen in FY2029

Main measures

- Expansion of production and sales through the establishment of a production system
- Sales expansion of B-to-C products by strengthening marketing

+8.5bn yen vs. FY2025



Fine chemicals

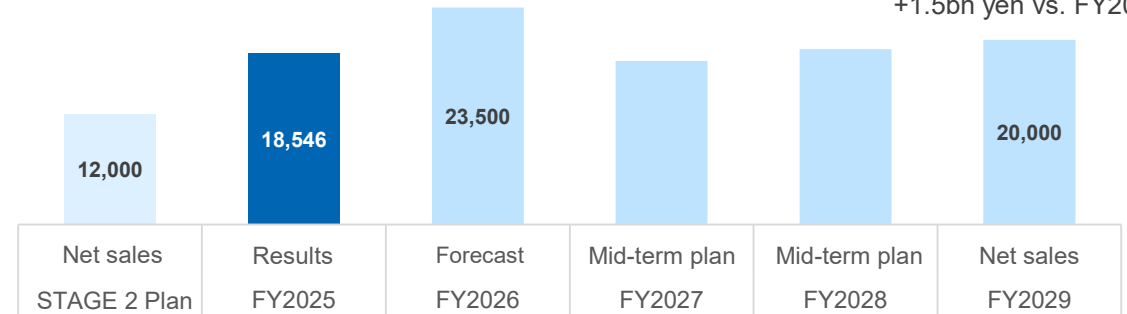
(FY2029 net sales target: Initial 14.0 billion yen → Revised 20.0 billion yen)

Aim for net sales of fine chemicals of 20.0 billion yen in FY2029

Main measures

- Response to increased demand for GliCAP and semiconductor process materials through operations at the Sakaide Plant

+1.5bn yen vs. FY2025



***Scheduled to disclose new plan at the investor briefing for FY2026 2Q to be held in August 2026**

Challenge 1000 STAGE 3 Business Reform Policy

Housing Materials

(FY2029 net sales target: Initial 40.0 billion yen → Revised 22.0 billion yen)

Aim for net sales of housing materials of 22.0 billion yen in FY2029

Main measures

- Focus on fields where we can leverage our strengths
- Enhancement of high-value-added product lineup under new brand “MEGLIO“
- Reconstruction of production system and transformation of profit structure with an eye to sustainable growth

New businesses

(FY2029 net sales target: Initial 5.0 billion yen → Revised 10.0 billion yen)

Aim for net sales of new businesses of 10.0 billion yen in FY2029

Main measures

- Strengthening of internal recruitment and entrepreneurial talent development initiatives
- Creation of businesses based on our technologies through collaboration with research institutions and startups
- Through M&A, acquisition of companies and businesses with synergies to expand business domains

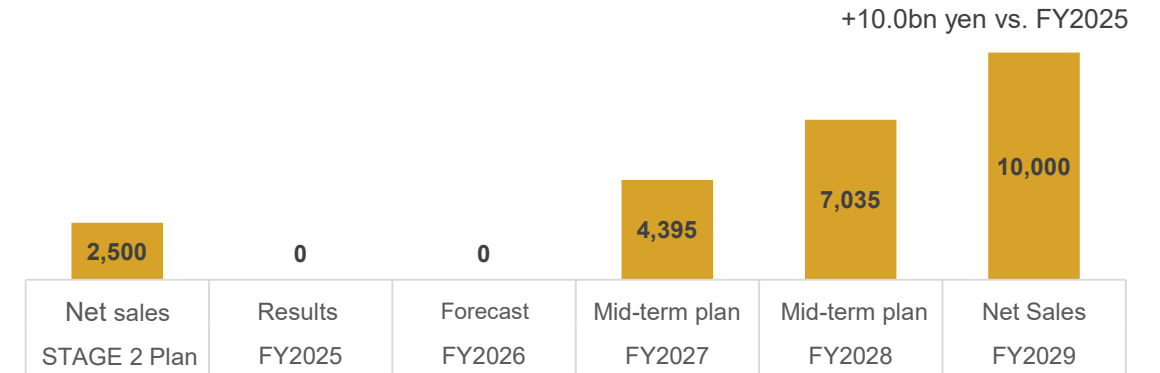
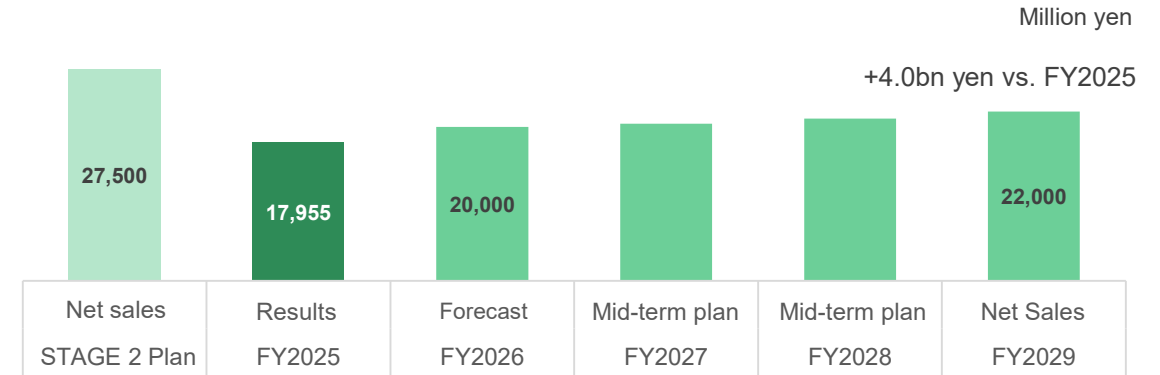
***Scheduled to disclose new plan at the investor briefing for FY2026 2Q to be held in August 2026**

Other businesses

Aim for net sales of other businesses of 1.0 billion yen in FY2029

Main measures

- Physical store development under our own brand (food business)
- Expansion of analyzed domains and collaboration with local governments (environmental business)



Challenge 1000 STAGE 3 New Focus Fields

We will focus on nurturing product groups that will support future businesses across multiple segments.

Moreover, through the establishment of CVC, we aim to expand our business domains by developing new business domains in addition to our core operations of Chemicals and Housing Materials.

FY2029 sales

1.0 bn yen or more, less than 3.0 bn yen



Newly developed products based on sulfur

Market: Undisclosed
 Factor: Progress of customer recognition
 Contribution: Contribution expected from latter half of mid-term plan period



Sanitary field

Market: Sanitary
 Factor: ODM expansion, sales expansion of B-to-C products
 Contribution: Stable demand expansion during mid-term plan period



Environmentally friendly exterior products

Market: Landscape exterior products
 Factor: Increase in needs
 Contribution: Stable demand expansion during mid-term plan period

Less than 1.0 bn yen

	Existing products	New products
Existing markets	 Existing markets x Existing products	 Existing markets x New products Product development Peripheral 30%
New markets	 New markets x Existing products Market development Peripheral 30%	 New markets x New products Diversification New 70%

Exploration of new businesses through CVC establishment

Market: Existing domains and domains where synergies are expected
 Factor: Creating synergies and entering new business domains
 Contribution: Contribution expected from latter half of mid-term plan period

We will invest 30% in technologies and fields that are extensions of existing businesses and 70% in new domains that may potentially relate to existing businesses in the future, aiming to commercialize multiple projects during the STAGE 3 period.

Peripheral domains (Market development/Product development): 30%

New domains (Diversification): 70%

Challenge 1000 STAGE 3 Companywide Reform Policy

We have generated and maintained advantages and distinctiveness through business strategies based on proprietary technologies and a corporate culture that supports them. Under the Companywide Reform Policy in STAGE 3, based on the six strategies, we aim to further enhance corporate value by strengthening the business strategies and corporate culture that are our strengths.

Business strategy

Business development based on proprietary technologies



Corporate culture

Sincere and attentive customer service

Human resources strategy

Strengthening of growth opportunities and optimization of human resource portfolio

DX strategy

Promotion of data-driven management

PR strategy

Enhancement of recruitment brand power and internal engagement

Financial strategy

Financing to support growth investments and improvement of capital efficiency

Sustainability strategy

Strengthening of safety, environmental responses, and quality

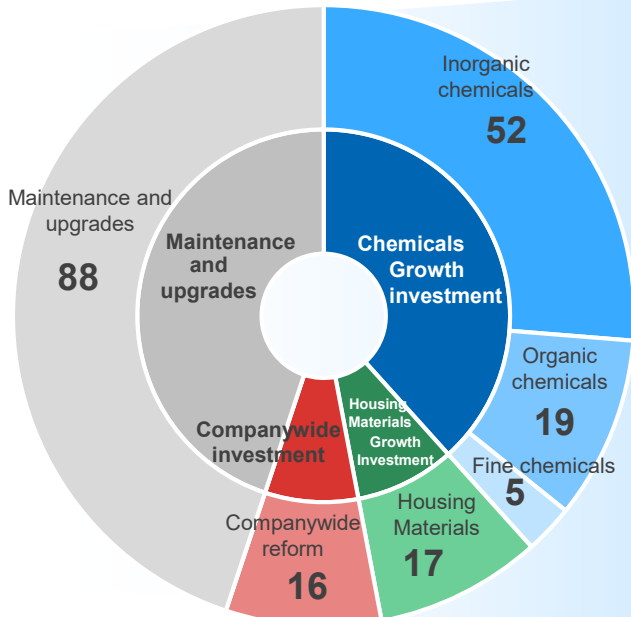
New business strategy

Internal business creation + External collaboration (including M&A)

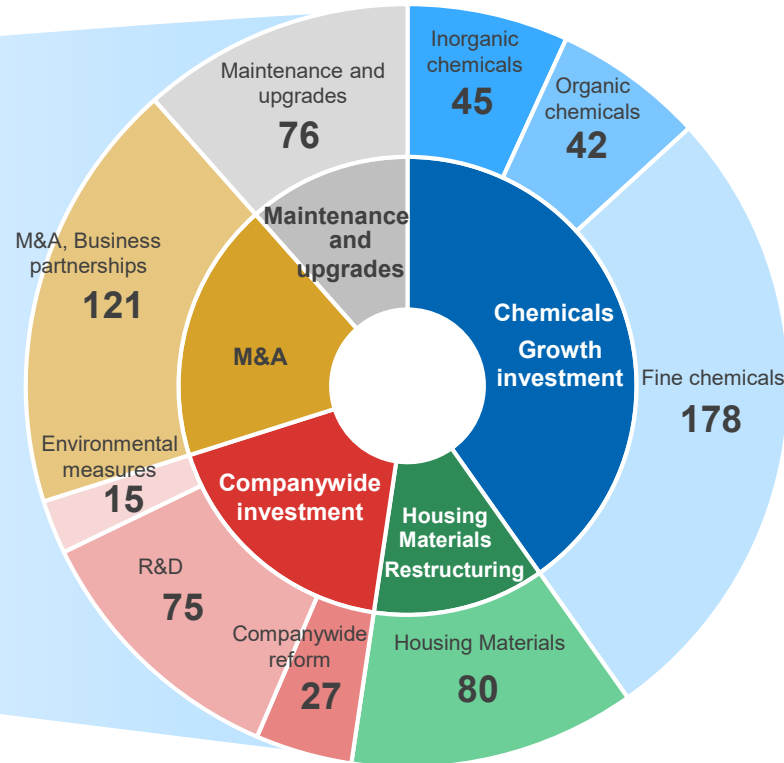
Challenge 1000 STAGE 3 Investment Plan

In STAGE 3, we will invest up to 66.0 billion yen cumulatively during 2026 to 2029. While making growth investments such as establishing the new Sakaide Plant, we will also proactively invest in creating an environment in which employees can work efficiently and with high motivation through measures such as DX and construction of a new R&D building.

STAGE 3 Investment plan
(before change)
Total investment amount
19.4 bn yen



STAGE 3 New investment plan
Total investment amount
66.0 bn yen



100 Million yen

Investment amount by fiscal year

	2026	2027	2028	2029
Investment amount	14.0 bn yen	11.0 bn yen	21.5 bn yen	19.5 bn yen

Investment category	Main investments
Inorganic chemicals	Plant construction investment for newly developed products
Organic chemicals	Sanitary products production facility expansion
Fine chemicals	Sakaide Plant-related investment, Marugame Plant GliCAP production increase
Housing Materials	Production site restructuring
Companywide reform	DX investment, core system upgrades
R&D	New R&D building construction
Environmental measures	Decarbonization-related investment
M&A	M&A: 8.0 billion yen, new business investment, external partnerships, etc.

Challenge 1000 STAGE 3 Shareholder Return Policy

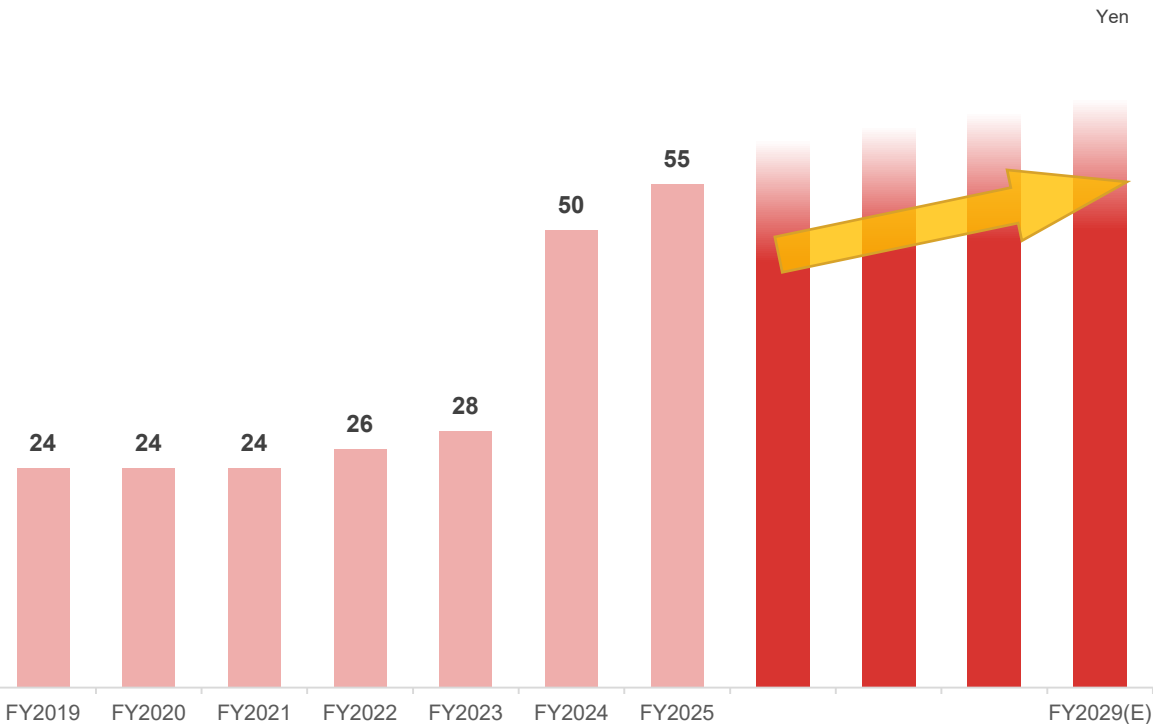
[Shareholder Return Policy]

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

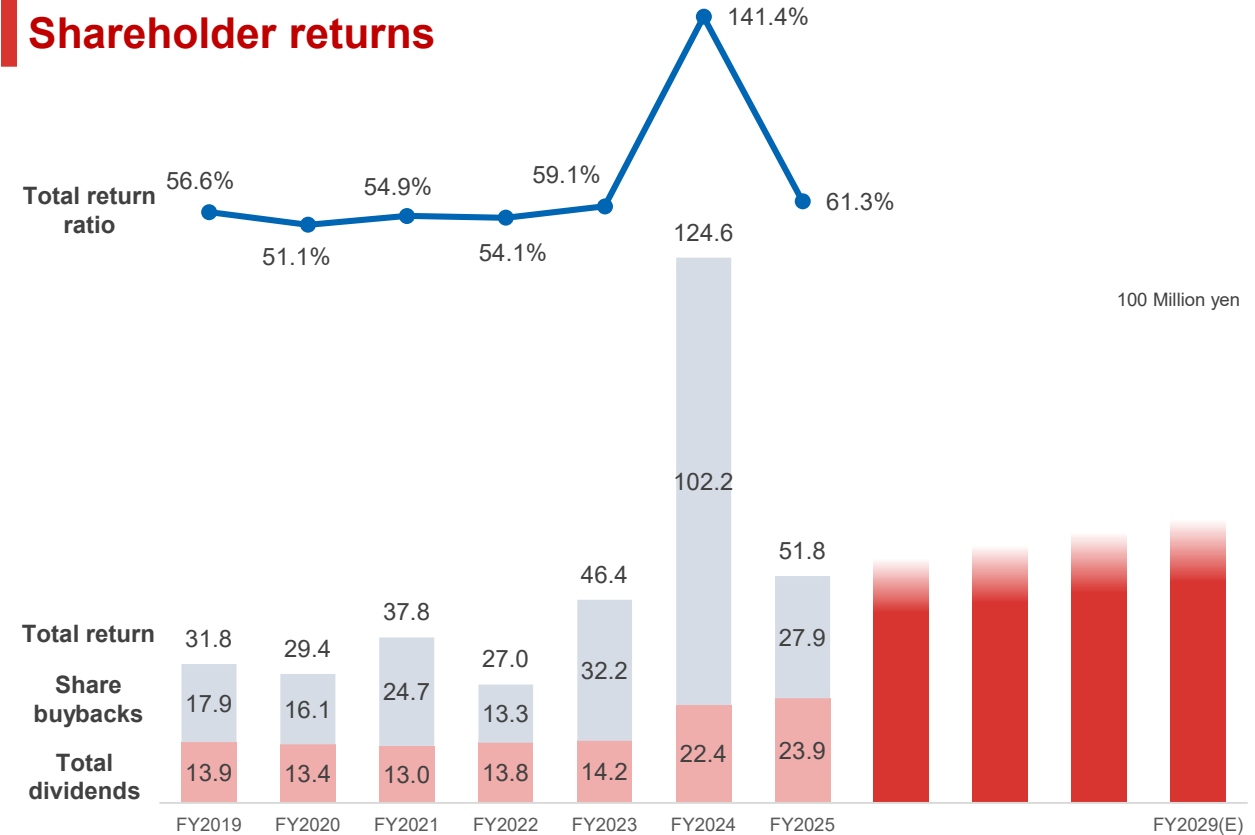
Under the "Challenge 1000" long-term vision, aim for the above shareholder returns based on consolidated results.

- Enhance shareholder returns through stable dividends and flexible share buybacks.
- Aim to achieve growth in earnings per share and dividends per share by balancing aggressive growth strategy with shareholder returns.

Dividend per share



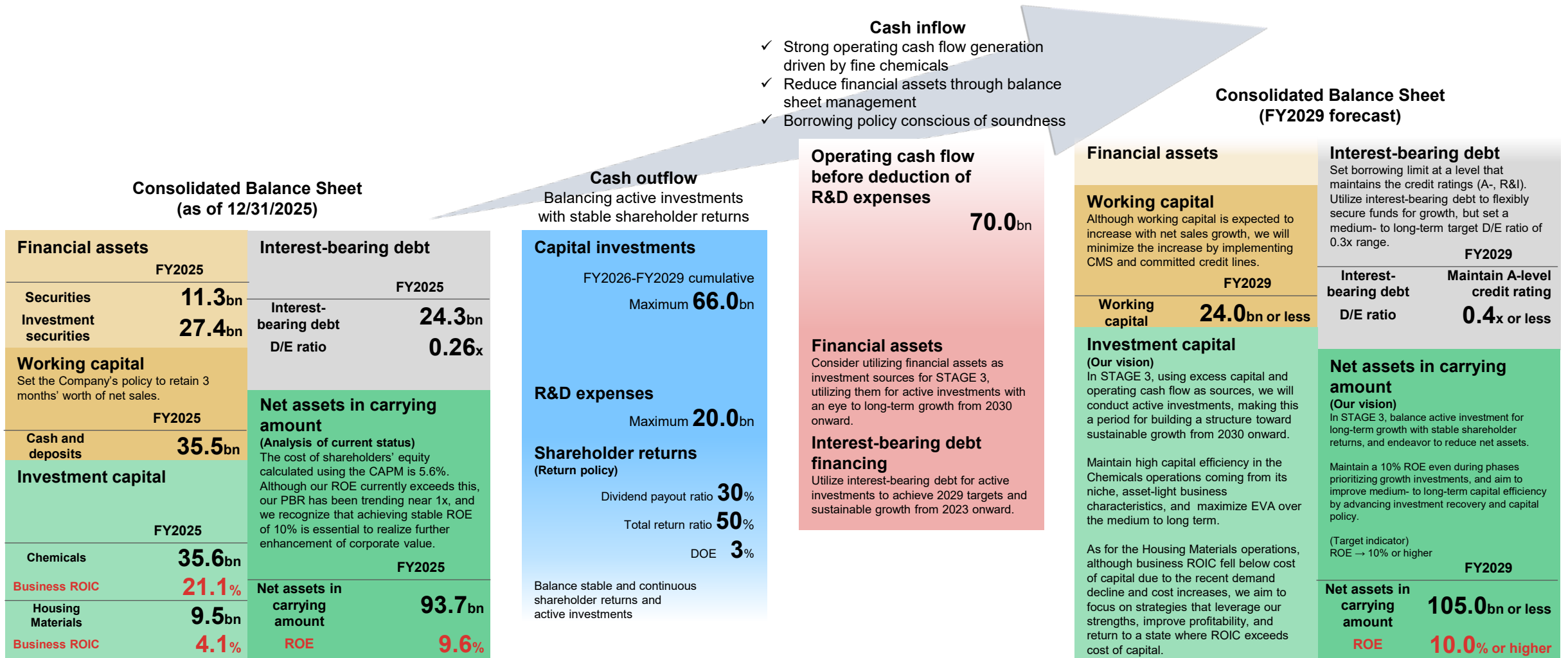
Shareholder returns






STAGE 3 Capital Allocation Policy

In STAGE 3, using excess capital and future operating cash flow as sources while also utilizing interest-bearing debt, we will make strategic investments of up to 66.0 billion yen cumulatively from 2026 to 2029.

With excess capital and future operating cash flow as a base, we will balance growth investments, shareholder returns, and financial soundness, realizing medium- to long-term enhancement of corporate value.



Challenge 1000 Initiatives for SDGs and ESG

Materiality (priority issues)	Company initiatives	Target items: 2029 target
<p>1) Create a workplace where employees can work with enthusiasm</p> 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • High engagement ratio from the employee survey: Score improvement of 5 points • Percentage of persons with high stress by stress check: 5% or less • Annual paid leave acquisition rate: 75%/person or higher • Health and Productivity Management Outstanding Organization: certified as a White 500 company • Ratio of female managers: 10% or more • Employment ratio of people with disabilities: 2.5% or more
<p>2) Pursue safe operations, environmental preservation, and stable quality</p> 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Lost time accidents: 0 cases/FY • GHG emissions: 33.6% reduction compared to FY2021 • Ratio of renewable energy use: 30% or more • Incidence of critical environmental and quality problems: 0 cases • Reduction in water consumption (chemical production volume unit at three chemical plants): 5% reduction compared to FY2020 • Requesting new business partners to comply with CSR: 100%
<p>3) Take on challenges of new business opportunities</p> 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Sales from new sustainable products and services and the development of new businesses outside the framework of existing businesses: 10.0 billion yen • Improvement of new business unit structure: Operation and improvement of a basic operation system • Net sales of existing businesses: 90.0 billion yen

5. Housing Materials Business Overview

Changes in External Environment Surrounding the Business

Changes in three aspects of environment are occurring simultaneously, creating an operating environment in which conventional competitive models are difficult to establish.

Market environment

Human environment

- Medium- to long-term downward trend in the number of new housing starts
- Labor shortages and on-site construction constraints accompanying work-style reforms

Cost environment

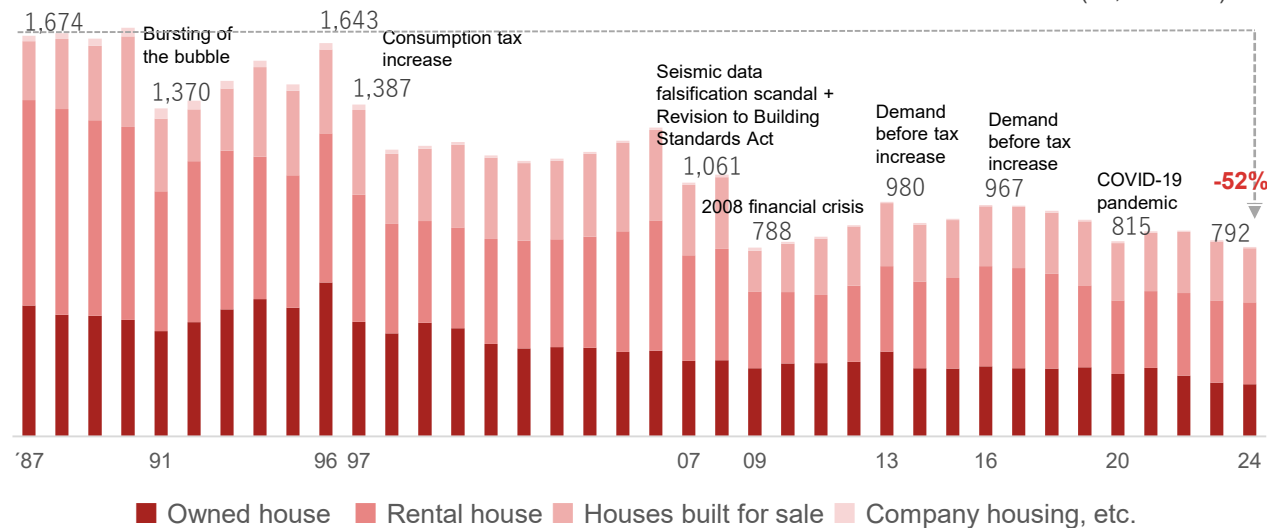
- Generally rising raw material costs centered on aluminum ingot prices
- Rising logistics costs
- Rising labor costs

Social environment

- Aging infrastructure
- Growing need for labor-saving due to labor shortages
- Demands for decarbonization and environmental considerations
- Climate change, increasing severity of disasters
- Demands for spatial value
- Heightened awareness of crime prevention

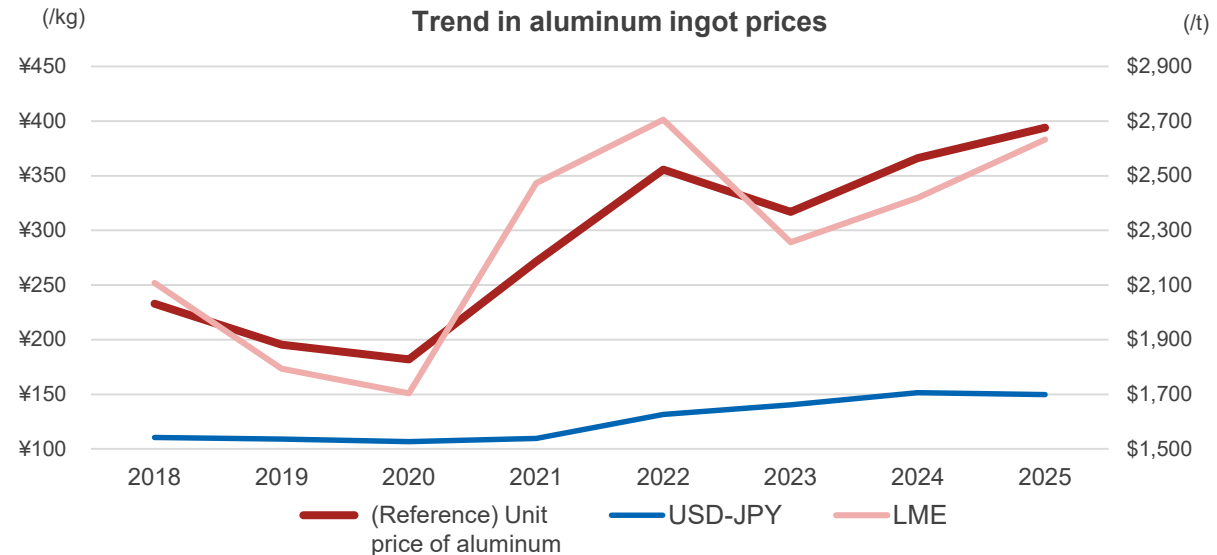
Trend in the number of new housing starts (Since 1987)

(10,000 units)



Source: Statistics on Housing Starts, Ministry of Land, Infrastructure, Transport and Tourism

Trend in aluminum ingot prices



LME: Annual average price of aluminum ingot three-month futures
 USD-JPY: Annual average dollar-yen exchange rate

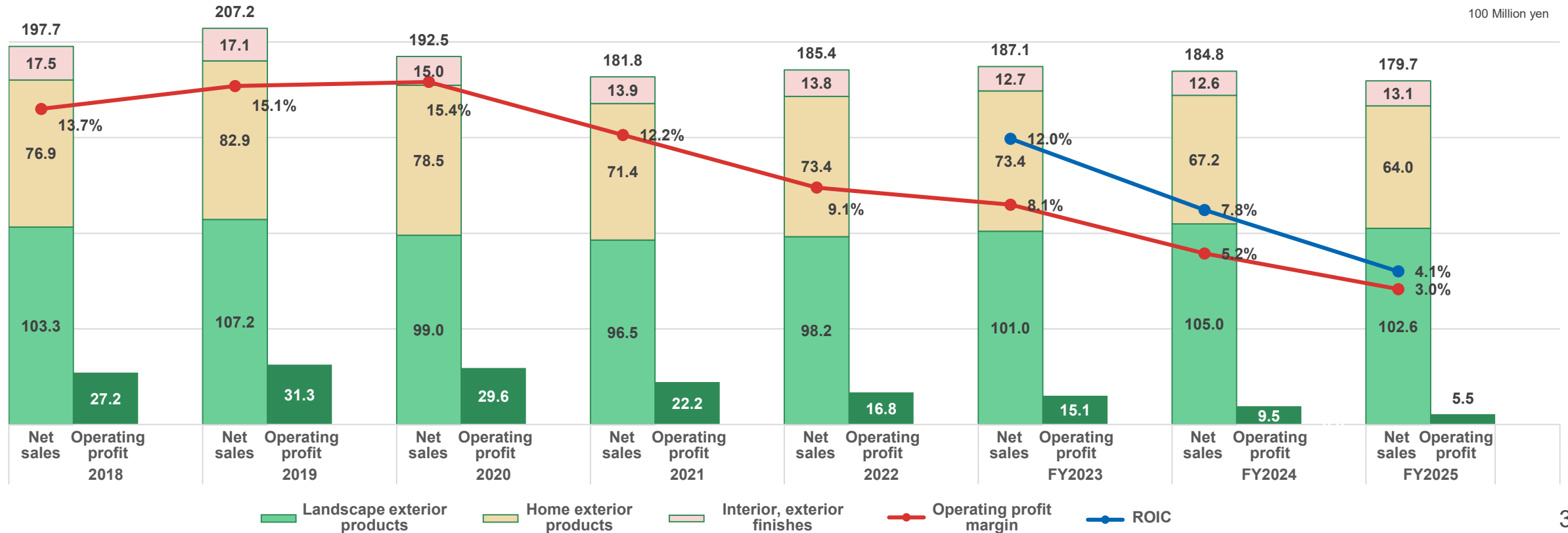
Review of STAGE 2 and Earlier

In STAGE 2, new housing starts were sluggish, and impacts such as of construction delays due to work-style reforms and labor shortages became apparent.

Although net sales have remained largely unchanged, profitability has declined due to soaring prices of aluminum ingots and other materials as well as higher logistics costs and labor costs.



For STAGE 2, we declared a policy of expansion in the housing field, where our market share is low, but acquiring share in general-purpose products proved unrealistic amid intensifying price competition, and shifted to a **strategy of “building on existing strengths,” which involved removing the barriers between housing and landscaping.** We recognize that in STAGE 2, excessive allocation of resources to housing exterior products and inability to pass on rising raw material prices were factors in causing profitability to decline.



The Company's Position in the Industry

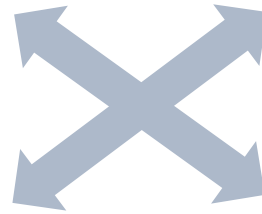
Characteristics of the Company

Strengths

- Design proposal capabilities in the non-residential field and manufacturing tailored to on-site needs
- Does not possess large-scale raw material processing facilities, enabling material diversification
- Excel in ability to respond to custom orders with small-lot, high-variety production

Weaknesses

- Not suited for mass production
- Lack price competitiveness in general-grade products compared to major sash manufacturers



Characteristics of competitors

Strengths

- Major sash manufacturers such as LIXIL, SankyoAlumi, and YKK AP leverage economies of scale and are capable of integrated production from materials to products
- Comprehensive strength derived from the company' scale

Weaknesses

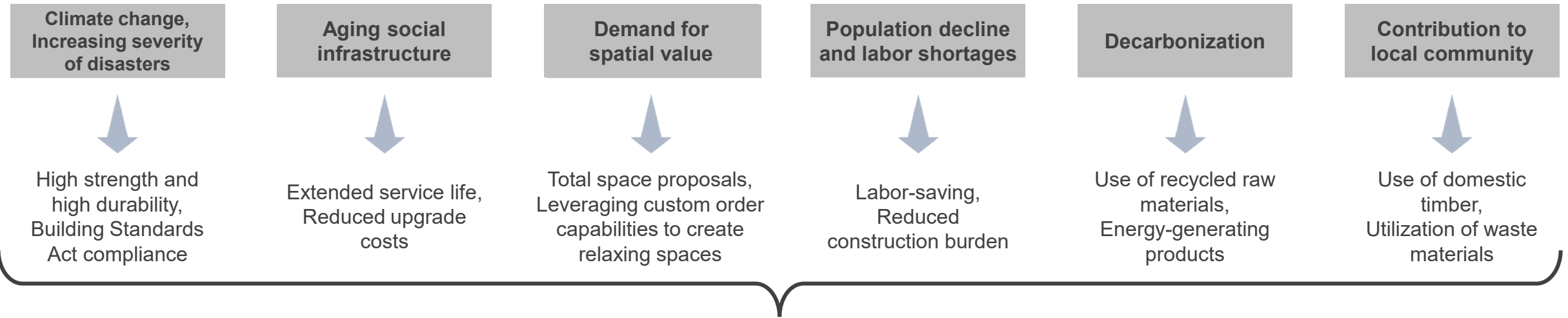
- Limited choice in materials due to possession of large-scale facilities
- Dependent on detached housing, lacking know-how for landscape exteriors
- Weak in terms of ability to respond to custom orders

Our business structure is aimed at differentiation through our unique position defined by incorporation at the design stage and custom order response capabilities, allowing us to avoid direct competition with major competitors.

Business model transformation

- 1) Ensure appropriate price pass-through of rising raw material costs
- 2) Prioritize investment in human resources and systems to further augment our strengths
- 3) **Promote development of social issue-solving products** and clarify product purposes
- 4) Shift from general department store model to specialized model (**business domain expansion that leverages our strengths**)

Our proposals for addressing environmental changes



Aiming for growth through
strengths × added-value creation

Launch of “MEGLIO” Brand Expressing Our Purpose

We propose sustainable and valuable spaces for two environments: “human environment” and “natural environment.” We have redefined our business philosophy as “bringing better circulation to people and nature,” and with “MEGLIO” as the brand that expresses our purpose, we will become a more recognized and valued presence in the market.

Brand expressing our purpose



Acquired naming rights for Marugame Stadium in our heartland of Marugame City. Under the name “Shikoku Kasei MEGLIO Stadium,” the stadium will be promoted as a Group-wide initiative.



Purpose

Contribute to community development where everyone can live with a peace of mind

Vision

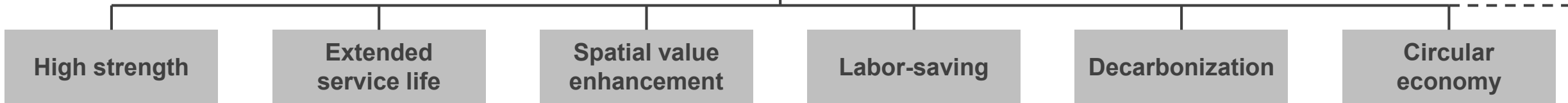
“Bringing better circulation” to people and nature



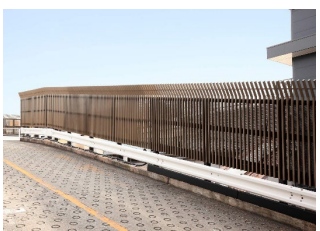
**Bundling our strengths into the MEGLIO brand to raise our presence.
Rather than focusing on “selling in volume,” our aim is to establish a brand that is “chosen for value.”**

“MEGLIO”-based Business Strategy

Under “MEGLIO,” we have set six missions, and will expand our lineup of high value-added products through solving social issues. Each mission is more than just a development policy. Instead, it represents an axis for making proposals to solve issues.

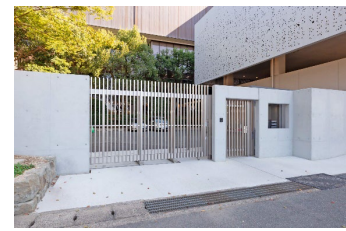


Creating disaster-resilient products that offer safety and peace of mind



Leading the industry in Building Standards Act compliance

High durability for long-term use



Setting our own high-durability quality standards, Aiming for structures that allow consumables to be easily replaced

Proposing easy-to-use and comfortable spaces



Implementing total space proposals that leverage one of our unique assets: the operations of interior, exterior finishes and paving materials

Contributing to addressing labor shortages through improved efficiency and labor-saving



Responding to demands for structures and materials that enable quick construction

Contributing to energy generation and energy saving



Ensuring environmental consciousness in manufacturing

Contributing to environmental impact reduction through resource recycling



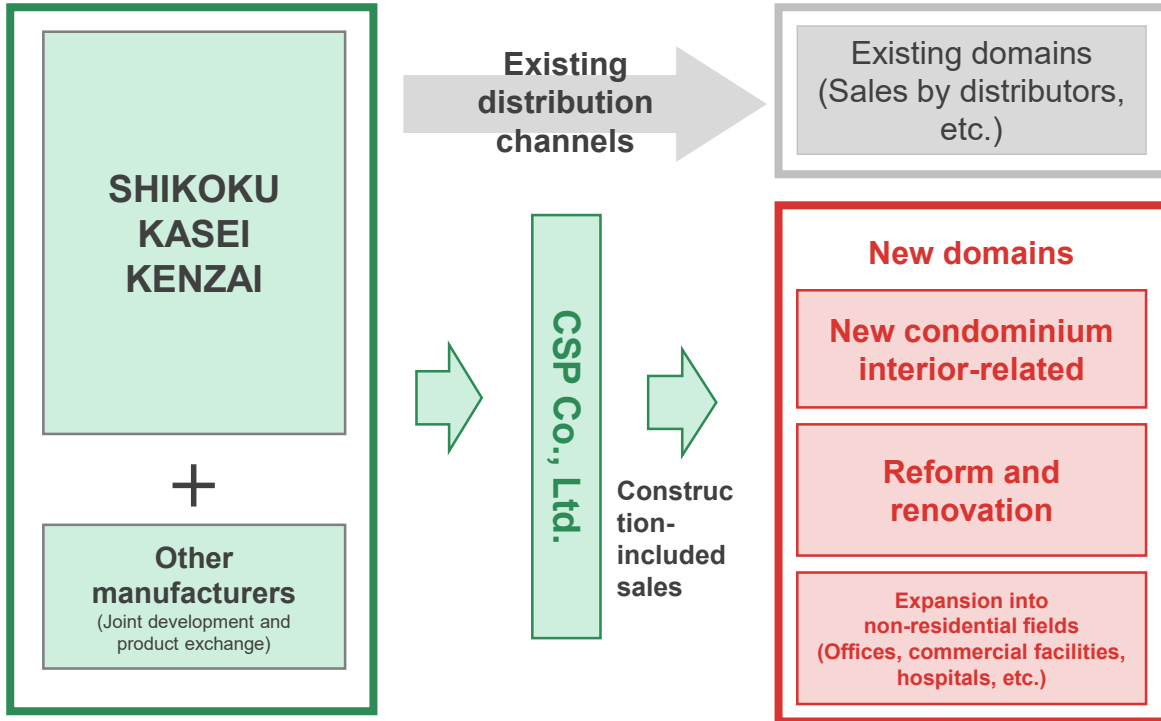
Contributing to resource circulation and the sustainability of local communities such as through the use of domestic timber in products

“MEGLIO”-based Business Strategy—“Spatial Value Enhancement”

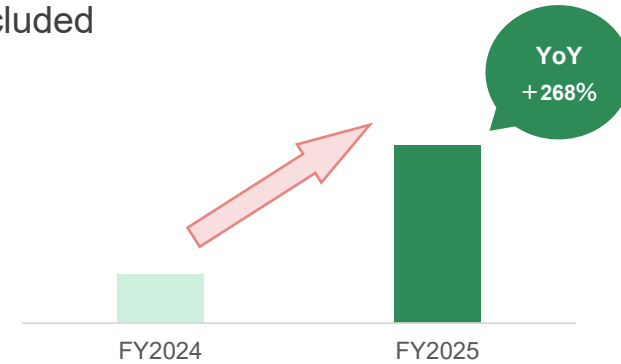
In “spatial value enhancement,” we endeavor to create relaxing spaces by going further than simply “selling products” to proposing entire spaces. In FY2025, we acquired CSP Co., Ltd. to strengthen our sales network and construction system. With this move, we will be offering products and construction as an integrated package to improve profitability.

Creating new value by utilizing CSP Co., Ltd.

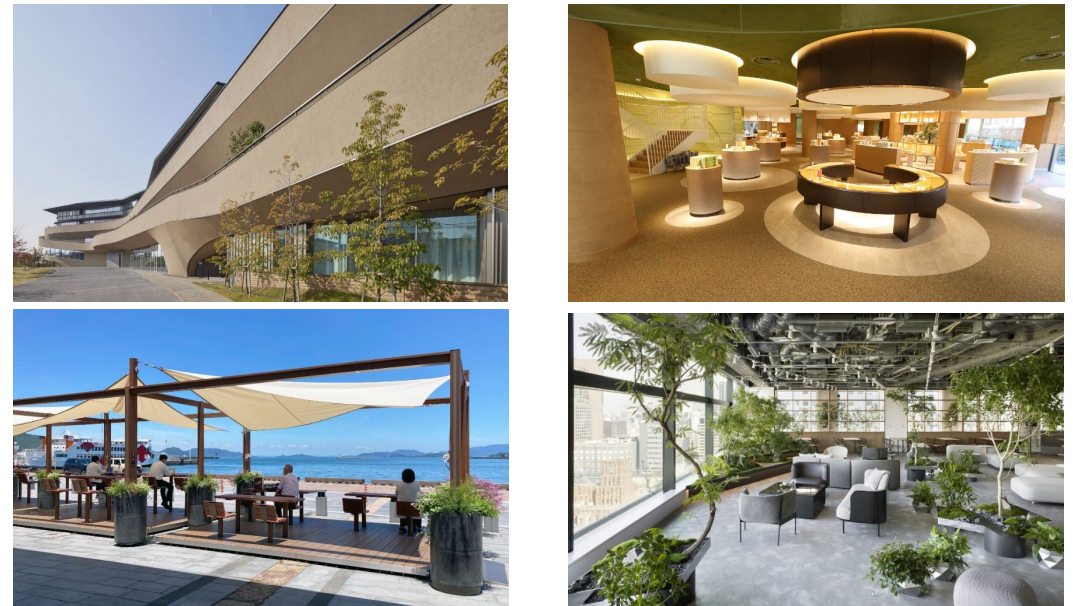
By not merely “selling products,” but also ensuring the quality of the finished work, we will accelerate **growth in new domains**



Construction-included sales orders



Examples of construction as “spatial value enhancement”



“MEGLIO”-based Business Strategy—“Labor-saving”

Work-style reforms in the construction industry have made labor shortages and the extension of construction schedules serious problems. We aim to expand sales by targeting homebuilders and architectural design firms, seeking to get them to include products that feature labor-saving construction in their specifications.

Example of product that contributes to labor-saving: “ArtWall”

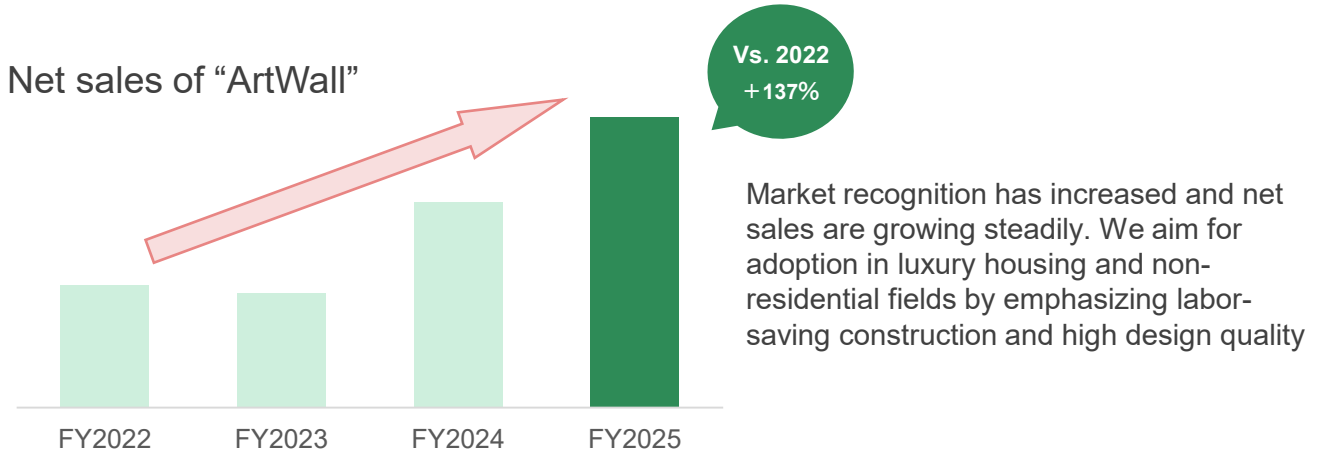
ArtWall

Aluminum system wall ArtWall

Three key points

<p>Point 1 Safety</p>	<p>Point 2 Workability</p>	<p>Point 3 Design</p>
<p>Realizing simple and quick construction with similar structure to fences.</p>	<p>Lightweight structure of approximately 1/20 the weight of concrete block walls *Figure assumes use of 60 cm-thick panels of the seed series</p>	<p>Offers a selection of various finishes and panels, etc., allowing for highly original expression.</p>
<p>Adapted to increasing severity of disasters and contributes to safe community development</p>	<p>Contributes to reduced construction periods</p>	<p>Variety of finishing materials responding to diversifying values</p>

Net sales of “ArtWall”



“ArtWall” construction example



Promoting adoption in luxury housing



Actively developing the non-residential field with labor-saving construction and high design quality

“MEGLIO”-based Business Strategy—“Decarbonization”

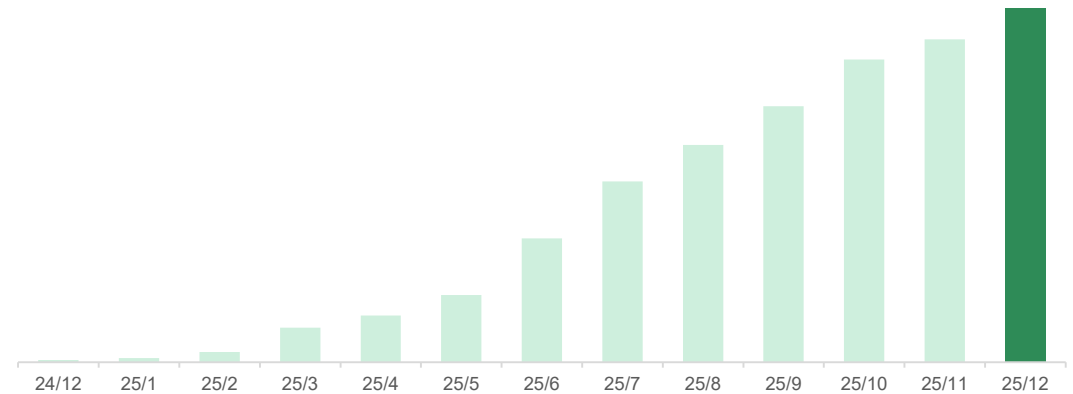
As securing new sites for the installation of solar panels has become an issue, expectations are high for solar carports and fences, which utilize existing spaces, as effective solutions. By transforming everyday spaces such as parking lots and property boundaries into power generation functions, we aim to simultaneously promote renewable energy creation and overcome land use constraints.

Solar power-integrated carport: “SOLIS ROOF”



- ✓ Rear-support structure secures large space for parking
- ✓ Wiring and rain gutters are contained inside the columns, delivering a design that blends into the landscape
- ✓ Efficient power generation possible with single-slope roofs installed to match site conditions

Number of continuing “SOLIS ROOF” inquiries at FY2025-end:
More than **170**



Vertically-installed solar power generation system: “SOLIS PANEL”



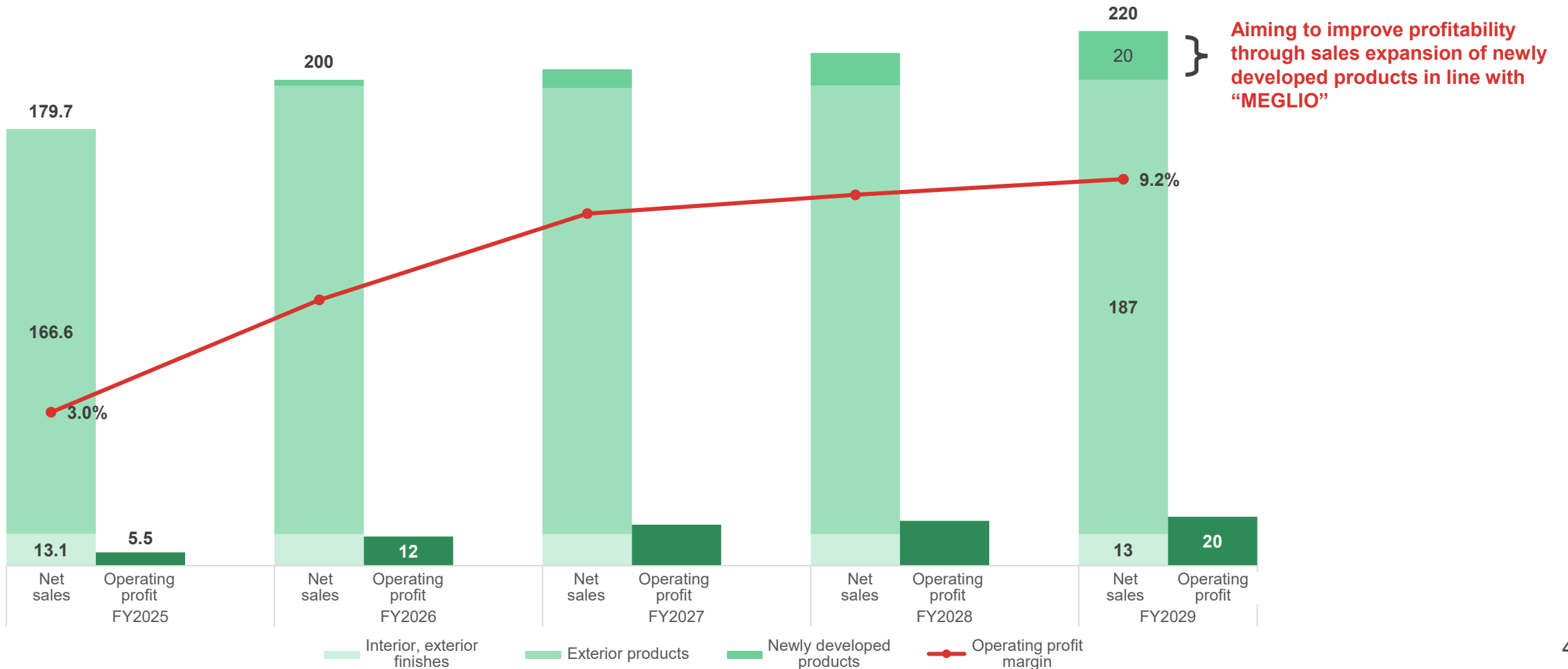
- ✓ Can be installed in limited spaces such as parking lots and exterior areas
- ✓ Solar panels on both sides offer efficient power generation
- ✓ Vertical installation that is resistant to snow and dirt

- “SOLIS ROOF,” which leverages our long-standing carport design know-how and our strength in custom order response has been on sale since March 2025
- Amid growing criticism of mega-solar projects due to concerns about negative impacts on the natural environment, attention is shifting to solar carports that can utilize parking lots of large commercial facilities, factories, etc. as power generation spaces
- With projected sales of several million to several tens of millions of yen per project, this is a product that can be expected to make a substantial contribution to sales going forward

Profit Plan

In STAGE 3, we will expand our lineup of high value-added products in line with the “MEGLIO” brand, targeting sales of approximately 2.0 billion yen in FY2029. We will improve our declining profitability by expanding sales of high value-added products that are based on social issues, and achieve ROIC exceeding cost of capital.

100 Million yen



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