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Consolidated Financial Results for the Year Ended December 31, 2024 [Japanese GAAP]

January 29, 2025

Company name: SHIKOKU KASEI HOLDINGS CORPORATION
Listing: Tokyo
Securities code: 4099
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Scheduled date of annual general meeting of shareholders: March 27, 2025
Scheduled date to commence dividend payments: March 6, 2025
Scheduled date to file annual securities report: March 27, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	69,493	10.1	9,741	21.5	10,779	16.2	8,813	12.2
December 31, 2023	63,117	-	8,019	-	9,280	-	7,853	-

(Note) Comprehensive income: Fiscal year ended December 31, 2024: ¥ 9,352 million [(1.0)%]
Fiscal year ended December 31, 2023: ¥ 9,449 million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2024	191.38	-	10.4	8.1	14.0
December 31, 2023	152.12	-	9.4	7.5	12.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended December 31, 2024: ¥ - million
Fiscal year ended December 31, 2023: ¥ - million

The Company has changed the account closing date from March 31 to December 31 beginning with the fiscal year ended December 31, 2022. Accordingly, changes from the previous corresponding period are not presented as the periods of the fiscal year 2023 (January 1, 2023 to December 31, 2023) and the fiscal year 2022 (April 1, 2022 to December 31, 2022) do not match.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	135,827	84,168	61.4	1,865.63
December 31, 2023	131,046	86,867	65.7	1,703.25

(Reference) Equity: As of December 31, 2024: ¥ 83,380 million
As of December 31, 2023: ¥ 86,157 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2024	9,021	(15,550)	(3,717)	33,739
December 31, 2023	12,950	(3,559)	(2,810)	43,597

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2023	-	14.00	-	14.00	28.00	1,420	18.4	1.7
December 31, 2024	-	25.00	-	25.00	50.00	2,240	26.1	2.8
Fiscal year ending December 31, 2025 (Forecast)	-	25.00	-	25.00	50.00		-	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	70,000	0.7	9,400	(3.5)	9,800	(9.1)	6,500	(26.2)	145.44

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2024: 44,869,563 shares

December 31, 2023: 50,760,663 shares

2) Number of treasury shares at the end of the period:

December 31, 2024: 176,760 shares

December 31, 2023: 176,415 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended December 31, 2024: 46,052,330 shares

Fiscal Year ended December 31, 2023: 51,628,867 shares

* These annual financial results are outside the scope of audit by certified public accountants or audit firm

* Explanation regarding the appropriate use of financial results forecasts and other special items

Forward-looking statements such as operating results forecasts and other projections contained in this report are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors. For the assumptions underlying the operating results forecasts and cautionary notes concerning their use, please refer to “(4) Future Outlook” under “1. Overview of Operating Results, etc.” on page 4 of the attached documents.

The Company plans to hold a financial results briefing for institutional investors and analysts on Tuesday, February 18, 2025. The content (video and transcript) will be posted on the Company’s website shortly after the briefing.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

The Japanese economy during the fiscal year under review recovered moderately, driven by solid consumer spending backed by improvements in the employment and income environments, and signs of recovery in corporate capital expenditure. However, the Company recognizes the need to continue to monitor future U.S. policy developments and other changes in the global situation, the economic outlook influenced by interest rate and foreign exchange rate fluctuations, and the risk of economic slowdown in Japan and overseas due to prolonged inflation.

Under these circumstances, for the fiscal year under review, the Group posted net sales of ¥69,493 million (up 10.1% year-on-year), operating profit of ¥9,741 million (up 21.5% year-on-year), ordinary profit of ¥10,779 million (up 16.2% year-on-year) and profit attributable to owners of parent of ¥8,813 million (up 12.2% year-on-year). Strong sales in overseas markets for our Chemicals operations resulted in renewed record highs in terms of net sales, operating profit, ordinary profit, and profit attributable to owners of parent.

Operating results by segment are as follows.

1) Chemicals operations

(Inorganic chemicals)

Sales of insoluble sulfur, a material for radial tires, exceeded those of the previous year due to expansion in overseas markets. Sales of carbon disulfide for rayon and cellophane were also higher than the previous year due to strong export sales supported by the development of new customers. Sales of sodium sulfate for bath agents and detergents were higher than the previous year, due to the price pass-through.

(Organic chemicals)

Regarding chlorinated isocyanurates for disinfectants, sales exceeded those of the previous year in the domestic market due to solid sales for household sanitary use and other purposes. In the U.S. market, sales exceeded those of the previous year due to strong market conditions supported by a reduction in excess inventory.

(Fine chemicals)

Regarding electronic chemicals, sales of Glicoat-SMD, a heat-resistant soluble OSP (Organic Solderability Preservative) for printed wiring boards, exceeded those of the previous year owing to the continued recovery of the semiconductor and electronics markets. Chemical adhesion process GliCAP also performed well due to an increase in the number of orders for use in server boards. Sales of advanced & specialty chemicals exceeded those of the previous year owing to a recovery in the epoxy resin curing agent (imidazoles) and resin modifier (glycoluril derivatives, etc.) markets and the resulting sales growth. As for sales of semiconductor process materials, we saw progress in customer evaluations and the acquisition of new prototype production orders.

As a result, net sales for the Chemicals operations segment were ¥49,933 million (up 15.2% year-on-year) and segment profit was ¥8,611 million (up 35.0% year-on-year), showing an increase in both net sales and profit.

2) Housing Materials operations

As housing-related demand has fallen amid the continued decline in the number of new housing starts, particularly for owned houses, due to a surge in construction costs and other factors, we have poured our efforts into expanding landscape exterior products for non-residential purposes, which is one of our strengths. Nevertheless, sales were down on the previous year. In addition, prices of aluminum ingots and other raw materials have risen sharply, causing profitability to deteriorate.

As a result, net sales for the Housing Materials operations segment were ¥18,477 million (down 1.3% year-on-year) and segment profit was ¥954 million (down 36.7% year-on-year), resulting in a decrease in both net sales and profit.

Reference information

[Overseas net sales]

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)		Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)	
	Net sales (Million yen)	Overseas net sales to consolidated net sales (%)	Net sales (Million yen)	Overseas net sales to consolidated net sales (%)
Asia	6,009	9.5	8,404	12.1
North America	15,011	23.8	17,176	24.7
Other regions	1,573	2.5	1,805	2.6
Total	22,594	35.8	27,386	39.4
Consolidated net sales	63,117		69,493	

(2) Overview of Financial Position for the Fiscal Year under Review

Status of assets, liabilities and net assets

Total assets increased by ¥4,781 million from the end of the previous fiscal year to ¥135,827 million. Major increases were ¥3,841 million in cash and deposits and ¥2,179 million in investment securities.

Liabilities increased by ¥7,480 million from the end of the previous fiscal year to ¥51,659 million. Major increases were ¥3,757 million in long-term borrowings and ¥2,608 million in current portion of long-term borrowings.

Net assets decreased by ¥2,699 million from the end of the previous fiscal year to ¥84,168 million. This was mainly due to the payment of dividends of surplus of ¥1,829 million and purchase of treasury shares of ¥10,222 million, despite the recording of profit attributable to owners of parent of ¥8,813 million.

As a result, equity ratio fell to 61.4% from 65.7% at the end of the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash flows provided by operating activities totaled ¥9,021 million (a decrease of ¥3,929 million year-on-year). Major cash inflows were profit before income taxes of ¥12,562 million and depreciation of ¥3,053 million. A major cash outflow was income taxes paid of ¥4,297 million.

Cash flows used in investing activities totaled ¥15,550 million (an increase of ¥11,991 million year-on-year). The major component was purchase of securities of ¥15,120 million.

Cash flows used in financing activities totaled ¥3,717 million (an increase of ¥906 million year-on-year). A major cash inflow was proceeds from long-term borrowings of ¥10,600 million, while major cash outflows were purchase of treasury shares of ¥10,222 million and repayments of long-term borrowings of ¥4,234 million.

As a result, cash and cash equivalents totaled ¥33,739 million (a decrease of ¥9,858 million from the end of the previous fiscal year).

(4) Future Outlook

Consolidated financial results forecast for the fiscal year ending December 31, 2025 is as follows.

(Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ending December 31, 2025 (full year)	70,000	9,400	9,800	6,500
Fiscal year ended December 31, 2024 (full year)	69,493	9,741	10,779	8,813
Change (%)	0.7	(3.5)	(9.1)	(26.2)

(Notes) 1. The major exchange rates assumed in the above financial results forecast were ¥150 to $1 and ¥160 to €1.

2. The above financial results forecasts are based on information currently available to the Company as of the date of this report, and do not constitute a guarantee of future results. Actual results may differ significantly from these forecasts due to a wide range of factors.

(5) Basic Policy regarding Distribution of Earnings and Dividends for the Current and Next Fiscal Years

As a basic policy for shareholder returns, the Company aims to achieve "a payout ratio of 30% and a total payout ratio of 50% based on consolidated financial results" under the "Challenge 1000" long-term vision towards 2030. In addition, a consolidated dividend on equity (DOE) ratio of 3% has been established as an indicator for determining dividend amounts, and progressive dividends will be paid while taking both the dividend payout ratio and DOE indicators into consideration.

The Company has decided to pay a year-end dividend of ¥25 per share for the fiscal year ended December 31, 2024, aiming to further increase shareholder value. As a result, the annual dividend will be ¥50 per share, an increase of ¥22 from the previous fiscal year, including the interim dividend of ¥25 per share paid in September 2024, bringing the payout ratio for the fiscal year under review to 26.1%.

As for the fiscal year ending December 31, 2025, in consideration of the above policy, business performance and financial position, the Company plans to pay an interim dividend of ¥25 per share. The Company also plans to pay a year-end dividend of ¥25 per share. As a result, the annual dividend forecast for the fiscal year ending December 31, 2025 is ¥50 per share.

2. Basic Policy on Selection of Accounting Standards

The Group plans to adopt Japanese GAAP in preparing its consolidated financial statements for the time being, given that the Group has little need to raise funds from overseas and considering the burden of preparing its consolidated financial statements based on the International Financial Reporting Standards (IFRS). However, the Group will consider the adoption of IFRS depending on future needs.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	29,947	33,789
Notes receivable - trade	589	368
Electronically recorded monetary claims - operating	3,021	3,281
Accounts receivable - trade	13,907	14,215
Securities	17,505	14,619
Merchandise and finished goods	8,947	8,317
Work in process	37	46
Raw materials and supplies	4,400	4,498
Other	1,278	1,154
Allowance for doubtful accounts	(3)	(3)
Total current assets	79,631	80,288
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,926	6,239
Machinery, equipment and vehicles, net	6,648	6,921
Land	8,693	8,793
Construction in progress	3,446	4,245
Other, net	645	789
Total property, plant and equipment	25,360	26,989
Intangible assets	699	589
Investments and other assets		
Investment securities	21,844	24,023
Deferred tax assets	1,909	1,821
Retirement benefit asset	532	967
Other	1,070	1,147
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	25,355	27,960
Total non-current assets	51,415	55,539
Total assets	131,046	135,827

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,940	8,142
Electronically recorded obligations - operating	523	589
Short-term borrowings	3,530	5,500
Current portion of long-term borrowings	5,783	8,391
Accrued expenses	1,476	1,541
Income taxes payable	2,696	2,109
Accrued consumption taxes	558	163
Notes payable - facilities	4	37
Electronically recorded obligations-facilities	84	857
Other	3,097	3,182
Total current liabilities	26,694	30,516
Non-current liabilities		
Long-term borrowings	12,906	16,664
Deferred tax liabilities	2,191	2,122
Deferred tax liabilities for land revaluation	998	998
Provision for retirement benefits for directors (and other officers)	64	70
Retirement benefit liability	591	515
Asset retirement obligations	370	371
Provision for share awards	43	77
Other	317	323
Total non-current liabilities	17,483	21,143
Total liabilities	44,178	51,659
Net assets		
Shareholders' equity		
Share capital	6,867	6,867
Capital surplus	5,711	5,711
Retained earnings	66,077	62,851
Treasury shares	(226)	(238)
Total shareholders' equity	78,430	75,192
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,044	4,944
Revaluation reserve for land	2,274	2,274
Foreign currency translation adjustment	252	499
Remeasurements of defined benefit plans	155	470
Total accumulated other comprehensive income	7,726	8,187
Non-controlling interests	710	788
Total net assets	86,867	84,168
Total liabilities and net assets	131,046	135,827

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Net sales	63,117	69,493
Cost of sales	39,474	41,823
Gross profit	23,643	27,670
Selling, general and administrative expenses		
Transportation and storage costs	5,491	6,455
Advertising expenses	744	895
Salaries	2,353	2,706
Retirement benefit expenses	146	127
Provision for retirement benefits for directors (and other officers)	11	15
Research and development expenses	1,757	1,810
Other	5,118	5,919
Total selling, general and administrative expenses	15,623	17,929
Operating profit	8,019	9,741
Non-operating income		
Interest income	217	306
Dividend income	477	422
Foreign exchange gains	549	389
Miscellaneous income	67	35
Total non-operating income	1,313	1,154
Non-operating expenses		
Interest expenses	34	72
Donations	10	20
Miscellaneous losses	8	23
Total non-operating expenses	52	115
Ordinary profit	9,280	10,779
Extraordinary income		
Gain on sale of non-current assets	3	7
Gain on sale of investment securities	2,088	1,895
Subsidy income	398	58
Gain on bargain purchase	32	-
Total extraordinary income	2,522	1,961
Extraordinary losses		
Loss on sale of non-current assets	316	3
Loss on retirement of non-current assets	58	30
Impairment losses	41	56
Loss on sale of investment securities	16	87
Total extraordinary losses	432	178
Profit before income taxes	11,369	12,562
Income taxes - current	3,494	3,739
Income taxes - deferred	(9)	(67)
Total income taxes	3,485	3,672
Profit	7,884	8,890
Profit attributable to non-controlling interests	30	77
Profit attributable to owners of parent	7,853	8,813

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Profit	7,884	8,890
Other comprehensive income		
Valuation difference on available-for-sale securities	1,277	(100)
Foreign currency translation adjustment	115	246
Remeasurements of defined benefit plans, net of tax	171	314
Total other comprehensive income	1,565	461
Comprehensive income	9,449	9,352
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,418	9,274
Comprehensive income attributable to non-controlling interests	30	77

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended December 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,867	5,711	62,808	(240)	75,147
Changes during period					
Dividends of surplus			(1,399)		(1,399)
Profit attributable to owners of parent			7,853		7,853
Purchase of treasury shares				(3,219)	(3,219)
Cancellation of treasury shares			(3,200)	3,200	-
Reversal of revaluation reserve for land			14		14
Disposal of treasury shares by stocks payment trust				33	33
Net changes in items other than shareholders' equity					
Total changes during period	-	-	3,268	14	3,282
Balance at end of period	6,867	5,711	66,077	(226)	78,430

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of period	3,766	2,288	136	(15)	6,175	482	81,806
Changes during period							
Dividends of surplus							(1,399)
Profit attributable to owners of parent							7,853
Purchase of treasury shares							(3,219)
Cancellation of treasury shares							-
Reversal of revaluation reserve for land							14
Disposal of treasury shares by stocks payment trust							33
Net changes in items other than shareholders' equity	1,277	(14)	115	171	1,550	227	1,778
Total changes during period	1,277	(14)	115	171	1,550	227	5,061
Balance at end of period	5,044	2,274	252	155	7,726	710	86,867

For the fiscal year ended December 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,867	5,711	66,077	(226)	78,430
Changes during period					
Dividends of surplus			(1,829)		(1,829)
Profit attributable to owners of parent			8,813		8,813
Purchase of treasury shares				(10,222)	(10,222)
Cancellation of treasury shares			(10,209)	10,209	-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(3,226)	(12)	(3,238)
Balance at end of period	6,867	5,711	62,851	(238)	75,192

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of period	5,044	2,274	252	155	7,726	710	86,867
Changes during period							
Dividends of surplus							(1,829)
Profit attributable to owners of parent							8,813
Purchase of treasury shares							(10,222)
Cancellation of treasury shares							-
Net changes in items other than shareholders' equity	(100)	-	246	314	461	77	538
Total changes during period	(100)	-	246	314	461	77	(2,699)
Balance at end of period	4,944	2,274	499	470	8,187	788	84,168

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	11,369	12,562
Depreciation	3,344	3,053
Impairment losses	41	56
Gain on bargain purchase	(32)	-
Increase (decrease) in retirement benefit liability	47	(110)
Decrease (increase) in retirement benefit asset	(35)	52
Interest and dividend income	(695)	(729)
Interest expenses	34	72
Loss (gain) on sale of investment securities	(2,071)	(1,807)
Subsidy income	(398)	(58)
Loss on retirement of property, plant and equipment	58	30
Loss (gain) on sale of property, plant and equipment	312	(3)
Decrease (increase) in trade receivables	170	(26)
Decrease (increase) in inventories	(240)	658
Increase (decrease) in trade payables	1,257	(890)
Increase (decrease) in accrued consumption taxes	93	(320)
Other, net	(195)	40
Subtotal	13,060	12,579
Interest and dividends received	696	754
Interest paid	(34)	(73)
Subsidies received	398	58
Income taxes paid	(1,171)	(4,297)
Net cash provided by (used in) operating activities	12,950	9,021
Cash flows from investing activities		
Purchase of securities	(3,705)	(15,120)
Proceeds from redemption of securities	3,000	5,700
Purchase of property, plant and equipment	(4,987)	(3,978)
Proceeds from sale of property, plant and equipment	82	14
Payments for retirement of property, plant and equipment	(32)	(27)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(81)	-
Purchase of investment securities	(712)	(10,607)
Proceeds from sale and redemption of investment securities	3,694	8,667
Other, net	(817)	(198)
Net cash provided by (used in) investing activities	(3,559)	(15,550)

(Millions of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	960	1,970
Proceeds from long-term borrowings	4,100	10,600
Repayments of long-term borrowings	(3,244)	(4,234)
Purchase of treasury shares	(3,219)	(10,222)
Dividends paid	(1,399)	(1,829)
Other, net	(6)	(1)
Net cash provided by (used in) financing activities	(2,810)	(3,717)
Effect of exchange rate change on cash and cash equivalents	332	387
Net increase (decrease) in cash and cash equivalents	6,914	(9,858)
Cash and cash equivalents at beginning of period	36,683	43,597
Cash and cash equivalents at end of period	43,597	33,739

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Segment information, etc.)

(Segment information)

I. Overview of reportable segments

The Group's reportable segments are components within the Group for which discrete financial information is available and are regularly reviewed by the Company's Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

Under the pure holding company SHIKOKU KASEI HOLDINGS CORPORATION, SHIKOKU CHEMICALS CORPORATION and SHIKOKU KASEI KENZAI CORPORATION are engaged in business activities in their respective business domains together with subsidiaries operating in the same domains in an integrated manner.

Therefore, the Group's businesses are comprised of segments classified according to the products and services attributed to each company. The two reportable segments of the Group are "Chemicals operations" and "Housing Materials operations."

The "Chemicals operations" segment is engaged in the production and sale of chemical products such as inorganic chemicals, organic chemicals and fine chemicals. The "Housing Materials operations" segment is engaged in the production and sale of building and construction materials such as interior and exterior decorative walls, exterior products and aluminum shutters.

II. Calculation methods of net sales, profit (loss), assets, liabilities and other items by reportable segment

The method of accounting for the business segments reported are based on the accounting methods adopted in the preparation of the consolidated financial statements.

Profit of the reportable segments is based on operating profit.

Inter-segment net sales and transfers are based on market price.

III. Information on net sales, profit (loss), assets, liabilities and other items by reportable segment

1. Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

Information on net sales, profit (loss), assets, liabilities and other items by reportable segment and disaggregation of revenue

(Million yen)

	Reportable segment			Other (Note) 1	Total	Adjustment (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Chemicals operations	Housing Materials operations	Total				
Net sales							
Inorganic chemicals	13,686	-	13,686	-	13,686	-	13,686
Organic chemicals	19,615	-	19,615	-	19,615	-	19,615
Fine chemicals	10,029	-	10,029	-	10,029	-	10,029
Interior, exterior finishes and paving materials	-	1,274	1,274	-	1,274	-	1,274
Exterior products	-	17,438	17,438	-	17,438	-	17,438
Other	-	-	-	1,047	1,047	-	1,047
Revenue from contracts with customers	43,332	18,712	62,044	1,047	63,092	-	63,092
Other revenue	-	-	-	25	25	-	25
Net sales to outside customers	43,332	18,712	62,044	1,073	63,117	-	63,117
Inter-segment net sales or transfers	7	2	10	272	283	(283)	-
Total	43,339	18,715	62,055	1,345	63,401	(283)	63,117
Segment profit	6,381	1,508	7,889	103	7,992	26	8,019
Segment assets	60,614	21,595	82,210	1,841	84,052	46,994	131,046
Other items							
Depreciation	2,871	272	3,144	34	3,178	165	3,344
Impairment losses	-	41	41	-	41	-	41
Gain on bargain purchase	32	-	32	-	32	-	32
Increase in property, plant and equipment and intangible assets	4,634	275	4,909	23	4,932	362	5,295

(Notes) 1. The "Other" category represents business segments not included in the reportable segments and includes the IT systems operations and food operations.

2. The adjustment for segment profit of ¥26 million includes profit (loss) and others not allocated to business segments.

The adjustment for segment assets of ¥46,994 million includes inter-segment eliminations of ¥(791) million and corporate assets in the amount of ¥47,785 million not allocated to each reportable segment.

The adjustment for increase in property, plant and equipment and intangible assets of ¥362 million is the amount of capital expenditure related to corporate assets not allocated to each reportable segment.

3. Segment profit is adjusted with operating profit on the consolidated statements of income.

2. Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

Information on net sales, profit (loss), assets, liabilities and other items by reportable segment and disaggregation of revenue

(Million yen)

	Reportable segment			Other (Note) 1	Total	Adjustment (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Chemicals operations	Housing Materials operations	Total				
Net sales							
Inorganic chemicals	15,075	-	15,075	-	15,075	-	15,075
Organic chemicals	21,932	-	21,932	-	21,932	-	21,932
Fine chemicals	12,925	-	12,925	-	12,925	-	12,925
Interior, exterior finishes and paving materials	-	1,262	1,262	-	1,262	-	1,262
Exterior products	-	17,215	17,215	-	17,215	-	17,215
Other	-	-	-	1,058	1,058	-	1,058
Revenue from contracts with customers	49,933	18,477	68,411	1,058	69,469	-	69,469
Other revenue	-	-	-	23	23	-	23
Net sales to outside customers	49,933	18,477	68,411	1,082	69,493	-	69,493
Inter-segment net sales or transfers	7	3	11	268	279	(279)	-
Total	49,941	18,481	68,422	1,350	69,773	(279)	69,493
Segment profit	8,611	954	9,566	106	9,672	68	9,741
Segment assets	62,107	21,307	83,415	1,809	85,225	50,602	135,827
Other items							
Depreciation	2,560	282	2,843	37	2,880	172	3,053
Impairment losses	-	56	56	-	56	-	56
Increase in property, plant and equipment and intangible assets	3,975	524	4,499	3	4,502	153	4,656

(Notes) 1. The "Other" category represents business segments not included in the reportable segments and includes the IT systems operations and food operations.

2. The adjustment for segment profit of ¥68 million includes profit (loss) and others not allocated to business segments.

The adjustment for segment assets of ¥50,602 million includes inter-segment eliminations of ¥(59) million and corporate assets in the amount of ¥50,661 million not allocated to each reportable segment.

The adjustment for increase in property, plant and equipment and intangible assets of ¥153 million is the amount of capital expenditure related to corporate assets not allocated to each reportable segment.

3. Segment profit is adjusted with operating profit on the consolidated statements of income.

(Per share information)

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Net assets per share	1,703.25 yen	1,865.63 yen
Basic earnings per share	152.12 yen	191.38 yen

(Notes) 1. The Company's shares held in the trust related to the stock compensation plan, which are recorded as treasury shares under shareholders' equity, are included in treasury shares that are excluded from the calculation of the average number of shares during the period when calculating basic earnings per share, and are also included in treasury shares that are excluded from the total number of issued shares at the end of the period when calculating net assets per share.

The average number of shares during the period excluded for the fiscal year under review was 109 thousand shares, while the average number of shares during the period excluded for the previous fiscal year was 120 thousand shares. Diluted earnings per share are not provided, as there are no dilutive shares.

2. The basis for calculation of basic earnings per share is as follows:

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Profit attributable to owners of parent (Million yen)	7,853	8,813
Amount not attributable to common shareholders (Million yen)	-	-
Profit attributable to owners of parent related to ordinary shares (Million yen)	7,853	8,813
Average number of ordinary shares during the period (Thousand shares)	51,628	46,052

3. The basis for calculation of net assets per share is as follows:

	As of December 31, 2023	As of December 31, 2024
Total net assets (Million yen)	86,867	84,168
Amount deducted from total net assets (Million yen)	710	788
(Non-controlling interests included in above) (Million yen)	[710]	[788]
Amount of net assets related to ordinary shares at end of period (Million yen)	86,157	83,380
Number of ordinary shares used in the calculation of net assets per share at end of period (Thousand shares)	50,584	44,692

(Significant subsequent events)

There is no relevant information.