Supplemental Information Financial Results For FY 2024 4Q

2025/1/29

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

1. Consolidated Financial Results

Financial highlights

Both net sales and profits increased to record highs on the backs of strong sales overseas and the depreciation in the yen

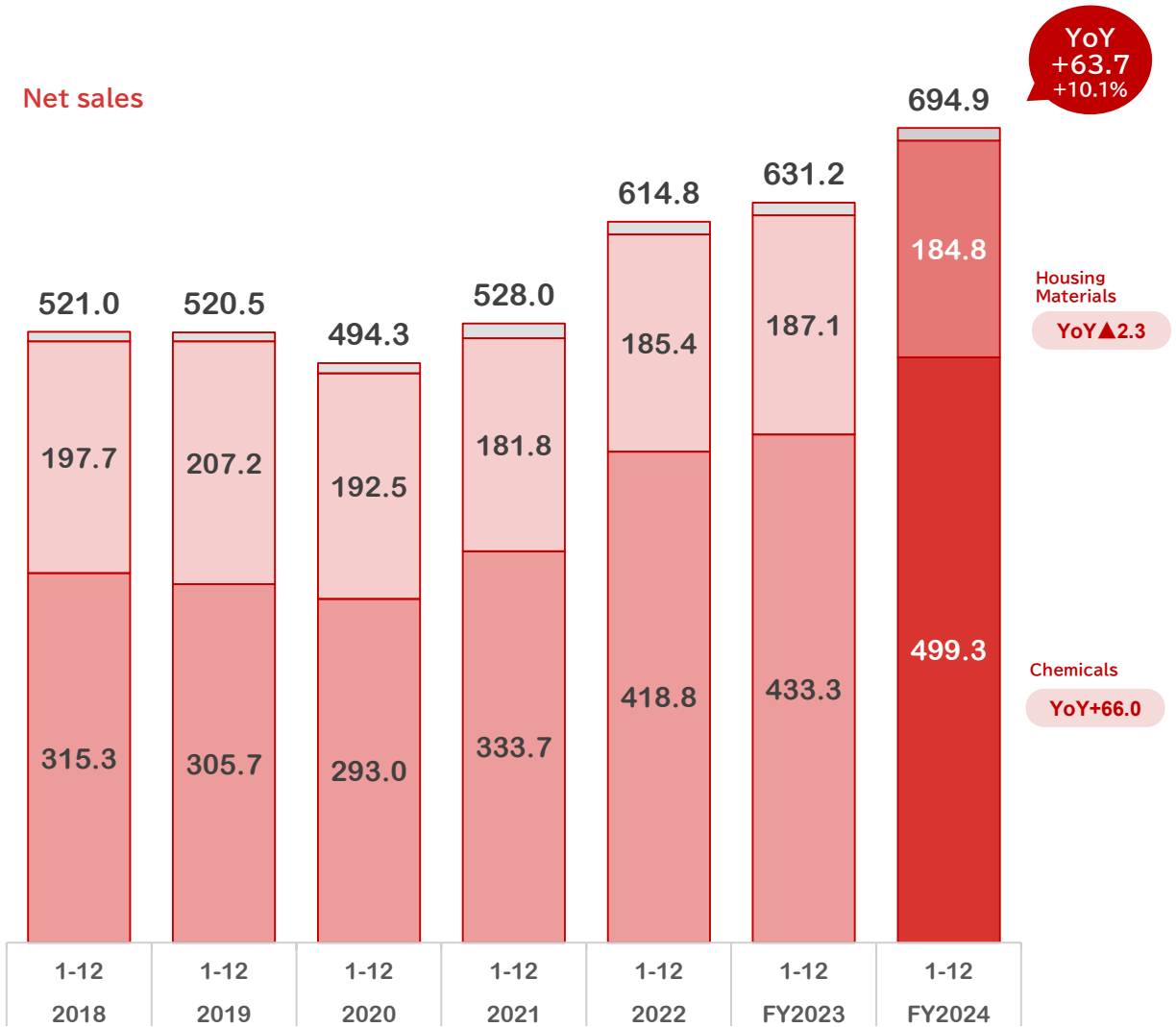
Million yen

	FY2023	FY2024	Change / Rate	Remarks
Net Sales	63,117	69,493	+6,375 +10.1%	• Chemicals operations increased due to increased sales overseas and the depreciation in the yen • Housing Materials operations decreased due to a sluggish detached houses market
Operating profit	8,019	9,741	+1,721 +21.5%	• Despite decreased profits in Housing Materials operations, total operating profit increased due to increased sales in Chemicals operations and a weaker yen
Ordinary profit	9,280	10,779	+1,499 +16.2%	• Foreign exchange gains and losses 389 (YoY▲160) • Interest income 306 (YoY +89)
Profit attributable to owners of parent	7,853	8,813	+959 +12.2%	• Gain and loss on sale of investment securities 1,807 (YoY▲263) • Loss on retirement of non-current assets ▲30 (YoY▲27)
Exchange rate	**1USD 140 JPY** 1EUR 148 JPY 1RMB 19.8 JPY	**1USD 151 JPY** 1EUR 164 JPY 1RMB 20.8 JPY	Net Sales **+20** billion yen Operating Profit **+12** billion yen	・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.

Trends in Net sales and Operating profit (YTD)

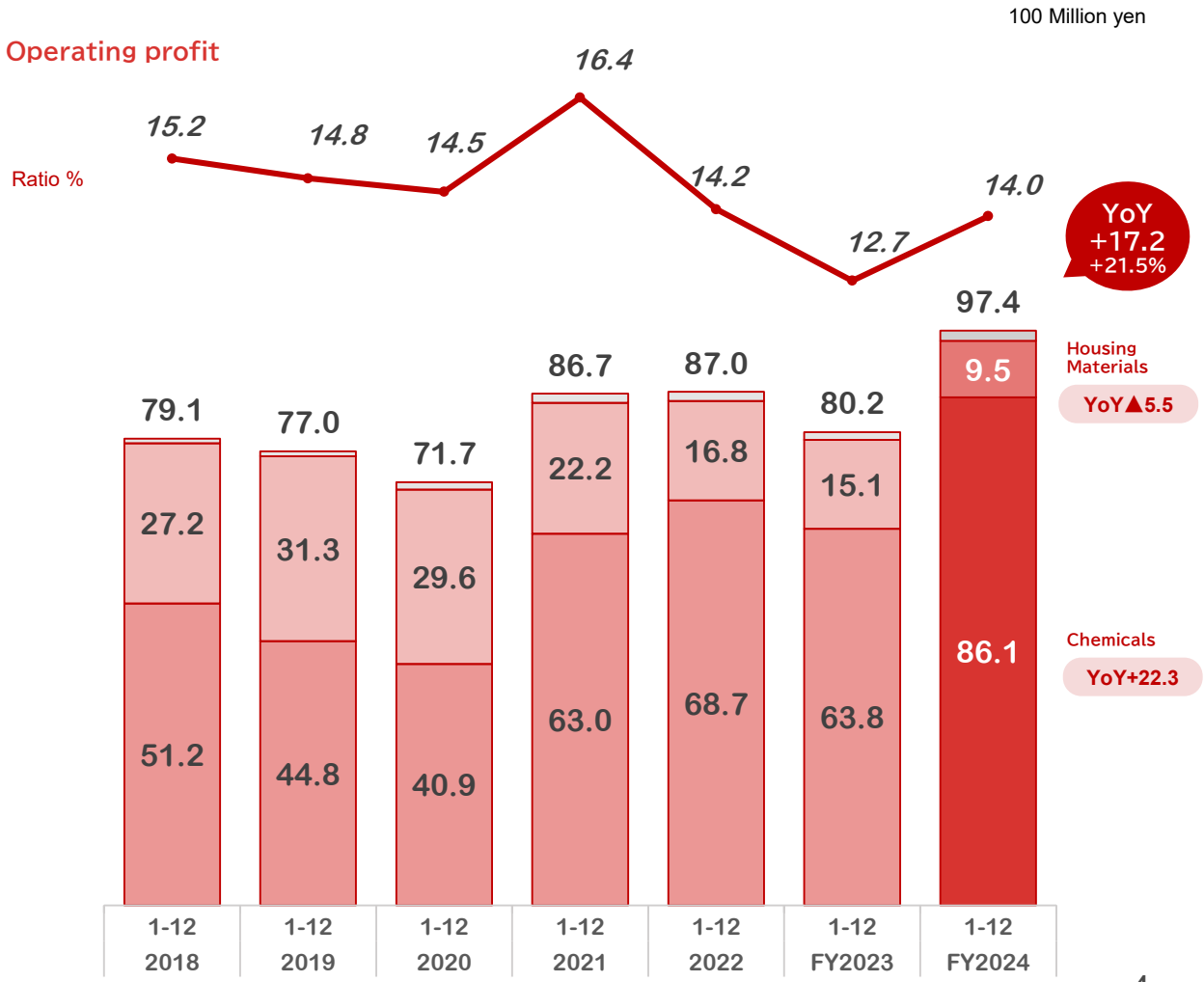
Net sales increased in Chemicals (+6.60B) but decreased in Housing Materials (-230M), resulting in a companywide increase in sales (+6.37B)
Total operating profit increased (+1.72B) due to increased profits in Chemicals (+2.23B) and decreased profits in Housing Materials (-550M)

Net sales



Operating profit

100 Million yen



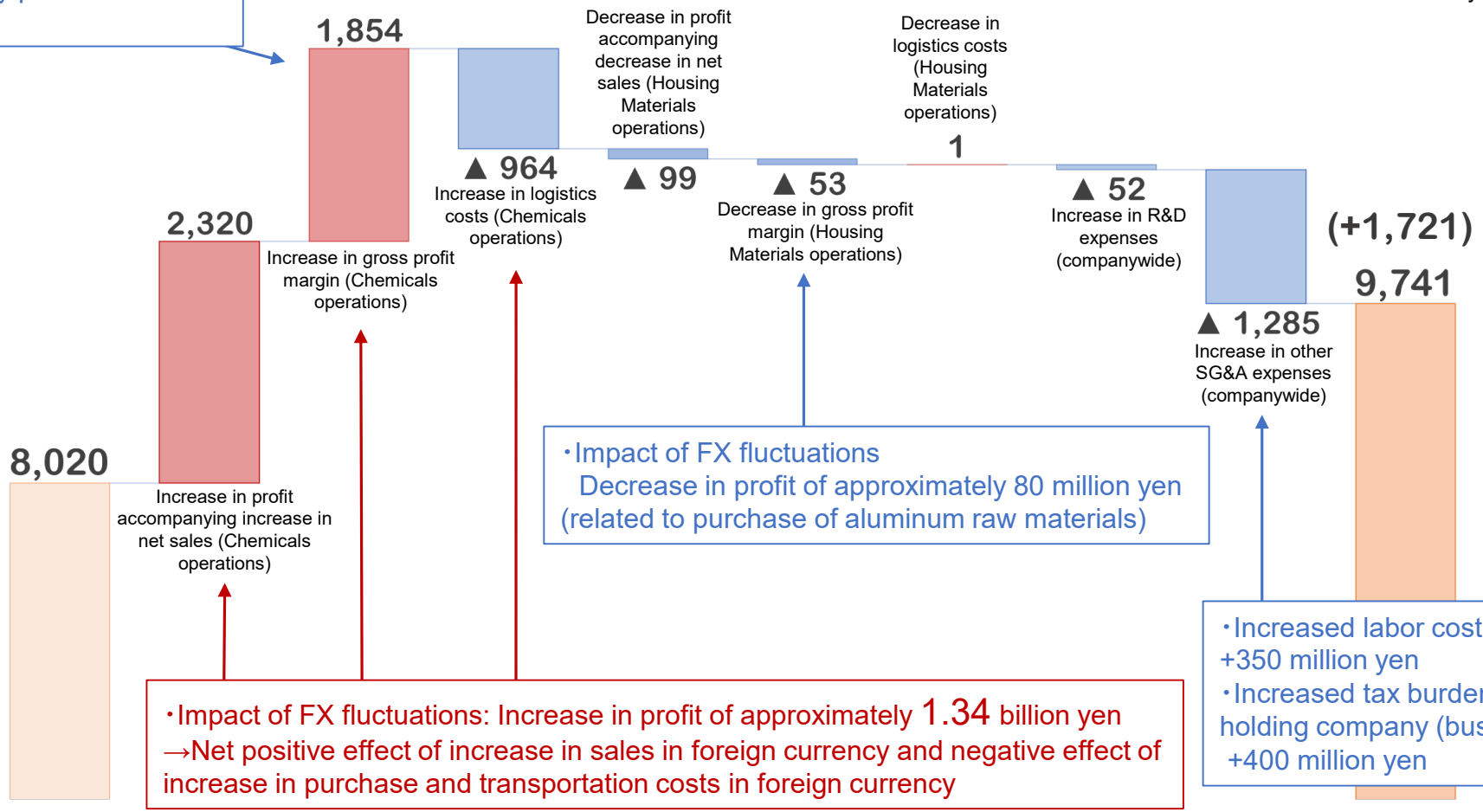
* Results before FY2022 were recalculated for the same period of the current year (January to September).

YoY Changes in Operating profit

Increased sales in Chemicals, particularly of highly profitable fine chemicals products, and a weaker yen led to higher profits overall, despite higher transportation costs and SG&A expenses

・Increased sales of highly profitable fine chemicals products

Million yen



・Impact of FX fluctuations
Decrease in profit of approximately 80 million yen
(related to purchase of aluminum raw materials)

・Impact of FX fluctuations: Increase in profit of approximately 1.34 billion yen
→Net positive effect of increase in sales in foreign currency and negative effect of increase in purchase and transportation costs in foreign currency

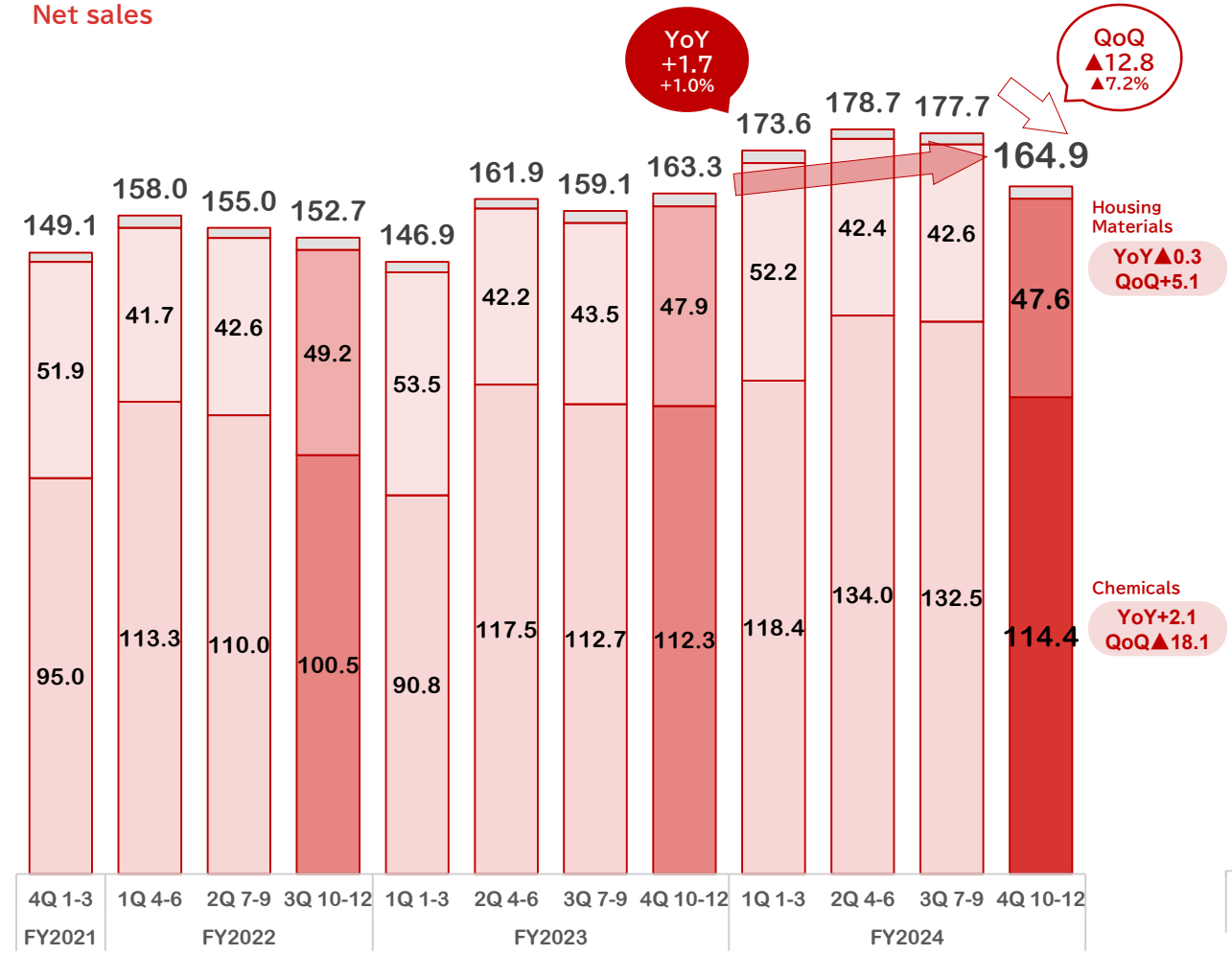
・Increased labor cost due to pay raise: approx. +350 million yen
・Increased tax burden due to a shift to a holding company (business tax): approx. +400 million yen

Trends in Net sales and Operating profit (QTD)

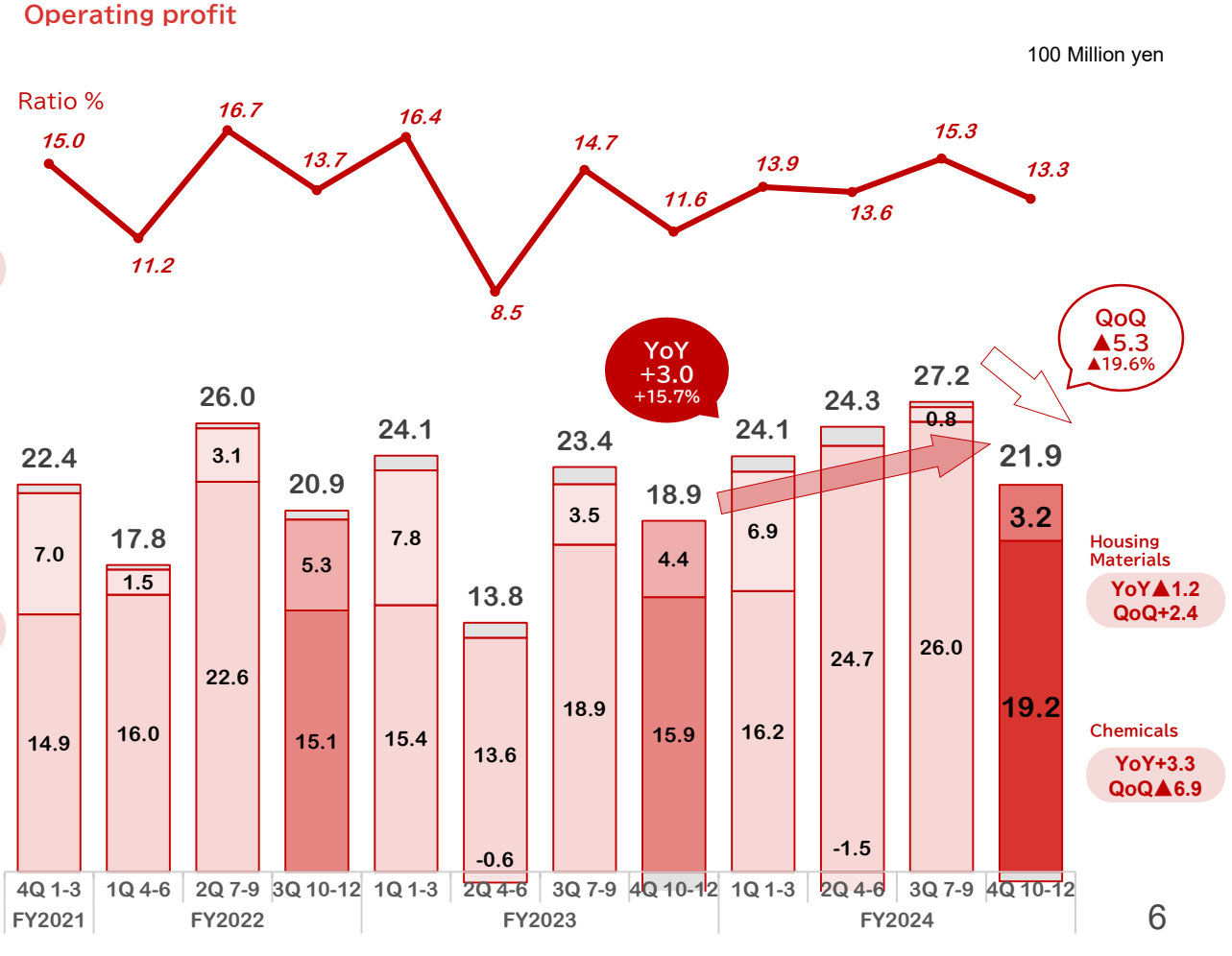
- Total sales increased by 170 million yen YoY. Chemicals operations achieved growth of 210 million yen due to increased sales of inorganic chemicals and fine chemicals. Housing Materials operations declined slightly by 30 million yen due to continued sluggish performance in the detached housing market.
- Sales decreased by 1.28 billion yen QoQ. In Chemicals operations, overall sales decreased by 1.81 billion yen due to decreased sales of organic chemicals affected by seasonal factors, and fine chemicals, despite increased sales of inorganic chemicals. Sales of Housing Materials operations increased both in housing exterior products and landscape exterior products (+510 million yen).

- Total operating profit increased by 300 million yen YoY. Chemicals operations increased by 330 million yen due to increased sales. Housing Materials operations decreased by 120 million yen due to continued high prices of aluminum ingots and other raw materials.
- Operating profit decreased by 530 million yen QoQ. Chemicals operations decreased by 690 million yen due to decreased sales of organic chemicals affected by seasonal factors. Housing Materials operations increased by 240 million yen due to an increase in the sales ratio of highly profitable landscape exterior products.

Net sales



Operating profit

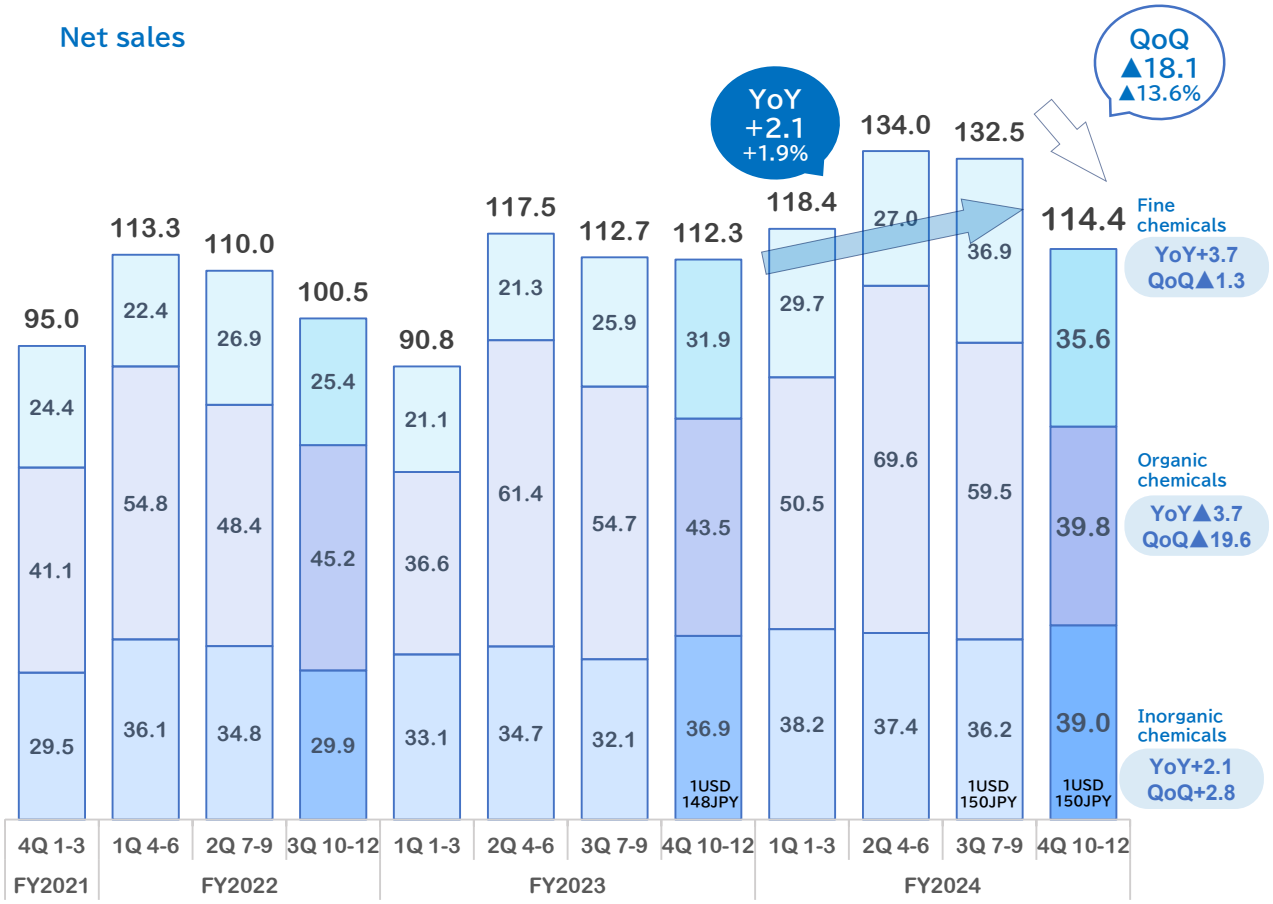


Operating results by segment: Chemicals (QTD)

・Sales of inorganic chemicals increased by 210 million yen YoY due to sales expansion of insoluble sulfur to North America and other regions, and increased by 280 million yen QoQ as inventory adjustments at delivery destinations from 3Q were resolved.
・Sales of organic chemicals (Neo-Chlor) decreased by 370 million yen YoY due mainly to regular maintenance of customers' facilities and inventory adjustments, and decreased by 1.96 billion yen QoQ due mainly to seasonal factors.
・Fine chemicals sales increased by 370 million yen YoY due to a recovery in market conditions but decreased by 130 million yen QoQ due to the absence of the impact of advance deliveries in 3Q.
・The impact of foreign exchange was +80 million yen YoY (JPY/USD: 148→150) and minimal QoQ (150→150).

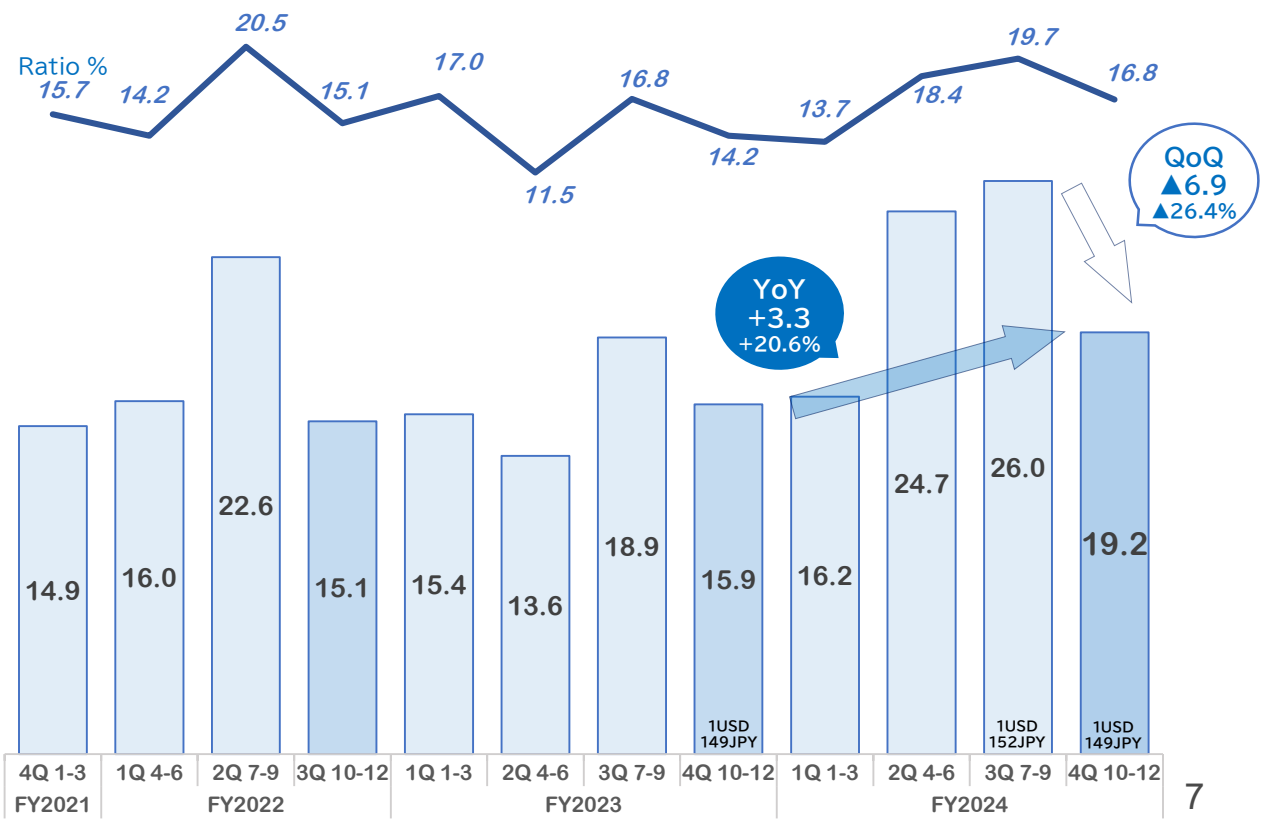
・Operating profit increased by 330 million yen YoY. The weaker yen contributed to a profit increase of about 60 million yen.
The higher profit was primarily driven by the increased sales of highly profitable fine chemicals.
・QoQ profit decreased by 690 million yen. The decrease in sales of organic chemicals due to seasonal factors contributed to the lower profit.
The profit margin fell to 16.8% due to higher transportation costs for inorganic chemicals and lower sales of highly profitable fine chemicals.

Net sales



Operating profit

100 Million yen

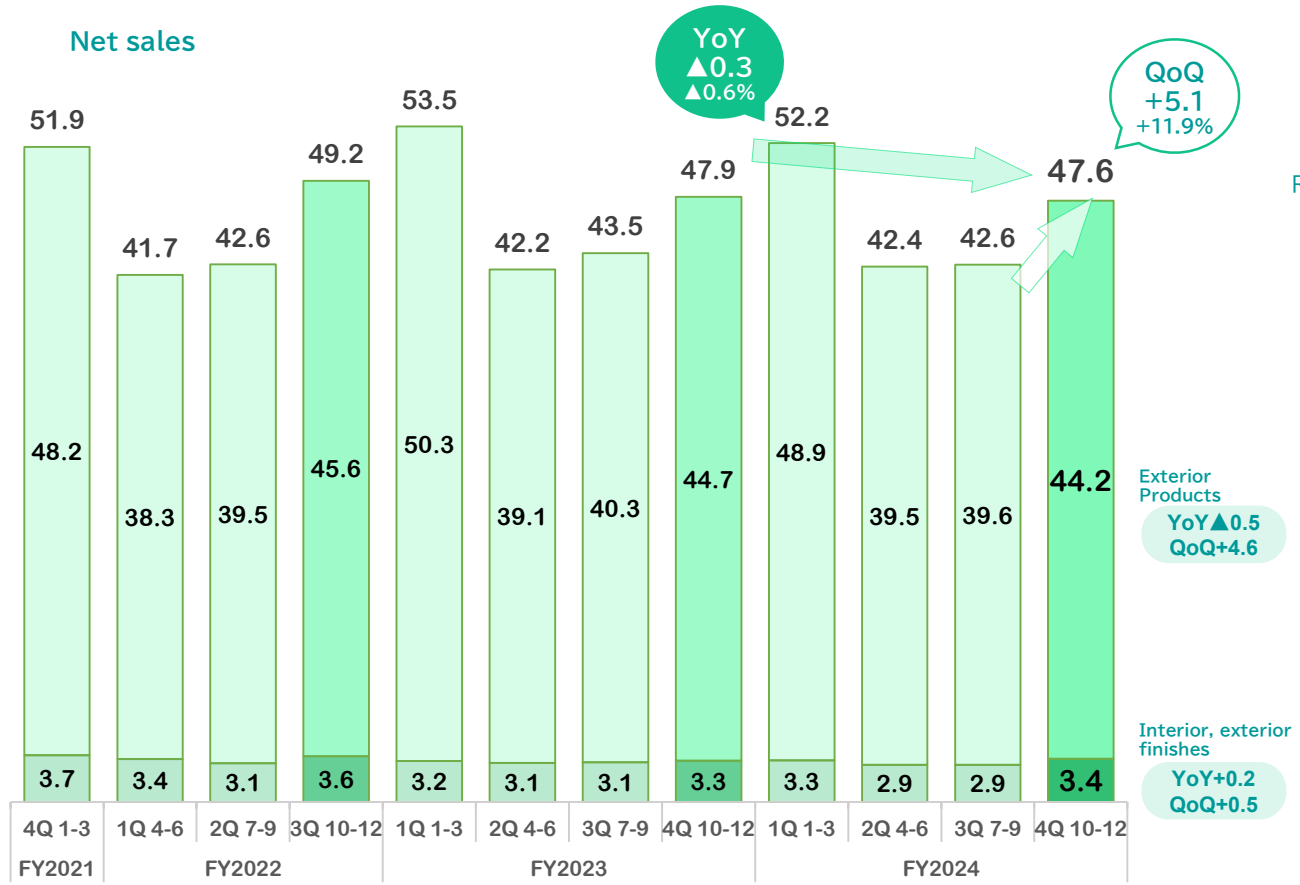


Operating results by segment: Housing Materials (QTD)

- Housing Materials operations total sales decreased by 30 million yen YoY.
- Sales of interior, exterior finishes, and paving materials increased by 20 million yen YoY, while sales of exterior products decreased by 50 million yen YoY. The sales of landscape exterior products were strong, but sales of housing exteriors were low due to sluggish performance in new housing starts (detached houses), resulting in an overall decrease in sales.
- Sales of interior, exterior finishes, and paving materials increased by 50 million yen QoQ, and sales of exterior products increased by 460 million yen QoQ, resulting in an overall increase of 510 million yen.

- In Housing Materials operations, total operating profit decreased by 120 million yen YoY.
- Sales of interior, exterior finishes, and paving materials recovered slightly, but their contribution to profit remained low.
- In exterior products, despite an increase in the sales ratio of highly profitable landscape exterior products, profits decreased due to lower profitability caused by the continued high costs of aluminum ingots.
- On a QoQ basis, profits increased by 240 million yen due to increased sales, and the profit margin is on a recovery trend.

Net sales



Operating profit

100 Million yen

2. Financial Forecast
for the Fiscal Year Ending 2024

Forecast of Consolidated Financial Results

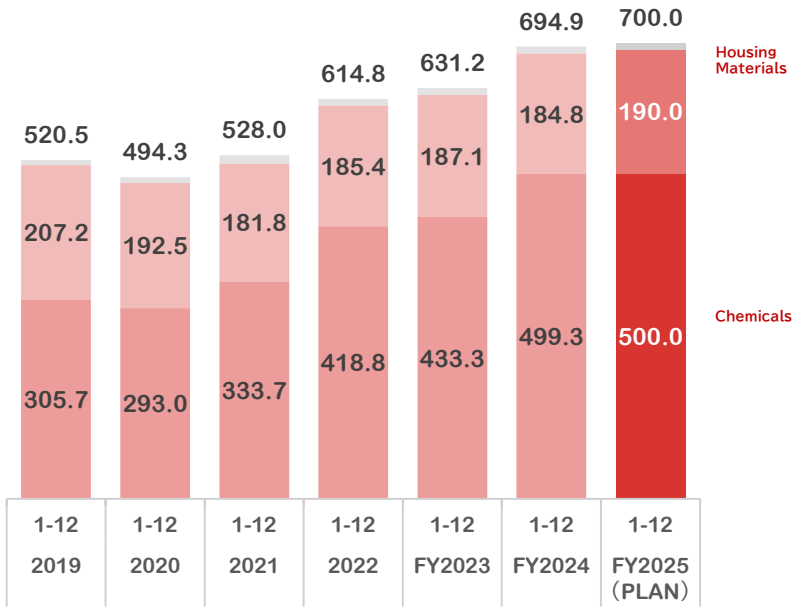
Sales are expected to increase in both Chemicals and Housing Materials, but higher fixed costs (depreciation) in Chemicals will reduce profits, leading to an overall decline in profits

Million yen

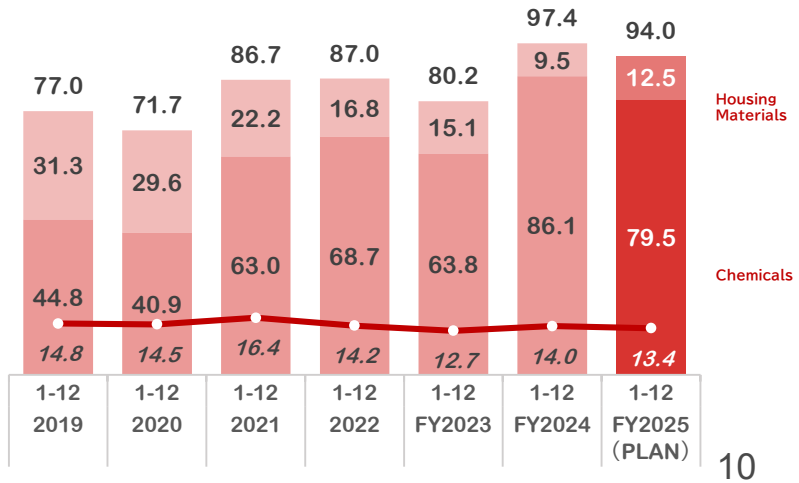
	FY2024	FY2025	Change / Rate	Remarks
Net sales	**69,493** (Chemicals) 49,933 (Housing Materials) 18,477	**70,000** (Chemicals) 50,000 (Housing Materials) 19,000	+507 +0.7%	・Sales of Chemicals operations are expected to increase due to sales expansion of fine chemicals. ・Sales of Housing Materials operations are expected to increase due to price revisions and sales expansion of landscape exterior products.
Operating profit	**9,741** (Chemicals) 8,611 (Housing Materials) 954	**9,400** (Chemicals) 7,950 (Housing Materials) 1,250	▲341 ▲3.5%	・Operating profit of Chemicals operations is expected to decrease due to lower unit sales prices and increased depreciation costs. ・Operating profit of Housing Materials operations is expected to increase due to improved profitability as a result of price revisions.
Ordinary profit	**10,779**	**9,800**	▲979 ▲9.1%	・Ordinary profit is expected to decrease further due to the non-recurrence of the foreign exchange gains recorded in FY2024 (foreign exchange gains in FY2024: +389).
Profit attributable to owners of parent	**8,813**	**6,500**	▲2,313 ▲26.2%	・Profit attributable to owners of parent is expected to decrease further due to the non-recurrence of the gain on sale of investment securities recorded in FY2024 (gain on sale of investment securities in FY2024: +1,807).
Exchange rate	**1USD 151JPY** 1EUR 164JPY 1RMB 20.8JPY	**1USD 150JPY** 1EUR 160JPY 1RMB 21.0JPY		・One yen change against the US dollar has a positive impact of approximately 170 million yen in sales and 100 million yen in operating profit.

100 Million yen

Net sales



Operating profit



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

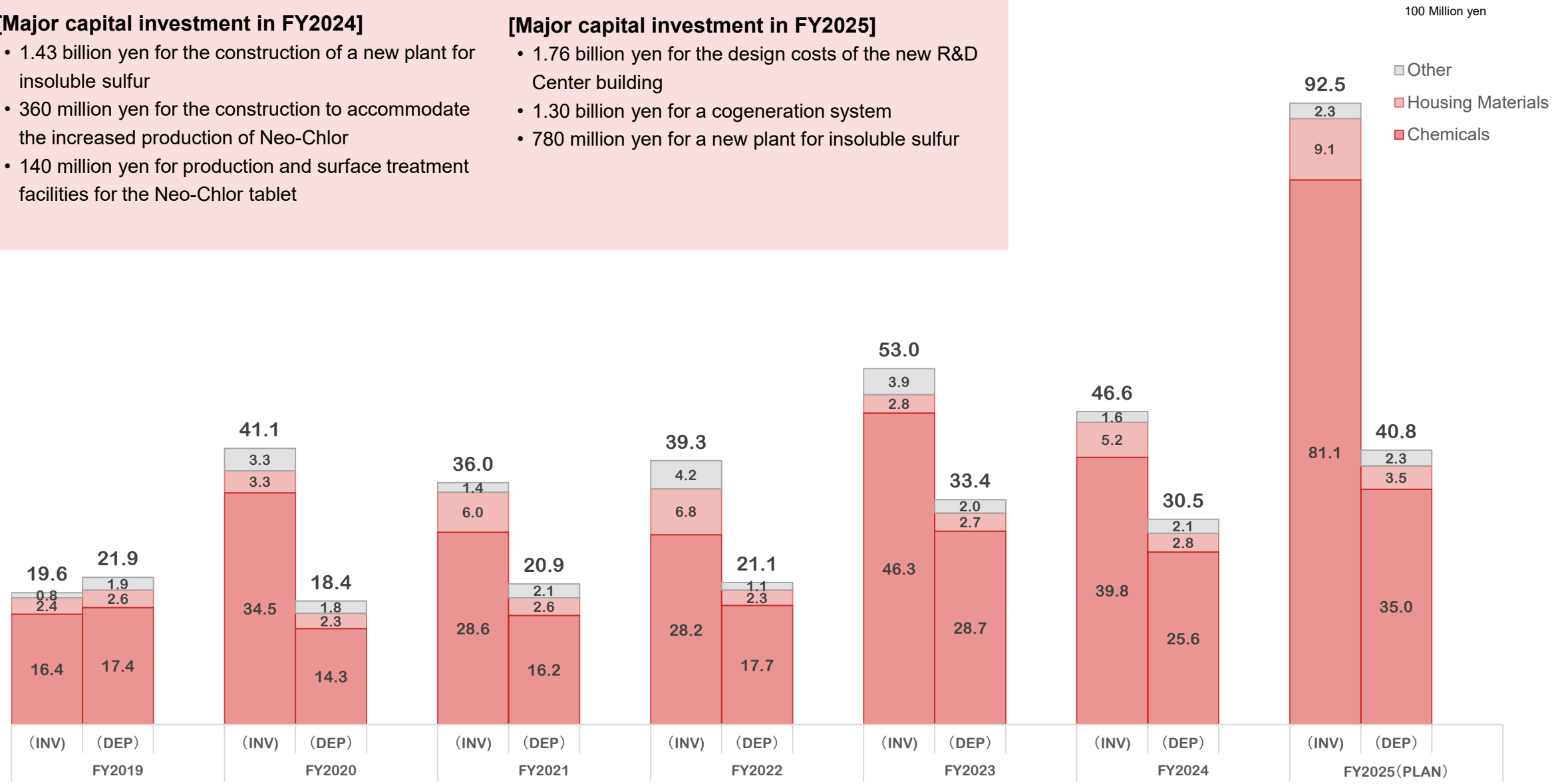
Capital investment and Depreciation

[Major capital investment in FY2024]

- 1.43 billion yen for the construction of a new plant for insoluble sulfur
- 360 million yen for the construction to accommodate the increased production of Neo-Chlor
- 140 million yen for production and surface treatment facilities for the Neo-Chlor tablet

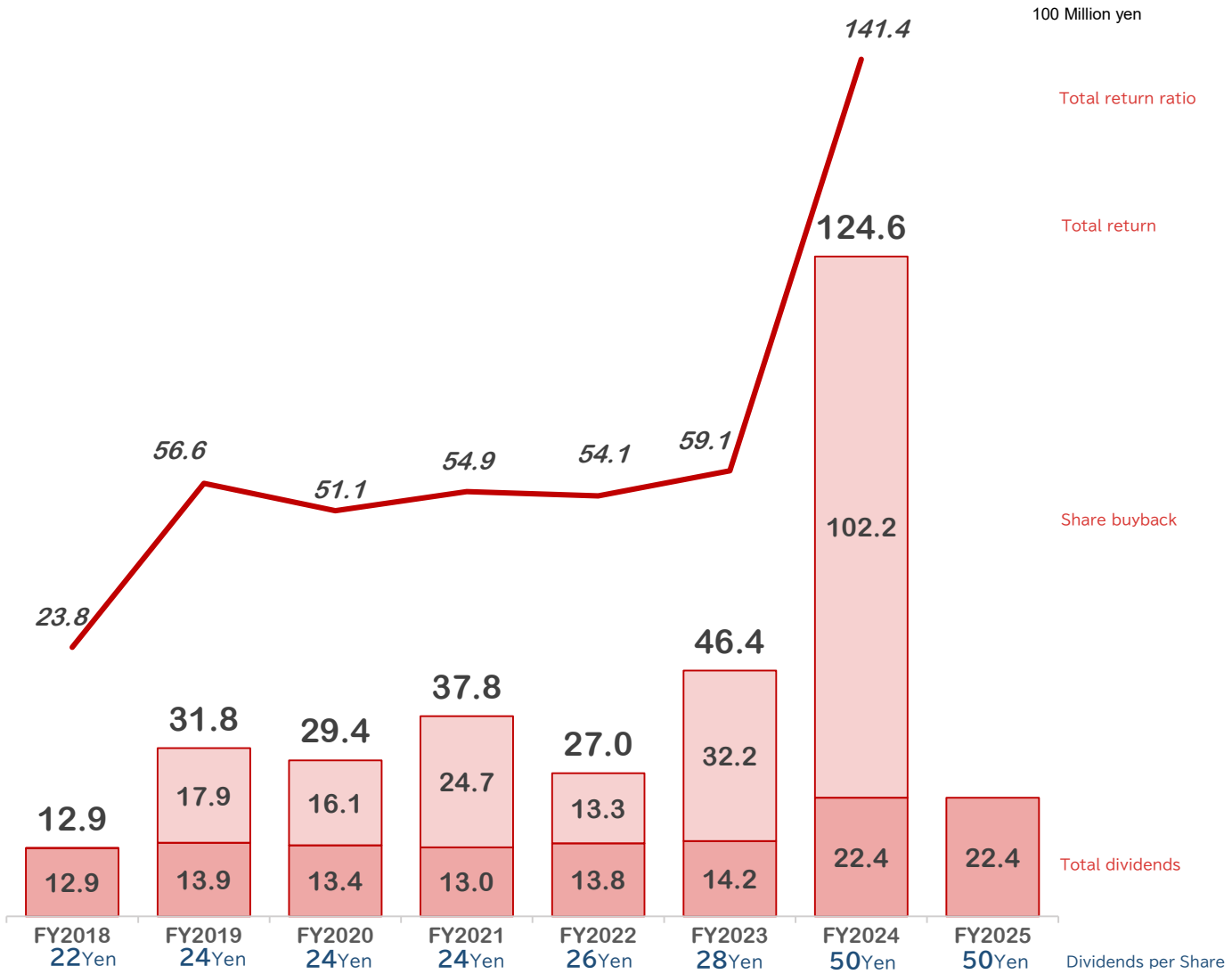
[Major capital investment in FY2025]

- 1.76 billion yen for the design costs of the new R&D Center building
- 1.30 billion yen for a cogeneration system
- 780 million yen for a new plant for insoluble sulfur



Dividend and Share buyback Trends

No changes in the year-end dividend forecast or shareholder return policy



[Shareholder return policy]

- The Company aims to achieve “a dividend payout ratio of 30% and a total return ratio of 50% based on consolidated financial results” under the “Challenge 1000” long-term vision for 2030.
- 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.

*Consolidated shareholders’ equity (Consolidated net assets – Accumulated other comprehensive income)

[FY2024 Shareholder Return Policy]

- Annual dividends were 50 yen per share (interim dividend of 25 yen and year-end dividend of 25 yen).
- Repurchased Company shares of 10.22 billion yen (5,891,100 shares) in total in February 2024 through ToSTNeT-3. It was done as a dissolution of cross-holdings 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 (plan)]

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

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

Analysis of current situation and policies for the present

While ROIC by business increased for Chemicals, it decreased for Housing Materials. ROIC/ROE increased companywide due to the reduction of net assets resulting from the share buyback carried out in February.

Consolidated Balance Sheets (as of 12/31/2024)

[Financial assets]

	FY2023	FY2024
	69.8bn	**72.9bn** (+3.1bn from the beginning of the year)
Cash and deposits	29.9bn	**33.7bn**
Securities		
Investment grade bond scheduled to be redeemed within one year	17.5bn	**14.6bn**
Investment securities		
Investment grade bond	7.0bn	**12.2bn**
Cross-Shareholdings	15.3bn	**12.4bn**

[Excess capital]

Financial income	FY2023	FY2024
	0.69bn	**0.73bn**

(Risk buffer retention policy)
Retain 1/3 of annual net sales
(Allocable funds)
Consider shareholder returns, with the amount excluding risk buffers as the capital that can be reduced if there is no urgent demand for funds.
In particular, the reduction of cross-shareholdings is prioritized while working on creating business synergies with companies of cross-shareholdings.

[Business assets]

Trade receivables
Inventories
Property, plant, and equipment/ Intangible assets

	FY2023	FY2024
【Chemicals】	43.1bn	**43.9bn** (+0.8bn from the beginning of the year)
【Housing Materials】	14.4bn	**14.9bn** (+0.4bn from the beginning of the year)
【Group】	61.1bn	**62.9bn** (+1.7bn from the beginning of the year)

[Investment capital]

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

	FY2023	FY2024
【Chemicals】	30.1bn	**31.4bn** (+1.3bn from the beginning of the year)
ROIC by business	15.2%	**19.6%**
【Housing Materials】	8.1bn	**9.1bn** (+1.0bn from the beginning of the year)
ROIC by business	12.0%	**7.7%**
【Group】	39.2bn	**41.7bn** (+2.5bn from the beginning of the year)

[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

(Target ROIC)
Set to WACC as a hurdle rate of ROIC, and aim to achieve WACC of 6% or less by reducing the cost of equity through leverage.

(Current status)
There is a gap between Chemicals ROIC and Group ROIC, and the return on invested capital as a whole is declining due to excess capital with low yields.
Aim to improve the return on Group ROIC by reducing excess capital to an appropriate amount.

	FY2023	FY2024
	109.0bn	**114.7bn** (+5.6bn from the beginning of the year)
Group ROIC	5.8%	**6.6%**

[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

(Assumed cost of shareholders' equity)
6-8%

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

	FY2023	FY2024
	86.1bn	**83.3bn** (▲2.7bn from the beginning of the year)
ROE	9.4%	**10.4%**

[Interest-bearing debt]

(Basic policy on leverage)
・Actively utilize low-cost funds to the extent that the credit rating can be maintained
・Set D/E ratio to the 30% level

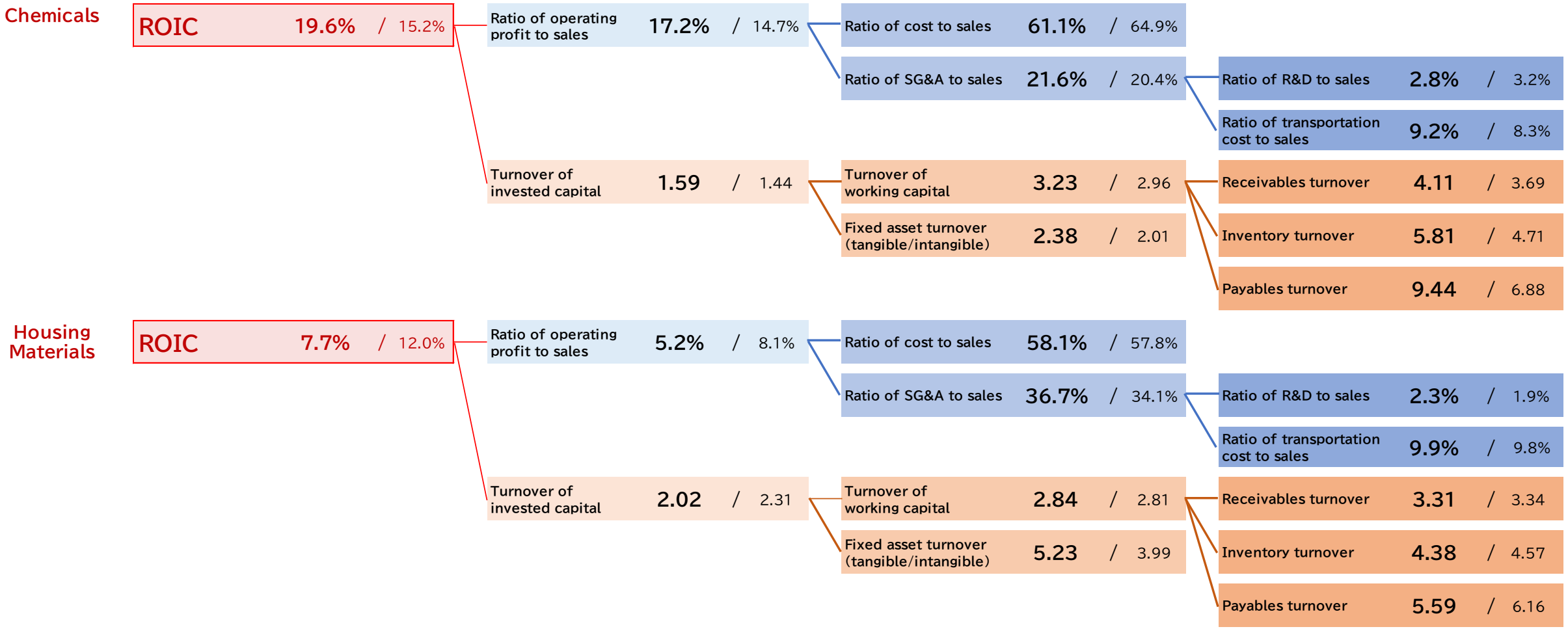
	FY2023	FY2024
	22.2bn	**30.5bn** (+8.3bn from the beginning of the year)

[Future net assets]

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

Analysis of ROIC Tree

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



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- If you understand the above and are interested in exploring investment opportunities, please peruse additional materials such as the Company's securities report and make your investment decision at your own discretion.

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