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August 12, 2026

Consolidated Financial Results for the Six Months Ended June 30, 2026 (Under Japanese GAAP)

Company name: SHIKOKU KASEI HOLDINGS CORPORATION
Listing: Tokyo Stock Exchange
Securities code: 4099
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Scheduled date to file semi-annual securities report: August 12, 2026
Scheduled date to commence dividend payments: September 4, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

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

1. Consolidated financial results for the six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	45,841	34.1	9,439	79.7	9,692	86.2	6,663	78.7
June 30, 2025	34,172	(3.0)	5,253	8.6	5,205	(12.3)	3,729	(7.5)

Note: Comprehensive income For the six months ended June 30, 2026: ¥ 9,634 million [50.1%]
For the six months ended June 30, 2025: ¥ 6,421 million [20.4%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2026	77.04	-
June 30, 2025	42.12	-

The Company conducted a 2-for-1 stock split of its common stock on July 1, 2026. Basic earnings per share are calculated assuming that the stock split took place at the beginning of the fiscal year ended December 31, 2025.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	159,348	102,931	64.2
December 31, 2025	144,403	94,599	65.0

Reference: Equity
As of June 30, 2026: ¥ 102,236 million
As of December 31, 2025: ¥ 93,794 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	-	25.00	-	30.00	55.00
Fiscal year ending December 31, 2026	-	30.00			
Fiscal year ending December 31, 2026 (Forecast)			-	25.00	-

Note: Revisions to the forecast of cash dividends most recently announced: Yes

The Company conducted a 2-for-1 stock split of its common stock on July 1, 2026. The dividends per share shown above for the fiscal year ended December 31, 2025 and for the second quarter-end of the fiscal year ending December 31, 2026 are the amounts before the stock split. The total annual dividend per share for the fiscal year ending December 31, 2026 (forecast) is not shown because, due to the implementation of the stock split, it is not possible to simply add up the second quarter-end and fiscal year-end dividends. Without considering the stock split, the fiscal year-end dividend per share for the fiscal year ending December 31, 2026 (forecast) is ¥50.00, and the total annual dividend per share is ¥80.00.

3. Consolidated financial result forecasts for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(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	94,000	32.9	18,000	65.6	18,400	54.3	12,600	48.9	145.67

Note: Revisions to the financial result forecast most recently announced: Yes

The Company conducted a 2-for-1 stock split of its common stock on July 1, 2026. Basic earnings per share are calculated assuming that the stock split took place at the beginning of the fiscal year ending December 31, 2026.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 2 companies(PT Timuraya Tunggal,PT Pradipa Persada)

Excluded: - companies( )

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

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

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

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2026	89,739,126 shares
As of December 31, 2025	89,739,126 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2026	3,240,786 shares
As of December 31, 2025	3,240,674 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2026	86,498,400 shares
Six months ended June 30, 2025	88,562,148 shares

The Company conducted a 2-for-1 stock split of its common stock on July 1, 2026. The total number of issued shares at the end of the period, the number of treasury shares at the end of the period, and the average number of shares outstanding during the period are calculated assuming that the stock split took place at the beginning of the fiscal year ended December 31, 2025.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

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 “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information.” on page 3 of the attached documents to the quarterly financial statements.

The Company plans to hold a financial results briefing for institutional investors and analysts on Tuesday, August 25, 2026. The content (video and transcript) will be posted on the Company’s website shortly after the briefing.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

The Japanese economy during the six months ended June 30, 2026 recovered moderately, driven by a recovery in consumer spending backed by improvements in the employment and income environments and wage increases. In overseas economies, while some regions are showing weakness, the economy continues to recover moderately. Regarding the outlook for the Japanese economy, the Company recognizes that for the time being, it is necessary to closely monitor the impact that future developments in the Middle East will have on financial and foreign exchange markets, as well as on the economy and prices.

Under these circumstances, for the six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026), the Group posted net sales of ¥45,841 million (up 34.1% year-on-year), operating profit of ¥9,439 million (up 79.7% year-on-year), ordinary profit of ¥9,692 million (up 86.2% year-on-year), and profit attributable to owners of parent of ¥6,663 million (up 78.7% year-on-year). Strong sales in fine chemicals for our Chemicals operations, driven by increasing AI-related demand, resulted in renewed record highs in terms of net sales, operating profit, ordinary profit, and profit attributable to owners of parent, for the six months ended June 30.

Operating results by segment are as follows.

1) Chemicals operations

(Inorganic chemicals)

Sales of insoluble sulfur, a material for radial tires, were higher than those of the previous year due to strong sales mainly in overseas markets. Sales of carbon disulfide for rayon and cellophane were higher than the previous year due to strong export sales. Sales of sodium sulfate for bath agents and detergents were lower than the previous year, due to sluggish sales for detergents.

(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. Sales in the U.S. market exceeded those of the previous year due to a reactive increase from sluggish performance in the previous year.

(Fine chemicals)

Regarding electronic chemicals, sales of the chemical adhesion process GliCAP were strong for use in server boards, particularly overseas. Sales of advanced & specialty chemicals exceeded those of the previous year, owing to strong export sales of the epoxy resin curing agent (imidazoles) and an increase in demand for resin modifier (glycoluril derivatives, etc.). Sales of semiconductor process materials were also strong, driven by expanding demand.

As a result, net sales for the Chemicals operations segment were ¥35,787 million (up 46.5% year-on-year) and segment profit was ¥8,980 million (up 76.7% year-on-year), showing an increase in both net sales and profit.

2) Housing Materials operations

Housing-related demand was sluggish, driven by the continued decline in the number of new housing starts due to rising prices, persistently high construction costs, and growing interest in mortgage interest rate trends. Under these circumstances, sales were up on the previous year owing to our efforts into expanding products for non-residential purposes, which is one of our strengths, as well as for new business domains. In addition, profit was up on the previous year due to the implementation of measures to improve revenue, including price revisions, despite the impact of the soaring prices of aluminum ingots and other raw materials coupled with the increase in distribution costs.

As a result, net sales for the Housing Materials operations segment were ¥9,529 million (up 3.9% year-on-year) and segment profit was ¥313 million (up 370.5% year-on-year), resulting in an increase in both net sales and profit.

Reference information

[Overseas net sales]

	Six months ended June 30, 2025 (from January 1, 2025 to June 30, 2025)		Six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026)	
	Net sales (Million yen)	Overseas net sales to consolidated net sales (%)	Net sales (Million yen)	Overseas net sales to consolidated net sales (%)
Asia	4,659	13.6	12,495	27.3
North America	6,785	19.9	7,811	17.0
Other regions	884	2.6	1,431	3.1
Total	12,329	36.1	21,738	47.4
Consolidated net sales	34,172		45,841	

(2) Explanation of Financial Position

(Status of assets, liabilities and net assets)

Total assets increased by ¥14,945 million from the end of the previous fiscal year to ¥159,348 million. Major increases were ¥4,845 million in accounts receivable - trade, ¥3,635 million in construction in progress, ¥2,745 million in raw materials and supplies, and ¥1,925 million in goodwill.

Liabilities increased by ¥6,613 million from the end of the previous fiscal year to ¥56,417 million. Major increases were ¥3,650 million in long-term borrowings, ¥2,474 million in short-term borrowings, and ¥1,980 million in notes and accounts payable - trade, while the major decrease was ¥4,325 million in current portion of long-term borrowings.

Net assets increased by ¥8,331 million from the end of the previous fiscal year to ¥102,931 million. Major increases were ¥5,361 million in retained earnings and ¥3,121 million in valuation difference on available-for-sale securities.

As a result, equity ratio fell to 64.2% from 65.0% at the end of the previous fiscal year.

(Status of cash flows)

Cash flows provided by operating activities totaled ¥5,987 million (an increase of ¥1,736 million year-on-year). Major cash inflows were profit before income taxes of ¥9,705 million and depreciation of ¥2,046 million, while major cash outflows were increase in trade receivables of ¥2,702 million and income taxes paid of ¥2,191 million.

Cash flows used in investing activities totaled ¥1,617 million (an inflow of ¥2,816 million in the same period of the previous fiscal year). The major cash inflow was proceeds from sale and redemption of investment securities of ¥5,826 million, while major cash outflows were purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥4,435 million and purchase of property, plant and equipment of ¥2,699 million.

Cash flows used in financing activities totaled ¥3,230 million (a decrease of ¥10,040 million year-on-year). The major cash inflow was proceeds from long-term borrowings of ¥4,701 million, while the major cash outflow was repayments of long-term borrowings of ¥6,522 million.

As a result, cash and cash equivalents totaled ¥36,706 million (an increase of ¥1,221 million from the end of the previous fiscal year).

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The Company has revised its full-year financial results forecast announced in the Consolidated Financial Results for the Three Months Ended March 31, 2026, disclosed on May 15, 2026, described as follows.

1. Revision of the consolidated financial results forecast for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

	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
Previously announced forecast (A)	88,000	14,400	14,500	10,000	115.61
Revised forecast (B)	94,000	18,000	18,400	12,600	145.67
Change (B - A)	6,000	3,600	3,900	2,600	
Change (%)	6.8	25.0	26.9	26.0	

2. Reason for the revision

Although the net sales of Housing Materials operations are expected to fall short of expectations, total net sales are expected to exceed the previous forecast as inorganic chemicals and fine chemicals in Chemicals operations are performing strongly.

In addition, regarding profits, operating profit, ordinary profit, and profit attributable to owners of parent are all expected to exceed the previous forecast, due in part to the steady performance of highly profitable fine chemicals.

Assumptions for the exchange rates of major currencies are ¥150 to U.S. dollar and ¥175 to Euro.

(Note) The above financial results forecasts are based on information currently available to the Company as of the date of this report. Actual results may differ significantly from these forecasts due to a wide range of factors.

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes on significant changes in the scope of consolidation)

Following the acquisition of all the shares of PT Timuraya Tunggal during the six months ended June 30, 2026, the company and its subsidiary, PT Pradipa Persada, have been included in the scope of consolidation.

(Notes in the case of significant changes in shareholders' equity)

There is no relevant information.

(Accounting policies adopted specially for the preparation of semi-annual consolidated financial statements)

(Calculation of tax expenses)

The Company makes a reasonable estimate of the effective tax rate after the application of tax effect accounting to profit before income taxes for the current fiscal year, including the six months ended June 30, 2026, and multiplies profit before income taxes for the semi-annual period by the estimated effective tax rate.

Income taxes - deferred are included in income taxes.

Semi-annual Consolidated Financial Statements and Primary Notes

Semi-annual Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	35,534	36,756
Notes receivable - trade	60	9
Electronically recorded monetary claims - operating	3,369	3,457
Accounts receivable - trade	15,143	19,989
Securities	11,895	11,198
Merchandise and finished goods	9,835	9,703
Work in process	109	319
Raw materials and supplies	4,645	7,390
Other	1,494	1,671
Allowance for doubtful accounts	(1)	(10)
Total current assets	82,087	90,485
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,975	7,490
Machinery, equipment and vehicles, net	9,772	10,363
Land	9,105	8,914
Construction in progress	3,047	6,682
Other, net	880	1,039
Total property, plant and equipment	29,781	34,489
Intangible assets		
Goodwill	66	1,992
Other	589	561
Total intangible assets	656	2,554
Investments and other assets		
Investment securities	27,465	27,012
Deferred tax assets	1,880	2,051
Retirement benefit asset	1,446	1,436
Other	1,087	1,321
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	31,878	31,819
Total non-current assets	62,315	68,863
Total assets	144,403	159,348

(Millions of yen)

	As of December 31, 2025	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,981	10,962
Electronically recorded obligations - operating	552	437
Short-term borrowings	3,000	5,474
Current portion of long-term borrowings	7,520	3,194
Accrued expenses	1,801	2,142
Income taxes payable	2,497	3,324
Accrued consumption taxes	203	176
Electronically recorded obligations-facilities	65	637
Other	3,562	3,238
Total current liabilities	28,184	29,587
Non-current liabilities		
Long-term borrowings	13,832	17,483
Deferred tax liabilities	5,312	6,735
Deferred tax liabilities for land revaluation	1,029	1,029
Provision for retirement benefits for directors (and other officers)	111	114
Retirement benefit liability	527	598
Asset retirement obligations	371	370
Provision for share awards	108	127
Other	325	370
Total non-current liabilities	21,619	26,829
Total liabilities	49,803	56,417
Net assets		
Shareholders' equity		
Share capital	6,867	6,867
Capital surplus	5,711	5,711
Retained earnings	69,085	74,446
Treasury shares	(2,996)	(2,997)
Total shareholders' equity	78,668	84,029
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,670	14,791
Revaluation reserve for land	2,249	2,248
Foreign currency translation adjustment	472	467
Remeasurements of defined benefit plans	733	699
Total accumulated other comprehensive income	15,126	18,207
Non-controlling interests	804	694
Total net assets	94,599	102,931
Total liabilities and net assets	144,403	159,348

Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statement of Income

(Millions of yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Net sales	34,172	45,841
Cost of sales	19,653	25,713
Gross profit	14,518	20,127
Selling, general and administrative expenses		
Transportation and storage costs	3,223	3,659
Advertising expenses	560	545
Salaries	1,418	1,608
Retirement benefit expenses	51	81
Provision for retirement benefits for directors (and other officers)	5	10
Research and development expenses	1,000	1,171
Other	3,005	3,612
Total selling, general and administrative expenses	9,264	10,687
Operating profit	5,253	9,439
Non-operating income		
Interest income	183	209
Dividend income	368	139
Foreign exchange gains	-	183
Miscellaneous income	22	43
Total non-operating income	574	575
Non-operating expenses		
Interest expenses	71	291
Foreign exchange losses	536	-
Donations	5	-
Miscellaneous losses	9	31
Total non-operating expenses	622	322
Ordinary profit	5,205	9,692
Extraordinary income		
Gain on sale of non-current assets	5	1
Gain on sale of investment securities	146	286
Subsidy income	-	213
Total extraordinary income	152	501
Extraordinary losses		
Loss on sale of non-current assets	5	2
Loss on retirement of non-current assets	39	59
Impairment losses	-	228
Loss on sale of investment securities	-	197
Total extraordinary losses	45	488
Profit before income taxes	5,312	9,705
Income taxes	1,542	3,152
Profit	3,769	6,553
Profit (loss) attributable to non-controlling interests	40	(110)
Profit attributable to owners of parent	3,729	6,663

Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Profit	3,769	6,553
Other comprehensive income		
Valuation difference on available-for-sale securities	2,910	3,121
Revaluation reserve for land	(29)	-
Foreign currency translation adjustment	(214)	(4)
Remeasurements of defined benefit plans, net of tax	(15)	(34)
Total other comprehensive income	2,651	3,081
Comprehensive income	6,421	9,634
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,380	9,745
Comprehensive income attributable to non-controlling interests	40	(110)

Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Cash flows from operating activities		
Profit before income taxes	5,312	9,705
Depreciation	1,473	2,046
Impairment losses	-	228
Increase (decrease) in retirement benefit liability	(2)	(165)
Decrease (increase) in retirement benefit asset	(38)	(35)
Interest and dividend income	(552)	(348)
Interest expenses	71	291
Loss (gain) on sale of investment securities	(146)	(89)
Subsidy income	-	(213)
Loss on retirement of property, plant and equipment	39	59
Loss (gain) on sale of property, plant and equipment	0	1
Decrease (increase) in trade receivables	(68)	(2,702)
Decrease (increase) in inventories	69	(216)
Increase (decrease) in trade payables	(1,247)	(784)
Increase (decrease) in accrued consumption taxes	220	261
Other, net	575	(162)
Subtotal	5,707	7,875
Interest and dividends received	566	388
Interest paid	(74)	(298)
Subsidies received	-	213
Income taxes refund (paid)	(1,949)	(2,191)
Net cash provided by (used in) operating activities	4,250	5,987
Cash flows from investing activities		
Proceeds from redemption of securities	2,000	-
Purchase of property, plant and equipment	(2,680)	(2,699)
Proceeds from sale of property, plant and equipment	12	3
Payments for retirement of property, plant and equipment	(38)	(53)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(106)	(4,435)
Purchase of investment securities	(5)	(5)
Proceeds from sale and redemption of investment securities	3,720	5,826
Other, net	(84)	(253)
Net cash provided by (used in) investing activities	2,816	(1,617)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,500)	(126)
Proceeds from long-term borrowings	3,300	4,701
Repayments of long-term borrowings	(9,153)	(6,522)
Purchase of treasury shares	(2,794)	(0)
Dividends paid	(1,120)	(1,303)
Other, net	(2)	20
Net cash provided by (used in) financing activities	(13,270)	(3,230)
Effect of exchange rate change on cash and cash equivalents	(338)	82
Net increase (decrease) in cash and cash equivalents	(6,541)	1,221
Cash and cash equivalents at beginning of period	33,739	35,484
Cash and cash equivalents at end of period	27,197	36,706

(Segment information, etc.)

I. For the six months ended June 30, 2025 (from January 1, 2025 to June 30, 2025)

1. Information on net sales and profit (loss) by reportable segment and disaggregation of revenue

(Million yen)

	Reportable segment			Other (Note) 1	Total	Adjustment (Note) 2	Amount recorded in semi-annual consolidated statements of income (Note) 3
	Chemicals operations	Housing Materials operations	Total				
Net sales							
Inorganic chemicals	7,294	-	7,294	-	7,294	-	7,294
Organic chemicals	9,074	-	9,074	-	9,074	-	9,074
Fine chemicals	8,067	-	8,067	-	8,067	-	8,067
Interior, exterior finishes and paving materials	-	636	636	-	636	-	636
Exterior products	-	8,532	8,532	-	8,532	-	8,532
Other	-	-	-	554	554	-	554
Revenue from contracts with customers	24,436	9,168	33,605	554	34,160	-	34,160
Other revenue	-	-	-	11	11	-	11
Net sales to outside customers	24,436	9,168	33,605	566	34,172	-	34,172
Inter-segment net sales or transfers	9	0	10	138	148	(148)	-
Total	24,446	9,169	33,615	704	34,320	(148)	34,172
Segment profit	5,081	66	5,147	51	5,199	54	5,253

(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 ¥54 million includes profit (loss) and others not allocated to business segments.

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

2. Information related to assets by reportable segment

(Significant increase in assets due to acquisition of subsidiaries)

There is no relevant information.

3. Information on impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant changes in the amount of goodwill)

There is no relevant information.

(Significant impairment losses on non-current assets)

There is no relevant information.

II. For the six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026)

1. Information on net sales and profit (loss) by reportable segment and disaggregation of revenue

(Million yen)

	Reportable segment			Other (Note) 1	Total	Adjustment (Note) 2	Amount recorded in semi-annual consolidated statements of income (Note) 3
	Chemicals operations	Housing Materials operations	Total				
Net sales							
Inorganic chemicals	10,624	-	10,624	-	10,624	-	10,624
Organic chemicals	11,491	-	11,491	-	11,491	-	11,491
Fine chemicals	13,671	-	13,671	-	13,671	-	13,671
Interior, exterior finishes and paving materials	-	1,049	1,049	-	1,049	-	1,049
Exterior products	-	8,480	8,480	-	8,480	-	8,480
Other	-	-	-	512	512	-	512
Revenue from contracts with customers	35,787	9,529	45,317	512	45,829	-	45,829
Other revenue	-	-	-	11	11	-	11
Net sales to outside customers	35,787	9,529	45,317	524	45,841	-	45,841
Inter-segment net sales or transfers	3	6	9	154	163	(163)	-
Total	35,790	9,535	45,326	678	46,004	(163)	45,841
Segment profit	8,980	313	9,293	14	9,308	130	9,439

(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 ¥130 million includes profit (loss) and others not allocated to business segments.

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

2. Information related to assets by reportable segment

(Significant increase in assets due to acquisition of subsidiaries)

Following the acquisition of the shares of PT Timuraya Tunggal and the inclusion of the company and its subsidiary, PT Pradipa Persada, in the scope of consolidation during the six months ended June 30, 2026, assets in the Chemicals operations segment increased by ¥8,157 million.

The amount of assets is provisional since the allocation of acquisition cost has not been finalized at the end of the semi-annual period under review.

3. Information on impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant changes in the amount of goodwill)

Following the acquisition of the shares of PT Timuraya Tunggal and the inclusion of the company and its subsidiary, PT Pradipa Persada, in the scope of consolidation during the six months ended June 30, 2026, goodwill in the Chemicals operations segment increased by ¥1,931 million.

The amount of goodwill is provisional since the allocation of acquisition cost has not been finalized at the end of the semi-annual period under review.

(Significant impairment losses on non-current assets)

The Group decided to reorganize its subsidiaries in the Housing Materials operations segment with the aim of strengthening the production system and making effective use of management resources. Accordingly, based on the post-reorganization business plan, the Group reduced the book value of the relevant assets to their recoverable amount and recorded the resulting reduction as impairment losses under extraordinary losses. The amount of impairment losses recorded in the Housing Materials operations segment for the six months ended June 30, 2026 is ¥228 million.

(Business combination, etc.)

(Business combination by acquisition)

The Company and SHIKOKU CHEMICALS CORPORATION, a consolidated subsidiary of the Company engaged in the Chemicals operations business, resolved at their respective meetings of the Board of Directors held on November 26, 2025, to conclude a share transfer agreement concerning the acquisition of all the shares of PT Timuraya Tunggal ("Timuraya"), headquartered in the Republic of Indonesia, and conversion into the Company's wholly-owned subsidiary (the "Acquisition"). The share transfer agreement was entered into on November 28, 2025. On February 26, 2026, the share acquisition was completed following the satisfaction of the closing conditions for the Acquisition.

1. Outline of the business combination

(1) Name of the acquired company and its business

Name of the acquired company:	PT Timuraya Tunggal As a result of this business combination, PT Pradipa Persada, a subsidiary of the company, has also been included in the scope of consolidation.
Description of its business:	Manufacture and sale of basic chemicals and agricultural chemicals, sale of industrial chemicals, fertilizers, and other products

(2) Main reasons for the business combination

The Group has set forth its desiring status, "toward 'one-step-ahead, proposal' company with creativity," in its long-term vision, "Challenge 1000," aiming to grow into a world-leading corporate group that solves social issues with creative ideas. In order to achieve this objective, the Company has implemented a strategy of establishing a global footing and accelerating worldwide expansion, examining and implementing the optimization of production, development, and sales bases both domestically and internationally.

The target company, Timuraya, is a chemical manufacturer founded in 1979. Starting with sulfur as its material, Timuraya manufactures and sells a wide range of products, including sulfuric acid. Timuraya also manufactures and sells materials for the Chemicals operations business of the Company. The Acquisition will ensure the stable procurement of essential materials for the Company's products. Furthermore, by leveraging Timuraya's sales network in Southeast Asia and other regions and setting Timuraya as one of the Group's global bases, the Company will accelerate the global expansion of its Chemicals operations.

(3) Date of business combination

Share acquisition date: February 26, 2026

Deemed acquisition date: March 31, 2026

(4) Legal form of the business combination

Share acquisition

(5) Name of the entity after combination

No change.

(6) Percentage of voting rights acquired

100.0% (Investment ratio: the Company 10.0%, SHIKOKU CHEMICALS CORPORATION 90.0%)

(7) Main grounds for determining the acquiring company

The Company's acquisition of shares in exchange for cash consideration

2. Period for which the acquired company's operating results are included in the semi-annual consolidated statement of income

From April 1, 2026 to June 30, 2026

3. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	Cash	¥4,684 million
Acquisition cost		¥4,684 million

(Note) The acquisition cost has not yet been determined at this time since price adjustments based on the share transfer agreement have not been finalized.

4. Details and amounts of major acquisition-related expenses

Advisory fees, etc. ¥642 million

The acquisition-related expenses were recognized as incurred.

5. Amount of goodwill recognized, the reason for recognition, and the method and period of amortization

(1) Amount of goodwill recognized

¥2,059 million

The amount is provisional since the allocation of acquisition cost has not been finalized at the end of the semi-annual period under review.

(2) Reason for recognition

Primarily the excess earning power expected from future business expansion.

(3) Method and period of amortization

Straight-line amortization over 8 years.

6. Amounts of assets received and liabilities assumed on the date of the business combination, and the major components thereof

Current assets	¥5,698 million
Non-current assets	¥3,918 million
Total assets	¥9,617 million
Current liabilities	¥5,619 million
Non-current liabilities	¥1,322 million
Total liabilities	¥6,942 million

(Note) The amounts are provisional since the allocation of acquisition cost has not been finalized at the end of the semi-annual period under review.

(Significant subsequent events)

(Stock split)

Based on the resolution of the Board of Directors on May 29, 2026, the Company conducted a stock split effective July 1, 2026.

1. Purpose of stock split

The purpose of the stock split is to improve the liquidity of the Company's shares and expand our investor base by reducing the investment unit price, thereby creating a more accessible environment for investors.

2. Overview of the stock split

(1) Method

Each share of common stock held by shareholders listed or recorded in the final shareholder register as of the record date of June 30, 2026 was split into two shares.

(2) Number of shares increased by the stock split

A) Total number of issued shares prior to the stock split	44,869,563 shares
B) Number of shares increased by the stock split	44,869,563 shares
C) Total number of issued shares following the stock split	89,739,126 shares
D) Total number of authorized shares following the stock split	235,850,000 shares

Note: There is no change to the total number of authorized shares (235,850,000 shares) in connection with the stock split.

3. Schedule of the stock split

(1) Public notice date of the record date	June 15, 2026
(2) Record date	June 30, 2026
(3) Effective date	July 1, 2026

4. Change in the amount of share capital

There is no change to the amount of share capital in connection with the stock split.