SHIKOKU

Supplemental Information
Financial Results
For FY 2026 2Q

2026/8/12

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

1. Consolidated Financial Results

Financial Highlights

Led by the continued strong performance in fine chemicals, all segments exceeded the previous year's performance, resulting in renewed record highs for net sales and profit at each level in the first half of the year.

Million yen

	FY2025 2Q	FY2026 2Q	Change ／ Rate	Remarks
Net Sales	34,172	45,841	+11,669 +34.1%	・Chemicals operations increased due to strong sales of fine chemicals ・Housing Materials operations increased slightly, due to the penetration of price increases and M&A
Operating profit	5,253	9,439	+4,185 +79.7%	・Operating profit increased significantly due to increased fine chemicals sales
Ordinary profit	5,205	9,692	+4,486 +86.2%	・Foreign exchange gains and losses 183 (YoY+720) ・Interest income 209 (YoY+25)
Profit attributable to owners of parent	3,729	6,663	+2,933 +78.7%	・Gain and loss on sale of investment securities 89 (YoY▲57) ・Loss of retirement of non-current assets ▲59 (YoY▲20)
Exchange rate	1USD 150JPY 1EUR 161JPY 1RMB 20.2JPY	1USD 158JPY 1EUR 185JPY 1RMB 22.9JPY	Net sales +1.26 billion yen Operating Profit +0.86 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.
ROE	8.8%	13.6%	+4.8%	

*Quarterly ROE is converted to the annual rate, and in 2Q, returns are multiplied by 2.

Trends in Net sales and Operating profit (YTD)

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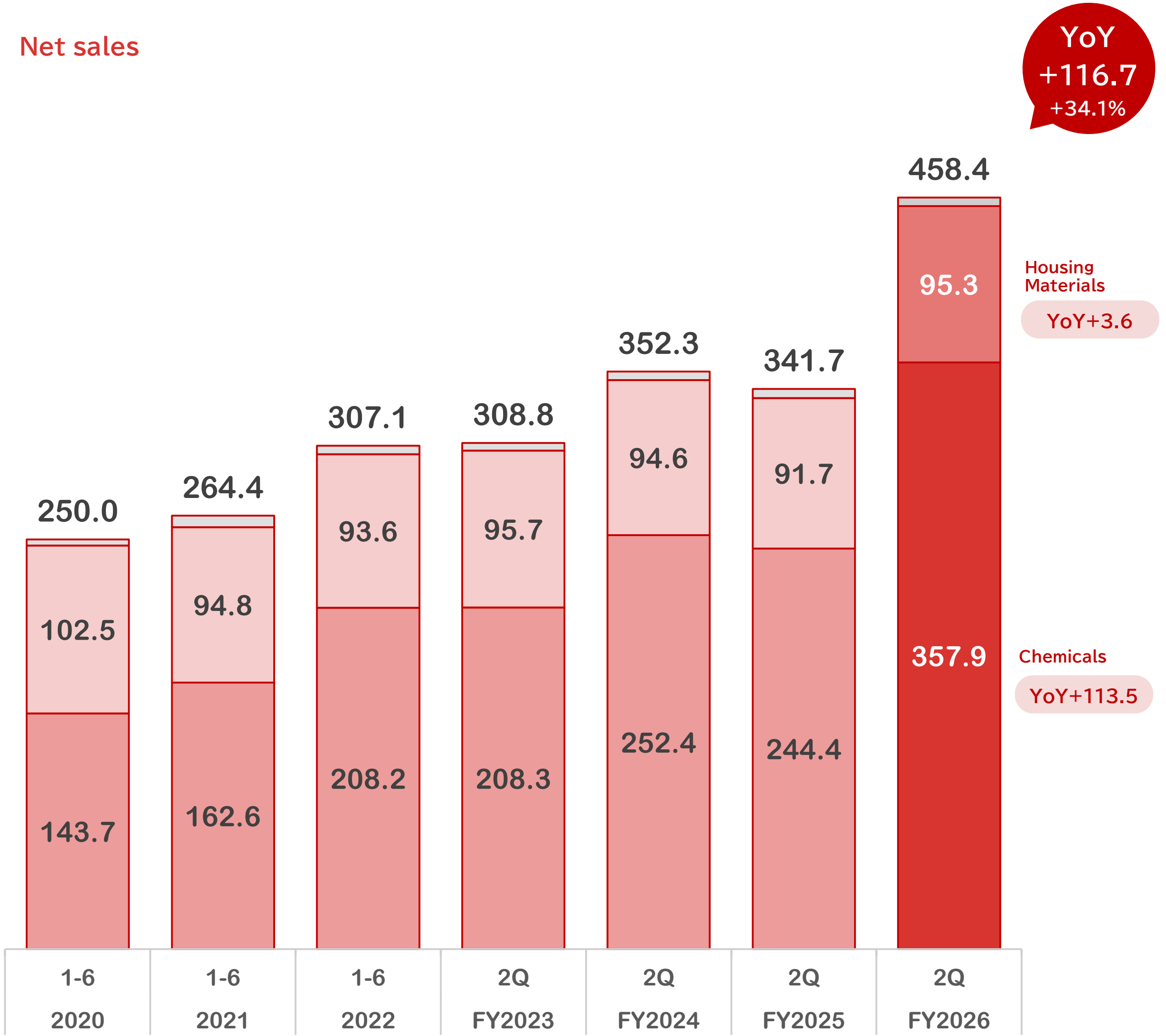
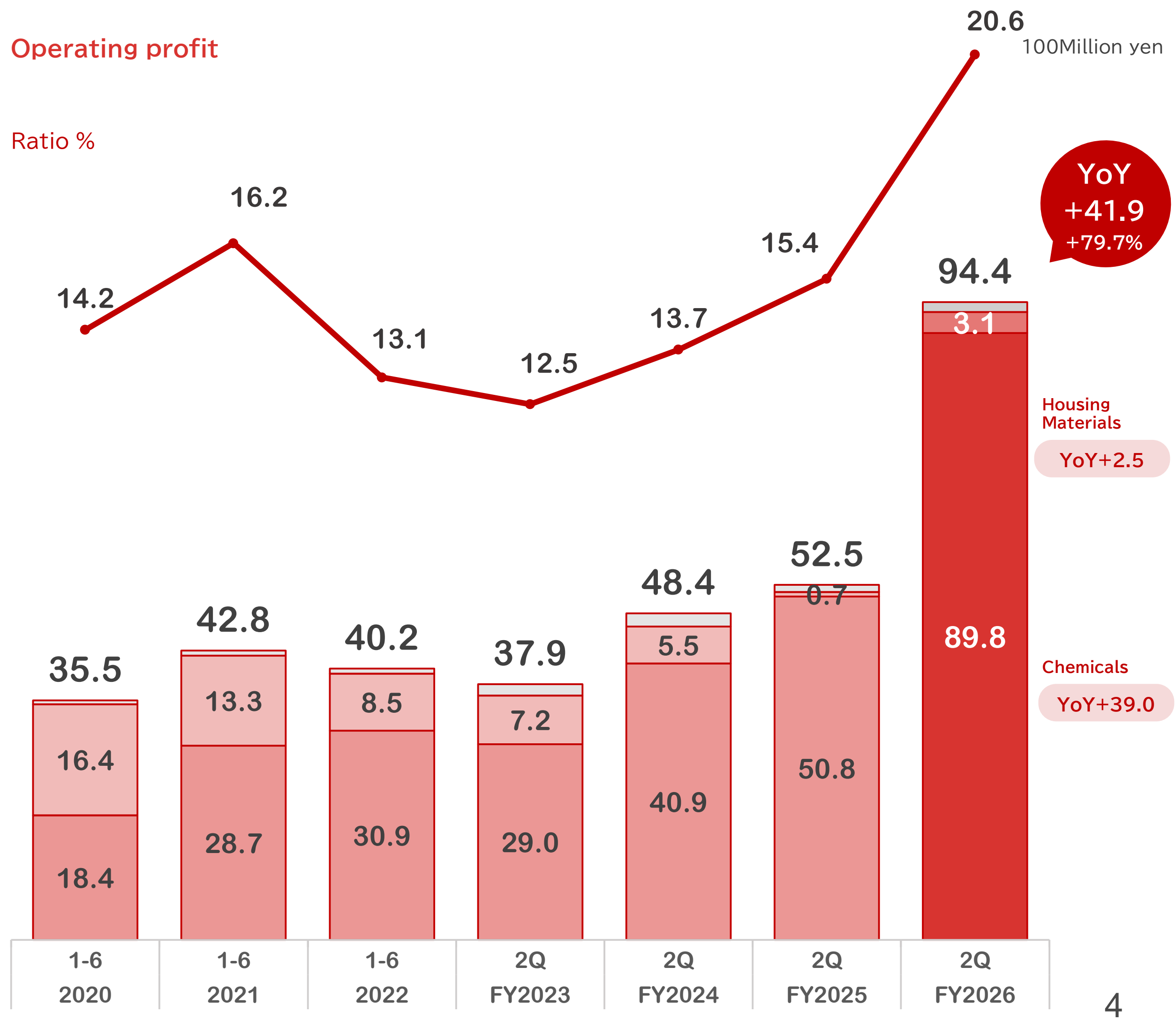
Total net sales increased (+11.67B) due to increased sales in Chemicals (+11.35B) and increased sales in Housing Materials (+360M)
Total operating profit increased (+4.19B) due to increased profits in Chemicals (+3.90B) and increased profits in Housing Materials (+250M)



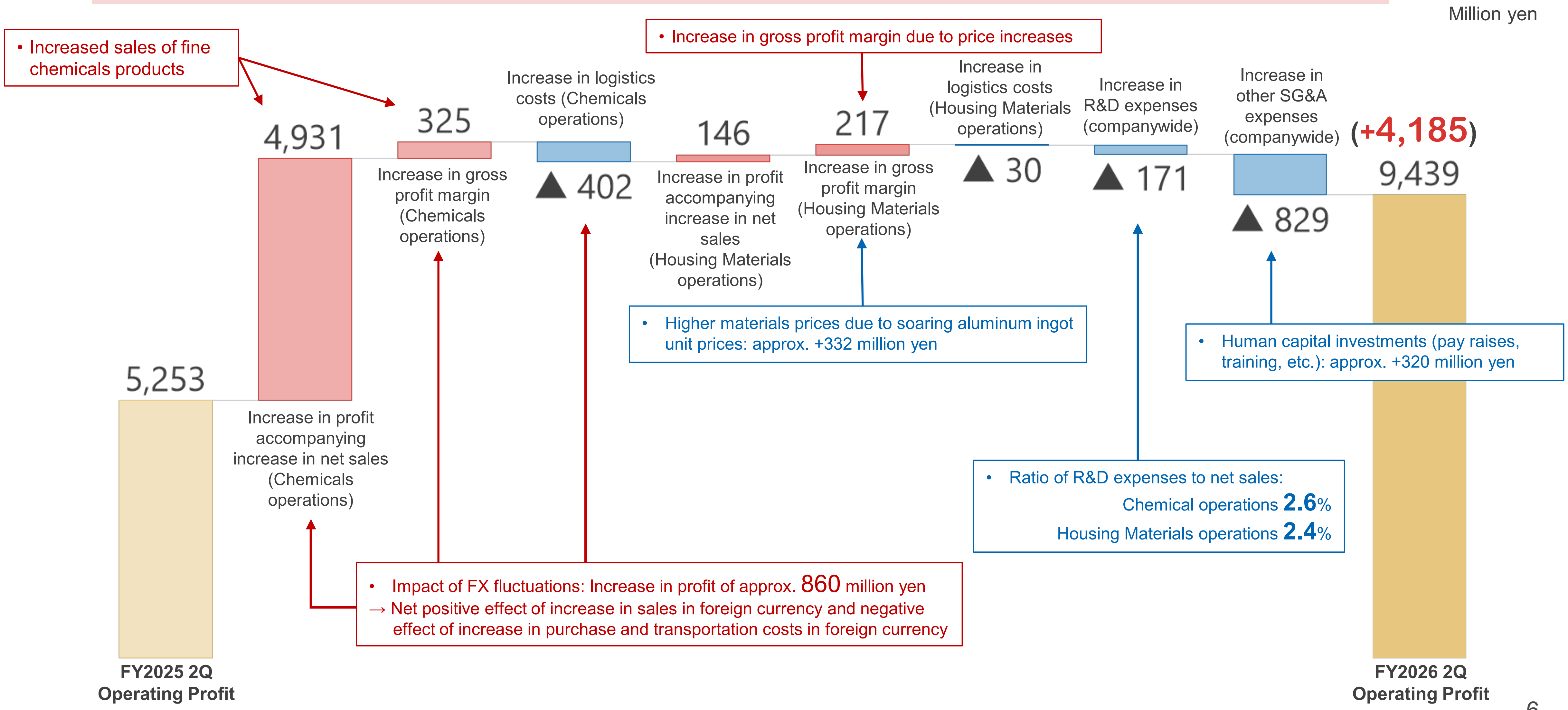


Segment		YoY	QoQ	Overview of FY2026 2Q
Inorganic chemicals		↗	↗	• Sales of insoluble sulfur increased both YoY and QoQ due to strong exports to Asia. • Sales of carbon disulfide increased YoY due to strong export sales, but decreased QoQ due to a reactionary decline. • The consolidation of Timuraya resulted in a YoY and QoQ increase in sales of approximately 2.5 billion yen.
Organic chemicals		↗	↗	• Sales of Neo-Chlor increased QoQ in 2Q—the peak demand period due to the pool season—and also increased YoY due to a reactive increase from sluggish performance in the previous year. • The consolidation of Timuraya resulted in a YoY and QoQ increase in sales of approximately 800 million yen.
Fine chemicals	Advanced & specialty chemicals	↗	↗	• Sales of resin curing agent (imidazoles) increased both YoY and QoQ, driven by strong demand. • Sales of resin modifiers remained flat YoY due to strong performance in 2Q of the previous year, and remained flat QoQ due to continued strong performance. • Sales of semiconductor process materials increased YoY and remained flat QoQ, backed by robust semiconductor market conditions.
	Electronic chemicals	↗	↗	• Sales of Glicoat-SMD increased YoY due to a rebound from sluggish performance in 2Q of the previous year, and remained flat QoQ, in line with expectations. • Sales of GliCAP were strong against the backdrop of growing AI-related demand, and increased significantly both YoY and QoQ.
Housing Materials		→	↘	• Despite the YoY sales volume decrease, sales increased slightly due to the price increases implemented in April 2025 and the M&A in interior, exterior finishes and paving materials. Sales decreased QoQ due to a reactionary decline from the peak demand period for landscape exterior products between January and March.

	YoY	QoQ
Total	↗	↗

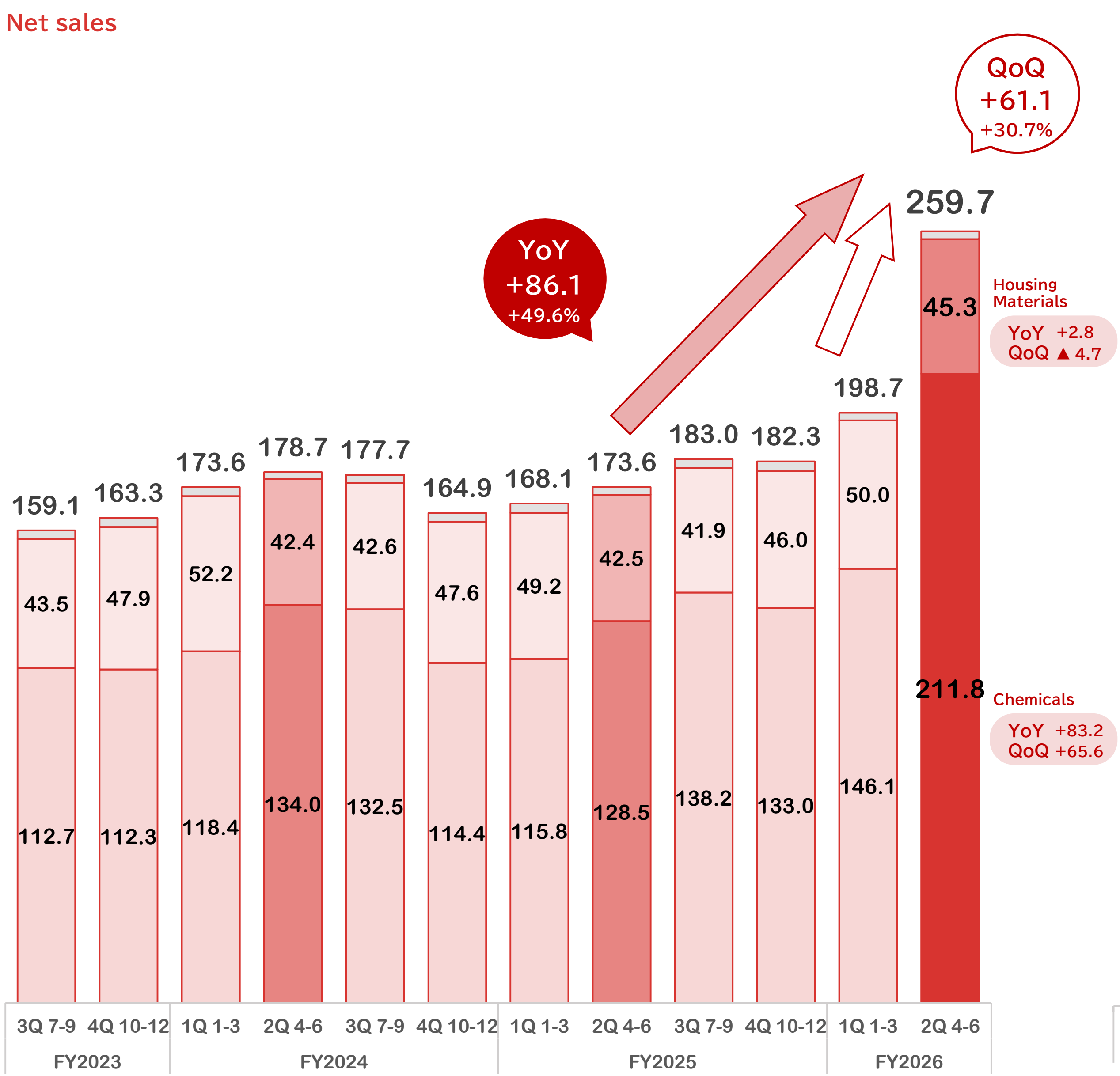
YoY Changes in Operating profit

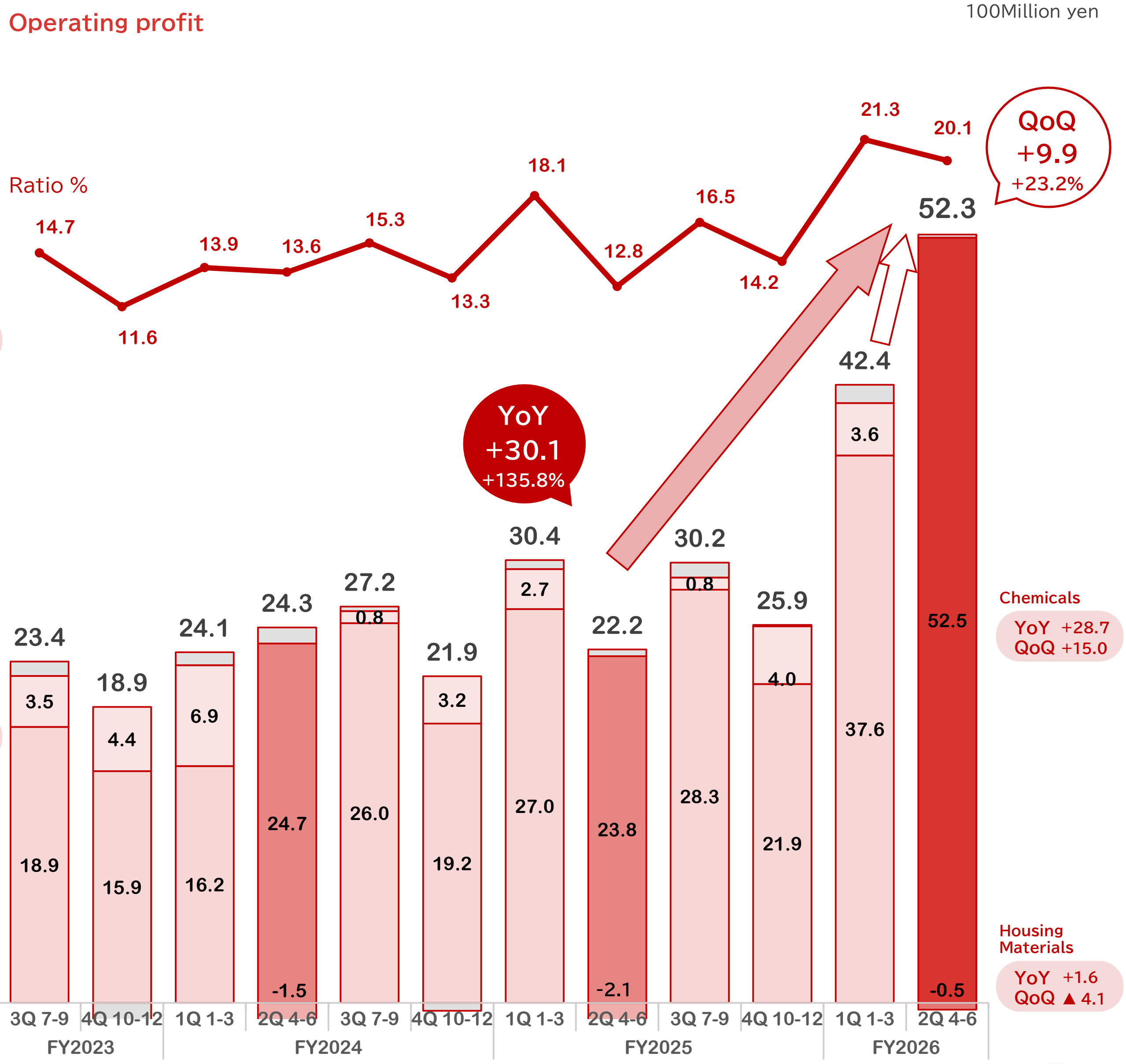
Operating profit increased significantly, driven by strong sales performance in each segment in Chemicals operations. In particular, increased sales of high-margin fine chemicals products contributed to the increase in operating profit.



Trends in Net sales and Operating profit (QTD)

100Million yen

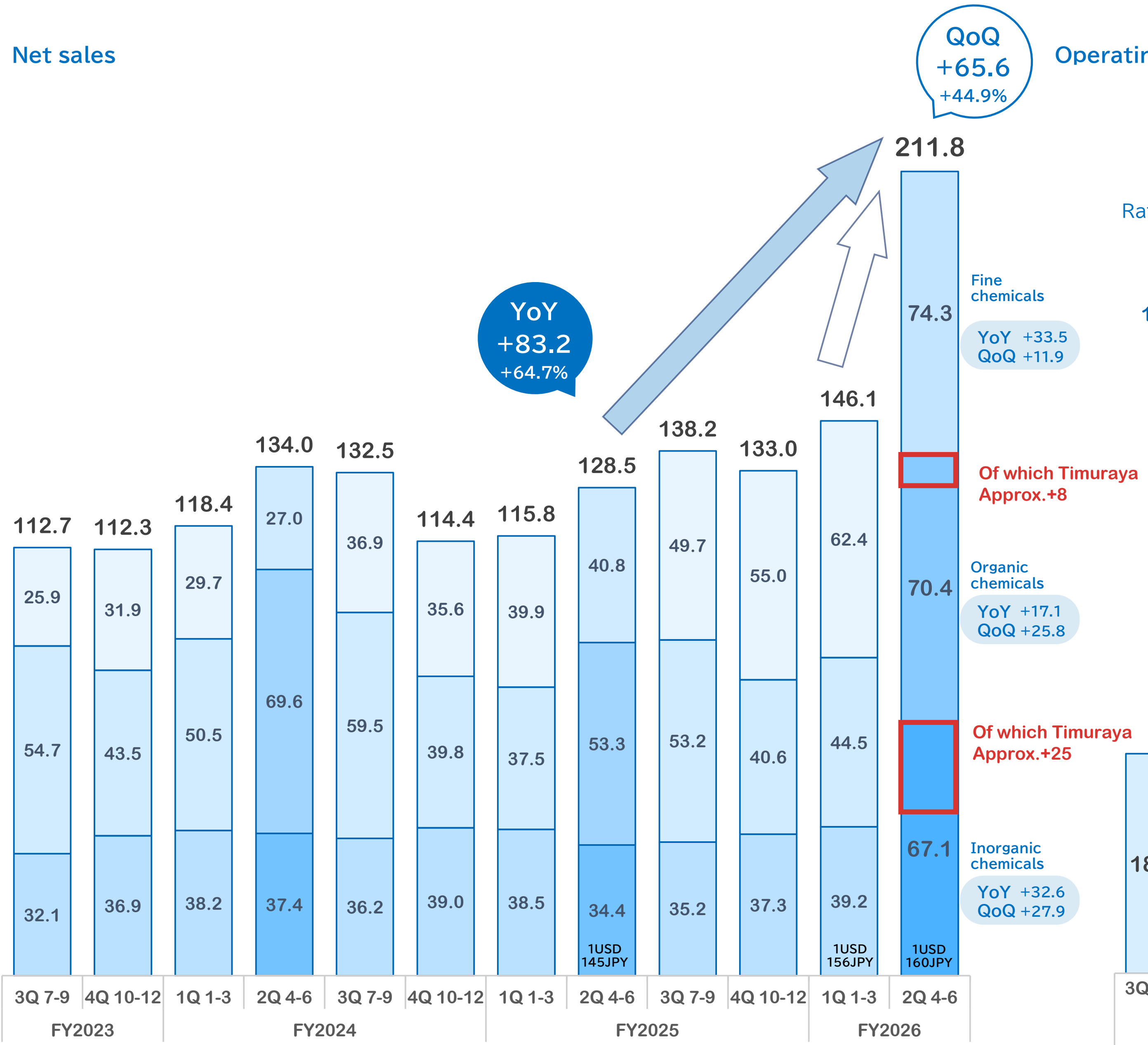




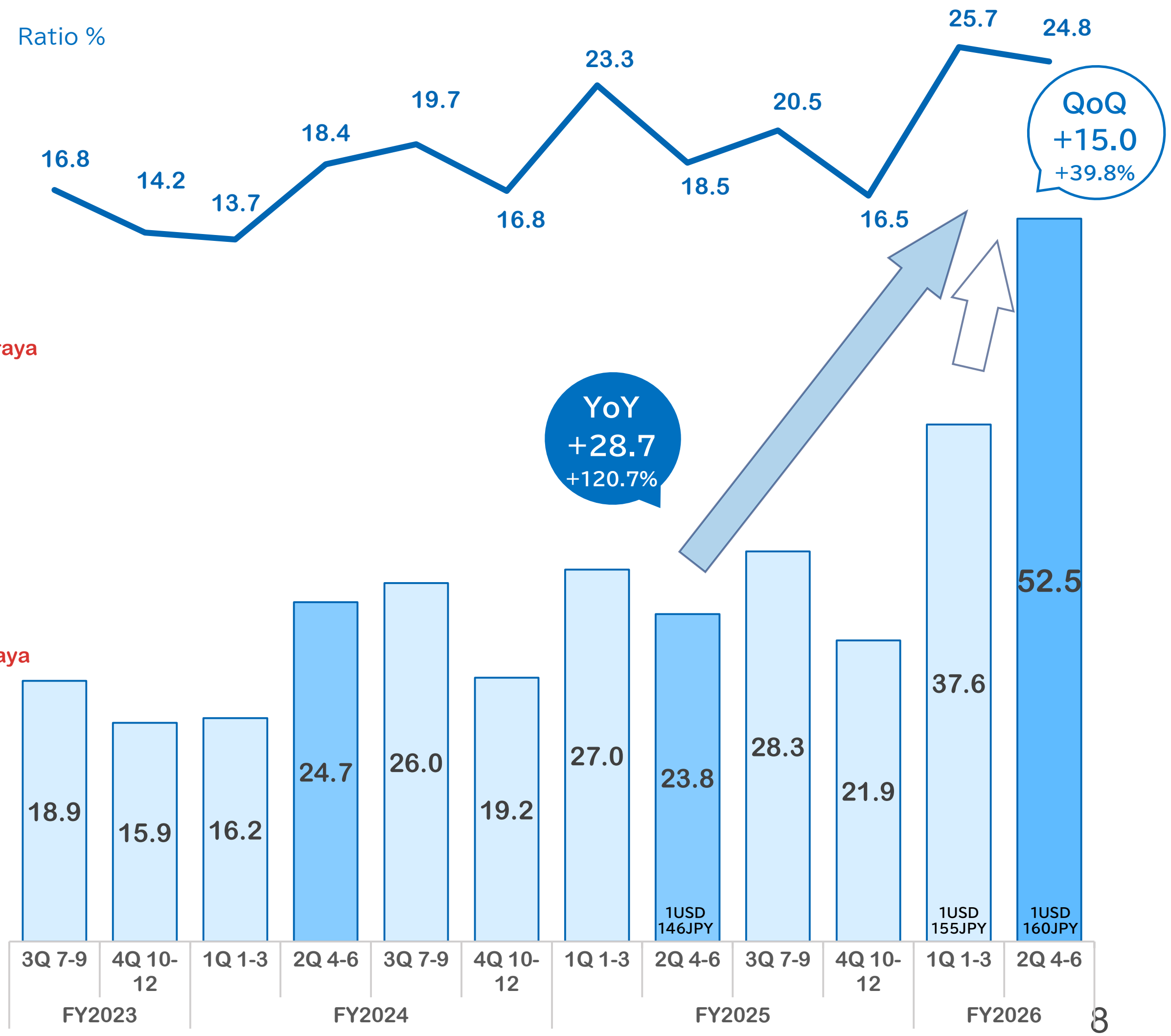
Operating results by segment : Chemicals (QTD)

100Million yen

Net sales



Operating profit



Operating results by segment : Housing Materials (QTD)

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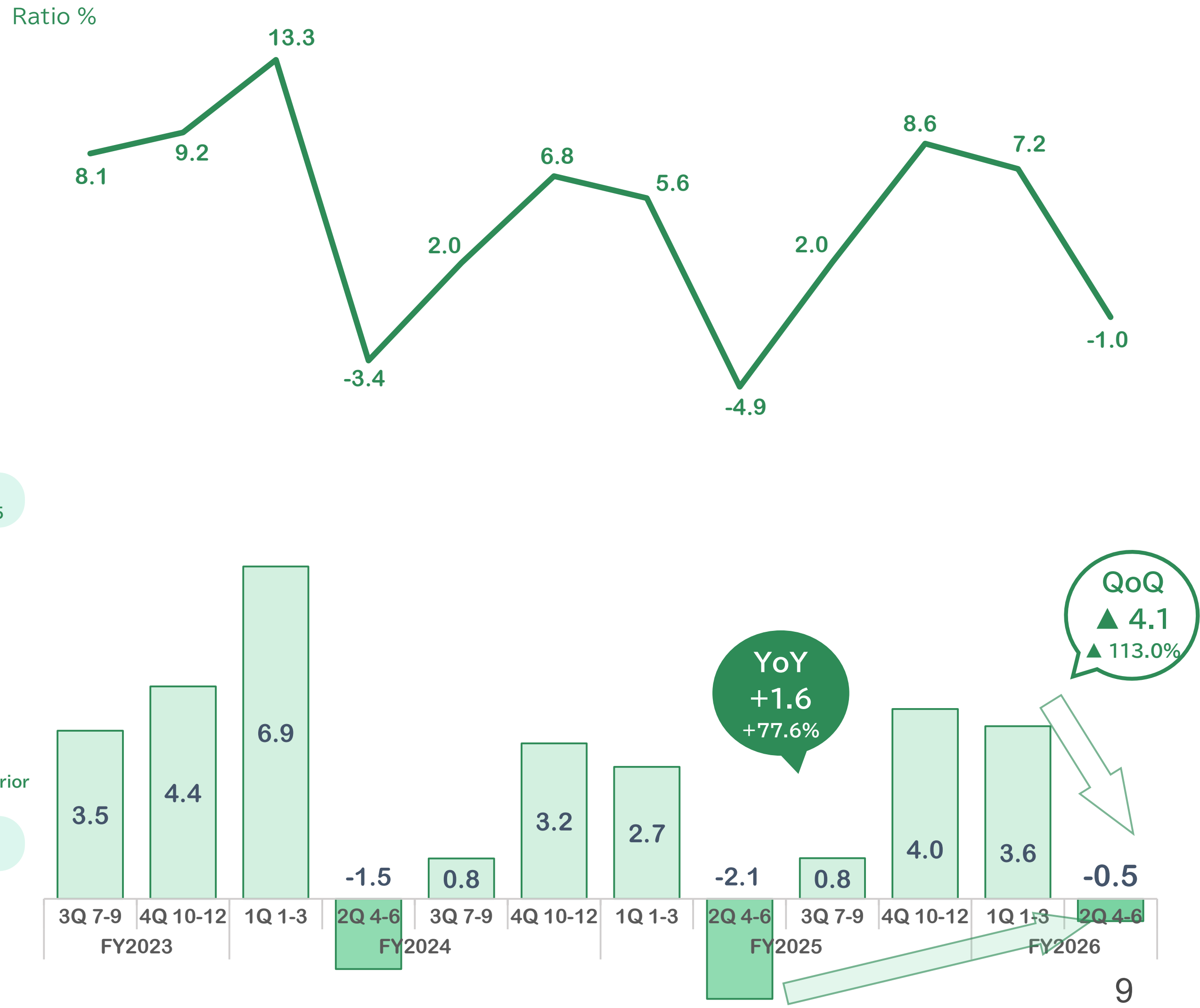
Net sales

Operating profit

100Million yen



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2. Financial Forecast for the Fiscal Year Ending 2026

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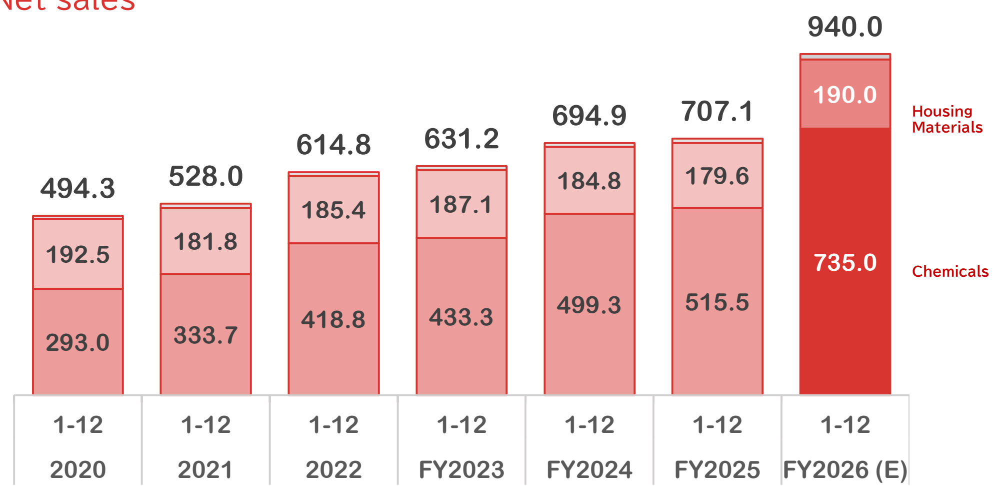
Forecast of Consolidated Financial Results

Cumulative net sales and profit at each level in 2Q significantly exceeded expectations, driven by the strong performance of inorganic chemicals and fine chemicals. Accordingly, the forecast for sales and profit at each level has been revised upward.

Million yen

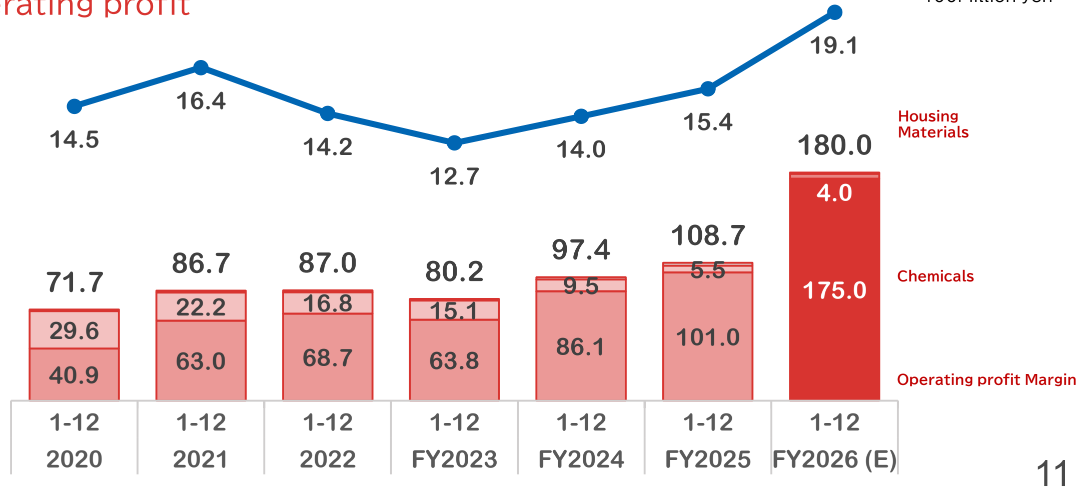
	FY2026 initial forecast	FY2026 revised forecast	Change ／ Rate	FY2026 2Q	Progress Rate vs. Initial Forecast	Remarks
Net Sales	**88,000** (Chemicals) 66,500 (Housing Materials) 20,000	**94,000** (Chemicals) 73,500 (Housing Materials) 19,000	+6,000 +6.8%	**45,841** (Chemicals) 35,787 (Housing Materials) 9,529	**52%** (Chemicals) 54% (Housing Materials) 48%	• Net sales of Chemicals operations exceeded the forecast due to strong sales of inorganic chemicals and fine chemicals. • As for net sales of Housing Materials operations, while sales of interior, exterior finishes and paving materials exceeded the forecast, exterior products fell below the forecast due to lower sales volume. As a result, overall net sales also fell below the forecast. • The full-year net sales forecast has been revised upward in consideration of the current strong performance of Chemicals operations. • Operating profit of Chemicals operations exceeded the forecast, due to improved mix driven by increased sales of fine chemicals. • Operating profit of Housing Materials operations trailed the forecast, due to the miss in exterior products as well as rising aluminum ingot prices. • Ordinary profit exceeded the forecast, thanks to a foreign exchange gain of 183 million yen in 2Q reflecting the weakening yen. • Overall, the growth of high-margin fine chemicals resulted in profit at each level exceeding the plan, and upward revisions have been made to the forecast. * This forecast of consolidated financial results does not incorporate any potential impact from the possible sale of the shares in TAIYO HOLDINGS CO., LTD. held by the Company in connection with the planned start of a tender offer for the said company's shares, as announced by TAIYO HOLDINGS CO., LTD. on March 31, 2026. In addition, no decision has been made as of the present time regarding the sale of such shares or the tendering of such shares in the tender offer.
Operating profit	**14,400** (Chemicals) 12,900 (Housing Materials) 1,200	**18,000** (Chemicals) 17,500 (Housing Materials) 400	+3,600 +25.0%	**9,439** (Chemicals) 8,980 (Housing Materials) 313	**66%** (Chemicals) 70% (Housing Materials) 26%	
Ordinary profit	**14,500**	**18,400**	+3,900 +26.9%	**9,692**	**67%**	
Profit attributable to owners of parent	**10,000**	**12,600**	+2,600 +26.0%	**6,663**	**67%**	
Exchange rate	**1USD 150JPY** 1EUR 175JPY 1RMB 21.0JPY	**1USD 150JPY** 1EUR 175JPY 1RMB 21.0JPY	-	**1USD 158JPY** 1EUR 185JPY 1RMB 22.9JPY		

Net sales



Operating profit

100Million yen

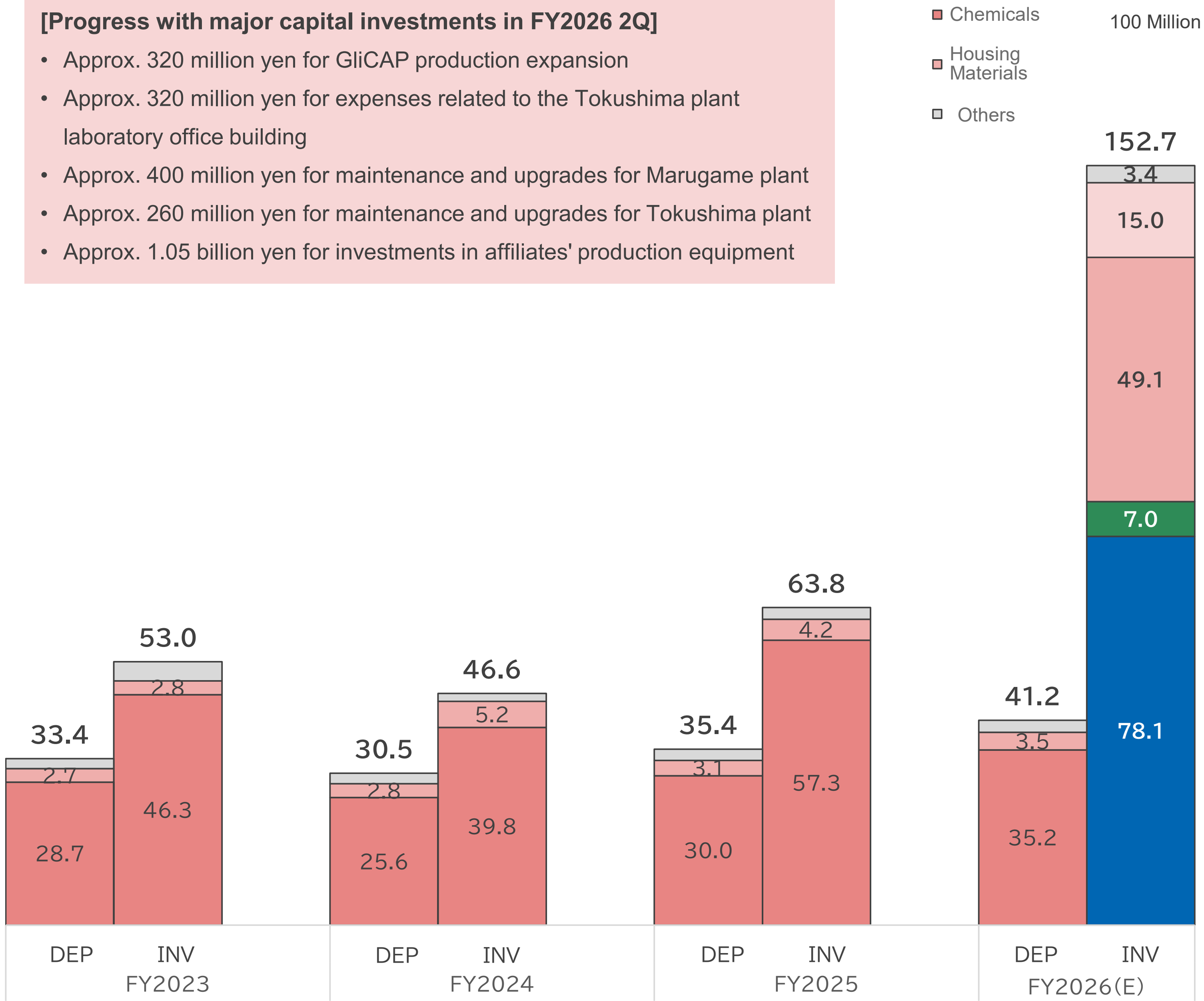


* In comparison and in the graphs, performance in prior years is adjusted to the same period in FY2022 (January to December).

Capital investment and Depreciation

[Progress with major capital investments in FY2026 2Q]

- Approx. 320 million yen for GliCAP production expansion
- Approx. 320 million yen for expenses related to the Tokushima plant laboratory office building
- Approx. 400 million yen for maintenance and upgrades for Marugame plant
- Approx. 260 million yen for maintenance and upgrades for Tokushima plant
- Approx. 1.05 billion yen for investments in affiliates' production equipment



[Planned major capital investments for FY2026]

Environmental Measures	• 1.5 billion yen for decarbonization system
R&D	• 2.2 billion yen for expenses related to Tokushima plant laboratory office building • 1.8 billion yen for expenses related to a new R&D Center building
Housing Materials	• 140 million yen for investment related to DX
Chemicals Manufacturing equipment	• 500 million yen for GliCAP production expansion • 2.1 billion yen for maintenance and upgrades for Marugame plant • 1.2 billion yen for maintenance and upgrades for Tokushima plant • 1.8 billion yen for investments related to the Sakaide plant • 2.2 billion yen for investments in affiliates' production equipment

Dividend and Share buy-back Trends

[Shareholder Return Policy]

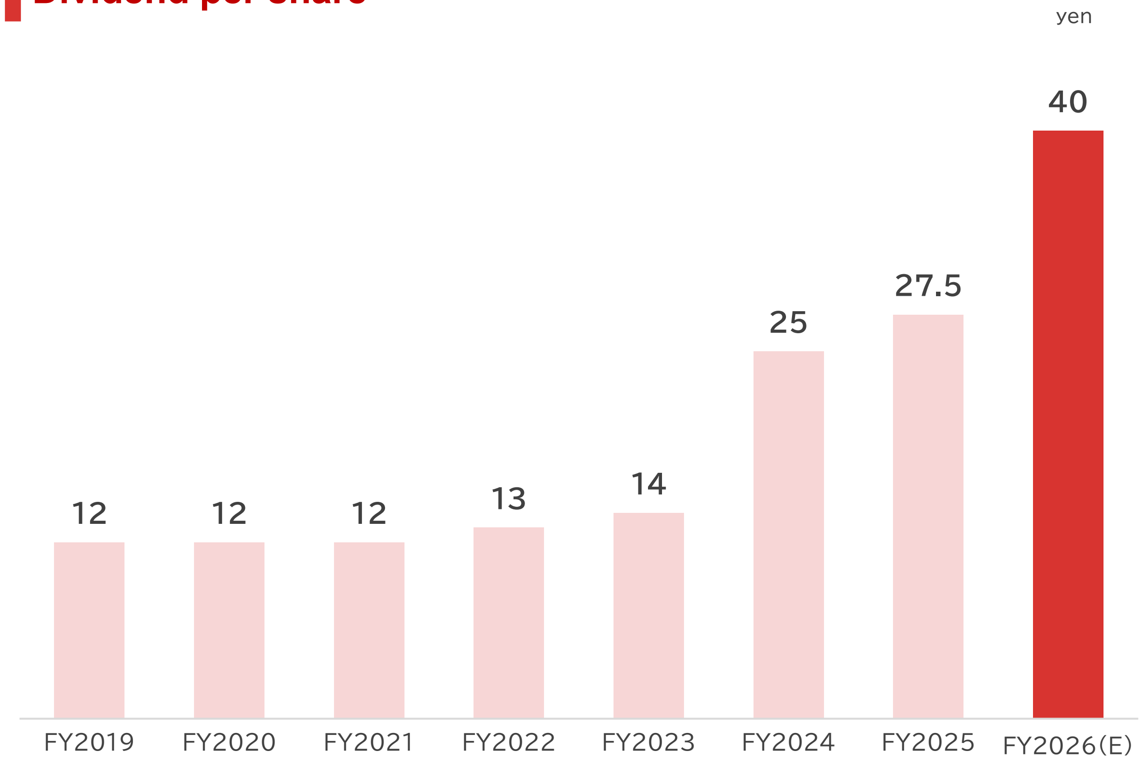
- **Dividend payout ratio 30%**
- **Total return ratio 50%**
- **DOE** (consolidated dividend on equity) **3%**

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

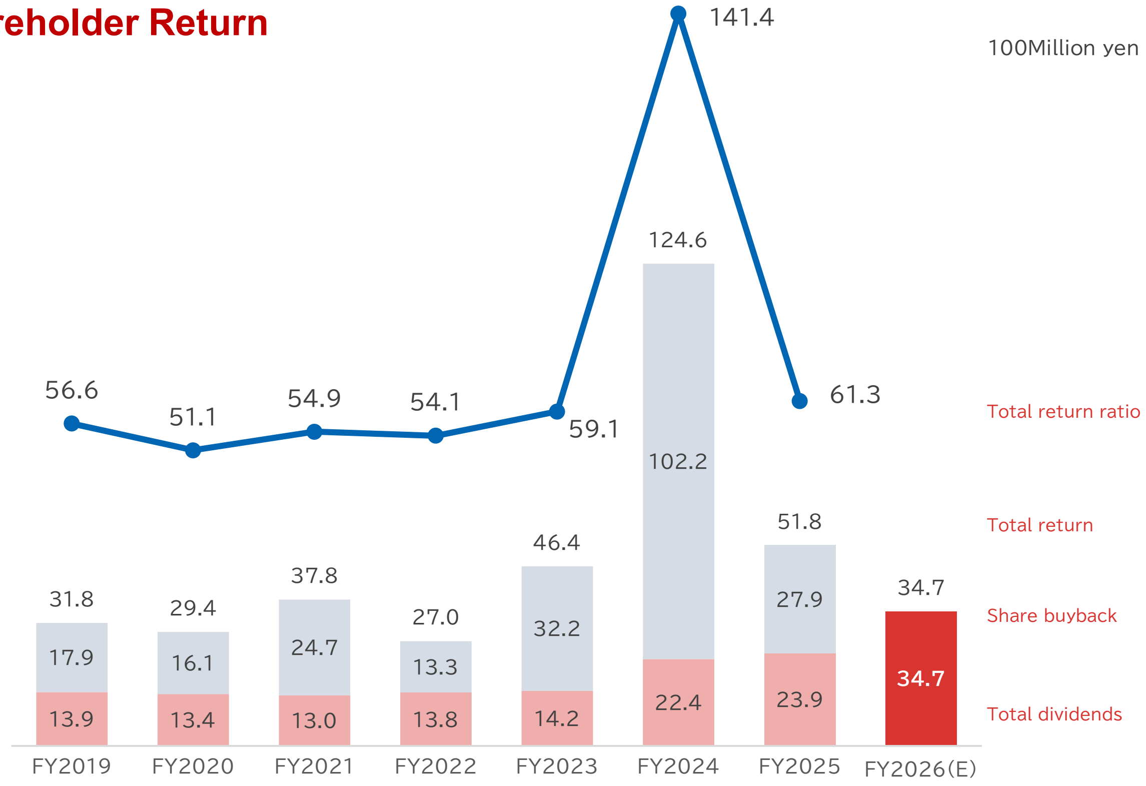
[FY2026 Shareholder Return Policy (plan)]

- Plans to set the dividends of 40 yen per share (interim dividend of 15 yen* and year-end dividend of 25 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



*A 2-for-1 stock split of common stock was implemented on July 1, 2026. The amounts of the dividend per share have been adjusted to reflect this stock split.

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 increased significantly due to growth expectations centered on fine chemicals. (FY2025 end: 1.25x→ FY2026 2Q end: 2.96x)
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.

P/B ratio (PBR)

	FY2026 2Q	FY2025 end
P/B ratio (PBR)	2.96x	1.25x

Return on equity (ROE)

	FY2026 2Q	FY2025 end
Return on equity (ROE)	13.6%	9.5%

P/E ratio (PER)

	FY2026 2Q	FY2025 end
P/E ratio (PER)	22.8x	14.0x

Approach to the initiatives

Profitability

	FY2026 2Q	FY2025 end
Chemicals ROIC by business	30.3%	21.1%
Housing Materials ROIC by business	4.7%	4.1%

- Chemicals operations have maintained ROIC due to high added value arising from their niche business areas and R&D capabilities. Pursue further profitability strengthening through active investments.
- Profitability in Housing Materials operations has shown a downward trend due to weaker market conditions and higher raw material prices. Focus on strategies leveraging our strengths to improve profitability.

Balance sheet management

Capital efficiency

- Allocate capital as resources for capital investments and shareholder returns in STAGE 3 of the “Challenge 1000” long-term vision, by reducing liquidity on hand through implementing cash management system (CMS) and utilizing committed credit lines, thereby reducing cash and deposits to within 3 months’ worth of net sales.

Financial leverage

- Pursue both active capital investments and stable shareholder returns by utilizing interest-bearing debt for active investments in STAGE 3.
- Set the borrowing limit at a level maintaining an A-level credit rating, premised on maintaining financial soundness.

IR activities

- Promote understanding about the Company through proactive information disclosure and dialogue with investors, aiming to improve PER and reduce uncertainty (risk premiums).
- Number of investor meetings: 61 in FY2025 2Q YTD → 135 in FY2026 2Q YTD

Companywide transformation

- Enhance corporate governance to boost management capabilities.
- Advance continuous investment in decarbonization, human capital, and DX to increase revenue stability and continuity.

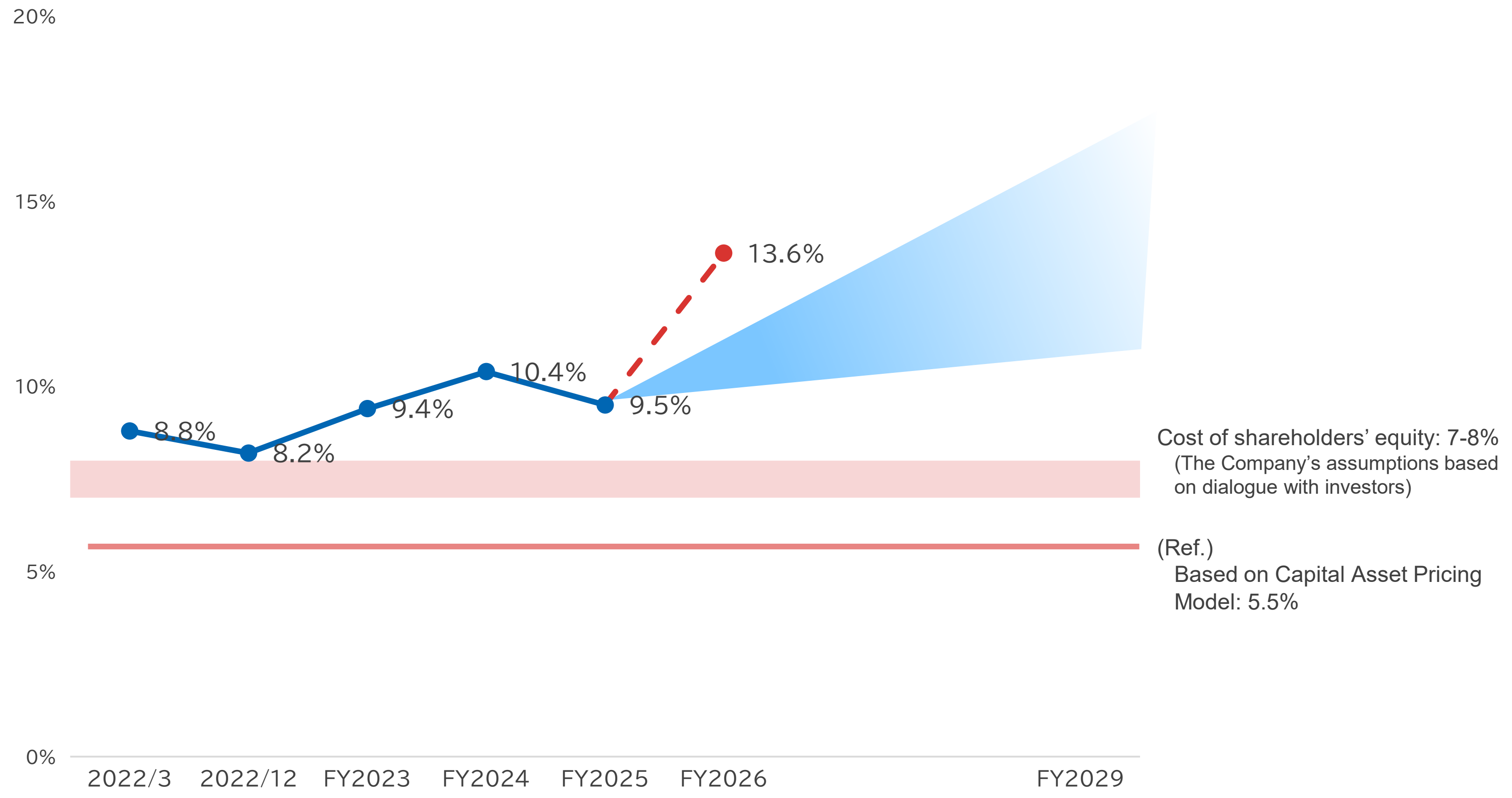
*Quarterly ROIC and ROE are converted to the annual rate, and in 2Q, returns are multiplied by 2.

*PBR and PER are calculated using the following figures: Closing share price on the second quarter-end: 3,525 yen. Number of shares issued excluding treasury shares as of the fiscal year-end: 86,498,340 shares. (A 2-for-1 stock split of common stock was implemented on July 1, 2026. The share price and number of shares issued have been adjusted to reflect the stock split.)

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

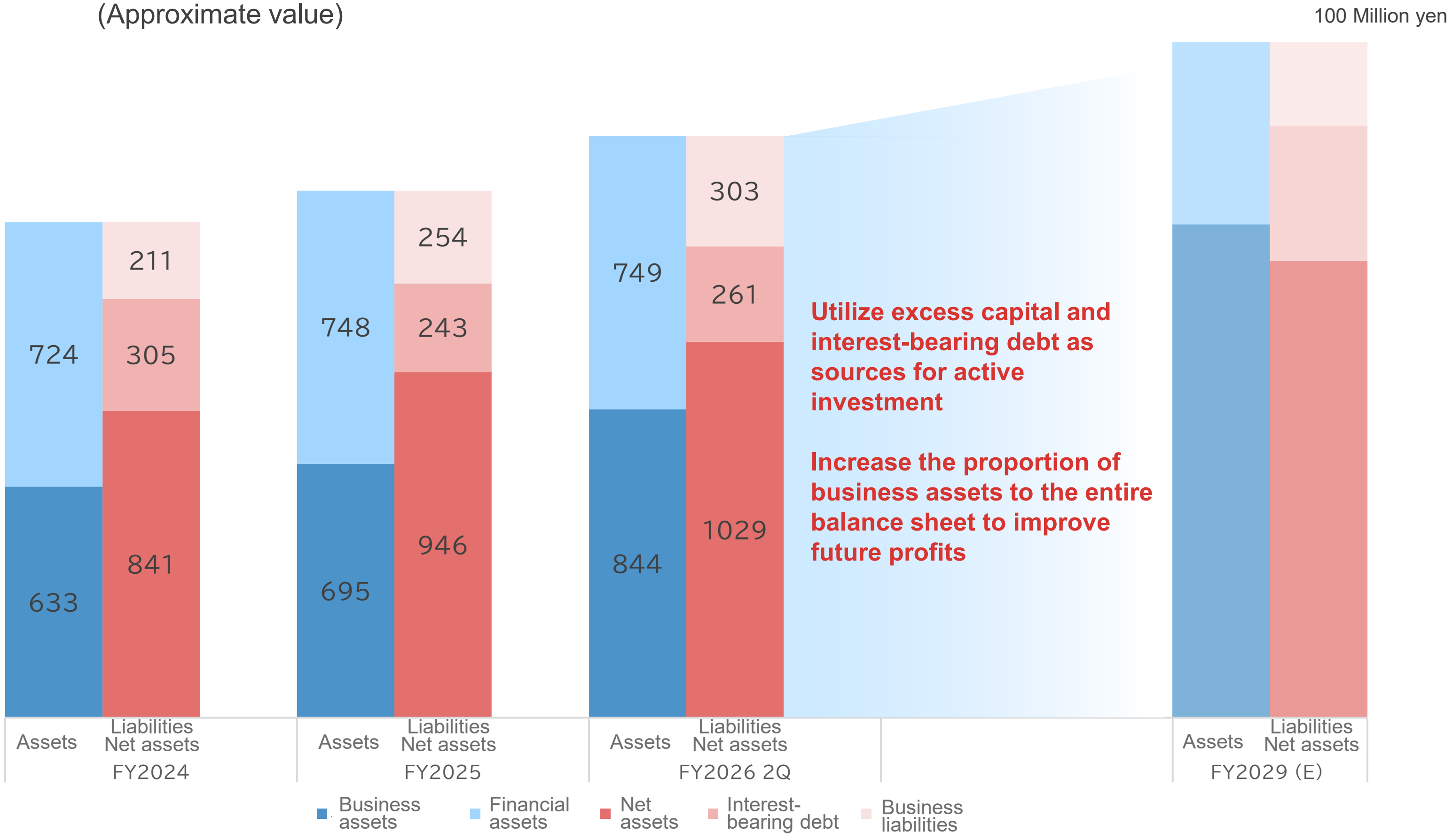
*Quarterly ROE is converted to the annual rate, and in 2Q, returns are multiplied by 2.

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)



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

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The Timuraya acquisition increased invested capital by approximately 10.0 billion yen compared to the end of the previous year. The Company sold investment securities and received redemptions totaling approximately 5.8 billion yen, but due to the recent rise in stock prices, the balance of investment securities has remained flat, and the level of financial assets is still perceived as excessive.

Consolidated Balance Sheet (as of 6/30/2026)

[Financial assets]

(Current status and basic policy)
Although cash and deposits were used in the Timuraya acquisition, liquidity on hand was maintained through the accumulation of profits and fundraising. Furthermore, due to an increase in investment securities resulting from rising stock prices, overall financial assets remained at the same level as the end of the previous year.

	FY2025	FY2026 2Q
	74.8bn	74.9bn (+0.07bn from the beginning of the year)
Cash and deposits	35.5bn	36.7bn
Securities	11.8bn	11.1bn
Investment securities	27.4bn	27.0bn

[Business assets]

Trade receivables
Inventories
Property, plant and equipment / Intangible assets

	FY2025	FY2026 2Q
[Chemicals]	49.9bn	64.9bn (+15.0bn from the beginning of the year)
[Housing Materials]	14.9bn	14.7bn (▲0.2bn 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

	FY2025	FY2026 2Q
[Chemicals]	35.6bn	47.2bn (+11.6bn from the beginning of the year)
ROIC by business	21.1%	30.3%
[Housing Materials]	9.5bn	9.2bn (▲0.30bn from the beginning of the year)
ROIC by business	4.1%	4.7%

[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.

	FY2025	FY2026 2Q
	118.9bn	129.0bn (+10.1bn from the beginning of the year)
Group ROIC	7.2%	11.0%

[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.

	FY2025	FY2026 2Q
	93.7bn	102.2bn (+8.4bn from the beginning of the year)
ROE	9.5%	13.6%

[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.

	FY2025	FY2026 2Q
	24.3bn	26.1bn (+1.7bn 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
	125.0bn or less
ROE	10.0% or higher

*Quarterly ROE is converted to the annual rate, and in 2Q, returns are multiplied by 2.

4. Challenge 1000「STAGE 3」Plan Overview

Unchanged

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

Solve social issues with creative ideas, leading the world

Financial Goals

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

Pillars for Strategy

Business Reform Policy

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

Unchanged

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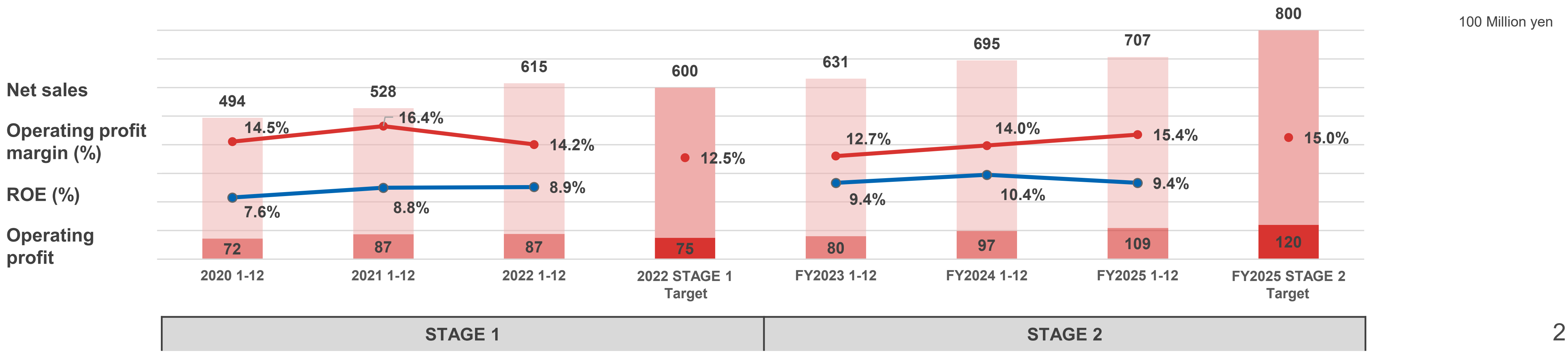
100 Million yen

	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.



Unchanged

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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

Unchanged

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

Updated

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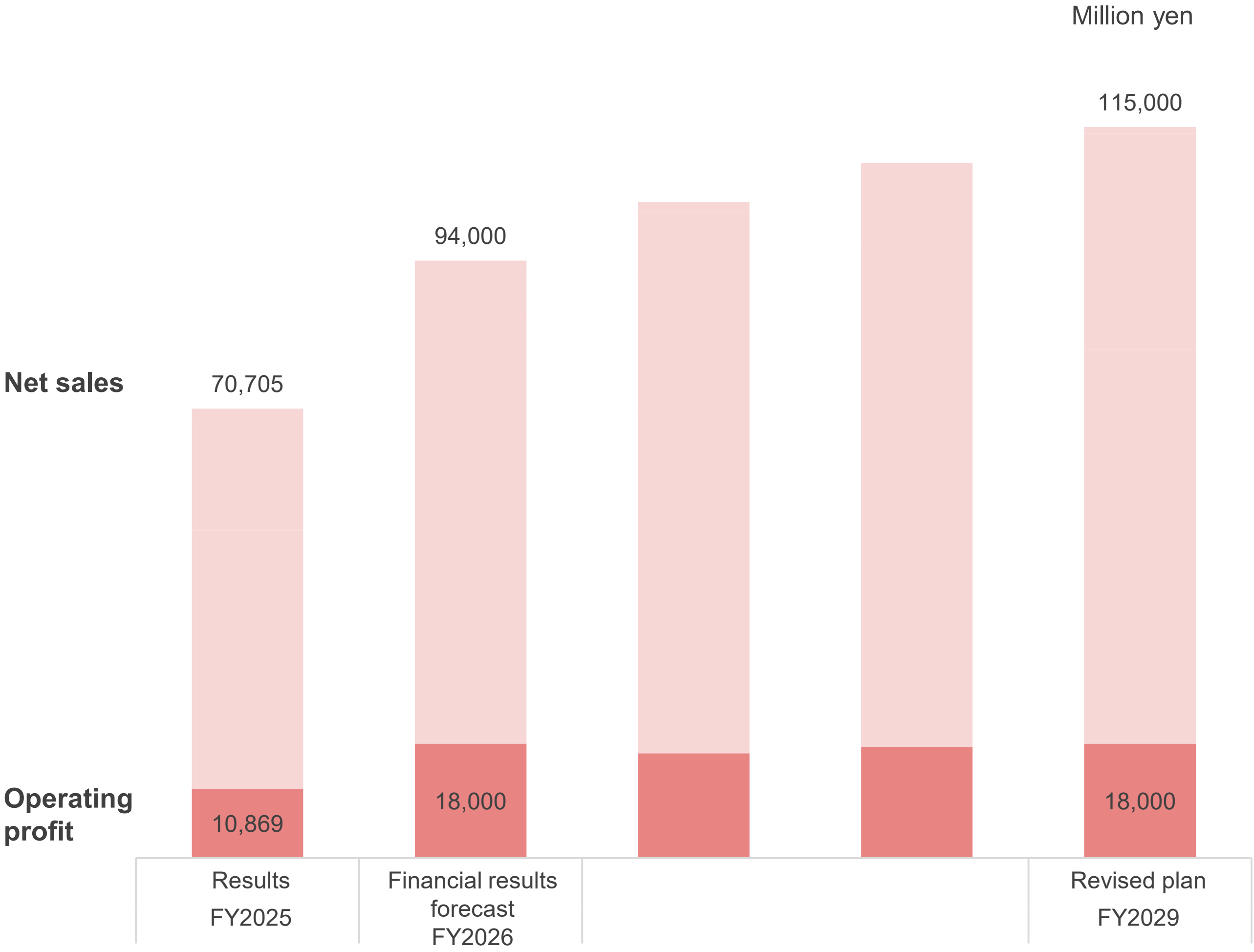
Due to increasing demand for fine chemicals, we have revised our forecast for the final year of STAGE 3 upwards by 15.0 billion yen for net sales and by 3.0 billion yen for operating profit.
STAGE 3 involves aggressive investments aimed at exponential growth from 2030 onwards. While the latter half of STAGE 3, when the Sakaide plant will become fully operational, is expected to involve substantial depreciation expenses, we aim to achieve growth on an EBITDA basis.



1) In light of rising demand for fine chemicals, the STAGE 3 forecast has been revised upward

- While the degree of achievement for STAGE 2 varies by segment, we are planning a new business strategy that factors in the current situation.
- We expect to achieve our initial Challenge 1000 plan through the growth of existing businesses, and we are also actively considering the incorporation of inorganic growth with a view to the medium to long term.

2) STAGE 3 is an investment phase aimed at achieving exponential growth from 2030 onwards

- Prioritizing future growth, we will actively implement upfront investments.
- Even if depreciation associated with investments temporarily puts pressure on profits, we intend to steadily proceed with necessary investments.

*Assuming an exchange rate of 150 yen/dollar (2026)
140 yen/dollar (from 2027 onwards)

Challenge 1000 STAGE 3 Business Reform Policy

Updated

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Million yen

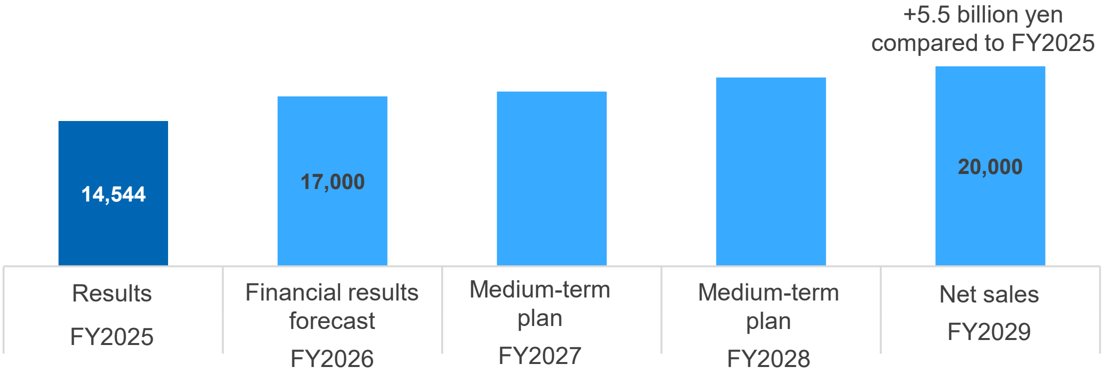
Inorganic chemicals

(No changes from the STAGE 3 plan disclosed in February 2026)

We aim to achieve net sales of 20.0 billion yen in inorganic chemicals in FY2029.

Key measures

- Expand sales of insoluble sulfur using sustainable raw materials
- Expand sales of high-quality insoluble sulfur produced at the new plant
- Expand sales of newly developed sulfur-based products



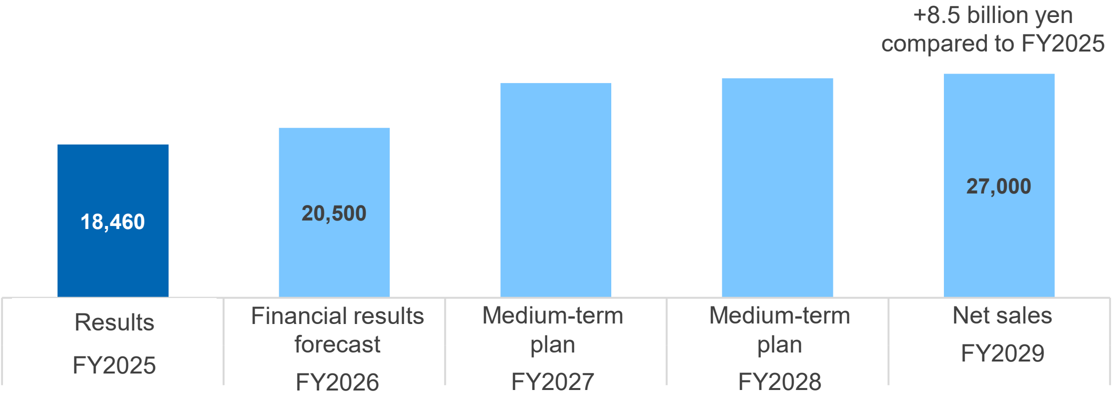
Organic chemicals

(No changes from the STAGE 3 plan disclosed in February 2026)

We aim to achieve net sales of 27.0 billion yen in organic chemicals in FY2029.

Key measures

- Expand production and sales through the establishment of a production system
- Expand sales of B2C products through enhanced marketing



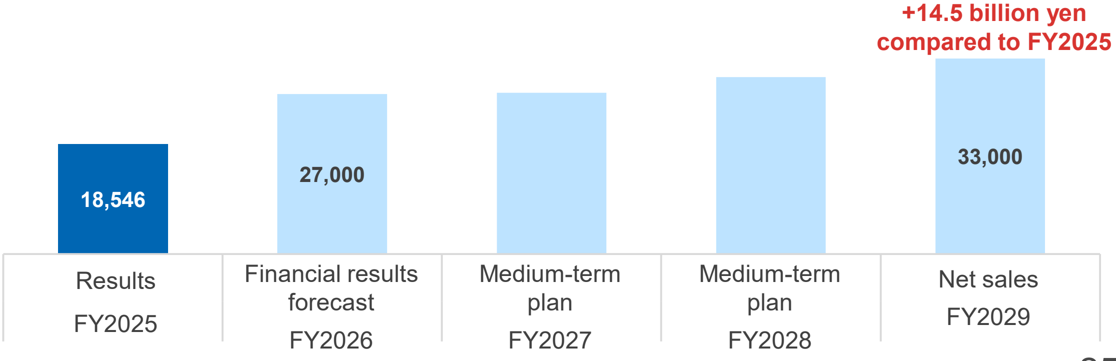
Fine chemicals

(Sales revised upward by 13.0 billion yen from the initial STAGE 3 plan)

We aim to achieve net sales of 33.0 billion yen in fine chemicals in FY2029.

Key measures

- Respond to increased demand for GliCAP and semiconductor process materials through operation of the Sakaide plant



Challenge 1000 STAGE 3 Business Reform Policy

Updated

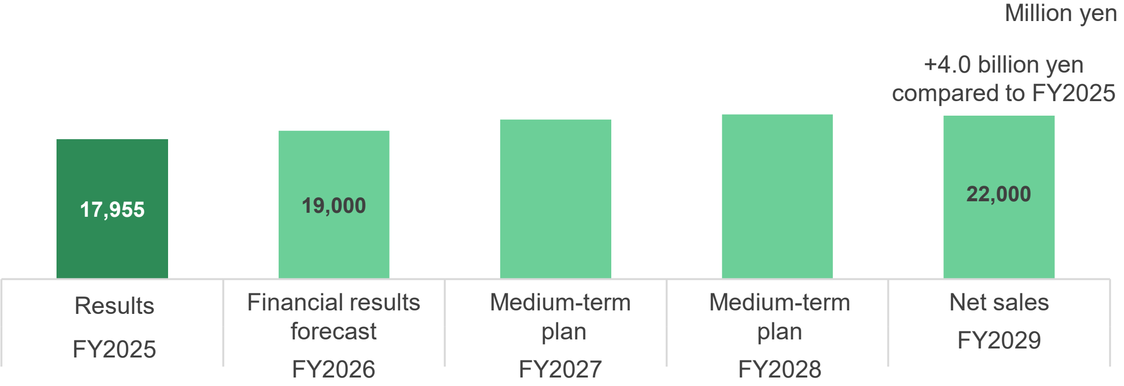
SHIKOKU

Housing Materials (No changes from the STAGE 3 plan disclosed in February 2026)

We aim to achieve net sales of 22.0 billion yen in Housing Materials in FY2029.

Key measures

- ・Focus on areas where we can leverage our strengths
- ・Expand our lineup of high-value-added products under the new brand MEGLIO
- ・Restructure the production system and reform the profit structure with a view to sustainable growth

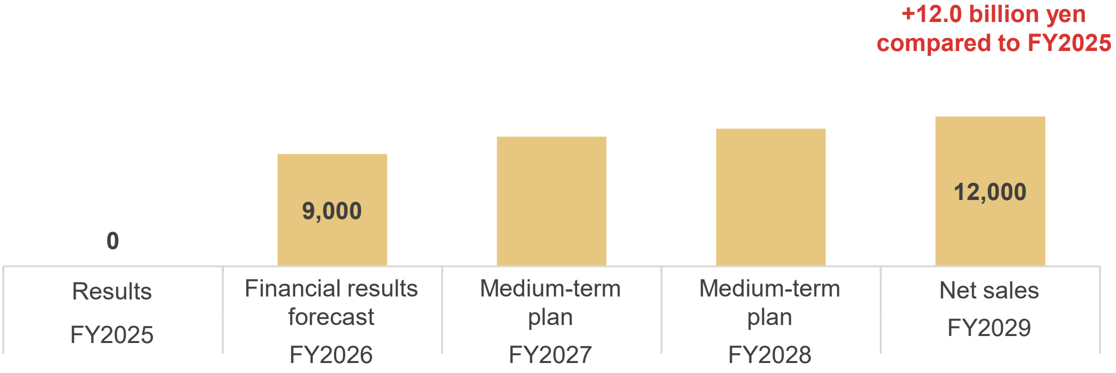


New businesses **(Sales revised upward by 2.0 billion yen from the initial STAGE 3 plan)**

We aim to achieve net sales of 12.0 billion yen in new businesses in FY2029.

Key measures

- ・Create synergies with Timuraya, which was acquired in the first quarter
- ・Strengthen internal recruitment and entrepreneurial talent development initiatives
- ・Collaborate with research institutions and startups to create businesses based on our technologies
- ・Expand business areas by acquiring synergistic companies and businesses through M&A



Other businesses

We aim to achieve net sales of 1.0 billion yen in other businesses in FY2029.

Key measures

- ・Develop physical stores under our own brand (food operations)
- ・Expand the scope of analysis and collaborate with local governments (environmental operations)

Challenge 1000 STAGE 3 New Focus Fields

Unchanged

SHIKOKU

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

MEGLIO

Environmentally friendly exterior products

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

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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%

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 × Corporate culture

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

Updated

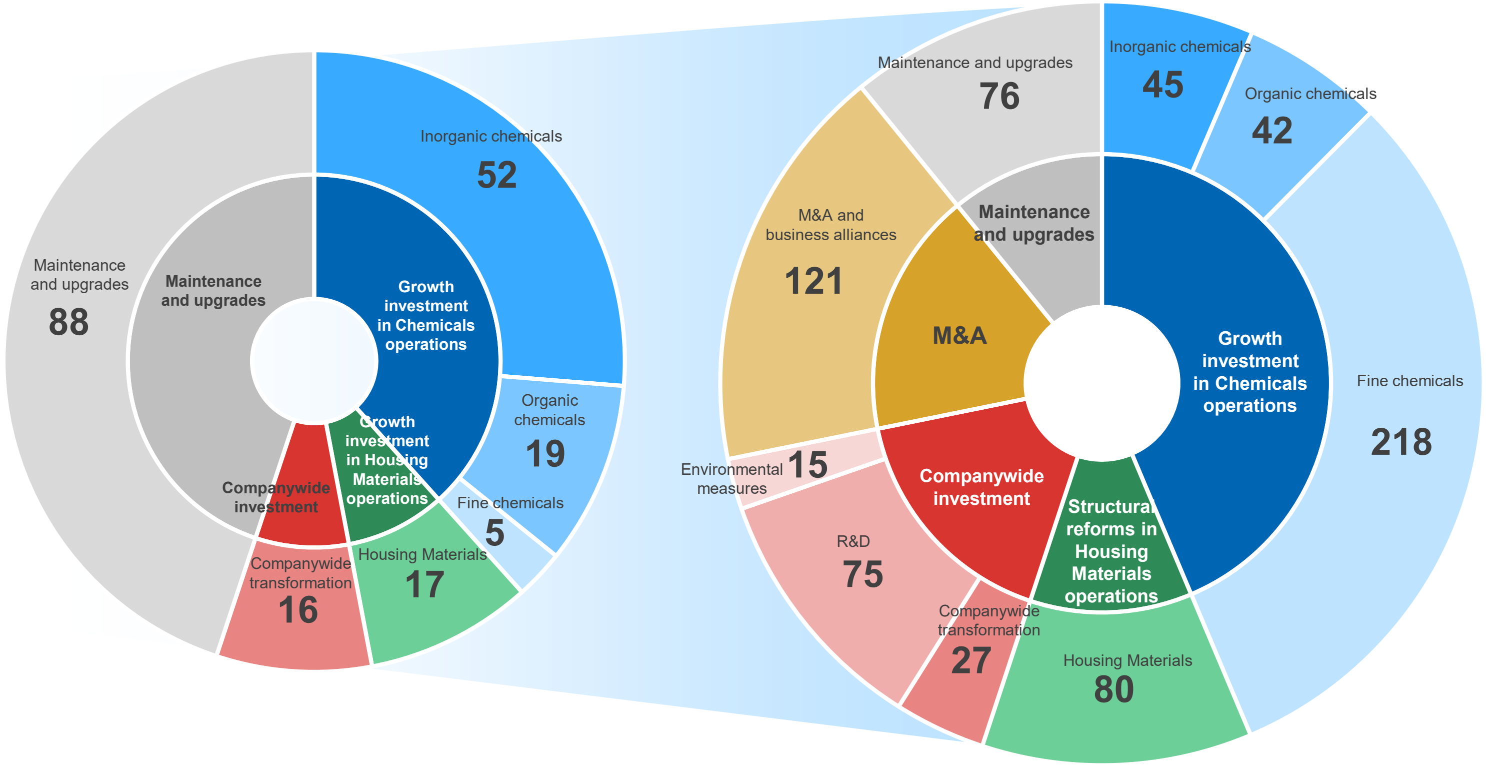
SHIKOKU

In STAGE 3, we will make total investments of up to 70.0 billion yen between 2026 and 2029.
In addition to making growth investments, such as the new construction of Sakaide plant, we are also actively investing in the creation of an environment where employees can work efficiently and stay highly motivated, including through investments in DX and a new R&D building.

100 million yen

STAGE 3 investment plan (before revision)
Total investments: **19.4** billion yen

New STAGE 3 investment plan
Total investments: **70.0** billion yen



Annual investment amounts and depreciation

	2026	2027	2028	2029
Investment amount	¥18.1 billion	¥9.9 billion	¥21.5 billion	¥20.5 billion
Depreciation	¥3.7 billion	¥4.1 billion	¥6.7 billion	¥7.9 billion

Investment category	Details of main investments
Inorganic chemicals	Newly developed products and plant construction investments
Organic chemicals	Expansion of sanitary product production equipment
Fine chemicals	Investments related to Sakaide plant and GliCAP production expansion at Marugame plant
Housing Materials	Restructuring of production bases
Companywide transformation	DX investments and core system upgrades
R&D	Construction of a new R&D building
Environmental measures	Decarbonization system
M&A	M&A of 8.0 billion yen, new business investments, external alliances, etc.

Updated

SHIKOKU

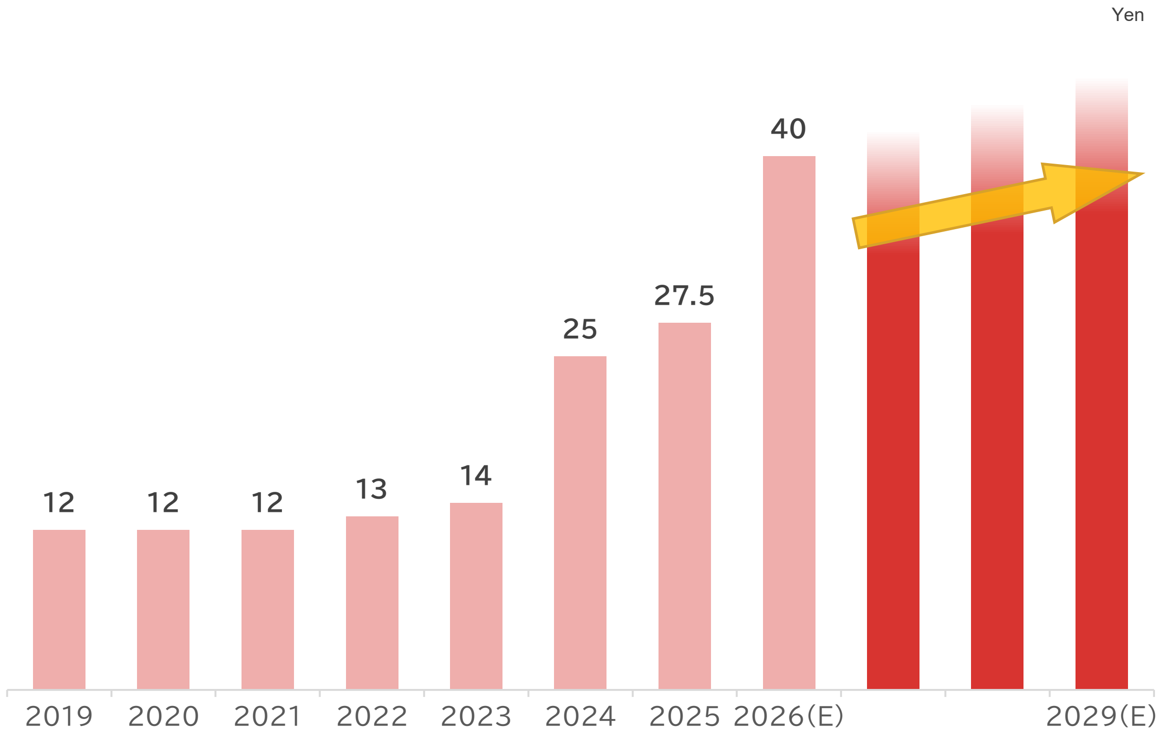
[Shareholder Return Policy]

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

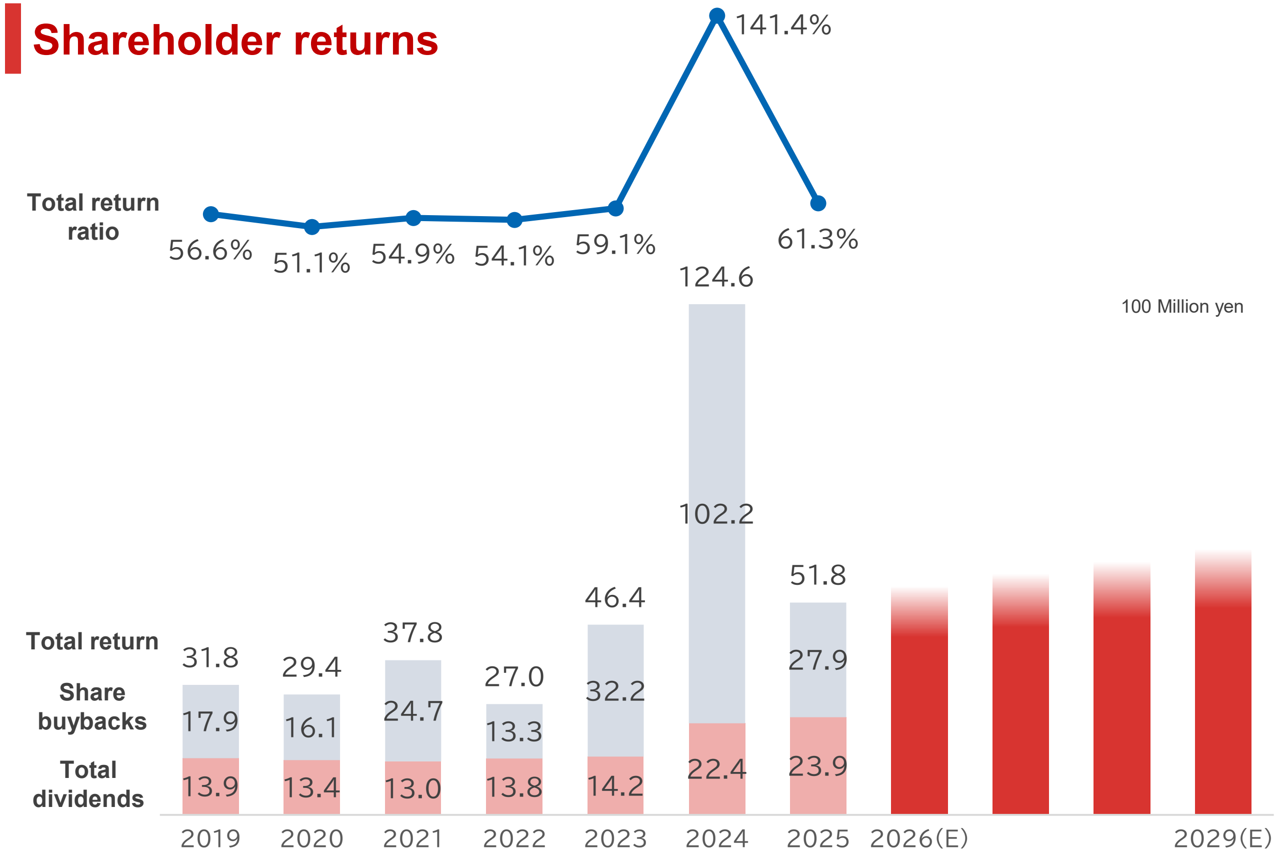
Under the "Challenge 1000" long-term vision, aim for the above shareholder returns based on consolidated results.

- 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



*A 2-for-1 stock split of common stock was implemented on July 1, 2026. The amounts of the dividend per share have been adjusted to reflect this stock split.

STAGE 3 Capital Allocation Policy

Updated

SHIKOKU

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 70.0 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.

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

Financial assets

	FY2025
Securities	11.8bn
Investment securities	27.4bn

Working capital

Set the Company's policy to retain 3 months' worth of net sales.

	FY2025
Cash and deposits	35.5bn

Investment capital

	FY2025
Chemicals	35.6bn
Business ROIC	21.1%
Housing Materials	9.5bn
Business ROIC	4.1%

Interest-bearing debt

	FY2025
Interest-bearing debt	24.3bn
D/E ratio	0.26x

Net assets in carrying amount

(Analysis of current status)
The cost of shareholders' equity calculated using the CAPM is 5.6%. Although our ROE currently exceeds this, our PBR has been trending near 1x, and we recognize that achieving stable ROE of 10% is essential to realize further enhancement of corporate value.

	FY2025
Net assets in carrying amount	93.7bn
ROE	9.5%

Cash outflow

Balancing active investments with stable shareholder returns

Capital investments

FY2026-FY2029 cumulative
Maximum 70.0bn

R&D expenses

Maximum 25.0bn

Shareholder returns

(Return policy)

Dividend payout ratio	30%
Total return ratio	50%
DOE	3%

Balance stable and continuous shareholder returns and active investments

Cash inflow

- ✓ Strong operating cash flow generation driven by fine chemicals
- ✓ Reduce financial assets through balance sheet management
- ✓ Borrowing policy conscious of soundness

Operating cash flow before deduction of R&D expenses

80.0bn

Financial assets

Consider utilizing financial assets as investment sources for STAGE 3, utilizing them for active investments with an eye to long-term growth from 2030 onward.

Interest-bearing debt financing

Utilize interest-bearing debt for active investments to achieve 2029 targets and sustainable growth from 2023 onward.

Consolidated Balance Sheet (FY2029 forecast)

Financial assets

Working capital

Although working capital is expected to increase with net sales growth, we will minimize the increase by implementing CMS and committed credit lines.

	FY2029
Working capital	30.0bn or less

Investment capital

(Our vision)
In STAGE 3, using excess capital and operating cash flow as sources, we will conduct active investments, making this a period for building a structure toward sustainable growth from 2030 onward.

Maintain high capital efficiency in the Chemicals operations coming from its niche, asset-light business characteristics, and maximize EVA over the medium to long term.

As for the Housing Materials operations, although business ROIC fell below cost of capital due to the recent demand decline and cost increases, we aim to focus on strategies that leverage our strengths, improve profitability, and return to a state where ROIC exceeds cost of capital.

Interest-bearing debt

Set borrowing limit at a level that maintains the credit ratings (A-, R&I). Utilize interest-bearing debt to flexibly secure funds for growth, but set a medium- to long-term target D/E ratio of 0.3x range.

	FY2029
Interest-bearing debt	Maintain A-level credit rating
D/E ratio	0.4x or less

Net assets in carrying amount

(Our vision)
In STAGE 3, balance active investment for long-term growth with stable shareholder returns, and endeavor to reduce net assets.

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.

(Target indicator)
ROE → 10% or higher

	FY2029
Net assets in carrying amount	125.0bn or less
ROE	10.0% or higher

Challenge 1000 Initiatives for SDGs and ESG

Unchanged

SHIKOKU

Materiality (priority issues)	Company initiatives	Target items: 2029 target
1) Create a workplace where employees can work with enthusiasm	・Promotion of work-life balance ・Initiatives for flexible and diverse work styles ・Promotion of mental and physical health of employees ・Recruitment and performance of diverse human resources ・Effective measures to eliminate harassment	・High engagement ratio from the employee survey: **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**
2) Pursue safe operations, environmental preservation, and stable quality	・Fostering a culture of safety ・Facilitating the transition to a decarbonized society ・Capital investments in safety/environment/quality ・Promotion of responsible care activities ・Strengthening compliance and risk management ・Establishment of a sustainable supply chain	・Lost time accidents: **0 cases/FY** ・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%**
3) Take on challenges of new business opportunities	・Creation of products and services to solve social issues ・Promotion of open innovation ・Creating a culture, developing human resources, and designing systems to address challenges	・Sales from new sustainable products and services and the development of new businesses outside the framework of existing businesses: **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**

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- Among the Company's current plans, forecasts, and strategies as presented in this material, those that are not historical facts are forward-looking statements or projections based on the judgment of the Company's management according to the information that was available at the time of the relevant decision; hence, risks and uncertainties are involved. Actual performance and business results may differ greatly from these prospects due to various factors.

- 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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