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January 29, 2026

Consolidated Financial Results for the Fiscal Year Ended December 31, 2025 (Under Japanese GAAP)



Company name: SHIKOKU KASEI HOLDINGS CORPORATION

Listing: Tokyo Stock Exchange

Securities code: 4099

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Scheduled date of annual general meeting of shareholders: March 26, 2026

Scheduled date to commence dividend payments: March 5, 2026

Scheduled date to file annual securities report: March 24, 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 fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	70,705	1.7	10,869	11.6	11,921	10.6	8,459	(4.0)
December 31, 2024	69,493	10.1	9,741	21.5	10,779	16.2	8,813	12.2

Note: Comprehensive income For the fiscal year ended December 31, 2025: ¥ 15,410 million [64.8%]
For the fiscal year ended December 31, 2024: ¥ 9,352 million [(1.0)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
December 31, 2025	193.11	-	9.5	8.5	15.4
December 31, 2024	191.38	-	10.4	8.1	14.0

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended December 31, 2025: - million

For the fiscal year ended December 31, 2024: - million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2025	144,403	94,599	65.0	2,168.70
December 31, 2024	135,827	84,168	61.4	1,865.63

Reference: Equity

As of December 31, 2025: ¥ 93,794 million

As of December 31, 2024: ¥ 83,380 million

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2025	10,981	2,222	(11,545)	35,484
December 31, 2024	9,021	(15,550)	(3,717)	33,739

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2024	-	25.00	-	25.00	50.00	2,240	26.1	2.8
Fiscal year ended December 31, 2025	-	25.00	-	30.00	55.00	2,388	28.5	2.7
Fiscal year ending December 31, 2026 (Forecast)	-	30.00	-	30.00	60.00		25.9	

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	80,000	13.1	14,400	32.5	14,500	21.6	10,000	18.2	231.22

* Notes

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

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

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of December 31, 2025	44,869,563 shares
As of December 31, 2024	44,869,563 shares

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

As of December 31, 2025	1,620,337 shares
As of December 31, 2024	176,760 shares

(iii) Average number of shares outstanding during the period

Fiscal Year ended December 31, 2025	43,804,851 shares
Fiscal Year ended December 31, 2024	46,052,330 shares

* Financial results reports are exempt from audit 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 “(4) Future Outlook” under “1. Overview of Operating Results, etc.” on page 4 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, February 17, 2026. The content (video and transcript) will be posted on the Company’s website shortly after the briefing.

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1. Overview of Operating Results, etc.

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

The Japanese economy during the fiscal year under review recovered moderately for the most part, driven by a recovery in consumer spending despite impacts from the U.S. trade policy primarily affecting the automobile industry. In overseas economies, while the pace of employment growth in the U.S. has decelerated, consumer spending remains resilient, and the economy continues its moderate expansion. Regarding the outlook for the Japanese economy, although global AI-related demand will provide an upward push, concerns about a downside risk remain for corporate revenues, as exports may weaken due to a slowdown in overseas economies influenced by trade policies and other factors in other countries.

Under these circumstances, for the fiscal year under review, the Group posted net sales of ¥70,705 million (up 1.7% year-on-year), operating profit of ¥10,869 million (up 11.6% year-on-year), ordinary profit of ¥11,921 million (up 10.6% year-on-year), and profit attributable to owners of parent of ¥8,459 million (down 4.0% year-on-year). Strong sales in fine chemicals for our Chemicals operations resulted in renewed record highs in terms of net sales, operating profit, and ordinary profit.

Operating results by segment are as follows.

1) Chemicals operations

(Inorganic chemicals)

Sales of insoluble sulfur, a material for radial tires, were sluggish and lower than those of the previous year due to intensified sales competition 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 also higher than the previous year, due to progress in price pass-through.

(Organic chemicals)

Regarding chlorinated isocyanurates for disinfectants, sales exceeded those of the previous year in the domestic market due to solid sales for household sanitary use and other purposes. Sales in the U.S. market were lower than those of the previous year, mainly due to the absence of year-earlier strong sales.

(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 the progress in the acquisition of new orders for 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 ¥51,551 million (up 3.2% year-on-year) and segment profit was ¥10,103 million (up 17.3% 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, particularly for owned houses, backed by a surge in construction costs and other factors. Under these circumstances, we have poured our efforts into expanding landscape exterior products for non-residential purposes, which is one of our strengths. Nevertheless, sales were down on the previous year. In addition, although we proceeded with measures to improve revenue, including price revisions, profit was down on the previous year, mainly due to the soaring prices of aluminum ingots and other raw materials, and the increase in distribution costs.

As a result, net sales for the Housing Materials operations segment were ¥17,955 million (down 2.8% year-on-year) and segment profit was ¥546 million (down 42.7% year-on-year), resulting in a decrease in both net sales and profit.

Reference information

[Overseas net sales]

	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)		Fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)	
	Net sales (Million yen)	Overseas net sales to consolidated net sales (%)	Net sales (Million yen)	Overseas net sales to consolidated net sales (%)
Asia	8,404	12.1	11,722	16.6
North America	17,176	24.7	13,113	18.5
Other regions	1,805	2.6	1,903	2.7
Total	27,386	39.4	26,738	37.8
Consolidated net sales	69,493		70,705	

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

Status of assets, liabilities and net assets

Total assets increased by ¥8,575 million from the end of the previous fiscal year to ¥144,403 million. Major increases were ¥3,442 million in investment securities and ¥2,851 million in machinery, equipment and vehicles, net.

Liabilities decreased by ¥1,855 million from the end of the previous fiscal year to ¥49,803 million. The major increase was ¥3,190 million in deferred tax liabilities, while major decreases were ¥2,831 million in long-term borrowings and ¥2,499 million in short-term borrowings.

Net assets increased by ¥10,431 million from the end of the previous fiscal year to ¥94,599 million. Major increases were ¥6,726 million in valuation difference on available-for-sale securities and ¥6,234 million in retained earnings, while the major decrease was ¥2,758 million in treasury shares.

As a result, equity ratio rose to 65.0% from 61.4% at the end of the previous fiscal year.

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

Cash flows provided by operating activities totaled ¥10,981 million (an increase of ¥1,959 million year-on-year). Major cash inflows were profit before income taxes of ¥12,281 million and depreciation of ¥3,539 million, while the major cash outflow was income taxes paid of ¥3,691 million.

Cash flows provided by investing activities totaled ¥2,222 million (an outflow of ¥15,550 million in the previous fiscal year). Major cash inflows were proceeds from sale and redemption of investment securities of ¥6,421 million and proceeds from redemption of securities of ¥2,900 million, while the major cash outflow was purchase of property, plant and equipment of ¥7,128 million.

Cash flows used in financing activities totaled ¥11,545 million (an increase of ¥7,828 million year-on-year). The major cash inflow was proceeds from long-term borrowings of ¥6,900 million, while major cash outflows were repayments of long-term borrowings of ¥10,937 million and purchase of treasury shares of ¥2,794 million.

As a result, cash and cash equivalents totaled ¥35,484 million (an increase of ¥1,745 million year-on-year).

(4) Future Outlook

Consolidated financial result forecasts for the fiscal year ending December 31, 2026 are as follows.

	(Million yen)			
	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ending December 31, 2026 (full year)	80,000	14,400	14,500	10,000
Fiscal year ended December 31, 2025 (full year)	70,705	10,869	11,921	8,459
Change (%)	13.1	32.5	21.6	18.2

- (Notes) 1. The major exchange rates assumed in the above financial result forecasts were ¥150 to \$1 and ¥175 to €1.
2. The above financial result forecasts are based on information currently available to the Company as of the date of this report, and do not constitute a guarantee of future results. Actual results may differ significantly from these forecasts due to a wide range of factors.

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

The Company positions the appropriate return of profits to shareholders as one of the most important management issues. As a basic policy for shareholder returns, the Company aims to achieve “a payout ratio of 30%, a total payout ratio of 50%, and a consolidated dividend on equity (DOE) ratio of 3% based on consolidated financial results” under the “Challenge 1000” long-term vision towards fiscal 2030.

The Company has decided to pay a year-end dividend of ¥30 per share for the fiscal year ended December 31, 2025, aiming to further increase shareholder value. As a result, the annual dividend will be ¥55 per share, an increase of ¥5 from the previous fiscal year, including the interim dividend of ¥25 per share paid in September 2025, bringing the payout ratio for the fiscal year under review to 28.5%.

As for the fiscal year ending December 31, 2026, in consideration of the above policy, business performance and financial position, the Company plans to pay an interim dividend of ¥30 per share. The Company also plans to pay a year-end dividend of ¥30 per share. As a result, the annual dividend forecast for the fiscal year ending December 31, 2026 is ¥60 per share.

2. Basic Policy on Selection of Accounting Standards

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

Consolidated Financial Statements and Primary Notes

Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	33,789	35,534
Notes receivable - trade	368	60
Electronically recorded monetary claims - operating	3,281	3,369
Accounts receivable - trade	14,215	15,143
Securities	14,619	11,895
Merchandise and finished goods	8,317	9,835
Work in process	46	109
Raw materials and supplies	4,498	4,645
Other	1,154	1,494
Allowance for doubtful accounts	(3)	(1)
Total current assets	80,288	82,087
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,239	6,975
Machinery, equipment and vehicles, net	6,921	9,772
Land	8,793	9,105
Construction in progress	4,245	3,047
Other, net	789	880
Total property, plant and equipment	26,989	29,781
Intangible assets	589	656
Investments and other assets		
Investment securities	24,023	27,465
Deferred tax assets	1,821	1,880
Retirement benefit asset	967	1,446
Other	1,147	1,087
Allowance for doubtful accounts	(0)	(2)
Total investments and other assets	27,960	31,878
Total non-current assets	55,539	62,315
Total assets	135,827	144,403

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,142	8,981
Electronically recorded obligations - operating	589	552
Short-term borrowings	5,500	3,000
Current portion of long-term borrowings	8,391	7,520
Accrued expenses	1,541	1,801
Income taxes payable	2,109	2,497
Accrued consumption taxes	163	203
Notes payable - facilities	37	-
Electronically recorded obligations-facilities	857	65
Other	3,182	3,562
Total current liabilities	30,516	28,184
Non-current liabilities		
Long-term borrowings	16,664	13,832
Deferred tax liabilities	2,122	5,312
Deferred tax liabilities for land revaluation	998	1,029
Provision for retirement benefits for directors (and other officers)	70	111
Retirement benefit liability	515	527
Asset retirement obligations	371	371
Provision for share awards	77	108
Other	323	325
Total non-current liabilities	21,143	21,619
Total liabilities	51,659	49,803
Net assets		
Shareholders' equity		
Share capital	6,867	6,867
Capital surplus	5,711	5,711
Retained earnings	62,851	69,085
Treasury shares	(238)	(2,996)
Total shareholders' equity	75,192	78,668
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,944	11,670
Revaluation reserve for land	2,274	2,249
Foreign currency translation adjustment	499	472
Remeasurements of defined benefit plans	470	733
Total accumulated other comprehensive income	8,187	15,126
Non-controlling interests	788	804
Total net assets	84,168	94,599
Total liabilities and net assets	135,827	144,403

Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Net sales	69,493	70,705
Cost of sales	41,823	40,054
Gross profit	27,670	30,650
Selling, general and administrative expenses		
Transportation and storage costs	6,455	6,655
Advertising expenses	895	939
Salaries	2,706	2,886
Retirement benefit expenses	127	102
Provision for retirement benefits for directors (and other officers)	15	11
Research and development expenses	1,810	2,107
Other	5,919	7,079
Total selling, general and administrative expenses	17,929	19,781
Operating profit	9,741	10,869
Non-operating income		
Interest income	306	323
Dividend income	422	737
Foreign exchange gains	389	46
Miscellaneous income	35	105
Total non-operating income	1,154	1,213
Non-operating expenses		
Interest expenses	72	145
Donations	20	5
Miscellaneous losses	23	10
Total non-operating expenses	115	161
Ordinary profit	10,779	11,921
Extraordinary income		
Gain on sale of non-current assets	7	5
Gain on sale of investment securities	1,895	147
Subsidy income	58	32
Gain on sale of businesses	-	274
Total extraordinary income	1,961	460
Extraordinary losses		
Loss on sale of non-current assets	3	10
Loss on retirement of non-current assets	30	56
Impairment losses	56	32
Loss on sale of investment securities	87	-
Total extraordinary losses	178	99
Profit before income taxes	12,562	12,281
Income taxes - current	3,739	3,982
Income taxes - deferred	(67)	(177)
Total income taxes	3,672	3,805
Profit	8,890	8,476
Profit attributable to non-controlling interests	77	16
Profit attributable to owners of parent	8,813	8,459

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Profit	8,890	8,476
Other comprehensive income		
Valuation difference on available-for-sale securities	(100)	6,726
Revaluation reserve for land	-	(29)
Foreign currency translation adjustment	246	(26)
Remeasurements of defined benefit plans, net of tax	314	263
Total other comprehensive income	461	6,933
Comprehensive income	9,352	15,410
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,274	15,393
Comprehensive income attributable to non-controlling interests	77	16

Consolidated Statement of Changes in Equity

For the fiscal year ended December 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,867	5,711	66,077	(226)	78,430
Changes during period					
Dividends of surplus			(1,829)		(1,829)
Profit attributable to owners of parent			8,813		8,813
Purchase of treasury shares				(10,222)	(10,222)
Cancellation of treasury shares			(10,209)	10,209	-
Disposal of treasury shares by stocks payment trust				0	0
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(3,226)	(12)	(3,238)
Balance at end of period	6,867	5,711	62,851	(238)	75,192

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,044	2,274	252	155	7,726	710	86,867
Changes during period							
Dividends of surplus							(1,829)
Profit attributable to owners of parent							8,813
Purchase of treasury shares							(10,222)
Cancellation of treasury shares							-
Disposal of treasury shares by stocks payment trust							0
Net changes in items other than shareholders' equity	(100)	-	246	314	461	77	538
Total changes during period	(100)	-	246	314	461	77	(2,699)
Balance at end of period	4,944	2,274	499	470	8,187	788	84,168

For the fiscal year ended December 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,867	5,711	62,851	(238)	75,192
Changes during period					
Dividends of surplus			(2,205)		(2,205)
Profit attributable to owners of parent			8,459		8,459
Purchase of treasury shares				(2,794)	(2,794)
Reversal of revaluation reserve for land			(4)		(4)
Treasury stock possession of stock ownership plan trust				(164)	(164)
Disposal of treasury shares by stocks payment trust				22	22
Disposal of own shares by director's stock benefit trust			(14)	178	164
Net changes in items other than shareholders' equity					
Total changes during period	-	-	6,234	(2,758)	3,475
Balance at end of period	6,867	5,711	69,085	(2,996)	78,668

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,944	2,274	499	470	8,187	788	84,168
Changes during period							
Dividends of surplus							(2,205)
Profit attributable to owners of parent							8,459
Purchase of treasury shares							(2,794)
Reversal of revaluation reserve for land							(4)
Treasury stock possession of stock ownership plan trust							(164)
Disposal of treasury shares by stocks payment trust							22
Disposal of own shares by director's stock benefit trust							164
Net changes in items other than	6,726	(24)	(26)	263	6,938	16	6,955

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
shareholders' equity							
Total changes during period	6,726	(24)	(26)	263	6,938	16	10,431
Balance at end of period	11,670	2,249	472	733	15,126	804	94,599

Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Cash flows from operating activities		
Profit before income taxes	12,562	12,281
Depreciation	3,053	3,539
Impairment losses	56	32
Increase (decrease) in retirement benefit liability	(110)	3
Decrease (increase) in retirement benefit asset	52	(91)
Interest and dividend income	(729)	(1,061)
Interest expenses	72	145
Loss (gain) on sale of investment securities	(1,807)	(147)
Subsidy income	(58)	(32)
Loss on retirement of property, plant and equipment	30	56
Loss (gain) on sale of property, plant and equipment	(3)	5
Gain on sale of business	-	(274)
Decrease (increase) in trade receivables	(26)	(643)
Decrease (increase) in inventories	658	(1,609)
Increase (decrease) in trade payables	(890)	716
Increase (decrease) in accrued consumption taxes	(320)	(60)
Other, net	40	876
Subtotal	12,579	13,737
Interest and dividends received	754	1,053
Interest paid	(73)	(150)
Subsidies received	58	32
Income taxes paid	(4,297)	(3,691)
Net cash provided by (used in) operating activities	9,021	10,981
Cash flows from investing activities		
Purchase of securities	(15,120)	-
Proceeds from redemption of securities	5,700	2,900
Purchase of property, plant and equipment	(3,978)	(7,128)
Proceeds from sale of property, plant and equipment	14	18
Payments for retirement of property, plant and equipment	(27)	(55)
Proceeds from sale of businesses	-	274
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	33
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(106)
Purchase of investment securities	(10,607)	(13)
Proceeds from sale and redemption of investment securities	8,667	6,421
Other, net	(198)	(121)
Net cash provided by (used in) investing activities	(15,550)	2,222
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,970	(2,500)
Proceeds from long-term borrowings	10,600	6,900
Repayments of long-term borrowings	(4,234)	(10,937)
Purchase of treasury shares	(10,222)	(2,794)
Dividends paid	(1,829)	(2,205)
Other, net	(1)	(6)
Net cash provided by (used in) financing activities	(3,717)	(11,545)
Effect of exchange rate change on cash and cash equivalents	387	87

(Millions of yen)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Net increase (decrease) in cash and cash equivalents	(9,858)	1,745
Cash and cash equivalents at beginning of period	43,597	33,739
Cash and cash equivalents at end of period	33,739	35,484

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in accounting policies)

(Application of “Accounting Standard for Current Income Taxes,” etc.)

The Company has adopted the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan [ASBJ] Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”) from the beginning of the fiscal year under review.

The amendments to the classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatment set forth in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment set forth in the proviso to Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “2022 Revised Guidance”). This change in accounting policy has no impact on the consolidated financial statements.

In addition, the Company has applied the 2022 Revised Guidance from the beginning of the fiscal year under review to the revision related to the review of the treatment in the consolidated financial statements in the case of tax deferral of the gains and losses arising from the sale of shares of subsidiaries among consolidated companies. This change in accounting policy has been retrospectively applied to the consolidated financial statements for the previous fiscal year. This change in accounting policy had no effect on the consolidated financial statements for the previous fiscal year.

(Additional information)

(Amendments to the amounts of deferred tax assets and deferred tax liabilities due to the change in the tax rate for income taxes)

In accordance with the “Act Partially Amending the Income Tax Act, etc.” (Act No. 13 of 2025), which was enacted by the Diet on March 31, 2025, “tax measures to secure financial resources for strengthening defense capabilities (special defense corporation tax)” will be imposed starting from the consolidated fiscal years beginning on or after April 1, 2026.

In conjunction with this, deferred tax assets and deferred tax liabilities related to temporary differences expected to be eliminated in the fiscal years beginning on or after January 1, 2027, are calculated using the statutory effective tax rate of 31.4% compared to the previous rate of 30.5%.

The impact of this tax rate change is immaterial.

(Business combination by share acquisition (conclusion of share purchase agreement))

The Company’s consolidated subsidiary SHIKOKU CHEMICALS CORPORATION, engaged in the Chemicals operations business, resolved at a meeting 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. Please note that the Acquisition has been approved by the Boards of Directors of the Company and SHIKOKU CHEMICALS CORPORATION, subject to the fulfillment of the closing conditions with Timuraya.

1. Outline of the business combination

(1) Name of the acquired company and its business

Name of the acquired company:	PT Timuraya Tunggal
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

The first quarter of the fiscal year ending December 31, 2026 (scheduled)

(4) Legal form of the business combination

Share acquisition

(5) Name of the entity after combination

Not yet determined at this time.

(6) Percentage of voting rights to be acquired

100.0%

(7) Main grounds for determining the acquisition of the company

SHIKOKU CHEMICALS CORPORATION, a consolidated subsidiary of the Company, will acquire the shares with cash as consideration.

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

Consideration for acquisition	Cash	Approximately USD 30 million
Acquisition cost		Approximately USD 30 million

(Note) The above amounts are approximate figures at the time of acquisition. Actual amounts may differ from those stated above due to future price adjustments and other factors.

3. Details and amounts of major acquisition-related expenses

Advisory fees, etc. Approximately JPY 600 million

4. Amount of goodwill to be recognized, the reason for recognition, and the method and period of amortization

Not yet finalized at this time.

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

Not yet finalized at this time.

(Segment information, etc.)

(Segment information)

I. Overview of reportable segments

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

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

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

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

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

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

Profit of the reportable segments is based on operating profit.

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

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

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

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

(Million yen)

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

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

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

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

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

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

2. Fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

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

(Million yen)

	Reportable segment			Other (Note) 1	Total	Adjustment (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Chemicals operations	Housing Materials operations	Total				
Net sales							
Inorganic chemicals	14,544	-	14,544	-	14,544	-	14,544
Organic chemicals	18,460	-	18,460	-	18,460	-	18,460
Fine chemicals	18,546	-	18,546	-	18,546	-	18,546
Interior, exterior finishes and paving materials	-	1,306	1,306	-	1,306	-	1,306
Exterior products	-	16,649	16,649	-	16,649	-	16,649
Other	-	-	-	1,174	1,174	-	1,174
Revenue from contracts with customers	51,551	17,955	69,507	1,174	70,681	-	70,681
Other revenue	-	-	-	23	23	-	23
Net sales to outside customers	51,551	17,955	69,507	1,198	70,705	-	70,705
Inter-segment net sales or transfers	18	2	21	277	298	(298)	-
Total	51,569	17,958	69,528	1,475	71,004	(298)	70,705
Segment profit	10,103	546	10,650	113	10,763	105	10,869
Segment assets	73,418	21,321	94,739	2,172	96,912	47,491	144,403
Other items							
Depreciation	2,998	312	3,310	34	3,344	194	3,539
Impairment losses	-	32	32	-	32	-	32
Increase in property, plant and equipment and intangible assets	5,726	419	6,146	3	6,149	233	6,382

(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 ¥105 million includes profit (loss) and others not allocated to business segments.

The adjustment for segment assets of ¥47,491 million includes inter-segment eliminations of ¥(53) million and corporate assets in the amount of ¥47,544 million not allocated to each reportable segment.

The adjustment for increase in property, plant and equipment and intangible assets of ¥233 million is the amount of capital expenditure related to corporate assets not allocated to each reportable segment.

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

(Per share information)

	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)	Fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)
Net assets per share	1,865.63 yen	2,168.70 yen
Basic earnings per share	191.38 yen	193.11 yen

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

The average number of shares during the period excluded for the fiscal year under review was 156 thousand shares, while the average number of shares during the period excluded for the previous fiscal year was 109 thousand shares. Diluted earnings per share are not provided, as there are no dilutive shares.

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

	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)	Fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)
Profit attributable to owners of parent (Million yen)	8,813	8,459
Amount not attributable to common shareholders (Million yen)	-	-
Profit attributable to owners of parent related to common shares (Million yen)	8,813	8,459
Average number of common shares during the period (Thousand shares)	46,052	43,804

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

	As of December 31, 2024	As of December 31, 2025
Total net assets (Million yen)	84,168	94,599
Amount deducted from total net assets (Million yen)	788	804
(Non-controlling interests included in above) (Million yen)	[788]	[804]
Amount of net assets related to common shares at end of period (Million yen)	83,380	93,794
Number of common shares used in the calculation of net assets per share at end of period (Thousand shares)	44,692	43,249

(Significant subsequent events)

There is no relevant information.