Innovation for the Earth

Integrated Report 2026

Year Ended March 31, 2026

SEKISUI

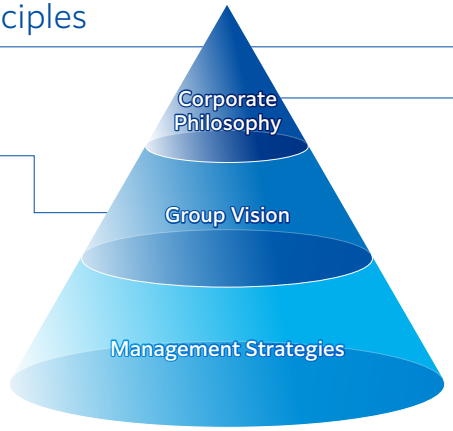
SEKISUI CHEMICAL CO., LTD.

Innovation for the Earth

To realize a sustainable society, we support the basis of LIFE and will continue to create peace of mind for generations to come.

Viewing changes in the social environment as a business opportunity, SEKISUI CHEMICAL Group is working to continuously generate innovation to help resolve social issues drawing on the solutions created by its varied and diverse technologies as well as the trust it enjoys with its stakeholders.
By contributing to the Earth and people's lives, we are endeavoring to enhance the sustainability of society in concert with efforts to secure our sustainable growth as a company.

SEKISUI CHEMICAL Group's Principles



Group Vision

Through prominence in technology and quality, SEKISUI CHEMICAL Group will contribute to improving the lives of the people of the world and the Earth's environment, by continuing to open up new frontiers in Residential and Social Infrastructure Creation and Chemical Solutions.

Corporate Philosophy

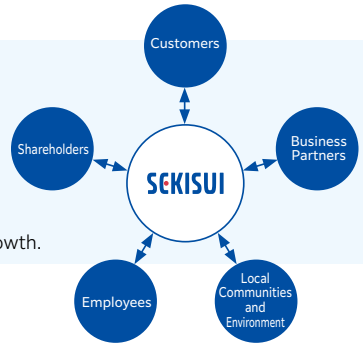
The 3S Principles

- **Service**
  At SEKISUI, we serve our stakeholders by creating social, environmental and economic value through responsible business practices.
- **Speed**
  At SEKISUI, we accelerate innovation by eagerly taking on new challenges, adapting to change and staying ahead of the times.
- **Superiority**
  At SEKISUI, we contribute to society by helping to solve social issues with our superior technologies and quality.

Five stakeholders for SEKISUI CHEMICAL Group: Customers, Shareholders, Employees, Business Partners, Local Communities and Environment

Positioning its five stakeholders as partners in improving corporate value and assessing their expectations and requests, as well as resolving society-wide issues together with them, leads to great opportunities for SEKISUI CHEMICAL Group.

We will create a relationship of mutual prosperity with our stakeholders while continuing to promote sustainable growth.



SEKISUI CHEMICAL Group's Principles https://www.sekisuichemical.com/about/outline/vision/principles/

Feedback on the Integrated Report 2025 and key improvements in the Integrated Report 2026

Feedback

- "Could you explain how the concept of cost of capital has been embedded throughout management ?"
- " Could you provide a clear roadmap for achieving the ROE target ?"
- " Could you introduce how Outside Directors are involved in management, including specific examples of their contributions ?"

Improvements

- The CEO Message discusses the Company's approach to capital costs and provides examples of initiatives related to ROE, ROIC, and WACC.
  P.02
- The Report includes a balance sheet illustration reflecting the results of the Company's investment and shareholder return policies, clarifying the linkage between its approach to improving ROE and the measures implemented to achieve it.
  P.31
- The Report includes a roundtable discussion with Outside Directors, introducing examples of their involvement to date, their expected roles, and their perspectives on key management challenges.
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This report is available in PDF format in Japanese and English and can be downloaded from the following URLs.

Japanese Edition
https://www.sekisui.co.jp/ir/document/annual/

English Edition
https://www.sekisuichemical.com/ir/report/annual/

Organizations Covered
In principle, this report covers SEKISUI CHEMICAL CO., LTD. and its consolidated subsidiaries.

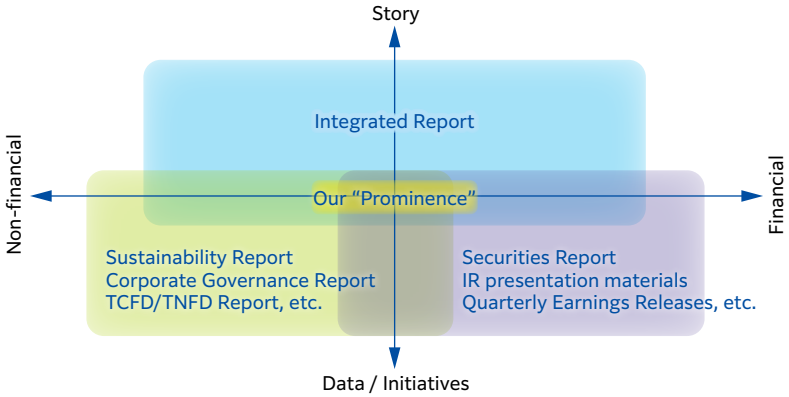
Applicable Period
Includes FY2025 (April 1, 2025 to March 31, 2026) and other details to August 2026.

In Editing This Report
In editing this report, we referred to the International Integrated Reporting Framework recommended by the IFRS Foundation, the Guidance for Collaborative Value Creation 2.0 of Japan's Ministry of Economy, Trade, and Industry (METI), and Guidelines for Intellectual Property and Intangible Asset Governance of the Cabinet Office.

Cautionary Notes
The forecasts, plans, outlooks, and other forward-looking statements in this report are based on management's judgment of information available at the time this report was produced. Changes in key factors could cause actual performance results to differ materially from these forward-looking statements.

Figures denominated in billions of yen in this integrated report are rounded off to the nearest first decimal place. In addition, those denominated in millions of yen are rounded down to the nearest million yen.

SEKISUI CHEMICAL Group Information Disclosure System



SEKISUI CHEMICAL Group reports on its management strategies aimed at creating corporate value, its financial and non-financial approach as well as related data and initiatives in a comprehensive manner in its Integrated Report.

Moreover, we continuously disclose explanatory materials on our management strategy, including financial results and non-financial data, in our Annual Securities Report and IR financial results presentation materials.

Details of the Group's ESG management and sustainability activities as well as comprehensive non-financial information are disclosed in the Sustainability Report.

Our "Prominence," the reference materials for Investors explains the competitive strengths and basic strategies of SEKISUI CHEMICAL Group's major businesses.

Website Information

Investor Relations
https://www.sekisuichemical.com/ir/

Securities Report
https://www.sekisuichemical.com/ir/report/financial_report/

Presentations
https://www.sekisuichemical.com/ir/presentations/

Reference Materials for Investors, Our "Prominence"
https://www.sekisuichemical.com/ir/report/prominence/

Sustainability
https://www.sekisuichemical.com/sustainability_report/

Sustainability Report
https://www.sekisuichemical.com/sustainability_report/report/

TCFD/TNFD Report
https://www.sekisuichemical.com/sustainability_report/report/#tcfd

Message from the President & CEO

I joined SEKISUI CHEMICAL in 1987 and began my career as an engineer working on adhesive tape for corrugated cardboard packaging. Since then, I have pursued my career in the High Performance Plastics Company. A major turning point came in 2006, when I was assigned to the United States. As president of a local subsidiary whose performance was struggling at the time, I faced the difficult decision of whether to rebuild the business or withdraw from it. Working together with employees to implement reforms aimed at rebuilding the business, we achieved record-high profit for the first time in 10 years, which gave me tremendous confidence. After returning to Japan, I served as head of the Interlayer Film and Foam Division, and from 2019, as President of the High Performance Plastics Company, I was also involved in the acquisition and PMI of SEKISUI AEROSPACE CORPORATION. I believe the valuable experience I gained through business revitalization, acquisitions, and integration will be of great use in management going forward.

Turning challenges into results with Accelerate 2028 to realize Vision 2030

At the Midpoint of Vision 2030 Toward the Launch of Accelerate 2028

In 2020, the SEKISUI CHEMICAL Group announced Vision 2030, which aims to double the scale of our business by FY2030. Today, all Group employees are working as one toward its realization. Under former President Kato, we drove growth over the five years from 2020 and firmly established momentum, including by achieving record-high profits. The year 2026 marks both the exact midpoint of Vision 2030 and the important milestone of launching a new Medium-term Management Plan. Having assumed responsibility for steering management at this juncture, I feel the weight of that responsibility keenly. As its name suggests, the new Medium-term Management Plan, Accelerate 2028 is a three-year period for accelerating growth toward the realization of Vision 2030. I believe my role, having received the baton, is to ensure that we execute this plan.

Through Accelerate 2028, we will turn challenges into tangible results and make a concerted effort to realize Innovation for the Earth, the vision statement set forth in our Long-term Vision, Vision 2030.

Message from the President & CEO

Realizing "Innovation for the Earth"

To fully realize Innovation for the Earth, we will pursue three priority measures. The first is "accelerating the expansion of existing business and continuing to strengthen preparations for future growth." The Group operates across four segments: Housing, Urban Infrastructure & Environmental Products, High Performance Plastics, and Medical. We will concentrate management resources on the growth-driving and growth-potential businesses in each segment to accelerate business expansion, while steadily investing in new businesses and technologies that will underpin growth beyond that. The second is "launching the film-type perovskite solar cell business." We will first devote our full efforts to establishing mass production at the Sakai Plant and, by developing this into a full-scale business, contribute to the wider adoption of renewable energy and the realization of a decarbonized society. The third is "developing people and organizations that continue to take on challenges." While carrying forward former President Kato's aspiration to create a vibrant company, we will further cultivate people and organizations that continue to take on challenges without giving up when they encounter obstacles. Specifically, we will advance human resource development programs that cultivate leaders capable of formulating and executing strategies and specialists with advanced expertise, while creating an environment in which every individual can step forward and take on challenges. By appropriately evaluating the act of taking on a challenge itself and the experience gained from it, regardless of success or failure, we will foster a corporate culture in which every individual continues to grow.

I am determined to realize Innovation for the Earth. I want to share that commitment with as many people as possible and, together with all stakeholders who share our aspirations, address social issues and co-create "peace of mind for generations to come."

Value that the SEKISUI CHEMICAL Group Provides to Society

Since our founding, the Group has consistently worked to address social issues that affect the safety and health of people around the world, as well as global environmental issues such as climate change and natural disasters that pose serious threats to the continued existence of society.

Our Group Vision is: "Through prominence in technology and quality, SEKISUI CHEMICAL Group will contribute to improving the lives of the people of the world and the Earth's environment, by continuing to open up new frontiers in Residential and Social Infrastructure Creation and Chemical Solutions." To fulfill this vision, I believe the value the Group provides to society lies in fully realizing "Innovation for the Earth," generating innovation on a global scale, and contributing to solutions to a wide range of social issues.

To contribute to solving social issues, we are focused on continuously creating "Products to Enhance Sustainability". P.18 Among these, one business in which I see particularly significant potential is film-type perovskite solar cells.

I encourage everyone to imagine a world in which these cells are widely adopted. Film-type perovskite solar cells would be installed on roofs, walls, and throughout cities, turning entire communities into power plants. There would be no need to clear forests to install solar cells, nor to operate thermal power plants and emit CO_2. If we can use our capabilities to create such cities around the world, I believe that would truly represent Innovation for the Earth on a global scale.

The Source of Innovation: Strategic Foresight, Processing, and Value Transformation

"Strategic foresight, processing, and value transformation" is one of our strengths. We generate innovation by driving our value creation process around these three capabilities. Specifically, we first anticipate social issues and market needs. We then combine and process highly competitive core technologies defined as our 27 Technological Platforms (TPFs) P.50 to create distinctive solutions. In this way, we create new value, including Products to Enhance Sustainability, and implement that value in society to drive social transformation.

Our distinctive position as a company with four domains—Residential, Advanced Lifeline, Innovative Mobility, and Life Science—comes into its own as we drive this cycle. We can identify new needs and seeds across a broad range of business fields, while also directly implementing material-based solutions created as a chemical manufacturer in social infrastructure such as housing and infrastructure.

One example is our approach to the social issue of increasingly severe natural disasters caused by climate change, where we are developing disaster-resilient communities. ASAKA Lead Town, developed on the former site of our Tokyo Plant in Asaka City, Saitama Prefecture, combines infrastructure technologies designed to withstand torrential rain and earthquakes with SEKISUI HEIM homes that are highly earthquake-resistant and possess energy self-sufficiency features. To address power and energy issues, we have our film-type perovskite solar cell business. These cells employ advanced technologies from the High Performance Plastics Company and are characterized by their high flexibility, thinness, and light weight. By combining these technologies with the engineering capabilities cultivated by the Urban Infrastructure & Environmental Products Company, we will initially promote installation on low-load-bearing roofs, such as those of elementary and junior high school gymnasiums that serve as evacuation shelters during disasters. In the future, we also intend to consider installation in ordinary homes by leveraging the technologies and networks of the Housing Company. In this way, by continuously driving the process of strategic foresight, processing, and value transformation, we will continue to realize Innovation for the Earth in ways unique to SEKISUI CHEMICAL and, in doing so, grow together with society.

Message from the President & CEO

Achievements and Challenges to Date under the Long-term Vision, Vision 2030, and the Path to Its Realization

One achievement during the first five years toward the Long-term Vision, Vision 2030 is that we have steadily made investment decisions and laid the groundwork for investments in growth-driving and growth-potential businesses and for future growth. Specifically, we have promoted a variety of capacity expansion investments, including the addition of a new interlayer film production line in Thailand, expansion of domestic production capacity for the "SELFA" semiconductor processing tape, and construction of a new synthetic lumber (FFU) railways sleeper plant in the Netherlands. For film-type perovskite solar cells, which hold significant promise for future growth, we have formulated a capital investment plan exceeding ¥300.0 billion. By 2030, we aim to achieve net sales on the scale of ¥100.0 billion and operating profit of ¥15.0–20.0 billion. This is becoming an indispensable business for achieving our Long-term Vision, and expectations continue to rise.

With regard to M&A, although some of the investment allocation under the previous Medium-term Management Plan remained unused, we actively pursued opportunities and conducted thorough evaluations. This was the result of carefully scrutinizing potential deals rather than simply seeking to use up the M&A allocation, and I believe this approach deserves recognition in its own right.

The challenge, in my view, is the speed at which we generate results. Under the previous Medium-term Management Plan, Drive 2.0, as noted above, we made firm decisions on growth investments and laid the groundwork for them. However, results did not emerge as quickly as expected, and operating profit ultimately fell short of the target, which was disappointing.

To achieve Vision 2030, we must continue investing in growth fields while quickly realizing the effects of those investments and increasing the trajectory of growth.

To do so, we must first follow through on investments and M&A for growth businesses. Accordingly, we have established an aggressive investment allocation under our new Medium-term Management Plan, Accelerate 2028. We will also establish the film-type perovskite solar cell business, which represents a major challenge for me personally.

The next priority is greater speed. Achieving this will require us to strengthen our management foundation, with DX being one key area of focus. Through digital transformation, we will improve productivity.

We will also further strengthen our focus on materials informatics (MI), an area in which we have been investing considerable effort and which is expected to improve development efficiency and contribute to the creation of new products.

Above all, however, it comes down to our people. Human resources are the driving force behind the realization of Vision 2030. The challenges and growth of each individual are indispensable. We will firmly establish a culture that embraces challenge we are currently fostering, support employee growth through challenge, and harness that strength to drive the Group's growth. During the latter five years, we will accelerate growth through these activities and leverage that growth to realize Vision 2030.

Practicing Management with an Awareness of the Cost of Capital

Across the Group, the use of the cost of capital as a premise for investment decisions and business evaluations has become firmly established. We incorporate ROE and ROIC into KPIs and reflect them in employee evaluations as well. Awareness of capital efficiency has increased not only among management but also among employees, and the concept of the ROIC spread has steadily taken root. My own awareness of ROE and ROIC has also increased significantly compared with the past, reinforcing my determination to meet the expectations of investors and shareholders. To enhance corporate value, the Group is pursuing three initiatives: "Accelerated Growth," "Improvement of Capital Efficiency," and "Improvement of Confidence."

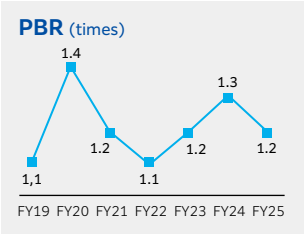
Under Accelerated growth, we will thoroughly implement portfolio management, concentrate management resources on growth-driving and growth-potential businesses, and continue to strengthen our earning power.

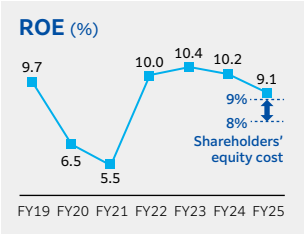
Under Improvement of capital efficiency, we will decide, as necessary, to downsize or withdraw from businesses in light of the market environment and their future prospects. In addition to reviewing our shareholder return policy, we are pursuing capital policies with an awareness of the balance sheet we should maintain.

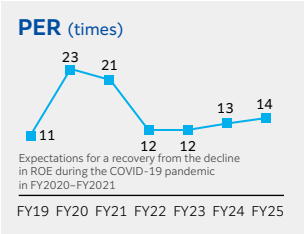
Under Improvement of confidence, we position safety and compliance as the foundation of management and are strengthening quality and risk management, including through the use of DX. Building a management foundation that reduces business risks and consistently generates results will enhance confidence from society and the market and also help reduce the cost of capital.

Message from the President & CEO

PBR, an indicator of share price valuation, currently remains at approximately 1.2 times, and we recognize that there is room to improve both ROE and PER.







We position ROE as a key management indicator and break it down into three components—net profit margin, total asset turnover, and financial leverage—working to improve each of them.

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
ROE	**9.7%**	**6.5%**	**5.5%**	**10.0%**	**10.4%**	**10.2%**	**9.1%**
=							
Net profit margin (%)	5.2%	3.9%	3.2%	5.6%	6.2%	6.3%	5.7%
Reference: operating profit margin (%)	7.8%	6.4%	7.7%	7.4%	7.5%	8.3%	8.1%
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Total assets turnover (times)	1.06	0.94	0.99	1.02	0.98	0.98	0.95
×							
Financial leverage (times)	1.81	1.72	1.78	1.74	1.67	1.65	1.68

First, regarding the net profit margin, the underlying operating profit margin has improved as we shifted toward high-value-added products under the previous Medium-term Management Plan, Drive 2.0. On the other hand, partly as a consequence of proactive investment, impairment losses and other factors have prevented us from raising the net profit margin sufficiently relative to the operating profit margin. Our most important task is to increase net profit. To this end, we will steadily execute growth initiatives and further strengthen our management foundation to improve our net profit margin.

Total asset turnover has recently declined due to proactive capital investment for growth in areas including film-type perovskite solar cells and the High Performance Plastics Company's growth-driving fields. Going forward, we aim to improve this ratio by generating sales from these facilities and realizing the effects of our investments. As for financial leverage, although we have financed growth investments primarily through debt and implemented proactive shareholder returns, shareholders' equity has increased due to foreign exchange translation adjustments and other valuation differences, resulting in a recent decline in financial leverage. We will continue to select appropriate financing methods with capital efficiency in mind, while also maintaining shareholder returns.

Turning next to PER, SEKISUI CHEMICAL has many attractive businesses, including electronics, interlayer films, pipeline renewal construction, and film-type perovskite solar cells. We will proactively disclose information on their growth potential, competitive advantages, and investment progress to ensure that the market appropriately recognizes their value.

Although we cannot directly control our share price, I believe that by continuing these initiatives to enhance corporate value, together with careful dialogue and disclosure, we can sustainably improve ROE and PER.

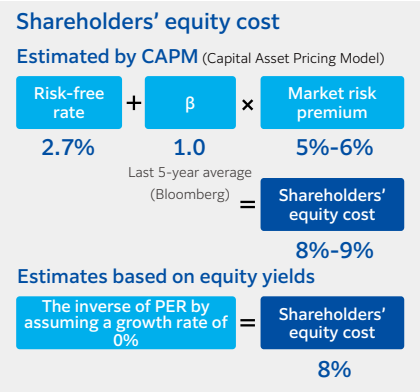
Investors and shareholders sometimes voice criticism that "we have yet to deliver sufficient results." We take such views seriously and will continue our dialogue with the market, responding through tangible improvements in capital efficiency and corporate value.

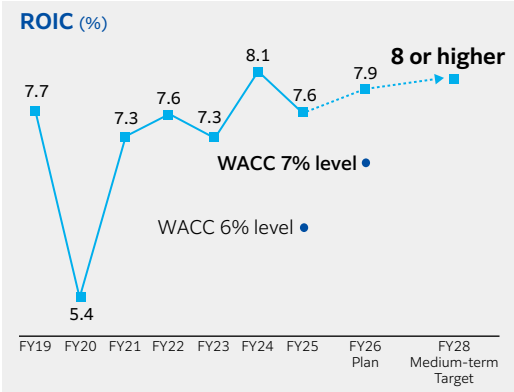
Portfolio Management

Our portfolio management analyzes and evaluates businesses from the perspectives of profitability (operating profit margin), capital efficiency (ROIC), and growth potential (net sales growth rate), clarifies the strategic role of each business—growth-driving, growth-potential, revenue base, or improvement—and allocates management resources accordingly. If we cannot secure a sufficient ROIC spread, or if the operating profit margin remains low and it is difficult to establish a path toward the target level, we promptly review the business strategy.

For example, the biorefinery business, which uses microorganisms to produce resources from combustible waste, was a highly advanced technology and a promising new business. However, as the external environment developed differently from our assumptions and the prospects for securing sufficient margins became uncertain, we decided to revise our strategy.

To advance portfolio management, it is important both to secure the ROIC spread and to undertake initiatives that reduce the cost of capital. We need to strengthen our management foundation through the practice of ESG management, firmly pursue IR activities, and earn the confidence of our stakeholders. We will continue to work steadily on these priorities.





Message from the President & CEO

Next, I would like to discuss portfolio management from the perspective of the Group-wide business structure. The Group comprises three companies—Housing, Urban Infrastructure & Environmental Products, and High Performance Plastics—as well as the Medical Business. This diversity of businesses is sometimes cited as a factor that can lead to a conglomerate discount. I, however, see our diverse business portfolio as a strength of the Group. By having each business establish an earnings base in a different market, we enhance management stability while also generating synergies among businesses. This is a value unique to the SEKISUI CHEMICAL Group. Going forward, we will continue to carefully communicate our approach to portfolio management and its current status, aiming to become a company that is valued for the strengths that come precisely from being a conglomerate.

The Significance of Retaining the Housing Business

I believe the Housing Business plays an important role in the stability of our portfolio. Because it is primarily domestic and BtoC, its markets and risks differ from those of our other businesses, helping to reduce management risk. We have also accumulated extensive expertise in factory production over many years, and I believe we can continue to maintain a strong presence in the housing market. In time, we will leverage synergies with film-type perovskite solar cells to provide value unique to SEKISUI CHEMICAL and offer products with even greater added value.

Going forward, we will continue to pursue M&A aimed at strengthening sales and engineering capabilities in order to maximize the use of our existing housing production facilities. However, the Housing Business will continue to be positioned as a source of stability for the Group as a whole. Indeed, I believe that strengthening this core source of stability will create a foundation that enables us to take on even more challenges.

"Adaptability to Change" Required in an Era of Uncertainty

In recent years, the external environment has become more uncertain than ever, and I recognize that companies are being called upon to respond with even greater adaptability. Recent major changes include instability in the Middle East and the accelerating pace of technological innovation, including AI. The situation in the Middle East has once again underscored, through its impact on supply chains, the importance of securing stable supplies of energy and raw materials. As a company that contributes to solving social issues, we have a responsibility to continue providing products and services reliably. To fulfill that responsibility, we will further strengthen the resilience of our procurement and production systems and our efforts to diversify risks.

At the same time, technological innovation centered on AI represents a major opportunity for us, while also being a factor that can significantly reshape the competitive environment. We are advancing initiatives including materials informatics (MI), P.54 which are helping to accelerate development and enhance our ability to create added value. Going forward, we will further evolve these initiatives and strengthen our competitive advantage. Rather than being buffeted by changes in the external environment, it is important to identify both risks and opportunities within those changes. We must properly assess and accept risks, transfer or avoid them as necessary, and turn them into opportunities.

Precisely because uncertainty is so high, we must question existing assumptions, reassess everything from the ground up, define where we want to be, and drive the transformation needed to get there. While maintaining sound day-to-day business management as our foundation, we will transform our businesses over the medium to long term and, through these efforts, build a strong organization in which every individual grows.

Taking Our Culture of Challenge to the Next Stage

With regard to Challenge Actions, we provide opportunities to try again even after failure, and I myself have repeatedly communicated the message that "people will not be blamed for failure." The Challenge Action Rate, which we use as a KPI, reached 62% in FY2025, and I am increasingly hearing employees say, "Even in small ways, I feel I am now more willing to take on challenges." I feel that a culture that embraces challenge is steadily taking root, but at the same time, we are still in a transitional phase. Until now, there has been value in the act of "trying something different from before" itself. From here, however, I believe we are entering a stage in which we must raise the quality and speed of our challenges and increase the probability of success. What I consider particularly important here is leadership management. I want leaders to encourage their team members to take on challenges, foster aspirations such as "this is what I want to pursue," and channel those aspirations into challenges that contribute to realizing our Long-term Vision, while creating an environment in which each individual can develop their capabilities. Even when the outcome is failure, it is important to support people from a long-term perspective with the conviction that "the learning and experience gained will surely lead to the next opportunity." Innovation begins with the challenges taken on by each and every employee.

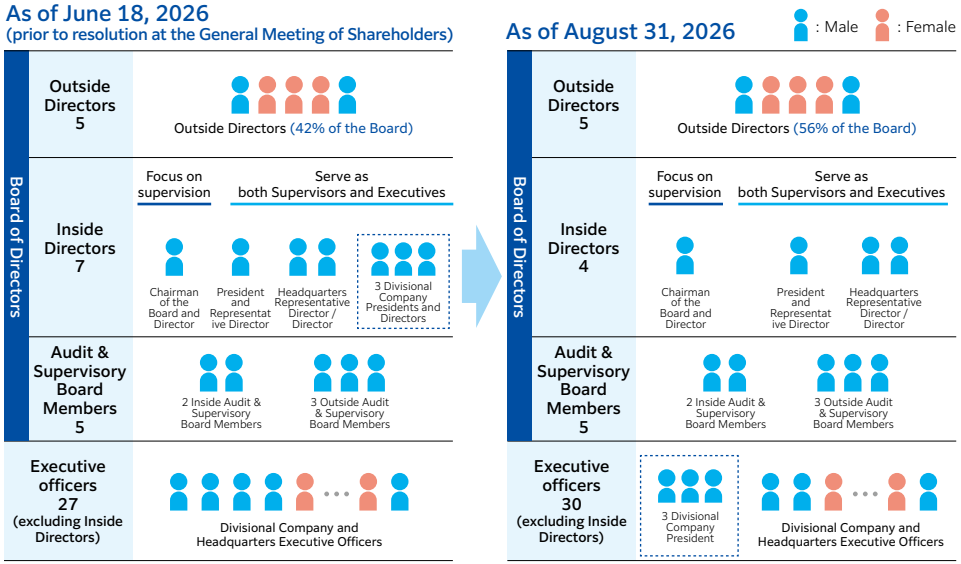
The Group has always had a culture that encourages people to take on challenges. During my own years as an engineer, I was involved in designing a new process for kraft tape that reduced environmental impact, improved quality, and lowered costs. This process improvement required substantial capital investment, but it became possible because I clearly communicated what I wanted to achieve, and my supervisors and the Company responded to my commitment, encouraged me, and provided the necessary budget. I want to carry forward this culture of encouraging people to take on challenges.

Message from the President & CEO

Clarifying the Roles of Supervision and Execution and Practicing Management with an Even Stronger Focus on Corporate Value

I believe the structure of the Board of Directors must continually evolve toward the optimal form in accordance with the Company's circumstances and the future state we seek to achieve. As our businesses become increasingly global and diverse, the Board is expected not only to deliberate individual matters but also to engage in higher-quality discussions on important themes that contribute to enhancing corporate value, including medium- to long-term management strategies and the ESG management foundation.

Accordingly, we have revised the Board structure so that Outside Directors constitute a majority, further clarifying the separation of supervision and execution, while also increasing the proportion of female Directors to more than 30%. By increasing independence and diversity, we have established a framework for supervising management from more objective and multifaceted perspectives.



Going forward, with this enhanced supervisory function in place, we will further delegate authority to executive management. At the Board of Directors, we will also deepen discussions aimed at sustainably enhancing corporate value, covering not only medium- to long-term business strategies and the ESG management foundation but also capital efficiency, including the ROIC spread, ROE, and WACC.

By strengthening oversight in a way that enables executive management to perform at its best, we will both accelerate management and enhance governance, supporting sustainable growth in corporate value.

Turning Dialogue with Shareholders and Investors into Enhanced Corporate Value

I believe dialogue with shareholders and investors is extremely important for enhancing corporate value and ensuring that our share price appropriately reflects that value. We will first improve on our communication so that stakeholders can accurately understand our current position, growth strategies, and future potential. With our improved communication, we will engage in dialogue to identify gaps between what shareholders and investors expect of us and where we stand today, and incorporate their opinions and recommendations into management with the aim of enhancing corporate value and ensuring that our share price appropriately reflects that value.

I personally place great importance on opportunities to engage directly with shareholders and investors. Recently, when speaking with investors in Europe, a shareholder who has held our shares for more than 20 years offered words of encouragement, saying, "I hope you will keep up the good work." I took those words as an indication that they understood the direction we are pursuing, and found them extremely encouraging. The experience once again impressed upon me the importance of deepening mutual understanding through dialogue.

Of course, we sometimes receive critical feedback as well as expressions of support and high expectations, but we regard such feedback as important input for our medium- to long-term growth. We will continue constructive and candid dialogue and further deepen our relationships of trust with shareholders and investors.

My Challenge as President of the SEKISUI CHEMICAL Group

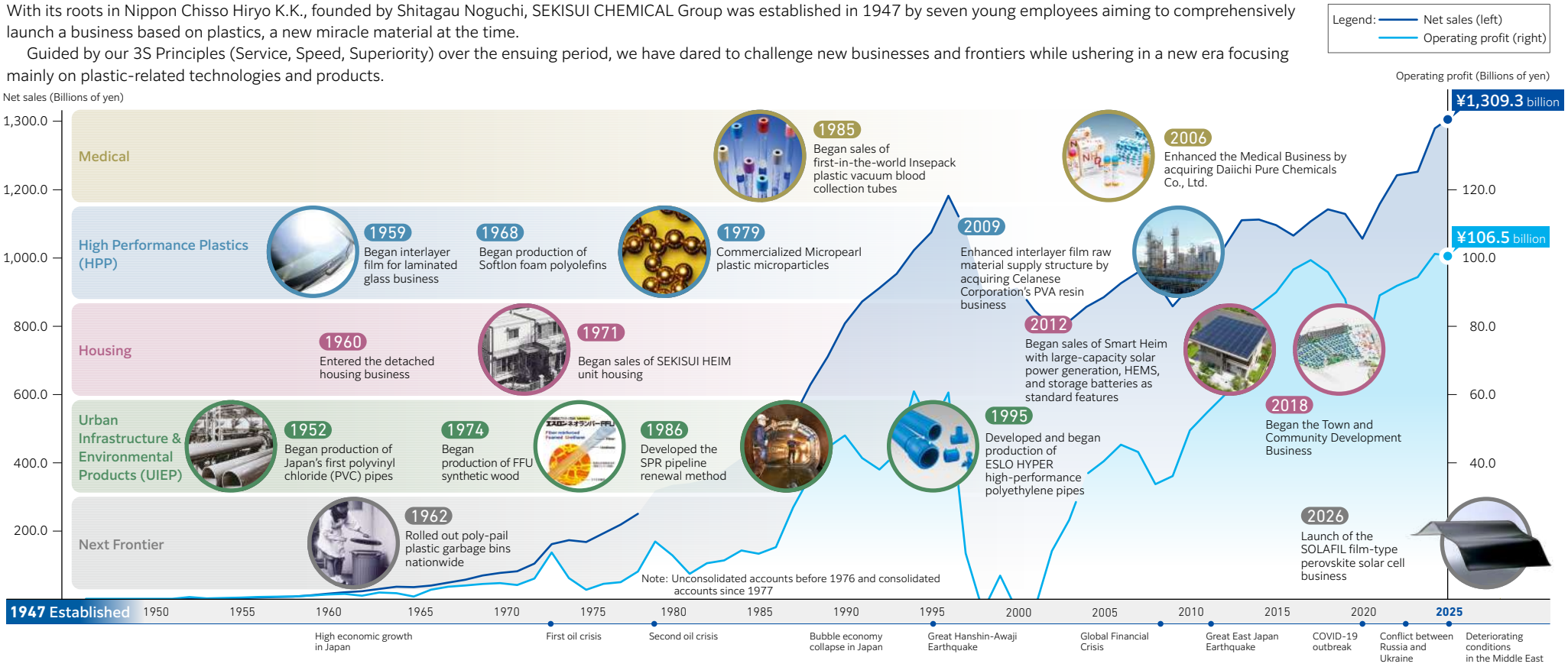
My greatest challenge as President is developing our people. I believe the growth of each individual strengthens our businesses and serves as the driving force behind enhanced corporate value. Creating an environment in which every employee can take on challenges and grow is my most important role.

Looking not only to the realization of Vision 2030 but also beyond it, we must begin systematically developing the next generation of leaders who can succeed globally. To that end, we will spare neither time nor investment in human resource development. I firmly believe that the growth of each and every employee will be the force that opens up the future of the SEKISUI CHEMICAL Group.

SEKISUI CHEMICAL Group's Accomplishments

With its roots in Nippon Chisso Hiryo K.K., founded by Shitagau Noguchi, SEKISUI CHEMICAL Group was established in 1947 by seven young employees aiming to comprehensively launch a business based on plastics, a new miracle material at the time.

Guided by our 3S Principles (Service, Speed, Superiority) over the ensuing period, we have dared to challenge new businesses and frontiers while ushering in a new era focusing mainly on plastic-related technologies and products.



1947– Foundation

Established Process Creation Business as a Pioneer in Plastics

SEKISUI CHEMICAL Group took on the challenge of being the first in Japan to engage in plastic processing using domestically produced injection molding machines. We contributed to Japan's postwar reconstruction by bringing new changes to people's lives through plastic products such as daily necessities, tapes and films, PVC pipes, and poly-pail plastic garbage bins. We entered the housing sector in 1960, and later spun it off as a separate company, now called Sekisui House, Ltd. In 1963, we aggressively expanded operations, which included becoming the first Japanese manufacturer to enter the U.S. market.

1966– Development

Improved Management Framework and Developed Next-generation Businesses

With high economic growth in Japan drawing to a close, we implemented structural reforms and improved our management framework based on our basic philosophy of respecting employees and business partners, while contributing to society through plastics. We began SEKISUI HEIM industrialized modular houses and the Medical Business as the next wave of growth businesses. The Company was awarded the Deming Prize, the highest honor for TQC, * in 1979 for company-wide TQC activities.

* TQC: Total Quality Control

1980– Growth

Launched High-performance Products and Expanded the Housing Business

With commercialization of next-generation products progressing since the late 1970s, we saw growth particularly in the social infrastructure-related, housing, and medical fields. We implemented organizational reforms to enhance our ability to meet customer needs, while launching new materials, technologies, and products to address more sophisticated customer needs and social issues. The Housing Business enhanced after-sales services, significantly grew, and drove overall company earnings. In 1997, we were the first in the industry to begin selling houses equipped with solar-power generation systems.

1999– Resurgence

Adopted a Three Company System and Initiated CSR Management

The Company reorganized from a seven-division to a three-company system P.26, engaged in business selection and concentration, as well as globalization, to overcome the business crisis following the collapse of the bubble economy in Japan. At the same time, we promoted CSR management under the Three Prominences: Environment to achieve sustainable growth by balancing the economy and ecology; CS & Quality to improve CS (customer satisfaction) together with enhancing quality; and Human Resources to support the growth of employees to maximize their strengths.

2008– Transformation

Proactively Pursuing Strategic Investment and Evolving from CSR to ESG Management

We are improving profitability along with expanding our businesses by pursuing investment strategies that clarify strategic fields and by enhancing our business structure. We have significantly increased sales of the High Performance Plastics Company by expanding our lineup of high-performance products. In 2020, we formulated our new Long-term Vision. As part of this, we are pursuing the evolution of CSR management—an integral part of our operations—into ESG management to realize social and corporate sustainability by taking a more strategic approach to environmental and social issues.

SEKISUI CHEMICAL Group's Business Domains

SEKISUI CHEMICAL Group is active in the Residential and Social Infrastructure Creation and Chemical Solutions business. We have developed business in the four domains of "Residential," "Advanced Lifeline," "Innovative Mobility," and "Life Science." We produce a large number of Products to Enhance Sustainability by making a high degree of contribution to solving natural and social environmental issues, as a result, these products have consistently accounted for more than 70% of total company sales.
The current business consists of four segments and the three divisional companies of Housing, Urban Infrastructure & Environmental Products (UIEP), and High Performance Plastics (HPP), as well as the Medical Business.

Business Domains

Residential and Social Infrastructure Creation
As far as our longstanding products and businesses in such areas as the housing and pipe system-related fields are concerned, we will continue to promote a process of evolution and expansion by generating increased added value in response to customer feedback and the demands of the times.

Chemical Solutions
Turning to the Electronics and Mobility fields as well as the Medical Business, we will not only focus on the development of products that meet the needs of existing customers, but also actively develop new products by cultivating new customers and pursuing M&As and CVCs.

Social Issues to Solve

Existing Businesses

Residential

Providing more people with peace of mind, safety and comfort

Housing Company
Housing, Renovation, Residential

The Smart Power station series designed to support energy self-sufficiency

Smart and resilient town and community development

In-house production in progress inside the Housing production factory

Housing production factory (unit)

A housing unit being installed

High-end flagship model Steel-framed detached housing "ELVIA"

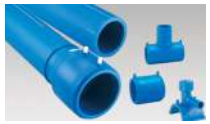
Renovation

Cost-effective model Wood-based detached housing "Grand To You FR"

Advanced Lifeline

Solving infrastructure issues and improving social infrastructure on a global scale

UIEP Company
Pipe Systems, Building and Infrastructures
Composite Materials, Infrastructure Renovation


High-performance seismic-resistant polyethylene pipe

Corrosion-resistant and chemical-resistant plant piping

Pipeline renewal method (SPR method)

High flow rate drainage system

Synthetic sleepers for railroads (FFU)

Thermal expansion fire-chlorinated materials

Chlorinated polyvinyl chloride (CPVC) resin compound

Rainwater storage/recharge system, CROSS-WAVE

Innovative Mobility

Providing equipment that contributes to both sustainable society and lifestyles

HPP Company
Electronics, Mobility, Industrial

Conductive fine particles for displays and electronic devices

Component packaging materials for semiconductors

Double-sided fixed LCD placement tape used in smartphones and tablets

Moldings for automobile bumpers

Interlayer film for automotive laminated glass

Aircraft components

Heat dissipation grease for EVs

Plastic molding sheets for aircraft cabin interiors

Life Science

Supporting global health and longevity

Medical Business
Diagnostics, Pharmaceutical Sciences

Reagents for cholesterol tests

Plastic vacuum blood collection tubes

Analysis devices

Rapid infectious disease testing kits

Expanded newborn screening

Active pharmaceutical ingredients (APIs)

Drug development support (contracted testing)

Cell culture scaffold "Ceglu"

While generating synergies among our existing businesses, we aim to continuously create Products to Enhance Sustainability and support the sustainable growth of the Company and society in these four domains. P.25

Value Creation Process

SEKISUI CHEMICAL Group provides Products to Enhance Sustainability, which are products and services that help improve people's lives and the global environment, strategically addressing social issues based on relationships of trust with stakeholders and myriad technologies. By effectively utilizing the six forms of capital and implementing our business models, we will create Products to Enhance Sustainability and convert their impact into competitiveness, as well as increase our six forms of capital to improve the sustainability of society and achieve sustainable growth as a company.

We will continue to take on the challenge of realizing a sustainable society by delivering to society "peace of mind for generations to come," which means that "peace of mind for living will continue not only for us living now, but also for the next generation and into the future."

Envisioned megatrends (perspectives) • Global environment • Politics • Economy • Society • Technology and digitalization

Input

Financial Capital
Equity: **¥851.2 billion**
Interest-bearing debt
¥144.8 billion

Human Capital
Consolidated employee total:
26,752
Ratio of overseas employees: **26%**
Average hours of training and development per full-time employee
8.3

Intellectual Capital
R&D expenditures: **¥45.6 billion**
Technological Platforms P.50
Number of patents held: **11,382**
6,612 (Japan), 4,770 (Overseas)

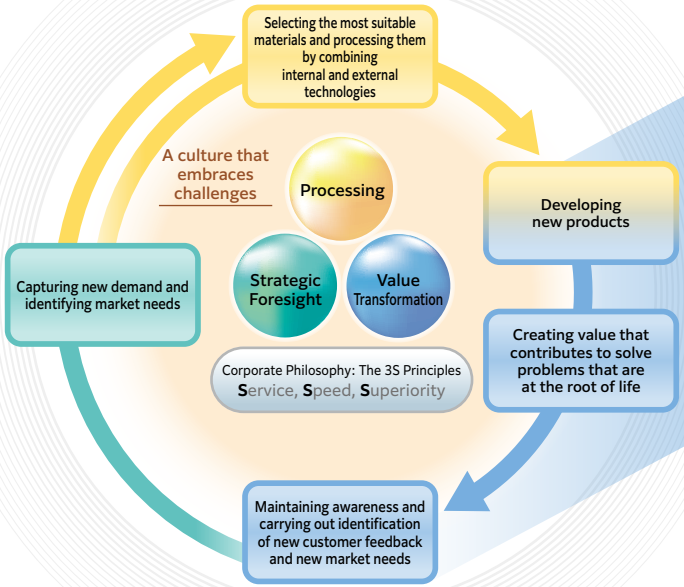
Manufacturing Capital
Production bases
(Japan / overseas): **Approx. 80**
Capital expenditures: **¥92.9 billion**

Social Capital
Number of inquiries to the Customer Consultation Office
7,691 / year
Number of engagements with investors: **65 times**[*1]
Investments in start-up companies

Natural Capital
Total usage of major raw materials (metals, polyvinyl chloride, etc.)
Approx. 1,314 thousand tons
Energy consumption: **9,592 TJ**
Water consumption
21.677 million m³

*1 The number of times the Company president and executives in charge of specific areas had dialogues with investors.
*2 All figures are FY2025 results unless otherwise indicated.

Business Models



Material issues (Materiality) in the Business Model Cycle		P.17
Environment	Advanced Carbon Neutrality Realizing a Circular Economy	P.43
Human Capital	Empowering Prominent Human Resources	P.47
Innovation	Creation Prominent in Technologies	P.50
Strengthening Internal Control		P.55
Strengthening Portfolio Management		P.26

Foundation for Business Model	
Corporate Governance	P.60
Risk Management	P.68
Respect for Human Rights / Responsible Procurement	P.69

Output

Positive Output P.18
Products to Enhance Sustainability
Number of Products to Enhance Sustainability registered as of March 31, 2026 ..... **214**
Number of newly registered products ..... **5 / year**

Negative Output P.72
GHG emissions (Scope 1 + 2) ..... **475 kt-CO_2**
Total waste generated by production sites ..... **68,000 tons**
Wastewater discharge at production sites ..... **18.885 million m³**

In the process of implementing our business models, we enhance our innovation capabilities for creating Products to Enhance Sustainability, accumulate the know-how to reduce GHG emissions and recycle materials in production processes, and boost employees' willingness to take on challenges.

Outcome

Solutions Created Based on Relationships of Trust with Stakeholders

→ **Peace of Mind for Generations to Come**

Accelerate 2028
FY2028 targets

Net sales	¥1,600.0 billion	ROE	11%
Operating profit	¥150.0 billion	ROIC	8% or higher
EBITDA	¥226.0 billion		
Net income	¥102.0 billion		

Net sales of Products to Enhance Sustainability ..... **¥1,190.0 billion**
KPI for each key material issue

Vision 2030
Financial indicators
Net sales ..... **¥2 trillion**
Operating profit margin ..... **10% or higher**
Non-financial indicators
Environment
GHG emission reduction rate ..... **-50%** compared with FY2019
Human Capital
Diverse leaders and specialized human resources drive each business
Fully transition to role-based management

Creation of impacts and conversion to competitiveness

Visualization of the social impacts of products to enhance sustainability P.18
Environmental impact accounting P.45

FY2025

Net sales of Products to Enhance Sustainability ..... **¥965.1 billion**[*3]
Net sales accounted for by Premium Framework ..... **¥546.0 billion**
Operating profit (Operating profit margin) ..... **¥106.5 billion (8.1%)**
EBITDA (EBITDA margin) ..... **¥164.6 billion (12.6%)**
Net income ..... **¥75.2 billion**

ROE **9.1%**
ROIC **7.6%**
TSR ..... **+8.5%** (past 10 years annualized)
Total amount of dividends (payout ratio) ..... **¥32.8 billion (43.6%)**
Taxes paid ..... **¥27.7 billion** (corporate taxes, local taxes, business taxes)

Environment
GHG emissions reduction rate ..... **-45.2%** (Scope 1 + 2, compared with FY2019)
Waste plastic material recycling rate ..... **70.0%** (Japan); **68.6%** (overseas)

Human Capital
Challenge Action Rate **62.0%**
Engagement score ..... **138** (indexed to 100 for FY2019)

Innovation
Patent asset value (ΣTR Value*4) growth rate (vs. CY2015)
ΣTR value: 8,037
Growth rate (CY2025): 115%
Number of open innovation projects **135**
Number of employees in specialist positions **43**

Internal control
Number of major incidents ..... **0**[*5]

*3 The method for calculating net sales of Products to Enhance Sustainability was revised to place greater emphasis on alignment with the consolidated financial statements. Beginning in FY2026, net sales of equity-method affiliates are excluded from the scope of calculation. FY2025 figures have also been calculated using the new standard.
*4 The ΣTR value is a relative indicator calculated using PatentSight®, the patent analytics tool provided by LexisNexis, Inc. The total value of the TR (Technology Relevance) indicator, which is one of the components of the Patent Asset Index™ and reflects patent asset value based on the number of citations, is defined as the technical value (ΣTR) of our entire portfolio.
*5 Cases involving deficiencies in the current internal control system that were publicly disclosed

Commentary Value Creation Process

Value co-creation with stakeholders through business models

SEKISUI CHEMICAL Group's strengths are Strategic Foresight, Processing and Value Transformation.

Through collaboration with varied and diverse stakeholders, the Company practices a business model centered on these three strengths in a way that creates products and services that help solve issues facing the natural and social environments.

Through this cycle, we will create positive impacts on the environment and society, convert this into competitiveness, increase both financial and non-financial capital, and strive to sustainably increase corporate value.

Strategic Foresight — The ability to anticipate market change and society's needs and determine whether the strengths of the Group's core technologies can be leveraged

Processing — The ability to combine internal and external technologies to deliver original solutions

Value Transformation — The ability to create new value and transform society through our products and services

Selecting the most suitable materials and processing them through the combination of technology-driven creation

Customers, Employees, Business Partners

- Since it has almost no in-house raw materials, SEKISUI CHEMICAL Group is able to select the most suitable materials according to customer requirements. In addition, we have established competitive technologies as "technology platforms" (TPFs) and are continuously working to strengthen our technologies. In turn, we are developing products that anticipate changes in the social environment by combining multiple TPFs. In addition, based on these TPFs, employees with expertise that can be used both inside and outside the company are appointed to specialist positions (S positions) and compensated appropriately. P.50, 51
- We conduct all transactions in accordance with the basic policies and guidelines of sustainable procurement. In order to achieve more appropriate procurement throughout supply chains, we are working with our Tier 1 suppliers to achieve and maintain socially responsible procurement at our Tier 2 and Tier 3 suppliers. P.69

Employee ambition

Employees

- Through Town Hall Style Meeting with President / Top Management, which serves as an opportunity for dialogue between management and employees, SEKISUI CHEMICAL Group encourages employees to empathize with the Corporate Philosophy and Vision, and to take the initiative in changing their own behavior.
- In order to appropriately assess the actions taken by employees to undertake the challenge of achieving the Long-term Vision, SEKISUI CHEMICAL Group established a new human resources system in FY2021. P.47
- We have launched an intrapreneur training program to equip employees with the skills to commercialize the Products to Enhance Sustainability that they have created. P.48

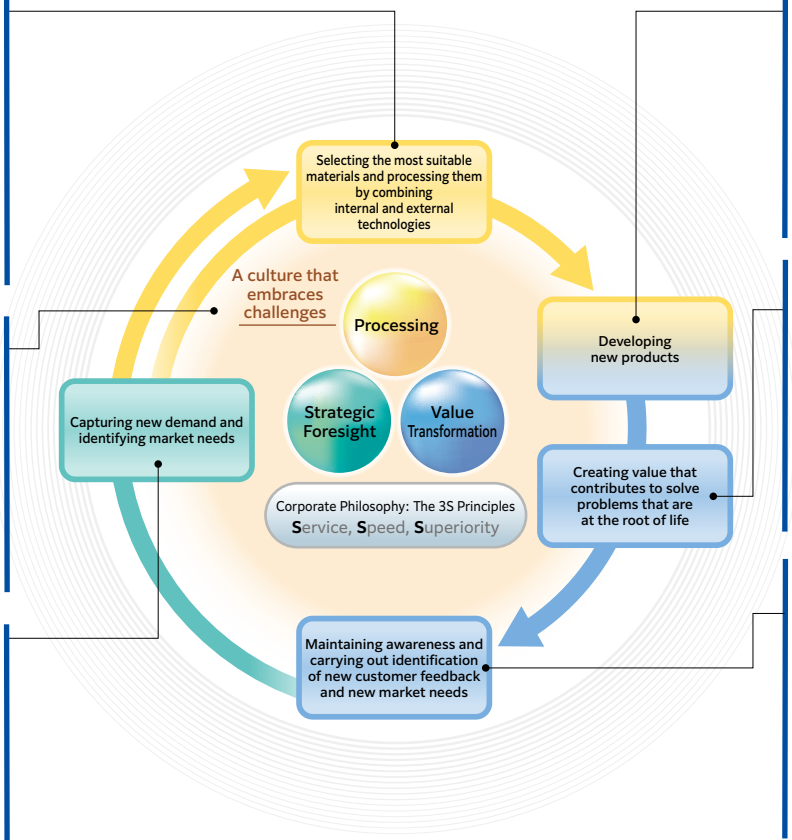
Initiatives that enable strategic foresight

Customers, Employees, Local Communities and the Environment

- For the second year in a row, our Group was introduced as a company highly evaluated for its efforts in multifaceted rule-making activities, as publicized by the Ministry of Economy, Trade and Industry. In addition, we are actively involved in the development of standards for film-type perovskite solar cells, and participate in various initiatives and rule-making efforts in the environmental field (climate change, resource recycling, etc.). Our leadership in shaping industry rules and our involvement in the formulation and standardization of criteria has helped us to create demand ahead of our competitors and subsequently increase our competitiveness.

A company highly evaluated (by the Ministry of Economy, Trade and Industry) for its efforts in multifaceted rule-making activities (in Japanese)

https://www.eslontimes.com/news/detail/1697/



Create Products to Enhance Sustainability

Local Communities and the Environment, Business Partners, Shareholders

- SEKISUI CHEMICAL Group regards intellectual property as an important management resource and promotes strategic intellectual property activities, such as strategy development based on analysis of the competitive environment using intellectual property information, market and competitive information, and portfolio management of intellectual property. P.53
- SEKISUI CHEMICAL Group emphasizes quality compliance. In particular, the Company has established a quality management system to eradicate the root causes of incidents of quality irregularities and data falsification. The Company has also built a quality assurance system for goods purchased from suppliers, and engages in activities to ensure quality. P.56

Create impacts by contributing to solving issues facing the natural and social environments

Customers, Local Communities and the Environment

- SEKISUI CHEMICAL Group receives advice from the External Advisory Board and registers products that make a significant contribution to solving environmental and social issues as Products to Enhance Sustainability. We are working to expand both sales of registered products and their environmental and social impact. P.18
- SEKISUI CHEMICAL Group searches for start-ups and holds workshops on new technologies and past cases for each issue aimed at technologies, development, and market transformations necessary to achieve long-term goals related to carbon neutrality and the circular economy. In addition, we hold the innovation roundtable initiative as a forum for cross-organizational discussion of solutions to problems that are rooted in social issues.

Transforming impacts into competitiveness and capturing new needs

Customers, Business Partners, Local Communities and the Environment

- We calculate the carbon footprint of our products based on life cycle assessments in order to convey to our customers the value of low-carbon and decarbonized products that help mitigate climate change. In business areas where low-carbon value is growing, being ahead of the curve can set our business apart and turn risks into opportunities. P.21
- Building a manufacturing system close to our customers enables us to respond to customer requests in a timely manner. It also represents the foundation for gaining customer trust and capturing new demand. P.27

Distribution of value to stakeholders

https://www.sekisuichemical.com/sustainability_report/pdf/report_2026/sustainability_report2026e.pdf#page=127

SEKISUI CHEMICAL Group calculates the value provided to each stakeholder based on financial statements and while referring to the GRI Standards and other standards.

Commentary Value Creation Process

Concrete example of synergies across businesses (film-type perovskite solar cells)

SEKISUI CHEMICAL Group's strengths are Strategic Foresight, Processing, and Value Transformation.
We create synergies across existing business domains to develop products and services that help solve social and environmental issues.
The supply of film-type perovskite solar cells is evolving through the processes of Strategic Foresight, Processing, and Value Transformation, drawing on capabilities across three business domains.

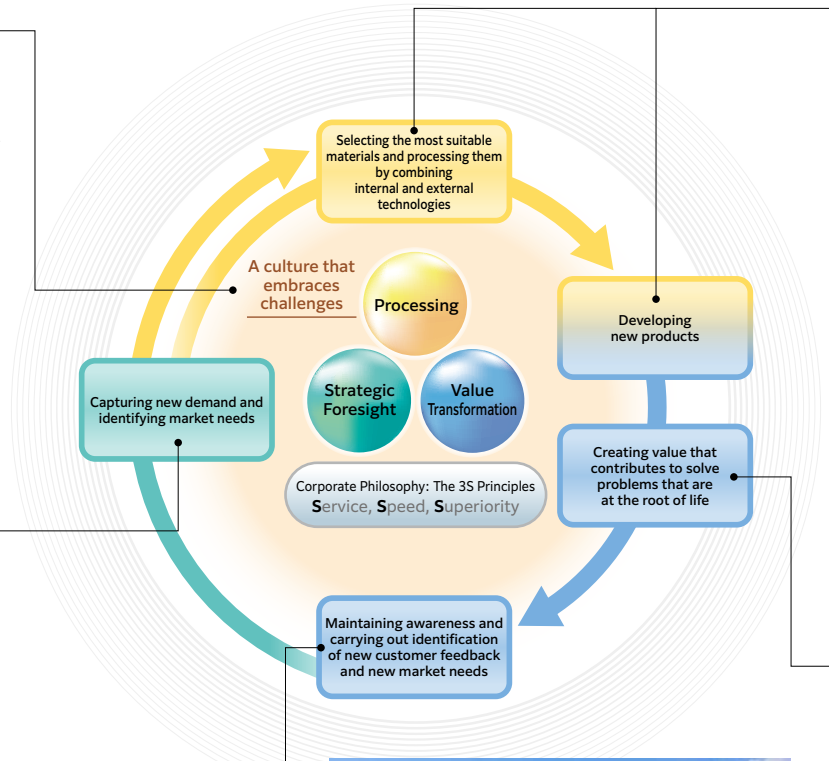
Strategic Foresight — The ability to anticipate market change and society's needs and determine whether the strengths of the Group's core technologies can be leveraged

Processing — The ability to combine internal and external technologies to deliver original solutions

Value Transformation — The ability to create new value and transform society through our products and services

A culture that embraces challenges / Innovation

- True to the SEKISUI name—derived from the saying, "the victorious army mobilizes like the sudden release of a pent-up torrent down a thousand-fathom gorge"—we will move forward with momentum after thorough preparation and analysis.
- Promoting the internal entrepreneurship program C.O.B.U. Accelerator
- Visualizing the Challenge Action Rate as a KPI



Anticipating social trends

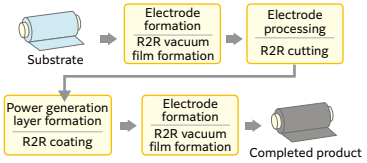
- Turning environmental megatrends into business opportunities
- Achieving carbon neutrality

Expanding market needs

- Expanding installation locations (building walls, etc.)
- Exploring installation on detached houses (in collaboration with the Housing Company)

Developing new products

- Development leveraging the combined capabilities of three divisional companies
- Materials and roll-to-roll process technologies: high-performance plastics sealing
- Structural calculations for installation and construction: insights from the Housing Company based on its experience in handling silicon solar cells
- Insights cultivated through building materials development: Urban Infrastructure & Environmental Products Company



Roll-to-roll (R2R) manufacturing process

Film-type perovskite solar cells installed at the Gate Transportation Terminal at Expo 2025 Osaka, Kansai, Japan

Roll-to-roll production of film-type perovskite solar cells

Implementation in society

- Leveraging the marketing capabilities of the Urban Infrastructure & Environmental Products Company in approaches to government ministries, agencies, and local governments

Commentary

Value Creation Process

Case Study (PVB material)

Strategic Foresight | Processing | Value Transformation

PVB Material We provide a variety of high-performance plastics through resin design, modification, and compounding.

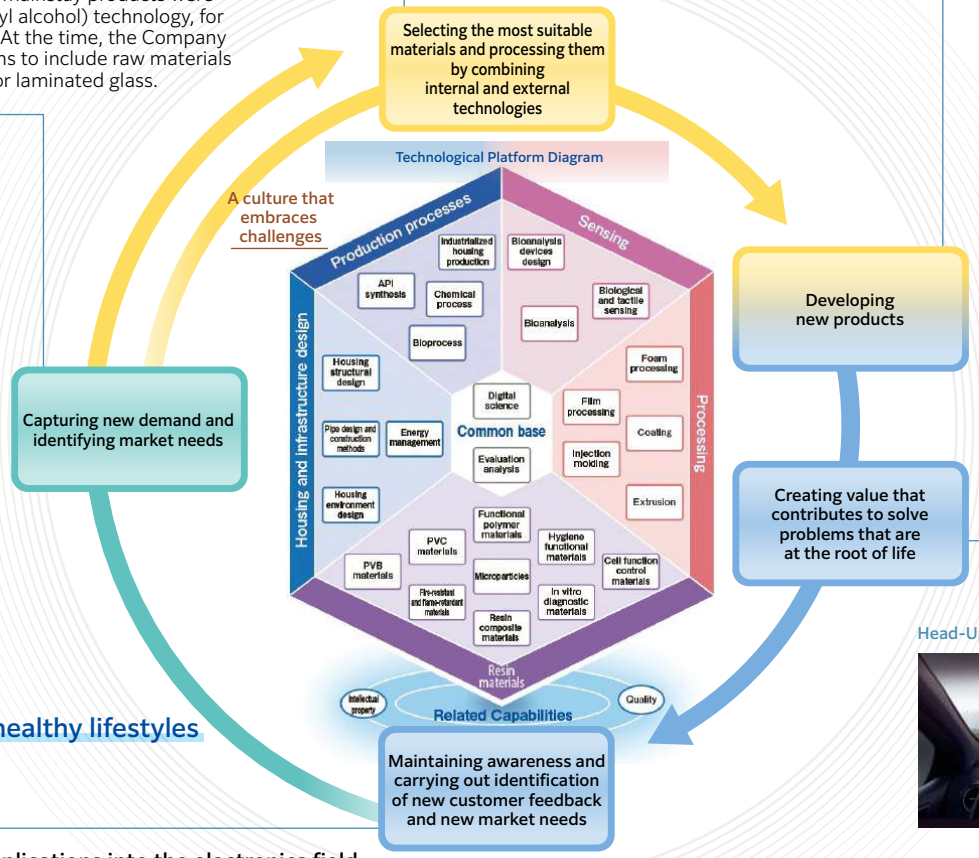
Development of new technologies

The various PVB (polyvinyl butyral) resins that are currently the raw materials for many of our mainstay products were developed based on PVA (polyvinyl alcohol) technology, for which production began in 1952. At the time, the Company expected to expand its applications to include raw materials for coatings and interlayer films for laminated glass.

Expanding applications into the life science field

2025: Launched the Ceglu brand of regenerative cell culture material for the industrialization of regenerative medicine

Regenerative medicine is a promising medical treatment of the future that has the potential to treat diseases that have not been treated until now. Processing and culturing cells according to the purpose of treatment, and transplanting the cells themselves and cell products, brings the possibility that lost body functions can be restored and diseases treated. This cell culture process requires a "scaffold" that adheres the cells to the surface of the culture vessel. However, the conventional protein scaffold posed multiple challenges in terms of industrialization, including low reproducibility and quality inconsistencies due to raw materials of animal origin. SEKISUI CHEMICAL Group leverages its expertise in resin processing technology and PVB resin technology to create cell culture scaffolds suitable for industrialization through chemical synthesis.



The birth of new products

1958: Started manufacturing S-LEC Film, an interlayer film for automotive laminated glass

Around 1975, demand for automotive interlayer films began to grow significantly as the production of export automobiles increased. In addition, the demand for safety glass continued to further increase with the decision to legally mandate safety glass in Japan in 1987. SEKISUI CHEMICAL Group has been working to improve quality and develop proprietary production technologies to meet the demands of our customers.

Better safety, environmental performance, design, and comfort

Surfacing new needs and adding functionality to products

Head-Up Display Films

Colored/designed films

The growing importance of achieving healthy lifestyles in an aging society

Expanding applications into the electronics field

In the late 1970s, as the needs of advanced industries such as magnetic recording materials and IC substrate ceramics increased, so did the demand for higher functionality in materials, and our resin materials developed in response to such customer needs. Today, these materials are used in a wide range of applications, including binders for various ceramics, mainly MLCCs*, dispersants for pigments and carbon and other materials, as well as adhesives. The well-balanced expression of the signature functions of toughness, adhesiveness, and dispersibility provides ideal physical properties and handling in products and manufacturing processes for a variety of applications.

*Multi-Layer Ceramic Capacitor

Binder resins for MLCCs

Dispersants for inks and pigments

Risks and Opportunities

General Risks

SEKISUI CHEMICAL Group believes that it is important to appropriately control enterprise risks from short-term and medium- to long-term perspectives, seize opportunities, and establish an environment conducive to taking on risk for growth.

Rather than viewing matters that could significantly affect investment decisions solely as risks, we also recognize their potential as opportunities and address them strategically from both perspectives.

Based on this recognition, the Group identifies the possibility of occurrence of various risks and opportunities, and seek to establish and operate systems that enable prompt and appropriate responses.

For the general risks listed below, response measures are discussed and decisions are made through the Board of Directors, Sustainability Committee, quarterly budget meetings, the relevant area-specific committees, the Risk Review committee, and other bodies.

	Main content	Risks and opportunities	Main response by the Group
General risks (response to operational risks and changes in market conditions)	**Raw material price volatility and procurement**	● Difficulties in procuring raw materials caused by changes in the economic environment and in the balance between demand and supply, or trade policies ● The possibility of increases in production costs or suspension of product supply as a result of the above	● Diversification of raw material sources and continuous implementation of cost reduction measures ● Maintain the spread between selling prices and raw material costs
	Foreign currency, interest rate, and owned asset price fluctuation	● Impact on changes of the value exchanged to yen due to the yen exchange rate fluctuations ● Impact on the amounts of interest income and interest expense due to interest rate fluctuations ● Fluctuations in the value of assets held due to changes in market and business conditions	● Quarterly review of internal currency exchange rates to avoid discrepancies with actual rates used in foreign currency-denominated transactions
	Economy and product market trends	● Slower market growth or market contraction in individual business domains	● Strengthen competitiveness by launching high-value-added products ● Change portfolios to match demand and cut costs
	Safety and health, industrial accidents	● Occurrence of industrial accidents ● Loss of public confidence, and the incurrence of compensation and other costs as a result of the above	● Identify risks to prevent any incidents and provide corrective guidance through regular on-site audits and emergency preparedness audits
	Products and quality	● Major product-related incidents, inadequate response to safety and regulatory issues, disputes involving intellectual property ● Loss of public confidence, and the incurrence of compensation and other costs as a result of the above	● Prevent quality issues through preliminary reviews at the development stage
	Compliance	● Compliance violations resulting from unexpected introduction of laws and regulations and other factors ● The occurrence of fraud or other major compliance violations, as well as the costs incurred to deal with the incident and the loss of consumer trust	● Build and employ a whistleblowing system for internal and external use ● Provide ongoing compliance training by theme
	Information management	● Business interruptions, damages or compensation claims, and information leaks resulting from cyberattacks, equipment and software failures, or defects	● Monitor incidents constantly and systematically ● Decentralize data centers across multiple locations and implement complete redundancy for key business systems
	Partnerships, mergers and acquisitions with third parties, and R&D activities	● Materialization of new risks in new business areas ● Delays in the development and launch of new businesses	● Enhanced preliminary surveys and post-execution monitoring ● Blend internal and external technologies to speed up development ● Effectively manage business reviews and design reviews

Risks and Opportunities

Megatrends

In addition to general risks, we take into account irreversible changes in the external environment that could affect the Group's business (hereinafter referred to as megatrends). Based on various scenarios, we assess their frequency and impact on management from a medium- to long-term perspective, and newly organize and identify material risks and opportunities for the Group.

We currently consider the following 12 megatrends to be important for the Group, and have reflected them in the strategies of our Medium-term Management Plan. Going forward, we plan to further build and operate mechanisms to review these trends while identifying and tracking environmental changes.

		Main content		Risks and opportunities	Main response by the Group
12 megatrends and risk and opportunity scenarios	Global environment	Climate change and extreme weather	Risk	● Higher energy procurement costs and reputational damage due to delays in responding to policies and regulations	● Respond quickly to policies and regulations and advance the Environmental Medium-term Plan to help build a decarbonized society
			Opportunity	● Increased demand for sustainable energy and disaster preparedness-related products	● Create and expand products and businesses related to sustainable energy and disaster preparedness
		Increase in large-scale natural disasters	Risk	● Interruptions to business activities, the resulting loss of business opportunities, and the incurrence of compensation to customers as a result	● Identify risks to prevent any incidents and provide corrective guidance through regular onsite audits and emergency preparedness audits ● Create and expand products and businesses related to sustainable energy and disaster preparedness
			Opportunity	● Increased demand for sustainable energy and disaster preparedness-related products	
		Loss of biodiversity	Risk	● Increasing difficulty in obtaining raw materials, rises in raw material prices, and increasingly sophisticated requirements for corporate activities	● Diversify raw material sources, promote continuous implementation of cost reduction measures ● Accelerate the development of new materials and technologies driven by regulatory compliance
			Opportunity	● Increased demand for new materials and technologies designed to comply with regulations	
		Depletion of natural resources	Risk	● Increasing difficulty in obtaining raw materials, rises in raw material prices, and increasingly sophisticated requirements for corporate activities	● Diversify raw material sources, promote continuous implementation of cost reduction measures ● Expand the use of non-fossil and recycled materials and recycle waste as resources ● Accelerate the development of highly efficient resource technologies, and create and expand renewable energy-related products and businesses
			Opportunity	● Rising demand for highly efficient resource technologies and sustainable energy	
	Politics, economy, and society	Diversification of stakeholders and increasingly sophisticated requirements	Risk	● Increases in costs to meet quality standards and comply with laws and regulations, and the loss of public confidence due to insufficient response	● Ensure consistency in disclosure content by strengthening cooperation between relevant departments ● Continuously working to achieve standardization, higher levels of sophistication and efficiency by building and utilizing company-wide systems ● Strengthen portfolio management
			Opportunity	● Improving corporate value by promoting efficient management	
		Heightened geopolitical risk	Risk	● Soaring prices for raw materials and other factors resulting from political turmoil, tariffs, changes in policies, laws and regulations, tax revisions, and product boycotts	● Gather information on economic, social, and political conditions and market trends through regional headquarters ● Collaborate between Group companies, regional headquarters, and dedicated departments at the head office in Japan ● Diversify risks through diversification of businesses and globalization of business areas
			Opportunity	● Creation of new economic zones and business opportunities as a result of the advance of protectionism	
		Progressive urban concentration and depopulation of regions	Risk	● Labor shortages, particularly in regions	● Promote the active participation of diverse human resources and create healthy, safe, and secure working environments ● Create and expand products and businesses that address aging infrastructure and the shift to more compact cities
			Opportunity	● Creation of business opportunities as a result of aging infrastructure and shift to more compact cities	
		Progressive aging of the population and decline in birth rate	Risk	● Increasing difficulty attracting human resources, and imbalances in the workforce composition	● Foster the culture of challenge, realizing the right people in the right places, and achieving diversity (provide opportunities to take on challenges, such as job posting system, and early development and selection of business leader candidates) ● Create and expand products and businesses in healthcare, wellness, and smart-related fields
			Opportunity	● Expansion of healthcare and wellness markets and smart-related field	
	Technology and digitalization	Emergence of AI technology	Risk	● Information leaks, and errors in decision-making caused by the use of incorrect information	● Formulate guidelines, ensure strict compliance, and manage information according to security level ● Promote utilization across all workplaces and operations ● Use generative AI to discover promising markets and to explore partner candidates
			Opportunity	● Higher productivity, faster development, and greater added value	
		Diffusion of next-generation communications	Risk	● Increased dependence on IT systems ● Business interruptions, damages or compensation claims, and information leaks resulting from cyberattacks, equipment and software failures, or defects	● Monitor incidents constantly and systematically ● Disperse data center construction and provide complete redundancy for key business systems ● Create and expand products and businesses related to communications, self-driving vehicles, and monitoring markets
			Opportunity	● Expansion of markets related to communications, self-driving vehicles, and monitoring	
		Advance of sophisticated medical technology	Risk	● Increases in costs and intensification of competition as a result of technology development	● Promote research and development in clearly defined areas ● Create and expand products and businesses in the life sciences field
			Opportunity	● Expansion of the life science market	
		Expansion of the Aerospace Business	Risk	● Impact of the structural shift in demand towards the automobile-related business	● Identify and prioritize markets in growth areas other than the automobile-related business ● Create and expand aerospace-related products and businesses
			Opportunity	● Expansion of the aerospace market	

Risks and Opportunities

Risks and Opportunities Based on TCFD Scenario Analysis (Megatrend: Climate Change)

Recognizing that climate change will have a significant impact on management in the short to long term, and will present risks and opportunities for our businesses, we have formulated an Environmental Medium-term Plan by backcasting from 2050. See P.43

To identify these risks and opportunities, we envisage four social scenarios based on two axes: the extent of progress toward a carbon-neutral society and the extent of progress toward a circular economy. We verify the validity of our strategies under each scenario, set milestones toward realizing both a carbon-neutral society and a circular economy, and formulate strategies to accelerate our initiatives. For details, please see our TCFD/TNFD Report

Four Future Scenarios

1.5°C scenario Scenarios involving various measures taken to control climate change

Tightened carbon tax/exhaust gas regulations, accelerated resource circulation, reduced water risk, mitigated impacts on aspects of nature

C: Society competing for resources
(constraints and soaring prices for raw materials, securing stable supply of energy)

Changes in society
- Resource depletion
- Surging energy prices
- Escalating geopolitical risks

Risk
- Persistent raw material procurement risks due to fossil resource shortages and the growing regionalization of critical resources by countries and regions
- Soaring rare metal prices due to growing EV demand

Opportunity
- Higher added value of recycled-material and bio-based products
- Growing demand for long-life and self-healing materials
- Increasing demand for high durability

A: Sustainable, stable society
(stable resources and energy)

Changes in society
- Accelerated decarbonization
- Renewable energy becomes the primary power source
- A circular economy becomes essential

Risk
- Phaseout of petroleum-derived and non-circular materials
- Brand damage due to greenwashing
- Shift in market evaluations toward durability and circularity
- Supply shortages and higher costs due to growing demand for renewable energy
- Higher carbon costs associated with emissions

Opportunity
- Increased value of higher-performance plastics, including those with longer service lives
- Wider adoption of renewable materials
- Growing demand for products with a low carbon footprint (CFP)

CN (Carbon Neutrality)

CE (Circular Economy)

Resource depletion and price surge scenario

Resource circulation and stable procurement Scenario

D: Survival society
(soaring prices and constraints for both raw materials and energy)

Changes in society
- Intensifying climate change
- Resource and energy shortages
- Social and economic instability

Risk
- Unstable raw material supplies due to shortages of fossil resources
- Accumulation of waste due to inadequate collection and recycling systems
- Lower durability of conventional materials under extreme weather conditions

Opportunity
- Wider adoption of products using non-fossil raw materials such as waste plastics and biomass feedstocks
- Growing demand for lightweight, highly durable materials and products that reduce resource inputs

B: Society that accepts climate change
(accepts and adapts to disasters)

Changes in society
- Increase in natural disasters
- Extreme weather becomes commonplace
- Greater strain on social infrastructure

Risk
- Accelerated degradation of conventional plastics due to high temperatures, UV exposure, salt damage, and other factors
- Tight supplies of materials due to surging post-disaster reconstruction demand
- Disruption of energy supplies

Opportunity
- Growing demand for materials adapted to climate change
- Increased use of recycled and bio-based resins
- Shift in market needs toward circular product design

4°C scenario Scenarios involving preparation for higher temperatures and frequent disasters due to climate change

Frequent natural disasters, delayed resource circulation system, increased water risks, increased negative impact on nature

The Group's Major Responses

- Provide highly functional materials that provide additional performance to vehicles and aircrafts (S-LEC interlayer film for HUD, KYDEX Sheet, CFRTP)
- Material development to promote improvement of ICT (heat dissipating materials, materials for LED and OLED)
- Standardization of ZEH specifications in the housing business and promotion of sustainable town and community development business
- More resilient water infrastructure (SPR method)
- Reinforcement of contracted manufacturing of active pharmaceutical ingredients (APIs)
- Innovations including film-type perovskite solar cells, CCU technologies, and scaffold materials for iPS cell culture

Output

Creation and expansion of Products to Enhance Sustainability

P.10 Value Creation Process | P.18 Products to Enhance Sustainability

Key Issues (Materiality)

SEKISUI CHEMICAL Group has identified eight key issues (materiality) to address as priorities in pursuit of sustainable growth, and is advancing initiatives accordingly.

Among these key issues, initiatives in areas positioned as Value Creation Fields help capture growth opportunities through the creation and expansion of Products to Enhance Sustainability. In particular, we believe that creating highly profitable Premium Framework products will contribute to improving ROIC over the medium to long term. Meanwhile, initiatives related to materiality positioned as Value Creation Drivers help curb increases in the broader cost of capital* by strengthening the business foundation and reducing risk.

In other words, addressing materiality contributes to expanding the Sekisui Sustainable Spread—the difference between ROIC and the broader cost of capital—and, as a result, enhances corporate value over the medium to long term.

* Broader cost of capital: An expanded concept of the cost of capital used in a conventional ROIC spread that newly incorporates non-financial KPIs capable of affecting long-term corporate value.

Identification Process

Step 1 Identifying Megatrends

To continue creating value in line with our principles, we identify how the world may change over the medium to long term based on a range of global reports, guidelines, and other sources.

Step 2 Identifying Material Megatrends, Risks, and Opportunities*

We organize the material megatrends that warrant attention by assessing risk and opportunity scenarios and their impact on the Group in terms of likelihood and impact on management.

* Includes those arising from ordinary risks.

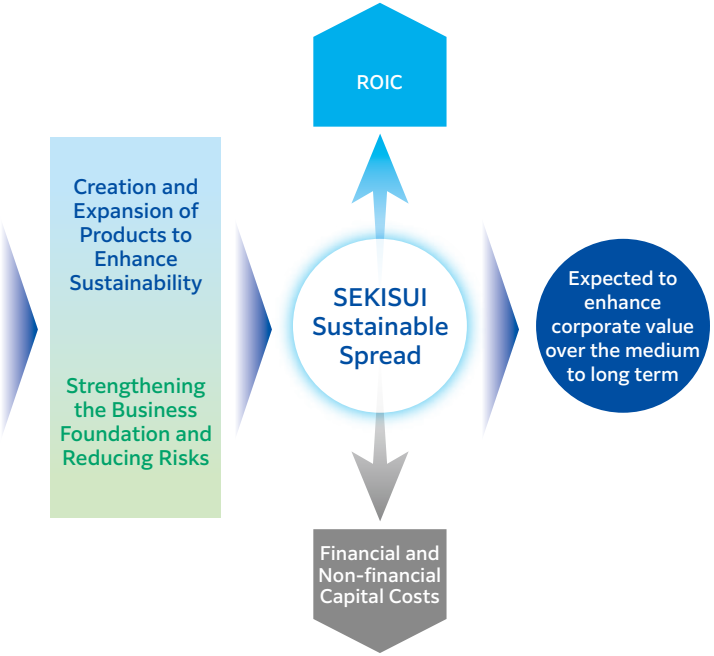
Step 3 Identifying Key Issues

We identify the key issues (materiality) to address by taking into account our principles, megatrends, and recent changes.

Step 4 Approval of Key Issues

Key issues are deliberated by the Policy Committee and Sustainability Committee and receive final approval from the Board of Directors. We also review the need to revise these key issues each year in light of changes in the Group's circumstances, social conditions, and other factors.

	Materiality	Main Related Megatrends	What We Aim to Achieve	
Value Creation Fields Areas for Creating Value	Realizing a carbon neutral society	● Climate change and extreme weather ● Increase in large-scale disasters	Develop and implement next-generation solutions that support the decarbonization of society	Products to Enhance Sustainability P.18
	Realizing a circular economy	● Depletion of natural resources ● Loss of biodiversity	Implement resource circulation throughout society	
	Realizing a safe and comfortable society	● Increase in large-scale disasters ● Increasing urban concentration and rural depopulation ● Expansion of the aerospace business	Implement sustainable lifestyles and infrastructure in society to support people's lives and social infrastructure	Environment P.43
	Realizing a healthy and well-served society	● Declining birthrate and aging population ● Advances in advanced medical technologies	Contribute to better health and richer lives for people	
	Driving DX			DX P.59
Value Creation Drivers Factors Accelerating Value Creation	Empowering prominent human resources	● Declining birthrate and aging population ● Diversification of stakeholders and increasingly sophisticated demands	Provide growth opportunities and become a company that continues to be chosen by employees and society	Human capital P.47
	Creation prominent in technologies	● Spread of next-generation communications ● Rise of AI technologies	Continuously create next-generation businesses that contribute to society through advanced technological capabilities	Innovation P.50
	Strengthening internal control	● Diversification of stakeholders and increasingly sophisticated demands ● Rising geopolitical risks	Continuously strengthen internal control as a global company	Internal control P.55
	Strengthening Portfolio Management	● Diversification of stakeholders and increasingly sophisticated demands	Use limited capital effectively to maximize returns	Portfolio P.26



Products to Enhance Sustainability

Basic Concept

SEKISUI CHEMICAL Group has positioned Products to Enhance Sustainability as the most appropriate conduit through which to realize both a sustainable society and the sustainable growth of the Group itself. Through the creation and expansion of Products to Enhance Sustainability, the Group aims to help achieve the SDGs while improving its contributions and ability to solve social issues as well as grow as a company.

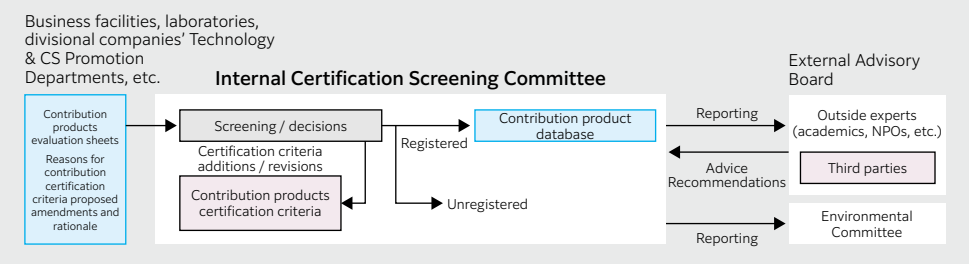
Product Assessment System Evolution

In 2017, the scope of SEKISUI CHEMICAL Group's Environment-Contributing Products system, which was launched in 2006 based on the Group's own evaluation and certification, was expanded to include products that contribute to solving issues in the social environment in addition to the natural environment. In FY2020, we changed the name to Products to Enhance Sustainability and established the "Premium Framework" P.19 to strategically expand products that contribute to solving social issues.

Certification Method

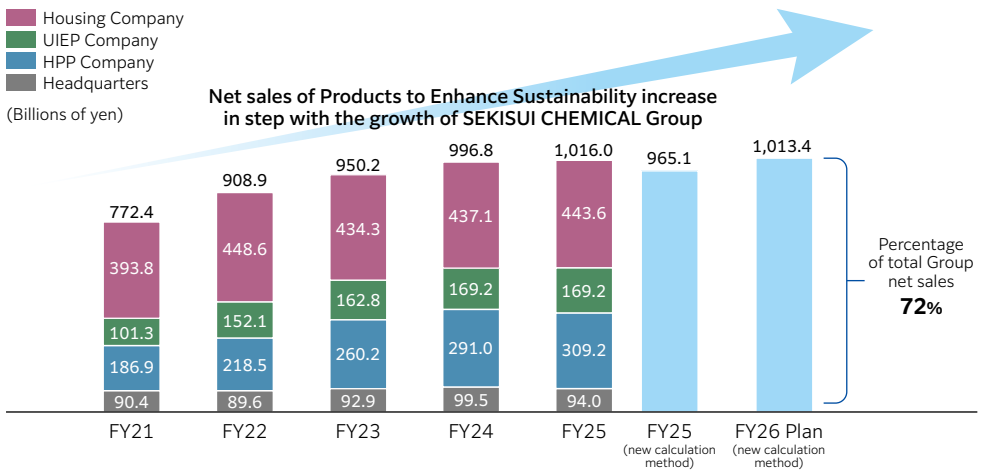
Products to Enhance Sustainability are products that make a significant contribution to solving social issues in the natural and social environments and are certified based on internal criteria. We accept the opinions and advice of outside advisors with various backgrounds in industry, government, and academia regarding these criteria, approaches, and the validity of results to ensure high standards and transparency. On the External Advisory Board, external committee members provide opinions and advice on the significance of the contributions that newly registered products make to the natural and social environments, as well as how to communicate these contributions, and their expectations for the future. In FY2023, we introduced checks for negative impacts at the time of registration to confirm whether or not the product has a negative impact on multiple environmental issues, or what measures we are considering to prevent the negative impacts.

Products to Enhance Sustainability System Operation / Certification Method

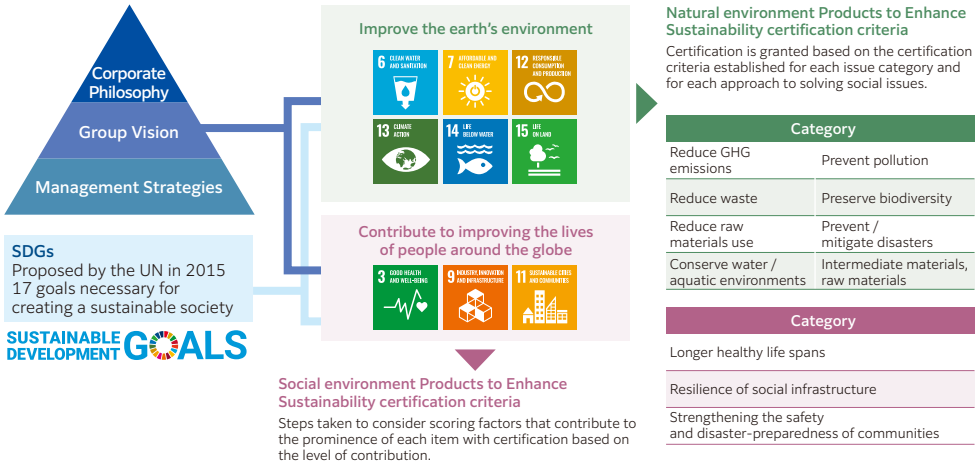


Internal Certification Screening Committee: Chaired by the Head of the ESG Management Department, this committee is composed of those responsible for related departments at the Corporate Headquarters, as well as for technology and business at the divisional companies

Products to Enhance Sustainability Net Sales



Notes: The Medical Business is included in Headquarters.
Through FY2025, net sales of Products to Enhance Sustainability included net sales of equity-method affiliates. Beginning in FY2026, we revised the calculation method to place greater emphasis on consistency with the consolidated financial statements (hereinafter, the "new calculation method"). To align the scope of net sales of Products to Enhance Sustainability with the scope of consolidation in the consolidated financial statements, net sales of equity-method affiliates are excluded. Under the new calculation method, FY2025 net sales of Products to Enhance Sustainability were ¥965.1 billion.



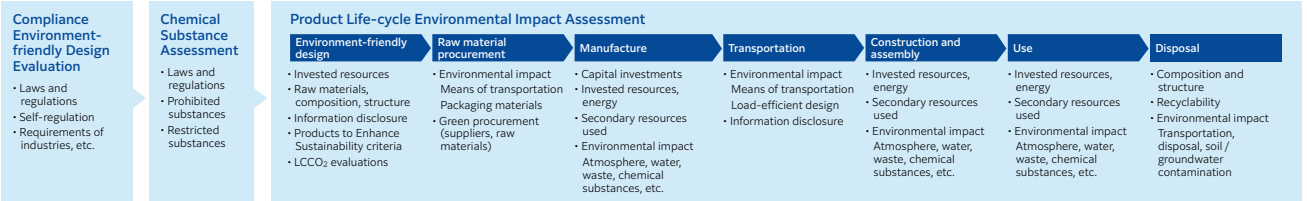
Category	
Reduce GHG emissions	Prevent pollution
Reduce waste	Preserve biodiversity
Reduce raw materials use	Prevent / mitigate disasters
Conserve water / aquatic environments	Intermediate materials, raw materials

Category
Longer healthy life spans
Resilience of social infrastructure
Strengthening the safety and disaster-preparedness of communities

Product Development Method

SEKISUI CHEMICAL Group conducts DRs* during the development and modification of product processes, while also carrying out environmental impact assessments at all stages of the product life cycle.

* DR (Design Review): An internal review related to the creation of new development themes



Products to Enhance Sustainability

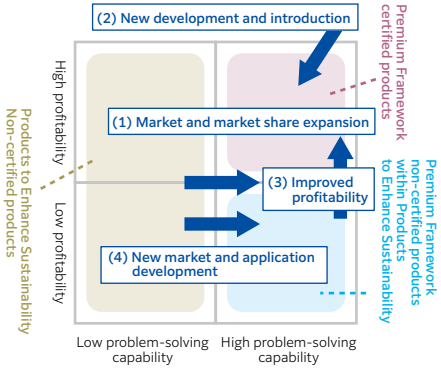
About the Premium Framework

The Premium Framework is a strategic framework that combines solutions to issues in the natural and social environments with profitability.

The Premium Framework certifies products that drive the growth of each divisional company, and approximately 70% of Premium Framework net sales are generated by products from businesses categorized as growth-driving or growth-potential businesses.

We will accelerate the expansion of the Premium Framework by aggressively allocating capital to these two categories.

Premium Framework Expansion Strategy (Illustration)



Direction of Expansion

- **(1) Market and market share expansion** — Sales / Profit
  - Focus on expansion as company strategic products
- **(2) New development and introduction** — Sales / Profit
  - Planning and development targeting the Premium Framework
- **(3) Improved profitability** — Sales / Profit
  - Creating markets where contribution to problem solving is recognized
  - Securing spread between raw material price and sales price
  - Promoting structural reforms
- **(4) New market and application development** — Sales / Profit
  - Leading to the solution of social issues = Capturing urgent needs and developing markets sustainably

The above Premium Framework expansion strategy provides a visual representation of our strategy for Products to Enhance Sustainability and the Premium Framework. We will first expand the right-hand area, Products to Enhance Sustainability, and then expand the upper-right area, the Premium Framework.

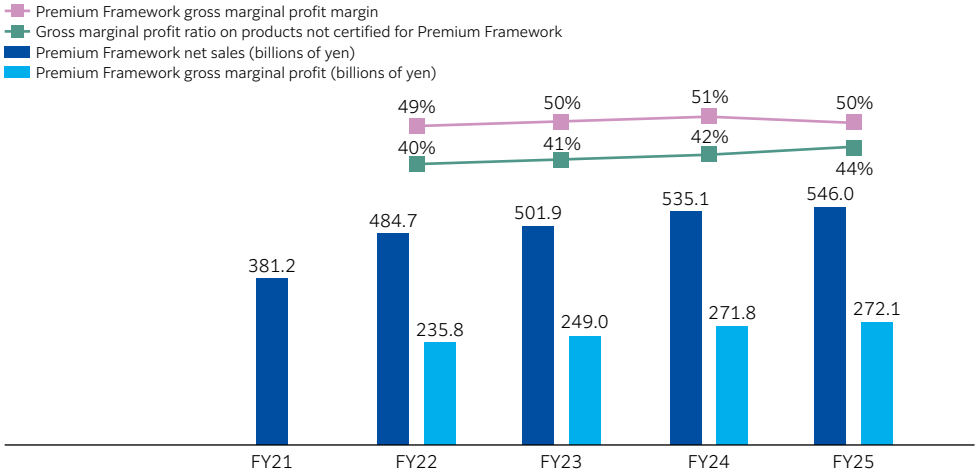
Product Environmental Impact Assessment

We are aiming to quantify and disclose the social impact of products certified as Products to Enhance Sustainability, and we are evaluating their environmental impact from the perspectives listed on the right.

We are using the LIME2 (life cycle assessment/LCA evaluation*) method to quantitatively evaluate the environmental and social impact of more than 50% of the total net sales of registered Products to Enhance Sustainability. Although we do not disclose the results of this impact assessment for each product, we do ascertain the ratio of negative and positive impacts for all company products, and we calculate and disclose the SEKISUI Environment Sustainability Index. Through this, we will promote activities that reduce negative impacts and increase positive impacts. P.43

*The SEKISUI Environmental Sustainability Index has been calculated using the updated version of IDEA database for LCA since FY2023. The MiLCA ver. 3.1 LCA calculation system, which incorporates IDEA ver. 3.1, reflects insights further clarifying impacts on biodiversity. By using this system as a new benchmark, we aim to accurately ascertain the impact of our activities on biodiversity.

Premium Framework Profitability



In FY2025, Premium Framework net sales were ¥546.0 billion. In addition, the gross marginal profit rate for Premium Framework certified products was 50%, maintaining a level approximately 6% higher than that of non-Premium Framework products and demonstrating strong profitability.

Assessment of Environmental Areas with Product Contributions

We utilize the LIME2* methodology to objectively evaluate the contribution of Products to Enhance Sustainability to various environmental areas. This calculates the impact of environmental load substances such as CO_2. (inventory) by dividing the area of impact (e.g., air pollution) into four specifically affected categorical endpoints (e.g., respiratory diseases) to be protected.

Four Protection Areas

(1) Biodiversity: Predicted increase in the number of extinct species of living organisms; determining equivalent increase in extinct species
(2) Primary production: Ecosystem and plant growth guidelines; determining equivalent to the amount of biomass produced by plants in a year
(3) Social assets: Amount of impact on agricultural and fishery products, land, and resources; determining equivalent to the amount of damage and the amount needed for recovery
(4) Human health: Lost life expectancy affecting health; determining equivalent to years of lost life expectancy

Determine if measurements are possible for GHG emissions as well

We will prevent what is called ESG-washing and use this evidence-based method to visualize the environmental areas to which each of our Products to Enhance Sustainability contributes, making it easier to understand the characteristics of the products.

*LIME2: Impacts on four areas (endpoints) determined by a damage calculation-style impact assessment method

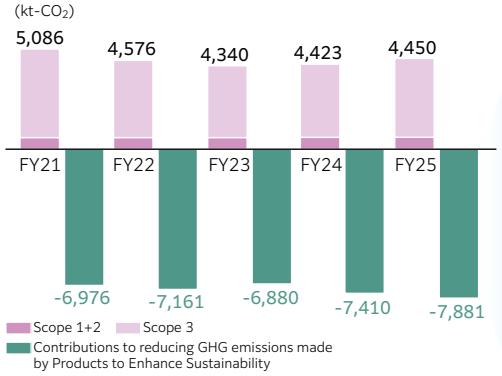
Products to Enhance Sustainability

Promoting the Environmental Value of Products

In response to, or ahead of, the demands of society and customers, SEKISUI CHEMICAL Group is promoting the value of low-carbon and decarbonized products that contribute to mitigating climate change issues. In order to convey to customers the value of low-carbon and decarbonized products, we calculate the carbon footprint of our products based on carbon life cycle assessments (C-LCA). Calculations are made by setting parameters according to each objective and product. For raw materials, at present, calculations are based on a database (IDEA) with publicly available average GHG emission coefficients. We believe that as progress is made with initiatives at raw material manufacturers and coordination with the supply chain, we will be able to leverage the low-carbon value of each company's efforts. The amount of raw materials used, energy used in production, and other data are calculated using actual measurement data from production plants.

Products and services that contribute to the environment, primarily through GHG emission reductions that help to mitigate climate change

GHG emissions from corporate activities and contributions to reducing GHG emissions made by Products to Enhance Sustainability



Contributions to reducing GHG emissions made by Products to Enhance Sustainability are calculated using general-purpose products as a comparison, where the calculation indicates the contribution to reduction as the difference from comparison products given by MiLCA (Japan Environmental Management Association for Industry), a calculation system based on the concept of LIME2.

Disclosure of products' contribution to greenhouse gas emissions reduction (FY2025)

Field	Form of Contribution	CO_2 Reductions (kt-CO_2)
Electronics	Interlayer materials, etc. contribute to the energy-saving features of LEDs	728
Mobility	Interlayer films for laminated glass used in vehicle windshields. High-performance membranes with heat shielding and sound insulation contribute to lower fuel consumption by reducing vehicle weight and improving the efficiency of car air conditioners.	5,152
Housing	Solar panels, HEMS, and storage batteries are installed to solve energy problems from the perspectives of energy creation, energy conservation, and energy storage.	1,237
Infrastructure	In addition to reducing resources and waste, the SPR pipeline renewal method for aging pipes (which does not require road excavation) improves fuel efficiency for vehicles by reducing traffic congestion because it reduces the extent to which vehicle traffic is stopped during construction.	490
Others	–	275
Total	–	7,881

For details on the calculation methods used for Scope 1, 2, and 3, see the Sustainability Report

Contributions to GHG emissions reduction in the Mobility and Electronics fields account for nearly 75% of the total

The High Performance Plastics Company's contribution to GHG reductions in the electronics and mobility fields accounts for approximately 75% of the total. We will further expand our contribution by promoting the use of renewable energy for electricity used at production plants, and the resource conversion of raw materials.

Electronics Field

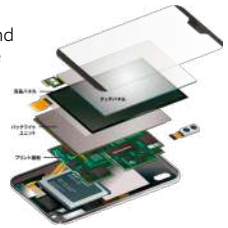
In these fields, we contribute to reducing GHG emissions at the production and usage stages of our customers' products.

Contribute to the performance of energy-efficient products and reduce CO_2

- Micropearl
- Conductive fine particles
- UV sealants
- Heat-release materials

Improve product durability and reduce CO_2 over the life cycle

- Foam tape
- Double-faced adhesive tape for fixing of LCD components etc.



Mobility Field

In these fields, we contribute to reducing GHG emissions at the production and usage stages of our customers' products.

Reduce fuel consumption and CO_2 by decreasing vehicle weights and through heat insulation

- Sound and heat insulation interlayer films
- Alveosoft vehicle floor material, etc.

Product Example: Automotive Interlayer Film

- 1960s: "Shatterproof" reinforced windshields dramatically increase automobile **safety**
- 2000s: Contributing to **energy conservation and comfort** by adding heat and sound insulation performance
- 2010s: Projecting information on windshields reduces diversion of driver focus and **improves safety**

Lighter weight, more efficient air conditioning ➡ Reduced fuel consumption

What is an interlayer film?

- A 0.76-mm thick film used between two sheets of glass

Contribution to the four environmental areas P.19

(1) Contribution to human health (GHG emission reduction)

Thinner glass makes vehicles lighter

➡ **Improves fuel efficiency, curbing global warming**

(2) Contribution to social asset

Thermal barrier performance improves vehicle air conditioning efficiency

➡ **Contributes to reduced energy use**

Reduces global warming with improved fuel efficiency

➡ **Helps to protect agricultural and marine products**

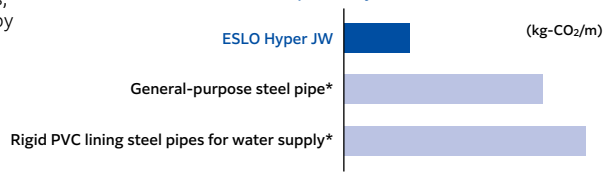
Examples of the Environmental Impact of Products to Enhance Sustainability

Products and services which contribute to the environment, primarily through GHG emission reductions which help to mitigate climate change

Infrastructure

In this field, we contribute to mitigating environmental impact by reducing CO_2 throughout life cycles, from raw materials to production, by replacing conventional materials with plastic and by reducing waste, for example, through the SPR pipeline renewal method that eliminates the need to excavate roads during construction.

Reference: CO_2 Emissions throughout the ESLO Hyper High-performance Polyethylene Pipe Life Cycle

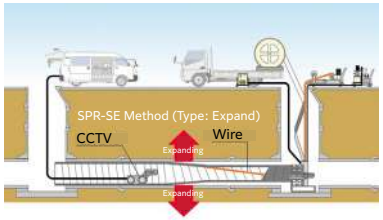


* Figures for metal pipes are inferred from publicly available information. These figures are for reference purposes only, and are not collected as data from the production process.
CO_2 emissions by material and product are calculated using impact assessment coefficients (GHG emissions per unit production) cited from IDEAv2 of the National Institute of Advanced Industrial Science and Technology and the Sustainable Management Promotion Organization.

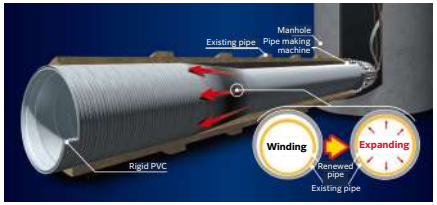
Product Example: SPR Method (Pipeline Renewal)

- Renews old sewage pipes to equal or better condition than new pipes without excavating the road and while allowing water to flow through without stoppage
- Safer, lower-noise, and faster installation
- In 2022, we also launched the SPR-SE Expand Type Method. Whereas the conventional SPR method rehabilitates existing pipes as composite pipes by utilizing their remaining strength, the SPR-SE Expand Type Method achieves the required self-supporting strength with the rehabilitated pipe alone. Expanding the rehabilitated pipe brings it into close contact with the existing pipe, eliminating the need for mortar injection and anti-flotation work and enabling the rapid construction of a strong, self-supporting pipe.

SPR method



Features of the SPR-SE Method (Type: Expand)



Contribution to the four environmental areas P.19

(1) Contribution to mitigating climate change
No need to transport raw materials or waste
Shorter construction times, relieving traffic congestion
➡ **Improves fuel efficiency, curbing global warming**

(2) Contribution to primary production
No landfill waste
No need for new sediment
➡ **Does not disturb plant growth environments**

Topic: Sales activities that promote the low-carbon value of products using carbon footprints (CFPs)

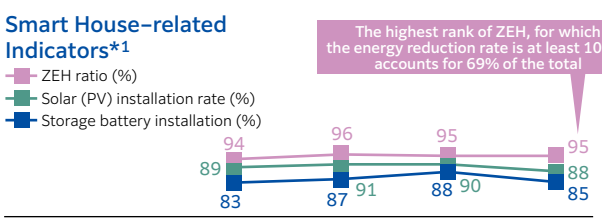
Since FY2021, the Urban Infrastructure & Environmental Products Company has continued to present CFP calculation results to demonstrate the low-carbon value of its products. To expand this initiative, tape-related products of the High Performance Plastics Company also obtained SuMPO third-party certification* in December 2025. Going forward, in addition to promoting CFP calculations, we will actively work to establish an internal verification system to enhance the reliability of our results.

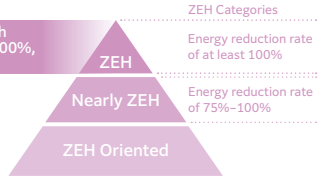
* The Third-Party Certified Carbon Footprint Comprehensive Calculation Scheme is a scheme operated by the Sustainable Management Promotion Organization (SuMPO) to enable companies to disclose the results of CFP calculations for their own products and services in a planned and efficient manner while ensuring a high level of reliability.

Housing

As one of the first companies to tackle environmental issues, we began selling houses equipped with solar panels in 1997. In 2012, we began contributing to energy creation, conservation, and storage through solar panels, HEMS (home energy management system), and storage battery–equipped housing. By utilizing high-capacity storage batteries and large-capacity solar panels, we propose advanced lifestyles that eliminate electricity purchases wherever possible.

Smart House–related Indicators*1





*1 Installation rate for detached housing orders (excludes Hokkaido for solar and, through FY2024, ZEH)

Reference: Company data	FY22	FY23	FY24	FY25
Installed solar panel area	428,000m²	367,000m²	390,000m²	328,000m²
Total installed solar panel capacity*2	60MW	55MW	55MW	45MW

*2 Cumulative installed solar panel capacity now exceeds 1,300 MW. As a result, total annual electricity generation is equivalent to the electricity consumed by a city with a population of 500,000 people.

Cumulative sales of solar panel–equipped housing stood at 260,000 units (approx.) as of March 31, 2026

Product Example: SEKISUI HEIM ZEH Housing

Contribution to the four environmental areas P.19

(1) Contribution to mitigating climate change
Solar panels/storage batteries & high-insulation housing
➡ **Designed for energy self-sufficiency*, with efficient heating and cooling helping to curb global warming**

(2) Contribution to social assets
Private solar power generation
➡ **Creation of clean energy**

* This does not mean that all electricity needs can be met. Electricity must also be purchased from a power company.

Products to Enhance Sustainability

Promoting resilient infrastructure, cities as well as living and communications environments

Spreading and Promoting Resilient Social Infrastructure and Safe, Secure Lifelines Contributing to the Early Detection of Diseases

We offer products and construction methods that help address social issues such as aging infrastructure, disaster prevention and mitigation, and labor shortages in fields including water and sewerage, agriculture, and electricity.

In fields such as aviation and railways, we also provide lightweight, highly durable, high-strength materials. Through these activities, we contribute to strengthening social infrastructure and building safe and secure lifelines.

Polyethylene pipes for earthquake-resistant water supply

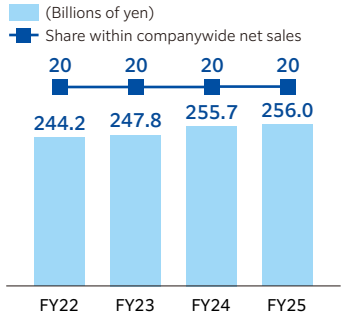
SPR Method contributes to the renewal of aging infrastructure, including sewage pipes

Reinforced plastic composite pipes are also used as rainwater storage pipes

Rainwater storage systems contribute to torrential rain countermeasures

Synthetic sleepers for railroads have exceptional water resistance and durability

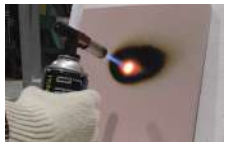
Water-related Business Net Sales Trends



High flowrate drainage systems contribute to torrential rain countermeasures, etc.

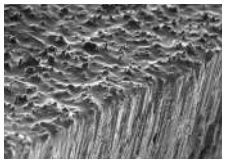
Fire-resistant VP Rigid PVC pipes for buildings

Drinking water storage system


Certified non-combustible, heat-insulating urethane foam for on-site use

Resilient Communications Infrastructure

Products that contribute to improving the durability and performance of ICT-related parts, which are becoming increasingly important with the development of 5G connectivity, also contribute to more sophisticated ICT.


MANION high thermal conductivity heat release sheet
Contributes to the performance of high-speed communication and high-density semiconductors

Semiconductor process material SELFA
Contributes to realizing high density, ultra-thin wafers

Providing Smart, Resilient Living Environments, and Town and Community Development

SEKISUI HEIM are made from high durability structures that are resistant to natural disasters as the result of a highly industrialized unit construction method

In addition to SEKISUI HEIM ZEH-specification homes equipped with storage batteries, we are rolling out smart and resilient town and community development in locations across Japan, bringing together SEKISUI CHEMICAL Group infrastructure materials that enhance disaster resilience, including rainwater storage systems that help address torrential rainfall and drinking water storage systems that can secure several days' worth of drinking water even during water outages.

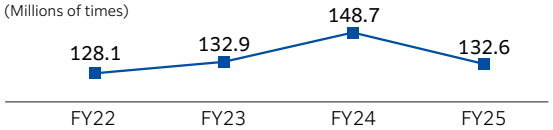
ASAKA Leadtown, a safe and secure community resilient to disasters

Support for health and longevity

Contributing to the Early Detection of Diseases

We support healthy lifestyles by detecting illness and infectious diseases early on through our product lineup of clinical reagents for diabetes and infectious diseases, analysis equipment, and plastic blood collection tubes.

Reference **Number of tests performed using SEKISUI CHEMICAL Group diagnostic reagents in the clinical chemistry (HDL, LDL), diabetes, and POCT fields***



* Estimate from Company data

Lightens the Burden on Those Receiving and Providing Elderly Care

Large-scale prefabricated bath for independence support and nursing care

Monitoring Sensor ANSIEL

Proposing Lifestyles with Little Temperature Difference Risk

Comfortable air ventilation and air-conditioning systems

Addressing the New Normal

Virus-removal spray NOWCARE with effects lasting approximately one month

Long-term Vision, Vision 2030

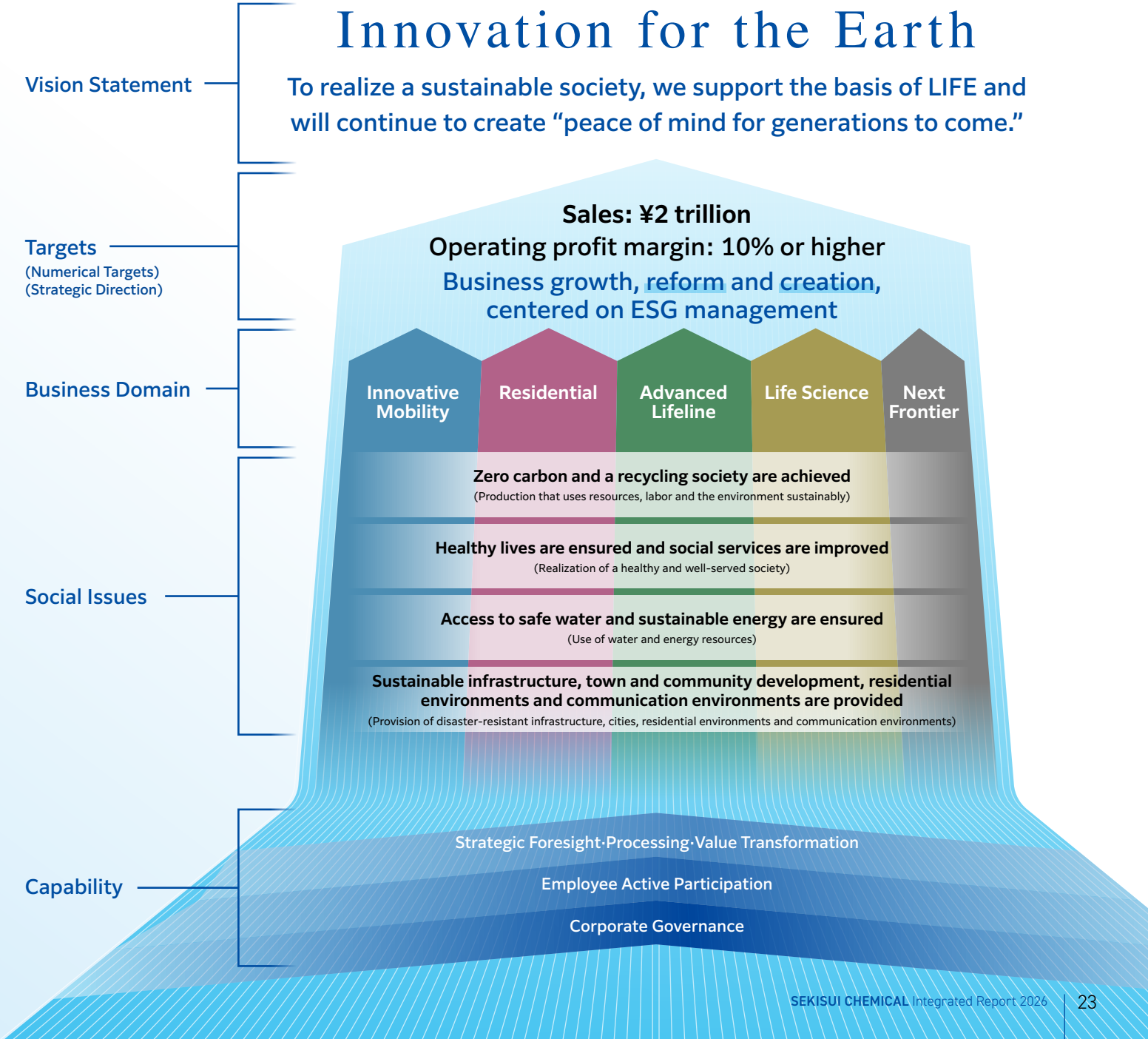
Aiming to Double the Group's Business by 2030 Centered on ESG Management

Vision 2030, the Group's Long-term Vision, presents the vision statement of Innovation for the Earth, which incorporates the Group's resolute will to continuously drive innovation as a means of supporting the basis of LIFE and continuing to create peace of mind for generations to come to realize a sustainable society.

This Vision lays down the four business domains of Innovative Mobility, Residential, Advanced Lifeline, and Life Science, as well as Next Frontier as a new domain, and aims to double business by 2030 through the expansion of existing business while taking on the challenge of new domains along the strategy axis of business growth, reform, and creation centered on ESG management.

Working to double the Group's business, we will seek to increase sales and operating profit based on our contribution to solving social issues in each domain, and endeavor to deliver more sustainable contributions by engaging in operations that take into consideration the Group's management capability to sustain business.

Expand contributions to solving social issues through expansion of existing businesses and new business creation through business growth, reform and creation, centered on ESG management



Long-term Vision, Vision 2030

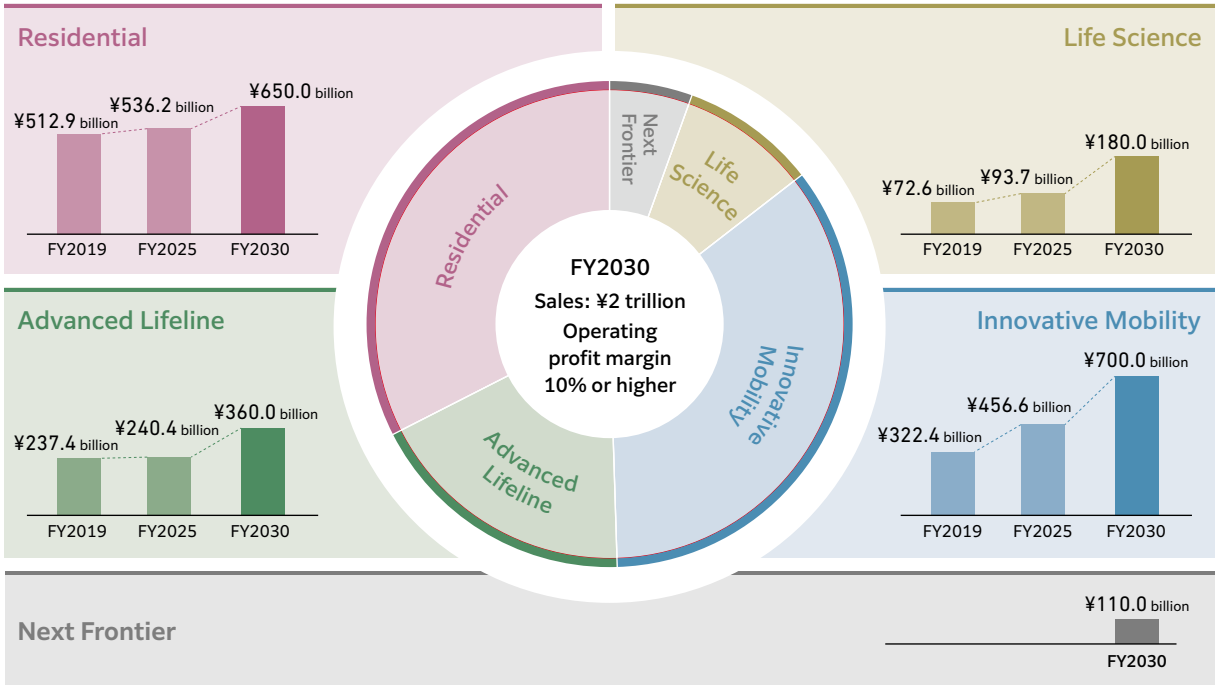
Growth Image and Strategic Investment

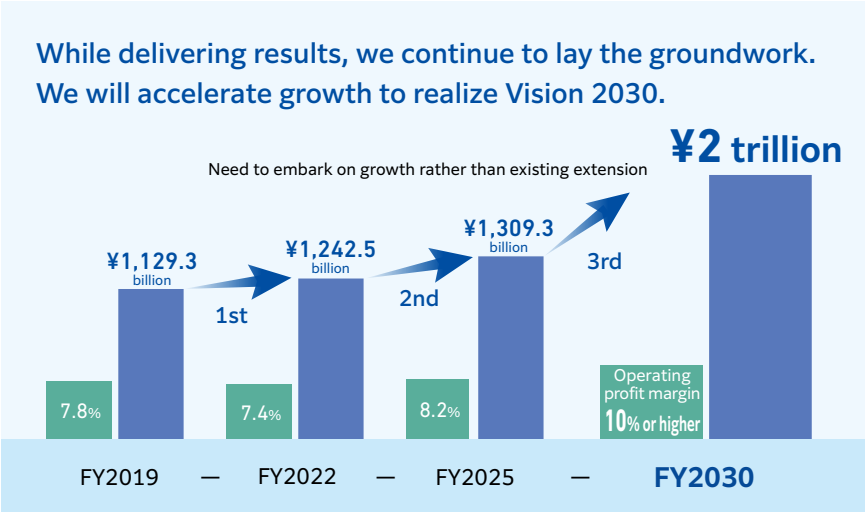
The expansion of business for which the Long-term Vision, Vision 2030, aims can only be achieved through substantial growth rather than the extension of existing businesses. Working to double its business and achieve net sales of ¥2 trillion by 2030, the Group will grow sales in each domain and transform into an attractive company with diverse growth engines and a strong presence. By taking up the challenge of pursuing innovation as an extension of core technologies in each domain, the Group will create new business domains and the next frontier in anticipation of major paradigm shifts.

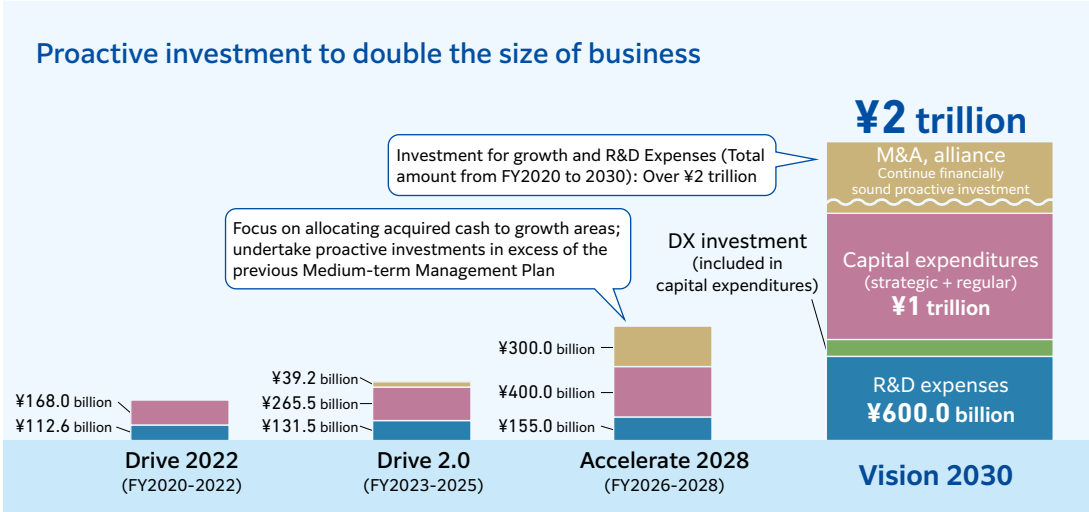
When executing new investments including capital expenditures aimed at growth, the Group considers financial soundness and steps to increase the probability of return in anticipation of making investments exceeding ¥2 trillion in total value over the 10 years through 2030.

Under the FY2020 to FY2022, Medium-term Management Plan, Drive 2022, which the Group put in place as the first phase of its Vision 2030, energies were directed toward implementing structural reforms and strengthening profitability in the face of the prolonged impact of COVID-19. While trends in net sales surpassed plans over this period, growth investments were held to a certain level.

In Drive 2.0, our second phase, we were able to lay the groundwork for future growth. Under our current medium-term Management Plan, Accelerate 2028, which began in FY2026, we will not only deliver results but also continue to build on this foundation to accelerate our growth toward the realization of Vision 2030.







Long-term Vision, Vision 2030

Medium- to Long-term Strategies for Growth — Strategic Area Map —

We have revised the strategic area map to act as a compass for business strategies so we can realize our Long-term Vision, Vision 2030. Areas that are extensions of existing businesses and will be expanded on a priority basis are called Enhancement Areas, while areas that will create new innovations through fusion of different areas are called Innovation Areas. We have established the four domains of Residential, Advanced Lifeline, Innovative Mobility, and Life Science, along with Next Frontier as a new domain. By clarifying the themes to be targeted in each domain, we are prioritizing allocation of capital to focus on expanding the Enhancement Areas and creating new innovations in the Innovation Areas.

In particular, for the themes in the Innovation Areas, we are working not only with internal resources, but also with external resources through M&A and Corporate Venture Capital (CVC).

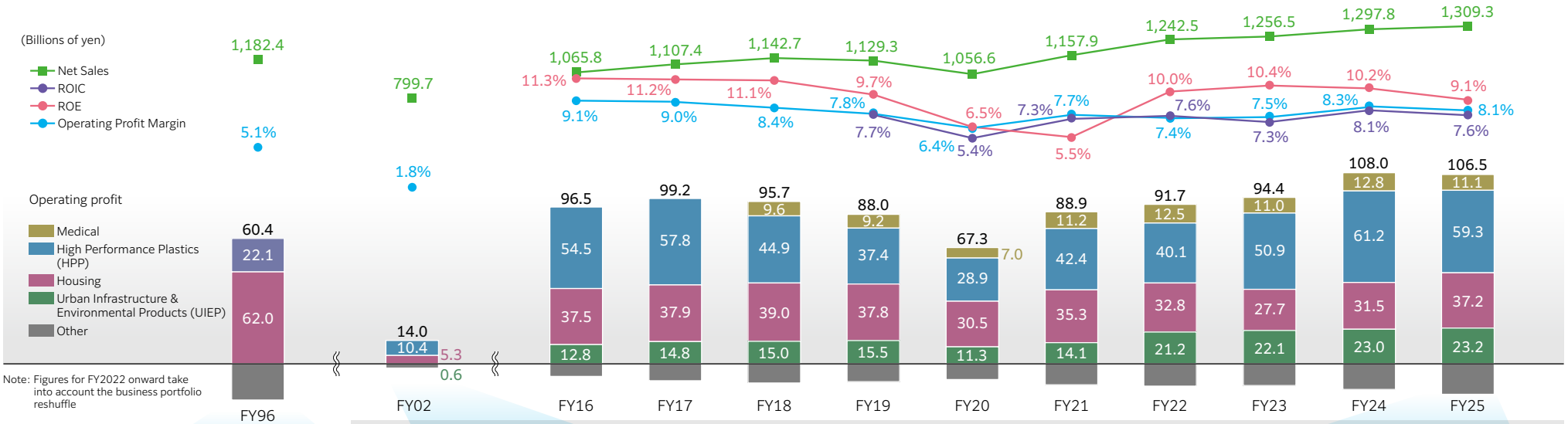
Strategic Area Map: Company-wide schematic diagram

Aiming for continually creating Products to Enhance Sustainability that support the sustainable growth of the Company and society

	Innovative Mobility	Residential	Advanced Lifeline	Life Science	Next Frontier
Enhancement Areas Areas for expansion within existing business	● High-performance interlayer films ● Semiconductor components ● Heat release materials ● Next-generation displays ● Biological sensing ● Environmentally friendly materials	Total lifestyle proposals ● SEKISUI HEIM (newly built detached houses, apartment buildings, etc.) ● Renovations (HEIM) (100-year / long-term support) ● Real estate domain (leasing, used property distribution*, real estate development) *Including purchase and resale	● Supporting workstyle reform through laborsaving changes (Converting pipes to plastic, etc.) ● Developing social and industrial infrastructure (Water treatment support) ● Expanding overseas markets	● Clinical testing ● Pharmaceutical development support	
Innovation Areas Areas for creating new innovations	● Composite materials for air mobility ● Interior and exterior components (enhancing perceived value) ● Hygienic functional materials ● Next-generation communication components ● Easy-to-disassemble materials ● Tactile sensing	● Renovations (general properties) (including coordination with buy-and-sell operations) ● Urban area housing ● New overseas expansion ● Real estate asset domain (asset management, etc.) ● Smart City	● Sensing ● Digital fabrication ● Water use and recycling ● Smart maintenance	● New pharmaceutical modalities ● Cell cultures / processing ● Precision medicine ● Advanced drug discovery support	● Film-type perovskite solar cells ● $CO_2 \rightarrow CO$ ● Electrolytic cell ● Next-generation energy (hydrogen / ammonia) ● Resource recycling
	Resource circulation				
	Enhancing and differentiating manufacturing through data utilization				
	● Next-generation sensing		● Infrastructure monitoring	● Digital health	● Sensing data utilization (algorithm analysis)

Performance Trends and History of Changes in Business Portfolio

EBITDA (Billions of yen)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
	133.4	137.7	137.3	133.2	116.6	137.6	142.1	147.1	161.7	164.6



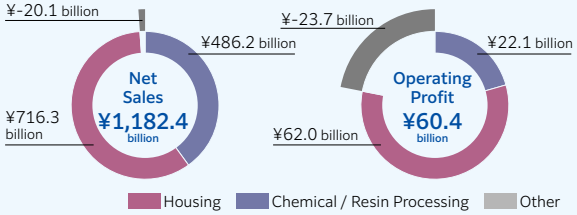
Note: Figures for FY2022 onward take into account the business portfolio reshuffle

External environment	01/2016	03/2018	10/2019	02/2020	02/2022	1H/2025	02/2026
	Sudden yen appreciation	Emerging concerns toward global trade friction	Consumption tax raised from 8% to 10%	Spread of COVID-19	Conflict between Russia and Ukraine	U.S. tariff measures enacted	Deterioration in conditions in the Middle East

Forex Rate (Avg. rate for each term)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
	¥108/US$	¥111/US$	¥111/US$	¥109/US$	¥106/US$	¥112/US$	¥135/US$	¥145/US$	¥153/US$	¥151/US$

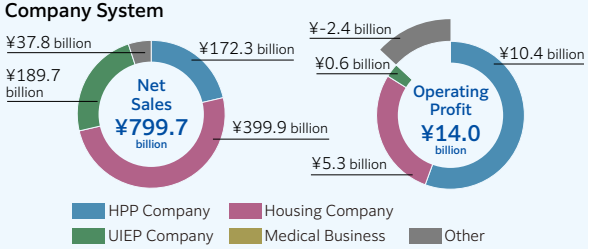
Business Portfolio Transformation

Seven Business Divisions System — FY1996

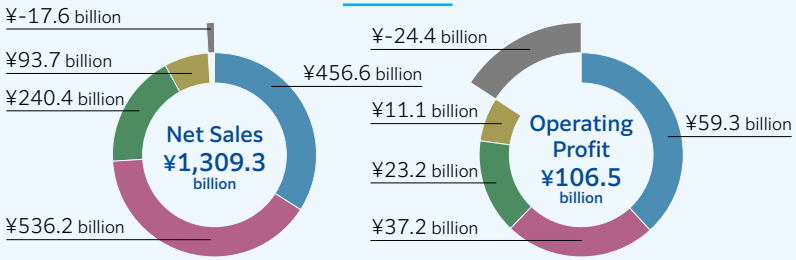


Housing Business led the Group to record high sales

Post-introduction of the Divisional Company System — FY2002



FY2025



Housing Business
Chemical / Resin Processing Business

Began transformation to overcome the business crisis following the collapse of Japan's bubble economy

March 2001
Introduced a Divisional Company System

Business domain per company (Strategic fields)

- Housing Company ❯ Housing
- UIEP Company ❯ Water infrastructure
- HPP Company ❯ AT / IT / MD*1

Medical Business is spun off as a candidate for a new Group company

- ❯ Housing / Renovation / Residential (Real Estate, Town and Community Development)
- ❯ Pipe Systems / Buildings and Infrastructure Composite Materials / Infrastructure Renovation
- ❯ Electronics / Mobility / Infrastructure
- ❯ Medical Business*2

*1 AT (automotive materials), IT (IT-related materials), MD (medical products)
*2 The Medical Business was spun off from the High Performance Plastics Company in FY2019 as a new company candidate to accelerate growth.

We have worked to transform our business portfolio to achieve growth while anticipating and identifying changes in society and business.
We took steps to reorganize our business portfolio in October 2022 owing to the increasingly overlapping nature of certain aspects of the HPP and UIEP companies due to the expansion of business domains in recent years.
Through reorganization, we are working to improve operational efficiency and utilize assets by further expanding its business and improving productivity.

Review of the Medium-term Management Plan and its Global Extension

	SHIFT 2019 -Fusion- FY2017-2019	Drive 2022 FY2020-2022	Drive 2.0 FY2023-2025
Measures and Results	Fusion accelerated over the period during which we targeted a balance between quantitative and qualitative growth. We made aggressive investments to achieve growth, and net sales attributable to M&As rose. By strengthening ESG initiatives aimed at building a sustainable business base, we continued to receive high evaluations from GLOBAL100 and others.	Net sales, net income, and EBITDA all hit record highs on the back of structural reforms and thoroughgoing efforts to improve selling prices aimed at strengthening profitability. Took steps to introduce and instill ROIC management within the Group.	By shifting toward high-value-added products, steadily improving selling prices, and strengthening profitability, we achieved record highs in net sales, operating profit, and EBITDA. We also laid the groundwork for future growth, making steady progress in developing foundations for new business led by film-type perovskite solar cells, while continuing to invest in growth-driving and growth-potential businesses to strengthen our existing businesses.
Challenges	• Delays in securing returns on growth investments • The speed of structural reform • Strengthening ESG management	• Stagnant growth investments • Carry over business contributions through the use of M&As • Target for the human resource KPI and Challenge Action Rate not achieved	• M&A execution remained limited • Preparations for anticipated growth in the Life Science domain lagged behind
Strategic Investments, Equity Investments and M&A, Structural Reforms (key examples)	**Strategic Investment (Capex)** December 2017 Operations commenced at a new interlayer film production line in Mexico April 2018 Operations commenced at a new automotive exterior parts plant in Japan 2018-2019 Operations commenced at new foam plants in Thailand and China **Equity Investment, M&A** August 2017 Acquired management rights to Polymatech Japan Co., Ltd. October 2017 Capital investment in Tien Phong Plastic JSC December 2017 Acquired SoflanWiz Co., Ltd. December 2018 Acquired Veredus Laboratories Pte. Ltd. November 2019 Acquired AIM Aerospace Corporation **Structural Reforms** April 2018 Reorganized production subsidiaries managed by the Urban Infrastructure & Environmental Products Company (Kanto - Tohoku) April 2019 Reorganized production subsidiaries managed by the Urban Infrastructure & Environmental Products Company (West Japan)	**Strategic Investment (Capex)** August 2020 Decided to increase pharmaceutical raw material production in Japan and the U.K. October 2020 Operations commenced in earnest at a new interlayer film production line in Europe October 2020 Operations commenced at a new plant for heat release materials in Europe **Equity Investment, M&A** November 2022 Further invested in Tochigi Sekisui Heim Co., Ltd. (now a wholly owned subsidiary) **Structural reforms** April 2020 Reorganized Housing production companies July–September 2020 Transferred the agri and food container molding product businesses of Sekisui Hinomaru Co., Ltd. September 2022 Transferred shares in subsidiary XenoTech, LLC in the drug development solutions business	**Strategic Investment (Capex)** May 2023 Decided to increase production capacity of binder resins for MLCCs November 2023 Operations commenced at a new plant for sleepers for railroads in the Netherlands July 2024 Decided to add a new interlayer film production line in Thailand July 2024 Decided to increase SELFA production capacity October 2024 Decided to increase production of conductive fine particles at the Taga Plant December 2024 Decided to mass-produce film-type perovskite solar cells **Equity Investment, M&A** April 2025 Acquired the thermal conductive sheet-related assets of Dexerials Corporation May 2025 Acquired Benhouse Co., Ltd. **Structural reforms** December 2024 Transferred shares in two subsidiaries in the elderly business

*The color highlights used in the "Strategic Investment (Capex)" and "Equity Investment, M&A" areas of the table refer to business quadrants outlined in Drive 2022 and Drive 2.0. Growth-driving | Growth-potential | Revenue base | Underlines indicate frontier domains

Global Expansion

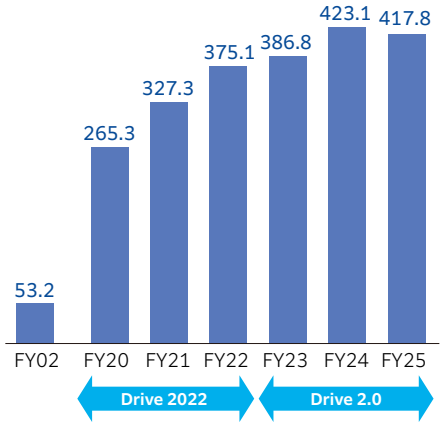
SEKISUI CHEMICAL Group has aggressively taken on the challenge of expanding overseas, utilizing M&A and strategic investments.

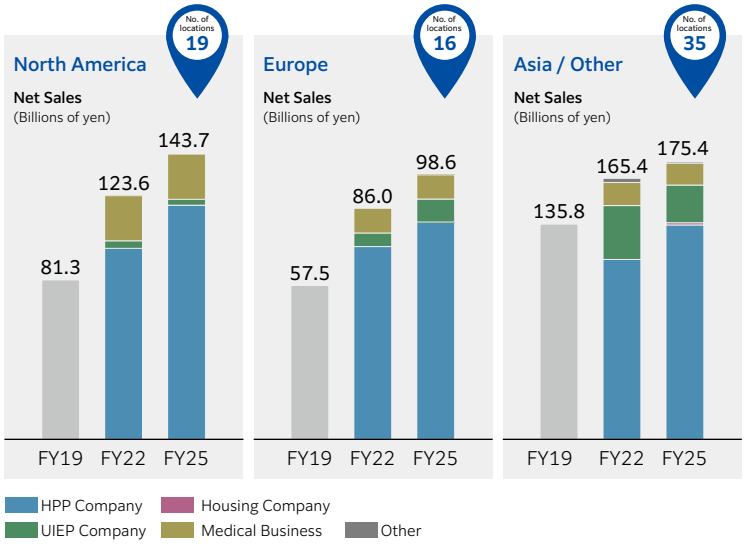
Overseas sales have grown steadily, particularly in the High Performance Plastics Company.

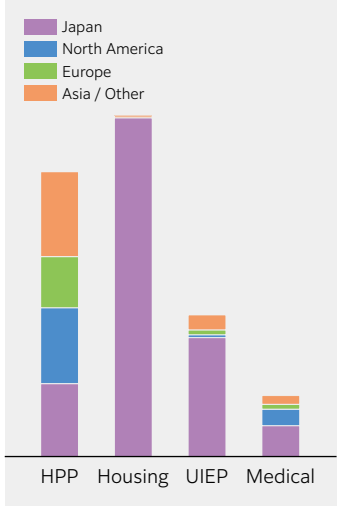
To accelerate growth toward achieving Vision 2030, we believe it is essential to invest decisively in markets with strong growth potential from a global perspective. We will continue to optimize our global portfolio, making disciplined investments and translating them into returns as we aim to double the scale of our business.

Overseas Sales

(Billions of yen)





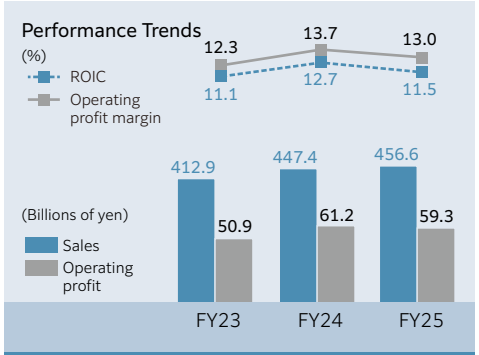


Segment Information (Business Activities and Review of FY2025)

High Performance Plastics Company

Leveraging our proprietary fine-particle, adhesion, precision molding, and other technologies, we provide advanced high performance materials on a global basis that help bring about the further evolution of our customers' products and services for application in the Electronics, Mobility, and various other industries.

In FY2025, driven by steady growth in high-performance interlayer films in the Mobility field, the High Performance Plastics Company recorded higher revenue, but the impact of non-recurring expenses resulted in lower profit. In the Electronics field, net sales exceeded the previous fiscal year due to successful efforts to capture demand driven by the persistently robust semiconductor market, as well as steady progress in acquiring new demand.

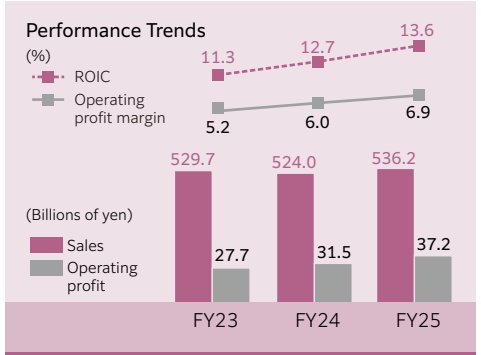


Main ROIC Improvement Measures
- Accelerate returns on growth investments
- Further strengthen earnings power through a shift to high-performance products

Housing Company

The Housing Company is engaged in new housing construction activities as a specialist in the Unit Construction Method, an advanced factory-built approach that enables short construction periods and delivers functions in accordance with design plans. To date, the cumulative total of houses sold has exceeded 680,000. The Housing Company also operates businesses that address housing needs and help solve social issues, including housing renovation, rental housing management, real estate transactions, and integrated town and community development.

In FY2025, although the number of housing units sold in the Housing business declined due to the sluggish new housing market, higher unit prices from an improved product mix and growth in the renovation business resulted in higher revenue and significantly higher profit for the Housing Company as a whole.

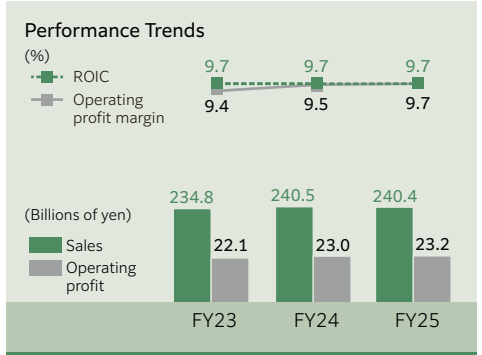


Main ROIC Improvement Measures
- Improve the land and stock of ready-built houses turnover rate
- Promote the automation and leveling of production and construction

Urban Infrastructure & Environmental Products Company

The UIEP Company manufactures and markets water sewerage and supply pipe systems, in which it has a leading share in Japan, while also engaging in construction materials supply businesses, which collectively form the Company's core operating platform. We are striving to expand sales and create markets for products that help solve increasingly serious and complex social issues, including labor shortages, aging infrastructure, and climate change.

In FY2025, although we were affected by the continued sluggish domestic housing and non-housing construction markets, we mitigated the effects by maintaining our margins, primarily in domestic operations, and operating profit reached a record high for the fourth consecutive fiscal year.

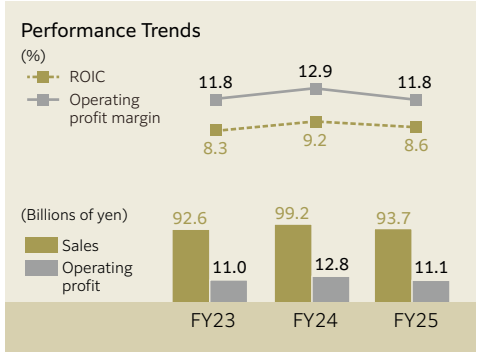


Main ROIC Improvement Measures
- Grow sales of prioritized products and boost overseas sales
- Maintain raw-material and selling-price margins

Medical Business

The Medical Business operates globally and comprises the Diagnostics Business, which manufactures and sells diagnostic reagents, automated analyzers, and blood collection tubes, and the Pharmaceutical Sciences Business, which encompasses the Pharmaceuticals and Enzymes Business, the Drug Development Solutions Business, and other businesses.

In FY2025, while the Pharmaceutical Sciences business performed steadily, the overseas testing business struggled due to declining demand for high-priority infectious disease testing kits in the United States and sluggish market conditions in China. As a result, the Medical Business as a whole recorded a decline in both revenue and profit.



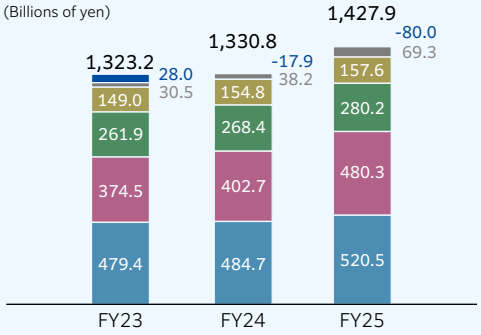
Main ROIC Improvement Measures
- Accelerate returns on growth investments
- Continuously launch new products

Various Data

HPP Company | Housing Company | UIEP Company | Medical Business | Other | Eliminations or corporate expenses

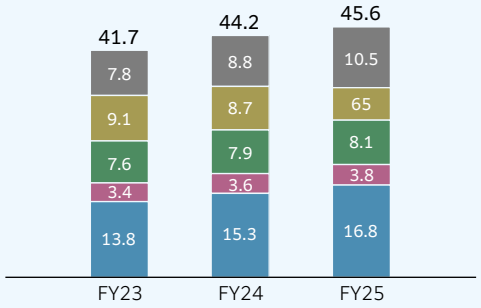
Total Assets

(Billions of yen)



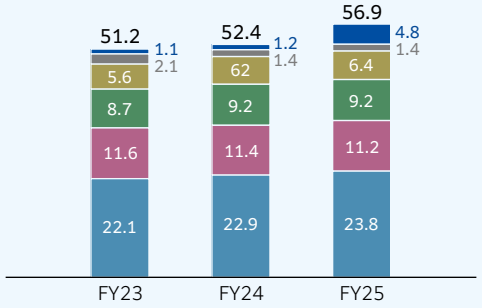
R&D Expenditures

(Billions of yen)



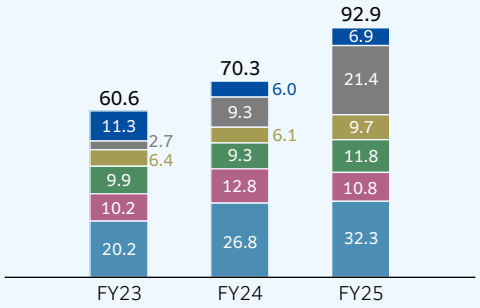
Depreciation and Amortization

(Billions of yen)



Capital Expenditures

(Billions of yen)



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

We have launched Accelerate 2028 as the third phase of our Long-term Vision, Vision 2030, which we launched in FY2020 to double our business performance.

Our policy is to implement proactive ESG management through the dual pillars of "business strategy" and "foundation strengthening" to accelerate toward realizing Vision 2030. We will work to enhance corporate value by focusing on creating results from preparations, continuously strengthening earning power, and continuously strengthening ESG management.

Policy and Basic Strategy

Implementing proactive ESG management through the dual pillars of "business strategy" and "foundation strengthening" to accelerate toward realizing Vision 2030

Accelerate 2028
— The Third Phase for 2030 —

Business Strategy

Create results from preparations and continuously strengthen earning power

Expand and create Products to enhance sustainability based on the strategic domain map

Innovation Areas

Continue preparations and accelerate the creation of results

Reliably launch and expand the perovskite solar cell business

Enhancement Areas

Expand growth drivers

Secure returns through strategic investment

Relentless structural reform

Environmental Strategy

Advance carbon neutrality and implement the circular economy

Foundation Strengthening

Continuously strengthen ESG management

Expand contribution to sustainable growth and creating results from preparations

HR Strategy: Empowering Prominent Human Resources

Foster a culture of taking on challenges

Deepen the right person for the right position

Proactive diversity

R&D Strengthening Strategies: Creating Prominence in Technologies

Accelerate new product development around TPF

Take on the challenge of research innovation using MI

Strengthening Portfolio Management

Implement focused allocation of management resources with an eye on capital efficiency

Strengthening Internal Control

Eliminate serious incidents, establish management foundations in new business divisions

DX Strategy

Accelerate productivity improvements through digital transformation

FY2028 SEKISUI CHEMICAL Group's target values

Data in parentheses are compared with FY2025.

(Billions of yen)

Net sales	**1,600.0** (+290.7)
Operating profit	**150.0** (+43.5)
Operating profit margin	**9.4%** (+1.2%)
EBITDA	**226.0** (+61.4)
EBITDA margin	**14.1%** (+1.6%)
ROIC	**8% or higher** (+0.4% or higher)
Net income	**102.0** (+26.8)
ROE	**11%** (+1.9%)

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Materiality and KPIs

At the halfway point of our Long-term Vision, Vision 2030, we reanalyzed global megatrends, including climate change and advances in AI technology, and redefined the priority issues that we need to address.

We are carrying out risk mitigation activities and, under the Medium-term Management Plan, we have defined the five areas of "Safety, Quality, Legal/Ethical, Accounting, and Information Management" in order to avoid damage to corporate value from major incidents, and to enhance our management ability to sustain business.

Unit: Billions of yen

	Materiality	Strategies of Accelerate 2028	KPI	FY2028 Targets (Medium-term Management Plan)	FY2025	
Value Creation Fields Areas for Creating Value	Realizing a carbon neutral society	Business Strategy / Foundation Strengthening	GHG emissions reduction rate (vs. FY2019)	-49%	-45.2%	Products to Enhance Sustainability P.18
	Realizing a circular economy		Waste plastic material recycling rate	75.0% (Japan) 75.0% (Overseas)	70.0% (Japan) 68.6% (Overseas)	
	Realizing a safe and comfortable society	Business Strategy	Net sales from Products to Enhance Sustainability*1	1,190.0	965.1*1	Environment P.43
	Realizing a healthy and well-served society		Of which, premium sector*1	600.0	546.0*1	
	Driving DX					DX P.59
Value Creation Drivers Factors Accelerating Value Creation	Empowering prominent human resources	Foundation Strengthening	Challenge Action Rate	72%	62%	Human Capital P.47
	Creating prominence in technologies		Number of DR0*2 passes (new indicator)	vs. Plan (every half-year) 100% or more	—	Innovation P.50
	Strengthening internal control		Number of serious incidents*3	0	—	Internal Control P.55
	Strengthening portfolio management		ROIC, EBITDA	ROIC: 8% or higher EBITDA: 226.0	ROIC: 7.6% EBITDA: 164.6	Portfolio P.26

*1 Method for calculating net sales from Products to Enhance Sustainability revised with a view to more closely aligning with consolidated financial statements; sales from equity method affiliates no longer included in the scope of calculation from FY26; FY25 data also calculated using the new standard.
*2 Internal review regarding the generation of new development themes.
*3 Instances of deficiency in current internal control and where details have been disclosed publicly.

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Investment and Financial Strategies

SEKISUI CHEMICAL Group will continue to pursue growth and actively expand strategic investment. At the same time, we will continue to emphasize capital efficiency while making appropriate use of debt.

Under Accelerate 2028, we plan to expand the strategic investment limit to ¥550.0 billion, exceeding the level of the previous Medium-term Management Plan, and allocate at least 70% of this amount to growth-driving and growth-potential businesses.

In addition to the cash we generate, we will use debt to cover any shortfall in investment funds, while keeping the net D/E ratio at 0.5x or less. By accelerating growth while maintaining financial soundness and capital efficiency, we aim to achieve an ROE of 11%.

Investment plan and capital allocation

(Billions of yen)

	FY23-25 Results	FY26-28 Plan
Strategic investment	157.5	Investment limit 550.0
M&A, etc.	39.2	Investment limit 300.0
Capital expenditures	118.3	250.0
Normal investment	147.2	150.0
Total investment	304.7	Investment limit 700.0
R&D expenses	131.5	155.0

Accelerate 2028 (FY2026-2028)

(Billions of yen)

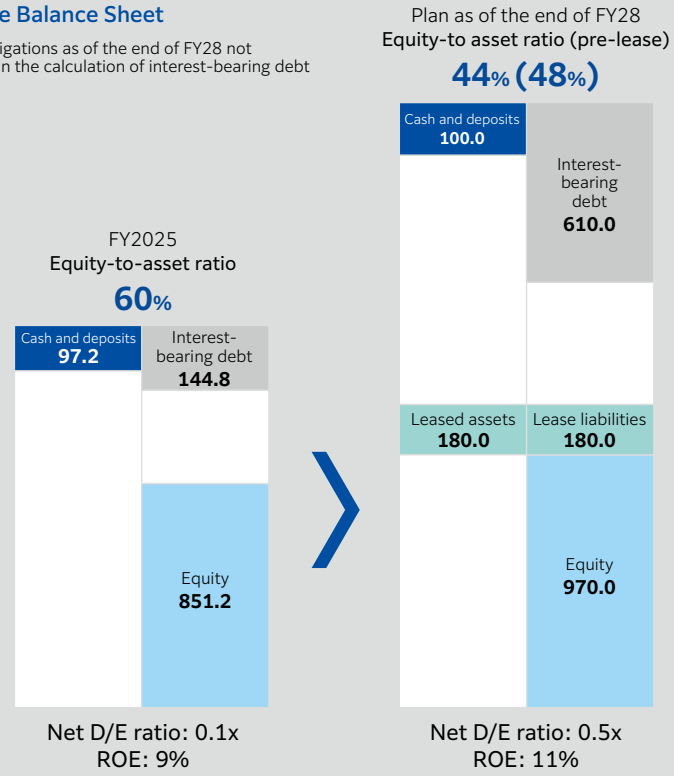
	Adjusted operating cash flows*	Use of liabilities + Reduction of cross-shareholdings
Cash IN	545.0	Maximum approx. 450.0 (use of liabilities) +α

	Strategic investment	Normal investment	R&D expenses	M&A (limit)	Returns to shareholders
Cash OUT	250.0	150.0	155.0	300.0	130.0 -

*Operating cash flows + R&D expenses

Image of the Balance Sheet

Note: Lease obligations as of the end of FY28 not included in the calculation of interest-bearing debt



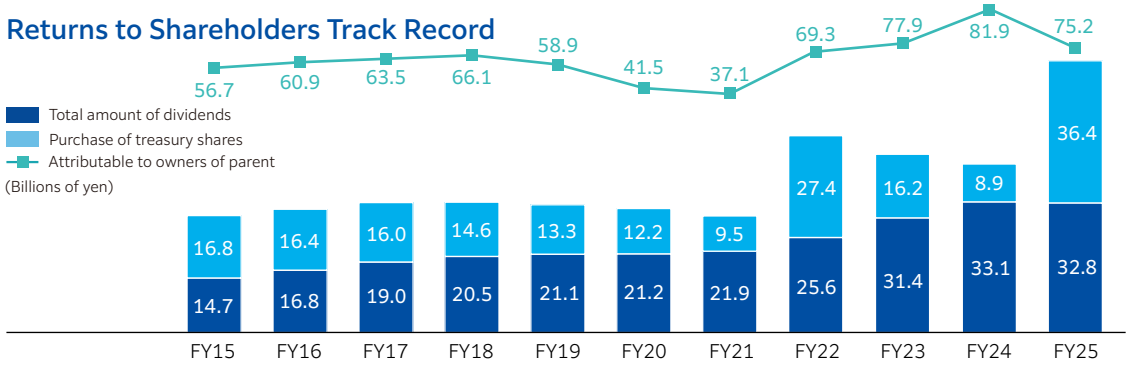
Maintain an efficient and stable capital structure

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Returns to Shareholders

Under the Medium-term Management Plan, Accelerate 2028, SEKISUI CHEMICAL Group will return profits to its shareholders more aggressively than ever before. The Company will raise the dividend-on-equity (DOE) ratio to 3.5% or higher, while continuously targeting a payout ratio of 40% or higher on a consolidated basis, and implement stable returns through progressive dividends. In addition, SEKISUI CHEMICAL Group has set a target of 50% or higher for its total return ratio, which includes the buyback of shares, so long as its net D/E ratio is 0.5 or less. For this reason, the Company will also implement additional returns as appropriate, taking into account the investment progress under the Medium-term Management Plan, cash position, and stock price. We will limit our holdings of treasury shares to the absolute minimum.

Returns to Shareholders Track Record



	Previous Medium-term Management Plan	Medium-term Management Plan (FY2026-2028)
Payout ratio	40% or higher	40% or higher
DOE	3% or higher	3.5% or higher
Total return ratio	50% or higher if the net D/E ratio is 0.5 or less. Implement additional returns as appropriate, taking into account the investment progress under the Medium-term Management Plan, cash position, and stock price	50% or higher if the net D/E ratio is 0.5 or less. Implement additional returns as appropriate, taking into account the investment progress under the Medium-term Management Plan, cash position, and stock price
Cancellation of treasury shares	Cancel newly acquired shares to the extent that total treasury shares do not exceed 5% of outstanding shares	Hold treasury shares to the minimum necessary
Progressive dividends	—	Implement

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Profit attributable to owners of parent per share (yen)	115.1	126.1	133.8	141.7	128.8	91.9	83.2	159.2	183.5	196.0	182.7
Dividend per share (yen)	30	35	40	44	46	47	49	59	74	79	80
Payout ratio	26.1%	27.7%	29.9%	31.0%	35.7%	51.1%	58.9%	37.0%	40.3%	40.4%	43.6%
Purchase of treasury shares (billions of yen)	16.8	16.4	16.0	14.6	13.3	12.2	9.5	27.4	16.2	8.9	36.4
Total return ratio*1	55.5%	54.5%	55.1%	53.0%	58.1%	80.4%	84.6%	76.5%	61.0%	51.2%	92.1%
DOE*2	2.8%	3.1%	3.3%	3.4%	3.5%	3.3%	3.3%	3.7%	4.2%	4.1%	4.0%
Cancellation of treasury shares (thousands of shares)	10,000	—	10,000	8,000	8,000	8,000	5,000	15,000	8,000	4,000	14,000

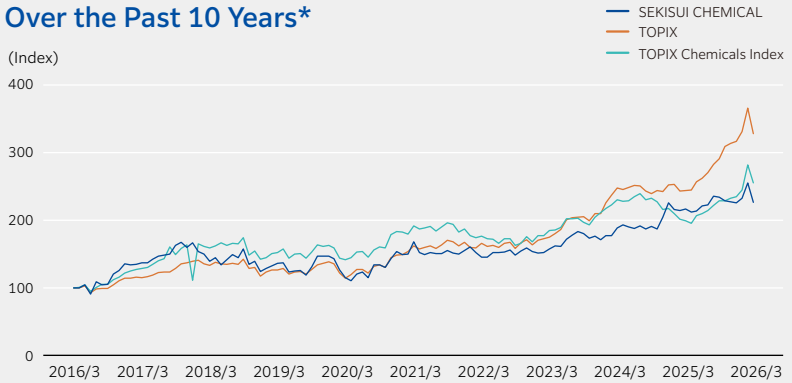
*1 Total return ratio = (Amount of treasury shares acquired + Total dividends) / Net income attributable to owners of parent *2 DOE = Total Amount of Dividends (full year) / Average equity

Details of SEKISUI CHEMICAL Group's total shareholder return (TSR), including dividend and stock price fluctuation trends, are presented as follows. SEKISUI CHEMICAL Group raised the consolidated payout ratio to 40% in its return policy from FY2023. We will continue to strive to maintain a stable dividend for shareholders and increase corporate value.

Total Shareholder Return (TSR including dividends)

	Past 1 year	Past 3 years		Past 5 years		Past 10 years	
	Annualized	Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized
SEKISUI CHEMICAL	5.6%	51.4%	14.8%	38.7%	6.8%	126.5%	8.5%
TOPIX	34.6%	87.4%	23.3%	102.2%	15.1%	228.2%	12.6%
TOPIX Chemicals Index	28.0%	38.2%	11.4%	33.3%	5.9%	155.2%	9.8%

TSR and Share Price Performance Over the Past 10 Years*



* Figures are indexed to data as of March 31, 2016, as 100, and both indexes include dividends.

Share Price Trends

	High (yen)	Low (yen)	Closing (yen)
FY15	1,752	1,193	1,386
FY16	1,983	1,215	1,871
FY17	2,350	1,732	1,856
FY18	2,114	1,532	1,779
FY19	1,986	1,142	1,433
FY20	2,243	1,267	2,125
FY21	2,187	1,648	1,759
FY22	2,019	1,613	1,876
FY23	2,287	1,786	2,230
FY24	2,840	1,880	2,544
FY25	3,065	2,151	2,606

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Strengthening Portfolio Management

Under Accelerate 2028, we will continue to strengthen business portfolio management.

Taking steps to classify all 29 businesses into four quadrants, including growth-driving and growth-potential businesses, while clarifying roles on a strategic basis to ensure steady profit growth.

Cash gained through our revenue base will be directed toward allocating resources with a priority on growth areas.

The aim is to generate over 90% of the increase in profits (EBITDA) from these growth-driving and growth-potential businesses by FY2028.

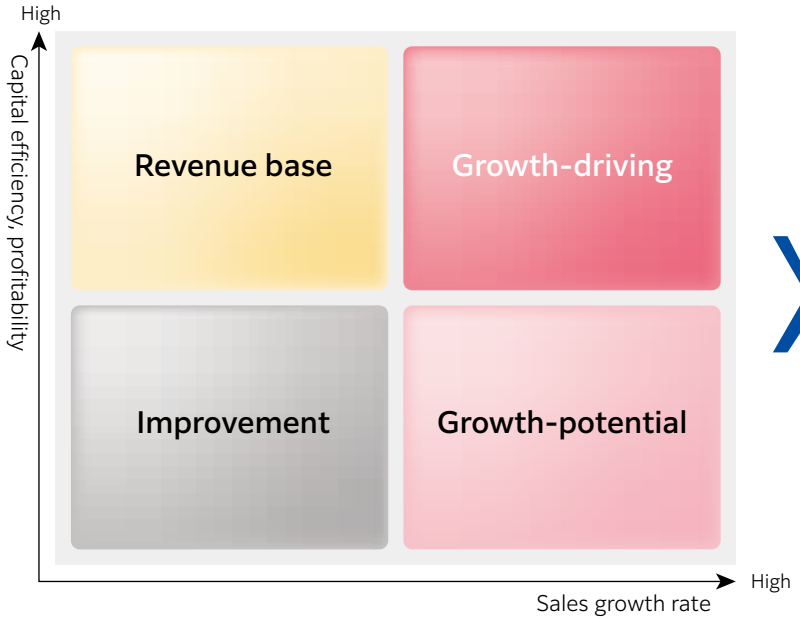
1. Analyze and evaluate existing businesses from multiple perspectives

- Profitability (OPI margin), capital efficiency (ROIC), growth-potential (sales growth rate)
- Strategic positioning, position in the industry, future prospects, and competitiveness from an ESG perspective

2. Clarify the role of each business→Appropriately allocate management resources

- Allocate at least 70% of capital investment to growth-driving and growth-potential businesses (including new businesses)

Business portfolio management: Clarify the role of each business unit



About 70% of the sales in the Products to Enhance Sustainability Premium Framework consist of products from businesses positioned as growth-driving or growth-potential. Under our Medium-term Management Plan, we will allocate capital investment in growth-driving and growth-potential businesses (including new businesses), and increase the absolute volume of the Products to Enhance Sustainability Premium Framework product lineup.

Portfolio	Business segment				
	High Performance Plastics Company	Housing Company	Urban Infrastructure & Environmental Products Company	Medical Business	Next Frontier
Growth-driving businesses	Interlayer Films (Mobility) Device Materials Specialty Chemicals / FC (Electronics)		Performance Materials / Fire Protection Materials (Building and Infrastructure Composite Materials) Pipe Renewal (Infrastructure Renovation)		
Growth-potential businesses	Automotive Molding / Aeronautical Components (Mobility) Sensing / Molding Products (Industrial)	Domestic New Construction Renovation Residential Overseas		Pharmaceutical Scirnces (CRO / CDMO)	SEKISUI SOLAR FILM
Revenue base	Foam /Functional Tapes (Industrial)		Water supply / Drainage Infrastructure PVC Materials (Pipe Systems) Building Materials (Building and Infrastructure Composite Materials)	Diagnostics	
Improvement	Polymatech (Mobility)				

Major changes from the previous Medium-term Management Plan

KYDEX Aerospace	▶	Automotive Molding / Aeronautical Components (Mobility)
Domestic New Construction Renovation	▶	Domestic New Construction Renovation
For the Elderly	▶	Business Transfer

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

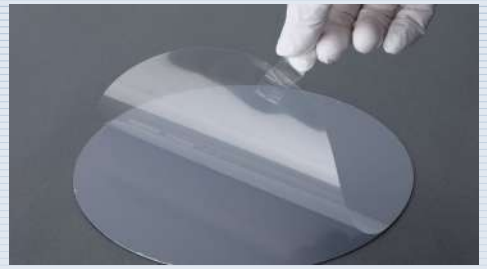
Business Strategies

Strategies for Enhancement Areas/Growth-driving Businesses: Device Materials, Specialty Chemicals, and FC (Electronics)

With the upswing in global semiconductor demand accompanying the proliferation of AI, the Electronics field is also performing well, especially for semiconductor-related products.

In particular, we are seeing a steady increase in the application of SELFA, a UV release tape for semiconductor applications that addresses the further miniaturization of semiconductors, and Build-up dielectric film (BUF) that boasts high transmission performance (low dielectric properties)—required for multi-layered CPUs—as well as strengths in suppressing substrate warpage.

Heat resistant SELFA (semiconductor processing material)



The Company's UV release tapes balance strong adhesion with an easy peel-off capability. Exposure to UV generates gas between the tape and the adherend, which cancels out the tape's adhesiveness and enables it to be peeled off easily. These tapes have 300°C heat resistance and can be used with hybrid bonding. With demand expected to continue to grow, the Company has decided to increase production capacity and plans to bring the new capacity online in the first half of FY2027.

Build-up dielectric film (BUF)

This product meets the need for larger, multilayer substrates as CPUs and GPUs used in high-end servers for high-capacity, high-speed communications become more advanced. It is particularly highly regarded for its excellent transmission properties (low dielectric properties) and low warpage, and its adoption is expanding.

Binder resins for MLCCs

Based on the technical capabilities acquired through binders for interlayer films as the primary application for PVB, the Company's product design capabilities and technical service capabilities have received a highly positive response. In the second half of FY2025, we increased polyvinyl acetal resin production capacity to meet growing demand.

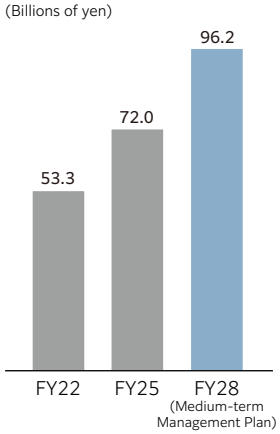
Business Strategies

Semiconductors / electronic parts
Tapes for semiconductor processing use, binder resins for MLCCs, Build-up dielectric film (BUF) sales growth

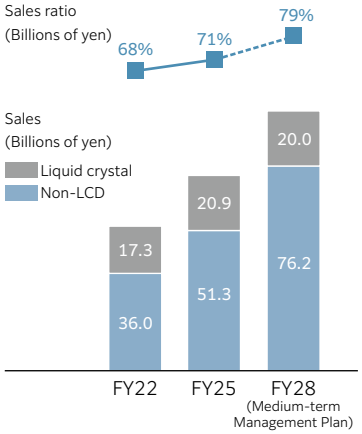
Exterior parts / mechanism components
Biomass-type bonding materials (tape, foam)
Elastic adhesive resin sales growth

Next-generation displays
OLED sealant sales growth

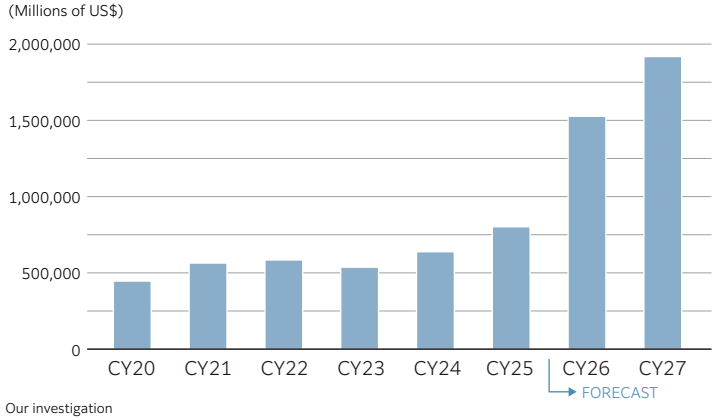
Electronics field net sales



KPI: Focus on the non-LCD field



Global semiconductor market forecasts



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategies

Strategies for Enhancement Areas/Growth-driving and Growth-potential Businesses: Interlayer Films and Automotive Molding/Aeronautical Components (Mobility), and Sensing/Molding Products (Industrial)

There are clear indications of a growth trajectory in the context of the expansion of the electrification of automobiles and automated driving.

In our mainstay interlayer film business, we are working to improve profitability by shifting to high-value-added products such as wedge-shape films for head-up displays (HUDs), heat insulation films and colored/designed films, while further increasing added value by combining interlayer film functions such as heat and sound insulation.

In the aeronautical fields as well, we will steadily capture robust demand for commercial aircraft while expanding in the rapidly growing air mobility field, including drones.

HUD-use, colored / designed interlayer films

The head-up displays (HUDs) display appropriate information on the car's windshield according to the driving situation, allowing the driver to drive without dropping his or her gaze, thereby contributing to driver safety. In addition, demand has been growing in recent years for colored films for panoramic roofs and design films for rear glass, with the spread of electric vehicles. These films not only block light but also cut UV rays, and the use of sound insulation grades that improve cabin quietness and heat insulation grades that absorb near-infrared rays also help prevent higher cabin temperatures.

Aircraft components

In addition to carbon fiber reinforced plastic (CFRP), we produce molded composite materials that are flame retardant and impact resistant. They contribute to weight reduction in aircraft materials and fuel efficiency in transportation equipment. After the downturn in aircraft demand during the COVID-19 pandemic, the business returned to profitability in the second half of FY2024 and contributed to earnings in FY2025. We will continue to steadily capture demand for commercial aircraft while also focusing on improving the product mix, including increasing the proportion of high-value-added engine components.

Industrial field (ANSIEL)

The ANSIEL monitoring sensor uses a proprietary high-precision sensor installed under a mattress to detect and analyze the condition of care recipients. By helping reduce workloads and improve operational efficiency at nursing care facilities, ANSIEL supports higher-quality care and the realization of a sustainable nursing care system.

Business Strategies

Interlayer film

Expand sales of N-HPP* films
N-HPP sales volume growth rate (CAGR) 114% (FY25→FY28)

SEKISUI AEROSPACE CORPORATION

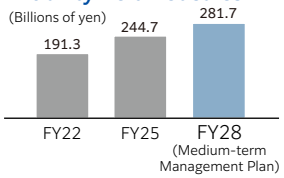
Expand the lineup of aircraft engine components and deploy products to non-aircraft sectors (drones, medical field)

Industrial

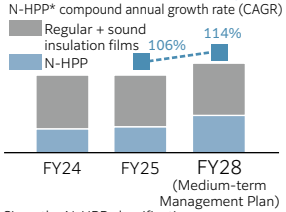
Focus on expanding sales of labor-saving and environmentally friendly products with the aim of entering new fields and achieving standardization overseas

* N-HPP: Generic term for HUD, heat insulation, color/design films (high-performance interlayer films)

Mobility field net sales

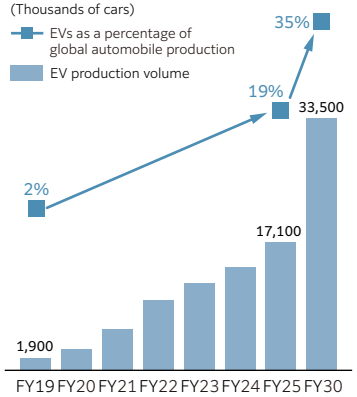


KPI: N-HPP interlayer film sales growth



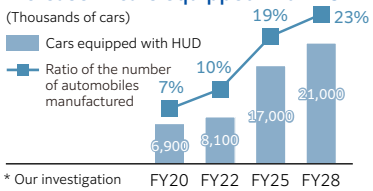
Since the N-HPP classification was introduced in fiscal year 2024, comparisons are made starting from FY2024

Trends in EV production volume



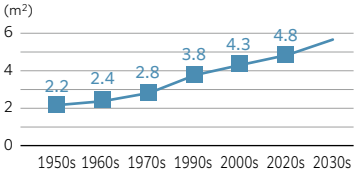
Our investigation

Increase in cars equipped with HUD



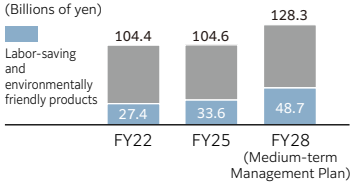
* Our investigation

Glass area per car

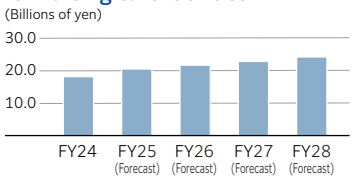


* Our investigation

Industrial field net sales



Market size for monitoring systems for nursing care facilities



Source: Yano Research Institute Ltd., ICT and Digital Transformation Market for Long-Term Care 2025

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategies

Strategies for Enhancement Areas/Growth-potential Businesses: Housing, Renovation, Residential, and Overseas

In the Housing Business, we will pursue sales strategies suited to urban and regional areas based on market conditions and regional characteristics, aiming to increase both volume and profitability.
In the Renovation Business, we will pursue further growth by expanding orders for older homes, which are expected to increase going forward, strengthening organizational structures in areas with demand, and utilizing M&A.
In the Residential Business, we will strengthen the earnings base by increasing the number of rental properties under management while targeting significant growth in the purchase-and-resale business.
Through proactive investment in the growth areas of Renovation and Residential, we will move away from a portfolio overly weighted toward the Housing Business.

Housing business (SEKISUI HEIM)

The Company ensures the stable supply of high-quality, high-performance (high earthquake resistance, airtightness, and heat insulation) housing, providing comfortable, safe and secure, and environmentally conscious living through its revolutionary Unit Construction Method, where the vast majority of construction is conducted at the factory. We will focus on product development and sales strategies tailored to area and market needs.

Renovation

For customers living in Sekisui Heim homes, we have introduced a "100-Year Long-Term Support System" and propose renovations tailored to the condition of their homes and their stage of life.
We are also focusing on renovations for general housing, including condominiums (external sales), with the aim of further expanding the business.

Residential

In the real estate business, we provide services that address a wide range of real estate needs, from the operation, management, and guarantees of rental housing to real estate brokerage and purchase and resale. In the town and community development business, we make extensive use of condominiums for sale and SEKISUI CHEMICAL Group infrastructure materials, differentiating ourselves from competitors by creating disaster-resilient, sustainable communities.

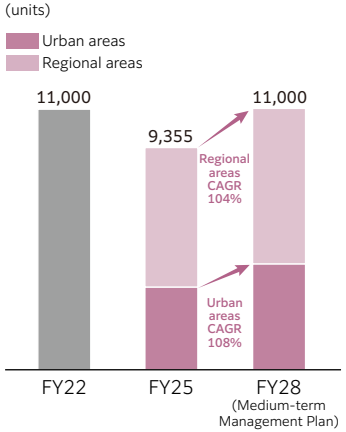
Business Strategies

Housing
9,355 units → 11,000 units (FY25→FY28)
Urban areas: Concentrate management resources in the Tokyo metropolitan area
Regional areas: Increase volume by strengthening built-for-sale housing and implementing area pricing

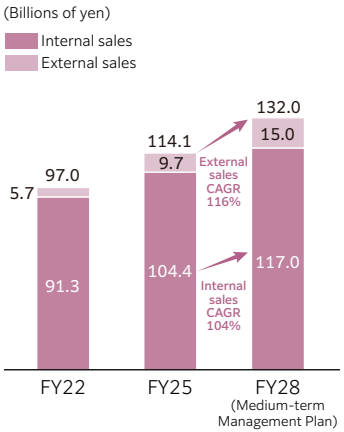
Renovation
Internal sales: Focus on expanding proposals for homes more than 35 years old
External sales: Expand sales bases and strengthen human resources in urban areas

Residential
Rental management: Increase the number of units under management by improving property owner satisfaction and utilizing external resources
Purchase and resale: Expand condominium purchase and resale by strengthening procurement capabilities through M&A

Housing orders



Renovation orders



Topic

Established a new modular manufacturing company in Ontario, Canada, aiming to enter the growing mid- and high-rise North American housing market

- Establish a steel-frame modular manufacturing plant and build a system for the design, manufacture, and sale of modular units in 2026
- Aim to supply low-rise schools (one to two stories) that help alleviate classroom shortages associated with increases in immigrants and international students, as well as mid-rise (four to eight stories) apartment buildings and nursing care facilities

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategies

Strategies for Enhancement Areas/Growth-potential Businesses: Performance Materials and Fire Resistant and Non-flammable Materials (Building and Infrastructures Composite Material), and Pipe Renewal (Infrastructure Renovation)

The Company aims to achieve growth by expanding sales of prioritized products that help solve labor shortages, infrastructure aging, climate change, and other social issues, as well as by increasing overseas net sales.

As an example, FFU for railway sleepers, a mainstay product of the Performance Materials Business, are sold in 37 countries around the world, including the U.S., Australia, and countries in Europe.

In recent years, environmental considerations have made it increasingly difficult to procure high-quality timber. In addition, creosote oil, which is used as a wood preservative, is expected to face restrictions on its use in the EU due to carcinogenicity concerns. As a result, adoption of resin railway sleepers (FFU railway sleepers) as an alternative to wooden sleepers is accelerating.

Performance materials (FFU for railway sleepers)

Fiber-reinforced foamed urethane (FFU) railway sleepers boast excellent water-resistance, durability, and require no preservatives, thereby contributing to reductions in environmental impact. The Company built a production base in Europe, where demand was strong, and commenced operations in FY2023 as part of its efforts to accelerate overseas deployment.

Fire resistant and nonflammable materials

PUXFLAME is a thermal insulating urethane foam material for on-site use that was the first organic material to receive certification as a noncombustible material from Japan's Minister of Land, Infrastructure, Transport and Tourism. Given that this product contributes to preventing fires and accidents caused by ignition at construction sites, new applications have been growing.

In April 2026, fire-resistant material standards were strengthened and the testing method for fireproof certification was changed. PUXFLAME has obtained certification under the new noncombustible standard by applying a PUXFLAME Coat covering.

Pipe renewal

The SPR method rehabilitates worn pipes by winding bands of rigid polyvinyl chloride resin profile in spirals within the existing pipe, then injecting special backfill materials into the gaps between the existing pipe and rehabilitation pipe. This creates a robust composite pipe that integrates the existing pipe and the rehabilitation pipe. The SPR method addresses the serious social issue of aging sewage pipes and, since it eliminates the need to excavate roads and allows water to continue flowing unimpeded during installation, it achieves significantly lower impacts on traffic, shorter construction times, and less industrial waste. It also contributes to reducing CO_2 emissions.

Business Strategies

Performance materials (FFU for railway sleepers)

Europe: Further expand through increased production capacity and the introduction of new products

North America: Focus on building a business base through adoption by major customers

Fire Resistant and Non-flammable Materials

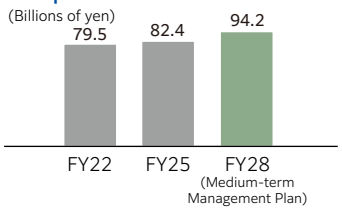
Expand the share of noncombustible urethane and sales of new products

Pipe renewal

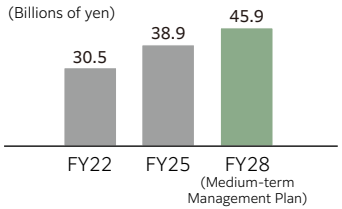
Japan: Maximize capture of renewal demand arising from the Nationwide High Priority Survey

Overseas: Increase awareness through collaboration with installation partners, primarily in North America, and expand orders

Building and infrastructure composite materials net sales



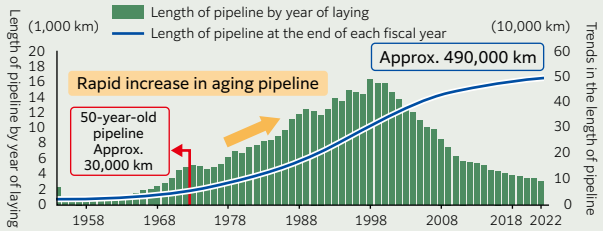
Infrastructure renovation net sales



Topic Working to Solve Japan's Aging Infrastructure Issue

There are approximately 30,000 km of degraded sewage pipelines nationwide that have exceeded their standard service life of 50 years, making them one of the causes of road collapse accidents. To prevent accidents, the Ministry of Land, Infrastructure, Transport and Tourism is conducting a Nationwide High Priority Survey of Sewage Pipelines, and as of the end of February 2026, approximately 748 km of pipelines had been determined to require countermeasures. In response to this rehabilitation demand, we will efficiently and effectively rehabilitate these pipelines using our SPR method.

Length of pipeline by fiscal year (as of December 31, 2022)



	10 years later (2034)	20 years later (2044)
50-year-old pipeline	Approx. 90,000 km	Approx. 200,000 km

Source: Ministry of Land, Infrastructure, Transport and Tourism website (in Japanese)
https://www.mlit.go.jp/mizukokudo/sewerage/crd_sewerage_tk_000135.html

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategies

Strategies for Enhancement Areas/Growth-potential Businesses: Pharmaceutical Sciences

With growing awareness of the importance of stable pharmaceutical supplies and increasingly sophisticated drug discovery, there has been rising demand in recent years for advanced contract services for R&D and manufacturing, as well as high-value-added materials needed to develop pharmaceutical products.

In the Pharmaceutical Sciences Business, we will establish a foundation for sustainable growth by building a system that consistently supports increasingly sophisticated pharmaceutical research, development, and manufacturing through drug discovery support services (CRO) and contract manufacturing (CDMO) of active pharmaceutical ingredients (APIs) and intermediates. We will also enter the field of advanced medicine, using the supply of scaffold materials that enable complex cell culture processes required in regenerative medicine and other fields as a foothold, with the aim of supporting the global advancement of medicine and a healthy, long-lived society.

Comprehensive pharmaceutical development support

We will strengthen our drug discovery CRO services, which provide various testing services during the drug discovery R&D stage under contract from pharmaceutical companies, and expand our pharmaceutical CDMO services, which manufacture active pharmaceutical ingredients (APIs) and pharmaceutical intermediates in compliance with GMP* and provide high-quality products. By supporting the stable supply of pharmaceuticals, we will contribute to realizing a healthy and sustainable society.

* A standard for pharmaceutical manufacturing and quality

Ceglu

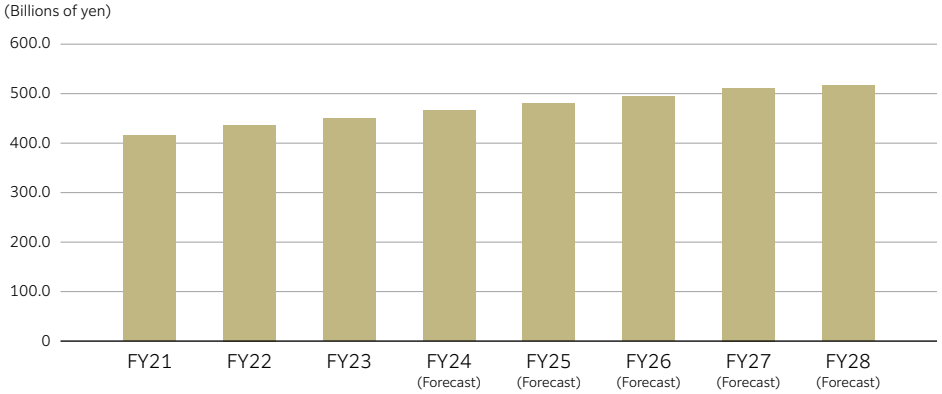
In the cell culturing process used in regenerative medicine, Ceglu is a brand of chemically synthesized scaffold material that adheres cells to the surface of containers. Compared with human-derived protein scaffold materials, which present challenges such as the risk of infection from viral contamination and limited stability, chemically synthesized Ceglu offers a high degree of safety, stability, and scalability. We will leverage these advantages to expand the use of Ceglu beyond research applications to cell manufacturing and contribute to the future development of regenerative medicine.

Business Strategies

Comprehensive pharmaceutical development support
Build a system that consistently supports pharmaceutical research, development, and manufacturing, and enhance our ability to win new contract projects

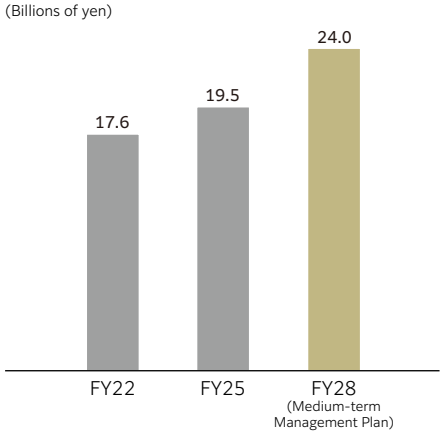
Ceglu
Achieve adoption in approved products in Japan, where approvals of regenerative medicine products and other products are ahead of other markets, build a track record, and aim to expand in overseas markets

Pharmaceutical contract manufacturing market size



Source: Yano Research Institute Ltd., Pharmaceutical Contract Manufacturing Market 2025

Pharmaceutical sciences field net sales



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategies

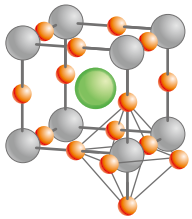
Strategies for Enhancement Areas/Growth-potential Businesses: SEKISUI SOLAR FILM — Film-type Perovskite Solar Cells

Next-generation solar cells, which are said to be the key to realizing a decarbonized society, use semiconductors with a perovskite crystal structure as the material for power generation. Unlike conventional silicon solar cells, these cells can be manufactured by applying the material to a film as if it were printed. They have the potential to spread to urban areas where installation sites are limited, and are expected to contribute to the spread of renewable energy and the realization of carbon neutrality. The manufacturing process utilizes our proprietary technologies in sealing, process, materials, and film formation. For sealing resin, we have patented the optimal composition of our proprietary material specifically designed for perovskite. To this point, we have conducted accelerated tests in accordance with standards for solar cell reliability, and confirmed durability equivalent to 10 years of outdoor exposure. Film-type perovskite solar cells are ultra-lightweight and flexible, allowing them to be installed on the walls of buildings and other structures, as well as on roofs with weight constraints.

On December 25, 2024, the project was selected for the Ministry of Economy, Trade and Industry's GX Supply Chain Construction Support Project. The business commenced in March 2026, and concrete discussions began with customers regarding supply.

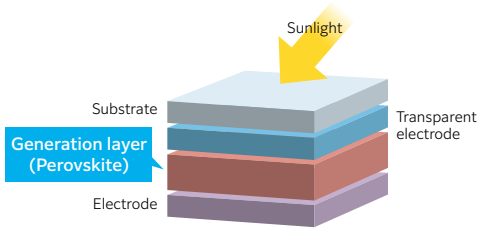
What are Perovskite Solar Cells?

A type of solar cell that employs a crystalline structure called perovskite



Perovskite Crystalline Structure (General Formula: ABX_3)

- A = Methylamine ($CH_3NH_3^+$), etc.
- B = Lead (Pb^{2+}), etc.
- X = Iodine (I^-), etc.



Film-type Perovskite Solar Cell Features and Merits

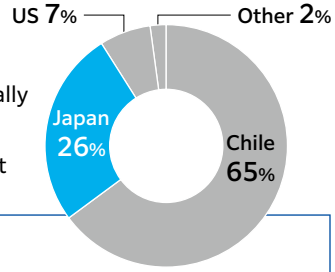
- ☑ Principal material, iodine, procured domestically
- ☑ Lightweight and flexible
- ☑ Power generation efficiency equivalent to that of silicon solar cells

Reference: What is iodine?

Iodine: Halogen element with an atomic number of 53
Principal application: X-ray contrast media, sterilizing and antifungal agent, etc.

International Share of Iodine Production

Company estimate



- ■ Commence delivery of 1-meter-wide products using existing production equipment in FY2026 (equivalent to approximately 1 MW annually)
- ■ Launch of a 100 MW production line, scheduled to commence operations from FY2027, proceeding smoothly
- ■ Allocate ¥20.0 billion in proceeds from the green bond issued in September 2025 to capital expenditures and R&D
- ■ Invest in production technology innovation; after taking steps to improve performance and reduce costs ahead of schedule, work toward further expansion
- ■ Continue to allocate management resources with a view to establishing a 1 GW-scale supply structure as quickly as possible

Develop public- and private-sector markets that leverage the characteristics of film-type products (lightweight, thin, and bendable)

- STEP 1: Low load-bearing roof areas
- STEP 2: Wall-mounted / free-standing, etc.

Objectives of production technology innovation

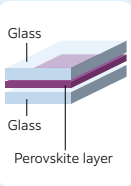
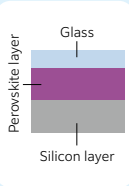
- Improve power generation efficiency
- Increase productivity
- Enhance durability
- Increase panel size

Outlook

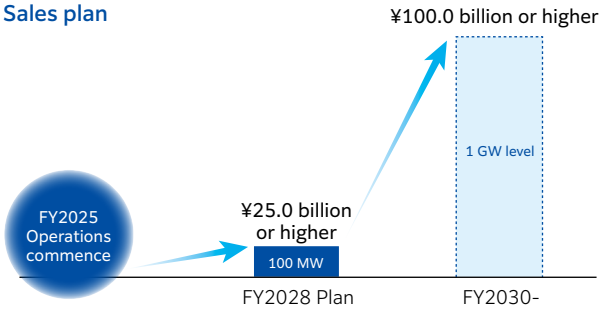
- 100 MW capacity fully online
  Expected to achieve profitability
- 1 GW capacity fully online
  Target sales in the range of ¥100.0 billion

	2025	2026	2027	2028	2029	2030-
100 MW production line no. 1 Investment amount: ¥90.0 billion	Operations commence Start of construction	Equipment installation and trial production	Production			
Production technology innovation (performance improvement and cost reduction) Investment amount: approx. ¥5.0 billion or higher		Introduction of development equipment	Technology development			
Expansion to a 1 GW production line Investment amount: approx. ¥220.0 billion or higher			Apply the results of production technology innovation to expanded production lines	Start of construction Equipment installation and trial production	Production	

Types of Perovskite Solar Cells

	Film-type	Glass-type	Tandem-type
	SEKISUI CHEMICAL	 Glass / Glass / Perovskite layer	 Glass / Perovskite layer / Silicon layer
Structure	Generation layer coated on a film	Generation layer sandwiched between glass	Stacked on silicon solar cells
Features	Lightweight, thin, and bendable	Easy to ensure durability	Easy to increase power generation efficiency
Intended application	Building walls and roofs with low load-bearing capacity	Window glass and balconies	Replacement for existing silicon solar cells

Sales plan



Medium-term Management Plan, Accelerate 2028 (FY2026–2028)

Message from the New Head of the Business Strategy Department

Tatsuya Nishida

Representative Director,
Senior Managing Executive Officer, Responsible for ESG Management Department,
Finance Department, Accounting Department and New Business Development Department,
Head of the Business Strategy Department

Practicing proactive ESG management and disciplined risk-taking to accelerate growth by seizing every growth opportunity

Q01 You were appointed Head of the Business Strategy Department in March 2026. Looking back on your career to date, could you tell us about the principles you value and what you keep in mind when making management decisions?

I have spent most of my career in the field of corporate management, working in taxation, corporate planning, finance and accounting, and business strategy. Building a foundation for understanding management through numbers early in my career has been an invaluable asset.

In my late twenties, I was seconded to a U.S. company shortly after it was acquired. With almost no other Japanese employees in the workplace, I learned that nothing would move forward unless I clearly articulated my own views. I believe that experience has shaped my approach to work ever since.

I spent the longest part of my career in corporate planning. Beginning in 1998, when the Company posted losses for four consecutive years, I saw firsthand senior management being forced to make difficult decisions. In 2000, while the Company was still in the red, we introduced the Divisional Company System, which remains the basis of SEKISUI CHEMICAL's organizational structure today. While implementing emergency management measures, I experienced firsthand both the importance and difficulty of simultaneously carrying out reforms with an eye to the future.

I then took charge of corporate management at the Urban Infrastructure & Environmental Products Company in 2009. At the time, we also needed to restructure businesses following M&A. I experienced the reorganization, transfer, and withdrawal of acquired businesses, which in some respects proved even more difficult than the acquisitions themselves. This also trained me to make decisions with a rigorous focus on future returns rather than the scale of investments already made.

For roughly the past decade, I have been responsible for finance and accounting at corporate headquarters, and I now serve as Head of the Business Strategy Department. In communicating with President Shimizu, I try to focus not simply on what options are available, but on what our first choice is, and why, so that I can support his decision-making. Having spent much of my career in corporate management, it is relatively easy for me to point out risks and apply the brakes. However, what the Company needs most now is disciplined risk-taking based on a careful assessment of the risks so that we do not miss opportunities. This is something I also make a conscious effort to keep in mind when communicating with President Shimizu.

Q02 How do you assess the previous Medium-term Management Plan? Please tell us about its achievements and remaining challenges.

We pursued the previous Medium-term Management Plan based on two pillars: Strategic Innovation and Organic Growth. In Strategic Innovation, the standout achievement was undoubtedly film-type perovskite solar cells. We decided to commit investment and human resources on a scale unprecedented for the Company, putting the business on a path to commercialization. We also took the necessary steps to expand our aircraft-related businesses and new infrastructure materials (FFU) overseas.

In Organic Growth, we also made preparations with an eye to the future, including investments to increase production capacity in the Electronics field, such as semiconductor materials, and M&A in housing-related businesses. Meanwhile, after completing demonstration testing for the Biorefinery Business, we decided to defer commercialization. I believe this was an appropriate management decision because we focused on future returns rather than the scale of investments already made. The Housing Business and Medical Business also fell short of their operating profit targets under the Medium-term Management Plan. However, during the previous Medium-term Management Plan, we took measures to reshape their earnings structures, including shifting management resources within the Housing Business toward growth areas such as the Renovation Business. In investment

Medium-term Management Plan, Accelerate 2028 (FY2026–2028)

Message from the New Head of the Business Strategy Department

decision-making, I believe we still had challenges in terms of speed, including the timing of decisions on capacity expansion investments. Under the new Medium-term Management Plan, I intend to keep firmly in mind that losses from failed investments and losses from missed opportunities should be given equal weight and apply this principle to our decision-making going forward.

Q03 What thinking went into the New Medium-term Management Plan, Accelerate 2028?

The New Medium-term Management Plan, Accelerate 2028, represents Phase 3 on the road to achieving Vision 2030, under which we aim to double the scale of our business by FY2030, reaching net sales of ¥2 trillion and an operating profit margin of 10% or higher. This is a period in which we will deliver results from the themes prepared under the previous Medium-term Management Plan while continuing further preparations, implementing proactive ESG management through the dual pillars of business strategy and foundation strengthening.

We have set numerical targets of ¥1.6 trillion in net sales and ¥150 billion in operating profit, representing an operating profit margin of 9.4%, based on the premise of increases in both net sales and operating profit across all segments. For businesses where we project growth exceeding the rate of market growth, we formulated the plan after clearly identifying the basis for that growth, and I am confident in the plan.

At the same time, there are concerns such as difficulties in procuring raw materials and rising prices due to geopolitical risks, but we expect the impact of these factors on our performance to be limited. We have been able to implement price revisions as planned, which I see as evidence that we are providing products with sufficient value for customers to accept the resulting price increases.

Q04 What business strategies have you developed under the New Medium-term Management Plan, Accelerate 2028?

Under the business strategy for Accelerate 2028, we position businesses categorized as growth-driving and growth-potential as growth drivers and will focus management resource allocation on them. Growth-driving businesses are existing businesses that are expected to grow faster than their respective markets. In the Mobility field of the High Performance Plastics Company, a prime example, we expect growth to outpace the overall automotive market because our mainstay high-performance interlayer films for automotive laminated glass are expected to be adopted across a broader range of vehicle models. In the Urban Infrastructure & Environmental Products Company, meanwhile, demand for sewer pipeline renewal is expected to expand, and we believe we can achieve growth that outpaces the market by leveraging strengths such as labor-saving construction methods and licensing. The key is to deploy resources at the right time. We must not miss sales opportunities because demand is there, but our supply structure is not ready.

At the heart of our growth-potential businesses are film-type perovskite solar cells. This is a co-creation business that brings together strengths from across the Group, including the High Performance Plastics Company's production technologies, the Urban Infrastructure & Environmental Products Company's engineering capabilities, and potential future applications in the Housing and Town and Community Development fields. It is both a new business and a large-scale business that symbolizes Group-wide synergies. We plan to commence operations at the new Sakai Plant in FY2027 and expect the business to become profitable in FY2028, although challenges remain, including improving product performance and production efficiency. To establish a competitive advantage, the Group must build an entire value chain encompassing not only production but also design, installation, and operation after power generation begins. Collaboration with external partners will be essential, particularly in downstream areas such as installation and operation, and the key to success will be advancing such collaboration while leveraging our own technological capabilities. Through these initiatives, personnel exchanges and technological collaboration across the Group are also advancing.

In the Housing Business, we will also seek growth in the new housing business by expanding into new product areas that do not compete with our existing offerings. At the same time, the Housing Business plays an important role in supporting growth investments across the Group. Precisely because it generates stable cash flow, we can maintain a sound financial position even while undertaking investments of approximately ¥700 billion under Accelerate 2028.

Q05 How do you intend to link environmental value to business growth?

The common thread across all of our businesses is the idea of translating environmental value into growth. We are working toward carbon neutrality and a circular economy not simply to fulfill our social responsibilities, but because we view these efforts as a growth strategy in their own right, one that enhances product value and creates new business opportunities. Products to Enhance Sustainability embody this approach. Because we incorporate contributions to environmental and social issues into product design from the new product development stage, it is difficult to imagine us launching a new product in the future that does not contribute to sustainability.

However, designation as a Product to Enhance Sustainability is not the ultimate goal. While contributions to environmental and social issues are evaluated against certain objective criteria, whether a product truly delivers value should ultimately be judged by whether customers recognize that value and whether it generates high profitability. That is precisely why the Medium-term Management Plan positions net sales of highly profitable Products to Enhance Sustainability as an important KPI. We will increase the number of products that customers value for their contributions to sustainability, including their environmental value. This is the foundation of the Group's environmental strategy.

Q06 Please tell us your views on and initiatives for portfolio management and growth investment.

I consider the diversity of businesses in our Group to be one of our strengths in terms of reducing volatility in business performance. However, this does not mean that we can simply continue holding businesses without a clear purpose. ROIC is the KPI for portfolio management. We focus not only on whether return on invested capital (ROIC) exceeds WACC, but also on whether that can be sustained into the future. Whether we are the best owner is another important criterion. At present, viewed at the individual business level, we essentially have no so-called problem businesses whose ROIC consistently falls below WACC.

When reviewing our portfolio, what matters is not the profits a business generated in the past, the amount invested in it, or any impairment loss that might arise upon withdrawal, but rather an assessment of its future potential. Improving capital efficiency and maintaining a sound financial foundation provide the basis for future growth investment. We will continuously assess our current position while making greater use of debt than in the past to fund investments. Even after executing

Medium-term Management Plan, Accelerate 2028 (FY2026–2028)

Message from the New Head of the Business Strategy Department

the investments planned under the Medium-term Management Plan, we will maintain sufficient financial flexibility and a financial foundation that enables us to make agile investments in future growth opportunities.

Q07 How are you strengthening the management foundation that supports sustainable growth, including human resources and R&D?

The Human Resources Strategy lies at the core of our ESG management foundation. We have spent considerable time encouraging employees to take on challenges, based on the belief that the opportunity losses from not taking on challenges are greater than the losses that may result from trying and failing. While failures resulting from challenges are readily visible, the losses from not taking on challenges are much harder to see. That is precisely why it is important to encourage employees to take on challenges in a variety of ways, and top management itself has repeatedly communicated this message with conviction. At first, quite a few employees were unsure what "taking on a challenge" meant in the context of their own work. However, we have also stressed that taking on a challenge does not always mean doing something as dramatic as leaping off the stage at Kiyomizu Temple; changing or breaking through the status quo is itself a challenge. I feel that this mindset has now taken root to a considerable degree. Under the new Medium-term Management Plan, we have set a target of raising the Challenge Action Rate from 62% to 72%. As part of our efforts to achieve this, we conduct employee surveys and use the results for each organization not simply to look at the numbers, but to delve into and discuss the factors behind them. Rather than defining a single form that a challenge should take, we encourage each employee to consider what taking on a challenge means for them and support their growth. We will also identify issues from the data we have accumulated and evolve our human resources development measures to make them more effective.

It is precisely these employees who take on challenges that will drive the creation of new technologies and businesses. To strengthen R&D, we are pursuing the goal of "creating prominence in technologies." We define the groups of core technologies that are sources of competitive advantage as technology platforms (TPFs) and will not only refine individual technologies but also combine multiple technologies to create new businesses and products. We are also proactively utilizing Materials Informatics (MI) and other tools to accelerate the pace of R&D.

Q08 How will you strengthen the management foundation that supports corporate value, including internal control and DX?

In internal control, we are shifting from post-incident response to proactive prevention across all five areas of major incidents. Rather than simply detecting information leaks or accounting fraud after they occur, we are focusing on putting systems and business processes in place to prevent incidents from occurring in the first place. We also recognize that risks change as new businesses emerge and market conditions evolve. Accordingly, each divisional company and business division regularly provides opportunities to continuously reassess what constitutes a risk now and implement appropriate countermeasures.

In DX, we have worked to build a foundation that enables the use of standardized data across the Company, including through the introduction of an integrated ERP (SAP) system. The next step is to utilize that data to strengthen internal control and competitiveness. We are also using AI to improve operational efficiency, but going forward, we will expand its use into areas directly linked to business growth, such as sales and design. For example, in the Housing Company, we aim to deploy best practices from high-performing sales and design activities more broadly throughout the organization. In this way, our goal is not simply to improve productivity, but to use AI to drive business growth.

Q09 Could you tell us the thinking behind the revision of materiality?

Materiality is a statement of our commitment identifying the things that we, as a company, must never lose sight of, and serves as an overarching concept that guides our business strategies and new product development. We reviewed our materiality to ensure that it is recognized and understood more accurately. The key issues themselves have not changed significantly, but under the new Medium-term Management Plan, we reorganized them into the two categories of Value Creation Fields and Value Creation Drivers to present them in more concrete terms. P.17

Externally, this enables us to communicate our approach to value creation more clearly, while internally, I believe it makes it easier to translate that approach into business strategies and specific measures.

Q10 Please tell us about your commitment to achieving the Medium-term Management Plan.

As we work to realize the New Medium-term Management Plan, Accelerate 2028, I will support management in taking the risks that need to be taken, based on a proper understanding of those risks, so that we do not miss growth opportunities, while also keeping a firm grasp on the financial aspects. The current Board of Directors, including the Outside Directors, also supports appropriate risk-taking for growth. While ensuring that risks are fully understood and shared, I intend to support swift decision-making and contribute to enhancing corporate value.

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategy | Foundation Strengthening

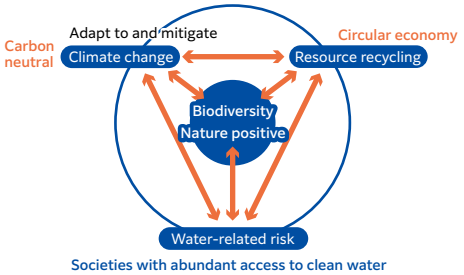
Environment

SEKISUI CHEMICAL Group has identified long-term targets and initiatives in our Long-term Environmental Management Vision, SEKISUI Environment Sustainability Vision 2050, recognizing climate change, resource recycling, and water-related risks as important issues. The degradation of natural capital can be halted, first of all, by reducing greenhouse gas (GHG) emissions, promoting resource recycling, and reducing the burden on ecosystems. The Group is also endeavoring to provide returns to natural and social capital through such measures as the expansion of sales of Products to Enhance Sustainability, and we are engaging in business activities on a daily basis with the aim of realizing an Earth with maintained biodiversity.

Target Goals and Issues

The goal of the Group's Long-term Environmental Management Vision is: an "Earth with maintained biodiversity where the ecosystem hierarchy is kept healthy and in a nature-positive state." Working backwards from that future goal, we have devised goals and measures for each Medium-term Environmental Plan. It is our belief that this goal will be achieved by solving each specified environmental issue. We are aware of all environmental issues and, in order to select and implement solutions without trade-offs, we are promoting environmental strategies with a recognition of their correlation.

Correlation diagram of environmental issues related to the SEKISUI CHEMICAL Group



		Earth with maintained biodiversity, where the ecosystem hierarchy is kept healthy and in a nature-positive state				
Long-term Environmental Management Vision 2050	Targets	Improving the rate of return to natural and social capital	Key environmental issues **(1) Climate change** Achieve zero GHG emissions that arise from business activities	**(2) Resource recycling** Achieve a circular economy	**(3) Water-related risk** Realize societies with abundant access to clean water	Improving global and social sustainability through our products
2026-2028 Medium-term Environmental Plan	Important measures and targets	Monitoring progress with the integrated index Maintaining a rate of return to natural capital of 100% or higher	Achieve a 90% renewable energy ratio in purchased electricity Achieve a 49% reduction in GHG emissions (Scope 1 and 2*) compared with FY2019 * Scope 2 emissions are calculated using the market-based method.	Achieve a 75% material recycling rate for waste plastics in Japan	Water Risk Reduce financial risk exposure associated with water risks by ¥58.0 billion compared with FY2024*1 Reduce and maintain water withdrawal intensity per unit of production compared with FY2024*1 Reduce and maintain COD intensity at sites subject to monitoring requirements under applicable laws, regulations, ordinances, and agreements compared with FY2024 *2	Sales of Products to Enhance Sustainability ¥1.19 trillion (FY2028)

*1 Covers domestic production sites and R&D facilities. Water risks at overseas production sites will be assessed in FY2026, with targets to be set in line with those for domestic sites.
*2 Covers domestic production sites. Water risks at overseas production sites will be assessed in FY2026, with targets to be set in line with those for domestic sites.

Responses to Biodiversity Issues

The Group recognizes the dependencies and impacts of our business activities on natural capital and strives to maintain returns to natural capital that exceed our use of natural capital.

Realizing net positive through corporate activities	1. Review manufacturing processes 2. Review nature-positive product designs 3. Increase the degree of contribution through Products to Enhance Sustainability
Supporting returns to natural capital by society	4. Strengthen initiatives involving raw material procurement 5. Support activities for social change
Accelerate both the return on natural capital through corporate activities and the return to natural capital by society	6. Develop human resources 7. Collaborate with stakeholders

For details on our efforts to address climate change issues, scenario analysis, and initiatives to address biodiversity issues, please refer to our TCFD/TNFD Report.

TCFD/TNFD Report https://www.sekisuichemical.com/sustainability_report/report/#tcfd

Environmental Management Promotion System

The Group's environmental aspects have been managed and promoted under the Sustainability Committee, which serves as a forum for deliberating policies and strategies for improving the sustainability of society and the Group. P.63

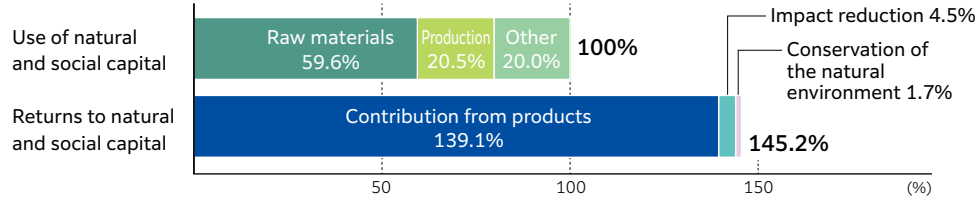
As subcommittees of the Sustainability Committee, we have established separate subcommittees for each issue that the Group has defined as materiality, and we have established an environmental subcommittee for environmental issues. Risks related to environmental issues, such as climate change, are studied and evaluated by the Environmental Subcommittee, with the results reported to the Sustainability Committee, where they are deliberated on along with company-wide response policies, major measures, and achievement target levels.

Integrated Index: Correlation Diagram of Environmental Issues Related SEKISUI Environment Sustainability Index (FY2025)

The SEKISUI Environment Sustainability Index measures the impact of the Group's corporate activities on the environment (use of natural and social capital) and the degree of contribution to the environment (returns to natural and social capital) as a single index. We are gradually expanding the scope of coverage to cover impacts on and returns to both natural and social capital. Since FY2017, we have applied this index to monitor the progress of the Group's overall environmental management.

In FY2025, the ratio of returns on natural and social capital (contributions to the natural environment and society) to the use of natural and social capital (environmental and social impacts), with the latter set at 100, was 145.2%, confirming that the ratio remained above 100%.This result was driven by a reduction in the use of natural and social capital (environmental impacts), achieved through initiatives such as improving the resource efficiency of certain products. In addition, returns (contributions) from Sustainability-Contributing Products increased, reflecting the health and longevity benefits of ZEH (Net Zero Energy House) homes. Going forward, we will continue to maintain a ratio above 100% and strive to realize the sustainable use of both the Earth's natural capital and the social capital created by human society by 2050.

SEKISUI Environment Sustainability Index (FY2025)



	FY2025 Results
Rate of return to natural and social capital through corporate activities	**145.2%***

*The goal for FY2025 under the Medium-term Plan is 100% or higher

Breakdown of the rate of return to impacts regarding the aspect of nature

Rate of return to biodiversity	**35.8%**
Rate of return to plant biomass	**70.5%**

* Calculated using LIME2, a damage calculation–based impact assessment method for use in Japan MiLCA, a calculation system using LIME2 used to calculate the return rate has been updated to database IDEA ver3.1.
As a result, the environmental impact per unit amount is larger, especially in terms of the impact of chemical substances on ecosystems. Placing even more importance on the impact on biodiversity, we are using the updated calculation system from FY2023.

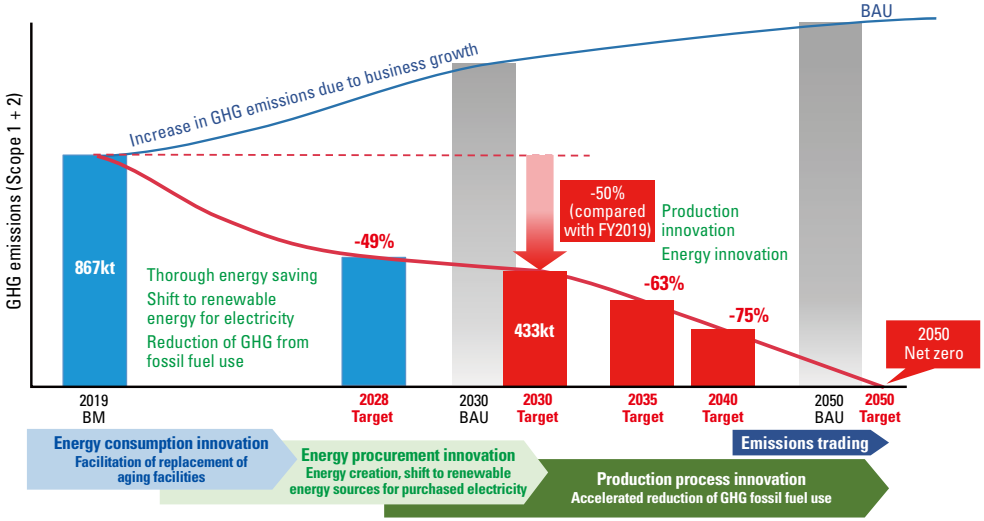
Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategy | Foundation Strengthening | Environment

Efforts to Address Climate Change

The SEKISUI CHEMICAL Group is committed to addressing climate change and helping limit global warming to 1.5°C. Under the SEKISUI Environment Sustainability Vision 2050, the Group aims to achieve net-zero GHG emissions from its operations by 2050 and a 50% reduction in Scope 1 and 2 emissions by 2030 (vs. FY2019). The Group also seeks to achieve 100% renewable electricity by 2030 through the expanded use of renewable energy and on-site solar power generation. To achieve these goals, the Group will continue to promote renewable electricity adoption, fuel switching, and innovation in production processes.

Roadmap for Reduction of GHG emissions



In order to reduce GHG emissions throughout the product lifecycle, it is vital to reduce GHG emissions (Scope 3) in the supply chain. In upstream corporate activities, we are calling on the cooperation of suppliers and strengthening efforts to convert to non-fossil-based and recycled raw materials in a bid to reduce raw material-derived GHG emissions.

In downstream corporate activities, we are endeavoring to increase the sales ratio of net-zero energy houses (ZEH) with Sekisui Heim's energy-saving performance and large-capacity photovoltaic/large-capacity storage batteries and are promoting increased awareness toward the recovery and disposal methods of used products at the product and business model design stages in order to reduce GHG emissions at the time of product use.

Medium- to Long-term GHG Emissions Reduction Targets

Initiatives	Indicators	FY2025 Results	Medium-Term Management Plan (FY2025)	FY2030	FY2050	Remarks
Reduction of GHG emissions	Renewable Energy Ratio of Purchased Electricity	72.4%	70%	100%	Total power consumption, including cogeneration 100%	Joined RE100 (FY2020)
	GHG emission reduction rate of Scope 1+2	-45.2% (vs. FY2019)	-36% (vs. FY2019)	-50% (vs. FY2019)	Zero emissions	Obtained SBT certification (Until 2030)
	Reduction of GHG emissions from the supply chain	-4.6% (vs. FY2019)	—	-30% (vs. FY2019)	Zero emissions	
	GHG emission reduction rate of Scope 1	-11.7% (vs. FY2019)	-12% (vs. FY2019)	-20% (vs. FY2019)	Zero emissions	
Energy savings	Reduction rate of energy consumption per unit of production	+3.4% (vs. FY2022)	-3% (vs. FY2022)	—	—	

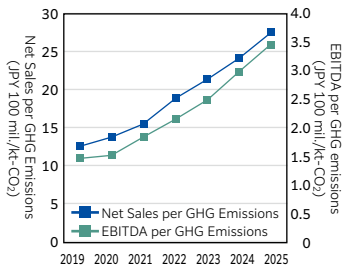
Confirming the Validity of our Climate Change Strategy

We verified how efforts that contribute to climate change mitigation and adaptation are affecting management using the trends in carbon efficiency (environmental) over time and using the correlation between carbon efficiency (environmental) and economic efficiency.

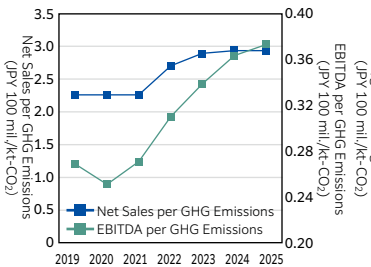
First, the relationship between GHG emissions, sales, and EBITDA is shown by changes in net sales per GHG emissions and EBITDA per GHG emissions. An increasing trend has been observed in two indicators in business activities. We confirmed that the transition to renewable energy is progressing at domestic and overseas business sites, and that this is having a continuous positive impact on management. Similarly, when looking at the supply chain as a whole, both indicators show an upward trend.

We also confirmed the correlation between sales per unit of GHG emissions and EBITDA per unit of sales, indicating that we have improved "sales per carbon" while maintaining stable earnings. Based on the results of these verifications, we confirmed that the strategy we are advancing based on our Long-term Vision for 2030 is correct. Going forward, we will continue to aim for corporate growth that balances environmental and economic efficiency.

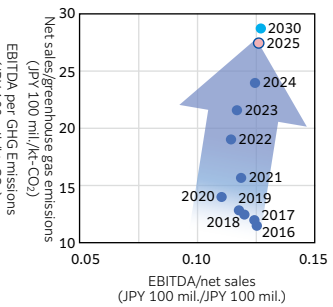
Carbon Efficiency in Business Activities*



Carbon Efficiency Across the Supply Chain



Correlation between Carbon Efficiency (Environmental Performance) and Economic Efficiency of Business Activities



*Business activities: Scope 1+2
Reference: Calculation methods of the two indicators
Net sales/GHG emissions (net sales per carbon = JPY 100 mil./kilotons-CO_2)
EBITDA/GHG emissions (earnings per carbon = JPY 100 mil./kilotons-CO_2)

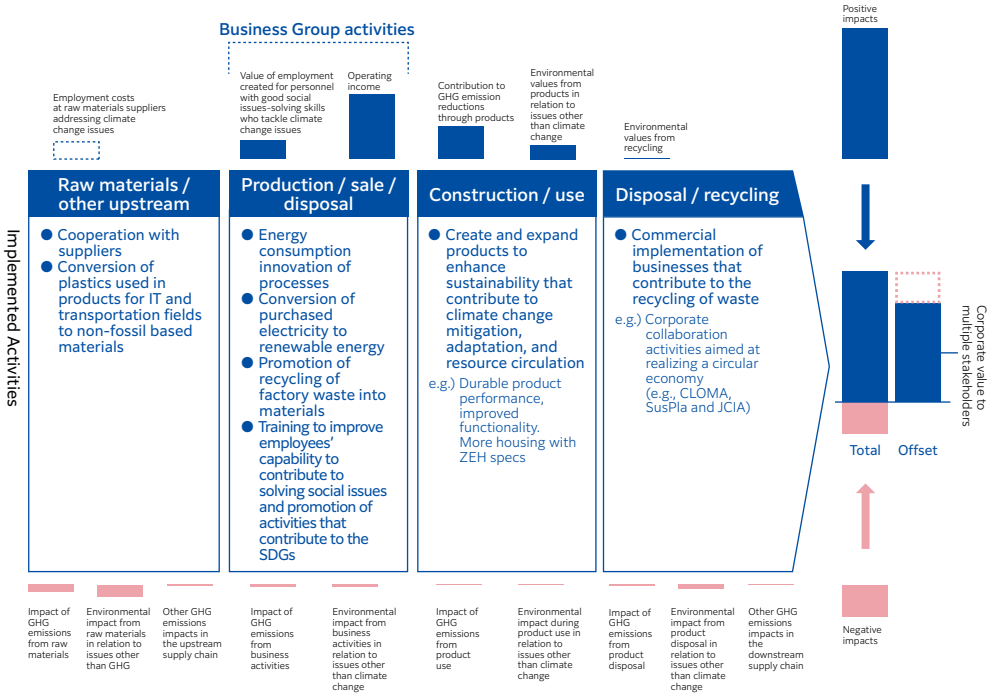
Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategy **Foundation Strengthening** **Environment**

Stakeholder Comprehensive Income Using Impact-weighted Accounting Methods

Climate change is affecting the entire planet, and SEKISUI CHEMICAL Group's efforts to combat climate change are considered to have an impact not only on shareholders but also on multiple stakeholders. To verify the validity of the strategy, we therefore believe that it is necessary to consider the impact on multiple stakeholders in a broad-based and comprehensive manner and are utilizing an impact-weighted accounting methodology to calculate the comprehensive income for multiple stakeholders. Impact-weighted accounting is a concept that integrates accounting and impact by converting the impact of corporate activities on all stakeholders into monetary value and adding or subtracting profits to better understand corporate value for all stakeholders. As a result, having recognized where the positive/negative impacts on multiple stakeholders are occurring, we confirmed that the initiatives currently being implemented are contributing to the enhancement of corporate value by increasing the positive impacts and reducing the negative impacts. Going forward, we will continue to work to formulate management strategies and implement measures to further expand the positive impact and reduce the negative impact in order to solve climate change issues.

Details of Positive and Negative Impacts on Corporate Value Over the Life Cycle of Products Using Impact-weighted Accounting Methods



Calculation Method: Stakeholder Comprehensive Income = (Profit for the period + Value of employment created based on Approach 1 or Approach 2 + Economic values of contribution to the reduction of greenhouse gas emissions from products + Economic values of effects on environmental aspects other than climate change issues from products) - (Economic losses from greenhouse gas emissions from business activities including up and downstream in the global value chain + Economic losses from environmental aspects other than climate change issues from business activities including up and downstream in the global value chain)

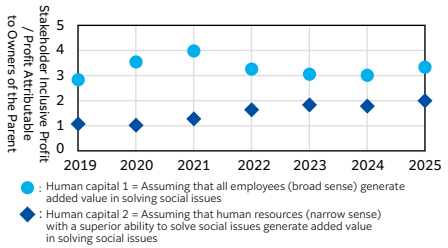
Notes: From FY2023, the calculation includes all business activities related to the global value chain.
The LIME2 concept was adopted when converting value.
With regard to human resources investment related to natural capital, stakeholder comprehensive income is calculated based on the employment costs according to the following two concepts.

Approach 1: Employment costs for employees implementing climate change initiatives
Approach 2: Employment costs for human resources who will lead climate change initiatives

Stakeholder Comprehensive Income as a Share of Net Income

For human resources investment related to natural capital, stakeholder comprehensive income differs due to the difference in the amount of jobs created based on the two approaches. The ratio is 3.3 when Approach 1 is applied, and 2.0 when Approach 2 is applied.

In either case, we confirmed that we were able to continue to generate stakeholder comprehensive income in excess of net income.



Reference: Approach to Human Investment in Impact-Weighted Accounting Using Human Resource Indicators of Ability to Contribute to Solving Social Issues

The Group has established human resource indicators to serve as guidelines for individual progress and is reviewing the content of these indicators for each medium-term plan in order to ascertain the current state of knowledge and actions required to solve social issues, including environmental issues, and to encourage self-improvement. Questionnaires conducted through self-checks confirm the extent to which employees possess knowledge or are taking actions that lead to the resolution of issues. We believe that it is important in the short, medium, and long term to make investments in accordance with employee growth, and in the framework for impact-weighted accounting, the employment costs for employees are positioned as human investment related to natural capital (Approach 1 under human investment). Results of the questionnaire are classified into five levels (A through E) based on the ability to contribute to solving social issues, and we consider it especially important to invest in human resources in the top two levels (A and B) with strong problem-solving abilities who can make contributions. Based on this belief, we conduct education and training to increase the number of such employees (Approach 2 under human investment).

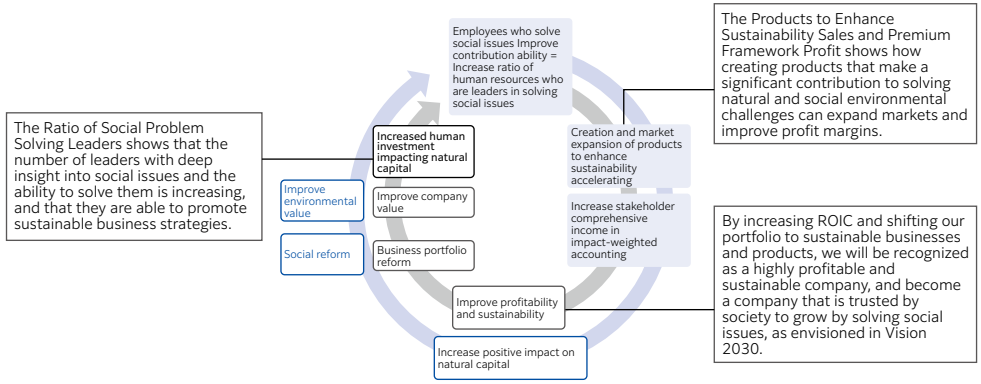
Share of human resources driving solutions to social issues (%)

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Share of employees with Levels A and B in the check for social problem solving contribution capability	7.2	6.7	6.7	10.1	7.2	20.4	19.4	18.5

2017-2019: Composed and implemented evaluation content as an environmental human resources check
2020: Read as the same status as FY2019, as there had been no implementation
2021-2022 : Composed and implemented evaluation content as a check for social problem solving contribution capability
2023-2025: Updated and implemented evaluation content as a check for social problem solving contribution capability

Correlation with Corporate Value

We believe that increasing the number of human resources who drive solutions to social issues in the Group will create the following virtuous cycle and contribute to the long-term enhancement of corporate value.



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategy | Foundation Strengthening | Environment

Initiatives for Resource Recycling

Recognizing that efforts to recycle resources in the supply chain are indispensable to realizing a carbon neutral society, we formulated a resource recycling policy, strategy, and a resource recycling road map to achieve a circular economy in 2050. Plastics are one of the major materials used in the Group's business domains. To date, in our production processes, we have continually made efforts year after year to reduce the amount of waste generated, using waste per unit of production as an indicator for these efforts. In addition, we have carried out internal recycling to reuse production scraps and implemented processing for reuse of resources, including energy, when disposing of waste materials.

FY2021 clearly states that we will expand the ratio of plastic materials we use comprised of bioplastics and other recycled materials that are not derived from fossil fuels. We will promote internal recycling more than ever before to minimize the waste products emitted from our construction projects. Additionally, in both the use and recovery stages, we will work on our product design and supply chain to ensure products can be disposed of with thorough sorting and separation. In this way, we will promote initiatives to maximize reuse of material resources through mechanical recycling, chemical recycling, and other recycling methods.

In FY2023 we reset the milestones for 2025 based on the results achieved up to and including FY2022. With this in mind, we have been accelerating our efforts since FY2023 to achieve these revised milestones. We believe that innovation at the product design stage is important to promoting resource recycling throughout the entire product lifecycle. By designing new products and revising the various processes for existing products, we are promoting initiatives for innovation that will accelerate resource circulation. To support the implementation of these initiatives, we formulated the "Guidelines for Environmentally Conscious Design" and released them in February 2026.

Environmentally-Conscious Design Guidelines https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P02

RoadMap for Achievement of Long-Term Resource Recycling Targets

		FY2025 Results	FY2025 Targets	FY202 Targets	FY2025 Targets
Business strategy	Net sales of Products to Enhance Sustainability that contribute to resource circulation*	2 times (¥111.6 billion)	1.7 times (¥94.0 billion)	2 times or more (¥110.6 billion)	—
Raw material resource conversion	Net sales of products not derived from fossil fuels and using recycled materials	¥46.8 billion	¥40.0 billion	¥100.0 billion	—
Recycling waste products	Rates for recycling waste plastic into new materials	70.0 % (Japan) 68.6% (Overseas)	65% (Japan) 69% (Overseas)	Japan: 100% Overseas: 85% (100% by FY2035)	100% (Japan and Overseas)

* Benchmark for net sales of Products to Enhance Sustainability that contribute to resource circulation: ¥55.3 billion (FY2020)

Plan for Recycling Waste Plastic into New Materials

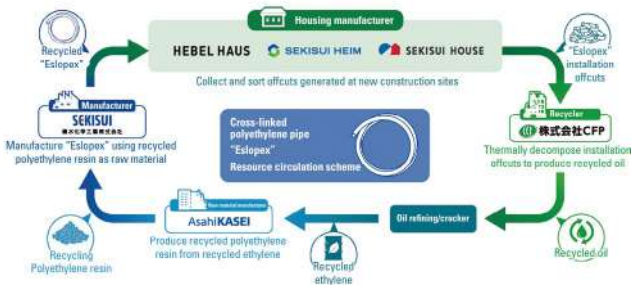
Phase	Initiatives Implemented	FY23	FY24	FY25	FY28	FY30
Phase 1 Use of existing technologies	• Review of recycler suitability					Continued expansion of content
	• Thorough separation of blended materials					
	• Improved (1) storage and (2) transportation efficiency due to compression/grinding					
Phase 2 Introduction of new material recycling technologies	Development of new material recycling technologies 1. Identification and application of technologies suited to each type of difficult-to-recycle material 2. Establishment of operating methods			Establishment of material recycling methods for composite materials and other difficult-to-recycle materials		
Phase3 Completion utilizing chemical recycling technologies	Use of chemical recycling technologies Acceleration through collaboration with other companies				Enable recycling up to miscellaneous and other waste:	

● : Expected timing of the effects of increased material recycling rates

Establishment of a Circular Resource Management Scheme for Construction Offcuts

Our Group is collaborating with Asahi Kasei Corp., Asahi Kasei Homes Corp., Sekisui House, Ltd., and CFP CORPORATION to establish a resource recycling scheme for the collection and reuse of scrap materials from Eslopex, cross-linked polyethylene pipes used for water and hot water supply at construction sites. The collected scraps are converted into recycled ethylene through chemical recycling by CFP and then recycled into recycled polyethylene resin by Asahi Kasei. Furthermore, by remanufacturing these materials into piping products using the recycled materials, we expect to achieve a product lifecycle. With the participation of three homebuilders, we aim to increase the volume of materials collected and improve economic efficiency, thereby establishing an integrated circular model that combines design, collection, and waste recycling. Through this initiative, we will contribute to reducing environmental impact and realizing a circular economy.

Resource circulation scheme diagram for cross-linked polyethylene pipe "Eslopex"

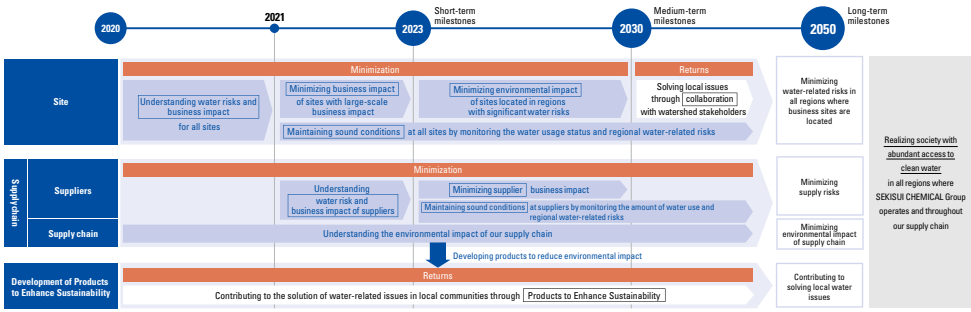


Addressing Water Risk Issues

With regard to water risk issues, we have established two aspirational goals: minimizing the water risk at the Group and contributing to the resolution of water-related issues in local communities. Based on these goals, we are working backward from these goals to establish specific measures and milestones and are moving forward with our initiatives. Specific measures include reducing water intake volume across the entire Group and promoting recycling, while also focusing on improving the chemical oxygen demand (COD) index for the quality of water discharged into rivers. In regard to water resources in the watersheds where business sites are located, we will select locations/suppliers where the business impact is substantial and locations where the water risks are substantial and minimize the environmental impact by 2030.

In FY2025, water intake volume at the selected production sites which use large quantities of water decreased by 5.9% compared with the FY2016 base year. This was achieved through the cumulative efforts of each site, including expanding the use of recycled water and installing automated control systems for water intake from rivers through capital investments. Furthermore, the COD impact of river discharge water at production sites with large COD emission volumes decreased 21.8% in FY2025 compared with the FY2016 base year.

Roadmap to Realize Societies with Abundant Access to Clean Water



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

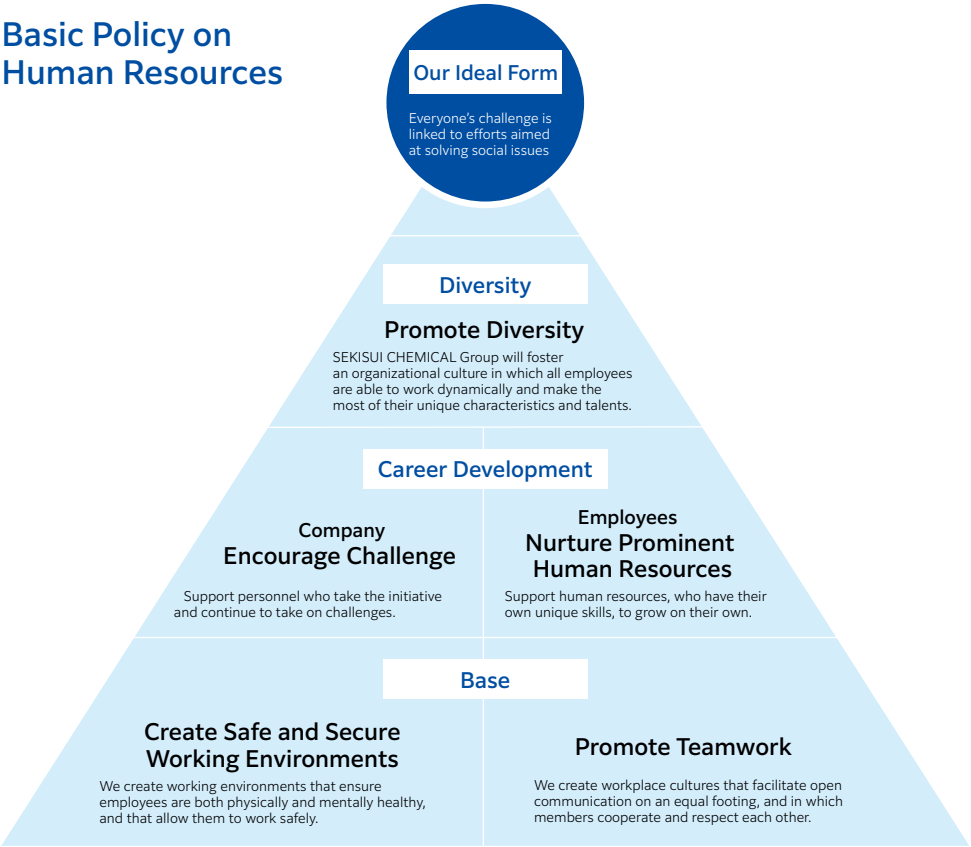
Foundation Strengthening Human Capital

Basic Concept for Human Capital

SEKISUI CHEMICAL Group is committed to creating an environment where employees can thrive, based on the Human Resources Philosophy that employees are precious assets bestowed on us by society. Under this philosophy, we believe it is essential to remain "A company where everyone is energized and engaged to take on challenges."

As we work to become an energized and engaged company where all employees thrive on challenges, we are promoting a shift in our human resources management that includes the promotion of a role-based human resources system and challenges as part of a human capital strategy.

Basic Policy on Human Resources



*1 Challenge Action Rate: The percentage of respondents who answered "applicable" or "somewhat applicable" to the question "I am taking specific challenging actions toward the realization of Vision 2030."
*2 The survey system was changed in FY2026. The score is calculated as the average percentage of positive responses (the top two categories on a five-point scale) to the three engagement-related questions.
*3 Readiness of successor candidates for the highest-level business leadership positions
Disclosure method: Number of successor candidates for the highest-level business leadership positions ÷ Number of such positions
*4 Percentage of employees hired in FY X-2 who remain employed as of the end of FY X
*5 Total value added (operating profit + depreciation + labor costs) [outcome] ÷ human capital costs (labor costs + welfare expenses + recruitment expenses + training expenses) [investment]

Human Capital Strategies and Initiatives

As part of our human capital strategy, we seek to place the right people in the right positions by systematically securing, identifying, and developing talent capable of responding to the pace of business growth and transformation, while ensuring the availability of human resources essential to achieving our Long-term Vision. Under the Medium-term Management Plan (FY2026-FY2028), we will foster an environment where every diverse employee can grow autonomously through taking on challenges, aiming to become an organization that grows together with its employees and earns the trust of society.

Positioning in the Long-term Vision

Management Strategy	Create results from preparations and continuously strengthen earning power & Continuously strengthen ESG management		
Human Capital Risks	Labor shortages and intensifying competition for talent, Rising employee mobility, Shortage of next-generation leaders, Insufficient readiness for global expansion and digital transformation		
Continuing human resource strategy challenges from the previous Medium-term Management Plan (FY2023-2025)	**Foster a Culture that Embraces Challenges** Further embed and energize a culture that embraces challenge	**Realize the right person for the right position** Strengthen the pipeline of next-generation leaders	**Achieving diversity** Advance diversity further

Providing growth opportunities to become "an organization that continues to be chosen by employees and society"

Medium-term personnel strategy	Foster a culture that embraces challenges	Deepen the right person for the right position	Proactive diversity
Key personnel strategy	**Support employees taking on challenges** ・Build organizations that sustain challenge ・Foster a culture of challenge through dialogue **Create a place to take on challenges** ・Expand career independence within the Group ・Support autonomous career development	**Develop next-generation leaders** ・Accelerate early promotion and strengthen development ・Launch a global development framework **Foster key human resources** ・Develop and secure industry top human resources ・Diversify core competencies through reskilling	**Acquire diverse human resources** ・Strengthen recruitment capabilities and implement flexible staffing ・Create an environment where diverse individuals stand out **Build foundations to support performance** ・Establish a well-being culture ・Visualize human capital information
Priority KPI	**Challenge Action Rate*1** FY25: 62% FY28Target: 72% **Engagement score (new)*2** FY28Target: 65%	**Successor candidate preparation rate*3** FY25: 104% FY28Target: 150%	**Three-year retention rate (new)*4** FY25: 72.2% FY28 Target: 80%

Investment effectiveness: Value-added productivity

In order to measure the effectiveness of significant investments in human capital, we have introduced a productivity indicator (value-added productivity*5) starting in FY2024. By using this indicator, we quantitatively assess whether appropriate human resource management is being implemented.

Value-added productivity (SEKISUI CHEMICAL Group / Japan·Overseas)

	FY23	FY24	FY25
Value-added productivity (%)	159.3	163.1	163.3

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Human Capital

Fostering a Culture that Embraces Challenges

In order for each and every employee to embrace challenge and to take the appropriate action, it is equally important that we put in place the prerequisite environment. To this end, it is essential that managers set the right goals, motivate employees, and foster an organizational culture in which efforts to take on challenges are valued and failures are tolerated.

Accordingly, the human capital strategy in the Medium-term Management Plan focuses on two areas—create a place to take on challenges and support employees taking on challenges—to foster a culture that embraces challenges, and promotes measures to achieve these goals.

Priority KPI: Challenge Action Rate
Major KPI: Engagement score

(SEKISUI CHEMICAL Group)

		FY22	FY23	FY24	FY25	FY28 Target
Challenge Action Rate (%)		47	48	56	62	72
Engagement score*	Indicator (through FY25)	114	133	129	138	—
	New indicator (FY26 onward)	—	—	—	—	65
Response rate (%)		81	88	89	90	—

* Through FY2025, the score is indexed to FY2019 = 100. The survey system was changed from FY2026. The engagement score is the average percentage of positive responses (the top two responses on a five-point scale) to the three questions that comprise the engagement indicator.

Create a Place to Take on Challenges

■ The internal job posting system

As part of a structure that balances the personal self-fulfillment of employees with the Company's growth, we launched the internal job posting system in 2000. We conduct four rounds of recruitment each year to match employees with departments. Employees take the initiative to develop their capabilities and hone their individual skill sets in order to achieve their own careers. Those who raise their hands and take on the challenge of pursuing opportunities where they can play an active role will have the chance to move up the ladder.

The number of postings, applicants and employee transfers have all tended to increase, reflecting a rising awareness of the system across the Company and a growing career-oriented mindset among our workforce.

(SEKISUI CHEMICAL Group / domestic)

	FY22	FY23	FY24	FY25
Number of postings	54	75	90	120
Number of applicants	188	188	178	239
Number of employee transfers	54	53	46	83

■ Internal entrepreneurship program C.O.B.U. Accelerator

In FY2023, we launched an internal entrepreneurial program, C.O.B.U. Accelerator, with the aim of nurturing human resources for new businesses through hands-on business creation and fostering a culture that embraces challenges. Any employee of the Group can apply.

In this two-year, three-stage program, applicants themselves explore customer issues and conduct proof-of-concept trials with support from experts inside and outside the Company, with the aim of commercialization. Over the three years from FY2023 to FY2025, the Group received a cumulative total of 500 applications. We are also working to create a new field where employees can truly fulfill their aspirations for taking on challenges.

Support Employees Taking on Challenges

■ Further strengthening initiatives to foster a culture that embraces challenges

Based on the belief that challenges taken on by each and every employee are essential to achieving our Long-term Vision, we conduct an annual employee survey on the Challenge Action Rate, which indicates the percentage of employees taking on challenges, and engagement, which provides the foundation for such actions. The results are analyzed by divisional company, Group company, and individual organization, and improvement measures are planned and implemented according to the issues facing each organization.

To make these initiatives more effective, we share best practices and hold workshops to help each company make use of its survey results.

In FY2025, we also held regional best-practice presentation sessions for overseas Group companies and recognized the most outstanding initiative in each region with a Challenge Action Award.

Challenge Action Award

This award program recognizes overseas Group companies that have made a significant contribution to fostering an organizational culture that embraces challenges under the Medium-term Management Plan. By sharing their outstanding initiatives throughout SEKISUI CHEMICAL Group, the program also aims to further foster a culture that embraces challenges across the Group.

From January to March 2026, participating companies evaluated one another based on the survey results from the previous Medium-term Management Plan (FY23-25) and prescribed evaluation criteria. The following five companies were selected to represent their respective regions.

Regional representatives	Evaluation criteria
North America: SEKISUI SPR Americas, LLC.	Innovativeness of initiatives
Europe: SEKISUI SPECIALTY CHEMICALS EUROPE S.L.	Planning and continuity
China: SEKISUI (WUXI) PLASTICS TECHNOLOGY CO., LTD.	Analysis and use of survey results
Korea: YOUNGBO CHEMICAL CO., LTD.	Collaboration and execution
Southeast Asia: SEKISUI SPECIALTY CHEMICALS (THAILAND) CO., LTD.	Changes and results achieved

We will continue to share best practices across the Group to foster a culture that embraces challenges and improve engagement throughout the organization.

■ Incorporating challenge actions into the performance evaluation system (SEKISUI CHEMICAL)

To ensure that taking on challenges goes beyond a slogan and becomes firmly understood and embedded in every workplace, we are incorporating Challenge Actions into our systems, including by evaluating such behavior in performance reviews.

The system evaluates the act of taking on a challenge itself, rather than whether the challenge succeeds or fails. Through this approach, we aim to foster a culture that embraces challenges throughout the organization.

Review of FY2025 activities and future initiatives

The FY2025 survey achieved record highs, with a response rate of 90% and Challenge Action Rate of 62%. We believe this reflects a deeper understanding among employees of Challenge Actions and is helping encourage more employees to take on challenges. To continue creating a virtuous cycle between Challenge Actions and engagement, we will expand initiatives beyond the company level to individual workplaces, thereby strengthening organizational capabilities overall.

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

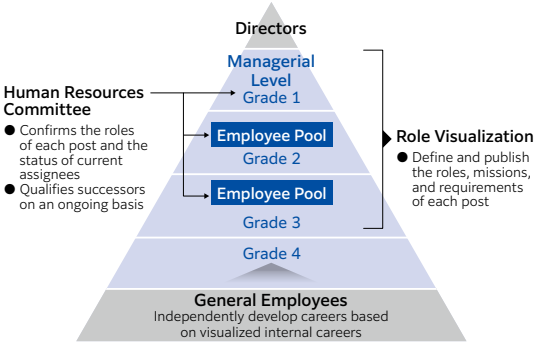
Foundation Strengthening Human Capital

The Right Talent in the Right Position

SEKISUI CHEMICAL Group aims to place the right talent in the right position by shifting to a human resource management approach that is based on roles.

■ Development of next-generation leaders: Strengthening the selection and development of management candidates

SEKISUI CHEMICAL Co., Ltd. has introduced a grading system for the managerial level to promote efforts aimed at strengthening the selection and training of global-level leaders (management candidates). We have divided the roles of management into three position groups* and established four grades (1 to 4) for each of the groups based on the size of the role. We clearly state the responsibilities and authority for each grade and change position groups and grades in accordance with the role played by a manager at any given time.



*** Three Position Groups**

G positions (Global leader positions) 1-4
Line managers of the organizations stipulated by the organizational rules

P positions (Professional positions) 1-4
As strategy execution professionals, bear responsibility for proactively solving key issues within their own organizations (Report to line managers)

S positions (Specialty positions) 1-4
Establish and execute themes in order to demonstrate a high level of expertise, which is the source of our competitiveness, and achieve breakthroughs

We have established the Human Resources Committee, in which officers and the Human Resources Department discuss whether the most suitable human resources are filling each role across the Company, whether candidates are being nominated, whether they are being continuously trained, and whether the level of their grade is appropriate. Our goal is to properly manage the roles required to realize our management strategies, and to ensure that the personnel and successors responsible for these roles receive continuous training.

Priority KPI: Rate of successor candidate preparation (SEKISUI CHEMICAL non-consolidated)

	FY22	FY23	FY24	FY25	FY28 Target
Successor candidate preparation rate (%)	67.7	92.4	88.1	104.1	150

■ Secure prominent professional human resources: Strengthen efforts to secure highly specialized human resources

Highly specialized human resources are referred to as professional human resources who demonstrate a high level of expertise that is a source of the Company's competitiveness. Because it is difficult to develop such personnel through day-to-day work and demand for them is high across all industries, the Company has established a mechanism to retain this talent internally. Specialists with advanced expertise recognized both inside and outside the Company are appointed to Specialty (S) positions, where they deepen existing technologies and strengthen technologies from a medium- to long-term perspective. In addition to technical fields (technology platforms), we have established fields in staff functions such as DX and legal affairs and appointed personnel to Specialty positions, helping to strengthen technologies, develop human resources, and promote collaboration among divisional companies. In FY2025, we expanded the fields covered in the production infrastructure area. Going forward, we aim to place professional talent in all areas requiring advanced expertise to enhance competitiveness while developing human resources with a broader range of expertise.

Major KPI: S positions occupancy rate (SEKISUI CHEMICAL non-consolidated)

	FY22	FY23	FY24	FY25	FY28 Target
Number of people in S positions (persons)	39	39	41	43	—
Occupancy rate (%)	66	85	75	73	100

Multi-rater Assessment

We are working to visualize careers within the Company, identify areas to aim for, and promote autonomous career development. Furthermore, we conduct multifaceted observations once a year of the day-to-day management behavior of business leaders and the status of encouragement of challenging behavior in each organization, and objectively and quantitatively evaluate the behavior of business leaders from the perspectives of multiple observers. These multifaceted observations are also an opportunity for business leaders to reflect on their own words and actions and the demonstration of their capabilities, leading to the emergence of desirable management behavior centered on human resource development and the encouragement of challenging behavior.

Review of FY2025 activities and future initiatives

In FY2025, we conducted multi-rater assessments of 408 business leaders, provided each participant with feedback on the results, and held training that included explanations of how to interpret and use the results as well as discussions on organizational management. We will continue these assessments to encourage behavioral change among leaders and further strengthen organizational capabilities by making support for employees taking on challenges an integral part of management.

Diversity

In 2015, SEKISUI CHEMICAL Group formulated its Diversity Management Policy and is working to promote diversity. Based on this policy, diversity is not only viewed in terms of such differences as gender, age, and race, but also in terms of differences in career backgrounds, values, personality, and other factors. Against this backdrop, we will work to understand, recognize, and harness these differences between each and every employee as strengths.

Priority KPI: Retention rate after three years

Major KPI: Ratio of women among new graduate recruits / Ratio of women in core positions / Percentage of male employees taking childcare leave

Promoting the Recruitment and Retention of Diverse Talent

To secure diverse talent and strengthen sustainable management, we continuously recruit both new graduates and experienced professionals. To promote the retention of a diverse workforce, in order to enable a variety of human resources to continue working without being affected by their individual circumstances, we have adopted flexible hours, working from home, and other systems that accommodate diverse work styles, and are providing support for balancing work with various life events such as nursing care, childcare, and illness.

Promoting Gender Diversity

We are promoting women's active participation through initiatives in four areas: strengthening recruitment of women, retention and active participation, creation of managerial positions, and education after assigning a managerial position.

■ Enhancing post-promotion development for managers

To diversify our senior management, we launched the Women Managers Mentor System, targeting women managers who are candidates for senior management positions. We piloted this program in FY2024 and formally rolled it out in this fiscal year. By selecting mentors from within the Group, mentees (women managers) hone their skills through their day-to-day work and gain exposure to the perspectives of senior management, fostering growth in both mindset and skills.

(SEKISUI CHEMICAL Group)

	FY25	FY28 Target
Retention rate after three years (%)	72.2	80

(SEKISUI CHEMICAL non-consolidated)

	FY22	FY23	FY24	FY25	FY28 Target
Ratio of women among new graduate recruits (%)	28.1	34.1	28.1	31.7	35
Ratio of women in core positions (%)	4.5	4.9	5.3	5.7	7
Percentage of male employees taking childcare leave (%)	68.1	69.8	90.1	93.3	90

Review of FY2025 activities and future initiatives

Both the ratio of females hired among new graduates and the ratio of females in management positions have steadily increased. We will continue to provide training and further enhance the environment in which women can play active roles.

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Innovation

SEKISUI CHEMICAL Group emphasizes innovation as a key driver for continuously creating products to enhance sustainability in order to realize our Long-term Vision, Vision 2030.

The source of innovation is the cycle of strategic foresight, processing, and value transformation, which is the business model of the value creation process.

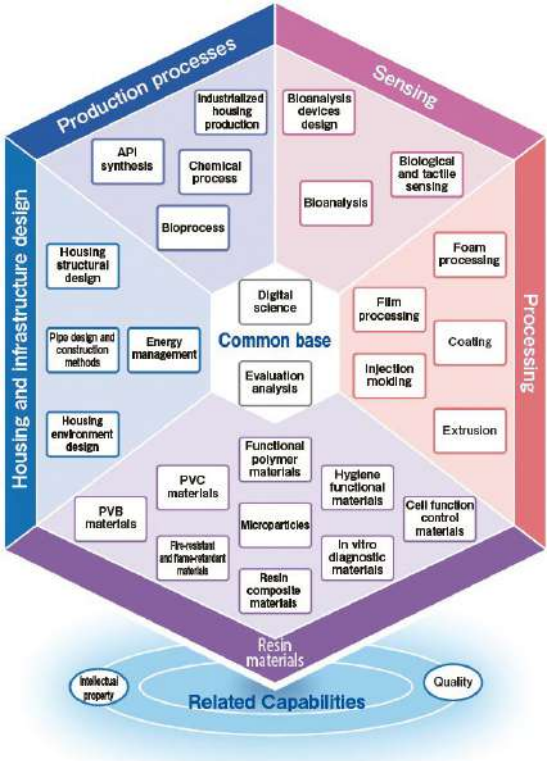
As we face a mountain of extremely difficult and pressing social issues, such as climate change, innovation to create new means of solving problems is becoming increasingly important.

We will enhance our ability to solve social issues by quickly creating new value through the discovery of business opportunities across business domains, strengthening core technologies, and focusing on collaboration and open innovation with external parties.

Technological Platforms and Promotion Framework

The SEKISUI CHEMICAL Group defines competitive technologies and those that require future enhancement as Technology Platforms (TPFs) and is continuously working to strengthen them. TPFs are reviewed in conjunction with each medium-term management plan; under the current plan, 27 TPFs have been established. These represent an arrangement of core technologies that are currently highly competitive or that require focused enhancement for the future. With our in-house development efforts, we focus on further refining these core technologies. In doing so, we place emphasis on the concept of technology concentration and market diversification. By deeply pursuing a single technology that serves as a strength while deploying it across multiple markets and applications, we aim to improve development efficiency and expand business opportunities.

Technological Platform Diagram

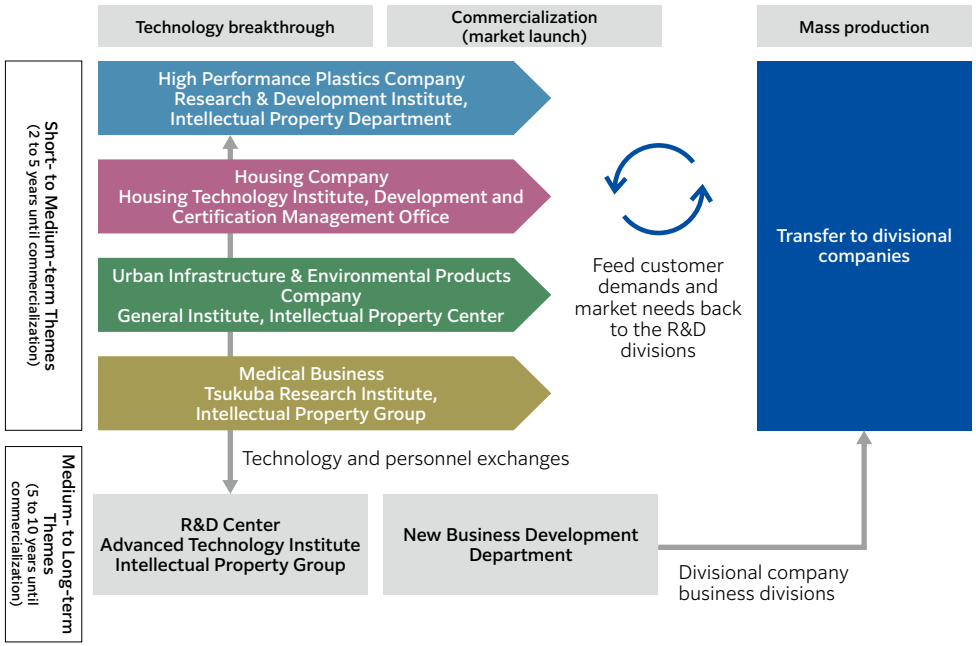


Innovation Process

The R&D framework for advancing innovation, the source of value creation, is divided into two sections based on the timeframe of each theme. Short- to medium-term themes, which originate from the acquisition of customer needs, are tackled by the R&D institutes in each segment to enable timely activities in line with the segment's respective business environment. Meanwhile, medium- to long-term themes are under the control of Corporate Headquarters; for these themes, the R&D Center is responsible for the initial discovery and planning of R&D themes and the establishment of basic technologies (turning "0" into "1"), and the New Business Development Department is responsible for promoting commercialization (turning "1" into "10"). After a theme is launched as a business, it is promptly transferred to a divisional company (turning "10" into "100").

Each segment and the Corporate Headquarters have their own Intellectual Property Division. The Intellectual Property, Business, and R&D divisions for each segment are in constant cooperation, striving to achieve prominence over our competitors based on the distinctive characteristics of their respective areas, thereby linking to the expansion and growth of the Group's business.

R&D and Intellectual Property Management System



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Innovation

Treatment of Human Resources Engaged in R&D and Intellectual Property Activities

SEKISUI CHEMICAL Group has a system to appoint leaders who drive the technical enhancement for each TPF to specialist positions, which consist of four grades, from S1 to S4. In FY2025, 43 engineers were appointed to specialist positions throughout the Company; specialists in these positions drive the continued technical enhancement of each TPF, while also playing a role in training the next generation of technical leaders.

As part of our effort to assess and reward researchers and engineers, the Group has also established the Invention Grand Prize as an award from the President & CEO to recognize inventions that have made particularly large contributions to the Group's profits.

The Invention Grand Prize is divided into four grades according to the invention's level of business contribution, and bonuses are awarded by grade. In particular, the Special Class bonus is in proportion to the amount of business contribution and has no upper limit.

Specialist Positions Supporting Technology

PVB Materials

Yuki Hirose

Specialty Chemicals Production Department,
Functional Materials Center
SEKISUI CHEMICAL Co., Ltd. Shiga-Minakuchi Plant

PVA (polyvinyl alcohol) and PVB (polyvinyl butyral) offer high transparency and excellent affinity with inorganic materials and are used across a wide range of industries, including as interlayer films for laminated glass and binders for MLCCs. PVB in particular is a polymer composed of three functional groups—acetal, acetyl, and hydroxyl groups. By precisely controlling the balance of these groups, PVB can be engineered to provide the physical properties and processability required for each application.

Leveraging the material design and manufacturing technologies for PVA/PVB that we have cultivated over many years, we have developed products and provided technical services tailored to customer needs. We are currently integrating technology platforms in areas such as molding and processing, evaluation and analysis, and digital science to develop high-performance materials that go beyond conventional PVB. In addition to strengthening our competitiveness in existing markets such as automotive and electronic materials, we are expanding business opportunities in high-value-added fields and moving into the life sciences field, including cell culture scaffold materials.

We believe that developing new applications that leverage our core PVA/PVB technologies will create medium- to long-term earnings opportunities and strengthen our business portfolio. We will continue to deepen our proprietary materials technologies to create new value, pursuing sustainable growth while helping solve social issues.

Invention Grand Prize Winner: High-performance heat shielding interlayer film meeting market needs in the CASE era (Grade 1)

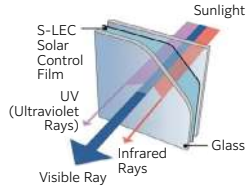
— Combining high heat shielding performance with radio wave transmission to contribute to comfort, communications performance, and safety —

Overview

As autonomous driving, connected vehicles, and EVs continue to advance, automotive glass is increasingly required to provide both high levels of comfort and radio wave transmission. This invention stabilizes the heat-shielding material within the interlayer film, establishing a highly durable design that enhances heat shielding while minimizing interference with communications and sensor functions. The product has been adopted by a major EV manufacturer.

What is heat shielding interlayer film for automotive laminated glass?

Basic Performance
1. Adhesion to glass
2. Toughness
3. Transparency
4. UV-blocking performance
5. Processability
6. Durability



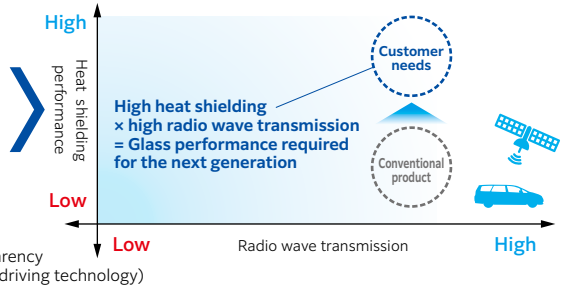
Avoidance of serious harm in the event of an accident

Metal oxide particles that absorb infrared rays are dispersed within the interlayer film

Market change: Progress in CASE and EV adoption

Laminated glass compatible with in-vehicle camera sensors

Customer issue: Combining comfort and radio wave transmission



Requirement 1 Electromagnetic wave transmission / high transparency (essential for autonomous driving technology)

Requirement 2 Further reduction of heat

Value provided

Proprietary resin formulation technology combines heat shielding performance with radio wave transmission

- ✓ **Improves comfort inside the vehicle**
- ✓ **Helps reduce the air-conditioning load of EVs**
- ✓ **Maintains ADAS / communications performance**

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Innovation

New Products and Businesses

In selecting themes for new products and businesses, we apply a score along a market axis for judging the potential of the market and a strategic axis for judging how the technologies, patents, and human resources possessed by the Group can be effectively employed with a focus on high-scoring themes along both axes. Once we have selected a theme, we continue to manage it by periodically analyzing the potential of the market and the competitive environment, and screen it to determine if our aggressiveness has abated. At the same time, we take the option of terminating any theme for which the score has fallen. Progress is managed through a five-stage GR* process leading to commercialization. We also conduct DRs during product process development and environmental assessments at all stages of the product life cycle.

* Gate Review (GR): An organizational activity for determining whether a project should proceed to the next stage (a stage-gate management function).

Cell Adhesion Polymer Ceglu

Features

1. **Fully chemically defined with no animal-origin components**
2. **Highly stable and can be stored at room temperature**
3. **Pre-coating with the cell adhesion polymer eliminates preparation work before cell culture**

Although modern medicine continues to advance, many health challenges remain, including rare diseases, age-related diseases, and physical injuries.

Regenerative medicine, particularly therapies using iPS cells, has the potential to address these challenges. Because iPS cells can be generated from a patient's own cells, they carry a low risk of rejection and can differentiate into various types of cells. However, the protein coating materials required to culture iPS cells have presented challenges in terms of uniformity and stability, creating a barrier to the practical application of regenerative medicine.

Ceglu is a chemically synthesized polymer that enables the culture of iPS cells and can be solubilized to coat the surfaces of various materials. Compared with proteins, it offers high stability at room temperature and does not require a cold chain. We provide Ceglu coating solution with a high level of safety and pre-coated Ceglu multiwell plates containing no animal-derived components, and aim to establish a consistent cell adhesion platform from laboratory scale to manufacturing scale.

Examples of actual applications include differentiation into iPS cell-derived cardiomyocytes, improved reproducibility of cell quality through combination with automated culture equipment, and scale-up of cell culture by coating nonwoven fabrics and microcarriers.

Chemical Looping Technology for CO_2 to CO Conversion

SEKISUI CHEMICAL has been developing its unique chemical looping technology for CO_2 to CO conversion, which converts CO_2 to CO at a high conversion rate.

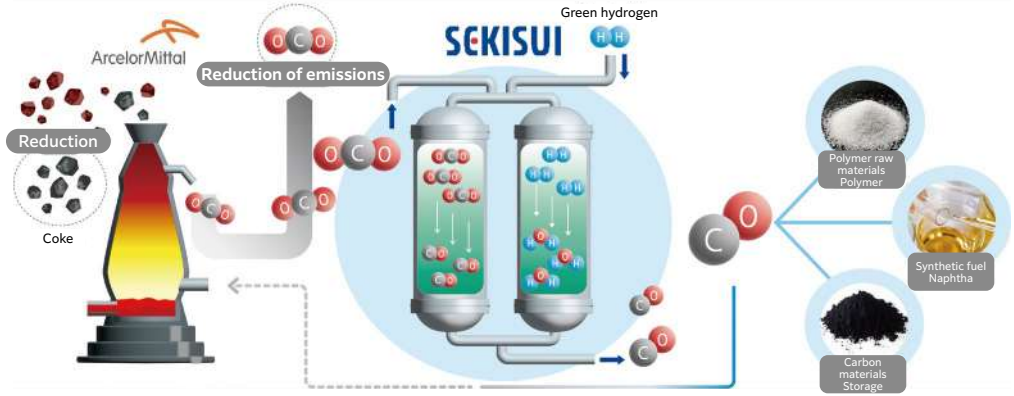
From 2021, we have entered into a carbon recycling partnership with ArcelorMittal, S.A., a world-leading steel and mining company. As part of this partnership, we have been engaged in international collaboration on CCU for circular carbon in steelmaking under contract with the New Energy and Industrial Technology Development Organization (NEDO). Steelmaking accounts for 7–9% of the world's CO_2 emissions, and, of that amount, the blast furnace process, which produces pig iron from iron ore, accounts for approximately 70% of the steel industry's CO_2 emissions, making the reduction of CO_2 emissions from the blast furnace process a major challenge for the steel industry.

To address this issue, we demonstrated the efficacy of technology for CCU for carbon circulation in steelmaking. This technology effectively utilizes CO_2, and also contributes to its reduction, in an approach in which CO_2 emitted from the blast furnace process is separated and recovered, converted to synthetic gas consisting of carbon monoxide (CO) and hydrogen using our chemical looping technology, and then introduced into the blast furnace as a reductant in place of coke.

In June of 2023, tests using actual blast furnace gas at an ArcelorMittal plant in Asturias, Spain succeeded in maintaining high performance with a CO yield of over 90% after a six-month demonstration period.*

As a result of the technology evaluation by ArcelorMittal, our technology was highly praised in terms of reaction efficiency and durability, and we are currently considering the timing of the introduction of this technology while keeping an eye on the decarbonization market. Furthermore, we are pursuing applications in a variety of fields beyond the steelmaking process. We are working with partners who recognize the potential of our technology toward the commercialization of high-value-added chemicals produced from CO_2 as a feedstock using biomanufacturing technology. We are currently constructing a pilot facility in Hitachinaka City, Ibaraki Prefecture, which is scheduled to begin operations in the second half of FY2026.

* This achievement is a result of NEDO's international joint research and development project (JPNP20005) for innovative technology in the field of clean energy.



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening **Innovation**

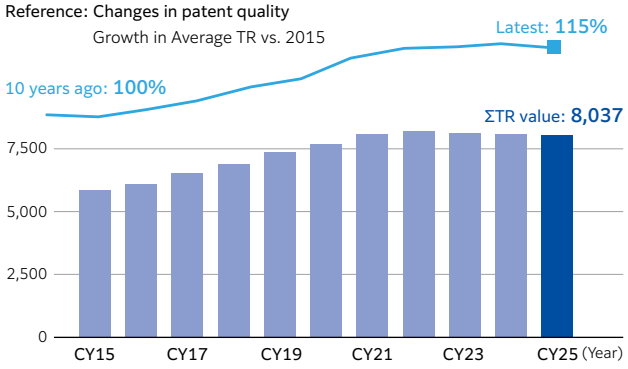
Intellectual Property Management

Basic Concept

Intellectual property generated through R&D activities is an important management resource that supports the Group's growth and earnings as we seek to maximize corporate value. The Group's intellectual property departments operate under the Intellectual Property Rules, whose purpose is to encourage the creation, protection, and utilization of intellectual property and thereby contribute to business growth and enhanced corporate value, and whose basic policy is to secure business competitiveness by obtaining strong patents. In particular, we emphasize intellectual property strategies that maximize the value of our distinctive technologies.

Under the new Medium-term Management Plan launched in FY2026, we will further strengthen our intellectual property activities by expanding the use of data, AI, and other technologies.

Trend of Patent Asset Value (Technical Value: ΣTR Value*)



- Since 2020, patent applications have been more selectively filed, resulting in a temporary decrease in ΣTR, but medium- to long-term improvement in patent quality is being pursued.

* Using the TR (Technology Relevance) indicator based on citation counts in PatentSight®, the patent analytics tool provided by LexisNexis, Inc., the total value for our entire portfolio (ΣTR value) is defined as "technical value."

Intellectual Property Risk Management and Utilization

The Group is growing its business on a global scale. We also investigate and monitor the status of intellectual property on a global basis, and, by taking avoidance measures and exercising our rights, we maximize the use of our own intellectual property while respecting the intellectual property of other companies.

Education and Fostering an Intellectual Property Culture

We are committed to fostering a group-wide intellectual property culture that contributes to our business. In terms of education, in addition to shared training programs for technical personnel, we have expanded to include divisional company-specific practical training and trademark training for sales personnel. At the same time, the results of intellectual property activities are evaluated and awarded not only in terms of the number of patent applications filed and the content of inventions, but also in terms of licensing income and the amount of business contribution, thereby promoting a mindset of positive impact on business.

Training and Career Development of IP Professionals

In addition to a high level of expertise, the Group's Intellectual Property Division emphasizes the ability to collaborate with development and business projects. To this end, we are enhancing our on-the-job and off-the-job training programs, supporting the career development of specialist positions by establishing the Intellectual Property Specialist Position from 2024, and strengthening our recruiting capabilities through an internship system.

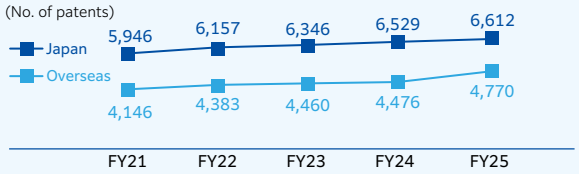
Group-wide Utilization of Intellectual Property (IP Landscaping)

The Group engages in analysis activities that combine market and technology information with a focus on intellectual property (IP landscaping). From quantitative and qualitative perspectives, we visualize the efficiency and business competitiveness of our intellectual property, and reflect the results in strategic planning. IP information is also used where new products and businesses are created, as well as in high-level management and business assessments, such as M&A, as an aid to decision-making and as a way to boost chances of success.

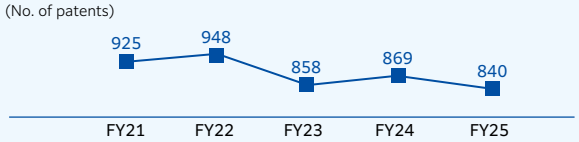
Performance Data

In the latest Patent Asset Scope and Ability to Restrain Other Companies rankings published by Patent Result Co., Ltd., SEKISUI CHEMICAL Group ranked ninth and fifth, respectively, in the chemical industry, maintaining a top-10 position for the past 14 years.

Number of Patents Possessed (domestic and international)



Number of Patent Applications (domestic)



Patent Asset Scope Ranking (2025)

Ranking	Company name	Patent asset scope (points)	Number of patents
1	Fujifilm	31,046.80	795
2	LG ENERGY SOLUTION	28,793.90	1,048
3	DIC	17,831.60	310
4	Nitto Denko	17,270.70	471
5	Kao	17,240.90	585
6	Sumitomo Chemical	16,800.00	459
7	Denka Company Limited	16,257.40	428
8	LG CHEM	16,236.40	329
9	SEKISUI CHEMICAL	15,981.80	464
10	Resonac	15,223.60	493

Source: Patent Result Co., Ltd. Chemical Industry: Patent Asset Scope Ranking 2025

Ability to Restrain Other Companies Ranking (2025)

Ranking	Company name	Number of patents cited
1	Fujifilm	2,527
2	Mitsubishi Chemical	1,533
3	Kao	1,208
4	Resonac	1,117
5	SEKISUI CHEMICAL	880
6	Asahi Kasei	836
7	Nitto Denko	793
8	Sumitomo Chemical	751
9	Shin-Etsu Chemical	647
10	KANEKA	571

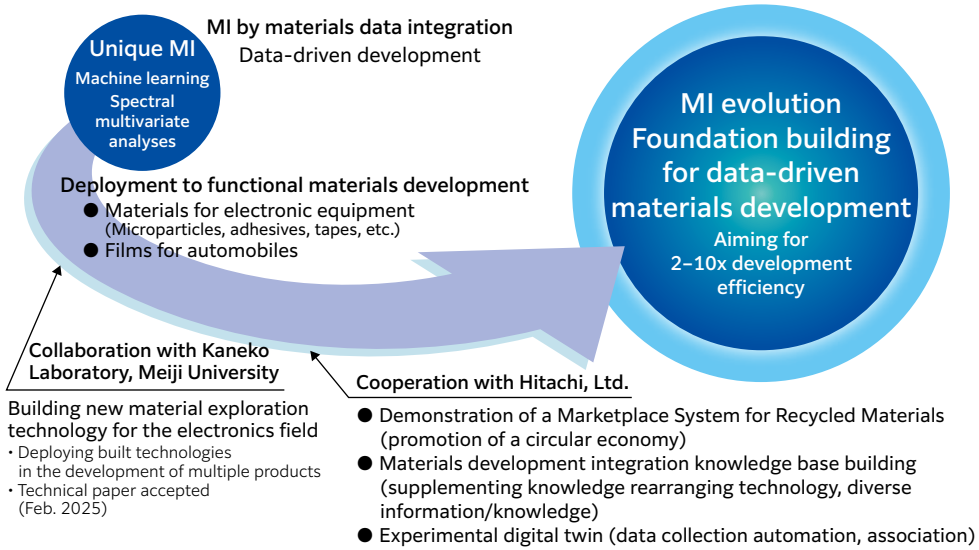
Source: Patent Result Co., Ltd. Chemical Industry: Ability to Restrain Other Companies Ranking 2025

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Innovation

Accelerating Materials Development through Digital Science

In order to respond to changes in the environment surrounding the development of new materials (shorter product life cycles, resource constraints, and the need to diversify requirements for materials and accelerate R&D), our Group is promoting the use of materials informatics (MI).



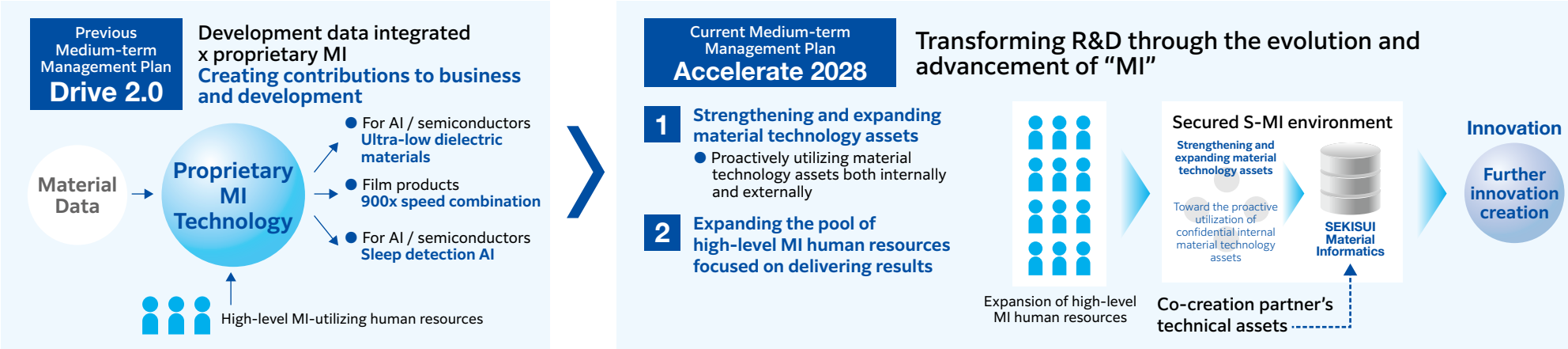
Examples of MI initiatives

Examples	MI Application Details	Results
Film product formulation study	Apply machine learning to the design of formulas; simultaneous prediction of 13 types of physical properties	Four hours to the design of formulas **900 times the speed (Five months ⇒ Four hours)**
Electronic material tape adhesive development	Apply machine learning to the design of formulas; prediction of physical properties directly from chemical structures	16 hours required to identify new ingredients **45 times the speed (One month ⇒ 16 hours)**
Commencement of MI app usage	Officially launched the proprietary MI app RASIN to promote MI in materials development. R&D personnel are using MI technology to efficiently discover material properties and gain knowledge in a short period of time, which improves the efficiency and quality of materials development.	1. Completely in-house no-code app 2. User training linked to human resource development programs 3. Support framework that enables learning through practical applications

Examples of new initiatives

- Introduction of analysis algorithms into sensor products: prediction of wakefulness, shallow sleep, and sleep states through analysis of detected data
- Proposal of new materials for adhesives for the electronics field: prediction of key physical properties from chemical structure; efficient selection of candidate structures

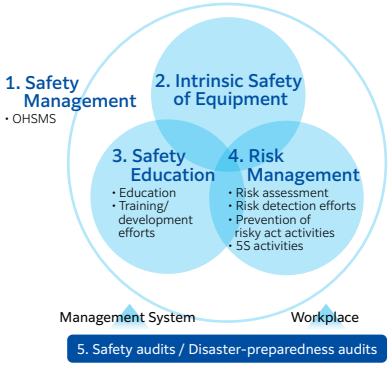
Under the previous Medium-term Management Plan, in addition to creating and utilizing intellectual property in priority technology fields, we strengthened R&D capabilities through the use of MI, enhancing the technology platforms that are a source of competitive advantage. Under the new Medium-term Management Plan, Accelerate 2028, launched in FY2026, we will build on these foundations and deploy data and AI in R&D and intellectual property activities to accelerate the process from technology creation to commercialization, generating further innovation.



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Internal Control

To ensure the sustainable growth of SEKISUI CHEMICAL Group, we have defined five areas of major incidents (safety, quality, legal/ethical, accounting, and information management) that have the potential to significantly damage corporate value, determined corresponding response policies and measures, and incorporated them into action plans.



Safety

SEKISUI CHEMICAL Group believes that creating a workplace in which employees can work safely and with peace of mind is a key corporate responsibility and one of management's most important priorities. Based on this concept, we engage in total safety activities (zero occupational injuries, zero equipment-related accidents, zero commuting-related accidents, and zero extended sick leave) centered on the following five themes. Recognizing that safety depends on the efforts of each individual, we not only provide safety education and promote initiatives to enhance sensitivity to potential hazards, but also place strong emphasis on fostering a culture in which established rules are observed and enforced.

Five Themes and Major Initiatives

Theme 1 Safety management using OHSMS*1

The Safety committee, established under the Sustainability Committee, formulates policies and activity guidelines for initiatives related to occupational safety and health. Each site puts into practice and promotes these initiatives under the guidance of the Safety & Environment Group at the Manufacturing Infrastructure Enhancement Center.

At SEKISUI CHEMICAL Group, the decision on whether or not to acquire ISO 45001 certification is determined on an individual business site basis. The Group then promotes activities to acquire the necessary certification. Sites that have not acquired certification also build and operate safety and health management systems that reflect ISO requirements. We monitor the status of these activities through safety and disaster-preparedness audits, and promote efforts to maintain and strengthen safety management activities.

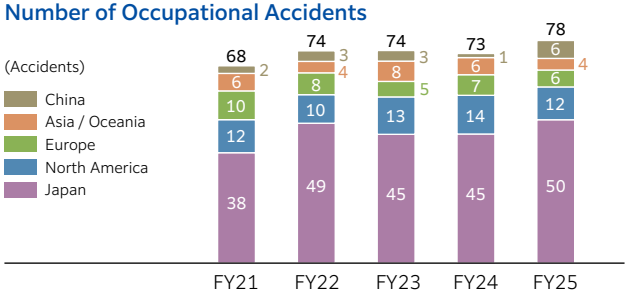
The ISO 45001 certified business sites (39) account for 41% of the total number of the Group's domestic and overseas production sites (96).

In Japan, we promote the development of Safety Leaders (SL)*2 as key personnel to reduce risks at production sites.

Number of Facility Accidents in FY2025: 0*3

*1 OHSMS: Occupational Health and Safety Management System
*2 Personnel who assist the safety manager at each business site and promote safety management activities. They are responsible for identifying and improving risks and promoting safety education at their respective business sites.
*3 Reporting scope: Manufacturing sites, research laboratories, and construction sites

Number of Occupational Accidents



Theme 2 Intrinsic Equipment Safety*4 efforts

To strengthen its safety activities, the Group supports employees in obtaining the Safety Sub-Assessor (SSA)*5 qualification, which promotes machine safety activities, and a cumulative total of 278 employees have acquired the qualification. The higher qualifications of Safety Assessor (SA) and Safety Senior Assessor (SEA)*5 have been obtained by 25 and 2 employees, respectively.

The New Equipment Safety Design Standards, which specify the safety requirements for the production equipment used by the Group, have been revised to reflect ISO/JIS machine safety standards and serve as an important benchmark for improving production equipment. A revision committee comprising 12 SSA qualification holders was established and is continuously enhancing the content of the standards.

Number of Facility Accidents in FY2025: 1*3

*4 Intrinsic Equipment Safety: The name given to the machine safety activities promoted by SEKISUI CHEMICAL Group. Promoting improvements through intrinsically safe design measures and safety protection for unsafe locations in production equipment
*5 A Japan Certification Corporation safety qualification acquired to certify knowledge and skills for machine safety. This certification is based on international standards

Theme 3 Safety education of employees

SEKISUI CHEMICAL Group is working to prevent occupational injuries caused by manufacturing machines and equipment through activities that ensure Intrinsic Equipment Safety. At the same time, we are endeavoring to prevent occupational accidents caused by the actions of workers. Based on lessons learned from past occupational accidents, we created the Basic Principles of Safety and distributed them to business sites in Japan and overseas using posters in an easy to understand, illustrated format.

The Housing Company has organized the Sekisui Heim Cooperation Association with its partner companies (contractors) to ensure the safety of employees of partner companies (contractors) involved in the on-site construction of houses, and holds regular meetings and other events.

At these meetings, the Housing Company shares the Group's safety policy, holds safety education sessions, and provides various training opportunities related to occupational safety.

Theme 4 Risk management including risk assessment

The Technology & CS Promotion departments of each divisional company take the lead and employees from different manufacturing sites work to uncover risks at each other's sites. Mutual on-site inspections help improve the awareness and sensitivity to risks among participating employees, while allowing site leaders and others hosting inspections to learn from other business sites. This has made it easier to reaffirm risks at workplaces and to quickly deploy best practices horizontally.

We specify high-risk disasters*6 for which we should focus on prevention and training to improve emergency response skills. Through these activities, we are also promoting the handing down of safety know-how accumulated on-site.

*6 (1) getting caught or entangled in machinery at a production facility; (2) falling off equipment or falling over at a business site; and (3) a chemical process-related fire or explosion

Theme 5 Safety audits / disaster-preparedness audits

When conducting safety audits, external experts also conduct disaster prevention audits to prevent fires and explosions.

To raise the levels of safety activities at overseas production facilities as well, we have global safety standards. In FY2025, auditors went directly to business sites to conduct on-site inspections.

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Internal Control

Quality

SEKISUI CHEMICAL Group strengthens basic quality while adhering strictly to quality compliance. By continuously working to strengthen the foundations that support quality, such as preventing defects from occurring and reinforcing daily management, we are striving to create a corporate culture that places the highest priority on quality and prevents the occurrence of fraud. Based on the motto "We consider customer feedback as the beginning of our manufacturing," we are actively working on innovations in "quality of people," "quality of systems," and "quality of goods (products and services)," aiming to realize "quality that makes us the first choice."

Quality Assurance System and Quality Management System

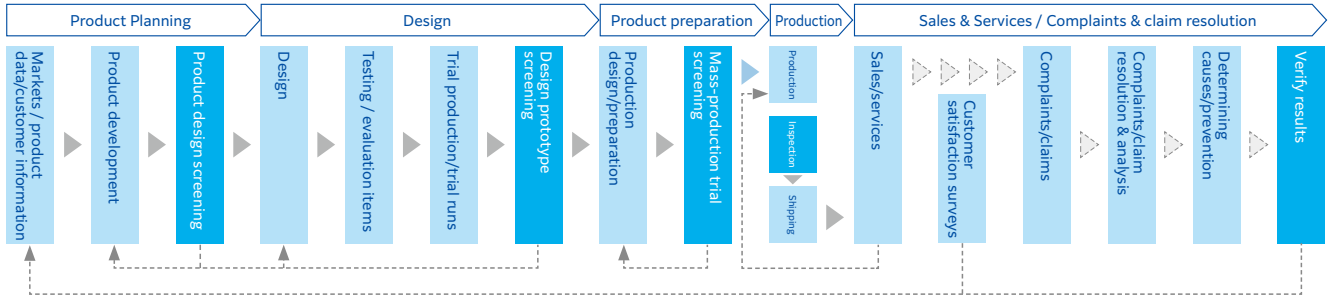
With regard to quality, we have established a CS & Quality Committee that reports to the Sustainability Committee, and the Corporate Headquarters CS & Quality Group cooperates with the departments in charge of CS & Quality at each divisional company, production site, sales company, etc. to promote activities.

Having built quality assurance systems that extend across all processes, from product development to design, production, and sales, SEKISUI CHEMICAL Group has developed a quality assurance system for each process and promotes standards-based controls on a daily basis. At the same time, we recognize that it is the fields of manufacturing development that support quality and focus our efforts on innovation in production activities. In developing products and making improvements to quality, we conduct strict design screening from a variety of perspectives, such as those of quality assurance and safety, and have established a system that enables maintenance and management of after-sale services for customers.

We developed an original management sheet, which we dubbed the SEKISUI Process Management Chart (SPMC), to strengthen our process approach when promoting certification under the 2015 ISO 9001 standard. The SPMC is used effectively in areas that include monitoring daily management, corrective actions, internal audits, and quality education.

In FY2025, we expanded the number of business sites covered and held training for QMS internal auditors as well as SEKISUI Process Management Chart (SPMC) Internal Audit Hands-on Training. In addition, we introduced Internal Audit Level-up Training to enhance auditors' questioning skills, thereby improving the quality of our internal audits.

Quality Assurance System



Creating a Design Screening Platform for New Businesses

To clarify discussion points at the time of design reviews when new businesses are launched and to perform rigorous screening, we have built and are operating a GR system. We also conduct External Expert Reviews for the purpose of obtaining new knowledge from experts inside and outside the Company with regard to related industries and legal regulations.

Strengthening Customer Satisfaction (CS) and Quality Personnel

To strengthen CS and quality personnel, the Group conducts various training programs related to customer satisfaction and quality. In the field of customer satisfaction, we provide training for new employees and hold seminars featuring external experts to raise awareness of CS and quality. In the field of quality, with the aim of strengthening quality management and preventing quality issues before they occur, we conduct: (1) basic quality training for new employees and quality governance training for newly appointed managers; (2) training programs to develop and enhance the skills of internal auditors; and (3) training for development personnel to acquire effective and efficient preventive quality management methods during the development process.

Globally Cultivating CS & Quality Human Resources

On an ongoing basis, we are also holding KAIZEN Activity presentations geared toward all overseas business sites. Under the slogan of "Widening the circle of KAIZEN, enhancing the quality of KAIZEN, and accelerating the KAIZEN process," representatives from business sites that won regional selection competitions in Japan as well as Europe, the United States, China, and Asia gathered together and presented their KAIZEN achievements across the SEKISUI CHEMICAL Group, contributing to the further enhancement of the Group's KAIZEN capabilities.

FY2024 Group KAIZEN Activity "Global Group-wide Competition"

KAIZEN Logo

Efforts to Prevent Quality Fraud

Regarding quality data falsification, we have been working since 2020 to revise organizational systems, digitalize quality data, promote data reliability, conduct quality compliance education, and reinforce the review of new business opportunities in order to eradicate the root causes of risk. This is based on the hypothesis that quality data falsification can arise due to the insufficient allocation of resources to areas such as quality and organizational systems, as well as various types of both internal and external pressure.

Number of Major Quality Issues in FY2025: 0

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Internal Control

Legal and Ethical

SEKISUI CHEMICAL Group established its Compliance Declaration in 2003, based on principles such as contributing to society, being a trusted company, and adhering to both the letter and spirit of the law. In accordance with these principles, as well as the values set forth in the Group's corporate philosophy and Code of Conduct, we have clearly expressed our commitment to earning the trust of society through compliance. We are working to further strengthen compliance management by promoting a variety of programs.

Compliance Promotion System

The Compliance Committee has been established under the Sustainability Committee to formulates policies and implementation measures.

The Compliance Promotion Committee has been set up at the Corporate Headquarters and at each divisional company, and compliance promotion managers have been appointed to implement and develop each measure.

In the event of a major compliance issue, the Compliance Advisory Board will convene to discuss follow-up measures and prevent recurrence.

Fostering and Educating Compliance Awareness

In 2003, to instill an awareness of compliance in each and every employee, we established action guidelines for each compliance item—including anti-corruption, conflicts of interest, compliance with anti-trust laws, accounting, and harassment— and developed a Compliance Manual consisting of detailed explanations, which is used for internal training. Also incorporating compliance-related content in new employee training and level-based training, we provide ongoing opportunities to learn about the importance of compliance.

In FY2025, we provided similar learning opportunities to employees who do not have access to the intranet individually, including those working on the production plant floor, by providing paper-based training opportunities at the request of Group companies and business sites.

Overseas Initiatives

Compliance Reinforcement Month activities, which are held every year in Japan, are also conducted in North America, China, APAC, and Europe. The themes taken up are selected with a focus on those issues that are judged by each regional headquarters to be of high risk to the region.

● Examples of themes for FY2025:
Harassment, anti-bribery, antitrust and commercial bribery surveys, revisions to entertainment and gift policies, information management, and the NIS2 Directive on cybersecurity, etc.

FY2025 Number (incidence) of Serious Non-Compliance and Negligence Cases: 0

Internal and External Whistleblowing System

Serving as a mechanism for the early detection and revision as well as prevention of any recurrence of compliance problems, including harassment, we have built and operate the Sekisui Compliance Assist Network (S.C.A.N.) intra-company whistleblowing system. Employees can use S.C.A.N. either anonymously or by giving their names while reporting not only through the intra-company whistleblowing system but also via an outside law firm, and the protection of whistleblowers, such as protecting the confidentiality of whistleblower information and the prohibition of disadvantageous treatment, is also stipulated.

Intended for use by the executive officers and employees of business partners in Japan who are continuously conducting business transactions with SEKISUI CHEMICAL Group companies, we accept requests for consultations and receive reports at any time through a dedicated form available on the Company's website.

In FY2024, the SEKISUI Chemical Group Global Hotline, an overseas reporting system available in multiple languages to the Group's employees overseas, completed its global rollout and awareness campaign. In FY2025, the hotline continues to receive reports from all regions on an ongoing basis.

FY2025 Number of Whistleblowing Cases and Consultations

Power harassment	51	Sales methods related	5
Working conditions	60	Misrepresentation of work performance	2
Sexual harassment	13	Collusive relationship with business partners	10
Workplace environmental concerns	17	Others	34
Misuse of expenses	6	**Total number of complaints**	**198**

Prevent Corruption and Bribery

In the spirit of the United Nations Global Compact, we have developed antibribery rules and introduced them throughout the Group, thereby promoting efforts to prevent corruption and bribery before they occur. In addition, we have formulated antibribery guidelines, which employees are expected to observe when doing business in Japan, the United States, and China, and have worked to make these rules and guidelines known via the intranet.

We specify high-risk cases and set and operate rules to prevent violations. For example, a form needs to be submitted in advance to obtain approval when a government official is to be entertained or presented with a gift. In the event of hiring consultants in connection with business transactions, including those involving public officials from other countries, confirmation that fees do not constitute bribes must be obtained.

Prevention of Transactions that Represent Conflicts of Interest

The Group has adopted the policy that when the interests of the Company and our individual interests conflict, we will consider the matter from the standpoint of whether it benefits the Company and will not cause harm to the Company. In FY2023, we formulated guidelines to thoroughly ensure this policy was carried out and established rules to check in advance any transactions that may raise conflict of interest concerns.

Promotion of Fair Transactions

In light of the Act on Proper Transactions with Small and Medium-Sized Entrusted Business Operators (commonly known as the SME Transactions Act, formerly the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors), which came into force in January 2026, the Group has positioned fair transactions as an important compliance issue and is promoting Group-wide efforts. Specifically, we formulated a Fair Transactions Manual that clarifies the intent of the law and the criteria for judgment, and we put in place a structure that lets Directors and employees involved in transactions act with a shared understanding. At the same time, we survey actual transaction conditions in the field, which we use to identify and correct risks and prevent recurrence.

Compliance with Anti-Trust Law as Well as Statutory and Regulatory Requirements Relating to Advertising and Labeling

As part of our anti-trust law compliance program, we operate a business organization membership payment system, an advance application system for contacting competitors, and a price revision committee system. Every year, we conduct audits on the operation of the program and review the program as appropriate.

We have also introduced this program to domestic business companies with high cartel risk. In conducting our business activities, we comply with the Act against Unjustifiable Premiums and Misleading Presentations and other laws and regulations in advertising and labeling, and conduct our business activities with integrity.

Number of Serious Violations of Anti-Trust Laws and Advertising and Labeling in FY2025: 0

Addressing Compliance Violations

In the event of a violation, we will conduct a thorough investigation and take disciplinary action, including dismissal, depending on the extent of the act. In addition, we work to prevent recurrence by correcting the issues that led to the violation, not just disciplinary action against individuals.

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Internal Control

Accounting

Strengthen Accounting Compliance

To reduce finance and accounting-related risks, the Group enhances accounting skills and financial literacy across the organization through accounting study sessions and e-learning programs. These initiatives help prevent accounting errors and misconduct while strengthening compliance awareness among employees engaged in accounting activities. In FY2025, accounting meetings were held in Japan and overseas in a hybrid format of online and face-to-face meetings. A total of 272 employees, mainly personnel in charge of accounting, participated.

Accounting training was conducted online on a specific topic, and a total of 38 employees attended, including video viewers. In addition, a total of 6,746 employees took the e-learning course, which is being conducted for a wider target audience to raise awareness of accounting compliance.

Tax Compliance Initiatives

SEKISUI CHEMICAL Group considers the payment of taxes to be one of the fundamental and important social responsibilities that a company should fulfill. We comply with the tax laws of the countries and regions in which we operate, and pay taxes appropriately.

The Group does not use tax havens for tax avoidance purposes. We will pay taxes appropriately in accordance with the economic conditions of the countries and regions in which we operate, contribute to the economies of those countries and regions, and aim for harmony and stable development together.

Transactions with tax risks are checked with outside experts as necessary to ensure their proper handling and to reduce tax risks.

Furthermore, as a response to transfer pricing risk, transactions are conducted in compliance with national and regional laws and regulations and arm's-length prices in accordance with OECD Guidelines. In order to resolve unstable tax positions, the Company utilizes Advance Pricing Agreements (APAs) depending on the size of the transaction and the extent of tax risk. We will continuously monitor changes in the international taxation environment, including the global minimum tax system, and maintain appropriate governance and compliance systems.

We respond appropriately and in good faith to investigations by tax authorities, with results reported to the Board of Directors and improvements made as appropriate. Through these initiatives, we strive to maintain good relationships with the tax authorities of various countries.

Information Management

Information represents one of our most important management resources and the source of our competitiveness. Such information includes personal information—that received from business partners and that received from within the Group—including confidential corporate information and information related to management systems. In the belief that preparations against cyberattacks threatening these IT assets are an important management responsibility, we are striving to undertake cybersecurity measures and ensure a stable management foundation.

Cyber Management System

In regard to IT security, we established a CSIRT*1 under the Sustainability Committee as a cybersecurity response system.

The CSIRT is mainly composed of a DX Committee, which is the policy-making body, a Cybersecurity Promotion Committee, which is responsible for advancing measures based on the Committee's decisions, and a Cybersecurity Center, which is the working unit. Acting in partnership with the SOC,*2 the Cybersecurity Center monitors security networks and devices 24 hours a day, 365 days a year, and strives for the early detection of and recovery from incidents. Having posted at least one cyber system administrator on site at each business site and Group company, we have established a comprehensive Group-wide cyber management system.

Together with making our operations in Japan more sophisticated, going forward we will advance the development of CSIRTs at Group companies overseas.

*1 Computer Security Incident Response Team, or CSIRT, is the title given to specialized teams that receive reports, conduct surveys and enact response measures related to computer security incidents at companies and other organizations.
*2 The Security Operation Center, or SOC, is a specialized entity devoted to monitoring and analyzing threats to information systems. It works to detect threats as soon as possible and plays a role in supporting the CSIRT in its response and recovery efforts.

Measures to Address Natural Disaster-related Risks

We have installed backbone systems in earthquake-resistant, seismically isolated data centers, so that business operations can be continued even in the event that social infrastructure is damaged by a major earthquake or other disaster. Having also dispersed data centers among multiple locations and completed duplication of their mission-critical systems, the Company is working to shorten the lead time needed up to the completion of repairs and recovery of business operations.

Measures to Address Information Leakage Risks

To ensure the security of customer information, including personal information, and internal information, including confidential information, the Group is working on system-level measures, such as fortification of data centers and strengthening monitoring of internal networks, as well as human-level measures. To combat external threats, the Company has positioned the SOC as its primary entity to consistently identify new threats, such as newly reported cases of viral infections or targeted e-mail attacks, while the CSIRTs swiftly take action to implement appropriate countermeasures. In terms of human measures, we are also working to prevent information leaks by thorough confidentiality obligations for retirees and new recruits, regular e-learning training courses for all employees, and by implementing ethics education for employees engaged in important technology development work.

Cybersecurity Incidents in FY2025: 0

Protecting Personal Information

We handle the personal information of our customers based on our Privacy Policy, which is available on the Company's website.

The Company complies with legal regulations and norms regarding personal information and, by voluntarily putting in place rules and systems based on internal confidential information management regulations, strives to appropriately protect such information.

We have also formulated Guidelines for Web Server Construction and Management, and endeavor to protect servers managed at relevant companies and each work site. At the same time, we ensure thorough management by limiting access rights and other management authority according to the importance of the information handled.

Especially during Compliance Reinforcement Month, we are strengthening governance over the handling of personal (customer) information by raising employee compliance awareness and providing training.

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening DX

Basic Concept

For the Group, the mission of Digital Transformation (DX) mission is to accelerate and support growth business strategies and structural reforms for the realization of its Long-term Vision.

Goals for all companies

Sustainable corporate value enhancement

- Innovation and creation with ESG management at the core
- Doubling our business in the 2020s

Digital transformation

- Governance (internal control) innovation — Keep major incidents at zero
- Business process reform — Double productivity and pursue high added value; Optimal decision-making for all companies
- Business model reform — Support for the creation of a continuous business model

- Visualization and standardization — Standardize operations, introduce ERP*1, renew infrastructure and network
- Productivity increase — Automation / unmanned shifts, improve operational efficiency through the use of digital technology, ICT and AI
- Sophistication — Increase the sophistication of operational control, internal control and the supply chain

IT system (global integration platform)

- Continuous global availability
- Ability to follow technological innovations
- Diversifying laws and regulations
- Cybersecurity
- Multiple data source cooperation
- Handling and profitability for diverse businesses

IT and digital-minded human resources

- Defensive human resources that support existing businesses
- Offensive human resources essential for reform

In advancing DX, the Group is advancing governance transformation and business model transformation—with a central emphasis on business process transformation—from the three perspectives of visualization and standardization, productivity increases, and sophistication. Concurrently, we are also enhancing the foundation—including IT systems and human resources—that will underpin these three transformations.

DX Road Map and Main Initiatives

Introduction Phase FY2020 – FY2022	Deployment and Effect Creation Phase FY2023 – FY2025	Accelerated Growth Phase FY2026 – 2028	Vision 2030 – FY2030
● Preparation for long-term growth ● Strengthening of governance ● Divisional Company DX start-up to acceleration	● Renewal of global management infrastructure ● Full-scale reaping of DX effects ● Securing of human resources to create effects	● Implementation of entity level control proactive prevention ● Realization of data-driven management ● Maximizing the impact of DX results ● Supporting for structural reform	

Accelerate 2028 (FY2026-2028)

Under the Medium-term Management Plan, Accelerate 2028, we will shift into a growth-acceleration phase in which we actively use the data accumulated through DX to date and digital technologies such as AI to transform our business processes. We will also place particular emphasis on improving governance through the domestic and international roll-out of our global management foundation, as well as on strengthening preventive security to protect information assets such as data and IT systems from threats.

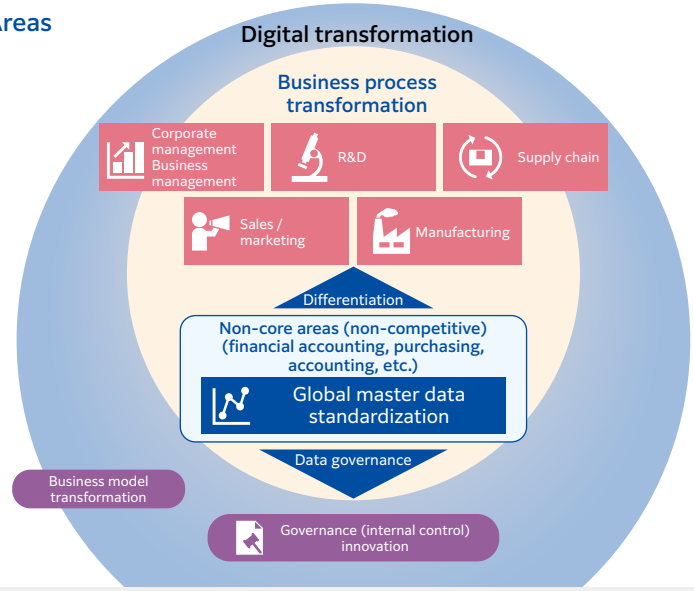
Visualization and standardization	Deployment of ERP*1 in Japan and overseas
Productivity increase	Utilizing accumulated data and AI technology
Sophistication	Expanding the use of indirect purchasing system
IT system (global integration platform)	Shift to proactive prevention through systems
IT and digital-minded human resources	Strengthen the development of DX-Biz human resources*2

*1 ERP is the abbreviation for Enterprises Resource Planning. A system that merges and centrally controls core operations, such as corporate accounting, human resources, manufacturing operations, and sales operations.
*2 DX-Biz talent are employees who create business value through the use of data and digital technologies.

DX Promotion System

In SEKISUI CHEMICAL Group, which is engaged in a variety of different businesses, we have established a promotion system headed by our CEO and senior managing executive officer to steadily advance the standardization and greater sophistication of business operations.

DX Target Areas



Foundations	IT / digital human resources	Creating effectiveness through the use of digital technology and securing human resources for digital technology
	IT infrastructure / security	Developing an integrated infrastructure that securely supports global operations

Business Process Transformation

Non-Core Areas	Non-Core Areas Corporate-led initiatives to standardize and adapt robust, low-cost standards
Global management base	Thorough standardization of business processes and data and unification into master data
Purchasing	Improved governance through streamlined operations and transaction data visualization
Core Areas	Company-led differentiation, identifying standardization and differentiation areas
Corporate management / Business management	Maximization of global consolidated profits through data-driven management
R&D	Improved productivity in ultra-high-speed development by utilizing data
Supply chain	Proactive supply chain control, standardization, and automation
Sales / Marketing	Improved productivity through evolution, standardization, and automation of operations
Manufacturing	Prevention of quality tampering and fraud, supporting automation/unmanned operations

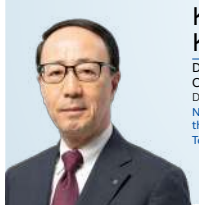
Governance (internal control) innovation	Shift away from self-reliant culture/conduct predictive behavior, risk mitigation and control based on company-wide major risks
Business model transformation	Underpin ongoing business model creation

Corporate Governance

Board of Directors, Audit & Supervisory Board Members

(As of June 19, 2026)

- N Nomination and Remuneration Advisory Committee
- D Diversity Promotion Committee
- A Audit & Supervisory Board



Keita Kato

Director
Chairman of the Board
Date of birth: January 11, 1958
Number of Shares of the Company Owned: 100k shares
Tenure as Director: 12 years

N D

FY2025 Attendance
Board of Directors: 17 out of 17 Chairman
Nomination And Remuneration Advisory Committee: 9 out of 9
Diversity Promotion Committee: 3 out of 3

Since being appointed a Director in 2014, Mr. Keita Kato has demonstrated strong leadership and delivered outstanding results as President of the High Performance Plastics Company.

Since January 2019, as Head of the Business Strategy Department, he has overseen SEKISUI CHEMICAL Group's overall management and the administrative supervisory functions of its overseas businesses, while appropriately supervising business execution from a global perspective.

Since being appointed President and Representative Director in March 2020, he has been engaged in the formulation, deliberation, and oversight of management strategies and other key matters at Board of Directors meetings, while also promoting the Company's Long-term Vision aimed at advancing ESG management and doubling its business scale.

Since assuming the position of Chairman of the Board in March 2026, he has been appropriately supervising the Company's management as a non-executive Inside Director.

Ikusuke Shimizu

President and Representative Director
Chief Executive Officer
Date of birth: December 12, 1964
Number of Shares of the Company Owned: 69k shares
Tenure as Director: 7 years

N D

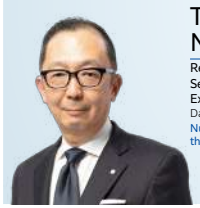
FY2025 Attendance
Board of Directors: 16 out of 17
Nomination And Remuneration Advisory Committee: 9 out of 9
Diversity Promotion Committee: 3 out of 3

Mr. Ikusuke Shimizu is highly knowledgeable of the High Performance Plastics Company's strategic fields, including the overseas segment, having served as the Head of the Foam Division, Responsible for Automobiles & Transportation field, Responsible for Electronic Device Materials field of the High Performance Plastics Company as well as President of SEKISUI TA INDUSTRIES, LLC, etc.

Since being appointed as the President of the High Performance Plastics Company in January 2019, he has performed his duties by leveraging the broad experience he has gained to date and applying his deep insight and advanced management capabilities.

In 2025, he was appointed Representative Director and, as Head of the Business Strategy Department, promoted ESG management across the SEKISUI CHEMICAL Group while working to enhance the Company's sustainable corporate value.

In March 2026, he was appointed President and Representative Director and has since been responsible for the deliberation and oversight of management strategies at meetings of the Board of Directors.



Tatsuya Nishida

Representative Director
Senior Managing Executive Officer
Date of birth: March 21, 1966
Number of Shares of the Company Owned: 23k shares

New D

FY2025 Attendance
Board of Directors: —
Nomination And Remuneration Advisory Committee: —
Diversity Promotion Committee: 1 out of 1

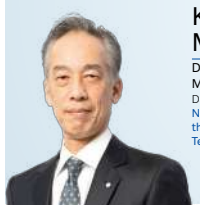
Mr. Tatsuya Nishida held various line management positions in corporate administration functions, including General Manager of the Corporate Administration Department of the Urban Infrastructure & Environmental Products Company. Since 2018, he has served as a Corporate Officer and General Manager of the Corporate Administration Department, driving the strengthening of the Group's management foundation through not only his extensive expertise in finance and management accounting but also his broad perspective on corporate governance as a whole.

Since 2024, he has been responsible for the Digital Transformation Division, leading the implementation of digital transformation (DX), one of the Group's key strategic initiatives. He has also been instrumental in formulating and executing capital and dividend policies, contributing to the enhancement of the Group's corporate value.

Since March 2026, as Head of the Business Strategy Department, he has been working to further strengthen the Group's management strategies and business foundation.

Duties
Responsible for ESG Management Department, Finance Department, Accounting Department and New Business Development Department, Head of the Business Strategy Department

Important Concurrent Positions at Other Organizations
Director of Sekisui Solar Film Co., Ltd.



Kazuya Murakami

Director
Managing Executive Officer
Date of birth: June 4, 1966
Number of Shares of the Company Owned: 19k shares
Tenure as Director: 5 years

D

FY2025 Attendance
Board of Directors: 17 out of 17
Nomination And Remuneration Advisory Committee: —
Diversity Promotion Committee: 3 out of 3

Mr. Kazuya Murakami has been engaged in back-office operations mainly at the Human Resources Department, including serving as the Head of the Human Resources Development Division of the High Performance Plastics Company, and has abundant experience in global policy enforcement and management.

Since his appointment as the Head of the Human Resources Department in October 2020, he has exercised strong leadership in personnel system reform and in the promotion of diversity management, as well as working to create the Company's organizational culture and improving employee engagement. He has utilized the experience he has acquired thus far, and performed his duties by applying his deep insight and advanced management capabilities. In addition, following his appointment to the Board of Directors in 2021, he has engaged in personnel system reforms, as well as in health and productivity management.

Duties
Head of the Human Resources Department

Hiroshi Oeda

Independent Outside Director
Date of birth: March 12, 1957
Number of Shares of the Company Owned: 7k shares
Tenure as Director: 8 years

N D

FY2025 Attendance
Board of Directors: 17 out of 17
Nomination And Remuneration Advisory Committee: 9 out of 9 Committee Chairman
Diversity Promotion Committee: 3 out of 3

Mr. Hiroshi Oeda served as Director & President of Nisshin Seifun Group Inc., and uses his broad experience and skill in global corporate management, business strategy, and execution of overseas M&A, etc., acquired during his time as a management executive, to provide advice with respect to business management of the Company and appropriately supervise business execution.

Important Concurrent Positions at Other Organizations
Special Advisor of Nisshin Seifun Group Inc.
Independent Director, Chairman of the Board of Directors of EBARA CORPORATION
Outside Director, Japan Post Holdings Co., Ltd.
President of Hitotsubashi University Koenkai

Haruko Nozaki

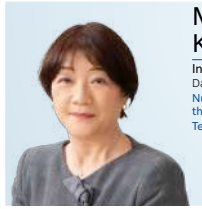
Independent Outside Director
Date of birth: June 19, 1955
Number of Shares of the Company Owned: —
Tenure as Director: 4 years

N D

FY2025 Attendance
Board of Directors: 17 out of 17
Nomination And Remuneration Advisory Committee: 9 out of 9
Diversity Promotion Committee: 3 out of 3
Committee Chairman

Ms. Haruko Nozaki possesses experience in personnel and education at HORIBA, Ltd., and deep insight on the promotion of diversity, as well as on development of the next generation, etc. Leveraging this insight, she is providing advice to the Company's management and appropriately supervising business execution at Board of Directors' meetings.

Important Concurrent Positions at Other Organizations
Executive Vice-President of Kyoto University
External Director of West Japan Railway Company



Miharu Koezuka

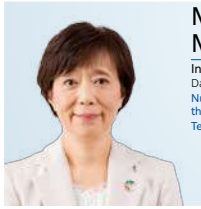
Independent Outside Director
Date of birth: September 2, 1955
Number of Shares of the Company Owned: 4k shares
Tenure as Director: 4 years

N D

FY2025 Attendance
Board of Directors: 17 out of 17
Nomination And Remuneration Advisory Committee: 9 out of 9
Diversity Promotion Committee: 3 out of 3

Ms. Miharu Koezuka has held the positions of Senior Managing Director (Representative Director), General Manager of Planning Headquarters, and General Manager of Sales Headquarters of Takashimaya Company, Limited, and was involved in its management for many years. By leveraging her extensive experience in the management of department stores, in addition to her experience and past achievements in management in various industries, she is providing advice to the Company's management and appropriately supervising business execution at Board of Directors' meetings.

Important Concurrent Positions at Other Organizations
Outside Director of NANKAI Co., Ltd.



Machiko Miyai

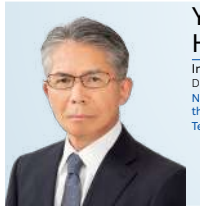
Independent Outside Director
Date of birth: September 29, 1960
Number of Shares of the Company Owned: —
Tenure as Director: 4 years

N D

FY2025 Attendance
Board of Directors: 17 out of 17
Nomination And Remuneration Advisory Committee: 9 out of 9
Diversity Promotion Committee: 3 out of 3

Ms. Machiko Miyai held executive positions at Panasonic Corporation and then served as a Director and the head of the marketing department at MORINAGA & CO., LTD. As such, she possesses broad job experience mainly in consumer-oriented duties in industries that are different from that of the Company. Leveraging her experience and achievements, she is providing advice to the Company's management and appropriately supervising business execution at Board of Directors' meetings.

Important Concurrent Positions at Other Organizations
Outside Director of ISUZU MOTORS LIMITED
Chairman of the Sustainability Forum Japan
Auditor of Ochanomizu University



Yoshihiko Hatanaka

Independent Outside Director
Date of birth: April 20, 1957
Number of Shares of the Company Owned: 1k shares
Tenure as Director: 3 years

N D

FY2025 Attendance
Board of Directors: 16 out of 17
Nomination And Remuneration Advisory Committee: 9 out of 9
Diversity Promotion Committee: 3 out of 3

Mr. Yoshihiko Hatanaka has held various executive positions at Astellas Pharma Inc., and in addition to his wide-ranging knowledge of global corporate management cultivated through his wealth of experience overseas, including in Europe and the United States, he also has extensive knowledge of matters such as corporate integration, based on his experience as a corporate planning officer. Leveraging his experience and achievements, he is providing advice to the Company's management and appropriately supervising business execution at Board of Directors' meetings.

Important Concurrent Positions at Other Organizations
External Director of Shiseido Company, Limited

Corporate Governance

Tomoyasu Izugami

Full-time Audit & Supervisory Board Member
Date of birth: November 18, 1962
Number of Shares of the Company Owned: 15k shares
Tenure as Audit & Supervisory Board Member: 3 years

A

FY2025 Attendance
Board of Directors: 17 out of 17
Audit & Supervisory Board: 15 out of 15
Chairman

At the High Performance Plastics Company, Mr. Tomoyasu Izugami successively served in the posts of factory manager, business manager, and staff department manager related to manufacturing. He has been broadly taking the lead in the promotion of large-scale capital investment and in strengthening the business foundation, such as by enhancing manufacturing competitiveness and production innovation, CS & Quality, safety, the environment, and DX. Leveraging his advanced knowledge and extensive management experience in the field of manufacturing, such as production technology and quality control, he is contributing to improving the supervisory functions of the Audit & Supervisory Board and the Board of Directors.

Michio Sakai

Full-time Audit & Supervisory Board Member
Date of birth: September 16, 1965
Number of Shares of the Company Owned: 21k shares
Tenure as Audit & Supervisory Board Member: 1 year

A

FY2025 Attendance
Board of Directors: 14out of 14
Audit & Supervisory Board: 11 out of 11

Mr. Michio Sakai has accumulated extensive experience in management at production sites and corporate headquarters. After that, in the Housing Company, he contributed to strengthening the management of domestic and international group companies and promoting overseas business.

Since April 2021, he has worked as the head of the Corporate Audit Department, focusing on strengthening audit functions and enhancing audit quality, and has significantly improved the effectiveness and reliability of audits by the Corporate Audit Department.

Yoshikazu Minomo

Independent Outside Audit & Supervisory Board Member
Date of birth: December 13, 1969
Number of Shares of the Company Owned: —
Tenure as Audit & Supervisory Board Member: 4 years

A

FY2025 Attendance
Board of Directors: 17 out of 17
Audit & Supervisory Board: 15 out of 15

As an attorney at law, Mr. Yoshikazu Minomo has a wealth of achievements and significant knowledge concerning overall corporate legal affairs, such as business revitalization, corporate reorganization, mergers & acquisitions, compliance, and internal control. Since assuming his position as an Audit & Supervisory Board member of the Company, he has provided useful opinions and suggestions from the perspective of a compliance expert at the Board of Directors and the Audit & Supervisory Board.

Important Concurrent Positions at Other Organizations
Partner of MIYAKE IMAI IKEDA LAW OFFICE

Wakyu Shinmen

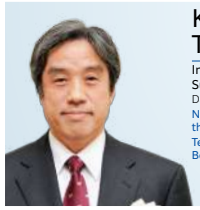
Independent Outside Audit & Supervisory Board Member
Date of birth: January 14, 1957
Number of Shares of the Company Owned: —
Tenure as Audit & Supervisory Board Member: 3 years

A

FY2025 Attendance
Board of Directors: 17 out of 17
Audit & Supervisory Board: 15 out of 15

Possessing specialized knowledge and extensive auditing experience as a certified public accountant, Mr. Wakyu Shinmen also has extensive management experience as a partner at a major auditing firm. Since assuming his position as an Audit & Supervisory Board member of the Company, he has provided useful opinions and suggestions from the perspective of a finance and accounting expert at the Board of Directors and the Audit & Supervisory Board.

Important Concurrent Positions at Other Organizations
Representative, Shinmen Certified Public Accountant Office
Outside Director (Audit and Supervisory Committee Member) of TOYOBO Co., Ltd.



Kenji Tanaka

Independent Outside Audit & Supervisory Board Member
Date of birth: April 14, 1957
Number of Shares of the Company Owned: —
Tenure as Audit & Supervisory Board Member: 3 years

A

FY2025 Attendance
Board of Directors: 17 out of 17
Audit & Supervisory Board: 15 out of 15

Mr. Kenji Tanaka has a high level of insight and experience in quality control, system reliability, and safety, as well as a track record of joint research with many companies. Since assuming his position as an Audit & Supervisory Board member of the Company, he has provided useful opinions and suggestions from the perspective of a safety and quality control expert at the Board of Directors and the Audit & Supervisory Board.

Important Concurrent Positions at Other Organizations
Visiting Professor, Center for Industrial and Governmental Relations, The University of Electro-Communications

Skills Matrix of the Board of Directors and the Audit & Supervisory Board Members (As of June 19, 2026)

Name	Directors' and Audit & Supervisory Board Members' Outstanding Expertise, Experience and Capabilities*									
	Management	Core Function of Manufacturing Business		Preparations for Long-term Growth				Strengthening the Management Base		
	Corporate Management / Management Strategy	Manufacturing / Safety / Quality	Marketing / Sales	Environment	Innovation (Research &Development / New Business Development / Alliance)	Global Business	DX (Digital Transformation)	Legal Affairs / Compliance	Financial Affairs / Accounting	Human Resources / Diversity / Human Rights
Keita Kato	●	●	●	●	●	●			●	
Ikusuke Shimizu	●	●	●	●	●	●			●	
Tatsuya Nishida	●			●	●		●	●	●	
Kazuya Murakami	●									●
Hiroshi Oeda	●					●			●	●
Haruko Nozaki	●									●
Miharu Koezuka	●		●	●			●			
Machiko Miyai	●		●	●	●	●				
Yoshihiko Hatanaka	●		●			●			●	
Tomoyasu Izugami		●	●				●			
Michio Sakai			●			●		●	●	
Yoshikazu Minomo								●		●
Wakyu Shinmen									●	
Kenji Tanaka		●			●		●			

* The list above does not reflect the full range of expertise possessed by the Directors and Audit & Supervisory Board Members. The Company sets the items for skills and other capabilities to be possessed by Directors in line with the business strategy in the Medium-term Management Plan.

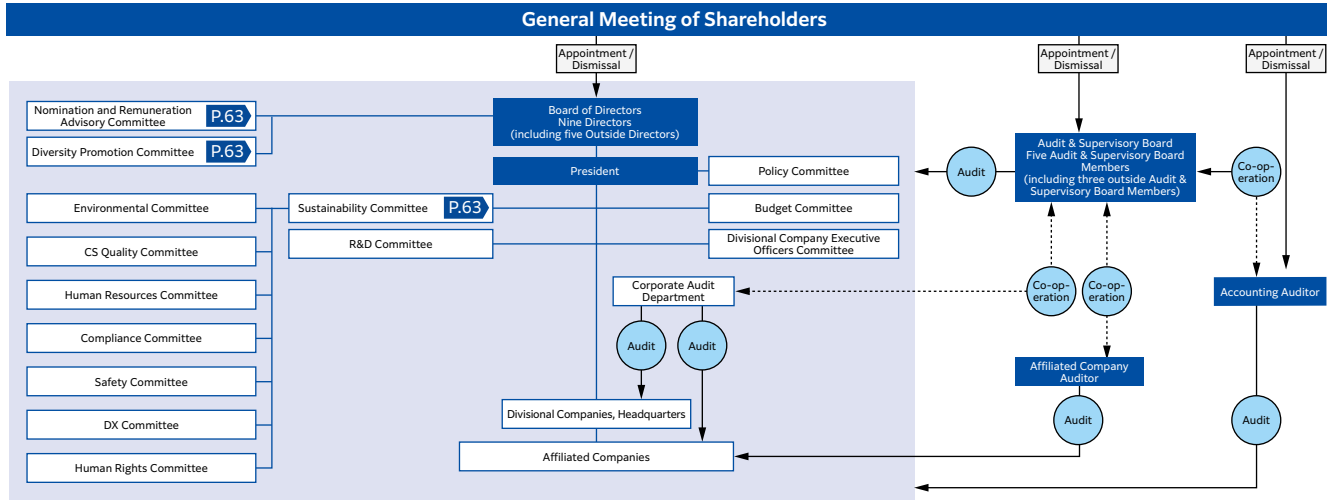
Corporate Governance

Corporate Governance System

Basic Policy

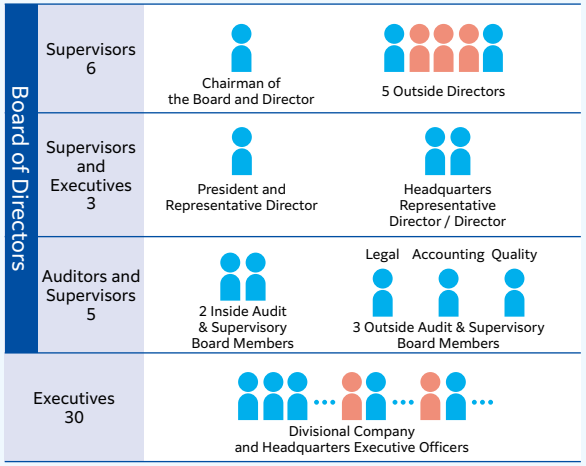
SEKISUI CHEMICAL Group has put in place a basic philosophy regarding corporate governance that lays out efforts for securing sustainable growth and increasing corporate value over the medium to long term. To help achieve these goals, we are increasing the transparency and fairness of our management and pursuing swift decision-making and will do so while continuing to meet—through the creation of value for society that is part of our Corporate Philosophy—the needs of the five types of stakeholders the Group emphasizes: customers, shareholders, employees, business partners, and local communities and the environment.

Corporate Governance System Chart (As of June 19, 2026)



Management System (As of June 19, 2026)

: Male : Female



As an organizational structure under the Companies Act, the Company has chosen to be a company with an Audit & Supervisory Board. The Company has also established an optional advisory committee concerning nomination and remuneration, as well as an optional committee concerning the promotion of diversity, to complement the functions of the Board of Directors and to further enhance transparency and fairness.

The Company has adopted the Executive Officer System to clearly distinguish the business execution function (executive officers) from the supervisory function (directors) in order to respond quickly to changes in the business environment of each divisional company.

Board of Directors

The Board of Directors is positioned as the body responsible for decision-making concerning the Company's fundamental policies, handling upper-level management judgments and supervising the execution of business. In addition to the Company's Chairman of the Board, who is a non-executive director, the Board of Directors has in place a highly effective supervisory system for Directors by appointing several sufficiently independent Outside Directors to ensure transparency in management and fairness in business decisions and operations. The Board of Directors is attended by the Directors, as well as by all of the Audit & Supervisory Board members, including Outside Audit & Supervisory Board members.

Following the Annual General Meeting of Shareholders held in June 2026, the Board of Directors was reconstituted with nine Directors (four Inside Directors and five Outside Directors). Previously, the Board consisted of twelve Directors (seven Inside Directors and five Outside Directors); however, with the aim of enhancing management transparency and fairness and strengthening overall governance, the Company changed to the current structure.

Organizational structure	A company with an Audit & Supervisory Board
Total number of Directors*	9 (Inside: 4; Outside: 5) including 3 female Directors
Percentage of Outside (Independent) Directors	55.6%
Percentage of female Directors	33.3%
Directors' term of office	1 year
Executive officer system introduced	Yes
Organization to assist the president in making decisions	Policy Committee
Voluntary advisory board to the Board of Directors	Nomination and Remuneration Advisory Committee and Diversity Promotion Committee established

* The number of Directors shall not exceed 15.

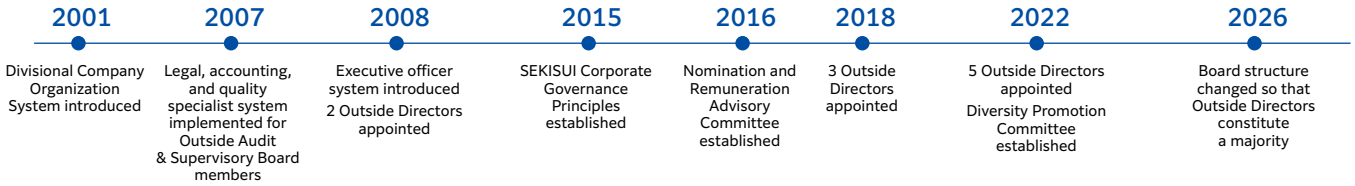
Executive Committee

An Executive Committee has been established as the top decision-making body for each divisional company. The Board of Directors delegates a broad degree of authority to this Committee. Executive Committee members, whose term of office is deemed to be for one year, are appointed by resolution of the Board of Directors.

Delegating authority is recognized as a means of helping to improve the effectiveness of the Board of Directors, for example by allowing appropriate agendas to be set and sufficient time for deliberations to be secured.

List of officers https://www.sekisuichemical.com/about/outline/management/

Initiatives Taken to Enhance Corporate Governance



Corporate Governance

Corporate Governance System

Audit & Supervisory Board

In principle, the Audit & Supervisory Board shall consist of five members comprising two full-time Audit & Supervisory Board members and three part-time Outside Audit & Supervisory Board members. At least one member of the Audit & Supervisory Board shall have knowledge and expertise in each of the corporate finance and accounting, legal systems, and manufacturing and quality fields.

The activities of the Audit & Supervisory Board members include attending the Board of Directors and other important meetings; confirming important decisions; verifying and confirming the execution of duties by Directors through efforts to ascertain the status of internal controls, etc.; and onsite audits of important locations in Japan and overseas. The members meet periodically with management to exchange opinions regarding issues that must be addressed and to enhance mutual understanding. In addition, the Group's Audit & Supervisory Board members receive reports on audit results from the Accounting Auditor, and actively exchange information and opinions in a mutual fashion with the Accounting Auditor in aims of improving effectiveness through close collaboration. Liaison meetings are held with Audit & Supervisory Board Members of Group companies to strengthen collaboration among Audit & Supervisory Board Members and improve audit quality.

Internal Control System

In order for the Company and its Group companies to ensure the appropriateness of operations as a whole, our Corporate Audit Department conducts operational and accounting audits of our Company and Group companies, based on an annual audit plan, to ensure that business operations are conducted appropriately and efficiently.

Support for and Collaboration with Directors and Audit and Supervisory Board Members

To enhance deliberations at Board of Directors meetings, the Company continuously provides Outside Directors with opportunities to deepen their understanding of its businesses, including by distributing Board meeting materials in advance, providing prior briefings by the Executive Officer responsible for the secretariat, conducting orientation upon appointment, and arranging business-site visits. In FY2025, the Outside Directors visited a research institute to inspect new products.

From the perspective of succession planning, the Company is also strengthening interaction between current management and next-generation management candidates through such opportunities as lectures by Outside Directors and gatherings held when a new management structure is launched.

Thinking on Concurrent Service by Directors and Audit & Supervisory Board Members

When a Director or an Audit & Supervisory Board member intends to serve concurrently as an officer at another listed company, they are allowed to do so at only up to four companies, an extent not inconveniencing the Company's operations, as the officer is required to secure time and effort needed for fulfilling their roles and responsibilities appropriately. Moreover, the Company laid down the Criteria for Independence of Outside Board Members. Any Outside Officer not meeting any of the requirements is judged to be not sufficiently independent for the Company.

Convocation Notice https://www.sekisuichemical.com/ir/stock/shareholder_info/

Assessment Relating to the Board's Effectiveness

In FY2025, the Board of Directors met 17 times and engaged in extensive deliberations on important management issues, including growth strategies (R&D, large-scale new businesses, major capital investments, etc.) and foundation strategies (sustainability, DX, safety, compliance, CS quality, etc.).

The Company also conducted a questionnaire survey of Directors and Audit & Supervisory Board Members to assess the effectiveness of the Board of Directors. The survey confirmed that there were no clear issues requiring urgent action. As an initiative for future improvement, the Company also identified important management topics that require more in-depth deliberation. At the same time, we have also identified the direction for further improvements for the future, such as expanding medium- to long-term strategic deliberations and speeding up decision-making on the executive side. Taking this into account, in FY2026, specific initiatives are underway to improve the effectiveness of the Board.

Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee appoints and dismisses Representative Directors, Directors, and other senior executives; and appoints Audit & Supervisory Board member candidates. It also deliberates on the remuneration system and remuneration levels, as well as important management issues as necessary, and provides opinions and advice to the Board of Directors.

The Committee consists of seven members, the majority of whom must be Independent Outside Directors. The chairperson must be elected from among the Independent Outside Directors.

Succession Planning for SEKISUI CHEMICAL Group's President

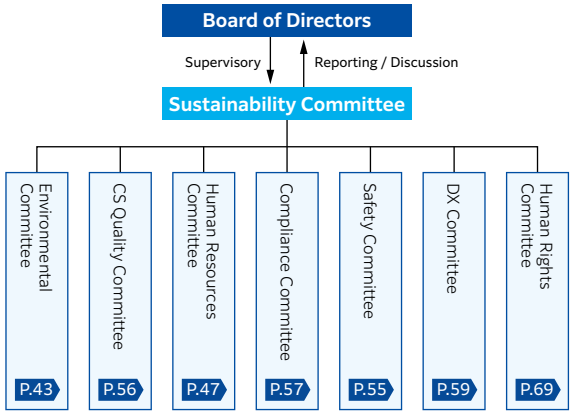
Supervision and planning for the succession of the President of SEKISUI CHEMICAL Group is conducted in appropriate consideration of its management principles and strategies. To enhance the objectivity, timeliness, and transparency of the procedures, the Nomination and Remuneration Advisory Committee deliberates on the eligibility of a candidate for the office of President over an appropriate period of time, and makes recommendations to the Board of Directors, which then makes a final decision regarding succession.

Diversity Promotion Committee

The Committee strives to strengthen the supervisory function and objectivity of the Board of Directors with respect to ensuring diversity of human resources in management, including basic policies and targets, implementation of various measures, and their disclosure internally and externally, as well as supervising and advising the execution of management.

The Committee consists of nine members, the majority of whom must be Independent Outside Directors. The chairperson must be elected from among the Independent Outside Directors.

Supervisory Promotion System of ESG Management—Sustainability Committee



In order to promote ESG Management, the Group has established a supervisory and promotion system composed of the Board of Directors, which fulfills the supervisory function, the Sustainability Committee, which fulfills the executive function, and seven subordinate committees.

The Sustainability Committee is chaired by the president, vice-chaired by the director in charge of the ESG Management Promotion Department, and consists of executive directors including the presidents of the divisional companies. It meets twice a year. The committee identifies risks and opportunities that the Group may face in the future and reviews material issues as appropriate, determines company-wide policies and KPIs, and formulates company-wide action plans.

The Board of Directors receives reports concerning the policies, strategies, and Group-wide risks deliberated by the Sustainability Committee. The Board then deliberates and makes a final decision on these, and supervises sustainability initiatives implemented by the executive side.

Each of the seven committees (Environmental, CS & Quality, Human Resources, Safety, Compliance, DX, and Human Rights) propose specific initiatives based on the details of decisions, incorporate these decisions into action plans, and monitor initiatives.

Corporate Governance

Roundtable Discussion Between Outside Directors

Following this fiscal year's general meeting of shareholders, the Board of Directors transitioned to a new nine-member structure comprising six Directors focused on supervision (including five Outside Directors) and three Directors responsible for both supervision and business execution. Under the new structure, both Directors focused on supervision and Outside Directors account for a majority of the Board.

In this roundtable discussion, the five Outside Directors share their expectations for the new structure, the challenges ahead, and their views on medium- to long-term growth.

Q01 As the Company transitions to a new structure, could you once again share your expectations for the Board of Directors and what you personally keep in mind in carrying out your duties?

Oeda: One of the fundamental roles of the Board of Directors is to supervise the executives responsible for management. The new structure has drawn a clearer line between supervision and business execution. The Board can focus on supervision, while management has greater authority to execute business operations. I believe it is important for both sides to fulfill their respective roles while maintaining smooth communication and an appropriate degree of constructive tension.

Nozaki: The essence of management is to sustainably enhance corporate value. To achieve this, the Company should continue creating value for all stakeholders, including shareholders, customers, employees, and suppliers. Going forward, it will be increasingly essential to consider what value we can provide to each stakeholder. I approach Board discussions from the perspective of an individual member of society, always asking myself, "What would employees think?" and "How would customers view this?"

Koezuka: Both the composition of the Board of Directors and that of the committees under the new structure were decided after repeated discussions in which we Outside Directors participated. I believe the new structure enables the Board to function more effectively in terms of both strengthening governance and achieving sustainable growth. Fulfilling the supervisory function sometimes requires making pointed observations, while at other times it means recognizing and approving sound proposals. I feel we now have a Board capable of conducting discussions with this kind of clear focus and balance.

Miyai: One major benefit of separating supervision from execution is faster decision-making. Today, companies must respond quickly to changes in the market while taking appropriate risks. That is precisely why executive management should focus on swift decision-making and execution, while the Board makes judgments with transparency and objectivity and helps enhance the effectiveness of execution. I believe the great value of this new structure lies in clearly defining these respective roles.

Hatanaka: I believe the ideal relationship between execution, supervision, and the Board of Directors depends on what a company seeks to achieve and what value it aims to provide to society. In pursuit of a sustainable society, the Company has set a management objective of accelerating the creation and market expansion of Products to Enhance Sustainability. An important supervisory role of the Board is to support executive management so that it can make flexible and agile investment decisions regarding the investments needed to create new business domains and review and strengthen the existing portfolio.

Q02 How do you assess the current Board of Directors, and how do you think it needs to evolve going forward?

Oeda: Over the eight years I have served as a Director, the Board has steadily evolved in response to changes in the business environment, and I believe it has reached a high level in terms of both effectiveness and transparency. I also value the fact that the Board continuously improves by running a PDCA cycle through its annual effectiveness evaluation.

Hatanaka: I see the autonomous management and strong competitiveness of each divisional company as major strengths of the Company. At the same time, we need to deepen discussions on resource allocation across divisional companies and the optimal allocation of resources on a global basis. As overseas sales continue to grow and Japan's share of sales comes to more closely reflect the relative size of its economy, it will become increasingly important to take a global perspective in governance and the allocation of management resources. I hope to actively raise such forward-looking issues for discussion at Board meetings.

Oeda: At the risk of sounding self-congratulatory, I believe the current Board has an optimal and highly diverse composition: all five Outside Directors have corporate management experience and each brings different expertise. The commitment and enthusiasm that every member brings to the role is one of SEKISUI CHEMICAL Group's strengths.

Hiroshi Oeda
Independent Outside Director

Nozaki: I agree that this is a strength. In terms of effectiveness, I also highly value the careful preparation by executive management to ensure that it can fully answer questions from Outside Directors. On the other hand, I sometimes feel that agenda items are already too neatly packaged by the proposal stage. The Board can become even more effective if the divisional companies and Directors engage in a more open exchange of questions and views—asking, for example, "What about this perspective?" or "How are we addressing this?" With members from such diverse backgrounds, we should be making greater use of the knowledge and expertise they bring.

Q03 From what perspectives did the Outside Directors participate in discussions on the formulation of the new Medium-term Management Plan, Accelerate 2028?

Hatanaka: This is a company whose vision for its businesses is clearly aligned with the value it seeks to provide to society. In formulating this Medium-term Management Plan, our discussions focused on what investments should be made and how organizational capabilities should be strengthened in light

Corporate Governance

Roundtable Discussion Between Outside Directors

of the Long-term Vision, Vision 2030. M&A is an especially important theme for the Company, given its emphasis on creating businesses in innovation areas and strengthening future growth potential, because it is a means of bridging gaps in the time and capabilities required to generate innovation.

Koezuka: I am confident that over the next three to five years the Company can steadily grow its earnings and deliver the results set out in the plan. However, looking further ahead to growth ten years from now, M&A will clearly be a key factor. We did not use the full M&A investment allocation under the previous Medium-term Management Plan, but I understand that management has been steadily exploring potential opportunities. That makes it all the more important for management to bring potential deals to the Board promptly and for the Board to discuss them thoroughly. I believe continuing that process is critical.

Hatanaka: I believe the ability to discuss medium- to long-term growth strategies from these perspectives was a major feature of the process for formulating this Medium-term Management Plan.

Nozaki: From the perspective of developing the next generation of human resources, initiatives are also progressing with attention to indicators such as successor candidate preparation rate. At present, however, even this perspective extends only about five years ahead. The business portfolio could look very different ten years from now. Whether the Company can respond flexibly to those changes from a human resources perspective will be an important factor in determining future growth. At the same time, amid heightened uncertainty, we need to be ready to quickly reassess what needs to be done—our "To Do"—as circumstances change. The Company's desired future state—our "To Be"—must meanwhile be shared throughout the organization from a long-term perspective. I believe it is important to continue communicating that desired state in clear, readily understandable terms.

Haruko Nozaki
Independent Outside Director

Q04 What are your expectations for film-type perovskite solar cells?

Miyai: With expectations running high both inside and outside the Company, film-type perovskite solar cells have finally entered the commercialization phase this year. The "E" in ESG—environment—represents social issues that transcend national borders, and film-type perovskite solar cells could become a game changer for renewable energy. If we can establish the technology, it should give us the competitiveness to expand globally. The business is also highly significant from the standpoint of economic security. During my career, I had the bitter experience of watching Japan lose its global lead in solar panels to China. That experience makes me feel particularly strongly about this: Japan is one of the world's leading producers of iodine, the principal raw material for perovskite solar cells. If we can secure the raw material domestically, we can avoid the risk of other countries controlling the supply chain. I very much hope SEKISUI CHEMICAL Group will take the lead in commercializing the technology in Japan and quickly grow it into a business capable of competing on the global stage.

Hatanaka: Film-type perovskite solar cells are a project of enormous value both to SEKISUI CHEMICAL Group and to society as a whole. That is precisely why speed in decision-making is so important. Competitors are rapidly strengthening both their technological capabilities and their ability to implement the technology in society, and because this project involves many stakeholders, we cannot afford to lose momentum in decision-making. Since decisions must be made without a clear view of the future, the question is how much risk we are prepared to take. Success will require us to capitalize on the high risk tolerance afforded by the Company's current business structure—one of its strengths—and take bold risks.

Oeda: I also believe that a new product with such a promising market worldwide comes along perhaps once every 50 years. It is well worth taking substantial risks and committing both capital and human resources aggressively to the challenge. My concern, however, is China. Over the long term, we must consider how to protect the Japanese market from Chinese companies. At the same time, rather than simply protecting the domestic market, I hope we can establish a presence overseas ahead of our Chinese competitors. As President Shimizu said at the press conference following his appointment, film-type perovskite solar cells are a business on which the future of SEKISUI CHEMICAL Group rests.

Miyai: I completely agree. For SEKISUI CHEMICAL Group to take the lead in this field ahead of Chinese companies, collaboration with partner companies as well as our own efforts will be essential. Management will therefore need to determine the right balance between prioritizing speed and emphasizing profitability. To compete globally, there may be times when speed must take priority.

Q05 How do you assess the Company's ESG management, and how would you like to see it evolve?

Koezuka: I believe the Company practices ESG in a way that is closely integrated with management, as demonstrated by the large share of sales accounted for by Products to Enhance Sustainability. Initiatives in the environmental field in particular are making steady progress, and an important role of the Board is to ensure that they continue in the right direction. Human resources, meanwhile, is an area that needs to be strengthened further. From a diversity perspective, challenges remain in areas such as the management talent pipeline, mid-career recruitment, and the development of female managers, and executive management is also keenly aware of the need to address them.

Miyai: Since joining the Company's management, I have been struck by how seriously the Company takes ESG. Establishing a ten-year long-term vision and sharing it throughout the organization has likely played a major role. The fact that this thinking has thoroughly permeated the organization from top management to the front lines is a major strength. At the same time, that very sincerity has sometimes led to initiatives becoming too broad and diffuse. ESG is management itself when viewed as a means of enhancing corporate value, so I have argued that we should now shift toward a more proactive ESG. Products to Enhance Sustainability are at the heart of that effort. Communicating their value to society in a clear and compelling way should lead to further enhancement of corporate value.

Miharu Koezuka
Independent Outside Director

Corporate Governance

Roundtable Discussion Between Outside Directors

Q06 What kind of human resources will SEKISUI CHEMICAL Group need to achieve future growth?

Koezuka: To compete globally in film-type perovskite solar cells, it will be more important than ever to develop global talent, including people capable of handling overseas sales and lobbying activities. The Company is also nurturing technological seeds that could become the second and third film-type perovskite solar cell businesses. With an eye to developing these technologies into businesses, the Board continues to discuss how to develop the human resources needed for long-term growth and how to acquire such talent through mid-career recruitment.
Nozaki: Overseas management talent in particular should be sent abroad at an early stage and developed through hands-on experience. We should start now, while we still have sufficient financial and human-resource capacity, with the resolve that sending 100 people abroad and having 10 emerge as successful global leaders would itself be a success.
Oeda: I believe there is room to strengthen corporate human resources, particularly executive talent, compared with talent at the divisional companies. In specialized fields such as DX and AI, an increasing number of companies are appointing executive officer-level personnel from outside, so mid-career recruitment will also become an important option for us. We are making steady progress in developing women and non-Japanese employees at the managerial level, but diversity at the executive management level is not yet sufficient. I would like to see a diverse range of people such as mid-career hires, women, and non-Japanese employees play active roles as Executive Officers.

Q07 What kind of organization is needed to encourage every employee to take on challenges?

Nozaki: When it comes to developing human resources, I believe we need to make taking on challenges part of our organizational DNA and give employees opportunities to test their capabilities. Systems are already in place for internal transfers, volunteering for new businesses, and internal competitions, but overall the institutional design can be somewhat too detailed. With a little more room for flexibility and experimentation, employees may be able to exercise their abilities more freely.
Miyai: I agree. The Company is a technology-based company, and being well managed is certainly a strength. At the same time, I sometimes feel that there is too much management and not quite enough room to experiment. I think we need to create more "white space" for people to explore.

Machiko Miyai
Independent Outside Director

Nozaki: Taking on challenges does not only mean creating something from zero to one. Turning 10 into 100, turning 100 into 1,000, and making one quality improvement after another are all challenges too. It's about continually pushing ourselves in small ways across everything we do. Of course, not everything will work out, but learning from small failures along the way can help us avoid bigger ones. In fact, top management itself encourages employees to take on challenges without fear of failure, and those efforts are steadily bearing fruit.
Miyai: In my four years with the Company, I've seen the concept of "challenge actions" become well understood and increasingly embraced by employees across the organization.

Q08 Finally, what do you consider most important for the Company to achieve sustainable growth?

Yoshihiko Hatanaka
Independent Outside Director

Hatanaka: Under Innovation for the Earth, the Company is developing numerous innovative technologies and intriguing research themes. To commercialize them quickly and scale them up in global markets, however, we need to develop our own people while actively drawing on external capabilities. From a human resource development perspective, my own experience at my previous company has taught me that people are often developed more by products and businesses than by formal development programs. From this standpoint, today's growth-driving and growth-potential businesses themselves—including the interlayer film business and the film-type perovskite solar cell business—play a major role not only in enhancing corporate value but also in developing people. Expanding these opportunities to take on challenges further could lead to a form of human-resource development that is unique to the Company.
Nozaki: To make effective use of external capabilities, I also think it is important to move away from a "not-invented-here" mindset. The Company has grown through the prominence of its technologies and has a corporate culture that places great value on technological capabilities. Innovation, however, unfolds in stages: first creating something from zero to one, and then growing it. I sometimes feel that we are focusing a little too much on these initial stages. The Japan Perovskite Solar Cell Promotion Council (JPSC), is a good example. We need to pinpoint the Company's core strengths—whether in sealing technology and durability, verification technology, procurement and construction capabilities, or our ability to take on challenges—and complement them with the strengths of other companies to establish the global de facto standard. Perhaps we should take a fresh look at the Group's diverse strengths, including the enterprising, tenacious people behind our technological capabilities.
Miyai: Exactly. Although SEKISUI CHEMICAL Group is managed around its Companies, I also sense that interesting seeds may be lying in the spaces between them. By taking a cross-Company view of human resources, R&D, and other areas from a Corporate perspective, we should be able to further enhance the value of the Group as a whole.
Oeda: Considering SEKISUI CHEMICAL Group's recent scale and growth rate, I am impressed by how successfully the Company has developed so much of its talent internally. I want to see SEKISUI CHEMICAL Group build on its strong tradition of developing people and reach a new level of growth, and as an Outside Director, I will continue to support that journey.

Corporate Governance

Cross-shareholdings

Basic Policy

The Company strategically holds shares of other companies, to a limited extent, that are important business partners provided that it made the judgment on such holdings to be beneficial for the purpose of maximizing its medium- to long-term enhancement of corporate value as well as that of business partners.

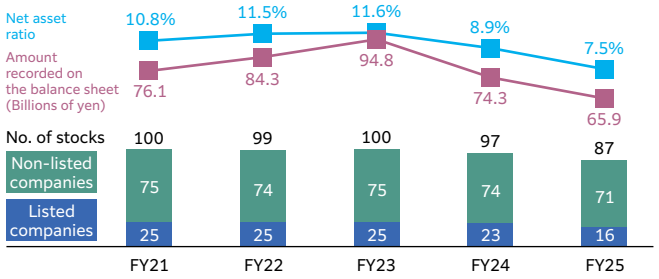
The strategic rationale shall be reviewed in an appropriate and timely manner by the Board of Directors, and we will reduce those holdings without sufficient strategic benefits or that are inconsistent with our capital policies as necessary.

Verification of the Necessity of Cross-shareholdings

In June 2025, based on the above basic policy, the Board of Directors conducted a detailed review and verification of individual cross-shareholdings, including whether the benefits and risks associated with each holding were commensurate with the cost of capital. The Company held 23 stocks as of March 31, 2025. In FY2025, the Company sold seven stocks, bringing the number of stocks held to 16 as of March 31, 2026.

As of the end of March 2026, the Company did not hold any stocks for pure-investment purposes, such as solely for gaining profits from share price fluctuations or from related dividends.

Changes in the Number of Stocks Held and the Amount of Holdings Recorded on the Balance Sheet



Criteria for the Exercise of Voting Rights Concerning Cross-shareholdings

The Company performs its monitoring function as a shareholder by exercising voting rights at shareholder meetings of each shareholding company in accordance with specific standards with respect to its established voting rights, in order to reflect perspectives of connecting the medium- to long-term enhancement of its corporate value, and after taking into consideration the strategic position of said holding, as well as dialogue and so forth with said shareholding company.

As to the exercise of voting rights, the Company applies a judgment standard, considering significance of agendas proposed by companies (including special resolution items, etc.), business performance (equity ratio, profit / loss condition, etc.) in their current fiscal year, and their business sustainability. The Company then makes the final comprehensive decision on proposals based in part on dialogue with those companies.

Remuneration for Officers

Basic Policy

The remuneration system policy for officers of the Company is defined as follows in keeping with the corporate philosophy of the Group.

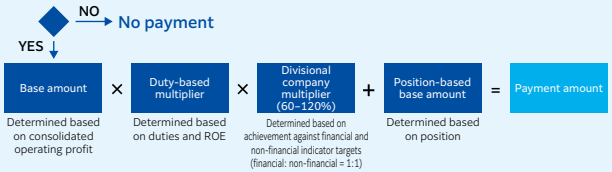
- The remuneration system should contribute to sustainable growth and the medium- to long-term improvement of corporate value for the Group
- The remuneration system should make the officers of the Company share value with shareholders and increase their awareness of shareholder-focused management
- The remuneration system should be highly connected to business performance, providing motivation for officers of the Company to achieve management plan goals
- The remuneration system should provide a framework and baseline that enables the Company to acquire and keep on staff a diverse variety of management talent in order to increase the competitiveness of the Group

Remuneration Mindset

Compensation for the Company's executive directors consists of basic remuneration (fixed remuneration), bonuses (short-term incentives), and share remuneration (medium- to long-term incentives). Remuneration for Outside Directors and corporate auditors consists solely of basic remuneration.

Remuneration for the Company's officers is determined in accordance with their position and duties. The percentage of performance-based remuneration is set so that the higher the position, the higher the percentage of performance-based remuneration, and the aspects of divisional company performance for which the director is responsible are reflected in remuneration for duties. The basic remuneration and bonuses, which are monetary remuneration, are paid periodically during the term of office, while share remuneration is paid in a lump sum upon retirement.

ROE and dividend payments meet or exceed the prescribed thresholds



Classification	Indicator	Evaluation weight
Financial indicators	Company-wide and divisional company performance (operating profit)	18%
	EBITDA	12%
	Marginal profit per employee	4%
	ROIC	4%
	Sales growth rate	4%
	Sales of Products to Enhance Sustainability	8%
Non-financial indicators	GHG emissions reduction rate	6%
	Waste plastic material recycling rate	4%
	Challenge Action implementation rate	5%
	Employee retention rate	5%
	Open innovation	4%
	Other (direct and indirect productivity, governance, divisional company-specific indicators)	26%

Process of Determining Officers' Remuneration

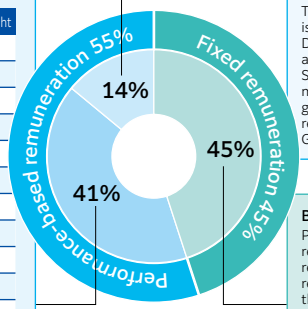
In order to achieve the objectives of the officer remuneration system, the Nomination and Remuneration Advisory Committee, an advisory body to the Board of Directors, deliberates on the structure and level of director remuneration and verifies the appropriateness of individual remuneration, thereby ensuring objectivity and transparency in procedures. The following is a summary of the procedures taken by the Nomination and Remuneration Advisory Committee.

- The chairperson (Outside Director) convenes a meeting of the Nomination and Remuneration Advisory Committee.
- Proposals to the meeting are put forward by committee members and the secretariat compiles them before submitting them to the chairperson.
- The result of deliberations by the meeting is reported to the Board of Directors by the chairperson
- The decision policy for Directors' remuneration, etc., is determined ultimately by the Board of Directors by adhering to the report. In determining the policy, members of the committee and Directors are required to do so from a perspective of whether it will help enhance the Company's corporate value and ultimately the common interest of shareholders, and Company's management. Furthermore, the purpose of the policy determination must not be for the personal benefit of the Company or any third party, including the Company's management.
- The specific amounts of individual remuneration of Directors, the payment timing, and the payment methods are also determined ultimately by the Board of Directors by adhering to the opinions of this Committee.

Officer Remuneration in FY2025 (Millions of yen)

Classification	Basic remuneration		Bonus		Share remuneration		Total	
	Number of eligible officers	Amount	Number of eligible officers	Amount	Number of eligible officers	Amount	Number of eligible officers	Amount
Directors	13	418	7	312	7	109	13	841
(Of which Outside Directors)	5	72	—	—	—	—	5	72
Audit & Supervisory Board Members	6	83	—	—	—	—	6	83
(Of which Outside Audit & Supervisory Board Members)	3	36	—	—	—	—	3	36

Note: The amount of remuneration, etc. does not include ¥48 million in employee salaries and bonuses paid to Directors who concurrently serve as employees.



Medium- and long-term incentives (share remuneration)
The incentive plan in which the number of shares to be granted is specified by Director responsibility in order to motivate Directors to contribute to improving the Group's financial results and growing its corporate value in the medium to long term. Share remuneration is designed to more closely track the Group's medium- to long-term shareholder value, and is structured to give shares mirrored by share value at the time of the Director resigning as a reward for having contributed to improving the Group's corporate value in the medium to long term.

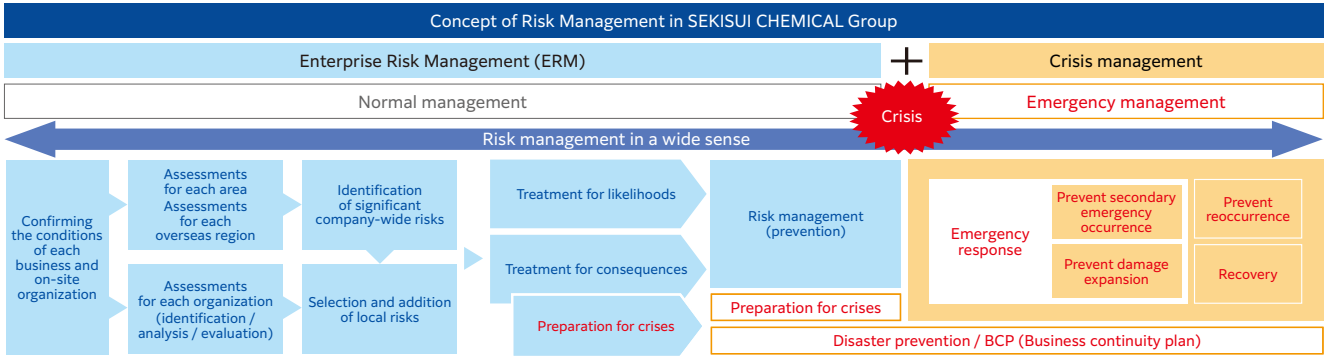
Basic remuneration
Paid in a certain fixed amount corresponding to the roles and responsibilities of each Director within the limits on officers' remuneration. For executive directors, a portion of the basic remuneration is required to be used for the purpose of buying the Company's shares through the Officers Stock Ownership Plan, thereby raising their business awareness that attaches importance to the stock price.

Risk Management

In order to realize our long-term vision in a drastically changing business environment, it is essential for us to actively and decisively take risks and earn the trust, expectations, and sense of security of our stakeholders. We believe that risk control and resilience are the keys to achieving this, and we have positioned risk management as one of the foundations of our management.

Risk Management System

SEKISUI CHEMICAL Group takes an integrated approach to risk management that encompasses activities to prevent risks from materializing (Enterprise Risk Management: ERM) and activities to minimize their impact should they materialize (crisis management). This creates a system that can respond flexibly to ever-changing risks and crises in accordance with the organization's situation. In addition, we have built a system that allows us to determine the state of disasters and accidents quickly should they occur through a global emergency contact network, and have strengthened employee training to ensure an appropriate initial response.



Initiatives for Company-wide Risk Management (ERM)

The Group regularly monitors risks and opportunities based on their importance. First, we obtain a comprehensive understanding of the issues for society and the Group from laws, soft law, disclosure regulations, stakeholder engagement, and expert dialogues in each country. These issues are then scored according to three axes: their impact, likelihood of occurrence, and ripple effects along the value chain, and reflected in a company-wide risk map. The Company discusses these issues in the Company-wide Risk Review Committee, which includes the chairpersons of each committee and meets once a year. Through these discussions, the Company identifies and prioritizes short-, medium-, and long-term issues that may pose risks or opportunities for the sustainability of society and the sustainable growth of the Group. P.14 Risks and Opportunities

The identified issues are reviewed by the Sustainability Committee, approved by the Board of Directors, recognized as important, and reflected in the strategies and execution plans of the entire Company and each divisional company. Among these, we mandate the assessment of company-wide critical risks, which have a high potential to lead to major incidents, in organizational risk management activities to prevent the occurrence of such major incidents.

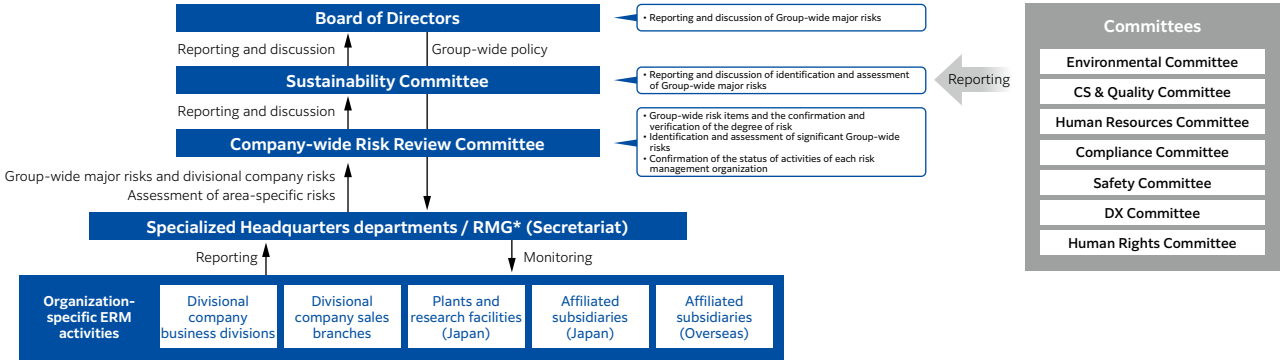
In organizational risk management activities, we have introduced a unique global risk management system called DDB (Digital Dashboard) to visualize the identification, assessment, and progress of responses to various risks. The status and progress of responses to each risk are databased, ensuring the efficiency and accountability of risk management activities through mutual referencing of DDB across organizations.

Crisis Management

In accordance with the "SEKISUI CHEMICAL Group Crisis Management Guidelines" established based on the "Basic Policies for Internal Control Systems," SEKISUI CHEMICAL Group has established an emergency headquarters to respond promptly and appropriately in the event of an emergency situation that is deemed to have an impact on business continuity, and has built a system for periodic reviews and drills. In the event of a major incident or the threat of one, the Company has established a system to report the situation to the Board of Directors in a timely manner.

Overseas, we have appointed regional managers responsible for the six crisis management regions, including the four regions operated by an overseas regional headquarters, and they will work together with the overseas crisis management secretariat to collect and share information, issue timely alerts, and lead initial responses.

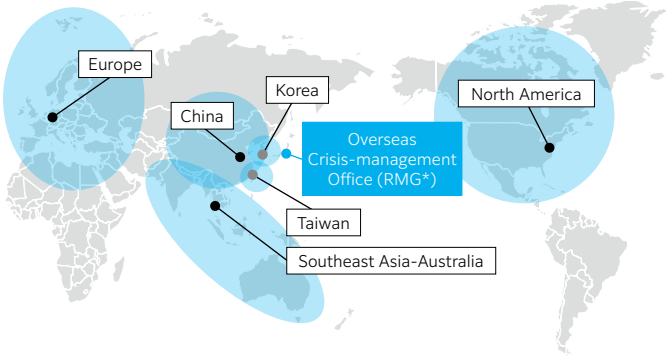
Overview of Company-wide ERM Activities



*RMG: Risk Management Group

Crisis Management System and Coverage Areas

● Overseas Regional Headquarters ● Regional Managers

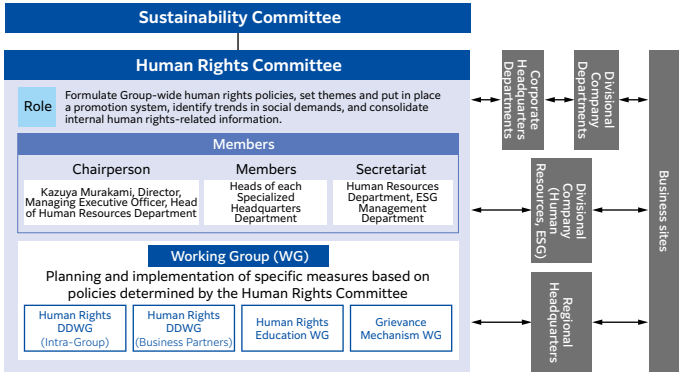


Respect for Human Rights

SEKISUI CHEMICAL Group recognizes its responsibility to respect the human rights of all people affected by its business activities. In order to strengthen our sustainable management foundation, we believe it is necessary to take action to respect the human rights not only of our Group employees, but also of our business partners and other stakeholders in various fields.

SEKISUI CHEMICAL Group's Human Rights Policy https://www.sekisuichemical.com/sustainability_report/basic_policies/

Promotion System



In FY2022, SEKISUI CHEMICAL Group established the Human Rights Committee under the Sustainability Committee to strengthen its response to a wide range of human rights issues in a cross-organizational manner, and is promoting initiatives accordingly.

Beginning in FY2024, we reorganized the structure by establishing a new Human Rights Committee as one of seven committees under the Sustainability Committee and repositioning the former Human Rights Committee beneath it as the Human Rights Promotion Committee.

The Human Rights Committee is composed of the Director and head of the Human Resources Department as Chairman and the heads of each specialized headquarters department. The committee is responsible for formulating Groupwide policies on human rights. At the same time, four working groups linked to the Human Rights Promotion Committee draft and implement specific measures.

We will promote human rights initiatives throughout the Group by sharing the policies and measures established by the Human Rights Committee and each working group with the relevant departments of the Company's headquarters and divisional companies, and by applying these down to the business site level. In FY2025, the Human Rights Committee met once and the Human Rights Promotion Committee met six times.

Human Rights Due Diligence

SEKISUI CHEMICAL Group conducts human rights due diligence* by prioritizing the potential human rights risks based on expert dialogue and analyses by specialized organizations, while identifying high-risk sites through simultaneous surveys in the form of questionnaires to all areas.

* Human rights due diligence: An ongoing process of analyzing, assessing, and identifying whether there is a possibility of negative human rights impacts (human rights risks) in the company's business activities, and if so, creating and addressing mechanisms to prevent such impacts.

Human rights interview at an overseas production site

Targets:
HPP Company: SEKISUI DLJM MOLDING PRIVATE LTD.

Implementation method:
Questionnaires, follow-up interviews, and on-site inspections conducted by third-party organizations

Survey content:
Discrimination and harassment, fair wages, appropriate working hours, leave and time off, freedom of association and the right to collective bargaining, respect for women's rights, etc.

Results
Although the interviews identified no significant adverse impacts on employees' human rights, they identified areas for improvement in the workplace environment, including ensuring appropriate working hours, enhancing transparency regarding employment conditions and compensation, respecting the rights of female employees, ensuring occupational safety and health, and improving access to remedy. SEKISUI DLJM MOLDING PRIVATE LTD. formulated a remediation plan and took measures to address these issues.

Human rights interviews at domestic manufacturing sites and construction sites

Targets:
Housing Company: Human rights interviews were conducted with 11 foreign-national employees and four managers from four contractor companies at construction sites, as well as with 14 foreign-national employees and one manager from an on-site contractor company at a domestic manufacturing site.
Urban Infrastructure & Environmental Products Company: Human rights interviews were conducted with 100 foreign-national employees and one manager from an on-site contractor company at a domestic manufacturing site.

Implementation method:
Questionnaires, follow-up interviews, and on-site inspections conducted by third-party organizations

Results:
All six companies assessed received ratings exceeding the appropriateness criteria in areas including recruitment, labor management, internal communication, human rights, and employee engagement, and were recognized as appropriate employers of foreign nationals. Meanwhile, areas identified for future improvement mainly included evaluation systems, Japanese language training, and career development programs. Feedback on these issues was provided to the business partners.

Responsible Procurement

SEKISUI CHEMICAL Group has established the Basic Procurement Policy as its CSR Procurement Policy to ensure responsible procurement, in consideration of society and the environment, and posts and discloses this policy on its website. In September 2024, we also revised our Responsible Mineral Procurement Statement (policy) in order to respond to the growing gravity of social issues and expanding social demands in recent years, such as human rights, sustainability, and anticorruption in the supply chain.

SEKISUI CHEMICAL Group Basic Procurement Policy https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P08

Additionally, the Sustainable Procurement Guidelines (Supplier Code of Conduct), which summarize the items that the Group and its suppliers aim to achieve in procurement, are in line with the 10 Principles of the United Nations Global Compact, the Guiding Principles on Business and Human Rights, and the SEKISUI CHEMICAL Human Rights Policy. The guidelines represent standards to be complied with by the Group and all business partners involved in the production of products.

The Sustainable Procurement Guidelines (Supplier Code of Conduct) https://www.sekisuichemical.com/about/assets/pdf/GuidelinesForSusutainableProcurement_20230303.pdf

Sustainable Timber Procurement

The Group has established the Sustainable Timber Procurement Guidelines to ensure procurement in line with its Timber Procurement Policy. In addition to procuring legally harvested timber, we aim to reduce the negative impacts of deforestation on the human rights of indigenous peoples and the environment. A questionnaire survey covering tree species, logging sites, and other relevant information was conducted among 73 suppliers. For suppliers handling raw materials derived from endangered species and sourced from high-risk countries, interviews were conducted to verify traceability. In particular, suppliers were requested to exclude timber originating from Sarawak, Malaysia, which is considered to pose the highest risk. As a result, we directly confirmed with our business partners that no such timber was procured in FY2025.

Responsible Mineral Procurement Survey

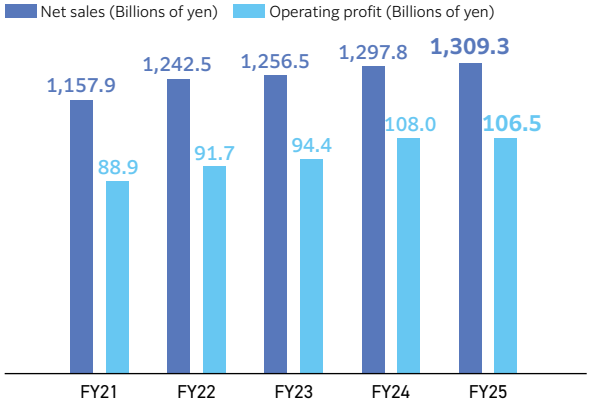
The Group holds in-house training sessions to deepen understanding of the background of conflict minerals and related social issues, including human rights violations such as child labor. This training was conducted prior to the survey based on the Responsible Mineral Procurement Survey Manual. The survey covered 55 sites in Japan and overseas that handle the target minerals. As a result, smelters were identified for 85% of the raw materials containing the target minerals in Japan, while smelter information for the remaining 15% was not disclosed. Overseas, smelters were identified for 100% of raw materials containing the target minerals.

Responsible Mineral Procurement Survey method

Target risks	• Whether they fund armed insurgents • Overall human rights violations, including child labor
Target regions	• CAHRAs (EU Conflict Mineral Regulation): 28 countries • The Democratic Republic of Congo and neighboring countries: 10 countries Total: 34 countries (due to duplication)
Target minerals	• 3TG (tantalum, tungsten, tin and gold) + cobalt, mica
Target raw materials	• Raw materials containing target minerals
Report contents	• Number of companies and products about which customers have made inquiries • List of raw materials, names of target minerals, refineries, countries of origin, etc. • Response for high- and medium-risk cases

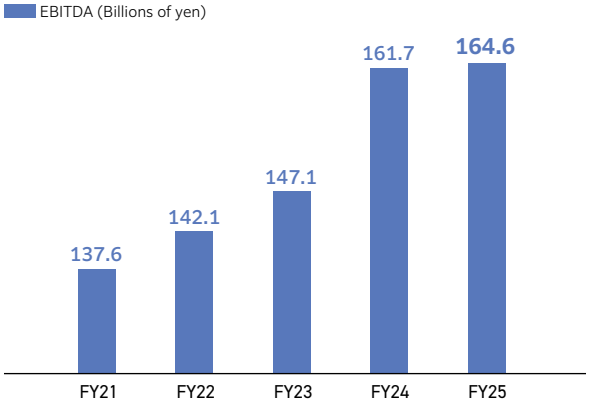
Financial Highlights

Net Sales / Operating Profit



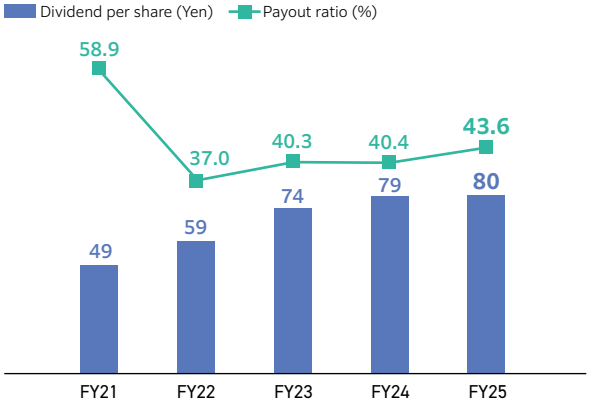
Net sales reached a record high for the fourth consecutive fiscal year. Supported by a shift toward high-value-added products and improvements in selling prices, operating profit remained above ¥100.0 billion.

EBITDA



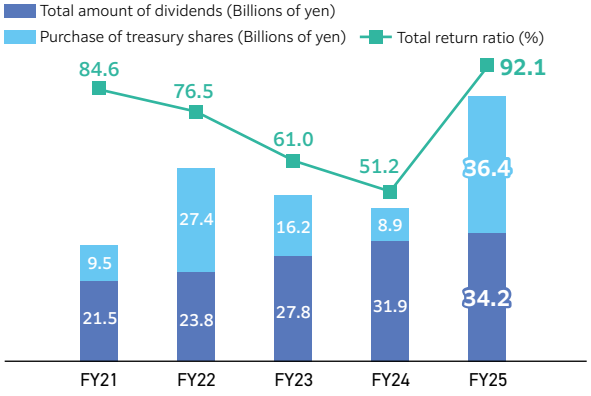
Proactive investment steadily strengthened our earnings capacity, lifting EBITDA to a record ¥164.6 billion.

Dividend per Share / Payout Ratio



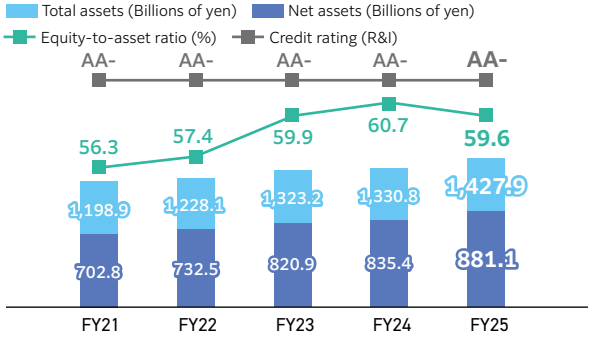
The Company implemented a stable dividend policy in line with its business performance. The annual dividend was 80 yen per share, representing an increase for the 16th consecutive year.

Total Amount of Dividends / Purchase of Treasury Shares/Total Return Ratio



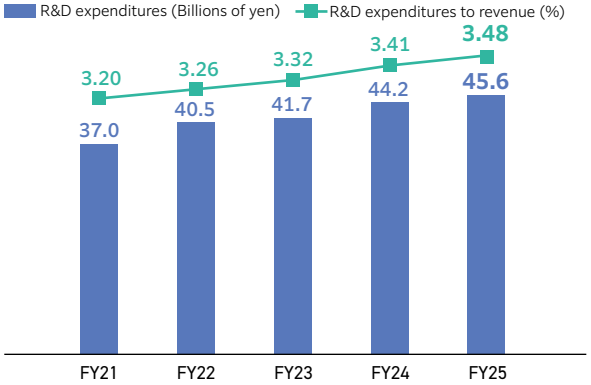
The Company repurchased ¥36.4 billion (14 million shares) of its own stock as part of its proactive shareholder return program, while implementing a flexible capital policy in response to changes in the business environment.

Total Assets / Net Assets / Equity-to-Asset Ratio



Total assets increased ¥97.1 billion to ¥1,427.9 billion as a result of aggressive investment, mainly in growth areas, among other factors.
Despite proactive shareholder returns, net assets increased ¥45.8 billion to ¥881.1 billion, supported by profit for the fiscal year and foreign exchange effects, among other factors.
As a result, the equity-to-asset ratio was 59.6%, and the Company maintained a strong financial position with an AA- credit rating.

R&D Expenditures / Proportion of R&D Expenditures to Net Sales



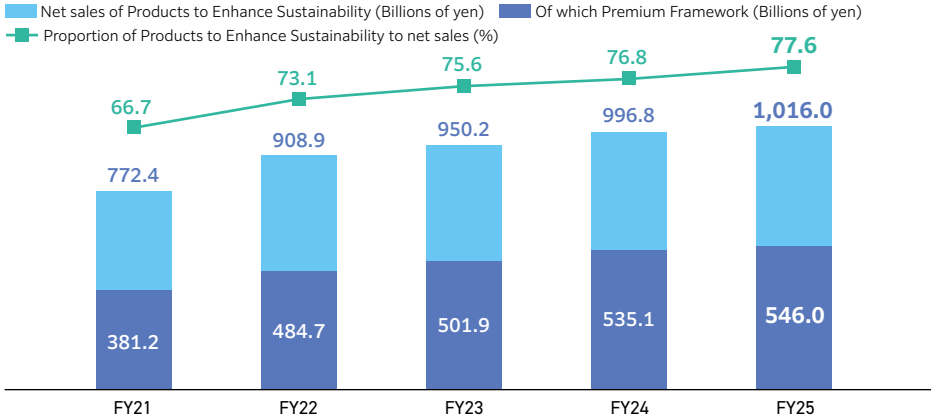
R&D expenditures totaled ¥45.6 billion as we advanced research and development aimed at strengthening our prominence in advanced technologies, primarily in growth-driving and growth-potential business domains within the High Performance Plastics Company and new business fields.

For detailed financial data, please see the FACT BOOK. https://www.sekisuichemical.com/ir/financial/factbook/

Non-financial Highlights

Net Sales of Products to Enhance Sustainability

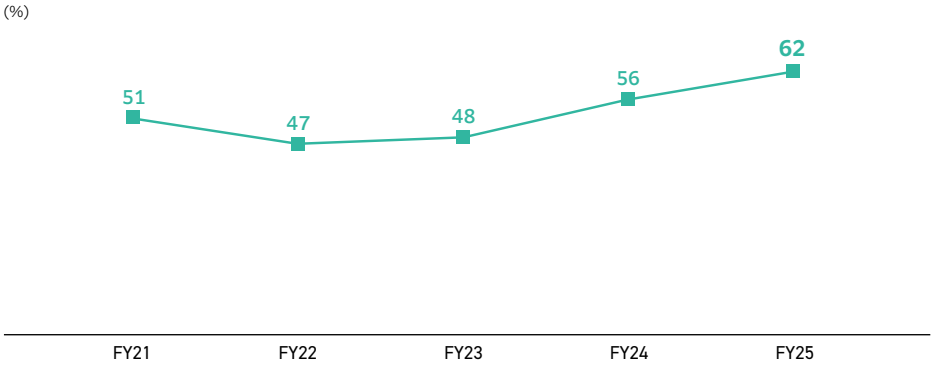
P.18



Net sales of Products to Enhance Sustainability, which are positioned as an important indicator, totaled ¥1,016.0 billion and accounted for 77.6% of total sales, up 0.8 percentage points year over year. Sales in the Premium Framework also increased to ¥546.0 billion.

Challenge Action Rate*

P.49

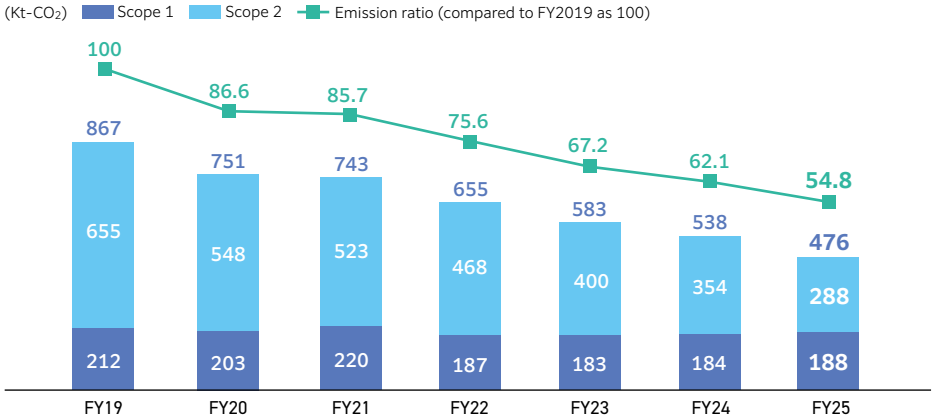


SEKISUI CHEMICAL Group believes that achieving its Long-term Vision requires every employee to take on challenges, and aims to create an energized organization where everyone is motivated to do so. Our continued efforts to provide systems that support self-directed career development through internal applications and to foster an environment that encourages employees to take on challenges are helping bring out that spirit in each employee. As a result, the Challenge Action Rate increased year over year.

* The percentage of respondents who answered "applicable" or "somewhat applicable" to the question, "I am taking specific challenging actions toward the realization of Vision 2030."

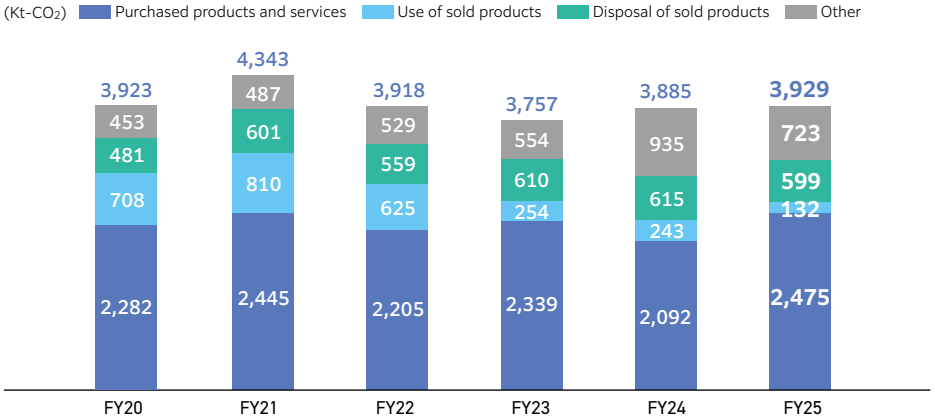
GHG Emissions from Business Activities (Scope 1+2)

P.44



As a result of energy consumption innovations, such as promoting the renewal of aging facilities, and energy procurement innovations, such as switching from purchased electricity to renewable energy and introducing solar power generation equipment for in-house consumption, GHG emissions from our own business activities (Scope 1+2) were reduced by 45.2% compared with FY2019.

GHG Emissions from the Supply Chain (Scope 3)



Overall Scope 3 emissions decreased by 4.6% compared to FY2019. To strengthen initiatives related to purchased products, we reviewed our selection criteria used when adopting new materials. We have also confirmed with suppliers the possibility of providing low-carbon biomass-derived raw materials and recycled materials, and have begun to explore alternatives.

Non-financial Data

Products to Enhance Sustainability		FY2021	FY2022	FY2023	FY2024	FY2025
Sales ratio	%	66.7	73.1	75.6	76.8	**77.6**
Net sales	Billions of yen	772.4	908.9	950.2	996.8	**1,016.0**
No. of newly registered Products to Enhance Sustainability		28	18	11	9	**5**

Human Capital		FY2021	FY2022	FY2023	FY2024	FY2025
Number of employees (consolidated)	Persons	26,419	26,838	26,929	26,918	**26,752**
Diversity (non-consolidated)						
Ratio of women among new graduate recruits*1	%	22.2	28.1	31.4	28.1	**31.7**
Ratio of mid-career recruitment / of which the ratio of women*2	%	21.4/13.6	39.9/15.3	42.7/16.7	47.5/22.4	**47.9/19.5**
Ratio of women in core positions	%	4.3	4.5	4.9	5.3	**5.7**
Ratio of female directors (as of the end of the general meeting of shareholders)	%	10.0	25.0	25.0	25.0	**33.3**
Employment ratio of people with disabilities	%	2.5	2.3	2.4	3.1	**2.7**
Ratio of those who took childcare leave Female / Male	%	100/47.3	100/68.1	97.1/69.8	92.9/90.1	**100/93.3**
Retention rate (non-consolidated)*3	%	97.5	97.0	97.5	97.8	**98.4**
Career and human resources development						
Employee Challenge Action Rate*4	%	51	47	48	56	**62**
Results of intra-group job postings No. of transferees / No. of recruits	Persons	55/236	54/188	53/188	46/178	**83/239**
No. of participants for internal application-based training program in Japan (Innovation School)	Persons	102	102	54	63	**76**
Hours of training per full-time employee (non-consolidated)*5	Hours	7.1	6.1	6.2	6.8	**8.3**
Rate of successor candidate preparation*6	%	50.5	67.7	92.4	88.1	**104.1**

*1 New-graduate recruitment: Employees who joined the Company for the first time after graduation (undergraduate degree, graduate school, etc.) with no working experience.
*2 Mid-career recruitment (experienced personnel hires) ratio: Ratio of mid-career hires to all hires
*3 Retention rate: (1- (Number of employees who left employment during the fiscal year / Number of employees as of April of the fiscal year)) ×100
*4 Employee Challenge Action Rate: The percentage of respondents who answered "applicable" or "somewhat applicable" to the question "I am taking specific challenging actions toward the realization of Vision 2030."
*5 Educational programs held at SEKISUI CHEMICAL's Human Resources Department at Corporate Headquarters
*6 Number of successor candidates to the most senior business leader post / Number of the same post

Environment		FY2021	FY2022	FY2023	FY2024	FY2025
GHG emissions from the supply chain	Kt-CO_2	5,086	4,573	4,340	4,423	**4,405**
Scope 1 + Scope 2	Kt-CO_2	743	655	583	538	**475**
Japan	Kt-CO_2	296.4	256.0	234.8	208.0	**182.8**
Overseas	Kt-CO_2	446.9	399.2	348.3	330.3	**291.5**
Scope 3	Kt-CO_2	4,343	3,918	3,757	3,885	**3,929**
Energy use during manufacturing (Japan)	TJ	3,507	3,258	3,130	3,060	**3,049**
Energy use during manufacturing (Overseas)	TJ	6,922	6,658	6,530	6,528	**6,045**
Renewable energy ratio of purchased electricity	%	19.7	36.4	49.5	61.0	**72.4**
Production site waste generation	1,000 tons	68.9	71.2	64.9	67.7	**68.3**
Production site waste recycled	1,000 tons	63.2	63.1	58.0	60.8	**61.3**
Waste generated on construction sites of new housing (Japan)	Tons per unit	2.23	2.17	2.04	2.00	**2.03**
Water intake volume at production sites (Japan)	1,000 m^3	14,247	13,449	13,276	14,062	**13,992**
Water intake volume at production sites (Overseas)	1,000 m^3	7,290	7,319	7,571	7,475	**7,613**
COD discharge (Japan)	Tons	69.5	58.7	71.1	64.5	**43.6**
Discharge of volatile organic compounds (VOCs) into the atmosphere (Japan)	Tons	609	560	1,028	724	**622**

Internal Control	FY2021	FY2022	FY2023	FY2024	FY2025
Number of serious incidents*7	-	-	0	0	**0**
Safety*8					
Occupational accidents (Fatal occupational accidents)	68 (0)	74 (0)	74 (0)	73 (0)	**78 (0)**
Incidents attributable to machines and equipment (Serious facility accidents)	4 (0)	4 (0)	8 (0)	10 (0)	**5 (1)**
Frequency rate over time (Japan)*9	0.39	0.29	0.96	0.64	**0.84**
Quality					
Occurrences of major quality issues	1	2	1	0	**0**
External failure costs (FY2022 = 100)*10	-	100	95	99	**72**
Legal and Ethical					
Serious non-compliance and negligence	0	0	0	0	**0**
Information management					
Cybersecurity incidents*11	0	0	0	0	**0**

*7 Instances of deficiency in current internal control and where details have been disclosed publicly
*8 Scope: Manufacturing sites, research laboratories, and construction sites
*9 The total number of injuries, illness and fatalities in occupational accidents with lost time per 1,000,000 hours of total time worked during a given fiscal year (April through the following March)
*10 Costs arising from responding to product-related complaints
*11 Serious impacts from incidents such as malware infections, information leaks, or core system outages resulting from external cyber attacks

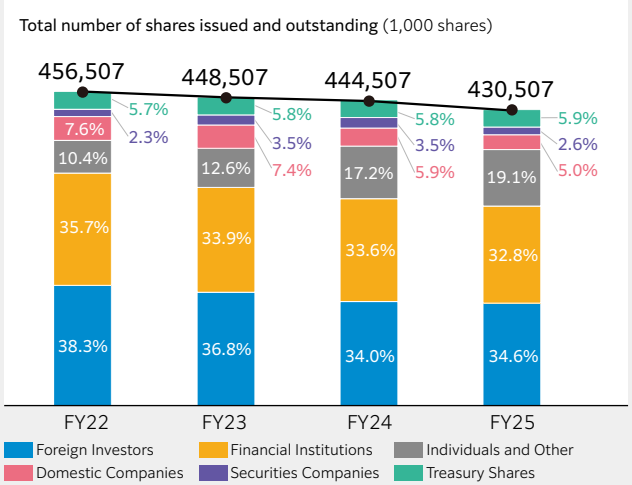
Please refer to the Sustainability Report for detailed non-financial data https://www.sekisuichemical.com/sustainability_report/

Corporate Information and Stock Information As of March 31, 2026

SEKISUI CHEMICAL CO., LTD.

Osaka Head Office	4-4, Nishitenma 2-chome, Kita-ku, Osaka
Tokyo Head Office	10-4, Toranomon 2-chome, Minato-ku, Tokyo
Founded	March 3, 1947
Employees	26,752
Consolidated Subsidiaries	145
Affiliates (Equity Method)	6
Paid-in Capital	¥100,002,375,657
Fiscal Year	April 1 to March 31 of the following year
Accounting Auditor	KPMG AZSA LLC
Listings	Common stock listed on the Tokyo Stock Exchange
Securities Code	4204
Number of Shareholders	155,940
Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation
Issued	430,507,285 shares

Issued shares and breakdown of shareholders



Major external evaluations conducted during FY2025

ESG indices

- Earned selection to the FTSE4Good Index Series
- Earned selection to the JPX FTSE Blossom Japan Index
- Earned selection to the JPX FTSE Blossom Japan Sector Relative Index
- Earned selection to the Morningstar Japan ex-REIT Gender Diversity Tilt Index
- Earned selection to the MSCI ESG Leaders Indexes
- Earned selection to the MSCI Japan ESG Select Leaders Index
- Earned selection to the MSCI Japan Empowering Women (WIN) Select Index
- Earned selection to the S&P / JPX Carbon Efficient Index

ESG-related ranking, awards

- Ranked 61st in the 2026 Toyo Keizai CSR Ranking
- Certified as a 2026 Outstanding Organization of KENKO Investment for Health (White 500)
- Earned selection to the Next Nadeshiko: Companies Supporting Dual Careers and Co-parenting
- Certified as a Platinum Kurumin company

Environment

- Acquired an "A" at CDP 2025 for information disclosure in both the 'climate-change' and 'water-security' divisions, and an "A-" in the 'forests' category
- Selected as a "Supplier Engagement Leader", receiving the highest rating, in the CDP 2024 Supplier Engagement evaluation.
- Reacquired certification from the SBT (Science-Based Targets) Initiative for the 1.5°C GHG reduction target (March 2023)
- Achieved the highest rating in the Development Bank of Japan's DBJ Environmental Ratings
- Received the Gold Award in the Issuers/Borrowers of the Year category of the 7th ESG Finance Awards Japan

In March 2025, we received environmentally rated financing from the Development Bank of Japan (DBJ), rated as "particularly advanced in our commitment to environmental considerations."

Stock information https://www.sekisuichemical.com/ir/stock/stock_info/

External evaluations https://www.sekisuichemical.com/sustainability_report/pdf/report_2026/sustainability_report2026e.pdf#page=189

Regarding the Publication of Integrated Report 2026 (Year Ended March 31, 2026)

Tatsuya Nishida

Representative Director
Senior Managing Executive Officer
Responsible for ESG Management Department, Finance Department, Accounting Department and New Business Development Department, Head of the Business Strategy Department

In FY2026, SEKISUI CHEMICAL Group launched its Medium-term Management Plan, the third phase toward realizing its Long-term Vision. This Integrated Report explains how the Group is creating corporate value by pursuing proactive ESG management through the twin engines of business strategy and a stronger business foundation.

In editing this report, we have tried to reflect as much as possible the suggestions and opinions we received through dialogue with our institutional investors. We hope this Integrated Report will help readers gain a deeper understanding of SEKISUI CHEMICAL Group and contribute to constructive dialogue. We will continue to provide investors with detailed and easy-to-understand explanations while working to increase our corporate value.

SEKISUI CHEMICAL CO., LTD.

2-10-4 Toranomon, Minato-ku, Tokyo
105-8566 Japan

https://www.sekisuichemical.com/

Investor Relations Group,
Corporate Communication Department

https://www.sekisuichemical.com/ir/support/contact/