

December 11, 2025

Press Release

SEKISUI CHEMICAL CO., LTD.

Notice concerning Recording of Extraordinary Loss

SEKISUI CHEMICAL CO., LTD. announces that it expects to record the extraordinary loss (impairment loss) described below for the first nine months of fiscal year 2025 (from April 1, 2025 to December 31, 2025).

1. Recording of extraordinary loss (impairment loss)

SEKISUI CHEMICAL's consolidated subsidiary SEKISUI BIO REFINERY CO., LTD., which was promoting the practical implementation and commercialization of technology utilizing microorganisms to convert combustible waste into ethanol (hereinafter, "BR ethanol technology"), has established practical implementation of BR ethanol technology at its plant in Kuji City, Iwate Prefecture. However, commercialization has been postponed for the time being, and we have decided to dismantle and liquidate the plant. In connection with this, the following extraordinary loss is expected to be recorded in both the non-consolidated and consolidated financial statements.

【Non-consolidated】

Loss on valuation of shares of subsidiaries and associates	9,358 millions of yen
Provision of allowance for doubtful accounts	11,228 millions of yen
Total	20,586 millions of yen

【Consolidated】

Impairment loss	14,829 millions of yen
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(The loss incurred in the non-consolidated entity described above will be offset and eliminated in the consolidated financial statements)

2. Practical implementation and commercialization

Regarding the practical implementation, we were able to confirm that ethanol can be continuously produced using the BR ethanol technology, while also identifying technical challenges leading to further cost reductions. However, we have determined that it will take a while longer for the market to accept prices that incorporate resource recycling value (resource recycling costs) on top of the current market price for first-generation bioethanol. Therefore, we decided to postpone commercialization for the time being.

Going forward, we will resolve the technical challenges we identified and pursue further cost reductions.

At the same time, we will apply the knowledge and results gained from the BR ethanol technology to the development of other new technologies.

Please note that no revisions will be made to the full-year results forecast for fiscal 2025 announced on October 30, 2025.