

[Translation: Please note that the following purports to be an accurate translation of excerpt contents of the original Japanese document, prepared for foreign shareholders solely as a reference material. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Please also be advised that certain explanations for the domestic voting procedures are omitted or modified in this translation.]

SEKISUI CHEMICAL CO., LTD.

Stock Exchange Code: 4204

May 29, 2026

To Our Shareholders:

NOTICE OF CONVOCATION OF THE 104TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

SEKISUI CHEMICAL CO., LTD. (the “Company”) hereby notifies you of that the 104th Annual General Meeting of Shareholders of the Company as follows.

Please exercise your voting rights by mail or via the Internet after studying the Reference Document Concerning the General Meeting of Shareholders before 5:30 p.m. on June 18, 2026 (Thursday, JST).

Yours very truly,

By: **IKUSUKE SHIMIZU**
President and Representative Director
SEKISUI CHEMICAL CO., LTD.
4-4 Nishitemma 2-Chome,
Kita-ku, Osaka 530-8565

PARTICULARS

1. Date and Time of the Meeting: 10:00 a.m. on June 19, 2026 (Friday, JST)

2. Place of the Meeting: THE BALLROOM
7th Floor
THE OSAKA STATION HOTEL
2-2 Umeda 3-Chome, Kita-Ku, Osaka

3. Agenda of the Meeting:

Matters for Reporting:

Report on the Business Report, the Consolidated Accounting Documents, the Non-Consolidated Accounting Documents and the report on the Results of the Audits of Consolidated Accounting Documents by the Accounting Auditor and the Audit & Supervisory Board for the 104th Business Term (from April 1, 2025 to March 31, 2026).

Matters for Resolution:

First Item of Business:	Appropriation of Surplus
Second Item of Business:	Election of Nine (9) Directors
Third Item of Business:	Election of One (1) Audit & Supervisory Board Member

4. Matters regarding Measures for Providing Information in Electronic Format

For the convocation of this General Meeting of Shareholders, we have taken measures for providing information that constitutes the content of the reference documents for the General Meeting of Shareholders, etc. (items subject to measures for providing information in electronic format) in electronic format. The items are posted on each of the following websites on the Internet, and we invite you to check them by accessing either of the websites.

- The Company's website
<https://www.sekisui.co.jp/ir/document/invite/> (in Japanese)
https://www.sekisuichemical.com/ir/stock/shareholder_info/ (in English)
- Website for posted informational materials for the general meeting of shareholders
<https://d.sokai.jp/4204/teiji/> (in Japanese)

- End -

For those attending, please present the Voting Rights Exercise Form, which will be sent along with this Notice of Convocation, at the reception desk on arrival at the Meeting. For saving natural resources, please take this notice of convocation with you to the Meeting.

(For Reference Only)

REGISTERED SHAREHOLDERS IN JAPAN may exercise voting rights by means of either of the following:

[In case of exercising voting rights by mail]

Please indicate on the Voting Right Exercise Form enclosed herewith your approval or disapproval of each of the items listed thereon and return the form to the Company before 5:30 p.m. on June 18, 2026 (Thursday, JST).

[In case of exercising voting rights via the Internet, etc.]

Please access the website for exercising voting rights designated by the Company (<https://evote.tr.mufig.jp/>) (in Japanese), indicate your approval or disapproval of each of the items by following the guidance on the display after entering the "log-in ID" and "password" shown on the enclosed Voting Right Exercise Form.

The Company cordially requests the shareholders who exercise voting rights via the Internet, etc. to understand the Guidance for the Exercise of Voting Rights via the Internet, etc. below. (omitted)

■ Reference Documents Concerning the General Meeting of Shareholders

First Item of Business: Appropriation of Surplus.....	3
Second Item of Business: Election of Nine (9) Directors	4
Third Item of Business: Election of One (1) Audit & Supervisory Board Member.....	18

(Items and Matters for Reference)

First Item of Business Appropriation of Surplus

One of the Company's primary policies in the management is to increase the corporate value, with an emphasis on returning the Company's profits to the shareholders proactively. In connection with returning the Company's profits to the shareholders, the Company's basic policy is to ensure the consolidated payout ratio of at least 40% of the consolidated profit, the Dividend-On-Equity (DOE) ratio of at least 3%, and the total return ratio of at least 50% (when the debt to equity (D/E) ratio is 0.5 or less), and to implement its stable dividend policy depending upon the business results.

Refer to page 31 of this notice of convocation for the basic policy of dividends of surplus in the new Medium-term Management Plan from fiscal 2026.

Based on its capital policy and the basic policy regarding dividends from surplus as described above, the Company proposes that the year-end dividend for the business term under review be ¥40 per share.

The annual dividend for the business term under review is ¥80 per share, together with the interim dividend of ¥40 per share that was paid in December 2025, and a ¥1 increase per share from the previous business term.

Matters Concerning the Year-End Dividend

1. Type of Dividend Assets:

Cash

2. Matters Concerning Distribution of Dividend Assets and the Aggregate Amount:

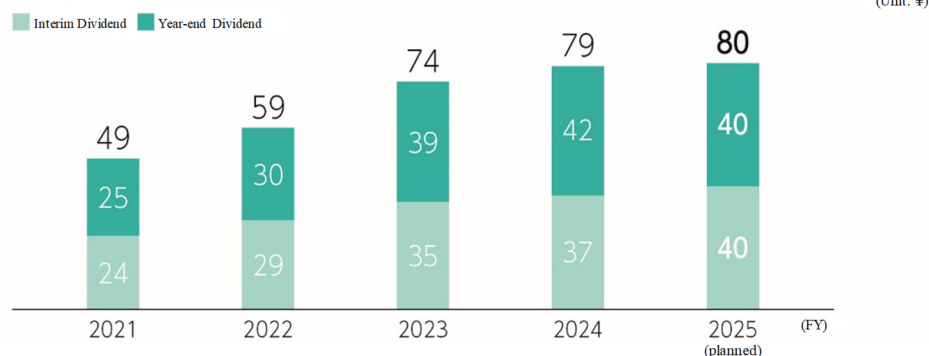
¥40 per share of common stock of the Company

Aggregate amount of dividends: ¥16,203,699,920

3. The Date When Dividends from Surplus Take Effect:

June 22, 2026

Changes in the Dividends Per Share



The terms of offices of all the twelve (12) Directors will expire at the closing of this Annual General Meeting of Shareholders. Therefore, the Company proposes that the following nine (9) Directors be newly elected. The following candidates for Directors have been determined by the Board of Directors based on the recommendations of the Nomination and Remuneration Advisory Committee (a majority of Independent Outside Officers), which is chaired by an Independent Outside Officer. Currently, the Board of Directors consists of twelve (12) members (seven (7) Inside Directors and five (5) Outside Directors); however, with the aim of enhancing management transparency and fairness and strengthening overall governance, the Company will change to a structure of nine (9) Directors (four (4) Inside Directors and five (5) Outside Directors).

Five (5) candidates out of nine (9) are candidates for Outside Directors. All of the five (5) candidates have expertise in each domain and international mindset, including abundant experience and past achievements as management executives. Therefore, the Company has judged that they would be able to duly fulfill their duties as Outside Directors including provision of advice with respect to the business management of the Company and supervision of business execution, etc. The five (5) candidates for Outside Directors meet the conditions of the Company's "Criteria for Independence of Outside Board Members" (refer to page 17) and the conditions of Independent Directors stipulated by Tokyo Stock Exchange, Inc.

The candidates are as follows.

Candidate Number	Name	Current Position and Duty at the Company		Number of Years (At the closing of this Annual General Meeting of Shareholders)
1	Keita Kato	Chairman of the Board	Renominated	12 years
2	Ikusuke Shimizu	President and Representative Director Chief Executive Officer	Renominated	7 years
3	Tatsuya Nishida	Senior Managing Executive Officer	Newly Nominated	—
4	Kazuya Murakami	Director Managing Executive Officer	Renominated	5 years
5	Hiroshi Oeda	Outside Director	Candidate for Independent Outside Director Renominated	8 years
6	Haruko Nozaki	Outside Director	Candidate for Independent Outside Director Renominated	4 years
7	Miharu Koezuka	Outside Director	Candidate for Independent Outside Director Renominated	4 years
8	Machiko Miyai	Outside Director	Candidate for Independent Outside Director Renominated	4 years
9	Yoshihiko Hatanaka	Outside Director	Candidate for Independent Outside Director Renominated	3 years

**Career Summary, Position and Duty**

- Apr. 1980: Joined the Company
- Apr. 2008: Executive Officer of the Company
Head of Interlayer Film Division of High Performance Plastics Company
- Jul. 2011: Executive Officer of the Company
Head of New Business Promotion Division of High Performance Plastics Company
- Mar. 2013: Executive Officer of the Company
Head of New Business Promotion Division and Head of Research & Development Institute of High Performance Plastics Company
- Oct. 2013: Executive Officer of the Company
Head of Research & Development Institute of High Performance Plastics Company
- Mar. 2014: Managing Executive Officer of the Company
President of High Performance Plastics Company
- Jun. 2014: Director of the Company
Managing Executive Officer of the Company
President of High Performance Plastics Company
- Apr. 2015: Director of the Company
Senior Managing Executive Officer of the Company
President of High Performance Plastics Company
- Jan. 2019: Representative Director of the Company
Senior Managing Executive Officer of the Company
Head of Business Strategy Department
- Apr. 2019: Representative Director of the Company
Senior Managing Executive Officer of the Company
Responsible for ESG Management Department
Head of Business Strategy Department
- Jul. 2019: Representative Director of the Company
Senior Managing Executive Officer of the Company
Responsible for ESG Management Department
Head of Business Strategy Department
Head of New Business Development Department
- Jan. 2020: Representative Director of the Company
Senior Managing Executive Officer of the Company
Responsible for ESG Management Department
Head of Business Strategy Department
- Mar. 2020: President and Representative Director of the Company
Chief Executive Officer of the Company
- Mar. 2026: Chairman of the Board of the Company [incumbent]

■ **Number of Shares of the Company Owned**

100,826 shares

■ **Number of Attendance of the Board of Directors Meetings of the Company**

17 out of 17 Board of Directors meetings

(Attendance rate: 100%)

(The business term under review)

Reasons for Nomination of the Candidate for Director

Since Mr. Keita Kato was appointed as Director in 2014, he has implemented his leadership and made significant achievements as President of High Performance Plastics Company. Additionally, as Head of Business Strategy Department since 2019, he has overseen the Sekisui Chemical Group's management in general as well as administrative supervision functions of overseas businesses and properly supervising business execution from a global perspective. Since he was appointed as President and Representative Director in March 2020, he has been engaged in formulation/deliberation and supervision of management strategies, etc. in the Board of Directors while also promoting the long-term vision which aims for ESG management and doubling of the business scale. He was appointed as Chairman of the Board in March 2026, and has been appropriately supervising the Company's management as Inside Director who is not concurrently responsible for business execution. Therefore, the Company has judged that he is expected to further contribute to the establishment of the basic management policy and the proper supervision of management by the Board of Directors of the Company and thus renominated him as a candidate for Director.

**Career Summary, Position and Duty**

- Apr. 1987: Joined the Company
- Apr. 2015: Executive Officer of the Company
Head of Foam Division of High Performance Plastics Company
- Apr. 2016: Executive Officer of the Company
Responsible for Automobiles & Transportation field
Head of Foam Division of High Performance Plastics Company
- Apr. 2018: Executive Officer of the Company
Responsible for Electronics
Head of Foam Division of High Performance Plastics Company
- Jan. 2019: Managing Executive Officer of the Company
President of High Performance Plastics Company
Responsible for Electronics of High Performance Plastics Company
Director of SEKISUI FULLER CO., LTD.
- Apr. 2019: Managing Executive Officer of the Company
President of High Performance Plastics Company
- Jun. 2019: Director of the Company
Managing Executive Officer of the Company
President of High Performance Plastics Company
- Apr. 2021: Director of the Company
Senior Managing Executive Officer of the Company
President of High Performance Plastics Company
- Jan. 2025: Representative Director of the Company
Senior Managing Executive Officer of the Company
Responsible for ESG Management Department and New Business
Development Department
Head of Business Strategy Department
- Apr. 2025: Representative Director of the Company
Senior Managing Executive Officer of the Company
Responsible for ESG Management Department, Corporate Communication
Department, New Business Development Department, and Life Science
Business Development Department
Head of Business Strategy Department
- Mar. 2026: President and Representative Director of the Company
Chief Executive Officer of the Company [incumbent]

■ **Number of Shares of the Company Owned**

69,440 shares

■ **Number of Attendance of the Board of Directors Meetings of the Company**

16 out of 17 Board of Directors meetings

(Attendance rate: 94%)

(The business term under review)

Reasons for Nomination of the Candidate for Director

Mr. Ikusuke Shimizu is highly knowledgeable of the High Performance Plastics Company's strategic fields including the overseas segment, having served as Head of Foam Division, Responsible for Automobiles & Transportation field, Responsible for Electronics of High Performance Plastics Company as well as President of SEKISUI TA INDUSTRIES, LLC, etc. Since he was appointed as Director in 2019, he has served as President of the High Performance Plastics Company and has performed his duties with a high level of insight and management capability by leveraging his extensive experience, including in global business operations. In 2025, he was appointed as Representative Director and has promoted ESG management of the Sekisui Chemical Group as Head of Business Strategy Department while working to enhance sustainable corporate value. Since he was appointed as President and Representative Director in March 2026, he has been engaged in deliberating and supervising management strategies in the Board of Directors. Therefore, the Company has judged that he would be able to contribute to the enhancement of the Sekisui Chemical Group's corporate value as Chief Executive Officer of the Company and thus renominated him as a candidate for Director.



■ **Number of Shares of the Company Owned**
23,430 shares

Career Summary, Position and Duty

- Apr. 1988: Joined the Company
- Apr. 2018: Executive Officer of the Company
Head of Corporate Finance & Accounting Department
- Apr. 2024: Managing Executive Officer of the Company
Responsible for Digital Transformation Department
Head of Corporate Finance & Accounting Department
- Jan. 2025: Director of SEKISUI SOLAR FILM CO., LTD. [incumbent]
- Mar. 2026: Managing Executive Officer of the Company
Responsible for ESG Management Department, Corporate Communication Department, Finance Department, Accounting Department, and New Business Development Department
Head of Business Strategy Department
- Apr. 2026: Senior Managing Executive Officer of the Company
Responsible for ESG Management Department, Finance Department, Accounting Department, and New Business Development Department
Head of Business Strategy Department [incumbent]

Important Position of Other Organizations Concurrently Assumed

Director of SEKISUI SOLAR FILM CO., LTD.

Reasons for Nomination of the Candidate for Director

Mr. Tatsuya Nishida has held line management positions in administrative departments, including Head of the Urban Infrastructure & Environmental Products Company's Corporate Finance & Accounting Department, and since 2018 has served as Executive Officer and Head of Corporate Finance & Accounting Department, where he has promoted the strengthening of the management foundation of the Sekisui Chemical Group not only through his broad knowledge in finance and management accounting, but also from the perspective of overall management governance.

Since 2024, he has been in charge of the digital transformation department, where he has led the introduction of DX, a key initiative, and formulated and executed capital and stock dividend policies, thereby enhancing the Sekisui Chemical Group's corporate value. In addition, since March 2026, he has been serving as Head of Business Strategy Department, further strengthening the Sekisui Chemical Group's management strategy and foundation. Therefore, the Company has judged that he has high capabilities necessary for enhancing the corporate value of the Sekisui Chemical Group and thus nominated him as a candidate for Director.

**Career Summary, Position and Duty**

- Apr. 1989: Joined the Company
- Apr. 2020: Executive Officer of the Company
Head of Human Resources Development Division of High Performance Plastics Company
- Oct. 2020: Executive Officer of the Company
Head of Human Resources Department
- Jun. 2021: Director of the Company
Executive Officer of the Company
Head of Human Resources Department
- Apr. 2026: Director of the Company
Managing Executive Officer of the Company
Head of Human Resources Department [incumbent]

■ **Number of Shares of the Company Owned**

19,223 shares

■ **Number of Attendance of the Board of Directors Meetings of the Company**

17 out of 17 Board of Directors meetings

(Attendance rate: 100%)

(The business term under review)

Reasons for Nomination of the Candidate for Director

Mr. Kazuya Murakami has been engaged in back-office operations mainly at the human resources department, including serving as Head of Human Resources Development Division of High Performance Plastics Company, and has abundant experience in global policy enforcement and management. Leveraging the aforementioned experience, since his appointment as Head of Human Resources Department in October 2020, Mr. Murakami has exercised his strong leadership in the personnel system reform and in the promotion of diversity management, as well as working to create the Company's organizational culture and to improve employees' engagement. In addition to performing his duties by applying his deep insight and advanced management capabilities by leveraging the experience he has gained to date, Mr. Murakami has been working on the personnel system reform and health management utilizing such experience since he was appointed as Director in 2021. Therefore, the Company has judged that he has high capabilities necessary for enhancing the corporate value of the Sekisui Chemical Group and thus renominated him as a candidate for Director.

**Career Summary, Position and Duty**

Candidate for Independent Outside Director

- **Number of Shares of the Company Owned**
7,000 shares
 - **Number of Years in Office of the Company**
8 years (At the closing of this Annual General Meeting of Shareholders)
 - **Number of Attendance of the Board of Directors Meetings of the Company**
17 out of 17 Board of Directors meetings
(Attendance rate: 100%)

(The business term under review)
- Apr. 1980: Joined Nisshin Flour Milling Inc. (currently Nisshin Seifun Group Inc.)
 Jun. 2008: Executive Officer of Nisshin Seifun Group Inc.
 Jun. 2009: Director of Nisshin Seifun Group Inc.
 Apr. 2011: Director and President of Nisshin Seifun Group Inc.
 Apr. 2017: Director and Executive Advisor of Nisshin Seifun Group Inc.
 Jun. 2017: Special Advisor of Nisshin Seifun Group Inc. [incumbent]
 President of Seifun Kaikan Inc. [resigned in 2022]
 Mar. 2018: Outside Director of EBARA CORPORATION
 Jun. 2018: Outside Director of the Company [incumbent]
 Jun. 2019: President of Hitotsubashi University Koenkai [incumbent]
 Mar. 2022: Outside Director, Chairman of the Board of Directors of EBARA CORPORATION [incumbent]
 Jun. 2023: Outside Director of Japan Post Holdings Co., Ltd. [incumbent]

Important Position of Other Organizations Concurrently Assumed

Special Advisor of Nisshin Seifun Group Inc.
 Outside Director, Chairman of the Board of Directors of EBARA CORPORATION
 Outside Director of Japan Post Holdings Co., Ltd.
 President of Hitotsubashi University Koenkai

Reasons for Nomination of the Candidate for Outside Director and Duties Expected to Be Performed

Since his appointment as Outside Director in 2018, Mr. Hiroshi Oeda has provided advice with respect to the business management of the Company and has appropriately supervised business execution at Board of Directors meetings. The Company has judged that Mr. Oeda would be able to continue to contribute to further enhancing the corporate value of the Sekisui Chemical Group through providing advice with respect to the business management of the Company and appropriately supervising business execution at Board of Directors meetings, by leveraging his broad experience and skill in global corporate management, business strategy, execution of overseas M&A, etc. gained from serving as a management executive of the largest milling company in Japan. The Company has thus renominated Mr. Oeda as a candidate for Outside Director.

Independence of the Candidate for Outside Director

The Company has no business relationship with Nisshin Seifun Group Inc., EBARA CORPORATION, Japan Post Holdings Co., Ltd. and Hitotsubashi University Koenkai, where Mr. Hiroshi Oeda concurrently holds a position. As the “Criteria for Independence of Outside Board Members” of the Company and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, his independence as Outside Director is deemed to be sufficiently secured. The Company has registered Mr. Oeda as an Independent Officer with the Tokyo Stock Exchange. If his appointment is approved, it is planned that he will continue to act as an Independent Officer.

Limiting Liability Agreement

So that Directors (excluding Executive Directors) may fully fulfil their expected roles, the Company has entered into an agreement with Mr. Oeda limiting his liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which his liabilities for compensations are limited to the minimum limited liability amount provided in the laws and ordinances. Furthermore, in the event that the election of Mr. Oeda is approved, the Company will continue the limiting liability agreement with him.



Career Summary, Position and Duty

Candidate for Independent Outside Director

- Apr. 1978: Joined HORIBA Community Corporation
- Mar. 1980: Reassigned to HORIBA, Ltd.
- Apr. 2001: General Manager, Human Resources Department of HORIBA, Ltd.
- Jan. 2008: Deputy General Manager in charge of personnel, General Administration Division of HORIBA, Ltd.
- Apr. 2014: Junior Corporate Officer of HORIBA, Ltd. [resigned in 2022]
- Jul. 2015: Chairman of HORIBA, Ltd. Health Insurance Association [resigned in 2022]
- Jun. 2020: External Director of West Japan Railway Company [incumbent]
- Jun. 2021: Special Appointment Professor of International Academic Research Institute of Kyoto University of Advanced Science [resigned in 2022]
- Apr. 2022: Executive Vice-President of Kyoto University [incumbent]
- Jun. 2022: Outside Director of the Company [incumbent]

■ **Number of Shares of the Company Owned**

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■ **Number of Years in Office of the Company**

4 years (At the closing of this Annual General Meeting of Shareholders)

■ **Number of Attendance of the Board of Directors Meetings of the Company**

17 out of 17 Board of Directors meetings
(Attendance rate: 100%)

(The business term under review)

Important Position of Other Organizations Concurrently Assumed

Executive Vice-President of Kyoto University
External Director of West Japan Railway Company

Reasons for Nomination of the Candidate for Outside Director and Duties Expected to Be Performed

Since her appointment as Outside Director in 2022, Ms. Haruko Nozaki has provided advice with respect to the business management of the Company and has appropriately supervised business execution at Board of Directors meetings. The Company has judged that Ms. Nozaki would be able to continue to contribute to further enhancing the corporate value of the Sekisui Chemical Group through providing advice with respect to the business management of the Company and appropriately supervising business execution at Board of Directors meetings, by leveraging her experience and past achievements in personnel affairs and education, and deep insight on promotion of diversity, development of the next generation, etc. The Company has thus renominated Ms. Nozaki as a candidate for Outside Director.

Independence of the Candidate for Outside Director

There is no business relationship between West Japan Railway Company, where Ms. Nozaki concurrently holds office, and the Company. Moreover, business relationships exist between Kyoto University, where she concurrently holds office, and the Company, but the amount of such transactions in the most recent fiscal year has been less than 1% of either ordinary profit of the said university or net sales of the Company, and as the “Criteria for Independence of Outside Board Members” and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, her independence as Outside Director is deemed to be sufficiently secured. The Company has registered Ms. Nozaki as an Independent Officer with the Tokyo Stock Exchange. If her appointment is approved, it is planned that she will continue to act as an Independent Officer.

Limiting Liability Agreement

So that Directors (excluding Executive Directors) may fully fulfil their expected roles, the Company has entered into an agreement with Ms. Nozaki limiting her liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which her liabilities for compensations are limited to the minimum limited liability amount provided in the laws and ordinances. Furthermore, in the event that the election of Ms. Nozaki is approved, the Company will continue the limiting liability agreement with her.

**Career Summary, Position and Duty**

Candidate for Independent Outside Director

■ **Number of Shares of the Company Owned**

4,000 shares

■ **Number of Years in Office of the Company**

4 years (At the closing of this Annual General Meeting of Shareholders)

■ **Number of Attendance of the Board of Directors Meetings of the Company**

17 out of 17 Board of Directors meetings

(Attendance rate: 100%)

(The business term under review)

- Apr. 1979: Joined Takashimaya Company, Limited
- May 2007: Executive Officer, General Manager of Public and Investor Relations Office, Planning Headquarters of Takashimaya Company, Limited
- Mar. 2009: Senior Executive Officer, General Manager of Sales Planning Division of Takashimaya Company, Limited
- Feb. 2010: President (Representative Director) of Okayama Takashimaya Co., Ltd.
- May 2013: Director of Takashimaya Company, Limited
- Sep. 2013: Senior Managing Director (Representative Director), General Manager of Planning Headquarters (General Manager of Reform Promotion Headquarters), in charge of General Affairs Headquarters, CSR Promotion Office, IT Promotion Office, Nihombashi Redevelopment Planning Office of Takashimaya Company, Limited
- Director of Okayama Takashimaya Co., Ltd. [resigned in 2021]
- Mar. 2014: Senior Managing Director (Representative Director), General Manager of Sales Headquarters of Takashimaya Company, Limited
- May 2015: Member of the Strategic Headquarters for the Promotion of an Advanced Information and Telecommunications Network Society, Information Technology (IT) Strategy Planning Office, Cabinet Secretariat [resigned in 2019]
- Mar. 2016: Director of Takashimaya Company, Limited
- May 2016: Consultant of Takashimaya Company, Limited
- Jun. 2018: Outside Director of Japan Post Holdings Co., Ltd. [resigned in 2025]
- Jun. 2019: Outside Director of Nankai Electric Railway Co., Ltd. (currently NANKAI Co., Ltd.) [incumbent]
- Mar. 2020: Counselor of Takashimaya Company, Limited [resigned in 2021]
- Outside Director of Nippon Paint Holdings Co., Ltd. [resigned in 2023]
- Jun. 2022: Outside Director of the Company [incumbent]

Important Position of Other Organizations Concurrently Assumed

Outside Director of NANKAI Co., Ltd.

Reasons for Nomination of the Candidate for Outside Director and Duties Expected to Be Performed

Since her appointment as Outside Director in 2022, Ms. Miharu Koezuka has provided advice with respect to the business management of the Company and has appropriately supervised business execution at Board of Directors meetings. The Company has judged that Ms. Koezuka would be able to continue to contribute to further enhancing the corporate value of the Sekisui Chemical Group through providing advice with respect to the business management of the Company and appropriately supervising business execution at Board of Directors meetings, by leveraging her extensive experience in the management of department stores in addition to her experience and past achievements in management in various industries. The Company has thus renominated Ms. Koezuka as a candidate for Outside Director.

Independence of the Candidate for Outside Director

The Company has no business relationship with NANKAI Co., Ltd. where Ms. Miharu Koezuka concurrently holds a position. As the “Criteria for Independence of Outside Board Members” of the Company and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, her independence as Outside Director is deemed to be sufficiently secured. The Company has registered Ms. Koezuka as an Independent Officer with the Tokyo Stock Exchange. If her appointment is approved, it is planned that she will continue to act as an Independent Officer.

Limiting Liability Agreement

So that Directors (excluding Executive Directors) may fully fulfil their expected roles, the Company has entered into an agreement with Ms. Koezuka limiting her liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which her liabilities for compensations are limited to the minimum limited liability amount provided in the laws and ordinances. Furthermore, in the event that the election of Ms. Koezuka is approved, the Company will continue the limiting liability agreement with her.



■ **Number of Shares of the Company Owned**

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■ **Number of Years in Office of the Company**

4 years (At the closing of this Annual General Meeting of Shareholders)

■ **Number of Attendance of the Board of Directors Meetings of the Company**

17 out of 17 Board of Directors meetings
(Attendance rate: 100%)

(The business term under review)

Career Summary, Position and Duty

Candidate for Independent Outside Director

- Apr. 1983: Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)
- Oct. 2001: Director-General of Life Research Institute of Matsushita Electric Industrial Co., Ltd.
- Apr. 2005: Executive Director of Matsushita Electric Industrial Co., Ltd.
- Apr. 2006: Executive Director, General Manager of Cooking Equipment Business Unit of Matsushita Electric Industrial Co., Ltd.
- Apr. 2011: Executive Officer, Director of Environment Division of Panasonic Corporation
- Oct. 2012: Executive Officer, in charge of Lifestyle Research for New Markets, R&D Division of Panasonic Corporation
- Apr. 2014: Corporate Advisor of Panasonic Corporation [resigned in 2016]
- Jun. 2014: Outside Director of MORINAGA & CO., LTD. [resigned in 2018]
- Dec. 2014: Outside Director of KATO SANGYO CO., LTD. [resigned in 2018]
- May 2015: Outside Director of YOSHINOYA HOLDINGS CO., LTD. [resigned in 2019]
- Feb. 2016: Commissioner of Personal Information Protection Commission, an external bureau of the Cabinet Office [resigned in 2021]
- Jun. 2018: Director, Managing Operating Officer of MORINAGA & CO., LTD.
- Feb. 2019: Chairman of Sustainability Forum Japan [incumbent]
- Apr. 2022: Auditor of Ochanomizu University [incumbent]
- Jun. 2022: Outside Director of the Company [incumbent]
- Apr. 2024: Director of MORINAGA & CO., LTD. [resigned in 2024]
- Jun. 2024: Outside Director of ISUZU MOTORS LIMITED [incumbent]

Important Position of Other Organizations Concurrently Assumed

Outside Director of ISUZU MOTORS LIMITED
Chairman of Sustainability Forum Japan
Auditor of Ochanomizu University

Reasons for Nomination of the Candidate for Outside Director and Duties Expected to Be Performed

Since her appointment as Outside Director in 2022, Ms. Machiko Miyai has provided advice with respect to the business management of the Company and has appropriately supervised business execution at Board of Directors meetings. The Company has judged that Ms. Miyai would be able to continue to contribute to further enhancing the corporate value of the Sekisui Chemical Group through providing advice with respect to the business management of the Company and appropriately supervising business execution at Board of Directors meetings, by leveraging her broad job experience in industries that are different from that of the Company, in particular her consumer-focused work as an internal officer of several listed companies. The Company has thus renominated Ms. Miyai as a candidate for Outside Director.

Independence of the Candidate for Outside Director

The Company has no business relationship with ISUZU MOTORS LIMITED, Sustainability Forum Japan, and Ochanomizu University where Ms. Machiko Miyai concurrently holds a position. As the “Criteria for Independence of Outside Board Members” of the Company and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, her independence as Outside Director is deemed to be sufficiently secured. The Company has registered Ms. Miyai as an Independent Officer with the Tokyo Stock Exchange. If her appointment is approved, it is planned that she will continue to act as an Independent Officer.

Limiting Liability Agreement

So that Directors (excluding Executive Directors) may fully fulfil their expected roles, the Company has entered into an agreement with Ms. Miyai limiting her liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which her

liabilities for compensations are limited to the minimum limited liability amount provided in the laws and ordinances. Furthermore, in the event that the election of Ms. Miyai is approved, the Company will continue the limiting liability agreement with her.



■ **Number of Shares of the Company Owned**

1,000 shares

■ **Number of Years in Office of the Company**

3 years (At the closing of this Annual General Meeting of Shareholders)

■ **Number of Attendance of the Board of Directors Meetings of the Company**

16 out of 17 Board of Directors meetings
(Attendance rate: 94%)

(The business term under review)

Career Summary, Position and Duty

Candidate for Independent Outside Director

- Apr. 1980: Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)
- Jun. 2005: Corporate Executive, Head of Corporate Planning Department, Strategy Division of Astellas Pharma Inc.
- Apr. 2006: Executive Officer of Astellas Pharma Inc.
President & CEO of Astellas US LLC
President & CEO of Astellas Pharma US, Inc.
- Jun. 2008: Senior Corporate Executive of Astellas Pharma Inc.
President & CEO of Astellas US LLC
President & CEO of Astellas Pharma US, Inc.
- Apr. 2009: Senior Corporate Executive, Chief Strategy Officer and Chief Financial Officer (CStO & CFO) of Astellas Pharma Inc.
- Jun. 2011: Representative Director, President and CEO of Astellas Pharma Inc.
- Jun. 2016: President of Japan Pharmaceutical Manufacturers Association [resigned in 2018]
- Apr. 2018: Representative Director, Chairman of the Board of Astellas Pharma Inc. [resigned in 2022]
- Jun. 2018: Vice Chair of the Board of Councillors, KEIDANREN (Japan Business Federation) [resigned in 2022]
- Jun. 2019: Outside Director of Sony Corporation (currently Sony Group Corporation) [resigned in 2025]
- Jun. 2020: Chairman of the Pharmaceutical Manufacturers' Association of Tokyo [resigned in 2022]
- Mar. 2023: Outside Director of Shiseido Company, Limited [incumbent]
- Jun. 2023: Outside Director of the Company [incumbent]

Important Position of Other Organizations Concurrently Assumed

Outside Director of Shiseido Company, Limited

Reasons for Nomination of the Candidate for Outside Director and Duties Expected to Be Performed

Since his appointment as Outside Director in 2023, Mr. Yoshihiko Hatanaka has provided advice with respect to the business management of the Company and has appropriately supervised business execution at Board of Directors meetings. The Company has judged that Mr. Hatanaka would be able to continue to contribute to further enhancing the corporate value of the Sekisui Chemical Group through providing advice with respect to the business management of the Company and appropriately supervising business execution at Board of Directors meetings, by leveraging his wide-ranging knowledge of global corporate management cultivated through serving as an executive at Astellas Pharma Inc. and his wealth of experience overseas, including in Europe and the United States, in addition to his extensive knowledge in matters including corporate integration based on his experience as a corporate planning officer. The Company has thus renominated Mr. Hatanaka as a candidate for Outside Director.

Independence of the Candidate for Outside Director

The Company has no business relationship with Shiseido Company, Limited, where Mr. Yoshihiko Hatanaka concurrently holds a position. As the “Criteria for Independence of Outside Board Members” of the Company and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, his independence as Outside Director is deemed to be sufficiently secured. The Company has registered Mr. Hatanaka as an Independent Officer with the Tokyo Stock Exchange. If his appointment is approved, it is planned that he will continue to act as an Independent Officer.

Limiting Liability Agreement

So that Directors (excluding Executive Directors) may fully fulfil their expected roles, the Company has entered into an agreement with Mr. Hatanaka limiting his liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which his

liabilities for compensations are limited to the minimum limited liability amount provided in the laws and ordinances. Furthermore, in the event that the election of Mr. Hatanaka is approved, the Company will continue the limiting liability agreement with him.

- (Notes) 1. Each of the candidates has no interest with the Company.
2. Mr. Hiroshi Oeda currently serves as Outside Director of EBARA CORPORATION, which received a recommendation from the Japan Fair Trade Commission in February 2025, based on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors. Although he was unaware of the matter beforehand, he has regularly provided proposals and insights from the perspective of legal compliance at board meetings. After becoming aware of the issue, he has also made proposals regarding the prompt investigation of the matter and the strengthening of internal controls and thorough compliance to prevent recurrence.
 3. Japan Post Holdings Co., Ltd., where Mr. Hiroshi Oeda currently serves as Outside Director and Ms. Miharu Kozuka served as Outside Director until June 2025, received an order from the Financial Services Agency in March 2025 to submit a report pursuant to the Insurance Business Act and the Banking Act. This was in response to the identification of inappropriate use of non-public financial and related information at post offices, as well as solicitations conducted prior to regulatory approval under the Insurance Business Act concerning insurance products offered by JAPAN POST INSURANCE Co., Ltd. In the same month, the company also received an order from the Ministry of Internal Affairs and Communications to submit a report pursuant to the Act on Japan Post Holdings Co., Ltd. Furthermore, JAPAN POST Co., Ltd., a subsidiary of Japan Post Holdings Co., Ltd., incurred penalties from the Ministry of Land, Infrastructure, Transport and Tourism in connection with incidents of inadequate roll call procedures at post offices. In June 2025, the ministry revoked the company's general truck transport business license, and in October 2025, it ordered the company to suspend the use of motor vehicles under the Motor Truck Transportation Business Act. Although both directors were unaware of the matter beforehand, they have regularly provided proposals and insights from the perspective of legal compliance at board meetings. After becoming aware of the issue, they have also made proposals regarding the prompt investigation of the matter and the strengthening of internal controls and thorough compliance to prevent recurrence.

<Criteria for Independence of Outside Board Members>

The Company has established the following “Criteria for Independence of Outside Board Members” and the Company has nominated a candidate satisfying all of the criteria.

Criteria for Independence of Outside Board Members	
1) The candidate has never been an executive director, an executive officer, a manager or any other employee of the Company or any of the companies within the Group.	
2) The candidate is not receiving compensation more than ¥10 million per year from the Group other than the compensation as an officer.	
3) The candidate and the main company of the candidate (Note 1) is not a major shareholder (Note 2) of the Company.	
4) The business of the main company of the candidate does not compete with the main business(es) (Note 3) of the Company.	
5) The main company of the candidate is not a major business partner (Note 4) of the Company.	
6) The main company of the candidate is not a major lender of the Company.	
7) The candidate has never worked for an accounting auditor of the Company for the period of five years immediately preceding the scheduled date of assumption of office.	
8) None of the executive directors of the Company is concurrently serving as a director of the main company of the candidate.	
9) The candidate is not a relative (Note 5) of any of the officers or employees of the Company who has not fallen under any of 1 through 8 above.	
(Notes)	1. Main company of the candidate shall mean the company, if any, at which the candidate for an outside board member is an executive director, executive officer, or manager or other employee. 2. Major shareholder shall mean top 10 shareholders of the Company. 3. Main business(es) of the Company shall mean business(es) disclosed as main business(es) of Company on the business report of the Company. 4. Major business partner shall mean the business partner whose transaction with the Company is not less than 2% of consolidated gross sales of the Company or such business partner. 5. Relative shall mean the person’s spouse, partner, relative within the second degree of kinship or relative who lives with the person.

<Overview of Directors’ and Officers’ Liability Insurance Contract>

The Company has executed a directors’ and officers’ liability insurance contract as defined in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. If the appointment of the nine Directors as proposed in the Second Item of Business is approved, the appointed Directors will be insureds under the insurance contract. The insureds under the insurance contract are Directors, Audit & Supervisory Board Members, Executive Officers, etc. of the Company and its domestic subsidiaries. The Company pays the insurance premiums for all the insureds. The insurance covers legal claims for damages, legal expenses, etc.

In order to prevent the duties expected to be performed by Directors, etc. from being compromised, the contract sets deductibles, exclusions, and reduced coverage rate.

At the closing of this Annual General Meeting of Shareholders, the term of Mr. Yoshikazu Minomo, Audit & Supervisory Board Member, will expire. Therefore, the Company proposes that one (1) Audit & Supervisory Board Member be elected.

The following candidate for Audit & Supervisory Board Member has been determined by the Board of Directors based on the recommendations of the Nomination and Remuneration Advisory Committee, which consists of a majority of Independent Outside Officers and is chaired by an Independent Outside Officer.

The Audit & Supervisory Board has given prior consent to the submission of this Item.

Yoshikazu Minomo (Date of birth: December 13, 1969)

Renominated



Career Summary, Position and Duty

Apr. 1996: Registered as an attorney at law
Joined MIYAKE IMAI IKEDA LAW OFFICE

Jan. 2004: Partner of MIYAKE IMAI IKEDA LAW OFFICE [incumbent]

Jun. 2022: Audit & Supervisory Board Member of the Company [incumbent]

Important Position of Other Organizations Concurrently Assumed

Partner of MIYAKE IMAI IKEDA LAW OFFICE

Reasons for Nomination of the Candidate for Outside Audit & Supervisory Board Member

Mr. Yoshikazu Minomo, as an attorney at law, has extensive experience and high-level expertise in all aspects of corporate legal affairs, including business revitalization, corporate restructuring and M&A, and compliance and internal control. It is expected that he will bring this expertise to the Company's audits and, in particular, will assess the appropriateness of management decisions from a compliance perspective, thereby contributing to the enhancement of the Company's social credibility. The Company has thus renominated Mr. Minomo as a candidate for Outside Audit & Supervisory Board Member. Although Mr. Minomo has not been involved in corporate management in any way other than serving as an Outside Audit & Supervisory Board Member, the Company judges he will appropriately fulfill his duties as an Outside Audit & Supervisory Board Member based on the above reasons.

Independence of the Candidate for Outside Audit & Supervisory Board Member

The Company has no business transactions with Mr. Yoshikazu Minomo and the firm where he currently holds a position. As the "Criteria for Independence of Outside Board Members" of the Company and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, his independence as Outside Audit & Supervisory Board Member is deemed to be sufficiently secured. The Company has registered Mr. Minomo as an Independent Officer with the Tokyo Stock Exchange. If his appointment is approved, it is planned that he will continue to act as an Independent Officer.

Limiting Liability Agreement

So that Audit & Supervisory Board Members may fully fulfil their expected roles, the Company has entered into an agreement with Mr. Minomo limiting his liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which his liabilities for compensations are limited to the minimum limited liability amount provided in the laws and ordinances. Furthermore, in the event that the election of Mr. Minomo is approved, the Company will continue the limiting liability agreement with him.

■ Number of Shares of the Company Owned

—

■ Number of Years in Office of the Company

4 years (At the closing of this Annual General Meeting of Shareholders)

■ Number of Attendance of the Board of Directors Meetings of the Company

17 out of 17 Board of Directors meetings
(Attendance rate: 100%)

■ Number of Attendance of the Audit & Supervisory Board Meetings of the Company

15 out of 15 Audit & Supervisory Board meetings
(Attendance rate: 100%)

(The business term under review)

Candidate for Independent Outside Audit & Supervisory Board Member

- (Notes) 1. There are no special relationships of interest between the candidate and the Company.
 2. If this Item of Business is approved as proposed, the composition of the Audit & Supervisory Board will be as follows.

Name	Position and Duty at the Company	Number of Years (At the closing of this Annual General Meeting of Shareholders)
Tomoyasu Izugami (Date of birth: November 18, 1962)	Fulltime Audit & Supervisory Board Member	3 years
Michio Sakai (Date of birth: September 16, 1965)	Fulltime Audit & Supervisory Board Member	1 year
Yoshikazu Minomo (Date of birth: December 13, 1969)	Outside Audit & Supervisory Board Member Independent Outside Audit & Supervisory Board Member	4 years
Wakyu Shinmen (Date of birth: January 14, 1957)	Outside Audit & Supervisory Board Member Independent Outside Audit & Supervisory Board Member	3 years
Kenji Tanaka (Date of birth: April 14, 1957)	Outside Audit & Supervisory Board Member Independent Outside Audit & Supervisory Board Member	3 years

<Overview of Directors' and Officers' Liability Insurance Contract>

If the appointment of the Audit & Supervisory Board Member as proposed in the Third Item of Business is approved, the appointed Audit & Supervisory Board Member will be an insured under the insurance contract. An overview of the insurance contract is provided on page 17 of this notice of convocation.

(Reference)

Reasons for description of each item for the skills matrix

The revision of the Corporate Governance Code in June 2021 has required companies to disclose combinations of skills, etc. possessed by Directors after the Board of Directors identifies skills, etc. with which it should be equipped in the context of the business strategy.

In response to this requirement, the Company has set items for the skills matrix based on the context of the “Accelerate 2028” Medium-term Management Plan.

Under the Medium-term Management Plan “Accelerate 2028,” to accelerate toward the realization of the long-term vision “Vision 2030,” we will work on the business strategies of “Generating Results from Investments” and “Continuous Strengthening of Earning Power,” as well as the strengthening of our foundation through “Continuous Strengthening of Sustainability.”

Based on the above,

- (i) As skills matrix items forming the core of the manufacturing business, “Manufacturing/Safety/Quality” and “Marketing/Sales” have been set as the two items to cover the whole set of functions from manufacturing, the core of the manufacturing business, to sales.
- (ii) As skills matrix items derived from “Generating Results from Investments” and “Continuous Strengthening of Earning Power,” “Environment,” “Innovation,” “Global Business,” and “DX” have been set as the four items to clarify the stance of aiming to expand and create products to enhance sustainability in both strengthening and innovation domains.
- (iii) As skills matrix items derived from “Continuous Strengthening of Sustainability,” “Legal Affairs/Compliance,” “Financial Affairs/Accounting,” and “Human Resources/Diversity/Human Rights” have been continued. In particular, under “Human Resources/Diversity/Human Rights,” the Company has clarified its stance to further promote diversity in the Board of Directors and core human resources.

(Reference) List of Officers [subject to approval of this Annual General Meeting of Shareholders]

Name	Position at the Company	Number of Years (At the closing of this Annual General Meeting of Shareholders)	Number of Attendance of the Board of Directors Meetings of the Company (The business term under review)	Number of Attendance of the Audit & Supervisory Board Meetings of the Company (The business term under review)	Number of Attendance of the Nomination and Remuneration Advisory Committee of the Company (The business term under review)	Number of Attendance of the Diversity Promotion Committee of the Company (The business term under review)
Keita Kato	Chairman of the Board	12 years	●100% (17 out of 17)	—	100% (9 out of 9)	100% (3 out of 3)
Ikusuke Shimizu	President and Representative Director Chief Executive Officer	7 years	94% (16 out of 17)	—	100% (1 out of 1)	100% (3 out of 3)
Tatsuya Nishida	Representative Director Senior Managing Executive Officer	—	—	—	—	100% (1 out of 1)
Kazuya Murakami	Director Managing Executive Officer	5 years	100% (17 out of 17)	—	—	100% (3 out of 3)
Hiroshi Oeda	Independent Outside Director	8 years	100% (17 out of 17)	—	●100% (9 out of 9)	100% (3 out of 3)
Haruko Nozaki	Independent Outside Director	4 years	100% (17 out of 17)	—	100% (9 out of 9)	●100% (3 out of 3)
Miharu Koezuka	Independent Outside Director	4 years	100% (17 out of 17)	—	100% (9 out of 9)	100% (3 out of 3)
Machiko Miyai	Independent Outside Director	4 years	100% (17 out of 17)	—	100% (9 out of 9)	100% (3 out of 3)
Yoshihiko Hatanaka	Independent Outside Director	3 years	94% (16 out of 17)	—	100% (9 out of 9)	100% (3 out of 3)
Tomoyasu Izugami	Fulltime Audit & Supervisory Board Member	3 years	100% (17 out of 17)	●100% (15 out of 15)	—	—
Michio Sakai	Fulltime Audit & Supervisory Board Member	1 year	100% (14 out of 14)	100% (11 out of 11)	—	—
Yoshikazu Minomo	Independent Outside Audit & Supervisory Board Member	4 years	100% (17 out of 17)	100% (15 out of 15)	—	—
Wakyu Shinmen	Independent Outside Audit & Supervisory Board Member	3 years	100% (17 out of 17)	100% (15 out of 15)	—	—
Kenji Tanaka	Independent Outside Audit & Supervisory Board Member	3 years	100% (17 out of 17)	100% (15 out of 15)	—	—

(Notes) 1. ● indicates the chairman or the committee chair.

2. The above list does not present all knowledge held by the candidates.

- Ratio of outside officers within Directors and Audit & Supervisory Board Members: 57%
- No. of Inside Directors/Audit & Supervisory Board Members: 6
 Outside Directors/Audit & Supervisory Board Members: 8

- Ratio of female officers within Directors and Audit & Supervisory Board Members: 21%
- No. of Male Directors/Audit & Supervisory Board Members: 11
 Female Directors/Audit & Supervisory Board Members: 3

- Ratio of Outside Directors: 56%
- No. of Inside Directors: 4
 Outside Directors: 5

- Ratio of Female Directors: 33%
- No. of Male Directors: 6
 Female Directors: 3

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		●			●		●			

Business Report

(from April 1, 2025 to March 31, 2026)

1. Basic Management Policy	24
2. Corporate Governance Initiatives.....	34
3. Matters on the Current State of the SEKISUI CHEMICAL Group	50
4. Stock Information.....	66
5. Accounting Auditor	68

1 Basic Management Policy

1. Management Principles and Code of Conduct

The SEKISUI CHEMICAL Group has a set of management principles. They comprise elements such as our “Corporate Philosophy,” “Group Vision” that expresses the ideal form aimed for by the Group in the medium to long term, and our concrete “Management Strategies” to realize the Group Vision.

(1) Corporate Philosophy: The “3S Principles”

Our company symbol comprises the three S’s of the Company’s original name, adopted at the time of its foundation, “SEKISUI SANGYO” enclosed in a hexagonal shape resembling a tortoise shell (the chemical symbol for benzene), symbolizing the Chinese character meaning “water.” In November 1959, this mark was defined as the “3S Principles” and formally established as the company creed.

The “3S Principles” of “creating social, environmental and economic value through responsible business practices (Service),” “accelerating innovation by eagerly taking on new challenges, adapting to change and staying ahead of the times (Speed),” and “contributing to society by helping to solve social issues with our superior technologies and quality (Superiority)” is the base of the SEKISUI CHEMICAL Group’s principles and is shared among all employees.

<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.

(2) Group Vision

The SEKISUI CHEMICAL Group aims to create social value as expected by its stakeholders and contribute to society through its business activities.

We aim to continue creating value conducive to resolving these social challenges by tapping into experience and knowledge in residential and social infrastructure creation and chemical solutions that have been accumulated by the Group to date. We will do so at a time when population growth and climate change on a global basis, an aging population and aging urban infrastructure mainly in developed nations, and energy resource issues related to all of them are becoming social challenges more pressing than ever.

<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.

(3) SEKISUI CHEMICAL Group Corporate Activity Guidelines

We established the “SEKISUI CHEMICAL Group Corporate Activity Guidelines,” behavior guidelines to be obeyed by its officers and employees, and aim to enhance the confidence that society places in us through our day-to-day business activities and become an evermore highly acclaimed enterprise.

<Corporate Activity Guidelines>

- | | |
|---|--|
| 1 | Our business activities contribute to the positive development of our global society. |
| 2 | We activate our operations by maximizing each employee’s personal abilities. |
| 3 | We maintain an enterprise in which society has confidence, and which is highly regarded by our customers, business partners, shareholders, local communities and the general public. |
| 4 | We comply with the laws and the spirit therein, and act with sincerity, in all aspects of our business activities. |
| 5 | We, as a good corporate citizen, work for global environmental protection and contribute to the well-being of society from the viewpoint of sustainability. |

2. Management Strategies Aimed at Realizing Our Group Vision

We aim to grow, driven by both residential and social infrastructure creation and chemical solutions, which are set out in our Group Vision, under the Corporate Philosophy of the “3S Principles.” To this end, the SEKISUI CHEMICAL Group established “Vision 2030,” a long-term vision, and “Accelerate 2028,” a Medium-term Management Plan for the period of three years from fiscal 2026 to fiscal 2028, and is engaged in the following initiatives.

(1) Long-term Vision “Vision 2030”

“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 the future’ in order 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.”

<ESG Management>

The SEKISUI CHEMICAL Group aims to balance the improvement of social sustainability with the profitable growth of the SEKISUI CHEMICAL Group. We work with our stakeholders on strengthening the following three forces.

- (i) Development of “three prominences” (Environment, CS & quality, Human Resources) and “governance”
- (ii) Accelerate the solution of social issues through three approaches (increasing quantity, improving quality, and providing sustainably)
- (iii) Create and expand “peace of mind for the future” in four business domains

To accelerate our ESG management, we have established medium- to long-term targets for the SEKISUI CHEMICAL Group’s main measures. We are promoting the resolution of social issues, including environmental issues, by implementing initiatives to reduce risks of serious incidents and by strengthening intangible assets, starting with human capital.

(2) Medium-term Management Plan “Accelerate 2028”

Under the Medium-term Management Plan “Accelerate 2028,” which is the third phase of our long-term vision, the basic policy is to practice proactive ESG management through the twin pillars of “business strategy” and “strengthening the foundation” toward doubling the SEKISUI CHEMICAL Group’s business scale, and to accelerate toward the realization of our long-term vision. We will work on generating results from investments,

continuous strengthening of earning power, and continuous strengthening of sustainability to enhance corporate value.

Numerical targets for the Medium-term Management Plan

Item	Fiscal 2028 Targets	
	Medium-term Management Plan	Medium-term increase
Net Sales	¥1,600.0 billion	+¥290.7 billion
Operating profit (ratio)	¥150.0 billion (9.4%)	+¥43.5 billion (+1.3%)
Profit	¥102.0 billion	+¥26.8 billion
ROIC (return on invested capital)	8% or higher	+0.4% or higher
ROE (return on equity)	11.0%	+1.9%
EBITDA (Earnings before interest, taxes, depreciation, and amortization)	¥226.0 billion	+¥61.3 billion

(Notes) 1. Profit means profit attributable to owners of parent.

2. The plan for fiscal 2026 is as stated on page 51 of the Notice of Convocation.

<Basic Strategies>

The basic strategy of the Medium-term Management Plan “Accelerate 2028” is to accelerate growth toward the realization of our long-term vision by promoting “business strategy” and “strengthening the foundation” as the third phase of our long-term vision, and by practicing proactive ESG management and sustainably enhancing corporate value.

Business Strategy (Generating Results from Investments and Continuous Strengthening of Earning Power)

Expansion and creation of products to enhance sustainability based on the Strategic Area Map

Strengthening the Foundation (Continuous Strengthening of Sustainability)

Expansion of contributions to sustainable growth and generating results from investments

<Investment and Financial Strategies>

In addition to the cash generated during the three years of the Medium-term Management Plan “Accelerate 2028,” the Company will establish an investment limit of ¥700.0 billion in order to procure funds in an appropriate and flexible manner. The Company has set an investment limit of ¥400.0 billion for capital investment (strategic investment and normal investment) and ¥300.0 billion for M&A investment, which will be used for investment in increased production associated with market development, as well as for the acquisition of technologies, know-how, and global sales channels through M&A. Additionally, R&D expenses of ¥155.0 billion are set to support the continued development of products to enhance sustainability.

(Billions of yen)

Item	Results of the previous medium-term plan	New Medium-term Plan
Strategic Investment	157.5	(Limit) 550.0
M&A, etc.	39.2	(Limit) 300.0
Capital Expenditures	118.3	250.0
Normal Capital Investment	147.2	150.0
Total	304.7	700.0
R&D Expenses	131.5	155.0

<Returns to Shareholders>

In the Medium-term Management Plan “Accelerate 2028,” to demonstrate the strengthening of sustainable and stable shareholder returns, the Company will raise the DOE (dividend on equity) from 3% or higher under the previous medium-term plan to 3.5% or higher, and will also introduce progressive dividends (a dividend policy under which, in principle, the Company will not reduce dividends, but will maintain or increase them instead). The Company will seek to secure a consolidated payout ratio of 40% or higher and a total return ratio of 50% or higher (when the net debt-to-equity (D/E) ratio is 0.5 or less), and to continue a stable dividend policy in line with its performance.

(3) Initiatives towards climate change issues

The SEKISUI CHEMICAL Group recognizes that climate change is both a major social issue and a major risk for the Group, and has been actively working to resolve it. In 2018, we became the first company in the chemical industry to receive SBT certification (Note) based on a GHG (greenhouse gas: gases such as CO₂ and methane that contribute to the greenhouse effect) emission reduction roadmap aligned with the 2°C target. In 2022, upon achieving our milestone targets ahead of schedule, we revised our roadmap to align with the 1.5°C target and reacquired SBT certification. Under this new target, we aim to reduce the GHG emission reduction rate by 50% for Scope 1 + 2, and by 30% for Scope 3, compared to fiscal 2019 levels, by 2030. Up to now, we have focused on “energy consumption innovation,” such as promoting the renewal of aging equipment, as well as “energy procurement innovation,” such as converting purchased electricity to renewable energy and introducing in-house solar power generation equipment.

Currently, we aim to achieve our medium- and long-term GHG emissions reduction targets by promoting the electrification of fuel-using facilities and the shift to low-carbon fuels, as well as the technically challenging task of reducing fuel-derived GHG emissions through production process innovation.

(Note) SBT (Science Based Targets) certification: Certification by a joint initiative which includes the United Nations Global Compact that the greenhouse gas reduction targets set by a company are scientifically consistent with their contribution to long-term climate change countermeasures

• GHG emission reduction targets

	2030 targets	Method of achieving the target
Scope 1 + 2	Base year: 2019 Reduction ratio: 50% (1.5°C target)	Initiatives to reduce GHG emissions derived from fuels through the conversion of purchased electricity to renewable energy, the conversion to low-carbon fuels, electrification, and manufacturing innovation will be promoted
Scope 3	Base year: 2019 Reduction ratio: 30%	Add resource recycling initiatives (conversion to non-fossil raw materials, expanded use of recycled materials, and recycling of waste) to promote reductions in raw materials, production processes, and when customers make disposals

- (Notes) 1. Scope 1: Direct emissions of greenhouse gases by business operators themselves (fuel combustion, industrial processes)
 2. Scope 2: Indirect emissions associated with the use of electricity, heat and steam supplied by other companies
 3. Scope 3: Indirect emissions other than Scope 1 and Scope 2 (Emissions by other companies related to the business' activities)

In the Medium-term Management Plan started in fiscal 2023, we worked toward the following targets for fiscal 2025, the final year of the plan.

[Decarbonization]

GHG emission reduction rate (Scope 1 + 2): 36% (base year 2019)

Renewable energy ratio of purchased electricity: 70%

As for the GHG emissions reduction for fiscal 2025, a shift to renewable energy progressed, and it advanced according to plan. The renewable energy ratio of purchased electricity across the entire Group is also progressing according to plan.

(4) Measures to achieve resource recycling

The SEKISUI CHEMICAL Group aims to achieve a circular economy and a sustainable society by 2050. To achieve this long-term goal, we have established the following resource recycling policies in fiscal 2020.

1. Drive resource recycling-related innovations
2. Expand the use of non-fossil-based and recycled materials in business activities
3. Maximize the recycling of waste generated during the life cycle into resource materials

In the Medium-term Management Plan started in fiscal 2023, we worked toward the following targets for fiscal 2025, the final year of the plan.

[Promotion of recycling]

Material recycling rate of waste plastic (Japan): 65%

In fiscal 2025, we advanced horizontal deployment of material recycling using existing technologies for waste plastics emitted from factories, and also began exploring new recycling technologies for materials that are difficult to recycle. We will continue these efforts with a view toward implementation.

Furthermore, in pursuit of a true circular economy, we are accelerating our efforts to shift the raw materials we use to renewable or biomass-derived raw materials and other sustainable resources.

(5) Contributing to achieving sustainable development goals (SDGs) through products to enhance sustainability

As societal issues such as climate change and resource circulation are becoming more serious, there is a growing demand for companies to contribute to the realization of a sustainable society. Through a variety of products and businesses, the SEKISUI CHEMICAL Group is also involved in corporate activities to achieve the sustainable development goals (SDGs), which the world must attain by 2030.

Products to enhance sustainability support the achievement of these SDGs. Products such as interlayer films for sound and heat insulation for automobiles, solar power generation system-equipped homes, and products using the SPR method (to rehabilitate sewage pipes), which make a significant contribution to resolving issues in the natural and social environments, including the SDGs, are designated as products to enhance sustainability. As a company committed to “supporting the basis of LIFE and continuing to create ‘peace of mind for the future’ in order to realize a sustainable society,” we aim to contribute to solving social issues, including the SDGs, and to achieve further growth as a company, through the creation and market expansion of products to enhance sustainability. This is confirmed by monitoring the growth in sales of products to enhance sustainability.

To accelerate the resolution of issues related to climate change and resource circulation, which are identified as particularly important within the SDGs, the Company published the “Environmental Design Guidelines” in February 2026, declaring a shift toward low-carbon and circular product design. By applying these guidelines as required quality standards for existing product design and the planning and development of new products, we will create products to enhance sustainability, respond to social demands, and have strong appeal.

Examples of future products to enhance sustainability that aim to create “peace of mind for the future” include film-type perovskite solar cells, CO₂ fixation technologies, which are currently undergoing demonstration and scale-up with the goal of social implementation.

(6) Human capital management initiatives

The Human Resources Philosophy of SEKISUI CHEMICAL Group states that employees are precious assets bestowed on us by society, and we regard human capital as a source of corporate value enhancement. In order to realize our long-term vision and a vibrant company where all employees want to take on challenges, we have set personnel strategies of fostering a culture of challenge, placing the right people in the right place, and achieving diversity for fiscal 2023 to 2025. Alongside implementing various initiatives to transform our human resource management, such as role-based personnel systems and support for taking on challenges, we are actively investing in human capital with the intention of supporting employee career development and securing personnel for each group company (improving working conditions, strengthening personnel, and enhancing the working environment).

(i) Fostering a culture of challenge

Primary KPI: Degree of challenging behavior expression. As part of creating opportunities to pursue challenges, we are providing opportunities to take on new challenges through open recruitment, and as part of encouraging employees to pursue challenges, we are fostering a culture of challenge and promoting career autonomy.

(ii) Placing the right people in the right place

Primary KPI: Rate of successor candidate preparation. To train business leaders for the next generation, we are working company-wide on the identification, appointment, and systematic development of successor candidates. As for securing outstanding professional human resources, we are working to acquire highly specialized personnel and implement reskilling in line with business needs.

(iii) Achieving diversity

Primary KPI: Retention rate. In terms of promoting the participation of diverse human resources, we are encouraging the employment and retention of diverse human resources, promoting diversity, equity and inclusion (DEI), and supporting work-life balance. As for creating an environment full of vitality, we are promoting work style reforms and health management.

These various initiatives under our personnel strategies have been recognized, and the Company has been selected under the “Next Nadeshiko: Companies Supporting Dual Careers and Co-parenting” program, received “Platinum Kurumin” certification, and been recognized as an “Outstanding Organization of KENKO Investment for Health (White 500).”

3. Capital Policy

The Company's basic thinking on its capital policy is as follows.

- (i) We consider our capital policy to be one of the most important challenges for our corporate governance.
- (ii) We will not conduct any capital policy not thought to be conducive to generating shareholder value in the long term in a sustained manner. When intending to conduct any capital policy that will alter or greatly dilute controlling rights, the Board of Directors will properly deliberate on its objectiveness, necessity, and reasonableness, make sure to secure adequate procedures, and brief shareholders amply and clearly.
- (iii) In our Medium-term Management Plan, we set and present the targets for capital efficiency indicators such as return on equity (ROE).
- (iv) We will always pay attention to optimizing our balance sheet and seek to strike an optimal balance between shareholder returns and investments as we aim for sustained growth of the Company.
- (v) We will return profits to our shareholders in accordance with our business performance and in consideration of an optimal balance between a stable dividend policy and a flexible acquisition of treasury stock while considering ROE, DOE, and total return ratio.

4. Basic Policy on Cross-Shareholdings and Criteria for the Exercise of Voting Rights

(1) Basic policy on cross-shareholdings

SEKISUI CHEMICAL Group shall strategically hold listed 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 and important for the purpose of maximizing its medium- to long-term enhancement of corporate value as well as that of business partners. Strategic rationale shall be reviewed in an appropriate and timely manner and SEKISUI CHEMICAL Group reduces those holdings without sufficient strategic benefits or that are inconsistent with its capital policies as necessary.

(2) Verification of the necessity of cross-shareholdings

SEKISUI CHEMICAL conducted an assessment of the individual holdings in accordance with the aforementioned basic policy to examine specific benefits by such shareholdings (listed companies) and consistency with the risk-benefit evaluation of such individual holdings over the cost of capital and other factors, and made a judgment for appropriateness of holding them at the Board of Directors meeting held on June 12, 2025. The total number of shareholdings of listed companies was 23 as of the end of March 2025. The Company sold its holdings of 7 companies during fiscal 2025. As of March 31, 2026, it therefore retains shareholdings of 16 companies.

(3) Criteria for the exercise of voting rights concerning cross-shareholdings

SEKISUI CHEMICAL performs its monitoring function as a shareholder by exercising voting rights at shareholder meetings of the shareholding companies in accordance with the specific standards with respect to its established voting rights to reflect perspectives of connecting the medium- to long-term enhancement of its corporate value with the corporate value enhancement of the above companies based on the strategic position of such holding and dialogue and so forth with them.

As to the exercise of voting rights, SEKISUI CHEMICAL Group 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. SEKISUI CHEMICAL then makes the final comprehensive decision on proposals based in part on dialogue with those companies.

5. Returns to Shareholders

(1) Basic policy regarding dividends from surplus

The Company considers increasing corporate value and actively returning profits to shareholders as an important management issue, and the basic policy is to implement a stable dividend policy in line with business performance while taking into consideration ROE, DOE, and total return ratio in order to meet the expectations of our shareholders.

In the new Medium-term Management Plan, which began in fiscal 2026, as in the previous medium-term management plan, the Company set a consolidated dividend payout ratio of 40%, raised the DOE to 3.5% or higher, and introduced progressive dividends (a dividend policy under which, in principle, the Company will not reduce dividends, but will maintain or increase them instead). The Company's policy is to ensure a total return ratio of 50% or higher (when the net D/E ratio is 0.5 or less). From now on also, we will continue active business investment and will consider additional returns to shareholders as appropriate, taking into account the progress of investments under the Medium-term Management Plan, cash position, and stock price.

(2) Dividends of surplus

Based on its capital policy and the basic policy regarding dividends from surplus up to fiscal 2025, the Company proposes that the year-end dividend for the business term under review be ¥40 per share, which is an agenda item to be approved at the Annual General Meeting of Shareholders. The annual dividend for the business term under review is ¥80 per share, together with the interim dividend of ¥40 per share that was paid in December 2025. We will work on a stable distribution of dividend assets with an emphasis on returning profits to shareholders.

(3) Purchase of treasury shares

We attach importance to purchasing treasury stock as part of our shareholder return measures, coupled with the dividend policy, and will purchase treasury stock flexibly in consideration of the outlook for the business environment and our financial position.

In order to improve capital efficiency and to allow flexible capital policies corresponding to changes in the business environment, the Company decided at the meeting of its Board of Directors held on April 28, 2025 to purchase up to 4,000,000 shares of its common stock for up to ¥10,800 million in total (maximum). The Company acquired 4,000,000 shares of its common stock for ¥9,988 million in total on May 28, 2025. In addition, the Company decided at the meeting of its Board of Directors held on October 30, 2025 to purchase up to 10,000,000 shares of its common stock for up to ¥30,000 million in total (maximum), and acquired 10,000,000 shares of its common stock for ¥26,420 million in total from November 19, 2025 to February 9, 2026.

The Company also decided at the meeting of its Board of Directors held on April 28, 2026 to acquire up to 4,000,000 shares of its common stock for up to ¥12,000 million in total (maximum).

6. Basic Policy on Control of Stock Company

The Company believes that its shareholders should be determined through open transactions in the market. Therefore, it believes whether to accept offers for large-scale acquisition of shares entailing transfer of control of a stock company should ultimately be determined based on the decisions of the shareholders. However, purchases of large volumes of shares of listed companies or purchase proposals are assumed to contain ones that are likely to evidently destroy the long-term shareholder value for the target company, such as: i) one in which, in light of its purpose and method, etc., the purchaser undoubtedly pursues only its profits without paying attention to the corporate value of the company and the common interest of the shareholders; ii) one that in effect forces the shareholders to sell shares; and iii) one that fails to provide sufficient information and time for the shareholders and the board of directors of the target company to consider the details, etc. of the purchase of the large volume of shares or for the board of directors of the target company to put forward an alternative proposal.

From the perspective of securing the common interest of shareholders and preventing destruction of the corporate value of the Company, when anyone attempts to acquire a large volume of the Company's shares, the Company will request the purchaser to provide necessary and sufficient information for shareholders to make appropriate

judgment. The Company will also publish an opinion, etc. from the Board of Directors, make efforts to secure enough information and time for consideration by shareholders, and take appropriate measures, as allowed by the Financial Instruments and Exchange Act, Companies Act, and other related laws and regulations.

7. Basic Policy for Constructive Dialogue with Shareholders

It is highly important to have dialogue with shareholders toward achieving sustainable growth and medium- to long-term enhancement of the Company's corporate value. We work to have constructive dialogue with shareholders by arranging for mainly the President and the Director in charge of the Business Strategy Department to proactively conduct a general meeting of shareholders, have quarterly results briefings, and hold meetings with domestic and foreign investors.

The Company aims to achieve sustainable growth and medium- to long-term enhancement of its corporate value. Hence, the Company has adopted the following basic policy for constructive dialogue with shareholders.

- (1) The Company appoints the Director in charge of the Business Strategy Department who is in charge of the overall supervision of the development of medium- to long-term management strategies and investor relations as the person responsible, and develops the framework and undertakes initiatives for the realization of constructive dialogue with investors under his/her leadership.
- (2) The Director in charge of the Business Strategy Department is responsible for ensuring organic coordination among departments that support dialogue, by, for example, ensuring information-sharing among them, while ensuring that insider information is not leaked particularly through each divisional company, the Accounting Department, the Finance Department, the Legal Department, the Corporate Communication Department, the ESG Management Department, and other departments concerned.
- (3) To promote constructive dialogue with shareholders, the Company strives to understand the shareholder structure and to enhance the dialogue by implementing the following measures as a means to have dialogue.
 - (i) To conduct quarterly results briefings by the President and the Director in charge of the Business Strategy Department
 - (ii) To hold one-on-one meetings with domestic and foreign investors
 - (iii) To conduct business briefings and facility tours such as plants for shareholders as appropriate
 - (iv) To enhance information disclosure on the website of the Company for domestic and foreign investors (including integrated reports, materials for various IR briefings and on-demand distribution, and the posting of reference materials)
 - (v) To secure opportunities to post an opinion through the website of the Company
- (4) The Director in charge of the Business Strategy Department shall, in accordance with the "Corporate Information Disclosure Regulations," summarize the opinions and comments of investors obtained from the dialogue with them and share them in the meetings of the Board of Directors and on other occasions as appropriate on a timely basis so that they can be reflected in the management of the Company.
- (5) The Company will strengthen its information management and ensure fair disclosure pursuant to the "Corporate Information Disclosure Regulations" and "Insider Trading Restriction Regulations." The Company will pay close attention when having dialogue with shareholders.

Promoting Constructive Dialogue with Shareholders and Investors

(1) Dialogue with shareholders

The management briefing for shareholders was held in Tokyo in January 2026 and attended by the President and Representative Director and the Representative Director and Head of Business Strategy Department of the Company, and the President of SEKISUI SOLAR FILM CO., LTD. Explanations were provided on the Group's sustainable growth through contributions to resolving social issues and on the progress of the management plan. This was followed by a Q&A session featuring questions submitted in advance.

In October 2025, the Company held a site tour for shareholders at "Asaka Leadtown," which brings together the Company's technological synergies. Following an explanation of the Group's urban development initiatives, participants toured the streetscape and condominium buildings.

(2) Dialogue with institutional investors

The Company engages in dialogue through hosting various briefings and one-on-one meetings. Questions and opinions received from institutional investors at briefings and one-on-one meetings are reported regularly at the Board of Directors meetings.

- Business briefings (quarterly)
- One-on-one meetings in Japan and abroad (approximately 300 times annually)
- "Electronics Briefing"

(3) Enhancement of the IR website

We are committed to fair disclosure and providing easy-to-understand IR information by publicly sharing briefing sessions for analysts and institutional investors and publishing reference materials for investors. In fiscal 2025, the Company was selected as an "All Markets Ranking AAA Website" in the "All Japanese Listed Companies' Website Ranking of 2025" by Nikko Investor Relations Co., Ltd., and received the Gold Award as an Excellent IR Website in the "Gomez IR Site Ranking 2025."

The Company's IR website:

<https://www.sekisui.co.jp/ir/> (in Japanese)

<https://www.sekisuichemical.com/ir/> (in English)

Information Disclosure through the Integrated Report

The Integrated Report 2025 explains the SEKISUI CHEMICAL Group's growth story, which aims to achieve a sustainable society and sustainably enhance corporate value by resolving social issues, with a focus on innovation examples.

The Company received an outstanding performance award of "NIKKEI Integrated Report Award 2026" in March 2026.

Our Integrated Report: <https://www.sekisui.co.jp/ir/document/annual/>

Japanese version <https://www.sekisui.co.jp/ir/document/annual/>

English version <https://www.sekisuichemical.com/ir/report/annual/>

2 Corporate Governance Initiatives

1. Basic Policy for Corporate Governance

The Company sets forth as the basic policy for corporate governance the promotion of sustainable corporate growth and the increase of corporate value over medium- to long-term. To achieve this, the Company will continue to meet the expectations of five stakeholder categories it deemed important, namely, customers, shareholders, employees, business partners, and local communities and the environment. It will do so by improving business transparency and fairness, seeking to make decisions swiftly, and creating social value.

2. Corporate Governance Systems

(1) Organizational structure

As an organizational structure under the Companies Act, the Company has chosen to be a company with Audit & Supervisory Board.

Under the Divisional Company System, in order to respond to changes in business environment at the divisional companies, the Company has adopted the Executive Officer System in order to clearly distinguish the business execution function (Executive Officers) from the monitoring function in management (Directors).

(2) Roles and responsibilities of the Board of Directors

The Board of Directors continually strives to strengthen its role as a body responsible for decision-making concerning the Company's fundamental policies and upper-level management issues, and supervising the execution of business. The Board includes Outside Directors, who have sufficient independence, to build a highly viable monitoring system for Directors and to ensure transparency in management and fairness in business decisions and operations.

(3) Composition of the Board of Directors

The number of Directors shall not exceed 15, and two or more of them shall be independent Outside Directors.

The Board of Directors of the Company is composed of Directors who have excellent personality and insights, and a strong sense of ethics and are well equipped with knowledge, experience, and skills. In addition, all Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members shall attend the meetings of the Board of Directors. A meeting of the Board of Directors is chaired by the Chairman of the Board who is a non-executive director.

The Company ensures diversity among board members and keeps the number of Directors at an optimal level for appropriate decision-making that is commensurate with the business domain and size. Senior corporate officers with significant experience and strong expertise are appointed as Inside Directors. Together with two or more Independent Outside Directors who have broad knowledge and experience, they effectively perform the roles and responsibilities of the Board of Directors, taking the balance with respect to diversity, optimal size, and capabilities, with Audit & Supervisory Board Members with strong expertise. At present, the Board of Directors consists of twelve (12) members (seven (7) Inside Directors and five (5) Outside Directors); however, with the aim of enhancing management transparency and fairness and strengthening overall governance, the Company plans to seek approval for a structure of nine (9) Directors (four (4) Inside Directors and five (5) Outside Directors) at this Annual General Meeting of Shareholders.

(4) Outside Directors

The Company appointed Independent Outside Directors who met the "Criteria for Independence of Outside Board Members" it laid down and had broad knowledge and experience in company management and corporate governance. As for the ratio of Independent Outside Directors on the Board of Directors, we plan to seek approval at this Annual General Meeting of Shareholders to have five (5) out of the nine (9) Directors as Independent Outside Directors (an Independent Outside Director ratio of 56%), in comprehensive consideration of the size of our future business, the expansion of our business domains, and the environment surrounding the Company.

(5) Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee deliberates on the appointment/dismissal of senior executives such as Representative Directors and Directors, etc., appointment of candidates for Audit & Supervisory Board Members, and the remuneration system and remuneration levels, etc. for Directors. Moreover, the Committee deliberates on material business challenges as required and gives its opinion and advice to the Board of Directors. The Committee also deliberates on the appointment/dismissal and remuneration of Executive Advisors and Advisors, including former Presidents and Representative Directors, thereby enhancing them further. The Committee consists of seven members, the majority of which must be Independent Outside Officers and the chairperson of which must be elected from among the Independent Outside Officers.

(6) Diversity Promotion Committee

The Diversity Promotion Committee will strengthen the supervisory function and objectivity of the Board of Directors regarding the basic policy and target values concerning the securing of diversity of human resources in management, the execution of various measures, and the disclosure of these inside and outside of the Company, and also supervising and advising on management execution. The Committee consists of nine members, the majority of which must be Independent Outside Officers and the chairperson of which must be elected from among the Independent Outside Officers.

(7) Transactions between interested parties

To prevent any transaction that is done between the Company and an officer of the Company or a major shareholder, etc. of it from harming the interest of the Company or the common interest of the shareholders, the Board of Directors Regulations stipulates a conflict of interest transaction between the Company and its Director as the matter requiring the resolution of the Board of Directors. Actual individual transactions are monitored by the Board of Directors through the approval or reporting processes. The Audit & Supervisory Board also audits such transactions in accordance with the Note of Audit & Supervisory Board Member Auditing Standards.

(8) Knowledge refinement for Directors and Audit & Supervisory Board Members

The Company intends to provide, as required, Directors and Audit & Supervisory Board Members with opportunities to acquire and refine the knowledge required for fulfilling their roles and responsibilities properly, and will assist them in paying for the expenses required, etc.

3. Policy and Procedures Concerning Appointment/Dismissal of Officers

(1) Policy and procedure concerning appointment/dismissal of Directors and Audit & Supervisory Board Members

The Company appoints professionals who have excellent personality and insights, and a strong sense of ethics and are well equipped with knowledge, experience, and skills as candidates for Directors. In appointing Directors, the Nomination and Remuneration Advisory Committee deliberates and submits an opinion to the Board of Directors, which then determines the appointment in order to enhance transparency and fairness.

The Company nominates at least one person equipped with insights in corporate finance and accounting and at least one person equipped with insights in the legal system as candidates for Audit & Supervisory Board Members.

(2) Development and determination of presidential successor

Presidential succession planning for, and supervision of, a presidential successor are conducted appropriately in light of our management principles and management strategies. To enhance the objectivity, timeliness, and transparency for the procedures, the Nomination and Remuneration Advisory Committee takes sufficient time to deliberate and judge whether the candidate is equipped with qualities showing him/her to be suitable for the post of President, and expresses an opinion to the Board of Directors, which then makes a decision.

(3) 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 officer at another listed company, he/she is allowed to do so at only up to four companies, an extent not inconveniencing execution of duties at the Company, as the officer is required to secure time and effort needed for fulfilling his/her roles and

responsibilities appropriately (the status of significant concurrent services by Directors and Audit & Supervisory Board Members is shown on pages 41 to 42 of the Notice of Convocation).

4. Criteria for Independence of Outside Officers

The Company believes Outside Directors and Outside Audit & Supervisory Board Members are required to be highly independent in order to enhance management transparency and fairness important for its corporate governance. 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 (“Criteria for Independence of Outside Board Members” is shown on page 17 of the Notice of Convocation).

5. Remuneration for Directors and Audit & Supervisory Board Members

(1) Policy regarding determination of remuneration and other compensation

(i) Basic policy

The remuneration system policy for officers of the Company is defined as follows in keeping with the corporate philosophy of the SEKISUI CHEMICAL Group.

- The policy should contribute to sustainable growth and medium- to long-term improvement of corporate value for the Group
- Officers of the Company should share value with shareholders and increase their awareness of shareholder-focused management
- The remuneration policy should be highly connected to business performance, providing motivation for officers of the Company to achieve management plan goals
- The policy should provide a framework and baseline which enable the Company to acquire and keep on staff a diverse variety of management talent in order to increase the competitiveness of the Group

(ii) Remuneration mindset

Remuneration and other compensation for executive directors of the Company is made up of basic remuneration, bonuses, and share-based compensation. For Outside Directors and Audit & Supervisory Board Members, remuneration is made up of basic remuneration only.

Category of remuneration, etc.	Basic remuneration	Bonuses	Share-based compensation
Description	Fixed remuneration	Short-term incentive	Medium- to long-term incentive
	<ul style="list-style-type: none"> • Fixed monthly remuneration* • Is paid in a certain amount corresponding to each Director's roles and responsibilities within a limit on officers' remuneration <p>* For executive directors, a portion of the basic remuneration is required to be used for the purpose of buying the Company's stock through the Officers Stock Ownership Plan</p>	<ul style="list-style-type: none"> • Is paid if certain standard for ROE or dividend is met • Is determined by reflecting a multiplier set by job function and a divisional company-specific multiplier (60 to 120%) linked to the achievement of targets for financial indicators (operating income, ROIC, etc.) and non-financial indicators (environment, human capital, etc.) on a base amount linked to the company-wide operating profit amount 	<ul style="list-style-type: none"> • Is intended to further motivate officers to contribute to improving the Company's financial results and growing its corporate value in the medium- to long-term • Points corresponding to a given officer's title are annually granted to him/her, and at the time of resigning he/she is given shares commensurate with the points accumulated during the period of service

(Table) Indicators, targets, and results of the bonus for the fiscal year under review

Category	Indicator	Evaluation weight		Targets	Results
Financial indicators	Company-wide and divisional company financial results (Operating profit)	50%	18%	115.0 billion yen	106.4 billion yen
	EBITDA		12%	176.0 billion yen	164.6 billion yen
	Marginal profit per capita		4%	20.7 million yen	21.3 million yen
	ROIC		4%	8.6%	7.6%
	Sales growth rate		4%	105.1%	100.9%
	Sales of products to enhance sustainability (Total/Premium Framework)		8%	1,021.1 billion yen of which Premium Framework: 544.4 billion yen	1,015.6 billion yen of which Premium Framework: 546.0 billion yen
Non-financial indicators	GHG emission reduction rate	50%	6%	Achieved	
	Material recycling rate of waste plastic		4%	Achieved	
	Degree of challenging behavior expression		5%	Not achieved	
	Employee retention rate		5%	Not achieved	
	Open innovation		4%	Achieved	
	Others (direct and indirect productivity, governance, divisional company-specific indicators)		26%	73.1%	

(Notes) 1. Results for sales of products to enhance sustainability (Total/Premium Framework), GHG emission reduction rate, and material recycling rate of waste plastic are preliminary results as of April 2026.

2. Governance is indicated by the presence of major incidents.

3. The figure for others in non-financial indicators is the percentage of indicators that achieved the target.

(2) Process of determining officers' remuneration

To achieve the objective of the officers' remuneration system, the Company has the Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors, running the system through objective and transparent procedures with the Committee deliberating on the remuneration structure-levels for Directors and the reasonableness of individual payouts.

The specific amount, timing, and method of payment of individual remunerations of Directors are determined by the Board of Directors based on the report of the Nomination and Remuneration Advisory Committee, in order to further strengthen the supervisory function of the Board of Directors and to ensure objectivity and transparency.

The Board of Directors concluded that individual remunerations for the fiscal year under review, etc. are consistent with the decision policy, based on the procedures described above.

<Outline of the Nomination and Remuneration Advisory Committee and how remuneration, etc. is determined>

- A meeting of the Nomination and Remuneration Advisory Committee is convened by the chairperson (Outside Director).
- A proposal to the meeting is 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 they must not aim for their own individual interests or those of a third party such as the Company's management.

The indicators for performance-linked remuneration are financial indicators including operating profit, divisional company performance, ROE and ROIC and non-financial indicators including environmental and human capital, and dividends that motivate returns to shareholders.

The reason for selecting these indicators is because we believe that they function effectively as an incentive for the Directors of the Company to improve corporate value and achieve management plans, and also that they can ensure a highly objective and transparent remuneration process.

The amount of payment is determined to keep the balance with the above indicators by utilizing the executive remuneration data of outside research agencies and periodically making comparisons with companies similar in size and business performance to the Group.

(3) Description of officers' remunerations

(Millions of yen)

Category	Basic remuneration		Bonuses		Share-based compensation		Total	
	Target officers	Amount	Target officers	Amount	Target officers	Amounts expensed	Target officers	Total amount
Directors	13	418	7	312	7	109	13	841
Of whom, Outside Directors	5	72	–	–	–	–	5	72
Audit & Supervisory Board Members	6	83	–	–	–	–	6	83
Of whom, Outside Audit & Supervisory Board Members	3	36	–	–	–	–	3	36

- (Notes) 1. The above includes one Director and one Audit & Supervisory Board Member who resigned at the conclusion of the 103rd Annual General Meeting of Shareholders held on June 20, 2025.
2. The amounts of remuneration, etc. shown above do not include ¥48 million in employee bonus portion paid to Directors concurrently serving as employees.

(4) Date of resolving officers' remuneration, etc. at General Meeting of Shareholders

As regards officers' remuneration, etc., it was resolved at the 85th Annual General Meeting of Shareholders held on June 28, 2007 to pay up to an annual total of ¥1,100 million in remuneration, etc. for Directors and up to an annual total of ¥120 million in remuneration, etc. for Audit & Supervisory Board Members. The numbers of officers involved in the decision at the time of the resolution were 21 for Directors and five for Audit & Supervisory Board Members.

As regards share-based compensation (Board Incentive Plan trust) to be granted to Directors excluding Outside Directors, it was resolved at the 103rd Annual General Meeting of Shareholders held on June 20, 2025 to pay up

to ¥630 million in such compensation for a period of three years. The numbers of Directors involved in the decision at the time of the resolution were seven.

6. Names of Directors and Audit & Supervisory Board Members

(1) Status of Directors and Audit & Supervisory Board Members

Name	Position	Duty and important position of other organizations concurrently assumed
Keita Kato	Chairman of the Board	
Ikusuke Shimizu	President and Representative Director Chief Executive Officer	
Teiji Koge	Director	Outside Director of EBARA CORPORATION
Yoshiyuki Hirai	Director Senior Managing Executive Officer	President of Urban Infrastructure & Environmental Products Company
Masahide Yoshida	Director Senior Managing Executive Officer	President of Housing Company
Akira Asano	Director Managing Executive Officer	President of High Performance Plastics Company Director of SEKISUI FULLER CO., LTD. Chairman of the Board of SEKISUI AEROSPACE CORPORATION
Kazuya Murakami	Director Executive Officer	Head of Human Resources Department
Hiroshi Oeda	Outside Director	Special Advisor of Nisshin Seifun Group Inc. Outside Director, Chairman of the Board of Directors of EBARA CORPORATION Outside Director of Japan Post Holdings Co., Ltd. President of Hitotsubashi University Koenkai
Haruko Nozaki	Outside Director	Executive Vice-President of Kyoto University External Director of West Japan Railway Company
Miharu Koezuka	Outside Director	Outside Director of Nankai Electric Railway Co., Ltd.
Machiko Miyai	Outside Director	Outside Director of ISUZU MOTORS LIMITED Chairman of Sustainability Forum Japan Auditor of Ochanomizu University
Yoshihiko Hatanaka	Outside Director	Outside Director of Shiseido Company, Limited
Tomoyasu Izugami	Fulltime Audit & Supervisory Board Member	
Michio Sakai	Fulltime Audit & Supervisory Board Member	

Name	Position	Duty and important position of other organizations concurrently assumed
Yoshikazu Minomo	Outside Audit & Supervisory Board Member	Partner of MIYAKE IMAI IKEDA LAW OFFICE
Wakyu Shinmen	Outside Audit & Supervisory Board Member	Representative, Shinmen Certified Public Accountant Office Outside Director (Audit and Supervisory Committee Member) of TOYOBO Co., Ltd.
Kenji Tanaka	Outside Audit & Supervisory Board Member	Specially Appointed Professor and Vice Chair, Center for Industrial and Governmental Relations, University of Electro-Communications

- (Notes)
1. Directors Mr. Hiroshi Oeda, Ms. Haruko Nozaki, Ms. Miharu Koezuka, Ms. Machiko Miyai, and Mr. Yoshihiko Hatanaka are Outside Directors as set forth in Article 2, Item 15 of the Companies Act.
 2. Audit & Supervisory Board Members Mr. Yoshikazu Minomo, Mr. Wakyu Shinmen, and Mr. Kenji Tanaka are Outside Audit & Supervisory Board Members as set forth in Article 2, Item 16 of the Companies Act.
 3. Audit & Supervisory Board Member Mr. Wakyu Shinmen is a Certified Public Accountant and is equipped with significant knowledge in finance and accounting.
 4. Directors Mr. Hiroshi Oeda, Ms. Haruko Nozaki, Ms. Miharu Koezuka, Ms. Machiko Miyai, and Mr. Yoshihiko Hatanaka as well as Audit & Supervisory Board Members Mr. Yoshikazu Minomo, Mr. Wakyu Shinmen, and Mr. Kenji Tanaka were designated as Independent Officers under the provisions of the Tokyo Stock Exchange, and it was informed of their names.
 5. At the 103rd Annual General Meeting of Shareholders held on June 20, 2025, Mr. Akira Asano was newly elected as Director, and Mr. Michio Sakai was newly elected as Audit & Supervisory Board Member; both took office.
 6. Director Mr. Futoshi Kamiwaki and Audit & Supervisory Board Member Mr. Hiroyuki Taketomo resigned due to the expiration of their terms of office at the conclusion of the 103rd Annual General Meeting of Shareholders held on June 20, 2025.

(2) Outline of limiting liability agreement

Shown below is an outline of the limiting liability agreement entered into with all the Directors (excluding executive directors, etc.) and Audit & Supervisory Board Members pursuant to the Articles of Incorporation of the Company.

If any of Directors (excluding executive directors, etc.) or Audit & Supervisory Board Members has caused damage to the Company by failing to perform his/her tasks and if he/she has been in good faith when conducting his/her duties and has not committed serious negligence, he/she shall be held liable for an amount not more than the minimum liability as set forth in Article 425, Paragraph 1 of the Companies Act.

(3) Outline of directors' and officers' liability insurance contract

The Company has executed a directors' and officers' liability insurance contract as defined in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, and an outline of the contract is as shown on page 17 of the Notice of Convocation.

(4) Executive Officers

Shown below are the titles and names of Executive Officers of the Company (excluding Executive Officers concurrently serving as Directors).

Category	Title	Name
Housing Company	Managing Executive Officer	Kenji Yagi
	Executive Officer	Kenichi Tadokoro, Ken Miyashita, Jun Oda, Kiminori Sato, Akira Ikeda, Masanori Yoshioka
Urban Infrastructure & Environmental Products Company	Executive Officer	Takeo Kishitani, Hiroki Okubo, Toru Kurita, Masataka Uemura, Katsumi Take, Shigeo Toyama, Akira Imagawa
High Performance Plastics Company	Executive Officer	Takashi Muramatsu, Yoshiaki Tanaka, Yoshio Aoshima, Motoko Hirai, Chikao Shimizu, Ryosuke Kusaka, Hiroshi Suganami
Headquarters	Senior Managing Executive Officer	Tatsuya Nishida
	Executive Officer	Yoshiki Deguchi, Hiroyuki Yamashita, Naoko Fukutomi, Yoshitaka Miyake, Hisahiko Kashihara, Naoya Nishimoto

(Note) Executive Officers are shown with the titles and names as of April 1, 2026.

7. Matters Regarding Outside Officers

(1) Main activities during the fiscal year under review

Shown below are the main activities conducted by Outside Officers during fiscal 2025.

Name	Title	Main activities
Hiroshi Oeda <u>Board of Directors meeting attendance rate:</u> <u>100%</u>	Director	Mr. Oeda attended all 17 Board of Directors meetings held during the fiscal year under review, and advised on the Company's management on such occasions. He supervised its business execution properly by leveraging the diverse experience and skills such as in global corporate management and management strategies and mergers and acquisitions results that he had accumulated as a top manager of the biggest flour-milling company in Japan. As the chairperson of the Nomination and Remuneration Advisory Committee and a member of the Diversity Promotion Committee, he gave the necessary comments as appropriate at meetings of each Committee.
Haruko Nozaki <u>Board of Directors meeting attendance rate:</u> <u>100%</u>	Director	Ms. Nozaki attended all 17 Board of Directors meetings held during the fiscal year under review, and advised on the Company's management on such occasions. She supervised its business execution properly by leveraging her experience and results regarding human resources and training, and her deep insight regarding matters including promoting diversity and the development of the next generation. As a member of the Nomination and Remuneration Advisory Committee and the chairperson of the Diversity Promotion Committee, she gave the necessary comments as appropriate at meetings of each Committee.
Miharu Koezuka <u>Board of Directors meeting attendance rate:</u> <u>100%</u>	Director	Ms. Koezuka attended all 17 Board of Directors meetings held during the fiscal year under review, and advised on the Company's management on such occasions. She supervised its business execution properly by leveraging her extensive experience in the management of department stores in addition to her experience and results in management in various industries. As a committee member of the Nomination and Remuneration Advisory Committee and the Diversity Promotion Committee, she gave the necessary comments as appropriate at meetings of each Committee.

Name	Title	Main activities
<p>Machiko Miyai</p> <p><u>Board of Directors meeting attendance rate:</u> 100%</p>	Director	Ms. Miyai attended all 17 Board of Directors meetings held during the fiscal year under review, and advised on the Company's management on such occasions. She supervised its business execution properly by leveraging her wide practical experience in industries that differ from the Company's, in particular her consumer-focused work as an internal officer of several listed companies. As a committee member of the Nomination and Remuneration Advisory Committee and the Diversity Promotion Committee, she gave the necessary comments as appropriate at meetings of each Committee.
<p>Yoshihiko Hatanaka</p> <p><u>Board of Directors meeting attendance rate:</u> 94%</p>	Director	Mr. Hatanaka attended 16 out of 17 Board of Directors meetings held during the fiscal year under review, and advised on the Company's management on such occasions. He supervised its business execution properly by leveraging the diverse experience and skills such as in global corporate management, management and financial strategies, and mergers and acquisitions results that he had accumulated as a top manager of a major pharmaceutical company. As a committee member of the Nomination and Remuneration Advisory Committee and the Diversity Promotion Committee, he gave the necessary comments as appropriate at meetings of each Committee.
<p>Yoshikazu Minomo</p> <p><u>Board of Directors meeting attendance rate:</u> 100%</p> <p><u>Audit & Supervisory Board meeting attendance rate:</u> 100%</p>	Audit & Supervisory Board Member	Mr. Minomo attended all 17 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board that were held during the fiscal year under review. He gave comments on the establishment and maintenance of the compliance framework of the Group mainly from an expert perspective as a lawyer.
<p>Wakyu Shinmen</p> <p><u>Board of Directors meeting attendance rate:</u> 100%</p> <p><u>Audit & Supervisory Board meeting attendance rate:</u> 100%</p>	Audit & Supervisory Board Member	Mr. Shinmen attended all 17 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board that were held during the fiscal year under review. As a Certified Public Accountant, he gave comments required for deliberation on proposals mainly from the perspective of an expert in finance and accounting.
<p>Kenji Tanaka</p> <p><u>Board of Directors meeting attendance rate:</u> 100%</p> <p><u>Audit & Supervisory Board meeting attendance rate:</u> 100%</p>	Audit & Supervisory Board Member	Mr. Tanaka attended all 17 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board that were held during the fiscal year under review. He gave comments required for deliberation on proposals from the perspective of safety and quality control by leveraging his excellent knowledge and extensive experience in safety engineering and reliability engineering.

(2) Relationship between a significant entity concurrently served at and the Company

There is no such relationship between an entity concurrently served at by Outside Officers and the Company that is required to be disclosed.

8. System to Secure the Appropriateness of Operations

At a Board of Directors meeting, the Company resolved as follows on the "System to Secure Conformity of Execution of Duties by Directors to Laws and the Articles of Incorporation and Secure the Appropriateness of Other Operations."

- (1) System to secure conformity of execution of duties by Directors, Executive Officers, and employees of the Company and Group companies to laws and the Articles of Incorporation

The Board of Directors deliberates and makes resolutions on the Fundamental Compliance Policies. The Compliance Sub-committee was established as a specialized sub-committee to the Sustainability Committee that is chaired by the President, and plans, considers, and decides on important matters on compliance for the purpose of building and practicing a compliance system at the Company and Group companies. The Sub-committee is to be chaired by a Director or an Executive Officer appointed by the President, and the chairperson supervises compliance initiatives by the Company and Group companies on a group-wide basis.

We established the SEKISUI CHEMICAL Group Compliance Manual, which presents guidelines under which the Directors, Executive Officers, and employees of the Company and Group companies are supposed to act in accordance with laws, the Articles of Incorporation, and corporate ethics. We provide the Directors, Executive Officers, and employees of the Company and Group companies with training courses on various laws and corporate ethics in the form of group training and e-learning. In addition to building an internal system to avoid damage from antisocial forces, the Company uses the “SEKISUI CHEMICAL Group Compliance Manual” to demonstrate that Directors, Executive Officers and employees of the Company and Group companies should avoid having any relationship with any antisocial force and act sternly when receiving any unfair demand from one.

The Company has in place reporting systems in which, if any compliance issue arises, an employee can directly report it to an internal contact point or a lawyer contact via the Sekisui Compliance Assist Network (SCAN) and the SEKISUI CHEMICAL Group Global Hotline.

- (2) System to store and manage information on the execution of duties of Directors and Executive Officers of the Company and Group companies

In accordance with the Document Management Rules, information on the execution of duties of Directors and Executive Officers of the Company and Group companies is recorded in document or electromagnetic media format and stored and managed in an appropriate manner.

- (3) Rules and other systems related to management of risk of loss of the Company and Group companies

The Company strives to prevent risks from arising by identifying significant risks through the collection and evaluation of risk information in a centralized/complete manner based on the “SEKISUI CHEMICAL Group Risk Management Guidelines.” In the event a significant risk has arisen, the Company will establish the emergency response headquarters to take prompt and appropriate measures based on the “SEKISUI CHEMICAL Group Crisis Management Guidelines.”

- (4) System to ensure that Directors and Executive Officers of the Company and Group companies execute their duties in an efficient manner

The meeting of the Board of Directors shall be held at regular intervals—i.e., once a month—and shall also be held whenever necessary. Important matters relating to the Company’s management policy and management strategy are discussed at the meeting of the Policy Committee separately, and following its deliberation, they are determined at the meeting of the Board of Directors.

Furthermore, the Company has delegated authority by adopting the divisional company system and Executive Officer system. Each divisional company sets up an Executive Officers Committee, which serves as the company’s highest decision-making body, to facilitate prompt decision-making in the company. In addition, meetings of senior-level employees, etc. are held within the divisional company as necessary, and reports are made in a prompt and precise manner to the divisional company’s president, who is responsible for the execution of duties in the divisional company.

- (5) System to ensure proper business operations of the Company and Group companies

The Company and Group companies collaborate closely with each other in terms of supervision, directives and communication, having formulated the “Corporate Activity Guidelines” based on the Group’s management principles in order to improve the corporate value of the Group as a whole and fulfill its social responsibility. The

Company also seeks to conduct business operations in an appropriate manner on a Group-wide scale while guiding, advising and assessing Group companies.

In regards to the business management of Group companies, monitoring is conducted by Audit & Supervisory Board Members, the Corporate Audit Department, etc., and enhancements are made to the system for Group companies to seek approval from and make reports to the Company based on the “Rules for handling affiliated companies” and “Guidelines for final decisions at affiliated companies.”

In addition, if misconduct arises at the Company or a Group company, thoroughgoing efforts will be made to prevent it from occurring again by requiring that a report on the nature of the misconduct be made to the divisional company in charge or the Compliance Promotion Sub-committee at the corporate headquarters without fail and that the Compliance Sub-committee be contacted by the Compliance Promotion Sub-committee so that all information will be collected and brought to the Director or Executive Officer appointed as the chairperson of the Compliance Sub-committee.

- (6) Matters concerning employees to assist in the duties of Audit & Supervisory Board Members if such employees are requested by Audit & Supervisory Board Members

If Audit & Supervisory Board Members request employees to assist in their duties, the Company shall take appropriate action such as appointing employees to serve as their assistants subject to consultation with the Audit & Supervisory Board Members.

- (7) Matters concerning independence of the employees referred to in (6) from Directors and Executive Officers

In cases where employees are to be appointed to assist in the duties of Audit & Supervisory Board Members, the evaluation and transfer of such employees shall require the prior approval of the Audit & Supervisory Board Members.

- (8) Matters related to ensuring effectiveness of instructions to the employees referred to in (6)

In cases where employees are to be appointed to assist in the duties of Audit & Supervisory Board Members, such employees shall follow the directions and orders of the Audit & Supervisory Board Members.

- (9) System for Directors, Executive Officers, Audit & Supervisory Board Members and employees of the Company and Group companies or recipients of their report to make a report to Audit & Supervisory Board Members and other systems for making a report to Audit & Supervisory Board Members

Directors, Executive Officers, Audit & Supervisory Board Members and employees of the Company and Group companies make a report on the following matters to the Audit & Supervisory Board:

(i) Matters that are important in the context of monthly management status; (ii) matters that may inflict significant damage to the Company or Group companies; (iii) important matters related to risk management; (iv) material breaches of laws, regulations or the Articles of Incorporation; (v) whistle-blowing status of the intra-company whistle-blower system; and (vi) other matters that are important in terms of compliance.

Also, the Corporate Audit Department of the Company conducts operational audits and accounting audits with respect to the Company and Group companies, and reports the audit results to the Representative Director and the Audit & Supervisory Board of the Company on every occasion.

- (10) System to ensure that the person who made a report to Audit & Supervisory Board Members, etc. will not be treated unfairly on the grounds of making such report

The Company prohibits the unfair treatment of anyone who works at the Company or Group company on the grounds that he/she has made a report to Audit & Supervisory Board Members, etc., and makes this thoroughly known among Directors, Executive Officers, Audit & Supervisory Board Members and employees of the Company and Group companies.

- (11) Matters regarding policy on handling advance payment or repayment of expenses resulting from Audit & Supervisory Board Members' execution of duties or other expenses or debts arising from the said execution of duties

Expenses deemed necessary for the execution of duties by Audit & Supervisory Board Members shall be budgeted for in advance. However, it shall not be required in cases where unplanned duties should be executed.

- (12) Other systems under which audit by Audit & Supervisory Board Members is ensured efficiently to be performed

A group-wide internal framework has been put in place to enable Audit & Supervisory Board Members to exercise without any obstacle their authorities by, among others, attending various important meetings, conducting an investigation into divisions concerned including affiliates, and examining the approval documents of important projects. Sufficient information-sharing and exchange of opinions take place among the members of Audit & Supervisory Board (including Outside Audit & Supervisory Board Members). Audit & Supervisory Board Members also hold a regular meeting with the Representative Directors to exchange opinions on, among others, the issues that the Company should resolve, the status of the improvement of the environment for audit by Audit & Supervisory Board Members, and important audit issues and to make requests deemed necessary to enhance mutual understanding with the Representative Directors.

9. Outline of the Administration of a System to Secure the Appropriateness of Operations

Through the above-mentioned systems, the Company endeavors to administrate its internal control system appropriately. Shown below are initiatives important for internal control that were conducted during fiscal 2025.

(1) Compliance

As the operational arm of the Sustainability Committee that is chaired by the President, we operate a Compliance Sub-committee with the Legal Department serving as the secretariat. In addition to the general managers of Compliance Section at divisional companies and headquarters, the Heads of the Corporate Audit Department are also serving as members on this Sub-committee, and this organization is reporting compliance activity results and matters for Compliance Advisory Board deliberation, as well as discussing future activity policies.

In fiscal 2025, we have designated the investigation of the operation of policies concerning the Antimonopoly Law and anti-bribery, the introduction of export control regulations, and the further dissemination of the SEKISUI CHEMICAL Group Global Hotline, a multilingual whistle-blowing system, as important items for implementation, and carried out these activities in cooperation with the regional headquarters in the United States, China, Europe, and Thailand.

Additionally, as part of Compliance Reinforcement Month activities, the President's message was distributed globally, and human rights and compliance e-learning were conducted globally. In addition, compliance training and other activities were carried out not only in Japan but also for local employees at overseas locations such as the United States, Europe, China, ASEAN, India, and South Korea.

(2) Execution of duties by Directors

Discussions of important matters related to our management policies and strategies were carried out at meetings of the Policy Committee, which is made up of Inside Director members. These matters were decided by the Board of Directors following these discussions.

(3) Execution of duties by Audit & Supervisory Board Members

Audit & Supervisory Board Members attended not only the Board of Directors meetings but also other important meetings, confirming the maintenance and operating conditions of the internal control system through operations such as visiting related departments, including at Group companies, and confirming approval documents for major projects. In addition, they also receive reports from each headquarters department that has jurisdiction over various controls. The Audit & Supervisory Board met 15 times in fiscal 2025 and shared the information from these reports.

Audit & Supervisory Board Members regularly reported the status of audits to and exchanged opinions with the Accounting Auditor, cooperating closely to improve the effectiveness of auditing. They received reports from and exchanged opinions with the Corporate Audit Department of the Company on audit policy, an audit plan and audit results. In addition, we have held three-way meetings involving the Accounting Auditor, the Corporate Audit Department, and the Audit & Supervisory Board Members to promote cooperation among the three auditors. Information has been exchanged with Audit & Supervisory Board Members of Group companies to strengthen coordination among Audit & Supervisory Board Members of Group companies and enhance the quality of auditing. In addition, regular meetings were held with the Representative Director, and Audit & Supervisory Board Members also exchanged opinions with Outside Directors.

(4) Risk management

The SEKISUI CHEMICAL Group has established a risk management structure for integrated management of measures to prevent risk events from occurring (risk management) and to respond when risk events occur (crisis management).

In our risk management activities, we comprehensively identify risks related to our corporate value based on the SEKISUI CHEMICAL Group Risk Management Guidelines as the business environment becomes increasingly uncertain and complex. Key company-wide risks are evaluated based on their impact and likelihood of occurrence, risks to be addressed on a priority basis are identified, and an ERM (enterprise risk management) system has been constructed for sharing and managing risks within the Group. We then determine countermeasures for these risks and carry out repeated periodic review and revision, which will be run through the PDCA management cycle every year. Furthermore, the accelerated deployment of the digital dashboard for risk management activity tools has enhanced the visualization of activities and monitoring capabilities across all domestic and overseas offices.

In the event of a major incident, crisis management activities are carried out based on the SEKISUI CHEMICAL Group Crisis Management Guidelines. Crisis Management Liaison Meetings are held regularly with each specialized department of headquarters and divisional company representatives in attendance to ensure appropriate handling measures are implemented rapidly, and we also continually carry out case studies and training sessions.

As a company-wide initiative, our BCM (BCP), which we have continued to develop, involves annual reviews of BCP documents and encourages each organization to proactively conduct BCP training, aiming to establish BCM as a self-driven and continuously improving initiative. In fiscal 2025, assuming a major Nankai Trough earthquake, we assessed the impact on the Group's business and conducted studies across all divisional companies and headquarters.

(Note) BCM (Business Continuity Management): A series of management activities that include developing, implementing, operating, reviewing, and continuously improving the business continuity plan in order to address risks that may hinder business continuity.

BCP (Business Continuity Plan): A business continuity plan that defines methods to enable a company to continue doing business and recover quickly while minimizing damage in the event of an emergency situation, such as a disaster.

(5) Group company business management

Through rules such as our domestic and overseas affiliate company handling regulations and decision-making authority standard requirements, we have constructed a framework for receiving decision-making and reports from Group companies to the Company.

10. Evaluation of the Effectiveness of the Board of Directors

The Company deems the Board of Directors to be the body responsible for decision-making concerning the Company's fundamental policies and upper-level management issues, and supervising the execution of business. We believe that the role and responsibility of the Board of Directors is to ensure transparency in management and fairness in business decisions and operations by building a highly effective supervision system for Directors through appointing multiple Outside Directors who are sufficiently independent.

(1) Initiatives for securing the effectiveness of the Board of Directors

Starting from 2007, we shortened the term of office of Directors from two years to one year in order to further clarify management's responsibility to shareholders.

To separate our supervision function from our executive function, we in 2008 introduced an Executive Officer system while changing the number of Directors from 21 to nine, and appointed two Outside Directors meeting independent officer requirements. The Board of Directors was clarified as a body that decides a basic policy for the SEKISUI CHEMICAL Group, makes advanced business judgments and supervises the state of our business execution. We seek to sufficiently provide information to, and ensure collaboration for, Outside Directors by providing them with opportunities to exchange opinions with the management of the Company and its Audit & Supervisory Board and Accounting Auditor and have a tour of our works and on a regular basis.

In 2016, we set up the Nomination and Remuneration Advisory Committee the majority of whose members were Independent Officers and which was chaired by an Independent Outside Officer in order to further enhance transparency and objectivity for determining presidential successor candidates, director candidates, and the remuneration for Directors.

After 2022, in consideration of the ratio of Outside Directors and ensuring diversity, including gender diversity, we have increased the number of Independent Outside Directors to five (including three women), in an ongoing effort to ensure the diversity of the Board of Directors.

(2) Evaluation of the effectiveness of the Board of Directors

We think the Board of Directors contributes to improving the corporate value of the SEKISUI CHEMICAL Group and functions appropriately, judging from the fact that appropriate agendas are set for Board of Directors meetings, sufficient time is secured for them, and opinions and suggestions are actively given by Directors, including Outside Directors, and by Audit & Supervisory Board Members.

During fiscal 2025, the Board of Directors met 17 times and deliberated sufficiently on growth strategies (such as for R&D, large new businesses, and large capital investments), foundation strategies (such as for sustainability, DX, safety, compliance, and CS quality) by bringing up their subjects as significant management issues. We also conducted evaluation surveys for the Board of Directors' effectiveness with Directors and Audit & Supervisory Board Members. The results confirmed that there were no urgent or clearly pressing issues requiring immediate action. As a future improvement initiative, we are working to identify important management topics that require more in-depth deliberation.

The Nomination and Remuneration Advisory Committee deliberated on appointment of candidates for Directors and Audit & Supervisory Board Members and individual evaluations and remunerations, and then the Board of Directors determined them upon receiving its recommendation. The Nomination and Remuneration Advisory Committee met nine times such as for discussing the composition and effectiveness of the Board of Directors and governance enhancement initiatives.

During fiscal 2026 as well, we will seek to secure the transparency and fairness of our management by further enhancing our deliberations on significant business issues and arranging for the Board of Directors to make decisions appropriately.

3 Matters on the Current State of the SEKISUI CHEMICAL Group

1. Business Processes and Their Results as Well as Issues Required to Be Addressed

Financial results of the SEKISUI CHEMICAL Group for fiscal 2025

	[Billions of yen]	Year on year [%]
Net Sales	1,309.2	+0.9
Operating Profit	106.4	-1.4
Profit	75.1	-8.2

As for the business environment in fiscal 2025, the final fiscal year of the “Drive 2.0” Medium-term Management Plan formulated based on the SEKISUI CHEMICAL Group’s Long-term Vision “Vision 2030,” while the domestic housing and non-housing markets remained sluggish, the semiconductor and aircraft markets demonstrated solid performance, and net sales reached a new record high.

Although there was progress in the shift toward high-value-added products, particularly in the Housing business, operating profit declined due to factors such as stalling growth in the EV market and reduced demand overseas for high-priority infectious disease testing kits. Ordinary profit increased mainly due to foreign exchange gains, reaching a record high. Profit decreased mainly from the impact of the recording of impairment losses.

As for the consolidated financial results for fiscal 2025, net sales for the fiscal year under review rose 0.9% to ¥1,309.2 billion, operating profit fell 1.4% to ¥106.4 billion, ordinary profit increased 5.6% to ¥117.2 billion, and profit attributable to owners of parent fell 8.2% year on year, to ¥75.1 billion.

Outline of our fiscal 2026 plans		
	[Billions of yen]	Year on year [%]
Net Sales	1,408.4	+7.6
Operating Profit	115.0	+8.0
Profit	76.0	+1.1

As the first year of our Medium-term Management Plan “Accelerate 2028,” fiscal 2026 will see us continue our efforts to strengthen our earning power and improve capital efficiency.

Amid ongoing uncertainty in market conditions, we will continue striving to expand sales of high value-added businesses and products that help solve social issues and maintain margins, aiming for year-on-year increases in revenue and profit across all segments. We are targeting record-highs in both consolidated net sales and operating profit.

Through these efforts, we aim to record net sales of ¥1,408.4 billion, ¥99.1 billion higher than the previous year, operating profit of ¥115.0 billion, ¥8.5 billion higher than the previous year, ordinary profit of ¥114.0 billion, ¥3.2 billion lower than the previous year, and profit attributable to owners of parent of ¥76.0 billion, ¥0.8 billion higher than the previous year.

In addition, regarding our film-type perovskite solar cell business, we have begun commercial operations (product delivery) after establishing manufacturing techniques for 1-meter-wide panels and installation specifications for metal roofs. Our highest priority will be to expand supply through the launch of the 100 MW production line in fiscal 2027.

Furthermore, regarding the deteriorating situation in the Middle East and its impact on the procurement of raw materials, we will closely monitor the situation as we strive to secure the quantities we need, while also implementing hedging measures such as diversifying our sources and considering substitutes. Moreover, we will work to minimize the impact of price increases through measures such as promptly passing them on to retail prices.

We kindly ask shareholders to continue supporting the SEKISUI CHEMICAL Group strongly as it aims to grow in a sustained manner.

Financial results of the Housing Company for fiscal 2025

Financial results for fiscal 2025

	[Billions of yen]	Year on year [%]
Net Sales	536.2	+2.3
Operating Profit	37.1	+17.9

Although the number of housing units sold in the Housing business declined due to the sluggish new housing market, net sales rose slightly over the previous period to ¥536.2 billion, a 2.3% increase year on year, driven by higher unit prices from an improved product mix and growth in the Housing Renovation business. Operating profit rose 17.9% year on year to ¥37.1 billion, reflecting both higher revenue and significantly higher profit.

Net sales in the Housing business exceeded the previous fiscal year, largely due to the higher unit prices resulting from the expansion of multi-unit housing and high-end detached homes. Although the number of orders declined from the previous year due to the slow recovery of orders received in regional areas caused by rising interest rates on housing loans, rising prices, and other factors, demand in urban areas remained strong, resulting in the value of orders exceeding that of the previous year.

In the Housing Renovation business, the value of orders increased due to reinforced sales capabilities and enhanced regular inspection services, resulting in higher net sales year on year.

In the Residential business, net sales rose year on year due to an increase in the number of rental units under management, growth in the purchase and resale business, and the impact of new consolidations.

Outline of our fiscal 2026 plans

Fiscal 2026 plan

	[Billions of yen]	Year on year [%]
Net Sales	582.0	+8.5
Operating Profit	40.0	+7.7

In fiscal 2026, we are targeting both revenue and profit growth by launching new products to enhance our product lineup in the Housing business, expanding our product offerings and expanding external orders in the Housing Renovation business, and increasing the number of rental units under management in the Residential business.

In the Housing business, we will aim to raise revenue by enhancing our product lineup to increase the number of housing units sold. In urban areas, we will continue to focus on expanding orders in multi-unit housing and high-end detached homes, while in regional areas, we will launch new products and advance sales strategies tailored to regional needs to increase the amount of money and restore the number of units sold.

In the Housing Renovation business, we aim to increase revenue by bolstering our product offering, centered on renovations with a focus on insulation, and by strengthening our sales structure to expand external orders.

In the Residential business, we aim to boost revenue by continuing to focus on increasing the number of residential rental units under management and expanding our purchase and resale business, in addition to reliably handing over completed condominium projects.

TOPICS

Launch of the new flagship model “ELVIA,” featuring our highest level of “design × residential performance × living space”

As a new flagship model of steel-framed custom-built housing, “ELVIA” was launched nationwide (excluding Okinawa and some remote islands) from October 2025.

This product delivers a high level of both design and performance, creating high-quality, personalized living spaces for high-end customers. On the design end, it features an exterior with distinctive horizontal and vertical lines that highlight the architectural beauty of its box-shaped structure, along with an interior concept that is timeless and never grows old. For performance, in addition to offering our highest level of seismic resistance and insulation, it also realizes a comfortable air environment with the newly developed air conditioning system “AirLax.”

In addition to providing comfortable living that harmonizes with residents over time, it contributes to safety against increasingly frequent natural disasters and to a carbon-neutral society, accelerating efforts toward the realization of a sustainable society.

Financial results of the Urban Infrastructure & Environmental Products Company for fiscal 2025

Financial results for fiscal 2025

	[Billions of yen]	Year on year [%]
Net Sales	240.4	-0.0
Operating Profit	23.2	+1.3

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. As a result, net sales remained largely unchanged from the previous fiscal year at ¥240.4 billion, while operating profit increased by 1.3% year on year to ¥23.2 billion, marking a record high for the fourth consecutive fiscal year.

In the Pipe Systems field, the sales volume declined due to prolonged construction periods in the domestic non-housing market, while chlorinated polyvinyl chloride (CPVC) resin was affected by the continued downturn in the Indian market, resulting in overall net sales for the field declining compared to the previous year.

In the Buildings and Infrastructure Composite Materials field, net sales increased year on year, supported by steady progress in the adoption of new fire-resistant and non-combustible materials and the expansion of sales for new products, as well as increased adoption of synthetic lumber (FFU) railway sleepers, particularly in Europe.

In the Infrastructure Renovation field, a nationwide priority survey on pipeline renewal gradually began to generate renewal demand. Combined with steady growth in orders overseas and successful acquisition of large-scale plant equipment projects, net sales for the entire field increased year on year.

Outline of our fiscal 2026 plans

Fiscal 2026 plan

	[Billions of yen]	Year on year [%]
Net Sales	255.4	+6.2
Operating Profit	25.0	+7.5

In fiscal 2026, while we expect fixed costs to rise due to investments in human capital and capacity expansion, we will aim to increase revenue and profits by continuing to focus on growing overseas sales—especially of FFU railway sleepers, pipeline renewal projects, and CPVC resin—expanding sales of prioritized products, and securing margins. Through these efforts, we aim to achieve record profits for the fifth consecutive fiscal year.

In the Pipe Systems field, we will continue to focus on expanding sales of prioritized products, securing margins, expanding sales of new CPVC resin products, and expanding sales areas.

In the Buildings and Infrastructure Composite Materials field, we will accelerate the expansion of sales by expanding applications of fire-resistant and non-combustible materials. For FFU railway sleepers, we will focus on expanding in the United States, in addition to Europe, where adoption is steadily expanding.

In the Infrastructure Renovation field, we will work to increase orders by capturing pipeline renewal projects resulting from the nationwide priority inspection of sewer systems in Japan and strengthening marketing efforts overseas. We will also focus our efforts on expanding sales of water supply panel tanks and capturing renewal demand.

TOPICS

New dedicated pipe for the pipe-in-pipe method for rehabilitating aging water pipes without excavation!

We have newly developed and launched “Eslo Hyper JW PINP,” a dedicated pipe for the pipe-in-pipe method that rehabilitates aging water pipes without excavation, with sales starting in October 2025.

Of the approximately 740,000 km of water pipes nationwide, about 176,000 km have already exceeded their statutory service life, and this figure is expected to increase rapidly. However, the current renewal rate is only 0.64% per year, meaning it would take more than 130 years to replace all water pipes. Factors hindering the renewal of aging water pipes include difficulties in securing financial resources for municipalities, the presence of sections where open-cut construction is difficult, and a shortage of contractors.

Since its initial launch in Japan in 1996, our earthquake-resistant, high-performance polyethylene pipe, “Eslo Hyper,” has maintained “zero damage” in numerous earthquakes. By adding dedicated pipes for trenchless rehabilitation of aging water pipelines to our lineup, we will help resolve these issues and accelerate renewal.

Financial results of the High Performance Plastics Company for fiscal 2025

Financial results for fiscal 2025

	[Billions of yen]	Year on year [%]
Net Sales	456.5	+2.1
Operating Profit	59.3	-3.1

Driven by steady growth in high-performance interlayer films in the Mobility field, net sales increased by 2.1% year on year to ¥456.5 billion, but the impact of non-recurring expenses caused operating profit to decline by 3.1% year on year to ¥59.3 billion, resulting in higher revenue but 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 and display markets, as well as steady progress in acquiring new demand.

In the Mobility field, net sales surpassed the previous fiscal year thanks to growth in interlayer films for head-up displays, captured demand for aircraft-related products, and expansion into new areas such as drones.

In the Industrial Business field, while sales of labor-saving and environmentally friendly products grew and progress was made in acquiring new demand in products related to sensors and care materials, net sales declined compared to the previous fiscal year due to factors including sluggish demand for construction and consumer goods in Europe and Japan.

Outline of our fiscal 2026 plans

Fiscal 2026 plan

	[Billions of yen]	Year on year [%]
Net Sales	487.6	+6.8
Operating Profit	64.5	+8.7

Looking ahead to fiscal 2026, we aim to drive sales growth across all fields, with a focus on the Mobility field. Although growth strategies will involve increased expenses, such as those related to development for business expansion, the Company as a whole will aim for higher revenue and a significant increase in profit, leading to another record high in profit.

In the Electronics field, we expect the semiconductor and display markets to remain robust. We will focus on attracting new customers and securing new applications, particularly in the booming semiconductor market.

In the Mobility field, we expect to expand sales of high-performance interlayer films with a focus on head-up displays. We will also capitalize on the recovering aircraft demand, while continuing to drive the development of new markets, including drones.

In the Industrial Business field, we will continue to grow sales in designated focus areas, including labor-saving products and environmentally friendly products.

TOPICS

New injection molding plant for automotive interior and exterior parts in Pune, India: Expanding operations with our sixth plant in India

In June 2025, we decided to build a new plant in Pune in the western Indian state of Maharashtra for SEKISUI DLJM MOLDING PRIVATE LIMITED (hereinafter “Sekisui DLJM Molding”), a joint venture engaged in the production and sale of injection-molded parts for automobiles. This will be our sixth plant in India.

Our High Performance Plastics Company designates injection molding as one of its core businesses within Mobility, one of our strategic fields. We established Sekisui DLJM Molding in August 2011 and began operations to expand this business in India. Since then, we have been expanding our business area as India continues to motorize. We have now made the decision to establish a new plant in the Pune area, where many automakers are concentrated and growth is expected. This will increase our production capacity in India by roughly 15% as we pursue further business expansion.

Main products: Injection-molded parts for automobiles (suitable for painting, plating, and assembly).

Medical Business

Financial results for fiscal 2025			Fiscal 2026 plan		
	[Billions of yen]	Year on year [%]		[Billions of yen]	Year on year [%]
Net Sales	93.7	-5.5	Net Sales	97.3	+3.8
Operating Profit	11.1	-13.0	Operating Profit	12.0	+7.8

In fiscal 2025, 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, net sales decreased by 5.5% year on year to ¥93.7 billion, and operating profit fell by 13.0% year on year to ¥11.1 billion, for a decline in both revenue and profit.

In fiscal 2026, we aim to increase both revenue and profits by focusing on securing new projects in our Pharmaceutical Sciences and domestic Diagnostics businesses, while continuing to pursue profitability improvements in our overseas Diagnostics business, where we anticipate challenging market conditions to persist.

Examples of initiatives in new businesses

Launch of the business for film-type perovskite solar cells “SOLAFIL”

The Company, together with SEKISUI SOLAR FILM CO., LTD. (President: Futoshi Kamiwaki; hereinafter “SSF”), which is responsible for product design, manufacturing, and sales of film-type perovskite solar cells, has been working on commercialization and product development. With the establishment of manufacturing technology using existing facilities and the completion of preparations for commercializing products and the installation specifications for metal roof applications, we have decided to launch the business and have begun specific discussions toward supplying customers in March 2026.

- Overview of commercialization

Products to be installed on metal roofs will be provided for (i) and (ii).

- (i) The following municipalities and business operators selected for the Ministry of the Environment’s fiscal 2025 public offering “Subsidy Program for the Introduction of Perovskite Solar Cells for the Creation of Social Implementation Models”

Saitama City, Shiga Prefecture, West Nippon Expressway Company Limited, Fukuoka Prefecture, Fukuoka City

- (ii) Tokyo Metropolitan Government’s “Early Implementation Project for Air Solar in Metropolitan Facilities”

- Future development

In fiscal 2026, production volume will be limited using existing facilities. Still, we will proceed with product supply to the extent possible.

The Company and SSF will prioritize expanding supply capacity by launching a 100 MW-scale production line in fiscal 2027 to promote the widespread social implementation of film-type perovskite solar cells, thereby contributing to the realization of a decarbonized society.

2. Principal Business Activities

SEKISUI CHEMICAL Group is composed of the Housing Company, the Urban Infrastructure & Environmental Products Company, the High Performance Plastics Company, and the Medical Business. Their principal business activities are as follows.

Housing Company	
Housing Business	Housing Renovation Business
Provides housing that takes into account comfort, safety and security, and the environment by making full use of the unit construction method, which realizes housing that meets design performance through factory production.	Continues to support residents of our homes after construction by offering detailed proposals for maintenance and renovation tailored to changes in life stages and building conditions.
Residential Business (Real Estate)	Residential Business (Town and Community Development)
Responds to a wide range of real estate needs, including rental apartment and condominium management and guarantees, real estate brokerage, and purchase and resale services.	By fully tapping into the comprehensive capabilities of the SEKISUI CHEMICAL Group, aims to create comfortable, safe, and sustainable towns and communities through environmental and infrastructure technologies as well as urban management and smart services.
Residential Service Business	Overseas Business
Provides both interior and exterior solutions that contribute to a rich living environment, considering the “inside,” “outside,” and “people” together.	Utilizing the advanced technological capabilities developed in Japan, provides unit housing in Thailand. A modular construction business in Canada to be commenced by 2026.

Urban Infrastructure & Environmental Products Company		
Pipe Systems Field		
Contributes to achieving a secure, safe, and comfortable housing environment by offering building water supply and hot water supply piping materials that do not suffer from rust and corrosion, are long-life and are easy to work with, which is useful for worker shortages on construction sites and shortening of construction periods.	Develops various pipe materials and valves with excellent chemical resistance, antistatic plates used in semiconductor factory equipment, and plastic pipe deterioration diagnosis which uses our extensive knowledge. Contributes to the stable operation of factories.	Flood damage has become more frequent and severe in recent years. Minimizes the damage to the town by the combination of CROSS-WAVE plastic underground rainwater storage tanks and RCP large-diameter rainwater storage pipes.
Buildings and Infrastructure Composite Materials Field		Infrastructure Renovation Field
Synthetic lumber (FFU) railway sleepers are also increasingly being used overseas. They combine the advantages of natural wood and plastic, such as light weight, durability, weather resistance, and workability, and contribute to reducing environmental impact.	PUXFLAME is a non-combustible polyurethane foam insulation material that is the first in Japan to be certified as a non-combustible organic spray insulation material. It can be easily sprayed onto complex structures, realizing the shortening of constructions period and cost reduction.	Measures to address aging sewage pipes have become an urgent issue not only in Japan but also overseas. The SPR method, which minimizes noise and traffic congestion and produces little waste, continues to evolve.

High Performance Plastics Company	
Electronics Field	Mobility Field
Provides advanced materials such as conductive fine particles and liquid crystal sealants that are ranked top in global market shares as well as double-sided tapes and various semiconductor materials.	Provides molding resin and other products for automobiles, with an interlayer film for laminated glass used in automobiles that is ranked top in global market share as its flagship product.
Industrial Business Field	
Provides products and materials such as resin molded products which use adhesives and recycled materials, centered on labor-saving products that reduce workload and environmentally friendly products for various industries that support life and society.	

Medical Business	
Diagnostics Business	Pharmaceutical Sciences Business
Provides various analysis devices such as plastic vacuum blood collection tubes and automated blood coagulation analysis devices that are essential for types of clinical testing drugs and clinical testing mainly for the fields of blood coagulation, lifestyle disease, and infection.	Manufactures and supplies pharmaceutical companies with active pharmaceutical ingredients, pharmaceutical intermediates, pharmaceutical amino acids, and enzymes for manufacturing pharmaceuticals. In addition, it provides comprehensive support for drug development, as well as expanding newborn screening tests to detect congenital diseases in newborns and sells reagents.

3. Main Business Bases and Plants

Housing Company		
Business bases	Subsidiaries	HOKKAIDO SEKISUI HEIM CO., LTD. (Sapporo City) SEKISUI HEIM TOHOKU CO., LTD. (Sendai City) TOKYO SEKISUI HEIM CO., LTD. (Shinjuku-ku, Tokyo) GUNMA SEKISUI HEIM CO., LTD. (Maebashi City) SEKISUI HEIM SHINETSU CO., LTD. (Matsumoto City) SEKISUI HEIM CHUBU CO., LTD. (Nagoya City) SEKISUI HEIM KINKI CO., LTD. (Osaka City) SEKISUI HEIM CHUSHIKOKU CO., LTD. (Okayama City) SEKISUI HEIM KYUSHU CO., LTD. (Fukuoka City) SEKISUI HEIM REAL ESTATE CO., LTD. (Shinjuku-ku, Tokyo)
Production plants	Subsidiaries	SEKISUI HEIM INDUSTRY CO., LTD. (Hasuda City)
Research institutes	The Company	Housing Technology Institute (Tsukuba City)

Urban Infrastructure & Environmental Products Company		
Business bases	The Company	[Sales Headquarters] Higashinihon Sales Department (Minato-ku, Tokyo), Chubu Sales Department (Nagoya City), Nishinihon Sales Department (Osaka City), Kyushu Sales Department (Fukuoka City)
	Subsidiaries	SEKISUI HOMETECHNO CO., LTD. (Osaka City) SEKISUI AQUA SYSTEMS CO., LTD. (Osaka City)
Production plants	The Company	Shiga-Ritto Plant (Ritto City), Gunma Plant (Isesaki City)
	Subsidiaries	TOKUYAMA SEKISUI CO., LTD. (Shunan City)
Research institutes	The Company	General Institute (Kyoto City)

High Performance Plastics Company		
Business bases	The Company	Electronic Business Strategy Department (Minato-ku, Tokyo) Mobility Business Strategy Department (Minato-ku, Tokyo) Industrial Business Strategy Department (Minato-ku, Tokyo)
	Subsidiaries	SEKISUI POLYMATECH CO., LTD. (Saitama City) SEKISUI SEIKEI CO., LTD. (Osaka City) SEKISUI FULLER CO., LTD. (Minato-ku, Tokyo)
Production plants	The Company	Musashi Plant (Hasuda City), Shiga-Minakuchi Plant (Koka City), Taga Plant (Taga-cho, Inukami-gun, Shiga)
Research institutes	The Company	Research & Development Institute (Shimamoto-cho, Mishima-gun, Osaka)
Overseas bases	Subsidiaries	SEKISUI AEROSPACE CORPORATION (U.S.) SEKISUI SPECIALTY CHEMICALS AMERICA, LLC. (U.S.) SEKISUI KYDEX, LLC. (U.S.) SEKISUI ALVEO A.G. (Switzerland) SEKISUI S-LEC B.V. (Netherlands) SEKISUI SPECIALTY CHEMICALS EUROPE S.L. (Spain) SEKISUI S-LEC (SUZHOU) CO., LTD. (China) YOUNGBO CHEMICAL CO., LTD. (South Korea)

Headquarters		
Head Office	Head Office (4-4 Nishitemma 2-Chome, Kita-ku, Osaka, Japan) Tokyo Head Office (10-4 Toranomom 2-Chome, Minato-ku, Tokyo, Japan)	
Business bases	Subsidiaries	SEKISUI SOLAR FILM CO., LTD. (Osaka City) SEKISUI MEDICAL CO., LTD. (Chuo-ku, Tokyo)
Research institutes	The Company	Advanced Technology Institute (Tsukuba City)
Overseas bases	Subsidiaries	SEKISUI DIAGNOSTICS, LLC (U.S.) SEKISUI EUROPE B.V. (Netherlands) SEKISUI AMERICA CORPORATION (U.S.) SEKISUI CHEMICAL (CHINA) CO., LTD. (China) SEKISUI SOUTHEAST ASIA CO., LTD. (Thailand)

4. Assets and Profit and Loss

Category	100th Business Term (FY2021)	101st Business Term (FY2022)	102nd Business Term (FY2023)	103rd Business Term (FY2024)	104th Business Term (The fiscal year under review) (FY2025)
Net Sales (Millions of yen)	1,157,945	1,242,521	1,256,538	1,297,754	1,309,281
Operating Profit (Millions of yen)	88,879	91,666	94,399	107,951	106,477
Ordinary Profit (Millions of yen)	97,001	104,241	105,921	110,958	117,215
Profit (Millions of yen)	37,067	69,263	77,930	81,925	75,174
Profit per Share (Yen)	83.17	159.19	183.48	195.93	182.70
Total Assets (Millions of yen)	1,198,921	1,228,131	1,323,243	1,330,786	1,427,933
Net Assets (Millions of yen)	702,753	732,525	820,925	835,366	881,125
Net Assets per Share (Yen)	1,519.19	1,642.67	1,880.30	1,933.56	2,108.44
ROE (return on equity) (%)	5.5	10.0	10.4	10.2	9.1

(Notes) 1. Profit per share was calculated in accordance with the average total number of shares outstanding for the fiscal year under review, and net assets per share was calculated in accordance with the ending total number of shares outstanding. The average total number of shares outstanding for the fiscal year under review and the ending total number of shares outstanding exclude shares of treasury stock.

2. Profit represents profit attributable to owners of parent.

5. Capital Expenditures

Capital expenditures totaled ¥92.9 billion (up 32.2% year on year), mainly focused on manufacturing equipment for film-type perovskite solar cells, expanding production capacity for interlayer film for laminated glass in Thailand, and DX-related investments.

6. Procurement of Funds

The SEKISUI CHEMICAL Group has raised new funds through the issuance of No. 8 unsecured bonds (Green Bonds) and bank loans to meet the capital needs for capital investment and R&D related to perovskite solar cells.

7. Main Lenders

Lenders	Loan amount (Millions of yen)
MUFG Bank, Ltd.	10,000
The Norinchukin Bank	10,000
Development Bank of Japan Inc.	10,000

8. Employees

Unit	Number of employees	Year-on-year change
Housing Company	10,481	Down 236
Urban Infrastructure & Environmental Products Company	4,731	Down 8
High Performance Plastics Company	8,304	Up 126
Medical	2,097	Down 165
Others	668	Up 122
Corporate (common)	471	Down 5
Total	26,752	Down 166

(Note) Of the above, the number of the Company's employees stood at 3,156, up 67 compared with the end of the previous fiscal year.

9. Significant Subsidiaries, Etc.

(1) Significant affiliates

Company name	Paid-in capital	Equity interest ratio	Principal business activities
	Millions of yen	%	
Sekisui Kasei Co., Ltd.	16,533	21.67	Manufacture and sales of foamed styrene molding materials and styrene foam products

(Note) The equity interest ratios include those of shares held by subsidiaries of the Company.

(2) Significant subsidiaries

Company name	Paid-in capital	Equity interest ratio	Principal business activities
	Millions of yen	%	
SEKISUI SOLAR FILM CO., LTD.	3,000	86.00	Manufacturing and sales of perovskite solar cells
SEKISUI MEDICAL CO., LTD.	1,275	100.00	Manufacture and sales of diagnostic reagents, testing devices, and pharmaceuticals
TOKUYAMA SEKISUI CO., LTD.	1,000	70.00	Manufacture and sales of polyvinyl chloride resins
SEKISUI HEIM INDUSTRY CO., LTD.	500	100.00	Manufacture and sales of unit housing materials
SEKISUI SEIKEI CO., LTD.	450	100.00	Manufacture, processing and sales of various synthetic resin products
TOKYO SEKISUI HEIM CO., LTD.	400	100.00	Contract construction work service and real estate sales
SEKISUI HEIM KINKI CO., LTD.	400	100.00	Contract construction work service and real estate sales
SEKISUI FULLER CO., LTD.	400	50.00	Manufacture and sales of industrial and general adhesives
SEKISUI HOMETECHNO CO., LTD.	360	100.00	Assembling, processing, and sales of housing equipment

Company name	Paid-in capital	Equity interest ratio	Principal business activities
SEKISUI POLYMATECH CO., LTD.	300	100.00	Manufacture and sales of mold and thermally conductive products
SEKISUI HEIM TOHOKU CO., LTD.	300	100.00	Contract construction work service and real estate sales
SEKISUI HEIM SHINETSU CO., LTD.	300	100.00	Contract construction work service and real estate sales
SEKISUI HEIM CHUBU CO., LTD.	300	100.00	Contract construction work service and real estate sales
SEKISUI HEIM CHUSHIKOKU CO., LTD.	300	100.00	Contract construction work service and real estate sales
SEKISUI HEIM KYUSHU CO., LTD.	300	100.00	Contract construction work service and real estate sales
HOKKAIDO SEKISUI HEIM CO., LTD.	200	100.00	Contract construction work service and real estate sales
GUNMA SEKISUI HEIM CO., LTD.	200	100.00	Contract construction work service and real estate sales
SEKISUI AQUA SYSTEMS CO., LTD.	200	88.08	Construction of various industrial plants, manufacture, sales, and work for water environmental engineering facilities such as water supply and drainage tanks
SEKISUI HEIM REAL ESTATE CO., LTD.	200	100.00	Real estate leasing management, trading, and brokerage services
SEKISUI DIAGNOSTICS, LLC	Thousands of U.S. dollars 132,000	100.00	Development, manufacture, and sales of diagnostic reagents
SEKISUI SPECIALTY CHEMICALS AMERICA, LLC.	Thousands of U.S. dollars 107,000	100.00	Manufacture and sales of polyvinyl alcohol resins
SEKISUI KYDEX, LLC.	Thousands of U.S. dollars 27,054	100.00	Manufacture and sales of high performance plastic sheets
SEKISUI AMERICA CORPORATION	Thousands of U.S. dollars 8,421	100.00	Management of affiliated companies in the Americas
SEKISUI AEROSPACE CORPORATION	Thousands of U.S. dollars –	100.00	Development, manufacture, and sales of composite material mold products for aircraft and drones
SEKISUI SPECIALTY CHEMICALS EUROPE S.L.	Thousands of euros 18,000	100.00	Manufacture and sales of polyvinyl alcohol resins
SEKISUI S-LEC B.V.	Thousands of euros 11,344	100.00	Manufacture and sales of interlayer films for laminated glasses
SEKISUI EUROPE B.V.	Thousands of euros 1,000	100.00	Management of affiliated companies in Europe

Company name	Paid-in capital	Equity interest ratio	Principal business activities
SEKISUI ALVEO A.G.	Thousands of Swiss francs 21,000	100.00	Sales of foam polyolefins and foams
YOUNGBO CHEMICAL CO., LTD.	Hundreds of millions of won 100	52.30	Manufacture, processing and sales of synthetic resin products
SEKISUI CHEMICAL (CHINA) CO., LTD.	Thousands of yuan 361,447	100.00	Management of affiliated companies in China
SEKISUI S-LEC (SUZHOU) CO., LTD.	Thousands of yuan 195,979	100.00	Manufacture and sales of interlayer films for laminated glasses
SEKISUI SOUTHEAST ASIA CO., LTD.	Thousands of baht 10,000	100.00	Management of affiliated companies in South East Asia

- (Notes) 1. The equity interest ratios include those of shares held by subsidiaries of the Company.
2. The consolidated subsidiaries of the Company as of the end of the fiscal year under review totaled 145, including those shown above.

4 Stock Information

(1) Total number of shares authorized to be issued 1,187,540,000

(2) Total number of shares outstanding 430,507,285

(Note) We resolved at a Board of Directors meeting held on April 28, 2026 to retire shares of treasury stock, which will likely reduce the total number of shares outstanding by 25 million shares to 405,507,285 shares.

(Planned date of retirement: May 25, 2026)

(3) Number of shareholders 155,940

(4) Major shareholders (top 10)

Name of shareholder	Number of shares held (Thousands of shares)	Percentage of ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	59,876	14.78
Custody Bank of Japan, Ltd. (Trust Account)	21,498	5.30
Employees Stock Ownership Plan	12,330	3.04
The Dai-ichi Life Insurance Company, Limited	12,153	3.00
Sekisui House, Ltd.	7,998	1.97
National Mutual Insurance Federation of Agricultural Cooperatives	7,302	1.80
STATE STREET BANK AND TRUST COMPANY 505001	6,901	1.70
JP MORGAN CHASE BANK 385781	5,561	1.37
STATE STREET BANK AND TRUST COMPANY 505103	4,275	1.05
STATE STREET BANK AND TRUST COMPANY 505223	4,231	1.04

(Notes) 1. The Company maintains 25,414,787 shares of treasury stock, which are not included in the major shareholders above. Shares of treasury stock account for 5.90% of the total number of shares outstanding.

2. The treasury stocks exclude 191,000 shares held by an Employee Stock Ownership Plan trust and 976,000 shares held by the Board Incentive Plan trust as an officer remuneration system.

3. The percentage of ownership is calculated after subtracting the treasury stock from the total number of outstanding shares.

(5) Shares delivered during the fiscal year under review to company officers as consideration for their execution of duties

Details of the share-based compensation granted to the Company's officers (including former officers) during the current fiscal year are as follows.

Category	Number of shares	Number of eligible officers
Directors (excluding Outside Directors)	64,000	2

(6) Stock price (Tokyo Stock Exchange, First Section and Prime Market)

■ Highest and lowest stock prices by fiscal year for the past five years

(Yen)

By fiscal year	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
Highest stock price	2,187	2,019	2,287	2,840	3,065
Lowest stock price	1,648	1,613	1,786	1,880	2,151

■ Highest and lowest stock prices by month for the past one year

(Yen)

By month	2025									2026		
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Highest stock price	2,590	2,553.5	2,682	2,668.5	2,909	2,938.5	2,967.5	2,699	2,657.5	2,870	3,065	3,026
Lowest stock price	2,151	2,430.5	2,443	2,487	2,524	2,733	2,659	2,518	2,536	2,659	2,739.5	2,530

5	Accounting Auditor
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1. Name of Accounting Auditor

KPMG AZSA LLC

2. Amount of Fee, Etc. for the Accounting Auditor

Amount of accounting auditor fee for the fiscal year under review ¥188 million

Total amount of money and asset profits required to be paid by the Company and its subsidiaries ¥284 million

(Note) Of our significant subsidiaries, 13 overseas subsidiaries were audited by KPMG, which belongs to the network which the Accounting Auditor of the Company belongs to.

3. Reason for Consent by the Audit & Supervisory Board to the Fee, Etc. for the Accounting Auditor

The Audit & Supervisory Board obtained the necessary materials, including information on the execution of duties in the previous fiscal year, and conducted the required verification to determine whether the content of the Accounting Auditor's audit plan, the status of the execution of accounting audit duties, and the basis for calculating the estimated remuneration were appropriate. As a result, the Board judged them to be reasonable.

4. Decision Policy for Dismissal or Non-re-election of Accounting Auditor

At the Company, if any of the dismissal reasons set forth in Article 340 of the Companies Act applies to the Accounting Auditor, the Audit & Supervisory Board dismisses it with the consent of all the Audit & Supervisory Board Members. If it is deemed to be challenging for the Accounting Auditor to execute its duties properly or if it is judged to be inappropriate for an Accounting Auditor to be reappointed, the Audit & Supervisory Board determines a proposal for dismissal or non-re-election to be submitted to General Meeting of Shareholders.

5. Standard for the Audit & Supervisory Board to Select and Evaluate the Accounting Auditor in an Appropriate Manner

The Audit & Supervisory Board identifies conducted audits through audit reports from the Accounting Auditor and onsite audits, and evaluates it and resolves to re-elect it under a standard that takes into account matters such as quality control, audit team, and audit fees at an Audit & Supervisory Board meeting each fiscal year.

(Note) Any number less than the display unit has been truncated to present values, numbers of shares, equity interest ratios, and shareholding ratios that are shown in this Business Report.

Supplemental Schedules to the Business Report

1. Status of significant concurrent positions with executive roles in other companies

As stated in the Business Report for the 104th Business Term under “2. Corporate Governance Initiatives,” “6. Names of Directors and Audit & Supervisory Board Members,” “(1) Status of Directors and Audit & Supervisory Board Members.”

2. Details of transactions involving conflicts of interest with company officers or controlling shareholders

There are no applicable items.

Consolidated Financial Statements

Consolidated Balance Sheets	70
Consolidated Statements of Income	72
Consolidated Statements of Changes in Equity; Statements of Shareholders' Equity	73
(For Reference) Summary of Consolidated Statements of Cash Flows	75

Consolidated Balance Sheets

(Millions of yen)

	End Fiscal Year 2025 (As of March 31, 2026)	End Fiscal Year 2024 (For Reference) (As of March 31, 2025)
(Assets)		
Current assets	721,698	703,104
Cash and deposits	97,192	142,586
Notes receivable - trade	35,411	37,820
Accounts receivable - trade	178,080	167,960
Contract assets	517	1,758
Merchandise and finished goods	124,970	110,721
Land for sale in lots	86,144	69,187
Work in process	75,294	72,006
Raw materials and supplies	67,508	61,903
Advance payments to suppliers	17,594	5,274
Prepaid expenses	7,475	7,389
Short-term loans receivable	664	714
Other	31,408	26,465
Allowance for doubtful accounts	(564)	(686)
Non-current assets	706,235	627,681
Property, plant and equipment	462,551	403,870
Buildings and structures	130,368	121,784
Machinery, equipment and vehicles	121,958	113,941
Land	91,306	86,517
Leased assets	21,826	21,294
Construction in progress	81,999	46,085
Other	15,093	14,245
Intangible assets	57,567	59,131
Goodwill	7,253	6,874
Software	31,348	16,915
Leased assets	61	64
Other	18,905	35,276
Investments and other assets	186,115	164,679
Investment securities	101,597	105,102
Long-term loans receivable	1,041	923
Long-term prepaid expenses	2,867	1,757
Retirement benefit asset	56,739	35,575
Deferred tax assets	7,808	4,855
Other	17,012	17,179
Allowance for doubtful accounts	(950)	(714)
Total assets	1,427,933	1,330,786

(Note) The amounts presented above have been rounded down to the nearest million yen.

(Millions of yen)

	End Fiscal Year 2025 (As of March 31, 2026)	End Fiscal Year 2024 (For Reference) (As of March 31, 2025)
(Liabilities)		
Current liabilities	388,584	340,002
Notes payable - trade	360	413
Electronically recorded obligations - operating	13,498	15,782
Accounts payable - trade	107,514	107,356
Short-term borrowings	20,001	2,340
Current portion of bonds payable	10,182	-
Lease liabilities	5,759	5,422
Accrued expenses	43,306	44,254
Income taxes payable	17,942	16,870
Provision for bonuses	21,914	22,219
Provision for bonuses for directors (and other officers)	511	488
Provision for warranties for completed construction	1,500	2,209
Provision for share awards	139	108
Advances received	68,013	69,557
Other	77,940	52,977
Non-current liabilities	158,222	155,417
Bonds payable	50,000	40,000
Long-term borrowings	41,179	46,042
Lease liabilities	17,662	17,025
Deferred tax liabilities	1,346	1,524
Retirement benefit liability	39,631	42,824
Provision for share awards	1,301	1,154
Other	7,100	6,845
Total liabilities	546,807	495,420
(Net assets)		
Shareholders' equity	704,779	699,787
Share capital	100,002	100,002
Capital surplus	105,257	105,068
Retained earnings	558,200	544,799
Treasury shares	(58,681)	(50,082)
Accumulated other comprehensive income	146,410	107,560
Valuation difference on available-for-sale securities	33,214	36,889
Deferred gains or losses on hedges	0	(0)
Revaluation reserve for land	310	319
Foreign currency translation adjustment	92,031	62,160
Remeasurements of defined benefit plans	20,853	8,190
Non-controlling interests	29,935	28,018
Total net assets	881,125	835,366
Total liabilities and net assets	1,427,933	1,330,786

(Note) The amounts presented above have been rounded down to the nearest million yen.

Consolidated Statements of Income

(Millions of yen)

	Fiscal Year 2025 (From April 1, 2025 to March 31, 2026)	Fiscal Year 2024 (For Reference) (From April 1, 2024 to March 31, 2025)
Net sales	1,309,281	1,297,754
Cost of sales	885,102	877,147
Gross profit	424,178	420,606
Selling, general and administrative expenses	317,701	312,655
Operating profit	106,477	107,951
Non-operating profit	16,525	10,683
Interest income	2,057	2,149
Dividend income	3,451	3,245
Share of profit of entities accounted for using equity method	2,442	–
Foreign exchange gains	4,749	–
Miscellaneous income	3,825	5,288
Non-operating expenses	5,787	7,676
Interest expenses	1,442	1,038
Share of loss of entities accounted for using equity method	–	1,092
Foreign exchange losses	–	411
Miscellaneous expenses	4,344	5,133
Ordinary profit	117,215	110,958
Extraordinary profit	14,948	14,567
Gain on sale of investment securities	14,747	14,567
Gain on sale of non-current assets	150	–
Gain on bargain purchase	50	–
Extraordinary losses	27,140	5,552
Impairment losses	23,302	2,788
Loss on valuation of investment securities	1,104	512
Loss on sale and retirement of non-current assets	2,733	2,251
Profit before income taxes	105,023	119,973
Income taxes - current	35,341	33,275
Income taxes - deferred	(7,669)	2,591
Profit	77,351	84,106
Profit attributable to non-controlling interests	2,177	2,181
Profit attributable to owners of parent	75,174	81,925

(Note) The amounts presented above have been rounded down to the nearest million yen.

Consolidated Statements of Changes in Equity; Statements of Shareholders' Equity

(From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100,002	105,068	544,799	(50,082)	699,787
Changes during period					
Dividends of surplus			(34,182)		(34,182)
Profit attributable to owners of parent			75,174		75,174
Increase and decrease in retained earnings resulting from increase of subsidiaries in consolidation			(56)		(56)
Cancellation of treasury shares		(27,867)		27,867	–
Purchase of treasury shares				(36,751)	(36,751)
Disposal of treasury shares		337		284	621
Reversal of revaluation reserve for land			(4)		(4)
Transfer from retained earnings to capital surplus		27,530	(27,530)		–
Change in ownership interest of parent due to transactions with non-controlling interests		189			189
Net changes in items other than shareholders' equity					–
Total changes during period	–	189	13,401	(8,598)	4,991
Balance at end of period	100,002	105,257	558,200	(58,681)	704,779

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	36,889	(0)	319	62,160	8,190	107,560	28,018	835,366
Changes during period								
Dividends of surplus								(34,182)
Profit attributable to owners of parent								75,174
Increase and decrease in retained earnings resulting from increase of subsidiaries in consolidation								(56)
Cancellation of treasury shares								–
Purchase of treasury shares								(36,751)
Disposal of treasury shares								621
Reversal of revaluation reserve for land								(4)
Transfer from retained earnings to capital surplus								–
Change in ownership interest of parent due to transactions with non-controlling interests								189
Net changes in items other than shareholders' equity	(3,675)	0	(9)	29,870	12,663	38,850	1,917	40,767
Total changes during period	(3,675)	0	(9)	29,870	12,663	38,850	1,917	45,759
Balance at end of period	33,214	0	310	92,031	20,853	146,410	29,935	881,125

(Note) The amounts presented above have been rounded down to the nearest million yen.

(For Reference) Summary of Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year 2025 (From April 1, 2025 to March 31, 2026)	Fiscal Year 2024 (From April 1, 2024 to March 31, 2025)
Net cash provided by (used in) operating activities	78,301	119,231
Net cash provided by (used in) investing activities	(69,103)	(61,508)
Net cash provided by (used in) financing activities	(46,546)	(61,200)
Effect of exchange rate change on cash and cash equivalents	8,158	(2,054)
Net increase (decrease) in cash and cash equivalents	(29,190)	(5,531)
Cash and cash equivalents at beginning of period	120,895	126,367
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	738	60
Cash and cash equivalents at end of period	92,444	120,895

(Note) The amounts presented above have been rounded down to the nearest million yen.

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets.....	76
Non-Consolidated Statements of Income	79
Non-Consolidated Statements of Changes in Equity.....	80

Non-Consolidated Balance Sheets

(Millions of yen)

	End Fiscal Year 2025 (As of March 31, 2026)	End Fiscal Year 2024 (For Reference) (As of March 31, 2025)
(Assets)		
Current assets	331,305	288,037
Cash and deposits	10,527	8,048
Notes receivable - trade	5,210	7,419
Accounts receivable - trade	84,156	82,148
Merchandise and finished goods	39,323	29,702
Land for sale in lots	34,431	22,643
Work in process	5,974	9,387
Raw materials and supplies	12,031	9,702
Advance payments to suppliers	15,402	2,217
Prepaid expenses	1,804	1,489
Short-term loans receivable	43,219	36,002
Accounts receivable - other	78,647	78,535
Other current assets	592	794
Allowance for doubtful accounts	(17)	(54)
Non-current assets	501,831	489,106
Property, plant and equipment	126,283	114,373
Buildings	36,602	35,549
Structures	3,229	2,839
Machinery and equipment	28,610	24,847
Vehicles	155	196
Tools, furniture and fixtures	4,687	4,561
Land	38,888	39,191
Leased assets	569	486
Construction in progress	13,539	6,701
Intangible assets	35,512	33,820
Industrial property	272	40
Right to use facilities	145	97
Software	25,180	11,784
Leased assets	0	0
Other intangible fixed assets	9,912	21,896
Investments and other assets	340,035	340,912
Investment securities	68,953	76,524
Shares of subsidiaries and associates	251,426	250,032
Long-term loans receivable	14,375	400
Long-term prepaid expenses	1,561	985
Prepaid pension costs	12,410	10,819
Leasehold and guarantee deposits	1,831	1,847
Other investments	515	512
Allowance for doubtful accounts	(11,039)	(208)
Total assets	833,136	777,143

(Note) The amounts presented above have been rounded down to the nearest million yen.

(Millions of yen)

	End Fiscal Year 2025 (As of March 31, 2026)	End Fiscal Year 2024 (For Reference) (As of March 31, 2025)
(Liabilities)		
Current liabilities	351,337	272,940
Accounts payable - trade	134,983	127,147
Short-term borrowings	146,837	98,458
Current portion of bonds payable	10,000	-
Lease liabilities	161	139
Accounts payable - other	17,586	12,101
Accrued expenses	19,179	19,047
Income taxes payable	5,759	3,254
Advances received	759	323
Deposits received	4,979	4,426
Provision for bonuses	5,366	5,219
Provision for bonuses for directors (and other officers)	312	340
Provision for warranties for completed construction	980	1,649
Provision for share awards	139	108
Other current liabilities	4,290	723
Non-current liabilities	111,970	120,542
Bonds payable	50,000	40,000
Long-term borrowings	30,300	45,300
Lease liabilities	402	342
Deferred tax liabilities	4,962	9,271
Provision for retirement benefits	24,605	24,394
Provision for share awards	1,301	1,154
Other non-current liabilities	398	77
Total liabilities	463,307	393,482

(Note) The amounts presented above have been rounded down to the nearest million yen.

(Millions of yen)

	End Fiscal Year 2025 (As of March 31, 2026)	End Fiscal Year 2024 (For Reference) (As of March 31, 2025)
(Net assets)		
Shareholders' equity	338,079	348,192
Share capital	100,002	100,002
Capital surplus	109,234	109,234
Legal capital surplus	109,234	109,234
Retained earnings	187,450	188,963
Legal retained earnings	10,363	10,363
Other retained earnings	177,087	178,600
Reserve for tax purpose reduction entry of land	4,087	4,087
Reserve for tax purpose reduction entry of depreciable assets	1,781	1,911
General reserve	39,471	39,471
Retained earnings brought forward	131,748	133,131
Treasury shares	(58,607)	(50,008)
Valuation and translation adjustments	31,749	35,468
Valuation difference on available-for-sale securities	31,749	35,468
Total net assets	369,828	383,660
Total liabilities and net assets	833,136	777,143

(Note) The amounts presented above have been rounded down to the nearest million yen.

Non-Consolidated Statements of Income

(Millions of yen)

	Fiscal Year 2025 (From April 1, 2025 to March 31, 2026)	Fiscal Year 2024 (For Reference) (From April 1, 2024 to March 31, 2025)
Net sales	389,198	393,260
Cost of sales	274,508	282,091
Gross profit	114,689	111,168
Selling, general and administrative expenses	106,768	98,408
Operating profit	7,921	12,760
Non-operating profit	71,316	49,747
Interest and dividend income	54,472	34,591
Miscellaneous income	16,844	15,156
Non-operating expenses	3,152	4,912
Interest expenses	1,098	583
Interest on bonds	235	87
Miscellaneous expenses	1,818	4,240
Ordinary profit	76,085	57,595
Extraordinary profit	14,744	14,487
Gain on sale of investment securities	14,735	14,487
Gain on sale of non-current assets	8	-
Extraordinary losses	22,621	2,612
Provision for allowance for doubtful accounts	10,831	-
Loss on valuation of shares of subsidiaries and associates	9,358	187
Loss on valuation of investment securities	1,103	511
Impairment losses	104	568
Loss on sale of shares of subsidiaries and associates	-	218
Loss on sale and retirement of non-current assets	1,224	1,126
Profit before income taxes	68,207	69,470
Income taxes - current	10,673	7,498
Income taxes - deferred	(2,665)	1,868
Profit	60,199	60,104

(Note) The amounts presented above have been rounded down to the nearest million yen.

Non-Consolidated Statements of Changes in Equity

(From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for tax purpose reduction entry of land	Reserve for tax purpose reduction entry of depreciable assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	100,002	109,234	–	109,234	10,363	4,087	1,911	39,471	133,131	188,963
Changes during period										
Reversal of reserve for tax purpose reduction entry of depreciable assets							(130)		130	–
Dividends of surplus									(34,182)	(34,182)
Profit									60,199	60,199
Cancellation of treasury shares			(27,867)	(27,867)						
Purchase of treasury shares										
Disposal of treasury shares			337	337						
Transfer from retained earnings to capital surplus			27,530	27,530					(27,530)	(27,530)
Net changes in items other than shareholders' equity										
Total changes during period	–	–	–	–	–	–	(130)	–	(1,383)	(1,513)
Balance at end of period	100,002	109,234	–	109,234	10,363	4,087	1,781	39,471	131,748	187,450

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(50,008)	348,192	35,468	35,468	383,660
Changes during period					
Reversal of reserve for tax purpose reduction entry of depreciable assets		–			–
Dividends of surplus		(34,182)			(34,182)
Profit		60,199			60,199
Cancellation of treasury shares	27,867	–			–
Purchase of treasury shares	(36,751)	(36,751)			(36,751)
Disposal of treasury shares	284	621			621
Transfer from retained earnings to capital surplus		–			–
Net changes in items other than shareholders' equity			(3,719)	(3,719)	(3,719)
Total changes during period	(8,599)	(10,112)	(3,719)	(3,719)	(13,831)
Balance at end of period	(58,607)	338,079	31,749	31,749	369,828

(Note) The amounts presented above have been rounded down to the nearest million yen.