



Action to Implement Management that is Conscious of Capital Cost and Stock Price

Updated in June 2026

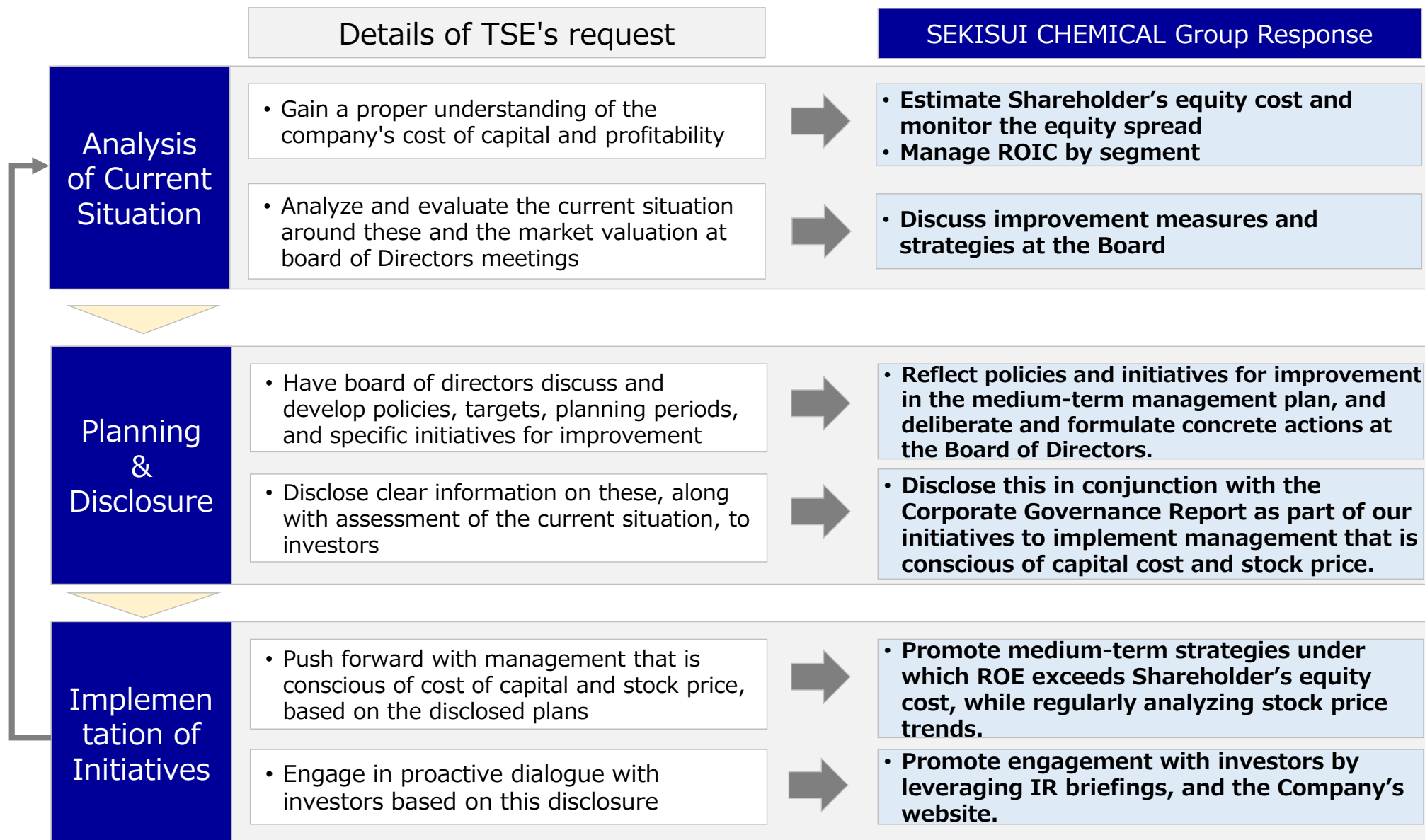
June 22, 2026

SEKISUI CHEMICAL CO., LTD.

1. Summary of Implementation Status
2. Review of the Previous Medium-term Management Plan
“Drive 2.0”
3. Current Assessment of Shareholder’s equity cost
4. Initiatives: New Medium-term Plan “Accelerate 2028”
5. Corporate Governance
6. Dialogue with Shareholders and Investors

1. Summary of Implementation Status

- In response to the Tokyo Stock Exchange's (TSE's) request to implement management conscious of capital cost and stock price, the SEKISUI CHEMICAL Group has taken and continues to implement the following actions:



2. Review of the Previous Medium-term Management Plan “Drive 2.0”

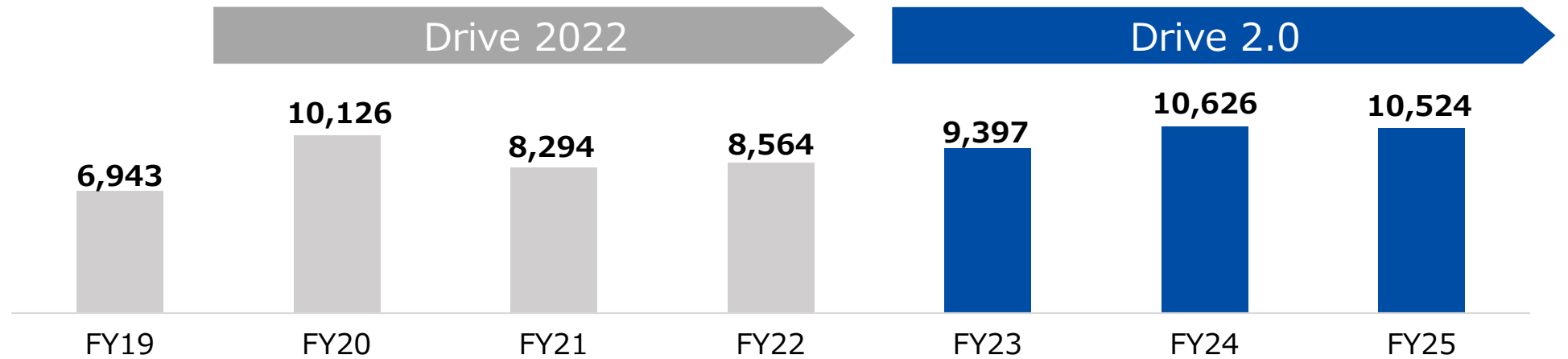
- In the previous mid-term plan, we worked to enhance corporate value over the medium to long term by improving return on capital and controlling the cost of capital through the execution of the following three basic strategies. Looking back, **we made steady progress in developing businesses positioned as growth drivers and growth-potential, as well as in laying the groundwork for new businesses such as perovskite solar cells. We also made progress in strengthening our ESG management foundation based on materiality.** The challenge for this mid-term plan is to generate results from these preparatory efforts.



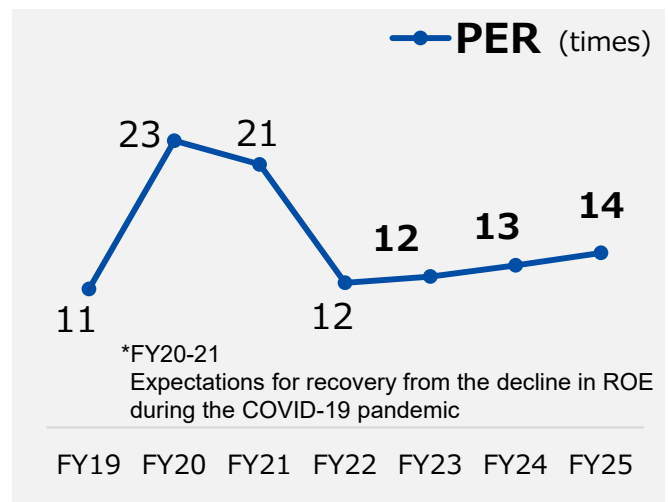
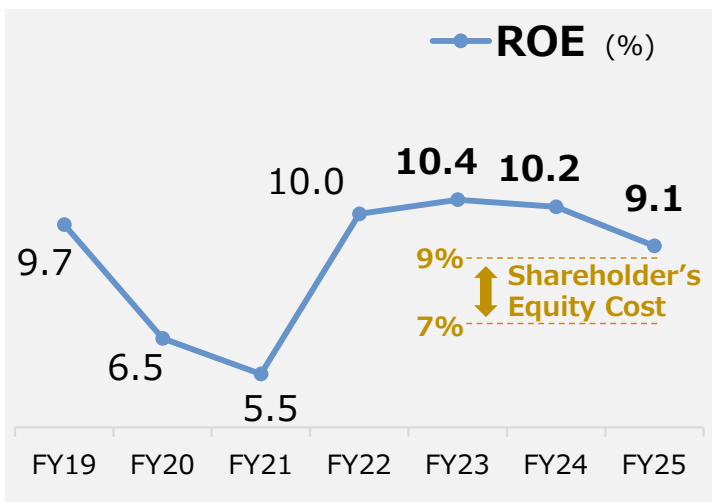
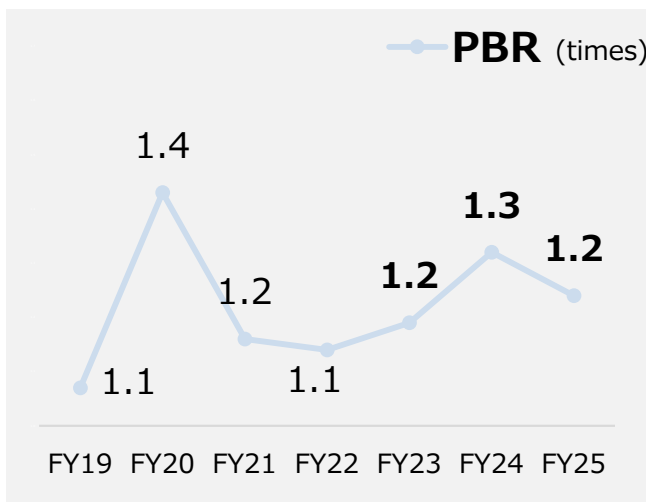
2. Review of the Previous Medium-term Management Plan “Drive 2.0”

- Through the implementation of the basic strategies described above, **we have maintained a level of ROE that exceeds the cost of equity, while the PBR has remained at or above 1x and the PER has stabilized at a level of 12–14x.** Under the current mid-term plan (Accelerate 2028), which began in FY26, we aim to **further enhance profitability and improve capital efficiency.**

Market Capitalization Trends (Unit: 100 million yen) *Based on FY end closing prices



PBR = ROE × PER



2. Review of the Previous Medium-term Management Plan “Drive 2.0”

- Break down ROE and confirm each element. Net profit margin has shown an increasing trend compared with the previous medium-term plan, supported by steady expansion of high value-added products. However, in FY2025, it declined due to impairment losses and other factors. In addition, total asset turnover decreased, reflecting proactive investments in the perovskite solar cell business and in growth-driving and growth-potential businesses.
- Under the current medium-term management plan, Accelerate 2028, we aim to translate these investments into tangible results and improve total asset turnover. At the same time, by controlling liabilities and equity toward the targeted balance sheet structure, and by strengthening business management and investment control with a focus on capital efficiency to enhance ROE.

		Drive 2022				Drive 2.0		
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	
ROE	9.7%	6.5%	5.5%	10.0%	10.4%	10.2%	9.1%	
Net Profit Margin	5.2%	3.9%	3.2%	5.6%	6.2%	6.3%	5.7%	
×								
Total Assets Turnover	1.06	0.94	0.99	1.02	0.98	0.98	0.95	
×								
Financial Leverage	1.81	1.72	1.78	1.74	1.67	1.65	1.68	

3. Current Assessment of Shareholder's equity cost

- The Shareholder's equity cost is estimated to be in the range of 8–9% (as of June 2026), based on CAPM and earnings yield approaches.
- Under the current medium-term management plan, Accelerate 2028, the Company aims to further expand the equity spread and achieve an ROE of 11% in FY2028.

Shareholder's equity cost

Estimated by CAPM※

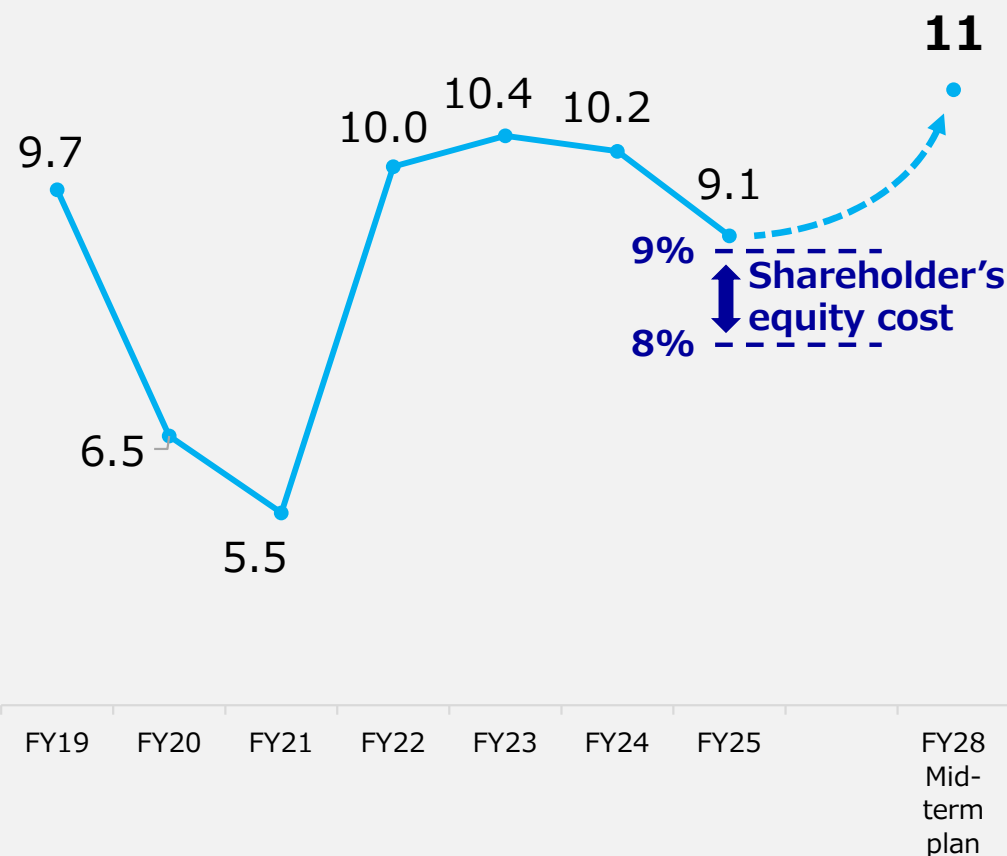
※Capital Asset Pricing Model

<div style="background-color: #00AEEF; color: white; padding: 5px; margin-bottom: 5px;">Risk-free rate</div> <p style="text-align: center;">2.7%</p>	+	<div style="background-color: #00AEEF; color: white; padding: 5px; margin-bottom: 5px;">β</div> <p style="text-align: center;">1.0</p> <p style="text-align: center; font-size: 0.8em;">Last 5-year average (Bloomberg)</p>	×	<div style="background-color: #00AEEF; color: white; padding: 5px; margin-bottom: 5px;">Market risk premium</div> <p style="text-align: center;">5%~6%</p>	=	<div style="background-color: #002060; color: white; padding: 5px; margin-bottom: 5px;">Shareholder's equity cost</div> <p style="text-align: center;">8%~9%</p>
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Estimates based on equity yields

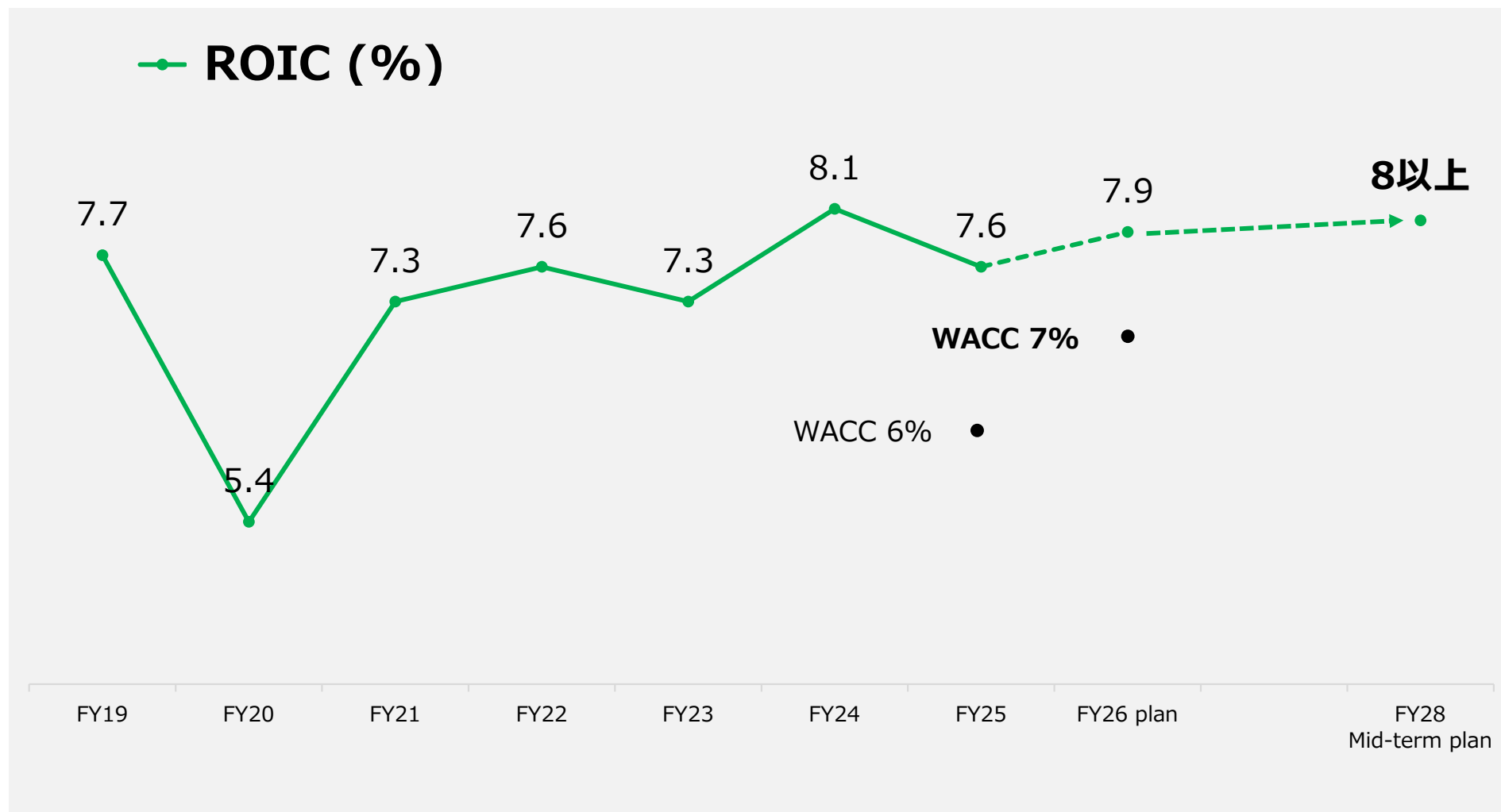
<div style="background-color: #00AEEF; color: white; padding: 5px; margin-bottom: 5px;">The inverse of PER by assuming a growth rate of 0%</div>	=	<div style="background-color: #002060; color: white; padding: 5px; margin-bottom: 5px;">Shareholder's equity cost</div> <p style="text-align: center;">8%</p>
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ROE (%)



3. Current Assessment of Shareholder's equity cost

- WACC is currently recognized to be at around 7% as of June 2026.
- Under the current medium-term management plan, Accelerate 2028, the Company aims to expand the ROIC–WACC spread and achieve an ROIC of 8% or higher in FY2028.



4. Initiatives: New Medium-term Plan “Accelerate 2028”

- From FY2026, we launched the medium-term management plan “Accelerate 2028 – The Third Phase for 2030,” and are implementing the following policies and strategies to achieve sustainable growth and enhance corporate value over the medium to long term.

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

Accelerate 2028 –The Third Phase for 2030–

Business Strategy

Create results from preparations and continuously strengthen earning power
Expand and create Products to enhance sustainability based on the strategic domain map

Innovation Areas

Continue preparations and accelerate the creation of results
Reliably launch and expand the perovskite solar cell business

Enhancement Areas

Expand growth drivers
Secure returns through strategic investment
Relentless structural reform

Environmental Strategy:
Advance carbon neutrality and implement the circular economy

Foundation Strengthening

Continuously strengthen ESG management
Expand contribution to sustainable growth and creating results from preparations

HR Strategy: Empowering Prominent Human Resources
Foster a culture of taking on challenges
Deepen the right person for the right position
Proactive diversity

R&D Strengthening Strategy: Creating Prominence in Technologies
Accelerate new product development around TPF
Take on the challenge of research innovation using MI

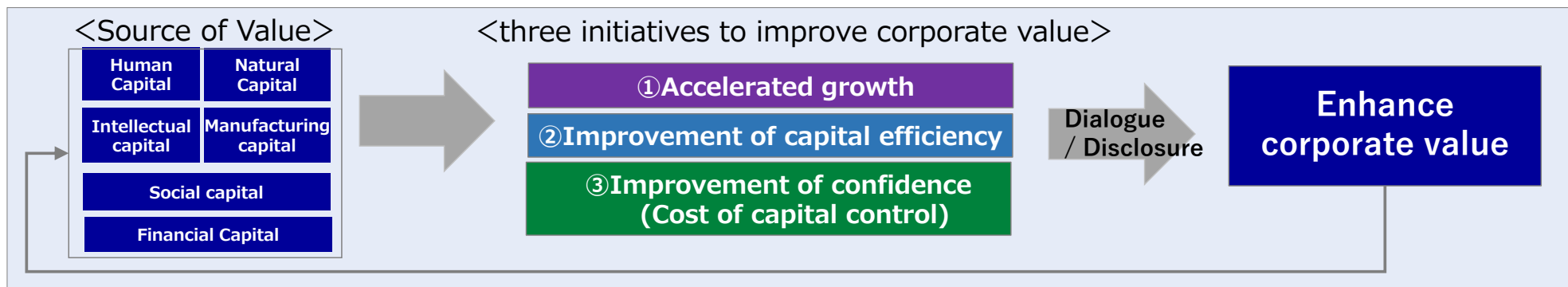
Strengthening Portfolio Management
Implement focused allocation of management resources with an eye on capital efficiency

Strengthening Internal Control Eliminate serious incidents, establish management foundations in new business divisions
DX Strategy: Accelerate productivity improvements through digital transformation

4. Initiatives: New Medium-term Plan “Accelerate 2028”

- The current medium-term management plan will accelerate initiatives aimed at enhancing corporate value over the medium to long term in the following areas.

<Key Initiatives for Enhancing Corporate Value and Their Alignment with the Medium-Term Strategy>



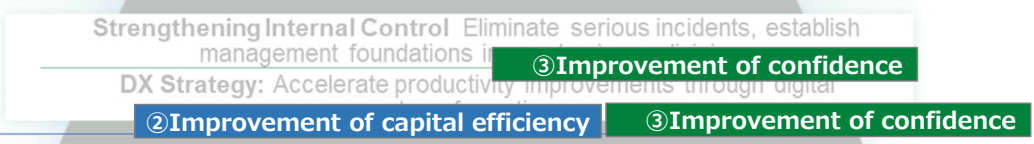
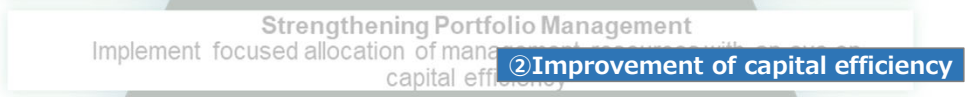
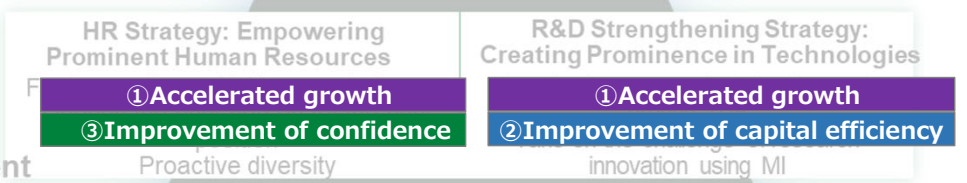
Business Strategy

Create results from preparations and continuously strengthen earning power
Expand and create Products to enhance sustainability based on the strategic domain map



Foundation Strengthening

Continuously strengthen ESG management
Expand contribution to sustainable growth and creating results from preparations



4. Initiatives: Key Performance Targets

(Unit: Billions of yen)

Group-wide	FY25	FY28		(FY28: Breakdown by Divisional Company and the Medical Business)			
	Actual	Medium-term Management Plan	vsFY25	HPPC	Housing	UIEP	MD
Net Sales	1,309.3	1,600.0	+290.7	562.9	590.0	286.0	103.3
Operating Profit	106.5	150.0	+43.5	77.5	45.0	32.0	16.0
Operating Profit Margin	8.1%	9.4%	+1.2%	13.8%	7.6%	11.2%	15.5%
EBITDA	164.6	226.0	+61.4	108.4	59.1	44.3	24.0
EBITDA Margin	12.6%	14.1%	+1.6%	19.3%	10.0%	15.5%	23.2%
ROIC	7.6%	8% or higher	+0.4% or higher	14.0%	11.5%	10.6%	10.9%
Net Income	75.2	102.0	+26.8	-	-	-	-
ROE	9.1%	11%	+1.9%	-	-	-	-

*Exchange rate assumptions: FY25 revised plan 151 JPY/USD, 175 JPY/EUR, medium-term plan 145 JPY/USD, 166 JPY/EUR

*Domestic naptha assumptions: Medium-term plan: Approx. 66,000 yen

4. Initiatives: Materiality KPI

(Unit: Billions of yen)

Materiality	Indicator	FY28	
		Medium-term Management Plan	vsFY25
Realizing a carbon neutral society Realizing a circular economy	GHG emissions reduction rate (vs. FY2019)	-49%	+3% *3
	Waste plastic material recycling rate	75%	+6% *3
Realizing a safe and comfortable society Realizing a healthy and well-served society	Net sales from Products to enhance sustainability (compared to Group-wide net sales)	1,190.0	+224.6 *1.3
	Of which, premium sector	600.0	+83.7 *1.3
Empowering prominent human resources	Challenge action rate	72%	+10%
Creating prominence in technologies	Number of DR0*2 passes (new indicator)	vs. Plan (every half-year) 100% or more	-
Strengthening internal control	Number of serious incidents*4	0	-
Strengthening Portfolio Management	ROIC,EBITDA	Presented on the key performance target slide	

*1 Method for calculating net sales from products to enhance sustainability revised with a view to more closely aligning with consolidated financial statements; sales from equity method affiliates no longer included in the scope of calculation from FY26; FY25 data also calculated using the new standard)

*2 Internal review regarding the generation of new development themes.

*3 FY25 based on preliminary April 2026 data.

*4 Instances of deficiency in current internal control and where details have been disclosed publicly.

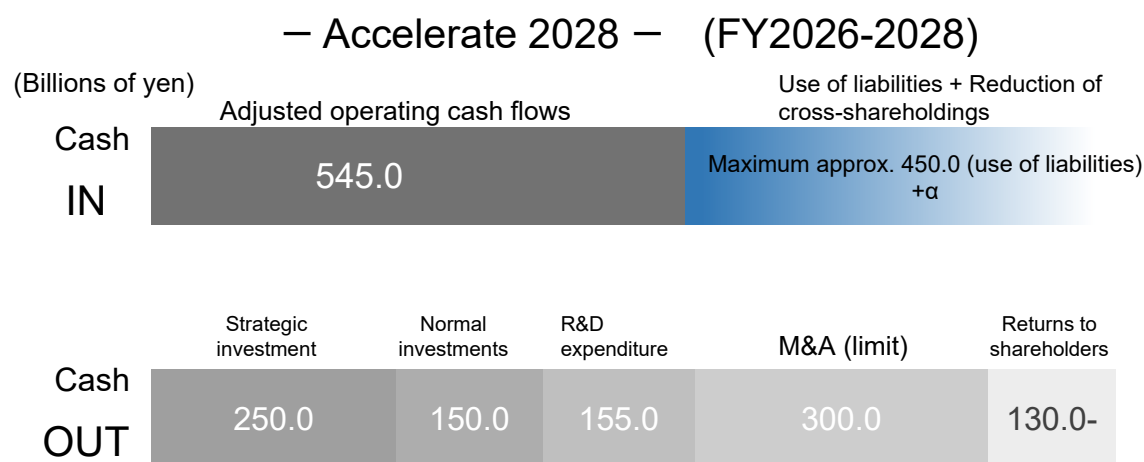
4. Initiatives: Capital Allocation

- Focus on allocating acquired cash to growth areas; undertake proactive investments in excess of the previous Medium-term Management Plan
- Increase DOE from 3% to 3.5%; introduce a progressive dividend
- Work to balance proactive investments with vigorous returns to shareholders through the effective use of debt and reduction in cross-shareholdings

Capital Allocation

Investment Plan and Capital Allocation (Billions of yen)

	Plan	(Reference) Previous MTMP
Strategic investment	Limit 550.0	157.5
M&A, etc.	Limit 300.0	39.2
Capital investment	250.0	118.3
Normal investments	150.0	147.2
Total	Limit 700.0	304.7
R&D expenditure	155.0	131.5



Returns to Shareholders Policy

	The previous Medium-term Management Plan “Drive 2.0”	New Medium-term Management Plan “Accelerate 2028”
Dividend payout ratio	40% or higher	40% or higher
DOE	3% or higher	3.5% or higher
Total return ratio	50% or higher if the net D/E ratio is less than 0.5; implement additional returns as appropriate, taking into account the investment progress under the Medium-term Management Plan , cash position, and stock price	50% or higher if the net D/E ratio is less than 0.5; implement additional returns as appropriate, taking into account the investment progress under the Medium-term Management Plan , cash position, and stock price
Cancellation of treasury shares	Cancel newly acquired shares to the extent that total treasury shares do not exceed 5% of outstanding shares	Hold treasury shares to the minimum necessary
Progressive dividends	–	Implement

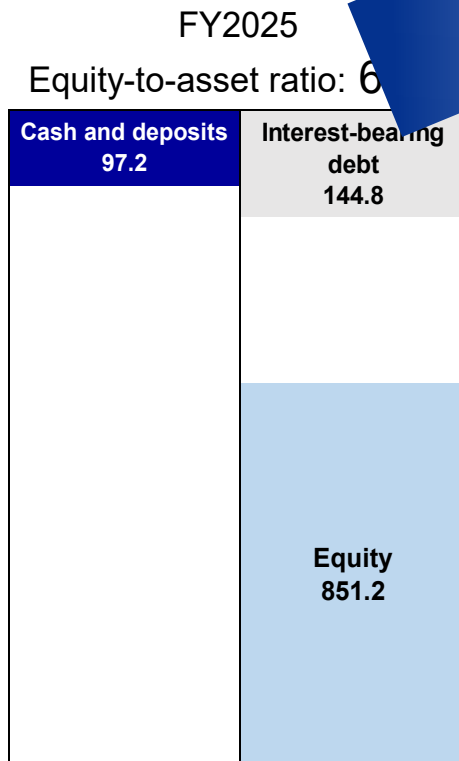
4. Initiatives: Image of the Balance Sheet

Proactively utilize the strategic investment budget and maintain an efficient and stable capital structure also under Accelerate 2028

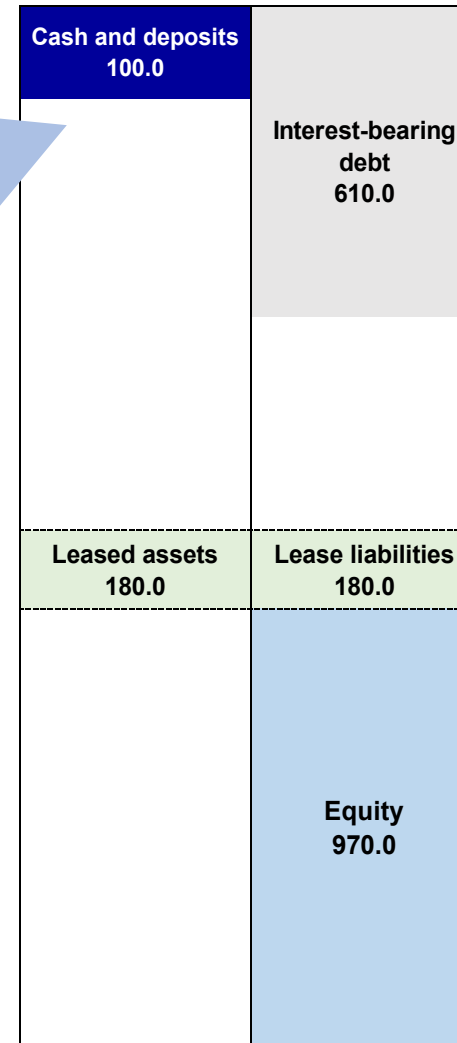
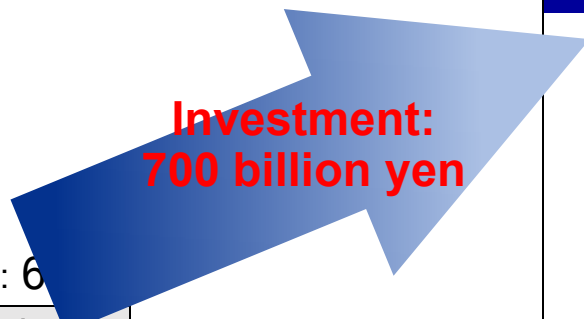
Note: Lease obligations as of the end of FY28 not included in the calculation of interest-bearing debt

Plan as of the end of FY28
Equity-to-asset ratio (pre-lease):
44% (48%)

(Billions of yen)



Net D/E ratio: 0.1x
ROE:9%



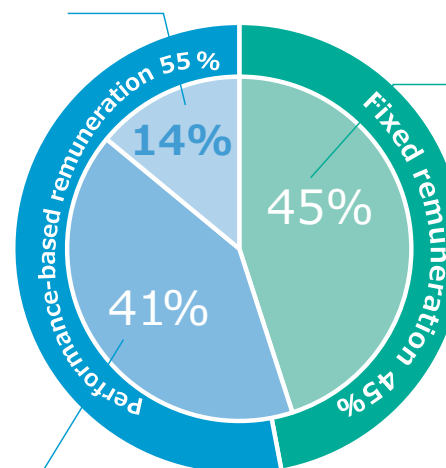
Net D/E ratio: 0.5x
ROE:11%

- We are currently designing and operating an executive officer compensation system with an awareness of sustainable growth, enhancement of medium- and long-term corporate value, shareholder interests, and achievement of the management plan.

<Basic policy>

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

Ratio of performance-linked compensation to fixed compensation (FY2025)



■ **Medium- and long-term incentive (Share remuneration)**

The incentive plan in which the number of shares to be granted is specified by officer responsibility in order to motivate officers to contribute to improving the Group's financial results and growing its corporate value in the medium to long term. Share remuneration is designed to more closely track the Group's medium- to long-term shareholder value, and is structured to give shares mirrored by share value at the time of the officer resigning as a reward for having contributed to improving the Group's corporate value in the medium to long term.

■ **Short-term incentive (Bonuses)**

If certain criteria for ROE and dividends are met, the amount will be determined by reflecting a multiplier set by job title and a company-specific multiplier (60% to 120%) linked to the achievement of targets for financial indicators (operating profit, ROIC, etc.) and non-financial indicators (environment, human capital, etc.) on a base amount linked to company-wide operating profit.

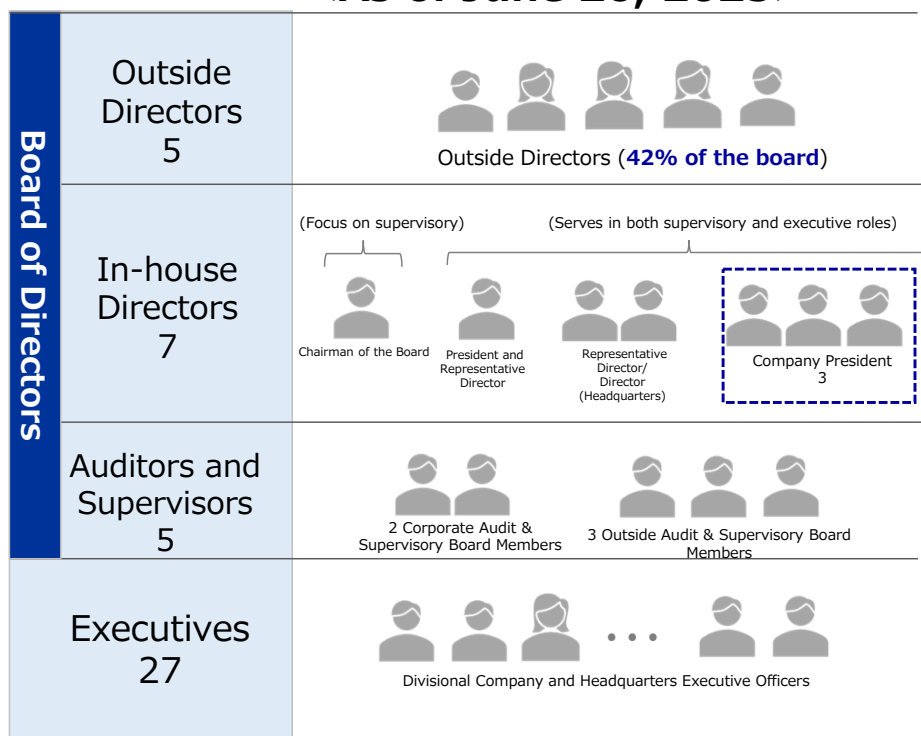
■ **Basic Remuneration**

Paid in a certain fixed amount corresponding to the roles and responsibilities of each Director within the limits on officers' remuneration. For executive directors, a portion of the basic remuneration is required to be used for the purpose of buying the Company's shares through the Officers Stock Ownership Plan, thereby raising their business awareness that attaches importance to the stock price.

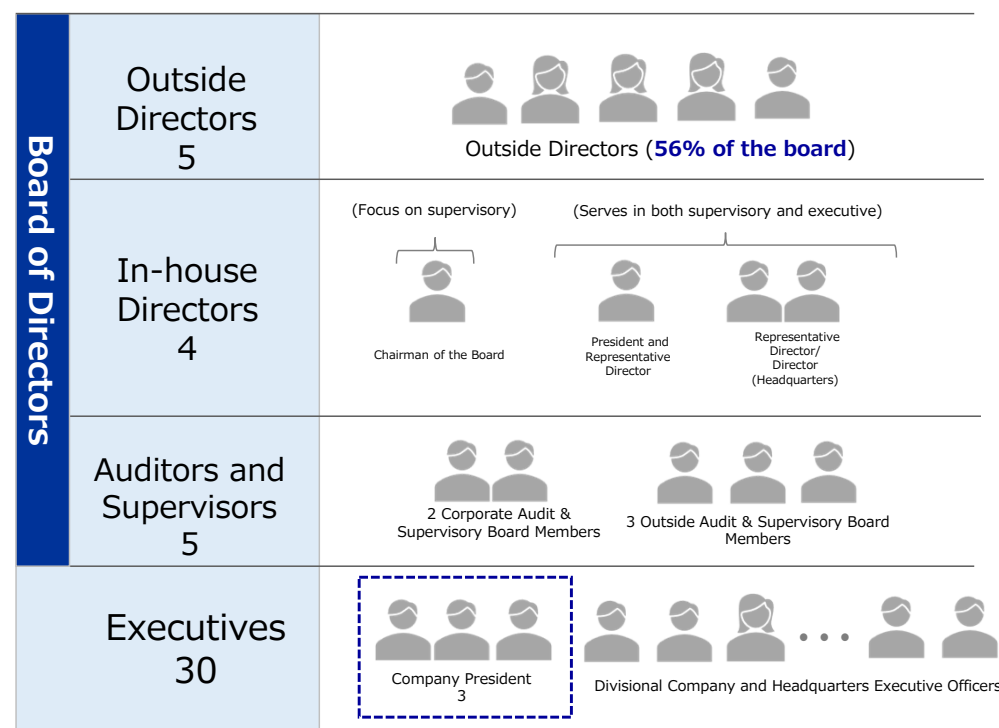
5. Corporate Governance: Board of Directors Structure

- From FY2026, the structure of the Board of Directors will be revised to ensure that a majority of directors are independent outside directors, with the aim of realizing more effective governance by maintaining an appropriate distance from execution.
- In-house directors will be appointed from corporate executives with extensive experience and expertise, while ensuring a balanced composition in terms of diversity, board size, and capabilities by including outside directors with broad knowledge and experience, as well as Audit & Supervisory Board members with relevant expertise, thereby enabling the Board to effectively fulfill its roles and responsibilities.

<As of June 20, 2025>



<As of June 22, 2026>



The Company Presidents will focus on execution.

6. Dialogue with Shareholders and Investors

- Recognize that the active engagement of management with investors is one of the key issues.
- Strengthen initiatives such as holding various events and posting information on websites and increase dialogue.

IR and SR Events

- Annual General Meeting (held June 19, 2026) https://www.sekisuichemical.com/ir/stock/shareholder_info/
- Medium-term Management Plan (held May 21, 2026) <https://www.sekisuichemical.com/ir/presentations/vision/>
- Quarterly Financial Results Presentation (held April, July, and October 2025, and in January and April 2026) https://www.sekisuichemical.com/ir/presentations/event_account/
- Electronics Field Briefing (held Aug 26, 2025) <https://www.sekisuichemical.com/ir/presentations/event/>
- Briefing about Perovskite Solar Cell Business (held Jan 7, 2025) <https://www.sekisuichemical.com/ir/presentations/event/>
- Sustainability Meeting (held Jan 7, 2025) <https://www.sekisuichemical.com/ir/presentations/event/>

Web Content

- Release of reference materials for investors Our “Prominence”
<https://www.sekisuichemical.com/ir/report/prominence/>



- Long-term Vision 「Vision2030」

<https://www.sekisuichemical.com/about/outline/vision/principles/vision/>

- Medium-term Management Plan “Accelerate 2028 (FY26-28)”

<https://www.sekisuichemical.com/ir/presentations/vision/>

- Integrated Report

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

- Sustainability Report

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

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