

Q&A Summary

Presentation of the FY2026-2028

Medium-term Management Plan

Date: May 21, 2026

* HPP Company: High Performance Plastics Company

* UIEP Company: Urban Infrastructure & Environmental Products Company

About Group-wide Policies (Capital Allocation, Image of the Balance Sheet, etc.)

Q: (Presentation materials P19) As far as the total investment plan of ¥700 billion is concerned, in which fields do you plan to make the largest investments?

A: (Shimizu) Of the total capital expenditures of ¥400 billion, comprising both strategic and normal investments, plans are in place to allocate ¥100 billion to the film-type perovskite solar cell business. Of the remaining ¥300 billion, roughly half will go to the HPP Company, with the rest allocated to the Housing and UIEP companies as well as the Medical Business. Turning to the HPP Company in particular, we plan to invest substantially in the Electronics and Mobility fields.

Q: Turning to the ¥300 billion identified for M&As, which specific fields are you targeting?

A: (Shimizu) As far as the HPP Company is concerned, we are targeting the semiconductor- as well as aircraft- and aerospace-related fields. In the UIEP Company, we anticipate targeting overseas infrastructure-related fields.

Q: (Presentation materials P20) Plans are in place to utilize interest-bearing debt and restore the Company's leverage to an appropriate level. In the event plans for the investment budget totaling ¥700 billion are not completed, will you look to engage in such measures as the acquisition of treasury shares and restore the Company's leverage to an appropriate level (a net D/E ratio of around 0.5 times) with the aim of improving ROE?

A: (Nishida) Should we not fully utilize our investment budget, decisions will be based on overall capital allocation conditions and the state of our balance sheet. While taking into consideration the need to strengthen returns to shareholders, we will first undertake investments in a bid to achieve the balance identified on page 20 of the presentation materials.

Q: It would appear that the Company is using proprietary resources when it comes to DX and production innovation. Are there any plans to leverage outside expertise, for example employing people with experience in automated production lines from automotive manufacturers?

A: (Shimizu) We recognize the need to leverage external expertise, and are promoting development in certain areas through open innovation. For example, EVs are now manufactured using one-thirtieth of the production processes employed in the past. Clearly there is value in considering how this approach can be applied to our Housing Business. Conversely, the loss of such know-how as production technology can lead directly to a loss of competitiveness. With this in mind, we will continue to refine the technologies we have cultivated since our founding while incorporating external expertise. Moving forward, we will work toward optimally balancing each of the open and closed stances.

About the Film-type Perovskite Solar Cell Business

Q: (Presentation materials P25) What level of sales has been factored into the new Medium-term Management Plan? You have set a sales target in the range of ¥100 billion based on a fully online capacity of 1GW. What led to this change from the previous plan?

A: (Nishida) Under the Medium-term Management Plan, sales are projected to exceed ¥25 billion in FY28 and the business is expected to turn a profit. As far as sales under a 1GW supply structure are concerned, the target figure incorporates the sales price necessary to bring customers' power generation costs to a level comparable with existing silicon-type solar cells. Turning to operating profit, we have taken into consideration improvements in performance and productivity. Accordingly, our target remains unchanged from the previous plan.

Q: The total investment required to establish a 1GW supply structure is approximately ¥315 billion. Plans are in place for 50% of this total to be covered by subsidies. What level of capital expenditure has been factored into the new Medium-term Management Plan? Also, is it correct to assume that depreciation is calculated based on the amount of capital expenditure minus subsidies?

A: (Nishida) Capital expenditures are factored in at 50% of the total amount, after deducting subsidies. Having already determined the first phase of expenditure under the previous Medium-term Management Plan, and with the investment amount set at approximately ¥200 billion under the new Medium-term Management Plan, we are planning capital expenditures of ¥100 billion, an amount equivalent to 50% of the total. With the amount of subsidies booked on a compressed accounting basis, plans are based on the assumption that depreciations expenses will also come in at 50%.

Q: (Presentation materials P25) What exactly does investment in production technology innovation entail?

A: (Nishida) We plan to invest approximately ¥5 billion in development and verification in an effort to improve product performance, including power generation efficiency, durability, and productivity. Our goal is to achieve power generation costs comparable with those of silicon-type solar cells.

About the HPP Company

Q: (Presentation materials P35) Which products are expected to contribute to the substantial growth in net sales in the non-LCD field?

A: (Asano) We have high hopes for an increase in SELFA volumes in the non-LCD field. In addition, we anticipate full-scale sales of build-up films from FY28, the latter half of the new Medium-term Management Plan. In this regard, growth drivers will increase.

Q: (Presentation materials P35) What kind of growth are you expecting for interlayer films and aeronautical components in the Mobility field?

A: (Asano) We expect high-performance interlayer films will grow in India, a market that is expanding dramatically. As far as aeronautical components are concerned, the commercial aircraft sector is firm and drones are exhibiting substantial growth.

Q: (Presentation materials P34) Can we assume that the degree of profit growth by subsegment corresponds to the same proportion as the breakdown of sales volume increase identified in the analysis of operating profit? Are there any specific subsegments where fixed costs are projected to increase substantially?

A: (Asano) (Presentation materials P33) The benefits of investments by subsegment are as outlined on page 33 of the presentation materials. Investments in the Industrial field are not especially large compared with the Electronics and Mobility fields. It is safe to assume that the degree of profit growth will be roughly in line with this ratio.

Q: Looking at growth in the Industrial field, what are your thoughts on contributions from sensor- and care material-related products?

A: (Asano) Looking at sensor- and in particular care material-related products, we are planning to commence the full-scale sale of new antibacterial and anti-allergy products. While we have focused on capturing domestic demand to date, we will also expand sales overseas.

About the Housing Company

Q: (Presentation materials P38-39) Over the past three years, the downturn in marginal profit attributable to the lower number of houses sold was offset by higher unit prices and efforts to strengthen profitability. As a result, the decline in profit in the Housing Business was held to a nominal amount. Meanwhile, plans over the next three years indicate growth in the number of houses sold and an upswing in profit even as fixed costs increase, suggesting a shift in direction. Against the backdrop of a challenging market environment, what measures will you take to increase the number of houses sold in the Tokyo metropolitan as well as regional areas?

A: (Yoshida) We will increase sales volume in the Tokyo metropolitan area, where demand remains relatively firm, by strengthening sale staff, enhancing the ability to procure land, expanding our construction capacity, and boosting plant production capabilities. We will also leverage the resources of companies acquired through M&As under the previous Medium-term Management Plan. In regional areas, we will increase the number of unit housing by introducing regional products while also targeting growth through M&As.

Q: (Presentation materials P41) How do you view long-term ROIC trends?

A: (Yoshida) The downward trend in ROIC is largely due to the increase in investments in the Residential Business, especially in such areas as the procurement of land. We are continuing to invest while monitoring the turnover rate and will work toward maintaining a consistent range of 10% or higher while managing and growing the business going forward.

Q: (Presentation materials P41) How will you increase housing construction on small urban lots in the future?

A: (Yoshida) While short construction periods through the use of large trucks and cranes is a strength of unit housing, there are areas where construction is difficult, particular in the 23 wards of Tokyo where roads are narrow. We believe that use of the timber framework construction method, acquired through M&As, will help facilitate construction and will supply high-quality housing to these areas as well.