SEKISUI

Q&A Summary

FY2026, ending March 31, 2027

Presentation of Financial Results for 1Q

Date: July 31, 2026

* HPP Company: High Performance Plastics Company

* UIEP Company: Urban Infrastructure & Environmental Products Company

About Net Sales Brought Forward

Q: Which products helped bring net sales forward to the 1Q?

A: (Nishida) We are largely looking at product groups where raw materials account for a relatively high proportion of costs. Specific examples include HPP Company tapes and foams for use in the Industrial field and UIEP Company piping materials and building material-related products. We believe customers and distributors took steps to secure inventories for these products.

Q: What is your outlook for the 2Q and beyond?

A: (Nishida) It is unlikely that any correction to these trends will occur entirely in the 2Q. A portion may carry over into the 2H. We expect trends to stabilize during the fiscal year under review.

About the Surge in Raw Material Costs and Improvements in Selling Prices

Q: (Presentation materials P9, P13) How do you view the balance between rising raw material costs and improvements in selling prices? What are your thoughts on changes from the 1Q to the 2Q and your outlook going forward? While selling prices largely offset raw materials in the 1Q with the former up ¥3.6 billion and the latter down ¥3.2 billion on a YoY basis, trends indicate that raw materials are far exceeding selling prices in the 2Q. Initial plans for the 1H forecast a flat result, and yet your outlook shows a negative imbalance of ¥3.0 billion. What are the reasons for this?

A: (Nishida) While conditions slightly vary from segment to segment, we procured lower-priced raw materials prior to the cost surge, which created a time lag between the rise in procurement prices and their reflection in costs. For this reason, we anticipate the impact to be greater in the 2Q than in the 1Q. Meanwhile, as far as selling prices are concerned, although certain products are indeed taking time, we were able to pass on the upswing in costs to the prices of a large number of products in a prompt and timely manner. Although not directly related to recent trends in raw material costs, we had originally planned to improve selling prices. Looking ahead, we will secure and maintain margins from the 2Q.

About the HPP Company

Q: What are the factors driving net sales growth in the Electronics field?

A: (Nishida) We anticipate growth, especially in the non-LCD field, owing to robust demand centered on the semiconductor sector. In specific terms, binder resins for MLCCs and SELFA for use in the semiconductor manufacturing process account for a major portion of the growth in the non-LCD field.

Q: Why has N-HPP growth fallen below initial plans in the Mobility field? What is your outlook over the 2H?

A: (Nishida) We believe that the growth in N-HPP sales volumes is being affected in part by the EV market and sluggish market conditions in China. In addition to expectations of a slight recovery from the 2H, sales volumes for HUDs are projected to increase. On this basis, forecasts for the 2H remain unchanged from initial plans.

Q: Aeronautical components are performing well. What is the current state of demand?

A: (Nishimoto) Aircraft-related demand is exhibiting a recovery trend. Accordingly, trends are exceeding expectations. Moreover, we are witnessing greater-than-anticipated growth in new fields, including drones and air mobility.

About the Housing Company

Q: What is the status of efforts aimed at increasing the number of houses sold in the Housing Business?

A: (Nishida) (Presentation materials P9) Orders were generally in line with plans in the 1Q. We anticipate an increase in the number of housing orders from the 2Q as well, on the back of such factors as new product sales growth. We expect this will help secure an increase in the number of houses sold in the 2H.

About the Posting of an Extraordinary Loss

Q: Can you elaborate on the extraordinary loss posted in the 1Q.

A: (Nishida) We posted expenses relating to the maintenance of a specific product and an associated inventory write-down totaling approximately ¥6.7 billion. This is a one-off incident, and we do not expect a recurrence from the 2Q. I would add that this does not relate to the Company’s mainstay products, including interlayer films.