Annual Securities Report

104th Business Term

From April 1, 2025
to March 31, 2026

SEKISUI CHEMICAL CO., LTD.

E00820

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Document title	Annual Securities Report
Clause of stipulation	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	June 12, 2026
Fiscal year	104th Business Term (from April 1, 2025 to March 31, 2026)
Company name	積水化学工業株式会社 (*Sekisuikagakukogyo kabushiki-kaisha*)
Company name in English	Sekisui Chemical Co., Ltd.
Job title and name of representative	Ikusuke Shimizu, President and Representative Director, and Chief Executive Officer
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Name of contact person	Naoko Fukutomi, Executive Officer and Head of Legal Department
Place for public inspection	Tokyo Head Office of Sekisui Chemical Co., Ltd.* (10-4 Toranomon 2-Chome, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

(Note) Although the place marked with an asterisk (*) is not required by the Financial Instruments and Exchange Act to make this document available for public inspection, it is prepared to provide this document for inspection by shareholders, etc., for their convenience.

Part 1. Company Information

I. Overview of Company

1. Key financial data

(1) Key financial data (consolidated)

Term		100th Business Term	101st Business Term	102nd Business Term	103rd Business Term	104th Business Term
Year ended		March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
Net sales	(Millions of yen)	1,157,945	1,242,521	1,256,538	1,297,754	1,309,281
Ordinary profit	(Millions of yen)	97,001	104,241	105,921	110,958	117,215
Profit attributable to owners of parent	(Millions of yen)	37,067	69,263	77,930	81,925	75,174
Comprehensive income	(Millions of yen)	41,509	84,008	135,737	60,474	117,200
Net assets	(Millions of yen)	702,753	732,525	820,925	835,366	881,125
Total assets	(Millions of yen)	1,198,921	1,228,131	1,323,243	1,330,786	1,427,933
Net assets per share	(Yen)	1,519.19	1,642.67	1,880.30	1,933.56	2,108.44
Basic earnings per share	(Yen)	83.17	159.19	183.48	195.93	182.70
Diluted earnings per share	(Yen)	–	–	–	–	–
Equity-to-asset ratio	(%)	56.27	57.41	59.88	60.67	59.61
Rate of return on equity	(%)	5.53	10.04	10.41	10.24	9.07
Price-earnings ratio	(Times)	21.15	11.78	12.15	12.99	14.27
Net cash provided by operating activities	(Millions of yen)	105,023	71,543	106,632	119,231	78,301
Net cash provided by (used in) investing activities	(Millions of yen)	2,694	(59,430)	(18,515)	(61,508)	(69,103)
Net cash provided by (used in) financing activities	(Millions of yen)	(54,729)	(62,906)	(53,023)	(61,200)	(46,546)
Cash and cash equivalents at end of period	(Millions of yen)	133,739	85,207	126,367	120,895	92,444
Number of employees	(Persons)	26,419	26,838	26,929	26,918	26,752

(Note) Diluted earnings per share are not provided because there are no potential shares.

(2) Key financial data of reporting company

Term		100th Business Term	101st Business Term	102nd Business Term	103rd Business Term	104th Business Term
Year ended		March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
Net sales	(Millions of yen)	359,176	382,513	386,059	393,260	389,198
Ordinary profit	(Millions of yen)	42,598	57,284	59,321	57,595	76,085
Profit	(Millions of yen)	55,915	47,379	67,971	60,104	60,199
Share capital	(Millions of yen)	100,002	100,002	100,002	100,002	100,002
Total number of issued shares	(Thousands of shares)	471,507	456,507	448,507	444,507	430,507
Net assets	(Millions of yen)	339,641	340,237	378,134	383,660	369,828
Total assets	(Millions of yen)	668,738	715,221	736,745	777,143	833,136
Net assets per share	(Yen)	764.25	792.14	896.89	918.37	915.59
Dividend per share (Interim dividend per share)	(Yen)	49.00 (24.00)	59.00 (29.00)	74.00 (35.00)	79.00 (37.00)	80.00 (40.00)
Basic earnings per share	(Yen)	125.36	108.81	159.95	143.67	146.23
Diluted earnings per share	(Yen)	–	–	–	–	–
Equity-to-asset ratio	(%)	50.79	47.57	51.32	49.37	44.39
Rate of return on equity	(%)	16.69	13.94	18.92	15.78	15.98
Price-earnings ratio	(Times)	14.03	17.24	13.94	17.71	17.82
Payout ratio	(%)	39.09	54.22	46.26	54.99	54.71
Number of employees	(Persons)	2,761	2,818	2,992	3,089	3,156
Total shareholder return	(%)	85.1	93.4	113.5	132.0	138.7
(Comparative index: dividend-included TOPIX)	(%)	(102.0)	(107.9)	(152.5)	(150.2)	(202.2)
Highest stock price	(Yen)	2,187	2,019	2,287	2,840	3,065
Lowest stock price	(Yen)	1,648	1,613	1,786	1,880	2,151

(Notes) 1. Diluted earnings per share are not provided because there are no potential shares.
2. The highest and lowest stock prices from April 4, 2022, were those recorded on the Prime Market of the Tokyo Stock Exchange, and those before the date were recorded on the first section of the Tokyo Stock Exchange.
3. Of the ¥80 dividend per share for the 104th Business Term, the year-end dividend of ¥40 is subject to resolution at the Annual General Meeting of Shareholders scheduled to be held on June 19, 2026.

2. History

Mar. 1947	Sekisui Sangyo Co., Ltd. was established by employees of Nippon Chisso Hiryo K.K. (currently Chisso Corporation) under a plan to run a general plastic business
Jan. 1948	Opened Nara Plant, and started the first automatic plastic injection molding business in Japan Changed company name to Sekisui Chemical Co., Ltd.
Mar. 1953	Listed on the Osaka Securities Exchange
Sept. 1953	Opened Tokyo Plant, and commenced production of molded plastic products
Apr. 1954	Listed on the Tokyo Stock Exchange
June 1956	Opened Central Research Laboratory (currently Research & Development Institute)
Aug. 1960	Opened Shiga Ritto Plant, and commenced production of PVC pipes and PVC building material products
Nov. 1960	Opened Shiga Minakuchi Plant, and commenced production of polyvinyl butyral and interlayer films
July 1962	Opened Musashi Plant, and commenced production of plastic tape and PVC tape
Jan. 1964	Established Tokuyama Sekisui Industry Co., Ltd. (currently a consolidated subsidiary), and commenced production of polyvinyl chloride resins
Feb. 1971	Entered the housing business with the launch of steel frame prefabricated modular house “Heim”
Oct. 1971	Established Naseki Industry Co., Ltd. (currently Sekisui Heim Industry Co., Ltd., a consolidated subsidiary) and commenced production of prefabricated modular houses
Mar. 1972	Established SAN-ES Heim Manufacturing Co., Ltd. (currently Sekisui Heim Industry Co., Ltd., a consolidated subsidiary) and commenced production of prefabricated modular houses
May 1977	Adopted the divisional organizational structure
Mar. 1982	Launched wooden-frame prefabricated modular house Two-U Home
Apr. 1982	Opened Gunma Plant, and commenced production of PVC pipes and exterior paneling for prefabricated modular houses
Dec. 1983	Established Sekisui America Corporation in the United States (currently a consolidated subsidiary)
July 1987	Opened Applied Electronics Research Center (currently Advanced Technology Institute, R&D Center)
Sept. 1990	Opened Housing Research & Development Institute (currently Housing Technology Institute) in the Housing Division (currently Housing Company)
Apr. 1992	Established Kyoto Technology Center (currently General Institute)
Aug. 1997	Acquired Komatsu Kasei Co., Ltd. (currently Vantec Co., Ltd., a consolidated subsidiary) to strengthen pipes business
Jan. 2000	Acquired Hinomaru Co., Ltd. (currently Kyushu Sekisui Shoji Infratec Co., Ltd., a consolidated subsidiary) to strengthen sales system in the Kyushu region
Mar. 2000	Established new divisions by restructuring seven business divisions into three: Housing Division, Urban Infrastructure & Environmental Products Division, and High Performance Plastics Division
Oct. 2000	Changed the housing sales structure by restructuring housing sales organizations in the metropolitan area and the Kinki region into sales companies
Mar. 2001	Implemented Divisional Company Organization System, and the three business divisions (Housing Division, Urban Infrastructure & Environmental Products Division, and High Performance Plastics Division) were renamed Housing Company, Urban Infrastructure & Environmental Products Company, and High Performance Plastics Company
Apr. 2002	Reorganized the head office functions into five departments and two offices
Apr. 2003	Reorganized the housing sales structure in the Chugoku region by establishing Sekisui Heim Chugoku Co., Ltd. (currently Sekisui Heim Chushikoku Co., Ltd., a consolidated subsidiary) Acquired South Korea’s Youngbo Chemical Co., Ltd. (consolidated subsidiary listed on the Korea Exchange) to enhance global competitiveness
Aug. 2004	Reorganized the housing sales structure in the Tohoku region by establishing Sekisui Heim Tohoku Co., Ltd. (currently a consolidated subsidiary)
July 2005	Reorganized the housing sales structure in the Kyushu region by establishing Sekisui Heim Kyushu Co., Ltd. (currently a consolidated subsidiary)
Oct. 2006	Acquired Daiichi Pure Chemicals Co., Ltd. (currently Sekisui Medical Co., Ltd., a consolidated subsidiary) to strengthen the life science field of the High Performance Plastics Company
Jan. 2007	Reorganized the head office functions into five departments and one office, and established the CSR Department
July 2007	Reorganized the housing sales structure in the metropolitan area, the Chubu region, and the Kinki region by establishing Tokyo Sekisui Heim Co., Ltd. (currently a consolidated subsidiary), Sekisui Heim Chubu Co., Ltd. (currently a consolidated subsidiary), and Sekisui Heim Kinki Co., Ltd. (currently a consolidated subsidiary)

Apr. 2008	Introduced an executive officers system
Oct. 2008	Opened Taga Plant, and commenced production of film and tape product lines for IT use
July 2009	Acquired the polyvinyl alcohol resin business from group companies of Celanese Corporation, a chemical company based in the United States, to develop a stable raw material supply system for the laminated glass interlayer film business
Jan. 2011	Acquired the diagnostics business from Genzyme Corporation, a pharmaceutical company based in the United States, and established a new company to accelerate full-scale global business expansion in the medical field
Dec. 2012	Acquired the pipe materials business from Mitsubishi Plastics, Inc. (currently Mitsubishi Chemical Corporation) to strengthen the business foundation centering on pipe materials
Mar. 2013	Opened a prefabricated modular house mass-production plant in Thailand for full-scale entry into housing business in Thailand
Dec. 2015	Acquired Eidia Co., Ltd. (currently Sekisui Medical Co., Ltd., a consolidated subsidiary), a diagnostic reagents subsidiary of Eisai Co., Ltd., to strengthen the life science field of the High Performance Plastics Company
Dec. 2016	Established Sekisui Chemical (Shanghai) Investment Co., Ltd., (currently Sekisui Chemical (China) Co., Ltd., a consolidated subsidiary) as regional headquarters in China
Apr. 2017	Merged Sekisui Medical Co., Ltd. and Eidia Co., Ltd., achieved synergy effects at an early stage Established Sekisui Heim Industry Co., Ltd. (currently a consolidated subsidiary) by merging four housing production companies in the three metropolitan areas of Kanto, Chubu, and Kinki
Aug. 2017	Expanded business into automobiles, transportation, and other field and strengthened core technologies including materials formulation and processing technologies by acquiring rights of group management of Polymatech Japan Co., Ltd. (currently Sekisui Polymatech Co., Ltd., a consolidated subsidiary)
Dec. 2017	Acquired Soflan Wiz Co., Ltd. (currently Sekisui Soflan Wiz Co., Ltd., a consolidated subsidiary) from Toyo Tire & Rubber Co., Ltd. (currently Toyo Tire Corporation) to strengthen development and sales of fireproof and non-flammable products
Mar. 2018	Acquired all the outstanding shares in Veredus Laboratories Pte. Ltd. (currently a consolidated subsidiary), a genetic testing company in Singapore to accelerate the development of promising markets in areas such as China and other Asian countries
Apr. 2018	Reorganized production subsidiaries managed by the Urban Infrastructure & Environmental Products Company throughout the Kanto and Tohoku region, and established Higashi Nihon Sekisui Industry Co., Ltd. (currently a consolidated subsidiary)
Jan. 2019	Established Sekisui Town Management Co., Ltd. (currently Sekisui Gojinsha Town Management Co., Ltd., a consolidated subsidiary) as part of the Town and Community Development Business
Apr. 2019	Reorganized production subsidiaries managed by the Urban Infrastructure & Environmental Products Company in the Western Japan area, and established Nishi Nihon Sekisui Industry Co., Ltd. (currently a consolidated subsidiary) Reorganized the head office functions into seven departments, one office, and two centers, and established the ESG Management Department Started marketing Sekisui's SmartHeim Denki Power Trading Service to customers
Nov. 2019	Acquired AIM Aerospace Corporation in the United States (currently Sekisui Aerospace Corporation, a consolidated subsidiary) to accelerate expansion of the mobility material field for automobiles, aircraft, etc., marked as a growth sector
Apr. 2022	Changed listing from the First Section of the Tokyo Stock Exchange to the Prime Market due to the exchange's market reorganization
Jan. 2025	Established Sekisui Solar Film Co., Ltd. (currently a consolidated subsidiary) with the purpose of designing, manufacturing, and selling perovskite solar cells, and commenced business operations
June 2025	Completed the large-scale renovation work at Osaka Head Office
Mar. 2026	Began operation of "SOLAFIL" film-type perovskite solar cell business with Sekisui Solar Film Co., Ltd.

3. Description of business

The Company and its subsidiaries and associates (consisting of 91 domestic subsidiaries, 64 foreign subsidiaries, and 13 associates (as of March 31, 2026)) carry out businesses mainly in the five segments of Housing, Urban Infrastructure & Environmental Products, High Performance Plastics, Medical, and Other Businesses. Roles of the Company and its subsidiaries and associates in each business are as follows:

[Housing Business]

The Housing business is engaged in manufacturing, construction, and sales of steel frame and wooden-frame prefabricated modular houses, sales of subdivisions, refurbishing, residential business, interior and exterior decoration, among others.

Major subsidiaries and associates:

(Procurement of raw materials)

Sekisui Global Trading Co., Ltd.

(Procurement of building materials)

Sekisui Heim Supply Co., Ltd.

(Product manufacturing)

Hokkaido Sekisui Heim Industry Co., Ltd., Tohoku Sekisui Heim Industry Co., Ltd., Sekisui Heim Industry Co., Ltd., Chushikoku Sekisui Heim Industry Co., Ltd., Kyushu Sekisui Heim Industry Co., Ltd., Sekisui Board Co., Ltd., Sekisui-SCG Industry Co., Ltd.

(Product sales and construction)

Hokkaido Sekisui Heim Co., Ltd., Sekisui Heim Tohoku Co., Ltd., Tochigi Sekisui Heim Co., Ltd., Gunma Sekisui Heim Co., Ltd., Sekisui Heim Shinetsu Co., Ltd., Tokyo Sekisui Heim Co., Ltd., Sekisui Heim Chubu Co., Ltd., Sekisui Heim Kinki Co., Ltd., Sekisui Heim Chushikoku Co., Ltd., Sekisui Heim Kyushu Co., Ltd., Ibaraki Sekisui Heim Co., Ltd., Sekisui Heim Tokai Co., Ltd., Sekisui Heim Sanyo Co., Ltd., Sekisui Heim Higashishikoku Co., Ltd.

(Construction of products, services, etc.)

Hokkaido Sekisui Fami S Co., Ltd., Sekisui Fami S Tohoku Co., Ltd., Sekisui Fami S Shinetsu Co., Ltd., Tokyo Sekisui Fami S Co., Ltd., Sekisui Fami S Chubu Co., Ltd., Sekisui Fami S Kinki Co., Ltd., Sekisui Fami S Chushikoku Co., Ltd., Sekisui Fami S Kyushu Co., Ltd., Sekisui Design Works Corporation, Tohoku Sekisui Heim Real Estate Co., Ltd., Sekisui Heim Real Estate Co., Ltd., Chushikoku Sekisui Heim Real Estate Co., Ltd., Kyushu Sekisui Heim Real Estate Co., Ltd., Sekisui Unidea Co., Ltd., Tokyo Sekisui Heim Sekou Co., Ltd., Kinki Sekisui Heim Sekou Co., Ltd., Sekisui Heim Real Estate SSI Co., Ltd., Architec Planning Co., Ltd., CREAST Inc., Ben House Co., Ltd., Watanabe Transport Co., Ltd.

(Sales of products, services, etc.)

Sekisui Gojinsha Town Management Co., Ltd.

[Urban Infrastructure & Environmental Products Business]

The Urban Infrastructure & Environmental Products business is engaged in manufacturing, sales, and construction of PVC pipes and joints, polyethylene pipes and joints, plastic valves, reinforced plastic pipes, chlorinated PVC resin compound, material for underground rainwater storage systems, building materials (for gutters and home exteriors), nursing-care equipment, prefabricated bath, synthetic lumber, vibration absorbing and soundproofing material, non-flammable polyurethane foam, fire protection materials, pipeline and drain renewal materials and construction methods, panel tanks, etc.

Major subsidiaries and associates:

(Production of materials)

(* Tokuyama Sekisui Co., Ltd.)

(Product manufacturing)

Higashi Nihon Sekisui Industry, Co., Ltd., Yamanashi Sekisui Co., Ltd., Kofu Sekisui Industry Co., Ltd., Chiba Sekisui Industry Co., Ltd., Nishi Nihon Sekisui Industry Co., Ltd., Shikoku Sekisui Industry Co., Ltd., Yonseki Kako Co., Ltd., Kyushu Sekisui Industry Co., Ltd., Nara Sekisui Industry Co., Ltd., Sekisui (Wuxi) Plastics Technology Co., Ltd.

(Product sales)

Vantec Co., Ltd., Higashinihon Sekisui Shoji Co., Ltd., Chubu Sekisui Shoji Co., Ltd., Nishinihon Sekisui Shoji Co., Ltd., Kyushu Sekisui Shoji Infratec Co., Ltd., Sekisui SPR Americas, LLC., Sekisui Chemical G.m.b.H., Sekisui Singapore Pte. Ltd., Sekisui Vietnam Co., Ltd.

(Manufacturing, sales, etc. of products)

Sekisui Aqua Systems Co., Ltd., Sekisui Hometechno Co., Ltd., Sekisui Chemical Hokkaido Co., Ltd., Sekisui Soflan Wiz Co., Ltd., Toto Sekisui Co., Ltd., Tohseki Kako Co., Ltd., Nippon Insiek Co., Ltd., SEKISUI ESLON B.V., Sekisui Rib Loc Group Pty. Ltd., Sekisui Rib Loc Australia Pty. Ltd., Sekisui Industrial Piping Co., Ltd., Sekisui Specialty Chemicals (Thailand) Co., Ltd., S and L Specialty Polymers Co., Ltd., Sekisui Plant (Thailand) Co., Ltd.

Subsidiaries and associates marked with an asterisk (*) and in parentheses are also engaged in manufacturing raw materials and products for the High Performance Plastics business.

[High Performance Plastics Business]

The High Performance Plastics business involves manufacture and sales of LCD microparticles, photosensitive materials, semiconductor materials, optical films, industrial tapes, interlayer films for laminated glass, polyolefin foam, molded resin and rubber products for automobiles, heat dissipation materials (grease sheets), composite molded products using carbon fiber reinforced plastic (CFRP), etc., decorative sheets, polyvinyl alcohol resin, blow-molded containers, construction materials, adhesives, packaging tapes, plastic containers, "MIGUSA" resin tatami mats, sanitary materials, and other products.

Major subsidiaries and associates:

(Manufacture of raw materials and products)

Tokuyama Sekisui Co., Ltd.

(Product manufacturing)

Sekisui Musashi Kako Co., Ltd., Sekisui Minakuchi Kako Co., Ltd., Sekisui Taga Chemical Industry Co., Ltd., Naseki Seimitsukako Co., Ltd.

(Product sales)

Sekisui Material Solutions Co., Ltd., Sekisui Alveo A.G., Sekisui Alveo G.m.b.H., Sekisui Alveo (Benelux) B.V., Sekisui Alveo S.A., Sekisui Alveo S.r.L., Sekisui Alveo (GB) Ltd., Sekisui Specialty Chemicals Mexico, S.de R.L.de C.V.

* (Sekisui Chemical G.m.b.H., Sekisui Singapore Pte. Ltd., Sekisui Vietnam Co., Ltd., Sekisui Korea Co., Ltd., Sekisui Products, LLC., Sekisui (Shanghai) International Trading Co., Ltd., Sekisui (Hong Kong) Ltd., Sekisui Chemical (Taiwan) Co., Ltd.)

(Manufacture and sales of products)

Sekisui Nano Coat Technology Co., Ltd., Sekisui Techno Molding Co., Ltd., Sekisui Fuller Co., Ltd., Sekisui Polymatech Co., Ltd., SumikaSekisui Film Co., Ltd., Sekisui Seikei Co., Ltd., Sekisui Seikei Ibaraki Co., Ltd., Sekisui Seikei Chiba Co., Ltd., Sekisui Seikei Hyogo Co., Ltd., Sekisui Seikei Izumo Co., Ltd., Sekisui Voltek, LLC., Sekisui Alveo B.V., Sekisui Alveo BS G.m.b.H., Youngbo Chemical Co., Ltd., Sekisui Youngbo HPP (Wuxi) Co., Ltd., Thai Sekisui Foam Co., Ltd., Sekisui Pilon Pty. Ltd., Sekisui S-Lec America, LLC., Sekisui S-Lec B.V., Sekisui S-LEC (Suzhou) Co., Ltd., Sekisui S-Lec (Thailand) Co., Ltd., Sekisui S-Lec Mexico S.A. de C.V., Sekisui Specialty Chemicals America, LLC., Sekisui Specialty Chemicals Europe S.L., SEKISUI DLJM MOLDING PRIVATE LIMITED, Sekisui Polymatech (Shanghai) Co., Ltd., Sekisui Polymatech (Thailand) Co., Ltd., PT. Sekisui Polymatech Indonesia, Sekisui Polymatech America, LLC., Sekisui Polymatech Europe B.V., Sekisui Aerospace Corporation, AIM Group USA Inc., AIM Aerospace Renton, Inc., AIM Aerospace Sumner, Inc., Quatro Composites, LLC., SEKISUI KYDEX, LLC.

Subsidiaries and associates marked with an asterisk (*) and in parentheses are also engaged in sales in the Urban Infrastructure & Environmental Products business.

[Medical Business]

The Medical business involves manufacture and sales of diagnostic reagents, automated analyzers, blood collection tubes, pharmaceutical ingredients and intermediates, drug discovery support, enzyme raw materials, etc.

Major subsidiaries and associates:

(Product manufacturing)

Sekisui Medical Technology (Suzhou) Co., Ltd.

(Product sales)

Sekisui Diagnostics G.m.b.H.

(Manufacture and sales of products)

Sekisui Medical Co., Ltd., Sekisui Diagnostics, LLC., Sekisui Diagnostics P.E.I. Inc., Sekisui Diagnostics (UK) Limited, Sekisui Medical Technology (China) Ltd., Veredus Laboratories Pte. Ltd.

[Other Businesses]

The Other Businesses segment involves manufacture and sales of and provision of services for film-type lithium-ion batteries and products not included in the above four business segments.

Major subsidiaries and associates:

(Product manufacturing)

Sekisui LB Tech Co., Ltd.

(Manufacture and sales of products)

Research Laboratory of Plastics Technology Co., Ltd., Sekisui Bio Refinery Co., Ltd., Sekisui Solar Film Co., Ltd.

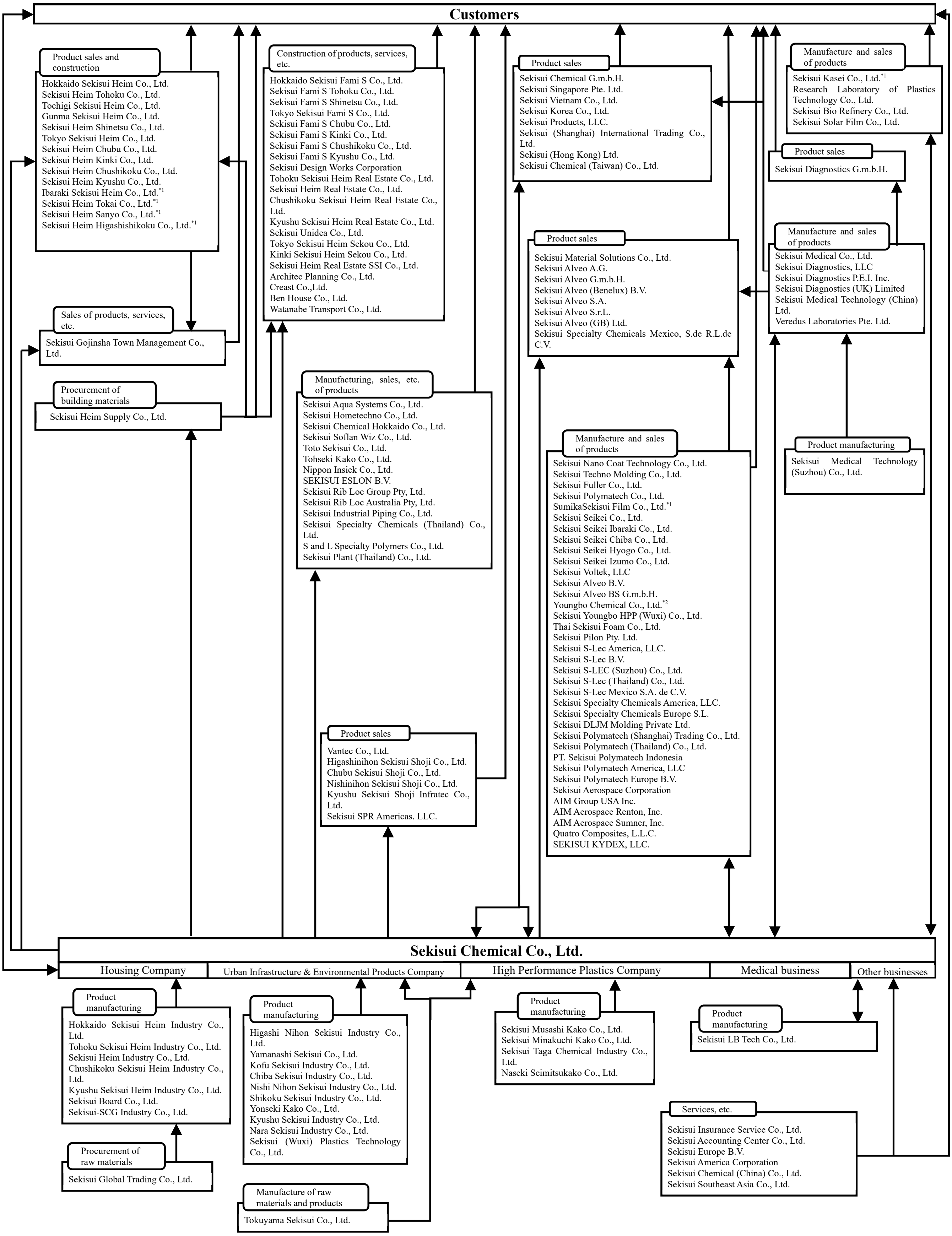
(Services, etc.)

Sekisui Insurance Service Co., Ltd., Sekisui Accounting Center Co., Ltd., Sekisui Europe B.V., Sekisui America Corporation, Sekisui Chemical (China) Co., Ltd., Sekisui Southeast Asia Co., Ltd.

Another major associate is Sekisui Kasei Co., Ltd.

Organizational chart

The above matters are shown in the organizational chart below.



→ Flow of Products and Services

Without notation: Consolidated subsidiary, *1: Equity method affiliate, *2: Consolidated subsidiary listed on Korea Exchange

4. Subsidiaries and associates

(1) Consolidated subsidiaries

Name	Address	Share capital (millions of yen)	Principal business activities	Voting rights ownership ratio (%)	Remarks
Sekisui Solar Film Co., Ltd.	Kita-ku, Osaka	3,000	Manufacturing and sales of perovskite solar cells	86.0	Concurrent office-holding by officer(s): Yes
Sekisui Medical Co., Ltd.	Chuo-ku, Tokyo	1,275	Manufacture and sales of diagnostic reagents, testing devices, and pharmaceuticals	100.0	Concurrent office-holding by officer(s): Yes
Tokuyama Sekisui Co., Ltd.	Kita-ku, Osaka	1,000	Manufacture and sales of polyvinyl chloride resins	70.0	The Company purchases this company's products as raw materials and finished goods. Concurrent office-holding by officer(s): Yes
Sekisui Heim Industry Co., Ltd. (Note 1)	Hasuda, Saitama	500	Manufacture and sales of unit housing materials	100.0	The Company purchases materials that this company manufactures and processes on a consignment basis using the raw materials provided by the Company. Concurrent office-holding by officer(s): Yes
Sekisui Seikei Co., Ltd.	Kita-ku, Osaka	450	Manufacture, processing, and sales of various synthetic resin products	100.0	The Company purchases some of the products that this company manufactures and processes partially using the raw materials provided by the Company. Concurrent office-holding by officer(s): Yes
Tokyo Sekisui Heim Co., Ltd.	Shinjuku-ku, Tokyo	400	Contract construction work service and real estate sales	100.0	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Sekisui Heim Kinki Co., Ltd.	Yodogawa-ku, Osaka	400	Contract construction work service and real estate sales	100.0	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Sekisui Fuller Co., Ltd.	Minato-ku, Tokyo	400	Manufacture and sales of industrial and general adhesives	50.0	Concurrent office-holding by officer(s): Yes

Name	Address	Share capital (millions of yen)	Principal business activities	Voting rights ownership ratio (%)	Remarks
Sekisui Hometechno Co., Ltd.	Yodogawa-ku, Osaka	360	Assembling, processing, and sales of housing equipment	100.0	This company constructs and sells the Company's products. Concurrent office-holding by officer(s): Yes
Sekisui Polymatech Co., Ltd.	Sakura-ku, Saitama	300	Manufacture and sales of mold and thermally conductive products	100.0	Concurrent office-holding by officer(s): Yes
Sekisui Heim Tohoku Co., Ltd.	Miyagino-ku, Sendai	300	Contract construction work service and real estate sales	100.0	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Sekisui Heim Shinetsu Co., Ltd.	Matsumoto, Nagano	300	Contract construction work service and real estate sales	100.0	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Sekisui Heim Chubu Co., Ltd.	Higashi-ku, Nagoya	300	Contract construction work service and real estate sales	100.0	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Sekisui Heim Chushikoku Co., Ltd.	Kita-ku, Okayama	300	Contract construction work service and real estate sales	100.0	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Sekisui Heim Kyushu Co., Ltd.	Chuo-ku, Fukuoka	300	Contract construction work service and real estate sales	100.0	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Hokkaido Sekisui Heim Co., Ltd.	Kita-ku, Sapporo	200	Contract construction work service and real estate sales	100.0	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes

Name	Address	Share capital (millions of yen)	Principal business activities	Voting rights ownership ratio (%)	Remarks
Gunma Sekisui Heim Co., Ltd.	Maebashi, Gunma	200	Contract construction work service and real estate sales	100.0	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Sekisui Aqua Systems Co., Ltd.	Kita-ku, Osaka	200	Construction of various industrial plants, manufacture, sales, and work for water environmental engineering facilities such as water supply and drainage tanks	88.1	This company constructs, processes, and sells the Company's products. Concurrent office-holding by officer(s): Yes
Sekisui Heim Real Estate Co., Ltd.	Shinjuku-ku, Tokyo	200	Real estate leasing management, trading, and brokerage services	100.0	Concurrent office-holding by officer(s): Yes
Sekisui Diagnostics, LLC. (Notes 1, 2)	San Diego, California, U.S.A.	Thousands of U.S. dollars 132,000	Development, manufacture, and sales of diagnostic reagents	100.0 (100.0)	Concurrent office-holding by officer(s): Yes
Sekisui Specialty Chemicals America, LLC. (Notes 1, 2)	Dallas, Texas, U.S.A.	Thousands of U.S. dollars 107,000	Manufacture and sales of polyvinyl alcohol resins	100.0 (100.0)	Concurrent office-holding by officer(s): Yes
SEKISUI KYDEX, LLC.	Bloomsburg, Pennsylvania, U.S.A.	Thousands of U.S. dollars 27,054	Manufacture and sales of high-performance plastic sheets	100.0 (100.0)	Concurrent office-holding by officer(s): Yes
Sekisui America Corporation (Note 1)	Secaucus, New Jersey, U.S.A.	Thousands of U.S. dollars 8,421	Management of affiliated companies in the Americas	100.0	This company supervises affiliated companies in the Americas and has financial functions to manage them. Concurrent office-holding by officer(s): Yes
Sekisui Aerospace Corporation (Note 2)	Renton, Washington, U.S.A.	Thousands of U.S. dollars –	Development, manufacture, and sales of composite material mold products for aircraft and drones	100.0 (100.0)	Concurrent office-holding by officer(s): Yes

Name	Address	Share capital (millions of yen)	Principal business activities	Voting rights ownership ratio (%)	Remarks
Sekisui Specialty Chemicals Europe S.L. (Note 2)	Tarragona, Spain	Thousands of euros 18,000	Manufacture and sales of polyvinyl alcohol resins	100.0 (100.0)	Concurrent office-holding by officer(s): Yes
Sekisui S-Lec B.V. (Note 2)	Roermond, the Netherlands	Thousands of euros 11,344	Manufacture and sales of interlayer films for laminated glasses	100.0 (100.0)	This company manufactures and sells the Company's products. Concurrent office-holding by officer(s): Yes
Sekisui Europe B.V.	Roermond, the Netherlands	Thousands of euros 1,000	Management of affiliated companies in Europe	100.0	This company supervises affiliated companies in Europe and has financial functions to manage them. Concurrent office-holding by officer(s): Yes
Sekisui Alveo A.G. (Note 2)	Adligenswil, Switzerland	Thousands of francs 21,000	Sales of foam polyolefins and foams	100.0 (100.0)	Concurrent office-holding by officer(s): Yes
Youngbo Chemical Co., Ltd.	Cheongju, Chungcheongbuk-do, South Korea	Millions of won 10,000	Manufacture, processing, and sales of synthetic resin products	52.3	Concurrent office-holding by officer(s): Yes
Sekisui Chemical (China) Co., Ltd.	Shanghai, China	Thousands of yuan 361,447	Management of affiliated companies in China	100.0	This company supervises affiliated companies in China and has financial functions to manage them. Concurrent office-holding by officer(s): Yes
Sekisui S-Lec (Suzhou) Co., Ltd. (Note 2)	Suzhou, China	Thousands of yuan 195,979	Manufacture and sales of interlayer films for laminated glasses	100.0 (100.0)	Concurrent office-holding by officer(s): Yes
Sekisui Southeast Asia Co., Ltd.	Bangkok, Thailand	Thousands of baht 10,000	Management of affiliated companies in South East Asia	100.0	This company supervises affiliated companies in South East Asia and has financial functions to manage them. Concurrent office-holding by officer(s): Yes
113 other companies					

(Notes) 1. These companies fall under the category of specified subsidiaries.
2. Of the voting rights ownership ratio, the figure in parentheses shows the ratio indirectly held, which is included in the total holding.

(2) Entities accounted for using the equity method

Name	Address	Share capital (millions of yen)	Principal business activities	Voting rights ownership ratio (%)	Remarks
Sekisui Kasei Co., Ltd. (Notes 1, 2)	Kita-ku, Osaka	16,533	Manufacture and sales of foamed styrene molding materials and styrene foam products	21.6 (0.0)	The Company sells its products to this company, and purchases this company's products. Concurrent office-holding by officer(s): No
SumikaSekisui Film Co., Ltd.	Chiyoda-ku, Tokyo	2,750	Development, manufacture, and sales of polyolefin films and related products	35.0	Concurrent office-holding by officer(s): Yes
Sekisui Heim Tokai Co., Ltd.	Chuo-ku, Hamamatsu	198	Contract construction work service and real estate sales	36.3	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Ibaraki Sekisui Heim Co., Ltd.	Mito, Ibaraki	105	Contract construction work service and real estate sales	40.0	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Sekisui Heim Sanyo Co., Ltd.	Himeji, Hyogo	100	Contract construction work service and real estate sales	43.3	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Sekisui Heim Higashishikoku Co., Ltd.	Kochi, Kochi	100	Contract construction work service and real estate sales	25.1	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes

(Notes) 1. This company files its own annual securities report.
2. Of the voting rights ownership ratio, the figure in parentheses shows the ratio indirectly held, which is included in the total holding.

II. Overview of Business

1. Management policy, business environment, and issues to be addressed

Management policy, business environment, and issues to be addressed of the Group are as follows.

Forward-looking statements in this document are based on the views as of the end of the fiscal year under review.

(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.

(i) 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 basis of the SEKISUI CHEMICAL Group's principles and is shared among all its 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.

(ii) 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.

(iii) SEKISUI CHEMICAL Group Corporate Activity Guidelines

We have 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 organization 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 has 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.

(i) 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.

a) Development of "three prominences" (Environment, CS & Quality, Human Resources) and "governance"
b) Accelerate the solution of social issues through three approaches (increasing quantity, improving quality, and providing sustainably)
c) 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.

(ii) Medium-term Management Plan "Accelerate 2028"

<Overview of the 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 ESG management foundations to enhance corporate value.

<Numerical targets for the Medium-term Management Plan>

	Fiscal 2025 (Results of the previous medium-term plan)	Fiscal 2028 Targets	
		Medium-term Management Plan	Medium-term increase
Net sales	¥1,309.3 billion	¥1,600.0 billion	+¥290.7 billion
Operating profit (ratio)	¥106.4 billion (8.1%)	¥150.0 billion (9.4%)	+¥43.5 billion (+1.3%)
Profit attributable to owners of parent	¥75.1 billion	¥102.0 billion	+¥26.8 billion
ROIC (return on invested capital)	7.6%	8% or higher	+0.4% or higher
ROE (return on equity)	9.1%	11.0%	+1.9%
EBITDA (Earnings before interest, taxes, depreciation, and amortization)	¥164.6 billion	¥226.0 billion	+¥61.3 billion

<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.

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

<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 from 3% or higher under the previous medium-term management 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.

(iii) Initiatives for climate change issues

The 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 obtain SBT certification (Note) based on a GHG (greenhouse gas: gases such as CO_2 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 reobtain SBT certification. Under this new target, we aim to reduce GHG emissions of Scope 1 + 2 by 50% and of Scope 3 by 30% 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

	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 emission reduction for fiscal 2025, a shift to renewable energy progressed, and it progressed as planned. Furthermore, the renewable energy ratio of purchased electricity across the entire Group also progressed according to the plan.

(iv) Measures to achieve resource recycling

The 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.

a) Drive resource recycling-related innovations
b) Expand the use of non-fossil-based and recycled materials in business activities
c) 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

Waste plastic material recycling rate (Japan): 65%

In fiscal 2025, we advanced horizontal deployment of material recycling using existing technologies for waste plastics emitted from factories, and also advanced exploration of 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.

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

As societal issues such as climate change 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 net sales from products to enhance sustainability.

In the context of the SDGs, to help solve the issues of climate change and resource circulation, and accelerate the achievement of carbon neutrality and the circular economy, in fiscal 2025, the Company formulated the Environmentally-Conscious Design Guidelines with an awareness of these two issues, and announced them in February 2026. These guidelines declared targets for 2050 of (1) reducing energy and materials expenditure in the product lifecycle and (2) switching over to renewable and low-carbon energy and raw materials, while (3) maintaining awareness of the Company’s carbon footprint (CFP) and seeking to make all products, including packaging materials, low-carbon and recyclable by 2050.

From fiscal 2026 onwards, we will work to build and establish systems and encourage them to take root within the Company with the aim of achieving the pragmatic application of these concepts during the development of new products and when implementing design changes, etc. to existing products.

As examples of future products to enhance sustainability, we are developing technologies such as film-type perovskite solar cells and CO_2 fixation technologies, which are currently undergoing demonstration and scale-up with the goal of social implementation. We are moving forward to investigate these areas in order to make them new businesses of the Group that will in time fulfill the Environmentally-Conscious Design Guidelines.

(vi) Human capital management initiatives

The Group’s Human Resources Philosophy 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, during the Medium-term Management Plan for fiscal 2023 to fiscal 2025, we set personnel strategies of fostering a culture of challenge, placing the right people in the right place, and achieving diversity. 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).

a) Foster a culture that embraces challenge

Primary KPI: Challenge action rate. 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.

b) 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 professional talent who exhibit prominent skills, we are working to acquire highly specialized personnel and implement reskilling in line with business needs.

c) 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 DEI (diversity, equity and inclusion), and supporting work-life balance. As for creating a vibrant work environment, we are promoting work-style reform 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) Business and financial issues to be addressed on a priority basis

Fiscal 2026 Targets	Consolidated net sales	¥1,408.4 billion	Profit attributable to owners of parent	¥76.0 billion
	Consolidated operating profit	¥115.0 billion	ROE (return on equity)	9.0%

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.

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 selling prices.

<Housing Company>

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 value of orders 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.

<Urban Infrastructure & Environmental Products Company>

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 synthetic lumber (FFU) railway sleepers, pipeline renewal projects, and chlorinated polyvinyl chloride (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 chlorinated polyvinyl chloride (CPVC) resin products, and expanding sales areas.

In the Buildings and Infrastructures Composite Materials field, we will accelerate the expansion of sales by expanding applications of fire-resistant and non-combustible materials. For synthetic lumber (FFU) railway sleepers, we will focus on expanding sales 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.

<High Performance Plastics Company>

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 High Performance Plastics 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.

<Medical Business>

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.

(4) 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.

(i) 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.

(ii) 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.

(iii) 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.

a) To conduct quarterly results briefings by the President and the Director in charge of the Business Strategy Department

b) To hold one-on-one meetings with domestic and foreign investors

c) To conduct business briefings and facility tours such as plants for shareholders as appropriate

d) 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)

e) To secure opportunities to post an opinion through the website of the Company

(iv) 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.

(v) The Company will strengthen its information management pursuant to the “Corporate Information Disclosure Regulations” and “Insider Trading Restriction Regulations.” The Company will pay close attention when having dialogue with shareholders.

2. Thinking on sustainability and sustainability initiatives

The Group's thinking on sustainability and sustainability initiatives are as follows.

Forward-looking statements in this document are based on certain assumption that the Group considers to be reasonable as of the date of submission of the annual securities report, and therefore, may differ from actual results due to various factors.

(1) Overall sustainability issues

(i) Governance

The Group's ESG management is promoted uniformly with the Board of Directors as a supervisory body, and the Sustainability Committee and seven affiliate sub-committees as oversight and execution bodies.

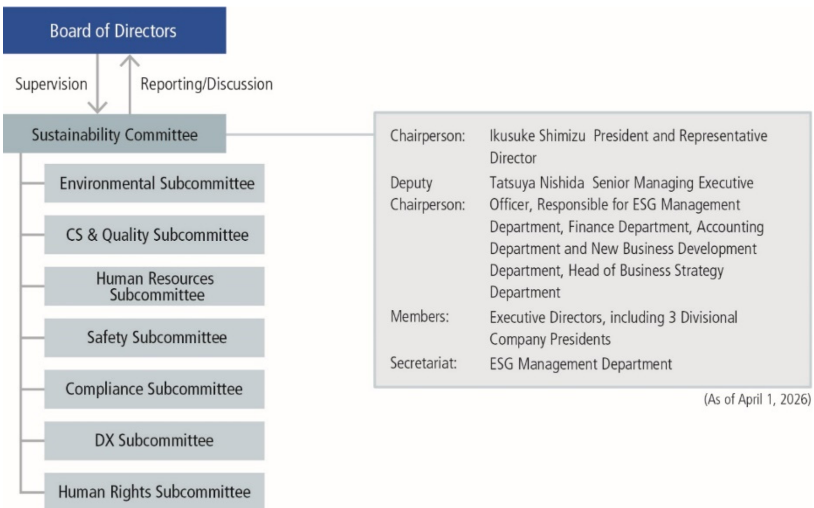
Board of Directors:
The Board of Directors makes final decisions on policies and strategies, and company-wide risks deliberated at the Sustainability Committee and reported semiannually, while supervising the execution concerning sustainability.

Sustainability Committee:
The Sustainability Committee is held semiannually, chaired by the President, vice-chaired by the Senior Managing Executive Officer in charge of ESG Management Department, and composed of Executive Directors including the President of Housing Company, the President of Urban Infrastructure & Environmental Products Company, and the President of High Performance Plastics Company.

The Sustainability Committee assesses company-wide risks and opportunities that the Group may face in the future, reviews their material issues, determines policies and KPIs, and formulates action plans for the whole company. The Committee also monitors the state of issues initiatives for each material issue based on reports by chairpersons of sub-committees.

Sub-committees:
The Sustainability Committee has seven sub-committees for the Group's materiality: "Environment," "CS & Quality," "Human Resources," "Safety," "Compliance," "DX," and "Human Rights." Each of the six sub-committees, excluding the Human Rights Sub-committee, is chaired by an officer in charge of Headquarters and comprises the responsible officers of the three companies and the responsible divisional managers of each company, Headquarters, and the medical business of Headquarters. These sub-committees are held twice a year in principle. The Corporate Executive Officer, Head of Human Resources Department chairs the Human Rights Sub-committee, which comprises executive officers responsible for various areas at Headquarters. Each sub-committee formulates and implements specific measures for each company based on the decisions of the "Sustainability Committee" and monitors the implementation status. The results are reported by chairpersons of the sub-committees who participate in the "Sustainability Committee" for deliberation.

Sustainability Committee / Sub-committee Structure (as of April 1, 2026)



(ii) Strategies

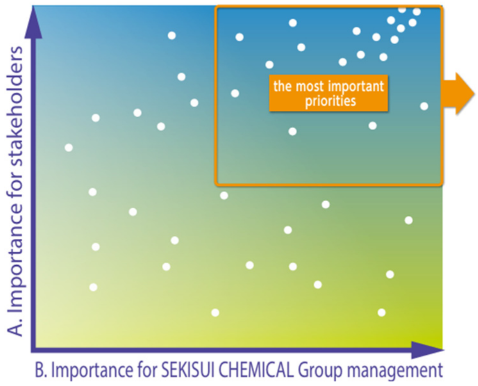
The Group believes that addressing social issues directly links to improving social sustainability, and net sales, the compensation for contribution, can be considered a quantity of contribution to addressing social issues. The Group also believes that its sustainable, profitable growth can be achieved by improving the quality and quantity of contribution, and this will expand our contribution to all stakeholders including customers, shareholders, employees, and business partners, as well as local communities and global environment.

• SEKISUI CHEMICAL's ESG management

The Company's ESG management centers on the statement of "Innovation for the Earth," in pursuit of achieving compatibility between "realization of a sustainable society" and "sustainable growth of the Group," and practicing its key three steps, "I. securing prominence," "II. solving social issues," and "III. creating peace of mind for the future" with our stakeholders.

To realize the long-term vision "Vision 2030," in the Medium-term Management Plan for fiscal 2023 to fiscal 2025, the Company identified its ESG material issues (materiality) as governance (internal control), DX, environment, human capital, and innovation, and worked to achieve KPIs set on each materiality.

SEKISUI CHEMICAL Group's ESG Material Issues



<Governance (Internal Control)>

—Reduce operational risks that may damage corporate value on a Group and global basis—

・Reducing serious incidents (safety, quality, accounting, legal/ethical, information management)

・Risk management

・Reduce supply chain risk

・Implement human rights due diligence

<DX>

—Revise work processes and drastically increase productivity triggered by DX—

・Visualize and standardize (standardize operations, introduce ERP, renew infrastructure and networks)

・Increase productivity (automation/unmanned shifts, improve operational efficiency through the use of digital technology, ICT and AI)

・Sophisticate (increase the sophistication of operational control, introduce ERP, renew infrastructure and networks)

<Environment>

—Reduce GHG emissions and waste through business activities and shift to sustainable management—

・Mitigate and adapt to climate change

・Promote a circular economy

・Reduce water-related risks

・Reduce environmental degradation

<Human capital>

—Boldly take on challenges based on thorough preparations (human capital) in a bid to realize the Group's management strategy—

・Foster a challenging corporate culture

・Achieve the right talent in the right position

・Realize diversity

<Innovation>

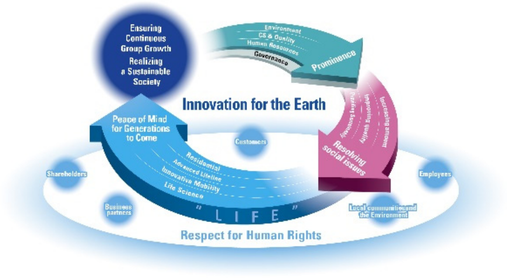
—Steadily develop and launch new products and projects in existing areas; maximize speed and impact by breaking away from a new business area process that relies solely on closed innovation—

・Create and expand the market for products to enhance sustainability

・Promote open innovation

・Strengthen intellectual property strategies

・Promote activities that contribute to the solving of issues through cooperation with local communities



Three steps

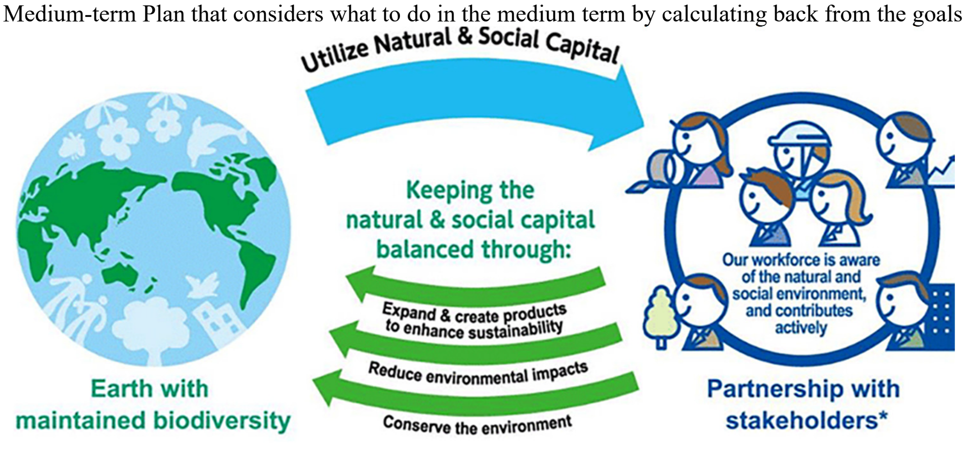
I. Securing prominence
Putting in place a corporate structure that is trusted by society through Governance (Internal Control) and driven by the challenge of its prominence in human resources to create products and services that are overwhelmingly different in terms of the environment as well as CS & Quality

II. Solving social issues
Based on its prominence, accelerating the solution of social issues by means of three approaches (increasing the quantity of contributions, improving the quality of contributions, and providing both quantity and quality in a sustainable manner)

III. Creating peace of mind for the future
Creating and expanding the value that delivers peace of mind for the future to all generations, including those of the future, through four domains (Residential, Advanced Lifeline, Innovative Mobility, and Life Science)

• Direction toward 2050 regarding climate change and other environmental issues

The direction toward 2050 regarding climate change and other environmental issues is stated in the long-term SEKISUI Environment Sustainable Vision 2050. Moreover, recognizing material issues in "Environment," we have formulated the Environment Medium-term Plan that considers what to do in the medium term by calculating back from the goals for 2050.



* Stakeholders: "Customers," "Shareholders," "Employees," "Business partners," and "Local communities and the Environment"

An ideal earth that the Group aims to realize in 2050 is "an earth with biodiversity" where biodiversity is maintained in a healthy condition by simultaneously achieving goals of all environmental issues concerning climate change, resource circulation and water risk. Recognizing that we use natural and social capital on earth in performing our business activities, we aim to contribute to the returns of natural and social capital through three activities including (1) Expand and create markets for products to enhance sustainability; (2) Reduce environmental impact; and (3) Conserve the natural and social environments, and contribute to the solution of climate change, resource circulation, water risk, biodiversity and other issues on earth. To accelerate the contribution to the return, the Group will promote the efforts not only by ourselves but also in collaboration with our stakeholders.

(iii) Risk management

The Group regularly monitors risks and opportunities based on their importance. First, we comprehensively identify the issues relevant to society and the Group, including national laws and regulations, soft laws, disclosure regulations, stakeholder engagement, and expert dialogues. Then, we score these issues based on two axes: "likelihood" and "impact," and map them onto a company-wide risk map. This map is discussed at the company-wide risk review meeting (held once a year) attended by the chairpersons of each sub-committee. In this meeting, we identify and prioritize short-, medium-, and long-term issues that could be risks or opportunities for societal sustainability and the sustainable growth of the Group.

The identified issues are reviewed by the Sustainability Committee, approved by the Board of Directors, recognized as material issues, and reflected in the strategies and execution plans of the entire Company and each business unit. Among these, we mandate the assessment of "company-wide critical risks," which have a high potential to lead to major incidents, in organizational risk management activities to prevent the occurrence of such major incidents.

(iv) Indicators and targets

The Group has set "net sales from products to enhance sustainability" as a KPI symbolizing ESG management (balancing societal sustainability improvement and our Group's sustainable growth). In addition, we have set KPIs and targets for other issues as follows, and are working towards them.

Medium-term Management Plan (fiscal 2026 to fiscal 2028)

KPI	Medium- to long-term targets
Number of serious incidents occurred in five areas*1	Fiscal 2028: 0
Climate change: GHG emission reduction rate (Scope 1 + 2)*2	Fiscal 2028: -49% (from fiscal 2019)
Resource circulation: Waste plastic material recycling rate	Fiscal 2028: 75%
Challenge action rate	Fiscal 2028: 72%
Engagement score	Fiscal 2028: 65%
Rate of successor candidate preparation	Fiscal 2028: 150%
Three-year retention rate*3	Fiscal 2028: 80%
Number of DR0*4 passes	Undisclosed
Net sales from products to enhance sustainability*5	Fiscal 2028: ¥1,190.0 billion

*1 The five areas are safety, quality, accounting, legal/ethical, and information management
An incident that fell under the internal serious incident criteria and was publicly announced

*2 Scope 2 is calculated according to a market-based method

*3 The rate of employees who joined the Group in fiscal X-2 and are still on the employee register at the end of fiscal X

*4 Internal review regarding the generation of new development themes

*5 From fiscal 2026, the method for calculating net sales from products to enhance sustainability has been revised with a view to more closely aligning with consolidated financial statements. Through this revision, the scope of sales from products to enhance sustainability has been aligned with the scope of consolidation in consolidated financial statements, and sales from entities accounted for using the equity method have not been included.

In fiscal 2025, the Group achieved its plan with a focus on the environment and human capital. Notably, the GHG emission reduction rate for climate change met the medium-term target ahead of schedule, and we were able to achieve the enhanced fiscal 2025 plan as well.

Additionally, net sales from products to enhance sustainability exceeded the target of ¥1 trillion.

Medium-term Management Plan (fiscal 2023 to fiscal 2025)

KPI	Medium- to long-term targets
Number of serious incidents occurred in five areas*1	Fiscal 2025 target: 0 Fiscal 2025 result: 0
Change in net sales per direct personnel and indirect personnel	Fiscal 2030 target: 30% increase in direct productivity, 43% increase in indirect productivity (compared to fiscal 2019) Fiscal 2025 result: Undisclosed
Climate change: GHG emission reduction rate (Scope 1 + 2)*2	Fiscal 2025 target: -36% (from fiscal 2019) Fiscal 2025 result: -45.2% (from fiscal 2019)
Resource circulation: Waste plastic material recycling rate	Fiscal 2025 target: Domestic 65% Fiscal 2025 result: Domestic 68.9%*3
Challenge action rate	Fiscal 2025 target: 60% Fiscal 2025 result: 62%
Rate of successor candidate preparation	Fiscal 2025 target: 100% Fiscal 2025 result: 104%
Retention rate	Maintaining and improving year-on-year performance Fiscal 2025 result: 98.4% (+0.6 percentage points year on year)
Number of open innovations	Undisclosed
Net sales from products to enhance sustainability*4	Fiscal 2025 target: Over ¥1 trillion Fiscal 2025 result: ¥1,015.6 billion*3

Details of sustainability initiatives are disclosed on the Sustainability Report 2025 which is posted on the Company's website. The Sustainability Report 2026 is scheduled to be issued at the end of July 2026 for the Japanese version, and in September for the English version.

Sustainability Report: https://www.sekisui.co.jp/sustainability_report/

*1 The five areas are safety, quality, accounting, legal/ethical, and information management
An incident that fell under the internal serious incident criteria and was publicly announced

*2 Scope 2 is calculated according to a market-based method

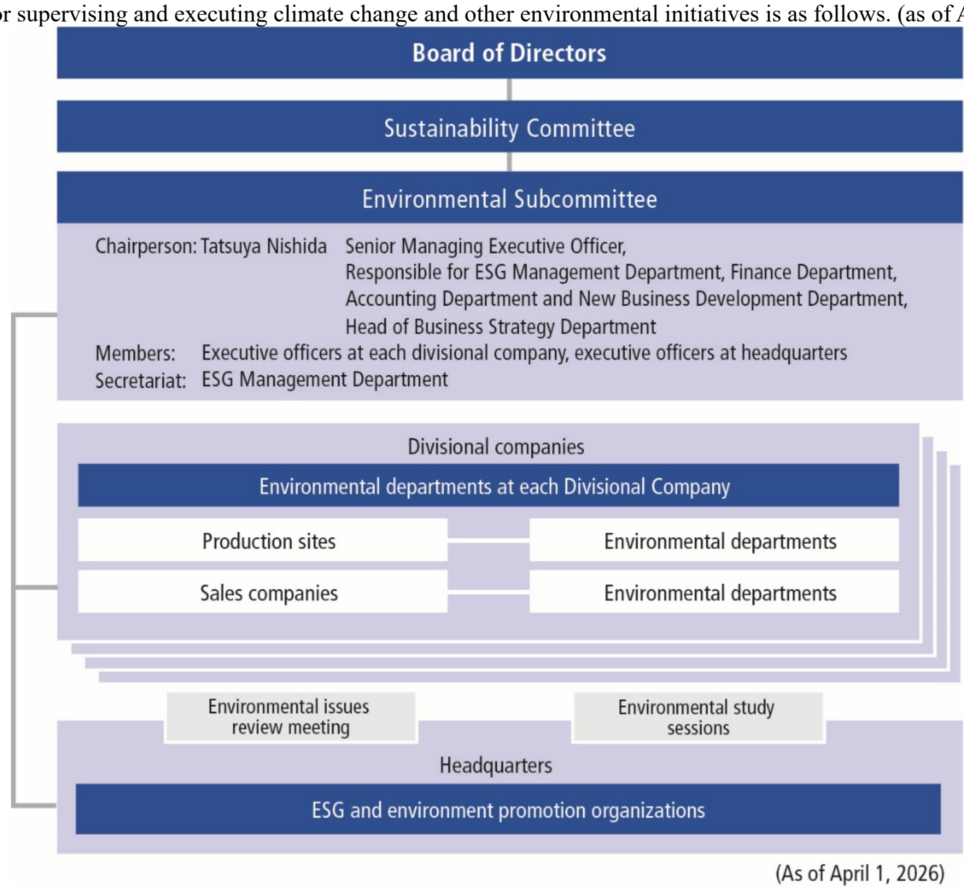
*3 Preliminary data as of April 2026

*4 Until fiscal 2025, net sales from products to enhance sustainability included sales from entities accounted for using the equity method.

(2) Responses to climate change (climate change-related disclosure in accordance with the TCFD recommendations)

(i) Governance

Climate change-related governance is incorporated into governance of overall sustainability issues mentioned above. In particular, the system for supervising and executing climate change and other environmental initiatives is as follows. (as of April 1, 2026)



Environmental Issues Study Group:

To be set for each of the severe issues including renewable energy and resource circulation, and held periodically (on a monthly basis). Personnel responsible for environmental issues in Headquarters and each company participate in the Meeting, confirming the progress of issue solutions and discussing solutions.

(ii) Strategies

The United Nations IPCC (Intergovernmental Panel on Climate Change) Fifth and Sixth Assessment Reports have been used to identify the risks that climate change poses to the Group and its businesses and to identify strategies to prepare for long-term risks.

Climate change scenarios

		Societies that have made progress in mitigating climate change	Societies that have failed in mitigating climate change
Referential scenarios	Transition scenarios	IEA NZE2050 IRENA	–
	Physical climate scenarios	RCP1.9 SSP1	RCP8.5 SSP5
Temperature rise		Less than 1.5°C	4°C or higher
Heat wave and torrential rains		Less extreme weather events	Many extreme weather events
Social and economic trends		A world of growth and equality with a focus on sustainability	A world of rapid and unlimited growth in economic output and energy consumption
Energy transformation		Energy transformation will reduce GHG emissions by 70% in 2050	–
Economic events		Increasing carbon prices, increasing fuel prices	–
Risks	Regulatory risks	Large	Small
	Physical risks	Small	Large

Based on the climate change scenarios set, impacts of climate change risks were analyzed and strategies were considered to prepare for long-term risks for each business domain. Based on the 1.5°C and 4°C scenarios, analysis two axes were set; one is whether climate change mitigation progresses or not; and the other is decentralization of social systems in rural areas or centralization to large cities. Using these two axes, and considering their mutual influence, four climate change scenarios were envisaged.

Results of impact analysis of climate change risks

Table 3: Results of Impact Analysis of Climate Change Risks

Green: New revisions in line with updating to the 1.5 °C scenario **Bold: Innovation-related items**

Type		Climate change risks	Financial impacts	Business risks	Business opportunities	Response / Actions by SEKISUI	Correlation analysis of environmental issues: Climate Change	Resource Recycling	Water Risk	Biodiversity
Transition	Policy regulations	Carbon tax increase	Large	<Medium- to long-term> ·Increase in energy procurement costs ·Decrease in sales due to adding costs to product prices	<Medium- to long-term> ·Acquire business opportunities by differentiating through early response ·Stabilization of energy costs by introducing renewable energy	·Develop plans to promote converting purchased power to renewable energy, using ESG investment framework ·Improve effectiveness through public commitments such as SBT certification	Mitigation Mitigation	– –	– –	– –
Transition	Policy regulations	Regulations for energy savings/ low carbon	Large	<Short-term> ·Increase in capital investment to strengthen energy conservation and renewable energy initiatives <Medium- to long-term> ·Increase in introduction costs for renewable energy certificates, etc.	<Short-term> ·Increased sales from energy conservation/storage/ creation businesses ·Increased sales from CO2-regulation compliant products	·Establish an ESG investment framework including climate change measures **·Develop and deploy new energy creation technologies (e.g., perovskite solar cells "SOLAFIL")** ·Review green procurement standards as appropriate ·Standardize housing with ZEH specifications	Mitigation Mitigation Mitigation Mitigation	– – All –	– – Business –	– – All –
Transition	Policy regulations	Policies	Large	<Short-term> ·Increase in renewable energy procurement and waste treatment costs <Medium- to long-term> ·Lose market share from loss of differentiation due to mandating of low-carbon products such as ZEH ·Reduction of business opportunities due to stricter laws and regulations related to resource recycling	<Short-term> ·Increased need for technologies to reduce CO2 during waste incineration <Medium- to long-term> ·Increase in sales of new homes due to expansion of ZEH market from mandatory ZEH specs ·Expanding opportunities for horizontally recycled products such as in-house and industry-wide collection	**·Expand collaboration with companies leveraging CCU technologies** ·Expand products that enhance sustainability **·Consideration of expanding horizontal recycling of in-house plastic products (e.g., KYDEX buyback system, etc.)** **·Development of services to improve the recycling value of housing products (e.g., Be-Heim)**	Mitigation Both Mitigation Mitigation	Disposal All Disposal Disposal	– Products – –	Living organisms All – –
Transition	Policy regulations	Litigations	Medium	<Medium- to long-term> ·Lawsuits against companies using fossil fuels	<Medium- to long-term> ·Increase in business opportunities due to consumer trust earned from commitments to society	·Disclose environmental vision and 2050 GHG emissions reduction targets ·Improve scores in various external benchmarking systems	Mitigation Both	All All	– All	– All
Transition	Technologies	Replacement to low carbon products	Large	<Short-term> ·Increase in re-certification costs due to change of low- carbon materials <Medium- to long-term> ·Changeover to lower carbon materials and processes	<Short- to medium-term> ·Increase in business opportunities for products that enhance sustainability that contribute to low carbonization <Long-term> ·Business expansion through prioritized procurement of resource recycling friendly designed products	·Use of LCA in planning, development and marketing (CFP, environmental impact other than climate change) ·Use of "learn from nature" technologies and continuation of researcher subsidies ·Promotion of renewable energy in factories ·Reduction of factory waste and acceleration of resource recycling **·Product development using bio-derived materials** **·Product development using recycled materials and increasing their use**	Mitigation Both Mitigation Mitigation Mitigation Mitigation	All All Manufacturing Manufacturing Raw materials Raw materials	– Products – – – –	All All – – Plants –
Transition	Technologies	Development of decarbonization technology	Large	<Medium- to long-term> ·Opportunity loss due to delay in introduction of decarbonization technologies	<Medium- to long-term> ·Expand business opportunities by decarbonizing products ·Creation of new business utilizing decarbonization technologies	**·Development of CCU technologies in collaboration with different industries (e.g., collaboration with ArcelorMittal, S.A.)**	Mitigation	Disposal	–	–
Transition	Markets	Change in consumer behavior	Medium	<Long-term> ·Decrease in sale of new cars ·Opportunity loss due to inability to resource recycling and use decarbonization incentives	<Medium-term> ·Acquisition of incentives through resource recycling and visualization of decarbonized value <Long-term> ·Increase in profitability from shift to higher-performance products ·Expansion of market for ICT-related products	·Efforts to improve resource recycling value through industry collaboration (e.g., CLOMA (for marine plastic issues)) **·Development of highly heat resistant and durable, and other high performance products** **·Development of lightweight solar cells, heat dissipating products**	Mitigation Mitigation Mitigation	Use Use Use	– – –	Living organisms – –
Transition	Markets	Market uncertainty	Medium	<Long-term> ·Investments to stabilize power supply for dispersed renewable energies	<Long-term> ·Increase in sales of products to support a more dispersed society	·Sales of houses that realize energy self-sufficiency **·Develop resource recycling technologies (e.g., material recycling of waste)**	Mitigation Mitigation	– Disposal	– –	– –
Transition	Reputation	Changes in consumer preferences	Medium	<Short- to medium-term> ·Sales decline due to inability to keep up with sustainable lifestyle preferences <Long-term> ·Decrease in sales due to increased preference for "sharing" over "owning"	<Short- to medium-term> ·Improve corporate brand and expand sales with products that support sustainable living <Long-term> ·Creation of new businesses to meet consumer preferences	·Promotion of sustainable town development business (e.g., ABINC certification of Asaka Lead Town) ·Begin services using housing big data	Both Both	All All	Products Products	All All
Transition	Reputation	Industry criticism	Large	<Medium- to long-term> ·Investor valuation decline for companies that do not decarbonize <Long-term> ·Decline in evaluation of companies that do not understand the biodiversity impact of decarbonization solutions	<Short- to medium-term> ·Secure stable financing by demonstrating compatibility with resource recycling <Long-term> ·Consideration of nature-positive decarbonization solutions and high evaluation for product development	·Select renewable energy options with a medium- to long-term perspective ·Promotion of reform and use of in-house system for planning and R&D (product environmental impact assessment) ·Promotion of efforts to reduce the impact of nature and information disclosure (e.g., use of Land Use Score Card®)	Mitigation Both Both	– – –	– – –	– All All
Physical	Acute	Frequent typhoons	Large	<Short-term> ·Increase in damage such as plant shutdowns and sales decrease ·Increase in costs to control flooding and overflows ·Decrease in sales due to supply chain disruption <Medium- to long-term> ·Increase in insurance premiums	<Short-term> ·Increase in needs for resilient infrastructure ·Increase in sales of products in areas with a high level of water-related risks ·Increase in needs for equipment/ facilities for disaster preparedness ·Increase in needs for the resilient town development projects	·Understand water risks and implement countermeasures **·Development of highly durable infrastructure** ·Accelerate infrastructure renewal in developed nations (e.g., SPR Method) ·Expand infrastructural business in developing nations **·Development of disaster response products (e.g., drinking water storage systems)** ·In-house fusion mechanism for adaptive product development, task force projects	Adaptation Adaptation Adaptation Adaptation Adaptation Adaptation	– – – – – –	Business Products Products Products Products Products	– – – – – –
Physical	Acute	Heavy rains/ droughts	Large							
Physical	Chronic	Changes in rainfall patterns	Medium	<Short-term> ·Increase in costs for restructuring supply chain <Medium- to long-term> ·Increase in heat stroke/other illnesses related to warming ·Increase in air conditioning/cooling costs	<Short-term> ·Increase in sales of heat insulating/heat shielding products <Medium- to long-term> ·Increase in needs for pharmaceutical products/diagnostic drugs that contribute to treatments	·Explain procurement guides to raw material suppliers ·Globally disperse production bases ·Reinforcement of OEM structure in accordance with increase in illnesses	Adaptation Adaptation Adaptation	– – –	Business Business Business	– – –
Physical	Chronic	Rise in sea level	Medium							
Physical	Chronic	Rise in average temperature	Medium							

<Table notations>

Timeframe: Short-term: less than 3 years; Medium-term: 3 years or more but less than 6 years; Long-term: 6 years or more

Financial impact scale: Small: less than 0.1%; Medium: 0.1% or more but less than 1%; Large: 1% or more (financial indicators)

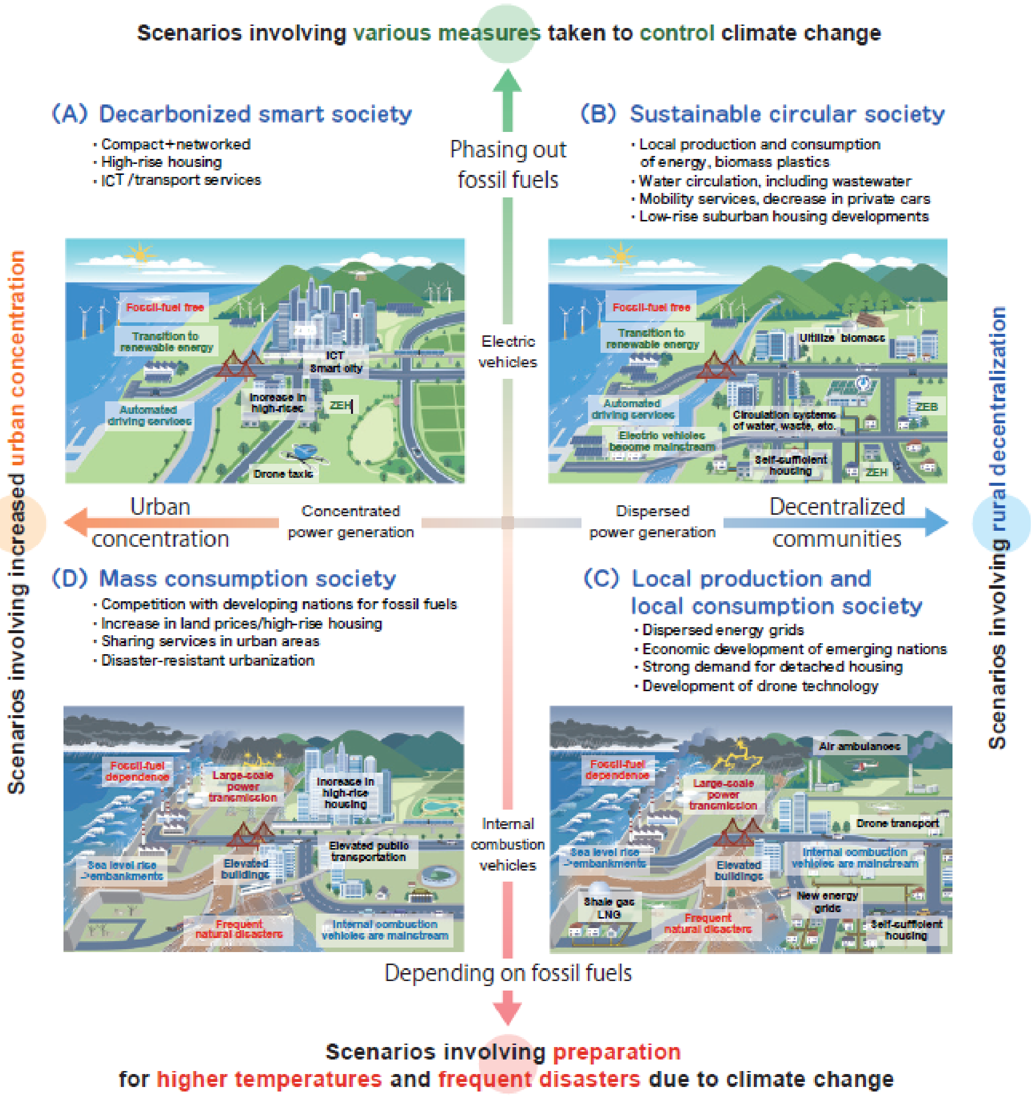
<Correlation analysis with each environmental issue>

Climate change issues: Mitigation, Adaptation, or All

Water risk issues: Business (activities), Products, or All

Resource circulation issues: Raw materials, Manufacturing, Use, Disposal, or All

Biodiversity issues: Living organisms, Plants, or All



The possible risks and opportunities for the Group in these assumed societies were analyzed, and the results of considering the Group’s strategies for adapting to the realization of the society envisioned in each scenario are outlined in the four diagrams below.

Scenario (A) Decarbonized smart society scenario (1.5°C & urban concentration scenario)

Opportunities	· Increased demand for smart infrastructure, remote control systems, etc. → Advanced technology utilization and expand services for infrastructure · Increased demand for power generation/storage products → Higher performance of electronic/energy related products · Expanding needs for decarbonized products and technologies → Advance development of decarbonization technologies and expand product sales
Risks	· Decreased car sales due to transition to mobility services → Decreased sales of housing and mobility related products · Accelerate conversion to renewable energy → Energy procurement costs increase due to increased demand for renewable energy · Decreased demand for low-rise housing → Decreased sales of housing related products
Response by SEKISUI	[Production activities] Convert electricity and fuel use to renewable energy (installation of solar panels, use electricity certificates, convert fuel, etc.) [Housing] Standardize ZEH specifications [Energy] Accelerate development and social implementation of perovskite solar cells and expand storage battery business [IT] Material development to promote improvement of ICT (heat dissipating materials, materials for LED and OLED) [Resource recycling] Development of services to improve the recycling value of housing products ("Be-Heim"), consideration the expansion of recycling systems for plastic products

Scenario (B) Sustainable circular society scenario (1.5°C & decentralized communities scenario)

Opportunities	· Localized power generation → Increased demand for power generation, storage and related technologies · Expanded circulation of resources such as electric power, water, carbon, etc. → Increased demand for circulation infrastructure · Increased demand for housing with ZEH specs · Expanding needs for decarbonized products and technologies → Advance development of decarbonization technologies and expand product sales
Risks	· Decreased car sales due to transition to mobility services → Decreased sales of housing and mobility related products · Accelerate conversion to renewable energy (decentralized) → Energy procurement costs increase due to increased demand for renewable energy · Decreased reputation among customers and investors due to failure to decarbonize → Decreased capital procurement capability
Response by SEKISUI	[Production activities] Convert electricity and fuel use to renewable energy (installation of solar panels, use electricity certificates, convert fuel, etc.) [Housing] Standardization of ZEH specs, expansion and promotion of sustainable town development business [Energy] Promote the spread of energy self-sufficient housing (solar panels, storage batteries), contribute to local energy production and consumption through TEMS, and accelerate the development and social implementation of perovskite solar cells [Vehicles] Provide highly functional materials that provide additional performance to vehicles and aircraft (S-LEC wedge-shaped HUD interlayers, KYDEX sheets, CFRTP) [Carbon Capture Utilization and Storage] Development of CCUS technology (using chemical looping reaction) and its social implementation in collaboration with other companies [Resource recycling] Full scale social implementation of BR technology, development of CCU technologies in collaboration with other companies

Scenario (C) Local production and local consumption society scenario (4°C & decentralized communities scenario)

Opportunities	· Promoting resilient infrastructure and autonomous driving infrastructures → Increased sales of highly durable infrastructure materials and construction services · Creation of market of new energy grids → Needs for control systems and energy infrastructure technologies
Risks	· Increased raw material and energy costs due to disaster-resilient supply chain, logistics, and energy security measures · Increased factory relocation costs in locations vulnerable to natural disasters · Increased manufacturing costs and raw material costs caused by deterioration of ecosystem services due to disasters · Increased human cost due to increase in diseases caused by global warming · Extensive damages due to fragmentation of infrastructure in the area
Response by SEKISUI	· At the managers level of operating companies/business sites, understand risks in each region and site, formulate BCPs, and consider risk reduction measures · Reinforce sustainable raw material procurement system [Housing] Develop town development business (expand disaster resilience services) [Energy] Explore HEMS and TEMS technology for building smart grids that can also serve as a disaster countermeasure [Infrastructure] · Expand businesses that contribute to more resilient water infrastructure (Renewal: SPR method, New construction: Collaboration with a Vietnamese company) · Expand rehabilitation technology to improve durability of transportation infrastructure ("Utsuku Sheet", "InfraGuard") [Life science] Reinforcement of OEM structure for pharmaceutical products

Scenario (D) Mass consumption society scenario (4°C & urban concentration scenario)

Opportunities	· Promoting resilient infrastructure and autonomous driving infrastructures → Increased sales of highly durable infrastructure materials and construction services · Increased needs for energy-related products for large-scale power generation → Increased sales of products related to stabilizing systems and improving efficiency of power generation
Risks	· Increased raw material and energy costs due to disaster-resilient supply chain, logistics, and energy security measures · Increased factory relocation costs in locations vulnerable to natural disasters · Increased human cost due to increase in diseases caused by global warming [Housing] Decreased demand for low-rise housing → Decreased sales of housing-related products · Increase in manufacturing costs and raw material costs caused by deterioration of ecosystem services due to disasters
Response by SEKISUI	· At the managers level of operating companies/business sites, understand risks in each region and site, formulate BCPs, and consider risk reduction measures · Reinforce sustainable raw material procurement system [Infrastructure] · Expand businesses that contribute to more resilient water infrastructure (Renewal: SPR method, New construction: Collaboration with a Vietnamese company) · Expand technologies to improve durability of transportation infrastructure ("FFU", "Utsuku Sheet", "InfraGuard") · Contribute to more stable power transmission by burying power cables underground ("CC-Box") [Life science] Reinforcement of OEM structure for pharmaceutical products

(iii) Risk management

Management of risks related to climate change is incorporated into management of risks of overall sustainability issues mentioned above.

(iv) Indicators and targets

The Group recognizes that climate change is a significant social issue and a substantial risk for the Group. We have been updating aging facilities and switching fuel-using equipment to electricity or low-carbon fuels. Going forward, we will undertake the technically challenging task of reducing GHG emissions from fuel through "production process innovation" and aim to achieve medium- to long-term GHG emission reduction targets. The SBT certification (Note) has been acquired for the targets listed below.

(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

	Targets	Method of achieving the target
Scope 1 + 2	Base year: 2019 Target year: 2030 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 Target year: 2030 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

(Note) Scope 1: Direct emissions of greenhouse gases by business operators themselves (fuel combustion, industrial processes)

Scope 2: Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies
Scope 2 is calculated according to a market-based method

Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the business activities)

• GHG emission reduction results

	Total emissions (Thousands t-CO_2)	Reduction ratio
Scope 1 (fiscal 2025 results)	188	Reduction of 45.2% (from fiscal 2019)
Scope 2 (fiscal 2025 results)	288	
Scope 3 (fiscal 2024 results)	3,885	Reduction of 5.7% (from fiscal 2019)

(Note) Scope 2 is calculated according to a market-based method
Please refer to the Sustainability Report 2025 for the scope and calculation method of Scope 3

* Details of sustainability initiatives are disclosed on the Sustainability Report 2025 which is posted on the Company's website. The Sustainability Report 2026 is scheduled to be issued at the end of July 2026 for the Japanese version, and in September for the English version.

Sustainability Report
https://www.sekisui.co.jp/sustainability_report/

* Details of climate change-related disclosure in accordance with the TCFD recommendations are included in the TCFD Report 2025 which is posted on the Company's website. The Japanese version of the TCFD Report 2026 will be issued in August 2026, and the English version in September.

TCFD Report
https://www.sekisui.co.jp/sustainability_report/report/#tcfd

(3) Disclosure on human capital

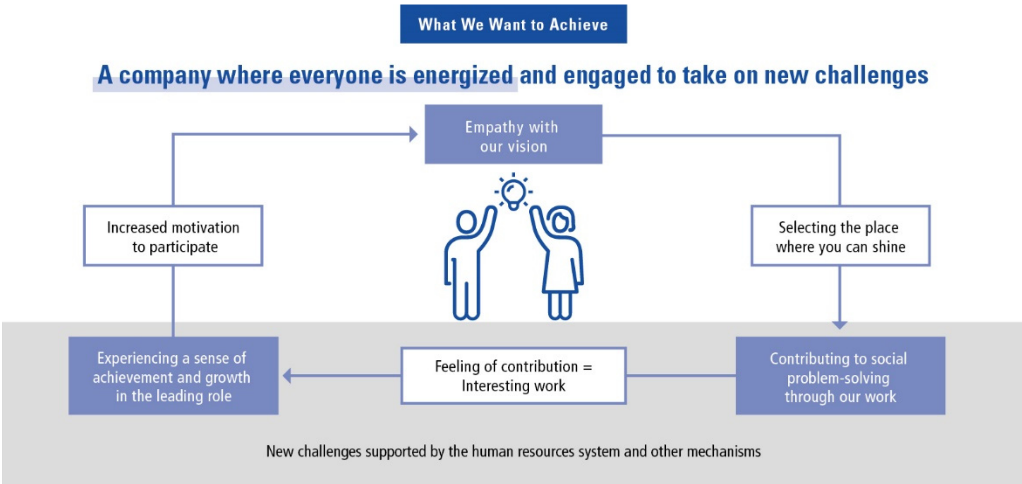
Based on our human resources philosophy that employees are precious assets bestowed on us by society, we strive to ensure that our workplace is vibrant, and offer various opportunities through which we help individual employees to enhance their unique skills and grow through taking on challenges.

(i) Policy for the Medium-term Management Plan "Accelerate 2028"

As the SEKISUI CHEMICAL Group moves to realize Vision 2030, we aim to become a "company where all employees take on challenges," in other words, a "company whose contribution to solving social issues expands through innovation and creation."

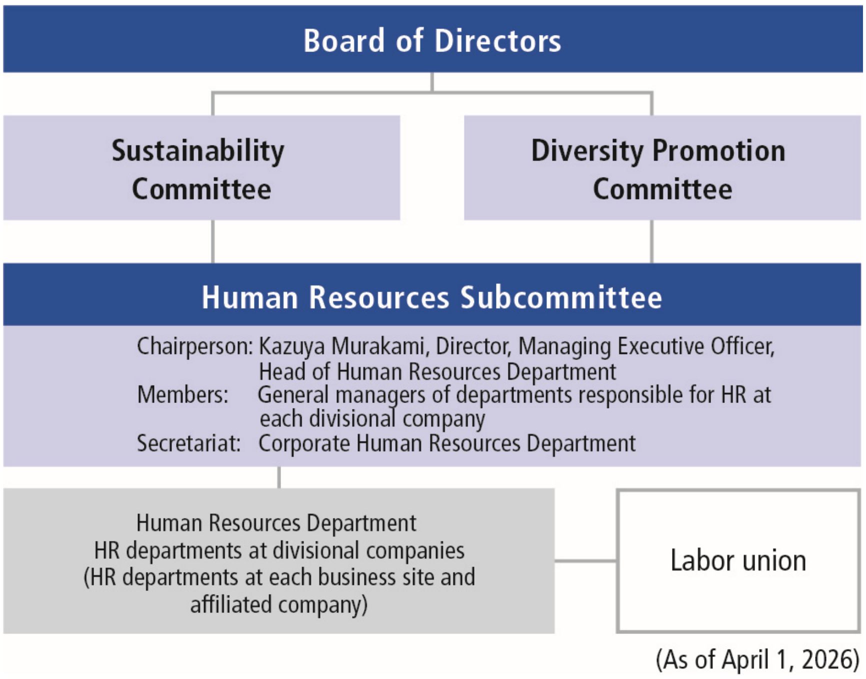
During the Medium-term Management Plan “Accelerate 2028,” by continuing to create an environment where each diverse employee can grow autonomously through diverse challenges, we aim to evolve into a corporate entity that grows alongside its employees and earns society’s trust.

We will also accelerate our efforts to attract and select the personnel that are essential to the realization of our long-term vision, expand our human capital and implement strategic human resources development through ¥23.0 billion of human capital investment, and foster outstanding individuals that stand out in society.



(ii) Governance

In fiscal 2022, we established the Diversity Promotion Committee toward the realization of our human capital strategies. The committee meets twice a year, clarifying the roles of oversight and execution and strengthening strategies, information disclosure, and diversity promotion. The oversight side supervises and advises on matters related to human capital management and securing diverse talent. The execution side, in the “Human Resources Sub-committee” consisting of the heads of each company’s HR department and set up under the Sustainability Committee, decides on implementing human capital management measures determined by the oversight body. In cooperation with labor unions, corporate and company HR departments promptly implement these measures.



(iii) Strategies

Toward the realization of an excellent and vibrant company where all employees take on challenges, we develop personnel capable of responding to business growth speed and changes under the human resources development policy (*1). Under the internal environment improvement policy (*2), we aim to create diverse working styles and a safe working environment that is appropriate for different countries and regions.

Specific human capital strategies (*3) include fostering a culture of challenge, placing the right people in the right place, and achieving diversity. We utilize our vital preparation (human capital) to boldly take on challenges, realizing our management strategies of "strategic innovation" and "organic growth."

*1. Human resources development policy

A) Promotion of diversity

We create corporate culture which encourages individual employees to demonstrate their strengths energetically

B) Encouragement of challenges

We support personnel who continue taking on challenges proactively

C) Development of outstanding human resources

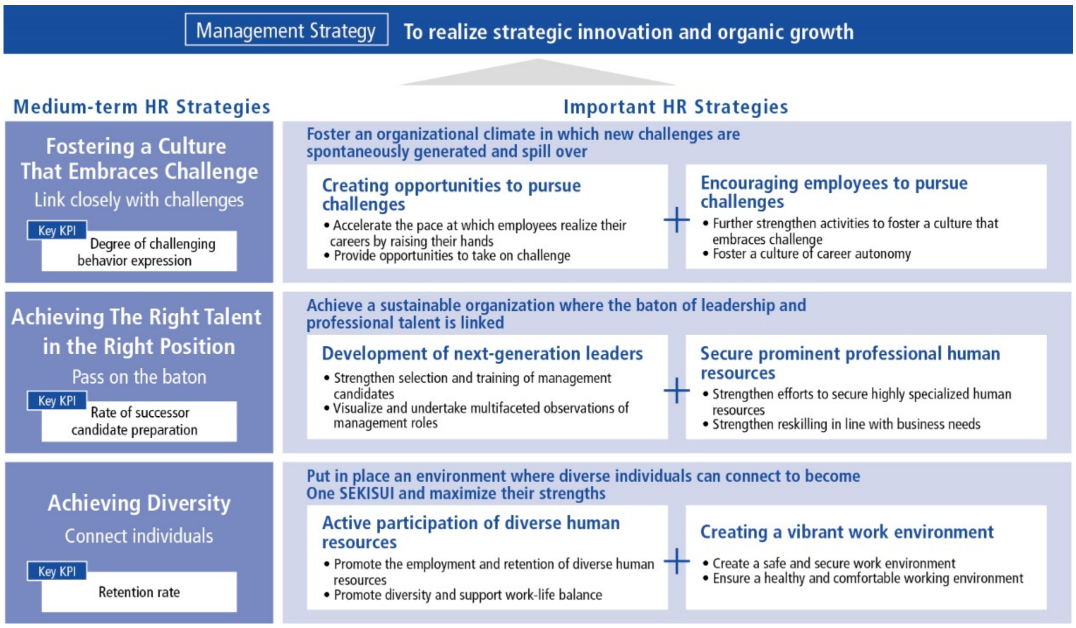
We support personnel who proactively learn and grow, and have unique skills

*2. Internal environment improvement policy (diversity management policy)

With a recognition that promotion of diversification is essential to maintain our profile after 100 years, we understand, accept, and even utilize actively the variance in individual employees' preference on the aspects of work and life, and their unique skills.

To create such organization and corporate culture, we will continue making dialogue with employees to offer opportunities for employment and participation and create various workplaces that support their growth.

*3. Human capital strategies



(iv) Major initiatives

a) Fostering a culture of challenge

1) Create opportunities to pursue challenges

・ Accelerate the pace at which employees realize their careers by raising their hands

We started a job application system in 2000 for a system that balances "individual self-fulfillment" and "company growth." We achieve matching between employees and departments by conducting this four times a year. Employees think about their careers and engage in skill development and self-improvement. They also volunteer for opportunities to step-up and challenge themselves. The Company selects the appropriate personnel from those who volunteer.

・ Provide opportunities to take on challenge

We are expanding initiatives that embody employee challenges, such as the "Global Engineer Dispatch Program" (up to two years) to develop engineers who can perform on a global level, and the "Transformation Academy," where executive officers serve as educators and foster development. Since fiscal 2023, we have launched the in-house venture program "C.O.B.U. Accelerator." Its aim is to create new businesses through screening, hypothesis testing, and pilot trials. Any employee in the Group can apply, and over 500 ideas were submitted over three years between fiscal 2023 and fiscal 2025.

2) Encourage employees to pursue challenges

・ Further strengthen activities to foster a culture that embraces challenge

We measure engagement with the Company annually, which forms the foundation for challenges. The score for fiscal 2025 improved to 138 (the score for fiscal 2019 was 100, and 129 for fiscal 2024). Each organizational unit analyzes the survey results, and improvement measures tailored to each organization's issues are implemented. As a cross-organizational effort, the HR departments of domestic Group companies gather to conduct the "Engagement Drive Project." This project shares advanced external case studies and internal best practices, conducts seminars on organizational development methods, and aims to enhance activity levels.

・ Foster a culture of career autonomy

To draw out employees' willingness to take on challenges, "autonomous career development" is a crucial perspective, and we conduct "career interviews" with all employees. By centrally managing each employee's career aspirations through our HR system, not only supervisors but also department heads and HR divisions are able to understand and utilize this information to support employee career development in an organized manner. In addition, to effectively utilize the interviews, we provide training for supervisors and employees.

b) Placing the right people in the right place

1) Train business leaders for the next generation

・ Strengthen selection and training of management candidates

We have introduced a grade-based system for managerial positions. Responsibilities and authority are clearly defined by grade, and position categories and grades are adjusted according to the roles assigned at the time, thereby strengthening the selection and training of globally capable leaders (management candidates). We have established a "Human Resources Committee" to appropriately manage roles necessary for realizing business strategies and continuously develop the personnel and successors for those roles.

・ Visualize and undertake multifaceted observation of management roles

To promote the "visualization of roles," we use the HR system to define each position's roles and mission requirements and progressively make them public. This aims to visualize internal career paths, identify areas to target and promote autonomous career development.

2) Secure professional talent who exhibit prominent skills

・ Strengthen efforts to secure highly specialized human resources

The term "highly specialized human resources" refers to professional personnel who demonstrate advanced expertise, a source of our competitive advantage. To continually secure such talent within the Company, we have introduced a Specialty Position system. In addition to technical fields (technology platforms), areas such as DX and legal affairs within staff divisions are also designated, with Specialty Position personnel appointed to drive technological advancement, training of human resources, and inter-company collaboration.

・ Strengthen reskilling in line with business needs

We are promoting specialized skill education in line with changes in business needs, including global, DX, and manufacturing. In particular, for global education, in addition to skill training directly connected to practical work, we hold career events where employees can hear directly from expatriates to make global work feel more accessible. The six-month "Global Academy" provides opportunities to learn firsthand what it means to work globally by engaging in simulated business operations in overseas locations. Other efforts include implementation of the trainee program and other initiatives to cultivate human resources capable of thriving in global settings.

c) Achieving diversity

1) Active participation of diverse human resources

・ Promote the employment and retention of diverse human resources

We are advancing long-term recruitment of new graduates to strengthen sustainable management capabilities. We are simultaneously focusing on expanding career recruitment in response to changes in the business environment. For retention promotion, we are establishing systems that accommodate diverse work styles, such as flexible working hours and telecommuting, to ensure that individuals can continue working regardless of personal circumstances. We also support balancing life events such as caregiving, childcare, and illness with work.

・ Promote diversity and support work-life balance

Promoting gender diversity

Beginning in fiscal 2024, we replaced the gender-specific term “promotion of active participation of women” with “gender diversity,” and the top management sent a message to all domestic Group employees to communicate this shift. Since 2006, we have been advancing initiatives to support female employees in four areas: “strengthening recruitment of women,” “retention and active participation,” “creation of managerial positions,” and “education after assigning a managerial position.” For the reporting company, as part of efforts to train managerial candidates, we expanded post-appointment support by continuing the mentoring program for female managers that we introduced in fiscal 2024. The hiring ratio for women was 31.7% on a non-consolidated basis (28.1% in the previous fiscal year). A total of 153 participants in the Career Development Program training, which has been held continuously since 2014, have been promoted to managerial positions. In addition, the ratio of male employees taking childcare leave reached 93.3% in fiscal 2025, compared to 90.1% in the previous fiscal year.

This track record has been recognized in the form of a “Platinum Kurumin” certification from the Ministry of Health, Labour and Welfare, in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children. The Company was also selected for the “Next Nadeshiko: Companies Supporting Dual Careers and Co-parenting” program for the first time.

・ Promoting the active participation of persons with disabilities

We are working on two aspects, recruitment and retention, to promote the active participation of persons with disabilities. In hiring, we assign individuals after considering the compatibility between personal attributes and the workplace/role, including workplace tours and hands-on training. From fiscal 2023, we started an agricultural model (farm), expanding job opportunities while also contributing to local production for local consumption, for example by using harvested crops in employee cafeterias. We hold information exchange meetings for HR personnel across the Group for retention.

2) Create a vibrant work environment

・ Create a safe and secure work environment

In addition to efforts to reduce working hours, we are working to improve work productivity. To pursue productive work styles that maximize outcomes in a limited time, it is essential for employees to work autonomously and for managers to support autonomous management. We are rolling out “Work Style Reforms Guidelines,” “Work Style Reforms e-learning,” and “Training for Managers to Coach Employees’ Self-support.” To realize flexible working styles, we are implementing systems for telecommuting and flexible working hours across the Group, establishing the coexistence of office work and remote work. In fiscal 2024, we introduced two systems: “Leave for Spouse Relocation” and “Childbirth Support Leave,” enhancing the framework that enables employees to continue building their careers within the Company.

・ Ensure a healthy and comfortable working environment

Based on the idea that “employees are valuable assets entrusted to us by society,” we are promoting our employees’ physical and mental health. In March 2019, we formulated the “Declaration of Health” and “Basic Policy for Health and Productivity Management,” summarizing the philosophy and approach to health management our Group aims for, and we are deploying various measures.

Specifically, we aim to achieve the physical, mental and social well-being of all employees, and are promoting activities over the five segments of physical health, mental health, organization, Group-wide initiatives, and increased motivation and productivity.

These initiatives have been recognized in the form of certification by the Nippon Kenko Kaigi as an “Outstanding Organizations of KENKO Investment for Health in the large enterprise category (White 500).”

(v) Metrics and targets

In relation to the Guidelines on Human Capital listed below, the reporting company is managing data for relevant indicators and conducting specific initiatives on a standalone basis. On the other hand, because data management is not necessarily implemented across the entire Group, only the metrics and targets for the reporting company are disclosed when it is difficult to present them for the Group.

Moreover, <u>for the Medium-term Management Plan “Accelerate 2028,” we have made some changes to the priority categories and the scope of coverage, and set new targets.</u>

Human Capital-related Guiding Principles

Policies	
1	Human resources development
2	Internal environmental improvement policy

KPIs

No.	Items	Scope	Category	Results (2025)	Category	Targets (2026)	Category	Targets (2028)
1	Challenge action rate[*1]	Consolidated	Priority	62%	Priority	65%	Priority	72%
2	Rate of successor candidate preparation[*2]	Consolidated	Priority	104%	Priority	120%	Priority	150%
3	Retention rate[*3]	Non-consolidated	Priority	98.4%	Major	Maintain/ Improve from previous year	Major	Maintain/ Improve from previous year
4	Engagement score	Consolidated	Major	138[*4]	Priority	65%[*5]	Priority	65%[*5]
5	Training hours[*6]	Non-consolidated	Major	8.3 hours	Major	10 hours	Major	10 hours
6	Specialty Positions fulfillment ratio[*7]	Non-consolidated	Major	73.3%	Major	100%	Major	100%
7	Ratio of women in core positions	Non-consolidated	Major	5.7%	Major	6%	Major	7%
8	Recruitment ratio of women	Non-consolidated	Major	31.7%	Major	35%	Major	35%
9	Gender wage gap[*8]	Non-consolidated	Major	71.8%	Major	Maintain/ Improve from previous year	Major	Maintain/ Improve from previous year
10	Percentage of male employees taking childcare leave	Non-consolidated	Major	93.3%	Major	90%	Major	90%
11	Employment ratio of people with disabilities[*9]	Non-consolidated	Major	2.7%	Major	2.7%	Major	2.7%
12	Total working hours (until FY2025)[*10]	Non-consolidated	Major	1,944 hours				
13	Rate of long-term leave due to mental health problems[*11]	Consolidated	Major	1.25%	Major	1.15%	Major	1.00%
14	Added-value productivity[*12]	Consolidated	Major	163.3	Major	Maintain/ Improve from previous year	Major	Maintain/ Improve from previous year
15	Percentage of paid leave taken (from FY2026 onward)[*13]	Non-consolidated	Major	68.4%	Major	75%	Major	80%

*1 A questionnaire was conducted to survey whether the employees expressed challenge action toward the realization of the long-term vision

*2 Number of succession candidates for G1 posts (business leaders in the highest posts) ÷ number of available posts
Succession candidates for G1 posts are appointed by the Human Resources Committee.

*3 (1 - (Number of retirees in a year ÷ number of employees as of April 1 of that fiscal year)) × 100
The number of retirees does not include those whose contract period has expired, those who have become executives, those who have retired at retirement age, or those who have transferred within the Group.
The number of employees as of April 1 of that fiscal year includes only those employed without a fixed term.

*4 The index representing the ratio of employees who averaged 4.5 points or more when answering 6 engagement-related behavior questions (6 points max.), with the fiscal 2019 results set at 100

*5 From fiscal 2026 onward there have been changes to the survey system, and the ratio for positive responses to the three questions on engagement (the top two five-level items) has been averaged

*6 Number of hours for training per employee during the fiscal year
This is an aggregation of the training hours registered in the relevant systems (the number of training types that can be managed in company-wide shared systems having been expanded, beginning in fiscal 2025)

*7 Number of specialty domains with Specialty Position personnel assigned ÷ total number of specialty domains

*8 The gap in wages is due to the composition of workforce (including age and certification) and is not due to the personnel system

Calculation formula:	Average annual wage of women ÷ Average annual wage of men
Scope of aggregation:	All employees (full-time employees, part-time employees, and fixed-term employees) are included. Full-time employees: Includes those seconded from the Company to other companies Part-time or fixed-term employees: Includes contract employees, temporary employees, and part-time employees
Scope of wages:	Excludes commuting allowances, etc.

*9 In accordance with the Report on Employment Status of Persons with Disabilities (reference date: June 1, 2025)

*10 Prescribed working hours (7.5 hours) + overtime hours - paid leave hours taken

*11 The ratio of employees who took more than one month of leave due to mental health issues in that year

*12 Value added (operating profit + depreciation + labor costs) [result] ÷ Human capital cost (labor costs + welfare expenses + hiring expenses + training expenses) [investment]

*13 The number of days of paid leave taken includes carryover from the previous fiscal year.

3. Business risks

Matters related to the overview of business and financial information contained in the Annual Securities Report that could materially influence investment decisions include the following.

The Group recognizes these items not only as risks but also as potential opportunities, and approaches them strategically from the perspectives of both risks and opportunities.

Based on this recognition, the Group identifies the possibility of occurrence for the various risks and opportunities, and seeks to establish and operate structures that enable prompt and appropriate responses.

For the risks described in (1) below, countermeasures are discussed and decisions taken at monthly meetings of the Board of Directors, quarterly budget formulation meetings, various regional sub-committees, risk review meetings, and the Sustainability Committee, among others.

Forward-looking statements contained herein are based upon assessments made by the Group as of the end of the fiscal year under review.

(1) General risks (response to operational risks and changes in market conditions)

(i) Raw material price volatility and procurement

(Risk)

- Difficulties in procuring raw materials caused by changes in the economic environment and in the balance between demand and supply, or trade policies
- Increases in production costs or suspension of product supply as a result of the above

(Response)

- Diversification of raw material sources
- Continuous implementation of cost reduction measures
- Selling price revisions

* Impact of deterioration in conditions across the Middle East

We expect constraints on raw material procurement and increases in prices, but will address these by implementing risk hedging measures such as diversifying our sources and considering substitutes, responding steadily after conditions return to normal, using price pass-throughs, and shifting to high-performance products.

As well as continuously monitoring developments in the region in question and their potential impacts, we will work to minimize any adverse effects by responding appropriately and flexibly.

(ii) Foreign currency, interest rate, and owned asset price fluctuations

(Risk)

- Impact of fluctuations in the value of the yen against foreign currencies on the yen-translated amount of foreign currency-denominated transactions and on the financial statements of consolidated overseas subsidiaries
- Impact of fluctuations in interest rates on the amounts of interest income and interest expense, as well as on housing business demand trends
- Impairment occurring in real estate holdings, inventories, property, plant, and equipment, intangible assets including goodwill, and investments and other assets such as investment securities due to changes in market and business environments

(Response)

- Quarterly review of internal currency exchange rates (U.S. dollar and euro) to avoid discrepancies with actual rates used in foreign currency-denominated transactions
- Disclosure of impact on operating profit of such fluctuations at current stage of expansion and scale of the business (about ¥500 million per ¥1 change against the U.S. dollar and about ¥100 million per ¥1 change against the euro)

(iii) Economy and product market trends

High Performance Plastics Company business

(Risk)

- Dependence of Mobility field business on global trends in automotive and aircraft markets
- Sudden contraction in demand in the Electronics field resulting from the speed of technological innovation and magnitude of changes in demand

(Response)
- Enter related areas, such as the Air Mobility market
- Explore ways to strengthen R&D centers and seek new technologies and M&A candidates

Housing Company business

(Risk)
- Impact of domestic policies and tax systems related to housing acquisition, interest rate trends, individual consumption, and economic trends in each area
- Prolongation of construction periods and increase in labor costs in cases where necessary manpower cannot be secured

(Response)
- Develop business strategies and products tailored to different areas
- Improve logistics efficiency within production plants for prefabricated modular houses, plan production innovation, research ways to reduce on-site construction work

Urban Infrastructure & Environmental Products Company business

(Risk)
- Impact of trends in public investment determined by government and local government policies
- Impact of trends in the number of housing and non-housing units started

(Response)
- Diversify risks across our portfolio of areas (domestic/overseas) and customers (public/private)

Life Science field business

(Risk)
- Impact of healthcare system reforms driven by changes in the social environment
- Difficulty of predicting trends in infectious diseases
- Loss of competitive advantage caused by delays in responding to technological innovation

(Response)
- Strengthen initiatives aimed at new business areas
- Review regional strategy and enhance portfolio resilience

Businesses in other fields (Headquarters)

(Risk)
- In the perovskite solar cell business, delays in development and the start-up of plant facilities, and difficulties in capturing demand

(Response)
- Strengthen resources to enable the rapid ramp-up of production lines
- Strengthen relationships with partners

(iv) Safety and health, industrial accidents

(Risk)
- Occurrence of industrial accidents
- Loss of public confidence, and compensation and other costs incurred in relation to the above

(Response)
- Identify and address risks involved with risk management activities at each production site
- Conduct regular on-site audits and provide remedial guidance (intrinsic safety improvements for facilities, etc.) through the dedicated head office department
- Share crisis management information, mainly between Overseas Crisis Management Office and regional headquarters, and issue timely alerts, etc.

(v) Products and quality

(Risk)

- Major product-related incidents, inadequate response to safety and regulatory issues, disputes involving intellectual property
- Loss of public confidence, and compensation and other costs incurred in relation to the above

(Response)

- Prevent quality problems before they occur by predicting them at the development stage
- Ensure strict adherence to the basic guidelines for day-to-day management in manufacturing divisions

(vi) Compliance

(Risk)

- Violations arising from amendments to, or the unforeseen introduction of, laws or regulations
- The occurrence of fraud or other major compliance violations caused by factors such as pressure to achieve performance targets, as well as the costs incurred to deal with the incident and the loss of consumer trust

(Response)

- Clarify our approach, which is to win the trust of society through such compliance initiatives as the Compliance Declaration
- Deliberate the Fundamental Compliance Policies at the Board of Directors meeting
- Establish the Compliance Sub-committee as a specialized sub-committee to the Sustainability Committee, which is chaired by the President, to plan, consider, and decide important matters for compliance
- Conduct regular global audits and provide remedial guidance through the dedicated head office department

(vii) Information management

(Risk)

- Cyberattacks, power outages, natural disasters, business interruptions and damages resulting from equipment and software failures or defects, and information leaks

(Response)

- Formulate the Cyber Security Policy as guidelines and constantly monitor whether incidents have occurred by the CSIRT (Computer Security Incident Response Team)
- Decentralize data centers across multiple locations and implement complete redundancy for key business systems
- For specific businesses with higher levels of confidentiality, obtain support from relevant ministries and promote better data management

(viii) Partnerships, mergers and acquisitions, and R&D activities

(Risk)

- Materialization of new risks in new business areas
- Delays in the development and launch of new businesses

(Response)

- Strengthen prior investigations and monitoring after implementation
- Blend internal and external technologies to speed up development
- Effectively manage business reviews and design reviews

In addition to (1) above, after taking into account irreversible changes in the external environment that could affect the business of the Group (hereinafter, “mega trends”), we assess the frequency of occurrence and impact of various scenarios on the business from a medium- to long-term perspective, and identify and organize new risks and opportunities for the Group.

We currently consider the following 12 megatrends to be important for the Group, and have reflected them in the Medium-term Management Plan. Going forward, we plan to build and operate further mechanisms to identify and assess changes in the environment.

(2) 12 megatrends and risk/opportunity scenarios

<Megatrends related to the global environment>

(i) Climate change and abnormal weather

As presented in “(2) Responses to climate change” in the preceding section, “Thinking on sustainability and sustainability initiatives”

(ii) Increase in large-scale natural disasters

(Risk)

- Interruptions to business activities
- Loss of business opportunities and payment of compensation to customers following the above

(Opportunity)

- Rising demand for products related to renewable energy and disaster countermeasures

(Response)

- As per the countermeasures described in “(iv) Safety and health, industrial accidents” in “(1) General risks”
- Create and expand products and businesses related to renewable energy and disaster countermeasures

(iii) Loss of biodiversity

(Risk)

- Increasing difficulty in obtaining raw materials and rises in raw material prices
- Increasingly sophisticated requirements for corporate activity in such areas as land development and chemical substance regulations

(Opportunity)

- Rising demand for new materials and technology based on the assumption of responding to regulatory compliance

(Response)

- Diversify raw material sources
- Promote continuous implementation of cost reduction measures
- Accelerate the development of new materials and technologies driven by regulatory compliance

(iv) Depletion of natural resources

(Risk)

•Increasing difficulty in obtaining raw materials and rises in raw material prices
- Increasingly sophisticated requirements for corporate activity in such areas as resource efficiency and the use of alternative materials
- Decline in public confidence and competitiveness caused by delayed response

(Opportunity)

- Rising demand for highly efficient resource technologies and renewable energy

(Response)

- Diversify raw material sources
- Promote continuous implementation of cost reduction measures
- Expand the use of non-fossil fuel-based and renewable materials
- Recycling of waste
- Collaborate with industry, government, and academia, as well as with other companies through participation in the CPs (*1) and SusPla (*2) corporate initiatives
- Accelerate the development of highly efficient resource technologies, and create and expand renewable energy-related products and businesses

*1 A partnership established by the Ministry of Economy, Trade and Industry based on the “Growth-Oriented, Resource-Autonomous Circular Economy Strategy”

*2. An organization established to expand the market for recycled plastics through material recycling that contributes to quality improvement and stable supply

<Matters related to politics, the economy, and society>

(v) Increasingly diverse stakeholders with increasingly sophisticated requirements

(Risk)

•Impact of loss of public confidence caused by failure to meet quality standards or comply with laws and regulations
- Increase in compliance costs (setting up of systems, disclosure, audits, etc.)

(Opportunity)

- Improving corporate value by promoting efficient management

(Response)

- Ensure consistency in disclosure content by strengthening cooperation between relevant departments
- Continuously working to achieve standardization and higher levels of sophistication and efficiency by building and utilizing company-wide systems
- Strengthen portfolio management

(vi) Heightened geopolitical risk

(Risk)

- Impact on business activities of political disruption such as terrorism and war, tariffs, unexpected changes in policies, laws, and regulations, tax revisions, racial discrimination, product boycotts, and other factors
- Soaring prices for raw materials arising from the above

(Opportunity)

- Creation of new economic zones and business opportunities as a result of the advance of protectionism

(Response)

- Gather information on economic, social, and political conditions and trends through regional headquarters
- Collaborate between Group companies, regional headquarters, and dedicated departments at the head office in Japan
- Diversify risks through diversification of businesses and globalization of business areas
- Use regional headquarters to understand market trends

(vii) Progressive urban concentration and depopulation of regions

(Risk)

- Labor shortages, primarily in the regions

(Opportunity)

- Creation of business opportunities as a result of aging infrastructure and shift to more compact cities

(Response)

- Promote the active participation of diverse human resources
- Create a healthy, safe and secure work environment
- Create and expand products and businesses that address aging infrastructure and shift to more compact cities

(viii) Progressive aging of the population and decline in birth rate

(Risk)

- Increasing difficulty in attracting human resources
- Skewing of workforce composition

(Opportunity)

- Expansion of the healthcare and wellness markets and markets in smart regions

(Response)

- Provide opportunities for challenges, such as a job application system, and foster a culture of career autonomy
- Engage in the early development and selection of business leaders for the next generation, secure professional human resources, implement reskilling in line with business needs
- Promote the active participation of diverse human resources, and create a healthy, safe and secure working environment
- Create and expand products and businesses that address the healthcare and wellness markets, and markets in smart regions

<Matters related to digital and other technology>

(ix) Emergence of AI technology

(Risk)
- Information leaks
- Errors in decision-making caused by use of incorrect information

(Opportunity)
- Productivity improvements
- Increase in value added
- Increase in development speed from the use of AI

(Response)
- Formulate guidelines and ensure strict compliance to them
- Manage information based on respective security levels
- Enhance digital literacy through employee training
- Promote use in all workplaces and operations
- Use generative AI to discover promising markets and to explore partner candidates
- Use materials informatics (MI) to speed up development and contribute to the business

(x) Diffusion of next-generation communications

(Risk)
- Increased dependence on IT systems
- Cyberattacks, power outages, natural disasters, business interruptions and damages resulting from equipment and software failures or defects, and information leaks arising from the above

(Opportunity)
- Expansion of markets related to communications, self-driving vehicles, and monitoring

(Response)
- As per the countermeasures described in "(vii) Information management" in "(1) General risks"
- Create and expand products and businesses related to communications, self-driving vehicles, and monitoring

(xi) Advance of sophisticated medical technology

(Risk)
- Increases in costs and intensification of competition as a result of technology development

(Opportunity)
- Expansion of the life science market

(Response)
- Promote research and development in clearly defined areas
- Create and expand products and businesses in life science field

(xii) Expansion of aerospace business

(Risk)
- Impact of the structural shift in demand towards the automobile-related business

(Opportunity)
- Expansion of market for aerospace business

(Response)
- Identify and prioritize markets in growth areas other than the automobile-related business
- Create and expand products and businesses related to aerospace

4. Management analysis of financial position, business results, and cash flows

(1) Overview of business results, etc.

An overview of the financial position, business results, and cash flows (hereinafter referred to as "Business Results, Etc.") of the Group (comprised of the Company, its consolidated subsidiaries, and entities accounted for using the equity method) is as follows.

(i) Financial position and business results

Fiscal 2025 was 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 we made progress in the shift toward high-value-added products, led by the Housing business, operating profit declined due to factors such as the slowdown in the EV market and reduced demand overseas for priority infectious disease diagnostic 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 a result, net sales for the fiscal year under review rose 0.9% to ¥1,309,281 million, operating profit fell 1.4% to ¥106,477 million, ordinary profit increased 5.6% to ¥117,215 million, and profit attributable to owners of parent fell 8.2% year on year, to ¥75,174 million.

Business results by segment are as follows.

a) Housing business

Net sales during the fiscal year under review increased to ¥536,230 million, up 2.3% compared with the previous fiscal year, and operating profit amounted to ¥37,150 million, up 17.9% compared with the previous fiscal year. In the fiscal year under review, the number of units sold in the Housing business declined due to sluggish market conditions for new housing, but higher unit prices resulting from improvements in the product mix, as well as growth in the Housing Renovation business, led to a slight year-on-year increase in net sales. Operating profit also increased.

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.

b) Urban Infrastructure & Environmental Products business

Net sales during the fiscal year under review came to ¥240,401 million, down 0.0% compared with the previous fiscal year, and operating profit amounted to ¥23,247 million, up 1.3% compared with the previous fiscal year. In the fiscal year under review, 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, while operating profit reached a record high for the fourth consecutive 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 Infrastructures 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.

c) High Performance Plastics business

Net sales during the fiscal year under review increased to ¥456,575 million, up 2.1% compared with the previous fiscal year, and operating profit amounted to ¥59,325 million, down 3.1% compared with the previous fiscal year. In the fiscal year under review, net sales increased due to steady growth in high-performance interlayer films in the Mobility field, but the impact of one-time expenses caused operating profit to decline.

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.

d) Medical business

Net sales during the fiscal year under review decreased to ¥93,721 million, down 5.5% compared with the previous fiscal year, and operating profit amounted to ¥11,130 million, down 13.0% compared with the previous fiscal year. In the fiscal year under review, while the Pharmaceutical Sciences business performed steadily, the overseas Diagnostics 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, both revenue and profits declined.

e) Other businesses

Net sales during the fiscal year under review amounted to ¥7,767 million, up 2.8% compared with the previous fiscal year, and the operating loss amounted to ¥12,710 million, an increase of ¥1,120 million from the previous fiscal year.

(ii) Cash flows

Cash and cash equivalents amounted to ¥92,444 million as of the end of the fiscal year under review, a decrease of ¥28,451 million compared with the end of the previous fiscal year.

Factors influencing cash flows during the fiscal year under review were as follows.

(Operating activities)

Net cash provided by operating activities during the fiscal year under review amounted to ¥78,301 million, compared with net cash provided of ¥119,231 million during the previous fiscal year. The increase was primarily due to ¥105,023 million in profit before income taxes, ¥56,872 million in depreciation, and ¥23,302 million in impairment losses, while the negative factors include ¥35,898 million in income taxes paid, an increase of ¥19,609 million in inventories, a ¥14,747 million gain on sale of investment securities, and a decrease of ¥12,250 million in trade payables.

(Investing activities)

Net cash used in investing activities during the fiscal year under review was ¥69,103 million, compared with net cash used of ¥61,508 million during the previous fiscal year. The main factors were outflows of ¥100,781 million for the acquisition of property, plant, and equipment, mainly in key and growth areas, and ¥12,806 million for the acquisition of intangible assets, while inflows included amount of subsidies received of ¥21,489 million, ¥17,063 million in proceeds from the sale and redemption of investment securities.

(Financing activities)

Net cash used in financing activities during the fiscal year under review was ¥46,546 million, compared with net cash used of ¥61,200 million during the previous fiscal year. The main factors were outflows of ¥36,413 million for the purchase of treasury shares, ¥35,578 million in dividends paid (including dividends paid to non-controlling interests), while inflows included proceeds from issuance of bonds of ¥19,939 million.

(iii) Production, orders received and sales

a) Production results

Production results by segment during the fiscal year under review were as follows.

Segment name	Amount (millions of yen)	Year on year (%)
Housing	578,454	8.0
Urban Infrastructure & Environmental Products	241,445	0.6
High Performance Plastics	463,228	2.0
Medical	90,583	(14.1)
Reportable segment total	1,373,711	2.9
Other	7,337	18.9
Total	1,381,049	2.9

(Note) Amounts are approximate values based on selling prices and before internal transfers among segments.

b) Orders received

Orders received by the Housing business during the fiscal year under review were as follows.

Production of products that are handled by segments other than the Housing business is primarily based on estimated orders.

Segment name	Orders received (millions of yen)	Year on year (%)	Backlog of orders received (millions of yen)	Year on year (%)
Housing	463,693	1.8	185,916	0.4

c) Sales results

Sales results by segment during the fiscal year under review were as follows.

Segment name	Amount (millions of yen)	Year on year (%)
Housing	535,944	2.3
Urban Infrastructure & Environmental Products	225,061	(1.0)
High Performance Plastics	451,722	2.1
Medical	93,721	(5.5)
Reportable segment total	1,306,449	1.1
Other	2,831	(42.2)
Total	1,309,281	0.9

(Note) Inter-segment transactions have been eliminated.

(2) Analysis & review regarding Business Results, Etc. from the management's perspective

Recognition and analysis & review regarding Business Results, Etc. of the Group from the management's perspective are as follows.

Forward-looking statements in this document are based on the views as of the end of the fiscal year under review.

(i) Recognition and analysis & review regarding financial position and business results

(Financial position)

Total assets as of the end of the fiscal year under review stood at ¥1,427,933 million, an increase of ¥97,146 million from the previous fiscal year.

a) Assets

Current assets stood at ¥721,698 million, ¥18,593 million higher than the balance as of the end of the previous fiscal year. The main factors were an increase of ¥40,097 million in inventories, an increase of ¥12,319 million in advance payments to suppliers, an increase of ¥7,709 million in trade receivables, comprising notes receivable - trade and accounts receivable - trade, and a decrease of ¥45,393 million in cash and deposits.

In addition, fixed assets increased by ¥78,553 million to ¥706,235 million.

b) Liabilities

Total liabilities increased by ¥51,387 million to ¥546,807 million, mainly due to an increase in short-term borrowings of ¥17,660 million and the issuance of corporate bonds of ¥20,000 million, despite decreases in trade payables of ¥2,179 million comprising notes payable - trade, electronically recorded obligations - operating and accounts payable - trade, and advances received of ¥1,544 million.

c) Net Assets

Net assets stood at ¥881,125 million as of the end of the fiscal year under review, an increase of ¥45,759 million. The main factors were the recognition of ¥75,174 million in profit attributable to owners of the parent, a payment of dividends of ¥34,182 million, a decrease of ¥36,751 million due to the purchase of treasury shares, a decrease of ¥3,675 million in valuation difference on available-for-sale securities, an increase of ¥29,870 million in foreign currency translation adjustment, and an increase of ¥12,663 million in remeasurements of defined benefit plans.

(Business results)

a) Net sales and operating profit

Net sales during the fiscal year under review amounted to ¥1,309,281 million (up ¥11,526 million, or 0.9%, compared with the previous fiscal year).

Operating profit during the fiscal year under review amounted to ¥106,477 million (down ¥1,473 million, or 1.4%, compared with the previous fiscal year).

Further details of net sales and operating profit are included in "(1) Overview of business results, etc."

b) Non-operating income and expenses

Non-operating income increased ¥5,842 million compared with the previous fiscal year, due to an increase in foreign exchange gains of ¥4,749 million and an increase in share of profit of entities accounted for using equity method of ¥2,442 million. Non-operating expenses decreased ¥1,889 million compared with the previous fiscal year, due to a decrease in loss on tax purpose reduction entry of non-current assets of ¥1,267 million and a decrease in share of loss of entities accounted for using equity method of ¥1,092 million.

c) Extraordinary income and losses

Extraordinary income included a gain on sale of investment securities of ¥14,747 million, a gain on sale of non-current assets of ¥150 million, and a gain on bargain purchase of ¥50 million, totaling ¥14,948 million.

Extraordinary losses included impairment losses of ¥23,302 million, loss on sale and retirement of non-current assets of ¥2,733 million, and loss on valuation of investment securities of ¥1,104 million, totaling ¥27,140 million.

A breakdown of loss on sale and retirement of non-current assets is as per the description in "V. Financial Information, 1. Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to consolidated financial statements, (Notes to consolidated statement of income)."

d) Profit attributable to owners of parent

As a result of the above, profit before income taxes during the fiscal year under review totaled ¥105,023 million, a decrease of ¥14,950 million compared with the previous fiscal year. After deducting income tax expense and profit attributable to non-controlling interests, profit attributable to owners of parent amounted to ¥75,174 million.

(ii) Analysis & review of cash flows as well as information pertaining to the sources of capital and fund liquidity

Analysis & review regarding cash flows of the Group during the fiscal year under review are included in "(ii) Cash flows" in "(1) Overview of business results, etc."

With respect to the sources of capital and fund liquidity of the Group, the Medium-term Management Plan sets out its basic policy of "leveraging debt to invest aggressively in growth," and using external financing through borrowings and bond issuance, etc. as needed in addition to internal funds for financing. With regard to external financing, working capital is financed through borrowings or commercial papers while long-term financing needs, such as production facilities and M&A, are dealt with by long-term borrowings or the issuance of straight bonds.

(iii) Significant accounting estimates and assumptions used in such estimates

Significant accounting estimates and assumptions used in such estimates in preparing the Consolidated Financial Statements are as per the description in "V. Financial Information, 1. Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to consolidated financial statements, (Significant accounting estimates)."

5. Material contracts, etc.

Agreements on licensing of marks

Agreements on licensing of marks that the Company has entered into are as follows.

(i) Parties to the contracts	Sekisui House, Ltd., Sekisui Kasei Co., Ltd., Sekisui Jushi Corporation, and others
(ii) Contents of the agreements	Licensing of the Company's marks (including trademarks)
(iii) Compensation	A certain amount of money for each subsidiary, associate, etc.

6. Research and development activities

The Group worked on research and development, from basic research and application technologies to the development of new businesses, for the targets set by the business units in each field of Housing, Urban Infrastructure & Environmental Products, High Performance Plastics, and Medical to maintain prominence in advanced technology.

Research and development expenses for the entire Group during the fiscal year under review amounted to ¥45,595 million. Details of research and development as well as research and development expenses by segment were as follows.

(1) Housing business

In the Housing business, based on the principle of providing environmentally friendly housing for safe and comfortable living for at least 60 years, we have been working to develop new products and element technologies for steel-framed and wood-framed unit housing in the New Housing Construction field, and to develop renovation technologies and menus aimed at strengthening the stock-based housing business in the Housing Renovation field.

Major achievements during the fiscal year under review were as follows.

In the New Housing Construction field, we launched the new flagship model "ELVIA" in October 2025, featuring a timeless and beautiful interior and exterior design, our highest levels of seismic resistance and insulation, and a newly developed whole-house air conditioning system. In July 2025, we launched the "HEIM MAISON-T" rental housing package which is our first rental home equipped with storage batteries as standard, which endow it with both energy-saving characteristics under normal operation and resilience during emergencies. We focused on developing detached and multi-unit housing that meets the needs of various regions, in both urban and rural settings.

In the Housing Renovation field, we took steps to expand the product lineup, primarily in exteriors, baths and storage batteries, strove to better respond to needs, and worked on renovations for heat insulation.

Research and development expenses for the business amounted to ¥3,783 million.

(2) Urban Infrastructure & Environmental Products business

In the Urban Infrastructure & Environmental business, our R&D policy is to "grow into a technology group that continuously tackles social issues and contributes to the construction of sustainable social infrastructure through innovation." We are involved in planning and developing new products, market introduction, base technology development, and building intellectual property rights in the three strategic areas of Pipe Systems, Buildings and Infrastructures Composite Materials, Infrastructure Renovation, as well as innovation fields.

Major achievements during the fiscal year under review were as follows.

Among Type A new products contributing to top-line sales growth, in the Buildings and Infrastructures Composite Materials field, we launched railway sleepers optimized for the European market that utilize proprietary materials (continuous glass fiber-reinforced rigid urethane resin foam). In the Infrastructure Renovation field, we launched a new construction approach that expands the applicable diameter for our SPR-SE method to large diameters of up to φ2000. This is a self-supporting renewal technique that helps prevent road cave-ins caused by deteriorated pipes, which has become a social issue. In Water Utilization and Water Circulation, which is one of our innovation fields, we introduced flat-membrane MABR-type (Membrane-Aerated Biofilm Reactor) water treatment membranes, which are low in power consumption, generate little sludge, and are easy to maintain.

Research and development expenses for the business amounted to ¥8,073 million.

(3) High Performance Plastics business

The High Performance Plastics business promotes the development of high-performance materials, new products and materials for molding processing products, and production technologies.

Major achievements by the three strategic fields during the fiscal year under review were as follows.

In the Electronics field, we launched various components, including a processing material (Selfa®), and interlayer insulation films that are necessary for high-speed communication circuits in the semiconductor/mounting-related area that is considered the next growth domain, and launched a heat dissipation material for semiconductors at the end of fiscal 2024. In the Telecommunications field, we are in the process of developing heat dissipation materials for servers and components that make use of high-precision inkjet technology, and have launched some of these. Also, in car electronics components (cross-field) which is considered a priority fusion domain, we are working to develop and expand sales of new heat dissipation material products for automotive electronic and power devices, growth in which is being driven by the diffusion of self-driving vehicles and other technologies.

In the Mobility field, efforts are being made to develop new products that respond to lighter weight, energy-saving, and advanced informatization of automobiles. Specifically, in the automotive interlayer film sector, we launched new products with high-performance sound and heat insulation suitable for the expanding EV market and the development of ADAS. Using the material design, formulation, and film deposition technologies used in tape manufacturing and other applications, we are also moving forward to develop and open up the market for paint transfer sheets that can contribute to CO_2 reductions in the vehicle painting process.

In the Industrial Business field, as a new function for our sensor that reduces the burdens of care workers (ANSIEL®) in an aging society, we are developing, launching, and expanding a service that allows monitoring via integration with network cameras. This functionality is expected to reduce the number of nighttime visits to patients' rooms, thereby reducing caregiver workload and ensuring restful sleep for patients. Additionally, in response to rising demand for bedding and clothing products that reduce specific proteins involved in antigen-antibody reactions, we are developing products for the textile market that are compliant with SEK standards, and will use our track record in Japan to actively roll these out in overseas markets.

Research and development expenses for the business amounted to ¥16,782 million.

(4) Medical business

The Medical business is working to promote research and development in the Diagnostics business and Pharmaceutical Sciences business.

In the field of the Diagnostics business, we have been focusing on developing new platforms to enter into new domains and further grow the equipment business. Specifically, we have been striving to expand the cancer and hormone domain through high-sensitivity immunological measurement technology, and enter into the genetic testing market through a genetic system for infectious disease point-of-care testing (POCT).

In the Pharmaceutical Sciences business, we focus on acquiring pharmaceutical synthesis and drug discovery support technologies tailored to pharmaceutical modalities. Specifically, we are promoting the development of new proprietary pharmaceutical synthesis technologies and expanding in vitro toxicity assessment technologies.

Research and development expenses for the business amounted to ¥6,490 million.

(5) Other businesses

In other businesses, we have been focusing on producing innovation that leads to solutions to social issues, mainly in the Environmental and Energy field and Life Science field, aiming to create new social values and contribute to society through the creation of new businesses.

In the Environment and Energy field, we are leveraging our proprietary "encapsulation, film deposition, material, and process technologies" to use renewable energy, establishing a roll-to-roll manufacturing process for film-type perovskite solar cells. We are also working with partners in each sector and with multiple local governments on collaborative demonstration projects, including those with MUFG Bank, Ltd. (branches), East Japan Railway Company (shinkansen soundproof walls), MM BRIDGE CO., LTD. (floating structures), and TERRA Co., Ltd. (agrivoltaics). Furthermore, we implemented the nation's first full-scale application of these technologies on an existing building facade at our Osaka Head Office. In another initiative, we installed perovskite solar cells on a 250-meter bus stop roof on the west side of the venue for Expo 2025 Osaka, Kansai (which took place between April and October 2025). The generated electricity is stored in large batteries and used for nighttime lighting at the bus stops. At the same time, utilizing the Green Innovation Fund of NEDO, we are establishing a large print format mass-production process for film with a width of 1m and proceeding with development to further improve durability and power generation efficiency. We have begun provision of products for installation on metal roofs to municipalities and businesses selected for the Ministry of the Environment's FY2025 public offering project "Support Project for the Introduction of Perovskite Solar Cell Social Implementation Models" and for the Tokyo Metropolitan Government's "Air Solar Pre-Introduction Project for Tokyo Metropolitan Facilities." We are also in the process of constructing a factory for the production of film-type perovskite solar cells in Sakai, Osaka, having been selected for the Ministry of Economy, Trade and Industry's GX Supply Chain Construction Support Project. We are aiming to begin mass production of the equivalent of 100 MW in fiscal 2027.

In addition, in the Stationary Lithium-Ion Battery business, we put efforts into development of storage batteries for housing resilient to natural disasters, and they were adopted in a large-capacity storage battery system dedicated to energy self-sufficient living.

We also completed demonstrative operation of a plant one-tenth the size of a commercial facility that we constructed in Kuji, Iwate Prefecture, for bio-refinery technology (which creates ethanol using microorganisms from gas emitted from a waste), a carbon resource recycling system that is expected to contribute significantly to a sustainable society. We have established prospects for practical implementation, but have postponed commercialization for the time being, and will watch how the market develops going forward. We are also working on the development of technologies to separate, recover, and reuse the CO_2 contained in gas emitted from factories and waste incineration sites. We are moving forward with investigations into a technology that makes use of recovered and concentrated CO_2 to produce CO (pre-processing stage) via chemical looping reaction technology, and then utilizes that CO along with microorganisms to enable highly efficient production of polymer raw materials. We are constructing demonstration project facilities for this technology within the site of the Hitachinaka Tokai Clean Center.

In the Life Science field, we are aiming to contribute to the field of regenerative medicine both in Japan and abroad through the launch in June 2025 of Ceglu™ chemically synthesized scaffold materials that are free of animal-derived substances and offer excellent homogeneity and storage stability. Moreover, we are continuing with development that will enable us to expand the Ceglu™ material technology to address large-scale cell culturing and new applications.

Research and development expenses for the business amounted to ¥10,466 million.

III. Information About Facilities

1. Overview of capital expenditures

Capital expenditures for the fiscal year under review were ¥92,910 million (including intangible assets), mainly for manufacturing facilities for film-type perovskite solar cells, expansion of production capacity for interlayer films for laminated glass in Thailand, and DX-related investments.

There was no retirement, sale, etc. of facilities during the fiscal year under review that would significantly influence the production capacity.

2. Major facilities

Major facilities of the Group (the Company and its consolidated subsidiaries) are as follows.

(1) Reporting company

As of March 31, 2026

Business office name (Location)	Segment name	Facility type	Carrying amount (millions of yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment, and vehicles	Land (1,000 square meters)	Leased assets	Other (Note 1)	Total	
Shiga-Minakuchi Plant (Koga City, Shiga) (Note 2)	Housing business High Performance Plastics business	Production facilities for exterior paneling for unit housing, high-performance resin, LCD microparticle products, and interlayer films	6,941	10,421	4,618 (355.0)	7	1,937	23,927	588
Advanced Technology Institute (Tsukuba City, Ibaraki) (Note 3)	Other businesses	Research facilities	2,179	1,911	1,734 (66.3) [13.2]	2	6,856	12,684	190
Musashi Plant (Hasuda City, Saitama) (Note 4)	Urban Infrastructure & Environmental Products business High Performance Plastics business	Production facilities for fire protection materials, various tapes, foam polyolefins, and multilayer films	4,320	6,221	156 (109.1) [1.6]	22	971	11,692	503
Gunma Plant (Isesaki City, Gunma)	Housing business Urban Infrastructure & Environmental Products business	Production facilities for exterior paneling for unit housing and polyvinyl chloride pipes	2,802	2,187	3,329 (230.2)	101	2,714	11,135	218
Shiga-Ritto Plant (Ritto City, Shiga) (Note 5)	Urban Infrastructure & Environmental Products business	Production facilities for polyvinyl chloride pipes, FFU, etc.	3,818	4,269	1,634 (195.4) [15.7]	55	534	10,313	388
Taga Plant (Taga-cho, Inukami-gun, Shiga)	High Performance Plastics business	Production facilities for various tapes, etc.	3,515	2,169	2,989 (95.6)	22	921	9,618	314
General Institute (Minami-ku, Kyoto City, Kyoto)	Urban Infrastructure & Environmental Products business	Research facilities	5,023	366	385 (17.6)	11	1,040	6,827	385
Research & Development Institute (Shimamoto-cho, Mishima-gun, Osaka)	High Performance Plastics business	Research facilities	2,967	237	2,309 (32.6)	–	934	6,449	436

(2) Domestic subsidiaries

As of March 31, 2026

Company name	Business office name (Location)	Segment name	Facility type	Carrying amount (millions of yen)						Number of employees (persons)
				Buildings and structures	Machinery, equipment, and vehicles	Land (1,000 square meters)	Leased assets	Other (Note 1)	Total	
SEKISUI SOLAR FILM CO., LTD. (Note 6)	Sakai Plant (Sakai City, Osaka)	Other businesses	Production facilities of perovskite solar cells	1,403	–	– [81.2]	–	36,679	38,082	–
SEKISUI MEDICAL CO., LTD.	Iwate Plant (Hachimantai City, Iwate)	Medical business	Facilities for production of and research on pharmaceutical ingredients and intermediates, and related matters	3,773	2,979	219 (461.1)	–	977	7,949	136
SEKISUI HEIM INDUSTRY CO., LTD.	Chubu Plant (Toyohashi City, Aichi)	Housing business	Production facilities for unit housing	1,323	801	3,178 (89.4)	–	139	5,443	235
SEKISUI SEIKEI CO., LTD.	Kanto Plant (Itakura-machi, Ora-gun, Gunma)	High Performance Plastics business	Facilities for blow molding	2,842	1,817	655 (33.0)	26	68	5,411	81
SEKISUI MEDICAL CO., LTD.	Tsukuba Plant (Ryugasaki City, Ibaraki)	Medical business	Facilities for production of and research on diagnostic agents	1,100	602	2,047 (75.3)	–	1,073	4,823	267
YAMANASHI SEKISUI CO., LTD.	Main Plant (Kofu City, Yamanashi)	Urban Infrastructure & Environmental Products business	Production facilities for polyvinyl chloride fittings	1,910	1,901	216 (35.2)	26	420	4,475	174
TOKUYAMA SEKISUI CO., LTD.	Main Plant (Shunan City, Yamaguchi)	Urban Infrastructure & Environmental Products business	Production facilities for polyvinyl chloride resins	923	2,397	252 (59.0)	3	675	4,252	105
SEKISUI MEDICAL CO., LTD.	Drug Development Solutions Center (Naka-gun, Ibaraki)	Medical business	Research facilities for drug development solutions	657	122	112 (22.8)	–	2,833	3,726	138
SEKISUI HEIM INDUSTRY CO., LTD.	Tokyo Plant (Hasuda City, Saitama)	Housing business	Production facilities for unit housing	1,336	1,560	188 (5.4)	86	177	3,349	457
KYUSHU SEKISUI HEIM INDUSTRY CO., LTD.	Main Plant (Tosu City, Saga)	Housing business	Production facilities for unit housing	2,583	291	56 (1.3)	40	8	2,980	141
SEKISUI MEDICAL CO., LTD.	Tokuyama Plant (Shunan City, Yamaguchi)	Medical business	Production facilities for medical equipment	1,683	743	–	–	493	2,920	71
TOTO SEKISUI CO., LTD.	Main Plant (Ota City, Gunma)	Urban Infrastructure & Environmental Products business	Production facilities for building material products	944	1,031	591 (24.8)	30	257	2,854	157
CHIBA SEKISUI INDUSTRY CO., LTD.	Head Office and Plant (Ichihara City, Chiba)	Urban Infrastructure & Environmental Products business	Facilities for extrusion molding	935	696	210 (63.7)	33	404	2,280	100

(3) Foreign subsidiaries

As of March 31, 2026

Company name	Business office name (Location)	Segment name	Facility type	Carrying amount (millions of yen)						Number of employees (persons)
				Buildings and structures	Machinery, equipment, and vehicles	Land (1,000 square meters)	Leased assets	Other (Note 1)	Total	
SEKISUI S-LEC B.V.	Raw material plant (Geleen City, Netherlands)	High Performance Plastics business	Production facilities for interlayer film raw materials	5,487	10,268	–	496	237	16,490	67
SEKISUI VOLTEK, LLC.	Coldwater Plant (Michigan, United States)	High Performance Plastics business	Production facilities for foam products	3,875	3,597	35 (136.6)	–	5,888	13,396	185
SEKISUI ALVEO B.V.	Main Plant (Roermond City, Netherlands)	High Performance Plastics business	Production facilities for foam products	3,515	7,235	376 (115.0)	907	949	12,983	289
SEKISUI S-LEC B.V.	Main Plant (Roermond City, Netherlands)	High Performance Plastics business	Production facilities for interlayer film products	3,187	7,077	302 (16.9)	–	455	11,023	208
SEKISUI SPECIALTY CHEMICALS AMERICA, LLC.	Calvert City Plant (Kentucky, United States)	High Performance Plastics business	Production facilities for polyvinyl alcohol resins	248	6,397	49 (143.6)	–	1,027	7,723	69
SEKISUI ESLON B.V.	Main Plant (Roermond City, Netherlands)	Urban Infrastructure & Environmental Products business	Production facilities for building and advanced material products	2,646	3,251	68 (22.0)	–	1,159	7,126	73
YOUNGBO CHEMICAL CO., LTD.	Cheongwon Plant (Cheongju City, Chungcheong-buk, South Korea)	High Performance Plastics business	Production facilities for foam products	2,557	1,831	2,360 (171.4)	2	264	7,015	235
SEKISUI SPECIALTY CHEMICALS AMERICA, LLC.	Pasadena Plant (Texas, United States)	High Performance Plastics business	Production facilities for polyvinyl alcohol resins	247	5,081	492 (125.8)	31	871	6,724	60
SEKISUI S-LEC MEXICO S.A.DE C.V.	Main Plant (Morelos, Mexico)	High Performance Plastics business	Production facilities for interlayer film products	1,844	2,233	178 (17.5)	38	139	4,435	119
SEKISUI DIAGNOSTICS P.E.I. INC.	Main Plant (Prince Edward Island, Canada)	Medical business	Production facilities for pharmaceuticals	185	938	–	1,224	1,890	4,239	194
SEKISUI KYDEX, LLC.	The Third Plant (Pennsylvania, United States)	High Performance Plastics business	Production facilities for decorative sheet products	2,259	1,216	48 (230.0)	–	495	4,019	52
SEKISUI DIAGNOSTICS (UK) LIMITED	Main Plant (Kent, United Kingdom)	Medical business	Production facilities for pharmaceuticals	297	369	158 (9.9)	20	2,736	3,582	37
SEKISUI INDUSTRIAL PIPING CO., LTD.	The Second Plant (Taichung, Taiwan)	Urban Infrastructure & Environmental Products business	Facilities for extrusion molding etc.	762	540	–	922	630	2,855	122

Company name	Business office name (Location)	Segment name	Facility type	Carrying amount (millions of yen)						Number of employees (persons)
				Buildings and structures	Machinery, equipment, and vehicles	Land (1,000 square meters)	Leased assets	Other (Note 1)	Total	
SEKISUI- SCG INDUSTRY CO., LTD.	Main Plant (Saraburi, Thailand)	Housing business	Production facilities for unit housing	1,536	169	992 (150.4)	30	18	2,747	75
SEKISUI SPECIALTY CHEMICALS EUROPE S.L.	Main Plant (Catalonia, Spain)	High Performance Plastics business	Production facilities for polyvinyl alcohol resins	–	1,975	467 (8.4)	–	294	2,736	67
SEKISUI S-LEC (SUZHOU) CO., LTD.	Main Plant (Suzhou City, Jiangsu, China)	High Performance Plastics business	Production facilities for interlayer film products	281	2,187	–	8	173	2,650	143
SEKISUI SPECIALTY CHEMICALS (THAILAND) CO., LTD.	Rayong Plant (Rayong, Thailand)	Urban Infrastructure & Environmental Products business	CPVC compound production facility	315	75	326 (16.4)	–	1,926	2,643	80
SEKISUI SPECIALTY CHEMICALS AMERICA, LLC.	Eddyville Warehouse (Kentucky, United States)	High Performance Plastics business	Production warehouses for polyvinyl alcohol resins	–	112	–	2,430	39	2,582	–
SEKISUI YOUNGBO HPP (WUXI) CO., LTD.	Main Plant (Wuxi City, Jiangsu, China)	High Performance Plastics business	Production facilities for foam products	1,055	1,257	–	20	130	2,463	72
SEKISUI AEROSPACE CORPORATION	Main Plant (Washington, United States)	High Performance Plastics business	Manufacturing facilities for composite material mold products for aircraft and drones	130	1,147	–	803	362	2,443	213
SEKISUI ALVEO BS G.M.B.H.	Main Plant (Rhineland-Palatinate, Germany)	High Performance Plastics business	Production facilities for foam products	585	1,202	183 (216.1)	24	201	2,198	79
SEKISUI POLYMATECH (SHANGHAI) CO., LTD.	Shanghai Plant (Shanghai City, China)	High Performance Plastics business	Facilities for resin molding, coating, etc.	769	1,018	–	–	259	2,046	432

(Notes) 1. “Other” in the carrying amount is the total of construction in progress and tools, furniture, and fixtures.

2. The land area includes land of ¥2,311 million (45,100 square meters), which is leased out to companies other than consolidated companies.

3. The land and buildings are partially leased. The annual rent expenses are ¥50 million. The leased land area is put in brackets and shown separately.

4. The land and buildings are partially leased. The annual rent expenses are ¥372 million. The leased land area is put in brackets and shown separately.

5. The land and buildings are partially leased. The annual rent expenses are ¥36 million. The leased land area is put in brackets and shown separately.

6. The land is leased. The annual rent expenses are ¥112 million. The leased land area is put in brackets and shown separately.

3. Planned addition, retirement, and other changes of facilities

(1) Addition of important facilities, etc.

Capital investment of the Group (the Company and consolidated subsidiaries) is formulated by segment centering on divisional companies, and comprehensively planned while considering investment allocation for each function, etc. Funds necessary for planned investment as of the end of the fiscal year under review will be financed mainly by funds on hand, subsidies, and borrowings, and important plans regarding the establishment of new facilities are as follows.

Company name	Business office name (Location)	Segment name	Facility type	Planned investment amount		Method of financing	Scheduled date of commencement and completion	
				Total amount (millions of yen)	Amount paid (millions of yen)		Commencement	Completion
SEKISUI SOLAR FILM CO., LTD.	Sakai Plant (Sakai-ku, Sakai City, Osaka)	Other businesses	Production facilities of perovskite solar cells	90,000	37,774	Funds on hand, subsidies, and borrowings	January 2025	March 2028
SEKISUI S-LEC (THAILAND) CO., LTD.	Main Plant (Rayong, Thailand)	High Performance Plastics business	Production facilities for interlayer film	8,500	5,576	Funds on hand and borrowings	May 2024	September 2027
SEKISUI MEDICAL CO., LTD.	Iwate Plant (Hachimantai City, Iwate)	Medical business	Investigational drug building	3,942	83	Funds on hand and borrowings	September 2025	June 2028
SEKISUI MEDICAL CO., LTD.	Iwate Plant (Hachimantai City, Iwate)	Medical business	Production facilities for pharmaceuticals	3,574	10	Funds on hand and borrowings	October 2025	September 2028
SEKISUI CHEMICAL CO., LTD.	Musashi Plant (Hasuda City, Saitama)	High Performance Plastics business	Production facilities for semiconductor products	3,158	150	Funds on hand and borrowings	February 2024	September 2029
SEKISUI CHEMICAL CO., LTD.	Musashi Plant (Hasuda City, Saitama)	High Performance Plastics business	Sekisui Polymatech Co., Ltd. new office and development building	3,120	96	Funds on hand and borrowings	January 2025	September 2027
SEKISUI SPECIALTY CHEMICALS AMERICA, LLC.	Pasadena Plant (Texas, United States)	High Performance Plastics Company	PVA production facilities	2,838	216	Funds on hand and borrowings	December 2025	December 2027
SEKISUI DIAGNOSTICS (UK) LIMITED	Main Plant (Kent, United Kingdom)	Medical business	Production facilities for pharmaceuticals	2,638	2,324	Funds on hand and borrowings	July 2020	October 2027

(2) Retirement of important facilities, etc.

Sekisui Bio Refinery Co., Ltd., a consolidated subsidiary, has been promoting the practical application and commercialization of technology to convert combustible waste into ethanol using microorganisms by constructing a plant in Kuji City, Iwate. However, due to the completion of demonstration experiments, the plant is scheduled to be retired during the fiscal year 2026.

IV. Information About Reporting Company

1. Company's shares, etc.

(1) Total number of shares

(i) Total number of shares

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

(ii) Issued shares

Class	Number of issued shares as of fiscal year end (shares) (March 31, 2026)	Number of issued shares as of filing date (shares) (June 12, 2026)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common shares	430,507,285	405,507,285	Tokyo Stock Exchange Prime Market	Number of shares constituting one unit 100
Total	430,507,285	405,507,285	–	–

(2) Share acquisition rights

(i) Employee share option plans

Not applicable.

(ii) Rights plans

Not applicable.

(iii) Share acquisition rights for other uses

Not applicable.

(3) Exercise of moving strike convertible bonds, etc.

Not applicable.

(4) Changes in the total number of issued shares, share capital, etc.

Date	Change in the total number of issued shares (thousands of shares)	Balance of the total number of issued shares (thousands of shares)	Change in share capital (millions of yen)	Balance of share capital (millions of yen)	Change in legal capital surplus (millions of yen)	Balance of legal capital surplus (millions of yen)
May 25, 2021	(5,000)	471,507	–	100,002	–	109,234
May 25, 2022	(8,000)	463,507	–	100,002	–	109,234
November 25, 2022	(7,000)	456,507	–	100,002	–	109,234
May 25, 2023	(4,000)	452,507	–	100,002	–	109,234
November 24, 2023	(4,000)	448,507	–	100,002	–	109,234
May 24, 2024	(4,000)	444,507	–	100,002	–	109,234
May 23, 2025	(4,000)	440,507	–	100,002	–	109,234
November 25, 2025	(10,000)	430,507	–	100,002	–	109,234

(Notes) 1. A decrease was recorded as the Company used profit for cancellation of treasury shares.

2. The total number of issued shares decreased by 25,000,000 as we canceled treasury shares on May 25, 2026 after the end of the fiscal year under review.

(5) Shareholding by shareholder category

As of March 31, 2026

Category	Shares (one unit comprises 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institution	Financial service provider	Other corporation	Foreign corporation		Individual and other	Total	
					Non-individual	Individual			
Number of shareholders (persons)	1	98	65	925	749	241	153,861	155,940	–
Number of shares held (units)	–	1,410,591	112,145	216,953	1,486,315	746	1,072,183	4,298,933	613,985
Proportion of the number of shares held (%)	–	32.82	2.61	5.05	34.57	0.02	24.94	100.00	–

(Note) With regard to 25,414,787 treasury shares (excluding those held by the BIP trust for remuneration for directors (and other officers) and by the ESOP trust for share granting), 254,147 units are included in "Individual and other."

(6) Major shareholders

As of March 31, 2026

Name	Address	Number of shares held (thousands of shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1, Akasaka, Minato-ku, Tokyo	59,876	14.78
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	21,498	5.30
Employees Stock Ownership Plan	2-4-4 Nishitemma, Kita-ku, Osaka	12,330	3.04
The Dai-ichi Life Insurance Company, Limited (Standing proxy: Custody Bank of Japan, Ltd.)	1-13-1, Yuraku-cho, Chiyoda-ku, Tokyo (1-8-12, Harumi, Chuo-ku, Tokyo)	12,153	3.00
Sekisui House, Ltd.	1-1-88, Oyodonaka, Kita-ku, Osaka	7,998	1.97
National Mutual Insurance Federation of Agricultural Cooperatives (Standing proxy: The Master Trust Bank of Japan, Ltd.)	2-7-9, Hirakawa-cho, Chiyoda-ku, Tokyo (1-8-1, Akasaka, Minato-ku, Tokyo)	7,302	1.80
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	One Congress Street, Suite 1, Boston, Massachusetts (2-15-1, Konan, Minato-ku, Tokyo)	6,901	1.70
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (2-15-1, Konan, Minato-ku, Tokyo)	5,561	1.37
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	One Congress Street, Suite 1, Boston, Massachusetts (2-15-1, Konan, Minato-ku, Tokyo)	4,275	1.05
STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	P.O. BOX 351 BOSTON MASSACHUSETTS02101 U.S.A (2-15-1, Konan, Minato-ku, Tokyo)	4,231	1.04
Total	–	142,125	35.08

(Notes) 1. According to the statements of large-volume holdings disclosed on September 19, 2025, Sumitomo Mitsui Trust Asset Management Co., Ltd. holds shares in the Company’s stock as of September 15, 2025, as follows. However, we do not include Sumitomo Mitsui Trust Asset Management Co., Ltd. in the major shareholders listed above as we could not confirm the actual number of shares held by Sumitomo Mitsui Trust Asset Management Co., Ltd. as of March 31, 2026. Details of the statements of large-volume holdings are as follows:

Name	Address	Number of shares held (thousands of shares)	Shareholding ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo	11,607	2.64
Amova Asset Management Co., Ltd.	9-7-1, Akasaka, Minato-ku, Tokyo	14,886	3.38
Total	–	26,494	6.01

(7) Voting rights

(i) Issued shares

As of March 31, 2026

Category	Number of shares (shares)	Number of voting rights (rights)	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury shares, etc.)	(Shares held by the Company) Common shares 25,414,700 (Reciprocal holding) Common shares 11,800	–	Standard Sekisui Chemical shares not subject to any restriction on rights Number of shares constituting one unit: 100
Shares with full voting rights (other)	Common shares 404,466,800	4,044,668	Same as above
Shares less than one unit	Common shares 613,985	–	–
Total number of issued shares	430,507,285	–	–
Voting rights held by all shareholders	–	4,044,668	–

(Note) Shares with full voting rights (other) include the following shares (voting rights).
BIP trust for remuneration for directors (and other officers): 976,000 shares (9,760 rights)
ESOP trust for share granting: 191,400 shares (1,914 rights)

(ii) Treasury shares, etc.

As of March 31, 2026

Name of shareholder	Address of shareholder	Number of shares held in own name	Number of shares held in others' names	Total number of shares held	Shareholding ratio (%)
(Shares held by the Company) Sekisui Chemical Co., Ltd.	2-4-4 Nishitemma, Kita-ku, Osaka	25,414,700	–	25,414,700	5.90
(Reciprocal holding) Sekisui Heim Higashishikoku Co., Ltd.	4-1-16, Kazurashima, Kochi, Kochi	11,800	–	11,800	0.00
Total	–	25,426,500	–	25,426,500	5.90

(Note) The number of shares is included in the number of shares with full voting rights (treasury shares, etc.) in the "(i) Issued shares" section above.
Sekisui Chemical shares held by the BIP trust for remuneration for directors (and other officers) and the ESOP trust for share granting are not included in the treasury shares mentioned above.

(8) Share ownership plan for directors (and other officers) and employees

(i) Share granting plan for senior employees, etc. of the Company

Through resolution by a Board of Directors meeting held on April 27, 2016, we introduced a share granting plan for senior employees, etc. of the Company as a share granting plan that closely tracks its business performance and is highly transparent and objective in order to: i) further incentivize them to help boost the whole Group's business performance in the medium to long term and raise its corporate value; and ii) greatly enhance their business awareness while attaching importance to shareholders. In introducing the plan, we adopted a scheme called Employee Stock Ownership Plan (ESOP) trust for share granting ("ESOP Trust").

1. Outline of share granting plan

The Company set up a trust in which senior employees, etc. satisfying beneficiary requirements (ESOP trust) are the beneficiaries. During a trust period, senior employees will be given certain points each year pursuant to the Share Granting Rules of the Company. Senior employees, etc. satisfying certain beneficiary requirements will be annually granted Sekisui Chemical shares in a number corresponding to a certain portion of given points, and remaining shares will be converted into cash in the ESOP trust, which will then be paid to them.

2. Description of trust contract

- Category of trust	Money trust other than individually operated designated money trusts (third-party benefit trust)
- Purpose of trust	Give incentive to eligible employees for the plan
- Settlor	The Company
- Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
- Beneficiaries	Employees satisfying beneficiary requirements among eligible employees for the plan
- Trust administrator	A third party who has no interest in the Company (CPA).
- Date of trust contract execution	August 31, 2016
- Trust period	From August 31, 2016 to August 31, 2028 (planned)
- Commencement date of the Plan	August 31, 2016
- Exercise of voting rights	The trustees shall exercise voting rights of shares of the Company in accordance with trust administrator instructions reflecting beneficiary candidates' intent.
- Class of shares acquired	Common shares of the Company
- Method of acquisition of shares	Acquisition of treasury shares via third-party allotment
- Attributable right holder	The Company

3. Total number of shares planned to be granted to beneficiaries from the trust

191,400 shares (The number of shares as of the end of the fiscal year under review)

4. Scope of persons entitled to beneficiary rights and other rights under the share granting plan

Persons satisfying beneficiary requirements among senior employees of the Company, representative directors, certain directors and senior employees of subsidiaries of the Company, and representative directors of its equity method subsidiaries in which the Company has voting rights of over 35% and less than 50%.

(ii) Share remuneration plan for Directors and Executive Officers of the Company

Targeting our Directors (excluding Outside Directors and non-residents of Japan) and Executive Officers (excluding non-residents of Japan; collectively "Directors, etc."), we introduced the plan as a share granting plan that closely tracks its business performance and is highly transparent and objective in order to: i) further incentivize them to help boost the whole Group's business performance in the medium to long term and raise its corporate value; and ii) greatly enhance their business awareness while attaching importance to shareholders. This was through resolution by a Board of Directors meeting held on April 27, 2016, and the 94th General Meeting of Shareholders held on June 28 of the same year. In introducing the plan, we adopted a scheme called Board Incentive Plan (BIP) trust for remuneration for directors (and other officers) ("BIP Trust").

1. Outline of share remuneration plan

The Company sets up a trust in which money is entrusted up to an amount approved and resolved by a general meeting of shareholders or a Board of Directors meeting and senior employees, etc. satisfying beneficiary requirements are beneficiaries (BIP trust). During a trust period, directors (and other officers) will be given certain points each year in accordance with their titles. Directors (and other officers), etc. satisfying certain beneficiary requirements will be granted Sekisui Chemical shares when resigning in a number corresponding to a certain portion of given cumulative points, and remaining shares will be converted into cash in the BIP trust, which will then be paid to them.

2. Description of trust contract

- Category of trust	Money trust other than individually operated designated money trusts (third-party benefit trust)
- Purpose of trust	Give incentive to eligible employees for the plan
- Settlor	The Company
- Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
- Beneficiaries	Employees satisfying beneficiary requirements among eligible employees for the plan
- Trust administrator	A third party who has no interest in the Company (CPA).
- Date of trust contract execution	August 31, 2016
- Trust period	From August 31, 2016 to August 31, 2028 (planned)
- Commencement date of the Plan	August 31, 2016
- Exercise of voting rights	Voting rights shall not be exercised throughout the trust period.
- Class of shares acquired	Common shares of the Company
- Method of acquisition of shares	Acquisition of treasury shares via third-party allotment
- Attributable right holder	The Company

3. Total number of shares planned to be granted to beneficiaries from the trust

976,000 shares (The number of shares as of the end of the fiscal year under review)

4. Scope of persons entitled to beneficiary rights and other rights under the share granting plan

Persons satisfying beneficiary requirements among those who served as Director (or other officer) during the plan period and have since retired

2. Acquisition and disposal of treasury shares

Class of shares, etc.: Acquisition of common shares to which Article 155, Item 3 of the Companies Act applies and repurchase request-based acquisition of common shares less than a unit to which Article 155, Item 7 of the Companies Act applies

(1) Acquisition by resolution of shareholders meeting

Not applicable.

(2) Acquisition by resolution of board of directors meeting

Category	Number of shares (shares)	Total amount (yen)
Resolution at a Board of Directors meeting (April 28, 2025) (Acquisition period: From April 30, 2025 to March 31, 2026)	4,000,000	10,800,000,000
Treasury shares acquired prior to the fiscal year under review	–	–
Treasury shares acquired in the fiscal year under review	4,000,000	9,988,637,250
Total number and total amount of shares remaining to be purchased by resolution	–	811,362,750
Non-exercise ratio on the last day of the fiscal year under review (%)	–	7.5
Treasury shares acquired in the period	–	–
Non-exercise ratio on the day of filing (%)	–	7.5

Category	Number of shares (shares)	Total amount (yen)
Resolution at a Board of Directors meeting (October 30, 2025) (Acquisition period: From October 31, 2025 to March 31, 2026)	10,000,000	30,000,000,000
Treasury shares acquired prior to the fiscal year under review	–	–
Treasury shares acquired in the fiscal year under review	10,000,000	26,420,475,400
Total number and total amount of shares remaining to be purchased by resolution	–	3,579,524,600
Non-exercise ratio on the last day of the fiscal year under review (%)	–	11.9
Treasury shares acquired in the period	–	–
Non-exercise ratio on the day of filing (%)	–	11.9

Category	Number of shares (shares)	Total amount (yen)
Resolution at a Board of Directors meeting (April 28, 2026) (Acquisition period: From April 30, 2026 to March 31, 2027)	4,000,000	12,000,000,000
Treasury shares acquired prior to the fiscal year under review	–	–
Treasury shares acquired in the fiscal year under review	–	–
Total number and total amount of shares remaining to be purchased by resolution	–	–
Non-exercise ratio on the last day of the fiscal year under review (%)	–	–
Treasury shares acquired in the period	–	–
Non-exercise ratio on the day of filing (%)	100.0	100.0

(Note) The number of treasury shares acquired in the period does not include the number of treasury shares acquired from June 1, 2026 to the day of filing this Annual Securities Report.

(3) Acquisition not based on resolution of shareholders meeting or board of directors meeting

Category	Number of shares (shares)	Total amount (yen)
Treasury shares acquired in the fiscal year under review	1,742	4,639,270
Treasury shares acquired in the period	58	139,374

(Note) The number of treasury shares acquired in the period does not include the number of treasury shares less than a unit acquired from June 1, 2026 to the day of filing this Annual Securities Report.

(4) Disposal of acquired treasury shares and number of treasury shares held

Category	The fiscal year under review		The period	
	Number of shares (shares)	Total amount of shares disposed of (yen)	Number of shares (shares)	Total amount of shares disposed of (yen)
Treasury shares acquired for which subscription solicitation was made	–	–	–	–
Treasury shares acquired that were retired	14,000,000	27,867,660,000	25,000,000	55,215,500,000
Treasury shares acquired that were merged, swapped, or granted, or were transferred due to a company split	–	–	–	–
Other (Disposal of treasury shares by third-party allotment of shares to BIP trust as an officer remuneration system and ESOP trust)	558,100	1,437,107,500	–	–
Number of treasury shares held by the Company	25,414,787	–	414,845	–

(Notes) 1. The number of treasury shares disposed of in the period does not include the number of treasury shares less than a unit that were sold due to increased purchase demand from June 1, 2026 to the day of filing this Annual Securities Report.
2. The number of treasury shares held during the period does not include the number of treasury shares less than a unit that were sold due to increased purchase demand from June 1, 2026 to the day of filing this Annual Securities Report.
3. The number of treasury shares held during the fiscal year under review and the period does not include the number of those held by the BIP trust for remuneration for directors (and other officers) and by the ESOP trust for share granting.

3. Dividend policy

One of the Company's primary policies in its management is to increase its corporate value, with an emphasis on proactively returning the Company's profits to the shareholders. With respect to shareholder returns, under the Medium-term Management Plan starting in fiscal 2026, the Company decided to maintain a consolidated payout ratio of 40%, as in the previous medium-term management plan, and to raise DOE to 3.5% or higher. In addition, the Company decided to introduce progressive dividends (a dividend policy under which, in principle, the Company will not reduce dividends, but will continue to increase them instead).

The Company's policy is to secure a dividend payout ratio of 50% or higher (when the net D/E ratio is 0.5 or less).

The Company has a basic policy to pay an interim dividend and year-end dividend each fiscal year with the former being decided by a Board of Directors meeting and the latter by an annual general meeting of shareholders.

The 104th Annual General Meeting of Shareholders to be held on June 19, 2026 plans to resolve to pay a year-end common dividend of ¥40 per share for the fiscal year under review. This means the annual dividend for the fiscal year under review is expected to be ¥80 per share, including the interim dividend of ¥40 per share.

The Company intends to use its internal reserves for research & development, capital expenditures, strategic investments, and loans & investments, which are essential for boosting its corporate value, going forward.

The Articles of Incorporation of the Company stipulate that it may pay an interim dividend as set forth in Article 454, Paragraph 5 of the Companies Act. Shown below is the dividend of surplus for the fiscal year under review.

Date of resolution	Total amount of dividends (millions of yen)	Dividend per share (yen)
October 30, 2025 Resolution of a Board of Directors meeting	16,603	40
June 19, 2026 Resolution of an Annual General Meeting of Shareholders (planned)	16,203	40

4. Corporate governance

(1) Overview of corporate governance

<Basic Policy for Corporate Governance>

The SEKISUI CHEMICAL Group (the "Group") has, as its basic policy for corporate governance, the promotion of sustainable corporate growth and the increase of corporate value over the 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.

The Group laid down the Sekisui Corporate Governance Principles that systematically outline its thinking and efforts on corporate governance, and they are presented below.

(http://www.sekisui.com/company/outline/governance/index.html)

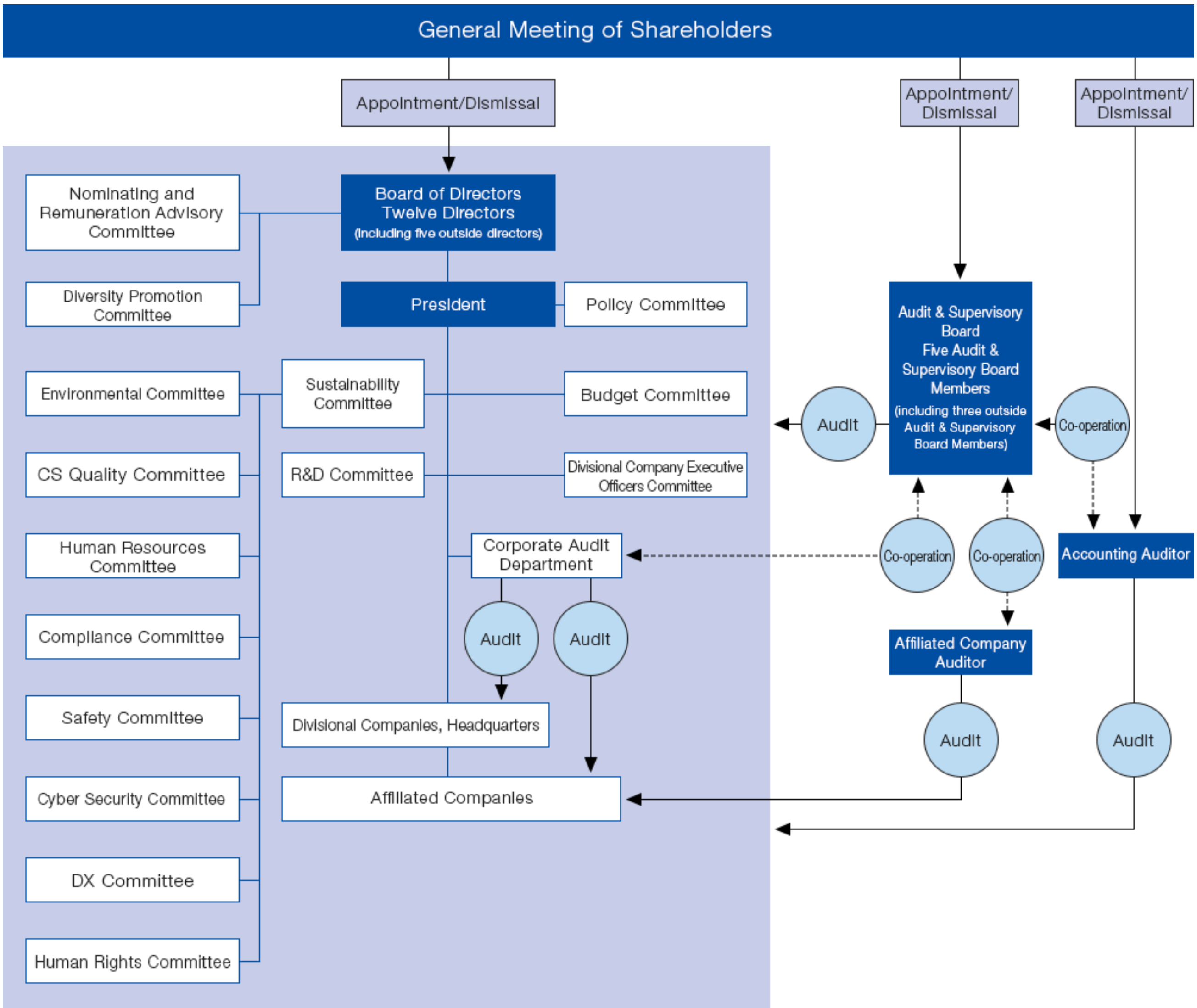
Corporate governance system

(i) Overview of corporate governance system

The Company chose to be a company with an Audit & Supervisory Board. Its corporate governance system is as follows.

(As of June 12, 2026)

Diagram of Corporate Governance System



* The agenda items (matters for resolution) for the Annual General Meeting of Shareholders scheduled to be held on June 19, 2026, include "Election of Nine (9) Directors" and "Election of One (1) Audit & Supervisory Board Member," and the number of Directors will be nine (including five Outside Directors) if the said resolutions are approved and adopted.

Board of Directors

We see the Board of Directors as a body that decides the Company’s fundamental policies and upper-level management issues and supervises the execution of business. In addition, we secure transparency and fairness of our business management by using multiple Outside Directors.

The Articles of Incorporation stipulate that; i) the number of Directors shall be at least three and up to 15 persons; ii) to resolve a proposal for election of Directors requires it to be done at a general meeting of shareholders attended by shareholders holding at least one-third of the voting rights of shareholders entitled to exercise voting rights and by a majority of the voting rights of the attending shareholders; iii) no cumulative voting shall be used for such resolution.

The major issues for deliberation at the Board of Directors held in fiscal 2025 include growth strategies (such as for R&D, large new businesses, and large-scale capital investment), and foundation strategies (such as for sustainability, digital innovation, safety, compliance, and CS quality).

The Company held 17 meetings of the Board of Directors during fiscal 2025. Attendance by individual Directors is as follows:

Name	Number of meetings held	Number of meetings attended
Teiji Koge	17	17
Keita Kato	17	17
Ikusuke Shimizu	17	16
Futoshi Kamiwaki	4	4
Yoshiyuki Hirai	17	17
Masahide Yoshida	17	17
Akira Asano	13	13
Kazuya Murakami	17	17
Hiroshi Oeda	17	17
Haruko Nozaki	17	17
Miharu Koezuka	17	17
Machiko Miyai	17	17
Yoshihiko Hatanaka	17	16

Business Execution System

Under the Divisional Company System, in order to respond to changes in the business environment at the divisional companies, the Company has adopted the Executive Officer System in order to clearly distinguish the business execution function from the monitoring function in management. We set up an Executive Officers Committee at each divisional company as its highest decision-making body with authority being greatly delegated from the Board of Directors to each committee.

Nomination and Remuneration Advisory Committee

The Company has voluntarily established the Nomination and Remuneration Advisory Committee in place in order to enhance the transparency and fairness of its business management.

The Nomination and Remuneration Advisory Committee deliberated on the appointment/dismissal of Representative Directors and Directors, etc., appointment of candidates for Audit & Supervisory Board Members, and matters related to the remuneration system and remuneration levels, providing statements of opinion and advice to the Board of Directors.

The Committee consists of seven members, the majority of whom must be Independent Outside Officers and the chairperson of which must be elected from among the Independent Outside Officers.

Chairperson: Hiroshi Oeda

Committee members: Haruko Nozaki, Miharu Koezuka, Machiko Miyai, Yoshihiko Hatanaka, Keita Kato, and Ikusuke Shimizu

As noted above, the number of meetings of the Nomination and Remuneration Advisory Committee is nine in fiscal 2025, and the attendance status of individual committee members is as follows.

Name	Number of meetings held	Number of meetings attended
Hiroshi Oeda	9	9
Haruko Nozaki	9	9
Miharu Koezuka	9	9
Machiko Miyai	9	9
Yoshihiko Hatanaka	9	9
Keita Kato	9	9
Ikusuke Shimizu	1	1

Diversity Promotion Committee

The Diversity Promotion Committee has been established for the purpose of strengthening 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 matters mainly deliberated by the Diversity Promotion Committee included: (1) formulation of basic policy and target values concerning empowerment of diverse human resources; (2) human development policy and accompanying environmental consideration policy; (3) setting various major indicators and methods to use them; (4) issues related to the disclosure of these inside and outside the Company; and (5) monitoring the execution status.

The Committee consists of nine members, the majority of whom must be Independent Outside Officers and the chairperson of which must be elected from among the Independent Outside Officers.

Chairperson: Haruko Nozaki

Committee members: Hiroshi Oeda, Miharu Koezuka, Machiko Miyai, Yoshihiko Hatanaka, Keita Kato, Ikusuke Shimizu, Tatsuya Nishida, and Kazuya Murakami

As noted above, the number of meetings of the Diversity Promotion Committee is three in fiscal 2025, and the attendance status of individual committee members is as follows.

Name	Number of meetings held	Number of meetings attended
Haruko Nozaki	3	3
Hiroshi Oeda	3	3
Miharu Koezuka	3	3
Machiko Miyai	3	3
Yoshihiko Hatanaka	3	3
Keita Kato	3	3
Ikusuke Shimizu	3	3
Tatsuya Nishida	1	1
Kazuya Murakami	3	3

Audit System

We have the Audit & Supervisory Board in place, and regard it as a body with a function to monitor the Board of Directors and our business execution system. In addition, we secure a broad perspective as well as impartiality by using Outside Audit & Supervisory Board Members.

The Company has in place the Corporate Audit Department as a unit directly reporting the President and Representative, and the department conducts internal audits on group-wide operations.

The Company entered into a limited liability agreement with all the Directors (excluding executive directors, etc.) and Audit & Supervisory Board Members. Its outline is as follows.

If any of the 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 acted 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.

(ii) Reason for having adopted the corporate governance system

The Company has been continuing to reinforce its Board of Directors, business execution function, and audit system as described above in the belief that it is important to enhance the transparency and fairness of its business management and seek to make decisions swiftly in order to keep improving its corporate value amid marked changes in the operating environment for the organization. We think the Company boosts its function to monitor its business management and remains objective and impartial under the corporate governance system.

(iii) Other matters on corporate governance

- Status of development of internal control system

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 Appropriateness of Other Operations.” Under this resolution, we work to operate our internal control system appropriately. Its outline is as follows:

The Board of Directors deliberates and makes resolutions on the Fundamental Compliance Policies. The Compliance Sub-committee, having been established as a specialized sub-committee to the Sustainability Committee chaired by the President to rigorously secure compliance with laws and regulations at the Company and Group companies, plans, considers, and decides important matters for compliance.

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. In addition, we provide training on various laws and regulations as well as corporate ethics. In addition to building an internal system to avoid damage from antisocial forces, the Company stresses avoiding having any relationship with any antisocial force and acting sternly when receiving any unfair demand from one.

We have in place an internal whistleblowing platform comprising: i) an internal whistleblowing contact point; ii) a whistleblowing contact point independent from the Company at an external lawyer’s office; and iii) multilingual internal whistleblowing contact points for employees of overseas subsidiaries and foreign-language-speaking employees in Japan.

We built a system to prevent a whistleblower from being disadvantaged by stipulating protection of whistleblowers in the Internal Whistleblowing Rules of the Company and concealing whistleblower information, except for whistleblowing contact points.

- Status of development of risk management structure

We run the company-wide risk management structure for integrated management of measures to prevent a risk event from occurring (risk management) and to respond when one occurs (crisis management). This integration lets us set up a structure to adapt to ever-changing risks and crises in accordance with the situation for the organization.

The Director in charge of the ESG Management Department, concurrently in office as Head of the Business Strategy Department, has been serving as top manager for risk management with the Risk Management Group, ESG Management Department being a unit dedicated to risk management. The Company strives to prevent risks from arising by identifying significant risks through the collection and evaluation of risk information in a centralized and complete manner. This is while we widely publicize the “SEKISUI CHEMICAL Group Risk Management Guidelines” laid down under the “Sekisui Chemical Basic Policy on Internal Control System,” updated in April 2015, to Directors, Executive Officers, and employees of the Company and Group companies. From the Medium-term Management Plan for fiscal 2023 to fiscal 2025, the company-wide risk review committee, comprised of the officers in charge of each specialized field, conducts a centralized evaluation to identify company-wide critical risks. These critical risks are integrated into the risk management activities of each operating organization to implement company-wide ERM.

Risk activities implemented by each organization started in fiscal 2011, focusing on the divisions under the Company, and has been expanding its framework annually. Since fiscal 2022, the organization, including related domestic and international subsidiaries, covered 99% of consolidated sales and continues to operate the PDCA cycle in line with ISO 31000, an international standard for risk management.

As regards our crisis management, under the SEKISUI CHEMICAL Group’s Crisis Management Guidelines, we have built a system to deal with a crisis swiftly and aptly by setting up an emergency measure headquarters in the event of an emergency occurring that is found to affect the business continuity of the Group, and we review and revise the system and provide training on a periodic basis. We have also built a system to report in a timely way to the Board of Directors regarding any serious incident that has occurred or any potentially serious incident.

Since fiscal 2021, as a company-wide initiative, the Group has been revising and developing documents for an emergency response plan (ERP) and a business continuity plan (BCP) that place the protection of human life as the highest priority at all organizations. Thereafter, we revised the ERP based on the self-training results of individual divisions, and we aim to build a business continuity management (BCM) platform suitable for the characteristics of a wide range of businesses in and outside Japan.

We ensure that individual employees can take an appropriate emergency response step in the event of an emergency by making all employees, including temporary ones, carry a copy of the Emergency Response Manual and by providing training in preparation for an emergency that could potentially occur. A safety check system is installed on the mobile phones of all Group employees so that we can check employee safety swiftly in the event of an emergency.

Given that overseas business bases continue growing in number and importance year after year, we set up regional headquarters in four major regions and appointed managers there as the regional heads. The Overseas Crisis Management Office leads emergency response for crises occurring overseas in liaison with them. Under the Internal rules for Overseas Safety Management and the Crisis Management Guidelines of the Company, the Overseas Crisis Management Office leads a move to share crisis management information, alert personnel in a timely way, and issue instructions on overseas travel restrictions, among other emergency steps, thus supporting those on business trips, expatriates, and local employees.

While accurately understanding future potential risks in increasingly complex corporate activities is difficult, improving employees' "risk sensitivity" and fostering a "risk-aware culture" are essential for handling such risks. We continuously raise awareness through training for risk managers who promote activities in each organization and share a code of conduct with all employees to prepare for emergencies.

- Development of the 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.

- 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. 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.

- Basic policy on control of stock company

As regards shareholders, 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 own 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.

(2) Directors (and other officers)

a. As of June 12, 2026 (the date of submission of the annual securities report), the status of officers is as follows.

List of officers

14 men, 3 women (Ratio of female directors (and other officers): 17%)

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Chairman of the Board	Keita Kato	January 11, 1958	Apr. 1980 Joined the Company Apr. 2008 Executive Officer of the Company; Head of Interlayer Film Division of High Performance Plastics Company July 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 June 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 July 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]	(Note 3)	100

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
President and Representative Director; Chief Executive Officer	Ikusuke Shimizu	December 12, 1964	Apr. 1987 Apr. 2015 Apr. 2016 Apr. 2018 Jan. 2019 Apr. 2019 June 2019 Apr. 2021 Jan. 2025 Apr. 2025 Mar. 2026	Joined the Company Executive Officer of the Company; Head of Foam Division of High Performance Plastics Company Executive Officer of the Company; Responsible for Automobiles & Electronics; Head of Foam Division of High Performance Plastics Company Executive Officer of the Company; Responsible for Electronics; Head of Foam Division of High Performance Plastics Company Managing Executive Officer of the Company; President of High Performance Plastics Company; Responsible for Electronics Director of SEKISUI FULLER CO., LTD. Managing Executive Officer of the Company; President of High Performance Plastics Company Director of the Company; Managing Executive Officer of the Company; President of High Performance Plastics Company Director of the Company; Senior Managing Executive Officer of the Company; President of High Performance Plastics Company Representative Director of the Company; Senior Managing Executive Officer; Responsible for ESG Management Department and New Business Development Department; Head of Business Strategy Department Representative Director of the Company; Senior Managing Executive Officer; Responsible for ESG Management Department, Corporate Communication Department, New Business Development Department, and Life Science Business Development Department; Head of Business Strategy Department President and Representative Director of the Company; Chief Executive Officer of the Company [incumbent]	(Note 3)	69

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Director	Teiji Koge	November 14, 1953	Apr. 1976	Joined the Company	(Note 3)	137
			June 2005	Director of the Company; President of Nagoya Sekisui Heim Co., Ltd.		
			Oct. 2005	Director of the Company; Head of President's Office of Housing Company		
			Apr. 2006	Director of the Company; Head of Planning & Control Department of Housing Company		
			Apr. 2007	Director of the Company; Head of Housing Division and Planning & Control Department of Housing Company		
			July 2007	Director of the Company; Responsible for Sales Department; Head of Housing Division of Housing Company		
			Feb. 2008	Director of the Company; President of Housing Company; Responsible for Sales Department; Head of Housing Division		
			Apr. 2008	Director of the Company; Managing Executive Officer of the Company; President of Housing Company		
			Apr. 2009	Director of the Company; Senior Managing Executive Officer of the Company; President of Housing Company		
			Mar. 2014	Director of the Company; Senior Managing Executive Officer of the Company; Head of CSR Department; Head of Corporate Communication Department		
			Mar. 2015	President and Representative Director of the Company; Chief Executive Officer of the Company		
			Mar. 2020	Chairman of the Board and Representative Director of the Company		
			June 2022	Chairman of the Board of the Company		
			Mar. 2023	Outside Director of EBARA CORPORATION [incumbent]		
			Mar. 2026	Director of the Company [incumbent]		

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Director of the Company; Senior Managing Executive Officer of the Company; President of Urban Infrastructure & Environmental Products Company	Yoshiyuki Hirai	February 4, 1963	Apr. 1985	Joined the Company	(Note 3)	62
			Apr. 2014	Executive Officer of the Company; Head of Foam Division of High Performance Plastics Company		
			Apr. 2015	Executive Officer of the Company; Responsible for CSR Promotion Department; Head of Business Strategy Department		
			June 2015	Director of the Company; Executive Officer of the Company; Responsible for CSR Promotion Department; Head of Business Strategy Department		
			Apr. 2017	Director of the Company; Managing Executive Officer of the Company; Responsible for Corporate Finance & Accounting Department; Head of Business Strategy Department		
			Apr. 2018	Director of the Company; Managing Executive Officer of the Company; Head of Business Strategy Department		
			Jan. 2019	Director of the Company; Managing Executive Officer of the Company; President of Urban Infrastructure & Environmental Products Company		
			Apr. 2020	Director of the Company; Senior Managing Executive Officer of the Company; President of Urban Infrastructure & Environmental Products Company [incumbent]		

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Director of the Company; Senior Managing Executive Officer of the Company; President of Housing Company	Masahide Yoshida	July 9, 1966	Apr. 1989	Joined the Company	(Note 3)	24
			Apr. 2017	Executive Officer of the Company; President of Sekisui Heim Chubu Co., Ltd.		
			Jan. 2020	Executive Officer of the Company; Head of Housing Sales Management Division of Housing Company; President of Tokyo Sekisui Heim Co., Ltd.		
			Apr. 2020	Executive Officer of the Company; Head of the Housing Business Division of Housing Company; President of Tokyo Sekisui Heim Co., Ltd.		
			Apr. 2022	Managing Executive Officer of the Company; Head of the Housing Business Division of Housing Company; President of Tokyo Sekisui Heim Co., Ltd.		
			Apr. 2023	Managing Executive Officer of the Company; Head of East Japan Sales Management Division of Housing Company; President of Tokyo Sekisui Heim Co., Ltd.		
			Jan. 2024	Managing Executive Officer of the Company; President of Housing Company; Head of East Japan Sales Management Division of Housing Company; President of Tokyo Sekisui Heim Co., Ltd.		
			Mar. 2024	Managing Executive Officer of the Company; President of Housing Company; Head of East Japan Sales Management Division of Housing Company		
			Apr. 2024	Managing Executive Officer of the Company; President of Housing Company		
			June 2024	Director of the Company; Managing Executive Officer of the Company; President of Housing Company		
			Apr. 2025	Director of the Company; Senior Managing Executive Officer of the Company; President of Housing Company [incumbent]		

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Director of the Company; Senior Managing Executive Officer of the Company; President of High Performance Plastics Company	Akira Asano	May 17, 1964	Apr. 1987 Joined the Company Apr. 2018 Executive Officer of the Company; Responsible for Automobiles & Transportation field; Head of Interlayer Film Division of High Performance Plastics Company Apr. 2020 Executive Officer of the Company; Chairman of the Board of SEKISUI AEROSPACE CORPORATION [incumbent] Jan. 2025 Managing Executive Officer of the Company; President of High Performance Plastics Company Director of SEKISUI FULLER CO., LTD. [incumbent] June 2025 Director of the Company; Managing Executive Officer of the Company; President of High Performance Plastics Company Apr. 2026 Director of the Company; Senior Managing Executive Officer of the Company; President of High Performance Plastics Company [incumbent]	(Note 3)	19
Director of the Company; Managing Executive Officer of the Company; Head of Human Resources Department	Kazuya Murakami	June 4, 1966	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 June 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]	(Note 3)	19
Director	Hiroshi Oeda	March 12, 1957	Apr. 1980 Joined Nisshin Flour Milling Inc. (currently Nisshin Seifun Group Inc.) June 2008 Executive Officer of Nisshin Seifun Group Inc. June 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. June 2017 Special Advisor of Nisshin Seifun Group Inc. [incumbent] President of Seifun Kaikan Inc. [resigned in 2022] Mar. 2018 Outside Director of EBARA CORPORATION June 2018 Director of the Company [incumbent] June 2019 President of Hitotsubashi University Koenkai [incumbent] Mar. 2022 Outside Director, Chairman of the Board of Directors of EBARA CORPORATION [incumbent] June 2023 Outside Director of Japan Post Holdings Co., Ltd. [incumbent]	(Note 3)	7

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Director	Haruko Nozaki	June 19, 1955	Apr. 1978	Joined Horiba Community Corporation	(Note 3)	–
			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]		
			July 2015	Chairman of Horiba, Ltd. Health Insurance Association [resigned in 2022]		
			June 2020	External Director of West Japan Railway Company [incumbent]		
			June 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]		
			June 2022	Director of the Company [incumbent]		

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Director	Miharu Koezuka	September 2, 1955	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 Sept. 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 June 2018 Outside Director of Japan Post Holdings Co., Ltd. [resigned in 2025] June 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] June 2022 Director of the Company [incumbent]	(Note 3)	4

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Director	Machiko Miyai	September 29, 1960	Apr. 1983	Joined Matsushita Electric Industrial Co., Ltd. (Panasonic Corporation from 2008; currently Panasonic Holdings Corporation)	(Note 3)	–
			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]		
			June 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]		
			June 2018	Director, Managing Operating Officer of Morinaga & Co., Ltd.		
			Feb. 2019	Chairman of Sustainability Forum Japan [incumbent]		
			Apr. 2022	Auditor of Ochanomizu University [incumbent]		
			June 2022	Director of the Company [incumbent]		
			Apr. 2024	Director of MORINAGA & CO., LTD. [resigned in 2024]		
			June 2024	Outside Director of ISUZU MOTORS LIMITED [incumbent]		

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Director	Yoshihiko Hatanaka	April 20, 1957	Apr. 1980	Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)	(Note 3)	1
			June 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.		
			June 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.		
			June 2011	Representative Director, President and CEO of Astellas Pharma Inc.		
			June 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]		
			June 2018	Vice Chair of the Board of Councillors, KEIDANREN (Japan Business Federation) [resigned in 2022]		
			June 2019	Outside Director of Sony Corporation (currently Sony Group Corporation) [resigned in 2025]		
			June 2020	Chairman of the Pharmaceutical Manufacturers' Association of Tokyo [resigned in 2022]		
			Mar. 2023	Outside Director of Shiseido Company, Limited [incumbent]		
			June 2023	Director of the Company [incumbent]		
Fulltime Audit & Supervisory Board Member	Tomoyasu Izugami	November 18, 1962	Apr. 1987	Joined the Company	(Note 5)	15
			Apr. 2016	Head of Device Materials Business Division of High Performance Plastics Company; President and Representative Director of Sekisui Nano Coat Technology Co., Ltd.		
			Apr. 2020	Head of Purchasing Division of High Performance Plastics Company		
			Apr. 2021	Head of Digital Transformation Division of High Performance Plastics Company		
			Mar. 2023	Assistant to the President of High Performance Plastics Company		
			June 2023	Fulltime Audit & Supervisory Board Member of the Company [incumbent]		

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Fulltime Audit & Supervisory Board Member	Michio Sakai	September 16, 1965	Apr. 1988 Mar. 2014 Jan. 2018 Apr. 2021 June 2025	Joined the Company Head of Administrative Management & Control Department of Housing Company Head of Overseas Business Promotion Department of Housing Company Head of Corporate Audit Department of the Company Fulltime Audit & Supervisory Board Member of the Company [incumbent]	(Note 6)	21
Audit & Supervisory Board Member	Yoshikazu Minomo	December 13, 1969	Apr. 1996 Jan. 2004 June 2022	Registered as an attorney at law Joined MIYAKE IMAI IKEDA LAW OFFICE Partner of MIYAKE IMAI IKEDA LAW OFFICE [incumbent] Audit & Supervisory Board Member of the Company [incumbent]	(Note 4)	–
Audit & Supervisory Board Member	Wakyu Shinmen	January 14, 1957	Oct. 1982 Mar. 1983 Aug. 1997 Oct. 2013 Sept. 2022 June 2023 June 2025	Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC) Registered as CPA Became a member (currently partner) of Deloitte Touche Tohmatsu LLC Head of Kansai Business Department, Auditing Division of Deloitte Touche Tohmatsu LLC [resigned in 2021] Established Shinmen Certified Public Accountant Office [incumbent] Audit & Supervisory Board Member of the Company [incumbent] Outside Corporate Auditor of TOYOBO Co., Ltd. Outside Director (Audit and Supervisory Committee Member) of TOYOBO Co., Ltd. [incumbent]	(Note 5)	–
Audit & Supervisory Board Member	Kenji Tanaka	April 14, 1957	May 2004 Apr. 2012 Apr. 2023 June 2023 Apr. 2026	Professor of Graduate School of Information System (currently Graduate School of Informatics and Engineering), University of Electro-Communications [resigned in 2023] Vice-president of University of Electro-Communications [resigned in 2014] Specially Appointed Professor and Vice Chair, Center for Industrial and Governmental Relations, University of Electro-Communications Audit & Supervisory Board Member of the Company [incumbent] Visiting Professor, Center for Industrial and Governmental Relations, University of Electro-Communications [incumbent]	(Note 5)	–
					Total	478

(Notes)
1. Directors Hiroshi Oeda, Haruko Nozaki, Miharu Koezuka, Machiko Miyai, and Yoshihiko Hatanaka are Outside Directors.
2. Audit & Supervisory Board Members Yoshikazu Minomo, Wakyu Shinmen, and Kenji Tanaka are Outside Audit & Supervisory Board Members.
3. One year from the conclusion of the Annual General Meeting of Shareholders held on June 20, 2025.
4. Four years from the conclusion of the Annual General Meeting of Shareholders held on June 22, 2022.
5. Four years from the conclusion of the Annual General Meeting of Shareholders held on June 22, 2023.
6. Four years from the conclusion of the Annual General Meeting of Shareholders held on June 20, 2025.

b. The agenda items (matters for resolution) for the Annual General Meeting of Shareholders scheduled to be held on June 19, 2026, include “Election of Nine (9) Directors” and “Election of One (1) Audit & Supervisory Board Member” and if the said resolutions are approved and adopted, the status of the Company’s officers is expected to be as follows.

List of officers

11 men, 3 women (Ratio of female directors (and other officers): 21%)

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Chairman of the Board	Keita Kato	January 11, 1958	Apr. 1980	Joined the Company	(Note 3)	100
			Apr. 2008	Executive Officer of the Company; Head of Interlayer Film Division of High Performance Plastics Company		
			July 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		
			June 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		
			July 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]		

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
President and Representative Director; Chief Executive Officer	Ikusuke Shimizu	December 12, 1964	Apr. 1987 Apr. 2015 Apr. 2016 Apr. 2018 Jan. 2019 Apr. 2019 June 2019 Apr. 2021 Jan. 2025 Apr. 2025 Mar. 2026	Joined the Company Executive Officer of the Company; Head of Foam Division of High Performance Plastics Company Executive Officer of the Company; Responsible for Automobiles & Electronics; Head of Foam Division of High Performance Plastics Company Executive Officer of the Company; Responsible for Electronics; Head of Foam Division of High Performance Plastics Company Managing Executive Officer of the Company; President of High Performance Plastics Company; Responsible for Electronics Director of SEKISUI FULLER CO., LTD. Managing Executive Officer of the Company; President of High Performance Plastics Company Director of the Company; Managing Executive Officer of the Company; President of High Performance Plastics Company Director of the Company; Senior Managing Executive Officer of the Company; President of High Performance Plastics Company Representative Director of the Company; Senior Managing Executive Officer; Responsible for ESG Management Department and New Business Development Department; Head of Business Strategy Department Representative Director of the Company; Senior Managing Executive Officer; Responsible for ESG Management Department, Corporate Communication Department, New Business Development Department, and Life Science Business Development Department; Head of Business Strategy Department President and Representative Director of the Company; Chief Executive Officer of the Company [incumbent]	(Note 3)	69

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Representative Director; Senior Managing Executive Officer; Responsible for ESG Management Department, Finance Department, Accounting Department, and New Business Development Department; Head of Business Strategy Department	Tatsuya Nishida	March 21, 1966	Apr. 1988	Joined the Company	(Note 3)	23
			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		
			June 2026	Representative Director of the Company; 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]		
Director of the Company; Managing Executive Officer of the Company; Head of Human Resources Department	Kazuya Murakami	June 4, 1966	Apr. 1989	Joined the Company	(Note 3)	19
			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		
			June 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]		

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Director	Hiroshi Oeda	March 12, 1957	Apr. 1980	Joined Nisshin Flour Milling Inc. (currently Nisshin Seifun Group Inc.)	(Note 3)	7
			June 2008	Executive Officer of Nisshin Seifun Group Inc.		
			June 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.		
			June 2017	Special Advisor of Nisshin Seifun Group Inc. [incumbent]		
				President of Seifun Kaikan Inc. [resigned in 2022]		
			Mar. 2018	Outside Director of EBARA CORPORATION		
			June 2018	Director of the Company [incumbent]		
			June 2019	President of Hitotsubashi University Koenkai [incumbent]		
			Mar. 2022	Outside Director, Chairman of the Board of Directors of EBARA CORPORATION [incumbent]		
			June 2023	Outside Director of Japan Post Holdings Co., Ltd. [incumbent]		
Director	Haruko Nozaki	June 19, 1955	Apr. 1978	Joined Horiba Community Corporation	(Note 3)	–
			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]		
			July 2015	Chairman of Horiba, Ltd. Health Insurance Association [resigned in 2022]		
			June 2020	External Director of West Japan Railway Company [incumbent]		
			June 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]		
			June 2022	Director of the Company [incumbent]		

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Director	Miharu Koezuka	September 2, 1955	Apr. 1979 May 2007 Mar. 2009 Feb. 2010 May 2013 Sept. 2013 Mar. 2014 May 2015 Mar. 2016 May 2016 June 2018 June 2019 Mar. 2020 June 2022	Joined Takashimaya Company, Limited Executive Officer, General Manager of Public and Investor Relations Office, Planning Headquarters of Takashimaya Company, Limited Senior Executive Officer, General Manager of Sales Planning Division of Takashimaya Company, Limited President (Representative Director) of Okayama Takashimaya Co., Ltd. Director of Takashimaya Company, Limited 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] Senior Managing Director (Representative Director), General Manager of Sales Headquarters of Takashimaya Company, Limited 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] Director of Takashimaya Company, Limited Consultant of Takashimaya Company, Limited Outside Director of Japan Post Holdings Co., Ltd. [resigned in 2025] Outside Director of Nankai Electric Railway Co., Ltd. (currently NANKAI Co., Ltd.) [incumbent] Counselor of Takashimaya Company, Limited [resigned in 2021] Outside Director of Nippon Paint Holdings Co., Ltd. [resigned in 2023] Director of the Company [incumbent]	(Note 3)	4

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Director	Machiko Miyai	September 29, 1960	Apr. 1983 Oct. 2001 Apr. 2005 Apr. 2006 Apr. 2011 Oct. 2012 Apr. 2014 June 2014 Dec. 2014 May 2015 Feb. 2016 June 2018 Feb. 2019 Apr. 2022 June 2022 Apr. 2024 June 2024	Joined Matsushita Electric Industrial Co., Ltd. (Panasonic Corporation from 2008; currently Panasonic Holdings Corporation) Director-General of Life Research Institute of Matsushita Electric Industrial Co., Ltd. Executive Director of Matsushita Electric Industrial Co., Ltd. Executive Director, General Manager of Cooking Equipment Business Unit of Matsushita Electric Industrial Co., Ltd. Executive Officer, Director of Environment Division of Panasonic Corporation Executive Officer, in charge of Lifestyle Research for New Markets, R&D Division of Panasonic Corporation Corporate Advisor of Panasonic Corporation [resigned in 2016] Outside Director of Morinaga & Co., Ltd. [resigned in 2018] Outside Director of Kato Sangyo Co., Ltd. [resigned in 2018] Outside Director of Yoshinoya Holdings Co., Ltd. [resigned in 2019] Commissioner of Personal Information Protection Commission, an external bureau of the Cabinet Office [resigned in 2021] Director, Managing Operating Officer of Morinaga & Co., Ltd. Chairman of Sustainability Forum Japan [incumbent] Auditor of Ochanomizu University [incumbent] Director of the Company [incumbent] Director of MORINAGA & CO., LTD. [resigned in 2024] Outside Director of ISUZU MOTORS LIMITED [incumbent]	(Note 3)	–

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Director	Yoshihiko Hatanaka	April 20, 1957	Apr. 1980	Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)	(Note 3)	1
			June 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.		
			June 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.		
			June 2011	Representative Director, President and CEO of Astellas Pharma Inc.		
			June 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]		
			June 2018	Vice Chair of the Board of Councillors, KEIDANREN (Japan Business Federation) [resigned in 2022]		
			June 2019	Outside Director of Sony Corporation (currently Sony Group Corporation) [resigned in 2025]		
			June 2020	Chairman of the Pharmaceutical Manufacturers' Association of Tokyo [resigned in 2022]		
			Mar. 2023	Outside Director of Shiseido Company, Limited [incumbent]		
			June 2023	Director of the Company [incumbent]		
Fulltime Audit & Supervisory Board Member	Tomoyasu Izugami	November 18, 1962	Apr. 1987	Joined the Company	(Note 4)	15
			Apr. 2016	Head of Device Materials Business Division of High Performance Plastics Company; President and Representative Director of Sekisui Nano Coat Technology Co., Ltd.		
			Apr. 2020	Head of Purchasing Division of High Performance Plastics Company		
			Apr. 2021	Head of Digital Transformation Division of High Performance Plastics Company		
			Mar. 2023	Assistant to the President of High Performance Plastics Company		
			June 2023	Fulltime Audit & Supervisory Board Member of the Company [incumbent]		

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Fulltime Audit & Supervisory Board Member	Michio Sakai	September 16, 1965	Apr. 1988 Mar. 2014 Jan. 2018 Apr. 2021 June 2025	Joined the Company Head of Administrative Management & Control Department of Housing Company Head of Overseas Business Promotion Department of Housing Company Head of Corporate Audit Department of the Company Fulltime Audit & Supervisory Board Member of the Company [incumbent]	(Note 5)	21
Audit & Supervisory Board Member	Yoshikazu Minomo	December 13, 1969	Apr. 1996 Jan. 2004 June 2022	Registered as an attorney at law Joined MIYAKE IMAI IKEDA LAW OFFICE Partner of MIYAKE IMAI IKEDA LAW OFFICE [incumbent] Audit & Supervisory Board Member of the Company [incumbent]	(Note 6)	–
Audit & Supervisory Board Member	Wakyu Shinmen	January 14, 1957	Oct. 1982 Mar. 1983 Aug. 1997 Oct. 2013 Sept. 2022 June 2023 June 2025	Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC) Registered as CPA Became a member (currently partner) of Deloitte Touche Tohmatsu LLC Head of Kansai Business Department, Auditing Division of Deloitte Touche Tohmatsu LLC [resigned in 2021] Established Shinmen Certified Public Accountant Office [incumbent] Audit & Supervisory Board Member of the Company [incumbent] Outside Corporate Auditor of TOYOBO Co., Ltd. Outside Director (Audit and Supervisory Committee Member) of TOYOBO Co., Ltd. [incumbent]	(Note 4)	–
Audit & Supervisory Board Member	Kenji Tanaka	April 14, 1957	May 2004 Apr. 2012 Apr. 2023 June 2023 Apr. 2026	Professor of Graduate School of Information System (currently Graduate School of Informatics and Engineering), University of Electro-Communications [resigned in 2023] Vice-president of University of Electro-Communications [resigned in 2014] Specially Appointed Professor and Vice Chair, Center for Industrial and Governmental Relations, University of Electro-Communications Audit & Supervisory Board Member of the Company [incumbent] Visiting Professor, Center for Industrial and Governmental Relations, University of Electro-Communications [incumbent]	(Note 4)	–
Total						259

(Notes)
1. Directors Hiroshi Oeda, Haruko Nozaki, Miharu Koezuka, Machiko Miyai, and Yoshihiko Hatanaka are Outside Directors.
2. Audit & Supervisory Board Members Yoshikazu Minomo, Wakyu Shinmen, and Kenji Tanaka are Outside Audit & Supervisory Board Members.
3. One year from the conclusion of the Annual General Meeting of Shareholders held on June 19, 2026.
4. Four years from the conclusion of the Annual General Meeting of Shareholders held on June 22, 2023.
5. Four years from the conclusion of the Annual General Meeting of Shareholders held on June 20, 2025.

6. Four years from the conclusion of the Annual General Meeting of Shareholders held on June 19, 2026.

Outside Directors and Outside Audit & Supervisory Board Members

Of the twelve Directors of the Company, five are Outside Directors, and of the five Audit & Supervisory Board Members, three are Outside Audit & Supervisory Board Members. (As of June 12, 2026)

There are no human, capital, or transaction relationships of interest between each individual and the Company.

We select multiple Outside Directors and Outside Audit & Supervisory Board Members in order for them to utilize their management experience and specialized knowledge with a background different from that of the Company to provide fair advice as well as supervision and audit services and contribute to improving the corporate value of the Group.

Outside Directors and Outside Audit & Supervisory Board Members, being provided with operational support by the headquarters in charge of internal control as required, can liaise with relevant units just as is done by other Directors and Audit & Supervisory Board Members.

- Outside Directors

Hiroshi Oeda

Since his appointment as Outside Director in June 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 thus elected Mr. Oeda as an Outside Director.

The Company has no transactions with Nisshin Seifun Group Inc., Ebara Corporation, Japan Post Holdings Co., Ltd., and Hitotsubashi University supporters' association where Mr. Hiroshi Oeda concurrently holds a position, so his independence as Outside Director is deemed to be sufficiently secured.

Haruko Nozaki

Since her appointment as Outside Director in June 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 thus elected Ms. Nozaki as an Outside Director.

The Company has no business transactions with West Japan Railway Company, where Ms. Nozaki concurrently holds a position. Transactions exist between Kyoto University, where she concurrently holds a position, and the Company, but the amount of such transactions in the most recent fiscal year was less than 1% of either ordinary profit of the said university or net sales of the Company, so her independence as Outside Director is deemed to be sufficiently secured.

Miharu Koezuka

Since her appointment as Outside Director in June 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 thus elected Ms. Koezuka as an Outside Director.

The Company has no transactions with NANKAI Co., Ltd. where Ms. Koezuka concurrently holds a position, so her independence as Outside Director is deemed to be sufficiently secured.

Machiko Miyai

Since her appointment as Outside Director in June 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 thus elected Ms. Miyai as an Outside Director.

The Company has no transactions with ISUZU MOTORS LIMITED, Sustainability Forum Japan, and Ochanomizu University where Ms. Miyai concurrently holds a position, so her independence as Outside Director is deemed to be sufficiently secured.

Yoshihiko Hatanaka

Since his appointment as Outside Director in June 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 thus elected Mr. Hatanaka as an Outside Director.

The Company has no transactions with Shiseido Company, Limited where Mr. Hatanaka concurrently holds a position, so his independence as Outside Director is deemed to be sufficiently secured.

To secure independence of its Outside Directors, the Company laid down an independence standard for them, stipulating that it shall not nominate as a candidate for Outside Director any person from among its major shareholders and personnel of its main business partners. Mr. Hiroshi Oeda, Ms. Haruko Nozaki, Ms. Miharu Koezuka, Ms. Machiko Miyai, and Mr. Yoshihiko Hatanaka are designated as Independent Officers under the provisions of the Tokyo Stock Exchange.

The Business Strategy Department, which is the secretariat to the Board of Directors, provides support to Outside Directors such as distributing in advance presentation documents for a Board of Directors meeting and providing prior briefing.

- Outside Audit & Supervisory Board Members

Yoshikazu Minomo

Mr. Yoshikazu Minomo as an attorney at law is equipped with a wealth of achievements and significant knowledge concerning overall corporate legal affairs such as business revitalization, corporate reorganization, mergers & acquisitions, compliance, and internal control. The Company has judged that Mr. Minomo can be expected to reflect such a proven record and insight in audits of the Company, check appropriateness of management judgment particularly from a perspective of compliance, and contribute to improving the Company’s social trust, and thus elected Mr. Minomo as an Outside Audit & Supervisory Board Member.

The Company has no transactions with Mr. Minomo and the firm where he currently holds a position, so his independence as Outside Audit & Supervisory Board Member is deemed to be sufficiently secured.

Wakyu Shinmen

Mr. Wakyu Shinmen has specialized knowledge and a wealth of auditing experience as a certified public accountant and is an appropriate person for the Group’s aim for sustainable improvement of corporate value. In addition, he has experience in management as a partner of a major auditing firm, and judging that he will appropriately perform his duties as an Outside Audit & Supervisory Board Member, the Company has appointed him as an Outside Audit & Supervisory Board Member.

The Company has no transactions with Mr. Shinmen and the firm where he currently holds a position, so his independence as Outside Audit & Supervisory Board Member is deemed to be sufficiently secured.

Kenji Tanaka

Mr. Kenji Tanaka has a high level of insight and extensive experience in quality control, system reliability and safety, and a track record of joint research with many companies, and in order to have this reflected in the Company’s auditing, the Company has appointed him as an Outside Audit & Supervisory Board Member.

The Company has no transactions with Mr. Tanaka and the firm where he currently holds a position, so his independence as Outside Audit & Supervisory Board Member is deemed to be sufficiently secured.

To secure independence of its Outside Audit & Supervisory Board Members, the Company laid down an independence standard for them, stipulating that it shall not nominate as a candidate for Outside Audit & Supervisory Board Member any person from among its major shareholders and personnel of its main business partners. Mr. Yoshikazu Minomo, Mr. Wakyu Shinmen, and Mr. Kenji Tanaka are designated as Independent Officers under the provisions of the Tokyo Stock Exchange.

We set up the Secretariat for Outside Audit & Supervisory Board Members, who are provided with operational support by units of headquarters as required. The Secretariat to the Audit & Supervisory Board, while distributing in advance presentation documents for a Board of Directors meeting and providing prior briefing, has built a platform in which Outside Audit & Supervisory Board Members can view important documents and interview unit heads.

Criteria for Independence of Outside Board Members

Sekisui Chemical Co., Ltd. (the "Company") believes Outside Directors and Outside Audit & Supervisory Board Members ("Outside Officers") should be independent in order to enhance management transparency and fairness important for its corporate governance.

The Company laid down the following independence standard for candidates for outside officers. If any of the requirements are not met, a candidate is judged to be not sufficiently independent for the Company.

(i) 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.
(ii) The candidate is not receiving compensation more than ¥10 million per year from the Group other than the compensation as an officer.
(iii) The candidate and the main company of the candidate(Note 1) is not a major shareholder(Note 2) of the Company.
(iv) The business of the main company of the candidate does not compete with the main business(es)(Note 3) of the Company.
(v) The main company of the candidate is not a major business partner(Note 4) of the Company.
(vi) The main company of the candidate is not a major lender of the Company.
(vii) 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.
(viii) None of the executive directors of the Company is concurrently serving as a director of the main company of the candidate.
(ix) The candidate is not a relative(Note 5) of any of the officers or employees of the Company and has not fallen under any of i through viii above.

(Note 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.
(Note 2) Major shareholder shall mean the top 10 shareholders of the Company.
(Note 3) Main business(es) of the Company shall mean business(es) disclosed as main business(es) of the Company on the business report of the Company.
(Note 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.
(Note 5) Relative shall mean the person's spouse, partner, relative within the second degree of kinship, or relative who lives with the person.

The Company adopted the Executive Officer System in order to clearly separate the function to supervise decision-making and business execution by the Board of Directors from the business execution function of Divisional Companies and vitalize the Board and boost its functions.

Shown below are the titles, names, and positions of Executive Officers of the Company (as of June 12, 2026; no changes are planned upon the conclusion of the Annual General Meeting of Shareholders scheduled to be held on June 19, 2026; in addition, the agenda item (matter for resolution) for such Annual General Meeting of Shareholders includes “Election of Nine (9) Directors,” and if the said resolution is approved and adopted, the following excludes Executive Officers who will concurrently serve as Directors).

Position		Name	Position
Housing Company	Senior Managing Executive Officer	Masahide Yoshida	President
	Managing Executive Officer	Kenji Yagi	Head of Town Development and Real Estate Management Division, President of SEKISUI HEIM REAL ESTATE CO., LTD.
	Executive Officer	Kenichi Tadokoro	Head of Technology & CS Division
	Executive Officer	Ken Miyashita	President of Sekisui Heim Kyushu Co., Ltd.
	Executive Officer	Jun Oda	Head of Sales Management Division, President of TOKYO SEKISUI HEIM CO., LTD.
	Executive Officer	Kiminori Sato	President of Sekisui Heim Industry Co., Ltd.
	Executive Officer	Akira Ikeda	Head of Business Strategy Department
	Executive Officer	Masanori Yoshioka	Head of Public Relations and Procurement
Urban Infrastructure & Environmental Products Company	Senior Managing Executive Officer	Yoshiyuki Hirai	President
	Executive Officer	Takeo Kishitani	Responsible for Pipe Systems field
	Executive Officer	Hiroki Okubo	Head of Management Planning Department
	Executive Officer	Toru Kurita	Head of Technology & CS Promotion Department
	Executive Officer	Masataka Uemura	Head of Pipeline Renewal Division
	Executive Officer	Katsumi Take	Head of General Institute
	Executive Officer	Shigeo Toyama	Head of the Fire Protection Materials Business
	Executive Officer	Akira Imagawa	President of SEKISUI AQUA SYSTEMS CO., LTD.
High Performance Plastics Company	Senior Managing Executive Officer	Akira Asano	President
	Executive Officer	Takashi Muramatsu	Responsible for Industrial Business field, Head of Industrial Business Strategy Department, President of SEKISUI MATERIAL SOLUTIONS CO., LTD.
	Executive Officer	Yoshiaki Tanaka	Responsible for Electronic field, Head of Electronic Business Strategy Department
	Executive Officer	Yoshio Aoshima	Responsible for Mobility field, Head of Mobility Business Strategy Department
	Executive Officer	Motoko Hirai	Head of Human Resources Development Division
	Executive Officer	Chikao Shimizu	President of SEKISUI POLYMATECH CO., LTD.
	Executive Officer	Ryosuke Kusaka	Head of Foam Division of High Performance Plastics Company
	Executive Officer	Hiroshi Suganami	Head of Corporate Planning Department and Administrative Management & Control Department
Headquarters	Executive Officer	Yoshiki Deguchi	Responsible for Digital Transformation Department, Head of Manufacturing Infrastructure Enhancement Center
	Executive Officer	Hiroyuki Yamashita	Responsible for Life Science Business Development Department, President & CEO of SEKISUI MEDICAL CO., LTD.
	Executive Officer	Naoko Fukutomi	Head of Legal Department
	Executive Officer	Yoshitaka Miyake	Head of PV Project, Director of SEKISUI SOLAR FILM CO., LTD.
	Executive Officer	Hisahiko Kashihara	Head of R&D Center
	Executive Officer	Naoya Nishimoto	Head of Corporate Communication Department

(3) Audit

(i) Audit by Audit & Supervisory Board Members

The Company's Audit & Supervisory Board consists of five members comprising two full-time Audit & Supervisory Board Members and three part-time Outside Audit & Supervisory Board Members. We have elected an attorney at law, a CPA, and a quality expert as Outside Audit & Supervisory Board Members. Mr. Wakyu Shinmen as a CPA is equipped with specialized knowledge in accounting in and outside Japan and a wealth of audit experience, and is well-versed in finance and accounting.

The Audit & Supervisory Board conducts audit in accordance with an audit policy and plan decided through consideration and deliberations done each fiscal year, based on an audit standard it laid down.

The Company held 15 meetings of the Audit & Supervisory Board during the fiscal year under review. Attendance by individual Audit & Supervisory Board Members is as follows:

Job title	Name	Attendance (attendance ratio)
Fulltime Audit & Supervisory Board Member	Hiroyuki Taketomo	4/4 (100%)
Fulltime Audit & Supervisory Board Member	Tomoyasu Izugami	15/15 (100%)
Fulltime Audit & Supervisory Board Member	Michio Sakai	11/11 (100%)
Outside Audit & Supervisory Board Member	Yoshikazu Minomo	15/15 (100%)
Outside Audit & Supervisory Board Member	Wakyu Shinmen	15/15 (100%)
Outside Audit & Supervisory Board Member	Kenji Tanaka	15/15 (100%)

(Note) At an Annual General Meeting of Shareholders held on June 20, 2025, Mr. Hiroyuki Taketomo retired as full-time Audit & Supervisory Board Member due to expiration of his term of office and Mr. Michio Sakai was elected as full-time Audit & Supervisory Member and took office.

Subjects considered by a meeting of the Audit & Supervisory Board are: i) the decision-making procedures for mergers & acquisitions and strategic investments, coupled with a subsequent follow-up; ii) verification and confirmation of execution of duties by Directors through checking of design and operation of internal control; and iii) checking of the method and result of an audit by the Accounting Auditor.

Audit & Supervisory Board Members attend 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 auditing related departments on site, 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 internal controls and related matters. 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. Audit & Supervisory Board Members seek to become more effective and efficient by engaging in close liaison through keenly exchanging information and opinions mutually while deliberating on individual subjects such as key audit matters (KAM). This is in addition to checking an audit plan with accounting audit firm KPMG AZSA LLC and receiving an audit result report. Audit & Supervisory Board Members identify internal problems by periodically exchanging opinions with the internal audit department while directly receiving reports from it on an audit policy as well as an audit plan and result. In addition, we hold three-way meetings involving the Accounting Auditor, the internal audit department, and the Audit & Supervisory Board Members to strengthen cooperation among the three auditors.

Furthermore, as an agenda item (matter for resolution) for the Annual General Meeting of Shareholders scheduled to be held on June 19, 2026, "Election of One (1) Audit & Supervisory Board Member" has been submitted, and even if the said resolution is approved and adopted, the Audit & Supervisory Board is expected to continue to consist of five members: two full-time Audit & Supervisory Board Members and three part-time Outside Audit & Supervisory Board Members.

(ii) Internal audit

The Company has in place the Corporate Audit Department (with 18 members) as an internal audit department. The internal audit department conducts an audit in accordance with the Internal Audit Policy, annual audit guidelines, and a written audit plan before reporting the audit result to the President and Representative Director, Directors responsible for business lines, relevant Directors, full-time Audit & Supervisory Board Members, and relevant departments. The internal audit department also reports its audit results to the Management Meeting on a regular basis, which is participated by inside Directors to discuss management issues. Additionally, the internal audit department obtains written answers on the audit result from audited departments and conducts a follow-up audit as required.

(iii) Accounting audit

a. Name of audit firm

KPMG AZSA LLC

b. Period of continued audit

4 years

c. CPAs who conducted the audit

Yoshihide Takehisa
Ken Tsukamoto
Hiroto Kawase

d. Breakdown of audit assistants

Assistants participating in the accounting audit of the Company consist of 22 CPAs, 13 assistants who have passed CPA examination, and 31 other assistants.

e. Policy on audit firm selection and the reason thereof

We believe that the audit firm is appropriate for reinforcing our audit platform given that the firm seeks to improve the quality of its audit while better understanding the Company's operations in addition to working to remain independent.

f. Audit firm evaluation by Audit & Supervisory Board Members and the Audit & Supervisory Board

Audit firm evaluation is conducted by Audit & Supervisory Board Members and the Audit & Supervisory Board. The Audit & Supervisory Board puts together accounting auditor evaluation criteria, which is done through exchanging opinions upon receiving reports on the audit firm's full-year activities and audit details.

(iv) Description of audit fees

a. Audit fees for CPAs

Category	Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026	
	Fee for audit certification service (millions of yen)	Fee for non-audit services (millions of yen)	Fee for audit certification service (millions of yen)	Fee for non-audit services (millions of yen)
Reporting company	188	1	188	3
Consolidated subsidiaries	106	–	91	–
Total	294	1	280	3

Description of non-audit services for which the Company and its consolidated subsidiaries pay fees to audit CPAs has been omitted here due to immateriality.

b. Fees for a network identical to audit CPAs (excluding "a")

Category	Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026	
	Fee for audit certification service (millions of yen)	Fee for non-audit services (millions of yen)	Fee for audit certification service (millions of yen)	Fee for non-audit services (millions of yen)
Reporting company	–	0	–	5
Consolidated subsidiaries	448	20	474	22
Total	448	20	474	27

Non-audit services for which the Company and consolidated subsidiaries of the Company pay fees to a network identical to audit CPAs consist mainly of tax-related services.

c. Description of fee for important audit certification service (millions of yen)

(Fiscal year ended March 31, 2025)

Not applicable

(Fiscal year ended March 31, 2026)

Not applicable

d. Policy on deciding audit fees

Fees the Company pays to audit CPAs are decided by consulting with the audit firm in light of the reasonableness of the number of auditing days and service description and upon obtaining approval of the Audit & Supervisory Board.

e. Reason for approval 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 and, in accordance with Article 399, Paragraph 1 of the Companies Act, consented to the amount of fee, etc. for the Accounting Auditor.

(4) Remuneration, etc. for Directors (and other officers)

(i) Matters on policy regarding determination of the computation method for remuneration, etc. for Directors (and other officers)

<Basic policy>

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

- The remuneration system should contribute to sustainable growth and 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 which enables the Company to acquire and keep on staff a diverse variety of management talent in order to increase the competitiveness of the Group

<Remuneration mindset>

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

- Basic remuneration is paid in a certain amount corresponding to roles and responsibilities within a limit 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 stock price.
- Bonuses are paid if certain standard for ROE and dividend amounts is met. The amount 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 profit, ROIC, etc.) and non-financial indicators (environment, human capital, etc.) on a base amount linked to the company-wide operating profit amount.
- Share remuneration is an incentive plan in which the number of shares to be granted is specified by Director's responsibility in order to further motivate Directors to contribute to improving the Group's financial results and growing its corporate value in the medium to long term. The share granting plan is designed to more closely track the Group's medium- to long-term shareholder value due to being structured to give shares mirrored by share value at the time of the Director resigning as a reward for having contributed to improving the Group's corporate value in the medium to long term.
- Remuneration for Directors (and other officers) of the Company is decided in accordance with title and responsibilities. Remuneration for Directors is arranged in a manner that ensures that the higher a person is in position, the greater his/her performance-linked remuneration portion is. The responsibilities element reflects the business performance of the Divisional Company for which he/she is responsible.
- Basic remuneration and bonus that constitute cash compensation are paid periodically during the person's term of office with shares being granted to him/her in a lump sum at the time he/she resigns from the Company.

Shown below are targets and results of the performance-linked remuneration indicator for the fiscal year under review.

Category	Indicator	Evaluation weight	Targets	Results
Financial indicators	Company-wide and divisional company financial results (Operating profit)	18%	¥115.0 billion	¥106.4 billion
	EBITDA	12%	¥176.0 billion	¥164.6 billion
	Marginal profit per capita	4%	¥20.7 million	¥21.3 million
	ROIC	4%	8.6%	7.6%
	Sales growth rate	4%	105.1%	100.9%
	Sales of products to enhance sustainability (Total/Premium Framework)*1	8%	¥1,021.1 billion of which Premium Framework: ¥544.4 billion	¥1,015.6 billion of which Premium Framework: ¥546.0 billion
Non-financial indicators	GHG emission reduction rate*1	6%	Achieved	
	Waste plastic material recycling rate*1	4%	Achieved	
	Challenge action rate	5%	Not achieved	
	Employee retention rate	5%	Not achieved	
	Open innovation	4%	Achieved	
	Others (direct and indirect productivity, governance*2, divisional company-specific indicators)	26%	73.1% *3	

*1 Results for sales of products to enhance sustainability (Total/Premium Framework), GHG emission reduction rate, and waste plastic material recycling rate 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.

<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).
- Proposals to the meeting are 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 operating profit, divisional company performance, ROE, ROIC, non-financial indicators including environment and human capital, and dividends that motivate returns to shareholders.

The reason for selecting these indicators is that we believe that they function effectively as an incentive for the Directors of the Company to improve corporate value and achieve management plans, and 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.

<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. 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 yen in such compensation for a period of three years.

(ii) Total remuneration amounts by category of director (and other officer), total remuneration amounts by type of remuneration, and the number of Directors

Officer category	Total amount of remuneration by type (millions of yen)				Number of recipient directors (and other officers) (persons)
	Basic remuneration	Bonus	Share-based compensation	Total	
Directors (excluding Outside Directors)	346	312	109	769	8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	47	–	–	47	3
Outside Directors and Outside Audit & Supervisory Board Members	108	–	–	108	8

(Notes) 1. The amounts of remuneration for Directors do not include ¥48 million in employee salaries (including employee bonuses) paid to Directors concurrently serving as employees (one person).
2. 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.

(iii) Individual remunerations paid by the Group to Directors (or other officers) in an amount of at least ¥100 million

Name	Officer category	Category of company	Amount of remuneration by type (millions of yen)			Total amount of remuneration (millions of yen)
			Basic remuneration	Bonus	Share-based compensation	
Keita Kato	Director	Reporting company	82	56	25	164
Ikusuke Shimizu	Director	Reporting company	62	39	15	116
Teiji Koge	Director	Reporting company	60	41	20	121
Yoshiyuki Hirai	Director	Reporting company	48	38	15	101
Masahide Yoshida	Director	Reporting company	48	43	15	106

(5) Shareholdings

(i) Standard and thinking on investment stock category

Shares invested in mainly for the purpose of earning profit due to share price fluctuations and/or dividend on them are deemed by the Company to be pure-investment-purpose shares whereas shares held for some other purpose are deemed to be non-pure-investment-purpose shares.

As of March 31, 2026, the Company held no pure-investment-purpose shares.

(ii) Non-pure-investment-purpose shares

a. Method of verifying the reasonableness of holding policy and holding and verification by the Board of Directors as to whether it is appropriate to hold individual stocks

SEKISUI CHEMICAL Group strategically holds listed shares of other companies, to a limited extent, that are deemed to be important business partners if it judges such holdings to be beneficial and important for the purpose of boosting their corporate value and maximizing its own corporate value in the medium to long term. The 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.

As regards periodic review, Sekisui Chemical at a Board of Directors meeting conducts an assessment of the individual holdings annually to examine specific benefits from such shareholdings and their consistency with its risk-benefit evaluation of such individual holdings over the cost of capital and other factors, and discloses an outline of the examination.

<Overview of verification result>

At a Board of Directors meeting held in June 2026, we examined non-pure-investment-purpose shares and checked to see whether it was appropriate to hold them in accordance with the investment ratio, officer dispatch, transactions, partner relationship, and dividend income on a stock-by-stock basis under the basic policy described above.

The total number of shareholdings of listed companies was 16 as of March 31, 2026, compared with 23 holdings as of the end of March 2025 as a result of the disposition of seven holdings in fiscal 2025.

b. Stocks and their carrying amount in balance sheet

	Number of stocks (Issues)	Total carrying amount in the consolidated balance sheet (millions of yen)
Unlisted stocks	71	3,485
Stocks other than those not listed	16	62,663

(Stocks of which the number of shares increased in the fiscal year under review)

	Number of stocks (Issues)	Total acquisition cost for increased shares (millions of yen)	Reason for increase in number of shares
Unlisted stocks	2	539	Acquisition due to business collaboration, etc.

(Stocks of which the number of shares decreased in the fiscal year under review)

	Number of stocks (Issues)	Total sale amount for decreased shares (millions of yen)
Unlisted stocks	4	72
Stocks other than those not listed	7	16,942

(Note) A decrease of one unlisted stock is due to liquidation, and therefore no proceeds of sale are recorded.

c. Numbers of shares of specified investment stocks and deemed shareholdings as well as their carrying amount in balance sheet

Specified investment stocks

Stock	Fiscal year ended March 31, 2026 Number of shares (shares) Carrying amount in balance sheet (millions of yen)	Fiscal year ended March 31, 2025 Number of shares (shares) Carrying amount in balance sheet (millions of yen)	Purpose of shareholding, outline of business alliances, quantitative effects of shareholding, and reason for increase in number of shares	Holding of shares of the Company
Sekisui House, Ltd.	14,168,727 49,873	14,168,727 47,323	In addition to receiving dividends (¥2,026 million for the fiscal year under review for a dividend yield of 4.1%), the Company's holding of shares in Sekisui House, Ltd. is intended to enhance corporate value of both parties through partnership for joint development and supply of housing products.	Yes
Senko Group Holdings Co., Ltd.	3,393,000 6,092	3,393,000 5,116	In addition to receiving dividends (¥162 million for the fiscal year under review for a dividend yield of 2.7%), the Company's holding of shares in Senko Group Holdings Co., Ltd. is intended to enhance corporate value of both parties through partnership for logistics operations such as delivery and storage of products.	Yes
Sekisui Jushi Corporation	1,533,791 3,251	1,533,791 2,935	In addition to receiving dividends (¥108 million for the fiscal year under review for a dividend yield of 3.3%), the Company's holding of shares in Sekisui Jushi Corporation is intended to enhance corporate value of both parties through partnership for supply of synthetic resin products.	Yes
ERI Holdings Co., Ltd.	351,000 1,358	351,000 815	In addition to receiving dividends (¥29 million for the fiscal year under review for a dividend yield of 2.2%), the Company's holding of shares in ERI Holdings Co., Ltd. is intended to enhance corporate value of both parties through partnership for performance assessment and inspection of homes supply of electronic products.	No
Central Japan Railway Company	102,000 416	102,000 291	In addition to receiving dividends (¥3 million for the fiscal year under review for a dividend yield of 0.8%), the Company's holding of shares in Central Japan Railway Company is intended to enhance corporate value of both parties through partnership for development and supply of railway-related products.	No

Stock	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Purpose of shareholding, outline of business alliances, quantitative effects of shareholding, and reason for increase in number of shares	Holding of shares of the Company
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount in balance sheet (millions of yen)	Carrying amount in balance sheet (millions of yen)		
AGC Inc.	73,600	73,600	In addition to receiving dividends (¥15 million for the fiscal year under review for a dividend yield of 3.8%), the Company's holding of shares in AGC Inc. is intended to enhance corporate value of both parties through partnership for development and supply of double-glazed glass interlayer and procurement of home window glasses.	No
	404	334		
Nomura Micro Science Co., Ltd.	120,000	120,000	In addition to receiving dividends (¥9 million for the fiscal year under review for a dividend yield of 2.6%), the Company's holding of shares in Nomura Micro Science Co., Ltd. is intended to enhance corporate value of both parties through partnership for procurement of plant-related products.	No
	363	288		
Hashimoto Sogyo Holdings Ltd.	181,500	181,500	In addition to receiving dividends (¥8 million for the fiscal year under review for a dividend yield of 3.5%), the Company's holding of shares in Hashimoto Sogyo Holdings Ltd. is intended to enhance corporate value of both parties through partnership for sales of construction and civil engineering products.	Yes
	251	217		
Almetax Manufacturing Co., Ltd.	703,910	703,910	In addition to receiving dividends (¥5 million for the fiscal year under review for a dividend yield of 2.8%), the Company's holding of shares in Almetax Manufacturing Co., Ltd. is intended to enhance corporate value of both parties through partnership for supply and purchase of housing products.	Yes
	202	185		
East Japan Railway Company	44,700	44,700	In addition to receiving dividends (¥3 million for the fiscal year under review for a dividend yield of 1.9%), the Company's holding of shares in East Japan Railway Company is intended to enhance corporate value of both parties through partnership for development and supply of railway-related products.	No
	162	131		
Central Glass Co., Ltd.	26,200	26,200	In addition to receiving dividends (¥4 million for the fiscal year under review for a dividend yield of 4.3%), the Company's holding of shares in Central Glass Co., Ltd. is intended to enhance corporate value of both parties through partnership for supply of double-glazed glass interlayer and procurement of raw materials.	No
	103	85		

Stock	Fiscal year ended March 31, 2026 Number of shares (shares) Carrying amount in balance sheet (millions of yen)	Fiscal year ended March 31, 2025 Number of shares (shares) Carrying amount in balance sheet (millions of yen)	Purpose of shareholding, outline of business alliances, quantitative effects of shareholding, and reason for increase in number of shares	Holding of shares of the Company
Kuwazawa Holdings Corporation	124,014	124,014	In addition to receiving dividends (¥2 million for the fiscal year under review for a dividend yield of 3.1%), the Company's holding of shares in Kuwazawa Holdings Corporation is intended to enhance corporate value of both parties through partnership for sales of construction and civil engineering products.	No
	71	70		
Zeon Corporation	25,000	25,000	In addition to receiving dividends (¥1 million for the fiscal year under review for a dividend yield of 4.0%), the Company's holding of shares in Zeon Corporation is intended to enhance corporate value of both parties through partnership for procurement of raw materials.	Yes
	43	37		
EPCO Co., Ltd.	40,000	40,000	In addition to receiving dividends (¥1 million for the fiscal year under review for a dividend yield of 4.4%), the Company's holding of shares in EPCO Co., Ltd. is intended to enhance corporate value of both parties through partnership that includes assistance in plumbing design during sales of home water supply-drainage products.	No
	31	28		
LanzaTech Global, INC.	9,676	967,621	The Company's holding of shares in LanzaTech Global, INC. is intended to enhance corporate value of both parties through partnership for bio-refinery-related products. A decrease in the number of shares is due to stock split.	No
	24	35		
Gauzy Ltd.	94,866	94,866	The Company's holding of shares in Gauzy Ltd. is intended to enhance corporate value of both parties through partnership for smart glass products.	No
	11	113		
Dexerials Corporation	–	3,780,000	The Company's holding of shares in Dexerials Corporation is intended to enhance corporate value of both parties through partnership for distribution of electronic related products.	No
	–	6,862		
Mitsubishi UFJ Financial Group	–	1,637,600	The Company's holding of shares in Mitsubishi UFJ Financial Group is intended to enhance corporate value of both parties through partnership for funding and investment.	Yes
	–	3,293		
Asahi Kasei Corp.	–	1,716,754	The Company's holding of shares in Asahi Kasei Corp. is intended to enhance corporate value of both parties through partnership for distribution of housing related products and procurement of raw materials.	No
	–	1,797		

Stock	Fiscal year ended March 31, 2026 Number of shares (shares) Carrying amount in balance sheet (millions of yen)	Fiscal year ended March 31, 2025 Number of shares (shares) Carrying amount in balance sheet (millions of yen)	Purpose of shareholding, outline of business alliances, quantitative effects of shareholding, and reason for increase in number of shares	Holding of shares of the Company
Resona Holdings, Inc.	– –	268,525 345	The Company's holding of shares in Resona Holdings, Inc. is intended to enhance corporate value of both parties through partnership for funding and investment.	Yes
Sumitomo Mitsui Financial Group, Inc.	– –	34,068 129	The Company's holding of shares in Sumitomo Mitsui Financial Group, Inc. is intended to enhance corporate value of both parties through partnership for funding and investment.	Yes
Shimojima Co., Ltd.	– –	37,440 46	The Company's holding of shares in Shimojima Co., Ltd. is intended to enhance corporate value of both parties through partnership for sales of functional tape products.	Yes
Mizuho Financial Group, Inc.	– –	2,978 12	The Company's holding of shares in Mizuho Financial Group, Inc. is intended to enhance corporate value of both parties through partnership for funding and investment.	Yes

(Note) Dividend yield is determined by dividing dividend income for the fiscal year under review by carrying amount on balance sheet (while subtracting from the dividend income a dividend amount for discrepancy shares if, due to a partial share sale in the year, there is any difference between the number of shares on a dividend right allotment date for dividend received in the fiscal year and the number of shares at the end of the fiscal year).

5. Employees, etc.

(1) Basic policy on human resources strategies, etc.

(i) Human resources strategies linked to corporate strategy

The Group regards the “active contribution of outstanding human resources” as one of its material issues for achieving the doubling of its business scale set forth in the long-term vision “Vision 2030,” and for generating results from investments and continuing to strengthen earnings power under the Medium-term Management Plan “Accelerate 2028.”

Strategic human resource development and individual employee growth are closely linked to business strengthening. To evolve into an enterprise that continues to be chosen by employees and society, the Group promotes its human resources strategies of “refining a culture of challenge,” “deepening the right talent in the right position,” and “proactive diversity,” while actively investing in human capital.

(ii) Policy on deciding employee salaries, etc.

To enhance employee motivation and secure and retain talented human resources, salaries are determined taking into account external benchmarks, industry trends, financial results, and medium- to long-term productivity improvements, among other factors.

Salaries are determined based on each employee’s role and the results achieved through taking on challenges. At the same time, efforts are made to ensure fairness and transparency, and the salary system is administered as a mechanism that encourages each employee to take on challenges.

In addition, revisions to wages are made through discussions with the labor union, and wage increases centered on base pay raises have been implemented for four consecutive years since fiscal 2023. In fiscal 2026, including base pay raises, wages increased by more than 4% on average on a non-consolidated basis for the reporting company (more than 5% on average for union members).

Through these initiatives, the Group aims to improve engagement and productivity, thereby realizing sustainable growth and enhancing corporate value.

(2) Employees

(i) Information about consolidated companies

As of March 31, 2026

Segment name	Number of employees (persons)
Housing	10,481
Urban Infrastructure & Environmental Products	4,731
High Performance Plastics	8,304
Medical	2,097
Reportable segment total	25,613
Other	668
Corporate (common)	471
Total	26,752

(Notes) 1. The number of employees is the number of workers (excluding people seconded from the Group to companies other than the Group and including people seconded from companies other than the Group to the Group).

2. The number of employees for the “Corporate (common)” item is the number of people working at an administrative department, etc. that does not belong to any of the reportable segments.

(ii) Information about reporting company

As of March 31, 2026

Number of employees (persons)	Average age (years)	Average length of service (years)	Average annual salary (yen)	Year-on-year change in average annual salary (%)
3,156	44.2	15.9	9,462,708	1.2

Segment name	Number of employees (persons)
Housing	324
Urban Infrastructure & Environmental Products	989
High Performance Plastics	1,135
Medical	–
Reportable segment total	2,448
Other	311
Corporate (common)	397
Total	3,156

(Notes) 1. The number of employees is the number of workers (excluding people seconded from the Company to other companies and including people seconded from other companies to the Company).
2. The average annual salary includes bonuses and extra wages.
3. The number of employees for the "Corporate (common)" item is the number of people working at an administrative department, etc. that does not belong to any of the reportable segments.

(iii) Information about labor union

The labor union organized by the Group's employees has 5,755 members.

There are no special remarks about labor-management relations.

(iv) Proportion of women in managerial positions, rate of childcare leave taken by men, and difference in wage amounts between men and women

a. Reporting company

Fiscal year ended March 31, 2026				
Proportion of women in managerial positions (%) (Note 1)	Rate of childcare leave taken by men (%) (Note 2)	Difference in wage amounts between men and women (%) (Notes 1, 3)		
		All employees	Full-time employees	Part-time or fixed-term employees
5.7	93.3	71.8	71.8	107.4

(Notes) 1. The percentage is calculated in accordance with the provision of Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
2. The rate calculated refers to a rate of childcare leave, etc. taken as stipulated in Article 71-6, paragraph (1) of Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), in accordance with the provision of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
3. The gaps in wages are not due to the personnel system but due to the composition of workers' qualification (including ages and certification).

b. Consolidated subsidiaries

a) Proportion of women in managerial positions

Fiscal year ended March 31, 2026	
Name	Proportion of women in managerial positions (%) (Notes 1, 2)
Sekisui Medical Co., Ltd.	15.5
Sekisui Heim Industry Co., Ltd.	2.0
Tokyo Sekisui Heim Co., Ltd.	7.5
Tokyo Sekisui Fami S Co., Ltd.	6.3
Sekisui Heim Kyushu Co., Ltd.	5.5
Sekisui Heim Kinki Co., Ltd.	4.2
Sekisui Heim Chubu Co., Ltd.	3.1
Sekisui Fami S Kinki Co., Ltd.	1.3

Fiscal year ended March 31, 2026	
Name	Proportion of women in managerial positions (%) (Notes 1, 2)
Nippon Insiek Co., Ltd.	4.9
Sekisui Fami S Kyushu Co., Ltd.	3.2
Sekisui Fami S Chubu Co., Ltd.	1.1
Sekisui Heim Tohoku Co., Ltd.	7.4
Sekisui Heim Chushikoku Co., Ltd.	4.4
Sekisui Minakuchi Kako Co., Ltd.	0.0
Sekisui Hometechno Co., Ltd.	4.3
Tochigi Sekisui Heim Co., Ltd.	6.0
Gunma Sekisui Heim Co., Ltd.	10.3
Sekisui Heim Shinetsu Co., Ltd.	10.3
Sekisui Heim Real Estate Co., Ltd.	7.3
Sekisui Musashi Kako Co., Ltd.	0.0
Hokkaido Sekisui Heim Co., Ltd.	6.7
Sekisui Fami S Tohoku Co., Ltd.	3.8
Sekisui Seikei Co., Ltd.	0.0
Sekisui Fami S Chushikoku Co., Ltd.	0.0
Sekisui Material Solutions Co., Ltd.	5.2
Nishi Nihon Sekisui Industry Co., Ltd.	0.0
Sekisui Aqua Systems Co., Ltd.	1.2
Sekisui Taga Chemical Industry Co., Ltd.	0.0
Sekisui Techno Molding Co., Ltd.	0.0
Hokkaido Sekisui Fami S Co., Ltd.	7.1
Sekisui Fuller Co., Ltd.	5.7
Chushikoku Sekisui Heim Industry Co., Ltd.	0.0
Sekisui Polymatech Co., Ltd.	5.6
Sekisui Fami S Shinetsu Co., Ltd.	11.1
Tohoku Sekisui Heim Industry Co., Ltd.	0.0
Tokuyama Sekisui Co., Ltd.	11.8
Higashi Nihon Sekisui Industry Co., Ltd.	0.0
Higashinihon Sekisui Shoji Co., Ltd.	2.3
Kyushu Sekisui Heim Industry Co., Ltd.	5.6
Sekisui Soflan Wiz Co., Ltd.	4.5
Toto Sekisui Co., Ltd.	0.0
Sekisui Chemical Hokkaido Co., Ltd.	3.7
Yamanashi Sekisui Co., Ltd.	0.0
Kyushu Sekisui Shoji Infratec Co., Ltd.,	2.9
Nara Sekisui Industry Co., Ltd.	0.0

(Notes) 1. The percentage is calculated in accordance with the provision of Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

2. Eligible companies are domestic consolidated subsidiaries with 101 or more full-time employees.

b) Rate of childcare leave taken by men and difference in wage amounts between men and women

Fiscal year ended March 31, 2026				
Name	Rate of childcare leave taken by men (%) (Notes 2, 3)	Difference in wage amounts between men and women (%) (Notes 1, 3, 4)		
		All employees	Full-time employees	Part-time or fixed-term employees
Sekisui Medical Co., Ltd.	74.1	63.6	75.5	53.0
Sekisui Heim Industry Co., Ltd.	50.0	73.7	73.4	96.8
Tokyo Sekisui Heim Co., Ltd.	66.7	64.0	66.2	40.7
Tokyo Sekisui Fami S Co., Ltd.	50.0	64.6	69.4	49.9
Sekisui Heim Kyushu Co., Ltd.	73.3	55.4	60.6	35.4
Sekisui Heim Kinki Co., Ltd.	25.0	65.1	66.5	35.0
Sekisui Heim Chubu Co., Ltd.	33.3	50.2	51.3	31.3
Sekisui Fami S Kinki Co., Ltd.	25.0	53.1	60.6	54.7
Nippon Insiek Co., Ltd.	100.0	67.3	67.3	62.6
Sekisui Fami S Kyushu Co., Ltd.	100.0	66.4	67.7	65.5
Sekisui Fami S Chubu Co., Ltd.	75.0	59.2	59.6	68.8
Sekisui Heim Tohoku Co., Ltd.	100.0	66.5	66.9	20.8
Sekisui Heim Chushikoku Co., Ltd.	50.0	54.8	58.4	34.2
Sekisui Minakuchi Kako Co., Ltd.	78.6	76.8	77.3	101.7

Fiscal year ended March 31, 2026				
Name	Rate of childcare leave taken by men (%) (Notes 2, 3)	Difference in wage amounts between men and women (%) (Notes 1, 3, 4)		
		All employees	Full-time employees	Part-time or fixed-term employees
Sekisui Hometechno Co., Ltd.	50.0	61.8	64.2	98.7
Tochigi Sekisui Heim Co., Ltd.	0.0	58.1	63.4	28.0
Gunma Sekisui Heim Co., Ltd.	33.3	61.9	63.8	33.0
Sekisui Heim Shinetsu Co., Ltd.	37.5	63.3	63.5	46.3
Sekisui Heim Real Estate Co., Ltd.	200.0	60.7	60.7	81.7
Sekisui Musashi Kako Co., Ltd.	100.0	75.5	76.2	86.5
Hokkaido Sekisui Heim Co., Ltd.	80.0	65.1	70.1	24.5

(Notes) 1. The percentage is calculated in accordance with the provision of Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

2. The rate calculated refers to a rate of childcare leave, etc. taken as stipulated in Article 71-6, paragraph (1) of Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), in accordance with the provision of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

3. Eligible companies are domestic consolidated subsidiaries with 301 or more full-time employees.

4. The gaps in wages are not due to the personnel system but due to the composition of workers' qualification (including ages and certification).

V. Financial Information

1. Methods of preparing consolidated and non-consolidated financial statements

(1) Consolidated financial statements of the Company are prepared based on the Regulation on Terminology, Forms, and Methods of Preparing Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).

(2) Non-consolidated financial statements of the Company are prepared based on the Regulation on Terminology, Forms, and Methods of Preparing Financial Statements (Ministry of Finance Order No. 59 of 1963, “Regulation on Financial Statements”).

In addition, the Company falls under a special company submitting financial statements, and prepares its non-consolidated financial statements pursuant to Article 127 of the Regulation on Financial Statements.

2. Note on independent audit

Based on the provisions in Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, the consolidated financial statements for the fiscal year (from April 1, 2025 to March 31, 2026) and non-consolidated financial statements for the fiscal year (from April 1, 2025 to March 31, 2026) of the Company have been audited by KPMG AZSA LLC.

3. Remarkable efforts to ensure fair presentation of consolidated financial statements, etc.

The Company makes remarkable efforts to ensure fair presentation of consolidated financial statements, etc. Specifically, the Company has joined the Financial Accounting Standards Foundation in order to establish a system to correctly understand the details of accounting standards, etc. or appropriately respond to changes in accounting standards, etc.

1. Consolidated financial statements and other information

(1) Consolidated financial statements

(i) Consolidated balance sheets

(Millions of yen)

		As of March 31, 2025		As of March 31, 2026
Assets				
Current assets				
Cash and deposits		142,586		97,192
Notes receivable - trade	*1	37,820	*1	35,411
Accounts receivable - trade	*1	167,960	*1	178,080
Contract assets		1,758		517
Merchandise and finished goods		110,721		124,970
Land for sale in lots		69,187	*4	86,144
Work in process		72,006		75,294
Raw materials and supplies		61,903		67,508
Advance payments to suppliers		5,274		17,594
Prepaid expenses		7,389		7,475
Short-term loans receivable		714		664
Other		26,465		31,408
Allowance for doubtful accounts		(686)		(564)
Total current assets		703,104		721,698
Non-current assets				
Property, plant and equipment				
Buildings and structures, net	*4	121,784	*4	130,368
Machinery, equipment and vehicles, net		113,941		121,958
Land		86,517		91,306
Leased assets, net		21,294		21,826
Construction in progress		46,085		81,999
Other, net	*4	14,245	*4	15,093
Total property, plant and equipment	*2	403,870	*2	462,551
Intangible assets				
Goodwill		6,874		7,253
Software		16,915		31,348
Leased assets		64		61
Other		35,276		18,905
Total intangible assets		59,131		57,567
Investments and other assets				
Investment securities	*3	105,102	*3	101,597
Long-term loans receivable		923		1,041
Long-term prepaid expenses		1,757		2,867
Retirement benefit asset		35,575		56,739
Deferred tax assets		4,855		7,808
Other		17,179		17,012
Allowance for doubtful accounts		(714)		(950)
Total investments and other assets		164,679		186,115
Total non-current assets		627,681		706,235
Total assets		1,330,786		1,427,933

(Millions of yen)

		As of March 31, 2025		As of March 31, 2026
Liabilities				
Current liabilities				
Notes payable - trade		413		360
Electronically recorded obligations - operating		15,782		13,498
Accounts payable - trade		107,356		107,514
Short-term borrowings	*4	2,340	*4	20,001
Current portion of bonds payable		–		10,182
Lease liabilities		5,422		5,759
Accrued expenses		44,254		43,306
Income taxes payable		16,870		17,942
Provision for bonuses		22,219		21,914
Provision for bonuses for directors (and other officers)		488		511
Provision for warranties for completed construction		2,209		1,500
Provision for share awards		108		139
Advances received	*6	69,557	*6	68,013
Other		52,977		77,940
Total current liabilities		340,002		388,584
Non-current liabilities				
Bonds payable		40,000		50,000
Long-term borrowings	*4	46,042	*4	41,179
Lease liabilities		17,025		17,662
Deferred tax liabilities		1,524		1,346
Retirement benefit liability	*7	42,824	*7	39,631
Provision for share awards		1,154		1,301
Other		6,845		7,100
Total non-current liabilities		155,417		158,222
Total liabilities		495,420		546,807
Net assets				
Shareholders' equity				
Share capital		100,002		100,002
Capital surplus		105,068		105,257
Retained earnings		544,799		558,200
Treasury shares		(50,082)		(58,681)
Total shareholders' equity		699,787		704,779
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		36,889		33,214
Deferred gains or losses on hedges		(0)		0
Revaluation reserve for land	*8	319	*8	310
Foreign currency translation adjustment		62,160		92,031
Remeasurements of defined benefit plans		8,190		20,853
Total accumulated other comprehensive income		107,560		146,410
Non-controlling interests		28,018		29,935
Total net assets		835,366		881,125
Total liabilities and net assets		1,330,786		1,427,933

(ii) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

		Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026
Net sales	*1	1,297,754	*1	1,309,281
Cost of sales		877,147		885,102
Gross profit		420,606		424,178
Selling, general and administrative expenses	*2	312,655	*2	317,701
Operating profit		107,951		106,477
Non-operating income				
Interest income		2,149		2,057
Dividend income		3,245		3,451
Share of profit of entities accounted for using equity method		–		2,442
Subsidy income		2,423		790
Foreign exchange gains		–		4,749
Miscellaneous income		2,864		3,034
Total non-operating income		10,683		16,525
Non-operating expenses				
Interest expenses		1,038		1,442
Share of loss of entities accounted for using equity method		1,092		–
Loss on tax purpose reduction entry of non-current assets		1,926		659
Foreign exchange losses		411		–
Miscellaneous expenses		3,206		3,684
Total non-operating expenses		7,676		5,787
Ordinary profit		110,958		117,215
Extraordinary income				
Gain on sale of investment securities		14,567		14,747
Gain on sale of non-current assets		–		150
Gain on bargain purchase		–		50
Total extraordinary income		14,567		14,948
Extraordinary losses				
Impairment losses	*3	2,788	*3	23,302
Loss on sale and retirement of non-current assets	*4	2,251	*4	2,733
Loss on valuation of investment securities		512		1,104
Total extraordinary losses		5,552		27,140
Profit before income taxes		119,973		105,023
Income taxes - current		33,275		35,341
Income taxes - deferred		2,591		(7,669)
Total income taxes		35,867		27,671
Profit		84,106		77,351
Profit attributable to non-controlling interests		2,181		2,177
Profit attributable to owners of parent		81,925		75,174

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	84,106	77,351
Other comprehensive income		
Valuation difference on available-for-sale securities	(14,185)	(3,408)
Deferred gains or losses on hedges	15	0
Foreign currency translation adjustment	(6,216)	31,001
Remeasurements of defined benefit plans, net of tax	(3,163)	12,586
Share of other comprehensive income of entities accounted for using equity method	(82)	(332)
Total other comprehensive income	* (23,632)	* 39,848
Comprehensive income	60,474	117,200
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	59,045	114,024
Comprehensive income attributable to non-controlling interests	1,428	3,175

(iii) Consolidated statement of changes in equity

FY2024 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100,002	108,621	501,945	(48,679)	661,889
Changes during period					
Dividends of surplus			(31,964)		(31,964)
Profit attributable to owners of parent			81,925		81,925
Increase and decrease in retained earnings resulting from inclusion of subsidiaries in consolidation			133		133
Cancellation of treasury shares		(7,239)		7,239	–
Purchase of treasury shares				(8,922)	(8,922)
Disposal of treasury shares		0		279	279
Transfer from retained earnings to capital surplus		7,239	(7,239)		–
Change in ownership interest of parent due to transactions with non-controlling interests		(3,553)			(3,553)
Net changes in items other than shareholders' equity					–
Total changes during period	–	(3,553)	42,854	(1,402)	37,898
Balance at end of period	100,002	105,068	544,799	(50,082)	699,787

	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	51,197	(15)	320	67,826	11,111	130,440	28,595	820,925
Changes during period								
Dividends of surplus								(31,964)
Profit attributable to owners of parent								81,925
Increase and decrease in retained earnings resulting from inclusion of subsidiaries in consolidation								133
Cancellation of treasury shares								–
Purchase of treasury shares								(8,922)
Disposal of treasury shares								279
Transfer from retained earnings to capital surplus								–
Change in ownership interest of parent due to transactions with non-controlling interests								(3,553)
Net changes in items other than shareholders' equity	(14,307)	15	(0)	(5,666)	(2,920)	(22,879)	(577)	(23,456)
Total changes during period	(14,307)	15	(0)	(5,666)	(2,920)	(22,879)	(577)	14,441
Balance at end of period	36,889	(0)	319	62,160	8,190	107,560	28,018	835,366

FY2025 (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 inclusion 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 inclusion 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

(iv) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	119,973	105,023
Depreciation	52,361	56,872
Amortization of goodwill	1,395	1,252
Impairment losses	2,788	23,302
Loss on retirement of non-current assets	2,238	2,687
Loss (gain) on sale of non-current assets	12	(104)
Increase or decrease in retirement benefit asset and liability	(2,893)	(6,187)
Loss (gain) on sale of investment securities	(14,567)	(14,747)
Loss (gain) on valuation of investment securities	512	1,104
Interest and dividend income	(5,395)	(5,509)
Interest expenses	1,038	1,442
Share of loss (profit) of entities accounted for using equity method	1,092	(2,442)
Decrease (increase) in accounts receivable - trade, and contract assets	4,139	4,128
Decrease (increase) in inventories	(16,407)	(19,609)
Increase (decrease) in trade payables	4,342	(12,250)
Increase (decrease) in advances received	12,159	(3,000)
Other, net	(9,144)	(22,436)
Subtotal	153,645	109,527
Interest and dividends received	5,999	5,622
Interest paid	(1,003)	(1,569)
Income taxes refund	2,492	619
Income taxes paid	(41,902)	(35,898)
Net cash provided by (used in) operating activities	119,231	78,301
Cash flows from investing activities		
Purchase of property, plant and equipment	(58,104)	(100,781)
Proceeds from sale of property, plant and equipment	1,342	683
Payments into time deposits	(27,220)	(10,546)
Proceeds from withdrawal of time deposits	17,465	27,819
Purchase of investment securities	(1,363)	(2,795)
Proceeds from sale and redemption of investment securities	16,134	17,063
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(3,572)
Purchase of intangible assets	(12,213)	(12,806)
Decrease (increase) in short-term loans receivable	445	(4,801)
Subsidies received	1,979	21,489
Other, net	26	(856)
Net cash provided by (used in) investing activities	(61,508)	(69,103)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(86)	2,560
Repayments of lease liabilities	(5,724)	(6,004)
Proceeds from long-term borrowings	707	10,456
Repayments of long-term borrowings	(10,069)	(1,779)
Proceeds from issuance of bonds	–	19,939
Redemption of bonds	(30)	–
Dividends paid	(31,934)	(34,159)
Dividends paid to non-controlling interests	(1,001)	(1,418)
Proceeds from share issuance to non-controlling shareholders	–	406
Purchase of treasury shares	(8,922)	(36,413)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(4,291)	(275)
Other, net	153	142
Net cash provided by (used in) financing activities	(61,200)	(46,546)
Effect of exchange rate change on cash and cash equivalents	(2,054)	8,158
Net increase (decrease) in cash and cash equivalents	(5,531)	(29,190)
Cash and cash equivalents at beginning of period	126,367	120,895
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	60	738
Cash and cash equivalents at end of period	*1 120,895	*1 92,444

Notes to consolidated financial statements
(Basis of preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries 145

The names of major consolidated subsidiaries are omitted here, since they are presented in “4 Subsidiaries and associates” in “I. Overview of company.”

During the fiscal year under review, CREAST Inc. and Sekisui Plant (Thailand) Co., Ltd. were newly included in the scope of consolidation due to increased materiality, and Watanabe Transport Co., Ltd., Ben House Co., Ltd., and Architec Planning Co., Ltd. were newly included in the scope of consolidation due to the acquisition of their shares, making them consolidated subsidiaries.

PT Asia HD Limited, Sekisui Oasis Co., Ltd., AIM Aerospace Auburn, Inc., and AIM Aerospace Atlanta, Inc. were excluded from the scope of consolidation due to their liquidation. HealthyService Corporation was excluded from the scope of consolidation due to the sale of its shares.

(2) Names of major unconsolidated subsidiaries

Sekisui Heim Create Co., Ltd.

(Reasons for exclusion from the scope of consolidation)
Unconsolidated subsidiaries are excluded from the scope of consolidation, because any total amount in terms of their total assets, net sales and profit or loss (amount corresponding to the Company’s ownership interest) as well as retained earnings (amount corresponding to the Company’s ownership interest) and others does not significantly affect the consolidated financial statements.

2. Application of the equity method

(1) Number of entities accounted for using the equity method and names of major entities accounted for using the equity method

6 associates

Names of major companies

Sekisui Kasei Co., Ltd.

(2) Names of major entities not accounted for using the equity method

Unconsolidated subsidiaries not accounted for using the equity method (Sekisui Heim Create Co., Ltd., etc.) and associates not accounted for using the equity method (NTT Data Sekisui Systems Corporation, etc.) are excluded from the scope of application of the equity method. This is because they have only an immaterial effect on profit or loss (amount corresponding to the Company’s ownership interest) and retained earnings (amount corresponding to the Company’s ownership interest), and their effects have no significance as a whole.

3. Fiscal year of consolidated subsidiaries and entities accounted for using the equity method

The fiscal year-end of 12 overseas subsidiaries among consolidated subsidiaries is December 31. The preparation of consolidated financial statements is based on financial statements that were provisionally prepared as of March 31, which is the consolidated balance sheet date. The fiscal year-end of other consolidated subsidiaries and entities accounted for using the equity method is the same as the consolidated balance sheet date.

4. Accounting policies

(1) Valuation basis and methods for significant assets

(i) Securities
Held-to-maturity debt securities...Amortized cost method
Available-for-sale securities
Other than shares, etc. without market price
...Stated at fair value
(Valuation differences are mainly booked directly in a separate component of net assets, and cost of securities sold is determined by the moving average method)

Shares, etc. without market price

...Mainly stated at cost based on the moving average method

(ii) Derivatives...Stated at fair value

(iii) Inventories

Inventories held for regular sales

...Mainly stated at cost based on the gross average method

However, real estate for sale is stated at cost based on the specific identification method

(Balance sheet values are calculated by devaluating book values based on lowered profitability)

(2) Accounting methods for depreciation of significant depreciable assets

(i) Property, plant, and equipment (excluding leased assets)

The straight-line method is applied.

Major useful lives are as follows:

Buildings and structures 3 to 60 years

Machinery, equipment, and vehicles 4 to 17 years

(ii) Intangible assets (excluding leased assets)

The straight-line method is applied.

Software for internal use is amortized over its useful life as internally determined (mainly five years).

(iii) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

The straight-line method is applied assuming the lease period to be the useful life without residual value.

(3) Accounting policy for significant provisions

(i) Allowance for doubtful accounts...To prepare for credit losses on receivables, an estimated uncollectible amount is provided in the amount estimated either by using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(ii) Provision for bonuses...To provide for payment of employees' bonuses (including the employee bonus portion paid to Directors concurrently serving as employees), the estimated amount is provided mainly based on the payment amount immediately before the end of the fiscal year.

(4) Accounting methods for retirement benefits

(i) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year under review on a benefit formula basis.

(ii) Method of amortizing actuarial gains and losses and past service cost

Actuarial gains and losses are amortized using the straight-line method over a certain number of years (five years) within the average remaining service years of employees when incurred in each fiscal year, from the fiscal year following the accrual of each gain or loss.

Past service cost is amortized using the straight-line method over a certain number of years (five years) within the average remaining service years of employees when incurred.

(iii) Accounting for other costs

For the calculation of retirement benefit liabilities and retirement benefit expenses, certain consolidated subsidiaries apply the simplified method using a method that regards the amount to be paid for voluntary retirement at the end of the fiscal year related to retirement benefit as retirement benefit liabilities.

In addition, in order to provide for payment of retirement benefits for directors (and other officers) at consolidated subsidiaries, the amount calculated based on each company's internal rules is included in retirement benefit liabilities.

(5) Accounting policy for recognition of significant revenues and expenses

The following are the details of major performance obligations in the Group's major businesses and the regular points in time when the Group is to satisfy the said performance obligations (the regular points in time to recognize revenues). The Group received proceeds of sales-related transactions within one year from the time the Company has satisfied performance obligations, and therefore, no significant financial factors are included.

(i) Revenues related to sale of merchandise and finished goods

Sale of merchandise and finished goods, etc. mainly includes sale of land for sale in lots and ready-built houses, etc. in the Housing Business, sale of polyvinyl pipes, etc. in the Urban Infrastructure & Environmental Products Business, sale of interlayer films for laminated glass, etc. in the High Performance Plastics Business, and sale of clinical testing drugs, etc. in the Medical Business. For these sales of merchandise and finished goods, etc., it is determined that the customer obtains control over the applicable merchandise and finished goods, etc. and the performance obligations are satisfied at the time of delivery, and the revenue is recognized as of that point in time.

In domestic sales, if the length of time from shipment to transfer of control over merchandise, etc. to the customer is normal, the revenue is recognized at the time of shipment.

For sale of equipment in the Urban Infrastructure & Environmental Products Business, clinical testing devices in the Medical Business, and other items where the installation or acceptance inspection requires a significant length of time, it is determined that the customer obtains control over the applicable equipment, etc. and the performance obligations are satisfied at the time of the acceptance inspection, and the revenue is recognized at that point in time.

(ii) Revenues related to construction contracts

Construction contracts mainly include contracts for manufacture, construction, renovation, etc. of modular houses in the Housing Business, as well as to construct various industrial plants, etc. in the Urban Infrastructure & Environmental Products Business. Under the respective contracts, the Company is obligated to perform construction work and deliver to the customer. Under these construction contracts, as assets are created by the Group's performance of obligations, the customer controls those assets, which means that these performance obligations are satisfied over a certain length of time and according to the progress of construction under the contract. The revenue is, therefore, recognized based on the progress of construction. The progress towards satisfaction of performance obligations is estimated mainly by the input method based on incurred cost.

For construction contracts whose construction period is very short, however, the revenue is recognized at the time when performance obligations have been completely satisfied.

(iii) Revenues related to sale of services and others

Sale of services and others includes brokerage and agent commissions in the Housing Business, and maintenance services related to the residential services business, etc. and sale of merchandise and finished goods. The revenue is recognized at the time when the provision of services has been completed in the case that performance obligations are satisfied at a single point in time, and recognized as a fixed amount over the service provision period or according to the degree of progress in the case that performance obligations are satisfied over time.

(6) Accounting policy for translation of significant foreign currency assets or liabilities into Japanese yen

Monetary receivables and payables in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the balance sheet date, and translation differences are accounted for as profit or loss. Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rate prevailing as of the balance sheet date, and their revenue and expenses are translated into Japanese yen at the average exchange rate during the period. Translation differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

(7) Accounting methods for significant hedging

(i) Accounting methods for hedging

The deferral hedge accounting is mainly adopted. The *furiate-shori* (designated exceptional hedge accounting under the Japanese GAAP) is applied to forward exchange contracts and currency swaps that meet the requirements for the *furiate-shori*, and the exceptional accounting method is applied to interest rate swaps that meet the requirements for the exceptional accounting method.

(ii) Hedging instruments and hedged items

a) Interest rate fluctuation risks related to financing

Borrowings are used as hedged items, and interest rate swaps are used as hedging instruments.

b) Foreign currency exchange risks related to foreign currency assets and liabilities

Monetary receivables and payables related to purchase and sales in foreign currencies are used as hedged items, and forward exchange contracts are used as hedging instruments.

c) Risks arising from fluctuations in interest rates and foreign exchange rates related to financing in foreign currencies

Foreign currency borrowings are used as hedged items, and interest rate swaps and currency swaps are used as hedging instruments.

(iii) Policy for hedging

Derivative transactions are used only to appropriately manage and mitigate market risks that may be taken for transactions of financial instruments during the course of business.

(iv) Method of evaluating hedge effectiveness

Hedge effectiveness is evaluated by comparing aggregated cash flow fluctuations or exchange rate fluctuations of hedged items with aggregated cash flow fluctuations or exchange rate fluctuations of hedging instruments, and based on changes in both, etc. In the case of those subject to the *furiate-shori* or the exceptional accounting method, however, the evaluation of effectiveness is omitted.

(8) Amortization of goodwill

For amortization of goodwill, a period in which its effect will be realized is estimated reasonably, and goodwill is amortized in equal amounts over the number of years not exceeding 20 years. If the amount is immaterial, it is accounted for as gains or losses in the fiscal year in which the applicable goodwill arose.

(9) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows are comprised of cash in hand, demand deposits, and short-term investments with maturities of three months or less from the acquisition date that are readily convertible into cash and are exposed to only an insignificant risk of fluctuations in value.

(10) Other significant matters for preparing consolidated financial statements

(i) Accounting for non-deductible consumption taxes, etc. related to assets

Non-deductible consumption taxes and local consumption taxes related to assets are accounted for as period expenses for the fiscal year under review.

(ii) Application of the group tax sharing system

The Company and certain consolidated subsidiaries apply the group tax sharing system. Accordingly, regarding the treatment of accounting and disclosure of income taxes, local income taxes, and tax effect accounting, the Company complies with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021).

(Significant accounting estimates)

FY2024 (from April 1, 2024 to March 31, 2025)

1. Valuation of land for sale in lots

(1) Amount stated in the consolidated financial statements for the fiscal year under review

Land for sale in lots ¥69,187 million

(2) Information on the details of significant accounting estimates related to identified items

(i) Calculation method

For land for sale in lots held for selling houses, the acquisition cost is used as the consolidated balance sheet value, and if the net selling price at the end of the fiscal year is below the acquisition cost, the said amount is used as the consolidated balance sheet value. The net selling price is calculated based on the selling price for each property (in principle, the minimum publicly offered price). In addition, there are rules in place to systematically reduce the carrying amount according to the number of years that have elapsed since the start of sale.

(ii) Major assumptions

The major assumption used for valuation of land for sale in lots is the price of secondary distribution on the basis of subjective judgment based on a forecast or expectation of the management grounded on the market conditions of housing sales.

(iii) Effect on the consolidated financial statements for the next fiscal year

The price of secondary distribution may need to be revised as appropriate due to deteriorating market conditions of housing sales or poor sales. Any changes in major assumptions that are the basis of accounting estimates may cause losses in land for sale in lots.

FY2025 (from April 1, 2025 to March 31, 2026)

1. Valuation of land for sale in lots

(1) Amount stated in the consolidated financial statements for the fiscal year under review

Land for sale in lots ¥86,144 million

(2) Information on the details of significant accounting estimates related to identified items

(i) Calculation method

For land for sale in lots held for selling houses, the acquisition cost is used as the consolidated balance sheet value, and if the net selling price at the end of the fiscal year is below the acquisition cost, the said amount is used as the consolidated balance sheet value. The net selling price is calculated based on the selling price for each property (in principle, the minimum publicly offered price). In addition, there are rules in place to systematically reduce the carrying amount according to the number of years that have elapsed since the start of sale.

(ii) Major assumptions

The major assumption used for valuation of land for sale in lots is the price of secondary distribution on the basis of subjective judgment based on a forecast or expectation of the management grounded on the market conditions of housing sales.

(iii) Effect on the consolidated financial statements for the next fiscal year

The price of secondary distribution may need to be revised as appropriate due to deteriorating market conditions of housing sales or poor sales. Any changes in major assumptions that are the basis of accounting estimates may cause losses in land for sale in lots.

(Accounting standards issued but not yet applied)

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024, Accounting Standards Board of Japan (ASBJ))
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024, ASBJ), etc.

(1) Outline

As part of its efforts for ensuring that Japanese GAAP is consistent with international accounting standards, the ASBJ conducted a review, taking into consideration international accounting standards, toward the development of the Accounting Standard for Leases for recognizing assets and liabilities for all leases held by a lessee. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc., which were developed under a basic policy with the aim of being simple and highly convenient by incorporating only the key provisions of IFRS 16 instead of all the provisions, despite being based on the single accounting model of IFRS 16, while also making revisions basically unnecessary even when the provisions of IFRS 16 are applied for non-consolidated financial statements.

Regarding the method for allocating the lessee’s lease expenses in the lessee’s accounting treatment, a single accounting model is applied for recording the depreciation related to right-of-use assets and the amount equivalent to the interest on lease liabilities for all leases regardless of whether a lease is a finance lease or an operating lease. This is the same as under IFRS 16.

(2) Scheduled date of application

These accounting standards and relevant ASBJ regulations will be applied effective from the beginning of the fiscal year ending March 31, 2028.

(3) Effects of application of the accounting standards, etc.

The impact from the application of the “Accounting Standard for Leases,” etc. on the consolidated financial statements is currently under evaluation.

(Notes to consolidated balance sheet)

*1. The amounts of receivables that arose from contracts with customers in “Notes receivable - trade” and “Accounts receivable - trade” are as follows:

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Notes receivable - trade	37,820	35,411
Accounts receivable - trade	167,726	177,831

*2. Accumulated depreciation of property, plant, and equipment

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Accumulated depreciation of property, plant, and equipment	712,551	743,234

*3. “Investment securities” invested in unconsolidated subsidiaries and associates are as follows:

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Investment securities (shares)	27,223	30,751

*4. Assets pledged as collateral and secured liabilities

Assets pledged as collateral are as follows:

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Land for sale in lots	–	1,503
Buildings and structures	810	1,175
Other (property, plant, and equipment)	8	261
Total	818	2,940

Secured liabilities are as follows:

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Short-term borrowings	207	2,362
Long-term borrowings	13	134
Total	221	2,497

5. Guarantee obligations

The following liabilities are guaranteed:

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
(1) Guarantee obligations of housing loans for prefabricated modular housing purchasers	50,992	47,479
(2) Other guarantee obligations	2,785	2,564

*6. In advances received, the amount of contract liabilities is as follows:

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Contract liabilities	66,364	64,312

*7. The portion for directors and officers in retirement benefit liabilities is as follows:

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Portion for directors and officers in retirement benefit liabilities	1,092	1,206

*8. Sekisui Kasei Co., Ltd., which is an entity accounted for using the equity method, revaluates land for business use based on the Act on Revaluation of Land (Act No. 34 of March 31, 1998, and the partial amendment thereof, Act No. 19 of March 31, 2001), and accounts for its share of the revaluation difference as “Revaluation reserve for land” in net assets.

- Revaluation method...Revaluation is calculated by the method using assessed value for fixed asset tax as provided for in Article 2, item 3 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 of March 31, 1998).
- Date of revaluation...March 31, 2002

(Notes to consolidated statement of income)

*1. Revenue from contracts with customers

Net sales are not categorized into "Revenue from contracts with customers" or "Other revenue." The amount of "Revenue from contracts with customers" is stated in "1. Information on disaggregation of revenue from contracts with customers" in "1 Consolidated financial statements, Notes to consolidated financial statements, (Revenue recognition)."

*2. The major expense items and their amount in "Selling, general and administrative expenses" are as follows:

(Millions of yen)

	FY2024 (from April 1, 2024 to March 31, 2025)	FY2025 (from April 1, 2025 to March 31, 2026)
Freight costs, packing expenses, and storage fees	33,923	33,441
Employees' salaries, allowances, and bonuses	104,659	105,940
Provision for bonuses	13,811	12,992
Retirement benefit expenses	3,294	(273)
Depreciation	16,473	19,847
Provision of allowance for doubtful accounts	158	37
Research and development expenses	44,249	45,595

Research and development expenses only include general and administrative expenses.

*3. Impairment losses

The Group recorded impairment losses mainly for the following assets:

FY2024 (from April 1, 2024 to March 31, 2025)

Used for	Type	Location
Business assets	Goodwill and other (intangible assets)	United States
Business assets	Machinery, equipment, and vehicles, construction in progress, etc.	United States

The Group classifies assets or groups of assets by cash generating unit, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of other assets or groups of assets (for idle assets, by each property).

In so doing, the Group has written down the carrying amount of goodwill and intangible assets recorded upon acquiring the diagnostics business in the United States to a recoverable amount, as the profit initially projected in the business plan considered at the time of the acquisition is no longer expected. As a result, the Group recorded a reduction in the amount as impairment losses under extraordinary losses in the amount of ¥1,465 million.

The breakdown is as follows: goodwill: ¥343 million; other (intangible assets): ¥1,122 million.

The recoverable amount was measured at fair value, and was determined by discounting future cash flows by 19.5%.

In addition, due to the discontinuation of the development of a genetic testing system, assets that are no longer expected to be used in the future were reduced to their recoverable amount and recorded as an impairment loss (¥508 million) under extraordinary losses.

The breakdown is as follows: machinery, equipment, and vehicles: ¥191 million; construction in progress: ¥204 million; and other: ¥111 million.

The recoverable amount was measured using the value-in-use method; however, because future cash flows are no longer expected, an impairment loss was recorded on their entire amount.

FY2025 (from April 1, 2025 to March 31, 2026)

Used for	Type	Location
Business assets	Construction in progress, etc.	Kuji City, Iwate
Business assets	Other (intangible assets), etc.	United States
Business assets	Other (intangible assets), machinery, equipment, and vehicles, etc.	United Kingdom
Business assets	Construction in progress, etc.	United Kingdom

The Group classifies assets or groups of assets by cash generating unit, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of other assets or groups of assets (for idle assets, by each property).

In so doing, the Group has written down the carrying amount of construction in progress and other assets relating to the construction of a plant in Kuji City, Iwate, to the recoverable amount. The Group had been pursuing the practical application and commercialization of technology that uses microorganisms to convert combustible waste into ethanol. However, despite the expected feasibility of this practical application, the Group has decided to temporarily halt commercialization and dismantle the plant. As a result, the Group recorded a reduction in the amount as impairment losses under extraordinary losses in the amount of ¥14,891 million.

The breakdown is as follows: construction in progress: ¥13,998 million; other: ¥893 million.

The recoverable amount was measured using the value-in-use method; however, because future cash flows are no longer expected, an impairment loss was recorded on the entire amount.

The Group has also written down the carrying amount of intangible assets and other assets mainly recorded upon acquiring the diagnostics business in the United States, to the recoverable amount, as the profit initially projected in the business plan considered at the time of the acquisition is no longer expected. As a result, the Group recorded a reduction in the amount as impairment losses under extraordinary losses in the amount of ¥3,871 million.

The breakdown is as follows: other (intangible assets): ¥2,812 million; machinery, equipment, and vehicles: ¥643 million; and other: ¥415 million.

The recoverable amount was measured at fair value, and was determined by discounting future cash flows by 11.5%.

In addition, the Group has written down the carrying amount of assets associated with the enzyme business in the United Kingdom to the recoverable amount, as it is expected that future cash flows will fall below the carrying amount due to a market downturn. As a result, the Group recorded a reduction in the amount as impairment losses under extraordinary losses in the amount of ¥1,397 million.

The breakdown is as follows: other (intangible assets): ¥556 million; machinery, equipment, and vehicles: ¥516 million; and other: ¥324 million.

The recoverable amount was measured based on the net selling price and is reasonably calculated using benchmarks such as prices in nearby markets.

In addition, the Group has written down the carrying amount of construction in progress and other assets relating to the pharmaceutical development business in the United Kingdom. The carrying amount was reduced to the recoverable amount as a result of a review of the business plan pursuant to the postponement of public certification. As a result, the Group recorded a reduction in the amount as impairment losses under extraordinary losses in the amount of ¥1,023 million.

The breakdown is as follows: construction in progress: ¥853 million; other: ¥170 million.

The recoverable amount was measured at fair value, calculated by considering the replacement cost of the relevant assets as well as their physical, functional, and economic depreciation factors.

*4. The major components of loss on sale and retirement of non-current assets are as follows:

(Millions of yen)

	FY2024 (from April 1, 2024 to March 31, 2025)	FY2025 (from April 1, 2025 to March 31, 2026)
Buildings and structures	596	819
Machinery, equipment, and vehicles	727	1,081

(Notes to consolidated statement of comprehensive income)

* Reclassification adjustments, income taxes, and tax effects relating to other comprehensive income

(Millions of yen)

	FY2024 (from April 1, 2024 to March 31, 2025)	FY2025 (from April 1, 2025 to March 31, 2026)
Valuation difference on available-for-sale securities:		
Amount incurred for the fiscal year	(5,720)	9,801
Reclassification adjustment	(13,977)	(14,684)
Income taxes and before-tax-effect adjustment	(19,698)	(4,883)
Income taxes and tax effect amount	5,512	1,474
Valuation difference on available-for-sale securities	(14,185)	(3,408)
Deferred gains or losses on hedges:		
Amount incurred for the fiscal year	(0)	0
Reclassification adjustment	15	0
Deferred gains or losses on hedges	15	0
Foreign currency translation adjustment:		
Amount incurred for the fiscal year	(6,281)	31,001
Reclassification adjustment	65	(0)
Foreign currency translation adjustment	(6,216)	31,001
Remeasurements of defined benefit plans, net of tax:		
Amount incurred for the fiscal year	(804)	23,050
Reclassification adjustment	(3,518)	(3,924)
Income taxes and before-tax-effect adjustment	(4,323)	19,125
Income taxes and tax effect amount	1,159	(6,539)
Remeasurements of defined benefit plans, net of tax	(3,163)	12,586
Share of other comprehensive income of entities accounted for using the equity method:		
Amount incurred for the fiscal year	5	(225)
Reclassification adjustment	(88)	(106)
Share of other comprehensive income of entities accounted for using the equity method	(82)	(332)
Total other comprehensive income	(23,632)	39,848

(Notes to consolidated statement of changes in equity)

FY2024 (from April 1, 2024 to March 31, 2025)

1. Class and total number of issued shares, and class and number of treasury shares

(Shares)

	Number of shares at beginning of the fiscal year	Increase in the number of shares in the fiscal year	Decrease in the number of shares in the fiscal year	Number of shares at the end of the fiscal year
Issued shares				
Common shares (Note 2)	448,507,285	–	4,000,000	444,507,285
Total	448,507,285	–	4,000,000	444,507,285
Treasury shares				
Common shares (Notes 1, 3, 4)	27,121,697	4,002,005	4,160,502	26,963,200
Total	27,121,697	4,002,005	4,160,502	26,963,200

(Notes) 1. The number of treasury shares of common shares includes shares of the Company held by the BIP trust as an officer remuneration system and held by an ESOP trust (932,300 shares at the beginning of the fiscal year under review, and 772,300 shares at the end of the fiscal year under review).

2. Breakdown of decrease in the number of issued common shares

Decrease due to cancellation of treasury shares	4,000,000 shares

3. Breakdown of increase in the number of treasury shares of common shares

Increase due to purchase of treasury shares resolved by the Board of Directors	4,000,000 shares
Increase due to purchase of shares less than one unit	2,005 shares

4. Breakdown of decrease in the number of treasury shares of common shares

Decrease due to cancellation of treasury shares	4,000,000 shares
Share issuance by BIP trust as an officer remuneration system and ESOP trust	160,000 shares
Decrease due to change in equity of entities accounted for using the equity method	422 shares
Decrease due to demand for increase of purchase of shares less than one unit	80 shares

2. Share acquisition rights and treasury share acquisition rights

Not applicable.

3. Dividends

(1) Dividends paid

(Resolution)	Classes of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 20, 2024	Common shares	16,478	39	March 31, 2024	June 21, 2024
Board of Directors meeting held on October 31, 2024	Common shares	15,485	37	September 30, 2024	December 2, 2024

(Notes) 1. The total amount of dividends resolved by the Annual General Meeting of Shareholders held on June 20, 2024 includes dividends of ¥36 million for shares of the Company held by the BIP trust as an officer remuneration system and held by the ESOP trust.

2. The total amount of dividends resolved by the Board of Directors meeting held on October 31, 2024 includes dividends of ¥31 million for shares of the Company held by the BIP trust for remuneration for directors (and other officers) and held by the ESOP trust.

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

(Resolution)	Classes of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 20, 2025	Common shares	17,578	Retained earnings	42	March 31, 2025	June 23, 2025

(Note) The total amount of dividends includes those of ¥32 million for shares of the Company held by the BIP trust for remuneration for directors (and other officers) and held by the ESOP trust.

FY2025 (from April 1, 2025 to March 31, 2026)

1. Class and total number of issued shares, and class and number of treasury shares

(Shares)

	Number of shares at beginning of the fiscal year	Increase in the number of shares in the fiscal year	Decrease in the number of shares in the fiscal year	Number of shares at the end of the fiscal year
Issued shares				
Common shares (Note 2)	444,507,285	–	14,000,000	430,507,285
Total	444,507,285	–	14,000,000	430,507,285
Treasury shares				
Common shares (Notes 1, 3, 4)	26,963,200	14,559,842	14,721,743	26,801,299
Total	26,963,200	14,559,842	14,721,743	26,801,299

(Notes) 1. The number of treasury shares of common shares includes shares of the Company held by the BIP trust as an officer remuneration system and held by the ESOP trust (772,300 shares at the beginning of the fiscal year under review, and 1,167,400 shares at the end of the fiscal year under review).

2. Breakdown of decrease in the number of issued common shares

Decrease due to cancellation of treasury shares	14,000,000 shares

3. Breakdown of increase in the number of treasury shares of common shares

Increase due to purchase of treasury shares resolved by the Board of Directors	14,000,000 shares
Share purchase by BIP trust as an officer remuneration system and ESOP trust	558,100 shares
Increase due to purchase of shares less than one unit	1,742 shares

4. Breakdown of decrease in the number of treasury shares of common shares

Decrease due to cancellation of treasury shares	14,000,000 shares
Disposal of treasury shares by third-party allotment of shares to BIP trust as an officer remuneration system and ESOP trust	558,100 shares
Share issuance by BIP trust as an officer remuneration system and ESOP trust	163,000 shares
Decrease due to change in equity of entities accounted for using the equity method	643 shares

2. Share acquisition rights and treasury share acquisition rights

Not applicable.

3. Dividends

(1) Dividends paid

(Resolution)	Classes of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 20, 2025	Common shares	17,578	42	March 31, 2025	June 23, 2025
Board of Directors meeting held on October 30, 2025	Common shares	16,603	40	September 30, 2025	December 1, 2025

(Notes) 1. The total amount of dividends resolved by the Annual General Meeting of Shareholders held on June 20, 2025 includes dividends of ¥32 million for shares of the Company held by the BIP trust as an officer remuneration system and held by the ESOP trust.

2. The total amount of dividends resolved by the Board of Directors meeting held on October 30, 2025 includes dividends of ¥46 million for shares of the Company held by the BIP trust for remuneration for directors (and other officers) and held by the ESOP trust.

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

The following is to be proposed at the Annual General Meeting of Shareholders scheduled to be held on June 19, 2026.

(Resolution)	Classes of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 19, 2026	Common shares	16,203	Retained earnings	40	March 31, 2026	June 22, 2026

(Note) The total amount of dividends includes those of ¥46 million for shares of the Company held by the BIP trust for remuneration for directors (and other officers) and held by the ESOP trust.

(Notes to consolidated statement of cash flows)

*1. Reconciliation of cash and cash equivalents at end of period and the related account on the consolidated balance sheet

(Millions of yen)

	FY2024 (from April 1, 2024 to March 31, 2025)	FY2025 (from April 1, 2025 to March 31, 2026)
Cash and deposits	142,586	97,192
Time deposits with maturity over 3 months	(21,690)	(4,748)
Cash and cash equivalents	120,895	92,444

2. Description of significant transactions not requiring use of cash or cash equivalents

Amount of assets and liabilities related to newly recorded finance lease transactions

(Millions of yen)

	FY2024 (from April 1, 2024 to March 31, 2025)	FY2025 (from April 1, 2025 to March 31, 2026)
Amount of assets related to finance lease transactions	5,623	5,896
Amount of liabilities related to finance lease transactions	5,623	5,896

(Leases)

(Lessee side)

1. Finance lease transactions

Lease transactions that do not transfer ownership

(1) Components of leased assets

(i) Property, plant, and equipment

House exhibition buildings and fixtures for house exhibitions in the Housing Business, production plant equipment in the Urban Infrastructure & Environmental Products Business, and metal molds in the High Performance Plastics Business ("Buildings and structures," "Machinery, equipment, and vehicles," and "Other property, plant, and equipment"), among others.

(ii) Intangible assets

Software.

(2) Accounting method for depreciation of leased assets

The accounting method for depreciation of leased assets is as described in "(2) Accounting methods for depreciation of significant depreciable assets" in "4. Accounting policies" in "Basis of preparation of consolidated financial statements."

2. Operating lease transactions

Future minimum lease payments under non-cancellable operating lease transactions

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Within 1 year	1,383	2,050
Over 1 year	4,325	13,605
Total	5,709	15,656

(Financial instruments)

1. Status of financial instruments

(1) Policy on financial instruments

The SEKISUI CHEMICAL Group raises funds through bank loans and bonds (including short-term bonds), limiting its management of funds to short-term deposits and others. Derivatives are used for the purposes of managing foreign currency exchange risk related to sales and purchases of products, provision of services, etc. in commercial transactions and avoiding the risk of fluctuations in interest rates related to debt, and not for speculative or trading purposes.

(2) Types of financial instruments and related risks

Notes and accounts receivable - trade, which are trade receivables, are exposed to credit risk in relation to customers. In addition, foreign-currency-denominated trade receivables arising in transactions with overseas customers are exposed to foreign exchange fluctuation risk. Equity securities, which are investment securities, are mainly issued by companies that have business relationships with the Group, and these securities are exposed to the risk of fluctuation in market prices.

Notes payable - trade, electronically recorded obligations - operating, and accounts payable - trade, which are trade payables, mostly have payment due dates within one year.

A portion of trade payables denominated in foreign currencies are exposed to foreign exchange fluctuation risk.

Short-term borrowings among borrowings and bonds payable are mainly for financing in connection with business activities. Long-term borrowings and bonds payable are mainly for financing in connection with capital expenditures and have maturity dates within 11 years, at the longest, after the consolidated balance sheet date. Borrowings with variable interest rates are exposed to interest rate fluctuation risk.

(3) Risk management for financial instruments

(i) Management of credit risk (the risk that customers or business partners may default)

In accordance with the credit management policy of the Group, the creditworthiness of main business partners and customers is managed periodically through monitoring due dates and outstanding balances by business partner/customer.

To minimize the credit risk when entering into derivative transactions, counterparties are limited to financial institutions with high ratings.

(ii) Management of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates, and others)

For equity securities, which are investment securities, the fair values of these securities are periodically reviewed and reported to the Board of Directors.

In conducting and managing derivative transactions, the Accounting Department confirms the effectiveness of hedging and obtains approval of the authorized person, depending on the notional contract value, based on the “Policy on Market Risk Management for Financial Instruments.”

(iii) Management of liquidity risk (the risk of not being able to meet payment obligations on the scheduled due dates)

The SEKISUI CHEMICAL Group companies manage liquidity risk through monthly cash flow plans and taking other steps.

(4) Supplementary explanation on fair values, etc. of financial instruments

Regarding the amounts recorded in the consolidated balance sheet related to derivative transactions in “2. Fair values, etc. of financial instruments,” the amounts themselves do not indicate the market risk relating to derivative transactions.

2. Fair values, etc. of financial instruments

The carrying amounts recorded in the consolidated balance sheet, fair values, and the differences between them are as follows.

FY2024 (ended March 31, 2025)

(Millions of yen)

	Carrying amount in the consolidated balance sheet	Fair value	Difference
(1) Securities and investment securities (*2)	81,856	83,706	1,850
Total assets	81,856	83,706	1,850
(2) Long-term borrowings (*3)	46,973	45,058	(1,915)
(3) Bonds payable (*4)	40,000	38,321	(1,679)
Total liabilities	86,973	83,379	(3,594)
Derivatives (*5)			
(1) Derivatives for which hedge accounting is not applied	–	–	–
(2) Derivatives for which hedge accounting is applied	(0)	(0)	–
Total derivatives	(0)	(0)	–

(*1) Recording is omitted for “cash and deposits,” “notes receivable - trade,” “accounts receivable - trade,” “notes payable - trade,” “electronically recorded obligations - operating,” “accounts payable - trade” and “short-term borrowings” (excluding the current portion of long-term borrowings), because they are cash, and their fair values are equivalent to book values as they are settled in a short period of time.

(*2) Shares, etc. without market price are not included in “(1) Securities and investment securities.” The carrying amounts of these financial instruments in the consolidated balance sheet are as follows.

Category	FY2024 (millions of yen)
Unlisted stocks	21,278

(*3) The current portion of long-term borrowings (¥931 million) included in short-term borrowings in the consolidated balance sheet are included in “(2) Long-term borrowings” in this table.

(*4) “(3) Bonds payable” includes the current portion of bonds payable.

(*5) Net receivables and payables arising from derivatives are presented on a net basis.

(*6) Recording of investment in capital of a union or an equivalent business entity that records the share of entities accounted for using the equity method in net in the consolidated balance sheet is omitted. The carrying amount of such investment in the consolidated balance sheet is ¥1,983 million.

FY2025 (ended March 31, 2026)

(Millions of yen)

	Carrying amount in the consolidated balance sheet	Fair value	Difference
(1) Securities and investment securities (*2)	75,417	77,336	1,919
Total assets	75,417	77,336	1,919
(2) Long-term borrowings (*3)	56,891	54,869	(2,021)
(3) Bonds payable (*4)	60,182	57,954	(2,228)
Total liabilities	117,073	112,823	(4,249)
Derivatives (*5)			
(1) Derivatives for which hedge accounting is not applied	–	–	–
(2) Derivatives for which hedge accounting is applied	0	0	–
Total derivatives	0	0	–

(*1) Recording is omitted for "cash and deposits," "notes receivable - trade," "accounts receivable - trade," "notes payable - trade," "electronically recorded obligations - operating," "accounts payable - trade" and "short-term borrowings" (excluding the current portion of long-term borrowings), because they are cash, and their fair values are equivalent to book values as they are settled in a short period of time.

(*2) Shares, etc. without market price are not included in "(1) Securities and investment securities." The carrying amounts of these financial instruments in the consolidated balance sheet are as follows.

Category	FY2025 (millions of yen)
Unlisted stocks	23,455

(*3) The current portion of long-term borrowings (¥15,712 million) included in short-term borrowings in the consolidated balance sheet are included in "(2) Long-term borrowings" in this table.

(*4) "(3) Bonds payable" includes the current portion of bonds payable.

(*5) Net receivables and payables arising from derivatives are presented on a net basis.

(*6) Recording of investment in capital of a union or an equivalent business entity that records the share of entities accounted for using the equity method in net in the consolidated balance sheet is omitted. The carrying amount of such investment in the consolidated balance sheet is ¥2,725 million.

(Note) 1. Redemption schedule for monetary receivables and securities with maturity after the consolidated balance sheet date

FY2024 (ended March 31, 2025)

(Millions of yen)

	Within 1 year	Due after 1 year but within 5 years	Due after 5 years but within 10 years	Due after 10 years
Cash and deposits	142,586	–	–	–
Notes receivable - trade	37,820	–	–	–
Accounts receivable - trade	167,960	–	–	–
Securities and investment securities				
Held-to-maturity debt securities (Other)	15	–	–	–
Total	348,383	–	–	–

FY2025 (ended March 31, 2026)

(Millions of yen)

	Within 1 year	Due after 1 year but within 5 years	Due after 5 years but within 10 years	Due after 10 years
Cash and deposits	97,192	–	–	–
Notes receivable - trade	35,411	–	–	–
Accounts receivable - trade	178,080	–	–	–
Securities and investment securities				
Held-to-maturity debt securities (Other)	–	–	–	–
Total	310,684	–	–	–

(Note) 2. Repayment schedule for borrowings and bonds payable after the consolidated balance sheet date

FY2024 (ended March 31, 2025)

(Millions of yen)

	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years	Due after 5 years
Short-term borrowings	1,408	–	–	–	–	–
Long-term borrowings	931	15,732	4	4	300	30,000
Bonds payable	–	10,000	–	–	30,000	–
Total	2,340	25,732	4	4	30,300	30,000

FY2025 (ended March 31, 2026)

(Millions of yen)

	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years	Due after 5 years
Short-term borrowings	4,288	–	–	–	–	–
Long-term borrowings	15,712	10,449	596	53	30,016	64
Bonds payable	10,182	–	–	30,000	20,000	–
Total	30,183	10,449	596	30,053	50,016	64

3. Breakdown of fair values of financial instruments by level

Fair values of financial instruments are categorized into three levels according to the observability and importance of inputs relating to the calculation of fair values.

Level 1 fair value: A fair value calculated based on observable inputs relating to the calculation of fair value that reflects quoted prices for assets or liabilities relevant to the calculation of the fair value in active markets.

Level 2 fair value: A fair value calculated based on observable inputs relating to the calculation of fair value other than the inputs relating to the fair value calculation in Level 1.

Level 3 fair value: A fair value calculated based on unobservable inputs relating to the calculation of fair value.

If multiple key influential inputs are used in the calculation of a fair value, the fair value is categorized in the level for which the order of priority is the lowest in the calculation of the fair value, among the levels to which each of those inputs belong.

(1) Financial instruments recorded in fair value in the consolidated balance sheet

FY2024 (ended March 31, 2025)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Shares	71,687	–	–	71,687
Total assets	71,687	–	–	71,687
Derivatives				
Interest rate-related	–	0	–	0
Total liabilities	–	0	–	0

FY2025 (ended March 31, 2026)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Shares	64,345	–	–	64,345
Total assets	64,345	–	–	64,345
Derivatives				
Interest rate-related	–	0	–	0
Total liabilities	–	0	–	0

(2) Financial instruments other than those recorded in fair value in the consolidated balance sheet

FY2024 (ended March 31, 2025)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Held-to-maturity debt securities				
Other	–	15	–	15
Shares of subsidiaries and associates				
Shares	12,003	–	–	12,003
Total assets	12,003	15	–	12,019
Long-term borrowings	–	45,058	–	45,058
Bonds payable	–	38,321	–	38,321
Total liabilities	–	83,379	–	83,379

FY2025 (ended March 31, 2026)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Held-to-maturity debt securities				
Other	–	–	–	–
Shares of subsidiaries and associates				
Shares	12,990	–	–	12,990
Total assets	12,990	–	–	12,990
Long-term borrowings	–	54,869	–	54,869
Bonds payable	–	57,954	–	57,954
Total liabilities	–	112,824	–	112,824

(Note) Valuation methodology used for the calculation of fair value and explanation on inputs relating to the calculation of fair value

Securities and investment securities

Listed shares are valued using quoted prices. Since listed shares are traded on active markets, their fair values are categorized under Level 1.

Long-term borrowings

Fair values of long-term borrowings are calculated by discounting the total of principal and interest at an interest rate that would be assumed for loans with a similar residual period and are categorized under Level 2.

Bonds payable

Fair values of bonds issued by the Company are calculated based on market prices and are categorized under Level 2.

Derivatives

Fair values of interest rate swaps are calculated based on observable input including interest rates and foreign exchange rates, etc. using the discounted cash flows method and are categorized under Level 2.

(Securities)

I. FY2024 (ended March 31, 2025)

1. Held-to-maturity debt securities

	Description	Carrying amount in the consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
Securities whose fair value does not exceed the carrying amount in the consolidated balance sheet	Other	15	15	–
Total		15	15	–

2. Available-for-sale securities

	Description	Carrying amount in the consolidated balance sheet (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Securities whose carrying amount in the consolidated balance sheet exceeds the acquisition cost	Shares	71,564	19,570	51,993
Securities whose carrying amount in the consolidated balance sheet does not exceed the acquisition cost	Shares	123	139	(16)
Total		71,687	19,710	51,976

(Note 1) Since unlisted shares (carrying amount in the consolidated balance sheet: ¥4,208 million) are shares, etc. without market price, they are not included in “Available-for-sale securities” in the above table.

(Note 2) Investment in capital of a union or an equivalent business entity that records the share of entities accounted for using the equity method in net (carrying amount in the consolidated balance sheet: ¥1,983 million) in the consolidated balance sheet is not included in “Available-for-sale securities” in the above table.

3. Available-for-sale securities sold in the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Description	Sales amount (millions of yen)	Total gain on sales (millions of yen)	Total loss on sales (millions of yen)
Shares	16,110	14,567	51
Total	16,110	14,567	51

II. FY2025 (ended March 31, 2026)

1. Held-to-maturity debt securities

	Description	Carrying amount in the consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
Securities whose fair value does not exceed the carrying amount in the consolidated balance sheet	Other	–	–	–
Total		–	–	–

2. Available-for-sale securities

	Description	Carrying amount in the consolidated balance sheet (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Securities whose carrying amount in the consolidated balance sheet exceeds the acquisition cost	Shares	64,305	17,478	46,827
Securities whose carrying amount in the consolidated balance sheet does not exceed the acquisition cost	Shares	40	48	(7)
Total		64,345	17,526	46,819

(Note 1) Since unlisted shares (carrying amount in the consolidated balance sheet: ¥3,770 million) are shares, etc. without market price, they are not included in “Available-for-sale securities” in the above table.

(Note 2) Investment in capital of a union or an equivalent business entity that records the share of entities accounted for using the equity method in net (carrying amount in the consolidated balance sheet: ¥2,725 million) in the consolidated balance sheet is not included in “Available-for-sale securities” in the above table.

3. Available-for-sale securities sold in the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

Description	Sales amount (millions of yen)	Total gain on sales (millions of yen)	Total loss on sales (millions of yen)
Shares	17,059	14,747	–
Total	17,059	14,747	–

(Derivatives)
I. FY2024 (ended March 31, 2025)
1. Derivatives for which hedge accounting is not applied
Not applicable.

2. Derivatives for which hedge accounting is applied
(1) Currency-related
Not applicable.

(2) Interest rate-related

Accounting methods for hedging	Transaction type	Major hedged item	Contract amount, etc. (millions of yen)	Over 1 year (millions of yen)	Fair value (millions of yen)
Principle treatment method	Interest rate swaps	Long-term borrowings			
	Floating received/fixed paid		401	401	(0)
Total			401	401	(0)

II. FY2025 (ended March 31, 2026)
1. Derivatives for which hedge accounting is not applied
Not applicable.

2. Derivatives for which hedge accounting is applied
(1) Currency-related
Not applicable.

(2) Interest rate-related

Accounting methods for hedging	Transaction type	Major hedged item	Contract amount, etc. (millions of yen)	Over 1 year (millions of yen)	Fair value (millions of yen)
Principle treatment method	Interest rate swaps	Long-term borrowings			
	Floating received/fixed paid		351	351	0
Total			351	351	0

(Retirement benefits)

1. Overview of retirement benefit plans adopted

The Company and its domestic consolidated subsidiaries have set up funded and unfunded defined benefit plans and defined contribution plans to provide for employees' retirement benefits.

Under the defined benefit pension plans, which are funded, lump-sum payments or pensions are provided mainly based on the salary amounts and service periods.

Under the lump-sum payment plans, which are unfunded, lump-sum payments are provided mainly based on the merit points acquired until the time of retirement.

Certain overseas consolidated subsidiaries have defined benefit plans and defined contribution plans to provide for employees' retirement benefits. Some consolidated subsidiaries calculate retirement benefit liability and retirement benefit expenses for defined benefit pension plans and lump-sum payment plans using the simplified method.

2. Defined benefit plans

(1) Changes in retirement benefit obligations (excluding plans for which the simplified method is applied)

(Millions of yen)

	FY2024 (from April 1, 2024 to March 31, 2025)	FY2025 (from April 1, 2025 to March 31, 2026)
Balance of retirement benefit obligations at beginning of period	141,181	141,771
Service cost	5,917	5,579
Interest cost	1,681	1,829
Actuarial gains and losses accrued	(2,145)	(17,916)
Retirement benefits paid	(6,717)	(6,985)
Past service cost incurred	15	46
Amount of transfer in conjunction with the change from the simplified method to the principle method	2,031	–
Expenses treated in conjunction with the change from the simplified method to the principle method	189	–
Impact of foreign currency translation	89	1,338
Other	(472)	(155)
Balance of retirement benefit obligations at end of period	141,771	125,508

(2) Changes in plan assets (excluding plans for which the simplified method is applied)

(Millions of yen)

	FY2024 (from April 1, 2024 to March 31, 2025)	FY2025 (from April 1, 2025 to March 31, 2026)
Balance of plan assets at beginning of period	138,141	139,122
Expected return on plan assets	3,269	3,229
Actuarial gains and losses accrued	(2,934)	5,180
Contribution from employer	3,655	3,637
Retirement benefits paid	(5,774)	(5,745)
Amount of transfer in conjunction with the change from the simplified method to the principle method	2,696	–
Impact of foreign currency translation	19	1,381
Other	49	60
Balance of plan assets at end of period	139,122	146,867

(3) Changes in retirement benefit liability for which the simplified method is applied

(Millions of yen)

	FY2024 (from April 1, 2024 to March 31, 2025)	FY2025 (from April 1, 2025 to March 31, 2026)
Balance of retirement benefit liability at beginning of period	1,851	3,508
Retirement benefit expenses	2,113	493
Retirement benefits paid	(384)	(537)
Contribution to the plans	(736)	(468)
Amount of transfer in conjunction with the change from the simplified method to the principle method	664	–
Increase due to business restructuring, etc.	–	48
Balance of retirement benefit liability at end of period	3,508	3,045

(4) Reconciliation between ending balance of retirement benefit obligations and plan assets, and retirement benefit liability/asset recorded in the consolidated balance sheet

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Retirement benefit obligations of funded plans	130,828	118,377
Plan assets	164,603	173,372
	(33,774)	(54,995)
Retirement benefit obligations of unfunded plans	39,931	36,681
Net amount of liabilities and assets recorded in the consolidated balance sheet	6,157	(18,314)
Retirement benefit liability	41,732	38,425
Retirement benefit asset	35,575	56,739
Net amount of liabilities and assets recorded in the consolidated balance sheet	6,157	(18,314)

(Note) This includes plans for which the simplified method is applied.

(5) Amounts of retirement benefit expenses and their components

(Millions of yen)

	FY2024 (from April 1, 2024 to March 31, 2025)	FY2025 (from April 1, 2025 to March 31, 2026)
Service cost	5,917	5,579
Interest cost	1,681	1,829
Expected return on plan assets	(3,269)	(3,229)
Amortization of actuarial gains and losses	(3,235)	(3,661)
Amortization of past service cost	(282)	(263)
Expenses treated in conjunction with the change from the simplified method to the principle method	189	–
Retirement benefit expenses calculated by simplified method	2,113	493
Retirement benefit expenses relating to defined benefit plans	3,114	748

(6) Remeasurements of defined benefit plans, net of tax

The components of remeasurements of defined benefit plans, net of tax (before deductions of income taxes and tax effects) are as follows:

(Millions of yen)

	FY2024 (from April 1, 2024 to March 31, 2025)	FY2025 (from April 1, 2025 to March 31, 2026)
Past service cost	(297)	(309)
Actuarial gains and losses	(4,025)	19,435
Total	(4,323)	19,125

(7) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before deductions of income taxes and tax effects) are as follows:

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Unrecognized past service cost	422	112
Unrecognized actuarial gains and losses	12,277	31,713
Total	12,700	31,826

(8) Plan assets (excluding plans for which the simplified method is applied)

(i) Major components of plan assets

The ratio of each major category to total plan assets is as follows:

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Debt securities	41%	40%
Shares	21%	21%
Life insurance general account	19%	18%
Cash and deposits	4%	3%
Other	15%	18%
Total	100%	100%

(ii) Method for setting the long-term expected rate of return on plan assets

To determine the long-term expected rate of return on plan assets, the Company takes into account current and expected allocation of plan assets, and current and expected long-term return rate on various types of assets constituting plan assets.

(9) Actuarial assumptions

Major actuarial assumptions

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Discount rate	0.7-2.1%	1.7-3.2%
Long-term expected rate of return	1.5-2.0%	1.5-2.0%
Expected rate of salary increase	2.8%	2.8%

3. Defined contribution plans

The amounts of required contributions to defined contribution plans of the Company and certain consolidated subsidiaries were ¥2,674 million in the fiscal year ended March 31, 2025 and ¥2,762 million in the fiscal year ended March 31, 2026.

(Tax effect accounting)

1. Major components of deferred tax assets and liabilities

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Deferred tax assets		
Retirement benefit liability	13,335	12,250
Tax loss carryforwards (Note)	7,882	11,630
Impairment losses	3,657	9,518
Unrealized gains	7,367	7,605
Provision for bonuses	6,113	6,322
Loss on valuation of inventories	2,350	2,578
Loss on valuation of investment securities	1,870	2,373
Accrued enterprise tax	1,185	1,480
Other	14,530	17,609
Total gross deferred tax assets	58,292	71,370
Valuation allowance for tax loss carryforwards (Note)	(5,535)	(8,731)
Valuation allowance for total future deductible temporary differences, etc.	(6,381)	(8,888)
Total valuation allowance	(11,916)	(17,619)
Total deferred tax assets	46,375	53,750
Deferred tax liabilities		
Retirement benefit asset	(11,044)	(17,998)
Valuation difference on available-for-sale securities	(16,402)	(14,940)
Accelerated depreciation of property, plant, and equipment	(5,429)	(5,122)
Temporary differences arising from consolidation without tax effect	(2,924)	(3,184)
Reserve for tax-purpose reduction entry of non-current assets	(2,842)	(2,782)
Retained profit	(2,778)	(1,666)
Other	(1,622)	(1,592)
Total deferred tax liabilities	(43,044)	(47,288)
Net deferred tax assets (liabilities)	3,330	6,461

(Note) Tax loss carryforwards and their deferred tax assets by expiry date

FY2024 (ended March 31, 2025)

	Within 1 year (millions of yen)	After 1 year but within 2 years (millions of yen)	After 2 years but within 3 years (millions of yen)	After 3 years but within 4 years (millions of yen)	After 4 years but within 5 years (millions of yen)	After 5 years (millions of yen)	Total (millions of yen)
Tax loss carryforwards *	155	154	111	54	198	7,208	7,882
Valuation allowance	155	154	104	54	155	4,911	5,535
Deferred tax assets	–	–	6	–	42	2,297	2,347

* The amount of tax loss carryforwards is derived by multiplying by the statutory tax rate.

FY2025 (ended March 31, 2026)

	Within 1 year (millions of yen)	After 1 year but within 2 years (millions of yen)	After 2 years but within 3 years (millions of yen)	After 3 years but within 4 years (millions of yen)	After 4 years but within 5 years (millions of yen)	After 5 years (millions of yen)	Total (millions of yen)
Tax loss carryforwards *	173	117	61	211	291	10,776	11,630
Valuation allowance	173	117	61	195	153	8,029	8,731
Deferred tax assets	–	–	–	15	137	2,746	2,899

* The amount of tax loss carryforwards is derived by multiplying by the statutory tax rate.

2. Major factors underlying the differences between the statutory tax rate and the effective income tax rate after application of tax effect accounting

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Statutory tax rate	Description is omitted since the differences between the statutory tax rate and the effective income tax rate after application of tax effect accounting is no more than 5% of the statutory tax rate.	30.5%
(Adjustments)		
Tax credits		(4.8)%
Other		0.7%
Effective income tax rate after application of tax effect accounting		26.3%

3. Accounting treatment of income taxes and local income taxes, or tax effect accounting related thereto

The Company and certain domestic consolidated subsidiaries apply the Group Tax Sharing System, and in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021), account for and disclose income taxes, local income taxes, and related tax effect accounting.

(Revenue recognition)

1. Information on disaggregation of revenue from contracts with customers

   Information on disaggregation of revenue from contracts with customers is as stated in “Notes to consolidated financial statements, (Segment information).”

2. Information that serves as the basis for understanding revenue from contracts with customers

   Information that serves as a basis for understanding revenue from contracts with customers is as described in “(5) Accounting policy for recognition of significant revenues and expenses” in “4. Accounting policies” in “Notes to consolidated financial statements, (Basis of preparation of consolidated financial statements).”

3. Information on the relationship between the fulfillment of performance obligations based on contracts with customers and cash flows from those contracts as well as the amount and time of revenue expected to be recognized in and after the fiscal year following the contracts with customers that exist at the end of the fiscal year under review

(1) Balance of contract assets and contract liabilities

FY2024 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Fiscal year ended March 31, 2025	
	Beginning balance	Ending balance
Receivables arising from contracts with customers	211,827	205,546
Contract assets	1,486	1,758
Contract liabilities	55,359	66,364

Of the revenue recognized in the fiscal year ended March 31, 2025, revenue included in the balance of contract liabilities at the beginning of the period was ¥52,327 million.

Contract assets mainly concern the consideration for works which have been fulfilled on the reporting date, but which have not been invoiced to customers in the construction contracts in the Urban Infrastructure & Environmental Products Business and other businesses. Contract assets will be transferred to claims at the time when the Group’s right with respect to consideration becomes unconditional. Consideration for the net sales of such completed construction contracts is invoiced and received in accordance with the payment terms under construction contracts.

Contract liabilities mainly concern advances received from customers for consignment contracts with respect to manufacture, construction, sale, renovation, etc. of modular houses in the Housing Business, and construction work for various industrial plants, etc. in the Urban Infrastructure & Environmental Products Business. Contract liabilities are liquidated as revenue is recognized.

FY2025 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Fiscal year ended March 31, 2026	
	Beginning balance	Ending balance
Receivables arising from contracts with customers	205,546	213,242
Contract assets	1,758	517
Contract liabilities	66,364	64,312

Of the revenue recognized in the fiscal year ended March 31, 2026, revenue included in the balance of contract liabilities at the beginning of the period was ¥64,592 million.

Contract assets mainly concern the consideration for works which have been fulfilled on the reporting date, but which have not been invoiced to customers in the construction contracts in the Urban Infrastructure & Environmental Products Business and other businesses. Contract assets will be transferred to claims at the time when the Group’s right with respect to consideration becomes unconditional. Consideration for the net sales of such completed construction contracts is invoiced and received in accordance with the payment terms under construction contracts.

Contract liabilities mainly concern advances received from customers for consignment contracts with respect to manufacture, construction, sale, renovation, etc. of modular houses in the Housing Business, and construction work for various industrial plants, etc. in the Urban Infrastructure & Environmental Products Business. Contract liabilities are liquidated as revenue is recognized.

(2) Transaction price allocated to the remaining performance obligations

The total transaction amount allocated to remaining performance obligations and the period in which revenue recognition is expected are as follows, and they pertain to construction contracts mainly including contracts for manufacture, construction, sale, renovation, etc. of modular houses in the Housing Business, and obligations to construct various industrial plants, etc. in the Urban Infrastructure & Environmental Products Business.

The Group uses the practical expedient and does not include contracts which are initially expected to have a contract period of one year or less in Notes.

(Millions of yen)

	FY2024	FY2025
Within 1 year	14,291	20,051
After 1 year but within 2 years	3,013	3,085
Over 2 years	358	401
Total	17,663	23,538

(Segment information)

Segment information

1. Overview of reportable segments

The reportable segments of the Company are determined on the basis that separate financial information of such segments of the Company is available and examined periodically by the Board of Directors of the Company to make decisions regarding the allocation of management resources and assess the business performance of such segments.

The Company has divided the business operations into the four segments of Housing, Urban Infrastructure & Environmental Products (UIEP), High Performance Plastics (HPP), and Medical based on manufacturing methods, products, sales channels, and other business similarities. Each business segment formulates comprehensive strategies and develops business activities for its products in Japan and overseas.

The Housing business mainly comprises the manufacturing of prefabricated housing, construction, sales, refurbishing, and residential business.

The UIEP business comprises manufacturing, sales, and construction operations related to PVC pipes and joints, polyethylene pipes and joints, pipe and drain renewal materials and construction methods, reinforced plastic pipes, chlorinated PVC resin compound, construction materials, and FFU.

The HPP business comprises manufacturing and sales of interlayer films for laminated glass, polyolefin foam, tape, LCD microparticles and photosensitive materials, diagnostic drugs, and other products.

The Medical business comprises manufacturing and sales of diagnostic reagents, pharmaceutical ingredients, and intermediates.

2. Calculation methods used for net sales, profit or loss, assets, and the other items on each reportable segment

The accounting methods for the reportable segments are presented principally in accordance with those described in “Basis of preparation of consolidated financial statements.” Profit of the reportable segments are figures based on operating profit. Intersegment sales and transfers are presented based on the current market prices.

3. Information on the amounts of net sales, profit or loss, assets, and other items for each reportable segment and information on disaggregation of revenue

FY2024 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segments					Other (Notes 1, 2)	Total
	Housing (Note 1)	Urban Infrastructure & Environmental Products	High Performance Plastics	Medical	Total		
Net sales							
Japan	522,561	187,092	114,179	47,708	871,542	3,083	874,625
North America	–	2,911	114,077	24,311	141,299	–	141,299
Europe	–	6,913	85,614	11,225	103,754	–	103,754
China	–	3,655	71,554	12,995	88,206	1,777	89,983
Asia	1,350	24,356	50,077	2,422	78,208	37	78,245
Other	–	2,472	6,862	511	9,845	–	9,845
Sales to external customers	523,912	227,401	442,366	99,175	1,292,856	4,897	1,297,754
Intersegment sales or transfers	97	13,091	4,987	–	18,176	2,655	20,832
Total	524,010	240,492	447,354	99,175	1,311,033	7,553	1,318,586
Segment profit (loss)	31,498	22,958	61,235	12,788	128,480	(11,589)	116,891
Segment assets	402,712	268,356	484,739	154,754	1,310,562	38,164	1,348,726
Other items							
Depreciation	11,397	9,164	22,916	6,209	49,687	1,433	51,121
Investments in entities accounted for using the equity method	10,857	–	3,418	–	14,276	–	14,276
Increase in property, plant, and equipment and intangible assets	12,778	9,331	29,047	6,709	57,866	9,293	67,160

(Note 1) Net sales in “Housing” include ¥44,823 million that does not correspond to revenue from contracts with customers under “Japan.”

Net sales in “Other” include ¥1,126 million that does not correspond to revenue from contracts with customers under “Japan.”

(Note 2) “Other” represents segments other than the reportable segments and includes provision of services and manufacturing and sales of film-type lithium-ion batteries and products not included in the reportable segments.

FY2025 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segments					Other (Notes 1, 2)	Total
	Housing (Note 1)	Urban Infrastructure & Environmental Products	High Performance Plastics	Medical	Total		
Net sales							
Japan	534,583	189,090	116,540	48,767	888,981	2,476	891,457
North America	–	3,468	118,076	22,192	143,737	–	143,737
Europe	–	8,614	81,050	8,969	98,633	–	98,633
China	–	3,290	76,026	11,122	90,439	292	90,732
Asia	1,361	17,718	52,403	2,381	73,865	61	73,926
Other	–	2,879	7,625	287	10,792	–	10,792
Sales to external customers	535,944	225,061	451,722	93,721	1,306,449	2,831	1,309,281
Intersegment sales or transfers	285	15,340	4,853	–	20,479	4,936	25,416
Total	536,230	240,401	456,575	93,721	1,326,929	7,767	1,334,697
Segment profit (loss)	37,150	23,247	59,325	11,130	130,854	(12,710)	118,144
Segment assets	480,322	280,173	520,480	157,639	1,438,615	69,287	1,507,902
Other items							
Depreciation	11,210	9,196	23,805	6,418	50,631	1,424	52,055
Investments in entities accounted for using the equity method	11,769	–	3,663	–	15,433	–	15,433
Increase in property, plant, and equipment and intangible assets	10,860	11,935	35,380	10,013	68,189	42,846	111,035

(Note 1) Net sales in “Housing” include ¥46,538 million that does not correspond to revenue from contracts with customers under “Japan.”

Net sales in “Other” include ¥1,049 million that does not correspond to revenue from contracts with customers under “Japan.”

(Note 2) “Other” represents segments other than the reportable segments and includes provision of services and manufacturing and sales of film-type lithium-ion batteries and products not included in the reportable segments.

4. Differences between the total amount of reportable segments and the amount in consolidated financial statements and descriptions on such differences (matters on difference adjustments)

(Millions of yen)

Net sales	FY2024	FY2025
Reportable segment total	1,311,033	1,326,929
Net sales in “other”	7,553	7,767
Intersegment eliminations	(20,832)	(25,416)
Net sales in consolidated statement of income	1,297,754	1,309,281

(Millions of yen)

Profit	FY2024	FY2025
Reportable segment total	128,480	130,854
Profit (loss) in “other”	(11,589)	(12,710)
Intersegment eliminations	(228)	(654)
Corporate expenses (Note)	(8,712)	(11,012)
Operating profit in consolidated statement of income	107,951	106,477

(Note) Corporate expenses are mainly general and administrative expenses not attributable to each reportable segment.

(Millions of yen)

Assets	FY2024	FY2025
Reportable segment total	1,310,562	1,438,615
Assets in “other”	38,164	69,287
Intersegment eliminations	(441,600)	(506,227)
Corporate assets (Note)	423,661	426,257
Total assets in the consolidated balance sheet	1,330,786	1,427,933

(Note) Corporate assets are mainly assets that are not attributable to each reportable segment and are associated with the administrative department.

(Millions of yen)

Other items	Reportable segment total		Other		Adjustments (Note)		Carrying amount in consolidated financial statements	
	FY2024	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024	FY2025
Depreciation	49,687	50,631	1,433	1,424	1,240	4,817	52,361	56,872
Investments in entities accounted for using the equity method	14,276	15,433	–	–	8,027	8,945	22,304	24,381
Increase in property, plant, and equipment and intangible assets	57,866	68,189	9,293	42,846	6,082	6,926	73,243	117,962

(Note) Adjustments in investments in entities accounted for using the equity method are such investments not attributable to each reportable segment.

Related information

FY2024 (from April 1, 2024 to March 31, 2025)

1. Information by product and service

The information is omitted because the same information is disclosed in “Segment information.”

2. Information by geographic area

(1) Net sales

The information is omitted because the same information is disclosed in “Segment information.”

(2) Property, plant, and equipment

(Millions of yen)

Japan	North America	Europe	China	Asia	Other	Total
255,729	54,753	55,490	12,546	23,566	1,783	403,870

(Notes) 1. Property, plant, and equipment of the North America segment includes that of the United States of ¥48,283 million which constitutes more than 10% of the property, plant, and equipment in the consolidated balance sheets.

2. Property, plant, and equipment of the Europe segment includes that of Netherlands of ¥45,062 million which constitutes more than 10% of the property, plant, and equipment in the consolidated balance sheets.

FY2025 (from April 1, 2025 to March 31, 2026)

1. Information by product and service

The information is omitted because the same information is disclosed in “Segment information.”

2. Information by geographic area

(1) Net sales

The information is omitted because the same information is disclosed in “Segment information.”

(2) Property, plant, and equipment

(Millions of yen)

Japan	North America	Europe	China	Asia	Other	Total
297,754	59,280	59,297	13,785	30,127	2,306	462,551

(Notes) 1. Property, plant, and equipment of the North America segment includes that of the United States of ¥50,604 million which constitutes more than 10% of the property, plant, and equipment in the consolidated balance sheets.

2. Property, plant, and equipment of the Europe segment includes that of the Netherlands of ¥49,432 million which constitutes more than 10% of the property, plant, and equipment in the consolidated balance sheets.

Information on impairment losses of non-current assets by reportable segment

FY2024 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Medical	Other	Corporate and elimination	Total
Impairment losses	130	27	–	1,974	87	568	2,788

FY2025 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Medical	Other	Corporate and elimination	Total
Impairment losses	42	–	2,000	6,306	14,951	1	23,302

Information on amortization of goodwill and unamortized balance of goodwill by reportable segment

FY2024 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Medical	Other	Corporate and elimination	Total
Amortization during the period	371	–	609	413	–	–	1,395
Balance at end of period	619	–	3,154	3,100	–	–	6,874

FY2025 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Medical	Other	Corporate and elimination	Total
Amortization during the period	383	–	581	288	–	–	1,252
Balance at end of period	1,728	–	2,712	2,812	–	–	7,253

Information about gain on bargain purchase by reportable segment

FY2024 (from April 1, 2024 to March 31, 2025)

Not applicable.

FY2025 (from April 1, 2025 to March 31, 2026)

Disclosure has been omitted due to immateriality.

(Related party information)

FY2024 (from April 1, 2024 to March 31, 2025)

Related party transactions

Transactions between the Company's consolidated subsidiaries and their related parties

The Company's officers and principal shareholders (individuals only), etc.

Description	Name of company, person, etc.	Location	Share capital or investment (millions of yen)	Description of business or occupation	Voting rights ownership (owned) ratio (%)	Relationship with related party	Description of transaction	Transaction amount (millions of yen)	Item	Ending balance (millions of yen)
Company, etc. in which a near relative of officers holds the majority of voting rights	Musashi Kougyousha Co., Ltd.	Fushimi-ku, Kyoto	10	Manufacturing	–	Processing of metal parts	Processing of metal parts (Note)	20	Accrued expenses	–

(Note) Transaction conditions and policies for determination of transaction conditions, etc.

Transaction conditions have been determined after both parties consulted by reference to market price, etc.

FY2025 (from April 1, 2025 to March 31, 2026)

Related party transactions

Transactions between the Company's consolidated subsidiaries and their related parties

The Company's officers and principal shareholders (individuals only), etc.

Description	Name of company, person, etc.	Location	Share capital or investment (millions of yen)	Description of business or occupation	Voting rights ownership (owned) ratio (%)	Relationship with related party	Description of transaction	Transaction amount (millions of yen)	Item	Ending balance (millions of yen)
Officer	Miharu Koezuka	–	–	–	Directly owned: 0.001%	Housing sales	Housing sales (Note)	46	–	–
Company, etc. in which a near relative of officers holds the majority of voting rights	Musashi Kougyousha Co., Ltd.	Fushimi-ku, Kyoto	10	Manufacturing	–	Processing of metal parts	Processing of metal parts (Note)	196	Accrued expenses	0

(Note) Transaction conditions and policies for determination of transaction conditions, etc.

Transaction conditions have been determined in the same way as for ordinary transactions in the case of housing sales, and after both parties consulted with reference to market price, etc. for processing of metal parts.

(Per share information)

FY2024 (from April 1, 2024 to March 31, 2025)	FY2025 (from April 1, 2025 to March 31, 2026)
Net assets per share ¥1,933.56 Basic earnings per share ¥195.93	Net assets per share ¥2,108.44 Basic earnings per share ¥182.70

(Notes) 1. The diluted earnings per share for the fiscal year under review is not provided because there are no potential shares.

2. The basis for calculating basic earnings per share is as shown below.

	FY2024 (from April 1, 2024 to March 31, 2025)	FY2025 (from April 1, 2025 to March 31, 2026)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	81,925	75,174
Amount not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent relating to common shares (millions of yen)	81,925	75,174
Average number of outstanding common shares during the period (thousands of shares)	418,137	411,458

3. The basis for calculating net assets per share is as shown below.

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Total amount of net assets (millions of yen)	835,366	881,125
Amount deducted from the total amount of net assets (millions of yen)	28,018	29,935
(of which, non-controlling interests) (millions of yen)	(28,018)	(29,935)
Net assets relating to common shares at year-end (millions of yen)	807,348	851,190
Number of common shares at year-end used for the calculation of net assets per share (thousands of shares)	417,544	403,705

4. The Company’s shares remaining in the BIP trust and the ESOP trust and recorded as treasury shares under shareholders’ equity are included in treasury shares to be deducted from the average number of shares during the period for the calculation of basic earnings per share and are included in treasury shares to be deducted from the total number of shares issued and outstanding at year-end for the calculation of net assets per share.

The average number of treasury shares during the period deducted for the calculation of basic earnings per share was 994,000 shares in the fiscal year ended March 31, 2026 and 815,000 shares in the fiscal year ended March 31, 2025, and the number of treasury shares at year-end deducted for the calculation of net assets per share was 1,167,000 shares in the fiscal year ended March 31, 2026 and 772,000 shares in the fiscal year ended March 31, 2025.

(Significant subsequent events)

(Purchase of treasury shares)

The Company resolved at its Board of Directors meeting on April 28, 2026 the following matters associated with the acquisition of treasury shares based on the provision of Article 156 of the Companies Act to be applied mutatis mutandis pursuant to the provision of Article 165, paragraph 3 of the said Act.

(1) Reasons for executing purchase of treasury shares

As part of returns to shareholders

(2) Contents of resolution of the Board of Directors regarding the acquisition of treasury shares

(i) Class of shares to be acquired

Common shares of the Company

(ii) Total number of shares to be acquired

Up to 4,000,000 shares

(iii) Acquisition period

From April 30, 2026 to March 31, 2027

(iv) Total acquisition amount

Up to ¥12,000 million

(v) Acquisition method

Purchase through the market including an advance-notice-type market buying system (ToSTNeT-3)

(Cancellation of Treasury Shares)

The Company resolved at its Board of Directors meeting on April 28, 2026 the following matters associated with the cancellation of treasury shares based on the provision of Article 178 of the Companies Act, and executed cancellation on May 25, 2026.

(1) Reasons for canceling treasury shares

As part of returns to shareholders

(2) Contents of resolution of the Board of Directors regarding the cancellation of treasury shares

(i) Class of shares to be canceled

Common shares of the Company

(ii) Number of shares to be canceled

25,000,000 shares

(iii) Cancellation date

May 25, 2026

(iv) Total number of issued shares after cancellation

405,507,285 shares

(v) Annexed consolidated detailed schedules

Detailed schedule of corporate bonds

Company name	Issue	Date of issuance	Balance at beginning of period (millions of yen)	Balance at end of period (millions of yen)	Interest rate (%)	Secured/ unsecured	Maturity
Sekisui Chemical Co., Ltd.	No. 6 unsecured bonds	June 14, 2016	10,000	10,000 (10,000)	0.28	N/A	June 12, 2026
Sekisui Chemical Co., Ltd.	No. 7 unsecured bonds	September 13, 2019	30,000	30,000	0.20	N/A	September 13, 2029
Sekisui Chemical Co., Ltd.	No. 8 unsecured bonds	September 11, 2025	–	20,000	1.33	N/A	September 11, 2030
Architec Planning Co., Ltd.	No. 6 unsecured bonds	August 5, 2021	–	56 (56)	0.43	N/A	August 5, 2026
Architec Planning Co., Ltd.	No. 8 unsecured bonds	July 29, 2022	–	76 (76)	0.59	N/A	July 29, 2026
Architec Planning Co., Ltd.	No. 9 unsecured bonds	August 31, 2023	–	50 (50)	0.53	N/A	August 31, 2026
Total	–	–	40,000	60,182 (10,182)	–	–	–

(Notes) 1. Amounts in parentheses are the scheduled redemption amounts within one year.

2. The scheduled amount of redemption of bonds within five years after the consolidated balance sheet date is as follows:

Within 1 year (millions of yen)	After 1 year but within 2 years (millions of yen)	After 2 years but within 3 years (millions of yen)	After 3 years but within 4 years (millions of yen)	After 4 years but within 5 years (millions of yen)
10,182	–	–	30,000	20,000

Detailed schedule of borrowings

Category	Balance at beginning of period (millions of yen)	Balance at end of period (millions of yen)	Average interest rate (%)	Repayment due
Short-term borrowings	1,408	4,288	2.27	–
Current portion of long-term borrowings	931	15,712	0.24	–
Current portion of lease liabilities	5,422	5,759	–	–
Long-term borrowings (excluding the current portion of long-term borrowings)	46,042	41,179	0.39	2027 to 2037
Lease liabilities (excluding the current portion of lease liabilities)	17,025	17,662	–	2027 to 2059
Total	70,830	83,736	–	–

(Notes) 1. "Average interest rate" represents the weighted average interest rate with respect to the balance at the end of the period.

2. The average interest rate of lease liabilities is not recorded because the amount equivalent to interest included in total lease payments is allocated to each fiscal year by the straight-line method.

3. The repayment schedule of long-term borrowings and lease liabilities (excluding the current portion) within five years after the consolidated balance sheet date is as follows:

	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years
Long-term borrowings (millions of yen)	10,449	596	53	30,016
Lease liabilities (millions of yen)	4,146	3,603	2,652	2,255

Detailed schedule of asset retirement obligations

Not applicable.

(2) Other

(Quarterly information for the fiscal year ended March 31, 2026)

(Cumulative period)	First quarter	Second quarter	Third quarter	FY2025
Net sales (millions of yen)	305,147	629,797	959,907	1,309,281
Profit before income taxes (millions of yen)	19,883	45,902	65,976	105,023
Profit attributable to owners of parent (millions of yen)	13,149	31,722	47,831	75,174
Basic earnings per share (yen)	31.61	76.47	115.62	182.70

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly basic earnings per share (yen)	31.61	44.90	39.15	67.58

(Notes) For the first and third quarters, the Company prepares quarterly financial information in accordance with the rules set by the financial instruments exchange; however, such quarterly financial information has not been subject to interim review.

2. Non-consolidated financial statements and other information

(1) Non-consolidated financial statements

(i) Non-consolidated balance sheet

(Millions of yen)

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

(Millions of yen)

		As of March 31, 2025		As of March 31, 2026
Liabilities				
Current liabilities				
Accounts payable - trade	*1	127,147	*1	134,983
Short-term borrowings	*1	98,458	*1	146,837
Current portion of bonds payable		–		10,000
Lease liabilities		139		161
Accounts payable - other	*1	12,101	*1	17,586
Accrued expenses	*1	19,047	*1	19,179
Income taxes payable		3,254		5,759
Advances received		323		759
Deposits received	*1	4,426	*1	4,979
Provision for bonuses		5,219		5,366
Provision for bonuses for directors (and other officers)		340		312
Provision for warranties for completed construction		1,649		980
Provision for share awards		108		139
Other		723		4,290
Total current liabilities		272,940		351,337
Non-current liabilities				
Bonds payable		40,000		50,000
Long-term borrowings		45,300		30,300
Lease liabilities		342		402
Deferred tax liabilities		9,271		4,962
Provision for retirement benefits		24,394		24,605
Provision for share awards		1,154		1,301
Other		77		398
Total non-current liabilities		120,542		111,970
Total liabilities		393,482		463,307
Net assets				
Shareholders' equity				
Share capital		100,002		100,002
Capital surplus				
Legal capital surplus		109,234		109,234
Total capital surplus		109,234		109,234
Retained earnings				
Legal retained earnings		10,363		10,363
Other retained earnings				
Reserve for tax purpose reduction entry of land		4,087		4,087
Reserve for tax purpose reduction entry of depreciable assets		1,911		1,781
General reserve		39,471		39,471
Retained earnings brought forward		133,131		131,748
Total retained earnings		188,963		187,450
Treasury shares		(50,008)		(58,607)
Total shareholders' equity		348,192		338,079
Valuation and translation adjustments				
Valuation difference on available-for-sale securities		35,468		31,749
Total valuation and translation adjustments		35,468		31,749
Total net assets		383,660		369,828
Total liabilities and net assets		777,143		833,136

(ii) Non-consolidated statements of income

(Millions of yen)

		Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026
Net sales	*1	393,260	*1	389,198
Cost of sales	*1	282,091	*1	274,508
Gross profit		111,168		114,689
Selling, general and administrative expenses	*2	98,408	*2	106,768
Operating profit		12,760		7,921
Non-operating income				
Interest and dividend income	*1	34,591	*1	54,472
Miscellaneous income	*1	15,156	*1	16,844
Total non-operating income		49,747		71,316
Non-operating expenses				
Interest expenses	*1	583	*1	1,098
Interest expenses on bonds		87		235
Miscellaneous expenses	*1	4,240	*1	1,818
Total non-operating expenses		4,912		3,152
Ordinary profit		57,595		76,085
Extraordinary income				
Gain on sale of investment securities		14,487		14,735
Gain on sale of non-current assets		–		8
Total extraordinary income		14,487		14,744
Extraordinary losses				
Provision of allowance for doubtful accounts		–	*3	10,831
Loss on valuation of shares of subsidiaries and associates		187	*4	9,358
Loss on valuation of investment securities		511		1,103
Impairment losses		568		104
Loss on sale of shares of subsidiaries and associates		218		–
Loss on sale and retirement of non-current assets		1,126		1,224
Total extraordinary losses		2,612		22,621
Profit before income taxes		69,470		68,207
Income taxes - current		7,498		10,673
Income taxes - deferred		1,868		(2,665)
Total income taxes		9,366		8,008
Profit		60,104		60,199

(iii) Non-consolidated statement of changes in equity

FY2024 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal 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	4,141	2,063	39,471	112,025
Changes during period									
Reversal of reserve for tax purpose reduction entry of land						(54)			54
Reversal of reserve for tax purpose reduction entry of depreciable assets							(152)		152
Reversal of reserve for open innovation promotion									
Dividends of surplus									(31,964)
Profit									60,104
Cancellation of treasury shares			(7,239)	(7,239)					
Purchase of treasury shares									
Disposal of treasury shares			0	0					
Transfer from retained earnings to capital surplus			7,239	7,239					(7,239)
Net changes in items other than shareholders' equity									
Total changes during period	–	–	–	–	–	(54)	(152)	–	21,105
Balance at end of period	100,002	109,234	–	109,234	10,363	4,087	1,911	39,471	133,131

	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Total retained earnings					
Balance at beginning of period	168,063	(48,605)	328,695	49,439	49,439	378,134
Changes during period						
Reversal of reserve for tax purpose reduction entry of land	–		–			–
Reversal of reserve for tax purpose reduction entry of depreciable assets	–		–			–
Reversal of reserve for open innovation promotion	–		–			–
Dividends of surplus	(31,964)		(31,964)			(31,964)
Profit	60,104		60,104			60,104
Cancellation of treasury shares		7,239	–			–
Purchase of treasury shares		(8,922)	(8,922)			(8,922)
Disposal of treasury shares		279	279			279
Transfer from retained earnings to capital surplus	(7,239)		–			–
Net changes in items other than shareholders' equity				(13,970)	(13,970)	(13,970)
Total changes during period	20,899	(1,403)	19,496	(13,970)	(13,970)	5,526
Balance at end of period	188,963	(50,008)	348,192	35,468	35,468	383,660

FY2025 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal 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
Changes during period									
Reversal of reserve for tax purpose reduction entry of land									
Reversal of reserve for tax purpose reduction entry of depreciable assets							(130)		130
Reversal of reserve for open innovation promotion									
Dividends of surplus									(34,182)
Profit									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)
Net changes in items other than shareholders' equity									
Total changes during period	–	–	–	–	–		(130)	–	(1,383)
Balance at end of period	100,002	109,234	–	109,234	10,363	4,087	1,781	39,471	131,748

	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Total retained earnings					
Balance at beginning of period	188,963	(50,008)	348,192	35,468	35,468	383,660
Changes during period						
Reversal of reserve for tax purpose reduction entry of land	–		–			–
Reversal of reserve for tax purpose reduction entry of depreciable assets	–		–			–
Reversal of reserve for open innovation promotion	–		–			–
Dividends of surplus	(34,182)		(34,182)			(34,182)
Profit	60,199		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	(27,530)		–			–
Net changes in items other than shareholders' equity				(3,719)	(3,719)	(3,719)
Total changes during period	(1,513)	(8,599)	(10,112)	(3,719)	(3,719)	(13,831)
Balance at end of period	187,450	(58,607)	338,079	31,749	31,749	369,828

Notes to non-consolidated financial statements

(Significant accounting policies)

1. Valuation basis and methods for assets

(1) Valuation basis and methods for securities

(i) Held-to-maturity debt securities

……Amortized cost method

(ii) Shares of subsidiaries and associates

……Stated at cost based on the moving average method

(iii) Available-for-sale securities

Other than shares, etc. without market price

……Stated at fair value

(Valuation differences are all booked directly in a separate component of net assets, and cost of securities sold is determined by the moving average method)

Shares, etc. without market price

……Stated at cost based on the moving average method

(2) Valuation basis and methods for derivatives

……Stated at fair value

(3) Valuation basis and methods for inventories

Inventories held for regular sales

(i) Merchandise and finished goods……Stated at cost based on the periodic average method

(ii) Work in process……Stated at cost based on the periodic average method (partly the specific identification method)

(iii) Raw materials and supplies……Stated at cost based on the periodic average method

(iv) Real estate for sale……Stated at cost based on the specific identification method

(Balance sheet values are calculated by devaluating book values based on lowered profitability)

2. Accounting method for depreciation of non-current assets

(1) Property, plant, and equipment (excluding leased assets)

The straight-line method is applied.

Major useful lives are as follows:

Buildings:……3 to 50 years

Machinery and equipment:……4 to 17 years

(2) Intangible assets (excluding leased assets)

The straight-line method is applied.

Software for internal use is amortized over its useful life as internally determined (five years).

(3) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

The straight-line method is applied assuming the lease period to be the useful life without residual value.

(4) Long-term prepaid expenses

The straight-line method is applied.

3. Accounting policy for provisions

(1) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is provided in the amount estimated either by using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(2) Provision for bonuses

To provide for payment of employees' bonuses (including the employee bonus portion paid to Directors concurrently serving as employees), the estimated amount is provided based on the amount paid immediately before the end of the fiscal year.

(3) Provision for bonuses for directors (and other officers)

To provide for payment of bonuses for directors (and other officers), the expected payment amount is recorded.

(4) Provision for warranties for completed construction

To provide for payment associated with non-conformance liabilities, etc. for prefabricated housing, the expected amount of future payment based on past repair costs is recorded.

(5) Provision for share awards

To prepare for the issuance of the Company's shares to Directors and other employees in senior positions based on the share issuance regulations, the estimated value of the Company's shares corresponding to the share issuance points granted to eligible persons at the end of the fiscal year under review is recorded.

(6) Provision for retirement benefits

To prepare for payment of retirement benefits for employees, the expected amounts of retirement benefit obligations and pension assets as of the end of the fiscal year under review are recorded.

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year under review on a benefit formula basis.

Actuarial gains and losses are amortized using the straight-line method over a certain number of years (five years) within the average remaining service years of employees when incurred in each fiscal year, from the fiscal year following the accrual of each gain or loss.

Past service cost is amortized using the straight-line method over a certain number of years (five years) within the average remaining service years of employees when incurred.

4. Accounting policy for recognition of revenues and expenses

The following are the details of major performance obligations in the Company's major businesses and the regular points in time when the Company is to satisfy the said performance obligations (the regular points in time to recognize revenues). The Group received proceeds of sales-related transactions within one year from the time the Company has satisfied performance obligations, and therefore, no significant financial factors are included.

(1) Revenues related to sale of merchandise and finished goods

Sale of merchandise and finished goods, etc. mainly includes sale of land for sale in lots and multi-family housing, etc. in the Housing Business, sale of polyvinyl pipes, etc. in the Urban Infrastructure & Environmental Products Business, and sale of interlayer films for laminated glass, etc. in the High Performance Plastics Business. For these sales of merchandise and finished goods, etc., it is determined that the customer obtains control over the applicable merchandise, etc. and the performance obligations are satisfied at the time of delivery, and the revenue is recognized as of that point in time.

In domestic sales, if the length of time from shipment to transfer of control over merchandise, etc. to the customer is normal, the revenue is recognized at the time of shipment.

For sale of equipment in the Urban Infrastructure & Environmental Products Business and other items where the installation or acceptance inspection requires a significant length of time, it is determined that the customer obtains control over the applicable equipment, etc. and the performance obligations are satisfied at the time of the acceptance inspection, and the revenue is recognized at that point in time.

(2) Revenues related to construction contracts

Construction contracts are primarily contracts for the construction of various industrial plants, etc. in the Urban Infrastructure & Environmental Products Business. Under the respective contracts, the Company is obligated to perform construction work and deliver to the customer. Under these construction contracts, as assets are created by the Company's performance of obligations, the customer controls those assets, which means that these performance obligations are satisfied over a certain length of time and according to the progress of construction under the contract. The revenue is, therefore, recognized based on the progress of construction. The progress towards satisfaction of performance obligations is estimated mainly by the input method based on incurred cost.

For construction contracts whose construction period is very short, however, the revenue is recognized at the time when performance obligations have been completely satisfied.

(3) Revenues related to sale of services and others

Sale of services and others mainly includes maintenance services related to the sale of merchandise and finished goods in the Housing Business. The revenue is recognized at the time when the provision of services has been completed in the case that performance obligations are satisfied at a single point in time, and recognized as a fixed amount over the service provision period or according to the degree of progress in the case that performance obligations are satisfied over time.

5. Other basis of preparation of non-consolidated financial statements

(1) Accounting for non-deductible consumption taxes, etc. related to assets

Non-deductible consumption taxes and local consumption taxes related to assets are accounted for as period expenses for the fiscal year ended March 31, 2026.

(2) Application of the group tax sharing system

The group tax sharing system is being applied.

(3) Accounting treatment for retirement benefits

The method of accounting for unrecognized actuarial gains and losses and past service cost relating to retirement benefits differs from the method of accounting for these items in the consolidated financial statements.

(Significant accounting estimates)

I. FY2024 (from April 1, 2024 to March 31, 2025)

Valuation of land for sale in lots

(1) Amount recorded in the non-consolidated financial statements for the fiscal year under review

Land for sale in lots: ¥22,643 million

(2) Information on the details of significant accounting estimates related to identified items

Details are as per the description in Notes to consolidated financial statements, (Significant accounting estimates), “1. Valuation of land for sale in lots.”

II. FY2025 (from April 1, 2025 to March 31, 2026)

Valuation of land for sale in lots

(1) Amount recorded in the non-consolidated financial statements for the fiscal year under review

Land for sale in lots: ¥34,431 million

(2) Information on the details of significant accounting estimates related to identified items

Details are as per the description in Notes to consolidated financial statements, (Significant accounting estimates), “1. Valuation of land for sale in lots.”

(Notes to non-consolidated balance sheet)

*1. Assets and liabilities regarding transactions with subsidiaries and associates

Items regarding transactions with subsidiaries and associates are as follows:

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Short-term monetary claims	169,360	174,419
Long-term monetary claims	1	14,001
Short-term monetary obligations	188,125	236,191

*2. Amount of tax-purpose reduction entry

With the receipt of national subsidies, the following amount of tax-purpose reduction entry is deducted from the acquisition value of relevant assets.

The amount of tax-purpose reduction entry based on expropriation is included respectively in the following: ¥440 million in buildings, ¥61 million in structures, and ¥1,430 million in land.

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Buildings	1,351	1,482
Structures	103	115
Machinery and equipment	2,029	2,476
Vehicles	9	9
Tools, furniture, and fixtures	131	158
Land	1,430	1,430
Software	26	26

3. Guarantee obligations

The following liabilities are guaranteed:

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Guarantee obligations of housing loans for prefabricated modular housing purchasers	38,469	34,090
Guarantees for loans from financial institutions, etc. of subsidiaries and associates	20,604	31,431
Other guarantee obligations	2,085	2,083
Total	61,159	67,604

(Notes to non-consolidated statement of income)

*1. Items regarding transactions with subsidiaries and associates are as follows.

(Millions of yen)

	FY2024 (from April 1, 2024 to March 31, 2025)	FY2025 (from April 1, 2025 to March 31, 2026)
Net sales	296,729	300,720
Purchase of goods	234,837	249,282
Transactions other than business-related transactions	62,854	83,815

*2. Of which, the ratio of expenses categorized under selling expenses is approximately 17% for FY2024 and 16% for FY2025. The major expense items and their amounts in selling, general and administrative expenses are as follows:

(Millions of yen)

	FY2024 (from April 1, 2024 to March 31, 2025)	FY2025 (from April 1, 2025 to March 31, 2026)
Freight costs, storage fees, and packing expenses	11,430	11,569
Employees' salaries, allowances, and bonuses	15,702	16,355
Provision for bonuses	3,102	2,901
Retirement benefit expenses	(102)	(552)
Depreciation	6,194	9,846
Commission	16,357	19,031
Research and development expenses	31,168	33,861

*3. The provision of allowance for doubtful accounts of ¥10,831 million, under extraordinary losses, relates to long-term loans to a consolidated subsidiary (Sekisui Bio Refinery Co., Ltd.).

*4. The loss on valuation of shares of subsidiaries and associates of ¥9,358 million, under extraordinary losses, relates to a consolidated subsidiary (Sekisui Bio Refinery Co., Ltd.).

(Securities)

I. FY2024 (ended March 31, 2025)

Shares of subsidiaries and associates

(Millions of yen)

Category	Carrying amount in balance sheet	Fair value	Difference
Shares of subsidiaries	2,019	4,460	2,440
Shares of associates	6,826	12,003	5,177
Total	8,846	16,464	7,617

Note: Shares, etc. without market price that are not included in the above

Category	Carrying amount in balance sheet (millions of yen)
Shares of subsidiaries	236,624
Shares of associates	4,561

II. FY2025 (ended March 31, 2026)

Shares of subsidiaries and associates

(Millions of yen)

Category	Carrying amount in balance sheet	Fair value	Difference
Shares of subsidiaries	2,019	4,901	2,881
Shares of associates	6,826	12,990	6,164
Total	8,846	17,891	9,045

Note: Shares, etc. without market price that are not included in the above

Category	Carrying amount in balance sheet (millions of yen)
Shares of subsidiaries	238,018
Shares of associates	4,561

(Tax effect accounting)

1. Major components of deferred tax assets and liabilities

(Millions of yen)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Deferred tax assets		
Loss on valuation of shares of subsidiaries and associates	8,070	8,491
Provision for retirement benefits	7,657	7,725
Allowance for doubtful accounts	93	3,471
Impairment losses	3,454	3,380
Other	7,124	8,211
Total gross deferred tax assets	26,400	31,281
Valuation allowance	(12,241)	(14,014)
Total deferred tax assets	14,159	17,267
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(16,169)	(14,525)
Prepaid pension costs	(3,397)	(3,896)
Reserve for tax-purpose reduction entry of non-current assets	(2,742)	(2,685)
Other	(1,121)	(1,121)
Total deferred tax liabilities	(23,431)	(22,229)
Net deferred tax liabilities	(9,271)	(4,962)

2. Major factors underlying the differences between the statutory tax rate and the effective income tax rate after application of tax effect accounting

(%)

	FY2024 (ended March 31, 2025)	FY2025 (ended March 31, 2026)
Statutory tax rate	30.5	30.5
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	2.0	4.9
Income not taxable permanently, such as dividend income	(12.9)	(21.9)
Tax credits	(4.8)	(5.5)
Valuation allowance	(1.6)	1.1
Withholding tax on dividends from foreign subsidiaries	0.4	2.8
Other	(0.1)	(0.2)
Effective income tax rate after application of tax effect accounting	13.5	11.7

3. Accounting treatment of income taxes and local income taxes, or tax effect accounting related thereto

The Company applies the Group Tax Sharing System, and in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021), accounts for and discloses income taxes, local income taxes, and related tax effect accounting.

(Revenue recognition)

Information that serves as a basis for understanding revenue from contracts with customers is as described in "(Significant accounting policies) 4. Accounting policy for recognition of revenues and expenses."

(Significant subsequent events)

(Purchase of treasury shares)

The Company resolved at its Board of Directors meeting on April 28, 2026 the following matters associated with the acquisition of treasury shares based on the provision of Article 156 of the Companies Act to be applied mutatis mutandis pursuant to the provision of Article 165, paragraph 3 of the said Act.

(1) Reasons for executing purchase of treasury shares

As part of returns to shareholders

(2) Contents of resolution of the Board of Directors regarding the acquisition of treasury shares

(i) Class of shares to be acquired

Common shares of the Company

(ii) Total number of shares to be acquired

Up to 4,000,000 shares

(iii) Acquisition period

From April 30, 2026 to March 31, 2027

(iv) Total acquisition amount

Up to ¥12,000 million

(v) Acquisition method

Purchase through the market including an advance-notice-type market buying system (ToSTNeT-3)

(Cancellation of Treasury Shares)

The Company resolved at its Board of Directors meeting on April 28, 2026 the following matters associated with the cancellation of treasury shares based on the provision of Article 178 of the Companies Act, and executed cancellation on May 25, 2026.

(1) Reasons for canceling treasury shares

As part of returns to shareholders

(2) Contents of resolution of the Board of Directors regarding the cancellation of treasury shares

(i) Class of shares to be canceled

Common shares of the Company

(ii) Number of shares to be canceled

25,000,000 shares

(iii) Cancellation date

May 25, 2026

(iv) Total number of issued shares after cancellation

405,507,285 shares

(iv) Annexed detailed schedule

Detailed schedule of property, plant, and equipment, etc.

Category of assets	Carrying amount at beginning of period (millions of yen)	Increase during the period (millions of yen)	Decrease during the period (millions of yen)	Depreciation during the period (millions of yen)	Carrying amount at end of period (millions of yen)	Accumulated depreciation (millions of yen)	Acquisition cost at end of period (millions of yen)
Property, plant, and equipment							
Buildings	35,549	4,782	1,036 (2)	2,692	36,602	65,565	102,168
Structures	2,839	818	126 (90)	301	3,229	11,311	14,541
Machinery and equipment	24,847	11,157	512 (0)	6,882	28,610	148,893	177,504
Vehicles	196	29	0	69	155	920	1,076
Tools, furniture, and fixtures	4,561	2,117	34	1,956	4,687	28,131	32,819
Land	39,191	856	1,159	–	38,888	–	38,888
Leased assets	486	235	4	148	569	522	1,092
Construction in progress	6,701	26,603	19,765 (2)	–	13,539	–	13,539
Total property, plant, and equipment	114,373	46,602	22,639 (95)	12,052	126,283	255,345	381,629
Intangible assets							
Industrial property	40	269	10 (6)	27	272	2,256	2,529
Right to use facilities	97	49	0	1	145	325	471
Software	11,784	21,884	330 (1)	8,157	25,180	51,591	76,772
Leased assets	0	–	–	0	0	0	0
Other intangible assets	21,896	10,220	22,204	–	9,912	–	9,912
Total intangible assets	33,820	32,424	22,544 (8)	8,187	35,512	54,174	89,687

(Notes) 1. The figures in parentheses under "Decrease during the period" represent the impairment loss component of the stated decreases.

2. Major items in increase and decrease during the period are as follows.

Category of assets	Increase or decrease	Business office or location	Description	Amount (millions of yen)
Software	Increase	Headquarters	ERP system	16,052
Machinery and equipment	Increase	Shiga-Minakuchi Plant	Expansion of production capacity	1,531
Software	Increase	Housing Company	CAD system	1,358

Detailed schedule of provisions

Category	Balance at beginning of period (millions of yen)	Increase during the period (millions of yen)	Decrease during the period (millions of yen)	Balance at end of period (millions of yen)
Allowance for doubtful accounts	262	10,833	39	11,056
Provision for bonuses	5,219	5,366	5,219	5,366
Provision for bonuses for directors (and other officers)	340	312	340	312
Provision for warranties for completed construction	1,649	774	1,443	980
Provision for share awards	1,263	462	283	1,441

(2) Components of major assets and liabilities

Description is omitted since consolidated financial statements are prepared.

(3) Other

Not applicable.

VI. Outline of Share-Related Administration of Reporting Company

Fiscal year	From April 1 to March 31
Annual general meeting of shareholders	June
Record date	March 31
Record date for dividends of surplus	September 30 March 31
Number of shares constituting one unit	100 shares
Purchase and sale of shares less than one unit	(Note)
Place for purchase and sale	(Special account) 6-3, Fushimimachi 3-chome, Chuo-ku, Osaka, Japan Osaka Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation
Shareholder register administrator	(Special account) 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan Mitsubishi UFJ Trust and Banking Corporation
Contact place	-
Purchase/sale commission	Free
Method of public notice	Electronic public notice
Shareholder benefits	Not applicable

(Note) For shares less than one unit that the Company's shareholders own, they may not exercise any rights except for the rights under each item of Article 189, paragraph 2 of the Companies Act, the right to make a demand under Article 166, paragraph 1 of the Companies Act, the right to the allotment of the shares for subscription and share options for subscription in accordance with the number of shares they own, and the right to make a demand for purchasing shares less than one unit which, together with the shares less than one unit that they own, will constitute one share unit.

VII. Reference Information of Reporting Company

1. Information about parent of reporting company

The Company has no parent company.

2. Other reference information

The Company submitted the documents below from the start date of the fiscal year under review to the filing date of this Annual Securities Report.

(1) Shelf registration statement and attached documents

Submitted to the Director-General of the Kanto Local Finance Bureau on December 22, 2025

(2) Amended shelf registration statement

Submitted to the Director-General of the Kanto Local Finance Bureau on January 14, 2026

Submitted to the Director-General of the Kanto Local Finance Bureau on February 17, 2026

(3) Annual securities report and attached documents and confirmation letter

For the 103rd Business Term (from April 1, 2024 to March 31, 2025), submitted to the Director-General of the Kanto Local Finance Bureau on June 16, 2025

(4) Internal control report and attached documents

Submitted to the Director-General of the Kanto Local Finance Bureau on June 16, 2025

(5) Semi-annual securities report and confirmation letter

For the first half of the 104th Business Term (from April 1, 2025 to September 30, 2025), submitted to the Director-General of the Kanto Local Finance Bureau on November 13, 2025

(6) Extraordinary report

Submitted to the Director-General of the Kanto Local Finance Bureau on June 20, 2025

An extraordinary report under Article 19, paragraph 2, item 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (a result of exercise of voting rights at a shareholders meeting)

Submitted to the Director-General of the Kanto Local Finance Bureau on July 31, 2025

An extraordinary report under Article 19, paragraph 2, item 2-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (disposal of treasury shares by third-party allotment of shares in continuation of BIP trust as an officer remuneration system and ESOP trust)

Submitted to the Director-General of the Kanto Local Finance Bureau on December 11, 2025

An extraordinary report under Article 19, paragraph 2, item 12 of the Cabinet Office Order on Disclosure of Corporate Affairs (occurrence of an event that may have serious effects on financial position, business results, and cash flows)

Submitted to the Director-General of the Kanto Local Finance Bureau on January 14, 2026

An extraordinary report under Article 19, paragraph 2, item 12 of the Cabinet Office Order on Disclosure of Corporate Affairs (occurrence of an event that may have serious effects on financial position, business results and cash flows)

Submitted to the Director-General of the Kanto Local Finance Bureau on February 17, 2026

An extraordinary report under Article 19, paragraph 2, item 9 of the Cabinet Office Order on Disclosure of Corporate Affairs (change in representative director)

(7) Share buyback report

Submitted to the Director-General of the Kanto Local Finance Bureau on July 10, 2025

Submitted to the Director-General of the Kanto Local Finance Bureau on August 8, 2025

Submitted to the Director-General of the Kanto Local Finance Bureau on September 11, 2025

Submitted to the Director-General of the Kanto Local Finance Bureau on October 10, 2025

Submitted to the Director-General of the Kanto Local Finance Bureau on November 10, 2025

Submitted to the Director-General of the Kanto Local Finance Bureau on December 10, 2025

Submitted to the Director-General of the Kanto Local Finance Bureau on January 9, 2026

Submitted to the Director-General of the Kanto Local Finance Bureau on February 10, 2026

Submitted to the Director-General of the Kanto Local Finance Bureau on March 11, 2026

Submitted to the Director-General of the Kanto Local Finance Bureau on April 13, 2026

Submitted to the Director-General of the Kanto Local Finance Bureau on May 11, 2026

Submitted to the Director-General of the Kanto Local Finance Bureau on June 10, 2026

(8) Amended share buyback report

Submitted to the Director-General of the Kanto Local Finance Bureau on December 10, 2025

An amended share buyback report related to the share buyback report submitted on September 11, 2025

Part 2. Information About Reporting Company's Guarantor, Etc.

Not applicable.

Independent Auditor's Report on the Financial Statements

June 12, 2026

To the Board of Directors of Sekisui Chemical Co., Ltd.:

KPMG AZSA LLC
Osaka Office, Japan

Yoshihide Takehisa
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Ken Tsukamoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroto Kawase
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sekisui Chemical Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "Financial Information" section in the company's Annual Securities Report, which comprise the consolidated balance sheet as at March 31, 2026 and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies, other explanatory information and supplementary schedules, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Valuation of land for sale in lots held for selling houses</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Company recorded land for sale in lots held for selling houses (“land for sale in lots”) of ¥86,144 million on the consolidated balance sheet, which accounted for 6.0% of total consolidated assets.

As described in the Notes (Significant Accounting Estimates), land for sale in lots is stated at acquisition cost on the consolidated balance sheet. If the net selling price at the end of the fiscal year is below the acquisition cost, the said amount is used as the consolidated balance sheet value. The net selling price is calculated based on the selling price for each property (in principle, the minimum publicly offered price). In addition, there are rules in place to systematically reduce the carrying amount according to the number of years that have elapsed since the start of sale.

Estimates of net selling price are based on management’s subjective judgment, which are based on forecasts or expectations grounded on market conditions of housing sales. In addition, valuation of land for sale in lots has significant potential impacts on the financial statements. Accordingly, we have determined valuation of land for sale in lots to be a key audit matter, as it was of particular significance in our audit of the consolidated financial statements for the current fiscal year.</td><td>We mainly conducted the following audit procedures in order to assess the appropriateness of valuation of land for sale in lots.

(1) Evaluation of internal controls
We evaluated the design and the effectiveness of internal controls of the Company related to valuation of land for sale in lots.

(2) Consideration of estimates of net selling price
We mainly conducted the following audit procedures in order to assess the appropriateness of valuation of land for sale in lots.

• We evaluated the Company’s valuation basis by obtaining actual sales data for land for sale in lots and comparing estimates of net selling price in prior fiscal years with actual selling prices.

• We obtained inventory lists of land for sale in lots and examined whether valuation had been performed in accordance with the Company’s valuation basis. For net selling price, we checked consistency with selling prices publicly disclosed by the Company. In addition, for land for sale in lots located in regions where official land prices (“koji kakaku”) had declined from the end of the previous fiscal year to the end of the current fiscal year, we assessed the appropriateness of net selling prices by comparing them with selling prices of neighboring properties.

• For properties among land for sale in lots for which sales had not yet commenced, we made inquiries of the departments in charge regarding whether there were delays in the commencement of sales and the status of such delays, and evaluated how such circumstances were reflected in estimates of net selling price.</td></tr>
</table>

Other Information

The other information comprises the information included in the Annual Securities Report , but does not include the consolidated financial statements, the financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors’ performance of their duties including the design, implementation and maintenance of the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in "Corporate Governance, (3) Audits" included in "Information About Reporting Company."

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

<u>Notes to the Reader of Audit Report</u>:

The Independent Auditor’s Report herein is the English translation of the Independent Auditor’s Report as required by the Financial Instruments and Exchange Act of Japan.

Independent Auditor's Report on the Financial Statements

June 12, 2026

To the Board of Directors of Sekisui Chemical Co., Ltd.:

KPMG AZSA LLC
Osaka Office, Japan

Yoshihide Takehisa
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Ken Tsukamoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroto Kawase
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Non-consolidated Financial Statements

Opinion

We have audited the accompanying non-consolidated financial statements of Sekisui Chemical Co., Ltd. ("the Company") provided in the "Financial Information" section in the company's Annual Securities Report, which comprise the non-consolidated balance sheet as at March 31, 2026 and the non-consolidated statement of income, the non-consolidated statement of changes in equity for the year then ended, and significant accounting policies, other explanatory information and supplementary schedules, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Company as at March 31, 2026, and its non-consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of land for sale in lots held for selling houses

The Company recorded land for sale in lots held for selling houses of ¥34,431 million on the balance sheet. A description of the content of this key audit matter, the reasons for its determination, and how the matter was addressed in our audit is omitted as it is identical to the key audit matter (Valuation of land for sale in lots held for selling houses) included in the auditor's report on the consolidated financial statements.

Other Information

The other information comprises the information included in the Annual Securities Report , but does not include the consolidated financial statements, the non-consolidated financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the non-consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fee-related information is disclosed in independent auditor's report on the consolidated financial statements as of and for the year ended March 31, 2026.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Audit Report:

The Independent Auditor’s Report herein is the English translation of the Independent Auditor’s Report as required by the Financial Instruments and Exchange Act of Japan.