

Q&A Summary

Presentation of Financial Results for FY2024, Ended March 31, 2025 and the FY2025 Management Plan

Date: April 28, 2025

* HPP Company: High Performance Plastics Company

* UIEP Company: Urban Infrastructure & Environmental Products Company

About the Impact of U.S. Tariff Measures

Q: [Presentation material P18] What underlying assumptions were made when calculating the impact of U.S. tariff measures totaling ¥2.5 billion on operating profit?

A: (Shimizu) Our calculation of roughly ¥2.5 billion is based on the total of tariffs on products exported to the U.S. from such countries and regions as Europe, Canada, and Japan and tariffs on raw materials and other materials purchased from non-U.S. sources at our bases in the U.S. By segment, about half of the estimated impact will be felt by the HPP Company and the remaining half by the UIEP Company and Medical Business.

Q: According to the sales by region data in the Company's earnings release, sales in North America came to approximately ¥140 billion. If we apply a tax rate of 24% to the impact imposed by tariffs estimated at roughly ¥2.5 billion, can we assume that sales and purchases in the U.S. total approximately ¥10 billion with the remainder manufactured and sold within the U.S.?

A: (Shimizu) Yes, that assumption is generally correct.

About the HPP Company

Q: [Presentation material P31] In similar fashion to last year, the Company plans to continue expanding its activities in the Electronics field in FY2025, focusing mainly on non-LCD semiconductor-related products. Can you elaborate further and provide us with details of specific products where you hope to increase the Company's market share and cultivate new orders. Certain information indicates a delay in data center investment. Is this having an impact?

A: (Asano) Used in the semiconductor manufacturing process, we are witnessing a pickup in “SELFA” use as a high bandwidth memory processing material targeting the AI field. As such, I believe there is room for further sales growth. We do not envisage a downturn. As far as build-up dielectric films are concerned, efforts aimed at promoting new application continue to steadily progress despite a slight delay. Expectations are that sales will expand from FY2025 and over the medium term.

Q: [Presentation material P30] Can you provide us with a breakdown of the Company’s fixed costs plans totaling ¥16.6 billion. If sales were to decline owing to such factors as a deterioration in business conditions, is there room to reduce fixed costs?

A: (Asano) In addition to our investment in human capital and the introduction of an SAP system, our fixed cost plans include an R&D limit of approximately ¥4 billion. We will continue to manage fixed costs in line with business conditions. Accordingly, there is scope for slight adjustments.

About the Housing Company

Q: [Presentation material PP35-36] The balance of orders as of the end of FY2024 increased ¥33 billion compared with the previous year owing to an upswing in the unit price of orders last year. Coinciding with sales in FY2025, we would normally expect a commensurate increase in profit. However, looking at the analysis of factors that underpin an increase or decrease in operating profit, there appears to be no plans for a significant increase in marginal profit. Isn’t this somewhat conservative?

A: (Yoshida) Amid a partial delay in the market’s recovery, we plan to secure a balance of orders from the next fiscal year in a bid to ensure sustainable growth without rushing sales and undertaking outflows such as excessive payments to procure labor when trying to build a house in a hurry.

Q: With the balance of orders, will turnover increase in the 1Q for the balance carried over as of the end of the period?

A: (Yoshida) The volume of construction in progress as of the end of FY2024 has increased

substantially compared with a year ago. Sales plan for the 1Q of FY2025 reflect this increase.

About the UIEP Company

Q: Will the impact of construction delays in FY2024 emerge in the 1Q of FY2025?

A: (Hirai) While certain properties will carry over from the 4Q of FY2024 to the 1Q of FY2025, orders will flow not only into the 1Q, but also the 2Q. A more accurate understanding is that certain properties will carry over into the 1H as a whole. While we still view volumes as a little weak, especially in the non-residential sector, selling prices are expected to contribute positively to the 1H. Accordingly, we are planning a slight increase in sales in the 1H in overall terms.

About the Perovskite Solar Cell Business

Q: Plans indicate a downturn of ¥4 billion in the perovskite solar cell business in FY2025. Can you provide us with a breakdown. Will the launch of products contribute to sales? Which expenses are projected to increase?

A: (Shimizu) We are currently pursuing a variety of endeavors, including the hiring of personnel in an effort to put in place the right structure and systems. Major expenses encompass expenditures related to plant start-up as well as technology development in the leadup to 2027. For the most part, we have not factored in profits from the release of products in FY2025.

Q: When do you expect to post sales?

A: (Kato) We are projecting sales of 1-meter wide products from facilities under construction at the Company's Sakai Plant from FY2027. For 30cm wide products, for which technology has already been established, we plan to post sales from the 2H of 2025 after prioritizing from efforts to verify various construction methods.