

Innovation for the Earth



Integrated Report 2026

Year Ended March 31, 2026

SEKISUI

SEKISUI CHEMICAL CO., LTD.

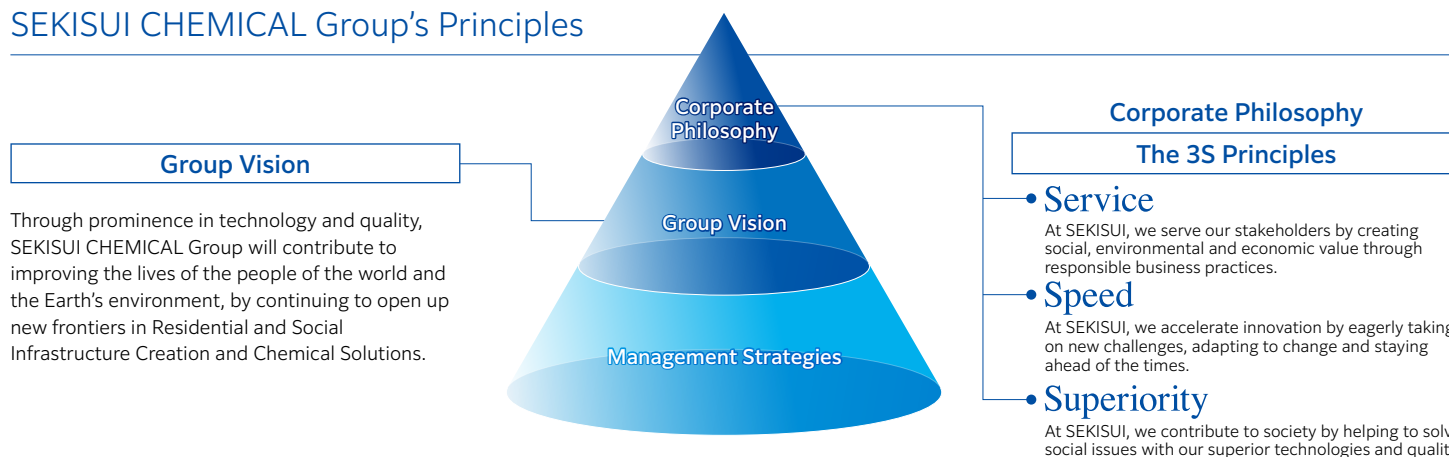
Innovation for the Earth

To realize a sustainable society, we support the basis of LIFE and will continue to create peace of mind for generations to come.

Viewing changes in the social environment as a business opportunity, SEKISUI CHEMICAL Group is working to continuously generate innovation to help resolve social issues drawing on the solutions created by its varied and diverse technologies as well as the trust it enjoys with its stakeholders.

By contributing to the Earth and people's lives, we are endeavoring to enhance the sustainability of society in concert with efforts to secure our sustainable growth as a company.

SEKISUI CHEMICAL Group's Principles



Five stakeholders for SEKISUI CHEMICAL Group: Customers, Shareholders, Employees, Business Partners, Local Communities and Environment

Positioning its five stakeholders as partners in improving corporate value and assessing their expectations and requests, as well as resolving society-wide issues together with them, leads to great opportunities for SEKISUI CHEMICAL Group.

We will create a relationship of mutual prosperity with our stakeholders while continuing to promote sustainable growth.



Feedback on the Integrated Report 2025 and key improvements in the Integrated Report 2026

Feedback

- "Could you explain how the concept of cost of capital has been embedded throughout management?"
- "Could you provide a clear roadmap for achieving the ROE target?"
- "Could you introduce how Outside Directors are involved in management, including specific examples of their contributions?"

Improvements

- The CEO Message discusses the Company's approach to capital costs and provides examples of initiatives related to ROE, ROIC, and WACC.

P.02

- The Report includes a balance sheet illustration reflecting the results of the Company's investment and shareholder return policies, clarifying the linkage between its approach to improving ROE and the measures implemented to achieve it.

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- The Report includes a roundtable discussion with Outside Directors, introducing examples of their involvement to date, their expected roles, and their perspectives on key management challenges.

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This report is available in PDF format in Japanese and English and can be downloaded from the following URLs.

Japanese Edition

<https://www.sekisui.co.jp/ir/document/annual/>

English Edition

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

Organizations Covered

In principle, this report covers SEKISUI CHEMICAL CO., LTD. and its consolidated subsidiaries.

Applicable Period

Includes FY2025 (April 1, 2025 to March 31, 2026) and other details to August 2026.

In Editing This Report

In editing this report, we referred to the International Integrated Reporting Framework recommended by the IFRS Foundation, the Guidance for Collaborative Value Creation 2.0 of Japan's Ministry of Economy, Trade, and Industry (METI), and Guidelines for Intellectual Property and Intangible Asset Governance of the Cabinet Office.

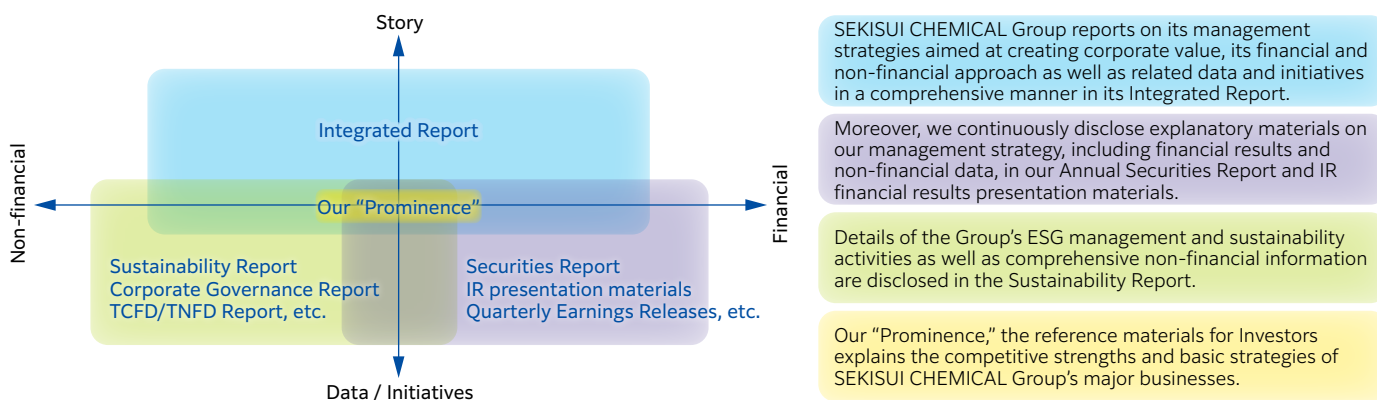


Cautionary Notes

The forecasts, plans, outlooks, and other forward-looking statements in this report are based on management's judgment of information available at the time this report was produced. Changes in key factors could cause actual performance results to differ materially from these forward-looking statements.

Figures denominated in billions of yen in this integrated report are rounded off to the nearest first decimal place. In addition, those denominated in millions of yen are rounded down to the nearest million yen.

SEKISUI CHEMICAL Group Information Disclosure System



Website Information

Investor Relations

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

Securities Report

https://www.sekisuichemical.com/ir/report/financial_report/

Presentations

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

Reference Materials for Investors, Our "Prominence"

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

Sustainability

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

Sustainability Report

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

TCFD/TNFD Report

https://www.sekisuichemical.com/sustainability_report/report/#tcfd

Message from the President & CEO



I joined SEKISUI CHEMICAL in 1987 and began my career as an engineer working on adhesive tape for corrugated cardboard packaging. Since then, I have pursued my career in the High Performance Plastics Company. A major turning point came in 2006, when I was assigned to the United States. As president of a local subsidiary whose performance was struggling at the time, I faced the difficult decision of whether to rebuild the business or withdraw from it. Working together with employees to implement reforms aimed at rebuilding the business, we achieved record-high profit for the first time in 10 years, which gave me tremendous confidence. After returning to Japan, I served as head of the Interlayer Film and Foam Division, and from 2019, as President of the High Performance Plastics Company, I was also involved in the acquisition and PMI of SEKISUI AEROSPACE CORPORATION. I believe the valuable experience I gained through business revitalization, acquisitions, and integration will be of great use in management going forward.

Turning challenges into results with Accelerate 2028 to realize Vision 2030

At the Midpoint of Vision 2030 Toward the Launch of Accelerate 2028

In 2020, the SEKISUI CHEMICAL Group announced Vision 2030, which aims to double the scale of our business by FY2030. Today, all Group employees are working as one toward its realization. Under former President Kato, we drove growth over the five years from 2020 and firmly established momentum, including by achieving record-high profits. The year 2026 marks both the exact midpoint of Vision 2030 and the important milestone of launching a new Medium-term Management Plan. Having assumed responsibility for steering management at this juncture, I feel the weight of that responsibility keenly. As its name suggests, the new Medium-term Management Plan, Accelerate 2028 is a three-year period for accelerating growth toward the realization of Vision 2030. I believe my role, having received the baton, is to ensure that we execute this plan.

Through Accelerate 2028, we will turn challenges into tangible results and make a concerted effort to realize Innovation for the Earth, the vision statement set forth in our Long-term Vision, Vision 2030.

Message from the President & CEO

Realizing “Innovation for the Earth”

To fully realize Innovation for the Earth, we will pursue three priority measures. The first is “accelerating the expansion of existing business and continuing to strengthen preparations for future growth.” The Group operates across four segments: Housing, Urban Infrastructure & Environmental Products, High Performance Plastics, and Medical. We will concentrate management resources on the growth-driving and growth-potential businesses in each segment to accelerate business expansion, while steadily investing in new businesses and technologies that will underpin growth beyond that. The second is “launching the film-type perovskite solar cell business.” We will first devote our full efforts to establishing mass production at the Sakai Plant and, by developing this into a full-scale business, contribute to the wider adoption of renewable energy and the realization of a decarbonized society. The third is “developing people and organizations that continue to take on challenges.” While carrying forward former President Kato’s aspiration to create a vibrant company, we will further cultivate people and organizations that continue to take on challenges without giving up when they encounter obstacles. Specifically, we will advance human resource development programs that cultivate leaders capable of formulating and executing strategies and specialists with advanced expertise, while creating an environment in which every individual can step forward and take on challenges. By appropriately evaluating the act of taking on a challenge itself and the experience gained from it, regardless of success or failure, we will foster a corporate culture in which every individual continues to grow.

I am determined to realize Innovation for the Earth. I want to share that commitment with as many people as possible and, together with all stakeholders who share our aspirations, address social issues and co-create “peace of mind for generations to come.”

Value that the SEKISUI CHEMICAL Group Provides to Society

Since our founding, the Group has consistently worked to address social issues that affect the safety and health of people around the world, as well as global environmental issues such as climate change and natural disasters that pose serious threats to the continued existence of society.

Our Group Vision is: “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.” To fulfill this vision, I believe the value the Group provides to society lies in fully realizing “Innovation for the Earth,” generating innovation on a global scale, and contributing to solutions to a wide range of social issues.

To contribute to solving social issues, we are focused on continuously creating “Products to Enhance Sustainability”. [P.18](#) Among these, one business in which I see particularly

significant potential is film-type perovskite solar cells.

I encourage everyone to imagine a world in which these cells are widely adopted. Film-type perovskite solar cells would be installed on roofs, walls, and throughout cities, turning entire communities into power plants. There would be no need to clear forests to install solar cells, nor to operate thermal power plants and emit CO₂. If we can use our capabilities to create such cities around the world, I believe that would truly represent Innovation for the Earth on a global scale.

The Source of Innovation: Strategic Foresight, Processing, and Value Transformation

“Strategic foresight, processing, and value transformation” is one of our strengths. We generate innovation by driving our value creation process around these three capabilities. Specifically, we first anticipate social issues and market needs. We then combine and process highly competitive core technologies defined as our 27 Technological Platforms (TPFs) [P.50](#) to create distinctive solutions. In this way, we create new value, including Products to Enhance Sustainability, and implement that value in society to drive social transformation.

Our distinctive position as a company with four domains—Residential, Advanced Lifeline, Innovative Mobility, and Life Science—comes into its own as we drive this cycle. We can identify new needs and seeds across a broad range of business fields, while also directly implementing material-based solutions created as a chemical manufacturer in social infrastructure such as housing and infrastructure.

One example is our approach to the social issue of increasingly severe natural disasters caused by climate change, where we are developing disaster-resilient communities. ASAKA Lead Town, developed on the former site of our Tokyo Plant in Asaka City, Saitama Prefecture, combines infrastructure technologies designed to withstand torrential rain and earthquakes with SEKISUI HEIM homes that are highly earthquake-resistant and possess energy self-sufficiency features. To address power and energy issues, we have our film-type perovskite solar cell business. These cells employ advanced technologies from the High Performance Plastics Company and are characterized by their high flexibility, thinness, and light weight. By combining these technologies with the engineering capabilities cultivated by the Urban Infrastructure & Environmental Products Company, we will initially promote installation on low-load-bearing roofs, such as those of elementary and junior high school gymnasiums that serve as evacuation shelters during disasters. In the future, we also intend to consider installation in ordinary homes by leveraging the technologies and networks of the Housing Company. In this way, by continuously driving the process of strategic foresight, processing, and value transformation, we will continue to realize Innovation for the Earth in ways unique to SEKISUI CHEMICAL and, in doing so, grow together with society.

Message from the President & CEO

Achievements and Challenges to Date under the Long-term Vision, Vision 2030, and the Path to Its Realization

One achievement during the first five years toward the Long-term Vision, Vision 2030 is that we have steadily made investment decisions and laid the groundwork for investments in growth-driving and growth-potential businesses and for future growth. Specifically, we have promoted a variety of capacity expansion investments, including the addition of a new interlayer film production line in Thailand, expansion of domestic production capacity for the “SELFA” semiconductor processing tape, and construction of a new synthetic lumber (FFU) railways sleeper plant in the Netherlands. For film-type perovskite solar cells, which hold significant promise for future growth, we have formulated a capital investment plan exceeding ¥300.0 billion. By 2030, we aim to achieve net sales on the scale of ¥100.0 billion and operating profit of ¥15.0–20.0 billion. This is becoming an indispensable business for achieving our Long-term Vision, and expectations continue to rise.

With regard to M&A, although some of the investment allocation under the previous Medium-term Management Plan remained unused, we actively pursued opportunities and conducted thorough evaluations. This was the result of carefully scrutinizing potential deals rather than simply seeking to use up the M&A allocation, and I believe this approach deserves recognition in its own right.

The challenge, in my view, is the speed at which we generate results. Under the previous Medium-term Management Plan, Drive 2.0, as noted above, we made firm decisions on growth investments and laid the groundwork for them. However, results did not emerge as quickly as expected, and operating profit ultimately fell short of the target, which was disappointing.

To achieve Vision 2030, we must continue investing in growth fields while quickly realizing the effects of those investments and increasing the trajectory of growth.

To do so, we must first follow through on investments and M&A for growth businesses. Accordingly, we have established an aggressive investment allocation under our new Medium-term Management Plan, Accelerate 2028. We will also establish the film-type perovskite

solar cell business, which represents a major challenge for me personally.

The next priority is greater speed. Achieving this will require us to strengthen our management foundation, with DX being one key area of focus. Through digital transformation, we will improve productivity.

We will also further strengthen our focus on materials informatics (MI), an area in which we have been investing considerable effort and which is expected



to improve development efficiency and contribute to the creation of new products.

Above all, however, it comes down to our people. Human resources are the driving force behind the realization of Vision 2030. The challenges and growth of each individual are indispensable. We will firmly establish a culture that embraces challenge we are currently fostering, support employee growth through challenge, and harness that strength to drive the Group's growth. During the latter five years, we will accelerate growth through these activities and leverage that growth to realize Vision 2030.

Practicing Management with an Awareness of the Cost of Capital

Across the Group, the use of the cost of capital as a premise for investment decisions and business evaluations has become firmly established. We incorporate ROE and ROIC into KPIs and reflect them in employee evaluations as well. Awareness of capital efficiency has increased not only among management but also among employees, and the concept of the ROIC spread has steadily taken root. My own awareness of ROE and ROIC has also increased significantly compared with the past, reinforcing my determination to meet the expectations of investors and shareholders. To enhance corporate value, the Group is pursuing three initiatives: “Accelerated Growth,” “Improvement of Capital Efficiency,” and “Improvement of Confidence.”



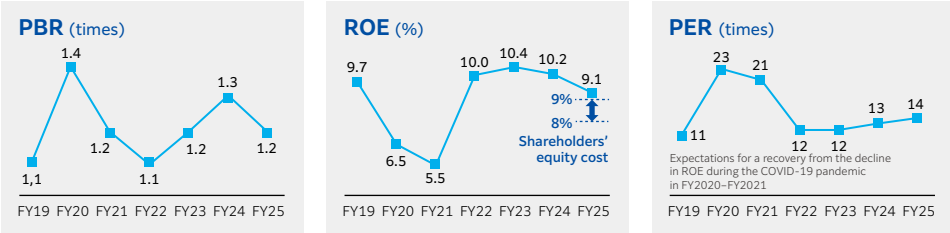
Under Accelerated growth, we will thoroughly implement portfolio management, concentrate management resources on growth-driving and growth-potential businesses, and continue to strengthen our earning power.

Under Improvement of capital efficiency, we will decide, as necessary, to downsize or withdraw from businesses in light of the market environment and their future prospects. In addition to reviewing our shareholder return policy, we are pursuing capital policies with an awareness of the balance sheet we should maintain.

Under Improvement of confidence, we position safety and compliance as the foundation of management and are strengthening quality and risk management, including through the use of DX. Building a management foundation that reduces business risks and consistently generates results will enhance confidence from society and the market and also help reduce the cost of capital.

Message from the President & CEO

PBR, an indicator of share price valuation, currently remains at approximately 1.2 times, and we recognize that there is room to improve both ROE and PER.



We position ROE as a key management indicator and break it down into three components—net profit margin, total asset turnover, and financial leverage—working to improve each of them.

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
ROE	9.7%	6.5%	5.5%	10.0%	10.4%	10.2%	9.1%
II							
Net profit margin (%)	5.2%	3.9%	3.2%	5.6%	6.2%	6.3%	5.7%
Reference: operating profit margin (%)	7.8%	6.4%	7.7%	7.4%	7.5%	8.3%	8.1%
Total assets turnover (times)	1.06	0.94	0.99	1.02	0.98	0.98	0.95
Financial leverage (times)	1.81	1.72	1.78	1.74	1.67	1.65	1.68

First, regarding the net profit margin, the underlying operating profit margin has improved as we shifted toward high-value-added products under the previous Medium-term Management Plan, Drive 2.0. On the other hand, partly as a consequence of proactive investment, impairment losses and other factors have prevented us from raising the net profit margin sufficiently relative to the operating profit margin. Our most important task is to increase net profit. To this end, we will steadily execute growth initiatives and further strengthen our management foundation to improve our net profit margin.

Total asset turnover has recently declined due to proactive capital investment for growth in areas including film-type perovskite solar cells and the High Performance Plastics Company's growth-driving fields. Going forward, we aim to improve this ratio by generating sales from these facilities and realizing the effects of our investments. As for financial leverage, although we have financed growth investments primarily through debt and implemented proactive shareholder returns, shareholders' equity has increased due to foreign exchange translation adjustments and other valuation differences, resulting in a recent decline in financial leverage. We will continue to select appropriate financing methods with capital efficiency in mind, while also maintaining shareholder returns.

Turning next to PER, SEKISUI CHEMICAL has many attractive businesses, including

electronics, interlayer films, pipeline renewal construction, and film-type perovskite solar cells. We will proactively disclose information on their growth potential, competitive advantages, and investment progress to ensure that the market appropriately recognizes their value.

Although we cannot directly control our share price, I believe that by continuing these initiatives to enhance corporate value, together with careful dialogue and disclosure, we can sustainably improve ROE and PER.

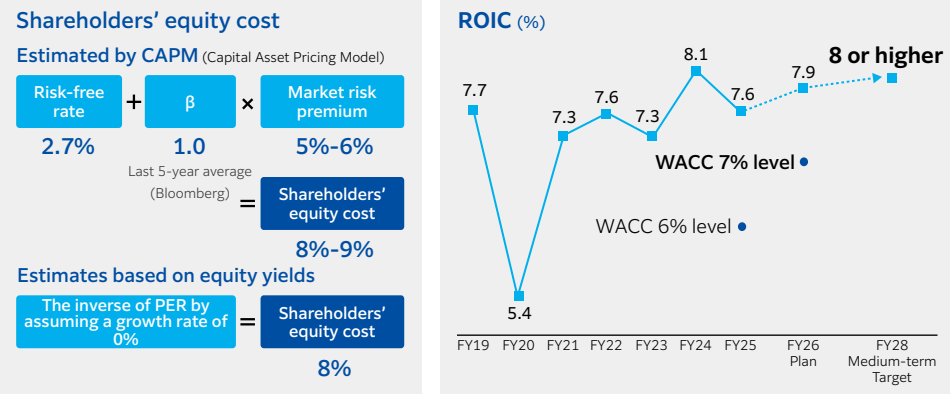
Investors and shareholders sometimes voice criticism that “we have yet to deliver sufficient results.” We take such views seriously and will continue our dialogue with the market, responding through tangible improvements in capital efficiency and corporate value.

Portfolio Management

Our portfolio management analyzes and evaluates businesses from the perspectives of profitability (operating profit margin), capital efficiency (ROIC), and growth potential (net sales growth rate), clarifies the strategic role of each business—growth-driving, growth-potential, revenue base, or improvement—and allocates management resources accordingly. If we cannot secure a sufficient ROIC spread, or if the operating profit margin remains low and it is difficult to establish a path toward the target level, we promptly review the business strategy.

For example, the biorefinery business, which uses microorganisms to produce resources from combustible waste, was a highly advanced technology and a promising new business. However, as the external environment developed differently from our assumptions and the prospects for securing sufficient margins became uncertain, we decided to revise our strategy.

To advance portfolio management, it is important both to secure the ROIC spread and to undertake initiatives that reduce the cost of capital. We need to strengthen our management foundation through the practice of ESG management, firmly pursue IR activities, and earn the confidence of our stakeholders. We will continue to work steadily on these priorities.



Message from the President & CEO

Next, I would like to discuss portfolio management from the perspective of the Group-wide business structure. The Group comprises three companies—Housing, Urban Infrastructure & Environmental Products, and High Performance Plastics—as well as the Medical Business. This diversity of businesses is sometimes cited as a factor that can lead to a conglomerate discount. I, however, see our diverse business portfolio as a strength of the Group. By having each business establish an earnings base in a different market, we enhance management stability while also generating synergies among businesses. This is a value unique to the SEKISUI CHEMICAL Group. Going forward, we will continue to carefully communicate our approach to portfolio management and its current status, aiming to become a company that is valued for the strengths that come precisely from being a conglomerate.

The Significance of Retaining the Housing Business

I believe the Housing Business plays an important role in the stability of our portfolio. Because it is primarily domestic and BtoC, its markets and risks differ from those of our other businesses, helping to reduce management risk. We have also accumulated extensive expertise in factory production over many years, and I believe we can continue to maintain a strong presence in the housing market. In time, we will leverage synergies with film-type perovskite solar cells to provide value unique to SEKISUI CHEMICAL and offer products with even greater added value.

Going forward, we will continue to pursue M&A aimed at strengthening sales and engineering capabilities in order to maximize the use of our existing housing production facilities. However, the Housing Business will continue to be positioned as a source of stability for the Group as a whole. Indeed, I believe that strengthening this core source of stability will create a foundation that enables us to take on even more challenges.

“Adaptability to Change” Required in an Era of Uncertainty

In recent years, the external environment has become more uncertain than ever, and I recognize that companies are being called upon to respond with even greater adaptability. Recent major changes include instability in the Middle East and the accelerating pace of technological innovation, including AI. The situation in the Middle East has once again underscored, through its impact on supply chains, the importance of securing stable supplies of energy and raw materials. As a company that contributes to solving social issues, we have a responsibility to continue providing products and services reliably. To fulfill that responsibility, we will further strengthen the resilience of our procurement and production systems and our efforts to diversify risks.

At the same time, technological innovation centered on AI represents a major opportunity for us, while also being a factor that can significantly reshape the competitive environment. We are advancing initiatives including materials informatics (MI), [P.54](#) which are helping to accelerate development and enhance our ability to create added value. Going forward, we will further evolve these initiatives and strengthen our competitive advantage. Rather than being buffeted by changes in the external environment, it is important to identify both risks and opportunities within those changes. We must properly assess and accept risks, transfer or avoid them as necessary, and turn them into opportunities.

Precisely because uncertainty is so high, we must question existing assumptions, reassess everything from the ground up, define where we want to be, and drive the transformation needed to get there. While maintaining sound day-to-day business management as our foundation, we will transform our businesses over the medium to long term and, through these efforts, build a strong organization in which every individual grows.

Taking Our Culture of Challenge to the Next Stage

With regard to Challenge Actions, we provide opportunities to try again even after failure, and I myself have repeatedly communicated the message that “people will not be blamed for failure.” The Challenge Action Rate, which we use as a KPI, reached 62% in FY2025, and I am increasingly hearing employees say, “Even in small ways, I feel I am now more willing to take on challenges.” I feel that a culture that embraces challenge is steadily taking root, but at the same time, we are still in a transitional phase. Until now, there has been value in the act of “trying something different from before” itself. From here, however, I believe we are entering a stage in which we must raise the quality and speed of our challenges and increase the probability of success. What I consider particularly important here is leadership management. I want leaders to encourage their team members to take on challenges, foster aspirations such as “this is what I want to pursue,” and channel those aspirations into challenges that contribute to realizing our Long-term Vision, while creating an environment in which each individual can develop their capabilities. Even when the outcome is failure, it is important to support people from a long-term perspective with the conviction that “the learning and experience gained will surely lead to the next opportunity.” Innovation begins with the challenges taken on by each and every employee.

The Group has always had a culture that encourages people to take on challenges. During my own years as an engineer, I was involved in designing a new process for kraft tape that reduced environmental impact, improved quality, and lowered costs. This process improvement required substantial capital investment, but it became possible because I clearly communicated what I wanted to achieve, and my supervisors and the Company responded to my commitment, encouraged me, and provided the necessary budget. I want to carry forward this culture of encouraging people to take on challenges.

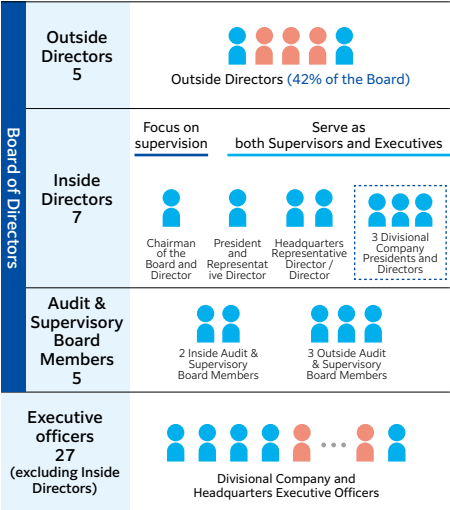
Message from the President & CEO

Clarifying the Roles of Supervision and Execution and Practicing Management with an Even Stronger Focus on Corporate Value

I believe the structure of the Board of Directors must continually evolve toward the optimal form in accordance with the Company's circumstances and the future state we seek to achieve. As our businesses become increasingly global and diverse, the Board is expected not only to deliberate individual matters but also to engage in higher-quality discussions on important themes that contribute to enhancing corporate value, including medium- to long-term management strategies and the ESG management foundation.

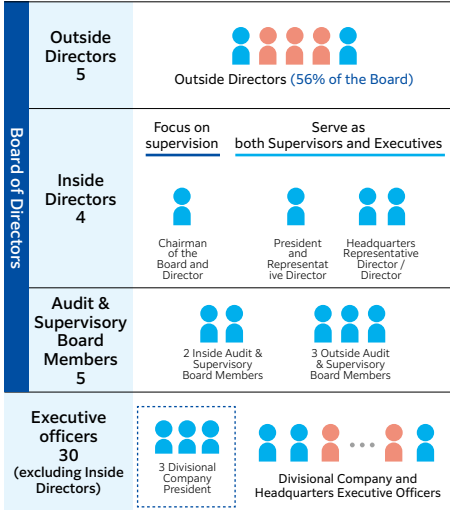
Accordingly, we have revised the Board structure so that Outside Directors constitute a majority, further clarifying the separation of supervision and execution, while also increasing the proportion of female Directors to more than 30%. By increasing independence and diversity, we have established a framework for supervising management from more objective and multifaceted perspectives.

As of June 18, 2026
(prior to resolution at the General Meeting of Shareholders)



Going forward, with this enhanced supervisory function in place, we will further delegate authority to executive management. At the Board of Directors, we will also deepen discussions aimed at sustainably enhancing corporate value, covering not only medium- to long-term business strategies and the ESG management foundation but also capital efficiency, including the ROIC spread, ROE, and WACC.

As of August 31, 2026



By strengthening oversight in a way that enables executive management to perform at its best, we will both accelerate management and enhance governance, supporting sustainable growth in corporate value.

Turning Dialogue with Shareholders and Investors into Enhanced Corporate Value

I believe dialogue with shareholders and investors is extremely important for enhancing corporate value and ensuring that our share price appropriately reflects that value. We will first improve on our communication so that stakeholders can accurately understand our current position, growth strategies, and future potential. With our improved communication, we will engage in dialogue to identify gaps between what shareholders and investors expect of us and where we stand today, and incorporate their opinions and recommendations into management with the aim of enhancing corporate value and ensuring that our share price appropriately reflects that value.

I personally place great importance on opportunities to engage directly with shareholders and investors. Recently, when speaking with investors in Europe, a shareholder who has held our shares for more than 20 years offered words of encouragement, saying, "I hope you will keep up the good work." I took those words as an indication that they understood the direction we are pursuing, and found them extremely encouraging. The experience once again impressed upon me the importance of deepening mutual understanding through dialogue.

Of course, we sometimes receive critical feedback as well as expressions of support and high expectations, but we regard such feedback as important input for our medium- to long-term growth. We will continue constructive and candid dialogue and further deepen our relationships of trust with shareholders and investors.

My Challenge as President of the SEKISUI CHEMICAL Group

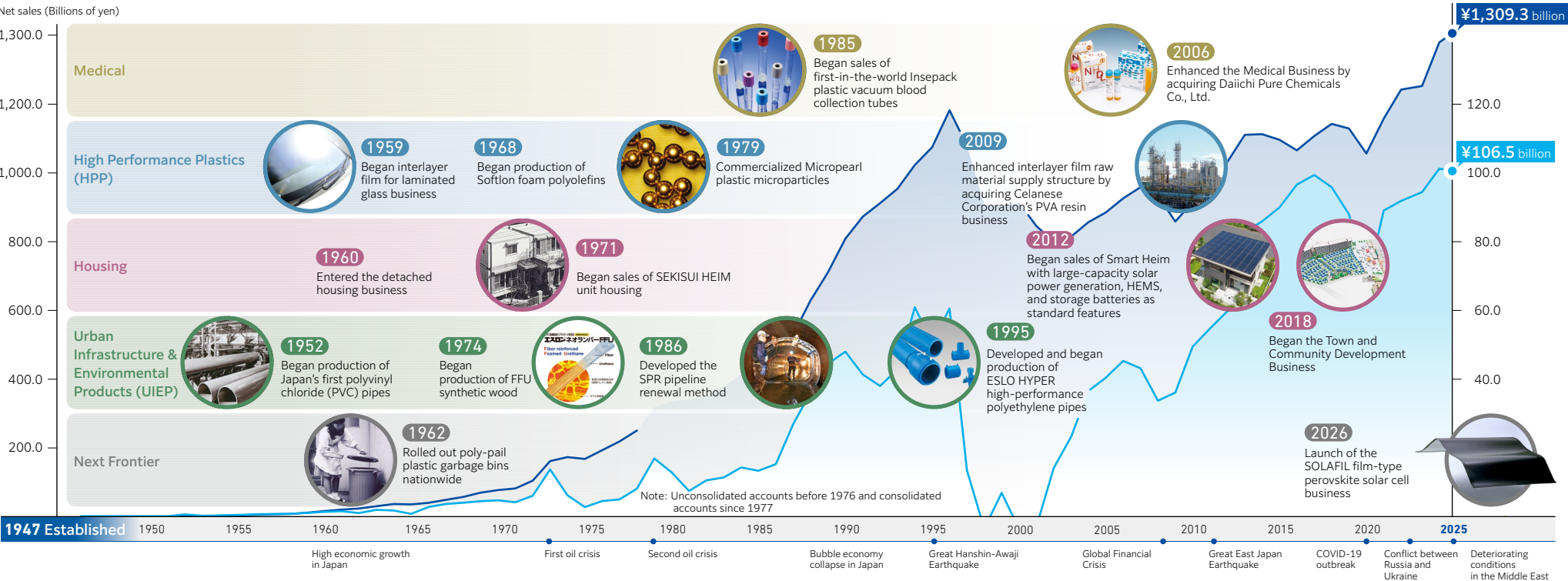
My greatest challenge as President is developing our people. I believe the growth of each individual strengthens our businesses and serves as the driving force behind enhanced corporate value. Creating an environment in which every employee can take on challenges and grow is my most important role.

Looking not only to the realization of Vision 2030 but also beyond it, we must begin systematically developing the next generation of leaders who can succeed globally. To that end, we will spare neither time nor investment in human resource development. I firmly believe that the growth of each and every employee will be the force that opens up the future of the SEKISUI CHEMICAL Group.

SEKISUI CHEMICAL Group's Accomplishments

With its roots in Nippon Chisso Hiryo K.K., founded by Shitagau Noguchi, SEKISUI CHEMICAL Group was established in 1947 by seven young employees aiming to comprehensively launch a business based on plastics, a new miracle material at the time.

Guided by our 3S Principles (Service, Speed, Superiority) over the ensuing period, we have dared to challenge new businesses and frontiers while ushering in a new era focusing mainly on plastic-related technologies and products.

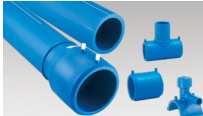
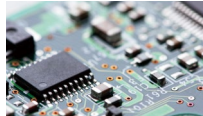


1947- Foundation	1966- Development	1980- Growth	1999- Resurgence	2008- Transformation
Established Process Creation Business as a Pioneer in Plastics SEKISUI CHEMICAL Group took on the challenge of being the first in Japan to engage in plastic processing using domestically produced injection molding machines. We contributed to Japan's postwar reconstruction by bringing new changes to people's lives through plastic products such as daily necessities, tapes and films, PVC pipes, and poly-pail plastic garbage bins. We entered the housing sector in 1960, and later spun it off as a separate company, now called Sekisui House, Ltd. In 1963, we aggressively expanded operations, which included becoming the first Japanese manufacturer to enter the U.S. market.	Improved Management Framework and Developed Next-generation Businesses With high economic growth in Japan drawing to a close, we implemented structural reforms and improved our management framework based on our basic philosophy of respecting employees and business partners, while contributing to society through plastics. We began SEKISUI HEIM industrialized modular houses and the Medical Business as the next wave of growth businesses. The Company was awarded the Deming Prize, the highest honor for TQC, * in 1979 for company-wide TQC activities. * TQC: Total Quality Control	Launched High-performance Products and Expanded the Housing Business With commercialization of next-generation products progressing since the late 1970s, we saw growth particularly in the social infrastructure-related, housing, and medical fields. We implemented organizational reforms to enhance our ability to meet customer needs, while launching new materials, technologies, and products to address more sophisticated customer needs and social issues. The Housing Business enhanced after-sales services, significantly grew, and drove overall company earnings. In 1997, we were the first in the industry to begin selling houses equipped with solar-power generation systems.	Adopted a Three Company System and Initiated CSR Management The Company reorganized from a seven-division to a three-company system (P.26), engaged in business selection and concentration, as well as globalization, to overcome the business crisis following the collapse of the bubble economy in Japan. At the same time, we promoted CSR management under the Three Prominences: Environment to achieve sustainable growth by balancing the economy and ecology; CS & Quality to improve CS (customer satisfaction) together with enhancing quality; and Human Resources to support the growth of employees to maximize their strengths.	Proactively Pursuing Strategic Investment and Evolving from CSR to ESG Management We are improving profitability along with expanding our businesses by pursuing investment strategies that clarify strategic fields and by enhancing our business structure. We have significantly increased sales of the High Performance Plastics Company by expanding our lineup of high-performance products. In 2020, we formulated our new Long-term Vision. As part of this, we are pursuing the evolution of CSR management—an integral part of our operations—into ESG management to realize social and corporate sustainability by taking a more strategic approach to environmental and social issues.

SEKISUI CHEMICAL Group's Business Domains

SEKISUI CHEMICAL Group is active in the Residential and Social Infrastructure Creation and Chemical Solutions business. We have developed business in the four domains of "Residential," "Advanced Lifeline," "Innovative Mobility," and "Life Science." We produce a large number of Products to Enhance Sustainability by making a high degree of contribution to solving natural and social environmental issues, as a result, these products have consistently accounted for more than 70% of total company sales.

The current business consists of four segments and the three divisional companies of Housing, Urban Infrastructure & Environmental Products (UIEP), and High Performance Plastics (HPP), as well as the Medical Business.

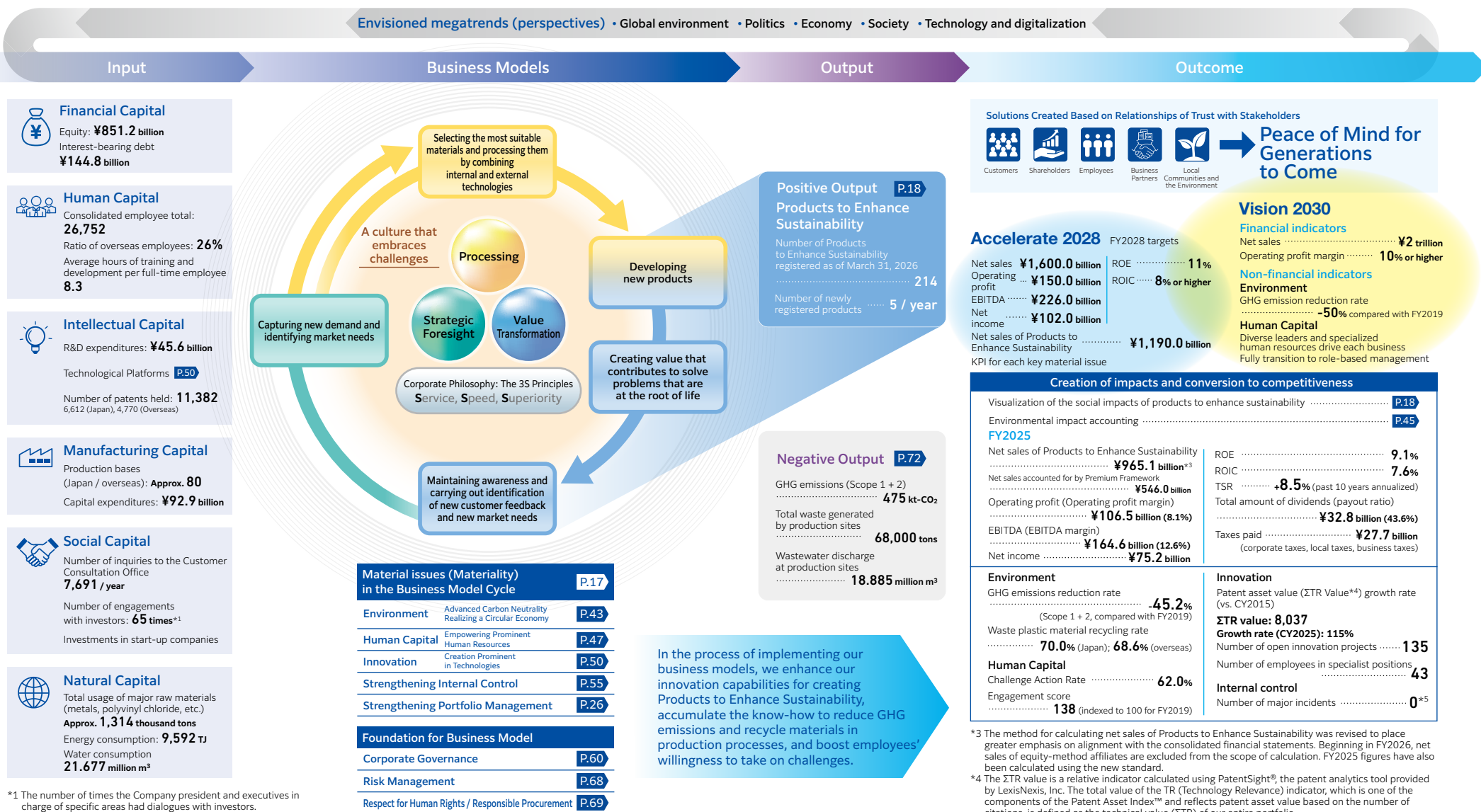
Business Domains Social Issues to Solve Existing Businesses	Residential and Social Infrastructure Creation As far as our longstanding products and businesses in such areas as the housing and pipe system-related fields are concerned, we will continue to promote a process of evolution and expansion by generating increased added value in response to customer feedback and the demands of the times.				Chemical Solutions Turning to the Electronics and Mobility fields as well as the Medical Business, we will not only focus on the development of products that meet the needs of existing customers, but also actively develop new products by cultivating new customers and pursuing M&As and CVCs.			
	Residential Providing more people with peace of mind, safety and comfort		Advanced Lifeline Solving infrastructure issues and improving social infrastructure on a global scale		Innovative Mobility Providing equipment that contributes to both sustainable society and lifestyles		Life Science Supporting global health and longevity	
	Housing Company Housing, Renovation, Residential		UIEP Company Pipe Systems, Building and Infrastructures Composite Materials, Infrastructure Renovation		HPP Company Electronics, Mobility, Industrial		Medical Business Diagnostics, Pharmaceutical Sciences	
	 The Smart Power station series designed to support energy self-sufficiency	 Smart and resilient town and community development	 High-performance seismic-resistant polyethylene pipe	 Corrosion-resistant and chemical-resistant plant piping	 Conductive fine particles for displays and electronic devices	 Component packaging materials for semiconductors	 Reagents for cholesterol tests	 Plastic vacuum blood collection tubes
 In-house production in progress inside the Housing production factory	 Housing production factory (unit)	 Pipeline renewal method (SPR method)	 High flow rate drainage system	 Double-sided fixed LCD placement tape used in smartphones and tablets	 Moldings for automobile bumpers	 Analysis devices	 Rapid infectious disease testing kits	
 A housing unit being installed	 High-end flagship model Steel-framed detached housing "ELVIA"	 Synthetic sleepers for railroads (FFU)	 Thermal expansion fire-chlorinated materials	 Interlayer film for automotive laminated glass	 Aircraft components	 Expanded newborn screening	 Active pharmaceutical ingredients (APIs)	
 Renovation	 Cost-effective model Wood-based detached housing "Grand To You FR"	 Chlorinated polyvinyl chloride (CPVC) resin compound	 Rainwater storage/recharge system, CROSS-WAVE	 Heat dissipation grease for EVs	 Plastic molding sheets for aircraft cabin interiors	 Drug development support (contracted testing)	 Cell culture scaffold "Ceglu"	

While generating synergies among our existing businesses, we aim to continuously create Products to Enhance Sustainability and support the sustainable growth of the Company and society in these four domains. **P.25**

Value Creation Process

SEKISUI CHEMICAL Group provides Products to Enhance Sustainability, which are products and services that help improve people's lives and the global environment, strategically addressing social issues based on relationships of trust with stakeholders and myriad technologies. By effectively utilizing the six forms of capital and implementing our business models, we will create Products to Enhance Sustainability and convert their impact into competitiveness, as well as increase our six forms of capital to improve the sustainability of society and achieve sustainable growth as a company.

We will continue to take on the challenge of realizing a sustainable society by delivering to society “peace of mind for generations to come,” which means that “peace of mind for living will continue not only for us living now, but also for the next generation and into the future.”



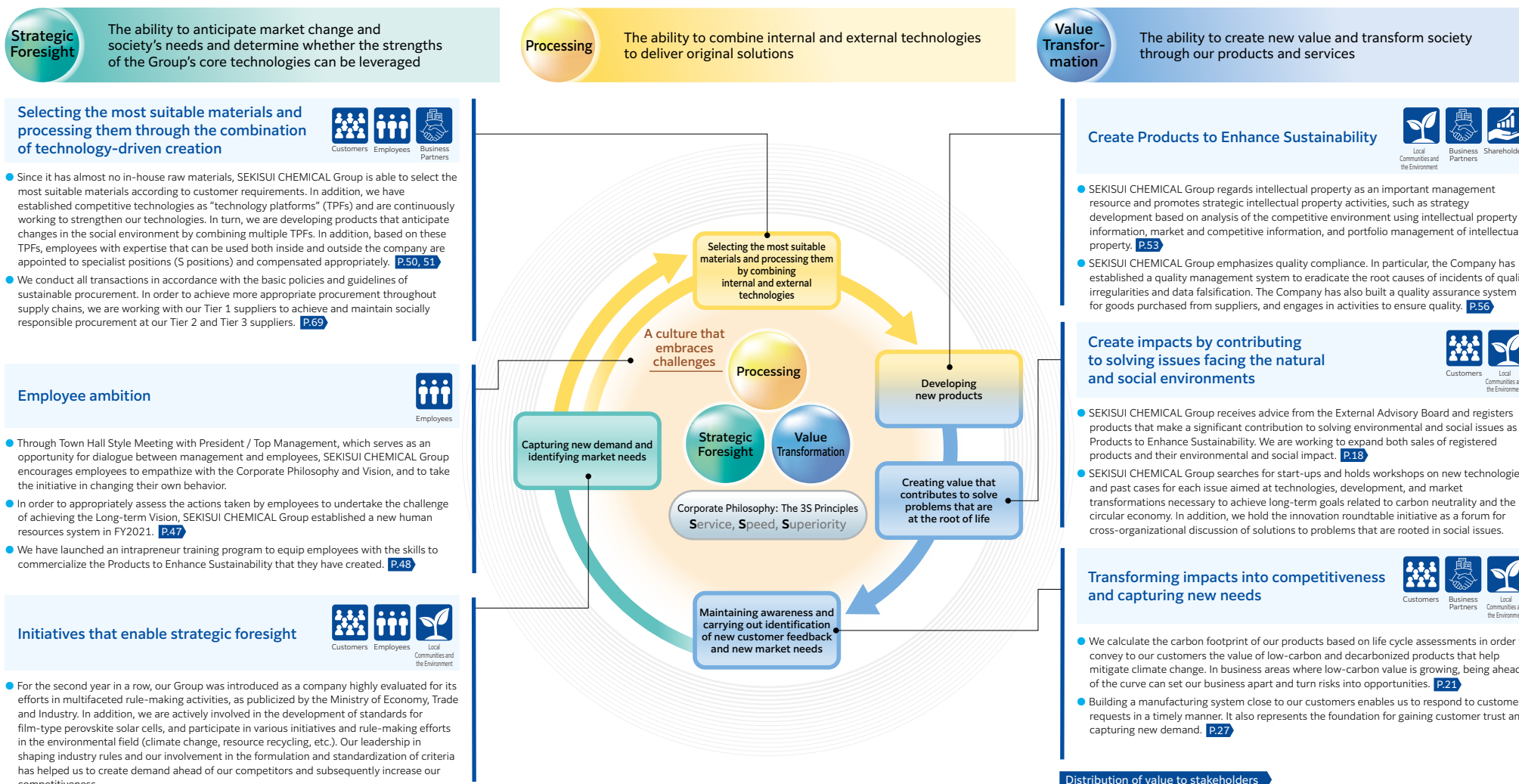
Commentary Value Creation Process

Value co-creation with stakeholders through business models

SEKISUI CHEMICAL Group's strengths are Strategic Foresight, Processing and Value Transformation.

Through collaboration with varied and diverse stakeholders, the Company practices a business model centered on these three strengths in a way that creates products and services that help solve issues facing the natural and social environments.

Through this cycle, we will create positive impacts on the environment and society, convert this into competitiveness, increase both financial and non-financial capital, and strive to sustainably increase corporate value.



A company highly evaluated (by the Ministry of Economy, Trade and Industry) for its efforts in multifaceted rule-making activities (in Japanese)

<https://www.eslontimes.com/news/detail/1697/>

SEKISUI CHEMICAL Group calculates the value provided to each stakeholder based on financial statements and while referring to the GRI Standards and other standards.

Commentary Value Creation Process

Concrete example of synergies across businesses (film-type perovskite solar cells)

SEKISUI CHEMICAL Group's strengths are Strategic Foresight, Processing, and Value Transformation.

We create synergies across existing business domains to develop products and services that help solve social and environmental issues.

The supply of film-type perovskite solar cells is evolving through the processes of Strategic Foresight, Processing, and Value Transformation, drawing on capabilities across three business domains.



The ability to anticipate market change and society's needs and determine whether the strengths of the Group's core technologies can be leveraged



The ability to combine internal and external technologies to deliver original solutions



The ability to create new value and transform society through our products and services

A culture that embraces challenges / Innovation

- True to the SEKISUI name—derived from the saying, “the victorious army mobilizes like the sudden release of a pent-up torrent down a thousand-fathom gorge”—we will move forward with momentum after thorough preparation and analysis.
- Promoting the internal entrepreneurship program C.O.B.U. Accelerator
- Visualizing the Challenge Action Rate as a KPI



Anticipating social trends

- Turning environmental megatrends into business opportunities
- Achieving carbon neutrality



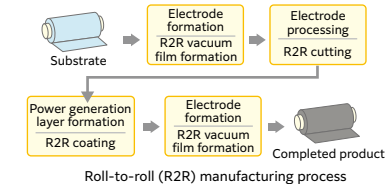
Expanding market needs

- Expanding installation locations (building walls, etc.)
- Exploring installation on detached houses (in collaboration with the Housing Company)



Developing new products

- Development leveraging the combined capabilities of three divisional companies
- Materials and roll-to-roll process technologies: high-performance plastics sealing
- Structural calculations for installation and construction: insights from the Housing Company based on its experience in handling silicon solar cells
- Insights cultivated through building materials development: Urban Infrastructure & Environmental Products Company



Roll-to-roll (R2R) manufacturing process



Film-type perovskite solar cells installed at the Gate Transportation Terminal at Expo 2025 Osaka, Kansai, Japan



Roll-to-roll production of film-type perovskite solar cells

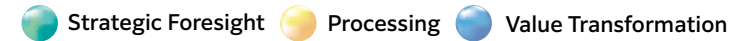
Implementation in society

- Leveraging the marketing capabilities of the Urban Infrastructure & Environmental Products Company in approaches to government ministries, agencies, and local governments



Commentary Value Creation Process

Case Study (PVB material)



PVB Material

We provide a variety of high-performance plastics through resin design, modification, and compounding.

- Development of new technologies

The various PVB (polyvinyl butyral) resins that are currently the raw materials for many of our mainstay products were developed based on PVA (polyvinyl alcohol) technology, for which production began in 1952. At the time, the Company expected to expand its applications to include raw materials for coatings and interlayer films for laminated glass.

■ Expanding applications into the life science field

2025: Launched the Ceglu brand of regenerative cell culture material for the industrialization of regenerative medicine

Regenerative medicine is a promising medical treatment of the future that has the potential to treat diseases that have not been treated until now. Processing and culturing cells according to the purpose of treatment, and transplanting the cells themselves and cell products, brings the possibility that lost body functions can be restored and diseases treated. This cell culture process requires a “scaffold” that adheres the cells to the surface of the culture vessel. However, the conventional protein scaffold posed multiple challenges in terms of industrialization, including low reproducibility and quality inconsistencies due to raw materials of animal origin. SEKISUI CHEMICAL Group leverages its expertise in resin processing technology and PVB resin technology to create cell culture scaffolds suitable for industrialization through chemical synthesis.



The growing importance of achieving healthy lifestyles in an aging society

■ Expanding applications into the electronics field

In the late 1970s, as the needs of advanced industries such as magnetic recording materials and IC substrate ceramics increased, so did the demand for higher functionality in materials, and our resin materials developed in response to such customer needs. Today, these materials are used in a wide range of applications, including binders for various ceramics, mainly MLCCs*, dispersants for pigments and carbon and other materials, as well as adhesives. The well-balanced expression of the signature functions of toughness, adhesiveness, and dispersibility provides ideal physical properties and handling in products and manufacturing processes for a variety of applications.

*Multi-Layer Ceramic Capacitor

- The birth of new products

1958: Started manufacturing S-LEC Film, an interlayer film for automotive laminated glass

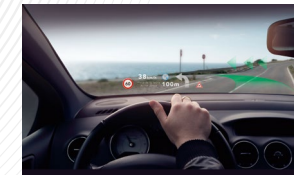
Around 1975, demand for automotive interlayer films began to grow significantly as the production of export automobiles increased. In addition, the demand for safety glass continued to further increase with the decision to legally mandate safety glass in Japan in 1987. SEKISUI CHEMICAL Group has been working to improve quality and develop proprietary production technologies to meet the demands of our customers.



Better safety,
environmental performance,
design, and comfort

- Surfacing new needs and adding functionality to products

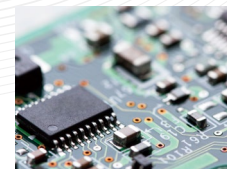
Head-Up Display Films



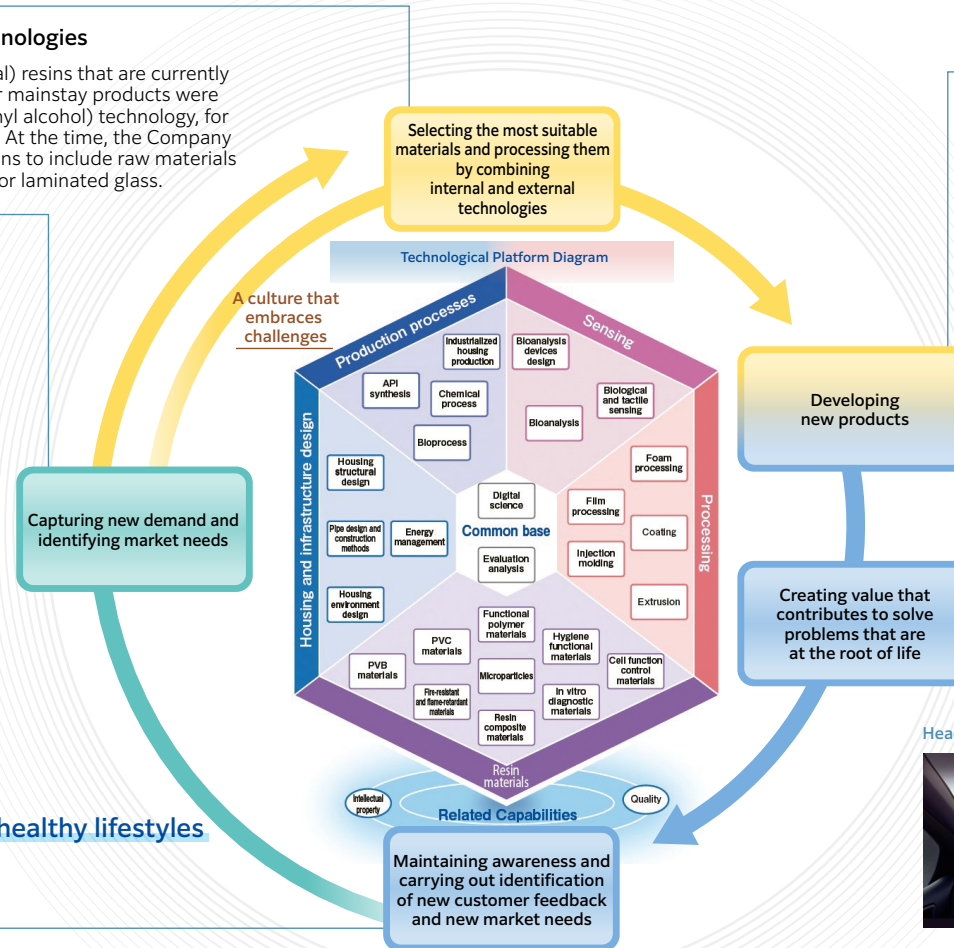
Colored/designed films



Binder resins for MLCCs



Dispersants for inks and pigments



Risks and Opportunities

General Risks

SEKISUI CHEMICAL Group believes that it is important to appropriately control enterprise risks from short-term and medium- to long-term perspectives, seize opportunities, and establish an environment conducive to taking on risk for growth.

Rather than viewing matters that could significantly affect investment decisions solely as risks, we also recognize their potential as opportunities and address them strategically from both perspectives.

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

For the general risks listed below, response measures are discussed and decisions are made through the Board of Directors, Sustainability Committee, quarterly budget meetings, the relevant area-specific committees, the Risk Review committee, and other bodies.

	Main content	Risks and opportunities	Main response by the Group
General risks (response to operational risks and changes in market conditions)	Raw material price volatility and procurement	● Difficulties in procuring raw materials caused by changes in the economic environment and in the balance between demand and supply, or trade policies ● The possibility of increases in production costs or suspension of product supply as a result of the above	● Diversification of raw material sources and continuous implementation of cost reduction measures ● Maintain the spread between selling prices and raw material costs
	Foreign currency, interest rate, and owned asset price fluctuation	● Impact on changes of the value exchanged to yen due to the yen exchange rate fluctuations ● Impact on the amounts of interest income and interest expense due to interest rate fluctuations ● Fluctuations in the value of assets held due to changes in market and business conditions	● Quarterly review of internal currency exchange rates to avoid discrepancies with actual rates used in foreign currency-denominated transactions
	Economy and product market trends	● Slower market growth or market contraction in individual business domains	● Strengthen competitiveness by launching high-value-added products ● Change portfolios to match demand and cut costs
	Safety and health, industrial accidents	● Occurrence of industrial accidents ● Loss of public confidence, and the incurrence of compensation and other costs as a result of the above	● Identify risks to prevent any incidents and provide corrective guidance through regular on-site audits and emergency preparedness audits
	Products and quality	● Major product-related incidents, inadequate response to safety and regulatory issues, disputes involving intellectual property ● Loss of public confidence, and the incurrence of compensation and other costs as a result of the above	● Prevent quality issues through preliminary reviews at the development stage
	Compliance	● Compliance violations resulting from unexpected introduction of laws and regulations and other factors ● The occurrence of fraud or other major compliance violations, as well as the costs incurred to deal with the incident and the loss of consumer trust	● Build and employ a whistleblowing system for internal and external use ● Provide ongoing compliance training by theme
	Information management	● Business interruptions, damages or compensation claims, and information leaks resulting from cyberattacks, equipment and software failures, or defects	● Monitor incidents constantly and systematically ● Decentralize data centers across multiple locations and implement complete redundancy for key business systems
	Partnerships, mergers and acquisitions with third parties, and R&D activities	● Materialization of new risks in new business areas ● Delays in the development and launch of new businesses	● Enhanced preliminary surveys and post-execution monitoring ● Blend internal and external technologies to speed up development ● Effectively manage business reviews and design reviews

Risks and Opportunities

Megatrends

In addition to general risks, we take into account irreversible changes in the external environment that could affect the Group's business (hereinafter referred to as megatrends). Based on various scenarios, we assess their frequency and impact on management from a medium- to long-term perspective, and newly organize and identify material 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 strategies of our Medium-term Management Plan. Going forward, we plan to further build and operate mechanisms to review these trends while identifying and tracking environmental changes.

		Main content		Risks and opportunities	Main response by the Group
12 megatrends and risk and opportunity scenarios	Global environment	Climate change and extreme weather	Risk	● Higher energy procurement costs and reputational damage due to delays in responding to policies and regulations	● Respond quickly to policies and regulations and advance the Environmental Medium-term Plan to help build a decarbonized society
			Opportunity	● Increased demand for sustainable energy and disaster preparedness-related products	● Create and expand products and businesses related to sustainable energy and disaster preparedness
		Increase in large-scale natural disasters	Risk	● Interruptions to business activities, the resulting loss of business opportunities, and the incurrence of compensation to customers as a result	● Identify risks to prevent any incidents and provide corrective guidance through regular onsite audits and emergency preparedness audits
			Opportunity	● Increased demand for sustainable energy and disaster preparedness-related products	● Create and expand products and businesses related to sustainable energy and disaster preparedness
		Loss of biodiversity	Risk	● Increasing difficulty in obtaining raw materials, rises in raw material prices, and increasingly sophisticated requirements for corporate activities	● Diversify raw material sources, promote continuous implementation of cost reduction measures
			Opportunity	● Increased demand for new materials and technologies designed to comply with regulations	● Accelerate the development of new materials and technologies driven by regulatory compliance
		Depletion of natural resources	Risk	● Increasing difficulty in obtaining raw materials, rises in raw material prices, and increasingly sophisticated requirements for corporate activities	● Diversify raw material sources, promote continuous implementation of cost reduction measures
			Opportunity	● Rising demand for highly efficient resource technologies and sustainable energy	● Expand the use of non-fossil and recycled materials and recycle waste as resources
	Politics, economy, and society	Diversification of stakeholders and increasingly sophisticated requirements	Risk	● Increases in costs to meet quality standards and comply with laws and regulations, and the loss of public confidence due to insufficient response	● Accelerate the development of highly efficient resource technologies, and create and expand renewable energy-related products and businesses
			Opportunity	● Improving corporate value by promoting efficient management	● Ensure consistency in disclosure content by strengthening cooperation between relevant departments
		Heightened geopolitical risk	Risk	● Soaring prices for raw materials and other factors resulting from political turmoil, tariffs, changes in policies, laws and regulations, tax revisions, and product boycotts	● Continuously working to achieve standardization, higher levels of sophistication and efficiency by building and utilizing company-wide systems
			Opportunity	● Creation of new economic zones and business opportunities as a result of the advance of protectionism	● Strengthen portfolio management
	Technology and digitalization	Progressive urban concentration and depopulation of regions	Risk	● Labor shortages, particularly in regions	● Gather information on economic, social, and political conditions and market trends through regional headquarters
			Opportunity	● Creation of business opportunities as a result of aging infrastructure and shift to more compact cities	● Collaborate between Group companies, regional headquarters, and dedicated departments at the head office in Japan
		Progressive aging of the population and decline in birth rate	Risk	● Increasing difficulty attracting human resources, and imbalances in the workforce composition	● Diversify risks through diversification of businesses and globalization of business areas
			Opportunity	● Expansion of healthcare and wellness markets and smart-related field	● Promote the active participation of diverse human resources and create healthy, safe, and secure working environments
	Technology and digitalization	Emergence of AI technology	Risk	● Information leaks, and errors in decision-making caused by the use of incorrect information	● Create and expand products and businesses that address aging infrastructure and the shift to more compact cities
			Opportunity	● Higher productivity, faster development, and greater added value	● Foster the culture of challenge, realizing the right people in the right places, and achieving diversity (provide opportunities to take on challenges, such as job posting system, and early development and selection of business leader candidates)
		Diffusion of next-generation communications	Risk	● Increased dependence on IT systems	● Create and expand products and businesses in healthcare, wellness, and smart-related fields
			Opportunity	● Business interruptions, damages or compensation claims, and information leaks resulting from cyberattacks, equipment and software failures, or defects	● Formulate guidelines, ensure strict compliance, and manage information according to security level
	Technology and digitalization	Advance of sophisticated medical technology	Risk	● Increases in costs and intensification of competition as a result of technology development	● Promote utilization across all workplaces and operations
			Opportunity	● Expansion of the life science market	● Use generative AI to discover promising markets and to explore partner candidates
		Expansion of the Aerospace Business	Risk	● Impact of the structural shift in demand towards the automobile-related business	● Monitor incidents constantly and systematically
			Opportunity	● Expansion of the aerospace market	● Disperse data center construction and provide complete redundancy for key business systems

Key Issues (Materiality)

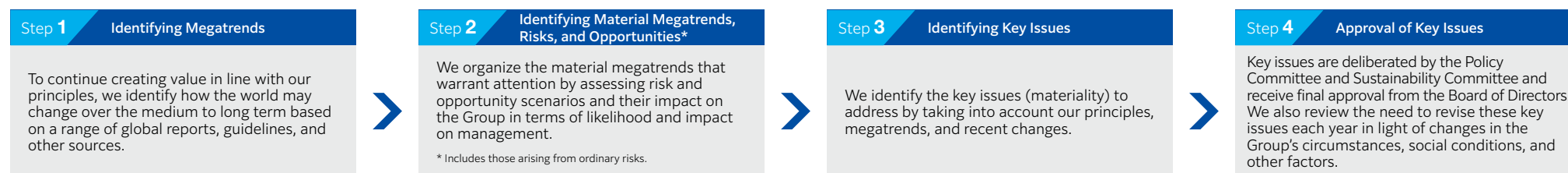
SEKISUI CHEMICAL Group has identified eight key issues (materiality) to address as priorities in pursuit of sustainable growth, and is advancing initiatives accordingly.

Among these key issues, initiatives in areas positioned as Value Creation Fields help capture growth opportunities through the creation and expansion of Products to Enhance Sustainability. In particular, we believe that creating highly profitable Premium Framework products will contribute to improving ROIC over the medium to long term. Meanwhile, initiatives related to materiality positioned as Value Creation Drivers help curb increases in the broader cost of capital* by strengthening the business foundation and reducing risk.

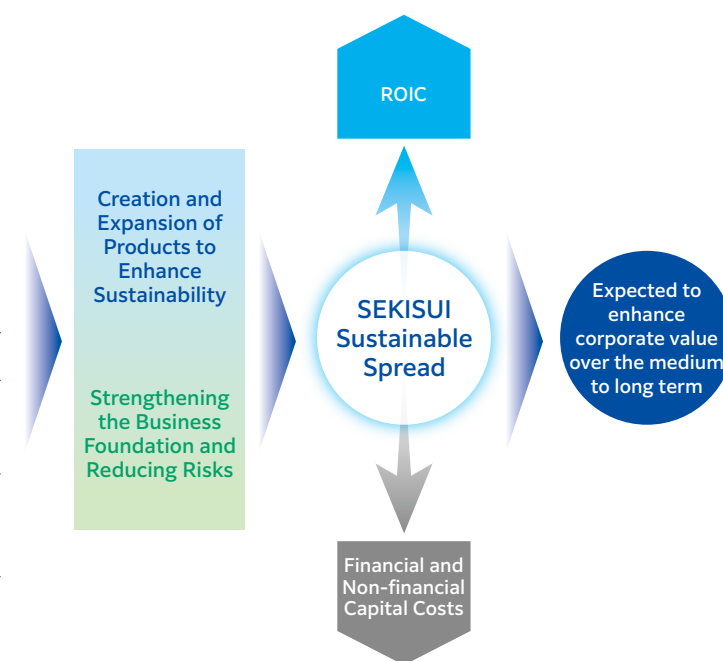
In other words, addressing materiality contributes to expanding the Sekisui Sustainable Spread—the difference between ROIC and the broader cost of capital—and, as a result, enhances corporate value over the medium to long term.

* Broader cost of capital: An expanded concept of the cost of capital used in a conventional ROIC spread that newly incorporates non-financial KPIs capable of affecting long-term corporate value.

Identification Process



	Materiality	Main Related Megatrends	What We Aim to Achieve	
Value Creation Fields Areas for Creating Value	Realizing a carbon neutral society	- Climate change and extreme weather - Increase in large-scale disasters	Develop and implement next-generation solutions that support the decarbonization of society	
	Realizing a circular economy	- Depletion of natural resources - Loss of biodiversity	Implement resource circulation throughout society	Products to Enhance Sustainability P.18
	Realizing a safe and comfortable society	- Increase in large-scale disasters - Increasing urban concentration and rural depopulation - Expansion of the aerospace business	Implement sustainable lifestyles and infrastructure in society to support people's lives and social infrastructure	Environment P.43
	Realizing a healthy and well-served society	- Declining birthrate and aging population - Advances in advanced medical technologies	Contribute to better health and richer lives for people	
	Driving DX			DX P.59
Value Creation Drivers Factors Accelerating Value Creation	Empowering prominent human resources	- Declining birthrate and aging population - Diversification of stakeholders and increasingly sophisticated demands	Provide growth opportunities and become a company that continues to be chosen by employees and society	Human capital P.47
	Creation prominent in technologies	- Spread of next-generation communications - Rise of AI technologies	Continuously create next-generation businesses that contribute to society through advanced technological capabilities	Innovation P.50
	Strengthening internal control	- Diversification of stakeholders and increasingly sophisticated demands - Rising geopolitical risks	Continuously strengthen internal control as a global company	Internal control P.55
	Strengthening Portfolio Management	Diversification of stakeholders and increasingly sophisticated demands	Use limited capital effectively to maximize returns	Portfolio P.26



Products to Enhance Sustainability

Basic Concept

SEKISUI CHEMICAL Group has positioned Products to Enhance Sustainability as the most appropriate conduit through which to realize both a sustainable society and the sustainable growth of the Group itself. Through the creation and expansion of Products to Enhance Sustainability, the Group aims to help achieve the SDGs while improving its contributions and ability to solve social issues as well as grow as a company.

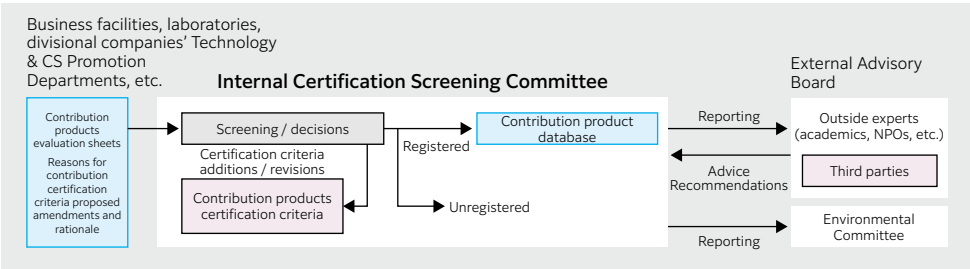
Product Assessment System Evolution

In 2017, the scope of SEKISUI CHEMICAL Group's Environment-Contributing Products system, which was launched in 2006 based on the Group's own evaluation and certification, was expanded to include products that contribute to solving issues in the social environment in addition to the natural environment. In FY2020, we changed the name to Products to Enhance Sustainability and established the "Premium Framework" [P.19](#) to strategically expand products that contribute to solving social issues.

Certification Method

Products to Enhance Sustainability are products that make a significant contribution to solving social issues in the natural and social environments and are certified based on internal criteria. We accept the opinions and advice of outside advisors with various backgrounds in industry, government, and academia regarding these criteria, approaches, and the validity of results to ensure high standards and transparency. On the External Advisory Board, external committee members provide opinions and advice on the significance of the contributions that newly registered products make to the natural and social environments, as well as how to communicate these contributions, and their expectations for the future. In FY2023, we introduced checks for negative impacts at the time of registration to confirm whether or not the product has a negative impact on multiple environmental issues, or what measures we are considering to prevent the negative impacts.

Products to Enhance Sustainability System Operation / Certification Method

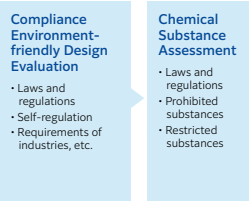


Internal Certification Screening Committee: Chaired by the Head of the ESG Management Department, this committee is composed of those responsible for related departments at the Corporate Headquarters, as well as for technology and business at the divisional companies

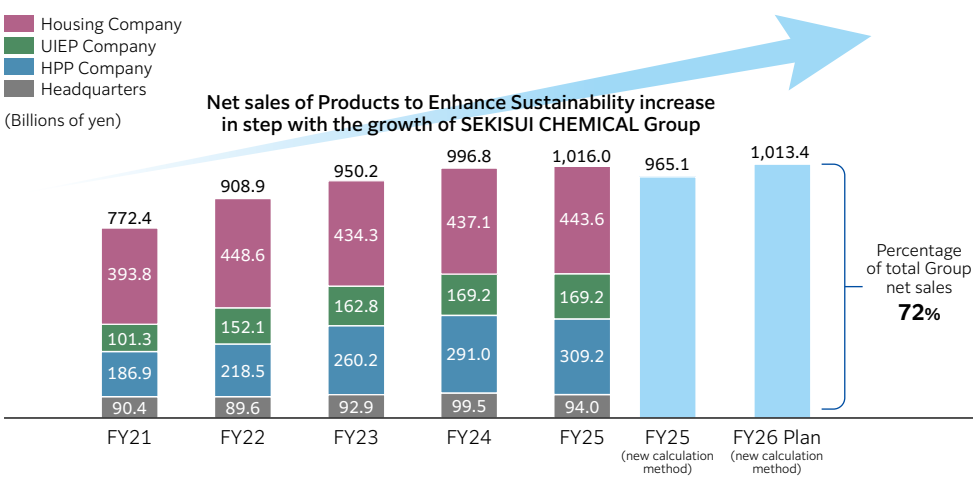
Product Development Method

SEKISUI CHEMICAL Group conducts DRs* during the development and modification of product processes, while also carrying out environmental impact assessments at all stages of the product life cycle.

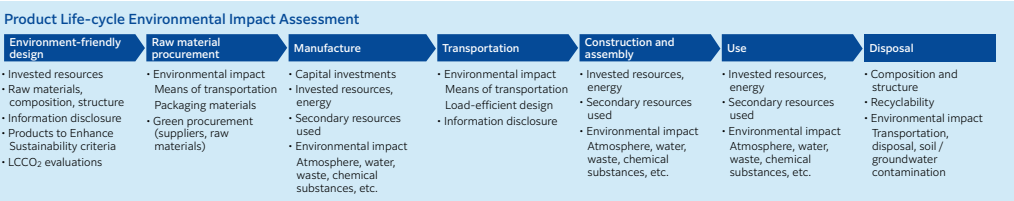
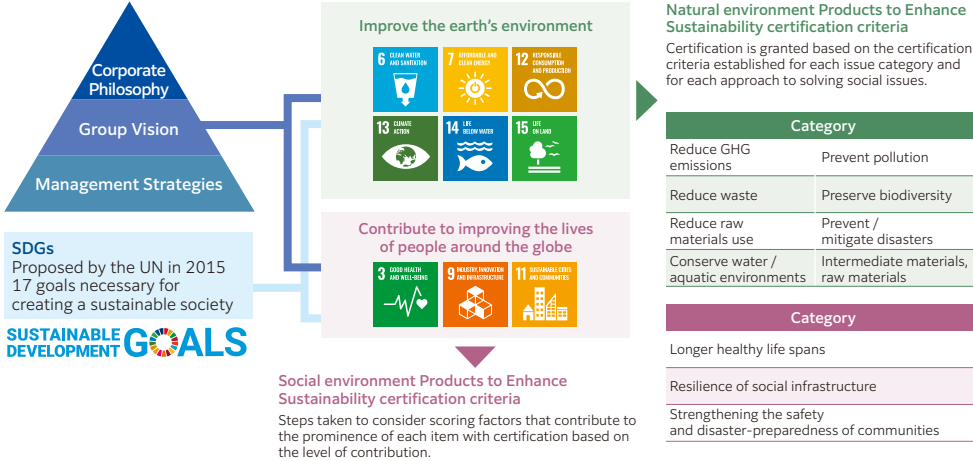
* DR (Design Review): An internal review related to the creation of new development themes



Products to Enhance Sustainability Net Sales



Notes: The Medical Business is included in Headquarters.
Through FY2025, net sales of Products to Enhance Sustainability included net sales of equity-method affiliates. Beginning in FY2026, we revised the calculation method to place greater emphasis on consistency with the consolidated financial statements (hereinafter, the "new calculation method"). To align the scope of net sales of Products to Enhance Sustainability with the scope of consolidation in the consolidated financial statements, net sales of equity-method affiliates are excluded. Under the new calculation method, FY2025 net sales of Products to Enhance Sustainability were ¥965.1 billion.



Products to Enhance Sustainability

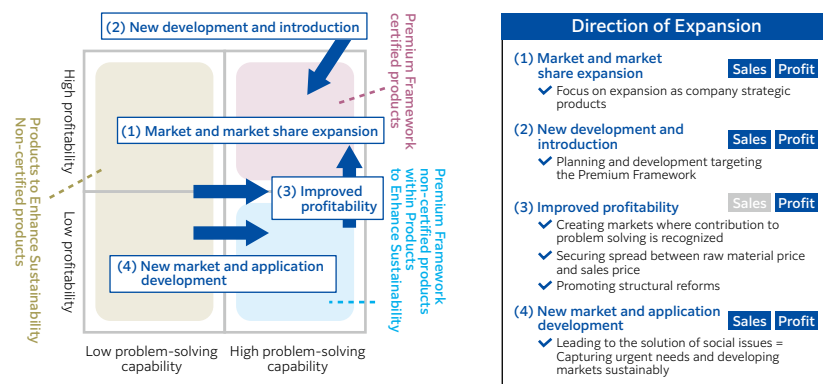
About the Premium Framework

The Premium Framework is a strategic framework that combines solutions to issues in the natural and social environments with profitability.

The Premium Framework certifies products that drive the growth of each divisional company, and approximately 70% of Premium Framework net sales are generated by products from businesses categorized as growth-driving or growth-potential businesses.

We will accelerate the expansion of the Premium Framework by aggressively allocating capital to these two categories.

Premium Framework Expansion Strategy (Illustration)



The above Premium Framework expansion strategy provides a visual representation of our strategy for Products to Enhance Sustainability and the Premium Framework. We will first expand the right-hand area, Products to Enhance Sustainability, and then expand the upper-right area, the Premium Framework.

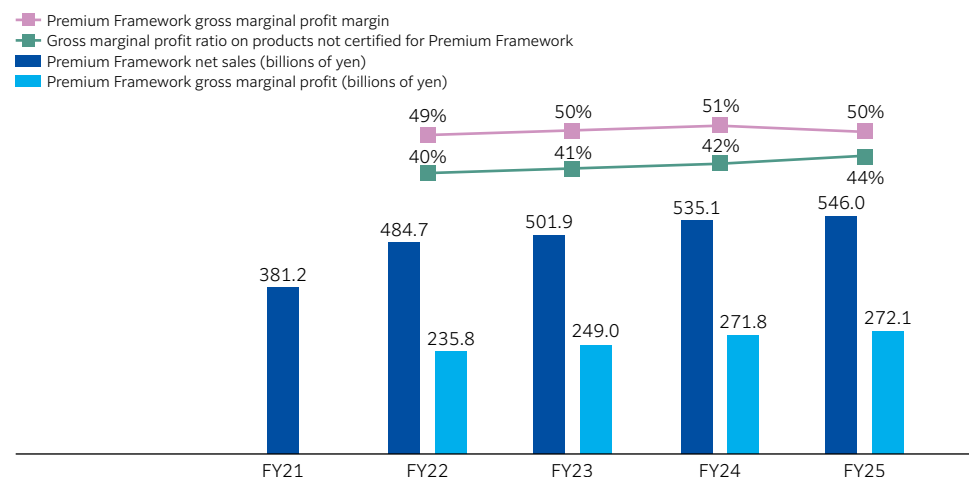
Product Environmental Impact Assessment

We are aiming to quantify and disclose the social impact of products certified as Products to Enhance Sustainability, and we are evaluating their environmental impact from the perspectives listed on the right.

We are using the LIME2 (life cycle assessment/LCA evaluation*) method to quantitatively evaluate the environmental and social impact of more than 50% of the total net sales of registered Products to Enhance Sustainability. Although we do not disclose the results of this impact assessment for each product, we do ascertain the ratio of negative and positive impacts for all company products, and we calculate and disclose the SEKISUI Environment Sustainability Index. Through this, we will promote activities that reduce negative impacts and increase positive impacts. [P.43](#)

*The SEKISUI Environmental Sustainability Index has been calculated using the updated version of IDEA database for LCA since FY2023. The MiLCA ver. 3.1 LCA calculation system, which incorporates IDEA ver. 3.1, reflects insights further clarifying impacts on biodiversity. By using this system as a new benchmark, we aim to accurately ascertain the impact of our activities on biodiversity.

Premium Framework Profitability



In FY2025, Premium Framework net sales were ¥546.0 billion. In addition, the gross marginal profit rate for Premium Framework certified products was 50%, maintaining a level approximately 6% higher than that of non-Premium Framework products and demonstrating strong profitability.

Assessment of Environmental Areas with Product Contributions

We utilize the LIME2* methodology to objectively evaluate the contribution of Products to Enhance Sustainability to various environmental areas. This calculates the impact of environmental load substances such as CO₂ (inventory) by dividing the area of impact (e.g., air pollution) into four specifically affected categorical endpoints (e.g., respiratory diseases) to be protected.

Four Protection Areas

- (1) Biodiversity: Predicted increase in the number of extinct species of living organisms; determining equivalent increase in extinct species
- (2) Primary production: Ecosystem and plant growth guidelines; determining equivalent to the amount of biomass produced by plants in a year
- (3) Social assets: Amount of impact on agricultural and fishery products, land, and resources; determining equivalent to the amount of damage and the amount needed for recovery
- (4) Human health: Lost life expectancy affecting health; determining equivalent to years of lost life expectancy

Determine if measurements are possible for GHG emissions as well

We will prevent what is called ESG-washing and use this evidence-based method to visualize the environmental areas to which each of our Products to Enhance Sustainability contributes, making it easier to understand the characteristics of the products.

*LIME2: Impacts on four areas (endpoints) determined by a damage calculation-style impact assessment method

Products to Enhance Sustainability

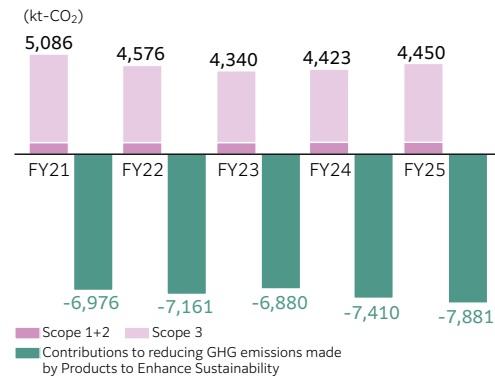
Promoting the Environmental Value of Products

In response to, or ahead of, the demands of society and customers, SEKISUI CHEMICAL Group is promoting the value of low-carbon and decarbonized products that contribute to mitigating climate change issues. In order to convey to customers the value of low-carbon and decarbonized products, we calculate the carbon footprint of our products based on carbon life cycle assessments (C-LCA). Calculations are made by setting parameters according to each objective and product. For raw materials, at present, calculations are based on a database (IDEA) with publicly available average GHG emission coefficients. We believe that as progress is made with initiatives at raw material manufacturers and coordination with the supply chain, we will be able to leverage the low-carbon value of each company's efforts. The amount of raw materials used, energy used in production, and other data are calculated using actual measurement data from production plants.



Products and services that contribute to the environment, primarily through GHG emission reductions that help to mitigate climate change

GHG emissions from corporate activities and contributions to reducing GHG emissions made by Products to Enhance Sustainability



Contributions to reducing GHG emissions made by Products to Enhance Sustainability are calculated using general-purpose products as a comparison, where the calculation indicates the contribution to reduction as the difference from comparison products given by MilCA (Japan Environmental Management Association for Industry), a calculation system based on the concept of LIME2.

For details on the calculation methods used for Scope 1, 2, and 3, see the [Sustainability Report](#)

Contributions to GHG emissions reduction in the Mobility and Electronics fields account for nearly 75% of the total

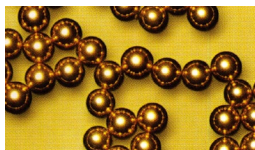
The High Performance Plastics Company's contribution to GHG reductions in the electronics and mobility fields accounts for approximately 75% of the total. We will further expand our contribution by promoting the use of renewable energy for electricity used at production plants, and the resource conversion of raw materials.

Electronics Field

In these fields, we contribute to reducing GHG emissions at the production and usage stages of our customers' products.

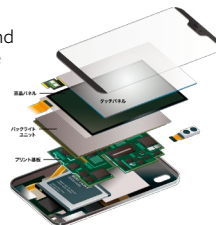
Contribute to the performance of energy-efficient products and reduce CO₂

- Micropearl
- Conductive fine particles
- UV sealants
- Heat-release materials



Improve product durability and reduce CO₂ over the life cycle

- Foam tape
- Double-faced adhesive tape for fixing of LCD components etc.



Disclosure of products' contribution to greenhouse gas emissions reduction (FY2025)

Field	Form of Contribution	CO ₂ Reductions (kt-CO ₂)
Electronics	Interlayer materials, etc. contribute to the energy-saving features of LEDs	728
Mobility	Interlayer films for laminated glass used in vehicle windshields. High-performance membranes with heat-shielding and sound insulation contribute to lower fuel consumption by reducing vehicle weight and improving the efficiency of car air conditioners.	5,152
Housing	Solar panels, HEMS, and storage batteries are installed to solve energy problems from the perspectives of energy creation, energy conservation, and energy storage.	1,237
Infrastructure	In addition to reducing resources and waste, the SPR pipeline renewal method for aging pipes (which does not require road excavation) improves fuel efficiency for vehicles by reducing traffic congestion because it reduces the extent to which vehicle traffic is stopped during construction.	490
Others	—	275
Total	—	7,881

Mobility Field

In these fields, we contribute to reducing GHG emissions at the production and usage stages of our customers' products.

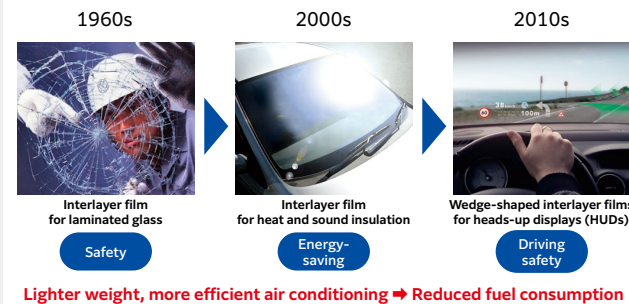
Reduce fuel consumption and CO₂ by decreasing vehicle weights and through heat insulation

- Sound and heat insulation interlayer films
- Alveosoft vehicle floor material, etc.

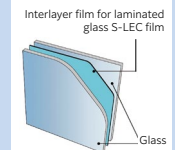


Product Example: Automotive Interlayer Film

- 1960s: "Shatterproof" reinforced windshields dramatically increase automobile **safety**
- 2000s: Contributing to **energy conservation and comfort** by adding heat and sound insulation performance
- 2010s: Projecting information on windshields reduces diversion of driver focus and **improves safety**



What is an interlayer film?



- A 0.76-mm thick film used between two sheets of glass

Contribution to the four environmental areas P.19

(1) Contribution to human health (GHG emission reduction)

Thinner glass makes vehicles lighter
 → Improves fuel efficiency, curbing global warming

(2) Contribution to social asset

Thermal barrier performance improves vehicle air conditioning efficiency
 → **Contributes to reduced energy use**
 Reduces global warming with improved fuel efficiency
 → **Helps to protect agricultural and marine products**

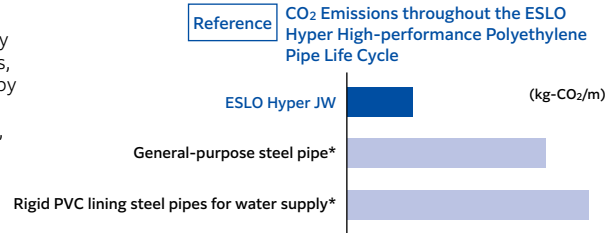
Examples of the Environmental Impact of Products to Enhance Sustainability



Products and services which contribute to the environment, primarily through GHG emission reductions which help to mitigate climate change

Infrastructure

In this field, we contribute to mitigating environmental impact by reducing CO₂ throughout life cycles, from raw materials to production, by replacing conventional materials with plastic and by reducing waste, for example, through the SPR pipeline renewal method that eliminates the need to excavate roads during construction.

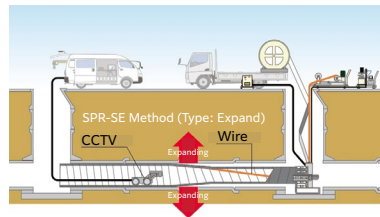


* Figures for metal pipes are inferred from publicly available information. These figures are for reference purposes only, and are not collected as data from the production process.
CO₂ emissions by material and product are calculated using impact assessment coefficients (GHG emissions per unit production) cited from IDEAv2 of the National Institute of Advanced Industrial Science and Technology and the Sustainable Management Promotion Organization.

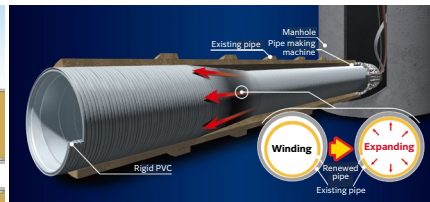
Product Example: SPR Method (Pipeline Renewal)

- Renews old sewage pipes to equal or better condition than new pipes without excavating the road and while allowing water to flow through without stoppage
- Safer, lower-noise, and faster installation
- In 2022, we also launched the SPR-SE Expand Type Method. Whereas the conventional SPR method rehabilitates existing pipes as composite pipes by utilizing their remaining strength, the SPR-SE Expand Type Method achieves the required self-supporting strength with the rehabilitated pipe alone. Expanding the rehabilitated pipe brings it into close contact with the existing pipe, eliminating the need for mortar injection and anti-flotation work and enabling the rapid construction of a strong, self-supporting pipe.

SPR method



Features of the SPR-SE Method (Type: Expand)



Contribution to the four environmental areas **P.19**

(1) Contribution to mitigating climate change

No need to transport raw materials or waste
Shorter construction times, relieving traffic congestion
➔ Improves fuel efficiency, curbing global warming

(2) Contribution to primary production

No landfill waste
No need for new sediment
➔ Does not disturb plant growth environments

Topic Sales activities that promote the low-carbon value of products using carbon footprints (CFPs)

Since FY2021, the Urban Infrastructure & Environmental Products Company has continued to present CFP calculation results to demonstrate the low-carbon value of its products. To expand this initiative, tape-related products of the High Performance Plastics Company also obtained SuMPO third-party certification* in December 2025. Going forward, in addition to promoting CFP calculations, we will actively work to establish an internal verification system to enhance the reliability of our results.

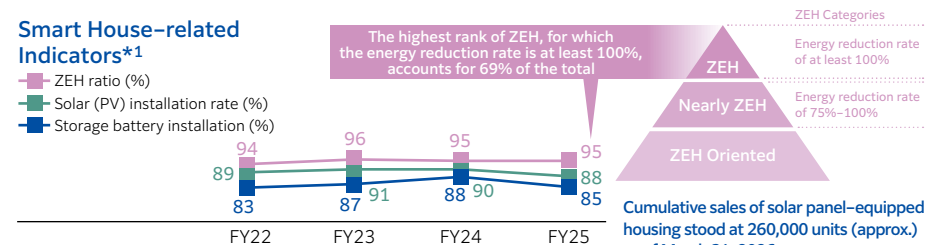
* The Third-Party Certified Carbon Footprint Comprehensive Calculation Scheme is a scheme operated by the Sustainable Management Promotion Organization (SuMPO) to enable companies to disclose the results of CFP calculations for their own products and services in a planned and efficient manner while ensuring a high level of reliability.

Housing

As one of the first companies to tackle environmental issues, we began selling houses equipped with solar panels in 1997. In 2012, we began contributing to energy creation, conservation, and storage through solar panels, HEMS (home energy management system), and storage battery-equipped housing. By utilizing high-capacity storage batteries and large-capacity solar panels, we propose advanced lifestyles that eliminate electricity purchases wherever possible.

Smart House-related Indicators*1

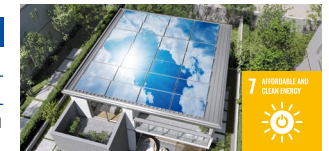
- ZEH ratio (%)
- Solar (PV) installation rate (%)
- Storage battery installation (%)



*1 Installation rate for detached housing orders (excludes Hokkaido for solar and, through FY2024, ZEH)

Reference: Company data	FY22	FY23	FY24	FY25
Installed solar panel area	428,000m ²	367,000m ²	390,000m ²	328,000m ²
Total installed solar panel capacity*2	60MW	55MW	55MW	45MW

*2 Cumulative installed solar panel capacity now exceeds 1,300 MW. As a result, total annual electricity generation is equivalent to the electricity consumed by a city with a population of 500,000 people.



Product Example: SEKISUI HEIM ZEH Housing

Contribution to the four environmental areas **P.19**

(1) Contribution to mitigating climate change

Solar panels/storage batteries & high-insulation housing
➔ Designed for energy self-sufficiency*, with efficient heating and cooling helping to curb global warming

(2) Contribution to social assets

Private solar power generation
➔ Creation of clean energy

* This does not mean that all electricity needs can be met. Electricity must also be purchased from a power company.

Products to Enhance Sustainability



Promoting resilient infrastructure, cities as well as living and communications environments

Spreading and Promoting Resilient Social Infrastructure and Safe, Secure Lifelines Contributing to the Early Detection of Diseases

We offer products and construction methods that help address social issues such as aging infrastructure, disaster prevention and mitigation, and labor shortages in fields including water and sewerage, agriculture, and electricity.

In fields such as aviation and railways, we also provide lightweight, highly durable, high-strength materials. Through these activities, we contribute to strengthening social infrastructure and building safe and secure lifelines.



Polyethylene pipes for earthquake-resistant water supply



SPR Method contributes to the renewal of aging infrastructure, including sewage pipes



Reinforced plastic composite pipes are also used as rainwater storage pipes

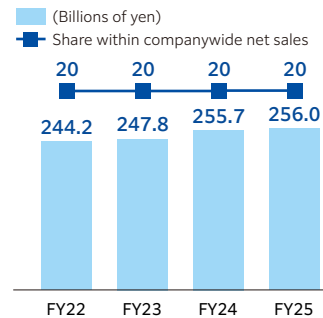


Rainwater storage systems contribute to torrential rain countermeasures

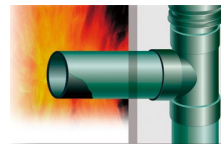


Synthetic sleepers for railroads have exceptional water resistance and durability

Water-related Business Net Sales Trends



High flowrate drainage systems contribute to torrential rain countermeasures, etc.



Fire-resistant VP Rigid PVC pipes for buildings



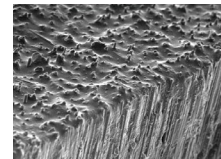
Drinking water storage system



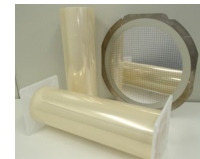
Certified non-combustible, heat-insulating urethane foam for on-site use

Resilient Communications Infrastructure

Products that contribute to improving the durability and performance of ICT-related parts, which are becoming increasingly important with the development of 5G connectivity, also contribute to more sophisticated ICT.



MANION high thermal conductivity heat release sheet
Contributes to the performance of high-speed communication and high-density semiconductors



Semiconductor process material SELFA
Contributes to realizing high density, ultra-thin wafers

Providing Smart, Resilient Living Environments, and Town and Community Development



SEKISUI HEIM are made from high durability structures that are resistant to natural disasters as the result of a highly industrialized unit construction method

In addition to SEKISUI HEIM ZEH-specification homes equipped with storage batteries, we are rolling out smart and resilient town and community development in locations across Japan, bringing together SEKISUI CHEMICAL Group infrastructure materials that enhance disaster resilience, including rainwater storage systems that help address torrential rainfall and drinking water storage systems that can secure several days' worth of drinking water even during water outages.



SEKISUI CHEMICAL Group Infrastructure Technologies

ASAKA Leadtown, a safe and secure community resilient to disasters

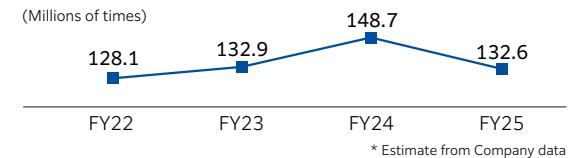
Support for health and longevity

Contributing to the Early Detection of Diseases

We support healthy lifestyles by detecting illness and infectious diseases early on through our product lineup of clinical reagents for diabetes and infectious diseases, analysis equipment, and plastic blood collection tubes.



Reference Number of tests performed using SEKISUI CHEMICAL Group diagnostic reagents in the clinical chemistry (HDL, LDL), diabetes, and POCT fields*



Lightens the Burden on Those Receiving and Providing Elderly Care



Large-scale prefabricated bath for independence support and nursing care



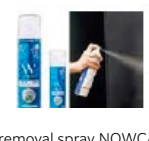
Monitoring Sensor ANSIEL

Proposing Lifestyles with Little Temperature Difference Risk

Addressing the New Normal



Comfortable air ventilation and air-conditioning systems



Virus-removal spray NOWCARE with effects lasting approximately one month