

Long-term Vision, Vision 2030

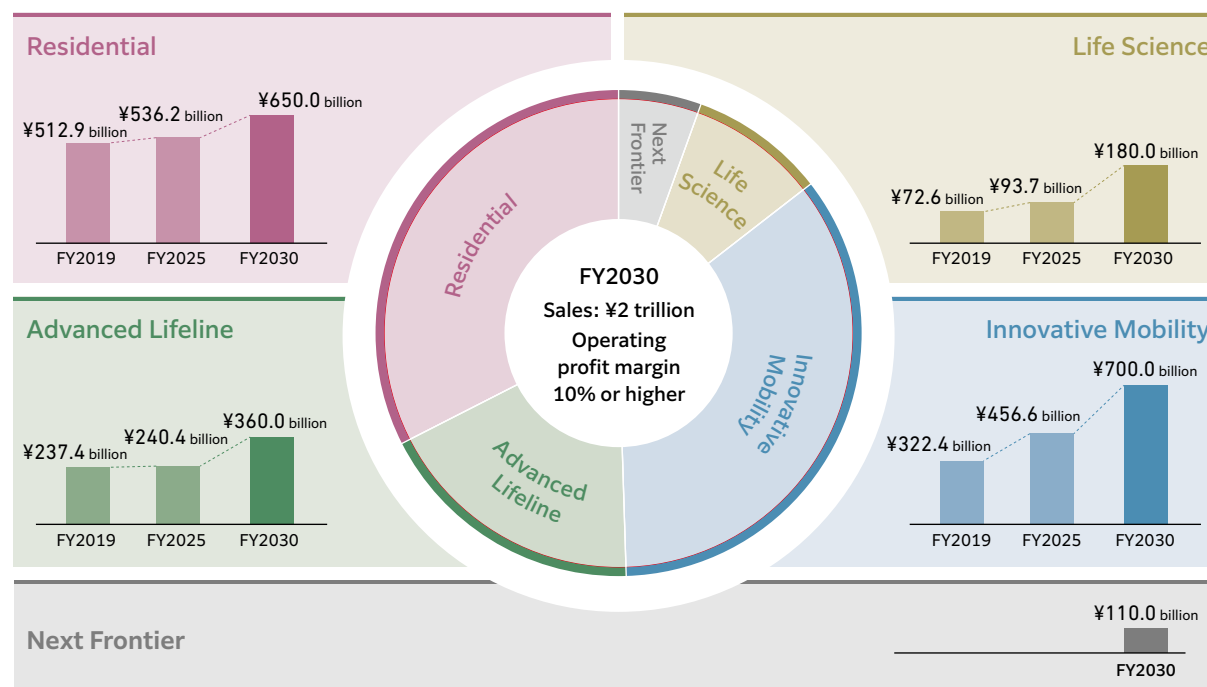
Growth Image and Strategic Investment

The expansion of business for which the Long-term Vision, Vision 2030, aims can only be achieved through substantial growth rather than the extension of existing businesses. Working to double its business and achieve net sales of ¥2 trillion by 2030, the Group will grow sales in each domain and transform into an attractive company with diverse growth engines and a strong presence. By taking up the challenge of pursuing innovation as an extension of core technologies in each domain, the Group will create new business domains and the next frontier in anticipation of major paradigm shifts.

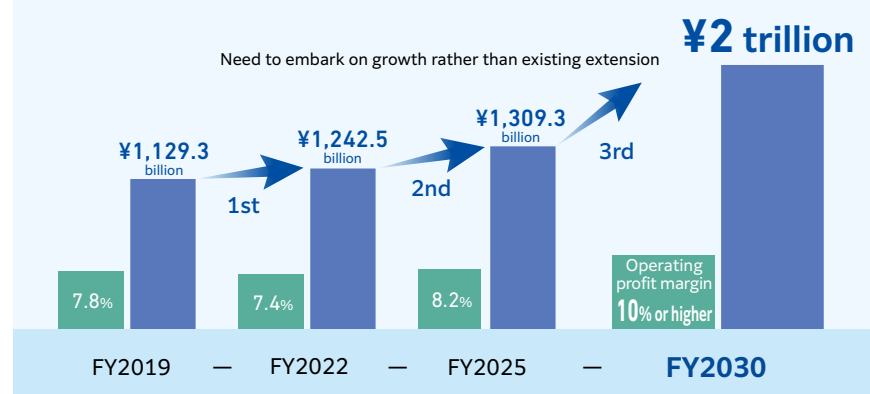
When executing new investments including capital expenditures aimed at growth, the Group considers financial soundness and steps to increase the probability of return in anticipation of making investments exceeding ¥2 trillion in total value over the 10 years through 2030.

Under the FY2020 to FY2022, Medium-term Management Plan, Drive 2022, which the Group put in place as the first phase of its Vision 2030, energies were directed toward implementing structural reforms and strengthening profitability in the face of the prolonged impact of COVID-19. While trends in net sales surpassed plans over this period, growth investments were held to a certain level.

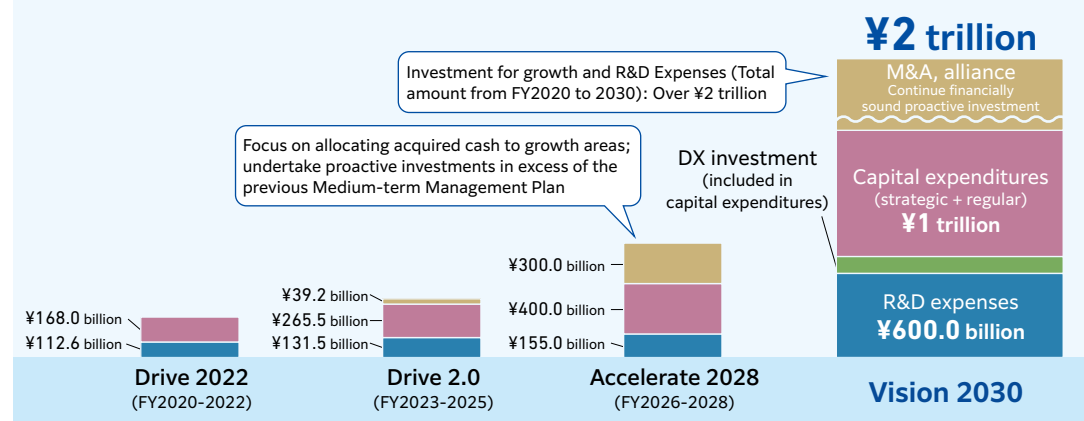
In Drive 2.0, our second phase, we were able to lay the groundwork for future growth. Under our current medium-term Management Plan, Accelerate 2028, which began in FY2026, we will not only deliver results but also continue to build on this foundation to accelerate our growth toward the realization of Vision 2030.



While delivering results, we continue to lay the groundwork.
We will accelerate growth to realize Vision 2030.



Proactive investment to double the size of business



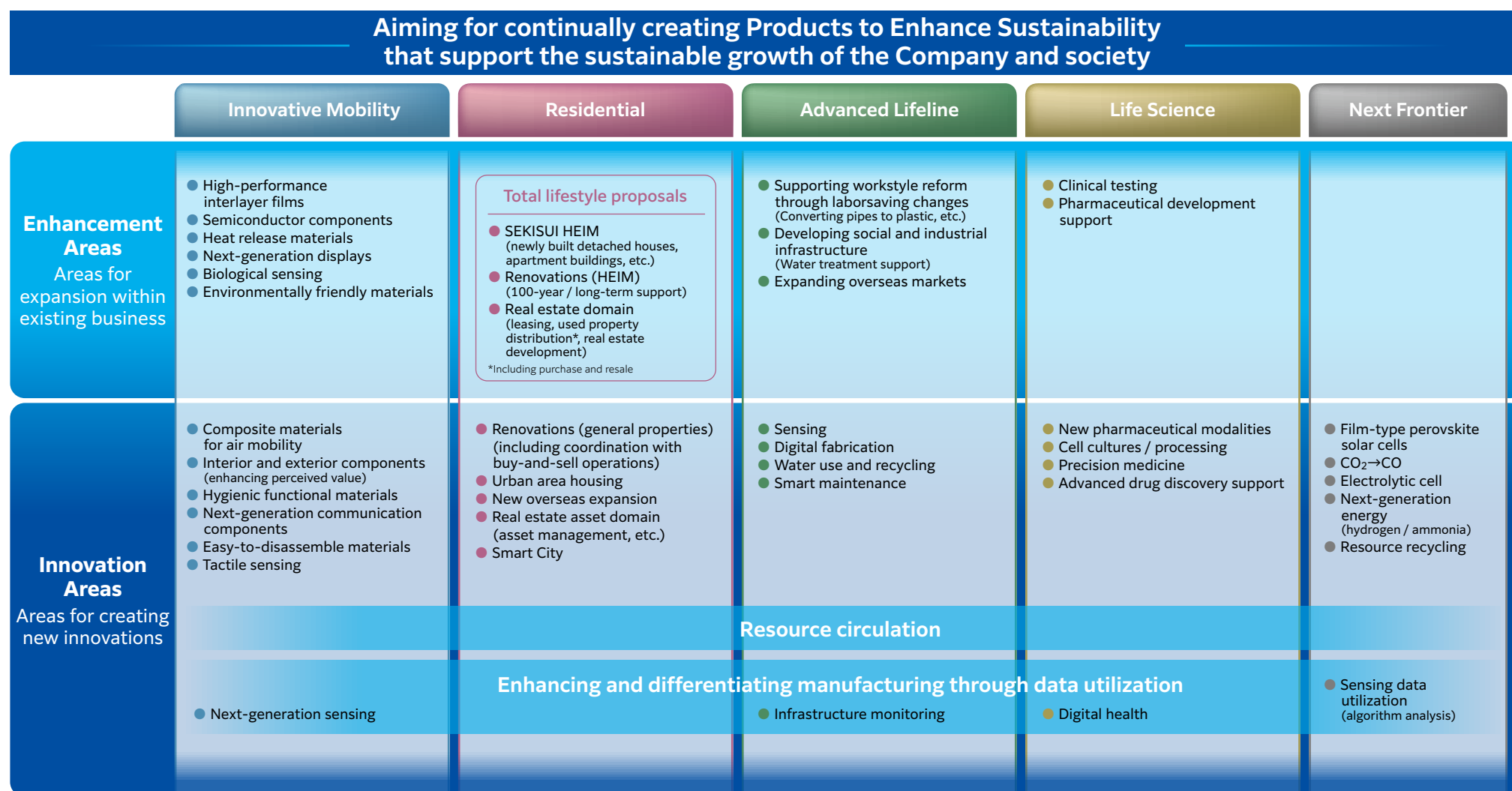
Long-term Vision, Vision 2030

Medium- to Long-term Strategies for Growth — Strategic Area Map —

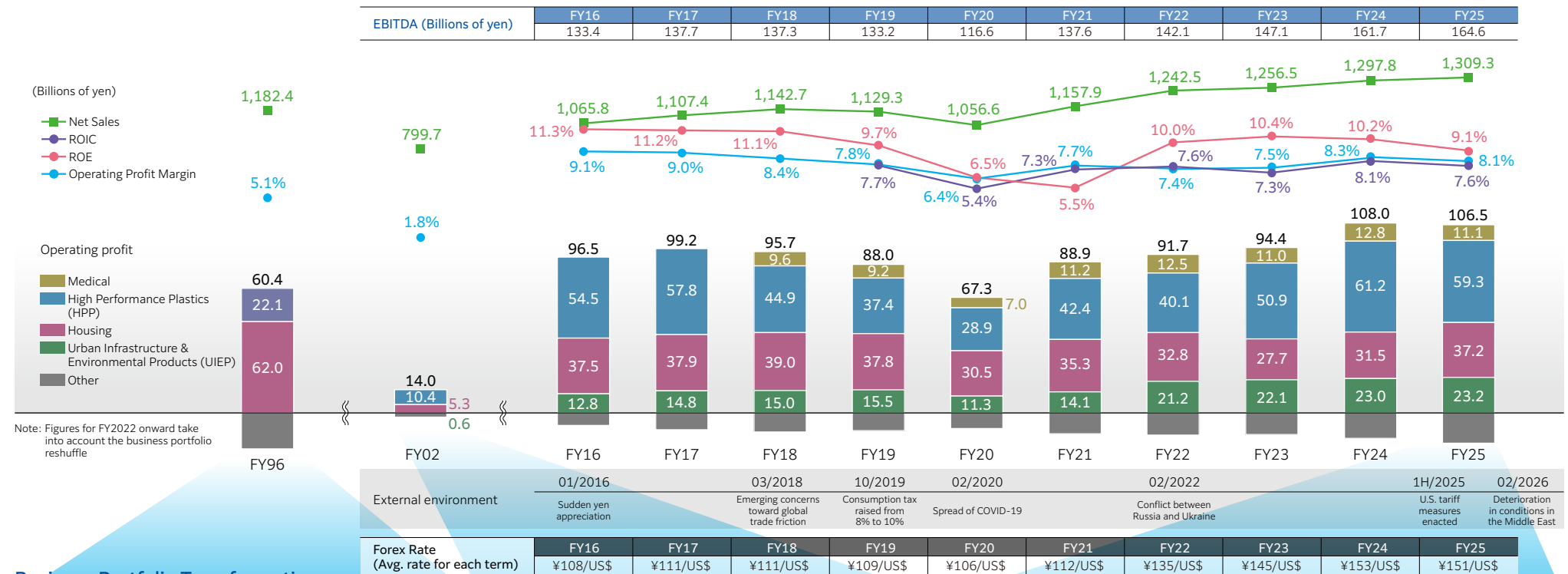
We have revised the strategic area map to act as a compass for business strategies so we can realize our Long-term Vision, Vision 2030. Areas that are extensions of existing businesses and will be expanded on a priority basis are called Enhancement Areas, while areas that will create new innovations through fusion of different areas are called Innovation Areas. We have established the four domains of Residential, Advanced Lifeline, Innovative Mobility, and Life Science, along with Next Frontier as a new domain. By clarifying the themes to be targeted in each domain, we are prioritizing allocation of capital to focus on expanding the Enhancement Areas and creating new innovations in the Innovation Areas.

In particular, for the themes in the Innovation Areas, we are working not only with internal resources, but also with external resources through M&A and Corporate Venture Capital (CVC).

Strategic Area Map: Company-wide schematic diagram



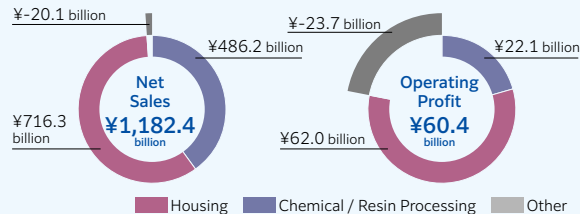
Performance Trends and History of Changes in Business Portfolio



Business Portfolio Transformation

Seven Business Divisions System

FY1996



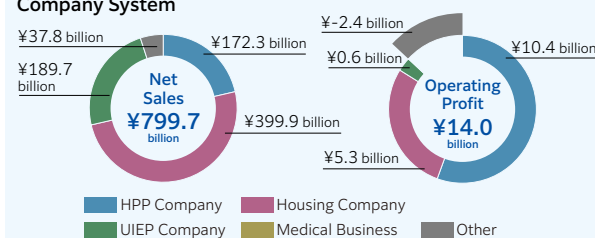
Housing Business led the Group to record high sales

Housing Business
Chemical / Resin
Processing Business

Began transformation to overcome
the business crisis following
the collapse of Japan's bubble economy
March 2001
Introduced a Divisional Company System

Post-introduction of the Divisional Company System

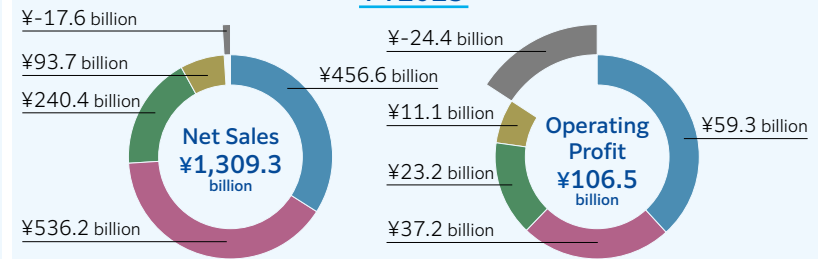
FY2002



Business domain
per company
(Strategic fields)

Housing Company > Housing
UIEP Company > Water infrastructure
HPP Company > AT / IT / MD*1

FY2025



Medical Business
is spun off as
a candidate for
a new Group company

Housing / Renovation / Residential
(Real Estate, Town and Community Development)
Pipe Systems / Buildings and Infrastructure Composite Materials /
Infrastructure Renovation
Electronics / Mobility / Infrastructure
Medical Business*2

*1 AT (automotive materials), IT (IT-related materials), MD (medical products)

*2 The Medical Business was spun off from the High Performance Plastics Company in FY2019 as a new company candidate to accelerate growth.

We have worked to transform our business portfolio to achieve growth while anticipating and identifying changes in society and business.

We took steps to reorganize our business portfolio in October 2022 owing to the increasingly overlapping nature of certain aspects of the HPP and UIEP companies due to the expansion of business domains in recent years.

Through reorganization, we are working to improve operational efficiency and utilize assets by further expanding its business and improving productivity.

Review of the Medium-term Management Plan and its Global Extension

	SHIFT 2019 -Fusion- FY2017-2019	Drive 2022 FY2020-2022	Drive 2.0 FY2023-2025
Measures and Results	Fusion accelerated over the period during which we targeted a balance between quantitative and qualitative growth. We made aggressive investments to achieve growth, and net sales attributable to M&As rose. By strengthening ESG initiatives aimed at building a sustainable business base, we continued to receive high evaluations from GLOBAL100 and others.	Net sales, net income, and EBITDA all hit record highs on the back of structural reforms and thoroughgoing efforts to improve selling prices aimed at strengthening profitability. Took steps to introduce and instill ROIC management within the Group.	By shifting toward high-value-added products, steadily improving selling prices, and strengthening profitability, we achieved record highs in net sales, operating profit, and EBITDA. We also laid the groundwork for future growth, making steady progress in developing foundations for new business led by film-type perovskite solar cells, while continuing to invest in growth-driving and growth-potential businesses to strengthen our existing businesses.
Challenges	- Delays in securing returns on growth investments - The speed of structural reform - Strengthening ESG management	- Stagnant growth investments - Carry over business contributions through the use of M&As - Target for the human resource KPI and Challenge Action Rate not achieved	- M&A execution remained limited - Preparations for anticipated growth in the Life Science domain lagged behind
Strategic Investments, Equity Investments and M&A, Structural Reforms (key examples)	Strategic Investment (Capex) December 2017 Operations commenced at a new interlayer film production line in Mexico April 2018 Operations commenced at a new automotive exterior parts plant in Japan 2018-2019 Operations commenced at new foam plants in Thailand and China Equity Investment, M&A August 2017 Acquired management rights to Polymatech Japan Co., Ltd. October 2017 Capital investment in Tien Phong Plastic JSC December 2017 Acquired SofianWiz Co., Ltd. December 2018 Acquired Veredus Laboratories Pte. Ltd. November 2019 Acquired AIM Aerospace Corporation Structural Reforms April 2018 Reorganized production subsidiaries managed by the Urban Infrastructure & Environmental Products Company (Kanto - Tohoku) April 2019 Reorganized production subsidiaries managed by the Urban Infrastructure & Environmental Products Company (West Japan)	Strategic Investment (Capex) August 2020 <u>Decided to increase pharmaceutical raw material production in Japan and the U.K.</u> October 2020 <u>Operations commenced in earnest at a new interlayer film production line in Europe.</u> October 2020 <u>Operations commenced at a new plant for heat release materials in Europe.</u> Equity Investment, M&A November 2022 <u>Further invested in Tochigi Sekisui Heim Co., Ltd. (now a wholly owned subsidiary)</u> Structural reforms April 2020 Reorganized Housing production companies July-September 2020 Transferred the agri and food container molding product businesses of Sekisui Hinomaru Co., Ltd. September 2022 Transferred shares in subsidiary XenoTech, LLC in the drug development solutions business	Strategic Investment (Capex) May 2023 <u>Decided to increase production capacity of binder resins for MLCCs</u> November 2023 <u>Operations commenced at a new plant for sleepers for railroads in the Netherlands</u> July 2024 <u>Decided to add a new interlayer film production line in Thailand</u> July 2024 <u>Decided to increase SELFA production capacity</u> October 2024 <u>Decided to increase production of conductive fine particles at the Taga Plant</u> December 2024 <u>Decided to mass-produce film-type perovskite solar cells</u> Equity Investment, M&A April 2025 <u>Acquired the thermal conductive sheet-related assets of Dexerials Corporation</u> May 2025 <u>Acquired Benhouse Co., Ltd.</u> Structural reforms December 2024 Transferred shares in two subsidiaries in the elderly business

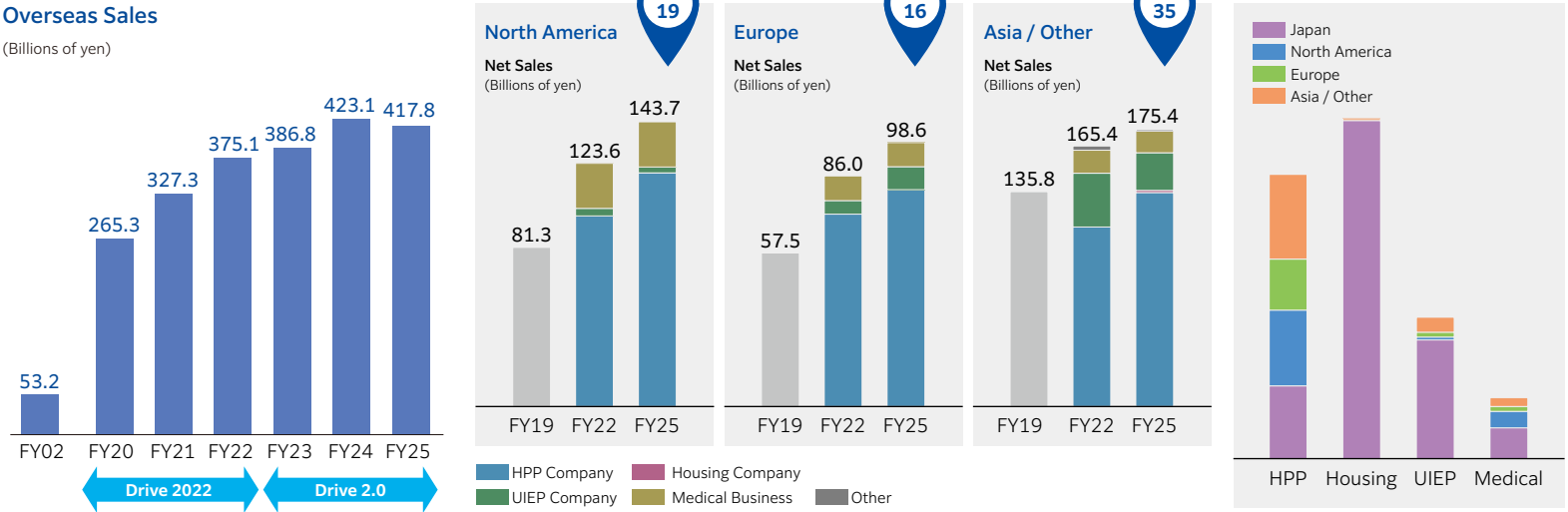
*The color highlights used in the "Strategic Investment (Capex)" and "Equity Investment, M&A" areas of the table refer to business quadrants outlined in Drive 2022 and Drive 2.0. ■ Growth-driving ■ Growth-potential ■ Revenue base Underlines indicate frontier domains

Global Expansion

SEKISUI CHEMICAL Group has aggressively taken on the challenge of expanding overseas, utilizing M&A and strategic investments.

Overseas sales have grown steadily, particularly in the High Performance Plastics Company.

To accelerate growth toward achieving Vision 2030, we believe it is essential to invest decisively in markets with strong growth potential from a global perspective. We will continue to optimize our global portfolio, making disciplined investments and translating them into returns as we aim to double the scale of our business.

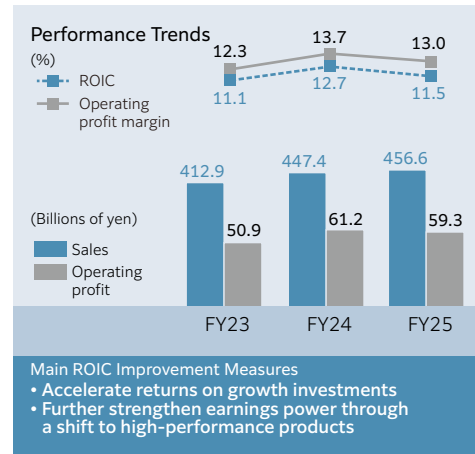


Segment Information (Business Activities and Review of FY2025)

High Performance Plastics Company

Leveraging our proprietary fine-particle, adhesion, precision molding, and other technologies, we provide advanced high performance materials on a global basis that help bring about the further evolution of our customers' products and services for application in the Electronics, Mobility, and various other industries.

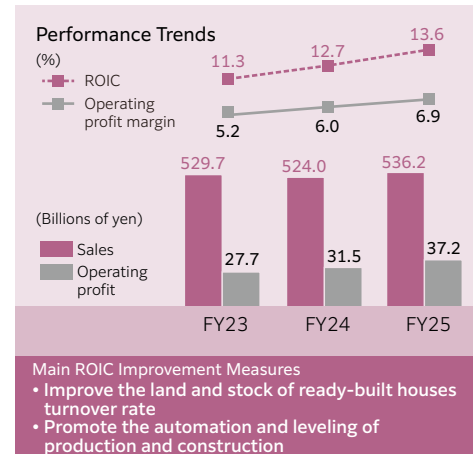
In FY2025, driven by steady growth in high-performance interlayer films in the Mobility field, the High Performance Plastics Company recorded higher revenue, but the impact of non-recurring expenses resulted in lower profit. In the Electronics field, net sales exceeded the previous fiscal year due to successful efforts to capture demand driven by the persistently robust semiconductor market, as well as steady progress in acquiring new demand.



Housing Company

The Housing Company is engaged in new housing construction activities as a specialist in the Unit Construction Method, an advanced factory-built approach that enables short construction periods and delivers functions in accordance with design plans. To date, the cumulative total of houses sold has exceeded 680,000. The Housing Company also operates businesses that address housing needs and help solve social issues, including housing renovation, rental housing management, real estate transactions, and integrated town and community development.

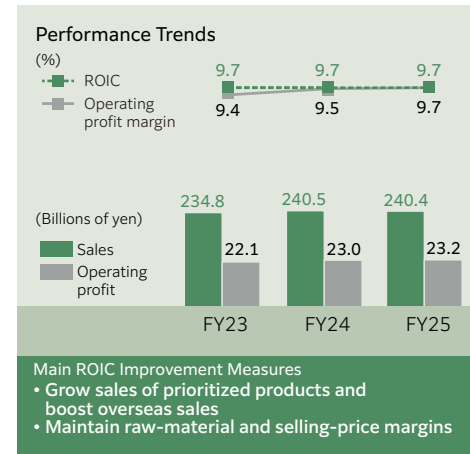
In FY2025, although the number of housing units sold in the Housing business declined due to the sluggish new housing market, higher unit prices from an improved product mix and growth in the renovation business resulted in higher revenue and significantly higher profit for the Housing Company as a whole.



Urban Infrastructure & Environmental Products Company

The UIEP Company manufactures and markets water sewerage and supply pipe systems, in which it has a leading share in Japan, while also engaging in construction materials supply businesses, which collectively form the Company's core operating platform. We are striving to expand sales and create markets for products that help solve increasingly serious and complex social issues, including labor shortages, aging infrastructure, and climate change.

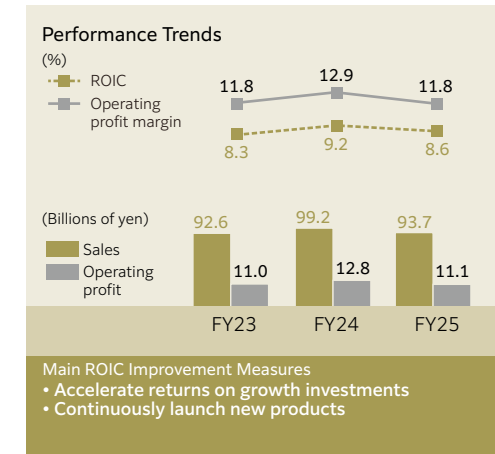
In FY2025, although we were affected by the continued sluggish domestic housing and non-housing construction markets, we mitigated the effects by maintaining our margins, primarily in domestic operations, and operating profit reached a record high for the fourth consecutive fiscal year.



Medical Business

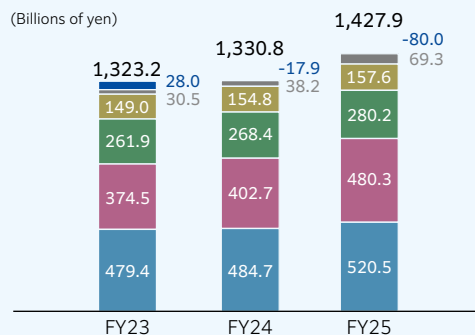
The Medical Business operates globally and comprises the Diagnostics Business, which manufactures and sells diagnostic reagents, automated analyzers, and blood collection tubes, and the Pharmaceutical Sciences Business, which encompasses the Pharmaceuticals and Enzymes Business, the Drug Development Solutions Business, and other businesses.

In FY2025, while the Pharmaceutical Sciences business performed steadily, the overseas testing business struggled due to declining demand for high-priority infectious disease testing kits in the United States and sluggish market conditions in China. As a result, the Medical Business as a whole recorded a decline in both revenue and profit.

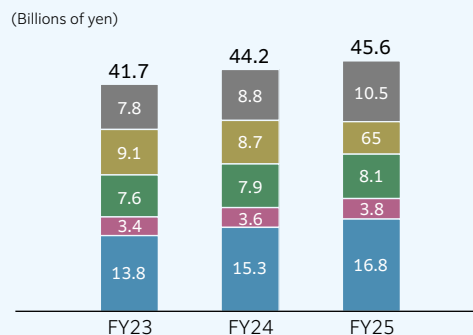


Various Data

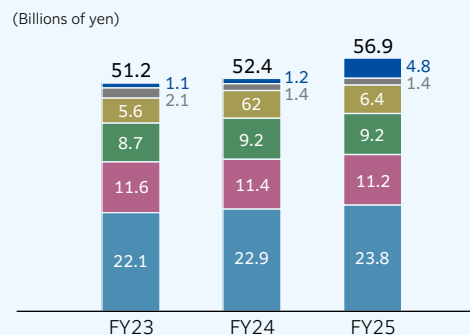
Total Assets



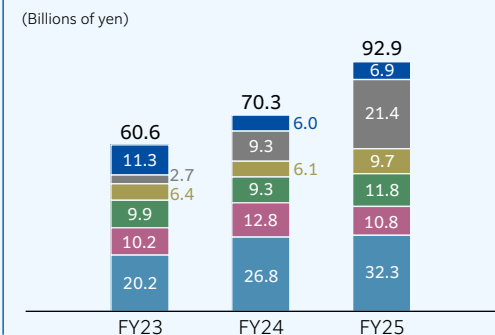
R&D Expenditures



Depreciation and Amortization



Capital Expenditures



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)



We have launched Accelerate 2028 as the third phase of our Long-term Vision, Vision 2030, which we launched in FY2020 to double our business performance.

Our policy is to implement proactive ESG management through the dual pillars of “business strategy” and “foundation strengthening” to accelerate toward realizing Vision 2030. We will work to enhance corporate value by focusing on creating results from preparations, continuously strengthening earning power, and continuously strengthening ESG management.

Policy and Basic Strategy

Implementing proactive ESG management through the dual pillars of “business strategy” and “foundation strengthening” to accelerate toward realizing Vision 2030

Accelerate 2028

— The Third Phase for 2030 —

Business Strategy

Create results from preparations and continuously strengthen earning power

Expand and create Products to enhance sustainability based on the strategic domain map

Innovation Areas	Enhancement Areas
Continue preparations and accelerate the creation of results Reliably launch and expand the perovskite solar cell business	Expand growth drivers Secure returns through strategic investment Relentless structural reform

Environmental Strategy

Advance carbon neutrality and implement the circular economy

HR Strategy: Empowering Prominent Human Resources	R&D Strengthening Strategies: Creating Prominence in Technologies
Foster a culture of taking on challenges Deepen the right person for the right position Proactive diversity	Accelerate new product development around TPF Take on the challenge of research innovation using MI

Foundation Strengthening

Continuously strengthen ESG management

Expand contribution to sustainable growth and creating results from preparations

Strengthening Portfolio Management

Implement focused allocation of management resources with an eye on capital efficiency

Strengthening Internal Control

Eliminate serious incidents, establish management foundations in new business divisions

DX Strategy

Accelerate productivity improvements through digital transformation

FY2028 SEKISUI CHEMICAL Group's target values

Data in parentheses are compared with FY2025.

(Billions of yen)

Net sales **1,600.0** (+290.7)

Operating profit **150.0** (+43.5)

Operating profit margin **9.4%** (+1.2%)

EBITDA **226.0** (+61.4)

EBITDA margin **14.1%** (+1.6%)

ROIC **8% or higher** (+0.4% or higher)

Net income **102.0** (+26.8)

ROE **11%** (+1.9%)

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Materiality and KPIs

At the halfway point of our Long-term Vision, Vision 2030, we reanalyzed global megatrends, including climate change and advances in AI technology, and redefined the priority issues that we need to address.

We are carrying out risk mitigation activities and, under the Medium-term Management Plan, we have defined the five areas of “Safety, Quality, Legal/Ethical, Accounting, and Information Management” in order to avoid damage to corporate value from major incidents, and to enhance our management ability to sustain business.

Unit: Billions of yen

	Materiality	Strategies of Accelerate 2028		KPI	FY2028 Targets (Medium-term Management Plan)	FY2025	
Value Creation Fields Areas for Creating Value	Realizing a carbon neutral society	Business Strategy	Foundation Strengthening	GHG emissions reduction rate (vs. FY2019)	-49%	-45.2%	Products to Enhance Sustainability P.18
	Realizing a circular economy			Waste plastic material recycling rate	75.0% (Japan) 75.0% (Overseas)	70.0% (Japan) 68.6% (Overseas)	
	Realizing a safe and comfortable society	Business Strategy		Net sales from Products to Enhance Sustainability*1	1,190.0	965.1*1	Environment P.43
	Realizing a healthy and well-served society			Of which, premium sector*1	600.0	546.0*1	
		Driving DX					DX P.59
Value Creation Drivers Factors Accelerating Value Creation	Empowering prominent human resources	Foundation Strengthening		Challenge Action Rate	72%	62%	Human Capital P.47
	Creating prominence in technologies			Number of DR0*2 passes (new indicator)	vs. Plan (every half-year) 100% or more	—	Innovation P.50
	Strengthening internal control			Number of serious incidents*3	0	—	Internal Control P.55
	Strengthening portfolio management			ROIC, EBITDA	ROIC: 8% or higher EBITDA: 226.0	ROIC: 7.6% EBITDA: 164.6	Portfolio P.26

*1 Method for calculating net sales from Products to Enhance Sustainability revised with a view to more closely aligning with consolidated financial statements; sales from equity method affiliates no longer included in the scope of calculation from FY26; FY25 data also calculated using the new standard.

*2 Internal review regarding the generation of new development themes.

*3 Instances of deficiency in current internal control and where details have been disclosed publicly.

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Investment and Financial Strategies

SEKISUI CHEMICAL Group will continue to pursue growth and actively expand strategic investment. At the same time, we will continue to emphasize capital efficiency while making appropriate use of debt.

Under Accelerate 2028, we plan to expand the strategic investment limit to ¥550.0 billion, exceeding the level of the previous Medium-term Management Plan, and allocate at least 70% of this amount to growth-driving and growth-potential businesses.

In addition to the cash we generate, we will use debt to cover any shortfall in investment funds, while keeping the net D/E ratio at 0.5x or less. By accelerating growth while maintaining financial soundness and capital efficiency, we aim to achieve an ROE of 11%.

Investment plan and capital allocation

(Billions of yen)

	FY23-25 Results	FY26-28 Plan
Strategic investment	157.5	Investment limit 550.0
M&A, etc.	39.2	Investment limit 300.0
Capital expenditures	118.3	250.0
Normal investment	147.2	150.0
Total investment	304.7	Investment limit 700.0
R&D expenses	131.5	155.0

Accelerate 2028 (FY2026-2028)

(Billions of yen)

	Adjusted operating cash flows*			Use of liabilities + Reduction of cross-shareholdings	
Cash IN	545.0			Maximum approx. 450.0 (use of liabilities) + α	
	Strategic investment	Normal investment	R&D expenses	M&A (limit)	Returns to shareholders
Cash OUT	250.0	150.0	155.0	300.0	130.0 -

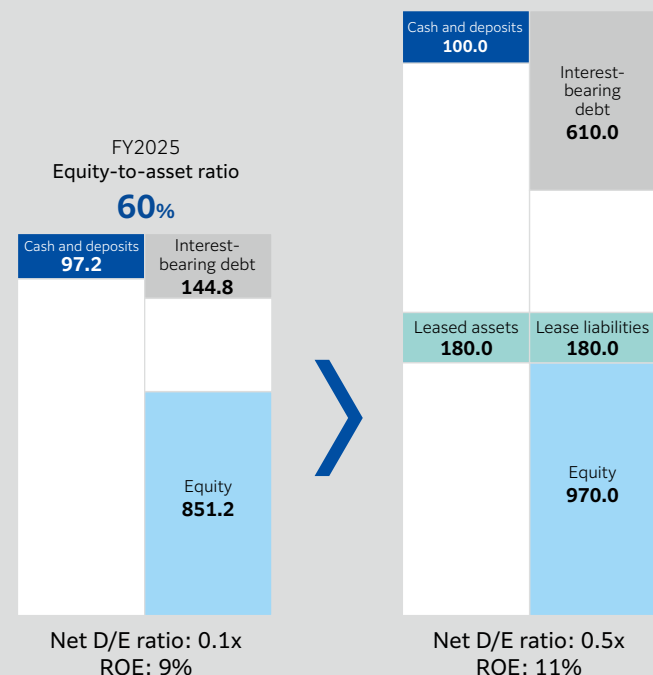
*Operating cash flows + R&D expenses

Image of the Balance Sheet

Note: Lease obligations as of the end of FY28 not included in the calculation of interest-bearing debt

Plan as of the end of FY28
Equity-to asset ratio (pre-lease)

44% (48%)



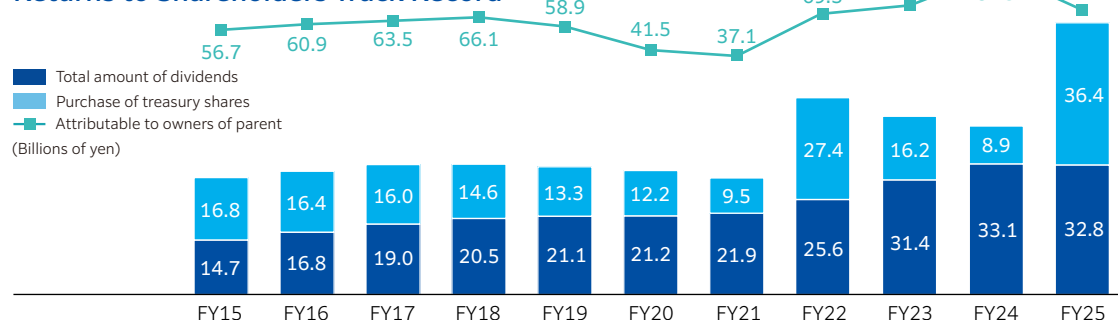
Maintain an efficient and stable capital structure

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Returns to Shareholders

Under the Medium-term Management Plan, Accelerate 2028, SEKISUI CHEMICAL Group will return profits to its shareholders more aggressively than ever before. The Company will raise the dividend-on-equity (DOE) ratio to 3.5% or higher, while continuously targeting a payout ratio of 40% or higher on a consolidated basis, and implement stable returns through progressive dividends. In addition, SEKISUI CHEMICAL Group has set a target of 50% or higher for its total return ratio, which includes the buyback of shares, so long as its net D/E ratio is 0.5 or less. For this reason, the Company will also implement additional returns as appropriate, taking into account the investment progress under the Medium-term Management Plan, cash position, and stock price. We will limit our holdings of treasury shares to the absolute minimum.

Returns to Shareholders Track Record



	Previous Medium-term Management Plan	Medium-term Management Plan (FY2026-2028)
Payout ratio	40% or higher	40% or higher
DOE	3% or higher	3.5% or higher
Total return ratio	50% or higher if the net D/E ratio is 0.5 or less. Implement additional returns as appropriate, taking into account the investment progress under the Medium-term Management Plan, cash position, and stock price	50% or higher if the net D/E ratio is 0.5 or less. Implement additional returns as appropriate, taking into account the investment progress under the Medium-term Management Plan, cash position, and stock price
Cancellation of treasury shares	Cancel newly acquired shares to the extent that total treasury shares do not exceed 5% of outstanding shares	Hold treasury shares to the minimum necessary
Progressive dividends	—	Implement

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Profit attributable to owners of parent per share (yen)	115.1	126.1	133.8	141.7	128.8	91.9	83.2	159.2	183.5	196.0	182.7
Dividend per share (yen)	30	35	40	44	46	47	49	59	74	79	80
Payout ratio	26.1%	27.7%	29.9%	31.0%	35.7%	51.1%	58.9%	37.0%	40.3%	40.4%	43.6%
Purchase of treasury shares (billions of yen)	16.8	16.4	16.0	14.6	13.3	12.2	9.5	27.4	16.2	8.9	36.4
Total return ratio*1	55.5%	54.5%	55.1%	53.0%	58.1%	80.4%	84.6%	76.5%	61.0%	51.2%	92.1%
DOE*2	2.8%	3.1%	3.3%	3.4%	3.5%	3.3%	3.3%	3.7%	4.2%	4.1%	4.0%
Cancellation of treasury shares (thousands of shares)	10,000	—	10,000	8,000	8,000	8,000	5,000	15,000	8,000	4,000	14,000

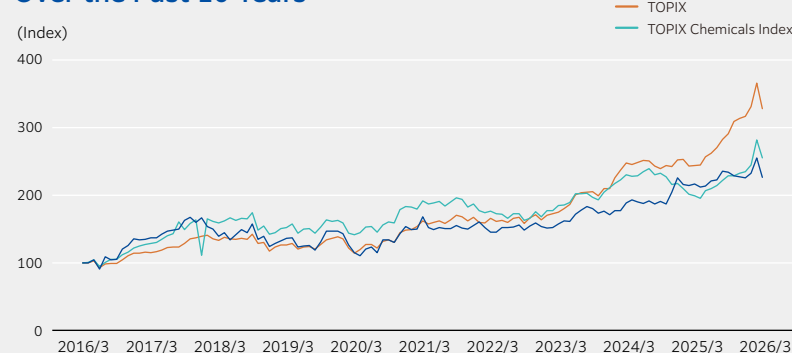
*1 Total return ratio = (Amount of treasury shares acquired + Total dividends) / Net income attributable to owners of parent *2 DOE = Total Amount of Dividends (full year) / Average equity

Details of SEKISUI CHEMICAL Group's total shareholder return (TSR), including dividend and stock price fluctuation trends, are presented as follows. SEKISUI CHEMICAL Group raised the consolidated payout ratio to 40% in its return policy from FY2023. We will continue to strive to maintain a stable dividend for shareholders and increase corporate value.

Total Shareholder Return (TSR including dividends)

	Past 1 year	Past 3 years		Past 5 years		Past 10 years	
	Annualized	Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized
SEKISUI CHEMICAL	5.6%	51.4%	14.8%	38.7%	6.8%	126.5%	8.5%
TOPIX	34.6%	87.4%	23.3%	102.2%	15.1%	228.2%	12.6%
TOPIX Chemicals Index	28.0%	38.2%	11.4%	33.3%	5.9%	155.2%	9.8%

TSR and Share Price Performance Over the Past 10 Years*



* Figures are indexed to data as of March 31, 2016, as 100, and both indexes include dividends.

Share Price Trends

	High (yen)	Low (yen)	Closing (yen)
FY15	1,752	1,193	1,386
FY16	1,983	1,215	1,871
FY17	2,350	1,732	1,856
FY18	2,114	1,532	1,779
FY19	1,986	1,142	1,433
FY20	2,243	1,267	2,125
FY21	2,187	1,648	1,759
FY22	2,019	1,613	1,876
FY23	2,287	1,786	2,230
FY24	2,840	1,880	2,544
FY25	3,065	2,151	2,606

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Strengthening Portfolio Management

Under Accelerate 2028, we will continue to strengthen business portfolio management.

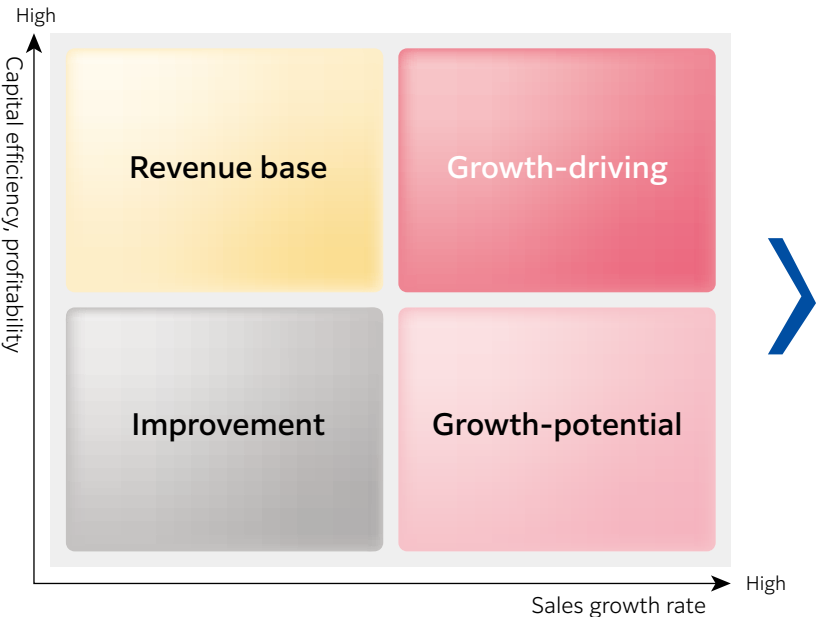
Taking steps to classify all 29 businesses into four quadrants, including growth-driving and growth-potential businesses, while clarifying roles on a strategic basis to ensure steady profit growth.

Cash gained through our revenue base will be directed toward allocating resources with a priority on growth areas.

The aim is to generate over 90% of the increase in profits (EBITDA) from these growth-driving and growth-potential businesses by FY2028.

1. Analyze and evaluate existing businesses from multiple perspectives
- Profitability (OPI margin), capital efficiency (ROIC), growth-potential (sales growth rate)
 - Strategic positioning, position in the industry, future prospects, and competitiveness from an ESG perspective
2. Clarify the role of each business→Appropriately allocate management resources
- Allocate at least 70% of capital investment to growth-driving and growth-potential businesses (including new businesses)

Business portfolio management: Clarify the role of each business unit



About 70% of the sales in the Products to Enhance Sustainability Premium Framework consist of products from businesses positioned as growth-driving or growth-potential. Under our Medium-term Management Plan, we will allocate capital investment in growth-driving and growth-potential businesses (including new businesses), and increase the absolute volume of the Products to Enhance Sustainability Premium Framework product lineup.

Portfolio	Business segment				
	High Performance Plastics Company	Housing Company	Urban Infrastructure & Environmental Products Company	Medical Business	Next Frontier
Growth-driving businesses	Interlayer Films (Mobility) Device Materials Specialty Chemicals / FC (Electronics)		Performance Materials / Fire Protection Materials (Building and Infrastructure Composite Materials) Pipe Renewal (Infrastructure Renovation)		
	Automotive Molding / Aeronautical Components (Mobility) Sensing / Molding Products (Industrial)	Domestic New Construction Renovation Residential Overseas		Pharmaceutical Scirnces (CRO / CDMO)	SEKISUI SOLAR FILM
Revenue base	Foam /Functional Tapes (Industrial)		Water supply / Drainage Infrastructure PVC Materials (Pipe Systems) Building Materials (Building and Infrastructure Composite Materials)	Diagnostics	
Improvement	Polymatech (Mobility)				

Major changes from the previous Medium-term Management Plan

KYDEX Aerospace

Automotive Molding / Aeronautical Components (Mobility)

Domestic New Construction Renovation

Domestic New Construction Renovation

For the Elderly

Business Transfer

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

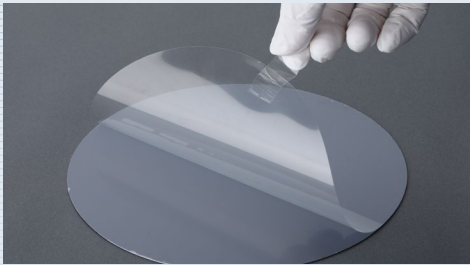
Business Strategies

Strategies for Enhancement Areas/Growth-driving Businesses: Device Materials, Specialty Chemicals, and FC (Electronics)

With the upswing in global semiconductor demand accompanying the proliferation of AI, the Electronics field is also performing well, especially for semiconductor-related products.

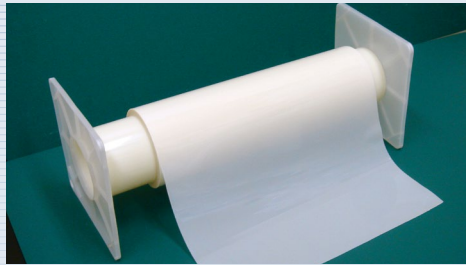
In particular, we are seeing a steady increase in the application of SELFA, a UV release tape for semiconductor applications that addresses the further miniaturization of semiconductors, and Build-up dielectric film (BUF) that boasts high transmission performance (low dielectric properties)—required for multi-layered CPUs—as well as strengths in suppressing substrate warpage.

Heat resistant SELFA (semiconductor processing material)



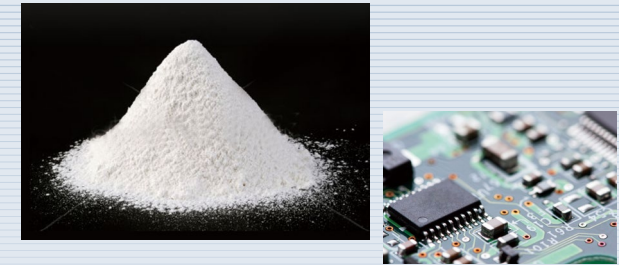
The Company's UV release tapes balance strong adhesion with an easy peel-off capability. Exposure to UV generates gas between the tape and the adherend, which cancels out the tape's adhesiveness and enables it to be peeled off easily. These tapes have 300°C heat resistance and can be used with hybrid bonding. With demand expected to continue to grow, the Company has decided to increase production capacity and plans to bring the new capacity online in the first half of FY2027.

Build-up dielectric film (BUF)



This product meets the need for larger, multilayer substrates as CPUs and GPUs used in high-end servers for high-capacity, high-speed communications become more advanced. It is particularly highly regarded for its excellent transmission properties (low dielectric properties) and low warpage, and its adoption is expanding.

Binder resins for MLCCs



Based on the technical capabilities acquired through binders for interlayer films as the primary application for PVB, the Company's product design capabilities and technical service capabilities have received a highly positive response. In the second half of FY2025, we increased polyvinyl acetal resin production capacity to meet growing demand.

Business Strategies

Semiconductors / electronic parts

Tapes for semiconductor processing use, binder resins for MLCCs, Build-up dielectric film (BUF) sales growth

Exterior parts / mechanism components

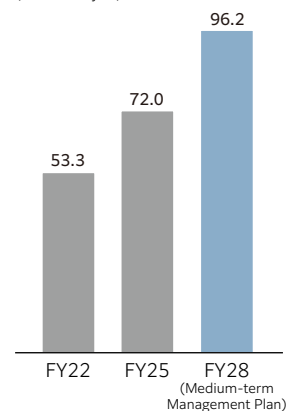
Biomass-type bonding materials (tape, foam)
Elastic adhesive resin sales growth

Next-generation displays

OLED sealant sales growth

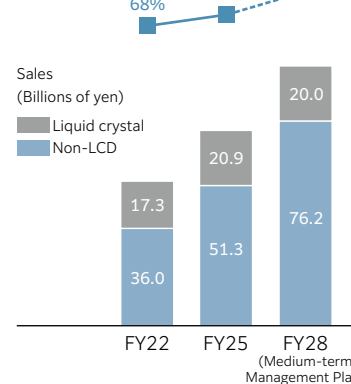
Electronics field net sales

(Billions of yen)



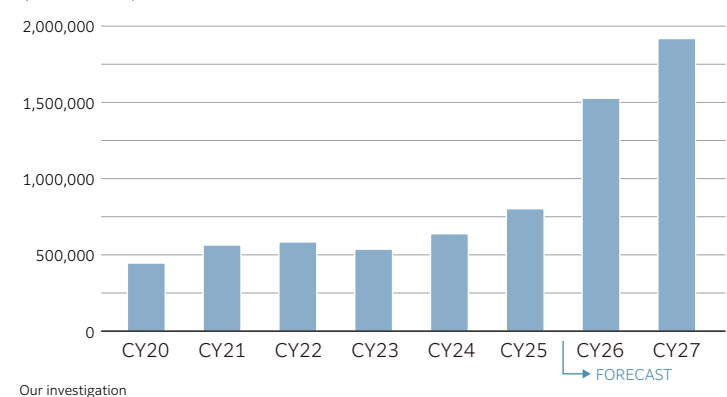
KPI: Focus on the non-LCD field

Sales ratio
(Billions of yen)



Global semiconductor market forecasts

(Millions of US\$)



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategies

Strategies for Enhancement Areas/Growth-driving and Growth-potential Businesses: Interlayer Films and Automotive Molding/Aeronautical Components (Mobility), and Sensing/Molding Products (Industrial)

There are clear indications of a growth trajectory in the context of the expansion of the electrification of automobiles and automated driving.

In our mainstay interlayer film business, we are working to improve profitability by shifting to high-value-added products such as wedge-shape films for head-up displays (HUDs), heat insulation films and colored/designed films, while further increasing added value by combining interlayer film functions such as heat and sound insulation.

In the aeronautical fields as well, we will steadily capture robust demand for commercial aircraft while expanding in the rapidly growing air mobility field, including drones.

HUD-use, colored / designed interlayer films



The head-up displays (HUDs) display appropriate information on the car's windshield according to the driving situation, allowing the driver to drive without dropping his or her gaze, thereby contributing to driver safety. In addition, demand has been growing in recent years for colored films for panoramic roofs and design films for rear glass, with the spread of electric vehicles. These films not only block light but also cut UV rays, and the use of sound insulation grades that improve cabin quietness and heat insulation grades that absorb near-infrared rays also help prevent higher cabin temperatures.

Aircraft components



In addition to carbon fiber reinforced plastic (CFRP), we produce molded composite materials that are flame retardant and impact resistant. They contribute to weight reduction in aircraft materials and fuel efficiency in transportation equipment. After the downturn in aircraft demand during the COVID-19 pandemic, the business returned to profitability in the second half of FY2024 and contributed to earnings in FY2025. We will continue to steadily capture demand for commercial aircraft while also focusing on improving the product mix, including increasing the proportion of high-value-added engine components.

Industrial field (ANSIEL)



The ANSIEL monitoring sensor uses a proprietary high-precision sensor installed under a mattress to detect and analyze the condition of care recipients. By helping reduce workloads and improve operational efficiency at nursing care facilities, ANSIEL supports higher-quality care and the realization of a sustainable nursing care system.

Business Strategies

Interlayer film

Expand sales of N-HPP* films
N-HPP sales volume growth rate (CAGR)
114% (FY25→FY28)

SEKISUI AEROSPACE CORPORATION

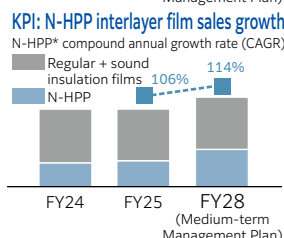
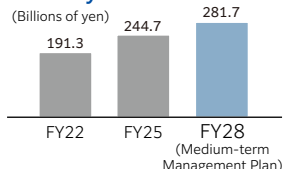
Expand the lineup of aircraft engine components and deploy products to non-aircraft sectors (drones, medical field)

Industrial

Focus on expanding sales of labor-saving and environmentally friendly products with the aim of entering new fields and achieving standardization overseas

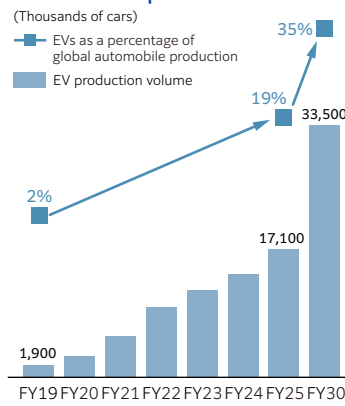
* N-HPP: Generic term for HUD, heat insulation, color/design films (high-performance interlayer films)

Mobility field net sales



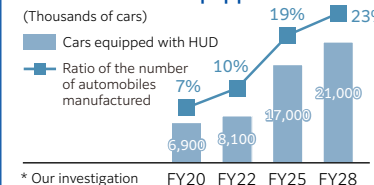
Since the N-HPP classification was introduced in fiscal year 2024, comparisons are made starting from FY2024

Trends in EV production volume



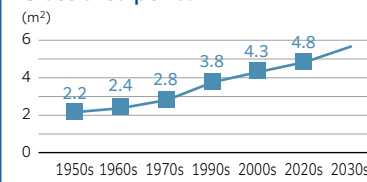
Our investigation

Increase in cars equipped with HUD



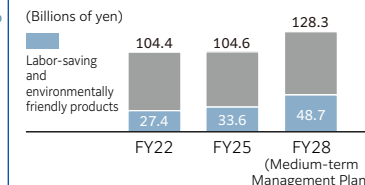
* Our investigation

Glass area per car

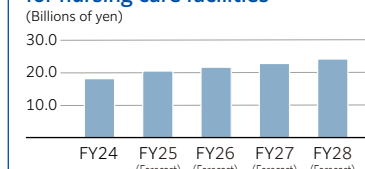


* Our investigation

Industrial field net sales



Market size for monitoring systems for nursing care facilities



Source: Yano Research Institute Ltd., ICT and Digital Transformation Market for Long-Term Care 2025

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategies

Strategies for Enhancement Areas/Growth-potential Businesses: Housing, Renovation, Residential, and Overseas

In the Housing Business, we will pursue sales strategies suited to urban and regional areas based on market conditions and regional characteristics, aiming to increase both volume and profitability.

In the Renovation Business, we will pursue further growth by expanding orders for older homes, which are expected to increase going forward, strengthening organizational structures in areas with demand, and utilizing M&A.

In the Residential Business, we will strengthen the earnings base by increasing the number of rental properties under management while targeting significant growth in the purchase-and-resale business.

Through proactive investment in the growth areas of Renovation and Residential, we will move away from a portfolio overly weighted toward the Housing Business.

Housing business (SEKISUI HEIM)



The Company ensures the stable supply of high-quality, high-performance (high earthquake resistance, airtightness, and heat insulation) housing, providing comfortable, safe and secure, and environmentally conscious living through its revolutionary Unit Construction Method, where the vast majority of construction is conducted at the factory. We will focus on product development and sales strategies tailored to area and market needs.

Renovation



For customers living in Sekisui Heim homes, we have introduced a "100-Year Long-Term Support System" and propose renovations tailored to the condition of their homes and their stage of life.

We are also focusing on renovations for general housing, including condominiums (external sales), with the aim of further expanding the business.

Residential



In the real estate business, we provide services that address a wide range of real estate needs, from the operation, management, and guarantees of rental housing to real estate brokerage and purchase and resale. In the town and community development business, we make extensive use of condominiums for sale and SEKISUI CHEMICAL Group infrastructure materials, differentiating ourselves from competitors by creating disaster-resilient, sustainable communities.

Business Strategies

Housing

9,355 units → 11,000 units (FY25→FY28)

Urban areas: Concentrate management resources in the Tokyo metropolitan area

Regional areas: Increase volume by strengthening built-for-sale housing and implementing area pricing

Renovation

Internal sales: Focus on expanding proposals for homes more than 35 years old

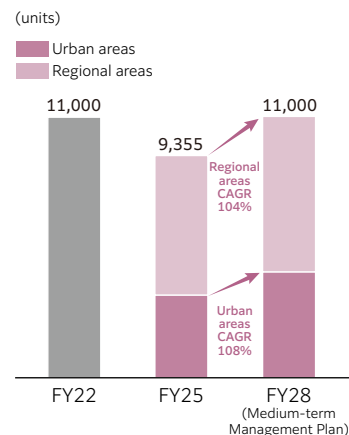
External sales: Expand sales bases and strengthen human resources in urban areas

Residential

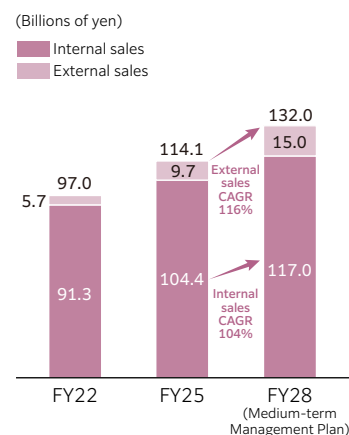
Rental management: Increase the number of units under management by improving property owner satisfaction and utilizing external resources

Purchase and resale: Expand condominium purchase and resale by strengthening procurement capabilities through M&A

Housing orders



Renovation orders



Topic Established a new modular manufacturing company in Ontario, Canada, aiming to enter the growing mid- and high-rise North American housing market

- Establish a steel-frame modular manufacturing plant and build a system for the design, manufacture, and sale of modular units in 2026
- Aim to supply low-rise schools (one to two stories) that help alleviate classroom shortages associated with increases in immigrants and international students, as well as mid-rise (four to eight stories) apartment buildings and nursing care facilities

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategies

Strategies for Enhancement Areas/Growth-potential Businesses: Performance Materials and Fire Resistant and Non-flammable Materials (Building and Infrastructures Composite Material), and Pipe Renewal (Infrastructure Renovation)

The Company aims to achieve growth by expanding sales of prioritized products that help solve labor shortages, infrastructure aging, climate change, and other social issues, as well as by increasing overseas net sales.

As an example, FFU for railway sleepers, a mainstay product of the Performance Materials Business, are sold in 37 countries around the world, including the U.S., Australia, and countries in Europe.

In recent years, environmental considerations have made it increasingly difficult to procure high-quality timber. In addition, creosote oil, which is used as a wood preservative, is expected to face restrictions on its use in the EU due to carcinogenicity concerns. As a result, adoption of resin railway sleepers (FFU railway sleepers) as an alternative to wooden sleepers is accelerating.

Performance materials (FFU for railway sleepers)



Fiber-reinforced foamed urethane (FFU) railway sleepers boast excellent water-resistance, durability, and require no preservatives, thereby contributing to reductions in environmental impact. The Company built a production base in Europe, where demand was strong, and commenced operations in FY2023 as part of its efforts to accelerate overseas deployment.

Fire resistant and nonflammable materials



PUXFLAME is a thermal insulating urethane foam material for on-site use that was the first organic material to receive certification as a noncombustible material from Japan's Minister of Land, Infrastructure, Transport and Tourism. Given that this product contributes to preventing fires and accidents caused by ignition at construction sites, new applications have been growing.

In April 2026, fire-resistant material standards were strengthened and the testing method for fireproof certification was changed. PUXFLAME has obtained certification under the new noncombustible standard by applying a PUXFLAME Coat covering.

Pipe renewal



The SPR method rehabilitates worn pipes by winding bands of rigid polyvinyl chloride resin profile in spirals within the existing pipe, then injecting special backfill materials into the gaps between the existing pipe and rehabilitation pipe. This creates a robust composite pipe that integrates the existing pipe and the rehabilitation pipe. The SPR method addresses the serious social issue of aging sewage pipes and, since it eliminates the need to excavate roads and allows water to continue flowing unimpeded during installation, it achieves significantly lower impacts on traffic, shorter construction times, and less industrial waste. It also contributes to reducing CO₂ emissions.

Business Strategies

Performance materials (FFU for railway sleepers)

Europe: Further expand through increased production capacity and the introduction of new products

North America: Focus on building a business base through adoption by major customers

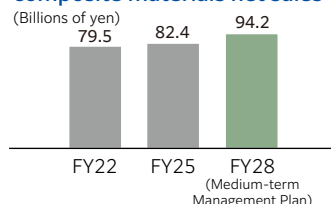
Fire Resistant and Non-flammable Materials

Expand the share of noncombustible urethane and sales of new products

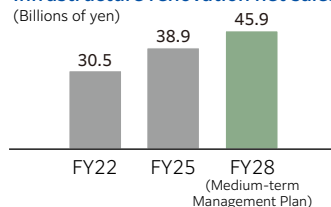
Pipe renewal

Japan: Maximize capture of renewal demand arising from the Nationwide High Priority Survey Overseas: Increase awareness through collaboration with installation partners, primarily in North America, and expand orders

Building and infrastructure composite materials net sales



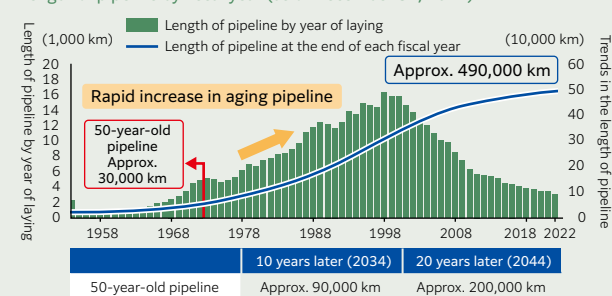
Infrastructure renovation net sales



Topic Working to Solve Japan's Aging Infrastructure Issue

There are approximately 30,000 km of degraded sewage pipelines nationwide that have exceeded their standard service life of 50 years, making them one of the causes of road collapse accidents. To prevent accidents, the Ministry of Land, Infrastructure, Transport and Tourism is conducting a Nationwide High Priority Survey of Sewage Pipelines, and as of the end of February 2026, approximately 748 km of pipelines had been determined to require countermeasures. In response to this rehabilitation demand, we will efficiently and effectively rehabilitate these pipelines using our SPR method.

Length of pipeline by fiscal year (as of December 31, 2022)



Source: Ministry of Land, Infrastructure, Transport and Tourism website (in Japanese)
https://www.mlit.go.jp/mizukokudo/sewerage/crd_sewerage_tk_000135.html

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

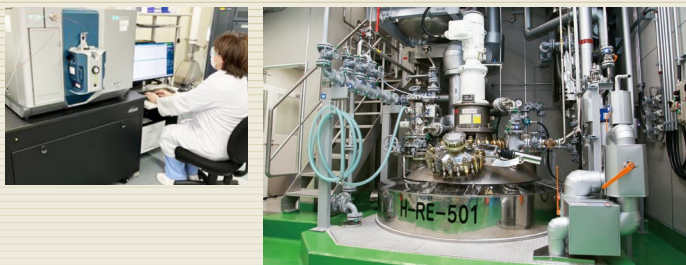
Business Strategies

Strategies for Enhancement Areas/Growth-potential Businesses: Pharmaceutical Sciences

With growing awareness of the importance of stable pharmaceutical supplies and increasingly sophisticated drug discovery, there has been rising demand in recent years for advanced contract services for R&D and manufacturing, as well as high-value-added materials needed to develop pharmaceutical products.

In the Pharmaceutical Sciences Business, we will establish a foundation for sustainable growth by building a system that consistently supports increasingly sophisticated pharmaceutical research, development, and manufacturing through drug discovery support services (CRO) and contract manufacturing (CDMO) of active pharmaceutical ingredients (APIs) and intermediates. We will also enter the field of advanced medicine, using the supply of scaffold materials that enable complex cell culture processes required in regenerative medicine and other fields as a foothold, with the aim of supporting the global advancement of medicine and a healthy, long-lived society.

Comprehensive pharmaceutical development support



We will strengthen our drug discovery CRO services, which provide various testing services during the drug discovery R&D stage under contract from pharmaceutical companies, and expand our pharmaceutical CDMO services, which manufacture active pharmaceutical ingredients (APIs) and pharmaceutical intermediates in compliance with GMP* and provide high-quality products. By supporting the stable supply of pharmaceuticals, we will contribute to realizing a healthy and sustainable society.

* A standard for pharmaceutical manufacturing and quality

Ceglu



In the cell culturing process used in regenerative medicine, Ceglu is a brand of chemically synthesized scaffold material that adheres cells to the surface of containers. Compared with human-derived protein scaffold materials, which present challenges such as the risk of infection from viral contamination and limited stability, chemically synthesized Ceglu offers a high degree of safety, stability, and scalability. We will leverage these advantages to expand the use of Ceglu beyond research applications to cell manufacturing and contribute to the future development of regenerative medicine.

Business Strategies

Comprehensive pharmaceutical development support

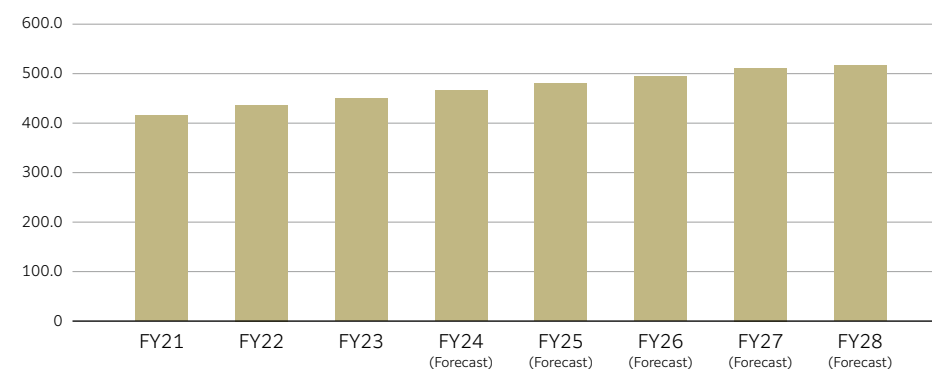
Build a system that consistently supports pharmaceutical research, development, and manufacturing, and enhance our ability to win new contract projects

Ceglu

Achieve adoption in approved products in Japan, where approvals of regenerative medicine products and other products are ahead of other markets, build a track record, and aim to expand in overseas markets

Pharmaceutical contract manufacturing market size

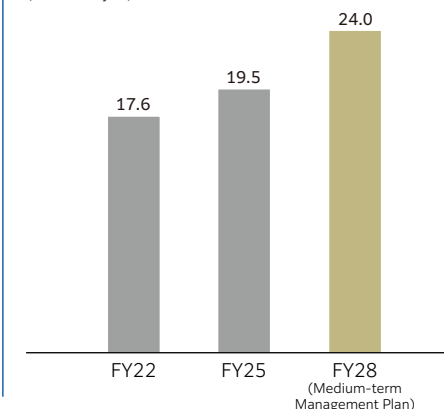
(Billions of yen)



Source: Yano Research Institute Ltd., Pharmaceutical Contract Manufacturing Market 2025

Pharmaceutical sciences field net sales

(Billions of yen)



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategies

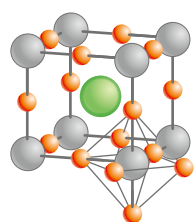
Strategies for Enhancement Areas/Growth-potential Businesses: SEKISUI SOLAR FILM — Film-type Perovskite Solar Cells

Next-generation solar cells, which are said to be the key to realizing a decarbonized society, use semiconductors with a perovskite crystal structure as the material for power generation. Unlike conventional silicon solar cells, these cells can be manufactured by applying the material to a film as if it were printed. They have the potential to spread to urban areas where installation sites are limited, and are expected to contribute to the spread of renewable energy and the realization of carbon neutrality. The manufacturing process utilizes our proprietary technologies in sealing, process, materials, and film formation. For sealing resin, we have patented the optimal composition of our proprietary material specifically designed for perovskite. To this point, we have conducted accelerated tests in accordance with standards for solar cell reliability, and confirmed durability equivalent to 10 years of outdoor exposure. Film-type perovskite solar cells are ultra-lightweight and flexible, allowing them to be installed on the walls of buildings and other structures, as well as on roofs with weight constraints.

On December 25, 2024, the project was selected for the Ministry of Economy, Trade and Industry's GX Supply Chain Construction Support Project. The business commenced in March 2026, and concrete discussions began with customers regarding supply.

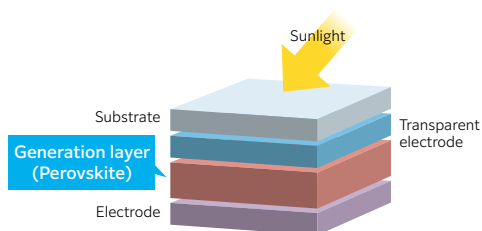
What are Perovskite Solar Cells?

A type of solar cell that employs a crystalline structure called perovskite



Perovskite Crystalline Structure (General Formula: ABX₃)

- A = Methylamine (CH₃NH₃⁺), etc.
- B = Lead (Pb²⁺), etc.
- X = Iodine (I⁻), etc.



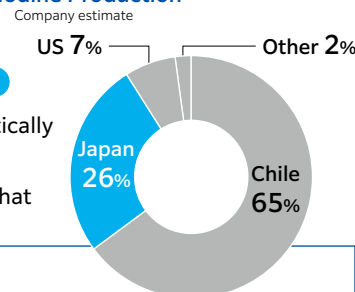
Film-type Perovskite Solar Cell Features and Merits

- ✓ Principal material, iodine, procured domestically
- ✓ Lightweight and flexible
- ✓ Power generation efficiency equivalent to that of silicon solar cells

Reference: What is iodine?

Iodine: Halogen element with an atomic number of 53
Principal application: X-ray contrast media, sterilizing and antifungal agent, etc.

International Share of Iodine Production



Types of Perovskite Solar Cells

	Film-type	Glass-type	Tandem-type
Structure	Generation layer coated on a film	Generation layer sandwiched between glass	Stacked on silicon solar cells
Features	Lightweight, thin, and bendable	Easy to ensure durability	Easy to increase power generation efficiency
Intended application	Building walls and roofs with low load-bearing capacity	Window glass and balconies	Replacement for existing silicon solar cells

- Commence delivery of 1-meter-wide products using existing production equipment in FY2026 (equivalent to approximately 1 MW annually)
- Launch of a 100 MW production line, scheduled to commence operations from FY2027, proceeding smoothly
- Allocate ¥20.0 billion in proceeds from the green bond issued in September 2025 to capital expenditures and R&D
- Invest in production technology innovation; after taking steps to improve performance and reduce costs ahead of schedule, work toward further expansion
- Continue to allocate management resources with a view to establishing a 1 GW-scale supply structure as quickly as possible

Develop public- and private-sector markets that leverage the characteristics of film-type products (lightweight, thin, and bendable)

- STEP 1: Low load-bearing roof areas
- STEP 2: Wall-mounted / free-standing, etc.

Objectives of production technology innovation

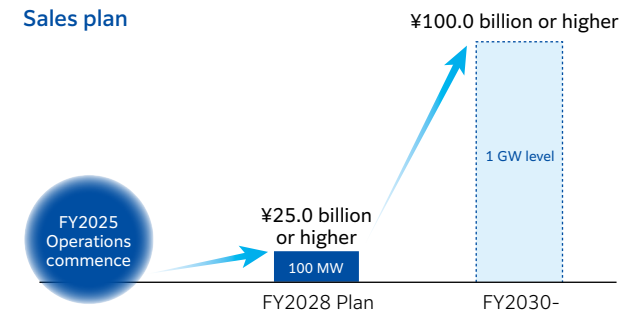
- Improve power generation efficiency
- Increase productivity
- Enhance durability
- Increase panel size

Outlook

- 100 MW capacity fully online Expected to achieve profitability
- 1 GW capacity fully online Target sales in the range of ¥100.0 billion

	2025	2026	2027	2028	2029	2030-
100 MW production line no. 1 Investment amount: ¥90.0 billion	Operations commence Start of construction	Equipment installation and trial production	Production	Production	Production	Production
Production technology innovation (performance improvement and cost reduction) Investment amount: approx. ¥5.0 billion or higher		Introduction of development equipment	Technology development	Technology development	Technology development	Technology development
Expansion to a 1 GW production line Investment amount: approx. ¥220.0 billion or higher			Apply the results of production technology innovation to expanded production lines	Start of construction	Equipment installation and trial production	Production

Sales plan



Medium-term Management Plan, Accelerate 2028 (FY2026–2028)

Message from the New Head of the Business Strategy Department



Tatsuya Nishida

Representative Director,
Senior Managing Executive Officer, Responsible for ESG Management Department,
Finance Department, Accounting Department and New Business Development Department,
Head of the Business Strategy Department

Practicing proactive ESG management
and disciplined risk-taking to accelerate growth
by seizing every growth opportunity

Q01

You were appointed Head of the Business Strategy Department in March 2026. Looking back on your career to date, could you tell us about the principles you value and what you keep in mind when making management decisions?

I have spent most of my career in the field of corporate management, working in taxation, corporate planning, finance and accounting, and business strategy. Building a foundation for understanding management through numbers early in my career has been an invaluable asset.

In my late twenties, I was seconded to a U.S. company shortly after it was acquired. With almost no other Japanese employees in the workplace, I learned that nothing would move forward unless I clearly articulated my own views. I believe that experience has shaped my approach to work ever since.

I spent the longest part of my career in corporate planning. Beginning in 1998, when the Company posted losses for four consecutive years, I saw firsthand senior management being forced to make difficult decisions. In 2000, while the Company was still in the red, we introduced the Divisional Company System, which remains the basis of SEKISUI CHEMICAL's organizational structure today. While implementing emergency management measures, I experienced firsthand both the importance and difficulty of simultaneously carrying out reforms with an eye to the future.

I then took charge of corporate management at the Urban Infrastructure & Environmental Products Company in 2009. At the time, we also needed to restructure businesses following M&A. I experienced the reorganization, transfer, and withdrawal of acquired businesses, which in some respects proved even more difficult than the acquisitions themselves. This also trained me to make decisions with a rigorous focus on future returns rather than the scale of investments already made.

For roughly the past decade, I have been responsible for finance and accounting at corporate headquarters, and I now serve as Head of the Business Strategy Department. In communicating with President Shimizu, I try to focus not simply on what options are available, but on what our first choice is, and why, so that I can support his decision-making. Having spent much of my career in corporate management, it is relatively easy for me to point out risks and apply the brakes. However, what the Company needs most now is disciplined risk-taking based on a careful assessment of the risks so that we do not miss opportunities. This is something I also make a conscious effort to keep in mind when communicating with President Shimizu.

Q02

How do you assess the previous Medium-term Management Plan? Please tell us about its achievements and remaining challenges.

We pursued the previous Medium-term Management Plan based on two pillars: Strategic Innovation and Organic Growth. In Strategic Innovation, the standout achievement was undoubtedly film-type perovskite solar cells. We decided to commit investment and human resources on a scale unprecedented for the Company, putting the business on a path to commercialization. We also took the necessary steps to expand our aircraft-related businesses and new infrastructure materials (FFU) overseas.

In Organic Growth, we also made preparations with an eye to the future, including investments to increase production capacity in the Electronics field, such as semiconductor materials, and M&A in housing-related businesses. Meanwhile, after completing demonstration testing for the Biorefinery Business, we decided to defer commercialization. I believe this was an appropriate management decision because we focused on future returns rather than the scale of investments already made. The Housing Business and Medical Business also fell short of their operating profit targets under the Medium-term Management Plan. However, during the previous Medium-term Management Plan, we took measures to reshape their earnings structures, including shifting management resources within the Housing Business toward growth areas such as the Renovation Business. In investment

Medium-term Management Plan, Accelerate 2028 (FY2026–2028)

Message from the New Head of the Business Strategy Department

decision-making, I believe we still had challenges in terms of speed, including the timing of decisions on capacity expansion investments. Under the new Medium-term Management Plan, I intend to keep firmly in mind that losses from failed investments and losses from missed opportunities should be given equal weight and apply this principle to our decision-making going forward.

Q03 What thinking went into the New Medium-term Management Plan, Accelerate 2028?

The New Medium-term Management Plan, Accelerate 2028, represents Phase 3 on the road to achieving Vision 2030, under which we aim to double the scale of our business by FY2030, reaching net sales of ¥2 trillion and an operating profit margin of 10% or higher. This is a period in which we will deliver results from the themes prepared under the previous Medium-term Management Plan while continuing further preparations, implementing proactive ESG management through the dual pillars of business strategy and foundation strengthening.

We have set numerical targets of ¥1.6 trillion in net sales and ¥150 billion in operating profit, representing an operating profit margin of 9.4%, based on the premise of increases in both net sales and operating profit across all segments. For businesses where we project growth exceeding the rate of market growth, we formulated the plan after clearly identifying the basis for that growth, and I am confident in the plan.

At the same time, there are concerns such as difficulties in procuring raw materials and rising prices due to geopolitical risks, but we expect the impact of these factors on our performance to be limited. We have been able to implement price revisions as planned, which I see as evidence that we are providing products with sufficient value for customers to accept the resulting price increases.

Q04 What business strategies have you developed under the New Medium-term Management Plan, Accelerate 2028?

Under the business strategy for Accelerate 2028, we position businesses categorized as growth-driving and growth-potential as growth drivers and will focus management resource allocation on them. Growth-driving businesses are existing businesses that are expected to grow faster than their respective markets. In the Mobility field of the High Performance Plastics Company, a prime example, we expect growth to outpace the overall automotive market because our mainstay high-performance interlayer films for automotive laminated glass are expected to be adopted across a broader range of vehicle models. In the Urban Infrastructure & Environmental Products Company, meanwhile, demand for sewer pipeline renewal is expected to expand, and we believe we can achieve growth that outpaces the market by leveraging strengths such as labor-saving construction methods and licensing. The key is to deploy resources at the right time. We must not miss sales opportunities because demand is there, but our supply structure is not ready.

At the heart of our growth-potential businesses are film-type perovskite solar cells. This is a co-creation business that brings together strengths from across the Group, including the High Performance Plastics Company's production technologies, the Urban Infrastructure & Environmental Products Company's engineering capabilities, and potential future applications in the Housing and Town and Community Development fields. It is both a new business and a large-scale business that symbolizes Group-wide synergies. We plan to commence operations at the new Sakai Plant in FY2027 and expect the business to become profitable in FY2028, although challenges remain, including improving product performance and production efficiency. To establish a competitive

advantage, the Group must build an entire value chain encompassing not only production but also design, installation, and operation after power generation begins. Collaboration with external partners will be essential, particularly in downstream areas such as installation and operation, and the key to success will be advancing such collaboration while leveraging our own technological capabilities. Through these initiatives, personnel exchanges and technological collaboration across the Group are also advancing.

In the Housing Business, we will also seek growth in the new housing business by expanding into new product areas that do not compete with our existing offerings. At the same time, the Housing Business plays an important role in supporting growth investments across the Group. Precisely because it generates stable cash flow, we can maintain a sound financial position even while undertaking investments of approximately ¥700 billion under Accelerate 2028.

Q05 How do you intend to link environmental value to business growth?

The common thread across all of our businesses is the idea of translating environmental value into growth. We are working toward carbon neutrality and a circular economy not simply to fulfill our social responsibilities, but because we view these efforts as a growth strategy in their own right, one that enhances product value and creates new business opportunities. Products to Enhance Sustainability embody this approach. Because we incorporate contributions to environmental and social issues into product design from the new product development stage, it is difficult to imagine us launching a new product in the future that does not contribute to sustainability.

However, designation as a Product to Enhance Sustainability is not the ultimate goal. While contributions to environmental and social issues are evaluated against certain objective criteria, whether a product truly delivers value should ultimately be judged by whether customers recognize that value and whether it generates high profitability. That is precisely why the Medium-term Management Plan positions net sales of highly profitable Products to Enhance Sustainability as an important KPI. We will increase the number of products that customers value for their contributions to sustainability, including their environmental value. This is the foundation of the Group's environmental strategy.

Q06 Please tell us your views on and initiatives for portfolio management and growth investment.

I consider the diversity of businesses in our Group to be one of our strengths in terms of reducing volatility in business performance. However, this does not mean that we can simply continue holding businesses without a clear purpose. ROIC is the KPI for portfolio management. We focus not only on whether return on invested capital (ROIC) exceeds WACC, but also on whether that can be sustained into the future. Whether we are the best owner is another important criterion. At present, viewed at the individual business level, we essentially have no so-called problem businesses whose ROIC consistently falls below WACC.

When reviewing our portfolio, what matters is not the profits a business generated in the past, the amount invested in it, or any impairment loss that might arise upon withdrawal, but rather an assessment of its future potential. Improving capital efficiency and maintaining a sound financial foundation provide the basis for future growth investment. We will continuously assess our current position while making greater use of debt than in the past to fund investments. Even after executing

Medium-term Management Plan, Accelerate 2028 (FY2026–2028)

Message from the New Head of the Business Strategy Department

the investments planned under the Medium-term Management Plan, we will maintain sufficient financial flexibility and a financial foundation that enables us to make agile investments in future growth opportunities.

Q07 How are you strengthening the management foundation that supports sustainable growth, including human resources and R&D?

The Human Resources Strategy lies at the core of our ESG management foundation. We have spent considerable time encouraging employees to take on challenges, based on the belief that the opportunity losses from not taking on challenges are greater than the losses that may result from trying and failing. While failures resulting from challenges are readily visible, the losses from not taking on challenges are much harder to see. That is precisely why it is important to encourage employees to take on challenges in a variety of ways, and top management itself has repeatedly communicated this message with conviction. At first, quite a few employees were unsure what "taking on a challenge" meant in the context of their own work. However, we have also stressed that taking on a challenge does not always mean doing something as dramatic as leaping off the stage at Kiyomizu Temple; changing or breaking through the status quo is itself a challenge. I feel that this mindset has now taken root to a considerable degree. Under the new Medium-term Management Plan, we have set a target of raising the Challenge Action Rate from 62% to 72%. As part of our efforts to achieve this, we conduct employee surveys and use the results for each organization not simply to look at the numbers, but to delve into and discuss the factors behind them. Rather than defining a single form that a challenge should take, we encourage each employee to consider what taking on a challenge means for them and support their growth. We will also identify issues from the data we have accumulated and evolve our human resources development measures to make them more effective.

It is precisely these employees who take on challenges that will drive the creation of new technologies and businesses. To strengthen R&D, we are pursuing the goal of "creating prominence in technologies." We define the groups of core technologies that are sources of competitive advantage as technology platforms (TPFs) and will not only refine individual technologies but also combine multiple technologies to create new businesses and products. We are also proactively utilizing Materials Informatics (MI) and other tools to accelerate the pace of R&D.

Q08 How will you strengthen the management foundation that supports corporate value, including internal control and DX?

In internal control, we are shifting from post-incident response to proactive prevention across all five areas of major incidents. Rather than simply detecting information leaks or accounting fraud after they occur, we are focusing on putting systems and business processes in place to prevent incidents from occurring in the first place. We also recognize that risks change as new businesses emerge and market conditions evolve. Accordingly, each divisional company and business division regularly provides opportunities to continuously reassess what constitutes a risk now and implement appropriate countermeasures.

In DX, we have worked to build a foundation that enables the use of standardized data across the Company, including through the introduction of an integrated ERP (SAP) system. The next step is to utilize that data to strengthen internal control and competitiveness. We are also using AI to improve operational efficiency, but going forward, we will expand its use into areas directly linked to business

Q09 Could you tell us the thinking behind the revision of materiality?

Materiality is a statement of our commitment identifying the things that we, as a company, must never lose sight of, and serves as an overarching concept that guides our business strategies and new product development. We reviewed our materiality to ensure that it is recognized and understood more accurately. The key issues themselves have not changed significantly, but under the new Medium-term Management Plan, we reorganized them into the two categories of Value Creation Fields and Value Creation Drivers to present them in more concrete terms. [P.17](#)

Externally, this enables us to communicate our approach to value creation more clearly, while internally, I believe it makes it easier to translate that approach into business strategies and specific measures.

Q10 Please tell us about your commitment to achieving the Medium-term Management Plan.

As we work to realize the New Medium-term Management Plan, Accelerate 2028, I will support management in taking the risks that need to be taken, based on a proper understanding of those risks, so that we do not miss growth opportunities, while also keeping a firm grasp on the financial aspects. The current Board of Directors, including the Outside Directors, also supports appropriate risk-taking for growth. While ensuring that risks are fully understood and shared, I intend to support swift decision-making and contribute to enhancing corporate value.



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

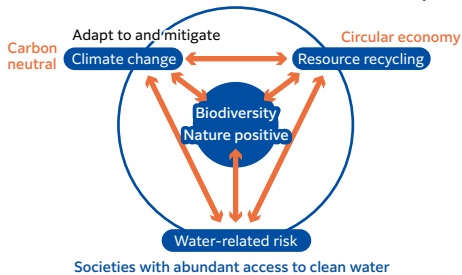
Business Strategy Foundation Strengthening Environment

SEKISUI CHEMICAL Group has identified long-term targets and initiatives in our Long-term Environmental Management Vision, SEKISUI Environment Sustainability Vision 2050, recognizing climate change, resource recycling, and water-related risks as important issues. The degradation of natural capital can be halted, first of all, by reducing greenhouse gas (GHG) emissions, promoting resource recycling, and reducing the burden on ecosystems. The Group is also endeavoring to provide returns to natural and social capital through such measures as the expansion of sales of Products to Enhance Sustainability, and we are engaging in business activities on a daily basis with the aim of realizing an Earth with maintained biodiversity.

Target Goals and Issues

The goal of the Group's Long-term Environmental Management Vision is: an "Earth with maintained biodiversity where the ecosystem hierarchy is kept healthy and in a nature-positive state." Working backwards from that future goal, we have devised goals and measures for each Medium-term Environmental Plan. It is our belief that this goal will be achieved by solving each specified environmental issue. We are aware of all environmental issues and, in order to select and implement solutions without trade-offs, we are promoting environmental strategies with a recognition of their correlation.

Correlation diagram of environmental issues related to the SEKISUI CHEMICAL Group



Long-term Environmental Management Vision 2050	Targets	Earth with maintained biodiversity, where the ecosystem hierarchy is kept healthy and in a nature-positive state			
		Improving the rate of return to natural and social capital	Key environmental issues		
2026-2028 Medium-term Environmental Plan	Important measures and targets		(1) Climate change Achieve zero GHG emissions that arise from business activities	(2) Resource recycling Achieve a circular economy	(3) Water-related risk Realize societies with abundant access to clean water
		Monitoring progress with the integrated index Maintaining a rate of return to natural capital of 100% or higher	Achieve a 90% renewable energy ratio in purchased electricity Achieve a 49% reduction in GHG emissions (Scope 1 and 2*) compared with FY2019 * Scope 2 emissions are calculated using the market-based method.	Achieve a 75% material recycling rate for waste plastics in Japan	Water Risk Reduce financial risk exposure associated with water risks by ¥58.0 billion compared with FY2024*1 Reduce and maintain water withdrawal intensity per unit of production compared with FY2024*1 Reduce and maintain COD intensity at sites subject to monitoring requirements under applicable laws, regulations, ordinances, and agreements compared with FY2024 *2

*1 Covers domestic production sites and R&D facilities. Water risks at overseas production sites will be assessed in FY2026, with targets to be set in line with those for domestic sites.
*2 Covers domestic production sites. Water risks at overseas production sites will be assessed in FY2026, with targets to be set in line with those for domestic sites.

Responses to Biodiversity Issues

The Group recognizes the dependencies and impacts of our business activities on natural capital and strives to maintain returns to natural capital that exceed our use of natural capital.

Realizing net positive through corporate activities	1. Review manufacturing processes 2. Review nature-positive product designs 3. Increase the degree of contribution through Products to Enhance Sustainability
Supporting returns to natural capital by society	4. Strengthen initiatives involving raw material procurement 5. Support activities for social change
Accelerate both the return on natural capital through corporate activities and the return to natural capital by society	6. Develop human resources 7. Collaborate with stakeholders

For details on our efforts to address climate change issues, scenario analysis, and initiatives to address biodiversity issues, please refer to our TCFD/TNFD Report.

TCFD/TNFD Report https://www.sekisuichemical.com/sustainability_report/report/#tcfid

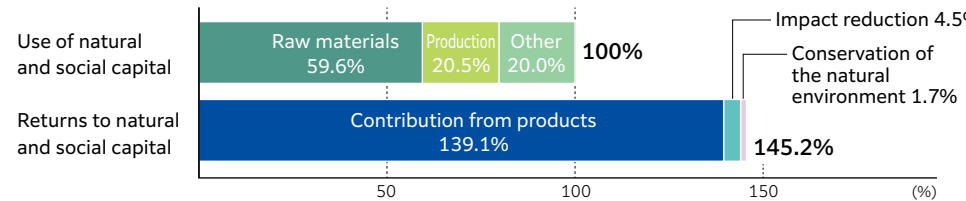
Environmental Management Promotion System

The Group's environmental aspects have been managed and promoted under the Sustainability Committee, which serves as a forum for deliberating policies and strategies for improving the sustainability of society and the Group. P.63
As subcommittees of the Sustainability Committee, we have established separate subcommittees for each issue that the Group has defined as materiality, and we have established an environmental subcommittee for environmental issues. Risks related to environmental issues, such as climate change, are studied and evaluated by the Environmental Subcommittee, with the results reported to the Sustainability Committee, where they are deliberated on along with company-wide response policies, major measures, and achievement target levels.

Integrated Index: Correlation Diagram of Environmental Issues Related SEKISUI Environment Sustainability Index (FY2025)

The SEKISUI Environment Sustainability Index measures the impact of the Group's corporate activities on the environment (use of natural and social capital) and the degree of contribution to the environment (returns to natural and social capital) as a single index. We are gradually expanding the scope of coverage to cover impacts on and returns to both natural and social capital. Since FY2017, we have applied this index to monitor the progress of the Group's overall environmental management.
In FY2025, the ratio of returns on natural and social capital (contributions to the natural environment and society) to the use of natural and social capital (environmental and social impacts), with the latter set at 100, was 145.2%, confirming that the ratio remained above 100%.This result was driven by a reduction in the use of natural and social capital (environmental impacts), achieved through initiatives such as improving the resource efficiency of certain products. In addition, returns (contributions) from Sustainability-Contributing Products increased, reflecting the health and longevity benefits of ZEH (Net Zero Energy House) homes. Going forward, we will continue to maintain a ratio above 100% and strive to realize the sustainable use of both the Earth's natural capital and the social capital created by human society by 2050.

SEKISUI Environment Sustainability Index (FY2025)



FY2025 Results	
Rate of return to natural and social capital through corporate activities	145.2%*
*The goal for FY2025 under the Medium-term Plan is 100% or higher	
Breakdown of the rate of return to impacts regarding the aspect of nature	
Rate of return to biodiversity	35.8%
Rate of return to plant biomass	70.5%

* Calculated using LIME2, a damage calculation-based impact assessment method for use in Japan MILCA, a calculation system using LIME2 used to calculate the return rate has been updated to database IDEA ver3.1.
As a result, the environmental impact per unit amount is larger, especially in terms of the impact of chemical substances on ecosystems. Placing even more importance on the impact on biodiversity, we are using the updated calculation system from FY2023.

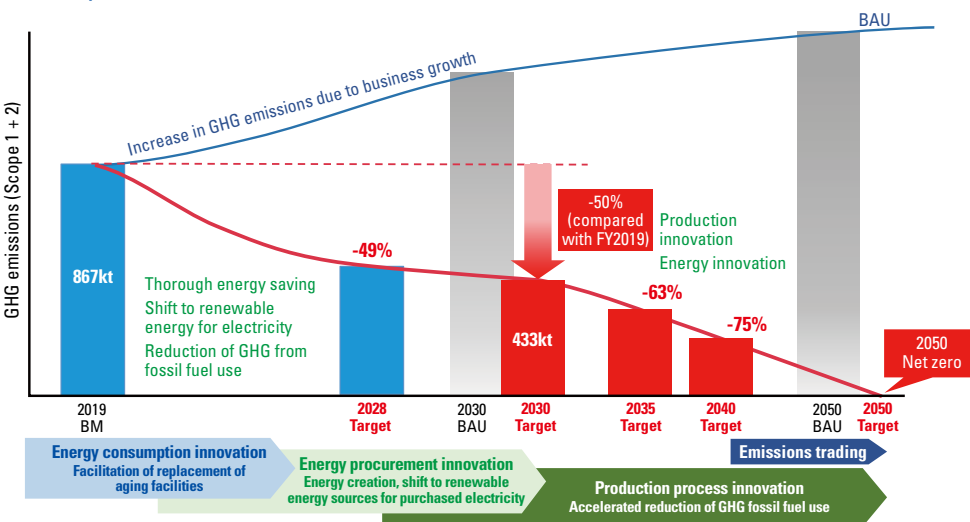
Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategy Foundation Strengthening Environment

Efforts to Address Climate Change

The SEKISUI CHEMICAL Group is committed to addressing climate change and helping limit global warming to 1.5°C. Under the SEKISUI Environment Sustainability Vision 2050, the Group aims to achieve net-zero GHG emissions from its operations by 2050 and a 50% reduction in Scope 1 and 2 emissions by 2030 (vs. FY2019). The Group also seeks to achieve 100% renewable electricity by 2030 through the expanded use of renewable energy and on-site solar power generation. To achieve these goals, the Group will continue to promote renewable electricity adoption, fuel switching, and innovation in production processes.

Roadmap for Reduction of GHG emissions



In order to reduce GHG emissions throughout the product lifecycle, it is vital to reduce GHG emissions (Scope 3) in the supply chain. In upstream corporate activities, we are calling on the cooperation of suppliers and strengthening efforts to convert to non-fossil-based and recycled raw materials in a bid to reduce raw material-derived GHG emissions.

In downstream corporate activities, we are endeavoring to increase the sales ratio of net-zero energy houses (ZEH) with Sekisui Heim's energy-saving performance and large-capacity photovoltaic/large-capacity storage batteries and are promoting increased awareness toward the recovery and disposal methods of used products at the product and business model design stages in order to reduce GHG emissions at the time of product use.

Medium- to Long-term GHG Emissions Reduction Targets

Initiatives	Indicators	FY2025 Results	Medium-Term Management Plan (FY2025)	FY2030	FY2050	Remarks
Reduction of GHG emissions	Renewable Energy Ratio of Purchased Electricity	72.4%	70%	100%	Total power consumption, including cogeneration 100%	Joined RE100 (FY2020)
	GHG emission reduction rate of Scope 1+2	-45.2% (vs. FY2019)	-36% (vs. FY2019)	-50% (vs. FY2019)	Zero emissions	Obtained SBT certification (Until 2030)
	Reduction of GHG emissions from the supply chain	-4.6% (vs. FY2019)	—	-30% (vs. FY2019)	Zero emissions	
	GHG emission reduction rate of Scope 1	-11.7% (vs. FY2019)	-12% (vs. FY2019)	-20% (vs. FY2019)	Zero emissions	
Energy savings	Reduction rate of energy consumption per unit of production	+3.4% (vs. FY2022)	-3% (vs. FY2022)	—	—	

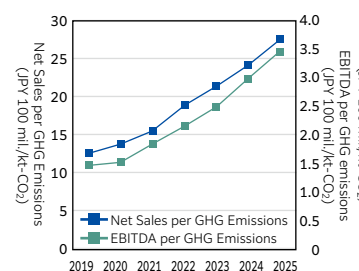
Confirming the Validity of our Climate Change Strategy

We verified how efforts that contribute to climate change mitigation and adaptation are affecting management using the trends in carbon efficiency (environmental) over time and using the correlation between carbon efficiency (environmental) and economic efficiency.

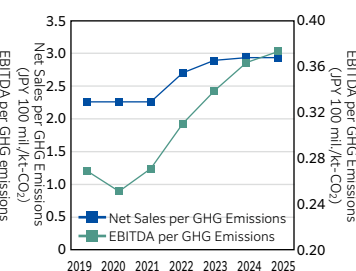
First, the relationship between GHG emissions, sales, and EBITDA is shown by changes in net sales per GHG emissions and EBITDA per GHG emissions. An increasing trend has been observed in two indicators in business activities. We confirmed that the transition to renewable energy is progressing at domestic and overseas business sites, and that this is having a continuous positive impact on management. Similarly, when looking at the supply chain as a whole, both indicators show an upward trend.

We also confirmed the correlation between sales per unit of GHG emissions and EBITDA per unit of sales, indicating that we have improved "sales per carbon" while maintaining stable earnings. Based on the results of these verifications, we confirmed that the strategy we are advancing based on our Long-term Vision for 2030 is correct. Going forward, we will continue to aim for corporate growth that balances environmental and economic efficiency.

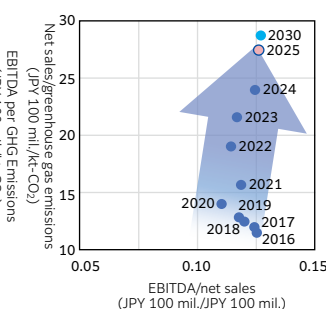
Carbon Efficiency in Business Activities*



Carbon Efficiency Across the Supply Chain



Correlation between Carbon Efficiency (Environmental Performance) and Economic Efficiency of Business Activities



*Business activities: Scope 1+2
Reference: Calculation methods of the two indicators
Net sales/GHG emissions (net sales per carbon = JPY 100 mil./kilotons-CO₂)
EBITDA/GHG emissions (earnings per carbon = JPY 100 mil./kilotons-CO₂)

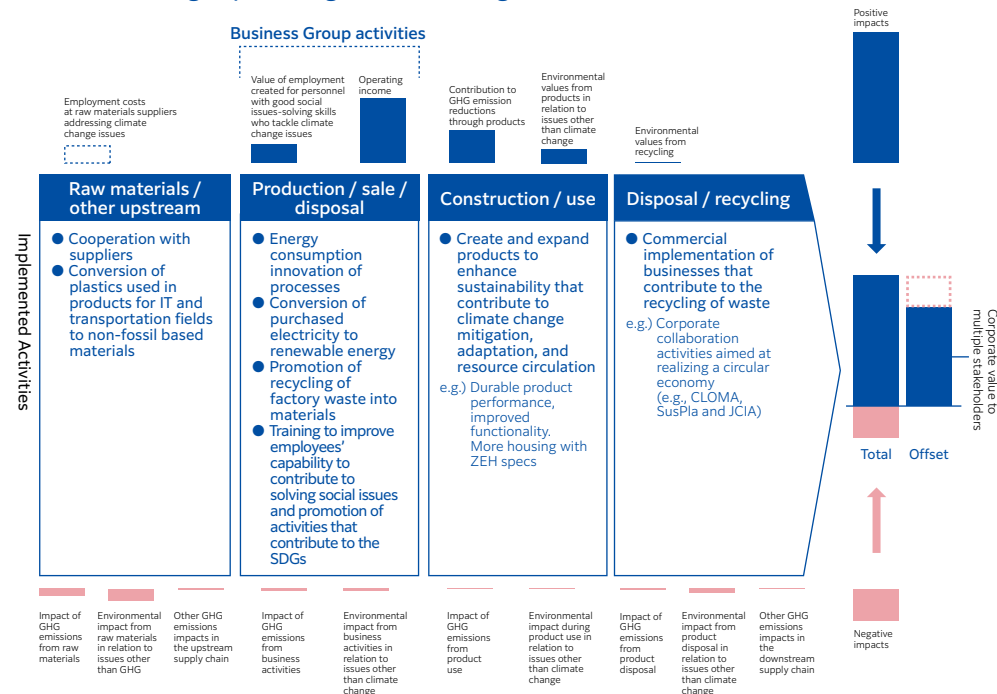
Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategy Foundation Strengthening Environment

Stakeholder Comprehensive Income Using Impact-weighted Accounting Methods

Climate change is affecting the entire planet, and SEKISUI CHEMICAL Group's efforts to combat climate change are considered to have an impact not only on shareholders but also on multiple stakeholders. To verify the validity of the strategy, we therefore believe that it is necessary to consider the impact on multiple stakeholders in a broad-based and comprehensive manner and are utilizing an impact-weighted accounting methodology to calculate the comprehensive income for multiple stakeholders. Impact-weighted accounting is a concept that integrates accounting and impact by converting the impact of corporate activities on all stakeholders into monetary value and adding or subtracting profits to better understand corporate value for all stakeholders. As a result, having recognized where the positive/negative impacts on multiple stakeholders are occurring, we confirmed that the initiatives currently being implemented are contributing to the enhancement of corporate value by increasing the positive impacts and reducing the negative impacts. Going forward, we will continue to work to formulate management strategies and implement measures to further expand the positive impact and reduce the negative impact in order to solve climate change issues.

Details of Positive and Negative Impacts on Corporate Value Over the Life Cycle of Products Using Impact-weighted Accounting Methods



Calculation Method: Stakeholder Comprehensive Income = (Profit for the period + Value of employment created based on Approach 1 or Approach 2 + Economic values of contribution to the reduction of greenhouse gas emissions from products + Economic values of effects on environmental aspects other than climate change issues from products) - (Economic losses from greenhouse gas emissions from business activities including up and downstream in the global value chain + Economic losses from environmental aspects other than climate change issues from business activities including up and downstream in the global value chain)

Notes: From FY2023, the calculation includes all business activities related to the global value chain.

The LIME2 concept was adopted when converting value.

With regard to human resources investment related to natural capital, stakeholder comprehensive income is calculated based on the employment costs according to the following two concepts.

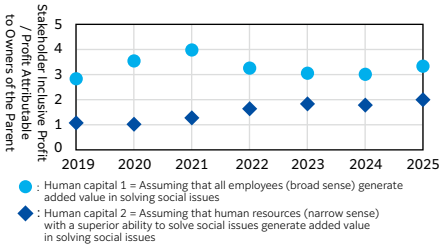
Approach 1: Employment costs for employees implementing climate change initiatives

Approach 2: Employment costs for human resources who will lead climate change initiatives

Stakeholder Comprehensive Income as a Share of Net Income

For human resources investment related to natural capital, stakeholder comprehensive income differs due to the difference in the amount of jobs created based on the two approaches. The ratio is 3.3 when Approach 1 is applied, and 2.0 when Approach 2 is applied.

In either case, we confirmed that we were able to continue to generate stakeholder comprehensive income in excess of net income.



Reference: Approach to Human Investment in Impact-Weighted Accounting Using Human Resource Indicators of Ability to Contribute to Solving Social Issues

The Group has established human resource indicators to serve as guidelines for individual progress and is reviewing the content of these indicators for each medium-term plan in order to ascertain the current state of knowledge and actions required to solve social issues, including environmental issues, and to encourage self-improvement. Questionnaires conducted through self-checks confirm the extent to which employees possess knowledge or are taking actions that lead to the resolution of issues. We believe that it is important in the short, medium, and long term to make investments in accordance with employee growth, and in the framework for impact-weighted accounting, the employment costs for employees are positioned as human investment related to natural capital (Approach 1 under human investment). Results of the questionnaire are classified into five levels (A through E) based on the ability to contribute to solving social issues, and we consider it especially important to invest in human resources in the top two levels (A and B) with strong problem-solving abilities who can make contributions. Based on this belief, we conduct education and training to increase the number of such employees (Approach 2 under human investment).

Share of human resources driving solutions to social issues	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Share of employees with Levels A and B in the check for social problem solving contribution capability	7.2	6.7	6.7	10.1	7.2	20.4	19.4	18.5

2017-2019: Composed and implemented evaluation content as an environmental human resources check

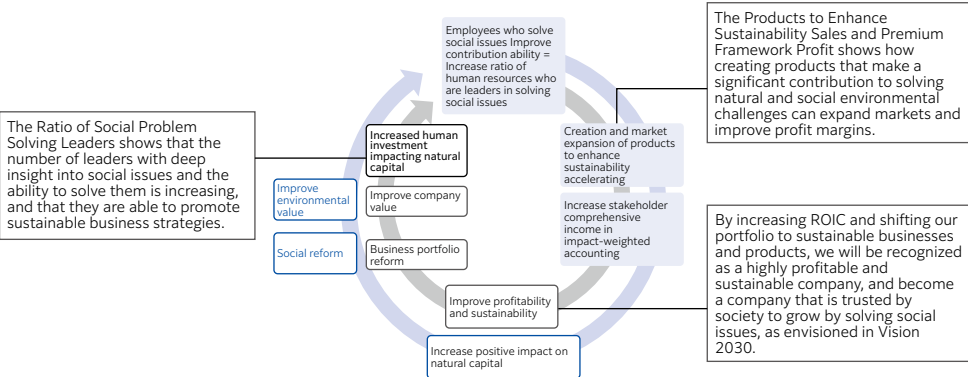
2020: Read as the same status as FY2019, as there had been no implementation

2021-2022 : Composed and implemented evaluation content as a check for social problem solving contribution capability

2023-2025: Updated and implemented evaluation content as a check for social problem solving contribution capability

Correlation with Corporate Value

We believe that increasing the number of human resources who drive solutions to social issues in the Group will create the following virtuous cycle and contribute to the long-term enhancement of corporate value.



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Business Strategy Foundation Strengthening Environment

Initiatives for Resource Recycling

Recognizing that efforts to recycle resources in the supply chain are indispensable to realizing a carbon neutral society, we formulated a resource recycling policy, strategy, and a resource recycling road map to achieve a circular economy in 2050. Plastics are one of the major materials used in the Group's business domains. To date, in our production processes, we have continually made efforts year after year to reduce the amount of waste generated, using waste per unit of production as an indicator for these efforts. In addition, we have carried out internal recycling to reuse production scraps and implemented processing for reuse of resources, including energy, when disposing of waste materials.

FY2021 clearly states that we will expand the ratio of plastic materials we use comprised of bioplastics and other recycled materials that are not derived from fossil fuels. We will promote internal recycling more than ever before to minimize the waste products emitted from our construction projects. Additionally, in both the use and recovery stages, we will work on our product design and supply chain to ensure products can be disposed of with thorough sorting and separation. In this way, we will promote initiatives to maximize reuse of material resources through mechanical recycling, chemical recycling, and other recycling methods.

In FY2023 we reset the milestones for 2025 based on the results achieved up to and including FY2022. With this in mind, we have been accelerating our efforts since FY2023 to achieve these revised milestones. We believe that innovation at the product design stage is important to promoting resource recycling throughout the entire product lifecycle. By designing new products and revising the various processes for existing products, we are promoting initiatives for innovation that will accelerate resource circulation. To support the implementation of these initiatives, we formulated the "Guidelines for Environmentally Conscious Design" and released them in February 2026.

Environmentally-Conscious Design Guidelines https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P02

RoadMap for Achievement of Long-Term Resource Recycling Targets

		FY2025 Results	FY2025 Targets	FY202 Targets	FY2025 Targets
Business strategy	Net sales of Products to Enhance Sustainability that contribute to resource circulation*	2 times (¥111.6 billion)	1.7 times (¥94.0 billion)	2 times or more (¥110.6 billion)	—
Raw material resource conversion	Net sales of products not derived from fossil fuels and using recycled materials	¥46.8 billion	¥40.0 billion	¥100.0 billion	—
Recycling waste products	Rates for recycling waste plastic into new materials	70.0 % (Japan) 68.6% (Overseas)	65% (Japan) 69% (Overseas)	Japan: 100% Overseas: 85% (100% by FY2035)	100% (Japan and Overseas)

* Benchmark for net sales of Products to Enhance Sustainability that contribute to resource circulation: ¥55.3 billion (FY2020)

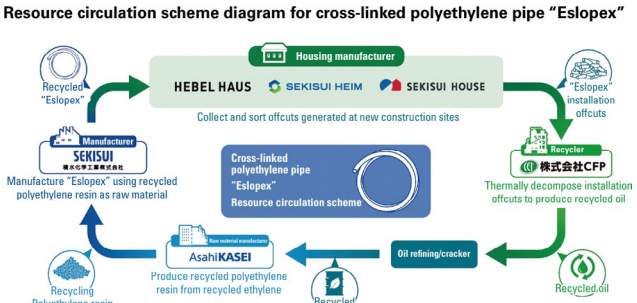
Plan for Recycling Waste Plastic into New Materials

Phase	Initiatives Implemented	FY23	FY24	FY25	FY28	FY30
Phase 1 Use of existing technologies	• Review of recycler suitability					Continued expansion of content
	• Thorough separation of blended materials					
	• Improved (1) storage and (2) transportation efficiency due to compression/grinding					
Phase 2 Introduction of new material recycling technologies	Development of new material recycling technologies 1. Identification and application of technologies suited to each type of difficult-to-recycle material 2. Establishment of operating methods					
Phase3 Completion utilizing chemical recycling technologies	Use of chemical recycling technologies Acceleration through collaboration with other companies					Enable recycling up to miscellaneous and other waste:

● : Expected timing of the effects of increased material recycling rates

Establishment of a Circular Resource Management Scheme for Construction Offcuts

Our Group is collaborating with Asahi Kasei Corp., Asahi Kasei Homes Corp., Sekisui House, Ltd., and CFP CORPORATION to establish a resource recycling scheme for the collection and reuse of scrap materials from Esloplex, cross-linked polyethylene pipes used for water and hot water supply at construction sites. The collected scraps are converted into recycled ethylene through chemical recycling by CFP and then recycled into recycled polyethylene resin by Asahi Kasei. Furthermore, by remanufacturing these materials into piping products using the recycled materials, we expect to achieve a product lifecycle. With the participation of three homebuilders, we aim to increase the volume of materials collected and improve economic efficiency, thereby establishing an integrated circular model that combines design, collection, and waste recycling. Through this initiative, we will contribute to reducing environmental impact and realizing a circular economy.

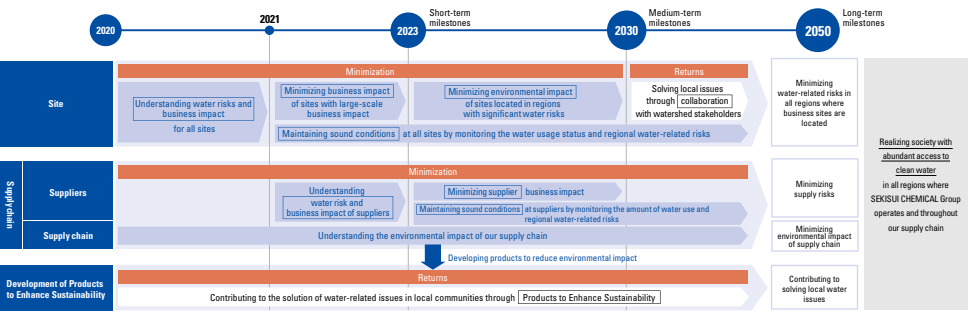


Addressing Water Risk Issues

With regard to water risk issues, we have established two aspirational goals: minimizing the water risk at the Group and contributing to the resolution of water-related issues in local communities. Based on these goals, we are working backward from these goals to establish specific measures and milestones and are moving forward with our initiatives. Specific measures include reducing water intake volume across the entire Group and promoting recycling, while also focusing on improving the chemical oxygen demand (COD) index for the quality of water discharged into rivers. In regard to water resources in the watersheds where business sites are located, we will select locations/suppliers where the business impact is substantial and locations where the water risks are substantial and minimize the environmental impact by 2030.

In FY2025, water intake volume at the selected production sites which use large quantities of water decreased by 5.9% compared with the FY2016 base year. This was achieved through the cumulative efforts of each site, including expanding the use of recycled water and installing automated control systems for water intake from rivers through capital investments. Furthermore, the COD impact of river discharge water at production sites with large COD emission volumes decreased 21.8% in FY2025 compared with the FY2016 base year.

Roadmap to Realize Societies with Abundant Access to Clean Water



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

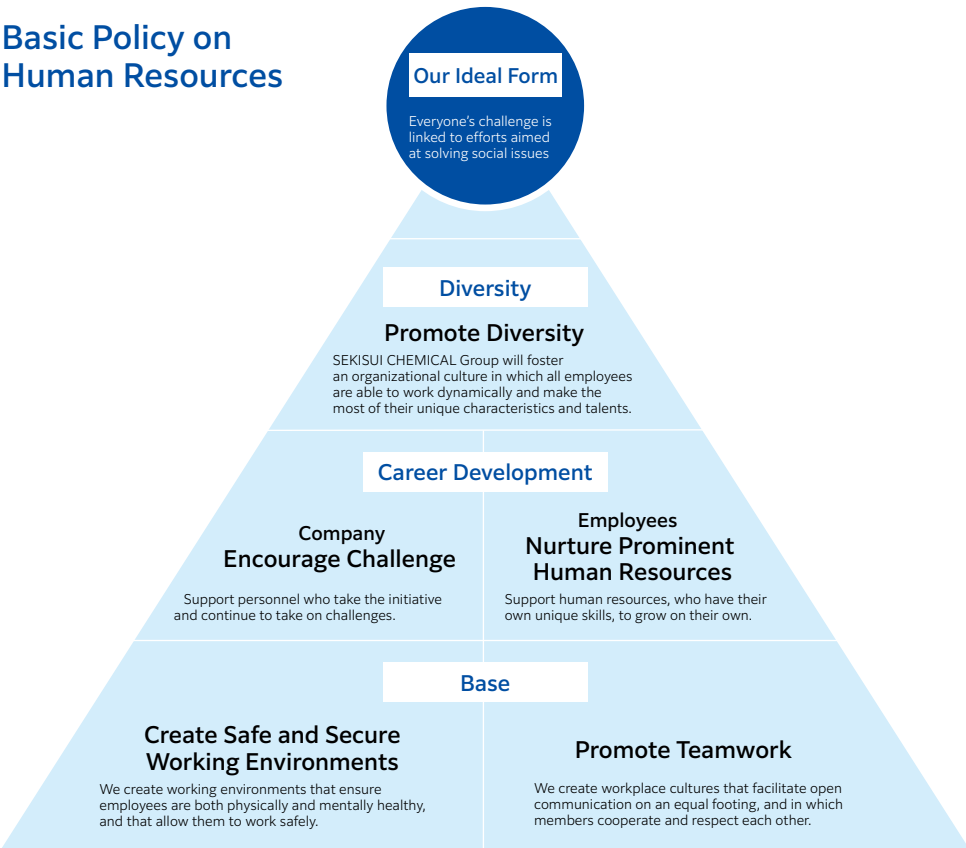
Foundation Strengthening Human Capital

Basic Concept for Human Capital

SEKISUI CHEMICAL Group is committed to creating an environment where employees can thrive, based on the Human Resources Philosophy that employees are precious assets bestowed on us by society. Under this philosophy, we believe it is essential to remain “A company where everyone is energized and engaged to take on challenges.”

As we work to become an energized and engaged company where all employees thrive on challenges, we are promoting a shift in our human resources management that includes the promotion of a role-based human resources system and challenges as part of a human capital strategy.

Basic Policy on Human Resources



*1 Challenge Action Rate: The percentage of respondents who answered “applicable” or “somewhat applicable” to the question “I am taking specific challenging actions toward the realization of Vision 2030.”

*2 The survey system was changed in FY2026. The score is calculated as the average percentage of positive responses (the top two categories on a five-point scale) to the three engagement-related questions.

*3 Readiness of successor candidates for the highest-level business leadership positions
Disclosure method: Number of successor candidates for the highest-level business leadership positions ÷ Number of such positions

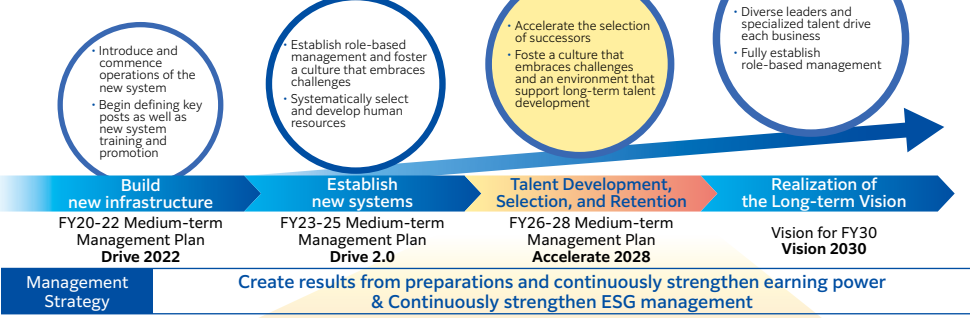
*4 Percentage of employees hired in FY X-2 who remain employed as of the end of FY X

*5 Total value added (operating profit + depreciation + labor costs) [outcome] ÷ human capital costs (labor costs + welfare expenses + recruitment expenses + training expenses) [investment]

Human Capital Strategies and Initiatives

As part of our human capital strategy, we seek to place the right people in the right positions by systematically securing, identifying, and developing talent capable of responding to the pace of business growth and transformation, while ensuring the availability of human resources essential to achieving our Long-term Vision. Under the Medium-term Management Plan (FY2026-FY2028), we will foster an environment where every diverse employee can grow autonomously through taking on challenges, aiming to become an organization that grows together with its employees and earns the trust of society.

Positioning in the Long-term Vision



Human Capital Risks		Labor shortages and intensifying competition for talent, Rising employee mobility, Shortage of next-generation leaders, Insufficient readiness for global expansion and digital transformation		
Continuing human resource strategy challenges from the previous Medium-term Management Plan (FY2023-2025)		Foster a Culture that Embraces Challenges Further embed and energize a culture that embraces challenge	Realize the right person for the right position Strengthen the pipeline of next-generation leaders	Achieving diversity Advance diversity further
Providing growth opportunities to become “an organization that continues to be chosen by employees and society”				
Medium-term personnel strategy	Foster a culture that embraces challenges	Deepen the right person for the right position	Proactive diversity	
Key personnel strategy	Support employees taking on challenges • Build organizations that sustain challenge • Foster a culture of challenge through dialogue Create a place to take on challenges • Expand career independence within the Group • Support autonomous career development	Develop next-generation leaders • Accelerate early promotion and strengthen development • Launch a global development framework Foster key human resources • Develop and secure industry top human resources • Diversify core competencies through reskilling	Acquire diverse human resources • Strengthen recruitment capabilities and implement flexible staffing • Create an environment where diverse individuals stand out Build foundations to support performance • Establish a well-being culture • Visualize human capital information	
	Priority KPI	Challenge Action Rate*1 FY25: 62% FY28Target: 72% Engagement score (new)*2 FY28Target: 65%	Successor candidate preparation rate*3 FY25: 104% FY28Target: 150%	Three-year retention rate (new)*4 FY25: 72.2% FY28 Target: 80%

Investment effectiveness: Value-added productivity

In order to measure the effectiveness of significant investments in human capital, we have introduced a productivity indicator (value-added productivity*5) starting in FY2024. By using this indicator, we quantitatively assess whether appropriate human resource management is being implemented.

Value-added productivity (SEKISUI CHEMICAL Group / Japan-Overseas)

	FY23	FY24	FY25
Value-added productivity (%)	159.3	163.1	163.3

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Human Capital

Fostering a Culture that Embraces Challenges

In order for each and every employee to embrace challenge and to take the appropriate action, it is equally important that we put in place the prerequisite environment. To this end, it is essential that managers set the right goals, motivate employees, and foster an organizational culture in which efforts to take on challenges are valued and failures are tolerated.

Accordingly, the human capital strategy in the Medium-term Management Plan focuses on two areas—create a place to take on challenges and support employees taking on challenges—to foster a culture that embraces challenges, and promotes measures to achieve these goals.

Priority KPI: Challenge Action Rate

Major KPI: Engagement score

(SEKISUI CHEMICAL Group)

	FY22	FY23	FY24	FY25	FY28 Target
Challenge Action Rate (%)	47	48	56	62	72
Engagement score*	Indicator (through FY25)	114	133	129	138
	New indicator (FY26 onward)	—	—	—	65
Response rate (%)	81	88	89	90	—

* Through FY2025, the score is indexed to FY2019 = 100. The survey system was changed from FY2026. The engagement score is the average percentage of positive responses (the top two responses on a five-point scale) to the three questions that comprise the engagement indicator.

Create a Place to Take on Challenges

The internal job posting system

As part of a structure that balances the personal self-fulfillment of employees with the Company's growth, we launched the internal job posting system in 2000. We conduct four rounds of recruitment each year to match employees with departments. Employees take the initiative to develop their capabilities and hone their individual skill sets in order to achieve their own careers. Those who raise their hands and take on the challenge of pursuing opportunities where they can play an active role will have the chance to move up the ladder.

The number of postings, applicants and employee transfers have all tended to increase, reflecting a rising awareness of the system across the Company and a growing career-oriented mindset among our workforce.

(SEKISUI CHEMICAL Group / domestic)

	FY22	FY23	FY24	FY25
Number of postings	54	75	90	120
Number of applicants	188	188	178	239
Number of employee transfers	54	53	46	83

Internal entrepreneurship program C.O.B.U. Accelerator

In FY2023, we launched an internal entrepreneurial program, C.O.B.U. Accelerator, with the aim of nurturing human resources for new businesses through hands-on business creation and fostering a culture that embraces challenges. Any employee of the Group can apply.

In this two-year, three-stage program, applicants themselves explore customer issues and conduct proof-of-concept trials with support from experts inside and outside the Company, with the aim of commercialization. Over the three years from FY2023 to FY2025, the Group received a cumulative total of 500 applications. We are also working to create a new field where employees can truly fulfill their aspirations for taking on challenges.

Support Employees Taking on Challenges

Further strengthening initiatives to foster a culture that embraces challenges

Based on the belief that challenges taken on by each and every employee are essential to achieving our Long-term Vision, we conduct an annual employee survey on the Challenge Action Rate, which indicates the percentage of employees taking on challenges, and engagement, which provides the foundation for such actions. The results are analyzed by divisional company, Group company, and individual organization, and improvement measures are planned and implemented according to the issues facing each organization.

To make these initiatives more effective, we share best practices and hold workshops to help each company make use of its survey results.

In FY2025, we also held regional best-practice presentation sessions for overseas Group companies and recognized the most outstanding initiative in each region with a Challenge Action Award.

Challenge Action Award

This award program recognizes overseas Group companies that have made a significant contribution to fostering an organizational culture that embraces challenges under the Medium-term Management Plan. By sharing their outstanding initiatives throughout SEKISUI CHEMICAL Group, the program also aims to further foster a culture that embraces challenges across the Group.

From January to March 2026, participating companies evaluated one another based on the survey results from the previous Medium-term Management Plan (FY23-25) and prescribed evaluation criteria. The following five companies were selected to represent their respective regions.

Regional representatives	Evaluation criteria
North America: SEKISUI SPR Americas, LLC.	Innovativeness of initiatives
Europe: SEKISUI SPECIALTY CHEMICALS EUROPE S.L.	Planning and continuity
China: SEKISUI (WUXI) PLASTICS TECHNOLOGY CO., LTD.	Analysis and use of survey results
Korea: YOUNGBO CHEMICAL CO., LTD.	Collaboration and execution
Southeast Asia: SEKISUI SPECIALTY CHEMICALS (THAILAND) CO., LTD.	Changes and results achieved

We will continue to share best practices across the Group to foster a culture that embraces challenges and improve engagement throughout the organization.

Incorporating challenge actions into the performance evaluation system (SEKISUI CHEMICAL)

To ensure that taking on challenges goes beyond a slogan and becomes firmly understood and embedded in every workplace, we are incorporating Challenge Actions into our systems, including by evaluating such behavior in performance reviews.

The system evaluates the act of taking on a challenge itself, rather than whether the challenge succeeds or fails. Through this approach, we aim to foster a culture that embraces challenges throughout the organization.

Review of FY2025 activities and future initiatives

The FY2025 survey achieved record highs, with a response rate of 90% and Challenge Action Rate of 62%. We believe this reflects a deeper understanding among employees of Challenge Actions and is helping encourage more employees to take on challenges. To continue creating a virtuous cycle between Challenge Actions and engagement, we will expand initiatives beyond the company level to individual workplaces, thereby strengthening organizational capabilities overall.

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

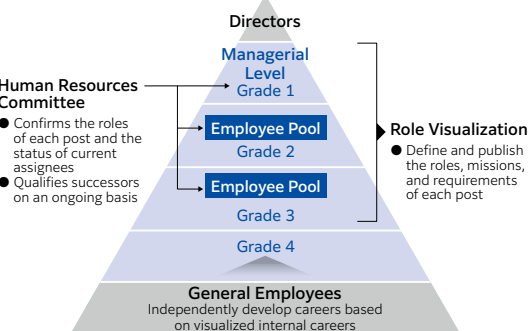
Foundation Strengthening Human Capital

The Right Talent in the Right Position

SEKISUI CHEMICAL Group aims to place the right talent in the right position by shifting to a human resource management approach that is based on roles.

Development of next-generation leaders: Strengthening the selection and development of management candidates

SEKISUI CHEMICAL Co., Ltd. has introduced a grading system for the managerial level to promote efforts aimed at strengthening the selection and training of global-level leaders (management candidates). We have divided the roles of management into three position groups* and established four grades (1 to 4) for each of the groups based on the size of the role. We clearly state the responsibilities and authority for each grade and change position groups and grades in accordance with the role played by a manager at any given time.



* Three Position Groups

G positions (Global leader positions) 1-4
Line managers of the organizations stipulated by the organizational rules
P positions (Professional positions) 1-4
As strategy execution professionals, bear responsibility for proactively solving key issues within their own organizations (Report to line managers)
S positions (Specialty positions) 1-4
Establish and execute themes in order to demonstrate a high level of expertise, which is the source of our competitiveness, and achieve breakthroughs

We have established the Human Resources Committee, in which officers and the Human Resources Department discuss whether the most suitable human resources are filling each role across the Company, whether candidates are being nominated, whether they are being continuously trained, and whether the level of their grade is appropriate. Our goal is to properly manage the roles required to realize our management strategies, and to ensure that the personnel and successors responsible for these roles receive continuous training.

Priority KPI: Rate of successor candidate preparation (SEKISUI CHEMICAL non-consolidated)

	FY22	FY23	FY24	FY25	FY28 Target
Successor candidate preparation rate (%)	67.7	92.4	88.1	104.1	150

Secure prominent professional human resources: Strengthen efforts to secure highly specialized human resources

Highly specialized human resources are referred to as professional human resources who demonstrate a high level of expertise that is a source of the Company's competitiveness. Because it is difficult to develop such personnel through day-to-day work and demand for them is high across all industries, the Company has established a mechanism to retain this talent internally. Specialists with advanced expertise recognized both inside and outside the Company are appointed to Specialty (S) positions, where they deepen existing technologies and strengthen technologies from a medium- to long-term perspective. In addition to technical fields (technology platforms), we have established fields in staff functions such as DX and legal affairs and appointed personnel to Specialty positions, helping to strengthen technologies, develop human resources, and promote collaboration among divisional companies. In FY2025, we expanded the fields covered in the production infrastructure area. Going forward, we aim to place professional talent in all areas requiring advanced expertise to enhance competitiveness while developing human resources with a broader range of expertise.

Major KPI: S positions occupancy rate (SEKISUI CHEMICAL non-consolidated)

	FY22	FY23	FY24	FY25	FY28 Target
Number of people in S positions (persons)	39	39	41	43	—
Occupancy rate (%)	66	85	75	73	100

Multi-rater Assessment

We are working to visualize careers within the Company, identify areas to aim for, and promote autonomous career development. Furthermore, we conduct multifaceted observations once a year of the day-to-day management behavior of business leaders and the status of encouragement of challenging behavior in each organization, and objectively and quantitatively evaluate the behavior of business leaders from the perspectives of multiple observers. These multifaceted observations are also an opportunity for business leaders to reflect on their own words and actions and the demonstration of their capabilities, leading to the emergence of desirable management behavior centered on human resource development and the encouragement of challenging behavior.

Review of FY2025 activities and future initiatives

In FY2025, we conducted multi-rater assessments of 408 business leaders, provided each participant with feedback on the results, and held training that included explanations of how to interpret and use the results as well as discussions on organizational management. We will continue these assessments to encourage behavioral change among leaders and further strengthen organizational capabilities by making support for employees taking on challenges an integral part of management.

Diversity

In 2015, SEKISUI CHEMICAL Group formulated its Diversity Management Policy and is working to promote diversity. Based on this policy, diversity is not only viewed in terms of such differences as gender, age, and race, but also in terms of differences in career backgrounds, values, personality, and other factors. Against this backdrop, we will work to understand, recognize, and harness these differences between each and every employee as strengths.

Priority KPI: Retention rate after three years
Major KPI: Ratio of women among new graduate recruits / Ratio of women in core positions / Percentage of male employees taking childcare leave

Promoting the Recruitment and Retention of Diverse Talent

To secure diverse talent and strengthen sustainable management, we continuously recruit both new graduates and experienced professionals. To promote the retention of a diverse workforce, in order to enable a variety of human resources to continue working without being affected by their individual circumstances, we have adopted flexible hours, working from home, and other systems that accommodate diverse work styles, and are providing support for balancing work with various life events such as nursing care, childcare, and illness.

Promoting Gender Diversity

We are promoting women's active participation through initiatives in four areas: strengthening recruitment of women, retention and active participation, creation of managerial positions, and education after assigning a managerial position.

Enhancing post-promotion development for managers

To diversify our senior management, we launched the Women Managers Mentor System, targeting women managers who are candidates for senior management positions. We piloted this program in FY2024 and formally rolled it out in this fiscal year. By selecting mentors from within the Group, mentees (women managers) hone their skills through their day-to-day work and gain exposure to the perspectives of senior management, fostering growth in both mindset and skills.

technologies and strengthen technologies from a medium- to long-term perspective. In addition to technical fields (technology platforms), we have established fields in staff functions such as DX and legal affairs and appointed personnel to Specialty positions, helping to strengthen technologies, develop human resources, and promote collaboration among divisional companies. In FY2025, we expanded the fields covered in the production infrastructure area. Going forward, we aim to place professional talent in all areas requiring advanced expertise to enhance competitiveness while developing human resources with a broader range of expertise.

Major KPI: S positions occupancy rate

(SEKISUI CHEMICAL Group)			(SEKISUI CHEMICAL non-consolidated)					
	FY25	FY28 Target		FY22	FY23	FY24	FY25	FY28 Target
Retention rate after three years (%)	72.2	80	Ratio of women among new graduate recruits (%)	28.1	34.1	28.1	31.7	35
			Ratio of women in core positions (%)	4.5	4.9	5.3	5.7	7
			Percentage of male employees taking childcare leave (%)	68.1	69.8	90.1	93.3	90

(SEKISUI CHEMICAL non-consolidated)

Review of FY2025 activities and future initiatives

Both the ratio of females hired among new graduates and the ratio of females in management positions have steadily increased. We will continue to provide training and further enhance the environment in which women can play active roles.

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Innovation

SEKISUI CHEMICAL Group emphasizes innovation as a key driver for continuously creating products to enhance sustainability in order to realize our Long-term Vision, Vision 2030.

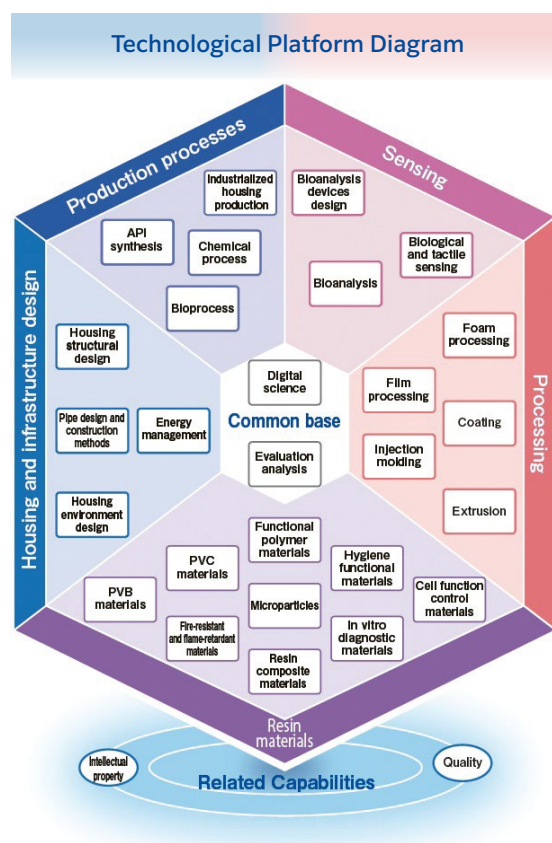
The source of innovation is the cycle of strategic foresight, processing, and value transformation, which is the business model of the value creation process.

As we face a mountain of extremely difficult and pressing social issues, such as climate change, innovation to create new means of solving problems is becoming increasingly important.

We will enhance our ability to solve social issues by quickly creating new value through the discovery of business opportunities across business domains, strengthening core technologies, and focusing on collaboration and open innovation with external parties.

Technological Platforms and Promotion Framework

The SEKISUI CHEMICAL Group defines competitive technologies and those that require future enhancement as Technology Platforms (TPFs) and is continuously working to strengthen them. TPFs are reviewed in conjunction with each medium-term management plan; under the current plan, 27 TPFs have been established. These represent an arrangement of core technologies that are currently highly competitive or that require focused enhancement for the future. With our in-house development efforts, we focus on further refining these core technologies. In doing so, we place emphasis on the concept of technology concentration and market diversification. By deeply pursuing a single technology that serves as a strength while deploying it across multiple markets and applications, we aim to improve development efficiency and expand business opportunities.

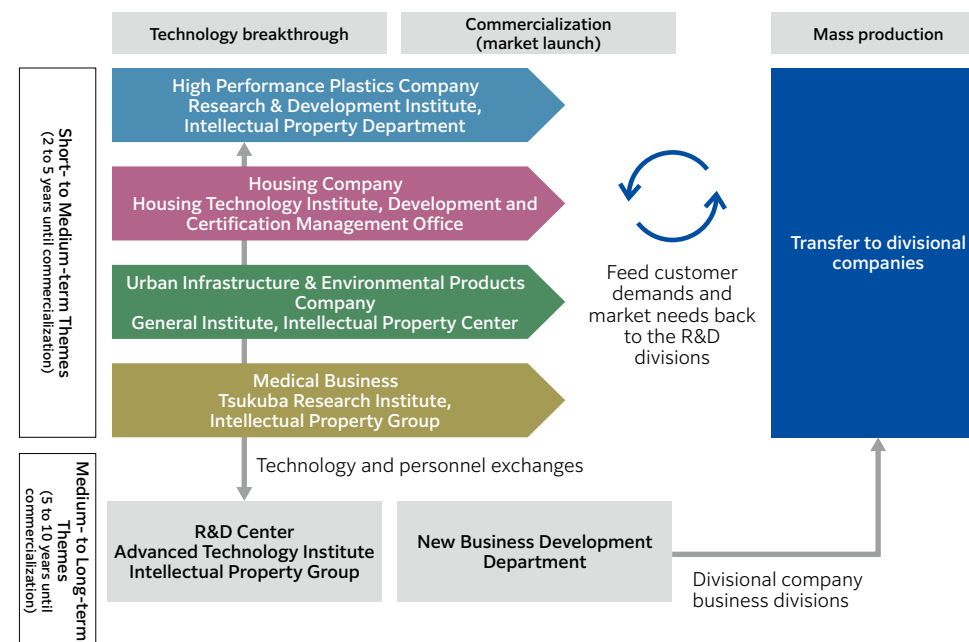


Innovation Process

The R&D framework for advancing innovation, the source of value creation, is divided into two sections based on the timeframe of each theme. Short- to medium-term themes, which originate from the acquisition of customer needs, are tackled by the R&D institutes in each segment to enable timely activities in line with the segment's respective business environment. Meanwhile, medium- to long-term themes are under the control of Corporate Headquarters; for these themes, the R&D Center is responsible for the initial discovery and planning of R&D themes and the establishment of basic technologies (turning "0" into "1"), and the New Business Development Department is responsible for promoting commercialization (turning "1" into "10"). After a theme is launched as a business, it is promptly transferred to a divisional company (turning "10" into "100").

Each segment and the Corporate Headquarters have their own Intellectual Property Division. The Intellectual Property, Business, and R&D divisions for each segment are in constant cooperation, striving to achieve prominence over our competitors based on the distinctive characteristics of their respective areas, thereby linking to the expansion and growth of the Group's business.

R&D and Intellectual Property Management System



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Innovation

Treatment of Human Resources Engaged in R&D and Intellectual Property Activities

SEKISUI CHEMICAL Group has a system to appoint leaders who drive the technical enhancement for each TPF to specialist positions, which consist of four grades, from S1 to S4. In FY2025, 43 engineers were appointed to specialist positions throughout the Company; specialists in these positions drive the continued technical enhancement of each TPF, while also playing a role in training the next generation of technical leaders.

As part of our effort to assess and reward researchers and engineers, the Group has also established the Invention Grand Prize as an award from the President & CEO to recognize inventions that have made particularly large contributions to the Group's profits.

The Invention Grand Prize is divided into four grades according to the invention's level of business contribution, and bonuses are awarded by grade. In particular, the Special Class bonus is in proportion to the amount of business contribution and has no upper limit.

Specialist Positions Supporting Technology

PVB Materials



Yuki Hirose

Specialty Chemicals Production Department,
Functional Materials Center
SEKISUI CHEMICAL Co., Ltd. Shiga-Minakuchi Plant

PVA (polyvinyl alcohol) and PVB (polyvinyl butyral) offer high transparency and excellent affinity with inorganic materials and are used across a wide range of industries, including as interlayer films for laminated glass and binders for MLCCs. PVB in particular is a polymer composed of three functional groups—acetal, acetyl, and hydroxyl

groups. By precisely controlling the balance of these groups, PVB can be engineered to provide the physical properties and processability required for each application.

Leveraging the material design and manufacturing technologies for PVA/PVB that we have cultivated over many years, we have developed products and provided technical services tailored to customer needs. We are currently integrating technology platforms in areas such as molding and processing, evaluation and analysis, and digital science to develop high-performance materials that go beyond conventional PVB. In addition to strengthening our competitiveness in existing markets such as automotive and electronic materials, we are expanding business opportunities in high-value-added fields and moving into the life sciences field, including cell culture scaffold materials.

We believe that developing new applications that leverage our core PVA/PVB technologies will create medium- to long-term earnings opportunities and strengthen our business portfolio. We will continue to deepen our proprietary materials technologies to create new value, pursuing sustainable growth while helping solve social issues.

Invention Grand Prize Winner: High-performance heat shielding interlayer film meeting market needs in the CASE era (Grade 1)

— Combining high heat shielding performance with radio wave transmission to contribute to comfort, communications performance, and safety —

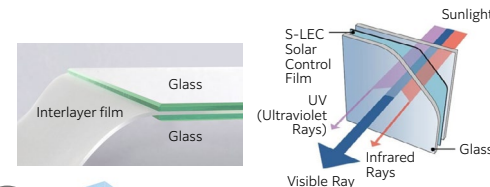
Overview

As autonomous driving, connected vehicles, and EVs continue to advance, automotive glass is increasingly required to provide both high levels of comfort and radio wave transmission. This invention stabilizes the heat-shielding material within the interlayer film, establishing a highly durable design that enhances heat shielding while minimizing interference with communications and sensor functions. The product has been adopted by a major EV manufacturer.

What is heat shielding interlayer film for automotive laminated glass?

Basic Performance

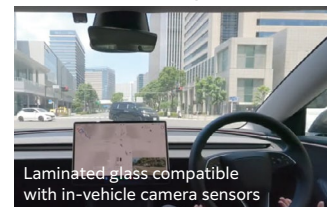
1. Adhesion to glass
2. Toughness
3. Transparency
4. UV-blocking performance
5. Processability
6. Durability



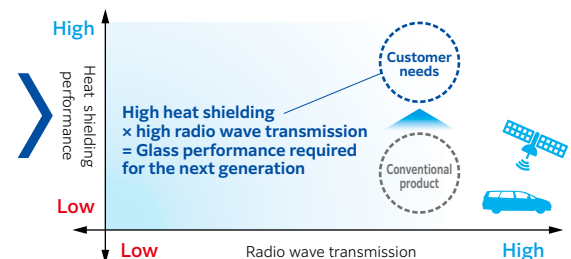
Metal oxide particles that absorb infrared rays are dispersed within the interlayer film



Market change: Progress in CASE and EV adoption



Customer issue: Combining comfort and radio wave transmission



Requirement 1 Electromagnetic wave transmission / high transparency (essential for autonomous driving technology)

Requirement 2 Further reduction of heat

Value provided

Proprietary resin formulation technology combines heat shielding performance with radio wave transmission

- ✓ Improves comfort inside the vehicle
- ✓ Helps reduce the air-conditioning load of EVs
- ✓ Maintains ADAS / communications performance

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Innovation

New Products and Businesses

In selecting themes for new products and businesses, we apply a score along a market axis for judging the potential of the market and a strategic axis for judging how the technologies, patents, and human resources possessed by the Group can be effectively employed with a focus on high-scoring themes along both axes. Once we have selected a theme, we continue to manage it by periodically analyzing the potential of the market and the competitive environment, and screen it to determine if our aggressiveness has abated. At the same time, we take the option of terminating any theme for which the score has fallen. Progress is managed through a five-stage GR* process leading to commercialization. We also conduct DRs during product process development and environmental assessments at all stages of the product life cycle.

* Gate Review (GR): An organizational activity for determining whether a project should proceed to the next stage (a stage-gate management function).

Cell Adhesion Polymer Ceglu

Features

1. Fully chemically defined with no animal-origin components
2. Highly stable and can be stored at room temperature
3. Pre-coating with the cell adhesion polymer eliminates preparation work before cell culture

Although modern medicine continues to advance, many health challenges remain, including rare diseases, age-related diseases, and physical injuries.

Regenerative medicine, particularly therapies using iPS cells, has the potential to address these challenges. Because iPS cells can be generated from a patient's own cells, they carry a low risk of rejection and can differentiate into various types of cells. However, the protein coating materials required to culture iPS cells have presented challenges in terms of uniformity and stability, creating a barrier to the practical application of regenerative medicine.

Ceglu is a chemically synthesized polymer that enables the culture of iPS cells and can be solubilized to coat the surfaces of various materials. Compared with proteins, it offers high stability at room temperature and does not require a cold chain. We provide Ceglu coating solution with a high level of safety and pre-coated Ceglu multiwell plates containing no animal-derived components, and aim to establish a consistent cell adhesion platform from laboratory scale to manufacturing scale.

Examples of actual applications include differentiation into iPS cell-derived cardiomyocytes, improved reproducibility of cell quality through combination with automated culture equipment, and scale-up of cell culture by coating nonwoven fabrics and microcarriers.



Chemical Looping Technology for CO₂ to CO Conversion

SEKISUI CHEMICAL has been developing its unique chemical looping technology for CO₂ to CO conversion, which converts CO₂ to CO at a high conversion rate.

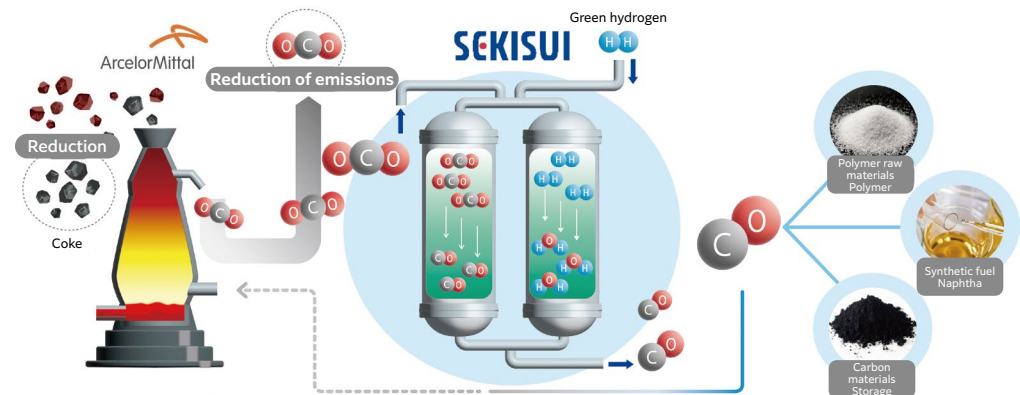
From 2021, we have entered into a carbon recycling partnership with ArcelorMittal, S.A., a world-leading steel and mining company. As part of this partnership, we have been engaged in international collaboration on CCU for circular carbon in steelmaking under contract with the New Energy and Industrial Technology Development Organization (NEDO). Steelmaking accounts for 7–9% of the world's CO₂ emissions, and, of that amount, the blast furnace process, which produces pig iron from iron ore, accounts for approximately 70% of the steel industry's CO₂ emissions, making the reduction of CO₂ emissions from the blast furnace process a major challenge for the steel industry.

To address this issue, we demonstrated the efficacy of technology for CCU for carbon circulation in steelmaking. This technology effectively utilizes CO₂, and also contributes to its reduction, in an approach in which CO₂ emitted from the blast furnace process is separated and recovered, converted to synthetic gas consisting of carbon monoxide (CO) and hydrogen using our chemical looping technology, and then introduced into the blast furnace as a reductant in place of coke.

In June of 2023, tests using actual blast furnace gas at an ArcelorMittal plant in Asturias, Spain succeeded in maintaining high performance with a CO yield of over 90% after a six-month demonstration period.*

As a result of the technology evaluation by ArcelorMittal, our technology was highly praised in terms of reaction efficiency and durability, and we are currently considering the timing of the introduction of this technology while keeping an eye on the decarbonization market. Furthermore, we are pursuing applications in a variety of fields beyond the steelmaking process. We are working with partners who recognize the potential of our technology toward the commercialization of high-value-added chemicals produced from CO₂ as a feedstock using biomanufacturing technology. We are currently constructing a pilot facility in Hitachinaka City, Ibaraki Prefecture, which is scheduled to begin operations in the second half of FY2026.

* This achievement is a result of NEDO's international joint research and development project (JPNP20005) for innovative technology in the field of clean energy.



Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Innovation

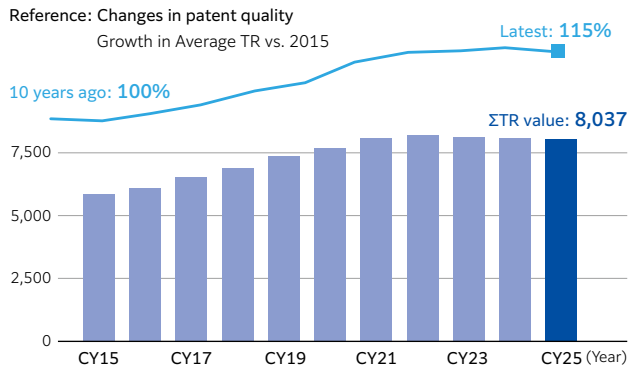
Intellectual Property Management

Basic Concept

Intellectual property generated through R&D activities is an important management resource that supports the Group's growth and earnings as we seek to maximize corporate value. The Group's intellectual property departments operate under the Intellectual Property Rules, whose purpose is to encourage the creation, protection, and utilization of intellectual property and thereby contribute to business growth and enhanced corporate value, and whose basic policy is to secure business competitiveness by obtaining strong patents. In particular, we emphasize intellectual property strategies that maximize the value of our distinctive technologies.

Under the new Medium-term Management Plan launched in FY2026, we will further strengthen our intellectual property activities by expanding the use of data, AI, and other technologies.

Trend of Patent Asset Value (Technical Value: ΣTR Value*)



* Since 2020, patent applications have been more selectively filed, resulting in a temporary decrease in ΣTR, but medium- to long-term improvement in patent quality is being pursued.
* Using the TR (Technology Relevance) indicator based on citation counts in PatentSight®, the patent analytics tool provided by LexisNexis, Inc., the total value for our entire portfolio (ΣTR value) is defined as "technical value."

Intellectual Property Risk Management and Utilization

The Group is growing its business on a global scale. We also investigate and monitor the status of intellectual property on a global basis, and, by taking avoidance measures and exercising our rights, we maximize the use of our own intellectual property while respecting the intellectual property of other companies.

Education and Fostering an Intellectual Property Culture

We are committed to fostering a group-wide intellectual property culture that contributes to our business. In terms of education, in addition to shared training programs for technical personnel, we have expanded to include divisional company-specific practical training and trademark training for sales personnel. At the same time, the results of intellectual property activities are evaluated and awarded not only in terms of the number of patent applications filed and the content of inventions, but also in terms of licensing income and the amount of business contribution, thereby promoting a mindset of positive impact on business.

Training and Career Development of IP Professionals

In addition to a high level of expertise, the Group's Intellectual Property Division emphasizes the ability to collaborate with development and business projects. To this end, we are enhancing our on-the-job and off-the-job training programs, supporting the career development of specialist positions by establishing the Intellectual Property Specialist Position from 2024, and strengthening our recruiting capabilities through an internship system.

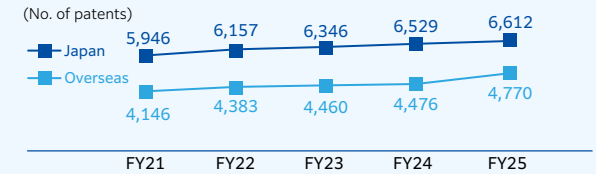
Group-wide Utilization of Intellectual Property (IP Landscaping)

The Group engages in analysis activities that combine market and technology information with a focus on intellectual property (IP landscaping). From quantitative and qualitative perspectives, we visualize the efficiency and business competitiveness of our intellectual property, and reflect the results in strategic planning. IP information is also used where new products and businesses are created, as well as in high-level management and business assessments, such as M&A, as an aid to decision-making and as a way to boost chances of success.

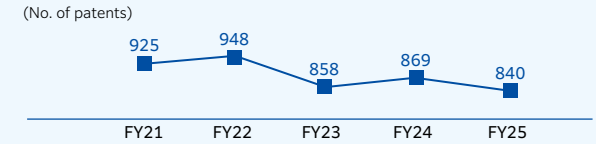
Performance Data

In the latest Patent Asset Scope and Ability to Restrain Other Companies rankings published by Patent Result Co., Ltd., SEKISUI CHEMICAL Group ranked ninth and fifth, respectively, in the chemical industry, maintaining a top-10 position for the past 14 years.

Number of Patents Possessed (domestic and international)



Number of Patent Applications (domestic)



Patent Asset Scope Ranking (2025)

Ranking	Company name	Patent asset scope (points)	Number of patents
1	Fujifilm	31,046.80	795
2	LG ENERGY SOLUTION	28,793.90	1,048
3	DIC	17,831.60	310
4	Nitto Denko	17,270.70	471
5	Kao	17,240.90	585
6	Sumitomo Chemical	16,800.00	459
7	Denka Company Limited	16,257.40	428
8	LG CHEM	16,236.40	329
9	SEKISUI CHEMICAL	15,981.80	464
10	Resonac	15,223.60	493

Source: Patent Result Co., Ltd. Chemical Industry: Patent Asset Scope Ranking 2025

Ability to Restrain Other Companies Ranking (2025)

Ranking	Company name	Number of patents cited
1	Fujifilm	2,527
2	Mitsubishi Chemical	1,533
3	Kao	1,208
4	Resonac	1,117
5	SEKISUI CHEMICAL	880
6	Asahi Kasei	836
7	Nitto Denko	793
8	Sumitomo Chemical	751
9	Shin-Etsu Chemical	647
10	KANEKA	571

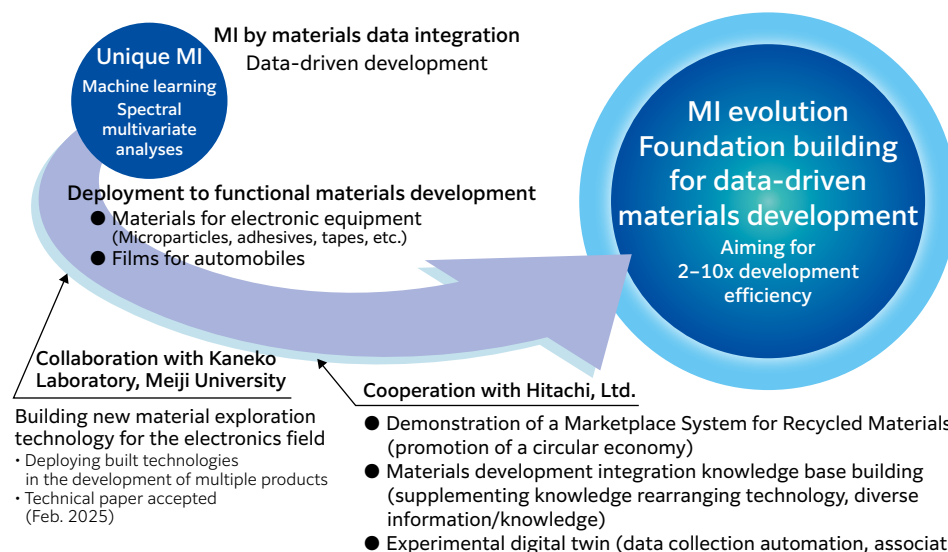
Source: Patent Result Co., Ltd. Chemical Industry: Ability to Restrain Other Companies Ranking 2025

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Innovation

Accelerating Materials Development through Digital Science

In order to respond to changes in the environment surrounding the development of new materials (shorter product life cycles, resource constraints, and the need to diversify requirements for materials and accelerate R&D), our Group is promoting the use of materials informatics (MI).



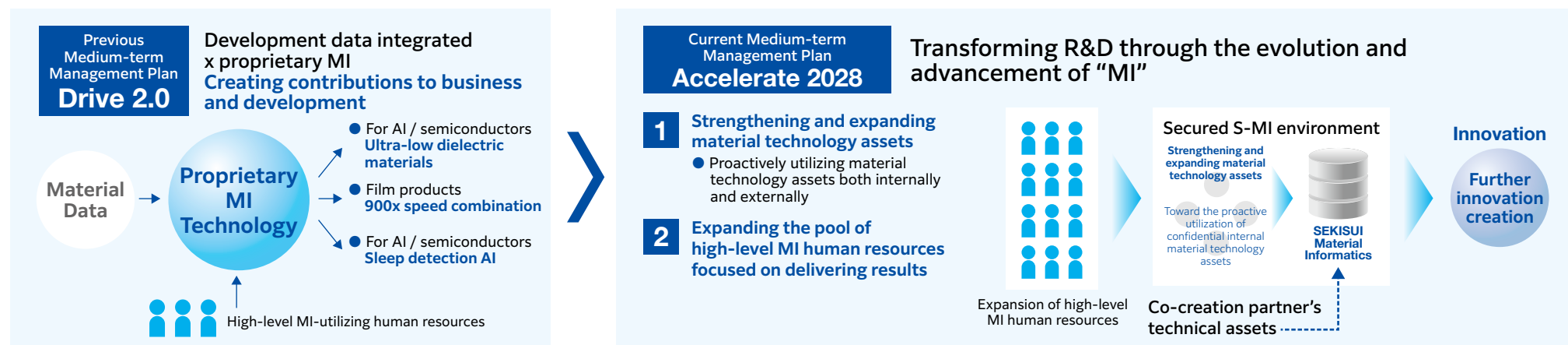
Examples of MI initiatives

Examples	MI Application Details	Results
Film product formulation study	Apply machine learning to the design of formulas; simultaneous prediction of 13 types of physical properties	Four hours to the design of formulas 900 times the speed (Five months ⇒ Four hours)
Electronic material tape adhesive development	Apply machine learning to the design of formulas; prediction of physical properties directly from chemical structures	16 hours required to identify new ingredients 45 times the speed (One month ⇒ 16 hours)
Commencement of MI app usage	Officially launched the proprietary MI app RASIN to promote MI in materials development. R&D personnel are using MI technology to efficiently discover material properties and gain knowledge in a short period of time, which improves the efficiency and quality of materials development.	1. Completely in-house no-code app 2. User training linked to human resource development programs 3. Support framework that enables learning through practical applications

Examples of new initiatives

- Introduction of analysis algorithms into sensor products: prediction of wakefulness, shallow sleep, and sleep states through analysis of detected data
- Proposal of new materials for adhesives for the electronics field: prediction of key physical properties from chemical structure; efficient selection of candidate structures

Under the previous Medium-term Management Plan, in addition to creating and utilizing intellectual property in priority technology fields, we strengthened R&D capabilities through the use of MI, enhancing the technology platforms that are a source of competitive advantage. Under the new Medium-term Management Plan, Accelerate 2028, launched in FY2026, we will build on these foundations and deploy data and AI in R&D and intellectual property activities to accelerate the process from technology creation to commercialization, generating further innovation.



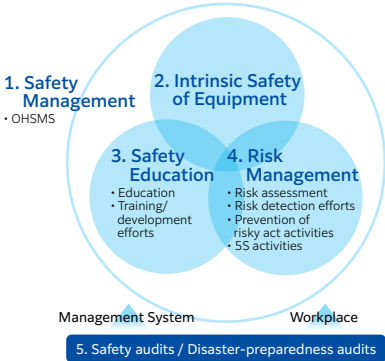
Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Internal Control

To ensure the sustainable growth of SEKISUI CHEMICAL Group, we have defined five areas of major incidents (safety, quality, legal/ethical, accounting, and information management) that have the potential to significantly damage corporate value, determined corresponding response policies and measures, and incorporated them into action plans.

Safety

SEKISUI CHEMICAL Group believes that creating a workplace in which employees can work safely and with peace of mind is a key corporate responsibility and one of management's most important priorities. Based on this concept, we engage in total safety activities (zero occupational injuries, zero equipment-related accidents, zero commuting-related accidents, and zero extended sick leave) centered on the following five themes. Recognizing that safety depends on the efforts of each individual, we not only provide safety education and promote initiatives to enhance sensitivity to potential hazards, but also place strong emphasis on fostering a culture in which established rules are observed and enforced.



Five Themes and Major Initiatives

Theme 1 Safety management using OHSMS*1

The Safety committee, established under the Sustainability Committee, formulates policies and activity guidelines for initiatives related to occupational safety and health. Each site puts into practice and promotes these initiatives under the guidance of the Safety & Environment Group at the Manufacturing Infrastructure Enhancement Center.

At SEKISUI CHEMICAL Group, the decision on whether or not to acquire ISO 45001 certification is determined on an individual business site basis. The Group then promotes activities to acquire the necessary certification. Sites that have not acquired certification also build and operate safety and health management systems that reflect ISO requirements. We monitor the status of these activities through safety and disaster-preparedness audits, and promote efforts to maintain and strengthen safety management activities.

The ISO 45001 certified business sites (39) account for 41% of the total number of the Group's domestic and overseas production sites (96).

In Japan, we promote the development of Safety Leaders (SL)*2 as key personnel to reduce risks at production sites.

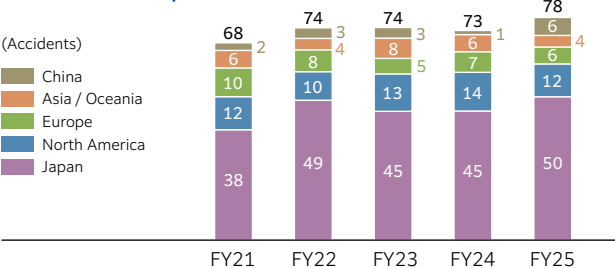
Number of Facility Accidents in FY2025: 0*3

*1 OHSMS: Occupational Health and Safety Management System

*2 Personnel who assist the safety manager at each business site and promote safety management activities. They are responsible for identifying and improving risks and promoting safety education at their respective business sites.

*3 Reporting scope: Manufacturing sites, research laboratories, and construction sites

Number of Occupational Accidents



Theme 2 Intrinsic Equipment Safety*4 efforts

To strengthen its safety activities, the Group supports employees in obtaining the Safety Sub-Assessor (SSA)*5 qualification, which promotes machine safety activities, and a cumulative total of 278 employees have acquired the qualification. The higher qualifications of Safety Assessor (SA) and Safety Senior Assessor (SEA)*5 have been obtained by 25 and 2 employees, respectively.

The New Equipment Safety Design Standards, which specify the safety requirements for the production equipment used by the Group, have been revised to reflect ISO/JIS machine safety standards and serve as an important benchmark for improving production equipment. A revision committee comprising 12 SSA qualification holders was established and is continuously enhancing the content of the standards.

Number of Facility Accidents in FY2025: 1*3

*4 Intrinsic Equipment Safety: The name given to the machine safety activities promoted by SEKISUI CHEMICAL Group. Promoting improvements through intrinsically safe design measures and safety protection for unsafe locations in production equipment

*5 A Japan Certification Corporation safety qualification acquired to certify knowledge and skills for machine safety. This certification is based on international standards

Theme 3 Safety education of employees

SEKISUI CHEMICAL Group is working to prevent occupational injuries caused by manufacturing machines and equipment through activities that ensure Intrinsic Equipment Safety. At the same time, we are endeavoring to prevent occupational accidents caused by the actions of workers. Based on lessons learned from past occupational accidents, we created the Basic Principles of Safety and distributed them to business sites in Japan and overseas using posters in an easy to understand, illustrated format.

The Housing Company has organized the Sekisui Heim Cooperation Association with its partner companies (contractors) to ensure the safety of employees of partner companies (contractors) involved in the on-site construction of houses, and holds regular meetings and other events.

At these meetings, the Housing Company shares the Group's safety policy, holds safety education sessions, and provides various training opportunities related to occupational safety.

Theme 4 Risk management including risk assessment

The Technology & CS Promotion departments of each divisional company take the lead and employees from different manufacturing sites work to uncover risks at each other's sites. Mutual on-site inspections help improve the awareness and sensitivity to risks among participating employees, while allowing site leaders and others hosting inspections to learn from other business sites. This has made it easier to reaffirm risks at workplaces and to quickly deploy best practices horizontally.

We specify high-risk disasters*6 for which we should focus on prevention and training to improve emergency response skills. Through these activities, we are also promoting the handing down of safety know-how accumulated on-site.

*6 (1) getting caught or entangled in machinery at a production facility; (2) falling off equipment or falling over at a business site; and (3) a chemical process-related fire or explosion

Theme 5 Safety audits / disaster-preparedness audits

When conducting safety audits, external experts also conduct disaster prevention audits to prevent fires and explosions.

To raise the levels of safety activities at overseas production facilities as well, we have global safety standards. In FY2025, auditors went directly to business sites to conduct on-site inspections.

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Internal Control

Quality

SEKISUI CHEMICAL Group strengthens basic quality while adhering strictly to quality compliance. By continuously working to strengthen the foundations that support quality, such as preventing defects from occurring and reinforcing daily management, we are striving to create a corporate culture that places the highest priority on quality and prevents the occurrence of fraud. Based on the motto "We consider customer feedback as the beginning of our manufacturing," we are actively working on innovations in "quality of people," "quality of systems," and "quality of goods (products and services)," aiming to realize "quality that makes us the first choice."

Quality Assurance System and Quality Management System

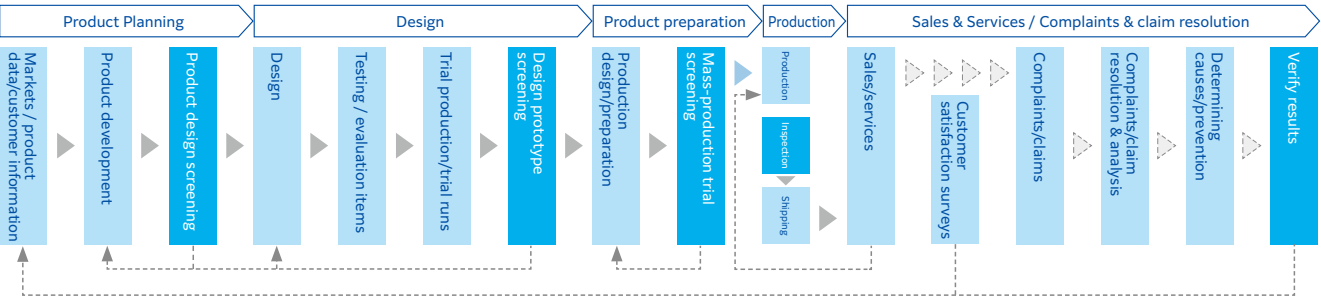
With regard to quality, we have established a CS & Quality Committee that reports to the Sustainability Committee, and the Corporate Headquarters CS & Quality Group cooperates with the departments in charge of CS & Quality at each divisional company, production site, sales company, etc. to promote activities.

Having built quality assurance systems that extend across all processes, from product development to design, production, and sales, SEKISUI CHEMICAL Group has developed a quality assurance system for each process and promotes standards-based controls on a daily basis. At the same time, we recognize that it is the fields of manufacturing development that support quality and focus our efforts on innovation in production activities. In developing products and making improvements to quality, we conduct strict design screening from a variety of perspectives, such as those of quality assurance and safety, and have established a system that enables maintenance and management of after-sale services for customers.

We developed an original management sheet, which we dubbed the SEKISUI Process Management Chart (SPMC), to strengthen our process approach when promoting certification under the 2015 ISO 9001 standard. The SPMC is used effectively in areas that include monitoring daily management, corrective actions, internal audits, and quality education.

In FY2025, we expanded the number of business sites covered and held training for QMS internal auditors as well as SEKISUI Process Management Chart (SPMC) Internal Audit Hands-on Training. In addition, we introduced Internal Audit Level-up Training to enhance auditors' questioning skills, thereby improving the quality of our internal audits.

Quality Assurance System



Creating a Design Screening Platform for New Businesses

To clarify discussion points at the time of design reviews when new businesses are launched and to perform rigorous screening, we have built and are operating a GR system. We also conduct External Expert Reviews for the purpose of obtaining new knowledge from experts inside and outside the Company with regard to related industries and legal regulations.

Strengthening Customer Satisfaction (CS) and Quality Personnel

To strengthen CS and quality personnel, the Group conducts various training programs related to customer satisfaction and quality. In the field of customer satisfaction, we provide training for new employees and hold seminars featuring external experts to raise awareness of CS and quality. In the field of quality, with the aim of strengthening quality management and preventing quality issues before they occur, we conduct: (1) basic quality training for new employees and quality governance training for newly appointed managers; (2) training programs to develop and enhance the skills of internal auditors; and (3) training for development personnel to acquire effective and efficient preventive quality management methods during the development process.

Globally Cultivating CS & Quality Human Resources

On an ongoing basis, we are also holding KAIZEN Activity presentations geared toward all overseas business sites. Under the slogan of "Widening the circle of KAIZEN, enhancing the quality of KAIZEN, and accelerating the KAIZEN process," representatives from business sites that won regional selection competitions in Japan as well as Europe, the United States, China, and Asia gathered together and presented their KAIZEN achievements across the SEKISUI CHEMICAL Group, contributing to the further enhancement of the Group's KAIZEN capabilities.



FY2024 Group KAIZEN Activity
"Global Group-wide Competition"



KAIZEN Logo

Efforts to Prevent Quality Fraud

Regarding quality data falsification, we have been working since 2020 to revise organizational systems, digitalize quality data, promote data reliability, conduct quality compliance education, and reinforce the review of new business opportunities in order to eradicate the root causes of risk. This is based on the hypothesis that quality data falsification can arise due to the insufficient allocation of resources to areas such as quality and organizational systems, as well as various types of both internal and external pressure.

Number of Major Quality Issues in FY2025: 0

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Internal Control

Legal and Ethical

SEKISUI CHEMICAL Group established its Compliance Declaration in 2003, based on principles such as contributing to society, being a trusted company, and adhering to both the letter and spirit of the law. In accordance with these principles, as well as the values set forth in the Group's corporate philosophy and Code of Conduct, we have clearly expressed our commitment to earning the trust of society through compliance. We are working to further strengthen compliance management by promoting a variety of programs.

Compliance Promotion System

The Compliance Committee has been established under the Sustainability Committee to formulates policies and implementation measures.

The Compliance Promotion Committee has been set up at the Corporate Headquarters and at each divisional company, and compliance promotion managers have been appointed to implement and develop each measure.

In the event of a major compliance issue, the Compliance Advisory Board will convene to discuss follow-up measures and prevent recurrence.

Fostering and Educating Compliance Awareness

In 2003, to instill an awareness of compliance in each and every employee, we established action guidelines for each compliance item—including anti-corruption, conflicts of interest, compliance with anti-trust laws, accounting, and harassment—and developed a Compliance Manual consisting of detailed explanations, which is used for internal training. Also incorporating compliance-related content in new employee training and level-based training, we provide ongoing opportunities to learn about the importance of compliance.

In FY2025, we provided similar learning opportunities to employees who do not have access to the intranet individually, including those working on the production plant floor, by providing paper-based training opportunities at the request of Group companies and business sites.

Overseas Initiatives

Compliance Reinforcement Month activities, which are held every year in Japan, are also conducted in North America, China, APAC, and Europe. The themes taken up are selected with a focus on those issues that are judged by each regional headquarters to be of high risk to the region.

- Examples of themes for FY2025: Harassment, anti-bribery, antitrust and commercial bribery surveys, revisions to entertainment and gift policies, information management, and the NIS2 Directive on cybersecurity, etc.

FY2025 Number (incidence) of Serious Non-Compliance and Negligence Cases: 0

Internal and External Whistleblowing System

Serving as a mechanism for the early detection and revision as well as prevention of any recurrence of compliance problems, including harassment, we have built and operate the Sekisui Compliance Assist Network (S.C.A.N.) intra-company whistleblowing system. Employees can use S.C.A.N. either anonymously or by giving their names while reporting not only through the intra-company whistleblowing system but also via an outside law firm, and the protection of whistleblowers, such as protecting the confidentiality of whistleblower information and the prohibition of disadvantageous treatment, is also stipulated.

Intended for use by the executive officers and employees of business partners in Japan who are continuously conducting business transactions with SEKISUI CHEMICAL Group companies, we accept requests for consultations and receive reports at any time through a dedicated form available on the Company's website.

In FY2024, the SEKISUI Chemical Group Global Hotline, an overseas reporting system available in multiple languages to the Group's employees overseas, completed its global rollout and awareness campaign. In FY2025, the hotline continues to receive reports from all regions on an ongoing basis.

FY2025 Number of Whistleblowing Cases and Consultations

Power harassment	51	Sales methods related	5
Working conditions	60	Misrepresentation of work performance	2
Sexual harassment	13	Collusive relationship with business partners	10
Workplace environmental concerns	17	Others	34
Misuse of expenses	6	Total number of complaints	198

Prevent Corruption and Bribery

In the spirit of the United Nations Global Compact, we have developed antibribery rules and introduced them throughout the Group, thereby promoting efforts to prevent corruption and bribery before they occur. In addition, we have formulated antibribery guidelines, which employees are expected to observe when doing business in Japan, the United States, and China, and have worked to make these rules and guidelines known via the intranet.

We specify high-risk cases and set and operate rules to prevent violations. For example, a form needs to be submitted in advance to obtain approval when a government official is to be entertained or presented with a gift. In the event of hiring consultants in connection with business transactions, including those involving public officials from other countries, confirmation that fees do not constitute bribes must be obtained.

Prevention of Transactions that Represent Conflicts of Interest

The Group has adopted the policy that when the interests of the Company and our individual interests conflict, we will consider the matter from the standpoint of whether it benefits the Company and will not cause harm to the Company. In FY2023, we formulated guidelines to thoroughly ensure this policy was carried out and established rules to check in advance any transactions that may raise conflict of interest concerns.

Promotion of Fair Transactions

In light of the Act on Proper Transactions with Small and Medium-Sized Entrusted Business Operators (commonly known as the SME Transactions Act, formerly the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors), which came into force in January 2026, the Group has positioned fair transactions as an important compliance issue and is promoting Group-wide efforts. Specifically, we formulated a Fair Transactions Manual that clarifies the intent of the law and the criteria for judgment, and we put in place a structure that lets Directors and employees involved in transactions act with a shared understanding. At the same time, we survey actual transaction conditions in the field, which we use to identify and correct risks and prevent recurrence.

Compliance with Anti-Trust Law as Well as Statutory and Regulatory Requirements Relating to Advertising and Labeling

As part of our anti-trust law compliance program, we operate a business organization membership payment system, an advance application system for contacting competitors, and a price revision committee system. Every year, we conduct audits on the operation of the program and review the program as appropriate.

We have also introduced this program to domestic business companies with high cartel risk. In conducting our business activities, we comply with the Act against Unjustifiable Premiums and Misleading Presentations and other laws and regulations in advertising and labeling, and conduct our business activities with integrity.

Number of Serious Violations of Anti-Trust Laws and Advertising and Labeling in FY2025: 0

Addressing Compliance Violations

In the event of a violation, we will conduct a thorough investigation and take disciplinary action, including dismissal, depending on the extent of the act. In addition, we work to prevent recurrence by correcting the issues that led to the violation, not just disciplinary action against individuals.

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening Internal Control

Accounting

Strengthen Accounting Compliance

To reduce finance and accounting-related risks, the Group enhances accounting skills and financial literacy across the organization through accounting study sessions and e-learning programs. These initiatives help prevent accounting errors and misconduct while strengthening compliance awareness among employees engaged in accounting activities. In FY2025, accounting meetings were held in Japan and overseas in a hybrid format of online and face-to-face meetings. A total of 272 employees, mainly personnel in charge of accounting, participated.

Accounting training was conducted online on a specific topic, and a total of 38 employees attended, including video viewers. In addition, a total of 6,746 employees took the e-learning course, which is being conducted for a wider target audience to raise awareness of accounting compliance.

Tax Compliance Initiatives

SEKISUI CHEMICAL Group considers the payment of taxes to be one of the fundamental and important social responsibilities that a company should fulfill. We comply with the tax laws of the countries and regions in which we operate, and pay taxes appropriately.

The Group does not use tax havens for tax avoidance purposes. We will pay taxes appropriately in accordance with the economic conditions of the countries and regions in which we operate, contribute to the economies of those countries and regions, and aim for harmony and stable development together.

Transactions with tax risks are checked with outside experts as necessary to ensure their proper handling and to reduce tax risks.

Furthermore, as a response to transfer pricing risk, transactions are conducted in compliance with national and regional laws and regulations and arm's-length prices in accordance with OECD Guidelines. In order to resolve unstable tax positions, the Company utilizes Advance Pricing Agreements (APAs) depending on the size of the transaction and the extent of tax risk. We will continuously monitor changes in the international taxation environment, including the global minimum tax system, and maintain appropriate governance and compliance systems.

We respond appropriately and in good faith to investigations by tax authorities, with results reported to the Board of Directors and improvements made as appropriate. Through these initiatives, we strive to maintain good relationships with the tax authorities of various countries.

Information Management

Information represents one of our most important management resources and the source of our competitiveness. Such information includes personal information—that received from business partners and that received from within the Group—including confidential corporate information and information related to management systems. In the belief that preparations against cyberattacks threatening these IT assets are an important management responsibility, we are striving to undertake cybersecurity measures and ensure a stable management foundation.

Cyber Management System

In regard to IT security, we established a CSIRT*1 under the Sustainability Committee as a cybersecurity response system.

The CSIRT is mainly composed of a DX Committee, which is the policy-making body, a Cybersecurity Promotion Committee, which is responsible for advancing measures based on the Committee's decisions, and a Cybersecurity Center, which is the working unit. Acting in partnership with the SOC,*2 the Cybersecurity Center monitors security networks and devices 24 hours a day, 365 days a year, and strives for the early detection of and recovery from incidents. Having posted at least one cyber system administrator on site at each business site and Group company, we have established a comprehensive Group-wide cyber management system.

Together with making our operations in Japan more sophisticated, going forward we will advance the development of CSIRTs at Group companies overseas.

*1 Computer Security Incident Response Team, or CSIRT, is the title given to specialized teams that receive reports, conduct surveys and enact response measures related to computer security incidents at companies and other organizations.

*2 The Security Operation Center, or SOC, is a specialized entity devoted to monitoring and analyzing threats to information systems. It works to detect threats as soon as possible and plays a role in supporting the CSIRT in its response and recovery efforts.

Measures to Address Natural Disaster-related Risks

We have installed backbone systems in earthquake-resistant, seismically isolated data centers, so that business operations can be continued even in the event that social infrastructure is damaged by a major earthquake or other disaster. Having also dispersed data centers among multiple locations and completed duplication of their mission-critical systems, the Company is working to shorten the lead time needed up to the completion of repairs and recovery of business operations.

Measures to Address Information Leakage Risks

To ensure the security of customer information, including personal information, and internal information, including confidential information, the Group is working on system-level measures, such as fortification of data centers and strengthening monitoring of internal networks, as well as human-level measures. To combat external threats, the Company has positioned the SOC as its primary entity to consistently identify new threats, such as newly reported cases of viral infections or targeted e-mail attacks, while the CSIRTs swiftly take action to implement appropriate countermeasures. In terms of human measures, we are also working to prevent information leaks by thorough confidentiality obligations for retirees and new recruits, regular e-learning training courses for all employees, and by implementing ethics education for employees engaged in important technology development work.

Cybersecurity Incidents in FY2025: 0

Protecting Personal Information

We handle the personal information of our customers based on our Privacy Policy, which is available on the Company's website.

The Company complies with legal regulations and norms regarding personal information and, by voluntarily putting in place rules and systems based on internal confidential information management regulations, strives to appropriately protect such information.

We have also formulated Guidelines for Web Server Construction and Management, and endeavor to protect servers managed at relevant companies and each work site. At the same time, we ensure thorough management by limiting access rights and other management authority according to the importance of the information handled.

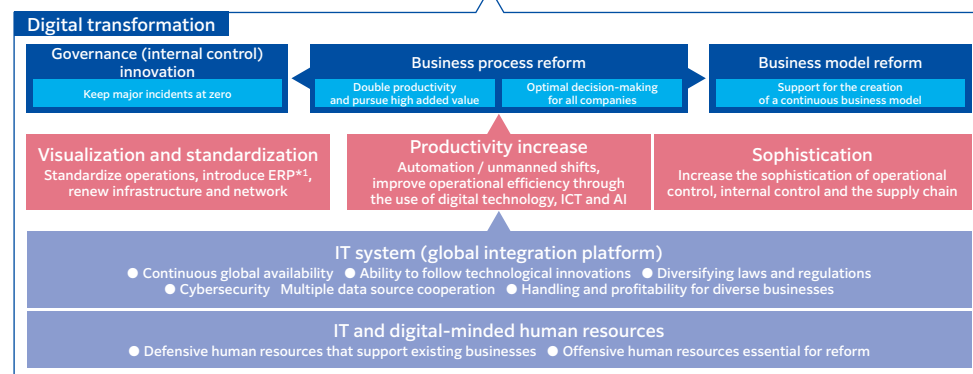
Especially during Compliance Reinforcement Month, we are strengthening governance over the handling of personal (customer) information by raising employee compliance awareness and providing training.

Medium-term Management Plan, Accelerate 2028 (FY2026-2028)

Foundation Strengthening DX

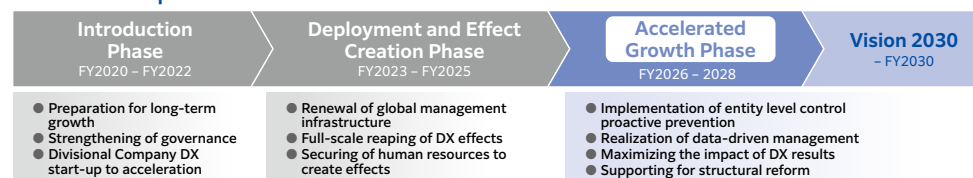
Basic Concept

For the Group, the mission of Digital Transformation (DX) mission is to accelerate and support growth business strategies and structural reforms for the realization of its Long-term Vision.



In advancing DX, the Group is advancing governance transformation and business model transformation—with a central emphasis on business process transformation—from the three perspectives of visualization and standardization, productivity increases, and sophistication. Concurrently, we are also enhancing the foundation—including IT systems and human resources—that will underpin these three transformations.

DX Road Map and Main Initiatives



Accelerate 2028 (FY2026-2028)

Under the Medium-term Management Plan, Accelerate 2028, we will shift into a growth-acceleration phase in which we actively use the data accumulated through DX to date and digital technologies such as AI to transform our business processes. We will also place particular emphasis on improving governance through the domestic and international roll-out of our global management foundation, as well as on strengthening preventive security to protect information assets such as data and IT systems from threats.

Visualization and standardization	Deployment of ERP*1 in Japan and overseas
Productivity increase	Utilizing accumulated data and AI technology
Sophistication	Expanding the use of indirect purchasing system
IT system (global integration platform)	Shift to proactive prevention through systems
IT and digital-minded human resources	Strengthen the development of DX-Biz human resources*2

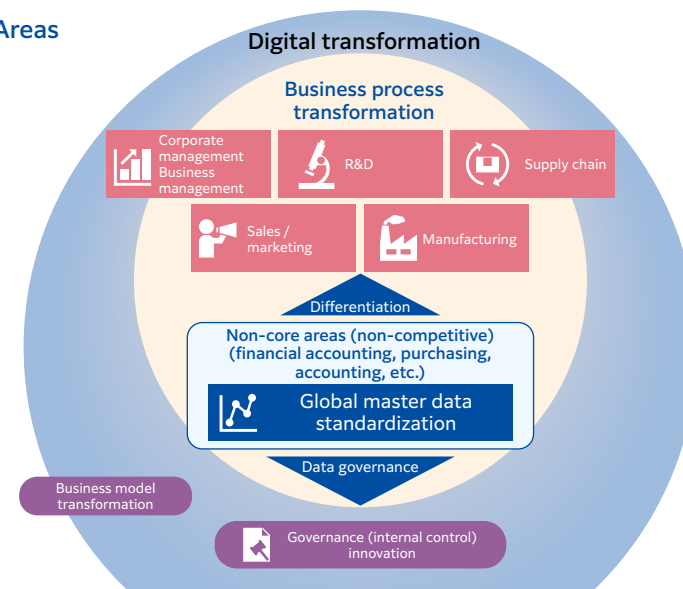
*1 ERP is the abbreviation for Enterprises Resource Planning. A system that merges and centrally controls core operations, such as corporate accounting, human resources, manufacturing operations, and sales operations.

*2 DX-Biz talent are employees who create business value through the use of data and digital technologies.

DX Promotion System

In SEKISUI CHEMICAL Group, which is engaged in a variety of different businesses, we have established a promotion system headed by our CEO and senior managing executive officer to steadily advance the standardization and greater sophistication of business operations.

DX Target Areas



Foundations	IT / digital human resources	Creating effectiveness through the use of digital technology and securing human resources for digital technology
	IT infrastructure / security	Developing an integrated infrastructure that securely supports global operations

Business Process Transformation

Non-Core Areas	Non-Core Areas Corporate-led initiatives to standardize and adapt robust, low-cost standards
Global management base	Thorough standardization of business processes and data and unification into master data
Purchasing	Improved governance through streamlined operations and transaction data visualization
Core Areas	Company-led differentiation, identifying standardization and differentiation areas
Corporate management / Business management	Maximization of global consolidated profits through data-driven management
R&D	Improved productivity in ultra-high-speed development by utilizing data
Supply chain	Proactive supply chain control, standardization, and automation
Sales / Marketing	Improved productivity through evolution, standardization, and automation of operations
Manufacturing	Prevention of quality tampering and fraud, supporting automation/unmanned operations

Governance (internal control) innovation	Shift away from self-reliant culture/conduct predictive behavior, risk mitigation and control based on company-wide major risks
Business model transformation	Underpin ongoing business model creation