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Annual Securities Report

103rd Business Term

**From April 1, 2024
to March 31, 2025**

SEKISUI CHEMICAL CO., LTD.

E00820

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Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	June 16, 2025
Fiscal year	103rd Business Term (from April 1, 2024 to March 31, 2025)
Company name	積水化学工業株式会社 (<i>Sekisui Kagaku Kogyo Kabushiki Kaisha</i>)
Company name in English	Sekisui Chemical Co., Ltd.
Job title and name of representative	Keita Kato, President and Representative Director, and Chief Executive Officer
Address of registered headquarter	4-4 Nishitemma 2-Chome, Kita-ku, Osaka, Japan
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Name of contact person	Tatsuya Nishida, Managing Executive Officer and Head of Corporate Finance & Accounting Department
Nearest place of contact	10-4 Toranomom 2-Chome, Minato-ku, Tokyo, Japan
Telephone number	+81-3-6748-6460
Name of contact person	Naoko Fukutomi, Executive Officer and Head of Legal Department
Place for public inspection	Tokyo Head Office of Sekisui Chemical Co., Ltd.* (10-4 Toranomom 2-Chome, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)
(Note)	Although the place marked with an asterisk (*) is not required by the Financial Instruments and Exchange Act to make this document available for public inspection, it is prepared to provide this document for inspection by shareholders, etc., for their convenience.

Part 1. Company Information

I. Overview of Company

1. Key financial data

(1) Key financial data (consolidated)

Term		99th Business Term	100th Business Term	101st Business Term	102nd Business Term	103rd Business Term
Year ended		March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Net sales	(Millions of yen)	1,056,560	1,157,945	1,242,521	1,256,538	1,297,754
Ordinary profit	(Millions of yen)	62,649	97,001	104,241	105,921	110,958
Profit attributable to owners of parent	(Millions of yen)	41,544	37,067	69,263	77,930	81,925
Comprehensive income	(Millions of yen)	93,956	41,509	84,008	135,737	60,474
Net assets	(Millions of yen)	694,392	702,753	732,525	820,925	835,366
Total assets	(Millions of yen)	1,150,143	1,198,921	1,228,131	1,323,243	1,330,786
Net assets per share	(Yen)	1,485.89	1,519.19	1,642.67	1,880.30	1,933.56
Basic earnings per share	(Yen)	91.92	83.17	159.19	183.48	195.93
Diluted earnings per share	(Yen)	—	—	—	—	—
Equity-to-asset ratio	(%)	58.00	56.27	57.41	59.88	60.67
Rate of return on equity	(%)	6.51	5.53	10.04	10.41	10.24
Price-earnings ratio	(Times)	23.12	21.15	11.78	12.15	12.99
Net cash provided by operating activities	(Millions of yen)	75,271	105,023	71,543	106,632	119,231
Net cash provided by (used in) investing activities	(Millions of yen)	(58,495)	2,694	(59,430)	(18,515)	(61,508)
Net cash provided by (used in) financing activities	(Millions of yen)	(19,157)	(54,729)	(62,906)	(53,023)	(61,200)
Cash and cash equivalents at end of period	(Millions of yen)	76,649	133,739	85,207	126,367	120,895
Number of employees	(Persons)	26,577	26,419	26,838	26,929	26,918

- (Notes)
1. The amount of diluted earnings per share in the 99th Business Term is not provided because there are no potential shares with dilutive effects, and the amounts of diluted earnings per share in the 100th Business Term, 101st Business Term, 102nd Business Term, and 103rd Business Term are not provided because there are no potential shares.
 2. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 100th Business Term, and the key financial data for the 100th Business Term and thereafter are those after applying such accounting standard and relevant ASBJ regulations.

(2) Key financial data of reporting company

Term		99th Business Term	100th Business Term	101st Business Term	102nd Business Term	103rd Business Term
Year ended		March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Net sales	(Millions of yen)	333,064	359,176	382,513	386,059	393,260
Ordinary profit	(Millions of yen)	47,074	42,598	57,284	59,321	57,595
Profit	(Millions of yen)	41,210	55,915	47,379	67,971	60,104
Share capital	(Millions of yen)	100,002	100,002	100,002	100,002	100,002
Total number of issued shares	(Thousands of shares)	476,507	471,507	456,507	448,507	444,507
Net assets	(Millions of yen)	330,410	339,641	340,237	378,134	383,660
Total assets	(Millions of yen)	690,848	668,738	715,221	736,745	777,143
Net assets per share	(Yen)	735.43	764.25	792.14	896.89	918.37
Dividend per share (Interim dividend per share)	(Yen)	47.00 (23.00)	49.00 (24.00)	59.00 (29.00)	74.00 (35.00)	79.00 (37.00)
Basic earnings per share	(Yen)	91.11	125.36	108.81	159.95	143.67
Diluted earnings per share	(Yen)	—	—	—	—	—
Equity-to-asset ratio	(%)	47.83	50.79	47.57	51.32	49.37
Rate of return on equity	(%)	13.08	16.69	13.94	18.92	15.78
Price-earnings ratio	(Times)	23.32	14.03	17.24	13.94	17.71
Payout ratio	(%)	51.59	39.09	54.22	46.26	54.99
Number of employees	(Persons)	2,745	2,761	2,818	2,992	3,089
Total shareholder return (Comparative index: dividend-included TOPIX)	(%) (%)	151.6 (142.1)	129.4 (145.0)	141.7 (153.4)	171.6 (216.8)	199.1 (213.4)
Highest stock price	(Yen)	2,243	2,187	2,019	2,287	2,840
Lowest stock price	(Yen)	1,267	1,648	1,613	1,786	1,880

- (Notes)
1. The amount of diluted earnings per share in the 99th Business Term is not provided because there are no potential shares with dilutive effects, and the amounts of diluted earnings per share in the 100th Business Term, 101st Business Term, 102nd Business Term, and 103rd Business Term are not provided because there are no potential shares.
 2. The highest and lowest stock prices from April 4, 2022 were those recorded on the Prime market of the Tokyo Stock Exchange, and those before the date were recorded on the first section of the Tokyo Stock Exchange.
 3. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 100th Business Term, and the key financial data for the 100th Business Term and thereafter are those after applying such accounting standard and relevant ASBJ regulations.
 4. Of the ¥79 dividend per share for the 103rd Business Term, the year-end dividend of ¥42 is subject to resolution at the Annual General Meeting of Shareholders scheduled to be held on June 20, 2025.

2. History

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

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

3. Description of business

The Company and its subsidiaries and associates (consisting of 89 domestic subsidiaries, 66 foreign subsidiaries, and 13 associates (as of March 31, 2025)) carry out businesses mainly in the five segments of Housing, Urban Infrastructure & Environmental Products, High Performance Plastics, Medical, and Other Businesses. Roles of the Company and its subsidiaries and associates in each business are as follows:

[Housing Business]

The Housing business is engaged in manufacturing, construction, and sales of steel frame and wooden-frame prefabricated modular houses, sales of subdivision, refurbishing, real-estate brokerage, leasing management, interior and exterior decoration, caregiving service for the elderly, and town and community development business, among others.

Major subsidiaries and associates:

(Procurement of raw materials)

Sekisui Global Trading Co., Ltd.

(Procurement of building materials)

Sekisui Heim Supply Co., Ltd.

(Product manufacturing)

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

(Product sales and construction)

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

(Construction of products, services, etc.)

Hokkaido Sekisui Fami S Co., Ltd., Sekisui Fami S Tohoku Co., Ltd., Sekisui Fami S Shinetsu Co., Ltd., Tokyo Sekisui Fami S Co., Ltd., Sekisui Fami S Chubu Co., Ltd., Sekisui Fami S Kinki Co., Ltd., Sekisui Fami S Chushikoku Co., Ltd., Sekisui Fami S Kyushu Co., Ltd., Sekisui Design Works Corporation, Tohoku Sekisui Heim Real Estate Co., Ltd., Sekisui Heim Real Estate Co., Ltd., Chushikoku Sekisui Heim Real Estate Co., Ltd., Kyushu Sekisui Heim Real Estate Co., Ltd., Sekisui Unidea Co., Ltd., Sekisui Oasis Co., Ltd., HealthyService Corporation, Tokyo Sekisui Heim Sekou Co., Ltd., Kinki Sekisui Heim Sekou Co., Ltd., Sekisui Heim Real Estate SSI Co., Ltd.

(Sales of products, services, etc.)

Sekisui Goinsha Town Management Co., Ltd.

[Urban Infrastructure & Environmental Products Business]

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

Major subsidiaries and associates:

(Production of materials)

(* Tokuyama Sekisui Co., Ltd.)

(Product manufacturing)

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

(Product sales)

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

(Manufacturing, sales, etc. of products)

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

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

[High Performance Plastics Business]

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

Major subsidiaries and associates:

(Manufacture of raw materials and products)

Tokuyama Sekisui Co., Ltd.

(Product manufacturing)

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

(Product sales)

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

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

(Manufacture and sales of products)

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

(Services, etc.)

PT Asia HD Limited

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

[Medical Business]

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

Major subsidiaries and associates:

(Product manufacturing)

Sekisui Medical Technology (Suzhou) Co., Ltd.

(Product sales)

Sekisui Diagnostics G.m.b.H.

(Manufacture and sales of products)

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

[Other Businesses]

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

Major subsidiaries and associates:

(Product manufacturing)

Sekisui LB Tech Co., Ltd.

(Manufacture and sales of products)

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

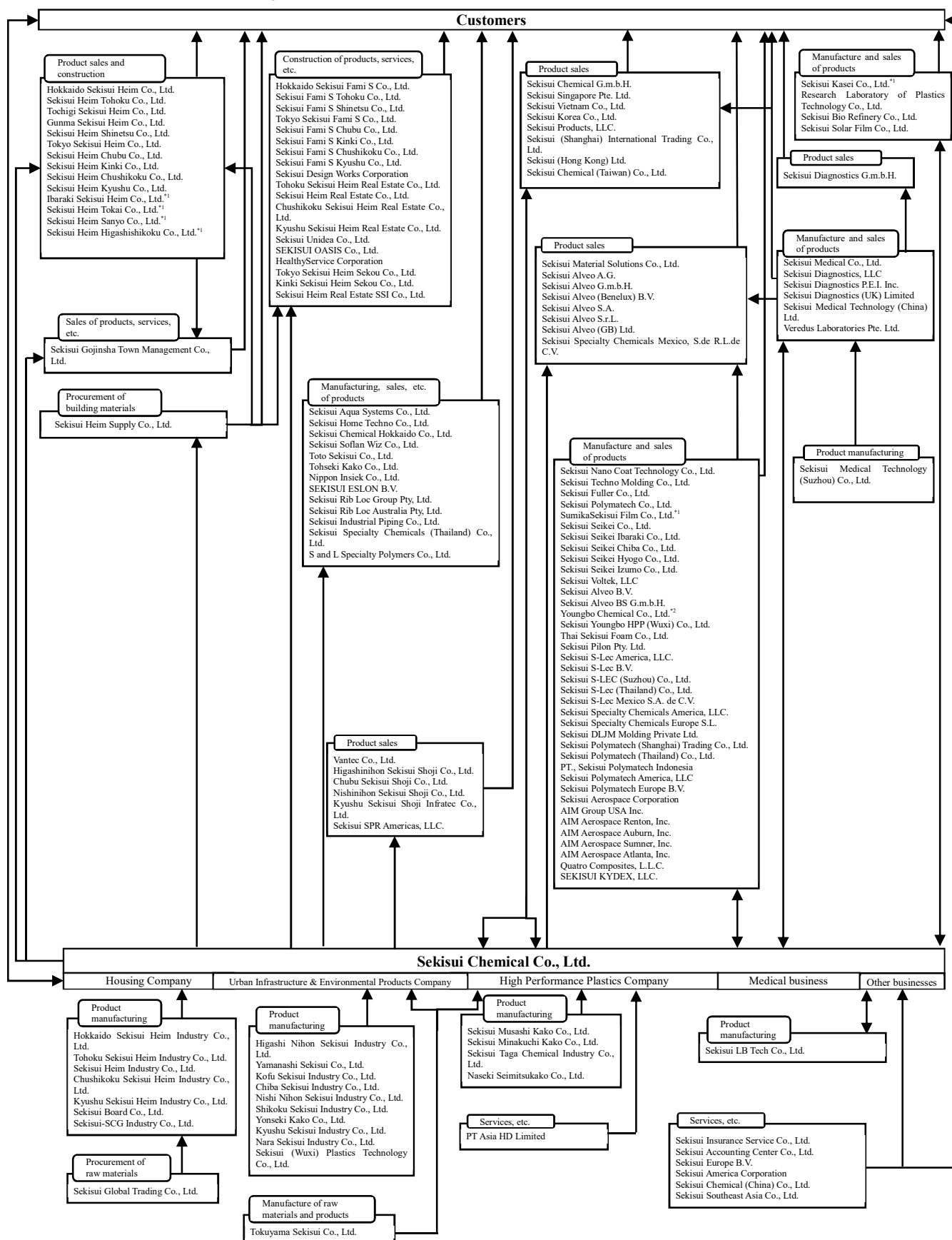
(Services, etc.)

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

Other major associate is Sekisui Kasei Co., Ltd.

Organizational chart

The above matters are shown in the organizational chart below.



→ Flow of Products and Services

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

4. Subsidiaries and associates

(1) Consolidated subsidiaries

Name	Address	Share capital (millions of yen)	Principal business activities	Voting rights ownership ratio (%)	Remarks
Sekisui Medical Co., Ltd.	Chuo-ku, Tokyo	1,275	Manufacture and sales of diagnostic reagents, testing devices, and pharmaceuticals	100.0	Concurrent office-holding by officer(s): Yes
Tokuyama Sekisui Co., Ltd.	Kita-ku, Osaka	1,000	Manufacture and sales of polyvinyl chloride resins	70.0	The Company purchases this company's products as raw materials and finished goods. Concurrent office-holding by officer(s): Yes
Sekisui Heim Industry Co., Ltd. (Note 1)	Hasuda, Saitama	500	Manufacture and sales of unit housing materials	100.0	The Company purchases parts and materials that this company manufactures and processes on a consignment basis using the raw materials provided by the Company. Concurrent office-holding by officer(s): Yes
Sekisui Seikei Co., Ltd.	Kita-ku, Osaka	450	Manufacture, processing, and sales of various synthetic resin products	100.0	The Company purchases some of the products that this company manufactures and processes partially using the raw materials provided by the Company. Concurrent office-holding by officer(s): Yes
Tokyo Sekisui Heim Co., Ltd.	Taito-ku, Tokyo	400	Contract construction work service and real estate sales	100.0	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Sekisui Heim Kinki Co., Ltd.	Yodogawa-ku, Osaka	400	Contract construction work service and real estate sales	100.0	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Sekisui Fuller Co., Ltd.	Minato-ku, Tokyo	400	Manufacture and sales of industrial and general adhesives	50.0	Concurrent office-holding by officer(s): Yes
Sekisui Hometechno Co., Ltd.	Yodogawa-ku, Osaka	360	Assembling, processing, and sales of housing equipment	100.0	This company constructs and sells the Company's products. Concurrent office-holding by officer(s): Yes

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

Name	Address	Share capital (millions of yen)	Principal business activities	Voting rights ownership ratio (%)	Remarks
Sekisui Aqua Systems Co., Ltd.	Kita-ku, Osaka	200	Construction of various industrial plants, manufacture, sales, and work for water environmental engineering facilities such as water supply and drainage tanks	84.6	This company constructs, processes, and sells the Company's products. Concurrent office-holding by officer(s): Yes
Sekisui Heim Real Estate Co., Ltd.	Taito-ku, Tokyo	200	Real estate leasing management, trading, and brokerage services	100.0	Concurrent office-holding by officer(s): Yes
Sekisui Solar Film Co., Ltd.	Kita-ku, Osaka	100	Product design, manufacturing, and sales of perovskite solar cells	86.0	Concurrent office-holding by officer(s): Yes
Sekisui Diagnostics, Llc (Notes 1, 2)	Lexington, Massachusetts, U.S.A.	Thousands of U.S. dollars 132,000	Development, manufacture, and sales of diagnostic reagents	100.0 (100.0)	Concurrent office-holding by officer(s): Yes
Sekisui Specialty Chemicals America, Llc. (Notes 1, 2)	Dallas, Texas, U.S.A.	Thousands of U.S. dollars 107,000	Manufacture and sales of polyvinyl alcohol resins	100.0 (100.0)	Concurrent office-holding by officer(s): Yes
Sekisui America Corporation (Note 1)	Wilmington, Delaware, U.S.A.	Thousands of U.S. dollars 8,421	Management of affiliated companies in the Americas	100.0	This company supervises affiliated companies in the Americas and has financial functions to manage them. Concurrent office-holding by officer(s): Yes
Sekisui Aerospace Corporation (Note 2)	Renton, Washington, U.S.A.	Thousands of U.S. dollars -	Development, manufacture, and sales of composite material mold products for aircraft and drones	100.0 (100.0)	Concurrent office-holding by officer(s): Yes
Sekisui Specialty Chemicals Europe S.L. (Note 2)	Tarragona, Spain	Thousands of euros 18,000	Manufacture and sales of polyvinyl alcohol resins	100.0 (100.0)	Concurrent office-holding by officer(s): Yes

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

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

(2) Entities accounted for using the equity method

Name	Address	Share capital (millions of yen)	Principal business activities	Voting rights ownership ratio (%)	Remarks
Sekisui Kasei Co., Ltd. (Notes 1, 2)	Kita-ku, Osaka	16,533	Manufacture and sales of foamed styrene molding materials and styrene foam products	21.7 (0.0)	The Company sells its products to this company, and purchases this company's products. Concurrent office-holding by officer(s): Yes
SumikaSekisui Film Co., Ltd.	Taito-ku, Tokyo	2,750	Development, manufacture, and sales of polyolefin films and related products	35.0	Concurrent office-holding by officer(s): Yes
Sekisui Heim Tokai Co., Ltd.	Chuo-ku, Hamamatsu	198	Contract construction work service and real estate sales	36.3	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Ibaraki Sekisui Heim Co., Ltd.	Mito, Ibaraki	105	Contract construction work service and real estate sales	40.0	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Sekisui Heim Sanyo Co., Ltd.	Himeji, Hyogo	100	Contract construction work service and real estate sales	43.3	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes
Sekisui Heim Higashishikoku Co., Ltd.	Kochi, Kochi	100	Contract construction work service and real estate sales	25.1	This company constructs and sells prefabricated modular houses using the Company's housing materials. Concurrent office-holding by officer(s): Yes

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

5. Employees

(1) Information about consolidated companies

As of March 31, 2025

Segment name	Number of employees (persons)
Housing	10,717
Urban Infrastructure & Environmental Products	4,739
High Performance Plastics	8,178
Medical	2,262
Reportable segment total	25,896
Other	546
Corporate (common)	476
Total	26,918

- (Notes)
1. The number of employees is the number of workers (excluding people seconded from the Group to companies other than the Group and including people seconded from companies other than the Group to the Group).
 2. The number of employees for the “Corporate (common)” item is the number of people working at an administrative department, etc. that does not belong to any of the reportable segments.

(2) Information about reporting company

As of March 31, 2025

Number of employees (persons)	Average age (years)	Average length of service (years)	Average annual salary (yen)
3,089	43.9	15.9	9,348,236

Segment name	Number of employees (persons)
Housing	322
Urban Infrastructure & Environmental Products	998
High Performance Plastics	1,099
Medical	—
Reportable segment total	2,419
Other	271
Corporate (common)	399
Total	3,089

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

(3) Information about labor union

The labor union organized by the Group’s employees has 5,702 members.

There are no special remarks about labor-management relations.

(4) Proportion of women in managerial posts, rate of childcare leave taken by men, and gap in wages between men and women

(i) Reporting company

Fiscal year ended March 31, 2025				
Proportion of women in managerial posts (%) (Note 1)	Rate of childcare leave taken by men (%) (Note 2)	Gap in wages between men and women (%) (Notes 1, 3)		
		All employees	Full-time employees	Part-time or fixed-term employees
5.3	90.1	70.0	69.7	103.3

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

(ii) Consolidated subsidiaries

a) Proportion of women in managerial posts

Fiscal year ended March 31, 2025	
Name	Proportion of women in managerial posts (%) (Notes 1, 2)
Sekisui Medical Co., Ltd.	14.4
Sekisui Heim Industry Co., Ltd.	2.3
Tokyo Sekisui Heim Co., Ltd.	7.8
Tokyo Sekisui Fami S Co., Ltd.	4.7
Sekisui Heim Kyushu Co., Ltd.	5.9
HealthyService Corporation	8.1
Sekisui Heim Kinki Co., Ltd.	3.5
Sekisui Heim Chubu Co., Ltd.	2.9
Nippon Insiek Co., Ltd.	4.0
Sekisui Fami S Kyushu Co., Ltd.	3.0
Sekisui Fami S Kinki Co., Ltd.	1.4
Sekisui Heim Chushikoku Co., Ltd.	2.7
Sekisui Fami S Chubu Co., Ltd.	1.1
Sekisui HomeTechno Co., Ltd.	2.9
Sekisui Heim Tohoku Co., Ltd.	4.9
Sekisui Minakuchi Kako Co., Ltd.	0.0
Tochigi Sekisui Heim Co., Ltd.	6.3
Sekisui Fami S Tohoku Co., Ltd.	4.8
Gunma Sekisui Heim Co., Ltd.	8.6
Sekisui Heim Shinetsu Co., Ltd.	8.6
Hokkaido Sekisui Heim Co., Ltd.	5.4
Sekisui Heim Real Estate Co., Ltd.	2.0
Sekisui Musashi Kako Co., Ltd.	0.0
Sekisui Seikei Co., Ltd.	1.3
Sekisui Fami S Chushikoku Co., Ltd.	1.8
Nishi Nihon Sekisui Industry Co., Ltd.	0.0
Sekisui Material Solutions Co., Ltd.	3.4
Sekisui Aqua Systems Co., Ltd.	2.3
Sekisui Polymatech Co., Ltd.	2.7
Sekisui Taga Chemical Industry Co., Ltd.	0.0

Fiscal year ended March 31, 2025	
Name	Proportion of women in managerial posts (%) (Notes 1, 2)
Hokkaido Sekisui Fami S Co., Ltd.	6.9
Sekisui Techno Molding Co., Ltd.	0.0
Sekisui Fuller Co., Ltd.	5.9
Kyushu Sekisui Heim Industry Co., Ltd.	5.6
Sekisui Fami S Shinetsu Co., Ltd.	3.8
Tokuyama Sekisui Co., Ltd.	11.8
Tohoku Sekisui Heim Industry Co., Ltd.	0.0
Higashinihon Sekisui Shoji Co., Ltd.	2.8
Higashi Nihon Sekisui Industry Co., Ltd.	0.0
Toto Sekisui Co., Ltd.	0.0
Chushikoku Sekisui Heim Industry Co., Ltd.	0.0
Sekisui Chemical Hokkaido Co., Ltd.	3.7
Sekisui Soflan Wiz Co., Ltd.	4.2
Yamanashi Sekisui Co., Ltd.	0.0
Kyushu Sekisui Shoji Infratec Co., Ltd.,	3.2
Nara Sekisui Industry Co., Ltd.	0.0

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

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

b) Rate of childcare leave taken by men and gap in wages between men and women

Fiscal year ended March 31, 2025				
Name	Rate of childcare leave taken by men (%) (Notes 2, 3)	Gap in wages between men and women (%) (Notes 1, 3, 4)		
		All employees	Full-time employees	Part-time or fixed-term employees
Sekisui Medical Co., Ltd.	75.0	62.8	75.5	47.1
Sekisui Heim Industry Co., Ltd.	62.5	73.5	72.9	91.4
Tokyo Sekisui Heim Co., Ltd.	29.4	64.7	66.8	39.9
Tokyo Sekisui Fami S Co., Ltd.	0.0	59.4	64.4	49.6
Sekisui Heim Kyushu Co., Ltd.	38.9	54.9	59.8	33.2
HealthyService Corporation	0.0	64.3	85.4	81.9
Sekisui Heim Kinki Co., Ltd.	150.0	66.6	69.1	53.7
Sekisui Heim Chubu Co., Ltd.	0.0	48.9	50.2	33.4
Nippon Insiek Co., Ltd.	10.0	64.5	65.4	58.1
Sekisui Fami S Kyushu Co., Ltd.	57.1	62.1	63.7	53.2
Sekisui Fami S Kinki Co., Ltd.	20.0	51.1	58.5	53.0
Sekisui Heim Chushikoku Co., Ltd.	18.2	56.8	60.6	31.9
Sekisui Fami S Chubu Co., Ltd.	0.0	59.5	59.8	40.5
Sekisui HomeTechno Co., Ltd.	66.7	59.7	61.6	97.7
Sekisui Heim Tohoku Co., Ltd.	54.5	64.3	65.3	24.2
Sekisui Minakuchi Kako Co., Ltd.	62.5	76.0	76.0	135.8
Tochigi Sekisui Heim Co., Ltd.	0.0	55.6	60.2	26.0
Sekisui Fami S Tohoku Co., Ltd.	50.0	63.8	62.9	53.1
Gunma Sekisui Heim Co., Ltd.	85.7	60.7	62.1	36.8
Sekisui Heim Shinetsu Co., Ltd.	16.7	62.8	62.2	34.1
Hokkaido Sekisui Heim Co., Ltd.	111.1	55.2	60.7	23.4

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

2. The rate calculated refers to a rate of childcare leave, etc. taken as stipulated in Article 71-6, paragraph (1) of Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), in accordance with the provision of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
3. Eligible companies are domestic consolidated subsidiaries with 301 or more full-time employees.
4. The gaps in wages are not due to the personnel system but due to the composition of workers' qualification (including ages and certification).

II. Overview of Business

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

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

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

(1) Management principles and code of conduct

The SEKISUI CHEMICAL Group has a set of management principles. They comprise elements such as our "Corporate Philosophy," "Group Vision" that expresses the ideal form aimed for by the Group in the medium to long term, and our concrete "Management Strategies" to realize the Group Vision.

(i) Corporate Philosophy: The "3S Principles"

Our company symbol comprises the three S's of the Company's original name, adopted at the time of its foundation, "SEKISUI SANGYO" enclosed in a hexagonal shape resembling a tortoise shell (the chemical symbol for benzene), symbolizing the Chinese character meaning "water." In November 1959, this mark was defined as the "3S Principles" and formally established as the company creed.

The "3S Principles" of "creating social, environmental and economic value through responsible business practices (Service)," "accelerating innovation by eagerly taking on new challenges, adapting to change, and staying ahead of the times (Speed)," and "contributing to society by helping to solve social issues with our superior technologies and quality (Superiority)" is the base of the SEKISUI CHEMICAL Group's principles and is shared among its roughly 27,000 employees.

<Corporate Philosophy: The "3S Principles">

- Service : At SEKISUI, we serve our stakeholders by creating social, environmental, and economic value through responsible business practices.
- Speed : At SEKISUI, we accelerate innovation by eagerly taking on new challenges, adapting to change and staying ahead of the times.
- Superiority : At SEKISUI, we contribute to society by helping to solve social issues with our superior technologies and quality.

(ii) Group Vision

The SEKISUI CHEMICAL Group aims to create social value as expected by its stakeholders and contribute to society through its business activities.

We aim to continue creating value conducive to resolving these social challenges by tapping into experience and knowledge in residential and social infrastructure creation and chemical solutions that have been accumulated by the Group to date. We will do so at a time when population growth and climate change on a global basis, an aging population, and aging urban infrastructure mainly in developed nations, and energy resource issues related to all of them are becoming social challenges more pressing than ever.

<Group Vision>

Through prominence in technology and quality, SEKISUI CHEMICAL Group will contribute to improving the lives of the people of the world and the Earth's environment by continuing to open up new frontiers in residential and social infrastructure creation and chemical solutions.

(iii) SEKISUI CHEMICAL Group Corporate Activity Guidelines

We established the "SEKISUI CHEMICAL Group Corporate Activity Guidelines," behavior guidelines to be obeyed by its officers and employees, and aim to enhance the confidence that society places in us through our day-to-day business activities and become an evermore highly acclaimed enterprise.

<Corporate Activity Guidelines>

- 1 Our business activities contribute to the positive development of our global society.
- 2 We activate our operations by maximizing each employee's personal abilities.
- 3 We maintain an enterprise in which society has confidence, and which is highly regarded by our customers, business partners, shareholders, local communities, and the general public.
- 4 We comply with the laws and the spirit therein, and act with sincerity, in all aspects of our business activities.
- 5 We, as a good corporate citizen, work for global environmental protection and contribute to the well-being of society from the viewpoint of sustainability.

(2) Management strategies aimed at realizing our Group Vision

We aim to grow, driven by both residential and social infrastructure creation and chemical solutions, which are set out in our Group Vision, under the Corporate Philosophy of the “3S Principles.” To this end, the SEKISUI CHEMICAL Group established “Vision 2030,” a long-term vision, and “Drive 2.0,” a Medium-term Management Plan for the period of three years from fiscal 2023 to fiscal 2025, and is engaged in the following initiatives.

(i) Long-term vision “Vision 2030”

“Vision 2030,” the Group’s long-term vision, presents the vision statement of “Innovation for the Earth,” which incorporates the Group’s resolute will to continuously drive innovation as a means of “supporting the basis of LIFE and continuing to create ‘peace of mind for the future’ in order to realize a sustainable society.” This Vision lays down the four business domains of Residential (Housing), Advanced Lifeline (Social Infrastructure), Innovative Mobility (Electric/Mobility), and Life Science (Health and Medical), and aims to double business by 2030 through the expansion of existing business while taking on the challenge of new domains along the strategy axis of “business growth, reform, and creation centered on ESG management.”

<ESG Management>

ESG management of the SEKISUI CHEMICAL Group aims to balance the improvement of social sustainability with the profitable growth of the SEKISUI CHEMICAL Group. We work with our stakeholders on strengthening the following three forces.

- a) Development of “three prominences” (Environment, CS & Quality, Human Resources) and “governance”
- b) Accelerate the solution of social issues through three approaches (increasing quantity, improving quality, and providing sustainably)
- c) Create and expand the value of “peace of mind for the future” in four business domains

In order to accelerate our ESG management, we formulated the medium-term and long-term plans for the SEKISUI CHEMICAL Group’s main measures and set the ESG strengthening expenses at ¥55.0 billion (capital investment and expenses) in the current Medium-term Management Plan. We are working on initiatives to lower risks potentially leading to serious incidents, and strengthening our management platform for digital transformation (DX), human resources, and the environment.

(ii) Medium-term Management Plan “Drive 2.0”

<Overview of the Medium-term Management Plan “Drive 2.0”>

Under the Medium-term Management Plan “Drive 2.0,” which is the second phase of the Long-term Vision, the Company has set aiming to realize the long-term vision through “sustainable growth” and “enhanced preparation” toward the SEKISUI CHEMICAL Group doubling our business as our basic policy, and we will work on the three basic strategies of (i) strategic innovation, (ii) organic growth, and (iii) strengthening sustainability to promote the improvement of corporate value.

<Numerical targets for the Medium-term Management Plan>

	Fiscal 2025 Targets	
	Medium-term Management Plan	Medium-term increase
Net sales	¥1,410.0 billion	+¥167.4 billion
Operating profit (ratio)	¥115.0 billion (8.2%)	+¥23.3 billion (+0.8%)
Profit attributable to owners of parent	¥82.0 billion	+¥12.7 billion
ROIC (return on invested capital)	8.5%	+0.9%
ROE (return on equity)	11.0%	+1.0%

Overseas Sales (ratio)	¥480.0 billion (34%)	+¥104.9 billion (+4%)
EBITDA (Earnings before interest, taxes, depreciation, and amortization)	¥175.0 billion	+¥32.9 billion

<Basic Strategies>

The basic strategy of the Medium-term Management Plan “Drive 2.0” is to address the three issues of (i) strategic innovation, (ii) organic growth, and (iii) strengthening sustainability as the second phase of our long-term vision in order to promote ESG management and sustainable enhancement of corporate value, and will accelerate the creation and expansion of products to enhance sustainability as the driver that will drive this.

- a) Strategic Innovation
Realization of preparation aimed at creating new business areas
- b) Organic Growth
Steady growth of existing businesses and refinement of the portfolio
- c) Strengthen Sustainability
Strengthening of ESG management that will contribute to sustainable growth and enhanced preparation

<Investment and Financial Strategies>

In addition to the cash generated during the three years of the Medium-term Management Plan Drive 2.0, the Company will establish an investment limit of ¥600.0 billion in order to procure funds in an appropriate and flexible manner. The Company has set an investment limit of ¥300.0 billion each for capital investment (strategic investment and normal Investment) and M&A investment, which will be used for investment in increased production associated with market development, technology and know-how through M&A, and acquisition of global sales channels. Moreover, we have set the ESG strengthening expenses at ¥55.0 billion (capital investment and expenses) to control long-term capital costs and contribute to greater corporate value through reduced environmental impact, human capital investment, and DX.

Item	Results of the previous medium-term plan (Billions of yen)	New Medium-term Plan (Billions of yen)
Strategic Investment	41.7	(Limit) 450.0
M&A, etc.	0	(Limit) 300.0
Capital expenditures	41.7	150.0
ESG Investment (amounts also reflected in Strategic Investment and Normal Capital Investment)	31.4	30.0
Normal Capital Investment	126.3	150.0
Total	168.0	600.0
R&D Expenses	112.5	140.0

<Returns to Shareholders>

In the Medium-term Management Plan “Drive 2.0,” we revised the Basic Policy Regarding Dividends from Surplus for shareholders, and strengthened and clarified our commitment to distributing profits to them. The Company will seek to secure a dividend payout ratio of 40% or higher, a total return ratio of 50% or higher (when the debt to equity (D/E) ratio is 0.5 or less), and a dividend-on-equity (DOE) ratio of 3% or higher all on a consolidated basis, and implement stable dividend measures in line with its performance.

(iii) Initiatives towards climate change issues

The Group recognizes that climate change is both a major social issue and a major risk for the Group, and has been actively working to resolve it. In 2018, we became the first company in the chemical industry to obtain SBT certification (Note) based on a GHG (greenhouse gas: gases such as CO₂ and methane that contribute to the greenhouse effect) emission reduction roadmap aligned with the 2°C target. In 2022, upon achieving our milestone targets ahead of schedule, we revised our roadmap to align with the 1.5°C target and reobtained SBT certification. Under this new target, we aim to reduce GHG emissions of

Scope 1 + 2 by 50% and of Scope 3 by 30% compared to fiscal 2019 levels by 2030. Up to now, we have focused on “energy consumption innovation,” such as promoting the renewal of aging equipment, as well as “energy procurement innovation,” such as converting purchased electricity to renewable energy and introducing in-house solar power generation equipment. Currently, we aim to achieve our medium- to long-term GHG emissions reduction targets by promoting the electrification of fuel-using facilities and the shift to low-carbon fuels, as well as the technically challenging task of reducing fuel-derived GHG emissions through production process innovation.

(Note) SBT (Science Based Targets) certification: Certification by a joint initiative which includes the United Nations Global Compact that the greenhouse gas reduction targets set by a company are scientifically consistent with their contribution to long-term climate change countermeasures.

	2030 targets	Method of achieving the target
Scope 1 + 2	Base year: 2019 Reduction ratio: 50% (1.5°C target)	Initiatives to reduce GHG emissions derived from fuels through the conversion of purchased electricity to renewable energy, the conversion to low-carbon fuels, electrification, and manufacturing innovation will be promoted
Scope 3	Base year: 2019 Reduction ratio: 30%	Add resource recycling initiatives (conversion to non-fossil raw materials, expanded use of recycled materials, and recycling of waste) to promote reductions in raw materials, production processes, and when customers make disposals

- (Notes) 1. Scope 1: Direct emissions of greenhouse gases by business operators themselves
(fuel combustion, industrial processes)
2. Scope 2: Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies
3. Scope 3: Indirect emissions other than Scope 1 and Scope 2
(Emissions by other companies related to the business activities)

In the Medium-term Plan started in fiscal 2023, we are working toward the following targets for fiscal 2025, the final year of the plan.

Decarbonization: GHG emission reduction rate (Scope 1 + 2) -33% (Base year: Fiscal 2019)
Renewable energy ratio of electric power: 70%

As for the GHG emissions reduction rate for fiscal 2024, a decrease in production volume and a shift to renewable energy progressed. The renewable energy ratio of electric power across the entire Group is progressing according to plan.

(iv) Measures to achieve resource recycling

The Group aims to achieve a circular economy and a sustainable society by 2050. To achieve this long-term goal, we have established the following resource recycling policies in fiscal 2020.

- Drive resource recycling-related innovations
- Expand the use of non-fossil-based and recycled materials in business activities
- Maximize the recycling of waste generated during the life cycle into resource materials

In the Medium-term Plan started in fiscal 2023, we are working toward the following targets for fiscal 2025, the final year of the plan.

Promotion of recycling

Material recycling rate of waste plastic (Japan): 65%

In fiscal 2024, we advanced horizontal deployment of material recycling using existing technologies for waste plastics emitted from factories, and also advanced exploration of new recycling technologies for materials that are difficult to recycle. We will continue these efforts with a view toward implementation.

Furthermore, in pursuit of a true circular economy, we are accelerating our efforts to shift the raw materials we use to renewable or biomass-derived raw materials and other sustainable resources.

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

As societal issues such as climate change are becoming more serious, there is a growing demand for companies to contribute to the realization of a sustainable society. Through a variety of products and businesses, the SEKISUI CHEMICAL Group is also involved in corporate activities to achieve the Sustainable Development Goals (SDGs), which the world must attain by

2030.

There are products with a high degree of contribution to resolving environmental challenges for natural and social environments, including interlayer films for sound insulation and heat insulation for automobiles, solar power generation system-equipped homes, and products using the SPR method (to rehabilitate sewage pipes). These in particular were designated as products to enhance sustainability. We are boosting sales of these products as a percentage of our total consolidated net sales.

As a company committed to “supporting the basis of LIFE and continuing to create ‘peace of mind for the future’ in order to realize a sustainable society,” we aim to contribute to solving social issues, including the SDGs, and to achieve further growth as a company, through the creation and market expansion of products to enhance sustainability. Examples of future products to enhance sustainability that aim to create “peace of mind for the future” include film-type perovskite solar cells, CO₂ fixation technologies, and bio-refinery technologies, which are currently undergoing demonstration and scale-up with the goal of social implementation.

(vi) Human capital management initiatives

Our Human Resources Philosophy states that employees are precious assets bestowed on us by society, and we regard human capital as a source of corporate value enhancement. In order to realize our long-term vision and a vibrant company where all employees want to take on challenges, we have set personnel strategies of fostering a culture of challenge, placing the right people in the right place, and achieving diversity for the current medium term. We are implementing various initiatives to transform our human resources management, such as role-based personnel systems and support for taking on challenges. We invest ¥12.0 billion in human capital over the three-year period for employee career advancement and to secure human resources for each Group company (improving working conditions, reinforcing personnel, and upgrading the working environment).

a) Foster a culture that embraces challenge

Primary KPI: Degree of challenging behavior expression. As part of creating opportunities to pursue challenges, we are providing opportunities to take on new challenges through open recruitment, and as part of encouraging employees to pursue challenges, we are fostering a culture of challenge and promoting career autonomy.

b) Achieve the right talent in the right position

Primary KPI: Rate of successor candidate preparation. To train business leaders, we are working company-wide on the identification, appointment, and systematic development of successor candidates. As for securing professional human resources, we are working to acquire highly specialized personnel and implement reskilling in line with business needs.

c) Achieve diversity

Primary KPI: Retention rate. In order to achieve active participation of diverse human resources, we are promoting the employment and retention of diverse human resources, promoting DEI, and supporting work-life balance. As for realizing an environment that enhances individual and workplace vitality, we are promoting work-style reform and health management.

(3) Business and financial issues to be addressed on a priority basis

Fiscal 2025 Targets	Consolidated net sales	¥1,364.5 billion	Profit attributable to owners of parent	¥82.0 billion
	Consolidated operating profit	¥115.0 billion	ROE (return on equity)	10.0%

Fiscal 2025 marks the final year of the Medium-term Management Plan “Drive 2.0.” Despite a challenging and fluctuating market environment, we aim to continue solid growth and work toward achieving the plan’s goals.

Although market conditions remain uncertain, they are expected to be on par with fiscal 2024. We will continue striving to expand sales of high value-added businesses and products that help solve social issues and maintain margins, aiming for year-on-year increases in revenue and profit across all segments. We are targeting record-high consolidated net sales, achievement of operating profit in line with the Medium-term Plan, and record-high profit at each level.

<Housing Company>

In fiscal 2025, we are targeting both revenue and profit growth, leveraging higher unit prices through expanded sales of high-end products in the Housing business, as well as increased sales in the Housing Renovation and Residential (Real Estate, Town and Community Development) businesses.

In the Housing business, we forecast revenue growth centered on a recovery in orders in urban areas and higher unit prices per home. We will continue to expand orders for high-end products, including detached and multi-unit housing, while advancing product development and sales strategies tailored to regional needs to drive order value growth.

In the Housing Renovation business, we will work to expand orders by strengthening the sales structures and enhancing regular inspection services.

In the Residential business, the Real Estate business will focus on expanding the rental business by increasing the number of residential units under management, and the distribution business, such as brokerage business and purchase and resale business. The Town and Community Development business will focus on securing new projects and aim for sustainable sales growth.

<Urban Infrastructure & Environmental Products Company>

In fiscal 2025, we expect the domestic housing and non-housing construction market to remain at levels similar to fiscal 2024, with capital investment demand increasing in the second half. Although total costs are expected to continue rising, we plan to increase both revenue and profit growth by expanding sales of prioritized products that address social issues such as labor shortages and aging infrastructure, increasing overseas sales, and stabilizing higher price levels.

In the Pipe Systems field, we will focus on expanding sales of prioritized products, steadily capturing plant-related capital investment demand expected to recover in the second half, and expanding sales of new chlorinated polyvinyl chloride (CPVC) resin products.

In the Buildings and Infrastructure Composite Materials field, we will focus on expanding sales of fire protection and non-flammable materials, nursing care-related products, and large high-capacity drainage systems. For synthetic lumber (FFU) products, we will accelerate the adoption of railway sleepers, particularly in Europe.

In the Infrastructure Renovation field, we will work to increase sales of pipeline renewal projects by capturing projects resulting from the nationwide priority inspection of sewer systems in Japan, expanding orders through collaboration with construction partners overseas, and strengthening sales of water supply panel tanks.

<High Performance Plastics Company>

In fiscal 2025, while global market conditions remain uncertain, we plan to increase sales growth across all segments, targeting both increased revenue and profit, as well as achieving a third consecutive year of record profits. We will continue to closely monitor U.S. tariff policy and currency fluctuations, and swiftly implement measures such as reflecting cost changes in selling prices and optimizing allocation to minimize their impact.

In the Electronics field, we expect the smartphone market to perform slightly better than the current fiscal year, with solid demand for large-format panels. We will accelerate the expansion of sales, particularly in non-LCD fields such as high-performance semiconductors, to drive revenue growth.

In the Mobility field, we expect to expand sales of new high-performance interlayer films with a focus on head-up displays. We also anticipate some recovery in aircraft demand and aim to drive revenue growth.

In the Industrial Business field, we will work to maintain pricing while continuing to grow sales in designated focus areas, including labor-saving construction products and environmentally friendly products, thereby targeting increased revenue.

<Medical Business>

In fiscal 2025, the Diagnostics business plans to expand revenue and profit by enhancing its coagulation analyzer lineup in Japan and China and acquiring new customers. The Pharmaceutical Sciences business plans to focus on capturing new orders, targeting increases in revenue and profit and its second consecutive year of record profit growth.

(4) Basic policy for constructive dialogue with shareholders

It is highly important to have dialogue with shareholders toward achieving sustainable growth and medium- to long-term enhancement of the Company's corporate value. We work to have constructive dialogue with shareholders by arranging for mainly the President and the Director in charge of the Business Strategy Department to proactively conduct a general meeting of shareholders, have quarterly results briefings, and hold meetings with domestic and foreign investors.

The Company aims to achieve sustainable growth and medium- to long-term enhancement of its corporate value. Hence, the Company has adopted the following basic policy for constructive dialogue with shareholders.

- (i) The Company appoints the Director in charge of the Business Strategy Department who is in charge of the overall supervision of the development of medium- to long-term management strategies and investor relations as the person responsible, and develops the framework and undertakes initiatives for the realization of constructive dialogue with investors under his/her leadership.
- (ii) The Director in charge of the Business Strategy Department is responsible for ensuring organic coordination among

departments that support dialogue, by, for example, ensuring information-sharing among them, while ensuring that insider information is not leaked particularly through each divisional company, the Corporate Finance & Accounting Department, the Legal Department, the Corporate Communication Department, and other departments concerned.

- (iii) To promote constructive dialogue with shareholders, the Company strives to understand the shareholder structure and to enhance the dialogue by implementing the following measures as a means to have dialogue.
 - a) To conduct quarterly results briefings by the President and the Director in charge of the Business Strategy Department
 - b) To hold one-on-one meetings with domestic and foreign investors
 - c) To conduct business briefings for shareholders and investors as appropriate
 - d) To enhance the disclosure of corporate information on the website of the Company targeting both domestic and foreign investors (including integrated reports, materials for results briefings, and voice recordings from such briefings)
 - e) To secure opportunities to post an opinion through the website of the Company
- (iv) The Director in charge of the Business Strategy Department shall, in accordance with the “Corporate Information Disclosure Regulations,” summarize the opinions and comments of investors obtained from the dialogue with them and share them in the meetings of the Board of Directors and on other occasions as appropriate on a timely basis so that they can be reflected in the management of the Company.
- (v) The Company will strengthen its information management pursuant to the “Corporate Information Disclosure Regulations” and “Insider Trading Restriction Regulations.” The Company will pay close attention when having dialogue with shareholders.

2. Thinking on sustainability and sustainability initiatives

Thinking on sustainability and sustainability initiatives of the Group are as follows.

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

(1) Overall sustainability issues

(i) Governance

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

Board of Directors:

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

Sustainability Committee:

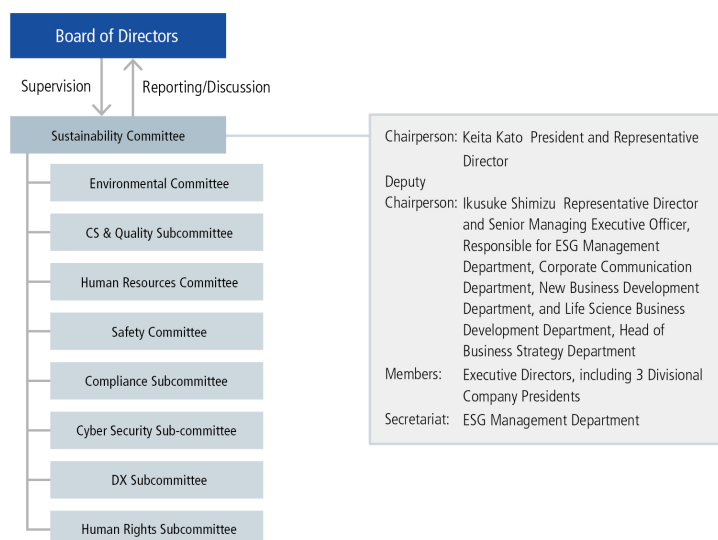
The Sustainability Committee is held semiannually, chaired by the President, vice-chaired by the Senior Managing Executive Officer in charge of ESG Management Department, and composed of Executive Directors including the President of Housing Company, the President of Urban Infrastructure & Environmental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

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

Sub-committees:

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

Sustainability Committee / Sub-committee Structure (as of April 1, 2025)



(ii) Strategies

The Group believes that addressing social issues directly links to improving social sustainability, and net sales, the compensation for contribution, can be considered a quantity of contribution to addressing social issues. The Group also believes that its

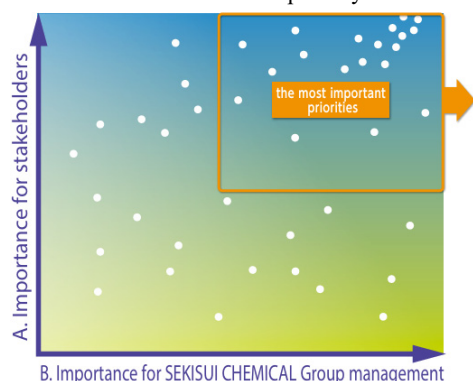
sustainable, profitable growth can be achieved by improving the quantity of contribution, and this will expand our contribution to all stakeholders including customers, shareholders, employees, and business partners, as well as local communities and global environment.

• SEKISUI CHEMICAL's ESG management

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

To realize the long-term vision "Vision 2030," the Company has identified its ESG materiality as DX, environment, human capital, innovation, and works to achieve KPIs set on each materiality.

SEKISUI CHEMICAL Group's Key Issues



<Governance (Internal Control)>

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

- Reducing serious incidents (safety, quality, accounting, legal/ethical, information management)
- Risk management
- Reduce supply chain risk
- Implement human rights due diligence

<DX>

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

- Visualize and standardize (standardize operations, introduce ERP, renew infrastructure and networks)
- Increase productivity (automation/unmanned shifts, improve operational efficiency through the use of digital technology, ICT and AI)
- Sophisticate (increase the sophistication of operational control, introduce ERP, renew infrastructure and networks)

<Environment>

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

- Mitigate and adapt to climate change
- Promote a circular economy
- Reduce water-related risks
- Reduce environmental degradation

<Human capital>

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

- Foster a challenging corporate culture
- Achieve the right talent in the right position
- Realize diversity

<Innovation>

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

- Create and expand the market for products to enhance sustainability
- Promote open innovation
- Strengthen intellectual property strategies
- Promote activities that contribute to the solving of issues through cooperation with local communities



Three steps

I. Securing prominence

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

II. Solving social issues

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

III. Creating peace of mind for the future

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

• SEKISUI Environment Sustainable Vision 2050

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



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

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

(iii) Risk management

The Group regularly monitors risks and opportunities based on their importance. First, we comprehensively identify the issues relevant to society and the Group, including national laws and regulations, soft laws, disclosure regulations, stakeholder engagement, and expert dialogues. Then, we score these issues based on two axes: “likelihood” and “impact,” and map them

onto a company-wide risk map. This map is discussed at the company-wide risk review meeting (held once a year) attended by the chairpersons of each sub-committee. In this meeting, we identify and prioritize short-, medium-, and long-term issues that could be risks or opportunities for societal sustainability and the sustainable growth of the Group.

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

(iv) Indicators and targets

The Group has set “net sales from sustainability-contributing products” as a KPI symbolizing ESG management (balancing societal sustainability improvement and our Group’s sustainable growth), with a target of over ¥1 trillion in the current Medium-term Management Plan. In addition, we have set KPIs and targets for critical issues such as Governance (Internal Control), DX, environment, human capital, and innovation.

Materiality	KPI	Medium- to long-term Targets
Governance Systems (Internal Control)	Number of serious incidents occurred in five business domains	Fiscal 2025: 0
DX	Change in sales per direct personnel and indirect personnel	Fiscal 2030: 30% increase in direct productivity, 43% increase in indirect productivity (compared to fiscal 2019)
Environment	Climate change: GHG emission reduction rate	Fiscal 2025: -36% (from fiscal 2019)
	Resource circulation: Material recycling rate of waste plastic	Fiscal 2025: Domestic 65%
Human Capital	Degree of challenging behavior expression	Fiscal 2025: 60%
	Rate of successor candidate preparation	Fiscal 2025: 100%
	Retention rate	Maintaining and improving year-on-year performance
Innovation	Number of open innovations	Confidential
(Output)	Sales of products that enhance sustainability	Fiscal 2025: Over ¥1 trillion

* Details of sustainability initiatives are disclosed on the Sustainability Report 2024 which is posted on the Company’s website. The Sustainability Report 2025 is scheduled to be issued in July 2025 (English version in September).

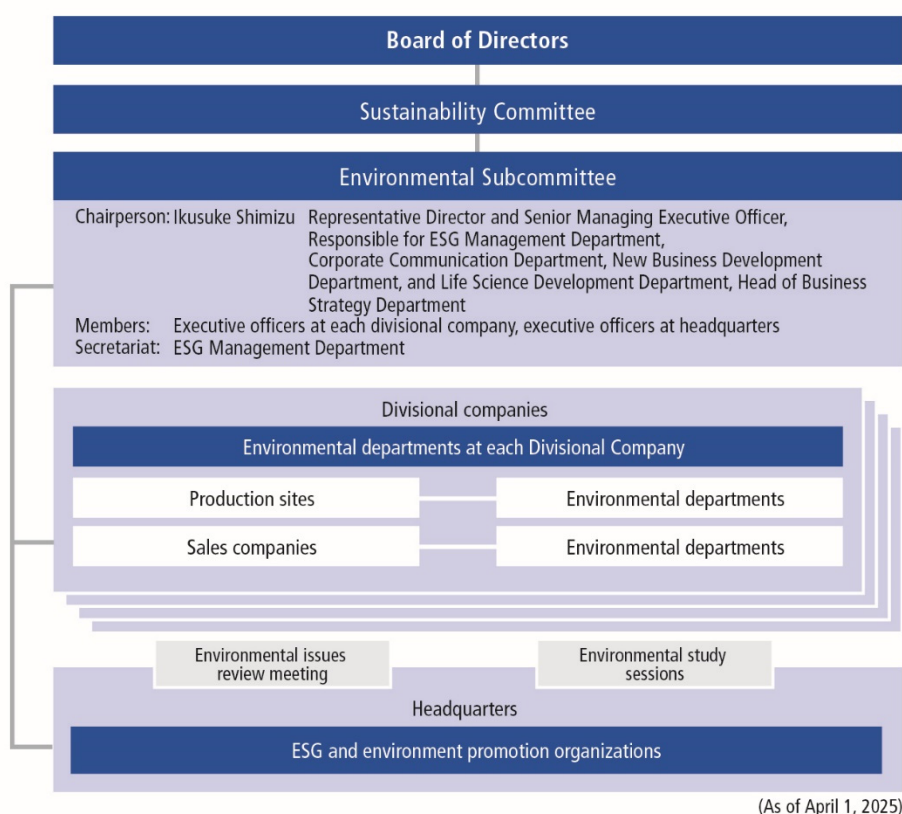
Sustainability Report

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

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

(i) Governance

Climate change-related governance is incorporated into governance of overall sustainability issues mentioned above. In particular, the system for supervising and executing climate change and other environmental initiatives is as follows. (as of April 1, 2025)



Environmental Issues Study Group:

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

(ii) Strategies

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

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

Based on the climate change scenarios set, impacts of climate change risks were analyzed and strategies were considered to prepare for long-term risks for each business domain. Based on the 1.5°C and 4°C scenarios, analysis two axes were set; one is

whether climate change mitigation progresses or not; and the other is decentralization of social systems in rural areas or centralization to large cities. Using these two axes, and considering their mutual influence, four climate change scenarios were envisaged.

Results of impact analysis of climate change risks

Table 3: Results of Impact Analysis of Climate Change Risks

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

Type		Climate change risks	Financial impacts	Business risks	Business opportunities	Response / Actions by SEKISUI	Correlation analysis of environmental issues			
							Climate Change	Resource Recycling	Water Risks	Biodiversity
Transition	Policy/regulations	Carbon tax increase	Large	<Medium- to long-term> -Increase in energy procurement costs -Decrease in sales due to adding costs to product prices	<Medium- to long-term> -Acquire business opportunities by differentiating through early response -Stabilization of energy costs by introducing renewable energy	-Develop plans to promote converting purchased power to renewable energy, using ESG investment framework -Improve effectiveness through public commitments such as SBT certification	Mitigation	—	—	—
		Regulations for energy savings/low carbon	Large	<Short-term> -Increase in capital investment to strengthen energy conservation and renewable energy initiatives <Medium- to long-term> -Increase in introduction costs for renewable energy certificates, etc.	<Short-term> -Increased sales from energy conservation/storage/creation businesses -Increased sales from CO2-regulation compliant products	-Establish ESG investment framework (40 billion yen/3years) -Develop new energy creation technologies (e.g., perovskite solar cells) -Review green procurement standards as appropriate -Standardize housing with ZEH specifications	Mitigation	—	—	—
		Policies	Large	<Short-term> -Increase in renewable energy procurement and waste treatment costs <Medium- to long-term> -Lose market share from loss of differentiation due to mandating of low-carbon products such as ZEH -Reduction of business opportunities due to stricter laws and regulations related to resource recycling	<Short-term> -Increased need for technologies to reduce CO2 during waste incineration <Medium- to long-term> -Increase in sales of new homes due to expansion of ZEH market from mandatory ZEH specs -Expanding opportunities for horizontally recycled products such as in-house and industry-wide collection	-Develop technology for creating ethanol from garbage (e.g., BR) -Expand products that enhance sustainability -Consideration of expanding horizontal recycling of in-house plastic products (e.g., KYDEX buyback system, etc.) -Development of services to improve the recycling value of housing products (e.g., Be-Heim)	Mitigation	Disposal	—	Living organisms
		Litigations	Medium	<Medium- to long-term> -Lawsuits against companies using fossil fuels	<Medium- to long-term> -Increase in business opportunities due to consumer trust earned from commitments to society	-Disclose environmental vision and 2050 GHG emissions reduction targets -Improve scores in various external benchmarking systems	Mitigation	All	—	—
							Both	All	All	All
	Technologies	Replacement to low carbon products	Large	<Short-term> -Increase in re-certification costs due to change of low- carbon materials <Medium- to long-term> -Changeover to lower carbon materials and processes	<Short- to medium-term> -Increase in business opportunities for products that enhance sustainability that contribute to low carbonization <Long-term> -Business expansion through prioritized procurement of resource recycling friendly designed products	-Use of LCA in planning, development and marketing (CFP, environmental impact other than climate change) -Use of "learn from nature" technologies and continuation of researcher subsidies -Promotion of renewable energy in factories -Reduction of factory waste and acceleration of resource recycling -Product development using bio-derived materials -Product development using recycled materials and increasing their use	Mitigation	All	—	All
		Development of decarbonization technology	Large	<Medium- to long-term> -Opportunity loss due to delay in introduction of decarbonization technologies	<Medium- to long-term> -Expand business opportunities by decarbonizing products -Creation of new business utilizing decarbonization technologies	-Development of CCU technologies in collaboration with different industries (e.g., collaboration with ArcelorMittal, S.A.)	Mitigation	Disposal	—	—
	Markets	Change in consumer behavior	Medium	<Long-term> -Decrease in sale of new cars -Opportunity loss due to inability to resource recycling and use decarbonization incentives	<Medium-term> -Acquisition of incentives through resource recycling and visualization of decarbonized value <Long-term> -Increase in profitability from shift to higher-performance products -Expansion of market for ICT-related products	-Efforts to improve resource recycling value through industry collaboration (e.g., CLCMA (for marine plastic issues)) -Development of highly heat resistant and durable, and other high performance products -Development of lightweight solar cells, heat dissipating products	Mitigation	Use	—	Living organisms
		Market uncertainty	Medium	<Long-term> -Investments to stabilize power supply for dispersed renewable energies	<Long-term> -Increase in sales of products to support a more dispersed society	-Sales of houses that realize energy self-sufficiency -Development of resource recycling technologies (e.g., BR, matl waste recycle)	Mitigation	—	—	—
	Reputation	Changes in consumer preferences	Medium	<Short- to medium-term> -Sales decline due to inability to keep up with sustainable lifestyle preferences <Long-term> -Decrease in sales due to increased preference for "sharing" over "owning"	<Short- to medium-term> -Improve corporate brand and expand sales with products that support sustainable living <Long-term> -Creation of new businesses to meet consumer preferences	-Promotion of sustainable town development business (e.g., ABINC certification of Asaka Lead Town) -Begin services using housing big data	Both	All	Products	All
		Industry criticism	Large	<Medium- to long-term> -Investor valuation decline for companies that do not decarbonize <Long-term> -Decline in evaluation of companies that do not understand the biodiversity impact of decarbonization solutions	<Short- to medium-term> -Secure stable financing by demonstrating compatibility with resource recycling <Long-term> -Consideration of nature-positive decarbonization solutions and high evaluation for product development	-Use of renewable energy by purchasing electricity after FIT -Promotion of reform and use of in-house system for planning and R&D (product environmental impact assessment) -Promotion of efforts to reduce the impact of nature and information disclosure (e.g., use of Land Use Score Card®)	Mitigation	—	—	All
Physical	Acute	Frequent typhoons	Large	<Short-term> -Increase in damage such as plant shutdowns and sales decrease -Increase in costs to control flooding and overflows -Decrease in sales due to supply chain disruption	<Short-term> -Increase in needs for resilient infrastructure -Increase in sales of products in areas with a high level of water-related risks -Increase in needs for equipment/facilities for disaster preparedness	-Understand water risks and implement countermeasures -Development of highly durable infrastructure -Accelerate infrastructure renewal in developed nations (e.g., SPR Method) -Expand infrastructural business in developing nations -Development of disaster response products (e.g., drinking water storage systems) -In-house fusion mechanism for adaptive product development, task force projects	Adaptation	—	Business	—
		Heavy rains/droughts	Large	<Medium- to long-term> -Increase in insurance premiums	-Increase in needs for the resilient town development projects		Adaptation	—	Products	—
	Chronic	Changes in rainfall patterns	Medium	<Short-term> -Increase in costs for restructuring supply chain <Medium- to long-term> -Increase in heat stroke/other illnesses related to warming -Increase in air conditioning/cooling costs	<Short-term> -Increase in sales of heat insulating/heat shielding products <Medium- to long-term> -Increase in needs for pharmaceutical products/diagnostic drugs that contribute to treatments	-Explain procurement guides to raw material suppliers -Globally disperse production bases -Reinforcement of OEM structure in accordance with increase in illnesses	Adaptation	—	Business	—

<Table notations>

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

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

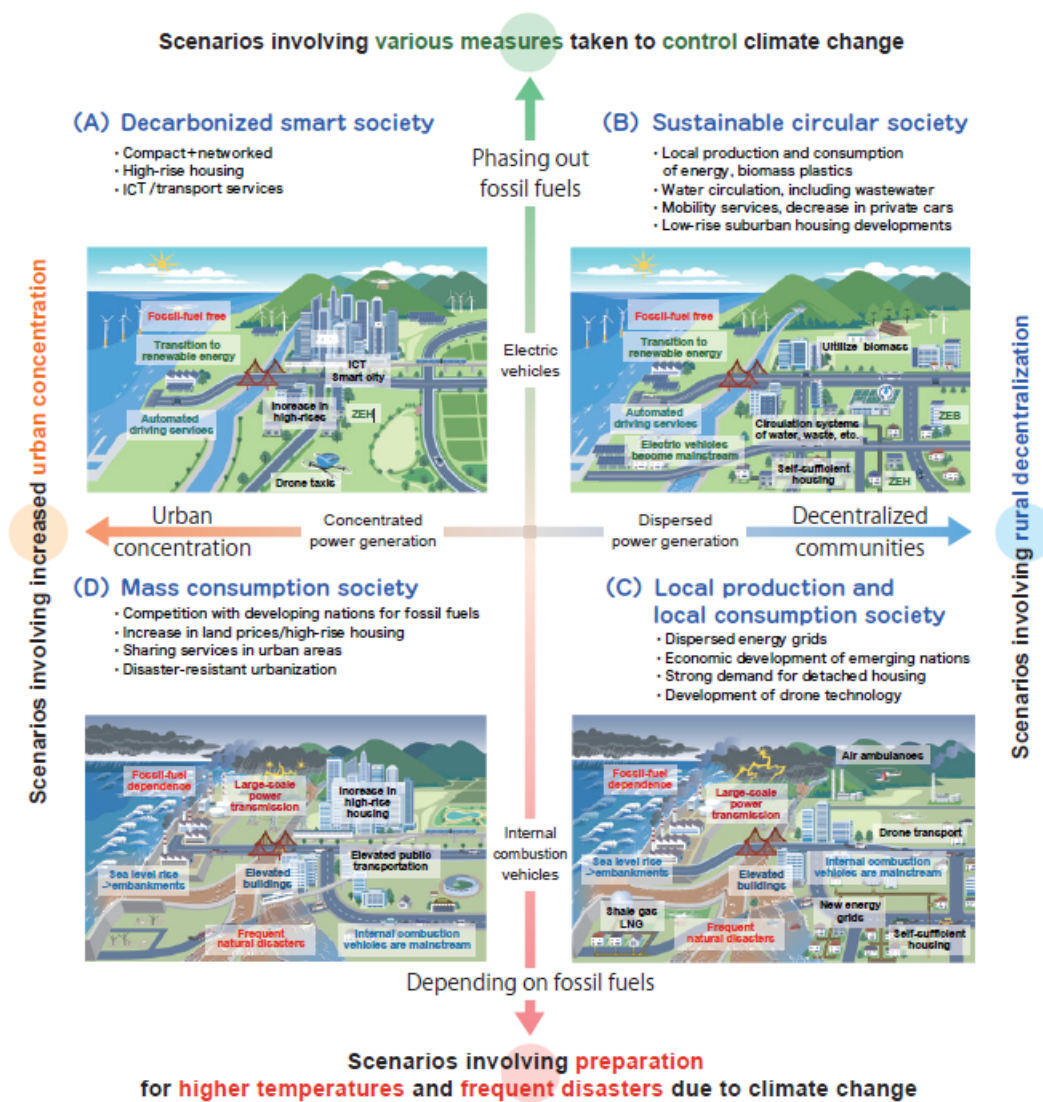
<Correlation analysis with each environmental issue>

Climate change issues: Mitigation Adaptation All

Water risks issues: Business (activities) Products All

Resource circulation issues: Raw materials Manufacturing Use Disposal All

Biodiversity issues: Living organisms Plants All



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

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

Opportunities	<ul style="list-style-type: none"> Increased demand for smart infrastructure, remote control systems, etc. → Advanced technology utilization and expand services for infrastructure Increased demand for power generation/storage products → Higher performance of electronic/energy related products Expanding needs for decarbonized products and technologies → Advance development of decarbonization technologies and expand product sales
Risks	<ul style="list-style-type: none"> Decreased car sales due to transition to mobility services → Decreased sales of housing and mobility related products Accelerate conversion to renewable energy → Energy procurement costs increase due to increased demand for renewable energy Decreased demand for low-rise housing → Decreased sales of housing related products
Response by SEKISUI	[Production activities] Convert electricity and fuel use to renewable energy (installation of solar panels, use electricity certificates, convert fuel, etc.) [Housing] Standardize ZEH specifications [Energy] Accelerate development and social implementation of perovskite solar cells and expand storage battery business [IT] Material development to promote improvement of ICT (heat dissipating materials, materials for LED and OLED) [Resource recycling] Development of services to improve the recycling value of housing products ("Be-Heim"), consideration the expansion of recycling systems for plastic products

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

Opportunities	<ul style="list-style-type: none"> Localized power generation → Increased demand for power generation, storage and related technologies Expanded circulation of resources such as electric power, water, carbon, etc. → Increased demand for circulation infrastructure Increased demand for housing with ZEH specs Expanding needs for decarbonized products and technologies → Advance development of decarbonization technologies and expand product sales
Risks	<ul style="list-style-type: none"> Decreased car sales due to transition to mobility services → Decreased sales of housing and mobility related products Accelerate conversion to renewable energy (decentralized) → Energy procurement costs increase due to increased demand for renewable energy Decreased reputation among customers and investors due to failure to decarbonize → Decreased capital procurement capability
Response by SEKISUI	[Production activities] Convert electricity and fuel use to renewable energy (installation of solar panels, use electricity certificates, convert fuel, etc.) [Housing] Standardization of ZEH specs, expansion and promotion of sustainable town development business [Energy] Promote the spread of energy self-sufficient housing (solar panels, storage batteries), contribute to local energy production and consumption through TEMS, and accelerate the development and social implementation of perovskite solar cells [Vehicles] Provide highly functional materials that provide additional performance to vehicles and aircraft (S-LEC wedge-shaped HUD interlayers, KYDEX sheets, CFRTP) [Carbon Capture Utilization and Storage] Development of CCUS technology (using chemical looping reaction) and its social implementation in collaboration with other companies [Resource recycling] Full scale social implementation of BR technology, development of CCU technologies in collaboration with other companies

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

Opportunities	<ul style="list-style-type: none"> Promoting resilient infrastructure and autonomous driving infrastructures → Increased sales of highly durable infrastructure materials and construction services Creation of market of new energy grids → Needs for control systems and energy infrastructure technologies
Risks	<ul style="list-style-type: none"> Increased raw material and energy costs due to disaster-resilient supply chain, logistics, and energy security measures Increased factory relocation costs in locations vulnerable to natural disasters · Increased manufacturing costs and raw material costs caused by deterioration of ecosystem services due to disasters Increased human cost due to increase in diseases caused by global warming Extensive damages due to fragmentation of infrastructure in the area
Response by SEKISUI	<ul style="list-style-type: none"> At the managers level of operating companies/business sites, understand risks in each region and site, formulate BCPs, and consider risk reduction measures Reinforce sustainable raw material procurement system [Housing] Develop town development business (expand disaster resilience services) [Energy] Explore HEMS and TEMS technology for building smart grids that can also serve as a disaster countermeasure [Infrastructure] · Expand businesses that contribute to more resilient water infrastructure (Renewal: SPR method, New construction: Collaboration with a Vietnamese company) Expand rehabilitation technology to improve durability of transportation infrastructure ("Utsuku Sheet", "InfraGuard") [Life science] Reinforcement of OEM structure for pharmaceutical products

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

Opportunities	<ul style="list-style-type: none"> Promoting resilient infrastructure and autonomous driving infrastructures → Increased sales of highly durable infrastructure materials and construction services Increased needs for energy-related products for large-scale power generation → Increased sales of products related to stabilizing systems and improving efficiency of power generation
Risks	<ul style="list-style-type: none"> Increased raw material and energy costs due to disaster-resilient supply chain, logistics, and energy security measures Increased factory relocation costs in locations vulnerable to natural disasters Increased human cost due to increase in diseases caused by global warming [Housing] Decreased demand for low-rise housing → Decreased sales of housing-related products Increase in manufacturing costs and raw material costs caused by deterioration of ecosystem services due to disasters
Response by SEKISUI	<ul style="list-style-type: none"> At the managers level of operating companies/business sites, understand risks in each region and site, formulate BCPs, and consider risk reduction measures Reinforce sustainable raw material procurement system [Infrastructure] · Expand businesses that contribute to more resilient water infrastructure (Renewal: SPR method, New construction: Collaboration with a Vietnamese company) Expand technologies to improve durability of transportation infrastructure ("FFU", "Utsuku Sheet", "InfraGuard") Contribute to more stable power transmission by burying power cables underground ("CC-Box") [Life science] Reinforcement of OEM structure for pharmaceutical products

(iii) Risk management

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

(iv) Indicators and targets

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

below.

(Note) SBT (Science Based Targets) certification: Certification by a joint initiative which includes the United Nations Global Compact that the greenhouse gas reduction targets set by a company are scientifically consistent with their contribution to long-term climate change countermeasures.

• GHG emission reduction targets

	Targets	Method of achieving the target
Scope 1 + 2	Base year: 2019 Target year: 2030 Reduction ratio: 50% (1.5°C target)	Initiatives to reduce GHG emissions derived from fuels through the conversion of purchased electricity to renewable energy, the conversion to low-carbon fuels, electrification, and manufacturing innovation will be promoted
Scope 3	Base year: 2019 Target year: 2030 Reduction ratio: 30%	Add resource recycling initiatives (conversion to non-fossil raw materials, expanded use of recycled materials, and recycling of waste) to promote reductions in raw materials, production processes, and when customers make disposals

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

Scope 2: Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies

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

• GHG emission reduction results

	Total emissions (Thousands t-CO ₂)	Reduction ratio
Scope 1 (fiscal 2024 results)	184	Reduction of 37.9% (from fiscal 2019)
Scope 2 (fiscal 2024 results)	354	
Scope 3 (fiscal 2023 results)	3,757	Reduction of 8.8% (from fiscal 2019)

* Details of sustainability initiatives are disclosed on the Sustainability Report 2024 which is posted on the Company's website. The Sustainability Report 2025 is scheduled to be issued in July 2025, and the English version in September 2025.

Sustainability Report

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

* Details of climate change-related disclosure in accordance with the TCFD recommendations are included in the TCFD Report 2024 which is posted on the Company's website. The Japanese version of the TCFD Report 2025 will be issued in August 2025, and the English version in September.

TCFD Report

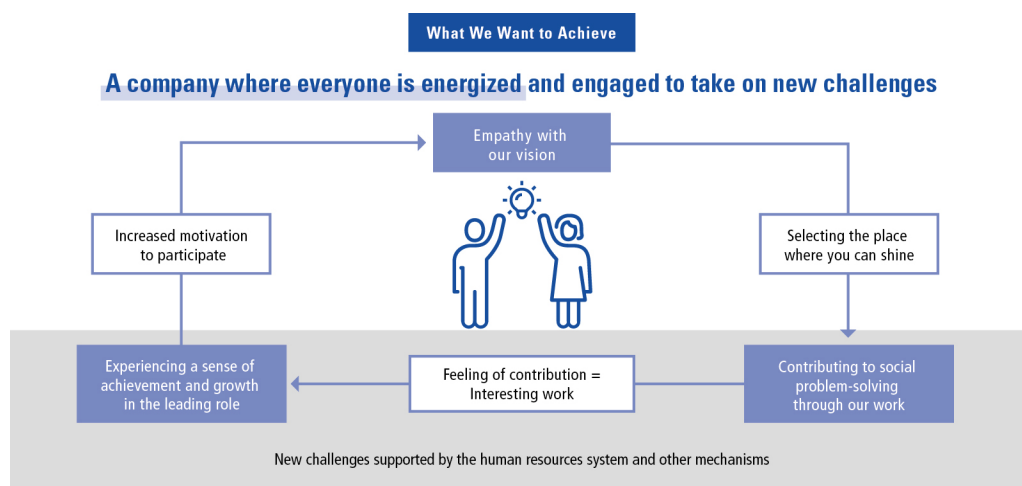
https://www.sekisui.co.jp/sustainability_report/report/#tcf

(3) Disclosure on human capital

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

(i) Fundamental mindset

To realize Vision 2030, we aim to become a “company where all employees take on challenges,” in other words, a “company whose contribution to social solutions expands through innovation and creation.” We will transform human resources management (role-oriented human resources management and promotion of challenges). In conjunction with systematically acquiring and promoting talent, we will develop personnel who can respond to the speed and changes of business growth, achieving the right talent in the right position. We are also implementing focused investment in human capital (approximately ¥12.0 billion over three years in the Medium-term Management Plan) to expand employee careers and improve working conditions.



(ii) Governance

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



(iii) Strategies

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

Specific human capital strategies (*3) include fostering a culture that embraces challenge, achieving the right talent in the right position, and achieving diversity. We utilize our vital preparation (human capital) to boldly take on challenges, realizing our management strategies of “strategic innovation” and “organic growth.”

*1. Human resources development policy

A) Promotion of diversity

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

B) Encouragement of challenges

We support personnel who continue taking on challenges proactively.

C) Development of outstanding human resources

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

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

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

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

*3. Human capital strategies



(iv) Major initiatives

a) “Foster a culture that embraces challenge”

1) Create opportunities to pursue challenges

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

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

- Provide opportunities to take on challenge

We are expanding initiatives that embody employee challenges, such as the “Global Engineer Dispatch Program” (up to two years) to develop engineers who can perform on a global level, and the “Transformation Academy,” where executive officers serve as educators and foster development. Since fiscal 2023, we have launched the in-house venture program “C.O.B.U. Accelerator.” Its aim is to create new businesses through screening, hypothesis testing, and pilot trials. Any employee in the Group can apply, and over 100 entries are submitted annually.

2) Encourage employees to pursue challenges

- Further strengthen activities to foster a culture that embraces challenge

We measure engagement with the Company annually, which forms the foundation for challenges. The score for fiscal 2024 remained flat at 129 (the score for fiscal 2019 was 100, and 133 for fiscal 2023). Each organizational unit analyzes the survey results, and improvement measures tailored to each organization's issues are implemented. As a cross-organizational effort, the HR departments of domestic Group companies gather to conduct the “Engagement Drive Project.” This project shares advanced external case studies and internal best practices, conducts seminars on organizational development methods, and aims to enhance activity levels.

- Foster a culture of career autonomy

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

utilize the interviews, we provide training for supervisors and employees.

b) Achieve the right talent in the right position

1) Train business leaders for the next generation

- Strengthen selection and training of management candidates

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

- Visualize and undertake multifaceted observation of management roles

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

2) Secure professional talent who exhibit prominent skills

- Strengthen efforts to secure highly specialized human resources

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

- Strengthen reskilling in line with business needs

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

c) Achieve diversity

1) Active participation of diverse human resources

- Promote the employment and retention of diverse human resources

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

- Promote diversity and support work-life balance

Promoting gender diversity

Beginning in fiscal 2024, we replaced the gender-specific term “promotion of active participation of women” with “gender diversity,” and the top management sent a message to all domestic Group employees to communicate this shift. Since 2006, we have been advancing initiatives to support female employees in four areas: “strengthening recruitment of women,” “established retention and active participation,” “creation of managerial positions,” and “education after assigning a managerial position.” In fiscal 2024, as part of efforts to train managerial candidates, we expanded post-appointment support by introducing a mentoring program for female managers. The hiring ratio for women was 28.1% on a non-consolidated basis (-2.7 percentage points from the previous fiscal year). A total of 131 participants in the Career Development Program training, which has been held continuously since 2014, have been promoted to managerial positions.

Promote the active participation of persons with disabilities

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

2) Create a vibrant work environment

- Create a safe and secure work environment

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

- Ensure a healthy and comfortable working environment

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

(v) Metrics and targets

While specific measures and data management of related indicators are being implemented regarding the 16 Guidelines on Human Capital listed below, they are not implemented across the entire consolidated group. Therefore, only the metrics and targets for the reporting company are disclosed when it is difficult to present them for the SEKISUI CHEMICAL Group.

Human Capital-related Guiding Principles

Capital-related Guiding Principles							
Policies							
1	Human resources development						
2	Internal environmental improvement policy						
KPIs							
No.	Items	Category	Scope	Results (Fiscal 2024)		Targets (2025)	
1	Degree of challenging behavior expression*1	Priority	Consolidated	56	%	60	%
2	Rate of successor candidate preparation*2	Priority	Consolidated	88.1	%	100	%
3	Retention rate*3	Priority	Non-consolidated	97.8	%	Maintain/Improve from previous year	
4	Engagement score*4	Major	Consolidated	129		Maintain/Improve from previous year	
5	Training hours*5	Major	Non-consolidated	6.8	hours	10	hours
6	S positions fulfillment ratio*6	Major	Non-consolidated	75.0	%	100	%
7	Ratio of women in management position	Major	Non-consolidated	5.3	%	5	%
8	Recruitment ratio of women	Major	Non-consolidated	28.1	%	35	%
9	Gender wage gap*7	Major	Non-consolidated	70.0	%	Maintain/Improve from previous year	
10	Percentage of male employees taking childcare leave	Major	Non-consolidated	90.1	%	75	%
11	Employment ratio of people with disabilities	Major	Non-consolidated	3.1	%	2.5	%
						(above the legally stipulated ratio)	
12	Total working hours*8	Major	Non-consolidated	1,929	hours	Less than 2,000 hours/year	
13	Rate of long-term leave due to mental health problems*9	Major	Consolidated	1.28	%	1	%
14	Added-value productivity*10	Major	Consolidated	163.1	%	Maintain/Improve from previous year	

*1 A questionnaire was conducted to survey whether the employees expressed challenging behavior toward the realization of the long-term vision.

*2 Number of succession candidates for business leaders in the highest posts ÷ number of available posts

*3 $(1 - (\text{Number of retirees in a year} \div \text{number of employees as of April that year})) \times 100$

*4 The index representing the ratio of employees who averaged 4.5 points or more when answering 6 engagement-related

behavior questions (6 points max.), with the fiscal 2019 results set at 100

- *5 Number of hours for training per employee during the fiscal year
- *6 $\text{Number of specialty domains with S-Position personnel assigned} \div \text{Total number of specialty domains}$
- *7 The gap in wages is due to the composition of workers' qualification (including ages and certification) and is not due to the personnel system
- *8 $\text{Prescribed working hours (7.5 hours)} + \text{overtime hours} - \text{paid leave hours taken}$
- *9 The ratio of employees who took more than one month of leave due to mental health issues in that year
- *10 $\text{Value added (operating profit} + \text{depreciation} + \text{labor costs) [result]} \div \text{Human capital cost (labor costs} + \text{welfare expenses} + \text{hiring expenses} + \text{training expenses) [investment]}$

3. Business risks

Matters related to the overview of business and financial information contained in the Annual Securities Report that could materially influence investment decisions include the following. The Company is endeavoring to establish a system for anticipating potential risks for the Group, preventing their occurrence, and promptly and appropriately dealing with them if they occur.

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

(1) Business environmental risk

To quickly respond to changes in various environments including economy, market, finance, disasters, political, and social described from (i) to (v) below, the Company discusses countermeasures based on reports by individual business divisions at the Board of Directors held monthly and the Budget Formulation Meeting held quarterly and makes decisions. The Company also strives to review and disclose management indicators and financial conditions in the management plan in a timely and appropriate manner.

(i) Economy and product market trends

The Group's business results and financial position could be affected by the trends of economic environment of the business areas of the Group's products, such as Japan, North America, Europe, and Asia, and those of such market as mobility, electronics, housing, construction, and infrastructure.

In specific, the spread of COVID-19 infection that has occurred in the last few years, raw materials price hikes stemming from Russia's invasion to Ukraine and associated high prices are halting buying power, and could affect the Group's business results depending on future trends. We also recognize that U.S. tariff policy, in particular, has a significant impact, and we continue to assess its business implications and our responses as needed.

By sector, among the business of the High Function Plastic Company, markets where business is undertaken in the mobility field are easily affected by conditions and demand trends in the global automotive and aerospace industries. Markets for businesses in the electronics field, technological progress is fast and demand fluctuates widely, demand might shrink over a short period of time. As a response to these risks, we are continuously working on cost innovation in the supply chain and exploring the strengthening of R&D centers, new technologies, and M&A candidates. In the Housing Company business, we are affected by domestic policies and tax systems related to housing acquisition, interest rate trends, individual consumption, and economic trends in each area. However, we mitigate these risks by adopting product strategies tailored to each location. Furthermore, due to the declining number of construction workers, there is a risk of not securing the necessary labor, leading to delays in construction schedules and rising labor costs. To address this, we are advancing production innovation plans, such as improving logistics efficiency within production plants of prefabricated modular houses and researching ways to reduce on-site construction work. The Urban Infrastructure & Environmental Products Company business, which includes transactions with government agencies, is potentially influenced by public investment trends determined by government and local government policies. Additionally, the business may be affected by trends in the number of housing and non-housing starts. To mitigate these risks, we manage and diversify the portfolio by area (domestic/overseas) and customer (public/private). In the Life Science field, we may be influenced by healthcare system reforms driven by changes in the social environment. We focus on expanding business areas and developing new products to hedge these risks.

Our Group also hedges risks through business diversification and globalization of operational areas. However, significant fluctuations in product demand may significantly impact performance.

(ii) Raw material price volatility and procurement

The prices of steel, timber, polyvinyl chloride, olefin, and other petroleum-related raw materials used in the Group's production activities are affected by the economic environment of other countries, tightened or delayed supply due to the changes in the balance between demand and supply, and trade policies of supplier countries. In addition, some scarce resources pose a risk regarding stable procurement.

A sharp rise in the price of raw materials could lead to higher production costs, while demand trends for scarce resources and problems at suppliers could interfere with the Group's ability to supply products.

The Group strives to ensure stable procurement by diversifying the source of raw materials, and continuously implements cost reduction measures to deal with rising raw materials prices, enhances added value of products, and revises sale prices if needed, thereby hedging these risks. However, massive price fluctuations, etc., could influence the Group's business results significantly.

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

The Group operates and expands its business globally, with a percentage of overseas net sales for the fiscal year ended March 31, 2025 at 32.6%. As a result, fluctuations in the value of the yen against foreign currencies could have a significant impact on the yen-translated amount of foreign currency-denominated transactions and items of financial statements of overseas consolidated subsidiaries. Internal currency exchange rates are used in foreign currency-denominated transactions, and those of

U.S. dollar and euro are reviewed quarterly to avoid discrepancies with actual rates. Considering the expansion and scale of the current business, our disclosure recognizes that the amount of impacts on operating profit due to discrepancies would be about ¥500 million caused by ¥1 per U.S. dollar and about ¥100 million caused by ¥1 per euro.

Fluctuations in interest rates could also impact the amounts of interest income and interest expense by the Group, as well as housing business demand.

In the event of a change in the market and business environments, there is a risk that the Group's real estate holdings including land, other inventories, property, plant, and equipment, intangible assets including goodwill, and investments and other assets such as investment securities might need to be written down.

Each of the aforementioned has the potential to impact the Group's business results and financial position.

(iv) Major earthquake, natural disaster, and other incident

Natural disasters as earthquakes and tsunamis at the Group's business sites, together with the spread of infectious diseases could interrupt the Group's business activities.

Any resulting loss of public confidence, expenses in responding to industrial accidents, including compensation and other costs, opportunity loss attributable to the suspension of production, compensation paid to customers, and other factors might affect the Group's performance and financial position.

(v) Politics and society

Engaging in manufacturing and sales activities through an overseas network that currently spans 20 countries and regions, the Group is promoting the development of its global business as a key growth strategy.

In addition to trends in the overall global economy, the Group's overseas business activities are subject to the risk of social and political disruption due to political turmoil such as terrorism and war, tariff retaliation measures, unexpected changes in policies, laws and regulations, tax changes, industrial base fragility, natural disasters, infectious diseases, racial discrimination, product boycotts, and other factors. We recognize that U.S. tariff policy, in particular, has a significant impact, and we continue to assess its business implications and our responses as needed.

In the event that these risks materialize, the Group's overseas business activities could be impeded and its performance and future plans affected.

The Group has established four regional headquarters in the United States, Europe, China, and the ASEAN regions to gather information on the economic, social, and political conditions and trends in the laws and regulations of each country in which it has a base of operations.

Should an event that requires a response occur, the Group company, regional headquarters, and specialized department at the Company's head office in Japan work together to respond as appropriate.

(2) Operational risks

The SEKISUI CHEMICAL Group positions especially serious risks among risks which would damage the Company's sustainable growth and corporate value as serious risks for the whole Company. After the discussion at sub-committees of individual business areas, the Sustainability Committee, and the Board of Directors, policies and countermeasures to be taken are determined and incorporated into action plans of individual departments. The Company also conducts a "Sustainable Procurement" survey, etc. for suppliers to develop responsible supply chain, in an effort to realize and maintain sustainable procurement.

(i) Safety and health, industrial accident

Major industrial accidents including fires, explosions, and the leakage of harmful substances that affect the areas surrounding the Group's factories and R&D facilities, and the resulting loss of public confidence and expenses in responding to industrial accidents could incur.

In order to prevent industrial accidents including fires, explosions, and the leakage of harmful substances, the Group identifies and responds to risks through risk management activities at production sites that also include simulations of natural disasters, and has a dedicated head office department that periodically conducts onsite audits while providing remedial guidance (securing facility nature, etc.) on a global basis.

Taking the lead, the Overseas Crisis Management Office at the same time shares natural disaster and other crisis management information with regional headquarters, alerting them to the need for timely action.

(ii) Products and quality

The Group continues to engage in assurance and improvement activities to ensure that its products and services are of the utmost quality.

However, despite these activities, the Group continues to run the risk of a product recall, discontinuation, payment of compensation, and loss of customer confidence should a major product-related incident occur; should product safety, environmental, statutory and regulatory compliance, or other issues arise; and in the event of a dispute over intellectual property

that results in a decision that is unfavorable to the Group.

In this event, the possibility exists that the Group's business results and financial position could be affected.

The Group engages in "CS & Quality Management" to consistently deliver value to customers so that they will always choose its products and services. We have also positioned "zero major quality issues" as one of our key indicators, and are working diligently to improve the level of consistent quality control across the entire value chain by preventing the incidence of a quality issue occurring through advance prediction of potential quality-related risks at the development stage after a product has been commercialized, and ensuring that basic guidelines for day-to-day management are being strictly adhered to by production departments.

At the same time, the Group places the utmost importance on its intellectual property strategy in order to make the most of its prominence in technology. In striving to secure business competitiveness through the acquisition of strong patents, we conduct investigations to ensure that we do not infringe on the intellectual property of others and take appropriate measures to avoid or prevent intellectual property infringement.

(iii) Compliance

The Group is subject to a variety of statutory and regulatory requirements in the conduct of its business.

In the event that the Group should seriously violate any of these laws following an amendment or unexpected introduction of a law or regulation, or undertake an action or carry out an injustice caused by pressure to achieve performance targets, it could suffer a loss of customer confidence and incur costs in order to address the infraction thereby impacting its business results and financial position.

The Group established its "Compliance Declaration" in 2003 based on principles such as "contributing to society," "being a trusted company," and "adherence to the letter and spirit of the law." In keeping with the spirit of the Group Principles and our Corporate Code of Ethics, we defined our stance for the acquisition of high social trust through compliance. In October 2020, under the leadership of President Kato, the Group declared that it regards compliance as the foundation for growth, and that each and every officer and employee must act with a high sense of ethics and responsibility and behave in ways that conform to community expectations.

In addition, the Board of Directors deliberates on "Fundamental Compliance Policies" that require the approval of the Board of Directors, and has established a designated Compliance Sub-committee, which reports to the Sustainability Committee chaired by the President, to plan, consider, and decide on important compliance-related matters, with the aim of establishing and implementing a compliance system for the Company and its Group companies. Furthermore, the Group has a dedicated head office department that periodically conducts audits while providing remedial guidance on a global basis.

In order to ensure the Group will be widely trusted by society, we will continue to carry out initiatives for improving compliance awareness.

(iv) Information management

As the Group makes efficient use of IT in a wide range of business processes including production, sales, research and development, procurement, and accounting, it is becoming increasingly dependent on IT systems. Moreover, and in addition to confidential business process information, we handle personal information about many of our customers due to the nature of the Housing business.

Taking these circumstances into consideration, the Group is subject to such risks as cyberattacks, power outages, natural disasters, business interruptions and damages resulting from equipment and software failures or defects, and the leakage of confidential including personal information and secret technical information. In the event that any of these risks should materialize, the Group's business activities could be impeded affecting its business results and financial position.

After putting in place certain guidelines codified in its Cyber Security Policy, the Group established a Computer Security Incident Response Team (CSIRT) to strengthen its response and constantly monitor the incidence or otherwise of system-based incidents.

In addition, we have developed a system to take appropriate action and prevent recurrence in the event that an incident should arise, and we are working to prevent the leakage of human-related information through employee training.

To counter the risk of backbone system stoppages due to such natural disasters as a major earthquake, we have taken a wide range of measures including the decentralization of data centers to multiple locations and the complete duplication of critical business operations.

Furthermore, in specific highly confidential businesses, we promote information management with the support of relevant ministries.

(v) Climate change and environmental issues

As global recognition grows that climate change, resource depletion, water risk, and marine plastic waste are common societal issues, delays in responding to policies and regulations supporting environmental protection could lead to higher energy procurement costs due to carbon taxes, difficulty in procuring materials necessary for product decarbonization, loss of trust and reputation in society, decreased competitiveness, and potential impacts on financial conditions.

We are working to create, certify, and expand the market for products to enhance sustainability that contribute to the sustainability of the global environment and society by helping to resolve environmental and social issues. As a measure to combat global warming, we have set the target of increasing our utilization ratio for renewable energy from electricity purchased to 100% by 2030, and work to convert fuels used by facilities to electricity and low carbon fuels, expand the use of non-fossil energy and renewable materials, and recycle wastes, etc. in collaboration with suppliers to realize a circular economy. Among a host of other initiatives, we are also undertaking activities to promote solutions to the marine plastic problem through industry-government-academia and company collaborations. This includes participation in the CLOMA*1, CPs*2, and SusPla*3 corporate initiatives.

*1 CLOMA: Japan Clean Ocean Material Alliance.

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

*3 SusPla: Organization established to expand the market for recycled plastics through material recycling that contributes to quality improvement and stable supply.

(vi) Human capital

For the long-term vision, our Group aims to double its contribution by 2030, promoting growth acceleration through strategic innovation and strengthening existing businesses. Conversely, due to a potential decline in recruitment competitiveness, increased turnover, lack of challenging opportunities or management experience, lack of or imbalance in human capital, or mismatch between skills and business needs, there may be a risk of failing to achieve business plans or the expected growth rate. To address this, we are promoting “fostering a culture that embraces challenge,” “achieving the right talent in the right position,” and “achieving diversity.” We aim to create a sustainable organization that realizes the long-term vision by providing opportunities for challenges such as a job application system, fostering a culture of career autonomy, early development and selection of business leaders for the next generation, securing highly specialized talent, reskilling aligned with business needs, promoting the active participation of diverse talent, and creating a healthy and safe working environment.

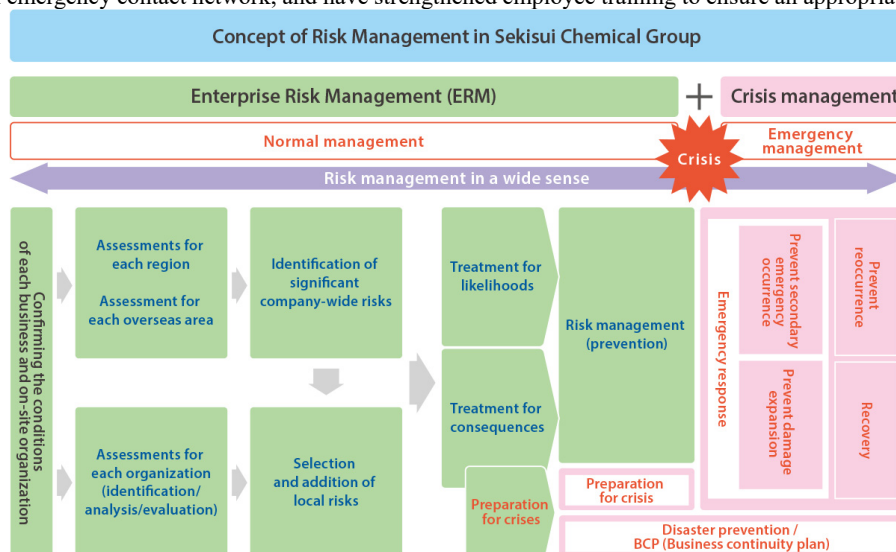
(3) Strategic risks

While seeking to enter new businesses through partnerships, mergers and acquisitions, and R&D activities, there are risks that these initiatives may fail or may take longer than expected. Additionally, risks in the new business environment may emerge in the relevant markets even if new business entries succeed.

(4) Risk identification and management

The SEKISUI CHEMICAL Group comprehensively collects risk information by specialty domain and overseas region to assess “the likelihood of occurrence” and “impact.” Based on the results, a company-wide risk discussion meeting held by officers in charge of specific expertise makes uniform assessment and specifies a company-wide material risk. We run the risk management structure for integrated management of measures to prevent these risk events from occurring (enterprise risk management: ERM) and to respond when one occurs (crisis management). This integration lets us set up a structure to adapt to ever-changing risks and crises in accordance with the situation for the organization.

In addition, we have built a system that allows us to determine the state of disasters and accidents quickly should they occur through a global emergency contact network, and have strengthened employee training to ensure an appropriate initial response.



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

(1) Overview of business results, etc.

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

(i) Financial position and business results

In fiscal 2024, the second year of the “Drive 2.0” Medium-term Management Plan formulated based on the SEKISUI CHEMICAL Group’s Long-term Vision “Vision 2030,” the domestic new housing market remained sluggish, and global market conditions such as automobile production and smartphone shipments also trended downwards.

Under these circumstances, net sales reached a new record high due to increased sales of high value-added products as well as positive foreign exchange effects.

Driven by efforts to expand sales of high value-added products, secure profit, and control fixed costs—along with the impact of foreign exchange—all segments recorded increased profits. As a result, company-wide operating profit surpassed ¥100,000 million, and profit at each level reached record highs.

As a result, net sales for the fiscal year under review rose 3.3% to ¥1,297,754 million, operating profit rose 14.4% to ¥107,951 million, ordinary profit increased 4.8% to ¥110,958 million, and profit attributable to owners of parent rose 5.1% year on year, to ¥81,925 million.

Business results by segment are as follows.

a) Housing business

Net sales during the fiscal year under review decreased to ¥524,010 million, down 1.1% compared with the previous fiscal year, and operating profit amounted to ¥31,498 million, up 13.6% compared with the previous fiscal year. In the fiscal year under review, sales declined slightly compared to the previous fiscal year, resulting in decreased revenue. This was due to a decrease in the number of housing units sold in the New Housing Construction business, even though sales grew in the Housing Renovation and Real Estate businesses. Operating profit rose, driven by the effects of profitability enhancement measures in the New Housing Construction business and steady expansion of the Housing Renovation business.

Measures such as pursuing the qualities of “smart” and “resilient” continued to be carried out for the New Housing Construction, Housing Renovation, and Town and Community Development businesses. In the New Housing Construction business, we focused on strengthening marketing activities, such as enhancing regional product strategies and improving design.

Although the number of orders slightly declined from the previous year due to slow demand recovery in regional areas caused by rising prices, demand in urban areas remained relatively strong, and the value of orders exceeded that of the previous year.

In the Housing Renovation business, orders increased year on year due to reinforcement of sales structures, continued regular inspection services, and higher sales from renovations with a focus on insulation and others.

b) Urban Infrastructure & Environmental Products business

Net sales during the fiscal year under review increased to ¥240,492 million, up 2.4% compared with the previous fiscal year, and operating profit amounted to ¥22,958 million, up 3.7% compared with the previous fiscal year. In the fiscal year under review, despite the sluggish domestic housing and non-housing construction market as well as the deterioration of cargo movement due to construction delays in the fourth quarter, as a result of selling price improvements and the sales growth of prioritized products, net sales increased and operating profit reached a record high for the third consecutive fiscal year, with increases in both revenue and profit.

In the Pipe Systems field, although domestic demand for housing and non-housing use remained sluggish and chlorinated polyvinyl chloride (CPVC) resin was affected by a downturn in the Indian market, improved selling prices and the expansion of prioritized products contributed to sales growth over the previous year.

In the Buildings and Infrastructure Composite Materials field, sales increased year on year, supported by expansion in prioritized products such as fire protection and non-flammable materials, and an increase in orders for synthetic lumber (FFU) for railway sleeper applications, particularly in Europe.

In the Infrastructure Renovation field, despite construction delays both domestically and overseas in pipeline renewal projects, demand for water supply panel tanks remained strong, resulting in year-on-year sales growth.

c) High Performance Plastics business

Net sales during the fiscal year under review increased to ¥447,354 million, up 8.3% compared with the previous fiscal year, and operating profit amounted to ¥61,235 million, up 20.2% compared with the previous fiscal year. In the fiscal year under review, despite continued weakness in global market conditions, sales of high-performance products expanded, and the positive impact of foreign exchange also contributed. As a result, net sales increased and operating profit rose marking significant gain in profit and setting a new record high.

In the Electronics field, sales exceeded the previous fiscal year due to a recovery in semiconductor-related demand and steady progress in acquiring new demand.

In the Mobility field, although demand for certain aircraft-related applications remained sluggish and automobile production was stagnant, sales surpassed the previous fiscal year thanks to the continued expansion of new high-performance interlayer films, including those for head-up displays, heat shielding products, and color/design applications.

In the Industrial Business field, although construction and consumer goods demand in Europe fell short of expectations, improved pricing and increased sales of labor-saving and environmentally friendly products such as foam materials and tapes contributed to year-on-year sales growth.

d) Medical business

Net sales during the fiscal year under review increased to ¥99,175 million, up 7.1% compared with the previous fiscal year, and operating profit amounted to ¥12,788 million, up 16.8% compared with the previous fiscal year. In the fiscal year under review, Medical business saw sales and profits increase setting new record highs. This performance was supported by capturing steady domestic demand for immunoassay diagnostics and expanding sales of infectious disease test kits in the U.S., as well as solid orders in key active pharmaceutical ingredients (APIs) and drug discovery support services in the Pharmaceutical Sciences business.

e) Other businesses

Net sales during the fiscal year under review amounted to ¥7,553 million, up 4.1% compared with the previous fiscal year, and operating loss amounted to ¥11,589 million, up ¥767 million from the previous fiscal year.

(ii) Cash flows

Cash and cash equivalents amounted to ¥120,895 million as of the end of the fiscal year under review, a decrease of ¥5,471 million compared with the end of the previous fiscal year.

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

(Operating activities)

Net cash provided by operating activities during the fiscal year under review amounted to ¥119,231 million, compared with net cash provided of ¥106,632 million during the previous fiscal year. This was mainly due to cash inflows, which included profit before income taxes of ¥119,973 million, depreciation of ¥52,361 million, and an increase in advances received of ¥12,159 million, exceeding cash outflows such as income taxes paid of ¥41,902 million, and an increase in inventories of ¥16,407 million.

(Investing activities)

Net cash used in investment activities during the fiscal year under review was ¥61,508 million, compared with net cash used of ¥18,515 million during the previous fiscal year. This was mainly due to cash outflows, which included payments for the purchase of property, plant, and equipment totaling ¥58,104 million, primarily in focus and growth areas, and payments for the purchase of intangible assets totaling ¥12,213 million, exceeding cash inflows such as proceeds from sale and redemption of investment securities totaling ¥16,134 million.

(Financing activities)

Net cash used in financing activities during the fiscal year under review was ¥61,200 million, compared with net cash used of ¥53,023 million during the previous fiscal year. This was due to expenditures such as dividend payments of ¥32,936 million (including dividends paid to non-controlling shareholders), expenditure of ¥10,069 million for repayments of long-term borrowings, and expenditure of ¥8,922 million for purchasing treasury shares.

(iii) Production, orders received and sales

a) Production results

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

Segment name	Amount (millions of yen)	Year-on-year (%)
Housing	535,717	(0.4)
Urban Infrastructure & Environmental Products	239,892	1.5
High Performance Plastics	454,274	9.2
Medical	105,435	5.9
Reportable segment total	1,335,318	3.5
Other	6,172	(24.8)
Total	1,341,491	3.3

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

b) Orders received

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

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

Segment name	Orders received (millions of yen)	Year-on-year (%)	Backlog of orders received (millions of yen)	Year-on-year (%)
Housing	455,602	5.1	180,998	30.0

c) Sales results

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

Segment name	Amount (millions of yen)	Year-on-year (%)
Housing	523,912	(1.0)
Urban Infrastructure & Environmental Products	227,401	2.5
High Performance Plastics	442,366	8.5
Medical	99,175	7.1
Reportable segment total	1,292,856	3.3
Other	4,897	5.2
Total	1,297,754	3.3

(Note) Inter-segment transactions have been eliminated.

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

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

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

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

(Financial position)

Total assets as of the end of the fiscal year under review stood at ¥1,330,786 million, an increase of ¥7,542 million from the previous fiscal year.

a) Assets

Current assets stood at ¥703,104 million, ¥17,540 million higher than the balance as of the end of the previous fiscal year. This was primarily due to increases of ¥4,013 million in cash and deposits and ¥15,586 million in inventories, while trade receivables decreased by a total of ¥6,192 million.

In addition, non-current assets decreased ¥9,997 million to ¥627,681 million.

b) Liabilities

While advances received increased by ¥12,121 million, total liabilities decreased by ¥6,898 million due to a decrease in short-term borrowings by ¥9,229 million, income taxes payable by ¥8,216 million, and trade payables by ¥306 million, including notes payable, electronically recorded obligations - operating, and accounts payable, reaching ¥495,420 million.

c) Net assets

Net assets stood at ¥835,366 million as of the end of the fiscal year under review, an increase of ¥14,441 million. Key contributing factors included a ¥42,854 million increase in retained earnings resulting from profit attributable to owners of parent of ¥81,925 million and dividend payments of ¥31,964 million, as well as decreases of ¥14,307 million in valuation difference on available-for-sale securities, ¥5,666 million in foreign currency translation adjustments, ¥3,553 million in capital surplus, ¥2,920 million in remeasurements of defined benefit plans, and ¥8,922 million from purchase of treasury shares.

(Business results)

a) Net sales and operating profit

Net sales during the fiscal year under review amounted to ¥1,297,754 million (up ¥41,215 million, or 3.3%, compared with the previous fiscal year).

Operating profit during the fiscal year under review amounted to ¥107,951 million (up ¥13,551 million, or 14.4%, compared with the previous fiscal year).

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

b) Non-operating expenses and income

Non-operating income decreased ¥6,049 million compared with the previous fiscal year, due to a decrease in foreign exchange gains of ¥6,958 million and a decrease in share of profit of entities accounted for using equity method of ¥843 million. Non-operating expenses increased ¥2,464 million compared with the previous fiscal year, due to an increase in loss on tax purpose reduction entry of non-current assets of ¥1,500 million and an increase in share of loss of entities accounted for using equity method of ¥1,092 million.

c) Extraordinary income and losses

Gain on sale of investment securities of ¥14,567 million was posted for extraordinary income.

Extraordinary losses included impairment losses of ¥2,788 million, loss on sale and retirement of non-current assets of ¥2,251 million, and loss on valuation of investment securities of ¥512 million, totaling ¥5,552 million.

A breakdown of loss on sale and retirement of non-current assets is as per the description in "V. Financial Information, 1.

Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to consolidated financial statements, (Notes to consolidated statement of income)."

d) Profit attributable to owners of parent

As a result of the above, profit before income taxes during the fiscal year under review totaled ¥119,973 million, an increase of ¥8,494 million compared with the previous fiscal year. After deducting income tax expense and profit attributable to non-controlling interests, profit attributable to owners of parent amounted to ¥81,925 million.

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

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

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

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

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

5. Material contracts, etc.

Agreements on licensing of marks

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

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

6. Research and development activities

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

Research and development expenses for the entire Group during the fiscal year under review amounted to ¥44,249 million. Details of research and development as well as research and development expenses by segment were as follows.

(1) Housing business

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

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

In the New Housing Construction field, we launched the “New Smart Power Station Plus” in October, which features a high-capacity storage battery with 10% increased capacity. It enhances resilience during disasters while offering a comfortable lifestyle with a semi-outdoor living space. In February, we launched “The Designer’s HeimD1,” a single-story steel-frame unit home that combines sophisticated architectural design, flat and open living spaces, and superior residential performance with high cost-efficiency enabled by factory production technologies. We focused on developing detached and multi-unit housing that meets the needs of various regions, including snowy areas and both urban and rural settings.

In the Housing Renovation field, we expanded our product lineup, especially for exterior walls, bathrooms, and storage batteries, and improved our responsiveness. In January, we launched the “Attaka Heim TR (Thermal Renovation),” a thermal renovation solution that achieves insulation equivalent to Grade 6 through the “Gaiheki TR” method, which involves attaching insulation to the exterior side of walls.

Research and development expenses for the business amounted to ¥3,591 million.

(2) Urban Infrastructure & Environmental Products business

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

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

Among new products contributing to top-line sales growth, in the Buildings and Infrastructure Composite Materials field, we introduced the “Corrugated Warm,” an insulated protective covering for EsloPex (cross-linked polyethylene pipes) used in

residential water supply and hot water piping. It offers excellent heat retention and improved scratch resistance and flexibility, contributing to easier on-site installation. In the CPVC business, which has a high ratio of overseas sales, we launched a newly formulated product with excellent moldability that allows for higher hourly production volume.

In the Infrastructure Renovation field, we released the SPR-SE Expand Type Method, a renewal technique for aging small-to medium-diameter sewer pipes. This method helps prevent road cave-ins caused by deteriorated pipes, which is a social issue. It forms a spiral-shaped pipe inside the existing pipe and then expands it to fit tightly, enabling construction without halting sewage flow and significantly shortening the work period.

Research and development expenses for the business amounted to ¥7,866 million.

(3) High Performance Plastics business

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

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

In the Electronics field, we launched components including a processing material (Selfa®) and interlayer insulation films which are necessary for high-speed communication circuits in the semiconductor/mounting-related area which is considered the next growth domain, and are continuing with development activities. In the Telecommunications field, we are working to develop new products for transparent flexible radio-wave reflective films aimed at eliminating spots with no 5G signals. Also, in car electronics components (cross-field) which is considered a priority fusion domain, we are working to expand sales and develop new products of heat dissipation materials for lithium-ion batteries for environmentally friendly vehicles. In the Mobility field, efforts are being made to develop new products that respond to lighter weight, energy-saving, and advanced information automobiles. Specifically, in the automotive interlayer film sector, we launched new products with high-performance sound and heat insulation suitable for the expanding EV market and the development of ADAS. In addition, we are working to develop new products such as components using foam molding technology that contribute to weight reduction of automobiles, and radio wave absorbers using thin-film technology that are used for millimeter wave radars for ADAS, and to cultivate the markets for them.

In the Industrial Business field, we developed and launched a sensor (product name ANSIEL®) with new features to monitor through integration with network cameras to reduce the burden on caregivers in an aging society. This functionality is expected to reduce the number of nighttime visits to patients' rooms, thereby reducing caregiver workload and ensuring restful sleep for patients. Additionally, responding to rising demand for bedding and clothing products that reduce specific proteins involved in antigen-antibody reactions, we are developing products for the textile market compliant with SEK standards.

Research and development expenses for the business amounted to ¥15,318 million.

(4) Medical business

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

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

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

Research and development expenses for the business amounted to ¥8,683 million.

(5) Other businesses

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

In the Environment and Energy field, we are leveraging our proprietary "encapsulation, film deposition, material, and process technologies" to use renewable energy, establishing a roll-to-roll manufacturing process (30 cm width) for film-type perovskite solar cells with 15% power generation efficiency and durability equivalent to 10 years. We are also promoting

field-specific and multi-sector collaborative demonstration projects involving lightweight roofs, including those with MUFG Bank, Ltd. (branches), East Japan Railway Company (shinkansen soundproof walls), MM BRIDGE CO., LTD. and KOEID (floating structures), and TERRA Co., Ltd. (agrivoltaics). Furthermore, we implemented the nation's first full-scale application of these technologies on an existing building facade at our Osaka Head Office. In another initiative for social implementation, we installed perovskite solar cells on a 250-meter bus stop roof on the west side of the venue for Expo 2025 Osaka, Kansai (opened in April 2025). The generated electricity is stored in large batteries and used for nighttime lighting at the bus stops. At the same time, utilizing the Green Innovation Fund of NEDO, we will establish a manufacturing process for film with a width of 1 meter and proceed with development to further improve durability and power generation efficiency, with the aim of commercialization in 2025.

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

A demonstrative operation of a commercial plant in one-tenth the size constructed in Kuji, Iwate Prefecture, started for commercialization of bio-refinery technology (that creates ethanol using microorganisms from gas emitted from a waste), a carbon resource recycling system that is expected to contribute significantly to a sustainable society. Moreover, we have been engaging in the development of technology that separates, collects, and reuses CO₂ from gas emitted in the ironmaking process, and started international joint research and development of carbon recycling to be used in the steel process with ArcelorMittal, S.A., a globally leading steel and mining company.

In the Life Science field, we are developing chemically synthesized scaffold materials for cell culture solutions. These materials are free of animal-derived substances and offer excellent homogeneity and storage stability, aiming for entry into the regenerative medicine markets both in Japan and abroad.

Research and development expenses for the business amounted to ¥8,789 million.

III. Information About Facilities

1. Overview of capital expenditures

Capital expenditures in the fiscal year ended March 31, 2025 were ¥70,274 million (including intangible assets). For the High Performance Plastics business, we made capital investment mainly in buildup of production facilities.

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

2. Major facilities

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

(1) Reporting company

As of March 31, 2025

Business office name (Location)	Segment name	Facility type	Carrying amount (millions of yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment, and vehicles	Land (1,000 square meters)	Leased assets	Other (Note 1)	Total	
Shiga-Minakuchi Plant (Koga City, Shiga) (Note 2)	Housing business High Performance Plastics business	Production facilities for exterior paneling for unit housing, high- performance resin, LCD microparticle products, and interlayer films	6,202	7,840	4,618 (355.0)	9	1,602	20,273	563
Shiga-Ritto Plant (Ritto City, Shiga) (Note 3)	Urban Infrastructure & Environmental Products business	Production facilities for polyvinyl chloride pipes, FFU, etc.	3,934	4,264	1,634 (195.5) [15.7]	64	1,750	11,649	401
Musashi Plant (Hasuda City, Saitama) (Note 4)	Urban Infrastructure & Environmental Products business High Performance Plastics business	Production facilities for fire protection materials, various tapes, foam polyolefins, and multilayer films	3,533	5,545	156 (109.1) [1.6]	24	890	10,150	479
Taga Plant (Taga-cho, Inukami- gun, Shiga)	High Performance Plastics business	Production facilities for various tapes, etc.	3,542	2,169	2,989 (95.6)	13	420	9,135	289
Gunma Plant (Isesaki City, Gunma)	Housing business Urban Infrastructure & Environmental Products business	Production facilities for exterior paneling for unit housing and polyvinyl chloride pipes	2,583	1,941	3,329 (230.2)	81	519	8,455	209
Advanced Technology Institute (Tsukuba City, Ibaraki)	Other businesses	Research facilities	1,963	1,843	1,734 (66.3)	2	2,707	8,251	167
Research & Development Institute (Shimamoto-cho, Mishima-gun, Osaka)	High Performance Plastics business	Research facilities	3,091	319	2,309 (30.9)	—	1,005	6,726	375

Business office name (Location)	Segment name	Facility type	Carrying amount (millions of yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment, and vehicles	Land (1,000 square meters)	Leased assets	Other (Note 1)	Total	
General Institute (Minami-ku, Kyoto City, Kyoto)	Urban Infrastructure & Environmental Products business	Research facilities	4,765	300	385 (17.6)	2	361	5,815	363
General Institute (Ritto City, Shiga)	Urban Infrastructure & Environmental Products business	Research facilities	1,630	322	—	—	64	2,017	140

(2) Domestic subsidiaries

As of March 31, 2025

Company name	Business office name (Location)	Segment name	Facility type	Carrying amount (millions of yen)						Number of employees (persons)
				Buildings and structures	Machinery, equipment, and vehicles	Land (1,000 square meters)	Leased assets	Other (Note 1)	Total	
SEKISUI BIO REFINERY CO., LTD.	Kuji Plant (Kuji City, Iwate)	Other businesses	Production facilities for bio refinery ethanol	336	125	–	6	12,313	12,781	37
SEKISUI MEDICAL CO., LTD.	Iwate Plant (Hachimantai City, Iwate)	Medical business	Facilities for production of and research on pharmaceutical ingredients and intermediates, and related matters	3,456	3,326	219 (461.1)	–	650	7,652	134
SEKISUI HEIM INDUSTRY CO., LTD.	Chubu Plant (Toyohashi City, Aichi)	Housing business	Production facilities for unit housing	1,365	810	3,178 (89.4)	37	164	5,556	220
SEKISUI SEIKEI CO., LTD.	Kanto Plant (Itakura-machi, Ora-gun, Gunma)	High Performance Plastics business	Facilities for blow molding	2,979	1,782	655 (33.0)	32	69	5,519	84
SEKISUI MEDICAL CO., LTD.	Tsukuba Plant (Ryugasaki City, Ibaraki)	Medical business	Facilities for production of and research on diagnostic agents	1,059	450	2,047 (75.3)	–	610	4,168	268
TOKUYAMA SEKISUI CO., LTD.	Main Plant (Shunan City, Yamaguchi)	Urban Infrastructure & Environmental Products business	Production facilities for polyvinyl chloride resins	976	2,322	252 (59.0)	4	229	3,786	113
YAMANASHI SEKISUI CO., LTD.	Main Plant (Kofu City, Yamanashi)	Urban Infrastructure & Environmental Products business	Production facilities for polyvinyl chloride fittings	1,341	1,361	216 (35.2)	91	655	3,665	170
KYUSHU SEKISUI HEIM INDUSTRY CO., LTD.	Main Plant (Tosu City, Saga)	Housing business	Production facilities for unit housing	2,721	523	56 (1.3)	48	9	3,358	146
SEKISUI HEIM INDUSTRY CO., LTD.	Tokyo Plant (Hasuda City, Saitama)	Housing business	Production facilities for unit housing	1,401	1,559	188 (5.4)	9	136	3,295	474
SEKISUI MEDICAL CO., LTD.	Tokuyama Plant (Shunan City, Yamaguchi)	Medical business	Production facilities for medical equipment	1,714	725	–	–	339	2,779	66
TOTO SEKISUI CO., LTD.	Main Plant (Ota City, Gunma)	Urban Infrastructure & Environmental Products business	Production facilities for building material products	1,018	892	591 (24.8)	–	216	2,718	160
CHIBA SEKISUI INDUSTRY CO., LTD.	Head Office and Plant (Ichihara City, Chiba)	Urban Infrastructure & Environmental Products business	Facilities for extrusion molding	1,003	677	210 (63.7)	23	323	2,237	94

(3) Foreign subsidiaries

As of March 31, 2025

Company name	Business office name (Location)	Segment name	Facility type	Carrying amount (millions of yen)						Number of employees (persons)
				Buildings and structures	Machinery, equipment, and vehicles	Land (1,000 square meters)	Leased assets	Other (Note 1)	Total	
SEKISUI S-LEC B.V.	Raw material plant (Geleen City, Netherlands)	High Performance Plastics business	Production facilities for interlayer film raw materials	5,048	9,787	—	472	99	15,408	63
SEKISUI ALVEO B.V.	Main Plant (Roermond City, Netherlands)	High Performance Plastics business	Production facilities for foam products	3,260	6,049	332 (115.0)	205	1,409	11,257	291
SEKISUI VOLTEK, LLC.	Coldwater Plant (Michigan, United States)	High Performance Plastics business	Production facilities for foam products	1,184	3,339	33 (136.6)	—	5,933	10,490	178
SEKISUI S-LEC B.V.	Main Plant (Roermond City, Netherlands)	High Performance Plastics business	Production facilities for interlayer film products	2,937	6,753	267 (16.9)	—	388	10,347	217
YOUNGBO CHEMICAL CO., LTD.	Cheongwon Plant (Cheongju City, Chungcheongbuk, South Korea)	High Performance Plastics business	Production facilities for foam products	2,326	1,531	3,102 (211.5)	3	220	7,184	239
SEKISUI SPECIALTY CHEMICALS AMERICA, LLC.	Calvert City Plant (Kentucky, United States)	High Performance Plastics business	Production facilities for polyvinyl alcohol resins	258	6,235	46 (143.6)	1	598	7,140	70
SEKISUI ESLON B.V.	Main Plant (Roermond City, Netherlands)	Urban Infrastructure & Environmental Products business	Production facilities for building and advanced material products	2,415	3,115	60 (22.0)	—	745	6,338	62
SEKISUI SPECIALTY CHEMICALS AMERICA, LLC.	Pasadena Plant (Texas, United States)	High Performance Plastics business	Production facilities for polyvinyl alcohol resins	245	4,510	460 (125.8)	28	488	5,734	57
SEKISUI DIAGNOSTICS (UK) LIMITED	Main Plant (Kent, United Kingdom)	Medical business	Production facilities for pharmaceuticals	309	988	145 (9.9)	18	3,207	4,669	45
SEKISUI S-LEC MEXICO S.A.DE C.V.	Main Plant (Morelos, Mexico)	High Performance Plastics business	Production facilities for interlayer film products	1,553	2,224	148 (17.5)	66	218	4,211	137
SEKISUI KYDEX, LLC.	The Third Plant (Pennsylvania, United States)	High Performance Plastics business	Production facilities for decorative sheet products	2,308	1,256	45 (230.0)	—	388	3,999	50
SEKISUI AEROSPACE CORPORATION	Main Plant (Washington, United States)	High Performance Plastics business	Manufacturing facilities for composite material mold products for aircraft and drones	128	1,126	—	939	513	2,707	158

Company name	Business office name (Location)	Segment name	Facility type	Carrying amount (millions of yen)						Number of employees (persons)
				Buildings and structures	Machinery, equipment, and vehicles	Land (1,000 square meters)	Leased assets	Other (Note 1)	Total	
SEKISUI- SCG INDUSTRY CO., LTD.	Main Plant (Saraburi, Thailand)	Housing business	Production facilities for unit housing	1,446	155	898 (150.4)	27	11	2,541	84
SEKISUI YOUNGBO HPP (WUXI) CO., LTD.	Main Plant (Wuxi City, Jiangsu, China)	High Performance Plastics business	Production facilities for foam products	1,006	1,367	—	11	114	2,499	72
SEKISUI SPECIALTY CHEMICALS EUROPE S.L.	Main Plant (Catalonia, Spain)	High Performance Plastics business	Production facilities for polyvinyl alcohol resins	—	1,777	412 (8.4)	144	158	2,493	68
SEKISUI INDUSTRIAL PIPING CO., LTD.	The Second Plant (Taichung, Taiwan)	Urban Infrastructure & Environmental Products business	Facilities for extrusion molding etc.	720	511	—	861	244	2,337	169
SEKISUI DIAGNOSTICS P.E.I. INC.	Main Plant (Prince Edward Island, Canada)	Medical business	Production facilities for pharmaceuticals	170	714	—	1,204	168	2,257	187
SEKISUI SPECIALTY CHEMICALS (THAILAND) CO., LTD.	Rayong Plant (Rayong, Thailand)	Urban Infrastructure & Environmental Products business	CPVC compound production facility	297	102	295 (16.4)	—	1,552	2,248	84
SEKISUI S-LEC (SUZHOU) CO., LTD.	Main Plant (Suzhou City, Jiangsu, China)	High Performance Plastics business	Production facilities for interlayer film products	290	1,819	—	22	92	2,224	138
SEKISUI DLJM MOLDING PRIVATE LIMITED	Chennai Plant (Chennai City, India)	High Performance Plastics business	Facilities for injection molding	956	609	206 (36.8)	—	433	2,206	293
SEKISUI POLYMATECH (SHANGHAI) CO., LTD.	Shanghai Plant (Shanghai City, China)	High Performance Plastics business	Facilities for resin molding, coating, etc.	837	966	—	—	232	2,036	460

- (Notes)
1. “Other” in the carrying amount is the total of construction in progress and tools, furniture, and fixtures.
 2. The land area includes land of ¥2,311 million (45,100 square meters), which is leased out to companies other than consolidated companies.
 3. The land and buildings are partially leased. The annual rent expenses are ¥36 million. The leased land area is put in brackets and shown separately.
 4. The land and buildings are partially leased. The annual rent expenses are ¥372 million. The leased land area is put in brackets and shown separately.

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

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

Company name	Business office name (Location)	Segment name	Facility type	Planned investment amount		Method of financing	Scheduled date of commencement and completion	
				Total amount (millions of yen)	Amount paid (millions of yen)		Commencement	Completion
SEKISUI SOLAR FILM CO., LTD.	Sakai Plant (Sakai-ku, Sakai City, Osaka)	Other businesses	Production facilities of perovskite solar cells	90,000	2,750	Funds on hand, subsidies, and borrowings	January 2025	March 2028
SEKISUI BIO REFINERY CO., LTD.	Kuji Plant (Kuji City, Iwate)	Other businesses	Production facilities for bio refinery ethanol	14,500	13,302	Funds on hand and borrowings	March 2020	December 2025
SEKISUI S-LEC (THAILAND) CO., LTD.	Main Plant (Rayong, Thailand)	High Performance Plastics business	Production facilities for interlayer film	8,500	1,087	Funds on hand and borrowings	May 2024	September 2027
SEKISUI VOLTEK, LLC.	Main Plant (Michigan, United States)	High Performance Plastics business	Production facilities for foam products	3,965	3,275	Funds on hand and borrowings	September 2022	March 2026
SEKISUI CHEMICAL CO., LTD.	Musashi Plant (Hasuda City, Saitama)	High Performance Plastics business	Production facilities for semiconductor products	3,158	24	Funds on hand and borrowings	February 2024	September 2029
SEKISUI CHEMICAL CO., LTD.	Musashi Plant (Hasuda City, Saitama)	High Performance Plastics business	Sekisui Polymatech Co., Ltd. new office and development building	3,120	16	Funds on hand and borrowings	January 2025	September 2027
SEKISUI DIAGNOSTICS (UK) LIMITED	Main Plant (Kent, United Kingdom)	Medical business	Production facilities for pharmaceuticals	2,638	2,241	Funds on hand and borrowings	July 2020	October 2027
SEKISUI POLYMATECH AMERICA, LLC.	Main Plant (Kentucky, United States)	High Performance Plastics business	Heat dissipation materials production equipment	2,271	2,271	Funds on hand and borrowings	November 2022	July 2025

IV. Information About Reporting Company

1. Company's shares, etc.

(1) Total number of shares

(i) Total number of shares

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

(ii) Issued shares

Class	Number of issued shares as of fiscal year end (shares) (March 31, 2025)	Number of issued shares as of filing date (shares) (June 16, 2025)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common shares	444,507,285	440,507,285	Tokyo Stock Exchange Prime Market	Number of shares constituting one unit 100
Total	444,507,285	440,507,285	—	—

(2) Share acquisition rights

(i) Employee share option plans

Not applicable.

(ii) Rights plans

Not applicable.

(iii) Share acquisition rights for other uses

Not applicable.

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

Not applicable.

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

Date	Change in the total number of issued shares (thousands of shares)	Balance of the total number of issued shares (thousands of shares)	Change in share capital (millions of yen)	Balance of share capital (millions of yen)	Change in legal capital surplus (millions of yen)	Balance of legal capital surplus (millions of yen)
May 25, 2020	(8,000)	476,507	—	100,002	—	109,234
May 25, 2021	(5,000)	471,507	—	100,002	—	109,234
May 25, 2022	(8,000)	463,507	—	100,002	—	109,234
November 25, 2022	(7,000)	456,507	—	100,002	—	109,234
May 25, 2023	(4,000)	452,507	—	100,002	—	109,234
November 24, 2023	(4,000)	448,507	—	100,002	—	109,234
May 24, 2024	(4,000)	444,507	—	100,002	—	109,234

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

2. The total number of issued shares decreased by 4,000,000 as we canceled treasury shares on May 23, 2025 after the end of the fiscal year under review.

(5) Shareholding by shareholder category

As of March 31, 2025

AS OF March 31, 2022

Category	Shares (one unit comprises 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institution	Financial service provider	Other corporation	Foreign corporation		Individual and other	Total	
					Non-individual	Individual			
Number of shareholders (persons)	–	86	70	743	724	124	114,111	115,858	–
Number of shares held (units)	–	1,495,186	156,091	259,909	1,510,799	491	1,018,611	4,441,087	398,585
Proportion of the number of shares held (%)	–	33.67	3.51	5.85	34.02	0.01	22.94	100.00	–

(Note) With regard to 25,971,145 treasury shares (excluding those held by the BIP trust for remuneration for directors (and other officers) and by the ESOP trust for share granting), 259,711 units are included in “Individual and other.”

(6) Major shareholders

As of March 31, 2025

Name	Address	Number of shares held (thousands of shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1, Akasaka, Minato-ku, Tokyo	60,717	14.50
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	21,709	5.18
The Dai-ichi Life Insurance Company, Limited (Standing proxy: Custody Bank of Japan, Ltd.)	1-13-1, Yuraku-cho, Chiyoda-ku, Tokyo (1-8-12, Harumi, Chuo-ku, Tokyo)	12,793	3.05
Employees Stock Ownership Plan	2-4-4 Nishitemma, Kita-ku, Osaka	12,036	2.87
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo)	8,648	2.06
Sekisui House, Ltd.	1-1-88, Oyodonaka, Kita-ku, Osaka	7,998	1.91
National Mutual Insurance Federation of Agricultural Cooperatives (Standing proxy: The Master Trust Bank of Japan, Ltd.)	2-7-9, Hirakawa-cho, Chiyoda-ku, Tokyo (1-8-1, Akasaka, Minato-ku, Tokyo)	7,302	1.74
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	One Congress Street, Suite 1, Boston, Massachusetts (2-15-1, Konan, Minato-ku, Tokyo)	6,789	1.62
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (2-15-1, Konan, Minato-ku, Tokyo)	5,802	1.38
JPMorgan Securities Japan Co., Ltd.	2-7-3, Marunouchi, Chiyoda-ku, Tokyo	5,615	1.34
Total	—	149,412	35.69

(Notes) 1. According to the statements of large-volume holdings disclosed on June 20, 2024, Sumitomo Mitsui Trust Asset Management Co., Ltd. holds shares in the Company's stock as of June 14, 2024 as follows. However, we do not include Sumitomo Mitsui Trust Asset Management Co., Ltd. in the major shareholders listed above as we could not confirm the actual number of shares held by Sumitomo Mitsui Trust Asset Management Co., Ltd. as of March 31, 2025. Details of the statements of large-volume holdings are as follows:

Name	Address	Number of shares held (thousands of shares)	Shareholding ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo	11,239	2.53

Nikko Asset Management Co., Ltd.	9-7-1, Akasaka, Minato-ku, Tokyo	13,169	2.96
Total	—	24,408	5.49

2. According to the statements of large-volume holdings disclosed on October 7, 2024, Mitsubishi UFJ Financial Group, Inc. holds shares in the Company's stock as of September 30, 2024 as follows. However, we do not include Mitsubishi UFJ Financial Group, Inc. in the major shareholders listed above as we could not confirm the actual number of shares held by Mitsubishi UFJ Financial Group, Inc. as of March 31, 2025. Details of the statements of large-volume holdings are as follows:

Name	Address	Number of shares held (thousands of shares)	Shareholding ratio (%)
MUFG Bank, Ltd.	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	3,732	0.84
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	12,361	2.78
Mitsubishi UFJ Asset Management Co., Ltd.	1-9-1, Higashishimbashi, Minato-ku, Tokyo	4,391	0.99
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2, Otemachi, Chiyoda-ku, Tokyo	1,945	0.44
Total	—	22,431	5.05

(7) Voting rights
(i) Issued shares

As of March 31, 2025

Category	Number of shares (shares)	Number of voting rights (rights)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Shares held by the Company) Common shares 25,971,100	—	Standard Sekisui Chemical shares not subject to any restriction on rights Number of shares constituting one unit: 100
	(Reciprocal holding) Common shares 11,800		
Shares with full voting rights (other)	Common shares 418,125,800	4,181,258	Same as above
Shares less than one unit	Common shares 398,585	—	—
Total number of issued shares	444,507,285	—	—
Voting rights held by all shareholders	—	4,181,258	—

(Note) Shares with full voting rights (other) include the following shares (voting rights).
 BIP trust for remuneration for directors (and other officers): 686,000 shares (6,860 rights)
 ESOP trust for share granting: 86,300 shares (863 rights)

(ii) Treasury shares, etc.

As of March 31, 2025

Name of shareholder	Address of shareholder	Number of shares held in own name	Number of shares held in others' names	Total number of shares held	Shareholding ratio (%)
(Shares held by the Company) Sekisui Chemical Co., Ltd.	2-4-4 Nishitemma, Kita-ku, Osaka	25,971,100	—	25,971,100	5.84
(Reciprocal holding) Sekisui Heim Higashishikoku Co., Ltd.	4-1-16, Kazurashima, Kochi, Kochi	11,800	—	11,800	0.00
Total	—	25,982,900	—	25,982,900	5.84

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

(8) Share ownership plan for directors (and other officers) and employees
(i) Share granting plan for senior employees, etc. of the Company

Through resolution by a Board of Directors meeting held on April 27, 2016, we introduced a share granting plan for senior

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

1. Outline of share granting plan

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

2. Description of trust contract

- Category of trust	Money trust other than individually operated designated money trusts (third-party benefit trust)
- Purpose of trust	Give incentive to eligible employees for the plan
- Settlor	The Company
- Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
- Beneficiaries	Employees satisfying beneficiary requirements among eligible employees for the plan
- Trust administrator	A third party who has no interest in the Company (CPA).
- Date of trust contract execution	August 31, 2016
- Trust period	From August 31, 2016 to August 31, 2025 (planned)
- Commencement date of the Plan	August 31, 2016
- Exercise of voting rights	The trustees shall exercise voting rights of shares of the Company in accordance with trust administrator instructions reflecting beneficiary candidates' intent.
- Class of shares acquired	Common shares of the Company
- Method of acquisition of shares	Acquisition of treasury shares via third-party allotment
- Attributable right holder	The Company

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

86,300 shares (The number of shares as of the end of the fiscal year under review)

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

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

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

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

1. Outline of share remuneration plan

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

when resigning in a number corresponding to a certain portion of given cumulative points, and remaining shares will be converted into cash in the BIP trust, which will then be paid to them.

2. Description of trust contract

- Category of trust	Money trust other than individually operated designated money trusts (third-party benefit trust)
- Purpose of trust	Give incentive to eligible employees for the plan
- Settlor	The Company
- Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
- Beneficiaries	Employees satisfying beneficiary requirements among eligible employees for the plan
- Trust administrator	A third party who has no interest in the Company (CPA).
- Date of trust contract execution	August 31, 2016
- Trust period	From August 31, 2016 to August 31, 2025 (planned)
- Commencement date of the Plan	August 31, 2016
- Exercise of voting rights	Voting rights shall not be exercised throughout the trust period.
- Class of shares acquired	Common shares of the Company
- Method of acquisition of shares	Acquisition of treasury shares via third-party allotment
- Attributable right holder	The Company

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

686,000 shares (The number of shares as of the end of the fiscal year under review)

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

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

2. Acquisition and disposal of treasury shares

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

(1) Acquisition by resolution of shareholders meeting
Not applicable.

(2) Acquisition by resolution of board of directors meeting

Category	Number of shares (shares)	Total amount (yen)
Resolution at a Board of Directors meeting (April 26, 2024) (Acquisition period: From April 30, 2024 to March 31, 2025)	4,000,000	9,200,000,000
Treasury shares acquired prior to the fiscal year under review	—	—
Treasury shares acquired in the fiscal year under review	4,000,000	8,918,009,200
Total number and total amount of shares remaining to be purchased by resolution	—	281,990,800
Non-exercise ratio on the last day of the fiscal year under review (%)	—	3.0
Treasury shares acquired in the period	—	—
Non-exercise ratio on the day of filing (%)	—	3.0

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

(Note) The number of treasury shares acquired in the period does not include the number of treasury shares acquired from June 1, 2025 to the day of filing this Annual Securities Report.

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

Category	Number of shares (shares)	Total amount (yen)
Treasury shares acquired in the fiscal year under review	2,005	4,628,955
Treasury shares acquired in the period	191	448,124

(Note) The number of treasury shares acquired in the period does not include the number of treasury shares less than a unit acquired from June 1, 2025 to the day of filing this Annual Securities Report.

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

Category	The fiscal year under review		The period	
	Number of shares (shares)	Total amount of shares disposed of (yen)	Number of shares (shares)	Total amount of shares disposed of (yen)
Treasury shares acquired for which subscription solicitation was made	—	—	—	—
Treasury shares acquired that were retired	4,000,000	7,239,760,000	4,000,000	7,498,360,000
Treasury shares acquired that were merged, swapped, or granted, or were transferred due to a company split	—	—	—	—
Other (Sale due to demand for increase of purchase of shares less than one unit)	80	146,087	—	—
Number of treasury shares held by the Company	25,971,145	—	25,971,336	—

- (Notes)
1. The number of treasury shares disposed of in the period does not include the number of treasury shares less than a unit that were sold due to increased purchase demand from June 1, 2025 to the day of filing this Annual Securities Report.
 2. The number of treasury shares held during the period does not include the number of treasury shares less than a unit that were purchased and such shares that were sold due to increased purchase demand from June 1, 2025 to the day of filing this Annual Securities Report.
 3. The number of treasury shares held during the fiscal year under review and the period does not include the number of those held by the BIP trust for remuneration for directors (and other officers) and by the ESOP trust for share granting.

3. Dividend policy

One of the Company's primary policies in its management is to increase its corporate value, with an emphasis on proactively returning the Company's profits to the shareholders. In connection with returning the Company's profits to the shareholders, the Company's basic policy on dividends of surplus for fiscal 2023 is to maintain a consolidated dividend payout ratio of 40% or higher, a DOE (Dividend on Equity) of at least 3%, and a total return ratio of at least 50% (when the D/E ratio is 0.5 or less), implementing a stable dividend policy depending upon its business results.

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

The 103rd Annual General Meeting of Shareholders to be held on June 20, 2025 plans to resolve to pay a year-end common dividend of ¥42 per share for the fiscal year under review. This means the annual dividend for the fiscal year under review is expected to be ¥79 per share, including the interim dividend of ¥37 per share.

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

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

Date of resolution	Total amount of dividends (millions of yen)	Dividend per share (yen)
October 31, 2024 Resolution of a Board of Directors meeting	15,485	37
June 20, 2025 Resolution of an Annual General Meeting of Shareholders (planned)	17,578	42

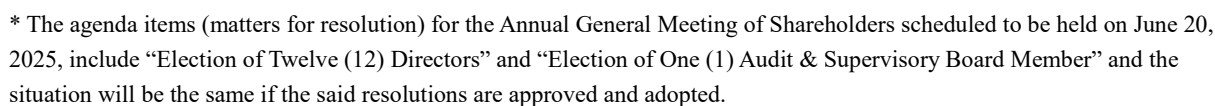
(1) Overview of corporate governance

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

Corporate governance system

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

Diagram of Corporate Governance System



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

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

The major issues for deliberation at the Board of Directors held in fiscal 2024 include growth strategies (such as for R&D, large new businesses, and large-scale capital investment), and foundation strategies (such as for sustainability, digital innovation, safety, compliance, and CS quality).

The Company held 18 meetings of the Board of Directors during fiscal 2024. Attendance by individual Directors is as follows:

Name	Number of meetings held	Number of meetings attended
Teiji Koge	18	18
Keita Kato	18	18
Ikusuke Shimizu	18	18
Futoshi Kamiwaki	18	18
Yoshiyuki Hirai	18	18
Toshiyuki Kamiyoshi	4	4
Masahide Yoshida	14	14
Kazuya Murakami	18	18
Hiroshi Oeda	18	18
Haruko Nozaki	18	18
Miharu Koezuka	18	18
Machiko Miyai	18	18
Yoshihiko Hatanaka	18	17

Business Execution System

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

Nomination and Remuneration Advisory Committee

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

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

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

Chairperson: Hiroshi Oeda

Committee members: Haruko Nozaki, Miharu Koezuka, Machiko Miyai, Yoshihiko Hatanaka, Teiji Koge, Keita Kato

As noted above, the number of meetings of the Nomination and Remuneration Advisory Committee is six in fiscal 2024, all of these were attended by all the Committee members.

Diversity Promotion Committee

The Diversity Promotion Committee has been established for the purpose of strengthening the supervisory function and objectivity of the Board of Directors regarding the basic policy and target values concerning the securing of diversity of human resources in management, the execution of various measures, and the disclosure of these inside and outside of the Company, and also supervising and advising on management execution.

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

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

Chairperson: Haruko Nozaki

Committee members: Hiroshi Oeda, Mihar Koezuka, Machiko Miyai, Yoshihiko Hatanaka, Teiji Koge, Keita Kato, Ikusuke Shimizu, and Kazuya Murakami

As noted above, the number of meetings of the Diversity Promotion Committee is three in fiscal 2024, and the attendance status of individual committee members is as follows.

Name	Number of meetings held	Number of meetings attended
Haruko Nozaki	3	3
Hiroshi Oeda	3	3
Miharu Koezuka	3	3
Machiko Miyai	3	3
Yoshihiko Hatanaka	3	2
Teiji Koge	3	3
Keita Kato	3	3
Ikusuke Shimizu	1	1
Kazuya Murakami	3	3

Audit System

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

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

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

If any of the Directors (excluding executive directors, etc.) or Audit & Supervisory Board Members has caused damage to the Company by failing to perform his/her tasks and if he/she has acted in good faith when conducting his/her duties and has not committed serious negligence, he/she shall be held liable for an amount not more than the minimum liability as set forth in Article 425, Paragraph 1 of the Companies Act.

(ii) Reason for having adopted the corporate governance system

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

(iii) Other matters on corporate governance

- Status of development of internal control system

At a Board of Directors meeting, the Company resolved as follows on the “System to Secure Conformity of Execution of Duties by Directors to Laws and the Articles of Incorporation and Secure Appropriateness of Other Operations.” Under this resolution, we work to operate our internal control system appropriately. Its outline is as follows:

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

We established the SEKISUI CHEMICAL Group Compliance Manual, which presents guidelines under which the Directors, Executive Officers, and employees of the Company and Group companies are supposed to act in accordance with laws, the Articles of Incorporation, and corporate ethics. In addition, we provide training on various laws and regulations as well as corporate ethics. In addition to building an internal system to avoid damage from antisocial forces, the Company stresses avoiding having any relationship with any antisocial force and acting sternly when receiving any unfair demand from one.

We have in place an internal whistleblowing platform comprising: i) an internal whistleblowing contact point; ii) a whistleblowing contact point independent from the Company at an external lawyer’s office; and iii) internal whistleblowing contact points dedicated to employees of overseas subsidiaries in the United States, China, the ASEAN, Europe, South Korea, Taiwan, and Australia. We built a system to prevent a whistleblower from being disadvantaged by stipulating protection of whistleblowers in the Internal Whistleblowing Rules of the Company and concealing

whistleblower information, except for whistleblowing contact points.

- Status of development of risk management structure

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

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

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

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

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

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

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

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

- Development of the system to ensure proper business operations of the Company and Group companies

The Company and Group companies collaborate closely with each other in terms of supervision, directives, and communication, having formulated the Corporate Activity Guidelines based on the Group’s management principles in order to improve the corporate value of the Group as a whole and fulfill its social responsibility. The Company also seeks to conduct business operations in an appropriate manner on a group-wide scale while guiding, advising, and assessing Group companies.

In regards to the business management of Group companies, monitoring is conducted by Audit & Supervisory Board Members, the Corporate Audit Department, etc., and enhancements are made to the system for Group companies to seek approval from and make reports to the Company based on the “Rules for handling affiliated companies” and “Guidelines for final decisions at affiliated companies.”

In addition, if misconduct arises at the Company or a Group company, thoroughgoing efforts will be made to prevent it from occurring again by requiring that a report on the nature of the misconduct be made to the divisional company in charge or the Compliance Promotion Sub-committee at the corporate headquarters without fail and that the Compliance Sub-committee be contacted by the Compliance Promotion Sub-committee so that all information will be collected and brought to the Director or Executive Officer appointed as the chairperson of the Compliance Sub-committee.

- Outline of directors' and officers' liability insurance contract

The Company has executed a directors' and officers' liability insurance contract as defined in Article 430-3, Paragraph (1) of the Companies Act with an insurance company. The insureds under the insurance contract are Directors, Audit & Supervisory Board Members, Executive Officers, etc. of the Company and its domestic subsidiaries. The Company pays the insurance premiums for all the insureds. The insurance covers legal claims for damages, legal expenses, etc. In order to prevent the duties expected to be performed by Directors, etc. from being compromised, the contract sets deductibles, exclusions, and reduced coverage rate.

- Basic policy on control of stock company

As regards shareholders, the Company believes that its shareholders should be determined through open transactions in the market. Therefore, it believes whether to accept offers for large-scale acquisition of shares entailing transfer of control of a stock company should ultimately be determined based on the decisions of the shareholders. However, purchases of large volumes of shares of listed companies or purchase proposals are assumed to contain ones that are likely to evidently destroy the long-term shareholder value for the target company, such as: i) one in which, in light of its purpose and method, etc., the purchaser undoubtedly pursues only its own profits without paying attention to the corporate value of the company and the common interest of the shareholders; ii) one that in effect forces the shareholders to sell shares; and iii) one that fails to provide sufficient information and time for the shareholders and the board of directors of the target company to consider the details, etc. of the purchase of the large volume of shares or for the board of directors of the target company to put forward an alternative proposal.

From the perspective of securing the common interest of shareholders and preventing destruction of the corporate value of the Company, when anyone attempts to acquire a large volume of the Company's shares, the Company will request the purchaser to provide necessary and sufficient information for shareholders to make appropriate judgment. The Company will also publish an opinion, etc. from the Board of Directors, make efforts to secure enough information and time for consideration by shareholders, and take appropriate measures, as allowed by the Financial Instruments and Exchange Act, Companies Act, and other related laws and regulations.

(2) Directors (and other officers)

a. As of June 16, 2025 (the date of submission of the annual securities report), the status of officers is as follows.

List of officers

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

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Chairman of the Board	Teiji Koge	November 14, 1953	<p>Apr. 1976 Joined the Company</p> <p>June 2005 Director of the Company; President of Nagoya Sekisui Heim Co., Ltd.</p> <p>Oct. 2005 Director of the Company; Head of President's Office of Housing Company</p> <p>Apr. 2006 Director of the Company; Head of Planning & Control Department of Housing Company</p> <p>Apr. 2007 Director of the Company; Head of Housing Division and Planning & Control Department of Housing Company</p> <p>July 2007 Director of the Company; Responsible for Sales Department; Head of Housing Division of Housing Company</p> <p>Feb. 2008 Director of the Company; President of Housing Company; Responsible for Sales Department; Head of Housing Division</p> <p>Apr. 2008 Director of the Company; Managing Executive Officer of the Company; President of Housing Company</p> <p>Apr. 2009 Director of the Company; Senior Managing Executive Officer of the Company; President of Housing Company</p> <p>Mar. 2014 Director of the Company; Senior Managing Executive Officer of the Company; Head of CSR Department; Head of Corporate Communication Department</p> <p>Mar. 2015 President and Representative Director of the Company; Chief Executive Officer of the Company</p> <p>Mar. 2020 Chairman of the Board and Representative Director of the Company</p> <p>June 2022 Chairman of the Board of the Company [incumbent]</p> <p>Mar. 2023 Outside Director of EBARA CORPORATION [incumbent]</p>	(Note 3)	136

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
President and Representative Director; Chief Executive Officer	Keita Kato	January 11, 1958	<p>Apr. 1980 Joined the Company</p> <p>Apr. 2008 Executive Officer of the Company; Head of Interlayer Film Division of High Performance Plastics Company</p> <p>July 2011 Executive Officer of the Company; Head of New Business Promotion Division of High Performance Plastics Company</p> <p>Mar. 2013 Executive Officer of the Company; Head of New Business Promotion Division and Head of Research & Development Institute of High Performance Plastics Company</p> <p>Oct. 2013 Executive Officer of the Company; Head of Research & Development Institute of High Performance Plastics Company</p> <p>Mar. 2014 Managing Executive Officer of the Company; President of High Performance Plastics Company</p> <p>June 2014 Director of the Company; Managing Executive Officer of the Company; President of High Performance Plastics Company</p> <p>Apr. 2015 Director of the Company; Senior Managing Executive Officer of the Company; President of High Performance Plastics Company</p> <p>Jan. 2019 Representative Director of the Company; Senior Managing Executive Officer of the Company; Head of Business Strategy Department</p> <p>Apr. 2019 Representative Director of the Company; Senior Managing Executive Officer of the Company; Responsible for ESG Management Department; Head of Business Strategy Department</p> <p>July 2019 Representative Director of the Company; Senior Managing Executive Officer of the Company; Responsible for ESG Management Department; Head of Business Strategy Department; Head of New Business Development Department</p> <p>Jan. 2020 Representative Director of the Company; Senior Managing Executive Officer of the Company; Responsible for ESG Management Department; Head of Business Strategy Department</p> <p>Mar. 2020 President and Representative Director of the Company; Chief Executive Officer of the Company [incumbent]</p>	(Note 3)	98

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Representative Director; Senior Managing Executive Officer; Responsible for ESG Management Department, Corporate Communication Department, New Business Development Department, and Life Science Business Development Department; Head of Business Strategy Department	Ikusuke Shimizu	December 12, 1964	<p>Apr. 1987 Joined the Company</p> <p>Apr. 2015 Executive Officer of the Company; Head of Foam Division of High Performance Plastics Company</p> <p>Apr. 2016 Executive Officer of the Company; Responsible for Automobiles & Electronics; Head of Foam Division of High Performance Plastics Company</p> <p>Apr. 2018 Executive Officer of the Company; Responsible for Electronics; Head of Foam Division of High Performance Plastics Company</p> <p>Jan. 2019 Managing Executive Officer of the Company; President of High Performance Plastics Company; Responsible for Electronics Director of SEKISUI FULLER CO., LTD.</p> <p>Apr. 2019 Managing Executive Officer of the Company; President of High Performance Plastics Company</p> <p>June 2019 Director of the Company; Managing Executive Officer of the Company; President of High Performance Plastics Company</p> <p>Apr. 2021 Director of the Company; Senior Managing Executive Officer of the Company; President of High Performance Plastics Company</p> <p>Jan. 2025 Representative Director of the Company; Senior Managing Executive Officer; Responsible for ESG Management Department and New Business Development Department; Head of Business Strategy Department</p> <p>Apr. 2025 Representative Director of the Company; Senior Managing Executive Officer; Responsible for ESG Management Department, Corporate Communication Department, New Business Development Department, and Life Science Business Development Department; Head of Business Strategy Department [incumbent]</p>	(Note 3)	65

Director; President of SEKISUI SOLAR FILM CO., LTD.	Futoshi Kamiwaki	August 10, 1960	Apr. 1983	Joined the Company	(Note 3)	86
			Apr. 2011	Executive Officer of the Company; Head of Planning & Control Department of Housing Company		
			Oct. 2012	Executive Officer of the Company; Responsible for Public Relations & External Relations Department; Head of Planning & Control Department of Housing Company		
			Jan. 2013	Executive Officer of the Company; Head of Housing Product Research & Development Department of Housing Company		
			Jan. 2014	Executive Officer of the Company; Head of Product Research & Development Department of Housing Company		
			Apr. 2017	Managing Executive Officer of the Company; Head of Product Research & Development Department of Housing Company		
			Mar. 2018	Managing Executive Officer of the Company; Head of Housing Renovation Sales Management Division; Head of Administrative Management & Control Department of Housing Company		
			Mar. 2019	Managing Executive Officer of the Company; Head of Administrative Management & Control Department of Housing Company		
			Jan. 2020	Managing Executive Officer of the Company; Head of New Business Development Department		
			Mar. 2020	Managing Executive Officer of the Company; Responsible for ESG Management Department and New Business Development Department Head of Business Strategy Department		
			Apr. 2020	Senior Managing Executive Officer of the Company; Responsible for ESG Management Department, Digital Transformation Department, and New Business Development Department; Head of Business Strategy Department		
			June 2020	Director of the Company; Senior Managing Executive Officer of the Company; Responsible for ESG Management Department, Digital Transformation Department, and New Business Development Department; Head of Business Strategy Department		
			June 2022	Representative Director of the Company; Senior Managing Executive Officer of the Company; Responsible for ESG Management Department, Digital Transformation Department, and New Business Development Department; Head of Business Strategy Department		
			Apr. 2024	Representative Director of the Company; Senior Managing		

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
			<p>Executive Officer of the Company; Responsible for ESG Management Department and New Business Development Department; Head of Business Strategy Department</p> <p>Jan. 2025 Director and Senior Managing Executive Officer of the Company; President of SEKISUI SOLAR FILM CO., LTD.</p> <p>Apr. 2025 Director of the Company; President of SEKISUI SOLAR FILM CO., LTD. [incumbent]</p>		
Director of the Company; Senior Managing Executive Officer of the Company; President of Urban Infrastructure & Environmental Products Company	Yoshiyuki Hirai	February 4, 1963	<p>Apr. 1985 Joined the Company</p> <p>Apr. 2014 Executive Officer of the Company; Head of Foam Division of High Performance Plastics Company</p> <p>Apr. 2015 Executive Officer of the Company; Responsible for CSR Promotion Department; Head of Business Strategy Department</p> <p>June 2015 Director of the Company; Executive Officer of the Company; Responsible for CSR Promotion Department; Head of Business Strategy Department</p> <p>Apr. 2017 Director of the Company; Managing Executive Officer of the Company; Responsible for Corporate Finance & Accounting Department; Head of Business Strategy Department</p> <p>Apr. 2018 Director of the Company; Managing Executive Officer of the Company; Head of Business Strategy Department</p> <p>Jan. 2019 Director of the Company; Managing Executive Officer of the Company; President of Urban Infrastructure & Environmental Products Company</p> <p>Apr. 2020 Director of the Company; Senior Managing Executive Officer of the Company; President of Urban Infrastructure & Environmental Products Company [incumbent]</p>	(Note 3)	57

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Director of the Company; Senior Managing Executive Officer of the Company; President of Housing Company	Masahide Yoshida	July 9, 1966	<p>Apr. 1989 Joined the Company</p> <p>Apr. 2017 Executive Officer of the Company; President of Sekisui Heim Chubu Co., Ltd.</p> <p>Jan. 2020 Executive Officer of the Company; Head of Housing Sales Management Division of Housing Company; President of Tokyo Sekisui Heim Co., Ltd.</p> <p>Apr. 2020 Executive Officer of the Company; Head of the Housing Business Division of Housing Company; President of Tokyo Sekisui Heim Co., Ltd.</p> <p>Apr. 2022 Managing Executive Officer of the Company; Head of the Housing Business Division of Housing Company; President of Tokyo Sekisui Heim Co., Ltd.</p> <p>Apr. 2023 Managing Executive Officer of the Company; Head of East Japan Sales Management Division of Housing Company; President of Tokyo Sekisui Heim Co., Ltd.</p> <p>Jan. 2024 Managing Executive Officer of the Company; President of Housing Company; Head of East Japan Sales Management Division of Housing Company; President of Tokyo Sekisui Heim Co., Ltd.</p> <p>Mar. 2024 Managing Executive Officer of the Company; President of Housing Company; Head of East Japan Sales Management Division of Housing Company</p> <p>Apr. 2024 Managing Executive Officer of the Company; President of Housing Company</p> <p>June 2024 Director of the Company; Managing Executive Officer of the Company; President of Housing Company</p> <p>Apr. 2025 Director of the Company; Senior Managing Executive Officer of the Company; President of Housing Company [incumbent]</p>	(Note 3)	22
Director of the Company; Executive Officer of the Company; Head of Human Resources Department	Kazuya Murakami	June 4, 1966	<p>Apr. 1989 Joined the Company</p> <p>Apr. 2020 Executive Officer of the Company; Head of Human Resources Development Division of High Performance Plastics Company</p> <p>Oct. 2020 Executive Officer of the Company; Head of Human Resources Department</p> <p>June 2021 Director of the Company; Executive Officer of the Company; Head of Human Resources Department [incumbent]</p>	(Note 3)	17

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Director	Hiroshi Oeda	March 12, 1957	<p>Apr. 1980 Joined Nisshin Flour Milling Inc. (currently Nisshin Seifun Group Inc.)</p> <p>June 2008 Executive Officer of Nisshin Seifun Group Inc.</p> <p>June 2009 Director of Nisshin Seifun Group Inc.</p> <p>Apr. 2011 Director and President of Nisshin Seifun Group Inc.</p> <p>Apr. 2017 Director and Executive Advisor of Nisshin Seifun Group Inc.</p> <p>June 2017 Special Advisor of Nisshin Seifun Group Inc. [incumbent]</p> <p> President of Seifun Kaikan Inc. [resigned in 2022]</p> <p>Mar. 2018 Outside Director of EBARA CORPORATION</p> <p>June 2018 Director of the Company [incumbent]</p> <p>June 2019 President of Hitotsubashi University Koenkai [incumbent]</p> <p>Mar. 2022 Outside Director, Chairman of the Board of Directors of EBARA CORPORATION [incumbent]</p> <p>June 2023 Outside Director of Japan Post Holdings Co., Ltd. [incumbent]</p>	(Note 3)	7
Director	Haruko Nozaki	June 19, 1955	<p>Apr. 1978 Joined Horiba Community Corporation</p> <p>Mar. 1980 Reassigned to Horiba, Ltd.</p> <p>Apr. 2001 General Manager, Human Resources Department of Horiba, Ltd.</p> <p>Jan. 2008 Deputy General Manager in charge of personnel, General Administration Division of Horiba, Ltd.</p> <p>Apr. 2014 Junior Corporate Officer of Horiba, Ltd. [resigned in 2022]</p> <p>July 2015 Chairman of Horiba, Ltd. Health Insurance Association [resigned in 2022]</p> <p>June 2020 External Director of West Japan Railway Company [incumbent]</p> <p>June 2021 Special Appointment Professor of International Academic Research Institute of Kyoto University of Advanced Science [resigned in 2022]</p> <p>Apr. 2022 Executive Vice-President of Kyoto University [incumbent]</p> <p>June 2022 Director of the Company [incumbent]</p>	(Note 3)	—

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Director	Miharu Koezuka	September 2, 1955	<p>Apr. 1979 Joined Takashimaya Company, Limited</p> <p>May 2007 Executive Officer, General Manager of Public and Investor Relations Office, Planning Headquarters of Takashimaya Company, Limited</p> <p>Mar. 2009 Senior Executive Officer, General Manager of Sales Planning Division of Takashimaya Company, Limited</p> <p>Feb. 2010 President (Representative Director) of Okayama Takashimaya Co., Ltd.</p> <p>May 2013 Director of Takashimaya Company, Limited</p> <p>Sept. 2013 Senior Managing Director (Representative Director), General Manager of Planning Headquarters (General Manager of Reform Promotion Headquarters), in charge of General Affairs Headquarters, CSR Promotion Office, IT Promotion Office, Nihombashi Redevelopment Planning Office of Takashimaya Company, Limited</p> <p>Director of Okayama Takashimaya Co., Ltd. [resigned in 2021]</p> <p>Mar. 2014 Senior Managing Director (Representative Director), General Manager of Sales Headquarters of Takashimaya Company, Limited</p> <p>May 2015 Member of the Strategic Headquarters for the Promotion of an Advanced Information and Telecommunications Network Society, Information Technology (IT) Strategy Planning Office, Cabinet Secretariat [resigned in 2019]</p> <p>Mar. 2016 Director of Takashimaya Company, Limited</p> <p>May 2016 Consultant of Takashimaya Company, Limited</p> <p>June 2018 Outside Director of Japan Post Holdings Co., Ltd. [scheduled to resign in June 2025]</p> <p>June 2019 Outside Director of Nankai Electric Railway Co., Ltd. [incumbent]</p> <p>Mar. 2020 Counselor of Takashimaya Company, Limited [resigned in 2021]</p> <p>Outside Director of Nippon Paint Holdings Co., Ltd. [resigned in 2023]</p> <p>June 2022 Director of the Company [incumbent]</p>	(Note 3)	4

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

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Director	Yoshihiko Hatanaka	April 20, 1957	<p>Apr. 1980 Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)</p> <p>June 2005 Corporate Executive, Head of Corporate Planning Department, Strategy Division of Astellas Pharma Inc.</p> <p>Apr. 2006 Executive Officer of Astellas Pharma Inc.; President & CEO of Astellas US LLC; President & CEO of Astellas Pharma US, Inc.</p> <p>June 2008 Senior Corporate Executive of Astellas Pharma Inc.; President & CEO of Astellas US LLC; President & CEO of Astellas Pharma US, Inc.</p> <p>Apr. 2009 Senior Corporate Executive, Chief Strategy Officer and Chief Financial Officer (CStO & CFO) of Astellas Pharma Inc.</p> <p>June 2011 Representative Director, President and CEO of Astellas Pharma Inc.</p> <p>June 2016 President of Japan Pharmaceutical Manufacturers Association [resigned in 2018]</p> <p>Apr. 2018 Representative Director, Chairman of the Board of Astellas Pharma Inc. [resigned in 2022]</p> <p>June 2018 Vice Chair of the Board of Councillors, KEIDANREN (Japan Business Federation) [resigned in 2022]</p> <p>June 2019 Outside Director of Sony Corporation (currently Sony Group Corporation) [incumbent]</p> <p>June 2020 Chairman of the Pharmaceutical Manufacturers' Association of Tokyo [resigned in 2022]</p> <p>Mar. 2023 Outside Director of Shiseido Company, Limited [incumbent]</p> <p>June 2023 Director of the Company [incumbent]</p>	(Note 3)	1

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Fulltime Audit & Supervisory Board Member	Hiroyuki Taketomo	July 8, 1961	Apr. 1985 Apr. 2015 Apr. 2016 June 2016 Apr. 2017 Oct. 2020 Apr. 2021 June 2021	Joined the Company Executive Officer of the Company; Head of Human Resources Department Executive Officer of the Company; Responsible for Legal Department; Head of Human Resources Department Director of the Company; Executive Officer of the Company; Responsible for Legal Department; Head of Human Resources Department Director of the Company; Managing Executive Officer of the Company; Responsible for Legal Department; Head of Human Resources Department Director of the Company; Managing Executive Officer of the Company; Head of Legal Department Director of the Company; Responsible for CEO's Special Mission Fulltime Audit & Supervisory Board Member of the Company [incumbent]	(Note 4)	29
Fulltime Audit & Supervisory Board Member	Tomoyasu Izugami	November 18, 1962	Apr. 1987 Apr. 2016 Apr. 2020 Apr. 2021 Mar. 2023 June 2023	Joined the Company Head of Device Materials Business Division of High Performance Plastics Company; President and Representative Director of Sekisui Nano Coat Technology Co., Ltd. Head of Purchasing Division of High Performance Plastics Company Head of Digital Transformation Division of High Performance Plastics Company Assistant to the President of High Performance Plastics Company Fulltime Audit & Supervisory Board Member of the Company [incumbent]	(Note 6)	15
Audit & Supervisory Board Member	Yoshikazu Minomo	December 13, 1969	Apr. 1996 Jan. 2004 June 2022	Registered as an attorney at law Joined MIYAKE IMAI IKEDA LAW OFFICE Partner of MIYAKE IMAI IKEDA LAW OFFICE [incumbent] Audit & Supervisory Board Member of the Company [incumbent]	(Note 5)	—
Audit & Supervisory Board Member	Wakyu Shinmen	January 14, 1957	Oct. 1982 Mar. 1983 Aug. 1997 Oct. 2013 Sept. 2022 June 2023	Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC) Registered as CPA Became a member (currently partner) of Deloitte Touche Tohmatsu LLC Head of Kansai Business Department, Auditing Division of Deloitte Touche Tohmatsu LLC [resigned in 2021] Established Shinmen Certified Public Accountant Office [incumbent] Audit & Supervisory Board Member of the Company [incumbent] Outside Corporate Auditor of TOYOBO Co., Ltd. [incumbent]	(Note 6)	—

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Audit & Supervisory Board Member	Kenji Tanaka	April 14, 1957	May 2004 Professor of Graduate School of Information System (currently Graduate School of Informatics and Engineering), University of Electro-Communications [resigned in 2023] Apr. 2012 Vice-president of University of Electro-Communications [resigned in 2014] Apr. 2023 Specially Appointed Professor and Vice Chair, Center for Industrial and Governmental Relations, University of Electro-Communications [incumbent] June 2023 Audit & Supervisory Board Member of the Company [incumbent]	(Note 6)	—
Total					537

- (Notes)
1. Directors Hiroshi Oeda, Haruko Nozaki, Mihar Koezuka, Machiko Miyai, and Yoshihiko Hatanaka are Outside Directors.
 2. Audit & Supervisory Board Members Yoshikazu Minomo, Wakyu Shinmen, and Kenji Tanaka are Outside Audit & Supervisory Board Members.
 3. One year from the conclusion of the Annual General Meeting of Shareholders held on June 20, 2024.
 4. Four years from the conclusion of the Annual General Meeting of Shareholders held on June 23, 2021.
 5. Four years from the conclusion of the Annual General Meeting of Shareholders held on June 22, 2022.
 6. Four years from the conclusion of the Annual General Meeting of Shareholders held on June 22, 2023.

- b. The agenda items (matters for resolution) for the Annual General Meeting of Shareholders scheduled to be held on June 20, 2025, include “Election of Twelve (12) Directors” and “Election of One (1) Audit & Supervisory Board Member” and if the said resolutions are approved and adopted, the status of the Company’s officers is expected to be as follows.

List of officers

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

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Chairman of the Board	Teiji Koge	November 14, 1953	<p>Apr. 1976 Joined the Company</p> <p>June 2005 Director of the Company; President of Nagoya Sekisui Heim Co., Ltd.</p> <p>Oct. 2005 Director of the Company; Head of President's Office of Housing Company</p> <p>Apr. 2006 Director of the Company; Head of Planning & Control Department of Housing Company</p> <p>Apr. 2007 Director of the Company; Head of Housing Division and Planning & Control Department of Housing Company</p> <p>July 2007 Director of the Company; Responsible for Sales Department; Head of Housing Division of Housing Company</p> <p>Feb. 2008 Director of the Company; President of Housing Company; Responsible for Sales Department; Head of Housing Division</p> <p>Apr. 2008 Director of the Company; Managing Executive Officer of the Company; President of Housing Company</p> <p>Apr. 2009 Director of the Company; Senior Managing Executive Officer of the Company; President of Housing Company</p> <p>Mar. 2014 Director of the Company; Senior Managing Executive Officer of the Company; Head of CSR Department; Head of Corporate Communication Department</p> <p>Mar. 2015 President and Representative Director of the Company; Chief Executive Officer of the Company</p> <p>Mar. 2020 Chairman of the Board and Representative Director of the Company</p> <p>June 2022 Chairman of the Board of the Company [incumbent]</p> <p>Mar. 2023 Outside Director of EBARA CORPORATION [incumbent]</p>	(Note 3)	136

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
President and Representative Director; Chief Executive Officer	Keita Kato	January 11, 1958	<p>Apr. 1980 Joined the Company</p> <p>Apr. 2008 Executive Officer of the Company; Head of Interlayer Film Division of High Performance Plastics Company</p> <p>July 2011 Executive Officer of the Company; Head of New Business Promotion Division of High Performance Plastics Company</p> <p>Mar. 2013 Executive Officer of the Company; Head of New Business Promotion Division and Head of Research & Development Institute of High Performance Plastics Company</p> <p>Oct. 2013 Executive Officer of the Company; Head of Research & Development Institute of High Performance Plastics Company</p> <p>Mar. 2014 Managing Executive Officer of the Company; President of High Performance Plastics Company</p> <p>June 2014 Director of the Company; Managing Executive Officer of the Company; President of High Performance Plastics Company</p> <p>Apr. 2015 Director of the Company; Senior Managing Executive Officer of the Company; President of High Performance Plastics Company</p> <p>Jan. 2019 Representative Director of the Company; Senior Managing Executive Officer of the Company; Head of Business Strategy Department</p> <p>Apr. 2019 Representative Director of the Company; Senior Managing Executive Officer of the Company; Responsible for ESG Management Department; Head of Business Strategy Department</p> <p>July 2019 Representative Director of the Company; Senior Managing Executive Officer of the Company; Responsible for ESG Management Department; Head of Business Strategy Department; Head of New Business Development Department</p> <p>Jan. 2020 Representative Director of the Company; Senior Managing Executive Officer of the Company; Responsible for ESG Management Department; Head of Business Strategy Department</p> <p>Mar. 2020 President and Representative Director of the Company; Chief Executive Officer of the Company [incumbent]</p>	(Note 3)	98

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Representative Director; Senior Managing Executive Officer; Responsible for ESG Management Department, Corporate Communication Department, New Business Development Department, and Life Science Business Development Department; Head of Business Strategy Department	Ikusuke Shimizu	December 12, 1964	<p>Apr. 1987 Joined the Company</p> <p>Apr. 2015 Executive Officer of the Company; Head of Foam Division of High Performance Plastics Company</p> <p>Apr. 2016 Executive Officer of the Company; Responsible for Automobiles & Electronics; Head of Foam Division of High Performance Plastics Company</p> <p>Apr. 2018 Executive Officer of the Company; Responsible for Electronics; Head of Foam Division of High Performance Plastics Company</p> <p>Jan. 2019 Managing Executive Officer of the Company; President of High Performance Plastics Company; Responsible for Electronics Director of SEKISUI FULLER CO., LTD.</p> <p>Apr. 2019 Managing Executive Officer of the Company; President of High Performance Plastics Company</p> <p>June 2019 Director of the Company; Managing Executive Officer of the Company; President of High Performance Plastics Company</p> <p>Apr. 2021 Director of the Company; Senior Managing Executive Officer of the Company; President of High Performance Plastics Company</p> <p>Jan. 2025 Representative Director of the Company; Senior Managing Executive Officer; Responsible for ESG Management Department and New Business Development Department; Head of Business Strategy Department</p> <p>Apr. 2025 Representative Director of the Company; Senior Managing Executive Officer; Responsible for ESG Management Department, Corporate Communication Department, New Business Development Department, and Life Science Business Development Department; Head of Business Strategy Department [incumbent]</p>	(Note 3)	65

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Director of the Company; Senior Managing Executive Officer of the Company; President of Urban Infrastructure & Environmental Products Company	Yoshiyuki Hirai	February 4, 1963	<p>Apr. 1985 Joined the Company</p> <p>Apr. 2014 Executive Officer of the Company; Head of Foam Division of High Performance Plastics Company</p> <p>Apr. 2015 Executive Officer of the Company; Responsible for CSR Promotion Department; Head of Business Strategy Department</p> <p>June 2015 Director of the Company; Executive Officer of the Company; Responsible for CSR Promotion Department; Head of Business Strategy Department</p> <p>Apr. 2017 Director of the Company; Managing Executive Officer of the Company; Responsible for Corporate Finance & Accounting Department; Head of Business Strategy Department</p> <p>Apr. 2018 Director of the Company; Managing Executive Officer of the Company; Head of Business Strategy Department</p> <p>Jan. 2019 Director of the Company; Managing Executive Officer of the Company; President of Urban Infrastructure & Environmental Products Company</p> <p>Apr. 2020 Director of the Company; Senior Managing Executive Officer of the Company; President of Urban Infrastructure & Environmental Products Company [incumbent]</p>	(Note 3)	57

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Director of the Company; Senior Managing Executive Officer of the Company; President of Housing Company	Masahide Yoshida	July 9, 1966	<p>Apr. 1989 Joined the Company</p> <p>Apr. 2017 Executive Officer of the Company; President of Sekisui Heim Chubu Co., Ltd.</p> <p>Jan. 2020 Executive Officer of the Company; Head of Housing Sales Management Division of Housing Company; President of Tokyo Sekisui Heim Co., Ltd.</p> <p>Apr. 2020 Executive Officer of the Company; Head of the Housing Business Division of Housing Company; President of Tokyo Sekisui Heim Co., Ltd.</p> <p>Apr. 2022 Managing Executive Officer of the Company; Head of the Housing Business Division of Housing Company; President of Tokyo Sekisui Heim Co., Ltd.</p> <p>Apr. 2023 Managing Executive Officer of the Company; Head of East Japan Sales Management Division of Housing Company; President of Tokyo Sekisui Heim Co., Ltd.</p> <p>Jan. 2024 Managing Executive Officer of the Company; President of Housing Company; Head of East Japan Sales Management Division of Housing Company; President of Tokyo Sekisui Heim Co., Ltd.</p> <p>Mar. 2024 Managing Executive Officer of the Company; President of Housing Company; Head of East Japan Sales Management Division of Housing Company</p> <p>Apr. 2024 Managing Executive Officer of the Company; President of Housing Company</p> <p>June 2024 Director of the Company; Managing Executive Officer of the Company; President of Housing Company</p> <p>Apr. 2025 Director of the Company; Senior Managing Executive Officer of the Company; President of Housing Company [incumbent]</p>	(Note 3)	22

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Director of the Company; Managing Executive Officer of the Company; President of High Performance Plastics Company	Akira Asano	May 17, 1964	Apr. 1987 Apr. 2018 Apr. 2020 Jan. 2025 June 2025	Joined the Company Executive Officer of the Company; Responsible for Automobiles & Transportation field; Head of Interlayer Film Division of High Performance Plastics Company Executive Officer of the Company; Chairman of the Board of SEKISUI AEROSPACE CORPORATION [incumbent] Managing Executive Officer of the Company; President of High Performance Plastics Company Director of SEKISUI FULLER CO., LTD. Director of the Company; Managing Executive Officer of the Company; President of High Performance Plastics Company [incumbent] Director of SEKISUI FULLER CO., LTD. [incumbent]	(Note 3)	18
Director of the Company; Executive Officer of the Company; Head of Human Resources Department	Kazuya Murakami	June 4, 1966	Apr. 1989 Apr. 2020 Oct. 2020 June 2021	Joined the Company Executive Officer of the Company; Head of Human Resources Development Division of High Performance Plastics Company Executive Officer of the Company; Head of Human Resources Department Director of the Company; Executive Officer of the Company; Head of Human Resources Department [incumbent]	(Note 3)	17
Director	Hiroshi Oeda	March 12, 1957	Apr. 1980 June 2008 June 2009 Apr. 2011 Apr. 2017 June 2017 Mar. 2018 June 2018 June 2019 Mar. 2022 June 2023	Joined Nisshin Flour Milling Inc. (currently Nisshin Seifun Group Inc.) Executive Officer of Nisshin Seifun Group Inc. Director of Nisshin Seifun Group Inc. Director and President of Nisshin Seifun Group Inc. Director and Executive Advisor of Nisshin Seifun Group Inc. Special Advisor of Nisshin Seifun Group Inc. [incumbent] President of Seifun Kaikan Inc. [resigned in 2022] Outside Director of EBARA CORPORATION Director of the Company [incumbent] President of Hitotsubashi University Koenkai [incumbent] Outside Director, Chairman of the Board of Directors of EBARA CORPORATION [incumbent] Outside Director of Japan Post Holdings Co., Ltd. [incumbent]	(Note 3)	7

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Director	Haruko Nozaki	June 19, 1955	<p>Apr. 1978 Joined Horiba Community Corporation</p> <p>Mar. 1980 Reassigned to Horiba, Ltd.</p> <p>Apr. 2001 General Manager, Human Resources Department of Horiba, Ltd.</p> <p>Jan. 2008 Deputy General Manager in charge of personnel, General Administration Division of Horiba, Ltd.</p> <p>Apr. 2014 Junior Corporate Officer of Horiba, Ltd. [resigned in 2022]</p> <p>July 2015 Chairman of Horiba, Ltd. Health Insurance Association [resigned in 2022]</p> <p>June 2020 External Director of West Japan Railway Company [incumbent]</p> <p>June 2021 Special Appointment Professor of International Academic Research Institute of Kyoto University of Advanced Science [resigned in 2022]</p> <p>Apr. 2022 Executive Vice-President of Kyoto University [incumbent]</p> <p>June 2022 Director of the Company [incumbent]</p>	(Note 3)	—

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Director	Miharu Koezuka	September 2, 1955	<p>Apr. 1979 Joined Takashimaya Company, Limited</p> <p>May 2007 Executive Officer, General Manager of Public and Investor Relations Office, Planning Headquarters of Takashimaya Company, Limited</p> <p>Mar. 2009 Senior Executive Officer, General Manager of Sales Planning Division of Takashimaya Company, Limited</p> <p>Feb. 2010 President (Representative Director) of Okayama Takashimaya Co., Ltd.</p> <p>May 2013 Director of Takashimaya Company, Limited</p> <p>Sept. 2013 Senior Managing Director (Representative Director), General Manager of Planning Headquarters (General Manager of Reform Promotion Headquarters), in charge of General Affairs Headquarters, CSR Promotion Office, IT Promotion Office, Nihombashi Redevelopment Planning Office of Takashimaya Company, Limited</p> <p>Director of Okayama Takashimaya Co., Ltd. [resigned in 2021]</p> <p>Mar. 2014 Senior Managing Director (Representative Director), General Manager of Sales Headquarters of Takashimaya Company, Limited</p> <p>May 2015 Member of the Strategic Headquarters for the Promotion of an Advanced Information and Telecommunications Network Society, Information Technology (IT) Strategy Planning Office, Cabinet Secretariat [resigned in 2019]</p> <p>Mar. 2016 Director of Takashimaya Company, Limited</p> <p>May 2016 Consultant of Takashimaya Company, Limited</p> <p>June 2018 Outside Director of Japan Post Holdings Co., Ltd. [scheduled to resign in June 2025]</p> <p>June 2019 Outside Director of Nankai Electric Railway Co., Ltd. [incumbent]</p> <p>Mar. 2020 Counselor of Takashimaya Company, Limited [resigned in 2021]</p> <p>Outside Director of Nippon Paint Holdings Co., Ltd. [resigned in 2023]</p> <p>June 2022 Director of the Company [incumbent]</p>	(Note 3)	4

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

Job title	Name	Date of birth	Career summary	Term of office	Number of shares owned (Thousands of shares)
Director	Yoshihiko Hatanaka	April 20, 1957	<p>Apr. 1980 Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)</p> <p>June 2005 Corporate Executive, Head of Corporate Planning Department, Strategy Division of Astellas Pharma Inc.</p> <p>Apr. 2006 Executive Officer of Astellas Pharma Inc.; President & CEO of Astellas US LLC; President & CEO of Astellas Pharma US, Inc.</p> <p>June 2008 Senior Corporate Executive of Astellas Pharma Inc.; President & CEO of Astellas US LLC; President & CEO of Astellas Pharma US, Inc.</p> <p>Apr. 2009 Senior Corporate Executive, Chief Strategy Officer and Chief Financial Officer (CStO & CFO) of Astellas Pharma Inc.</p> <p>June 2011 Representative Director, President and CEO of Astellas Pharma Inc.</p> <p>June 2016 President of Japan Pharmaceutical Manufacturers Association [resigned in 2018]</p> <p>Apr. 2018 Representative Director, Chairman of the Board of Astellas Pharma Inc. [resigned in 2022]</p> <p>June 2018 Vice Chair of the Board of Councillors, KEIDANREN (Japan Business Federation) [resigned in 2022]</p> <p>June 2019 Outside Director of Sony Corporation (currently Sony Group Corporation) [incumbent]</p> <p>June 2020 Chairman of the Pharmaceutical Manufacturers' Association of Tokyo [resigned in 2022]</p> <p>Mar. 2023 Outside Director of Shiseido Company, Limited [incumbent]</p> <p>June 2023 Director of the Company [incumbent]</p>	(Note 3)	1
Fulltime Audit & Supervisory Board Member	Tomoyasu Izugami	November 18, 1962	<p>Apr. 1987 Joined the Company</p> <p>Apr. 2016 Head of Device Materials Business Division of High Performance Plastics Company; President and Representative Director of Sekisui Nano Coat Technology Co., Ltd.</p> <p>Apr. 2020 Head of Purchasing Division of High Performance Plastics Company</p> <p>Apr. 2021 Head of Digital Transformation Division of High Performance Plastics Company</p> <p>Mar. 2023 Assistant to the President of High Performance Plastics Company</p> <p>June 2023 Fulltime Audit & Supervisory Board Member of the Company [incumbent]</p>	(Note 5)	15

Job title	Name	Date of birth	Career summary		Term of office	Number of shares owned (Thousands of shares)
Fulltime Audit & Supervisory Board Member	Michio Sakai	September 16, 1965	Apr. 1988 Mar. 2014 Jan. 2018 Apr. 2021 June 2025	Joined the Company Head of Administrative Management & Control Department of Housing Company Head of Overseas Business Promotion Department of Housing Company Head of Corporate Audit Department of the Company Fulltime Audit & Supervisory Board Member of the Company [incumbent]	(Note 6)	21
Audit & Supervisory Board Member	Yoshikazu Minomo	December 13, 1969	Apr. 1996 Jan. 2004 June 2022	Registered as an attorney at law Joined MIYAKE IMAI IKEDA LAW OFFICE Partner of MIYAKE IMAI IKEDA LAW OFFICE [incumbent] Audit & Supervisory Board Member of the Company [incumbent]	(Note 4)	—
Audit & Supervisory Board Member	Wakyu Shinmen	January 14, 1957	Oct. 1982 Mar. 1983 Aug. 1997 Oct. 2013 Sept. 2022 June 2023	Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC) Registered as CPA Became a member (currently partner) of Deloitte Touche Tohmatsu LLC Head of Kansai Business Department, Auditing Division of Deloitte Touche Tohmatsu LLC [resigned in 2021] Established Shinmen Certified Public Accountant Office [incumbent] Audit & Supervisory Board Member of the Company [incumbent] Outside Corporate Auditor of TOYOBO Co., Ltd. [incumbent]	(Note 5)	—
Audit & Supervisory Board Member	Kenji Tanaka	April 14, 1957	May 2004 Apr. 2012 Apr. 2023 June 2023	Professor of Graduate School of Information System (currently Graduate School of Informatics and Engineering), University of Electro-Communications [resigned in 2023] Vice-president of University of Electro-Communications [resigned in 2014] Specially Appointed Professor and Vice Chair, Center for Industrial and Governmental Relations, University of Electro-Communications [incumbent] Audit & Supervisory Board Member of the Company [incumbent]	(Note 5)	—
Total						461

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

Outside Directors and Outside Audit & Supervisory Board Members

Of the 12 Directors of the Company, five are Outside Directors, and of the five Audit & Supervisory Board Members, three are Outside Audit & Supervisory Board Members. (As of June 16, 2025)

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

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

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

- Outside Directors

Hiroshi Oeda

Since his appointment as Outside Director in June 2018, Mr. Hiroshi Oeda has provided advice with respect to the business management of the Company and has appropriately supervised business execution at Board of Directors meetings. The Company has judged that Mr. Oeda would be able to continue to contribute to further enhancing the corporate value of the SEKISUI CHEMICAL Group through providing advice with respect to the business management of the Company and appropriately supervising business execution at Board of Directors meetings, by leveraging his broad experience and skill in global corporate management, business strategy, execution of overseas M&A, etc. gained from serving as a management executive of the largest milling company in Japan. The Company thus elected Mr. Oeda as an Outside Director.

The Company has no business transactions with Nisshin Seifun Group Inc., Japan Post Holdings Co., Ltd., and Hitotsubashi University supporters' association where Mr. Oeda concurrently holds a position. While the Company has business transactions with Ebara Corporation where Mr. Oeda concurrently holds a position, the ratio of the transaction value to the net sales of Nisshin Seifun Group Inc. and the Company for the fiscal year last closed was less than 1% for both parties; likewise, said ratio of Ebara Corporation and the Company for the fiscal year last closed was less than 1% for both parties, and thus his independence as Outside Director is deemed to be sufficiently secured.

Haruko Nozaki

Since her appointment as Outside Director in June 2022, Ms. Haruko Nozaki has provided advice with respect to the business management of the Company and has appropriately supervised business execution at Board of Directors meetings. The Company has judged that Ms. Nozaki would be able to continue to contribute to further enhancing the corporate value of the SEKISUI CHEMICAL Group through providing advice with respect to the business management of the Company and appropriately supervising business execution at Board of Directors meetings, by leveraging her experience and past achievements in personnel affairs and education, and deep insight on promotion of diversity, development of the next generation, etc. The Company thus elected Ms. Nozaki as an Outside Director.

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

Miharu Koezuka

Since her appointment as Outside Director in June 2022, Ms. Miharu Koezuka has provided advice with respect to the business management of the Company and has appropriately supervised business execution at Board of Directors meetings. The Company has judged that Ms. Koezuka would be able to continue to contribute to further enhancing the corporate value of the SEKISUI CHEMICAL Group through providing advice with respect to the business management of the Company and appropriately supervising business execution at Board of Directors meetings, by leveraging her extensive experience in the management of department stores in addition to her experience and past achievements in management in various industries. The Company thus elected Ms. Koezuka as an Outside Director.

The Company has no transactions with Japan Post Holdings Co., Ltd. and Nankai Electric Railway Co., Ltd. where Ms. Koezuka concurrently holds a position, so her independence as Outside Director is deemed to be sufficiently secured.

Machiko Miyai

Since her appointment as Outside Director in June 2022, Ms. Machiko Miyai has provided advice with respect to the business management of the Company and has appropriately supervised business execution at Board of Directors meetings. The Company has judged that Ms. Miyai would be able to continue to contribute to further enhancing the corporate value of the SEKISUI CHEMICAL Group through providing advice with respect to the business management of the Company and appropriately supervising business execution at Board of Directors meetings, by leveraging her broad job experience in industries that are different from that of the Company, in particular her consumer-focused work as an internal officer of several listed companies. The Company thus elected Ms. Miyai as an Outside Director.

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

Yoshihiko Hatanaka

Since his appointment as Outside Director in June 2023, Mr. Yoshihiko Hatanaka has provided advice with respect to the business management of the Company and has appropriately supervised business execution at Board of Directors meetings. The Company has judged that Mr. Hatanaka would be able to continue to contribute to further enhancing the corporate value of the Sekisui Chemical Group through providing advice with respect to the business management of the Company and appropriately supervising business execution at Board of Directors meetings, by leveraging his wide-ranging knowledge of global corporate management cultivated through serving as an executive at Astellas Pharma Inc. and his wealth of experience overseas, including in Europe and the United States, in addition to his extensive knowledge in matters including corporate integration based on his experience as a corporate planning officer. The Company thus elected Mr. Hatanaka as an Outside Director.

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

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

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

- Outside Audit & Supervisory Board Members

Yoshikazu Minomo

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

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

Wakyu Shinmen

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

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

Kenji Tanaka

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

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

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

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

Supervisory Board Members can view important documents and interview unit heads.

Criteria for Independence of Outside Board Members

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

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

- (i) The candidate has never been an executive director, an executive officer, a manager, or any other employee of the Company or any of the companies within the Group.
- (ii) The candidate is not receiving compensation more than ¥10 million per year from the Group other than the compensation as an officer.
- (iii) The candidate and the main company of the candidate^(Note 1) is not a major shareholder^(Note 2) of the Company.
- (iv) The business of the main company of the candidate does not compete with the main business(es)^(Note 3) of the Company.
- (v) The main company of the candidate is not a major business partner^(Note 4) of the Company.
- (vi) The main company of the candidate is not a major lender of the Company.
- (vii) The candidate has never worked for an accounting auditor of the Company for the period of five years immediately preceding the scheduled date of assumption of office.
- (viii) None of the executive directors of the Company is concurrently serving as a director of the main company of the candidate.
- (ix) The candidate is not a relative^(Note 5) of any of the officers or employees of the Company and has not fallen under any of i through viii above.

(Note 1) Main company of the candidate shall mean the company, if any, at which the candidate for an outside board member is an executive director, executive officer, or manager or other employee.

(Note 2) Major shareholder shall mean the top 10 shareholders of the Company.

(Note 3) Main business(es) of the Company shall mean business(es) disclosed as main business(es) of the Company on the business report of the Company.

(Note 4) Major business partner shall mean the business partner whose transaction with the Company is not less than 2% of consolidated gross sales of the Company or such business partner.

(Note 5) Relative shall mean the person’s spouse, partner, relative within the second degree of kinship, or relative who lives with the person.

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

Shown below are the titles, names, and positions of Executive Officers of the Company (excluding Executive Officers concurrently serving as Directors).

Title		Name	Position
Housing Company	Managing Executive Officer	Kenji Yagi	President of SEKISUI HEIM CHUBU CO., LTD. and SEKISUI HEIM REAL ESTATE CO., LTD.
	Executive Officer	Masaru Fujimoto	Head of Corporate Finance & Accounting Department
	Executive Officer	Kenichi Tadokoro	Head of Technology & CS Division
	Executive Officer	Ken Miyashita	Head of Sales Management Division
	Executive Officer	Jun Oda	President of Tokyo Sekisui Heim Co., Ltd.
	Executive Officer	Kiminori Sato	President of Sekisui Heim Industry Co., Ltd.
	Executive Officer	Akira Ikeda	Head of Business Strategy Department
Urban Infrastructure & Environmental Products Company	Executive Officer	Takeo Kishitani	Responsible for Pipe Systems field
	Executive Officer	Hiroki Okubo	Head of Management Planning Department
	Executive Officer	Toru Kurita	Head of Technology & CS Promotion Department
	Executive Officer	Masataka Uemura	Head of Pipeline Renewal Division
	Executive Officer	Katsumi Take	Head of General Institute
	Executive Officer	Shigeo Toyama	Head of the Fire Protection Materials Business
	Executive Officer	Akira Imagawa	President of SEKISUI AQUA SYSTEMS CO., LTD.
High Performance Plastics Company	Managing Executive Officer	Akira Asano	President of High Performance Plastics Company
	Executive Officer	Masayuki Inoue	Responsible for Industrial Business field, Head of Industrial Business Strategy Department, President of SEKISUI MATERIAL SOLUTIONS CO., LTD.
	Executive Officer	Takashi Muramatsu	Responsible for Electronic field, Head of Electronic Business Strategy Department
	Executive Officer	Hiroyuki Yamashita	Responsible for Mobility field, Head of Mobility Business Strategy Department
	Executive Officer	Yoshiaki Tanaka	Head of Management Planning Department
	Executive Officer	Yoshio Aoshima	Head of Interlayer Film Business
	Executive Officer	Motoko Hirai	Head of Human Resources Development Division
	Executive Officer	Chikao Shimizu	President of SEKISUI POLYMATECH CO., LTD.
Headquarters	Managing Executive Officer	Tatsuya Nishida	Responsible for Digital Transformation Department, Head of Corporate Finance & Accounting Department
	Executive Officer	Yoshiki Deguchi	Head of Manufacturing Infrastructure Enhancement Center
	Executive Officer	Naoko Fukutomi	Head of Legal Department
	Executive Officer	Yoshitaka Miyake	Head of PV Project, Director of SEKISUI SOLAR FILM CO., LTD.
	Executive Officer	Eiichi Takahashi	President & CEO of SEKISUI MEDICAL CO., LTD.
	Executive Officer	Hisahiko Kashihara	Head of R&D Center

(3) Audit

(i) Audit by Audit & Supervisory Board Members

The Company's Audit & Supervisory Board consists of five members comprising two full-time Audit & Supervisory Board Members and three part-time Outside Audit & Supervisory Board Members. We have elected an attorney at law, a CPA, and a quality expert as Outside Audit & Supervisory Board Members. Mr. Wakyu Shinmen as a CPA is equipped with specialized knowledge in accounting in and outside Japan and a wealth of audit experience, and is well-versed in finance and accounting. The Audit & Supervisory Board conducts audit in accordance with an audit policy and plan decided through consideration and deliberations done each fiscal year, based on an audit standard it laid down.

The Company held 17 meetings of the Audit & Supervisory Board during the fiscal year under review. Attendance by individual Audit & Supervisory Board Members is as follows:

Job title	Name	Attendance (attendance ratio)
Fulltime Audit & Supervisory Board Member	Hiroyuki Taketomo	17/17 (100%)
Fulltime Audit & Supervisory Board Member	Tomoyasu Izugami	17/17 (100%)
Outside Audit & Supervisory Board Member	Yoshikazu Minomo	17/17 (100%)
Outside Audit & Supervisory Board Member	Wakyu Shinmen	17/17 (100%)
Outside Audit & Supervisory Board Member	Kenji Tanaka	17/17 (100%)

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

Audit & Supervisory Board Members attend important meetings such as a Board of Directors meeting to view and check significant approval documents, among others, receive reports from headquarters in charge of internal control, and inspect the operations and financial position of main bases in and outside Japan, including the head office, plants, and subsidiaries, by auditing them onsite. Audit & Supervisory Board Members also hold a regular meeting with the Representative Directors to exchange opinions on, among others, the issues that the Company should resolve, the status of the improvement of the environment for audit by Audit & Supervisory Board Members, and important audit issues and to make requests deemed necessary to enhance mutual understanding. Audit & Supervisory Board Members seek to become more effective and efficient by engaging in close liaison through keenly exchanging information and opinions mutually while deliberating on individual subjects such as key audit matters (KAM). This is in addition to checking an audit plan with accounting audit firm KPMG AZSA LLC and receiving an audit result report. Audit & Supervisory Board Members identify internal problems by periodically exchanging opinions with the internal audit department while directly receiving reports from it on an audit policy as well as an audit plan and result. In addition, we hold three-way meetings involving the Accounting Auditor, the internal audit department, and the Audit & Supervisory Board Members to strengthen cooperation among the three auditors.

Furthermore, as an agenda item (matter for resolution) for the Annual General Meeting of Shareholders scheduled to be held on June 20, 2025, "Election of One (1) Audit & Supervisory Board Member" has been submitted, and even if the said resolution is approved and adopted, the Audit & Supervisory Board is expected to continue to consist of five members: two full-time Audit & Supervisory Board Members and three part-time Outside Audit & Supervisory Board Members.

(ii) Internal audit

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

(iii) Accounting audit

a. Name of audit firm
KPMG AZSA LLC

b. Period of continued audit
3 years

c. CPAs who conducted the audit
Yoshihide Takehisa
Hiroto Kawase
Yusuke Okamoto

d. Breakdown of audit assistants
Assistants participating in the accounting audit of the Company consist of 23 CPAs, 7 assistants who have passed CPA examination, and 36 other assistants.

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

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

(iv) Description of audit fees

a. Audit fees for CPAs

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Fee for audit certification service (millions of yen)	Fee for non-audit services (millions of yen)	Fee for audit certification service (millions of yen)	Fee for non-audit services (millions of yen)
Reporting company	155	2	188	1
Consolidated subsidiaries	81	0	106	—
Total	236	3	294	1

Description of non-audit services for which the Company and its consolidated subsidiaries pay fees to audit CPAs is omitted here since it is of little importance.

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

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Fee for audit certification service (millions of yen)	Fee for non-audit services (millions of yen)	Fee for audit certification service (millions of yen)	Fee for non-audit services (millions of yen)
Reporting company	—	0	—	0
Consolidated subsidiaries	442	29	448	20
Total	442	30	448	20

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

c. Description of fee for important audit certification service (millions of yen)
(Fiscal year ended March 31, 2024)
Not applicable

(Fiscal year ended March 31, 2025)
Not applicable

d. Policy on deciding audit fees

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

e. Reason for approval by the Audit & Supervisory Board to the fee, etc. for the accounting auditor

The Audit & Supervisory Board obtained the necessary materials, including information on the execution of duties in the previous fiscal year, and conducted the required verification to determine whether the content of the Accounting Auditor's audit plan, the status of the execution of accounting audit duties, and the basis for calculating the estimated remuneration were appropriate. As a result, the Board judged them to be reasonable and, in accordance with Article 399, Paragraph 1 of the Companies Act, consented to the amount of fee, etc. for the Accounting Auditor.

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

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

<Basic policy>

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

- The remuneration system should contribute to sustainable growth and medium- to long-term improvement of corporate value for the Group
- The remuneration system should make the officers of the Company share value with shareholders and increase their awareness of shareholder-focused management
- The remuneration system should be highly connected to business performance, providing motivation for officers of the Company to achieve management plan goals
- The remuneration system should provide a framework and baseline which enables the Company to acquire and keep on staff a diverse variety of management talent in order to increase the competitiveness of the Group

<Remuneration mindset>

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

- Basic remuneration is paid in a certain amount corresponding to roles and responsibilities within a limit on officers' remuneration. For executive directors, a portion of the basic remuneration is required to be used for the purpose of buying the Company's shares through the Officers Stock Ownership Plan, thereby raising their business awareness that attaches importance to stock price.
- Bonuses are paid if certain standard for ROE and dividend amounts is met. The amount is determined by reflecting a multiplier set by job function and a divisional company-specific multiplier (60 to 120%) linked to the achievement of targets for financial indicators (operating profit, ROIC, etc.) and non-financial indicators (environment, human capital, etc.) on a base amount linked to the company-wide operating profit amount.
- Share remuneration is an incentive plan in which the number of shares to be granted is specified by Director's responsibility in order to further motivate Directors to contribute to improving the Group's financial results and growing its corporate value in the medium to long term. The share granting plan is designed to more closely track the Group's medium- to long-term shareholder value due to being structured to give shares mirrored by share value at the time of the Director resigning as a reward for having contributed to improving the Group's corporate value in the medium to long term.
- Remuneration for Directors (and other officers) of the Company is decided in accordance with title and responsibilities. Remuneration for Directors is arranged in a manner that ensures that the higher a person is in position, the greater his/her performance-linked remuneration portion is. The responsibilities element reflects the business performance of the Divisional Company for which he/she is responsible.
- Basic remuneration and bonus that constitute cash compensation are paid periodically during the person's term of office with shares being granted to him/her in a lump sum at the time he/she resigns from the Company.

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

Category	Indicator	Evaluation weight	Targets	Results
Financial indicators	Company-wide and divisional company financial results (Operating profit)	18%	¥102.0 billion	¥107.9 billion
	EBITDA	12%	¥159.0 billion	¥161.7 billion
	Marginal profit per capita	4%	¥19.5 million	¥20.6 million
	ROIC	4%	7.6%	8.1%
	Sales growth rate	4%	105.6%	103.3%
	Sales of products to enhance sustainability (Total/Premium Framework)* ¹	8%	¥1,000.4 billion of which Premium Framework: ¥538.0 billion	¥996.6 billion of which Premium Framework: ¥535.1 billion
Non-financial indicators	GHG emission reduction rate* ¹	6%		Achieved
	Material recycling rate of waste plastic* ¹	4%		Achieved
	Degree of challenging behavior expression	5%		Achieved

	Employee retention rate	5%		Not achieved
	Open innovation	4%		Achieved
	Others (direct and indirect productivity, governance*2, divisional company-specific indicators)	26%		67% *3

*1 Results for sales of products to enhance sustainability (Total/Premium Framework), GHG emission reduction rate, and material recycling rate of waste plastic are preliminary results as of April 2025.

*2 Governance is indicated by the presence of major incidents.

*3 The ratio of indicators that achieved the targets is noted.

<Process of determining officers' remuneration>

To achieve the objective of the officers' remuneration system, the Company has the Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors, running the system through objective and transparent procedures with the Committee deliberating on the remuneration structure-levels for Directors and the reasonableness of individual payouts.

The specific amount, timing, and method of payment of individual remunerations of Directors are determined by the Board of Directors based on the report of the Nomination and Remuneration Advisory Committee, in order to further strengthen the supervisory function of the Board of Directors and to ensure objectivity and transparency.

The Board of Directors concluded that individual remunerations for the fiscal year under review, etc. are consistent with the decision policy, based on the procedures described above.

<Outline of the Nomination and Remuneration Advisory Committee and how remuneration, etc. is determined>

- A meeting of the Nomination and Remuneration Advisory Committee is convened by the chairperson (Outside Director).
- Proposals to the meeting are put forward by committee members and the secretariat compiles them before submitting them to the chairperson.
- The result of deliberations by the meeting is reported to the Board of Directors by the chairperson.
- The decision policy for Directors' remuneration, etc. is determined ultimately by the Board of Directors by adhering to the report. In determining the policy, members of the committee and Directors are required to do so from a perspective of whether it will help enhance the Company's corporate value and ultimately the common interest of shareholders, and they must not aim for their own individual interests or those of a third party such as the Company's management.

The indicators for performance-linked remuneration are operating profit, divisional company performance, ROE, ROIC, non-financial indicators including environment and human capital, and dividends that motivate returns to shareholders.

The reason for selecting these indicators is that we believe that they function effectively as an incentive for the Directors of the Company to improve corporate value and achieve management plans, and that they can ensure a highly objective and transparent remuneration process.

The amount of payment is determined to keep the balance with the above indicators by utilizing the executive remuneration data of outside research agencies and periodically making comparisons with companies similar in size and business performance to the Group.

<Date of resolving officers' remuneration, etc. at General Meeting of Shareholders>

As regards officers' remuneration, etc., it was resolved at the 85th Annual General Meeting of Shareholders held on June 28, 2007 to pay up to an annual total of ¥1,100 million in remuneration, etc. for Directors and up to an annual total of ¥120 million in remuneration, etc. for Audit & Supervisory Board Members. As regards share-based compensation (Board Incentive Plan trust) to be granted to Directors excluding Outside Directors, it was resolved at the 94th Annual General Meeting of Shareholders held on June 28, 2016 to pay up to ¥330 million in such compensation for a period of three years, and the agenda item will be submitted at the 103rd Annual General Meeting of Shareholders to be held on June 20, 2025 to revise the limit to ¥630 million for a period of three years.

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

Officer category	Total amount of remuneration by type (millions of yen)				Number of recipient directors (and other officers) (persons)
	Basic remuneration	Bonus	Share-based compensation	Total	
Directors (excluding Outside Directors)	346	340	79	766	8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	44	–	–	44	2
Outside Directors and Outside Audit & Supervisory Board Members	108	–	–	108	8

- (Notes) 1. The amounts of remuneration for Directors do not include ¥47 million in employee salaries (including employee bonuses) paid to Directors concurrently serving as employees (one person).
2. The above includes one Director who resigned at the conclusion of the 102nd Annual General Meeting of Shareholders held on June 20, 2024.

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

Name	Officer category	Category of company	Amount of remuneration by type (millions of yen)			Total amount of remuneration (millions of yen)
			Basic remuneration	Bonus	Share-based compensation	
Teiji Koge	Director	Reporting company	60	54	14	129
Keita Kato	Director	Reporting company	84	89	18	191
Ikusuke Shimizu	Director	Reporting company	51	50	11	112
Futoshi Kamiwaki	Director	Reporting company	57	47	11	115
Yoshiyuki Hirai	Director	Reporting company	48	49	11	108

(5) Shareholdings

(i) Standard and thinking on investment stock category

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

As of March 31, 2025, the Company held no pure-investment-purpose shares.

(ii) Non-pure-investment-purpose shares

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

SEKISUI CHEMICAL Group strategically holds listed shares of other companies, to a limited extent, that are deemed to be important business partners if it judges such holdings to be beneficial and important for the purpose of boosting their corporate value and maximizing its own corporate value in the medium to long term. The strategic rationale shall be reviewed in an appropriate and timely manner and SEKISUI CHEMICAL Group reduces those holdings without sufficient strategic benefits or that are inconsistent with its capital policies as necessary.

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

<Overview of verification result>

At a Board of Directors meeting held in June 2025, we examined non-pure-investment-purpose shares and checked to see whether it was appropriate to hold them in accordance with the investment ratio, officer dispatch, transactions, partner relationship, and dividend income on a stock-by-stock basis under the basic policy described above.

The total number of shareholdings of listed companies was 25 as of the end of March 2024, and was 23 as of the end of March 2025 as a result of the sale of three holdings during fiscal 2024 and the addition of one holding in conjunction with the new listing of unlisted stock the Company held.

b. Stocks and their carrying amount in balance sheet

	Number of stocks (Issues)	Total carrying amount in the consolidated balance sheet (millions of yen)
Unlisted stocks	74	3,879
Stocks other than those not listed	23	70,498

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

	Number of stocks (Issues)	Total acquisition cost for increased shares (millions of yen)	Reason for increase in number of shares
Unlisted stocks	3	680	Acquisition due to business collaboration
Stocks other than those not listed	1	–	New listing of unlisted stock the Company held

(Note) An increase of one stock other than those not listed is due to new listing of unlisted stock the Company held, and therefore no acquisition cost is incurred.

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

	Number of stocks (Issues)	Total sale amount for decreased shares (millions of yen)
Unlisted stocks	4	75
Stocks other than those not listed	6	15,904

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

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

Specified investment stocks

Stock	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of shareholding, outline of business alliances, quantitative effects of shareholding, and reason for increase in number of shares	Holding of shares of the Company
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount in balance sheet (millions of yen)	Carrying amount in balance sheet (millions of yen)		
Sekisui House, Ltd.	14,168,727	14,168,727	In addition to receiving dividends (¥1,813 million for the fiscal year under review for a dividend yield of 3.8%), the Company's holding of shares in Sekisui House, Ltd. is intended to enhance corporate value of both parties through partnership for joint development and supply of housing products.	Yes
	47,323	49,803		
Dexerials Corporation	3,780,000	2,520,000	In addition to receiving dividends (¥262 million for the fiscal year under review for a dividend yield of 2.6%), the Company's holding of shares in Dexerials Corporation is intended to enhance corporate value of both parties through partnership for supply of electronic products. The increase in the number of shares is due to a stock split.	No
	6,862	16,851		
Senko Group Holdings Co., Ltd.	3,393,000	3,393,000	In addition to receiving dividends (¥142 million for the fiscal year under review for a dividend yield of 2.8%), the Company's holding of shares in Senko Group Holdings Co., Ltd. is intended to enhance corporate value of both parties through partnership for logistics operations such as delivery and storage of products.	Yes
	5,116	3,891		
Mitsubishi UFJ Financial Group	1,637,600	2,339,400	In addition to receiving dividends (¥88 million for the fiscal year under review for a dividend yield of 2.3%), the Company's holding of shares in Mitsubishi UFJ Financial Group, Inc. is intended to enhance corporate value of both parties through partnership for funding and investment.	Yes
	3,293	3,642		
Sekisui Jushi Corporation	1,533,791	1,533,791	In addition to receiving dividends (¥102 million for the fiscal year under review for a dividend yield of 3.5%), the Company's holding of shares in Sekisui Jushi Corporation is intended to enhance corporate value of both parties through partnership for supply of synthetic resin products.	Yes
	2,935	3,655		

Stock	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of shareholding, outline of business alliances, quantitative effects of shareholding, and reason for increase in number of shares	Holding of shares of the Company
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount in balance sheet (millions of yen)	Carrying amount in balance sheet (millions of yen)		
Asahi Kasei Corp.	1,716,574	1,716,574	In addition to receiving dividends (¥61 million for the fiscal year under review for a dividend yield of 3.4%), the Company's holding of shares in Asahi Kasei Corp. is intended to enhance corporate value of both parties through partnership for supply of housing products and procurement of raw materials.	Yes
	1,797	1,908		
ERI Holdings Co., Ltd.	351,000	351,000	In addition to receiving dividends (¥21 million for the fiscal year under review for a dividend yield of 2.6%), the Company's holding of shares in ERI Holdings Co., Ltd. is intended to enhance corporate value of both parties through partnership for performance assessment and inspection of homes supply of electronic products.	No
	815	609		
Resona Holdings, Inc.	268,525	268,525	In addition to receiving dividends (¥6 million for the fiscal year under review for a dividend yield of 1.7%), the Company's holding of shares in Resona Holdings, Inc. is intended to enhance corporate value of both parties through partnership for funding and investment.	Yes
	345	255		
AGC Inc.	73,600	73,600	In addition to receiving dividends (¥15 million for the fiscal year under review for a dividend yield of 4.6%), the Company's holding of shares in AGC Inc. is intended to enhance corporate value of both parties through partnership for development and supply of double-glazed glass interlayer and procurement of home window glasses.	No
	334	406		
Central Japan Railway Company	102,000	102,000	In addition to receiving dividends (¥3 million for the fiscal year under review for a dividend yield of 1.1%), the Company's holding of shares in Central Japan Railway Company is intended to enhance corporate value of both parties through partnership for development and supply of railway-related products.	No
	291	380		
Nomura Micro Science Co., Ltd.	120,000	1,200,000	In addition to receiving dividends (¥59 million for the fiscal year under review for a dividend yield of 2.8%), the Company's holding of shares in Nomura Micro Science Co., Ltd. is intended to enhance corporate value of both parties through partnership for procurement of plant-related products.	No
	288	7,128		

Stock	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of shareholding, outline of business alliances, quantitative effects of shareholding, and reason for increase in number of shares	Holding of shares of the Company
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount in balance sheet (millions of yen)	Carrying amount in balance sheet (millions of yen)		
Hashimoto Sogyo Holdings Ltd.	181,500	181,500	In addition to receiving dividends (¥8 million for the fiscal year under review for a dividend yield of 3.7%), the Company's holding of shares in Hashimoto Sogyo Holdings Ltd. is intended to enhance corporate value of both parties through partnership for sales of construction and civil engineering products.	Yes
	217	253		
Almetax Manufacturing Co., Ltd.	703,910	703,910	In addition to receiving dividends (¥5 million for the fiscal year under review for a dividend yield of 3.0%), the Company's holding of shares in Almetax Manufacturing Co., Ltd. is intended to enhance corporate value of both parties through partnership for supply and purchase of housing products.	Yes
	185	214		
East Japan Railway Company	44,700	44,700	In addition to receiving dividends (¥2 million for the fiscal year under review for a dividend yield of 1.8%), the Company's holding of shares in East Japan Railway Company is intended to enhance corporate value of both parties through partnership for development and supply of railway-related products.	No
	131	130		
Sumitomo Mitsui Financial Group, Inc.	34,068	11,356	In addition to receiving dividends (¥3 million for the fiscal year under review for a dividend yield of 2.8%), the Company's holding of shares in Sumitomo Mitsui Financial Group, Inc. is intended to enhance corporate value of both parties through partnership for funding and investment. The increase in the number of shares is due to a stock split.	Yes
	129	101		
Gauzy Ltd.	94,866	—	The Company's holding of shares in Gauzy Ltd. is intended to enhance corporate value of both parties through partnership for smart glass products. The increase is due to new listing	No
	113	—		
Central Glass Co., Ltd.	26,200	26,200	In addition to receiving dividends (¥4 million for the fiscal year under review for a dividend yield of 5.7%), the Company's holding of shares in Central Glass Co., Ltd. is intended to enhance corporate value of both parties through partnership for supply of double-glazed glass interlayer and procurement of raw materials.	No
	85	76		

Stock	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of shareholding, outline of business alliances, quantitative effects of shareholding, and reason for increase in number of shares	Holding of shares of the Company
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount in balance sheet (millions of yen)	Carrying amount in balance sheet (millions of yen)		
Kuwazawa Holdings Corporation	124,014	124,014	In addition to receiving dividends (¥1 million for the fiscal year under review for a dividend yield of 2.6%), the Company's holding of shares in Kuwazawa Holdings Corporation is intended to enhance corporate value of both parties through partnership for sales of construction and civil engineering products.	No
	70	114		
Shimajima Co., Ltd.	37,440	37,440	In addition to receiving dividends (¥2 million for the fiscal year under review for a dividend yield of 5.4%), the Company's holding of shares in Shimajima Co., Ltd. is intended to enhance corporate value of both parties through partnership for sales of functional tape products.	Yes
	46	51		
Zeon Corporation	25,000	25,000	In addition to receiving dividends (¥1 million for the fiscal year under review for a dividend yield of 4.0%), the Company's holding of shares in Zeon Corporation is intended to enhance corporate value of both parties through partnership for procurement of raw materials.	Yes
	37	33		
LanzaTech Global, INC.	967,621	967,621	The Company's holding of shares in LanzaTech Global, INC. is intended to enhance corporate value of both parties through partnership for bio-refinery-related products.	No
	35	453		
EPCO Co., Ltd.	40,000	40,000	In addition to receiving dividends (¥1 million for the fiscal year under review for a dividend yield of 4.4%), the Company's holding of shares in EPCO Co., Ltd. is intended to enhance corporate value of both parties through partnership that includes assistance in plumbing design during sales of home water supply-drainage products.	No
	28	35		
Mizuho Financial Group, Inc.	2,978	2,978	In addition to receiving dividends (¥0 million for the fiscal year under review for a dividend yield of 3.0%), the Company's holding of shares in Mizuho Financial Group, Inc. is intended to enhance corporate value of both parties through partnership for funding and investment.	Yes
	12	9		
Tosoh Corporation	—	725,650	The Company's holding of shares in Tosoh Corporation is intended to enhance corporate value of both parties through partnership for procurement of raw materials and management of joint ventures etc.	No
	—	1,496		

Stock	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of shareholding, outline of business alliances, quantitative effects of shareholding, and reason for increase in number of shares	Holding of shares of the Company
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount in balance sheet (millions of yen)	Carrying amount in balance sheet (millions of yen)		
Daito Trust Construction Co., Ltd.	—	10,000	The Company's holding of shares in Daito Trust Construction Co., Ltd. is intended to enhance corporate value of both parties through partnership for distribution of housing related products.	No
	—	174		
Sharp Corporation	—	155,500	The Company's holding of shares in Sharp Corporation is intended to enhance corporate value of both parties through partnership for procurement of housing products and supply of electronic materials.	No
	—	129		

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

V. Financial Information

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

- (1) Consolidated financial statements of the Company are prepared based on the Regulation on Terminology, Forms, and Methods of Preparing Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).
- (2) Non-consolidated financial statements of the Company are prepared based on the Regulation on Terminology, Forms, and Methods of Preparing Financial Statements (Ministry of Finance Order No. 59 of 1963, “Regulation on Financial Statements”).
In addition, the Company falls under a special company submitting financial statements, and prepares its non-consolidated financial statements pursuant to Article 127 of the Regulation on Financial Statements.

2. Note on independent audit

Based on the provisions in Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, the consolidated financial statements for the fiscal year (from April 1, 2024 to March 31, 2025) and non-consolidated financial statements for the fiscal year (from April 1, 2024 to March 31, 2025) of the Company have been audited by KPMG AZSA LLC.

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

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

1. Consolidated financial statements and other information

(1) Consolidated financial statements

(i) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	138,572	142,586
Notes receivable - trade	*1, *7 43,109	*1 37,820
Accounts receivable - trade	*1 168,864	*1 167,960
Contract assets	1,486	1,758
Merchandise and finished goods	112,748	110,721
Land for sale in lots	67,693	69,187
Work in process	61,087	72,006
Raw materials and supplies	56,704	61,903
Advance payments to suppliers	4,122	5,274
Prepaid expenses	5,793	7,389
Short-term loans receivable	1,115	714
Other	25,044	26,465
Allowance for doubtful accounts	(776)	(686)
Total current assets	685,564	703,104
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	*4 123,499	*4 121,784
Machinery, equipment and vehicles, net	114,194	113,941
Land	85,931	86,517
Leased assets, net	21,750	21,294
Construction in progress	33,599	46,085
Other, net	*4 13,510	*4 14,245
Total property, plant and equipment	*2 392,485	*2 403,870
Intangible assets		
Goodwill	8,636	6,874
Software	17,410	16,915
Leased assets	107	64
Other	32,944	35,276
Total intangible assets	59,097	59,131
Investments and other assets		
Investment securities	*3 127,421	*3 105,102
Long-term loans receivable	1,097	923
Long-term prepaid expenses	2,130	1,757
Retirement benefit asset	35,368	35,575
Deferred tax assets	4,223	4,855
Other	17,136	17,179
Allowance for doubtful accounts	(1,280)	(714)
Total investments and other assets	186,096	164,679
Total non-current assets	637,679	627,681
Total assets	1,323,243	1,330,786

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes payable - trade	*7 578	413
Electronically recorded obligations - operating	*7 15,567	15,782
Accounts payable - trade	107,713	107,356
Short-term borrowings	*4 11,569	*4 2,340
Current portion of bonds payable	30	—
Lease liabilities	5,433	5,422
Accrued expenses	43,107	44,254
Income taxes payable	25,086	16,870
Provision for bonuses	19,628	22,219
Provision for bonuses for directors (and other officers)	474	488
Provision for warranties for completed construction	2,445	2,209
Provision for share awards	112	108
Advances received	*8 57,436	*8 69,557
Other	55,414	52,977
Total current liabilities	344,597	340,002
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term borrowings	*4 46,270	*4 46,042
Lease liabilities	17,421	17,025
Deferred tax liabilities	4,757	1,524
Retirement benefit liability	*9 41,344	*9 42,824
Provision for share awards	1,083	1,154
Other	6,843	6,845
Total non-current liabilities	157,720	155,417
Total liabilities	502,318	495,420
Net assets		
Shareholders' equity		
Share capital	100,002	100,002
Capital surplus	108,621	105,068
Retained earnings	501,945	544,799
Treasury shares	(48,679)	(50,082)
Total shareholders' equity	661,889	699,787
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,197	36,889
Deferred gains or losses on hedges	(15)	(0)
Revaluation reserve for land	*10 320	*10 319
Foreign currency translation adjustment	67,826	62,160
Remeasurements of defined benefit plans	11,111	8,190
Total accumulated other comprehensive income	130,440	107,560
Non-controlling interests	28,595	28,018
Total net assets	820,925	835,366
Total liabilities and net assets	1,323,243	1,330,786

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

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
Net sales	*1	1,256,538	*1	1,297,754
Cost of sales		864,343		877,147
Gross profit		392,195		420,606
Selling, general and administrative expenses	*2	297,795	*2	312,655
Operating profit		94,399		107,951
Non-operating income				
Interest income		1,854		2,149
Dividend income		3,603		3,245
Share of profit of entities accounted for using equity method		843		—
Subsidy income		605		2,423
Foreign exchange gains		6,958		—
Miscellaneous income		2,867		2,864
Total non-operating income		16,733		10,683
Non-operating expenses				
Interest expenses		1,103		1,038
Share of loss of entities accounted for using equity method		—		1,092
Loss on tax purpose reduction entry of non-current assets		426		1,926
Foreign exchange losses		—		411
Maintenance expenses for specific construction components		826		—
Miscellaneous expenses		2,855		3,206
Total non-operating expenses		5,211		7,676
Ordinary profit		105,921		110,958
Extraordinary income				
Gain on sale of investment securities		13,701		14,567
Gain on sale of shares of subsidiaries and associates		540		—
Total extraordinary income		14,242		14,567
Extraordinary losses				
Impairment losses	*3	4,128	*3	2,788
Loss on valuation of investment securities		2,453		512
Loss on valuation of shares of subsidiaries and associates		330		—
Loss on sale and retirement of non-current assets	*4	1,773	*4	2,251
Total extraordinary losses		8,684		5,552
Profit before income taxes		111,479		119,973
Income taxes - current		38,399		33,275
Income taxes - deferred		(5,974)		2,591
Total income taxes		32,424		35,867
Profit		79,054		84,106
Profit attributable to non-controlling interests		1,123		2,181
Profit attributable to owners of parent		77,930		81,925

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	79,054	84,106
Other comprehensive income		
Valuation difference on available-for-sale securities	14,365	(14,185)
Deferred gains or losses on hedges	0	15
Foreign currency translation adjustment	29,811	(6,216)
Remeasurements of defined benefit plans, net of tax	13,596	(3,163)
Share of other comprehensive income of entities accounted for using equity method	(1,089)	(82)
Total other comprehensive income	* 56,683	* (23,632)
Comprehensive income	135,737	60,474
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	133,386	59,045
Comprehensive income attributable to non-controlling interests	2,351	1,428

(iii) Consolidated statement of changes in equity
FY2023 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100,002	108,583	468,094	(46,637)	630,041
Changes during period					
Dividends of surplus			(27,845)		(27,845)
Profit attributable to owners of parent			77,930		77,930
Increase and decrease in retained earnings resulting from inclusion of subsidiaries in consolidation					—
Change in scope of equity method			(2,377)	34	(2,343)
Changes resulting from merger of consolidated subsidiaries and unconsolidated subsidiaries			78		78
Cancellation of treasury shares		(13,935)		13,935	—
Purchase of treasury shares				(16,173)	(16,173)
Disposal of treasury shares		0		161	161
Transfer from retained earnings to capital surplus		13,935	(13,935)		—
Change in ownership interest of parent due to transactions with non-controlling interests		38			38
Net changes in items other than shareholders' equity					—
Total changes during period	—	38	33,851	(2,042)	31,847
Balance at end of period	100,002	108,621	501,945	(48,679)	661,889

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	37,836	(24)	321	39,253	(2,402)	74,984	27,498	732,525
Changes during period								
Dividends of surplus								(27,845)
Profit attributable to owners of parent								77,930
Increase and decrease in retained earnings resulting from inclusion of subsidiaries in consolidation								–
Change in scope of equity method								(2,343)
Changes resulting from merger of consolidated subsidiaries and unconsolidated subsidiaries								78
Cancellation of treasury shares								–
Purchase of treasury shares								(16,173)
Disposal of treasury shares								161
Transfer from retained earnings to capital surplus								–
Change in ownership interest of parent due to transactions with non-controlling interests								38
Net changes in items other than shareholders' equity	13,361	8	(1)	28,572	13,514	55,455	1,097	56,552
Total changes during period	13,361	8	(1)	28,572	13,514	55,455	1,097	88,400
Balance at end of period	51,197	(15)	320	67,826	11,111	130,440	28,595	820,925

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

(Millions of yen)

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

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	51,197	(15)	320	67,826	11,111	130,440	28,595	820,925
Changes during period								
Dividends of surplus								(31,964)
Profit attributable to owners of parent								81,925
Increase and decrease in retained earnings resulting from inclusion of subsidiaries in consolidation								133
Change in scope of equity method								–
Changes resulting from merger of consolidated subsidiaries and unconsolidated subsidiaries								–
Cancellation of treasury shares								–
Purchase of treasury shares								(8,922)
Disposal of treasury shares								279
Transfer from retained earnings to capital surplus								–
Change in ownership interest of parent due to transactions with non-controlling interests								(3,553)
Net changes in items other than shareholders' equity	(14,307)	15	(0)	(5,666)	(2,920)	(22,879)	(577)	(23,456)
Total changes during period	(14,307)	15	(0)	(5,666)	(2,920)	(22,879)	(577)	14,441
Balance at end of period	36,889	(0)	319	62,160	8,190	107,560	28,018	835,366

(iv) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	111,479	119,973
Depreciation	51,195	52,361
Amortization of goodwill	1,477	1,395
Impairment losses	4,128	2,788
Loss on retirement of non-current assets	1,717	2,238
Loss (gain) on sale of non-current assets	56	12
Increase or decrease in retirement benefit asset and liability	(1,764)	(2,893)
Loss (gain) on sale of investment securities	(13,701)	(14,567)
Loss (gain) on sale of shares of subsidiaries and associates	(540)	–
Loss (gain) on valuation of investment securities	2,453	512
Loss on valuation of shares of subsidiaries and associates	330	–
Interest and dividend income	(5,458)	(5,395)
Interest expenses	1,103	1,038
Share of loss (profit) of entities accounted for using equity method	(843)	1,092
Decrease (increase) in accounts receivable - trade, and contract assets	(11,355)	4,139
Decrease (increase) in inventories	(2,338)	(16,407)
Increase (decrease) in trade payables	(17,858)	4,342
Increase (decrease) in advances received	3,723	12,159
Increase (decrease) in deposits received	(2,655)	(2,733)
Other, net	(2,205)	(6,411)
Subtotal	118,939	153,645
Interest and dividends received	6,249	5,999
Interest paid	(1,292)	(1,003)
Income taxes refund	10,453	2,492
Income taxes paid	(27,717)	(41,902)
Net cash provided by (used in) operating activities	106,632	119,231

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from investing activities		
Purchase of property, plant and equipment	(46,070)	(58,104)
Proceeds from sale of property, plant and equipment	885	1,342
Payments into time deposits	(13,777)	(27,220)
Proceeds from withdrawal of time deposits	18,614	17,465
Purchase of investment securities	(1,018)	(1,363)
Proceeds from sale and redemption of investment securities	22,073	16,134
Proceeds from sale of shares of subsidiaries and associates	16,739	–
Purchase of intangible assets	(14,385)	(12,213)
Decrease (increase) in short-term loans receivable	(917)	445
Other, net	(659)	2,005
Net cash provided by (used in) investing activities	(18,515)	(61,508)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	407	(86)
Repayments of lease liabilities	(5,701)	(5,724)
Proceeds from long-term borrowings	5	707
Repayments of long-term borrowings	(2,543)	(10,069)
Redemption of bonds	–	(30)
Dividends paid	(27,830)	(31,934)
Dividends paid to non-controlling interests	(1,263)	(1,001)
Purchase of treasury shares	(16,173)	(8,922)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(3)	(4,291)
Other, net	81	153
Net cash provided by (used in) financing activities	(53,023)	(61,200)
Effect of exchange rate change on cash and cash equivalents	6,058	(2,054)
Net increase (decrease) in cash and cash equivalents	41,151	(5,531)
Cash and cash equivalents at beginning of period	85,207	126,367
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	8	60
Cash and cash equivalents at end of period	*1 126,367	*1 120,895

Notes to consolidated financial statements

(Basis of preparation of consolidated financial statements)

1. Scope of consolidation

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

Number of consolidated subsidiaries 145

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

During the fiscal year under review, Sekisui Solar Film Co., Ltd. was newly established, and Kofu Sekisui Industry Co., Ltd., Tohseki Kako Co., Ltd., and Yonseki Kako Co., Ltd. were newly included in the scope of consolidation due to increased materiality.

PT. Sekisui Indonesia and Sekisui Chemical India Private Ltd. were excluded from the scope of consolidation due to completion of liquidation.

(2) Names of major unconsolidated subsidiaries

Sekisui Heim Create Co., Ltd.

(Reasons for exclusion from the scope of consolidation)

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

2. Application of the equity method

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

6 associates

Names of major companies

Sekisui Kasei Co., Ltd.

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

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

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

The fiscal year-end of 13 overseas subsidiaries among consolidated subsidiaries is December 31. The preparation of consolidated financial statements is based on financial statements that were provisionally prepared as of March 31, which is the consolidated balance sheet date. The fiscal year-end of other consolidated subsidiaries and entities accounted for using the equity method is the same as the consolidated balance sheet date.

4. Accounting policies

(1) Valuation basis and methods for significant assets

(i) Securities

Held-to-maturity debt securities...Amortized cost method

Available-for-sale securities

Other than shares, etc. without market price

...Stated at fair value

(Valuation differences are mainly booked directly in a separate component of net assets, and cost of securities sold is determined by the moving average method)

Shares, etc. without market price

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

(ii) Derivatives...Stated at fair value

(iii) Inventories

Inventories held for regular sales

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

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

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

(2) Accounting methods for depreciation of significant depreciable assets

- (i) Property, plant, and equipment (excluding leased assets)
 - The straight-line method is applied.
 - Major useful lives are as follows:
 - Buildings and structures 3 to 60 years
 - Machinery, equipment, and vehicles 4 to 17 years
- (ii) Intangible assets (excluding leased assets)
 - The straight-line method is applied.
 - Software for internal use is amortized over its useful life as internally determined (mainly five years).
- (iii) Leased assets
 - Leased assets related to finance lease transactions that do not transfer ownership
 - The straight-line method is applied assuming the lease period to be the useful life without residual value.
- (3) Accounting policy for significant provisions
 - (i) Allowance for doubtful accounts...To prepare for credit losses on receivables, an estimated uncollectible amount is provided in the amount estimated either by using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.
 - (ii) Provision for bonuses...To provide for payment of employees' bonuses (including the employee bonus portion paid to Directors concurrently serving as employees), the estimated amount is provided mainly based on the payment amount immediately before the end of the fiscal year.
- (4) Accounting methods for retirement benefits
 - (i) Method of attributing expected retirement benefits to periods
 - In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year under review on a benefit formula basis.
 - (ii) Method of amortizing actuarial gains and losses and past service cost
 - Actuarial gains and losses are amortized using the straight-line method over a certain number of years (five years) within the average remaining service years of employees when incurred in each fiscal year, from the fiscal year following the accrual of each gain or loss.
 - Past service cost is amortized using the straight-line method over a certain number of years (five years) within the average remaining service years of employees when incurred.
 - (iii) Accounting for other costs
 - For the calculation of retirement benefit liabilities and retirement benefit expenses, certain consolidated subsidiaries apply the simplified method using a method that regards the amount to be paid for voluntary retirement at the end of the fiscal year related to retirement benefit as retirement benefit liabilities.
 - In addition, in order to provide for payment of retirement benefits for directors (and other officers) at consolidated subsidiaries, the amount calculated based on each company's internal rules is included in retirement benefit liabilities.

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

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

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

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

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

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

(ii) Revenues related to construction contracts

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

(iii) Revenues related to sale of services and others

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

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

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

(7) Accounting methods for significant hedging

(i) Accounting methods for hedging

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

(ii) Hedging instruments and hedged items

(a) Interest rate fluctuation risks related to financing

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

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

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

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

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

instruments.

(iii) Policy for hedging

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

(iv) Method of evaluating hedge effectiveness

Hedge effectiveness is evaluated by comparing aggregated cash flow fluctuations or exchange rate fluctuations of hedged items with aggregated cash flow fluctuations or exchange rate fluctuations of hedging instruments, and based on changes in both, etc.

In the case of those subject to the *furiate-shori* or the exceptional accounting method, however, the evaluation of effectiveness is omitted.

(8) Amortization of goodwill

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

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

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

(10) Other significant matters for preparing consolidated financial statements

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

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

(ii) Application of the group tax sharing system

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

(Significant accounting estimates)

FY2023 (from April 1, 2023 to March 31, 2024)

1. Valuation of land for sale in lots

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

Land for sale in lots ¥67,693 million

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

(i) Calculation method

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

(ii) Major assumptions

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

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

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

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

1. Valuation of land for sale in lots

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

Land for sale in lots ¥69,187 million

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

(i) Calculation method

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

(ii) Major assumptions

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

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

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

(Accounting standards issued but not yet applied)

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

(1) Outline

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

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

(2) Scheduled date of application

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

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

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

(Notes to consolidated balance sheet)

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

	(Millions of yen)	
	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Notes receivable - trade	43,109	37,820
Accounts receivable - trade	168,717	167,726

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

	(Millions of yen)	
	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Accumulated depreciation of property, plant, and equipment	694,794	712,551

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

	(Millions of yen)	
	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Investment securities (shares)	28,772	27,223

*4. Assets pledged as collateral and secured liabilities

Assets pledged as collateral are as follows:

	(Millions of yen)	
	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Buildings and structures	851	810
Other (property, plant, and equipment)	8	8
Total	860	818

Secured liabilities are as follows:

	(Millions of yen)	
	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Short-term borrowings	215	207
Long-term borrowings	5	13
Total	221	221

5. Guarantee obligations

The following liabilities are guaranteed:

	(Millions of yen)	
	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
(1) Guarantee obligations of housing loans for prefabricated modular housing purchasers	59,223	50,992
(2) Other guarantee obligations	3,743	2,785

6. Trade notes receivable transferred by endorsement

	(Millions of yen)	
	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Trade notes receivable transferred by endorsement	251	—

*7. Notes maturing at the end of the period, etc.

For accounting treatment of notes maturing, etc. at the end of the fiscal year under review, they are processed as settled on the clearance date of the notes or the settlement date. In this regard, since the end of the previous fiscal year fell on a bank holiday, the following matured notes, etc. were included in the balance at the end of the previous fiscal year.

	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Notes receivable - trade	2,913	—
Notes payable - trade	54	—
Electronically recorded obligations - operating	308	—

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

	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Contract liabilities	55,359	66,364

*9. The portion for directors and officers in retirement benefit liability is as follows:

	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Portion for directors and officers in retirement benefit liabilities	1,084	1,092

- *10. Sekisui Kasei Co., Ltd., which is an entity accounted for using the equity method, revaluates land for business use based on the Act on Revaluation of Land (Act No. 34 of March 31, 1998, and the partial amendment thereof, Act No. 19 of March 31, 2001), and accounts for its share of the revaluation difference as “Revaluation reserve for land” in net assets.
- Revaluation method...Revaluation is calculated by the method using assessed value for fixed asset tax as provided for in Article 2, item 3 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 of March 31, 1998).
 - Date of revaluation...March 31, 2002

(Notes to consolidated statement of income)

*1. Revenue from contracts with customers

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

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

(Millions of yen)

	FY2023 (from April 1, 2023 to March 31, 2024)	FY2024 (from April 1, 2024 to March 31, 2025)
Freight costs, packing expenses, and storage fees	30,591	33,923
Employees’ salaries, allowances, and bonuses	100,623	104,659
Provision for bonuses	12,218	13,811
Retirement benefit expenses	3,815	3,294
Depreciation	16,200	16,473
Provision of allowance for doubtful accounts	215	158
Research and development expenses	41,701	44,249

Research and development expenses only include general and administrative expenses.

*3. Impairment losses

The Group recorded impairment losses mainly for the following assets:

FY2023 (from April 1, 2023 to March 31, 2024)

Used for	Type	Location
Lithium-Ion Battery Business	Machinery, equipment, and vehicles, buildings and structures, etc.	Tokoname City, Aichi

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

In the Lithium-Ion Battery business, machinery, equipment, and vehicles, and buildings and structures, etc., in which capital investment was made, were impaired due to the inability to recover future cash flows. The full book value was impaired and recorded as an impairment loss (¥3,707 million) under extraordinary losses.

The breakdown is as follows: machinery, equipment, and vehicles: ¥1,728 million; buildings and structures: ¥1,543 million; and Other: ¥435 million.

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

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

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

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

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

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

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

extraordinary losses.

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

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

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

	(Millions of yen)	
	FY2023	FY2024
	(from April 1, 2023 to March 31, 2024)	(from April 1, 2024 to March 31, 2025)
Buildings and structures	634	596
Machinery, equipment, and vehicles	465	727

(Notes to consolidated statement of comprehensive income)

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

	(Millions of yen)	
	FY2023 (from April 1, 2023 to March 31, 2024)	FY2024 (from April 1, 2024 to March 31, 2025)
Valuation difference on available-for-sale securities:		
Amount incurred for the fiscal year	34,223	(5,720)
Reclassification adjustment	(13,701)	(13,977)
Income taxes and before-tax-effect adjustment	20,521	(19,698)
Income taxes and tax effect amount	(6,156)	5,512
Valuation difference on available-for-sale securities	14,365	(14,185)
Deferred gains or losses on hedges:		
Amount incurred for the fiscal year	0	(0)
Reclassification adjustment	—	15
Deferred gains or losses on hedges	0	15
Foreign currency translation adjustment:		
Amount incurred for the fiscal year	29,967	(6,281)
Reclassification adjustment	(156)	65
Foreign currency translation adjustment	29,811	(6,216)
Remeasurements of defined benefit plans, net of tax:		
Amount incurred for the fiscal year	19,273	(804)
Reclassification adjustment	549	(3,518)
Income taxes and before-tax-effect adjustment	19,822	(4,323)
Income taxes and tax effect amount	(6,226)	1,159
Remeasurements of defined benefit plans, net of tax	13,596	(3,163)
Share of other comprehensive income of entities accounted for using the equity method:		
Amount incurred for the fiscal year	(64)	5
Reclassification adjustment	(1,025)	(88)
Share of other comprehensive income of entities accounted for using the equity method	(1,089)	(82)
Total other comprehensive income	56,683	(23,632)

(Notes to consolidated statement of changes in equity)

FY2023 (from April 1, 2023 to March 31, 2024)

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

(Shares)

	Number of shares at beginning of the fiscal year	Increase in the number of shares in the fiscal year	Decrease in the number of shares in the fiscal year	Number of shares at the end of the fiscal year
Issued shares				
Common shares (Note 2)	456,507,285	–	8,000,000	448,507,285
Total	456,507,285	–	8,000,000	448,507,285
Treasury shares				
Common shares (Notes 1, 3, 4)	27,311,919	8,001,446	8,191,668	27,121,697
Total	27,311,919	8,001,446	8,191,668	27,121,697

(Notes) 1. The number of treasury shares of common shares includes shares of the Company held by the BIP trust as an officer remuneration system and held by the ESOP trust (1,022,400 shares at beginning of the fiscal year under review, and 932,300 shares at end of the fiscal year under review).

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

Decrease due to cancellation of treasury shares 8,000,000 shares

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

Increase due to purchase of treasury shares resolved by the Board of Directors 8,000,000 shares

Increase due to purchase of shares less than one unit 1,446 shares

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

Decrease due to cancellation of treasury shares 8,000,000 shares

Share issuance by BIP trust as an officer remuneration system and ESOP trust 90,100 shares

Decrease due to change in equity of entities accounted for using the equity method 101,372 shares

Decrease due to demand for increase of purchase of shares less than one unit 196 shares

2. Share acquisition rights and treasury share acquisition rights

Not applicable.

3. Dividends

(1) Dividends paid

(Resolution)	Classes of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 22, 2023	Common shares	12,916	30	March 31, 2023	June 23, 2023
Board of Directors meeting held on October 30, 2023	Common shares	14,928	35	September 30, 2023	December 1, 2023

(Notes) 1. The total amount of dividends resolved by the Annual General Meeting of Shareholders held on June 22, 2023 includes dividends of ¥30 million for shares of the Company held by the BIP trust for remuneration for directors (and other officers) and held by the ESOP trust.

2. The total amount of dividends resolved by the Board of Directors meeting held on October 30, 2023 includes dividends of ¥32 million for shares of the Company held by the BIP trust for remuneration for directors (and other officers) and held by the ESOP trust.

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

(Resolution)	Classes of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 20, 2024	Common shares	16,478	Retained earnings	39	March 31, 2024	June 21, 2024

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

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

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

(Shares)

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

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

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

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

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

Increase due to purchase of treasury shares resolved by the Board of Directors 4,000,000 shares

Increase due to purchase of shares less than one unit 2,005 shares

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

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

Share issuance by BIP trust as an officer remuneration system and ESOP trust 160,000 shares

Decrease due to change in equity of entities accounted for using the equity method 422 shares

Decrease due to demand for increase of purchase of shares less than one unit 80 shares

2. Share acquisition rights and treasury share acquisition rights

Not applicable.

3. Dividends

(1) Dividends paid

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

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

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

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

The following is to be proposed at the Annual General Meeting of Shareholders scheduled to be held on June 20, 2025.

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

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

(Notes to consolidated statement of cash flows)

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

(Millions of yen)

	FY2023 (from April 1, 2023 to March 31, 2024)	FY2024 (from April 1, 2024 to March 31, 2025)
Cash and deposits	138,572	142,586
Time deposits with maturity over 3 months	(12,204)	(21,690)
Cash and cash equivalents	126,367	120,895

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

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

(Millions of yen)

	FY2023 (from April 1, 2023 to March 31, 2024)	FY2024 (from April 1, 2024 to March 31, 2025)
Amount of assets related to finance lease transactions	6,432	5,623
Amount of liabilities related to finance lease transactions	6,432	5,623

(Leases)

Finance lease transactions (lessee side)

Lease transactions that do not transfer ownership

(1) Components of leased assets

(i) Property, plant, and equipment

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

(ii) Intangible assets

Software.

(2) Accounting method for depreciation of leased assets

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

(Financial instruments)

1. Status of financial instruments

(1) Policy on financial instruments

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

(2) Types of financial instruments and related risks

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

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

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

Short-term borrowings among borrowings and bonds payable are mainly for financing in connection with business activities.

Long-term borrowings and bonds payable are mainly for financing in connection with acquiring the shares of subsidiaries and have maturity dates within five years, at the longest, after the consolidated balance sheet date. Borrowings with variable interest rates are exposed to interest rate fluctuation risk.

(3) Risk management for financial instruments

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

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

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

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

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

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

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

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

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

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

2. Fair values, etc. of financial instruments

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

FY2023 (ended March 31, 2024)

(Millions of yen)

	Carrying amount in the consolidated balance sheet	Fair value	Difference
(1) Securities and investment securities (*2)	105,489	103,583	(1,906)
Total assets	105,489	103,583	(1,906)
(2) Long-term borrowings (*3)	56,336	55,147	(1,188)
(3) Bonds payable (*4)	40,030	39,187	(843)
Total liabilities	96,366	94,334	(2,031)
Derivatives (*5)			
(1) Derivatives for which hedge accounting is not applied	—	—	—
(2) Derivatives for which hedge accounting is applied	(15)	(15)	—
Total derivatives	(15)	(15)	—

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

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

Category	FY2023 (millions of yen)
Unlisted stocks	20,235

(*3) The current portion of long-term borrowings (¥10,065 million) included in short-term borrowings in the consolidated balance sheet are included in “(2) Long-term borrowings” in this table.

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

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

(*6) Recording of investment in capital of a union or an equivalent business entity that records the share of entities accounted for using the equity method in net in the consolidated balance sheet is omitted. The carrying amount of such investment in the consolidated balance sheet is ¥1,696 million.

(Millions of yen)

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

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

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

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

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

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

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

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

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

FY2023 (ended March 31, 2024)

(Millions of yen)

	Within 1 year	Due after 1 year but within 5 years	Due after 5 years but within 10 years	Due after 10 years
Cash and deposits	138,572	—	—	—
Notes receivable - trade	43,109	—	—	—
Accounts receivable - trade	168,864	—	—	—
Securities and investment securities				
Held-to-maturity debt securities (Other)	0	17	—	—
Total	350,546	17	—	—

FY2024 (ended March 31, 2025)

(Millions of yen)

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

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

FY2023 (ended March 31, 2024)

(Millions of yen)

	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years	Due after 5 years
Short-term borrowings	1,504	—	—	—	—	—
Long-term borrowings	10,065	383	15,884	1	0	30,000
Bonds payable	30	—	10,000	—	—	30,000
Total	11,599	383	25,884	1	0	60,000

FY2024 (ended March 31, 2025)

(Millions of yen)

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

Total	2,340	25,732	4	4	30,300	30,000
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3. Breakdown of fair values of financial instruments by level

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

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

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

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

If multiple key influential inputs are used in the calculation of a fair value, the fair value is categorized in the level for which the order of priority is the lowest in the calculation of the fair value, among the levels to which each of those inputs belong.

(1) Financial instruments recorded in fair value in the consolidated balance sheet

FY2023 (ended March 31, 2024)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Shares	93,287	—	—	93,287
Total assets	93,287	—	—	93,287
Derivatives				
Currency related	—	15	—	15
Total liabilities	—	15	—	15

FY2024 (ended March 31, 2025)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Shares	71,687	—	—	71,687
Total assets	71,687	—	—	71,687
Derivatives				
Interest rate-related	—	0	—	0
Total liabilities	—	0	—	0

(2) Financial instruments other than those recorded in fair value in the consolidated balance sheet
FY2023 (ended March 31, 2024)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Held-to-maturity debt securities				
Other	–	17	–	17
Shares of subsidiaries and associates				
Shares	10,278	–	–	10,278
Total assets	10,278	17	–	10,295
Long-term borrowings	–	55,147	–	55,147
Bonds payable	–	39,187	–	39,187
Total liabilities	–	94,334	–	94,334

FY2024 (ended March 31, 2025)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Held-to-maturity debt securities				
Other	–	15	–	15
Shares of subsidiaries and associates				
Shares	12,003	–	–	12,003
Total assets	12,003	15	–	12,019
Long-term borrowings	–	45,058	–	45,058
Bonds payable	–	38,321	–	38,321
Total liabilities	–	83,379	–	83,379

(Note) Valuation methodology used for the calculation of fair value and explanation on inputs relating to the calculation of fair value

Securities and investment securities

Listed shares are valued using quoted prices. Since listed shares are traded on active markets, their fair values are categorized under Level 1. Meanwhile, since the trading frequency of municipal bonds held by the Group on the market is low, and quoted prices on active markets cannot be recognized, their fair values are categorized under Level 2.

Long-term borrowings

Fair values of long-term borrowings are calculated by discounting the total of principal and interest at an interest rate that would be assumed for loans with a similar residual period and are categorized under Level 2.

Bonds payable

Fair values of bonds issued by the Company are calculated based on market prices and are categorized under Level 2.

Derivatives

Fair values of interest rate swaps are calculated based on observable input including interest rates and foreign exchange rates, etc. using the discounted cash flows method and are categorized under Level 2.

(Securities)

I. FY2023 (ended March 31, 2024)

1. Held-to-maturity debt securities

	Description	Carrying amount in the consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
Securities whose fair value does not exceed the carrying amount in the consolidated balance sheet	Other	17	17	—
Total		17	17	—

2. Available-for-sale securities

	Description	Carrying amount in the consolidated balance sheet (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Securities whose carrying amount in the consolidated balance sheet exceeds the acquisition cost	Shares	92,649	20,993	71,655
Securities whose carrying amount in the consolidated balance sheet does not exceed the acquisition cost	Shares	638	775	(137)
Total		93,287	21,769	71,517

(Note 1) Since unlisted shares (carrying amount in the consolidated balance sheet: ¥3,648 million) are shares, etc. without market price, they are not included in “Available-for-sale securities” in the above table.

(Note 2) Investment in capital of a union or an equivalent business entity that records the share of entities accounted for using the equity method in net (carrying amount in the consolidated balance sheet: ¥1,696 million) in the consolidated balance sheet is not included in “Available-for-sale securities” in the above table.

3. Available-for-sale securities sold in the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Description	Sales amount (millions of yen)	Total gain on sales (millions of yen)	Total loss on sales (millions of yen)
Shares	22,001	13,701	—
Total	22,001	13,701	—

II. FY2024 (ended March 31, 2025)

1. Held-to-maturity debt securities

	Description	Carrying amount in the consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
Securities whose fair value does not exceed the carrying amount in the consolidated balance sheet	Other	15	15	–
Total		15	15	–

2. Available-for-sale securities

	Description	Carrying amount in the consolidated balance sheet (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Securities whose carrying amount in the consolidated balance sheet exceeds the acquisition cost	Shares	71,564	19,570	51,993
Securities whose carrying amount in the consolidated balance sheet does not exceed the acquisition cost	Shares	123	139	(16)
Total		71,687	19,710	51,976

(Note 1) Since unlisted shares (carrying amount in the consolidated balance sheet: ¥4,208 million) are shares, etc. without market price, they are not included in “Available-for-sale securities” in the above table.

(Note 2) Investment in capital of a union or an equivalent business entity that records the share of entities accounted for using the equity method in net (carrying amount in the consolidated balance sheet: ¥1,983 million) in the consolidated balance sheet is not included in “Available-for-sale securities” in the above table.

3. Available-for-sale securities sold in the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Description	Sales amount (millions of yen)	Total gain on sales (millions of yen)	Total loss on sales (millions of yen)
Shares	16,110	14,567	51
Total	16,110	14,567	51

(Derivatives)

I. FY2023 (ended March 31, 2024)

1. Derivatives for which hedge accounting is not applied

Not applicable.

2. Derivatives for which hedge accounting is applied

(1) Currency-related

1) Currency-related					
Accounting methods for hedging	Transaction type	Major hedged item	Contract amount, etc. (millions of yen)	Over 1 year (millions of yen)	Fair value (millions of yen)
Principle treatment method	Currency swaps	Long-term borrowings			
	U.S. dollars/Indian rupees Fixed interest rate for receipt/fixed interest rate for payment		13	—	(15)
Total			13	—	(15)

(2) Interest rate-related

Not applicable.

II. FY2024 (ended March 31, 2025)

1. Derivatives for which hedge accounting is not applied

Not applicable.

2. Derivatives for which hedge accounting is applied

(1) Currency-related

Not applicable.

(2) Interest rate-related

2) Interest rate related					
Accounting methods for hedging	Transaction type	Major hedged item	Contract amount, etc. (millions of yen)	Over 1 year (millions of yen)	Fair value (millions of yen)
Principle treatment method	Interest rate swaps	Long-term borrowings			
	Floating received/fixed paid		401	401	(0)
Total			401	401	(0)

(Retirement benefits)

1. Overview of retirement benefit plans adopted

The Company and its domestic consolidated subsidiaries have set up funded and unfunded defined benefit plans and defined contribution plans to provide for employees' retirement benefits.

Under the defined benefit pension plans, which are funded, lump-sum payments or pensions are provided mainly based on the salary amounts and service periods.

Under the lump-sum payment plans, which are unfunded, lump-sum payments are provided mainly based on the merit points acquired until the time of retirement.

Certain overseas consolidated subsidiaries have defined benefit plans and defined contribution plans to provide for employees' retirement benefits. Some consolidated subsidiaries calculate retirement benefit liability and retirement benefit expenses for defined benefit pension plans and lump-sum payment plans using the simplified method.

2. Defined benefit plans

(1) Changes in retirement benefit obligations (excluding plans for which the simplified method is applied)

	(Millions of yen)	
	FY2023	FY2024
	(from April 1, 2023 to March 31, 2024)	(from April 1, 2024 to March 31, 2025)
Balance of retirement benefit obligations at beginning of period	150,522	141,181
Service cost	6,636	5,917
Interest cost	1,195	1,681
Actuarial gains and losses accrued	(11,798)	(2,145)
Retirement benefits paid	(6,026)	(6,717)
Past service cost incurred	(376)	15
Amount of transfer in conjunction with the change from the simplified method to the principle method	—	2,031
Expenses treated in conjunction with the change from the simplified method to the principle method	—	189
Other	1,028	(382)
Balance of retirement benefit obligations at end of period	141,181	141,771

(Note) The major component of "other" is foreign currency translation adjustment.

(2) Changes in plan assets (excluding plans for which the simplified method is applied)

	(Millions of yen)	
	FY2023	FY2024
	(from April 1, 2023 to March 31, 2024)	(from April 1, 2024 to March 31, 2025)
Balance of plan assets at beginning of period	127,606	138,141
Expected return on plan assets	2,907	3,269
Actuarial gains and losses accrued	7,098	(2,934)
Contribution from employer	3,962	3,655
Retirement benefits paid	(5,090)	(5,774)
Amount of transfer in conjunction with the change from the simplified method to the principle method	—	2,696
Other	1,656	69
Balance of plan assets at end of period	138,141	139,122

(Note) The major component of "other" is foreign currency translation adjustment.

(3) Changes in retirement benefit liability for which the simplified method is applied

	(Millions of yen)	
	FY2023	FY2024
	(from April 1, 2023 to March 31, 2024)	(from April 1, 2024 to March 31, 2025)
Balance of retirement benefit liability at beginning of period	3,526	1,851
Retirement benefit expenses	(385)	2,113
Retirement benefits paid	(414)	(384)
Contribution to the plans	(889)	(736)
Amount of transfer in conjunction with the change from the simplified method to the principle method	—	664
Increase due to business restructuring, etc.	13	—
Balance of retirement benefit liability at end of period	1,851	3,508

(4) Reconciliation between ending balance of retirement benefit obligations and plan assets, and retirement benefit liability/asset recorded in the consolidated balance sheet

	(Millions of yen)	
	FY2023	FY2024
	(from April 1, 2023 to March 31, 2024)	(from April 1, 2024 to March 31, 2025)
Retirement benefit obligations of funded plans	132,448	130,828
Plan assets	165,221	164,603
	(32,772)	(33,774)
Retirement benefit obligations of unfunded plans	37,664	39,931
Net amount of liabilities and assets recorded in the consolidated balance sheet	4,891	6,157
Retirement benefit liability	40,259	41,732
Retirement benefit asset	35,368	35,575
Net amount of liabilities and assets recorded in the consolidated balance sheet	4,891	6,157

(Note) This includes plans for which the simplified method is applied.

(5) Amounts of retirement benefit expenses and their components

	(Millions of yen)	
	FY2023	FY2024
	(from April 1, 2023 to March 31, 2024)	(from April 1, 2024 to March 31, 2025)
Service cost	6,636	5,917
Interest cost	1,195	1,681
Expected return on plan assets	(2,907)	(3,269)
Amortization of actuarial gains and losses	914	(3,235)
Amortization of past service cost	(365)	(282)
Expenses treated in conjunction with the change from the simplified method to the principle method	—	189
Retirement benefit expenses calculated by simplified method	(385)	2,113
Retirement benefit expenses relating to defined benefit plans	5,088	3,114

(6) Remeasurements of defined benefit plans, net of tax

The components of remeasurements of defined benefit plans, net of tax (before deductions of income taxes and tax effects) are as follows:

	(Millions of yen)	
	FY2023 (from April 1, 2023 to March 31, 2024)	FY2024 (from April 1, 2024 to March 31, 2025)
Past service cost	11	(297)
Actuarial gains and losses	19,810	(4,025)
Total	19,822	(4,323)

(7) Remeasurements of defined benefit plans included in accumulated other comprehensive income

The components of remeasurements of defined benefit plans (before deductions of income taxes and tax effects) are as follows:

	(Millions of yen)	
	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Unrecognized past service cost	720	422
Unrecognized actuarial gains and losses	16,302	12,277
Total	17,023	12,700

(8) Plan assets (excluding plans for which the simplified method is applied)

(i) Major components of plan assets

The ratio of each major category to total plan assets is as follows:

	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Debt securities	40%	41%
Shares	26%	21%
Life insurance general account	16%	19%
Cash and deposits	5%	4%
Other	13%	15%
Total	100%	100%

(ii) Method for setting the long-term expected rate of return on plan assets

To determine the long-term expected rate of return on plan assets, the Company takes into account current and expected allocation of plan assets, and current and expected long-term return rate on various types of assets constituting plan assets.

(9) Actuarial assumptions

Major actuarial assumptions

	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Discount rate	0.3-1.4%	0.7-2.1%
Long-term expected rate of return	1.5-2.0%	1.5-2.0%
Expected rate of salary increase	2.8%	2.8%

3. Defined contribution plans

The amounts of required contributions to defined contribution plans of the Company and certain consolidated subsidiaries were ¥2,231 million in the fiscal year ended March 31, 2024 and ¥2,674 million in the fiscal year ended March 31, 2025.

(Tax effect accounting)

1. Major components of deferred tax assets and liabilities

	(Millions of yen)	
	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Deferred tax assets		
Retirement benefit liability	12,601	13,335
Tax loss carryforwards (Note)	6,678	7,882
Unrealized gains	6,686	7,367
Provision for bonuses	5,668	6,113
Impairment losses	3,399	3,657
Loss on valuation of investment securities	2,117	1,870
Accrued enterprise tax	1,589	1,185
Assets adjustment	1,045	621
Other	17,314	16,259
Total gross deferred tax assets	57,102	58,292
Valuation allowance for tax loss carryforwards (Note)	(5,022)	(5,535)
Valuation allowance for total future deductible temporary differences, etc.	(5,775)	(6,381)
Total valuation allowance	(10,798)	(11,916)
Total deferred tax assets	46,303	46,375
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(21,979)	(16,402)
Retirement benefit asset	(10,997)	(11,044)
Accelerated depreciation of property, plant, and equipment	(5,651)	(5,429)
Temporary differences arising from consolidation without tax effect	(3,165)	(2,924)
Reserve for tax-purpose reduction entry of non-current assets	(2,822)	(2,842)
Retained profit	(434)	(2,778)
Other	(1,786)	(1,622)
Total deferred tax liabilities	(46,837)	(43,044)
Net deferred tax assets (liabilities)	(534)	3,330

(Note) Tax loss carryforwards and their deferred tax assets by expiry date
FY2023 (ended March 31, 2024)

	Within 1 year (millions of yen)	After 1 year but within 2 years (millions of yen)	After 2 years but within 3 years (millions of yen)	After 3 years but within 4 years (millions of yen)	After 4 years but within 5 years (millions of yen)	After 5 years (millions of yen)	Total (millions of yen)
Tax loss carryforwards *	—	—	—	38	—	6,640	6,678
Valuation allowance	—	—	—	—	—	5,022	5,022
Deferred tax assets	—	—	—	38	—	1,617	1,655

* The amount of tax loss carryforwards is derived by multiplying by the statutory tax rate.

FY2024 (ended March 31, 2025)

	Within 1 year (millions of yen)	After 1 year but within 2 years (millions of yen)	After 2 years but within 3 years (millions of yen)	After 3 years but within 4 years (millions of yen)	After 4 years but within 5 years (millions of yen)	After 5 years (millions of yen)	Total (millions of yen)
Tax loss carryforwards *	155	154	111	54	198	7,208	7,882
Valuation allowance	155	154	104	54	155	4,911	5,535
Deferred tax assets	—	—	6	—	42	2,297	2,347

* The amount of tax loss carryforwards is derived by multiplying by the statutory tax rate.

2. Major factors underlying the differences between the statutory tax rate and the effective income tax rate after application of tax effect accounting

	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Statutory tax rate	Description is omitted since	Description is omitted since
(Adjustments)	the differences between the	the differences between the
Tax credits	statutory tax rate and the	statutory tax rate and the
Other	effective income tax rate after	effective income tax rate
	application of tax effect	after application of tax effect
Effective income tax rate after application of tax	accounting is no more than	accounting is no more than
effect accounting	5% of the statutory tax rate.	5% of the statutory tax rate.

3. Revision of the amount of deferred tax assets and deferred tax liabilities due to changes in tax rates

Due to the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, the “Special Income Tax for National Defense” will be imposed from the fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences, etc. expected to be reversed in the fiscal years beginning on April 1, 2026 are calculated by changing the statutory tax rate from 30.5% to 31.4%.

The impact of this change is immaterial.

4. Accounting treatment of income taxes and local income taxes, or tax effect accounting related thereto

The Company and certain domestic consolidated subsidiaries apply the Group Tax Sharing System, and in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021), account for and disclose income taxes, local income taxes, and related tax effect accounting.

(Revenue recognition)

1. Information on disaggregation of revenue from contracts with customers

Information on disaggregation of revenue from contracts with customers is as stated in “Notes to consolidated financial statements, (Segment information).”

2. Information that serves as the basis for understanding revenue from contracts with customers

Information that serves as a basis for understanding revenue from contracts with customers is as described in “(5) Accounting policy for recognition of significant revenues and expenses” in “4. Accounting policies” in “Notes to consolidated financial statements, (Basis of preparation of consolidated financial statements).”

3. Information on the relationship between the fulfillment of performance obligations based on contracts with customers and cash flows from those contracts as well as the amount and time of revenue expected to be recognized in and after the fiscal year following the contracts with customers that exist at the end of the fiscal year under review

(1) Balance of contract assets and contract liabilities

FY2023 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Fiscal year ended March 31, 2024	
	Beginning balance	Ending balance
Receivables arising from contracts with customers	191,659	211,827
Contract assets	752	1,486
Contract liabilities	50,413	55,359

Of the revenue recognized in the fiscal year ended March 31, 2024, revenue included in the balance of contract liabilities at the beginning of the period was ¥48,865 million.

Contract assets mainly concern the consideration for works which have been fulfilled on the reporting date, but which have not been invoiced to customers in the construction contracts in the Urban Infrastructure & Environmental Products Business and other businesses. Contract assets will be transferred to claims at the time when the Group's right with respect to consideration becomes unconditional. Consideration for the net sales of such completed construction contracts is invoiced and received in accordance with the payment terms under construction contracts.

Contract liabilities mainly concern advances received from customers for consignment contracts with respect to manufacture, construction, sale, renovation, etc. of modular houses in the Housing Business, and construction work for various industrial plants, etc. in the Urban Infrastructure & Environmental Products Business. Contract liabilities are liquidated as revenue is recognized.

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

(Millions of yen)

	Fiscal year ended March 31, 2025	
	Beginning balance	Ending balance
Receivables arising from contracts with customers	211,827	205,546
Contract assets	1,486	1,758
Contract liabilities	55,359	66,364

Of the revenue recognized in the fiscal year ended March 31, 2025, revenue included in the balance of contract liabilities at the beginning of the period was ¥52,327 million.

Contract assets mainly concern the consideration for works which have been fulfilled on the reporting date, but which have not been invoiced to customers in the construction contracts in the Urban Infrastructure & Environmental Products Business and other businesses. Contract assets will be transferred to claims at the time when the Group's right with respect to consideration becomes unconditional. Consideration for the net sales of such completed construction contracts is invoiced and received in accordance with the payment terms under construction contracts.

Contract liabilities mainly concern advances received from customers for consignment contracts with respect to manufacture, construction, sale, renovation, etc. of modular houses in the Housing Business, and construction work for various industrial plants, etc. in the Urban Infrastructure & Environmental Products Business. Contract liabilities are liquidated as revenue is recognized.

(2) Transaction price allocated to the remaining performance obligations

The total transaction amount allocated to remaining performance obligations and the period in which revenue recognition is expected are as follows, and they pertain to construction contracts mainly including contracts for manufacture, construction, sale, renovation, etc. of modular houses in the Housing Business, and obligations to construct various industrial plants, etc. in

the Urban Infrastructure & Environmental Products Business.

The Group uses the practical expedient and does not include contracts which are initially expected to have a contract period of one year or less in Notes.

(Millions of yen)

	FY2023	FY2024
Within 1 year	15,093	14,291
After 1 year but within 2 years	2,144	3,013
Over 2 years	462	358
Total	17,700	17,663

(Segment information)

Segment information

1. Overview of reportable segments

The reportable segments of the Company are determined on the basis that separate financial information of such segments of the Company is available and examined periodically by the Board of Directors of the Company to make decisions regarding the allocation of management resources and assess the business performance of such segments.

The Company has divided the business operations into the four segments of Housing, Urban Infrastructure & Environmental Products (UIEP), High Performance Plastics (HPP), and Medical based on manufacturing methods, products, sales channels, and other business similarities. Each business segment formulates comprehensive strategies and develops business activities for its products in Japan and overseas.

The Housing Business comprises manufacturing of prefabricated housing, construction, sales, refurbishing, real estate, residential service business, and town and community development, etc.

The UIEP Business comprises manufacturing, sales, and construction operations related to PVC pipes and joints, polyethylene pipes and joints, pipe and drain renewal materials and construction methods, reinforced plastic pipes, chlorinated PVC resin compound, construction materials, and FFU.

The HPP Business comprises manufacturing and sales of interlayer films for laminated glass, polyolefin foam, tape, LCD microparticles and photosensitive materials, diagnostic drugs, and other products.

The Medical Business comprises manufacturing and sales of diagnostic reagents, pharmaceutical ingredients, and intermediates.

2. Calculation methods used for net sales, profit or loss, assets, and the other items on each reportable segment

The accounting methods for the reportable segments are presented principally in accordance with those described in “Basis of preparation of consolidated financial statements.” Profit of the reportable segments are figures based on operating profit. Intersegment sales and transfers are presented based on the current market prices.

3. Information on the amounts of net sales, profit or loss, assets, and other items for each reportable segment and information on disaggregation of revenue
FY2023 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segments					Other (Notes 1, 2)	Total
	Housing (Note 1)	Urban Infrastructure & Environmental Products	High Performance Plastics	Medical	Total		
Net sales							
Japan	528,041	182,499	110,946	45,876	867,364	2,416	869,781
North America	—	2,800	101,150	21,527	125,478	—	125,478
Europe	—	5,432	76,102	8,797	90,332	—	90,332
China	—	5,594	68,146	13,443	87,184	2,171	89,355
Asia	1,374	22,693	44,936	2,207	71,212	69	71,282
Other	—	2,928	6,612	768	10,308	—	10,308
Sales to external customers	529,416	221,949	407,894	92,620	1,251,880	4,657	1,256,538
Intersegment sales or transfers	277	12,838	5,002	—	18,118	2,595	20,714
Total	529,693	234,787	412,897	92,620	1,269,999	7,252	1,277,252
Segment profit (loss)	27,729	22,129	50,931	10,952	111,743	(10,821)	100,921
Segment assets	374,477	261,935	479,355	149,002	1,264,771	30,498	1,295,269
Other items							
Depreciation	11,605	8,663	22,119	5,623	48,011	2,082	50,094
Investments in entities accounted for using the equity method	10,373	—	3,207	—	13,580	—	13,580
Increase in property, plant, and equipment and intangible assets	10,192	10,090	22,918	7,082	50,283	2,708	52,992

(Note 1) Net sales in “Housing” include ¥43,731 million that does not correspond to revenue from contracts with customers under “Japan.”

Net sales in “Other” include ¥908 million that does not correspond to revenue from contracts with customers under “Japan.”

(Note 2) “Other” represents segments other than the reportable segments and includes provision of services and manufacturing and sales of film-type lithium-ion batteries and products not included in the reportable segments.

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

(Millions of yen)

	Reportable segments					Other (Notes 1, 2)	Total
	Housing (Note 1)	Urban Infrastructure & Environmental Products	High Performance Plastics	Medical	Total		
Net sales							
Japan	522,561	187,092	114,179	47,708	871,542	3,083	874,625
North America	—	2,911	114,077	24,311	141,299	—	141,299
Europe	—	6,913	85,614	11,225	103,754	—	103,754
China	—	3,655	71,554	12,995	88,206	1,777	89,983
Asia	1,350	24,356	50,077	2,422	78,208	37	78,245
Other	—	2,472	6,862	511	9,845	—	9,845
Sales to external customers	523,912	227,401	442,366	99,175	1,292,856	4,897	1,297,754
Intersegment sales or transfers	97	13,091	4,987	—	18,176	2,655	20,832
Total	524,010	240,492	447,354	99,175	1,311,033	7,553	1,318,586
Segment profit (loss)	31,498	22,958	61,235	12,788	128,480	(11,589)	116,891
Segment assets	402,712	268,356	484,739	154,754	1,310,562	38,164	1,348,726
Other items							
Depreciation	11,397	9,164	22,916	6,209	49,687	1,433	51,121
Investments in entities accounted for using the equity method	10,857	—	3,418	—	14,276	—	14,276
Increase in property, plant, and equipment and intangible assets	12,778	9,331	29,047	6,709	57,866	9,293	67,160

(Note 1) Net sales in “Housing” include ¥44,823 million that does not correspond to revenue from contracts with customers under “Japan.”

Net sales in “Other” include ¥1,126 million that does not correspond to revenue from contracts with customers under “Japan.”

(Note 2) “Other” represents segments other than the reportable segments and includes provision of services and manufacturing and sales of film-type lithium-ion batteries and products not included in the reportable segments.

4. Differences between the total amount of reportable segments and the amount in consolidated financial statements and descriptions on such differences (matters on difference adjustments)

(Millions of yen)

Net sales	FY2023	FY2024
Reportable segment total	1,269,999	1,311,033
Net sales in “other”	7,252	7,553
Intersegment eliminations	(20,714)	(20,832)
Net sales in consolidated statement of income	1,256,538	1,297,754

(Millions of yen)

Profit	FY2023	FY2024
Reportable segment total	111,743	128,480
Profit (loss) in “other”	(10,821)	(11,589)
Intersegment eliminations	288	(228)
Corporate expenses (Note)	(6,810)	(8,712)
Operating profit in consolidated statement of income	94,399	107,951

(Note) Corporate expenses are mainly general and administrative expenses not attributable to each reportable segment.

(Millions of yen)

Assets	FY2023	FY2024
Reportable segment total	1,264,771	1,310,562
Assets in “other”	30,498	38,164
Intersegment eliminations	(404,595)	(441,600)
Corporate assets (Note)	432,569	423,661
Total assets in the consolidated balance sheet	1,323,243	1,330,786

(Note) Corporate assets are mainly assets that are not attributable to each reportable segment and are associated with the administrative department.

(Millions of yen)

Other items	Reportable segment total		Other		Adjustments (Note)		Carrying amount in consolidated financial statements	
	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024
Depreciation	48,011	49,687	2,082	1,433	1,101	1,240	51,195	52,361
Investments in entities accounted for using the equity method	13,580	14,276	—	—	10,060	8,027	23,640	22,304
Increase in property, plant, and equipment and intangible assets	50,283	57,866	2,708	9,293	11,281	6,082	64,274	73,243

(Note) Adjustments in investments in entities accounted for using the equity method are such investments not attributable to each reportable segment.

Related information

FY2023 (from April 1, 2023 to March 31, 2024)

1. Information by product and service

The information is omitted because the same information is disclosed in “Segment information.”

2. Information by geographic area

(1) Net sales

The information is omitted because the same information is disclosed in “Segment information.”

(2) Property, plant, and equipment

(Millions of yen)

Japan	North America	Europe	China	Asia	Other	Total
245,662	52,245	57,767	12,291	22,531	1,986	392,485

- (Notes) 1. Property, plant, and equipment of the North America segment includes that of the United States of ¥44,205 million which constitutes more than 10% of the property, plant, and equipment in the Consolidated Balance Sheets.
2. Property, plant, and equipment of the Europe segment includes that of the Netherlands of ¥47,403 million which constitutes more than 10% of the property, plant, and equipment in the Consolidated Balance Sheets.

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

1. Information by product and service

The information is omitted because the same information is disclosed in “Segment information.”

2. Information by geographic area

(1) Net sales

The information is omitted because the same information is disclosed in “Segment information.”

(2) Property, plant, and equipment

(Millions of yen)

Japan	North America	Europe	China	Asia	Other	Total
255,729	54,753	55,490	12,546	23,566	1,783	403,870

- (Notes) 1. Property, plant, and equipment of the North America segment includes that of the United States of ¥48,283 million which constitutes more than 10% of the property, plant, and equipment in the Consolidated Balance Sheets.
2. Property, plant, and equipment of the Europe segment includes that of Netherlands of ¥45,062 million which constitutes more than 10% of the property, plant, and equipment in the Consolidated Balance Sheets.

Information on impairment losses of non-current assets by reportable segment
FY2023 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Housing	Urban Infrastructure & Environment al Products	High Performance Plastics	Medical	Other	Corporate and elimination	Total
Impairment losses	167	188	64	—	3,707	—	4,128

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

(Millions of yen)

	Housing	Urban Infrastructure & Environment al Products	High Performance Plastics	Medical	Other	Corporate and elimination	Total
Impairment losses	130	27	—	1,974	87	568	2,788

Information on amortization of goodwill and unamortized balance of goodwill by reportable segment
FY2023 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Housing	Urban Infrastructure & Environment al Products	High Performance Plastics	Medical	Other	Corporate and elimination	Total
Amortization during the period	378	157	603	338	—	—	1,477
Balance at end of period	991	—	3,790	3,854	—	—	8,636

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

(Millions of yen)

	Housing	Urban Infrastructure & Environment al Products	High Performance Plastics	Medical	Other	Corporate and elimination	Total
Amortization during the period	371	—	609	413	—	—	1,395
Balance at end of period	619	—	3,154	3,100	—	—	6,874

Information about gain on bargain purchase by reportable segment
Not applicable.

(Related party information)

FY2023 (from April 1, 2023 to March 31, 2024)

Related party transactions

Transactions between the Company's consolidated subsidiaries and their related parties

The Company's officers and principal shareholders (individuals only), etc.

Description	Name of company, person, etc.	Location	Share capital or investment (millions of yen)	Description of business or occupation	Voting rights ownership (owned) ratio (%)	Relationship with related party	Description of transaction	Transaction amount (millions of yen)	Item	Ending balance (millions of yen)
Company, etc. in which a near relative of officers holds the majority of voting rights	Musashi Kougyousha Co., Ltd.	Fushimi-ku, Kyoto	10	Manufacturing	—	Processing of metal parts	Processing of metal parts (Note)	61	Accounts payable - trade	—
									Accrued expenses	4

(Note) Transaction conditions and policies for determination of transaction conditions, etc.

Transaction conditions have been determined after both parties consulted by reference to market price, etc.

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

Related party transactions

Transactions between the Company's consolidated subsidiaries and their related parties

The Company's officers and principal shareholders (individuals only), etc.

Description	Name of company, person, etc.	Location	Share capital or investment (millions of yen)	Description of business or occupation	Voting rights ownership (owned) ratio (%)	Relationship with related party	Description of transaction	Transaction amount (millions of yen)	Item	Ending balance (millions of yen)
Company, etc. in which a near relative of officers holds the majority of voting rights	Musashi Kougyousha Co., Ltd.	Fushimi-ku, Kyoto	10	Manufacturing	—	Processing of metal parts	Processing of metal parts (Note)	20	Accounts payable - trade	—
									Accrued expenses	—

(Note) Transaction conditions and policies for determination of transaction conditions, etc.

Transaction conditions have been determined after both parties consulted by reference to market price, etc.

(Per share information)

FY2023 (from April 1, 2023 to March 31, 2024)	FY2024 (from April 1, 2024 to March 31, 2025)
Net assets per share ¥1,880.30	Net assets per share ¥1,933.56
Basic earnings per share ¥183.48	Basic earnings per share ¥195.93

(Notes) 1. The diluted earnings per share for the fiscal year under review is not provided because there are no potential shares.

2. The basis for calculating basic earnings per share is as shown below.

	FY2023 (from April 1, 2023 to March 31, 2024)	FY2024 (from April 1, 2024 to March 31, 2025)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	77,930	81,925
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent relating to common shares (millions of yen)	77,930	81,925
Average number of outstanding common shares during the period (thousands of shares)	424,727	418,137

3. The basis for calculating net assets per share is as shown below.

	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Total amount of net assets (millions of yen)	820,925	835,366
Amount deducted from the total amount of net assets (millions of yen)	28,595	28,018
(of which, non-controlling interests) (millions of yen)	(28,595)	(28,018)
Net assets relating to common shares at year- end (millions of yen)	792,329	807,348
Number of common shares at year-end used for the calculation of net assets per share (thousands of shares)	421,385	417,544

4. The Company's shares remaining in the BIP trust and the ESOP trust and recorded as treasury shares under shareholders' equity are included in treasury shares to be deducted from the average number of shares during the period for the calculation of basic earnings per share and are included in treasury shares to be deducted from the total number of shares issued and outstanding at year-end for the calculation of net assets per share.
- The average number of treasury shares during the period deducted for the calculation of basic earnings per share was 815,000 shares in the fiscal year ended March 31, 2025 and 957,000 shares in the fiscal year ended March 31, 2024, and the number of treasury shares at year-end deducted for the calculation of net assets per share was 772,000 shares in the fiscal year ended March 31, 2025 and 932,000 shares in the fiscal year ended March 31, 2024.

(Significant subsequent events)

(Purchase of treasury shares)

The Company resolved at its Board of Directors meeting on April 28, 2025 the following matters associated with the acquisition of treasury shares based on the provision of Article 156 of the Companies Act to be applied mutatis mutandis pursuant to the provision of Article 165, paragraph 3 of the said Act.

(1) Reasons for executing purchase of treasury shares

Execution of agile capital policy in response to changes in the business environment

(2) Contents of resolution of the Board of Directors regarding the acquisition of treasury shares

(i) Class of shares to be acquired

Common shares of the Company

(ii) Total number of shares to be acquired

Up to 4,000,000 shares

(iii) Acquisition period

From April 30, 2025 to March 31, 2026

(iv) Total acquisition amount

Up to ¥10,800 million

(v) Acquisition method

Purchase through the market including an advance-notice-type market buying system (ToSTNeT-3)

(3) Purchase of treasury shares

(i) Class of shares acquired

Common shares of the Company

(ii) Total number of shares acquired

4,000,000 shares

(iii) Total acquisition amount

¥9,988 million

(iv) Acquisition date

May 28, 2025

(v) Acquisition method

Purchase through the market including off-floor trading of treasury shares (ToSTNeT-3)

(Cancellation of Treasury Shares)

The Company resolved at its Board of Directors meeting on April 28, 2025 the following matters associated with the cancellation of treasury shares based on the provision of Article 178 of the Companies Act, and executed cancellation on May 23, 2025.

(1) Reasons for canceling treasury shares

Improvement of capital efficiency

(2) Contents of resolution of the Board of Directors regarding the cancellation of treasury shares

(i) Class of shares to be canceled

Common shares of the Company

(ii) Number of shares to be canceled

4,000,000 shares

(iii) Cancellation date

May 23, 2025

(iv) Total number of issued shares after cancellation

440,507,285 shares

(v) Annexed consolidated detailed schedules

Detailed schedule of corporate bonds

Company name	Issue	Date of issuance	Balance at beginning of period (millions of yen)	Balance at end of period (millions of yen)	Interest rate (%)	Secured/unsecured	Maturity
Sekisui Chemical Co., Ltd.	No. 6 unsecured bonds	June 14, 2016	10,000	10,000	0.28	N/A	June 12, 2026
Sekisui Chemical Co., Ltd.	No. 7 unsecured bonds	September 13, 2019	30,000	30,000	0.20	N/A	September 13, 2029
Tochigi Sekisui Heim Co., Ltd.	No. 2 unsecured bonds	April 26, 2021	30 (30)	—	0.12	N/A	April 26, 2024
Total	-	-	40,030 (30)	40,000	—	—	—

(Notes) 1. Amounts in parentheses are the scheduled redemption amounts within one year.

2. The scheduled amount of redemption of bonds within five years after the consolidated balance sheet date is as follows:

Within 1 year (millions of yen)	After 1 year but within 2 years (millions of yen)	After 2 years but within 3 years (millions of yen)	After 3 years but within 4 years (millions of yen)	After 4 years but within 5 years (millions of yen)
—	10,000	—	—	30,000

Detailed schedule of borrowings

Category	Balance at beginning of period (millions of yen)	Balance at end of period (millions of yen)	Average interest rate (%)	Repayment due
Short-term borrowings	1,504	1,408	1.41	—
Current portion of long-term borrowings	10,065	931	1.08	—
Current portion of lease liabilities	5,433	5,422	—	—
Long-term borrowings (excluding the current portion of long-term borrowings)	46,270	46,042	0.29	2026 to 2030
Lease liabilities (excluding the current portion of lease liabilities)	17,421	17,025	—	2026 to 2059
Total	80,695	70,830	—	—

(Notes) 1. “Average interest rate” represents the weighted average interest rate with respect to the balance at the end of the period.

2. The average interest rate of lease liabilities is not recorded because the amount equivalent to interest included in total lease payments is allocated to each fiscal year by the straight-line method.

3. The repayment schedule of long-term borrowings and lease liabilities (excluding the current portion) within five years after the consolidated balance sheet date is as follows:

	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years
Long-term borrowings (millions of yen)	15,732	4	4	300
Lease liabilities (millions of yen)	4,132	3,244	2,806	2,014

Detailed schedule of asset retirement obligations

Not applicable.

(2) Other

(Quarterly information for the fiscal year ended March 31, 2025)

(Cumulative period)	First quarter	Second quarter	Third quarter	FY2024
Net sales (millions of yen)	298,828	629,054	955,342	1,297,754
Profit before income taxes (millions of yen)	34,207	61,490	98,734	119,973
Profit attributable to owners of parent (millions of yen)	23,712	42,925	68,495	81,925
Basic earnings per share (yen)	56.47	102.51	163.73	195.93

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly basic earnings per share (yen)	56.47	46.02	61.24	32.17

(Notes) For the first and third quarters, the Company prepares quarterly financial information in accordance with the rules set by the financial instruments exchange; however, such quarterly financial information has not been subject to interim review.

2. Non-consolidated financial statements and other information

(1) Non-consolidated financial statements

(i) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	9,168	8,048
Notes receivable - trade	*1, *4 8,009	*1 7,419
Accounts receivable - trade	*1 84,600	*1 82,148
Merchandise and finished goods	25,559	29,702
Land for sale in lots	20,427	22,643
Work in process	6,245	9,387
Raw materials and supplies	8,360	9,702
Advance payments to suppliers	875	2,217
Prepaid expenses	810	1,489
Short-term loans receivable	*1 26,708	*1 36,002
Accounts receivable - other	*1 39,753	*1 78,535
Other	461	794
Allowance for doubtful accounts	(12)	(54)
Total current assets	230,968	288,037
Non-current assets		
Property, plant and equipment		
Buildings	*2 35,690	*2 35,549
Structures	*2 2,698	*2 2,839
Machinery and equipment	*2 22,426	*2 24,847
Vehicles	*2 108	*2 196
Tools, furniture and fixtures	*2 4,269	*2 4,561
Land	*2 38,448	*2 39,191
Leased assets	467	486
Construction in progress	5,531	6,701
Total property, plant and equipment	109,640	114,373
Intangible assets		
Industrial property	51	40
Right to use facilities	104	97
Software	*2 12,180	*2 11,784
Leased assets	—	0
Other	16,655	21,896
Total intangible assets	28,991	33,820
Investments and other assets		
Investment securities	96,965	76,524
Shares of subsidiaries and associates	256,731	250,032
Long-term loans receivable	406	400
Long-term prepaid expenses	1,177	985
Prepaid pension costs	9,714	10,819
Leasehold and guarantee deposits	*1 1,847	*1 1,847
Other	511	512
Allowance for doubtful accounts	(209)	(208)
Total investments and other assets	367,145	340,912
Total non-current assets	505,776	489,106
Total assets	736,745	777,143

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	*1 94,742	*1 127,147
Short-term borrowings	*1 86,042	*1 98,458
Lease liabilities	139	139
Accounts payable - other	*1 9,473	*1 12,101
Accrued expenses	*1 18,191	*1 19,047
Income taxes payable	12,202	3,254
Advances received	249	323
Deposits received	*1 6,410	*1 4,426
Provision for bonuses	4,670	5,219
Provision for bonuses for directors (and other officers)	320	340
Provision for warranties for completed construction	1,684	1,649
Provision for share awards	112	108
Other	473	723
Total current liabilities	234,713	272,940
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term borrowings	45,500	45,300
Lease liabilities	338	342
Deferred tax liabilities	12,801	9,271
Provision for retirement benefits	24,097	24,394
Provision for share awards	1,083	1,154
Other	77	77
Total non-current liabilities	123,897	120,542
Total liabilities	358,611	393,482
Net assets		
Shareholders' equity		
Share capital	100,002	100,002
Capital surplus		
Legal capital surplus	109,234	109,234
Total capital surplus	109,234	109,234
Retained earnings		
Legal retained earnings	10,363	10,363
Other retained earnings		
Reserve for tax purpose reduction entry of land	4,141	4,087
Reserve for tax purpose reduction entry of depreciable assets	2,063	1,911
General reserve	39,471	39,471
Retained earnings brought forward	112,025	133,131
Total retained earnings	168,063	188,963
Treasury shares	(48,605)	(50,008)
Total shareholders' equity	328,695	348,192
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	49,439	35,468
Total valuation and translation adjustments	49,439	35,468
Total net assets	378,134	383,660
Total liabilities and net assets	736,745	777,143

(ii) Non-consolidated statement of income

(Millions of yen)

		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025
Net sales	*1	386,059	*1	393,260
Cost of sales	*1	282,796	*1	282,091
Gross profit		103,263		111,168
Selling, general and administrative expenses	*2	93,710	*2	98,408
Operating profit		9,552		12,760
Non-operating income				
Interest and dividend income	*1	36,025	*1	34,591
Miscellaneous income	*1	17,031	*1	15,156
Total non-operating income		53,057		49,747
Non-operating expenses				
Interest expenses	*1	366	*1	583
Interest expenses on bonds		88		87
Miscellaneous expenses	*1	2,834	*1	4,240
Total non-operating expenses		3,288		4,912
Ordinary profit		59,321		57,595
Extraordinary income				
Gain on sale of investment securities		13,714		14,487
Gain on sale of shares of subsidiaries and associates		12,288		—
Total extraordinary income		26,002		14,487
Extraordinary losses				
Loss on valuation of investment securities		2,453		511
Loss on valuation of shares of subsidiaries and associates		554		187
Loss on sale of shares of subsidiaries and associates		—		218
Impairment losses		195		568
Loss on sale and retirement of non-current assets		623		1,126
Total extraordinary losses		3,826		2,612
Profit before income taxes		81,497		69,470
Income taxes - current		16,203		7,498
Income taxes - deferred		(2,678)		1,868
Total income taxes		13,525		9,366
Profit		67,971		60,104

(iii) Non-consolidated statement of changes in equity
FY2023 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings		
						Reserve for tax purpose reduction entry of land	Reserve for tax purpose reduction entry of depreciable assets	Reserve for open innovation promotion
Balance at beginning of period	100,002	109,234	–	109,234	10,363	4,141	2,192	53
Changes during period								
Reversal of reserve for tax purpose reduction entry of land								
Reversal of reserve for tax purpose reduction entry of depreciable assets							(129)	
Reversal of reserve for open innovation promotion								(53)
Dividends of surplus								
Profit								
Cancellation of treasury shares			(13,935)	(13,935)				
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Transfer from retained earnings to capital surplus			13,935	13,935				
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	–	–	(129)	(53)
Balance at end of period	100,002	109,234	–	109,234	10,363	4,141	2,063	–

	Shareholders' equity					Valuation and translation adjustments		Total net assets
	Retained earnings			Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings		Total retained earnings					
	General reserve	Retained earnings brought forward						
Balance at beginning of period	39,471	85,651	141,871	(46,528)	304,580	35,657	35,657	340,237
Changes during period								
Reversal of reserve for tax purpose reduction entry of land								
Reversal of reserve for tax purpose reduction entry of depreciable assets		129	—		—			—
Reversal of reserve for open innovation promotion		53	—		—			—
Dividends of surplus		(27,845)	(27,845)		(27,845)			(27,845)
Profit		67,971	67,971		67,971			67,971
Cancellation of treasury shares				13,935	—			—
Purchase of treasury shares				(16,173)	(16,173)			(16,173)
Disposal of treasury shares				161	161			161
Transfer from retained earnings to capital surplus		(13,935)	(13,935)		—			—
Net changes in items other than shareholders' equity						13,781	13,781	13,781
Total changes during period	—	26,373	26,191	(2,076)	24,115	13,781	13,781	37,896
Balance at end of period	39,471	112,025	168,063	(48,605)	328,695	49,439	49,439	378,134

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

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for tax purpose reduction entry of land	Reserve for tax purpose reduction entry of depreciable assets	Reserve for open innovation promotion
Balance at beginning of period	100,002	109,234	–	109,234	10,363	4,141	2,063	–
Changes during period								
Reversal of reserve for tax purpose reduction entry of land						(54)		
Reversal of reserve for tax purpose reduction entry of depreciable assets							(152)	
Reversal of reserve for open innovation promotion								
Dividends of surplus								
Profit								
Cancellation of treasury shares			(7,239)	(7,239)				
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Transfer from retained earnings to capital surplus			7,239	7,239				
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	–	(54)	(152)	–
Balance at end of period	100,002	109,234	–	109,234	10,363	4,087	1,911	–

	Shareholders' equity					Valuation and translation adjustments		Total net assets
	Retained earnings			Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings		Total retained earnings					
	General reserve	Retained earnings brought forward						
Balance at beginning of period	39,471	112,025	168,063	(48,605)	328,695	49,439	49,439	378,134
Changes during period								
Reversal of reserve for tax purpose reduction entry of land		54	—		—			—
Reversal of reserve for tax purpose reduction entry of depreciable assets		152	—		—			—
Reversal of reserve for open innovation promotion			—		—			—
Dividends of surplus		(31,964)	(31,964)		(31,964)			(31,964)
Profit		60,104	60,104		60,104			60,104
Cancellation of treasury shares				7,239	—			—
Purchase of treasury shares				(8,922)	(8,922)			(8,922)
Disposal of treasury shares				279	279			279
Transfer from retained earnings to capital surplus		(7,239)	(7,239)		—			—
Net changes in items other than shareholders' equity						(13,970)	(13,970)	(13,970)
Total changes during period	—	21,105	20,899	(1,403)	19,496	(13,970)	(13,970)	5,526
Balance at end of period	39,471	133,131	188,963	(50,008)	348,192	35,468	35,468	383,660

Notes to non-consolidated financial statements

(Significant accounting policies)

1. Valuation basis and methods for assets

(1) Valuation basis and methods for securities

(i) Held-to-maturity debt securities

.....Amortized cost method

(ii) Shares of subsidiaries and associates

.....Stated at cost based on the moving average method

(iii) Available-for-sale securities

Other than shares, etc. without market price

.....Stated at fair value

(Valuation differences are all booked directly in a separate component of net assets, and cost of securities sold is determined by the moving average method)

Shares, etc. without market price

.....Stated at cost based on the moving average method

(2) Valuation basis and methods for derivatives

.....Stated at fair value

(3) Valuation basis and methods for inventories

Inventories held for regular sales

(i) Merchandise and finished goods.....Stated at cost based on the periodic average method

(ii) Work in process.....Stated at cost based on the moving average method (partly the specific identification method)

(iii) Raw materials and supplies.....Stated at cost based on the moving average method

(iv) Real estate for sale.....Stated at cost based on the specific identification method

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

2. Accounting method for depreciation of non-current assets

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

The straight-line method is applied.

Major useful lives are as follows:

Buildings:.....3 to 50 years

Machinery and equipment:.....4 to 17 years

(2) Intangible assets (excluding leased assets)

The straight-line method is applied.

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

(3) Leased assets

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

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

(4) Long-term prepaid expenses

The straight-line method is applied.

3. Accounting policy for provisions

(1) Allowance for doubtful accounts

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

(2) Provision for bonuses

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

(3) Provision for bonuses for directors (and other officers)

To provide for payment of bonuses for directors (and other officers), the expected payment amount is recorded.

(4) Provision for warranties for completed construction

To provide for payment associated with non-conformance liabilities, etc. for prefabricated housing, the expected amount of future

payment based on past repair costs is recorded.

(5) Provision for share awards

To prepare for the issuance of the Company's shares to Directors and other employees in senior positions based on the share issuance regulations, the estimated value of the Company's shares corresponding to the share issuance points granted to eligible persons at the end of the fiscal year under review is recorded.

(6) Provision for retirement benefits

To prepare for payment of retirement benefits for employees, the expected amounts of retirement benefit obligations and pension assets as of the end of the fiscal year under review are recorded.

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

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

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

To prepare for payment of retirement benefits associated with re-employment of elderly persons, the expected amount of retirement benefit obligations as of the end of the fiscal year under review is recorded.

4. Accounting policy for recognition of revenues and expenses

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

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

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

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

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

(2) Revenues related to construction contracts

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

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

(3) Revenues related to sale of services and others

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

5. Other basis of preparation of non-consolidated financial statements

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

Non-deductible consumption taxes and local consumption taxes related to assets are accounted for as period expenses for the

fiscal year ended March 31, 2025.

(2) Application of the group tax sharing system

The group tax sharing system is being applied.

(3) Accounting treatment for retirement benefits

The method of accounting for unrecognized actuarial gains and losses and past service cost relating to retirement benefits differs from the method of accounting for these items in the consolidated financial statements.

(Significant accounting estimates)

I. FY2023 (from April 1, 2023 to March 31, 2024)

Valuation of land for sale in lots

(1) Amount recorded in the non-consolidated financial statements for the fiscal year under review

Land for sale in lots: ¥20,427 million

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

Details are as per the description in Notes to consolidated financial statements, (Significant accounting estimates), “1. Valuation of land for sale in lots.”

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

Valuation of land for sale in lots

(1) Amount recorded in the non-consolidated financial statements for the fiscal year under review

Land for sale in lots: ¥22,643 million

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

Details are as per the description in Notes to consolidated financial statements, (Significant accounting estimates), “1. Valuation of land for sale in lots.”

(Notes to non-consolidated balance sheet)

- *1. Assets and liabilities regarding transactions with subsidiaries and associates
Items regarding transactions with subsidiaries and associates are as follows:

	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Short-term monetary claims	126,017	169,360
Long-term monetary claims	1	1
Short-term monetary obligations	137,553	188,125

- *2. Amount of tax-purpose reduction entry

With the receipt of national subsidies, the following amount of tax-purpose reduction entry is deducted from the acquisition value of relevant assets.

The amount of tax-purpose reduction entry based on expropriation is included respectively in the following: ¥440 million in buildings, ¥61 million in structures, and ¥1,430 million in land.

	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Buildings	823	1,351
Structures	72	103
Machinery and equipment	778	2,029
Vehicles	1	9
Tools, furniture, and fixtures	94	131
Land	1,430	1,430
Software	76	26

3. Guarantee obligations

The following liabilities are guaranteed:

	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Guarantee obligations of housing loans for prefabricated modular housing purchasers	46,952	38,469
Guarantees for loans from financial institutions, etc. of subsidiaries and associates	19,104	20,604
Other guarantee obligations	—	2,085
Total	66,056	61,159

- *4. Notes maturing at the end of the period

For accounting treatment of notes maturing at the end of the fiscal year, they are settled on the clearance date of the notes. In this regard, since the end of the previous fiscal year fell on a bank holiday, the following matured notes were included in the balance at the end of the previous fiscal year.

	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Notes receivable - trade	750	—

(Notes to non-consolidated statement of income)

*1. Items regarding transactions with subsidiaries and associates are as follows.

	(Millions of yen)	
	FY2023	FY2024
	(from April 1, 2023 to March 31, 2024)	(from April 1, 2024 to March 31, 2025)
Net sales	290,518	296,729
Purchase of goods	232,693	234,837
Transactions other than business-related transactions	48,988	62,854

*2. Of which, the ratio of expenses categorized under selling expenses is approximately 17% for FY2023 and 17% for FY2024.

The major expense items and their amounts in selling, general and administrative expenses are as follows:

	(Millions of yen)	
	FY2023	FY2024
	(from April 1, 2023 to March 31, 2024)	(from April 1, 2024 to March 31, 2025)
Freight costs, storage fees, and packing expenses	10,594	11,430
Employees' salaries, allowances, and bonuses	14,967	15,702
Provision for bonuses	2,764	3,102
Retirement benefit expenses	1,926	(102)
Depreciation	5,995	6,194
Commission	14,787	16,357
Research and development expenses	28,691	31,168

(Securities)

I. FY2023 (ended March 31, 2024)

Shares of subsidiaries and associates

(Millions of yen)

Category	Carrying amount in balance sheet	Fair value	Difference
Shares of subsidiaries	2,019	4,199	2,180
Shares of associates	6,826	10,278	3,452
Total	8,846	14,478	5,632

Note: Shares, etc. without market price that are not included in the above

Category	Carrying amount in balance sheet (millions of yen)
Shares of subsidiaries	243,072
Shares of associates	4,812

II. FY2024 (ended March 31, 2025)

Shares of subsidiaries and associates

(Millions of yen)

Category	Carrying amount in balance sheet	Fair value	Difference
Shares of subsidiaries	2,019	4,460	2,440
Shares of associates	6,826	12,003	5,177
Total	8,846	16,464	7,617

Note: Shares, etc. without market price that are not included in the above

Category	Carrying amount in balance sheet (millions of yen)
Shares of subsidiaries	236,624
Shares of associates	4,561

(Tax effect accounting)

1. Major components of deferred tax assets and liabilities

	(Millions of yen)	
	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Deferred tax assets		
Loss on valuation of shares of subsidiaries and associates	9,199	8,070
Provision for retirement benefits	7,349	7,657
Impairment losses	3,246	3,454
Other	8,727	7,218
Total gross deferred tax assets	28,523	26,400
Valuation allowance	(12,983)	(12,241)
Total deferred tax assets	15,540	14,159
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(21,567)	(16,169)
Prepaid pension costs	(2,962)	(3,397)
Reserve for tax-purpose reduction entry of non-current assets	(2,721)	(2,742)
Other	(1,089)	(1,121)
Total deferred tax liabilities	(28,341)	(23,431)
Net deferred tax liabilities	(12,801)	(9,271)

2. Major factors underlying the differences between the statutory tax rate and the effective income tax rate after application of tax effect accounting

	FY2023 (ended March 31, 2024)	FY2024 (ended March 31, 2025)
Statutory tax rate	30.5%	30.5%
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	0.6	2.0
Income not taxable permanently, such as dividend income	(11.6)	(12.9)
Tax credits	(3.2)	(4.8)
Valuation allowance	(0.1)	(1.6)
Other	0.4	0.3
Effective income tax rate after application of tax effect accounting	16.6	13.5

3. Revision of the amount of deferred tax assets and deferred tax liabilities due to changes in tax rates

Due to the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, the “Special Income Tax for National Defense” will be imposed from the fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in the fiscal years beginning on April 1, 2026 are calculated by changing the statutory tax rate from 30.5% to 31.4%.

The impact of this change is immaterial.

4. Accounting treatment of income taxes and local income taxes, or tax effect accounting related thereto

The Company applies the Group Tax Sharing System, and in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021), accounts for and discloses income taxes, local income taxes, and related tax effect accounting.

(Revenue recognition)

Information that serves as a basis for understanding revenue from contracts with customers is as described in “(Significant accounting policies) 4. Accounting policy for recognition of revenues and expenses.”

(Significant subsequent events)

(Purchase of treasury shares)

The Company resolved at its Board of Directors meeting on April 28, 2025 the following matters associated with the acquisition of treasury shares based on the provision of Article 156 of the Companies Act to be applied mutatis mutandis pursuant to the provision of Article 165, paragraph 3 of the said Act.

(1) Reasons for executing purchase of treasury shares

Execution of agile capital policy in response to changes in the business environment

(2) Contents of resolution of the Board of Directors regarding the acquisition of treasury shares

(i) Class of shares to be acquired

Common shares of the Company

(ii) Total number of shares to be acquired

Up to 4,000,000 shares

(iii) Acquisition period

From April 30, 2025 to March 31, 2026

(iv) Total acquisition amount

Up to ¥10,800 million

(v) Acquisition method

Purchase through the market including an advance-notice-type market buying system (ToSTNeT-3)

(3) Purchase of treasury shares

(i) Class of shares acquired

Common shares of the Company

(ii) Total number of shares acquired

4,000,000 shares

(iii) Total acquisition amount

¥9,988 million

(iv) Acquisition date

May 28, 2025

(v) Acquisition method

Purchase through the market including off-floor trading of treasury shares (ToSTNeT-3)

(Cancellation of Treasury Shares)

The Company resolved at its Board of Directors meeting on April 28, 2025 the following matters associated with the cancellation of treasury shares based on the provision of Article 178 of the Companies Act, and executed cancellation on May 23, 2025.

(1) Reasons for canceling treasury shares

Improvement of capital efficiency

(2) Contents of resolution of the Board of Directors regarding the cancellation of treasury shares

(i) Class of shares to be canceled

Common shares of the Company

(ii) Number of shares to be canceled

4,000,000 shares

(iii) Cancellation date

May 23, 2025

(iv) Total number of issued shares after cancellation

440,507,285 shares

(iv) Annexed detailed schedule

Detailed schedule of property, plant, and equipment, etc.

Category of assets	Carrying amount at beginning of period (millions of yen)	Increase during the period (millions of yen)	Decrease during the period (millions of yen)	Depreciation during the period (millions of yen)	Carrying amount at end of period (millions of yen)	Accumulated depreciation (millions of yen)	Acquisition cost at end of period (millions of yen)
Property, plant, and equipment							
Buildings	35,690	3,190	690 (361)	2,641	35,549	65,276	100,825
Structures	2,698	446	32 (0)	273	2,839	11,092	13,931
Machinery and equipment	22,426	9,001	121	6,459	24,847	144,833	169,681
Vehicles	108	142	0	54	196	855	1,051
Tools, furniture, and fixtures	4,269	2,230	99 (10)	1,838	4,561	26,709	31,271
Land	38,448	1,029	286	–	39,191	–	39,191
Leased assets	467	168	3	145	486	462	949
Construction in progress	5,531	16,181	15,012	–	6,701	–	6,701
Total property, plant, and equipment	109,640	32,392	16,247 (372)	11,411	114,373	249,229	363,603
Intangible assets							
Industrial property	51	24	–	34	40	2,228	2,268
Right to use facilities	104	–	6	0	97	323	421
Software	12,180	4,281	14	4,663	11,784	43,925	55,709
Leased assets	–	0	–	0	0	0	0
Other intangible assets	16,655	9,938	4,697 (195)	–	21,896	–	21,896
Total intangible assets	28,991	14,245	4,717 (195)	4,698	33,820	46,477	80,297

(Notes) 1. The figures in parentheses under “Decrease during the period” represent the impairment loss component of the stated decreases.

2. Major items in increase and decrease during the period are as follows.

Category of assets	Increase or decrease	Business office or location	Description	Amount (millions of yen)
Other intangible assets	Increase	Headquarters	ERP system	4,615
Land	Increase	Housing Company	Acquisition of revenue-generating real estate	787
Machinery and equipment	Increase	Taga Plant	Expansion of production capacity	768

Detailed schedule of provisions

Category	Balance at beginning of period (millions of yen)	Increase during the period (millions of yen)	Decrease during the period (millions of yen)	Balance at end of period (millions of yen)
Allowance for doubtful accounts	221	41	0	262
Provision for bonuses	4,670	5,219	4,670	5,219
Provision for bonuses for directors (and other officers)	320	340	320	340
Provision for warranties for completed construction	1,684	1,180	1,215	1,649
Provision for share awards	1,195	342	274	1,263

(2) Components of major assets and liabilities

Description is omitted since consolidated financial statements are prepared.

(3) Other

Not applicable.

VI. Outline of Share-Related Administration of Reporting Company

Fiscal year	From April 1 to March 31
Annual general meeting of shareholders	June
Record date	March 31
Record date for dividends of surplus	September 30 March 31
Number of shares constituting one unit	100 shares
Purchase and sale of shares less than one unit	(Note)
Place for purchase and sale	(Special account) 6-3, Fushimimachi 3-chome, Chuo-ku, Osaka, Japan Osaka Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation
Shareholder register administrator	(Special account) 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan Mitsubishi UFJ Trust and Banking Corporation
Contact place	-
Purchase/sale commission	Free
Method of public notice	Electronic public notice
Shareholder benefits	Not applicable

(Note) For shares less than one unit that the Company's shareholders own, they may not exercise any rights except for the rights under each item of Article 189, paragraph 2 of the Companies Act, the right to make a demand under Article 166, paragraph 1 of the Companies Act, the right to the allotment of the shares for subscription and share options for subscription in accordance with the number of shares they own, and the right to make a demand for purchasing shares less than one unit which, together with the shares less than one unit that they own, will constitute one share unit.

VII. Reference Information of Reporting Company

1. Information about parent of reporting company

The Company has no parent company.

2. Other reference information

The Company submitted the documents below from the start date of the fiscal year under review to the filing date of this Annual Securities Report.

(1) Amended shelf registration statement

Submitted to the Director-General of the Kanto Local Finance Bureau on June 20, 2024

Submitted to the Director-General of the Kanto Local Finance Bureau on December 12, 2024

(2) Annual securities report and attached documents and confirmation letter

For the 102nd Business Term (from April 1, 2023 to March 31, 2024), submitted to the Director-General of the Kanto Local Finance Bureau on June 20, 2024

(3) Internal control report and attached documents

Submitted to the Director-General of the Kanto Local Finance Bureau on June 20, 2024

(4) Semi-annual securities report and confirmation letter

For the first half of the 103rd Business Term (from April 1, 2024 to September 30, 2024), submitted to the Director-General of the Kanto Local Finance Bureau on November 11, 2024

(5) Extraordinary report

Submitted to the Director-General of the Kanto Local Finance Bureau on June 20, 2024

An extraordinary report under Article 19, paragraph 2, item 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (a result of exercise of voting rights at a shareholders meeting)

Submitted to the Director-General of the Kanto Local Finance Bureau on December 12, 2024

An extraordinary report under Article 19, paragraph 2, item 9 of the Cabinet Office Order on Disclosure of Corporate Affairs (change of representative director).

(6) Share buyback report

Submitted to the Director-General of the Kanto Local Finance Bureau on July 10, 2024

Submitted to the Director-General of the Kanto Local Finance Bureau on August 9, 2024

Submitted to the Director-General of the Kanto Local Finance Bureau on September 10, 2024

Submitted to the Director-General of the Kanto Local Finance Bureau on October 10, 2024

Submitted to the Director-General of the Kanto Local Finance Bureau on November 8, 2024

Submitted to the Director-General of the Kanto Local Finance Bureau on December 10, 2024

Submitted to the Director-General of the Kanto Local Finance Bureau on January 10, 2025

Submitted to the Director-General of the Kanto Local Finance Bureau on February 7, 2025

Submitted to the Director-General of the Kanto Local Finance Bureau on March 10, 2025

Submitted to the Director-General of the Kanto Local Finance Bureau on April 10, 2025

Submitted to the Director-General of the Kanto Local Finance Bureau on May 12, 2025

Submitted to the Director-General of the Kanto Local Finance Bureau on June 10, 2025

Part 2. Information About Reporting Company's Guarantor, Etc.

Not applicable.