

SEKISUIKASEI

Our Planet. Our Tomorrow.



Integrated
Report

2025

CONTENTS

I Who we are SEKISUI KASEI's Value Creation

- 4 Philosophy System
- 5 Message from the President
- 11 SEKISUI KASEI's Accomplishments
- 13 Value Creation Model
- 15 Earnings Model

II What we aim for Strategies for Value Creation

- 18 Management Strategy
- 19 Promotion of Sustainability and Materiality Identification Process
- 21 Materiality (Key Management Issues)
- 23 Our Business Direction for 2030 "Target 2030"
- 25 Medium-Term Management Plan
 - "Going Beyond 2027 — Transformation and Completion"
- 27 Financial and Non-Financial Highlights
- 29 Financial Strategy
- 31 Research & Development Strategy
- 33 Human Resources Strategy
- 35 Business Overview
 - 35 Industry Segment
 - 37 Human Life Segment

III Why we make it possible Foundation of Value Creation

- 40 Basis That Supports the Practice of Our Philosophy
- 41 Zen-in Keiei Initiatives
 - Creating the Future of SEKISUI KASEI Together
- 43 SEKISUI KASEI's ESG
 - 43 Environmental
 - 51 Social
 - 55 Governance
- 59 Directors & Auditors
- 61 Discussion between Three Outside Directors

Other Information

- 65 Consolidated Financial Statements
- 103 11 Years Summary
- 104 Company Profile
 - 104 Company Profile / Stock Information
 - 105 Our Group Network
- 106 On the Publication of the Integrated Report

Challenge the Future and Take the Next Step

We have been implementing our medium-term management plan, "Spiral-up 2024," as a first step towards "Target 2030," which charts a strategic direction for our business in 2030.

And now it is time to take the next step.

"Going Beyond 2027 — Transformation and Completion"

It's a bold journey toward a new future.

We will continue to challenge ourselves to ensure steady growth and create new value.

Who we are

SEKISUI KASEI's Value Creation

SEKISUI KASEI Group is a pioneer in the foaming business, having been the first in Japan to start manufacturing expandable polystyrene beads. We have advanced the foaming and polymerization technologies that we have developed since our founding, and now provide products and services in a variety of fields, contributing to the creation of solutions for society.

Key points of this chapter

- The reason for SEKISUI KASEI's existence
- The DNA of the company since its founding, the culture we cherish, and the historical background
- Mechanisms for generating value and giving back to society

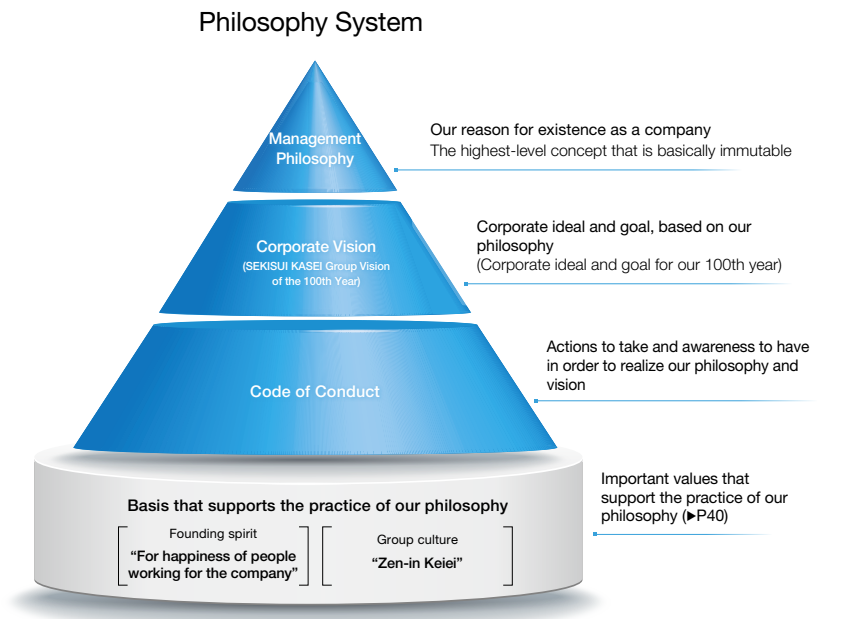
CONTENTS

Philosophy System	4
Message from the President	5
SEKISUI KASEI's Accomplishments	11
Value Creation Model	13
Earnings Model	15

Philosophy System

We have established a philosophy system based on our management philosophy, corporate vision, code of conduct, and the basis that supports the practice of our philosophy.

Our management philosophy clearly states the reason for SEKISUI KASEI Group's existence, in other words, its purpose. Our corporate vision outlines the "SEKISUI KASEI Group's 100th Year Vision," which represents our aspirations for 2059, our 100th anniversary, based on the management philosophy. The code of conduct succinctly describes the actions we should take to put the management philosophy and corporate vision into practice. Our founding spirit, "For happiness of people working for the Company," and the Group culture of "Zen-in Keiei" are core values passed down since our founding and will continue to be cherished as the foundation that supports our philosophy system.



Management Philosophy

We, SEKISUI KASEI, practice "Zen-in Keiei" based on respect for people and mutual trust. We are always innovating in our aim of "new happiness"

We have valued the philosophy of "respect for people and mutual trust," which are based on respect for the diversity of people and for the positions of others, and on the idea that deepening understanding forms bonds of mutual trust, and the Group culture of "Zen-in Keiei" since our foundation.

In addition, we will continue to take on the challenge of driving all kinds of innovation and working to provide new value for the global environment, society, and people's lives, so that we can bring happiness to people around the world.

Corporate Vision

A new chemical solutions company that cares for people and the planet as it creates new value

Based on the "spirit of respect for people" that has been in our DNA since our founding, as well as the "consideration for the global environment" that we have always focused on, we take on the challenge of realizing a sustainable society by creating "new value" and "solving environmental and social issues through chemical technologies." The Corporate Vision reflects our strong determination to create a virtuous cycle of this challenge and the sustainable growth of the Group.

Code of Conduct

Entrepreneurship

We value high motivation, original thinking, a desire to create, a high degree of independence, and a bold attitude toward risk, in pursuit of new growth opportunities such as innovative business models and materials development.

Honesty

We not only ensure that everyone is honest, but also comply with laws and regulations, fulfill our social responsibility, and adhere to business ethics.

Harmony

We value harmony with people, harmony with society, and harmony with the environment.

Founding Spirit (▶P40)

"For happiness of people working for the company"

Group Culture (▶P40)

Zen-in Keiei (▶P41)

Message from the President



SEKISUIKASEI

We will transform our portfolio into one with high-profitability businesses to achieve an ROE of 8% or higher by FY2030

Yasuharu Furubayashi

President and Chief Executive Officer

Toward a Company That Delivers Results — SEKISUI KASEI's Transformation

On my appointment as President of the Company, the first question that came to mind was, "What must I do?" Given our lackluster earnings right in front of my eyes, I felt a strong sense of responsibility to turn things around, so I first decided that regaining trust, from both inside and outside the Company, should be the number one priority.

With a background in sales, I consider my strengths to be the flexibility and execution capabilities developed on the front lines of business. I am confident that my ability to work alongside customers and colleagues and respond swiftly to changes will be a powerful weapon in my management of the Company going forward. In leadership, I respect individual awareness and behavioral consciousness, and I place great importance on "listening" first. I will maintain a style that maximizes the organization's strength by finding common ground with members and entrusting them with responsibilities based on trust.

The key phrase in my management philosophy is to consider matters by "taking ownership" of them. I place importance on

perceiving everything that happens as my responsibility and taking positive action. I also applied this mindset when we were setting up our operations overseas. My experience overseas in consistently promoting the establishment of a recycling system and a sales network, as well as the incorporation of a company, is the foundation of who I am today. When we established a local subsidiary in Southeast Asia, we, having no factory nor personnel, started operations using the accounts of a trading company, and eventually grew it into a business with strong roots in the local community. In my opinion, the attitude of "taking responsibility for a product even after its sale" was what earned the trust of the local people.

Based on these experiences and beliefs, I am now taking the helm of SEKISUI KASEI Group with the determination to carve out its future. I believe in the capabilities of each employee and will seek to enhance trust and value as a corporation by continuing to embrace challenges together.

And to lead SEKISUI KASEI Group toward becoming an organization that delivers on its promises — that is my mission.

Deepening "Zen-in Keiei" and executing transformation

In executing the Company's transformation, the most important aspect for me is deepening our corporate culture of "Zen-in Keiei."

Zen-in Keiei essentially means "management by everyone." It is a concept that enables each employee to possess a management perspective, understand how their work contributes to the Company's goals, and seize the initiative for themselves. This way of thinking is the DNA that has been passed down since our founding and is our strength that drives us toward the future. In fact, signs have emerged of a Company-wide shift in awareness, as young employees took it upon themselves to establish a "Zen-in Keiei Team" and started putting forward proposals.

Looking back, my own hands-on experience in the field of business, along with a degree of flexibility toward the environment and an attitude of taking ownership that I developed during that time, are also key elements in promoting

Zen-in Keiei. I believe that when every individual takes pride in their work and feels a sense of responsibility for the Company's growth, the strength of the entire organization is maximized.

To realize *Zen-in Keiei*, an open and transparent corporate culture is essential. As we continue to capitalize on the strength of having many honest and sincere employees, we are creating an environment where excessively taking into consideration the views of others is eliminated and opinions can be freely exchanged. We are also working on establishing a system to promote the delegation of authority and enhance the speed of decision-making.

Our vision for 2030 is to be a new chemical solutions company. The realization of this vision will hinge on the growth and autonomy of each and every individual. We will practice human capital management centered on the deepening of *Zen-in Keiei* and aim to sustainably enhance corporate value as a trusted corporate group.

Summary of "Spiral-up 2024" — three years that revealed key challenges

The medium-term management plan, "Spiral-up 2024," came to an end at the conclusion of FY2024. In "Spiral-up 2024," we set forth eight themes under three key issues and sought to improve business profitability and reinforce our management foundation. While net sales increased due to the effects of

cost pass-alongs, operating income fell significantly short, highlighting the challenges we faced.

The main reason for this was the sluggish performance of Profeta's business in Europe. In addition to sky-rocketing labor costs and energy prices, a greater-than-expected decline in

Message from the President

automobile production significantly squeezed earnings in this business. Although we made some improvements through price negotiations, we failed to achieve a fundamental recovery, and we ultimately decided on the policy of business transfer and liquidation. This was a difficult choice to make, but I believe it was absolutely necessary in order to facilitate the reallocation of resources for future growth.

On the other hand, the performance of our core business remained stable, and particularly in the electronics and mobility fields, we made progress on developing new products. We have started to expand into next-generation applications, such as polymer particles for semiconductor materials, and I am confident that these will become pillars of growth in the future. We have also made steady progress on ESG initiatives. We are advancing the activities geared towards the environmental targets of SKG-5R (SEKISUI KASEI Group's Reduce, Reuse, Recycle, Replace, and Re-create) and driving forward a transition to businesses that contribute to solving social issues,

including our self-collection and recycling business for used EPS (expandable polystyrene) foam and the demonstration project for horizontal recycling from EPS foam to EPS foam. These are not merely social contributions, but strategic initiatives that enhance corporate value.

The biggest achievement gained from “Spiral-up 2024” is that we were able to share the determination to embrace transformation throughout the entire organization without turning away from the issues at hand. Falling short of our operating income target is something I take seriously to heart, but I believe that the ability of the entire Company to unite, look to the future, and take action will serve as a foundation for the next stage.

Going forward, we will set our sights on the sustainable enhancement of corporate value in the run-up to 2030 under our new medium-term management plan, “Going Beyond 2027 – Transformation and Completion.”



Aiming for a transformation into a lean corporate structure in our new medium-term management plan, “Going Beyond 2027 – Transformation and Completion”

SEKISUI KASEI Group has kicked off a new medium-term management plan, “Going Beyond 2027 – Transformation and Completion,” as a roadmap toward achieving the 2030 vision articulated in our Target 2030 business direction. We recognize this as an important stage to rebuild our corporate fundamentals based on the achievements and challenges of the previous medium-term management plan, “Spiral-up 2024,” and to bring about sustained growth.

In the previous plan, we identified three key issues: strengthening our earnings structure, shifting to businesses that solve environmental and social issues, and reinforcing our management foundation. However, we faced some harsh realities, such as not meeting our operating income target and delays in transforming our business portfolio. In particular, our withdrawal from the Proseat business was a big decision and a difficult choice to make, but I believe it was unavoidable as a step to open the door to the future. Although we have decided to withdraw from this business, operating it even for a time has laid the groundwork for the future by providing us with new connections with foreign automakers.

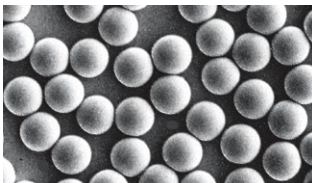
Taking this experience as a lesson, our current medium-term management plan calls for a transformation into a lean corporate

structure, and our first task will be to strengthen the earnings structure.

We have positioned the electronics business, including TECHPOLYMER, the mobility business, such as automotive components, and the sheet business centered around food container applications as our growth engines, and we will heavily allocate management resources to these areas. These are fields in which the Group can leverage its strengths, and I have high expectations for them as future sources of revenue. In product development, we believe that reflecting the opinions of the production floor is the source of our competitiveness, which is why we are advancing reforms guided by our production sites.

Meanwhile, for businesses like the beads business, which is experiencing a shrinking market, we will promote environmental measures and aim to expand our share by increasing the weighting of recycled products.

In addition, in the medical/healthcare domain, we will drive development investments in new areas such as wearable devices and electroencephalography applications, sowing the seeds for future core businesses. These initiatives will lay the groundwork for the profit-reaping phase from 2027 onward and are also solid preparations for dramatic growth leading up to 2030.



TECHPOLYMER



Automobile components



Low-foam polystyrene sheet



ST-gel

As for capital investments, in the previous plan, there was a tendency for investments to be held back due to changes in earnings and the market environment. In the current medium-term management plan, however, we will prioritize and execute investments in high-revenue, high-growth businesses. We are planning to allocate ¥21.5 billion (on an applications basis) for capital investment over the next three years, well above depreciation and amortization expenses of ¥17.6 billion.

Furthermore, we are also focusing on improving capital efficiency. We will press ahead with the selection and concentration of our

businesses based on ROIC, and at the same time, streamline the balance sheet through a reduction in idle assets, exhaustive inventory management, and a review of strategic shareholdings.

This medium-term management plan is positioned as the second step in our medium- to long-term strategy toward 2030. Based on the scenario of shoring up our foundation over the three years from FY2025 to FY2027 and achieving dramatic growth from FY2028 through FY2030, SEKISUI KASEI Group will stage a process of “transformation and completion” and steadily move forward.

Key Issues in the Medium-Term Management Plan

Strengthening the Earnings Structure New Value Creation + Business Model Strategy	1 Enhancing Revenue Base and Improving Profitability (▶P29 Financial Strategy) <ul style="list-style-type: none">• Commit management resources to high-value-added businesses and growth markets• Use ROIC to review and restructure low-profitability businesses
	2 Strengthening of Profitability in Environmentally Contributive business (▶P43 E Environment) <ul style="list-style-type: none">• Expand sales of proprietary recycled products “ReNew+” and low-foam PSP “ESLEN Sheet PZ Series” as an alternative to non-foam products• Establish competitive advantage through proprietary business model that includes technological innovation and collection and recycling systems
	3 Strengthening Cost Competitiveness through Production Innovation and Enhancement of On-site Capabilities (▶P51 S Social) <ul style="list-style-type: none">• Promote production DX, introduce new technologies, undertake SKG improvement activities, etc.
Strengthening the Management Foundation Capital Efficiency + ESG	4 Practicing Management with Awareness of Capital Efficiency and Capital Costs (▶P29 Financial Strategy) <ul style="list-style-type: none">• Execute business portfolio management to achieve higher profitability• Reduce interest-bearing debt and inventories, control head office costs• Accelerate growth investments by reducing strategic shareholdings and enhance shareholder returns
	5 Strengthening Initiatives to Address Environmental and Social Issues (▶P43 E Environment) <ul style="list-style-type: none">• Promote resource circulation (secure stable supply of renewable resources and establish high quality/low-cost recycling technology)• Address climate change (solar power PPA and production energy conversion)
	6 Promoting Human Capital Management and Strengthening Governance (▶P33 Management, P55 G Governance) <ul style="list-style-type: none">• Improve employee engagement, promote diversity, and strengthen global governance

Message from the President



Reviewing materiality with a focus on the sustainability of corporate growth

In “Going Beyond 2027 — Transformation and Completion,” strengthening the management foundation will be essential if we are to steadily propel our business strategy. As part of this, we conducted a review of materiality. In addition to the usual items of materiality that revolve around ESG, we have newly identified materiality related to the sustainability of corporate growth. Through the creation of products and business models, we are endeavoring to switch to a business perspective that balances business results with solutions for social issues.

Behind this review is an awareness of the fact that traditional non-financial indicators have a weak correlation with business results, which makes it difficult to see how they contribute to enhancing corporate value. Internally, we had set targets for Sustainable Star Products—our certified environmentally friendly product line—as percentage of net sales and reductions in GHG (CO₂) emissions, among others, but we lacked the

perspective of how they fit in with the objective of strengthening our management foundation. Therefore, we redefined our items of materiality not just within the framework of ESG, but as indicators directly linked to business growth. The key to implementing this reform is the speed of decision-making. In the past, decision-making authority was centralized, which often led to delays in consideration of issues and made swift responses difficult. Going forward, we will promote the delegation of authority under a headquarters/center system, and allow decision-making at the work site level to realize a style of management characterized by a sense of urgency. This reconstruction of materiality is not merely a change in systems, but also an initiative to cultivate a sense of “ownership” as a corporation. We will evolve into an attractive company for all stakeholders, including employees, with products and services that contribute to resolving issues in society.

Implementing a capital cost and share price-conscious management

In heeding the requests of the Tokyo Stock Exchange and the opinions of our investors and shareholders, the Group is undertaking fundamental reforms aimed at implementing a capital cost and share price-conscious management. ROE in FY2024 was –12.0% and the PBR was 0.3x–0.4x, which remained at the extremely low level and which we recognize to be a significant concern for investors.

In addressing this issue, we are rapidly implementing specific

measures centered on two pillars: 1) improving profitability and 2) enhancing capital efficiency. In terms of profitability, we are advancing business evaluations and restructuring using ROIC. We are decisively reviewing low-profitability businesses, including the transfer of the Proseat business in Europe, and the management resources generated from that are channeled into high-profitability businesses. For example, we are accelerating the shift toward areas that combine growth potential and

profitability, such as polymer particles and the North American mobility business.

To improve capital efficiency, we have been reducing strategic shareholdings and have sold approximately ¥3.5 billion worth of shares over the three years since FY2022. By the end of FY2024, we had managed to reduce the ratio of strategic shareholdings to 19.9% of consolidated net assets. We have also begun working on improving the cash conversion cycle by shortening the inventory turnover period and driving efficiency through the adoption of production DX. We anticipate that the profit boost from the Proseat withdrawal and stronger earnings from investments in growth fields will underpin the attainment of these goals.

Moreover, we are focusing on both ensuring financial soundness and enhancing shareholder returns. We have drafted a plan

to reduce interest-bearing debt by 20% by FY2027, aiming to bring it down from the current ¥39 billion to ¥31 billion. As for shareholder returns, we are targeting a consolidated dividend payout ratio of 30%–40%, while making flexible adjustments based on earnings and market conditions. For FY2025, we plan to pay a year-end dividend of ¥10 per share, and we are also working to raise the total payout ratio.

I place great importance on reflecting the opinions of frontline workers in management. Based on the belief that our work sites have the answers, we will put Zen-in Keiei into practice and work to realize sustainable enhancement of our corporate value. We aim to achieve an ROE of 8% or higher by 2030 as we evolve into a corporation that lives up to the expectations of investors and shareholders.

Aspiring to be a corporation that helps resolve social issues

With a view to 2030, and our 100th anniversary in 2059, the Corporate Vision of SEKISUI KASEI Group is to become “a new chemical solutions company that cares for people and the planet as it creates new value.” The plastic products we make are sometimes scrutinized from the perspective of their environmental impacts, but it is imperative that people both

inside and outside the Company recognize that they are an indispensable part of the world we live in. With each and every employee confidently providing products to society, we will look to clarify our position as a corporation that contributes to solving social issues.

To our stakeholders

In “Spiral-up 2024,” our medium-term management plan that ran through FY2024, net sales were largely in line with our forecast, but unfortunately profits came up short, so regaining the trust of stakeholders is now an urgent priority. In light of this outcome, the next plan, “Going Beyond 2027 — Transformation and Completion,” which commenced in FY2025, is focused squarely on building a lean earnings structure and nurturing growth businesses through the concentrated allocation of resources.

In addition, as we turn our attention to implementing a capital cost and share price-conscious management, we continue to make choices about businesses based on ROIC with the aim of achieving an ROE of 6% by FY2027 and 8% or more by FY2030. These initiatives are not just about hitting numerical targets—they are part of a journey to build trust as a corporate group that

gets things done.

To that end, it is critical that we deepen “Zen-in Keiei,” where each employee adopts an entrepreneurial mindset and sees their work as their own responsibility. By implementing reforms empowered by frontline workers and fostering an open corporate culture, we will maximize the strength of the entire organization and aim for the sustainable enhancement of our corporate value.

Going forward, we will continue to focus on achieving transformation and enhancing corporate value sustainably through constructive dialogue with stakeholders. I kindly ask for your continued patience, support, and understanding as we strive to make greater strides forward.

Yasunobu Furubayashi

President and Chief Executive Officer

SEKISUI KASEI's Accomplishments

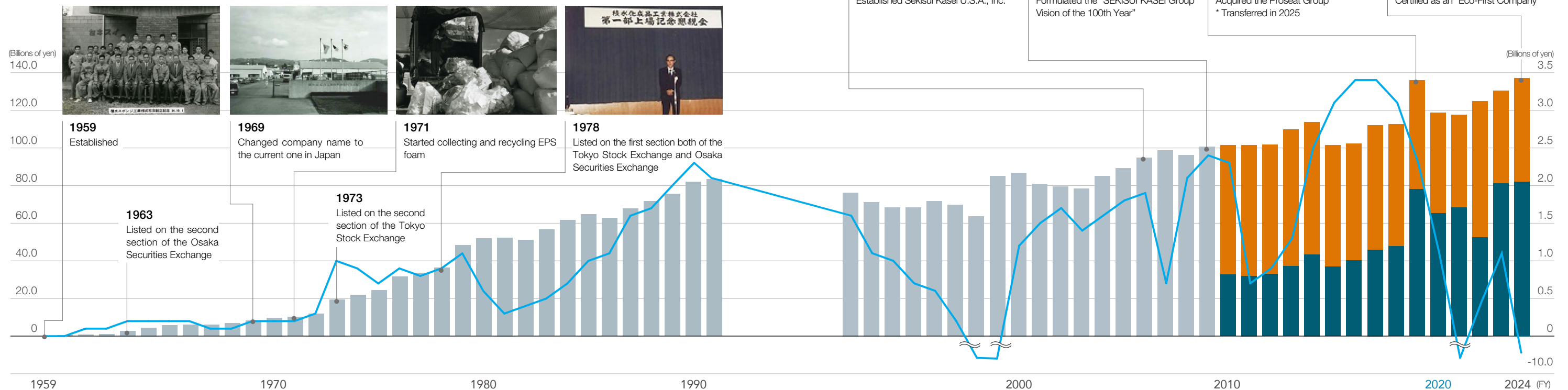
Over 65 years have passed since our founding in 1959, when we started the production and sale of Japan's first expandable polystyrene (EPS) beads made with domestic technology. As a pioneer in the foaming business, we have provided a wide variety of products and services that enrich people's lives, ranging from food packaging to cushioning, housing-related materials, and lightweight automotive components. Going forward, we will be committed to pursuing state-of-the-art technology to help solve environmental and social challenges.

Business Results

Net Sales (left) █ Whole company (1959-2009) █ Industry segment (2010-2024) █ Human Life segment (2010-2024)

Net Income (right) —

Note: Non-consolidated results until FY1998, consolidated results from FY1999 onward listed.



Establishment Ceremony



Vision development meeting



2019
Acquired the Proseat Group
* Transferred in 2025



2024
Certified as an "Eco-First Company"

History of Challenges and Growth

1959- Foundation

Established and started the production of Japan's first EPS beads made with domestic technology

Background
Rapid Economic Growth
First Oil Crisis

In 1960, we started the production and sale of Japan's first EPS beads "ESLEN Beads" made with domestic technology. In 1962, we developed our own manufacturing method for ESLEN Sheets, an expanded polystyrene sheet product, and started the production of the sheets. By providing useful products such as fish boxes, farm produce boxes, food trays, packaging, and cushioning, we contributed to improving people's lives. Overcoming campaigns to ban EPS foam, triggered by waste disposal issues at the 1970 Expo in Osaka, through recycling initiatives and public outreach with accurate information, we were successfully listed on the first section of the Tokyo Stock Exchange in 1978.

1980- Growth

Expanding capacity and business Operations
Selection and concentration in response to Japan's economic downturn

Background
The bubble economy and its collapse

In the 1980s, we boosted production capacity in Nara, Ibaraki, Okayama and other locations in response to strong demand in the food sector. We also expanded the scope of our business with products such as ESLEN Blocks for construction materials and TECHPOLYMER for cosmetic additives. However, the Japanese economy entered a recession in the 1990s, and we recorded consolidated losses for two consecutive fiscal years starting in 1998. In addition to restructuring the business through selection and concentration, we promoted R&D, including the launch of ST-gel, a high-performance gel material, and were able to resume dividend payments in 2000.

2000- New Markets

Global business expansion

Background
Global economic expansion
The Lehman Shock

In 2000, we set global business expansion as one of our key management strategies. Our business expansion centered around PIOCELAN, used for automobile components and LCD panel packaging materials. As our corporate customers expanded overseas, we expanded into China, Taiwan, South Korea, North America, Europe, and other regions. In 2009, when SEKISUI KASEI celebrated its 50th anniversary and net sales exceeded ¥100 billion, we formulated SEKISUI KASEI Group's 100th Year Vision and stepped forward into the future in anticipation of the celebration of our 100th anniversary in another 50 years' time.

2010- New Challenges

Further expansion of global business

Background
Great East Japan Earthquake
Advances in digital technology

In the 2010s, despite a temporary deterioration in business performance due to the Great East Japan Earthquake, we further expanded our global business. Our business portfolio strategy called for increasing the proportion of business from the global and Indusy segment, with the Mobility field in particular driving growth. In addition to improving and strengthening local production and supply systems in Thailand, Indonesia, and Mexico, we acquired the Proseat Group, a European automotive components manufacturer, in 2019, and started advanced development with European OEMs, the world leaders in EVs.

2020- Revitalization

Withdrawal from the Proseat business, revitalization and regrowth

Background
Pandemic
Social division and conflict

The COVID-19 pandemic ushered in an era of great uncertainty. The impact of COVID lockdowns and Russia's invasion of Ukraine caused a deterioration in the Proseat Group's business performance and led to expectations of a prolonged slump in the European economy and automobile market. We therefore decided to transfer our shares in the Proseat business in 2025. Meanwhile, we are steadily moving forward with our transition to a business that solves environmental and social issues, including expanding sales of our ReNew+ product line, which uses recycled materials, and obtaining certification as an "Eco-First Company" in 2024.

Value Creation Model

SEKISUI KASEI Group's value creation model, which has helped us to navigate through the turbulent changes of different eras, was developed by leveraging the management resources we have accumulated over more than 65 years since the founding. Going forward, we will continue to focus on giving back value to society based on this model, while further accelerating our efforts toward contributing to a sustainable society and enhancing long-term corporate value.

INPUT

Source of Value Creation



Human Capital

Diverse human resources practicing "Zen-in Keiei" (▶P40-42)

- Number of employees: **3,294** (as of March 31, 2025)
- Number of Employees Outside Japan **1,656** (as of March 31, 2025)
- Ratio of Female Employees: **25.9%** (as of March 31, 2025)
- Annual trends ▶P27



Intellectual Capital

Our technological strength as a pioneer in foam resins
Extensive knowledge and experience in polymerization, extrusion, impregnation foaming, molding, and processing

- Number of industrial property rights held in Japan (patents, utility models, and designs): **1,129**
- Number of industrial property rights globally held patent families: **202** (as of March 31, 2025)
- R&D costs: **¥2.8 billion** (FY2024 results)
- Annual trends ▶P27 R&D Strategy ▶P31



Manufactured Capital

Sustainable production system to accelerate SKG-5R (▶P44)

- Capital expenditures: **¥6.4 billion** (FY2024 results)
- Capital Expenditure/Depreciation and Amortization Trends ▶P27



Financial Capital

A stable financial structure supporting management

- Equity ratio: **35.9%** (as of March 31, 2025)
- ROE trends ▶P28 Financial Strategy ▶P29



Social & Relationship Capital

Global product supply capabilities
A system that promotes innovation

- A system that promotes global product supply capabilities and innovation
- 39** locations across **16** countries and regions (as of March 31, 2025)
- Open Innovation
- R&D Strategy ▶P31



Natural Capital

Business activities with consideration for the global environment

- 27%** reduction in GHG (CO₂) emissions (FY2024 results compared to FY2018)
- Annual trends ▶P47

BUSINESS ACTIVITIES & OUTPUT ▶P15






Promoting business that solves environmental and social issues

Industry Segment ▶P35	Electronics field	
	Mobility field	
	Medical/Healthcare field	
	Food field	
Human Life Segment ▶P37	Housing/Energy field	

OUTCOMES

Value back to Society

Value provided by SEKISUI KASEI

LCDs Problem: Increase in power consumption 	Our challenge Improve energy efficiency • The addition of TECHPOLYMER ensures uniform brightness with low light intensity and reduces power consumption	Contribute to the diffusion and advancement of digital technologies
Automobiles Problem: Safety and energy consumption 	Our challenge Make cars safe and energy efficient • PIOCELAN automotive components are lightweight, contributing to improved fuel efficiency and reducing CO ₂ emissions • Safety is also improved thanks to shock absorption	Contribute to next-generation mobility technology innovation
Biosensing devices Problem: Variation in measurement accuracy 	Our challenge Develop materials that contribute to high-precision sensing • ST-gel bioelectrodes provide reliable and safe biomonitoring thanks to excellent electrical conductivity	Contribute to the advancement of medical care and the extension of healthy life expectancy
Food containers Problem: Food loss and container and packaging waste 	Our challenge Develop resource-saving and recyclable containers that protect food safety • Reduce food loss with the fresh-keeping performance of foam plastic food containers • Keep resources in circulation through recycling	Contribute to providing food safety and security and reducing food loss
National infrastructure development Problem: Climate change and intensification of disasters 	Our challenge Provide products and construction methods that contribute to developing resilient national land • Lightweight embankment construction methods enable rapid recovery from disasters • Rainwater storage and infiltration system prevents flooding during sudden torrential rain	Contribute to sustainable community development

Target 2030

▶P23

Sustainable Enhancement of Corporate Value

Operating Income Ratio

(FY2030)

8.0% or more

ROE

(FY2030)

8.0% or more

Contribution to a Sustainable Society

Sustainable Star Product as percentage of net sales

(FY2030)

50% or more

Reduction in GHG (CO₂) emissions

(FY2030)

45% or more

Earnings Model

SEKISUI KASEI Group operates an integrated business model that extends from the production of foam resin as an intermediate material to the manufacture and sale of finished products for a variety of applications in various markets. In addition to providing products, we focus on offering customized solutions tailored to customer needs and addressing their challenges. Through this approach, we continue to be a company that customers choose.



What we aim for

Strategies for Value Creation

Key Points of This Section

- Recognition of the External Environment and Selection of Management Issues for the Future
- Medium- to Long-Term Strategies
- Results and Review of Previous Medium-Term Management Plan

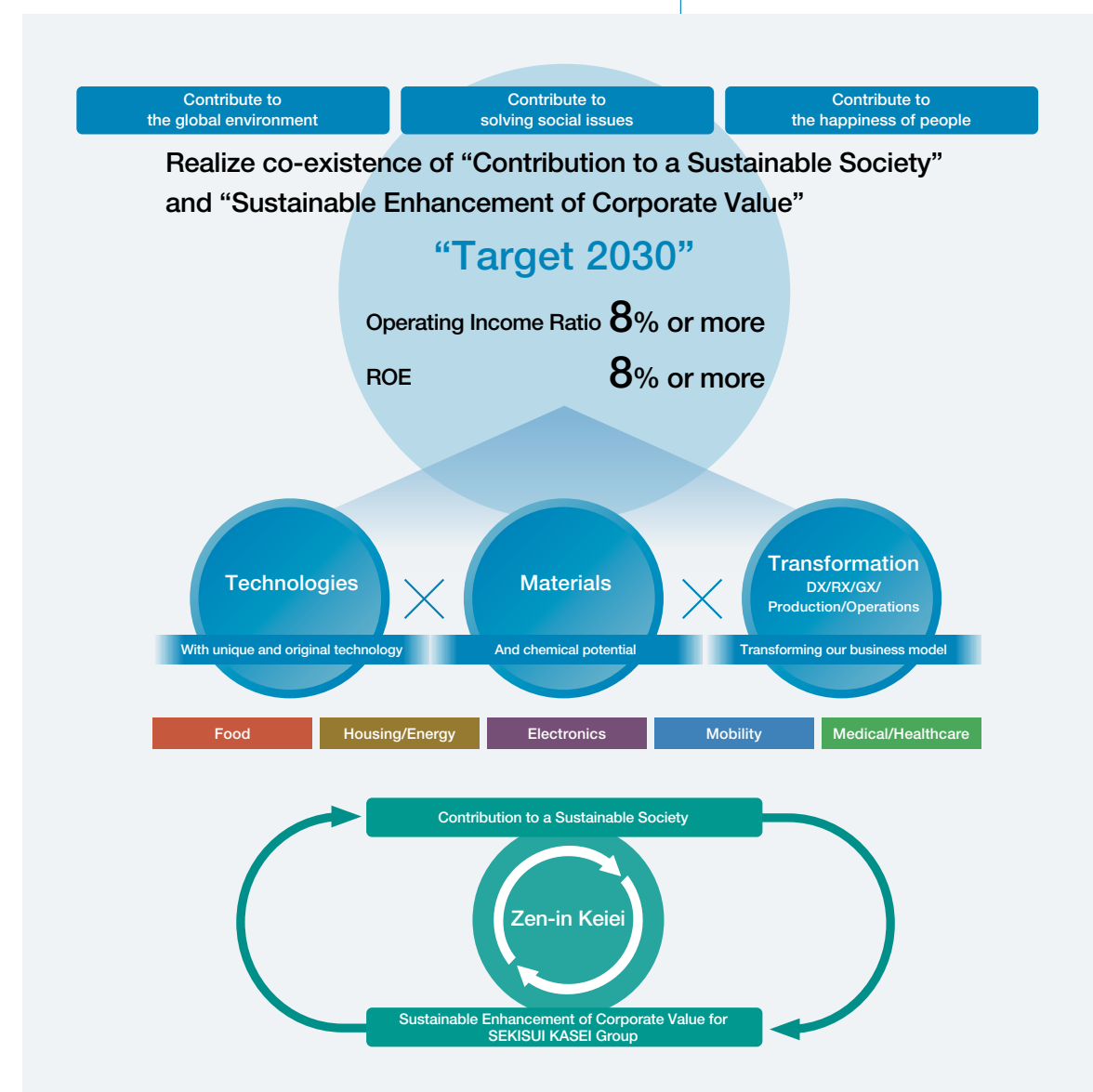
CONTENTS

Management Strategy.....	18
Promotion of Sustainability and Materiality Identification Process	19
Materiality (Key Management Issues).....	21
Our Business Direction for 2030 “Target 2030”	23
Medium-Term Management Plan	
“Going Beyond 2027 — Transformation and Completion”	25
Financial and Non-Financial Highlights	27
Various Strategies	29
(Financial Strategy/Research & Development Strategy/Human Resources Strategy)	
Business Overview	35
(Industry Segment/Human Life Segment)	

Management Strategy

Based on the SEKISUI KASEI Group's Management Philosophy, the Group's 100th Year Vision outlines our aspirations for the year 2059, the centennial of our founding. As we move towards 2059, we have formulated a business direction for 2030 called Target 2030 as a goal for the near future.

The medium-term management plan, Going Beyond 2027 — Transformation and Completion (FY2025–2027) has been positioned as the second step towards achieving Target 2030.



► More information about Target 2030 is provided on P23.

Promotion of Sustainability and Materiality Identification Process

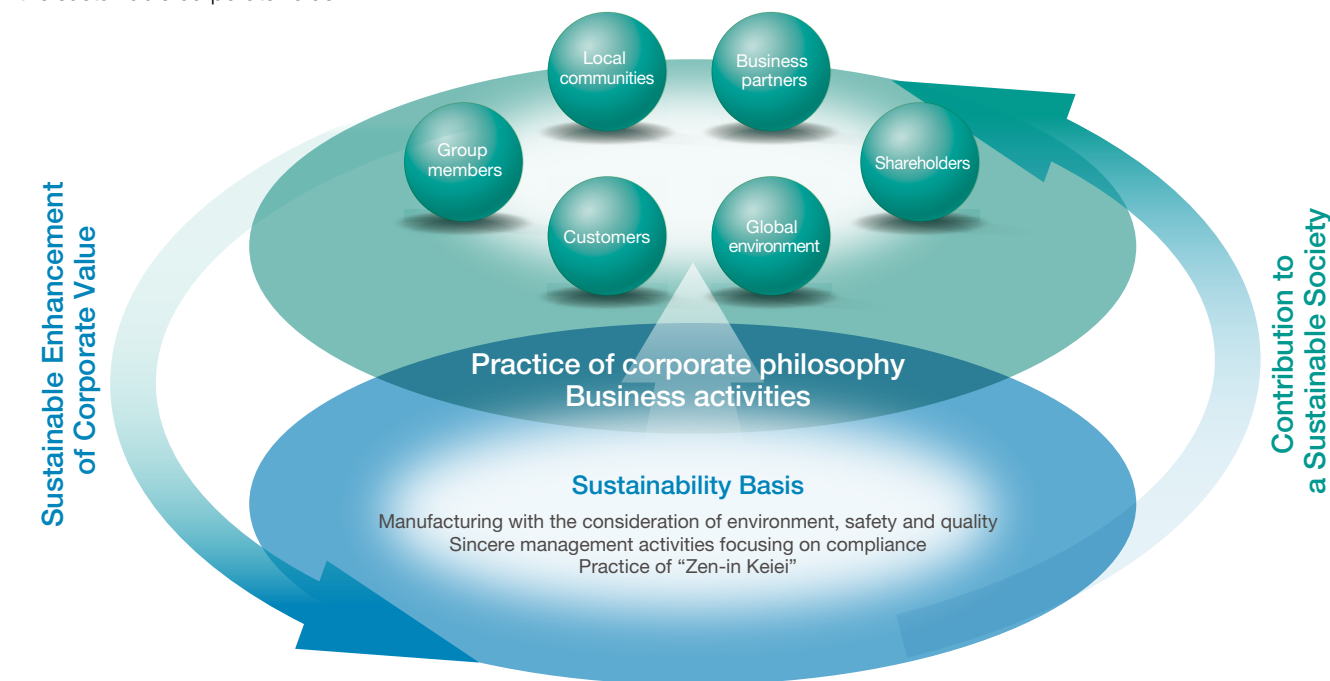
SEKISUI KASEI Group promotes sustainability management that aims to strike a balance between contributing to a sustainable society and achieving sustainable enhancement of our corporate value, all the while maintaining environmental, social, and economic harmony. Based on the basic policy of Target 2030, we have identified, and are steadily implementing, the items of materiality (key management issues) that the Group should prioritize in order to realize a positive cycle in these two aspects of sustainability.

SEKISUI KASEI's Sustainability Goals

We are advancing the shift to businesses that solve environmental and social issues with the aim of sustainable development through the creation of economic value by enhancing environmental and social value through our business activities and realizing a positive cycle. We established our Sustainability Policy in January 2023, and we are stepping up the promotion of sustainability management by strengthening our Company-wide framework.

Sustainability Policy

SEKISUI KASEI Group is committed to fulfilling our social responsibility to all stakeholders, including the global environment, by putting our management philosophy into practice. We strive to contribute to the sustainable development of society globally and to enhance the sustainable corporate value.



Responsibility to Stakeholders

Stakeholders	Responsibility of SEKISUI KASEI Group
Customers	At SEKISUI KASEI, we not only supply safe/reliable products but also bring comfort and convenience to the lives of people by always creating new functions/value and proposing materials/services as solutions for customers.
Group Members	At SEKISUI KASEI, we place emphasis on respect for people and mutual trust and pursues the happiness of people working for the company. For this purpose, we will improve fairness to skill development and rating, and make efforts to create a healthy/safe work environment, and a good balance between work and family.
Local Communities	At SEKISUI KASEI, we believe being a safe workplace is the most important to communities. In addition, as a member of local communities, we aim to be a company trusted and loved by the whole community.
Shareholders	At SEKISUI KASEI, we meet expectations from shareholders with returns by improving our corporate value. Furthermore, we focus on the active disclosure of our management information and dialogue with shareholders.
Business Partners	At SEKISUI KASEI, we build trust in relationships with business partners through fair, honest business practices with sincerity as our motto. Also, we aim at co-existence and co-prosperity as a better partner for the partners.
Global Environment	At SEKISUI KASEI, we actively endeavor to improve environment to protect our precious earth. In particular, we contribute to developing the recycling-based society and the low-carbon level centering on foam plastics which are eco materials.

Materiality Identification Process

Materiality plays an important role in the practice of sustainability management.

In these highly uncertain times, we have reexamined our management philosophy and corporate vision, and clarified the key management issues that ought to be addressed over the medium-to-long term. Starting with these issues, we are steadily advancing our efforts towards sustainable value creation by backcasting our business strategies and incorporating them into concrete management plans.

STEP 1 Understanding of external environment and identification of issues

We organized our understanding of the external environment surrounding the management of the Group in terms of politics, economics, society, and technology. In addition, we exhaustively identified issues based on international guidelines related to sustainability, various issues highlighted by ESG rating agencies, and the SDGs.

Non-financial information disclosure standards and other sources consulted Global standards

- "The International Integrated Reporting Framework," International Integrated Reporting Council (IIRC)
- United Nations Global Compact
- Japanese Standards Association "Guidance on Social Responsibility JIS Z 26000" (ISO 26000)
- "GRI Standards," Global Reporting Initiative
- "SASB Standards," Sustainability Accounting Standards Board

ESG evaluation indicators

- FTSE, MSCI, DJSI

SDGs

Benchmarks for leading CSR companies

STEP 2 Identification of risks and opportunities

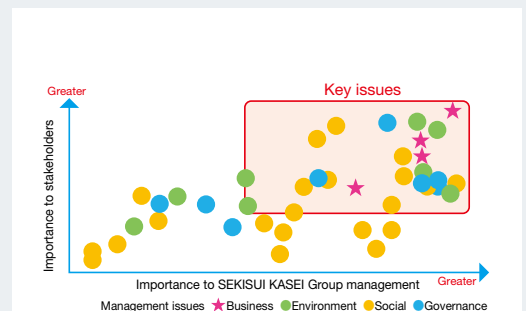
With regard to the issues identified, we analyzed the risks and opportunities that could impact the Group's business model and the sources of value creation and competitive advantage.

STEP 3 Identification of key issues

We evaluated the importance of these risks and opportunities to the Group's management in terms of their likelihood of occurrence and their positive or negative financial impact. We also conducted a comprehensive assessment of their significance along two axes: (1) importance to the Group's management and (2) importance (expectations) for stakeholders.

Examples of Extracting Issues

- ★ Strengthening our ability to create new products and new businesses, generating core products and businesses that will become the pillars of the next generation, optimizing our business portfolio, and creating and expanding businesses that solve environmental and social issues
- Climate change action, Resource recycling, Resource and energy conservation, More efficient resource and energy use, Waste/hazardous material management, and Water resource conservation
- Strengthening human capital management, promoting diversity, enhancing engagement, job satisfaction, and corporate culture, ensuring quality and product safety, and addressing consumer issues
- Improving the effectiveness of the Board of Directors and establishing effective decision-making mechanisms, engaging in dialogue with stakeholders and information disclosure, ensuring compliance, observing international laws and regulations, and strengthening internal controls



STEP 4 Approval and suitability assessment of key issues

The identified items of materiality were discussed by the relevant departments and the Sustainability Promotion Committee, and after deliberation by this committee, they were approved by the Board of Directors. We also solicited opinions from the Board and third parties regarding the materiality identification process in an effort to assess the suitability of materiality items.


Process for Authorizing Materiality



Materiality (Key Management Issues)

In light of our analysis of the external environment and the examination of medium- and long-term risks and opportunities, we have identified items of materiality for SEKISUI KASEI Group.

















For each item of materiality, we have assigned an executive officer to each action item, established action plans, indicators, and targets, and we regularly monitor progress under the supervision of the Board of Directors. These activities are also referenced in dialogue with stakeholders, and the feedback obtained is reflected in the management of the Group, contributing to further value creation.

Analysis of external environment	Risks	Opportunities
 Heightened uncertainty in global affairs	<ul style="list-style-type: none">Financial losses and missed revenue opportunities due to inability to respond swiftly and appropriatelyLikelihood of significant impacts on the earnings of global Group companies	<ul style="list-style-type: none">Stabilization of earnings by being able to respond flexiblyIncreased earnings opportunities by quickly capturing changes in demand
 Climate change and greater international awareness	<ul style="list-style-type: none">Tighter regulations on disposable plastic packaging and the introduction of carbon taxesDepressed earnings due to lower catch volumes and poor crop harvests owing to climate change (changes in ocean temperatures and erratic weather)	<ul style="list-style-type: none">Provision of new needs and services related to environmentally friendly products utilizing recycled and biomass materials, alternative products to regulated substances (such as PFAS-free dispersants), and the industrial production of domestic agricultural and fisheries productsGreater demand for products that contribute to disaster prevention and mitigation infrastructure development
 Slowing economic growth in developed countries and economic growth in emerging markets	<ul style="list-style-type: none">Slowing growth in the human life segment, which primarily targets domestic demand	<ul style="list-style-type: none">Increased business and earnings opportunities through the creation of products and services that can provide value globally
 Uptake of new technologies and deployment in society	<ul style="list-style-type: none">Weaker competitive advantage against competitors that effectively utilize new technologiesInsufficient digital literacy and development of digital-savvy employees within the Company due to a fierce scramble for digital professionalsEnhancement of management in response to information security risks such as cyberattacks	<ul style="list-style-type: none">Securing of a competitive advantage over rival firms by driving the effective utilization of new technologiesGrowth in related demand in the electronics field, including displays, semiconductors, and electronic materialsStronger demand for lightweight structural components in the mobility field due to the adoption of EVs
 Shorter product life cycles	<ul style="list-style-type: none">Increase in products that have entered the maturity or decline phase due to an insufficient overhaul of our business portfolio and slow pace of development	<ul style="list-style-type: none">Increased revenue-generating periods due to optimization of our business portfolio and the shortening of development, market launch, and cost-cutting processes
 Advancement and complexity of technology	<ul style="list-style-type: none">Increased R&D costs and decreased probability of success due to the difficulty of achieving innovation independently	<ul style="list-style-type: none">Stronger probability of success with the creation of new products, new businesses, and innovation by way of external collaboration
 Aging population, declining birthrate, and extension of healthy life expectancy	<ul style="list-style-type: none">Shrinking market for existing domestic businesses due to population declineDeterioration in productivity caused by delays in responding to labor-saving automation and promoting DX	<ul style="list-style-type: none">Expanded profitability through the provision of products and services that tap into customer needs in the medical/healthcare field
 Increased awareness of human capital management	<ul style="list-style-type: none">Difficulty in securing and retaining talent, leading to stagnation in strategy executionDecreased employee engagement leading to a decline in value-added labor productivity	<ul style="list-style-type: none">Improved employee engagement and value-added labor productivity through organizational management that can respond to increased labor mobilityGrowth in opportunities for innovation creation through the establishment of an environment where different employees can demonstrate their respective abilities
 Calls for improved governance	<ul style="list-style-type: none">Increased risk of erosion of corporate value and reputational risk due to deficiencies or lack of governance	<ul style="list-style-type: none">Enhanced corporate value and stakeholder engagement as a result of improved governance functions

Reviewing materiality

As a general rule, we review the Group's items of materiality every three years, taking into account changes in the external environment and feedback from stakeholders. Most recently, we conducted a review in February 2025 and switched our focus from the usual ESG issues to a new style of materiality that encompasses both the sustainability of corporate growth (business and financial elements) and the sustainability of the Group's management foundation (ESG elements).

Also, we conducted a review of the identification process, reorganizing the longer-term changes in the external environment from a macro perspective and reanalyzing the risks and opportunities. By taking into account their likelihood of occurrence and their positive or negative financial impact, we evaluate the importance of the issues.

Group	Categories		Materiality	Action Items		SDGs
Sustainability of corporate growth	New value creation		Creation of new products and new businesses	Creation of new domains	P31-32	 
				Earlier development		
	Business model resilience	Business model transformation	Strengthening of global business capabilities	P35-36		
			Strengthening of environmentally friendly businesses	P37-38		
	Capital efficiency	Capital cost management	Optimization of our business portfolio and adoption/ increased awareness of ROIC as indicator	P29-30		
Sustainability of management foundation	 Environment		Responding to climate change	Reduction of GHG (CO ₂) emissions	P43-50	   
			Recycling of resources	Increase in ratio of recycled and biomass material usage		
				Development of processes from resource recovery to reuse		
			Reduction of environmental impact	Proper management of waste and hazardous substances		
				Conservation of water resources		
	 Social	Human capital management	Engagement	Fostering of a corporate culture that promotes job satisfaction	P40-42	    
				Implementation of philosophy-based management		
				Realization of diverse and flexible working styles	P33-34	
				Health promotion and work-life balance		
			Diversity	Enhancement of support for women's empowerment		
				Enhancement of support for personnel responsible for global business		
		Quality and safety	Providing security and safety	Zero quality complaints and zero accidents or work-related injuries	P51-53	
	 Governance		Corporate governance	Improve the effectiveness of the Board of Directors	P55-58	 
				Dialogue with stakeholders and information disclosure		
			Compliance	Strict compliance with laws and regulations within and outside of Japan		
			Risk management	Strengthening of the risk management system		
				Supply chain assessment		
BCP						

Our Business Direction for 2030 “Target 2030”

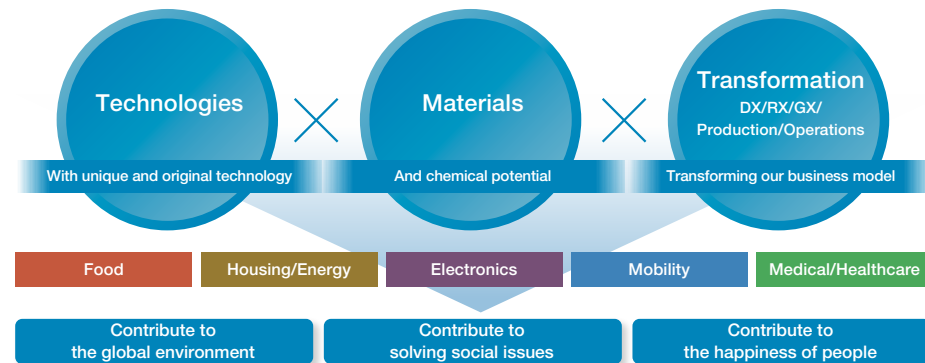
With a view towards achieving the Corporate Vision of SEKISUI KASEI Group for 2059, the year of our 100th anniversary, in January 2023 we established “Target 2030,” our business direction for the nearer future, specifically the year 2030. “Target 2030” consists of three steps and will be implemented over a period of nine years. The medium-term management plan, “Going Beyond 2027 — Transformation and Completion,” which kicked off in April 2025, has been positioned as the second step.



Basic Policy

Realize co-existence of “Contribution to a Sustainable Society” and “Sustainable Enhancement of Corporate Value”

Business Domains



Basic Strategy

We will promote two key strategies to achieve “Target 2030.”

- 1 Enhancement of corporate value by pursuing a highly profitable structure
- 2 Promotion of ESG management that supports sustainable growth

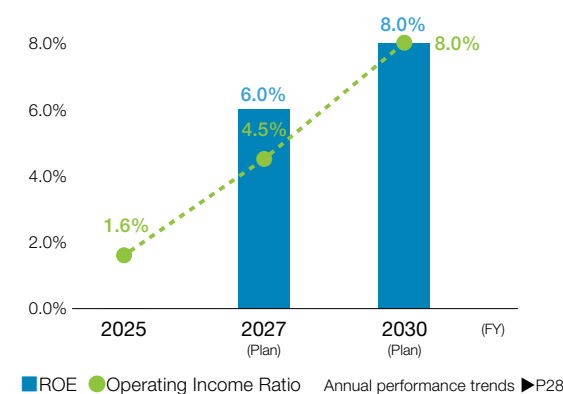
2030 quantitative targets

	Targets for 2030
Financial Targets	Net Sales (¥120.0 billion) or more ^{*1}
	Operating Income (¥10.0 billion) or more ^{*1}
	Operating Income Ratio 8.0% or more
	ROE 8.0% or more
Environmental Targets	Sustainable Star Product as percentage of net sales 50% or more
	GHG (CO ₂) emissions reduction rate (vs. FY2018) 45% or more ^{*2}

*1 FY2030 targets partially revised due to the business transfer of the Proseal Group.

*2 2030 target reset to 45% or higher (previously 27%). (see P47)

2030 quantitative targets



Business development and strategies in 5 priority fields

To achieve “sustainable enhancement of corporate value,” we will reconstruct our business portfolio and attempt to achieve regrowth in 5 priority fields: the Industry Segment (Electronics, Mobility, and Medical/Healthcare) and the Human Life Segment (Food and Housing/Energy).

Industry Segment	Electronics		
	Business Mission	Components	<ul style="list-style-type: none">Strengthen the customized development of fine particles to drive technological innovation in the display/ lighting fieldExpand globally to meet growth in demand for new fine particles and structural components owing to advancements in high-speed telecommunications technology
	Propose solutions in the fields of advanced telecommunications equipment and electronic components and contribute to industrial development	Packaging	<ul style="list-style-type: none">Contribute to global logistics with Sustainable Star Product that comply with environmental regulations in each country
	Mobility		
	Business Mission	Components	<ul style="list-style-type: none">Strengthen proposals at all global locations to meet growing demand for lightweight components with the shift to EVsAccelerate product development to contribute to the creation of comfortable mobility spaces
Contribute to the development of next-generation mobility with solutions that accommodate market needs and proposals that enhance the efficiency of automobile parts distribution	Component Logistics	<ul style="list-style-type: none">Propose material and design solutions geared towards distribution efficiency and establish resource recycling systems	
Medical/Healthcare	Business Mission	Medical	<ul style="list-style-type: none">Pursue external partnerships in the fields of advanced medicine, telehealth, and in-vitro diagnostic reagents and strengthen development and product differentiation for high-performance gel materials
	Provide products and services that leverage our technological advantage and contribute to the promotion of people's health	Healthcare	<ul style="list-style-type: none">Globally expand high value-added products for sports materials, such as shoes, by addressing wearable and personal needs
	Food		
Food	Business Mission	Food Logistics	<ul style="list-style-type: none">Contribute to reducing food loss with temperature-controlled designs that maintain freshness during transportationProvide distribution materials to ensure that all kinds of food reach people's tables safely
	Develop products and sustainable resource-recycling business models to ensure food safety and reduce food waste	Food Containers	<ul style="list-style-type: none">Aim to conserve resources with the use of foaming technology and promote the recycling of resourcesLaunch products made with biodegradable or biomass-derived plastics in global markets
	Housing/Energy		
Human Life Segment	Business Mission	Disaster Prevention/Mitigation	<ul style="list-style-type: none">Develop products to prevent road flooding caused by torrential rain and to help emergency response efforts
	Provide products to the renewable energy sector and contribute to sustainable and comfortable living	Infrastructure Development	<ul style="list-style-type: none">Contribute to the replacement of aging social infrastructure and the development of green infrastructure in urban areas
		Housing Equipment	<ul style="list-style-type: none">Develop thermal insulation products with added functionality with the use of composites and contribute to greater energy efficiency in homes
		Energy	<ul style="list-style-type: none">Develop composite materials that are both light and durable for use in renewable energy equipment

Medium-Term Management Plan

“Going Beyond 2027 – Transformation and Completion”

Based on the identified items of materiality, SEKISUI KASEI Group has formulated a new Medium-Term Management Plan “Going Beyond 2027 – Transformation and Completion” (FY2025–2027). This plan is positioned as the second step in our Target 2030 business direction, and as expressed in the name, we will work together as a Group to achieve transformation and completion.

Review of the previous Medium-Term Management Plan “Spiral-up 2024”

In “Spiral-up 2024,” the Medium-Term Management Plan that ran from FY2022 through FY2024, we worked on three key issues: (1) strengthening the earnings structure; (2) shifting to businesses that solve environmental and social issues; and (3) reinforcing our management foundation . Even though net sales were steady, operating income fell significantly short of our target, and as a result, there were substantial delays in shifting to high-profitability businesses. In particular, there remained challenges in strengthening the earnings structure, such as the transition to an earnings structure resilient to environmental changes, the creation of growth businesses, and the earnings contributions of new products. In addition, although we pressed ahead with a restructuring plan for the Proseat business, it did not progress as expected, which is why we continued to record losses.

To enhance the feasibility of the medium-term management plan, we have analyzed and organized the results and remaining challenges for each strategy related to the aforementioned key issues.

Key Issues	Strategies	Results/Issues	Factor Analyses
1 Strengthen the earnings structure	① Restructuring the business portfolio	○ We proceeded with the closure, consolidation, and sale of low-profitability locations in Japan and overseas △ Efforts to reform a structure that is susceptible to fluctuations in raw fuel prices are still ongoing	Even though we had advanced structural reforms in the Proseat business, the main factor behind our weak earnings, we could not achieve profitability due to the greater-than-expected downturn in the European automotive industry and soaring labor and energy costs in the region
	② Reforming Proseat's earnings structure	× We pursued structural reforms, but earnings did not return to profitability due to European economic and market decline, as well as rising labor and energy costs ○ We decided to divest the Proseat Group in order to shift management resources to areas that lead to new growth strategies	
	③ Strengthening cost competitiveness through innovations in production	○ We made progress on innovative technologies in manufacturing reforms, and contributions to earnings have come in sight	
	④ Rapidly generating profits from developed products	○ We created newly developed products such as hollow polymer particles, hollow nanoparticles, Fluxflow, and RETONA FOAM BIO × Challenges remained in our marketing capabilities and a rapid turn to profit was not achieved	
2 Shift to businesses that solve environmental and social issues	① Initiatives for a recycling-based business	○ We achieved the target for Sustainable Star Products as percentage of net sales (actual: 21%; target: 20%) △ Our ratio of recycled and biomass material usage stalled somewhat (actual: 18%; target: 20%)	Steady progress was made on our environmental initiatives. However, contributions to business profitability from environmentally friendly businesses remained as our future challenge
	② Initiatives for achieving carbon neutrality	○ We achieved our GHG (CO ₂) emissions reduction target (actual: ~27%; target: ~10% (vs. FY2018)) ○ We adopted solar power purchase agreements (PPAs) and LNG boilers, as planned	
	③ Reinforce our management foundations	○ Materiality management became entrenched, and steady progress was made on ESG initiatives △ There were some achievements, such as inventory reduction, but reforms toward cash flow management have been still ongoing × Interest-bearing debt grew due to increased borrowings in connection with financial deterioration in the Proseat business	

Key issues in the Medium-Term Management Plan “Going Beyond 2027 – Transformation and Completion”

Having reviewed the previous medium-term management plan, we have summarized the key issues to be addressed in the next plan “Going Beyond 2027 – Transformation and Completion.”

Strengthening the Earnings Structure New Value Creation + Business Model Strategy	Strengthening the Management Foundations Capital Efficiency + ESG
(1) Enhancing Revenue Base and Improving Profitability (▶P29 Financial Strategy) <ul style="list-style-type: none">• Commit management resources to high-value-added businesses and growth markets• Use ROIC to review and restructure low-profitability businesses	(4) Practicing Management with Awareness of Capital Efficiency and Capital Costs (▶P29 Financial Strategy) <ul style="list-style-type: none">• Execute business portfolio management to achieve higher profitability• Reduce interest-bearing debt and inventories, control head office costs• Accelerate growth investments by reducing strategic shareholdings and enhance shareholder returns
(2) Strengthening of Profitability in Environmentally Contributive Business (▶P43 E Environment) <ul style="list-style-type: none">• Expand sales of proprietary recycled products “ReNew+” and low-foam PSP “ESLEN Sheet PZ Series” as an alternative to non-foam products• Establish competitive advantage through proprietary business model that includes technological innovation and collection and recycling systems	(5) Strengthening Initiatives to Address Environmental and Social Issues (▶P43 E Environment) <ul style="list-style-type: none">• Promote resource circulation (secure stable supply of renewable resources and establish high quality/low-cost recycling technology)• Address climate change (solar power purchase agreement (PPA) and production energy conversion)
(3) Strengthening Cost Competitiveness through Production Innovation and Enhancement of On-site Capabilities (▶P51 S Social) <ul style="list-style-type: none">• Promote production DX, introduce new technologies, undertake SKG improvement activities, etc.	(6) Promoting Human Capital Management and Strengthening Governance (▶P33 Management, P55 G Governance) <ul style="list-style-type: none">• Improve employee engagement, promote diversity, and strengthen global governance

Overview of the “Going Beyond 2027 – Transformation and Completion”

In light of our review of the previous medium-term management plan, we have formulated a basic policy, action guidelines, and quantitative goals.

Basic Policy Achieving “Strengthen Earnings Structure” and “Strengthen Management Foundation” through Conscious and Behavioral Transformation to Elevate Corporate Value

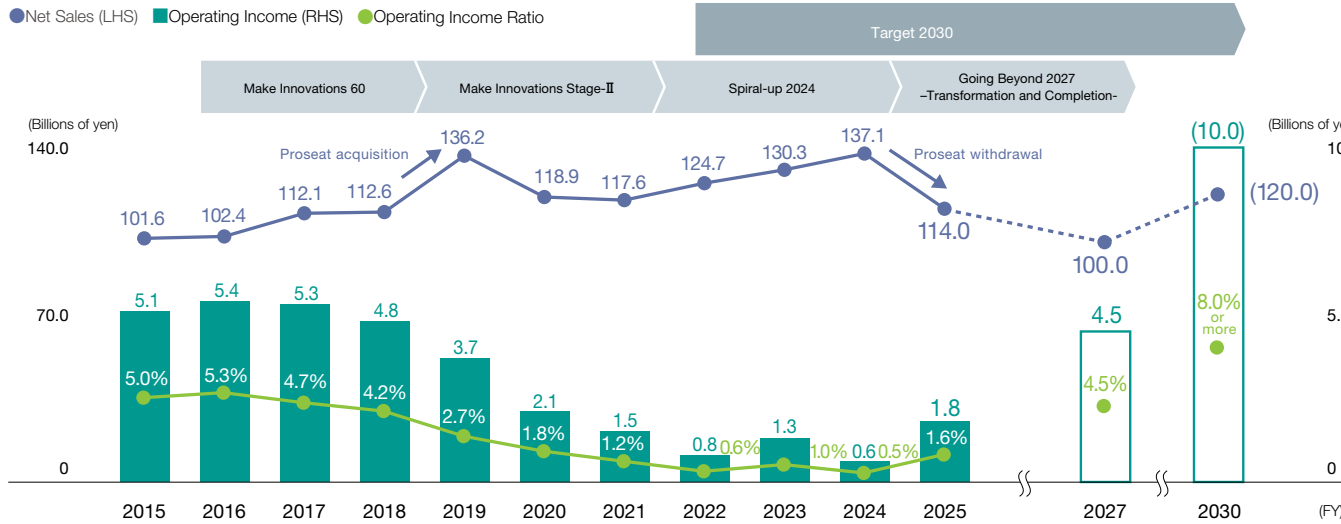
Action guidelines	Successful completion:	Analyze from multiple perspectives, such as environmental changes and the competition, to improve planning accuracy and focus on numerical targets
	Entrepreneurship:	Balance business selection and concentration with new business development, and lay the groundwork for future growth based on the portfolio
	Honesty:	Place ESG and the SDGs at the center of activities, and strengthen ESG management initiatives geared towards sustainable growth
	Harmony:	Implement the setting and management of KPIs based on actions derived from the Group-wide perspective, with clear objectives
	Pursuit of management based on Zen-in Keiei:	Strengthen cost competitiveness through the optimization and efficiency of business processes in each department

Quantitative Targets	Spiral-up 2024	Going Beyond 2027 — Transformation and Completion		Target 2030
	FY2024 results	FY2025 target	FY2027 target	Targets for FY2030
Net Sales	¥137.1 bn	¥114.0 bn	¥100.0 bn	(¥120.0 bn)*
Operating Income	¥0.6 bn	¥1.8 bn	¥4.5 bn	(¥10.0 bn)*
Operating Income Ratio	0.5%	1.6%	4.5%	8.0% or more
Ordinary Income	¥0.1 bn	¥1.4 bn	¥4.3 bn	—
Net Income for the Period	¥-6.3 bn	¥0 bn	¥2.9 bn	—
ROE	-12.0%	—	6.0%	8.0% or more

* FY2030 targets partially revised due to the business transfer of the Proseat Group.

Positioning of the Medium-Term Management Plan “Going Beyond 2027 – Transformation and Completion” as a pathway to Target 2030

As a three-year plan that prioritizes profitability improvement, we will aim to achieve an ROE of 8% or more by FY2030 and complete the transformation of our portfolio into one with high-profitability businesses.



About the transfer of the Proseat business

We positioned our entry into the weight-saving automotive components field in Europe as a growth driver and, in order to achieve further growth in our industry segment in the global market, in February 2019 we acquired the Proseat Group, which boasted strong channels with European OEMs. Following that, we were quick to ascertain the needs of customers, such as EV development, and we stepped up the joint development of new materials. After the acquisition, progress was made on establishing proposal channels to European OEMs, which had proven challenging in the past. However, this business bore the brunt of changes in the external environment, such as disruptions in the automotive supply chain due to COVID-19 lockdowns, semiconductor supply shortages, and sky-high labor and energy costs precipitated by Russia’s invasion of Ukraine. We made every effort to turn our fortunes around through such measures as the consolidation of business sites and the revision of sales prices to OEMs, but even still, the Proseat business incurred a cumulative operating loss of approximately ¥7.5 billion over the three-year period from FY2022 to FY2024. Given the projections of a prolonged downturn in the European automotive industry, we decided to divest the Proseat Group.

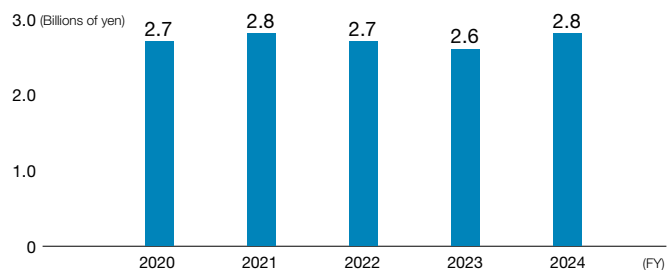
Financial and Non-Financial Highlights

Based on Materiality (►P22), SEKISUI KASEI Group formulated Target 2030, our business direction for 2030, and has set the medium-term management plan “Going Beyond 2027 — Transformation and Completion” (FY2025–2027) which represents the second step towards achieving Target 2030. Aligned with these strategic frameworks, we have established indicators that management will prioritize from both financial and non-financial perspectives.

Corporate Growth Sustainability

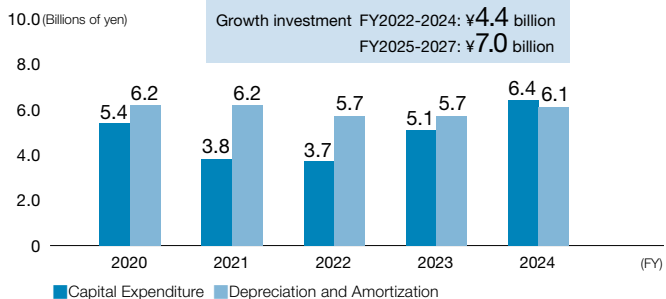
Research and Development Costs

We recognize that continuous investment in R&D is critical in order to achieve product development that drives the company's growth. In FY2024, R&D expenditures remained at the same level as the previous year, reflecting the market environment. We will continue to strengthen our investment in R&D to create solutions that address social and environmental challenges while also creating economic value. ►P31 R&D Strategy



Capital Expenditure/Depreciation and Amortization

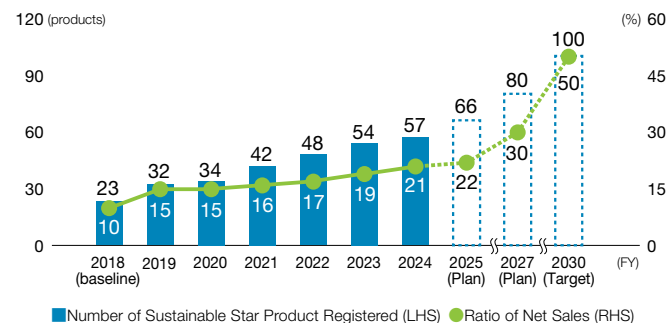
We are making strategic capital investments to improve productivity and enhance quality. Under “Going Beyond 2027 — Transformation and Completion,” we expect to invest ¥21.5 billion (on an application basis) over three years, of which ¥7 billion will be allocated to growth investments focused on highly profitable businesses. Going forward, we will continue to evaluate the quality and effectiveness of our investments and use this information to guide future growth investments. ►P30 Financial Strategy



Corporate Growth Sustainability

Number of Sustainable Star Product Registered/Ratio of Net Sales

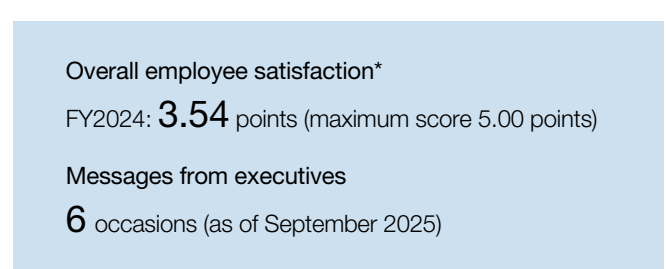
Creating Sustainable Star Products (SSPs; environmentally friendly products) and expanding their target markets are positioned as important management issues that contribute to both addressing environmental issues and enhancing corporate value. For FY2030, we are targeting 100 registered SSPs and a net sales weighting of 50%. To that end, we are tackling the practical application of new materials and the further development of existing products. ►P45 E Environment



Sustainability of the Management Foundation

Employee Engagement

To foster a rewarding corporate culture, we regard the enhancement of employee engagement as a crucial factor and are working on identifying and improving issues through regular employee opinion surveys. We are working to foster a sense of participation among employees by using video to invigorate internal communication, including the launch of a live streaming program that delivers messages from executives and product information. ►P41 Initiatives for Zen-in Keiei

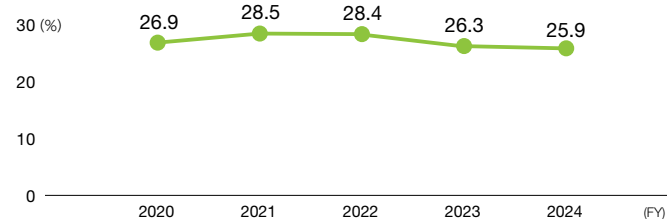


* Score is only for SEKISUI KASEI (non-consolidated).

Sustainability of the Management Foundation

Ratio of Female Employees

We recognize that correcting gender-based opportunity disparities is an important management issue that can help increase organizational flexibility and novel approaches, leading directly to the creation of innovation. The entire Group is therefore focused on promoting women's active participation in the workplace. Also, an action plan (2025–2027) on promoting women's participation and advancement in the workplace has been established at SEKISUI KASEI (non-consolidated), setting targets for various indicators such as the ratios of female managers, female employees, and new female hires. ►P34 Human Resources Strategy



*Figures are for all companies excluding some Group companies.

Number of Occupational Accidents

The creation of a safe and secure workplace is an essential element of corporate management in order to ensure the continuity of production activities and prevent the risk of sudden losses or a decline in trust. Aiming for zero accidents and zero occupational injuries, we are working together as a Group on safety activities to contribute to strengthening the management foundation. ►P52 Safety

	Accident	Death		Injury	
		Full-time employee	Contract employee	Full-time employee	Contract employee
FY2024	0	0	0	1	0
FY2023	0	0	0	2	0
FY2022	1	0	0	1	0
FY2021	1	0	0	1	1
FY2020	1	0	0	2	0

From non-financial information to financial results

The Group recognizes that initiatives in non-financial areas such as environmental measures and human capital are important elements that will strengthen organizational capabilities and thus lead to future improvement in profitability. Going forward, we will continue to promote management with an awareness of the linkage between non-financial information and financial results, aiming to build a foundation for sustainable growth.

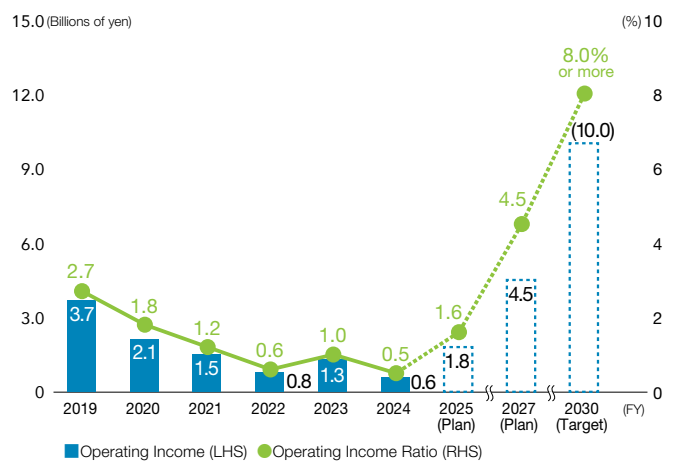
Impact on financial results



Financial impact

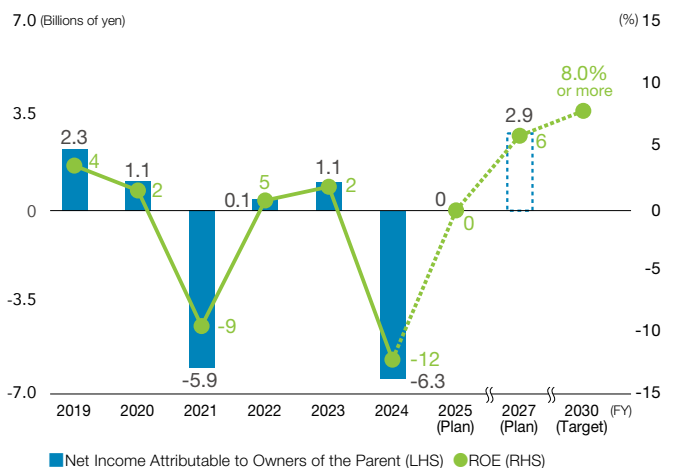
Operating Income/Operating Income Ratio

In FY2024, the final year of “Spiral-up 2024,” we made efforts to rebuild the earnings structure; however, operating income declined as the revitalization plan for the Proseal business did not proceed as expected. Combined with rising raw material and fuel prices and rising fixed costs, the issue of how to improve profitability has once again come to light. Under “Going Beyond 2027 — Transformation and Completion,” strengthening profitability is our top priority. By differentiating and adding value to our products and services, we aim to transform our business structure to be less dependent on price competition while strengthening our management foundation with a focus on capital efficiency and ESG.



Net Income Attributable to Owners of the Parent/ROE

We place importance on ROE as an important indicator to measure the efficient use of capital and the improvement of corporate value. Under Target 2030, we have set a quantitative target of ROE of 8% or higher for FY2030, but at present, it remains at an extremely low level due to a significant decrease in net income attributable to owners of the parent. In light of this situation, we are working to strengthen our management foundation by accelerating initiatives to improve profitability and capital efficiency, as well as by reviewing our business portfolio, reforming our cost structure, and selecting and concentrating on growth investments.



Enhancement of ESG management

*The data has been replaced to clarify the connection to financial results. Data published through last year: Net Sales/Overseas Sales Ratio ►P69, Free Cash Flow ►P30, Number of Employees ►P69, Number of Paid Vacation Days Taken ►P69, GHG (CO₂) Emissions ►P47, Recycled and Biomass Material Usage Ratio ►P46

Financial Strategy



SEKISUI KASEI will thoroughly implement financial discipline and work to improve corporate value in terms of both profitability and capital efficiency.

To achieve Target 2030, we are working to continuously improve our financial performance through management decisions that are mindful of the cost of capital and through effective investments that look to the future, based on our medium-term management plan, “Going Beyond 2027 — Transformation and Completion.”

Katsumi Sasaki

Director and Senior Managing Executive Officer
Head of Corporate Strategic Headquarters

Targets and Initiatives for Improving PBR

We have set a target of achieving ROE of 6% or higher by FY2027. In addition to improving profitability and capital efficiency, we will also work to improve financial leverage by strengthening our ability to raise funds necessary for growth investment, aiming to achieve an operating income of ¥4.5 billion and an operating income ratio of 4.5%, thereby improving our PBR.

Key Issue (1) Enhance profitability

- Evaluate and rebuild businesses using ROIC
- Concentrating resources in high profitability businesses and expanding profit through Sustainable Star Product business
- Strengthen production cost competitiveness

Key Issue (2) Improve capital efficiency

- Improve cash conversion cycle
- Reduce strategic shareholdings
- Reduction of interest-bearing debt and review of assets with low operating rates

Targets for FY2027

ROE
6% or more

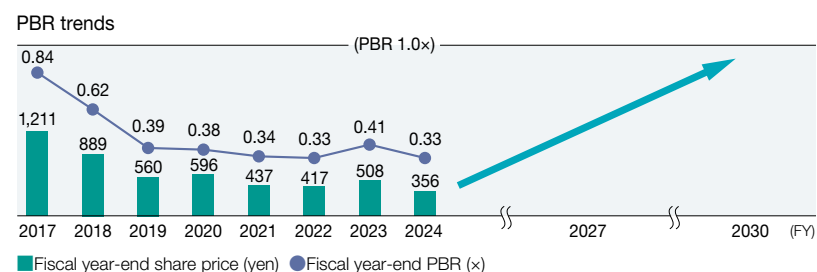
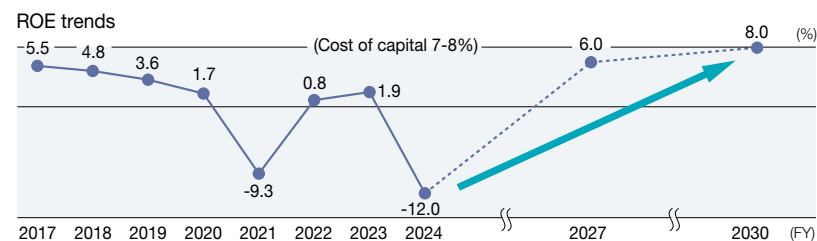
Operating Income
¥4.5 billion
Operating Income Ratio
4.5%

Actions to achieve management with a focus on the cost of capital and the stock price

SEKISUI KASEI Group is focused on improving profitability and capital efficiency with the aim of achieving sustainable growth and increasing value over the medium to long term. Under the new medium-term management plan “Going Beyond 2027 — Transformation and Completion,” we have re-evaluated key financial metrics, including operating income ratio and ROE. As of the end of March 2025, ROE is -12.0% and PBR is 0.33x, both of which are extremely low. In order to achieve the FY2027 targets, we will strive to enhance market value by swiftly improving profitability, capital efficiency, and financial leverage. We will also pay attention to the PER (price earnings ratio) and return profits to shareholders through stable dividends. At the same time, we will conduct proactive IR activities to earn the trust of investors, aiming to improve the transparency of our capital policy through dialogue with shareholders.

Analysis of current situation and perception of issues

- ▶ FY2030 Target: ROE of 8.0% or more (Announced in January 2023)
- ▶ FY2024 Results: Both ROE and PBR remain at extremely low levels (ROE -12.0%, PBR 0.33x)



Addressing Key Issues

1) Initiatives to enhance profitability

Evaluate and Rebuild Businesses Using ROIC

In FY2024, as part of the restructuring of our business portfolio, we decided to transfer our shares in the Proseat business in Europe, liquidated Sekisui Kasei Shanghai Precision Forming and Sekisui Kasei Sakai, close Sekisui Kasei Tohoku, and sold the Sekisui Kasei Kansai factory in Kobe. From FY2025 onward, we will adopt the perspective of ROIC to improve the profitability of our business, make investment decisions, and decide whether or not to continue businesses. Specifically, we will optimize the allocation of resources by setting hurdle rates and ranking businesses.

2) Initiatives to improve capital efficiency

We are promoting the efficient use of financial capital by improving our cash conversion cycle. In FY2024, we introduced production DX at model sites, focusing particularly on shortening inventory turnover periods. (▶ P54 S Social)

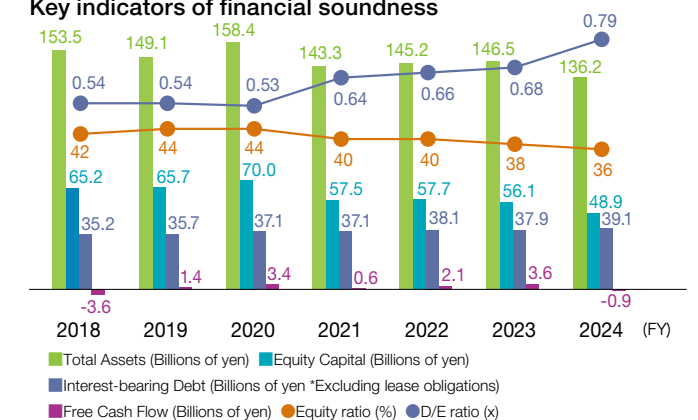
From FY2025 onward, we will expand the system to other locations to improve inventory management and cash flow for the entire Group. Additionally, as part of our efforts to select and concentrate assets, we are also working to reduce our strategic shareholdings. (▶ P57 G Corporate Governance)

Initiatives and Strategies for Financial Soundness

We have set a target to reduce interest-bearing debt by 20% by the end of FY2027, the final year of our medium-term management plan. The goal is to not only reduce the interest-bearing debt, which has increased to approximately ¥39 billion, including corporate bonds, but also improve the equity ratio, which is below 40%. We aim to establish a sound financial structure by improving capital efficiency and appropriately managing financial risks.

- ▶ Targets for FY2027: Reduce interest-bearing debt by 20% from FY2024 level
 - ▶ FY2024 Results: Interest-bearing debt of ¥39.1 billion (including corporate bonds)
- Equity ratio 36%

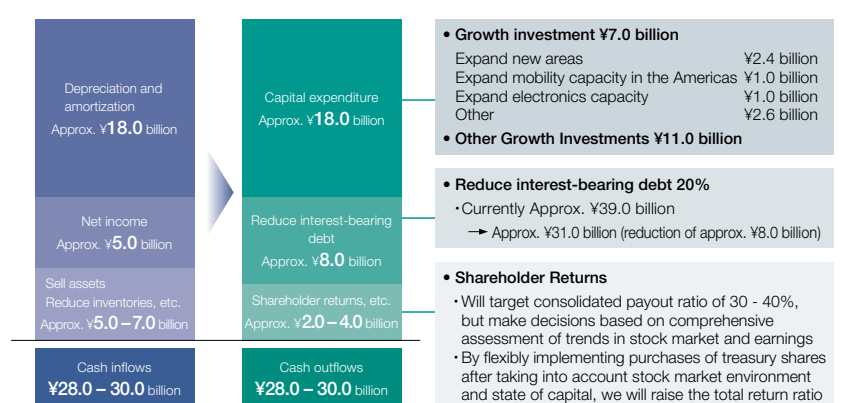
Key indicators of financial soundness



Cash Allocation

During the period of the medium-term management plan (FY2025–2027), the Group will strategically allocate ¥28 to ¥30 billion in cash, focusing on the balance between operating and investment cash flows. We expect to reduce interest-bearing debt by ¥8 billion by the end of FY2027 through financing and appropriate use of the cost of capital. With regard to shareholder returns, we will continue to pay stable dividends with a target payout ratio of 30% to 40%, aiming to enhance our financial soundness and sustainable corporate value.

FY2025-2027



Capital Expenditure

As for capital expenditures, we plan a total ¥21.5 billion (on an application basis) during the period of the medium-term management plan (FY2025–2027), of which ¥7 billion will be allocated to high-profit businesses as growth investment. In addition, we will also implement capital expenditures aimed at

rationalizing logistics and addressing environmental concerns, striving to strengthen our business foundation while fulfilling our social responsibilities. Going forward, we will continue to promote strategic and selective investment by evaluating the quality and effectiveness of investment together with the cost of capital.

Research & Development Strategy



In this era where value creation is required, we will focus on R&D that drives growth.

We believe that coming up with various proposals centering on SKG-5R and then testing and nurturing them into new businesses will lead to the coexistence of environmental and social contributions and economic value. Our researchers will contribute to growth in anticipation of 2030 by always keeping an eye on the market, imagining how potential customers will be impressed with our offerings, and driving development for the future with passion. We will enhance the technology we have cultivated thus far with digital tools and external technologies to advance R&D that harnesses human capabilities to drive growth.

Hideyuki Asada

Director and Managing Executive Officer
Head of Production Technology Center and Research & Development Center

Research & Development Policy

Develop new products that contribute to the growth of SEKISUI KASEI

Sharpen marketing thinking and promote R&D based on forward-looking hypothetical needs and by actively utilizing external technologies

Engage in technological development that leads to enhancement and expansion of existing businesses

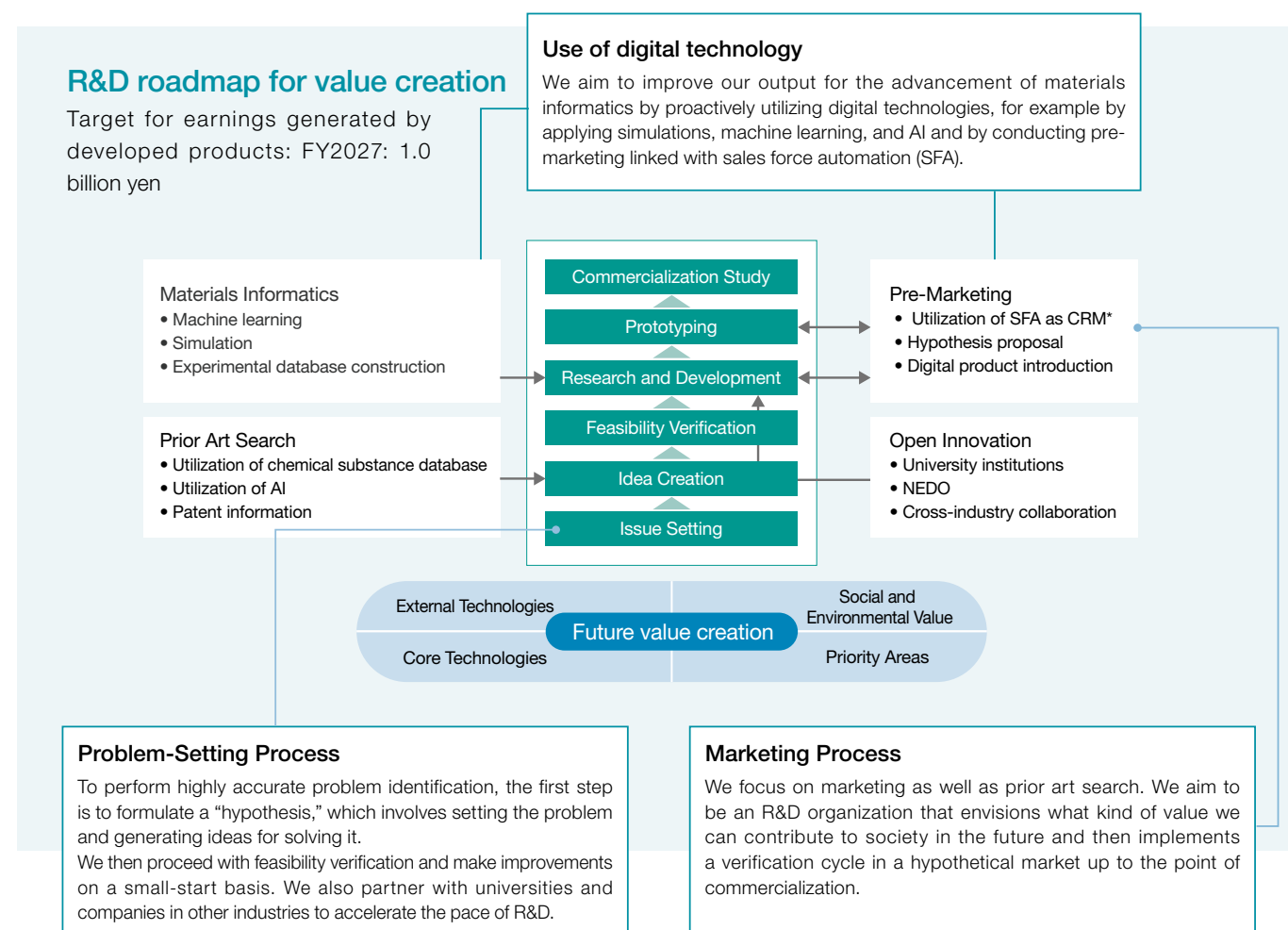
Promote solution development and technological innovation that will help enhance existing businesses from the three perspectives of “economic value,” “social value,” and “environmental value”

Foster the development of creative personnel who think about and experiment with the business

Be self-motivated to take action to achieve your own goals

SEKISUI KASEI's R&D Process

In today's highly uncertain and unpredictable world, it is easy to focus on the negative aspects. On the hand, it can also be said that conventional wisdom is being overturned, and that there is plenty of potential for the emergence of new businesses and services. As the pace of change continues to increase, we are working to quickly establish a path for translating research and development into practical applications by advancing initiatives that emphasize not only the evolution of core technologies, but also the verification of hypothetical needs, marketing, and the use of digital technologies.



* CRM: Customer relationship management

Strengthening the Framework Behind RX

We are committed to advancing R&D, regarding it as the core of our corporate growth. Our Basic Research Laboratory is working to accelerate development through the use of materials informatics (MI) and to strengthen its personnel and organizational structures that contribute to solving company-wide technical issues. We have also established a system to discuss development themes across the entire company, centered around the R&D Planning Department. We select and advance research themes with an eye on the future, aiming to connect

ideas that originate from solving social and environmental issues to new business opportunities.

The Intellectual Property Department is strengthening its efforts to develop intangible assets into new R&D by using AI to conduct prior art search and by promoting intellectual property DX.

With these R&D activities as a driving force, we will accelerate the creation of solutions that both solve environmental and social issues and achieve economic value.

TOPICS

Example of Development through Open Innovation

RETONA FOAM BIO is a plant-based biodegradable foam that embodies the concept of “Return to Nature.” HS Grade, which is a RETONA FOAM BIO product made from polylactic acid (PLA), is a sheet-like material with excellent formability. After use, it is broken down by hydrolysis and microbial activity and converted into resources that can be reused, such as compost and methane gas.

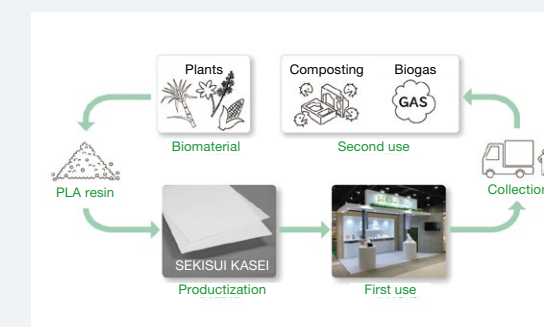
Currently, the product is being developed for printed signage applications. The Flowering Japan Council adopted it for environmental action signage in its “well-blooming project” to promote the SDGs in the flower industry. We are in the process of testing the product's post-use recyclability into compost and methane gas.

RETONA FOAM BIO, which exploits the characteristics of PLA to decompose waste into compost and methane gas, contributes to the realization of a sustainable society by providing a recycling solution that goes beyond simply re-using materials. This initiative is being driven by partnerships and open innovation with users and companies involved in collection and recycling.

Going forward, we will work to create new value for a sustainable society by integrating R&D and marketing and advancing every stage from material development to the creation of utilization models in an integrated manner.



RETONA FOAM BIO HS Grade



RETONA FOAM BIO resource recycling initiative

Human Resources Strategy



SEKISUI KASEI promotes human capital management and strives to enhance corporate value in a sustainable manner.

SEKISUI KASEI Group considers the inherent potential in each and every employee to be invaluable “capital.” That is why we practice human capital management to continuously create opportunities and environments conducive to sustained growth of employees. By following the founding spirit of “For happiness of people working for the Company” and the Group culture of “Zen-in Keiei,” we continue to make constant progress towards enhancing our corporate value.

Toshie Amaki

Managing Executive Officer
Head of Administration Headquarters

Human Resources Policy

SEKISUI KASEI Group’s Human Resources Policy aims to create an organization in which diverse human resources can perform at their full potential. We therefore support the growth and development of each employee, and have clearly outlined, in six policies, our commitment to creating a workplace environment where everyone can work comfortably and find their work fulfilling.

Human Resources development	Supporting self-driven career formation and realizing growth of both individuals and the Group
Health and productivity management	Creating a workplace environment where employees can work energetically and are physically and mentally healthy
Evaluation and compensation/Recruitment and placement	Providing fair evaluations and compensation and hiring/appointing the right person for the right job
Improving employee engagement	Providing a rewarding workplace and growth opportunities so that employees can be self-motivated to serve the Group
Diversity	Respecting the diversity of every individual and providing opportunities and environments where they can actively participate
Workstyle reforms	Pursuing highly productive ways of working and flexible working styles

SEKISUI KASEI’s Human Capital Management

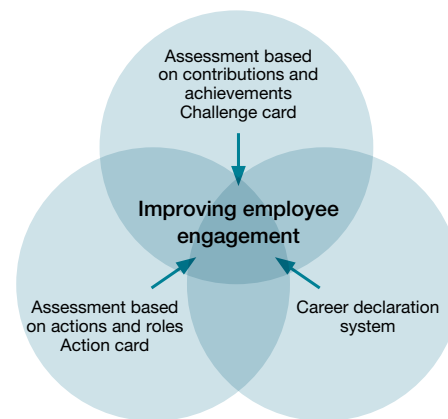
The new Medium-Term Management Plan “Going Beyond 2027 Transformation and Completion” prioritizes human capital management as a key issue, and calls on SEKISUI KASEI Group to promote the further enhancement of human resources to strengthen our management foundation.

SEKISUI KASEI’s human resources system

The human resources system was revised in 2024 to clarify the definition and requirements of job grades and to make visible the assessment of performance, achievements, actions, and roles. As a result, employees’ incentives have been sharpened and incorporated into their compensation and promotions. We have also established a new career declaration system to support individual career development. The system seeks to improve engagement and promote self-actualization among employees by stimulating communication between superiors and their subordinates.

Personnel evaluations and career development support for human resource development

- Challenge card: Recognition of achievements and contributions to the organization**
 Contribution targets composed of challenge targets and regular targets are set at the beginning of the fiscal year, and their achievement level and process are evaluated in a fair manner.
- Action card: Clarifying actions and roles to drive growth**
 Action cards lead to the creation of innovative talent by clarifying the definition of and requirements for actions required for each role and grade and then assessing whether actions are being taken in accordance with these definitions and requirements.
- Career declaration: Support for independent career development**
 The purpose of this system is to promote dialogue between employees and their managers and to support employees’ self-directed growth by having them review their careers and inform their managers of their future career plans.



Promoting health and productivity management

The Group promotes health and productivity management to maintain and improve the health of all employees and to create a workplace environment where employees can work with vitality. In recognition of health and productivity management declarations issued by top management and various other initiatives to pursue the physical and mental health of Group employees, ten SEKISUI KASEI Group companies were selected by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi in the 2025 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category and Small and Medium-Sized Enterprise Category).



[Large Enterprise Category]	[Small and Medium-Sized Enterprise Category]
•SEKISUI KASEI CO., LTD. (continued certification)	•Sekisui Kasei Toubu Co., Ltd. (first certification) •Sekisui Kasei Saitama Co., Ltd. (first certification) •Sekisui Kasei Kansai Co., Ltd. (first certification) •Sekisui Kasei Seibu Co., Ltd. (first certification) •Sekisui Kasei Oita Co., Ltd. (first certification)
	•Sekisui Kasei Kanto Co., Ltd. (continued certification) •Sekisui Kasei Chubu Co., Ltd. (continued certification) •Sekisui Kasei Shiga Co., Ltd. (continued certification) •Sekisui Kasei Tenri Co., Ltd. (continued certification)

Promoting a Diverse Workforce: Diversity & Inclusion Initiatives

As a foundation for sustainable growth, the entire Group is working to create a system in which diverse human resources can play an active role.

SEKISUI KASEI (individual basis) has formulated an “Action Plan on the Promotion of Women’s Participation and Advancement in the Workplace and Advancement of Measures to Support Raising Next Generation Children (2025-2027)” to actively recruit women, develop candidates for female management positions, and create a comfortable working environment. Additionally, as part of supporting the development of the next generation, we are advancing the improvement of various personnel systems and have implemented an Ikuboss Declaration by executives to promote workplace understanding of male employees taking paternity leave.

The employment rate for people with disabilities for the entire

Group was 1.79% (FY2024 results).

Going forward, we aim to achieve both sustainable corporate growth and employee happiness by achieving a work-life balance for our employees and by developing an inclusive workplace environment in which diverse human resources can work with vitality.

	FY2022	FY2023	FY2024	FY2027 (three-year plan)
Ratio of women in management positions	5.8%	5.5%	5.6%	8.0% or higher
Ratio of female employees	16.6%	16.5%	16.9%	18.0% or higher
Ratio of women to total hires	27.8%	29.4%	25.8%	26.0% or higher
Ratio of paternity leave taken	83.3%	88.9%	87.5%	100%

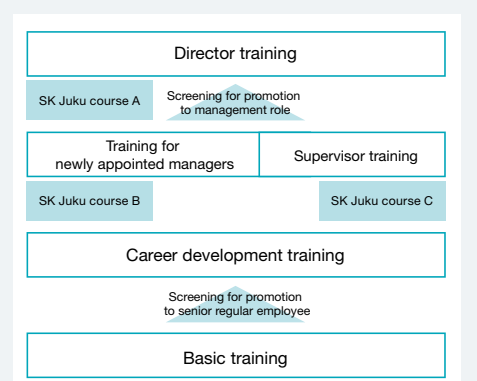
Note: All data above is for SEKISUI KASEI (individual basis).

TOPICS


Learning at SK Juku (SEKISUI KASEI leadership development program)

SEKISUI KASEI Group holds its intensive training program (SEKISUI KASEI Cram School called “SK Juku”) every year for employees selected from among Group companies.

The program is divided into three courses (A, B, and C) over a one-year period. Through external training and discussions among participants, the program provides opportunities for practical education in business management and learning the mindset of leaders, with the aim of developing the next generation of executive candidates. By the end of FY2024, a total of 364 students had graduated from the school, and each of them is playing an active role as a leader or executive responsible for the management and business of the Group.



Business Overview: Industry Segment



We contribute to technological innovation in the fields of electronics, mobility, and medical/healthcare.
We also aim to create new value by developing materials and applications that combine sustainability and functionality.

Yasutaka Imanishi
 Managing Executive Officer
 Head of the 2nd Business Headquarters

STRENGTHS

- Solution proposals that combine sustainability and functionality
- Integrated systems and technological capabilities, from raw material resins to design, molding, and processing
- Highly functional materials of competitive superiority (fine polymer particles, functional gels, etc.)

OPPORTUNITIES

- Changes in the required functions and performance of component parts due to the shift to EVs, etc. and changes in the supply chain
- Growing demand for carbon neutrality and reduced environmental footprint
- Further evolution of high-speed, high-capacity communications and growing need to reduce transmission loss
- Advances in preventive medicine and telemedicine, greater awareness of health promotion, and diversification of individual needs

SWOT Analysis

- The sluggish speed in addressing needs at various global regions, due to the development system being centered in Japan
- Commoditization and low margins in some existing applications




- Increasing complexity of manufacturing, such as the shift to high-mix, low-volume production owing to the diversification of needs and shorter lifecycles
- Risk of alternatives stemming from groundbreaking new materials and new production processes
- Sharp fluctuations in raw materials and fuel prices caused by geopolitical risks and other factors

WEAKNESSES

THREATS

Strategy by Business Field

Along with reviewing our business portfolio, we will invest management resources into growth segments, accelerate the development of new materials and applications, and reinforce our global earnings base. By expanding sales of “Sustainable Star Products” that are environmentally friendly products and establishing business models that resolve social issues, we aim to contribute to the realization of a sustainable society, enhance our presence in the Industry segment, and achieve medium- to long-term growth.

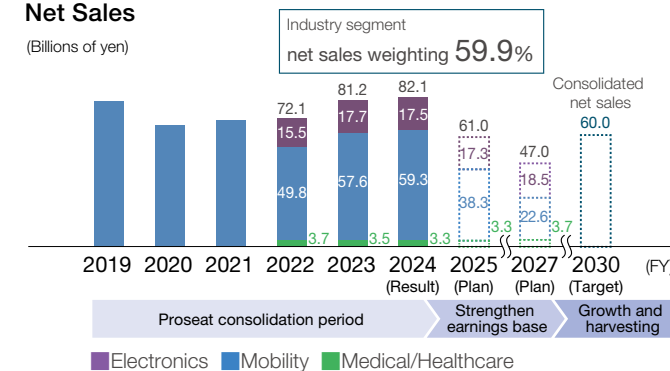
Electronics			
Strategic Areas		Growth Strategies	
Contribute to the development of industries by providing solutions encompassing functional materials, structural components, and packaging materials for advanced telecommunications equipment and electronic component applications		PIOCELAN	Packaging materials: Provide solutions with materials that deliver exceptional cushioning, and by leveraging our accumulated design know-how Launch ReNew*, begin shift to resource-recycling business model
		TECHPOLYMER	<ul style="list-style-type: none"> • Maintain and strengthen competitive advantage in optical applications for LCD displays (light diffusion and anti-glare) and coating applications • Expand into new areas such as automotive lighting, new displays, and high-speed information and communications applications
Mobility			
Strategic Areas		Growth Strategies	
Provide automotive components that contribute to further vehicle weight reduction and interior comfort in the Mobility field, along with packaging materials that ensure transport quality for components in global logistics while contributing to CO ₂ reduction		PIOCELAN	Components: Differentiate from competitor products with PIOCELAN 2.0 Component logistics: Construct an environment-oriented business model and implement of proposals that capture changes in logistics
		ST-Eleveat	<ul style="list-style-type: none"> • Develop applications that utilize the characteristics of high heat resistance and high strength • Expand lineup to meet market and customer needs
Medical/Healthcare			
Strategic Areas		Growth Strategies	
Develop and provide high value-added materials and finished products to address social issues and changes in demand in the medical/healthcare field and realize the creation of new value on a global scale		ST-gel	<ul style="list-style-type: none"> • Continue to develop new applications for wearable devices, such as EEG (electroencephalogram) measurement applications • Introduce new grades suitable for long-term sensing and use during exercise or in highly humid environments
		ELASTIL	<ul style="list-style-type: none"> • Expand sales for shoe material applications and ramp up development of new applications

Actual Results vs. Plan

In FY2024, while revenue increased in the Proseat business in Europe due to progress in passing on rising labor costs and prices to customers, losses widened due to a decrease in European automobile production. As a result, the Industry segment as a whole saw an increase in sales but a decrease in profits. In the period from FY2025 to FY2027, we aim to significantly increase profits by transferring the unprofitable Proseat business and concentrating management resources on high-profitability businesses.

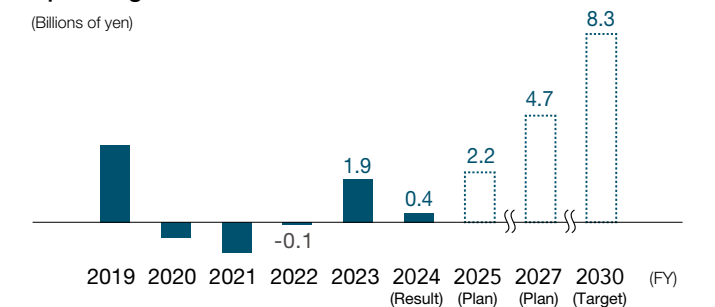
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



* FY2030 targets partially revised due to the business transfer of the Proseat Group.

Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) was applied to net sales from FY2021 onwards.

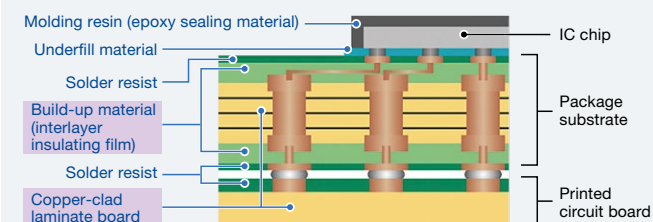
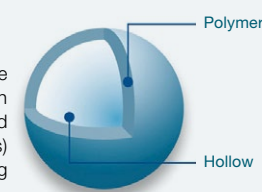
Strategic scenario for achieving 2030 targets

2025 to 2030				
Strategy	Business field	Product brand	Measures	
High-profitability business-led growth	Electronics	TECHPOLYMER	Expand applications	Become growth drivers
	Mobility	PIOCELAN	Expand applications + expand North American production capacity	
		ST-Eleveat	Develop applications	
Earnings structure reform	Medical/Healthcare	ST-gel	Business growth	Improve profitability of existing businesses

High-profitability business-led growth: TECHPOLYMER

- Develop semiconductor and electronic material applications

Together with a wide variety of customers, we will continue to develop TECHPOLYMER as an additive that can meet the need for reduced transmission loss (low dielectric properties) in semiconductor packaging and mounting materials.



- New applications for next-generation displays

We are advancing technology that will enable higher-definition image quality by adding nano-sized hollow polymer particles to the black matrix of next-generation displays.

High-profitability business-led growth: Automotive components

- Expand applications and differentiation strategies for PIOCELAN
- We will aim for growth by developing new areas, for example around the battery, and by introducing new product varieties that are more competitive in terms of lightness and cost.



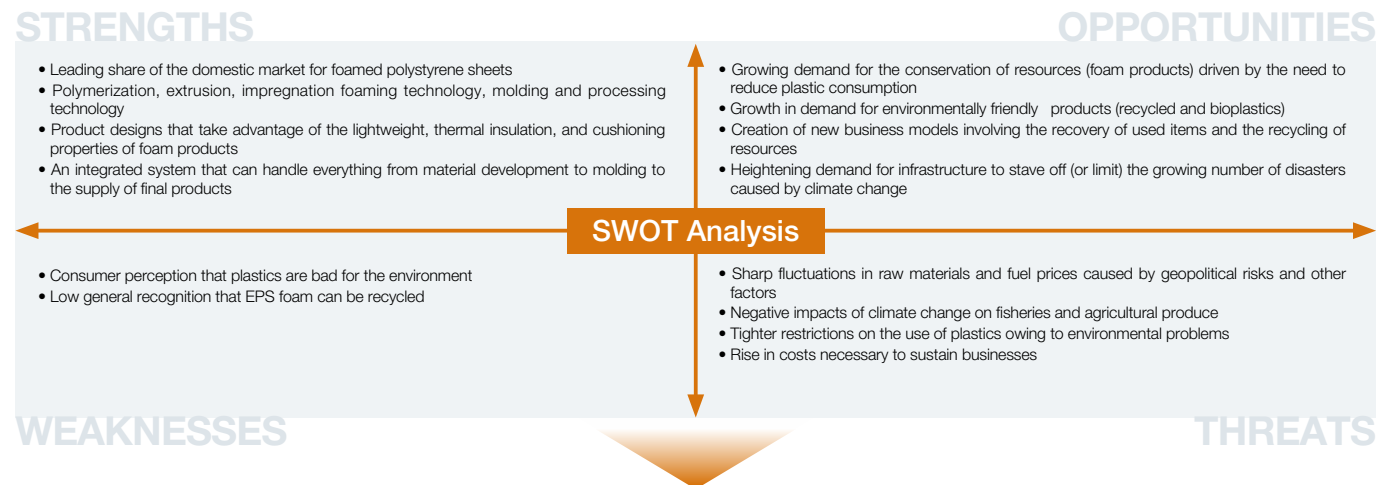
- ST-Eleveat, a high thermal resistant and lightweight foam
- Foamed material is used as the core material for CFRP and GFRP, contributing to reducing the weight and improving the rigidity of the structure. We aim to further expand sales by leveraging the advantages (heat resistance and strength) of our composite processing.

Business Overview: Human Life Segment



As we look to shift to businesses that solve environmental and social issues, we will continue to support different lifestyles by actively developing products to meet the needs of the times and materials suitable for a circular economy.

Yasumasa Asano
Director and Managing Executive Officer
Head of the 1st Business Headquarters



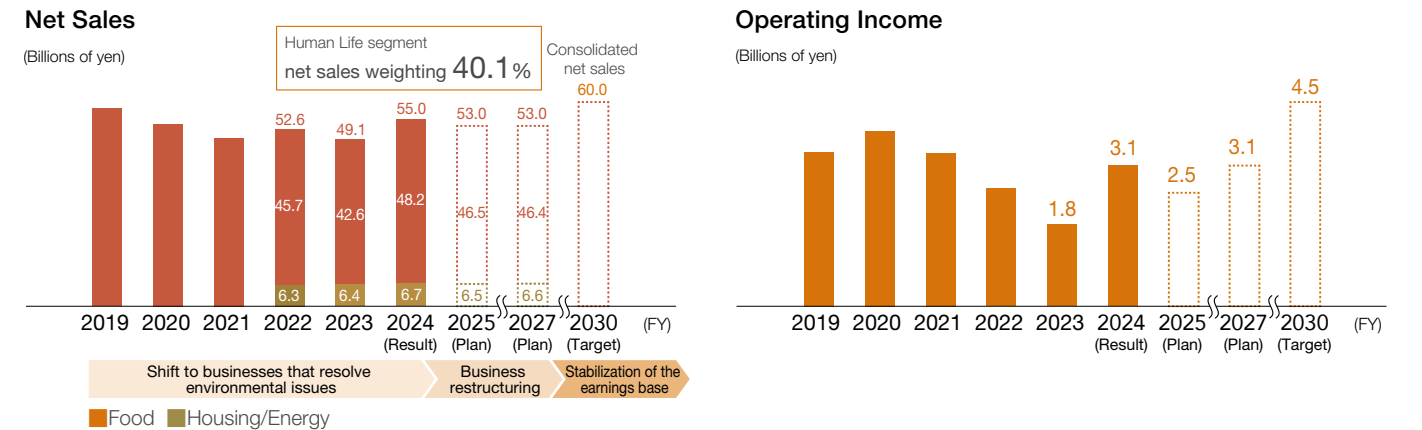
Strategy by Business Field

With environmental contributions at the core of our business and by leveraging the foaming technology SEKISUI KASEI Group has cultivated, we will utilize high foam expansion and weight reduction to promote the reduction of plastics used. Furthermore, by offering products that recycle resources, we will develop environmentally friendly products to create new markets. At the same time, we aim to achieve further growth by providing safety, security, and sustainability in resolving social issues in the Human Life segment.

Food		
Strategic Areas		Growth Strategies
Provide products that help ensure food safety and reduce food waste to support people's daily meals, and contribute to a sustainable society by operating recycling-based businesses through the development of Sustainable Star Product	Sheets	<ul style="list-style-type: none"> Replace non-foam materials by promoting the use of the ESLEN Sheet PZ series Expand business in "Sustainable Star Product" that address the demand for reducing plastic usage and CO₂ emissions Strengthen environmentally contributive business to achieve stable profit growth Strengthen cost competitiveness through production innovation and enhancement of on-site capabilities
	Beads	<ul style="list-style-type: none"> Increase industry share by expanding sales of ESLEN Beads RNW Expand production/supply capabilities for ESLEN Beads RNW Strengthen cost competitiveness through production innovations and enhancement of on-site capabilities
Housing/Energy		
Strategic Areas		Growth Strategies
Ensure the safety of people's lives and contribute to the creation of sustainable and attractive living spaces Contribute to carbon neutrality by providing products to the renewable energy sector	Housing	<ul style="list-style-type: none"> Roll out unique products mainly for developing infrastructure and preventing/mitigating disasters (E.g. measures to address torrential rain: AQUAROAD; urban landscaping: rooftop greenery methods) Use ESLEN Block RNW, targeted at green procurement, to increase share in the EPS civil engineering market and expand greening business Improve profitability by rebuilding low-profitability businesses
	Energy	<ul style="list-style-type: none"> Roll out and expand sales of materials for renewable energy facilities (floating solar panels and projects under development)

Actual Results vs. Plan

In FY2024, we achieved a significant increase in sales and profit due to increased sales in the EPS sheet business, the pass-on of rising prices for raw materials and other commodities, and cost reduction effects. From FY2025 through FY2027, temporary declines in sales and profit are anticipated due to a review of low-profitability businesses and an increase in depreciation and amortization expenses. FY2027, the final year of the medium-term management plan, is expected to be similar to FY2024. However, we aim to significantly increase sales and profits by FY2030 by reforming our earnings structure and concentrating management resources on high-profitability businesses.



Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) was applied to net sales from FY2021 onwards.

Strategic scenario for achieving 2030 targets

2025 to 2030				
Strategy	Business field	Product brand	Measures	
High-profitability business-led growth	Food	ESLEN Sheet	Enter new markets	Become growth drivers
Earnings structure reform		ESLEN Beads	Business model innovation	Improve profitability of existing businesses

High-profitability business-led growth: Sheets Business

• **Low-foam PSP (full-scale sales launch in FY2024)**

Responding to the need to reduce plastic usage, we are promoting the replacement of non-foam containers with low-foam PSP, which has achieved approximately 60% weight reduction compared to non-foam HIPS containers.

Plastic food container material Weight basis (our research)

Non-foamed plastics: 1.0
PSP: 0.4
From non-foamed to PSP: 0.6

• **PSP for use in foam sheet containers to replace paper containers (new product development)**

We aim to fabricate deep cup-like shape PSP containers, which was difficult with conventional technologies.

Cup noodle container materials Quantity basis (our research)

Paper etc.: 1.0
PSP: 0.4
From paper to PSP: 0.6

Revenue increase in existing businesses: Beads Business

• **Recycled EPS beads (ESLEN Beads RNW)**

Despite the continued decline in demand for fish boxes, we aim to improve our market share by establishing a unique recycling business model.

Styrene monomers → Polymerization and beading → Foaming and molding → Recycling → Polymerization and beading

Outside procurement → In-house re-use → External recycling company

◀ **EPS lightweight embankment blocks**

Sales are increasing due to the promotion of green procurement by government agencies and general contractors

Conceptual image of Expo 2025 Osaka, Kansai, Japan site (courtesy of the Japan Association for the 2025 World Exposition)

◀ **Lightweight greening material**

Food delivery boxes ▶ Japan-wide expansion through co-ops

Why we make it possible

Foundation of Value Creation

Key Points of This Section

- The basis that supports the practice of our philosophy
- Introducing the Group's management foundation to achieve medium- to long-term strategies from an ESG perspective
- Corporate governance for sound management

CONTENTS

Basis That Supports the Practice of Our Philosophy	40
Zen-in Keiei Initiatives	41
SEKISUI KASEI's ESG	43
Directors & Auditors	59
Discussion between Three Outside Directors	61

Basis That Supports the Practice of Our Philosophy

The founding spirit of “For happiness of people working for the Company” and the Group culture of “Zen-in Keiei” are values that have been passed down since the company’s founding. These values will continue to be cherished, and are the foundation that supports our philosophy.

Founding Spirit

“For happiness of people working for the company”

The value we create makes everyone in society happy, including ourselves, our families, customers, and related parties, which leads to the “happiness of workers.”

“Shasui Kai”

—An organization pursuing the “happiness of people working for the Company”—

Shasui Kai was launched in 1961 as a committee in which all the Group employees, including the managers participated. We are striving to contribute to society through our business activities based on the concepts of “Respect for People” and “Mutual Trust,” which state that mutual understanding is deepened and trust is established when we respect each other’s positions and talk to each other thoroughly. Even today, we carry on this philosophy and continue our activities to create a better workplace and contribute to society based on the happiness of people working for the Company.



Group Culture

Zen-in Keiei

(▶P41)

Each individual fully recognizes the Group’s vision and achieves goals by joining forces as a team and cooperate each other while optimizing personality and strength of individuals. Mutual Improvement will bring more success to the Group.

The beginning of Zen-in Keiei

What Masao Fukumoto, the 3rd President, said about Zen-in Sanka Keiei

Masao Fukumoto, who was effectively in charge of the Company’s operations from the time of its founding in 1959 and put his energies to build the Company, stated, “A company is a sacred place where people pursue happiness as human beings through the rewards they earn by working for themselves.” He also advocated the concept of “Zen-in Sanka Keiei” or “full-participation management” (later called “Zen-in Keiei”), in which each employee takes the initiative in management.



Zen-in Keiei initiatives leading to the present SKG* Kaizen Activities

In 1968, we initiated the practice of group-wide *kaizen* (the Japanese philosophy of improvement) activities, in which each employee selects an improvement theme for the workplace and puts it into practice. By putting their own well-considered ideas into action, employees were able to feel a sense of achievement that they had made improvements and a sense that they were participating in Zen-in Keiei.

These efforts were passed down over the years under the name “SKG Kaizen Activities” and continue to this day in the form of a tournament in which employees grow in a spirit of friendly competition. In FY2025, 186 teams from around the world entered the competition, and 10 teams that passed the qualifying rounds at each site participated in the group-wide tournament.



* SKG: Abbreviation for SEKISUI KASEI Group.

Zen-in Keiei Initiatives

— Creating the Future of SEKISUI KASEI Together

We are working to update our philosophy and instill it in employees so that Zen-in Keiei, which is in the DNA of SEKISUI KASEI, will continue into the future. Dialogue and co-creation across Group boundaries is what will shape the future of SEKISUI KASEI Group and make it a more rewarding place to work.

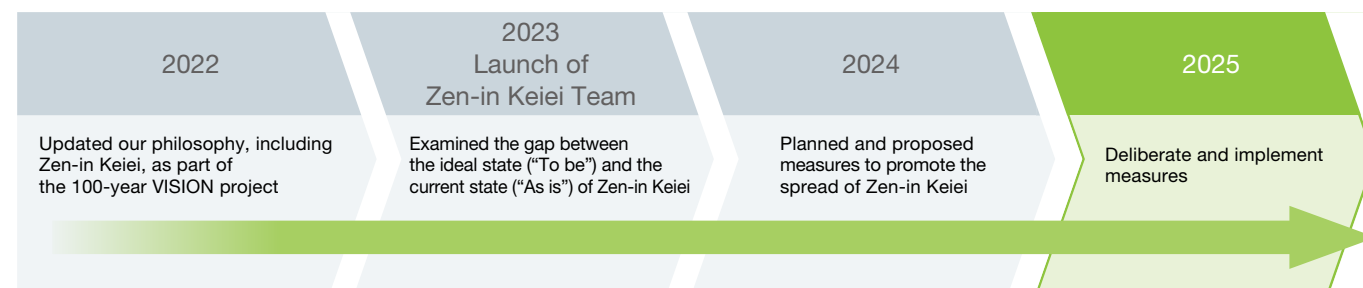
Launch of the Zen-in Keiei Team

What is important in the practice of Zen-in Keiei is thinking for yourself, proposing ideas, and taking action on your own initiative. The combined strengths of each individual contribute to the success of the entire Group and create new value. Aiming to create an organization in which all employees can truly experience Zen-in Keiei, the Zen-in Keiei Team was launched in 2023 as a bottom-up initiative from within the Group. In addition to engaging in in-depth discussions about Zen-in Keiei, the Team works to analyze current issues and instill our philosophy in Group members to increase their job satisfaction.



History of the Zen-in Keiei Team

Since the team was formed in 2023, its diverse members, mainly young to mid-career employees, have worked together to advance Zen-in Keiei projects, transcending Group boundaries as well as considerations of age or occupation. The fact that so many employees participate in the team on their own initiative indicates that the Zen-in Keiei approach, in which everyone takes the initiative to contribute, has become deeply rooted. In FY2025, a total of 34 people participated in the team, which is aiming for further growth.



Initiatives to instill the philosophy

The Zen-in Keiei Team is advancing a variety of initiatives aimed at creating an organization in which our philosophy is instilled and all employees can truly experience Zen-in Keiei.

Executive Town Hall Meeting

With the aim of delivering the voice of management directly to employees, we launched a regular live streaming program “Executive Town Hall Meeting” in November 2024.

At the meetings, executives of SEKISUI KASEI Group share their thoughts and visions for the future in real time, while also addressing employees' questions, pre-submitted through a form, to ensure two-way communication.



As is

There is too much distance between the Company's goals and individual goals, making it hard to feel connected

To be

Each person is aware of the direction the Group is taking

Waku Work Grand Prix business contest

We are currently planning the Waku Work Grand Prix, an in-house competition open to all. The competition is designed to generate new products, events, and other ideas and to provide opportunities to cultivate motivation and connections while having fun. Ideas will be recruited from the entire company and evaluated from the perspective of Zen-in Keiei, with the best ideas earning prizes. The goal is to improve employee engagement and foster innovation and value creation through new ideas.



As is

People tend to hesitate when it comes to taking on challenges due to lack of support from those around them

To be

Each person has an entrepreneurial spirit and is capable of taking on new challenges

Team member's voice

Our team is advancing initiatives aimed at improving employee work engagement in order to make SEKISUI KASEI Group attractive not only from the perspective of Group employees but also from the perspective of people outside the Group. More than 30 ideas were raised in team discussions, and discussions aimed at implementing the ideas that were felt to be a high priority are continuing. We will continue to work step by step to improve the Group as a whole.

Yuki Nishi
Sekisui Kasei U.S.A.



With fellow team members (center, bottom row)

SEKISUI KASEI's ESG: **E** Environmental

The starting point is *monozukuri* in harmony with the natural environment

Since its founding, SEKISUI KASEI Group has advanced its foaming and polymerization technologies while also working on *monozukuri* in harmony with the natural environment, including energy conservation and recycling, with the aim of creating a low-carbon and recycling-based society. Currently, in our efforts to achieve sustainability management, we have identified materiality (key management issues) (▶P22),

defining targets such as addressing climate change, recycling resources, and reducing environmental impact. We are promoting SKG-5R and implementing proper management for environmental impact, including air and water, along with waste and hazardous substances that are generated through various business activities.

Environmental Policy

Basic Policy

SEKISUI KASEI Group, through its business activities, contributes to realizing a sustainable society where people and our planet continue to live harmoniously.

1 Addressing Climate Change

In our business activities and throughout the life-cycle of our products and services, we aim to achieve carbon neutrality through reductions in energy usage and effective utilization of resources.

2 Resource Circulation

With the aim of building a society with material circulation, we pursue innovations that lead to "Reduce, Reuse, Recycle" and "Replace, Re-create" based on our unique technologies.

3 Ecosystems Conservation

By making efforts for the secure management, treatment and reuse of the chemical substances used and the waste generated, we will contribute to the conservation of rich ecosystems.

4 Compliance and Information Disclosure

We comply with laws, regulations, ordinances and international rules and we disclose the information relating to the environment timely for the communication and mutual understanding with society.

5 Education and Enlightenment

We make efforts for the continuous education and enlightenment to improve the knowledge of our employees and promote the activities to mitigate environmental impacts through management by all members' participation (Zen-in Keiei).

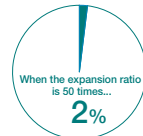
Features of foam products

Foam products have characteristics such as resource and energy conservation and recycling of resources, and these characteristics are applied across various sectors.

For example, when foam products are used as automobile components, their lightweight properties help to reduce the vehicle's weight. This also results in less fuel consumption, leading to less GHG (CO₂) emissions that contribute to global warming.

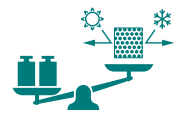
Saving Resource The material itself accounts for only **2%** of the volume

We make our foam products by inflating material beads derived from oil to several dozen times their original size, so that air accounts for most of the product volume. A real resource saver.



Energy saving effect Thermal insulation effect & lightweight

Our foam products are excellent at thermal insulation, enabling energy saving temperature control. They are utilized as food containers to maintain freshness in food and to manufacture lightweight components for automobiles.

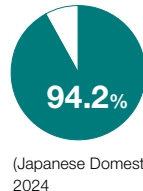


Resource circulation Effective recycling rate **94.2%***

We started recycling EPS in 1971. Today, used PET is recycled through various methods.

* Data source: JEPSA

94.2%
(Japanese Domestic) 2024



SKG-5R and three environmental targets

We have established three targets to be achieved by 2030: the creation of "Sustainable Star Products" that are environmentally friendly products and expanding their business, the ratio of recycled and biomass materials, and reduction of GHG (CO₂) emissions. Aiming to contribute to the realization of a sustainable society in which people and the global environment remain in

harmony, we are implementing SKG-5R*, which combines the traditional 3Rs (Reduce, Reuse, Recycle) with 2Rs (Replace and Re-create) which are made possible based on SEKISUI KASEI Group's proprietary technologies, to help solve environmental and social issues on a global scale.

* Abbreviation for "SEKISUI KASEI Group-5R."

Corporate Vision

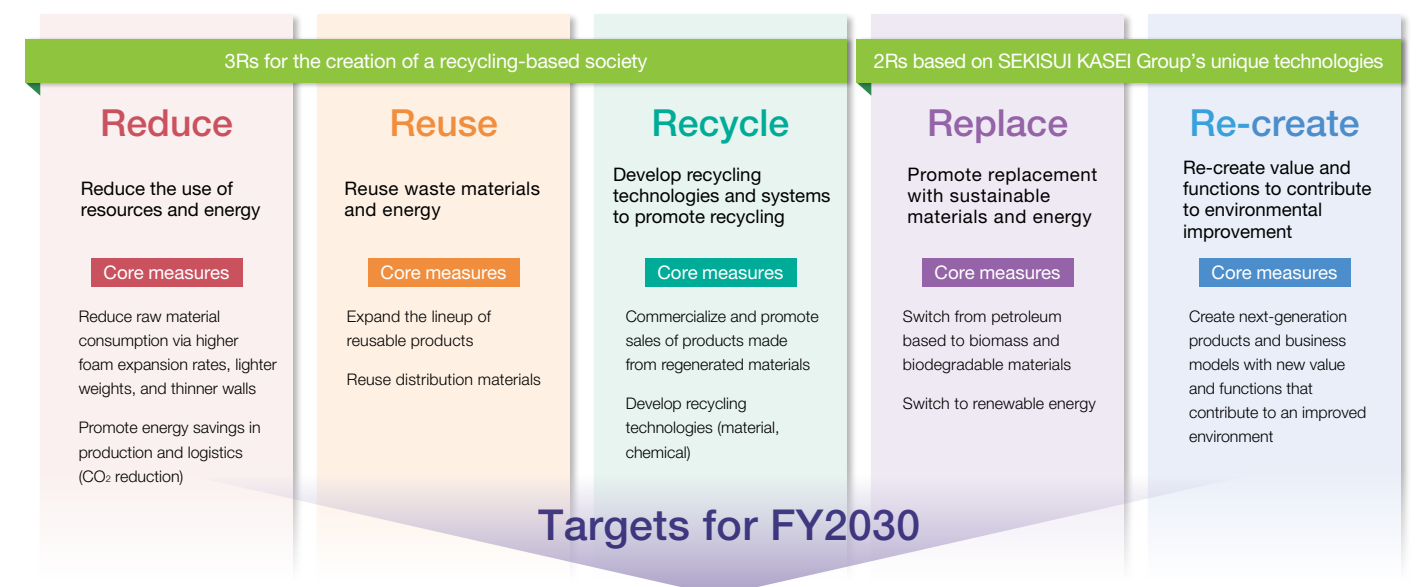
A new chemical solutions company that cares for people and the planet as it creates new value

Business Direction for 2030

Target 2030

Basic Policy: Realize co-existence of "Contribution to a Sustainable Society" and "Sustainable Enhancement of Corporate Value."

SKG-5R



Target I	Create Sustainable Star Product and expand their business Actual results ▶P45	
	Total number of registrations 100	Share of net sales 50%
Target II	Recycling and biomass materials usage ratio Actual results ▶P46	
	50% or higher	ReNew+ BIOCellular
Target III	Reduction of GHG(CO ₂) emissions Actual results ▶P47	
	Scope 1+2 -45% (Compared to FY2018)	Targets for FY2050 Carbon neutrality achieved

* The target for FY2030 has been reset from the previous -27% to -45%. (Revised April 2025).

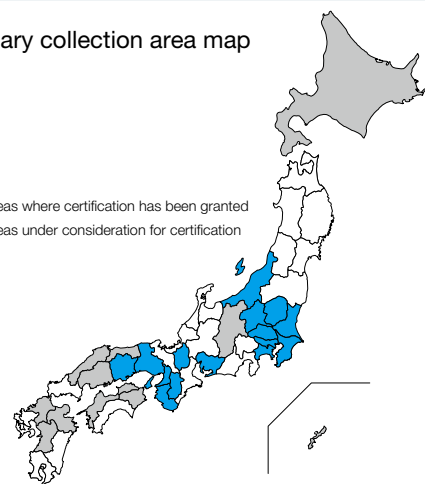
TOPICS

Recycling Initiatives

We have been involved in the recycling of EPS (expandable polystyrene) foam since 1971. The industry established the Japan EPS Recycling Association (current: JEPSA - Japan Expanded Polystyrene Association) in 1991. In 2024, as a new initiative, we acquired certification for our voluntary collection and resource circulation project plans based on Japan's Act on Promotion of Resource Circulation for Plastics and started a project for the voluntary collection and resource circulation of EPS foam. Currently, with the cooperation of SEKISUI KASEI Group employees and residents living near our business sites, we are working to collect and recycle used EPS foam from households in 15 prefectures (encompassing approximately 63% of Japan's population). In the future, we plan to expand the areas in which this certification is granted, with the aim of implementing voluntary collection at our sites throughout Japan.

Voluntary collection area map

■ Areas where certification has been granted
■ Areas under consideration for certification



E Environmental

FY2024 Results

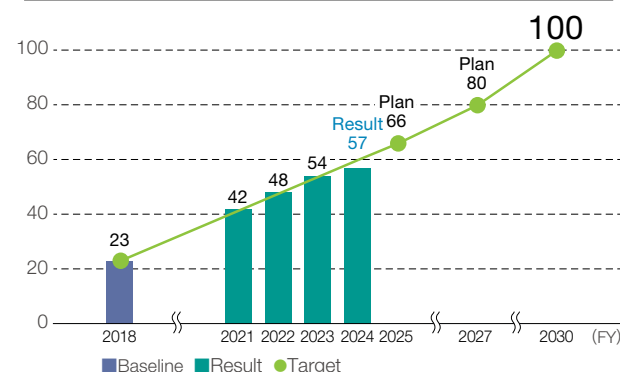
Target I

Create Sustainable Star Product and expand their business

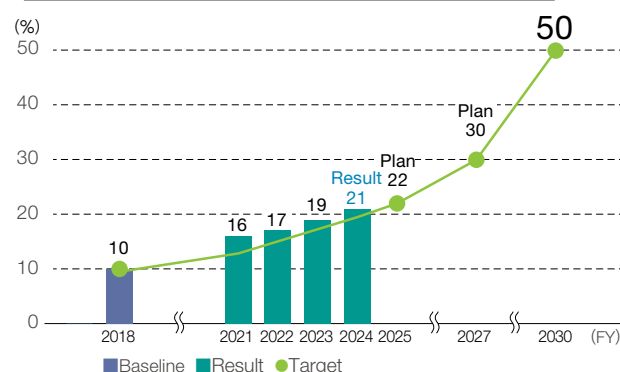
In SKG-5R, we have set the targets for “Sustainable Star Products” that are environmentally friendly products registered to a cumulative total of 100 and their ratio of net sales to 50% by FY2030. Furthermore, as a target for FY2027, which is the final fiscal year of the medium-term management plan “Going

Beyond 2027 — Transformation and Completion,” we have stipulated a cumulative total number of registrations of 80 and a ratio of net sales of 30%. In FY2024, the cumulative number of registrations rose to 57, and the ratio of net sales increased by 2.0 points year-on-year to 21%.

Targets and actual results for the number of registrations



Targets and actual results for the share of net sales



Sustainable Star Product

We develop and design products that consider the limited resources they use and their environmental impact throughout the life cycle, starting from the procurement of raw materials and use stages, up to disposal and recycling. In SKG-5R, we certify those products that make even greater contributions to the environment as “Sustainable Star Product” (environmentally friendly product), aiming to create and expand their business in line with the indicators set to this end.

Furthermore, when registering Sustainable Star Product, applications are submitted by the business units in charge before undergoing reviews by the Environmental Committee. Products that pass criteria are given approval from the management committee, after which it is certified and registered.

Sustainable Star Product

Products and systems that make greater contributions to the environment among our “Sustainable Product”



Sustainable Product

Products and systems that are useful in daily life and friendly to the environment, such as foam plastics

Target II

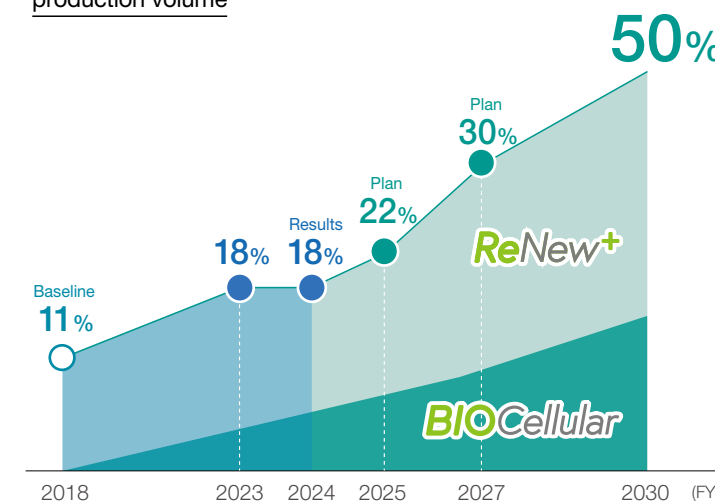
Recycled and biomass material usage ratio

In order to realize the creation and business expansion of Sustainable Star Product (environmentally friendly product), we have set a target of replacing 50% of the raw materials we use with raw materials recycled or biodegradable/biomass-derived raw materials from virgin raw materials in all of the products manufactured by SEKISUI KASEI Group by FY2030.

Toward these goals, we are accelerating the development of new materials along with expanding the lineup of both category brands, “ReNew+” and “BIO Cellular,” while promoting the shift to businesses that solve environmental and social issues.

Our result for FY2024 was 18%, showing steady progress toward the FY2027 target of 30%.

Targets and actual results of raw material usage ratio to the total production volume



ReNew+

We collect used products and the offcuts from manufacturing processes, carry out regenerative treatment so that they are easy to use, and use them as raw materials in new products. In development materials that use recycled raw materials, it's essential to solve a variety of technical challenges to achieve the same level of performance as conventional products. We believe this is one important initiative from the perspective of the reduction of waste.



We can help reduce environmental impact through the promotion of the recycling of plastic.

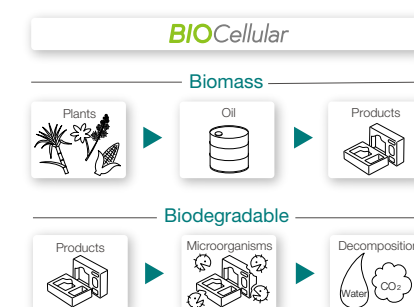


ST-Eleveat RNW High-heat resistant lightweight foam

More than 30% of the main materials are composed of recycled materials. Using our proprietary foaming technology, we replaced petroleum-derived materials with recycled materials. This product is part of our lineup intended to meet the demands of the next-generation mobility market.

BIOCellular

Bioplastic is the collective term for biomass plastic and biodegradable plastic. Biomass plastic is made from recyclable organic materials such as plants, while biodegradable plastic is eventually broken down by CO₂ and water through the action of microorganisms, etc.



RETONA FOAM BIO Biodegradable foam

A foam made from biodegradable resins such as PLA (polylactic acid) and PBS. It breaks down into water and carbon dioxide through microorganism activity found in nature, such as in compost. It is flexible and pliable, allowing it to be formed into 3D shapes, such as adhering to curved surfaces.

TOPICS

Awarded score of “B” in CDP Climate Change Report 2024

The Carbon Disclosure Project (CDP) works with global institutional investors to encourage companies and local governments to disclose information on their climate change countermeasures, water resource protection, and forest conservation. CDP's main activity is to promote countermeasures against environmental problems by examining such information and then evaluating and publishing the results on a scale of A to D-.

In the latest evaluations, SEKISUI KASEI Group received a score of “B” for its climate change initiatives in recognition of its efforts to understand and take action on its own environmental risks and impacts.

Press release <https://www.sekisuiasei.com/en/a.php?id=167>



E Environmental

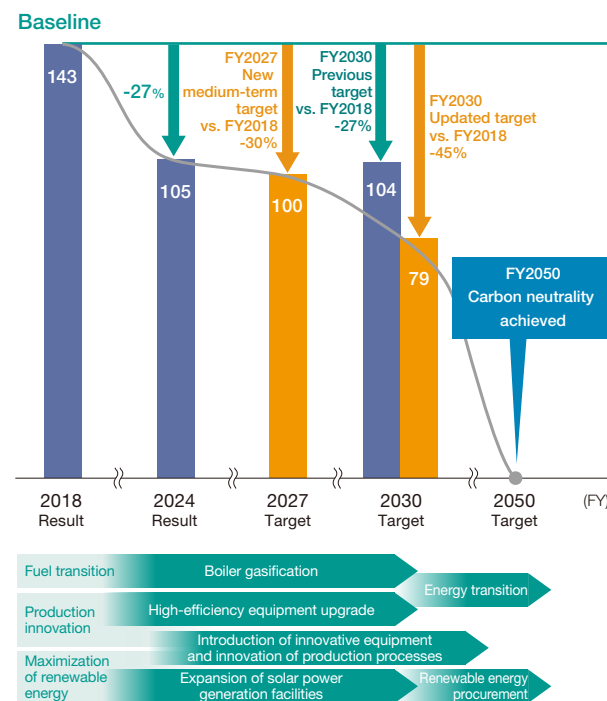
Target III Reduction of GHG (CO₂) emissions

In 2019, we set a target to reduce our Scope 1 + 2 GHG (CO₂) emissions in our business activities by 27% by FY2030 from FY2018 levels, which was based on the criteria set by the Science Based Targets (SBT)* initiative.

In FY2024, we reduced GHG (CO₂) emissions by 27%, exceeding our plan. For FY2025 onward, we formulated a new roadmap in line with the medium-term management plan

GHG (CO₂) emissions reduction roadmap

GHG emissions (Scope 1+2) (Thousand tons of CO₂)



Organizational chart for resolving climate change issues

For climate change issues, we have adopted a governance and risk management structure in which issues are discussed by the Board of Managing Directors and its subcommittees (Sustainability Promotion Committee, Compliance and Risk Management Committee) before being deliberated, approved and supervised by the Board of Directors. The Sustainability Promotion Committee identifies issues and measures to take, while the Compliance and Risk

and reset the target to a 45% reduction by FY2030.

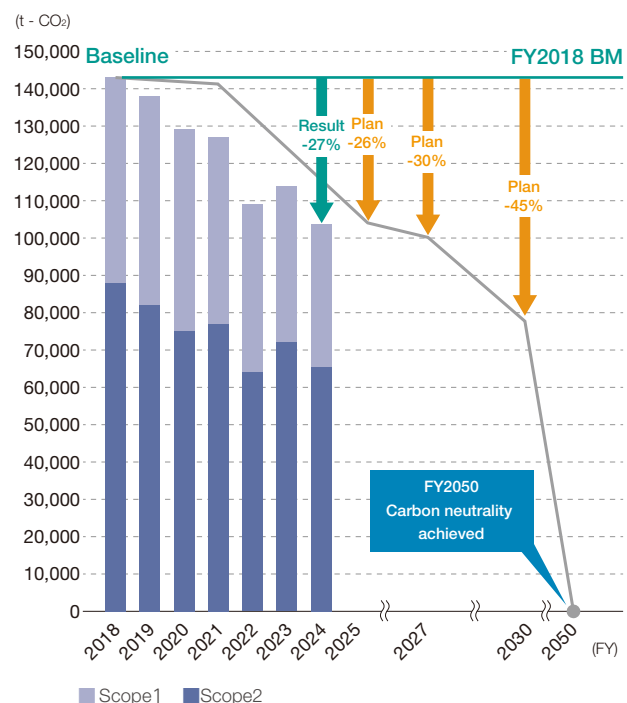
We are aiming for net zero GHG (CO₂) emissions by FY2050 with the 2030 reduction target as a milestone along the way to that goal.

* SBT: Science based Target

Information Disclosures Based on TCFD Recommendations



GHG (CO₂) emissions (Scope 1 + 2) reduction targets and actual results

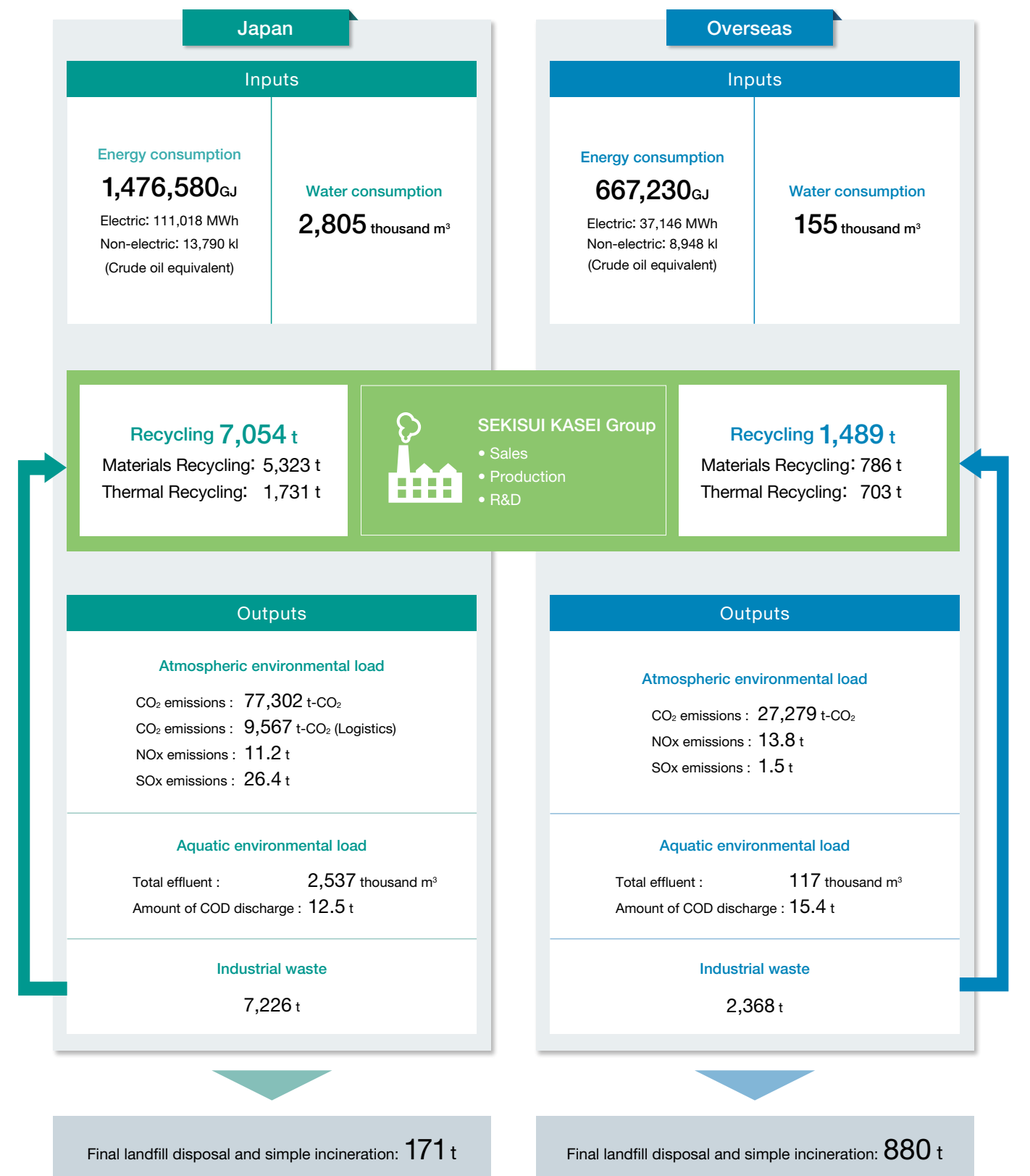


Management Committee assesses each risk and action to address them, and both deliberate the content proposed by the Environmental Committee before submitting it to the Board of Managing Directors and the Board of Directors. The Environmental Committee leads the implementation of policies and measures approved by the Board of Directors and enables each department and subsidiary to carry out various initiatives.



Inputs/Outputs (FY2024 Results)

SEKISUI KASEI Group manages the environmental impact arising from business activities in “output/unit consumption,” which expresses environmental loadings per production volume.



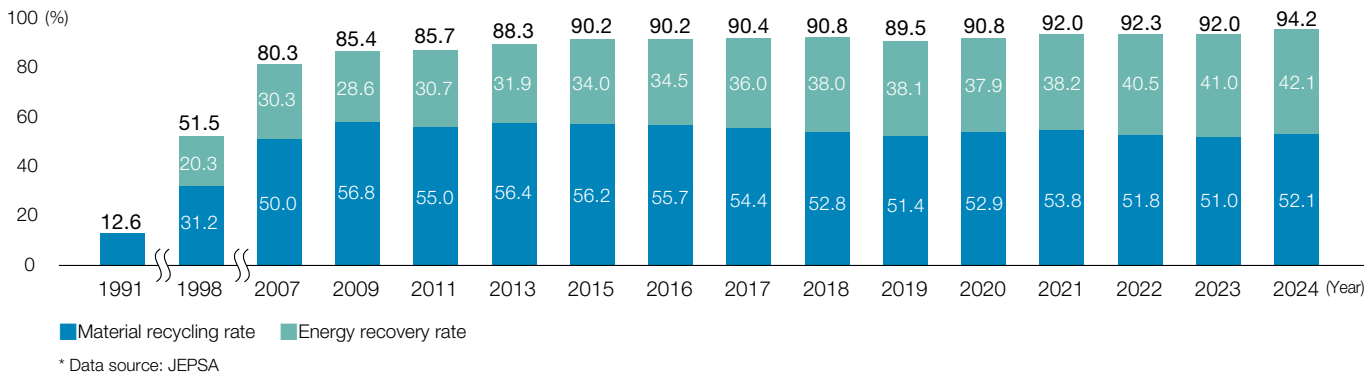
E Environmental

Inputs/Outputs (FY2024 Results)

Fiscal Year	2020	2021	2022	2023	2024
Number of production sites					
Japan	39	38	38	37	37
Overseas	19	19	18	18	17
Inputs (Japan)					
Energy consumption (GJ)	1,868,750	1,876,890	1,726,610	1,515,220	1,476,580
Unit consumption/output (GJ/sales in millions of yen)	23.8	26.4	22.9	20.3	19.0
Water consumption (thousand m³)	3,272	3,303	3,069	2,926	2,805
Unit consumption/output (thousand m³/sales in millions of yen)	41.6	46.4	40.8	39.2	36.0
Outputs (Japan)					
CO₂ emissions (Production) (t-CO₂)	89,606	92,158	79,355	82,931	77,302
Unit consumption/output (kg-CO₂/sales in millions of yen)	1,140	1,294	1,055	1,110	993
CO₂ emissions (Logistics) (t-CO₂)	7,634	9,086	10,314	9,893	9,567
Unit consumption/output (kg-CO₂/t)	33.7	39.9	48.0	47.7	45.4
CO₂ emissions (Office) (t-CO₂)	249	267	234	292	293
Unit consumption/output (kg-CO₂/m²)	22.6	24.2	21.3	26.7	26.6
Effluent (thousand m³)	2,982	2,975	2,708	2,654	2,537
Unit consumption/output (thousand m³/sales in millions of yen)	37.9	41.8	36.0	35.5	32.6
COD discharge (t)	14.0	12.8	13.2	12.5	12.5
Industrial waste (t)	9,764	10,098	9,618	7,929	7,226
Recycling rate (%)	95.6	96.2	96.9	96.6	97.6
Inputs (Overseas)					
Energy consumption (GJ)	833,720	809,080	730,700	689,120	667,230
Unit consumption/output (GJ/sales in millions of yen)	20.7	17.4	14.8	12.4	11.3
Water consumption (thousand m³)	172	165	171	183	155
Unit consumption/output (thousand m³/sales in millions of yen)	4.3	3.6	3.5	3.3	2.6
Outputs (Overseas)					
CO₂ emissions (Production) (t-CO₂)	38,857	34,295	29,901	28,847	27,279
Unit consumption/output (kg-CO₂/sales in millions of yen)	965	740	605	519	460
Effluent (thousand m³)	125	120	131	128	117
Unit consumption/output (thousand m³/sales in millions of yen)	3.1	2.6	2.6	2.3	2.0
COD discharge (t)	16.0	14.1	15.8	12.5	15.4
Industrial waste (t)	2,958	2,886	2,921	3,352	2,368
Recycling rate (%)	81.8	79.4	79.6	59.4	73.7

Note 1: SEKISUI KASEI Group ascertains and manages the environmental impact that arises in various aspects of its business activities in terms of “unit consumption/ output,” which expresses environmental loadings per production volume.
Note 2: The Group-wide total including Proseat Group, which became a consolidated subsidiary in FY2018 (January 2019).
Recycling of Expandable Polystyrene Foam (EPS)

Recycling of Expandable Polystyrene Foam (EPS)



Environmental Accounting (Japan)

Environmental Conservation Costs

(Millions of yen)

Category		Major activities		FY2022		FY2023		FY2024	
				Investment	Costs	Investment	Costs	Investment	Costs
1) Costs in business area									
(1) Pollution control	Control measures for air/water quality	26	116	16	107	49	89		
(2) Global environment	Energy saving	126	6	226	7	172	7		
(3) Recycling	Recycling, industrial waste treatment	4.0	281	0.5	239	3	150		
	Subtotal	156	403	243	353	224	246		
2) Up-/down-steam	Product recycling	0	81	0	78	0	13		
3) Management costs	Departmental costs associated with introducing environment management system	3	72	1	72	4	35		
4) R&D costs	R&D for environmental conservation products	0	45	0	52	0	14		
5) Social Activity cost	Greening, social supports	0	1	0	0	0	2		
6) Environmental damage fixing cost	Nature restoration	0	0	0	1	0	0		
	Total	159	602	244	556	228	310		

Environmental Conservation Effects (in terms of volume)

Details of effects (Unit)	FY2022	FY2023	FY2024
1) Effects on costs in business area			
(1) Electricity consumption (MWh)	114,521	110,131	111,018
(2) Crude oil consumption (kl)	8,591	7,808	6,951
(3) Total effluent (thousand m³)	2,708	2,654	2,537
(4) Amount of COD discharge (t)	13.2	12.5	12.5
2) Effects on Up-/down-steam costs			
Amount of recycled polystyrene foam (t)	203	207	219

Economic Effects Related to Environmental Conservation Measures

(Millions of yen)

Details of effects	FY2022	FY2023	FY2024
1) Cost reduction through energy-saving activities	15	20	11
2) Income from recycling	224	201	83
Total	239	221	94

Cost Effectiveness of Environmental Conservation Activities

FY2022	FY2023	FY2024
39.7%	39.7%	15.5%

Investment figures are for construction completed during the period. Expense figures do not include depreciation and amortization.

Compliance with the Chemical Substances Management Act

We promote improvements in compliance with the PRTR* system under the Chemical Substances Management Act (the Act on Confirmation, etc. of Release Amounts of Specific

Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof).

* PRTR: Pollutant Release and Transfer Register.

Emissions of Chemical Substances (PRTR substances: Rounded to one decimal place)

(t)

Substance		Styrene						Toluene						Methyl methacrylate						Ethyl benzene					
Fiscal Year		2019	2020	2021	2022	2023	2024	2019	2020	2021	2022	2023	2024	2019	2020	2021	2022	2023	2024	2019	2020	2021	2022	2023	2024
Emission	Air	6.7	5.0	5.4	5.1	5.7	6.0	0.5	0.3	0.4	0.3	0.3	0.3	1.4	1.2	1.3	1.0	1.4	1.2	0.1	0.1	0.1	0.1	0.1	0.1
	Water	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Soil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer		3.1	1.6	3.2	1.7	1.1	1.3	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

SEKISUI KASEI's ESG: S Social

Safety

SEKISUI KASEI Group has established its safety policies on its Corporate Vision of being “a new chemical solutions company that cares for people and the planet as it creates new value.” Priority is given to safety and health in all business activities, and a Safety Management System has been established to promote safety activities to ensure zero accidents and incidents.

We will continue to make improvements in our efforts to be a workplace environment in which all employees are healthy both in body and mind, and find fulfillment in their work. We will also conduct appropriate information disclosure to be a company that earns the trust and understanding of regional communities and society.

Safety Policy

Basic Policy

SEKISUI KASEI Group prioritizes health and safety above all else, promotes safety activities with the objective of achieving zero accidents and zero incidents, and seeks to become a safe and secure company that is trusted by employees and society.

1 Creating a Safe and Secure Workplace

We promote the creation of a comfortable workplace environment in which all employees are healthy in both body and mind and feel that their work is worthwhile.

2 Compliance

We comply with laws, regulations and ordinances related to health and safety, and security and disaster prevention, aiming to become a company trusted by society.

3 Evolution of Safety Activities

Investigating danger and hazards in the working environment and reducing the risks with new perspectives without been obsessed with current condition, we continue to evolve our safety activities.

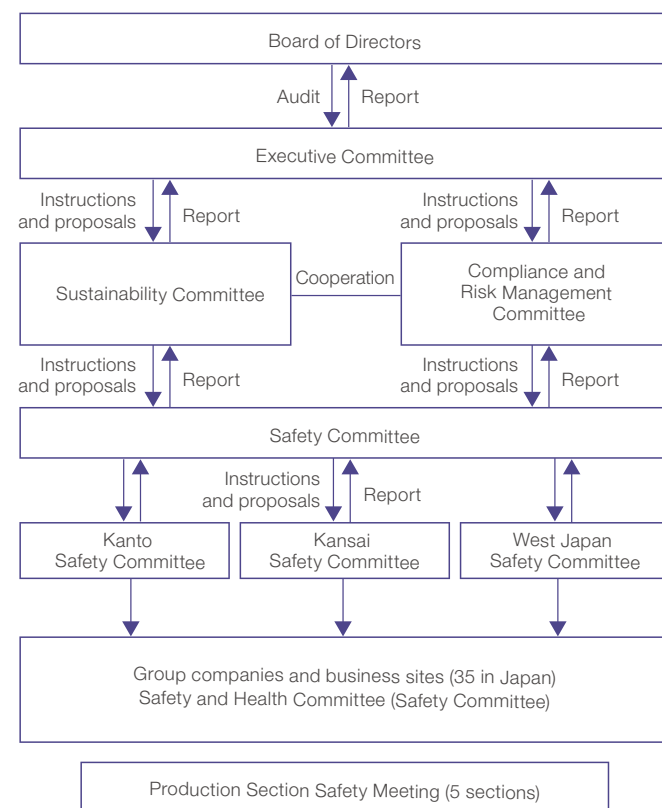
4 Communication with Society

We aim good communication with authorities and local communities, and timely information disclosure.

5 Education and Enlightenment

We aim to raise awareness for the health and safety through enhancing educational and enlightenment activities and work on leveling up of every individual.

Safety Management System

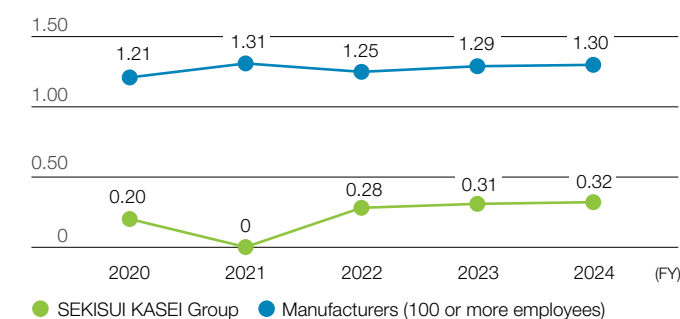


We have established a safety activity policy for the entire Group, and activities such as safety patrols, safety awareness campaigns, safety education, and various training are planned and carried out in our efforts to achieve zero accidents and zero disasters through all of our business activities. Furthermore, to ascertain the status of industrial accident occurrences, we monitor lost time injury frequency rates and accident severity rates, and make efforts to reduce these factors. In FY2024, the lost time injury frequency rate and accident severity rate remained below the level of the manufacturing industry (businesses with 100 or more

Number of occupational accidents

The Group monitors the occurrence of occupational accidents in order to strengthen its safety activities. In FY2025, we will focus on potential and invisible risks and implement measures to address them.

Lost Time Injury Frequency Rates*



* Lost Time Injury Frequency Rate: The number of absent employees due to industrial accidents per 1 million working hours

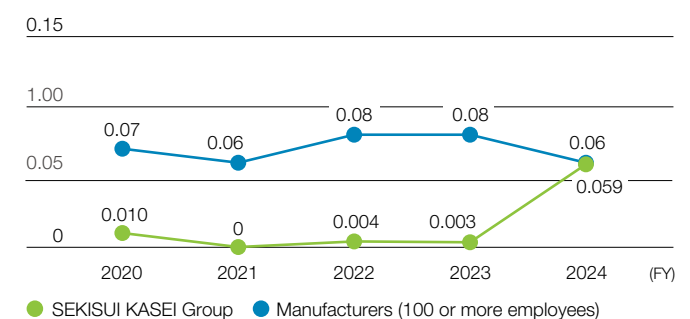
Lost Time Injury Frequency Rates of Manufacturers (100 or more employees): Excerpted from statistics in the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents

employees)—as they were the previous year—with a lost time injury frequency rate of 0.32, and an accident severity rate of 0.059. When an accident or industrial accident occurs, we investigate and identify the causes in each case, and implement safety measures from the three perspectives of hardware, software, and human factors (mentally and physically).

In FY2025, we are conducting a zero-accident activity with participation from all employees in our efforts to create a safer and more secure workplace by improving our performance from FY2024.

	Accident	Death		Injury	
		Full-time employee	Contract employee	Full-time employee	Contract employee
FY2024	0	0	0	1	0
FY2023	0	0	0	2	0
FY2022	1	0	0	1	0
FY2021	1	0	0	1	1
FY2020	1	0	0	2	0

Accident Severity Rates*



* Accident Severity Rate: The number of lost workdays per 1,000 working hours

Accident Severity Rates of Manufacturers (100 or more employees): Excerpted from statistics in the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents

In SEKISUI KASEI Group's business direction for 2030, “Target 2030,” we have identified “providing safety and security” as a Materiality item (P22), and are actively making efforts to provide safety and security to both society and our employees.

In FY2024, we set our policy for safety-related activities to “Promote zero-accident activities with full participation, focusing on the hard, soft and human aspects.” We focused on the following three measures in particular:

- 1) Establishment of standards and implementation of education and training focusing on the top three worst factors of accidents and labor disasters in terms of “hard” aspects (equipment) and “soft” aspects (methods);
- 2) Strengthening of communication and implementation of support measures with an awareness of the human side (individual sensitivity); and
- 3) Development/sharing of an initial response plan in preparation for large-scale natural disasters and cooperation with local governments

Up through last fiscal year, we focused our safety activities on the “hard” and “soft” aspects, and were able to prevent potential disasters before they occurred. These basic activities will continue. Going forward, we will also focus on the “human” aspects, including raising awareness of the importance of protecting yourself first before protecting others, prioritizing near-miss incidents identified from daily operations, and identifying potential risks and invisible (or less visible) risks and taking countermeasures.

In pursuit of the “new happiness” stated in our management philosophy, we will strive to carry out activities aimed at zero accidents and zero incidents.

Hideyuki Asada

Director and Managing Executive Officer
Head of Production Technology Center,
Head of Research & Development Center

TOPICS

Safety action award ceremony

Every year, we solicit safety-related slogans, posters, and proposals for National Safety Week in July. From the applications received, three outstanding entries in each category are selected and presented with awards (approximately 10 prizes in total). The winners are also asked to share their thoughts and efforts regarding safety, which helps to raise awareness among participants. After this year's award ceremony, an external lecturer gave a talk titled “Large-scale natural disasters and concrete preparations: Mental readiness.”

Implementation of Web KYT (hazard prediction training)

To raise the safety awareness in each individual, we hold Web KYT sessions once every two months. Each session features a specific theme on which participants are surveyed on risks and their countermeasures. These responses are shared at a later date as feedback, leading to further insights.



Safety action award ceremony, July 7, 2025

S Social

Quality

The Group pursues quality from the customer's perspective and promotes quality management activities in accordance with its management philosophy and quality policy. In order to manage the quality of our products and services, we have established a quality assurance system for each product according to its characteristics. Starting from the R&D phase, we clarify the specifications and focus on improving product quality from the development stage.

In preparation for any potential product accidents, we establish internal regulations and, based on these, the responsible department takes the lead in responding swiftly. Additionally, this department collaborates with relevant departments as needed to resolve issues from the customer's perspective. In the event of a particularly serious product accident, the situation is promptly reported to top management for prompt and appropriate action.

Quality Policy

Basic Policy

SEKISUI KASEI Group pursue the quality with customer perspective and provides valuable products and services that satisfy our customers and society.

1 Providing Satisfactory Quality

Building in the quality which satisfies customers' requirements, we provide safe and secure products and services that satisfy the customers.

2 Thorough Quality Control

By thorough quality control from procurement of raw materials to delivery of products, we work on prevention and recurrence prevention of defects by all the Group members in pursuit of higher-quality manufacturing.

3 Perform Quality Assurance

We take the opinions and assessments of the customer seriously and use them for the improvements and we aim for appropriate information disclosure and quick resolution with a customer perspective for the complaints and requests for improvements from the customers.

4 Compliance

We comply with laws, regulations and ordinances relating to the quality, and we work to maintain and enhance thorough quality management.

5 Education and Enlightenment

Through continuous educational and enlightenment programs, we promote improvement of quality awareness and strengthen management capabilities.

TOPICS

Chemical Substance Initiatives

In order to provide information swiftly to our customers, we use ChemSHERPA that is a scheme for standardizing information handling in Japan to manage the chemical substances contained in our products. SEKISUI KASEI Group has also established a green procurement standard for raw materials and strives not only to thoroughly comply with laws and regulations, but also to develop products that take into account the environment, safety, and health.

Response to Food Sanitation Act Revisions

The revision of the Food Sanitation Act introduced a "Positive List" system for food utensils, containers, and packaging. The Group has filed notifications at applicable manufacturing sites and complies with the revised Food Sanitation Act for all products that fall under the category of food utensils, containers, and packaging.

Quality Training and Awareness-raising Activity

We conduct e-learning on quality management activities and Web HYT (quality hazard prediction training) on a Group-wide basis to further enhance employee awareness towards quality. In addition, to improve the level of quality knowledge of Group employees, we encourage the acquisition of QC certification*, which tests the knowledge of quality management.

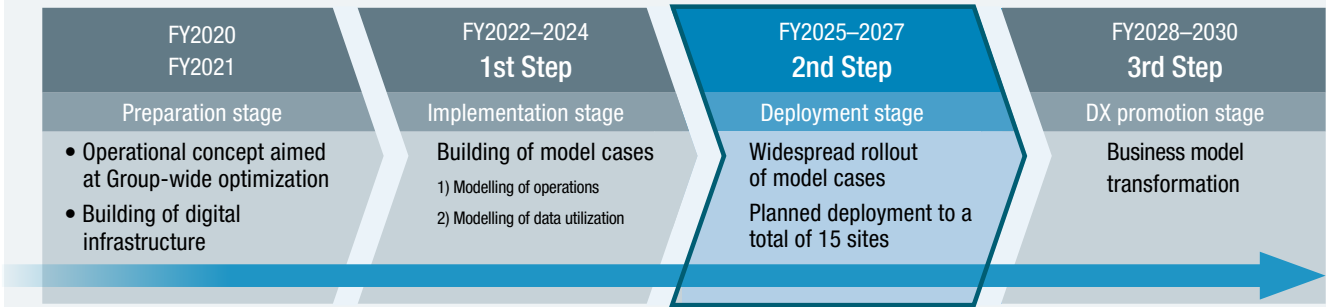
* The exams are certified by The Japanese Society for Quality Control, and are administered by the Japanese Standards Association (JSA) Group and the Union of Japanese Scientists and Engineers.

DX

SEKISUI KASEI Group has formulated a roadmap to promote DX (digital transformation) through FY2030. From FY2022 to FY2030, a three-step process involving introduction, deployment, and DX promotion will be conducted, with each step spanning three years. In the second step, which corresponds to the period of the

medium-term management plan "Going Beyond 2027 — Transformation and Completion," we will advance the widespread rollout of model cases created in the first step throughout the Group and accelerate production innovation and the strengthening of manufacturing capabilities, including the use of technology.

Overview of DX Roadmap



TOPICS

Focus on building model cases utilizing digital technology

The Group is promoting the introduction of IoT-driven supply chain management (SCM) and the visualization of all product-related processes. This is expected to lead directly to the optimization of production and inventory linked to sales, as well as the creation of new value and service offerings from the customer's perspective. In FY2024, after selecting Sekisui Kasei Omi and Sekisui Kasei Tenri as standard model cases, we worked through trial and error to design optimal operations for the entire company through measures such as

the introduction of PSI (production, sales, and inventory) management systems, utilization of individual product profitability data, and streamlining of indirect operations. Going forward, we will promote the widespread rollout of these standard models across the entire Group and focus on analyzing and utilizing the collected data, aiming to accelerate the promotion of DX and create new value.

Human Rights

SEKISUI KASEI Group upholds respect and mutual trust as values that we cherish within our Management Philosophy. We believe in always being sincere in our interactions with other people and our actions, so that no discrimination based on

birth, nationality, race, ethnicity, beliefs, religion, gender, or age occurs. This leads to increased trust in society, which will contribute to the long-term sustainability of the company.

Human Rights Policy (excerpt)

SEKISUI KASEI Group's management philosophy states: "We, SEKISUI KASEI, practice 'Zen-in Keiei' based on respect for people and mutual trust. We are always innovating in our aim of 'new happiness.'" Under this philosophy, we strive to be "a new chemical solutions company that cares for people and the planet as it creates new value." We understand that, in order to truly contribute to the creation of a sustainable society, we must respect the human rights of

all individuals who may be affected by the business activities of SEKISUI KASEI Group. Accordingly, for the purpose of promoting respect for human rights, with the approval of the Board of Directors, we hereby establish the "SEKISUI KASEI Group Human Rights Policy" based on the "Guiding Principles on Business and Human Rights" adopted by the United Nations Human Rights Council in June 2011.

Human Rights Policy: <https://www.sekisui-kasei.com/en/sustainability/esg/society>

TOPICS

Conducting human rights due diligence

As part of its measures for suppliers' procurement, the Group requires its suppliers to understand and comply with its human rights policy, and promotes compliance with related laws and regulations, including the prohibition of child labor, forced labor, and discrimination, freedom of association, and ensuring appropriate working hours and wages. We also conduct engagement activities to monitor compliance through questionnaires and on-site interviews, including with new suppliers.

In FY2024, we surveyed 52 of our main suppliers and found no problems requiring immediate action in accordance with our human rights policy. However, we have identified human rights issues related to foreign workers in Japan as potential risks, and are closely monitoring the situation. We will continue to conduct human rights due diligence to identify outstanding human rights issues and prevent or reduce risks.

SEKISUI KASEI's ESG: Governance

Our Basic Approach to Corporate Governance

To fulfill its social responsibility to all stakeholders, SEKISUI KASEI Group aims to make its corporate governance function effectively, ensure management transparency, and establish a management structure capable of promptly adapting to changes in the business environment. To realize these goals, we are always pursuing optimal corporate governance. We believe that the essence of corporate governance is

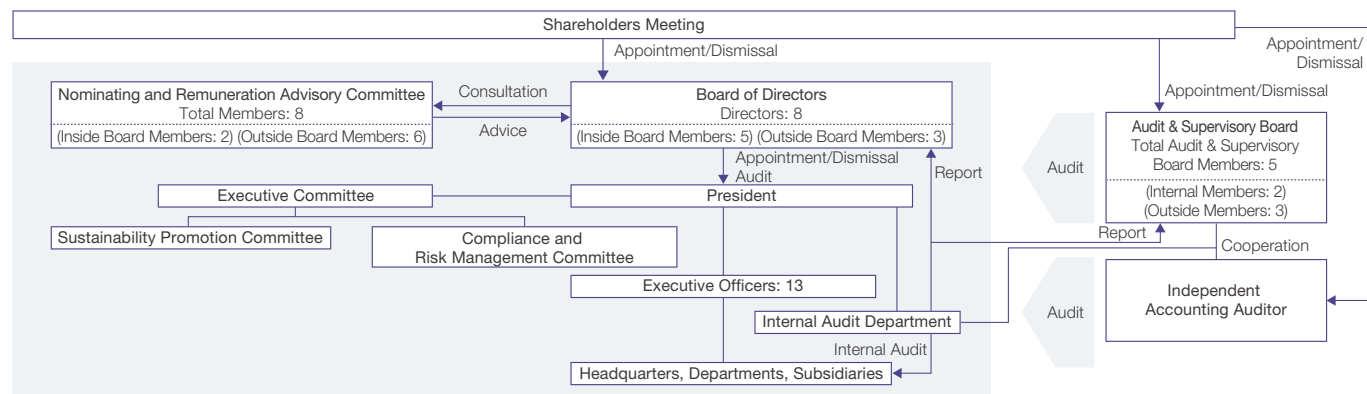
ensuring the transparency and fairness of decision-making from the perspective of working to enhance sustainable growth and long-term corporate value, and utilizing the management resources we possess properly and effectively to increase management dynamism through prompt and decisive decision making, to continuously enhance these goals.

Corporate Governance System

We adopt a corporate auditor system, with supervision and audits of business execution conducted by the Board of Directors and Audit & Supervisory Board. Of the eight directors, three are outside directors, who supervise management from an objective perspective while ensuring the appropriateness and transparency of the Board of Directors' decision making. Of the five members of the Audit & Supervisory Board, three are outside members. By establishing a system of timely and appropriate reporting of significant matters to the Audit & Supervisory Board and its members, we have strengthened the

auditing function and enhanced the rationality, transparency, and fairness of management decisions. Furthermore, we have established a Nominating and Remuneration Advisory Committee, of which the majority are independent outside officers, to deliberate on the selection of successor candidates for presidents and directors, along with director remuneration. We believe this current system is functioning effectively, and it ensures the rationality, transparency, and fairness of management decisions and supervises management from an objective and neutral perspective.

Chart of SEKISUI KASEI Corporate Governance System (As of June 24, 2025)



Board of Directors

The Board of Directors consists of eight directors (of which three are outside directors) with the President serving as its chairperson. In addition, all five Audit & Supervisory Board members, including the three outside members, attend the meeting and express their opinions as appropriate. In order to clarify the management responsibilities of directors, we have set their term of office at one year, and to build a management structure that can quickly respond to changes in the business environment, we have introduced an executive officer system. (FY2024: held 17 times)

Executive Committee

As an advisory body to the President, the Executive Committee is composed of all five internal directors and eight executive officers (excluding executive officers who are also directors). Furthermore, two full-time auditors participate and provide their opinions as appropriate. The committee deliberates on matters pertaining to basic management measures and management policies, as well as important cases of departments in order to make decisions faster, streamline business operations and respond to important business execution. (FY2024: held 16 times)

Sustainability Promotion Committee

As a subcommittee of the Executive Committee, the Sustainability Promotion Committee has the president serving as chair and is composed of the heads of various headquarters and centers. The Committee deliberates on key issues and countermeasures related to the execution of sustainability-related activities throughout the Group. Its subcommittees include

the Environmental Committee, the Safety Committee, and the Quality Committee, which the Sustainability Promotion Committee oversees. (FY2024: held 12 times)

Compliance and Risk Management Committee (FY2024: held 6 times) ►P58

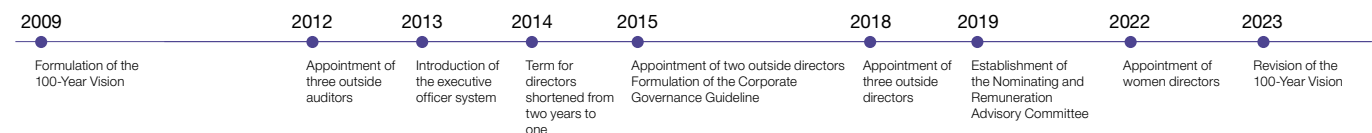
Audit & Supervisory Board

The Audit & Supervisory Board follows audit policies and plans to audit the execution of directors' duties along with the operations and financial conditions of Group companies. Full-time auditors participate in important meetings in addition to conducting legal compliance audits, and offer assessments of processes and results of management issues. They also provide insights based on accurate analysis to enhance the effectiveness of management oversight. Outside auditors offer useful opinions for the management of the Company from an objective and independent perspective. (FY2024: held 13 times)

Nominating and Remuneration Advisory Committee

The Nominating and Remuneration Advisory Committee is a voluntary committee that acts as an advisory body to the Board of Directors. It is comprised of the President and outside officers to strengthen the fairness and objectivity of procedures concerning the nomination and remuneration of directors and to promote discussions in order to fulfil its accountability to stakeholders. The chair is elected from among the independent outside officers by an internal vote. (FY2024: held 5 times)

Initiatives to enhance corporate governance



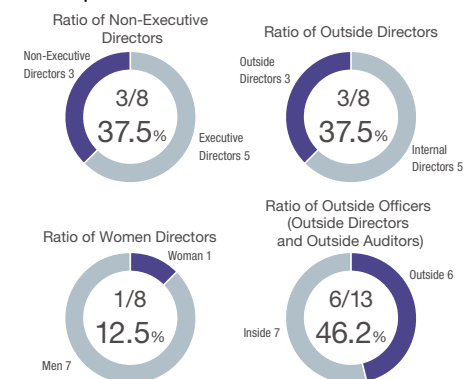
Skill Matrix of Directors

The Board of Directors ensures that its roles and responsibilities are effectively fulfilled by having a well-balanced mix of directors with a wide range of knowledge and experience, to accurately assess the business situation and make appropriate decisions. With regard to our policy for selecting director candidates and specific candidate selection proposals, the Nominating and Remuneration Advisory Committee prepares a skill matrix of each director's knowledge, experience, and abilities, and then comprehensively deliberates on the selection, taking into

Name	Position and Duties at the Company	Gender	Corporate Management/ Management Strategy	Financial/ Accounting	Legal Affairs/ Governance	HR	Internationally/ Overseas Business	Sales/ Marketing	Development/ Production/ Quality	Environment/ Energy	DX/System Development	Insight into Other Industries
Yasunobu Furubayashi	Representative Director, President and Chief Executive Officer	Man	○	○	○	○	○	○				
Katsumi Sasaki	Director, Senior Managing Executive Officer	Man	○	○	○	○						
Hideyuki Asada	Director, Managing Executive Officer	Man	○				○		○	○	○	
Yasumasa Asano	Director, Managing Executive Officer	Man	○					○	○	○	○	
Yasutaka Imanishi	Director, Managing Executive Officer	Man	○	○			○	○				
Ichiro Wakabayashi	Independent Outside Director	Man	○	○	○		○	○				○
Satoru Ogura	Independent Outside Director	Man	○		○	○	○		○			○
Mari Sonoda	Independent Outside Director	Woman		○	○	○					○	○

* The "○" above does not indicate all insights held by each Director

Composition of Board of Directors



Evaluation of the Effectiveness of the Board of Directors

To analyze and evaluate the overall effectiveness of the Board of Directors, we conducted a survey of all the directors as well as Audit & Supervisory Board members based on the advice and guidance of a third party, with the results of the survey discussed at a Board meeting. Subsequently, it has been evaluated that the

Board of Directors is generally functioning, and efforts to improve effectiveness, such as management, deliberation, and setting of proposals, were also evaluated. On the other hand, some issues were pointed out, so we have formulated the next action plan to further improve the effectiveness of the Board of Directors.

Review of the FY2024 action plan

- 1** Strengthening monitoring functions from a medium- to long-term perspective
 - Along with monitoring the steady execution of the medium-term management plan "Spiral-up 2024," discussions were also made on the direction of R&D along with initiatives related to production
 - Discussions were held regarding the plans and progress of ESG materiality
- 2** Enhancing information sharing among the members of the Board of Directors
 - Hold off-site meetings: Four meetings in total. Discussions on business in general, especially Proseat-related matters
 - Increasing opportunities for communication: Provided opportunities for outside directors to visit production sites and Group companies
- 3** Implementation of training for executive officers
 - Study sessions conducted by external lecturers and in-depth discussions between executive officers
 - 1) Current status and issues for improving ESG evaluation metrics
 - 2) Employee engagement survey results and issues
 - 3) Discussions on the formulation of the next medium-term management plan

<Issues>
•Enhancing discussions seen from a medium-to long-term perspectives
•Providing opportunities to exchange opinions on priority issues and growth strategies
•Promoting understanding of businesses and work sites, and creating opportunities for communication between executives
•Expanding and enhancing the knowledge necessary for management

FY2025 action plan

- 1** Strengthening monitoring functions from a medium- to long-term perspective (continue)
 - Expanding opportunities for reporting and deliberation regarding material management issues to improve corporate value over the medium to long term
 - 1) Monitoring the progress of addressing materiality
 - 2) Continuous monitoring the progress of the medium-term management plan "Going Beyond 2027 — Transformation and Completion"
 - 3) Monitoring efforts to improve capital efficiency
- 2** Enhancing information sharing among the members of the Board of Directors (continue and strengthen)
 - Enhancing opportunities for communication between outside directors, executive officers, and executive-level employees to discuss important matters and share business status information
 - 1) Continuing to hold offsite meetings: Providing a forum for individual reporting and exchange of opinions on key issues (financial and non-financial)
 - 2) Enhancing opportunities for communication: Continuing to provide opportunities to visit production companies and Group companies
- 3** Implementation of training for executive officers (continue)
 - Study sessions conducted by external lecturers and in-depth discussions between executive officers

G Governance

Improving the Effectiveness of the Board of Directors

As a structure for the transmission of information to outside directors and outside auditors, the secretariat of the Board of Directors sends out and explains in advance the materials regarding the matters for deliberation by the Board of Directors and a sufficient explanation is given by the internal directors

regarding particularly important proposals.

To further enhance corporate governance and ensure the effectiveness of the Board of Directors' decision-making, we have been conducting evaluations of the Board's effectiveness every year, and these results are applied to improve operations in the following years.

Officer Remuneration

Policy for determining the amount and calculation methods for remuneration

At the Company, the Board of Directors has resolved as follows regarding the policy for determining the individual remuneration

of directors and other details based on the report from the Nominating and Remuneration Advisory Committee.

Policy (excerpt)

1. Basic policy

At the Company, the link between director remuneration and the Company's shareholder value shall be clarified to further promote value sharing with shareholders in order to contribute to improved medium to long term business performance and increased corporate value. In addition, the remuneration system shall emphasize the proportion of remuneration determined through a comprehensive analysis, including in regard to the degree to contribution toward performance and progress in achieving targets. Specifically, remuneration of directors

responsible for business execution shall consist of basic remuneration, performance-based remuneration, and stock-based remuneration, while remuneration of outside directors responsible for supervisory functions shall consist only of basic remuneration. Furthermore, the policy for determining director remuneration shall be based on the discussions of the Nominating and Remuneration Advisory Committee, of which independent outside officers comprise the majority.

Information regarding director remuneration

The status of officer remuneration in FY2024

Total amount of remuneration for each officer category for FY2024

Classification	Eligible Personnel	Basic Remuneration	Performance-based	Remuneration Restricted Stock Remuneration	Total
Directors (excluding outside directors)	5	66	—	20	86
Audit & Supervisory Board members (excluding outside members)	3	43	—	—	43
Outside officers	7	41	—	—	41

Notes: 1. The above table includes one outside director and one Audit & Supervisory Board member (not an outside Audit & Supervisory Board member) who stepped down at the conclusion of the 80th Ordinary General Meeting of Shareholders held June 21, 2024, as well as one outside Audit & Supervisory Board Member who resigned on June 17, 2024.
2. Director remuneration amounts do not include employee salaries for directors concurrently serving as company employees.

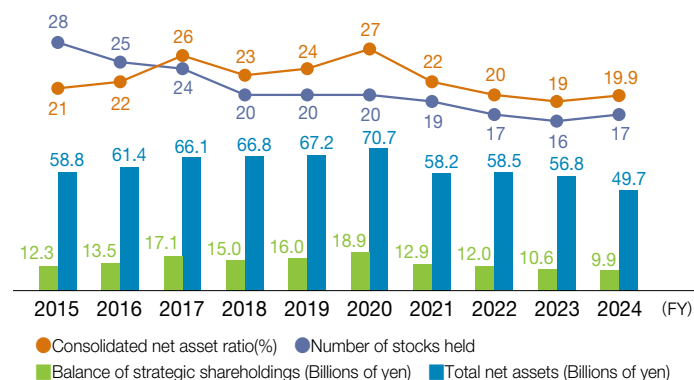
Strategic shareholdings

i) Policy regarding strategic shareholdings

The Company strategically holds selected listed shares that are deemed beneficial and significant, in our efforts to enhance the corporate value of key business partners and maximize our medium-to-long-term corporate value.

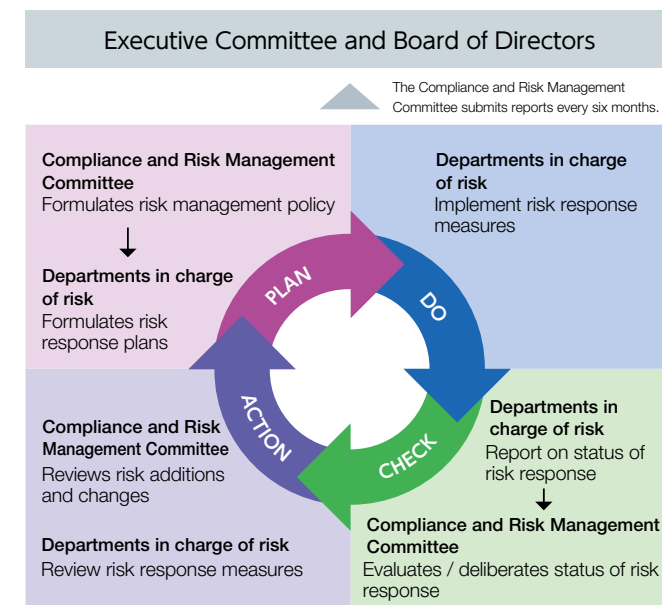
ii) Reduction of strategic shareholdings

During the period of the previous medium-term management plan (FY2022-2024), we sold approximately ¥3.5 billion of our strategic shareholdings. The ratio to consolidated net assets at the end of FY2024 was 19.9% (excluding deemed holdings). We will continue to regularly review the necessity of these holding and proceed with appropriate reductions.



Risk Management System

In SEKISUI KASEI Group, the departments, and committees in charge of each type of risk formulate response plans and take specific countermeasures under the basic policy on risk management established by the Compliance and Risk Management Committee, which manages all risks. Furthermore, the Compliance and Risk Management Committee evaluates and deliberates on the response status based on matrix reports from the departments in charge of each risk about the degree of severity of currently assumed risks. Under the system we have established, the Committee reviews the risk response measures and repeats the PDCA cycle depending on the results of these evaluations and deliberations. In addition, the management status of each risk is regularly reported and shared with the Board of Directors and Executive Committee.



Compliance Promotion

SEKISUI KASEI Group defines compliance as not only complying with laws and regulations, but also ensuring that operations within the Group are carried out in an appropriate manner by complying with related rules and regulations while acting with integrity based on the values, personal ethics, and corporate ethics required by the society in which we operate. SEKISUI KASEI Group Compliance Action Guidelines define how we should act as a corporate entity to promote good relationships with society.

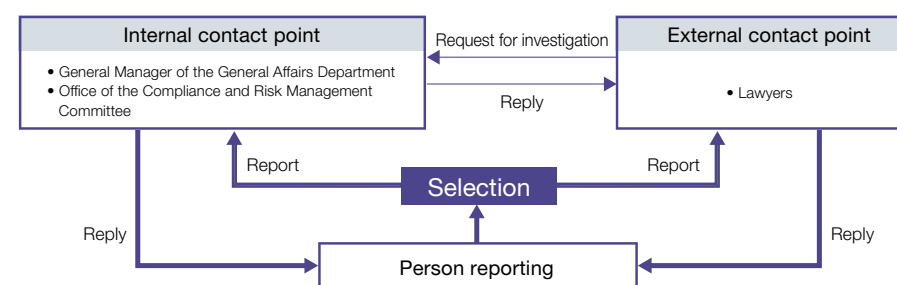
With the goal of strengthening and promoting compliance throughout the Group, we established the Compliance and Risk

Management Committee to ensure ongoing compliance with all laws and regulations. The Compliance and Risk Management Committee meets in principle once every six months to discuss compliance issues within SEKISUI KASEI Group and to report any items for attention to the Executive Committee. We have also established Compliance Committees or Compliance officers at Group companies, depending on their size, with the goal of further promoting cooperation with the Group. There were no serious compliance violations in FY2024.

SKG Clean Network

To fulfill its corporate social responsibilities, SEKISUI KASEI Group set up the "SKG Clean Network" as an internal reporting system in line with our effort to build a fair and active

organization. Users can choose between an internal or external contact points and can issue their report either anonymously or under their own name.



Number of SKG Clean Network reports	
FY	Reports
2024	16
2023	17
2022	19
2021	18
2020	10

Directors & Auditors



Makoto Kimatsuka

Audit & Supervisory Board Member

1986 Joined the Company
2025 Audit & Supervisory Board Member of the Company [incumbent]

Hideo Yoshii

Outside Audit & Supervisory Board Member

1981 Joined Price Waterhouse*
1987 Registered as Certified Public Accountant
1999 Passed the U.S. Certified Public Accountant examination
2000 Established Hideo Yoshii CPA Office, Representative [incumbent]
2006 Registered as Certified Tax Accountant
2009 Outside Audit & Supervisory Board Member, COTA CO., LTD.
2015 Outside Auditor of TECHNO ASSOCIE Co., Ltd.
2025 Outside Audit & Supervisory Board Member of the Company [incumbent]
*Currently PricewaterhouseCoopers

Fusakazu Kondo

Outside Audit & Supervisory Board Member

1983 Joined The Dai-ichi Mutual Life Insurance Company*
2004 General Manager, Profit Management Department, The Dai-ichi Mutual Life Insurance Company
2010 General Manager, Corporate Finance Department, The Dai-ichi Life Insurance Company, Ltd.
2012 Senior Audit and Supervisory Board Member (Full-Time), The Dai-ichi Life Insurance Company, Ltd.
2016 Director (Audit and Supervisory Committee Member (Full-Time)), Dai-ichi Life Holdings, Inc.
2020 Statutory Auditor (Outside Auditor), AIDA ENGINEERING, LTD. [incumbent]
2024 Part-time Advisor Dai-ichi Life Holdings, Inc.
2025 Outside Audit & Supervisory Board Member of the Company [incumbent]
*Currently The Daiichi Life Insurance Company, Limited

Yasutaka Imanishi

Director
Managing Executive Officer

Head of the 2nd Business Headquarters
1993 Joined the Company
2025 Director, Managing Executive Officer of the Company [incumbent]

Yasumasa Asano

Director
Managing Executive Officer

Head of the 1st Business Headquarters
1987 Joined the Company
2025 Director, Managing Executive Officer of the Company [incumbent]

Keizo Kousaka

Outside Audit & Supervisory Board Member

1970 Admitted to the bar Joined Irokawa Law Office
2001 Chairman of Irokawa Law Office
2009 Outside Director of Sumitomo Rubber Industries, Ltd.
2012 Outside Audit & Supervisory Board Member of the Company [incumbent]
2016 Outside Audit & Supervisory Board Member of Techno Associe Co., Ltd.
2020 Chairman of Irokawa Law Office [incumbent]
Outside Audit & Supervisory Board Member of Seiren Co., Ltd. [incumbent]

Takahiko Fujiwara

Audit & Supervisory Board Member

1986 Joined the Company
2024 Audit & Supervisory Board Member of the Company [incumbent]

Hideyuki Asada

Director
Managing Executive Officer

Head of Production Technology Center, Head of Research & Development Center, supervising Group Environmental Affairs
1989 Joined the Company
2020 Director, Managing Executive Officer of the Company [incumbent]

Satoru Ogura

Outside Director

Please refer to page 64 for detailed profile.

Mari Sonoda

Outside Director

Please refer to page 64 for detailed profile.

Yasunobu Furubayashi

President and Representative Director
Chief Executive Officer

1992 Joined the Company
2025 Director, President and Chief Executive Officer of the Company [incumbent]

Ichiro Wakabayashi

Outside Director

Please refer to page 64 for detailed profile.

Katsumi Sasaki

Director
Senior Managing Executive Officer

Head of Corporate Strategic Headquarters
1983 Joined the Company
2021 Director, Senior Managing Executive Officer of the Company [incumbent]

Discussion between Three Outside Directors



Satoru Ogura
Outside Director

Mari Sonoda
Outside Director

Ichiro Wakabayashi
Outside Director

Sharing a healthy sense of crisis and building a stronger corporate structure

SEKISUI KASEI Group fell short of its targets in the Spiral-up 2024 medium-term management plan, primarily because of the poor performance of the European subsidiary Proseat. In FY2025, we have made a change in president for the first time in 11 years, withdrawn from Proseat's business, and launched a new medium-term management plan called Going Beyond 2027; Transformation and Completion. At this important juncture in the management of the Group, we asked outside directors Ichiro Wakabayashi, Satoru Ogura, and Mari Sonoda for their thoughts.

How would you summarize Spiral-up 2024 medium-term management plan?

Wakabayashi Unfortunately, the Group failed to achieve the targets of the medium-term management plan that started in FY2022. In particular, Proseat's business in Europe was a challenging endeavor involving the largest overseas M&A in the Group's history, but due to ongoing deterioration in the external environment, the Group was compelled to withdraw from this business. While I see this outcome as an unfortunate failure, at the same time, I believe it should be utilized as a foundation for the next step. Instead of wrapping up this failure as just a loss, the Group has a responsibility to reflect on and examine what the problems were. This is also the first step toward growth. It is understandable that what has happened with Proseat's business may make the Group more cautious about investing, but investments are essential for growth. For the Group to continue challenging itself with new businesses while also evolving existing operations, it is important that all employees maintain a positive mindset. As an outside director, I would like to continue supporting such challenges.

Ogura I have only been involved as an outside director for one year, but I believe that earnings finishing below even the downwardly revised targets need to be looked at seriously from a management perspective. That said, even though earnings were dragged sharply lower by Proseat's business, I think there were some favorable results in the Group's core business. The sale of Proseat represents the shedding of a business that had become a burden for the Group. The transfer agreement was signed in June 2025. On the other hand, in terms of contributions to both society and earnings, we have seen some positives in the ongoing development of new products and the expanded sales of recycled products, as well as demonstration testing of volume production technology for low-foam PSP and recycled materials. I expect the Group to accelerate these activities by reallocating management resources that were previously dedicated to Proseat. While the Group ought to reflect on the areas where it was unable to meet the expectations of shareholders and investors, I feel that the environment for renewed growth is beginning to take shape.

How do you view the newly launched medium-term management plan, Going Beyond 2027; Transformation and Completion? Also, what are your thoughts on the newly appointed president, Yasunobu Furubayashi?

Ogura The new medium-term management plan, kicked off in FY2025. During the formulation process, the Board of Directors engaged in wide-ranging discussions. I insisted that the plan should not become overly abstract and all-encompassing, and that it should present a growth strategy backed by the Group's competitive advantages, without losing what makes SEKISUI KASEI unique. In particular, the enhancement of corporate value through the expansion of the Group's strengths in businesses that resolve environment and social issues is an important basic strategy that aligns with the Target 2030 objectives. To achieve this, management must analyze and assess ROIC (return on invested capital) in each business and the Group's strengths, while also consider its overall business portfolio. I believe strategies to enhance the profitability and growth potential of each business (value creation story) should be formulated and steadily executed. Regarding the operating income target of ¥1.8 billion in the plan's first year, while the negative impact of Proseat's business still lingers, I feel that a slightly more challenging target could have been set. However, SEKISUI KASEI's executive side expressed their determination to set a target that could be reliably achieved, so in the end, I was happy with that. Achieving this target is crucial for earning the trust of the market. I believe it should be established as the bare minimum, with the aim of exceeding it.

Wakabayashi This medium-term management plan should not be seen as something that is finished as soon as it is published; rather, it needs to find its way into all of the Group's work sites and be continuously pursued over the three-year period. For that reason, I applaud the fact that it was developed from a backcasting perspective to clearly define what needs to be done now by working backward from the long-term goal of 2030. As for Human Resources development, which is one of the plan's key issues (promoting human capital management and strengthening governance), this must be tackled not from a short-term point of view, but with initiatives spanning three to five years. For example, I am confident that actively promoting overseas assignments and job rotations to provide young employees with a wide range of experiences will lead to the

Discussion between Three Outside Directors

enhancement of corporate value in the future. I also feel that the performance evaluation system for global departments needs to be designed with consideration for alignment with the system used in Japan.

Recently, SEKISUI KASEI underwent a leadership transition for the first time in 11 years, appointing Mr. Furubayashi as the new president. Given his experience across all of the Company's major business areas, I believe he is well-positioned to make management decisions that are closely aligned with on-the-ground realities.

In addition, the fact that the new president has a humanities background in sales and marketing, at a company dominated by individuals with scientific backgrounds, means there is potential for this appointment to become a turning point in corporate culture. I have high expectations for Mr. Furubayashi, who has a knack for connecting technological capabilities to the market.

How would you rate the effectiveness of the Board of Directors in FY2024?

Ogura In evaluating the effectiveness of the Board, I think the most important thing is how well it fulfills its supervisory function. As outside directors, we are required to accurately fulfill our roles in providing advice and oversight to strengthen the Group's capacity to generate earnings. To that end, it is essential that we clarify management's basic policies and monitor key initiatives and their implementation from a PDCA cycle perspective, and



call for improvements wherever necessary.

Mr. Wakabayashi also mentioned that a failure should be utilized as a foundation for the next step, and I similarly believe that learning from the failure of Proseat's business will be important. Rather than being discouraged by failures, the Company should view this as an opportunity to build a stronger corporate structure by sharing a healthy sense of crisis within the organization and invigorating discussions. The medium-term management plan has also incorporated words like "transformation of mindset and behavior" and "completion," so I feel that the executive side is taking the issues quite seriously. At the risk of repeating myself, failures are also valuable experiences that help develop managers. How the Group overcomes failures will be key to enhancing future growth and resilience. I sincerely hope that the Company will draw on this experience to evolve into a stronger organization that can achieve sustained growth.

Wakabayashi With regard to evaluating the effectiveness of the Board, I regret that I have been too lenient in my assessment of the numbers thus far. As a result, there have been many instances where necessary measures were delayed. In light of this reflection, FY2025 should be positioned as a year in which targets must be met. The Group must establish quarterly forecasts early on and respond swiftly and accurately according to the circumstances in order to ensure that the targets are reached. As an outside director observing SEKISUI KASEI,

I have always been impressed by the sincere attitude of its employees. When materials are prepared for Board meetings, I often think to myself that they do not need to be that perfect, as there is so much attention to detail. I think this reflects the Group's culture and is an indication of its honesty. The challenge moving forward is how to translate this seriousness into numerical results—I believe this is also my role.

Ms. Sonoda, you were appointed as an outside director this year. What is your impression of SEKISUI KASEI?

Sonoda The outcome of the Spiral-up 2024 medium-term management plan was a tough pill to swallow, given the Group's withdrawal from Proseat's business and failure to meet targets. In light of this, I recognize that my expected role as an outside director is to consistently maintain an external perspective. My own areas of expertise include finance, compliance, and legal matters, and I have been deeply involved with human capital as well. In particular, in recent years, I have experience in addressing D&I (diversity and inclusion) and in designing systems related to that. I hope that my insights can be of some help as the Group presses ahead with more diverse and flexible utilization of human resources to solve social issues with the power of chemistry.

With the new medium-term management plan kicking off in FY2025, I, like Mr. Wakabayashi, have high expectations for the leadership of the new president, Mr. Furubayashi. I have heard that when the new president was being selected, the Board



engaged in discussions focused on the vision for the Group's sustainable growth and the execution capabilities necessary to realize it.

As the Group faces a major turning point, my responsibilities as an outside director are certainly not light, but I will dedicate myself fully to enhancing corporate value and achieving sustainable growth.

PROFILE

Ichiro Wakabayashi

Apr. 1981 Joined NAGASE & CO., LTD.
Apr. 2010 Executive Officer of NAGASE & CO., LTD.
Jun. 2015 Director, Executive Officer of NAGASE & CO., LTD.
Apr. 2016 Director, Managing Executive Officer of NAGASE & CO., LTD.
Apr. 2019 Representative Director, Managing Executive Officer of NAGASE & CO., LTD.
Jun. 2021 Advisor at NAGASE & CO., LTD.
Jun. 2023 Outside Director of SEKISUI KASEI CO., LTD. [incumbent]
Outside Audit & Supervisory Board Member, Dainichiseika Color & Chemicals Mfg. Co., Ltd. [incumbent]

Satoru Ogura

Apr. 1982 Joined Sumitomo Electric Industries, Ltd.
Jun. 2009 Executive Officer of Sumitomo Electric Industries, Ltd.
Jun. 2015 Full-time Audit & Supervisory Board Member of Sumitomo Electric Industries, Ltd.
Jun. 2022 Advisor at Sumitomo Electric Industries, Ltd.
Jun. 2023 Corporate Auditor of TECHNO ASSOCIE Co., Ltd. [incumbent]
Jun. 2024 Outside Director of SEKISUI KASEI CO., LTD. [incumbent]

Mari Sonoda

Apr. 1982 Joined the Ministry of Finance
Jul. 2010 Director of the Non-Administrative Asset Utilization and Disposition Policy Division, Financial Bureau
Jul. 2012 Director General of General Affairs Division of Federation of National Public Service Personnel Mutual Aid Associations
Jan. 2014 Secretary-General of Secretariat of Specific Personal Information Protection Commission
Jan. 2016 Secretary-General of Secretariat of Personal Information Protection Commission
Mar. 2021 Outside Director of Sumitomo Rubber Industries, Ltd. [incumbent]
Sep. 2023 Consultant at the Digital Agency [incumbent]
Jun. 2025 Outside Director of SEKISUI KASEI CO., LTD. [incumbent]

Consolidated Financial Statements

Financial Information

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

(1) Consolidated financial statements of the Company ("Sekisui Kasei Co., Ltd.") are prepared in accordance with the "Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Order No. 28 of 1976).

(2) Non-consolidated financial statements of the Company are prepared in accordance with the "Regulation on Terminology, Forms and Preparation Methods of Financial Statements" (Ministry of Finance Order No. 59 of 1963; hereinafter referred to as the "Regulation on Financial Statements").

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

2. Audit certification

Based on the provisions of 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 Ernst & Young ShinNihon LLC.

3. Special measures to ensure appropriateness of consolidated financial statements, etc.

The Company has made special measures to ensure the appropriateness of its consolidated financial statements, etc. Specifically, the Company has joined the Financial Accounting Standards Foundation and participated in seminars in order to develop a system that can properly understand the details of accounting standards, etc. and appropriately respond to changes in such standards, etc.

4. U.S. Dollar Amounts

The U.S. dollar amounts in the consolidated financial statements have been translated from yen solely for convenience and, as a matter of arithmetic computation only, at ¥149.52 = U.S. \$1.00, the exchange rate prevailing on March 31, 2025. This translation should not be construed as a representation that the yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

Consolidated Balance Sheet

SEKISUI KASEI CO., LTD. and Consolidated Subsidiaries
March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Assets			
Current assets			
Cash and deposits	¥ 10,904	¥ 9,587	\$ 64,118
Notes receivable	*3 2,274	1,325	8,861
Accounts receivable	25,853	23,834	159,403
Contract assets	1,248	1,015	6,788
Electronically recorded monetary claims - operating	*3 9,141	8,539	57,109
Merchandise and finished goods	8,604	8,700	58,186
Work in process	2,420	1,496	10,005
Raw materials and supplies	5,220	5,153	34,463
Other	3,496	3,966	26,524
Allowance for doubtful accounts	(56)	(26)	(173)
Total current assets	69,110	63,592	425,307
Non-current assets			
Property, plant and equipment			
Buildings and structures	49,665	49,680	332,263
Accumulated depreciation	(35,315)	(35,953)	(240,456)
Buildings and structures, net	14,350	13,727	91,807
Machinery, equipment and vehicles	93,041	95,540	638,978
Accumulated depreciation	(80,277)	(84,202)	(563,148)
Machinery, equipment and vehicles, net	12,763	11,337	75,822
Land	*2 21,510	*2 21,113	141,205
Construction in progress	1,914	1,639	10,961
Other	20,332	21,108	141,171
Accumulated depreciation	(17,158)	(19,559)	(130,811)
Other, net	3,174	1,549	10,359
Total property, plant and equipment	53,712	49,367	330,169
Intangible assets			
Software	1,302	1,370	9,162
Other	633	477	3,190
Total intangible assets	1,935	1,847	12,352
Investments and other assets			
Investments in securities	*1 13,045	*1 12,579	84,129
Deferred income taxes	854	886	5,925
Assets for retirement benefits	6,711	7,154	47,846
Other	1,159	888	5,939
Allowance for doubtful accounts	(55)	(77)	(514)
Total investments and other assets	21,715	21,431	143,331
Total non-current assets	77,363	72,646	485,861
Total assets	¥ 146,473	¥ 136,238	\$ 911,169

Consolidated Balance Sheet

	Millions of yen	Thousands of U.S. dollars
	2024	2025
Liabilities		
Current liabilities		
Notes and accounts payable	*3 ¥ 18,437	¥ 16,026
Electronically recorded obligations - operating	*3 8,611	7,848
Short-term loans	14,466	22,429
Accrued expenses	3,217	3,230
Accrued income and enterprise taxes	742	1,188
Contract liabilities	842	402
Accrued consumption taxes	586	289
Provision for bonuses to employees	1,080	1,116
Provision for bonuses to directors and audit and supervisory board members	33	6
Notes payable - facilities	44	102
Electronically recorded obligations - non-operating	*3 950	607
Provision for loss on business liquidation	118	1,061
Other	3,839	2,530
Total current liabilities	52,971	56,839
Long-term liabilities		
Bonds payable	7,000	7,000
Long-term loans	16,413	9,649
Deferred income taxes	4,218	4,180
Deferred income taxes for land revaluation	*2 1,596	*2 1,653
Provision for product warranty	57	57
Liabilities for retirement benefits	3,916	4,174
Other	3,478	3,012
Total long-term liabilities	36,681	29,728
Total liabilities	89,652	86,567
Net assets		
Shareholders' equity		
Common stock	16,533	16,533
Capital surplus	16,408	16,377
Retained earnings	17,142	10,270
Treasury stock	(1,301)	(1,230)
Total shareholders' equity	48,783	41,950
Accumulated other comprehensive income		
Net unrealized gains on securities	6,880	6,520
Surplus arising from land revaluation	*2 1,479	*2 1,421
Translation adjustments	(778)	(926)
Retirement benefits liability adjustments	(304)	(54)
Total accumulated other comprehensive income	7,277	6,960
Non-controlling interests	760	759
Total net assets	56,821	49,670
Total liabilities and net assets	¥ 146,473	¥ 136,238

Consolidated Financial Statements

Consolidated Statement of Income

SEKISUI KASEI CO., LTD. and Consolidated Subsidiaries
Year ended March 31, 2024 and 2025

	Millions of yen	Thousands of U.S. dollars
	2024	2025
Net sales	¥ 130,265	¥ 137,072
Cost of sales	103,816	109,739
Gross profit	26,448	27,333
Selling, general and administrative expenses	*1, *2 25,187	*1, *2 26,691
Operating income	1,261	641
Non-operating income		
Interest income	51	32
Dividend income	305	340
Foreign exchange gains, net	1,323	—
Insurance income	634	28
Compensation income	157	86
Other	408	285
Total non-operating income	2,879	773
Non-operating expenses		
Interest expense	928	888
Foreign exchange losses, net	—	117
Additional retirement benefits	183	—
Other	295	306
Total non-operating expenses	1,407	1,312
Ordinary income	2,733	102
Extraordinary income		
Gain on sales of non-current assets	—	*3 329
Gain on sales of investments in securities	208	589
Total extraordinary income	208	919
Extraordinary loss		
Loss on sales of non-current assets	—	*4 64
Loss on valuation of investments in securities	2	—
Impairment loss	*5 199	*5 4,072
Loss on business liquidation	117	*6 1,110
Commission expenses	—	*7 324
Total extraordinary loss	318	5,571
Net income (loss) before income taxes	2,623	(4,549)
Income taxes - current	1,573	1,446
Income taxes - prior periods	—	*8 406
Income taxes - deferred	(56)	(121)
Total income taxes	1,517	1,732
Net income (loss)	1,105	(6,281)
Net income attributable to non-controlling interests	22	0
Net income (loss) attributable to owners of the parent	¥ 1,083	¥ (6,282)

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

SEKISUI KASEI CO., LTD. and Consolidated Subsidiaries
Year ended March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Net income (loss)	¥ 1,105	¥ (6,281)	\$ (42,007)
Other comprehensive income			
Net unrealized gains(losses) on securities	(559)	(360)	(2,407)
Translation adjustments	(1,341)	(148)	(989)
Revaluation reserve for land	—	(57)	(381)
Retirement benefits liability adjustments	(345)	249	1,665
Total other comprehensive income	*1 (2,246)	*1 (316)	(2,113)
Comprehensive income	(1,141)	(6,598)	(44,127)
(Breakdown)			
Comprehensive income attributable to owners of parent	¥ (1,163)	¥ (6,599)	\$ (44,134)
Comprehensive income attributable to non-controlling interests	22	0	0

Consolidated Financial Statements

Consolidated Statement of Changes in Net Assets

SEKISUI KASEI CO., LTD. and Consolidated Subsidiaries
Year ended March 31, 2024 and 2025

From April 1, 2023 to March 31, 2024

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2023	¥ 16,533	¥ 16,445	¥ 16,602	¥ (1,382)	¥ 48,199
Changes during the period					
Dividends of surplus			(543)		(543)
Net income attributable to owners of the parent			1,083		1,083
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		(37)		80	43
Net changes of items other than shareholders' equity					
Total changes during the period	—	(37)	539	80	583
Balance at March 31, 2024	¥ 16,533	¥ 16,408	¥ 17,142	¥ (1,301)	¥ 48,783

	Millions of yen						
	Accumulated other comprehensive income						
	Net unrealized gains on securities	Surplus arising from land revaluation	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2023	¥ 7,440	¥ 1,479	¥ 562	¥ 41	¥ 9,524	¥ 740	¥ 58,464
Changes during the period							
Dividends of surplus							(543)
Net income attributable to owners of the parent							1,083
Acquisition of treasury stock							(0)
Disposal of treasury stock							43
Net changes of items other than shareholders' equity	(559)	—	(1,341)	(345)	(2,246)	20	(2,226)
Total changes during the period	(559)	—	(1,341)	(345)	(2,246)	20	(1,642)
Balance at March 31, 2024	¥ 6,880	¥ 1,479	¥ (778)	¥ (304)	¥ 7,277	¥ 760	¥ 56,821

From April 1, 2024 to March 31, 2025

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2024	¥ 16,533	¥ 16,408	¥ 17,142	¥ (1,301)	¥ 48,783
Changes during the period					
Dividends of surplus			(590)		(590)
Net income (loss) attributable to owners of the parent			(6,282)		(6,282)
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		(31)		71	40
Net changes of items other than shareholders' equity					
Total changes during the period	—	(31)	(6,872)	71	(6,832)
Balance at March 31, 2025	¥ 16,533	¥ 16,377	¥ 10,270	¥ (1,230)	¥ 41,950

	Millions of yen						
	Accumulated other comprehensive income						
	Net unrealized gains on securities	Surplus arising from land revaluation	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2024	¥ 6,880	¥ 1,479	¥ (778)	¥ (304)	¥ 7,277	¥ 760	¥ 56,821
Changes during the period							
Dividend of surplus							(590)
Net income (loss) attributable to owners of the parent							(6,282)
Acquisition of treasury stock							(0)
Disposal of treasury stock							40
Net changes of items other than shareholders' equity	(360)	(57)	(148)	249	(316)	(1)	(317)
Total changes during the period	(360)	(57)	(148)	249	(316)	(1)	(7,150)
Balance at March 31, 2025	¥ 6,520	¥ 1,421	¥ (926)	¥ (54)	¥ 6,960	¥ 759	¥ 49,670

Consolidated Statement of Changes in Net Assets

From April 1, 2024 to March 31, 2025

	Thousands of U.S. dollars				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2024	\$ 110,573	\$ 109,737	\$ 114,646	\$ (8,701)	\$ 326,264
Changes during the period					
Dividend of surplus			(3,945)		(3,945)
Net income (loss) attributable to owners of the parent			(42,014)		(42,014)
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		(207)		474	267
Net changes of items other than shareholders' equity					
Total changes during the period	—	(207)	(45,960)	474	(45,692)
Balance at March 31, 2025	\$ 110,573	\$ 109,530	\$ 68,686	\$ (8,226)	\$ 280,564

	Thousands of U.S. dollars						
	Accumulated other comprehensive income						
	Net unrealized gains on securities	Surplus arising from land revaluation	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2024	\$ 46,013	\$ 9,891	\$ (5,203)	\$ (2,033)	\$ 48,669	\$ 5,082	\$ 380,022
Changes during the period							
Dividend of surplus							(3,945)
Net income (loss) attributable to owners of the parent							(42,014)
Acquisition of treasury stock							(0)
Disposal of treasury stock							267
Net changes of items other than shareholders' equity	(2,407)	(381)	(989)	1,665	(2,113)	(6)	(2,120)
Total changes during the period	(2,407)	(381)	(989)	1,665	(2,113)	(6)	(47,819)
Balance at March 31, 2025	\$ 43,606	\$ 9,503	\$ (6,193)	\$ (361)	\$ 46,548	\$ 5,076	\$ 332,196

Consolidated Financial Statements

Consolidated Statement of Cash Flows

SEKISUI KASEI CO., LTD. and Consolidated Subsidiaries
Year ended March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	
Cash flows from operating activities			
Net income (loss) before income taxes	¥ 2,623	¥ (4,549)	\$ (30,424)
Depreciation and amortization	5,716	6,077	40,643
Impairment loss	199	4,072	27,233
Increase (decrease) in allowance for doubtful accounts	19	(6)	(40)
Interest and dividend income	(356)	(373)	(2,494)
Interest expenses	928	888	5,939
Increase (decrease) in provision for bonuses to employees	68	35	234
Increase (decrease) in provision for product warranty	(24)	(0)	(0)
Increase (decrease) in net liabilities for retirement benefits	(95)	155	1,036
Loss (gain) on sales of investments in securities	(208)	(589)	(3,939)
Loss (gain) on valuation of investments in securities	2	—	—
Increase (decrease) in provision for loss on business liquidation	117	937	6,266
Decrease (increase) in notes and accounts receivable	(1,780)	3,590	24,010
Decrease (increase) in inventories	628	1,011	6,761
Increase (decrease) in notes and accounts payable	968	(3,113)	(20,819)
Other, net	252	(1,366)	(9,135)
Subtotal	9,060	6,769	45,271
Interest and dividends received	356	373	2,494
Interest paid	(964)	(928)	(6,206)
Proceeds from casualty insurance claims	1,021	28	187
Income taxes (paid) refunded	(2,097)	(1,488)	(9,951)
Net cash provided by (used in) operating activities	7,375	4,753	31,788
Cash flows from investing activities			
Payments into time deposits	(28)	(440)	(2,942)
Purchases of property, plant and equipment	(3,822)	(6,146)	(41,104)
Proceeds from sales of property, plant and equipment	120	590	3,945
Purchases of investments in securities	(4)	(4)	(26)
Proceeds from sales of investments in securities	404	667	4,460
Increase in short-term and long-term loans receivable	(18)	(4)	(26)
Collection of short-term and long-term loans receivable	24	12	80
Other, net	(453)	(368)	(2,461)
Net cash provided by (used in) investing activities	(3,779)	(5,694)	(38,081)
Cash flows from financing activities			
Net increase (decrease) in short-term loans	(428)	5,036	33,681
Proceeds from long-term loans	3,500	2,200	14,713
Repayment of long-term loans	(5,196)	(6,240)	(41,733)
Dividends paid	(544)	(590)	(3,945)
Dividends paid to non-controlling shareholders	(1)	(1)	(6)
Other, net	(986)	(1,021)	(6,828)
Net cash provided by (used in) financing activities	(3,658)	(618)	(4,133)
Effect of exchange rate change on cash and cash equivalents	(143)	(180)	(1,203)
Net increase (decrease) in cash and cash equivalents	(205)	(1,738)	(11,623)
Cash and cash equivalents at the beginning of the year	11,072	10,867	72,679
Cash and cash equivalents at the end of the year	*1 ¥ 10,867	*1 ¥ 9,128	\$ 61,048

Notes to Consolidated Financial Statements

SEKISUI KASEI CO., LTD. and Consolidated Subsidiaries
March 31, 2025

Basis of preparation of consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 37

The names of major consolidated subsidiaries are omitted since they are listed in Section “I. Overview of company, 4. Subsidiaries and affiliates” in the annual securities report prepared in Japanese.

(2) Changes in the scope of consolidation

Number of consolidated subsidiaries

Previous fiscal year: 39

Fiscal year under review: 37

During the fiscal year under review, Sekisui Kasei Tohoku Co., Ltd. was dissolved, and Sekisui Kasei Shanghai Precision Forming Co., Ltd. was liquidated. Accordingly, they have been excluded from the scope of consolidation.

(3) Names of major unconsolidated subsidiaries

Sekisui Kasei Deutschland GmbH

(Reasons for exclusion from the scope of consolidation)

Although a new unconsolidated subsidiary was established during the fiscal year under review, it has been excluded from the scope of consolidation due to its immateriality.

2. Application of the equity method

(1) Number of affiliates accounted for by the equity method: 0

(2) The four affiliates not accounted for by the equity method (JAPAN CHEMICAL INDUSTRIES Co., Ltd. and others) are excluded from the scope of application of the equity method since their impact on profit or loss (amount corresponding to the equity interest) and retained earnings (amount corresponding to the equity interest), etc. is insignificant and they are not material as a whole.

3. Fiscal years of consolidated subsidiaries

The fiscal-year end of 13 of the overseas subsidiaries is December 31. The preparation of consolidated financial statements of four overseas subsidiaries is based on financial statements that were provisionally prepared as of March 31, which is the consolidated balance sheet date. For the nine overseas subsidiaries, the financial statements as of their respective closing dates are used as the basis for the consolidated financial statements. However, for important transactions that occurred between the consolidated balance sheet date and their respective closing dates, necessary adjustments are made on a consolidated basis.

4. Accounting policies

(1) Valuation basis and methods for significant assets

Marketable securities

Other securities

Securities other than shares, etc. without market price

Market value method (Valuation difference is booked directly to net assets. Cost of securities sold is calculated using the moving-average method.)

Shares, etc. without market price

Stated at cost using the moving-average method

Derivatives

Market value method

Inventories

Mainly stated at cost using the moving-average method (balance sheet values are calculated by reducing the book value based on decreased profitability).

(2) Depreciation method for significant depreciable assets

Property, plant and equipment (excluding leased assets)

Buildings, facilities attached to buildings and structures

The straight-line method is applied.

Other

The Company and consolidated subsidiaries mainly apply the straight-line method, and some consolidated subsidiaries apply the declining-balance method.

The estimated useful lives of major equipment are as follows.

Building

Mainly 31-38 years

Machinery and equipment

Mainly 8 years

Intangible assets (excluding leased assets)

Software (for internal use)

The straight-line method is applied based on the internal usable period (5 years).

Other

The straight-line method is applied.

Leased assets

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

The straight-line method is applied with the lease period as the useful life and the residual value as zero.

(3) Accounting policy for significant provisions

Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectible amount is provided in the amount estimated either by using historical bad debt ratio for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

Provision for bonuses to employees

To provide for bonuses to employees, the expected amount of payment corresponding to the fiscal year under review is recorded.

Provision for bonuses to directors and audit and supervisory board members

To provide for bonuses to directors and audit and supervisory board members, the expected amount of payment corresponding to the fiscal year under review is recorded.

Provision for loss on business liquidation

The estimated amount of loss to be incurred due to the withdrawal of the business is recorded.

Provision for product warranty

In order to provide for the payment of compensation expenses related to product quality, the reporting company records the amount expected to be necessary in the future.

(4) Accounting method for retirement benefits

(i) Method of attributing expected retirement benefits to periods

In calculating the retirement benefit obligations, the benefit formula basis is used to attribute the estimated amount of retirement benefits to the period until the end of fiscal year under review.

(ii) Accounting method for actual gains and losses and past service cost

Past service cost is amortized by the straight-line method over a certain number of years (5 years) within the average remaining service years of employees at the time of accrual.

Actuarial gains and losses are amortized by the straight-line method over a certain number of years (5 years) within the average remaining service years of employees at the time of accrual in each fiscal year, starting from the fiscal year following the year in which the gains and losses are accrued.

(iii) Other accounting method

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.

(5) Recognition of significant revenues and expenses

The Group’s main business is the manufacture and sale of products in

the Human Life and Industry segments. With respect to the sale of these products, the Group recognizes revenue at the time of delivery of the products because the Group determines that the customer acquires control over the products at the time of delivery and the performance obligations are satisfied. For domestic transactions, the Group determines that the control of the products is transferred to the customer at the time of delivery of the products. However, since there is a normal period of time from the time of shipment to the time of delivery, the Group applies alternative treatment regarding materiality, etc. and recognizes revenue at the time of shipment. Revenue is measured at the amount of consideration promised in the contract with the customer, less returns, discounts and rebates.

The consideration for the transaction is received within one year after the fulfillment of the performance obligation and does not include any significant financing components.

(6) Standards for translation of significant assets or liabilities denominated in foreign currencies into Japanese currency

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate at the balance sheet date, and the resulting translation gains or losses are recognized in the consolidated statements of income. Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rate at the balance sheet date, and revenue and expenses are translated at the average exchange rate during the fiscal year. Translation gains or losses are included in translation adjustments and non-controlling interests in net assets.

(7) Significant hedge accounting methods

(i) Hedge accounting method

The Group adopts the integral treatment (special treatment) for interest-rate swaps since they satisfy the requirements for such treatment.

(ii) Hedging instruments and hedged items

Hedging instrument	Hedged item
Interest-rate swaps	Long-term loans denominated in foreign currencies

(iii) Hedging policy

The Group hedges the risk of interest-rate fluctuation based on the risk management policy specified in the internal control regulations.

(iv) Assessing hedge effectiveness

With regard to interest-rate currency swaps accounted for by the special treatment, evaluation of hedge effectiveness is omitted.

(8) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents include cash on hand, bank deposits that can be withdrawn at any time, and short-term investments with maturities of three months or less at the time of acquisition that are readily convertible to cash and that are exposed to insignificant risk of changes in value.

(9) Other significant matters for the preparation of consolidated financial statements

Adoption of the group tax sharing system

The Company and certain consolidated subsidiaries adopt the group tax sharing system.

Significant accounting estimates

(Impairment of non-current assets)

The Group determined that there were indications of impairment of non-current assets held by Proseat Europe GmbH, a European automotive parts manufacturing company, and its subsidiaries due to a decline in profitability. The determination was made as follows.

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review (from April 1, 2024 to March 31, 2025)

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year	Fiscal year under review	Fiscal year under review
Impairment loss	¥ 159	¥ 3,993	\$ 26,705
Property, plant and equipment	3,867	133	889
Intangible assets	286	—	—
Investments and other assets	250	—	—

(2) Other information that contributes to the understanding of users of consolidated financial statements

(i) Calculation method

The assets are grouped into the smallest units that generate cash inflows that are largely independent of those from other assets or groups of assets. When there is an indication that assets or asset groups may be impaired, and if the total amount of undiscounted future cash flows from the assets or asset groups is less than the carrying amount, the carrying amount is reduced to the recoverable amount and the decrease in the carrying amount is recorded as an impairment loss. Future cash flows are estimated based on the business plan for the following fiscal year approved by the Board of Directors.

(ii) Major assumptions

The major assumptions used in the calculation of future cash flows are i) product sales volume, ii) selling prices, iii) market growth rate, iv) gross profit margin, and v) forecasts of selling, general and administrative expenses, which are the basis of the business plan. The growth rate is examined by referring to the market growth rate using external data.

(iii) Impact on the consolidated financial statements for the following fiscal year

If there are changes to major assumptions due to deteriorating economic conditions trends, there is a possibility of additional impairment loss on non-current assets.

Changes in accounting policies

(Adoption of “Accounting Standard for Current Income Taxes,” etc.)

Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (“ASBJ”) Statement No. 27, October 28, 2022), hereinafter, “2022 Revised Accounting Standard”) has been adopted from the beginning of the current fiscal year. The revisions related to the classification of income taxes (taxes on other comprehensive income) were made in accordance with the transitional treatment provided for in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso to Paragraph 65-2(2) of the Guidance on Accounting Standard for Tax Effect Accounting ((ASBJ Guidance No. 28, October 28, 2022), hereinafter, “2022 Revised Application Guidance”). There is no impact on the consolidated financial statements due to this change in accounting policies.

In addition, the 2022 Revised Application Guidance has been adopted from the beginning of the current fiscal year for the revisions related to the changes in the treatment in consolidated financial statements of tax deferral of gains or losses arising from intragroup sales of shares of subsidiaries. This change in accounting policy has been retrospectively applied to the Company’s consolidated financial statements for the previous fiscal year. There is no impact on the consolidated financial statements for the previous fiscal year due to this change in accounting policies.

(Accounting standards issued but not yet effective)

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

Notes to Consolidated Financial Statements

(1) Outline

As part of the efforts taken by the ASBJ to align Japanese accounting standards with international standards, discussions have been held regarding the development of accounting standards for leases that require the recognition of assets and liabilities for all lessee leases, taking international accounting standards into consideration. The guiding principle is to base these standards on a single accounting model for lessees as outlined in IFRS 16; however, rather than adopting all the provisions of IFRS 16, the aim is to primarily incorporate the key provisions. This approach seeks to create a lease accounting standard that is simple, convenient, and, in principle, does not require modifications when applying the provisions of IFRS 16 to stand-alone* financial statements. For the accounting treatment of lessees concerning lease expense allocation, a single accounting model is applied for all leases, regardless of whether they are finance leases or operating leases, as outlined in IFRS 16. This model requires the recording of depreciation expense related to the right-of-use assets and interest expense related to the lease liability.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and related implementation guidance from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of adoption of revised accounting standard and related implementation guidance

The Company is currently evaluating the effect of the adoption of the Accounting Standard for Leases and related implementation guidance on its consolidated financial statements.

Change in presentation method

(Consolidated balance sheet)

“Provision for loss on business liquidation,” which was included under “Other” in “Current liabilities” in the previous fiscal year has been presented separately from the fiscal year under review due to its increased materiality. To reflect this change in presentation method, the consolidated financial statements for the previous fiscal year have been reclassified. As a result, in the consolidated balance sheet for the previous fiscal year, 3,957 million yen previously shown under “Other” in “Current liabilities” has been reclassified as “Provision for loss on business liquidation” of 118 million yen and “Other” of 3,839 million yen.

(Consolidated statement of income)

“Subsidy income” under “Non-operating income,” which was presented separately in the previous fiscal year, is included in “Other” in the fiscal year under review because the amount has become immaterial. To reflect this change in presentation method, the consolidated financial statements for the previous fiscal year have been reclassified. As a result, 179 million yen, which was presented as “Subsidy income” under “Non-operating income” in the consolidated statement of income for the previous fiscal year has been reclassified as “Other.”

(Consolidated statements of cash flows)

“Subsidy income” and “Proceeds from subsidy income” under “Cash flows from operating activities,” which were presented separately in the previous fiscal year, are included in “Other” in the fiscal year under review because the amount has become immaterial. To reflect this change in presentation method, the consolidated financial statements for the previous fiscal year have been reclassified. As a result, (179) million yen which was presented as “Subsidy income,” and 179 million yen which was presented as “Proceeds from subsidy income,” under “Cash flows from operating activities” in the consolidated statements of cash flows for the previous fiscal year have been reclassified as “Other.” In the previous fiscal year, the account item, “Loss on business liquidation” under “Cash flows from operating activities” was changed to “Increase (decrease) in provision for loss on liquidation of business” in order to present it more accurately and clearly. In order to reflect this change in presentation, the account item in the consolidated financial statements for the previous fiscal year has been changed.

(Notes to consolidated balance sheet)

*1 Investments in unconsolidated subsidiaries and affiliates are as follows.

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)	Fiscal year under review (March 31, 2025)
Investments in securities (stocks)	¥ 3	¥ 7	\$ 46

*2 In accordance with the Law Concerning Revaluation of Land (Act No. 34 promulgated on March 31, 1998 and partially amended by Act No. 19 promulgated on March 31, 2001), the Company revalued land for business use. Of the valuation difference, the amount equivalent to taxes on the valuation difference is recorded as deferred income taxes for land revaluation in the liabilities section, and the amount obtained by deducting such amount is recorded as surplus arising from land revaluation in the net assets section.

- Method of revaluation: Calculated by the method based on the assessed value of fixed asset tax specified 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

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)	Fiscal year under review (March 31, 2025)
Difference between the market value of the revalued land at the end of the period and the book value after the revaluation	¥ (3,590)	¥ (3,547)	\$ (23,722)

*3 Notes maturing at the end of the fiscal year

Notes maturing at the end of the fiscal year are settled on the date of exchange. Since the balance sheet date for the previous fiscal year fell on a bank holiday, the following notes maturing at the end of the fiscal year are included in the respective balances in the consolidated balance sheet at the previous fiscal year.

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)	Fiscal year under review (March 31, 2025)
Notes receivable	¥ 177	—	—
Electronically recorded monetary claims-operating	795	—	—
Notes payable	435	—	—
Electronically recorded obligations-operating and electronically recorded obligations-non-operating	881	—	—

(Notes to consolidated statement of income)

*1 The major expense items and their amount included in selling, general and administrative expenses are as follows.

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Storage and transportation costs	¥ 5,419	¥ 5,605	\$ 37,486
Salaries, allowances and bonuses	6,801	7,115	47,585
Provision for bonuses to employees	440	445	2,976
Provision of allowance for doubtful accounts	6	(6)	(40)
Provision for bonuses to directors and audit and supervisory board members	30	3	20
Retirement benefit expenses	44	104	695
Miscellaneous expenses	2,384	2,995	20,030

*2 Total research and development expenses included in general and administrative expenses

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
	¥ 2,578	¥ 2,789	\$ 18,653

*3 The details of gain on sales of non-current assets are as follows.

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Land	—	¥ 329	\$ 2,200
Total	—	¥ 329	\$ 2,200

Notes to Consolidated Financial Statements

*4 The details of loss on sales of non-current assets are as follows.

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Buildings and structures	—	¥ 5	\$ 33
Machinery, equipment and vehicles	—	9	60
Land	—	47	314
Other	—	1	6
Total	—	¥ 64	\$ 428

*5 Impairment loss

In the previous fiscal year (from April 1, 2023 to March 31, 2024), the Group recorded impairment loss on the following asset groups.

(1) Overview of asset group for which impairment loss was recognized

Use	Location	Asset category	Millions of yen
			Impairment loss
Business assets (Foamed molding)	Germany	Machinery and equipment	¥ 159

(2) Background of recognition of impairment loss

While the European automobile market is slowly recovering, the Proseat Group, one of the Company's consolidated subsidiaries in Europe, has made significant recovery in its business performance due to an increase in production volume, and efforts to improve production, reduce fixed costs, and price pass-through to automobile manufacturers in response to soaring energy and labor costs. However, the Group continued to record losses.

As a result of reviewing the timing of market recovery in Europe and other factors in light of these circumstances, the Company determined the carrying amount of the asset groups was not recoverable over the estimated period of future cash flows. Therefore, the carrying amount of non-current assets held by the Proseat Group that were impaired in the previous fiscal year was reduced to the recoverable amount, and the amount of the reduction was recorded as an impairment loss under extraordinary loss.

(3) Amount of impairment loss and breakdown by type of assets

An impairment loss of 159 million yen was recorded as “Impairment loss” under extraordinary loss, and the breakdown is as follows.

	Millions of yen
Machinery and equipment	¥ 12
Construction in progress	85
Other tangible assets	61
Total	¥ 159

(4) Grouping method of assets

As a general rule, the Group categorizes assets for business use based on the classification for management accounting units. When there is an indication of impairment in shared assets, etc., the Group considers recognition of impairment loss by grouping in a larger unit, such as including shared assets, etc. to multiple assets or asset groups to which shared assets, etc. are related.

(5) Calculation method of recoverable amount

The recoverable amount is calculated based on the value in use. If the value in use is negative, the recoverable amount is assessed as zero.

In the fiscal year under review (from April 1, 2024 to March 31, 2025), the Group recorded impairment loss on the following asset groups.

(1) Overview of asset group for which impairment loss was recognized

Use	Location	Asset category	Millions of yen	Thousands of U.S. dollars
			Impairment loss	Impairment loss
Business assets (Proseat Group)	Germany Czech Republic Poland Other	Machinery and equipment, construction in progress, software, etc.	¥ 3,993	\$ 26,705
Business assets (Other)	Japan	Buildings, etc.	57	381
Idle assets	Japan	Buildings and land	22	147

(2) Background of recognition of impairment loss

The Proseat Group, a consolidated subsidiary of the Company in Europe, has continued to record losses despite implementing productivity improvements, fixed cost reductions, and price pass-throughs to automobile manufacturers in response to soaring energy prices and labor costs. As a result of reviewing the timing of market recovery in Europe and other factors in light of these circumstances, the Company determined the carrying amount of the asset groups was not recoverable over the.... Therefore, the carrying amount of non-current assets

held by the Proseat Group was reduced to the recoverable amount, and the amount of the reduction was recorded as an impairment loss under extraordinary loss.

As for other business assets, the liquidation and dissolution of domestic group companies have been decided, and as for idle assets, their future use is not expected, the carrying amount is reduced to the value in use or the estimated selling price, etc., and the amount of the reduction is recorded as an impairment loss under extraordinary loss.

(3) Amount of impairment loss and breakdown by type of assets

An impairment loss of 4,072 million yen was recorded as “Impairment loss” under extraordinary loss, and the breakdown is as follows.

	Millions of yen	Thousands of U.S. dollars
Buildings	¥ 165	\$ 1,103
Machinery and equipment	1,643	10,988
Land	59	394
Construction in progress	465	3,109
Other tangible assets	1,389	9,289
Software	229	1,531
Other investments and other assets	120	802
Total	¥ 4,072	\$ 27,233

(4) Grouping method of assets

As a general rule, the Group categorizes assets for business use based on the classification for management accounting units. When there is an indication of impairment in shared assets, etc., the Group considers recognition of impairment loss by grouping in a larger unit, such as including shared assets, etc. to multiple assets or asset groups to which shared assets, etc. are related.

(5) Calculation method of recoverable amount

The recoverable amount is calculated based on the value in use or the net realizable value. If the value in use is negative, the recoverable amount is assessed as zero. The fair value less costs of disposal is calculated based on the estimated selling price, etc.

*6 Loss on business liquidation

Loss on business liquidation for the fiscal year under review is due to the liquidation of Proseat SAS, a consolidated subsidiary. The breakdown of the loss on business liquidation includes severance payments of 850 million yen and various expenses associated with plant closures amounting to 259 million yen.

*7 Commission expenses

During the fiscal year under review, the Company signed a memorandum of understanding to transfer all shares and equities of six consolidated subsidiaries (sub-subsidiaries) held by its consolidated subsidiary Proseat Europe GmbH, and executed a formal equity transfer agreement on June 12, 2025. Project-related expenses for this agreement have been recorded.

*8 Income taxes - previous fiscal year

Proseat Sp. z o.o., a subsidiary of the Company, is expected to receive a tax reassessment from the Polish tax authorities. Accordingly, an estimate of the amount reassessment has been recorded.

Notes to Consolidated Financial Statements

(Notes to consolidated statement of comprehensive income)

*1 Reclassification adjustments and income taxes and tax effects on other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (From April 1, 2023 To March 31, 2024)	Fiscal year under review (From April 1, 2024 To March 31, 2025)	Fiscal year under review (From April 1, 2024 To March 31, 2025)
Net unrealized gains on securities:			
Amount incurred for the fiscal year	¥ (593)	¥ 192	\$ 1,284
Reclassification adjustment	(208)	(589)	(3,939)
Before income taxes and tax-effect adjustment	(802)	(396)	(2,648)
Amount of income taxes and tax effects	242	35	234
Net unrealized gains on securities	(559)	(360)	(2,407)
Translation adjustments:			
Amount incurred for the fiscal year	(1,341)	(338)	(2,260)
Reclassification adjustment	—	189	1,264
Before income taxes and tax-effect adjustment	(1,341)	(148)	(989)
Amount of income taxes and tax effects	—	—	—
Translation adjustments	(1,341)	(148)	(989)
Revaluation reserve for land:			
Amount incurred for the fiscal year	—	—	—
Reclassification adjustment	—	—	—
Before income taxes and tax-effect adjustment	—	—	—
Amount of income taxes and tax effects	—	(57)	(381)
Revaluation reserve for land	—	(57)	(381)
Retirement benefits liability adjustments			
Amount incurred for the fiscal year	(464)	328	2,193
Reclassification adjustment	(25)	19	127
Before income taxes and tax-effect adjustment	(490)	347	2,320
Amount of income taxes and tax effects	144	(97)	(648)
Retirement benefits liability adjustments	(345)	249	1,665
Total other comprehensive income	¥ (2,246)	¥ (316)	\$ (2,113)

(Notes to consolidated statements of changes in net assets)

FY2024 (from April 1, 2023 to March 31, 2024)

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

	Thousand shares			
	Number of shares at the beginning of the fiscal year	Increase in number of shares during the fiscal year	Decrease in number of shares during the fiscal year	Number of shares at the end of the fiscal year
Issued stock				
Common stock	46,988	—	—	46,988
Total	46,988	—	—	46,988
Treasury stock				
Common stock (Notes 1,2)	1,714	0	100	1,614
Total	1,714	0	100	1,614

(Notes) 1. The increase in the number of treasury stock of common stock of 0 thousand shares is due to the purchase request for shares less than one unit.
2. The decrease of 100 thousand shares in the number of treasury stock of common stock is due to 100 thousand shares allocated under the restricted stock-linked remuneration system.

2. Dividends

(1) Dividends paid

(Resolution)	Class of shares	Millions of yen	Yen	Record date	Effective date
		Total amount of dividends	Dividends per share		
Ordinary General Meeting of Shareholders held on June 23, 2023	Common stock	¥ 407	¥ 9.00	March 31, 2023	June 23, 2023
Board of Directors meeting held on October 31, 2023	Common stock	¥ 136	¥ 3.00	September 30, 2023	December 4, 2023

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

(Resolution)	Class of shares	Millions of yen	Source of dividends	Yen	Record date	Effective date
		Total amount of dividends		Dividends per share		
Ordinary General Meeting of Shareholders held on June 21, 2024	Common stock	¥ 453	Retained earnings	¥ 10.00	March 31, 2024	June 24, 2024

FY2025 (from April 1, 2024 to March 31, 2025)

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

	Thousand shares			
	Number of shares at the beginning of the fiscal year	Increase in number of shares during the fiscal year	Decrease in number of shares during the fiscal year	Number of shares at the end of the fiscal year
Issued stock				
Common stock	46,988	—	—	46,988
Total	46,988	—	—	46,988
Treasury stock				
Common stock (Notes 1,2)	1,614	0	88	1,525
Total	1,614	0	88	1,525

(Notes) 1. The increase in the number of treasury stock of common stock of 0 thousand shares is due to the purchase request for shares less than one unit.
2. The decrease of 88 thousand shares in the number of treasury stock of common stock is due to 88 thousand shares allocated under the restricted stock-linked remuneration system.

2. Dividends

(1) Dividends paid

(Resolution)	Class of shares	Millions of yen	Yen	Record date	Effective date
		Total amount of dividends	Dividends per share		
Ordinary General Meeting of Shareholders held on June 21, 2024	Common stock	¥ 453	¥ 10.00	March 31, 2024	June 24, 2024
Board of Directors meeting held on October 31, 2024	Common stock	¥ 136	¥ 3.00	September 30, 2024	December 5, 2024

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

Not applicable, as no year-end dividend was distributed for the fiscal year under review.

(Notes to consolidated statements of cash flows)

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

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Cash and deposits	¥ 10,904	¥ 9,587	\$ 64,118
Time deposits with maturity over 3 months	(37)	(459)	(3,069)
Cash and cash equivalents	¥ 10,867	¥ 9,128	\$ 61,048

(Leases)

Information is omitted due to a lack of materiality.

Notes to Consolidated Financial Statements

Financial instruments

1. Status of financial instruments

(1) Policy on financial instruments

The Group raises funds through bank borrowings and bonds, limiting its management of funds to short-term deposits and others.

(2) Types of financial instruments and their risks, and risk management

With respect to trade receivables, such as notes and accounts receivable and electronically recorded monetary claims, the Company's business section and sales supervisory department respond to customer credit risks by regularly monitoring the credit status of customers and managing the collection status, due dates, and outstanding balance for each customer in accordance with the Company's internal business management rules. In addition, each group company of the Company also manages the credit risk in accordance with the Company's internal business management rules.

Investments in securities are mainly stocks of companies with which the Company has business relationships, and although these are subject to the risk of market price fluctuations, the Company's finance and

accounting department monitors their market values on a quarterly basis. All notes and accounts payable and electronically recorded obligations - operating are due within one year.

Of the loans, short-term loans are mainly for financing related to operating activities, and long-term loans are mainly for financing related to capital investment. For some long-term loans, the Company enters into interest-rate swaps to hedge the risk of interest rate and foreign currency exchange rate fluctuations.

Bonds are funds for repayment of loans and for working capital.

Derivative transactions are conducted only for the purpose of appropriately managing market risks that may be involved in conducting transactions of financial instruments in the course of business and reducing such risks, and speculative transactions are not conducted.

In addition, although trade payables and loans are accompanied by liquidity risk, the Company strives to facilitate and diversify fund procurement, and each company of the Group also avoids such risk by preparing cash flow plans on a monthly basis.

2. Fair value of financial instruments

The carrying amount in the consolidated balance sheet, the fair value and the difference between them are as follows. "Cash and deposits" "Notes receivable," "Accounts receivable," "Electronically recorded monetary claims - operating," "Notes and accounts payable," Electronically recorded obligations - operating," and "Short-term loans" (excluding the current portion of long-term loans) are omitted as fair value of cash is the same as the carrying amount, and deposits are settled within a short term and their fair value approximates the carrying amount.

Fiscal year ended March 31, 2024

	Millions of yen		
	Carrying amount in the consolidated balance sheet	Fair value	Difference
(1) Investments in securities (*1)	¥ 12,978	¥ 12,978	¥ —
Total assets	¥ 12,978	¥ 12,978	¥ —
(1) Bond	7,000	6,925	(74)
(2) Long-term loans (*2)	22,696	22,823	127
Total liabilities	¥ 29,696	¥ 29,749	¥ 52
Derivative transactions (*3)	(362)	(362)	—

(*1) Stocks, etc. without market price are not included in "(1) Investments in securities."
The carrying amount of financial instruments on the consolidated balance sheet is as follows.

Category	Millions of yen
	Previous fiscal year (March 31, 2024)
Unlisted stocks	¥ 32
Shares of subsidiaries and affiliates	33

(*2) Includes the current portion of long-term loans of 6,282 million yen.

(*3) Net receivables and payables arising from derivative transactions are shown as net amounts with total net liabilities shown in parentheses.

Fiscal year ended March 31, 2025

	Millions of yen		
	Carrying amount in the consolidated balance sheet	Fair value	Difference
(1) Investments in securities (*1)	¥ 12,508	¥ 12,508	¥ —
Total assets	¥ 12,508	¥ 12,508	¥ —
(1) Bond	7,000	6,890	(109)
(2) Long-term loans (*2)	18,560	18,257	(302)
Total liabilities	¥ 25,560	¥ 25,148	¥ (412)
Derivative transactions (*3)	(114)	(114)	—

(*1) Stocks, etc. without market price are not included in "(1) Investments in securities."
The carrying amount of financial instruments on the consolidated balance sheet is as follows.

Category	Millions of yen
	Current fiscal year (March 31, 2025)
Unlisted stocks	¥ 63
Shares of subsidiaries and affiliates	7

(*2) Includes the current portion of long-term loans of 8,910 million yen.

(*3) Net receivables and payables arising from derivative transactions are shown as net amounts with total net liabilities shown in parentheses.

Fiscal year ended March 31, 2025

	Thousands of U.S. dollars		
	Carrying amount in the consolidated balance sheet	Fair value	Difference
(1) Investments in securities (*1)	\$ 83,654	\$ 83,654	\$ —
Total assets	\$ 83,654	\$ 83,654	\$ —
(1) Bond	46,816	46,080	(728)
(2) Long-term loans (*2)	124,130	122,104	(2,019)
Total liabilities	\$ 170,947	\$ 168,191	\$ (2,755)
Derivative transactions (*3)	(762)	(762)	—

(*1) Stocks, etc. without market price are not included in "(1) Investments in securities."
The carrying amount of financial instruments on the consolidated balance sheet is as follows.

Category	Thousands of U.S. dollars
	Current fiscal year (March 31, 2025)
Unlisted stocks	\$ 421
Shares of subsidiaries and affiliates	46

(*2) Includes the current portion of long-term loans of 59,590 thousand U.S. dollars.

(*3) Net receivables and payables arising from derivative transactions are shown as net amounts with total net liabilities shown in parentheses.

Notes to Consolidated Financial Statements

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

Fiscal year ended March 31, 2024

	Millions of yen			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and bank deposits	¥ 10,904	¥ —	¥ —	¥ —
Notes receivable	2,274	—	—	—
Accounts receivable	25,853	—	—	—
Electronically recorded monetary claims	9,141	—	—	—
Total	¥ 48,175	¥ —	¥ —	¥ —

Fiscal year ended March 31, 2025

	Millions of yen			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and bank deposits	¥ 9,587	¥ —	¥ —	¥ —
Notes receivable	1,325	—	—	—
Accounts receivable	23,834	—	—	—
Electronically recorded monetary claims	8,539	—	—	—
Total	¥ 43,287	¥ —	¥ —	¥ —

Fiscal year ended March 31, 2025

	Thousands of U.S. dollars			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and bank deposits	\$ 64,118	\$ —	\$ —	\$ —
Notes receivable	8,861	—	—	—
Accounts receivable	159,403	—	—	—
Electronically recorded monetary claims	57,109	—	—	—
Total	\$ 289,506	\$ —	\$ —	\$ —

(Note) 2. Repayment schedule for short-term loans, bond and long-term loans after the consolidated balance sheet date

Fiscal year ended March 31, 2024

	Millions of yen					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term loans	¥ 8,184	¥ —	¥ —	¥ —	¥ —	¥ —
Bond	—	—	7,000	—	—	—
Long-term loans	6,282	8,777	4,143	1,460	1,616	416
Total	¥ 14,466	¥ 8,777	¥ 11,143	¥ 1,460	¥ 1,616	¥ 416

Fiscal year ended March 31, 2025

	Millions of yen					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term loans	¥ 13,518	¥ —	¥ —	¥ —	¥ —	¥ —
Bond	—	7,000	—	—	—	—
Long-term loans	8,910	4,280	1,606	1,767	1,994	—
Total	¥ 22,429	¥ 11,280	¥ 1,606	¥ 1,767	¥ 1,994	¥ —

Fiscal year ended March 31, 2025

	Thousands of U.S. dollars					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term loans	\$ 90,409	\$ —	\$ —	\$ —	\$ —	\$ —
Bond	—	46,816	—	—	—	—
Long-term loans	59,590	28,624	10,741	11,817	13,336	—
Total	\$ 150,006	\$ 75,441	\$ 10,741	\$ 11,817	\$ 13,336	\$ —

3. Breakdown of fair value of financial instruments by level

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of the inputs used to calculate the fair value.

Level 1: Fair value calculated by (unadjusted) quoted price in an active market for an identical asset or liability.

Level 2: Fair value calculated using directly or indirectly observable inputs other than Level 1 inputs.

Level 3: Fair value calculated using significant unobservable inputs.

If more than one input that has a significant impact on the calculation of fair value is used, the fair value is classified into the lowest priority level in the calculation of fair value among the levels to which each of those inputs belongs.

(1) Financial instruments recorded in the consolidated balance sheet at fair value

As of March 31, 2024

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in securities	¥ 12,978	¥ —	¥ —	¥ 12,978
Total assets	¥ 12,978	¥ —	¥ —	¥ 12,978
Derivative transactions				
Currency-related (*)	—	(362)	—	(362)

(*) Net receivables and payables arising from derivative transactions are shown as net amounts with total net liabilities shown in parentheses.

As of March 31, 2025

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in securities	¥ 12,508	¥ —	¥ —	¥ 12,508
Total assets	¥ 12,508	¥ —	¥ —	¥ 12,508
Derivative transactions				
Currency-related (*)	—	(114)	—	(114)

(*) Net receivables and payables arising from derivative transactions are shown as net amounts with total net liabilities shown in parentheses.

As of March 31, 2025

Category	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in securities	\$ 83,654	\$ —	\$ —	\$ 83,654
Total assets	\$ 83,654	\$ —	\$ —	\$ 83,654
Derivative transactions				
Currency-related (*)	—	(762)	—	(762)

(*) Net receivables and payables arising from derivative transactions are shown as net amounts with total net liabilities shown in parentheses.

Notes to Consolidated Financial Statements

(2) Financial instruments other than those recorded in the consolidated balance sheet at fair value
As of March 31, 2024

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Bond	¥ —	¥ 6,925	¥ —	¥ 6,925
Long-term loans	—	22,823	—	22,823
Total liabilities	¥ —	¥ 29,749	¥ —	¥ 29,749

As of March 31, 2025

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Bond	¥ —	¥ 6,890	¥ —	¥ 6,890
Long-term loans	—	18,257	—	18,257
Total liabilities	¥ —	¥ 25,148	¥ —	¥ 25,148

As of March 31, 2025

Category	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Bond	\$ —	\$ 46,080	\$ —	\$ 46,080
Long-term loans	—	122,104	—	122,104
Total liabilities	\$ —	\$ 168,191	\$ —	\$ 168,191

(Note) Valuation methodology used in the calculation of fair value and explanation of inputs relating to the calculation of fair value

Investments in securities
Listed shares are valued using quoted prices. Since listed shares are traded on active markets, the fair value is classified as Level 1.

Derivative transactions
The fair value of forward exchange contracts is calculated based on the price provided by the correspondent financial institution and is classified as Level 2.

Bond
The fair value of bond is calculated based on prices and yield information published by industry associations and is classified as Level 2.

Long-term loans (including the current portion of long-term loans)
The fair value is calculated using the discounted present value method based on the total amount of principal and interests, the remaining term of the loans, and interest rate that takes into account the credit risk, and is classified as Level 2.

Securities

1. Other securities

Fiscal year ended March 31, 2024

		Millions of yen		
Type		Carrying amount recorded in the consolidated balance sheet	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stock	¥ 12,978	¥ 3,074	¥ 9,903
	Bond	—	—	—
	Other	—	—	—
	Subtotal	¥ 12,978	¥ 3,074	¥ 9,903
Securities whose carrying amount does not exceed their acquisition cost	Stock	—	—	—
	Bond	—	—	—
	Other	—	—	—
	Subtotal	—	—	—
Total		¥ 12,978	¥ 3,074	¥ 9,903

(Note) Since unlisted stocks (carrying amount on the consolidated balance sheet: 63 million yen) do not have market prices, they are not included in “Other securities” in the above table.

Fiscal year ended March 31, 2025

Type		Millions of yen		
		Carrying amount recorded in the consolidated balance sheet	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stock	¥ 12,508	¥ 3,001	¥ 9,507
	Bond	—	—	—
	Other	—	—	—
	Subtotal	¥ 12,508	¥ 3,001	¥ 9,507
Securities whose carrying amount does not exceed their acquisition cost	Stock	—	—	—
	Bond	—	—	—
	Other	—	—	—
	Subtotal	—	—	—
Total		¥ 12,508	¥ 3,001	¥ 9,507

(Note) Since unlisted stocks (carrying amount on the consolidated balance sheet: 63 million yen) do not have market prices, they are not included in “Other securities” in the above table.

Fiscal year ended March 31, 2025

Type		Thousands of U.S. dollars		
		Carrying amount recorded in the consolidated balance sheet	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stock	\$ 83,654	\$ 20,070	\$ 63,583
	Bond	—	—	—
	Other	—	—	—
	Subtotal	\$ 83,654	\$ 20,070	\$ 63,583
Securities whose carrying amount does not exceed their acquisition cost	Stock	—	—	—
	Bond	—	—	—
	Other	—	—	—
	Subtotal	—	—	—
Total		\$ 83,654	\$ 20,070	\$ 63,583

(Note) Since unlisted stocks (carrying amount on the consolidated balance sheet: 421 thousand U.S. dollars) do not have market prices, they are not included in “Other securities” in the above table.

2. Other securities sold

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

Type	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Stock	¥ 405	¥ 208	¥ —
Bond	—	—	—
Other	—	—	—
Total	¥ 405	¥ 208	¥ —

Notes to Consolidated Financial Statements

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

Type	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Stock	¥ 667	¥ 589	¥ —
Bond	—	—	—
Other	—	—	—
Total	¥ 667	¥ 589	¥ —

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

Type	Thousands of U.S. dollars		
	Sales amount	Total gain on sales	Total loss on sales
Stock	\$ 4,460	\$ 3,939	\$ —
Bond	—	—	—
Other	—	—	—
Total	\$ 4,460	\$ 3,939	\$ —

Derivative transactions

1. Derivative transactions for which hedge accounting is not applied

Currency-related
Fiscal year ended March 31, 2024

Category	Transaction type	Millions of yen			
		Contract amount, etc.	Contract amount, etc., over 1 year	Fair value	Valuation loss
Transactions other than market transactions	Forward exchange contracts				
	Short position				
	Euro	¥ 5,252	¥ —	¥ (359)	¥ (359)
	Long position				
	Euro	394	—	(2)	(2)
Total		¥ 5,646	¥ —	¥ (362)	¥ (362)

Fiscal year ended March 31, 2025

Category	Transaction type	Millions of yen			
		Contract amount, etc.	Contract amount, etc., over 1 year	Fair value	Valuation loss
Transactions other than market transactions	Forward exchange contracts				
	Short position				
	Euro	¥ 6,485	¥ —	¥ (114)	¥ (114)
	Long position				
	Euro	—	—	—	—
Total		¥ 6,485	¥ —	¥ (114)	¥ (114)

Fiscal year ended March 31, 2025

Category	Transaction type	Thousands of U.S. dollars			
		Contract amount, etc.	Contract amount, etc., over 1 year	Fair value	Valuation loss
Transactions other than market transactions	Forward exchange contracts				
	Short position				
	Euro	\$ 43,372	\$ —	\$ (762)	\$ (762)
	Long position				
	Euro	—	—	—	—
Total		\$ 43,372	\$ —	\$ (762)	\$ (762)

2. Derivative transactions for which hedge accounting is applied

Interest rate currency-related
Fiscal year ended March 31, 2024
Not applicable.

Fiscal year ended March 31, 2025
Not applicable.

Retirement benefits

1. Outline of retirement benefit system adopted

The Company and its consolidated subsidiaries have established plans similar to cash balance pension plans, corporate pension plans (contract-type) and retirement lump-sum payment plans as defined benefit plans. In addition, when an employee retires, the Company may pay premium benefits that are not subject to retirement benefit obligations based on actuarial calculations in accordance with retirement benefit accounting. The Company has established retirement benefit trusts. The Company and some of its consolidated subsidiaries revised the defined benefit plan in the fiscal year under review in accordance with the extension of the retirement age from 60 to 65. Certain consolidated subsidiaries have defined contribution plans and certain consolidated subsidiaries have defined benefit plans and retirement lump-sum payment plans for which liabilities for retirement benefits and retirement benefit expenses are calculated using the simplified method.

2. Defined benefit plans

(1) Changes in retirement benefit obligation (excluding plans for which the simplified method is applied)

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Balance of retirement benefit obligation at beginning of year	¥ 7,840	¥ 7,755	\$ 51,865
Service cost	237	192	1,284
Interest cost	77	90	601
Actuarial gains and losses	142	(281)	(1,879)
Retirement benefits paid	(642)	(744)	(4,975)
Other	101	75	501
Balance of retirement benefit obligation at end of year	¥ 7,755	¥ 7,087	\$ 47,398

(2) Changes in plan assets (excluding plans for which the simplified method is applied)

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Balance of plan assets at beginning of year	¥ 14,501	¥ 14,051	\$ 93,974
Expected return on plan assets	246	248	1,658
Actuarial gains and losses	(322)	61	407
Contributions by the employer	191	171	1,143
Retirement benefits paid	(565)	(681)	(4,554)
Balance of plan assets at end of year	¥ 14,051	¥ 13,851	\$ 92,636

(3) Changes in liabilities for retirement benefits under the plan for which the simplified method is applied

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Balance of liabilities for retirement benefits at beginning of year	¥ 3,452	¥ 3,477	\$ 23,254
Retirement benefit expenses	387	521	3,484
Retirement benefits paid	(157)	(183)	(1,223)
Contributions to the plan	(24)	(17)	(113)
Other	(180)	(14)	(93)
Balance of liabilities for retirement benefits at end of year	¥ 3,477	¥ 3,783	\$ 25,300

Notes to Consolidated Financial Statements

(4) Reconciliation between the ending balance of retirement benefit obligations and plan assets, and retirement benefit liabilities and assets recorded in the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Funded retirement benefit obligation	¥ 7,999	¥ 7,311	\$ 48,896
Plan assets	(14,324)	(14,110)	(94,368)
	(6,324)	(6,798)	(45,465)
Unfunded retirement benefit obligation	3,529	3,818	25,535
Net amount of liabilities and assets recorded in the consolidated balance sheet	(2,794)	(2,980)	(19,930)
Liabilities for retirement benefits	3,916	4,174	27,915
Assets for retirement benefits	(6,711)	(7,154)	(47,846)
Net amount of liabilities and assets recorded in the consolidated balance sheet	¥ (2,794)	¥ (2,980)	\$ (19,930)

(Note) Includes plans for which the simplified method is applied.

(5) Retirement benefit expenses and their components

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Service cost	¥ 237	¥ 192	\$ 1,284
Interest cost	77	90	601
Expected return on plan assets	(246)	(248)	(1,658)
Amortization of actuarial gains and losses	(25)	(19)	(127)
Amortization of past service cost	(4)	(5)	(33)
Retirement benefit expenses calculated by the simplified method	387	521	3,484
Retirement benefit expenses relating to defined benefit plans	¥ 426	¥ 530	\$ 3,544

(6) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before income taxes and tax effects) are as follows.

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Actuarial gains and losses	¥ (490)	¥ 347	\$ 2,320
Total	¥ (490)	¥ 347	\$ 2,320

(7) Remeasurements of defined benefit plans included in accumulated other comprehensive income

The components of remeasurements of defined benefit plans (before income taxes and tax effects) are as follows.

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)	Fiscal year under review (March 31, 2025)
Unrecognized actuarial gains and losses	¥ (431)	¥ (84)	\$ (561)
Total	¥ (431)	¥ (84)	\$ (561)

(8) Plan assets

(i) Major category of plan assets

The ratio of each major category to total plan assets is as follows.

	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)
Bond	22%	21%
Equities	45%	34%
General accounts at life insurance companies	13%	34%
Cash and deposits	7%	5%
Other	14%	6%
Total	100%	100%

(Note) The total pension plan assets include 28% and 29% of the retirement benefits trust for the corporate pension fund plans as of March 31, 2024 and 2025, respectively.

(ii) Method for setting the expected long-term rates of return on plan assets

To determine the expected long-term rates of return on plan assets, the Company considers the current and expected allocation of plan assets and the current and expected long-term rates of return on the various assets comprising the plan assets.

(9) Actuarial assumptions

Major actuarial assumptions (expressed as a weighted average)

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Discount rate	1.1%	1.6%
Expected long-term rates of return on plan assets	1.8%	1.8%
Expected rate of salary increase	2.0%	2.0%

3. Defined contribution plans

The amounts of required contributions to the defined contribution plans of the consolidated subsidiaries are 17 million yen for the previous fiscal year (from April 1, 2023 to March 31, 2024) and 20 million yen for the fiscal year under review (from April 1, 2024 to March 31, 2025).

Notes to Consolidated Financial Statements

Tax effect accounting

1. Major components of deferred tax assets and liabilities

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)	Fiscal year under review (March 31, 2025)
Deferred tax assets			
Tax loss carryforwards (Note 1)	¥ 5,741	¥ 7,107	\$ 47,532
Provision for bonuses to employees	343	361	2,414
Unrealized profit on intercompany transactions	549	535	3,578
Impairment loss	1,077	1,636	10,941
Loss on devaluation of inventories	138	92	615
Acquisition related cost of acquired companies	93	95	635
Other	504	498	3,330
Gross deferred tax assets	8,449	10,327	69,067
Valuation allowance for tax loss carryforwards (Note 1)	(5,560)	(6,920)	(46,281)
Valuation allowance for temporary differences	(1,299)	(1,850)	(12,372)
Valuation allowance	(6,860)	(8,771)	(58,661)
Total deferred tax assets	1,589	1,556	10,406
Deferred tax liabilities			
Differences on land revaluation	(957)	(977)	(6,534)
Net unrealized holding gain on securities	(3,023)	(2,987)	(19,977)
Gain on marketable securities contributed to employees' retirement benefit trust	(145)	(149)	(996)
Assets for retirement benefits	(254)	(284)	(1,899)
Other	(572)	(451)	(3,016)
Total deferred tax liabilities	(4,952)	(4,850)	(32,437)
Net deferred tax assets (liabilities)	¥ (3,363)	¥ (3,294)	\$ (22,030)

(Note) 1. Tax loss carryforwards and their deferred tax assets by expiration date

Previous fiscal year (March 31, 2024)

	Millions of yen						Total
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	
Tax loss carryforwards (*)	¥ 48	¥ 149	¥ 450	¥ 362	¥ 261	¥ 4,470	¥ 5,741
Valuation allowance	(17)	(141)	(448)	(360)	(259)	(4,332)	(5,560)
Deferred tax assets	30	7	1	1	1	138	181

Fiscal year under review (March 31, 2025)

	Millions of yen						Total
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	
Tax loss carryforwards (*)	¥ 131	¥ 398	¥ 304	¥ 96	¥ 309	¥ 5,866	¥ 7,107
Valuation allowance	(127)	(398)	(304)	(95)	(251)	(5,742)	(6,920)
Deferred tax assets	3	0	0	0	57	124	186

Fiscal year under review (March 31, 2025)

	Thousands of U.S. dollars						Total
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	
Tax loss carryforwards (*)	\$ 876	\$ 2,661	\$ 2,033	\$ 642	\$ 2,066	\$ 39,232	\$ 47,532
Valuation allowance	(849)	(2,661)	(2,033)	(635)	(1,678)	(38,402)	(46,281)
Deferred tax assets	20	0	0	0	381	829	1,243

(*) The amount of tax loss carryforwards is calculated by multiplying the statutory tax rate.

(Note) 2. Net deferred tax assets (liabilities) for the previous fiscal year and the fiscal year under review are included in the following items on the consolidated balance sheet.

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)	Fiscal year under review (March 31, 2025)
Non-current assets - Deferred income taxes	¥ 854	¥ 886	\$ 5,925
Long-term liabilities - Deferred income taxes	(4,218)	(4,180)	(27,956)

(Note) 3. In addition to the above, the amount equivalent to taxes on land revaluation is recorded as "Deferred income taxes for land revaluation" as follows.

	Millions of yen		Thousands of U.S. dollars
	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)	Fiscal year under review (March 31, 2025)
Deferred income taxes for land revaluation	¥ (1,596)	¥ (1,653)	\$ (11,055)

2. Major factors underlying the differences between the statutory tax rate and the effective tax rate after the application of tax effect accounting.

	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)
Statutory tax rate	30.6%	—
(Adjustment)		
Non-deductible expenses such as entertainment expenses	4.5	—
Per capita portion of inhabitants' tax	1.3	—
Tax credit of research and development costs	(1.8)	—
Loss carryforwards of overseas subsidiaries for which tax effects are not recognized	25.8	—
Tax rate differences of overseas subsidiaries	(2.6)	—
Non-deductible impairment loss	1.9	—
Other	(1.8)	—
Effective tax rate after application of tax effect accounting	57.9	—

(Note) Presentation for the fiscal year under review is omitted because the Group recorded a loss before income taxes.

3. Revision of deferred tax assets and deferred tax liabilities due to changes in the income tax rate

Following the enactment of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025) in the Japanese National Diet on March 31, 2025, the "Special Defense Corporation Tax" will be imposed starting from fiscal years beginning on or after April 1, 2026.

Accordingly, for deferred tax assets and deferred tax liabilities related to temporary differences expected to reverse in fiscal years beginning on or after April 1, 2026, they are calculated by changing the statutory effective tax rate from 30.6% to 31.5%.

This change resulted in a 118 million yen increase in deferred tax liabilities (net of deferred tax assets) for the fiscal year under review, with a 34 million yen increase in income taxes - deferred (debit), an 85 million yen decrease in net unrealized gains on securities, and a 1 million yen increase in accumulated retirement benefits liability adjustments.

Additionally, deferred tax liabilities related to revaluation increased by 57 million yen, resulting in an equivalent decrease in the revaluation reserve for land.

4. Accounting treatment for corporation tax and local corporation tax, and accounting treatment for tax effect accounting related these taxes.

The Company and certain domestic consolidated subsidiaries have adopted the group tax sharing system, and in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021), the Company and certain domestic consolidated subsidiaries account for and disclose corporation tax, local corporation tax as well as related tax effect accounting.

(Business combinations)

Not applicable.

(Asset retirement obligations)

Information is omitted due to a lack of materiality.

(Real estate such as rentals)

Information is omitted due to a lack of materiality.

Notes to Consolidated Financial Statements

Revenue recognition

1. Disaggregation of revenue from contracts with customers

FY2024 (from April 1, 2023 to March 31, 2024)

	Millions of yen		
	Reportable segments		Total
	Human Life	Industry	
Japan	¥ 49,073	¥ 25,634	¥ 74,708
Czech Republic	—	10,140	10,140
Germany	—	13,109	13,109
Other European countries	—	15,577	15,577
Asia	29	12,148	12,177
Other	—	4,550	4,550
Revenue from contracts with customers	49,103	81,161	130,265
Other revenue	—	—	—
Sales to third parties	49,103	81,161	130,265

FY2025 (from April 1, 2024 to March 31, 2025)

	Millions of yen		
	Reportable segments		Total
	Human Life	Industry	
Japan	¥ 54,928	¥ 22,883	¥ 77,811
Czech Republic	—	13,963	13,963
Germany	—	11,343	11,343
Other European countries	—	14,782	14,782
Asia	47	14,118	14,166
Other	—	5,003	5,003
Revenue from contracts with customers	54,976	82,096	137,072
Other revenue	—	—	—
Sales to third parties	54,976	82,096	137,072

FY2025 (from April 1, 2024 to March 31, 2025)

	Thousands of U.S. dollars		
	Reportable segments		Total
	Human Life	Industry	
Japan	\$ 367,362	\$ 153,043	\$ 520,405
Czech Republic	—	93,385	93,385
Germany	—	75,862	75,862
Other European countries	—	98,863	98,863
Asia	314	94,422	94,743
Other	—	33,460	33,460
Revenue from contracts with customers	367,683	549,063	916,746
Other revenue	—	—	—
Sales to third parties	367,683	549,063	916,746

(Change in presentation method)
“Czech Republic,” which was included in “Other European countries” in the previous fiscal year, is presented separately from the fiscal year under review due to its increased materiality in net sales in the consolidated statement of income. In order to reflect this change in presentation method, information for the previous fiscal year has been reclassified under the new classification.

2. Information that serves as a basis for understanding revenue from contracts with customers

The Group identifies distinct goods or services included in contracts with customers and identifies performance obligations as a unit of transaction.

(1) Sales of merchandise and products

As described in “(Basis of preparation of consolidated financial statements) 4. Accounting Policies (5) Recognition of significant revenues and expenses.”

(2) Agent transactions

If the performance obligation is to arrange for the provision of specified goods or services by another party, the revenue is presented in the consolidated statement of income in the amount of fee or commission or the net amount of consideration as an agent.

3. Information to understand the amount of revenue for the fiscal year under review and subsequent fiscal years

Contract assets are primarily revenue recognized prior to billing customers.

Contract liabilities are primarily consideration received from customers prior to the delivery of products.

FY2024 (from April 1, 2023 to March 31, 2024)

The amount of contract liabilities at the beginning of the fiscal year included in the revenue recognized for the fiscal year ended March 31, 2024 is not material. The amount of revenue recognized in the fiscal year, whose obligations were satisfied in the past periods is not material.

FY2025 (from April 1, 2024 to March 31, 2025)

The amount of contract liabilities at the beginning of the fiscal year included in the revenue recognized for the fiscal year ended March 31, 2025 is not material. The amount of revenue recognized in the fiscal year, whose obligations were satisfied in the past periods is not material.

Notes to Consolidated Financial Statements

Segment information

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available, and are subject to periodic reviews by the Board of Directors in order to make decisions on the allocation of management resources and evaluate business performance. The Company has established departments by product market or product function in order to globally develop business in the two fields of “Human Life” and “Industry,” with plastics as its core business. Each department plans comprehensive strategies in cooperation with subsidiaries and develops business activities. Accordingly, the Group is composed of segments by product market and product function based on departments, and has two reportable segments: “Human Life” and “Industry.” The “Human Life Segment” mainly manufactures and sells boxes/trays for agricultural/fishery products, food containers, housing and civil engineering materials, etc. The “Industry Segment” mainly manufactures and sells automobile components, digital consumer electronics components, packaging materials, and other related products.

2. Calculation methods used for sales, profit or loss, assets and other items of each reportable segment

The accounting method used for reportable segments is the same as that described in “Basis of preparation of consolidated financial statements.” Income of reportable segments is based on ordinary income. Inter-segment sales and transfers are based on prevailing market prices.

3. Information on sales, profit or loss, assets and other items of each reportable segment, and information on disaggregation of revenue

FY2024 (from April 1, 2023 to March 31, 2024)

	Millions of yen			Adjustments and eliminations (Note 1)	Total (Note 2)
	Reportable segments				
	Human Life	Industry	Total		
Net sales					
Japan	¥ 49,073	¥ 25,634	¥ 74,708	¥ —	¥ 74,708
Czech Republic	—	10,140	10,140	—	10,140
Germany	—	13,109	13,109	—	13,109
Other European countries	—	15,577	15,577	—	15,577
Asia	29	12,148	12,177	—	12,177
Other	—	4,550	4,550	—	4,550
Revenue from contracts with customers	49,103	81,161	130,265	—	130,265
Other revenue	—	—	—	—	—
Sales to third parties	49,103	81,161	130,265	—	130,265
Inter-segment sales and transfers	595	127	723	(723)	—
Total	¥ 49,699	¥ 81,289	¥ 130,988	¥ (723)	¥ 130,265
Segment income	1,787	2,363	4,151	(1,417)	2,733
Segment assets	65,798	65,385	131,184	15,289	146,473
Other items					
Depreciation and amortization	1,923	3,027	4,951	765	5,716
Interest income	0	50	50	0	51
Interest expense	0	563	563	365	928
Increase in property, plant and equipment and intangible assets	2,178	2,289	4,468	593	5,062

(Notes) 1. Adjustments and eliminations are as follows.
(1) Segment income in the amount of (1,417) million yen consists of inter-segment eliminations of (1) million yen and (1,415) million yen in corporate expenses that are not allocated to each reportable segment.
(2) Segment assets in the amount of 15,289 million yen mainly consists of investments in securities of the reporting company and assets related to administrative departments and the Research and Development Center.
(3) Depreciation and amortization include amortization of long-term prepaid expenses. The amount of 765 million yen mainly consists of depreciation of assets related to administrative departments and the Research and Development Center.
(4) Internal interests are allocated to assets owned by each segment. The adjustment to interest expense is the difference between the actual interest expense and the amount of internal interests allocated to each segment.
(5) Increase in property, plant and equipment and intangible assets in the amount of 593 million yen mainly consist of assets related to Research and Development Center.
2. Segment income is adjusted with ordinary income on the consolidated statement of income.
3. Names of major products in each segment
• Human Life ESLEN Beads, ESLEN Sheet, ESLEN Wood, INTERFOAM, CELPET, other foamed/molded products using these materials, ES Dan Mat, ESLEN Block, etc.
• Industry PIOCELAN, LIGHTLON, NEOMICROLEN, TECHPOLYMER, ST-gel, TECHEATER, ELASTIL, FOAMAC, ST-LAYER, ST-Eleveat, other foamed/molded products using these materials, etc.

FY2025 (from April 1, 2024 to March 31, 2025)

	Millions of yen			Adjustments and eliminations (Note 1)	Total (Note 2)
	Reportable segments				
	Human Life	Industry	Total		
Net sales					
Japan	¥ 54,928	¥ 22,883	¥ 77,811	¥ —	¥ 77,811
Czech Republic	—	13,963	13,963	—	13,963
Germany	—	11,343	11,343	—	11,343
Other European countries	—	14,782	14,782	—	14,782
Asia	47	14,118	14,166	—	14,166
Other	—	5,003	5,003	—	5,003
Revenue from contracts with customers	54,976	82,096	137,072	—	137,072
Other revenue	—	—	—	—	—
Sales to third parties	54,976	82,096	137,072	—	137,072
Inter-segment sales and transfers	295	180	475	(475)	—
Total	¥ 55,271	¥ 82,276	¥ 137,547	¥ (475)	¥ 137,072
Segment income	3,006	532	3,538	(3,435)	102
Segment assets	66,447	55,641	122,089	14,149	136,238
Other items					
Depreciation and amortization	2,081	3,165	5,247	829	6,077
Interest income	0	31	31	0	32
Interest expense	0	456	457	430	888
Increase in property, plant and equipment and intangible assets	2,665	2,709	5,375	1,054	6,429

Notes to Consolidated Financial Statements

FY2025 (from April 1, 2024 to March 31, 2025)

	Thousands of U.S. dollars			Adjustments and eliminations (Note 1)	Total (Note 2)
	Reportable segments				
	Human Life	Industry	Total		
Net sales					
Japan	\$ 367,362	\$ 153,043	\$ 520,405	\$ —	\$ 520,405
Czech Republic	—	93,385	93,385	—	93,385
Germany	—	75,862	75,862	—	75,862
Other European countries	—	98,863	98,863	—	98,863
Asia	314	94,422	94,743	—	94,743
Other	—	33,460	33,460	—	33,460
Revenue from contracts with customers	367,683	549,063	916,746	—	916,746
Other revenue	—	—	—	—	—
Sales to third parties	367,683	549,063	916,746	—	916,746
Inter-segment sales and transfers	1,972	1,203	3,176	(3,176)	—
Total	\$ 369,656	\$ 550,267	\$ 919,923	\$ (3,176)	\$ 916,746
Segment income	20,104	3,558	23,662	(22,973)	682
Segment assets	444,402	372,130	816,539	94,629	911,169
Other items					
Depreciation and amortization	13,917	21,167	35,092	5,544	40,643
Interest income	0	207	207	0	214
Interest expense	0	3,049	3,056	2,875	5,939
Increase in property, plant and equipment and intangible assets	17,823	18,117	35,948	7,049	42,997

(Notes) 1. Adjustments and eliminations are as follows.
(1) Segment income in the amount of 3,435 million yen (22,973 USD) consists of inter-segment eliminations of 1 million yen (6 USD) and 3,436million yen(22,980 USD) in corporate expenses that are not allocated to each reportable segment.
(2) Segment assets in the amount of 14,149 million yen (94,629 USD) mainly consists of investments in securities of the reporting company and assets related to administrative departments and the Research and Development Center.
(3) Depreciation and amortization include amortization of long-term prepaid expenses. The amount of 829 million yen (5,544 USD) mainly consists of depreciation of assets related to administrative departments and the Research and Development Center.
(4) Internal interests are allocated to assets owned by each segment. The adjustment to interest expense is the difference between the actual interest expense and the amount of internal interests allocated to each segment.
(5) Increase in property, plant and equipment and intangible assets in the amount of 1,054 million yen (7,049 USD) mainly consist of assets related to Research and Development Center.
2. Segment income is adjusted with ordinary income on the consolidated statement of income.
3. Names of major products in each segment
• Human Life ESLEN Beads, ESLEN Sheet, ESLEN Wood, INTERFOAM, CELPET, other foamed/molded products using these materials, ES Dan Mat, ESLEN Block, etc.
• Industry PIOCELAN, LIGHTLON, NEOMICROLEN, TECHPOLYMER, ST-gel, TECHEATER, ELASTIL, FOAMAC, ST-LAYER, ST-Eleveat, other foamed/molded products using these materials, etc.
4. Change in presentation method
“Czech Republic,” which was included in “Other European countries” in the previous fiscal year, is presented separately from the fiscal year under review due to its increased materiality in net sales in the consolidated statement of income. In order to reflect this change in presentation method, the previous fiscal year has been reclassified under the new classification.

[Related information]

FY2024 (from April 1, 2023 to March 31, 2024)

1. Information by product and service

Segment information is omitted because the classification is the same as the reportable segment.

2. Information by geographic areas

(1) Net sales

Millions of yen						
Japan	Czech Republic	Germany	Other European countries	Asia	Other	Total
¥ 74,708	¥ 10,140	¥ 13,109	¥ 15,577	¥ 12,177	¥ 4,550	¥ 130,265

(Note) Net sales are classified into regions based on the location of customers.

(2) Property, plant and equipment

Millions of yen				
Japan	Europe	Asia	Other	Total
¥ 42,442	¥ 4,691	¥ 4,314	¥ 2,264	¥ 53,712

3. Information by major customer

Customer	Millions of yen	
	Net sales	Related segment
FP Corporation	¥ 17,190	Human Life

FY2025 (from April 1, 2024 to March 31, 2025)

1. Information by product and service

Segment information is omitted because the classification is the same as the reportable segment.

2. Information by geographic areas

(1) Net sales

Millions of yen						
Japan	Czech Republic	Germany	Other European countries	Asia	Other	Total
¥ 77,811	¥ 13,963	¥ 11,343	¥ 14,782	¥ 14,166	¥ 5,003	¥ 137,072

(Note) Net sales are classified into regions based on the location of customers.

Thousands of U.S. dollars						
Japan	Czech Republic	Germany	Other European countries	Asia	Other	Total
\$ 520,405	\$ 93,385	\$ 75,862	\$ 98,863	\$ 94,743	\$ 33,460	\$ 916,746

(Change in presentation method)

“Czech Republic,” which was included in “Other European countries” in the previous fiscal year, is presented separately since it exceeded 10% of net sales in the consolidated statement of income from the fiscal year under review. In order to reflect this change in presentation method, the previous fiscal year has been reclassified under the new classification.

(2) Property, plant and equipment

Millions of yen				
Japan	Europe	Asia	Other	Total
¥ 42,339	¥ 843	¥ 3,872	¥ 2,311	¥ 49,367

Thousands of U.S. dollars				
Japan	Europe	Asia	Other	Total
\$ 283,166	\$ 5,638	\$ 25,896	\$ 15,456	\$ 330,169

3. Information by major customer

Customer	Millions of yen	
	Net sales	Related segment
FP Corporation	¥ 20,023	Human Life

Customer	Thousands of U.S. dollars	
	Net sales	Related segment
FP Corporation	\$ 133,915	Human Life

Notes to Consolidated Financial Statements

[Information on impairment loss of non-current assets by reportable segment]

FY2024 (from April 1, 2023 to March 31, 2024)

	Millions of yen			Total
	Human Life	Industry	Corporate and elimination	
Impairment loss	¥ 39	¥ 159	¥ —	¥ 199

FY2025 (from April 1, 2024 to March 31, 2025)

	Millions of yen			Total
	Human Life	Industry	Corporate and elimination	
Impairment loss	¥ 38	¥ 4,034	¥ —	¥ 4,072

FY2025 (from April 1, 2024 to March 31, 2025)

	Thousands of U.S. dollars			Total
	Human Life	Industry	Corporate and elimination	
Impairment loss	\$ 254	\$ 26,979	\$ —	\$ 27,233

[Information on amortization of goodwill and unamortized balance by reportable segment]

FY2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

FY2025 (from April 1, 2024 to March 31, 2025)

Not applicable.

[Information on gain on negative goodwill by reportable segment]

FY2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

FY2025 (from April 1, 2024 to March 31, 2025)

Not applicable.

[Related party information]

Related party transactions

Information is omitted due to a lack of materiality.

(Per share information)

	Yen	
	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Net assets per share	¥ 1,235.52	¥ 1,075.86
Net income (loss) per share	23.90	(138.28)

(Note) 1. Diluted net income per share is not stated as there are no dilutive shares.

(Note) 2. The basis for calculating net assets per share is as follows.

	Millions of yen		Thousands of U.S. dollars
	FY2024 (as of March 31, 2024)	FY2025 (as of March 31, 2025)	
Total net assets	¥ 56,821	¥ 49,670	\$ 332,196
Deductions from total net assets	760	759	5,076
(Non-controlling interests)	(760)	(759)	(5,076)
Net assets related to common stock at the end of the period	¥ 56,060	¥ 48,911	\$ 327,120
Thousand shares			
Number of shares of common stock outstanding	46,988	46,988	
Number of shares of treasury stock	1,614	1,525	
Number of shares of common stock at the end of the period used in the calculation of net assets per share	45,373	45,462	

(Note) 3. The basis for calculating net income (loss) per share is as follows.

	Millions of yen		Thousands of U.S. dollars
	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)	
Net income (loss) per share			
Net income (loss) attributable to owners of the parent	¥ 1,083	¥ (6,282)	\$ (42,014)
Amount not attributable to common shareholders	—	—	—
Net income (loss) related to common stock attributable owners of the parent	1,083	(6,282)	(42,014)
Thousand shares			
Average number of shares of common stock during the period	45,343	45,435	

Significant subsequent events

[Transfer of fixed assets]

At the meeting of the Board of Directors held on March 19, 2025, the Company resolved to transfer fixed assets as described below and completed the transfer of said fixed assets on May 30, 2025.

1. Reason for the transfer of fixed assets

In order to improve capital efficiency, the Company is reviewing its business portfolio and transferred the following fixed assets.

2. Details of the transferred assets

Name and location of asset	Segment	Millions of yen	Thousands of U.S. dollars	Current status
		Gain on transfer	Gain on transfer	
Land: 11,569.93m ² Building (total floor area): 5,349.55m ² 2-1-7 Takatsukadai, Nishi-ku, Kobe-shi, Hyogo	Human Life	¥ 713	\$ 4,768	Used as a factory

(Notes) 1. The transfer price and book value will not be disclosed as agreed with the transferee.

2. The gain on transfer is the amount after deducting the book value and transfer-related expenses from the transfer price.

3. Overview of the transferee

The transferee will not be disclosed as agreed with the transferee. There is no notable capital, personnel, transactional, or related-party relationships between the Company and the transferee.

4. Schedule of the transfer

(1) Board resolution date: March 19, 2025

(2) Contract signing date: March 27, 2025

(3) Transfer date: May 30, 2025

[Transfer of shares of subsidiaries]

At a meeting of the Board of Directors held on June 12, 2025, the Company resolved to transfer all shares and equities of six out of eight European business subsidiaries (hereinafter referred to as the “Subsidiaries”) held by its consolidated subsidiary, Proseat Europe GmbH to Brose Sitech Foam GmbH, a subsidiary of Brose Sitech Sp. z o.o. based in Poland, and entered into a share transfer agreement.

[Transfer of shares of consolidated subsidiaries]

1. Names and business descriptions of the Subsidiaries

Name of subsidiaries	Proseat GmbH & Co.KG Proseat Sp. z o.o. Proseat Mladá Boleslav s.r.o. And 3 other companies
Business description	Manufacture of automotive parts
Transaction details with the Company	There are no applicable matters to be recorded

2. Reportable segment to which the Subsidiaries belong

Industry

3. Primary reason for the transfer

Recognizing the importance of efficiently shifting resources to fields aligned with the new growth strategies, the Company has determined that transferring the Subsidiaries to a third party is the optimal course of action.

Notes to Consolidated Financial Statements

4. Transferee

Name: Brose Sitech Foam GmbH

5. Number of shares to be transferred, gain or loss on transfer, number of equities held after transfer, and transfer date

Number of shares and equities to be transferred	All shares and equities
Gain or loss on transfer	A loss on sale of shares of subsidiaries and affiliates of approximately 600 million yen* (4,012 thousand USD) is expected to be recorded as an extraordinary loss in the consolidated financial statements for the fiscal year ending March 31, 2026.
Number of equities held after transfer	—
Transfer date	Scheduled for late August 2025

* The gain or loss on transfer represent a provisional amount calculated based on the net asset value of the Subsidiaries as of December 31, 2024. The final gain or loss on transfer is currently being calculated based on the share value as of the closing date specified in the share transfer agreement.

(v) Annexed consolidated detailed schedules
[Detailed schedule of corporate bonds]

Company name	Issue	Date of issuance	Millions of yen		Interest rate (%)	Secured/ unsecured	Maturity
			Balance at beginning of period	Balance at end of period			
Sekisui Kasei Co., Ltd.	No.1 unsecured bonds	2019.12.12	¥ 7,000	¥ 7,000	0.500	Unsecured	2026.12.11
Total	—	—	¥ 7,000	¥ 7,000	—	—	—

(Note) The scheduled amount of redemption of bonds for the 5 years after the consolidated balance sheet date is as follows.

Millions of yen				
Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
¥ —	¥ 7,000	¥ —	¥ —	¥ —

[Detailed schedule of loans]

Category	Millions of yen		Thousands of U.S. dollars	Average interest rate (%)	Repayment date
	Balance at beginning of period	Balance at end of period	Balance at end of period		
Short-term loans	¥ 8,184	¥ 13,518	\$ 90,409	2.52%	—
Current portion of long-term loans	6,282	8,910	59,590	1.21%	—
Current portion of lease liabilities	929	866	5,791	—	—
Long-term loans (excluding the current portion)	16,413	9,649	64,533	0.88%	2026 to 2029
Lease liabilities (excluding the current portion)	3,386	2,941	19,669	—	2026 to 2044
Other interest-bearing debt	—	—	—	—	—
Total	¥ 35,196	¥ 35,887	\$ 240,014	—	—

(Notes) 1. “Average interest rate” is the weighted average interest rate on the balance of loans at the end of the period.
2. The average interest rate of lease liabilities is not recorded because lease liabilities are recorded on the consolidated balance sheet at the amount before deducting the amount equivalent to interest included in the total lease payment.
3. The repayment schedule of long-term loans and lease liabilities (excluding the current portion) within 5 years after the consolidated balance sheet date is as follows.

	Millions of yen			
	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
Long-term loans	¥ 4,280	¥ 1,606	¥ 1,767	¥ 1,994
Lease liabilities	635	444	377	304

	Thousands of U.S. dollars			
	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
Long-term loans	\$ 28,624	\$ 10,741	\$ 11,817	\$ 13,336
Lease liabilities	4,246	2,969	2,521	2,033

[Detailed schedule of asset retirement obligations]

Since the amount of asset retirement obligations at the beginning of the fiscal year under review and at the end of the fiscal year under review is 1/100 or less of the total amount of liabilities and net assets at the end of the fiscal year under review, the description is omitted.

Other

Interim financial information for the fiscal year ended March 31, 2025

	Millions of yen		Thousands of U.S. dollars
	Interim consolidated accounting period (From April 1, 2024 to September 30, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)	FY2025 (From April 1, 2024 to March 31, 2025)
(Cumulative period)			
Net sales	¥ 69,061	¥ 137,072	\$ 916,746
Net income (loss) before income taxes	151	(4,549)	(30,424)
Net loss attributable to owners of the parent	(371)	(6,282)	(42,014)
	Yen		
Net loss per share	¥ (8.19)	¥ (138.28)	

11 Years Summary

Fiscal Year	2014 ²	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2024
For the year:	Millions of yen										Thousands of U.S. dollars ¹	
Net Sales	¥ 113,660	¥ 101,559	¥ 102,398	¥ 112,101	¥ 112,593	¥ 136,155	¥ 118,851	¥ 117,567	¥ 124,683	¥ 130,265	¥ 137,072	\$ 916.747
Overseas Sales Ratio (%)	18.4	15.0	16.7	17.3	18.1	36.3	33.9	39.4	39.7	42.6	43.2	43.2
Operating Income	3,930	5,118	5,401	5,284	4,784	3,725	2,091	1,463	793	1,261	641	4.287
Ordinary Income	4,180	4,862	5,049	5,154	4,776	3,391	1,956	1,401	704	2,733	102	0.682
Net Income Attributable to Owners of the Parent	2,530	3,147	3,404	3,448	3,129	2,323	1,126	(5,917)	452	1,083	(6,282)	(42.014)
Capital Expenditures	5,908	4,424	5,836	7,762	7,368	5,261	5,377	3,825	3,682	5,062	6,429	42.998
Depreciation and Amortization	3,999	3,937	3,591	4,087	4,517	6,071	6,217	6,176	5,650	5,716	6,077	40.643
Research and Development Costs	1,877	1,856	1,916	2,104	2,145	2,769	2,655	2,784	2,707	2,578	2,789	18.653

At year-end:												
Total Assets	¥ 116,201	¥ 114,892	¥ 119,670	¥ 131,774	¥ 152,845	¥ 149,103	¥ 158,439	¥ 143,308	¥ 145,175	¥ 146,473	¥ 136,238	\$ 911.169
Total Net Assets	58,275	58,800	61,363	66,145	66,771	67,217	70,657	58,242	58,464	56,821	49,670	332.196
Interest-bearing Debt	19,467	18,274	18,424	19,096	35,229	39,583	41,704	41,588	42,390	42,196	42,887	286.831

Per Share Data ³ :	Yen										U.S. dollars ¹	
Net Income	¥ 54.14	¥ 67.34	¥ 73.03	¥ 75.33	¥ 69.09	¥ 51.29	¥ 24.86	¥ (130.99)	¥ 10.00	¥ 23.90	¥ (138.28)	\$ (0.92)
Net Assets	1,231.36	1,243.30	1,322.14	1,444.28	1,439.43	1,450.32	1,549.84	1,272.86	1,275.00	1,235.52	1,075.86	7.20
Cash Dividends	18.00	24.00	24.00	27.00	30.00	30.00	21.00	12.00	12.00	13.00	3.00	0.02

Other Data (financial):											
Operating Income Ratio (%)	3.5	5.0	5.3	4.7	4.2	2.7	1.8	1.2	0.6	1.0	0.5
ROE (%)	4.6	5.4	5.7	5.5	4.8	3.6	1.6	(9.3)	0.8	1.9	(12.0)
ROA (%)	3.7	4.2	4.3	4.1	3.4	2.2	1.3	0.9	0.5	1.9	0.1
Equity Ratio (%)	49.5	50.6	50.7	49.6	42.7	44.1	44.2	40.1	39.8	38.3	35.9

Other Data (non-financial):											
Number of Employees as of March 31	1,859	1,895	2,011	2,101	3,881	3,855	3,808	3,658	3,505	3,460	3,294
Number of Employees in Japan as of March 31	1,539	1,545	1,633	1,680	1,723	1,695	1,676	1,726	1,653	1,652	1,638
Number of Employees outside Japan as of March 31	320	350	378	421	2,158	2,160	2,132	1,932	1,852	1,808	1,656
Ratio of Women (%) ⁴	N.A.	16.9	18.1	18.9	20.7	19.9	26.9	28.5	28.4	26.3	25.9
Number of Paid Vacation Days Taken (days) ⁵	—	—	8.3	8.2	8.7	10.6	10.5	9.8	10.6	13.5	12.3

^{*1} U.S. dollar amounts represent translations of Japanese yen, for readers' convenience only, at the rate of ¥149.52 = U.S.\$1.00, the prevailing exchange rate at March 31, 2025.

^{*2} In order to synchronize accounting periods of overseas group companies with the accounting period in Japan beginning in FY2014, the FY2014 results for overseas group companies are based on a 15-month accounting period.

^{*3} SEKISUI KASEI CO., LTD. consolidated its common share at the ratio of two shares to one, effective on October 1, 2016.

^{*4} Excluding subsidiaries in Europe and the Americas that are not publicly listed.

^{*5} Figures for FY2014 and FY2015 are missing because no data was compiled for those years.

Company Profile / Stock Information

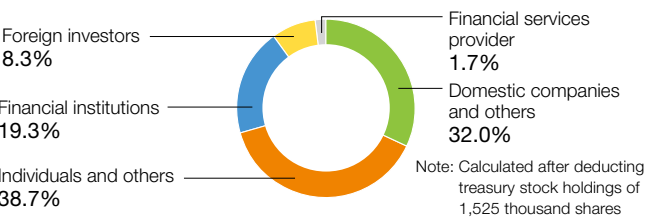
Company Profile (As of March 31, 2025)

Name	SEKISUI KASEI CO., LTD.
Head Office	2-4-4 Nishi-tenma Kita-ku, Osaka, Japan
Headquarters	2-7-1 Nishi-Shinjuku Shinjuku-ku, Tokyo, Japan
Establishment	October 1, 1959
Paid-in Capital	16,533 million yen
President and Representative Director	Yasunobu Furubayashi
Number of Employees	446 (individual basis) 3,294 (consolidated basis)
Consolidated Subsidiaries	(Japan) 17 companies (Overseas) 20 companies
Equity Method Affiliates	None
Fiscal Year	Ended March 31

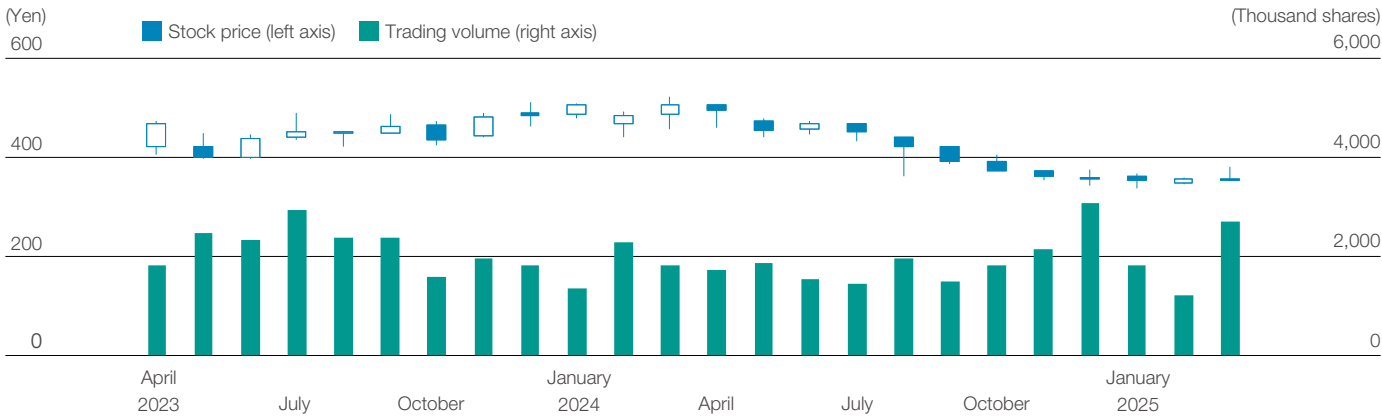
Stock Information (As of March 31, 2025)

Ordinary general meeting of shareholders	June
Record date	Ordinary general meeting of shareholders: March 31 Year-end dividend: March 31 Interim dividend: September 30
Listings	Prime Market, Tokyo Stock Exchange
Securities code	4228
Common stock—issued	46,988,109 shares
Number of shareholders	11,952
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation
Independent auditor	Ernst & Young ShinNihon LLC

Breakdown of Shareholder



Stock Price/Trading Volume



Business Lines in Each Segment

Industry Segment	
Market/ Application	Automotive components, packaging materials for transporting automotive parts, industrial components, industrial packaging, electric part materials, medical and health care materials
Major Products	PIOCELAN, LIGHTLON, NEOMICROLEN, TECHPOLYMER, ST-gel, TECHEATER, ELASTIL, FOAMAC, ST-LAYER, ST-Eleveat, other foamed/molded products

Human Life Segment	
Market/ Application	Agricultural and marine product containers, food containers, distribution materials, construction materials, civil engineering materials
Major Products	ESLEN Beads, ESLEN Sheet, ESLEN Wood, INTERFOAM, CELPET, other foamed/molded products, ES Dan Mat, ESLEN Block, etc.

Major Shareholders

Name	Number of Shares Held (thousands)	Percentage of Ownership (%)
SEKISUI CHEMICAL CO., LTD.	9,855	21.68
The Master Trust Bank of Japan, Ltd.	3,644	8.02
Employees' Shareholding	2,019	4.44
The Dai-ichi Life Insurance Company, Limited	1,970	4.33
Sekisui Jushi Corporation	1,419	3.12
Interactive Brokers LLC	1,405	3.09
FP Corporation	1,348	2.97
MUFG Bank Ltd.	1,327	2.92
Business Partners Shareholding	1,172	2.58
Custody Bank of Japan, Ltd.	626	1.38

Note: The Company maintains 1,525,000 shares of treasury stock, which does not include the holdings of the major shareholders in the above list.

Our Group Network

(As of March 31, 2025)



Overseas Subsidiaries 21 Companies

- 1

Sekisui Kasei Korea Co., Ltd.
- 2

Sekisui Kasei Taiwan Co., Ltd.
- 3

Sekisui Kasei Tianjin Co., Ltd.
- 4

Sekisui Kasei Suzhou Co., Ltd.
- 5

Sekisui Kasei Shanghai International Trading Co., Ltd.
- 6

Sekisui Kasei Hong Kong Trading Co., Ltd.
- 7

PT. Sekisui Kasei Indonesia
- 8

Sekisui Kasei (Thailand) Co., Ltd.
- 9

Sekisui Kasei U.S.A., Inc.
- 10

Sekisui Kasei Mexico S.A. de C.V.
- 11

Sekisui Kasei Europe B.V.
- 12

Proseat Europe GmbH^{*1}
- 13

Proseat GmbH + Co. KG^{*2}
- 14

Proseat Verwaltung GmbH^{*2}
- 15

Proseat Schwarzeide GmbH^{*2}
- 16

Proseat LLP^{*1}
- 17

Proseat SAS^{*1}
- 18

Proseat Foam Manufacturing, S.L.U.^{*2}
- 19

Proseat Mladá Boleslav s.r.o.^{*2}
- 20

Proseat Sp.zo.o^{*2}
- 21

Sekisui Kasei Deutschland GmbH

^{*1} The company names are scheduled to be changed by the end of October 2025 as follows (12 and 17 are in the process of liquidation):
12 SKP Germany GmbH, 18 SKGP UK LLP, 17 SKP France SAS

^{*2} Transferred in September 2025.

Domestic Subsidiaries 17 Companies

- 1

Sekisui Kasei Hokkaido Co., Ltd.
- 2

Sekisui Kasei Toubu Co., Ltd.
- 3

Sekisui Kasei Urethane Co., Ltd.
- 4

Sekisui Kasei Kanto Co., Ltd.
- 5

Sekisui Kasei Gunma Co., Ltd.
- 6

Sekisui Kasei Saitama Co., Ltd.
- 7

Shonan Sekisui Kogyo Co., Ltd.
- 8

Sekisui Kasei Yamakyu Co., Ltd.
- 9

Sekisui Kasei Chubu Co., Ltd.
- 10

Sekisui Kasei Omi Co., Ltd.
- 11

Sekisui Kasei Shiga Co., Ltd.
- 12

Sekisui Kasei Sakai Co., Ltd.^{*3}
- 13

Sekisui Kasei Kansai Co., Ltd.
- 14

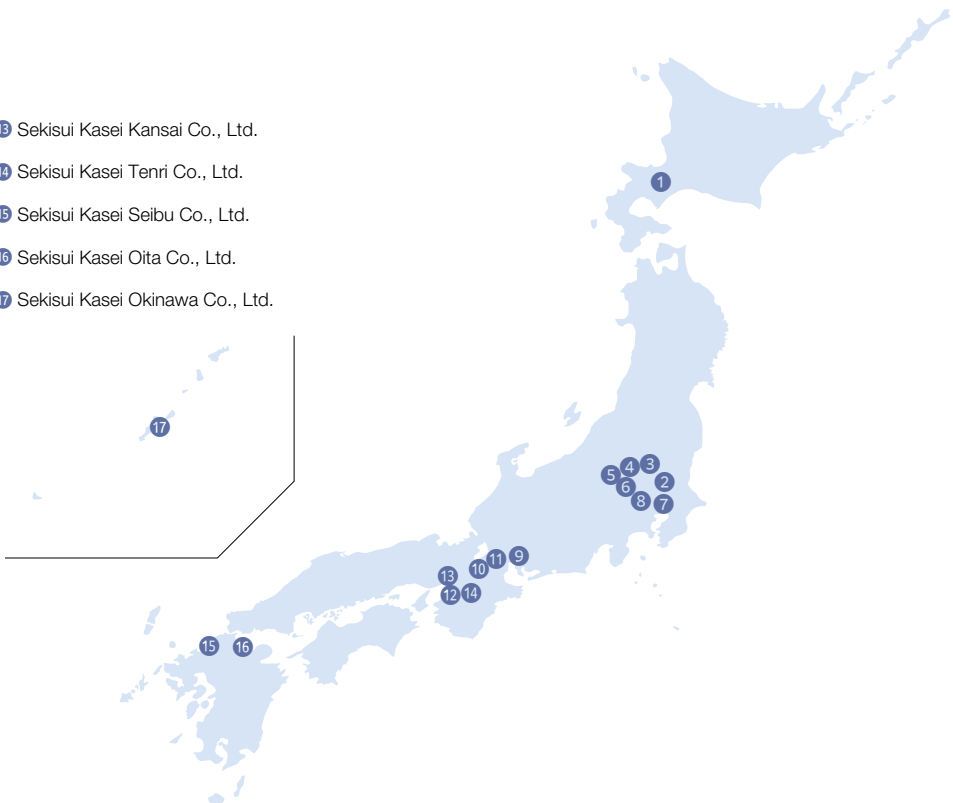
Sekisui Kasei Tenri Co., Ltd.
- 15

Sekisui Kasei Seibu Co., Ltd.
- 16

Sekisui Kasei Oita Co., Ltd.
- 17

Sekisui Kasei Okinawa Co., Ltd.

^{*3} Liquidated in June 2025.



On the publication of the Integrated Report

We are deeply grateful to all stakeholders for your valuable opinions regarding our Integrated Report. As a leading company in foam plastics, SEKISUI KASEI Group offers a variety of products and services that support people’s daily lives. From our Industry segment that supports the electronics, mobility, and medical/healthcare fields, to our Human Life segment, which supports the food, housing, and energy fields, we contribute to the creation of solutions for society by utilizing the material development and molding technologies honed since our founding.

FY2025 marks a major turning point for us. In June, a new President and Chief Executive Officer was appointed, and under the new structure, we launched our medium-term management plan, “Going Beyond 2027 — Transformation and Completion” (FY2025–2027), which represents the second step towards achieving “Target 2030,” our business direction for 2030. Under this plan, we aim to deepen and expand our business by leveraging the Group’s strengths while responding flexibly and vigorously to the rapidly changing business environment. Furthermore, a review of materiality was carried out in conjunction with the medium-term management plan. We have evolved from materiality limited to conventional ESG issues to a new materiality that consists of both the sustainability of corporate growth (business and financial elements) and the sustainability of the management foundation (ESG elements). We also made some improvements to the process of identifying and formulating materiality to make it more effective, such as adding a new analysis of the external environment from the medium- to long-term viewpoints as a starting point for identifying issues. Once identified, these material issues are ultimately approved by the Board of Directors and then fully incorporated into management decisions.

The Integrated Report communicates SEKISUI KASEI Group’s efforts to pursue corporate value enhancement—past, present, and future. The Board of Directors, the Executive Committee, and each department on the executive side work in close collaboration, approaching this as a key management matter and engaging across the organization in the report’s production. We also reflect the feedback and survey results from our stakeholders in each edition of the report. Moving forward, we will continue to value our dialogue with you and strive for continuous improvement to make the report even better. We sincerely welcome your candid feedback.

Directors and Executive Officers

Yasunobu Furubayashi Katsumi Sasaki Hideyuki Asada Yasumasa Asano Yasutaka Imanishi

Editorial Policy

For the purpose of communicating the sustainable growth potential of SEKISUI KASEI to all readers, this report presents company information with a focus on medium- to long-term value creation.

Scope of the Report

Applicable Period: April 1, 2024 – March 31, 2025 (some activities from after April 2025 are also included)
Organizations Covered: SEKISUI KASEI CO., LTD., its 37 consolidated subsidiaries, and 1 non-consolidated subsidiary – 39 SEKISUI KASEI Group companies in total (as of March 31, 2025)

Guidelines Referenced

- International Integrated Reporting Council (IIRC): International Integrated Reporting Framework
- Ministry of Economy, Trade and Industry: Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0
- Ministry of the Environment: Environmental Reporting Guidelines 2018
- Japanese Standards Association “Guidance on Social Responsibility JIS Z 26000” (ISO 26000)

Cautionary Note on Forward-looking Statements

Results forecasts, plans, business strategies, awareness and assessments of facts, and other forward-looking statements concerning the Company, or the Group are assumptions that the Company’s management believes to be reasonable based on currently available information. Actual outcomes may differ materially from those expressed in these forward-looking statements due to various factors. The Company undertakes no obligation to publish revised forward-looking statements to reflect new events, conditions, or circumstances.

You can find the latest information of corporation, shareholder and investor relations as well as details of our products and green activities on the Website of SEKISUI KASEI.

<https://www.sekisui-kasei.com/en/>

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