

[Translation: Please note that the following purports to be an accurate translation of excerpt contents of the original Japanese document, prepared for foreign shareholders solely as a reference material. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Please also be advised that certain explanations for the domestic voting procedures are omitted or modified in this translation.]

## **SEKISUI CHEMICAL CO., LTD.**

Stock Exchange Code: 4204

June 1, 2022

To Our Shareholders:

### **NOTICE OF CONVOCATION OF THE 100TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

SEKISUI CHEMICAL CO., LTD. (the “Company”) hereby notifies you of that the 100th Annual General Meeting of Shareholders of the Company as follows.

The General Meeting of Shareholders will be held with measures put in place to prevent novel coronavirus infections, but we request shareholders to take into account the situation regarding the spread of infections on the date of the meeting and your own health condition to attend the meeting in person. Please note that no gifts will be provided at the meeting. Please exercise your voting rights by mail or via the Internet after studying the Reference Document Concerning the General Meeting of Shareholders before 5:30 p.m. on June 21, 2022 (Tuesday, JST).

Yours very truly,

By: **KEITA KATO**  
President and Representative Director  
**SEKISUI CHEMICAL CO., LTD.**  
4-4 Nishitemma 2-Chome,  
Kita-ku, Osaka 530-8565

## PARTICULARS

**1. Date and Time of the Meeting:** 10:00 a.m. on June 22, 2022 (Wednesday, JST)

**2. Place of the Meeting:** Manyo no Ma Room  
3rd Floor  
ANA Crowne Plaza Osaka Hotel  
1-3-1 Dojimahama, Kita-ku, Osaka

**3. Agenda of the Meeting:**

**Matters for Reporting:**

Report on the Business Report, the Consolidated Accounting Documents, the Non-Consolidated Accounting Documents and the report on the Results of the Audits of Consolidated Accounting Documents by the Accounting Auditor and the Audit & Supervisory Board for the 100th Business Term (from April 1, 2021 to March 31, 2022).

**Matters for Resolution:**

<b>First Item of Business:</b>	<b>Appropriation of Surplus</b>
<b>Second Item of Business:</b>	<b>Partial Amendments to the Articles of Incorporation</b>
<b>Third Item of Business:</b>	<b>Election of Twelve (12) Directors</b>
<b>Fourth Item of Business:</b>	<b>Election of One (1) Audit &amp; Supervisory Board Member</b>
<b>Fifth Item of Business:</b>	<b>Election of Accounting Auditor</b>

- End -

For those attending, please present Voting Rights Exercise Form (not enclosed in this translation) at the reception desk on arrival at the Meeting. For saving natural resources, please take this notice of convocation with you to the Meeting.

(For Reference Only)

REGISTERED SHAREHOLDERS IN JAPAN may exercise voting rights by means of either of the following:

[In case of exercising voting rights by mail]

Please indicate on the Voting Right Exercise Form enclosed herewith your approval or disapproval of each of the items listed thereon and return the form to the Company before 5:30 p.m. on June 21, 2022 (Tuesday, JST).

[In case of exercising voting rights via the Internet, etc.]

Please access the website for exercising voting rights designated by the Company (<https://evote.tr.mufg.jp/>), indicate your approval or disapproval of each of the items by following the guidance on the display after entering the “log-in ID” and “password” shown on the enclosed Voting Right Exercise Form.

The Company cordially requests the shareholders who exercise voting rights via the Internet, etc. to understand the Guidance for the Exercise of Voting Rights via the Internet, etc. below. (omitted)

## ■ Reference Documents Concerning the General Meeting of Shareholders

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### First Item of Business

## Appropriation of Surplus

One of the Company's primary policies in the management is to increase the corporate value, with an emphasis on returning the Company's profits to the shareholders proactively. In connection with returning the Company's profits to the shareholders, the Company's basic policy is to have the consolidated payout ratio of at least 35% of the consolidated net income and the total return ratio of at least 50% (when the debt to equity (D/E) ratio is 0.5 or less), to ensure the Dividend-On-Equity (DOE) ratio of at least 3%, and to implement its stable dividend policy depending upon the business results.

Based on its capital policy and the basic policy regarding dividends from surplus as described above, the Company proposes that the year-end dividend for the business term under review be ¥25 per share.

The annual dividend for the business term under review is ¥49 per share, together with the interim dividend of ¥24 per share that was paid in December 2021, and a ¥2 increase per share from the previous business term.

### Matters Concerning the Year-End Dividend

#### 1. Type of Dividend Assets:

Cash

#### 2. Matters Concerning Distribution of Dividend Assets and the Aggregate Amount:

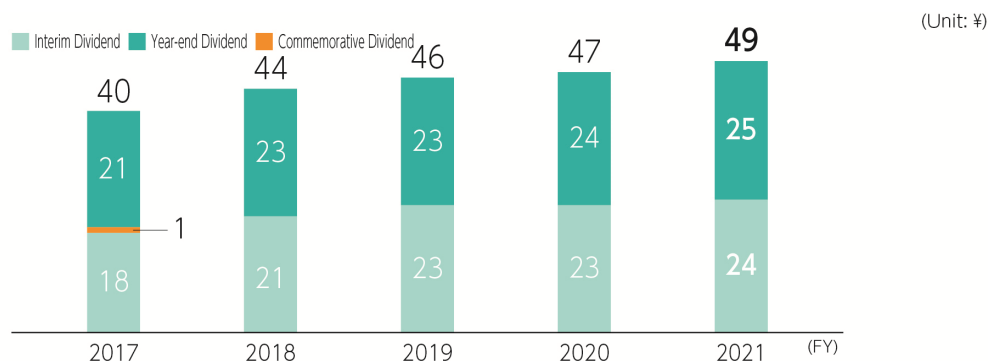
¥25 per share of common stock of the Company

Aggregate amount of dividends: ¥11,126,730,100

#### 3. The Date When Dividends from Surplus Takes Effect:

June 23, 2022

### Changes in the Dividends Per Share



1. Reason for amendments:

The amending provisions set forth in the proviso of Article 1 of the Supplementary Provisions of the Act for Partially Amending the Companies Act (Act No. 70 of 2019) will be enforced on September 1, 2022. To prepare for the introduction of the system for providing reference documents for the General Meeting of Shareholders, etc. in electronic format, the Company proposes to make the following amendments to the Articles of Incorporation of the Company.

- (1) Article 16, Paragraph 1 in “Proposed Amendments” below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the General Meeting of Shareholders, etc. in electronic format.
- (2) Article 16, Paragraph 2 in “Proposed Amendments” below will establish the provision to limit the scope of items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (3) Since the provision for disclosure on internet and deemed provision of reference documents for General Meeting of Shareholders, etc. (Article 16 of the Current Articles of Incorporation) will no longer be required, this provision will be deleted.
- (4) Accompanying the above establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

2. Contents of amendments:

The specific contents of the amendments are as follows.

(The underlines indicate the amended parts.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Disclosure on internet and deemed provision of reference documents for General Meeting of Shareholders, etc.)</u></p> <p><u>Article 16</u> <u>When a General Meeting of Shareholders is convened, the Company can deem that it has provided to shareholders information concerning matters that should be noted or disclosed in reference documents for General Meeting of Shareholders, business reports, financial statements, and consolidated financial statements in accordance with the provisions of Ministry of Justice ordinances by using the internet as the method of disclosure.</u></p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">(Deleted)</p> <p style="text-align: center;"><u>(Measures for providing information in electronic format, etc.)</u></p> <p><u>Article 16</u></p> <p><u>1. For convocation of General Meeting of Shareholders, the Company shall take measures for providing information that constitutes the content of the reference documents for General Meeting of Shareholders, etc. in electronic format.</u></p>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p><u>2. The Company may exclude all or part of the matters to be provided in electronic format, which are specified in the applicable Ordinance of the Ministry of Justice, in the documents to be delivered to shareholders who have requested them by the reference date for voting rights.</u></p> <p><u>[Supplementary provisions]</u></p> <p><u>1. The deletion of Article 16 (Disclosure on internet and deemed provision of reference documents for General Meeting of Shareholders, etc. of the current Articles of Incorporation and the establishment of the proposed Article 16 (Measures for providing information in electronic format, etc.) shall come into effect as of the date of enforcement set forth in the proviso of Article 1 of the Supplementary Provisions of the Act for Partial Revision of the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Effective Date”).</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 16 of the current Articles of Incorporation shall remain in force with respect to a General Meeting of Shareholders to be held on a date within six months from the Effective Date.</u></p> <p><u>3. These supplementary provisions shall be deleted on the date when six months have elapsed from the Effective Date or three months have elapsed from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.</u></p>

The terms of offices of all the nine (9) Directors will expire at the closing of this Annual General Meeting of Shareholders. Therefore, the Company proposes that the following twelve (12) Directors be newly elected. The following candidates for Directors have been determined by the Board of Directors based on the recommendations of the Nomination and Remuneration Advisory Committee, which consists of a majority of Independent Outside Officers and is chaired by an Independent Outside Officer.

Five (5) candidates out of twelve (12) are candidates for Outside Directors. All of the five (5) candidates have expertise in each domain and international mindset, including abundant experience and past achievements as management executives. Therefore, the Company has judged that they would be able to duly fulfill their duties as Outside Directors including provision of advice with respect to the business management of the Company and supervision of business execution, etc. The five (5) candidates for Outside Directors meet the conditions of the Company's "Criteria for Independence of Outside Board Members" (refer to page 20) and the conditions of Independent Directors stipulated by Tokyo Stock Exchange, Inc.

The candidates are as follows.

Candidate Number	Name	Current Position and Duty at the Company		Number of Years (At the closing of this Annual General Meeting of Shareholders)	
1	Teiji Koge	Chairman of the Board and Representative Director	Renominated	17 years	
2	Keita Kato	President and Representative Director Chief Executive Officer	Renominated	8 years	
3	Futoshi Kamiwaki	Director Senior Managing Executive Officer	Renominated	2 years	
4	Yoshiyuki Hirai	Director Senior Managing Executive Officer	Renominated	7 years	
5	Toshiyuki Kamiyoshi	Director Senior Managing Executive Officer	Renominated	3 years	
6	Ikusuke Shimizu	Director Senior Managing Executive Officer	Renominated	3 years	
7	Kazuya Murakami	Director Executive Officer	Renominated	1 year	
8	Yutaka Kase	Outside Director	Candidate for Independent Outside Director	Renominated	6 years
9	Hiroshi Oeda	Outside Director	Candidate for Independent Outside Director	Renominated	4 years
10	Haruko Nozaki		Candidate for Independent Outside Director	Newly Nominated	—
11	Miharu Koezuka		Candidate for Independent Outside Director	Newly Nominated	—
12	Machiko Miyai		Candidate for Independent Outside Director	Newly Nominated	—

**Career Summary, Position and Duty**

- Apr. 1976: Joined the Company
- Jun. 2005: Director of the Company  
President of Nagoya Sekisui Heim Co., Ltd.
- Oct. 2005: Director of the Company  
Head of President's Office of Housing Company
- Apr. 2006: Director of the Company  
Head of Planning & Control Department of Housing Company
- Apr. 2007: Director of the Company  
Head of Housing Division and Planning & Control Department of Housing Company
- Jul. 2007: Director of the Company  
Responsible for Sales Department, Head of Housing Division of Housing Company
- Feb. 2008: Director of the Company  
President of Housing Company  
Responsible for Sales Department, Head of Housing Division
- Apr. 2008: Director of the Company  
Managing Executive Officer of the Company  
President of Housing Company
- Apr. 2009: Director of the Company  
Senior Managing Executive Officer of the Company  
President of Housing Company
- Mar. 2014: Director of the Company  
Senior Managing Executive Officer of the Company  
Head of CSR Department  
Head of Corporate Communication Department
- Mar. 2015: President and Representative Director of the Company  
Chief Executive Officer of the Company
- Mar. 2020: Chairman of the Board and Representative Director of the Company  
[incumbent]

■ **Number of Shares of the Company Owned**  
132,063 shares

■ **Number of Attendance of the Board of Directors Meetings of the Company**  
17 out of 17 Board of Directors meetings  
(Attendance rate: 100%)

(The business term under review)

**Reasons for Nomination of the Candidate for Director**

Since Mr. Teiji Koge was appointed as President and Representative Director in 2015, he has served as the driving force of the Group by implementing his strong leadership in demonstrating the new long-term vision which aims for ESG management and doubling of the business scale, with the aim of *maintaining Sekisui Chemical Group's strong corporate presence for 100 years and beyond* premised on the Group's management principles. Furthermore, since June 2018, he has presided over Board of Directors meetings, encouraged constructive discussions on management strategies by increasing the involvement of Outside Directors, executed governance reform, and endeavored to ensure the effectiveness of the Board of Directors. Since he was appointed as Chairman of the Board and Representative Director in March 2020, he has been properly supervising the Company's management as Inside Director who is not concurrently responsible for business execution. Therefore, the Company has judged that he is expected to further contribute to the establishment of the basic management policy and the proper supervision of management by the Board of Directors of the Company and thus renominated him as a candidate for Director.



■ **Number of Shares of the Company Owned**  
90,174 shares

■ **Number of Attendance of the Board of Directors Meetings of the Company**

17 out of 17 Board of Directors meetings

(Attendance rate: 100%)

(The business term under review)

### Career Summary, Position and Duty

- Apr. 1980: Joined the Company
- Apr. 2008: Executive Officer of the Company  
Head of Interlayer Film Division of High Performance Plastics Company
- Jul. 2011: Executive Officer of the Company  
Head of New Business Promotion Division of High Performance Plastics Company
- Mar. 2013: Executive Officer of the Company  
Head of New Business Promotion Division and Head of Research & Development Institute of High Performance Plastics Company
- Oct. 2013: Executive Officer of the Company  
Head of Research & Development Institute of High Performance Plastics Company
- Mar. 2014: Managing Executive Officer of the Company  
President of High Performance Plastics Company
- Jun. 2014: Director of the Company  
Managing Executive Officer of the Company  
President of High Performance Plastics Company
- Apr. 2015: Director of the Company  
Senior Managing Executive Officer of the Company  
President of High Performance Plastics Company
- Jan. 2019: Representative Director of the Company  
Senior Managing Executive Officer of the Company  
Head of Business Strategy Department
- Apr. 2019: Representative Director of the Company  
Senior Managing Executive Officer of the Company  
Responsible for ESG Management Department  
Head of Business Strategy Department
- Jul. 2019: Representative Director of the Company  
Senior Managing Executive Officer of the Company  
Responsible for ESG Management Department  
Head of Business Strategy Department  
Head of New Business Development Department
- Jan. 2020: Representative Director of the Company  
Senior Managing Executive Officer of the Company  
Responsible for ESG Management Department  
Head of Business Strategy Department
- Mar. 2020: President and Representative Director of the Company  
Chief Executive Officer of the Company [incumbent]

### Reasons for Nomination of the Candidate for Director

Since Mr. Keita Kato was appointed as Director in 2014, he has implemented his leadership and made significant achievements as President of High Performance Plastics Company. Additionally, as Head of Business Strategy Department since January 2019, he has overseen Sekisui Chemical Group's management in general as well as administrative supervision functions of overseas businesses and properly supervising business execution from a global perspective. Since he was appointed as President and Representative Director in March 2020, he has been engaged in formulation/deliberation and supervision of management strategies, etc. in the Board of Directors while also promoting the long-term vision which aims for ESG management and doubling of the business scale. Therefore, the Company has judged that he would be qualified as Chief Executive Officer of the Company and thus renominated him as a candidate for Director.



**Career Summary, Position and Duty**

- Apr. 1983: Joined the Company
- Apr. 2011: Executive Officer of the Company  
Head of Planning & Control Department of Housing Company
- Oct. 2012: Executive Officer of the Company  
Responsible for Public Relations & External Relations Department  
Head of Planning & Control Department of Housing Company
- Jan. 2013: Executive Officer of the Company  
Head of Housing Product Research & Development Department of Housing Company
- Jan. 2014: Executive Officer of the Company  
Head of Product Research & Development Department of Housing Company
- Apr. 2017: Managing Executive Officer of the Company  
Head of Product Research & Development Department of Housing Company
- Mar. 2018: Managing Executive Officer of the Company  
Head of Housing Renovation Sales Management Division  
Head of Administrative Management & Control Department of Housing Company
- Mar. 2019: Managing Executive Officer of the Company  
Head of Administrative Management & Control Department of Housing Company
- Jan. 2020: Managing Executive Officer of the Company  
Head of New Business Development Department
- Mar. 2020: Managing Executive Officer of the Company  
Responsible for ESG Management Department and New Business Development Department  
Head of Business Strategy Department
- Apr. 2020: Senior Managing Executive Officer of the Company  
Responsible for ESG Management Department, Digital Transformation Department, and New Business Development Department  
Head of Business Strategy Department
- Jun. 2020: Director of the Company  
Senior Managing Executive Officer of the Company  
Responsible for ESG Management Department, Digital Transformation Department, and New Business Development Department  
Head of Business Strategy Department [incumbent]

■ **Number of Shares of the Company Owned**  
82,243 shares

■ **Number of Attendance of the Board of Directors Meetings of the Company**  
17 out of 17 Board of Directors meetings  
(Attendance rate: 100%)

(The business term under review)

**Reasons for Nomination of the Candidate for Director**

Mr. Futoshi Kamiwaki has been engaged in the operations of product development, sales management, and administrative management and control as Head of Product Research & Development Department, Head of Housing Renovation Sales Management Division, and Head of Administrative Management & Control Department of the Housing Company, and has abundant experience in strategy planning and management. Leveraging the aforementioned experience, since he was appointed as Head of New Business Development Department within the corporate organization in January 2020 and Head of Business Strategy Department in March 2020, he has been performing his duties by applying his deep insight and advanced management capabilities by leveraging the broad experience he has gained to date, having been appointed as Director in 2020. Therefore, the Company has judged that he has high capabilities necessary for deliberating and overseeing the Board of Directors' business strategy, and further enhancing the corporate value of the Sekisui Chemical Group by utilizing his experience, especially in the area of ESG management promotion and digital transformation, and thus renominated him as a candidate for Director.



■ **Number of Shares of the Company Owned**  
45,861 shares

■ **Number of Attendance of the Board of Directors Meetings of the Company**

17 out of 17 Board of Directors meetings  
(Attendance rate: 100%)

(The business term under review)

**Career Summary, Position and Duty**

- Apr. 1985: Joined the Company
- Apr. 2014: Executive Officer of the Company  
Head of Foam Division of High Performance Plastics Company
- Apr. 2015: Executive Officer of the Company  
Responsible for CSR Promotion Department  
Head of Business Strategy Department
- Jun. 2015: Director of the Company  
Executive Officer of the Company  
Responsible for CSR Promotion Department  
Head of Business Strategy Department
- Apr. 2017: Director of the Company  
Managing Executive Officer of the Company  
Responsible for Corporate Finance & Accounting Department  
Head of Business Strategy Department
- Apr. 2018: Director of the Company  
Managing Executive Officer of the Company  
Head of Business Strategy Department
- Jan. 2019: Director of the Company  
Managing Executive Officer of the Company  
President of Urban Infrastructure & Environmental Products Company
- Apr. 2020: Director of the Company  
Senior Managing Executive Officer of the Company  
President of Urban Infrastructure & Environmental Products Company  
[incumbent]

**Reasons for Nomination of the Candidate for Director**

Since Mr. Yoshiyuki Hirai was appointed as Director in 2015, he has made such achievements as strengthening the foundation of global management structure and promoting constructive engagement with shareholders as Head of Business Strategy Department by leveraging the knowledge fostered through his abundant experience so far. As President of Urban Infrastructure & Environmental Products Company since January 2019, he has been performing his duties by applying his deep insight. He is also highly knowledgeable of the stakeholders' expectations and issues surrounding the Sekisui Chemical Group and has been performing his duties by applying his advanced management capabilities. Therefore, the Company has judged that he would be able to contribute to further enhancing the corporate value of the Sekisui Chemical Group and thus renominated him as a candidate for Director.



■ **Number of Shares of the Company Owned**  
64,213 shares

■ **Number of Attendance of the Board of Directors Meetings of the Company**  
17 out of 17 Board of Directors meetings  
(Attendance rate: 100%)

(The business term under review)

### Career Summary, Position and Duty

Apr. 1983: Joined the Company

Apr. 2013: Executive Officer of the Company  
President of SEKISUI HEIM TOHOKU CO., LTD.

Jan. 2014: Executive Officer of the Company  
Head of Sales Management Division of Housing Company

Jan. 2015: Executive Officer of the Company  
President of TOKYO SEKISUI HEIM CO., LTD.

Jan. 2018: Executive Officer of the Company  
Head of Housing Sales Management Division, Head of Housing Renovation Sales Management Division  
Head of Administrative Management & Control Department of Housing Company

Mar. 2018: Executive Officer of the Company  
Head of Housing Sales Management Division of Housing Company

Apr. 2018: Managing Executive Officer of the Company  
Head of Housing Sales Management Division of Housing Company

Jan. 2019: Managing Executive Officer of the Company  
President of Housing Company  
Head of Housing Sales Management Division and Head of Town and Community Development Department of Housing Company

Jun. 2019: Director of the Company  
Managing Executive Officer of the Company  
President of Housing Company  
Head of Housing Sales Management Division and Head of Town and Community Development Department of Housing Company

Jan. 2020: Director of the Company  
Managing Executive Officer of the Company  
President of Housing Company

Apr. 2020: Director of the Company  
Senior Managing Executive Officer of the Company  
President of Housing Company [incumbent]

### Reasons for Nomination of the Candidate for Director

Mr. Toshiyuki Kamiyoshi has been engaged in the operations of the Housing Company for many years and has extensive management experience, including serving as President of SEKISUI HEIM TOHOKU CO., LTD., President of TOKYO SEKISUI HEIM CO., LTD. and Head of Housing Sales Management Division of Housing Company. Since he was appointed as President of Housing Company in January 2019, he has been performing his duties by applying his deep insight and advanced management capabilities by leveraging the broad experience he has gained to date. Following his appointment as Director in 2019, he has used these experiences to deliberate and oversee the Board of Directors' business strategy. Therefore, the Company has judged that he has high capabilities necessary for further enhancing the corporate value of the Sekisui Chemical Group and thus renominated him as a candidate for Director.



■ **Number of Shares of the Company Owned**  
53,552 shares

■ **Number of Attendance of the Board of Directors Meetings of the Company**  
17 out of 17 Board of Directors meetings  
(Attendance rate: 100%)

(The business term under review)

#### Career Summary, Position and Duty

- Apr. 1987: Joined the Company
- Apr. 2015: Executive Officer of the Company  
Head of Foam Division of High Performance Plastics Company
- Apr. 2016: Executive Officer of the Company  
Responsible for Automobiles & Transportation field  
Head of Foam Division of High Performance Plastics Company
- Apr. 2018: Executive Officer of the Company  
Responsible for Electronics  
Head of Foam Division of High Performance Plastics Company
- Jan. 2019: Managing Executive Officer of the Company  
President of High Performance Plastics Company  
Responsible for Electronics of High Performance Plastics Company  
Director of SEKISUI FULLER CO., LTD. [incumbent]
- Apr. 2019: Managing Executive Officer of the Company  
President of High Performance Plastics Company
- Jun. 2019: Director of the Company  
Managing Executive Officer of the Company  
President of High Performance Plastics Company
- Apr. 2021: Director of the Company  
Senior Managing Executive Officer of the Company  
President of High Performance Plastics Company [incumbent]

#### Important Position of Other Organizations Concurrently Assumed

Director of SEKISUI FULLER CO., LTD.

#### Reasons for Nomination of the Candidate for Director

Mr. Ikusuke Shimizu is highly knowledgeable of the High Performance Plastics Company's strategic fields including the overseas segment, having served as Head of Foam Division, Responsible for Automobiles & Transportation field, Responsible for Electronics of High Performance Plastics Company as well as President of SEKISUI TA INDUSTRIES, LLC, etc. Since he was appointed as President of High Performance Plastics Company in January 2019, he has been performing his duties by applying his deep insight and advanced management capabilities by leveraging the broad experience he has gained to date, having been appointed as Director in 2019. Therefore, the Company has judged that he has high capabilities necessary for deliberating and overseeing the Board of Directors' business strategy, and further enhancing the corporate value of the Sekisui Chemical Group by utilizing his experience, especially in the area of global business, and thus renominated him as a candidate for Director.



■ **Number of Shares of the Company Owned**  
12,704 shares

■ **Number of Attendance of the Board of Directors Meetings of the Company**

13 out of 13 Board of Directors meetings  
(Attendance rate: 100%)

(The business term under review)

**Career Summary, Position and Duty**

- Apr. 1989: Joined the Company
- Mar. 2014: Head of Human Resources Development Division of High Performance Plastics Company
- Apr. 2020: Executive Officer of the Company  
Head of Human Resources Development Division of High Performance Plastics Company
- Oct. 2020: Executive Officer of the Company  
Head of Human Resources Department
- Jun. 2021: Director of the Company  
Executive Officer of the Company  
Head of Human Resources Department [incumbent]

**Reasons for Nomination of the Candidate for Director**

Mr. Kazuya Murakami has been engaged in back-office operations mainly at the human resources department, including serving as Head of Human Resources Development Division of High Performance Plastics Company, and has abundant experience in global policy enforcement and management. Leveraging the aforementioned experience, since his appointment as Head of Human Resources Department in October 2020, Mr. Murakami has exercised his strong leadership in the personnel system reform and in the promotion of diversity management, as well as working to create the Company's organizational culture and to improve employees' engagement. In addition to performing his duties by applying his deep insight and advanced management capabilities by leveraging the experience he has gained to date, Mr. Murakami has been working on the personnel system reform and health management utilizing such experience since he was appointed as Director in 2021. Therefore, the Company has judged that he has high capabilities necessary for enhancing the corporate value of the Sekisui Chemical Group and thus renominated him as a candidate for Director.



### Career Summary, Position and Duty

Candidate for Independent Outside Director

■ **Number of Shares of the Company Owned**

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■ **Number of Years in Office of the Company**

6 years (At the closing of this Annual General Meeting of Shareholders)

■ **Number of Attendance of the Board of Directors Meetings of the Company**

17 out of 17 Board of Directors meetings

(Attendance rate: 100%)

(The business term under review)

May 1970: Joined Nissho Iwai Corporation  
 Jun. 2001: Executive Officer of Nissho Iwai Corporation  
 Apr. 2003: Director and Managing Executive Officer of Nissho Iwai Corporation  
 Apr. 2004: Representative Director and Senior Managing Executive Officer of former Sojitz Corporation  
 Aug. 2004: Representative Director and Executive Vice President of former Sojitz Corporation  
 Oct. 2005: Representative Director and Executive Vice President of Sojitz Corporation  
 Apr. 2007: President & CEO of Sojitz Corporation  
 Apr. 2012: Representative Director and Chairman of Sojitz Corporation  
 Jun. 2013: Outside Director of Astellas Pharma Inc. [resigned in 2017]  
 Mar. 2016: Outside Director of JAC Recruitment Co., Ltd. [incumbent]  
 Jun. 2016: Director of the Company [incumbent]  
 Jun. 2017: Senior Advisor of Sojitz Corporation  
 Jun. 2018: Advisor of Sojitz Corporation [incumbent]

### Important Position of Other Organizations Concurrently Assumed

Advisor of Sojitz Corporation  
 Outside Director of JAC Recruitment Co., Ltd.

### Reasons for Nomination of the Candidate for Outside Director and Duties Expected to Be Performed

Since his appointment as Outside Director in June 2016, Mr. Yutaka Kase has provided advice with respect to the business management of the Company and has appropriately supervised business execution at Board of Directors meetings. The Company has judged that Mr. Kase would be able to continue to contribute to further enhancing the corporate value of the Sekisui Chemical Group through providing advice with respect to the business management of the Company and appropriately supervising business execution at Board of Directors meetings, by leveraging his abundant experience and past achievements in global corporate management and business strategy fostered through his position as a corporate manager of a general trading company. The Company has thus renominated Mr. Kase as a candidate for Outside Director.

### Independence of the Candidate for Outside Director

The Company has no business transactions with JAC Recruitment Co., Ltd., where Mr. Yutaka Kase concurrently holds a position. Besides, the Company has business transactions with Sojitz Corporation where he concurrently holds a position. However, the ratio of the transaction value to the net sales of Sojitz Corporation and the Company for the business year last closed was less than 1% for each of both parties. As the “Criteria for Independence of Outside Board Members” of the Company and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, his independence as Outside Director is deemed to be sufficiently secured.

### Limiting Liability Agreement

So that Directors (excluding Executive Directors) may fully fulfil their expected roles, the Company has entered into an agreement with Mr. Kase limiting his liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which his liabilities for compensations are limited to the minimum limited liability amount provided in the laws and ordinances. Furthermore, in the event that the election of Mr. Kase is approved, the Company will continue the limiting liability agreement with him.



■ **Number of Shares of the Company Owned**  
7,000 shares

■ **Number of Years in Office of the Company**  
4 years (At the closing of this Annual General Meeting of Shareholders)

■ **Number of Attendance of the Board of Directors Meetings of the Company**  
17 out of 17 Board of Directors meetings  
(Attendance rate: 100%)

(The business term under review)

### Career Summary, Position and Duty

- Apr. 1980: Joined Nisshin Flour Milling Inc. (currently Nisshin Seifun Group Inc.)
- Jun. 2008: Executive Officer of Nisshin Seifun Group Inc.
- Jun. 2009: Director of Nisshin Seifun Group Inc.
- Apr. 2011: Director and President of Nisshin Seifun Group Inc.
- Apr. 2017: Director and Executive Advisor of Nisshin Seifun Group Inc.
- Jun. 2017: Special Advisor of Nisshin Seifun Group Inc. [incumbent]  
President of Seifun Kaikan Inc. [scheduled to resign in June 2022]
- Mar. 2018: Outside Director of EBARA CORPORATION [incumbent]
- Jun. 2018: Outside Director of the Company [incumbent]
- Jun. 2019: President of Hitotsubashi University Koenkai [incumbent]

### Important Position of Other Organizations Concurrently Assumed

- Special Advisor of Nisshin Seifun Group Inc.
- Outside Director of EBARA CORPORATION
- President of Hitotsubashi University Koenkai

### Reasons for Nomination of the Candidate for Outside Director and Duties Expected to Be Performed

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

### Independence of the Candidate for Outside Director

The Company has no business relationship with Seifun Kaikan Inc., and Hitotsubashi University Koenkai where Mr. Hiroshi Oeda concurrently holds a position. While the Company has business transactions with Nisshin Seifun Group Inc. and EBARA CORPORATION, the ratio of the transaction value to the net sales of Nisshin Seifun Group Inc. and the Company for the business year last closed was less than 1% for each of both parties; likewise, said ratio of EBARA CORPORATION and the Company for the business year last closed was less than 1% for each of both parties. As the “Criteria for Independence of Outside Board Members” of the Company and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, his independence as Outside Director is deemed to be sufficiently secured.

### Limiting Liability Agreement

So that Directors (excluding Executive Directors) may fully fulfil their expected roles, the Company has entered into an agreement with Mr. Oeda limiting his liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which his liabilities for compensations are limited to the minimum limited liability amount provided in the laws and ordinances. Furthermore, in the event that the election of Mr. Oeda is approved, the Company will continue the limiting liability agreement with him.

Candidate for Independent Outside Director



■ Number of Shares of the Company Owned

-

### Career Summary, Position and Duty

Candidate for Independent Outside Director

- Apr. 1978: Joined HORIBA Community Corporation
- Mar. 1980: Joined HORIBA, Ltd.
- Apr. 2001: General Manager, Human Resources Department of HORIBA, Ltd.
- Jan. 2008: Deputy General Manager in charge of personnel, General Administration Division of HORIBA, Ltd.
- Apr. 2014: Junior Corporate Officer of HORIBA, Ltd. [resigned in March 2022]
- Jul. 2015: Chairman of HORIBA, Ltd. Health Insurance Association [resigned in March 2022]
- Jun. 2020: External Director of West Japan Railway Company [incumbent]
- Jun. 2021: Special Appointment Professor of International Academic Research Institute of Kyoto University of Advanced Science [resigned in March 2022]
- Apr. 2022: Executive Vice-President of Kyoto University [incumbent]

### Important Position of Other Organizations Concurrently Assumed

Executive Vice-President of Kyoto University  
External Director of West Japan Railway Company

### Reasons for Nomination of the Candidate for Outside Director and Duties Expected to Be Performed

Ms. Haruko Nozaki has experience in personnel affairs and education at HORIBA, Ltd. and deep insight on promotion of diversity, development of the next generation, etc., and currently serves as Executive Vice-President of Kyoto University and External Director of West Japan Railway Company. The Company expects she will provide pertinent advice at meetings of the Board of Directors regarding medium- to long-term issues based on her insight on human resources, and judging that she will contribute in this way to improving the corporate value of the Group, the Company has nominated her as a candidate for Outside Director. Ms. Nozaki has never been involved in the management of a company, except as an external director. However, the Company judges she will appropriately fulfill her duties as an Outside Director based on the above reasons.

### Independence of the Candidate for Outside Director

There is no business relationship between West Japan Railway Company, where Ms. Nozaki concurrently holds office, and the Company. Moreover, business relationships exist between Kyoto University, where she concurrently holds office, and the Company, but the amount of such transactions in the most recent fiscal year has been less than 1% of either ordinary income of the said university or net sales of the Company, and as the “Criteria for Independence of Outside Board Members” and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, her independence as Outside Director is deemed to be sufficiently secured.

### Limiting Liability Agreement

In the event that this Item of Business is approved, so that Directors (excluding Executive Directors) may fully fulfil their expected roles, the Company is scheduled to enter into an agreement with Ms. Nozaki limiting her liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which her liabilities for compensations are limited to the minimum limited liability amount provided in the laws and ordinances.





■ Number of Shares of the Company Owned  
4,000 shares

### Career Summary, Position and Duty

Candidate for Independent Outside Director

- Apr. 1979: Joined Takashimaya Company, Limited
- May 2007: Executive Officer, General Manager of Public and Investor Relations Office, Planning Headquarters of Takashimaya Company, Limited
- Mar. 2009: Senior Executive Officer, General Manager of Sales Planning Division of Takashimaya Company, Limited
- Feb. 2010: President (Representative Director) of Okayama Takashimaya Co., Ltd.
- May 2013: Director of Takashimaya Company, Limited
- Sep. 2013: Senior Managing Director (Representative Director), General Manager of Planning Headquarters (General Manager of Reform Promotion Headquarters), in charge of General Affairs Headquarters, CSR Promotion Office, IT Promotion Office, Nihombashi Redevelopment Planning Office of Takashimaya Company, Limited  
Director of Okayama Takashimaya Co., Ltd. [resigned in 2021]
- Mar. 2014: Senior Managing Director (Representative Director), General Manager of Sales Headquarters of Takashimaya Company, Limited
- May 2015: Member of the Strategic Headquarters for the Promotion of an Advanced Information and Telecommunications Network Society, Information Technology (IT) Strategy Planning Office, Cabinet Secretariat [resigned in 2019]
- Mar. 2016: Director of Takashimaya Company, Limited
- May 2016: Consultant of Takashimaya Company, Limited
- Jun. 2018: Outside Director of Japan Post Holdings Co., Ltd. [incumbent]
- Jun. 2019: Outside Director of Nankai Electric Railway Co., Ltd. [incumbent]
- Mar. 2020: Counselor of Takashimaya Company, Limited [resigned in 2021]  
Outside Director of Nippon Paint Holdings Co., Ltd. [incumbent]

### Important Position of Other Organizations Concurrently Assumed

- Outside Director of Japan Post Holdings Co., Ltd.
- Outside Director of Nankai Electric Railway Co., Ltd.
- Outside Director of Nippon Paint Holdings Co., Ltd.

### Reasons for Nomination of the Candidate for Outside Director and Duties Expected to Be Performed

Ms. Miharu Koezuka held positions of Representative Director and General Manager of Planning Headquarters and General Manager of Sales Headquarters of Takashimaya Company, Limited, and was involved in management of the said company for many years as a member of the management team. Ms. Koezuka currently serves as Outside Director of Japan Post Holdings Co., Ltd., Nankai Electric Railway Co., Ltd. and Nippon Paint Holdings Co., Ltd. The Company expects that Ms. Koezuka will utilize her experience in diverse industries in Board of Directors meetings to provide multifaceted and pertinent advice, and judging that she will contribute in this way to improving the corporate value of the Group, the Company has nominated her as a candidate for Outside Director.

### Independence of the Candidate for Outside Director

The Company has no business relationship with Japan Post Holdings Co., Ltd., Nankai Electric Railway Co., Ltd., and Nippon Paint Holdings Co., Ltd. where Ms. Miharu Koezuka concurrently holds a position. As the “Criteria for Independence of Outside Board Members” of the Company and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, her independence as Outside Director is deemed to be sufficiently secured.

### Matters concerning the candidate for Outside Director

Japan Post Holdings Co., Ltd. at which Ms. Miharu Koezuka serves as Outside Director received a business improvement order each from the Minister for Internal Affairs and Communications and the Financial Services Agency in December 2019 in relation to the case in which many inappropriate solicitations of insurance products occurred in JAPAN

POST INSURANCE Co., Ltd., a subsidiary of the said company. Although Ms. Koezuka was not aware of the aforementioned fact until the fact was found out, she has usually fulfilled her duties through the Board of Directors, etc. from the standpoint of legal compliance and makes efforts so that execution of operations that violates any laws or regulations is not conducted, and after the fact was revealed, she confirmed the content of the said company's measures for recurrence prevention.

**Limiting Liability Agreement**

In the event that this Item of Business is approved, so that Directors (excluding Executive Directors) may fully fulfil their expected roles, the Company is scheduled to enter into an agreement with Ms. Koezuka limiting her liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which her liabilities for compensations are limited to the minimum limited liability amount provided in the laws and ordinances.



■ Number of Shares of the Company Owned

-

### Career Summary, Position and Duty

Candidate for Independent Outside Director

- Apr. 1983: Joined Matsushita Electric Industrial Co., Ltd. (Panasonic Corporation from 2008; currently Panasonic Holdings Corporation)
- Oct. 2001: Director-General of Life Research Institute of Matsushita Electric Industrial Co., Ltd.
- Apr. 2005: Executive Director of Matsushita Electric Industrial Co., Ltd.
- Apr. 2006: Executive Director, General Manager of Cooking Equipment Business Unit of Matsushita Electric Industrial Co., Ltd.
- Apr. 2011: Executive Officer, Director of Environment Division of Panasonic Corporation
- Oct. 2012: Executive Officer, in charge of Lifestyle Research for New Markets, R&D Division of Panasonic Corporation
- Apr. 2014: Corporate Advisor of Panasonic Corporation [resigned in 2016]
- Jun. 2014: Outside Director of MORINAGA & CO., LTD. [resigned in 2018]
- Dec. 2014: Outside Director of KATO SANGYO CO., LTD. [resigned in 2018]
- May 2015: Outside Director of YOSHINOYA HOLDINGS CO., LTD. [resigned in 2019]
- Feb. 2016: Commissioner of Personal Information Protection Commission, an external bureau of the Cabinet Office [resigned in 2021]
- Jun. 2018: Director, Managing Operating Officer of MORINAGA & CO., LTD. [incumbent]
- Feb. 2019: Chairman of Sustainability Forum Japan [incumbent]
- Apr. 2022: Auditor of Ochanomizu University [incumbent]

### Important Position of Other Organizations Concurrently Assumed

Director, Managing Operating Officer of MORINAGA & CO., LTD.  
 Chairman of Sustainability Forum Japan  
 Auditor of Ochanomizu University

### Reasons for Nomination of the Candidate for Outside Director and Duties Expected to Be Performed

Ms. Machiko Miyai held positions of executives at Panasonic Corporation and then has served as Director and the head of the marketing department at MORINAGA & CO., LTD. As such, Ms. Miyai has broad job experience mainly in consumer-conscious duties in industries that are different from that of the Company. The Company expects that Ms. Miyai will utilize her abundant experience and wide-ranging knowledge in Board of Directors meetings to provide pertinent advice, and judging that she will contribute in this way to improving the corporate value of the Group, the Company has nominated her as a candidate for Outside Director.

### Independence of the Candidate for Outside Director

The Company has no business relationship with MORINAGA & CO., LTD., Sustainability Forum Japan, and Ochanomizu University where Ms. Machiko Miyai concurrently holds a position. As the “Criteria for Independence of Outside Board Members” of the Company and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, her independence as Outside Director is deemed to be sufficiently secured.

### Limiting Liability Agreement

In the event that this Item of Business is approved, so that Directors (excluding Executive Directors) may fully fulfil their expected roles, the Company is scheduled to enter into an agreement with Ms. Miyai limiting her liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which her liabilities for compensations are limited to the minimum limited liability amount provided in the laws and ordinances.

(Note) Each of the candidates has no interest with the Company.

## <Criteria for Independence of Outside Board Members>

The Company has established the following “Criteria for Independence of Outside Board Members” and the Company has nominated a candidate satisfying all of the criteria.

### Criteria for Independence of Outside Board Members

- 1) The candidate has never been an executive director, an executive officer, a manager or any other employee of the Company or any of the companies within the Group.
- 2) The candidate is not receiving compensation more than 10 million yen per year from the Group other than the compensation as an officer.
- 3) The candidate and the main company of the candidate<sup>1</sup> is not a major shareholder<sup>2</sup> of the Company.
- 4) The business of the main company of the candidate does not compete with the main business(es) of the Company<sup>3</sup>.
- 5) The main company of the candidate is not a major business partner<sup>4</sup> of the Company.
- 6) The main company of the candidate is not a major lender of the Company.
- 7) The candidate has never worked for an accounting auditor of the Company for the period of five years immediately preceding the scheduled date of assumption of office.
- 8) None of the executive directors of the Company is concurrently serving as a director of the main company of the candidate.
- 9) The candidate is not a relative<sup>5</sup> of any of the officers or employees of the Company who has not fallen under any of 1 through 8 above.

## <Overview of Directors’ and Officers’ Liability Insurance Contract>

The Company has executed a directors’ and officers’ liability insurance contract as defined in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. If the appointment of the twelve Directors as proposed in the Third Item of Business is approved, the appointed Directors will be insureds under the insurance contract. The insureds under the insurance contract are the Company’s Directors, Audit & Supervisory Board Member, Executive Officers, etc. The Company pays the insurance premiums for all the insureds. The insurance covers legal claims for damages, legal expenses, etc.

In order to prevent the duties expected to be performed by Directors, etc. from being compromised, the contract sets deductibles, exclusions, and reduced coverage rate.

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<sup>1</sup> Main company of the candidate shall mean the company, if any, at which the candidate for an outside board member is an executive director, executive officer, or manager or other employee.

<sup>2</sup> Major shareholder shall mean top 10 shareholders of the Company.

<sup>3</sup> Main business(es) of the Company shall mean business(es) disclosed as main business(es) of Company on the business report of the Company.

<sup>4</sup> Major business partner shall mean the business partner whose transaction with the Company is not less than 2% of consolidated gross sales of the Company or such business partner.

<sup>5</sup> Relative shall mean the person’s spouse, partner, relative within the second degree of kinship or relative who lives with the person.

At the closing of this Annual General Meeting of Shareholders, the term of Mr. Tetsuo Ozawa, Audit & Supervisory Board Member, will expire. Therefore, the Company proposed that one (1) Audit & Supervisory Board Member be elected.

The following candidate for Audit & Supervisory Board Member has been determined by the Board of Directors based on the recommendations of the Nomination and Remuneration Advisory Committee, which consists of a majority of Independent Outside Officers and is chaired by an Independent Outside Officer.

Mr. Yoshikazu Minomo, a candidate for Outside Audit & Supervisory Board Member, meets the conditions of the Company's "Criteria for Independence of Outside Board Members" (refer to Page 20) and the conditions of Independent Auditors stipulated by Tokyo Stock Exchange, Inc.

The Audit & Supervisory Board has given prior consent to the submission of this Item.

## Yoshikazu Minomo (Date of birth: December 13, 1969)

Newly Nominated



■ Number of Shares of the Company Owned

### Career Summary and Position

Apr. 1996: Registered as an attorney at law  
Joined MIYAKE IMAI IKEDA LAW OFFICE  
Jan. 2004: Partner of MIYAKE IMAI IKEDA LAW OFFICE [incumbent]

### Important Position of Other Organizations Concurrently Assumed

Partner of MIYAKE IMAI IKEDA LAW OFFICE

### Reasons for Nomination of the Candidate for Outside Audit & Supervisory Board Member

As a lawyer, Mr. Yoshikazu Minomo has an extensive proven record and deep insight in general corporate legal affairs such as business turnaround, company reorganization and M&A, and compliance and internal control. The Company has judged that Mr. Minomo is expected to reflect such a proven record and insight in audits of the Company, check appropriateness of management judgment particularly from the perspective of compliance, and contribute to improvement of the Company's social trust, and thus nominated Mr. Minomo as a candidate for Outside Audit & Supervisory Board Member. Mr. Minomo has never been involved in the management of a company, except as an outside audit & supervisory board member. However, the Company judges he will appropriately fulfill his duties as an Outside Audit & Supervisory Board Member based on the above reasons.

### Independence of the Candidate for Outside Audit & Supervisory Board Member

The Company has no business transactions with Mr. Yoshikazu Minomo and the firm where Mr. Minomo currently holds a position. As the "Criteria for Independence of Outside Board Members" of the Company and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, his independence as Outside Audit & Supervisory Board Member is deemed to be sufficiently secured.

### Limiting Liability Agreement

In the event that this Item of Business is approved, so that Audit & Supervisory Board Members may fully fulfil their expected roles, the Company is scheduled to enter into an agreement with Mr. Minomo limiting his liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which his liabilities for compensations are limited to the minimum limited liability amount provided in the laws and ordinances.

Candidate for Independent Outside Audit & Supervisory Board Member

- (Notes) 1. There are no special relationships of interest between the candidate and the Company.  
 2. If this Item of Business is approved as proposed, the composition of the Audit & Supervisory Board will be as follows.

Name	Position and Duty at the Company	Number of Years (At the closing of this Annual General Meeting of Shareholders)
Hiroyuki Taketomo (Date of birth: July 8, 1961)	Fulltime Audit & Supervisory Board Member	1 year
Toshitaka Fukunaga (Date of birth: April 7, 1956)	Fulltime Audit & Supervisory Board Member	2 years
Kazuyuki Suzuki (Date of birth: August 12, 1950)	Outside Audit & Supervisory Board Member Independent Outside Audit & Supervisory Board Member	7 years
Ryoko Shimizu (Date of birth: September 7, 1958)	Outside Audit & Supervisory Board Member Independent Outside Audit & Supervisory Board Member	3 years
Yoshikazu Minomo (Date of birth: December 13, 1969)	Outside Audit & Supervisory Board Member Independent Outside Audit & Supervisory Board Member	—

### <Overview of Directors' and Officers' Liability Insurance Contract>

If the appointment of the Audit & Supervisory Board Member as proposed in the Fourth Item of Business is approved, the appointed Audit & Supervisory Board Member will be an insured under the insurance contract. An overview of the insurance contract is provided on page 20 of this notice of convocation.

Ernst & Young ShinNihon LLC, which is Accounting Auditor of the Company, will resign due to the expiration of its term of office at the closing of this Annual General Meeting of Shareholders. Therefore, the Company requests approval for appointing KPMG AZSA LLC as Accounting Auditor based on the resolution of the Audit & Supervisory Board.

The reason why the Audit & Supervisory Board has elected KPMG AZSA LLC as a candidate of the Accounting Auditor is that audits made from a new standpoint can be expected by appointing KPMG AZSA LLC, taking into account the number of years during which the current Accounting Auditor has continued audits, and in addition, the Audit & Supervisory Board considers KPMG AZSA LLC qualified as a result of comprehensively examining the quality control system, auditing system including global measures, auditing methods, independence, etc. in order to further improve accounting governance of the Group.

The name, address of the main office, history, etc. of the candidate for Accounting Auditor are as follows.

(As of March 31, 2022)

Name	KPMG AZSA LLC		
Offices	Main office: 1-2 Tsukudocho, Shinjuku-ku, Tokyo Number of offices: 12		
History	Jul. 1969	Asahi & Co. was established	
	Jul. 1985	Asahi & Co. and Shinwa Audit Corporation (founded in December 1974) merged to form Asahi Shinwa & Co.	
	Oct. 1993	Asahi Shinwa & Co. merged with Inoue Saito Eiwa Audit Corporation (established in April 1978) to form Asahi & Co.	
	Jan. 2004	Asahi & Co. merged with AZSA & Co. (established in February 2003) to form KPMG AZSA & Co.	
	Jul. 2010	KPMG AZSA & Co. became a limited liability company and changed its name to KPMG AZSA LLC	
Outline	Capital		¥3,000,000,000
	Composition	CPAs	2,970
		Passed the CPA exam	1,172
		Professionals	1,190
		Administration Staff	724
		Total	6,056
	Recipients of audit attestation services		3,660

## (Reference) List of Officers [subject to approval of this Annual General Meeting of Shareholders]

Name	Position at the Company	Number of Years (At the closing of this Annual General Meeting of Shareholders)	Number of Attendance of the Board of Directors Meetings of the Company (The business term under review)	Number of Attendance of the Audit & Supervisory Board Meetings of the Company (The business term under review)	Number of Attendance of the Nomination and Remuneration Advisory Committee of the Company (The business term under review)
Teiji Koge	Chairman of the Board	17 years	100% (17 out of 17)	—	100% (6 out of 6)
Keita Kato	President and Representative Director Chief Executive Officer	8 years	100% (17 out of 17)	—	100% (6 out of 6)
Futoshi Kamiwaki	Representative Director Senior Managing Executive Officer	2 years	100% (17 out of 17)	—	—
Yoshiyuki Hirai	Director Senior Managing Executive Officer	7 years	100% (17 out of 17)	—	—
Toshiyuki Kamiyoshi	Director Senior Managing Executive Officer	3 years	100% (17 out of 17)	—	—
Ikusuke Shimizu	Director Senior Managing Executive Officer	3 years	100% (17 out of 17)	—	—
Kazuya Murakami	Director Executive Officer	1 year	100% (13 out of 13)	—	—
Yutaka Kase	Independent Outside Director	6 years	100% (17 out of 17)	—	100% (6 out of 6)
Hiroshi Oeda	Independent Outside Director	4 years	100% (17 out of 17)	—	100% (6 out of 6)
Haruko Nozaki	Independent Outside Director	—	—	—	—
Miharu Koezuka	Independent Outside Director	—	—	—	—
Machiko Miyai	Independent Outside Director	—	—	—	—
Hiroyuki Taketomo	Fulltime Audit & Supervisory Board Member	1 year	100% (17 out of 17)	100% (13 out of 13)	—
Toshitaka Fukunaga	Fulltime Audit & Supervisory Board Member	2 years	100% (17 out of 17)	100% (19 out of 19)	—
Kazuyuki Suzuki	Independent Outside Audit & Supervisory Board Member	7 years	94% (16 out of 17)	95% (18 out of 19)	—
Ryoko Shimizu	Independent Outside Audit & Supervisory Board Member	3 years	100% (17 out of 17)	100% (19 out of 19)	—
Yoshikazu Minomo	Independent Outside Audit & Supervisory Board Member	—	—	—	—

(Notes) 1. Of the number of attendance of the Board of Directors meetings of Mr. Hiroyuki Taketomo, four times are the number of attendance as Director.

2. The above list does not present all knowledge held by the candidates.



Name	Directors' and Audit & Supervisory Board Members' Outstanding Expertise, Experience and Capabilities									
	Management	Core Function of Manufacturing Business		Preparations for Long-term Growth				Strengthening the Management Base		
	Corporate Management/ Management Strategy	Manufacturing/Safety/ Quality	Marketing/ Sales	Environment	Innovation (Research & Development/ New Business Development/ Alliance)	Global Business	DX (Digital Transformation)	Legal Affairs/ Compliance	Financial Affairs/ Accounting	Human Resources/ Diversity
Teiji Koge	●		●	●						●
Keita Kato	●	●			●	●			●	
Futoshi Kamiwaki	●			●	●		●		●	
Yoshiyuki Hirai	●		●			●			●	
Toshiyuki Kamiyoshi	●		●	●						
Ikusuke Shimizu	●	●			●	●				
Kazuya Murakami	●					●				●
Yutaka Kase	●					●				
Hiroshi Oeda	●					●				
Haruko Nozaki	●									●
Miharu Koezuka	●		●	●			●			
Machiko Miyai	●		●	●	●	●				
Hiroyuki Taketomo	●							●		●
Toshitaka Fukunaga	●	●			●		●			
Kazuyuki Suzuki		●			●	●	●			
Ryoko Shimizu						●			●	
Yoshikazu Minomo								●		

(Reference)

1. Reasons for revision of each item for the skills matrix on the following pages

The revision of the Corporate Governance Code in June 2021 has required companies to disclose combinations of skills, etc. possessed by Directors after the Board of Directors identifies skills, etc. with which it should be equipped in the context of the business strategy.

In response to this requirement, the Company also reviewed items for the skills matrix based on the context of the “Drive 2022” Medium-term Management Plan.

Under the “Drive 2022” Medium-term Management Plan, as a step toward the realization of “VISION 2030,” the long-term vision, the Group will work on:

- (i) Existing Business Drive (Business growth and reform)
  - (ii) New Business Drive (Preparations for long-term growth)
  - (iii) Business Base Drive (Strengthening the ESG management base)
- : the three “Drives.”

Based on the above,

- (i) As skills matrix items derived from “Existing Business Drive,” new items “Manufacturing / Safety” and “Marketing / Sales” have been added in addition to existing “Quality Control” to cover the whole set of functions from manufacturing, the core of the manufacturing business, to sales.
- (ii) As skills matrix items derived from “New Business Drive,” new items “Environment” and “Innovation” have been added in addition to existing “International Mindset” and “DX (Digital Transformation)” to clarify the attitude aiming for creation and acquisition of new business areas.
- (iii) As skills matrix items derived from “Business Base Drive,” “Financial Affairs / Accounting” “Legal Affairs” and “Human Resources Administration / Labor Administration / Human Resources Development” were previously used. However, the previous “Human Resources Administration / Labor Administration / Human Resources Development” was changed to “Human Resources / Diversity” from the perspective of further promoting the ensuring of diversity in the Board of Directors and core human resources.

2. Structure of Directors and Audit & Supervisory Board Members after the conclusion of this Annual General Meeting of Shareholders (Planned)

Ratio of outside officers within Directors and Audit & Supervisory Board Members  
47% (8/17 persons)

Ratio of female officers within Directors and Audit & Supervisory Board Members  
24% (4/17 persons)

Ratio of outside officers within Directors  
42% (5/12 persons)

Ratio of female officers within Directors  
25% (3/12 persons)

-End-

## Business Report

(from April 1, 2021 to March 31, 2022)

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<b>1</b>	<b>Basic Management Policy</b>
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1. Management Principles and Code of Conduct

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

(1) Corporate Philosophy: The “3S Principles”

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

The “3S Principles” of “creating social, environmental and economic value through responsible business practices (Service),” “accelerating innovation by eagerly taking on new challenges, adapting to change and staying ahead of the times (Speed),” and “contributing to society by helping to solve social issues with our superior technologies and quality (Superiority)” is the base of the SEKISUI CHEMICAL Group’s principles and is shared among its roughly 26,000 employees.

<Corporate Philosophy: The “3S Principles”>

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

(2) Group Vision

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

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

<Group Vision>

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

(3) SEKISUI CHEMICAL Group Corporate Activity Guidelines

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

<Corporate Activity Guidelines>

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

2. Management Strategies Aimed at Realizing Our Group Vision

We aim to grow, driven by both residential and social infrastructure creation and chemical solutions, which are set out in our Group Vision, under the Corporate Philosophy of the "3S Principles." To this end, the SEKISUI CHEMICAL Group established "VISION 2030," a long-term vision, and "Drive 2022," a medium-term management plan for the period of three years from fiscal 2020 to fiscal 2022, and is engaged in the following initiatives.

(1) Long-term Vision "VISION 2030"

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

<ESG Management>

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

- (i) Development of "three prominences" (Environment, CS & quality, Human Resources) and "governance"
- (ii) Accelerate the solution of social issues through three approaches (increasing quantity, improving quality, and providing sustainably)
- (iii) Create and expand "peace of mind for the future" in four business domains

In order to accelerate our ESG management, we formulated the medium-term and long-term plans for the SEKISUI CHEMICAL Group's main measures and established a 40.0 billion yen ESG investment framework in the current Medium-term Management Plan. We are working on initiatives to lower risks potentially leading to serious incidents, and strengthening our management platform for digital transformation (DX), human resources and the environment.

(2) Medium-term Management Plan “Drive 2022”

In the Medium-term Management Plan “Drive 2022” formulated under our long-term vision, there is a basic policy of driving sustainable growth, reform and preparation with the aim of doubling the SEKISUI CHEMICAL Group’s business. By practicing ESG management, we will work on three key challenges globally: (i) achieve growth & reform; (ii) create & acquire new business for long-term growth; and (iii) strengthen ESG management base.

Numerical targets for the Medium-term Management Plan

Item	Fiscal 2022 Targets	
	Medium-term Management Plan	Medium-term increase
Net Sales	1,220.0 billion yen	+90.7 billion yen
Operating Income (ratio)	110.0 billion yen (9.0%)	+22.2 billion yen (+1.2%)
Net Income	70.0 billion yen	+11.1 billion yen
ROIC (return on invested capital)	8.6%	+0.9%
ROE (return on equity)	10.6%	+0.9% (keep in excess of 10%)
Overseas Sales (ratio)	320.0 billion yen (26%)	+45.3 billion yen
EBITDA (Earnings before interest, taxes, depreciation, and amortization)	170.0 billion yen	+36.8 billion yen

- (Notes) 1. Net income means net income attributable to owners of the parent.  
2. The numerical targets shown above exclude new merger & acquisition (M&A) activities.  
3. The plan for fiscal 2022 is as stated on page 50 of the Notice of Convocation.

<Basic Strategies>

The basic strategies of the Medium-term Management Plan Drive 2022 are to build a corporate structure that is able to practice ESG management and enhance corporate value on a sustainable basis, address the three key Drive issues of (i) business growth and reform, (ii) preparation for long-term growth, and (iii) strengthening the ESG management base as a first step toward realizing the long-term vision while also accelerating efforts through fusion and digital transformation.

(i) Business growth and reform (Existing Business Drive)

- Growth strategy: Achieve an incremental increase in Group-wide net sales of approximately 90.0 billion yen
- Structural reforms: Ensure profitability at a Group-wide operating income ratio around the 10% level
- DX: Strengthen the promotion system and support growth strategies and structural reforms

(ii) Preparation for long-term growth (New Business Drive)

We will build business platforms in new fields in domains.

- Advanced Lifeline: Fully fledged biorefinery development verification
- Innovative Mobility: Enter the aircraft field and grow there
- Residential: Expand the Town & Community Development business
- Life Science: Secure the next pillar

(iii) Strengthening the ESG management base (Business Base Drive)

- Introduce ROIC as a KPI to strengthen sustainable management capabilities
- Enhance management’s ability to sustain business by improving capital efficiency and reducing capital costs over the long term

<Investment and Financial Strategies>

In addition to the cash generated during the three years of the Medium-term Management Plan Drive 2022, the Company will establish an investment limit of 500.0 billion yen in order to procure funds in an appropriate and flexible manner. Strategic investment has been raised to 400.0 billion yen, more than doubling that under the previous medium-term management plan. Of this total, 300.0 billion yen has been set aside for M&A investment, which will be used to acquire a wide range of resources including technology, know-how, and global sales channels. Moreover, we have set the ESG investment limit at 40.0 billion yen. This ESG investment serves to control long-term capital costs and contribute to greater corporate value through reduced environmental impact, work-style reforms, and digital transformation (DX).

Target item	Results of the previous medium-term plan (Billions of yen)	Target item	Medium-term Plan (FY2020-2022) (Billions of yen)
Strategic Investment	172.1	Strategic Investment	Limit 400.0
M&A, etc.	78.2	M&A, etc.	Limit 300.0
Capital Expenditures	93.9	Capital Expenditures	100.0
Normal Investment	93.1	ESG Investment*	Limit 40.0
Environmental Contribution	9.1	Normal Investment	100.0
Work-style Reforms	6.5	Investment Limit Totals	500.0
Investment Limit Totals	265.2		
		R&D Expenses	130.0
R&D Expenses	112.9		

\* ESG investments: Advance investments that will restrain capital cost and contribute to improving our corporate value in the long term (such as investments for the environment, work-style reforms, and DX)

<Returns to Shareholders>

In the Medium-term Management Plan “Drive 2022,” we revised the Basic Policy Regarding Dividends from Surplus for shareholders, and strengthened and clarified our commitment to distributing profits to them. The Company will seek to secure a dividend payout ratio of 35% or higher, a total return ratio of 50% or higher (when the debt to equity (D/E) ratio is 0.5 or less), and a dividend-on-equity (DOE) ratio of 3% or higher all on a consolidated basis, and implement stable dividend measures in line with its performance.

- (3) Contributing to achieving sustainable development goals (SDGs) through products to enhance sustainability
- There are increasingly more serious social challenges such as climate change and growing voices calling on companies to contribute to achieving a sustainable society. In response, the SEKISUI CHEMICAL Group is engaged in corporate activities aimed at helping achieve the sustainable development goals (SDGs) the world must attain by 2030 to realize a sustainable society. It is doing so through its various products and businesses as a company that declared, in its Group Vision statement, that it will contribute to improving the lives of the people of the world and the Earth’s environment.
- There are products with a high degree of contribution to resolving environmental challenges for the global and social environments, including interlayer films for sound insulation and heat insulation for automobiles, solar power generation system-equipped homes, and products using the SPR method (to rehabilitate sewage pipes). These in particular were designated as products to enhance sustainability. We are boosting sales of these products as a percentage of our total consolidated net sales.

## TOPICS

Selected as one of the Global 100 Most Sustainable Corporations in the World for five consecutive years

In January 2022, the Company was selected by Canadian company Corporate Knights Inc. as one of the 2022 Global 100 Most Sustainable Corporations in the World Index (“Global 100”). The selection in 2022 marks the fifth consecutive and seventh time overall that SEKISUI CHEMICAL has been included in this index. Three Japanese companies, including the Company, were selected, and it was ranked 22nd.

The 2022 Global 100 ranking selected 6,914 major companies around the world from all sectors and evaluated them from aspects such as financial position, the environment, personnel affairs, and safety. The Company was highly evaluated for its clean revenues, environment-contributing investments, linkage between sustainability and remuneration, and employee retention rate, among others.

Main external evaluations (fiscal 2021)

Earned selection to the “World Index” category of the DJSI (US)

Earned S&P Global sustainability rating of “Silver Class” (US)

Earned selection to the FTSE4Good Index series (UK)

Earned selection to the MSCI ESG Leaders Indexes (US)

#### (4) Diversity management initiatives

Toward the realization of the long-term vision, the SEKISUI CHEMICAL Group aims to be an “excellent and vibrant company where all employees thrive on challenges.” The activity in which superiors themselves communicate the long-term vision of each organization to their subordinates has been continued at all organizations of the SEKISUI CHEMICAL Group to promote awareness of the vision. In addition, all Group companies constitute the project, aiming to solve common issues such as diversity, work-style reforms, and health management.

##### (i) Diversity

We focus on empowerment of women, support to maintain a work-life balance, and support for active participation of senior workers. To address challenges of the Company and society, the Company and eight Group companies extended the retirement age in October 2021 (from 60 to 65). All Group companies will extend the retirement age during fiscal 2025 to support active participation regardless of age.

##### (ii) Work-style reforms

We seek to reduce the working hours of Group employees by striving to improve productivity and flexible work styles (remote work, paperless format, etc.). Furthermore, we promote development of various infrastructure and remote work system, etc. to prevent COVID-19 from spreading. Through these efforts, we have a work style not bound by time and place.

##### (iii) Health management

We improve the fulfillment, rewards and productivity of the employees through working via health management (healthy minds and bodies of employees and organizational health). Under the Basic Policy for Health and Productivity Management laid out in fiscal 2019, we have organized healthcare-application-based “Seven Health Habits” support programs and mental health training targeting all employees (Mandatory for those in managerial positions).

## TOPICS

Selected under 2022 Health & Productivity Stock Selection Program for two consecutive years

In March 2022, for two consecutive years, the Company was selected jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange under the 2022 Health & Productivity Stock Selection Program for being a company engaging strategically in efforts to promote the health of employees from a management perspective.

We will continue to contribute to local communities and society through our business activities by promoting health management aiming for a state of complete physical, mental and social well-being of all employees.

Selected as a “Semi-Nadeshiko Brand in fiscal 2021”

In March 2022, the Company was selected as a “Semi-Nadeshiko Brand in fiscal 2021” jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for being a company improving its medium- to long-term corporate value through female empowerment.

### 3. Capital Policy

The Company’s basic thinking on its capital policy is as follows.

- (i) We consider our capital policy to be one of the most important challenges for our corporate governance.
- (ii) We will not conduct any capital policy not thought to be conducive to generating shareholder value in the long term in a sustained manner. When intending to conduct any capital policy that will alter or greatly dilute controlling rights, the Board of Directors will properly deliberate on its objectiveness, necessity, and reasonableness, make sure to secure adequate procedures, and brief shareholders amply and clearly.
- (iii) In our Medium-term Management Plan, we set and present the targets for capital efficiency indicators such as return on equity (ROE).
- (iv) We will always pay attention to optimizing our balance sheet and seek to strike an optimal balance between shareholder returns and investments as we aim for sustained growth of the Company.
- (v) We will return profits to our shareholders in accordance with our business performance and in consideration of an optimal balance between a stable dividend policy and a flexible acquisition of treasury stock while considering ROE, DOE, and total return ratio. Under the Medium-term Management Plan that started in fiscal 2020, the Company will seek to secure a dividend payout ratio of 35% or higher, a DOE of 3% or higher, and a total return ratio of 50% or higher (when D/E ratio is 0.5 or less) all on a consolidated basis.

### 4. Basic Policy on Cross-Shareholdings and Criteria for the Exercise of Voting Rights

#### (1) Basic policy on cross-shareholdings

SEKISUI CHEMICAL Group shall strategically hold listed shares of other companies, to a limited extent, that are important business partners provided that it made the judgment on such holdings to be beneficial and important for the purpose of maximizing its medium- to long-term enhancement of corporate value as well as that of business partners. Strategic rationale shall be reviewed in an appropriate and timely manner and SEKISUI CHEMICAL Group reduces those holdings without sufficient strategic benefits or that are inconsistent with its capital policies as necessary.

#### (2) Verification of the necessity of cross-shareholdings

SEKISUI CHEMICAL conducted an assessment of the individual holdings in accordance with the aforementioned basic policy to examine specific benefits by such shareholdings (listed companies) and consistency with the risk-benefit evaluation of such individual holdings over the cost of capital and other factors, and made a judgment for appropriateness of holding them at the Board of Directors meeting held on June 10, 2021. The total number of shareholdings of listed companies was 25 as of the end of March 2022, compared with 26 holdings as of the end of March 2021 as a result of the disposition of one holding during fiscal 2021.



- (3) Criteria for the exercise of voting rights concerning cross-shareholdings  
SEKISUI CHEMICAL performs its monitoring function as a shareholder by exercising voting rights at shareholder meetings of the shareholding companies in accordance with the specific standards with respect to its established voting rights to reflect perspectives of connecting the medium- to long-term enhancement of its corporate value with the corporate value enhancement of the above companies based on the strategic position of such holding and dialogue and so forth with them.

As to the exercise of voting rights, SEKISUI CHEMICAL Group applies a judgment standard, considering significance of agendas proposed by companies (including special resolution items, etc.), business performance (equity ratio, profit/loss condition, etc.) in their current fiscal year, and their business sustainability. SEKISUI CHEMICAL then makes the final comprehensive decision on proposals based in part on dialogue with those companies.

## 5. Returns to Shareholders

- (1) Basic policy regarding dividends from surplus

One of the Company's primary policies in the management is to return the Company's profits to the shareholders proactively. Our basic policy is to seek to secure a dividend payout ratio of 35% or higher, a total return ratio of 50% or higher (when D/E ratio is 0.5 or less), and a DOE of 3% or higher all on a consolidated basis, and implement stable dividend measures in line with its performance in order to meet shareholders' expectations. We will attach importance to returning profits to shareholders in accordance with our medium- to long-term profit growth while continuing active business investments.

- (2) Dividends from surplus

Based on its capital policy and the basic policy regarding dividends from surplus as described above, the Company proposes that the year-end dividend for the business term under review be 25 yen per share, which is an agenda item to be approved at the Annual General Meeting of Shareholders. The annual dividend for the business term under review is 49 yen per share, together with the interim dividend of 24 yen per share that was paid in December 2021. We will work on a stable distribution of dividend assets with an emphasis on returning profits to shareholders.

- (3) Purchase of treasury stock

We attach importance to purchasing treasury stock as part of our shareholder return measures, coupled with the dividend policy, and will purchase treasury stock flexibly in consideration of the outlook for the business environment and our financial position.

In order to improve capital efficiency and to allow flexible capital policies corresponding to changes in the business environment, the Company decided at the meeting of its Board of Directors held on April 27, 2021 to purchase up to 5,000,000 shares of its common stock for up to 10,000 million yen (maximum). The Company acquired 5,000,000 shares of its common stock for 9,495 million yen in total from May 14 to November 2, 2021.

The Company decided at the meeting of its Board of Directors held on April 27, 2022 to acquire up to 8,000,000 shares of its common stock for up to 16,000 million yen (maximum).

## 6. Basic Policy on Control of Stock Company

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

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

7. Basic Policy for Constructive Dialogue with Shareholders

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

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

- (1) The Company appoints the Director in charge of the Business Strategy Department who is in charge of the overall supervision of the development of medium- to long-term management strategies and investor relations as the person responsible, and develops the framework and undertakes initiatives for the realization of constructive dialogue with investors under his/her leadership.
- (2) The Director in charge of the Business Strategy Department is responsible for ensuring organic coordination among departments that support dialogue, by, for example, ensuring information-sharing among them, while ensuring that insider information is not leaked particularly through each divisional company, the Corporate Finance & Accounting Department, the Legal Department, and other departments concerned.
- (3) To promote constructive dialogue with shareholders, the Company strives to understand the shareholder structure and to enhance the dialogue by implementing the following measures as a means to have dialogue.
  - (i) To conduct quarterly results briefings by the President and the Director in charge of the Business Strategy Department
  - (ii) To hold one-on-one meetings with domestic and foreign investors
  - (iii) To conduct business briefings for shareholders and investors as appropriate
  - (iv) To enhance the disclosure of corporate information on the website of the Company targeting both domestic and foreign investors (including integrated reports, materials for results briefings and voice recordings from such briefings)
  - (v) To secure opportunities to post an opinion through the website of the Company
- (4) The Director in charge of the Business Strategy Department shall, in accordance with the "Corporate Information Disclosure Regulations," summarize the opinions and comments of investors obtained from the dialogue with them and share them in the meetings of the Board of Directors and on other occasions as appropriate on a timely basis so that they can be reflected in the management of the Company.
- (5) The Company will strengthen its information management pursuant to the "Corporate Information Disclosure Regulations" and "Insider Trading Restriction Regulations." The Company will pay close attention when having dialogue with shareholders.

## Promoting Constructive Dialogue with Shareholders and Investors

### (1) Dialogue with shareholders

The management briefing for shareholders was held online in December 2021 and attended by Representative Directors and the Director, Head of Business Strategy Department of the Company, and the Group's businesses, financial condition and initiatives for ESG management were explained.

### (2) Dialogue with institutional investors

The Company engages in dialogue through various briefings and one-on-one meetings. Questions and opinions received from institutional investors at briefings and one-on-one meetings are reported regularly at the Board of Directors meetings.

- Business briefings (quarterly)
- One-on-one meetings in Japan and abroad (approximately 300 times annually)
- “ESG management briefing” (December 2021)

### (3) Enhancement of the IR website

As seen in winning the “Sector Ranking AAA Website” in the chemicals sector in “All Japanese Listed Companies’ Website Ranking of 2021” of Nikko Investor Relations Co., Ltd., the Company endeavors to disclose easy-to-understand IR information.

## Information disclosure through the Integrated Report

The Company prepares the Integrated Report for the purpose of specifically introducing and explaining initiatives that lead to enhancement of the long-term corporate value by combining financial information and non-financial information.

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

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

## 2 Corporate Governance Initiatives

### 1. Basic Policy for Corporate Governance

The Company sets forth as the basic policy for corporate governance the promotion of sustainable corporate growth and the increase of corporate value over medium- to long-term. To achieve this, the Company will continue to meet the expectations of five stakeholder categories it deemed important, namely, customers, shareholders, employees, business partners, and local communities and the environment. It will do so by improving business transparency and fairness, seeking to make decisions swiftly, and creating social value.

### 2. Corporate Governance Systems

#### (1) Organizational structure

As an organizational structure under the Companies Act, the Company has chosen to be a company with Audit & Supervisory Board.

Under the Divisional Company System, in order to respond to changes in business environment at the divisional companies, the Company has adopted the Executive Officer System in order to clearly distinguish the business execution function (Executive Officers) from the monitoring function in management (Directors).

#### (2) Roles and responsibilities of the Board of Directors

The Board of Directors continually strives to strengthen its role as a body responsible for decision-making concerning the Company's fundamental policies and upper-level management issues, and supervising the execution of business. The Board includes Outside Directors, who have sufficient independence, to build a highly viable monitoring system for Directors and to ensure transparency in management and fairness in business decisions and operations.

#### (3) Composition of the Board of Directors

The number of Directors shall not exceed 15, and two or more of them shall be independent Outside Directors.

The Board of Directors of the Company is composed of Directors who have excellent personality and insights, and a strong sense of ethics and are well equipped with knowledge, experience, and skills. In addition, all Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members shall attend the meetings of the Board of Directors. A meeting of the Board of Directors is chaired by the Chairman of the Board and Representative Director who is a non-executive director.

The Company ensures diversity among board members and keeps the number of Directors at an optimal level for appropriate decision-making that is commensurate with the business domain and size. The presidents of the divisional companies who are the top management of each business and senior corporate officers with significant experience and strong expertise are appointed as Inside Directors. Together with two or more Independent Outside Directors who have broad knowledge and experience, they effectively perform the roles and responsibilities of the Board of Directors, taking the balance with respect to diversity, optimal size, and capabilities, with Audit & Supervisory Board Members with strong expertise.

#### (4) Outside Directors

The Company appointed Independent Outside Directors who met the "Criteria for Independence of Outside Board Members" it laid down and had broad knowledge and experience in company management and corporate governance. As for the ratio of Independent Outside Directors on the Board of Directors, we have decided to increase the number of Independent Outside Directors by three at the 100th Annual General Meeting of Shareholders to be held on June 22, 2022 in comprehensive consideration of the size of our future business, the expansion of our business domains, and the environment surrounding the Company.

#### (5) Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee deliberates on the appointment/dismissal of senior executives such as Representative Directors and Directors, etc., appointment of candidates for Audit & Supervisory Board Members, and the remuneration system and remuneration levels, etc. for Directors. Moreover, the Committee deliberates on material business challenges as required and gives its opinion and advice to the

Board of Directors. The Committee also deliberates on the appointment/dismissal and remuneration of Executive Advisors and Advisors, including former Presidents and Representative Directors, thereby enhancing them further. The Committee consists of five members, the majority of which must be Independent Outside Officers and the chairperson of which must be elected from among the Independent Outside Officers.

(6) Transactions between interested parties

To prevent any transaction that is done between the Company and an officer of the Company or a major shareholder, etc. of it from harming the interest of the Company or the common interest of the shareholders, the Board of Directors Regulations stipulates a conflict of interest transaction between the Company and its Director as the matter requiring the resolution of the Board of Directors. Actual individual transactions are monitored by the Board of Directors through the approval or reporting processes. The Audit & Supervisory Board also audits such transactions in accordance with the Note of Audit & Supervisory Board Member Auditing Standards.

(7) Knowledge refinement for Directors and Audit & Supervisory Board Members

The Company intends to provide, as required, Directors and Audit & Supervisory Board Members with opportunities to acquire and refine the knowledge required for fulfilling their roles and responsibilities properly, and will assist them in paying for the expenses required, etc.

3. Policy and Procedures Concerning Appointment/Dismissal of Officers

(1) Policy and procedure concerning appointment/dismissal of Directors and Audit & Supervisory Board Members

The Company appoints professionals who have excellent personality and insights, and a strong sense of ethics and are well equipped with knowledge, experience, and skills as candidates for Directors. In appointing Directors, the Nomination and Remuneration Advisory Committee deliberates and submit an opinion to the Board of Directors, which then determines the appointment in order to enhance transparency and fairness.

The Company nominates at least one person equipped with knowledge and insights in corporate finance and accounting and at least one person equipped with them in the legal system as candidates for Audit & Supervisory Board Members.

(2) Development and determination of presidential successor

Presidential succession planning for, and supervision of, a presidential successor are conducted appropriately in light of our management principles and management strategies. To enhance the objectivity, timeliness, and transparency for the procedures, the Nomination and Remuneration Advisory Committee takes sufficient time to deliberate and judge whether the candidate is equipped with qualities showing him/her to be suitable for the post of President, and expresses an opinion to the Board of Directors, which then makes a decision.

(3) Thinking on concurrent service by Directors and Audit & Supervisory Board Members

When a Director or an Audit & Supervisory Board Member intends to serve concurrently as officer at another listed company, he/she is allowed to do so at only up to four companies, an extent not inconveniencing the Company's operations, as the officer is required to secure time and effort needed for fulfilling his/her roles and responsibilities appropriately (the status of significant concurrent services by Directors and Audit & Supervisory Board Members is shown on pages 40-41 of the Notice of Convocation).

4. Criteria for Independence of Outside Officers

The Company believes Outside Directors and Outside Audit & Supervisory Board Members are required to be highly independent in order to enhance management transparency and fairness important for its corporate governance. The Company laid down the "Criteria for Independence of Outside Board Members." Any Outside Officer not meeting any of the requirements is judged to be not sufficiently independent for the Company ("Criteria for Independence of Outside Board Members" is shown on page 20 of the Notice of Convocation).

## 5. Remuneration for Directors and Audit & Supervisory Board Members

### (1) Policy regarding determination of remuneration and other compensation

#### (i) Basic policy

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

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

#### (ii) Remuneration mindset

Remuneration and other compensation for executive directors of the Company is made up of basic remuneration, bonuses, and shared-based compensation. For Outside Directors and Audit & Supervisory Board Members, remuneration is made up of basic remuneration only.

Category of remuneration, etc.	Basic remuneration	Bonuses	Share-based compensation
	Fixed remuneration	Short-term incentive	Medium- to long-term incentive
Description	<ul style="list-style-type: none"> <li>• Fixed monthly remuneration*</li> <li>• Is paid in a certain amount corresponding to each Director's roles and responsibilities within a limit on officers' remuneration</li> </ul> <p>* For executive directors, a portion of the basic remuneration is required to be used for the purpose of buying the Company's stock through the Officers Stock Ownership Plan</p>	<ul style="list-style-type: none"> <li>• Is paid in accordance with the financial results for the fiscal year under review</li> <li>• Is determined within a range of payment rate (0% to 100%) tracking target achievement rates for operating income, ROIC and divisional company financial results if certain standard for ROE or dividend is met</li> <li>• Shown in the table below are targets and results for indicators for the fiscal year under review</li> </ul>	<ul style="list-style-type: none"> <li>• Is intended to further motivate officers to contribute to improving the Company's financial results and growing its corporate value in the medium- to long-term</li> <li>• Points corresponding to a given officer's title are annually granted to him/her, and at the time of resigning he/she is given shares commensurate with the points accumulated during the period of service</li> </ul>

Indicator		Targets	Results
Group financial results (operating income)		86.0 billion yen	88.8 billion yen
Financial results by business segment (operating income)	Housing	37.0 billion yen	35.3 billion yen
	Urban Infrastructure & Environmental Products	15.0 billion yen	14.0 billion yen
	High Performance Plastics	38.0 billion yen	42.3 billion yen
	Medical	10.0 billion yen	11.1 billion yen
ROE		8.8%	5.5%
ROIC		6.8%	7.3%
Dividend		49 yen	49 yen

(Note) Targets and results of the performance-linked remuneration indicator for the fiscal year under review

## (2) Process of determining officers' remuneration

To achieve the objective of the officers' remuneration system, the Company has the Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors, running the system through objective and transparent procedures with the Committee deliberating on the remuneration structure-levels for Directors and the reasonableness of individual payouts. The Board of Directors concluded that the remunerations for individual Directors for the fiscal year under review, etc. are consistent with the decision policy, based on the procedures described above.

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

- A meeting of the Nomination and Remuneration Advisory Committee is convened by the chairperson (Outside Director).
- A proposal to the meeting is put forward by committee members and the secretariat compiles them before submitting them to the chairperson.
- The result of deliberations by the meeting is reported to the Board of Directors by the chairperson.
- The decision policy for Directors' remuneration, etc. is determined ultimately by the Board of Directors by adhering to the report. In determining the policy, members of the committee and Directors are required to do so from a perspective of whether it will help enhance the Company's corporate value and ultimately the common interest of shareholders, and they must not aim for their own individual interests or those of a third party such as the Company's management.
- The specific amounts of individual remunerations of Directors, the payment timing, and the payment methods, etc. are left to the discretion of Keita Kato, President and Representative Director. This is because the President and Representative Director is most suitable to evaluate the duties of Directors while taking a broad look at the financial results of the Company as a whole. The Board of Directors obtains an opinion from the Nomination and Remuneration Advisory Committee as described above in order that the authority is exercised properly.

For the indicators for performance-based remuneration, the Company has selected operating income, which is the business performance target of the Company; the business performance of the divisional companies, which reflects the business performance of the Group's unique divisional company system; ROE, an assessment criteria for the improvement of the Group's corporate value; ROIC; dividends, which provide incentive to return these management results to shareholders; etc., as these will enable the performance-based remuneration to function effectively as an incentive for the Directors of the Company to improve the Group's corporate value and achieve the management plan, as well as to ensure a high level of objectivity and transparency of the remuneration process. The amount of payment is determined to keep the balance with the above indicators by utilizing the executive remuneration data of outside research agencies and periodically making comparisons with companies similar in size and business performance to the Group.

(3) Description of officers' remunerations

(Millions of yen)

Category	Basic remuneration		Bonuses		Share-based compensation		Total	
	Target officers	Amount	Target officers	Amount	Target officers	Amounts expensed	Target officers	Total amount
Directors	11	340	7	161	7	76	11	578
Of whom, Outside Directors	3	34	–	–	–	–	3	34
Audit & Supervisory Board Members	6	76	–	–	–	–	6	76
Of whom, Outside Audit & Supervisory Board Members	3	36	–	–	–	–	3	36

- (Notes) 1. The above includes one Director and one Audit & Supervisory Board Member who resigned at the conclusion of the 99th Annual General Meeting of Shareholders held on June 23, 2021, and one Director who resigned as of August 31, 2021.
2. The amounts of remuneration, etc. shown above do not include 86 million yen in employee bonus portion paid to Directors concurrently serving as employees.

(4) Date of resolving officers' remuneration, etc. at General Meeting of Shareholders

As regards officers' remuneration, etc., it was resolved at the 85th Annual General Meeting of Shareholders held on June 28, 2007 to pay up to an annual total of 1,100 million yen in remuneration, etc. for Directors and up to an annual total of 120 million yen in remuneration, etc. for Audit & Supervisory Board Members. The numbers of officers involved in the decision at the time of the resolution were 21 for Directors and five for Audit & Supervisory Board Members.

As regards share-based compensation (Board Incentive Plan trust) to be granted to Directors excluding Outside Directors, it was resolved at the 94th Annual General Meeting of Shareholders held on June 28, 2016 to pay up to 330 million yen in such compensation for a period of three years. The numbers of officers involved in the decision at the time of the resolution were 10 for Directors and five for Audit & Supervisory Board Members.

6. Names of Directors and Audit & Supervisory Board Members

(1) Status of Directors and Audit & Supervisory Board Members

Name	Position	Duty and important position of other organizations concurrently assumed
Teiji Koge	Chairman of the Board and Representative Director	
Keita Kato	President and Representative Director Chief Executive Officer	
Yoshiyuki Hirai	Director Senior Managing Executive Officer	President of Urban Infrastructure & Environmental Products Company
Toshiyuki Kamiyoshi	Director Senior Managing Executive Officer	President of Housing Company



Name	Position	Duty and important position of other organizations concurrently assumed
Futoshi Kamiwaki	Director Senior Managing Executive Officer	Responsible for ESG Management Department, Digital Transformation Department, and New Business Development Department Head of Business Strategy Department
Ikusuke Shimizu	Director Senior Managing Executive Officer	President of High Performance Plastics Company Director of SEKISUI FULLER CO., LTD.
Kazuya Murakami	Director Executive Officer	Head of Human Resources Department
Yutaka Kase	Outside Director	Advisor of Sojitz Corporation Outside Director of JAC Recruitment Co., Ltd.
Hiroshi Oeda	Outside Director	Special Advisor of Nisshin Seifun Group Inc. Outside Director of EBARA CORPORATION President of Seifun Kaikan Inc. President of Hitotsubashi University Koenkai
Hiroyuki Taketomo	Fulltime Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member of Sekisui Jushi Corporation
Toshitaka Fukunaga	Fulltime Audit & Supervisory Board Member	Outside Auditor of Sekisui Kasei Co., Ltd.
Tetsuo Ozawa	Outside Audit & Supervisory Board Member	Representative Partner of Tokyo Fuji Law Office
Kazuyuki Suzuki	Outside Audit & Supervisory Board Member	Specially-appointed professor of Graduate School of Informatics and Engineering, University of Electro-Communications Visiting Professor of Institute of Statistical Mathematics, Research Organization of Information and Systems
Ryoko Shimizu	Outside Audit & Supervisory Board Member	Full-time Professor of Graduate School of Accountancy and Faculty of Business and Commerce, Kansai University Outside Director of Sumitomo Densetsu Co., Ltd.

- (Notes) 1. Directors Mr. Yutaka Kase and Mr. Hiroshi Oeda are Outside Directors as set forth in Article 2, Item 15 of the Companies Act.
2. Audit & Supervisory Board Members Mr. Tetsuo Ozawa, Mr. Kazuyuki Suzuki, and Ms. Ryoko Shimizu are Outside Audit & Supervisory Board Members as set forth in Article 2, Item 16 of the Companies Act.
3. Audit & Supervisory Board Member Ms. Ryoko Shimizu is a Certified Public Accountant and is equipped with significant knowledge in finance and accounting.
4. Directors Mr. Yutaka Kase and Mr. Hiroshi Oeda as well as Audit & Supervisory Board Members Mr. Tetsuo Ozawa, Mr. Kazuyuki Suzuki, and Ms. Ryoko Shimizu were designated as Independent Officers under the provisions of the Tokyo Stock Exchange, and it was informed of their names.
5. At the 99th Annual General Meeting of Shareholders held on June 23, 2021, Mr. Kazuya Murakami and Mr. Hiroyuki Taketomo were newly elected as Director and Audit & Supervisory Board Member, respectively, and took office.

6. Director Mr. Hiroyuki Taketomo and Audit & Supervisory Board Member Mr. Moritoshi Naganuma resigned from office at the conclusion of the 99th Annual General Meeting of Shareholders held on June 23, 2021.
7. Director Ms. Yoko Ishikura retired from office due to resignation on August 31, 2021. The important position of other organizations concurrently assumed at the time of resignation was Outside Director of Shiseido Company, Limited.

(2) Outline of limiting liability agreement

Shown below is an outline of the limiting liability agreement entered into with all the Directors (excluding executive directors, etc.) and Audit & Supervisory Board Members pursuant to the Articles of Incorporation of the Company.

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

(3) Outline of directors' and officers' liability insurance contract

The Company has executed a directors' and officers' liability insurance contract as defined in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, and an outline of the contract is as shown on page 20 of the Notice of Convocation.

(4) Executive Officers

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

Category	Title	Name
Housing Company	Managing Executive Officer	Kenji Yagi, Masahide Yoshida
	Executive Officer	Akinori Kawase, Shinichi Jose, Satoru Maruyama, Masaru Fujimoto, Kenichi Tadokoro
Urban Infrastructure & Environmental Products Company	Executive Officer	Takeo Kishitani, Hiroki Okubo, Toru Kurita, Jitsuo Kitamura, Masataka Uemura, Katsumi Take
High Performance Plastics Company	Executive Officer	Toshio Konno, Akira Asano, Masayuki Inoue, Takashi Muramatsu, Hiroyuki Yamashita, Yoshitaka Miyake
Headquarters	Executive Officer	Katsunori Mukai, Tatsuya Nishida, Yoshiki Deguchi, Meiko Koga, Naoko Fukutomi

(Note) Executive Officers are shown with the titles and names as of April 1, 2022.

7. Matters Regarding Outside Officers

(1) Main activities during the fiscal year under review

Shown below are the main activities conducted by Outside Officers during fiscal 2021.

Name	Position	Main activities
Yutaka Kase  <u>Board of Directors</u> <u>meeting attendance rate:</u> <u>100%</u>	Director	Mr. Kase attended all 17 Board of Directors meetings held during the fiscal year under review, and advised on the Company's management on such occasions. He supervised its business execution properly by leveraging the extensive experience and results associated with global corporate management and management strategy that he had accumulated as a top manager at a general trading company. As the chairperson of the Nomination and Remuneration Advisory Committee, he gave the necessary comments as appropriate at meetings of the Committee.

Name	Position	Main activities
Hiroshi Oeda  <u>Board of Directors meeting attendance rate:</u> 100%	Director	Mr. Oeda attended all 17 Board of Directors meetings held during the fiscal year under review, and advised on the Company's management on such occasions. He supervised its business execution properly by leveraging the diverse experience and skills such as in global corporate management and management strategies and mergers and acquisitions results that he had accumulated as a top manager of the biggest flour-milling company in Japan. As a committee member of the Nomination and Remuneration Advisory Committee, he gave the necessary comments as appropriate at meetings of the Committee.
Yoko Ishikura  <u>Board of Directors meeting attendance rate:</u> 100%	Director	Ms. Ishikura attended all eight Board of Directors meetings held up to her resignation on August 31, 2021, and advised on the Company's management on such occasions. She supervised its business execution properly by leveraging the results of her active involvement with diversity management and female empowerment worked on by the Group, in addition to being highly knowledgeable in international politics and economy and international corporate strategies and being well-versed in corporate management through her experience as an outside director of multiple global companies. As a committee member of the Nomination and Remuneration Advisory Committee, she gave the necessary comments as appropriate at meetings of the Committee.
Tetsuo Ozawa  <u>Board of Directors meeting attendance rate:</u> 100% <u>Audit &amp; Supervisory Board meeting attendance rate:</u> 100%	Audit & Supervisory Board Member	Mr. Ozawa attended all 17 meetings of the Board of Directors and 19 meetings of the Audit & Supervisory Board that were held during the fiscal year under review. He gave comments on the establishment and maintenance of the compliance framework of the Group mainly from an expert perspective as a lawyer. As a committee member of the Nomination and Remuneration Advisory Committee, he gave the necessary comments as appropriate at meetings of the Committee.
Kazuyuki Suzuki  <u>Board of Directors meeting attendance rate:</u> 94% <u>Audit &amp; Supervisory Board meeting attendance rate:</u> 95%	Audit & Supervisory Board Member	Mr. Suzuki attended 16 out of 17 meetings of the Board of Directors and 18 out of 19 meetings of the Audit & Supervisory Board that were held during the fiscal year under review. He gave comments required for deliberation on proposals by leveraging his excellent knowledge and extensive experience in quality control and reliability engineering.
Ryoko Shimizu  <u>Board of Directors meeting attendance rate:</u> 100% <u>Audit &amp; Supervisory Board meeting attendance rate:</u> 100%	Audit & Supervisory Board Member	Ms. Shimizu attended all 17 meetings of the Board of Directors and 19 meetings of the Audit & Supervisory Board that were held during the fiscal year under review. As a Certified Public Accountant, she gave comments required for deliberation on proposals mainly from the perspective of an expert in finance and accounting.

(2) Relationship between a significant entity concurrently served at and the Company

There is no such relationship between an entity concurrently served at by Outside Officers and the Company that is required to be disclosed.

8. System to Secure the Appropriateness of Operations

At a Board of Directors meeting, the Company resolved as follows on the "System to Secure Conformity of Execution of Duties by Directors to Laws and the Articles of Incorporation and Secure the Appropriateness of Other Operations."

- (1) System to secure conformity of execution of duties by Directors, Executive Officers, and employees of the Company and Group companies to laws and the Articles of Incorporation

The Sustainability Committee chaired by the President deliberates on the “Fundamental Compliance Policies” requiring approval from the Board of Directors. The Compliance Sub-committee was established as a specialized sub-committee to the Sustainability Committee and plans, considers, and decides on important matters on compliance for the purpose of building and practicing a compliance system at the Company and Group companies. The Sub-committee is to be chaired by a Director or an Executive Officer appointed by the President, and the chairperson supervises compliance initiatives by the Company and Group companies on a group-wide basis.

We established the SEKISUI CHEMICAL Group Compliance Manual, which presents guidelines under which the Directors, Executive Officers, and employees of the Company and Group companies are supposed to act in accordance with laws, the Articles of Incorporation, and corporate ethics. We provide the Directors, Executive Officers, and employees of the Company and Group companies with training courses on various laws and corporate ethics in the form of group training and e-learning. In addition to building an internal system to avoid damage from antisocial forces, the Company uses the “SEKISUI CHEMICAL Group Compliance Manual” to demonstrate that Directors, Executive Officers and employees of the Company and Group companies should avoid having any relationship with any antisocial force and act sternly when receiving any unfair demand from one.

The Company has in place a system in which, if any compliance issue arises, an employee can directly report it to an internal contact point and lawyer contact via the Sekisui Compliance Assist Network (SCAN).

- (2) System to store and manage information on the execution of duties of Directors and Executive Officers of the Company and Group companies

In accordance with the Document Management Rules, information on the execution of duties of Directors and Executive Officers of the Company and Group companies is recorded in document or electromagnetic media format and stored and managed in an appropriate manner.

- (3) Rules and other systems related to management of risk of loss of the Company and Group companies

The Company strives to prevent risks from arising by identifying significant risks through the collection and evaluation of risk information in a centralized/complete manner based on the “SEKISUI CHEMICAL Group Risk Management Guidelines.” In the event a significant risk has arisen, the Company will establish the emergency response headquarters to take prompt and appropriate measures based on the “SEKISUI CHEMICAL Group Crisis Management Guidelines.”

- (4) System to ensure that Directors and Executive Officers of the Company and Group companies execute their duties in an efficient manner

The meeting of the Board of Directors shall be held at regular intervals—i.e., once a month—and shall also be held whenever necessary. Important matters relating to the Company’s management policy and management strategy are discussed at the meeting of the Policy Committee separately, and following its deliberation, they are determined at the meeting of the Board of Directors.

Furthermore, the Company has delegated authority by adopting the divisional company system and Executive Officer system. Each divisional company sets up an Executive Officers Committee, which serves as the company’s highest decision-making body, to facilitate prompt decision-making in the company. In addition, meetings of senior-level employees, meetings of branch general managers, etc. are held within the divisional company as necessary, and reports are made in a prompt and precise manner to the divisional company’s president, who is responsible for the execution of duties in the divisional company.

- (5) System to ensure proper business operations of the Company and Group companies

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

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

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

- (6) Matters concerning employees to assist in the duties of Audit & Supervisory Board Members if such employees are requested by Audit & Supervisory Board Members

If Audit & Supervisory Board Members request employees to assist in their duties, the Company shall take appropriate action such as appointing employees to serve as their assistants subject to consultation with the Audit & Supervisory Board Members.

- (7) Matters concerning independence of the employees referred to in (6) from Directors and Executive Officers

In cases where employees are to be appointed to assist in the duties of Audit & Supervisory Board Members, the evaluation and transfer of such employees shall require the prior approval of the Audit & Supervisory Board Members.

- (8) Matters related to ensuring effectiveness of instructions to the employees referred to in (6)

In cases where employees are to be appointed to assist in the duties of Audit & Supervisory Board Members, such employees shall follow the directions and orders of the Audit & Supervisory Board Members.

- (9) System for Directors, Executive Officers, Audit & Supervisory Board Members and employees of the Company and Group companies or recipients of their report to make a report to Audit & Supervisory Board Members and other systems for making a report to Audit & Supervisory Board Members

Directors, Executive Officers, Audit & Supervisory Board Members and employees of the Company and Group companies make a report on the following matters to the Audit & Supervisory Board:

(i) Matters that are important in the context of monthly management status; (ii) matters that may inflict significant damage to the Company or Group companies; (iii) important matters related to risk management; (iv) material breaches of laws, regulations or the Articles of Incorporation; (v) whistle-blowing status of the intra-company whistle-blower system; and (vi) other matters that are important in terms of compliance.

Also, the Corporate Audit Department of the Company conducts operational audits and accounting audits with respect to the Company and Group companies, and reports the audit results to the Representative Director and the Audit & Supervisory Board of the Company on every occasion.

- (10) System to ensure that the person who made a report to Audit & Supervisory Board Members, etc. will not be treated unfairly on the grounds of making such report

The Company prohibits the unfair treatment of anyone who works at the Company or Group company on the grounds that he/she has made a report to Audit & Supervisory Board Members, etc., and makes this thoroughly known among Directors, Executive Officers, Audit & Supervisory Board Members and employees of the Company and Group companies.

- (11) Matters regarding policy on handling advance payment or repayment of expenses resulting from Audit & Supervisory Board Members' execution of duties or other expenses or debts arising from the said execution of duties

Expenses deemed necessary for the execution of duties by Audit & Supervisory Board Members shall be budgeted for in advance. However, it shall not be required in cases where unplanned duties should be executed.

(12) Other systems under which audit by Audit & Supervisory Board Members is ensured efficiently to be performed

A group-wide internal framework has been put in place to enable Audit & Supervisory Board Members to exercise without any obstacle their authorities by, among others, attending various important meetings, conducting an investigation into divisions concerned including affiliates, and examining the approval documents of important projects. Sufficient information-sharing and exchange of opinions take place among the members of Audit & Supervisory Board (including Outside Audit & Supervisory Board Members). Audit & Supervisory Board Members also hold a regular meeting with the Representative Directors to exchange opinions on, among others, the issues that the Company should resolve, the status of the improvement of the environment for audit by Audit & Supervisory Board Members, and important audit issues and to make requests deemed necessary to enhance mutual understanding with the Representative Directors.

9. Outline of the Administration of a System to Secure the Appropriateness of Operations

Through the above-mentioned systems, the Company endeavors to administrate its internal control system appropriately. Shown below are initiatives important for internal control that were conducted during fiscal 2021.

(1) Compliance

We hold meetings of the Sustainability Committee chaired by the President and carry out deliberations on Fundamental Compliance Policies. Also, as the operational arm of the Sustainability Committee, we operate a Compliance Sub-committee with the Legal Department serving as the secretariat. In addition to divisional company and headquarters Executive Officers, the Heads of the Corporate Audit Department are also serving as members on this Sub-committee, and this organization is reporting compliance activity results and matters for Compliance Advisory Board deliberation, as well as discussing future activity policies.

In fiscal 2021, expansion of the applicable scope of our internal reporting system overseas and adjustment of the SEKISUI CHEMICAL Group regulations were important working items. With cooperation from regional headquarters in the United States, China, Europe and Thailand, we carried out these activities.

In October 2021, as part of activities for “Compliance Reinforcement Month,” we requested all top executives to issue compliance messages and submit reports related to their content. In addition, compliance training and other activities were carried out not only in Japan but also for local employees at overseas locations such as the United States, China, ASEAN, and India.

(2) Execution of duties by Directors

The Board of Directors met 17 times in fiscal 2021 to ensure the efficiency of duties of Directors. In addition, discussions of important matters related to our management policies and strategies were carried out at meetings of the Policy Committee, which is made up of Inside Director members. These matters were decided by the Board of Directors following these discussions.

(3) Execution of duties by Audit & Supervisory Board Members

Audit & Supervisory Board Members attended not only the Board of Directors meetings but also other important meetings, confirming the maintenance and operating conditions of the internal control system through operations such as investigating related departments, including at Group companies, and confirming approval documents for major projects. In addition, they also receive reports from each headquarters department that has jurisdiction over internal control. The Audit & Supervisory Board met 19 times in fiscal 2021 and shared the information from these reports.

Audit & Supervisory Board Members regularly exchanged information and opinions with the Accounting Auditor, cooperating closely to improve the effectiveness of auditing efforts. They received reports from and exchanged opinions with the Corporate Audit Department of the Company on audit policy, an audit plan and audit results. Liaison meetings were held with Audit & Supervisory Board Members of Group companies to improve coordination with auditors and enhance the quality of auditing, and Audit & Supervisory Board Members received reports on results of audits of Group companies. In addition, regular meetings were held with the Representative Director, and Audit & Supervisory Board Members also exchanged opinions with Outside Directors.

(4) Risk management

The SEKISUI CHEMICAL Group has established a risk management structure for integrated management of measures to prevent risk events from occurring (risk management) and to respond when risk events occur (crisis management).

In our risk management activities, we comprehensively identify risks related to our corporate value based on the SEKISUI CHEMICAL Group Risk Management guidelines as the business environment becomes increasingly uncertain and complex. Each of these risks is quantitatively evaluated in terms of the likelihood of occurrence and impact, risks to be addressed on a priority basis are identified, and an ERM (enterprise risk management) system has been constructed for sharing and managing risks within the Group. Company-wide risks and specific risks identified for each organization are analyzed and evaluated. We then determine countermeasures for these risks and carry out repeated periodic review and revision, which will be run through the PDCA management cycle every year.

In the event of a major incident, crisis management activities are carried out based on the SEKISUI CHEMICAL Group Crisis Management Guidelines. Crisis Management Liaison Meetings are held regularly with each specialized department of headquarters and divisional company representatives in attendance to ensure appropriate handling measures are implemented rapidly, and we also continually carry out cash studies and training sessions.

Furthermore, since fiscal 2021, the Group has been revising and developing documents for an emergency response plan (ERP) that places the protection of human life as the highest priority at all organizations as a Group-wide initiative. In addition, major business organizations have been advancing the establishment of a resource-based business continuity plan (BCP) as “All Hazard BCP” to respond when any crisis events occur.

(5) Group company business management

Through rules such as our domestic and overseas affiliate company handling regulations and decision-making authority standard requirements, we have constructed a framework for receiving decision-making and reports from Group companies to the Company.

10. Evaluation of the Effectiveness of the Board of Directors

The Company deems the Board of Directors to be the body responsible for decision-making concerning the Company’s fundamental policies and upper-level management issues, and supervising the execution of business. We believe that the role and responsibility of the Board of Directors is to ensure transparency in management and fairness in business decisions and operations by building a highly effective supervision system for Directors through appointing multiple Outside Directors who are sufficiently independent.

(1) Initiatives for securing the effectiveness of the Board of Directors

Starting from 2007, we shortened the term of office of Directors from two years to one year in order to further clarify management’s responsibility to shareholders.

To separate our supervision function from our executive function, we in 2008 introduced an Executive Officer system while changing the number of Directors from 21 to nine, and appointed two Outside Directors meeting independent officer requirements. The Board of Directors was clarified as a body that decides a basic policy for the Group, makes advanced business judgments and supervises the state of our business execution. We seek to sufficiently provide information to, and ensure collaboration for, Outside Directors by providing them with opportunities to exchange opinions with the management of the Company and its Audit & Supervisory Board and Accounting Auditor and have a tour of our works and on a regular basis.

In 2016, we set up the Nomination and Remuneration Advisory Committee the majority of whose members were Independent Officers and which was chaired by an Independent Outside Officer in order to further enhance transparency and objectivity for determining presidential successor candidates, director candidates, and the remuneration for Directors.

We stepped up our governance in 2018 by increasing our Independent Outside Directors by one in order to strengthen the supervision of the Board of Directors from a shareholder perspective and further improve its effectiveness.

In 2019, we sought to secure diversity for the Board of Directors by appointing one female Independent Outside Director.

Three Outside Directors (two men and one woman) were elected at the 99th Annual General Meeting of Shareholders held on June 23, 2021. However, of them, one female Outside Director resigned on August 31, 2021 due to the assumption of a post at the Digital Agency, which was established as of September 1, 2021, and thus the number of Outside Directors was two as of March 31, 2022. As a result of considering increasing Outside Directors, taking into account the ratio of Outside Directors and the ensuring of diversity including gender, we have decided to increase the number of Independent Outside Directors by three at the 100th Annual General Meeting of Shareholders to be held on June 22, 2022.

(2) Evaluation of the effectiveness of the Board of Directors

We think the Board of Directors contributes to improving the corporate value of the Group and functions appropriately, judging from the fact that appropriate agendas are set for Board of Directors meetings, sufficient time is secured for them, and opinions and suggestions are actively given by Directors, including Outside Directors, and by Audit & Supervisory Board Members.

During fiscal 2021, the Board of Directors deliberated sufficiently on growth strategies (such as for R&D and large new businesses), foundation strategies (such as for sustainability, digital innovation, safety, compliance, and CS quality) by bringing up their subjects as significant management issues. We revised ways of setting agendas in order to take sufficient time to deliberate on significant ones while conducting a questionnaire survey on the effectiveness evaluation for the Board of Directors, targeting Directors and Audit & Supervisory Board Members, and picking out important operational issues required to be deliberated on more intensively. In addition, we checked that sufficient time is taken for deliberations at Board of Directors meetings with opinions and suggestions being given actively by Directors including Outside Directors and by Audit & Supervisory Board Members.

The Nomination and Remuneration Advisory Committee deliberated on appointment of candidates for Directors and Audit & Supervisory Board Members and individual evaluations and remunerations, and then the Board of Directors determined them upon receiving its recommendation. The Nomination and Remuneration Advisory Committee met six times such as for discussing the composition and effectiveness of the Board of Directors and governance enhancement initiatives.

During fiscal 2022 as well, we will seek to secure the transparency and fairness of our management by further enhancing our deliberations on significant business issues and arranging for the Board of Directors to make decisions appropriately.



### 3 Matters on the Current State of the SEKISUI CHEMICAL Group

#### 1. Business Processes and Their Results as Well as Issues Required to Be Addressed

##### Financial results of the SEKISUI CHEMICAL Group for fiscal 2021

	[Billions of yen]	Year on year [%]
Net Sales	1,157.9	+9.6
Operating Income	88.8	+32.1
Net Income	37.0	(10.8)

In fiscal 2021, the second year of the Medium-term Management Plan “Drive 2022” which was formulated based on the SEKISUI CHEMICAL Group Long-term Vision “VISION 2030,” in addition to effects from COVID-19, there were also impacts from factors such as the semiconductor shortage and production delays due to logistics stagnation. However, sales increased due to a certain level of recovery in the domestic and overseas automobile, electronics, and construction markets as well as in new housing construction in Japan.

In addition, although prices for raw materials and components rose significantly more than expected, higher sales volumes, improving selling prices, and cost reduction resulted in higher operating income and a record high for ordinary income.

As a result, net sales for the consolidated fiscal year under review rose 9.6% to ¥1,157.9 billion, operating income rose 32.1% to ¥88.8 billion, and ordinary income increased 54.8% to ¥97.0 billion. Net income attributable to owners of the parent fell 10.8% year on year, to ¥37.0 billion due to the recording of impairment losses by a consolidated subsidiary in the U.S. that manufactures composite molded products such as carbon fiber reinforced plastics (CFRP).

With regard to the Russia-Ukraine crisis, the Group has no business sites in the affected region and sales in the region are low, and consequently, the effects on business results were de-minimis.

Outline of our fiscal 2022 plans		
	[Billions of yen]	Year on year [%]
Net Sales	1,241.6	+7.2
Operating Income	100.0	+12.5
Net Income	66.5	+79.4

Fiscal 2022 will be the final year of the Medium-term Management Plan “Drive 2022.” We intend to enhance management ability to sustain business by strengthening ESG management, and steadily implement growth measures.

The direct impact of the Russia-Ukraine crisis on business results will be de-minimis, and we are monitoring the impacts caused by the crisis including resource shortages, prolongation of the increase in raw material prices, and a slump in the European automobile market. Although there are uncertain factors in the business environment, in conjunction with the diminution of effects from COVID-19, we anticipate moderate recovery in the global automotive, smartphone, and other markets as well as new housing starts in Japan. We will work to increase high added value business and expand sales of high added value products that contribute to solving social issues while implementing measures to strengthen profit structures including steady improvements in sales prices, fixed cost reductions, production optimization, and business structure reforms.

Through these efforts, we aim to record net sales of ¥1,241.6 billion, ¥83.6 billion higher than the previous year, operating income of ¥100.0 billion, ¥11.1 billion higher than the previous year, ordinary income of ¥100.0 billion, ¥2.9 billion higher than the previous year, and net income attributable to owners of the parent of ¥66.5 billion, ¥29.4 billion higher than the previous year, and seek to achieve an increase in operating income in all segments and record highs in all measures of income for the Group.

In addition, we also will further accelerate preparations and growth investment for the next Medium-term Management Plan and onward while implementing measures for the commercialization of biorefineries, a technology for converting waste into ethanol, DX promotion, and reinforcement of research and development.

The Company celebrated the 75th anniversary of its founding in March 2022. We would like to profoundly thank you for your generous support over the years. We kindly ask shareholders to continue supporting the SEKISUI CHEMICAL Group strongly as it aims to grow in a sustained manner.

## Financial results of the Housing Company for fiscal 2021

### Financial results for fiscal 2021

	[Billions of yen]	Year on year [%]
Net Sales	515.1	+6.2
Operating Income	35.3	+15.6

Net sales amounted to ¥515.1 billion, up 6.2% compared with the previous fiscal year due to a recovery in orders for new housing construction and housing renovation as well as contributions such as from the Town and Community Development business and Real Estate business. Despite effects from the sharp rise in component prices, operating income increased 15.6% year on year to ¥35.3 billion due to the expansion of sales volume and cost reduction. As a result, sales and income increased.

The Housing business saw favorable trends in subdivision and ready-built houses, resulting in a year-on-year increase in orders. Announcement of the project commemorating the 50th anniversary of the establishment of SEKISUI HEIM helped strengthen the brand. In addition to developing experience-based facilities, attracting customers via the Web, and strengthening online seminars and business negotiations, we focused on expanding sales of subdivision and ready-built houses, for which demand remains strong. In terms of products, we launched the New Smart Power Station FR GREENMODEL, a new large-capacity storage battery product that uses cells made by SEKISUI CHEMICAL. We also promoted smart and resilient products and products that respond to the new normal, such as ventilation and air conditioning systems equipped with anti-virus filters.

Orders were up year on year in the Housing Renovation business due to the recovery in opportunities for contact with customers. In addition to expanding periodic checkups, we worked to expand sales of proposal-based products such as exterior wall painting and bathroom renovation by opening and utilizing experience-based showrooms.

In the Town and Community Development business, we started sales of four new projects.

In the Real Estate business, we strengthened initiatives to expand business relating to the Be HEIM purchase and resale brand.

## Outline of our fiscal 2022 plans

### Fiscal 2022 plan

	[Billions of yen]	Year on year [%]
Net Sales	548.0	+6.4
Operating Income	38.0	+7.6

In fiscal 2022, an extremely demanding business environment including an expansion of rising prices for components is expected, but we aim to post higher sales and income through increased sales and cost reductions in the Housing and Housing Renovation businesses.

In the Housing business, we will increase customers by reinforcing web-based marketing and work to enhance methods of creating and developing customers including development and utilization of experience-based facilities. In addition, we will introduce products with enhanced smart and resilience functions and functions that respond to the new normal, work to increase sales of subdivision and ready-built houses, and take action to raise sales. We will also strengthen foundations through leveling of construction and other measures.

In the Housing Renovation business, we will reinforce sales structures by expanding periodic diagnoses, using showrooms and the Web, and other measures. In addition, we will raise sales by expanding sales of smart and resilient products and products that respond to the new normal and improving productivity.

Furthermore, we will continue to focus our efforts on expanding frontier business including the Town and Community Development and Be HEIM purchase and resale businesses.

### Accelerating the nationwide deployment of the purchase and resale Be HEIM brand

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As one of projects commemorating the 50th anniversary of the establishment of SEKISUI HEIM, the Company has been accelerating the nationwide deployment of the purchase and resale Be HEIM brand in the circulation of existing housing.

Be HEIM is an initiative to directly purchase existing properties built by the Group, and add “new value” through new normal renovation such as smart performance, and circulate the properties as upcycled houses. The brand was launched in December 2020 and has been deployed in three areas: Tokyo metropolitan area, Chubu area and Kinki area. Be HEIM has received a great response mainly from families with small children and been growing steadily.

We aim to sell 500 houses in 2030 by leveraging knowledge accumulated in these three areas nationwide to expand this initiative. We will further speed up contribution to a recycling-oriented society and promotion of ESG management to contribute to the realization of a sustainable society.

## Financial results of the Urban Infrastructure & Environmental Products Company for fiscal 2021

### Financial results for fiscal 2021

	[Billions of yen]	Year on year [%]
Net Sales	211.7	+3.5
Operating Income	14.0	+25.0

The domestic non-residential market was sluggish due to effects of COVID-19 and there were also delays in construction projects overseas. In addition, prices of raw materials increased more than anticipated, but sales volume increased due to a firm domestic housing market and capital investment demand including strong demand for semiconductors in Japan and overseas and progress was made on improving sales prices. Consequently, net sales amounted to ¥211.7 billion, up 3.5% compared with the previous fiscal year, and operating income increased by 25.0% year on year to ¥14.0 billion, resulting in higher sales and income.

In the Piping and Infrastructure field, there were effects from delays in construction projects due to effects of COVID-19 as well as sluggish domestic non-housing (construction related) demand, but the domestic housing market and sales to domestic and overseas plants (semiconductors and LCDs) remained firm, and as a result, net sales were up year on year. In addition, sales price improvements were steadily implemented in response to soaring prices for raw materials.

In the Building and Living Environment field, sales of products for detached houses, condominiums, and renovation were strong, and net sales were up year on year.

In the Advanced Materials field, sales of synthetic lumber for railway sleepers were significantly affected by factors including sluggish domestic demand and delays in overseas construction projects. Progress was made in the development of medical devices and railway applications for thermoplastic sheets in the United States. Sales of liquid transportation containers for medical applications were firm. As a result of these factors, net sales for the field as a whole were up year on year when the impact of structural reforms (business transfers) is excluded.

## Outline of our fiscal 2022 plans

### Fiscal 2022 plan

	[Billions of yen]	Year on year [%]
Net Sales	230.4	+8.8
Operating Income	18.0	+28.0

In fiscal 2022, we aim to record higher sales and income through continued efforts to extend sales of prioritized products that contribute to solutions to social issues and expand overseas business, and steady efforts to match sales prices with soaring raw materials prices. In addition, we will materialize the effects at an early stage through productivity improvements and production automation utilizing DX.

In the Piping and Infrastructure field, we will make continued efforts to extend sales of prioritized products that contribute to the solution to social issues such as labor shortages and infrastructure deterioration and increase sales from measures to reliably convert delayed projects into earnings and absorb demand for capital investment for plants.

In the Building and Living Environment field, we will further increase sales of disaster-response products and nursing care products.

In the Advanced Materials field, we will work to increase sales by promoting overseas adoption of synthetic lumber for use as railway sleepers, developing applications for thermoplastic sheets, and expanding products such as liquid transportation containers. We will also steadily continue preparations for the start of production at our synthetic lumber plant in Netherlands in fiscal 2022.

## TOPICS

Chiba Solution Center, a general research institute, which is facilities where product performance and easy construction workability can be experienced, completed in the east Japan area

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The Chiba Solution Center, a general research institute, was completed as an experiment and demonstration base on the premises of CHIBA SEKISUI INDUSTRY CO. LTD. in June 2021

The piping experiment space on the first floor is an experience-based facility where performance and easy construction workability of the Company's products can be directly "touched," "tested" and "confirmed" as it allows for individual evaluation tests, which have been often requested by customers recently, and verification by building a piping model tailored to actual construction work.

At the video-experience presentation room on the second floor, an immersive tour of demonstrations made at the Shiga-Ritto Plant, which is the mother plant, can be seen through dedicated fiber optic network connections, and during the COVID-19 pandemic, online briefings and immersive tours with customers can be conducted online. We will accelerate sales by promoting standard specifications and adoption.

## Financial results of the High Performance Plastics Company for fiscal 2021

### Financial results for fiscal 2021

	[Billions of yen]	Year on year [%]
Net Sales	358.8	+15.8
Operating Income	42.3	+46.4

Despite effects from the semiconductor shortage and transportation container shortage, net sales amounted to ¥358.8 billion, up 15.8% compared with the previous fiscal year, due to a certain degree of recovery from the impact of COVID-19 in the automotive, electronics, and other sectors. Despite effects from prices for raw materials rising more than anticipated, the Company was able to recover by expanding sales volume, mainly of high-performance products, improving selling prices, and reducing costs, resulting in operating income of ¥42.3 billion, up 46.4% year on year. As a result, sales and income increased.

In the Electronics field, sales of finished goods for LCD panels were strong in conjunction with recovery of the markets for mobile devices including smartphones and tablets and in addition, sales expansion in the non-LCD sector such as 5G and semiconductor-related products also progressed steadily, resulting in a year-on-year increase in net sales.

In the Mobility field, although the decline in automobile production due to effects of the semiconductor shortage and other factors was greater than anticipated, sales of high-performance products, particularly interlayer films for head-up displays, increased, resulting in a significant year-on-year increase in net sales. SEKISUI AEROSPACE CORPORATION reported impairment losses in the second quarter of fiscal 2021 as an early recovery in demand for aircraft is not expected, but business structure reforms are being implemented and expansion of applications for medical equipment and other uses is ongoing.

In the Building and Infrastructure field, there was strong demand for chlorinated polyvinyl chloride (CPVC), particularly in India and the Middle East, and sales of fire retardant and noncombustible materials were also strong due to recovery of the construction market. As a result, net sales increased substantially year on year.

## Outline of our fiscal 2022 plans

### Fiscal 2022 plan

	[Billions of yen]	Year on year [%]
Net Sales	388.6	+8.3
Operating Income	48.0	+13.3

In fiscal 2022, despite an uncertain business environment resulting from soaring raw materials prices, the Company aims to achieve higher sales and income by promoting a further shift to growth measures in strategic segments and improving sales prices.

In the Electronics field, we will accelerate the increase of sales of non-LCD products including substrate and semiconductor-related products against a background of firm smartphone markets to achieve continued growth in sales.

In the Mobility field, although risk factors remain, we will continue to promote increased sales of high-performance interlayer films with a focus on head-up displays to achieve an increase in sales.

In the Building and Infrastructure field, as overseas demand remains firm and domestic demand is on track to recovery, we will increase overseas sales of chlorinated polyvinyl chloride (CPVC), expand the fire protection materials business with a focus on nonflammable urethane products, and continue to improve sales prices to achieve higher sales.

## TOPICS

### Newly developed a transparent and flexible radio wave reflection film for 5G communications

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In December 2021, we developed a transparent and flexible radio wave reflection film for 5G communications by combining our distinguished film and optical adhesive technologies with the metamaterial technology of Meta Materials Inc. (Canada).

We verified the radio wave environment of the film with collaboration from DOCOMO Innovations, Inc. (the U.S.) and confirmed that the product, having unprecedentedly high transparency and radio wave diffusion characteristics, provides a wide frequency coverage useful for 5G and 6G communications.

This technology can improve a communications environment at a lower cost and in a shorter period of time, compared with the installation of a base station or relay station. The film, which is transparent and flexible and does not require a power connection, can be installed anywhere, on a surface of whatever shape, without spoiling the appearance of where it is installed. We plan to distribute the product for use in office buildings, factories, shopping malls, medical and care facilities, rolling stock and roadway infrastructure while exploring other applications, including temporary or emergency sites providing first-aid services and construction sites.



## Outline of fiscal 2022 plan of the Medical Business

Financial results for fiscal 2021			Fiscal 2022 plan		
	[Billions of yen]	Year on year [%]		[Billions of yen]	Year on year [%]
Net Sales	88.5	+22.4	Net Sales	87.0	(1.7)
Operating Income	11.1	+59.5	Operating Income	12.5	+11.8

In fiscal 2021, demand for diagnostic reagents for lifestyle-related diseases recovered in Japan and overseas, sales of COVID-19 test kits were up in the United States, and sales of new active pharmaceutical ingredients in the Pharmaceutical Sciences business were firm, resulting in net sales of ¥88.5 billion, up 22.4% year on year, and operating income of ¥11.1 billion, up 59.5% year on year.

In fiscal 2022, net sales are expected to be ¥87.0 billion, down 1.7% compared with the previous fiscal year, due to decreasing demand for COVID-19 diagnostics. On the other hand, we aim to achieve operating income of ¥12.5 billion, up 11.8% year on year, through efforts to increase sales of new automated coagulation analyzers and high value-added products in the Diagnostics business, and through efforts to win new orders for drug development solutions along with promotion of increasing sales of new pharmaceutical ingredients in the Pharmaceutical Sciences business.

### Cases of research & development (R&D) initiative

#### Completed 1/10th Scale “Waste to Ethanol” Verification Plant in Kuji City, Iwate

The Company, INCJ, Ltd., and SEKISUI BIO REFINERY CO.,LTD. (hereinafter “SBR”) have been constructing a verification plant in Kuji City, Iwate, which was completed in April 2022. The aim is to demonstrate, validate, and commercialize technology that converts combustible waste into ethanol using microorganisms (hereinafter “BR ethanol technology”), which was jointly developed by the Company and U.S. company LanzaTech NZ, Inc.

The Company and SBR aim to create a new social system for resource recycling based on BR ethanol technology. This is a system in which everyone can participate jointly in giving new life to waste from items created to make life convenient and affluent and then disposed of after serving their role, through repeated recycling into materials for new products

In parallel with the demonstration and validation at the verification plant, the Company will collaborate with local municipalities and private companies (waste disposal companies, etc.) on discussions regarding waste material supply as well as with ethanol users (resource recycling companies, etc.) aiming to introduce the first commercial BR plant in around fiscal 2025.

#### Accelerated development by obtaining external funding for perovskite solar cells

The perovskite solar cell the Company is developing is a light and flexible solar cell that uses a semiconductor with a perovskite crystal structure as the power-generating material, and can be manufactured by coating, just like printing. The manufacturing of these solar cells leverages the Company’s proprietary technologies such as encapsulation and film deposition. The Company has developed this product with a priority on outdoor durability, including conducting outdoor verification tests ahead of other companies. Durability has been confirmed as equivalent to 10 years, and the Company’s goal is to improve this to 15 years and 20 years. In addition, 15% power generation efficiency had been achieved by February 2022. In recognition of the results achieved so far, the technology has been adopted for the NEDO (the New Energy and Industrial Technology Development Organization) Green Innovation Fund, and the Company has begun working on a public-private partnership. In addition, in the roll-to-roll manufacturing process, the Company is the first in the industry to develop a production line from 30cm width to 1m width, which is a general-purpose width. The aim is to commercialize this line in 2025 after conducting verification testing.

## 2. Principal Business Activities

SEKISUI CHEMICAL Group is composed of the Housing Company, the Urban Infrastructure & Environmental Products Company, the High Performance Plastics Company, and the Medical Business. Their principal business activities are as follows.

Housing Company	
Housing Business	Stock Business
Provides steel frame modular housing of top-level home performance Provides wooden modular housing with warmth of wood	Exerts SEKISUI CHEMICAL Group's comprehensive capabilities to meet all possible kinds of housing-related needs of mainly customers living in modular houses from the Company such as the need to support renovation and house moves corresponding to one's life stages as well as management and guarantee services for rental homes
Town and Community Development Business	Residential Service Business
Aims to develop a sustainable town and community setting that is secure and safe and friendly to the environment by fully tapping into the comprehensive capabilities of the SEKISUI CHEMICAL Group	Supplies buildings and services to suit every life stage including construction and operation of housing for the elderly with support and day nursing care services
Overseas Business	
Provides valuable housing attentive to local needs Plans to cultivate the Thai housing market and expand to neighboring countries	

Urban Infrastructure & Environmental Products Company	
Piping and Infrastructure	
Detached house uses Contributes to achieving a secure, safe, and comfortable housing environment by offering water supply and hot water supply piping materials that do not suffer from rust and corrosion and are useful for sanitary and easy work.	Construction uses Proposes corrosion-free "All Resin Piping" as piping for a water supply, hot water supply, drainage, and air-conditioning, lengthens the useful lives of construction facilities, and helps save energy.
Factory-plant uses Supports safe and stable operation of plants such as with plant piping materials and valves that are superior in heat-chemical resistance and piping erosion diagnosis that taps into our wealth of knowledge.	Utility uses Supports social infrastructure extensively through renewing agricultural pipes, water supply pipes, electricity-communication pipes, and aged pipes while making them resistant to earthquakes and using work methods to counter torrential rain.
Building and Living Environment	Advanced Materials
Provides products meeting needs such as next-generation rainspouts that are resistant to torrential rain and enable easy work and high-performance resin tatami mats that meet housing form and living environment needs.	Provides synthetic lumber (FFU) railway sleepers, increasingly adopted overseas as well, aircraft and train car interior materials, and forming plastic sheets used for housing materials of advanced medical devices.

High Performance Plastics Company	
Electronics Field	Mobility Field
Provides advanced materials such as conductive fine particles and liquid crystal sealants that are ranked top in global market shares as well as double-sided tapes and various semiconductor materials	Its flagship product is interlayer film for laminated glass used in automobiles that is ranked top in global market share. Provides foam materials and molding resin products that are used for automobile interiors and exteriors
Building and Infrastructure Field	Industry Field
Provides materials for construction and infrastructure fields such as resin materials and heat-resistant materials used for heat-resistant piping materials	Provides advanced materials created with leading-edge technologies such as advanced materials, wrapping tapes, and plastic containers for various occasions in life and society

Medical Business	
Diagnostics Business	Pharmaceutical Sciences Business
Provides various analysis devices such as plastic vacuum blood collection tubes and automated blood coagulation analysis devices that are essential for types of clinical testing drugs and clinical testing mainly for the fields of blood coagulation, lifestyle disease, and infection	Engages in contract production of active pharmaceutical ingredients (APIs), pharmaceutical intermediates, and pharmaceutical amino acids, which are active pharmaceutical ingredients, and supplies them mainly to pharmaceutical companies
	Drug Development Solution Business
	Is entrusted with various testing services in stages from drug development search to application to post-release survey, and provides them to pharmaceutical companies and academia, etc.

### 3. Main Business Bases and Plants

Housing Company		
Business bases	Subsidiaries	HOKKAIDO SEKISUI HEIM CO., LTD. (Sapporo City)
		SEKISUI HEIM TOHOKU CO., LTD. (Sendai City)
		TOKYO SEKISUI HEIM CO., LTD. (Shinjuku-ku, Tokyo)
		GUNMA SEKISUI HEIM CO., LTD. (Maebashi City)
		SEKISUI HEIM SHINETSU CO., LTD. (Matsumoto City)
		SEKISUI HEIM CHUBU CO., LTD. (Nagoya City)
		SEKISUI HEIM KINKI CO., LTD. (Osaka City)
		SEKISUI HEIM CHUSHIKOKU CO., LTD. (Okayama City)
		SEKISUI HEIM KYUSHU CO., LTD. (Fukuoka City)
		SEKISUI HEIM REAL ESTATE CO., LTD. (Shinjuku-ku, Tokyo)
Production plants	Subsidiaries	SEKISUI HEIM INDUSTRY CO., LTD. (Hasuda City)
Research institutes	The Company	Housing Technology Institute (Tsukuba City)

Urban Infrastructure & Environmental Products Company		
Business bases	The Company	Tohoku Branch (Sendai City), Higashinihon Branch (Minato-ku, Tokyo), Chubu Branch (Nagoya City), Nishinihon Branch (Osaka City), Kyushu Branch (Fukuoka City)
	Subsidiaries	SEKISUI SEIKEI CO., LTD. (Osaka City) SEKISUI HOMETECHNO CO., LTD. (Osaka City) SEKISUI AQUA SYSTEMS CO., LTD. (Osaka City)
Production plants	The Company	Shiga-Ritto Plant (Ritto City), Gunma Plant (Isesaki City)
Research institutes	The Company	General Institute (Kyoto City)

High Performance Plastics Company		
Business bases	The Company	Electronic Business Strategy Department (Minato-ku, Tokyo) Mobility Business Strategy Department (Minato-ku, Tokyo) Building & Infrastructure Materials Business Strategy Department (Minato-ku, Tokyo)
	Subsidiaries	SEKISUI POLYMATECH CO., LTD. (Saitama City) SEKISUI FULLER CO., LTD. (Minato-ku, Tokyo)
Production plants	The Company	Musashi Plant (Hasuda City), Shiga-Minakuchi Plant (Koga City), Taga Plant (Taga-cho, Inukami-gun, Shiga)
	Subsidiaries	TOKUYAMA SEKISUI CO., LTD. (Shunan City)
Research institutes	The Company	Research & Development Institute (Shimamoto-cho, Mishima-gun, Osaka)
Overseas bases	Subsidiaries	SEKISUI AEROSPACE CORPORATION (U.S.) SEKISUI SPECIALTY CHEMICALS AMERICA, LLC. (U.S.) SEKISUI ALVEO AG (Switzerland) SEKISUI S-LEC B.V. (Netherlands) SEKISUI SPECIALTY CHEMICALS EUROPE S.L. (Spain) SEKISUI S-LEC (SUZHOU) CO., LTD. (China) YOUNGBO CHEMICAL CO., LTD. (South Korea)

Headquarters		
Head Office	Head Office (4-4 Nishitemma 2-Chome, Kita-ku, Osaka, Japan) Tokyo Head Office (10-4 Toranomom 2-Chome, Minato-ku, Tokyo, Japan)	
Business bases	Subsidiaries	SEKISUI MEDICAL CO., LTD. (Chuo-ku, Tokyo)
Research institutes	The Company	Advanced Technology Institute (Tsukuba City)
Overseas bases	Subsidiaries	SEKISUI DIAGNOSTICS, LLC (U.S.) SEKISUI EUROPE B.V. (Netherlands) SEKISUI AMERICA CORPORATION (U.S.) SEKISUI CHEMICAL (CHINA) CO., LTD. (China) SEKISUI SOUTHEAST ASIA CO., LTD. (Thailand)

#### 4. Assets and Profit and Loss

Category	96th Business Term (FY2017)	97th Business Term (FY2018)	98th Business Term (FY2019)	99th Business Term (FY2020)	100th Business Term (The fiscal year under review) (FY2021)
Net Sales (Millions of yen)	1,107,429	1,142,713	1,129,254	1,056,560	1,157,945
Operating Income (Millions of yen)	99,231	95,686	87,974	67,300	88,879
Ordinary Income (Millions of yen)	93,929	93,146	87,202	62,649	97,001
Net Income (Millions of yen)	63,459	66,093	59,181	41,544	37,067
Net Income per Share (Yen)	133.80	141.74	128.80	91.92	83.17
Total Assets (Millions of yen)	994,137	1,023,706	1,105,781	1,150,143	1,198,921
Net Assets (Millions of yen)	612,757	632,746	634,219	694,392	702,753
Net Assets per Share (Yen)	1,245.91	1,307.75	1,333.76	1,485.89	1,519.19
ROE (return on equity) (%)	11.2	11.1	9.7	6.5	5.5

(Notes) 1. Net income per share was calculated in accordance with the average total number of shares outstanding for the fiscal year under review, and net assets per share was calculated in accordance with the ending total number of shares outstanding. The average total number of shares outstanding for the fiscal year under review and the ending total number of shares outstanding exclude shares of treasury stock.

2. Net income represents net income attributable to owners of the parent.

3. As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of fiscal 2021, each figure for fiscal 2021 is the figure after applying the accounting standard, etc.

#### 5. Capital Expenditures

We conducted capital expenditures of ¥52.5 billion in total (a decrease of 5.0% year on year) mainly for the construction of a 1/10 scale demonstration plant that converts waste into ethanol and for DX investments.

#### 6. Procurement of Funds

For fiscal 2021, we did not conduct any significant fund procurement by means of capital increase and/or issuance of bonds.

#### 7. Main Lenders

Lenders	Loan amount (Millions of yen)
MUFG Bank, Ltd.	16,000
The Norinchukin Bank	11,000

## 8. Employees

Unit	Number of employees	Year-on-year change
Housing Company	11,017	Down 165
Urban Infrastructure & Environmental Products Company	4,897	Down 62
High Performance Plastics Company	7,506	Down 35
Medical	2,214	Up 54
Others	423	Up 29
Corporate (common)	362	Up 21
Total	26,419	Down 158

(Note) Of the above, the number of the Company's employees stood at 2,761, up 16 compared with the end of the previous fiscal year.

## 9. Significant Subsidiaries, Etc.

### (1) Significant affiliates

Company name	Paid-in capital	Equity interest ratio	Principal business activities
	Millions of yen	%	
Sekisui Kasei Co., Ltd.	16,533	21.86	Manufacture and sales of foamed styrene molding materials and styrene foam products
Sekisui Jushi Corporation	12,334	22.13	Manufacture and sales of traffic and scenery products, sporting house products, house building material products, general distribution materials, general distribution material products, agricultural products, and related group company products

(Note) The equity interest ratios include those of shares held by subsidiaries of the Company.

### (2) Significant subsidiaries

Company name	Paid-in capital	Equity interest ratio	Principal business activities
	Millions of yen	%	
SEKISUI MEDICAL CO., LTD.	1,275	100.00	Manufacture and sales of diagnostic reagents, testing devices, and pharmaceuticals
SEKISUI POLYMATECH CO., LTD.	1,110	91.00	Manufacture and sales of mold and thermally conductive products
TOKUYAMA SEKISUI CO., LTD.	1,000	70.00	Manufacture and sales of polyvinyl chloride resins
SEKISUI HEIM INDUSTRY CO., LTD.	500	100.00	Manufacture and sales of unit housing materials
SEKISUI SEIKEI CO., LTD.	450	100.00	Manufacture and sales of various synthetic resin products
TOKYO SEKISUI HEIM CO., LTD.	400	100.00	Contract construction work service and real estate sales
SEKISUI HEIM KINKI CO., LTD.	400	100.00	Contract construction work service and real estate sales

Company name	Paid-in capital	Equity interest ratio	Principal business activities
SEKISUI FULLER CO., LTD.	400	50.00	Manufacture and sales of industrial and general adhesives
SEKISUI HOMETECHNO CO., LTD.	360	100.00	Assembling, processing, and sales of housing equipment
SEKISUI HEIM TOHOKU CO., LTD.	300	100.00	Contract construction work service and real estate sales
SEKISUI HEIM SHINETSU CO., LTD.	300	100.00	Contract construction work service and real estate sales
SEKISUI HEIM CHUBU CO., LTD.	300	100.00	Contract construction work service and real estate sales
SEKISUI HEIM CHUSHIKOKU CO., LTD.	300	100.00	Contract construction work service and real estate sales
SEKISUI HEIM KYUSHU CO., LTD.	300	100.00	Contract construction work service and real estate sales
HOKKAIDO SEKISUI HEIM CO., LTD.	200	100.00	Contract construction work service and real estate sales
GUNMA SEKISUI HEIM CO., LTD.	200	100.00	Contract construction work service and real estate sales
SEKISUI AQUA SYSTEMS CO., LTD.	200	83.86	Construction of various industrial plants, manufacture, sales, and work for water environmental engineering facilities such as water supply and drainage tanks
SEKISUI HEIM REAL ESTATE CO., LTD.	200	100.00	Real estate leasing management, trading, and brokerage services
SEKISUI DIAGNOSTICS, LLC	Thousands of U.S. dollars 132,000	100.00	Development, manufacture, and sales of diagnostic reagents
SEKISUI SPECIALTY CHEMICALS AMERICA, LLC.	Thousands of U.S. dollars 107,000	100.00	Manufacture and sales of polyvinyl alcohol resins
SEKISUI AMERICA CORPORATION	Thousands of U.S. dollars 8,421	100.00	Management of affiliated companies in the Americas
SEKISUI AEROSPACE CORPORATION	Thousands of U.S. dollars —	100.00	Development, manufacture, and sales of composite material mold products for aircraft and drones
SEKISUI SPECIALTY CHEMICALS EUROPE S.L.	Thousands of euros 18,000	100.00	Manufacture and sales of polyvinyl alcohol resins
SEKISUI S-LEC B.V.	Thousands of euros 11,344	100.00	Manufacture and sales of interlayer films for laminated glasses
SEKISUI EUROPE B.V.	Thousands of euros 1,000	100.00	Management of affiliated companies in Europe

Company name	Paid-in capital	Equity interest ratio	Principal business activities
SEKISUI ALVEO A.G.	Thousands of Swiss francs 21,000	100.00	Sales of foam polyolefins and foams
YOUNGBO CHEMICAL CO., LTD.	Hundreds of millions of won 100	52.30	Manufacture and sales of synthetic resin products
SEKISUI CHEMICAL (CHINA) CO., LTD.	Thousands of yuan 361,447	100.00	Management of affiliated companies in China
SEKISUI S-LEC (SUZHOU) CO., LTD.	Thousands of yuan 195,979	100.00	Manufacture and sales of interlayer films for laminated glasses
SEKISUI SOUTHEAST ASIA CO., LTD.	Thousands of baht 10,000	100.00	Management of affiliated companies in South East Asia

- (Notes) 1. The equity interest ratios include those of shares held by subsidiaries of the Company.  
2. The consolidated subsidiaries of the Company as of the end of the fiscal year under review totaled 155, including those shown above.



#### 4 Stock Information

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

(2) Total number of shares outstanding 471,507,285

(Note) We resolved at a Board of Directors meeting held on April 27, 2022 to retire shares of treasury stock, which will likely reduce the total number of shares outstanding by 8 million shares to 463,507,285 shares. (Planned date of retirement: May 25, 2022)

(3) Number of shareholders 21,535

(4) Major shareholders (top 10)

Name of shareholder	Number of shares held (Thousands of shares)	Percentage of ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	66,404	14.91
Custody Bank of Japan, Ltd. (Trust Account)	23,638	5.31
The Dai-ichi Life Insurance Company, Limited	18,681	4.19
Asahi Kasei Corp.	15,153	3.40
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS	12,254	2.75
Employees Stock Ownership Plan	10,262	2.30
THE BANK OF NEW YORK MELLON 140042	9,395	2.11
Sekisui House, Ltd.	7,998	1.79
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	7,806	1.75
National Mutual Insurance Federation of Agricultural Cooperatives	7,302	1.64

- (Notes) 1. The Company maintains 26,438,081 shares of treasury stock, which are not included in the major shareholders above. Shares of treasury stock account for 5.60% of the total number of shares outstanding.  
 2. The treasury stocks exclude 124,000 shares held by an Employee Stock Ownership Plan trust and 532,000 shares held by the Board Incentive Plan trust as an officer remuneration system.  
 3. The percentage of ownership is calculated after subtracting the treasury stock from the total number of outstanding shares.

(5) Stock price (Tokyo Stock Exchange, First Section)

■ Highest and lowest stock prices by fiscal year for the past five years

(Yen)

By fiscal year	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Highest stock price	2,350	2,114	1,986	2,243	2,187
Lowest stock price	1,732	1,532	1,142	1,267	1,648

■ Highest and lowest stock prices by month for the past one year

(Yen)

By month	2021									2022		
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Highest stock price	2,187	2,005	1,932	1,968	1,989	2,095	1,925	2,010	1,999	2,017	2,022	1,916
Lowest stock price	1,865	1,859	1,768	1,833	1,808	1,871	1,758	1,824	1,836	1,857	1,842	1,648

<b>5</b>	<b>Accounting Auditor</b>
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1. Name of Accounting Auditor

Ernst & Young ShinNihon LLC

2. Amount of Fee, Etc. for the Accounting Auditor

Amount of accounting auditor fee for the fiscal year under review ¥133 million

Total amount of money and asset profits required to be paid by the Company and its subsidiaries ¥202 million

(Note) Of our significant subsidiaries, 11 overseas subsidiaries were audited by Ernst & Young Global Limited belonging to a network which the Accounting Auditor of the Company belongs to.

3. Reason for Consent by the Audit & Supervisory Board to the Fee, Etc. for the Accounting Auditor

The Audit & Supervisory Board approved the fee, etc. for the Accounting Auditor because, after verifying its audit plan and past year's audit plans and execution and examining the reasonableness of the computation basis for the fee estimation as required, it concluded them to be appropriate.

4. Decision Policy for Dismissal or Non-re-election of Accounting Auditor

At the Company, if any of the dismissal reasons set forth in Article 340 of the Companies Act applies to the Accounting Auditor, the Audit & Supervisory Board dismisses it with the consent of all the Audit & Supervisory Board Members. If it is deemed to be challenging for the Accounting Auditor to execute its duties properly or if it is judged to be inappropriate for an Accounting Auditor to be reappointed, the Audit & Supervisory Board determines a proposal for dismissal or non-re-election to be submitted to General Meeting of Shareholders.

5. Standard for the Audit & Supervisory Board to Select and Evaluate the Accounting Auditor in an Appropriate Manner

The Audit & Supervisory Board identifies conducted audits through audit reports from the Accounting Auditor and onsite audits, and evaluates it and resolves to re-elect it under a standard that takes into account matters such as the quality control system, the audit structure, and audit appropriateness at an Audit & Supervisory Board meeting each fiscal year.

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(Note) Any number less than the display unit has been truncated to present values, numbers of shares, equity interest ratios, and shareholding ratios that are shown in this Business Report.

## Consolidated Financial Statements

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### Consolidated Balance Sheets

(Millions of yen)

	End Fiscal Year 2021 (As of March 31, 2022)	End Fiscal Year 2020 (For Reference) (As of March 31, 2021)
<b>(Assets)</b>		
<b>Current assets:</b>	<b>609,395</b>	<b>505,571</b>
Cash and deposits	144,534	87,454
Notes receivable - trade	36,999	34,810
Accounts receivable - trade	148,748	135,821
Contract assets	721	-
Securities	-	0
Merchandise and finished goods	86,262	79,652
Land for sale in lots	55,364	58,767
Work in process	56,611	50,469
Raw materials and supplies	45,600	34,021
Advance payments to suppliers	4,551	3,362
Prepaid expenses	8,092	7,121
Short-term loans receivable	182	2
Other	22,984	15,259
Allowance for doubtful accounts	(1,257)	(1,172)
<b>Non-current assets:</b>	<b>589,525</b>	<b>644,571</b>
<b>Property, plant and equipment:</b>	<b>365,254</b>	<b>351,397</b>
Buildings and structures	120,810	116,433
Machinery, equipment and vehicles	108,218	96,844
Land	83,059	80,079
Leased assets	19,618	19,203
Construction in progress	21,606	27,228
Other	11,939	11,607
<b>Intangible assets:</b>	<b>46,733</b>	<b>97,649</b>
Goodwill	10,736	50,914
Software	10,561	10,520
Leased assets	137	150
Other	25,298	36,063
<b>Investments and other assets:</b>	<b>177,537</b>	<b>195,525</b>
Investment securities	130,688	174,656
Long-term loans receivable	1,157	1,613
Long-term prepaid expenses	2,030	2,021
Retirement benefit asset	21,066	312
Deferred tax assets	10,909	5,347
Other	14,038	13,908
Allowance for doubtful accounts	(2,352)	(2,334)
<b>Total assets</b>	<b>1,198,921</b>	<b>1,150,143</b>

(Note) The amounts presented above have been rounded down to the nearest million yen.

(Millions of yen)

	<b>End Fiscal Year 2021 (As of March 31, 2022)</b>	<b>End Fiscal Year 2020 (For Reference) (As of March 31, 2021)</b>
<b>(Liabilities)</b>		
<b>Current liabilities:</b>	<b>329,694</b>	<b>282,278</b>
Notes payable - trade	1,386	1,744
Electronically recorded obligations - operating	28,335	25,052
Accounts payable - trade	108,460	90,798
Short-term borrowings	4,293	7,278
Lease liabilities	5,000	4,625
Accrued expenses	43,500	43,910
Income taxes payable	23,678	10,658
Provision for bonuses	19,709	17,620
Provision for bonuses for directors (and other officers)	290	245
Provision for warranties for completed construction	1,482	1,403
Provision for share awards	138	157
Advances received	46,068	40,227
Other	47,350	38,555
<b>Non-current liabilities:</b>	<b>166,473</b>	<b>173,472</b>
Bonds payable	40,000	40,000
Long-term borrowings	58,093	71,207
Lease liabilities	15,170	15,057
Deferred tax liabilities	4,624	10,362
Retirement benefit liability	41,840	30,402
Provision for share awards	773	648
Other	5,971	5,793
<b>Total liabilities</b>	<b>496,168</b>	<b>455,751</b>
<b>(Net assets)</b>		
<b>Shareholders' equity:</b>	<b>612,409</b>	<b>606,696</b>
<b>Share capital</b>	<b>100,002</b>	<b>100,002</b>
<b>Capital surplus</b>	<b>109,042</b>	<b>109,021</b>
<b>Retained earnings</b>	<b>447,958</b>	<b>441,087</b>
<b>Treasury shares</b>	<b>(44,592)</b>	<b>(43,414)</b>
<b>Accumulated other comprehensive income:</b>	<b>62,226</b>	<b>60,370</b>
<b>Valuation difference on available-for-sale securities</b>	<b>33,726</b>	<b>50,781</b>
<b>Deferred gains or losses on hedges</b>	<b>(18)</b>	<b>(33)</b>
<b>Revaluation reserve for land</b>	<b>322</b>	<b>323</b>
<b>Foreign currency translation adjustment</b>	<b>25,507</b>	<b>6,647</b>
<b>Remeasurements of defined benefit plans</b>	<b>2,687</b>	<b>2,650</b>
<b>Non-controlling interests</b>	<b>28,116</b>	<b>27,325</b>
<b>Total net assets</b>	<b>702,753</b>	<b>694,392</b>
<b>Total liabilities and net assets</b>	<b>1,198,921</b>	<b>1,150,143</b>

(Note) The amounts presented above have been rounded down to the nearest million yen.

## Consolidated Statements of Income

(Millions of yen)

	<b>Fiscal Year 2021 (From April 1, 2021 to March 31, 2022)</b>	<b>Fiscal Year 2020 (For Reference) (From April 1, 2020 to March 31, 2021)</b>
<b>Net sales</b>	<b>1,157,945</b>	<b>1,056,560</b>
<b>Cost of sales</b>	<b>801,994</b>	<b>726,174</b>
<b>Gross profit</b>	<b>355,950</b>	<b>330,385</b>
<b>Selling, general and administrative expenses</b>	<b>267,071</b>	<b>263,084</b>
<b>Operating profit</b>	<b>88,879</b>	<b>67,300</b>
<b>Non-operating income:</b>	<b>13,999</b>	<b>11,036</b>
Interest income	544	484
Dividend income	3,813	4,368
Share of profit of entities accounted for using equity method	108	2,753
Foreign exchange gains	4,816	543
Miscellaneous income	4,715	2,886
<b>Non-operating expenses:</b>	<b>5,877</b>	<b>15,687</b>
Interest expenses	774	861
Sales discounts	-	378
Miscellaneous expenses	5,102	14,447
<b>Ordinary profit</b>	<b>97,001</b>	<b>62,649</b>
<b>Extraordinary income:</b>	<b>25,909</b>	<b>5,387</b>
Gain on sale of investment securities	25,909	2,258
Gain on sale of non-current assets	-	3,128
<b>Extraordinary losses:</b>	<b>53,052</b>	<b>4,857</b>
Impairment losses	51,508	2,428
Loss on sale of investment securities	-	728
Loss on sale and retirement of non-current assets	1,544	1,700
<b>Profit before income taxes</b>	<b>69,859</b>	<b>63,179</b>
Income taxes - current	35,995	20,029
Income taxes - deferred	(4,896)	(127)
Profit	38,760	43,277
Profit attributable to non-controlling interests	1,692	1,733
<b>Profit attributable to owners of parent</b>	<b>37,067</b>	<b>41,544</b>

(Note) The amounts presented above have been rounded down to the nearest million yen.

## Consolidated Statements of Changes in Equity; Statements of Shareholders' Equity

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
<b>Balance at beginning of period</b>	<b>100,002</b>	<b>109,021</b>	<b>441,087</b>	<b>(43,414)</b>	<b>606,696</b>
Cumulative effects of changes in accounting policies			(587)		(587)
<b>Restated balance</b>	<b>100,002</b>	<b>109,021</b>	<b>440,500</b>	<b>(43,414)</b>	<b>606,109</b>
<b>Changes during period</b>					
Dividends of surplus			(21,531)		(21,531)
Profit attributable to owners of parent			37,067		37,067
Increase and decrease in retained earnings resulting from inclusion of subsidiaries in consolidation			17		17
Cancellation of treasury shares		(8,096)		8,096	-
Purchase of treasury shares				(9,499)	(9,499)
Disposal of treasury shares		0		223	223
Transfer from retained earnings to capital surplus		8,096	(8,096)		-
Change in ownership interest of parent due to transactions with non-controlling interests		21			21
Net changes in items other than shareholders' equity					-
<b>Total changes during period</b>	<b>-</b>	<b>21</b>	<b>7,458</b>	<b>(1,178)</b>	<b>6,301</b>
<b>Balance at end of period</b>	<b>100,002</b>	<b>109,042</b>	<b>447,958</b>	<b>(44,592)</b>	<b>612,409</b>

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
<b>Balance at beginning of period</b>	<b>50,781</b>	<b>(33)</b>	<b>323</b>	<b>6,647</b>	<b>2,650</b>	<b>60,370</b>	<b>27,325</b>	<b>694,392</b>
Cumulative effects of changes in accounting policies								(587)
<b>Restated balance</b>	<b>50,781</b>	<b>(33)</b>	<b>323</b>	<b>6,647</b>	<b>2,650</b>	<b>60,370</b>	<b>27,325</b>	<b>693,804</b>
<b>Changes during period</b>								
Dividends of surplus								(21,531)
Profit attributable to owners of parent								37,067
Increase and decrease in retained earnings resulting from inclusion of subsidiaries in consolidation								17
Cancellation of treasury shares								–
Purchase of treasury shares								(9,499)
Disposal of treasury shares								223
Transfer from retained earnings to capital surplus								–
Change in ownership interest of parent due to transactions with non-controlling interests								21
Net changes in items other than shareholders' equity	(17,054)	15	(1)	18,860	36	1,856	791	2,647
<b>Total changes during period</b>	<b>(17,054)</b>	<b>15</b>	<b>(1)</b>	<b>18,860</b>	<b>36</b>	<b>1,856</b>	<b>791</b>	<b>8,947</b>
<b>Balance at end of period</b>	<b>33,726</b>	<b>(18)</b>	<b>322</b>	<b>25,507</b>	<b>2,687</b>	<b>62,226</b>	<b>28,116</b>	<b>702,753</b>

(Note) The amounts presented above have been rounded down to the nearest million yen.

**(For Reference) Summary of Consolidated Statements of Cash Flows**

(Millions of yen)

	<b>Fiscal Year 2021 (From April 1, 2021 to March 31, 2022)</b>	<b>Fiscal Year 2020 (From April 1, 2020 to March 31, 2021)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>105,023</b>	<b>75,271</b>
<b>Net cash provided by (used in) investing activities</b>	<b>2,694</b>	<b>(58,495)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>(54,729)</b>	<b>(19,157)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>4,064</b>	<b>4,171</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>57,052</b>	<b>1,789</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>76,649</b>	<b>74,721</b>
<b>Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation</b>	<b>36</b>	<b>138</b>
<b>Cash and cash equivalents at end of period</b>	<b>133,739</b>	<b>76,649</b>

(Note) The amounts presented above have been rounded down to the nearest million yen.



## Non-Consolidated Financial Statements

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### Non-Consolidated Balance Sheets

(Millions of yen)

	End Fiscal Year 2021 (As of March 31, 2022)	End Fiscal Year 2020 (For Reference) (As of March 31, 2021)
<b>(Assets)</b>		
<b>Current assets:</b>	<b>192,383</b>	<b>201,882</b>
Cash and deposits	9,864	8,239
Notes receivable - trade	6,295	6,141
Accounts receivable - trade	72,943	73,444
Merchandise and finished goods	22,050	20,324
Land for sale in lots	12,886	13,642
Work in process	5,247	3,424
Raw materials and supplies	6,212	5,340
Advance payments to suppliers	924	818
Prepaid expenses	840	983
Short-term loans receivable	11,101	30,221
Accounts receivable - other	42,501	37,925
Other current assets	1,524	1,388
Allowance for doubtful accounts	(9)	(11)
<b>Non-current assets:</b>	<b>476,355</b>	<b>488,965</b>
<b>Property, plant and equipment:</b>	<b>106,941</b>	<b>106,672</b>
Buildings	36,181	35,997
Structures	2,710	2,708
Machinery and equipment	24,587	26,167
Vehicles	131	76
Tools, furniture and fixtures	3,665	3,787
Land	36,651	34,625
Leased assets	610	722
Construction in progress	2,403	2,586
<b>Intangible assets:</b>	<b>16,384</b>	<b>13,238</b>
Industrial property	279	405
Right to use facilities	105	107
Software	7,453	7,716
Leased assets	0	1
Other intangible fixed assets	8,545	5,006
<b>Investments and other assets:</b>	<b>353,028</b>	<b>369,054</b>
Investment securities	77,514	116,922
Shares of subsidiaries and associates	261,772	246,833
Long-term loans receivable	2,780	3,448
Long-term prepaid expenses	1,103	1,043
Prepaid pension costs	9,689	-
Leasehold and guarantee deposits	1,941	2,012
Other investments	676	637
Allowance for doubtful accounts	(2,449)	(1,844)
<b>Total assets</b>	<b>668,738</b>	<b>690,848</b>

(Note) The amounts presented above have been rounded down to the nearest million yen.

(Millions of yen)

	<b>End Fiscal Year 2021 (As of March 31, 2022)</b>	<b>End Fiscal Year 2020 (For Reference) (As of March 31, 2021)</b>
<b>(Liabilities)</b>		
<b>Current liabilities:</b>	<b>201,512</b>	<b>188,921</b>
Notes payable - trade	6	11
Electronically recorded obligations - operating	5,508	4,773
Accounts payable - trade	95,697	80,233
Short-term borrowings	46,860	60,006
Lease liabilities	240	214
Accounts payable - other	6,745	7,743
Accrued expenses	18,789	21,274
Income taxes payable	18,340	5,882
Advances received	210	139
Deposits received	3,441	3,647
Provision for bonuses	4,341	3,974
Provision for bonuses for directors (and other officers)	161	115
Provision for warranties for completed construction	836	567
Provision for share awards	138	157
Other current liabilities	193	180
<b>Non-current liabilities:</b>	<b>127,583</b>	<b>171,516</b>
Bonds payable	40,000	40,000
Long-term borrowings	57,600	100,400
Lease liabilities	370	509
Deferred tax liabilities	5,541	14,589
Provision for retirement benefits	23,224	15,288
Provision for share awards	773	648
Other non-current liabilities	73	80
<b>Total liabilities</b>	<b>329,096</b>	<b>360,437</b>

(Note) The amounts presented above have been rounded down to the nearest million yen.

(Millions of yen)

	<b>End Fiscal Year 2021 (As of March 31, 2022)</b>	<b>End Fiscal Year 2020 (For Reference) (As of March 31, 2021)</b>
<b>(Net assets)</b>		
<b>Shareholders' equity:</b>	<b>308,238</b>	<b>283,299</b>
<b>Share capital</b>	<b>100,002</b>	<b>100,002</b>
<b>Capital surplus</b>	<b>109,234</b>	<b>109,234</b>
Legal capital surplus	109,234	109,234
<b>Retained earnings</b>	<b>143,467</b>	<b>117,348</b>
Legal retained earnings	10,363	10,363
Other retained earnings	133,104	106,985
Reserve for special account for tax purpose reduction entry of non-current assets	–	750
Reserve for tax purpose reduction entry of land	4,141	4,141
Reserve for tax purpose reduction entry of depreciable assets	2,344	1,801
Reserve for open innovation promotion	53	–
General reserve	39,471	39,471
Retained earnings brought forward	87,095	60,822
<b>Treasury shares</b>	<b>(44,466)</b>	<b>(43,286)</b>
<b>Valuation and translation adjustments</b>	<b>31,403</b>	<b>47,110</b>
<b>Valuation difference on available-for-sale securities</b>	<b>31,403</b>	<b>47,110</b>
<b>Total net assets</b>	<b>339,641</b>	<b>330,410</b>
<b>Total liabilities and net assets</b>	<b>668,738</b>	<b>690,848</b>

(Note) The amounts presented above have been rounded down to the nearest million yen.

## Non-Consolidated Statements of Income

(Millions of yen)

	Fiscal Year 2021 (From April 1, 2021 to March 31, 2022)	Fiscal Year 2020 (For Reference) (From April 1, 2020 to March 31, 2021)
<b>Net sales</b>	<b>359,176</b>	<b>333,064</b>
<b>Cost of sales</b>	<b>264,531</b>	<b>232,826</b>
<b>Gross profit</b>	<b>94,645</b>	<b>100,238</b>
<b>Selling, general and administrative expenses</b>	<b>83,020</b>	<b>82,313</b>
<b>Operating profit</b>	<b>11,625</b>	<b>17,924</b>
<b>Non-operating income:</b>	<b>34,894</b>	<b>38,171</b>
Interest and dividend income	21,718	24,463
Miscellaneous income	13,175	13,708
<b>Non-operating expenses:</b>	<b>3,922</b>	<b>9,021</b>
Interest expenses	281	309
Interest on bonds	87	88
Miscellaneous expenses	3,553	8,624
<b>Ordinary profit</b>	<b>42,598</b>	<b>47,074</b>
<b>Extraordinary income:</b>	<b>27,284</b>	<b>3,437</b>
Gain on sale of investment securities	25,822	369
Gain on sale of shares of subsidiaries and associates	1,462	-
Gain on sale of non-current assets	-	3,067
<b>Extraordinary losses:</b>	<b>1,120</b>	<b>1,788</b>
Loss on sale of shares of subsidiaries and associates	-	1,118
Impairment losses	497	-
Loss on sale and retirement of non-current assets	622	670
<b>Profit before income taxes</b>	<b>68,762</b>	<b>48,723</b>
Income taxes - current	14,928	6,434
Income taxes - deferred	(2,081)	1,079
<b>Profit</b>	<b>55,915</b>	<b>41,210</b>

(Note) The amounts presented above have been rounded down to the nearest million yen.

## Non-Consolidated Statements of Changes in Equity

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity												
	Share capital	Capital surplus				Legal retained earnings	Retained earnings						Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings								
					Reserve for special account for tax purpose reduction entry of non-current assets		Reserve for tax purpose reduction entry of land	Reserve for tax purpose reduction entry of depreciable assets	Reserve for open innovation promotion	General reserve	Retained earnings brought forward		
<b>Balance at beginning of period</b>	<b>100,002</b>	<b>109,234</b>	-	<b>109,234</b>	<b>10,363</b>	<b>750</b>	<b>4,141</b>	<b>1,801</b>	-	<b>39,471</b>	<b>60,822</b>	<b>117,348</b>	
Cumulative effects of changes in accounting policies											(167)	(167)	
<b>Restated balance</b>	<b>100,002</b>	<b>109,234</b>	-	<b>109,234</b>	<b>10,363</b>	<b>750</b>	<b>4,141</b>	<b>1,801</b>	-	<b>39,471</b>	<b>60,654</b>	<b>117,180</b>	
<b>Changes during period</b>													
Reversal of reserve for special account for tax purpose reduction entry of non-current assets						(750)					750	-	
Provision of reserve for tax purpose reduction entry of depreciable assets								700			(700)	-	
Reversal of reserve for tax purpose reduction entry of depreciable assets								(157)			157	-	
Provision of reserve for open innovation promotion									53		(53)	-	
Dividends of surplus											(21,531)	(21,531)	
Profit											55,915	55,915	
Cancellation of treasury shares			(8,096)	(8,096)									
Purchase of treasury shares													
Disposal of treasury shares			0	0									
Transfer from retained earnings to capital surplus			8,096	8,096							(8,096)	(8,096)	
Net changes in items other than shareholders' equity													
<b>Total changes during period</b>	-	-	-	-	-	(750)	-	543	53	-	26,440	26,286	
<b>Balance at end of period</b>	<b>100,002</b>	<b>109,234</b>	-	<b>109,234</b>	<b>10,363</b>	-	<b>4,141</b>	<b>2,344</b>	<b>53</b>	<b>39,471</b>	<b>87,095</b>	<b>143,467</b>	

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
<b>Balance at beginning of period</b>	<b>(43,286)</b>	<b>283,299</b>	<b>47,110</b>	<b>47,110</b>	<b>330,410</b>
Cumulative effects of changes in accounting policies		(167)			(167)
<b>Restated balance</b>	<b>(43,286)</b>	<b>283,131</b>	<b>47,110</b>	<b>47,110</b>	<b>330,242</b>
<b>Changes during period</b>					
Reversal of reserve for special account for tax purpose reduction entry of non-current assets		–			–
Provision of reserve for tax purpose reduction entry of depreciable assets		–			–
Reversal of reserve for tax purpose reduction entry of depreciable assets		–			–
Provision of reserve for open innovation promotion		–			–
Dividends of surplus		(21,531)			(21,531)
Profit		55,915			55,915
Cancellation of treasury shares	8,096	–			–
Purchase of treasury shares	(9,499)	(9,499)			(9,499)
Disposal of treasury shares	221	221			221
Transfer from retained earnings to capital surplus		–			–
Net changes in items other than shareholders' equity			(15,707)	(15,707)	(15,707)
<b>Total changes during period</b>	<b>(1,180)</b>	<b>25,106</b>	<b>(15,707)</b>	<b>(15,707)</b>	<b>9,399</b>
<b>Balance at end of period</b>	<b>(44,466)</b>	<b>308,238</b>	<b>31,403</b>	<b>31,403</b>	<b>339,641</b>

(Note) The amounts presented above have been rounded down to the nearest million yen.