SUMITOMO SEIKA

Medium-Term Business Plan 2030

(FY2026-FY2030)



Sumitomo Seika Chemicals Co., Ltd.

November 16, 2026

Securities code: 4008

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Overview

Medium-Term Business Plan 2030

1. **Transforming the Group's business portfolio fundamentally through "selection and focus"**
2. **Improving capital efficiency through disciplined investment and financial leverage**
3. **Delivering high and stable shareholder returns over the plan period, with a substantial increase in dividends**



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Financial Targets for FY2030, Growth Drivers, and Capital Discipline

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Financial Targets

(Billions of JPY)

	FY2025 Results	FY2030 Targets
Net Sales	148.4	**200.0**
Operating Profit	14.5	**17.5**
Net Income Attributable to Owners of the Parent	7.7	**12.4**
EBITDA	20.0	**31.0**
ROIC	8.1%	**8.5%**
ROE	7.8%	**10%**
Exchange rates (JPY/USD)	150.8	155.0
(JPY/CNY)	21.3	22.8
Japanese naphtha price (JPY/kℓ)	65,200	70,000

Growth Drivers

Super Absorbent Polymers Segment
Operating Profit: +1.5 billion JPY (+13%)

- Capture market growth
  (Our global SAP sales volume: 459 kt to 590 kt)
- Next phase of capacity expansion of 70 kt/year

Functional Materials Segment
Operating Profit: +1.6 billion JPY (+55%)

- Shift to advanced industries and quality of life (QOL)-related products
- Restructure underperforming businesses

Continue the Group-wide streamlining and productivity improvement efforts (target: savings of 4.0 billion JPY)

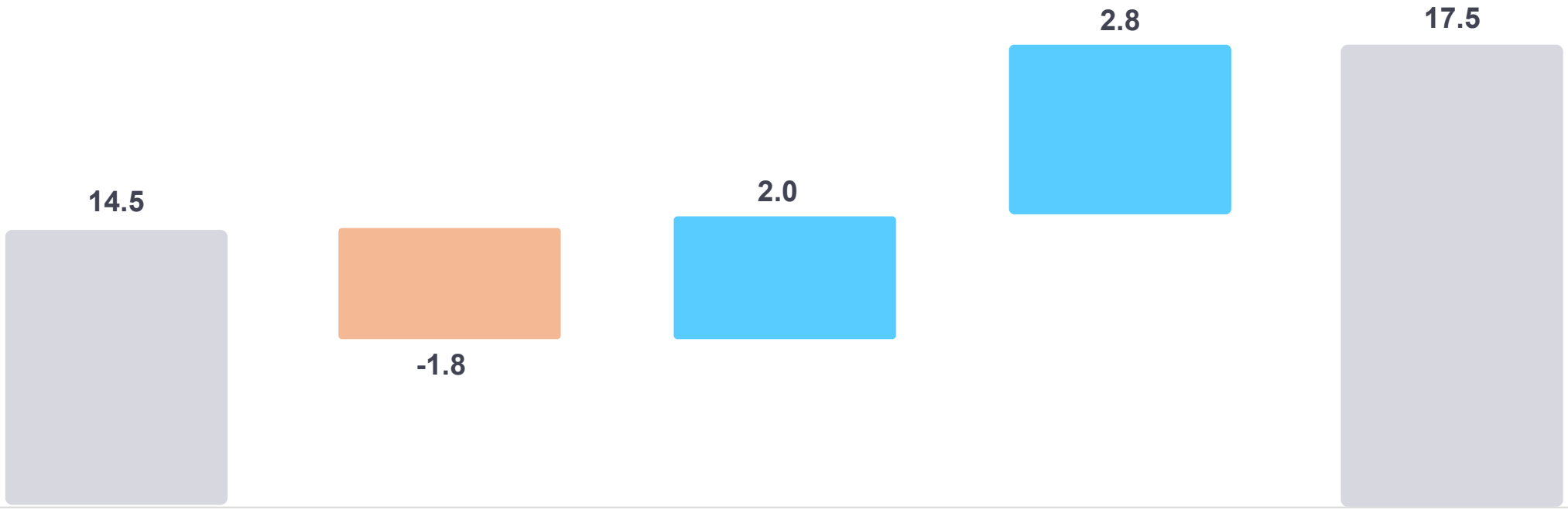
Capital discipline

- Dividend policy: target dividend on equity (DOE) of 4.5% or more
- Medium-term target equity ratio range of 50% to 60%

Growing Operating Profit: FY2030 Target vs. FY2025 Result

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(Billions of JPY)



Assumptions		FY2025 Result	FY2030 Target
Exchange rates	(JPY/USD)	150.8	155.0
	(JPY/CNY)	21.3	22.8
Japanese naphtha price	(JPY/kℓ)	65,200	70,000

Enhancing EBITDA, ROIC, and ROE

Increasing earning power　EBITDA: +11.0 billion JPY

- Increase production capacity and expand sales of super absorbent polymers
- Grow sales of high-profit functional material products

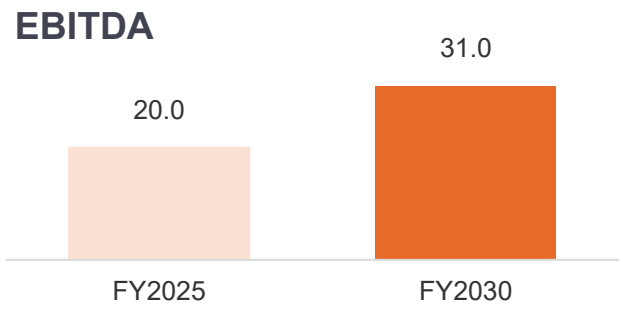
Disciplined expansion of capital investment　ROIC: +0.4 ppts

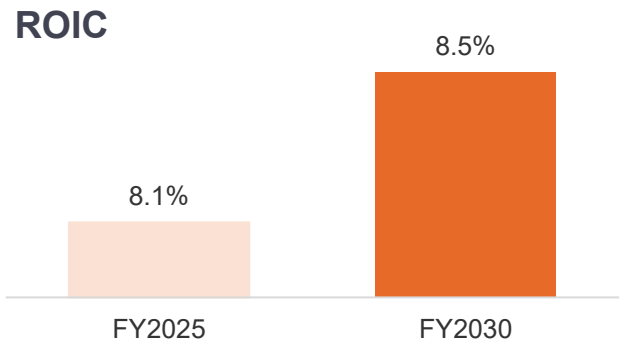
- Disciplined growth investments
- Improve asset utilization efficiency across the Group (including improving efficiency in the use of cash and deposits)

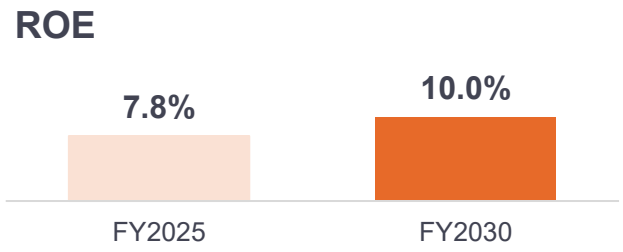
Optimizing capital structure　ROE: +2.2 ppts

- Lower the equity ratio in stages

(Billions of JPY)







Achieve business growth while improving capital efficiency

EBITDA: Earnings before interest, taxes, depreciation, and amortization　ROE: Return on equity　ROIC: Return on invested capital

Cash Allocation

FY2026-FY2030 (Billions of JPY)

Cash Inflows	Cash Outflows
Financing (Borrowings)	Inorganic growth investment
Cash and deposits, borrowings 12.0	Organic growth investment 75.0
Cash flows from operating activities 88.0	Shareholder returns 25.0

- **Pursuing M&A and alliance opportunities to advance business transformation**
- **Growth investment: 41.0 billion JPY**
  - Next phase of capacity expansion for super absorbent polymers
  - Growth products in the Functional Materials Segment
- **R&D investment: 9.0 billion JPY**
  - New product development
  - Research infrastructure
- **Investment in strengthening business infrastructure: 25.0 billion JPY**
  - For safe and stable operations; DX- and AI-related investment; investment in human capital, etc.
- **Dividend on equity (DOE) of 4.5% or more**

Strategic Positioning of the Medium-Term Business Plan 2030

Medium-Term Business Plan 2030

Marking the start of our transformation to a business structure resilient to uncertainties in the business environment

Operating profit by segment

- Functional Materials Business
- Super Absorbent Polymers Business



Vision

Ratio of the Functional Materials Segment's operating profit to the total operating profit

(organic growth + inorganic growth)

50%

The Long-Term Vision 2045, "A chemical company creating a future by building on excellence in technology and quality"

Functional Materials as our growth driver

High-profit and high-growth portfolio that continually creates new businesses in a market-driven way

Super Absorbent Polymers as our foundational business

A resilient and sustainable business model that generates stable cash flows

Roadmap for Business Transformation

FY2023–FY2025 results	FY2026–FY2030 Medium-Term Business Plan 2030	FY2035	FY2045

Functional Materials

Transitioning from a group of small-scale, mature businesses to our growth driver

Segment operating profit to total operating profit: 20% (FY2025) → 26% → 50% (Vision)

- Launched structural reform
- Boosted sales of growth products
- Developed new products

- **Complete structural reform**
- **Expand sales of growth products / Launch new products** → **Continue**
- **Develop and create new businesses** → **Continue to profits**
- **Pursue in organic opportunities for inorganic growth** → **Continue to profits**

- **Continuously create new businesses**
- **High-profit and high-growth portfolio**

Super Absorbent Polymers

Transitioning from our growth driver to our cash cow business

- Increased capacity and sales (413 kt to 459 kt)
- Streamlining (Savings of 2.1 billion JPY)
- Developed and launched new grades of SAP
- Developed recycling technologies

- **Increase capacity and sales (590 kt in FY2030)** → **Continue**
- **Streamlining (Savings of 3.0 billion JPY)** → **Continue**
- **Develop and launch new grades of SAP** → **Continue**
- **Put recycling technologies into practical use** → **Deploy recycling technology across society**

- **Generate stable cash flows**
- **A resilient and sustainable business model**

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Business Strategy:

Super Absorbent Polymers Segment

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Market Environment

Global demand for SAP: Approx. 3.2 million metric tons in 2025, growing at 3% to 4% per annum

Trends by disposable diapers market

North America, Europe, and Japan	Baby diapers	• The market has matured due to a declining birthrate. • The market share of private brands is growing
	Adult diapers	• With aging populations, the market is expected to grow steadily at 3% to 4%.
China	Baby diapers	• Domestic demand is decreasing due to a declining birthrate, while exports to Southeast Aisa is growing.
	Adult diapers	• With the population aging rapidly, the market is growing at 5%.
Southeast Asia	Baby diapers	• Production is declining at 3% as competition with imports from China intensifies.
South Asia	Baby diapers	• High growth (8% to 10%) driven by population growth and improving living standards
The Middle East and Africa	Baby diapers	• High growth (2% to 5%) driven by population growth and improving living standards

Basic Strategies and Actions

Build deeper customer relationships by providing technical services globally

- Establish marketing bases in growth markets
- Strengthen our operations at existing bases

Develop and launch new products based on customers' challenges and development policies

- Development themes
  - Adult diapers in mature markets: High absorbency, deodorizing performance
  - Baby diapers in growth markets: Well-balanced grades combining thinness with high water retention; grades for SAP sheet-type products
  - For women: Meet the demand for thinner products and high-speed absorption
  - For pets: Improve absorbency and deodorizing performance

- Net sales of new products: 24.0 billion JPY (15% of the segment's net sales) in FY2030 vs. 9.3 billion JPY (8% of the segment's net sales) in FY2025

Strengthen our global supply system

- Next phase of capacity expansion for SAP (70 kt/year, scheduled to start operation in FY2029), increasing global production capacity to 590 kt/year

Financial Target and Sales Policy

	FY2025		FY2030
Net sales	116.1 billion JPY	→	162.0 billion JPY
Operating profit	11.5 billion JPY	→	13.0 billion JPY

Achieve growth by boosting sales in growth markets and launching new grades of SAP

Our global SAP sales volume: 459 kt in FY2025 to 590 kt in FY2030

- **Chinese market** (CAGR of +3%)
  Expand sales to existing customers and acquire new customers by launching new grades of SAP that match market needs
- **South Asian market** (CAGR of +19%), **Middle East and Africa market** (CAGR: +10%)
  Development new customer bases by leveraging marketing bases
- **Mature markets**
  Maintain and expand the volume of sales to existing customers by launching new grades of SAP that match market needs and strengthening technical services

KPI: Net sales of QOL-related products: 158.0 billion JPY (net sales of SAP)

Next Phase of Capacity Expansion for SAP

Progress of study and considerations to implement the expansion plan

- Selecting location candidates and examining detailed conditions to make a decision by the end of FY2027
  - Location candidates: Southeast Asia (Singapore, etc.), the U.S., and Japan
  - Investment amount (as factored into the plan): 160 million USD
  - Production capacity: 70 kt/year (total production capacity after expansion: 590 kt/year)
  - Start of operation: Scheduled for FY2029

  The Group's annual production capacity of SAP after the next phase of capacity expansion:

  Japan 200 kt
  Singapore 140 kt
  South Korea 133 kt
  France (toll manufacturing by Arkema S.A.) 47 kt
  Next phase of capacity expansion 70 kt

- Examine the three conditions of operating rate, profitability, and raw material procurement and make the investment decision

3

Business Strategy:

Functional Materials Segment

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Results of the Previous Medium-Term Business Plan and Priority Issues

Results of the previous Medium-Term Business Plan

The segment's net sales and operating profit both fell significantly short of the plan.
Net sales were 31.9 billion JPY, 20% lower than the target, and operating profit was 2.9 billion JPY, 36% lower than the target.

Contributing factors:

- Sluggish electronics gas sales due to production adjustments in the semiconductor industry in 2023 – 2024.
- The discontinuation of the IR Latex business was brought forward to 2024.
- In new product development in the battery materials field, we failed to adapt to automotive battery technology trends and changes in demand for EV batteries.
- Our development system was overly focused on technology-driven innovation and lacked market-driven innovation projects.

Priority issues for FY2030

- **Expand sales of growth products by strengthening technical services and boosting investment**
- **Develop the customer base and technology necessary to bring new products under development to market faster**

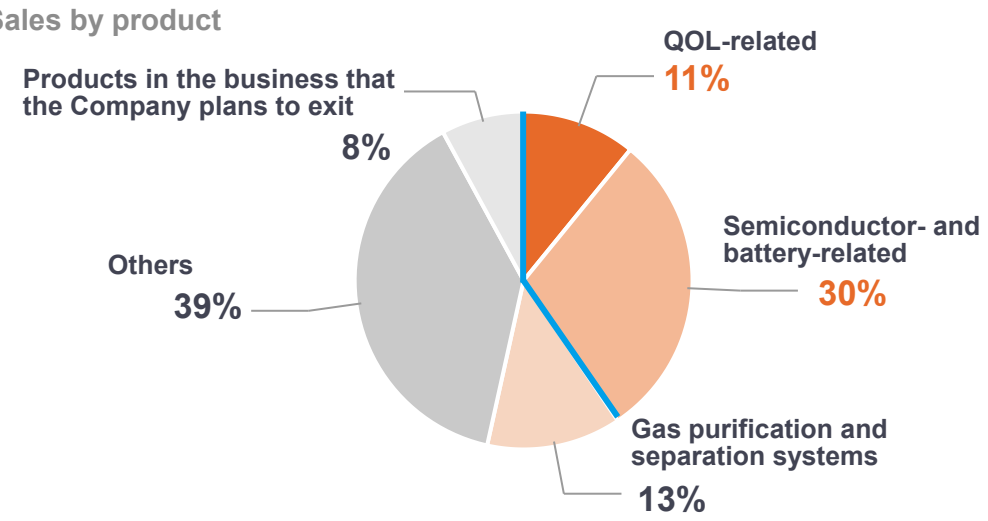
» Begin transformation to achieve a high-profit, high-growth portfolio

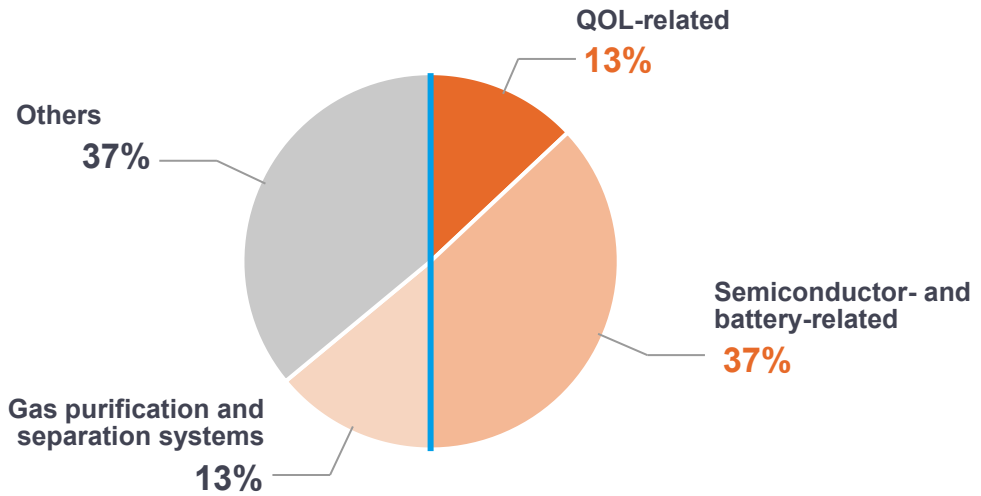
Financial Targets and Portfolio for FY2030

	FY2025	FY2030
Net sales (29.5 billion JPY, excluding sales of the products in the business that the Company plans to exit)	**31.9 billion JPY**	**38.0 billion JPY**
Operating profit	**2.9 billion JPY**	**4.5 billion JPY**

- **Increase the ratio of QOL-related and semiconductor- and battery-related products' net sales to the segment's net sales to 50% or more by FY2030 through expansion of growth products sales and new product launch**
- **Complete the withdrawal from the powdered resin products business by the end of FY2026/ Decide whether it is necessary to withdraw from some gas product businesses and others after reviewing progress in price revision**

Sales by product





Sales Expansion Efforts

Expansion of growth products sales

- **Further expand sales of the growth products that increased sales**

  - QOL-related products: AQUPEC-MG, PEO pharmaceutical grade, etc.
  Increase sales by 1.5 billion JPY (from approx. 3.5 billion JPY in FY2025)

  - Semiconductor- and battery-related products: Electronics gases, sulfolane, AQUACHARGE, etc.
  Increase sales by 4.0 billion JPY (from approx. 10.0 billion JPY in FY2025) through expanding capacity and strengthening technical services, among other initiatives

KPIs: Net sales of products supporting advanced industries: 14.0 billion JPY
Net sales of QOL-related products: 5.0 billion JPY (functional materials only)

New product launch

- **Launch low-concentration CO_2 separation and recovery equipment, silane precursors for semiconductor materials, new latex products, etc.**

Net sales of new products: 4.0 billion JPY (11% of the segment's net sales) in FY2030 vs. 1.9 billion JPY (6% of the segment's net sales) in FY2025

Growth Investments

QOL-related products

- **Strengthen quality control and branding of AQUPEC-MG (a thickener used in cosmetics)**
  Investment amount (as factored into the plan): 1.5 billion JPY (in production equipment, packaging, advertising, etc.)
- **Enhance the production system for PEO (water-soluble polymers for pharmaceutical applications)**
  Investment amount (as factored into the plan): approx. 0.3 billion JPY

Highly reliable materials supporting advanced industries

- **Expand electronics gas production capacity**
  Implement capacity expansion investments in a timely manner to meet a rise in demand
- **Expand production capacity for sulfolane (used in cleaning agents for semiconductor manufacturing processes)**
  Strength: Customers' trust in our track record of product quality and stable supply
  Investment amount (as factored into the plan): approx. 7.0 billion JPY

4

Increasing Overall Management Productivity

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Initiatives to Increase Productivity

Achieve savings of 4.0 billion JPY (compared to FY2025) by FY2030 as the Group

Super Absorbent Polymers ..... 3.0 billion JPY

- The new facility in Singapore, employing streamlining technologies (Improved unit consumption and increased production), became operational in FY2026.
- Carry out the streamlining (facility modifications) of the South Korean plants (in FY2026 to FY2027) and European plants (in FY2030)
- Implement the next phase of capacity expansion employing streamlining technologies (in FY2029)

Functional Materials ..... 0.5 billion JPY

- Structural reform (fixed cost reduction by withdrawing from low-profit businesses), etc.

Shared Service Departments ..... 0.5 billion JPY

- Increase the productivity (by leveraging DX and AI, etc.)

Leveraging DX and AI

Establish systems to accelerate the use of DX and AI, and improve management quality and implement frontline-driven initiatives across the Group

Systems to promote DX and AI use

Cross-functional DX

- Establish and operate an AI governance system, expand the use of general-purpose generative AI, optimize DX resources

Collaboration

Support for frontline DX

- Utilize AI agents and autonomous AI, build data utilization platforms and tools (operational technology (OT), supply chain management (SCM), etc.)

Priority areas for DX and AI use

Upgrade management decision-making processes

- Speed up decision-making by adopting AI

Promote cross-functional collaboration

- Accelerate responses to cross-organizational issues by sharing goals, information, and data

Optimize production processes and hand down technical skills

- Exploit untapped production data
- Upgrade production management
- Promote labor saving and automation

Accelerate R&D

- Speed up functional and structural design processes through further utilization of materials informatics (MI)
- Improve research productivity by enhancing experimental data analysis capabilities
- Streamline intellectual property management operations and expand their scope

5

Creating Next-Generation Businesses

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Accelerating New Product Development and Launch

Initiatives	Action Plans
• **Shift the focus to market value-driven development projects**	Collaborate with external partners including customers
• **Increase the quantity, speed, and quality of R&D activities**	Leverage the newly opened SEIKA R&D Center and utilize MI technology and generative AI
• **Improve the success rate of R&D projects**	Rigorously manage stage-gate process
• **Accelerate industrialization research and shorten the time to market**	Upgrade pilot facilities for materials for advanced industries, CO_2-PSA, etc.
• **Secure the freedom to operate**	Acquire intellectual properties necessary to secure business competitive advantage
• **Select development areas**	Leverage the IPL*

KPIs: **Number of new product launches (the total from FY2026 to FY2030): 10**
Number of patents supporting new products: 80

* Intellectual Property Landscape

Vision Toward FY2035

FY2030 plan

- **Net sales of new products: 28.0 billion JPY (14% of the total net sales) in FY2030** **(11.2 billion JPY (8% of the total net sales) in FY2025)**
  - In the Super Absorbent Polymers Segment: 24.0 billion JPY (15% of the segment's net sales)
  - In the Functional Materials Segment: 4.0 billion JPY (11% of the segment's net sales)

  Key new products:
  Low-concentration CO_2 separation and recovery equipment, silane precursors for semiconductors, and new grades of SAP

- **Deploy our SAP recycling technologies in society**

FY2035 vision

- **Increase the ratio of the Functional Materials Segment's new products sales to the segment's net sales and enhance profitability**
- **Pursue inorganic growth investment opportunities in the fields of the environment, QOL, and advanced industries**
- **Launch new products continuously in the Super Absorbent Polymers Segment and participate in initiatives to promote the widespread adoption of SAP recycling technologies**

6

Sustainability and Management Foundation

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GHG Emissions Reduction Initiatives

Continue initiatives aimed at achieving net zero emissions

- Advance GHG emissions reduction efforts
  SBTi-certified target (Scope 1 and 2): reducing the Group's emissions by 54.6% by FY2033 from the FY2022 level
  (FY2025 result: a 20.1% reduction)

KPIs: GHG emissions reduction rate (Scope 1 and 2): a 40% reduction by FY2030 from the FY2022 level (FY2025 result: 20.1%)
Improvement in unit energy consumption: a 4.9% reduction by FY2030 from the FY2025 level

Purchase electricity from green sources

- Switch purchased electricity to renewable energy

Reduce GHG emissions in production processes (capital expenditures)

- Develop an action plan for energy transition in the future
- Promote the use of hydrogen, e-methane, etc.

Safety and “Quality”

Safe and stable operations: Ensuring the safety of employees, local communities, and businesses

- Implement appropriate risk reduction, diversification, and avoidance measures based on comprehensive risk identification and assessment
- Systematically replace aging facilities and advance efforts to automate operations, save labor, and leverage DX

KPIs: Number of major industrial accidents: zero

Quality*: Ensuring the safety and security for customers

- Further strengthen quality governance
- Enhance the reliability of our quality management processes and quality data
- Maintain vigorous chemicals safety and product safety management

KPIs: Number of quality incidents: zero
Product quality soundness survey implementation rate (for high-risk products): 100%

Shared foundations: Strengthening our foundations supporting safety and Quality

- Foster a safety culture and a Quality culture based on compliance and hone expertise
- Construct and operate management systems by assuming the “theory of human vulnerability”

KPIs: Number of major legal breaches: zero

* Quality is a foundation of trust in the Group, including product specifications, service standards, chemicals safety, data reliability and transparency, and accountability.

Human Capital — Implement our Human Capital Strategy in Alignment with Business Strategies —

Create value and enhance productivity sustainably by leveraging our excellence in technology and quality as strengths

- Increase operating profit per employee

KPIs: Consolidated operating profit per employee: 10.79 million JPY (9.66 million JPY in FY2025)

Strengthen the organizational foundation that empowers diverse talent

- Enhance employee engagement and strengthen organizational capabilities

KPIs: Employee engagement score*1: 50 (44.9 in FY2025)

- Develop female managers systematically and promote female employees proactively

KPIs: Percentage of women in managerial positions*2: 20% (9.4% in FY2025)

Human Capital Strategy (established in October 2026)

1. Strengthen our human capital base supporting business continuity and growth
2. Select and develop next-generation management talent and core talent
3. Implement personnel systems that encourage officers and employees to take on challenges and help them achieve results
4. Create a workplace environment that enables officers and employees to demonstrate their abilities

*1 The employee engagement score is an indicator that measures how connected employees feel to the organization and the level of their trust in and commitment to the organization.
*2 Managerial positions include managers and team leaders.

7

Capital Efficiency Improvement and Shareholder Returns

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Initiatives to Improve Capital Efficiency and Strengthen Engagement with the Stock Market

Initiatives

Dividends

Pay stable dividends based on a dividend payout ratio of 30% or more and a dividend on equity (DOE*) ratio of 4.5% or more.
(The average dividend payout ratio in the period of the Medium-Term Business Plan is expected to be 50% to 60%.)

A target range for the equity ratio

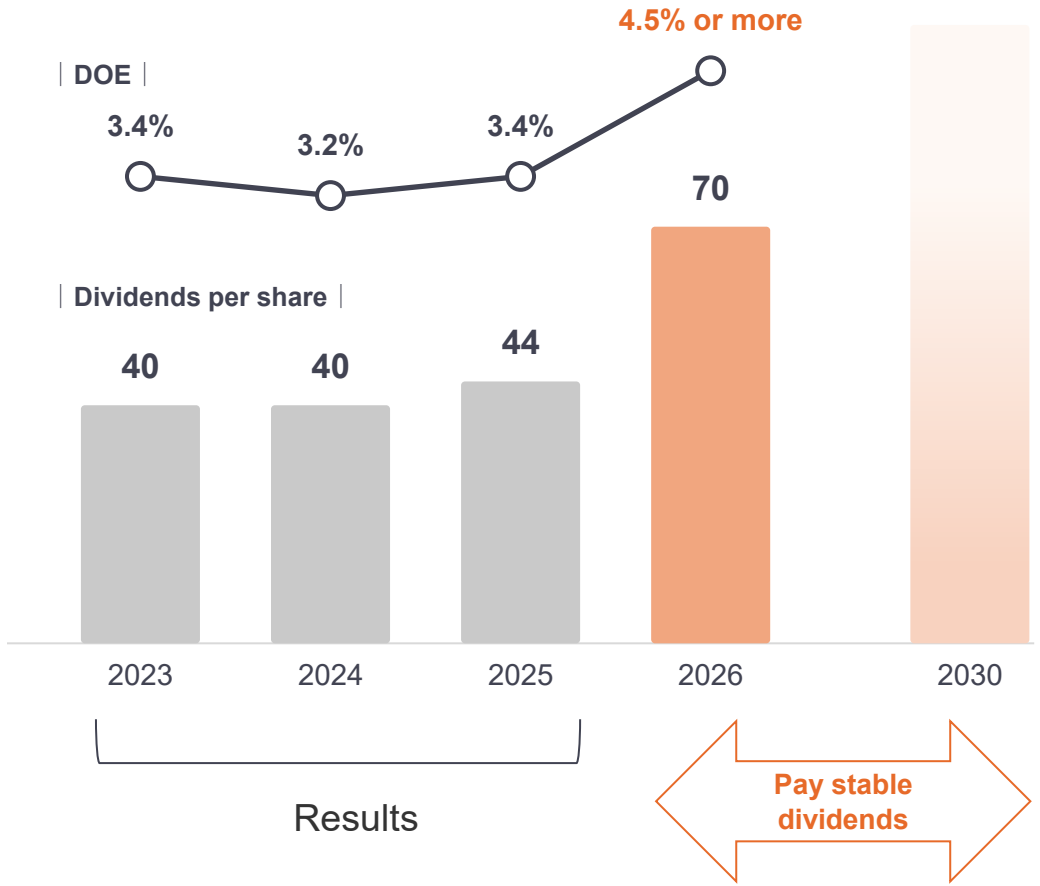
We have set a medium-term target range of 50% to 60% for the equity ratio, while we assume that we will flexibly implement debt financing.

Strengthening IR activities

Enhance dialogue with domestic and overseas investors

*Dividend on equity: Total dividends / Shareholders' equity at the end of the previous fiscal year.

Dividends



8

Building Resilience to Uncertainty

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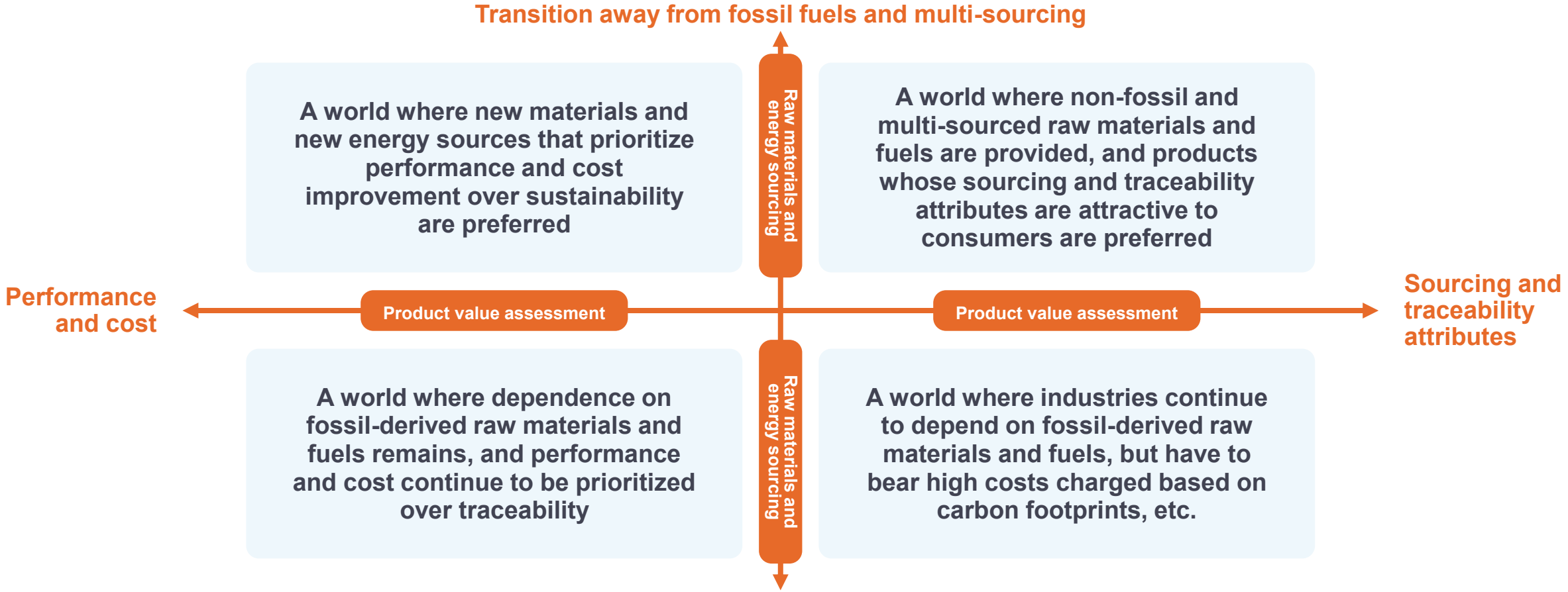
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Building Resilience to Uncertainty

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The Group has formulated four scenarios of the future, with "Input: raw materials and energy sourcing structure" and "Output: product value assessment" as two axes of uncertainty that have a material impact on the Group (trigger points).



- We will use these scenarios of the future for assessing the validity of our material issues and priority initiatives set out in the Medium-Term Business Plan from a medium- to long-term perspective.
- We will closely watch for signs of change in the business environment and proactively adapt our priority initiatives to enhance our resilience to uncertainty.

9

Material Issues and KPIs

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Material Issues and Key Performance Indicators (KPIs)

Material Issues	KPIs	Scope	FY2030 (Targets)	FY2025 (Results)
Reducing GHG emissions and advancing resource circulation	GHG emissions reduction rate (Scope 1 and 2)	Consolidated	**40% reduction (FY2033 target: 54.6%)**	20.1%
	Improvement of unit energy consumption	Consolidated	**4.9% reduction vs. FY2025 (a reduction of 1% per year)**	—
Contributing to sanitation, health, and better QOL	Net sales of QOL-related products	Consolidated	**163.0 billion JPY**	114.7 billion JPY
Providing highly reliable materials supporting advanced industries	Net sales of products supporting advanced industries	Consolidated	**14.0 billion JPY**	9.7 billion JPY
Creating next-generation businesses through research and development and technological innovation	Number of new product launches (the total from FY2026 to FY2030)	Consolidated	**10**	—
	Number of patents supporting new products	Consolidated	**80**	32
Quality*1 and compliance	Number of quality incidents*2	Consolidated	**Zero**	Zero
	Product quality soundness survey implementation rate (for high-risk products)	Consolidated	**100%**	– (survey began in FY2026)
	Number of major legal breaches	Consolidated	**Zero**	Zero
Safety, disaster preparedness, and stable operations	Number of major industrial accidents	Consolidated	**Zero**	Zero
	Number of major safety accidents	Consolidated	**Zero**	Zero
Enhancing human capital	Consolidated operating profit per employee	Consolidated	**10.79 million JPY**	9.66 million JPY
	Percentage of women in managerial positions*3	Non-consolidated	**20%**	9.4%
	Employee engagement scores*4	Non-consolidated	**50.0**	44.9

*1 Quality is a foundation of trust in the Group, including product specifications, service standards, chemicals safety, data reliability and transparency, and accountability.
*2 A significant quality issue that could cause loss of social trust and severely impact management due to excessive processing costs.
*3 Managerial positions include managers and team leaders.
*4 The employee engagement score is an indicator that measures how connected employees feel to the organization and the level of their trust in and commitment to the organization.

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