



1H FY2023 Financial Results

Spiral-up 2024

SEKISUI KASEI CO., LTD.

(TSE Prime Code: 4228)

November 9, 2023

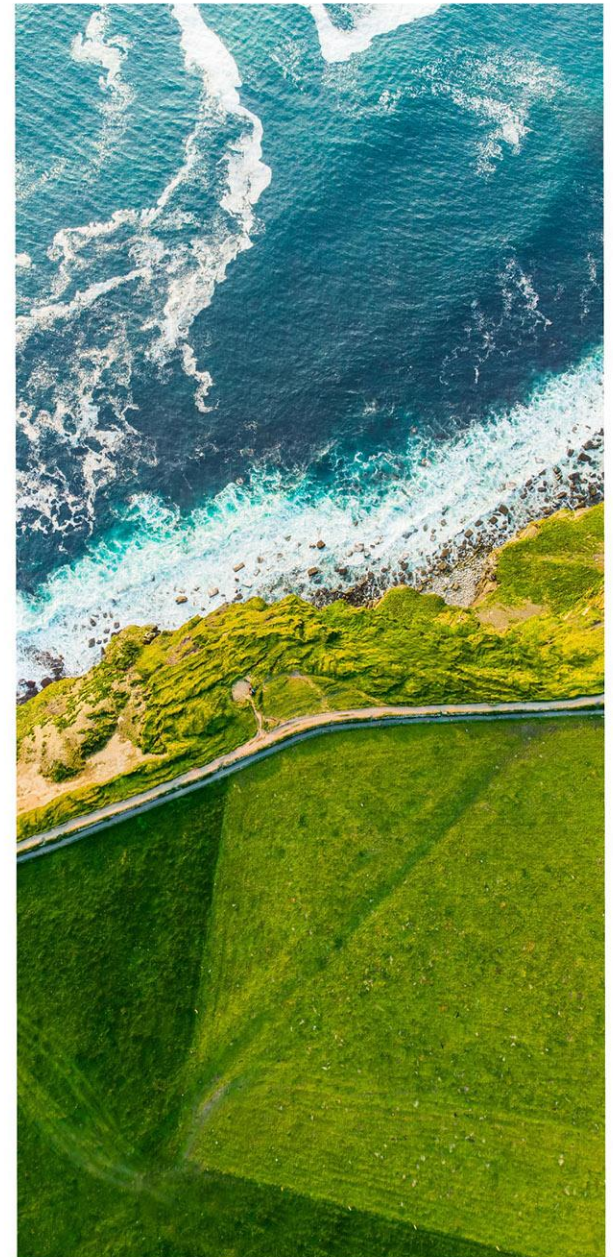


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1H FY2023 Financial Results

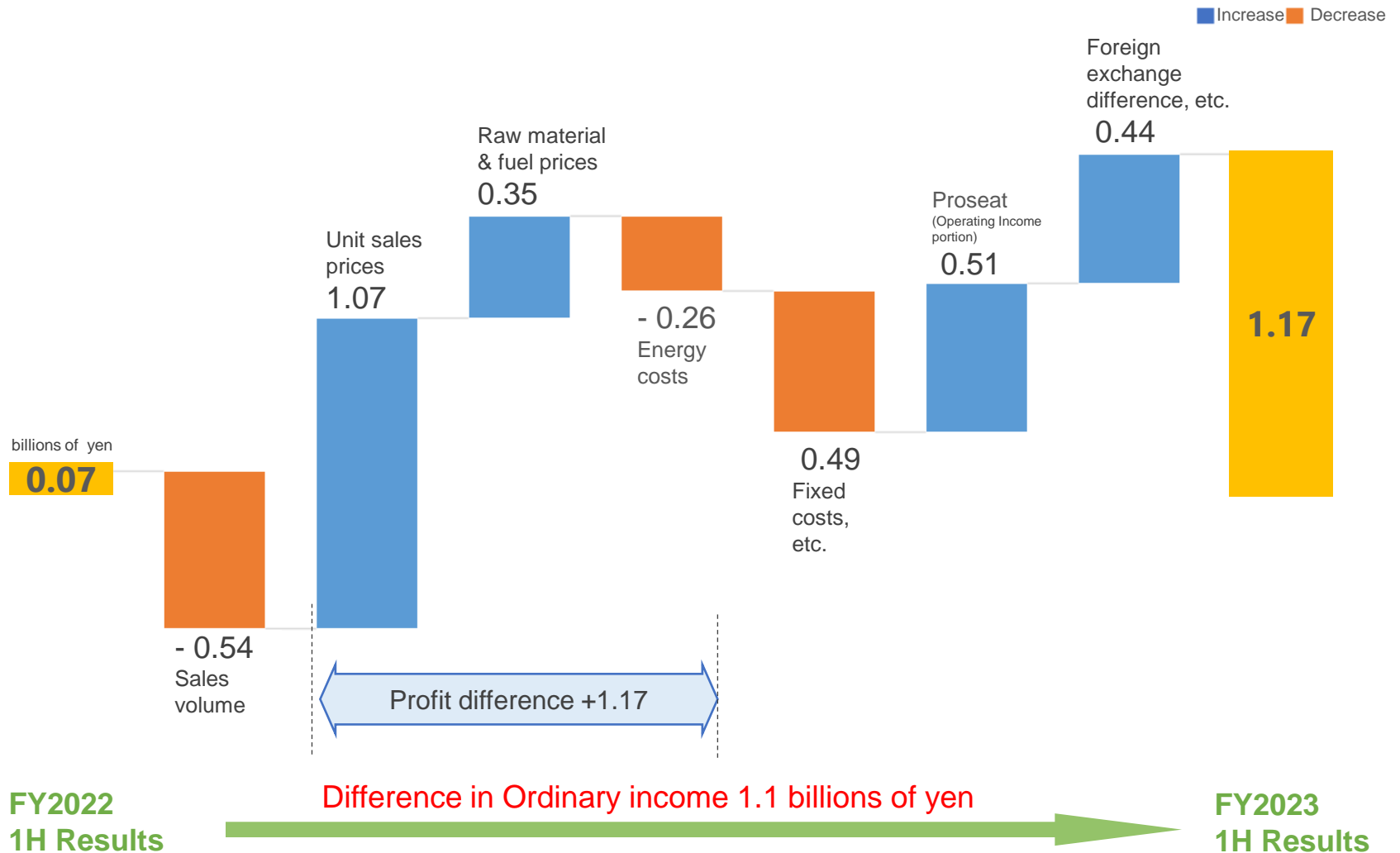
| (Units:billions of yen) | 1H FY2022 | 1H FY2023 | | | Compared with 1H FY2022 | | Difference from Initial Plan | |
|--|------------|----------------|----------------------|----------------|----------------------------|--------|---------------------------------|--------|
| | Results | Initial Plan | Revised Forecasts | Results | Difference | Change | Difference | Change |
| | (A) | (B) | (C) | (D) | (D)-(A) | | (D)-(B) | |
| Net sales | 60.92 | 64.00 | 64.00 | 65.00 | +4.08 | 107% | +1.00 | 102% |
| Operating income <Operating income ratio> | -0.31 - | 0.20 <0.3%> | 0.30 <0.5%> | 0.34 <0.5%> | +0.65 | — | +0.14 | 169% |
| Ordinary income | 0.07 | 0.10 | 1.10 | 1.17 | +1.10 | — | +1.07 | — |
| Net income attributable to owners of the parent | -0.35 | -0.50 | 0.40 | 0.46 | +0.81 | — | +0.96 | — |

• Higher sales and profits both YoY and compared to the plan

*1H forecasts were revised in a press release, “Notice Regarding Revision of the Forecasts for the Consolidated Financial Results for the Fiscal Year Ended March 31, 2024”, on October 27, 2023.

- Operating income : +0.1 billion yen Mobility field +0.6 billion yen, Human Life Segment -0.4 billion yen, Weak demand in China -0.1 billion yen
 - Ordinary income : +1.0 billion yen
 - Net income : +0.9 billion yen
- } Foreign exchange gains, income from employment subsidies in the U.S. (related to COVID-19), etc.

1H FY2023 Ordinary Income Analysis (YoY)



1H FY2023 Results: Industry Segment

| (Unit: billions of yen) | 1H FY2022 | 1H FY2023 | | Compared with 1H FY2022 | | Difference from Initial Plan | |
|--------------------------|----------------|---------------------|----------------|-------------------------|--------|------------------------------|--------|
| | Results (A) | Initial Plan (B) | Results (C) | Difference (C)-(A) | Change | Difference (C)-(B) | Change |
| Net sales | 35.27 | 38.00 | 40.46 | +5.18 | 115% | +2.46 | 106% |
| Operating income | -0.13 | 0.00 | 0.64 | +0.78 | — | +0.64 | — |
| <Operating income ratio> | — | — | <1.6%> | | | | |

- **Net sales:** Recovery in Mobility field led to higher sales both YoY and compared to the plan
 - Mobility: Higher sales YoY against the backdrop of a recovery in automobile production volume
 - Electronics: Higher sales YoY in regard to LCD-related demand, recovered to almost the same level as the strong performance of the previous year
 - Medical/Healthcare: Both ST-gel and ELASTIL recorded lower sales YoY
- **Operating income:** Demand recovery in Mobility field and smaller losses at Proseat in Europe led to higher profits both YoY and compared to the plan

1H FY2023 Results: Human Life Segment

| (Unit: billions of yen) | 1H FY2022 | 1H FY2023 | | Compared with 1H FY2022 | | Difference from Initial Plan | |
|--|----------------|---------------------|----------------|----------------------------|--------|---------------------------------|--------|
| | Results (A) | Initial Plan (B) | Results (C) | Difference (C)-(A) | Change | Difference (C)-(B) | Change |
| Net sales | 25.64 | 26.00 | 24.54 | -1.11 | 96% | -1.46 | 94% |
| Operating income <Operating income ratio> | 0.70 <2.7%> | 1.30 <5.0%> | 0.94 <3.8%> | +0.25 | — | -0.36 | — |

- **Net sales:** Mainstay sheets and beads both experienced weak demand, with sales decreasing both YoY and compared to the plan
 - Food:
 - Sheets Although demand related to home meals and home-meal replacements was strong, rising prices of materials also had an impact and led to weakness
 - Beads Demand in fishery and life goods applications decreased, and there was no growth in shipments for agricultural use, resulting in weakness
 - Housing/Energy: Weak due to delays in progress of construction projects
- **Operating income:** Higher profit YoY due to passing on of increases in raw material prices, and cost reductions
 Delays in passing on increases in higher energy prices caused profits to fall below the plan

1H FY2023 Financial Position

| (Unit: Billions of yen) | March 31, 2023 | September 30, 2023 | Difference |
|----------------------------|----------------|--------------------|------------|
| Total assets | 145.2 | 147.3 | +2.1 |
| Net assets | 58.5 | 56.6 | -1.9 |
| Equity ratio | 39.8% | 37.9% | -1.9% |
| Net assets per share (JPY) | 1,275.00 | 1230.34 | - 44.66 |
| (Ref.) Equity capital | 57.7 | 55.8 | -1.9 |
| Cash and deposits | 11.1 | 9.6 | -1.5 |
| Short-term loans | 13.0 | 15.4 | +2.4 |
| Long-term loans | 18.1 | 16.8 | -1.3 |
| Bond | 7.0 | 7.0 | 0.0 |
| Interest-bearing debt | 38.1 | 39.2 | +1.1 |
| D/E ratio (times) | 0.66 | 0.70 | +0.04 |

*Note: "Interest-bearing debt" above is the total of loans payable and bonds payable.

- Interest-bearing debt increased 1.5 billion yen due to the impact of forex rates
- There were no major changes in the financial position

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Full-year FY2023 Forecasts

| (Unit: billions of yen) | FY2022 | FY2023 | | | Compared with FY2022 | |
|---|----------------|-------------------|---------------------|----------------------------|-----------------------|--------|
| | Results (A) | 1H Results (B) | 2H Forecasts (C) | Full-year Forecasts (D) | Difference (D)-(A) | Change |
| Net sales | 124.68 | 65.00 | 65.00 | 130.00 | +5.32 | 104% |
| Operating income <Operating income ratio> | 0.79 <0.6%> | 0.34 <0.5%> | 0.96 <1.5%> | 1.30 <1.0%> | +0.51 | 164% |
| Ordinary income | 0.70 | 1.17 | 0.53 | 1.70 | +1.00 | 241% |
| Net income attributable to owners of the parent | 0.45 | 0.46 | 0.09 | 0.55 | +0.10 | 121% |

- Higher sales and higher profits YoY
- Operating income has been revised down, compared to the plan
(2.0 → 1.3 billion yen, decrease of 0.7 billion yen) *Announced October 27, 2023

- Expect to continue capturing new demand in Mobility field: + 0.3 billion yen
- Impact of lower profit in the first half in Human Life Segment: - 0.4 billion yen
- Increase in personnel expenses at Proseat and impact of weak demand in China, etc.: - 0.6 billion yen

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Full-year FY2023 Forecasts

| (Unit: billions of yen) | FY2022 | | | FY2023 | | | YoY | | FY2024 |
|--------------------------|------------|------------|-------------------|------------|--------------|---------------------|------------|--------|---------------------|
| | 1H Results | 2H Results | Full-year Results | 1H Results | 2H Forecasts | Full-year Forecasts | Difference | Change | Full-year Forecasts |
| Net sales | 60.9 | 63.8 | 124.7 | 65.0 | 65.0 | 130.0 | +5.3 | 104% | 135.0 |
| Industry | 35.3 | 36.8 | 72.1 | 40.5 | 38.5 | 79.0 | +6.9 | 110% | 79.0 |
| Human Life | 25.6 | 27.0 | 52.6 | 24.5 | 26.5 | 51.0 | -1.6 | 97% | 56.0 |
| Operating income | -0.3 | 1.1 | 0.8 | 0.3 | 1.0 | 1.3 | +0.5 | 164% | 4.0 |
| <Operating income ratio> | - | 1.7% | 0.6% | 0.5% | 1.5% | 1.0% | | | 3.0% |
| Industry | -0.1 | 0.0 | -0.1 | 0.6 | 0.8 | 1.4 | +1.5 | - | 3.8 |
| Human Life | 0.7 | 1.9 | 2.6 | 0.9 | 1.4 | 2.4 | -0.2 | 91% | 3.1 |
| Head office costs | -0.9 | -0.8 | -1.7 | -1.2 | -1.2 | -2.5 | -0.8 | - | -2.9 |

*Head Office costs include DX system costs

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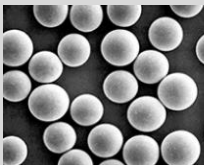
FY2023 Forecasts: Industry Segment

| (Unit: billions of yen) | FY2022 Results (A) | FY2023 | | | YoY | |
|-------------------------|--------------------------|---------------|-----------------|-------------------------------|-------------------------|--------|
| | | 1H Results | 2H Forecasts | Full-year Forecasts (B) | Difference (B) - (A) | Change |
| Net sales | 72.1 | 40.5 | 38.5 | 79.0 | +6.9 | 110% |
| (Core business) | 40.7 | 21.5 | 20.4 | 41.9 | +1.1 | 103% |
| (Proseat business) | 31.3 | 19.0 | 18.2 | 37.1 | +5.8 | 118% |
| Operating income | -0.1 | 0.6 | 0.8 | 1.4 | +1.5 | - |
| (Core business) | 2.9 | 1.7 | 1.6 | 3.3 | +0.4 | 114% |
| (Proseat business) | -3.0 | -1.0 | -0.9 | -1.9 | +1.1 | - |

Full-year forecasts for FY2023 is higher sales and profits YoY

Core business

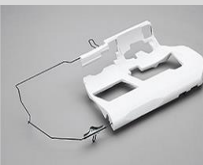
(Electronics)



Particles for optical applications



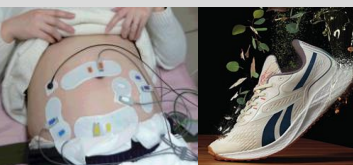
Packaging materials



Automotive components



Parts packaging materials



High-functionality gel



Shoe materials

Proseat business

(Mobility)



Automotive components

Spiral-up 2024

FY2023 Forecasts: Industry Segment (Core business)

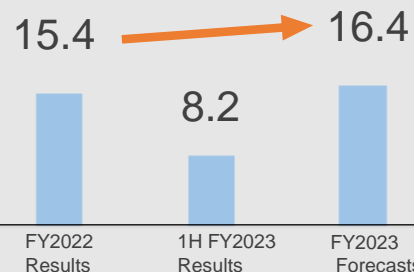
| (Unit: billions of yen) | FY2022 Results (A) | FY2023 | | | YoY | |
|--|--------------------------|---------------|-----------------|-------------------------------|-------------------------|-----------|
| | | 1H Results | 2H Forecasts | Full-year Forecasts (B) | Difference (B) – (A) | Change |
| Net sales | 40.7 | 21.5 | 20.4 | 41.9 | + 1.1 | 103% |
| Operating income (Operating income ratio) | 2.9 <7.0%> | 1.7 <7.8%> | 1.6 <7.9%> | 3.3 <7.8%> | + 0.4 - | 115% - |

Demand recovery in Electronics and Mobility to lead to higher sales and profits

Electronics

LCD display-related market to recover, leading to **higher sales for particles for optical applications, and LCD packaging**

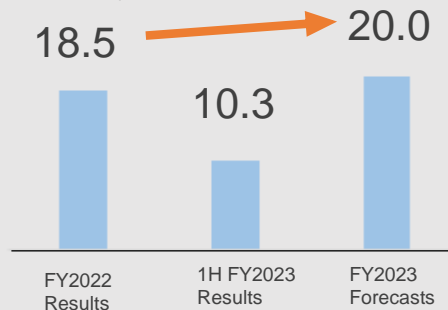
billions of yen



Mobility (Core business)

With the recovery in automobile production we expect an increase in automotive components, a decrease in packaging, but **higher sales overall**

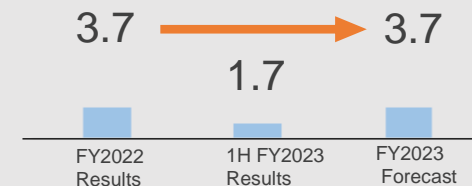
billions of yen



Medical/Healthcare

High-functionality gel and shoe materials both expected to decline, but due to increases in the urethane processing business, etc. we expect **flat sales overall**

billions of yen

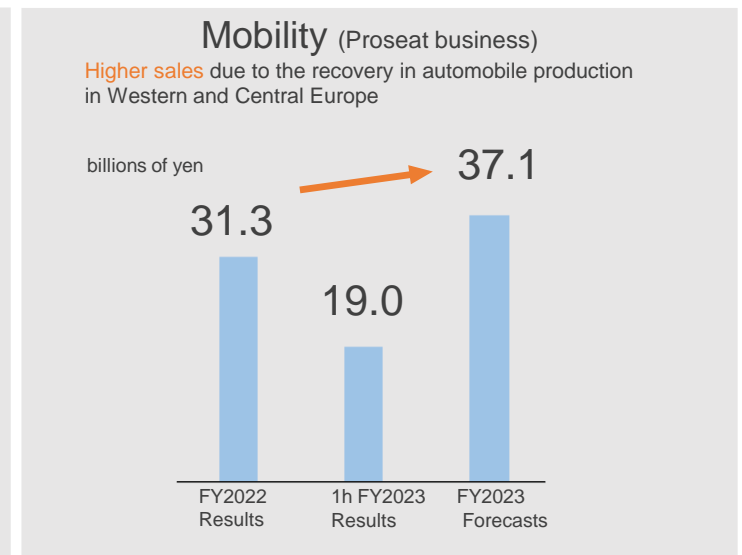
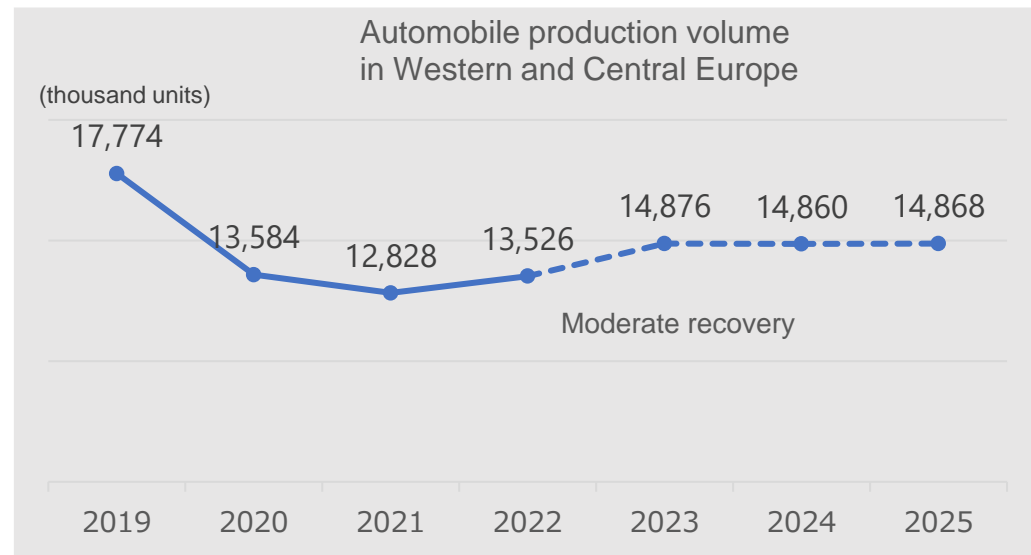


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FY2023 Forecasts: Industry Segment (Proseat business)

| (Unit: billions of yen) | FY2022 Results (A) | FY2023 | | | YoY | |
|--------------------------|--------------------------|---------------|-----------------|-------------------------------|-------------------------|--------|
| | | 1H Results | 2H Forecasts | Full-year Forecasts (B) | Difference (B) – (A) | Change |
| Net sales | 31.3 | 19.0 | 18.2 | 37.1 | + 5.8 | 118% |
| Operating income | -3.0 | -1.0 | -0.9 | -1.9 | + 1.1 | - |
| (Operating income ratio) | - | - | - | - | - | - |

Due to the recovery in automobile production and progress being made in price negotiations, we expect higher sales and a smaller loss YoY



The recovery in automobile production in Western and Central Europe is weak, and we have not changed our previous view that a return to profit will take until FY2024

Spiral-up 2024

FY2023 Progress in Improvements: Industry Segment (Proseat business)

| (Unit: billions of yen) | | | Full-year Initial Plan | 1H Results | Full-year Forecasts |
|---|---|---|---------------------------|---------------|------------------------|
| Profitability improvement plan (YoY) | + | Passing on of energy and component prices finalized | 3.1 | 2.0 | 3.6 |
| | | Improvements in productivity, reductions in procurement costs, cuts to labor and other expenses | | | |
| | | Profitability improvement from higher sales | | | |
| | - | Increases in personnel expenses and deprediation, etc. | -1.7 | -1.3 | -2.2 |
| | | Expenses for restructuring head office/factory employees | | | |
| | - | Impact of foreign exchange (sales/raw materials) | - | -0.2 | -0.3 |
| Total | | | +1.4 | +0.5 | +1.1 |

- Partial agreement reached in price negotiations for 2Q, and progress is being made in factory productivity.
- Chronic labor shortages in Eastern Europe leading to increases in personnel expenses.
Need to be able to flexibly control labor expenses when production fluctuates.

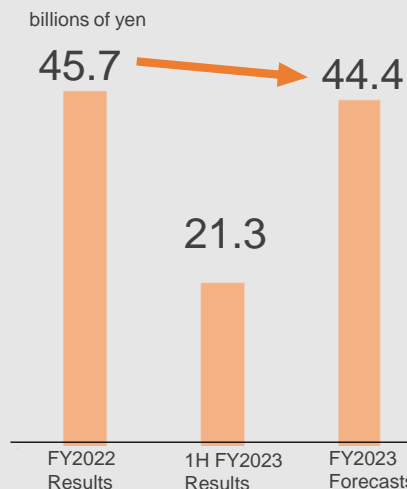
Spiral-up 2024

FY2023 Forecasts: Human Life Segment

| (Unit: billions of yen) | FY2022 Results (A) | FY2023 | | | YoY | |
|--|--------------------------|---------------|-----------------|-------------------------------|-------------------------|----------|
| | | 1H Results | 2H Forecasts | Full-year Forecasts (B) | Difference (B) – (A) | Change |
| Net sales | 52.6 | 24.6 | 26.4 | 51.0 | -1.6 | 97% |
| Operating income (Operating income ratio) | 2.6 <4.9%> | 0.9 <3.8%> | 1.5 <5.5%> | 2.4 <4.7%> | -2.0 - | 93% - |

Due to weak demand and higher energy prices,
forecasts are for lower sales and lower profits YoY

Food



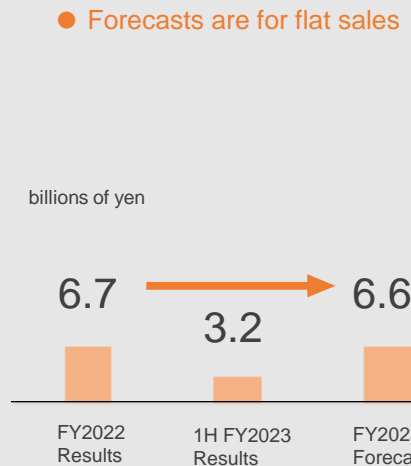
● Sheets volume to be flat overall

- Food trays to be unchanged from the previous year
- Small decline expected for containers for instant noodles and rice dishes
- Folded lunchboxes to decline slightly

● Beads volume to be down slightly overall

- Fishery to decrease YoY
- Agricultural to increase slightly
- Light electrical to increase
- Civil engineering to increase
- Life goods to post a significant decrease

Housing/Energy



● Forecasts are for flat sales

FY2023: Capital Investment

| (Unit: billions of yen) | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | | |
|-------------------------------|---------|---------|---------|---------|---------|----------------|------------|---------------------|
| | Results | Results | Results | Results | Results | (Initial plan) | 1H Results | Full-year Forecasts |
| Capital investments | 7.4 | 5.3 | 5.4 | 3.8 | 3.7 | (6.0) | 2.5 | 5.7 |
| Depreciation and amortization | 4.5 | 6.1 | 6.2 | 6.2 | 5.7 | (6.3) | 2.8 | 5.9 |

● Main capital investments

(1H FY2023 Results)

- Information systems infrastructure development
- Installation of new facilities at global locations
- R&D facilities
- Renovation of Osaka head office etc.

(2H FY2023 Plan)

- Information systems infrastructure development
- Facilities to improve production system
- Facilities to address environmental issues
- R&D facilities etc.

FY2023: Shareholder Returns

| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 Forecasts |
|---|-----------|-----------|-----------|-----------|-----------|-----------|---------------------|
| Net income per share (yen) | 75.33 | 69.09 | 51.29 | 24.86 | -130.99 | 10.00 | 12.12 |
| Dividend per share (yen) | 27 | 30 | 30 | 21 | 12 | 12 | 12 |
| Dividend payout ratio (consolidated) | 36% | 43% | 59% | 85% | - | 120% | |
| Acquisition of treasury stock (millions of yen) | 621.2 | - | - | 141.5 | - | - | |
| Total payout ratio (consolidated) | 54% | 43% | 59% | 97% | - | 120% | |
| ROE | 5.5% | 4.8% | 3.6% | 1.6% | - | 0.8% | |
| Retirement of treasury stock (ten thousands of shares) | - | - | - | - | - | - | |

● Dividend Policy

Dividends are determined in accordance with the trend in consolidated results, and after taking a comprehensive view of the balance between dividend stability and internal reserves

*Consolidated dividend payout ratio is to be around 30-40%

● Dividend Forecast

Annual 12 yen/share (interim 3 yen, year-end 9 yen)

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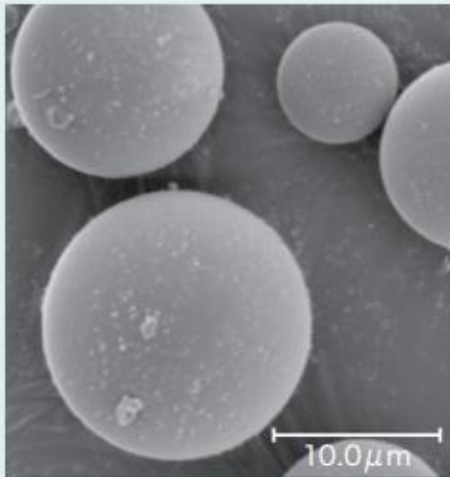
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1H FY2023 Topics

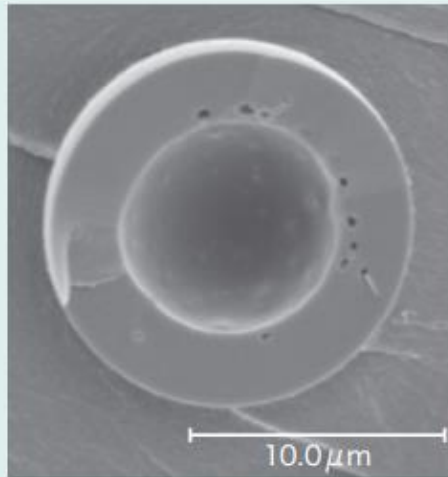
Topics by Fields: Electronics

SEKISUI KASEI developed the world's first TECHPOLYMER hollow polyimide particles by applying a method that can be used for mass-production

Electron microscope photograph of the newly developed hollow polyimide particles



Exterior



Cross section

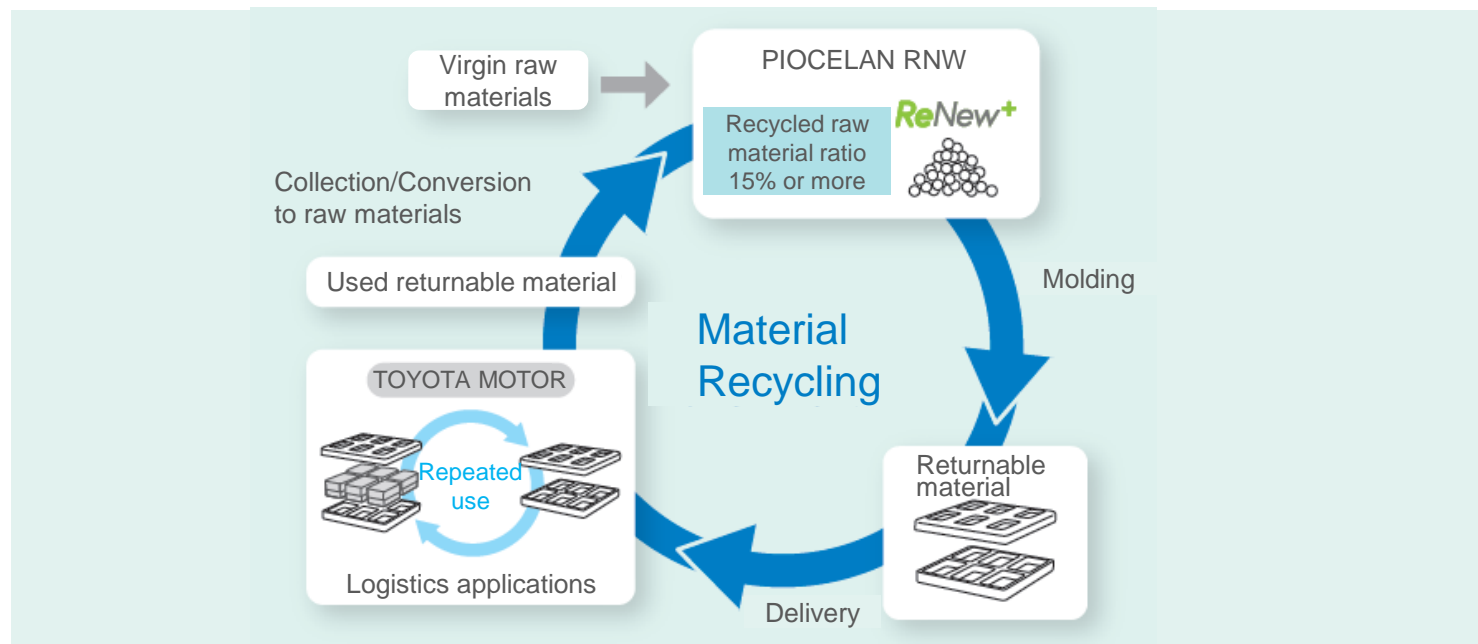
● Feature

- Low permittivity
- Insulative
- Lightweight
- Low density
- Low refractive index

It is expected that the addition of these particles to the various materials used in the manufacture of electronic circuit boards for high-speed, high-capacity communications systems (5G and 6G) will reduce the degree to which the signals flowing through the communication circuits are attenuated, and so their evaluation is being promoted as a material that can contribute to innovation in information and communication technology.

Topics by Fields: Mobility

PIOCELAN returnable packaging material Building a closed recycling system with TOYOTA MOTOR



We have built a closed recycling system that enables PIOCELAN returnable packaging materials used repeatedly by TOYOTA MOTOR to be recovered and converted to raw materials to enable their reuse as returnable materials by TOYOTA MOTOR.

Topics by Fields: Medical/Healthcare

ST-gel (high-performance gel material)
Expanding into the area of brainwave measurement



Electrodes for measuring brainwaves that use our ST-gel have been adopted for a BCI device*. Progress in “brain tech” that blends neuroscience and IT is expected to lead to the development of technology to measure and visualize information related to the brain, and to the provision of new services in a variety of fields, such as healthcare and mobility.

*A BCI device: A Brain-Computer Interface (BCI) device is a general term for a wearable device that attaches to the body, such as a headband or earphones, to transmit electrical signals from brain waves, etc., to a computer.

Topics by Fields: Food

Reducing plastic usage by replacing non-foamed plastic containers



FP Corporation's "SUSHI TRAY" series of large food containers

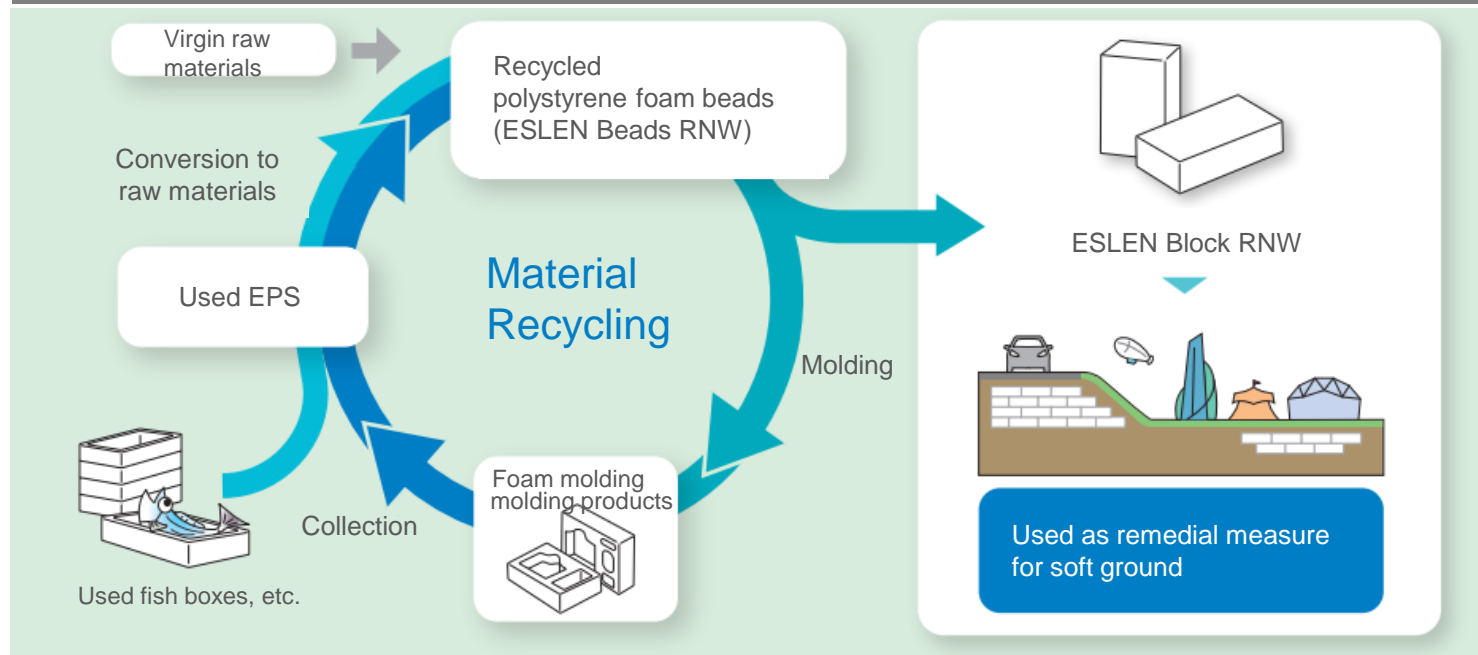


SEKISUI KASEI's ESLEN Sheet PZ series

In partnership with FP Corporation, we have developed products to address the demand for reduced usage of plastics. By replacing conventional non-foamed plastic containers (HIPS) with containers made from expanded polystyrene, plastic usage can be cut by 50-60%.

Topics by Fields: Housing/Energy

Lightweight recycled EPS embankment materials adopted for Expo 2025 Osaka, Kansai, Japan project



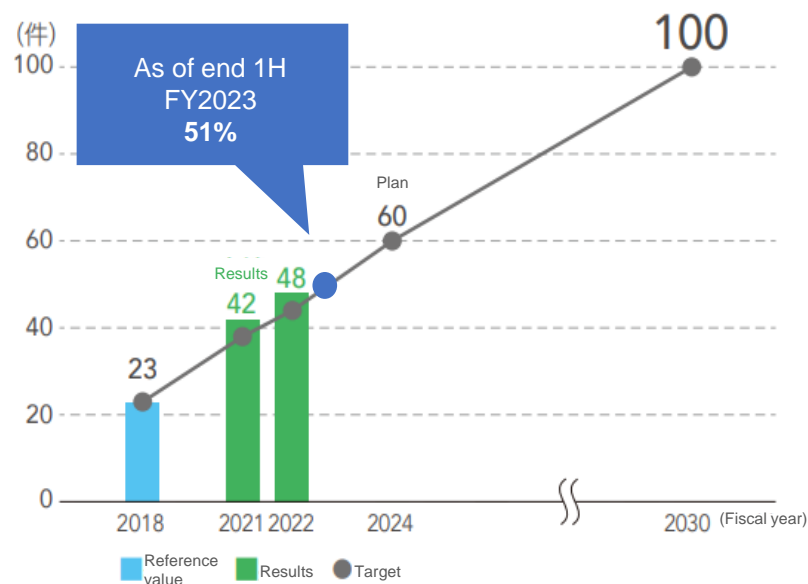
With criteria for promoting resource recycling and the 3Rs having been applied to the construction of Expo facilities, ESLEN Block RNW that make use of recycled polystyrene beads have been adopted.

Create Sustainable Star Product and expand their business

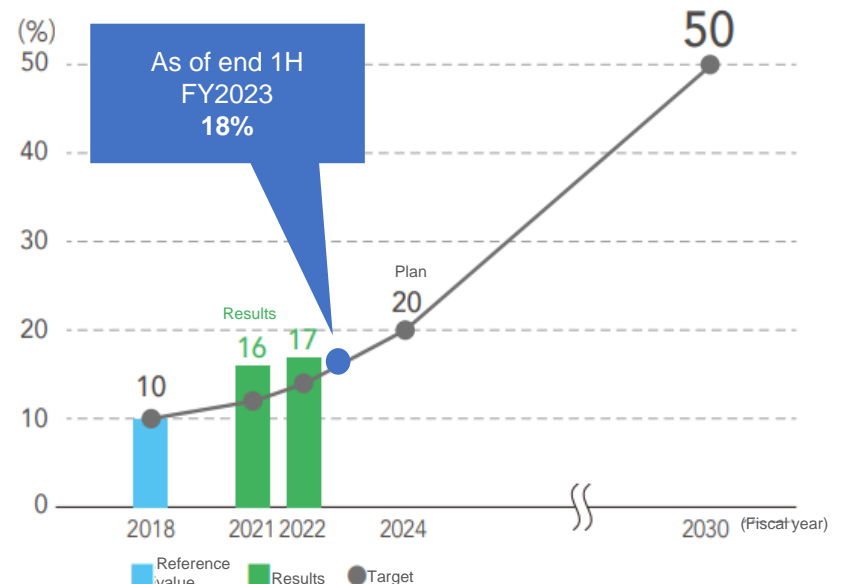
SEKISUI KASEI has set targets for the number of environmentally friendly products (Sustainable Star Product) created as well as targets for their percentage of net sales, and is moving forward with the strategic expansion of businesses that contribute to a sustainable society.



Targets and actual results of the number of registrations



Targets and actual results of the share of total sales

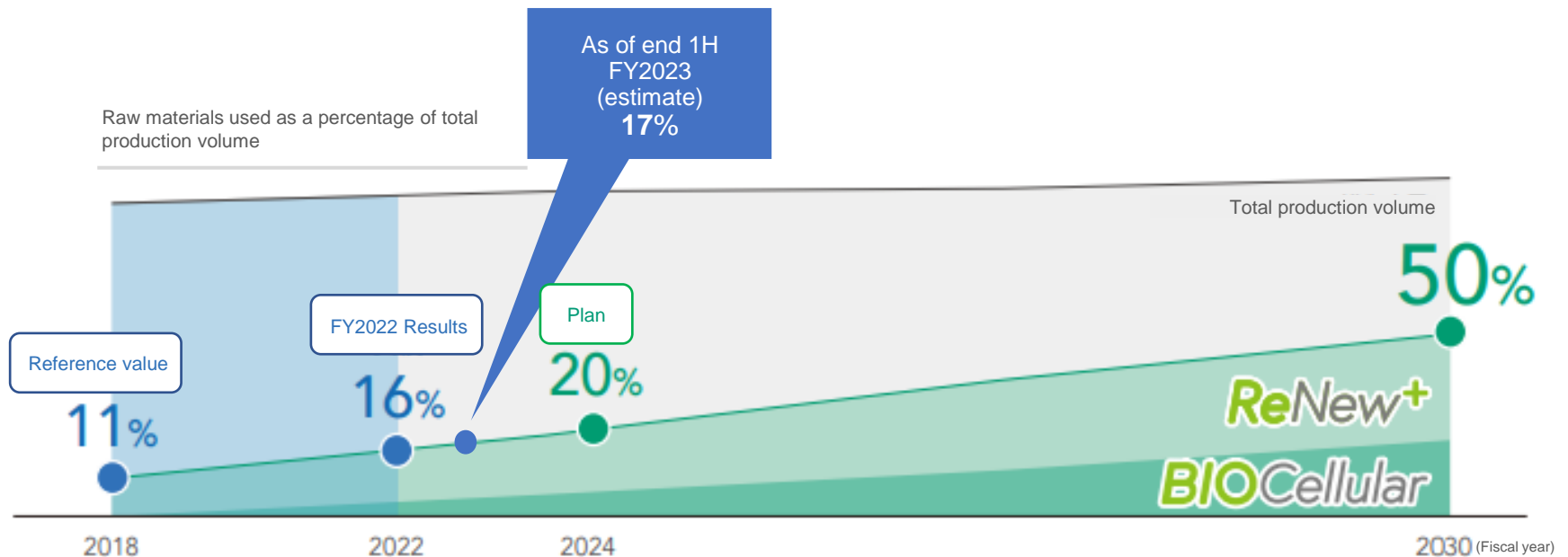


Steady growth in response to societal demand for environmentally conscious products

Increase recycled and biomass material usage ratio

SEKISUI KASEI is switching from virgin raw materials derived from fossil fuels to recycled materials or biodegradable/biomass-derived materials.

(Target for FY2030: Recycled and biomass material usage ratio 50% or higher)



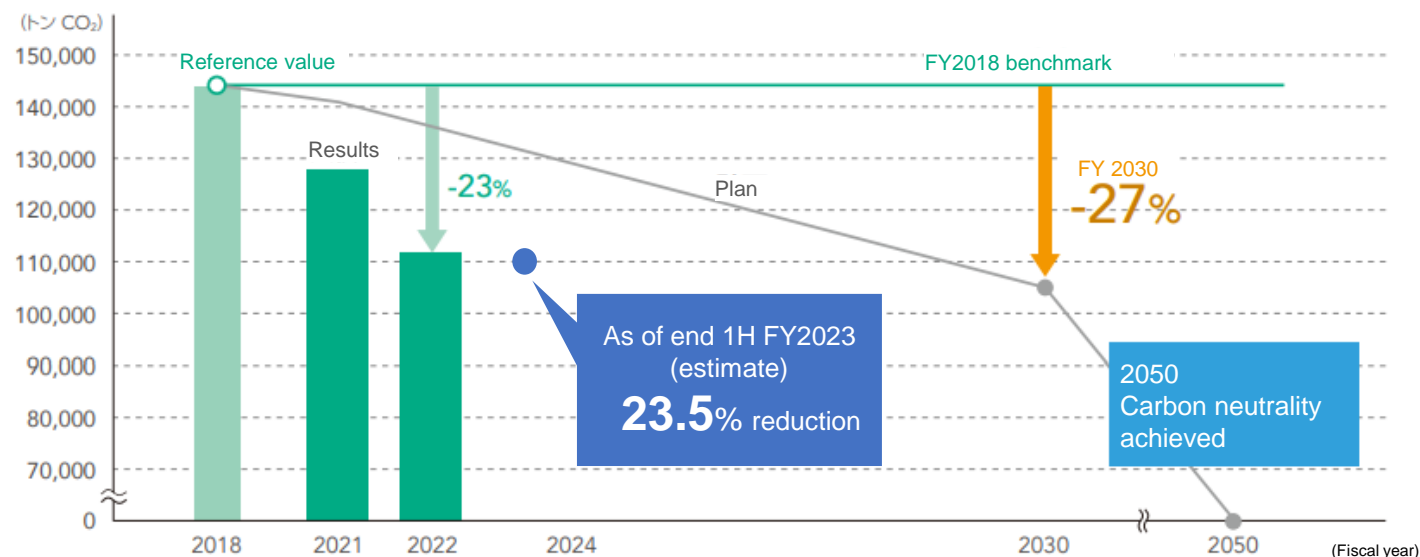
Steady growth following the launch of recycled and biomass products, and increases in sales

Responding to Climate Change



SEKISUI KASEI has set targets for reductions in CO₂ emissions and is taking on the challenge of achieving carbon neutrality by 2050. We disclose information in line with the TCFD recommendations and are working to further improve disclosure going forward.

CO₂ emissions (Scope 1+2), targets and results



*FY2018 benchmark level includes portion of Proseat from April 2018 to March 2019

Through improvements in energy savings/efficiency of production, and use of renewable energy, have led to a steady reduction in CO₂ emissions

This slide presentation contains forward-looking statements.

These statements are based on current expectations and beliefs. However, Actual results may differ from those expressed or implied due to various factors and uncertainties such as changes in the global economy and our business, competition in the market, and regulatory issues.

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Please also visit our website: <http://www.sekisuiasei.com/>

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Our Planet. Our Tomorrow.