

March 19, 2025

To Whom It May Concern:

Company Name: SEKISUI KASEI CO., LTD.
 Representative: Masato Kashiwabara, President
 (Code number 4228 / Prime Market of the Tokyo Stock Exchange)
 Contact: Katsumi Sasaki,
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Notice Regarding Execution of Memorandum of Understanding on Transfer of Consolidated Subsidiaries (Shares Transfer)

SEKISUI KASEI CO., LTD. (the “Company”) hereby announces that at today’s board of directors meeting, a resolution was passed to enter into a memorandum of understanding (the “MoU”) with Brose Sitech sp. z o.o., a Polish company (“Brose Sitech”) regarding a basic agreement on the transfer of all shares and equities of six business subsidiaries (the “Subsidiaries”) owned by Proseat Europe GmbH, the Company’s German consolidated subsidiary (“PSEU”), to Brose Sitech (the “Shares Transfer”), and that the Company entered into the MoU with Brose Sitech today.

Upon completion of the Shares Transfer, all the Subsidiaries will be excluded from the Company’s consolidated group.

1. Background of Shares Transfer

The Company believed that entering the European lightweight automotive parts sector would be a growth driver for further expansion in the industrial sector of the global market. As a result, in February 2019, the Company acquired the Subsidiaries through PSEU (collectively, the “Proseat Group”), which possesses a strong relationship with OEM manufacturers in Europe, and accelerated efforts in the automotive parts sector in Europe, including the early acquisition of customer needs such as EV development and the joint development of new materials.

However, due to the financial burden associated with owning the Proseat Group as a result of the recent slowdown in the growth of the European automotive market, particularly in electric vehicles, as well as the successful establishment of channels for proposing new materials to European OEM manufacturers (an issue the Company faced before the acquisition of the Proseat Group), and considering the importance of efficiently shifting resources to areas that will lead to new growth strategies, the Company has now determined that transferring the Subsidiaries to a third party is the best course of action.

Therefore, the Company discussed and negotiated the Shares Transfer with Brose Sitech, who expressed a strong interest in purchasing the Subsidiaries, and then the Company and Brose Sitech signed the MoU.

2. Overviews of Parties Involved

1) Overview of Subsidiary Transferring the Subsidiaries

(1) Name	Proseat Europe GmbH
(2) Location	Hessenring 32, 64546 Mörfelden-Walldorf, Germany
(3) Name and position of representative	Mr. Masahiro Funahashi, Managing Director
(4) Business lines	Management control of the Proseat Group *PSEU is an intermediate holding company of the Proseat Group. The business of the Proseat Group involves the manufacture and sale of lightweight products, such as cushioning materials for automobile seats.
(5) Capital stock	EUR 40,000 as of December 31, 2024
(6) Date of founding	November 28, 2018

(7)	Major shareholders and shareholding ratio	SEKISUI KASEI CO., LTD. 100%	
(8)	Relationship with the Company	Capital relationship	The subsidiary is a wholly-owned subsidiary of the Company.
		Personal relationship	The Managing Director of the subsidiary is seconded from the Company.
		Business relationship	The Company provides financial loans to the subsidiary.

2) Overview of the Subsidiaries

a Proseat GmbH & Co. KG

(1)	Name	Proseat GmbH & Co.KG (“PSKG”)		
(2)	Location	Hessenring 32, 64546 Mörfelden-Walldorf, Germany		
(3)	Name and position of representative	Mr. Sven Kunath, CEO		
(4)	Business lines	Manufacture and sales of automotive parts		
(5)	Capital stock	EUR 34.5 million as of December 31, 2024		
(6)	Date of founding	September 21, 2004		
(7)	Major equity holder and equity holding ratio	Proseat Europe GmbH 100% (indirect ownership: 100%)		
(8)	Relationship with the Company	Capital relationship	The subsidiary is indirectly wholly-owned by of PSEU, which is a wholly-owned subsidiary of the Company.	
		Personal relationship	There are no pertinent matters to be recorded.	
		Business relationship	There are no pertinent matters to be recorded.	
(9)	The financial condition and results for the last two and a half fiscal years (unit: thousand EUR)			
	Period	FY2022	FY2023	First half of FY2024
	Net assets	(43,996)	(55,526)	(57,905)
	Total assets	25,094	28,946	30,900
	Sales	40,774	51,097	26,502
	Operating income	(6,436)	(2,311)	(357)
	Ordinary income	(15,362)	(11,469)	(2,392)

FY: January to December

b Proseat Sp. z o.o.

(1)	Name	Proseat Sp.zo.o. (“PS Poland”)		
(2)	Location	ul. Szklana 164, 43-300 Bielsko Biała, Poland		
(3)	Name and position of representative	Mr. Sven Kunath, CEO		
(4)	Business lines	Manufacture and sales of automotive parts		
(5)	Capital stock	EUR 1.28 million as of December 31, 2024		
(6)	Date of founding	June 12, 2002		
(7)	Major shareholders and shareholding ratio	Proseat Europe GmbH 100%		
(8)	Relationship with the Company	Capital relationship	The subsidiary is a wholly-owned subsidiary of PSEU, which is a wholly-owned subsidiary of the Company.	
		Personal relationship	There are no pertinent matters to be recorded.	
		Business relationship	There are no pertinent matters to be recorded.	
(9)	The financial condition and results for the last two and a half fiscal years (unit: thousand EUR)			
	Period	FY2022	FY2023	First half of FY2024
	Net assets	(33,588)	(37,924)	(39,160)

Total assets	19,906	22,049	24,839
Sales	48,376	52,500	27,481
Operating income	(1,538)	(2,722)	(155)
Ordinary income	(3,449)	(1,610)	(1,095)

FY: January to December

c Proseat Mladá Boleslav s.r.o.

(1) Name	Proseat Mladá Boleslav s.r.o. (“PS Czech”)		
(2) Location	Plazy 115 - 293 01, Mladá Boleslav - Czech Republic		
(3) Name and position of representative	Mr. Sven Kunath, CEO		
(4) Business lines	Manufacture and sales of automotive parts		
(5) Capital stock	EUR 3.1 million as of December 31, 2024		
(6) Date of founding	December 3, 2003		
(7) Major equity holder and equity holding ratio	Proseat Europe GmbH 100%		
(8) Relationship with the Company	Capital relationship	The subsidiary is a wholly-owned subsidiary of PSEU, which is a wholly-owned subsidiary of the Company.	
	Personal relationship	There are no pertinent matters to be recorded.	
	Business relationship	There are no pertinent matters to be recorded.	
(9) The financial condition and results for the last two and a half fiscal years (unit: thousand EUR)			
Period	FY2022	FY2023	First half of FY2024
Net assets	15,927	13,749	11,629
Total assets	35,458	34,261	28,040
Sales	71,485	74,038	34,933
Operating income	(3,704)	(3,060)	(2,485)
Ordinary income	(4,746)	(1,965)	(2,078)

FY: January to December

*The Subsidiaries also include two entities in Germany and one entity in Spain.

3. Overview of Brose Sitech

(1) Name	Brose Sitech sp. z o.o.		
(2) Location	ul. Strefowa 2, 59-101 Polkowice, Poland		
(3) Name and position of representative	Mr. Thomas Spangler, CEO		
(4) Business lines	Manufacture of automotive seats and seat components		
(5) Date of founding	April 7 th , 1998		
(6) Major shareholders and shareholding ratio	Volkswagen Finance Luxembourg S.A.	50%	
	Brose Fahrzeugteile SE & Co. Kommanditgesellschaft	50%	
(7) Relationship with the Company	Capital relationship	There are no pertinent matters to be recorded.	
	Personal relationship	There are no pertinent matters to be recorded.	
	Business relationship	There are no pertinent matters to be recorded.	
	Pertinent relationship with related parties	There are no pertinent matters to be recorded.	

4. Anticipated Schedule

(1) Board resolution	March 19, 2025
(2) Execution of MoU	March 19, 2025
(3) Execution of SPA (defined below)	Around the end of March and the beginning of April, 2025
(4) Closing of the Shares Transfer	Around June, 2025

5. Equity to be Transferred, Transfer Price, and the Status of Equity Before and After the Transfer

		PSKG	PS Poland	PS Czech
(1)	Number of shares/equity held before the change	100%	11,070 shares (Ratio of voting rights held by PSEU: 100%)	100%
(2)	Number of shares/equity to be transferred	-	11,070 shares	-
(3)	Transfer price	To be determined		
(4)	Number of shares/equity held after the change	0%	0 shares (Ratio of voting rights held by PSEU: 0%)	0%

6. Future outlook

Details of the Shares Transfer will be provided in a formal agreement (“SPA”) to be concluded between the Company and Brose Sitech and will be announced immediately after the Company decides to execute such an agreement.

Additionally, as a result of the Shares Transfer, to record an extraordinary loss of 10 billion yen (estimated value) in our consolidated financial results in the current fiscal year (ending March 2025) or the next fiscal year (ending March 2026) and thereafter is expected. Detailed figures shall be informed as soon as they are examined and finalized.

Discussion toward the Shares Transfer will be continued.

End of Notice.