

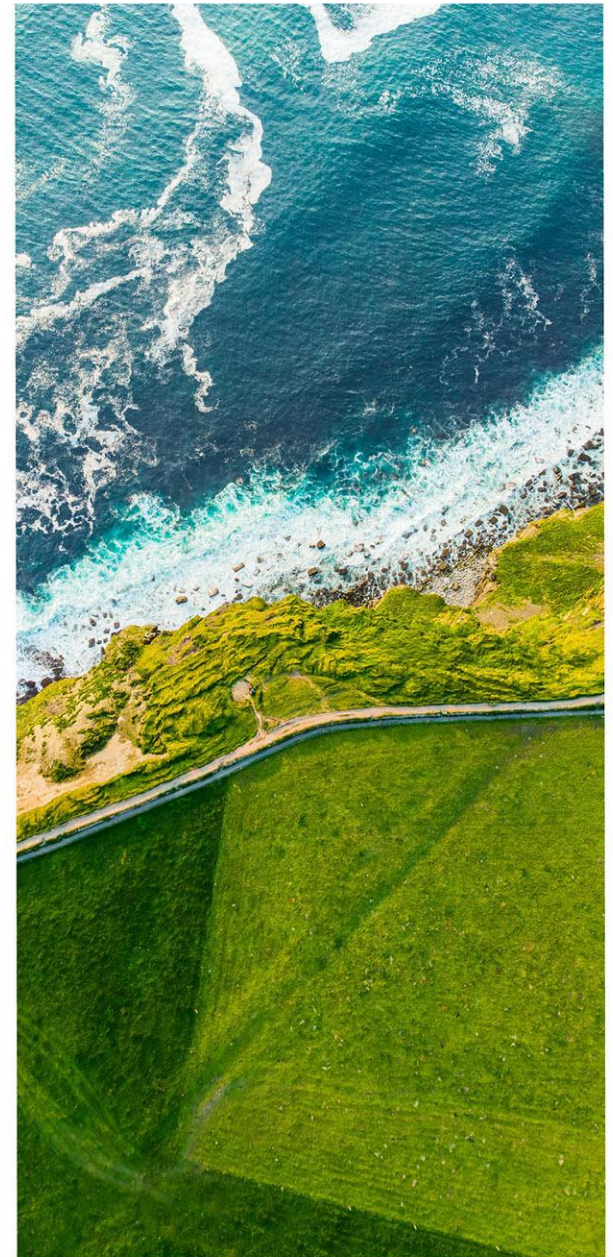


Action to Implement Management that is Conscious of Cost of Capital and Stock Price

SEKISUI KASEI CO., LTD.

(TSE Prime Code: 4228)

May 31, 2024



I. Our Perception of the Current Situation

- ▶ Our target for FY2030 is ROE of 8.0% or more (announced in January 2023)
- ▶ Actuals for both ROE and PBR both remain at low levels (ROE of 1.9 %, PBR of 0.41 × in FY2023)



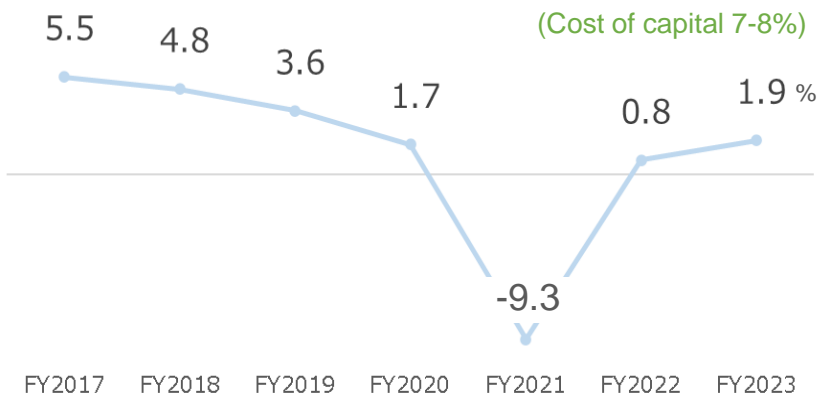
■ Main reasons for low PBR

Delays in improving profitability, and low capital efficiency

→ Issues are prompt improvements to unprofitable businesses, shift to growth businesses, and improvements in capital efficiency

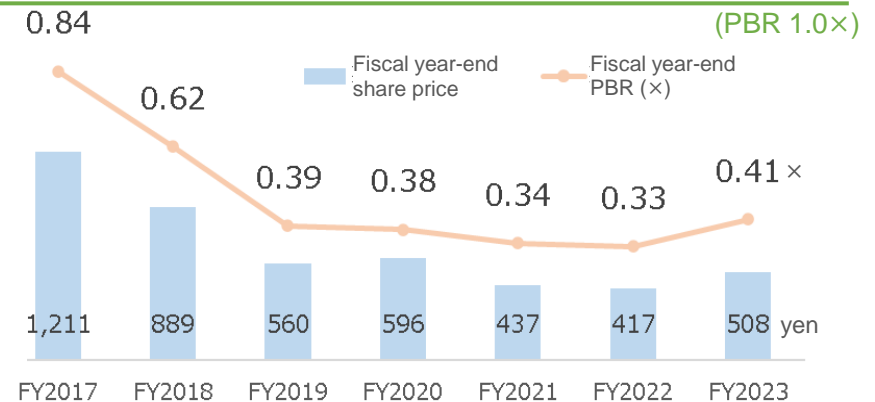
ROE

Trend of ROE tracking below cost of equity continues



PBR

Is both less than 1.0× and remains at an extremely low level



II. Policies and Targets Aimed at Delivering Improvements

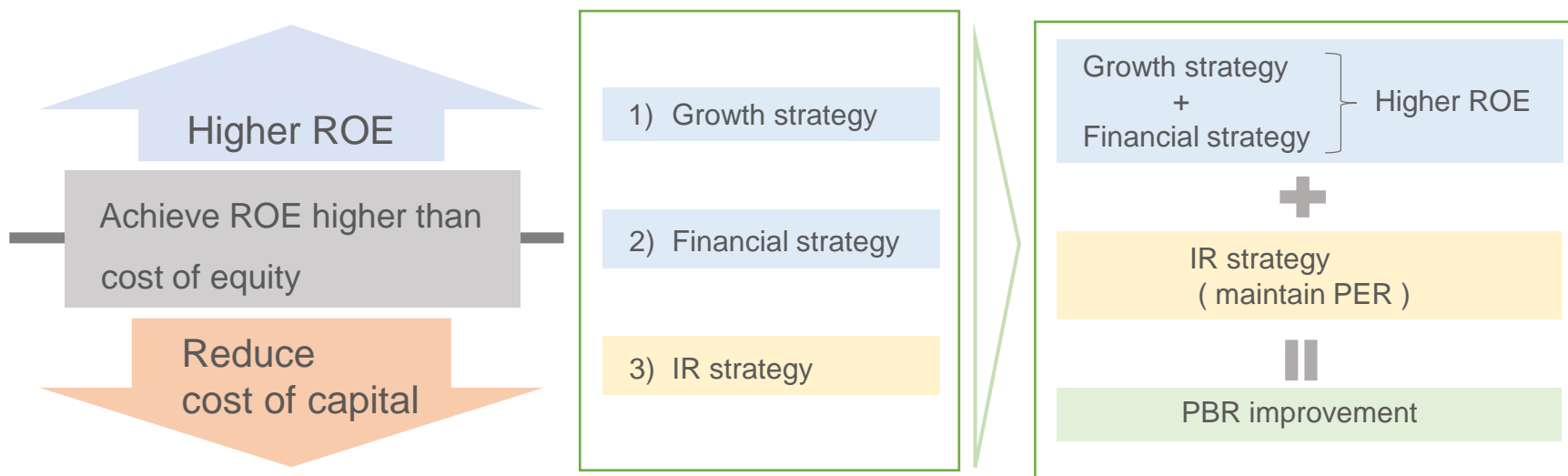
Targets FY2030: ROE of 8.0% or more, operating income ratio of 8.0% or more

FY2024: ROE of 1.5% or more, operating income ratio of 1.9% or more

FY2024 policy

- 1) Growth strategy: Accelerate shift to high-profitability businesses, growth markets
- 2) Financial strategy: Build a stable financial position by improving capital efficiency
- 3) IR strategy: Enhance disclosure, expand constructive dialogue with investors

* This year, in preparation for the next Medium-Term Management Plan starting in FY2025, we will undertake further investigations and set various indicators and targets



III. Direction of Initiatives

1. Growth strategy

Basic Approach

Accelerate shift to high-profitability businesses, growth markets

*Strategies, indicators and targets will be disclosed again in the next medium-term management plan to be formulated this fiscal year.

(1) Speed up execution of measures to improve profitability

Drastic reforms of low-profitability businesses

Prioritize allocation of resources to high value-added businesses

Open up new markets, invest for growth, etc.



(2) Promote growth strategy that is integrated with sustainability strategy

Create competitive advantage through Sustainable Star Product* portfolio

Approach environmental regulations as an opportunity to develop new businesses, etc.

*Our environmentally friendly product brand is Sustainable Star Product.



(3) Reinforce our management foundations

Promote DX, SCM reforms

Strengthen human capital management, etc.



Expand in
5 business fields

1. Growth strategy

Accelerate entry into growth markets using unique products that leverage our strengths in order to raise profitability

Growth markets

- Environmental and social issues

Global warming, climate change, marine waste problem, food loss problem, depletion of fishery resources, PFAS regulations, falling birth rate and aging society, labor shortages, extension of healthy life, nursing care problem, natural disasters, aging infrastructure...

- Technological innovation

high-speed& high-capacity communication, CASE, foodtech, braintech, technology for using natural energy...



Our strengths

Foaming/polymerization/nanoparticle/gelling technology, integrated production from materials to processed products, global network



Direction of business expansion

Food	Electronics	Mobility	Medical/Healthcare	Housing/Energy
<ul style="list-style-type: none"> • Materials for industrial-type agriculture/fisheries • Technology for retaining freshness 	<ul style="list-style-type: none"> • Functional materials (low-permittivity materials, etc.) 	<ul style="list-style-type: none"> • Materials for reducing weight • Materials to absorb sound/insulate heat 	<ul style="list-style-type: none"> • Remote medical equipment • Wearable devices 	<ul style="list-style-type: none"> • Disaster prevention/mitigation construction methods • Materials for renewable energy facilities

Sustainable Star Product (Environmentally friendly products)

2030 targets

Operating income of ¥13.0 billion, operating income ratio of 8.0%, ROE of 8.0% or more

2. Financial strategy

Basic Approach

Build a stable financial position by improving capital efficiency

*Strategies, indicators and targets will be disclosed again in the next medium-term management plan to be formulated this fiscal year

(1) Stable shareholder returns

- 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
- Dividend payout ratio: Target consolidated dividend payout ratio of 30-40%

(2) Improve capital efficiency by making judgments concerning the effectiveness of assets

- Validate both growth investments and assets owned in terms of effectiveness and future cash flows

(3) Reduction of strategic shareholdings

- Board of Directors to confirm meaning of holding positions at regular intervals, continue discussions on reductions

(4) Improve efficiency of working capital

- Enhanced functionality of SCM through promotion of DX → reduce inventories, speed up collection of accounts receivable

3. IR strategy

Basic Approach

Enhance disclosure, expand constructive dialogue with investors

*Strategies, indicators and targets will be disclosed again in the next medium-term management plan to be formulated this fiscal year

(1) Enhance provision of IR information and dialogue

- Continue constructive dialogue with shareholders and investors (earnings results briefings, one-on-one meetings)
- Make video from earnings results briefings available on website, create pages for individual investors

(2) Simultaneous disclosure in English

- Implement simultaneous disclosure in English of earning releases, briefing materials, and other timely disclosure materials (from April 1, 2025 onward)

(3) Close the gap to investor expectations

- Share content of dialogue with investors and discuss in more depth on Board of Directors (quarterly/four times a year)
- Enhance information disclosure related to dialogue with investors

(4) Convince investors of the likelihood of achieving targets for 2030

- Expand business growth scenarios and value (including non-financial) creation scenarios for 2030 (next medium-term management plan, integrated report)

SEKISUIKASEI[•]

Our Planet. Our Tomorrow.