



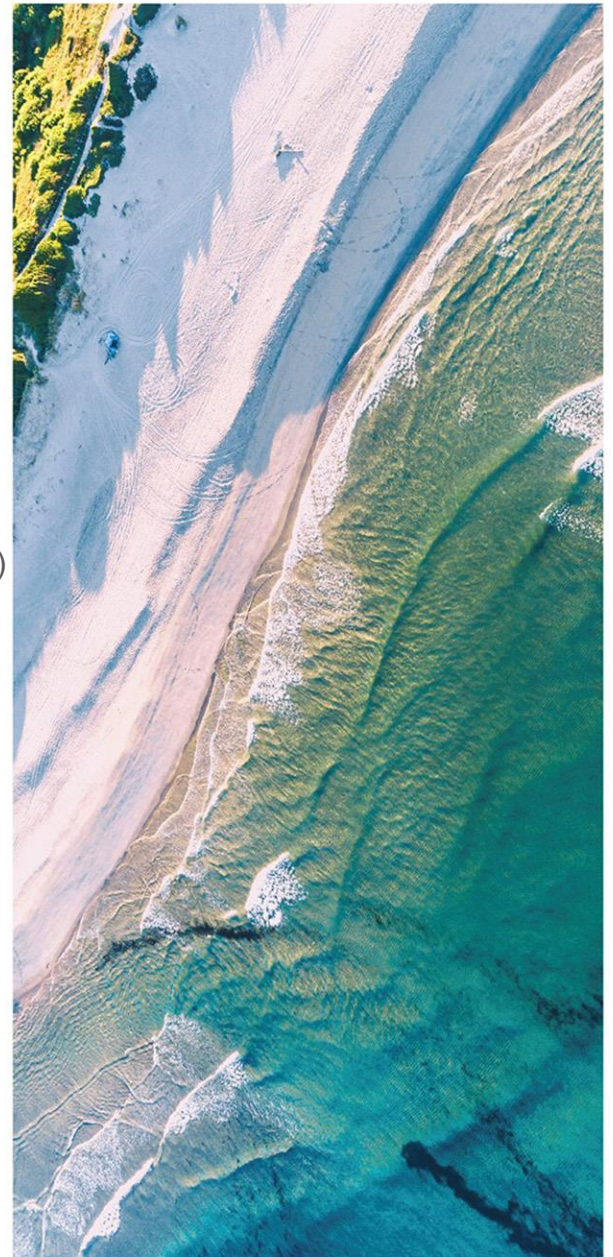
FY2024 Financial Results and  
New Medium-Term Management Plan (FY2025 - FY2027)  
Going Beyond 2027 - Transformation and Completion

Briefing Materials

SEKISUI KASEI CO., LTD.

(TSE Prime Code: 4228)

May 15, 2025



# INDEX

- 1 FY2024 Financial Results
- 2 Summary of Previous Medium-Term Management Plan: Spiral-up 2024
- 3 Overview of New Medium-Term Management Plan:  
Going Beyond 2027- Transformation and Completion
- 4 Action to Implement Management that is Conscious of Cost of Capital and Stock Price

# INDEX

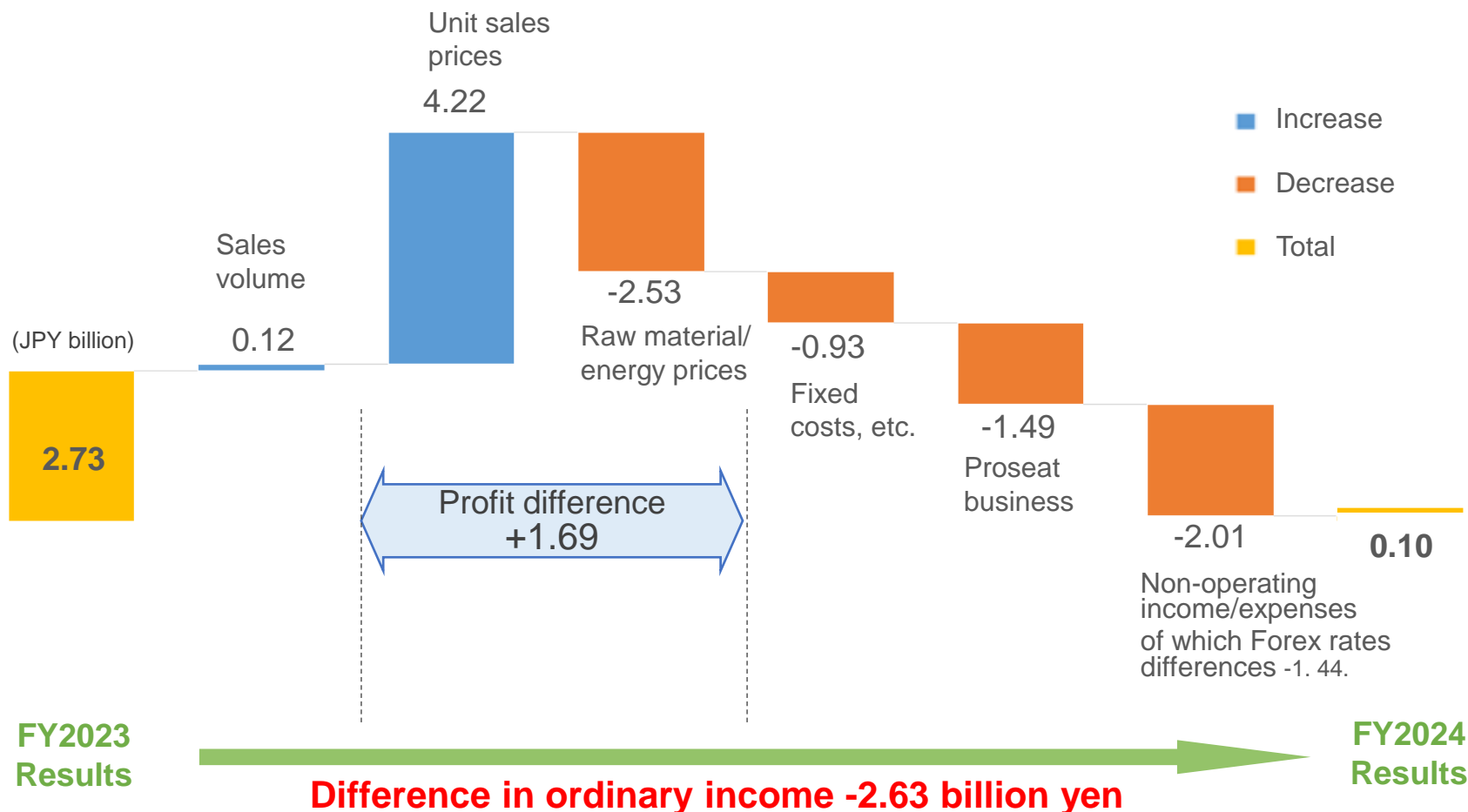
- 1 FY2024 Financial Results
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- 3 Overview of New Medium-Term Management Plan:  
Going Beyond 2027- Transformation and Completion
- 4 Action to Implement Management that is Conscious of Cost of Capital and Stock Price

## FY2024 Financial Results

(JPY billion)	FY2023	FY2024		YoY	
	Results	Forecasts	Result	(C)-(A)	
	(A)	Announced on Oct. 29, 2024 (B)	(C)		
Net Sales	130.3	134.0	137.1	+6.8	105%
Operating Income	1.3	1.0	0.6	-0.6	51%
<Operating Income Ratio>	<1.0%>	<0.7%>	<0.5%>		
Ordinary Income	2.7	0.7	0.1	-2.6	4%
Net Income Attributable to Owners of the Parent	1.1	0.4	-6.3	-7.4	—
ROE	1.9%	—	—	—	—

- **Net Sales** Although sales volume was flat, the effects of passing on higher input prices resulted in higher revenue
- **Operating Income** Weakness in Proseat business in Europe, higher fixed costs, led to lower profit
- **Net Income** Impairment losses, etc. recorded in relation to shift to basic policy of divesting Proseat business in Europe resulted in significant profit decline

## FY2024 Ordinary Income Analysis (YoY)



## FY2024 Results: Industry Segment (Overall)

(JPY billion)	FY2023 Results	FY2024		YoY	
		Forecasts <small>*Announced on Oct. 29, 2024</small>	Results	(C)-(A)	
	(A)	(B)	(C)		
Net Sales	81.2	82.0	82.1	+0.9	101%
Operating Income	1.9	1.7	0.4	-1.5	21%
<Operating Income Ratio>	< 2.4% >	< 2.1% >	< 0.5% >	—	—
Ordinary Income	2.4	—	0.5	-1.8	23%

- **Net Sales** Higher sales at Proseat business in Europe but flat YoY for segment overall
- **Profit** Despite core business being flat YoY, impact of larger losses at Proseat business in Europe, etc. led to significant profit decline

## FY2024 Results: Industry Segment (Core Business)

(JPY billion)	FY2023 Results (A)	FY2024		YoY	
		Forecasts Anounced on Oct. 29, 2024 (B)	Results (C)	(C)-(A)	
	Net Sales	44.0	44.3		
Operating Income	3.4	3.4	3.4	-0.0	99%
<Operating Income Ratio>	< 7.8% >	< 7.7% >	< 7.8% >	—	—

- Both net sales and operating income flat YoY

### (Changes in net sales)

- Electronics : YoY -1% (Polymer Particles, Packaging Materials for LCD Components)
- Mobility \*Excluding Proseat business : YoY +3% (Automotive Components, Packaging Materials for Transportation of Automotive Components)
- Medical/Healthcare : YoY -5% (High Functionality Gel Materials & Processed Products, Elastomer Foam)

## FY2024 Results: Industry Segment (Proseat Business)

(JPY billion)	FY2023	FY2024		YoY	
	Results	Forecasts	Results	(C)-(A)	
	(A)	Announced on Oct. 29, 2024 (B)	(C)		
Net Sales	37.2	37.7	38.5	+1.4	104%
Operating Income	-1.5	-1.8	-3.0	-1.5	—
<Operating Income Ratio>	—	—	—	—	—

- Net Sales

Despite significant decline in production by European automakers, passing on surge in personnel and input prices, etc. to customers (raised unit sales prices) resulted in **higher revenue**

- Profit

Came to agreements after price negotiations with customers against background of surge in personnel expenses and energy prices, but production at European automakers fell more than expected, leading to **larger losses**

- Business Transfer

Concluded that recovery in European economy and automobile production volume will take time, made decision to shift to policy of divesting/liquidating Proseat business (👉 Details on p.14)



## FY2024 Results: Human Life Segment

(JPY billion)	FY2023 Results (A)	FY2024		YoY	
		Forecasts <small>announced on Oct. 29, 2024</small>	Results	(C)-(A)	
		(B)	(C)		
Net Sales	49.1	52.0	55.0	+5.9	112%
Operating Income	1.8	1.9	3.1	+1.3	175%
<Operating Income Ratio>	< 3.6% >	< 3.7% >	< 5.6% >	—	—
Ordinary Income	1.8	—	3.0	+1.2	168%

- Sales** Sheet business saw significant revenue increase due to strength in food trays and instant noodle containers, while beads business was flat YoY despite lower sales due to impact of passing higher inputs onto selling prices, leading to **higher sales overall**  
 (Changes in net sales)
  - Food : YoY +13%
  - Housing/Energy : YoY +5%
- Profit** Despite deterioration in profits due to delays in passing on higher costs in 1H, these effects appeared in 2H onward, leading to **significant profit increase**
- Volume** Sheets: YoY +3%    Beads: YoY -7%

## FY2024 Financial Position

Spiral-up 2024

(JPY billion)	FY2023 (A)	FY2024 (B)	YoY (B)-(A)
Total Assets	146.5	136.2	-10.3
Net Assets	56.8	49.6	-7.2
Equity Ratio	38.3%	35.9%	-2.40%
Net Assets per Share (yen)	1235.52 yen	1075.86 yen	- 159.66 yen
(Ref.) Equity Capital	56.0	48.9	-7.1
Cash and Deposits	10.9	9.5	-1.4
Short-term Loans	14.4	22.4	+8.0
Long-term Loans	16.4	9.6	-6.8
Bonds	7.0	7.0	±0.0
Interest-bearing Debt	37.8	39.0	+1.2
D/E Ratio (Times)	0.68	0.79	+0.11

- Recording of losses resulted in decreases in net assets and equity capital, and rise in D/E ratio
- Will work to reduce interest-bearing debt and increase equity ratio (👉 Details on p.36)

# INDEX

- 1 FY2024 Financial Results
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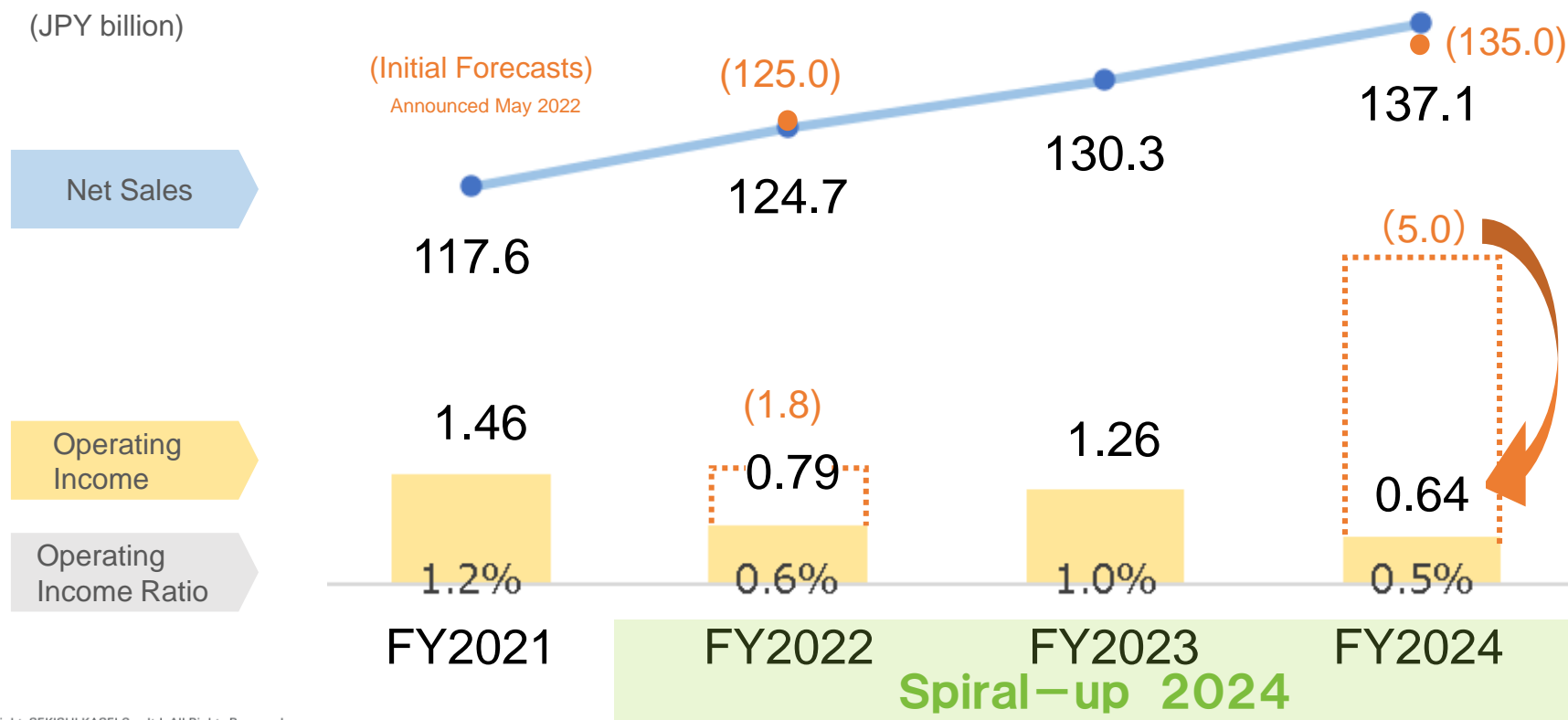
## Summary of Previous Medium-Term Management Plan

Spiral-up 2024

### (1) Consolidated Earnings

Net sales were in line with initial plan, but profit undershot significantly

- Net Sales: Despite decline in sales volume, revenue supported by effects of passing on higher input costs, leading to results in line with initial forecast
- Operating Income: Due mainly to weak performance in the Industry segment, profit undershot significantly relative to initial forecast



## Summary of Previous Medium-Term Management Plan (2) Performance by Segment

Spiral-up 2024

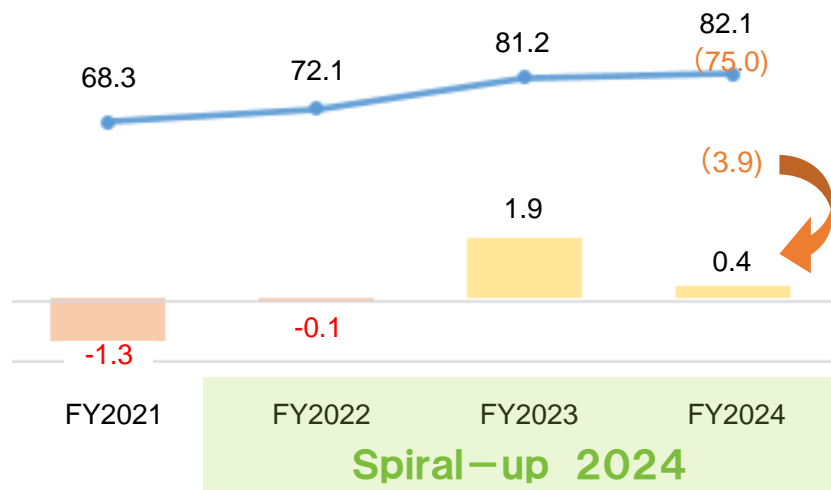
Shortfall in profit was particularly significant in Industry Segment



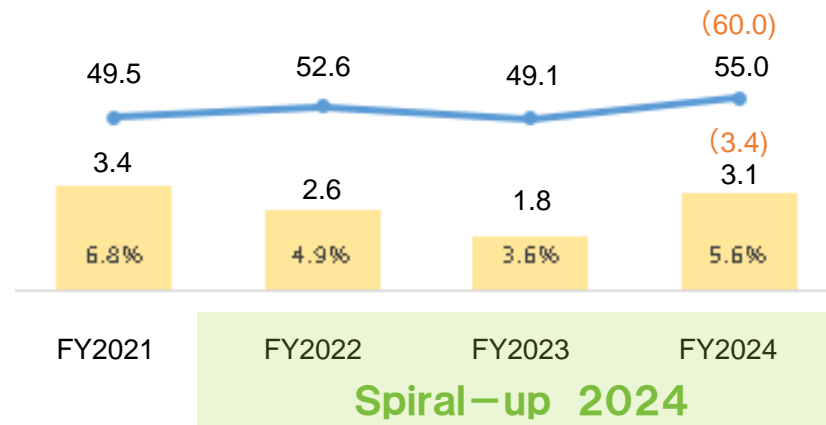
Figures inside ( ) are initial forecasts \*Announced May 2022

(JPY billion)

### Industry Segment



### Human Life Segment



Although sales overshot, compared to initial plan operating income undershot significantly

Contraction of EPS beads market (fish boxes, etc.) led to both sales and operating income falling short of initial forecast

## Summary of Previous Medium-Term Management Plan (2) Performance by Segment

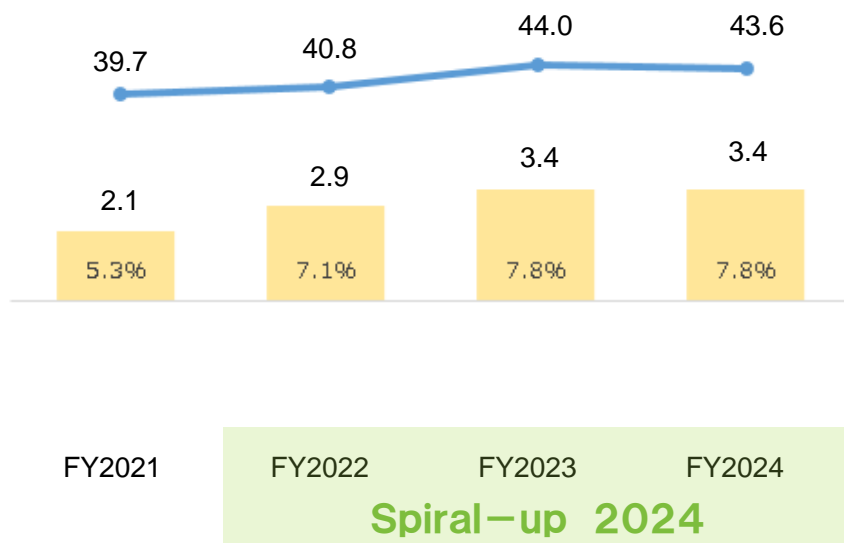
Spiral-up 2024

Proseat business in Europe severely depressed profit from Industry segment



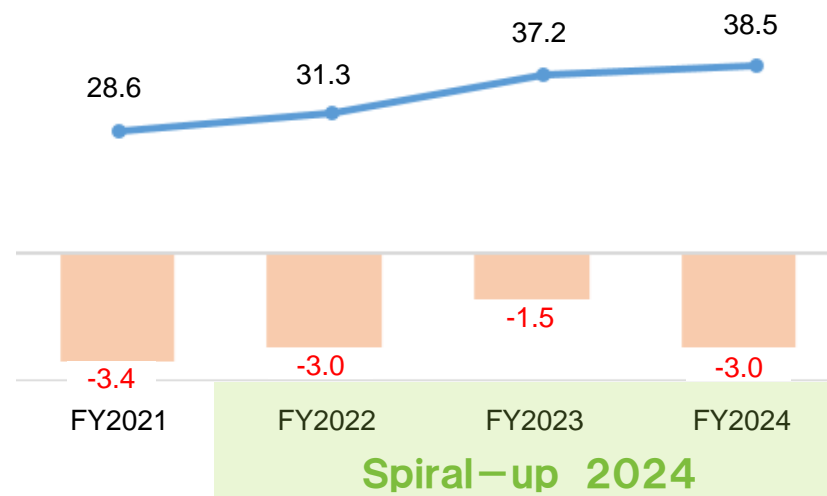
(JPY billion)

### Industry Segment (Core Business)



Net sales, operating income, and operating income ratio all increased over the three years

### Industry Segment (Proseat Business)



Unable to turn to profitability within the period of Spiral-up 2024

## Summary of Previous Medium-Term Management Plan

### (3) Transfer of Proseat Business

Spiral-up 2024

#### Made decision to transfer/liquidate Proseat business in Europe

No.	type	Company Name	Country	Function	
0	Subsidiary	Proseat Europe GmbH	Germany	HD	
1	Indirectly Owned Subsidiary	Proseat GmbH & Co.KG	Germany	HOF, PD	Transfer to Brose Sitech (In Process)
2		Proseat Verwaltung GmbH	Germany	AM	
3		Proseat Schwarzheide GmbH	Germany	PD	
4		Proseat Sp.Z.o.o	Poland	PD	
5		Proseat Mlada Boleslay s.r.o	Czecnia	PD	
6		Proseat Foam Manufacturing S.L.U	Spain	PD	
7		Proseat LLP	UK	PD	In the Process of liquidation
8		Proseat SAS	France	PD	

- Six Proseat Group companies to be transferred to Polish automotive parts manufacturer Brose Sitech
- Liquidation procedures initiated for two companies: Proseat LLP (UK) and Proseat SAS (France)
- Future of holding company Proseat Europe GMBH undecided, as UK/French subsidiaries being liquidated
- Impairment and business liquidation losses (5.4 billion yen) associated with above transfer/liquidations recorded in FY2024
- Deal closing in 1H FY2025, expect impact on operating income of negative 1.2 billion yen and on net income of negative 2.7 billion yen (already incorporated into forecasts)
- Qualification of our products for European auto OEMs will be continued by Sekisui Kasei Deutschland (SKDE)

## Summary of Previous Medium-Term Management Plan (4) Development of New Products and Applications

Spiral-up 2024

In terms of development of new products and applications,  
we made preparations for future growth

### Low-foam PSP (ESLEN Sheet PZ)

Successfully replacing other materials



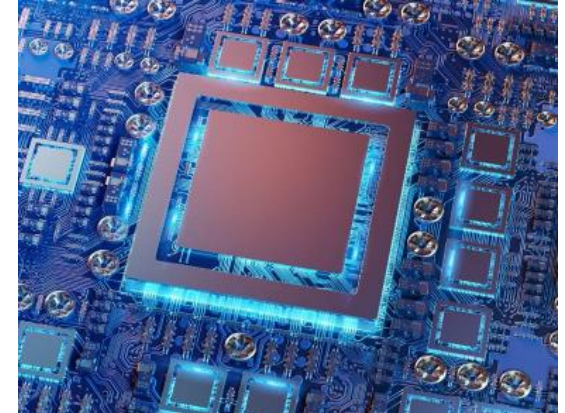
### Light-diffusing Polymer Particles (TECHPOLYMER)

Increase in applications such as daytime running lights



### Hollow Polymer Particles (TECHPOLYMER)

Test sales for low-permittivity material applications



Others:

- ESLEN Beads RNW: Area of adoption by consumer cooperatives for delivery boxes is expanding, also being adopted for EPS foam blocks used in lightweight embankment construction method
- PIOCELAN 2.0: Differentiating from competing materials through new high-foam (for weight reduction) and low-foam (higher strength) grades
- ST-gel: Newly adopted for brain wave measurement applications, beginning collaborative work with startup



## Summary of Previous Medium-Term Management Plan

Spiral-up 2024

## (5)ESG Initiatives

Steady progress in shift to businesses that solve environmental and social issues**1. Satisfactory progress towards achieving environmental targets for SKG-5R 2030**

	Projected FY2024 result	(FY2030 target)
(1) Sustainable Star Product as percentage of net sales	20%	( 50%)
(2) Recycled and biomass material usage ratio	18%	( 50%)
(3) CO <sub>2</sub> emissions (Scope 1+2), targets and results vs. FY2018	-24%	(Initial target of 27% reduction revised up to <u>45% reduction</u> )

\* SKG-5R is our name for activities that contribute to the environment, consisting of the 3Rs (Reduce, Reuse, Recycle) to which we have added our own unique 2Rs (Replaces, Re-create), and for which we have set targets to hit by 2030

**2. Started project for the voluntary recovery and resource circulation of expanded polystyrene**

At domestic Group company locations we began a nationwide initiative for recovering expanded polystyrene from the community for resource circulation

\* Acquired certification from Ministry of Economy, Trade and Industry/Ministry of the Environment, for resource circulation project plans in Kansai region based on Act on Promotion of Resource Circulation for Plastics

**3. Started “EPS to EPS” closed-loop recycling proof-of-concept project**

We will palletize used EPS ingots and polymerize/impregnate them with styrene monomers, with the aim of establishing mass-production techniques for creating high-quality recycled EPS beads that are in no way inferior to those using virgin raw material

\* Selected for the Ministry of the Environment's FY2023 Project to Promote the Establishment of a Carbon-Free Circular Economy System

## Summary of Previous Medium-Term Management Plan

### (5) ESG Initiatives

#### ESG-related assessments by third parties

ESG in General

E: Environmental

S: Social



★★★ 2025

NIKKEI Smart Work Management Survey  
Awarded 3 stars



Certified as an Eco-First Company  
by Ministry of the Environment



Certified in the Health & Productivity Management  
Organization Recognition Program  
Large Enterprise Category



NIKKEI SDGs Management Survey  
Awarded 3 stars



CDP Climate Change Report 2024  
Awarded score of "B"



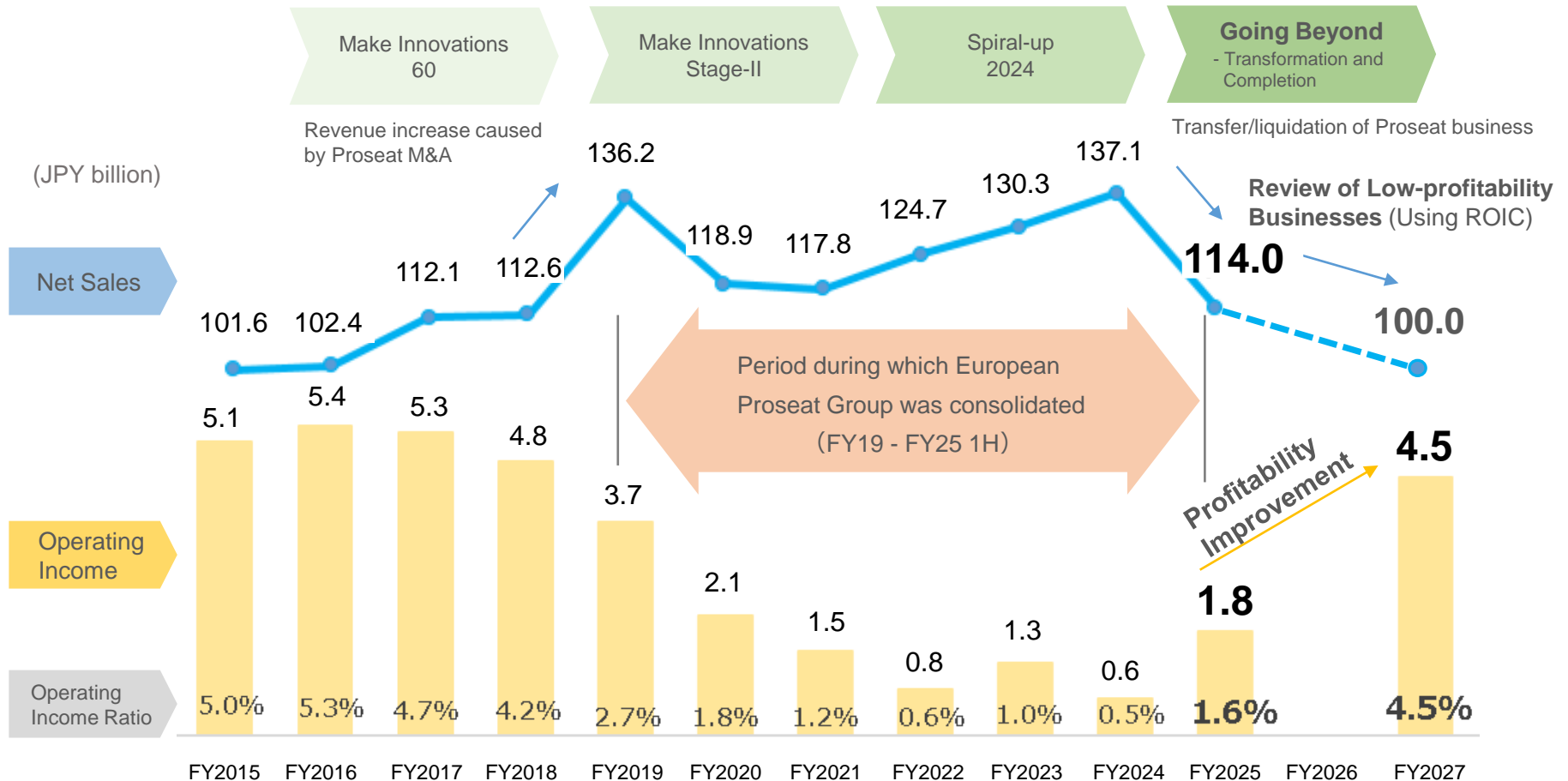
Certified in the Health & Productivity Management  
Organization Recognition Program  
Small and Medium-Sized Enterprise Category

# INDEX

- 1 FY2024 Financial Results
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### Positioning of the New Medium-Term Management Plan

A three-year plan that puts the highest priority on enhancing profitability, and on completing the transformation of the portfolio into high-profitability businesses in preparation for hitting the ROE target of 8% in FY2030



## Overview of the New Medium-Term Management Plan

- Plan Name: **Going Beyond 2027** - Transformation and Completion
- Basic Policy: Achieving “Strengthen Earnings Structure” and “Strengthen Management Foundation” through Conscious and Behavioral Transformation to Elevate Corporate Value
- Performance Targets: Key performance indicators will be operating income ratio and ROE

	Spiral-up 2024	Going Beyond - Transformation and Completion		Target 2030
	FY2024 Results	FY2025 Plan	FY2027 Plan	FY2030 Targets
Net Sales	137.1 billion yen	114.0 billion yen	100.0 billion yen	(120.0 billion yen)
Operating Income	0.6 billion yen	1.8 billion yen	4.5 billion yen	(10.0 billion yen)
Operating Income Ratio	<b>0.5%</b>	<b>1.6%</b>	<b>4.5%</b>	<b>8.0% or more</b>
Ordinary Income	0.1 billion yen	1.4 billion yen	4.3 billion yen	—
Net Income	- 6.3 billion yen	0.0 billion yen	2.9 billion yen	—
ROE	—	—	<b>6.0%</b>	<b>8.0% or more</b>

\* Assumptions for new Medium-Term Management Plan: Exchange rate of 145 yen/USD; Naphtha price of 69,000 yen/kL

\* Following the transfer of Proseat Group business we have revised some targets for FY2030 (previous targets: net sales 160.0 billion yen, operating income 13.0 billion yen)

## Key Issues in the New Medium-Term Management Plan

### Strengthening the Earnings Structure

New Value Creation  
+  
Business Model Strategy

- (1) Enhancing Revenue Base and Improving Profitability
  - Commit management resources to high-value-added businesses and growth markets
  - Use ROIC to review and restructure low-profitability businesses
- (2) Strengthening of Profitability in Environmentally Contributive Business
  - Expand sales of proprietary recycled products (ReNew+) and low-foam PSP (ESLEN Sheet PZ)
  - Establish competitive advantage through proprietary business model that includes technological innovation and collection and recycling systems
- (3) Strengthening Cost Competitiveness through Production Innovation and Enhancement of On-site Capabilities
  - Promote production DX, introduce new technologies, undertake SKG improvement activities, etc.

### Strengthening the Management Foundations

Capital Efficiency  
+  
ESG

- (4) Practicing Management with Awareness of Capital Efficiency and Capital Costs  
(☞ Details on p.31-39)
  - Execute business portfolio management to achieve higher profitability
  - Reduce interest-bearing debt and inventories, control head office costs
  - Accelerate growth investments by reducing strategic shareholdings and enhance shareholder returns
- (5) Strengthening Initiatives to Address Environmental and Social Issues
  - Promote resource circulation (secure stable supply of renewable resources and establish high-quality/low-cost recycling technology)
  - Address climate change (solar power PPA and production energy conversion)
- (6) Promoting Human Capital Management and Strengthening Governance
  - Improve employee engagement, promote diversity, and strengthen global governance

## Earnings Forecasts by Segment

(JPY billion)	FY2024	FY2025			Differences FY25-24		FY2027	Differences FY27-24	
	Results	1H	2H	Plan			Plan		
Net Sales	<b>137.1</b>	65.0	49.0	<b>114.0</b>	-23.1	83%	<b>100.0</b>	-37.1	73%
Industry (Core Business)	<b>43.6</b>	21.0	22.0	<b>43.0</b>	-0.6	99%	<b>47.0</b>	+3.4	108%
Industry (Proseat)	<b>38.5</b>	18.0	—	<b>18.0</b>	-20.5	47%	—	-38.5	—
Human Life	<b>55.0</b>	26.0	27.0	<b>53.0</b>	-2.0	96%	<b>53.0</b>	-2.0	96%
Operating Income	<b>0.6</b>	0.2	1.6	<b>1.8</b>	+1.2	281%	<b>4.5</b>	+3.9	703%
<Operating Income Ratio>	<b>0.5%</b>	0.3%	3.3%	<b>1.6%</b>	—	—	<b>4.5%</b>	—	—
Industry (Core Business)	<b>3.4</b>	1.5	1.9	<b>3.4</b>	+0.0	100%	<b>4.7</b>	+1.3	139%
Industry (Proseat)	<b>-3.0</b>	-1.2	—	<b>-1.2</b>	+1.8	—	—	+3.0	—
Human Life	<b>3.1</b>	1.4	1.1	<b>2.5</b>	-0.6	81%	<b>3.1</b>	+0.0	100%
Head Office Cost	<b>-2.9</b>	-1.5	-1.4	<b>-2.9</b>	-0.0	102%	<b>-3.3</b>	-0.4	116%

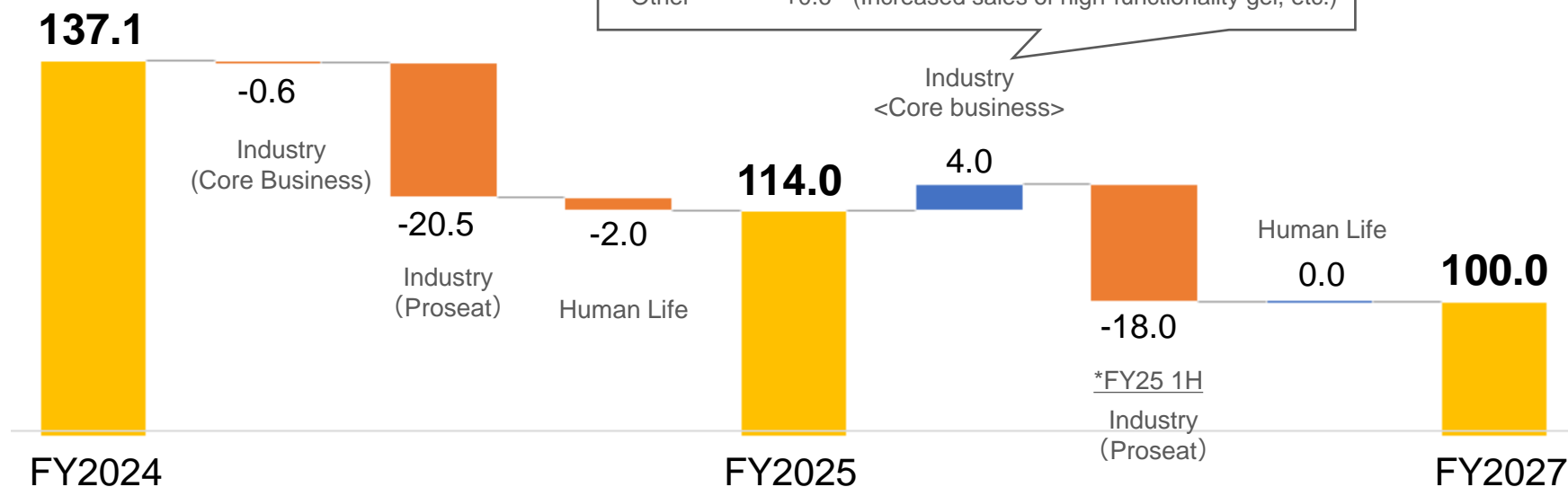
\*Head Office costs include DX and other system costs

### Forecast Change in Net Sales

■ Total ■ Increase ■ Decrease

Electronics	+1.2	(Increased sales of polymer particles, etc.)
Mobility	+2.2	(Increased sales of automotive components in N. America, Japan, etc.)
Other	+0.6	(Increased sales of high-functionality gel, etc.)

(JPY billion)



Difference -23.1 billion yen

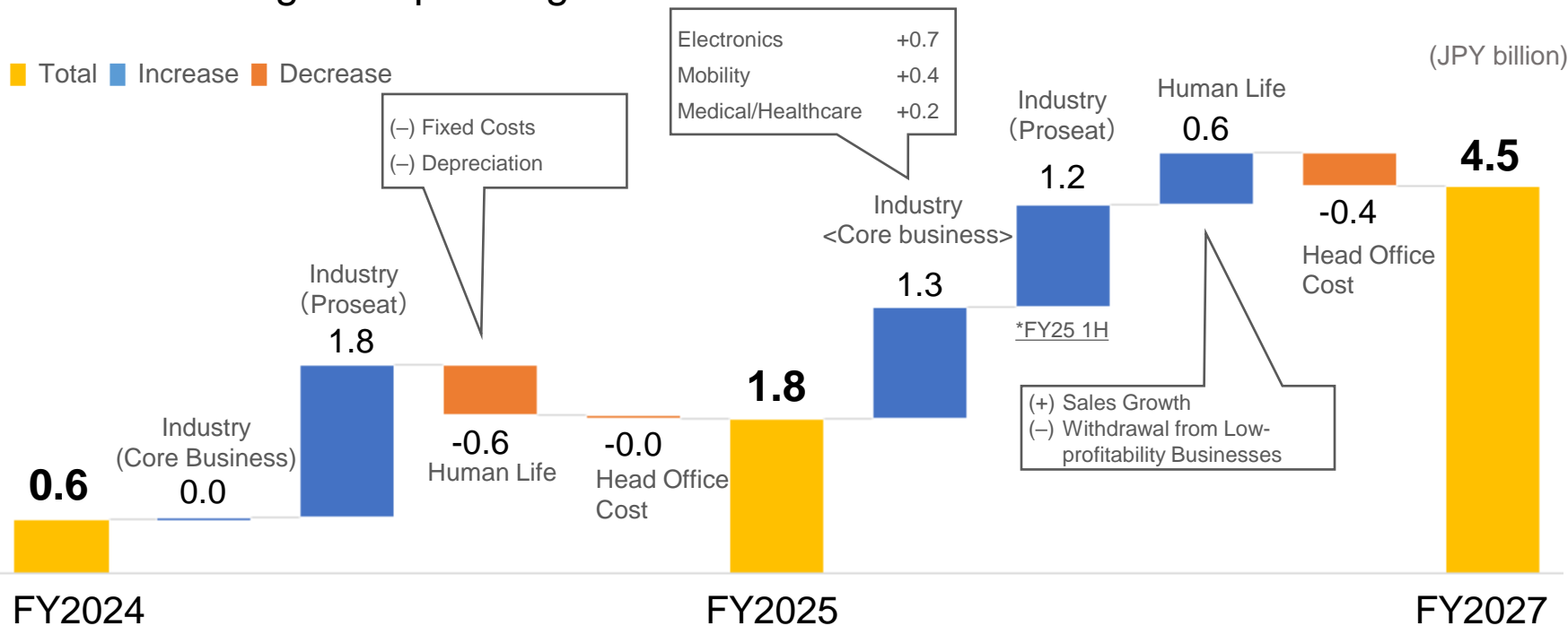
Difference (cumulative over 2 years) -14.0 billion yen

**Difference -37.1 billion yen**

- Industry (Core Business) : Higher revenue through sales growth (+3.4 billion yen)
- Industry (Proseat Business) : Lower revenue due to business transfer (-38.5 billion yen)
- Human Life : Lower revenue due to review of unprofitable businesses (-2.0 billion yen)



### Forecast Change in Operating Income



Difference +1.2 billion yen

Difference (cumulative over 2 years) +2.7 billion yen

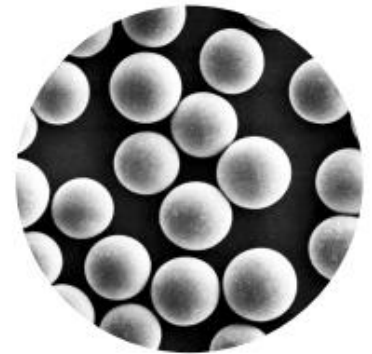
**Difference +3.9 billion yen**

- Industry (Core Business) : Higher profits following sales growth (+1.3 billion yen)
- Industry (Proseat Business) : Higher profits following business transfer (+3.0 billion yen)
- Human Life : Increases in capital investment/fixed costs equal to improvements in profitability (±0.0 billion yen)

### Forecasts by 5 Fields (Electronics)

#### ● Major Products and Applications

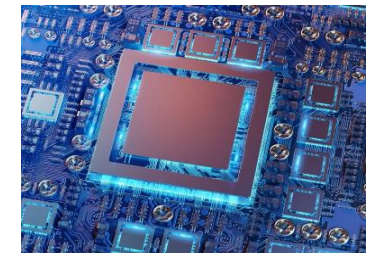
- TECHPOLYMER Used as light-diffusing agents for LCDs/matting agents for paints
- PIOCELAN Used as packaging material for LCDs and various industrial products
- LIGHTLON Used as surface protection material for electronic parts and other industrial components



TECHPOLYMER  
Polymer Particles

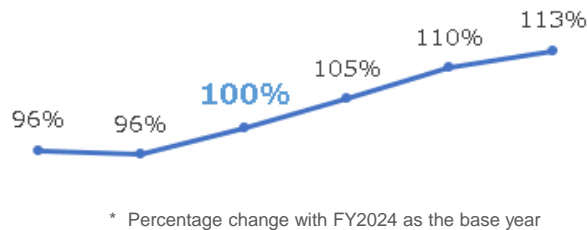


Daytime Running Lights  
(Light-diffusing Effect)

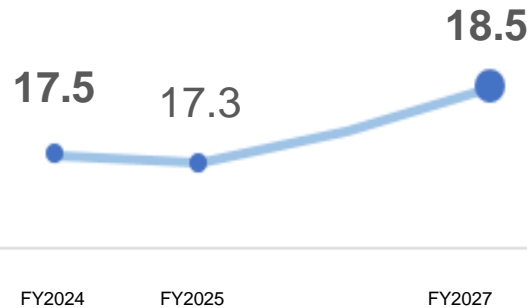


Applications for Speeding Up ICT  
(Low Permittivity Performance)

LCD Surface Area  
[m<sup>2</sup>]



Electronics  
Net Sales [JPY billion]



#### ● Growth Strategy

- Grow Sales of TECHPOLYMER

Existing Applications : Coating applications and optical applications for LCDs (light diffusion, antiglare), etc.

New Applications : Automotive lighting, new types of display, applications for speeding up information and communications technology, etc.

### Forecasts by 5 Fields (Mobility)

#### ● Major Products and Applications

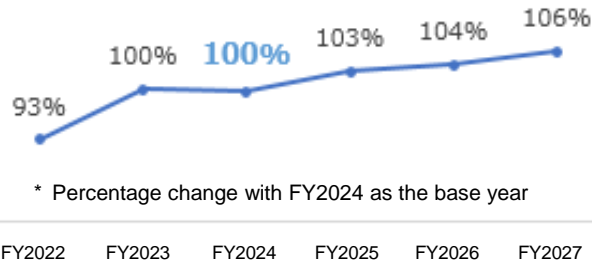
Automotive Components

Used as seat cores, impact absorption materials, floor spacers, toolboxes, and other automotive components

Automotive Component Packaging Materials

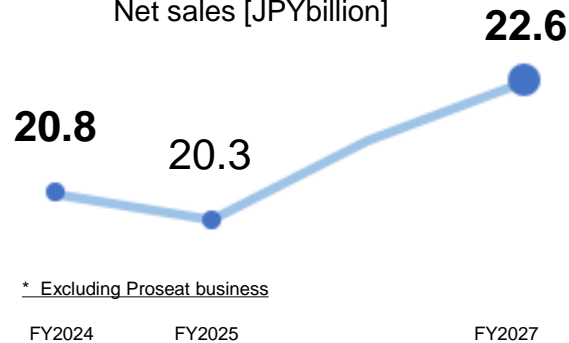
Used as packaging materials for transportation for large and heavy components, high-precision components, electronic parts, EV motors, etc.

Global Automotive Production Units [Units]



\* Percentage change with FY2024 as the base year

Mobility Net sales [JPYbillion]



\* Excluding Proseat business



Automotive Components

#### ● Growth Strategy

- Automotive Components

Investment in growth markets (expand North American production capacity)  
 Differentiate from competing products using lighter/stronger grades made from PIOCELAN 2.0  
 Expand qualification of ST-Eleveat high heat-resistance lightweight foam

- Automotive Component Packaging Materials

Paying close attention to changes in parts logistics caused by U.S. tariffs (both risks and opportunities)



Automotive Component Packaging Materials

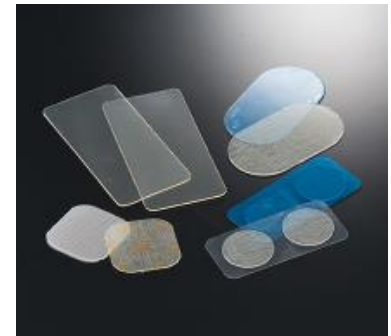
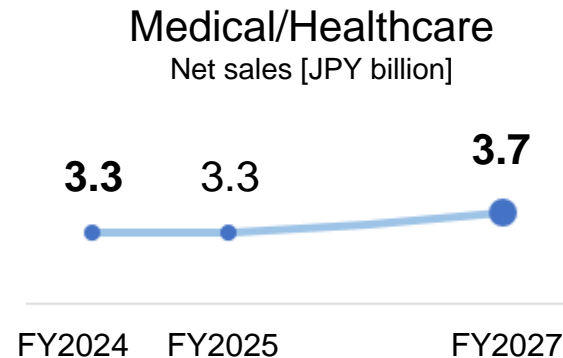
## Forecasts by 5 Fields (Medical/Healthcare)

### ● Major Products and Applications

ST-gel	Medical:	Used in electrodes for ECG, electrodes for electrosurgery
	Healthcare:	Used for electric stimulation equipment (TENS/EMS), wearable devices for biosignal measurement
	Beauty:	Used in moisture-retaining face masks
ELASTIL		Used as midsole material in shoes

### ● Related Industry Trends

- Greater Health Consciousness
- Declining Birth Rates and Aging Societies, Longer Healthy Lifespans
- Wearable Biosensors
- In-home Nursing Care, Development and Spread of Remote Healthcare Technology
- Technological Innovation (Braintech, etc.)



ST-gel  
High-functionality Gel

### ● Growth Strategy

- ST-gel Continue to develop new applications (wearable devices, brain wave measurement, etc.)  
Launch new grades (for long-term sensing, sensing during exercise, high-humidity environments)
- ELASTIL Continued to develop new applications to follow shoe midsoles

\* This area will be developed as a high-profitability core business during the next medium-term plan (FY2028-FY2030)



ELASTIL  
Elastomer Foam

### Forecasts by 5 Fields (Food: Sheets)

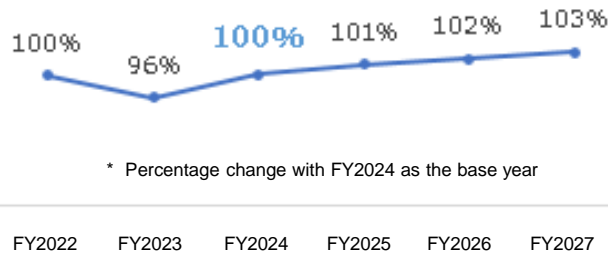
#### ● Major Products and Applications

ESLEN Sheets	(General Products)	Used as Food Trays
	(Laminated Products)	Used for Instant Noodle Containers
ESLEN Wood	Used for Folded Lunchboxes, Food Trays, POP	

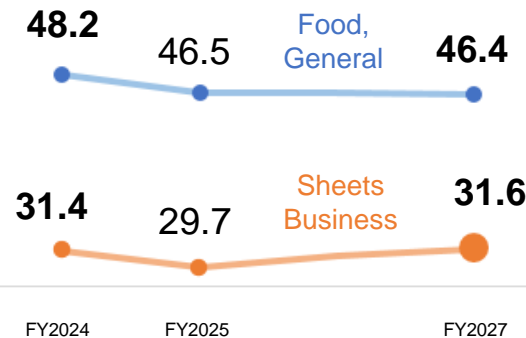


ESLEN Sheets  
General Products  
Expanded Polystyrene Sheets

PSP Shipment Volume (Whole Industry)  
[M ton]



Food  
Net Sales [JPY billion]



ESLEN Sheets  
Laminated Products  
Expanded Polystyrene Sheets

#### ● Growth Strategy

- Replacement of non-foamed plastics by low-foam PSP (ESLEN Sheet PZ) against the backdrop of need to reduce plastic usage
- Enhance profitability by reviewing low-profitability businesses
- Strengthen cost competitiveness through production innovations and enhancements to front-line capabilities



ESLEN Wood  
Expanded Polystyrene Molded  
Board Products

### Forecasts by 5 Fields (Food: Beads)

● Major products and applications

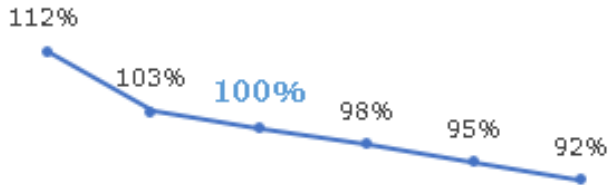
ESLEN Beads

Chilled food containers for fisheries and agriculture, etc., industrial packaging material, construction material, etc.



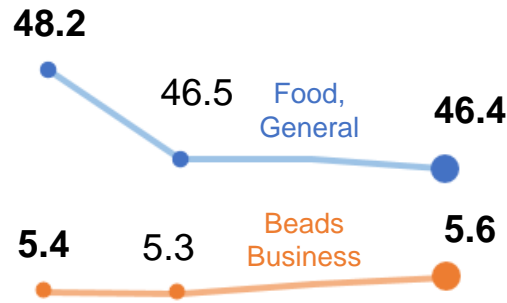
ESLEN Beads  
Expanded Polystyrene Foam Beads

EPS Bead Shipment Volume (Whole Industry)  
[M ton]



\* Percentage change with FY2024 as the base year

Food  
Net sales [JPY billion]



ESLEN Beads  
Molded Products

● Growth Strategy

- Increase industry share by expanding sales of recycled EPS (ESLEN Beads RNW)
- Expand production/supply capabilities for ESLEN Beads RNW
- Strengthen cost competitiveness through production innovations and enhancements to front-line capabilities



ESLEN Beads RNW  
Recycled Polystyrene Foam Beads  
Molded Products



### Forecasts by 5 Fields (Housing/Energy)

- Major products and applications

ESLEN Block	Lightweight embankment material used on soft soil or steep slopes
AQUAROAD	Used in countermeasures for road flooding caused by torrential downpours, etc.
SUPER SOILEN SYSTEM	Lightweight greening method for man-made structures

- Related Industry Trends

(Civil Engineering)

- Growing Demand for Disaster Prevention/Mitigation
- Countermeasures for Road Flooding Caused by Torrential Downpours
- Urban Redevelopment, Greening

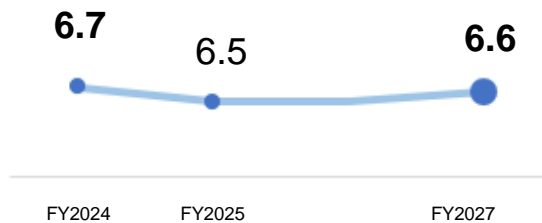
(Construction)

- Decreases in Residential Housing Starts

(Energy)

- Spread of Floating Solar Panels

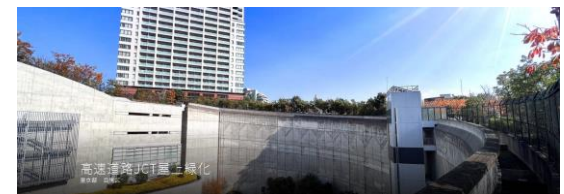
Housing/Energy  
Net sales [JPY billion]



**ESLEN Block**  
EPS Civil Engineering Material for Lightweight Embankments



**AQUAROAD**  
Rainwater Storage and Infiltration Tank System



**SUPER SOILEN SYSTEM**  
Lightweight Greening Solutions



**FJ-Ring**  
Jacking Force Transmission Material for Sewer Construction

- Growth Strategy

- Use recycled ESLEN Beads RNW to increase share of green procurement EPS civil engineering market, and expand greening business
- Enhance profitability by rebuilding low-profitability businesses

# INDEX

- 1 FY2024 Financial Results
- 2 Summary of Previous Medium-Term Management Plan: Spiral-up 2024
- 3 Overview of New Medium-Term Management Plan:  
Going Beyond 2027- Transformation and Completion
- 4 Action to Implement Management that is Conscious of Cost of Capital and Stock Price

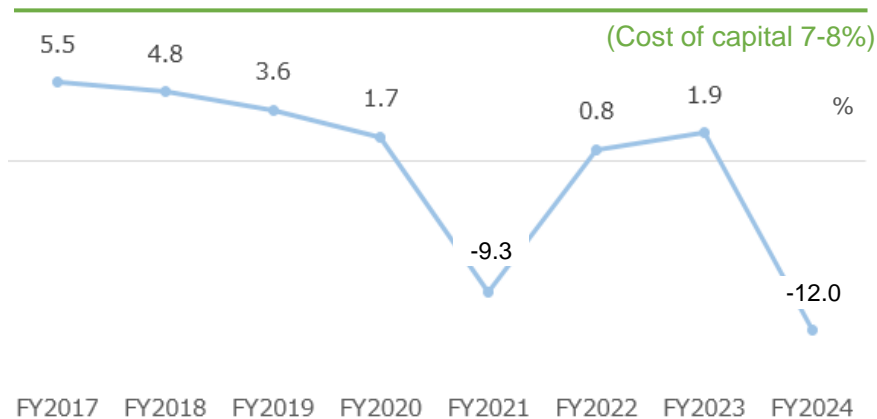


## I. Analysis of Current Situation and Perception of Issues

- ▶ FY2030 Target: ROE of 8.0% or more (Announced in January 2023)
- ▶ FY2024 Results: Both ROE and PBR both remain at extremely low levels (ROE -12.0%, PBR 0.33x)

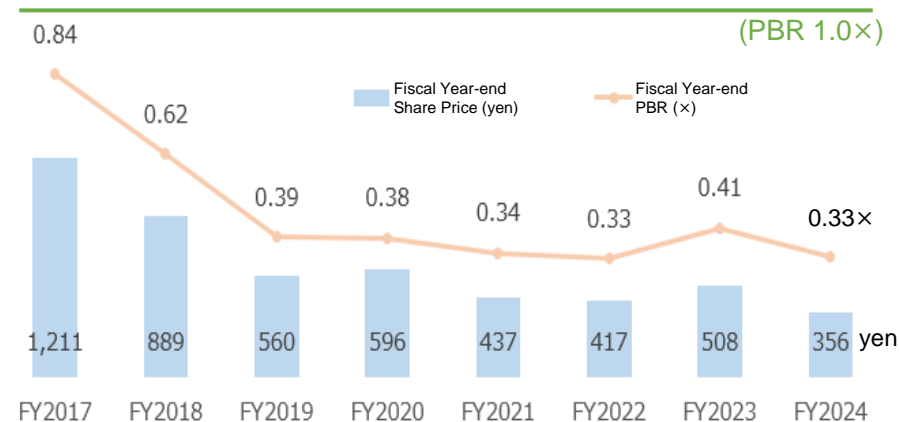
### ROE

Trend of ROE Tracking below Cost of Equity Continues



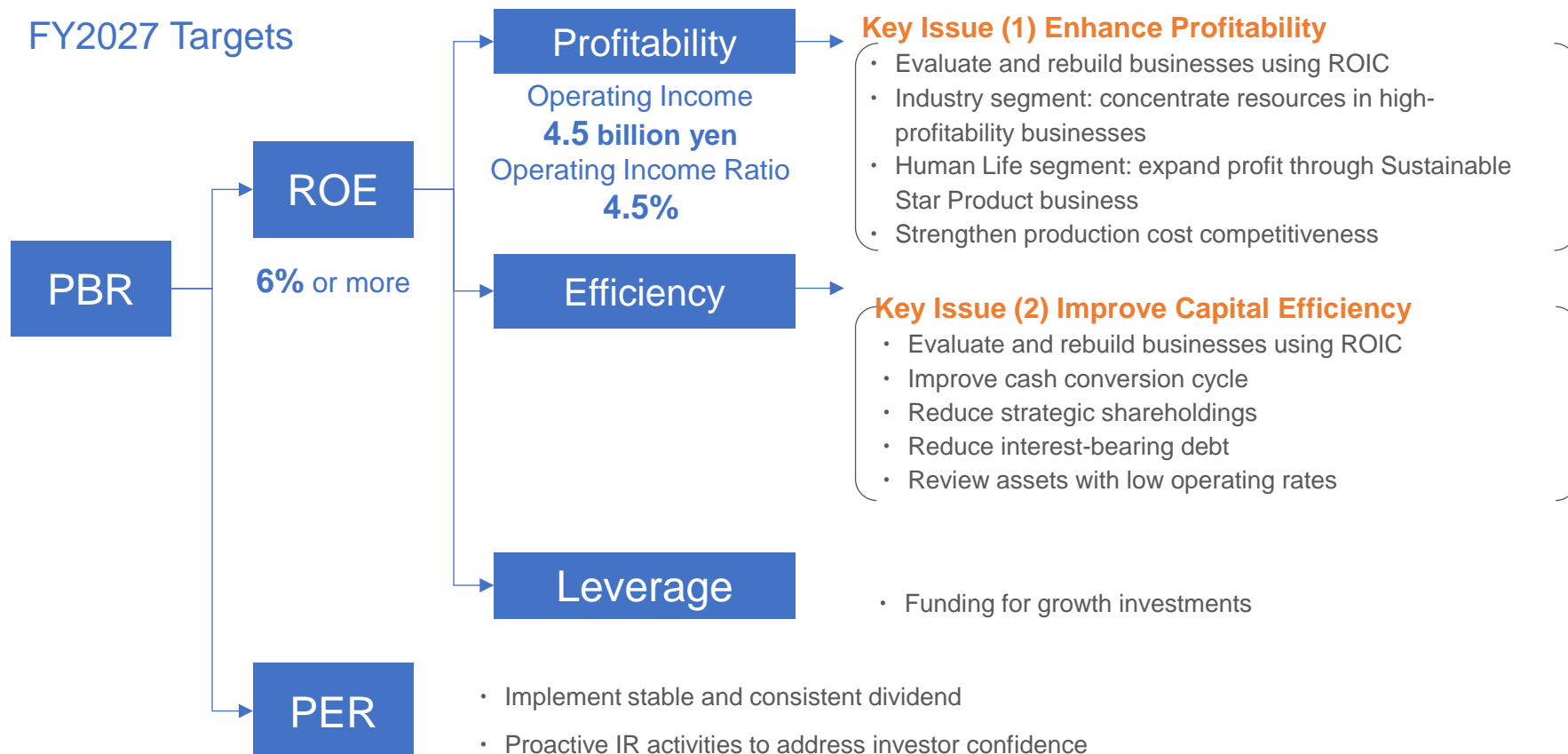
### PBR

Is Both Less Than 1.0x and Remain at an Extremely Low Level



Our perception is that causes of low PBR are  
**(1) Low Profitability** and **(2) Low Capital Efficiency**

## II. Targets and Initiatives for Improving PBR



**Rapidly execute initiatives to resolve Key Issues**

## II. Targets and Initiatives for Improving PBR

### Initiatives for Key Issue (1) Enhance Profitability

#### ● Evaluate and Rebuild Businesses Using ROIC

(Initiatives up to FY2024)

- Decided on policy of transferring Proseat business in Europe
- Liquidation/reorganization of sites

\*Liquidation of Sekisui Kasei Shanghai Precision Forming, Sekisui Kasei Sakai, closure of Sekisui Kasei Tohoku, sale of Sekisui Kasei Kansai factory, etc.

(Initiatives up to FY2025)

- Use ROIC perspective to enhance business profitability, use in decisions on investment and continuation of businesses \*Set hurdle rate, apply rankings

#### ● Industry Segment: Concentrate Resources in High-profitability Businesses

- Concentrate resources generated by review of low-profitability businesses in polymer particles, North America Mobility, high-functionality gel, etc.
- Raise speed of business development by adopting unified structure for sales and technology

#### ● Human Life Segment: Expand Profit through Environmentally Contributive Businesses

- Sheets Business: Maintain/increase leading share in industry, expand sales of functional sheets
- Beads Business: Increase industry share against the backdrop of competitive advantage conferred by recycled EPS (ESLEN Beads RNW)

#### ● Strengthen Production Cost Competitiveness

Roll out production DX throughout the Company, improve productivity, promote SKG improvement activities

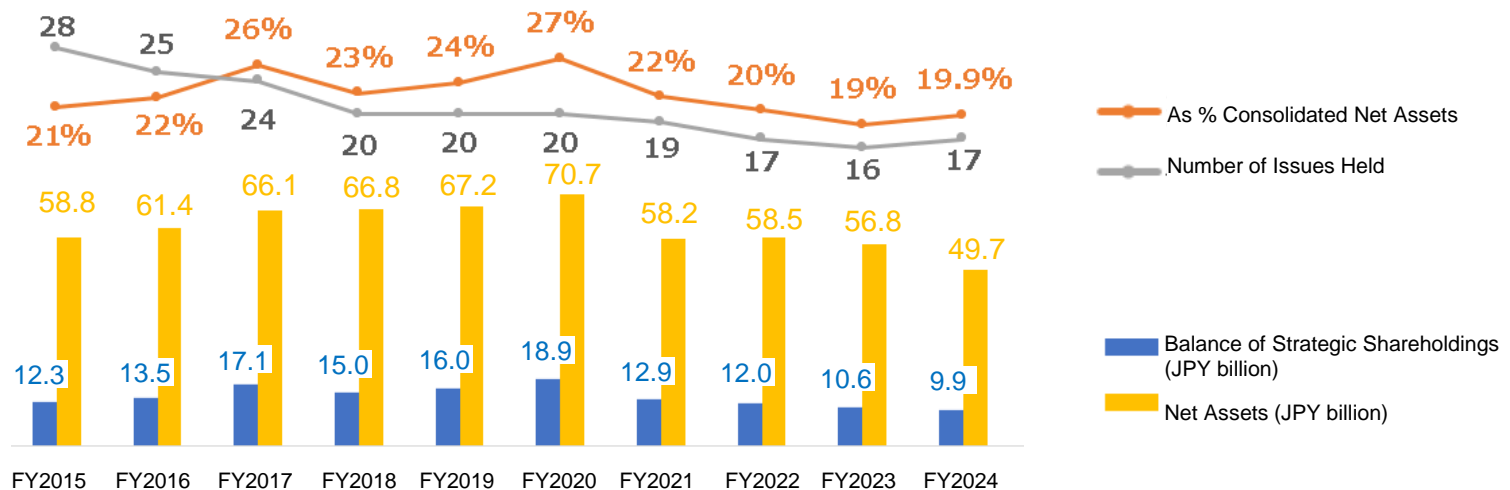
## II. Targets and Initiatives for Improving PBR

### Initiatives for Key Issue (2) Improve Capital Efficiency

#### ● Improve Cash Conversion Cycle

- Reduce Days Inventory Outstanding (DIO) \*Effects of production DX verified at model factory in FY2024, will be rolled out to other factories in FY2025 and beyond

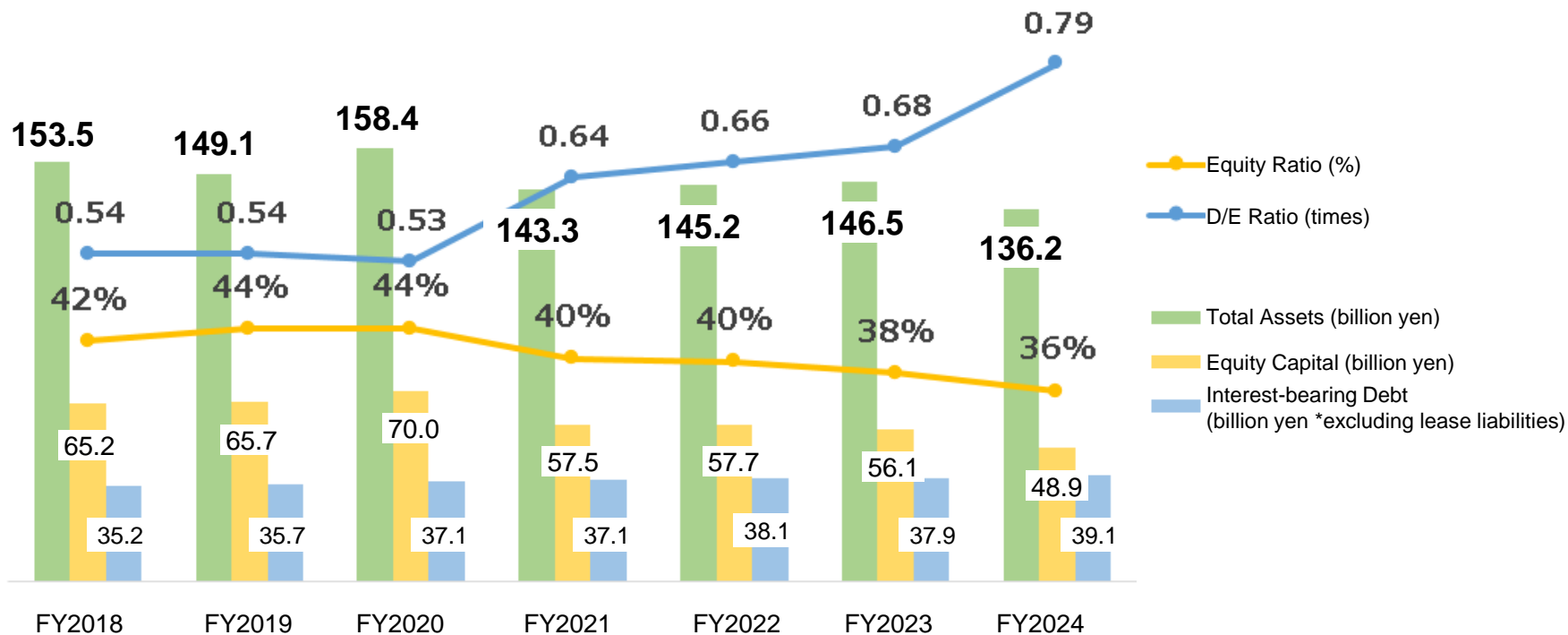
#### ● Reduce of Strategic Shareholdings



- Approximately 3.5 billion yen of strategic shareholdings sold during the period of the previous Medium-Term Management Plan (FY2022-FY2024)
- Accounted for 19.9% of consolidated net assets at the end of FY2024 (excluding deemed shareholdings)
- We will periodically confirm the meaning of holdings, and reduce as appropriate

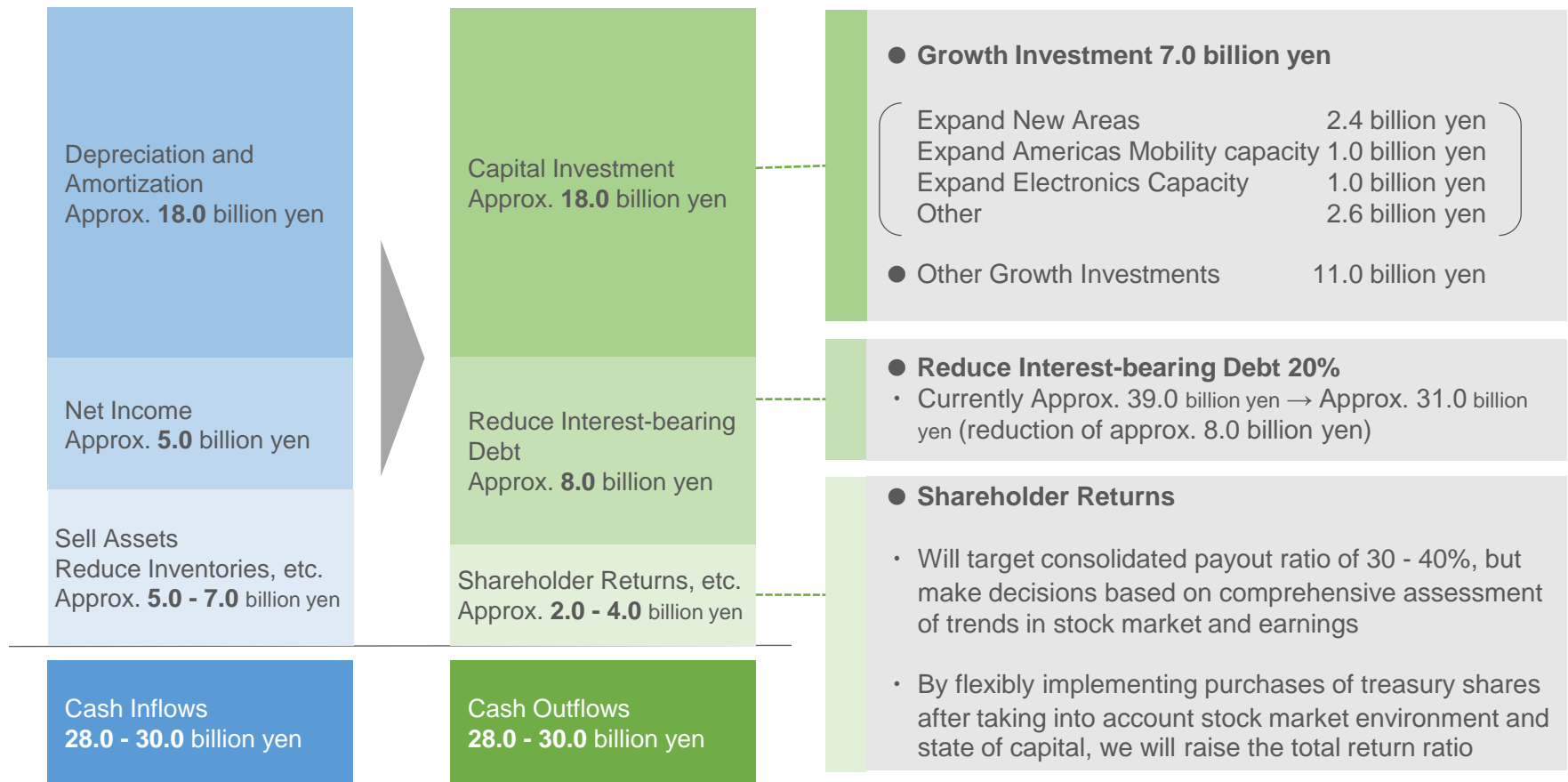
## III. Financial Soundness

- Interest-bearing Debt      Recently increased to 39.0 billion yen, including bonds
- Equity Ratio                Recently fell below 40% level



Interest-bearing debt will be reduced 20% by end of the new Medium-Term Management Plan period (FY2027)

## IV. Cash Allocation (Period of FY2025-FY2027 Medium-Term Management Plan)



Financial soundness will be maintained by working to balance operating cash flow and investing cash flow

## V. Shareholder Returns (Dividend)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (PLAN)	FY2025 (PLAN)
Net Income per Share (yen)	51.29	24.86	-130.99	10.00	23.90	-138.19	—
Dividends per Share (yen)	30	21	12	12	13	3	10
Dividend Payout Ratio (%)	59%	85%	—	—	54%	—	—
Acquisition of Treasury Stock (millions of yen)	—	141.5	—	—	—	—	—
Total Return Ratio *	59%	97%	—	120%	54%	—	—
ROE	3.6%	1.6%	—	0.8%	1.9%	—	—
Retirement of Treasury Stock (ten thousands of shares)	—	—	—	—	—	—	—

\*Total Return Ratio = (Acquisition of Treasury Stock + Total Dividends) / Net Income

- For FY2024 the interim dividend was 3 yen/share, and no year-end dividend is planned, so the total is scheduled to be 3 yen/share
- For FY2025 no interim dividend is planned, but the year-end dividend is expected to be 10 yen/share

## VI. Capital Investment

(JPY billion)	Make Innovations Stage-II	Spiral-up 2024	Going-Beyond 2027 -Transformation and Completion-
	FY19 - 21	FY22 - 24	FY25 - 27
Capital Investments	14.4	17.0	21.5
Depreciation and Amortization	18.5	17.4	17.6

- During the period of the previous Medium-Term Management Plan (FY2022 - FY2024) investments were controlled due to the profit situation and changes in the market environment
- During the period of the current Medium-Term Management Plan (FY2025 - FY2027), attention will be given to investments in high-profitability, high-growth businesses

### ● Main components of capital expenditure

FY22 - 24 (17.0 billion yen)	FY25 - 27 (21.5 billion yen)		
<ul style="list-style-type: none"> <li>• Renovation of Sekisui Kasei Oita</li> <li>• Information systems infrastructure development</li> <li>• Facilities to address environmental issues (recycling related)</li> <li>• Energy/labor-saving facilities</li> <li>• R&amp;D facilities</li> <li>• Renovation of Osaka head office etc.</li> </ul>	<table border="0"> <tr> <td style="text-align: center;"> <u>Growth investment (7.0 billion yen)</u> <ul style="list-style-type: none"> <li>• Polymer particle-related (2.4 billion yen)</li> <li>• Expand Americas Mobility capacity (1.0 billion yen)</li> <li>• Expand Electronics capacity (1.0 billion yen)</li> <li>• Other growth investments (2.6 billion yen)</li> <li>etc.</li> </ul> </td> <td style="text-align: center;"> <u>Other investments (14.5 billion yen)</u> <ul style="list-style-type: none"> <li>• Streamlining, logistics, quality</li> <li>• Upgrades and repairs</li> <li>• Address environmental issues (fuel conversion, etc.)</li> <li>etc.</li> </ul> </td> </tr> </table>	<u>Growth investment (7.0 billion yen)</u> <ul style="list-style-type: none"> <li>• Polymer particle-related (2.4 billion yen)</li> <li>• Expand Americas Mobility capacity (1.0 billion yen)</li> <li>• Expand Electronics capacity (1.0 billion yen)</li> <li>• Other growth investments (2.6 billion yen)</li> <li>etc.</li> </ul>	<u>Other investments (14.5 billion yen)</u> <ul style="list-style-type: none"> <li>• Streamlining, logistics, quality</li> <li>• Upgrades and repairs</li> <li>• Address environmental issues (fuel conversion, etc.)</li> <li>etc.</li> </ul>
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The forward-looking statements, including result forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable by the Company. Actual results may differ materially due to various factors.

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**SEKISUI**KASEI<sup>•</sup>

Our Planet. Our Tomorrow.