

1H FY2024 Financial Results

Spiral-up 2024

SEKISUI KASEI CO., LTD.

(TSE Prime Code: 4228)

November 7, 2024

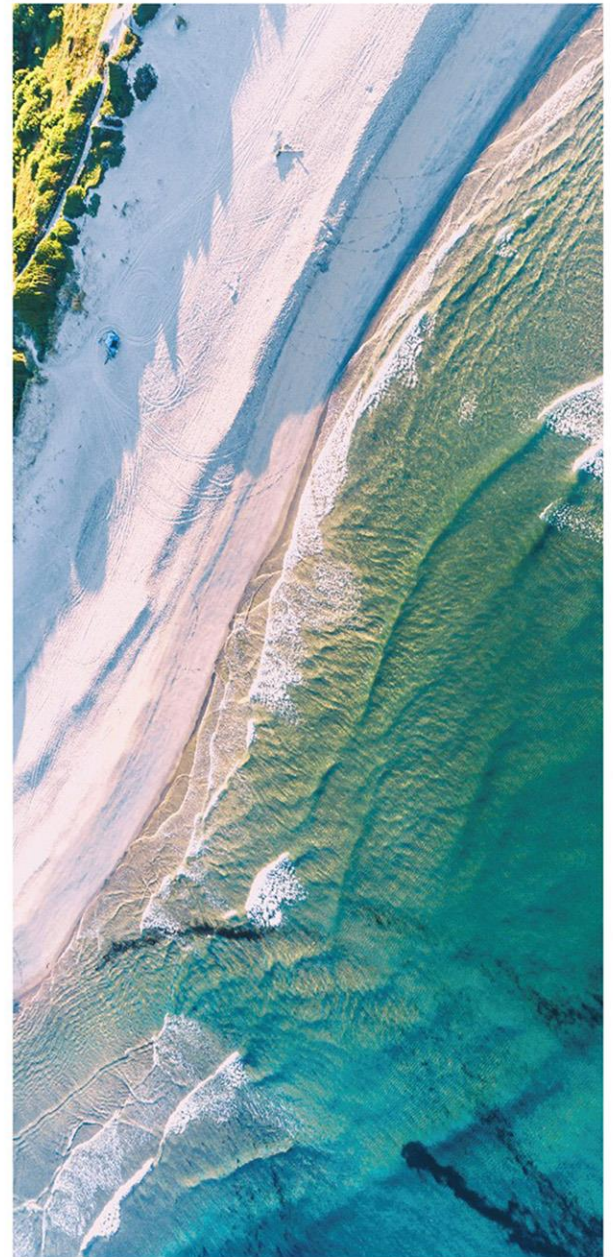


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1H FY2024 Financial Results

(JPY billion)	1H FY2023	1H FY2024		YoY		Vs. Forecasts	
	Results (A)	Initial Plan (B)	Results (D)	Difference (D) - (A)	Change	Difference (D) - (B)	Change
Net Sales	65.00	66.00	69.06	+4.06	106%	+3.06	105%
Operating Income <Operating Income Ratio>	0.34 <0.5%>	0.80 <1.2%>	0.08 <0.1%>	-0.26	23%	-0.72	10%
Ordinary Income	1.17	0.70	-0.38	-1.55	—	-1.08	—
Net Income Attributable to Owners of the Parent	0.46	0.20	-0.37	-0.83	—	-0.57	—

● **Net Sales:** Higher revenue both YoY and compared to forecasts due to price revisions and other factors

● **Operating Income:** Lower profit both YoY and compared to forecasts due to following factors

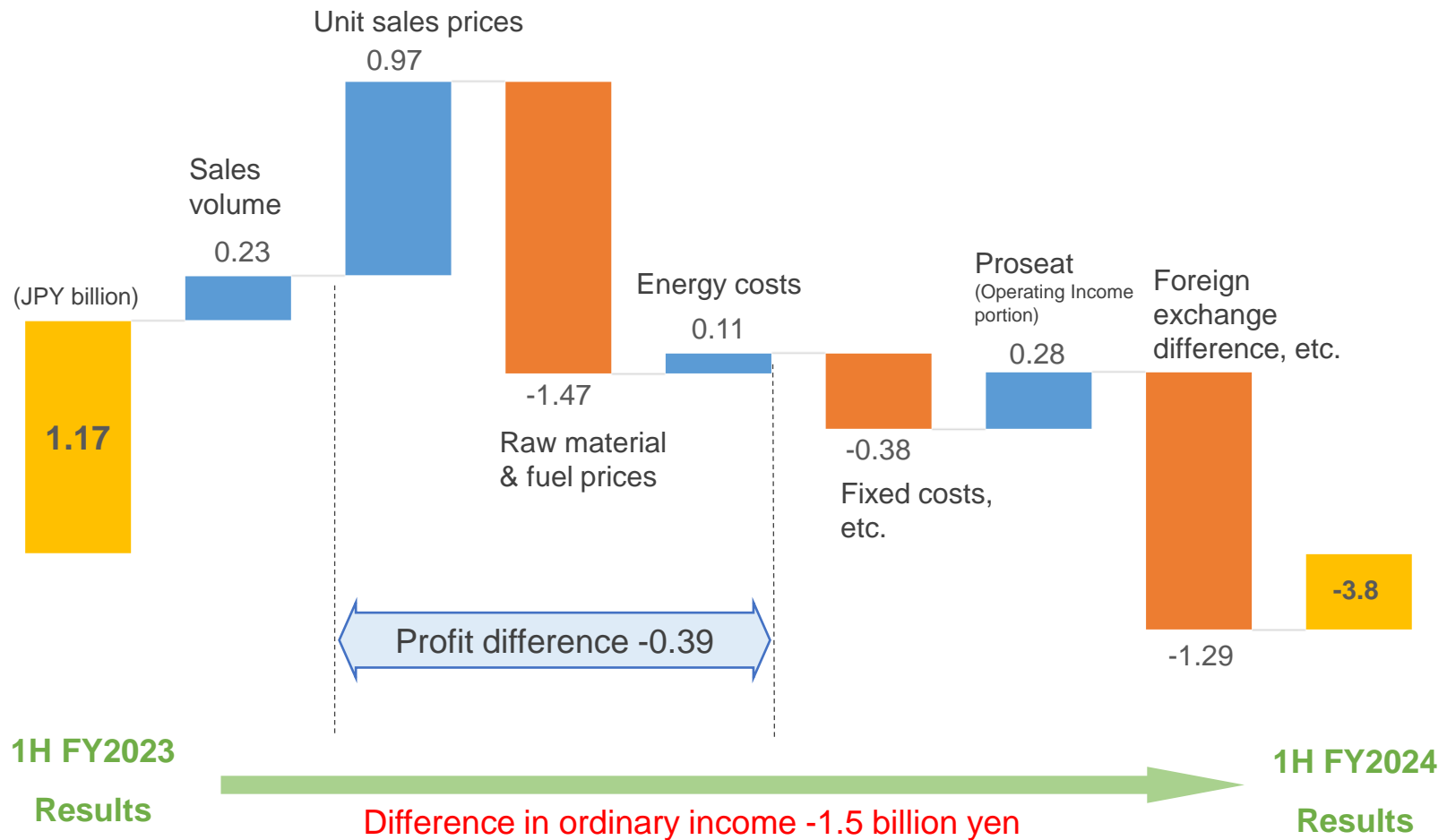
<Compared to the Plan>

- Weak demand in Human Life Segment, delays in passing on of raw material prices (approx. -0.3 billion yen)
- Impact of soaring labor costs in Industry Segment (Mobility field) (approx. -0.1 billion yen)
- Impact on Proseat business of slump in European auto demand and soaring labor costs, etc. (approx. -0.3 billion yen)

● **Ordinary Income:** Significantly lower profit both YoY and compared to forecasts, due to foreign exchange losses and other factors

FY2024 1H Ordinary Income Analysis (YoY)

■ Increase ■ Decrease



1H FY2024 Industry Segment

(JPY billion)	1H FY2023	1H FY2024		YoY		Vs. Forecasts	
	Results (A)	Initial Plan (B)	Results (D)	Difference (D) - (A)	Change	Difference (D) - (B)	Change
Net Sales	40.46	40.80	43.23	+2.77	107%	+2.43	106%
Operating Income	0.64	1.20	0.82	+0.18	128%	-0.38	69%
<Operating Income Ratio>	<1.6%>	<2.9%>	<1.9%>				

● Net Sales: Higher revenue both YoY and compared to forecasts

- Mobility: Higher revenue YoY due to passing on of costs to prices in Proseat business in addition to impact of foreign exchange (vs. EUR) and other factors
- Electronics: Higher revenue YoY driven by rising demand for PIOCELAN in Asia, expanded sales of TECHPOLYMER, and other factors
- Medical/Healthcare: Higher revenue YoY due to increases in spot sales of ELASTIL for shoe material applications and other factors

● Operating Income: Higher profit YoY, but lower profit than forecasts

- Year on year: Higher profit year on year due to rising demand for PIOCELAN, expanded sales of TECHPOLYMER, price revisions in Proseat business, and other factors
- Compared to forecasts : Lower profit than forecasts due to impact of slumping European auto demand and soaring labor costs in Europe

1H FY2024 Human Life Segment

(JPY billion)	1H FY2023	1H FY2024		Year on year		Vs. forecast	
	Results (A)	Initial Plan (B)	Results (D)	Difference (D) - (A)	Change	Difference (D) - (B)	Change
Net Sales	24.54	25.20	25.84	+1.30	105%	+0.64	103%
Operating Income	0.94	0.90	0.65	-0.29	69%	-0.25	73%
<Operating Income Ratio>	<3.8%>	<3.6%>	<2.5%>				

● Net Sales: Higher revenue both YoY and compared to previous forecasts

- Food (Sheets) :Higher revenue YoY due to rising demand for food trays and effect of passing on of costs to prices
- (Beads) :Lower revenue YoY due to overall bead demand falling significantly short of initial assumptions
- Housing/Energy :Lower revenue YoY due to delays in progress of construction projects

● Operating Income: Lower profit both YoY and compared to forecasts, due to time lag in passing on of costs, and slumping beads demand

1H FY2024 Financial Position

(JPY billion)	March 31, 2024	September 30, 2024	Difference
Total Assets	146.5	145.0	-1.5
Net Assets	56.8	56.2	-0.6
Equity Ratio	38.3%	38.3%	0.0%
Net Assets per Share	1235.52 yen	1219.84 yen	-15.69 yen
(Ref.) Equity capital	56.1	55.5	-0.6
Cash and Deposits	10.9	8.8	-2.1
Short-term Loans	14.5	15.6	+1.1
Long-term Loans	16.4	15.0	-1.4
Bonds	7.0	7.0	+0.0
Interest-bearing Debt	37.9	37.6	-0.2
D/E Ratio (Times)	0.68	0.68	+0.00

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

● There were no major changes in the financial position

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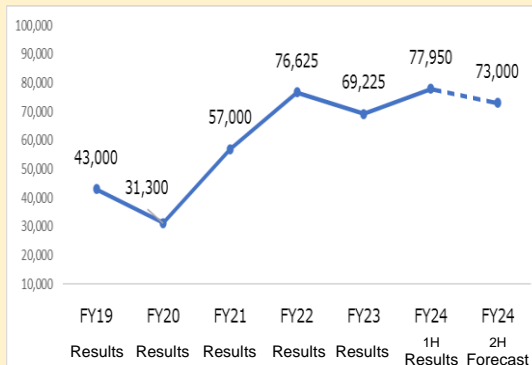
Full-year FY2024 Forecasts

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1H FY2024 Topics

Market Conditions and Outlook

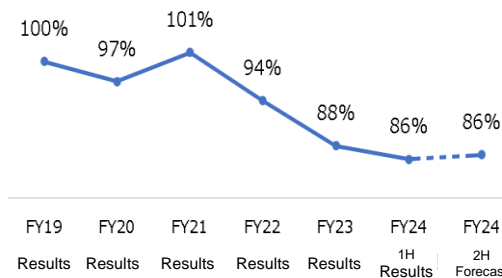
Domestic Naphtha Price (Average for Period)



Expected to remain at high levels

EPS Beads (Total Industry Volume)

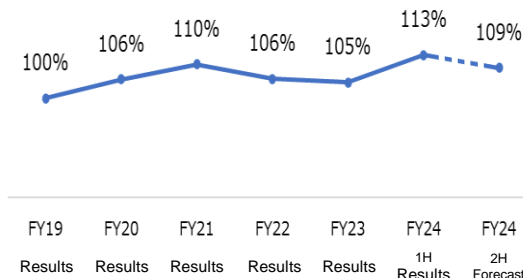
*Percentage change with FY2019 as the base year



Industry expected to be down YoY

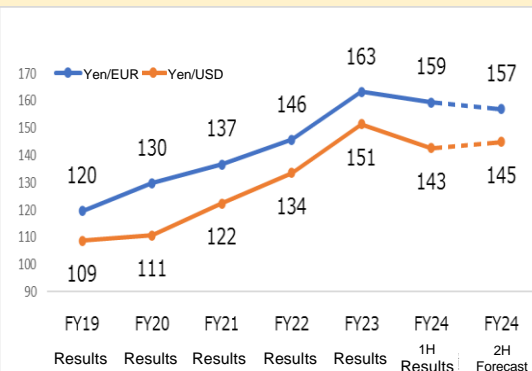
LCD Panels (Surface Area Basis)

*Percentage change with FY2019 as the base year



Monitor applications performing strongly

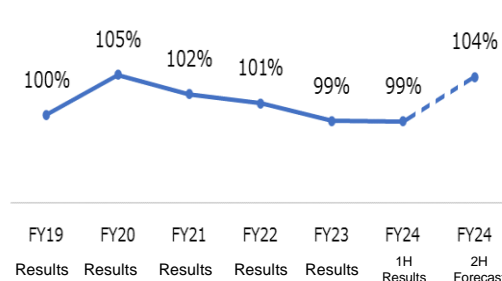
Forex Rates



Outlook uncertain, 2H based on initial assumptions

PSP Sheets (Total Industry Volume)

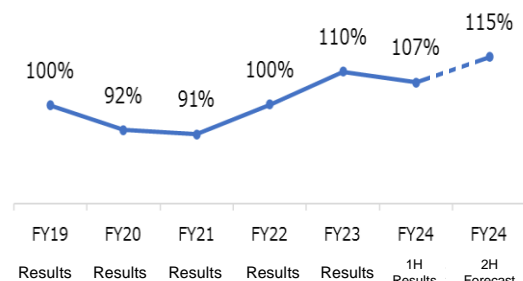
*Percentage change with FY2019 as the base year



Industry expected to be up slightly YoY

Global Automotive Production (units)

*Percentage change with FY2019 as the base year



Expected to be up slightly YoY at global level

Full-year FY2024 Forecasts

(JPY billion)	FY2023	FY2024			YoY	
	Results (A)	1H Results (B)	2H Forecasts (C)	Full-year Forecasts (D)	Difference (D) - (A)	Change
Net Sales	130.27	69.06	64.94	134.00	+3.73	103%
Operating Income <Operating Income Ratio>	1.26 <1.0%>	0.08 <0.1%>	0.92 <1.4%>	1.00 <0.7%>	-0.26	79%
Ordinary Income	2.73	-0.38	1.08	0.70	-2.03	26%
Net Income Attributable to Owners of the Parent	1.08	-0.37	0.77	0.40	-0.68	37%

- **Higher revenue and lower profit YoY**
- **Full-year forecasts for operating income and ordinary income have been revised down** *Announced October 29, 2024

Operating Income

(2.5 billion yen → 1.0 billion yen: -1.5 billion yen), Ordinary income (2.2 billion yen → 0.7 billion yen: -1.5 billion yen)

- Impact of shortfall in profit for first half in Human Life Segment: (approx. -0.3 billion yen compared to forecasts)
- Impact in Mobility field of soaring labor costs and slumping demand in Southeast Asia, and in Electronics field of discontinuation of production at Sakai Display Products Corporation, etc. (approx. -0.4 billion yen compared to forecasts)
- Further decline in European auto demand and additional restructuring to address this, etc. (approx. -0.8 billion yen compared to forecasts)

Spiral-up 2024

Full-year FY2024 Forecasts

(JPY billion)	FY2023			FY2024			YoY	
	1H Results	2H Results	Full-year Results	1H Results	2H (Forecasts)	Full-year (Forecasts)	Full-year Difference	Full-year Change
Net Sales	65.0	65.3	130.3	69.1	64.9	134.0	+3.7	103%
Industry	40.5	40.7	81.2	43.2	38.8	82.0	+0.8	101%
Human Life	24.5	24.6	49.1	25.8	26.2	52.0	+2.9	106%
Operating Income	0.3	0.9	1.3	0.1	0.9	1.0	-0.3	79%
<Operating Income Ratio>	0.5%	1.4%	1.0%	0.1%	1.4%	0.7%		
Industry	0.6	1.3	1.9	0.8	0.9	1.7	-0.2	88%
Human Life	0.9	0.8	1.8	0.7	1.3	1.9	+0.2	110%
Head Office Cost	-1.2	-1.2	-2.4	-1.4	-1.2	-2.6	-0.2	—

*Head Office costs include DX and other system costs

Spiral-up 2024

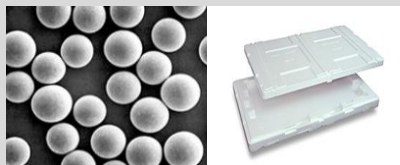
FY2024 Forecasts: Industry Segment

(JPY billion)	FY2023 Results (A)	FY2024 Forecasts			YoY	
		1H Results	2H Forecasts	(B)	(B) - (A)	
Net Sales	81.2	43.2	38.8	82.0	+0.8	101%
<Core Business>	44.0	22.1	22.2	44.3	+0.3	101%
<Proseat Business>	37.2	21.1	16.6	37.7	+0.5	101%
Operating Income	1.9	0.8	0.9	1.7	-0.2	89%
<Core Business>	3.4	1.5	1.9	3.4	±0.0	100%
<Proseat Business>	-1.5	-0.7	-1.0	-1.7	-0.2	—

Lower profit expected despite forecast for flat sales YoY

Core Business

(Electronics)



Polymer Particles

Packaging Materials

(Mobility)



Automotive Components

Parts Packaging
Materials

(Medical/Healthcare)



High-performance Gel

Shoe Materials

Proseat Business

(Mobility)



Automotive Components

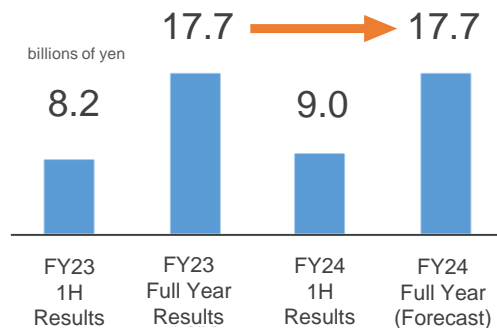
FY2024 Forecasts: Industry Segment (Core Business)

(JPY billion)	FY2023 Results (A)	FY2024 Forecast			YoY	
		1H	2H	(B)	(B) - (A)	
Net Sales	44.0	22.1	22.2	44.3	+0.3	101%
Operating Income	3.4	1.5	1.9	3.4	±0.0	100%
<Operating Income Ratio>	<7.7%>	<6.8%>	<8.6%>	<7.7%>	—	—

Despite variations by market and product, net sales and operating income expected to be more or less in line with previous year

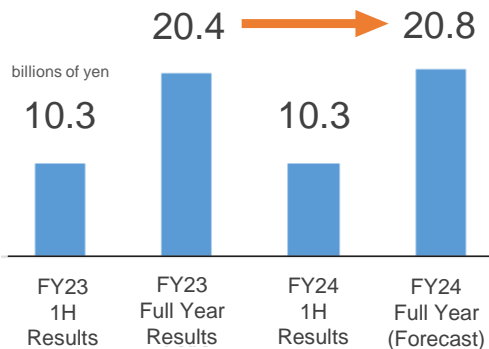
Electronics

Despite increases for polymer particles and other LCD-related products, negative impact from closure of Sakai Display Products **Flat YoY** overall



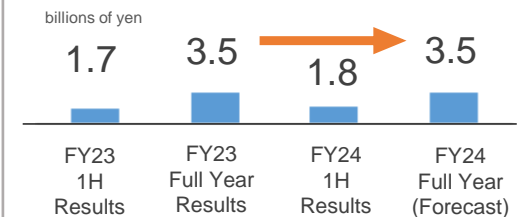
Mobility (Core Business)

Small increase YoY overall despite increase in automotive components, due to decrease in packaging materials



Medical/Healthcare

Flat YoY overall despite increase in high-functionality gel, due to decrease in materials for shoes, etc.



Spiral-up 2024

FY2024 Forecasts: Industry Segment (Proseat Business)

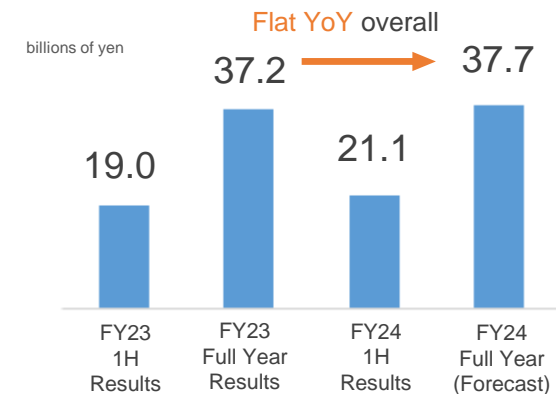
(JPY billion)	FY2023 Results (A)	FY2024 Forecasts			YoY	
		1H	2H	(B)	(B) - (A)	
Net Sales	37.2	21.1	16.6	37.7	+0.5	101%
Operating Income	-1.5	-0.7	-1.0	-1.7	-0.2	—
<Operating Income Ratio>	—	—	—	—	—	—

Losses continuing despite flat sales YoY driven by price revisions, which offset significant decline in automobile production volume in Western/Central Europe

Automobile Production Volume
in Western and Central Europe

Mobility (Proseat Business)

Higher revenue despite lower volumes, thanks to impact of price revisions



Investigating/implementing drastic structural reforms in anticipation of closure of VW factories and other trends in European auto industry

Spiral-up 2024

FY2024 Progress in Improvements: Industry Segment (Proseat Business)

(JPY billion)	FY2023 Results (A)	FY2024 Plan (B)	Planned Improvements (B) - (A)
Operating Income	-1.5	-0.9	(+0.6)

(JPY billion)		FY24 (Planned Improvements)	Expected Improvements	Difference
Forecast Improvements (Total)		(+0.6)	-0.2	(-0.8)
+	Price Revision Negotiations (low-profitability items, portion of sharp increase in prices, etc.) Improvements in Productivity, Reductions in Procurement Costs, Cuts to Labor and Other Expenses	(+1.8)	+1.8	(+0.0)
-	Increases in Personnel Expenses, Depreciation, etc. Expenses for Restructuring Head Office/Factory Employees	(-0.9)	-1.3	(-0.4)
Impact of Sales Volume		(-0.3)	-0.7	(-0.4)

Progress in 1H

- Higher profit due to price revisions, achieved despite decline in volume caused by slump in European auto demand, and sharp increases in labor and other costs

2H FY2024 Forecast

- Lower profit expected due to weak auto production volume in Europe, persistently high labor costs, and additional restructuring, etc. costs

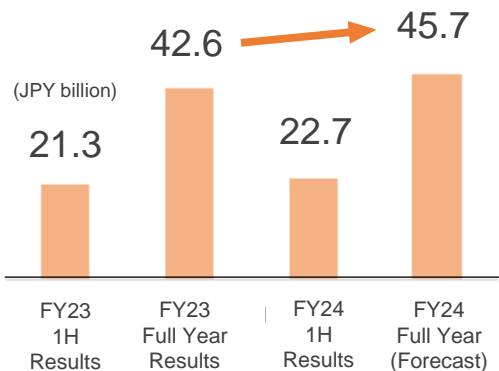
Spiral-up 2024

FY2024 Forecasts: Human Life Segment

(JPY billion)	FY2023 Results (A)	FY2024 Forecast			YoY	
		1H	2H	(B)	(B) - (A)	
Net Sales	49.1	25.8	26.2	52.0	+2.9	106%
Operating Income	1.8	0.7	1.3	1.9	+0.2	110%
<Operating Income Ratio>	<3.6%>	<2.5%>	<4.9%>	<3.7%>	—	—

Higher revenue due to increases in sheet sales and progress in raising prices, with impact of price revisions in 2H leading to higher profit

Food



- Sheets volume to be up slightly overall

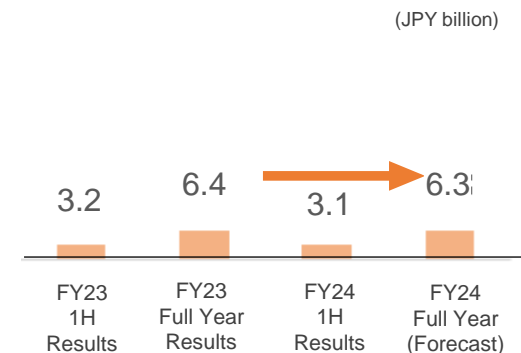
- Food Trays: Increase YoY
- Containers for Instant Noodles/Rice Dishes: Flat YoY
- Folded lunchboxes: Flat YoY

- Beads volume to be down slightly overall

- Fishery: Flat YoY
- Agriculture: Decrease YoY
- Light Electrical: Significant Decrease YoY
- Civil Engineering: Flat YoY
- Life Goods: Significant Decrease YoY

Housing/Energy

- Forecasts are for flat sales



Capital Investment

(JPY billion)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024		
	Results	Results	Results	Results	Results	Initial Plan	1H Results	Full-year Forecasts
Capital Expenditures	5.3	5.4	3.8	3.7	5.1	(8.4)	3.8	7.0
Depreciation and Amortization	6.1	6.2	6.2	5.7	5.7	(6.1)	3.0	6.0

● Main Components of Capital Expenditure

(1H FY2024 Results)

Renovation of Sekisui Kasei Oita

Facilities to address environmental issues
(Recycling related)

Information systems infrastructure development

Renovation of Osaka head office

etc.

(2H FY2024 Plan)

Facilities to improve production system

Energy/labor-saving facilities

R&D facilities

Information systems infrastructure development

etc.

FY2024 Shareholder Returns (Forecast)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (Planned)
Net Income per Share (yen)	69.09	51.29	24.86	-130.99	10.00	23.88	8.8
Dividends per Share (yen)	30	30	21	12	12	13	13
Dividend Payout Ratio (consolidated)	43%	59%	85%	—	120%	54%	
Acquisition of Treasury Stock (millions of yen)	—	—	141.5	—	—	—	
Total Return Ratio (consolidated)	43%	59%	97%	—	120%	54%	
ROE	4.8%	3.6%	1.6%	—	0.8%	1.9%	
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
*We target a dividend payout ratio of 30-40%

- **Dividend Forecast** Annual Dividend 13 yen/share (Interim: 3 yen, Year-end: 10 yen)

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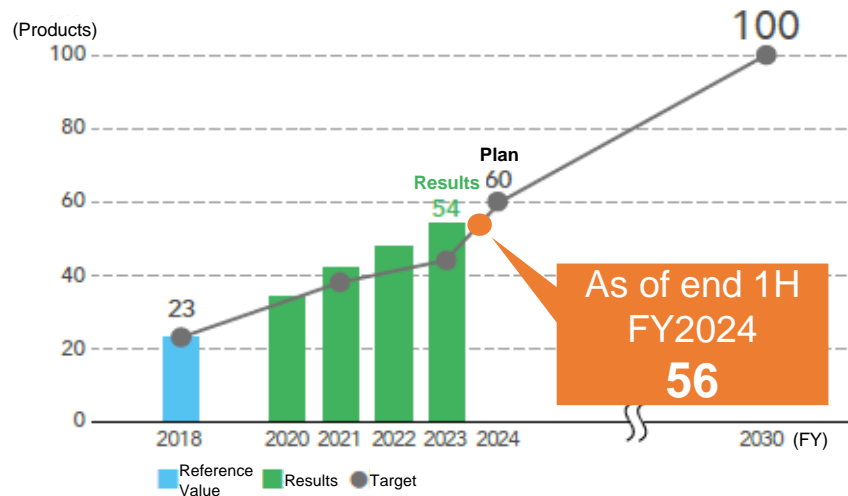
1H FY2024 Topics

Create Sustainable Star Product and Expand Their Business

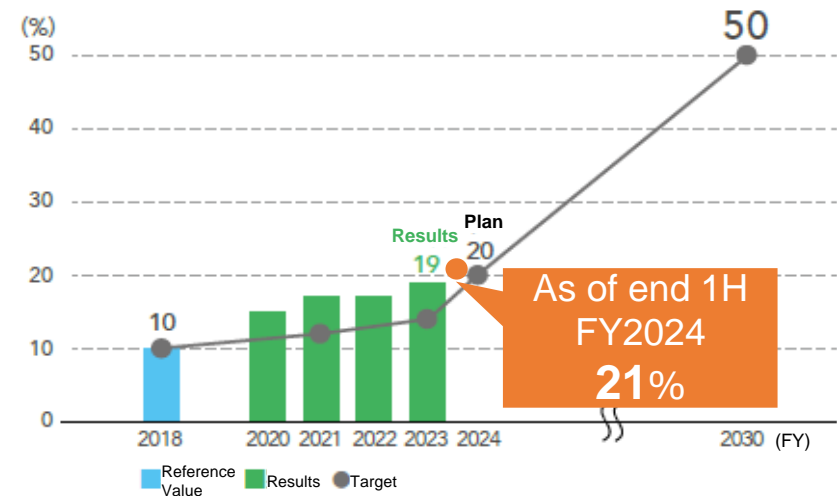


SEKISUI KASEI has set targets for the number of Sustainable Star Product — environmentally friendly items — created as well as targets for their percentage of net sales, and is moving forward with the strategic expansion of businesses that contribute to a sustainable society.

Targets and Actual Results of the Number of Registrations



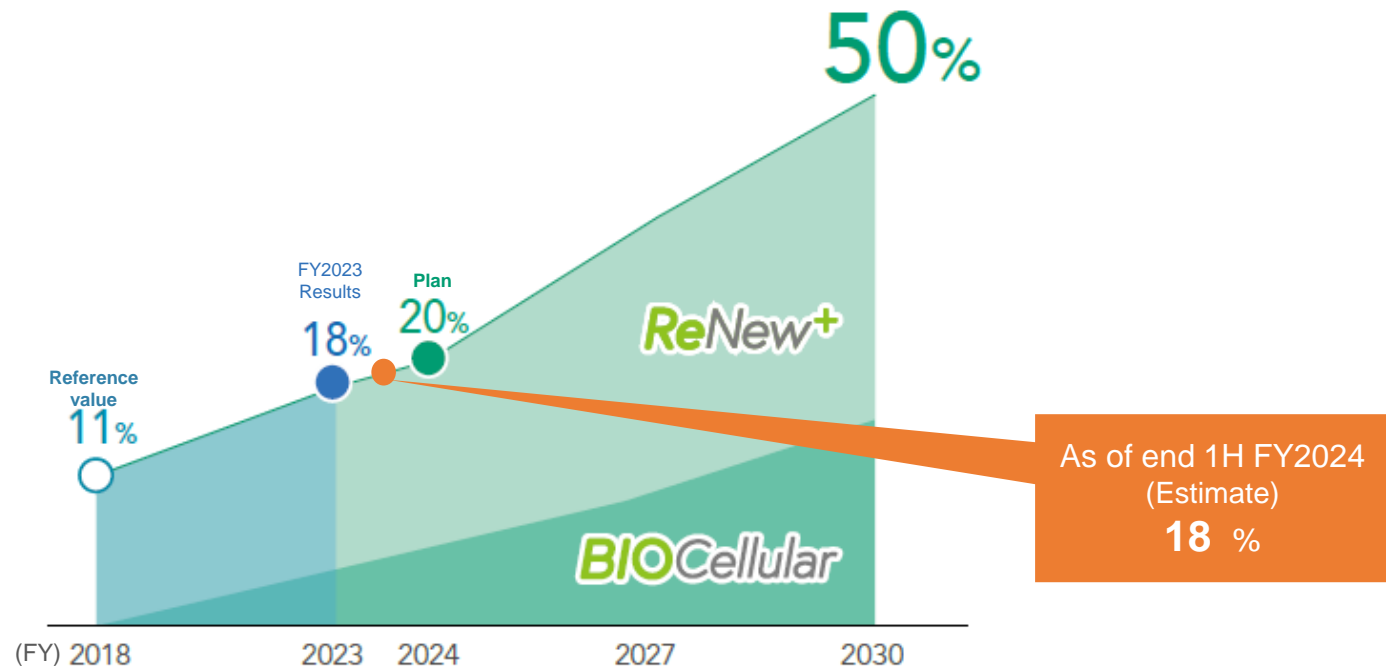
Targets and Actual Results of the Share of Total Sales



Steady growth in response to societal demand for environmentally conscious products

Increase Recycled and Biomass Material Usage Ratio

SEKISUI KASEI Group 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)



Plan is progressing in line with expectations

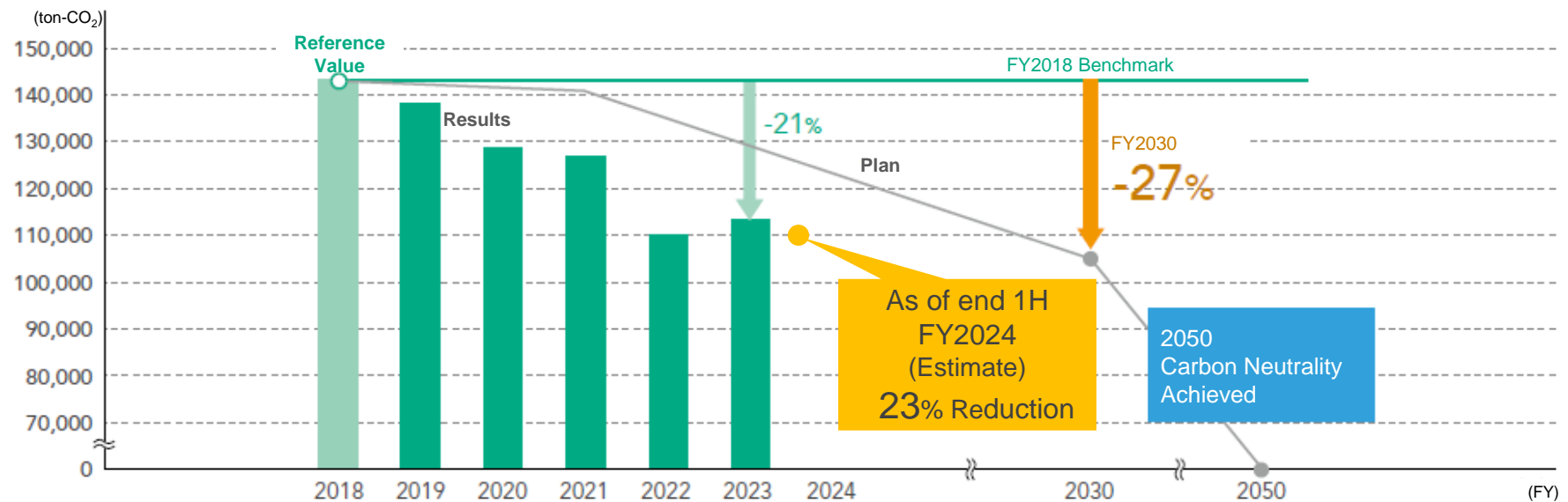
Responding to Climate Change



SEKISUI KASEI Group has endorsed TCFD recommendations, and is taking on the challenge of achieving carbon neutrality by 2050.

Expect to be able to achieve target for CO₂ reductions (-27%) by 2030 ahead of schedule.

CO₂ Emissions (Scope 1+2), Targets and Results



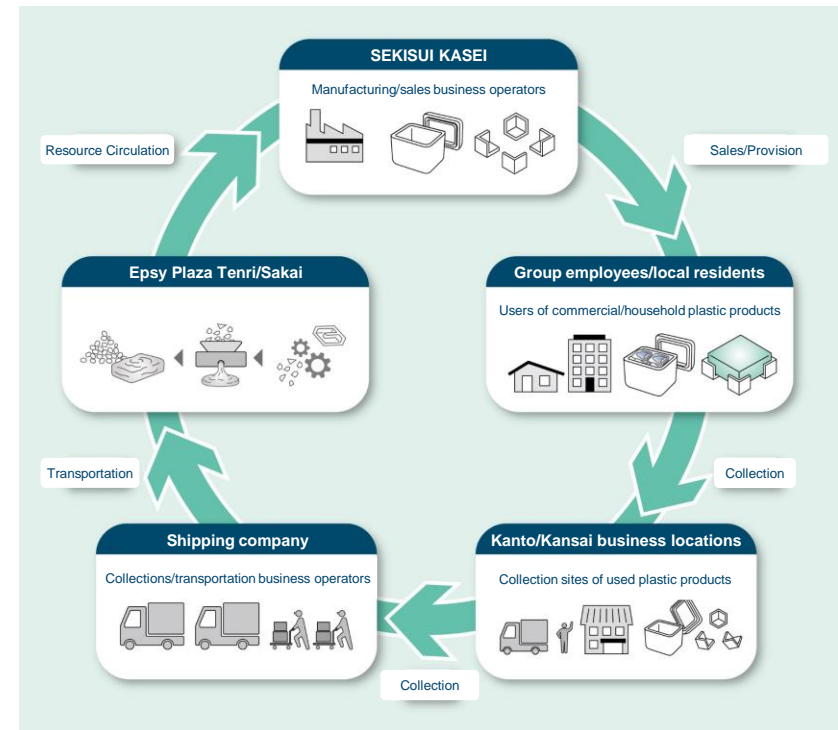
* FY2018 benchmark level includes portion of Proseal from April 2018 to March 2019

New targets for CO₂ reductions by 2030 to be announced in next Medium-Term Management Plan

Initiatives for Voluntary Collection/Resource Circulation of Expanded Polystyrene in Japan

- Became third company to acquire, from Ministry of Economy, Trade and Industry/Ministry of the Environment, certification in Kansai region for voluntary recovery and resource circulation project plans based on Act on Promotion of Resource Circulation for Plastics
- Recovery and resource circulation of used expanded polystyrene from local residents and the Group's employees
- This began in Kansai region, was expanded to Kanto region, and currently covers prefectures representing around of 63% of Japan's population

Seven Kansai Prefectures: Nara, Osaka, Hyogo, Shiga, Aichi Okayama, Wakayama
 Eight Kanto Prefectures: Tokyo, Kanagawa, Saitama, Chiba, Ibaraki, Tochigi, Gunma, Niigata



Rolling out voluntary collection and resource circulation of expanded polystyrene nationwide to promote recirculation of plastics

Opening of ECO Action Gallery

SEKISUI KASEI has opened a gallery to enable visitors to “See, Touch and Experience for Themselves” the environmental initiatives of the Group, primarily through Sustainable Star Product. It is divided into the areas of Decarbonization, Disaster prevention/mitigation, Biomass, and Recycling of materials.



Interior of the Gallery



Enables Visitors to “See, Touch and Experience for Themselves”



- Location: Within the premises of Sekisui Kasei Tenri Co., Ltd.,
670 Morimoto-cho, Tenri City, Nara Prefecture, Japan

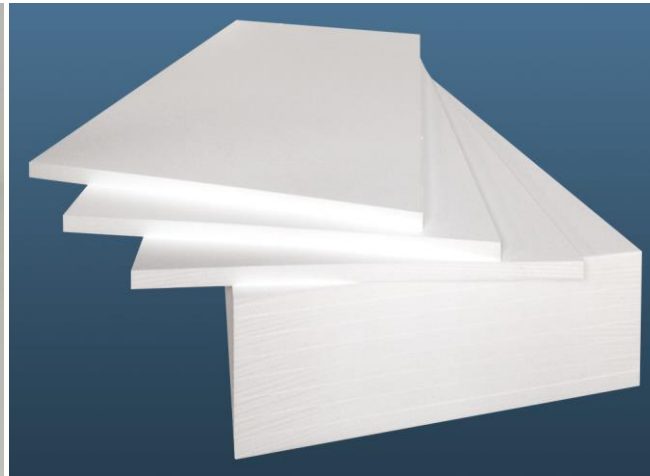
Between April and September 2024, approximately 200 people visited the gallery

We welcome all visitors

Rising Adoption of ESLEN Beads RNW

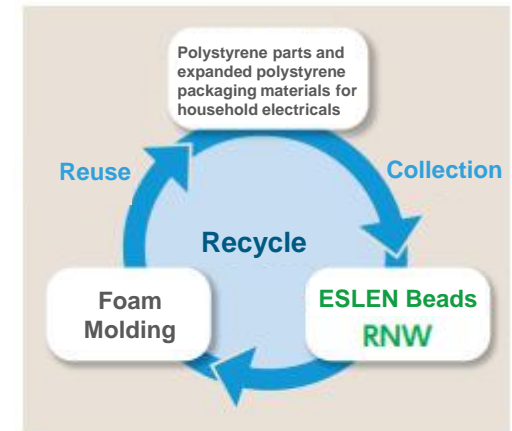


Distribution Container Applications
(Chilled Boxes for Delivery)



Insulation Material Applications
(Residential Construction Materials)

Expanded regions in which it is used by consumer cooperatives for chilled delivery boxes. In construction material applications, in addition to lightweight embankment materials, adoption for residential construction materials (insulation materials for bathrooms) and other applications increased. Sales of ESLEN Beads RNW are growing steadily in response to society's needs for resource-recycling.



ESLEN Beads RNW, using expanded polystyrene made from recycled polystyrene

ReNew+

TECHPOLYMER (Polymer Particles) Expanding into Automotive Lighting Applications



Ambient Lighting
(Indirect Interior Lighting)



Daytime Running Lights
(Lights Illuminated during the Day)



Polymer Particles
(TECHPOLYMER)

* Photos illustrate the various applications, and do not show specific types of cars that have been adoption.

Demand for use in automotive lighting is rising in such areas as ambient lighting (indirect interior lighting) and daytime running lights (lights illuminated during the day). By adding TECHPOLYMER to highly transparent covers for automotive lights (made from polycarbonate resin, etc.), we can diffuse LED light evenly.

Fluxflow: Polymer Material That Uses Solution Polymerization Exploration of New Applications and Strengthening of Development Structures Has Led to Accelerated Adoption



Fluxflow

Reduction of Environmental Burden:

By providing a non-fluorinated dispersing agent developed by applying adhesive phenomena observed in mussels, we mitigate environmental impacts.

High-concentration dispersion:

Enables high-concentration dispersion in water of particles with low surface free energy, such as PTFE particles.

Simple Process:

Because the dispersing agent is water-soluble, water dispersion solutions can be manufactured using a simple process.

At PFAS 2024*, which was held in North America, we introduced the Fluxflow polymer material using solution polymerization. During the presentation, we discussed the technical merits and potential applications of this material, which uses biomimetic technology as the basis for a non-fluorinated dispersing agent, and attracted significant attention.

* "Per- and Polyfluoroalkyl Substances (PFAS) 2024" is a conference held on October 29/30 in Baltimore, Maryland, for the discussion of insights into the state of PFAS regulation and technical and economic issues related to the implementation of bans.

Within the Company, the development and marketing divisions are working together on this specialist project to accelerate the early adoption of this technology in promising markets.

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

SEKISUIKASEI[•]

Our Planet. Our Tomorrow.