

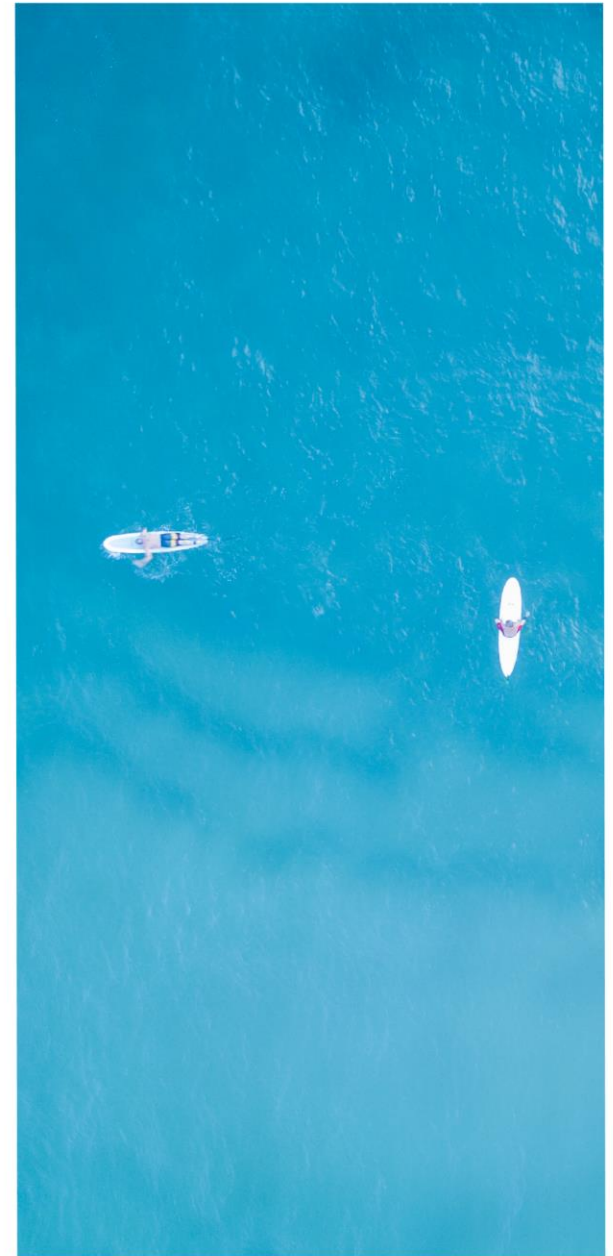
1H FY2021 Financial Results

Make Innovations Stage-II

SEKISUI KASEI CO., LTD.

(Securities code: 4228; 1st Section, TSE)

November 10, 2021



1H FY2021 Financial Results

(JPY billion)	FY2020	FY2021		YoY		Vs Outlook	
	1H Results (A)	1H Plan (B)	1H Results (C)	(C)-(A)	Change	(C)-(B)	Change
Net Sales(*)		57.00	59.42	4.30	108%	2.42	104%
(Lower Row: Figures Based on Previous Accounting Standard)	(55.12)	(62.80)	(65.49)	(10.37)	(119%)	(2.69)	(104%)
Operating Income (Operating Income Ratio)	0.37 <0.7%>	1.05 <1.8%>	0.65 <1.1%>	0.28	177%	(0.40)	62%
Ordinary Income	0.31	0.95	0.75	0.44	245%	(0.20)	79%
Net Income Attributable to Owners of the Parent	0.14	0.55	0.34	0.20	243%	(0.21)	61%

* The Company began applying Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020) to net sales in the fiscal year ending March 31, 2022.

- **Year on year:** Higher revenue, higher profit due to economic activities beginning to resume after impact of COVID-19 in the previous fiscal year
- **Relative to Forecasts:** Sales came in slightly ahead of forecasts
Profits fell due to the negative impact of soaring raw material prices and cuts in automotive production

1H FY2021 Industry Segment

(JPY billion)	FY2019	FY2020		YoY		Vs Forecasts	
	1H Results (A)	1H Forecasts (B)	1H Results (C)	(C)-(A)	Change	(C)-(B)	Change
Net Sales(*)		35.20	35.63	7.64	127%	0.43	101%
(Lower row: figures based on previous accounting standard)	(27.99)	(37.40)	(37.52)	9.53	(134%)	0.12	(100%)
Operating Income (Operating Income Ratio)	(1.13) -	0.07 <0.2%>	(0.55) -	0.58	-	(0.62)	-
Ordinary Income	(1.20)	0.00	(0.56)	0.64	-	(0.56)	-

* The Company began applying Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020) to net sales in the fiscal year ending March 31, 2022.

- **Year on year:** Higher revenue, higher profit due to economic activities beginning to resume after impact of COVID-19 in the previous fiscal year
- **Relative to forecasts:** Sales fell due to cuts in automotive production but, thanks to growing demand in LCD applications, were nearly in line with forecasts
Profits fell despite higher profit in LCD and other applications, which were not enough to offset cuts in automotive production and soaring raw material prices

Automotive field	In terms of sales, although parts packaging materials grew, parts and materials applications slumped due to cuts in automotive production As for profits, soaring raw material prices and cuts in automotive production led to lower profits (in particular, Proseat in Europe was down approximately 400 million yen year on year)
Home Appliances/IT field	Rising demand for PCs, monitors and other items led to growth in LCD applications (PIOCELAN, TECHPOLYMER)
Medical and health care field	Came in above previous-year levels due to trend of recovery from COVID-19 (ELASTIL, TECHNOGEL)

1H FY2021 Human Life Segment

(JPY billion)	FY2019	FY2020		YoY		Vs Forecasts	
	1H Results (A)	1H Forecasts (B)	1H Results (C)	(B)-(A)	Change	(C)-(B)	Change
Net Sales(*)		21.80	23.79	(3.34)	88%	1.99	101%
(Lower row: figures based on previous accounting standard)	(27.13)	(25.30)	(27.92)	(0.79)	(103%)	(2.62)	(110%)
Operating Income	2.07	1.50	1.53	(0.54)	74%	0.03	102%
(Operating Income Ratio)	<7.6%>	<6.9%>	<6.4%>	-	-	-	-
Ordinary Income	2.01	1.46	1.55	(0.46)	77%	0.09	101%

* The Company began applying Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020) to net sales in the fiscal year ending March 31, 2022.

- **Year on year:** Stay-at-home demand remained strong, and we continue to withdraw from unprofitable businesses
Profits fell due to soaring raw material costs
- **Relative to forecasts:** Both sales and profits came in nearly in line with forecasts

Food container field
Agriculture/fishery field

Remained strong due to firm stay-at-home demand related to ready-made and other meals consumed at home
Agriculture was flat year on year despite a strong start to the fiscal year due to bad weather over the summer
Fishery was weak due to the impact of the COVID-19 pandemic on the restaurant industry

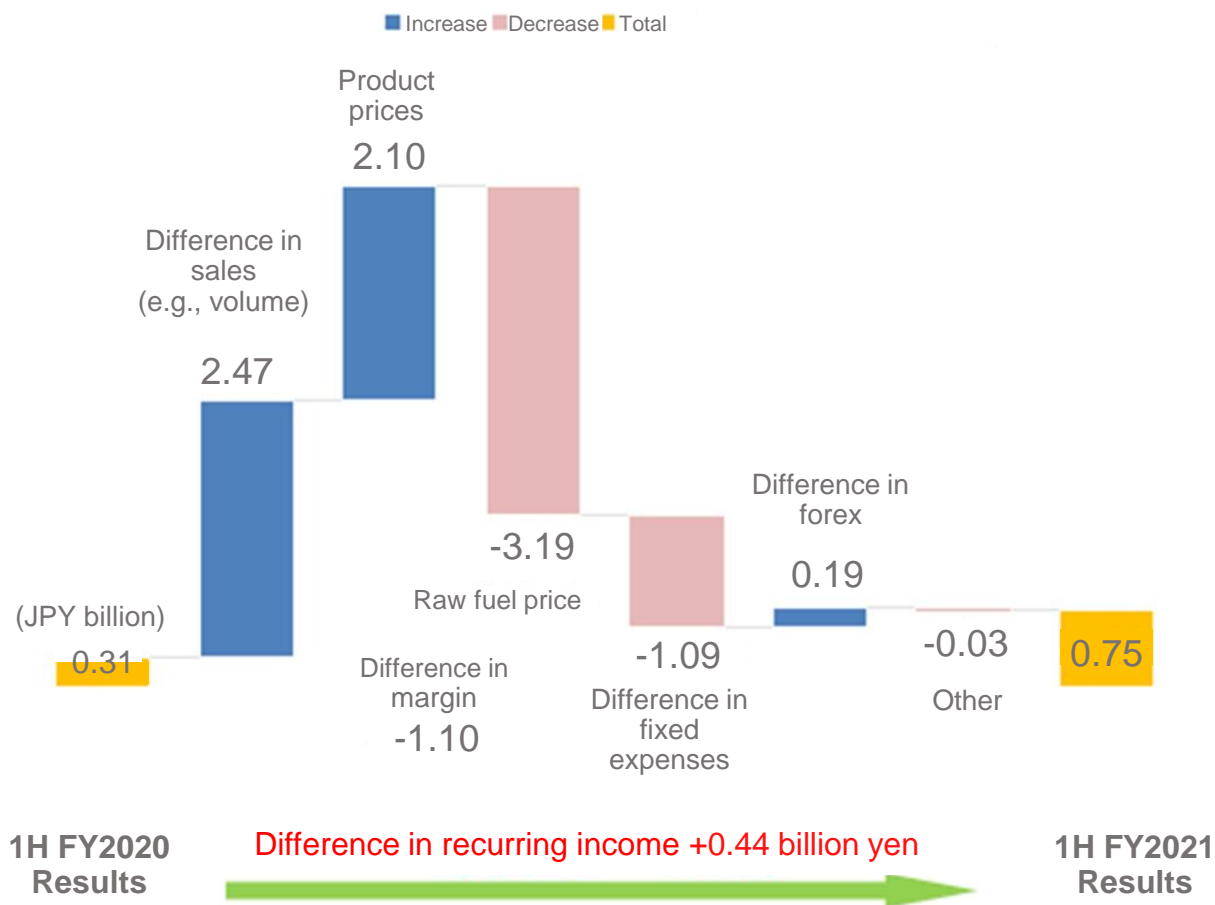
Construction materials/
civil engineering field

Civil engineering saw a recovery in demand and performed well after weakness in the previous year

ESLEN Sheet (volume)
ESLEN Beads (volume)

Strong performance, driven by high stay-at-home demand continuing from the previous year
Solid, despite slight decline in agriculture/fishery, thanks to civil engineering and life goods

1H FY2021 Ordinary Income Analysis



Full-year FY2021 Forecasts

(JPY billion)	FY2020			FY2021			YoY	
	1H (Results)	2H (Results)	Full-year (Results)	1H (Forecasts)	2H (Revised Forecasts)	Full year (Revised Forecasts)	Full-year Change	Full-year Change (%)
Net Sales(*)	-	-	-	59.42	59.58	119.00	0.15	100%
(Lower row: figures based on previous accounting standard)	(55.12)	(63.74)	(118.85)	(65.49)	(65.61)	(131.10)	(12.25)	(110%)
Industry Segment	27.99	37.39	65.38	35.63	34.08	69.70	4.32	107%
Human Life Segment	27.13	26.34	53.47	23.79	25.51	49.30	(4.17)	92%
Operating Income	0.37	1.72	2.09	0.65	0.95	1.60	(0.49)	77%
(Operating Income Ratio)	0.7%	2.7%	1.8%	1.1%	1.6%	1.3%	-	-
Industry Segment	(1.13)	0.44	(0.69)	(0.55)	(0.08)	(0.63)	0.06	-
Human Life Segment	2.07	1.79	3.86	1.53	1.66	3.19	(0.67)	83%
Ordinary Income	0.31	1.65	1.96	0.75	0.85	1.60	(0.36)	82%
(Ordinary Income Ratio)	0.6%	2.6%	1.6%	1.3%	1.4%	1.3%	-	-
Industry Segment	(1.20)	0.24	(0.96)	(0.56)	(0.24)	(0.80)	0.16	-
Human Life Segment	2.01	1.75	3.75	1.55	1.71	3.26	(0.49)	87%
Net Income Attributable to Owners of the Parent	0.14	0.99	1.13	0.34	0.26	0.60	(0.53)	53%

* The Company began applying Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020) to net sales in the fiscal year ending March 31, 2022.

• Revisions to Earnings Forecasts

*Disclosed on October 29, 2021

Earnings forecasts were revised due to the impact of factors such as soaring raw material prices and cuts in automotive production.

Capital Investment

(JPY billion)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021		
	Results	Results	Results	Results	Results	(Initial plan)	1H Results	Full-year
Capital Investments	5.8	7.8	7.4	5.3	5.4	5.6	1.9	4.9
Depreciation	3.6	4.1	4.5	6.1	6.2	6.4	3.1	6.4

• Main Components of Capital Investment

1H FY2020 Results

Information systems infrastructure development

Research and development facilities for new polymer materials

Upgrades to facilities for molding foam sheets

Reinforcement against earthquakes

etc.

2H FY2021 Plan

Information systems infrastructure development

Rationalization, labor-saving, facilities to enhance productivity

Capacity expansion at global business bases

etc.

FY2021 Shareholder Returns (Forecasts)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 (Forecasts)
Net Income per Share (yen)	67.34	73.03	75.33	69.09	51.29	24.86	13.28
Dividend per Share (yen)	24	24	27	30	30	21	12
Dividend Payout Ratio (Consolidated)	36%	33%	36%	43%	59%	85%	90%
Acquisition of Treasury Stock (million yen)	—	718.5	621.2	—	—	141.5	
Total Payout Ratio (Consolidated)	36%	54%	54%	43%	59%	97%	
ROE	5.4%	5.7%	5.5%	4.8%	3.6%	1.6%	
Retirement of Treasury Stock (ten thousand shares)	—	100	—	—	—	—	

- In accordance with the trend in consolidated results, with the decision being made after taking a comprehensive view of the balance between dividend stability and internal reserves.

Interim Dividend: 5 yen per share (unchanged)

Year-end Dividend: 7 yen per share (10-yen dividend cut planned)

We have left the interim dividend unchanged at 5 yen per share, but taking into account the downward revision to consolidated Earnings forecasts, we have revised down the 17 yen per share year-end dividend we forecast at the beginning of the fiscal year by 10 yen, to 7 yen.

1H FY2021 Financial Position

(JPY billion)	FY2020 Results	1H FY2021 Results	YoY
Total Assets	158.4	161.1	+ 2.6
Net Assets	70.7	69.2	(1.5)
Equity Ratio	44.2%	42.5%	(1.7%)
Net Assets per Share	1,549.84 yen	1,515.51 yen	(34.33 yen)
(Ref.) Equity Capital	70.0	68.5	(1.5)
Cash and Deposits	12.5	14.0	+ 1.5
Short-term Loans	9.2	16.0	+ 6.8
Long-term Loans	20.9	17.3	(3.6)
Bonds	7.0	7.0	+ 0.0
Interest-bearing Debt	37.1	40.3	+ 3.2
D/E Ratio	0.53	0.59	0.06

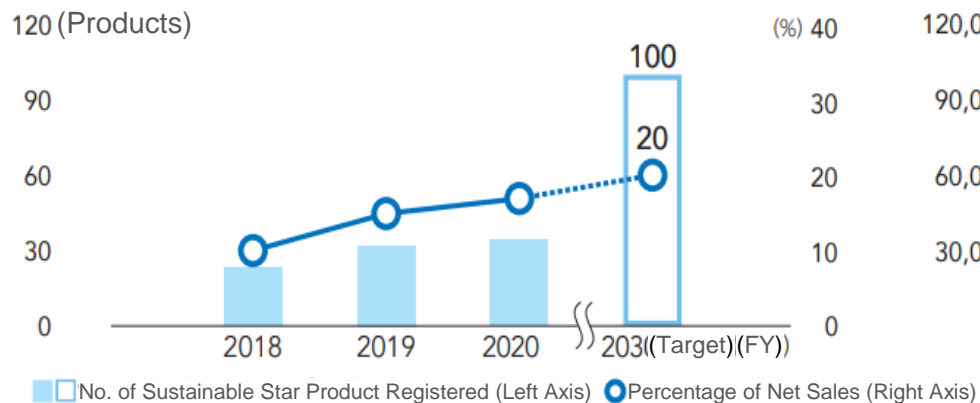
* Note: "Interest-bearing debt" above is the total of loans payable and bonds payable.

Become Leading Environmental Company

● SKG-5R Initiatives - Progress towards 2030 Targets –

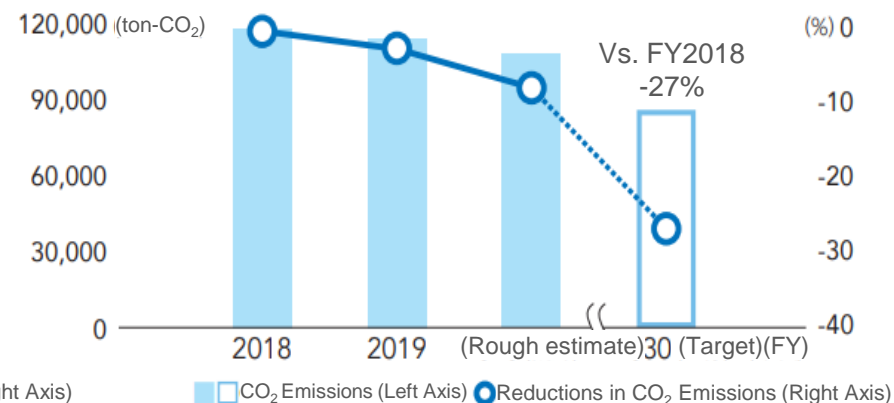
In its “SKG-5R STATEMENT,” the Group lists “Create Sustainable Star Products and expand their market” and “Reduce CO₂ emissions” as targets for 2030, as part of its efforts to contribute to a sustainable society.

No. of Sustainable Star Product Registered / Percentage of Net Sales



Cumulative registrations reached 34 in FY2020, equivalent to 16.9% of net sales. Overall sales were depressed by the COVID-19 pandemic, but sales of items such as ELEN Sheet (recycled raw material product) and ELASTIL BIO rose, leading to an increase in Sustainable Star Products as a percentage of net sales.

CO₂ Emissions and Reductions in CO₂ Emissions (%)



In FY2020, the reduction in CO₂ emissions was 8.5% (versus the level of FY2018). In addition to reductions in CO₂ achieved by raising production efficiency and reducing energy used in production, the decrease in production caused by the COVID-19 pandemic and reductions in CO₂ emission intensity by power generation companies had a significant impact.

* “SKG” are the initials of the Sekisui Kasei Group, and “5R” stands for the original 3R (Reduce, Reuse, Recycle) with the addition of the Company’s own “2R” (Replace, Re-create).

Become Leading Environmental Company

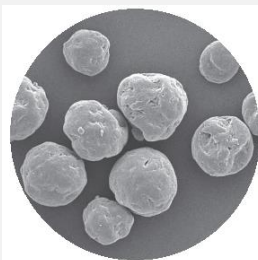


● Products that Make an Environmental Contribution - Sustainable Star Product -

Products of the Company that make outstanding environmental contributions are designated Sustainable Star Product, and we are working on raising the percentage of net sales accounted for by these. We list some of these products below.

TECHPOLYMER BIO

Biodegradable
organic polymer particles



TECHPOLYMERR
Electron Microscope
Photograph

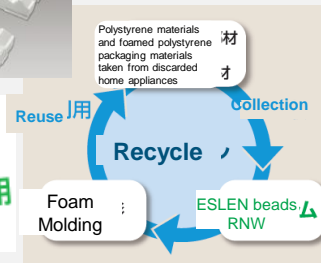
The level of contribution by this product to resolving the problem of marine plastics has been widely recognized, leading to it winning a prize in the environmental category of the "CITE JAPAN 2021 Awards," which are given to outstanding cosmetics industry products.

ESLEN beams RNW

Expandable polystyrene beads made from 100%
recycled polystyrene



Uses
Recycled
Materials



In addition to it being a 100% recycled product with no virgin raw materials used, EPSREM reduces CO₂ emissions by 62% over the process from raw materials procurement to their conversion into product.

ESLEN Wood PRC panel

Foamed polystyrene board made from 100%
recycled polystyrene



Uses
Recycled
Materials

Example of Use in
POP Advertising

In addition to it being a 100% recycled product with no virgin raw materials used, ESLEN wood panel reduces CO₂ emissions by approximately 70% over the process from raw materials procurement to their conversion into product.

The earnings forecasts and other forward-looking statements appearing in this document are based on currently available information and assumptions considered by the Company to be reasonable. Actual results may differ materially due to various factors.

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Also visit our website.

URL: <http://www.sekisuiasei.com/>

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Our Planet. Our Tomorrow.