



1H FY2022 Financial Results

Spiral-up 2024

SEKISUI KASEI CO., LTD.

(TSE Prime Code: 4228)

November 7, 2022

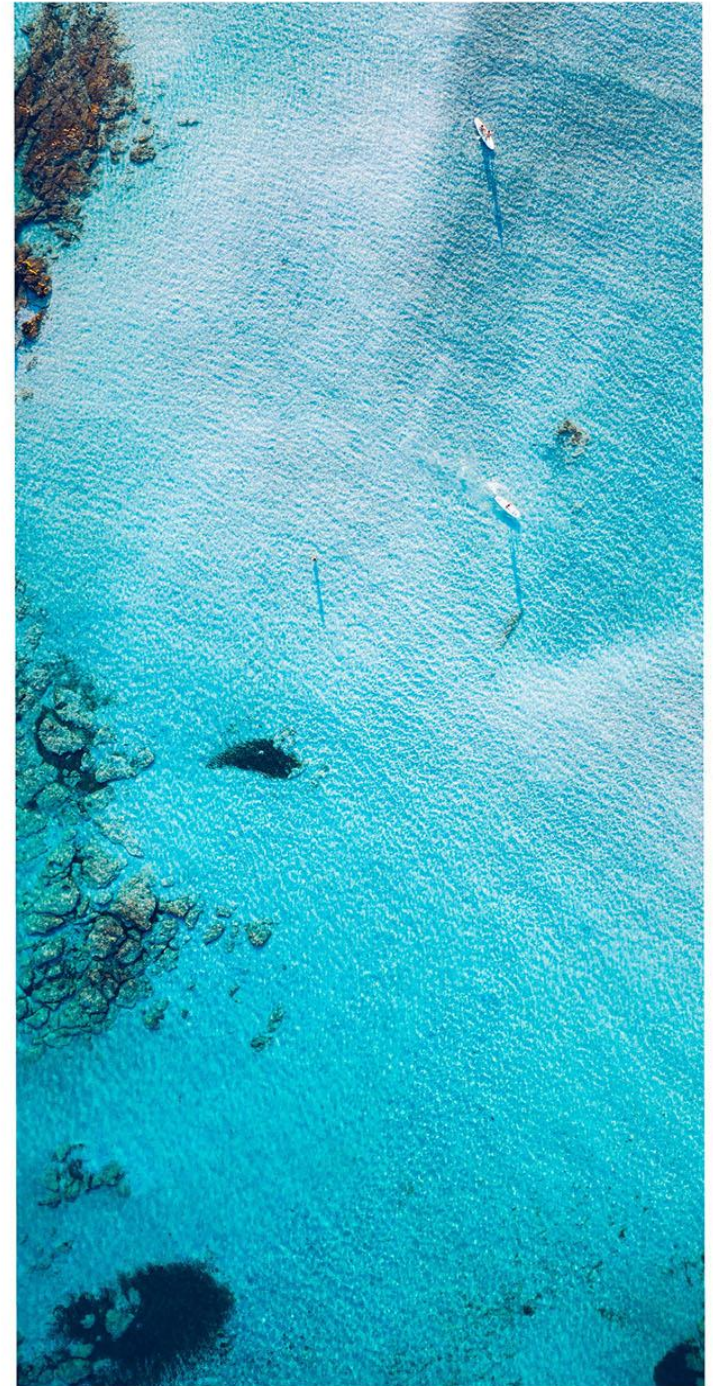


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1H FY2022 Financial Results

(JPY billion)	1H FY2021	1H FY2022			YoY		Vs. Plan			
	Results	Initial Plan	Revised Forecasts	Results	(D)-(A)	% of (A)	Vs. Initial Plan		Vs. Revised Forecasts	
	(A)	(B)	(C)	(D)			(D)-(B)	% of (B)	(D)-(C)	% of (C)
Net Sales	59.42	60.00	60.00	60.92	1.50	103%	0.92	102%	0.92	102%
Operating Income <Operating income ratio>	0.65 <1.1%>	0.40 <0.7%>	(0.45) —	(0.31) —	(0.97)	—	(0.71)	—	0.14	—
Ordinary Income	0.75	0.30	(0.22)	0.07	(0.68)	—	(0.23)	—	0.29	—
Net Income Attributable to Owners of the Parent	0.34	0.10	(0.70)	(0.35)	(0.68)	—	(0.45)	—	0.35	—

* Revised Forecast (C) = Figures Announced on August 2, 2022

- **Year-on-year:** Sales increased mainly due to the cost-pass through of raw material and fuel prices.
Income decreased mainly due to a time lag in the cost-pass through and product transfer charges resulting from the fire incident.
- **Vs. Plan:** Both sales and income increased from the 1H consolidated financial results forecast announced in August.
* Improvement in raw material and fuel price spread, cost reduction, fixed cost reduction, foreign exchange gain

1H FY2022 Industry Segment

(JPY billion)	1H FY2021	1H FY2022		YoY		Vs. Plan	
	Results	Initial Plan	Results	(C)-(A)	% of (A)	Vs. Initial Plan	
	(A)	(B)	(C)			(C)-(B)	% of (B)
Net Sales	35.63	34.60	35.27	(0.35)	99%	0.67	102%
Operating Income <Operating Income Ratio>	(0.55) —	(0.20) —	(0.13) —	0.41	—	0.07	—
Ordinary Income	(0.56)	(0.36)	(0.34)	0.22	—	0.02	—

● Year-on-year Sales: On par year-on-year due to a decline in demand for packaging material for LCD products and automotive components, despite the effect of cost-pass through to the increase in sales

Income: Reduced loss mainly due to improvement in production and reduction in fixed cost

* Ordinary loss of European Proseat was almost on par year-on-year.

Mobility: Component demand declined affected by the decrease in production of automobiles, but demand for component packaging material increased.

Net sales increase slightly year-on-year due to cost-price through affected by the hike in raw material and fuel prices.

Electronics: Demand for the LCD-related industry declined from 2Q due to inventory adjustments and net sales declined year-on-year as well.

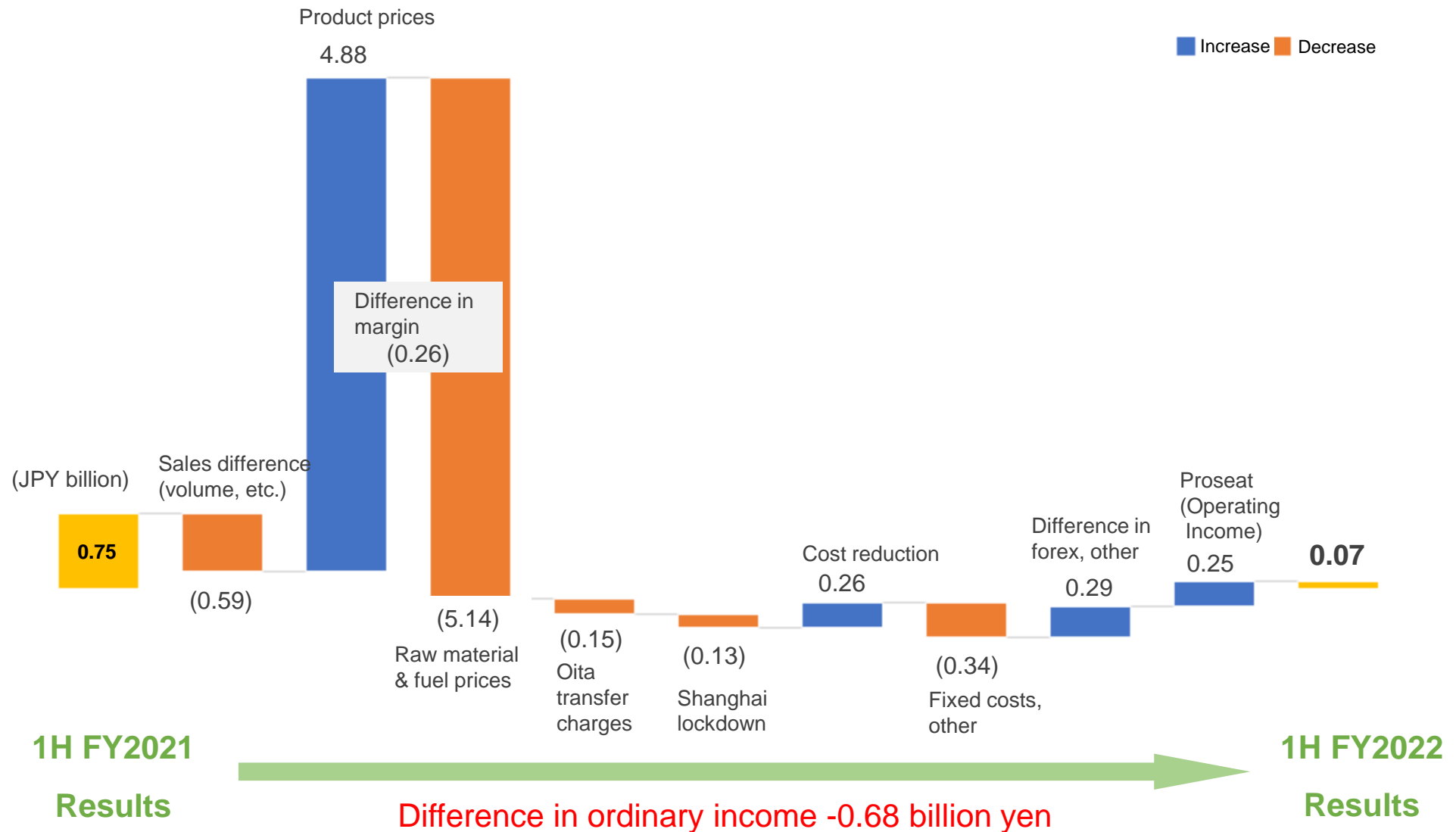
Medical/Healthcare: Performed well mainly due to expansion in ELASTIL applications and ST-gel's electrode application for medical use.

1H FY2022 Human Life Segment

(JPY billion)	1H FY2021	1H FY2022		YoY		Vs. Plan	
	Results	Initial Plan	Results	(C)-(A)	% of (A)	Vs. Initial Plan	
	(A)	(B)	(C)			(C)-(B)	% of (B)
Net Sales	23.79	25.40	25.64	(1.85)	108%	0.24	101%
Operating Income <Operating Income Ratio>	1.53 <6.4%>	1.3 <5.1%>	0.7 <2.7%>	(0.84)	45%	(0.61)	53%
Ordinary Income	(1.55)	(1.32)	(0.67)	(0.88)	43%	(0.65)	51%

- Year-on-year Sales: Increased due to the transfer of raw material and fuel price hikes, despite a decline in demand.
- Income: Decreased significantly due to rapid price hikes in raw materials and fuel, etc., as well as charges for transfer of products in response to the fire incident.
- Food: Food Containers: Decreased slightly due to a slowdown in demand for home-cooked and ready-made meals, despite signs of recovery in tourism, food service, boxed lunch containers, etc.
Agriculture/Fisheries: Increased demand for agricultural products mainly due to an earlier harvest season; decreased demand for fisheries due to a decline in fish catches.
- Housing/Energy: Sluggish in civil engineering applications due to delays in construction projects, but strong in building applications for exterior wall materials.
- (Volume) ESLEN Sheets: Decreased due to a lull in demand for food trays and instant noodle containers, despite firm demand for takeout containers.
- ESLEN Beads: Decreased due to declining demand for fisheries, life goods applications, and others.

1H FY2022 Ordinary Income Analysis



1H FY2022 Financial Position

(JPY billion)	FY2021 Year-end Results	FY2022 1H Results	YoY
Total Assets	143.3	148.8	+5.5
Net Assets	58.2	59.1	+0.9
Equity Ratio	40.1%	39.2%	(0.9%)
Net Assets per Share (yen)	1,272.86	1,304.95	32.09
(Ref.) Equity Capital	57.5	58.3	+0.8
Cash and Deposits	10.5	10.4	(0.1)
Short-term Loans	16.3	16.2	(0.1)
Long-term Loans	13.9	15.8	+1.9
Bonds	7.0	7.0	+0.0
Interest-bearing Debt	37.1	39.0	+1.9
D/E Ratio (Times)	0.65	0.60	(0.05)

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

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Full-year FY2022 Forecasts

(JPY billion)	FY2021	FY2022			YoY	
	Full-year Results (A)	1H Results (B)	2H Forecasts (C)	Full-year Forecasts (D)	Change (D)-(A)	% of (A)
Net Sales	117.57	60.92	64.08	125.00	7.43	106%
Operating Income <Operating Income Ratio>	1.46 <1.2%>	(0.31) —	1.26 <2.0%>	0.95 <0.8%>	(0.51)	65%
Ordinary Income	1.40	0.07	1.01	1.08	(0.32)	77%
Net Income Attributable to Owners of the Parent	(5.92)	(0.35)	0.45	0.10	6.02	—

- Full-year results forecast remains unchanged from the figures announced on August 2.

- Economic Outlook

The economic impact of COVID-19 is expected to be the same as in FY2022 1H.

Demand will be affected mainly by parts supply shortages and the Ukraine crisis but is expected to gradually recover.

- Market Assumptions

After the peak of crude oil prices in 1Q, it will soften toward the end of 1H. Energy costs are at risk of rising.

FY2022 Forecasts: Industry Segment

(JPY billion)	FY2021	FY2022			YoY	
	Full-year Results (A)	1H Results (B)	2H Forecasts (C)	Full-year Forecasts (D)	Change (D)-(A)	% of (A)
Net Sales	68.04	35.27	35.73	71.00	2.96	104%
Operating Income <Operating Income Ratio>	(1.32) —	(0.13) —	0.96 <2.7%>	0.83 <1.2%>	2.15	—

● Full-year Forecast

While LCD panel-related demand is expected to be sluggish, global automobile production volume is on a recovery trend. Increase in sales and income year-on-year through appropriate production system in response to demand conditions and continued cost reduction efforts.

● 1H/2H Comparison

Return to profitability due to cost pass-through of raw material and fuel price hikes in 1H and recovery trend in automobile production volume.

Mobility: Reinforce electric parts logistics orders and recycling business such as PIOCELAN packaging materials.

Electronics: Despite concerns about inventory adjustment in the display field, strengthen development in the electronic materials field, which is expected to grow in the future.

Medical/Healthcare: Strengthen development in fields other than shoes (ELASTIL), expand sales into new areas through AI-FIT - new formulation (ST-gel).

FY2022 Forecasts: Human Life Segment

(JPY billion)	FY2021	FY2022			YoY	
	Full-year Results (A)	1H Results (B)	2H Forecasts (C)	Full-year Forecasts (D)	Change (D)-(A)	% of (A)
Net Sales	49.53	25.64	28.36	54.00	4.47	109%
Operating Income <Operating Income Ratio>	3.38 <6.8%>	0.70 <2.7%>	1.53 <5.4%>	2.23 <4.1%>	(1.15)	—

● Full-year Forecast

Despite efforts to capture stable food demand and to pass through raw material and fuel prices, factors such as the sharp rise in raw material and fuel prices in 1H and increased costs associated with the fire in Oita will cause a sales increase and income decrease for the full-year.

● 1H/2H Comparison

Increase in income vs. 1H due to cost pass-through in 1H of negative spread for raw materials and fuel that occurred in 1H.

Food (Food Containers): Including year-end and New Year demand, sales are expected to increase by more than roughly 10% vs. 1H as in previous years.

Food (Agriculture/Fisheries): Fisheries-related business is expected to expand into farmed fish logistics despite the continued decline in wild-caught fish, while agriculture product-related sales is forecast to remain firm.

Housing/Energy: Construction of properties with delayed civil engineering schedules is expected to progress.

Beads (volume): Recovery of demand for cushioning applications in the life goods field and expansion of market launch of Sustainable Star Products.

Sheets (volume): Recovery in tourism-related fields, stable demand for take-out containers and food trays, and strengthening development of Sustainable Star Products.

FY2022 Forecasts: Proseat Group

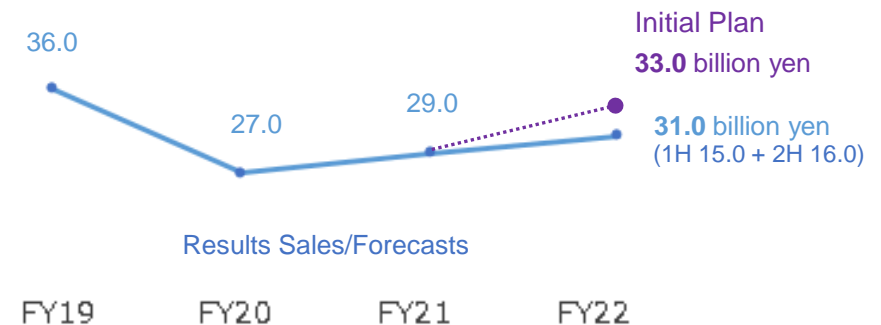
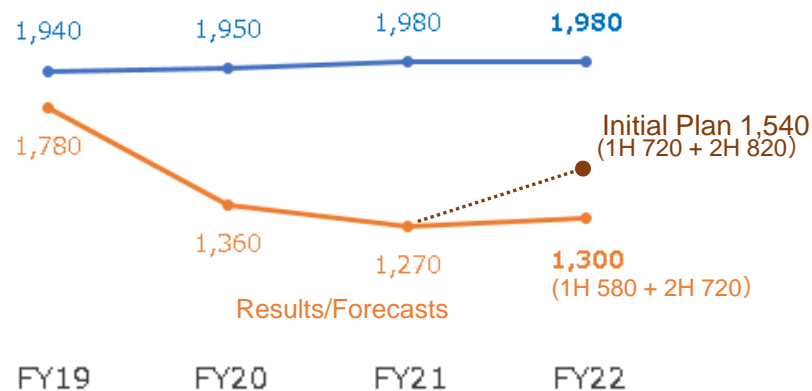
Automotive production in 1H continues to fall short of initial forecasts due to the Ukraine crisis and parts shortages in semiconductors and others.

Despite a recovery trend in volume in 2H, the outlook remains severe, and we will continue to improve efficiency mainly by organizing sites and reduce fixed costs.

■ Automotive Production in Western and Central Europe

■ Net Sales

Forecast at the Time of M&A (Unit: 10,000 vehicles)



● Promotion of Differentiation Strategy and Continuation of Structural Reforms

- (1) Differentiation Strategy: Promoted development of composite lightweight materials centered on ST-Eleveat, a high heat-resistant foamed plastic, with several European OEMs.
- (2) Site Organization: (Currently: Two orders received, three development projects in progress, and many other proposals) Integrated two plants in Poland into one plant to consolidate functions for more efficient production and to reduce labor costs.
- (3) Reduction of Fixed Costs & Labor Costs: Cost Reduction = ¥-1.3 billion (vs. 2021), Employees = -10% (vs. 2021)
- (4) Productivity Improvement: Rationalization through automation and consolidation, flexible shift change through customer production adjustment.

FY2022 Capital Expenditure Overview

(JPY billion)	FY2017 Results	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Results	FY2022		
						(Initial plan)	1H Results	Annual Plan
Capital Expenditures	7.8	7.4	5.3	5.4	3.8	(6.3)	1.9	5.0
Depreciation and Amortization	4.1	4.5	6.1	6.2	6.2	(6.2)	2.8	6.0

● Main Capital Expenditures

1H FY2022 Results

Information system infrastructure development

Productivity improvement and production capacity expansion facilities

Safety equipment

etc.

Scheduled for 2H FY2022

Information system infrastructure development

Rationalization and productivity improvement facilities

Expansion of global site capacity

Sekisui Kasei Oita production facilities

etc.

● Restoration of Production Facilities at Sekisui Kasei Oita

- Restoration of approx. 60-70% of production capacity at present, and establishment of supply system for business partners, including production at other sites.
- Formulated a renewal plan including capacity increase (approx. 20%) to meet the demand in the Kyushu area, and are working to achieve full restoration as soon as possible.

FY 2022 Shareholder Returns(Forecasts)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 (Planned)
Net Income per Share (yen)	73.03	75.33	69.09	51.29	24.86	-130.99	2.21
Dividends per Share (yen)	24	27	30	30	21	12	12
Dividend Payout Ratio (Consolidated)	33%	36%	43%	59%	85%	—	
Acquisition of Treasury Stock (millions of yen)	718.5	621.2	—	—	141.5	—	
Total Return Ratio (Consolidated)	54%	54%	43%	59%	97%	—	
ROE	5.7%	5.5%	4.8%	3.6%	1.6%	—	
Disposal of Treasury Stock (10,000 shares)	100	—	—	—	—	—	

- Basic Policy:**

Comprehensively determine the balance between the stability of dividends and internal reserves in accordance with trends in consolidated financial results
(Targeting a consolidated dividend payout ratio of 30-40%)
- Dividend Forecast:**

Results = ¥12/share (Interim: ¥3, Year-end: ¥9)

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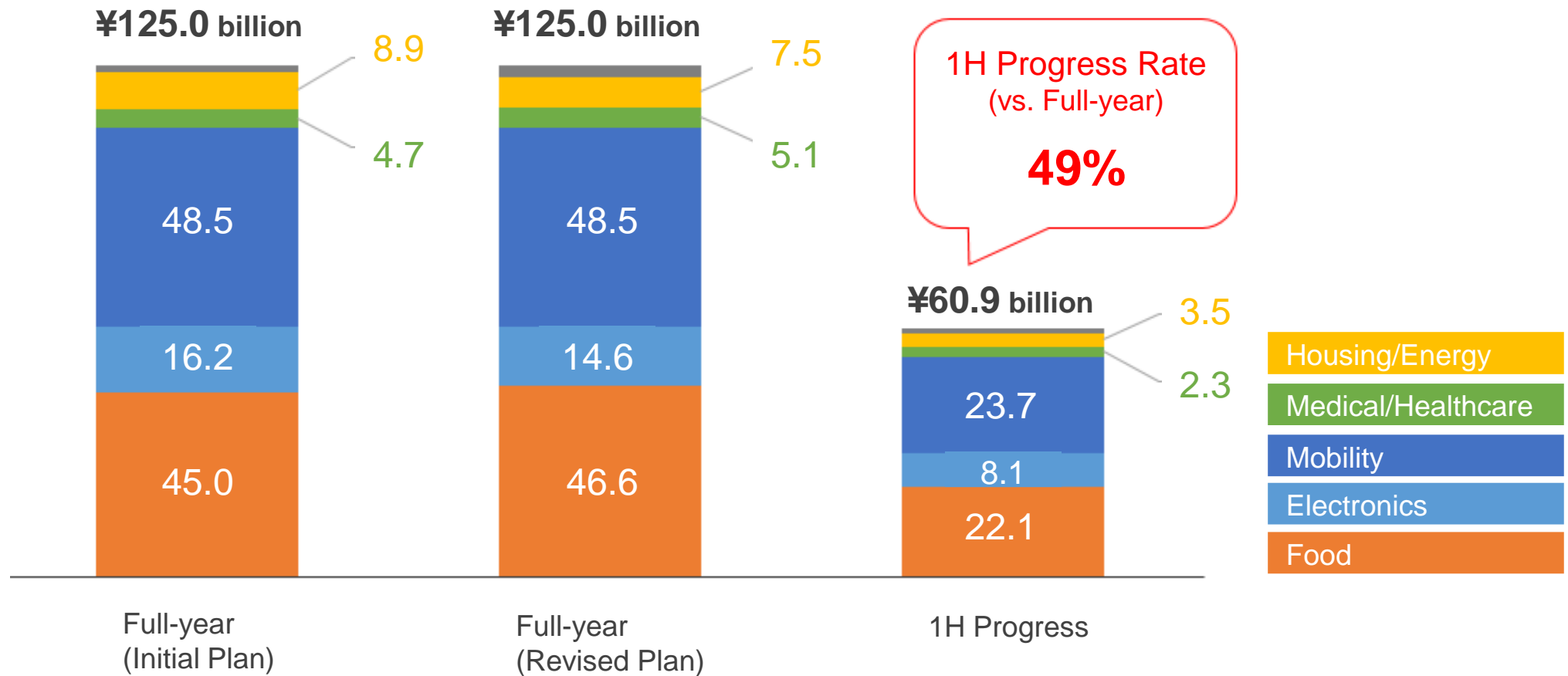
1H FY2022 Topics

Medium-Term Management Plan “Spiral-up 2024” 5 Business Fields

Field	Positioning	Business Mission	FY2022 Sales Target (Initial Plan)
Food	Core Field	Launch Sustainable Star Product in markets, and assist in providing food safety/security and reducing food loss, to contribute to solving environmental and social issues	¥45.0 billion
Electronics	Focus Field	Aim for high profitability through differentiated products, such as advanced materials and Sustainable Star Products, to contribute to the diffusion and advancement of digital technologies	¥16.2 billion
Mobility		Contribute to the technological innovation of next-generation mobility such as EVs, by maximizing synergies with Proseat, and developing new materials and applications	¥48.5 billion
Medical/Healthcare	Expected Field	Provide new value globally, by meeting the needs of the medical and healthcare fields through advanced proprietary products	¥4.7 billion
Housing/Energy		Contribute to sustainable urban development by launching products for disaster prevention, disaster mitigation, and infrastructure development	¥8.9 billion

* Industry Segment = Mobility, Electronics, Medical/Healthcare; Human Life Segment = Food, Housing/Energy

Net Sales Progress in 1H for the 5 Business Fields



- Net sales progress in 1H was 49% of the full-year plan.

5 Business Fields Topics: Food

Recycled EPS Returnable Delivery Containers

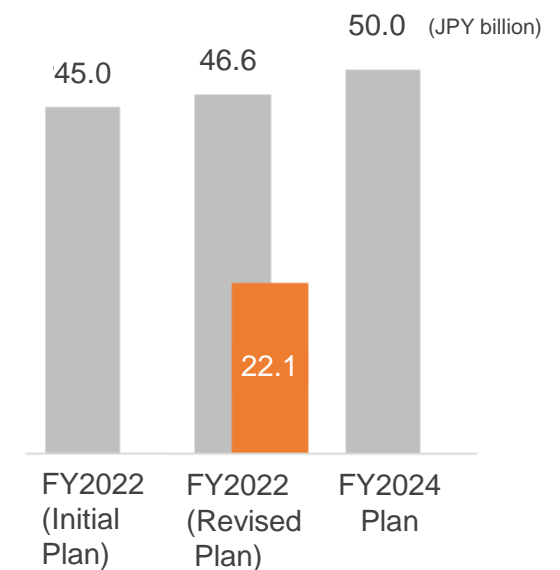


ReNew+

Our Products Using Recycled Raw Materials

Net Sales Progress in 1H

■ Plan ■ 1H Progress



We have established a system to collect and recycle Co-op shippers (returnable Styrofoam delivery containers) after repeated use, and recycle them as shippers for Co-op again. We are planning to expand this system to all Co-ops in Japan.

In addition to launching additional Sustainable Star Products in markets, we will work with related industries to promote a transition to a recycling-based business.

(1H Progress Rate: 47%)

5 Business Fields Topics: Electronics

Lithium-ion Battery Storage Container Made of 100% Recycled EPS Raw Materials

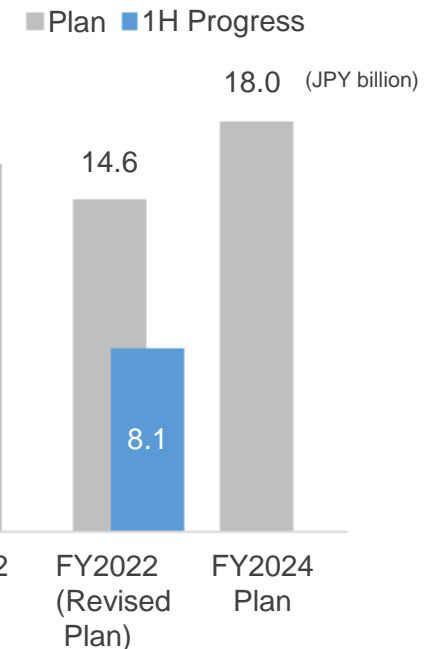


ReNew+
Our Products using Recycled Raw Materials

We developed a lithium-ion battery storage container using 100% traceable recycled EPS raw materials and won the Japan Star Award, the highest award in the Japan Packaging Contest.

* Joint exhibit by Toshiba, SBS TOSHIBA LOGISTICS, and the Company

Net Sales Progress in 1H



We will continue to invest resources in fields where we expect significant growth in the future, such as the development of the electronic materials field of TECHPOLYMER.
(1H Progress Rate: 55%)

5 Business Fields Topics: Mobility

Closed-loop Recycling of PIOCELAN Packaging Materials



We are promoting efforts to collect and recycle PIOCELAN packaging materials used in the returnable distribution of automobile parts and sell them again as recycled PIOCELAN packaging materials.

Development of ST-Eleveat BIO High Flame Retardant Grade

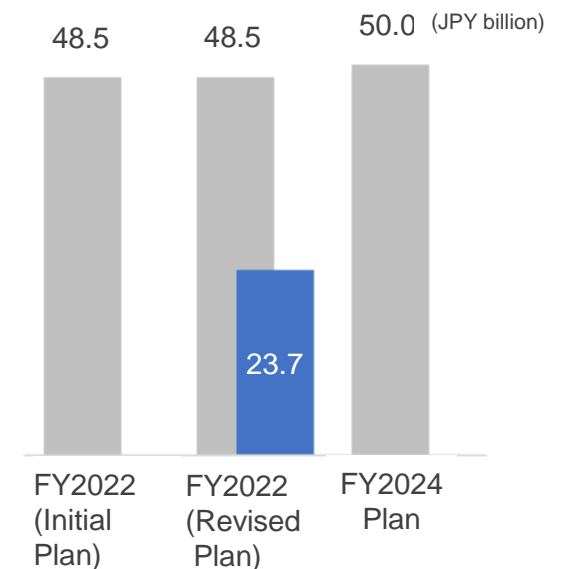
ST-Eleveat
High Heat-resistant Lightweight Foam



We have developed a grade that has a heat resistance temperature of 180°C and conforms to the rating of “V-0” of the UL94 flammability standard. We are currently working with customers on development and evaluation activities for adoption in various applications.

Net Sales Progress in 1H

■ Plan ■ 1H Progress



We will continue to expand the number of parts adopted, including materials developed such as ST-Eleveat, in the automotive field, which is undergoing a major transformation.
(1H Progress Rate: 49%)

5 Business Fields Topics: Medical/Healthcare

Expansion of ELASTIL (Thermoplastic Elastomer Foam) Applications

Net Sales Progress in 1H



Protective Sneakers

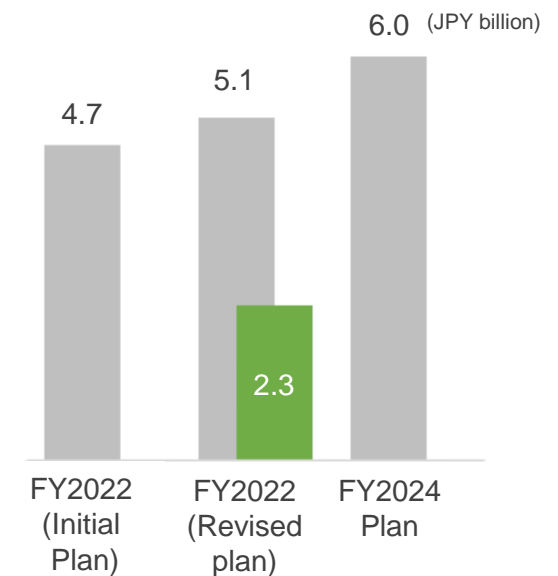


Running Shoes

* Sneaker-like work shoes with a certain level of safety performance and durability

The material is used in the midsole of running shoes because of its “lightweight, springy, and resilient properties that allow you to run faster” and “good cushioning properties that prevent injury.” It has also been newly adopted as a sole material for protective sneakers due to the need to “reduce fatigue.”

■ Plan ■ 1H Progress



We will promote global expansion into the growing medical and healthcare areas with ST-gel, TECHPOLYMER for cosmetics, and ELASTIL as our core products.

(1H Progress Rate: 45%)

5 Business Fields Topics: Housing/Energy

EF Marine (Floating Piers) and Related Materials Adopted for Marine Park Development



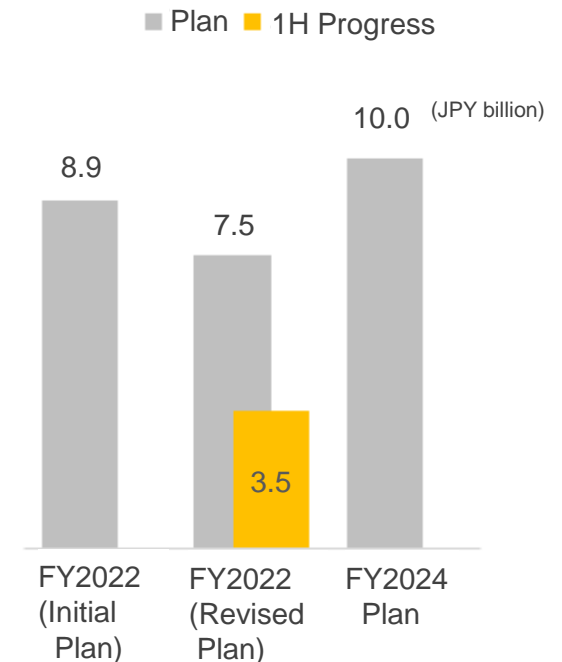
Ariake Arena Boat Landing



Sea Forest Waterway Facilities

As part of the Tokyo Metropolitan Government's plan to improve marine parks, our EF Marine (floating piers) and related materials were used at Ariake Shinsui Seaside Park (Ariake Arena) and Umi-no-Mori Park (Sea Forest Waterway).

Net Sales Progress in 1H



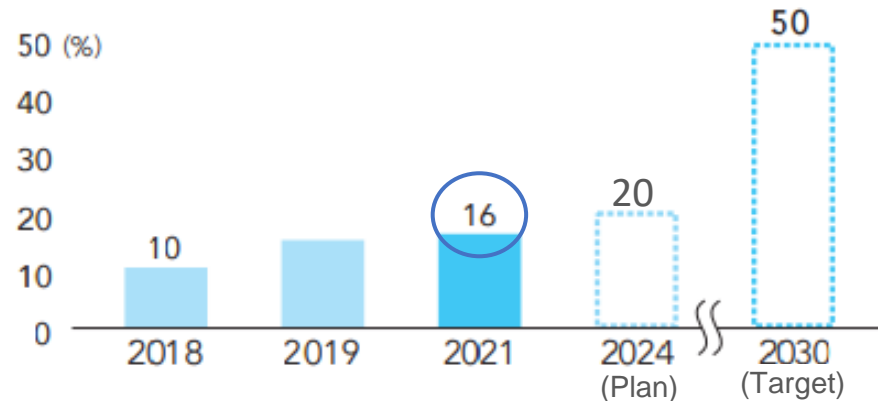
We contribute to sustainable urban development through a variety of products for disaster prevention and mitigation and infrastructure development, as well as materials for renewable energy facilities. (1H Progress Rate: 47%)

Creation and Expansion of Sustainable Star Product

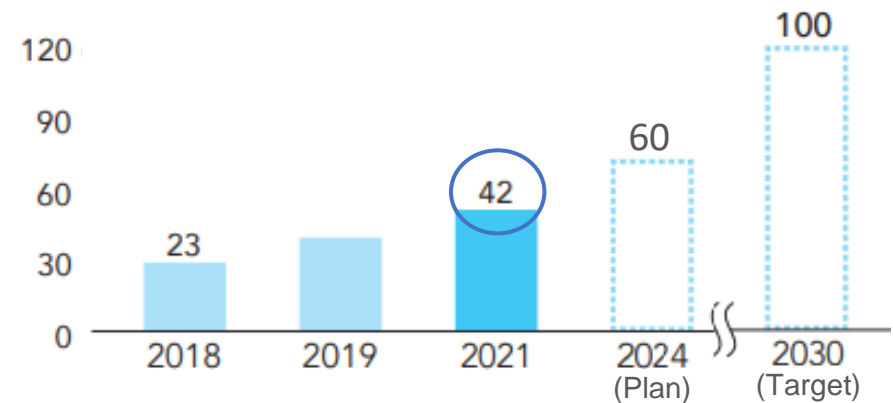


– Progress toward 2030 Targets of Achieving the Circular Economy –

Ratio of Net Sales of Sustainable Star Product



Number of Sustainable Star Product Registered



Trends of Exceeding the Plan

SKG-5R

Ratio of Net Sales = Results 16% > Plan 12% (17% at the end of 1H FY2022)

Number of Products Registered = Results 42 > Plan 40 (46 at the end of 1H FY2022)

Ratio of net sales increased for environmentally friendly products such as ELEN Sheets and ELASTIL.

* The “SKG” in “SKG-5R” stands for SEKISUI KASEI Group, while “5R” combines the well-known 3Rs—Reduce, Reuse, and Recycle—with our original 2Rs: Replace and Re-create.

Responding to Climate Change



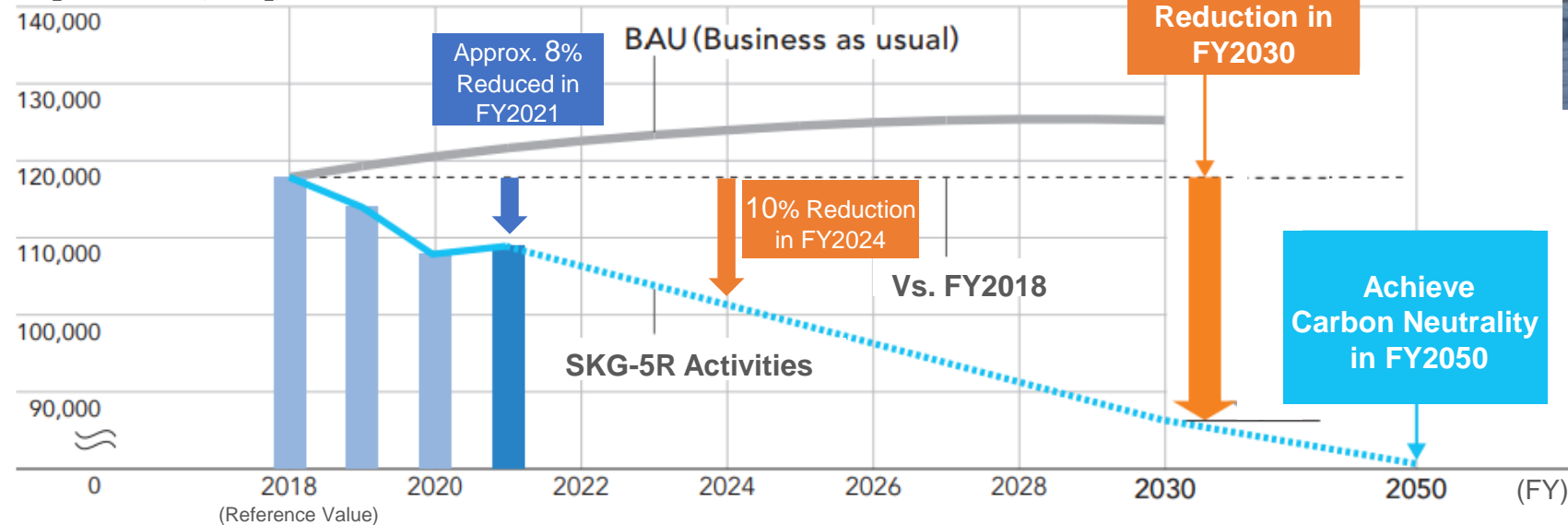
We endorsed the TCFD recommendations in May 2022.

We will work to disclose information on our responses to climate change going forward.

– Progress toward 2030 Targets of Achieving Carbon Neutrality –

Scope 1+2 Reduction Plan

CO₂ emissions (t-CO₂)



Solar power generation facilities installed at plants

We are expanding the use of renewable energy

Trends of Exceeding the Plan

SKG-5R

CO₂ Emissions: Results -8% > Plan -2%

CO₂ emissions were reduced through energy conservation and higher efficiency in production, utilization of renewable energy, and reduction of CO₂ emission coefficients for production volume and power companies.

Biodegradable Plastics Business Development

BIOCellular

Our products utilizing **biodegradable** or biomass-derived plastics

Strategic Partnership with HighChem



The Company
Resin modification technology and recycled product development capabilities



HighChem
Procurement and market development capabilities for biodegradable plastics

















Creating new value in the field of biodegradable materials

Example of joint development
PLA resin injection blow molding product



Continuous injection and blow molding of PLA using our resin modification technology (Exhibited at K2022)

Promotion of ESG Management

ESG	Category	Materiality	Action Items	Related SDGs
E	Environment	Creating Sustainable Star Product and Expanding Their business	SKG-5R Promotion (increasing Sustainable Star Product)	   
		Responding to Climate Change	SKG-5R Promotion (achieve carbon neutrality by energy saving and utilization of renewable energy)	
		Reduction of Environmental Impact	Proper management of air, water, waste, and hazardous substances	
S	Innovation	Business Model Resilience	Open innovation, external cooperation/collaboration	 
		DX Promotion	Production innovation, business innovation, marketing innovation, and R&D innovation	
	Human Resources	Diversity	Diverse workforce (women, seniors, non-Japanese)	   
		Workstyle Reform	Various systems for the promotion of health management, work-life balance, and diverse and flexible workstyles	
		Work Engagement	Personnel system design that promotes the growth of workers	
	Quality /Security and Disaster Prevention	Providing Safety and Security	Promote zero accidents and zero quality complaints	 
G	Governance	Enhancing Corporate Governance	Strengthen internal controls, improve the effectiveness of the Board of Directors, and enhance Group governance	 
		Compliance	Prevent problems and improve reporting system	
		Risk Management	Promote BCP initiatives	

Internal KPIs have been established for ESG materiality promotion items and are being systematically promoted.

The forward-looking statements such as result forecasts contained in this document are based on information that is currently available to the Company and certain assumptions that the Company judges to be reasonable.

Actual results may differ materially due to various factors.

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Our Planet. Our Tomorrow.