

Financial Results for FY2021 and New Mid-Term Management Plan (FY2022 - FY2024) Spiral-up 2024

Explanatory Documents

Sekisui Kasei Co., Ltd.
(TSE Prime Code: 4228)

May 11, 2022



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- 2 Summary of Previous Mid-Term Management Plan
- 3 New Mid-Term Management Plan

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Summary of FY2021 Financial Results

Make Innovations Stage-II

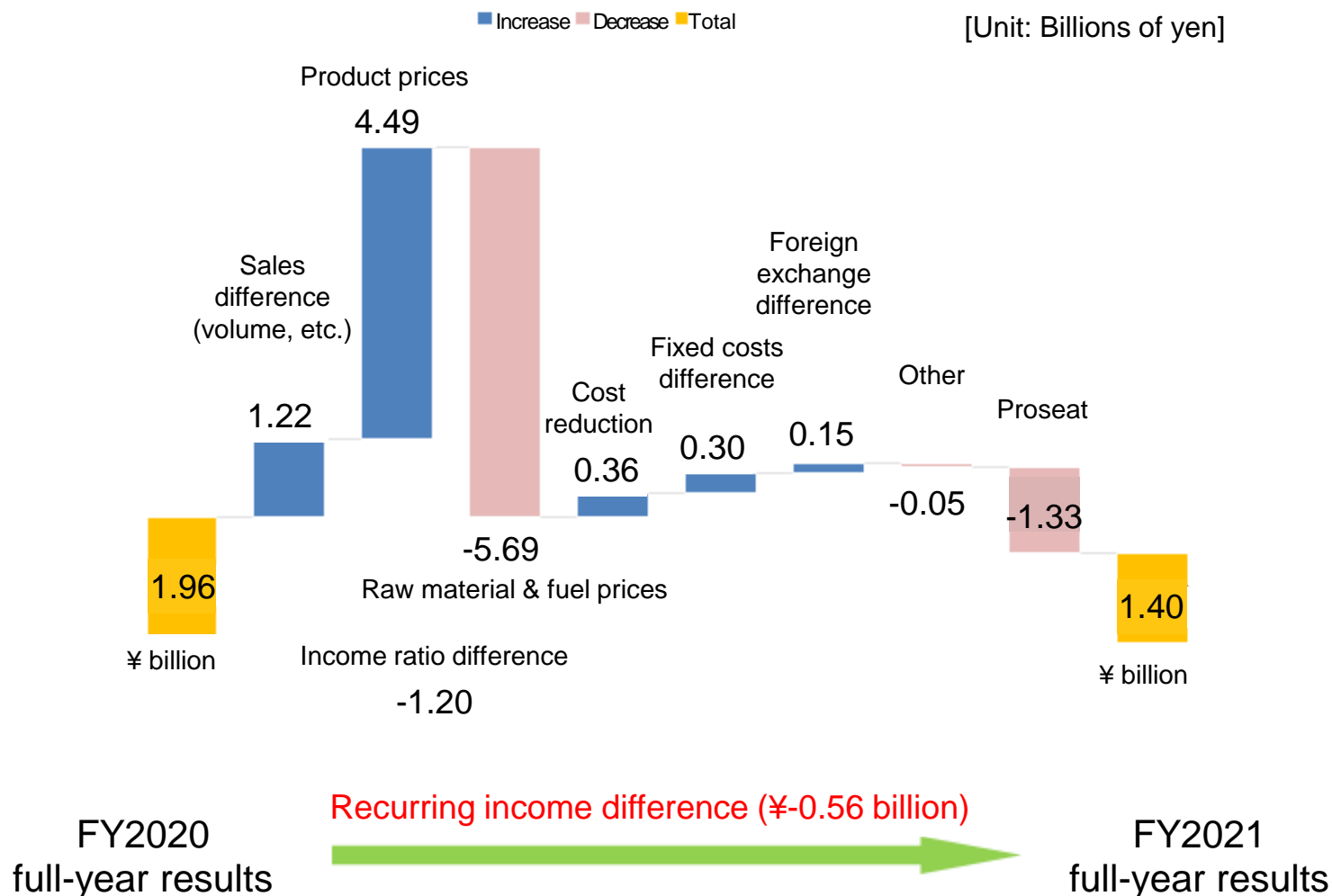
(Unit: Billions of yen)	FY2020 Full-year	FY2021 Full-year		Year-on-year		Vs. forecast	
	Actual (A)	Most recent forecast (B)	Actual (C)	(C) - (A)		(C) - (B)	
Net sales*	—	116.0	117.8	—	—	1.8	102%
(Old standard basis)	(118.9)	(127.6)	(130.1)	(11.3)	(109%)	(2.5)	(102%)
Operating income <Operating income ratio>	2.09 <1.8%>	0.70 <0.6%>	1.46 <1.2%>	-0.63	70%	0.76	209%
Recurring income	1.96	0.50	1.40	-0.56	72%	0.90	280%
Net income attributable to owners of the parent	1.13	-6.60	-5.92	-7.04	—	0.68	—

* The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) is being applied from FY2021.

- While both net sales and income exceeded forecasts, income fell sharply year-on-year. (Net sales were 109% year-on-year, based on the same accounting standards.)
- Despite efforts to enhance productivity and reduce fixed costs, soaring raw material and fuel prices and the deteriorating profitability of Proseat in Europe had an impact.
- A significant loss was recorded due to the Proseat Group's impairment loss, particularly with respect to the bottom line.

Factors Contributing to an Increase or Decrease in Recurring Income for FY2021 (Year-on-Year)

Make Innovations Stage-II



Performance of the Industry segment in FY2021

Make Innovations Stage-II

(Unit: Billions of yen)	FY2020 Actual (A)	FY2021 Actual (B)	Year-on-year	
			(B) - (A)	
Net sales*	—	68.3	—	—
(Old standard basis)	(65.4)	(72.2)	(6.8)	(110%)
Operating income	-0.69	-1.33	-0.63	—
Recurring income	-0.96	-1.78	-0.82	—

* The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) is being applied from FY2021.

- **Sales:** Sales recovered to a certain degree from the impact of COVID-19 in the previous fiscal year.

* 110% year-on-year, based on the same accounting standards

However, the recovery of automotive-related sales was slower than expected due to the semiconductor shortage.

- **Income:** Despite efforts to enhance productivity and reduce fixed costs, income declined sharply due to soaring raw material prices and supply chain disruptions.

Automotive	Sales recovered year-on-year in automotive components, but declined slightly in packaging materials. Income decreased significantly due to higher costs, as a result of soaring raw material prices and rapid cutbacks in automotive production. (In particular, sales for Proseat in Europe fell by approximately ¥1.3 billion year-on-year.)
Home Appliance/IT	Performance was strong overall, with favorable sales of TECHPOLYMER for LCD-related products, despite weak sales of PIOCELAN packaging materials in the second half of the year.
Medical/Healthcare	Sales significantly exceeded those of the previous year due to a recovery in demand (ST-gel, TECHPOLYMER for cosmetics, ELASTIL).

Performance of the Human Life segment in FY2021

Make Innovations Stage-II

(Unit: Billions of yen)	FY2020 Actual (A)	FY2021 Actual (B)	Year-on-year	
			(B) - (A)	
Net Sales*	—	49.5	—	—
(Old Standard Basis)	(53.5)	(58.0)	(4.5)	(108%)
Operating Income	3.86	3.38	-0.49	87%
Recurring Income	3.75	3.38	-0.38	90%

* The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) is being applied from FY2021.

- **Sales:** Sales in the fisheries-related business were weak, while food container and construction material-related sales were strong. In addition, higher unit sales prices due to higher raw material prices also had an impact. * 108% year-on-year, based on the same accounting standards
- **Income:** Despite efforts to enhance productivity and reduce fixed costs, income decreased due to soaring raw material prices and other factors.

Food Containers	Sales were strong due to a recovery in demand for laminated containers and higher unit sales prices.
Agriculture/Fisheries	While agricultural product-related sales were firm, fisheries-related sales were slightly lower year-on-year, due to continued sluggishness in fish catches and demand from the food service industry.
Construction Materials/ Civil Engineering	Sales were steady as a result of large orders for lightweight embankment blocks, etc.
Sheets Volume	While demand for home-cooked and ready-made meals has stabilized since last year, sales have cooled and were down slightly, year-on-year.
Beads Volume	Although volumes decreased in agriculture and fisheries-related products, sales were strong due to increases in applications in light electric appliances, civil engineering, and life goods.

Make Innovations Stage-II

Capital Expenditures in FY2021

(Unit: Billions of yen)	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual
Capital expenditures	5.8	7.8	7.4	5.3	5.4	3.8
Depreciation and amortization	3.6	4.1	4.5	6.1	6.2	6.2

- In FY2021, we curbed expenditures after assessing the earnings situation and changes in the market environment.

Shareholder Returns (Dividends) in FY2021

	Actual	Actual	Actual	Actual	Actual	(Planned)
Net income per share (yen)	73.03	75.33	69.09	51.29	24.86	-130.99
Dividends per share (yen)	24	27	30	30	21	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 (million shares)	1	—	—	—	—	—

- We plan for an interim dividend of ¥5/share and a year-end dividend of ¥7/share, for an annual dividend of ¥12/share.

Make Innovations Stage-II

Financial Position in FY2021

(Unit: Billions of yen)	FY2019 (A)	FY2020 (B)	FY2021 (C)	Year-on-year (C) - (B)
Total assets	149.1	158.4	143.3	-15.1
Net assets	67.2	70.7	58.2	-12.4
Equity ratio	44.1%	44.2%	40.1%	-4.1%
Net assets per share (yen)	1,450.32	1,549.84	1,272.86	-276.98
(Ref.) Equity capital	65.7	70.0	57.5	-12.5
Cash and deposits	9.5	12.5	10.5	-2.0
Short-term loans	6.5	9.2	16.3	+7.1
Long-term loans	22.2	20.9	13.9	-7.0
Bond	7.0	7.0	7.0	±0.0
Interest-bearing debt	35.7	37.1	37.1	±0.0
D/E ratio (times)	0.54	0.53	0.65	+0.12

- Both net assets and the equity ratio decreased due to the recording of a net loss for this fiscal year, while the D/E ratio increased.
- We have no concerns regarding our financial situation.

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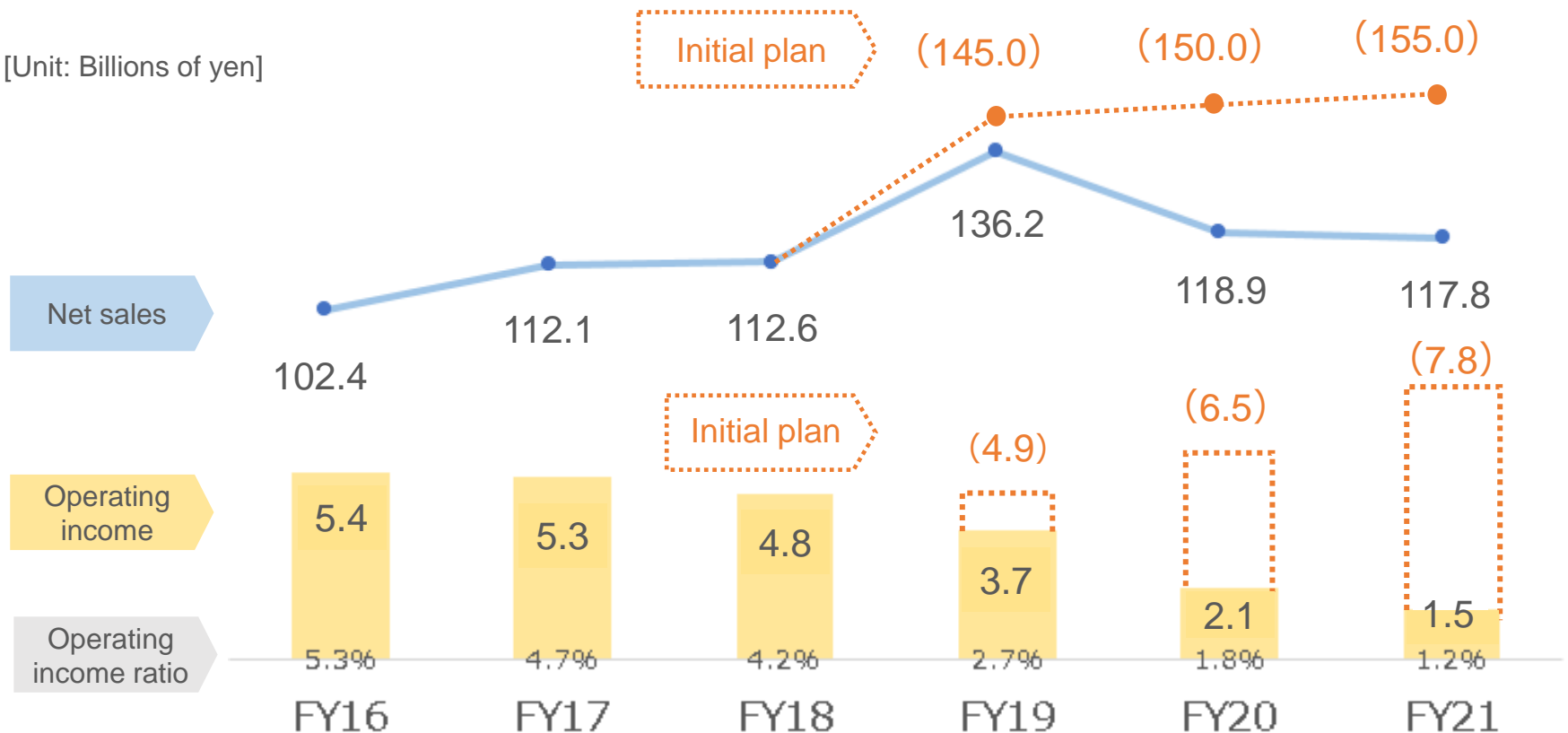
Summary of the Previous Mid-Term Management Plan

Make Innovations Stage-II

■ Consolidated financial results

Both sales and income fell far short of the initial plan

[Unit: Billions of yen]



Make Innovations Stage-II

Make Innovations Stage-II

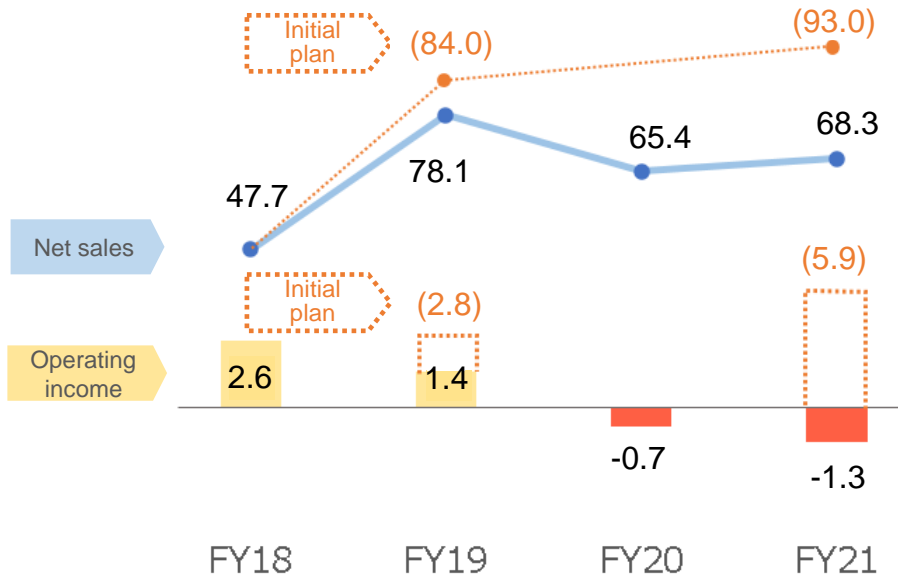
Summary of the Previous Mid-Term Management Plan (Results)

■ Performance by segment

Large deviations from the plan, especially in the Industry segment

Deviated significantly from the plan globally, especially in automotive-related products, due to the impact of COVID-19 and semiconductor supply issues, etc.

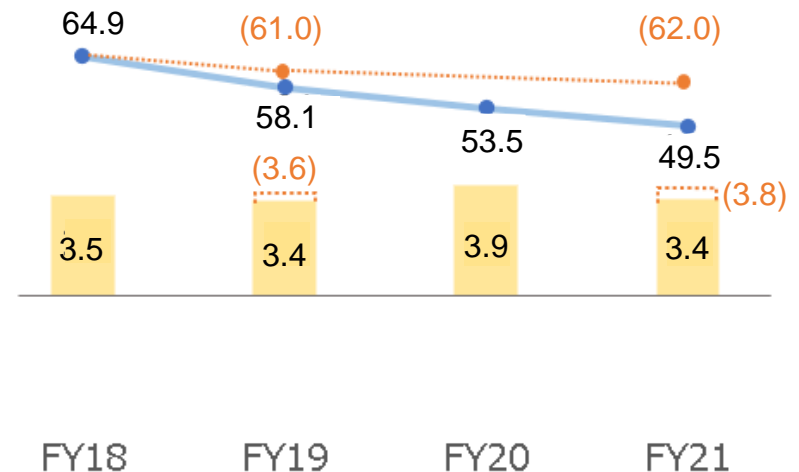
■ Industry segment



Make Innovations Stage-II

■ Human Life segment

[Unit: Billions of yen]



Make Innovations Stage-II

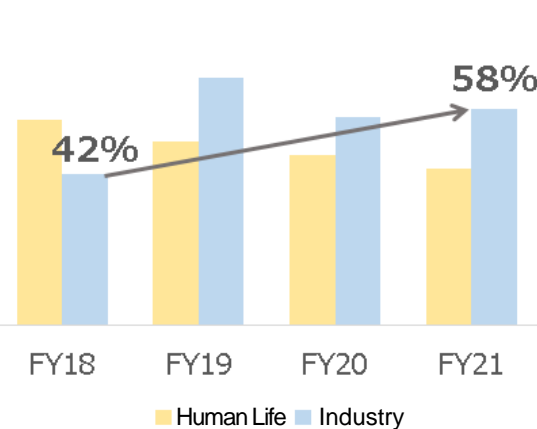
Make Innovations Stage-II

Summary of the Previous Mid-Term Management Plan

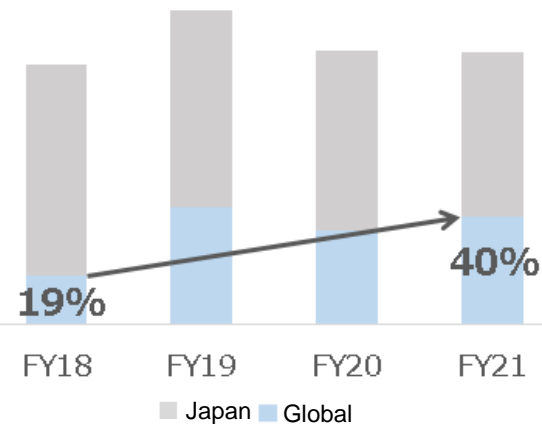
■ Priority policy 1: “Evolution of business portfolio”

While some results were achieved for portfolio evolution in the Industry segment and globally, important development themes showed sluggish growth

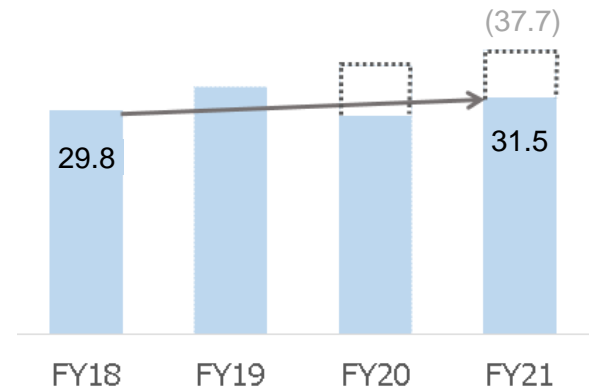
■ Net sales ratio
in the Industry segment
Plan: 60% \geq Actual: 58%



■ Global net sales ratio
Plan: 37% \leq Actual: 40%



■ ID theme net sales*
Plan: ¥37.7 billion > Actual: ¥31.5 billion



* Figures in parentheses are the values for the initial plan

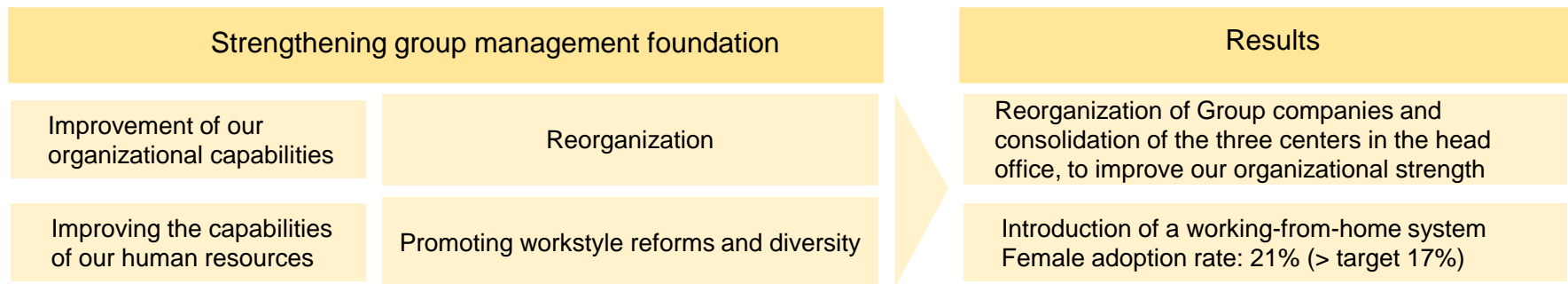
* ID themes (Important Development themes): 107% in TECHPOLYMER and the high functional food container field, 75% in the automotive field, and 54% in the medical/healthcare field, compared to the plan.

Make Innovations Stage-II

Summary of the Previous Mid-Term Management Plan

■ Priority policy 2: “Strengthening group management foundation”

Progress made in enhancing the organizational structure and human resources through reorganization



■ Priority policy 3: “Contribution to sustainable society”

Achieved our FY2021 targets and made steady progress toward achieving FY2030 targets

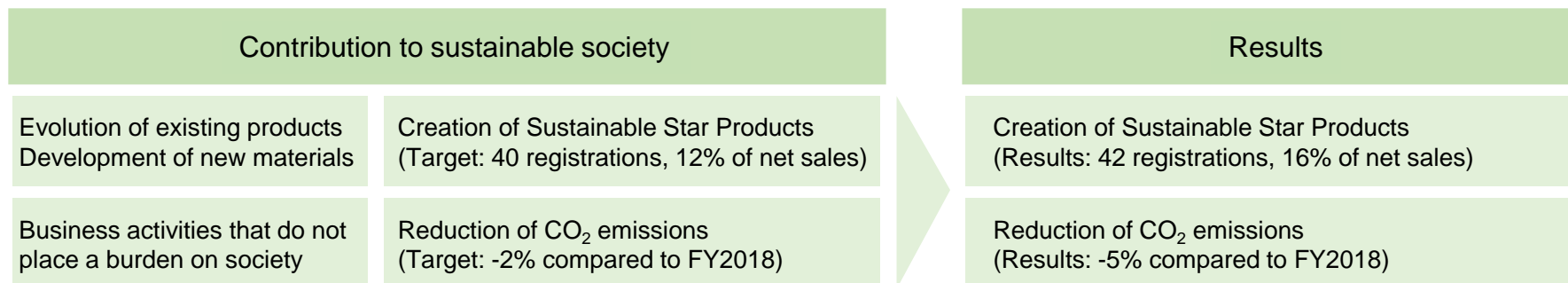


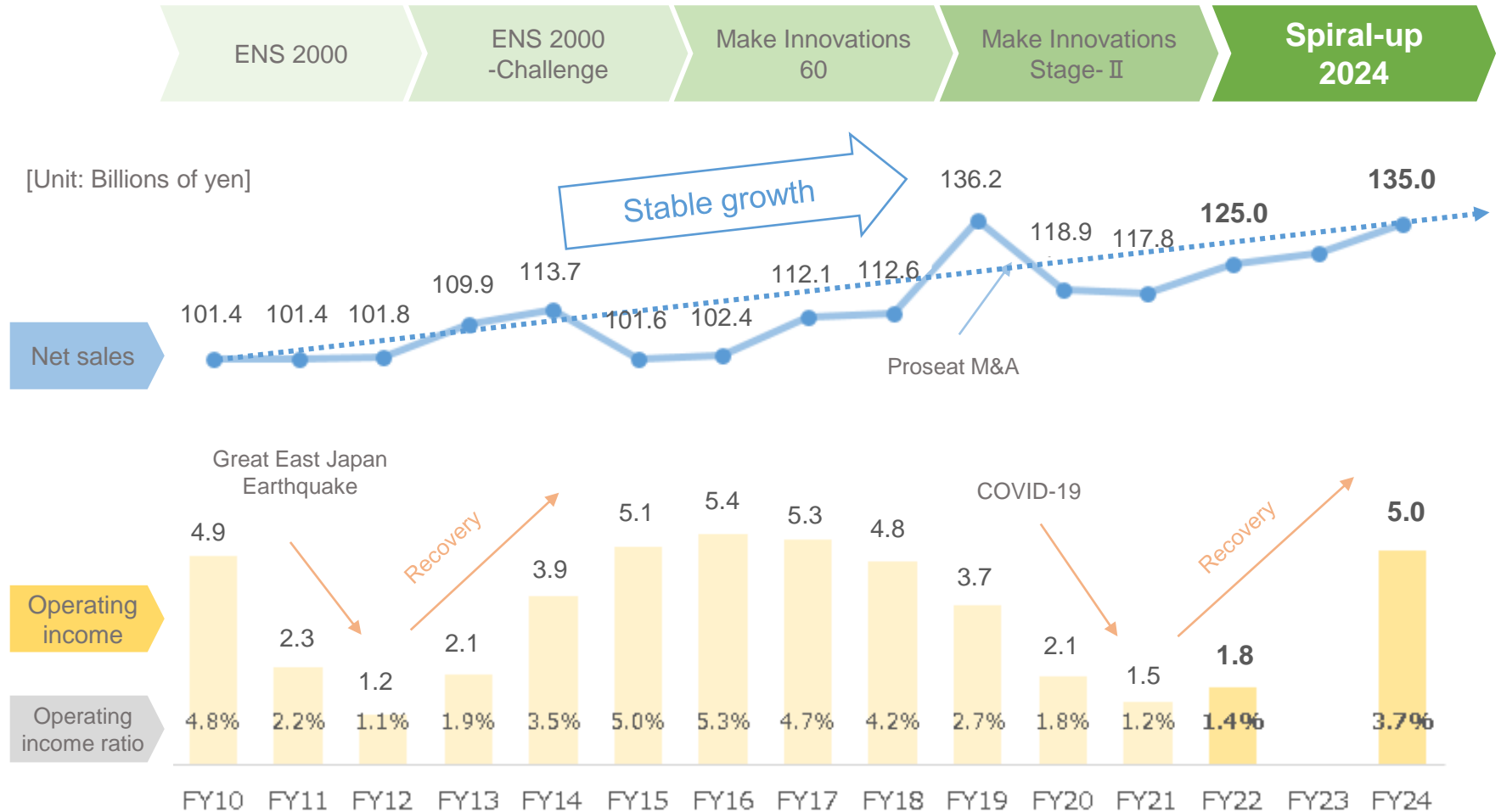
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Spiral-up 2024

Positioning of the New Mid-Term Management Plan

Aiming for a V-shaped recovery of earnings for renewed growth



Overview of the New Mid-Term Management Plan

■ Name of the plan **Spiral-up 2024**

In addition to the PDCA cycle, we are committed to creating a virtuous cycle between the challenge of “realizing a sustainable society” and the “sustainable enhancement of our corporate value.”

■ Basic policy

To contribute to a sustainable society, and to achieve the sustainable enhancement of our corporate value, we will establish a resilient earnings base based on ESG management.

■ Quantitative targets

	FY2021 Actual	FY2022 Plan	FY2024 Plan	3-year avg. growth rate
Net sales	¥117.8 billion	¥125.0 billion	¥135.0 billion	5%
Operating income	¥1.5 billion	¥1.8 billion	¥5.0 billion	50%
Recurring income	¥1.4 billion	¥1.6 billion	¥4.8 billion	50%
Net income	¥-5.9 billion	¥0.9 billion	¥3.0 billion	—
ROE	—	1.5%	3.0%	—

New Mid-Term Management Plan

■ Quantitative targets by segment

(Unit: Billions of yen)	FY2021 Actual			FY2022			FY2024
	1H	2H	Full-year	1H	2H	Full-year	Full-year
Net sales	59.4	58.4	117.8	60.0	65.0	125.0	135.0
Industry	35.6	32.7	68.3	34.6	36.4	71.0	75.0
Human Life	23.8	25.7	49.5	25.4	28.6	54.0	60.0
Operating income	0.65	0.81	1.46	0.40	1.40	1.80	5.00
(Operating income ratio)	1.1%	0.1%	1.2%	0.7%	2.2%	1.4%	3.7%
Industry	-0.55	-0.78	-1.33	-0.20	0.90	0.70	3.90
Human Life	1.53	1.84	3.38	1.30	1.40	2.70	3.40
Head office costs	-0.33	-0.26	-0.59	-0.70	-0.90	-1.60	-2.30

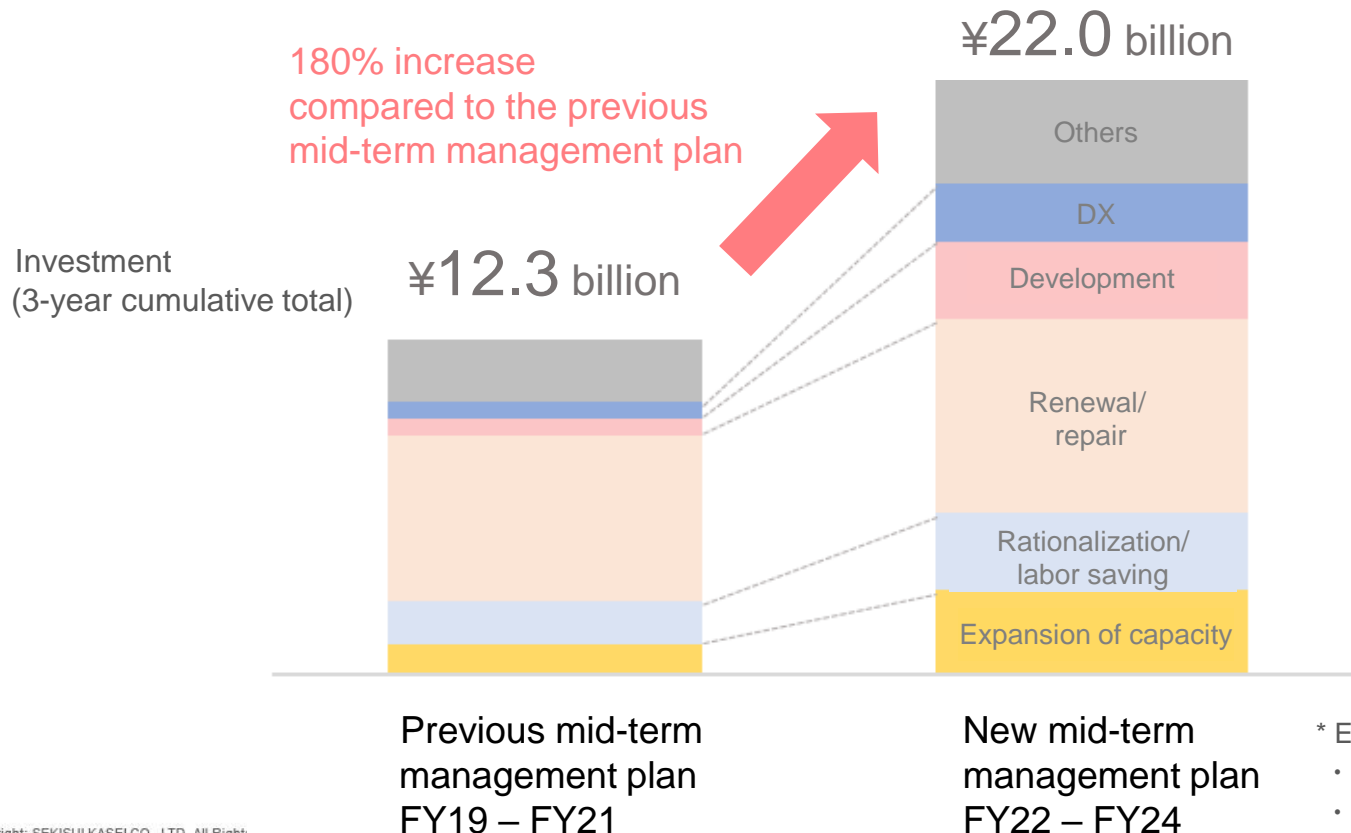
* The segment breakdown has been partially revised in the new mid-term plan.

* Head office costs include digital transformation (DX) and other system costs.

New Mid-Term Management Plan

■ Capital expenditure

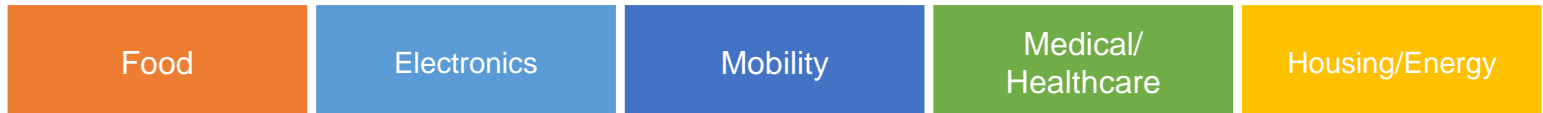
Moving from curbing investment due to market conditions, such as the spread of COVID-19, to strengthening investment for growth, including environmental and DX-related investments



Key Issues in the New Mid-Term Management Plan

1. Strengthen the earnings structure

(1) Restructuring the business portfolio (5 priority fields)



(2) Constructing a highly profitable structure in the Proseat business

(3) Strengthening cost competitiveness through innovations in production

(4) Rapidly generating profits from developed products

2. Shift to businesses that solve environmental and social issues

(5) Expanding Sustainable Star Products through recycling-based business

(6) Striving to achieve carbon neutrality

3. Reinforce our management foundations

(7) Strengthening efforts to address materiality (key management issues)

(8) Enhancing financial health

Total: 3 issues, 8 themes

Key Issues in the New Mid-Term Management Plan

1. Strengthen the earnings structure

(1) Restructuring the business portfolio (5 priority fields)



(2) Constructing a highly profitable structure in the Proseat business

(3) Strengthening cost competitiveness through innovations in production

(4) Rapidly generating profits from developed products

Key Issue 1: Strengthen the earnings structure

■ (1) Restructuring the business portfolio

Reallocation of resources to areas with growth potential

Food	Core area	Launch Sustainable Star Products in markets, and assist in providing food safety/security and reducing food loss, to contribute to solving environmental and social issues
Electronics	Focus areas	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
Mobility		Contribute to the technological innovation of next-generation mobility such as EVs, by maximizing synergies with Proseat, and developing new materials and applications
Medical/Healthcare	Expected areas	Provide new value globally, by meeting the needs of the medical and healthcare fields through advanced proprietary products
Housing/Energy		Contribute to sustainable urban development by launching products for disaster prevention, disaster mitigation, and infrastructure development

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

Key Issue 1: Strengthen the earnings structure

■ (1) Restructuring the business portfolio

Food

Launch Sustainable Star Products in markets, and assist in providing food safety/security and reducing food loss, to contribute to solving environmental and social issues

Environment

Market launch of Sustainable Star Products

- ▷ Foam products using recycled plastic
- ▷ Foam products using biodegradable and biomass plastics

New markets

Product development and stable supply in response to changes in demand structure

- ▷ Respond to needs in new markets, together with container manufacturers

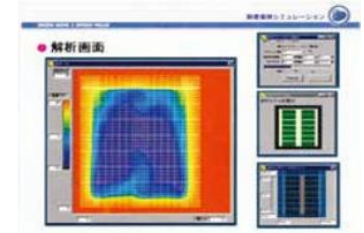
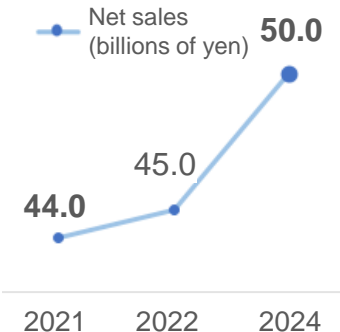
* Home-cooked and ready-made meals markets, home-delivery markets, etc.

Logistics

Proposals for products and technologies that support food safety and security

- ▷ Propose logistics containers that maintain freshness, using our product temperature analysis technology
- ▷ Contribute to the production and logistics efficiency of our customers in Japan and overseas

Spiral-up 2024



Key Issue 1: Strengthen the earnings structure

■ (1) Restructuring the business portfolio

Electronics

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

Electronic materials

Stable growth and area expansion in the electronic materials field

- ▷ Maintain a dominant position in display applications
- ▷ Meet the challenge of expanding into the high-speed communications field

Packaging materials

Transition to a recycling-based business

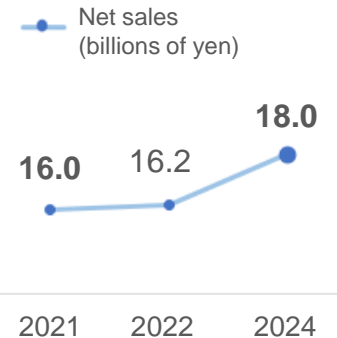
- ▷ Launch Sustainable Star Products in markets
- ▷ Improve the recycling system and develop recycling-based business

Structural components

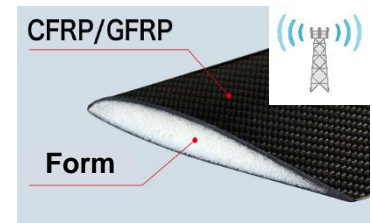
Provision of structural components that support high-speed communications technology

- ▷ Develop applications for FRP + high-strength foam composite structures (e.g., exterior structural materials for antennas and base stations)

Spiral-up 2024



ReNew+
BIOCellular



Key Issue 1: Strengthen the earnings structure

■ (1) Restructuring the business portfolio

Mobility

Contribute to the technological innovation of next-generation mobility such as EVs, by maximizing synergies with Proseat, and developing new materials and applications

Automotive components

Expansion of adoption in next-generation mobility, such as EVs

- ▷ Propose further weight reduction by increasing the expansion rate of PIOCELAN
- ▷ Advance the development of next-generation vehicle components through synergy with Proseat
- ▷ Achieve results for ST-Eleveat

Components logistics

Sales expansion by leveraging our strengths (design know-how + environmental responsiveness)

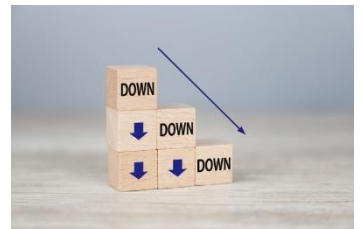
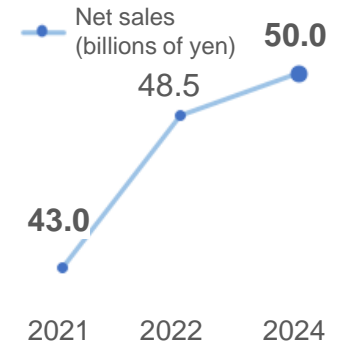
- ▷ Strengthen proposal activities for components that will increase with the shift to EVs
- ▷ Launch Sustainable Star Products in markets
- ▷ Improve the recycling system and develop resource-recycling business

Enhancement of competitiveness

Improvement of competitiveness via thorough cost reductions

- ▷ Establish a system that can enhance production efficiency and reduce fixed costs for Proseat, and respond more quickly to fluctuations in demand
- ▷ Introduce cost planning to model plants, and expand it across the Group

Spiral-up 2024



Key Issue 1: Strengthen the earnings structure

■ (1) Restructuring the business portfolio

Medical/ Healthcare

Provide new value globally, by meeting the needs of the medical and healthcare fields through advanced proprietary products

Sports

Expansion of ELASTIL applications

- ▷ Develop new applications (sports and health products, etc.)
- ▷ Expand applications for shoes beyond sports shoe soles

Skin care

Expansion of sales channels to the skin care market

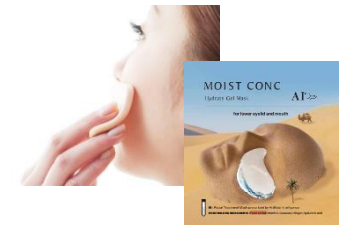
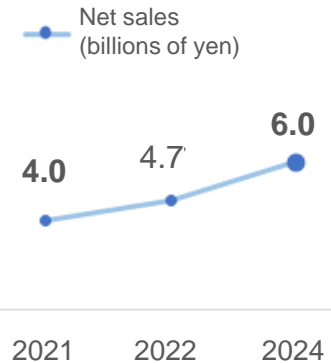
- ▷ Propose biodegradable and naturally derived microparticles to the market
- ▷ Expand sales of ST-gel (AI-Fit) using AI technology

Biological sensing

Expansion of ST-gel into new areas

- ▷ Lifestyle-related diseases, infant biomonitring, etc.
- ▷ Healthcare areas such as TENS, EMS, wearable devices, etc.

Spiral-up 2024



Key Issue 1: Strengthen the earnings structure

■ (1) Restructuring the business portfolio

Housing/ Energy

Contribute to sustainable urban development by launching products for disaster prevention, disaster mitigation, and infrastructure development

Disaster prevention/ mitigation

Expansion of sales of products that support the “Fundamental Plan for National Resilience”

- ▷ Countermeasures against torrential rains and earthquakes
- ▷ Disaster recovery

Housing improvement

Expansion of sales of products for infrastructure development

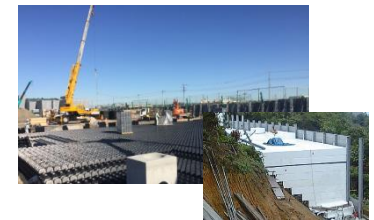
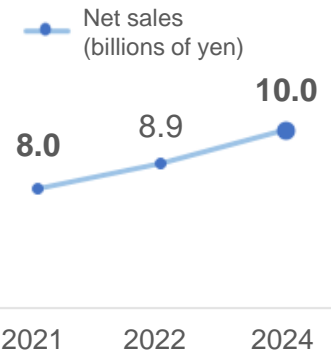
- ▷ Expansion of green infrastructure
- ▷ Improve social infrastructure

Environment/ energy

Expansion of sales of products that contribute to a sustainable society

- ▷ Launch Sustainable Star Products in markets
- ▷ Renewable energy (water, solar, and offshore wind power)

Spiral-up 2024



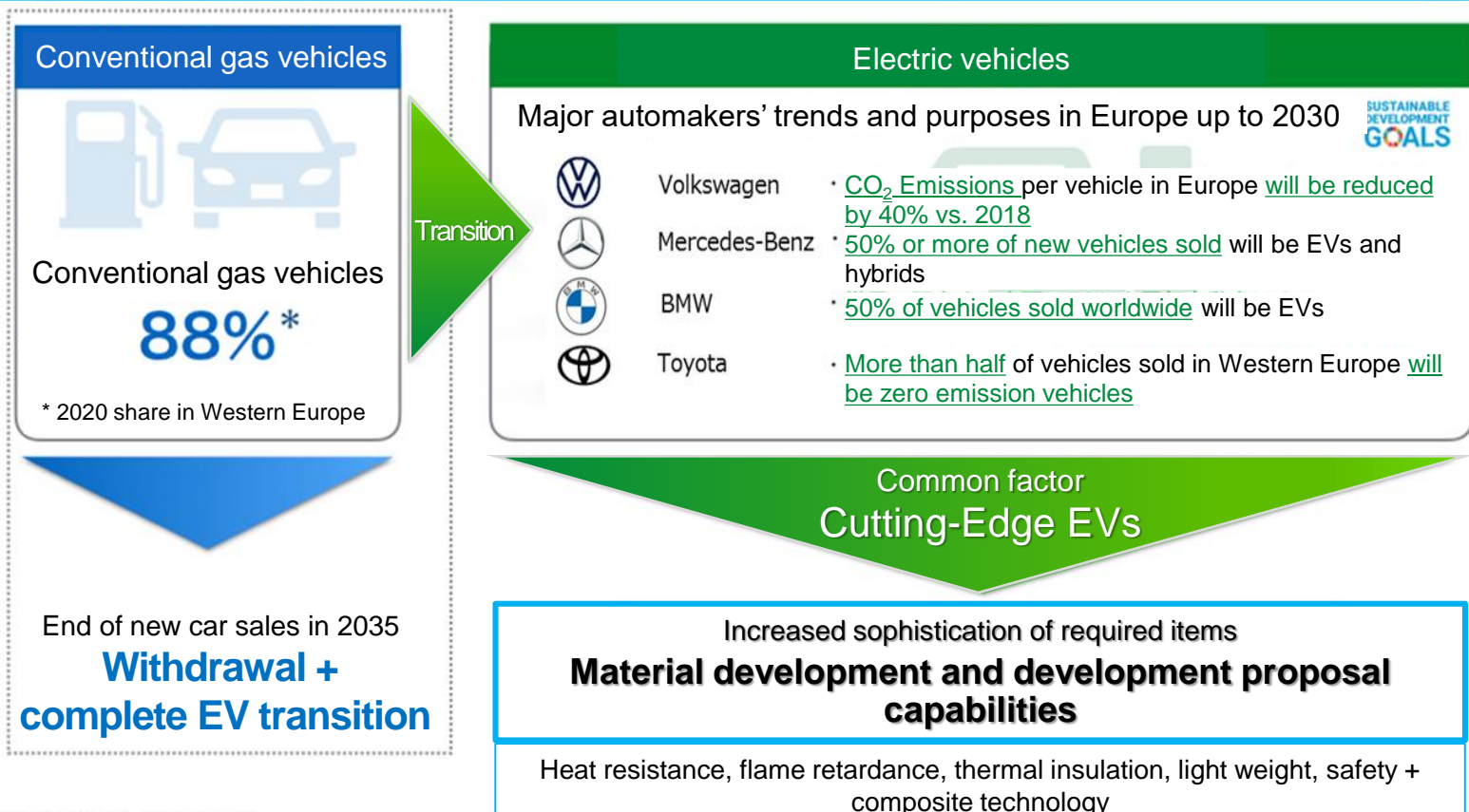
Key Issue 1: Strengthen the earnings structure

■ (2) Constructing a highly profitable structure in the Proseat business

proseat
FOAMING COMFORT

Mega trends in the European automotive market

Decarbonization in the automotive industry is essential for 2050 EU carbon neutrality



Key Issue 1: Strengthen the earnings structure

■ (2) Constructing a highly profitable structure in the Proseat business

Differentiation strategy leveraging Group synergies



SEKISUIKASEI × proseat



Maximize Group synergies and provide differentiated solutions to the increasingly sophisticated requirements of European OEMs

～ Status of new developments through Group synergies ～

- New applications of lightweight structural components
 - ⇒ Orders already received
- New environmentally friendly materials such as ST-Eleveat BIO
 - ⇒ Several joint development projects with European OEMs in progress

Key Issue 1: Strengthen the earnings structure

■ (2) Constructing a highly profitable structure in the Proseat business

Growth strategies for each of the three business segments

LWC
Dept.

- Develop cutting-edge components that maximize the strengths of both companies, with clear differentiation from competitors
- Propose hybrid solutions for PU foam, foam, and metal
- Develop modularization concepts to reduce the number of components
- Enter non-automotive markets by leveraging Sekisui Kasei's channels

* LWC: Light Weight Component

Foam
Dept.

- Proactively develop the seat functions required for next-generation vehicles and automated driving

* Comfort, safety, light weight, antibacterial, low noise, anti-vibration, etc.

Trim
Dept.

- Review the product line-up, and develop high-performance and high-value-added parts to respond to the shift to OEM luxury vehicles

All
Depts.

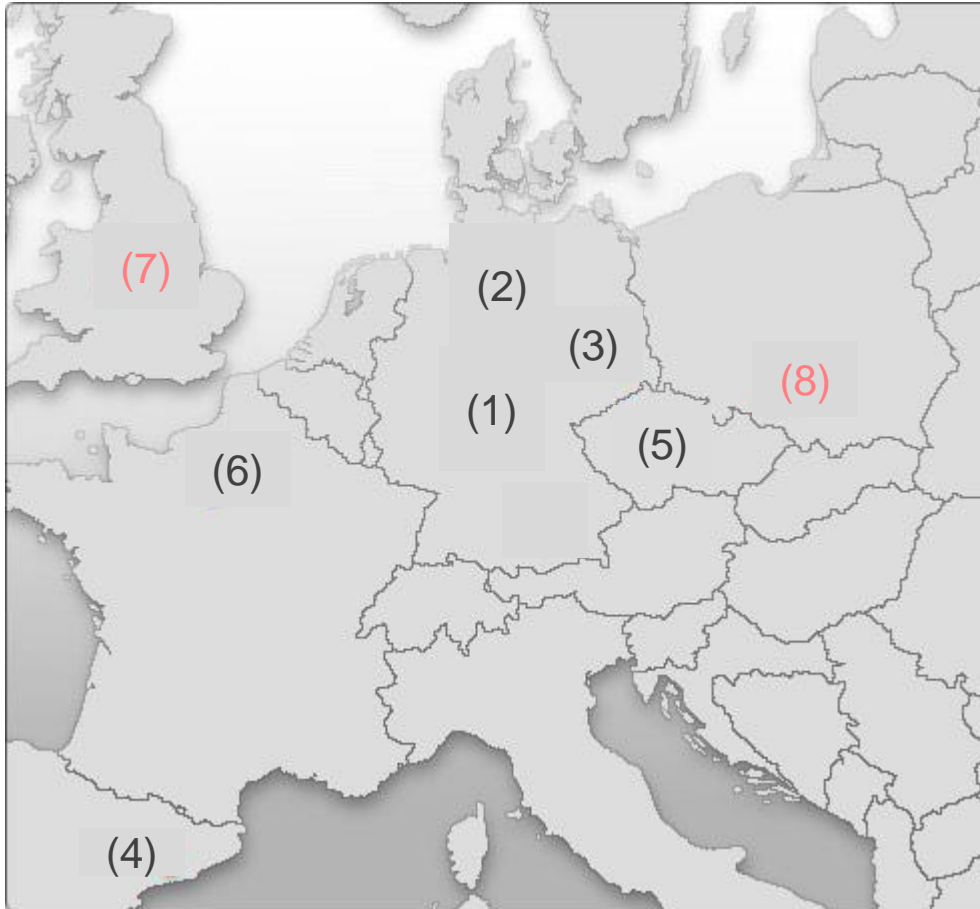
- Promote rationalization by withdrawing from the UK site and integrating sites in Eastern Europe
- Continue to improve production efficiency and reduce fixed costs
- Establish a system that can respond quickly to fluctuations in demand

Key Issue 1: Strengthen the earnings structure

■ (2) Constructing a highly profitable structure in the Proseat business

proseat
FOAMING COMFORT

Withdrawal from the UK site and integration of sites in Eastern Europe

(1) KG (Headquarters) in Germany
Mörfelden(2) KG Plant in Germany
Espelkamp(3) SW Plant in Germany
Schwarzheide(4) SP Plant in Spain
Santpedor(5) CZ Plant in the Czech Republic
Mladá Boleslav(6) FR Plant in France
Trilport(7) UK Plant in UK
Manchester

Withdrawn

(8) PL Plants in Poland
Bielsko Biala
Czechowice-Dziedzice

Integrated

Spiral-up 2024

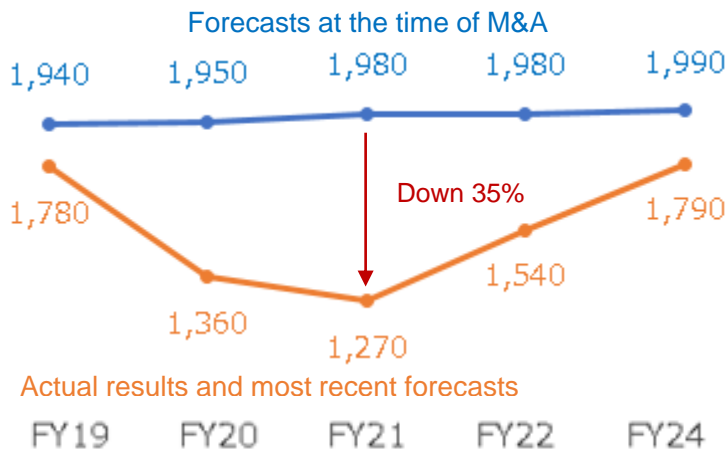


Key Issue 1: Strengthen the earnings structure

■ (2) Constructing a highly profitable structure in the Proseal business

Demand is expected to recover moderately from 2022 onward, but will be significantly below the forecast at the time of M&A.

Automotive production
in Western and Central Europe (Unit: 10,000 vehicles)



Actual results and most recent forecasts

FY19 FY20 FY21 FY22 FY24

Previous mid-term plan

New mid-term plan

Business performance

(Unit: Billions of yen)



FY19 FY20 FY21 FY22 FY24

Actual results in the
previous mid-term plan

Planned values in the
new mid-term plan

Structural Reforms

- (1) Reduction of fixed costs and labor costs: Cost reduction effect = ¥-1.2 billion, employees = -10% * FY2022 vs. FY2021
- (2) Site reorganization: Withdrawal from the UK site and integration of production sites in Eastern Europe are underway.
- (3) Productivity improvement: Rationalization through automation and consolidation is being promoted.

Key Issue 1: Strengthen the earnings structure

■ (3) Strengthening cost competitiveness through innovations in production

Continue to promote production innovation including utilization of technology, and strengthen capabilities for *monozukuri* (creation of things)

1. New production technologies and new equipment technologies
2. Enhanced competitiveness through improved productivity
3. Streamlining and optimization of production sites
4. Stable operation of production sites
5. Transfer and reinforcement of basic technical capabilities

Proactive Use of Technology
DX, AI, IoT,
Big data utilization,
RPA, Process innovation,
VR/AR, Remote control,
Numerical analysis, Image analysis,
Robotization, Automatic control,
Simulation

FY2024 Targets

8%

reduction of
output/unit
consumption

**¥2.0
billion**
reduction of
costs

10%

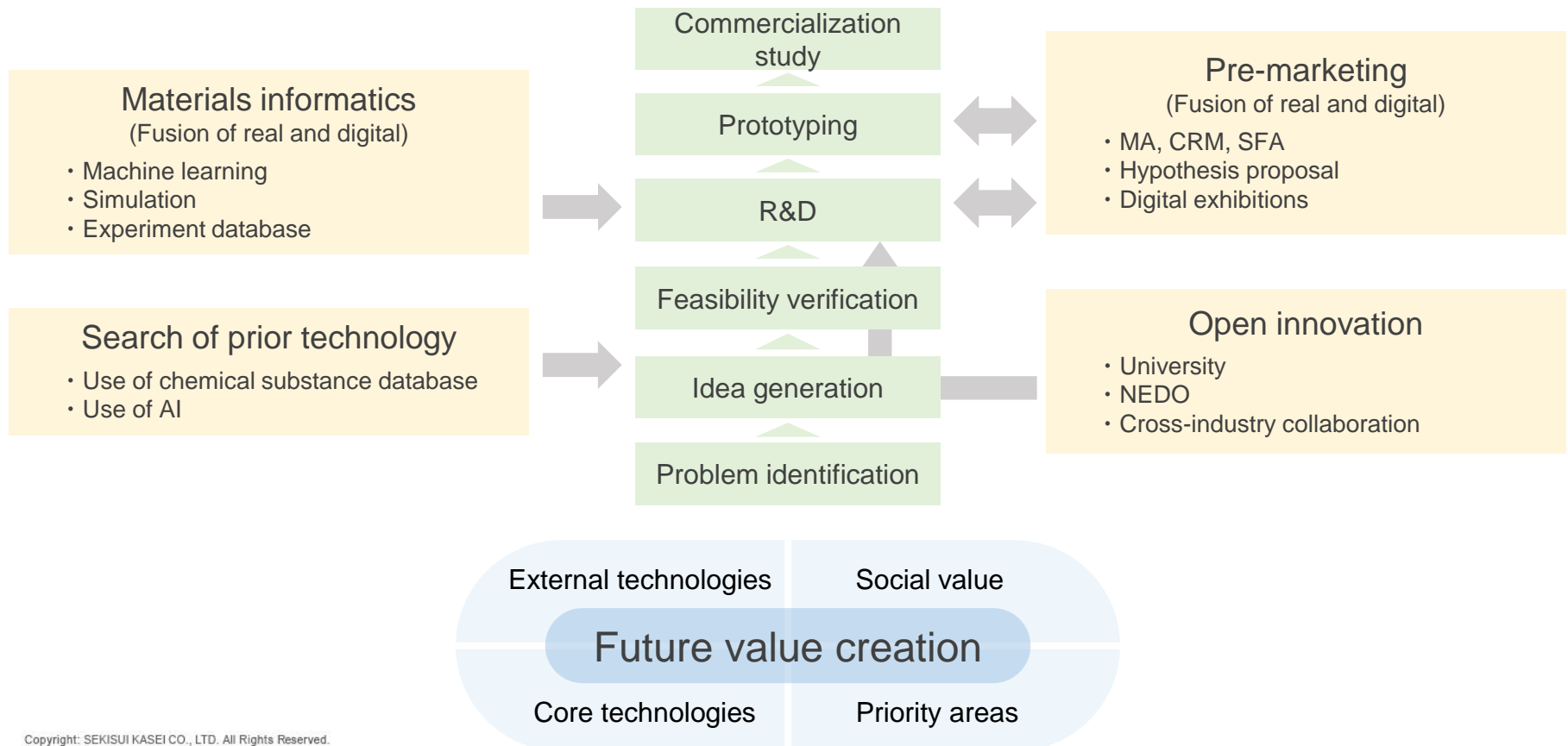
reduction of
CO₂ emissions

Key Issue 1: Strengthen the earnings structure

■ (4) Rapidly generating profits from developed products

Embody the research transformation (RX) concept

Target for profit from products under development: 10% or more of Company-wide operating income in FY2024



Key Issues in the New Mid-Term Management Plan

2. Shift to businesses that solve environmental and social issues

- (5) Expanding Sustainable Star Products through recycling-based business
- (6) Striving to achieve carbon neutrality

Key Issue 2: Shift to businesses that solve environmental and social issues

External environment

Active worldwide movement to solve environmental and social issues

ESG	Climate change	Resource recycling	Greenhouse gas reduction	
Sustainability	Recycling	Circular economy	Paris Agreement	Renewable energy
Carbon neutrality	Biodegradability	Biomass	Ethical consumption	TCFD
SDGs	Food loss issue	Marine plastic waste issue	COP 26	Product life cycle



Our corporate direction

“Balance environmental and social value with economic value”

Shift to a business structure that is centered on the circular economy

Achieve carbon neutrality by 2050



SKG-5R

The newly established “GX Development Department” is leading the entire Company

* Established on April 1, 2022

Spiral-up 2024

Key Issue 2: Shift to businesses that solve environmental and social issues

SKG-5R

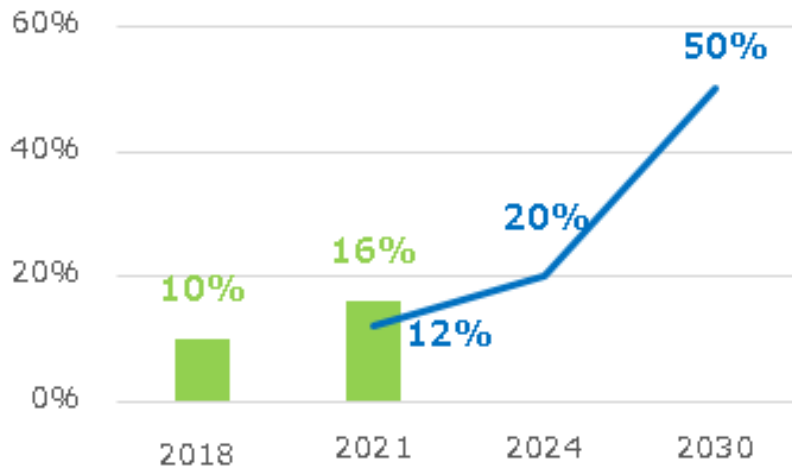
■ (5) Expanding Sustainable Star Products through recycling-based business

SKG-5R Progress toward 2030 targets [create and expand Sustainable Star Products]

Ratio of net sales



Actual Planned

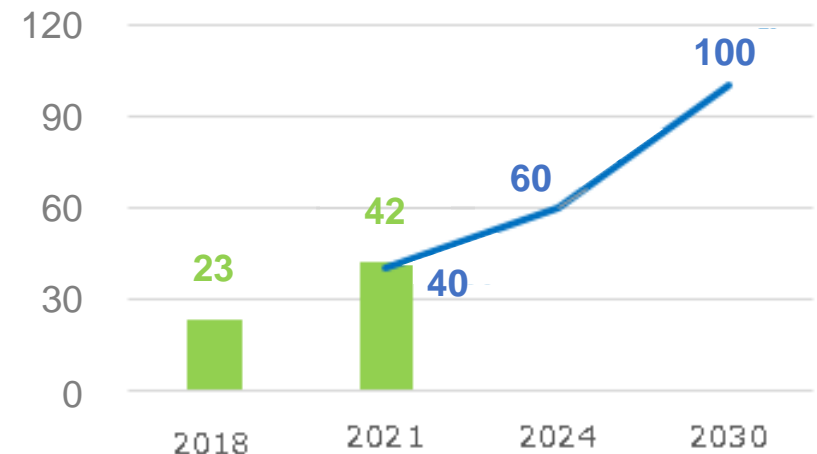


(Ref. year)

Number of products registered



Actual Planned



(Ref. year)

Spiral-up 2024

Key Issue 2: Shift to businesses that solve environmental and social issues

SKG-5R

■ (5) Expanding Sustainable Star Products through recycling-based business

Brands in the product category utilizing biodegradable or biomass raw materials

BIOCellular

TECHPOLYMER BIO

Biodegradable
microparticles

ELASTIL BIO

Biomass-derived
elastomer foam

LIGHTLON BIO

Biomass-derived
foamed polyethylene
sheet

ST-Eleveat BIO

Biomass-derived
high heat-resistant
lightweight foam

We will continue to expand our product lineup.

Spiral-up 2024

Key Issue 2: Shift to businesses that solve environmental and social issues **SKG-5R**

■ (5) Expanding Sustainable Star Products through recycling-based business

Brands in the product category utilizing **recycled raw materials**

ReNew+

ESLEN Beads RNW

Recycled expandable
polystyrene beads

ESLEN Sheet RNW

Recycled foamed
polystyrene sheet

LIGHTLON RNW

Recycled foamed
polyethylene sheet

ST-Eleveat RNW

Recycled
high heat-resistant
lightweight foam

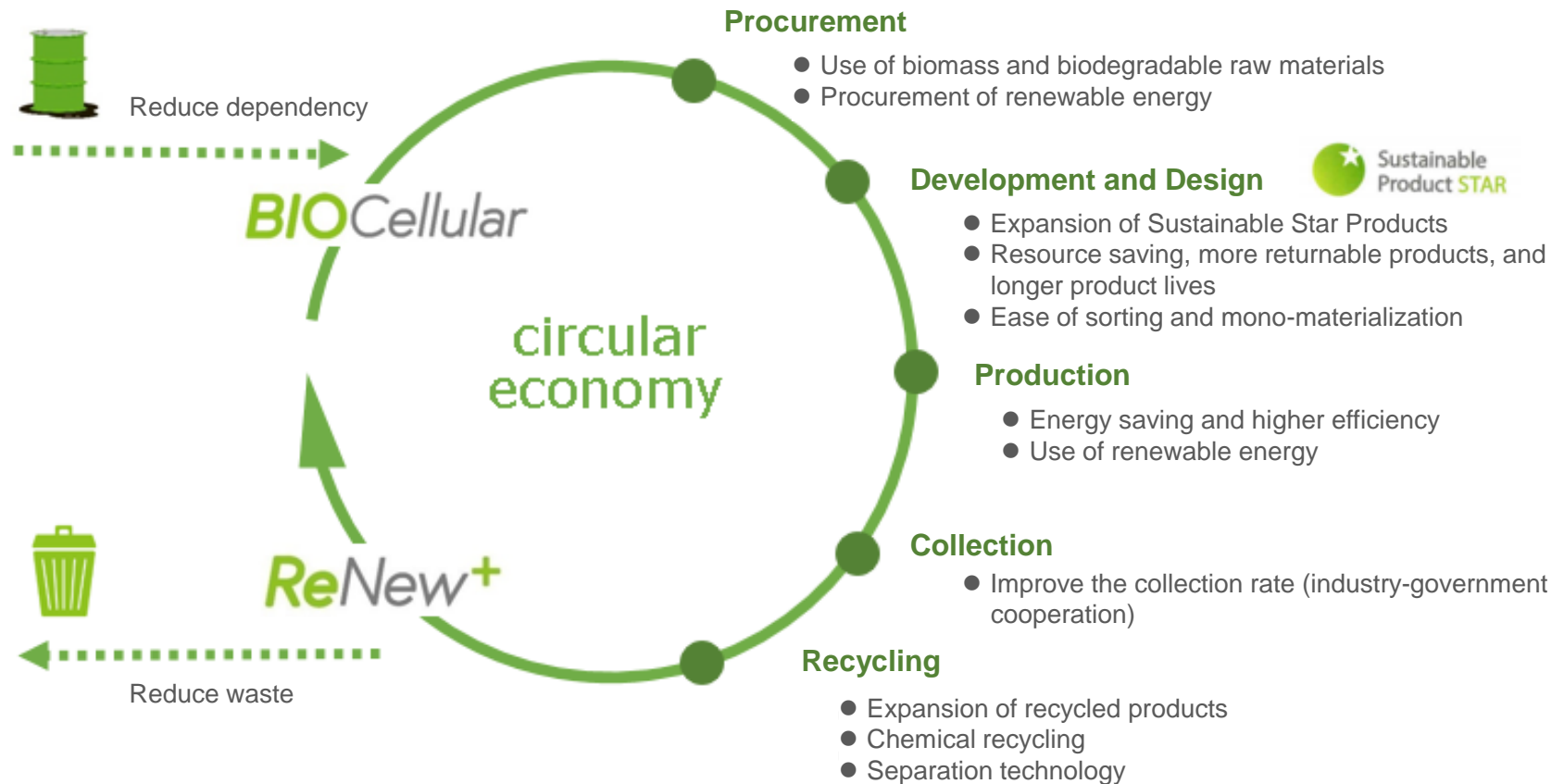
We will continue to expand our product lineup.

Spiral-up 2024

Key Issue 2: Shift to businesses that solve environmental and social issues **SKG-5R**

■ (5) Expanding Sustainable Star Products through recycling-based business

Shift to a business structure that is centered on the circular economy

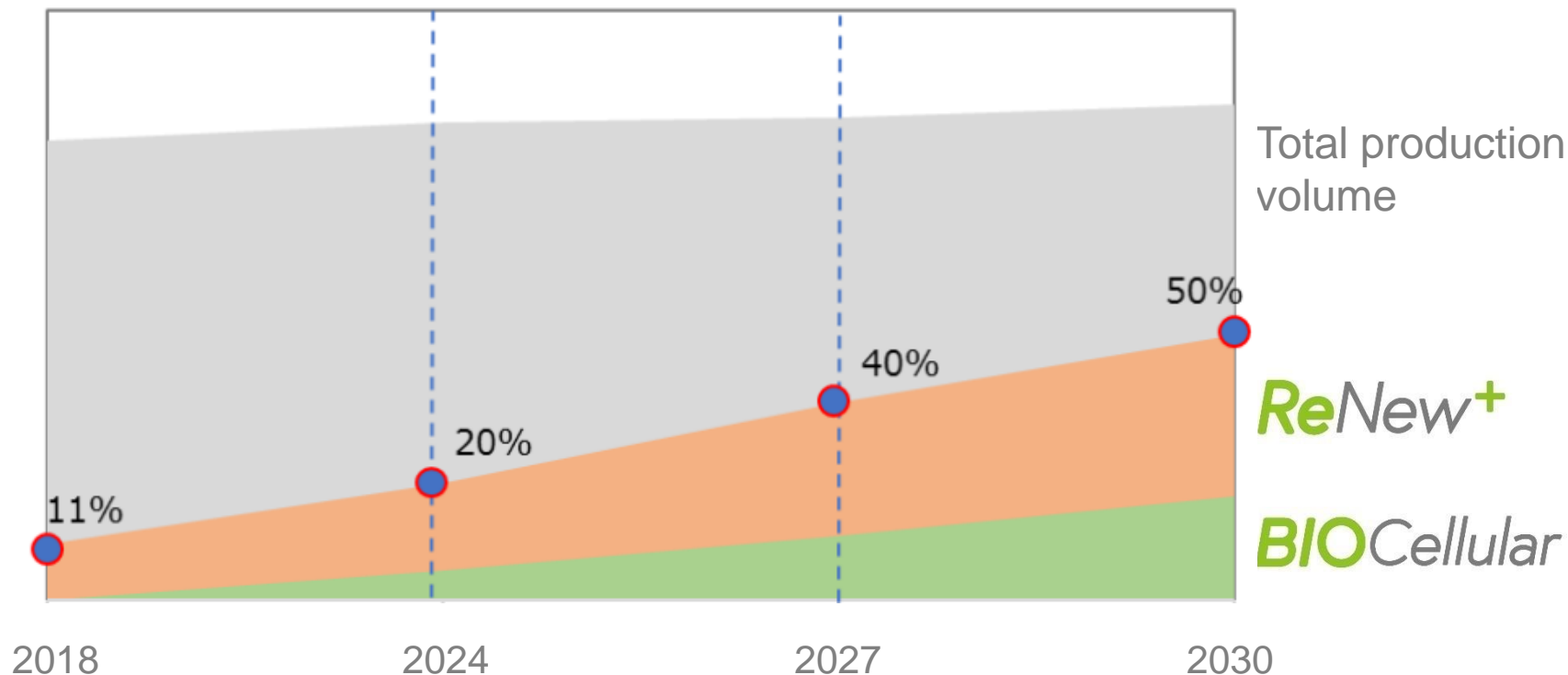


Spiral-up 2024

Key Issue 2: Shift to businesses that solve environmental and social issues **SKG-5R**

■ (5) Expanding Sustainable Star Products through recycling-based business

Recycling + biomass ratio: aim for 50% or more by 2030

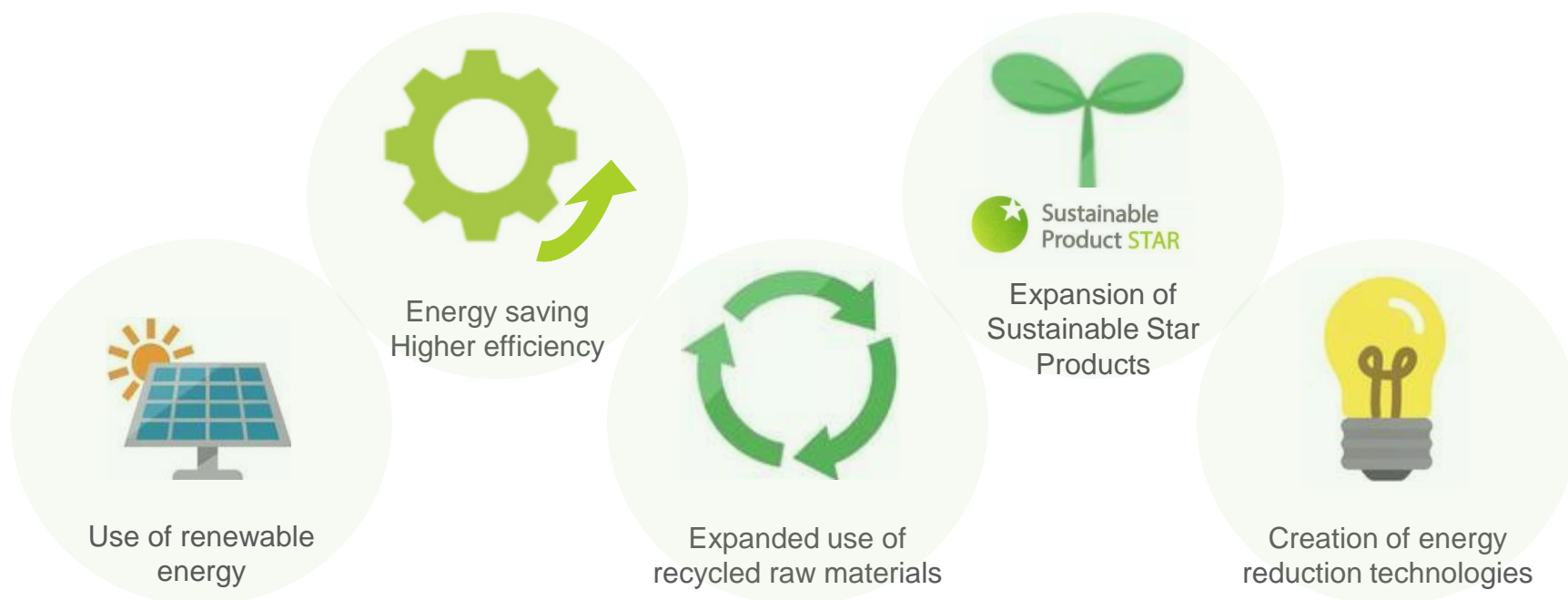


Spiral-up 2024

Key Issue 2: Shift to businesses that solve environmental and social issues **SKG-5R**

■ (6) Striving to achieve carbon neutrality

Aim for carbon neutrality in 2050

Minimize CO₂ emissions from
business activitiesReduce CO₂ emissions by creating new value
through technology, products, etc.

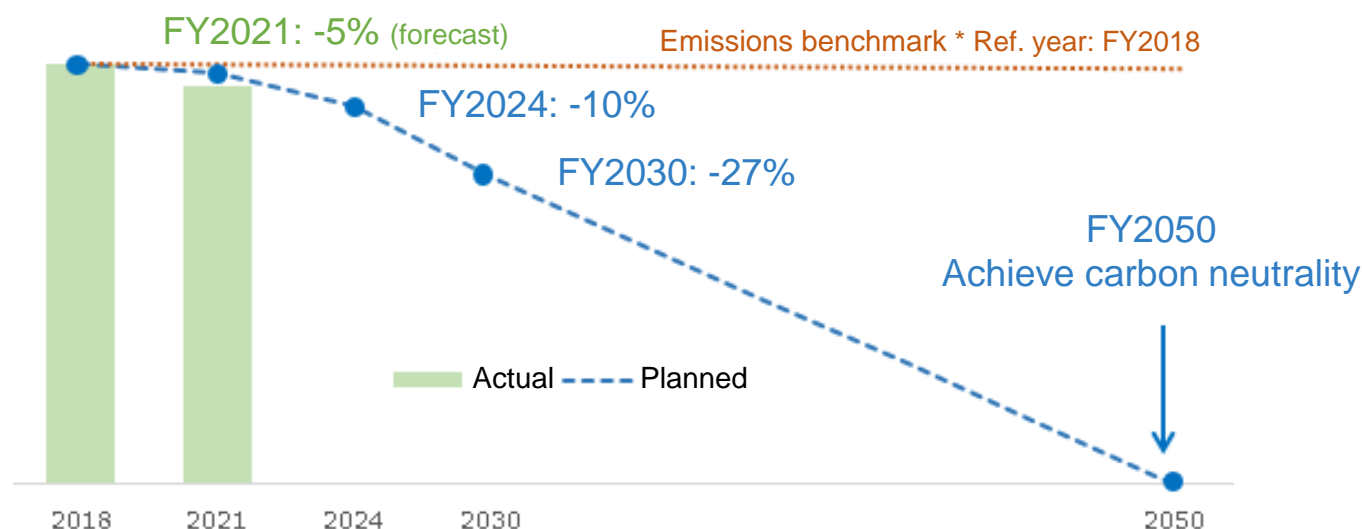
Spiral-up 2024

Key Issue 2: Shift to businesses that solve environmental and social issues **SKG-5R**

■ (6) Striving to achieve carbon neutrality

SKG-5R Progress toward the 2030 target [CO₂ emission reduction]

Targets	Reduce FY2050 CO₂ emissions to virtually zero Reduce FY2030 CO ₂ emissions (Scope 1+2) by 27% compared to FY2018
Main policies	Rationalization of production processes and promotion of energy saving Decarbonization of fuels and switching to renewable energy sources Development of new processes, and introduction of new production facilities through the use of environmental investment quotas Creation and business expansion of Sustainable Star Products



Key Issues in the New Mid-Term Management Plan

3. Reinforce our management foundation

- (7) Strengthening efforts to address materiality (key management issues)
- (8) Enhancing financial health

Key Issue 3: Reinforce our management foundations

■ (7) Strengthening efforts to address materiality (key management issues)

Reinforce our management foundations through thorough PDCA management of identified material issues

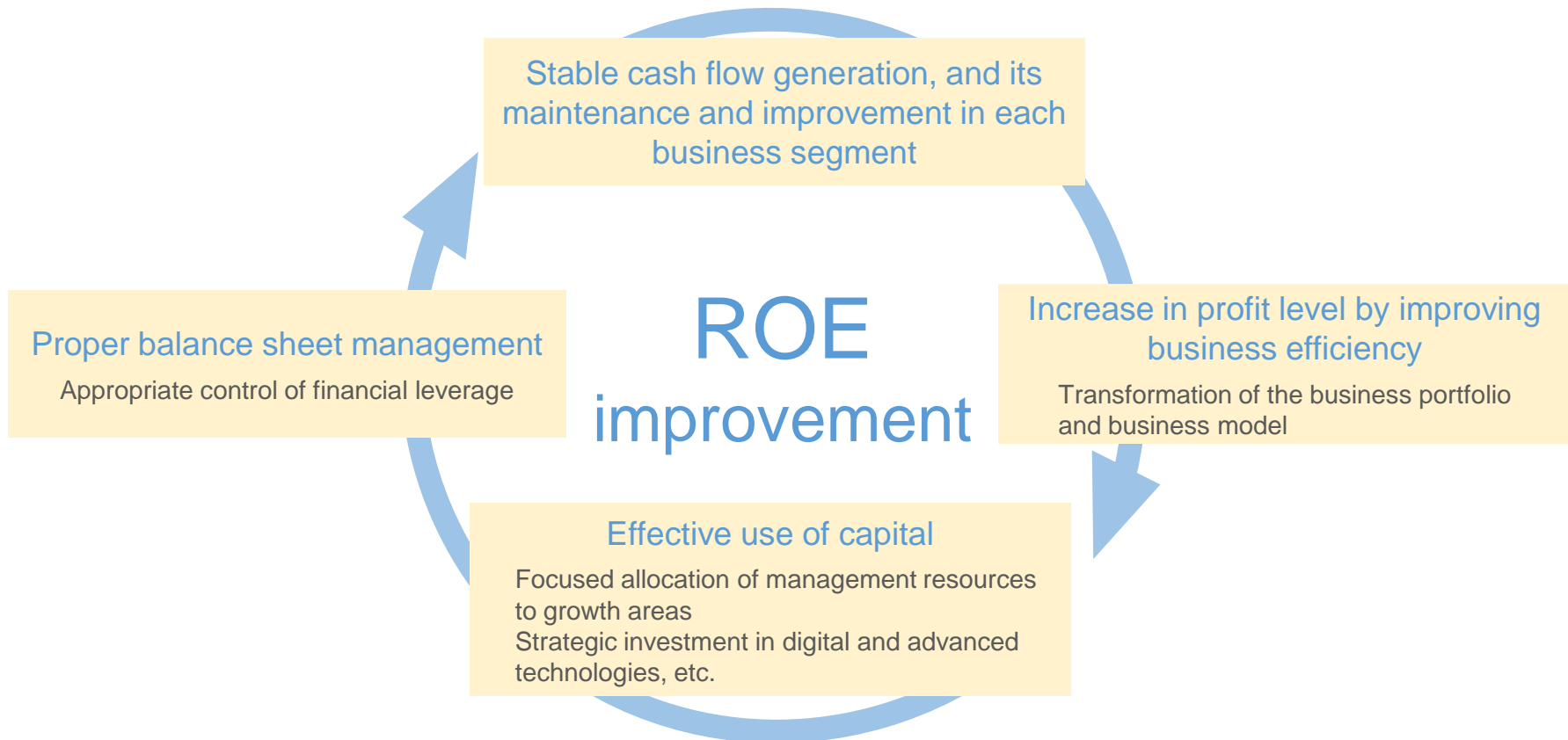
	Category	Materiality
S	E Environment	Creation and expansion of sustainable star products Responding to climate change Reduction of environmental impact
	Innovation	Business model resilience DX
	Human resources	Diversity Workstyle reform Work engagement
	Quality / Security and disaster prevention	Providing safety and security
G	Governance	Corporate governance Compliance Risk management

Key Issue 3: Reinforce our management foundations

■ (8) Enhancing financial health

Shift from “PL-oriented management” to “capital efficiency-oriented management,” to improve ROE

Focus on cash flow improvement and working capital turnover



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.