



SEKISUI CHEMICAL CO., LTD.

Long-term Vision and Medium-term Management Plan Presentation

Keita Kato
President

May 22, 2020

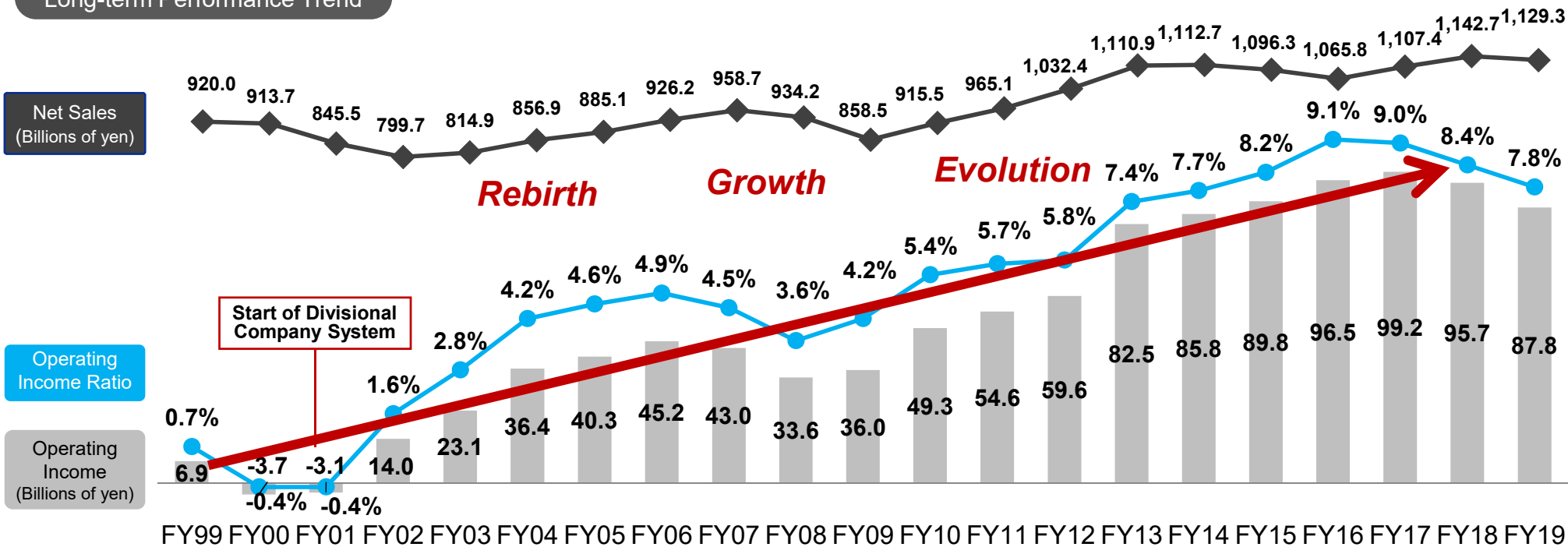


Long-term Vision **Vision 2030**

Vision 2030 Background and Purpose of Formulation

- Setting the ideal future image for the Group and driving transformation to achieve it

Long-term Performance Trend



Background behind Formulation

In order to ensure our sustainable success as one united Group through the turbulent business environment of the 2020s, we need to clearly outline and explain our vision. By sharing this internally and externally, we can raise awareness of and interest in SEKISUI CHEMICAL Group.

Vision 2030 Overview of the Long-term Vision

- Aiming to double the Group's business (sales of ¥2 trillion, operating income ratio of 10% or higher) by 2030 by expanding contributions to resolving social issues through “business growth, reform and creation, centered on ESG management”

Innovation for the Earth

In order to realize sustainable society,
we support the basis of LIFE
and will continue to create “peace of mind for the future” .

Sales ¥2 trillion
Operating income ratio: 10% or higher
Business growth, reform and creation,
centered on ESG management

Residential
(Housing)

**Advanced
Lifeline**
(Social
Infrastructure)

**Innovative
Mobility**
(Electric
/Mobility)

**Life
Science**
(Health and
Medical)

Next Frontier

Process Creation · Adaptability
Employee Active Participation
Corporate Governance

**Vision
Statement**

Target
(Numerical Targets)
(Strategic Direction)

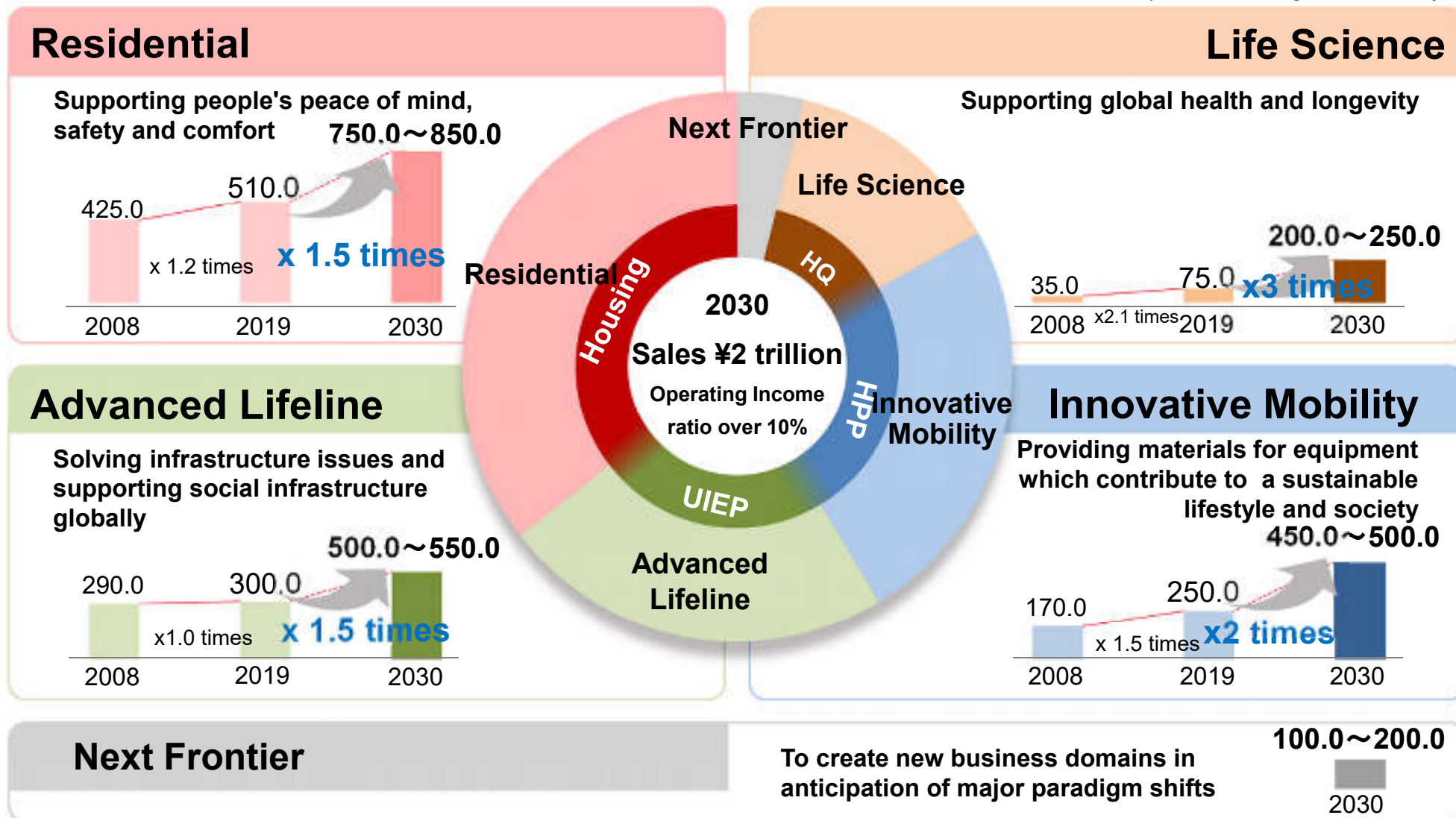
Domains
(Business Domains)

Capabilities
(Organizational
Capability)

Vision 2030 Domain Growth Image and Targeted Business Structure

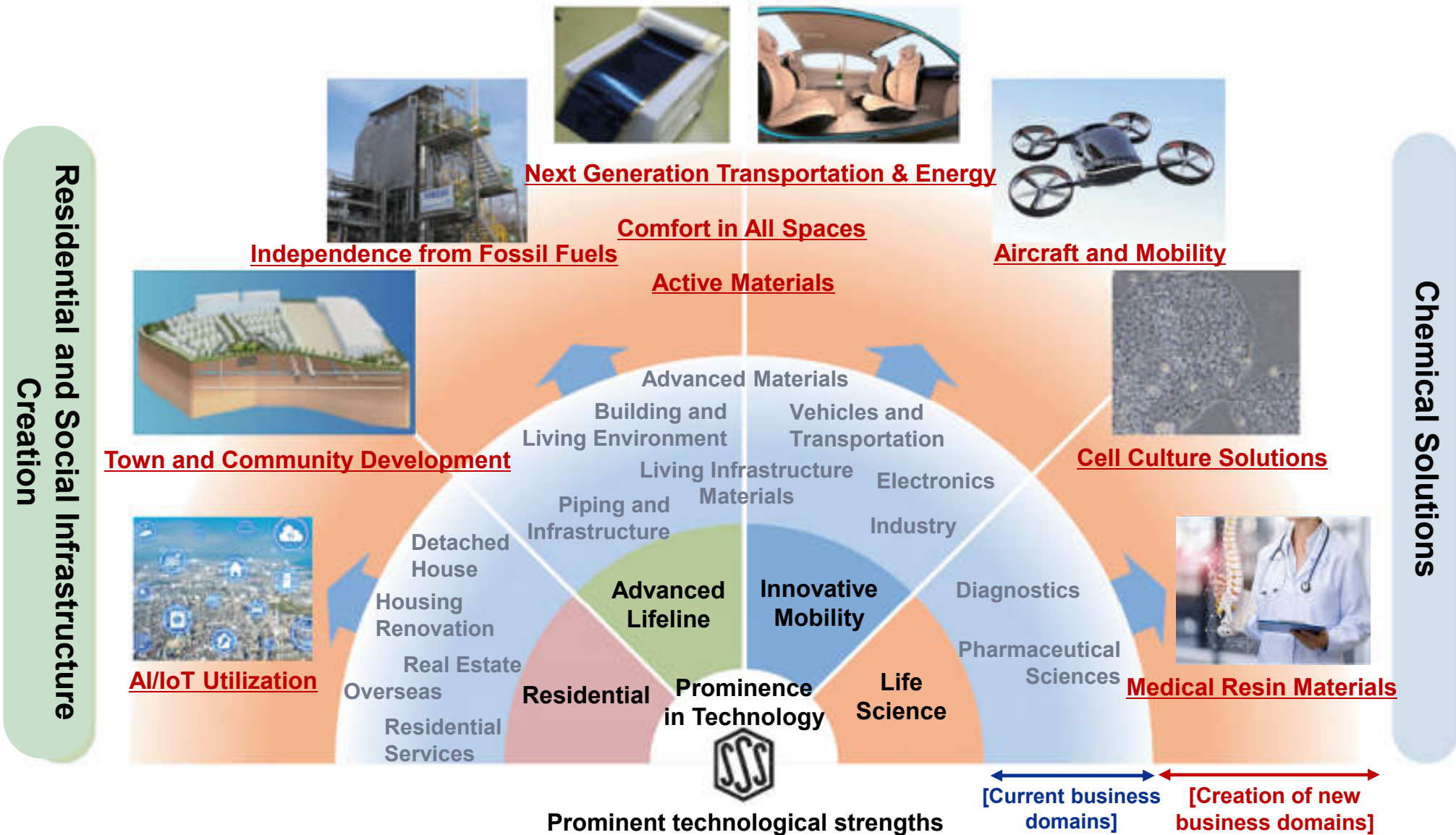
■ Increase sales of each domain from 1.5 to 3 times, and transform into an attractive company with diverse growth engines and a strong presence

(Net sales image: Billions of yen)



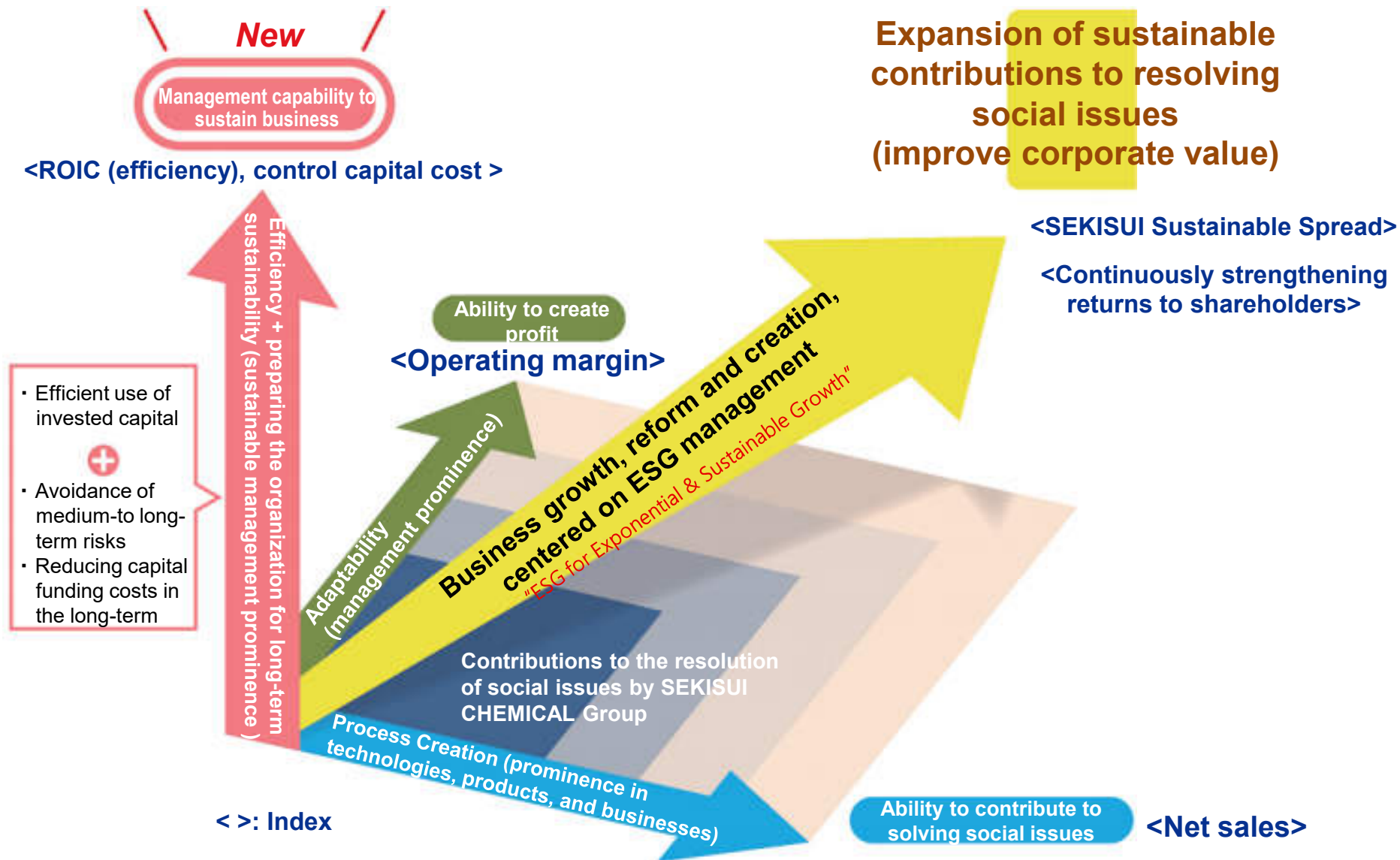
Vision 2030 Entering New Fields

- Take up the challenge of pursuing innovation as an extension of core technologies and create new businesses in each domain



Vision 2030 Approach to Expansion of Sustainable Contribution

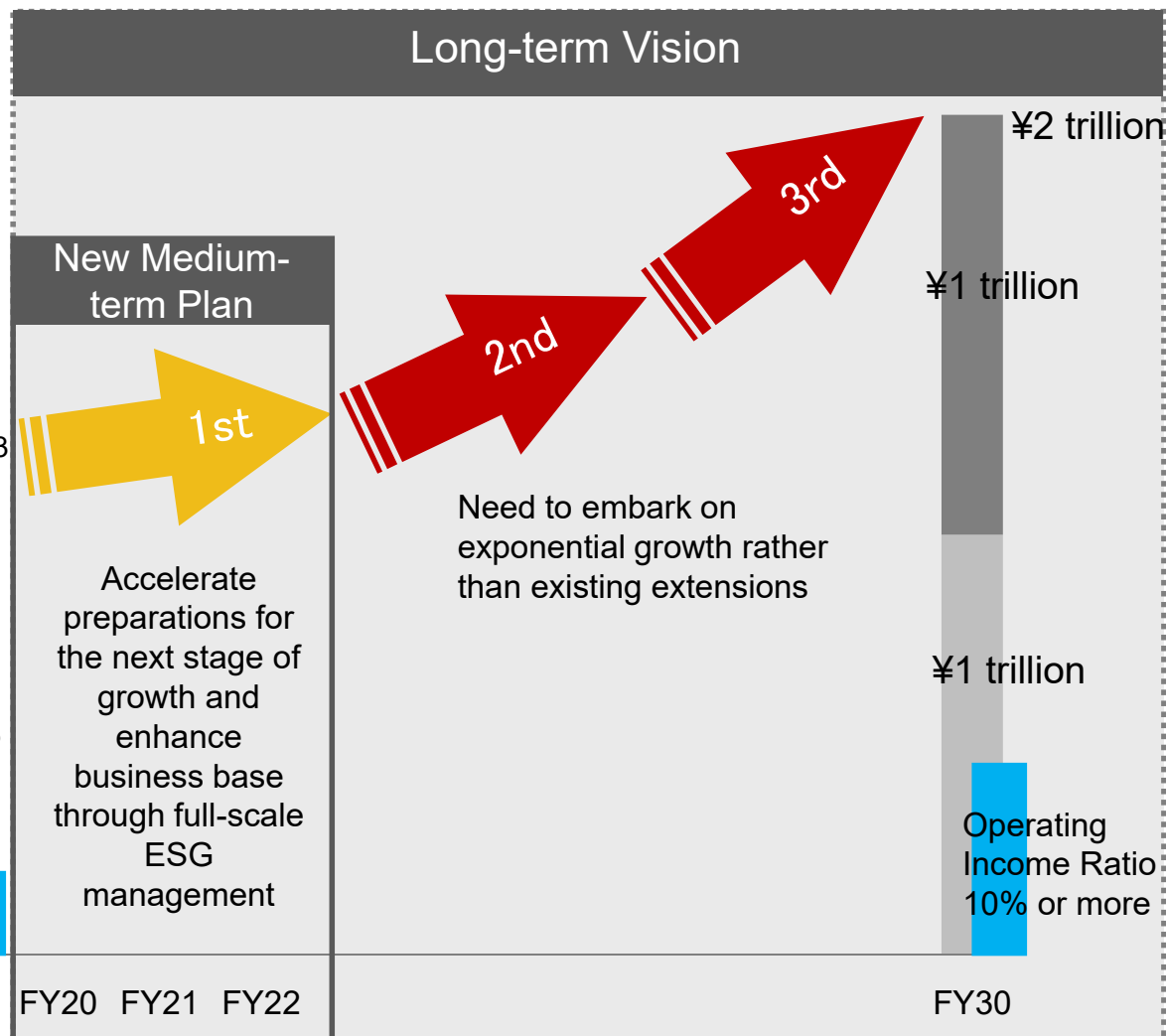
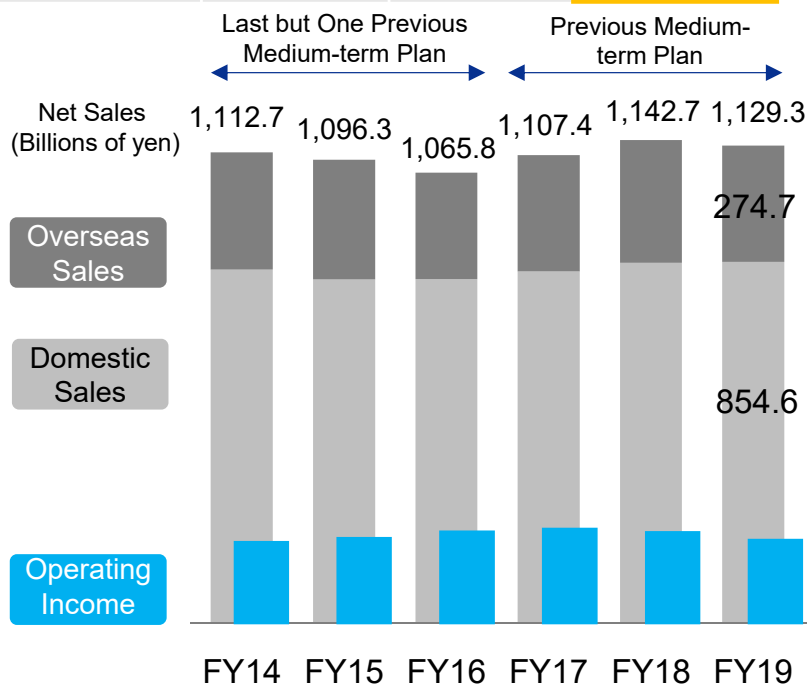
■ Improving corporate value by expanding sustainable contributions to resolving social issues



Vision 2030 Growth Image

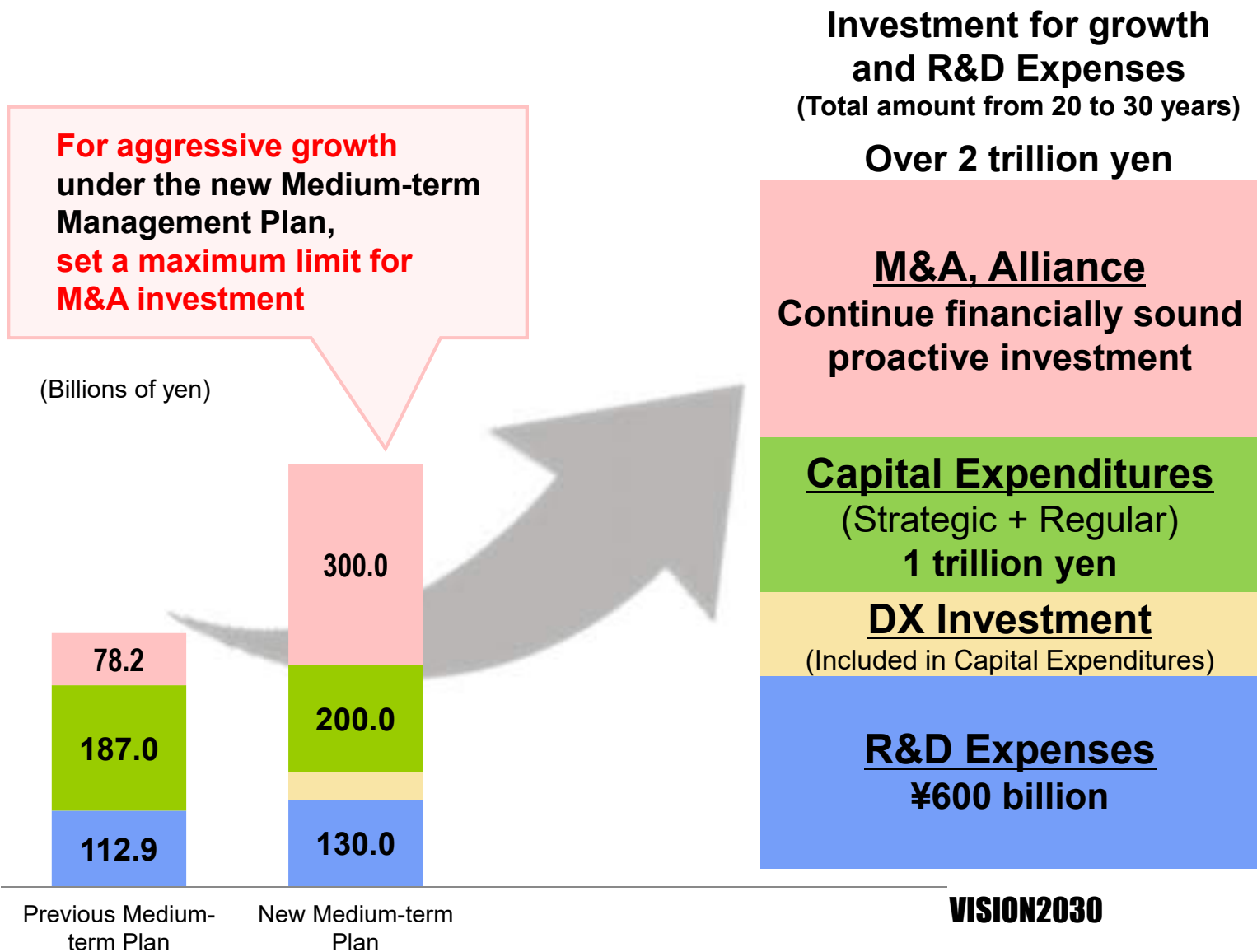
■ Accelerate efforts to cultivate frontier businesses overseas; expand sales to ¥1 trillion in Japan and ¥1 trillion overseas sales in FY2030

CAGR	FY14~16	FY17~19	FY20~30
Domestic Sales	-1.5%	+1.6%	+1.4%
Overseas Sales	-0.9%	+3.0%	+12.5%
Group-wide Sales	-1.3%	+2.0%	+5.3%
Group-wide Operating Income	+5.4%	-3.1%	Over 7.8%



Vision 2030 Proactive Investment of Management Resources

■ Proactive investment to double the size of business





New Medium-term Management Plan **Drive 2022**

Overview of the Previous Medium-term Management Plan ~ Group-wide

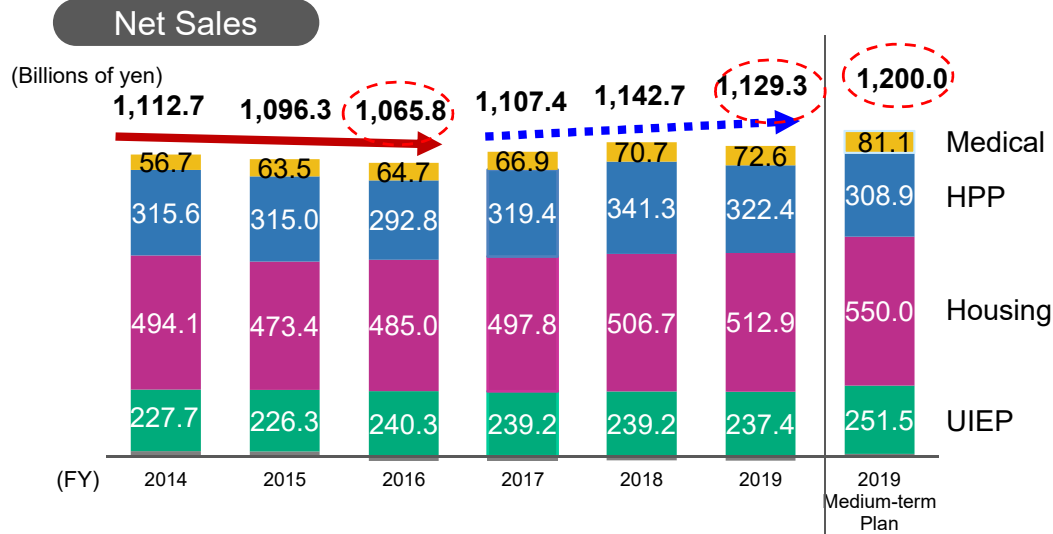
- Despite progress in achieving quantitative growth, fell short of targets; issues regarding profitability continue to linger
- Steady progress in promoting “Fusion” and strengthening the business base

Billions of yen unless otherwise stated

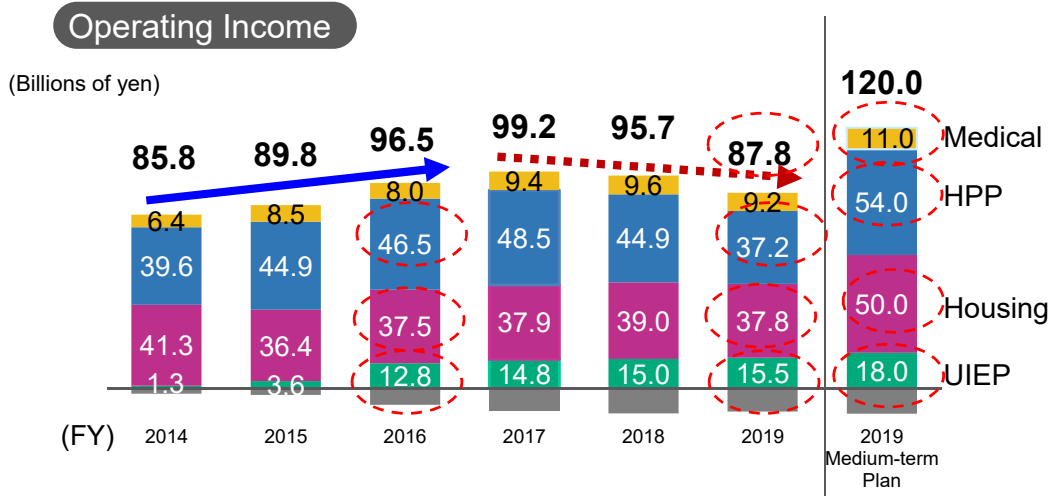
	FY2016	FY2019	FY2019 Medium-term Plan
Net Sales	1,065.8	1,129.3	1,200.0
Operating Income	96.5	87.8	120.0
Operating Income Ratio	9.1%	7.8%	10%
Net Income	60.9	58.9	75.0
ROE	11.3%	9.7%	12%
Overseas Sales	245.8	274.7	300.0
Domestic Sales	820.0	854.6	900.0
Fusion		(1) Increase in sales ¥39.8 billion (2) Town and community development as well as BR made progress	(1) Increase in sales ¥50.0 billion (2) Accelerate the creation of new businesses
Strengthen the Business Base		Introduced and deployed ESG management Continuously earning external evaluations ~GLOBAL 100, etc.	Reinforce CSR management from an ESG perspective

Overview of the Previous Medium-term Management Plan by Divisional Company

- Despite an increase in sales on the back of growth investments, decrease in profit due to delays in recouping returns on investments as a result of a deterioration in market conditions and the impact of COVID-19; challenges with the pace of structural reform



- Progress in the shift to growth (Increase in Group-wide sales ¥63.5 billion); Success with growth investments as well as “Fusion” initiatives
 - Increase in M&A: ¥15.4 billion
 - Increase in “Fusion”: ¥39.8 billion



- Fell short of operating income plan; changes in global market conditions and the impact of COVID-19 (-¥9.2 billion) have highlighted the need for more structural reform

	Amount of Shortfall (Billions of yen)	Of which Impact of COVID-19	Main Reasons for Shortfall (Excluding the Impact of COVID-19)
Group-wide Total	-32.2	-9.2	
HPP	-16.8	-4.4	Increase in raw material prices (-¥5.0 billion); shortfall in sales volumes and improvements in the products mix due to a deterioration in smartphone and automobile market conditions; delays in realizing the effects of investments
Housing	-12.2	-2.7	Shortfall in the number of new houses sold and increase in the cost of materials (-¥4.5 billion); delays in expanding Renovation and Frontier businesses (-¥5.0 billion)
UIEP	-2.5	-1.5	Fell short of domestic product volume plans
Medical	-1.8	-1.3	Delays in the launch of new products

* HPP: High Performance Plastics Company; Housing: Housing Company; UIEP: Urban Infrastructure & Environmental Products Company

Drive 2022 Overall Summary

Policy

Drive sustainable growth/reform/preparation for doubling the Group's business by expanding its contribution to resolving social issues

Basic Strategies

- ◆ Promote ESG management and build a corporate structure that is able to enhance corporate value on a sustainable basis
- ◆ Engage in “Three Drives” as a first step toward realizing the Long-term Vision
 - “Existing Business Drive” (1) Business Growth and reform
 - “New Business Drive” (2) Preparations for long-term growth
 - “Business Base Drive” (3) Strengthening the ESG management base
- ◆ Accelerate through “Fusion” and digital transformation

Targets

FY2022

Net sales:
¥1,220.0 billion

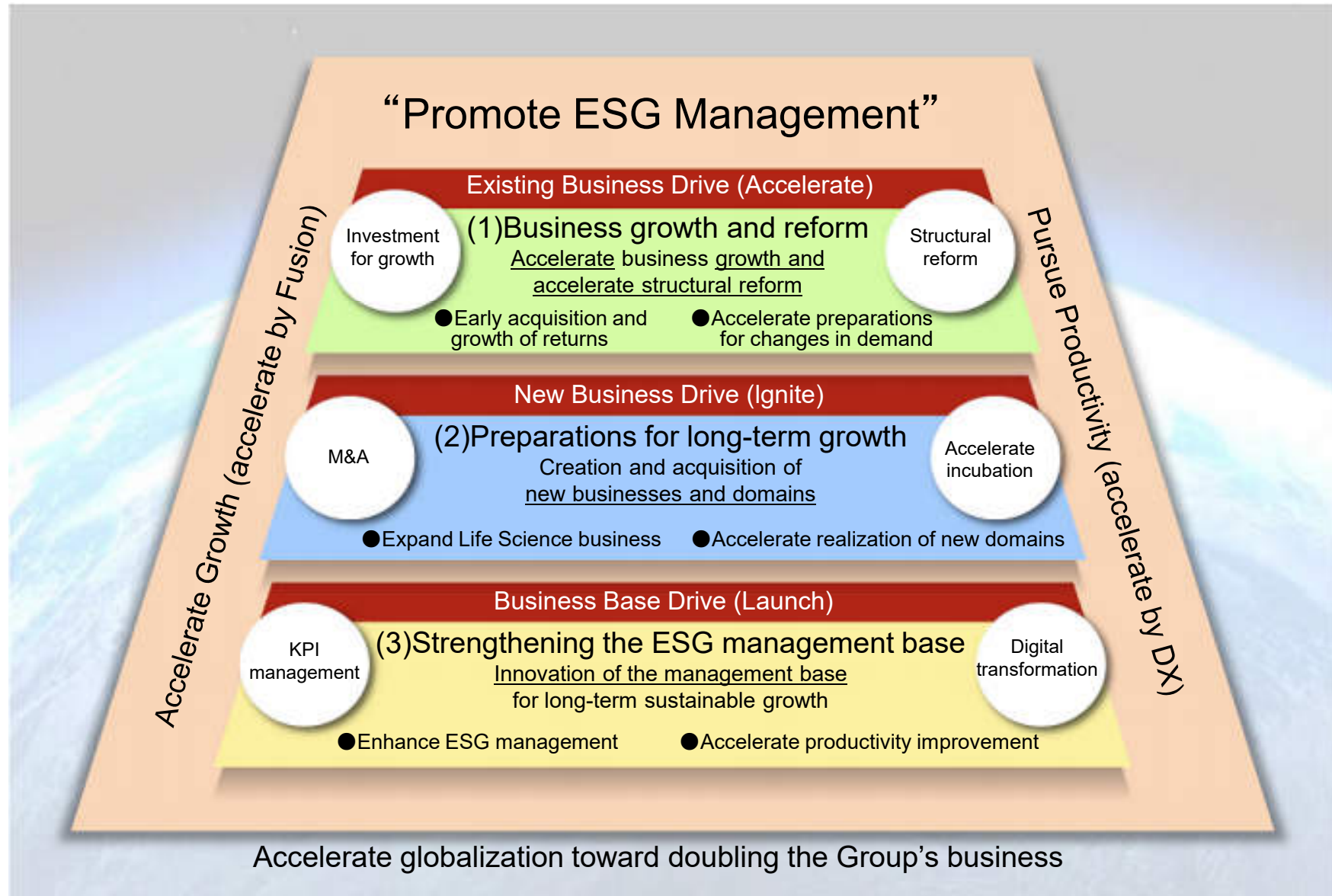
Operating
income:
¥110.0 billion

ROIC:
8.6%
(improve by roughly 1%)

ROE:
10.6%
(maintain at over 10%)

Drive 2022 Overview of New Medium-term Management Plan Strategy

- Promote ESG management and accelerate the three Drives globally

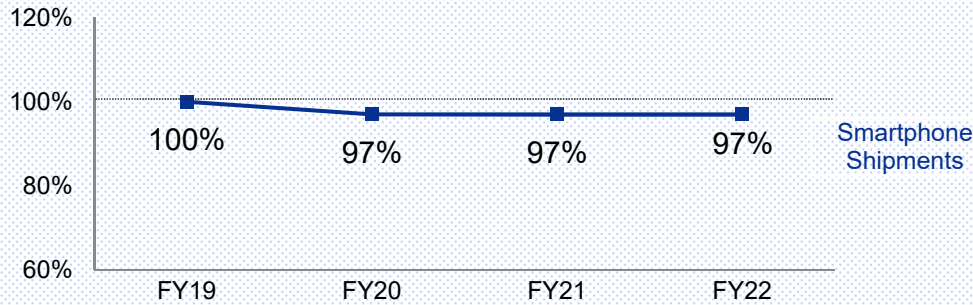


Drive 2022 Market Assumptions

Electronics

* BM: FY19

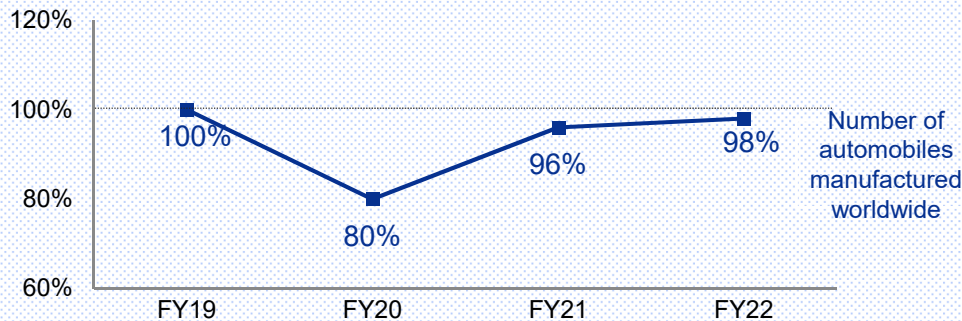
Conditions in the smartphone market not expected to recover



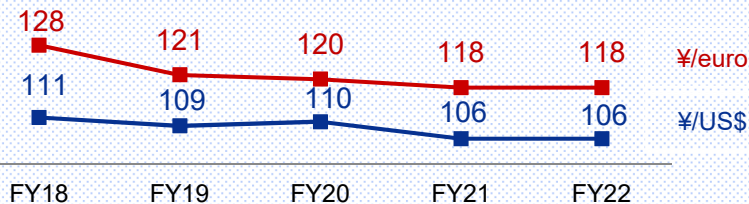
Mobility

* BM: FY19

Despite a substantial decline in FY2020 due to constraints on supply, expected to recover to FY2019 levels from FY2021



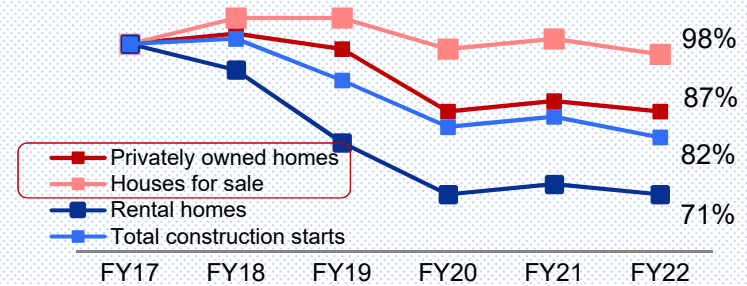
Exchange Rate



New Housing Starts (By Type)

* BM: FY17

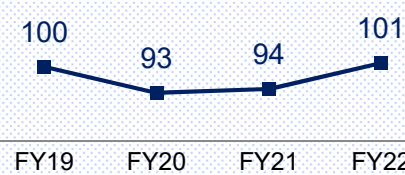
Drop in detached houses (especially houses for sale focusing on first buyers) projected to be small compared with total construction starts



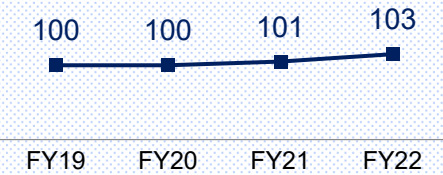
Construction Starts

Non-residential construction starts to remain unchanged; modest increase in public sector budgets

[Non-residential construction starts floor area] * BM: FY19

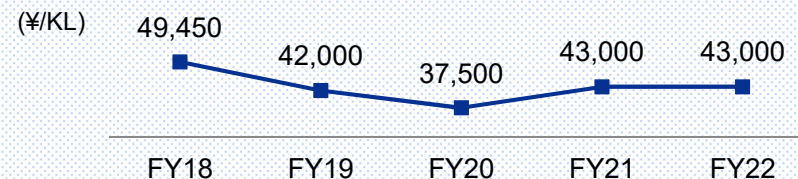


[Public works-related budget] * BM: FY19



Domestic Naphtha Price

Despite once falling in FY2020, expected to remain essentially unchanged compared with FY2019

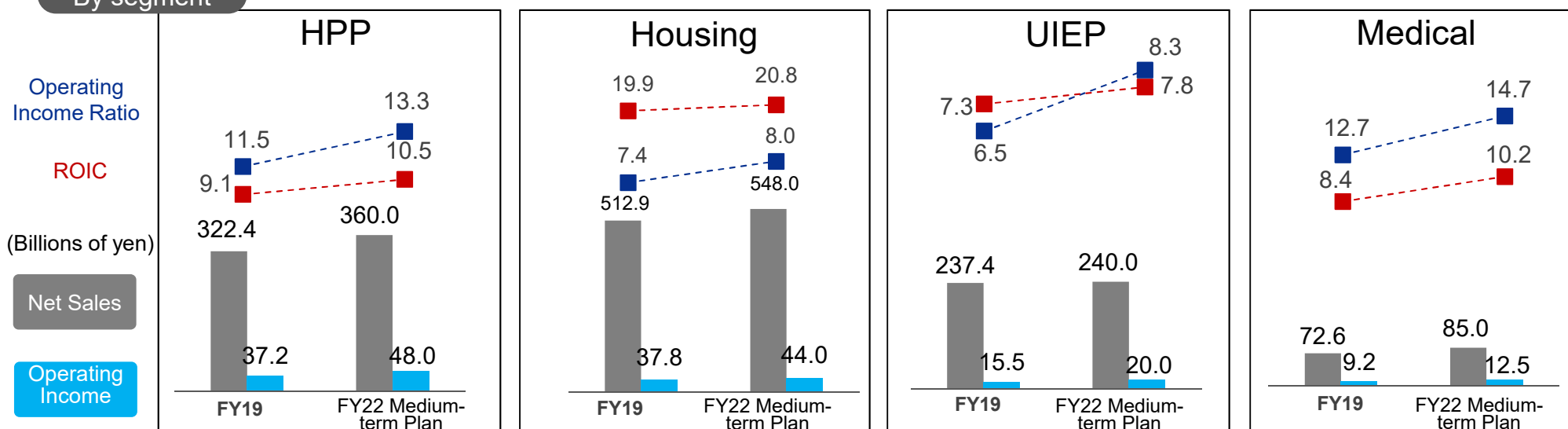


Drive 2022 Target Values

Billions of yen unless otherwise stated	FY2019		FY2022	
	Actual	Medium-term Increment	Medium-term Plan*	Medium-term Increment*
Net Sales	1,129.3	+63.5	1,220.0	+90.7
Operating Income (ratio)	87.8 (7.8%)	-8.7 (-1.3%)	110.0 (9.0%)	+22.2 (+1.2%)
Net Income	58.9	-2.0	70.0	+11.1
ROIC	7.7%	-2.6%	8.6%	+0.9%
ROE	9.7%	-1.6%	10.6%	+0.9% (maintained 10% over)
Overseas Sales (ratio)	274.7 (24%)	+28.9	320.0 (26%)	+45.3
EBITDA	133.2	+0.5	170.0	+36.8

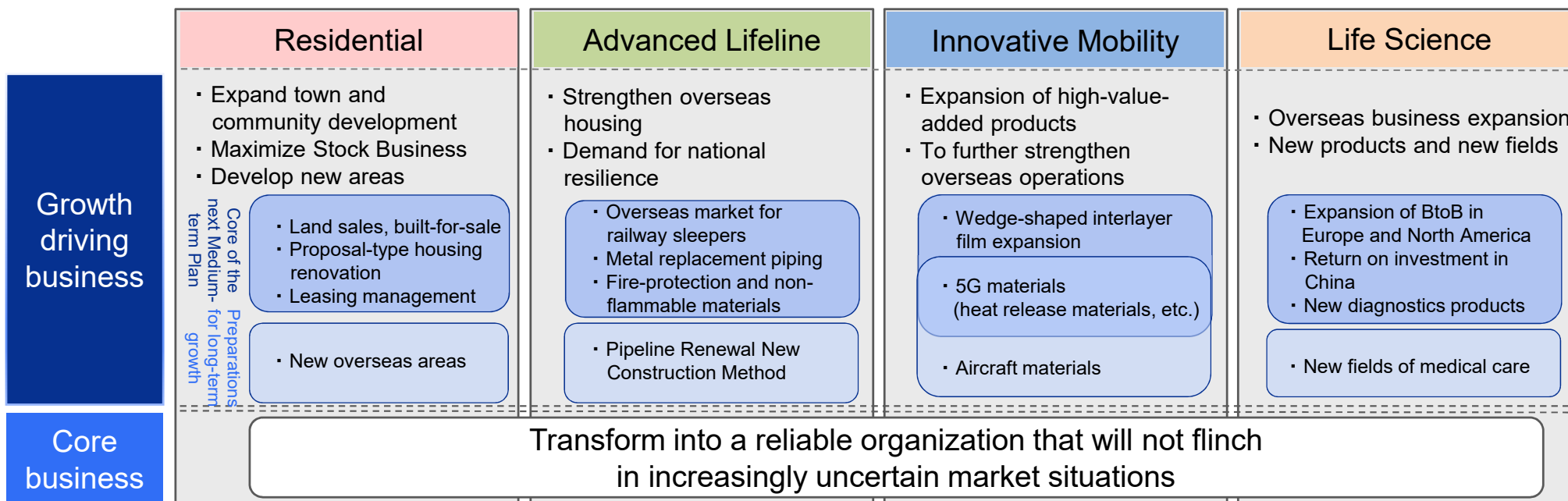
* Excluding new M&As, etc.

By segment



Drive 2022 Basic Strategy Details (1) Business Growth and Reform

■ Growth strategy: Increase Group-wide net sales by over ¥90 billion



■ Structural reform: Secure profitability with a Group-wide operating income ratio around the 10% level

● Manufacturing innovation

- ✓ Housing: Onset of the effects of production company integration (boost profitability, stabilization of production → response to increased volume)
- ✓ Other divisional companies: Purchasing and logistics innovation, automation and unmanned night shifts, optimization of manufacturing systems

● Business structure reform

- ✓ Identify low-margin products
- ✓ Reform the business portfolio

■ DX: Strengthen the promotion structure, support growth strategies and structural reforms

● Visualization and standardization

- ✓ Standardize operations, introduce ERP, renew infrastructure and network

● Increase productivity

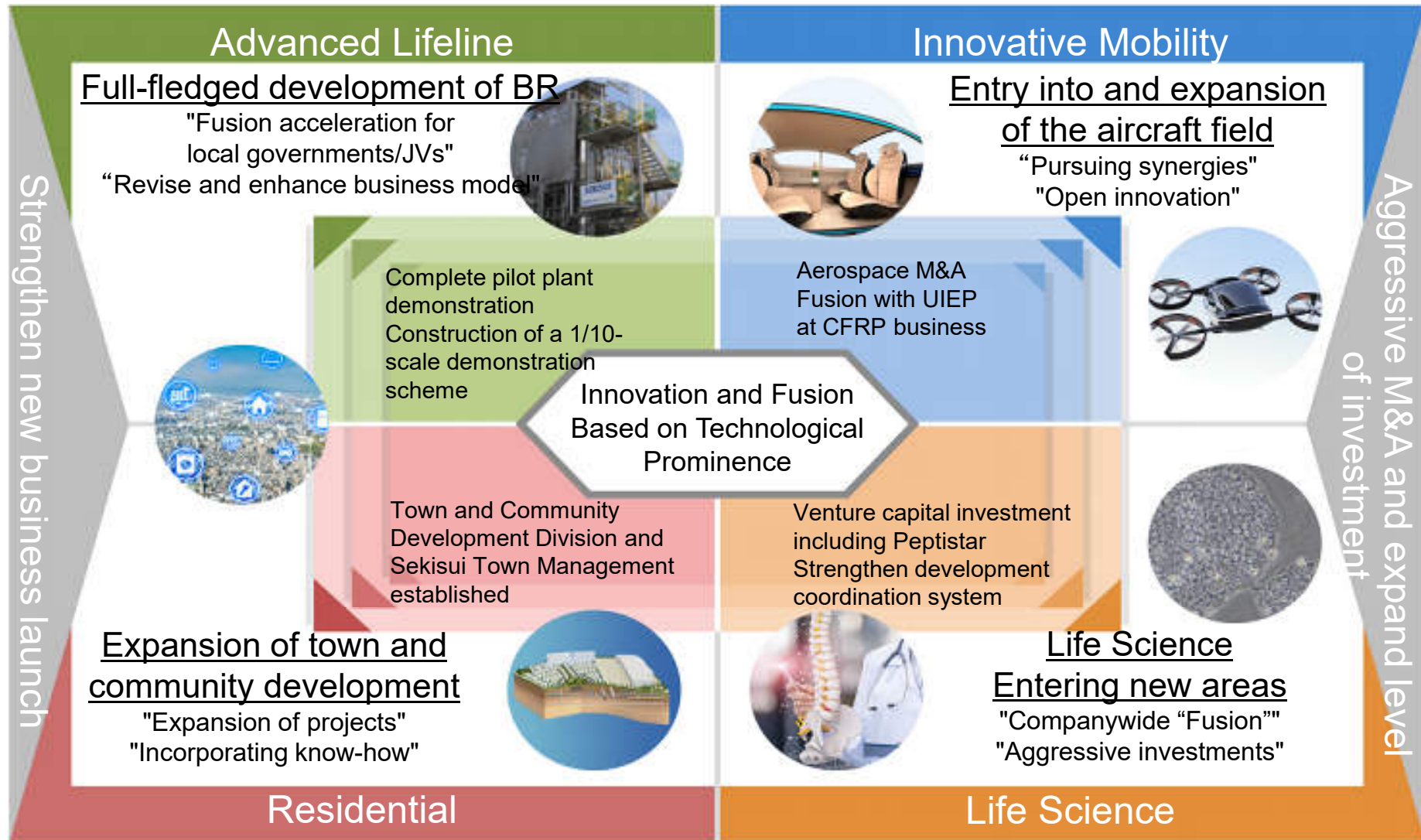
- ✓ Automation / unmanned shifts, improve operational efficiency through the use of digital technology, ICT and AI

● Sophistication

- ✓ Increase the sophistication of operational control, governance and the supply chain

Drive 2022 Basic Strategy Details (2) Preparation for Long-term Growth

Build business base in each domain



Drive 2022 Basic Strategy Details (3) Strengthening the ESG Management Base

SEKISUI CHEMICAL Group's ESG Management

With the goals of improving social sustainability while at the same time achieving profitable growth, SEKISUI CHEMICAL Group engages in corporate activities aimed at resolving environmental and social issues based on a strategic view

In other words, ESG is SEKISUI CHEMICAL Group's business itself

“Creating social value” on a sustainable basis

Three Key Words

Contributions to the resolution of social issues

Profitable growth

Management ability to sustain business

Three Strengths in the Practice of ESG Management

Ability to contribute to the resolution of social issues

Ability to create profit

Management ability to sustain business

Continue to strengthen

Continue to strengthen

Newly strengthen

[Develop under the Medium-term Plan]

(1) Business Growth and reform

(3) Strengthening the ESG management base

(2) Preparations for long-term growth

Drive 2022 Basic Strategy Details (3) Strengthening the ESG Management Base

- Introduce ROIC as a KPI to strengthen management ability to sustain business
- Enhance management ability to sustain business by increasing the efficiency of capital and reducing financial and non-financial capital costs over the long term

[Initiatives of the Company]

Expanding sales/profits
Improve profitability

Effective capital investment

Financial strategies /
Capital policies

Risk reduction/avoidance

ESG-related investment
(Control non-financial capital cost)

Efficiency

Long-term sustainability

Third indicator after sales and operating income
Increase ROIC (return on invested capital) → Target an increase of approx. 1% on an actual basis

Improve the "Profit Margin" Increase the "Turnover Rate"

$$\frac{\text{after tax Operating income}}{\text{Invested capital}} = \frac{\text{after tax Operating income}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Invested capital (working capital* + fixed assets)}}$$

[Development of Measures]

- Expand marginal profit
- Improve productivity, reduce fixed costs
- Improve the probability of securing a return through effective capital investment
- Achieve optimal plant utilization, optimize inventory, etc.
- Manage asset levels and turnover ratios by expanding built-for-sale housing sales

* Working capital = Accounts receivable + Inventory – Trade payables – Advances received

SEKISUI Sustainable Spread (ROIC Spread)

Support long-term growth
Control financial and non-financial capital costs → Identify businesses and products that are below the cost of capital

[Development of Measures]

- Financial strategies / capital policies: Leverage debt to invest aggressively in growth
- Risk reduction / avoidance: Reduce risk by thoroughly implementing "Safety / Compliance / CS & Quality"
- ESG investment: Undertake upfront investments in digitization and contributions to the environment; reform the corporate culture (HR system reform, etc.)

Drive 2022 Strengthening the ESG Management Base

- Control financial and non-financial capital costs and enhance management ability to sustain business by holding down major incidents and investing in the business foundation including digitization, human resources and the environment

Hold Down Major Incidents

- Accelerate efforts to build governance and internal control systems to reduce and avoid risks that could lead to major incidents globally

More Aggressive ESG Investment*

- Newly set an ESG investment limit of ¥40 billion and implement measures aimed at enhancing management ability to sustain business

* ESG investment: Upfront investments (environment, work style reform, digitization, etc.) that contribute to improving corporate value by keeping capital costs down over the long term

Risk Classification	Domain	Incident Example
Five major incident domains	Safety	Fire / explosion; fatality / serious accident
	Quality	Quality and other falsification; quality defects that threaten human life
	Accounting	Fraud and improper accounting
	Legal / Ethical	Violation of the Monopolies Act; bribery-related infringements
	Information management	Exploitation and destruction of data; information system failure; leakage of personal and confidential information
Major quality issue	Quality issues with external losses of more than ¥1 billion (expected)	

Item	Policy / Measures
Strengthen governance	Promote the establishment of a BCP
Digital transformation (DX)	Increase productivity; promote digitization
Environment	Mitigate and adapt to climate change; promoting a circular economy; reduce water risks
Human resources	Implement various measures aimed at creating a challenging corporate culture and promote employee participation
	Promote work style reform; enhance ESG human resource capabilities
Fusion	Promote open innovation

Drive 2022 Investment and Financial Strategies

- Leverage debt and focus aggressively on growth
- Focus more than before on efficiency and turnover while utilizing capital through the introduction of ROIC

Investment Plan (Billions of yen)

	Previous Medium-term Plan	Actual
Strategic Investment	200.0	172.1
M&A, etc.	130.0	78.2
Capital Expenditures	70.0	93.9
Normal Investment	100.0	93.1
Environment Contributions	12.0	9.1
Internal Work Style Reforms	10.0	6.5
Total Investment	300.0	265.2
R&D Expenses	120.0	112.9



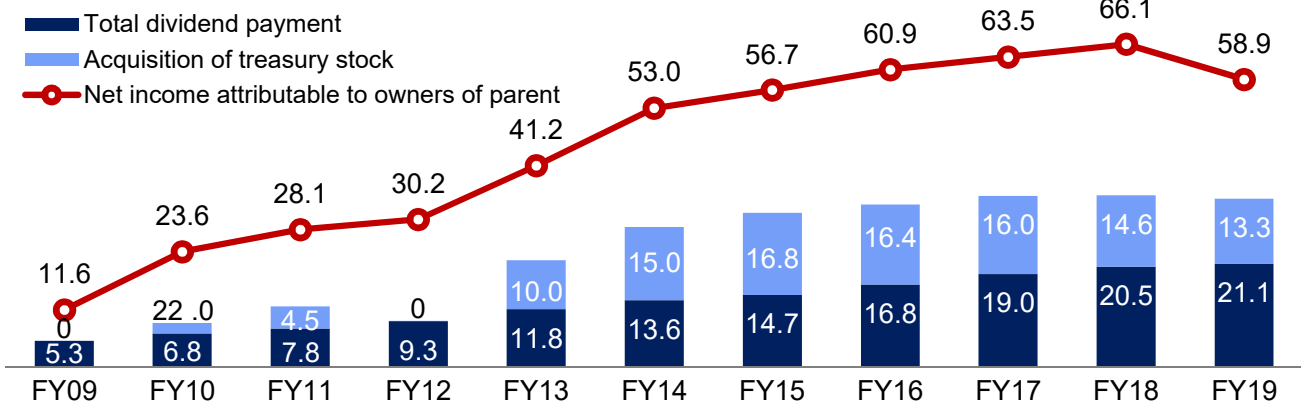
	New Medium-term Plan
Strategic Investment	Limit 400.0
M&A, etc.	Limit 300.0
Capital Expenditures	100.0
ESG Investment (including strategic capital expenditures and normal investments)*	40.0
Normal Investment	100.0
Investment Limit Totals	500.0
R&D Expenses	130.0

Drive 2022 Returns to Shareholders

- Strengthen and clarify commitment toward returns to shareholders under the new Medium-term Management Plan

Returns to Shareholders Track Record

(Billions of yen)



	Previous Medium-term Plan	New Medium-term Plan
Dividend payout ratio	30% target	35% or higher
DOE	Around 3%	3% or higher
Total return ratio	-	50% or higher if the D/E ratio is less than 0.5
Retirement of treasury stock	-	Retire newly acquired treasury stock to a level equivalent to less than 5% of the total number of shares issued and outstanding

Fiscal year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Plan)
Net income attributable to owners of the parent per share (yen)	22.1	44.9	54.0	58.5	80.1	104.7	115.1	126.1	133.8	141.7	128.3	95.2
Cash dividend per share (yen)	10	13	15	18	23	27	30	35	40	44	46	47
Dividend payout ratio	45.2%	28.9%	27.8%	30.8%	28.7%	25.8%	26.1%	27.7%	29.9%	31.0%	35.9%	49.4%
Acquisition of treasury stock (billions of yen)	0	2.2	4.5	0	10.0	15.0	16.8	16.4	16.0	14.6	13.3	Maximum: ¥16 billion / 8 million shares
Total return ratio*	45.2%	38.2%	43.7%	30.8%	52.9%	54.0%	55.5%	54.5%	55.1%	53.0%	58.4%	85.6%
DOE*	1.6%	2.0%	2.3%	2.4%	2.7%	2.8%	2.8%	3.1%	3.3%	3.4%	3.5%	3.5%
Retirement of treasury stock (thousands of shares)	-	-	-	7,000	-	12,000	10,000	-	10,000	8,000	8,000	8,000

* Total return ratio = (Amount of treasury stock acquired + Total dividends) / Net income attributable to owners of the parent

* DOE = Total dividend payment (full year) / Average equity

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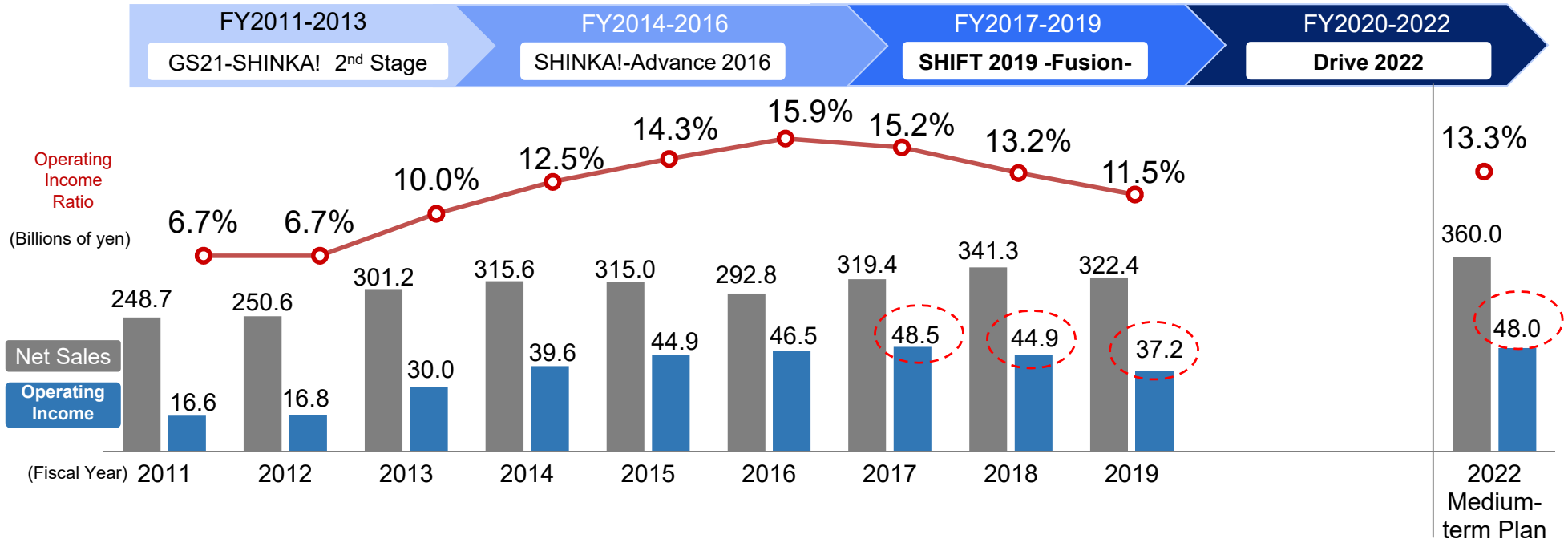
High Performance Plastics
Company

Ikusuke Shimizu
Company President

Performance Trends and New Medium-term Management Plan Targets

- Consecutive decrease in profit in FY2018 and FY2019 due to the sudden deterioration in global market conditions and COVID-19; progress in investments aimed at securing growth
- Restore the Company's position to a high-profit enterprise by improving profitability through structural reforms and realizing the effects of growth investments under the new Medium-term Management Plan

Performance Trends



Foreign Exchange Rate
*Avg. rate for each fiscal year

FY	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
US\$	¥80/US\$	¥83/US\$	¥100/US\$	¥110/US\$	¥120/US\$	¥108/US\$	¥113/US\$	¥111/US\$	¥109/US\$
€	¥111/€	¥107/€	¥134/€	¥139/€	¥133/€	¥119/€	¥121/€	¥128/€	¥121/€

Main M&As and Strategic Investments

- 06/2015: Started operations at the Thai CPVC factory
- 09/2017: Polymatech Japan
- 12/2017: Started operations at a new interlayer film production line (Mexico)
- 04/2018: Operations commence at a new automotive exterior parts plant in Japan
- 12/2017: SoflanWiz
- 2H 2019: Sekisui Aerospace Corporation
- 2018-2019: Start of operations at new foam plants in Thailand and China
- 1H FY2020: Start of operations at a new interlayer production line (Europe)

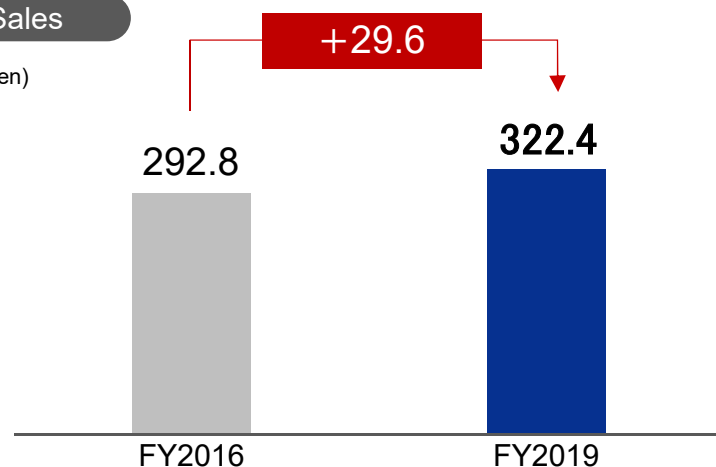
FY2022
¥106/US\$
¥118/€
*Assumptions for FY2022

Summary of the Previous Medium-term Management Plan

- Increases in sales volumes and improvements in the product mix held to low levels due to a deterioration in the business environment (smartphone and automobile market conditions as well as high raw material costs) in the front-end fixed cost phase associated with growth investments
- Despite business expansion in each of the three strategic fields, delays in realizing the effects of investments

Net Sales

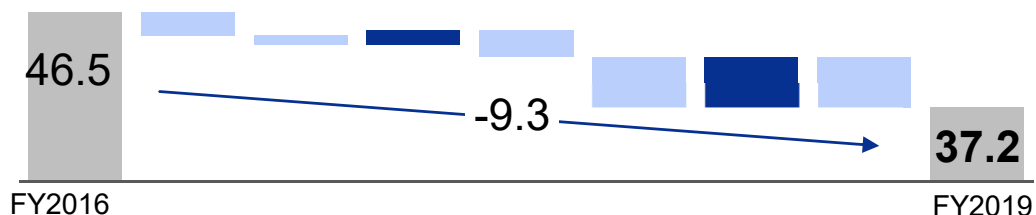
(Billions of yen)



Analysis of Operating Income

(Billions of yen)

	Consolidated-basis Change	Foreign Exchange	Sales Volume & Product Mix	Selling Price	Raw Materials	Cost Reduction, etc.	Fixed Costs	Total
Increase / Decrease	-2.3	-0.9	+1.4	-2.6	-4.9	+4.9	-4.9	-9.3



Net Sales in the Three Strategic Fields

(Billions of yen)	FY16	FY17	FY18	FY19	16→19 Increase / Decrease
Total of the Three Strategic Fields	202.6	226.4	249.2	239.4	+36.8
Electronics	50.1	58.2	63.1	57.2	+7.1
Automobiles and Transportation	95.7	109.6	119.8	113.8	+18.1
Building and Infrastructure	56.8	58.6	66.3	68.4	+11.6

Priority Implementation Measures

Item	Major Implementation Measures	
Growth investments	Strategic capital investments (¥42.0 billion)	<ul style="list-style-type: none"> • Interlayer films and PVB resin in Europe • Automotive heat release materials • Automotive exterior molded parts
	M&As (¥83.0 billion)	<ul style="list-style-type: none"> • Polymatech Japan • SoflanWiz • Sekisui Aerospace Corporation
Structural Reform	Withdrawal from underperforming businesses Consolidation of foam business plants (Europe, US)	

Medium-term Management Policy

Business Innovation toward 2022 -Drive for the Next Stage-

“Resolution & Challenge” + Revolution

1. Profitability (Competitiveness) Improvement
2. Growth Engines
3. Global Management (ESG Management)

Make a firm “Resolution” to take on “Challenges” and spark a “Revolution” in the HPPC without becoming content with the current situation

Give top priority to “profitability improvement” and promote “growth engines” efficiently and flexibly

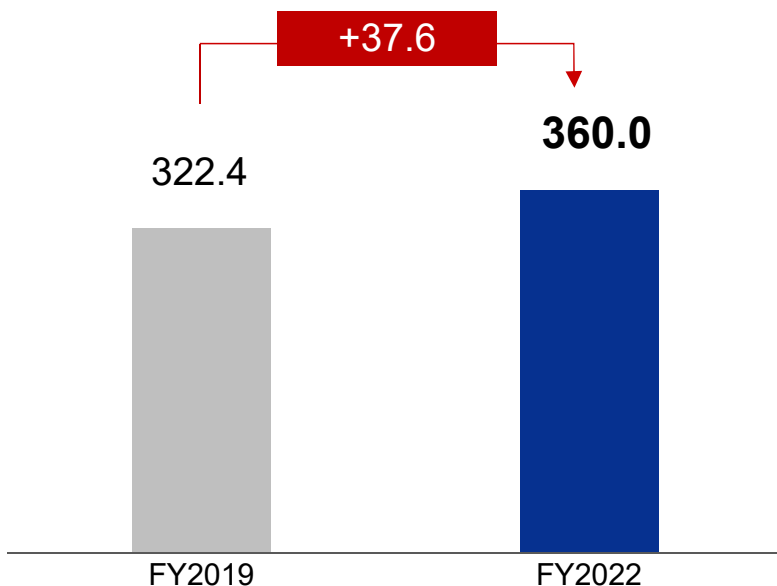
Enhance the level of ESG management

New Medium-term Management Plan Company Overview

■ Aim to restore the Company's position to a high-profit enterprise by promoting cost innovation across the entire supply chain, expanding sales of high-value-added products, and realizing the effects of growth investments

Net Sales

(Billions of yen)



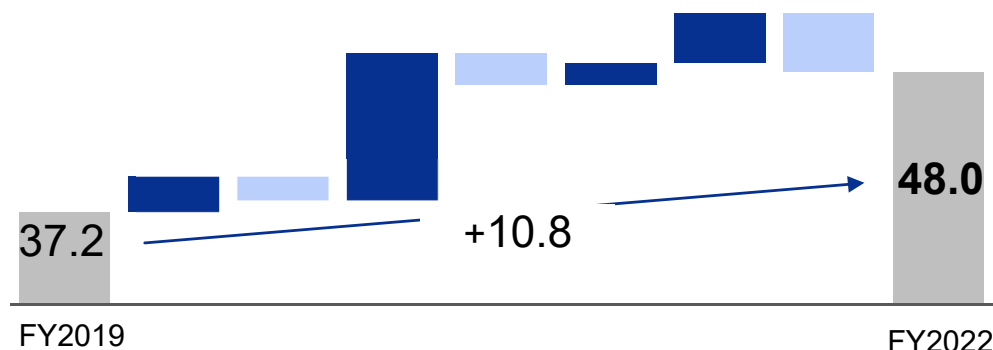
Analysis of Operating Income

(Billions of yen)

Sekisui
Aerospace
Corporation: +2.1

Electronics: +4.0
Mobility: +3.5
Building and
infrastructure: +3.5

	Consolidated-basis Change	Foreign Exchange	Sales Volume & Product Mix	Selling Price	Raw Materials	Cost Reduction, etc.	Fixed Costs	Total
Increase / Decrease	+2.7	-1.8	+11.3	-2.4	+1.7	+3.8	-4.5	+10.8
Cost Innovation			+1.0		+1.7	+3.3	+1.9	+8.0
Other Increase / Decrease	+2.7	-1.8	+10.3	-2.4		+0.5	-6.4	+2.8



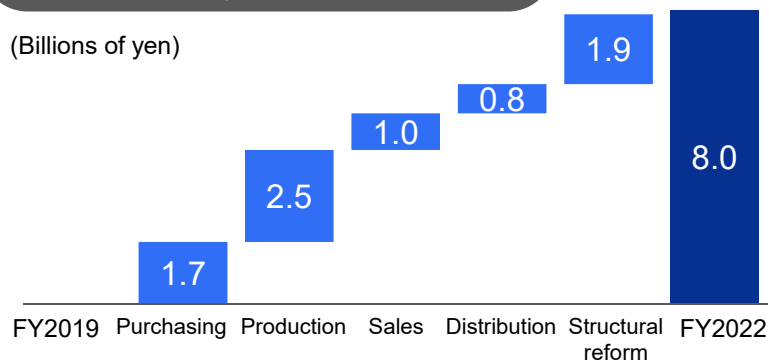
- Profitability improvement: Improve profitability by innovating costs across the entire supply chain
- Growth engines: Expand and strengthen the three strategic fields; nurture new products and businesses

Profitability Improvement

- Generate profit of ¥8 billion (compared with FY2019) by innovating costs across the entire supply chain
- Promote digital supply chain management from purchasing and other operations

Breakdown of Improvement Effects and Main Implementation Items

(Billions of yen)



- Optimize sources of supply
- Improve production of interlayer films
- Consolidate bases; save labor
- Reform the structure of underperforming businesses

Growth Engines

- Expand and strengthen the three strategic fields
 - Improve the portfolio in each field
 - Step up efforts to recover returns on large-scale strategic investments that have already been made
 - Improve Sekisui Aerospace Corporation earnings; accelerate efforts to produce synergy effects
- New products and businesses
 - New products: Identify projects that can produce profits through a selection and concentration strategy
 - Strengthen the creation of (and preparation for) new businesses

ESG Management

- Promote global management
 - Develop global human resources; strengthen employee engagement
 - Standardize operations by integrating global functions and promoting digital transformation

New Medium-term Management Plan Portfolio Improvement

Fields	Three Strategic Fields			Industry and others
	Electronics	Mobility (←Automobiles & Transportation)	Building & Infrastructure	
Structural reforms	<ul style="list-style-type: none"> • Process innovation • Reorganization of foam production sites 	<ul style="list-style-type: none"> • Combine or shut down business bases outside of Japan • Keep production costs to a minimum 	<ul style="list-style-type: none"> • Reorganization of the CPVC business 	<ul style="list-style-type: none"> • Restructure sales companies
Supply chain cost innovation (Determine underperforming businesses/Restructure business sites/Strengthen purchasing power)				
Key expansion areas	Display-related materials	Automobile materials	Non-flammable and fire-resistant materials	Packaging materials/Containers, etc.
	<ul style="list-style-type: none"> • Next-generation displays (OLEDs) • Exterior parts/Mechanism components • Semiconductors/ Electronic parts 	<ul style="list-style-type: none"> • High-performance S-Lec films (HUD/Sound insulation, Heat insulation) • Interior and exterior materials 	<ul style="list-style-type: none"> • Thermal insulation and non-flammable materials (Non-flammable urethane /Thermal insulation foam) 	<ul style="list-style-type: none"> • Environmentally friendly products (BtoC) • Labor saving (BtoC)
Next growth areas	<ul style="list-style-type: none"> • Next-generation displays (miniLEDs) • 5G (IoT infrastructure) • Wearables 	<ul style="list-style-type: none"> • Next-generation automobiles (LiB/Self-driving cars) • Aircrafts (CFRP) 	<ul style="list-style-type: none"> • A high level of safety • Labor-saving construction materials • Piezoelectric sensors 	
Next frontier	Next-generation display units/Telecommunications standards (μLED/Quantum dot/Hologram)	<ul style="list-style-type: none"> • High-strength materials • 3D printers 		• Life science materials
	<ul style="list-style-type: none"> • New materials (Biodegradable materials/ Bio-based materials, etc.) • Adhesive control (Hardly bondable adherend/Adhesive bonding between different materials, etc.) 			

Three Strategic Fields Electronics

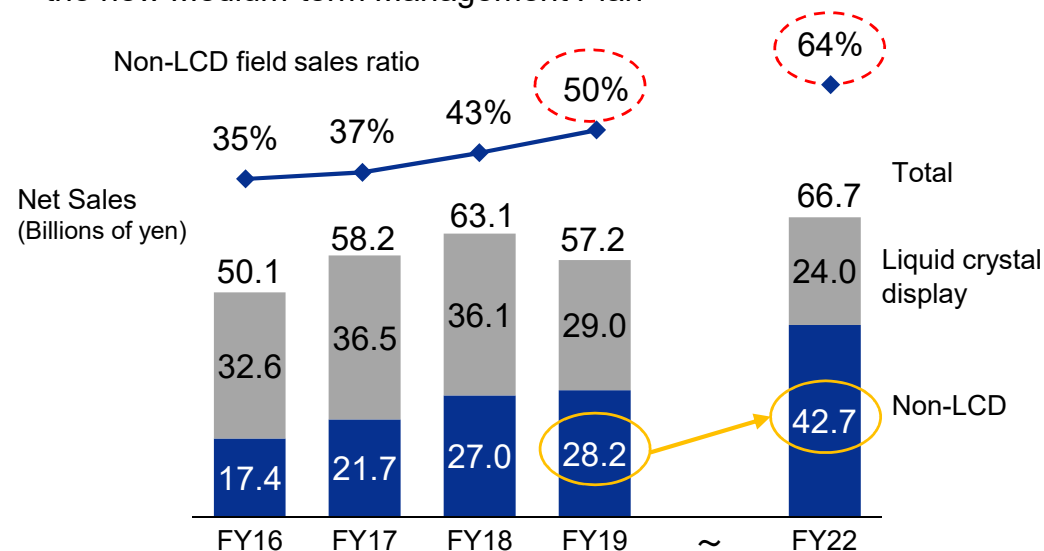
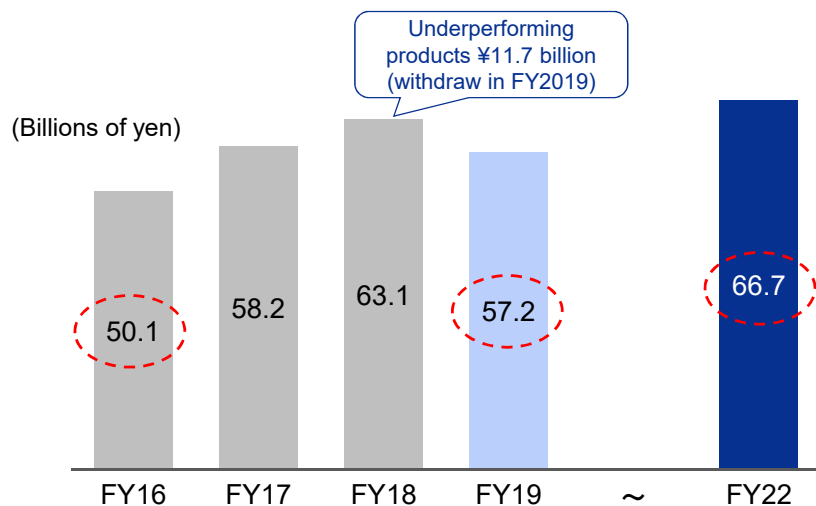
■ Liquid crystal display market conditions not expected to recover; target growth mainly in products for the non-LCD field

Net Sales and Priority Measures

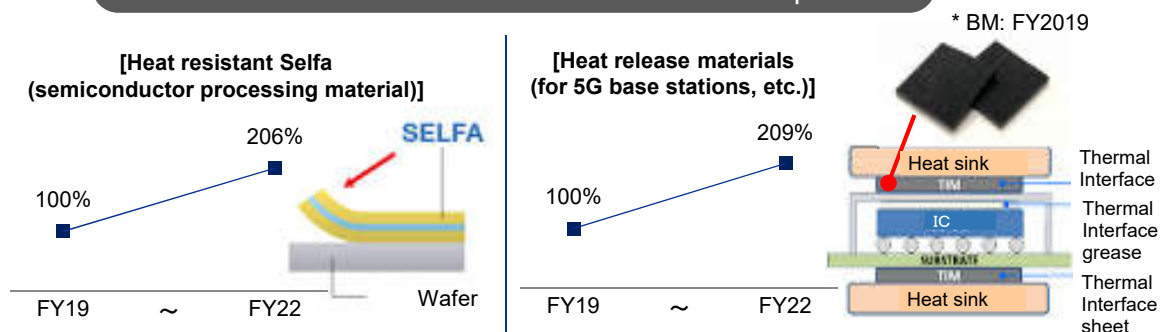
- Secure stable profit through high market share products for the liquid crystal field
- Pursue growth through products for the non-liquid field (semiconductors, 5G base stations, etc.)

KPI (Focus on the Non-liquid Field)

- Steady progress in the shift to products for the non-liquid field; target a sales ratio of 64% under the new Medium-term Management Plan



Sales Growth Rate of Main Products for the Non-liquid Field



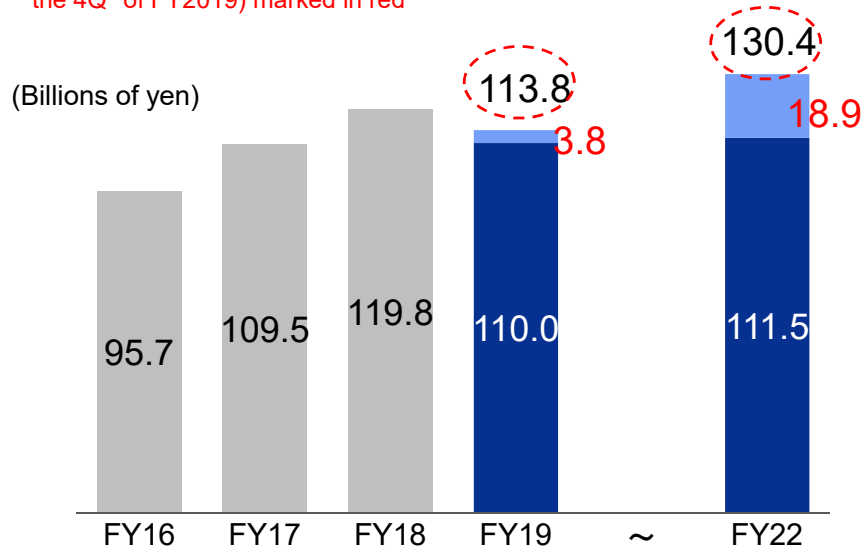
Three Strategic Fields Mobility

- Automobile market conditions not expected to recover; target growth mainly by expanding sales of high-value-added products
- Nurture as a second profit pillar targeting the aircraft field

Net Sales and Priority Measures

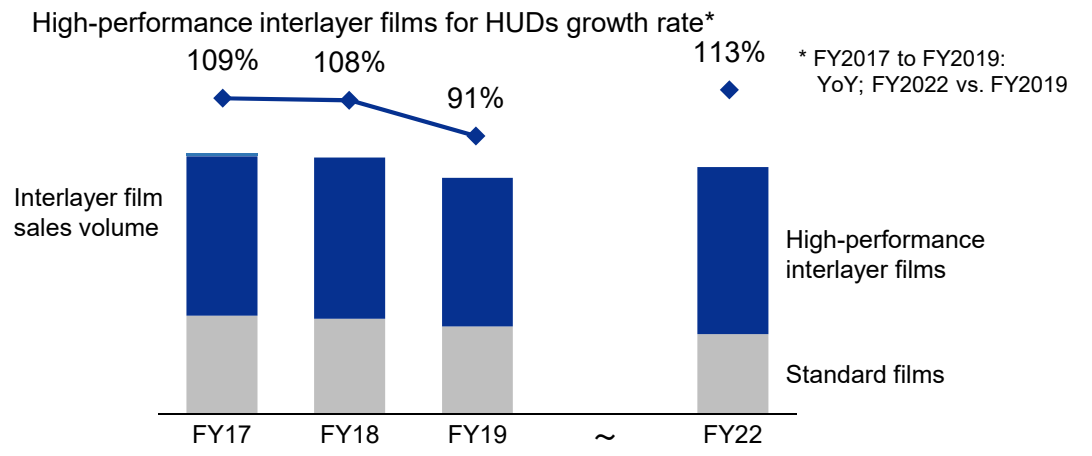
- Growth mainly in high-performance interlayer films (especially for HUDs)
- Promote profitability improvement at Sekisui Aerospace Corporation; nurture as a future second profit pillar

* Impact of Sekisui Aerospace Corporation (newly consolidated from the 4Q of FY2019) marked in red



KPI (High-performance Interlayer Film Sales Growth)

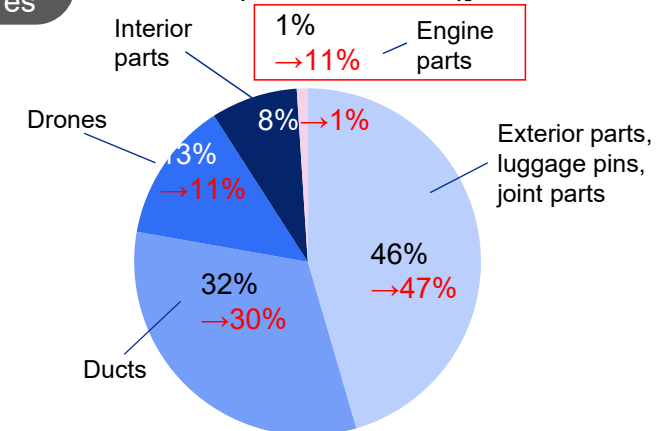
- High-performance interlayer film (113%*); of which sales mainly for HUDs (172%*) * FY2022 vs. FY2019



Sekisui Aerospace Corporation Profit Enhancement Measures

- Improve the product mix
- ✓ Expand sales of high-value-added engine components
- Realize synergy effects at an early stage
- Improve productivity

[Sales Ratio by Product for the Aircraft Field (FY2018 to FY2022)]



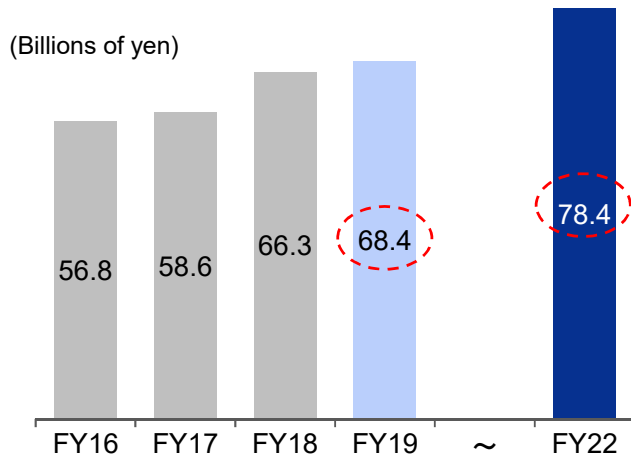
Three Strategic Fields

Building and Infrastructure, New Products and New Businesses

- Building and Infrastructure: Target growth mainly by expanding sales of thermal insulation and noncombustible materials
- New Products: Identify projects that can produce profits through a selection and concentration strategy (heat release materials, insulating materials, etc.)
- Create (and prepare for) new businesses (inkjets, piezoelectric sensors (for nursing care))

Net Sales and Priority Measures

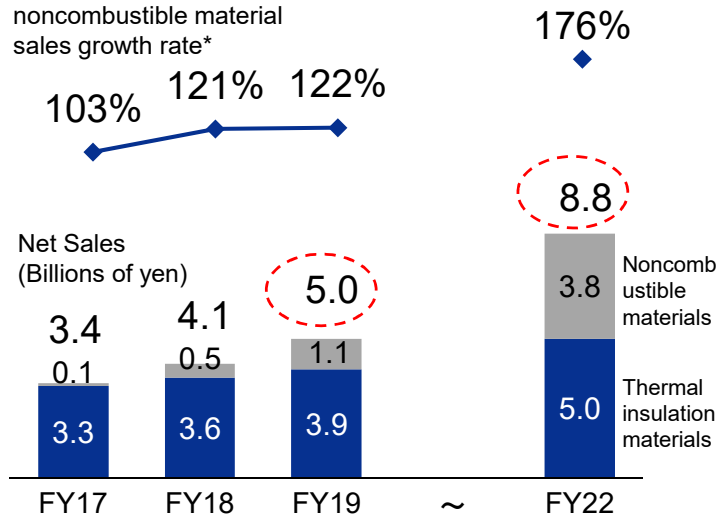
- Accelerate the pace of thermal insulation and noncombustible materials growth
- CPVC: Expand market share in North America; improve profitability
- Promote sales growth targeting housing construction in Japan (fire-resistant materials, tapes)



KPI (Thermal Insulation and Noncombustible Material Sales Growth)

- Expand adoption of noncombustible urethane
- Strengthen global expansion of thermal insulation material

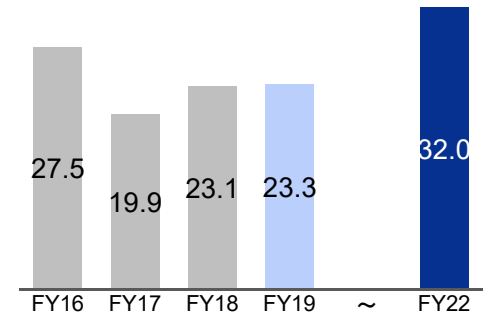
Thermal insulation and noncombustible material sales growth rate*



* FY2017 to FY2019: YoY; FY2022 vs. FY2019

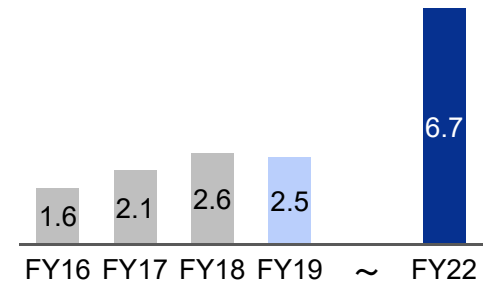
New Product Sales

(Billions of yen)



New Business Sales

(Billions of yen)





Housing Company

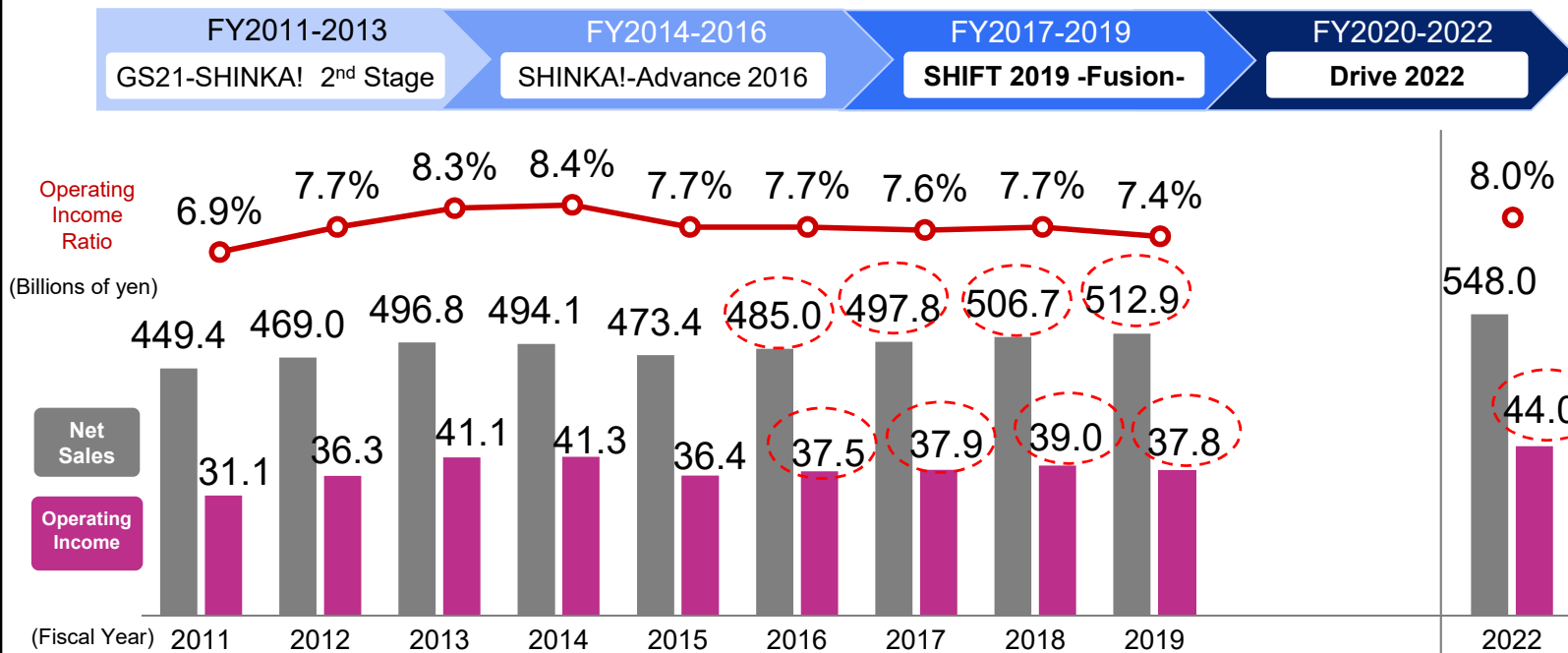
Toshiyuki Kamiyoshi

Company President

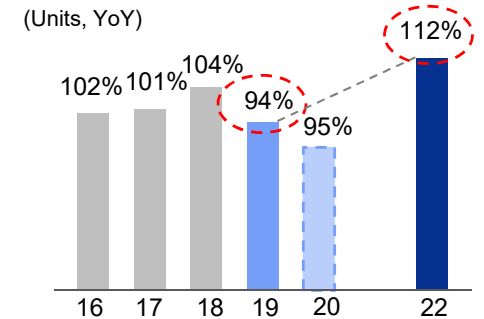
Performance Trends and New Medium-term Management Plan Targets

- Consecutive increase in both sales and profit for in FY2017 and FY2018 under the previous Medium-term Management Plan; despite the impact of COVID-19 in FY2019, downturn in profit held to a nominal decline
 - Continued increase in new housing orders in FY2017 and FY2018; despite the impact of the consumption tax rate hike and COVID-19 in FY2019, successful steps taken to minimize the depth of profit decline
 - While breaking free from the downward trend in renovation orders, growth remains sluggish
- Achieve record high profit mainly by increasing the Company's share in the new housing market under the new Medium-term Management Plan

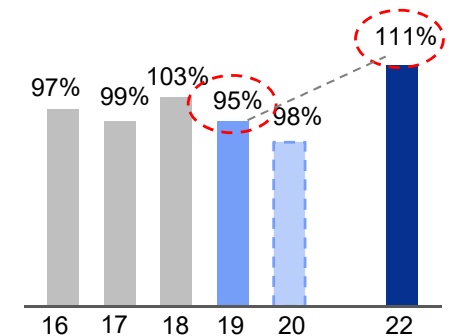
Performance Trends



New Housing Orders



Renovation Orders



External Environment

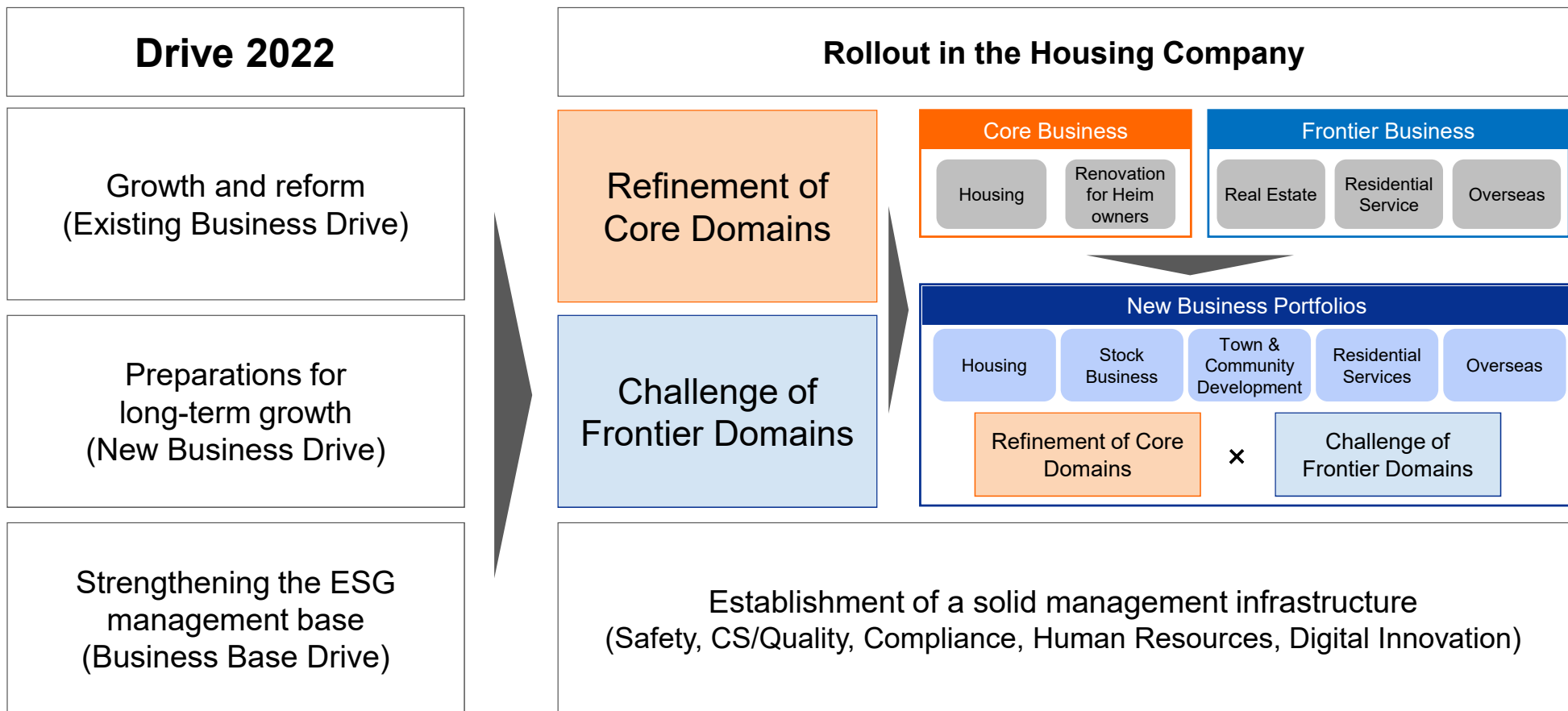
Date	Event
03/2011	Great East Japan Earthquake
12/2012	New government administration
04/2014	Consumption tax raised from 5% to 8%
09/2014	FIT problem
02/2016	Introduction of a negative interest rate policy
04/2016	Kumamoto Earthquake
10/2019	Consumption tax raised from 8% to 10%
02/2020~	Spread of COVID-19

* %: YoY for FY2016 to FY2020; FY2022 vs. FY2019

Positioning of the New Medium-term Management Plan and Development of Group-wide Policies

■ SEKISUI CHEMICAL has positioned its new Medium-term Management Plan as the first step in achieving its Long-term Vision (doubling sales volume in FY2030)

- Complete efforts to “refine the Modular House Business” in a bid to succeed in the domestic market, which is expected to shrink
- Boldly conduct preparations to realize the Long-term Visions (doubling sales volume in FY2030)



Medium-term Management Policy

Promote ESG Management in Housing by achieving both "customer value" and "business value"

"Refinement of Core Domains" and "Challenge of Frontier Domains"

Customer Value

- Smart and resilience
- Prominence and synergy of industrialized houses

Business Value

- Profitable growth
- Solid management infrastructure

ESG Management in Housing

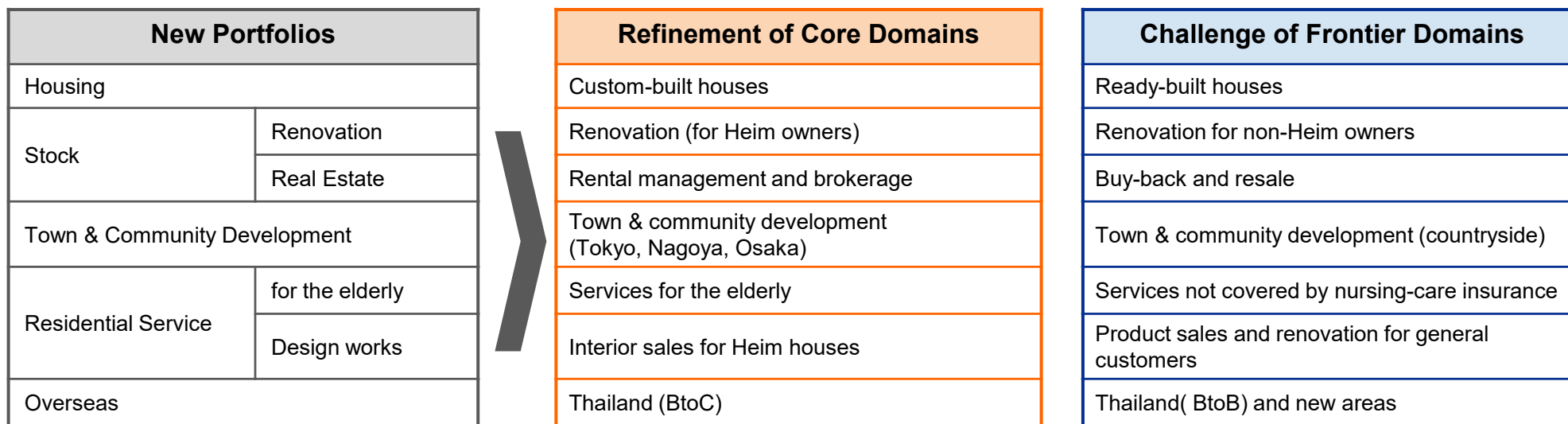
Complete a sustainable high-profit model

ESG Management in Housing

E	<ul style="list-style-type: none"> • Overwhelming differentiation by smart <ul style="list-style-type: none"> ✓ ZEH ratio target: 90% • Smartification of factories <ul style="list-style-type: none"> ✓ Optimization of production systems (automation/transportation)
S	<ul style="list-style-type: none"> • Combination of the overall strengths of SEKISUI CHEMICAL Group <ul style="list-style-type: none"> ✓ Development of smart and resilient towns • Response to the stock society <ul style="list-style-type: none"> ✓ Real estate distribution × Renovation
G	<ul style="list-style-type: none"> • Practice and penetration of ROIC Spread Management <ul style="list-style-type: none"> ✓ Safety, CS/Quality, Compliance, Human Resources, Digital Transformation

New Business Portfolios as well as Income and Expenditure Plan

- Clarify core and frontier domains in each portfolio while targeting growth across all businesses



(Billions of yen)	FY2019		FY2022		Difference	
	Net Sales	Operating Income (Ratio)	Net Sales	Operating Income (Ratio)	Net Sales	Operating Income
Housing	360.4	28.1 (7.8%)	370.0	31.8 (8.6%)	+9.6	+3.7
Stock (Renovation)	97.0	7.6 (7.8%)	100.0	8.5 (8.5%)	+3.0	+0.9
Stock (Real Estate)	45.5	2.7 (5.9%)	58.0	3.5 (6.0%)	+12.5	+0.8
Town & Community Development	0.2	-0.4 (NA)	12.0	0.5 (4.2%)	+11.8	+0.9
Residential Services	7.9	0 (NA)	8.0	0.2 (2.5%)	+0.1	+0.2
Overseas	1.9	-0.1 (NA)	3.0	0.1 (3.3%)	+1.1	+0.2
Consolidated Total	512.9	37.8 (7.4%)	548.0	44.0 (8.0%)	+35.1	+6.2

Housing Business Strategy ~ Aim for the Top Share in the Detached Housing Market

Drive Housing Company growth by optimizing business

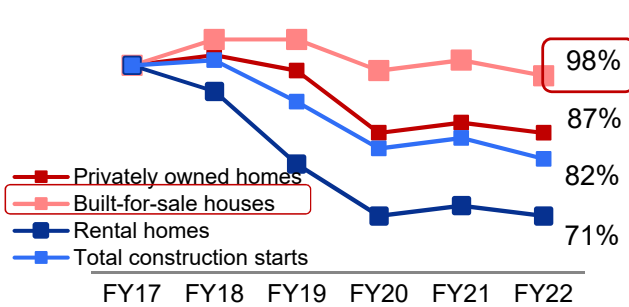
FY2019	Houses	Net sales +¥9.6 billion Operating income +¥3.7 billion
FY2022		

Market Awareness and Approach Toward Increasing Market Share

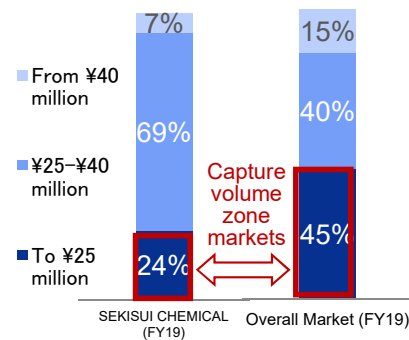
* SEKISUI CHEMICAL Estimate

- Concentrate resources on built-for-sale houses, where the market is less depressed and the potential exists to harness Sekisui Heim's leveling effect, to capture volume zone markets

[New Housing Starts (By Type)] * BM: FY17



[Number of Detached Housing Starts by Price Range]



Continuously strengthen three growth strategies

* Compared with FY2019

Sales Force

- Core:
 - ✓ Increase salespersons to 2,900 (+300 persons*)
 - ✓ Experience-based showrooms 40 locations nationwide (+17 locations)
- Frontier:
 - ✓ Establish a sales agency system

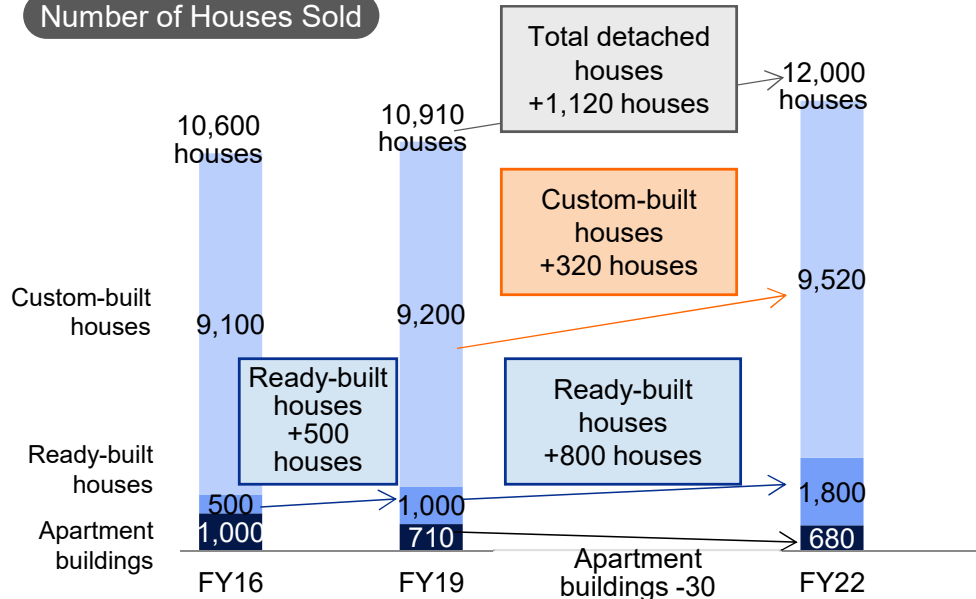
Product Strategy

- Core:
 - ✓ Smart and Resilient
 - ZEH ratio
 - * Percentage of total detached house orders (excluding Hokkaido)
 - 28% (FY16), 50% (FY17), 73% (FY18), 80% (FY19), 90% (FY22)
- Frontier:
 - ✓ Introduce semi-custom houses for subdivision (especially built-for-sale houses)

Land Strategy

- Core:
 - ✓ Inventory of land for sale +1,000 lots*
- Frontier:
 - ✓ Inventory of ready-built houses for sale +500 lots* (Total 1,500 lots)

Number of Houses Sold



Housing Business Strategy ~ Fortify the Business Structure

■ Promote measures to fortify the business structure and realize cost reductions of ¥5 billion or more

● Realize "Maximization of mass production effects" × "Minimization of losses"

Core Domains

● Improve profitability by integrating production companies nationwide*

* Excluding Hokkaido

● Level out (50%) with three measures* * Half-yearly 1Q/3Q ratio

- ✓ Consolidation and standardization of technology and indirect sections
- ✓ Flexible wide area optimization
- ✓ 80% automation to improve the efficiency of line operations; acceleration of productivity top-runner measures



Production Company Profitability Improvement
+ ¥3 billion
(Compared with FY2019)

● Realize low-cost operations for ready-built houses

Frontier Domains

R&D: High-cost performance products for ready-built houses



✓ Promote common floor plans

✓ Planned production
✓ Automation of production facilities

✓ Level out

System: Build a floor plan database / new sales support system



Ready-built House Profitability Improvement
Target an Improvement of ¥1 Million per House
Cost Improvement
+¥2 billion
(Compared with FY2019)*
* If 1,800 ready-built houses are sold

Stock Business Strategy

Housing Company

- Maximize the value provided to Heim owners by integrating renovation and real estate

FY2019	Stock	Net sales +¥15.5 billion Operating income +¥1.7 billion
FY2022		

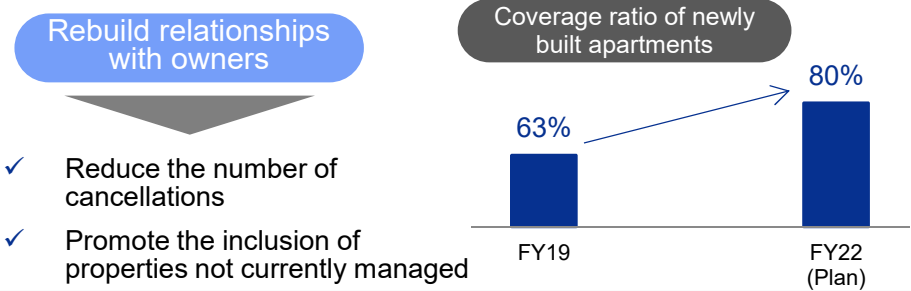
Core Domains

Renovation

- Strengthen contact with customers (upgrade and expand periodic inspection / check-ups)
 - ✓ Increase full-time inspectors → Increase check-ups → Increase proposals
- Expand sales of smart products (storage battery / SMARTHEIM DENKI Power Trading Service)
- Level out renovation sales

Real Estate

- Increase the number of dwelling units under management (Tokyo, Nagoya, Osaka) to 37,000 dwelling units (+5,000 units)

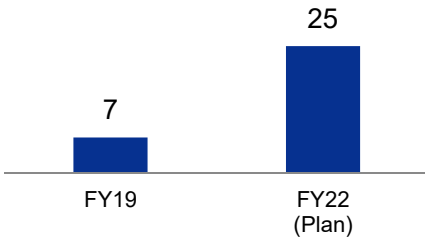


Frontier Domains

- Rollout experience-based showrooms nationwide

Rollout of Museums

(Locations)



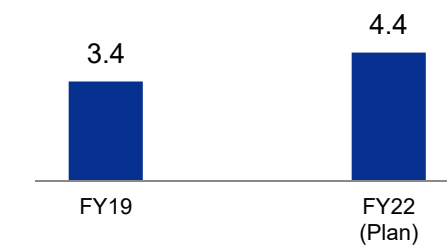
Rollout of Galleries

- ✓ Complement shortage of museums
- ✓ Roll out one in each prefecture to collaborate with buy-back and resale

- Expand apartment renovation orders

Apartment renovation sales

(Billions of yen)



Strengthen periodic apartment check-ups

[Previous Medium-term Plan] Periodic check-up ratio Average 60%

[New Medium-term Plan] Periodic check-up ratio Average 85% on a continuous basis

⇒ Work to increase apartment renovation sales by strengthening new points of customer contact

- Promote branding of buy-back and resale (Fusion business)



Town & Community Development, Residential Services, and Overseas Business Strategy

Housing Company

Combine SEKISUI CHEMICAL's collective strengths and establish a business for prominent town & community development

FY2019	Town & Community Development	Net sales +¥11.8 billion Operating income +¥0.9 billion
FY2022		

Refinement of Core Domains

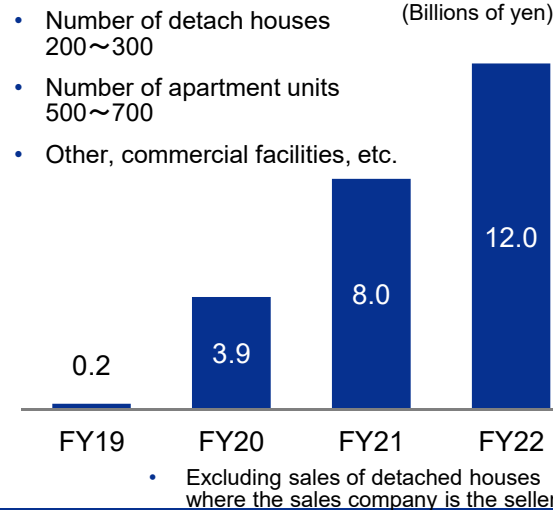
- Roll out resilient complex type town & community development (Tokyo, Nagoya, Osaka)

×

Challenge of Frontier Domains

- Roll out town & community development to provincial cities
- Realize a sales agency model

Net Sales



- Roll out the town & community development project nationwide ⇒ Grow to a ¥10 billion business per year
- Preparations completed for five projects by FY2022

Residential Services: Restructure the business base

Overseas Business: Place on a growth trajectory through active investment

FY2019	Residential Services / Overseas Business	Net sales +¥1.2 billion Operating income +¥0.4 billion
FY2022		

Refinement of Core Domains

- Business innovation by utilizing digital technology
- Re-growth of the business in Thailand and enhancement of profitability

×

Challenge of Frontier Domains

- Pioneering new service domains
- Expansion of Joint Ventures in subdivisions
- Entering into new markets

Residential Services

- Innovate business by utilizing digital technology
 - ✓ Improve customer service etc. through digital and other support
- Expand into new service domains from businesses covered by nursing-care insurance

Town & Community Development	×	Business for the elderly
Medical	×	Business for the elderly

Overseas Business

- Continue to promote sales of houses with land
 - Develop in new areas by utilizing prominences
- [PF-Sekisui JV Onnut subdivision]
-

**Intentionally
Blank**



Urban Infrastructure &
Environmental Products
Company

Yoshiyuki Hirai

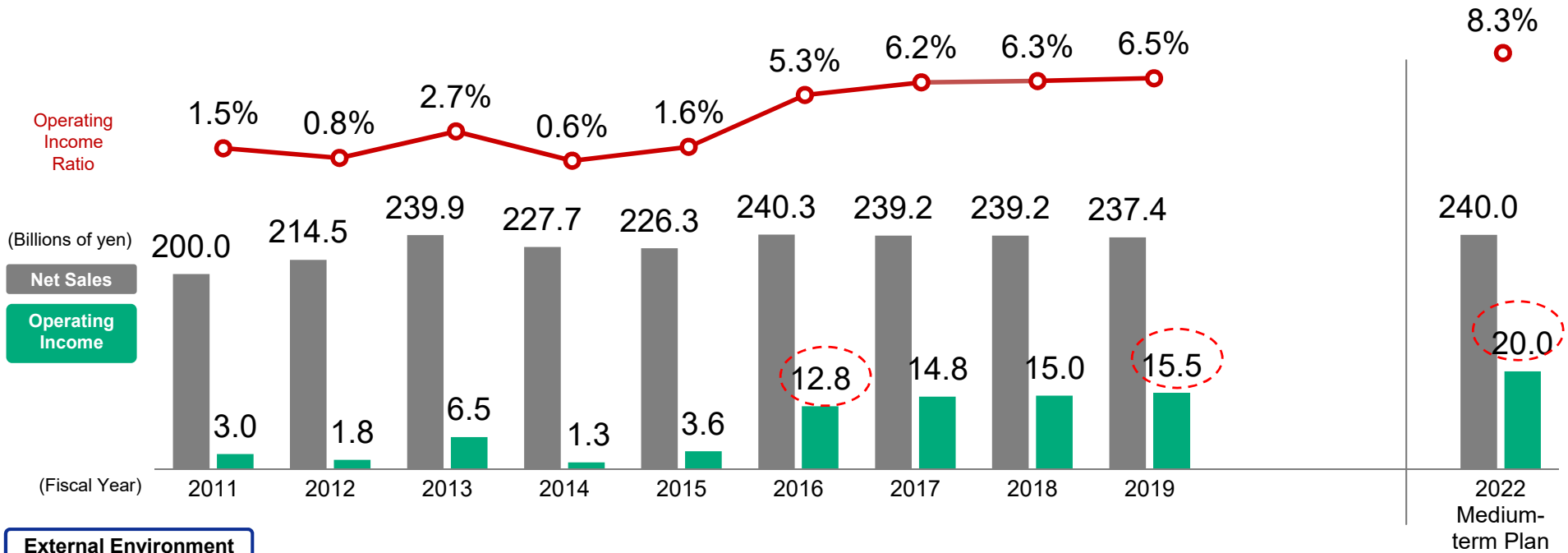
Company President

Performance Trends and New Medium-term Management Plan Targets

- Reported record highs in operating income, and operating income ratio under the previous Medium-term Management Plan
- Focus on improving profitability and target a Company operating income milestone of ¥20 billion by expanding sales of Prioritized products* and overseas business under the current Medium-term Management Plan

* Prioritized products: High-value-added products with the potential for market growth and substitutability

Performance Trends



External Environment

- 03/2011: Great East Japan Earthquake
- 12/2012: New government administration
- 04/2014: Consumption tax raised from 5% to 8%
- 10/2019: Consumption tax raised from 8% to 10%
- 07-08/2021: Tokyo Olympic Games

Summary of the Previous Medium-term Management Plan

- Expanded increases in sales volumes and improvements in the product mix driven mainly by Prioritized product and overseas sales; steady progress also in growth investments
- Improving the structure of general products and accelerating the pace of overseas expansion continue to pose a challenge

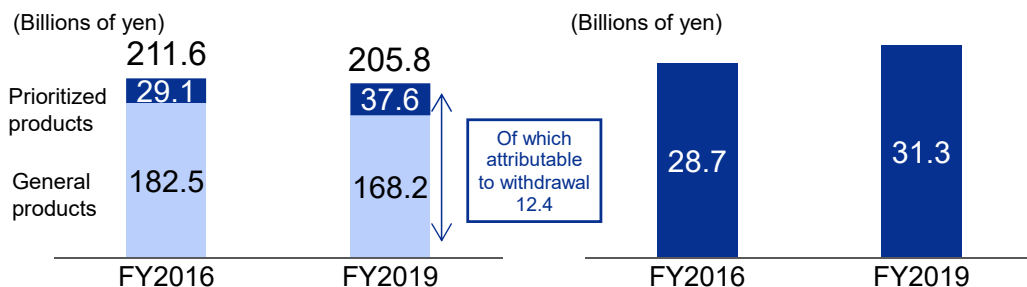
Net Sales

[Japan]

- Despite struggles with general products, substantial growth in prioritized products (130%)

[Overseas]

- Despite sales growth, slight stagnation due to a deterioration in market conditions in FY2019



Achievements & Challenges

[Achievements]

- Expanded increases in sales volumes and improvements in the product mix driven mainly by prioritized products overseas sales
- Steady progress in preparations for growth (launch of 80 new products, etc.)
- Begin reorganizing production in preparation of a future decline in demand

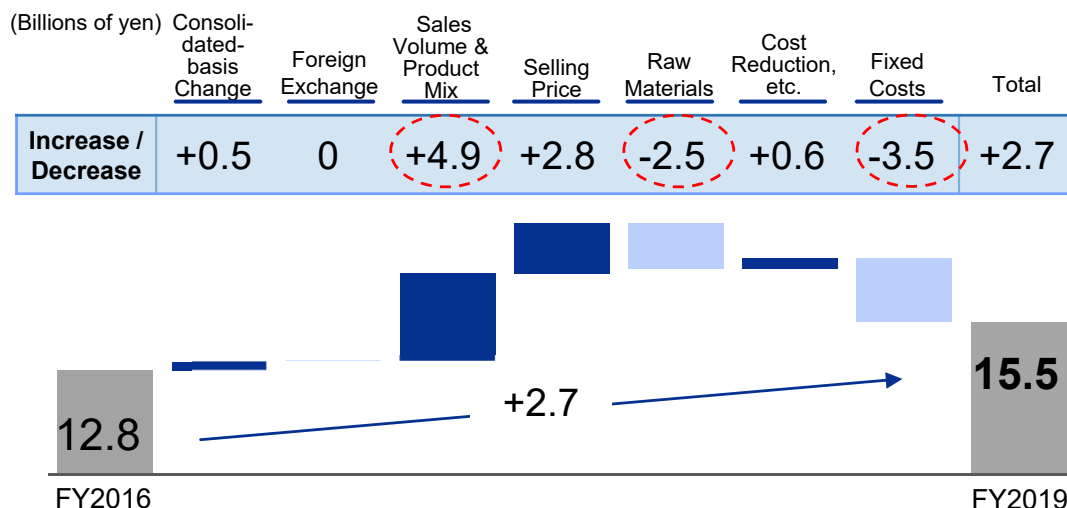
[Challenges]

- Further improve the profitability of general products (sales, production, distribution)
- Accelerate overseas growth

Priority Implementation Measures

Item		Major Implementation Measures
Growth Measures	Strategic Investments	<ul style="list-style-type: none"> • Capital alliance with the TP Group in Vietnam • Establish the UIEP General Institute • Increase aircraft sheet production • Increase FFU production for railway sleepers
	New Products	<ul style="list-style-type: none"> • Launch 80 new products (mainly prioritized products)
Structural Reform		<ul style="list-style-type: none"> • Withdraw from the construction business (Japan and overseas) • Withdraw from underperforming businesses (Japan and overseas) • Management integration of production subsidiaries in Japan; reorganization of product items • Improve profitability (consolidated total cost management)

Analysis of Operating Income



Medium-term Management Policy

Contribution to the SDGs with our UIEP* excellence

~Advancing as a professional company challenging society's' issues~

1. Expand & capture target markets
2. Set ROIC management as a new standard
3. Build a sustainable management basis

Establish a success model, overseas expansion
Business portfolio reform, digital transformation (DX)
ESG management, active employee participation

*UIEP: Urban Infrastructure & Environmental Products Company

Performance Indicators

Target FY2022

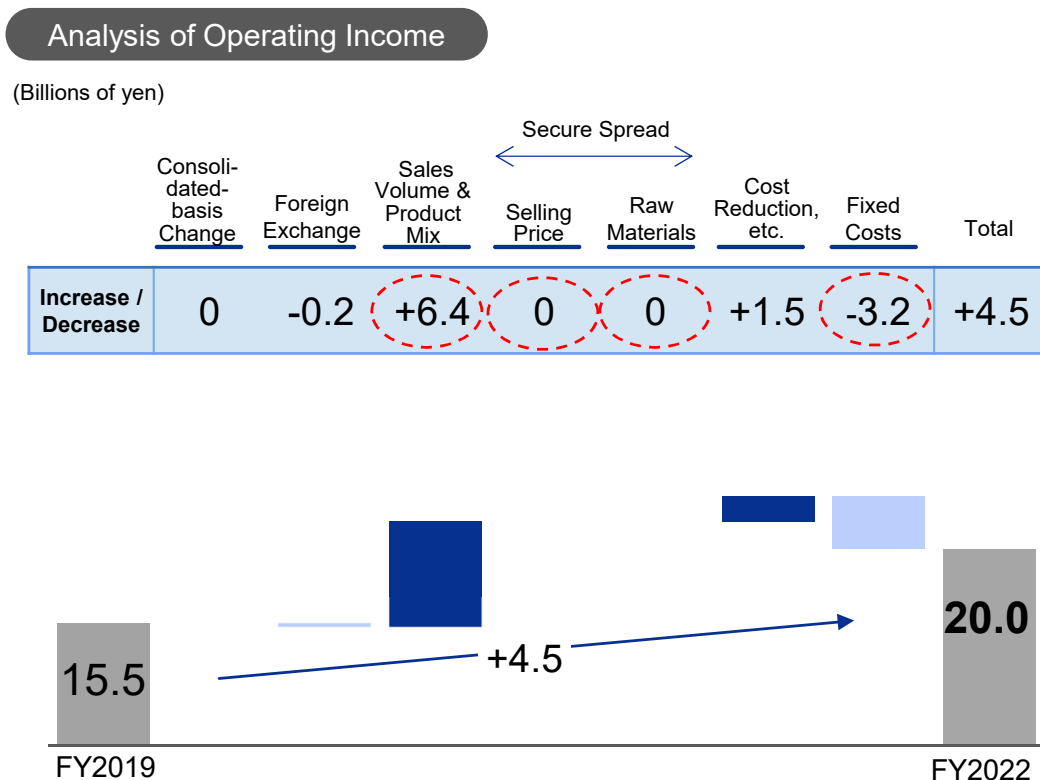
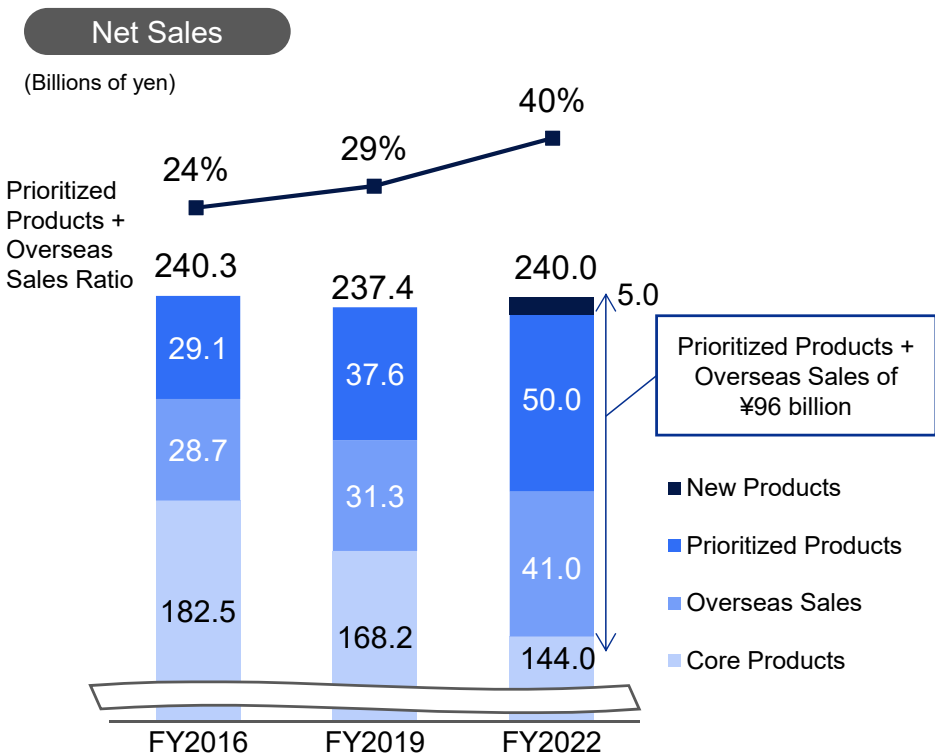
Operating Income
¥20 billion
(8.3%)

ROIC
7.8%

Prioritized products +
overseas sales
¥96 billion

New Medium-term Management Plan Company Strategies

- Target prioritized products + overseas sales of ¥96 billion (product mix: 40%) with an eye to a decrease in demand for general products
- Expand increase in sales volumes and improvements in the product mix; focus mainly on strategic investments that improve ROIC and consider M&As with any surplus

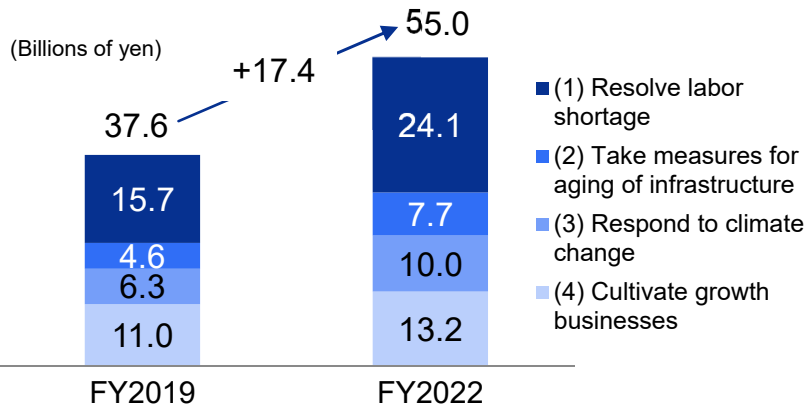


Priority Measures ~ Expand & Capture Target Markets (Prioritized Products)

■ Solve growing, complex social issues through prioritized products that combine SEKISUI CHEMICAL's technologies

Prioritized Product Sales

- Plan to increase sales 1.5 times, or ¥17.4 billion, compared with FY2019



Social Issues and SEKISUI CHEMICAL Technologies

Growing Social Issues

- (1) Labor shortage (avoiding the three conditions that facilitate the transmission of infectious diseases)
- (2) Aging infrastructure
- (3) Climate change
- (4) Growth business cultivation

Improving SEKISUI CHEMICAL's Technologies

- ✓ Saving labor
- ✓ Shorter construction
- ✓ Metal replacement
- ✓ Long lasting
- ✓ Strengthening
- ✓ Town & Community development
- ✓ Weight saving
- ✓ Workability
- ✓ "Only one" construction method
- ✓ High drainage
- ✓ No utility poles
- ✓ Highly clean materials
- ✓ CFRP
- ✓ Sensors

Product Examples

(1) ESLO HYPER AWHP



Earthquake-resistant high-performance polyethylene pipe for high-rise construction; flexible and lightweight for easy construction

(1) AC DRAIN PIPE



Vinyl chloride pipe for drains with a layer to prevent condensation; contributes to an easier heat retention process for air conditioner work in public schools

(2) SPR-SE



Rehabilitation of aged sewage pipes; renew sewers without digging up roads

(3) High Flowrate Drainage System



Siphon-type rainwater drainage system; secures the drainage amount to handle heavy rainfall without increasing pipe diameter

(4) FFU Railway Sleepers



Fiber-reinforced foamed urethane railway sleeper that boasts excellent water-resistant durable properties; requiring no preservatives, contributes to the reduction of environmental impact

(4) SEW



Use for construction of shields for digging tunnels, etc.; eliminates the need to open the retaining wall via machinery/human power

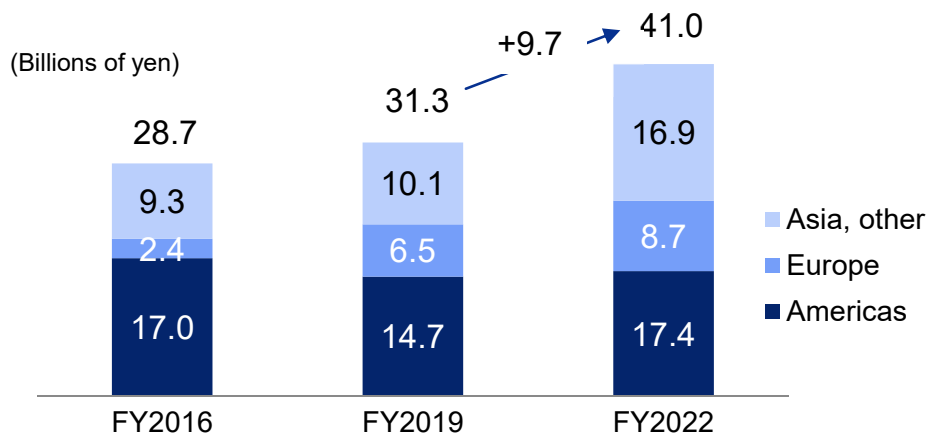
Priority Measures ~ Expand & Capture Target Markets (Overseas)

- Diversify businesses and products focusing on Asia and Europe (target an additional increase through M&A)
- Develop examples of success in Japan mainly in high-value-added products and work to expand and deepen areas

Sales by Overseas Area

* Including the export of domestic products

- Americas: Increase applications for sheets; expand FFU (railway sleeper) products
- Europe: Mainly expand FFU; establish production bases
- Asia, other: Expand collaboration with TP Corporation; expand the pipeline rehabilitation business



Strategies by Region

- Factored in the temporary drop in demand from the aircraft field
- Secure a recovery in the U.S. by diversifying products; substantially expand in Asia and Europe through proactive injection of resources

Businesses / Products	Strategies	Europe	Americas	Asia
Sheets	Increase applications in the sheet market (medical, hygiene, etc.) Prioritize rationalization investments	✓	✓	✓
Advanced materials (FFU)	Establish production bases (Europe) Increase fabrication partners	✓	✓	✓
Pipeline renewal	Increase installation partners	✓	✓	✓
Plant and industrial piping	Expand collaboration with TP Corporation Expand sales of DC plates (Europe)	✓	✓	✓
Architectural piping materials	Enter the air conditioning field			✓

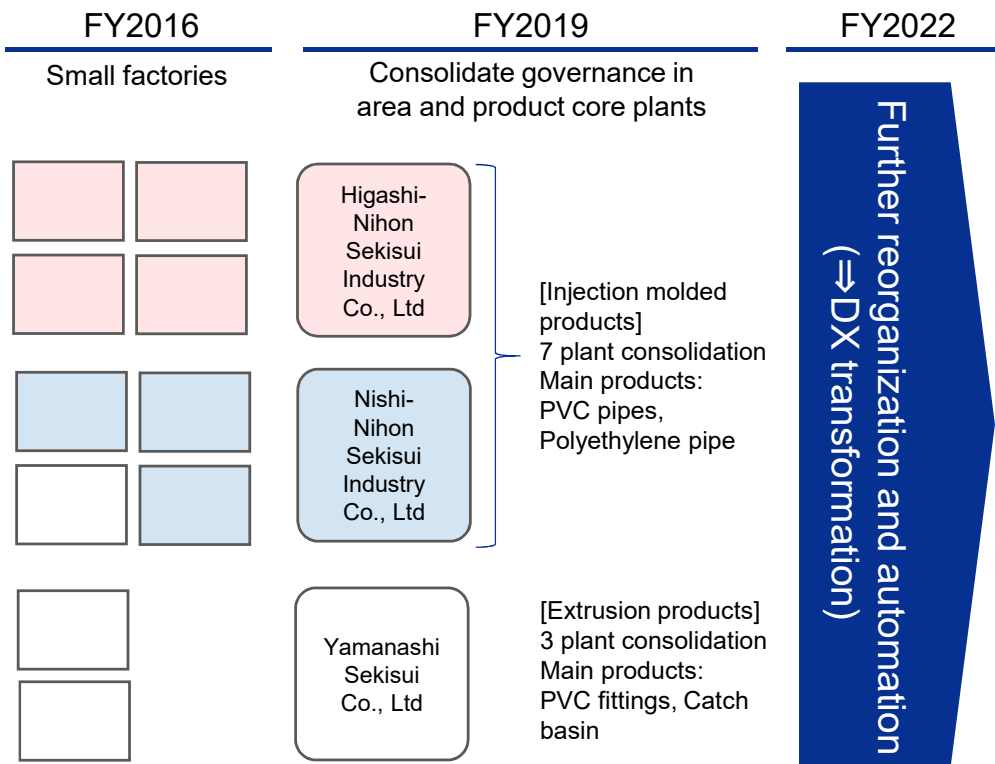
* Yellow shaded areas represent instances where examples of domestic success were expanded to other regions.

Priority Measures ~Set ROIC Management as a New Standard (Structural Reform)

- Increase business efficiency through production site management, optimization of invested capital, and DX transformation

Production Site Management

- Established area production management structure for product item reorganization
- Promote investments and activities aimed at optimizing each area, increasing labor efficiency, and transitioning to full automation under the current Medium-term Management Plan



Optimization of Invested Capital

- Promote invested capital optimization through structural reform, rationalization investments, DX transformation, and logistics innovation
- Implement measures aimed at reducing fixed costs (-¥5 billion) during the three-year period of the Medium-term Management Plan

	Item	Target / KPI
Assets	Business Portfolio Reform	Elimination of Underperforming Businesses
	Transformation into a Smart Factory (Resilient Equipment/Automation/ICT)	No Unsafe Work Tasks Improved Retention Rate 20% Increase in Productivity
	Optimization of the Production Structure (General Products)	Facility Utilization Rate Commensurate with Demand
Working Capital	Improvement of Consolidated Sales System Efficiency Optimization of the Supply Chain	DX introduction and Increased Distribution Efficiency

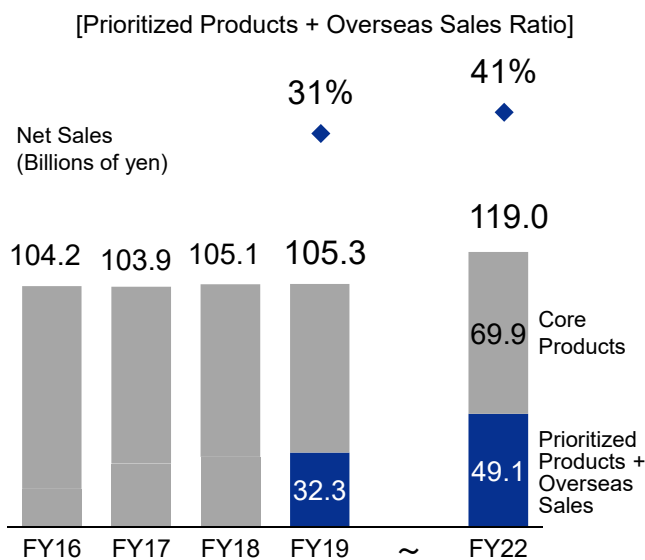
Three Strategic Fields

Strengthen profitability by increasing prioritized product and overseas sales in the three strategic areas

Sales Trends in Each Field

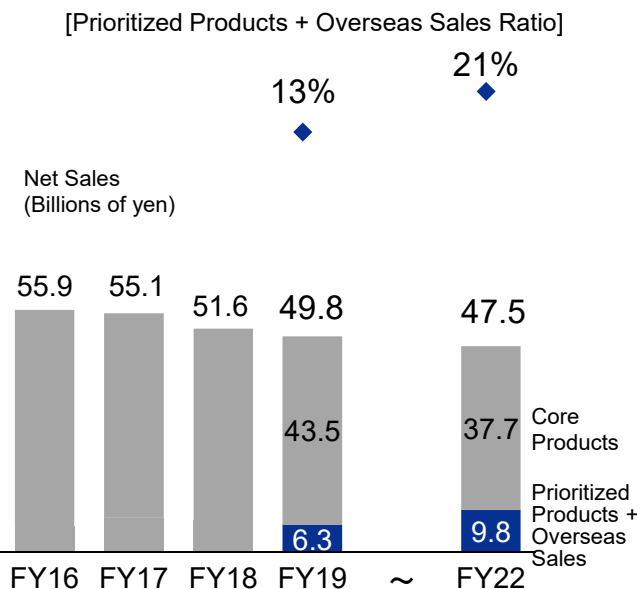
Piping and Infrastructure

- Shift to fields with the potential for growth through new products that differentiate SEKISUI CHEMICAL from other companies as well as business model innovation in mature markets



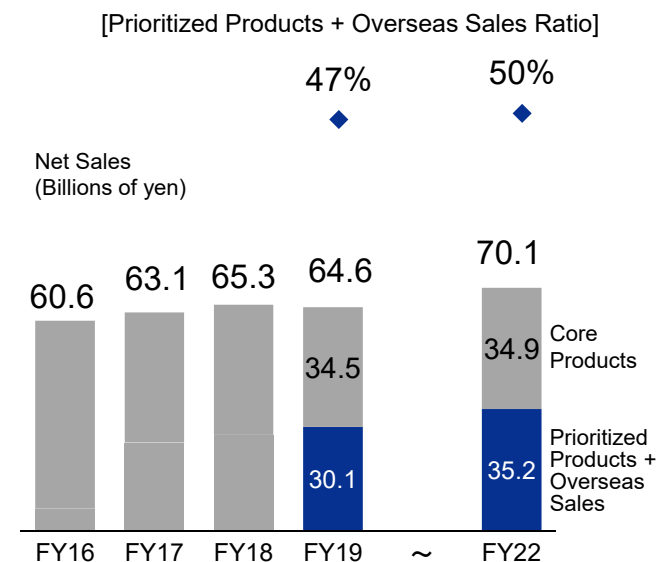
Building and Living Environment

- Offset the decline in demand attributable to the downturn in housing starts through new products that address climate change and bathroom products for nursing care facilities



Advanced Materials

- Diversify development of high-value-added products and applications and accelerate the overseas rollout of railway sleepers



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Medical Business

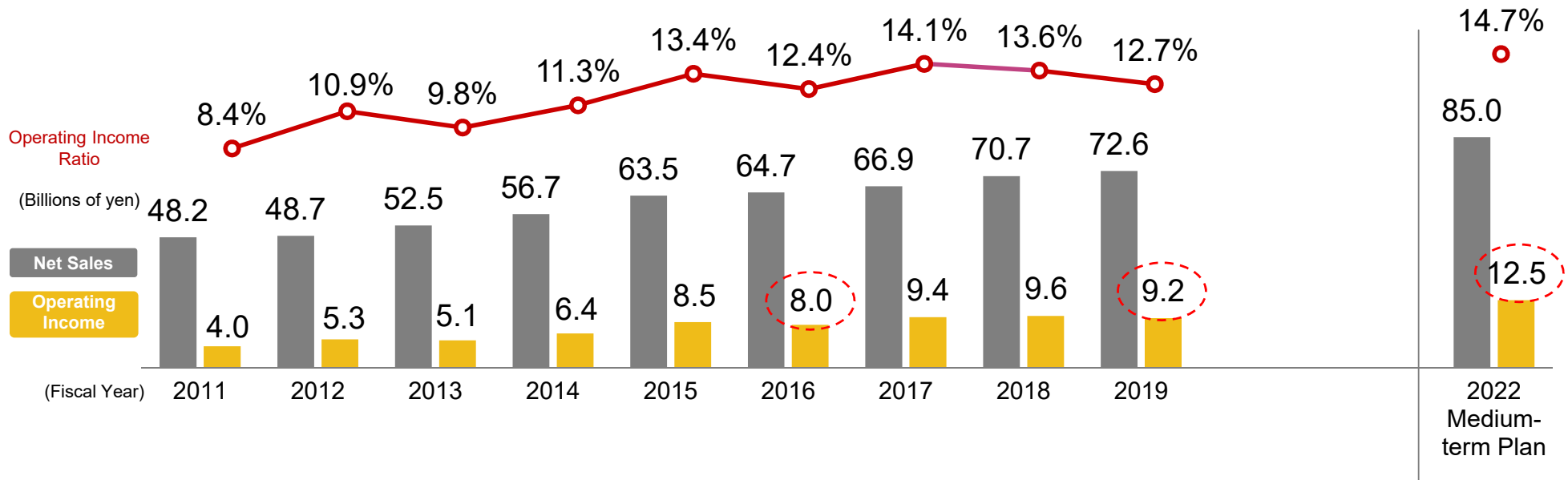
Futoshi Kamiwaki

Senior Managing Executive Officer
Head of Business Strategy Department

Performance Trends and New Medium-term Management Plan Targets

- Increase in the levels of both net sales and operating income through steady growth under the previous Medium-term Management Plan
- Work to become a world leading medical company while expanding business by strengthening development and engaging in aggressive investment under the new Medium-term Management Plan

Performance Trends



Mainly M&As

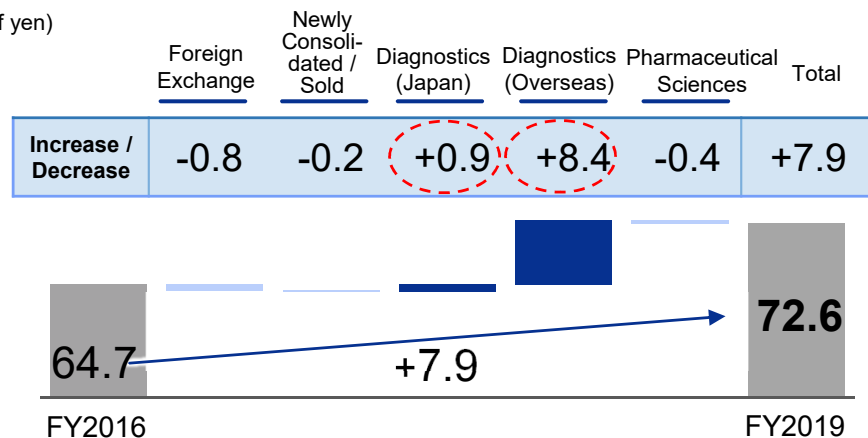
- 2008: XenoTech (U.S.)
- 2010: Sekisui Medical Technology (China) Ltd.
- 2011: Sekisui Diagnostics (U.S.)
- 2015: EIDIA
- 2017: Participated in the establishment of PeptiStar Inc.
- 2018: Veredus Laboratories (Asia)

Summary of the Previous Medium-term Management Plan

- Substantial increases in net sales and profit mainly in the overseas Diagnostics Business
- Strengthening development and new products in the Diagnostics Business; confronting challenges with respect to the cultivation of new products in the Pharmaceutical Sciences Business

Net Sales

(Billions of yen)



Achievements & Challenges

[Diagnostics (Japan)]

- While mainstay products are firm, growth rate appears to have peaked
- Slight delay in new product expansion

[Diagnostics (Overseas)]

- Steady expansion in Europe, the U.S., and China driven by mainstay products
- Delay in the start-up of the new plant in Suzhou, China
- Progress in strengthening POC development structure and systems in the U.S.

[Pharmaceutical Sciences]

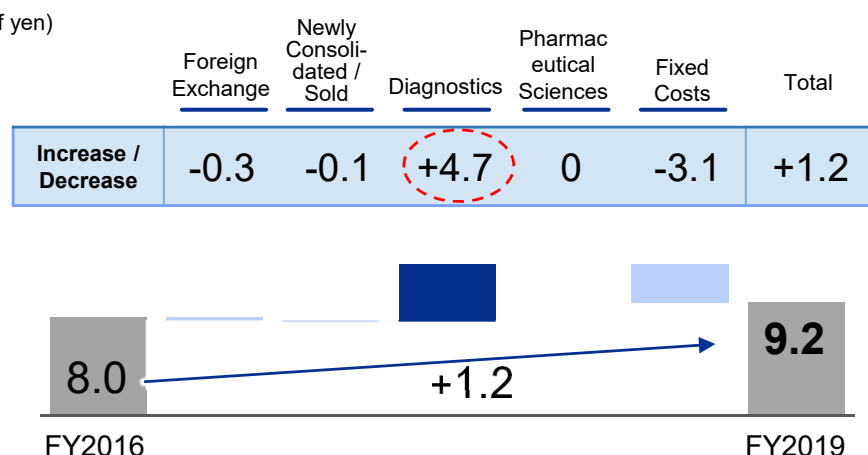
- Pharmaceutical and Fine Chemicals: Despite efforts to secure new orders, unable to fully cover the drop in orders attributable to customers' circumstances
- Drug Development Solutions: Confronting challenges in strengthening global partnerships

[Group-wide]

- Purchased Veredus Laboratories; acquired bases in Southeast Asia
- Realizing integration effects with EIDIA

Analysis of Operating Income

(Billions of yen)



Growth Strategy ~By Business

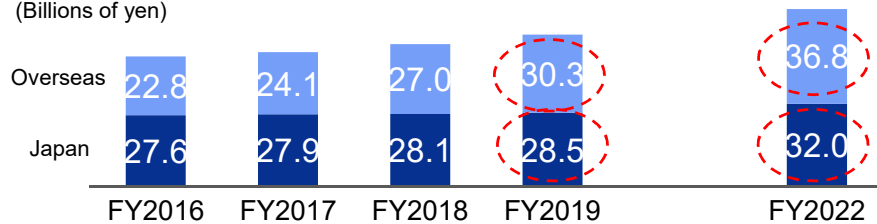
Secure growth by expanding domains in both the Diagnostic and Pharmaceutical Sciences businesses

Trends in Net Sales by Business and Priority Measures

Diagnostics

- Japan: Actively introduce new products
- Europe and the U.S.: Expand alliances with major corporations; strengthen POC
- China: Continue to expand blood coagulants; enter new domains
- Asia: Set up VL Corporation as an ASEAN base

(Billions of yen)

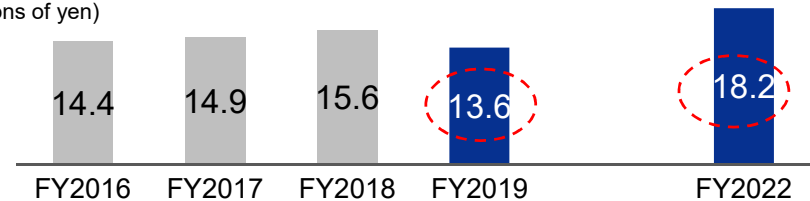


Pharmaceutical Sciences (Pharmaceutical and Fine Chemicals, Drug Development Solutions, Enzymes)

- Pharmaceutical and Fine Chemicals: Acquire orders for new pharmaceutical ingredients
- Drug Development Solutions: Strengthen partnerships between Japan and the U.S. (XenoTech)
- Enzymes: Expand the CDMO* business

* Acronym for Contract Development and Manufacturing Organization: A business format that provides comprehensive services that extend from the development of formulations to the manufacture and commercial production of investigational new drugs

(Billions of yen)



Diagnostics Focus Areas and Examples of Main Products

Focus Areas	Clinical Chemistry / Immunology	Blood Coagulation	Diabetes
Main Products	Diagnostics reagents for cholesterol, neutral lipids, and syphilis	Instruments and diagnostic reagents for coagulation and fibrinolysis	Diagnostics reagents for HbA1c
Focus Areas	Infectious Disease POC*	Blood Coagulation Tubes	
Main Products	Diagnostics reagents for influenza and adenovirus	High-speed-clotting vacuum blood collection tubes	



Cholesterol diagnostic reagents



Automated coagulation analyzer



Influenza diagnostic reagents

* POC: The first letters of "Point of Care"; refers to timely onsite (clinics, etc.) diagnostics

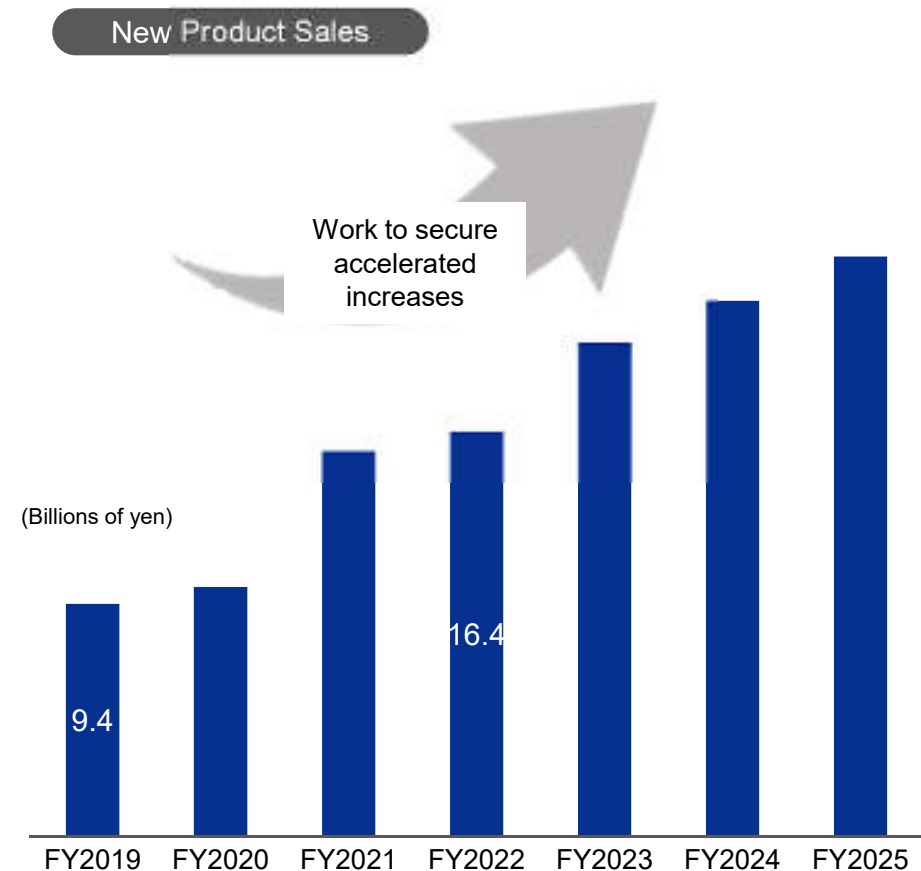
- Strive to expand business domains by strengthening development in specific fields
- Build a foundation for growth centered on new products by expanding the pipeline

Priority Development Measures

- High-sensitive immunoassay (Japan and China)
 - Enter the immunization market in earnest through the introduction of new equipment
- Molecular POC (U.S.)
 - Establish a molecular diagnostics (MDx) development center
 - Strengthen Japan / U.S. partnerships (SD Corporation)
- New markets
 - Expand business domains by acquiring new biomarkers
- New Pharmaceutical and Fine Chemicals as well as Drug Development Solution products
 - Develop API synthesis and drug development solution technologies for diverse modalities

* Biomarker: Physiological indicators used to identify the presence and progression of a disease

* Modality: Means of treatment including small molecule compounds, peptide (medium molecule) drugs, and regenerative medicine



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