

SEKISUI CHEMICAL CO., LTD.

Drive 2.0

—The 2nd phase for 2030—



Presentation of the FY2023-2025 Medium-term Management Plan

Keita Kato

President and CEO

May 23, 2023

Review of the Previous Medium-term Management Plan, Drive 2022 (FY2020-2022)

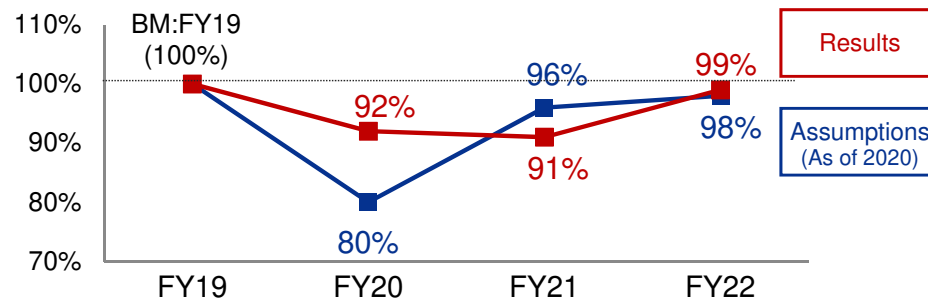
Summary of Drive 2022 Difference from Market Assumptions

COVID-19

Prolonged impact of COVID-19 lingered through to FY2022; gradual recovery from the 2Q of FY2020 with the effects projected to dissipate in the 2H under the Medium-term Management Plan (FY2020: state of emergency declaration in the 1Q)

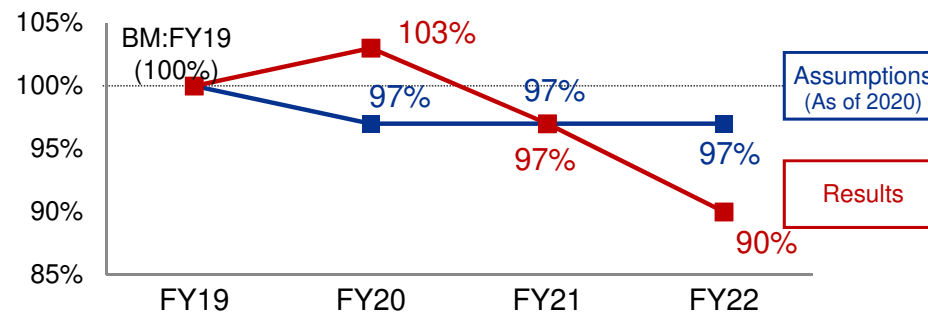
Number of Automobiles Manufactured

The impact of shortages in the supply of semiconductors eased in FY2022; market conditions recovered to levels assumed under the Medium-term Management Plan



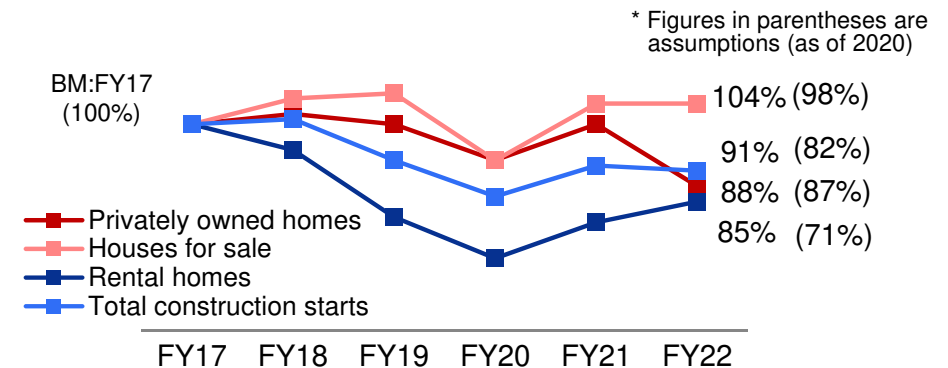
Smartphone Shipments

Shipments fell below levels assumed under the Medium-term Management Plan owing to prolonged inventory adjustments



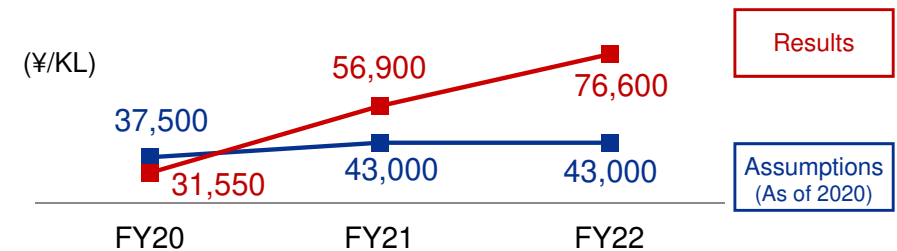
New Housing Starts (By Type)

Trends in houses for sale focusing on first time buyers were firm, exceeding assumptions under the Medium-term Management Plan

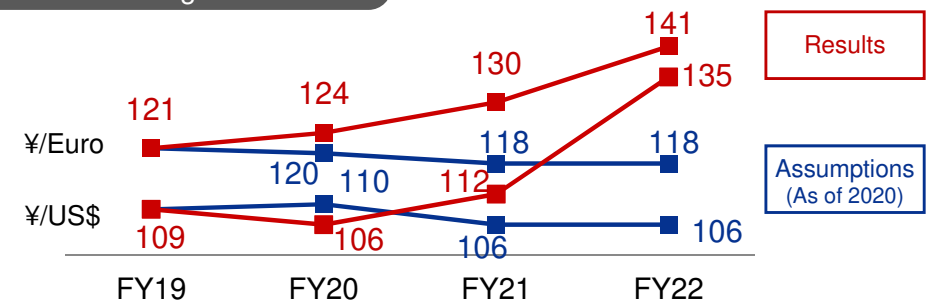


Domestic Naphtha Price

Prices substantially exceeded assumptions under the Medium-term Management Plan



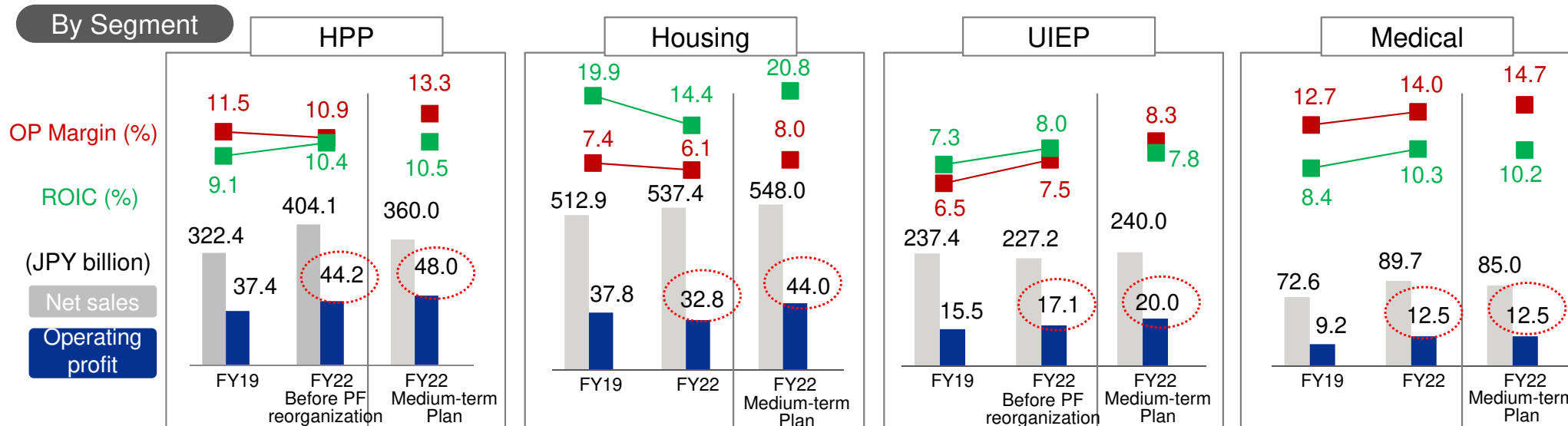
Exchange Rate



Summary of Drive 2022 (1)

- Achieved record high net sales, net income, and EBITDA; despite a harsh business environment owing to such factors as the prolonged impact of COVID-19, undertook structural reforms while strengthening profitability to improve earning power
- ROE recovered to the 10% level; advanced ROIC management

(JPY billion)	FY2019 results	FY2022 results	FY2022 Medium-term plan	Difference
Net sales	1,129.3	1,242.5	1,220.0	+22.5
Operating profit (margin)	88.0 (7.8%)	91.7 (7.4%)	110.0 (9.0%)	-18.3
Net income	58.9	69.3	70.0	-0.7
ROIC (%)	7.7%	7.6%	8.6%	-1.0%
ROE (%)	9.7%	10.0%	10.6%	-0.6%
Overseas sales (ratio)	274.7 (24%)	375.1 (30%)	320.0 (26%)	+55.1
EBITDA	133.2	142.1	170.0	-27.9



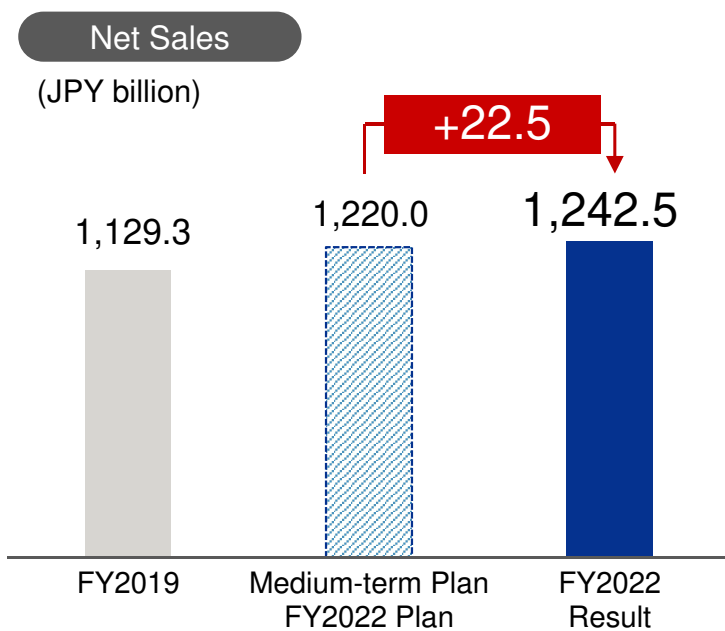
Fell short of operating profit plans due to the downturn in aircraft demand attributable to COVID-19 and deterioration in electronics market conditions

Fell short of plans due to the prolonged impact of COVID-19, sluggish housing market conditions attributable to inflation, and soaring component costs

Despite falling short of profit plans due to the surge in raw material prices and sluggish demand, progress in improving selling prices; record-high profits

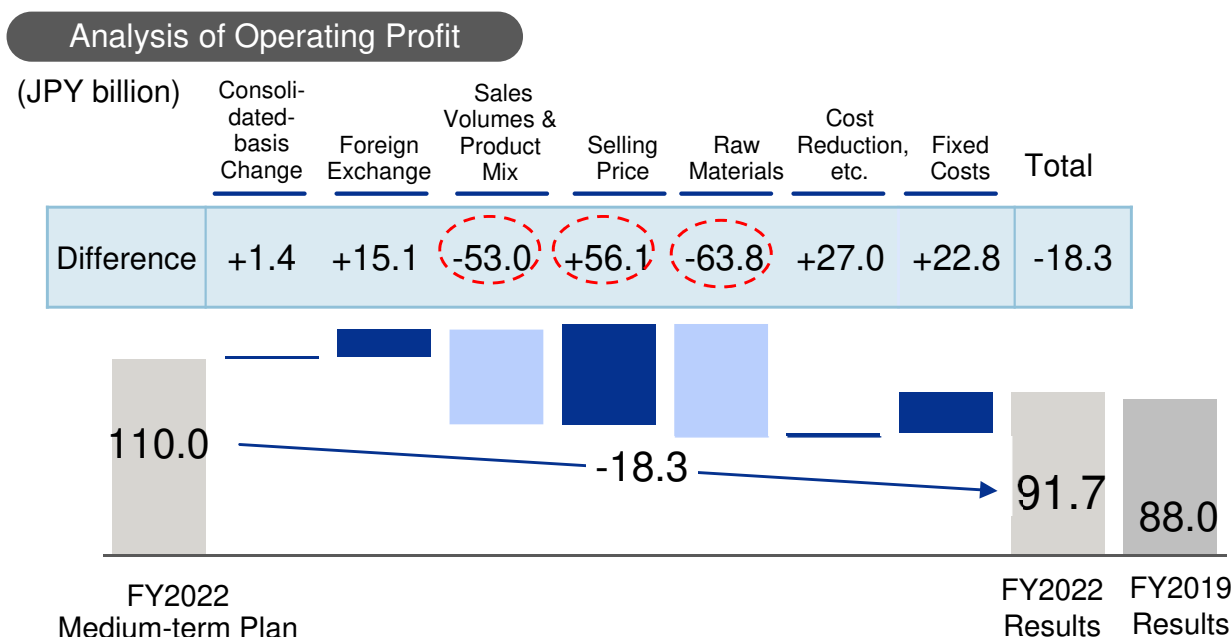
Achieved plans on the back of increased sales of COVID-19 diagnostics kits and growth in new pharmaceutical ingredients; record-high profits

- Achieved record-high net sales on the back of overseas sales
- Despite offsetting the higher-than-expected surge in raw material prices through improvement in selling prices, cost reduction, etc., and efforts to control fixed costs, fell short of the operating profit target set under the Medium-term Management Plan after failing to achieve sales volumes and product mix due to the drop in demand attributable to COVID-19 and slowdown in economic activity



Basic Strategies

- 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



Results and Challenges

- <Results>** Implemented structural reforms in advance, shifted to high-value-added products, and accelerated improvements in selling prices
<Challenges> Growth investments held to certain level
- <Results>** Achieved progress in new business themes; secured advances in the Life Science growth strategy
<Challenges> Carryover of business contributions from M&As
- <Results>** Accelerated the practice of ESG management (Group-wide KPI setting and monitoring); continued to receive high external evaluations
<Challenges> Yet to achieve human resources KPIs (Challenge action rate)

FY2023-2025 Medium-term Management Plan

Drive 2.0

—The 2nd phase for 2030—

Drive 2.0

—The 2nd phase for 2030—

- Management Policy -

Realizing our long-term vision through sustainable growth and accelerate strategic innovation

- Basic Strategy -

Three initiatives to enhance corporate value

Strategic Innovation

Accelerated growth

Create & acquire new business by accelerating activities

- Enter innovation areas in the “Strategic Area Map”
- Establish new business bases for the seven major themes
- Establish a new bridgehead in the life science domain (Establishment of a 4th Divisional company)

Organic Growth

Profitability

Achieve steady growth of organic businesses and refine portfolio

- Expand enhancement areas in the “Strategic Area Map”
- Strengthen portfolio management (Optimal resource allocation)
- Expand growth drivers and pursue consistent structural reforms

Products to Enhance Sustainability

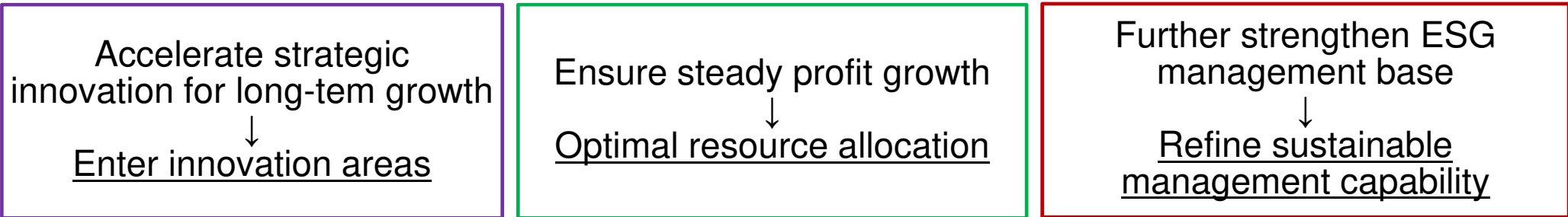
Strengthening Sustainability

Reliability

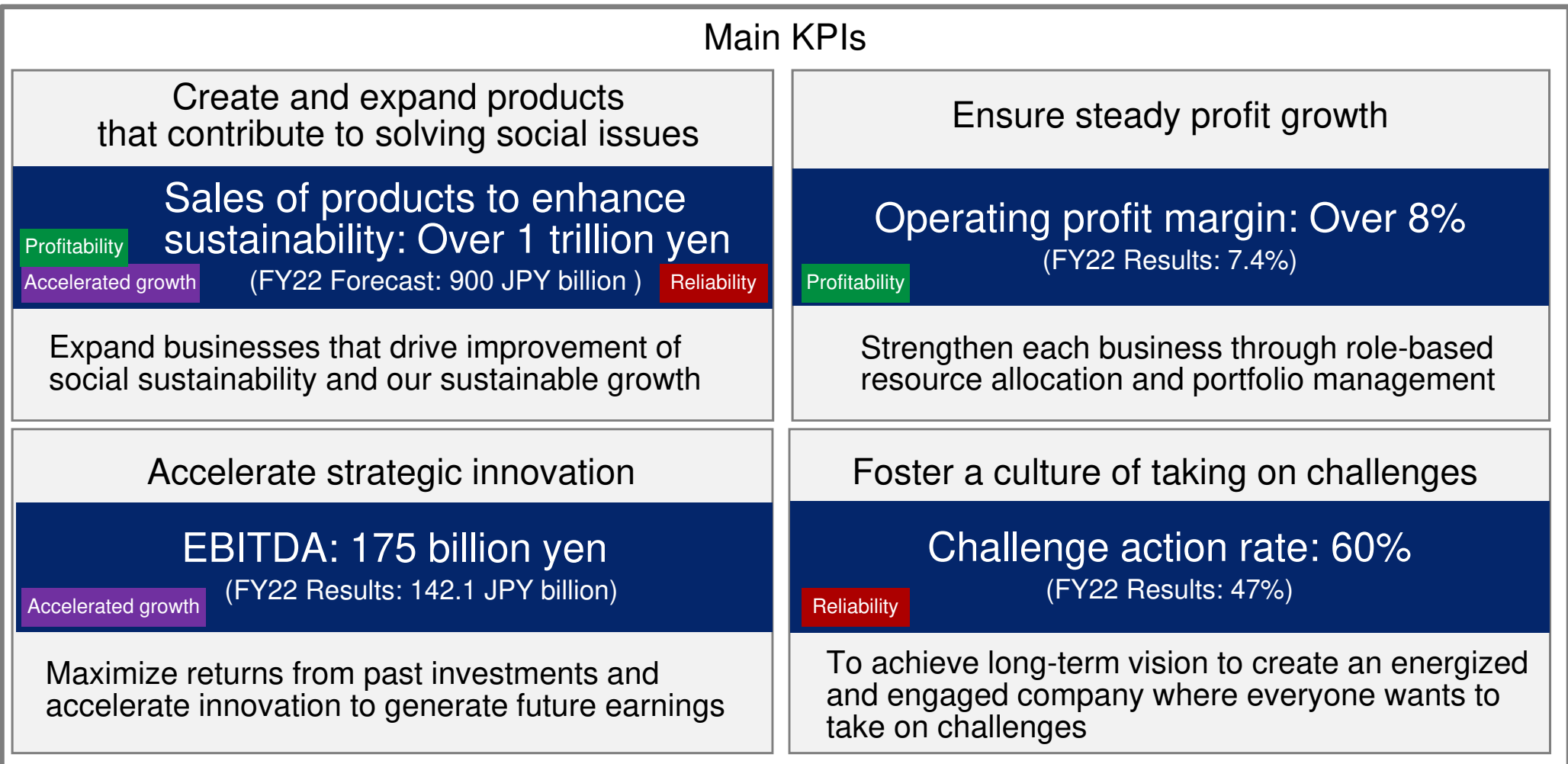
Strengthen ESG management base that contributes to new management policy

- Strengthen Group-wide KPI for ESG management initiatives based on materiality
 - *Human capital: Nurture a culture of taking on challenges through active investment in human resources
 - *Environment: Address climate change, resource circulation, and water risks to conserve biodiversity
 - *DX: Strengthen global base and shift to a phase of new creation
- Strengthen corporate governance to support the corporate value creation, including the elimination of major incidents
- Respond to social demands including initiatives for Human Rights and supply chain

Key Points



Main KPIs

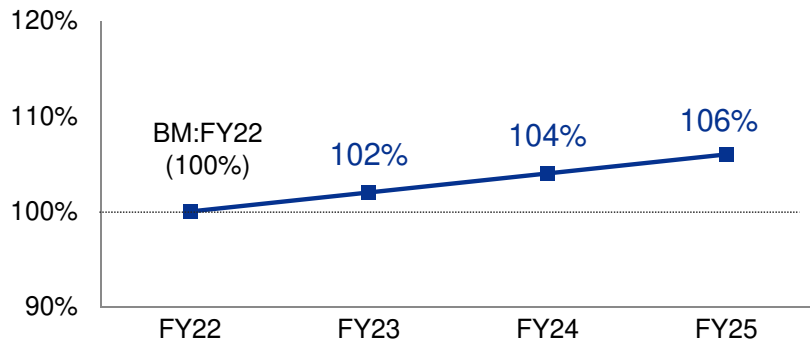


■ The global economy remains unstable and uncertain (VUCA)

*Forecast data: Company estimates

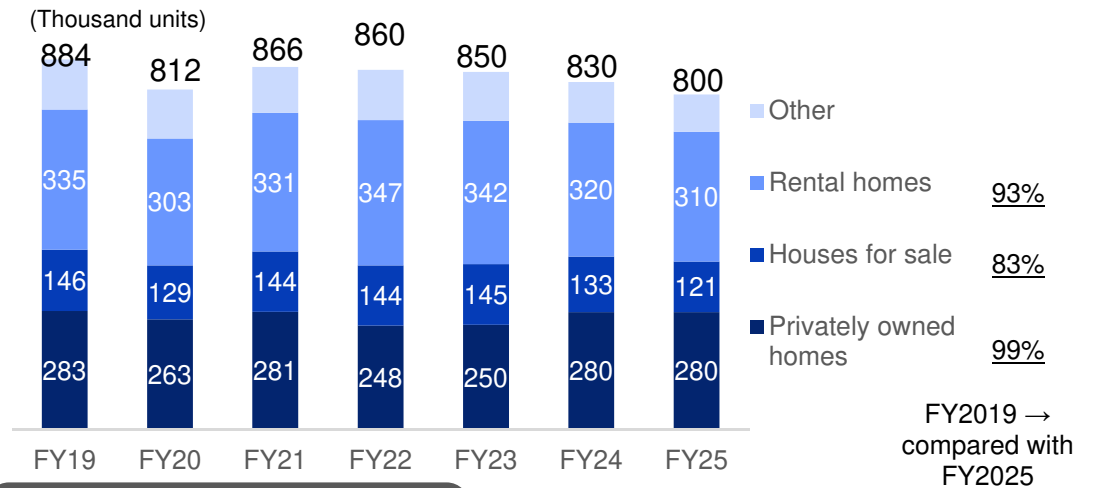
Number of Automobiles Manufactured (YoY)

Forecast moderate growth mainly in China and Europe;
Acceleration in the EV ratio (FY2022: 11% → FY2025: 25%)



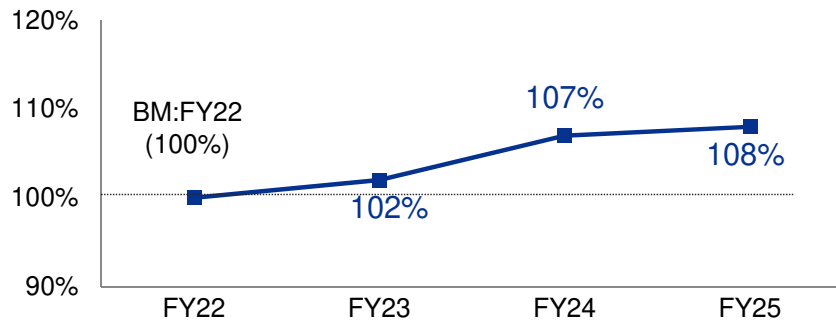
New Housing Starts (By Type)

Gradual continued decline in housing starts; the impact of declining market sentiment due to concerns surrounding inflation expected to spread to houses for sale



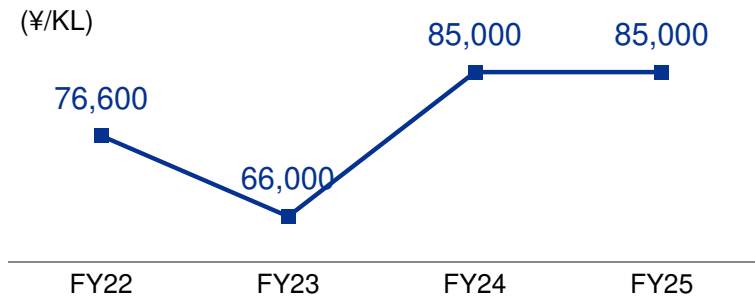
Smartphone Shipments (YoY)

Forecast moderate expansion from the 2H of FY2023; continued improvement in smartphone performance



Domestic Naphtha Price

Naphtha price assumption: ¥85,000/KL

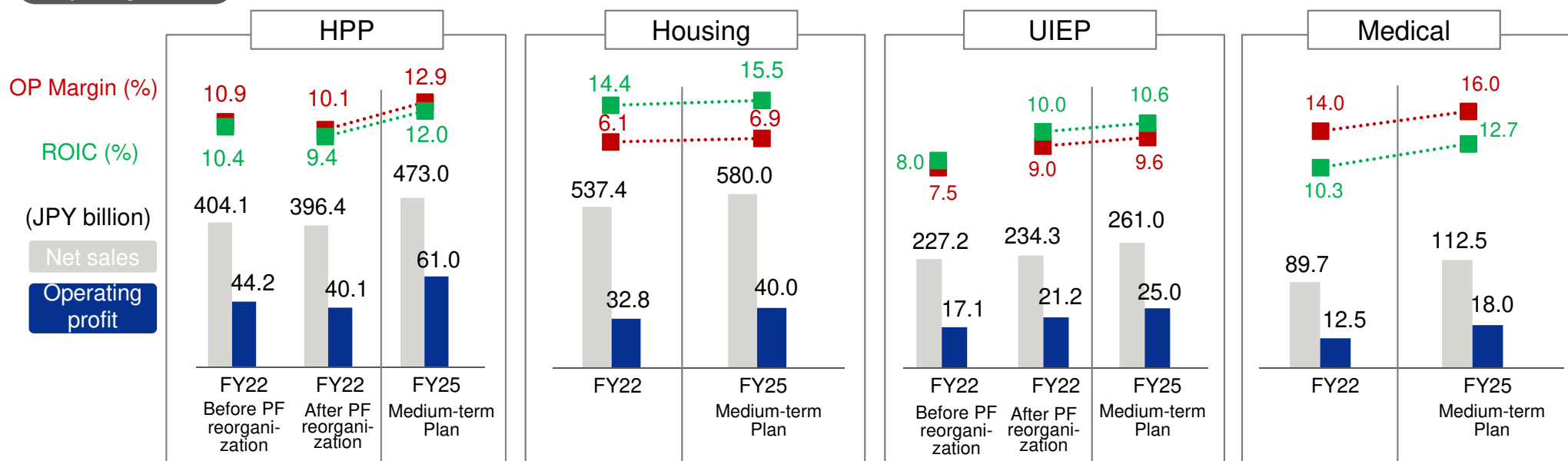


Drive 2.0 Target Values (1)

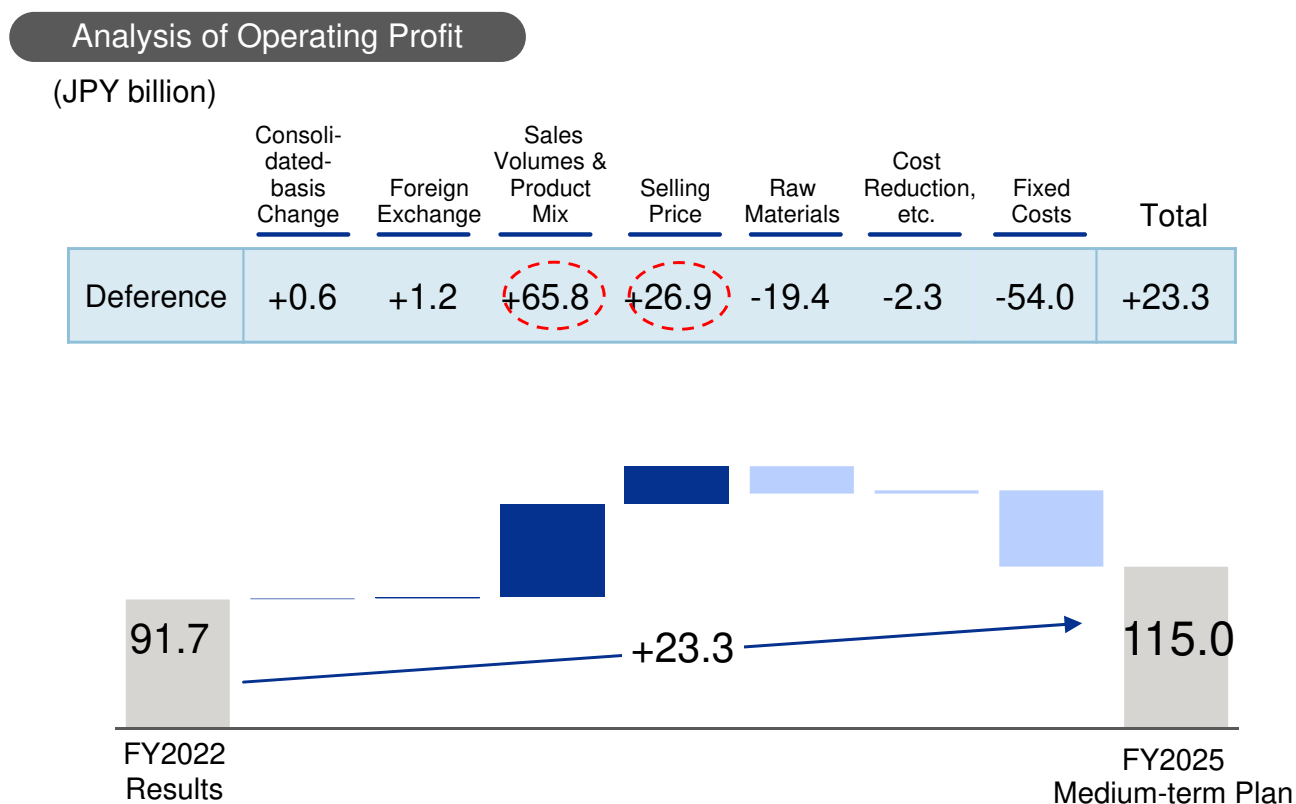
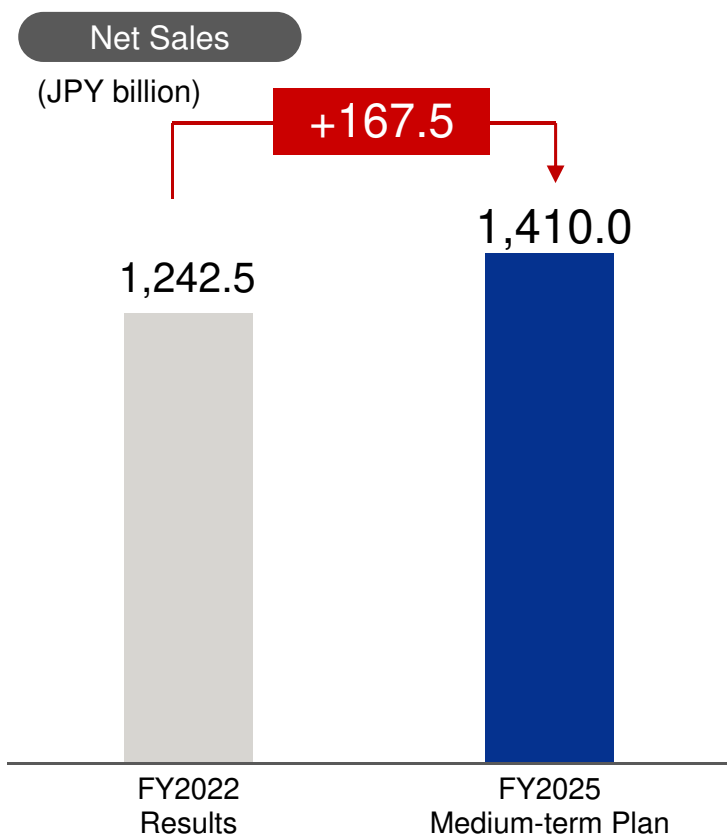
<Forex assumptions> 3Q FY2022 rate: ¥135 / \$, ¥137 / €

(JPY billion)	FY2022		FY2025 <small>* Excluding new M&As, etc.</small>	
	Results	Previous Medium-term Increment*	Medium-term Plan*	Medium-term Increment*
Net sales	1,242.5	+113.2	1,410.0	+167.5
Operating profit (margin)	91.7 (7.4%)	+3.7 (-0.4%)	115.0 (8.2%)	+23.3 (+0.8%)
Net income	69.3	+10.4	82.0	+12.7
ROIC (%)	7.6%	-0.1%	8.5%	+0.9%
ROE (%)	10.0%	+0.3%	11.0%	+1.0%
Overseas sales (ratio)	375.1 (30%)	+100.4 (+6%)	480.0 (34%)	+104.9 (+4%)
EBITDA	142.1	+8.9	175.0	+32.9

By Segment



- Substantial increase in sales volume and product mix largely on the back of high-performance product sales growth based on the assumption of a partial recovery in market conditions; also focus on securing margins; strengthen human capital investment and preparations for growth while targeting operating profit of ¥115 billion



- Expand strategic investment limits
- Allocate generated cash flows mainly to growth fields

Investment Plan and Capital Allocation (JPY billion)

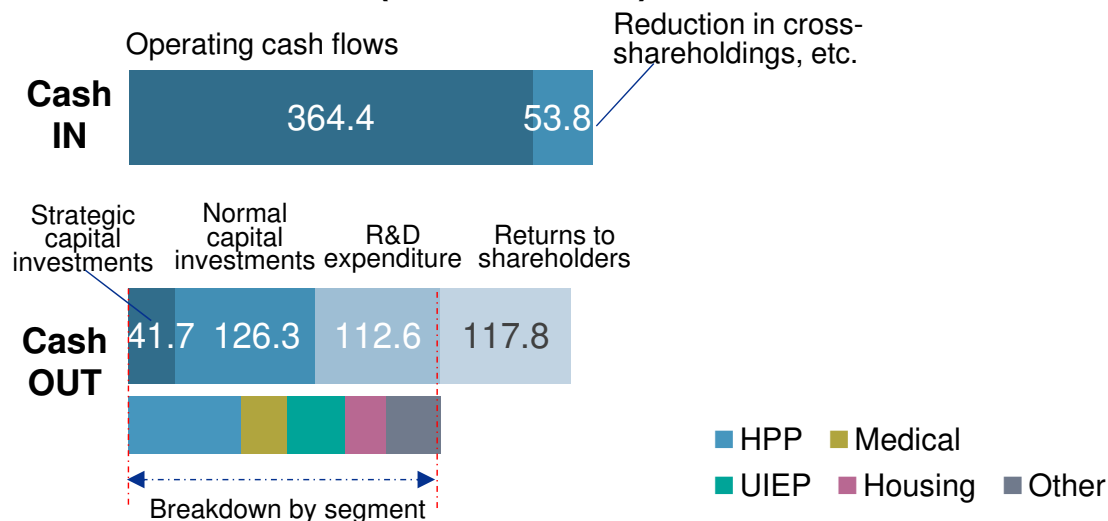
	FY20-22 Plan	FY20-22 Results	FY23-25 Plan
Strategic investments	Limit 400.0	41.7	Limit 450.0
M&A, etc.	Limit 300.0	0	Limit 300.0
Capital expenditures	100.0	41.7	150.0
ESG investment (including strategic and normal capital investments)	40.0	31.4	30.0
Normal investments	100.0	126.3	150.0
Total	500.0	168.0	600.0
R&D expenditure	130.0	112.6	140.0

Major strategic capital investments

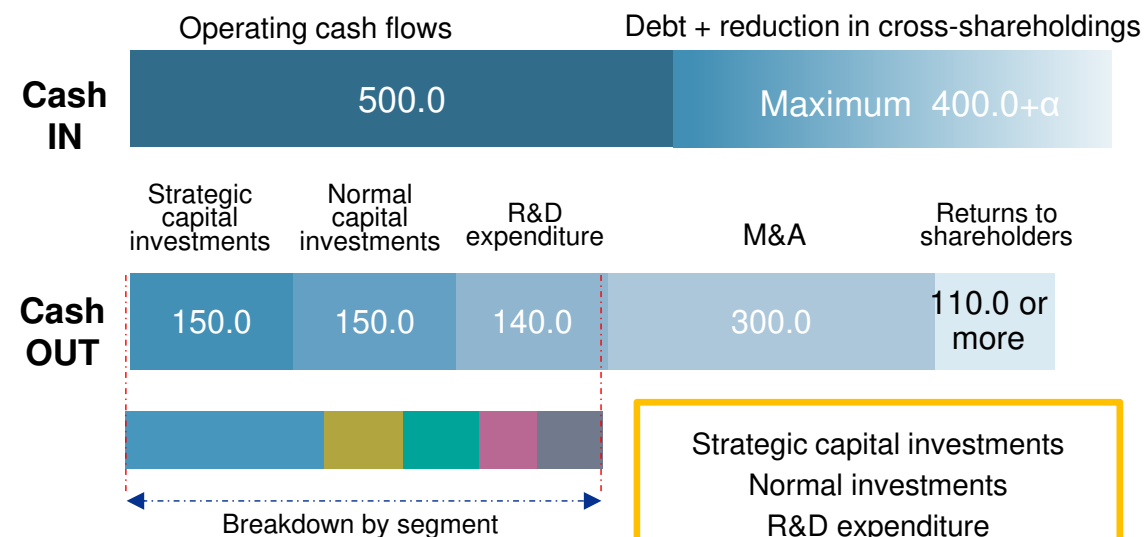
(FY2020-2022)

- Increase in heat release materials production (U.S.)
- Increase in foam material production (U.S.)
- Increase in pharmaceutical raw material production (Iwate, U.K.)
- Increase in FFU production for railway sleepers (the Netherlands)

—Drive 2022— (FY2020-2022) (JPY billion)



—Drive 2.0— (FY2023-2025) (JPY billion)



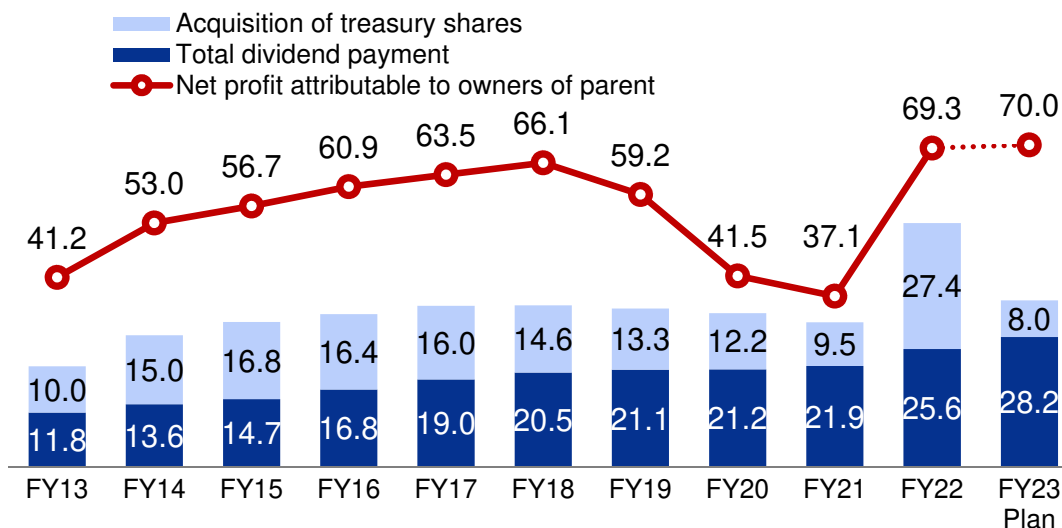
Strategic capital investments
Normal investments
R&D expenditure

More than 70% of investments in the HPP, Medical, and new businesses

Continued increase in dividends since FY2010; further strengthen returns to shareholders under the Medium-term Management Plan

Returns to Shareholders Track Record

(JPY billion)



	Previous Medium-term Management Plan	Medium-term Management Plan
Dividend payout ratio	35% or higher	40% or higher
DOE	3% or higher	3% or higher
Total return ratio	50% or higher if the D/E ratio is less than 0.5	50% or higher if the D/E ratio is less than 0.5 Implement additional returns as appropriate, taking into account the investment progress under the Medium-term Management Plan, cash position, and stock price
Cancellation of treasury shares	Cancel newly acquired shares to the extent that total treasury shares do not exceed 5% of outstanding shares	Cancel newly acquired shares to the extent that total treasury shares do not exceed 5% of outstanding shares

Fiscal year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 Plan
Net profit attributable to owners of parent per share (JPY)	80.1	104.7	115.1	126.1	133.8	141.7	128.8	91.9	83.2	159.2	163.1
Cash dividend per share (JPY)	23	27	30	35	40	44	46	47	49	59	66
Payout ratio	28.7%	25.8%	26.1%	27.7%	29.9%	31.0%	35.7%	51.1%	58.9%	37.0	40.3
Acquisition of treasury shares (JPY billion)	10.0	15.0	16.8	16.4	16.0	14.6	13.3	12.2	9.5	27.4	8.0
Total return ratio*1	52.9%	54.0%	55.5%	54.5%	55.1%	53.0%	58.1%	80.4%	84.6%	76.5%	51.7%
DOE*2	2.7%	2.8%	2.8%	3.1%	3.3%	3.4%	3.5%	3.3%	3.3%	3.7%	3.9%
Cancellation of treasury shares (thousands of shares)	-	12,000	10,000	-	10,000	8,000	8,000	8,000	5,000	15,000	4,000

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

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

Basic Strategies

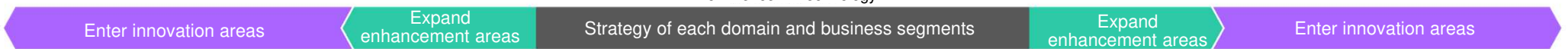
Execution of Growth Strategies Based on Strategic Area Map

Strategic Area Map, a compass to achieve the Long-term Vision

→ Expand **enhancement areas** and enter **innovation areas**

• **Enhancement areas**: Areas of prioritized products to be expanded by extending from existing businesses **Enhancement areas**


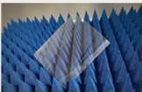





• **Innovation areas**: Areas where new innovations are created through fusion, etc. **Innovation areas** (Seven major promotion themes on next page)



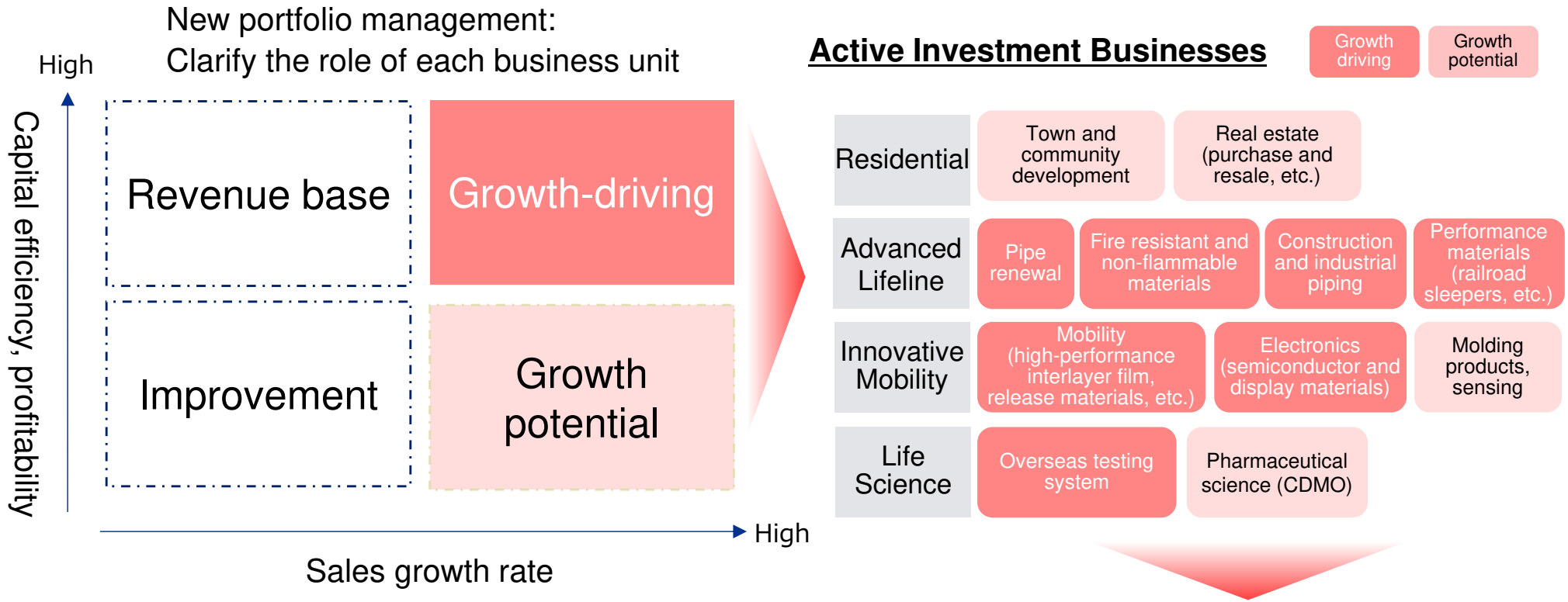
■ Seven major themes: Progress in commercialization through core technologies and fusion (internal/external collaboration, M&A); aim for the early establishment of a new business platform and contributions to business results

■ Innovative Mobility ■ Life Science ■ Advanced Lifeline ■ Residential ■ Innovation areas

Begin realizing benefits (light orange) Realize benefits in earnest (yellow)

Growth potential businesses	Key themes	Core technologies	Investment benefit realization schedule			
			2023	2024	2025	2026~
■ Entry into aeronautical fields 	<ul style="list-style-type: none"> Development of new applications Entry into the air mobility market 	molding technology			●	→
■ Next-generation communication components 	<ul style="list-style-type: none"> Collaboration with telecommunications companies Development of radio wave environment business 	Film processing technology			●	→
■ Smart city strategy 	<ul style="list-style-type: none"> Fusion of town and community development as well as AI digital technologies 	Advanced housing, town and community development	●	→		
■ Overseas development of infrastructure materials 	<ul style="list-style-type: none"> Strengthening of overseas marketing 	Infrastructure materials			●	→
■ New area of pharmaceutical CDMO 	<ul style="list-style-type: none"> Conversion of base CMO business to CDMO with new modality support 	Synthesis of low molecular compounds, microbial cultivation			●	→
■ Perovskite solar cells 	<ul style="list-style-type: none"> Development of 1 m width production technology Promotion of demonstration through external collaboration 	Sealing, deposition, processing technology, etc.			●	→
■ Biorefinery 	<ul style="list-style-type: none"> Promotion of demonstration through external collaboration Establishment of resource circulation model 	Microbial catalyst technology				●

- Strengthen business portfolio management. accelerate existing business growth driver expansion
- Allocate management resources to growth-driving and growth potential businesses on a priority basis



- Analyze and evaluate existing businesses from multiple perspectives
 - Profitability (OPI margin), capital efficiency (ROIC), growth potential (sales growth rate)
 - Strategic positioning, position in the industry, future prospects, competitiveness from an ESG perspective
- Clarify the role of each business → Appropriately allocate management resources

Achieve more than 90% of incremental profit (EBITDA) from growth-driving and growth potential businesses

- Identify issues of high importance to stakeholders and the Group's management.
- Move toward initiatives that will further contribute to sustainable Group-wide growth by further strengthening ESG management

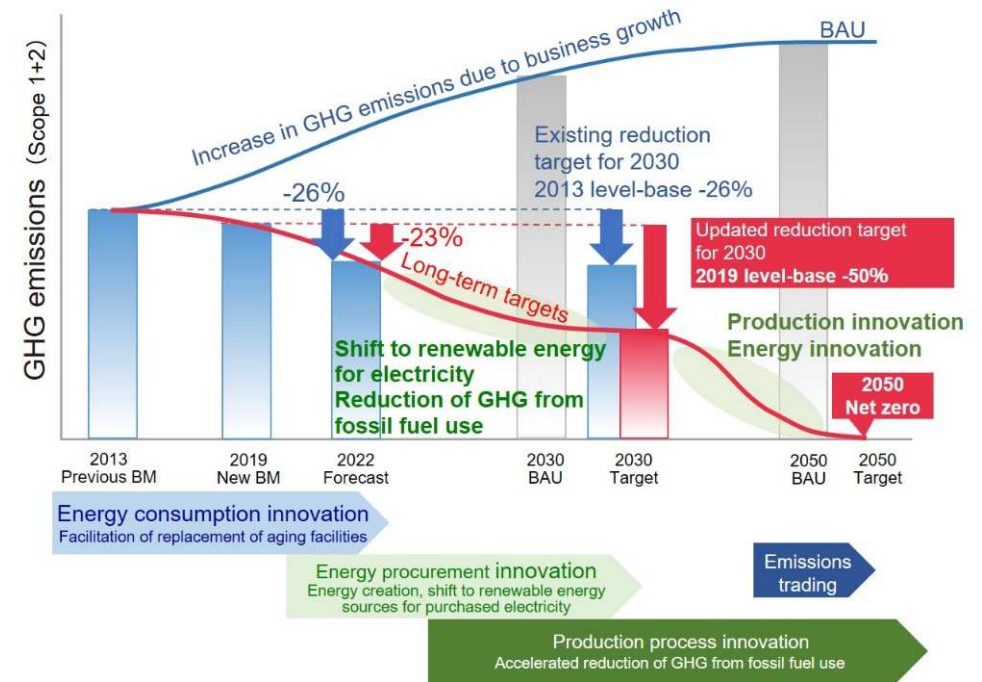
Key issues	The Medium-term Plan policy	Proactive approach
Products to enhance sustainability	<ul style="list-style-type: none"> • Achieve sales growth through each Company and business expansion strategy • Create and expand products that solve issues by utilizing support programs and taskforce 	<p>Expand sales of products that drive improvement of social sustainability and our sustainable growth</p> <div style="border: 1px solid yellow; padding: 5px;"> <p>Products to enhance sustainability Net sales <Of which Premium Framework> FY22 Forecasts: 900.0 bil yen <440 bil. yen> FY25 Targets :Over 1 trillion yen <540 bil. yen></p> </div>
Internal control	<p style="text-align: center;">Safety, quality, accounting, legal/ethical, information management</p> <ul style="list-style-type: none"> • Improve risk foresight and prediction ability • Strengthening the organizational self-purification ability (culture, and people) 	Reduce and control operational risks to support business risk-taking
DX	<ul style="list-style-type: none"> • Innovate global management base • Accelerate DX in core areas • Secure human resources for DX promotion 	Secure and develop human resources for DX to drive business transformation leveraging digital technology
Environment	<ul style="list-style-type: none"> • Contribute to solve climate change issues • Promote resource recycling • Minimize water risk and maintain water resources 	Focus on creating carbon-free and low-carbon products as well as products for raw material conversion by viewing environmental issues as opportunities
Human capital	<ul style="list-style-type: none"> • Realize assignment the right person to the right • Foster a culture of taking on challenges • Promote diversity 	Strategically reinforce business leaders and specialized human resources (for technology and DX) to drive growth

Environmental initiatives—2050 Earth with preserved biodiversity

Key initiatives	Climate change	Reduce fuel-derived GHG emissions; accelerate the conversion of purchased electricity to renewable energy GHG emission reduction rate (vs FY19) : FY22 Forecast -27%, FY25 target -33%, FY30 target -50% (SBT certification reacquired for the 1.5°C target)
	Resource recycling	Improve material recycling rate of waste plastic Promote resource conversion of raw material Material recycling rate (in Japan): FY22 Forecast 59%, FY25 target 65%
	Water risks	Reduce water withdrawal and COD emissions Minimize business impact

Total investment amount to 2030
40 billion yen

Roadmap to reducing GHG emissions



Invest in human capital—Re-skilling/re-learning and career expansion of employees; returns to employees: 12 billion yen to 2025

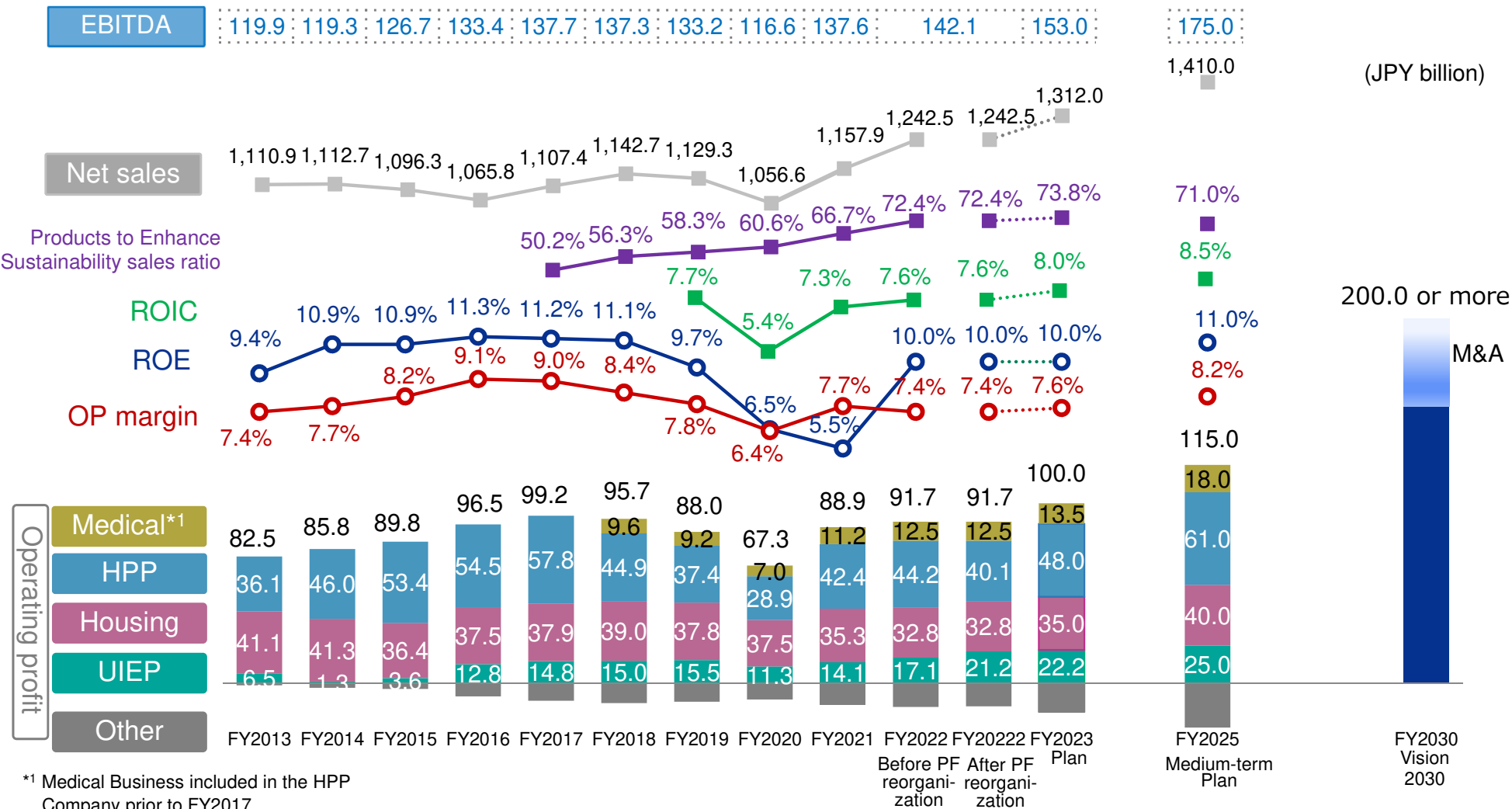
Policy	To achieve long-term vision to create an energized and engaged company where everyone wants to take on challenges, we will foster talents that can adapt to business growth and assign the right talent in the right position
Key initiatives	<ul style="list-style-type: none"> (1) Discovery and promotion of best employees <ul style="list-style-type: none"> ▪ Realize nomination and selection of successors ▪ Visualize internal careers (2) Acquisition and retention of diverse talents <ul style="list-style-type: none"> ▪ Establish a base that can accommodate diverse human resources ▪ Maintain and revitalize employees (3) Nurture employees who take on challenges to support the business <ul style="list-style-type: none"> ▪ Develop the next generation of leaders

Human Rights Initiatives

Policy	Position respect for the human rights of all those people affected by the Group's business as an essential prerequisite for realizing our Long-term Vision
Key initiatives	(1) Foster and instill a culture of respect for human rights; (2) Implement human rights due diligence and mitigate risks; and (3) Implement a grievance mechanism

Consolidated Performance Trends

Further strengthen earning power; accelerate growth



*1 Medical Business included in the HPP Company prior to FY2017

External environment

- 04/2014: Consumption tax raised from 5% to 8%
- 03/2018: Emerging concerns toward global trade friction
- 10/2019: Consumption tax raised from 8% to 10%
- 02/2020~: Spread of COVID-19
- 02/2022~: Russia: Incursion into Ukraine

Forex rate*2	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2025
1 USD	100 JPY	110 JPY	120 JPY	108 JPY	111 JPY	111 JPY	109 JPY	106 JPY	112 JPY	137 JPY	133 JPY	135 JPY

*2 Avg. rate for each term

*3 Assumption from FY2023

High Performance Plastics Company

Ikusuke Shimizu

Company President

- Promoted efforts to strengthen earnings power through cost innovations throughout the supply chain and improving the profitability of SEKISUI AEROSPACE CORPORATION and other operations; despite offsetting the surge in raw material prices through improvements in selling prices, fell short of operating profit plans due to the substantial impact of the slump in electronics and other global market conditions

Divisional Company and Three Strategic Field Net Sales (JPY billion)

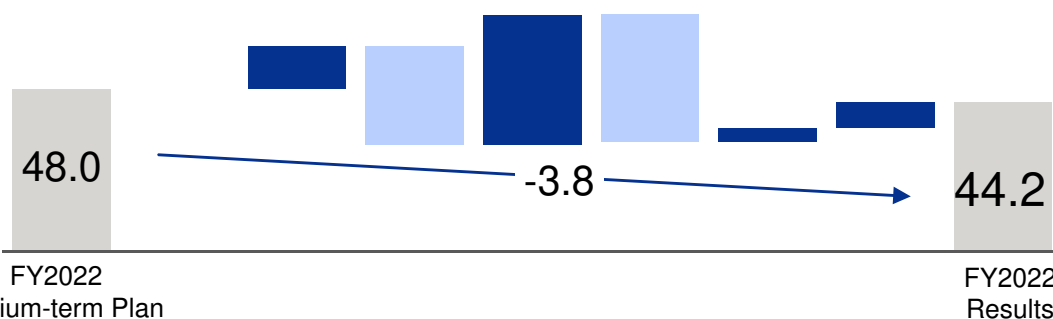
	FY19 Results	FY22 Results	FY19→FY22 Difference	FY22 Medium-term Plan	Difference from the Medium-term Plan
Total HPP Company	322.4	404.1	+81.7	360.0	+44.1
Electronics	57.2	61.3	+4.1	66.7	-5.4
Mobility	113.8	156.2	+42.4	130.4	+25.8
Building and Infrastructure	68.4	88.4	+20.0	78.4	+10.0

Priority Implementation Measures

Item	Measures
Growth investments	Strategic capital investments (25.3 JPY billion) <ul style="list-style-type: none"> Boost foam material production capacity (U.S.) Expand the heat release material business (U.S.) Binder resins for MLCCs Boost production capacity (Japan)
	M&A (-JPY billion) -
Structural reforms	<ul style="list-style-type: none"> Drastic review of underperforming businesses and reorganization of bases Rationalization of SEKISUI AEROSPACE CORPORATION production; reform of the product portfolio

Analysis of Operating Profit (JPY billion)

	Consolidated-basis Change	Foreign Exchange	Sales Volumes & Product Mix	Selling Price	Raw Materials	Cost Reduction, etc.	Fixed Costs	Total
Difference	0	+12.7	-29.0	+38.4	-37.6	+4.1	+7.5	-3.8



Results and Challenges

<Results>

- Offset the impact of a surge in raw material prices through improvements in selling prices and such measures as cost reduction
- Improved costs through a variety of factors, including innovation throughout the supply chain and the structural reform of businesses
- Promoted sales growth of mainly high-performance interlayer films for HUD use
- Reduced GHG emissions by 21% compared with FY2019

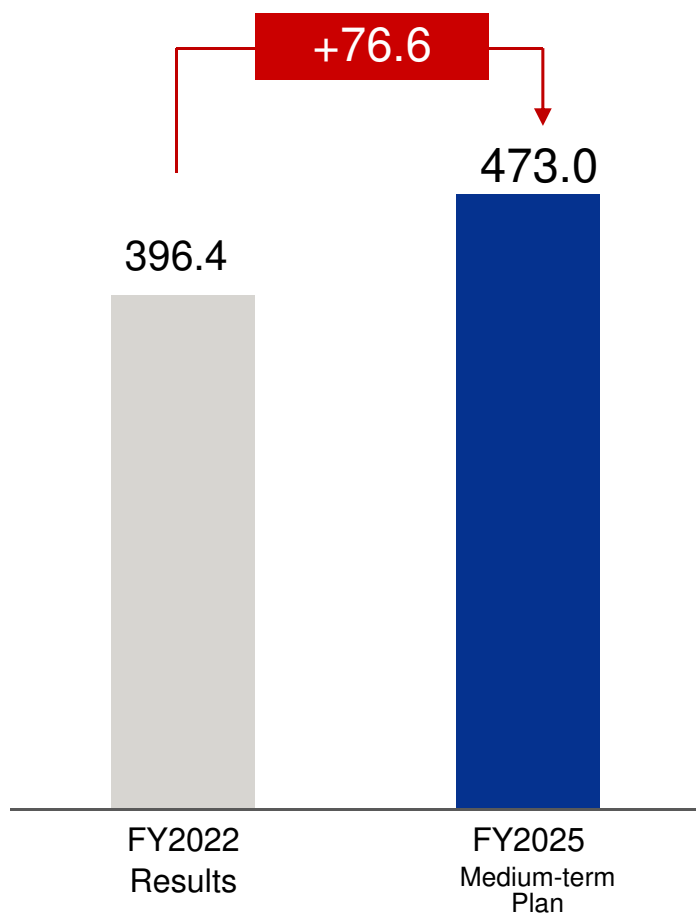
<Challenges>

- Delay in sales growth in the three strategic fields

- Despite an upswing in fixed costs due to preparations for growth and increased investment in human capital, plans for substantial increases in sales and operating profit through increases in the sales volume and product mix and successful efforts to secure margins through expansion in the three new strategic fields

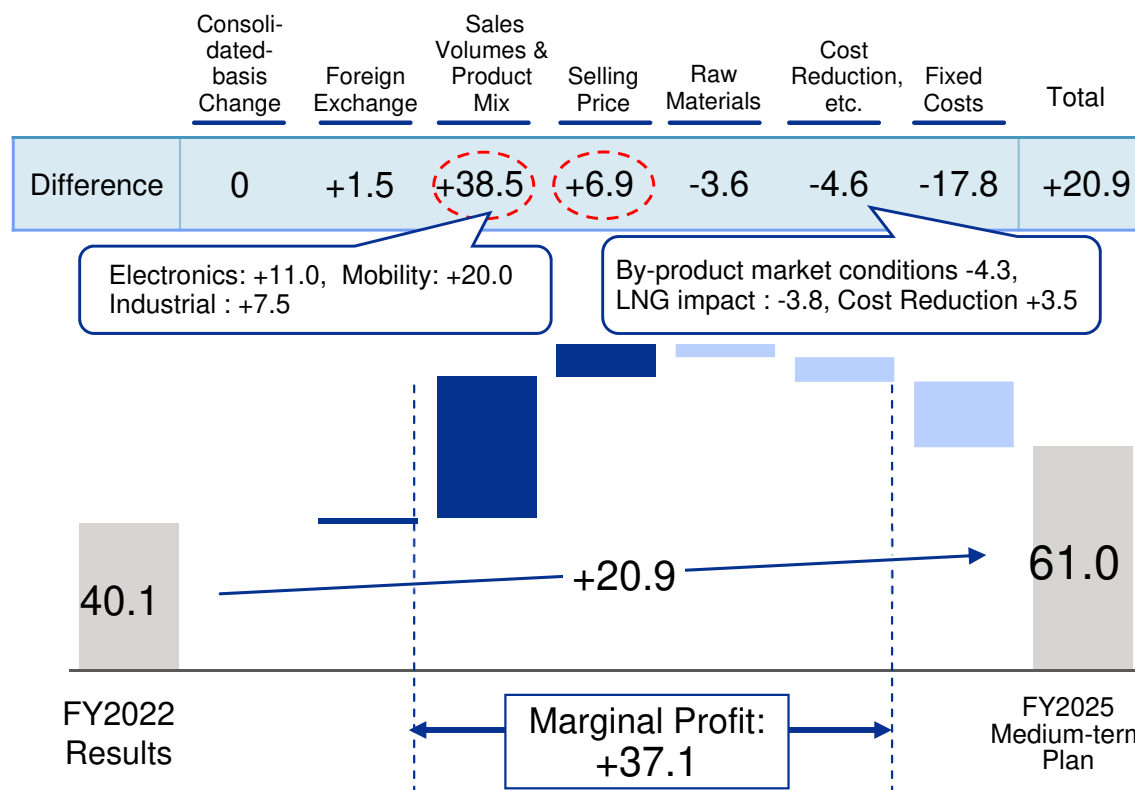
Net Sales

(JPY billion)



Analysis of Operating Profit

(JPY billion)



Three New Strategic Fields Sales and KPIs

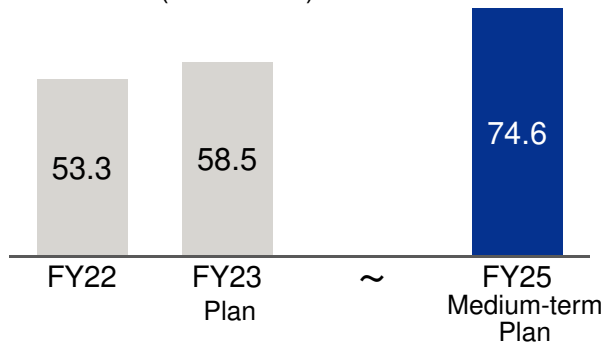
Electronics

Electronics
(semiconductor and display materials)

■ Focus on expanding sales in the non-LCD field

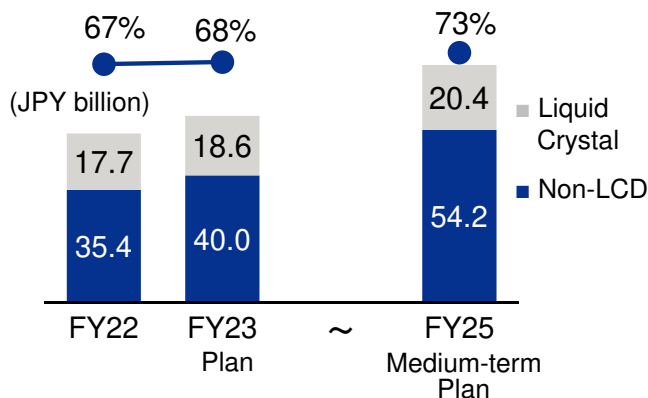
- Semiconductors / electronic parts: Tapes for semiconductor processing use, binder resins for MLCCs, Build-up (BU) dielectric film sales growth
- Exterior parts / mechanism components: Bio product sales growth
- Next-generation displays: OLED-related sales growth

Net sales (JPY billion)



KPI: Focus on the non-LCD field

Non-LCD field sales ratio



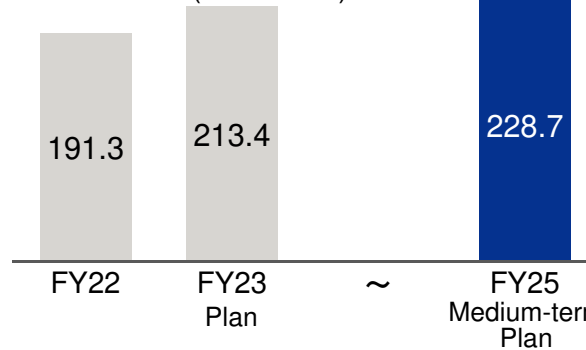
Mobility

Mobility
(high-performance interlayer film, release materials, etc.)

■ Drive growth on the back of efforts aimed at expanding high-value-added product sales, increased aircraft-related demand, and improvements in SEKISUI AEROSPACE CORPORATION profitability

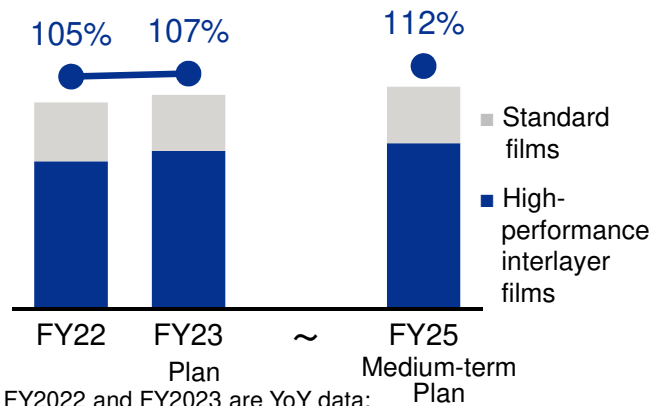
- Interlayer films: HUD-use / thermal- / and design-related sales growth
- Heat release materials: Accelerated EV-related sales growth mainly in Europe and the U.S.
- SEKISUI AEROSPACE CORPORATION: Return to profit in FY2024

Net sales (JPY billion)



KPI: High-performance interlayer film sales growth

YoY percentage sales growth in high-performance interlayer film sales volume



* FY2022 and FY2023 are YoY data; FY2025 is compared with FY2022

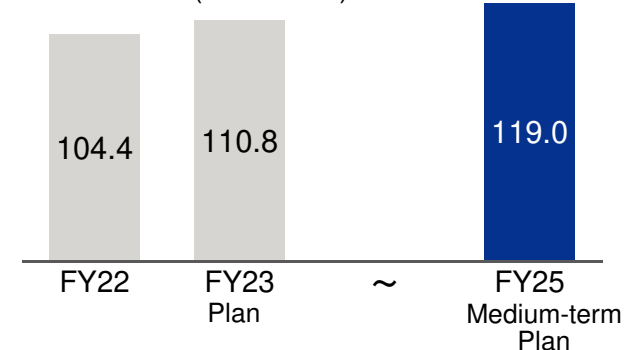
Industrial

Molding products, sensing

■ Strengthen the earnings base

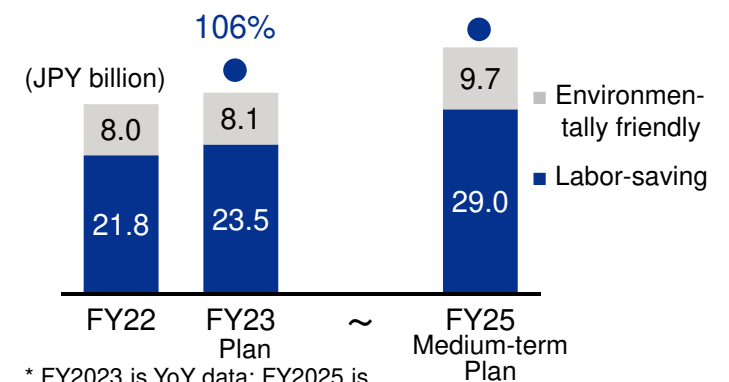
- Labor-saving, environmentally friendly product growth
- Molded products: Clean container (environmentally conscious) sales growth
- Sensing devices: Expansion into nursing care and clinical fields
- Efforts to strengthen the profitability of general products

Net sales (JPY billion)



KPI: Labor-saving, environmentally friendly product sales growth

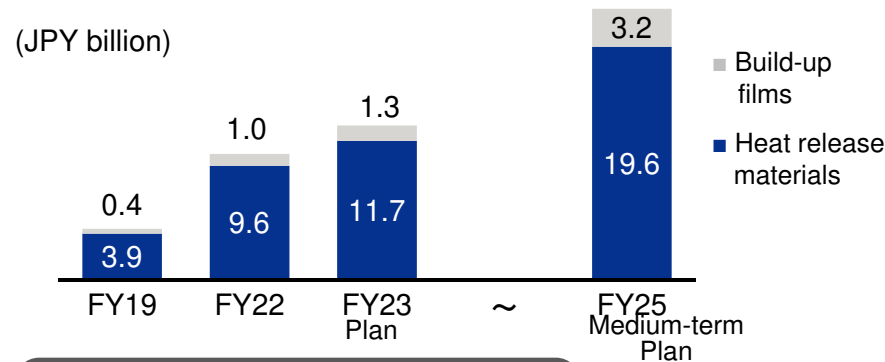
YoY sales growth rate



* FY2023 is YoY data; FY2025 is compared with FY2022

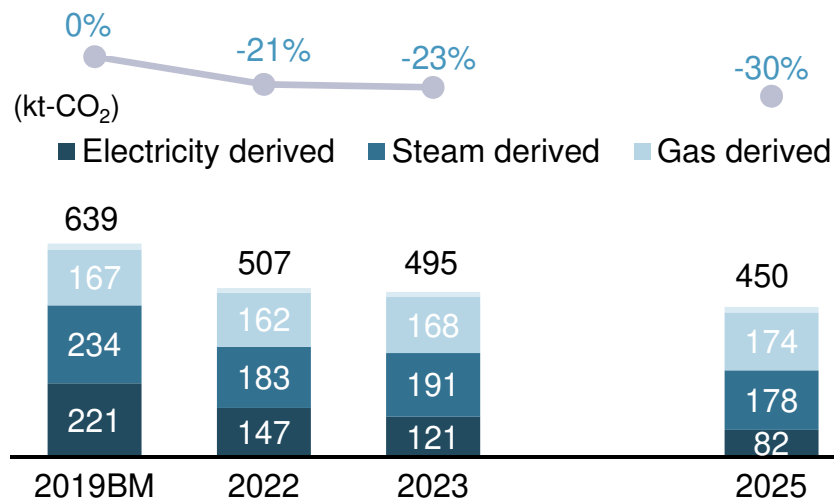
Prioritized Product Sales Growth

- Heat release materials: Aim to double sales (+10 billion yen compared with FY2022) by steadily capturing global EV demand
- BU films: Aim to increase sales and secure full-scale commercialization through high transmission performance



Status of GHG Reduction

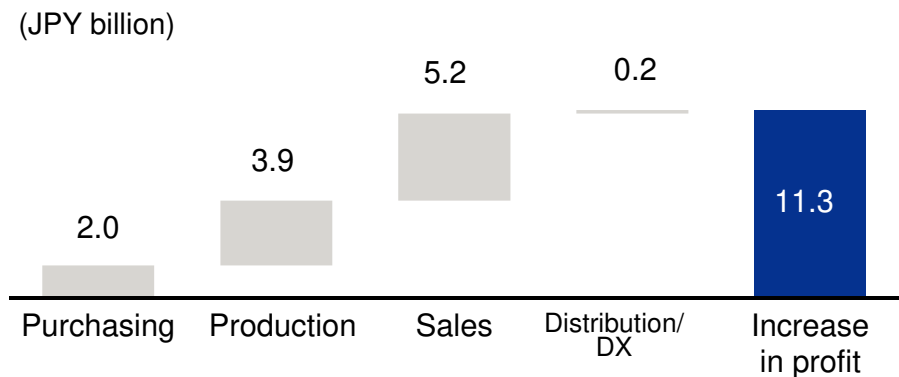
- Began considering measures to reduce heat-derived GHGs, progress toward a 50% reduction by 2030 in line with plans



Supply Chain Cost Innovation Part 2

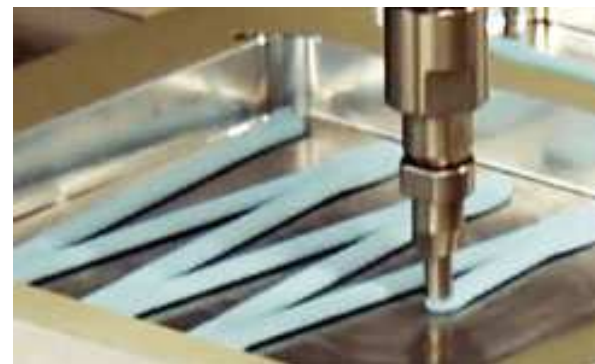
- Generation a profit of 11.3 billion yen (compared with FY2022) through cost innovations throughout the entire supply chain

<FY2022 results compared with FY2025>



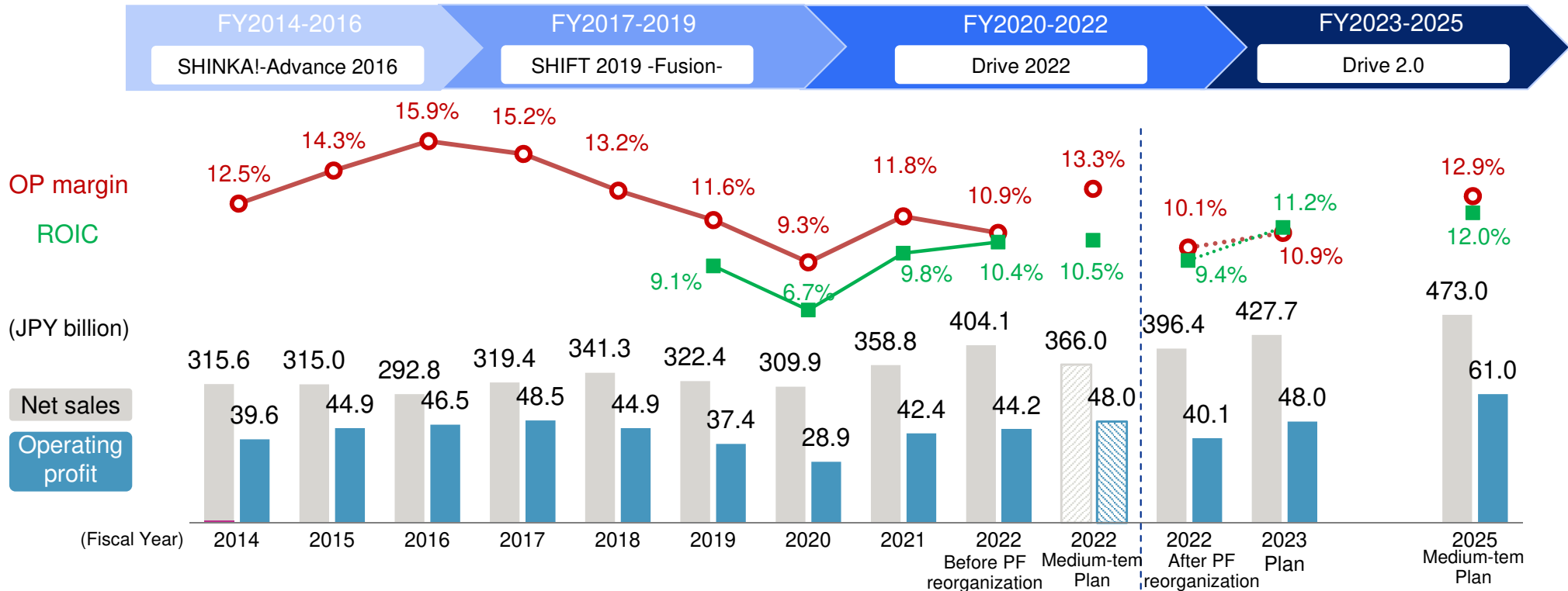
<Prioritized Product: Heat Release Materials >

- Heat release materials that contribute to longer battery life in response to requirements following the shift to EVs; high thermal conductivity and low outgassing performance



■ Drive Group-wide growth as a highly profitable divisional company by expanding in the three strategic fields, centered on Mobility, and continuing to strengthen profitability

Performance Trends



		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2025
Forex rate	1 USD	110 JPY	120 JPY	108 JPY	113 JPY	111 JPY	109 JPY	106 JPY	112 JPY	115 JPY	133 JPY	135 JPY
	1 EUR	139 JPY	133 JPY	119 JPY	121 JPY	128 JPY	121 JPY	124 JPY	130 JPY	131 JPY	142 JPY	137 JPY

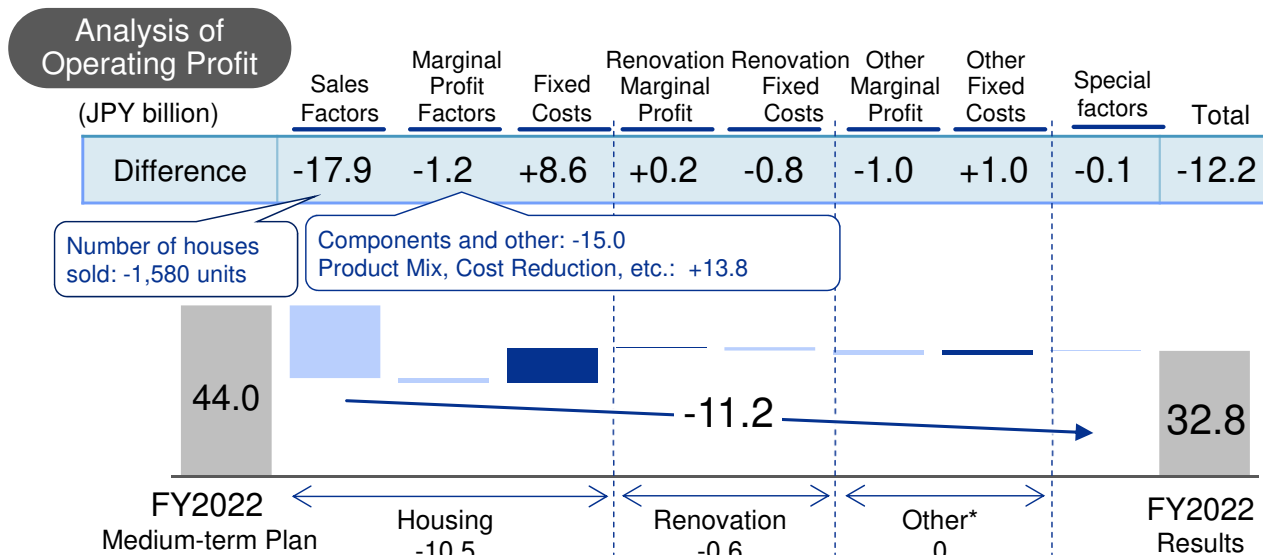
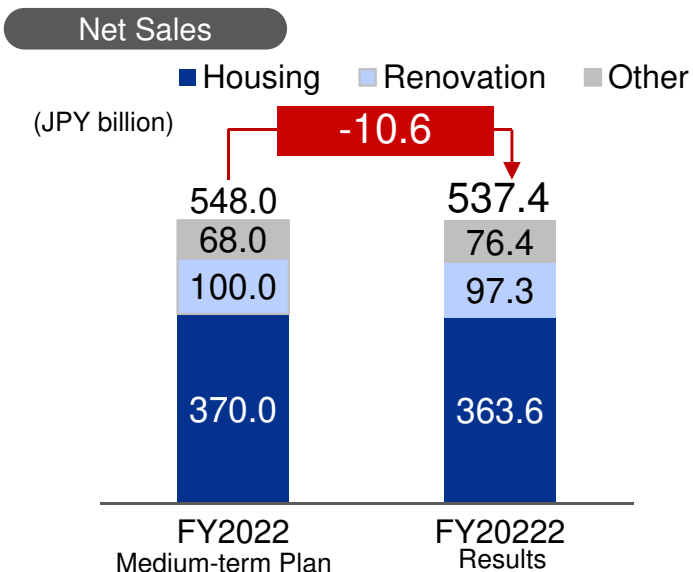
Main M&As and Strategic Investments



Housing Company

Toshiyuki Kamiyoshi
Company President

- Achieved sales plans in overall terms owing to growth in the Subdivision and Ready-built Housing, Real Estate, and Town and Community Development businesses despite rapid changes in the market environment
- Operating profit fell substantially below plans owing to a decline in the number of houses sold and the impact of soaring raw material prices



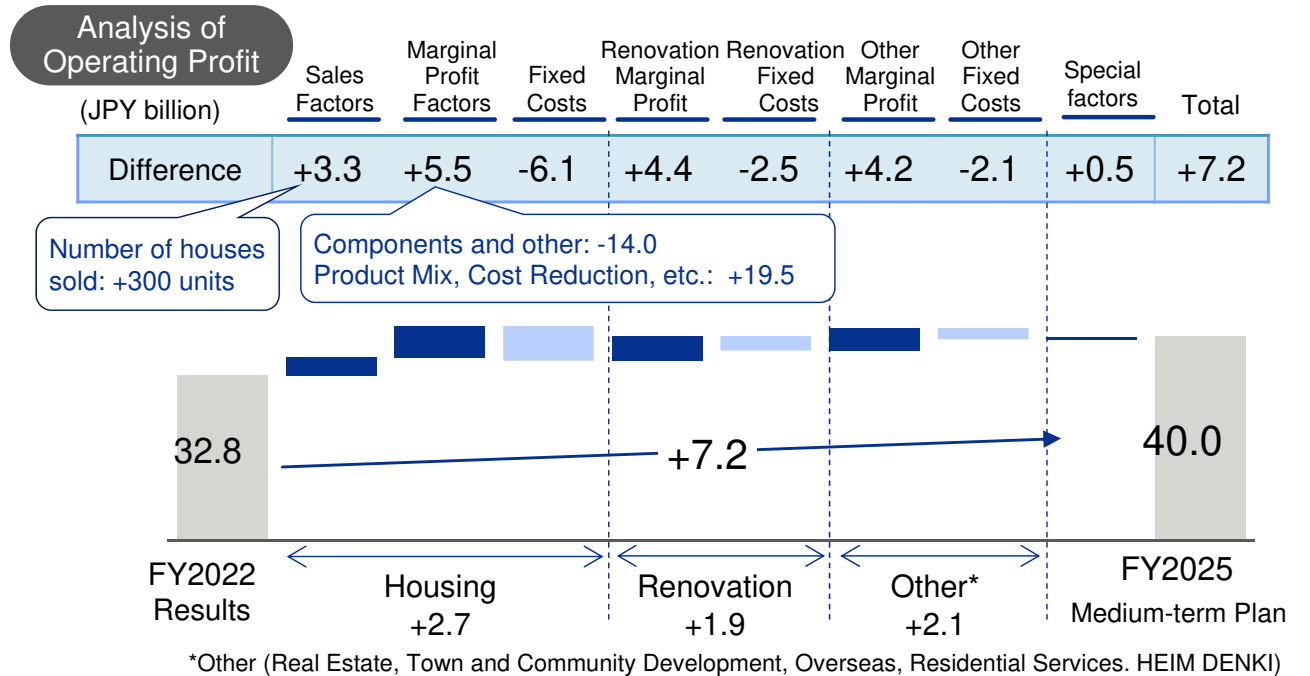
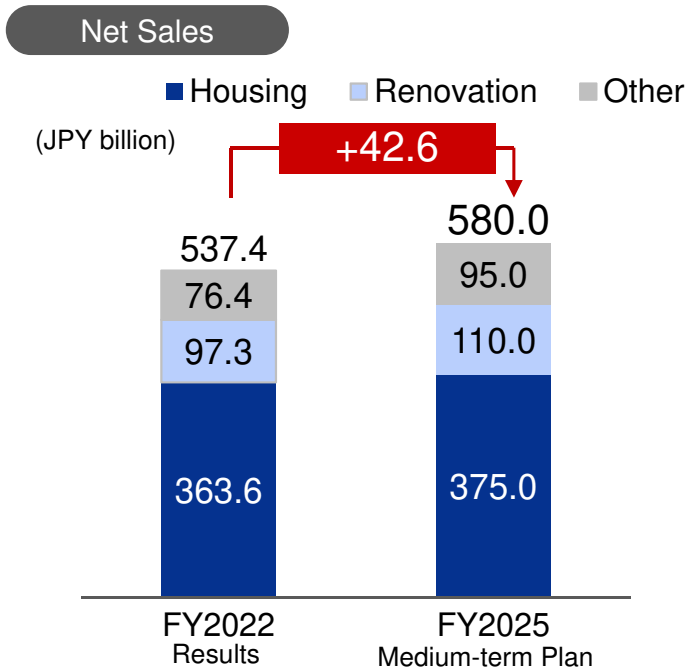
Basic Strategies

Housing	<ul style="list-style-type: none"> Three growth strategies <ul style="list-style-type: none"> Strengthen the Subdivision and Ready-built Housing businesses to capture a share of volume zone markets Strengthen smart and resilience functions
	<ul style="list-style-type: none"> Fortify the business structure <ul style="list-style-type: none"> Realize the effects of production company integration / promote the leveling out of sales and production Realize low-cost operations for ready-built houses
Stock	<ul style="list-style-type: none"> Renovation: Strengthen contact with customers, expand sales of smart products Real Estate: Increase the number of dwelling units under management, Expand apartment renovation orders, Promote purchase and resale branding
Other	<ul style="list-style-type: none"> Town and Community Development: Establish businesses Residential Service/Overseas: Restructure the business base

Results and Challenges

Results	<ul style="list-style-type: none"> Subdivision housing order ratio 29% (+6%) ZEH ratio 94% (+16%), solar (PV) ratio 89% (+12%), storage battery ratio 83% (+31%) Promote and solidify efforts to attract customers and negotiations using online tools Detached housing market share in Japan 2.5% (+0.1%) * SEKISUI CHEMICAL estimate
Challenges	<ul style="list-style-type: none"> Decrease in the number of houses sold against the backdrop of COVID-19 and high inflation (-550) Decrease in profitability * Data in parentheses vs. FY2019
Results	<ul style="list-style-type: none"> Increase in renovation for Heim owner orders per sales staff, improvement in the gross profit margin Launched and established the purchase and resale BeHeim brand
Challenges	<ul style="list-style-type: none"> Failure to achieve plans owing to a lack of growth speed
Results	<ul style="list-style-type: none"> Achieved Town and Community Development Business growth in excess of plans; progress in diversifying procurement and schemes
Challenges	<ul style="list-style-type: none"> Weak Residential Services and Overseas businesses owing to the impact of COVID-19

- Focus on improving Housing Business profitability; push forward divisional company expansion through each of the Renovation, Real Estate, and Town and Community Development businesses; focus on strengthening the portfolio by deepening efforts in core domains and leaping forward in and exploring frontier domains in each business



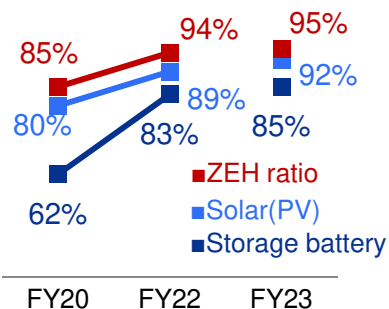
*Operating profit only, excluding the impact of special factors (including newly consolidated companies)

	FY2022		FY2025		Difference			Business portfolio	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	CAGR	Operating profit	Core	Frontier
Housing	363.6	20.7	375.0	23.3	+11.4	101%	+2.7	Contract	Subdivision/Ready-built houses
Stock (Renovation)	97.3	7.9	110.0	9.8	+12.7	104%	+1.9	For Heim owners	For non-Heim owners
Stock (Real Estate)	52.5	3.3	63.0	4.4	+10.5	106%	+1.1	Rental Management, Brokerage	Purchase and resale of Heim/Asset utilization etc.
Town and Community Development	12.7	0.9	20.0	1.3	+7.3	116%	+0.4	-	All

- Focus on expanding subdivision and ready-built housing sales and raising product competitiveness to increase the number of houses sold (+300 vs. FY2022)
- Optimize long-term business and production systems and work to improve profitability against the backdrop of the forecast accelerated pace of market maturity

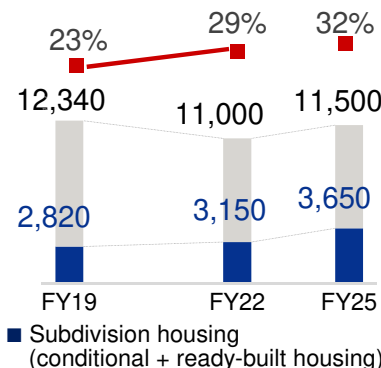
Measure ① Further Strengthen the Three Growth Strategies		Measure ② Improve Profitability
Core	<p>●Product Strategy</p> <ul style="list-style-type: none"> Evolve Smart House No.1 Strategy Further strengthen smart and resilience performance (Including energy self-sufficient models) Develop products in line with areas and markets (Including ready-built housing and housing complexes) 	<ul style="list-style-type: none"> Strengthen and respond flexibly to purchasing and pricing measures <ul style="list-style-type: none"> Strengthen efforts to monitor market conditions; promptly consider and implement management and hedging measures Consider optimizing business and manufacturing systems from a long-term perspective Increase productivity through the fusion of technical divisions (Technical value chain innovation) <ul style="list-style-type: none"> CR (including standardization, shortening of construction period, in-house production, improvements in yields) Increase functions and added value Ready-built housing low-cost operations Shift personnel to growth domains (frontier domains including other businesses)
Frontier	<p>●Land Strategy</p> <ul style="list-style-type: none"> Strengthen procurement Train responsible personnel by introducing an in-house qualification system Promote the appeal of smart and resilience subdivision housing sites (UNITED HEIM PARK) <p>⇒ Number of subdivision housing orders +500 Subdivision housing order ratio 32% (+3% vs. FY2022)</p>	
Core Businesses [Common to all businesses]	<p>●Attracting Customers</p> <ul style="list-style-type: none"> Improve the ability to attract customers and negotiation efficiency through face-to-face and digital proposals 	

Smart House-related Indicators



*ZEH, solar power generation system excluding Hokkaido

Number of Orders, Subdivision Housing Order Ratio

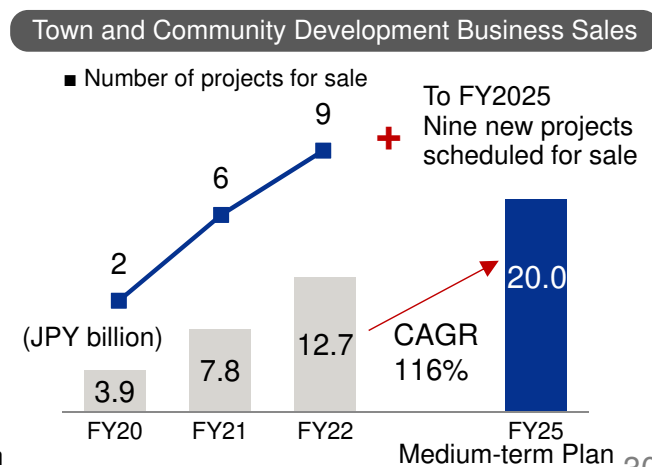
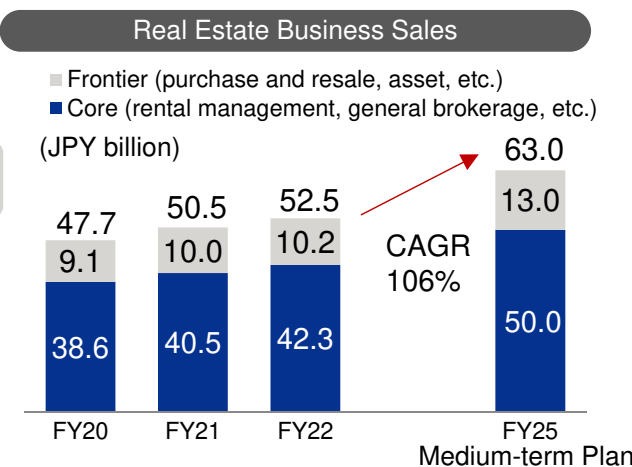
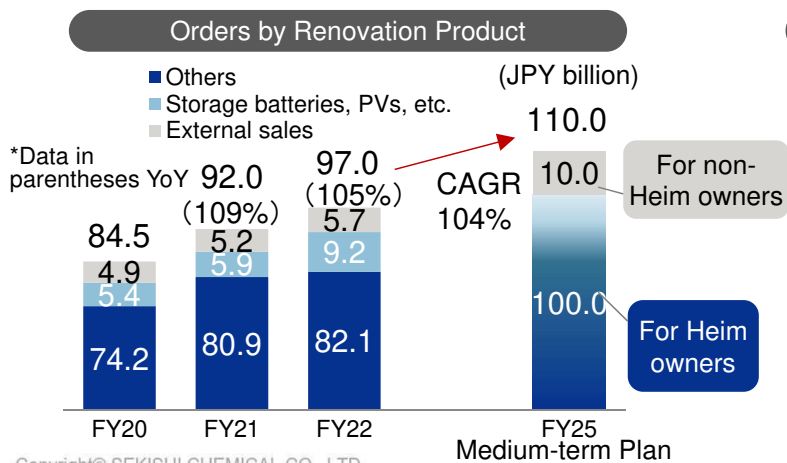


Initiatives by Business

(Renovation, Real Estate, Town and Community Development)

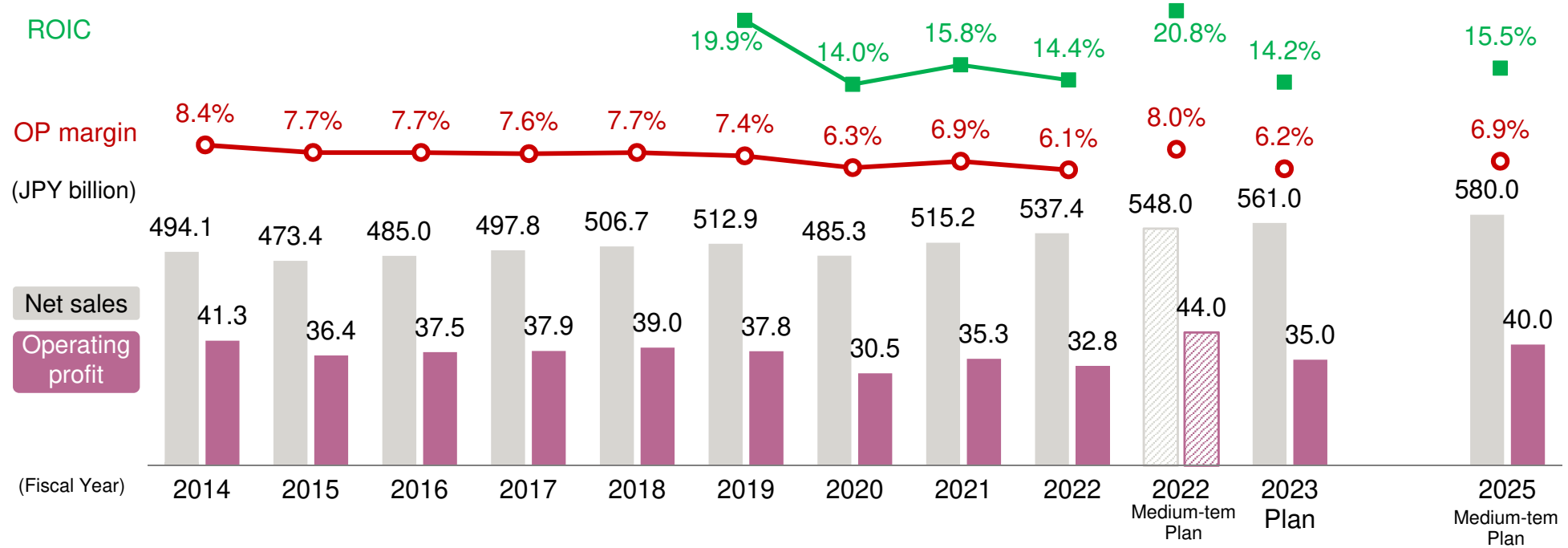
- Proactive allocate management resources mainly to frontier domains, promote fusion between businesses and external parties, and work to expand the size of business

	Renovation	Real Estate	Real estate (purchase and resale, etc.)	Town and Community Development	Town and community development
Core	<ul style="list-style-type: none"> Renovation for Heim owners <ul style="list-style-type: none"> Strengthen the sales structure Strengthen high-value-added renovation (Smart and resilience, thermal insulation, etc.) 	<ul style="list-style-type: none"> Rental management —Increase the number of dwellings under management <ul style="list-style-type: none"> Strengthen points of customer contact Promote the inclusion of properties not currently managed Strengthen collaboration between the New Housing Construction and Town and Community Development businesses → Number of dwelling units (55,000: +5,000 vs. FY2022) 			
Common	<ul style="list-style-type: none"> Strengthen the organization and personnel Strengthen customer relationship Explore M&As and business alliances 				
Frontier	<ul style="list-style-type: none"> Renovation for non-Heim owners <ul style="list-style-type: none"> Strengthen brands, expand development areas Capital and business alliance with Renoveru, Inc. (announced on April 18) Promote the creation of synergies between the Real Estate (including purchase and resale) and Town and Community Development businesses → Target a net sales scale of ¥10 billion 	<ul style="list-style-type: none"> Purchase and resale of Heim/ Asset utilization <ul style="list-style-type: none"> Expand the BeHeim business (Expand into housing complexes) Strengthen real estate held (Increase rental revenue and gain on sales) Housing complex renovation 		<ul style="list-style-type: none"> Manage progress of FY2025 sales projects (procurement completed) Undertake preparation for FY2025 and beyond <ul style="list-style-type: none"> Increase the number of staff, cultivate channels Search for new areas <ul style="list-style-type: none"> Asset Business (coordination with the Real Estate Business) 	



- Work to increase profit and return to pre-COVID-19 levels by deepening efforts in core domains (improving profitability) and leaping forward in and exploring frontier domains (strengthening the portfolio) based on the assumption of a harsh business environment
- Position as a growth stage to achieve the Long-term Vision; work toward becoming a comprehensive housing construction and real estate business centered on production technologies

Performance Trends



External Environment

04/2014	09/2014	02/2016	04/2016	10/2019	02/2020~	02/2022~
Consumption tax raised from 5% to 8%	FIT problem	Introduction of a negative interest rate policy	Kumamoto Earthquake	Consumption tax raised from 8% to 10%	Spread of COVID-19	Russia: Incursion into Ukraine

Urban Infrastructure & Environmental Products Company

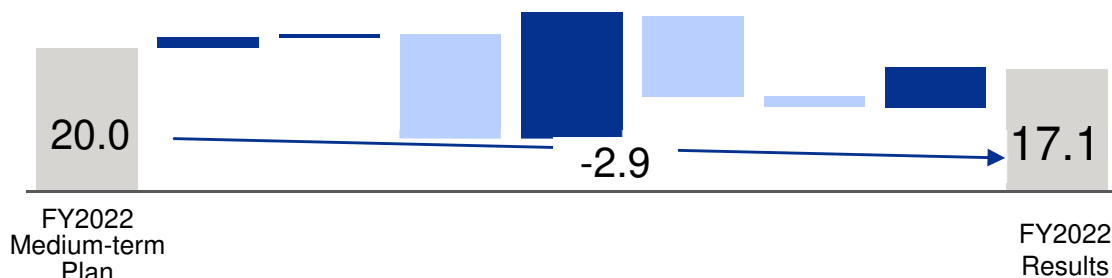
Yoshiyuki Hirai
Company President

Despite falling short of sales and profit plans owing to the decrease in sales volumes and product mix attributable to COVID-19 as well as the surge in raw material prices, achieved record high profits by securing margins on the back of thoroughgoing efforts to improve selling prices as well as cost reductions, controlling fixed costs, and promoting structural reforms

Analysis of Operating Profit

(JPY billion)

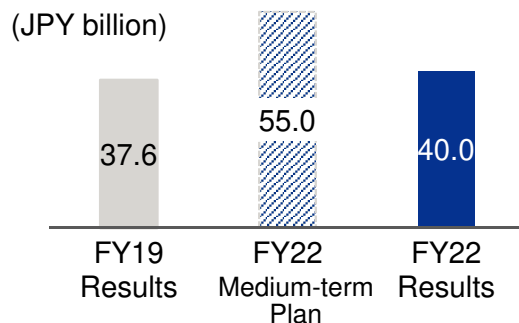
	Consolidated-basis Change	Foreign Exchange	Sales Volumes & Product Mix	Selling Price	Raw Materials	Cost Reduction, etc.	Fixed Costs	Total
Difference	+1.5	+0.5	-15.6	+17.7	-11.2	-1.4	+5.6	-2.9



Priority Indicators

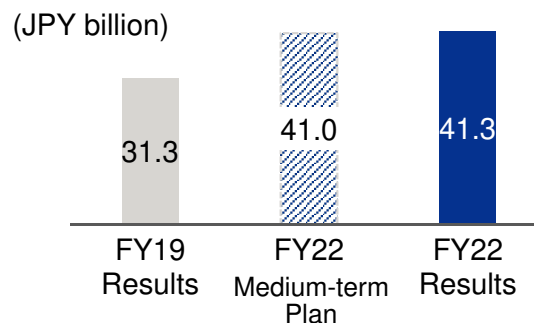
Prioritized Products Sales

- Fell short of plans owing to the drop in non-residential demand attributable to COVID-19



Overseas Sales

- Despite the impact of COVID-19, overseas sales driven by piping materials for plants underpinned by successful efforts to capture semiconductor demand



Priority Implementation Measures

Item	Measures
Growth investments	Strategic investments <ul style="list-style-type: none"> Draft a plan to construct a plant for railway sleeper FFUs in Europe Establish the Chiba Solution Center
	New products <ul style="list-style-type: none"> Bring 56 new products to market
Structural reforms	<ul style="list-style-type: none"> Withdraw from construction and installation (Japan and overseas) Withdraw from underperforming business (Japan and overseas) Integrate the management and reorganize items of domestic production subsidiaries
Productivity Innovation	<ul style="list-style-type: none"> Introduce and implement DX tools Secure progress in manufacturing automation investments

Results and Challenges

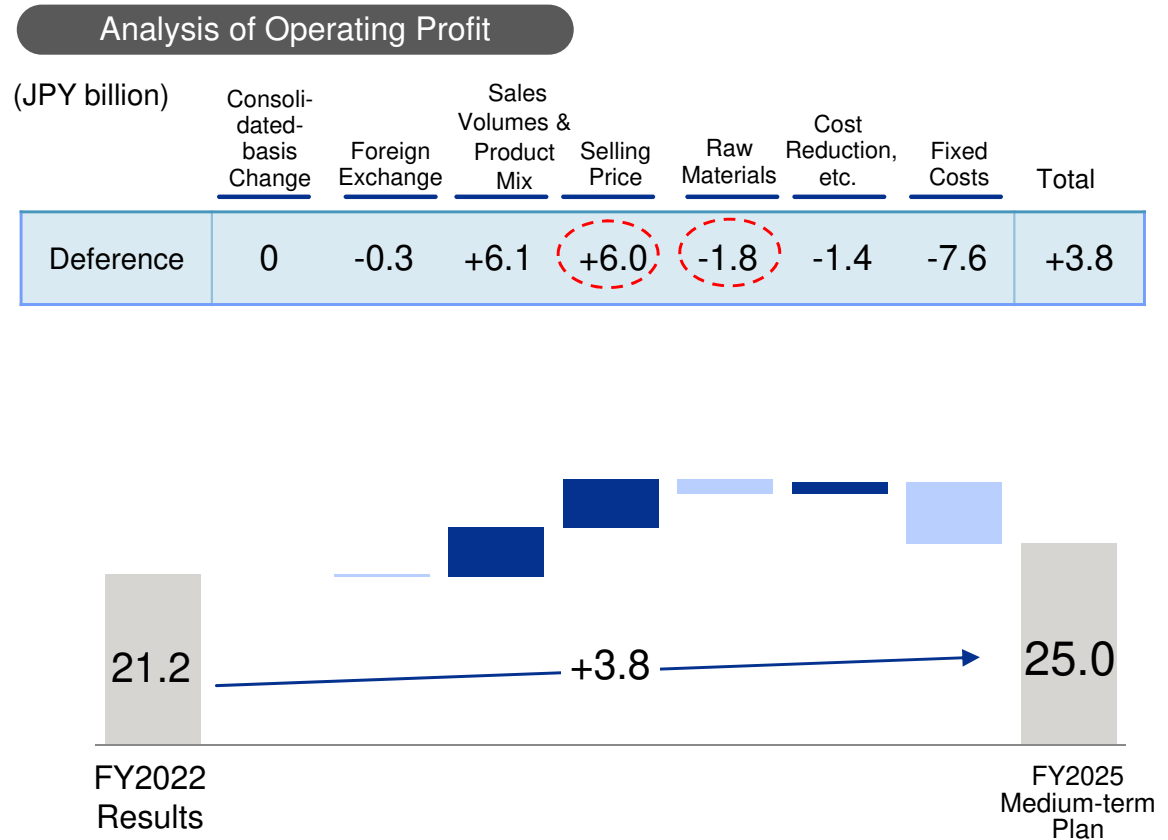
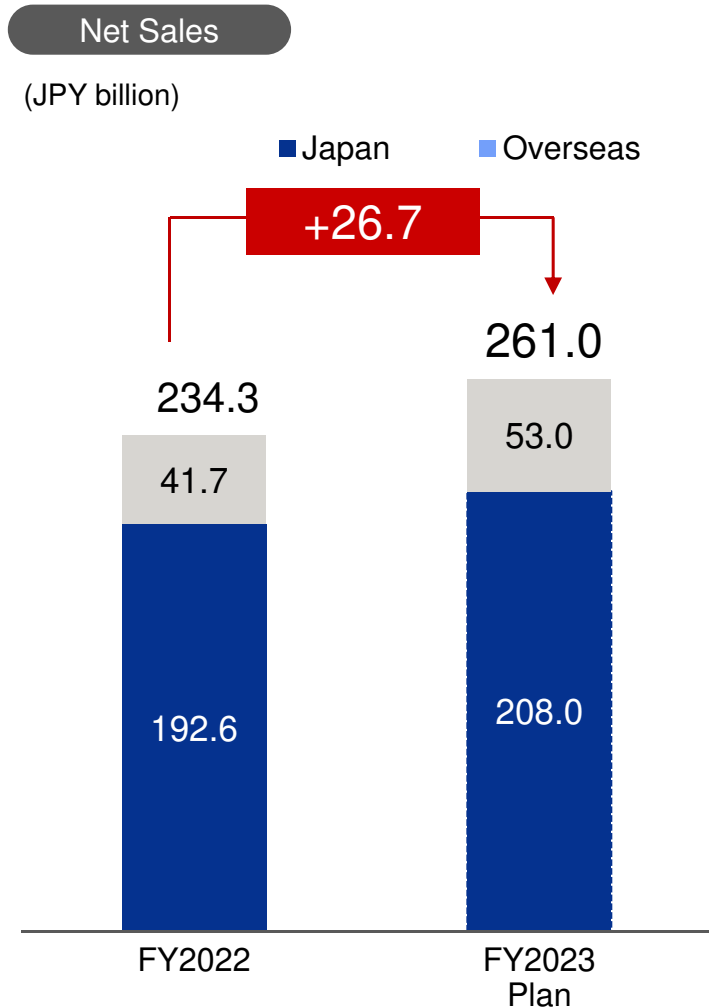
<Results>

- Record-high profit
- Improved capital efficiency owing to the promotion of structural reforms, including withdrawal from underperforming businesses
- Strengthened the profitability of general products through thoroughgoing efforts to maintain margins and flexibly improve selling prices in response to the surge in raw material prices

<Challenges>

- Substantial shortfall in prioritized product net sales compared with the Medium-term Management Plan
- Need to strengthen overseas marketing activities

- Target operating profit of ¥25.0 billion by increasing sales volumes and product mix through upswings in prioritized product and overseas sales as well as efforts to secure margins by maintain selling prices

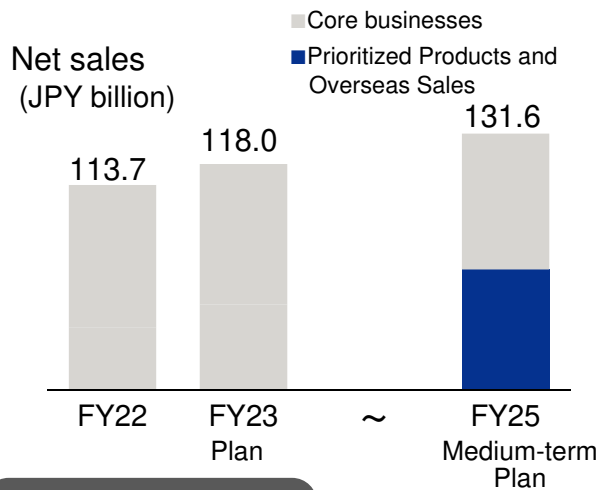


Three New Strategic Fields

Pipe Systems

Construction and industrial piping

- Construction, piping materials for plants: Expand sales centered on new products
- CPVC compounds: Expand new customers
- Core businesses: Expand applications



Product Examples



Fire-resistant drainage system



CPVC resin compound



Reinforced plastic composite pipes



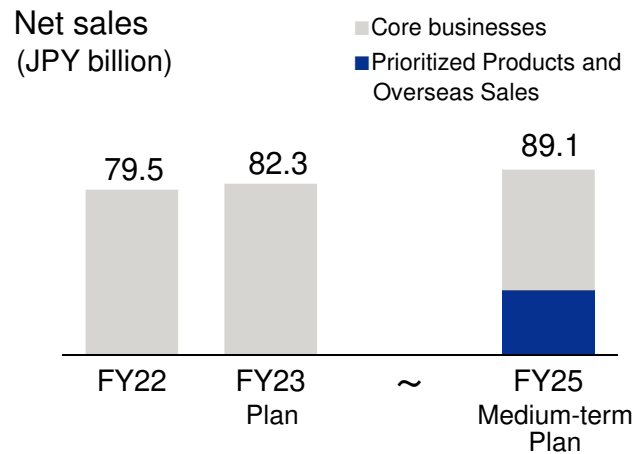
Rainwater storage systems CROSS-WAVE

Building and Infrastructures Composite Materials

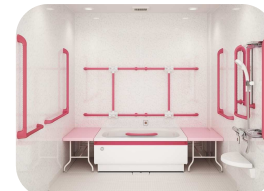
Fire resistant and non-flammable materials

Performance materials (railroad sleepers, etc.)

- Fire resistant materials: Create new markets through new products
- FFUs (railway sleeper application): Accelerate overseas expansion
- High flowrate drainage systems: Expand into the non-residential domain
- Nursing care and high-performance bathtubs: Expand sales



Non-flammable urethane



Nursing care bathtubs



High flowrate drainage system

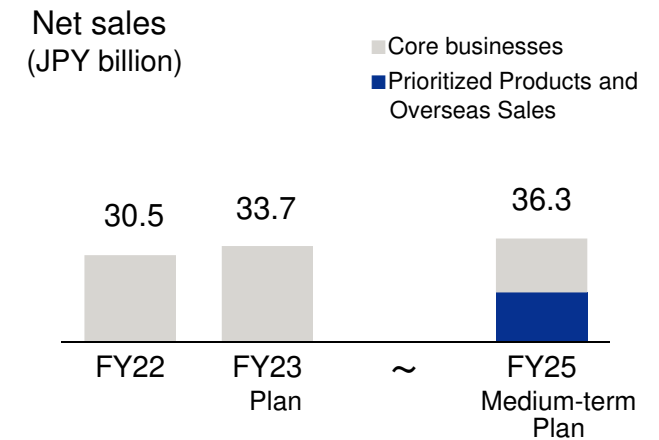


FFU railway sleepers

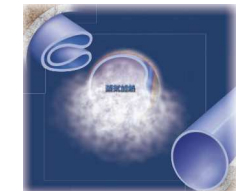
Infrastructure Renovation

Pipe renewal

- Pipeline renewal
Japan : Expand markets where we can leverage our unique technologies through new products
- Overseas: Efforts to cultivate new customers
- Sekisui Aqua System Co., Ltd. Expand functional tanks and water treatment systems



SPR-SE



Omega-Liner Method

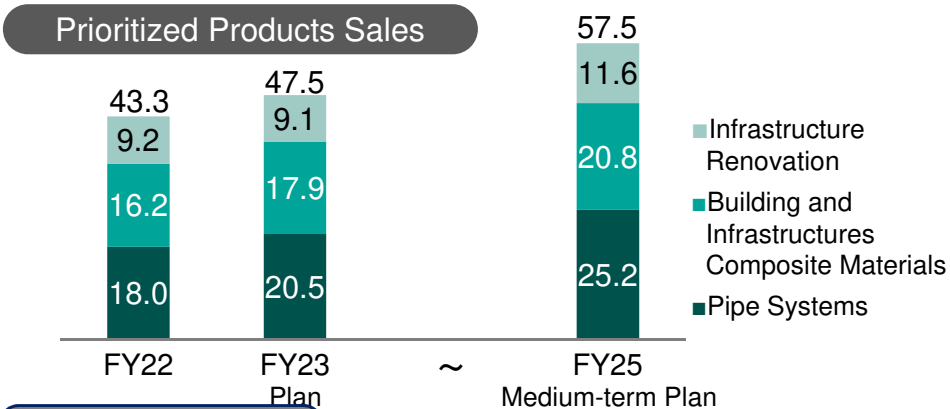


Functional tanks



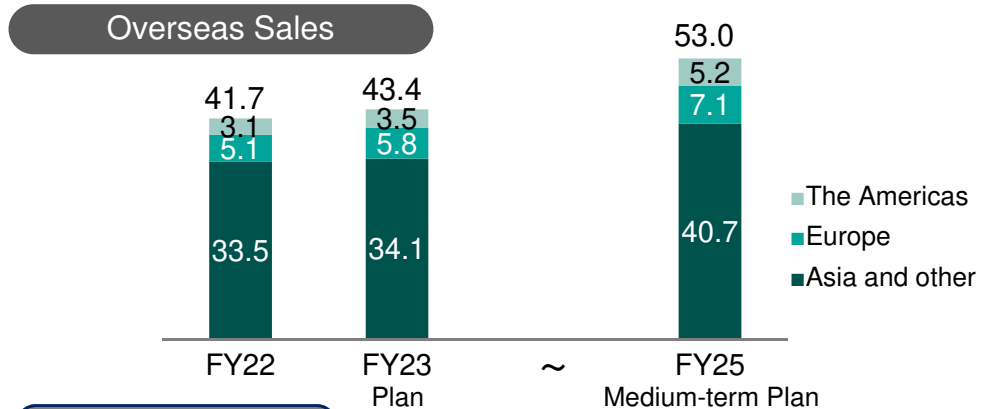
Rotary disk

- Work to expand sales of prioritized products by increasing orders through marketing DX activities and maximizing synergies after PF reorganization promoting the appeal of SDGs
- Work to expand and deepen overseas areas by realizing the effects of growth investments and cultivating new customers



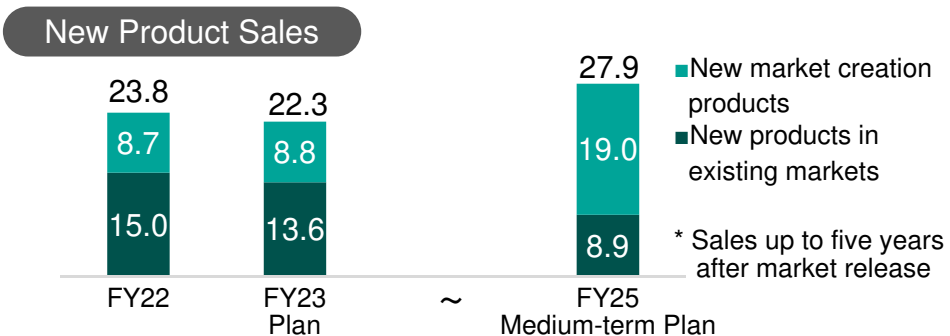
Priority Measure

- Further sophistication of marketing DX (cultivate potential customers through the use of digital marketing)
- Strengthen proposal capabilities through the use of the Ritto / Chiba Solution Center
- Upgrade and expand SDG contribution data



Priority Measure

- Realize the effects of growth investments (FFU plant in Europe, piping materials for plants in Taiwan)
- Put in place, upgrade, and expand an overseas marketing structure and systems
- Search for and secure achievements in M&As



Priority Development Measures

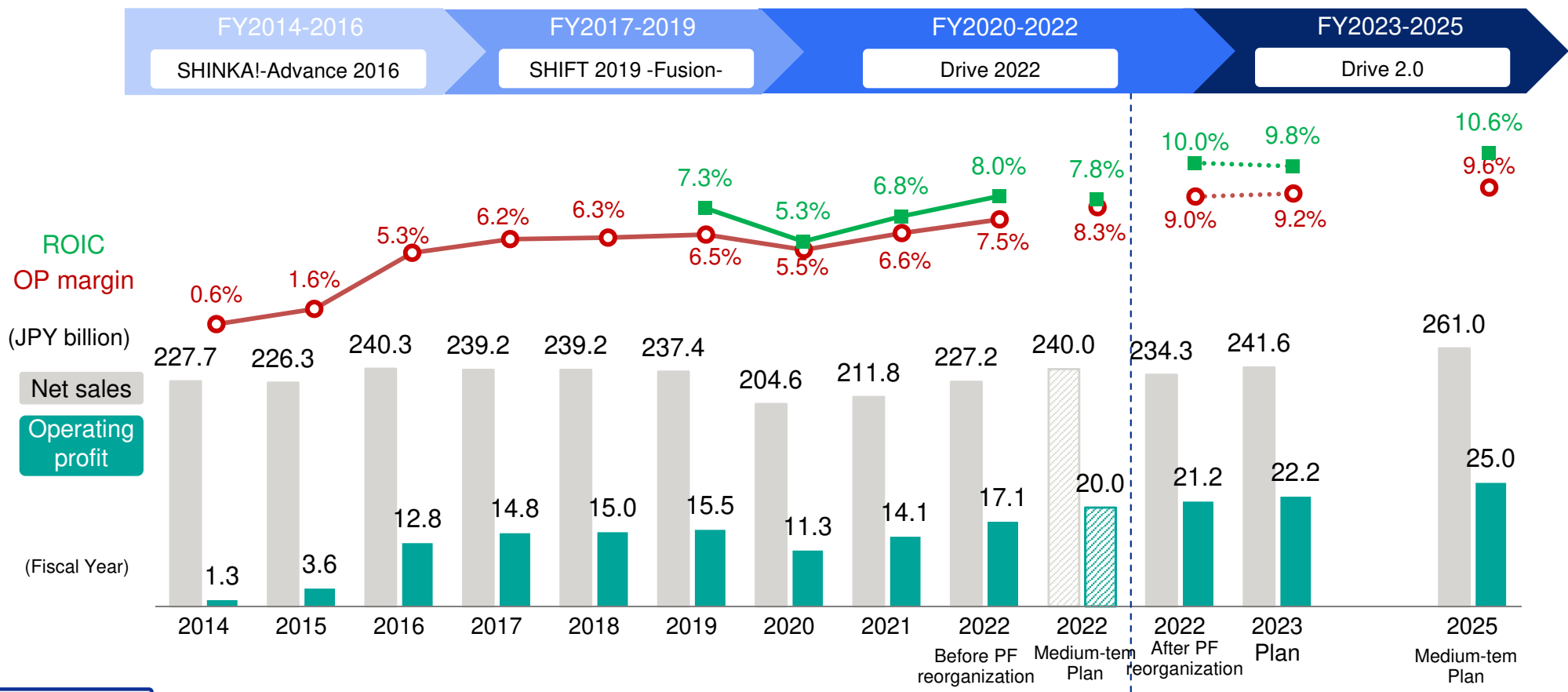
- Concentrate development costs and man-hours on new market creation themes (strengthen fundamental technologies)
- Strengthen activities in resource recycling-related themes

PF Reorganization Synergy Creation

Newly Included Businesses	Existing Businesses and Technologies	Examples of Synergy
Fire resistant materials (Sekisui SoflanWiz Co., Ltd.)	Construction and building materials Customer and property database	<ul style="list-style-type: none"> • Growth in compartment penetration field sales • Growth in non-residential field sales (Plants, warehouses)
Crosswave products	Reinforced plastic composite pipe (RCP)	<ul style="list-style-type: none"> • Growth in rainwater drainage field sales (Public and private sector complementary proposals)
PVC materials	Products molding technologies	<ul style="list-style-type: none"> • Growth in CPVC compound sales through solutions (technical services) that address customer (overseas molding M) needs

- Target substantial increases in both sales and profit by focusing on continued efforts to maintain margins and expanding prioritized product and overseas business sales
- Work to achieve an operating profit margin around the 10% level by increasing profitability through the use of DX and improvements in productivity

Performance Trends



External Environment

04/2014
Consumption tax raised from 5% to 8%

10/2019
Consumption tax raised from 8% to 10%

02/2020~
Spread of COVID-19

07-08/2021
Tokyo Olympic Games

Medical Business

Futoshi Kamiwaki

Director, Senior Managing Executive Officer
Head of Business Strategy Department

Steadily expanded the Diagnostics Business in Japan and overseas; expanded sales of COVID-19 diagnostics kits, secured contributions to earnings also from new pharmaceutical ingredients, and growth in line with the Medium-term Management Plan; achieved record-high profit for two consecutive fiscal years

Three Business Net Sales

(JPY billion)

	FY19 Results	FY22 Results	FY19→FY22 Difference	FY22 Medium-term plan	Difference from the Medium-term Plan
Total Medical business	72.6	89.7	+17.1	85.0	+4.7
Diagnostics (Japan)	28.5	30.9	+2.4	32.0	-1.1
Diagnostics (Overseas)	30.3	41.2	+10.9	36.8	+4.4
Pharmaceutical Sciences	13.6	17.6	+4.0	18.2	-0.6

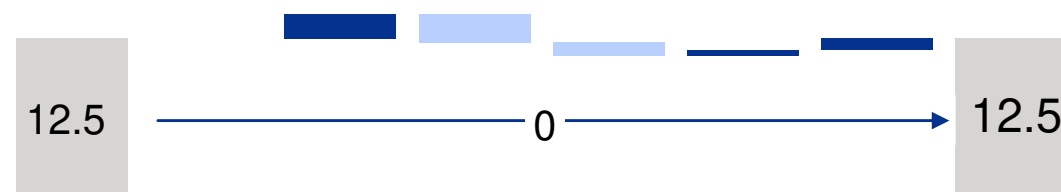
Priority Implementation Measures

Item	Measures
Growth initiatives	Strategic investments <ul style="list-style-type: none"> Commence new facility operations at the Group's Pharmaceuticals Iwate Factory Promote progress at the Group's GMP-compliant enzyme U.K. factory Accelerate gene testing development in the U.S.
	New products <ul style="list-style-type: none"> Blood coagulation testing equipment Reagents for rapid COVID-19 and influenza testing use
Structural reforms	<ul style="list-style-type: none"> Transfer of XenoTech shares

Analysis of Operating Profit

(JPY billion)

	Consolidated-basis Change	Foreign Exchange	Diagnostics (Japan)	Diagnostics (overseas)	Pharmaceutical Science and Other	Fixed Costs	Total
Deference	0	+1.9	-2.2	-1.1	+0.4	+0.9	0



FY2022

Medium-term Plan

FY2022

Results

Results and Challenges

Diagnostics (Japan)

- Results: Expanded sales of COVID-19 diagnostics kits
- Challenges: Delays in expanding new products; new blood coagulation testing equipment sales growth

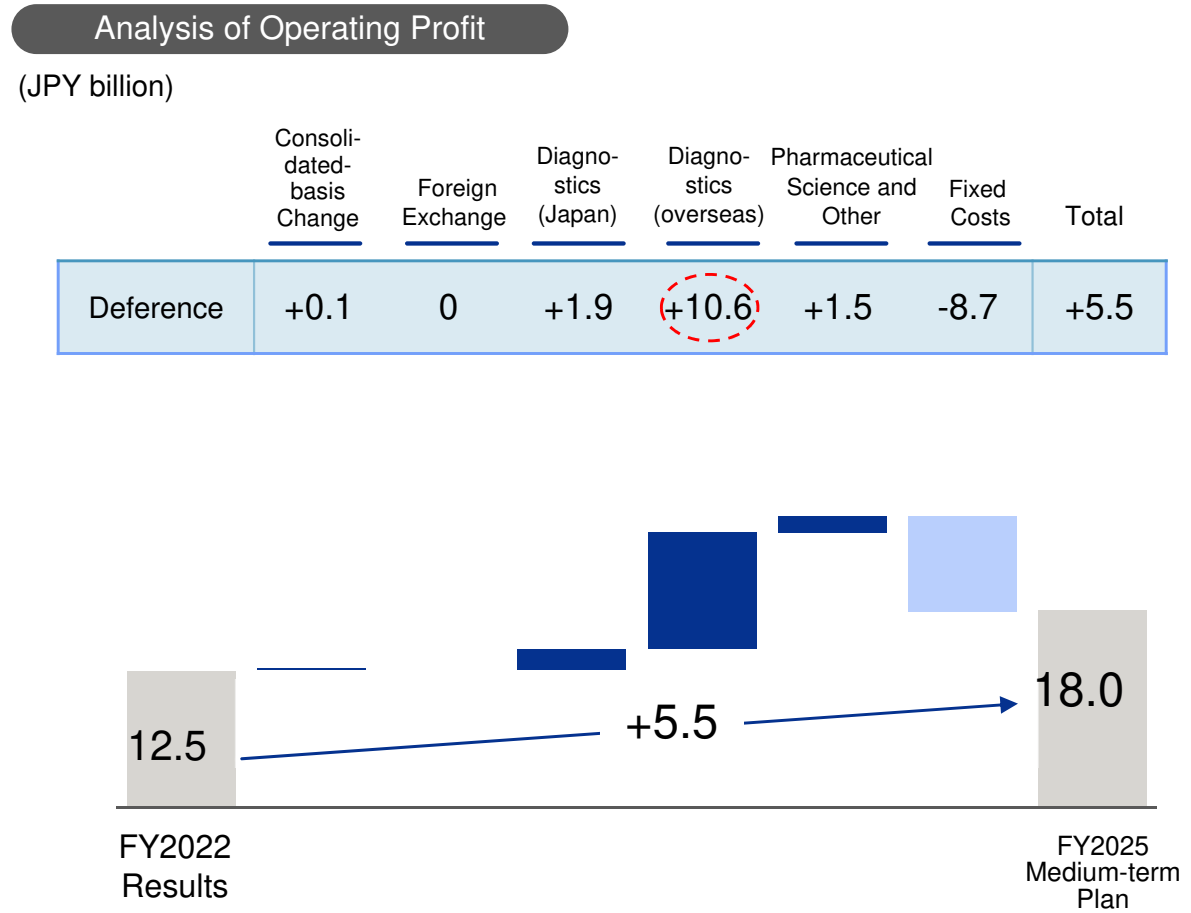
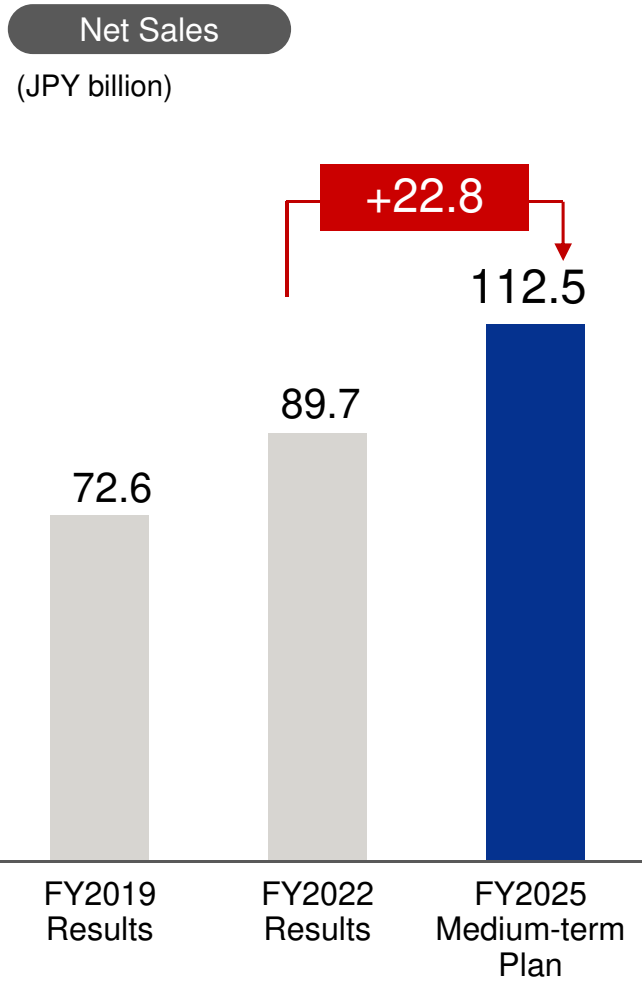
Diagnostics (Overseas)

- Results: Steadily expanded in Europe, the U.S., and China; established a gene development system
- Challenges: Strengthening U.S. FDA compliance; rebuild operations in Asia

Pharmaceutical Sciences

- Results: Secured large new pharmaceutical orders; completed construction of a new facility at the Group's Iwate Factory; promoted structural reforms
- Challenges: Establish the Drug Development Solutions Business; CDMO Business expansion

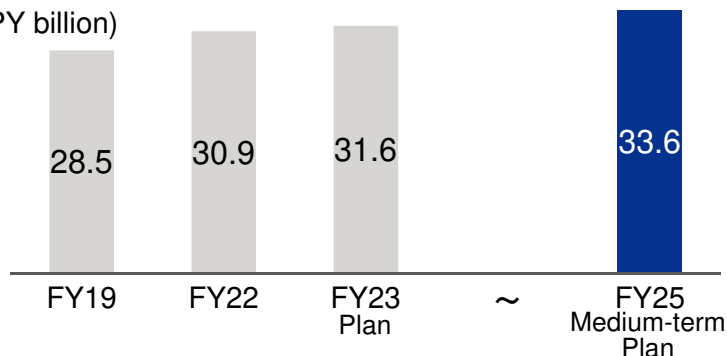
- Accelerate growth centered on the Overseas Diagnostics Business through expansion in diagnostics fields and by increasing new product sales; continue to achieve record-high profit
- Create new businesses; strengthen R&D



Diagnostics (Japan)

- Blood Coagulation: Introduce and expand sales of new blood coagulation testing equipment
- Immunology: Enter high-sensitivity fields through external fusion
- Diabetes: Expand alliances

Net sales (JPY billion)

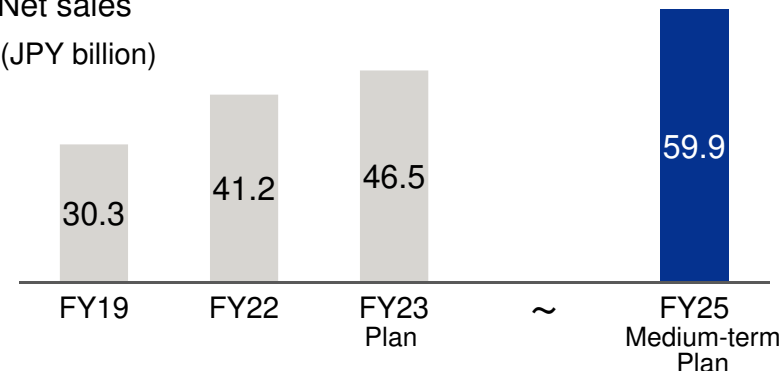


Diagnostics (overseas)

Overseas testing system

- Europe and the Americas: Drive growth by entering the OTC market and expanding proprietary product (gene testing) launch areas
- China: Promote domestic production; strengthen alliances
- Asia: Bring new PCR products to the market; enter POC and coagulation markets

Net sales (JPY billion)

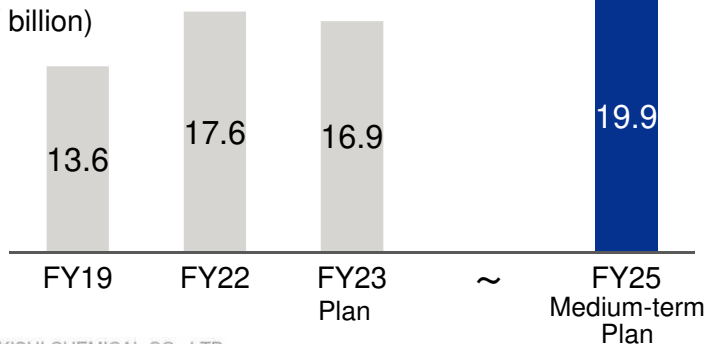


Pharmaceutical Sciences (Pharmaceutical and Fine Chemicals, Drug Development Solutions, Enzymes)

- Pharmaceutical and Fine Chemicals: Capture new large-scale projects by strengthening the marketing function
- Enzymes: Expand the CDMO Business through the start of full-fledged operations at a U.K. GMP-compliant facility

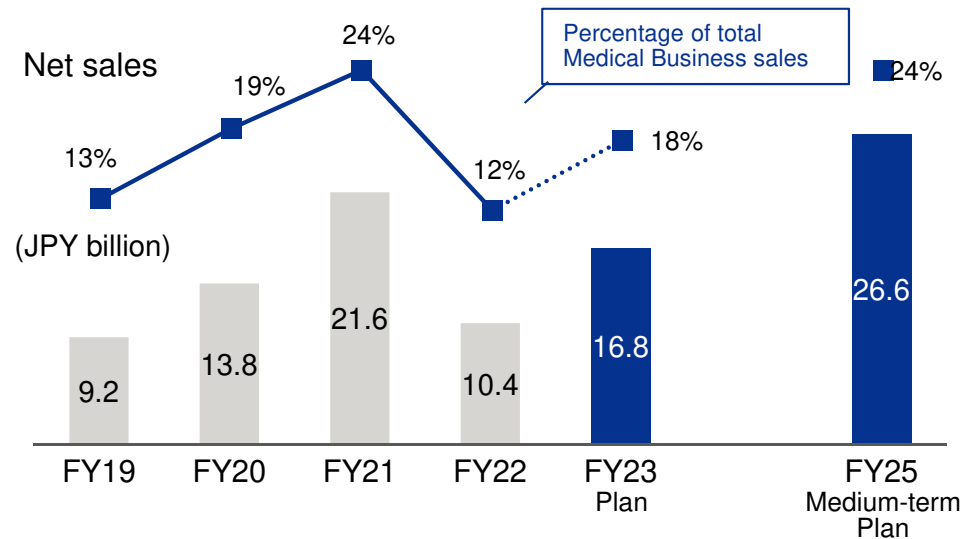
Pharmaceutical science (CDMO)

Net sales (JPY billion)



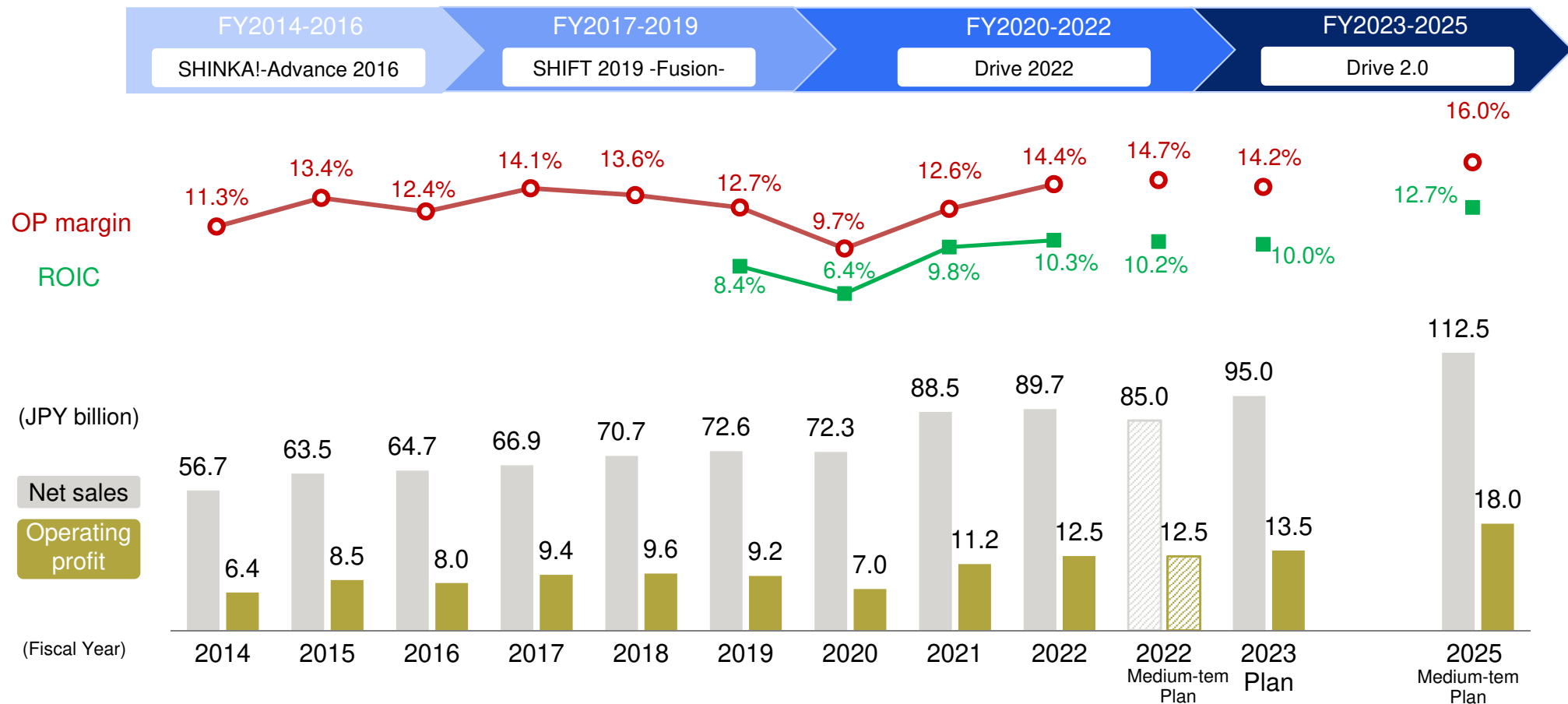
New Product Sales

Aim to systematically launch new products by strengthening core technologies and acquiring new technologies



■ Drive growth in the Overseas Diagnostics Business; work toward full-fledged entry into the CDMO Business in a bid to achieve the Group's Long-term Vision

Performance Trends

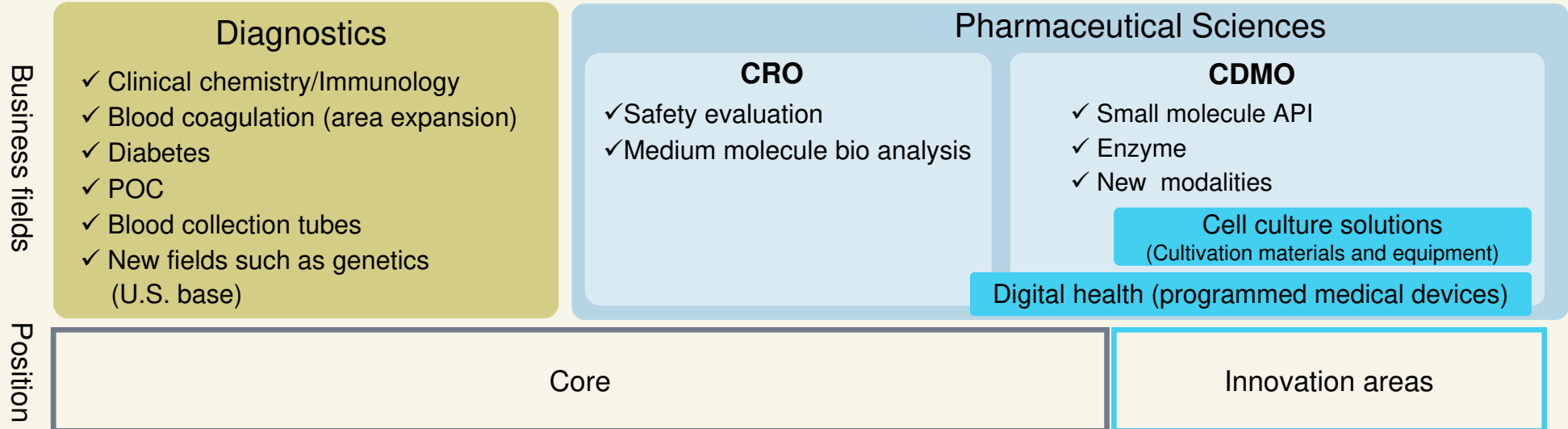


Main M&As and Strategic Investments

Year	2015	2017	2018	2022	03/2023	03/2024
Investment	EIDIA (Japan)	Participated in the establishment of PeptiStar Inc.	Veredus Laboratories (Asia)	Transfer of XenoTech shares	Pharmaceuticals : Start of new facility operations at Iwate Factory	Start of operations at a GMP-compliant enzyme U.K. factory

Accelerated existing business growth → Toward strengthening new business development and business growth through M&As

[Life Science Domain in 2030]

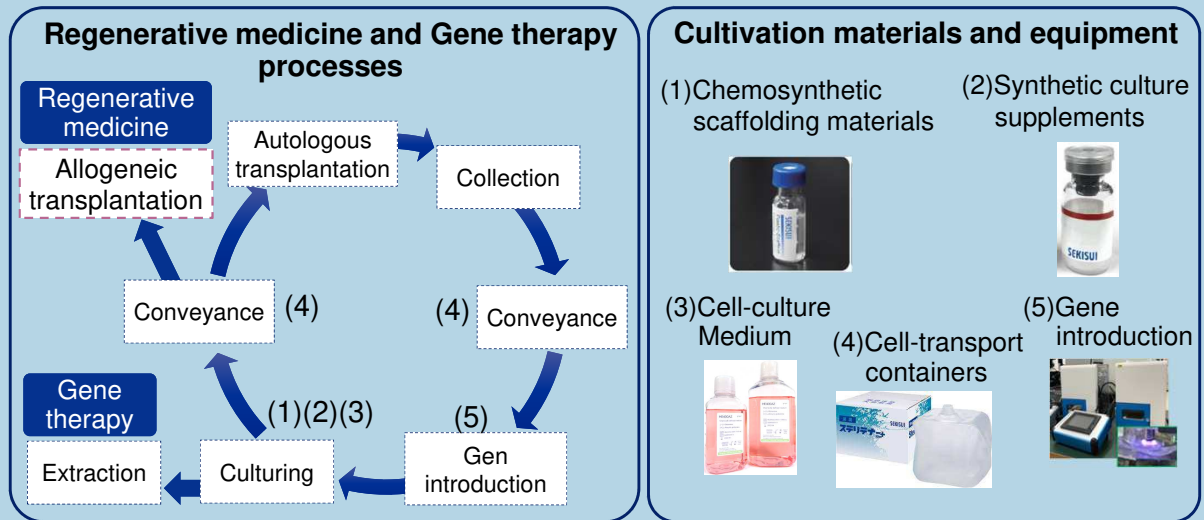


<Molecular Diagnostics (MDx) Development Center>



SEKISUI DIAGNOSTICS, LLC, San Diego

Work to enter the regenerative and genetic CDMO field with a focus on animal-free materials for medical use based on the Group's core PVB resin technology



This slide presentation contains forward-looking statements. These statements are based on current expectations and beliefs. However, actual results may differ from those expressed or implied due to a number of factors and uncertainties such as changes in the global economy and our business, competition in the market, and regulatory issues.

Note: Figures denominated in units of 100 million JPY are rounded off to the nearest hundred million.

SEKISUI