

**SEKISUI CHEMICAL CO., LTD.**



**For 2Q FY2023, ending March 31, 2024**

# **Presentation of Financial Results Progress under Management Plan**

---

**Keita Kato**

President and CEO

October 30, 2023

# Main Points of Today's Presentation

★ : Record high

(JPY billion)	1H FY2023 Results	Compared with 1H FY2022 Results	Difference from Forecasts (July 2023)	2H FY2023 Revised Plan	Compared with 2H FY2022 Results	Difference from Forecasts (July 2023)	FY2023 Revised Plan	Compared with FY2022 Results	Difference from Forecasts (July 2023)
Net sales	★611.3	+3.5	-0.2	★668.7	+33.9	-13.3	★1,280.0	+37.5	-13.5
Operating profit	41.2	+0.8	-1.0	★58.8	+7.5	+1.0	★100.0	+8.3	0
Ordinary profit	51.5	-2.4	+6.2	51.5	+1.1	-6.2	103.0	-1.2	0
Profit attributable to owners of parent	★44.5	+5.3	+5.0	30.5	+0.4	-5.0	★75.0	+5.7	0
Dividend per share (JPY)	Interim ★35	+6	+2	Period-end ★36	+6	+3	Annual ★71	+12	+5

1H Results	Despite falling slightly below operating profit forecasts (July) owing mainly to a decline in the number of new houses sold and delays in authorizing new products in the Medical Business, secured an increase in operating profit; Ordinary profit and the bottom line exceeded forecasts (July) mainly on the back of foreign exchange gains
2H and FY2023 Revised Plan	Group-wide results, centered mainly on the HPP Company, to offset the decline in demand in the Housing Business in the 2H; Toward FY operating profit of ¥100 billion; FY ordinary profit and the bottom line in line with forecasts (July); Promoting measures aimed at strengthening profitability in the Housing Business
Returns to Shareholders	Increase in dividends of ¥5 per share compared with forecasts (July) and an annual dividend of ¥71 per share, up ¥12, in line with the policy on returning profits to shareholders; Interim dividend of ¥35 per share; plans to pay a period-end dividend of ¥36 per share; Increase in the limit for the acquisition of treasury shares by 4 million shares (annual total: 8 million shares)
Topic	Set up a PV project team reporting directly to the president charged with the responsibility of bringing perovskite (PVK) solar cells to early practical application

Strengthening efforts to reform the business portfolio and shifting to further growth in a bid to achieve the Long-Term Vision, Vision 2030

# Results for 1H FY2023

Forex rate	1H FY2022	1H FY2023	FY2023 Initial Plan
In-house assumptions	-	¥139/US\$ ¥151/€	¥133/US\$ ¥142/€
Results (Avg. rate for each term)	¥134/US\$ ¥139/€	¥141/US\$ ¥153/€	-

\* Export data is subject to in-house assumptions regarding foreign currency exchange rates. A ¥1 depreciation in the value of the yen against the USD has the effect of increasing operating profit by approximately ¥500 million each year at the assumed in-house rate.

Futoshi Kamiwaki

Representative Director  
Senior Managing Executive Officer  
Head of Business Strategy Department

# Overview of 1H FY2023 Results

- Increase in net sales; Secure an increase in operating profit despite falling slightly below forecasts (July)
- Ordinary profit in excess of forecasts (July) mainly on the back of foreign exchange gains
- Increase in profit with the bottom line mainly owing to the gain on sales of cross-shareholdings
- Interim dividend set at ¥35 per share (up ¥6 compared with the previous period and ¥2 compared with forecasts (July))

(JPY billion)	1H FY2022	1H FY2023 ☆ : Record high	Difference	1H FY2023 Forecasts (July)	Difference
Net sales	607.8	★611.3	+3.5	611.5	-0.2
Operating profit	40.3	41.2	+0.8	42.2	-1.0
Ordinary profit	53.9	51.5	-2.4	45.3	+6.2
Profit attributable to owners of parent	39.1	★44.5	+5.3	39.5	+5.0
Dividend per share (JPY)	29	★35	+6	33	+2

# 1H FY2023 Results by Segment

## Increases in operating profit in the HPP and UIEP companies; Increase in net sales and decrease in operating profit in the Housing Company and Medical Business

- HPP\*: Despite a decrease in sales owing to harsh market conditions in Europe and Japan, operating profit increased exceeding forecasts (July) on the back of successful efforts to secure an increase in margins and control fixed costs as well as the effects of foreign exchange gains
- Housing\*: Despite an upswing in net sales on the back of contributions from such factors as an increase in unit prices and a firm Renovation Business, drop in operating profit, falling below forecasts (July), owing to the substantial impact of the decline in the number of houses sold as a result of the continued slump in market conditions
- UIEP\*: Despite the deterioration in housing and non-residential market conditions, secured an increase in operating profit through thoroughgoing efforts to secure margins and measures to control fixed costs
- Medical: Despite firm trends in new pharmaceutical ingredients, decrease in operating profit owing to delays in the authorization of new products in the U.S.; Operating profit fell below forecasts (July)
- Other: Progress essentially in line with forecasts (July); Breakdown: LB\* down ¥0.8 billion, BR\* down ¥1.0 billion, R&D and other down ¥3.3 billion

(JPY billion)	1H FY2022		1H FY2023 ☆ : Record high		Difference		1H FY2023 Forecasts (July)		Difference	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
HPP	201.5	20.4	200.3	23.0	-1.2	+2.5	200.3	22.4	0	+0.6
Housing	260.2	14.8	★264.8	13.0	+4.6	-1.8	262.8	13.5	+2.0	-0.5
UIEP	110.4	7.4	109.7	★8.1	-0.7	+0.6	109.3	8.5	+0.4	-0.4
Medical	42.9	5.5	★43.7	5.1	+0.8	-0.4	45.2	6.2	-1.5	-1.1
Other	4.1	-5.4	3.2	-5.1	-1.0	+0.3	4.1	-5.2	-0.9	+0.1
Eliminations or corporate expenses	-11.4	-2.3	-10.3	-2.9	+1.0	-0.5	-10.2	-3.2	-0.1	+0.3
<b>Total</b>	<b>607.8</b>	<b>40.3</b>	<b>★611.3</b>	<b>41.2</b>	<b>+3.5</b>	<b>+0.8</b>	<b>611.5</b>	<b>42.2</b>	<b>-0.2</b>	<b>-1.0</b>

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

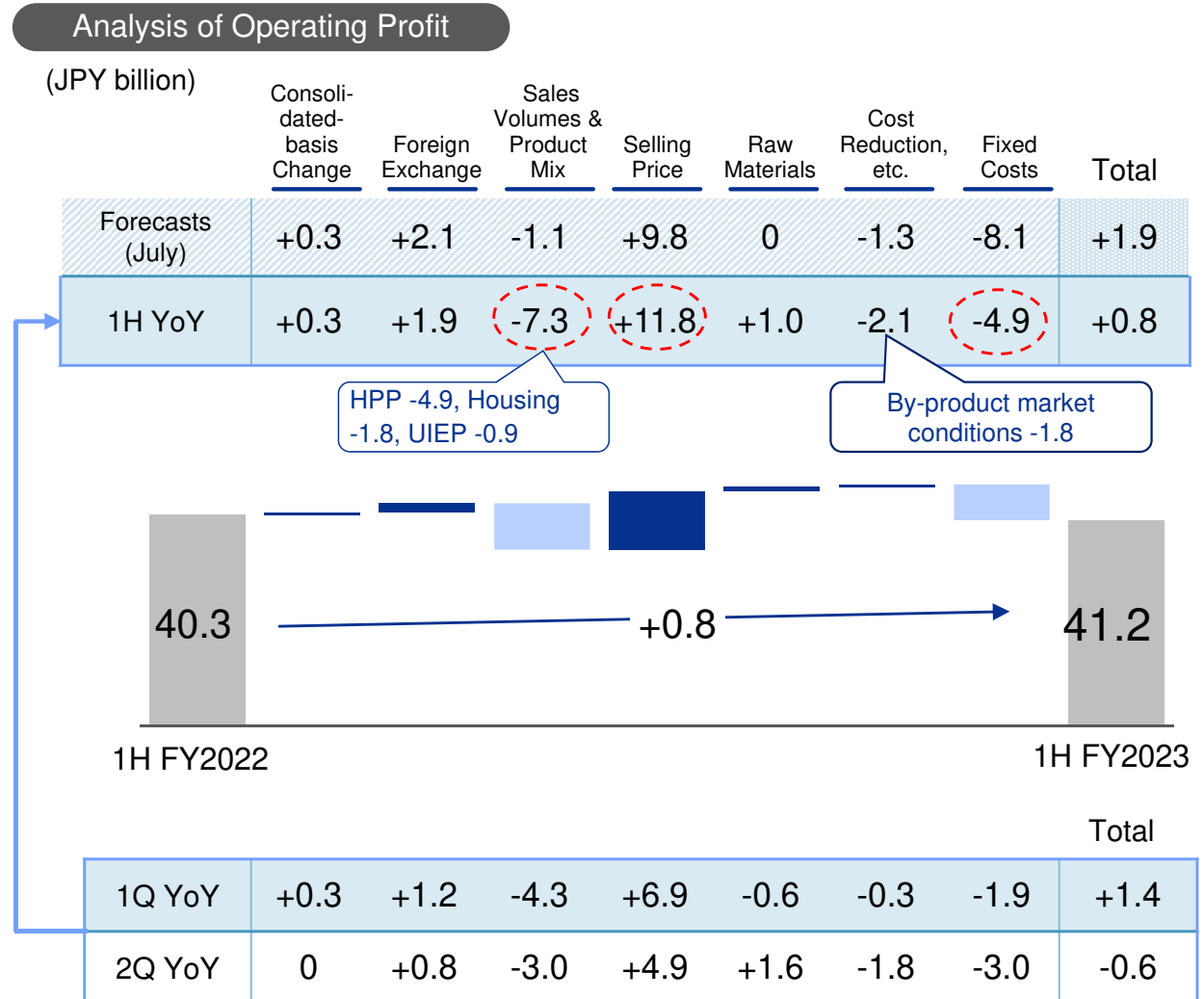
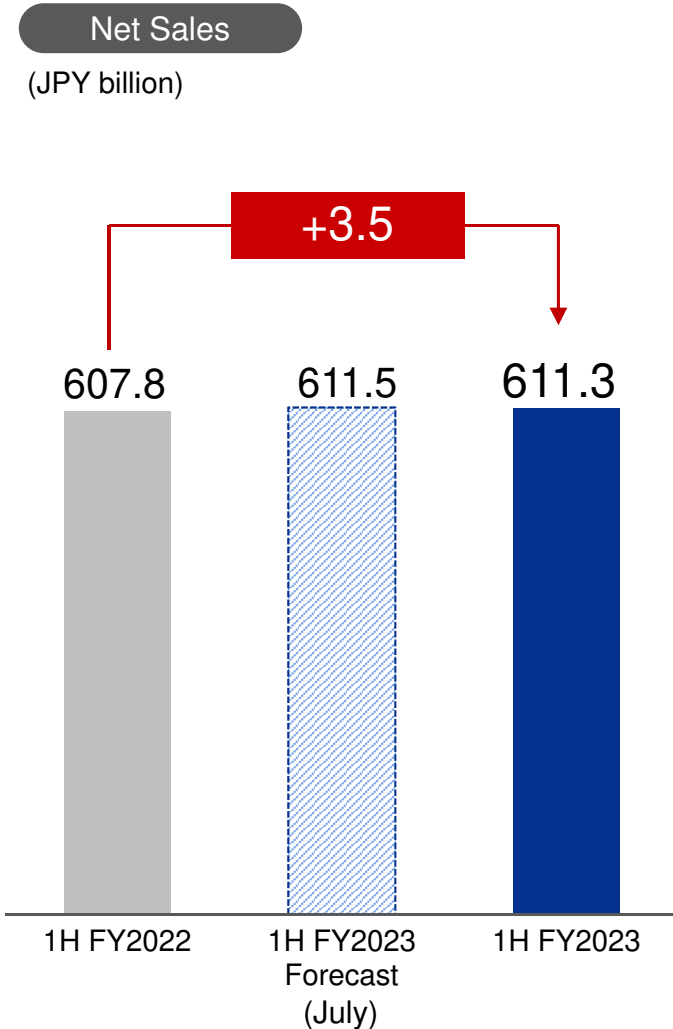
\* LB: Stationary Lithium-Ion Batteries Business, BR: Biorefinery Business

# 1Q & 2Q FY2023 Results by Segment

- Despite Group-wide 2Q operating profit falling slightly below the previous year, secured increase in net sales and operating profit in the HPP Company and Medical Business

(JPY billion)	1Q FY2022		1Q FY2023		2Q FY2022		2Q FY2023	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
HPP	99.1	10.4	96.1	9.9	102.4	10.1	104.2	13.0
Housing	115.7	2.9	121.0	4.0	144.5	11.9	143.8	9.0
UIEP	50.1	2.0	51.3	3.4	60.3	5.4	58.4	4.7
Medical	20.6	2.6	20.5	2.0	22.3	2.8	23.2	3.2
Other	1.9	-2.7	1.5	-2.3	2.3	-2.7	1.6	-2.8
Eliminations or corporate expenses	-5.1	-1.3	-5.0	-1.6	-6.3	-1.0	-5.3	-1.3
<b>Total</b>	<b>282.3</b>	<b>13.8</b>	<b>285.4</b>	<b>15.3</b>	<b>325.5</b>	<b>26.5</b>	<b>325.9</b>	<b>25.9</b>

- Successful efforts to secure an increase in margins and control fixed costs offset the substantial decline in sales volumes & product mix attributable to the prolonged deterioration in market conditions; Secured an increase in operating profit
- Results slightly below forecasts (July)



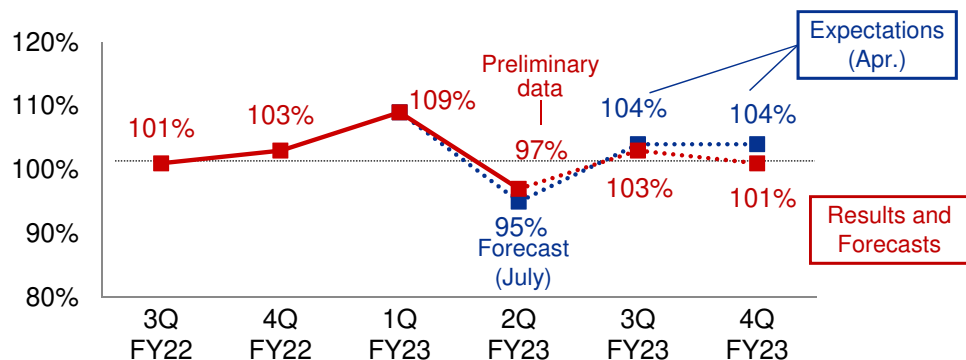
# FY2023: Revised 2H and Full FY Plans

Forex rate	2H FY2022	2H FY2023 Revised Plan	FY2023 Initial Plan
In-house assumptions	-	¥145/US\$ ¥158/€	¥133/US\$ ¥142/€
Results (Avg. rate for each term)	¥137/US\$ ¥143/€	-	-



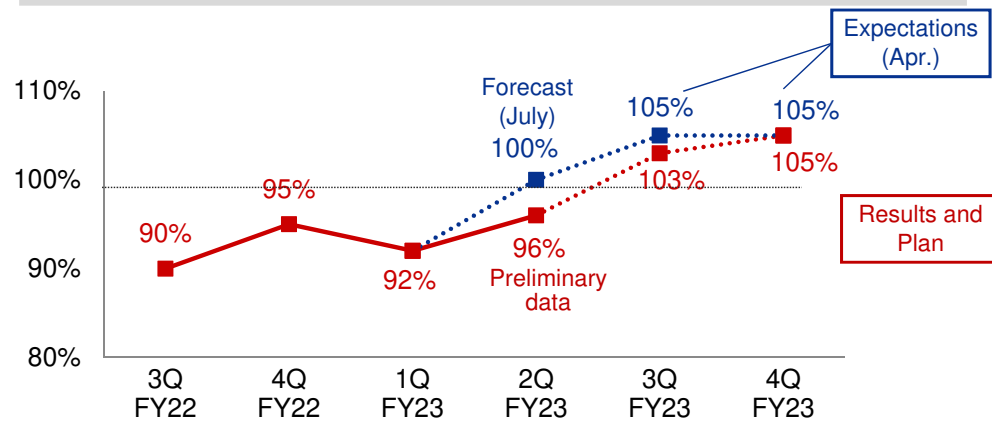
## Number of Automobiles Manufactured (YoY)

2Q trends exceeded expectations; Despite a projected recovery in China, global growth forecast to fall slightly below assumptions (April) in the 2H



## Smartphone Shipments (YoY)

Gradual recovery in market conditions after bottoming out in the 1Q; Despite falling below forecasts in the 2Q, projecting a modest recovery from the 3Q



## Housing - Visitors (YoY)

\*Figures in parentheses: 1H forecasts (July)  
2H plans (April)

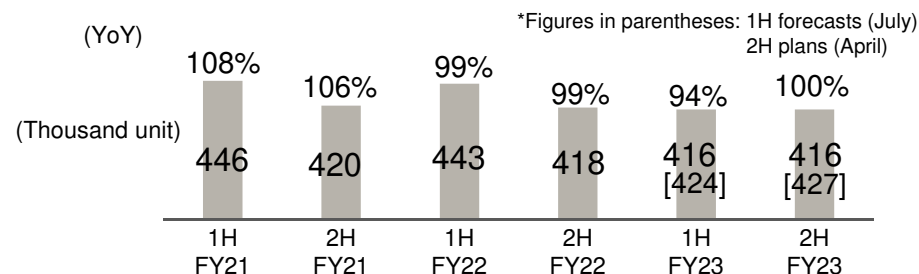
Sluggish recovery in 1H exhibition visitors with overall visitors falling below the previous year; Visitors in the 2H essentially in line with the previous year

	1H FY22	2H FY22	1H FY23	2H FY23
Overall visitors	96%	103%	97% [99%]	97% [98%]
Via WEB	91%	107%	108% [108%]	102% [100%]
Exhibition visitors	98%	91%	90% [91%]	99% [104%]

## New Housing Starts

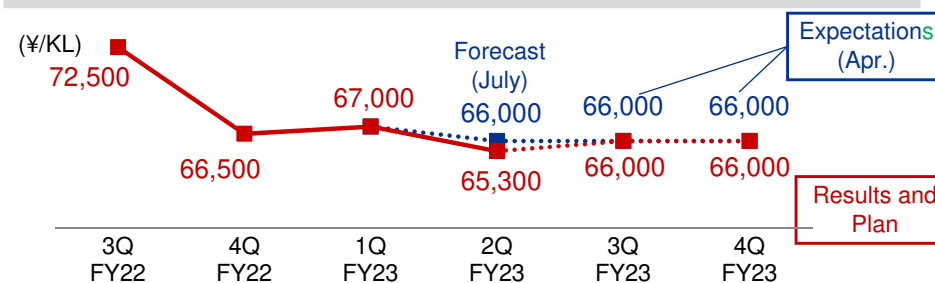
Ongoing weak demand with levels falling below expectations; Drop in construction starts of privately-owned houses for 21 consecutive months

\* Timing when demand for each of the UIEP Company's products can be expected to emerge: From four to six months after the start of residential construction



## Domestic Naphtha Price Assumptions

Trends essentially in line with assumptions



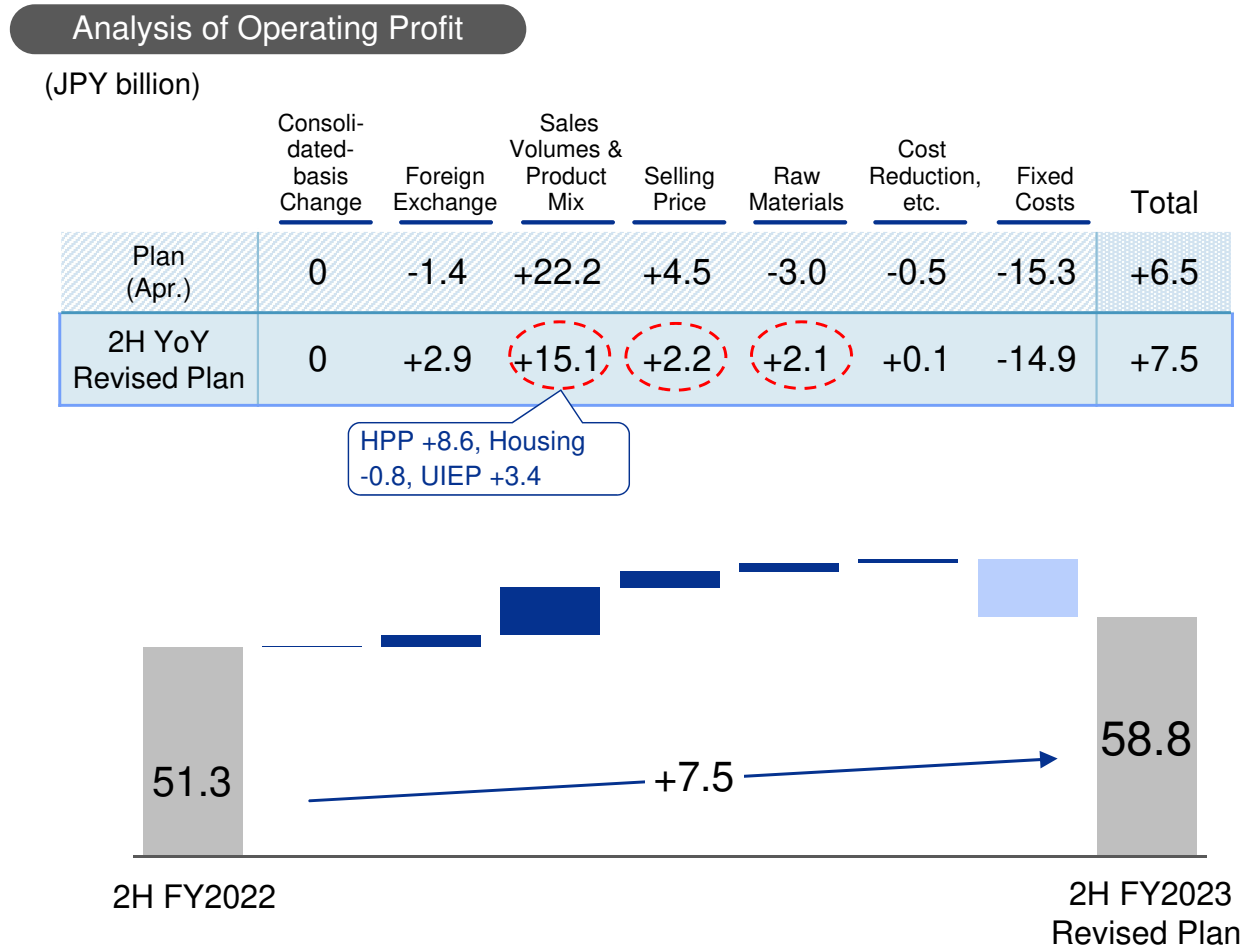
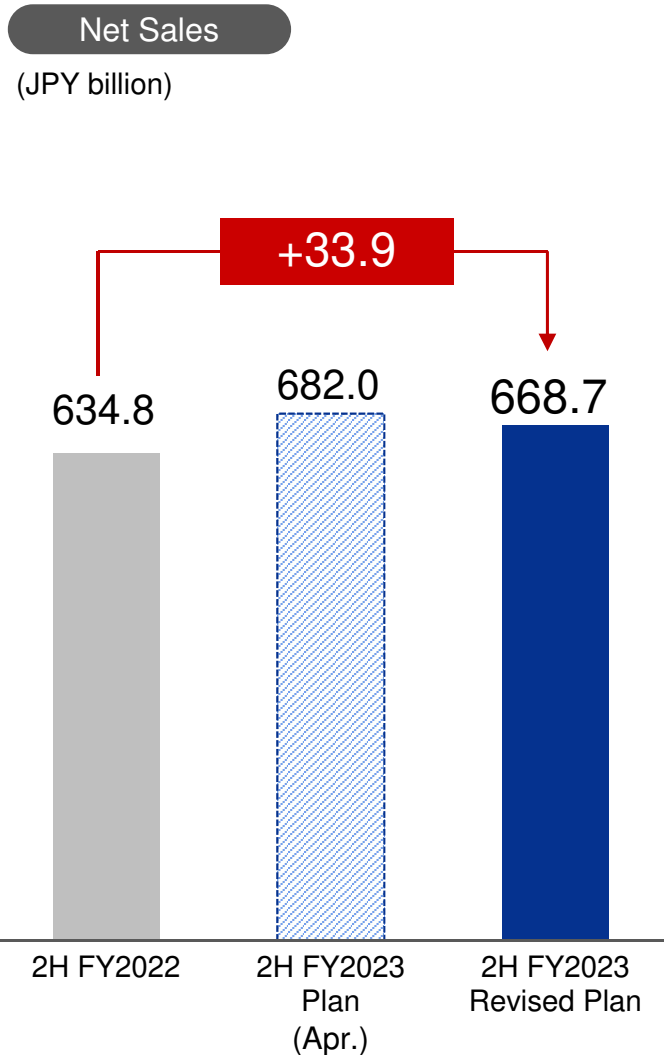
# 2H FY2023 Revised Plan by Segment

■ Despite market conditions continuing to trend below expectations, substantial increases in net sales and operating profit in the HPP Company; Despite decrease in net sales and operating profit in the Housing Company, net sales and operating profit forecast to increase in the UIEP Company and Medical Business

- HPP: Net sales forecast to increase in the back of a partial recovery in market conditions; Operating profit forecast to increase exceeding initial plans (April) on the back of successful efforts to secure margins and foreign exchange gains
- Housing: Decreases in net sales and operating profit in the Housing Business owing to the continued downturn in orders; Focus on promoting measures aimed at strengthening profitability in the Housing Business and expanding the Stock Business
- UIEP: Market conditions forecast to exhibit a modest recovery; Expected to achieve operating profit of ¥15.1 billion up from initial plans (April) by continuing to focus on securing margins
- Medical: Operating profit forecast to increase substantially largely on the back of successful efforts to capture diagnostics demand in Japan and overseas
- Other: Results forecast to progress essentially in line with plans (April); Breakdown: LB down ¥0.9 billion, BR down ¥1.4 billion, R&D and other down ¥3.8 billion

(JPY billion)	2H FY2022		2H FY2023 Revised Plan ★ : Record high		Difference		2H FY2023 Plan (Apr.)		Difference	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
HPP	194.9	19.7	★219.4	★28.5	+24.5	+8.9	220.2	25.6	-0.8	+2.9
Housing	277.2	18.1	274.2	16.5	-3.0	-1.6	289.0	20.0	-14.8	-3.5
UIEP	123.9	13.8	128.1	★15.1	+4.2	+1.4	130.3	14.7	-2.2	+0.4
Medical	46.8	7.0	52.3	★8.4	+5.5	+1.3	49.1	7.3	+3.2	+1.1
Other	3.2	-5.5	5.8	-5.9	+2.6	-0.4	5.9	-6.3	-0.1	+0.4
Eliminations or corporate expenses	-11.2	-1.7	-11.0	-3.8	+0.2	-2.1	-12.5	-3.5	+1.5	-0.3
Total	634.8	51.3	★668.7	★58.8	+33.9	+7.5	682.0	57.8	-13.3	+1.0

- Despite market conditions falling below expectations, forecasting a partial recovery; Forecasting a substantial increase in operating profit with results exceeding initial plans (April) through focusing on increasing sales volumes & product mix, securing margins, and contributions from foreign exchange gains



# FY2023 Revised Plan by Segment

- Increases in Group-wide net sales and operating profit; Group-wide results, centered on the HPP Company to offset the impact of a decline in demand in the Housing Business
- Expected to achieve operating profit of ¥100 billion in line with initial plans (April) and forecasts (July)

(JPY billion)	FY2022		FY2023 Revised Plan ☆ : Record high		Difference		FY2023 Forecasts (July)		Difference	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
	HPP	396.4	40.1	★419.7	★51.5	+23.3	+11.4	420.5	48.0	-0.8
Housing	537.4	32.8	★539.0	29.5	+1.6	-3.3	551.8	33.5	-12.8	-4.0
UIEP	234.3	21.2	237.7	★23.2	+3.4	+2.0	239.6	23.2	-1.9	0
Medical	89.7	12.5	★95.9	★13.5	+6.3	+1.0	94.3	13.5	+1.6	0
Other	7.4	-10.9	9.0	-11.0	+1.6	-0.1	10.0	-11.5	-1.0	+0.5
Eliminations or corporate expenses	-22.6	-4.1	-21.4	-6.7	+1.3	-2.6	-22.7	-6.7	+1.4	0
<b>Total</b>	<b>1,242.5</b>	<b>91.7</b>	<b>★1,280.0</b>	<b>★100.0</b>	<b>+37.5</b>	<b>+8.3</b>	<b>1,293.5</b>	<b>100.0</b>	<b>-13.5</b>	<b>0</b>

- Increase in net sales; Downward revision in net sales; Increases in operating profit and the bottom line in line with forecasts (July); Profit projected to hit a record high
- Increase in dividends of ¥5 per share compared with forecasts (July) and plans to pay an annual dividend of ¥71 per share (up ¥12)
- Increase in the limit for the acquisition of treasury shares by 4 million shares (annual total: 8 million shares)

(JPY billion)	FY2022	FY2023 Revised Plan ★ : Record high	Difference	FY2023 Forecasts (July)	Difference
Net sales	1,242.5	★1,280.0	+37.5	1,293.5	-13.5
Operating profit	91.7	★100.0	+8.3	100.0	0
Ordinary profit	104.2	103.0	-1.2	103.0	0
Profit attributable to owners of parent	69.3	★75.0	+5.7	75.0	0
Dividend per share (JPY)	59	★71	+12	66	+5

# High Performance Plastics Company

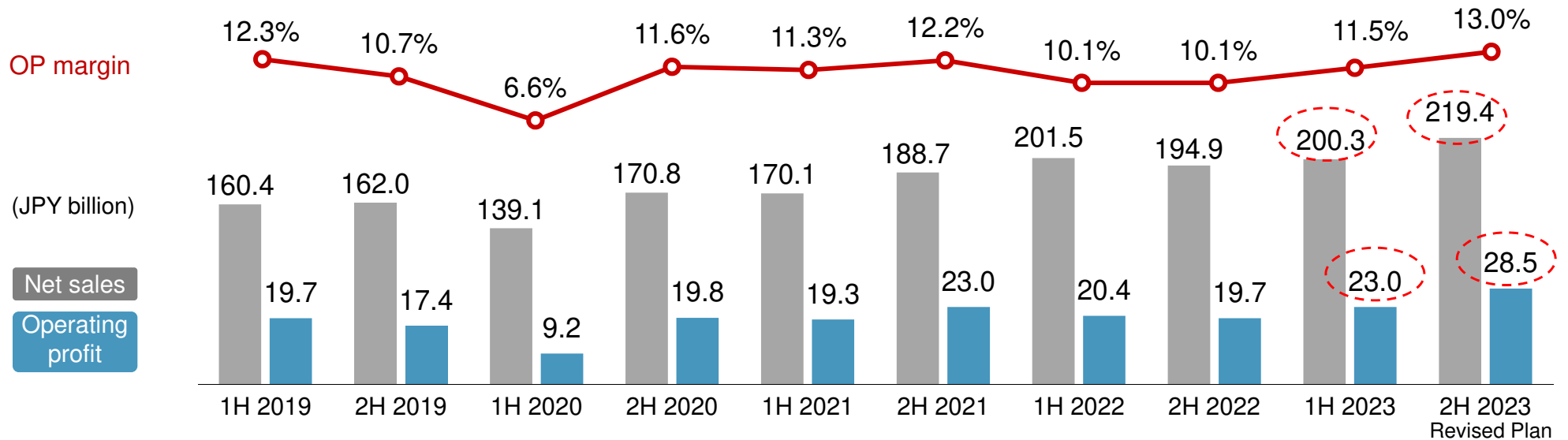
---

Ikusuke Shimizu

Company President

- 1H: Despite a decrease in sales owing to harsh market conditions mainly in Europe and Japan, increase in operating profit, which exceeded forecasts (July) on the back of successful efforts to expand margins and control fixed costs as well as the effect of foreign exchange gains
- 2H: Sales forecast to increase owing to a partial recovery in market conditions; Operating profit forecast to exceed initial plans (April) on the back of continued successful efforts to secure margins and foreign exchange gains; Targeting record high operating profit in the 2H and FY

## Performance Trends



\* Data from FY2022 after portfolio reorganization

		1H 2019	2H 2019	1H 2020	2H 2020	1H 2021	2H 2021	1H 2022	2H 2022	1H 2023	2H 2023*
Forex rate	1 USD	109 JPY	109 JPY	107 JPY	105 JPY	110 JPY	110 JPY	134 JPY	135 JPY	141 JPY	145 JPY
	1 EUR	121 JPY	120 JPY	121 JPY	126 JPY	131 JPY	129 JPY	139 JPY	137 JPY	153 JPY	158 JPY

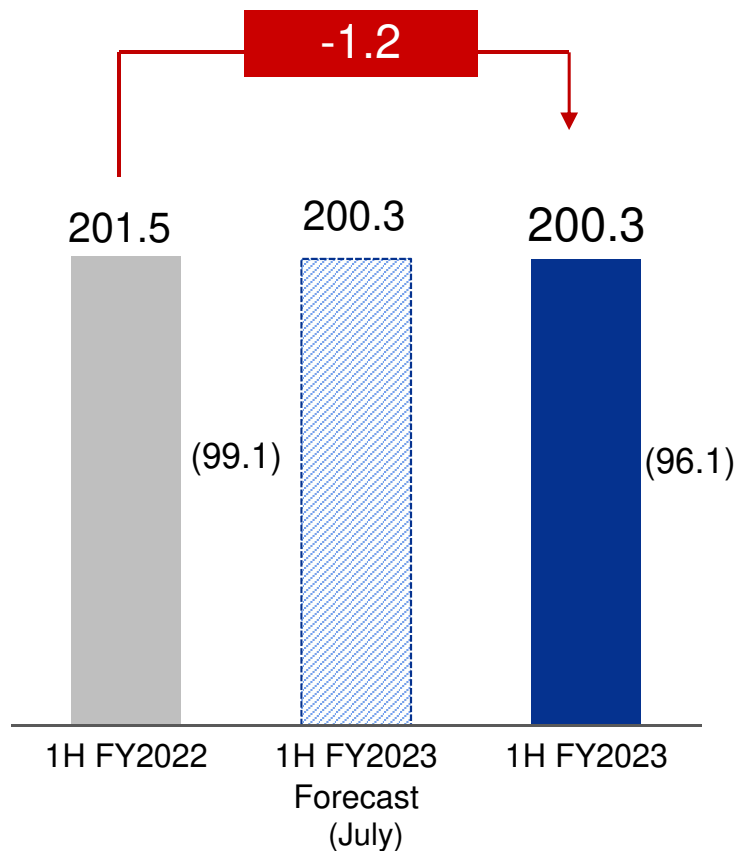
\*2H FY2023 Assumptions

Main M&As and Strategic Investments	2018-2019	2H 2019	2H FY2020	2H 2021	1H FY2023	2H FY2023
	Start of operations at new foam plants in Thailand and China	SEKISUI AEROSPACE CORPORATION	Start of operations at a new interlayer production line in Europe	Start of operations at a new interlayer film resin production line in Europe	Decision to expand production capacity of polyvinyl acetal resin	Start of operations at a new heat release materials plant in North America

- Decreases in sales volumes & product mix, especially in the Industrial field, owing to delays in the recovery in market conditions; Firm trends in the Mobility field and a recovery trend in the Electronics field from the 2Q; Achieved an increase in operating profit which exceeded forecasts (July)

**Net Sales** \* ( ): 1Q Results

(JPY billion)



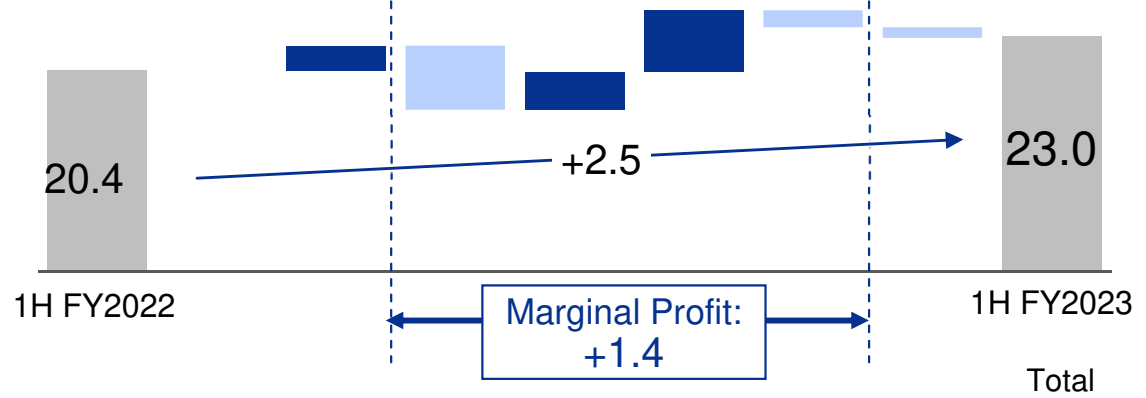
**Analysis of Operating Profit**

(JPY billion)

	Consolidated-basis Change	Foreign Exchange	Sales Volumes & Product Mix	Selling Price	Raw Materials	Cost Reduction, etc.	Fixed Costs	Total
Forecasts (July)	0	+2.0	-4.7	+3.4	+4.1	-0.8	-1.9	+2.0
1H YoY	0	+1.9	-4.9	+2.9	+4.7	-1.3	-0.8	+2.5

Electronics: -0.1, Mobility: +0.8  
Industrial: -5.6

By-Product Market Conditions -1.8,  
Cost Reduction +0.1, Utility Costs, etc.+0.4



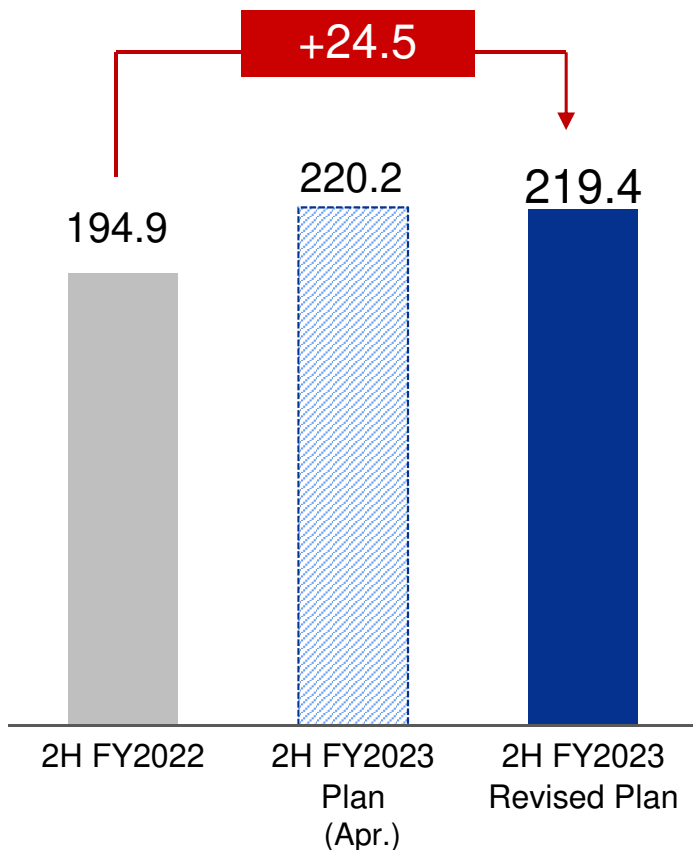
	Consolidated-basis Change	Foreign Exchange	Sales Volumes & Product Mix	Selling Price	Raw Materials	Cost Reduction, etc.	Fixed Costs	Total
1Q YoY	0	+1.1	-4.9	+2.5	+1.3	-0.1	-0.4	-0.4
2Q YoY	0	+0.8	0	+0.4	+3.4	-1.2	-0.4	+2.9



- Increases in sales volume & product mix on the back of expectations of a partial recovery in market conditions, which in turn is projected to substantially increase net sales; Operating profit forecast to increase substantially owing to successful efforts to maintain margins, cost reduction, and the effects of foreign exchange gains; Upward revision of 2H operating profit plans while targeting a record high

## Net Sales

(JPY billion)



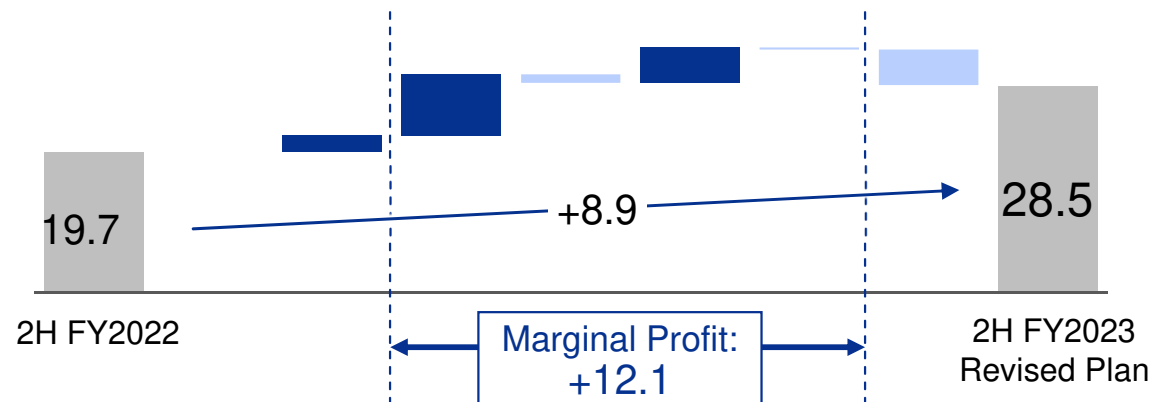
## Analysis of Operating Profit

(JPY billion)

	Consolidated-basis Change	Foreign Exchange	Sales Volumes & Product Mix	Selling Price	Raw Materials	Cost Reduction, etc.	Fixed Costs	Total
Plan (Apr.)	0	-0.9	+9.3	+1.3	+1.8	-0.9	-4.8	+5.9
2H YoY Revised Plan	0	+2.4	+8.6	-1.2	+5.0	-0.3	-5.6	+8.9

Electronics: +2.8, Mobility: +3.8  
Industrial: +2.0

By-Product Market Conditions -2.3,  
Cost Reduction +1.4, Utility Costs, etc. +0.6



## Net Sales Trends and KPIs in the Three Strategic Fields

Growth driving

Growth potential

11 businesses clarified as strengthening the current PF in the Drive 2.0 Medium-term Management Plan.

### Electronics

Electronics  
(semiconductor and display materials)

- 1H: Increase in 2Q sales due to contributions from new non-LCD product opportunities
- 2H: Despite greater-than-expected delays in the recovery in semiconductor market conditions, work toward sales growth by expanding sales of such high-performance products as binder resins for MLCCs and bio-based adhesive tapes

### Mobility

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

- 1H: Steady sales growth of interlayer films for HUDs (1H: More than 130% in products for HUDs on a sales volume basis; Progress exceeding forecasts)
- Heat release materials: Shipments commenced in line with plans from the Group's new production base in North America
- 2H: Continued high growth of products for HUDs in excess of market conditions (115% or more growth in the 2H on a sales volume basis)

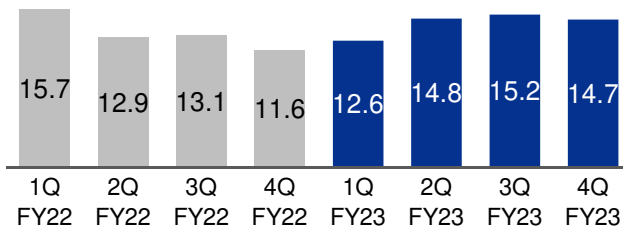
SEKISUI AEROSPACE CORPORATION: Return to profitability in the 4Q

### Industrial

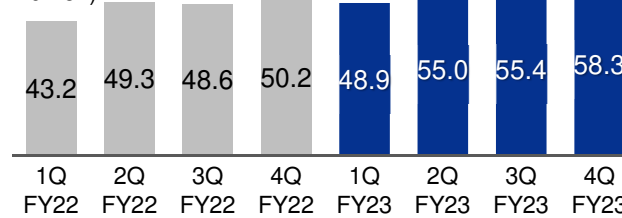
Molding products, sensing

- 1H: Results below forecasts (July) owing to continued weak construction and consumer goods demand in Europe, the U.S., and Japan
- 2H: Focus on maintaining selling prices and securing margins; Strengthen the expansion of sales of labor-saving and environmentally friendly products

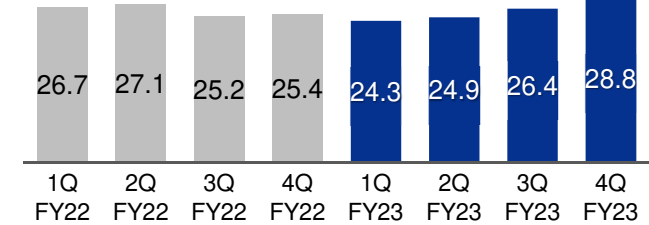
(JPY billion)



(JPY billion)

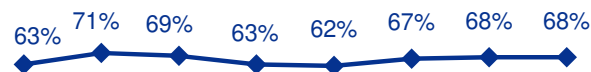


(JPY billion)

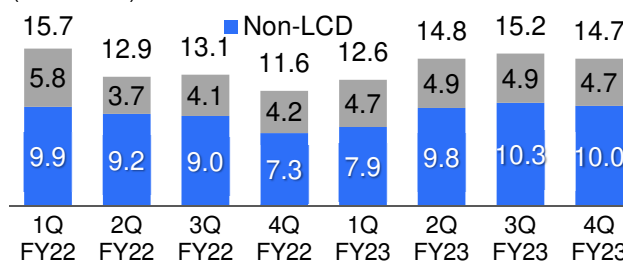


### Focus on the non-LCD field

Non-LCD field sales ratio



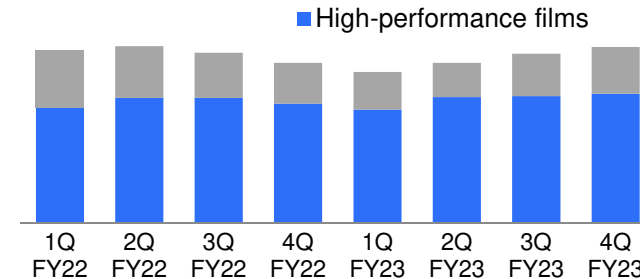
Net Sales  
(JPY billion)



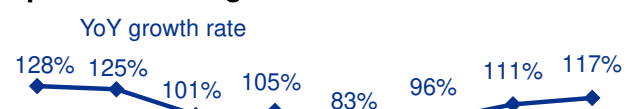
### High-performance interlayer film sales growth



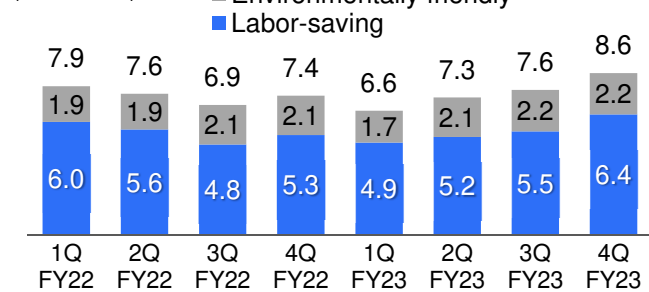
Interlayer film sales volume



### Labor-saving, environmentally friendly product sales growth



Net sales  
(JPY billion)



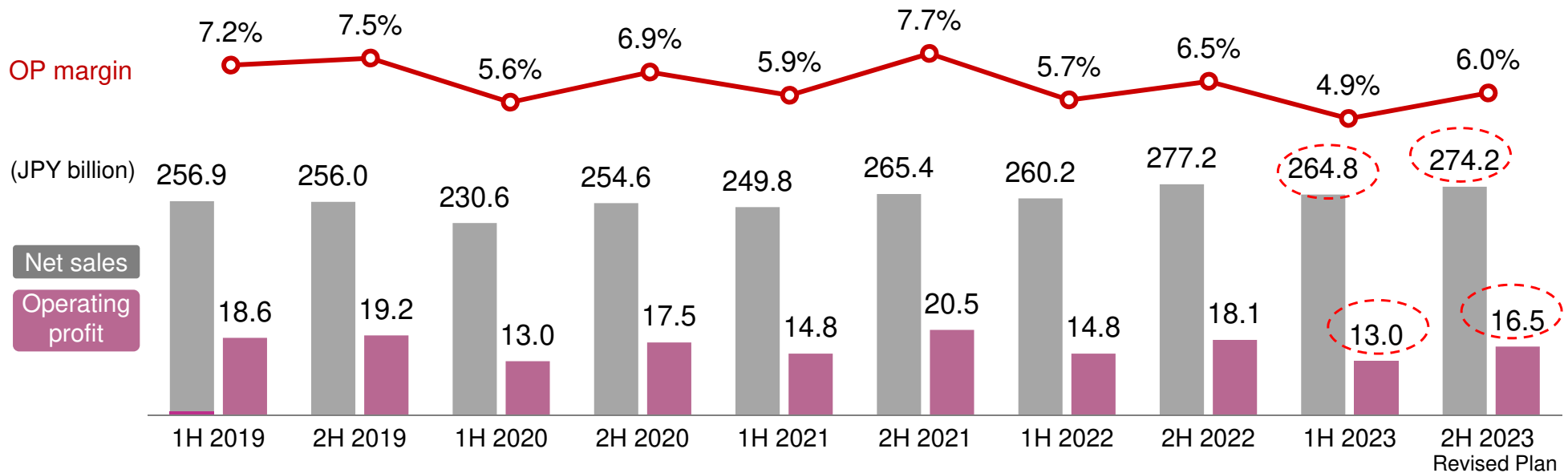
# Housing Company

---

Toshiyuki Kamiyoshi  
Company President

- 1H: Despite securing an increase in net sales on the back of an increase in unit prices and contributions from the firm Renovation, Real Estate as well as Town and Community Development businesses, decrease in operating profit owing to the substantial impact of the decline in the number of houses sold as a result of the ongoing slump in market conditions; Results below forecasts (July)
- 2H: Decreases in net sales and operating profit in the Housing Business owing to the impact of a continued decline in orders; Focus on promoting measures aimed at strengthening profitability in the Housing Business and expanding the Stock Business

## Performance Trends



New Housing starts (Thousand unit)	1H 2019	2H 2019	1H 2020	2H 2020	1H 2021	2H 2021	1H 2022	2H 2022	1H 2023	2H 2023*
	467	417	413	398	446	414	443	418	416	416

**External Environment**

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

02/2020~  
Spread of COVID-19

02/2022~  
Russia: Incursion into Ukraine

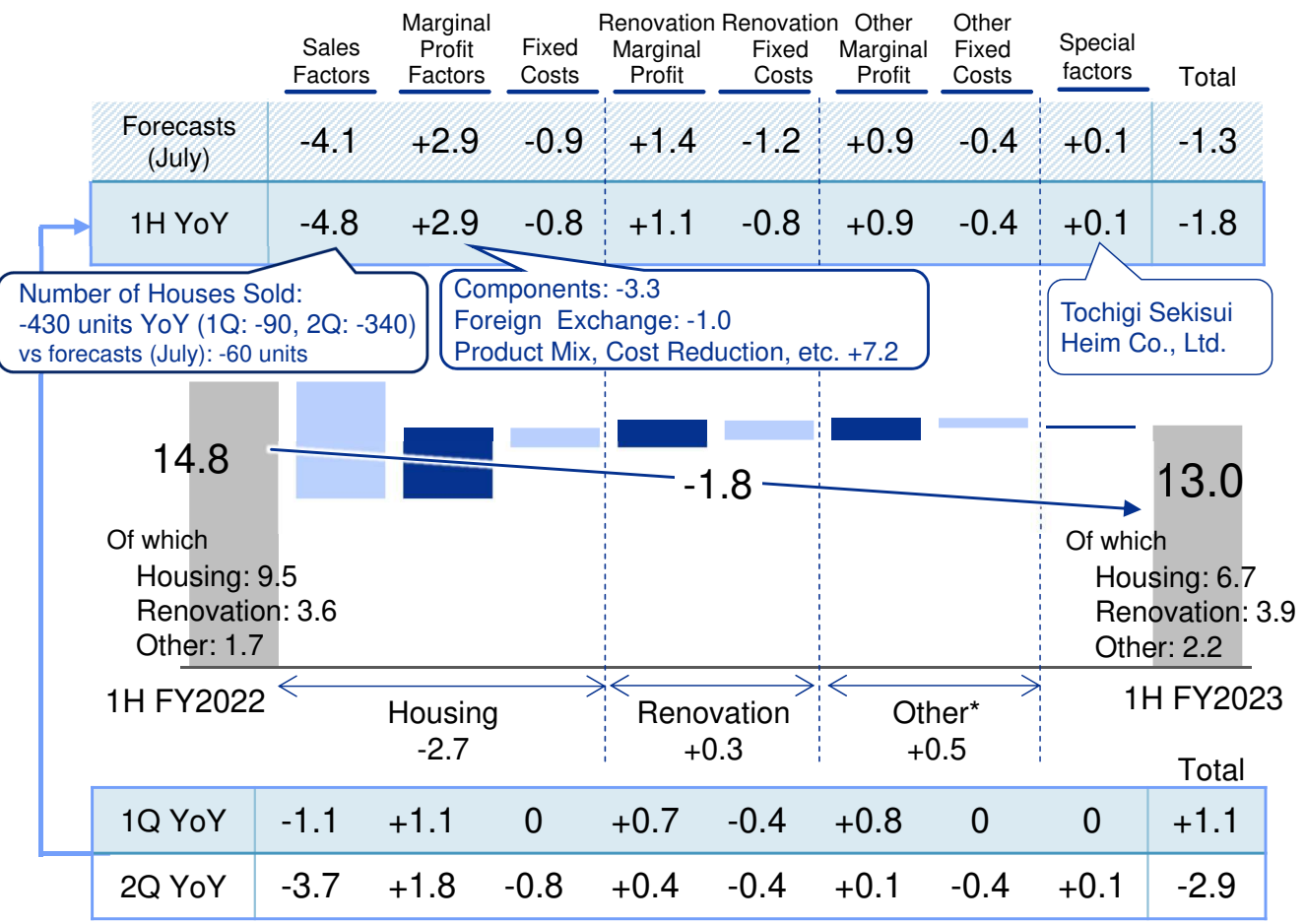
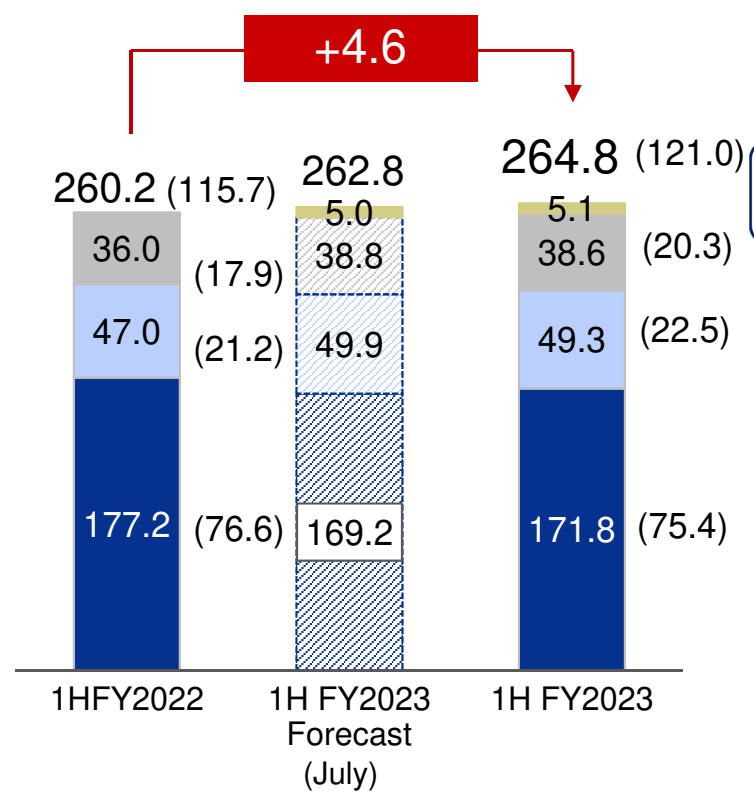
\*2H FY2023: Assumption

- Despite a decrease in operating profit in the Housing Business owing to the decrease in the number of houses sold and the impact of the increase in component costs, increase in operating profit on the back of successful efforts to capture firm demand in the Renovation and Other businesses; Increase in net sales and decrease in operating profit across the Housing Company as a whole
- Formulated measures aimed at strengthening profitability in the Housing Business and implemented partly

**Net Sales** (JPY billion) \* ( ): 1Q Results

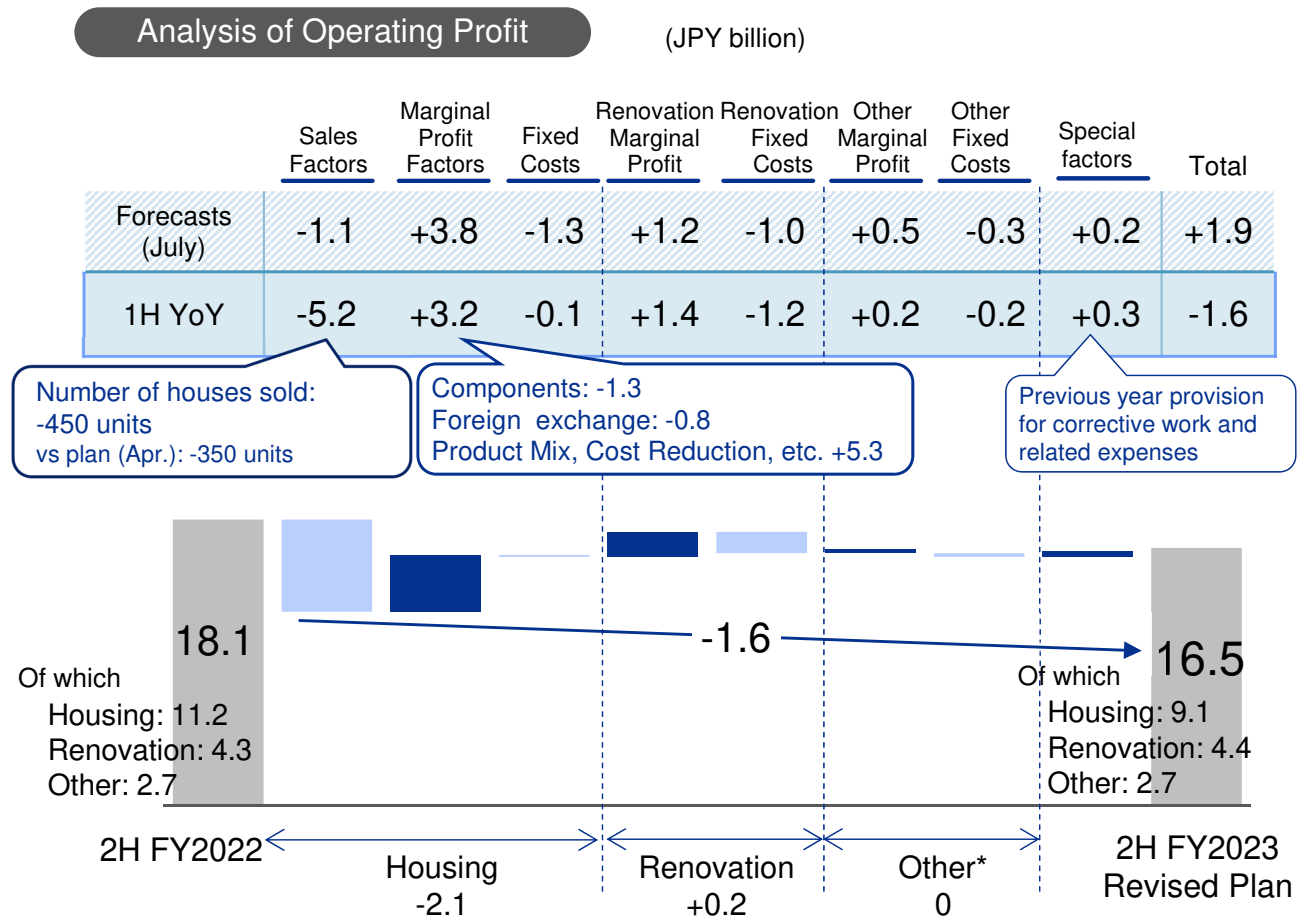
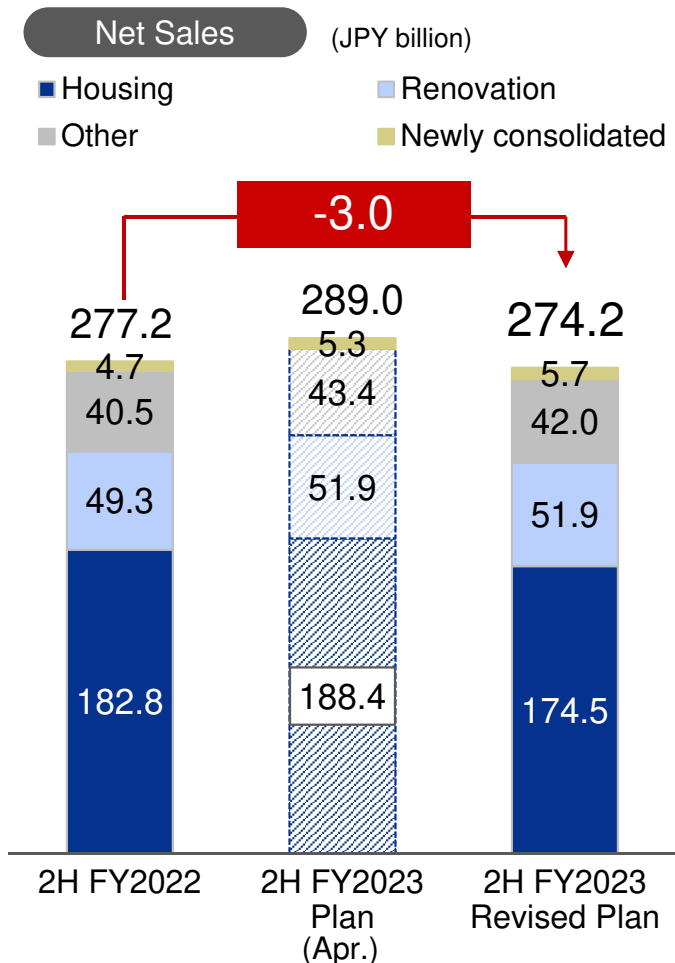
**Analysis of Operating Profit** (JPY billion)

■ Housing  
■ Renovation  
■ Other  
■ Newly consolidated



■ Work to minimize the impact of a decrease in the number of houses sold through efforts to control costs in the Housing Business while at the same time implementing measures aimed at strengthening profitability; Focus on capturing firm demand in the Renovation Business; Downward revision of 2H operating profit plans (April) across the Housing Company as a whole

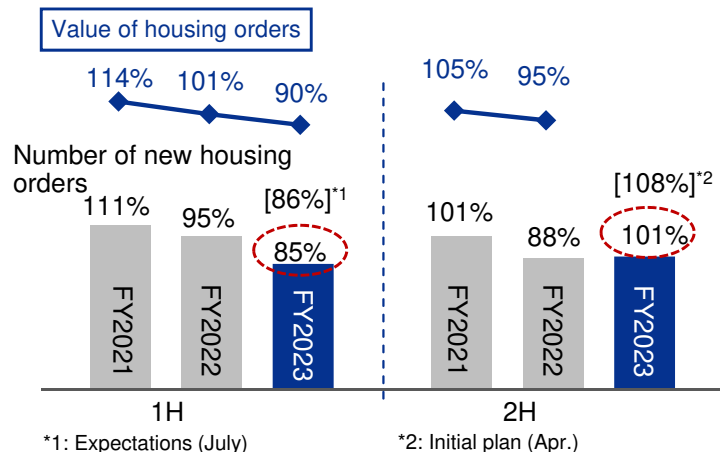
- Housing: Strengthen product strategies by area, including urban areas (high-value subdivisions, apartment buildings) and regional areas (single-story housing, areas subject to snowfalls); Work to reduce fixed costs by shifting indirect human resources to such growth domains as the Renovation Business
- Renovation: Operating profit forecast to increase on an ongoing basis through sales growth of smart products and efforts to strengthen thermal insulation renovation



## Housing Business

### New Housing Orders (YoY)

- 1H: New housing orders fell slightly below forecasts (July)
- 2H: Plans for new housing orders to come in 101% YoY



### Number of Orders by Type of Construction

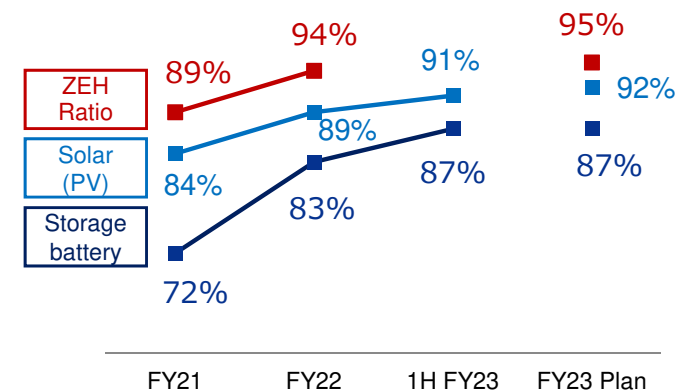
- Recovery trend across all types from the 2Q
- Strengthen ready-built houses on an ongoing basis as well as apartment buildings

	1Q	2Q	1H	2H	
Detached Houses	Rebuilding	80%	86%	83%	111%
	New construction*3	89%	84%	87%	99%
	Subdivision housing	71%	90%	80%	97%
	Of which, Ready-built houses	75%	108%	92%	98%
Apartment buildings	97%	107%	102%	104%	
Total	82%	88%	85%	101%	

\*3: Land: Client arrangement

### Smart House-related Indicators\*4

- Steady progress in each of the indicators; contributions also from efforts to increase unit prices

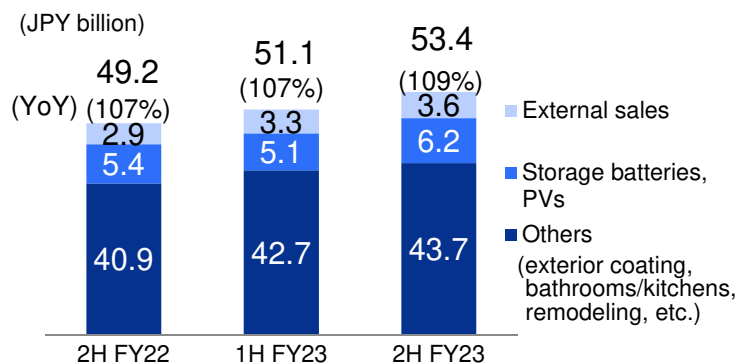


\*4: Detached house order installation (ZEH, solar power generation system excluding Hokkaido)

## Renovation Business

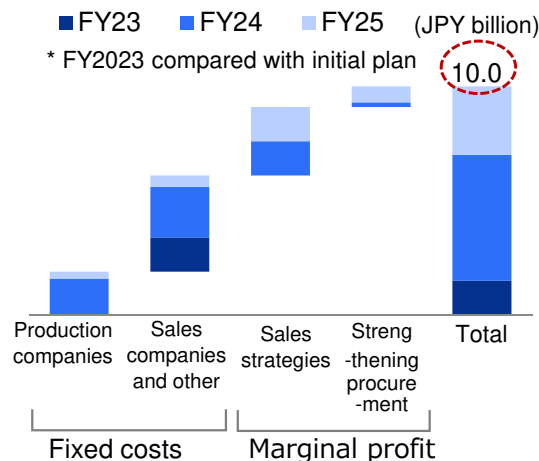
### Orders by Renovation Product

- Steady expansion in orders
- Work to accelerate growth by increasing sales structure capacity



## Measures Aimed at Strengthening Profitability to Ensure Sustainable Growth

### Effects of Measure Aimed at Strengthening Profitability Targets (Housing business)



### Strengthen Housing Business profitability

- Reform the cost structure:
  - Bringing forward efforts to strengthen profitability in order to lower the breakeven point in a bid to address accelerated contraction in the new construction market
  - 1) Strengthen productivity
    - Optimize the production structure for wooden-frame products (4Q)
    - Expand DX and automation at factories
  - 2) Shift indirect human resources to growth domains, including the Stock Business
- Strengthen products by area and target
  - Urban / Rural area, Detached houses / Apartment

### Accelerate growth in the Stock as well as Town and Community Development businesses

\*Stock Businesses: Renovation, Real Estate

# Urban Infrastructure & Environmental Products Company

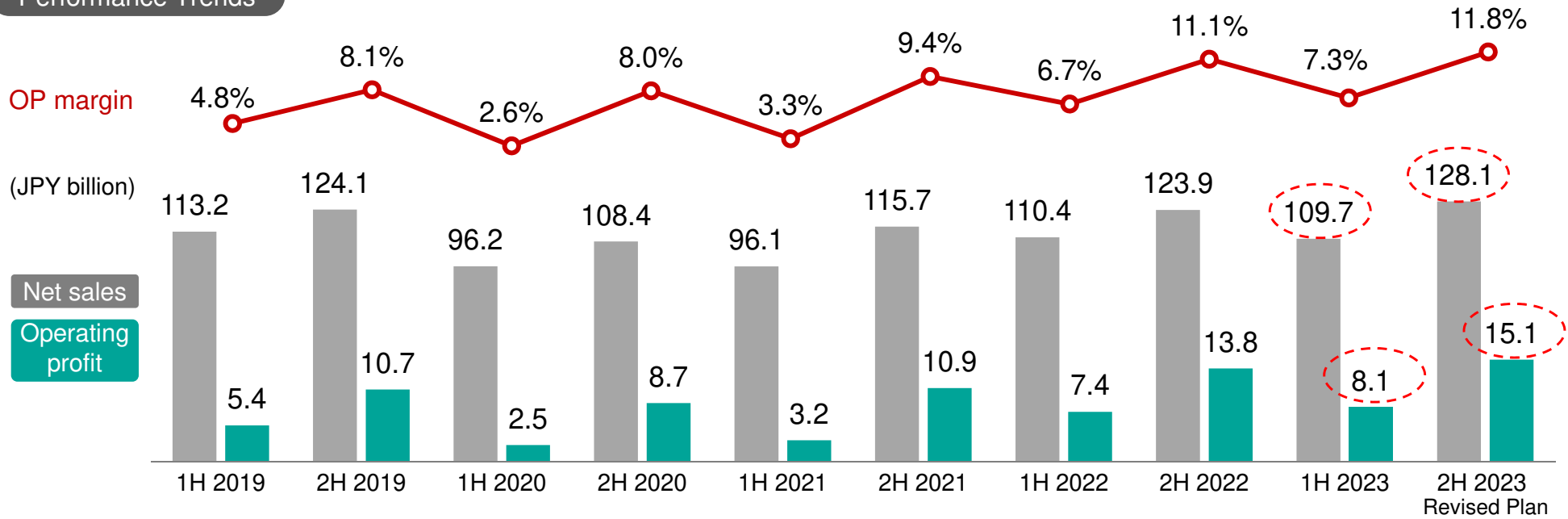
---

Yoshiyuki Hirai  
Company President



- 1H: Despite the deterioration in housing and non-residential market conditions, secured an increase in operating profit through thoroughgoing efforts to secure margins and measures to control fixed costs
- 2H: Market conditions forecast to exhibit a modest recovery; Results to exceed initial plans (April) by continuing to focus on securing margins; Forecast to achieve operating profit of ¥15.1 billion in the 2H
- Target record high FY operating profit (¥23.2 billion)

Performance Trends



\* Data from FY2022 after portfolio reorganization

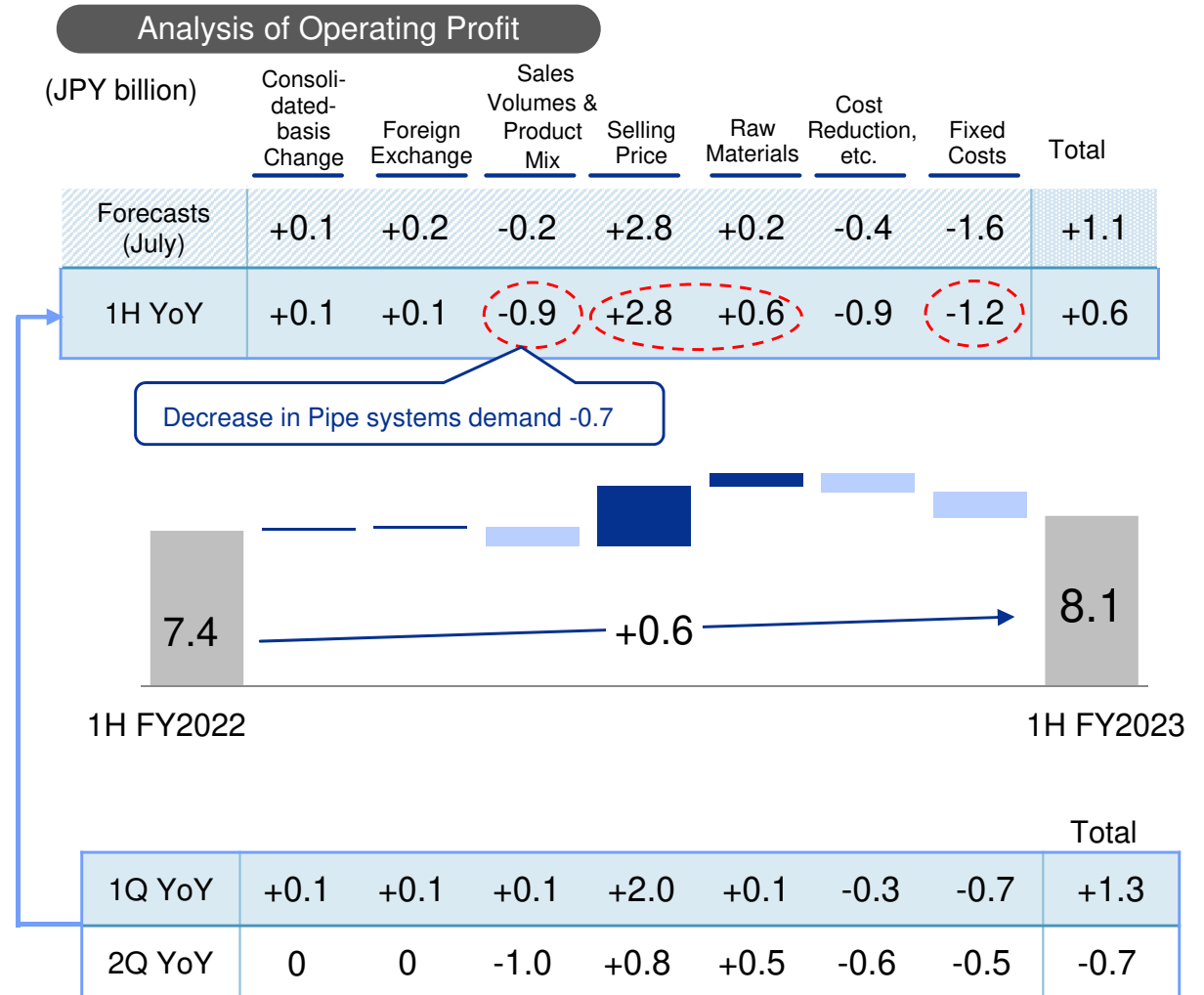
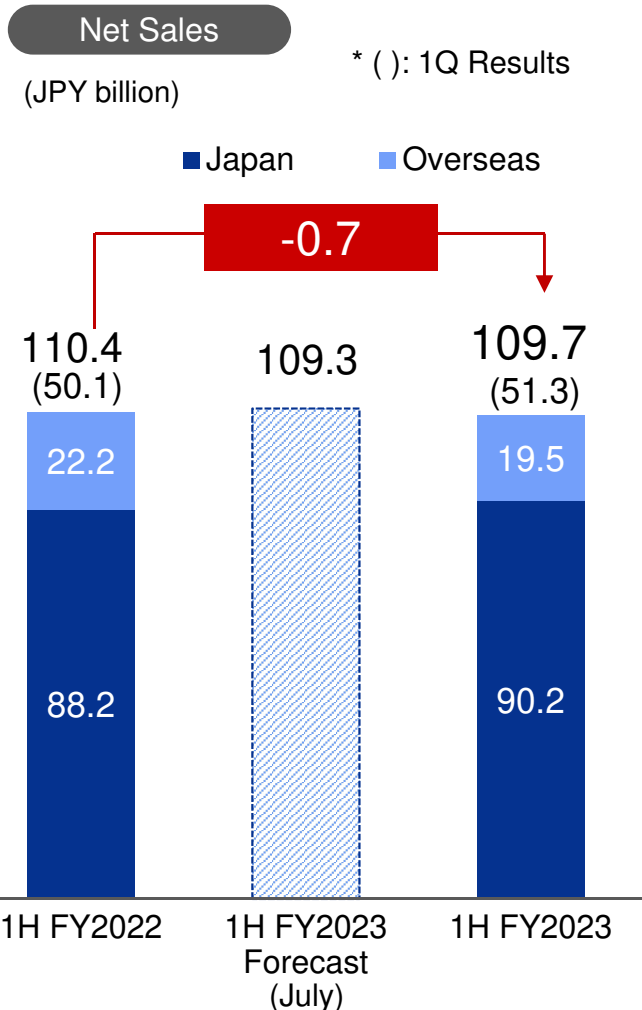
External Environment

- 10/2019: Consumption tax raised from 8% to 10%
- 02/2020~: Spread of COVID-19
- 07-08/2021: Tokyo Olympic Games
- 2H FY2023: Start of operations at an FFU synthetic wood plant in Europe

Despite a decline in housing demand in Japan and the deterioration in non-residential market conditions, secured an increase in operating profit on the back of successful efforts to secure margins and control fixed costs; Despite operating income falling slightly below forecasts (July) in the 1H, achieved a record high

- Japan: Secure margins and progress expand sales of prioritized products
- Overseas: Despite robust piping materials for plants and pipeline renewal, decrease in exports owing to the deterioration in PVC market conditions

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

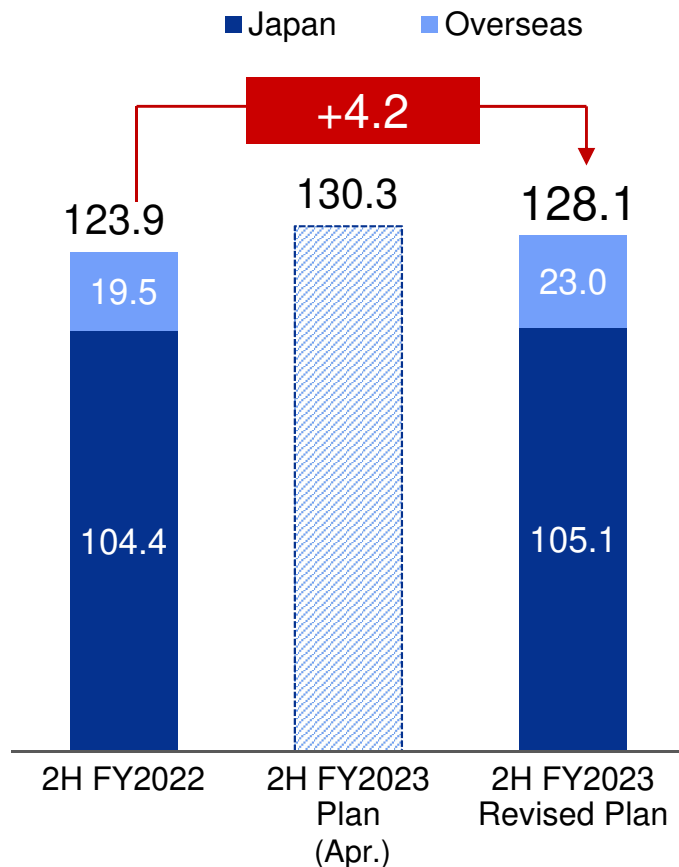


■ Despite market conditions falling below expectations (April), modest recovery trend; Forecasting increase in net sales and operating profit in line with initial plans (April) owing to increases in sales volumes & product mix as well as efforts to secure margins

- Japan: Firm public sector demand; Ongoing thoroughgoing efforts to secure margins; Focus on expanding sales of prioritize products
- Overseas: Start of operations at an FFU synthetic wood plant in Europe; Focus on capturing new FFU and pipeline renewal orders

## Net Sales

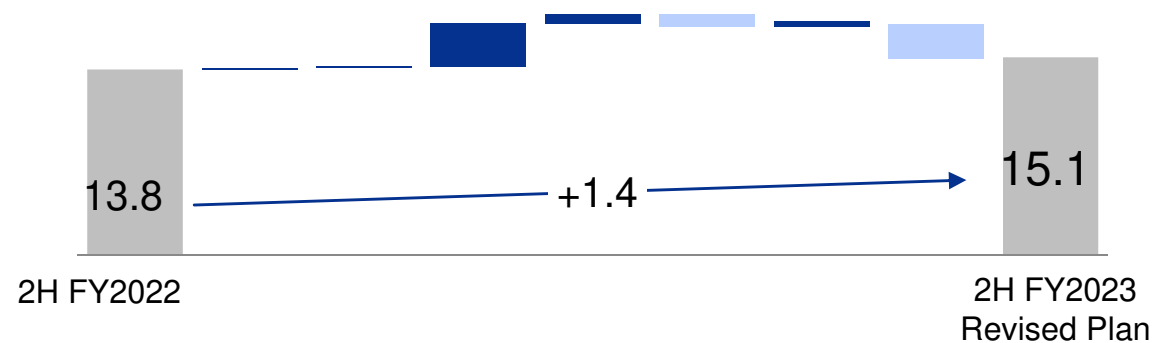
(JPY billion)



## 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
Plan (Apr.)	0	-0.4	+4.2	+1.4	-1.7	+0.4	-2.9	+0.9
2H YoY Revised Plan	+0.1	+0.1	+3.4	+0.7	-0.9	+0.4	-2.4	+1.4



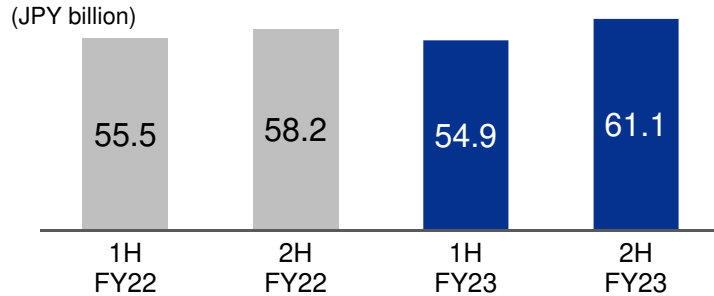
## Net sales in the Three Strategic Fields

### Pipe Systems

Construction and industrial piping

Pipe and joint materials for buildings, factories, and social infrastructure, and products related to disaster prevention

- 1H: Despite firm piping materials for plants (Japan), weak housing trends and delays in large-scale non-residential projects; Decrease in overseas exports owing to the deterioration in PVC market conditions
- 2H: Despite market conditions falling below expectations, projecting an increase in the use of prioritized products; Piping materials business transferred from ShinEtsu Polymer Co., Ltd. (From November 1)

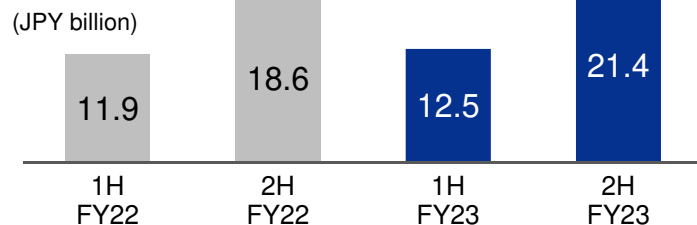


### Infrastructure Renovation

Pipe renewal

Products and technologies for infrastructure aging prevention

- 1H: [Pipeline renewal] Increase in utilization on the back of a recovery in demand both in Japan and overseas [Water treatment field] Large orders for plant facilities, etc.
- 2H: [Pipeline renewal] Continued firm demand; Capture new orders in such countries and regions as the Americas and India



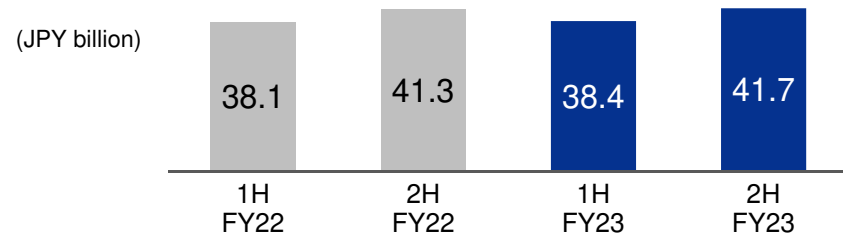
### Building and Infrastructures Composite Materials

Fire resistant and non-flammable materials

Performance materials (railroad sleepers, etc.)

Building materials for bathrooms and exterior finish, fire-resistant materials, and materials for railway infrastructure

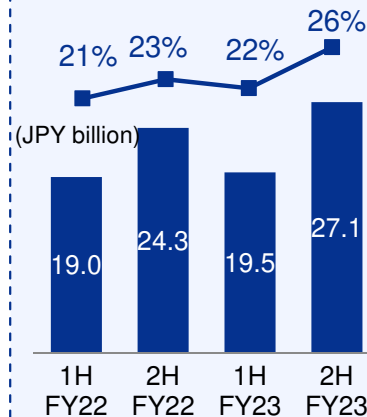
- 1H: Secured margins through improvements in selling prices
- 2H: [FFU] Promote stable operations at the plant in Europe; Expand adoption overseas  
[Fire-resistant materials] Expand sales of new products



### Prioritized Products Sales (Japan)

- Plans for substantial 2H growth

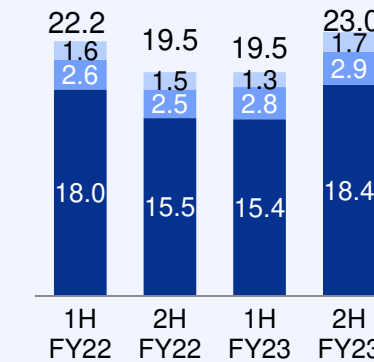
Prioritized product sales/domestic sales



### Overseas Sales\* by Region

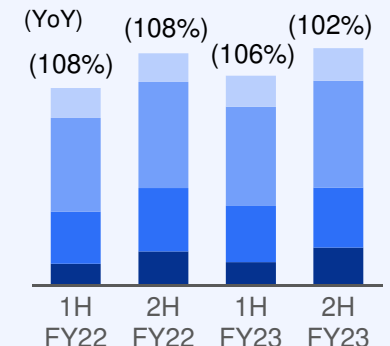
- Projecting 2H growth mainly in Asia (CPVC, piping materials for plants)

Legend: Asia, other; Europe; North America



### Growth Driving Business Sales

- Pipe renewal
- Fire resistant and non-flammable materials
- Construction and industrial piping
- Performance materials (railroad sleepers, etc.)



# Medical Business

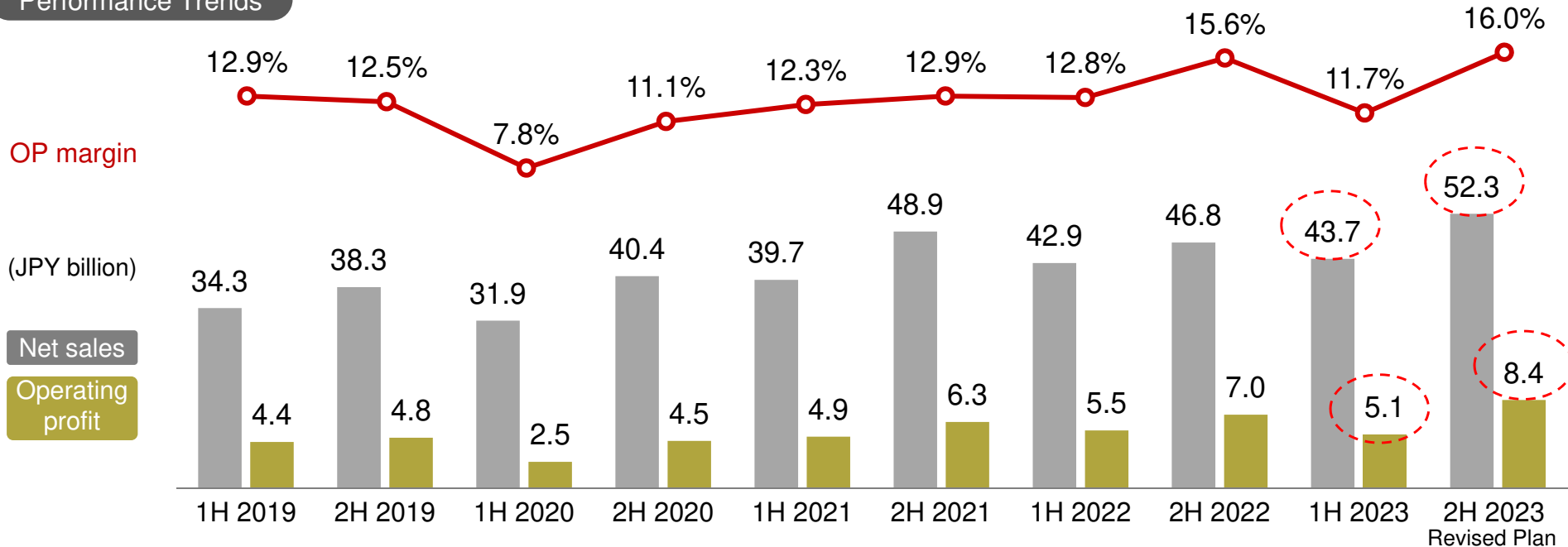
---

Eiichi Takahashi

President of SEKISUI MEDICAL CO., LTD

- 1H: Despite continued firm trends in new pharmaceutical ingredients, decrease in operating profit owing to delays in the authorization of new products (COVID-19 diagnostics kits) in the U.S.; Results fell below forecasts (July)
- 2H: Forecasting a substantial increase in operating profit owing mainly to efforts aimed at capturing diagnostics demand in Japan and overseas
- Target a record high with FY operating profit reaching ¥13.5 billion in line with initial plans (April)

## Performance Trends



Main M&As and Strategic Investments

1H 2022  
Transfer of XenoTech shares

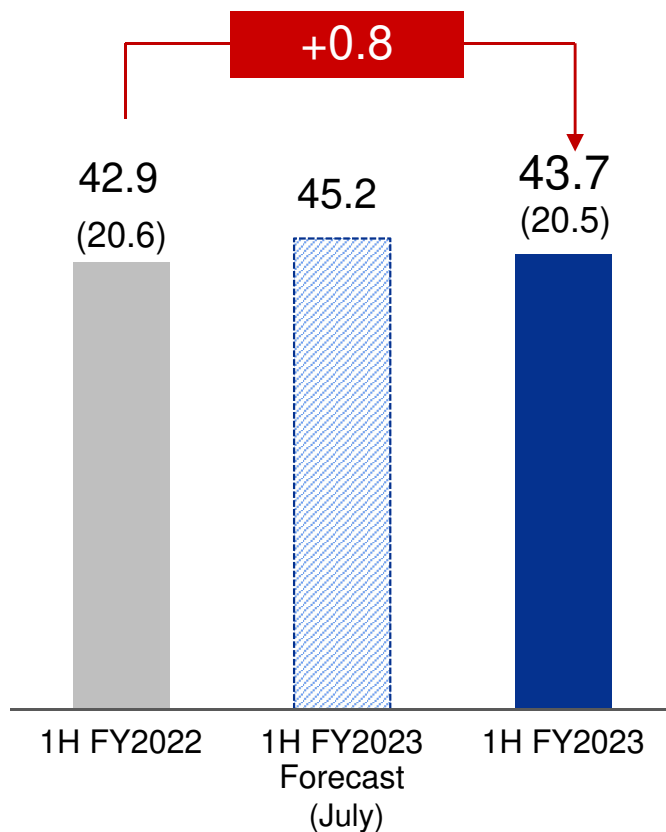
2H 2022  
Pharmaceuticals Start of new facility operations at Iwate Factory

Despite an increase in sales of COVID-19 diagnostics kits in Japan and sales growth of blood coagulation reagents in China, decrease in operating profit owing to the inability to offset the impact of delays in authorizing new products in the U.S.; fell short of operating profit forecasts (July)

## Net Sales

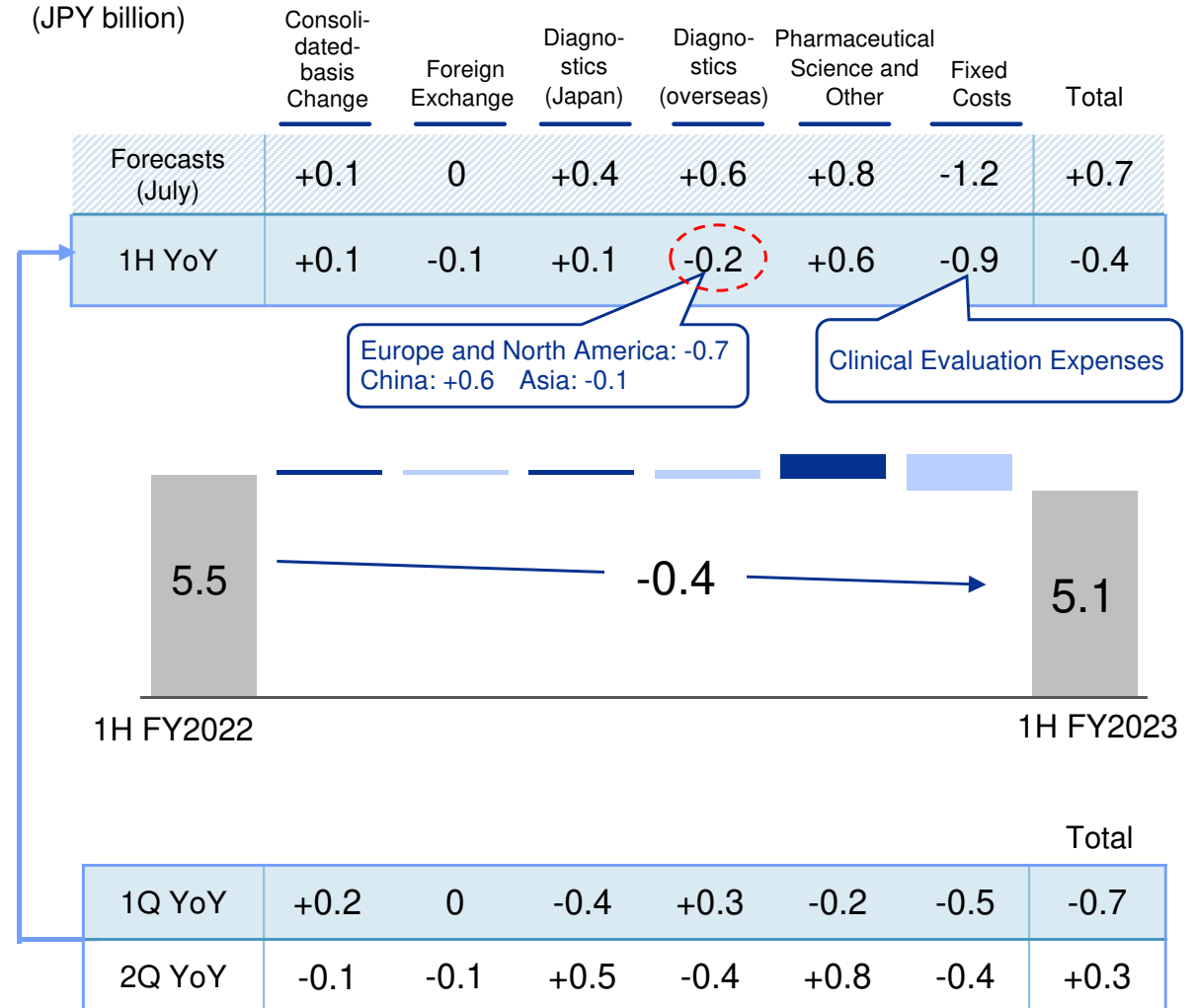
(JPY billion)

\* ( ): 1Q Results



## Analysis of Operating Profit

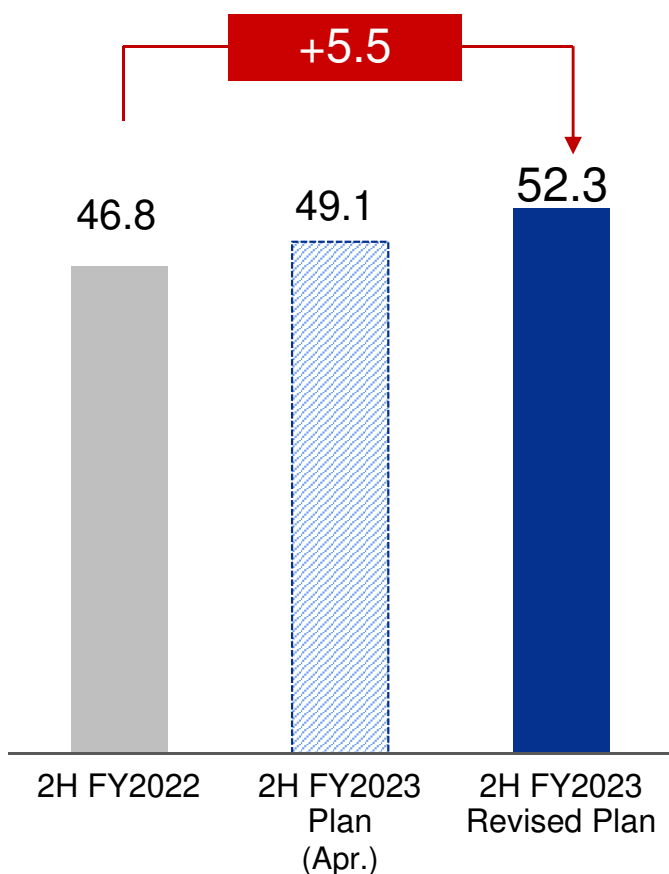
(JPY billion)



Focus on expanding sales of new products in the U.S.; Target a record high with a substantial increase in 2H operating profit on the back of diagnostics reagent sales growth in Japan and overseas, an increase in new pharmaceutical ingredient sales, and the effects of foreign exchange gains

### Net Sales

(JPY billion)

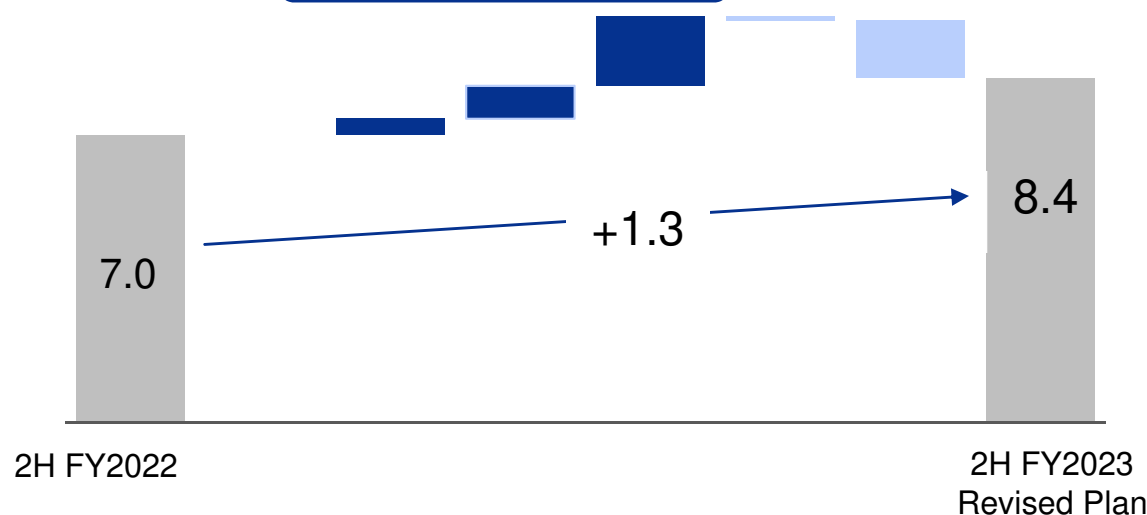


### Analysis of Operating Profit

(JPY billion)

	Consolidated-basis Change	Foreign Exchange	Diagnostics (Japan)	Diagnostics (overseas)	Pharmaceutical Science and Other	Fixed Costs	Total
Plan (Apr.)	0	-0.1	+0.4	+1.6	-0.3	-1.3	+0.3
2H YoY Revised Plan	0	+0.4	+0.8	+1.7	-0.1	-1.4	+1.3

Europe and North America: +0.4  
China: +0.9 Asia: +0.5

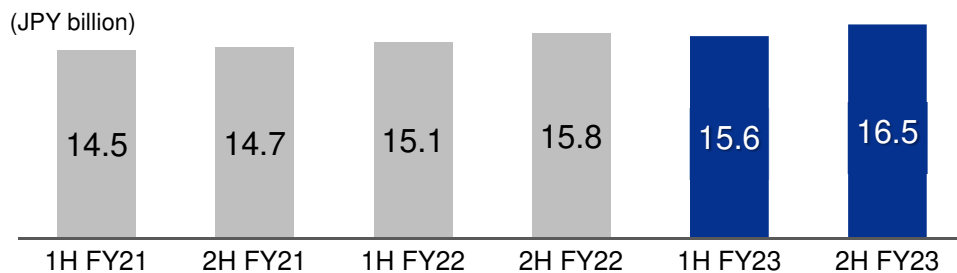




## Net sales by Business and Overview of Progress

### Diagnostics (Japan)

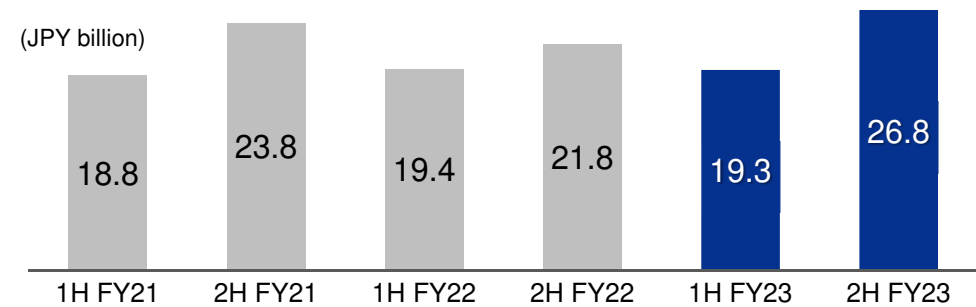
- 1H: Expand in POC demand; Firm trends in outpatient test demand
- 2H: POC demand forecast to expand on an ongoing basis;  
Focus on expanding sales of blood coagulation devices and reagents



### Diagnostics (overseas)

Overseas testing system

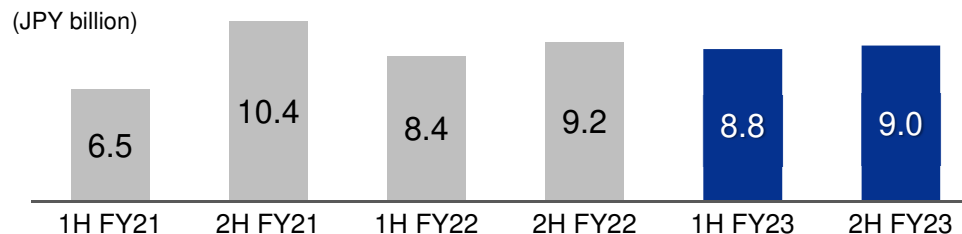
- 1H: Substantial delays in authorizing new products in the U.S.; Shipments commenced from August
- 2H: Focus on expanding sales in blood coagulation reagents in China, new products in the U.S., and diagnostics reagents in Asia



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

Pharmaceutical science (CDMO)

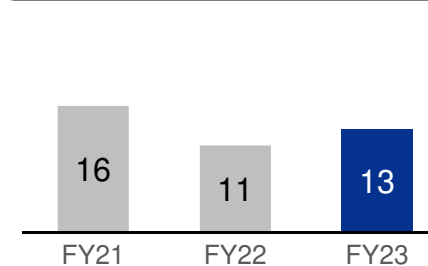
- 1H: Firm trends in new pharmaceutical ingredients
- 2H: Focus on capturing new orders (pharmaceutical and fine chemicals, drug development solutions, enzymes)



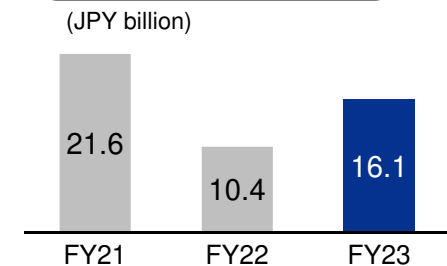
## Examples of New Product Development

- Entered the OTC market with the launch of COVID-19 diagnostics kits in the U.S. in August, and started e-commerce sales in October
- Growth in orders of new pharmaceutical ingredients utilizing the new building at the Group's Iwate Plant

### Number of New Products Released



### New Product Sales



# Financial Results 1H FY2023

---

## Number of Consolidated Companies

	Mar. 31, 2023	Sep. 30, 2023	Difference
Consolidated subsidiaries	148	145	Increased: 0 Subsidiaries Decreased: 3 Subsidiaries* <sup>1</sup>
Affiliates (Equity Method)	7	6	Increased: 0 Subsidiaries Decreased: 1 Subsidiary* <sup>2</sup>

\*<sup>1</sup> Sekisui (Shanghai) Environmental Technology Co., Ltd. , Sanin Sekisui Shoji Co., Ltd., PT HD Limited

\*<sup>2</sup> Sekisui Jushi Corporation

## Impact of Change in the Number of Consolidated Companies

(JPY billion)	1H FY2023 (YoY)	Difference
Net sales	+2.7	Sekisui XenoTech, LLC.* <sup>3</sup> Seiryu Maintenance Co., Ltd.* <sup>4</sup>
Operating profit	+0.3	Tochigi Sekisui Heim Co., Ltd.* <sup>5</sup> Sanin Sekisui Shoji Co., Ltd.* <sup>6</sup>

\*<sup>3</sup> Excluded from the scope of consolidation from the 2Q FY2022

\*<sup>4</sup> Excluded from the scope of consolidation from the 3Q FY2022

\*<sup>5</sup> Newly consolidated from the 3Q of FY2022

\*<sup>6</sup> Excluded from the scope of consolidation from the 2Q FY2023

# Summary of Profit and Loss

(JPY billion)	1H FY2022	1H FY2023	Difference
Net sales	607.8	611.3	+3.5
Gross profit	182.8	188.2	+5.3
Gross profit margin	30.1%	30.8%	+0.7%
Selling, general and administrative expenses	142.5	147.0	+4.5
Operating profit	40.3	41.2	+0.8
Share of profit of entities accounted for using equity method	1.2	0.4	-0.8
Other non-operating profit and expenses	12.4	10.0	-2.4
Ordinary profit	53.9	51.5	-2.4
Extraordinary profit	0.7	14.2	+13.6
Extraordinary losses	1.0	0.8	-0.2
Profit before income taxes	53.5	64.9	+11.4
Income taxes, etc.	13.7	19.9	+6.1
Profit attributable to non-controlling interests	0.7	0.6	-0.1
Profit attributable to owners of parent	39.1	44.5	+5.3

Foreign exchange gains: +6.5

Gain on sale of investment securities: +14.2

Foreign exchange (Avg. rate)	1 USD	134 JPY	141 JPY
	1 EUR	139 JPY	153 JPY

# Balance Sheets (Assets)

(JPY billion)	Mar. 31, 2023	Sep. 30, 2023	Difference
Cash and deposits	101.1	138.2	37.1
Trade receivables	192.5	201.1	8.6
Inventories	286.8	296.2	9.4
Other current assets	41.2	29.7	-11.5
Property, plant and equipment	377.4	391.9	14.5
Intangible assets	51.0	56.7	5.7
Investment securities	137.3	107.1	-30.2
Investments and other assets	40.8	47.9	7.1
<b>Total assets</b>	<b>1,228.1</b>	<b>1,268.8</b>	<b>40.6</b>

Inventories (B/S item)	Sep.30 2023	Difference
Ready-built housing (products)	37.2	+4.5
Prepared land for subdivision housing	65.2	+1.0
Land under preparation (work in process)	10.4	+0.4
Housing under construction (work in process)	35.0	+0.4
Components, other (raw materials)	6.2	-1.8
<b>Housing Total</b>	<b>153.9</b>	<b>+4.4</b>
<b>Non-residential total (products, other)</b>	<b>142.2</b>	<b>+4.9</b>
<b>Inventories Total</b>	<b>296.2</b>	<b>+9.4</b>

Purchase: +25.1  
 Depreciation: -20.9  
 Foreign exchange: +12.3

Sale: -41.7  
 Market value: +12.0

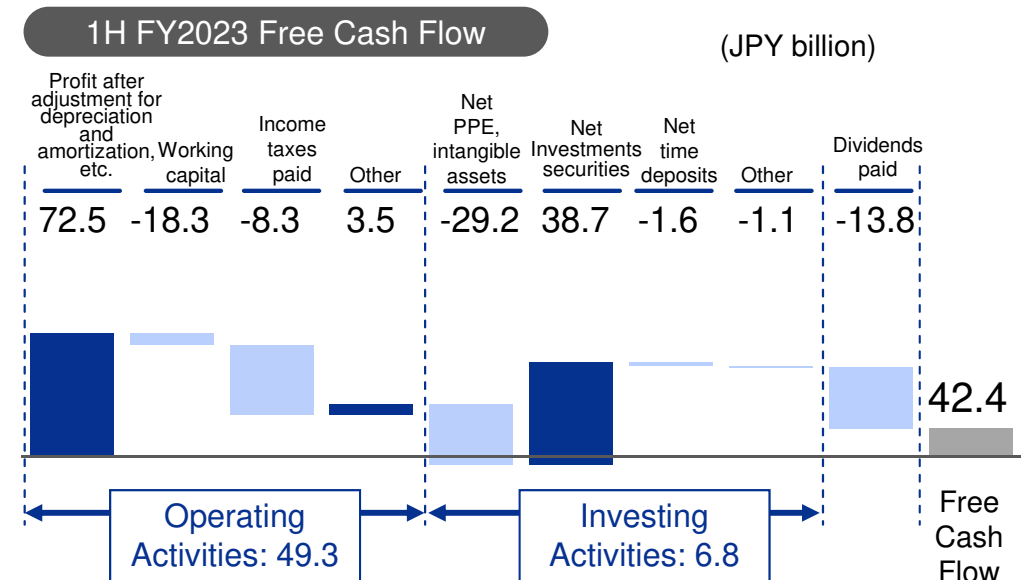
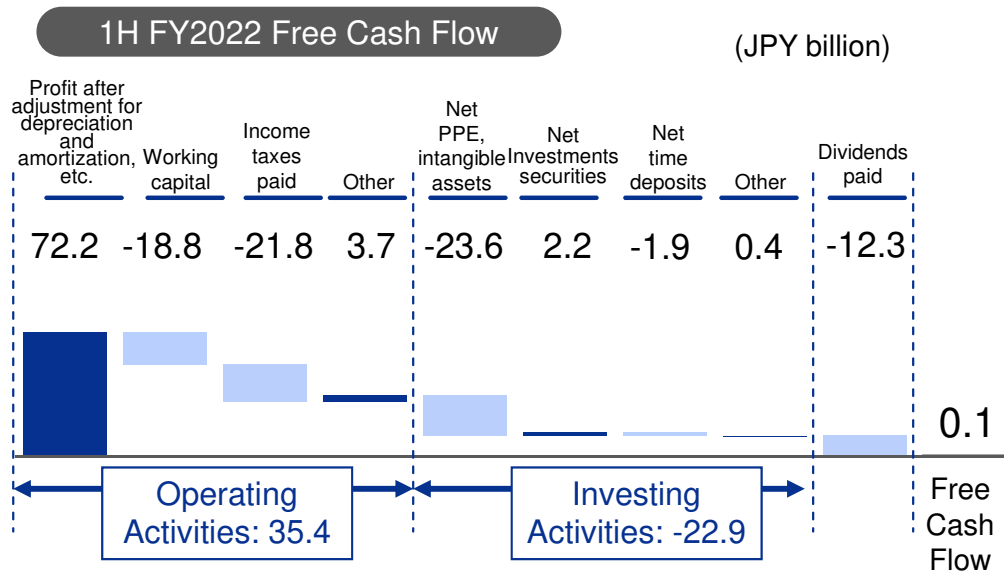
Foreign exchange: +34.1  
 Actual basis: +7.3

# Balance Sheets (Liabilities & Net Assets)

(JPY billion)	Mar. 31, 2023	Sep. 30, 2023	Difference	
Non-interest-bearing liabilities	375.1	372.5	-2.6	
Interest-bearing liabilities	120.5	121.5	+1.0	
[Net interest-bearing liabilities]	[19.4]	[-16.8]	[-36.1]	
<b>Total liabilities</b>	<b>495.6</b>	<b>494.0</b>	<b>-1.6</b>	
Share capital etc.	208.6	208.6	0	
Retained earnings	468.1	490.4	+22.3	<div style="border: 1px solid red; padding: 5px;">                     Net profit: +44.5                      Dividends paid: -12.9                      Cancellation of treasury shares: -6.9                 </div>
Treasury shares	-46.6	-47.4	-0.7	
Valuation difference on available-for-sale securities	37.8	35.7	-2.1	
Non-controlling interests	27.5	28.2	+0.7	<div style="border: 1px solid red; padding: 5px;">                     Cancellation of treasury shares: +6.9                      Purchases of treasury shares: -7.8                 </div>
Other net assets	37.1	59.2	+22.1	
<b>Total net assets</b>	<b>732.5</b>	<b>774.8</b>	<b>+42.3</b>	<div style="border: 1px solid red; padding: 5px;">                     Foreign currency translation adjustment: +22.1                 </div>
<b>Total liabilities and net assets</b>	<b>1,228.1</b>	<b>1,268.8</b>	<b>+40.6</b>	
Equity-to-asset ratio (%)	57.4%	58.8%	+1.4%	
D/E ratio (Net)	0.03	-0.02	-0.05	

# Consolidated Cash Flows

(JPY billion)	1H FY2022	1H FY2023
Cash flows from operating activities	35.4	49.3
Cash flows from investing activities	-22.9	6.8
Cash flows from financing activities	-31.9	-26.2
Net increase in cash and cash equivalents	-15.4	34.6
Cash and cash equivalents at end of period	118.3	119.8
Free cash flow =Cash flows from operating activities + Cash flows from investing activities - Dividends paid	0.1	42.4



# Depreciation, Amortization, Capital Expenditures and EBITDA

(JPY billion)	Depreciation* <sup>1</sup>			Goodwill and other amortization* <sup>2</sup>			Capital expenditures			EBITDA* <sup>3</sup>		
	1H FY2022	1H FY2023	Difference	1H FY2022	1H FY2023	Difference	1H FY2022	1H FY2023	Difference	1H FY2022	1H FY2023	Difference
Housing	5.4	5.7	+0.3	-	0.2	+0.2	4.8	5.2	+0.4	20.2	18.9	-1.3
UIEP	4.0	4.0	0	0.3	0.3	0	6.2	5.2	-1.0	11.7	12.3	+0.6
HPP	10.1	10.4	+0.3	0.6	0.6	0	7.8	9.2	+1.4	31.1	34.0	+2.9
Medical	2.3	2.6	+0.3	0.4	0.3	-0.1	4.7	3.3	-1.5	8.1	8.0	-0.1
Other	1.3	1.0	-0.3	0	0	0	3.2	0.8	-2.4	-4.1	-4.1	0
Eliminations or Corporate expenses	0.5	0.5	0	-	-	-	2.2	6.8	+4.6	-1.8	-2.4	-0.6
<b>Total</b>	<b>23.6</b>	<b>24.2</b>	<b>+0.6</b>	<b>1.3</b>	<b>1.3</b>	<b>0.1</b>	<b>29.0</b>	<b>30.4</b>	<b>+1.4</b>	<b>65.2</b>	<b>66.7</b>	<b>+1.5</b>

\*1 Depreciation does not include amortization of M&A intangible assets

\*2 Goodwill and other amortization = Goodwill amortization + Amortization of M&A intangible assets

\*3 EBITDA = Operating profit + Depreciation + Goodwill and other amortization

\* Figures for the 1H of FY2022 are presented on a retroactive basis in line with the new organizational structure.

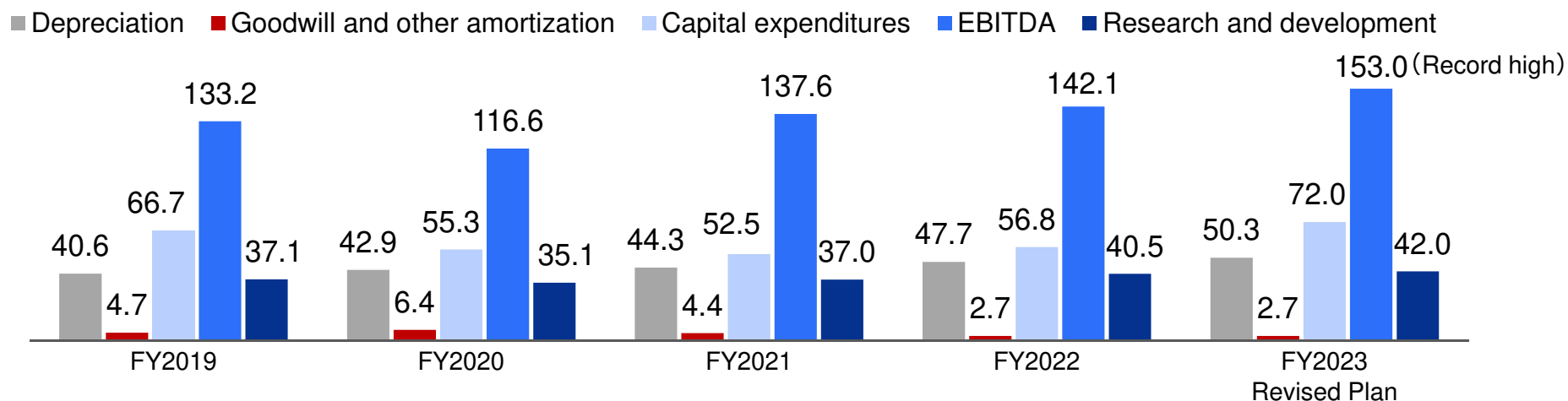


# Depreciation, Amortization, Capital Expenditures, Research and Development Expenditure

(JPY billion)	FY2022	FY2023 Revised Plan	Difference
Depreciation	47.7	50.3	+2.6
Goodwill and other amortization	2.7	2.7	0
Capital expenditures	56.8	72.0	+15.2
EBITDA	142.1	153.0	+10.9
Research and development expenditure	40.5	42.0	+1.5

## Depreciation, Amortization, Capital Expenditures, Research and Development Expenditure

(JPY billion)



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.

# Housing Company Results and Plan

## 1. Main data in Housing business

		FY2023			FY2022		
		1H	2H Plan	Annual Plan	1H	2H	Annual
CONSOLIDATED	Net sales (JPY billion)	264.8	274.2	539.0	260.2	277.2	537.4
	Housing	175.3	178.6	354.0	177.2	186.4	363.6
	Renovation	50.9	53.5	104.4	47.0	50.3	97.3
	Other	38.6	42.0	80.6	36.0	40.5	76.4
	Real estate	27.3	30.0	57.3	25.8	26.7	52.5
	Residential Services	3.6	4.1	7.7	3.7	3.9	7.6
	Town and Community Development	6.1	6.6	12.7	4.8	7.9	12.7
	Overseas	0.6	1.1	1.6	0.8	0.9	1.6
OTHERS	1. Number of houses sold (Housing units)	4,675	4,800	9,475	5,190	5,160	10,350
	Detached houses	4,400	4,420	8,820	4,925	4,775	9,700
	Housing/Rebuilding	3,745	3,680	7,425	4,185	4,115	8,300
	Ready-built houses	655	740	1,395	740	660	1,400
	Apartment buildings, other	275	380	655	265	385	650
	2. Main data						
	Prices per unit (JPY million) in the detached houses	34.8	-	-	32.9	33.6	33.2
	Prices per tsubo* (JPY thousand) in the detached houses *Tsubo=3.3 Square meter	1,010	-	-	932	965	948
	Floor space (Square meter) in the detached houses	113.7	-	-	116.4	114.9	115.7
	Exhibition places (Units)	430	-	425	431	-	430
Sales staff (Number of person)	2,451	-	2,285	2,439	-	2,275	

# Housing Company Results and Plan

2. Housing orders		FY2023			FY2022			FY2021		
		1H	2H Plan	Annual Plan	1H	2H	Full Year	1H	2H	Annual
(Millions of yen)										
New construction ・ Renovation	Year-start Backlog	164,300	147,200	-	185,000	186,900	-	184,800	192,500	-
	Growth Rate	-11%	-21%	-	±0%	-3%	-	-10%	-1%	-
	New Orders	191,755	209,223	400,978	203,360	194,835	398,196	200,607	198,850	399,457
	Growth Rate	-6%	+7%	+1%	+1%	-2%	±0%	+14%	+4%	+9%
	Sales of Housing/Renovation	208,855	213,423	422,278	201,460	217,435	418,896	192,907	206,350	399,257
	Growth Rate	+4%	-2%	+1%	+4%	+5%	+5%	+4%	+3%	+3%
	End-balance	147,200	143,000	-	186,900	164,300	-	192,500	185,000	-
	Growth Rate	-21%	-13%	-	-3%	-11%	-	-1%	±0%	-

3. Housing starts		FY2023			FY2022			FY2021
		1H	2H Plan	Annual Plan	1H	2H	Annual	
(Units)								
Housing starts		415,700	416,300	832,000	442,894	417,934	860,828	865,909
Privately-owned houses + Houses for sale starts (included in above) =A		189,200	189,400	378,600	206,691	185,762	392,453	425,403
Detached house sales by our company=B (Unit base)		4,400	4,420	8,820	4,925	4,775	9,700	9,890
Our share in Detached houses=B/A		2.3%	2.3%	2.3%	2.4%	2.6%	2.5%	2.3%

\* Of which "Housing starts", "Privately-owned houses" and "Houses for sale starts" after 1H of FY2023 are based on forecasts

4. The ratio of houses equipped with smart specifications		FY2023			FY2022			FY2021
		1H	2H Plan	Annual Plan	1H	2H	Annual	
Solar power generation systems installed		91%	92%	92%	88%	90%	89%	84%
Storage battery installed		87%	88%	87%	81%	85%	83%	72%
Comfortable Air System		70%	70%	70%	71%	72%	71%	72%

**SEKISUI**