

# High Performance Plastics Company

Evolving the lives of people and resolving social issues through value-added creation based on “innovation” in business, products, and technology

Utilizing original technologies, such as fine particle, adhesion, and precise molding technologies, we help bring about the further evolution of our customers' products and services for electronics, mobility, building, and infrastructure materials as well as various other industries, while providing advanced high-performance materials on a global basis.

## History of the High Performance Plastics Company

### History in Process Creation

Since SEKISUI CHEMICAL Group introduced its current three divisional company organization system in 2001, the High Performance Plastics (HPP) Company has been engaged in growth strategies centered on overseas business expansion, enhanced its management foundation, strengthened the Electronics field, such as fine particle products and high-performance resins, and the Automotive Materials field, including its interlayer film and foam businesses, and worked to expand profits. In the automotive interlayer film business, which is one of our main products, we have established a solid position globally through developments that have accurately captured social needs—for example, we added a sound insulation function that suppresses noise and a heat insulation function that significantly cuts ultraviolet rays and heat to the interlayer film's original functional role of making the windshield shatterproof—and established film manufacturing business bases overseas. In the Electronics field, we responded to the emergence and higher functionality of smartphones by launching a variety of products. Today, we are supporting the foundation of a digital society and contributing to people's prosperous lifestyles.

### History of Adaptability

Up until now, the HPP Company has been able to capture changes in society and the business environment, respond proactively, and generate profits by focusing on areas where we can win. One example is the device materials-related business. By successfully perceiving the technological turning points in the emergence of smartphones, quickly building relationships with customers, and replacing product portfolios, we have achieved growth along with the expansion of the smartphone market. In addition, during the previous Medium-term Management Plan, we established a collaborative system and sales network in terms of R&D and production in future growth markets through M&A with companies that can be expected to have synergistic effects with our company, such as SoflanWiz Co., Ltd., which boasts high technological capabilities in the domestic market for rigid polyurethane stock solutions, and Polymatech Japan Co., Ltd., which possesses strengths in high-performance resin processing for automotive and electronics applications.



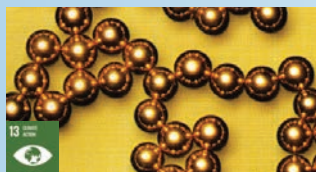
## Ikusuke Shimizu

President of High Performance Plastics Company

### Ready to face challenges and changes toward a better world

Our mission is to “improve people's quality of life” and “create a safer and more convenient world” by means of technology.

To realize our vision, we will boldly face the challenges of even difficult problems and create an organization and culture that will not apportion blame even in the event of failure.



Conductive fine particles



Component packaging materials for semiconductors



Double-sided fixed LCD placement tape used in smartphones and tablets



Moldings for automobile bumpers



Interlayer film for automotive laminated glass



Chlorinated polyvinyl chloride (CPVC) resin compound



Thermal expansion fire-resistant materials



Rainwater storage system

High Performance Plastics Company

# High Performance Plastics Company Future Medium- to Long-term Strategies

## Electronics Field

### Expansion mainly in non-LCD products

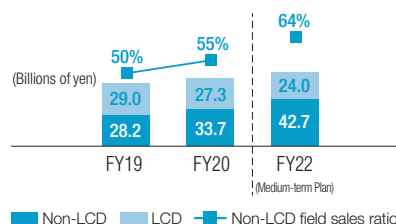
In the Electronics field, we do not anticipate a recovery in the liquid crystal display market conditions and will focus on expanding sales of products in the non-LCD field. In addition to providing process materials for making semiconductors lighter, thinner, and shorter, as well as heat-releasing materials for 5G base stations, which are becoming more widespread worldwide, we are aiming for further growth and the strengthening of our portfolio. These aims will be achieved through the development and launch of new products for next-generation displays that make use of the knowledge we have cultivated in the development and sale of products for liquid crystals.

### Heat resistant Selfa (semiconductor processing material)

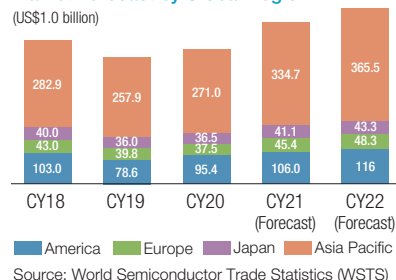
The company's UV release tapes balance strong adhesion with an easy peel-off capability. Exposure to UV generates gas between the tape and the adherend, which cancels out the tape's adhesiveness and enables it to be peeled off easily. These tapes thus allow the finer, thinner film wafers and other components that have emerged with the evolution in telecommunications technologies to be processed without damage.



Non-LCD Field Sales/Sales Ratio



Volume of Semiconductor Shipments Market Forecast by Global Region

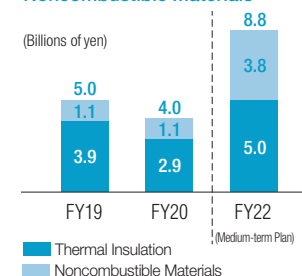


## Building and Infrastructure Field

### Expansion of Thermal Insulation/ Noncombustible Material Sales Preparations for new (sensor) business

In the Building and Infrastructure field, we supply materials that contribute to the safety and security of buildings and infrastructure and to the resolution of social issues, such as resin raw materials for heat-resistant piping and rainwater storage materials, while striving to expand sales of the thermal insulation/noncombustible materials on which we are focusing. We will also promote marketing with the keyword "construction-saving" and focus on the development of new products that will drive growth, centering on sensors.

Net Sales of Thermal Insulation/ Noncombustible Materials



### Noncombustible certified material, thermal insulating urethane foam material for onsite use

The company's thermal insulating urethane foam material for onsite use is the first organic material to receive noncombustible certification from Japan's Ministry of Land, Infrastructure, Transport, and Tourism. This material contributes to preventing fires and accidents caused by ignition at construction sites.



### Monitoring sensor ANSIEL

Created by the application of our proprietary foam technology, this is a sensor designed to monitor people getting out of bed at care facilities. The detection accuracy, high customizability, and ease of installation lead to accident prevention and reduce the burden on facility staff.

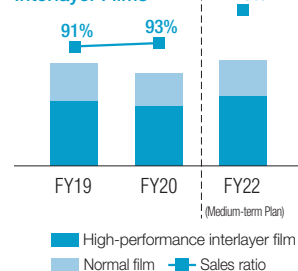


## Mobility Field

### Expand Sales of High-value-added Products Over the long term, foster aircraft-related components into a second pillar of profit

In the Mobility field, we will not factor in a significant recovery in the automobile market, but rather aim for growth centered on expanding sales of high-value-added products, primarily high-performance interlayer films, and will foster aircraft-related components into a second pillar of profit. In high-performance interlayer films, in addition to improving profitability with differentiating technology, such as heat and sound insulation performance, and wedge-shaped interlayer film for head-up displays (HUDs), in the long term we will focus on development aimed at further increasing added value by combining interlayer functions.

Sales Volume/Sales Ratio of High-performance Interlayer Films



### Example of combined functions



Interlayer film for head-up displays

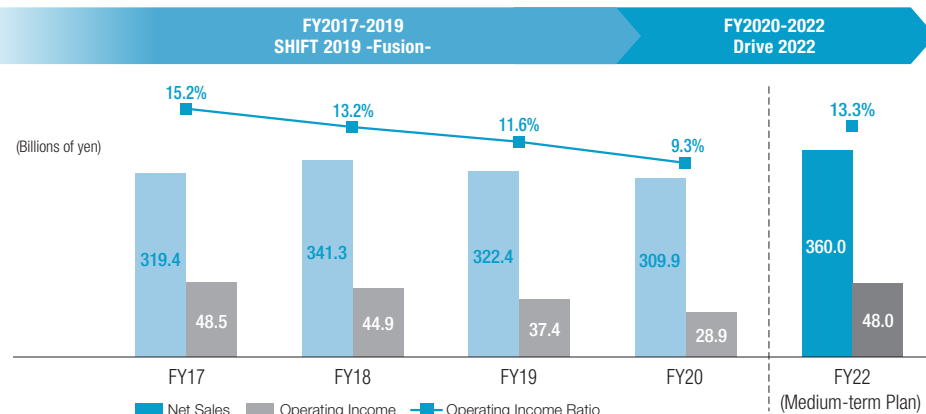
### SEKISUI AEROSPACE CORPORATION

SEKISUI AEROSPACE manufactures interior and exterior aircraft parts, carbon fiber-reinforced plastic (CFRP), and other composite molded products. These products contribute to lighter weight aircraft parts and higher fuel efficiency for transport equipment. As demand for aircraft is expected to recover over the medium to long term, in the years to come the company will increase the ratio of high-value-added engine components, while advancing portfolio reform by deploying these materials for other uses, such as drones used to transport goods and medical equipment.



## High Performance Plastics Company

## Performance Highlights



	FY2017	FY2018	FY2019	FY2020	FY2022*
Forex Rate (Avg. rate for each term)	¥113/US\$ ¥121/€	¥111/US\$ ¥128/€	¥109/US\$ ¥121/€	¥106/US\$ ¥124/€	¥106/US\$ ¥118/€
Main M&As	09/2017 Polymatech Japan Co., Ltd.	12/2017 SoflanWiz Co., Ltd.	2H 2019 AIM Aerospace		
Main Strategic Investments	12/2017 Started operations at a new interlayer film production line (Mexico)	04/2018 Operations commence at a new automotive exterior parts plant in Japan	2018-2019 Started operations at new foam plants in Thailand and China	2H FY2020 Started operations at a new interlayer production line (Europe)	

Note: FY2022 figures are assumptions

## Fiscal 2020 Results

In fiscal 2020, net sales were ¥309.9 billion and operating income was ¥28.9 billion, and sales and income decreased due to the effects of COVID-19. Nevertheless, in the second half sales and income returned to higher levels, and the strengthening of the profit structure progressed faster than planned. In the Electronics field, demand related to tablet terminals and high-speed communications increased against the backdrop of the spread of telecommuting, and sales increased. In the Mobility field, the interlayer film business drove business performance as the demand for automobiles recovered from the second quarter onward. The Building and Infrastructure field also secured sales on par with the previous year due to the recovery in demand for CPVC from the second half of the year. For the full year, HPP achieved an improvement in profit of ¥5.6 billion through cost innovations, such as purchasing optimization, productivity improvements, and distribution cost reductions, almost offsetting the decreases in sales volumes and product mix, and minimized the extent of the profit decline.

## Analysis of Operating Income

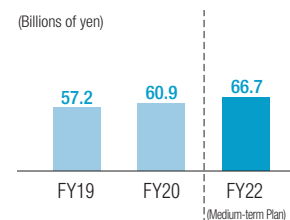
**FY19 ¥37.4 billion** **¥-8.4 billion** **FY20 ¥28.9 billion**

	Consolidated-basis Change (Billions of yen)	Foreign Exchange	Sales Volumes & Product Mix	Selling Price	Raw Materials	Cost Reduction, etc.	Fixed Costs	Total
YoY Full FY	-5.6	-0.9	-5.1	-3.8	+2.8	+1.4	+2.8	-8.4
Marginal Profit -¥4.7 billion								
1H YoY	-3.6	-0.2	-10.5	-2.2	+2.0	+0.1	+3.9	-10.6
2H YoY	-1.9	-0.7	+5.4	-1.6	+0.8	+1.3	-1.1	+2.1

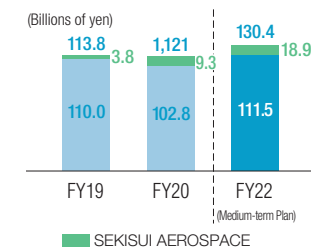
(Billions of yen)	FY17	FY18	FY19	FY20
Assets	447.5	343.8	376.5	422.9
ROIC			9.1%	6.7%
EBITDA	77.9	61.9	56.3	51.1
Depreciation and Amortization	18.0	16.1	17.7	19.3
Capital Expenditures	25.7	32.9	26.6	16.5
R&D Expenditures	18.9	16.2	15.3	13.9
Number of employees	9,735	7,795	8,078	7,541
Consolidated Subsidiaries (Overseas Companies)	67(55)	68(56)	65(54)	63(52)

Note: Including Medical Business data up to FY2017.

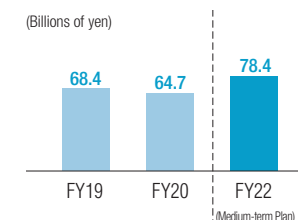
## Electronics Field Net Sales



## Mobility Field Net Sales



## Building and Infrastructure Field Net Sales



## Outlook for Fiscal 2021

In fiscal 2021, we will aim for growth mainly by increasing sales volumes and improving the product mix in the three strategic fields. Although there is a risk of stagnation in semiconductor production, in the Electronics and Mobility fields, we aim to expand business performance centered on expanding sales of high-performance products, such as non-LCD products and automotive interlayer films with multiple functions. SEKISUI AEROSPACE is struggling due to sluggish aircraft demand but will continue to promote rationalization measures and the development of other applications. In the Building and Infrastructure field, we will cover the delay in the recovery of domestic demand by increasing sales overseas. With regard to cost innovation, which is the most important issue, we expect to exceed the Medium-term Management Plan (fiscal 2022) in fiscal 2021.



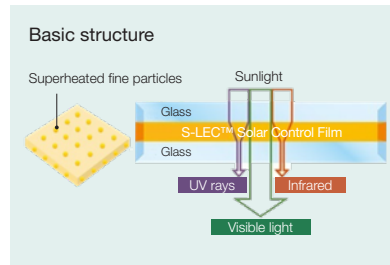
# Grasping Changes in Society (HPP Company Sustainability)

## Climate Change



### Heat insulation interlayer films

In response to the increase in the amount of sunlight entering the interior of automobiles due to the expansion of front windshield areas and the introduction of glass tops that emphasize amenity, heat insulation interlayer films prevent any increase in the operating rates of air conditioners. In automobiles, our fine particle dispersion technology cuts not only ultraviolet (UV) rays but also infrared rays that can irritate the skin, while contributing to improved comfort and fuel efficiency by suppressing any rise in interior temperature. In the case of electric vehicles, this product also makes it possible to reduce air-conditioner usage and the load placed on the battery.



### Conductive fine particles

These are conductive fine particles that conduct electricity by metal plating highly refined particles. This enables continuity between electronic parts and printed circuit boards, heat transmission, and gap formation. SEKISUI CHEMICAL's unique polymer design technology enables the control of particle hardness and reactivity and contributes to the need for even higher integration in the liquid crystal and mounting fields.



### Heat release grease

This grease is used as a heat solution for lithium-ion batteries. Having high heat conductivity, this grease contributes to the widespread use of low environmental impact electric vehicles.



## Health and Welfare



### Virus removal spray

A polymer with an ionic group similar to neuraminic acid captures enveloped viruses and prevents them from binding to the surface of receptors in the body. Spraying this product on objects with which people come into contact, such as doorknobs, handrails, toilet seats, and switches, bestows those objects with the virus removal effect.



## Make Cities Sustainable



### Wedge-shaped interlayer film for HUD systems

This head-up display (HUD)-compatible interlayer film displays essential information onto automotive glass. HUDs greatly improve safety by eliminating the driver's line of sight movements. By means of wedge bias control technology, which produces a wedge-shaped, HUD-compatible interlayer film, and multilayer extrusion, as well as nano-dispersion technologies, we were the first in the world to create an interlayer film that not only suppresses double HUD images but also has sound and heat insulation functions. These films improve visibility and contribute to greater driving comfort and safety.



### Fire-resistant thermal expansion materials

In the event of a fire, this material expands to form a heat insulating layer and shuts out the flames, thereby contributing to disaster mitigation. As the product is normally mounted as a thin sheet tape, the material is good for cutting and bending and ideal for effective use even in confined spaces.



## Trends in HPP Company Products to Enhance Sustainability Sales

