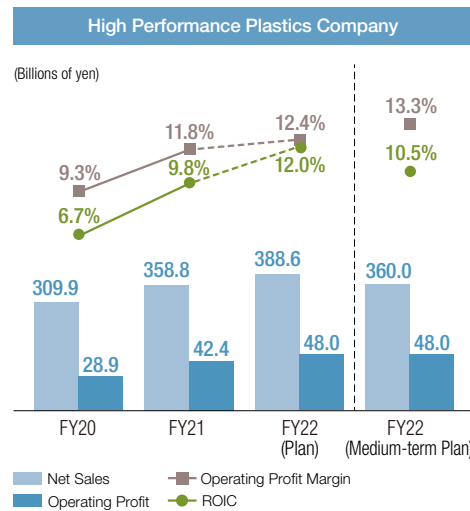


Medium-term Management Plan, Drive 2022

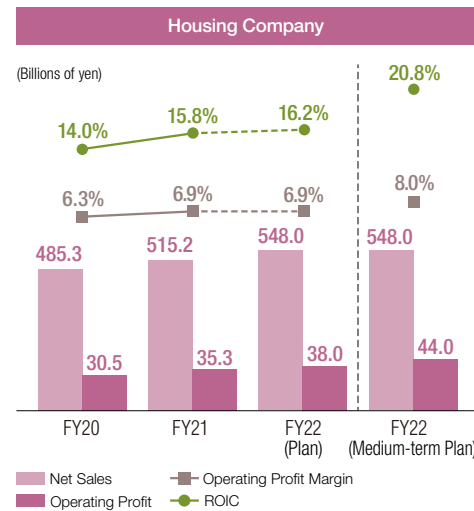
Progress during FY2020–2022

Policy	Drive sustainable growth/reform/preparation for doubling the Group's business by expanding its contribution to resolving social issues			
Basic Strategies	<ul style="list-style-type: none"> Promote ESG management and build a corporate structure that is able to enhance corporate value on a sustainable basis Engage in the Three Drives as a first step toward realizing the Long-term Vision <ol style="list-style-type: none"> Existing Business Drive: Business growth and reform ▶P.26 New Business Drive: Preparations for long-term growth ▶P.26 Business Base Drive: Strengthening the ESG management base ▶P.27 Accelerate through Fusion ▶P.22 and digital transformation ▶P.28 			
	FY2020 Results	FY2021 Results	FY2022 Plan ¹	FY2022 Medium-term Plan ²
Net Sales	¥1,056.6 billion	¥1,157.9 billion	¥1,241.6 billion	¥1,220.0 billion
Operating Profit (Margin)	¥67.3 billion (6.4%)	¥88.9 billion (7.7%)	¥100.0 billion (8.1%)	¥110.0 billion (9.0%)
Profit Attributable to Owners of Parent	¥41.5 billion	¥37.1 billion	¥66.5 billion	¥70.0 billion
ROIC	5.4%	7.3%	8.6%	8.6%
ROE	6.5%	5.5%	9.7%	10.6%
Overseas Sales (Ratio)	¥265.3 billion (25.1%)	¥327.3 billion (28.3%)	¥350.0 billion (28%)	¥320.0 billion (26%)
EBITDA	¥116.6 billion	¥137.6 billion	¥150.0 billion	¥170.0 billion

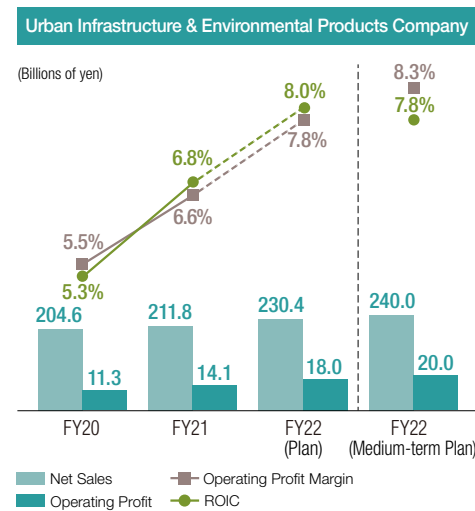
¹ FY2022 Plan: Disclosed at the April 27, 2022, financial results briefing ² Excluding new M&As, etc.



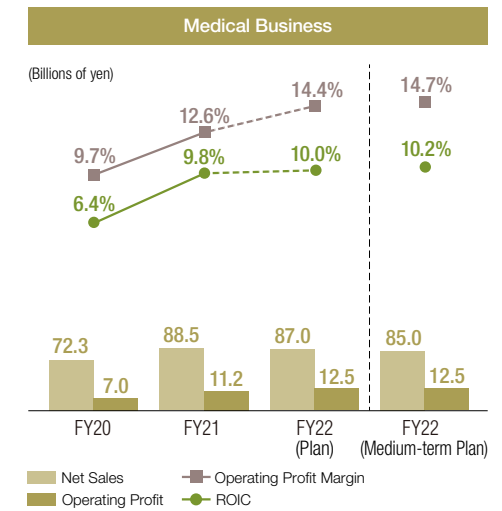
Aircraft-related demand declined due to the prolonged COVID-19 pandemic. Strengthened earnings power through a shift to high-performance products



Strongly affected by a sharp rise in component costs due to the impact of the prolonged COVID-19 pandemic



Affected by a decline in demand (aircraft, non-residential) due to a sharp rise in raw material costs and to the prolonged COVID-19 pandemic



Growth in COVID-19 testing kits. Strengthened earnings power by reducing fixed costs

Medium-term Management Plan, Drive 2022

Basic Strategies

(1) Existing Business Drive: Business growth and reform



- In the Housing Company, we place a special emphasis on further boosting sales capabilities for ready-built houses, and together with investigating a “successful model” that can take maximum advantage of plant-production merits gained through leveling, we are moving forward on preparations for the long term, notably with town and community development.
- Turning to the UIEP Company, we will accelerate efforts to create prioritized products that help solve social issues and achieve SDGs. In addition, we will strengthen the company’s portfolio by promoting a business expansion strategy overseas.
- The HPP Company will fully seize upon the results of investments to date, including investments to expand production capacity mainly overseas as well as M&As. Energies will also be directed toward promoting a growth strategy and ramping up the pace of preparations aimed at further sustainable growth.
- In the Medical Business, we will expand our operations in a bid to become a divisional company. We will also promote efforts to build a foundation for growth by strengthening the global development system as well as through various measures including strengthening the CDMO and other businesses in the Pharmaceutical Sciences Business and other measures.

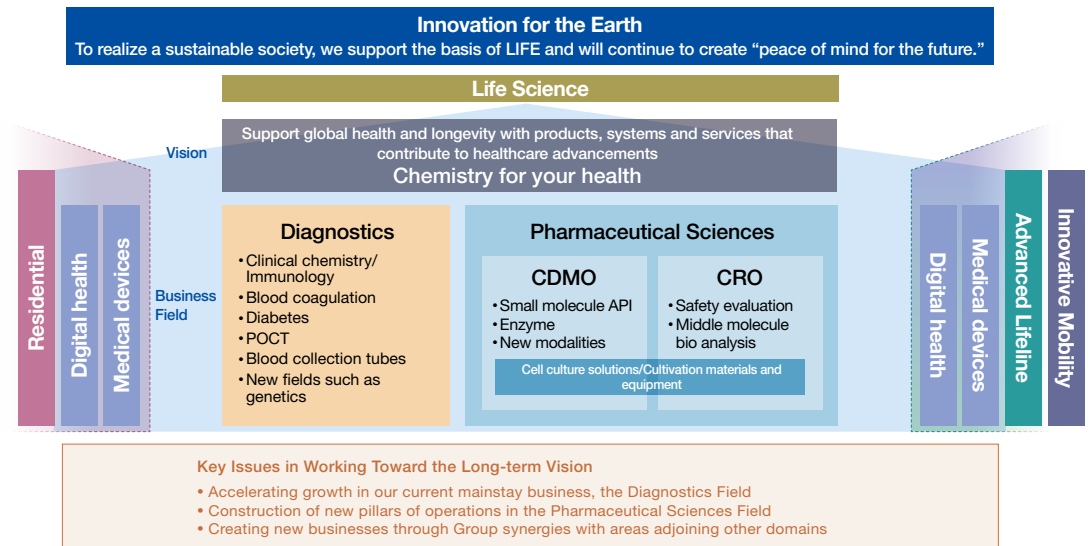
(2) New Business Drive: Preparations for long-term growth

The Life Science domain, including the Medical Business, is an area in which we are focusing efforts on tripling growth by 2030, from current sales levels.

The long-term vision for the Life Science domain is chemistry for your health by supporting global health and longevity with products, systems and services that contribute to healthcare advancements. By maximally leveraging the power of technology and process creation as the strengths of the Group, we aim to expand our contributions to solving issues in the industrial fields of medicine and life science, which support the health of people.

With the aim of further expanding the diagnostics field using the strengths of our existing businesses, we have illustrated a vision for growth that places a particular focus on overseas markets.

In the pharmaceuticals field, we will be one of the first companies to establish an API CDMO business base, which lies adjacent to our existing businesses. Moreover, we will nurture this field overall into a core pillar of business by commercializing the development topics in which we have engaged through R&D centered on that business base. As a result of these efforts, we aim to establish a life science business that is founded on the two pillars of diagnostics and pharmaceuticals. Under the current Medium-term Management Plan, we are also executing strategic capital investments in the Iwate Plant and the U.K. Plant as part of our preparations for long-term growth.



Strategic Capital Investments

- Increase in capacity for production of APIs and intermediates for small molecule drugs (Iwate Plant: Expected to start operations in March 2023)
- Establishment of a CDMO system for materials for use in protein drugs (U.K. Plant: Expected to start operations in March 2024)

Medium-term Management Plan, Drive 2022

(3) Business Base Drive: Strengthening the ESG management base

Strengthening Management Ability to Sustain Business

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

after-tax
Operating profit
Invested capital

=

after-tax
Operating profit
Sales

×

Sales
Invested capital
(working capital* + fixed assets)

[Development of Measures]

- Expand marginal profit
- Improve productivity, reduce fixed costs

* Working capital = Accounts Receivable + Inventory – Trade Payables – Advances Received

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

Consider identifying businesses and products that are below the cost of capital

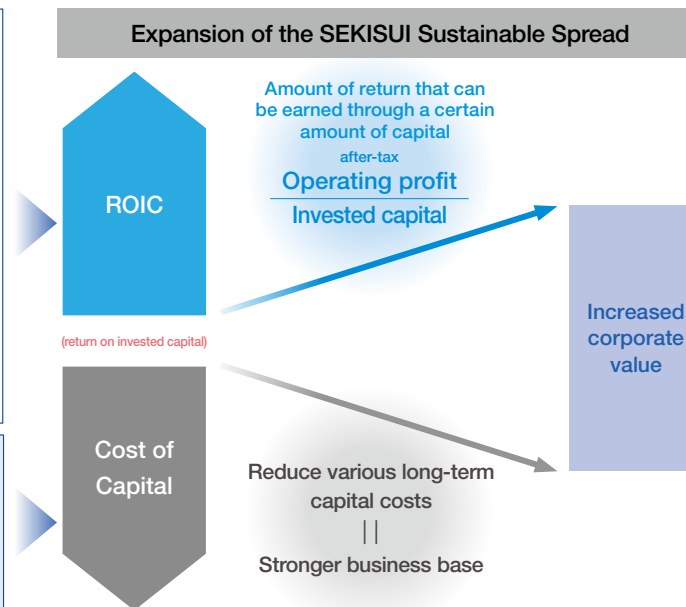
Support long-term growth; Control financial and non-financial capital costs → **Forward-looking investments in financial and non-financial capital from a medium-to long-term perspective**

Financial strategies/capital policies: Leverage debt to invest aggressively in growth

Risk reduction/avoidance: Reduce risk by thoroughly implementing Safety, Quality, Accounting, Legal/Ethical, and Information Management

Investment for the future: ESG investment

(Undertake up-front investments in digitization and contributions to the environment; reform the corporate culture (HR system reform, etc.))



Return on invested capital (ROIC), a newly adopted key performance indicator in the Medium-term Management Plan, will be applied to reform the business portfolio. Moreover, we will monitor how effectively each initiative related to long-term sustainability, which was stipulated as a Key ESG issue, is helping to control capital costs.

SEKISUI CHEMICAL Group defines the difference between ROIC and the cost of capital as the SEKISUI Sustainable Spread, which measures the improvement of the Group's corporate value. We believe that if each employee is aware that his or her work contributes to reducing the cost of capital, this will ultimately lead to an increase in our corporate value and enhance our management ability to sustain business.

▶ P.7 Key issues (materiality)

Investment and Financial Strategies

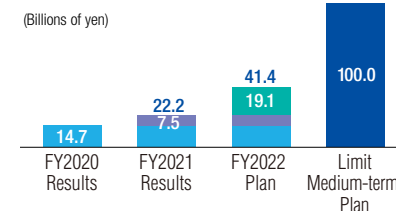
In addition to the cash generated during the three years of the Medium-term Management Plan, Drive 2022, the Company established an investment limit of ¥500 billion in order to procure funds in an appropriate and flexible manner.

Strategic investment has been raised to ¥400 billion, more than doubling that under the previous medium-term management plan. Of this total, ¥300 billion was set aside as the M&A investment limit, but only a small amount was actually invested through fiscal 2021.

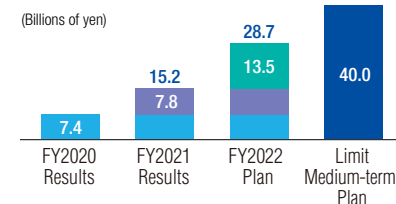
Moreover, we set the new ESG investment limit at ¥40 billion. This ESG investment serves to control long-term capital costs and contribute to greater corporate value through reduced environmental impact, work-style reforms, and digital transformation (DX). In fiscal 2020 and fiscal 2021, however, investment progress stagnated due to the prolonged impact of COVID-19.

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

Strategic Capital Investments



ESG Investments



Major strategic capital investments

- Urban Infrastructure & Environmental Products: New European production base for FFU
- High Performance Plastics: Enhanced foam production capacity (US)
- Medical Products: Enhanced production capacity at the Iwate Plant, established a production system at the U.K. Plant

Domain/Investment Segment

- Human Resources** Work-style reforms
- Governance** DX
Safety and disaster prevention
- Environment** Renewable energy
Environmental preservation