

Consolidated Financial Results for the Three Months Ended June 30, 2023
<Under Japanese GAAP>

July 28, 2023

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Listing: Tokyo Stock Exchange
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Scheduled date to file quarterly securities report: August 9, 2023
Scheduled date to commence dividend payments: —
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: Yes

(Figures rounded down to the nearest million yen)

1. Consolidated financial results for the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(1) Consolidated operating results (% figures represent changes from the same period of the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2023	285,393	1.1	15,285	10.4	22,180	3.8	24,129	65.5
June 30, 2022	282,271	13.5	13,844	24.5	21,361	63.7	14,578	16.3

Note: Comprehensive Income
For the three months ended June 30, 2023 : 38,836 million yen (23.7%)
For the three months ended June 30, 2022 : 31,398 million yen (271.6%)

Three months ended	Profit attributable to owners of parent per share		Profit attributable to owners of parent per share (Diluted)	
	yen		yen	
June 30, 2023	56.40		—	
June 30, 2022	33.08		—	

(2) Consolidated financial position

	Total assets	Net assets	Equity to asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	1,237,364	750,690	58.4
As of March 31, 2023	1,228,131	732,525	57.4

Reference: Equity As of June 30, 2023: 722,129 million yen As of March 31, 2023: 705,026 million yen

2. Dividend status

(Date of Record)	Annual dividends per share				
	At the end of 1st Q	At the end of 2nd Q	At the end of 3rd Q	Fiscal year-end	Total
Fiscal year ended	yen	yen	yen	yen	yen
March 31, 2023	—	29.00	—	30.00	59.00
March 31, 2024	—				
March 31, 2024 (Forecast)		33.00	—	33.00	66.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated outlook for fiscal 2023 (April 1, 2023 to March 31, 2024)

(% figures represent changes from the same period of the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
1st Half	611,500	0.6	42,200	4.6	45,300	-16.0	39,500	1.0	92.89
Full Year	1,293,500	4.1	100,000	9.1	103,000	-1.2	75,000	8.3	176.37

Note: Recent revision of consolidated earnings estimates: Yes

Notes:

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
Note: For further details please refer to "(4) Notes to Consolidated Financial Statements (Application of special accounting methods for the preparation of quarterly consolidated financial statements)" on page 9 of the attached document "2. Consolidated Financial Statement and Notes."
- (3) Changes in accounting policy, changes in accounting estimates, and restatement
- a) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b) Changes other than a): None
 - c) Changes in accounting estimates: None
 - d) Restatements: None

(4) Number of shares issued (common shares)

a) Number of shares issued at the end of the period (including treasury shares):	As of June 30, 2023	452,507,285	As of March 31, 2023	456,507,285
b) Number of treasury shares at the end of the period:	As of June 30, 2023	27,267,013	As of March 31, 2023	27,311,919
c) Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year):	Three months ended June 30, 2023	427,833,091	Three months ended June 30, 2022	440,692,090

Note: Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

Note: Proper use of earnings forecasts, and other special matters

- This report contains revisions to "3. Consolidated outlook for fiscal 2023" announced on April 28, 2023.
- The earnings forecasts and other forward-looking statements presented in this report are based on information available at the time of its issue and on certain assumptions that the Group considers reasonable. Forward-looking statements in no capacity represent a guarantee that the Group will achieve the stated amounts. Various factors can cause actual results to differ materially from the forecasts. For important matters regarding the conditions associated with the assumptions of these forecasts and their appropriate use, please see "1. (2) Revision to the consolidated results forecast and other forward-looking information" on page 3 of the Quarterly Financial Report (Attached document).

I. Qualitative Information and Financial Review

1. Consolidated Business Results

(1) Group Overview

Net Sales: 285.3 billion yen (+1.1%), Operating Profit: 15.2 billion yen (+10.4%), Ordinary Profit: 22.1 billion yen (+3.8%), Profit Attributable to Owners of Parent: 24.1 billion yen (+65.5%)

In the first quarter of fiscal 2023, the slump in the detached housing market continued and the number of houses ordered decreased year-on-year. In addition, despite sluggish demand for building materials, durable and consumer goods, and semiconductors in Europe, the U.S., and Japan and automobile production slightly below expectations, sales increased as a result of the leveling of sales and growth of sales of high value-added products.

As a result of thoroughly securing profit, controlling fixed costs, and taking other measures, both operating profit and ordinary profit increased. Quarterly profit attributable to owners of the parent was up substantially as a result of gains on the sale of investment securities.

Reporting segments in some businesses were changed effective October 2022. The year-on-year comparisons below are comparisons with the figures for the corresponding period of the previous fiscal year restated according to the modified segments.

(2) Overview by Business Segment

[Housing Company]

Net Sales: 121.0 Billion Yen (+4.6%), Operating Profit: 3.9 Billion Yen (+38.8%)

During the first quarter of fiscal 2023, in the Housing business, despite a year-on year decrease in the number of houses ordered, unit prices were higher and there were effects from the leveling of construction work, and sales increased in the Housing Renovation business and the Town and Community Development business, resulting in higher sales and profit in this segment.

In the Housing business, the number of houses ordered decreased year-on-year due to lower purchasing intent caused by higher prices and other factors. In the Housing Renovation business, orders increased year-on-year due to reinforcement of sales structures, higher sales of solar systems and storage batteries, and increased sales for insulation renovations using public subsidies.

In terms of measures, we promoted “smart and resilience” in the Housing, Housing Renovation, and Town and Community Development businesses. In the Housing business, the Company focused on marketing activities that linked the Company’s website with model houses, showrooms, plant tours, and events and we took measures to enhance products and subdivision designs. In the Housing Renovation business, the Company worked to reinforce sales structures.

[Urban Infrastructure and Environmental Products Company]

Net Sales: 51.2 billion yen (+2.4%), Operating Profit: 3.3 billion yen (+66.8%)

In the first quarter of fiscal 2023, the slump in the domestic housing and non-housing markets continued longer than expected, but sales increased as a result of comprehensively securing profit through the expansion of selling price improvements as well as solid demand for fire protection and non-combustible materials, domestic pipeline renewal, and other products, and operating profit reached a record high.

In the Pipe Systems field, the Company was able to capture robust demand for plant facilities (semiconductor

related), and the market for chlorinated polyvinyl chloride (CPVC) was firm, but domestic housing and non-housing demand was sluggish and the overseas market for polyvinyl chloride (PVC) slumped, and as a result, sales decreased year-on-year.

In the Buildings and Infrastructures Composite Materials field, despite effects from sluggish housing demand, the fire protection materials business expanded, particularly noncombustible urethane products. Sales of Synthetic lumber increased year-on-year due to steady progress in domestic orders, despite the impact of sluggish orders overseas.

In the Infrastructure Renovation field, sales increased year-on-year as a result of solid domestic demand for pipeline renewal, a recovery in demand for water receiving tanks (panel tanks), and other factors.

[High Performance Plastics Company]

Net Sales: 96.0 billion yen (-3.0%), Operating Profit: 9.9 billion yen (-4.2%)

In the first quarter of fiscal 2023, despite a recovery in automobile-related demand and benefits from foreign exchange effects and lower prices for raw materials, sales and profits were down due to sluggish demand for building materials and consumer goods in Europe, the U.S., and Japan.

In the Electronics field, semiconductor related demand did not recover, and sales were down year-on-year.

In the Mobility field, sales increased year-on-year due to progress in improving selling prices, a recovery in aircraft-related demand, and other factors.

In the Industrial field, sales decreased year-on-year as a result of sluggish demand for building materials and consumer goods in Europe, the U.S., and Japan.

[Medical Business]

Net Sales: 20.4 billion yen (-0.7%), Operating Profit: 1.9 billion yen (-26.0%)

In the first quarter of fiscal 2023, despite firm diagnostics demand in Japan and overseas, sales and profit were down year-on-year due to mismatches in the timing of product shipments and other factors.

In the Diagnostics business, although there was some impact from delays in marketing new products in the U.S., sales increased year on year due to efforts to steadily capture demand for outpatient testing including POC in Japan, and to focus on expanding sales of blood coagulation diagnostic reagents in China.

In the Pharmaceuticals & Fine Chemicals business, we focused on sales of new pharmaceutical ingredients, but sales declined year-on-year due to mismatches in the timing of product shipments and other factors.

2. Revision to the Consolidated Results Forecast and Other Forward-Looking Information

With regard to the consolidated forecasts for the first half and fiscal 2023 as a whole, taking into consideration conditions in the domestic detached housing market, the recording of gains on the sale of investment securities in the first quarter of the fiscal year, and other factors, we have revised the forecast announced on April 28, 2023 as shown in the tables below.

Revision to the forecast for the first half of FY2023 (April 1, 2023 to September 30, 2023)

	Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent	Net Profit per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	630,000	42,200	45,300	30,400	70.83
Revised forecast (B)	611,500	42,200	45,300	39,500	92.89
Change (B-A)	-18,500	0	0	9,100	—
Change (%)	-2.9	0.0	0.0	+29.9	—
(Reference) Results for the first half of the previous year (first half of FY2022)	607,765	40,344	53,900	39,101	89.18

Revision to the forecast for FY2023 (April 1, 2023 to March 31, 2024)

	Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent	Net Profit per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	1,312,000	100,000	103,000	70,000	163.10
Revised forecast (B)	1,293,500	100,000	103,000	75,000	176.37
Change (B-A)	-18,500	0	0	5,000	—
Change (%)	-1.4	0.0	0.0	+7.1	—
(Reference) Results for the previous year (FY2022)	1,242,521	91,666	104,241	69,263	159.19

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	101,080	101,400
Notes receivable - trade	38,400	37,428
Accounts receivable - trade	153,380	143,845
Contract assets	752	673
Merchandise and finished goods	104,091	114,872
Land for sale in lots	64,154	65,707
Work in process	62,604	66,323
Raw materials and supplies	55,950	57,562
Advance payments to suppliers	4,055	3,720
Prepaid expenses	8,414	9,654
Short-term loans receivable	114	218
Other	29,616	29,539
Allowance for doubtful accounts	-965	-1,041
Total current assets	621,650	629,904
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	120,761	122,109
Machinery, equipment and vehicles, net	109,933	114,226
Land	83,828	85,870
Leased assets, net	19,961	21,206
Construction in progress	31,338	33,901
Other, net	11,558	12,195
Total property, plant and equipment	377,381	389,509
Intangible assets		
Goodwill	11,028	9,661
Software	15,614	15,549
Leased assets	117	106
Other	24,242	29,007
Total intangible assets	51,003	54,324
Investments and other assets		
Investment securities	137,314	121,974
Long-term loans receivable	1,163	1,327
Long-term prepaid expenses	1,970	2,015
Retirement benefit asset	15,284	15,200
Deferred tax assets	10,034	10,656
Other	14,483	13,704
Allowance for doubtful accounts	-2,154	-1,253
Total investments and other assets	178,096	163,625
Total non-current assets	606,481	607,459
Total assets	1,228,131	1,237,364

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes payable - trade	759	901
Electronically recorded obligations - operating	28,777	20,804
Accounts payable - trade	107,067	100,579
Short-term borrowings	3,569	11,802
Current portion of bonds payable	—	30
Lease liabilities	5,156	5,326
Accrued expenses	41,177	38,414
Income taxes payable	11,817	9,781
Provision for bonuses	19,198	13,236
Provision for bonuses for directors (and other officers)	354	220
Provision for warranties for completed construction	3,105	2,898
Provision for share awards	115	143
Advances received	53,514	61,960
Other	53,364	64,076
Total current liabilities	327,978	330,176
Non-current liabilities		
Bonds payable	40,030	40,000
Long-term borrowings	56,187	47,112
Lease liabilities	15,515	16,664
Deferred tax liabilities	4,046	1,160
Retirement benefit liability	42,731	42,758
Provision for share awards	900	956
Other	8,216	7,845
Total non-current liabilities	167,627	156,497
Total liabilities	495,606	486,674
Net assets		
Shareholders' equity		
Share capital	100,002	100,002
Capital surplus	108,583	108,620
Retained earnings	468,094	472,490
Treasury shares	-46,637	-47,494
Total shareholders' equity	630,041	633,619
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,836	32,813
Deferred gains or losses on hedges	-24	-17
Revaluation reserve for land	321	321
Foreign currency translation adjustment	39,253	57,783
Remeasurements of defined benefit plans	-2,402	-2,391
Total accumulated other comprehensive income	74,984	88,510
Non-controlling interests	27,498	28,560
Total net assets	732,525	750,690
Total liabilities and net assets	1,228,131	1,237,364

(2) Consolidated Statements of Income and Statement of Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	282,271	285,393
Cost of sales	197,729	197,783
Gross profit	84,541	87,609
Selling, general and administrative expenses	70,697	72,323
Operating profit	13,844	15,285
Non-operating income		
Interest income	171	419
Dividend income	1,987	1,862
Share of profit of entities accounted for using equity method	34	362
Foreign exchange gains	5,526	4,371
Miscellaneous income	472	671
Total non-operating income	8,193	7,686
Non-operating expenses		
Interest expenses	183	277
Miscellaneous expenses	492	513
Total non-operating expenses	675	791
Ordinary profit	21,361	22,180
Extraordinary income		
Gain on sale of investment securities	—	13,701
Total extraordinary income	—	13,701
Extraordinary losses		
Loss on sale and retirement of non-current assets	450	291
Total extraordinary losses	450	291
Profit before income taxes	20,911	35,590
Income taxes	6,075	11,075
Profit	14,835	24,515
Profit attributable to non-controlling interests	257	385
Profit attributable to owners of parent	14,578	24,129

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	14,835	24,515
Other comprehensive income		
Valuation difference on available-for-sale securities	286	-4,983
Deferred gains or losses on hedges	2	-0
Foreign currency translation adjustment	16,715	19,317
Remeasurements of defined benefit plans, net of tax	-335	12
Share of other comprehensive income of entities accounted for using equity method	-105	-25
Total other comprehensive income	16,562	14,321
Comprehensive income	31,398	38,836
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	30,478	37,654
Comprehensive income attributable to non-controlling interests	919	1,181

(3) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	20,911	35,590
Depreciation	11,766	12,180
Amortization of goodwill	302	320
Loss on retirement of non-current assets	437	288
Loss (gain) on sale of non-current assets	13	3
Increase (decrease) in provision for bonuses	-6,965	-6,096
Increase or decrease in retirement benefit asset and liability	-120	36
Loss (gain) on sale of investment securities	—	-13,701
Interest and dividend income	-2,159	-2,281
Interest expenses	183	277
Share of loss (profit) of entities accounted for using equity method	-34	-362
Decrease (increase) in trade receivables and contract assets	14,442	16,618
Decrease (increase) in inventories	-21,357	-11,726
Increase (decrease) in trade payables	-10,046	-21,807
Increase (decrease) in advances received	12,220	8,357
Increase (decrease) in deposits received	7,977	6,939
Other, net	-11,197	-1,027
Subtotal	16,373	23,608
Interest and dividends received	2,584	2,667
Interest paid	-203	-363
Income taxes paid	-20,886	-14,826
Net cash provided by (used in) operating activities	-2,131	11,087
Cash flows from investing activities		
Purchase of property, plant and equipment	-7,890	-11,667
Proceeds from sale of property, plant and equipment	308	213
Payments into time deposits	-2,755	-4,963
Proceeds from withdrawal of time deposits	2,633	4,337
Purchase of investment securities	-147	-161
Proceeds from sale and redemption of investment securities	0	22,000
Purchase of intangible assets	-2,631	-1,535
Decrease (increase) in short-term loans receivable	180	-242
Other, net	97	-55
Net cash provided by (used in) investing activities	-10,205	7,923
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	87	-25
Repayments of lease liabilities	-1,448	-1,413
Repayments of long-term borrowings	-55	-1,129
Dividends paid	-11,130	-12,916
Dividends paid to non-controlling interests	-163	-98
Purchase of treasury shares	-14,071	-7,832
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-1,865	—
Other, net	115	80
Net cash provided by (used in) financing activities	-28,531	-23,335
Effect of exchange rate change on cash and cash equivalents	3,277	3,513
Net increase (decrease) in cash and cash equivalents	-37,591	-810
Cash and cash equivalents at beginning of period	133,739	85,207
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	2
Cash and cash equivalents at end of period	96,148	84,399

(4) Notes to Consolidated Financial Statements

(The premise of a going concern)

Not applicable.

(Significant Change in Shareholder Equity)

Not applicable.

(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

(Calculation of tax expense)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year, including the first quarter of the current fiscal year, and multiplying profit before income taxes (quarterly) by the estimated effective tax rate. However, if the calculation of tax expenses using such estimated effective tax rate would significantly lack rationality, tax expenses are calculated using the statutory tax rate. Income taxes - deferred are included in income taxes.

(Segment Information)

Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

1. Information on the amounts of net sales, and profit or loss, for each reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable Segments					Other (Notes 1,2)	Total
	Housing (Note 1)	UIEP	HPP	Medical	Total		
Net Sales							
Japan	120,719	39,448	27,691	10,212	198,071	519	198,590
North America	—	487	24,493	4,480	29,461	—	29,461
Europe	—	1,257	18,222	1,909	21,389	—	21,389
China	—	1,222	13,050	3,182	17,455	344	17,800
Asia	213	5,245	9,822	478	15,759	26	15,786
Others	—	554	1,589	220	2,364	—	2,364
Net sales to external customers	120,933	48,216	94,870	20,482	284,502	890	285,393
Intersegment sales or transfers	70	3,070	1,218	—	4,359	646	5,006
Total	121,003	51,286	96,089	20,482	288,862	1,537	290,400
Segment profit (loss)	3,989	3,355	9,923	1,956	19,224	-2,336	16,888

(Note 1) Net sales in “Housing” include 10,882 million yen that does not correspond to revenue from contracts with customers under “Japan.”

Net sales in “Other” include 235 million yen that does not correspond to revenue from contracts with customers under “Japan.”

(Note 2) “Other” represents segments other than the reportable segments and includes provision of services and manufacturing and sales of film-type lithium-ion batteries and products not included in the reportable segments.

2. Difference between the total amount of profit or loss of the reportable segments and the amount recorded in the quarterly consolidated statement of income, and descriptions on such difference (matters on difference adjustment)

(Millions of yen)

Profit	Amount
Reportable segment total	19,224
Profit (loss) in “other”	-2,336
Intersegment eliminations	113
Corporate expenses (Note)	-1,716
Operating profit in the quarterly consolidated statement of income	15,285

(Note) Corporate expenses are mainly general and administrative expenses not attributable to each reportable segment.