

**Summary of Consolidated Financial Results for the First Quarter of Fiscal Year 2020 Ending March 31, 2021**  
**<Under Japanese GAAP>**

July 30, 2020

Company Name: SEKISUI CHEMICAL CO., LTD.  
 Stock Listings: Tokyo Stock Exchange  
 Code Number: 4204  
 URL: <https://www.sekisuicheical.com>  
 Representative Director: Mr. Keita Kato, President  
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 Scheduled date for submission of quarterly financial statement: August 7, 2020  
 Scheduled date for payment of dividends: -  
 Quarterly earnings supplementary explanatory documents: Yes  
 Quarterly earnings results briefing: Yes

(Figures rounded down to the nearest million yen)

1. Consolidated Business Results for the First Quarter (April 1, 2020 to June 30, 2020)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1st Q of FY2020	214,751	-14.0	1,352	-87.5	756	-93.3	-526	-
1st Q of FY2019	249,655	3.2	10,829	14.9	11,372	-2.7	2,951	-61.2

Note. Comprehensive Income: June 30, 2020: 11,285 million yen (-), June 30, 2019: -5,287 million yen (-)

	Net Income Attributable to Owners of the Parent per Share	Net Income Attributable to Owners of the Parent per Share (Diluted)
	yen	yen
1st Q of FY2020	-1.16	-
1st Q of FY2019	6.37	6.37

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity to Total Assets
	Millions of yen	Millions of yen	%
1st Q of FY2020	1,111,076	634,738	54.6
FY2019	1,102,352	634,275	55.3

Note. Equity: June 30, 2020: 606,956 million yen, March 31, 2020: 609,309 million yen

Equity: Shareholders' Equity including Accumulated Other Comprehensive Income

2. Dividend Status

(Date of Record)	Dividend per Share				
	At the end of 1st Q	At the end of 2nd Q	At the end of 3rd Q	Year-end	Full year
	yen	yen	yen	yen	yen
FY2019	-	23.00	-	23.00	46.00
FY2020	-	-	-	-	-
FY2020 (outlook)	-	23.00	-	24.00	47.00

Note. Recent revision of dividend estimates: No

3. Consolidated Outlook for FY2020 (April 1, 2020 to March 31, 2021)

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

	Net Sales		Operating Income		Ordinary Income		Net income Attributable to Owners of the Parent		Net income Attributable to Owners of the Parent per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Mid-Term	488,000	-12.3	14,700	-64.6	15,400	-63.4	6,900	-76.7	15.17
Full Year	1,107,400	-1.9	70,000	-20.2	69,000	-20.7	43,500	-26.2	95.66

Note. Recent revision of consolidated earnings estimates: Yes

## Notes

(1) Significant change of subsidiary companies during the term (change of specified subsidiaries that affected the scope of consolidated reporting): No

(2) Application of special methods for 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 “II. Consolidated Financial Statement and Notes.

(3) Changes to the accounting policy, changes or restatements of the accounting estimates

a) Changes caused by revisions to accounting principles: No

b) Changes other than a): No

c) Amendments to accounting estimates: No

d) Restatements: No

(4) Number of shares outstanding (common stock)

a) Number of shares outstanding at the	1st Q of FY2020	476,507,285 shares
end of term (including treasury stock):	FY2019	484,507,285 shares
b) Treasury stock at the end of term:	1st Q of FY2020	21,784,548 shares
	FY2019	27,712,523 shares
c) Average outstanding shares in the	1st Q of FY2020	455,715,777 shares
period (quarterly consolidated	1st Q of FY2019	463,389,925 shares
cumulative total):		

Note: The Financial Instruments and Exchange Law does not require this brief announcement of the most recent financial statements to be subject to audit review.

### Remarks on appropriate use of forecasted results of operation and other special matters

1. This report contains revisions to the consolidated forecasts for the first half of the fiscal year announced on April 27, 2020. The full-year forecasts are unchanged.

2. 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 Company considers reasonable. Forward-looking statements in no capacity represent a guarantee that the Company 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 “2. Revision to the consolidated results forecast and other forward-looking information” on page 2 of the Quarterly Financial Report (Supplementary Material).

## I. Qualitative Information and Financial Review

### 1. Consolidated Business Results

#### (1) Group Overview

**Net Sales: 214.7 billion yen (-14.0%), Operating Income: 1.3 billion yen (-87.5%), Ordinary Income: 0.7 billion yen (-93.3%), Net Income Attributable to Owners of the Parent: -0.5 billion yen (—)**

In the first quarter of fiscal 2020, sales and income in each stage decreased due to significant impacts from the spread of COVID-19, such as the downturn in domestic and overseas demand for automobile and aircraft, suspensions and delays in construction related to buildings and infrastructure, a decline in commencements of new housing construction in Japan, and restrictions on sales activities. However, we remained profitable in the operating incomes of all segments as well as the Group's operating and ordinary incomes.

Steady progress was made in fixed cost reductions and structural reforms.

#### (2) Overview by Business Segments

[Housing Company]

**Net Sales: 96.1 billion yen (-10.5%), Operating Income: 0.4 billion yen (-83.1%)**

In the first quarter of fiscal 2020, sales and income decreased due to factors such as insufficient orders and construction delays caused by the spread of COVID-19—such as refraining from going out—in addition to a reduction in year-start backlog.

Regarding the Housing business, there was a reduction in the attracting of customers—centered on model houses—due to the request to refrain from going out based on the declaration of a state of emergency. This resulted in less orders being received compared to the same period of the previous year. In the Housing Renovation business, net sales were lower than the same period of the previous year due to fewer opportunities for contact with our customers such as through periodic diagnosis.

As for measures, in the Housing business, together with attracting customers through online means, strengthening our system for online negotiations, and utilizing experience-based showrooms, we focused on expanding sales of ready-built houses—for which there is relatively steady demand—and strived to secure stock of land and ready-built houses. In the Housing Renovation business, together with working on establishing systems such as appointing dedicated personnel for periodic diagnosis, we sought to expand the sales of proposal-based products such as bathrooms and storage batteries.

[Urban Infrastructure and Environmental Products Company]

**Net Sales: 44.8 billion yen (-12.6%), Operating Income: 0 billion yen (-98.7%)**

In the first quarter of fiscal 2020, sales and income decreased both domestically and overseas due to deterioration of market conditions beyond forecast brought by the spread of COVID-19.

In Piping and Infrastructure field, there was steady demand for plants in China and South Korea which were early in reopening economic activities. However, net sales were lower than the same period of the previous year due to domestic factors in Japan such as a decline in commencements of

housing construction and suspensions and delays in constructions as well as overseas factors such as lockdowns.

Regarding Building and Living Environment field, net sales were lower than the same period of the previous year due to a decline in commencements of housing construction as well as suspensions and delays in residential and non-residential construction in Japan.

In Advanced Materials field, steady progress was made in meeting the increasing demand for medical-related parts. However, net sales were lower than the same period of the previous year due to reasons such as delays in overseas bidding of synthetic lumber in addition to downturn in demand within the aircraft domain.

[High Performance Plastics Company]

**Net Sales: 62.0 billion yen (-21.0%), Operating Income: 2.4 billion yen (-73.1%)**

In the first quarter of fiscal 2020, sales and income decreased due to significant downturn in demand arising from the spread of COVID-19.

In Electronics field, while the market conditions for mobile devices such as smartphones and tablets were expected to be lower than forecast, net sales were slightly higher than the same period of the previous year due to smooth progress in sales expansion of non-liquid-crystal-related products such as substrate and semiconductor products, products for fixing parts, and heat release products.

In Mobility field, net sales were significantly lower than the same period of the previous year due to a large reduction in demand for automobiles and aircraft caused by the spread of COVID-19.

In Building and Infrastructure field, in addition to impacts from the spread of COVID-19 such as lockdowns, sales of fire resistant materials struggled due to reduction in the number of properties being constructed. This resulted in net sales being lower than the same period of the previous year.

[Medical Business]

**Net Sales: 15.3 billion yen (-5.8%), Operating Income: 1.1 billion yen (-32.7%)**

In the first quarter of fiscal 2020, sales and income decreased due to the spread of COVID-19.

In the mainstay diagnostics business, net sales were lower than the same period of the previous year due to reasons such as a reduction in the number of patients seeking outpatient treatment in Japan and overseas. Steady progress was made in the sales expansion of COVID-19 test kits in the United States and Asia. In addition, progress was made in the launch of new products such as reagents for influenza tests in the United States.

In the pharmaceuticals & fine chemicals business, net sales were higher than the same period of the previous year due to recovery in orders of pharmaceuticals and enzymes even though there was impact from the lockdown of business sites in the United States.

## **2. Revision to the consolidated results forecast and other forward-looking information**

Turning to consolidated forecast figures for the first half of the fiscal year ending March 31, 2021, SEKISUI CHEMICAL has revised forecasts previously announced on April 27, 2020. This largely

reflects expectations of a long-term downturn in market conditions arising from the end of COVID-19 infections being later than the initial forecast. This is in spite of taking into consideration factors such as raw material prices being expected to remain low and expectations about bringing forward reductions in fixed costs. Details are presented in table format as follows.

	<b>Revised Forecast</b>	<b>Previous Forecast (April 27, 2020)</b>
Net Sales (millions of yen)	488,000	505,600
Operating Income (millions of yen)	14,700	14,700
Ordinary Income (millions of yen)	15,400	15,400
Net Income Attributable to Owners of the Parent (millions of yen)	6,900	6,900
Net Income Per Share (yen)	15.17	15.11

There is no change to consolidated forecast figures for the full fiscal year ending March 31, 2021.

## II. Consolidated Financial Statement and Notes

## Consolidated Financial Statement (First Quarter, Fiscal Year 2020)

## (1) Consolidated Balance Sheets

First Quarter, Fiscal Year 2020

(Millions of Yen)

	End Fiscal Year 2019	End First Quarter, Fiscal 2020
	As of March 31, 2020	As of June 30, 2020
<b>(Assets)</b>		
Current Assets:		
Cash and deposits	76,819	85,599
Notes receivable, trade	39,436	35,927
Accounts receivable, trade	134,688	103,306
Marketable securities	0	1
Merchandise and finished goods	73,744	85,897
Land for sale	50,580	52,903
Work in process	56,554	63,264
Raw materials and supplies	36,311	37,430
Advance payments	2,631	2,087
Prepaid expenses	5,237	5,700
Short-term loans receivable	1,466	545
Other current assets	15,789	17,869
Allowance for doubtful accounts	-1,377	-1,402
Total current assets	491,883	489,131
Non-current assets:		
Property, plant and equipment, net		
Buildings and structures	104,206	111,953
Machinery, equipment and vehicles	84,284	92,173
Land	79,708	80,599
Leased assets	18,520	17,957
Construction in progress	38,905	27,484
Other	11,624	11,969
Total property, plant and equipment, net	337,250	342,138
Intangible assets:		
Goodwill	57,346	55,018
Software	9,571	10,521
Leased assets	135	139
Other	34,015	31,720
Total intangible assets	101,069	97,398
Investments and other assets:		
Investments in securities	140,862	153,301
Long-term loans receivable	1,379	959
Long-term prepaid expenses	1,394	1,451
Asset for retirement benefits	125	117
Deferred tax assets	16,536	14,758
Other	13,884	13,872
Allowance for doubtful accounts	-2,034	-2,051
Total investments and other assets	172,148	182,408
Total non-current assets	610,468	621,945
Total assets	1,102,352	1,111,076

(Millions of Yen)

	End Fiscal Year 2019 As of March 31, 2020	End First Quarter, Fiscal 2020 As of June 30, 2020
<b>(Liabilities)</b>		
Current liabilities:		
Notes payable, trade	3,002	2,638
Electronically recorded obligations	26,859	25,044
Accounts payable, trade	101,914	83,799
Short-term debt and current portion of long-term debt	8,446	21,061
Commercial paper	28,000	-
Current portion of bonds	19	19
Lease obligations	4,694	4,662
Accrued expenses	41,097	36,306
Accrued income taxes and other taxes	11,855	4,913
Allowance for bonuses to employees	18,162	14,129
Allowance for bonuses to directors and audit and supervisory board members	275	146
Provision for compensation for completed construction	1,382	1,395
Provision for stock-based compensation	166	205
Advances received	42,180	49,151
Other	46,155	50,604
Total current liabilities	334,212	294,076
Long-term liabilities:		
Bonds	40,000	40,000
Long-term debt less current portion	22,368	71,769
Lease obligations	14,137	13,643
Deferred tax liabilities	4,291	4,061
Liability for retirement benefits	47,170	46,933
Provision for stock-based compensation	479	528
Other	5,416	5,324
Total long-term liabilities	133,864	182,261
Total liabilities	468,076	476,338
<b>(Net assets)</b>		
Shareholders' equity:		
Common stock	100,002	100,002
Capital surplus	109,273	109,216
Retained earnings	433,017	409,315
Treasury stock, at cost	-44,139	-34,129
Total shareholders' equity	598,153	584,405
Accumulated other comprehensive income:		
Unrealized holding gain on securities	27,463	37,009
Deferred loss on hedges	-16	-35
Unrealized gain on land revaluation	321	321
Translation adjustments	-8,193	-6,732
Retirement benefit adjustments	-8,419	-8,012
Total accumulated other comprehensive income	11,155	22,550
Stock acquisition rights	64	61
Non-controlling interests	24,901	27,720
Total net assets	634,275	634,738
Total liabilities and net assets	1,102,352	1,111,076

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

## Consolidated Statements of Income

First Quarter, Fiscal Year 2020

	(Millions of Yen)	
	First Quarter, Fiscal 2019 (From April 1, 2019 to June 30, 2019)	First Quarter, Fiscal 2020 (From April 1, 2020 to June 30, 2020)
Net sales	249,655	214,751
Cost of sales	169,213	148,746
Gross profit	80,441	66,005
Selling, general and administrative expenses	69,613	64,652
Operating income	10,829	1,352
Non-operating income:		
Interest income	227	105
Dividends income	2,100	1,973
Equity in earnings of affiliates	369	161
Miscellaneous income	704	626
Total non-operating income	3,402	2,867
Non-operating expenses:		
Interest expenses	208	183
Sales discounts	98	93
Foreign exchange loss, net	819	410
Miscellaneous expenses	1,732	2,774
Total non-operating expenses	2,859	3,462
Ordinary income	11,372	756
Extraordinary loss:		
Loss on devaluation of investment in securities	2,879	-
Loss on impairment of fixed assets	1,736	-
Loss on sales or disposal of property, plant and equipment	363	339
Total extraordinary loss	4,979	339
Income before income taxes	6,392	417
Income taxes	3,026	791
Net income (loss)	3,366	-374
Net income (loss) attributable to:		
Non-controlling interests	414	152
Owners of the parent	2,951	-526



Consolidated Statement of Comprehensive Income (Loss)  
 First Quarter, Fiscal Year 2020

	(Millions of Yen)	
	First Quarter, Fiscal 2019 (From April 1, 2019 to June 30, 2019)	First Quarter, Fiscal 2020 (From April 1, 2020 to June 30, 2020)
Net income (loss)	3,366	-374
Other comprehensive (loss) income		
Unrealized holding (loss) gain on securities	-2,941	8,825
Deferred gain (loss) on hedges	7	-37
Translation adjustments	-5,892	1,737
Retirement benefit adjustments	202	407
Comprehensive (loss) income of affiliates accounted for by the equity method attributable to the Company	-29	725
Total other comprehensive (loss) income	-8,653	11,659
Comprehensive (loss) income	-5,287	11,285
Comprehensive (loss) income attributable to:		
Owners of the parent	-5,216	10,868
Non-controlling interests	-71	416

(3) Consolidated Statements of Cash Flows  
First Quarter, Fiscal Year 2020

(Millions of Yen)

	First Quarter, Fiscal 2019 (From April 1, 2019 to June 30, 2019)	First Quarter, Fiscal 2020 (From April 1, 2020 to June 30, 2020)
<b>Operating activities:</b>		
Income before income taxes	6,392	417
<b>Adjustments for:</b>		
Depreciation and amortization	9,947	10,926
Amortization of goodwill	710	1,136
Loss on impairment of fixed assets	1,736	-
Loss on disposal of property, plant and equipment	355	336
Loss on sales of property, plant and equipment, net	7	3
Decrease in allowance for bonuses	-4,115	-4,040
Decrease in liability for retirement benefits	-365	-226
Loss on devaluation of investments in securities	2,879	-
Interest and dividends income	-2,327	-2,079
Interest expenses	307	277
Equity in earnings of affiliates	-369	-161
Decrease in notes and accounts receivable	18,791	35,313
Increase in inventories	-16,318	-21,928
Decrease in notes and accounts payable	-12,008	-25,867
Decrease in consumption tax payable	-419	-596
Increase in advances received	7,955	6,973
Increase in deposits received	4,563	6,654
Other	3,500	-1,256
Subtotal	14,222	5,881
Interest and dividends received	2,756	2,120
Interest paid	-309	-249
Income taxes paid	-8,326	-8,625
Net cash provided by (used in) operating activities	8,342	-873
<b>Investing activities:</b>		
Purchases of property, plant and equipment	-11,713	-13,390
Proceeds from sales of property, plant and equipment	76	143
Payments into time deposits	-2,045	-1,456
Proceeds from withdrawal of time deposits	621	820
Purchases of investments in securities	-5	-112
Proceeds from sales or redemption of investments in securities	249	151
Purchases of intangible assets	-1,219	-748
Acquisitions of investments in subsidiaries	-45	-
(Increase) decrease in short-term loans receivable	-1,162	168
Other	411	801
Net cash used in investing activities	-14,834	-13,621
<b>Financing activities:</b>		
Increase in short-term debt, net	18,927	11,947
Repayments of lease obligations	-1,066	-1,234
Increase (decrease) in commercial paper	5,000	-28,000
Proceeds from long-term debt	1,207	50,143
Repayment of long-term debt	-1,411	-46
Cash dividends paid	-10,703	-10,541
Cash dividends paid to non-controlling interests	-168	-223
Purchase of treasury stock	-3,272	-2,762
Proceeds from issuance of common stock	-	2,631
Other	11	-76
Net cash provided by financing activities	8,523	21,837
Effect of exchange rate change on cash and cash equivalents	-1,282	663
Net increase in cash and cash equivalents	750	8,006
Cash and cash equivalents at beginning of term	68,613	74,721
Increase in cash and cash equivalents from newly consolidated subsidiaries	1,646	138
Cash and cash equivalents at end of term	71,009	82,866

## (4) Notes to Consolidated Financial Statements

(Notes regarding the premise of a going concern)

No significant changes during the term under review.

(Significant Change in Shareholder Equity)

No significant changes during the term under review.

(Application of special accounting methods for the preparation of quarterly consolidated financial statements)

**Calculation of tax expense**

Income taxes are determined based on the amount of income before income taxes for the current first quarter ended June 30, 2020 multiplied by the effective tax rate, after adoption of tax-effect accounting, estimated for the entire fiscal year ending March 31, 2021. In case where the estimated effective tax rate is notably lacking rationality, statutory tax rate is used.

Deferred income taxes are included in income taxes.

(Segment Information)

Consolidated First Quarter, Fiscal 2020 (April 1, 2020 to June 30, 2020)

**1. Information as to sales and income (loss) on each reportable segment**

(Millions of Yen)

	Reportable Segments					Other (Note)	Total
	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Medical	Total		
Sales:							
(1) Sales to third parties	96,091	41,972	60,571	15,314	213,950	801	214,751
(2) Intersegment sales or transfers	27	2,868	1,461	-	4,358	19	4,378
Net sales	96,119	44,841	62,033	15,314	218,309	821	219,130
Segment income (loss)	412	19	2,415	1,118	3,966	-1,973	1,993

Note: Other represents segments other than the reportable segments, which includes provision of services and manufacturing and sales of film-type lithium-ion batteries and products not included in the company's reportable segments.

**2. Information on the difference between the total amount of the reportable segments in the above tables and the corresponding amount reported in the consolidated financial statements**

(Items related to the difference)

Income	(Millions of Yen)
Total of reportable segments	3,966
Other loss	-1,973
Eliminations	111
Corporate expenses (Note)	-752
Total operating income reported in the consolidated statements of income	1,352

Note: Corporate expenses are mainly general administrative expenses not attributable to each reportable segment.

**3. Regional information**

Net sales

(Millions of Yen)

	Japan	America	Europe	Asia	Others	Total
Net sales	162,606	15,356	10,784	24,093	1,910	214,751