

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023
<Under Japanese GAAP>

April 28, 2023

Company Name: SEKISUI CHEMICAL CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 4204 URL: <https://www.sekisuichechemical.com>
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 Scheduled date of annual general meeting of shareholders: June 22, 2023
 Scheduled date to commence dividend payments: June 23, 2023
 Scheduled date to file annual securities report: June 22, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Figures rounded down to the nearest million yen)

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	1,242,521	7.3	91,666	3.1	104,241	7.5	69,263	86.9
March 31, 2022	1,157,945	9.6	88,879	32.1	97,001	54.8	37,067	-10.8
Note: Comprehensive Income	For the fiscal year ended March 31, 2023 :				84,008 million yen		(102.4%)	
	For the fiscal year ended March 31, 2022 :				41,509 million yen		(-55.8%)	

Fiscal year ended	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (Diluted)	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	yen	yen	%	%	%
March 31, 2023	159.19	-	10.0	8.6	7.4
March 31, 2022	83.17	-	5.5	8.3	7.7

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2023 : 2,254 million yen
 For the fiscal year ended March 31, 2022 : 108 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity to asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
As of March 31, 2023	1,228,131	732,525	57.4	1,642.67
As of March 31, 2022	1,198,921	702,753	56.3	1,519.19
Reference: Equity	As of March 31, 2023	705,026 million yen	As of March 31, 2022	674,636 million yen

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	71,543	(59,430)	(62,906)	85,207
March 31, 2022	105,023	2,694	(54,729)	133,739

2. Dividend Status

(Date of Record)	Annual dividends per share					Total	Total cash dividends (Total)	Payout Ratio (consolidated)	Ratio of dividends to net assets (Consolidated)
	At the end of 1st Q	At the end of 2nd Q	At the end of 3rd Q	Fiscal year-end					
Fiscal year ended	yen	yen	yen	yen	yen	Millions of yen	%	%	
March 31, 2022	-	24.00	-	25.00	49.00	21,856	58.9	3.3	
March 31, 2023	-	29.00	-	30.00	59.00	25,607	37.0	3.7	
March 31, 2024 (Forecast)	-	33.00	-	33.00	66.00		40.5		

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 the parent per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
1st Half	630,000	3.7	42,200	4.6	45,300	-16.0	30,400	-22.3	70.83
Full Year	1,312,000	5.6	100,000	9.1	103,000	-1.2	70,000	1.1	163.10

4. Notes

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in the accounting policies, changes in accounting estimates, and restatement

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|---|------|
| 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 |

(3) Number of shares issued (common shares)

a) Number of shares issued at the end of the period (including treasury shares):	As of March 31, 2023	456,507,285	As of March 31, 2022	471,507,285
b) Number of treasury shares at the end of the period:	As of March 31, 2023	27,311,919	As of March 31, 2022	27,431,111
c) Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year):	Fiscal year ended March 31, 2023	435,097,378	Fiscal year ended March 31, 2022	445,701,110

Note: For further details, please refer to "(5) Notes to Consolidated Financial Statements" (Per share information)

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results (% figures represent changes from the previous year.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	382,513	6.5	7,413	-36.2	57,284	34.5	47,379	-15.3
March 31, 2022	359,176	7.8	11,625	-35.1	42,598	-9.5	55,915	35.7

Fiscal year ended	Profit per Share		Profit per Share (Diluted)	
	yen		yen	
March 31, 2023	108.81		-	
March 31, 2022	125.36		-	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity to asset ratio		Net assets per share	
	Millions of yen		Millions of yen		%		yen	
As of March 31, 2023	715,221		340,237		47.6		792.14	
As of March 31, 2022	668,738		339,641		50.8		764.25	
Reference: Equity	As of March 31, 2023	340,237	million yen	As of March 31, 2022	339,641	million yen		

Note: Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

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

The earnings forecasts and other forward-looking statements contained in this report are based on information available as of the date of this report and on certain assumptions that the Group believes are reasonable.

Forward-looking statements are not guarantees that the Group will achieve the amounts indicated. Various factors could cause actual results to differ materially from those projected.

(5) Notes to Consolidated Financial Statements

(Notes regarding the premise of a going concern)

Not applicable.

(Notes to Consolidated Statement of Income)

I. Fiscal 2021 (from April 1, 2021 to March 31, 2022)

Impairment losses

The Group reported Impairment losses in the fiscal year ended March 31, 2022 mainly for the following assets:

Item	Type	Location
Other	Intangible assets	United States of America
Goodwill	Goodwill	United States of America

The Group classifies assets or groups of assets by cash generating unit, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of other assets or groups of assets (for unemployed capital, by each property).

The Group has written down the carrying amount of intangible assets recorded upon acquiring the mobility field business in the United States to a recoverable amount as a result of revising the timing of market recovery in the aircraft industry based on the prolongation of the impact of the spread of COVID-19. As a result, the Group recorded a reduction in the amount as impairment losses under extraordinary losses in the amount of 12,128 million yen. The recoverable amount is calculated based on fair value less costs of disposal as present value by discounting future cash flows. The impairment loss was recorded on their entire amount because future cash flows are no longer expected.

The Group has written down the carrying amount of goodwill to a recoverable amount as a result of revising the timing of market recovery in the aircraft industry based on the prolongation of the impact of the spread of COVID-19. As a result, the Group recorded a reduction in the amount as impairment losses under extraordinary losses in the amount of 37,419 million yen. The recoverable amount was calculated based on the value in use.

I. Fiscal 2022 (from April 1, 2022 to March 31, 2023)

Impairment losses

No significant impairment losses.

(Segment Information, etc.)

I Segment Information

a. Overview of the Reportable Segments

The reportable segments of the Group are determined on the basis that separate financial information of such segments is available and examined periodically by the Board of Directors of the Company to make decisions regarding the allocation of management resources and assess the business performances of such segments.

The Group have divided the business operations into the four segments of Housing, Urban Infrastructure and Environmental Products (UIEP), High Performance Plastics (HPP), and Medical based on manufacturing methods, products, sales channels, and other business similarities.

Each business segment formulates comprehensive strategies and develops business activities for its products in Japan and overseas.

The Housing business comprises manufacturing, construction and sales of prefabricated modular houses, refurbishing, and other operations related to real estate, residential service, electric power trading and town and community development.

The UIEP business comprises manufacturing, sales, and construction operations related to PVC pipes and joints, polyethylene pipes and joints, pipe and drain renewal materials and construction methods, reinforced plastic pipes, chlorinated PVC resin compound, construction materials, and FFU.

The HPP business comprises manufacturing and sales of interlayer films for laminated glass, polyolefin foam, tape, LCD microparticles, photosensitive materials and other products.

The Medical business comprises manufacturing and sales of diagnostic reagents, pharmaceutical ingredients and intermediates.

b. Calculation methods used for sales, profit or loss, assets and the other items on each reportable segment

The accounting methods for the reportable segments are based on the amounts in accordance with the accounting standards adopted for the preparation of consolidated financial statements. Profit of the reportable segments are figures based on operating profit. Intersegment sales and transfers are presented based on the current market prices.

(Changes in Reportable Segments)

From fiscal year ended March 31, 2023, for the purpose of optimizing the business portfolio in pursuit of greater synergies, the Group changed to classify Fire Protection Materials Division, CPVC-related business fields and Crosswave products into “UIEP” Segment from “HPP” Segment, also the Group revised to classify SEKISUI SEIKEI CO., LTD. and SEKISUI KYDEX LLC. into “HPP” Segment from “UIEP” Segment.

The segment information of fiscal year ended March 31, 2022 and fiscal year ended March 31, 2023, was prepared and disclosed based on the revised classification of the reportable segments.

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

Fiscal 2021 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable Segments					Other (Notes 1,2)	Total
	Housing (Note 1)	UIEP	HPP	Medical	Total		
Net Sales							
Japan	513,861	170,644	105,692	38,332	828,530	2,076	830,607
North America	—	1,289	77,535	28,523	107,348	13	107,361
Europe	—	4,229	61,514	7,412	73,155	—	73,155
China	—	4,807	59,291	11,007	75,106	1,005	76,112
Asia	1,177	20,479	36,270	2,332	60,260	88	60,349
Others	—	1,682	7,769	908	10,359	—	10,359
Net sales to external customers	515,038	203,132	348,073	88,516	1,154,761	3,183	1,157,945
Intersegment sales or transfers	152	12,759	5,659	0	18,571	1,761	20,332
Total	515,191	215,891	353,732	88,517	1,173,333	4,944	1,178,278
Segment profit (loss)	35,318	15,223	41,189	11,180	102,911	(10,316)	92,595
Segment assets	349,106	228,537	403,503	134,635	1,115,782	33,702	1,149,484
Other items:							
Depreciation and amortization	9,878	8,156	19,682	4,489	42,206	2,554	44,760
Investment in entities accounted for by the equity method	11,147	—	2,916	—	14,063	—	14,063
Increase in property, plant and equipment, and intangible assets	12,964	8,101	18,379	5,616	45,061	5,885	50,947

Note 1: Net sales in “Housing” include 40,930 million yen that does not correspond to revenue from contracts with customers under “Japan.”

Net sales in “Other” include 935 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.

Fiscal 2022 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable Segments					Other (Notes 1,2)	Total
	Housing (Note 1)	UIEP	HPP	Medical	Total		
Net Sales							
Japan	535,427	179,576	107,663	42,619	865,287	2,168	867,456
North America	—	3,102	97,439	23,060	123,601	—	123,601
Europe	—	5,126	71,772	9,126	86,026	—	86,026
China	—	5,954	63,143	11,815	80,913	1,443	82,356
Asia	1,640	25,339	41,811	1,963	70,755	42	70,798
Others	—	2,205	8,982	1,094	12,282	—	12,282
Net sales to external customers	537,067	221,305	390,812	89,680	1,238,866	3,654	1,242,521
Intersegment sales or transfers	303	12,990	5,576	—	18,870	3,733	22,603
Total	537,371	234,296	396,389	89,680	1,257,737	7,388	1,265,125
Segment profit (loss)	32,831	21,192	40,091	12,511	106,626	(10,894)	95,731
Segment Assets	376,083	238,851	436,805	138,900	1,190,640	32,230	1,222,871
Other items:							
Depreciation and amortization	11,067	8,438	20,966	4,935	45,407	2,487	47,894
Investment in entities accounted for by the equity method	9,824	—	3,037	—	12,861	—	12,861
Increase in property, plant and equipment, and intangible assets	10,043	9,035	18,021	11,456	48,555	4,417	52,973

Note 1: Net sales in “Housing” include 42,925 million yen that does not correspond to revenue from contracts with customers under “Japan.”

Net sales in “Other” include 891 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.

- d. Differences between the total amount of reportable segments and the amount in consolidated financial statements and descriptions on such differences (matters on difference adjustments)

(Millions of yen)

Net Sales	Fiscal 2021	Fiscal 2022
Reportable segment total	1,173,333	1,257,737
Net Sales in “other”	4,944	7,388
Intersegment eliminations	(20,332)	(22,603)
Net sales in consolidated statement of income	1,157,945	1,242,521

(Millions of yen)

Profit	Fiscal 2021	Fiscal 2022
Reportable segment total	102,911	106,626
Profit (loss) in “other”	(10,316)	(10,894)
Intersegment eliminations	294	417
Corporate expenses (Note)	(4,010)	(4,483)
Operating profit in consolidated statement of income	88,879	91,666

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

(Millions of yen)

Assets	Fiscal 2021	Fiscal 2022
Reportable segment total	1,115,782	1,190,640
Assets in “other”	33,702	32,230
Intersegment eliminations	(340,352)	(365,970)
Corporate assets (Note)	389,789	371,230
Total assets in the consolidated balance sheet	1,198,921	1,228,131

Note: Corporate assets are mainly assets that are not attributable to each reportable segment and are associated with the administrative department.

(Millions of yen)

Other items	Reportable Segment total		Other		Adjustments (Note)		Carrying amount in consolidated financial statements	
	Fiscal 2021	Fiscal 2022	Fiscal 2021	Fiscal 2022	Fiscal 2021	Fiscal 2022	Fiscal 2021	Fiscal 2022
Depreciation and amortization	42,206	45,407	2,554	2,487	1,151	1,099	45,912	48,995
Investment in entities accounted for by the equity method	14,063	12,861	—	—	30,272	31,004	44,336	43,866
Increase in property, plant and equipment, and intangible assets	45,061	48,555	5,885	4,417	2,976	6,376	53,923	59,349

Note: Adjustments in investments in entities accounted for by the equity method are such investments not attributable to each reportable segment.

II Related Information

Fiscal 2021 (from April 1, 2021 to March 31, 2022)

a. Information by product and service

The information is omitted because the same information is disclosed in “Segment information.”

b. Information by geographic area

1. Net Sales

The information is omitted because the same information is disclosed in “Segment information.”

2. Property, plant and equipment

(Millions of yen)

Japan	North America	Europe	China	Asia	Others	Total
243,213	38,522	46,755	13,003	21,921	1,837	365,254

c. Information on impairment losses of non-current assets

(Millions of yen)

	Housing	UIEP	HPP	Medical	Other	Corporate and elimination	Total
Impairment losses	85	494	49,843	859	–	225	51,508

Note: The amount of “Corporate and elimination” denotes impairment losses pertaining to corporate assets not attributable to any reportable segment.

d. Information on goodwill

(Millions of yen)

	Housing	UIEP	HPP	Medical	Other	Corporate and elimination	Total
Amortization during the period	–	209	1,630	947	4	–	2,792
Balance as of March 31, 2022	–	367	4,509	5,860	–	–	10,736

Fiscal 2022 (from April 1, 2022 to March 31, 2023)

a. Information by product and service

The information is omitted because the same information is disclosed in “Segment information”.

b. Information by geographic area

1. Net Sales

The information is omitted because the same information is disclosed in “Segment information.”

2. Property, plant and equipment

(Millions of yen)

Japan	North America	Europe	China	Asia	Others	Total
247,741	42,372	52,009	11,998	21,465	1,795	377,381

c. Information on impairment losses of non-current assets

(Millions of yen)

	Housing	UIEP	HPP	Medical	Other	Corporate and elimination	Total
Impairment losses	66	47	165	97	91	–	468

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d. Information on goodwill

(Millions of yen)

	Housing	UIEP	HPP	Medical	Other	Corporate and elimination	Total
Amortization during the period	117	209	596	2,488	–	–	3,411
Balance as of March 31, 2023	1,288	157	4,109	5,473	–	–	11,028

(Per share information)

Fiscal 2021 (from April 1, 2021 to March 31, 2022)	Fiscal 2022 (from April 1, 2022 to March 31, 2023)
Net assets per share 1,519.19 yen	Net assets per share 1,642.67 yen
Profit per share 83.17 yen	Profit per share 159.19 yen

Note 1. Diluted profit per share is not stated because there were no diluted shares.

2. The basis for calculating profit per share is as shown below.

	Fiscal 2021 (from April 1, 2021 to March 31, 2022)	Fiscal 2022 (from April 1, 2022 to March 31, 2023)
Profit per share		
Profit attributable to owners of parent (millions of yen)	37,067	69,263
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent relating to common shares (millions of yen)	37,067	69,263
Average number of outstanding common shares during the period (thousands of shares)	445,701	435,097

3. The basis for calculating net assets per share is as shown below.

	Fiscal 2021 (as of March 31, 2022)	Fiscal 2022 (as of March 31, 2023)
Total amount of net assets (millions of yen)	702,753	732,525
Amount deducted from the total amount of net assets (millions of yen)	28,116	27,498
(of which, non-controlling interests) (millions of yen)	[28,116]	[27,498]
Net assets relating to common shares at year-end (millions of yen)	674,636	705,026
Number of common shares at yearend used for the calculation of net assets per share (thousands of shares)	444,076	429,195

4. The Company's shares remaining in the BIP trust and the ESOP trust and recorded as treasury shares under shareholders' equity are included in treasury shares to be deducted from the average number of shares during the period for the calculation of basic earnings per share and are included in treasury shares to be deducted from the total number of shares issued and outstanding at year-end for the calculation of net assets per share. The average number of treasury shares during the period deducted for the calculation of profit per share was 852,000 shares in Fiscal year ended March 31, 2023 and 563,000 shares in Fiscal year ended March 31, 2022, and the number of treasury shares at year-end deducted for the calculation of net assets per share was 1,022,000 shares as of March 31, 2023 and 656,000 shares as of March 31, 2022.

(Significant subsequent events)

Not applicable.