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Quarterly Securities Report

First Quarter of the 101st Business Term

**From April 1, 2022
to June 30, 2022**

SEKISUI CHEMICAL CO., LTD.

(E00820)

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Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	August 8, 2022
Quarterly accounting period	First quarter of the 101st business term (from April 1, 2022 to June 30, 2022)
Company name	積水化学工業株式会社 (<i>Sekisui Kagaku Kogyo Kabushiki Kaisha</i>)
Company name in English	Sekisui Chemical Co., Ltd. (the Company)
Job title and name of representative	Keita Kato, President and Representative Director, and Chief Executive Officer
Address of registered headquarters	4-4 Nishitemma 2-Chome, Kita-ku, Osaka, Japan
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Name of contact person	Naoko Fukutomi, Executive Officer and Head of Legal Department
Place for public inspection	Tokyo Head Office of Sekisui Chemical Co., Ltd.* (10-4 Toranomom 2-Chome, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)
(Note)	Although the place marked with an asterisk (*) is not required by the Financial Instruments and Exchange Act to make this document available for public inspection, it is prepared to provide this document for inspection by shareholders, etc., for their convenience.

Part 1. Company Information

I. Overview of Company

1. Key financial data

Term		100th Business Term Three months ended June 30, 2021	101st Business Term Three months ended June 30, 2022	100th Business Term
Accounting period		From April 1, 2021 to June 30, 2021	From April 1, 2022 to June 30, 2022	From April 1, 2021 to March 31, 2022
Net sales	(Millions of yen)	248,596	282,271	1,157,945
Ordinary profit	(Millions of yen)	13,051	21,361	97,001
Profit attributable to owners of parent	(Millions of yen)	12,533	14,578	37,067
Comprehensive income	(Millions of yen)	8,450	31,398	41,509
Net assets	(Millions of yen)	685,742	707,133	702,753
Total assets	(Millions of yen)	1,137,952	1,200,380	1,198,921
Basic earnings per share	(Yen)	28.02	33.08	83.17
Equity-to-asset ratio	(%)	57.86	56.60	56.27
Net cash provided by (used in) operating activities	(Millions of yen)	11,336	(2,131)	105,023
Net cash provided by (used in) investing activities	(Millions of yen)	3,847	(10,205)	2,694
Net cash provided by (used in) financing activities	(Millions of yen)	(17,735)	(28,531)	(54,729)
Cash and cash equivalents at end of period	(Millions of yen)	74,196	96,148	133,739

- (Notes) 1. Since the Company prepares quarterly consolidated financial statements, key financial data of the reporting company are not provided.
2. Diluted earnings per share is not provided because there are no potential shares.

2. Description of business

There were no significant changes in the businesses conducted by the Company and its subsidiaries (the Group) and associates during the three months ended June 30, 2022.

There were no changes in major subsidiaries and associates.

II. Overview of Business

1. Business risks

No new business risks arose during the three months ended June 30, 2022.

In addition, there were no significant changes in the business risks, etc. stated in the Annual Securities Report for the previous fiscal year.

2. Management analysis of financial position, business results and cash flows

(1) Financial position and business results

(i) Financial position

Assets, liabilities and net assets

Total assets as of the end of the first quarter of the current fiscal year stood at 1,200,380 million yen, an increase of 1,458 million yen from the end of the previous fiscal year.

(Assets)

Current assets decreased 13,818 million yen from the end of the previous fiscal year to 595,577 million yen. This was primarily due to the fact that, while total inventories increased 26,022 million yen and other current assets increased 3,894 million yen, cash and deposits decreased 36,835 million yen and trade receivables and contract assets decreased 8,002 million yen in total, and other factors.

In addition, non-current assets increased 15,277 million yen to 604,803 million yen.

(Liabilities)

Despite an increase of 12,325 million yen in advances received, total liabilities decreased 2,920 million yen to 493,247 million yen, mainly due to a total decrease of 7,401 million yen in trade payables and others consisting of notes payable - trade, electronically recorded obligations - operating, accounts payable - trade, accrued expenses, as well as a decrease of 6,794 million yen in provision for bonuses.

(Net Assets)

Net assets stood at 707,133 million yen as of the end of the first quarter of the current fiscal year, an increase of 4,379 million yen. This mainly reflected the purchase of treasury shares of 14,071 million yen, dividends paid of 11,126 million yen, an increase in foreign currency translation adjustment of 16,048 million yen, the posting of profit attributable to owners of parent of 14,578 million yen, and others.

(ii) Business results

During the three months ended June 30, 2022, the automobile sector fell short of expectations mainly due to the decline in production caused by material shortages, while the semiconductor-related, housing, and building material sectors, among others, showed some recovery from the impact of COVID-19. In addition to increased sales of high value-added products, the weaker yen contributed to the significant increase in sales.

Although prices for raw materials, fuels, and components continued to rise more than expected, improved selling prices, expanded sales of high value-added products, cost reductions, and others resulted in significant increase in operating profit in all business segments.

Ordinary profit and profit attributable to owners of parent increased significantly, partly due to the effect of foreign exchange rates.

In terms of operating results for the three months ended June 30, 2022, net sales were 282,271 million yen (up 13.5% year on year), operating profit was 13,844 million yen (up 24.5% year on year), ordinary profit was 21,361 million yen (up 63.7% year on year), and profit attributable to owners of parent was 14,578 million yen (up 16.3% year on year).

Business results by segment were as follows.

a) Housing business

In the three months ended June 30, 2022, sales and profit increased due to strong orders for new housing construction and housing renovation, as well as the effects of sales leveling off and the expansion of the Real Estate business and the Town and Community Development business, despite the effects of soaring prices and supply delays of components.

Regarding orders, the New Housing business saw steady trends for subdivision and ready-built houses, resulting in an order level on par with that of the same quarter of the previous fiscal year. Orders were up year on year in the Housing Renovation business due to the expansion of sales of storage batteries and other products.

In terms of measures, the Group promoted “smart” and “resilience” in the New Housing, Housing Renovation, and Town and Community Development businesses amidst growing energy concerns due to geopolitical factors and other factors. In the New Housing business, in addition to strengthening web marketing through our own website, the Group focused on expanding sales of subdivision and ready-built houses, for which demand remains strong. In the Housing Renovation business, the Group made efforts to expand periodic checkups and strengthen proposal capabilities.

As a result, net sales were 115,673 million yen (up 9.6% year on year) and operating profit was 2,873 million yen (up 132.8% year on year).

b) Urban Infrastructure & Environmental Products business

In the three months ended June 30, 2022, the Group continued to be affected by the rising cost of raw materials, but sales increased due to the actualization of properties that had been delayed since the previous period and improved sales prices, and operating profit reached a record high.

In the Piping and Infrastructure field, demand for detached houses and demand associated with capital investment in domestic and overseas plants (semiconductors) remained firm, and as a result, net sales were up year on year.

In the Building and Living Environment field, net sales were up year on year due to a recovery trend in demand for detached houses, condominiums, and renovation.

In the Advanced Materials field, although sales of synthetic lumber were affected by project delays for railway sleepers, net sales were up year on year as thermoplastic sheets saw a recovery in demand in the aircraft field and the development of medical applications progressed.

As a result, net sales were 48,998 million yen (up 10.9% year on year) and operating profit was 1,471 million yen (up 279.9% year on year).

c) High Performance Plastics business

In the three months ended June 30, 2022, sales increased due to firm demand for semiconductors and construction materials as well as the effect of foreign exchange rates, despite the impact of the decline in automobile production mainly due to the lockdown in China caused by COVID-19 and the situation in Ukraine.

Although the price of raw materials and fuel continued to rise sharply, the Group was able to recover by improving selling prices, expanding sales of high-performance products, and reducing costs, resulting in securing an increase in profit.

In the Electronics field, sales of semiconductor-related products were strong, and net sales were up year on year.

In the Mobility field, although the automobile market stagnated due to the impact of COVID-19 and the shortage of materials in Europe, Japan, and other regions, sales of high-performance products, particularly interlayer films for head-up displays, increased, resulting in a year-on-year increase in net sales.

In the Building and Infrastructure field, there was strong demand for chlorinated polyvinyl chloride (CPVC), particularly in India, and the domestic housing market for fire-resistant and noncombustible materials recovered. As a result, net sales increased year on year.

As a result, net sales were 100,399 million yen (up 19.7% year on year) and operating profit was 10,914 million yen (up 4.9% year on year).

d) Medical business

During the three months ended June 30, 2022, net sales and operating profit reached record highs due to strong performance in the Domestic Diagnostics and Pharmaceutical Sciences businesses, despite the impact of the lockdown in China.

In the Diagnostics business, sales of COVID-19 test kits and immunoassay reagents expanded in Japan, and net sales were up year on year. Overseas, demand for outpatient testing in Europe and the United States of America was strong, and net sales were up year on year.

In the Pharmaceutical Sciences business, new orders for pharmaceuticals were strong, and both drug discovery (contract testing) and enzymes progressed as planned, and net sales were up year on year.

As a result, net sales were 20,620 million yen (up 12.3% year on year) and operating profit was 2,643 million yen (up 16.5% year on year).

e) Other businesses

In terms of the business results for the three months ended June 30, 2022, net sales were 1,866 million yen (up 139.9% year on year) and operating loss was 2,693 million yen (operating loss of 2,289 million yen in the same period of the previous fiscal year).

(2) Cash flows

Cash and cash equivalents (“net cash”) in the three months ended June 30, 2022 decreased 37,591 million yen from the end of the previous fiscal year to 96,148 million yen at the end of the first quarter of the current fiscal year.

Factors influencing cash flow accounts during the three months ended June 30, 2022 were as follows.

(Operating activities)

Net cash used in operating activities during the three months ended June 30, 2022 amounted to 2,131 million yen, compared with net cash provided of 11,336 million yen during the same period of the previous year. This was due to cash inflows, which included profit before income taxes of 20,911 million yen, depreciation of 11,766 million yen, and a decrease in trade receivables and contract assets of 14,442 million yen, falling below cash outflows, such as an increase in inventories of 21,357 million yen, income taxes paid of 20,886 million yen, and a decrease in trade payables of 10,046 million yen.

(Investing activities)

Net cash used in investing activities during the three months ended June 30, 2022 amounted to 10,205 million yen, compared with net cash provided of 3,847 million yen during the same period of the previous year. This was mainly due to expenditures of 7,890 million yen for the purchase of property, plant and equipment, centered mainly on priority and growth fields, and 2,631 million yen for the purchase of intangible assets.

(Financing activities)

Net cash used in financing activities during the three months ended June 30, 2022 amounted to 28,531 million yen, compared with net cash used of 17,735 million yen during the same period of the previous year. This was due to cash outflows from the purchase of treasury shares of 14,071 million yen, and dividends paid (including dividends paid to non-controlling interests) of 11,293 million yen.

(3) Business and financial issues to be addressed on a priority basis

During the three months ended June 30, 2022, there were no significant changes in the business and financial issues to be addressed on a priority basis, nor did any such issues newly arise.

(4) Research and development activities

The amount of research and development activities of the entire Group during the three months ended June 30, 2022 amounted to 9,199 million yen.

During the three months ended June 30, 2022, there were no significant changes in the status of the Group’s research and development activities.

3. Material contracts, etc.

There were no decisions on, conclusion, etc. of material contracts, etc. during the first quarter of the current fiscal year.

III. Information about Reporting Company

1. Company's shares, etc.

(1) Total number of shares

(i) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common shares	1,187,540,000
Total	1,187,540,000

(ii) Issued shares

Class	Number of issued shares as of the end of the first quarter of the current fiscal year (shares) (June 30, 2022)	Number of issued shares as of filing date (shares) (August 8, 2022)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common shares	463,507,285	463,507,285	Tokyo Stock Exchange Prime Market	Number of shares constituting one unit 100
Total	463,507,285	463,507,285	–	–

(2) Share acquisition rights

(i) Employee share option plans

Not applicable.

(ii) Share acquisition rights for other uses

Not applicable.

(3) Exercise of moving strike convertible bonds, etc.

Not applicable.

(4) Changes in the total number of issued shares, share capital, etc.

Date	Change in the total number of issued shares (thousands of shares)	Balance of the total number of issued shares (thousands of shares)	Change in share capital (millions of yen)	Balance of share capital (millions of yen)	Change in legal capital surplus (millions of yen)	Balance of legal capital surplus (millions of yen)
May 25, 2022 (Note)	(8,000)	463,507	–	100,002	–	109,234

(Note) This is a decrease due to the cancellation of treasury shares.

(5) Major shareholders

Since the current quarterly accounting period is the first quarterly accounting period, there are no matters to be stated.

(6) Voting rights

Information on voting rights as of the end of the first quarter of the current fiscal year is based on the shareholder registry as of the immediately prior record date (March 31, 2022), since the shareholder registry as of June 30, 2022 is not available for confirmation.

(i) Issued shares

As of March 31, 2022

Category	Number of shares (shares)	Number of voting rights (rights)	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury shares, etc.)	Common shares 26,490,900	–	Standard Sekisui Chemical shares not subject to any restriction on rights Number of shares constituting one unit: 100
Shares with full voting rights (other)	Common shares 444,817,800	4,448,178	Same as above
Shares less than one unit	Common shares 198,585	–	–
Total number of issued shares	471,507,285	–	–
Voting rights held by all shareholders	–	4,448,178	–

(Notes) 1. Shares with full voting rights (other) include the following shares (voting rights).

BIP trust for remuneration for directors (and other officers): 532,000 shares (5,320 units)

ESOP trust for share granting: 124,600 shares (1,246 units)

2. Due to the cancellation of 8,000,000 shares of treasury shares on May 25, 2022, the total number of issued shares as of the end of the first quarter of the current fiscal year was 463,507,285.

(ii) Treasury shares, etc.

As of March 31, 2022

Name of shareholder	Address of shareholder	Number of shares held in own name	Number of shares held in others' names	Total number of shares held	Shareholding ratio (%)
(Shares held by the Company)					
Sekisui Chemical Co., Ltd.	2-4-4 Nishitemma, Kita-ku, Osaka	26,438,000	–	26,438,000	5.60
(Reciprocal holding)					
Tochigi Sekisui Heim Co., Ltd.	5-3-4, Higashishukugo, Utsunomiya, Tochigi	41,100	–	41,100	0.00
Sekisui Heim Higashishikoku Co., Ltd.	4-1-16, Kazurashima, Kochi, Kochi	11,800	–	11,800	0.00
Total	–	26,490,900	–	26,490,900	5.61

- (Notes)
1. The number of shares is included in the number of shares with full voting rights (treasury shares, etc.) in the “(i) Issued shares” section above.
 2. Sekisui Chemical shares held by the BIP trust for remuneration for directors (and other officers) and the ESOP trust for share granting are not included in the treasury shares mentioned above.
 3. Mainly due to the cancellation of 8,000,000 shares of treasury shares on May 25, 2022, the Company held 26,438,220 shares of treasury shares as of the end of the first quarter of the current fiscal year.

2. Directors (and other officers)

Not applicable.

IV. Financial Information

1. Methods of preparing quarterly consolidated financial statements

Quarterly consolidated financial statements of the Group are prepared based on the Regulation on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Order No. 64 of 2007, “Regulation on Quarterly Consolidated Financial Statements”).

The quarterly consolidated statement of cash flows is prepared in accordance with Article 5-2, Paragraph 2 of the Regulation on Quarterly Consolidated Financial Statements.

2. Note on independent audit

Pursuant to the provisions in Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the quarterly consolidated financial statements for the first quarter of the current fiscal year (from April 1, 2022 to June 30, 2022) and the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022) of the Group have been subjected to a quarterly review by KPMG AZSA LLC.

The Company has changed its audit firm, as described below.

100th Business Term: Ernst & Young ShinNihon LLC

First quarter and first three months of the 101st Business Term: KPMG AZSA LLC

1. Quarterly consolidated financial statements and other information

(1) Quarterly consolidated financial statements

(i) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	144,534	107,699
Notes receivable - trade	36,999	35,158
Accounts receivable - trade	148,748	142,294
Contract assets	721	1,012
Merchandise and finished goods	86,262	95,704
Land for sale in lots	55,364	54,619
Work in process	56,611	67,690
Raw materials and supplies	45,600	51,847
Advance payments to suppliers	4,551	4,341
Prepaid expenses	8,092	9,585
Short-term loans receivable	182	1
Other	22,984	26,878
Allowance for doubtful accounts	(1,257)	(1,257)
Total current assets	609,395	595,577
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	120,810	122,561
Machinery, equipment and vehicles, net	108,218	109,895
Land	83,059	83,596
Leased assets, net	19,618	20,131
Construction in progress	21,606	28,960
Other, net	11,939	12,109
Total property, plant and equipment	365,254	377,256
Intangible assets		
Goodwill	10,736	10,836
Software	10,561	16,001
Leased assets	137	137
Other	25,298	21,484
Total intangible assets	46,733	48,459
Investments and other assets		
Investment securities	130,688	130,771
Long-term loans receivable	1,157	1,027
Long-term prepaid expenses	2,030	2,240
Retirement benefit asset	21,066	20,980
Deferred tax assets	10,909	12,446
Other	14,038	14,027
Allowance for doubtful accounts	(2,352)	(2,405)
Total investments and other assets	177,537	179,087
Total non-current assets	589,525	604,803
Total assets	1,198,921	1,200,380

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes payable - trade	1,386	1,317
Electronically recorded obligations - operating	28,335	27,715
Accounts payable - trade	108,460	105,630
Short-term borrowings	4,293	5,618
Lease liabilities	5,000	5,145
Accrued expenses	43,500	39,616
Income taxes payable	23,678	6,661
Provision for bonuses	19,709	12,914
Provision for bonuses for directors (and other officers)	290	172
Provision for warranties for completed construction	1,482	3,674
Provision for share awards	138	167
Advances received	46,068	58,393
Other	47,350	59,794
Total current liabilities	329,694	326,822
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term borrowings	58,093	57,152
Lease liabilities	15,170	15,640
Deferred tax liabilities	4,624	4,948
Retirement benefit liability	41,840	41,736
Provision for share awards	773	828
Other	5,971	6,117
Total non-current liabilities	166,473	166,425
Total liabilities	496,168	493,247
Net assets		
Shareholders' equity		
Share capital	100,002	100,002
Capital surplus	109,042	108,474
Retained earnings	447,958	438,193
Treasury shares	(44,592)	(45,332)
Total shareholders' equity	612,409	601,337
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	33,726	33,908
Deferred gains or losses on hedges	(18)	(14)
Revaluation reserve for land	322	322
Foreign currency translation adjustment	25,507	41,556
Remeasurements of defined benefit plans	2,687	2,354
Total accumulated other comprehensive income	62,226	78,127
Non-controlling interests	28,116	27,668
Total net assets	702,753	707,133
Total liabilities and net assets	1,198,921	1,200,380

(ii) Quarterly consolidated statement of income and consolidated statement of comprehensive income

Quarterly consolidated statement of income

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	248,596	282,271
Cost of sales	170,658	197,729
Gross profit	77,937	84,541
Selling, general and administrative expenses	66,816	70,697
Operating profit	11,120	13,844
Non-operating income		
Interest income	142	171
Dividend income	1,979	1,987
Share of profit of entities accounted for using equity method	269	34
Foreign exchange gains	140	5,526
Miscellaneous income	678	472
Total non-operating income	3,210	8,193
Non-operating expenses		
Interest expenses	236	183
Miscellaneous expenses	1,042	492
Total non-operating expenses	1,279	675
Ordinary profit	13,051	21,361
Extraordinary income		
Gain on sale of investment securities	6,262	–
Total extraordinary income	6,262	–
Extraordinary losses		
Loss on sale and retirement of non-current assets	327	450
Total extraordinary losses	327	450
Profit before income taxes	18,987	20,911
Income taxes	6,248	6,075
Profit	12,738	14,835
Profit attributable to non-controlling interests	205	257
Profit attributable to owners of parent	12,533	14,578

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	12,738	14,835
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,160)	286
Deferred gains or losses on hedges	16	2
Foreign currency translation adjustment	1,098	16,715
Remeasurements of defined benefit plans, net of tax	(93)	(335)
Share of other comprehensive income of entities accounted for using equity method	(149)	(105)
Total other comprehensive income	(4,288)	16,562
Comprehensive income	8,450	31,398
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,371	30,478
Comprehensive income attributable to non-controlling interests	78	919

(iv) Quarterly consolidated statement of cash flows

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	18,987	20,911
Depreciation	11,154	11,766
Amortization of goodwill	1,103	302
Loss on retirement of non-current assets	316	437
Loss (gain) on sale of non-current assets	11	13
Increase (decrease) in provision for bonuses	(5,370)	(6,965)
Increase or decrease in retirement benefit asset and liability	(433)	(120)
Loss (gain) on sale of investment securities	(6,262)	–
Interest and dividend income	(2,122)	(2,159)
Interest expenses	236	183
Share of loss (profit) of entities accounted for using equity method	(269)	(34)
Decrease (increase) in trade receivables and contract assets	15,632	14,442
Decrease (increase) in inventories	(14,568)	(21,357)
Increase (decrease) in trade payables	(9,110)	(10,046)
Increase (decrease) in accrued consumption taxes	(2,753)	(936)
Increase (decrease) in advances received	12,227	12,220
Increase (decrease) in deposits received	3,579	7,977
Other, net	(5,374)	(10,260)
Subtotal	16,983	16,373
Interest and dividends received	2,634	2,584
Interest paid	(236)	(203)
Income taxes paid	(8,045)	(20,886)
Net cash provided by (used in) operating activities	11,336	(2,131)
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,194)	(7,890)
Proceeds from sale of property, plant and equipment	38	308
Payments into time deposits	(2,267)	(2,755)
Proceeds from withdrawal of time deposits	3,079	2,633
Purchase of investment securities	(397)	(147)
Proceeds from sale and redemption of investment securities	12,926	0
Purchase of intangible assets	(1,410)	(2,631)
Purchase of shares of subsidiaries	(6)	–
Decrease (increase) in short-term loans receivable	(30)	180
Other, net	110	97
Net cash provided by (used in) investing activities	3,847	(10,205)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,408	87
Repayments of lease liabilities	(1,315)	(1,448)
Repayments of long-term borrowings	(1,241)	(55)
Dividends paid	(10,805)	(11,130)
Dividends paid to non-controlling interests	(109)	(163)
Purchase of treasury shares	(5,644)	(14,071)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(25)	(1,865)
Other, net	0	115
Net cash provided by (used in) financing activities	(17,735)	(28,531)
Effect of exchange rate change on cash and cash equivalents	97	3,277
Net increase (decrease) in cash and cash equivalents	(2,454)	(37,591)
Cash and cash equivalents at beginning of period	76,649	133,739
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1	–
Cash and cash equivalents at end of period	* 74,196	* 96,148

Notes to quarterly consolidated financial statements

(Change in scope of consolidation or application of the equity method)

Not applicable.

(Specific accounting methods applied in the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

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 under review, 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.

(Additional information)

(Provision for warranties for completed construction)

In the previous fiscal year, provision for warranties for completed construction of current liabilities was recorded by the estimated amount of future compensation for net sales of completed construction contracts based on the past compensation rates. However, from the first quarter of the current fiscal year, the estimated amount of future compensation for individual projects is also included in provision for warranties for completed construction from the viewpoint of clarity of disclosure. The estimated amount of future compensation for individual projects was included in accrued expenses in the previous fiscal year.

(Notes to quarterly consolidated balance sheet)

Guarantee obligations

The following liabilities are guaranteed:

		(Millions of yen)
	FY2021 (as of March 31, 2022)	First quarter of FY2022 (as of June 30, 2022)
(1) Guarantee obligations of housing loans for prefabricated modular housing purchasers and the promotion of the employee house ownership plan	60,373	53,259
(2) Other guarantee obligations	7,911	7,895

(Notes to quarterly consolidated statement of cash flows)

* Reconciliation of cash and cash equivalents at end of period and the related account on the quarterly consolidated balance sheet

		(Millions of yen)
	Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)
Cash and deposits	84,331	107,699
Time deposits with maturity over 3 months	(10,135)	(11,550)
Cash and cash equivalents	74,196	96,148

(Notes to shareholders' equity, etc.)

I. Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

Dividends paid

(Resolution)	Classes of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
June 23, 2021 Annual General Meeting of Shareholders	Common shares	10,801	24	March 31, 2021	June 24, 2021	Retained earnings

(Note) The total amount of dividends resolved by the Annual General Meeting of Shareholders held on June 23, 2021 includes dividends of 19 million yen for shares of the Company held by the BIP trust as an officer remuneration system and held by the ESOP trust.

II. Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

Dividends paid

(Resolution)	Classes of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
June 22, 2022 Annual General Meeting of Shareholders	Common shares	11,126	25	March 31, 2022	June 23, 2022	Retained earnings

(Note) The total amount of dividends resolved by the Annual General Meeting of Shareholders held on June 22, 2022 includes dividends of 16 million yen for shares of the Company held by the BIP trust as an officer remuneration system and held by the ESOP trust.

(Segment information)

Segment information

I. Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

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)	Urban Infrastructure & Environmental Products	High Performance Plastics	Medical	Total		
Net sales							
Japan	105,205	34,742	26,175	8,370	174,494	658	175,153
North America	—	2,981	14,561	4,878	22,421	2	22,424
Europe	—	1,402	15,254	1,744	18,402	—	18,402
China	—	921	12,800	2,760	16,482	76	16,558
Asia	304	1,054	11,963	437	13,760	23	13,784
Other	—	383	1,712	176	2,273	—	2,273
Sales to external customers	105,510	41,486	82,468	18,368	247,834	761	248,596
Intersegment sales or transfers	20	2,710	1,432	0	4,163	16	4,179
Total	105,530	44,197	83,901	18,369	251,997	778	252,776
Segment profit (loss)	1,234	387	10,400	2,268	14,290	(2,289)	12,000

(Note 1) Net sales in “Housing” include 9,756 million yen that does not correspond to revenue from contracts with customers under “Japan.”

Net sales in “Other” include 211 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 statements of income, and descriptions of such difference (matters on difference adjustment)

(Millions of yen)

Profit	Amount
Reportable segment total	14,290
Profit in “other”	(2,289)
Intersegment eliminations	142
Corporate expenses (Note)	(1,023)
Operating profit in the quarterly consolidated statements of income	11,120

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

II. Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

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)	Urban Infrastructure & Environmental Products	High Performance Plastics	Medical	Total		
Net sales							
Japan	115,227	36,886	27,302	9,472	188,888	427	189,316
North America	–	4,125	20,921	5,678	30,725	–	30,725
Europe	–	1,766	17,540	2,259	21,567	–	21,567
China	–	1,140	15,592	2,427	19,161	511	19,673
Asia	397	1,598	15,322	482	17,801	14	17,815
Other	–	604	2,269	299	3,172	–	3,172
Sales to external customers	115,624	46,123	98,948	20,620	281,317	953	282,271
Intersegment sales or transfers	48	2,875	1,450	–	4,374	912	5,287
Total	115,673	48,998	100,399	20,620	285,691	1,866	287,558
Segment profit (loss)	2,873	1,471	10,914	2,643	17,902	(2,693)	15,209

(Note 1) Net sales in “Housing” include 10,646 million yen that does not correspond to revenue from contracts with customers under “Japan.”

Net sales in “Other” include 226 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 statements of income, and descriptions of such difference (matters on difference adjustment)

(Millions of yen)

Profit	Amount
Reportable segment total	17,902
Profit in “other”	(2,693)
Intersegment eliminations	121
Corporate expenses (Note)	(1,486)
Operating profit in the quarterly consolidated statements of income	13,844

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

(Revenue recognition)

Information on disaggregation of revenue from contracts with customers is as stated in “Notes to quarterly consolidated financial statements (Segment information)”

(Per share information)

Quarterly basic earnings per share and the basis for calculation are as shown below.

	Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)
Quarterly basic earnings per share	¥28.02	¥33.08
(Basis for calculation)		
Profit attributable to owners of parent (millions of yen)	12,533	14,578
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent relating to common shares (millions of yen)	12,533	14,578
Average number of outstanding common shares during the period (thousands of shares)	447,357	440,692

(Notes) 1. The amount of quarterly diluted earnings per share is not provided because there are no potential shares.

2. 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 quarterly basic earnings per share.

The average number of treasury shares during the period deducted for the calculation of quarterly basic earnings per share was 795,000 shares in the three months ended June 30, 2021 and 655,000 shares in the three months ended June 30, 2022.

(Significant subsequent events)

Not applicable.

2. Other

Not applicable.

Part 2 Information About Reporting Company's Guarantor, Etc.

Not applicable.