

October 25, 2021

Press Release

SEKISUI CHEMICAL CO., LTD.

Notice of Recording of Extraordinary Loss and Revision of Financial Results Forecast

SEKISUI CHEMICAL CO., LTD. expects to record the extraordinary loss (impairment loss) described below for the first half of fiscal year 2021 (from April 1, 2021 to September 30, 2021). Accordingly, we have decided to revise our consolidated results financial forecast for the first half of fiscal year 2021, which we announced on July 29, 2021, as follows.

1. Recording of extraordinary loss (impairment loss)

As a result of reviewing the timing of market recovery in the aircraft industry in light of the prolonged impact of the COVID-19 pandemic on a consolidated subsidiary (SEKISUI AEROSPACE CORPORATION Group), which develops, manufactures, and sells carbon fiber reinforced plastic (CFRP) and other composite molded products for aircraft in the United States, we expect to record an impairment loss of 49.5 billion yen for the first half of the current fiscal year.

2. Revision of consolidated financial results forecast for the first half of fiscal year 2021 (from April 1, 2021 to September 30, 2021)

	Net Sales (Million yen)	Operating Income (Million yen)	Ordinary Income (Million yen)	Net Income Attributable to Owners of the Parent (Million yen)	Net Income Attributable to Owners of the Parent per Share (Yen / Sen)
Previous forecast (A)	548,300	31,700	33,200	25,900	58.08
Revised forecast (B)	547,900	35,500	40,900	-3,900	-8.76
Change (B-A)	-400	3,800	7,700	-29,800	
Rate of Change (%)	-0.1	12.0	23.2	-	
(Reference) Results for the first half of FY2020	490,041	22,403	20,671	13,032	28.69

* In the previous consolidated fiscal year, SEKISUI CHEMICAL finalized the provisional accounting treatment for business combinations, and the figures for the financial results for the first half of FY2020 reflect the results of finalization of the provisional accounting treatment.

Although the financial forecast is revised, no revision is made to the dividend forecast (total annual dividend of 49 yen (interim dividend: 24 yen, year-end dividend: 25 yen)).

3. Reasons for the revision

With regard to the consolidated financial results forecast for the consolidated first half of the current fiscal year, operating income and ordinary income are expected to exceed the previously announced forecast due primarily to increased sales of high-functional products mainly in the three strategic fields of the High Performance Plastics Company, improvement of selling prices in all segments, and cost reductions, although the price increases for raw materials and components were higher than expected in each segment. On the other hand, net income attributable to the shareholders of the parent is expected to fall short of the previously announced forecast due to the recording of the impairment loss as described in 1. Recording of extraordinary loss (impairment loss) in the previous page.

The full-year financial forecast is under review and will be released at the announcement of the second quarter financial results scheduled for October 28.

(Note) The forecast figures shown in this document are based on information available at the time of preparation and actual figures may differ from the forecast figures due to various factors.