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Summary of Consolidated Financial Results of Fiscal Year 2022 Ended March 31, 2023 <Under Japanese GAAP>

April 28, 2023

Company Name:	SEKISUI KASEI Co., Ltd.
Stock Listings:	Tokyo Stock Exchange
Code Number:	4228
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Scheduled General Meeting Shareholders:	June 23, 2023
Scheduled date for payment of dividends:	June 26, 2023
Scheduled date for submission of financial statement:	June 26, 2023
Earnings supplementary explanatory documents:	Yes
Earnings results briefing:	Yes (For securities analysts and institutional investor fund managers)

(Figures rounded down to the nearest million yen)

1. Consolidated Business Results for FY 2022 (April 1, 2022 to March 31, 2023)

(1) Consolidated Business Results

(% figures represent changes from 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	%
FY 2022	124,683	6.1	793	(45.8)	704	(49.7)	452	-
FY 2021	117,567	-	1,463	(30.0)	1,401	(28.4)	(5,917)	-

Note. Comprehensive Income: FY2022: 642million yen [- %] FY2021: (11,433)million yen [- %]

	Net Income Attributable to Owners of the Parent per Share	Net Income Attributable to Owners of the parent per Share (Diluted)	Net Income to Equity Ratio	Ordinary Income to Total Assets Ratio	Operating Income Ratio
	yen	yen	%	%	%
FY 2022	10.00	-	0.8	0.5	0.6
FY 2021	(130.99)	-	(9.3)	0.9	1.2

Note. Share of profit of entities accounted for using equity method: FY2022: - million yen FY2021: - million yen

Note. The Group has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related implementation guidance from the beginning of the previous fiscal year. The percentage change in net sales of the fiscal year 2021 ended March 31, 2022, which were affected by this change, is not shown.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity to Total Assets	Net Assets per Share
	Millions of yen	Millions of yen	%	yen
FY 2022	145,175	58,464	39.8	1,275.00
FY 2021	143,308	58,242	40.1	1,272.86

Reference: Equity: As of March 31, 2023: 57,723million yen As of March 31, 2022: 57,525million yen

Equity: Shareholders' Equity including Accumulated Other Comprehensive Income

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and cash equivalents At end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2022	3,110	(993)	(1,542)	11,072
FY 2021	3,831	(3,186)	(2,573)	10,503

2. Dividend Status

(Date of Record)	Dividend per Share					Total Dividend Payment (full year)	Payout Ratio (consolidated)	Dividend to equity ratio (consolidated)
	At the end of 1Q	At the end of 2Q	At the end of 3Q	Year-end	Full year			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY 2021	-	5.00	-	7.00	12.00	542	-	0.9
FY 2022	-	3.00	-	9.00	12.00	543	120.0	0.9
FY 2023 (outlook)	-	3.00	-	9.00	12.00		98.8	

3. Consolidated Outlook for FY2023 (April 1, 2023-March 31, 2024)

(% 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	64,000	5.1	200	-	100	35.7	(500)	-	(11.04)
Full Year	130,000	4.3	2,000	152.2	1,700	141.3	550	21.5	12.15

Note:

- (1) Significant change of subsidiary companies during the term
(Change of specified subsidiaries that affected the scope of consolidated reporting): No
- (2) 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
- (3) Number of shares outstanding (common stock)
a) Number of shares outstanding at the end of term (including treasury stock)
FY2022 46,988,109 shares
FY2021 46,988,109 shares

b) Treasury stock at end of term
FY2022 1,714,425 shares
FY2021 1,794,266 shares

c) Average outstanding shares in the period
FY2022 45,250,078 shares
FY2021 45,176,402 shares

(Reference information) Summary of Non-consolidated financial results

1. Non-consolidated financial results for FY 2022 (April 1, 2022 to March 31, 2023)

(1) Non-Consolidated Business Results

(% figures represent changes from the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2022	66,849	6.3	2,380	(23.4)	130	(96.9)	324	-
FY 2021	62,869	-	3,107	(0.5)	4,249	7.0	(10,212)	-

	Net Income per Share	Net Income per Share (Diluted)
	yen	yen
FY 2022	7.17	-
FY 2021	(226.06)	-

Note. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related implementation guidance from the beginning of the previous fiscal year. The percentage change in net sales of the fiscal year 2021 ended March 31, 2022, which were affected by this change, is not shown.

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity To Total Assets	Net Assets per Share
	Millions of yen	Millions of yen	%	yen
FY 2022	122,195	50,894	41.6	1,124.14
FY 2021	120,188	50,995	42.4	1,128.38

Reference: Equity: As of March 31, 2023: 50,894million yen As of March 31, 2022: 50,995million yen
Equity: Shareholders' Equity including Accumulated Other Comprehensive Income

Note: Execution chart for audit procedures

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

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

(Cautionary statement regarding forward-looking statements)

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. Summary of Business Results, (3) Outlook" on page 7.

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1. Summary of Business Results

(1) Summary of Business Results for FY2022

1) Business Results for FY2022

During the fiscal year under review, countries around the world progressively relaxed both restrictions on behavior imposed in response to novel coronavirus infectious disease (COVID-19) and measures to prevent infection, which led to signs of a resumption in economic activity centered on personal consumption, but the prolongation of the situation in Ukraine and ongoing inflationary pressure caused by soaring energy prices led to continued uncertainty for the global economy. In the automotive industry, shortages of semiconductors and other parts and disruption to supply chains across the world has continued to affect production activities. In electronics-related industries, there has been a softening of demand for personal computers and other products, and LCD panel manufacturers continue to apply inventory corrections. Although the Japanese economy is showing signs of recovery toward a normalization of socio-economic activities due to the easing of COVID-19 related restrictions on behavior, uncertainty continues to linger due to concerns about falling consumption caused by soaring energy and other prices, and volatility in the foreign exchange and interest rate markets. In addition, responses to environmental issues, such as reductions in greenhouse gas emissions and the problem of climate change, are becoming increasingly important.

In Japan's foam plastics industry, food container-related demand, primarily for home meals and home-meal replacements, is slowing due in part to the easing of restrictions on behavior. Due to the impact of the continued shortage of semiconductors and so on, demand for parts, transport materials and packaging materials has yet to experience a full-fledged recovery, and high prices for energy and other factors remain an issue.

Against this challenging business environment, the Group has taken steps to avoid the risk of COVID-19 while seeking to ease restrictions on behavior, and at the same time the members of the Group have been working as one on the three Key Issues of the three-year mid-term management plan, "Spiral-up 2024," which began in the fiscal year under review. In terms of "Strengthen the earnings structure," by selecting and concentrating management resources we are working to restructure the business portfolio, implement bold innovations in production, and generate profits rapidly from newly developed products. In terms of "Shift to businesses that solve environmental and social issues," we have also positioned "expanding Sustainable Star Products through recycling-based business" and "striving to achieve carbon neutrality" as our issues, while further striving to strengthen the promotion of SKG-5R*. As part of this initiative, we are developing environmentally friendly new materials, such as ReNew** and BIO Cellular*, and taking steps to achieve efficient production of these products and to increase their sales. Moreover, by blending our proprietary recycling technology with polymerization technology, we have established a mass-production approach that enables up to 50% of raw materials to be recycled, which can be used for example in the recycling of fish boxes, where the removal of unwanted odors had previously been an issue. We are also making progress with the installation of facilities to enable the shift away from fossil energy and towards renewable energy for our production activities, and solar power generation systems have been introduced at four Group company locations in Japan.

In terms of "Reinforce our management foundation," we have identified what constitutes materiality, and are moving forward with related activities. One of these is "human capital

management,” which reflects our perception of our employees as an important management resource. We have also made a declaration of health and productivity management with the objective of helping to maintain and enhance the mental and physical health of our employees, and received certification as a 2023 Health and Productivity Management Organization in the Large Enterprise Category.

In terms of sales, in Human Life Segment, we worked to revise prices and increase sales volumes in the wake of the recovery in flows of people, while in Industry Segment we strived to expand sales in the various business fields that are beginning to recover.

In terms of profits, we responded to multiple negative impacts in the first half, such as those of the global supply chain disruption resulting from lockdowns in Shanghai, China and other locations, the fire at Sekisui Kasei Oita Co., Ltd., and soaring prices for raw materials and fuel, by steadfastly working to pass higher inputs on to selling prices, reduce costs and cut fixed expenses, but we were unable to completely offset these negative factors. As a result of the above factors, consolidated net sales for the fiscal year under review came to ¥124,683 million (up 6.1% year on year), with operating income of ¥793 million (down 45.8% year on year), and ordinary income of ¥704 million (down 49.7% year on year). After recording extraordinary income of ¥1,632 million derived from partial sales of investment securities, and deducting income taxes, this resulted in a net income attributable to owners of the parent of ¥452 million (compared to a net loss of ¥5,917 million for the previous fiscal year).

* The “SKG” in “SKG-5R” represents SEKISUI KASEI Group, and the “5R” stands for Reduce, Reuse, Recycle, Replace and Re-create.

* ReNew[®] is our category brand of products that use recycled raw materials.

* BIO Cellular is our category brand of products that use biodegradable plastics or plastics derived from biomass.

2) Summary by Business Segment

<Human Life Segment>

Net sales in Human Life Segment reached ¥52,602 million (up 6.2% year on year), with segment profit of ¥2,585 million (down 23.4% year on year).

Sales in the field of Food were up overall year on year, due to price revisions. Although flows of people are returning and driving signs of a recovery in takeout containers, as well as in lunchboxes and other products related to tourist and restaurant demand, food container demand related to home meals and home-meal replacements declined slightly. In agricultural applications, shipments were flat year on year due in part to the impact of the weather and other factors, but fishery remained weak due to the trend towards declining catches.

In the Housing/Energy field, civil engineering was weak due to delays in the progress of construction projects, but construction materials performed strongly.

Demand related to take-out containers remained strong, and despite signs of a slowdown in fresh food trays used in supermarkets and elsewhere, and a fall in instant noodle-related demand, sales volume of ESLEN Sheets (foamed polystyrene sheets), our mainstay product, were flat year on year. Sales volume of ESLEN Beads (expandable polystyrene beads) recorded a year-on-year decline overall, with beads for cushions and other life goods showing a slowing of the demand growth of the previous year, and weakness being seen in demand related to agriculture and fishery. In response to repeated sharp increases in the price of raw materials and secondary resources as

well as cost of energy, we worked to reduce costs and fixed expenses and also passed higher inputs on to selling prices. However, lower sales resulting from market weakness, costs incurred as a result of transferring products from other factories following the fire at Sekisui Kasei Oita in April, and other factors put pressure on margins, and profits declined.

<Industry Segment>

Net sales in Industry segment reached ¥72,081 million (up 5.9% year on year), with a segment loss of ¥400 million, compared to a loss of ¥1,777 million for the previous fiscal year.

In the Mobility field, demand for automotive parts applications was sluggish due to the impact of production cutbacks by automakers in response to shortages of semiconductors in other parts in countries around the world, and to lockdowns in various parts of China in the first half. In the latter stages of the first half the trend began to improve, but it has not reached a full-fledged recovery. On the other hand, after growing significantly in the first half, sales of parts packaging applications receded in the second half, and sales of PIOCELAN (polystyrene/polyolefin hybrid resin foam) were flat year on year. In Europe, Proseat Group worked on improvements such as reductions in fixed costs and consolidation of production, but orders from European automobile manufacturers continue to stagnate due to shortages of semiconductors and other parts, and as a result of the situation in Ukraine. Due to this and the impact of significant increases in energy costs, a recovery in earnings will take time, and losses continue to be recorded.

In the Electronics field, demand for TECHPOLYMER (organic polymer particles) used in light diffusion applications for LCD panels, etc. fell sharply from the second quarter onward due to the impact of inventory corrections, but in the fourth quarter we began to see signs of a moderate recovery. Due to the impact of the lockdowns, intensified competition with other materials, and inventory corrections for LCD panels, demand for panel transport materials and packaging materials using PIOCELAN in China, Taiwan and elsewhere was weak.

In the Medical/Healthcare field, we succeeded in expanding applications for ELASTIL (thermoplastic elastomer foam) used in midsoles for running shoes, to other types of shoe. Growth in sales was recorded both for ST-gel (functional high-polymer gel) for applications such as medical electrodes, and for TECHPOLYMER used in cosmetics applications.

In terms of profits, although we took steps to raise productivity and cut fixed expenses, the time lag between being affected by sharp increases in energy costs and raw materials prices and passing them on to customers resulted in a loss.

3) Other Important Items

<Global Expansion>

SEKISUI KASEI Group is moving to expand its business globally, primarily in Industry segment including Mobility and Electronics. With the move towards carbon neutrality by 2050 progressing around the world, in the Mobility field, the shift toward EVs (electric vehicles) is expected to accelerate, and the market for the Company's foam plastic products, which contribute to greater functionality, is expected to expand.

The Group is moving to expand globally to address demand for parts and packaging materials that

use foam plastics, which contribute to the weight-reduction efforts that will become increasingly important in the Mobility field going forward. It is working to grow the automotive parts and packaging materials business in North America, which includes the United States and Mexico, and in Asian countries such as China, Thailand, and Indonesia. In February 2019 the Group also acquired European auto parts manufacturer Proseat Group as a stepping stone towards expanding the business in Europe, and is building a structure to allow it to respond quickly to the shift towards electric vehicles that originated in Europe. Since the acquisition performance has deteriorated, but we are striving to strengthening competitiveness by withdrawing from unprofitable operations and restructuring the organization, putting in place a stronger foundation for business, and working to develop products and expand the customer base in order to grow the European business.

In fields such as Electronics and Medical/Healthcare, we will develop new materials with reduced environmental impacts, including foam plastics and polymer particles based on new technology, ReNew⁺, and BIO Cellular, and strive to achieve efficient production and to increase sales of these products. Note that overseas sales for the consolidated fiscal year under review came to ¥49,509 million (39.7% of consolidated net sales).

<Sustainability Initiatives>

The Group is shifting into businesses that resolve environmental and social issues, as a means of enhancing environmental, social, and economic value and achieving sustainable expansion, an approach that is a higher-level replacement for the previous Corporate Social Responsibility (CSR) program. In January this year we formulated this Sustainability Policy: “SEKISUI KASEI Group is committed to fulfilling our social responsibility to all stakeholders, including the global environment, by carrying out our management philosophy. We strive to contribute to the sustainable development of society globally and to enhance the sustainable corporate value.” The sustainability activities conducted by the Group are founded on the three themes of “manufacturing with consideration for the environment, safety and quality,” “sincere management activities focusing on compliance” and “practice of Zen-in Keiei.*”

With regard to the environment, since its founding, the Group has advanced its foaming and polymerization technologies while taking on the challenges of conducting monozukuri (manufacturing craftsmanship) and innovative business activities in harmony with the environment, including energy conservation and recycling, with the aim of creating a low-carbon and recycling-based society. Moreover, in May 2022, the Group endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and in accordance with the TCFD’s recommendations the Group began disclosing information on initiatives to address climate change in April 2023, thus contributing through its business activities to efforts to achieve a sustainable society.

With regard to compliance, rather than restricting ourselves to the perspective of conformance with laws and regulations, we are working on a general and wide-ranging strengthening of governance, including taking measures to enhance the effectiveness of the Board of Directors, and rebuilding the committee structure of the Company.

In terms of “practice of Zen-in Keiei,” we will focus on promoting health and productivity management, workstyle reforms and diversity (promoting the participation and advancement of women in the workplace, nurturing global managers, etc.) as human capital management initiatives, with the aim of strengthening frameworks that ensure that employees with enthusiasm and ability

can participate.

Based on international standards and guidelines, the SDGs, and similar information, and with reference to what is important to the Group and what is important to stakeholders, we have identified materiality (key management issues) from the perspective of the environment, society, and governance, have established issues to promote and KPIs for each, and are strengthening ESG management in order to achieve sustainable growth.

*Zen-in Keiei is our group culture we value that each individual of SEKISUI KASEI Group fully recognize the aim of the entire Group and achieves goals by joining forces as a team and cooperate each other while optimizing personally and strength of individuals, and what leads to greater achievement of the entire Group.

(2) Summary of Financial Position for FY2022

1) Assets, Liabilities and Net Assets

As of the end of the consolidated fiscal year under review, assets totaled ¥145,175 million (an increase of ¥1,867 million from the end of the previous year).

In assets, increases in items such as electronically recorded monetary claims-operating resulted in current assets rising by ¥3,102 million. Non-current assets decreased by ¥1,235 million due to sales of investments in securities.

In liabilities, repayments of short-term loans led to a decrease of ¥2,619 million in current liabilities. In addition, mainly as a result of an increase in long-term loans, long-term liabilities increased by ¥4,264 million.

The net assets rose by ¥221 million.

2) Cash Flows

The balance of cash and cash equivalents (hereafter “net cash”) at the end of the consolidated fiscal year under review increased by ¥569 million compared to the end of the previous fiscal year, to ¥11,072 million.

<Cash flows from operating activities>

Cash flow from operating activities saw decrease by ¥721 million, resulting in ¥3,110 million in net cash provided in operating activities, due mainly to the decrease in operating income.

<Cash flows from investing activities>

Cash flow from investing activities saw increase by ¥2,192 million, resulting in ¥993 million in net cash used in financing activities, due to increases in proceeds from sales of investments in securities.

<Cash flows from financing activities>

Net cash used in financing activities was ¥1,542 million, an increase of ¥1,031 million from the previous fiscal year due mainly to decreases in repayment of loans.

(Reference) Change in cash flow-related indices

	FY2018	FY2019	FY2020	FY2021	FY2022
Equity ratio	42.5	44.1	44.2	40.1	39.8
Equity ratio on a market value basis	27.2	17.6	17.7	13.8	13.0
Interest-bearing debt to cash flow ratio	4.9	5.5	5.8	10.9	13.6
Interest coverage ratio	38.8	15.0	17.1	10.7	6.8

(Notes)

Equity ratio: Shareholders' equity/Total assets

Equity ratio on a market value basis: Market capitalization/Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/cash flow

Interest coverage ratio: Cash flow/interest payments

*All figures are calculated on a consolidated basis.

*Market capitalization is calculated based on the number of shares outstanding excluding treasury stock.

*Interest-bearing debt includes all debt in the consolidated balance sheet for which interest is paid.

(3) Outlook

With respect to the outlook going forward, we must pay attention to the trend in the recovery from COVID-19 and geopolitical risks such as and the worsening of the situation in Ukraine, as well as to the impact of exchange rate volatility and fluctuations of prices for raw materials and energy.

In Human Life Segment, although we expect slowing demand for home meals and home-meal replacements in the form of supermarket food trays and restaurant take-out containers, we also anticipate rising demand for recreation and tourism-related materials as a result of a recovery in inbound tourism, and a continuation of strong sales. In Industry segment, which operates globally, in the Mobility field there are concerns about the impact on supply chains of the situation in Ukraine, as well as instability in the balance between supply and demand for parts such as semiconductors, but we expect parts applications and parts packaging applications to trend toward recovery, despite the lack of visibility. In the Electronics field, we expect LCD-related demand as a whole, which has been soft, to recover.

As a result, for the fiscal year ending March 31, 2024, we forecast consolidated net sales of ¥130.0 billion, operating income of ¥2.0 billion, ordinary income of ¥1.7 billion and net income attributable to owners of the parent of ¥0.5 billion.

2. Management Policy

Mid- to Long-term Management Strategy, Targets for Management Indices

SEKISUI KASEI Group has created a new “Spiral-up 2024” mid-term management plan, which began in April 2022. In accordance with the <Basic Policy> below, all our members have been participating in this plan, with their efforts centered on <Key Issues>.

(1) Basic Policy

To contribute to a sustainable society, and to achieve the sustainable enhancement of our corporate value, we will establish a resilient earnings base based on ESG management.

(2) Key Issues

(i) Strengthen the earnings structure

1) Restructuring the business portfolio

(5 priority fields)

“Food,” “Electronics,” “Mobility,” “Medical/Healthcare,” “Housing/Energy”

2) Constructing a highly profitable structure in Proseat business

3) Strengthening cost competitiveness through innovations in production

4) Rapidly generating profits from developed products

(ii) Shift to businesses that solve environmental and social issues

1) Expanding Sustainable Star Products through recycling business

2) Striving to achieve carbon neutrality

(iii) Reinforce our management foundations

1) Strengthening efforts to address materiality (key management issues)

2) Enhancing financial health

(3) Quantitative targets

We took into consideration the future supplement of the market and the prospect of a delayed recovery of Proseat Group's business performance, etc., in response to the issues facing the Group. We have also partially revised the plan for FY2024 as follows.

Consolidated targets	FY2021 (results)	FY2022 (results)	FY2023 (plan)	FY2024 (plan)
Net Sales (Original plan)	¥117.5 billion	¥124.6 billion (¥125.0 billion)	¥130.0 billion	¥135.0 billion (¥135.0 billion)
Operating income (Original plan)	¥1.4 billion	¥0.7 billion (¥1.8 billion)	¥2.0 billion	¥4.0 billion (¥5.0 billion)
Ordinary Income (Original plan)	¥1.4 billion	¥0.7 billion (¥1.6 billion)	¥1.7 billion	¥3.7 billion (¥4.8 billion)
Net income attributable to owners of the parent (Original plan)	¥(5.9) billion	¥0.4 billion (¥0.9 billion)	¥0.5 billion	¥2.4 billion (¥3.0 billion)
ROE (Original plan)	—	0.8% (1.5%)	1.0%	3.0% (3.0%)

(Amounts of less than ¥100 million are not shown)

3. Basic Approach to the Selection of Accounting Standards

Taking into account comparability between reporting periods and between companies in its consolidated financial statements, for the time being the Group's policy is to prepare its consolidated financial statements based on Japanese GAAP. With regards to the application of international financial reporting standards (IFRS), the Group will respond appropriately, taking into account various conditions both domestically and overseas.

4. Consolidated Financial Statements and Notes to Consolidated Financial Statement

(1) Consolidated Balance Sheets

	(Millions of Yen)	
	FY2021	FY2022
	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	10,510	11,080
Notes receivable	4,335	3,085
Accounts receivable	23,565	23,727
Contract assets	1,092	1,575
Electronically recorded monetary claims-operating	6,526	7,930
Merchandise and finished goods	8,633	9,253
Work in process	1,785	1,909
Raw materials and supplies	4,756	5,127
Other	2,617	3,227
Allowance for doubtful accounts	(52)	(42)
Total current assets	63,771	66,874
Non-current assets		
Property, plant and equipment		
Buildings and structures	48,614	49,140
Accumulated depreciation	(33,165)	(34,336)
Buildings and structures, net	15,448	14,804
Machinery, equipment and vehicles	89,839	90,482
Accumulated depreciation	(76,102)	(77,729)
Machinery, equipment and vehicles, net	13,737	12,753
Land	21,413	21,492
Construction in progress	1,743	1,472
Other	18,664	19,815
Accumulated depreciation	(15,354)	(16,635)
Other, net	3,309	3,180
Total property, plant and equipment	55,652	53,702
Intangible assets		
Software	665	1,277
Other	465	486
Total intangible assets	1,131	1,763
Investments and other assets		
Investments in securities	14,849	14,041
Deferred income taxes	822	851
Assets for retirement benefits	6,155	6,936
Other	973	1,053
Allowance for doubtful accounts	(47)	(47)
Total investments and other assets	22,752	22,834
Total non-current assets	79,536	78,301
Total assets	143,308	145,175

	(Millions of yen)	
	FY2021	FY2022
	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable	16,065	17,026
Electronically recorded obligations-operating	9,145	8,263
Short-term loans	16,252	13,026
Accrued expenses	3,357	3,420
Accrued income and enterprise taxes	767	1,338
Contract liabilities	405	684
Accrued consumption taxes	259	265
Provision for bonuses to employees	1,046	1,010
Provision for bonuses to directors and audit and supervisory board members	6	42
Notes payable-facilities	71	46
Electronically recorded obligations -non-operating	691	724
Other	2,646	2,246
Total current liabilities	50,715	48,096
Long-term liabilities		
Bonds payable	7,000	7,000
Long-term loans	13,863	18,094
Deferred income taxes	4,410	4,593
Deferred income taxes for land revaluation	1,596	1,596
Provision for product warranty	108	82
Liabilities for retirement benefits	3,608	3,728
Other	3,763	3,521
Total long-term liabilities	34,349	38,614
Total liabilities	85,065	86,711
Net assets		
Shareholders' equity		
Common stock	16,533	16,533
Capital surplus	16,503	16,445
Retained earnings	16,602	16,602
Treasury stock	(1,448)	(1,382)
Total shareholders' equity	48,190	48,199
Accumulated other comprehensive income		
Net unrealized gains on securities	7,442	7,440
Surplus arising from land revaluation	1,479	1,479
Translation adjustments	745	562
Retirement benefits liability adjustments	(332)	41
Total accumulated other comprehensive income	9,334	9,524
Non-controlling interests	717	740
Total net assets	58,242	58,464
Total liabilities and net assets	143,308	145,175

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

Consolidated Statement of Income

	(Millions of yen)	
	FY2021	FY2022
	(From April 1, 2021 to March 31, 2022)	(From April 1, 2022 to March 31, 2023)
Net sales	117,567	124,683
Cost of sales	92,831	100,072
Gross profit	24,735	24,611
Selling, general and administrative expenses	23,271	23,818
Operating income	1,463	793
Non-operating income		
Interest income	13	19
Dividends income	328	349
Foreign exchange gain, net	288	143
Subsidy income	58	29
Compensation income	—	210
Other	330	273
Total non-operating income	1,019	1,025
Non-operating expenses		
Interest expenses	386	538
Loss on sales and retirement of non-current assets	214	31
Commission fee	57	14
Compensation expenses	114	12
Loss on fire	—	228
Other	309	289
Total non-operating expenses	1,082	1,114
Ordinary income	1,401	704
Extraordinary income		
Gain on sales of investments in securities	445	1,632
Total extraordinary income	445	1,632
Extraordinary loss		
Impairment loss	6,407	50
Total extraordinary losses	6,407	50
Net income (loss) before income taxes	(4,560)	2,287
Income taxes - current	1,436	1,846
Income taxes - deferred	(120)	(13)
Total income taxes	1,316	1,833
Net income (loss)	(5,876)	453
Net income (loss) attributable to non-controlling interests	41	0
Net income (loss) attributable to owners of the parent	(5,917)	452

Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	End of FY2021 (From April 1, 2021 to March 31, 2022)	End of FY2022 (From April 1, 2022 to March 31, 2023)
Net income (loss)	(5,876)	453
Other comprehensive income		
Net unrealized gains on securities	(4,417)	(1)
Translation adjustments	720	(183)
Retirement benefits liability adjustments	(1,860)	374
Total other comprehensive income	(5,557)	189
Comprehensive income	(11,433)	642
(Breakdown)		
Comprehensive income attributable to owners of the parent	(11,460)	641
Comprehensive income attributable to non- controlling interests	27	0

(3) Consolidated Statement of Changes in Net Assets

FY2021 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2021	16,533	16,515	23,523	(1,493)	55,077
Changes of items during period					
Dividend of surplus			(1,002)		(1,002)
Net income attributable to owners of the parent			(5,917)		(5,917)
Decrease due to additional acquisition of shares of consolidated subsidiaries					-
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		(12)		45	33
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(12)	(6,920)	45	(6,886)
Balance at March 31, 2022	16,533	16,503	16,602	(1,448)	48,190

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains on securities	Surplus arising from land revaluation	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2021	11,859	1,479	11	1,527	14,877	702	70,657
Changes of items during period							
Dividend of surplus							(1,002)
Net income attributable to owners of the parent							(5,917)
Decrease due to additional acquisition of shares of consolidated subsidiaries							-
Acquisition of treasury stock							(0)
Disposal of treasury stock							33
Net changes of items other than shareholders' equity	(4,417)	—	734	(1,860)	(5,543)	14	(5,528)
Total changes of items during period	(4,417)	—	734	(1,860)	(5,543)	14	(12,415)
Balance at March 31, 2022	7,442	1,479	745	(332)	9,334	717	58,242

FY2022 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2021	16,533	16,503	16,602	(1,448)	48,190
Changes of items during period					
Dividend of surplus			(452)		(452)
Net income attributable to owners of the parent			452		452
Decrease due to additional acquisition of shares of consolidated subsidiaries		(24)			(24)
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		(32)		65	33
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(57)	0	65	8
Balance at March 31, 2022	16,533	16,445	16,602	(1,382)	48,199

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains on securities	Surplus arising from land revaluation	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2022	7,442	1,479	745	(332)	9,334	717	58,242
Changes of items during period							
Dividend of surplus							(452)
Net income attributable to owners of the parent							452
Decrease due to additional acquisition of shares of consolidated subsidiaries							(24)
Acquisition of treasury stock							(0)
Disposal of treasury stock							33
Net changes of items other than shareholders' equity	(1)	—	(183)	374	189	23	212
Total changes of items during period	(1)	—	(183)	374	189	23	221
Balance at March 31, 2022	7,440	1,479	562	41	9,524	740	58,464

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Net income (loss) before income taxes	(4,560)	2,287
Depreciation and amortization	6,176	5,650
Amortization of goodwill	128	—
Impairment loss	6,407	50
Increase (decrease) in allowance for doubtful accounts	(11)	(12)
Interest and dividend income	(342)	(369)
Interest expenses	386	538
Increase (decrease) in provision for bonuses to employees	(9)	(36)
Increase (decrease) in provision for product warranty	(23)	(26)
Increase (decrease) in net liabilities for retirement benefits	(1,058)	(142)
Loss (gain) on sales of investments in securities	(445)	(1,632)
Loss (gain) on sales and retirement of property, plant and equipment	210	24
Subsidy income	(58)	(29)
Loss on fire	—	228
Decrease (increase) in notes and accounts receivable	(892)	108
Decrease (increase) in inventories	(1,544)	(788)
Increase (decrease) in notes and accounts payable	2,209	(170)
Other, net	(1,041)	(1,417)
Subtotal	5,530	4,262
Interest and dividends received	342	369
Interest paid	(357)	(458)
Proceeds from casualty insurance claims	157	174
Proceeds from subsidy income	58	29
Income taxes (paid) refunded	(1,899)	(1,266)
Net cash provided by (used in) operating activities	3,831	3,110
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	26	—
Purchases of property, plant and equipment	(3,700)	(3,070)
Proceeds from sales of property, plant and equipment	37	75
Purchases of investments in securities	(4)	(4)
Proceeds from sales of investments in securities	581	2,444
Increase in short-term and long-term loans receivable	(7)	(18)
Collection of short-term and long-term loans receivable	17	5
Other, net	(137)	(424)
Net cash provided by (used in) investing activities	(3,186)	(993)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	2,243	1,342
Proceeds from long-term loans	2,751	8,807
Repayment of long-term loans	(5,570)	(10,278)
Dividends paid	(993)	(453)
Dividends paid to non-controlling shareholders	(2)	(1)
Other, net	(1,002)	(959)
Net cash provided by (used in) financing activities	(2,573)	(1,542)
Effect of exchange rate change on cash and cash equivalents	(67)	(4)
Net increase (decrease) in cash and cash equivalents	(1,995)	569
Cash and cash equivalents at the beginning of the year	12,498	10,503
Cash and cash equivalents at the end of the quarter	10,503	11,072

(5) Notes to Consolidated Financial Statements

(Note regarding assumption of going concern)
Not applicable.

(Significant matters that serve as the basis of preparation of consolidated financial statements)
(Matters related to scope of consolidation)

Consolidated subsidiaries 39

Major subsidiaries:

Sekisui Kasei Hokkaido Co., Ltd., Sekisui Kasei Kansai Co., Ltd., Sekisui Kasei Toubu Co., Ltd., Sekisui Kasei Seibu Co., Ltd., Sekisui Kasei Chubu Co., Ltd., Sekisui Kasei Yamakyu Co., Ltd., Sekisui Kasei Europe B.V., Proseat Europe GmbH, Sekisui Kasei U.S.A., Inc., Sekisui Kasei Mexico S.A. de C.V., Sekisui Kasei Korea Co., Ltd., Sekisui Kasei Taiwan Co., Ltd., Sekisui Kasei (Shanghai) International Trading Co., Ltd., Sekisui Kasei (Thailand) Co., Ltd., PT. Sekisui Kasei Indonesia

(Segment Information)

<Segment Information>

1. Outline of reported segments

The reportable segments of the Company are components for which discrete financial information is available, and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

The Company's business revolves mainly around plastics. The Company has established business divisions based on product markets and applications for global development in the two segments of Human Life and Industry. Each division works closely with subsidiaries to plan overall strategies and operate its business.

Accordingly, the Group consists of segments by product market and application on the basis of the divisions and has two reportable segments "Human Life" and "Industry."

Human Life Segment primarily manufactures and sells boxes and trays for agricultural and fishery products, food containers, and housing and civil engineering materials, etc. The main products for Industry Segment include automobile components, digital consumer electronics components, packaging materials and other related products.

2. Methods used for calculating sales, income (or loss), assets and other items of each reportable segment

The accounting policies of the segments are the same as those stated in "Significant matters that serve as the basis of preparation of consolidated financial statements."

Segment income is based on ordinary income. Inter-segment sales and transfers are based on prevailing market prices.

3. Information on sales, income (or loss), assets and other items of each reportable segment

FY2021 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable Segments			Adjustments and eliminations (*1)	Total (*2)
	Human Life Segment	Industry Segment	Total		
Net sales:					
Japan	49,391	21,801	71,193	-	71,193
Europe	-	30,254	30,254	-	30,254
Asia	137	13,561	13,698	-	13,698
Other	1	2,419	2,420	-	2,420
Earnings from contracts with customers	49,530	68,036	117,567	-	117,567
Other earnings	-	-	-	-	-
Sales to third parties	49,530	68,036	117,567	-	117,567
Intersegment sales and transfers	611	133	745	(745)	-
Total	50,141	68,170	118,312	(745)	117,567
Segment income (loss)	3,376	(1,777)	1,598	(196)	1,401
Segment assets	66,050	59,708	125,758	17,549	143,308
Other items					
Depreciation and amortization	1,903	3,535	5,438	738	6,176
Amortization of goodwill	-	128	128	-	128
Increase in property, plant and equipment and intangible assets	1,229	1,856	3,086	739	3,825

(Notes)

- Adjustments and eliminations in the preceding table were as follows:
 - Segment income in the amount of (196) million yen includes elimination of inter-segment transactions in the amount of 1 million yen and unallocated corporate expenses of (198) million yen.
 - Segment assets in the amount of 17,549 million yen consisted primarily of investments in securities and assets related to administrative departments and the Central R&D Laboratory owned by the Company.
 - Depreciation and amortization in the amount of 738 million yen include amortization of long-term pre-paid expenses, and consisted primarily of depreciation of assets related to administrative departments and the Central R&D Laboratory owned by the Company.
 - Increase in property, plant and equipment and intangible assets in the amount of 739 million yen consisted primarily of assets related to the Central R&D Laboratory owned by the Company.
- Segment income was adjusted for ordinary income in the consolidated statement of income.
- Names of major products belonging to each segment
 - Human Life Segment: ESLEN Beads, ESLEN Sheets, ESLEN Wood, INTERFOAM, other foamed / molded products using these materials, ES Dan Mat, ESLEN Block, etc.
 - Industry Segment: PIOCELAN, LIGHTLON, NEOMICROLEN, CELPET, TECHPOLYMER, ST-gel, TECHEATER, ELASTIL, FOAMAC, ST-LAYER, ST-Eleveat, other foamed/molded products using these materials, etc.

FY2022 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable Segments			Adjustments and eliminations (*1)	Total (*2)
	Human Life Segment	Industry Segment	Total		
Net sales:					
Japan	52,470	22,764	75,234	-	75,234
Europe	-	33,103	33,103	-	33,103
Asia	131	12,524	12,655	-	12,655
Other	-	3,689	3,689	-	3,689
Earnings from contracts with customers	52,602	72,081	124,683	-	124,683
Other earnings	-	-	-	-	-
Sales to third parties	52,602	72,081	124,683	-	124,683
Intersegment sales and transfers	565	161	726	(726)	-
Total	53,167	72,242	125,410	(726)	124,683
Segment income (loss)	2,585	(400)	2,185	(1,481)	704
Segment assets	67,063	60,314	127,378	17,796	145,175
Other items					
Depreciation and amortization	1,852	3,024	4,877	773	5,650
Amortization of goodwill	-	-	-	-	-
Increase in property, plant and equipment and intangible assets	1,387	1,614	3,002	680	3,682

(Notes)

- Adjustments and eliminations in the preceding table were as follows:
 - Segment income in the amount of (1,481) million yen includes elimination of inter-segment transactions in the amount of (1) million yen and unallocated corporate expenses of (1,480) million yen.
 - Segment assets in the amount of 17,796 million yen consisted primarily of investments in securities and assets related to administrative departments and the Central R&D Laboratory owned by the Company.
 - Depreciation and amortization in the amount of 773 million yen include amortization of long-term pre-paid expenses, and consisted primarily of depreciation of assets related to administrative departments and the Central R&D Laboratory owned by the Company.
 - Increase in property, plant and equipment and intangible assets in the amount of 680 million yen consisted primarily of assets related to the Central R&D Laboratory owned by the Company.
- Segment income was adjusted for ordinary income in the consolidated statement of income.
- Names of major products belonging to each segment
 - Human Life Segment: ESLEN Beads, ESLEN Sheets, ESLEN Wood, INTERFOAM, other foamed / molded products using these materials, ES Dan Mat, ESLEN Block, etc.
 - Industry Segment: PIOCELAN, LIGHTLON, NEOMICROLEN, CELPET, TECHPOLYMER, ST-gel, TECHEATER, ELASTIL, FOAMAC, ST-LAYER, ST-Eleveat, other foamed/molded products using these materials, etc.

<Related information>

FY2021 (April 1, 2021 to March 31, 2022)

1. Information by product and service

Omitted as information is categorized the same as for the reportable segments.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Europe	Asia	Other	Total
71,193	30,254	13,698	2,420	117,567

(Note) Net sales are categorized by region based on customer location.

(2) Property, plant and equipment

(Millions of yen)

Japan	Europe	Asia	Other	Total
45,016	4,159	4,506	1,970	55,652

3. Information by major customer

(Millions of yen)

Customer or individual name	Net sales	Related segment
FP Corporation	15,467	Human Life Segment

FY2022 (April 1, 2022 to March 31, 2023)

1. Information by product and service

Omitted as information is categorized the same as for the reportable segments.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Europe	Asia	Other	Total
75,173	33,103	12,716	3,689	124,683

(Note) Net sales are categorized by region based on customer location.

(2) Property, plant and equipment

(Millions of yen)

Japan	Europe	Asia	Other	Total
43,271	4,201	4,239	1,990	53,702

3. Information by major customer

(Millions of yen)

Customer or individual name	Net sales	Related segment
FP Corporation	17,381	Human Life Segment

<Information concerning impairment loss on non-current assets in each reportable segment>

FY2021 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Human Life Segment	Industry Segment	Corporate/ Eliminations	Total
Impairment loss	—	6,407	—	6,407

FY2022 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Human Life Segment	Industry Segment	Corporate/ Eliminations	Total
Impairment loss	—	50	—	50

<Information regarding amortization of goodwill and unamortized balance of goodwill by each reportable segment >

FY2021 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Human Life Segment	Industry Segment	Corporate/ Eliminations	Total
Amortization of goodwill	—	128	—	128
Unamortized balance of goodwill	—	—	—	—

FY2022 (April 1, 2022 to March 31, 2023)

Not applicable.

(Per share information)

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Net assets per share	1,272.86 yen	1,275.00 yen
Net income per share	(130.99) yen	10.00 yen

(Notes) 1. Diluted net income per share has not been presented as there are no potentially dilutive shares.

(Notes) 2. Basis for computation of net assets per share is as follows.

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Total net assets (million yen)	58,242	58,464
Amounts deducted from total net assets (million yen)	717	740
(of which, equity of non-controlling interests (million yen))	(717)	(740)
Net assets related to common stock at the fiscal year-end (million yen)	57,525	57,723
Number of shares of common stock outstanding (thousands)	46,988	46,988
Number of shares of treasury stock (thousands)	1,794	1,714
Number of shares of common stock at fiscal year-end used in computing net assets per share (thousands)	45,193	45,273

(Notes) 3. Basis for computation of net income per share is as follows.

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Net income per share		
Net income attributable to owners of the parent (million yen)	(5,917)	452
Amount not attributable to common shareholders (million yen)	—	—
Net income related to common stock attributable to owners of the parent (million yen)	(5,917)	452
Average number of shares during the period (thousands)	45,176	45,250

(Subsequent events)

Not applicable.