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Summary of Consolidated Financial Results for the First Quarter of Fiscal Year 2022 Ending March 31, 2023 <Under Japanese GAAP>

August 2, 2022

Company Name: SEKISUI KASEI CO., LTD.
 Stock Listings: Tokyo Stock Exchange
 Code Number: 4228
 URL: <https://www.sekisui-kasei.com>
 Representative Director: Mr. Masato Kashiwabara, President
 Inquiries: Mr. Katsumi Sasaki, Senior Managing Executive Officer
 Head of Corporate Strategic Headquarters
 +81-3- 3347-9618
 TEL: August 10, 2022
 Scheduled date for submission of quarterly financial statement:
 Quarterly earnings supplementary explanatory documents: No
 Quarterly earnings results briefing: No

(Figures rounded down to the nearest million yen)

1. Consolidated Business Results for the First Quarter (April 1, 2022 to June 30, 2022)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1st Q of FY 2022	28,441	(0.5)	(658)	-	(320)	-	(569)	-
1st Q of FY 2021	28,583	-	182	185.9	251	-	120	-

Note. Comprehensive Income: 1st Q of FY2022: (420) million yen [- %] 1st Q of FY2021: (1,157) million yen [- %]

	Net Income Attributable to Owners of the Parent per Share	Net Income Attributable to Owners of the Parent per Share (Diluted)
	yen	yen
1st Q of FY 2022	(12.61)	-
1st Q of FY 2021	2.66	-

Note. The Company have applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) and related implementation guidance from the beginning of the first quarter of the previous fiscal year. The percentage change in net sales for the three months ended June 30, 2021, which were affected by this change, is not shown.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity to Total Assets
	Millions of yen	Millions of yen	%
1st Q of FY 2022	145,382	57,503	39.0
FY 2021	143,308	58,242	40.1

Reference: Equity: 1st Q of FY2022: 56,760 million yen FY2021: 57,525 million yen
 Equity: Shareholders' Equity including Accumulated Other Comprehensive Income

2. Dividend Status

(Date of Record)	Dividend per Share				
	At the end of 1st Q	At the end of 2nd Q	At the end of 3rd Q	Year-end	Full year
	yen	yen	yen	yen	yen
FY 2021	-	5.00	-	7.00	12.00
FY 2022	-	-	-	-	-
FY 2022 (outlook)	-	3.00	-	9.00	12.00

Note. Recent revision of dividend estimates: No

3. Consolidated Outlook for FY2022 (April 1, 2022 to March 31, 2023)

(% 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	60,000	1.0	(450)	-	(220)	-	(700)	-	(15.49)
Full Year	125,000	6.3	950	-35.1	1,080	-23.0	100	-	2.21

Note. Recent revision of consolidated earnings estimates: Yes

Note:

- (1) Significant change of subsidiary companies during the term
(Change of specified subsidiaries that affected the scope of consolidated reporting): No
- (2) Application of special methods for quarterly consolidated financial statements: No
- (3) Changes to the accounting policy, changes or restatements of the accounting estimates
- a) Changes caused by revisions to accounting principles: No
 - b) Changes other than a): No
 - c) Amendments to accounting estimates: No
 - d) Restatements: No
- (4) Number of shares outstanding (common stock)
- a) Number of shares outstanding at the end of term (including treasury stock):

1st Q of FY2022	46,988,109 shares
FY2021	46,988,109 shares
 - b) Treasury stock at the end of term:

1st Q of FY2022	1,794,266 shares
FY2021	1,794,266 shares
 - c) Average outstanding shares in the period (quarterly consolidated cumulative total):

1st Q of FY2022	45,193,843 shares
1st Q of FY2021	45,137,150 shares

Note: Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

Note: Proper use of financial results forecasts, and other special matters

(Cautionary statement regarding forward-looking statements)

The forward-looking statements in this document, including financial results forecasts, are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and are not intended as a promise by the Company that they will be achieved. In addition, actual results may differ significantly due to various factors. Please refer to “1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information” on page 4 for the assumptions used in financial results forecasts, as well as precautionary statements regarding the use of financial results forecasts.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended June 30, 2022, the global economy remained uncertain mainly due to the prolonged situation in Ukraine as well as increasing inflationary pressures caused by soaring resource prices and logistics costs, while progress was made in terms of both economic activities and preventive measures against the coronavirus (COVID-19) infection. In the automotive industry, in addition to the shortage of semiconductors, supply chain disruptions, primarily due to lockdowns in Shanghai and other parts of China are still affecting production activities. Meanwhile, in the electronics-related sector, demand growth for personal computers (PCs) and other products remained steady, despite slowing down. Although the Japanese economy is showing signs of recovery toward a normalization of socio-economic activities, partly due to the spread of vaccinations and the effects of various policies, uncertainty continues to linger primarily due to soaring raw material and fuel prices, and the rapid depreciation of the yen. In addition, responses to environmental issues such as reduction of greenhouse gas emissions and climate problems are becoming even more important.

In Japan's foam plastics industry, although the increase in demand related to food containers is slowing down, the industry remains strong. Meanwhile, demand for various components and transportation and packaging materials has yet to fully recover, due to the ongoing shortage of semiconductors and logistics disruptions, while costs are increasing due to rising global resource and energy prices, which are forcing the industry to take countermeasures.

Against this challenging business environment, the Group is working to establish a resilient earnings base based on ESG management in order to contribute to a sustainable society and achieve a sustainable enhancement of its corporate value, as stated in the basic policy of the three-year mid-term management plan, "Spiral-up 2024," which was launched this fiscal year. At the same time, the safety and health of our business partners and the Group's employees are our first priority, and we will take measures to avoid risks related to COVID-19 to the maximum extent possible. We have positioned "strengthening the earnings structure" as a key issue of the plan, and will work to restructure our business portfolio through selection and concentration of management resources, make drastic innovations in production, and rapidly generate profits from developed products. In order to promote a 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 key issues. In May 2022, we announced our endorsement of the TCFD proposals, while we further strive to strengthen the promotion of SKG-5R(*) activities.

In terms of profits, we faced a variety of negative factors, including a delayed shifting of increases in prices to our products, in response to repeated significant increases in raw material and fuel prices, continued global supply chain disruptions due to lockdowns in Shanghai, China and other locations, and increased shipping costs for delivery of increased production at other bases in response to the fire at Sekisui Kasei Oita Co., Ltd. Despite efforts on cost reductions and fixed cost reductions to cope with these factors, revenue was severely constrained. Moreover, the Proseat Group was unable to recover its performance, partly due to a decline in European automobile production caused by the situation in Ukraine.

As a result, for the three months ended June 30, 2022, the Company posted net sales of ¥28,441 million (down 0.5% year-on-year), operating loss of ¥658 million (compared with operating income of ¥182 million in the same period of the previous fiscal year), ordinary loss of ¥320 million (compared with ordinary income of ¥251 million in the same period of the previous fiscal year), and net loss attributable to owners of the parent of ¥569 million (compared with net income attributable to owners of the parent of ¥120 million in the same period of the previous fiscal year).

* "SKG-5R" refers to SKG as the Sekisui Kasei Group, and 5R as Reduce, Reuse, Recycle, Replace, and Re-create.

The results for each segment are as follows.

We have defined food and housing/energy in the Human Life segment, and mobility, electronics, and medical/healthcare

in the Industry segment, as key issue fields. We will work to restructure our business portfolio with the aim of “strengthening the earnings structure,” as stated in the mid-term plan.

<Human Life segment>

Net sales in the Human Life segment were ¥11,985 million (up 8.7% year-on-year), and the segment loss was ¥67 million (compared with segment income of ¥571 million in the same period of the previous fiscal year).

In the food field, although demand for home-cooked and ready-made meals in food container applications declined slightly, there were signs of a recovery in tourism-related and food service-related products such as lunch box containers, as the flow of people gradually recovered, resulting in an overall level of shipments similar to the previous year. In agricultural applications, demand increased due to the earlier harvest season and other factors, and shipments exceeded those of the previous year. However, shipments for fishery products applications were weak due to a downward trend in fish catches.

In the housing/energy field, sales of civil engineering applications were sluggish due to delays in the progress of construction projects, while those of building materials applications were strong.

The sales volume of ESLEN Sheets (foamed polystyrene sheets), which is a core product, was on par with the same period of the previous fiscal year overall, due to strong sales for instant noodle applications, despite a slight decline in demand for take-out container applications and a slowdown in perishable food container applications at supermarkets, etc. The sales volume of ESLEN Beads (expandable polystyrene beads) decreased from the previous year overall, due to a slowdown in demand for household goods applications, such as beads for cushions, after the previous year’s increase in demand, as well as sluggish sales in the fishery field.

In terms of profits, we worked on cost reductions and fixed cost reductions in response to repeated sharp rises in raw material, fuel, and indirect material prices during the period, and also made efforts to shift such costs to product prices. However, sudden sharp rises in prices caused delays in this process, which put significant pressure on revenue. Moreover, in response to the fire accident that occurred at Sekisui Kasei Oita Co., Ltd. in April, although we increased production at other plants to compensate for the loss, we also subsequently incurred shipping costs for products and other items, which resulted in a loss.

<Industry segment>

Net sales in the Industry segment were ¥16,456 million (down 6.3% year-on-year), and the segment loss was ¥341 million (compared with segment loss of ¥256 million in the same period of the previous fiscal year).

In the mobility field, sales of PIOCELAN (polystyrene/polyolefin hybrid resin foam) for automotive component applications were sluggish due to the impact of automakers’ production cutbacks in response to shortages of parts, including semiconductors in countries around the world, and lockdowns in various parts of China, despite continued growth in component packaging material applications. The Proseat Group in Europe made improvements such as fixed cost reductions and production consolidation. However, a shortage of parts for semiconductors and other products, and the situation in Ukraine resulted in a slowdown in orders from European automakers, and a significant increase in energy costs also affected the Proseat Group’s performance, causing a delay in recovery.

In the electronics field, demand for TECHPOLYMER (organic microparticle polymer) in light diffusion applications such as LCD panels remained strong. However, demand for PIOCELAN in panel transport material/packaging material applications was weak in China, Taiwan, and other locations due to factors such as the prolonged lockdown mentioned above, intensified competition with other materials, and inventory adjustments of LCD panels.

In the medical/healthcare field, sales of ELASTIL (thermoplastic elastomer foam) were strong due to its expansion into

applications for other shoes in addition to running shoe midsoles, and sales of ST-gel (functional high-polymer gel) recovered in medical electrode applications.

In terms of profits, we have worked on productivity improvements and fixed cost reductions. In response to soaring raw material and fuel prices, we have also proceeded to shift such costs to product prices. However, there were delays in this process on a global basis, which resulted in a loss.

(2) Explanation of Financial Position

Total assets as of June 30, 2022 increased by ¥2,074 million to ¥145,382 million. Under assets, current assets increased by ¥2,008 million, mainly due to an increase in inventories.

Under liabilities, total liabilities increased by ¥2,813 million to ¥87,878 million due to an increase in loans and other liabilities. Under net assets, total net assets decreased by ¥738 million to ¥57,503 million, due to a decrease in retained earnings resulting from a net loss and a decrease in net unrealized holding gain on securities. As a result, the equity ratio was 39.0%.

As for cash flows for the three months ended June 30, 2022, cash flows from operating activities increased by ¥472 million year on year to a cash outflow of ¥362 million, mainly due to a decrease in notes and accounts receivable, despite a decrease in net income before income taxes. Cash flows from investing activities decreased by ¥30 million year on year to a cash outflow of ¥609 million. Cash flows from financing activities increased by ¥2,892 million year on year to a cash inflow of ¥892 million, mainly due to proceeds from long-term loans. As a result, cash and cash equivalents as of June 30, 2022 increased by ¥69 million from the end of the previous fiscal year to ¥10,572 million.

(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information

Based on recent business trends, we have revised our consolidated financial results forecasts for the first half and full year of the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023), which were announced on April 28, 2022, as follows.

Revisions of consolidated financial results forecasts for the first half of the fiscal year ending March 31, 2023 (April 1, 2022 to September 30, 2022)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecasts (A)	60,000	400	300	100	2.21
Revised forecasts (B)	60,000	(450)	(220)	(700)	(15.49)
Change (B–A)	0	(850)	(520)	(800)	
Change (%)	0.0	-	-	-	
(Reference) Actual results for the first half of the previous fiscal year	59,419	653	750	336	7.46

Revisions of consolidated financial results forecasts for the full year of the fiscal year ending March 31, 2023
(April 1, 2022 to March 31, 2023)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecasts (A)	125,000	1,800	1,600	900	19.91
Revised forecasts (B)	125,000	950	1,080	100	2.21
Change (B-A)	0	(850)	(520)	(800)	
Change (%)	0.0	(47.2)	(32.5)	(88.9)	
(Reference) Actual results for the full year of the previous fiscal year	117,567	1,463	1,401	(5,917)	(130.99)

(Major reasons for revisions of the financial results forecasts (the impact on operating income))

- Impact of soaring raw material and fuel prices (approximately ¥(800) million)
At the time of the announcement of the financial results forecasts for the fiscal year under review disclosed on April 28, 2022, we had prepared a plan based on certain estimates for increases in raw material and fuel prices, and were proceeding to shift those increases to selling prices. However, there have been delays in shifting further increases in raw material and fuel prices to selling prices due to repeated, sudden sharp rises since that time, resulting in significant pressure on revenue.
- Decrease in demand due to the Shanghai lockdown (approximately ¥(100) million)
The lockdown in Shanghai, China forced a temporary suspension of plants in China, and had a significant impact on business activities. Although the lockdown was lifted in June, the supply chain has still not returned to normal, primarily due to a reoccurrence of COVID-19 infections, and demand has been affected.
- Response to the fire at Sekisui Kasei Oita Co., Ltd. (approximately ¥(200) million)
Sekisui Kasei Oita Co., Ltd., which produces ESLEN Sheets, a raw material for food containers, experienced a fire on April 22, 2022. To fulfill our responsibility to supply products to customers, we are responding by increasing production at other production subsidiaries. However, we have incurred temporary expenses such as shipping costs from other bases to the Kyushu area.
In July, Sekisui Kasei Oita Co., Ltd. partially resumed production. Going forward, we will continue to work on restoration of the plant.
- Others (cost reductions, etc.) (approximately ¥250 million)
As described above, we are working on cost reductions and fixed cost reductions to cope with various factors that have put pressure on revenue. However, we have not been able to cover all such factors, and have thus revised our financial results forecasts.
With regard to the performance for the second half of the fiscal year, the forecast figures previously incorporated in the forecast will remain unchanged due to the implementation of measures to address the negative impact of the first half of the fiscal year. Therefore, the revised amount of the full-year consolidated operating income forecast is the same as the revised amount for the first half of the fiscal year.

(Revisions of dividend forecasts)

There is no revision to the dividend forecast (total annual dividend for the fiscal year ending March 31, 2023: ¥12 (interim: ¥3, year-end: ¥9)) as a result of the revisions of the financial results forecasts.

If it becomes necessary to make further revisions to the financial results forecasts in the future, we will make an announcement promptly.

2. Quarterly Consolidated Financial Statements and Principal Notes
 (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	10,510	10,579
Notes and accounts receivable - trade, and contract assets	28,993	28,583
Electronically recorded monetary claims - operating	6,526	6,713
Merchandise and finished goods	8,633	9,095
Work in process goods	1,785	2,096
Raw materials and supplies	4,756	5,246
Other current assets	2,617	3,494
Less allowance for doubtful accounts	(52)	(30)
Total current assets	63,771	65,779
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,448	15,428
Machinery, equipment and vehicles, net	13,737	13,590
Land	21,413	21,523
Other, net	5,053	5,159
Total property, plant and equipment	55,652	55,701
Intangible assets		
Other intangible assets	1,131	1,346
Total intangible assets	1,131	1,346
Investments and other assets		
Investments in securities	14,849	14,568
Assets for retirement benefits	6,155	6,219
Other assets	1,796	1,815
Less allowance for doubtful accounts	(47)	(47)
Total investments and other assets	22,752	22,554
Total non-current assets	79,536	79,602
Total assets	143,308	145,382

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,065	16,356
Electronically recorded obligations - operating	9,145	8,861
Short-term loans	16,252	17,596
Accrued income taxes	767	201
Provision for bonuses to employees	1,046	570
Provision for bonuses to directors and audit and supervisory board members	6	18
Provision for loss on business withdrawal of a subsidiary	446	74
Other current liabilities	6,985	8,818
Total current liabilities	50,715	52,497
Long-term liabilities		
Bond	7,000	7,000
Long-term loans	13,863	14,733
Liabilities for retirement benefits	3,608	3,666
Provision for product warranty	108	96
Other long-term liabilities	9,769	9,884
Total long-term liabilities	34,349	35,380
Total liabilities	85,065	87,878
Net assets		
Shareholders' equity		
Common stock	16,533	16,533
Capital surplus	16,503	16,478
Retained earnings	16,602	15,716
Treasury stock	(1,448)	(1,448)
Total shareholders' equity	48,190	47,280
Accumulated other comprehensive income		
Net unrealized holding gain on securities	7,442	7,247
Surplus arising from land revaluation	1,479	1,479
Translation adjustments	745	1,106
Retirement benefits liability adjustments	(332)	(351)
Total accumulated other comprehensive income	9,334	9,480
Non-controlling interests	717	742
Total net assets	58,242	57,503
Total liabilities and net assets	143,308	145,382

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Three Months Ended June 30

(Millions of yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Net sales	28,583	28,441
Cost of sales	22,571	23,267
Gross profit	6,012	5,174
Selling, general and administrative expenses	5,830	5,832
Operating income (loss)	182	(658)
Non-operating income		
Interest income	3	4
Dividend income	175	192
Foreign exchange gains	40	288
Other non-operating income	114	38
Total non-operating income	333	523
Non-operating expenses		
Interest expense	100	104
Loss on sales or disposal of equipment	96	6
Other non-operating expenses	67	75
Total non-operating expenses	264	185
Ordinary income (loss)	251	(320)
Extraordinary income		
Gain on sales of investments in securities	305	-
Total extraordinary income	305	-
Net income (loss) before income taxes	556	(320)
Income taxes	434	246
Net income (loss)	121	(566)
Net income attributable to non-controlling interests	1	3
Net income (loss) attributable to owners of the parent	120	(569)

Quarterly Consolidated Statements of Comprehensive Income
 Three Months Ended June 30

(Millions of yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Net income (loss)	121	(566)
Other comprehensive (loss) income		
Net unrealized holding gain on securities	(1,285)	(195)
Translation adjustments	113	360
Retirement benefits liability adjustments	(107)	(18)
Total other comprehensive (loss) income	(1,279)	145
Comprehensive income	(1,157)	(420)
Comprehensive income attributable to:		
Owners of parent	(1,159)	(423)
Non-controlling interests	1	3

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Cash flows from operating activities		
Net income (loss) before income taxes	556	(320)
Depreciation and amortization	1,555	1,389
Amortization of goodwill	43	-
Decrease in allowance for doubtful accounts	(0)	(24)
Interest and dividend income	(178)	(196)
Interest expense	100	104
Decrease in provision for bonuses to employees	(467)	(476)
Decrease in provision for product warranty	(6)	(11)
Changes in assets and liabilities for retirement benefits, net	(267)	(50)
(Gain) loss on sales of investments in securities	(305)	-
Loss on sales or disposal of equipment, net	94	4
(Increase) decrease in notes and accounts receivable	(231)	1,161
Increase in inventories	(937)	(939)
Increase (decrease) in notes and accounts payable	428	(379)
Other, net	(251)	(101)
Subtotal	133	160
Interest and dividends received	178	196
Interest paid	(122)	(107)
Proceeds from casualty insurance claims	54	-
Income taxes	(1,078)	(612)
Net cash used in operating activities	(835)	(362)
Cash flows from investing activities		
Purchases of property, plant and equipment	(932)	(640)
Proceeds from sales of property, plant and equipment	16	23
Purchases of investments in securities	(0)	(0)
Proceeds from sales of investments in securities	359	-
Increase in short-term and long-term loans receivable	(6)	(0)
Collection of short-term and long-term loans receivable	4	0
Other, net	(20)	7
Net cash used in investing activities	(579)	(609)
Cash flows from financing activities		
Net increase in short-term loans	1,780	814
Proceeds from long-term loans	-	4,140
Repayment of long-term loans	(2,801)	(3,512)
Dividends paid	(735)	(316)
Dividends paid to non-controlling shareholders	(2)	(1)
Other, net	(240)	(232)
Net cash (used in) provided by financing activities	(2,000)	892
Effect of exchange rate changes on cash and cash equivalents	25	149
Net (decrease) increase in cash and cash equivalents	(3,388)	69
Cash and cash equivalents at the beginning of the period	12,498	10,503
Cash and cash equivalents at the end of the period	9,109	10,572

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Business combination, etc.)

(Additional acquisition of subsidiary shares)

At the meeting of the Board of Directors held on April 28, 2022, the Company approved a resolution to acquire additional shares of Proseat Europe GmbH, a consolidated subsidiary of the Company, making it a wholly-owned subsidiary on May 20, 2022.

1. Name of the combined company and business description

(1) Name of the combined company: Proseat Europe GmbH

Business description: Management policy-making and managerial administration of the Proseat Group

(2) Date of the business combination

May 20, 2022

(3) Legal form of the business combination

Acquisition of shares from a non-controlling shareholder

(4) Name of the company after the business combination

There is no change in the company name.

(5) Other matters related to the outline of the transaction

The additional acquisition is due to the exercise of a put option by Recticel NA/SA, a non-controlling shareholder of Proseat Europe GmbH.

2. Summary of the accounting treatment

The Company treated this as a transaction with a non-controlling shareholder under common control, in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

3. Additional acquisition of subsidiary shares

Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for the acquisition: Cash and deposits 1 Euro

Acquisition cost: 1 Euro

4. Changes in the Company's interests related to the transaction with the non-controlling shareholder

(1) Main reason for changes in capital surplus

Additional acquisition of subsidiary shares

(2) Amount of capital surplus decreased due to the transaction with the non-controlling shareholder

¥24 million

(Segment information, etc.)

(Segment information)

I. For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

1. Information on net sales and income (loss) by reportable segment, and information on disaggregation of revenue

(Millions of yen)

	Reportable segments			Adjustments (Note 1)	Amounts recorded in the Quarterly Consolidated Statements of Income (Note 2)
	Human Life	Industry	Total		
Net sales					
Japan	10,987	5,344	16,332	-	16,332
Europe	-	8,175	8,175	-	8,175
Asia	33	3,474	3,507	-	3,507
Other	0	567	568	-	568
Revenue from contracts with customers	11,020	17,563	28,583	-	28,583
Other revenue	-	-	-	-	-
Net sales to third parties	11,020	17,563	28,583	-	28,583
Inter-segment net sales or transfers	146	33	179	(179)	-
Total	11,167	17,596	28,763	(179)	28,583
Segment income (loss)	571	(256)	315	(63)	251

Notes: 1. Adjustments were as follows:

Adjustments for segment income (loss) of ¥(63) million consisted of inter-segment eliminations of ¥0 million and company-wide expenses not allocated to reportable segments of ¥(64) million.

2. Segment income (loss) was adjusted for ordinary income in the Quarterly Consolidated Statements of Income.

3. Major products in each segment

- Human Life:

ESLEN Beads, ESLEN Sheet, ESLEN Wood, INTERFOAM, other foamed/molded products, ES Dan Mat, ESLEN Block, etc.

- Industry:

PIOCELAN, LIGHTLON, NEOMICROLEN, CELPET, TECHPOLYMER, ST-gel, TECHEATER, ELASTIL, FOAMAC, ST-LAYER, ST-Eleveat, other foamed/molded products, etc.

II. For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

1. Information on net sales and income (loss) by reportable segment, and information on disaggregation of revenue

	Reportable segments			Adjustments (Note 1)	(Millions of yen) Amounts recorded in the Quarterly Consolidated Statements of Income (Note 2)
	Human Life	Industry	Total		
Net sales					
Japan	11,952	5,086	17,039	-	17,039
Europe	-	7,322	7,322	-	7,322
Asia	32	3,256	3,289	-	3,289
Other	-	790	790	-	790
Revenue from contracts with customers	11,985	16,456	28,441	-	28,441
Other revenue	-	-	-	-	-
Net sales to third parties	11,985	16,456	28,441	-	28,441
Inter-segment net sales or transfers	160	39	199	(199)	-
Total	12,145	16,495	28,640	(199)	28,441
Segment income (loss)	(67)	(341)	(409)	88	(320)

Notes: 1. Adjustments were as follows:

Adjustments for segment income (loss) of ¥88 million consisted of inter-segment eliminations of ¥(0) million and company-wide expenses not allocated to reportable segments of ¥89 million.

2. Segment income (loss) was adjusted for ordinary loss in the Quarterly Consolidated Statements of Income.

3. Major products in each segment

- Human Life:

ESLEN Beads, ESLEN Sheet, ESLEN Wood, INTERFOAM, other foamed/molded products, ES Dan Mat, ESLEN Block, etc.

- Industry:

PIOCELAN, LIGHTLON, NEOMICROLEN, CELPET, TECHPOLYMER, ST-gel, TECHEATER, ELASTIL, FOAMAC, ST-LAYER, ST-Eleveat, other foamed/molded products, etc.