

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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

January 31, 2023

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: February 14, 2023  
 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 Third Quarter (April 1, 2022 to December 31, 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 Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2022 (First 9 months)	93,089	5.4	161	(74.7)	239	(67.1)	(245)	-
FY 2021 (First 9 months)	88,345	-	637	(45.5)	728	(32.6)	(6,150)	-

Note. Comprehensive Income: FY2022 (First 9 months): 1,350 million yen [ - % ] FY2021 (First 9 months): (7,525) million yen [ - % ]

	Net Income Attributable to Owners of Parent per Share	Net Income Attributable to Owners of Parent per Share (Diluted)
	yen	yen
FY 2022 (First 9 months)	(5.43)	-
FY 2021 (First 9 months)	(136.15)	-

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 nine months ended December 31, 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	%
As of December 31, 2022	152,672	59,171	38.3
As of March 31, 2022	143,308	58,242	40.1

Reference: Equity: As of December 31, 2022: 58,426 million yen As of March 31 2022: 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	-	3.00	-	-	-
FY 2022 (outlook)	-	-	-	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 Parent		Net Income Attributable to Owners of Parent per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full Year	125,000	6.3	950	(35.1)	1,080	(23.0)	100	-	2.21

Note. Recent revision of consolidated earnings estimates: No

**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 shares):
 

As of December 31, 2022	46,988,109 shares
As of March 31, 2022	46,988,109 shares
  - b) Treasury shares at the end of term:
 

As of December 31, 2022	1,712,925 shares
As of March 31, 2022	1,794,266 shares
  - c) Average outstanding shares in the period (quarterly consolidated cumulative total):
 

As of December 31, 2022	45,242,697 shares
3rd Q of FY2021	45,171,170 shares

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 resulted of operation and other special matters

(Cautionary statement regarding forward-looking statements)

The earnings forecasts and other forward-looking statement presented in this report are based on information available at the time of its issue and on certain assumption 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. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information” on page 3.

## Table of Contents

1. Qualitative Information on Quarterly Financial Results.....	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information .....	4
2. Quarterly Consolidated Financial Statements and Principal Notes .....	5
(1) Quarterly Consolidated Balance Sheets .....	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	7
Quarterly Consolidated Statements of Income	
First 9 months, Fiscal Year 2022.....	7
Quarterly Consolidated Statements of Comprehensive Income	
First 9 months, Fiscal Year 2022.....	8
(3) Quarterly Consolidated Statements of Cash Flows .....	9
(4) Notes to Quarterly Consolidated Financial Statements.....	10
(Notes on going concern assumption) .....	10
(Notes in case of significant changes in shareholders' equity).....	10
(Segment information, etc.).....	11

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the nine months ended December 31, 2022, countries around the world relaxed restrictions on behavior imposed as a result of novel coronavirus infectious disease (COVID-19) while taking 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 continued inflationary pressure caused by soaring energy prices and logistics costs led to continued uncertainty for the global economy. In the automotive industry, shortages of semiconductors and disruption to supply chains across the world has continued to affect production activities. In the area of electronics, 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 despite having been hit by an 8th wave of COVID-19, 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 logistics disruption, 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 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 are taking 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 are working 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, while further striving to strengthen the promotion of SKG-5R\* activities. As part of this initiative, we have developed RETONA FOAM BIO, a foam derived from biodegradable plastic, and have begun proposing it for use in environmentally sensitive display applications. Going forward, we will continue to work on expanding the BIOCellular\* brand product lineup. Moreover, in order to strengthen the management foundation in these highly uncertain times, as well as further nurturing the Group corporate culture of Zen-in Keiei, we have clarified the corporate philosophy and formulated "Target 2030" as an objective for 2030, which was announced in January 2023. Going forward, we will further strengthen initiatives aimed at putting this into practice.

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, for the nine months ended December 31, 2022, the Company posted net sales of ¥93,089 million (up 5.4% year on year), operating income of ¥161 million was recorded (down 74.7% year on year), ordinary income of ¥239 million (down 67.1% year on year). After recording extraordinary income of ¥794 million derived from partial sales of investment securities, and making adjustments to income taxes, this resulted in a net loss attributable to owners of the parent of ¥245 million (compared to a net loss of ¥6,150 million for the same period the previous fiscal year).

\* "SKG-5R" refers to SKG as SEKISUI KASEI Group, and 5R as Reduce, Reuse, Recycle, Replace, and Re-create. BIOCellular is the Company's brand for the category of products that use biodegradable plastics or plastics derived from biomass.

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 reached ¥39,630 million (up 5.3% year on year), with a segment profit of ¥1,872 million (down 28.4% year on year).

Shipments in the Food field were down overall year on year. 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 is on a downward trend. In agricultural applications, shipments rose year on year, 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.

Although demand related to take-out containers remained strong, there were signs of a slowdown in fresh food trays used in supermarkets and elsewhere, which together with a fall in instant noodle-related demand resulted in a year-on-year decline in sales volume of ESLEN Sheets (foamed polystyrene sheets), our mainstay product. 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 fishery-related demand.

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, delays in addressing soaring prices during the first half, 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 the Industry segment reached ¥53,458 million (up 5.4% year on year), with a segment loss of ¥750 million, compared to a loss of ¥1,610 million for the same quarter of the previous fiscal year.

In the Mobility field, demand for automotive parts applications was sluggish in the first half due to the impact of automaker production cutbacks implemented in response to shortages of semiconductors and other parts in countries around the world, and to lockdowns in various parts of China. We saw a trend toward recovery in some regions in the third quarter, however, and sales for PIOCELAN (polystyrene/polyolefin hybrid resin foam), the use of which in parts packaging applications continues to expand, grew year on year. In Europe, the 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, while the impact of significant increases in energy costs continued to depress earnings.

In the Electronics field, demand for TECHPOLYMER (organic polymer particles) used in light diffusion applications for LCD panels, etc. was initially strong, but has remained weak since the second quarter. 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, ELASTIL (thermoplastic elastomer foam) performed well due to the expansion of demand from midsoles for running shoes to other types of shoe. Sales of ST-gel (functional high-polymer gel) for applications such as medical electrodes remained strong.

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

## (2) Explanation of Financial Position

At the end of the third quarter under review, total assets had increased by ¥9,364 million from the end of the previous year to ¥152,672 million. In assets, increases in notes receivable and accounts receivable resulted in current assets rising by ¥8,443 million. Non-current assets also increased, by ¥921 million, due mainly to a decrease in the valuation

of investments in securities.

In liabilities, current liabilities rose by ¥3,782 million as a result of increases in notes and accounts payable - trade and other items. In addition, mainly as a result of an increase in long-term loans, long-term liabilities increased by ¥4,653 million. Net assets rose by ¥928 million to ¥59,171 million, due mainly to increases in items such as net unrealized holding gain on securities. As a result, the equity ratio was 38.3%.

As for cash flows for the nine months ended December 31, 2022, cash flows from operating activities saw proceeds increase by ¥1,425 million year on year, resulting in ¥396 million in net cash provided by operating activities, due mainly to the increase in income before income taxes. Due in part to the decline in capital expenditures and to proceeds from sales of investments in securities, cash outflows associated with investing activities decreased by ¥1,765 million year on year, resulting in ¥606 million in net cash used in investing activities. Cash outflows associated with financing activities decreased by ¥2,168 million year on year, resulting in ¥62 million in net cash used in financing activities, due mainly to increases in long-term loans. As a result, the balance of cash and cash equivalents as of December 31, 2022 decreased by ¥304 million from the end of the previous fiscal year to ¥10,198 million.

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

Consolidated earnings forecasts for the full year of the fiscal year ending March 31, 2023 are unchanged from the assumptions and figures announced on August 2, 2022.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	10,510	10,206
Notes and accounts receivable - trade, and contract assets	28,993	32,981
Electronically recorded monetary claims - operating	6,526	9,008
Merchandise and finished goods	8,633	9,342
Work in process goods	1,785	1,660
Raw materials and supplies	4,756	5,074
Other current assets	2,617	3,992
Less allowance for doubtful accounts	(52)	(50)
<b>Total current assets</b>	<b>63,771</b>	<b>72,214</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,448	14,909
Machinery, equipment and vehicles, net	13,737	13,056
Land	21,413	21,460
Other, net	5,053	5,034
<b>Total property, plant and equipment</b>	<b>55,652</b>	<b>54,460</b>
Intangible assets		
Other intangible assets	1,131	1,368
<b>Total intangible assets</b>	<b>1,131</b>	<b>1,368</b>
Investments and other assets		
Investments in securities	14,849	16,447
Assets for retirement benefits	6,155	6,310
Other assets	1,796	1,918
Less allowance for doubtful accounts	(47)	(47)
<b>Total investments and other assets</b>	<b>22,752</b>	<b>24,629</b>
<b>Total non-current assets</b>	<b>79,536</b>	<b>80,457</b>
<b>Total assets</b>	<b>143,308</b>	<b>152,672</b>

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	16,065	20,643
Electronically recorded obligations - operating	9,145	9,344
Short-term loans	16,252	14,348
Accrued income taxes	767	476
Provision for bonuses to employees	1,046	458
Provision for bonuses to directors and audit and supervisory board members	6	49
Provision for loss on business withdrawal of a subsidiary	446	75
Other current liabilities	6,985	9,100
<b>Total current liabilities</b>	<b>50,715</b>	<b>54,497</b>
<b>Long-term liabilities</b>		
Bond	7,000	7,000
Long-term loans	13,863	17,635
Liabilities for retirement benefits	3,608	3,741
Provision for product warranty	108	87
Other long-term liabilities	9,769	10,539
<b>Total long-term liabilities</b>	<b>34,349</b>	<b>39,003</b>
<b>Total liabilities</b>	<b>85,065</b>	<b>93,501</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	16,533	16,533
Capital surplus	16,503	16,445
Retained earnings	16,602	15,904
Treasury stock	(1,448)	(1,382)
<b>Total shareholders' equity</b>	<b>48,190</b>	<b>47,501</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized holding gain on securities	7,442	8,961
Surplus arising from land revaluation	1,479	1,479
Translation adjustments	745	868
Retirement benefits liability adjustments	(332)	(383)
<b>Total accumulated other comprehensive income</b>	<b>9,334</b>	<b>10,924</b>
<b>Non-controlling interests</b>	<b>717</b>	<b>745</b>
<b>Total net assets</b>	<b>58,242</b>	<b>59,171</b>
<b>Total liabilities and net assets</b>	<b>143,308</b>	<b>152,672</b>



## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statements of Income

First 9 months, Fiscal Year 2022

(Millions of yen)

	First 9 months, FY2021 (From April 1,2021 to December 31, 2021)	First 9 months, FY2022 (From April 1,2022 to December 31, 2022)
Net sales	88,345	93,089
Cost of sales	70,026	74,938
Gross profit	18,318	18,150
Selling, general and administrative expenses	17,681	17,989
Operating income (loss)	637	161
Non-operating income		
Interest income	10	15
Dividend income	328	349
Foreign exchange gains	52	-
Subsidy income	33	28
Compensation income	-	210
Other non-operating income	290	130
Total non-operating income	715	734
Non-operating expenses		
Interest expense	288	366
Loss on sales or disposal of equipment	125	21
Foreign exchange losses	-	112
Other non-operating expenses	209	156
Total non-operating expenses	624	656
Ordinary income	728	239
Extraordinary income		
Gain on sales of investments in securities	426	794
Total extraordinary income	426	794
Extraordinary losses		
Impairment losses	6,271	-
Total extraordinary losses	6,271	-
Net income before income taxes	(5,116)	1,033
Income taxes	1,029	1,273
Net income (loss)	(6,145)	(239)
Net income attributable to non-controlling interests	4	5
Net income (loss) attributable to owners of the parent	(6,150)	(245)

Quarterly Consolidated Statements of Comprehensive Income

First 9 months, Fiscal Year 2022

	(Millions of yen)	
	First 9 months, FY2021 (From April 1,2021 to December 31, 2021)	First 9 months, FY2022 (From April 1,2022 to December 31, 2022)
Net income (loss)	(6,145)	(239)
Other comprehensive (loss) income		
Net unrealized holding gain on securities	(1,757)	1,518
Translation adjustments	701	122
Retirement benefits liability adjustments	(323)	(50)
Total other comprehensive (loss) income	(1,379)	1,590
Comprehensive income	(7,525)	1,350
Comprehensive income attributable to:		
Owners of parent	(7,516)	1,344
Non-controlling interests	(9)	5

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First 9 months, FY2021 (From April 1, 2021 to December 31, 2021)	First 9 months, FY2022 (From April 1, 2022 to December 31, 2022)
<b>Cash flows from operating activities</b>		
Net income (loss) before income taxes	(5,116)	1,033
Depreciation and amortization	4,770	4,209
Amortization of goodwill	128	-
Impairment loss	6,271	-
Increase (decrease) in allowance for doubtful accounts	8	(3)
Interest and dividend income	(338)	(364)
Interest expense	288	366
Decrease in provision for bonuses to employees	(589)	(587)
Decrease in provision for product warranty	(23)	(20)
Changes in assets and liabilities for retirement benefits, net	(696)	(123)
Gain on sales of investments in securities	(426)	(794)
Loss on sales or disposal of equipment, net	123	17
Subsidy income	(33)	(28)
Increase in notes and accounts receivable	(6,138)	(5,542)
Increase in inventories	(1,588)	(614)
Increase in notes and accounts payable	4,123	4,385
Other, net	(178)	(499)
Subtotal	583	1,433
Interest and dividends received	338	364
Interest paid	(304)	(359)
Proceeds from casualty insurance claims	156	158
Proceeds from subsidy income	33	28
Income taxes	(1,837)	(1,228)
Net cash used in operating activities	(1,028)	396
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(2,955)	(1,936)
Proceeds from sales of property, plant and equipment	32	69
Purchases of investments in securities	(3)	(3)
Proceeds from sales of investments in securities	531	1,390
Increase in short-term and long-term loans receivable	(7)	(14)
Collection of short-term and long-term loans receivable	14	1
Other, net	16	(111)
Net cash used in investing activities	(2,371)	(606)
<b>Cash flows from financing activities</b>		
Net increase in short-term loans	4,234	1,995
Proceeds from long-term loans	682	8,518
Repayment of long-term loans	(5,405)	(9,416)
Dividends paid	(985)	(446)
Dividends paid to non-controlling shareholders	(2)	(1)
Other, net	(754)	(711)
Net cash (used in) provided by financing activities	(2,231)	(62)
Effect of exchange rate changes on cash and cash equivalents	101	(31)
Net (decrease) increase in cash and cash equivalents	(5,530)	(304)
Cash and cash equivalents at the beginning of the period	12,498	10,503
Cash and cash equivalents at the end of the period	6,968	10,198

(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.

(Segment information, etc.)

(Segment information)

I. First 9 months of Fiscal Year 2022 (from April 1, 2021 to December 31, 2021)

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	37,517	15,917	53,435	-	53,435
Europe	-	22,625	22,625	-	22,625
Asia	106	10,430	10,536	-	10,536
Other	1	1,746	1,747	-	1,747
Revenue from contracts with customers	37,624	50,720	88,345	-	88,345
Other revenue	-	-	-	-	-
Net sales to third parties	37,624	50,720	88,345	-	88,345
Inter-segment net sales or transfers	457	97	555	(555)	-
Total	38,082	50,818	88,900	(555)	88,345
Segment income (loss)	2,614	(1,610)	1,003	(274)	728

Notes: 1. Adjustments were as follows:

Adjustments for segment income (loss) of ¥(274) million consisted of inter-segment eliminations of ¥(0) million and company-wide expenses not allocated to reportable segments of ¥(274) 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 Segment:

ESLEN Beads, ESLEN Sheet, ESLEN Wood, INTERFOAM, other foamed/molded products, 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, etc.

2. Information concerning impairment loss on non-current assets or goodwill, etc. for each reportable segment

(Significant impairment losses related to non-current assets)

In the Industry segment, the Proseat Group, a consolidated European subsidiary that manufactures and sells automotive parts and materials, etc., has been hit by sharp increases in raw material prices and by the impact of reductions in production by automotive manufacturers affected by semiconductor shortages and other issues. Based on such factors as the trend in the spread of COVID-19 going forward, we have revised our view of the timing of the recovery of the European market, and as a result we have recorded an impairment loss. The amount of impairment loss recorded, including goodwill, etc., was ¥6,271 million in the third quarter under review.

(Significant changes in the amount of goodwill)

Due to the Proseat Group in the Industry segment recording an impairment loss for goodwill, the amount of goodwill has decreased. The decrease in goodwill as a result of this event in the third quarter under review was ¥1,136 million.

II. Third Quarter of Fiscal Year 2022 (from April 1, 2022 to December 31, 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	39,537	16,715	56,253	-	56,253
Europe	-	24,301	24,301	-	24,301
Asia	93	9,685	9,779	-	9,779
Other	-	2,755	2,755	-	2,755
Revenue from contracts with customers	39,630	53,458	93,089	-	93,089
Other revenue	-	-	-	-	-
Net sales to third parties	39,630	53,458	93,089	-	93,089
Inter-segment net sales or transfers	433	124	557	(557)	-
Total	40,064	53,583	93,647	(557)	93,089
Segment income (loss)	1,872	(750)	1,121	(881)	239

Notes: 1. Adjustments were as follows:

Adjustments for segment income (loss) of ¥ (881) million consisted of inter-segment eliminations of ¥ (2) million and company-wide expenses not allocated to reportable segments of ¥ (879) 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 Segment:

ESLEN Beads, ESLEN Sheet, ESLEN Wood, INTERFOAM, other foamed/molded products, 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, etc.