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## Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year 2023 Ending March 31, 2024 <Under Japanese GAAP>

January 31, 2024

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 Stock Listings: Tokyo Stock Exchange  
 Code Number: 4228  
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 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, 2023 to December 31, 2023)

#### (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 2023 (First 9 months)	97,592	4.8	492	205.4	768	220.8	-244	-
FY 2022 (First 9 months)	93,089	5.4	161	-74.7	239	-67.1	-245	-

Note. Comprehensive Income: FY2023 (First 9 months): -994 million yen [ - % ] FY2022 (First 9 months): 1,350 million yen [ - % ]

	Net Income Attributable to Owners of Parent per Share	Net Income Attributable to Owners of Parent per Share (Diluted)
	yen	yen
FY 2023 (First 9 months)	-5.40	-
FY 2022 (First 9 months)	-5.43	-

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity to Total Assets
	Millions of yen	Millions of yen	%
As of December 31, 2023	147,809	56,967	38.0
As of March 31, 2022	145,175	58,464	39.8

Reference: Equity: As of December 31, 2023: 56,220 million yen As of March 31 2023: 57,723 million yen  
 Equity: Shareholders' Equity including Accumulated Other Comprehensive Income

### 2. Dividend Status

	Dividend per Share				
(Date of Record)	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 2022	-	3.00	-	9.00	12.00
FY 2023	-	3.00	-	-	-
FY 2023 (forecast)	-	-	-	9.00	12.00

Note. Recent revision of dividend estimates: No

### 3. Consolidated Outlook for FY2023 (April 1, 2023 to 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 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	130,000	4.3	1,300	63.9	1,700	141.3	550	21.5	12.15

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, 2023	46,988,109 shares
As of March 31, 2023	46,988,109 shares
  - b) Treasury shares at the end of term:

As of December 31, 2023	1,614,134 shares
As of March 31, 2023	1,714,425 shares
  - c) Average outstanding shares in the period (quarterly consolidated cumulative total):

As of December 31, 2023	45,333,859 shares
3rd Q of FY2022	45,242,697 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 4.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the nine months ended December 31, 2023, despite signs of recovery centered on personal consumption, the conflict in Ukraine, the deterioration of the situation in the Middle East, volatility in resource prices, and concerns about the slowing of the Chinese economy led to continued uncertainty for the global economy.

In the automotive industry, the restoration of the supply chain has led to a general trend of recovery despite variances in automotive production by region and manufacturer.

In the area of electronics, demand for television and monitor applications was weak.

On the other hand, although the reclassification of COVID-19 as a Class 5 infectious disease and easing of restrictions on entering the country has led to a normalization of socio-economic activities and a moderate recovery trend in the Japanese economy, soaring resource prices and the impact of the weaker yen have led to continued uncertainty.

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 has been affected by high prices and other factors, and demand related to home meals and home-meal replacements is slowing, but conversely demand for parts, transport materials, and packaging materials is trending toward recovery.

In this business environment, the Group has been working as one on the three Key Issues of the three-year medium-term management plan, "Spiral-up 2024," which was launched in the previous fiscal year.

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 Product (our environmentally friend product brand) through recycling-based business" and "striving to achieve carbon neutrality" as key issues, while striving to further strengthen SKG-5R activities.

In logistics packaging material applications for automotive parts, our "PIOCELAN RNW," which utilizes recycled raw materials, has been adopted by Toyota Motor Corporation as a returnable material for use in electrical component logistics applications.

Going forward we will continue to contribute to the realization of a recycling-based and sustainable society. On the theme of "Reinforce our management foundations," in the 5th Nikkei SDGs Management Survey, which evaluates companies that are working to resolve social, economic, and environmental issues through their businesses in a way that leads to sustainable enhancements in corporate value, we were awarded three stars for the fifth consecutive year.

We will continue to implement initiatives aimed at resolving social, economic, and environmental issues through our business, and work to enhance corporate value.

In terms of sales, in the Human Life Segment we made efforts to expand sales of Sustainable Star Product, but fishery-related demand was weak and year-end demand was also sluggish, resulting in a year-on-year decline. On the other hand, in the Industry Segment we promoted efforts to capture the recovery in demand, leading to year-on-year growth and to an increase in revenue overall.

In terms of profits, to improve profitability we responded to soaring energy prices by reducing costs and cutting fixed expenses, as well as revising selling prices.

As a result, for the nine months ended December 31, 2023, the Group posted net sales of ¥97,592 million (up 4.8% year on year), operating income of ¥492 million (up 205.4% year on year), and ordinary income of ¥768 million (up 220.8% year on year). After making adjustments to income taxes, this resulted in a net loss attributable to owners of the parent of ¥244 million (compared to a net loss of ¥245 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.

The results for each segment are as follows.

#### <Human Life Segment>

Net sales in the Human Life Segment reached ¥37,454 million (down 5.5% year on year), with a segment income of ¥1,559 million (down 16.7% year on year).

The Food field was affected by increases in prices of materials for food container applications, and demand related to home meals and home-meal replacements was sluggish.

In agricultural applications, the impact of unseasonable weather contributed to a lack of growth in shipments, and fishery remained weak due to the continuation of the trend towards declining catches. Net sales increased due to price revisions, but results overall were lower year on year.

In the Housing/Energy field, we made progress in winning projects related to green roofs, but construction materials and civil engineering were weak due to delays in the progress of construction projects and other factors.

Sales volume of “ESLEN Sheets” (foamed polystyrene sheets), our mainstay product, was boosted by strong sales of containers for natto (a fermented bean product) and by a recovery trend in fresh food tray applications.

Although we succeeded in capturing new demand and increasing volumes for the recently developed “ESLEN Sheet PZ series,” which uses materials that require fewer resources, overall sales volume decreased year on year, due in part to the impact of slowing demand for instant noodle applications.

Sales volume of “ESLEN Beads” (expandable polystyrene beads) recorded a year-on-year decrease overall, due to beads for cushions and other life goods posting a decline in shipments, and fishery-related demand remaining weak.

In terms of profits, we made every effort to reduce costs and fixed expenses, pass on higher inputs on to selling prices and cut costs associated with transfers of products, but the fall in sales volume resulted in lower profits.

#### <Industry Segment>

Net sales in the Industry Segment reached ¥60,137 million (up 12.5% year on year), with a segment income of ¥805 million (compared to a loss of ¥750 million in the same period of the previous fiscal year).

In the Mobility field, sales of “PIOCELAN” for automotive parts applications were strong as a result of the recovery in automobile production volumes, but in parts packaging applications, demand for electrical components slowed, and decreased overall in year-on-year terms. On the other hand, FRP parts and related material used in trucks and buses performed well due to our success in capturing new demand.

Production volume at the Proseat Group is increasing due to a moderate recovery in the European automobile market, but the group continues to record losses. In response to rising energy prices and personnel costs, the group is moving forward with initiatives to improve productivity, cut fixed costs, and revise the prices it charges automakers.

In the Electronics field, “TECHPOLYMER” recorded strong sales related to light diffusion applications for LCD panels, etc. due to recovering demand from LCD panel manufacturers, which have finished their inventory corrections.

In “PIOCELAN” used in panel transport materials and packaging materials applications, a recovery in demand led to strength in Taiwan but the weakness in domestic consumption in China led to a delay in the recovery of demand, and a significant year-on-year decrease.

In the Medical/Healthcare field, demand for “ELASTIL” used in midsoles for running shoes are trending toward recovery as a result of sales of a new model beginning in the second half. “ST-gel” saw strength in medical applications such as electrodes, but demand was sluggish in pads for low-frequency therapy equipment and other health applications.

In terms of profits, the segment returned to the black as a result of the trend towards demand recovery in the Electronics field and the ongoing recovery in automotive production volume in the Mobility field, combined with improvements in productivity, reductions in fixed costs, and the passing-on of higher input prices, amongst other efforts.

## (2) Explanation of Financial Position

At the end of the third quarter under review, total assets had increased by ¥2,634 million to ¥147,809 million. In assets, increases in notes receivable and accounts receivable resulted in current assets rising by ¥2,654 million. Non-current assets decreased by ¥20 million due to the decline in buildings and structures.

In liabilities, current liabilities rose by ¥6,273 million as a result of increases in short-term loans and other items. Conversely, mainly as a result of a decrease in long-term loans, long-term liabilities decreased by ¥2,143 million. Net assets decreased by ¥1,496 million to ¥56,967 million, due mainly to the decrease in translation adjustments. As a result, the equity ratio was 38.0%.

As for cash flows for the nine months ended December 31, 2023, cash flows from operating activities saw proceeds increase by ¥2,075 million year on year, resulting in ¥2,471 million in net cash provided by operating activities, due mainly to the increase in proceeds from casualty insurance claims. Due partly to the decline in proceeds from sales of investments in securities that was recorded in the same period of the previous fiscal year, net cash used in investing activities increased by ¥2,385 million to ¥2,991 million.

Cash outflows associated with financing activities increased by ¥2,390 million year on year, resulting in ¥2,452 million in net cash used in financing activities, due mainly to a decrease in proceeds from long-term loans. As a result, the balance of cash and cash equivalents as of December 31, 2023, decreased by ¥2,769 million from the end of the previous fiscal year to ¥8,302 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, 2024, are unchanged from the figures and assumptions announced on October 27, 2023.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	11,080	8,339
Notes and accounts receivable - trade, and contract assets	28,388	31,176
Electronically recorded monetary claims - operating	7,930	9,563
Merchandise and finished goods	9,253	8,804
Work in process	1,909	2,620
Raw materials and supplies	5,127	5,182
Other	3,227	3,883
Allowance for doubtful accounts	-42	-42
Total current assets	66,874	69,529
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,804	14,272
Machinery, equipment and vehicles, net	12,753	12,581
Land	21,492	21,561
Other, net	4,653	5,161
Total property, plant and equipment	53,702	53,576
Intangible assets		
Other	1,763	1,913
Total intangible assets	1,763	1,913
Investments and other assets		
Investments in securities	14,041	13,819
Assets for retirement benefits	6,936	7,065
Other	1,905	1,952
Allowance for doubtful accounts	-47	-47
Total investments and other assets	22,834	22,790
Total non-current assets	78,301	78,280
Total assets	145,175	147,809

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	17,026	19,189
Electronically recorded obligations - operating	8,263	8,453
Short-term loans	13,026	15,783
Accrued income and enterprise taxes	1,338	502
Provision for bonuses to employees	1,010	539
Provision for bonuses to directors and audit and supervisory board members	42	47
Other	7,388	9,853
Total current liabilities	48,096	54,370
<b>Long-term liabilities</b>		
Bonds payable	7,000	7,000
Long-term loans	18,094	15,509
Liabilities for retirement benefits	3,728	3,920
Provision for product warranty	82	57
Other	9,710	9,984
Total long-term liabilities	38,614	36,471
Total liabilities	86,711	90,841
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	16,533	16,533
Capital surplus	16,445	16,408
Retained earnings	16,602	15,814
Treasury stock	-1,382	-1,301
Total shareholders' equity	48,199	47,454
<b>Accumulated other comprehensive income</b>		
Net unrealized gains on securities	7,440	7,285
Surplus arising from land revaluation	1,479	1,479
Translation adjustments	562	-35
Retirement benefits liability adjustments	41	36
Total accumulated other comprehensive income	9,524	8,765
Non-controlling interests	740	747
Total net assets	58,464	56,967
Total liabilities and net assets	145,175	147,809



(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

First 9 months, Fiscal Year 2023

	(Millions of yen)	
	First 9 months, FY2022 (From April 1, 2022 to December 31, 2022)	First 9 months, FY2023 (From April 1, 2023 to December 31, 2023)
Net sales	93,089	97,592
Cost of sales	74,938	78,143
Gross profit	18,150	19,449
Selling, general and administrative expenses	17,989	18,957
Operating income	161	492
Non-operating income		
Interest income	15	44
Dividend income	349	304
Foreign exchange gains	-	358
Subsidy income	28	178
Compensation income	210	78
Other	130	280
Total non-operating income	734	1,245
Non-operating expenses		
Interest expense	366	616
Loss on sales and retirement of non-current assets	21	37
Foreign exchange losses	112	-
Other	156	315
Total non-operating expenses	656	969
Ordinary income	239	768
Extraordinary income		
Gain on sales of investments in securities	794	-
Total extraordinary income	794	-
Extraordinary losses		
Impairment losses	-	39
Total extraordinary losses	-	39
Net income before income taxes	1,033	728
Income taxes	1,273	964
Net income (loss)	-239	-235
Net income attributable to non-controlling interests	5	8
Net income (loss) attributable to owners of the parent	-245	-244

# Quarterly Consolidated Statements of Comprehensive Income

First 9 months, Fiscal Year 2023

	(Millions of yen)	
	First 9 months, FY2022 (From April 1, 2022 to December 31, 2022)	First 9 months, FY2023 (From April 1, 2023 to December 31, 2023)
Net income (loss)	-239	-235
Other comprehensive income		
Net unrealized gains on securities	1,518	-155
Translation adjustments	122	-598
Retirement benefits liability adjustments	-50	-4
Total other comprehensive income	1,590	-758
Comprehensive income	1,350	-994
Comprehensive income attributable to:		
Owners of parent	1,344	-1,003
Non-controlling interests	5	8

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First 9 months, FY2022 (From April 1, 2022 to December 31, 2022)	First 9 months, FY2023 (From April 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Net income (loss) before income taxes	1,033	728
Depreciation and amortization	4,209	4,258
Impairment loss	-	39
Increase (decrease) in allowance for doubtful accounts	-3	-1
Interest and dividend income	-364	-349
Interest expense	366	616
Increase (decrease) in provision for bonuses to employees	-587	-471
Increase (decrease) in provision for product warranty	-20	-24
Increase (decrease) in net liabilities for retirement benefits	-123	57
Loss (gain) on sales of investments in securities	-794	-
Loss (gain) on sales and retirement of property, plant and equipment	17	33
Subsidy income	-28	-178
Decrease (increase) in notes and accounts receivable	-5,542	-4,433
Decrease (increase) in inventories	-614	-180
Increase (decrease) in notes and accounts payable	4,385	2,114
Other, net	-499	1,444
Subtotal	1,433	3,654
Interest and dividends received	364	349
Interest paid	-359	-521
Proceeds from casualty insurance claims	158	859
Proceeds from subsidy income	28	178
Income taxes (paid) refunded	-1,228	-2,047
Net cash provided by (used in) operating activities	396	2,471
Cash flows from investing activities		
Purchases of property, plant and equipment	-1,936	-2,650
Proceeds from sales of property, plant and equipment	69	17
Purchases of investments in securities	-3	-3
Proceeds from sales of investments in securities	1,390	-
Increase in short-term and long-term loans receivable	-14	-17
Collection of short-term and long-term loans receivable	1	15
Other, net	-111	-351
Net cash provided by (used in) investing activities	-606	-2,991
Cash flows from financing activities		
Net increase (decrease) in short-term loans	1,995	2,427
Proceeds from long-term loans	8,518	1,500
Repayment of long-term loans	-9,416	-5,114
Dividends paid	-446	-537
Dividends paid to non-controlling shareholders	-1	-1
Other, net	-711	-726
Net cash provided by (used in) financing activities	-62	-2,452
Effect of exchange rate changes on cash and cash equivalents	-31	202
Net increase (decrease) in cash and cash equivalents	-304	-2,769
Cash and cash equivalents at the beginning of the period	10,503	11,072
Cash and cash equivalents at the end of the period	10,198	8,302

(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, 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 yen consisted of inter-segment eliminations of -2 million yen, and company-wide expenses not allocated to reportable segments of -879 million yen.

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.

## II. First 9 months of Fiscal Year 2023 (from April 1, 2023 to December 31, 2023)

### 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	37,432	19,414	56,846	-	56,846
Europe	-	28,187	28,187	-	28,187
Asia	22	9,157	9,180	-	9,180
Other	-	3,378	3,378	-	3,378
Revenue from contracts with customers	37,454	60,137	97,592	-	97,592
Other revenue	-	-	-	-	-
Net sales to third parties	37,454	60,137	97,592	-	97,592
Inter-segment net sales or transfers	460	95	555	-555	-
Total	37,915	60,233	98,148	-555	97,592
Segment income (loss)	1,559	805	2,364	-1,595	768

Notes: 1. Adjustments were as follows:

Adjustments for segment income (loss) of -1,595 million yen consisted of inter-segment eliminations of -0 million yen and company-wide expenses not allocated to reportable segments of -1,595 million yen.

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