Summary of Consolidated Financial Results of Fiscal Year 2021 Ended March 31, 2022

April 28, 2022

Company Name:	SEKISUI KASEI Co., Ltd.
Stock Listings:	Tokyo Stock Exchange
Code Number:	4228
URL:	https://www.sekisuikasei.com
Representative Director:	Mr. Masato Kashiwabara, President
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Scheduled General Meeting of Shareholders:	June 23, 2022
Scheduled date for payment of dividends:	June 24, 2022
Scheduled date for submission of financial statement:	June 24, 2022
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 2021 (April 1, 2021 to March 31, 2022)

(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 2021	117,567	-	1,463	-30.0	1,401	-28.4	-5,917	-
FY 2020	118,851	-12.7	2,091	-43.9	1,956	-42.3	1,126	-51.5

(Note) Comprehensive Income March 31, 2022: -11,433million yen (-%), March 31, 2021: 4,712million yen (190.9%)

	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 2021	-130.99	-	-9.3	0.9	1.2
FY 2020	24.86	-	1.7	1.3	1.8

(Note) Share of profit of entities accounted for using equity method FY2021: -million yen, FY2020: -9million yen
(Note) The Group has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ending March 31, 2022.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity to Total Assets	Net Assets per Share
	millions of yen	millions of yen	%	yen
FY 2021	143,308	58,242	40.1	1,272.86
FY 2020	158,439	70,657	44.2	1,549.84

(Note) Equity: March 31, 2022: 57,525million yen, March 31, 2021: 69,955million yen

(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 2021	3,831	-3,186	-2,573	10,503
FY 2020	6,428	-3,007	-632	12,498

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 2020	-	4.00	-	17.00	21.00	948	84.5	1.4
FY 2021	-	5.00	-	7.00	12.00	542	-	0.9
FY 2022 (outlook)	-	3.00	-	9.00	12.00		60.3	

3. Consolidated Outlook for FY2022 (April 1, 2022-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	400	-38.8	300	-60.0	100	-70.3	2.21
Full Year	125,000	6.1	1,800	23.0	1,600	14.1	900	-	19.91

Note: Other

(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 : Yes
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)
FY2021 46,988,109 shares
FY2020 46,988,109 shares

b) Treasury stock at end of term
FY2021 1,794,266 shares
FY2020 1,850,959 shares

c) Average outstanding shares in the period
FY2021 45,176,402 shares
FY2020 45,299,849 shares

(Reference information) Summary of Non-consolidated financial results

1. Non-consolidated financial results for FY 2021 (April 1, 2021 to March 31, 2022)

(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 2021	62,869	-	3,107	-0.5	4,249	7.0	-10,212	-
FY 2020	66,647	-6.3	3,124	33.2	3,972	32.7	3,749	79.6

	Net Income per Share	Net Income per Share (Diluted)
	yen	yen
FY 2021	-226.06	-
FY 2020	82.73	-

(Note) The Group has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ending March 31, 2022.

(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 2021	121,418	50,995	42.0	1,128.38
FY 2020	134,959	66,524	49.3	1,473.84

(Note) Shareholders' Equity: March 31, 2022: 50,995million yen, March 31, 2021: 66,524million yen

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

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 Company considers reasonable. Forward-looking statements in no capacity represent a guarantee that the Company will achieve the stated amounts. Various factors can cause actual results to differ materially from the forecasts.

1. Summary of Business Results

(1) Summary of Business Results for FY2021

1) Business Results for FY2021

During the fiscal year under review, the global economy continued to operate under conditions of uncertainty, with novel coronavirus infectious disease (COVID-19) infections first falling as a result of vaccinations, then going through repeated expansions following the emergence of more infectious variants. In addition, the surge in raw material and fuel prices, and the invasion of Ukraine by Russia spurred further worldwide disruption in supply chains, resulting in moves towards higher prices across a wide range of industries. In the automotive industry, in addition to the impact of shortages of semiconductors and other parts that had felt since the summer of the previous year, the situation in Ukraine has also affected production activities. On the other hand, in the home appliances and IT fields, demand for personal computers (PCs) and other devices remained strong, driven by the way telework has spread and become entrenched. Although the Japanese economy showed similar improvements to those in the global economy as a result of vaccinations, the impact of variants led to a continued lack of clarity in relation to a resolution of the pandemic. In addition, responses to environmental issues, such as reductions in greenhouse gas emissions, are becoming increasingly important.

In Japan's foamed plastics industry, the spread of COVID-19 has resulted in firm demand for food container-related products, but the emergence of new problems, such as the situation in Ukraine, has prevented a full-fledged demand recovery for various parts, transport materials, and packaging materials. These factors, together with ongoing rises in costs caused by sharp increases in fuel and raw materials, have led to continued uncertainty regarding the outlook.

Under these difficult business conditions, with regard to the spread of COVID-19 the Group placed the highest priority on the safety and health of employees of business partners and of the Group, and took steps to avoid related risks as much as possible. At the same time the Group implemented the “business portfolio transformation” and “execution of strategy to strengthen earnings structure” from the basic policy featured in the “Make Innovations Stage-II” three-year mid-term management plan, which was in its final year.

In addition, the Company is working to further strengthen SKG-5R(*) in preparation for achieving the targets set in the “SKG-5R STATEMENT” announced in July 2020, in order to cement its position as a leading environmental company. In terms of creating and growing environmentally friendly products (Sustainable Star Products*), the Sekisui Kasei Group is particularly aware of the issue of resource recycling. It has set a target of switching 50% of its product raw materials to those derived from recycling or biomass by FY2030, and has set up ReNew+* and BIOCellular* respectively as category brands, which it is working to strengthen. The Japanese government has declared its intention to become carbon neutral by 2050, and is working on initiatives to achieve those goals.

As a result of the above factors, consolidated net sales for the fiscal year under review came to ¥117,567 million (year-on-year comparison not applicable), with operating income of ¥1,463 million (down 30.0% year on year), and ordinary income of ¥1,401 million (down 28.4% year on year). The Company recorded an extraordinary loss of ¥6,407 million in relation to European subsidiary, Proseat Group, posting an impairment loss related to non-current assets, and to goodwill, etc. After recording extraordinary income of ¥445 million following the disposal of part of its investment securities, this resulted in a net loss attributable to owners of the parent of ¥5,917 million (year-on-year comparison not applicable).

Furthermore, the Company began applying the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020), etc. at the start of the fiscal year under review. This led to a decrease in consolidated net sales for the fiscal year under review of ¥12,305 million compared to net sales before the application of this standard, but there was no impact on profits. For this reason, in our explanations of results for the consolidated fiscal year under review, we do not present year-on-year changes for consolidated net sales, either for the amount or in percentage terms.

* The “SKG” in “SKG-5R” represents the Sekisui Kasei Group, and the “5R” stands for Reduce, Reuse, Recycle, Replace and Re-create.
* “Sustainable Star Products” are products that take into account finite resources and reduced environmental impacts over their entire life-cycle, from procurement of raw materials, through manufacturing, supply, and disposal, to recycling.
* ReNew+ is the Company’s line of products that use recycled raw materials.
* BIOCellular is the Company’s line of products that use biodegradable plastics or plastics derived from biomass.

2) Summary by Business

<Human Life Segment>

Net sales in the Human Life segment reached 49,530 million (no year-on-year figure available*), with segment profit of ¥3,376 million (down 10.1% year on year).
In food containers, demand related to tourism, including inbound tourism, remained sluggish due to COVID-19. With the tendency to voluntarily not go out showing signs of weakening, demand related to home meals and home-meal replacements has remained stable but has started to slow compared to the previous year. Despite robust shipments in agriculture at the beginning of the period, the impact of long periods of rainfall and the like resulted in it being unchanged from the previous year, while fishery-related shipments remained depressed due to the weakness in the restaurant industry. In civil engineering, we made progress in winning projects by leveraging the AQUAROAD material used in measures to deal with road flooding and to process rainwater, and the FJ-Ring used in sewer construction.
Sales volume of ESLEN Sheets, our mainstay product, declined overall relative to the strong performance of the previous year. Despite strength in take-out containers driven by a certain level of continued stay-at-home demand, demand for fresh food trays used in supermarkets, etc. began to slow. Sales volume of ESLEN Beads (pre-expanded polystyrene beads) posted a strong performance due to continued solid demand in life goods applications, such as cushion beads, arising from consumers spending more time at home. In the construction materials field, we also saw progress in major orders for embankment blocks, leading to an overall increase year on year.
With raw material prices soaring, we made efforts to reduce costs, cut fixed expenses, and pass on price increases, but were unable to avoid a decline in profits.

* The Company began applying the “Accounting Standard for Revenue Recognition,” etc. at the beginning of the consolidated fiscal year ended March 31, 2022. The effect on net sales for the fiscal year under review was a decrease of 8,432 million compared to the same item before the application of the standard, etc.

<Industry Segment>

Net sales in the Industry segment reached ¥68,036 million (no year-on-year figure available*), with a segment loss of ¥1,777 million, compared to a loss of ¥957 million for the previous fiscal year.
In automotive-related products, parts packaging material applications for electrical components recorded growth in sales, but automotive parts applications were hit by the decline in production at auto manufacturers caused by the shortage of semiconductors and by delays in parts procurement and so on following the spread of COVID-19. These factors resulted in sluggish sales of PIOCELAN (polystyrene/polyolefin hybrid resin foam). At the Proseat Group in Europe, continued disruption of the supply chain, which can be traced back to COVID-19, surging prices for the raw materials and fuel used in its mainstay products of automotive parts and materials products, and shortages of semiconductors, led to a significant reduction in orders from European auto manufacturers, and to a deterioration in earnings.
In the home appliances and IT fields, sales of PIOCELAN used in panel transport materials and packaging materials were strong in the first half of the fiscal year, but weakened in the second half due to inventory corrections of LCD panels and the reuse of panel transport materials. Sales of TECHPOLYMER (polymer particles) used in light diffusion applications for LCD panels, etc. were steady, due to demand for PCs and monitors as a result of people working at home.
In the medical and health care fields, sales of ELASTIL (a thermoplastic elastomeric foam) for use in running-shoe midsoles in Europe and the United States grew, and sales of ST-gel (a functional polymer gel) and TECHPOLYMER for cosmetics applications were also robust.
In terms of profits, we worked to raise productivity and cut fixed expenses, but we were unable to offset the decline in marginal profits caused by the increase in raw material prices, supply chain disruptions, and other factors, and this resulted in a loss. The Proseat Group also recorded an impairment loss in relation to certain non-current assets, leading to the posting of an extraordinary loss.

* The Company began applying the "Accounting Standard for Revenue Recognition," etc. at the beginning of the consolidated fiscal year ended March 31, 2022. The effect on net sales for the fiscal year under review was a reduction of ¥3,872 million compared to the same item before the application of the standard, etc.

3) Other Important Items

<Global Expansion>

The Group is moving forward to expand its business globally, primarily in industrial fields such as automotive, home appliances and IT.
With the move towards carbon neutrality by 2050 progressing around the world, in the auto industry, the shift toward EVs (electric vehicles) is expected to accelerate, and the market for products of the Company that contribute to lighter vehicle bodies is expected to expand. In order to respond to the automotive industry's need for parts and packaging materials that utilize foamed plastics, the Sekisui Kasei Group is proceeding with a global expansion of its business. It is steadily capturing demand for automotive parts and packaging materials in North America, including the United States and Mexico, as well as moving forward with initiatives to further extend its track record in China, where demand is recovering rapidly. 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 working on strengthening competitiveness while withdrawing from unprofitable operations, putting in place a stronger foundation for business, and moving forward with the expected goals of

product development and customer base expansion.

In areas such as home appliances and IT, the information industry and medical and health care, we will develop new material technologies with reduced environmental impacts, including foam plastics, polymer particles, and BIOCellular, 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 ¥46,374 million (39.4% of consolidated net sales).

<CSR Initiatives>

The Sekisui Kasei Group's CSR declaration is as follows: "By practicing our corporate philosophy, we will fulfill our social responsibility to all stakeholders, including the global environment, and contribute to the sustainable growth of societies worldwide." The CSR 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, one of the high-priority policies in the current mid-term management plan is "contributing to a sustainable society," and we place environmental management at the center of our business activities. The recently formulated mid-term management plan also designates "Shifting to businesses that resolve environmental and social issues" as one of its priority policies, and we will strengthen these initiatives even further. To that end, in April 2022 we established the GX Development Department as an organization to centralize operations related to the environment across the Group as a whole.

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 work style reforms and diversity as initiatives to bolster human resources, and strengthen frameworks to ensure that employees with enthusiasm and ability can participate.

(2) Summary of Financial Position for FY2021

1) Assets, Liabilities and Net Assets

As of the end of the consolidated fiscal year under review, assets totaled ¥143,308 million (a decrease of ¥15,130 million from the end of the previous year).

In assets, increases in items such as notes and accounts receivable, contract assets, and electronically recorded monetary claims-operating resulted in current assets rising by ¥1,027 million. Non-current assets decreased by ¥16,157 million, due mainly to declines in the evaluation of investments in securities and the processing of impairment losses at a consolidated subsidiary.

In liabilities, increases in items such as short-term loans and electronically recorded obligations-operating resulted in current liabilities rising by ¥7,409 million. Decreases in long-term loans and deferred income taxes led to a reduction of ¥10,125 million in long-term liabilities.

The decrease in retained earnings caused by impairment losses and the decline in net unrealized gains on securities led to net assets falling by ¥12,415 million.

2) Cash Flows

The balance of cash and cash equivalents (hereafter "net cash") at the end of the consolidated fiscal year under review decreased by ¥1,995 million compared to the end of the previous fiscal year, to ¥10,503 million.

<Cash flows from operating activities>
Cash flow from operating activities saw decrease by ¥2,596 million, resulting in ¥3,831 million in net cash provided in operating activities, due mainly to the decrease in net income before income taxes.

<Cash flows from investing activities>
Cash flow from investing activities saw decrease by ¥179 million, resulting in ¥3,186 million in net cash used in financing activities, due to declines in proceeds from sales of investments in securities.

<Cash flows from financing activities>
Net cash used in financing activities was ¥2,573 million, a decline of ¥1,940 million from the previous fiscal year due mainly to repayment of long-term loans.

(Reference) Change in cash flow-related indices

	FY2017	FY2018	FY2019	FY2020	FY2021
Equity ratio	49.9	42.5	44.1	44.2	40.1
Equity ratio on a market value basis	43.4	27.2	17.6	17.7	13.8
Interest-bearing debt to cash flow ratio	3.3	4.9	5.5	5.8	10.9
Interest coverage ratio	35.5	38.8	15.0	17.1	10.7

(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, there are expectations that the COVID-19 situation is heading towards a resolution as a result of measures taken in countries around the world to suppress infections, such as progress in vaccination. However, attention must also be paid to factors such as the deterioration and prolongation of the situation in Ukraine, exchange rate volatility, and soaring prices for raw materials and fuel.
The Sekisui Kasei Group expects a partial recovery in demand for recreation and tourism-related materials as a result of the easing of restrictions on activities, such as the lifting of key measures taken to prevent proliferation of COVID-19. In addition, it expects stay-at-home demand to become entrenched in the form of supermarket food trays and restaurant take-out containers, and projects that it will remain firm going forward. For the Industry segment, in which we are operating business globally, in addition to concerns about the impact of COVID-19 and unstable supply of parts, such as semiconductors, on the automotive industry, the situation in Ukraine could lead to new risks for the supply chain, and the state of the recovery in parts and packaging applications is expected to

remain uncertain. In home appliances and IT, we expect the strong demand for PCs generated by the COVID-19 pandemic to slow, but we predict growth in general LCD-related applications.
As a result, for the fiscal year ending March 31, 2023, we forecast consolidated net sales of ¥125.0 billion, operating income of ¥1.8 billion, ordinary income of ¥1.6 billion and net income attributable to owners of the parent of ¥0.9 billion.
The impact on earnings of the fire that broke out at Sekisui Kasei Oita Co., Ltd. on April 22, 2022, is currently being scrutinized. In the event that we judge it likely to have a material effect on earnings, we will make prompt disclosure to that effect.

(4) Basic Policy Regarding Profit Distribution and Dividends for FY2021 and FY2022

The Company's position is that the return of profits to shareholders is an important management issue. While securing internal reserves in preparation for the development of future businesses and enhancement of the management structure, our basic policy is to return profits to shareholders in a way that reflects consolidated financial performance, and with an emphasis on stable dividends. In terms of dividend policy, the Company's goal is a consolidated dividend payout ratio of 30%-40%.
Due to impairment losses related to non-current assets and to goodwill, etc., we posted large losses for the fiscal year under review, but in order to maintain a stable dividend for shareholders we propose to pay a year-end dividend of 7 yen per share.
Note that with the 5-yen per share interim dividend paid at the end of the second quarter, the annual dividend for FY2021 will be 12 yen per share. An annual dividend of 12 yen per share is planned for FY2022.

2. Management Policy

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

The 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 will participate in this plan, with their efforts centered on <Priority Policies>.

(1) Basic policy for "Spiral-up 2024"
In preparation for contributing to a sustainable society and sustainable enhancing corporate value, we will establish a robust earnings base on the foundation of ESG management

(2) Priority policies for "Spiral-up 2024"
- (i) Strengthening profitability
  - 1) Rebuilding the business portfolio
    *Target business areas (5 priority fields)
    "Food," "Electronics," "Mobility," "Medical/Healthcare," "Civil engineering/Energy"
  - 2) Building a high- profitability business at Proseat
  - 3) Strengthening cost competitiveness through production innovations
  - 4) Making development products profitable early on
- (ii) Shifting to businesses that resolve environmental and social issues
  - 1) Expanding environmentally-friendly products through circular businesses
  - 2) Taking on the challenge of achieving carbon neutrality
- (iii) Strengthening the management foundation
  - 1) Strengthening initiatives for materialities (important management issues)
  - 2) Strengthening our financial condition

(3) “Spiral-up 2024” numerical targets

Consolidated targets	FY2021 (results)	FY2022 (planned)	FY2024 (planned)	3-year average growth rate
Net Sales	¥117.5 billion	¥125.0 billion	¥135.0 billion	5.0%
Operating income (operating income ratio)	¥1.4 billion (1.2%)	¥1.8 billion (1.4%)	¥5.0 billion (3.7%)	50%
Ordinary Income	¥1.4 billion	¥1.6 billion	¥4.8 billion	50%
Net income attributable to owners of the parent	¥-5.9 billion	¥0.9 billion	¥3.0 billion	-%
ROE	(－%)	(1.5%)	(3.0%)	

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

In terms of management indicators, management will emphasize net sales, operating income, and net income attributable to owners of the parent, and strive to improve return on equity (ROE).

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)

	FY2020 As of March 31, 2021	FY2021 As of March 31, 2022
Assets		
Current assets		
Cash and deposits	12,531	10,510
Notes and accounts receivable, trade	28,301	—
Notes receivable	—	4,335
Accounts receivable	—	23,565
Contract assets	—	1,092
Electronically recorded monetary claims-operating	5,220	6,526
Merchandise and finished goods	7,670	8,633
Work in process	1,481	1,785
Raw materials and supplies	4,172	4,756
Other	3,426	2,617
Allowance for doubtful accounts	(59)	(52)
Total current assets	62,744	63,771
Non-current assets		
Property, plant and equipment		
Buildings and structures	48,112	48,614
Accumulated depreciation	(31,812)	(33,165)
Buildings and structures, net	16,300	15,448
Machinery, equipment and vehicles	88,910	89,839
Accumulated depreciation	(73,157)	(76,102)
Machinery, equipment and vehicles, net	15,752	13,737
Land	21,306	21,413
Construction in progress	1,978	1,743
Other	20,391	18,664
Accumulated depreciation	(14,295)	(15,354)
Other, net	6,095	3,309
Total property, plant and equipment	61,432	55,652
Intangible assets		
Goodwill	1,236	—
Software	587	665
Other	1,549	465
Total intangible assets	3,373	1,131
Investments and other assets		
Investments in securities	21,350	14,849
Deferred income taxes	808	822
Assets for retirement benefits	7,772	6,155
Other	1,007	973
Allowance for doubtful accounts	(49)	(47)
Total investments and other assets	30,889	22,752
Total non-current assets	95,694	79,536
Total assets	158,439	143,308

(Millions of yen)

	FY2020 As of March 31, 2021	FY2021 As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable	15,471	16,065
Electronically recorded obligations-operating	7,009	9,145
Short-term loans	9,185	16,252
Accrued expenses	4,481	3,357
Accrued income and enterprise taxes	1,213	767
Contract liabilities	―	405
Accrued consumption taxes	773	259
Provision for bonuses to employees	1,054	1,046
Provision for bonuses to directors and audit and supervisory board members	59	6
Provision for loss on discontinuation of operations of subsidiary	919	446
Notes payable -facilities	82	71
Electronically recorded obligations -non-operating	644	691
Other	2,409	2,200
Total current liabilities	43,305	50,715
Long-term liabilities		
Bonds payable	7,000	7,000
Long-term loans	20,900	13,863
Deferred income taxes	7,261	4,410
Deferred income taxes for land revaluation	1,596	1,596
Provision for product warranty	131	108
Liabilities for retirement benefits	3,590	3,608
Other	3,995	3,763
Total long-term liabilities	44,475	34,349
Total liabilities	87,781	85,065
Net assets		
Shareholders’ equity		
Common stock	16,533	16,533
Capital surplus	16,515	16,503
Retained earnings	23,523	16,602
Treasury stock	(1,493)	(1,448)
Total shareholders’ equity	55,077	48,190
Accumulated other comprehensive income		
Net unrealized gains on securities	11,859	7,442
Surplus arising from land revaluation	1,479	1,479
Translation adjustments	11	745
Retirement benefits liability adjustments	1,527	(332)
Total accumulated other comprehensive income	14,877	9,334
Non-controlling interests	702	717
Total net assets	70,657	58,242
Total liabilities and net assets	158,439	143,308

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

(Consolidated Statement of Income)

(Millions of yen)

	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
Net sales	118,851	117,567
Cost of sales	92,451	92,831
Gross profit	26,399	24,735
Selling, general and administrative expenses	24,308	23,271
Operating income	2,091	1,463
Non-operating income		
Interest income	17	13
Dividends income	311	328
Foreign exchange gain, net	—	288
Subsidy income	289	58
Other	243	330
Total non-operating income	862	1,019
Non-operating expenses		
Interest expenses	373	386
Equity in losses of affiliates	9	—
Loss on sales and retirement of non-current assets	139	214
Foreign exchange loss	97	—
Commission fee	58	57
Compensation expenses	—	114
Other	317	309
Total non-operating expenses	997	1,082
Ordinary income	1,956	1,401
Extraordinary income		
Gain on sales of investments in securities	857	445
Total extraordinary income	857	445
Extraordinary loss		
Loss on sales of investment securities	37	—
Loss on valuation of investments in securities	2	—
Loss on liquidation of subsidiaries	2	—
Loss on discontinuation of operations of subsidiary	901	—
Impairment loss	—	6,407
Total extraordinary losses	943	6,407
Net income (loss) before income taxes	1,870	(4,560)
Income taxes - current	1,564	1,436
Income taxes - deferred	(3)	(120)
Total income taxes	1,560	1,316
Net income (loss)	309	(5,876)
Net income (loss) attributable to non-controlling interests	(816)	41
Net income (loss) attributable to owners of the parent	1,126	(5,917)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	End of FY2020 (From April 1, 2020 to March 31, 2021)	End of FY2021 (From April 1, 2021 to March 31, 2022)
Net income (loss)	309	(5,876)
Other comprehensive income		
Net unrealized gains on securities	2,633	(4,417)
Translation adjustments	640	720
Retirement benefits liability adjustments	1,128	(1,860)
Total other comprehensive income	4,402	(5,557)
Comprehensive income	4,712	(11,433)
(Breakdown)		
Comprehensive income attributable to owners of the parent	5,584	(11,460)
Comprehensive income attributable to non-controlling interests	(872)	27

(3) Consolidated Statement of Changes in Net Assets

FY2020 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2020	16,533	16,532	23,524	(1,426)	55,164
Changes of items during period					
Dividend of surplus			(951)		(951)
Net income attributable to owners of the parent			1,126		1,126
Acquisition of treasury stock				(141)	(141)
Disposal of treasury stock		(17)		57	40
Change in the scope of equity method			(176)	16	(160)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(17)	(1)	(67)	(86)
Balance at March 31, 2021	16,533	16,515	23,523	(1,493)	55,077

	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, 2020	9,226	1,479	(583)	399	10,520	1,531	67,217
Changes of items during period							
Dividend of surplus							(951)
Net income attributable to owners of the parent							1,126
Acquisition of treasury stock							(141)
Disposal of treasury stock							40
Change in the scope of equity method							(160)
Net changes of items other than shareholders' equity	2,633	—	594	1,128	4,356	(829)	3,527
Total changes of items during period	2,633	—	594	1,128	4,356	(829)	3,440
Balance at March 31, 2021	11,859	1,479	11	1,527	14,877	702	70,657

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)
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		(12)		45	33
Change in the scope of equity method					
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)
Acquisition of treasury stock							(0)
Disposal of treasury stock							33
Change in the scope of equity method							
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

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Net income (loss) before income taxes	1,870	(4,560)
Depreciation and amortization	6,217	6,176
Amortization of goodwill	168	128
Impairment loss	—	6,407
Increase (decrease) in allowance for doubtful accounts	(4)	(11)
Interest and dividend income	(328)	(342)
Interest expenses	373	386
Equity in (earnings) losses of affiliates	9	—
Increase (decrease) in provision for bonuses to employees	15	(9)
Increase (decrease) in provision for product warranty	(26)	(23)
Increase (decrease) in net liabilities for retirement benefits	(332)	(1,058)
Loss (gain) on sales of investments in securities	(820)	(445)
Loss (gain) on valuation of investments in securities	2	—
Loss (gain) on sales and retirement of property, plant and equipment	138	210
Subsidy income	(289)	(58)
Loss on discontinuation of operations of subsidiary	901	—
Decrease (increase) in notes and accounts receivable	(868)	(892)
Decrease (increase) in inventories	699	(1,544)
Increase (decrease) in notes and accounts payable	(596)	2,209
Other, net	(496)	(1,041)
Subtotal	6,633	5,530
Interest and dividends received	328	342
Interest paid	(377)	(357)
Proceeds from casualty insurance claims	105	157
Proceeds from subsidy income	289	58
Income taxes (paid) refunded	(552)	(1,899)
Net cash provided by (used in) operating activities	6,428	3,831
Cash flows from investing activities		
Payments into time deposits	(23)	—
Proceeds from withdrawal of time deposits	—	26
Purchases of property, plant and equipment	(3,987)	(3,700)
Proceeds from sales of property, plant and equipment	13	37
Purchases of investments in securities	(5)	(4)
Proceeds from sales of investments in securities	1,113	581
Increase in short-term and long-term loans receivable	(3)	(7)
Collection of short-term and long-term loans receivable	2	17
Other, net	(115)	(137)
Net cash provided by (used in) investing activities	(3,007)	(3,186)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	851	2,243
Proceeds from long-term loans	4,989	2,751
Repayment of long-term loans	(4,943)	(5,570)
Purchases of treasury stock	(141)	(0)
Dividends paid	(953)	(993)
Dividends paid to non-controlling shareholders	(2)	(2)
Other, net	(433)	(1,002)
Net cash provided by (used in) financing activities	(632)	(2,573)
Effect of exchange rate change on cash and cash equivalents	177	(67)
Net increase (decrease) in cash and cash equivalents	2,965	(1,995)
Cash and cash equivalents at the beginning of the year	9,532	12,498
Cash and cash equivalents at the end of the quarter	12,498	10,503

(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

(Changes in accounting policies)
(Application of Accounting Standard for Revenue Recognition, etc.)

The Company began applying the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020) (“the revenue recognition standard”), etc. at the beginning of the fiscal year under review. Accordingly, at the point that control of a promised good or service is transferred to the customer, the Company recognizes revenue equivalent to the amount it expects to receive in exchange for said good or service. The main changes resulting from this are as follows.

(1) Revenue recognition associated with agency transactions
In the case of transactions in which the total amount of the consideration received from the customer was previously recognized as revenue, for those in which the role of the Sekisui Kasei Group in providing the good or service was equivalent to that of an agent, the revenue recognized shall be the net amount received from the customer from which the amount paid to the supplier has been deducted.

(2) Revenue recognition associated with transaction commission
For transactions that previously were recorded as selling, general and administrative expenses, in cases where the Sekisui Kasei Group makes a payment to the customer and the consideration paid to the customer is not paid in relation to an individual good or service provided by the customer, the consideration shall be deducted from the transaction price before the revenue is recognized.

As a result of the application of the revenue recognition standard, consolidated net sales for the fiscal year under review were reduced by ¥12,305 million, cost of sales was reduced by ¥11,832 million, and selling, general and administrative expenses were reduced by ¥473 million, but there was no impact on operating income, ordinary income, or net income before income taxes.

With regard to the application of the revenue recognition standard, etc., in accordance with the transitional measures set forth in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the fiscal year under review, has been added to or subtracted from retained earnings at the beginning of the fiscal year under review, and the new accounting policy has been applied from the start of this period, but there was no impact on the opening balance.

Due to the application of the revenue recognition standard, etc., beginning with the fiscal year under review the “Notes and accounts receivable, trade” shown in the “Current assets” section of the balance sheet for the previous fiscal year is included and shown in “Notes receivable” and “Accounts receivable,” and “Contract assets” included in “Other” is included and shown in “Contract assets,” while “Contract liabilities” included in the “Accrued expenses” shown in the “Current liabilities” section is included and shown in “Contract liabilities.” In accordance with the transitional measures set out in paragraph 89-2 of the revenue recognition standard, figures for the previous fiscal year have not been restated to reflect this new method of presentation.

(Application of Accounting Standard for Fair Value Measurement)

The Company began applying the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30; July 4, 2019) (“the fair value measurement standard”), etc. at the start of the fiscal year under review, and in accordance with the transitional measures set forth in paragraph 19 of that standard, and the transitional measures set forth in paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10; July 4, 2019), going forward it will apply the new policy determined in the fair value measurement standard, etc. going forward. These changes have no material effect.

(Segment Information, etc.)

(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 fields 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.”

The 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 the 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
FY2020 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable Segments			Adjustments and eliminations (*1)	Total (*2)
	Human Life	Industry	Total		
Net sales:					
Sales to third parties	53,470	65,381	118,851	—	118,851
Intersegment sales and transfers	549	115	665	(665)	—
Total	54,020	65,496	119,516	(665)	118,851
Segment income (loss)	3,754	(957)	2,797	(840)	1,956
Segment assets	70,626	65,630	136,257	22,182	158,439
Other items					
Depreciation and amortization	1,869	3,642	5,511	705	6,217
Amortization of goodwill	—	168	168	—	168
Equity in earnings (losses) of affiliates	(9)	—	(9)	—	(9)
Increase in property, plant and equipment and intangible assets	1,220	3,538	4,759	618	5,377

(Notes)

1. Adjustments and eliminations in the preceding table were as follows:
   (1) Segment income in the amount of (840) million yen includes elimination of inter-segment transactions in the amount of 1 million yen and unallocated corporate expenses of (842) million yen.
   (2) Segment assets in the amount of 22,182 million yen consisted primarily of investments in securities and assets related to administrative departments and the Central R&D Laboratory owned by the Company.
   (3) Depreciation and amortization in the amount of 705 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.
   (4) For interest expenses, an interest amount is allocated internally in relation to the assets owned by segment. The interest expense adjustment amount consists of the difference between actual interest paid and the interest amount allocated internally to segment.
   (5) Increase in property, plant and equipment and intangible assets in the amount of 618 million yen consisted primarily of assets related to the Central R&D Laboratory owned by the Company.
2. Segment income was adjusted for ordinary income in the consolidated statement of income.

3. 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.

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

(Millions of yen)

	Reportable Segments			Adjustments and eliminations (*1)	Total (*2)
	Human Life	Industry	Total		
Net sales:					
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
Equity in earnings (losses) of affiliates	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	1,229	1,856	3,086	739	3,825

(Notes)

1. Adjustments and eliminations in the preceding table were as follows:
   (1) 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.
   (2) 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.
   (3) 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.
   (4) 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.
2. Segment income was adjusted for ordinary income in the consolidated statement of income.

3. 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.

(i) Information on changes in reportable segments

(Application of Accounting Standard for Revenue Recognition, etc.)
The Company began applying the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020), etc. at the start of the fiscal year under review. This led to reductions in consolidated net sales for the Human Life segment and the Industry segment of ¥8,432 million and ¥3,872 million respectively compared to the same items before the application of this standard, but there was no impact on profits.

(ii) 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 ¥6,407 million in the consolidated fiscal year 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 consolidated fiscal year under review was ¥1,142 million.

(Related information)

FY2020 (April 1, 2020 to March 31, 2021)
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
78,589	26,352	11,606	2,303	118,851

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

(2) Property, plant and equipment

(Millions of yen)

Japan	Europe	Asia	Other	Total
46,679	8,331	4,471	1,949	61,432

3. Information by major customer

(Millions of yen)

Customer or individual name	Net sales	Related segment
FP Corporation	15,546	Human Life

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

(Information concerning impairment loss on non-current assets in each reportable segment)
FY2020 (April 1, 2020 to March 31, 2021)
Not applicable.

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

(Millions of yen)

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

(Information regarding amortization of goodwill and unamortized balance of goodwill by each reportable segment)
FY2020 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Human Life	Industry	Corporate/ Eliminations	Total
Amortization of goodwill	―	168	―	168
Unamortized balance of goodwill	―	1,236	―	1,236

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

(Millions of yen)

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

(Per share information)

	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
Net assets per share	1,549.84 yen	1,272.86 yen
Net income per share	24.86 yen	(130.99) yen

(Notes)1. Diluted net income per share has not been presented as there are no potentially dilutive shares.
2. Basis for computation of net assets per share is as follows.

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Total net assets (million yen)	70,657	58,242
Amounts deducted from total net assets (million yen)	702	717
(of which, equity of non-controlling interests (million yen))	(702)	(717)
Net assets related to common stock at the fiscal year-end (million yen)	69,955	57,525
Number of shares of common stock outstanding (thousands)	46,988	46,988
Number of shares of treasury stock (thousands)	1,850	1,794
Number of shares of common stock at fiscal year-end used in computing net assets per share (thousands)	45,137	45,193

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

	FY2020 (From April 1,2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
Net income per share		
Net income attributable to owners of the parent (million yen)	1,126	(5,917)
Amount not attributable to common shareholders (million yen)	—	—
Net income related to common stock attributable to owners of the parent (million yen)	1,126	(5,917)
Average number of shares during the period (thousands)	45,299	45,176

(Subsequent events)
Not applicable.