Consolidated Financial Results for the Three Months Ended June 30, 2024
<Under Japanese GAAP>

July 31, 2024

Company Name: SEKISUI CHEMICAL CO., LTD.
Listing: Tokyo Stock Exchange
Securities code: 4204 URL https://www.sekisuichemical.com
Representative: Keita Kato, President
Inquiries: Futoshi Kamiwaki, Senior Managing Executive Officer
TEL: +81-3- 6748-6467

Scheduled date to commence dividend payments: -
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: Yes

(Figures rounded down to the nearest million yen)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	298,828	4.7	20,198	32.1	26,545	19.7	23,712	-1.7
June 30, 2023	285,393	1.1	15,285	10.4	22,180	3.8	24,129	65.5

Note: Comprehensive Income For the three months ended June 30, 2024: 32,690 million yen (-15.8%)
For the three months ended June 30, 2023: 38,836 million yen (23.7%)

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (Diluted)
Three months ended	yen	yen
June 30, 2024	56.47	—
June 30, 2023	56.40	—

(2) Consolidated financial position

	Total assets	Net assets	Equity to asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	1,297,201	828,441	61.6
As of March 31, 2024	1,323,243	820,925	59.9

Reference: Equity As of June 30, 2024: 798,772 million yen As of March 31, 2024: 792,329 million yen

2. Dividend status

	Annual dividends per share				
(Date of Record)	At the end of 1st Q	At the end of 2nd Q	At the end of 3rd Q	Fiscal year-end	Total
Fiscal year ended	yen	yen	yen	yen	yen
March 31, 2024	—	35.00	—	39.00	74.00
March 31, 2025	—				
March 31, 2025 (Forecast)		37.00	—	38.00	75.00

Note: Revisions to the forecast of cash dividends most recently announced: No

3. Consolidated outlook for fiscal 2024 (April 1, 2024 to March 31, 2025)

(% figures represent changes from the same period of the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
1st Half	635,700	4.0	44,800	8.9	46,300	-10.2	39,500	-11.1	94.62
Full Year	1,326,700	5.6	102,000	8.1	102,500	-3.2	78,000	0.1	185.10

Note: Revisions to the forecast of consolidated earnings estimates most recently announced: Yes

Notes:

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 3 companies (Kofu Sekisui Industry Co., Ltd., Tohseki Kako Co., Ltd., and Yonseki Kako Co., Ltd.)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
Note: For further details please refer to "(4) Notes to Consolidated Financial Statements (Accounting treatment specific to the preparation of quarterly consolidated financial statements)" on page 9 of the attached document "2. Consolidated Financial Statement and Notes."

(3) Changes in accounting policy, changes in accounting estimates, and restatement
a) Changes in accounting policies due to revisions to accounting standards and other regulations: None
b) Changes other than a): None
c) Changes in accounting estimates: None
d) Restatements: None

(4) Number of shares issued (common shares)

a) Number of shares issued at the end of the period (including treasury shares):	As of June 30, 2024	444,507,285	As of March 31, 2024	448,507,285
b) Number of treasury shares at the end of the period:	As of June 30, 2024	27,042,330	As of March 31, 2024	27,121,698
c) Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year):	Three months ended June 30, 2024	419,937,211	Three months ended June 30, 2023	427,833,091

Note: Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

Note: Proper use of earnings forecasts, and other special matters

1. This report contains revisions to the consolidated forecasts for the first half of the fiscal year announced on April 26, 2024. The full-year forecasts remain unchanged.

2. The earnings forecasts and other forward-looking statements presented in this report are based on information available at the time of its issue and on certain assumptions that the Group considers reasonable. Forward-looking statements in no capacity represent a guarantee that the Group will achieve the stated amounts. Various factors can cause actual results to differ materially from the forecasts. For important matters regarding the conditions associated with the assumptions of these forecasts and their appropriate use, please see "I. 3. Revision of the Consolidated Results Forecast and Other Forward-Looking Information" on page 3 of the Quarterly Financial Report (Attached document).

Note: The English-language quarterly financial statements have not been reviewed by certified public accountants or an audit firm.

I. Overview of Business Results

1. Overview of Quarterly Business Results

(1) Group Overview

Net Sales: 298.8 billion yen (+4.7%), Operating Profit: 20.1 billion yen (+32.1%), Ordinary Profit: 26.5 billion yen (+19.7%), Profit Attributable to Owners of Parent: 23.7 billion yen (-1.7%)

In the first quarter of fiscal 2024, the slump in detached housing demand continued, but in North America and Japan, demand for building materials, consumer goods, smartphones, and semiconductors was on the rise and automobile production was as expected. Sales of high value-added products increased, and there were also positive foreign exchange effects, and as a result, sales increased.

Both operating profit and ordinary profit increased, reaching new record highs for the first quarter, as a result of increased sales of high value-added products as well as efforts to thoroughly secure profit and control fixed costs and positive foreign exchange effects.

Quarterly profit attributable to owners of the parent declined as a result of decrease on the sale of investment securities.

(2) Overview by Business Segment

[Housing Company]

Net Sales: 116.2 billion yen (-3.9%), Operating Profit: 4.8 billion yen (+21.8%)

In the first quarter of fiscal 2024, net sales increased in the Housing Renovation business and the Real Estate business, but the decrease in the number of houses ordered in the Housing business in the previous fiscal year resulted in a decline in net sales overall. Meanwhile, effects from increases in unit prices and measures to increase profitability in the Housing business emerged, and profits increased.

Orders received in the Housing business were flat from the same period of the previous fiscal year overall, despite year-on-year increases in orders received in urban areas such as Tokyo, Chubu, Kinki, and other regions. In the Housing Renovation business, orders increased year-on-year as a result of an increase in sales personnel and increased sales of large-scale renovations.

In terms of measures, in the Housing business, we developed products tailored to the needs of each area and implemented sales strategies. We also implemented measures to increase profitability, shifted personnel to growth areas in the Housing Renovation business and other businesses, and took measures to reinforce sales structures.

[Urban Infrastructure and Environmental Products Company]

Net Sales: 52.5 billion yen (+2.4%), Operating Profit: 3.5 billion yen (+5.2%)

In the first quarter of fiscal 2024, the slump in the domestic housing market continued, but the non-housing market underwent a moderate recovery and effects started to emerge from the acquisition of the PVC pipe business from Shin-Etsu Polymer Co., Ltd. in the previous fiscal year. As a result, sales increased and operating profit reached a record high.

In the Pipe Systems field, although recovery of the chlorinated polyvinyl chloride (CPVC) market in India was slow, non-housing demand in Japan recovered moderately, and as a result of focusing our efforts on increasing sales, particularly of prioritized products, net sales increased year-on-year, in part due to effects from front-loaded demand before sales price revisions.

In the Buildings and Infrastructures Composite Materials field, the domestic housing market was sluggish, causing a year-on-year decrease in net sales for the field as a whole, but in the non-housing field, sales of large

high-capacity drainage systems increased. Also, operations at our production plant in Europe and the expansion of orders received in Europe for synthetic wood progressed well.

In the Infrastructure Renovation field, sales increased year-on-year as a result of solid domestic and overseas demand for pipe renewal, a recovery in demand for water receiving tanks (panel tanks), and other factors.

[High Performance Plastics Company]

Net Sales: 110.6 billion yen (+15.1%), Operating Profit: 14.6 billion yen (+47.7%)

In the first quarter of fiscal 2024, yen depreciation continued, semiconductor-related demand as well as demand for building materials and consumer goods were on the rise, and sales of high-performance products increased. As a result, both sales and profits increased.

In the Electronics field, smartphone and semiconductor-related demand recovered and net sales increased year-on-year.

In the Mobility field, despite sluggish demand for some aircraft-related products, sales of high-performance interlayer films (used mainly for heads-up displays, solar control, and color design) increased, and as a result, net sales increased year-on-year.

In the Industrial field, demand for building materials and consumer goods recovered in North America and Japan, and net sales increased year-on-year.

[Medical Business]

Net Sales: 22.3 billion yen (+9.1%), Operating Profit: 2.3 billion yen (+18.0%)

In the first quarter of fiscal 2024, both sales and profits increased as a result of the steady capture of diagnostics demand in Japan, the resolution of shipping delays caused by cyberattacks on leading distributors in the U.S., and other factors.

In the Diagnostics business, net sales increased year-on-year due to higher sales of infectious disease diagnostic kits in the U.S. as well as sales to some major customers being brought forward and other factors.

In the Pharmaceuticals & Fine Chemicals business, sales of the main pharmaceutical ingredients increased and steady orders for pharmaceutical development support testing were received, but some deliveries in the enzyme business were delayed, and consequently, net sales decreased year-on-year.

2. Overview of Quarterly Financial Position

Status of assets, liabilities, and net assets

Consolidated total assets as of the end of the first quarter of fiscal 2024 were 1,297,201 million yen, a decrease of 26,042 million yen from the end of the previous fiscal year.

[Assets]

Current assets were 656,812 million yen, a decrease of 28,751 million yen from the end of the previous fiscal year. The main factors were a decrease of 31,197 million yen in cash and deposits, a decrease of 9,044 million yen in trade receivables and an increase of 12,030 million yen in inventories.

Fixed assets were 640,388 million yen, an increase of 2,708 million yen.

[Liabilities]

Total liabilities were 468,759 million yen, a decrease of 33,558 million yen as a result of a decrease of 10,733

million yen in income taxes payable, a decrease of 7,684 million yen in short-term borrowings, a decrease of 6,285 million yen in provision for bonuses, and other factors.

[Net Assets]

Net assets stood at 828,441 million yen as of the end of the first quarter of fiscal 2024, an increase of 7,515 million yen from the end of the previous fiscal year. The main factors were the recording of 23,712 million yen in profit attributable to owners of the parent, an increase of 14,335 million yen in foreign currency translation adjustment, 16,478 million yen in dividends paid, 8,919 million yen in purchase of treasury shares, and a decrease of 4,537 million yen in valuation difference on available-for-sale securities.

3. Revision to the Consolidated Results Forecast and Other Forward-Looking Information

We have revised the forecast of consolidated results for the first half of fiscal 2024 upward from the forecast announced on April 26, 2024, as shown in the tables below, taking into consideration the weakening position of the yen, steady progress in measures to reinforce profitability in the Housing business, and other factors.

Revision to the forecast for the first half of FY2024 (April 1, 2024 to September 30, 2024)

	Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent	Net Profit per Share
Previous forecast (A)	Millions of yen 634,600	Millions of yen 42,800	Millions of yen 44,300	Millions of yen 38,000	Yen 90.18
Revised forecast (B)	635,700	44,800	46,300	39,500	94.62
Change (B-A)	1,100	2,000	2,000	1,500	—
Change (%)	0.2	4.7	4.5	3.9	—
(Reference) Results for the first half of the previous year (first half of FY2023)	611,294	41,155	51,536	44,450	104.18

At this stage, the forecast of consolidated results for the full fiscal year remains unchanged.

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	138,572	107,374
Notes receivable - trade	43,109	42,125
Accounts receivable - trade	168,864	160,803
Contract assets	1,486	1,102
Merchandise and finished goods	112,748	114,216
Land for sale in lots	67,693	66,673
Work in process	61,087	69,096
Raw materials and supplies	56,704	60,278
Advance payments to suppliers	4,122	4,527
Prepaid expenses	5,793	7,636
Short-term loans receivable	1,115	953
Other	25,044	22,813
Allowance for doubtful accounts	(776)	(788)
Total current assets	685,564	656,812
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	123,499	125,893
Machinery, equipment and vehicles, net	114,194	116,135
Land	85,931	86,547
Leased assets, net	21,750	22,237
Construction in progress	33,599	37,154
Other, net	13,510	14,035
Total property, plant and equipment	392,485	402,004
Intangible assets		
Goodwill	8,636	8,460
Software	17,410	17,722
Leased assets	107	96
Other	32,944	33,188
Total intangible assets	59,097	59,467
Investments and other assets		
Investment securities	127,421	120,389
Long-term loans receivable	1,097	1,186
Long-term prepaid expenses	2,130	2,251
Retirement benefit asset	35,368	33,755
Deferred tax assets	4,223	5,192
Other	17,136	17,434
Allowance for doubtful accounts	(1,280)	(1,294)
Total investments and other assets	186,096	178,916
Total non-current assets	637,679	640,388
Total assets	1,323,243	1,297,201

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes payable - trade	578	667
Electronically recorded obligations - operating	15,567	14,762
Accounts payable - trade	107,713	100,445
Short-term borrowings	11,569	3,885
Current portion of bonds payable	30	－
Lease liabilities	5,433	5,495
Accrued expenses	43,107	39,684
Income taxes payable	25,086	14,353
Provision for bonuses	19,628	13,342
Provision for bonuses for directors (and other officers)	474	199
Provision for warranties for completed construction	2,445	2,254
Provision for share awards	112	139
Advances received	57,436	61,056
Other	55,414	56,532
Total current liabilities	344,597	312,818
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term borrowings	46,270	46,210
Lease liabilities	17,421	17,962
Deferred tax liabilities	4,757	1,650
Retirement benefit liability	41,344	41,887
Provision for share awards	1,083	1,141
Other	6,843	7,088
Total non-current liabilities	157,720	155,941
Total liabilities	502,318	468,759
Net assets		
Shareholders' equity		
Share capital	100,002	100,002
Capital surplus	108,621	108,621
Retained earnings	501,945	502,072
Treasury shares	(48,679)	(50,219)
Total shareholders' equity	661,889	660,476
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,197	46,659
Deferred gains or losses on hedges	(15)	(15)
Revaluation reserve for land	320	320
Foreign currency translation adjustment	67,826	82,162
Remeasurements of defined benefit plans	11,111	9,168
Total accumulated other comprehensive income	130,440	138,295
Non-controlling interests	28,595	29,668
Total net assets	820,925	828,441
Total liabilities and net assets	1,323,243	1,297,201

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

(Consolidated Statements of Income)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	285,393	298,828
Cost of sales	197,783	202,703
Gross profit	87,609	96,125
Selling, general and administrative expenses	72,323	75,927
Operating profit	15,285	20,198
Non-operating income		
Interest income	419	466
Dividend income	1,862	1,696
Share of profit of entities accounted for using equity method	362	—
Foreign exchange gains	4,371	4,635
Miscellaneous income	671	530
Total non-operating income	7,686	7,328
Non-operating expenses		
Interest expenses	277	242
Share of loss of entities accounted for using equity method	—	228
Miscellaneous expenses	513	511
Total non-operating expenses	791	981
Ordinary profit	22,180	26,545
Extraordinary income		
Gain on sale of investment securities	13,701	7,876
Total extraordinary income	13,701	7,876
Extraordinary losses		
Loss on sale and retirement of non-current assets	291	214
Total extraordinary losses	291	214
Profit before income taxes	35,590	34,207
Income taxes	11,075	10,072
Profit	24,515	24,134
Profit attributable to non-controlling interests	385	421
Profit attributable to owners of parent	24,129	23,712

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	24,515	24,134
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,983)	(4,377)
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	19,317	15,042
Remeasurements of defined benefit plans, net of tax	12	(1,950)
Share of other comprehensive income of entities accounted for using equity method	(25)	(158)
Total other comprehensive income	14,321	8,556
Comprehensive income	38,836	32,690
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	37,654	31,567
Comprehensive income attributable to non-controlling interests	1,181	1,122

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	35,590	34,207
Depreciation	12,180	12,728
Amortization of goodwill	320	350
Loss on retirement of non-current assets	288	209
Loss (gain) on sale of non-current assets	3	5
Increase (decrease) in provision for bonuses	(6,096)	(6,409)
Increase or decrease in retirement benefit asset and liability	36	(516)
Loss (gain) on sale of investment securities	(13,701)	(7,876)
Interest and dividend income	(2,281)	(2,162)
Interest expenses	277	242
Share of loss (profit) of entities accounted for using equity method	(362)	228
Decrease (increase) in accounts receivable - trade, and contract assets	16,618	14,850
Decrease (increase) in inventories	(11,726)	(8,028)
Increase (decrease) in trade payables	(21,807)	(15,566)
Increase (decrease) in advances received	8,357	3,536
Increase (decrease) in deposits received	6,939	3,133
Other, net	(1,027)	(4,839)
Subtotal	23,608	24,092
Interest and dividends received	2,667	2,284
Interest paid	(363)	(352)
Income taxes paid	(14,826)	(21,165)
Net cash provided by (used in) operating activities	11,087	4,860
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,667)	(11,523)
Proceeds from sale of property, plant and equipment	213	282
Payments into time deposits	(4,963)	(4,644)
Proceeds from withdrawal of time deposits	4,337	3,728
Purchase of investment securities	(161)	(63)
Proceeds from sale and redemption of investment securities	22,000	8,244
Purchase of intangible assets	(1,535)	(2,264)
Decrease (increase) in short-term loans receivable	(242)	161
Other, net	(55)	60
Net cash provided by (used in) investing activities	7,923	(6,017)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(25)	1,336
Repayments of lease liabilities	(1,413)	(1,418)
Repayments of long-term borrowings	(1,129)	(9,183)
Redemption of bonds	—	(30)
Dividends paid	(12,916)	(16,482)
Dividends paid to non-controlling interests	(98)	(102)
Purchase of treasury shares	(7,832)	(8,919)
Other, net	80	139
Net cash provided by (used in) financing activities	(23,335)	(34,661)
Effect of exchange rate change on cash and cash equivalents	3,513	2,933
Net increase (decrease) in cash and cash equivalents	(810)	(32,885)
Cash and cash equivalents at beginning of period	85,207	126,367
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	2	60
Cash and cash equivalents at end of period	84,399	93,542

(4) Notes to Consolidated Financial Statements

(The premise of a going concern)

Not applicable.

(Significant Change in Shareholder Equity)

Not applicable.

(Accounting treatment specific to the preparation of quarterly consolidated financial statements)

(Calculation of tax expense)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year, including the first quarter of the current fiscal year, and multiplying profit before income taxes (quarterly) by the estimated effective tax rate. However, if the calculation of tax expenses using such estimated effective tax rate would significantly lack rationality, tax expenses are calculated using the statutory tax rate. Income taxes - deferred are included in income taxes.

(Segment Information)

Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

1. Information on the amounts of net sales, and profit or loss, for each reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable Segments					Other (Notes 1,2)	Total
	Housing (Note 1)	UIEP	HPP	Medical	Total		
Net Sales							
Japan	120,719	39,448	27,691	10,212	198,071	519	198,590
North America	−	487	24,493	4,480	29,461	−	29,461
Europe	−	1,257	18,222	1,909	21,389	−	21,389
China	−	1,222	13,050	3,182	17,455	344	17,800
Asia	213	5,245	9,822	478	15,759	26	15,786
Others	−	554	1,589	220	2,364	−	2,364
Net sales to external customers	120,933	48,216	94,870	20,482	284,502	890	285,393
Intersegment sales or transfers	70	3,070	1,218	−	4,359	646	5,006
Total	121,003	51,286	96,089	20,482	288,862	1,537	290,400
Segment profit (loss)	3,989	3,355	9,923	1,956	19,224	(2,336)	16,888

(Note 1) Net sales in “Housing” include 10,882 million yen that does not correspond to revenue from contracts with customers under “Japan.

Net sales in “Other” include 235 million yen that does not correspond to revenue from contracts with customers under “Japan.”

(Note 2) “Other” represents segments other than the reportable segments and includes provision of services and manufacturing and sales of film-type lithium-ion batteries and products not included in the reportable segments.

2. Difference between the total amount of profit or loss of the reportable segments and the amount recorded in the quarterly consolidated statement of income, and descriptions on such difference (matters on difference adjustment)

(Millions of yen)

Profit	Amount
Reportable segment total	19,224
Profit (loss) in “Other”	(2,336)
Intersegment eliminations	113
Corporate expenses (Note)	(1,716)
Operating profit in the quarterly consolidated statement of income	15,285

(Note) Corporate expenses are mainly general and administrative expenses not attributable to each reportable segment.

(Segment Information)

Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Information on the amounts of net sales, and profit or loss, for each reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable Segments					Other (Notes 1,2)	Total
	Housing (Note 1)	UIEP	HPP	Medical	Total		
Net Sales							
Japan	115,938	41,005	27,443	10,056	194,443	586	195,029
North America	−	1,047	28,853	5,734	35,634	−	35,634
Europe	−	1,701	22,663	2,657	27,021	−	27,021
China	−	963	16,807	3,323	21,094	575	21,669
Asia	308	4,264	11,955	500	17,029	11	17,040
Others	−	596	1,769	67	2,432	−	2,432
Net sales to external customers	116,247	49,577	109,492	22,339	297,656	1,172	298,828
Intersegment sales or transfers	(11)	2,941	1,129	−	4,059	528	4,587
Total	116,235	52,518	110,622	22,339	301,715	1,700	303,416
Segment profit (loss)	4,859	3,531	14,660	2,307	25,358	(2,950)	22,407

(Note 1) Net sales in “Housing” include 11,110 million yen that does not correspond to revenue from contracts with customers under “Japan”.
Net sales in “Other” include 284 million yen that does not correspond to revenue from contracts with customers under “Japan”.

(Note 2) “Other” represents segments other than the reportable segments and includes provision of services and manufacturing and sales of film-type lithium-ion batteries and products not included in the reportable segments.

2. Difference between the total amount of profit or loss of the reportable segments and the amount recorded in the quarterly consolidated statement of income, and descriptions on such difference (matters on difference adjustment)

(Millions of yen)

Profit	Amount
Reportable segment total	25,358
Profit (loss) in “Other”	(2,950)
Intersegment eliminations	105
Corporate expenses (Note)	(2,314)
Operating profit in the quarterly consolidated statement of income	20,198

(Note) Corporate expenses are mainly general and administrative expenses not attributable to each reportable segment.