

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

January 29, 2024

Company name: Sekisui Jushi Corporation
 Stock exchange listing: Tokyo
 Stock code: 4212 URL <https://www.sekisuijushi.co.jp>
 Representative: President and Representative Director, CEO Hiroshi Baba
 Director and Executive Officer, in charge of Finance and Investor Relations Tomoyuki Kikuchi TEL 06-6365-3204
 Inquiries: Director and Executive Officer, in charge of Finance and Investor Relations Tomoyuki Kikuchi TEL 06-6365-3204
 Scheduled date to file Quarterly Securities Report: February 9, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	43,283	(4.3)	3,913	(31.6)	4,267	(30.4)	2,902	(28.6)
Nine months ended December 31, 2022	45,215	(0.9)	5,718	(18.7)	6,133	(17.4)	4,065	(18.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2023	79.57		–	
Nine months ended December 31, 2022	99.75		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	119,731	96,564	79.3
As of March 31, 2023	139,366	111,589	78.9

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	31.00	–	32.00	63.00
Year ending March 31, 2024	–	33.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	–	–	32.00	65.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	63,000	(4.4)	6,400	(28.9)	6,900	(27.4)	4,700	(29.4)	143.60

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2023	33,313,598 shares	As of March 31, 2023	43,313,598 shares
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Number of treasury shares at the end of the period

As of December 31, 2023	582,708 shares	As of March 31, 2023	3,098,738 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	36,474,586 shares	Nine months ended December 31, 2022	40,757,585 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	44,905	25,596
Notes and accounts receivable - trade	16,901	12,614
Electronically recorded monetary claims - operating	8,220	8,813
Securities	699	—
Merchandise and finished goods	3,210	3,859
Work in process	1,382	2,017
Raw materials and supplies	4,313	4,591
Other	1,453	1,715
Allowance for doubtful accounts	(25)	(21)
Total current assets	81,062	59,187
Non-current assets		
Property, plant and equipment	14,271	15,077
Intangible assets	254	873
Investments and other assets		
Investment securities	16,375	17,184
Retirement benefit asset	902	985
Long-term time deposits	25,500	25,500
Other	1,602	1,566
Allowance for doubtful accounts	(601)	(644)
Total investments and other assets	43,778	44,593
Total non-current assets	58,303	60,544
Total assets	139,366	119,731
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,592	7,048
Electronically recorded obligations - operating	6,532	4,325
Short-term borrowings	900	937
Provisions	903	560
Other	7,110	6,246
Total current liabilities	24,038	19,119
Non-current liabilities		
Long-term borrowings	—	139
Provision for retirement benefits for directors (and other officers)	88	94
Retirement benefit liability	2,013	2,078
Deferred tax liabilities	1,471	1,682
Other	165	53
Total non-current liabilities	3,738	4,048
Total liabilities	27,776	23,167

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	12,334	12,334
Capital surplus	13,152	13,152
Retained earnings	85,738	64,710
Treasury shares	(6,011)	(1,156)
Total shareholders' equity	105,213	89,040
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,135	4,629
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	717	1,350
Remeasurements of defined benefit plans	(57)	(51)
Total accumulated other comprehensive income	4,795	5,927
Non-controlling interests	1,580	1,595
Total net assets	111,589	96,564
Total liabilities and net assets	139,366	119,731

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	45,215	43,283
Cost of sales	31,469	29,999
Gross profit	13,745	13,283
Selling, general and administrative expenses	8,027	9,369
Operating profit	5,718	3,913
Non-operating income		
Dividend income	286	248
Other	236	268
Total non-operating income	522	516
Non-operating expenses		
Provision of allowance for doubtful accounts	25	42
Other	81	119
Total non-operating expenses	107	162
Ordinary profit	6,133	4,267
Extraordinary income		
Gain on sale of investment securities	—	299
Total extraordinary income	—	299
Extraordinary losses		
Loss on sale and retirement of non-current assets	60	49
Total extraordinary losses	60	49
Profit before income taxes	6,072	4,516
Income taxes	1,917	1,550
Profit	4,155	2,965
Profit attributable to non-controlling interests	90	63
Profit attributable to owners of parent	4,065	2,902

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	4,155	2,965
Other comprehensive income		
Valuation difference on available-for-sale securities	(378)	485
Deferred gains or losses on hedges	(13)	(0)
Foreign currency translation adjustment	672	649
Remeasurements of defined benefit plans, net of tax	3	6
Share of other comprehensive income of entities accounted for using equity method	2	7
Total other comprehensive income	287	1,148
Comprehensive income	4,443	4,114
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,335	4,034
Comprehensive income attributable to non-controlling interests	108	79

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	6,072	4,516
Depreciation	856	910
Increase (decrease) in provision for bonuses	(355)	(312)
Decrease (increase) in trade receivables	1,966	3,907
Decrease (increase) in inventories	(3,308)	(1,365)
Increase (decrease) in trade payables	1,291	(3,755)
Other, net	(1,689)	(1,084)
Subtotal	4,834	2,816
Interest and dividends received	345	338
Interest paid	(32)	(5)
Income taxes paid	(2,987)	(2,419)
Net cash provided by (used in) operating activities	2,160	730
Cash flows from investing activities		
Proceeds from redemption of securities	—	700
Purchase of property, plant and equipment	(485)	(1,135)
Purchase of investment securities	—	(341)
Proceeds from sale of investment securities	56	565
Payments into increase in long-term deposits	(3,000)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,026)
Other, net	(26)	(45)
Net cash provided by (used in) investing activities	(3,455)	(1,283)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(100)	—
Purchase of treasury shares	(1,409)	(16,741)
Dividends paid	(2,649)	(2,370)
Other, net	(183)	(74)
Net cash provided by (used in) financing activities	(4,342)	(19,186)
Effect of exchange rate change on cash and cash equivalents	428	430
Net increase (decrease) in cash and cash equivalents	(5,209)	(19,309)
Cash and cash equivalents at beginning of period	47,031	44,905
Cash and cash equivalents at end of period	41,821	25,596

(Reference materials)

Notice Concerning Revisions to Full-Year Financial Results Forecasts

Based on our recent business results, we, Sekisui Jushi Corporation (the “Company”), hereby amend, as below, our full-year consolidated financial forecasts for FY2023 (April 1, 2023 through March 31, 2024), announced on April 27, 2023.

1. Revisions to consolidated financial results forecasts for the current fiscal year (April.1.2023 through March.31.2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previously announced forecasts (A)	(Million yen) 68,000	(Million yen) 9,100	(Million yen) 9,600	(Million yen) 6,700	(Yen) 204.69
Revised forecasts (B)	63,000	6,400	6,900	4,700	143.60
Change (B-A)	△5,000	△2,700	△2,700	△2,000	-
Change (%)	△7.4	△29.7	△28.1	△29.9	-
(Reference) Actual results for FY 2022)	65,897	9,007	9,501	6,653	163.75

2. Reason for revision

Regarding sales, orders were lower than expected due to construction delays and order delays due to the continued high cost of materials and soaring labor costs as properties in the public sector continue to become larger. In addition, due to increased uncertainty regarding public construction budget execution in the fourth quarter, the Company have revised our sales forecast to 63,000 million yen.

Regarding profits, in addition to lower-than-expected sales, we will also record advisory costs for the acquisition of shares in EXTILE CO., LTD. and the WEMAS Group, which were announced on December 8 of last year. As a result, operating income is expected to be 6,400 million yen, ordinary income is expected to be 6,900 million yen, and net income attributable to owners of the parent company is expected to be 4,700 million yen.

The performance of EXTILE CO., LTD. and the WEMAS Group will be reflected in the Company's business results from the fiscal year ending March 2025.

(Note) The above performance forecasts were prepared based on information available as of the date of publication of this material, and actual performance may vary.