

## Quarterly Financial Summary

Note: This is an English translation of selected parts of the Quarterly Financial Summary in Japanese and is for reference purposes only. In the event of any discrepancy between the translation and the original Japanese text, the latter will prevail.

### Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (IFRS)

May 12, 2022

**Company name:** Kureha Corporation  
**Stock listing:** Tokyo Stock Exchange  
**TSE code:** 4023  
**URL:** <https://www.kureha.co.jp/en/>  
**Representative:** Yutaka Kobayashi, President and Chief Executive Officer  
**Contact/Inquiries:** Kazushige Tsurutani, General Manager, Public and Investor Relations Dept.; Phone +81-3-3249-4651  
 Scheduled date for general meeting of shareholders: June 24, 2022  
 Scheduled date for filing securities report: June 24, 2022  
 Scheduled date of dividend payment: June 2, 2022  
 Supplementary materials for quarterly financial results: Available  
 Financial results briefing: Yes (for institutional investors and analysts)

(Figures are rounded off to the nearest million yen)

#### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

##### (1) Consolidated Operating Results

(% figures indicate year-on-year changes)

Fiscal year ended	Revenue		Operating profit		Profit before income taxes		Net profit		Profit attributable to owners of the Company		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	168,341	16.4	20,142	16.7	20,398	14.9	14,293	5.0	14,164	5.0	18,955	(15.8)
March 31, 2021	144,575	1.5	17,263	(4.3)	17,748	(1.1)	13,611	(1.6)	13,493	(1.6)	22,520	71.7

Fiscal year ended	Basic profit per share	Diluted profit per share	Return on equity	Return on assets	Operating profit to revenue ratio
	Yen	Yen	%	%	%
March 31, 2022	725.73	724.67	7.4	7.6	12.0
March 31, 2021	691.33	690.51	7.7	7.0	11.9

(Reference) Share of profit of entities accounted for using equity method:

Fiscal year ended March 31, 2022: 2,020 million yen

Fiscal year ended March 31, 2021: 1,472 million yen

##### (2) Consolidated Financial Position

As of	Total assets	Total equity	Equity attributable to owners of the Company	Equity attributable to owners of the Company to	Equity attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2022	282,639	200,724	199,219	70.5	10,207.32
March 31, 2021	256,923	185,521	183,830	71.6	9,418.64

##### (3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	28,581	(10,999)	(6,105)	30,639
March 31, 2021	26,704	(3,876)	(12,516)	17,834

## 2. Dividends

	Annual dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2021	—	85.00	—	85.00	170.0	3,318	24.6	1.9
March 31, 2022	—	85.00	—	125.00	210.0	4,098	28.9	2.1
(Forecast) Fiscal year ending March 31, 2023	—	125.00	—	125.00	250.00		30.5	

## 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(% figures indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the Company		Basic profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	90,000	13.8	10,000	(12.0)	10,000	(12.7)	7,500	(10.0)	384.27
Fiscal year ending March 31, 2023	180,000	6.9	22,000	9.2	22,000	7.9	16,000	13.0	819.79

### \* Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries affecting the scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required under IFRS:

None

2) Changes in accounting policies other than those in item 1) above:

None

3) Changes in accounting estimates:

None

(3) Number of shares issued (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of March 31, 2022	20,805,407 shares	As of March 31, 2021	20,805,407 shares
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2) Number of treasury shares at the end of the period

As of March 31, 2022	1,288,121 shares	As of March 31, 2021	1,287,652 shares
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3) Average number of shares outstanding during the period

As of March 31, 2022	19,517,544 shares	As of March 31, 2021	19,518,109 shares
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**(Reference) Summary of Non-consolidated Financial Results****1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022****(from April 1, 2021 to March 31, 2022)****(1) Non-consolidated Operating Results**

Fiscal year ended	Revenue		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	89,585	19.7	10,414	34.7	13,757	39.7	11,114	(22.5)
March 31, 2021	74,811	(2.7)	7,732	(4.7)	9,846	(12.4)	14,334	(15.4)

Fiscal year ended	Basic profit per share	Diluted profit per share
	Yen	Yen
March 31, 2022	569.48	568.64
March 31, 2021	734.41	733.55

**(2) Non-consolidated Financial Position**

As of	Net assets	Total assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	%
March 31, 2022	205,013	155,874	76.0	7,979.23
March 31, 2021	193,665	148,872	76.8	7,621.90

(Reference) Equity: Fiscal year ended March 31, 2022: 155,732 million yen  
 Fiscal year ended March 31, 2021: 148,762 million yen

\* This financial summary is outside the scope of review by certified public accountants or audit corporations.

\* Note to ensure proper use of financial forecasts, and other noteworthy matters

All forecasts and forward-looking statements in this report are based on information currently available to the Company and assumptions that are deemed to be reasonable, but Kureha Corporation does not guarantee the achievement of these forecasts. Actual results may differ significantly as a consequence of numerous factors. For more information regarding the assumptions and terms the Company applied when formulating earnings forecasts and precautions that should be taken when utilizing these earnings forecasts, please refer to “(4) Outlook for the Fiscal Year Ending March 31, 2022” included under the section “1. Overview of Operating Results and Outlook” on page 4 of the attached document.

(Attachment)

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## 1. Overview of Operating Results and Outlook

### (1) Overview of Operating Results for the Period under Review

(Overview of Period under Review)

(Millions of yen)

	Revenue	Operating profit	Profit before income taxes	Net Profit	Profit attributable to owners of the Company	Basic profit per share
Fiscal year ended March 31, 2022	168,341	20,142	20,398	14,293	14,164	725.73 yen
Fiscal year ended March 31, 2021	144,575	17,263	17,748	13,611	13,493	691.33 yen
Change	23,765	2,879	2,650	681	671	—

In the fiscal year ended March 31, 2022, the Japanese and global economies showed signs of recovery as extremely challenging conditions wrought by the COVID-19 pandemic moderated. While the trend toward recovery is expected to continue as ongoing measures to combat the spread of the virus support economic activity, the outlook remains uncertain owing to lingering pandemic effects compounded by factors including soaring costs for fuel and raw materials, a semiconductor shortage, and the Ukraine crisis.

Under these circumstances, the Kureha Group maintained stable business activities while endeavoring to prevent the spread of infections and reduce related risk factors. A renewed surge in COVID-19 infections triggered lockdowns in China, in turn causing a halt to operations at local plants manufacturing carbon products for the Advanced Materials business. However, the impact was minimal. Similarly, while sharply higher fuel and raw material costs dented earnings at the Advanced Materials business in particular, the Group was able to compensate by passing on cost increases to users when appropriate.

Revenue in the fiscal year ended March 31, 2022, increased year on year, especially in polyvinylidene fluoride (PVDF) used as a binder material for lithium-ion secondary batteries. Core operating profit (profit before adjustments) increased year on year despite losses caused by suspension of production at a PGA resin manufacturing subsidiary in the US, and operating profit likewise rose despite the booking of impairment losses on fixed assets at the Advanced Materials business under “Other expenses.”

Revenue was 168,341 million yen (up 16.4% year on year), operating profit was 20,142 million yen (up 16.7% year on year), profit before income taxes was 20,398 million yen (+14.9% year on year), net profit was 14,293 million yen (up 5.0% year on year), and net profit attributable to owners of the Company was 14,164 million yen (up 5.0% year on year).

Results by segment were as follows:

(Millions of yen)

	Revenue			Operating profit		
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change
Advanced Materials	44,465	66,687	22,222	3,473	9,953	6,480
Specialty Chemicals	23,543	26,157	2,613	2,228	1,432	(795)
Specialty Plastics	42,352	44,773	2,421	7,708	9,862	2,153
Construction	13,919	12,174	(1,745)	1,077	985	(91)
Other Operations	20,294	18,547	(1,746)	4,363	3,069	(1,293)
Segment Total	144,575	168,341	23,765	18,850	25,304	6,453
Adjustments*	—	—	—	(1,587)	(5,161)	(3,574)
Consolidated Total	144,575	168,341	23,765	17,263	20,142	2,879

Note: Operating profit adjustments include other income and expenses not allocated to reporting segments. For details, refer to “Consolidated Statement of Income” under “(5) Notes to Consolidated Financial Statements”.

#### 1. Advanced Materials

In the advanced plastics category, sales of polyvinylidene fluoride (PVDF) used as a binder material for lithium-ion secondary batteries increased, as did sales of polyphenylene sulfide (PPS), processed polyglycolic acid (PGA) products used in the process of shale oil and gas fracking, and other plastic products. Segment revenue and operating profit both increased in the fiscal year ended March 31, 2022, despite effects from suspending production at a PGA resin manufacturing subsidiary in the US.

Revenue and operating profit in the carbon products category also rose, amid increased sales of heat insulating materials for high-temperature furnaces and carbon fiber used in sliding materials for automotive parts.

As a result, revenue in Advanced Materials was 66,687 million yen (up 50.0% year on year), and operating profit was 9,953 million yen (up 186.6% year on year).

#### 2. Specialty Chemicals

Revenue in the agrochemicals and pharmaceuticals category rose as sales of agricultural and horticultural fungicides were flat year on year while sales of Kremezin (therapeutic agent for chronic renal failure) increased. Operating profit, however, decreased year on year due to soaring costs for fuel and raw materials.

While revenue in the industrial chemicals category rose amid higher sales of organic chemicals, operating losses decreased year on year.

Consequently, revenue in Specialty Chemicals was 26,157 million yen (up 11.1% year on year), and operating profit was 1,432 million yen (down 35.7% year on year).

#### 3. Specialty Plastics

Both revenue and operating profit increased in the consumer goods category as sales of New Krewrap plastic wrap for household use and Seaguar fluorocarbon fishing lines increased.

In the packaging materials category, revenue and operating profit both increased, as robust sales of polyvinylidene chloride (PVDC) film in Asia markets led to profit growth, while stronger sales of heat shrink multilayer film in Europe resulted in operating losses narrowing.

As a result, revenue in Specialty Plastics was 44,773 million yen (up 5.7% year on year), and operating profit was 9,862 million yen (up 27.9% year on year).

#### 4. Construction

In Construction, a reduction in private- and public-sector construction projects drove declines in revenue and operating profit.

Consequently, revenue in Construction was 12,174 million yen (down 12.5% year on year), and operating profit was 985 million yen (down 8.5% year on year).

#### 5. Other Operations

Despite treatment volumes for low-level PCB and other industrial wastes were level with the previous year, both revenue and operating profit fell in the environmental engineering category due to the completion of disaster waste treatment projects, which was the case in the same period of the previous year.

In the logistics category, revenue and operating profit both remained at prior-year levels.

In the hospital operations category, revenue and operating losses were level with the previous year.

As a result, revenue in Other Operations was 18,547 million yen (down 8.6% year on year), and operating profit was 3,069 million yen (down 29.6% year on year).

### (2) Overview of Financial Position for the Period under Review

Total assets as of March 31, 2022 were 282,639 million yen, up 25,716 million yen compared to March 31, 2021. Current assets totaled 112,418 million yen, up 26,181 million yen compared to March 31, 2021, amid increases in cash and cash equivalents, trade and other receivables, and inventories. Non-current assets were 170,221 million yen, down 465 million yen from March 31, 2021. Factors contributing to the decrease in non-current assets were a decline of 5,735 million yen in property, plant and equipment to 114,435 million yen owing to tax purpose reduction entries accompanying receipt of government subsidies and the booking of impairment losses, which offset increases in intangible *assets*, assets related to equity method investments, and retirement benefit assets.

Total liabilities were 81,914 million yen, up 10,512 million yen compared to March 31, 2021. This was mainly due to a 999 million yen decline in interest-bearing debt to 28,507 million yen from paying down loans and other items.

Total equity was 200,724 million yen, up 15,203 million yen compared to March 31, 2021. This was due primarily to the recording of 14,164 million yen in profit attributable to owners of the Company and an increase in other components of equity associated with depreciation of the yen, which offset dividend payments of 3,318 million yen from retained earnings.

### (3) Overview of Cash Flows for the Period under Review

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change
Cash flows from operating activities	26,704	28,581	1,877
Cash flows from investing activities	(3,876)	(10,999)	(7,123)
Cash flows from financing activities	(12,516)	(6,105)	6,410
Effect of exchange rate changes on cash and cash equivalents	254	1,328	1,074
Net increase (decrease) in cash and cash equivalents	10,566	12,805	2,239
Cash and cash equivalents at beginning of period	7,268	17,834	10,566
Cash and cash equivalents at end of period	17,834	30,639	12,805
Interest-bearing debt at end of period	29,506	28,507	(999)

Net cash provided by operating activities totaled 28,581 million yen (up 1,877 million yen from March 31, 2021). This mainly reflected an increase in profit before income taxes.

Net cash used in investing activities came to 10,999 million yen (up 7,123 million yen from March 31, 2021). This was mainly attributable to a decline in proceeds from the sale of investment securities.

Net cash used in financing activities amounted to 6,105 million yen (down 6,410 million yen from March 31, 2021). This was mainly due to an increase (decrease) in short-term borrowings and commercial papers.

As a result, cash and cash equivalents at the end of the period under review were 30,639 million yen, up 12,805 million yen from March 31, 2021. This reflected a buildup in cash and cash equivalents to ensure future liquidity.

### (4) Outlook for the Fiscal Year Ending March 31, 2022

While the trend toward recovery from COVID-19 effects is expected to continue as ongoing measures to combat the spread of the virus support economic activity, the outlook remains uncertain owing to lingering pandemic effects compounded by factors including soaring costs for fuel and raw materials, a semiconductor shortage, and the Ukraine crisis.

Under these circumstances, the Group's earnings outlook for each segment is as follows.

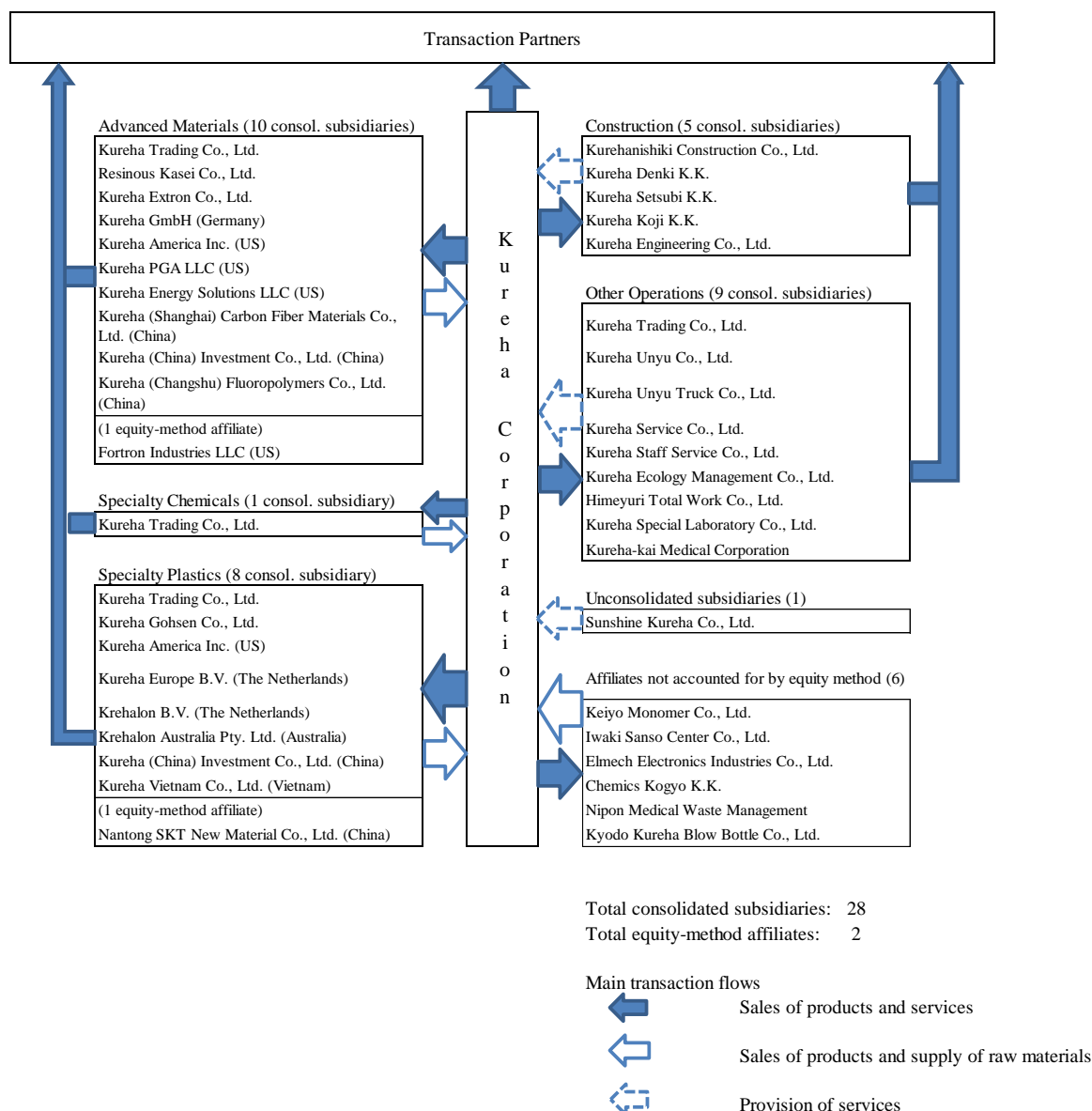
In the Advanced Materials segment, the Group anticipates firm demand for polyvinylidene fluoride (PVDF) used as a binder material for lithium-ion secondary batteries, but at the same time expects continued volatility in raw material prices and potential effects on business activity at key manufacturing sites from geopolitical risk and the COVID-19 pandemic. The Group forecasts continued strong demand for polyphenylene sulfide (PPS), mainly from the automotive industry, and contributions from expansion in related production capacity. For processed polyglycolic acid (PGA) products, the Group looks for sales growth in tandem with recovery in shale oil and gas production in the US, which is the main target market. In the Specialty Chemicals segment, the Group forecasts growth in agrochemicals demand overseas, and plans to advance development of new chemicals. In the Specialty Plastics segment, the Group expects to secure stable revenue in the consumer goods category thanks to firm demand, while in the packaging materials category the Group will aim to improve profitability in Europe by passing sharply higher input costs on to users. In the Construction segment, the Group forecasts heightened competition owing to declines in large public-sector construction projects and private-sector investment. In the Other Operations segment, the Group looks for a decline in the service unit price amid greater competition with rivals in the environmental business.

In the fiscal year ending March 31, 2023, the Group forecasts consolidated revenue of 180 billion yen, operating profit of 22 billion yen, profit before income taxes of 22 billion yen, and profit attributable to owners of the Company of 16 billion yen.

The forecast above assumes currency exchange rates of JPY120/USD, JPY132/EUR, and JPY18.5/CNY.

## 2. Group Companies

The Kureha Group consists of the Company, 29 subsidiaries (of which 28 consolidated), and eight affiliates (of which two equity-method affiliates). It manufactures and sells advanced materials, chemical materials, and specialty plastics as its core business, and also provides construction and repairs of facilities for its segments, logistics, environmental solutions, and other services.



- (Note)
1. Kureha Corporation sells the products in the Advanced Materials, Specialty Chemicals, and Specialty Plastics segments.
  2. Kureha Trading Co., Ltd., Kureha America Inc., and Kureha (China) Investment Co., Ltd. operate across several segments, and their results are therefore presented under the relevant segments.
  3. Kurehanishiki Construction Co., Ltd. changed its name to Kureha Construction Co., Ltd. from April 1, 2022.

## 3. Basic Policy Regarding Selection of Accounting Standards

To strengthen global business development and centralized promotion of its business plans, and respond to the global expansion in its stakeholders, the Company has voluntarily adopted the International Financial Reporting Standards (IFRS) since the fiscal year ended March 31, 2017.



#### 4. Consolidated Financial Statements and Important Notes

##### (1) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	17,834	30,639
Trade and other receivables	28,212	35,808
Other financial assets	3	16
Inventories	36,452	41,698
Other current assets	3,735	4,255
<b>Total current assets</b>	<b>86,237</b>	<b>112,418</b>
<b>Non-current assets</b>		
Property, plant and equipment	120,171	114,435
Intangible assets	2,202	4,041
Investments accounted for using the equity method	14,042	16,836
Other financial assets	22,407	21,514
Deferred tax assets	1,569	1,604
Other non-current assets	10,292	11,787
<b>Total non-current assets</b>	<b>170,686</b>	<b>170,221</b>
<b>Total assets</b>	<b>256,923</b>	<b>282,639</b>

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities and equity		
Current liabilities		
Trade and other payables	19,221	29,476
Bonds and borrowings	7,841	14,750
Other financial liabilities	1,724	1,522
Corporate income tax payable	2,587	2,287
Provisions	6,379	6,893
Other current liabilities	7,110	7,671
Total current liabilities	44,865	62,602
Non-current liabilities		
Bonds and borrowings	19,014	11,428
Other financial liabilities	2,145	2,028
Deferred tax liabilities	1,795	2,269
Provisions	1,388	1,342
Retirement benefit liability	291	316
Other non-current liabilities	1,900	1,926
Total non-current liabilities	26,536	19,311
Total liabilities	71,402	81,914
Equity		
Share capital	18,169	18,169
Capital surplus	14,897	14,724
Treasury shares	(8,697)	(8,701)
Retained earnings	154,166	166,005
Other components of equity	5,294	9,020
Total equity attributable to owners of parent	183,830	199,219
Non-controlling interests	1,690	1,505
Total equity	185,521	200,724
Total liabilities and equity	256,923	282,639

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

(Millions of yen)

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Revenue	144,575	168,341
Cost of sales	101,702	117,463
Gross profit	42,872	50,878
Selling, general and administrative expenses	25,438	27,521
Share of profit of entities accounted for using equity method	1,472	2,020
Other revenue	872	1,246
Other expenses	2,516	6,481
Operating profit	17,263	20,142
Financial revenue	703	532
Financial expenses	219	276
Profit before income taxes	17,748	20,398
Corporate income tax expenses	4,136	6,104
Profit	13,611	14,293
Profit attributable to:		
Owners of the Company	13,493	14,164
Non-controlling interests	118	129
Net profit	13,611	14,293
Profit per share		
Basic profit per share (yen)	691.33	725.73
Diluted profit per share (yen)	690.51	724.67

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Net profit	13,611	14,293
Other comprehensive income		
Items not reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	5,148	(742)
Remeasurements of defined benefit plans	2,066	868
Total	<u>7,214</u>	<u>126</u>
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	1,693	4,535
Total	<u>1,693</u>	<u>4,535</u>
Other comprehensive income, net of tax	<u>8,908</u>	<u>4,661</u>
Comprehensive income	<u><u>22,520</u></u>	<u><u>18,955</u></u>
Comprehensive income attributable to:		
Owners of parent	22,280	18,849
Non-controlling interests	<u>240</u>	<u>106</u>
Comprehensive income	<u><u>22,520</u></u>	<u><u>18,955</u></u>

(3) Consolidated Statement of Changes in Equity  
Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Share acquisition rights	Exchange differences on translation of foreign operations
Balance as of April 1, 2020	18,169	15,044	(8,693)	135,918	80	(4,858)
Net profit				13,493		
Other comprehensive income						1,696
Total comprehensive income	—	—	—	13,493	—	1,696
Purchase of treasury shares			(3)			
Share-based payments					29	
Dividends				(3,318)		
Capital transactions with non-controlling interests		(146)				
Transfer from other components of equity to retained earnings				8,073		
Total transactions with owners	—	(146)	(3)	4,755	29	—
Balance as of March 31, 2021	18,169	14,897	(8,697)	154,166	110	(3,161)

	Equity attributable to owners of parent					
	Other components of equity					
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Non-controlling interests	Total equity
Balance as of April 1, 2020	9,329	—	4,551	164,990	1,633	166,623
Net profit			—	13,493	118	13,611
Other comprehensive income	5,068	2,021	8,786	8,786	121	8,908
Total comprehensive income	5,068	2,021	8,786	22,280	240	22,520
Purchase of treasury shares			—	(3)		(3)
Share-based payments			29	29		29
Dividends			—	(3,318)	(56)	(3,374)
Capital transactions with non-controlling interests			—	(146)	(126)	(273)
Transfer from other components of equity to retained earnings	(6,052)	(2,021)	(8,073)	—		—
Total transactions with owners	(6,052)	(2,021)	(8,044)	(3,439)	(183)	(3,623)
Balance as of March 31, 2021	8,345	—	5,294	183,830	1,690	185,521

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Share acquisition rights	Exchange differences on translation of foreign operations
Balance as of April 1, 2021	18,169	14,897	(8,697)	154,166	110	(3,161)
Net profit				14,164		
Other comprehensive income						4,535
Total comprehensive income	—	—	—	14,164	—	4,535
Purchase of treasury shares			(3)			
Share-based payments					31	
Dividends				(3,318)		
Capital transactions with non-controlling interests		(172)				
Transfer from other components of equity to retained earnings				992		
Total transactions with owners	—	(172)	(3)	(2,325)	31	—
Balance as of March 31, 2022	18,169	14,724	(8,701)	166,005	141	1,373

	Equity attributable to owners of parent						
	Other components of equity			Total	Total	Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total				
Balance as of April 1, 2021	8,345	—	5,294	183,830	1,690	185,521	
Net profit			—	14,164	129	14,293	
Other comprehensive income	(713)	862	4,685	4,685	(23)	4,661	
Total comprehensive income	(713)	862	4,685	18,849	106	18,955	
Purchase of treasury shares			—	(3)		(3)	
Share-based payments			31	31		31	
Dividends			—	(3,318)	(62)	(3,380)	
Capital transactions with non-controlling interests	1		1	(171)	(228)	(399)	
Transfer from other components of equity to retained earnings	(129)	(862)	(992)	—		—	
Total transactions with owners	(128)	(862)	(959)	(3,461)	(290)	(3,752)	
Balance as of March 31, 2022	7,504	—	9,020	199,219	1,505	200,724	

## (4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	17,748	20,398
Depreciation and amortization	11,672	11,550
Impairment losses	1,624	5,306
Financial revenue	(469)	(532)
Financial expenses	211	155
Share of loss (profit) of entities accounted for using equity method	(1,472)	(2,020)
Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets	402	627
Decrease (increase) in trade and other receivables	428	(6,657)
Decrease (increase) in inventories	2,286	(4,045)
Increase (decrease) in trade and other payables	(753)	8,357
Increase (decrease) in provisions	(47)	449
Increase (decrease) in retirement benefit asset or liability	(469)	(184)
Other	1,902	(98)
Subtotal	<u>33,063</u>	<u>33,305</u>
Interest and dividends received	1,475	1,655
Interest paid	(218)	(149)
Income taxes paid	(7,615)	(6,230)
Net cash provided by (used in) operating activities	<u>26,704</u>	<u>28,581</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, and intangible assets	23	192
Purchase of property, plant and equipment, and intangible assets	(12,878)	(12,586)
Proceeds from sale of investment securities	9,582	271
Purchase of investment securities	(13)	(379)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	2,231
Other	(590)	(729)
Net cash provided by (used in) investing activities	<u>(3,876)</u>	<u>(10,999)</u>
Cash flows from financing activities		
Dividends paid	(3,318)	(3,318)
Dividends paid to non-controlling interests	(56)	(62)
Increase (decrease) in short-term borrowings and commercial papers	(6,889)	506
Proceeds from long-term borrowings	1,965	—
Repayments of long-term borrowings	(2,603)	(1,496)
Redemption of bonds	(318)	(399)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(3)	(3)
Other	(1,291)	(1,331)
Net cash provided by (used in) financing activities	<u>(12,516)</u>	<u>(6,105)</u>
Effect of exchange rate changes on cash and cash equivalents	254	1,328
Net increase (decrease) in cash and cash equivalents	<u>10,566</u>	<u>12,805</u>
Cash and cash equivalents at beginning of period	<u>7,268</u>	<u>17,834</u>
Cash and cash equivalents at end of period	<u>17,834</u>	<u>30,639</u>

## (5) Notes to Consolidated Financial Statements

(Notes Regarding Assumption of a Going Concern)

No applicable matters to report.

## (Segment Information)

### (1) Overview of Reporting Segments

The Kureha Group's reportable segments are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of operating resources and assess their performance.

The Group has separate divisions by product, and each division formulates a comprehensive product strategy for domestic and overseas markets, and conducts related business activities.

Accordingly, the Group consists of segments by product and service on the basis of the business divisions, and has the five reportable segments of "Advanced Materials," "Specialty Chemicals," "Specialty Plastics," "Construction," and "Other Operations."

Major products and services for each segment are as follows.

Segment	Major Products and Services
Advanced Materials	Polyphenylene sulfide (PPS), polyvinylidene fluoride (PVDF), processed polyglycolic acid (PGA) products, carbon fiber, bead-shaped activated carbon
Specialty Chemicals	Agricultural and horticultural fungicides, therapeutic agent for chronic renal failure, caustic soda, hydrochloric acid, sodium hypochlorite, monochlorobenzene, para-dichlorobenzene, ortho-dichlorobenzene
Specialty Plastics	Household plastic wrap, garbage bags for kitchen sink, plastic food containers, cooking paper, PVDF fishing lines, polyvinylidene chloride (PVDC) film, multilayer heat-shrinkable film, auto-pack machinery (for food packaging)
Construction	Civil engineering and construction contracting business, construction supervision services
Other operations	Industrial waste treatment and environmental processing facilities, physiochemical analysis, measurement, testing, and inspection services, transportation and warehousing, medical services

### (2) Information on Reportable Segments

The accounting policies for the reportable segments are the same as those applied in the consolidated financial statements for the previous year. Intersegment revenue is mainly based on market prices.

The Kureha Group's segment information is as follows.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Advanced Materials	Specialty Chemicals	Specialty Plastics	Construction	Other Operations	Total	Adjustments (Note)	Consolidated
Revenue								
Revenue from external customers	44,465	23,543	42,352	13,919	20,294	144,575	—	144,575
Intersegment revenue	604	191	185	5,862	6,120	12,964	(12,964)	—
Total	45,069	23,734	42,537	19,782	26,414	157,539	(12,964)	144,575
Operating profit	3,473	2,228	7,708	1,077	4,363	18,850	(1,587)	17,263
Financial revenue								703
Financial expenses								(219)
Profit before income taxes								17,748

(Note) The adjustment to operating profit mainly comprises 56 million yen of profit resulting from the elimination of intersegment transactions, 872 million yen of other revenue not allocated to any reportable segment, and 2,516 million yen in other expenses (including 1,624 million yen in impairment losses).



Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Advanced Materials	Specialty Chemicals	Specialty Plastics	Construction	Other Operations	Total	Adjustments (Note)	Consolidated
Revenue								
Revenue from external customers	66,687	26,157	44,773	12,174	18,547	168,341	—	168,341
Intersegment revenue	1,020	198	257	6,520	6,539	14,535	(14,535)	—
Total	67,708	26,355	45,030	18,694	25,086	182,876	(14,535)	168,341
Operating profit	9,953	1,432	9,862	985	3,069	25,304	(5,161)	20,142
Financial revenue								532
Financial expenses								(276)
Profit before income taxes								20,398

(Note) The adjustment to operating profit mainly comprises 73 million yen of profit resulting from the elimination of intersegment transactions, 1,246 million yen of other revenue not allocated to any reportable segment, and 6,481 million yen in other expenses (including 5,306 million yen in impairment losses).

(Consolidated Statement of Income)

(1) Other Revenue

(Millions of yen)

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Gain on subsidy revenue	438	887
Other	434	359
Total	872	1,246

(2) Other Expenses

(Millions of yen)

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Impairment losses	1,624	5,306
Loss on sale and retirement of non-current assets	421	639
Business restructuring expenses (Note)	—	306
Other	470	228
Total	2,516	6,481

(Note) Losses on revision of retirement benefit plan refer to increase in retirement benefit obligations stemming from implementation of new personnel system (including extension of retirement age) and remeasurement of defined-benefit plan, recognized as prior service costs.

### (3) Impairment of Non-financial Assets

#### i. Impairment Losses

If the book value of its assets or cash-generating units exceeds the recoverable amount, the Kureha Group recognizes impairment losses.

In principle, it groups operating assets by company and by segment, and assets for lease and idle assets by individual properties.

The recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less costs of disposal. Value in use is the present value of future cash flows calculated by using the pre-tax weighted average cost of capital of a cash-generating unit. Fair value less costs of disposal is evaluated either by the estimated disposal amount or the amount reasonably calculated based on assessed values of fixed assets for property tax.

The Group recognized impairment losses on property, plant and equipment, and intangible assets of 1,624 million yen in the fiscal year ended March 31, 2021, and 5,306 million yen in the fiscal year ended March 31, 2022.

#### ii. Recognized Impairment Losses, and Main Events or Circumstances that Led to such Recognition

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)				
Segments	Purpose of Use	Location	Type of Assets	Amount
Advanced Materials	Manufacturing facility	West Virginia, US	Buildings	285
			Machinery and equipment	1,338
Total				1,624

For manufacturing facilities in the Advanced Materials segment, the Company reviewed changes in the business environment for the PGA business such as crude oil prices, operating rates at shale oil and gas exploration companies (customers), and market price trends, as well as its earnings outlook in light of product development conditions at the Company. Consequently, it wrote down the carrying amount of fixed assets related to the PGA business to their recoverable values and recognized a reduction of 1,624 million yen as other expenses. The Group measures recoverable value based on value in use, which is calculated by discounting future cash flows at a rate of 9.3%.

In recording impairments, etc., of business assets for the PGA business, estimates are premised on the COVID-pandemic coming under control from the second half of the following fiscal year, supporting gradual recovery in the market. Actual results may differ from these estimates.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)				
Segments	Purpose of Use	Location	Type of Assets	Amount
Advanced Materials	Manufacturing facility	West Virginia, US	Buildings	1,026
			Machinery and equipment	4,279
Total				5,306

For manufacturing facilities in the Advanced Materials segment, the Company reviewed changes in the business environment for the PGA business such as crude oil prices, operating rates at shale oil and gas exploration companies (customers), and market price trends, as well as its earnings outlook in light of product development conditions at the Company. Consequently, it wrote down the carrying amount of fixed assets related to the PGA business to their recoverable values and recognized a reduction of 5,306 million yen as other expenses. The Group measures recoverable value based on value in use, which is calculated by discounting future cash flows at a rate of 6.7%.

Actual results may differ from these estimates.

(Per-share Data)

(1) Basis of Calculation of Basic Profit Per Share

(Millions of yen)

	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Profit attributable to ordinary shareholders of the Company	
Profit attributable to owners of the Company	14,164
Profit not attributable to ordinary shareholders of the Company	—
Profit used to calculate basic profit per share	<u>14,164</u>
Average number of common shares outstanding during the period (shares)	19,517,544
Basic profit per share	725.73 yen

(2) Basis of Calculation of Diluted Profit Per Share

(Millions of yen)

	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Diluted profit attributable to ordinary shareholders of the Company	
Profit used to calculate basic profit per share	14,164
Profit adjustments	—
Profit used to calculate diluted profit per share	<u>14,164</u>
Average number of common shares outstanding during the period (shares)	19,517,544
Impact of dilutive effect (shares)	<u>28,659</u>
After adjustment for dilutive effect (shares)	<u>19,546,203</u>
Diluted profit per share	724.67 yen

(Important Subsequent Events)

Not applicable.