

## Consolidated Financial Statements

### CONSOLIDATED BALANCE SHEETS

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
March 31, 2022 and 2021

Assets	Millions of yen		Thousands of U.S. dollars*
	2022	2021	2022
<b>Current assets:</b>			
Cash and cash equivalents	¥ 40,712	¥ 46,360	\$ 332,646
Notes and accounts receivable—trade	—	135,618	—
Notes and accounts receivable—trade, and contract assets	164,128	—	1,341,028
Inventories	140,483	109,685	1,147,833
Short-term loans receivable from unconsolidated subsidiaries and affiliates	1,481	1,667	12,103
Other current assets	17,656	17,114	144,261
Allowance for doubtful accounts	(1,552)	(1,423)	(12,680)
Total current assets	362,910	309,024	2,965,193
<b>Property, plant and equipment:</b>			
Land	32,855	31,744	268,452
Buildings and structures	228,539	219,730	1,867,301
Machinery, equipment and vehicles	640,545	614,774	5,233,645
Construction in progress	24,105	21,808	196,958
Other	6,549	6,186	53,516
	932,596	894,245	7,619,874
Less accumulated depreciation	(661,321)	(625,081)	(5,403,390)
Property, plant and equipment, net	271,275	269,164	2,216,483
<b>Intangible assets:</b>	14,977	13,829	122,375
<b>Investments and other assets:</b>			
Investment securities			
Unconsolidated subsidiaries and affiliates	3,635	3,523	29,700
Other	55,107	54,526	450,257
Long-term loans receivable	660	761	5,399
Deferred tax assets	7,504	6,206	61,312
Other	11,190	10,623	91,434
Allowance for doubtful accounts	(300)	(229)	(2,458)
Total investments and other assets	77,796	75,411	635,647
	¥ 726,959	¥ 667,429	\$ 5,939,699

\* The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate on March 31, 2022, which was ¥122.39 to U.S. \$1.00.

Liabilities and Net assets	Millions of yen		Thousands of U.S. dollars*
	2022	2021	2022
<b>Current liabilities:</b>			
Short-term loans payable	¥ 84,014	¥ 74,832	\$ 686,446
Current portion of long-term loans payable	5,978	9,349	48,847
Notes and accounts payable:			
Trade	92,068	75,757	752,257
Construction	6,353	8,706	51,914
Other	20,770	18,801	169,710
Income taxes payable	3,466	4,376	28,325
Accrued expenses	15,467	14,410	126,375
Other current liabilities	6,382	6,068	52,146
Total current liabilities	234,502	212,303	1,916,024
<b>Non-current liabilities:</b>			
Bonds payable	10,000	10,000	81,706
Long-term loans payable	28,627	25,161	233,905
Net defined benefit liability	31,559	32,073	257,864
Provision for directors' retirement benefits	295	314	2,415
Deferred tax liabilities	2,018	1,647	16,495
Provision for product warranties	2,331	—	19,045
Other non-current liabilities	5,420	4,889	44,286
Total non-current liabilities	80,253	74,085	655,719
<b>Contingent liabilities</b>			
<b>Net assets:</b>			
<b>Shareholders' equity:</b>			
Capital stock			
Authorized — 150,000,000 shares			
Issued — 68,000,000 shares	33,046	33,046	270,012
Capital surplus	31,392	31,103	256,494
Retained earnings	309,507	289,544	2,528,859
Less treasury stock, at cost — 2,761,323 shares in 2022			
2,762,766 shares in 2021	(11,528)	(11,535)	(94,198)
Total shareholders' equity	362,417	342,159	2,961,167
<b>Accumulated other comprehensive income:</b>			
Valuation difference on available-for-sale securities	21,331	20,863	174,290
Deferred gains or losses on hedges	(4)	(9)	(38)
Foreign currency translation adjustments	4,381	(3,753)	35,798
Remeasurements of defined benefit plans	(975)	(2,160)	(7,969)
Total accumulated other comprehensive income	24,732	14,939	202,080
<b>Subscription rights to shares</b>	619	516	5,057
<b>Non-controlling interests</b>	24,435	23,424	199,649
Total net assets	412,204	381,040	3,367,956
	¥ 726,959	¥ 667,429	\$ 5,939,699

## CONSOLIDATED STATEMENTS OF INCOME

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
Years ended March 31, 2022, 2021 and 2020

	Millions of yen			Thousands of U.S. dollars*
	2022	2021	2020	2022
<b>Net sales</b>	<b>¥ 691,530</b>	¥ 577,426	¥ 601,514	<b>\$ 5,650,216</b>
<b>Cost of sales</b>	<b>494,880</b>	410,486	432,374	<b>4,043,474</b>
Gross profit	<b>196,649</b>	166,940	169,139	<b>1,606,742</b>
<b>Selling, general and administrative expenses</b>	<b>153,086</b>	139,395	143,124	<b>1,250,811</b>
Operating income	<b>43,562</b>	27,544	26,014	<b>355,930</b>
<b>Other income (expenses):</b>				
Interest and dividend income	<b>1,648</b>	1,445	1,684	<b>13,469</b>
Interest expenses	<b>(1,064)</b>	(1,259)	(1,714)	<b>(8,694)</b>
Gain on sales of investment securities	<b>19</b>	796	627	<b>158</b>
Gain on sales of property, plant and equipment	<b>—</b>	—	315	<b>—</b>
Income from compensation for damage	<b>—</b>	1,624	—	<b>—</b>
Loss on disposal of property, plant and equipment	<b>(1,638)</b>	(2,402)	(1,916)	<b>(13,389)</b>
Foreign exchange gains (losses), net	<b>1,159</b>	250	(968)	<b>9,475</b>
Equity in earnings of affiliates, net	<b>132</b>	109	150	<b>1,084</b>
Litigation expenses	<b>—</b>	(289)	(996)	<b>—</b>
Restructuring charges	<b>(2,692)</b>	—	—	<b>(22,000)</b>
Impairment losses	<b>(1,059)</b>	(897)	—	<b>(8,654)</b>
Product warranty expenses	<b>(2,331)</b>	—	—	<b>(19,045)</b>
Loss on disaster	<b>—</b>	(1,099)	—	<b>—</b>
Gain on contribution of securities to retirement benefit trust	<b>—</b>	—	378	<b>—</b>
Other, net	<b>(1,331)</b>	(3,621)	(3,777)	<b>(10,881)</b>
<b>Income before income taxes and non-controlling interests</b>	<b>36,405</b>	22,201	19,797	<b>297,451</b>
<b>Income taxes</b>				
Current	<b>10,075</b>	6,372	4,809	<b>82,320</b>
Deferred	<b>(1,398)</b>	(1,354)	(490)	<b>(11,424)</b>
<b>Net income</b>	<b>27,728</b>	17,184	15,479	<b>226,555</b>
Net income attributable to non-controlling interests	<b>1,240</b>	1,353	1,475	<b>10,136</b>
Net income attributable to owners of parent	<b>¥ 26,487</b>	¥ 15,831	¥ 14,003	<b>\$ 216,418</b>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
Years ended March 31, 2022, 2021 and 2020

	Millions of yen			Thousands of U.S. dollars*
	2022	2021	2020	2022
<b>Net income</b>	<b>¥ 27,728</b>	¥ 17,184	¥ 15,479	<b>\$ 226,555</b>
<b>Other comprehensive income:</b>				
Valuation difference on available-for-sale securities	<b>455</b>	6,746	(5,437)	<b>3,723</b>
Deferred gains or losses on hedges	<b>5</b>	93	7	<b>41</b>
Foreign currency translation adjustments	<b>8,495</b>	3,924	(3,668)	<b>69,410</b>
Remeasurements of defined benefit plans	<b>1,179</b>	5,825	(2,280)	<b>9,638</b>
Share of other comprehensive income of associates accounted for using equity method	<b>(7)</b>	10	(0)	<b>(61)</b>
Total other comprehensive income	<b>10,128</b>	16,600	(11,379)	<b>82,752</b>
<b>Comprehensive income</b>	<b>¥ 37,856</b>	¥ 33,784	¥ 4,099	<b>\$ 309,307</b>
Comprehensive income attributable to:				
Comprehensive income attributable to owners of parent	<b>¥ 36,280</b>	¥ 31,978	¥ 2,976	<b>\$ 296,434</b>
Comprehensive income attributable to non-controlling interests	<b>1,575</b>	1,806	1,123	<b>12,872</b>

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## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
Years ended March 31, 2022, 2021 and 2020

	Millions of yen			Thousands of U.S. dollars*
	2022	2021	2020	2022
<b>Shareholders' equity</b>				
Capital stock				
Balance at beginning of year	<b>¥ 33,046</b>	¥ 33,046	¥ 33,046	<b>\$ 270,012</b>
Changes of items during the period				
Total changes of items during the period	<b>—</b>	—	—	<b>—</b>
Balance at the end of current period	<b>33,046</b>	33,046	33,046	<b>270,012</b>
Capital surplus				
Balance at beginning of year	<b>31,103</b>	30,962	32,784	<b>254,133</b>
Changes of items during the period				
Change in treasury shares of parent arising from transactions with non-controlling interests	<b>289</b>	141	(1,821)	<b>2,361</b>
Total changes of items during the period	<b>289</b>	141	(1,821)	<b>2,361</b>
Balance at the end of current period	<b>31,392</b>	31,103	30,962	<b>256,494</b>
Retained earnings				
Balance at beginning of year	<b>289,544</b>	280,265	272,944	<b>2,365,749</b>
Changes of items during the period				
Dividends from surplus—¥100.00 per share	<b>(6,523)</b>	(6,523)	(6,848)	<b>(53,300)</b>
Change of scope of consolidation	<b>—</b>	(21)	167	<b>—</b>
Net income attributable to owners of parent	<b>26,487</b>	15,831	14,003	<b>216,418</b>
Disposal of treasury stock	<b>(1)</b>	(7)	(1)	<b>(8)</b>
Total changes of items during the period	<b>19,963</b>	9,278	7,321	<b>163,109</b>
Balance at the end of current period	<b>309,507</b>	289,544	280,265	<b>2,528,859</b>
Treasury stock				
Balance at beginning of year	<b>(11,535)</b>	(11,583)	(11,601)	<b>(94,248)</b>
Changes of items during the period				
Purchase of treasury stock	<b>(4)</b>	(3)	(4)	<b>(35)</b>
Disposal of treasury stock	<b>10</b>	52	23	<b>85</b>
Total changes of items during the period	<b>6</b>	48	18	<b>49</b>
Balance at the end of current period	<b>(11,528)</b>	(11,535)	(11,583)	<b>(94,198)</b>
<b>Accumulated other comprehensive income</b>				
Valuation difference on available-for-sale securities				
Balance at beginning of year	<b>20,863</b>	14,246	19,642	<b>170,464</b>
Changes of items during the period				
Net changes of items other than shareholders' equity	<b>468</b>	6,616	(5,395)	<b>3,825</b>
Total changes of items during the period	<b>468</b>	6,616	(5,395)	<b>3,825</b>
Balance at the end of current period	<b>21,331</b>	20,863	14,246	<b>174,290</b>
Deferred gains or losses on hedges				
Balance at beginning of year	<b>(9)</b>	(103)	(110)	<b>(79)</b>
Changes of items during the period				
Net changes of items other than shareholders' equity	<b>5</b>	93	7	<b>41</b>
Total changes of items during the period	<b>5</b>	93	7	<b>41</b>
Balance at the end of current period	<b>(4)</b>	(9)	(103)	<b>(38)</b>

# Appendices

## CONSOLIDATED STATEMENTS OF CASH FLOWS

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
Years ended March 31, 2022, 2021 and 2020

	Millions of yen			Thousands of U.S. dollars*
	2022	2021	2020	2022
Foreign currency translation adjustments				
Balance at beginning of year	¥ (3,753)	¥ (7,395)	¥ (4,008)	\$ (30,671)
Changes of items during the period				
Net changes of items other than shareholders' equity	8,135	3,641	(3,387)	66,470
Total changes of items during the period	8,135	3,641	(3,387)	66,470
Balance at the end of current period	4,381	(3,753)	(7,395)	35,798
Remeasurements of defined benefit plans				
Balance at beginning of year	(2,160)	(7,956)	(5,705)	(17,649)
Changes of items during the period				
Net changes of items other than shareholders' equity	1,184	5,796	(2,250)	9,679
Total changes of items during the period	1,184	5,796	(2,250)	9,679
Balance at the end of current period	(975)	(2,160)	(7,956)	(7,969)
<b>Subscription rights to shares</b>				
Balance at beginning of year	516	482	431	4,221
Changes of items during the period				
Net changes of items other than shareholders' equity	102	34	50	836
Total changes of items during the period	102	34	50	836
Balance at the end of current period	619	516	482	5,057
<b>Non-controlling interests</b>				
Balance at beginning of year	23,424	22,128	23,302	191,395
Changes of items during the period				
Net changes of items other than shareholders' equity	1,010	1,295	(1,173)	8,254
Total changes of items during the period	1,010	1,295	(1,173)	8,254
Balance at the end of current period	24,435	23,424	22,128	199,649
<b>Total net assets</b>				
Balance at beginning of year	381,040	354,094	360,726	3,113,328
Changes of items during the period				
Dividends from surplus—¥100.00 per share	(6,523)	(6,523)	(6,848)	(53,300)
Change of scope of consolidation	—	(21)	167	—
Net income attributable to owners of parent	26,487	15,831	14,003	216,418
Purchase of treasury stock	(4)	(3)	(4)	(35)
Disposal of treasury stock	9	44	21	76
Change in treasury shares of parent arising from transactions with non-controlling interests	289	141	(1,821)	2,361
Net changes of items other than shareholders' equity	10,905	17,477	(12,149)	89,106
Total changes of items during the period	31,163	26,945	(6,631)	254,627
Balance at the end of current period	¥ 412,204	¥ 381,040	¥ 354,094	\$ 3,367,956

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	Millions of yen			Thousands of U.S. dollars*
	2022	2021	2020	2022
<b>Cash Flows from Operating Activities</b>				
Income before income taxes and non-controlling interests	¥ 36,405	¥ 22,201	¥ 19,797	\$ 297,451
Depreciation and amortization	37,953	36,262	34,340	310,104
Restructuring charges	2,692	—	—	22,000
Impairment losses	1,059	897	—	8,654
Product warranty expense	2,331	—	—	19,045
Insurance claim income	(1,671)	—	—	(13,656)
Gain on contribution of securities to retirement benefit trust	—	—	(378)	—
Income from compensation for damage	—	(1,624)	—	—
Increase (decrease) in net defined benefit liability	879	2,034	896	7,187
Increase (decrease) in allowance for doubtful accounts	162	59	67	1,330
Interest and dividend income	(1,648)	(1,445)	(1,684)	(13,469)
Interest expenses	1,064	1,259	1,714	8,694
Equity in earnings of affiliates, net	(132)	(109)	(150)	(1,084)
Loss (gain) on disposal of property, plant and equipment	498	765	53	4,075
Gain on sales of investment securities	(19)	(796)	(627)	(158)
Decrease (increase) in notes and accounts receivable-trade	(25,608)	(246)	13,197	(209,237)
Decrease (increase) in inventories	(27,541)	8,838	(5,572)	(225,034)
Increase (decrease) in notes and accounts payable-trade	14,628	1,392	(11,120)	119,525
Others	3,328	6,221	(4,083)	27,194
Subtotal	44,381	75,710	46,450	362,622
Interest and dividend income received	1,717	1,533	1,787	14,036
Interest expenses paid	(1,085)	(1,325)	(1,721)	(8,873)
Proceeds from insurance income	512	—	—	4,185
Proceeds from compensation for damage	—	1,624	—	—
Income taxes paid	(11,419)	(3,502)	(6,531)	(93,301)
Net cash provided by operating activities	34,106	74,040	39,983	278,670
<b>Cash Flows from Investing Activities</b>				
Purchase of property, plant and equipment	(37,329)	(39,431)	(42,977)	(305,006)
Proceeds from sales of property, plant and equipment	—	—	725	—
Purchase of intangible assets	(2,601)	(2,965)	(3,297)	(21,252)
Purchase of investment securities	(77)	(74)	(175)	(633)
Proceeds from sales and distributions of investment securities	877	57	867	7,167
Proceeds from redemption of investment securities	—	104	4,000	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(336)	—	—	(2,746)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	—	37	—
Payments of loans receivable	(398)	(874)	(1,238)	(3,256)
Collection of loans receivable	632	1,145	872	5,170
Others	(362)	(1,191)	(620)	(2,961)
Net cash used in investing activities	(39,595)	(43,229)	(41,807)	(323,519)
<b>Cash Flows from Financing Activities</b>				
Net increase (decrease) in short-term loans payable	6,606	(3,515)	14,121	53,982
Proceeds from long-term loans payable	9,119	776	1,362	74,513
Repayment of long-term loans payable	(9,390)	(11,712)	(4,366)	(76,726)
Proceeds from issuance of bonds	—	—	10,000	—
Redemption of bonds	—	—	(10,000)	—
Repayments of lease obligations	(618)	(501)	(244)	(5,052)
Purchase of treasury stock	(4)	(3)	(4)	(35)
Proceeds from sales of treasury stock	0	0	0	3
Cash dividends paid	(6,523)	(6,523)	(6,848)	(53,303)
Proceeds from share issuance to non-controlling shareholders	0	—	390	0
Cash dividends paid to non-controlling interests	(231)	(260)	(314)	(1,893)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(63)	(162)	(4,574)	(521)
Net cash used in financing activities	(1,105)	(21,903)	(479)	(9,033)
<b>Effect of exchange rate change on cash and cash equivalents</b>	946	(198)	(201)	7,734
<b>Net increase (decrease) in cash and cash equivalents</b>	(5,647)	8,708	(2,505)	(46,146)
<b>Cash and cash equivalents at beginning of period</b>	46,360	37,606	39,970	378,793
<b>Increase in cash and cash equivalents resulting from change of scope of consolidation</b>	—	45	141	—
<b>Cash and cash equivalents at end of period</b>	¥ 40,712	¥ 46,360	¥ 37,606	\$ 332,646