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February 7, 2022

Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (Under Japanese GAAP)

Company name: KH Neochem Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4189
 URL: <https://www.khneochem.co.jp/en/>
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Scheduled date of ordinary general meeting of shareholders: March 24, 2022
 Scheduled date to commence dividend payments: March 25, 2022
 Scheduled date to file annual securities report: March 24, 2022
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	117,110	51.4	19,685	248.9	19,809	252.0	13,691	238.3
December 31, 2020	77,332	(17.9)	5,642	(41.0)	5,627	(43.1)	4,046	(41.5)

Note: Comprehensive income For the fiscal year ended December 31, 2021: ¥13,955 million [204.2 %]
 For the fiscal year ended December 31, 2020: ¥4,586 million [(37.5)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
December 31, 2021	368.95	—	27.9	18.2	16.8
December 31, 2020	109.12	109.02	9.6	5.7	7.3

Reference: Share of profit of entities accounted for using equity method
 For the fiscal year ended December 31, 2021: ¥258 million
 For the fiscal year ended December 31, 2020: ¥132 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2021	122,069	57,505	45.0	1,480.27
December 31, 2020	95,508	45,884	45.4	1,168.62

Reference: Equity As of December 31, 2021: ¥54,917 million
 As of December 31, 2020: ¥43,380 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2021	17,402	(4,395)	(5,168)	16,934
December 31, 2020	6,931	(11,182)	(4,530)	9,066

2. Cash Dividends

	Annual dividends per share					Total cash dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on net assets ratio (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2020	—	30.00	—	30.00	60.00	2,228	55.0	5.3
December 31, 2021	—	30.00	—	45.00	75.00	2,786	20.3	5.7
Fiscal year ending December 31, 2022 (Forecast)	—	42.50	—	42.50	85.00		27.4	

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Percentages indicate changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending June 30, 2022	57,600	—	6,800	(12.8)	6,900	(14.5)	4,900	(13.2)	132.07
Full year	123,300	—	16,100	(18.2)	16,400	(17.2)	11,500	(16.0)	309.97

Note: The percentage changes from the previous year of net sales are not listed, because the above forecasts of consolidated financial results are after the adoption of the ASBJ Guidance No. 29 "Accounting Standard for Revenue Recognition" which will be applied from the beginning of the fiscal year ending December 31, 2022.

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- ① Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - ② Changes in accounting policies due to other reasons: None
 - ③ Changes in accounting estimates: None
 - ④ Restatement: None

(3) Number of issued shares (common shares)

- ① Total number of issued shares at the end of the period (including treasury stock)

As of December 31, 2021	37,149,400 shares
As of December 31, 2020	37,149,400 shares

- ② Number of treasury stock at the end of the period

As of December 31, 2021	50,004 shares
As of December 31, 2020	28,379 shares

(Note) Total number of treasury stock at the end of the period includes the number of the Company's shares held by the Company's Board Benefit Trust (BBT) (December 31, 2021: 49,600 shares, December 31, 2020: 28,000 shares).

- ③ Average number of shares outstanding during the period

Fiscal year ended December 31, 2021	37,108,058 shares
Fiscal year ended December 31, 2020	37,079,495 shares

(Note) The number of treasury stock deducted in the calculation of Average number of shares during the period includes the number of the Company's shares held by Board Benefit Trust (BBT) (Fiscal year ended December 31, 2021: 40,947 shares, Fiscal year ended December 31, 2020: 21,316 shares).

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(1) Non-Consolidated Operating Results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	109,410	54.4	18,769	265.3	18,783	254.5	13,190	229.1
December 31, 2020	70,845	(18.8)	5,138	(42.6)	5,298	(43.3)	4,007	(40.3)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2021	355.45	—
December 31, 2020	108.08	107.98

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2021	115,796	51,298	44.3	1,382.72
December 31, 2020	90,062	40,541	45.0	1,092.13

Reference: Equity As of December 31, 2021: ¥51,298 million

As of December 31, 2020: ¥40,541 million

<Reasons for differences from the previous fiscal year of non-consolidated financial results>

The previous fiscal year (FY2020), there were substantial decrease of sales volume and decline of sales prices due to slumping demand in Japan and overseas caused by the spread of COVID-19. On the other hand, the current fiscal year (FY2021), net sales and profits significantly improved by significant expansion of the demand for our products, tighten of the supply-demand balance and soaring of the overseas markets.

These resulted in differences between the results of FY2020 and the results of FY2021.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Earnings forecasts and other forward-looking statements included in this document are based on the information currently available to the Company and certain assumptions deems reasonable, and the Company makes no commitments regarding their achievability. Actual business results may differ materially from the forecast due to variety of factors.

* How to obtain the financial results briefing materials

The Company is scheduled to hold a web conference for institutional investors and securities analysts on February 7, 2022. The materials of the web conference will be posted on the Company's website.