

For immediate release

October 27, 2022

Notice regarding posting of the extraordinary loss and the revisions of Financial Forecasts

Tokyo, October 27, 2022 – KH Neochem Co., Ltd (TSE: 4189, President and CEO: Michio Takahashi, “the Company”) announced regarding the posting of extraordinary loss and the revisions of full year consolidated financial forecasts for the fiscal year ending December 31, 2022 (“FY2022”).

1. Details of the extraordinary loss

Due to the significant decline of fair value in an investment security held by the Company, the Company expects to post a loss on valuation of an investment security of 992 million yen in the third quarter of FY2022.

2. Revision of the full year consolidated financial forecasts for FY2022 (January 1, 2022 through December 31, 2022)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Earnings per share (Yen)
Previous forecasts (A) (February 7, 2022)	123,300	16,100	16,400	11,500	310.15
Revised forecasts (B)	116,000	13,000	13,300	8,300	223.85
Change (B-A)	-7,300	-3,100	-3,100	-3,200	-
Change (%)	-5.9%	-19.3%	-18.9%	-27.8%	-
(Reference) Results of the previous full year (FY2021)*	117,110	19,685	19,809	13,691	368.95

*Results of the previous full year (FY2021) are before the adoption of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. which are applied from the beginning of the fiscal year ending December 31, 2022.

Reasons for the revision

In FY 2022, raw material and fuel prices have risen beyond initial forecasts, including a sharp rise in LNG prices from the third quarter onward. Production efficiency also fell due to troubles with the Company’s production facilities. Moreover, there has been a slowdown in demand in some business segments. The Company also expects to post an extraordinary loss as stated above.



As a result of these factors, the full year consolidated financial results for FY 2022 are expected to be lower than the previous forecasts.

For the full fiscal year ending December 2022, the foreign exchange rate is assumed to be 132 yen per US dollar, and the domestic naphtha price is assumed to be 75,900 yen/kl.

There is no change in the dividend forecasts for FY2022.

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

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