

**Business Results for the  
First Quarter of the Fiscal Year Ending  
December 31, 2022 (Unaudited)**

**May 12, 2022  
Kuraray Co., Ltd.**

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Kuraray Co., Ltd.

## Consolidated Earnings Report for the First Quarter of the Fiscal Year Ending December 31, 2022

Name of listed company: Kuraray Co., Ltd.  
Stock code: 3405  
Stock exchange listing: Tokyo Stock Exchange, Prime Market  
URL: <https://www.kuraray.com/>

Representative:  
Title: Representative Director and President  
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Preparation of supplementary documentation for the quarterly earnings report: Yes  
Holding of quarterly earnings results briefing: Yes (for securities analysts and institutional investors)

(Millions of yen rounded down unless otherwise stated)

### 1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2022 (January 1, 2022 to March 31, 2022)

#### (1) Consolidated Operating Results

(Percentage changes displayed for net sales, operating income, ordinary income and net income attributable to owners of the parent are comparisons with the corresponding period of the previous fiscal year.)

(Millions of yen)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
		(%)		(%)		(%)		(%)
Fiscal 2022 1Q	167,558	—	22,145	—	22,295	—	12,701	—
Fiscal 2021 1Q	144,398	5.5	16,786	40.2	16,268	43.9	5,282	(21.2)

Note: Comprehensive income: For the fiscal 2022 first quarter: ¥39,957million (—%)  
For the fiscal 2021 first quarter: ¥28,547 million (—%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Fiscal 2022 1Q	37.11	37.08
Fiscal 2021 1Q	15.36	15.35

Note: Due to the adoption of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29; March 31, 2020) from January 1, 2022, the figures for the first quarter of fiscal 2022 reflect the application of the newly applied accounting standard. Therefore, the rate of change from the same quarter of the previous year is not shown.

## (2) Consolidated Financial Position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio (%)
As of March 31, 2022	1,130,047	607,514	52.0
As of December 31, 2021	1,091,014	579,602	51.3

[Reference] Equity attributable to owners of the parent:

As of March 31, 2022: ¥587,509 million

As of December 31, 2021: ¥559,984 million

Note: Due to the adoption of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020) from January 1, 2022, the figures for the first quarter of fiscal 2022 reflect the application of the newly applied accounting standard. Therefore, the rate of change from the same quarter of the previous year is not shown.

## 2. Dividends

(Yen)

Record Date	Cash Dividends per Share				
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Annual
Fiscal 2021	—	20.00	—	20.00	40.00
Fiscal 2022	—				
Fiscal 2022 (Forecast)		21.00	—	21.00	42.00

Note: Revisions to cash dividend forecast during this period: No

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

(Percentage changes displayed for net sales, operating income, ordinary income and net income attributable to owners of the parent are comparisons with the corresponding period of the previous fiscal year.)

(Millions of yen)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share (Yen)
		(%)		(%)		(%)		(%)	
Interim Period	350,000	—	38,000	—	37,000	—	22,000	—	64.68
Full Fiscal Year	680,000	—	78,000	—	75,000	—	45,000	—	132.30

Notes: 1. Revisions to forecasts of consolidated financial results during this period: Yes

2. Due to the adoption of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020) from January 1, 2022, the figures for the first quarter of fiscal 2022 reflect the application of the newly applied accounting standard. Therefore, the rate of change from the same quarter of the previous year is not shown.

## [Reference]

(1) Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries Involving Changes in the Scope of Consolidation)  
Added: No companies Excluded: No companies

(2) Adoption of Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements  
No

(3) Changes in Accounting Principles, Procedures and Presentation Methods in Connection with the Preparation of Quarterly Consolidated Financial Statements  
1. Changes following revision of accounting standards: Yes  
2. Changes besides 1. above: No  
3. Changes in accounting estimates: No  
4. Restatement: No

(4) Number of Shares Issued and Outstanding (Common Shares)

1. Number of shares issued and outstanding (including treasury shares) as of the period-end:

As of March 31, 2022	354,863,603 shares
As of December 31, 2021	354,863,603 shares

2. Number of treasury shares as of the period-end:

As of March 31, 2022	14,721,327 shares
As of December 31, 2021	10,858,263 shares

3. Average number of shares for the period (cumulative):

As of March 31, 2022	342,261,353 shares
As of March 31, 2021	343,929,902 shares

Note: It is not required that this type of earnings report be audited.

*Cautionary Statement with Respect to Forecasts of Consolidated Business Results*

*(Cautionary note regarding forward-looking statements)*

The results forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts. Please refer to "1. Qualitative Information regarding Business Results (3) Basis for the Revision in Forecasts, Including Consolidated Operating Results Forecasts" on page 7 of the Attachment for the assumptions used.

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## 1. Qualitative Information regarding Business Results

### (1) Overview of Consolidated Business Results

In the first quarter of fiscal 2022 (January 1, 2022–March 31, 2022), the world economy continued to recover as restrictions on economic activities were eased and more vaccinations were administered in countries around the world despite resurgences of COVID-19. However, the economic outlook grew unclear due to a global semiconductor shortage and continued logistics disruptions as well as Russia-Ukraine crisis and accelerating inflation. Amid these circumstances, we further focused on reducing costs and worked to revise sales prices.

Consequently, consolidated operating results for the first quarter of fiscal 2022 are as follows: net sales were ¥167,558 million (¥144,398 million in the same period of the previous fiscal year); operating income was ¥22,145 million (¥16,786 million in the previous year); ordinary income was ¥22,295 million (¥16,268 million in the previous year); and net income attributable to owners of the parent was ¥12,701 million (¥5,282 million in the previous year).

Furthermore, in the first quarter, we recorded an extraordinary loss of ¥2,805 million as costs related to the suspension of operations due mainly to the suspension of some production facilities at a U.S. subsidiary.

On January 1, 2022, the Company revised its organizational structure and changed the segment classification of the aqua business from “Others” to “Functional Materials.” In addition, the method of allocating eliminations of profits from some internal transactions among segments and the corporate has been changed. Figures used in comparisons and analyses of the first quarter reflect these changes. Furthermore, from January 1, 2022, we have adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020, hereinafter the revenue recognition standard). In line with the transition provisions set out in the revision to paragraph 84 of the revenue recognition standard, the new accounting principle was not retroactively applied to the consolidated first quarter of the previous year. Net sales for Trading segment and elimination & corporate for the first quarter of fiscal 2022 have significantly changed compared to the first quarter of fiscal 2021, mainly due to changes in accounting methods for revenues attributable to agent transactions in the Trading segment as a result of the adoption of the revenue recognition standards. Because of these changes, revenues from such transactions, which have previously been recorded on the basis of total transactional value, are now recorded on a net basis. Due to this change, net sales in the Trading segment was ¥22,026 million lower compared with the original method.

To realize its long-term vision, Kuraray Vision 2026, the Group launched a medium-term management plan, “PASSION 2026”, from January 1, 2022. In line with “PASSION 2026”, we set three challenges to tackle: 1) Sustainability as an opportunity, 2) Innovations starting from networking, and 3) Transformation of people and organizations. Through these initiatives, we will strive to establish an upgraded business portfolio and, in fiscal 2026, the centennial of Kuraray’s founding, achieve net sales of ¥750 billion and operating income of ¥100 billion.

(Millions of yen)

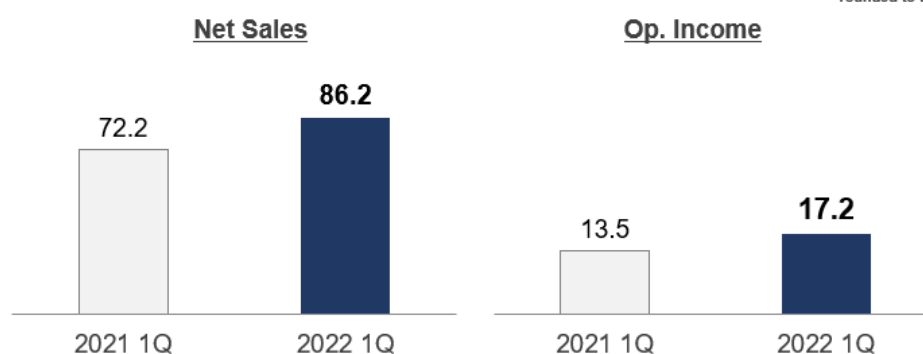
	FY2021 1Q Consolidated Period		FY2022 1Q Consolidated Period		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Vinyl Acetate	72,175	13,484	86,154	17,243	13,978	3,758
Isoprene	14,894	2,986	15,358	2,672	464	(313)
Functional Materials	30,914	963	38,026	2,201	7,112	1,238
Fibers and Textiles	13,721	558	14,425	1,627	703	1,069
Trading	32,972	1,075	13,953	1,316	(19,019)	240
Others	9,631	(5)	10,681	381	1,050	387
Elimination & Corporate	(29,912)	(2,275)	(11,041)	(3,297)	18,871	(1,021)
Total	144,398	16,786	167,558	22,145	23,160	5,358

## Results by Business Segment

### Vinyl Acetate

Sales in this segment were ¥86,154 million (¥72,175 million in the first quarter of the previous year), and segment income was ¥17,243 million (¥13,484 million in the previous year).

(Billions of yen,  
rounded to the nearest hundred million)

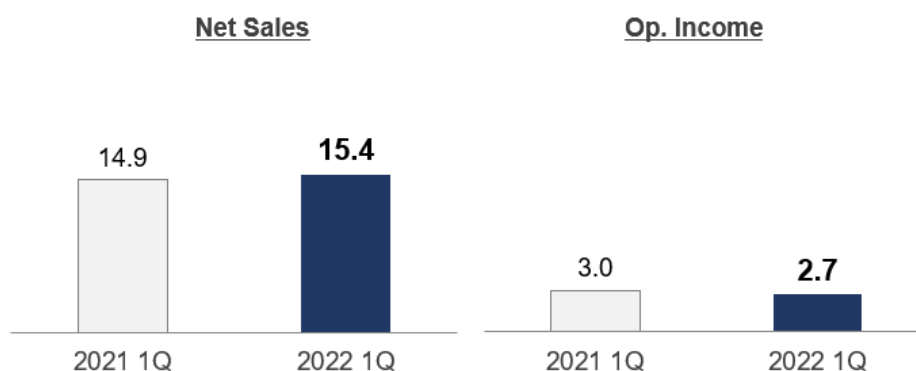


- (1) The sales volume of PVA resin decreased due to the suspension of some production facilities at a U.S. subsidiary. Shipments of optical-use poval film were on par with the first quarter of the previous fiscal year due to steady demand. In addition, we decided to announce on May 9, 2022 our capital investment at the Kurashiki Plant (slated to begin operating in mid 2024) to meet needs for larger TV panel sizes. As for Advanced Interlayer Solutions, the sales volume of PVB film fell due to effects from a decrease in the production of automobiles. Sales of water-soluble PVA film expanded for use in unit dose detergent packets, including for laundry and dish detergents.
- (2) As for EVAL™ ethylene vinyl alcohol copolymer (EVOH resin), demand for food packaging applications remained firm despite effects from a decrease in the production of automobiles.

### Isoprene

Sales in this segment were ¥15,358 million (¥14,894 million in the previous year), and segment income was ¥2,672 million (¥2,986 million in the previous year).

(Billions of yen, rounded to the nearest hundred million)

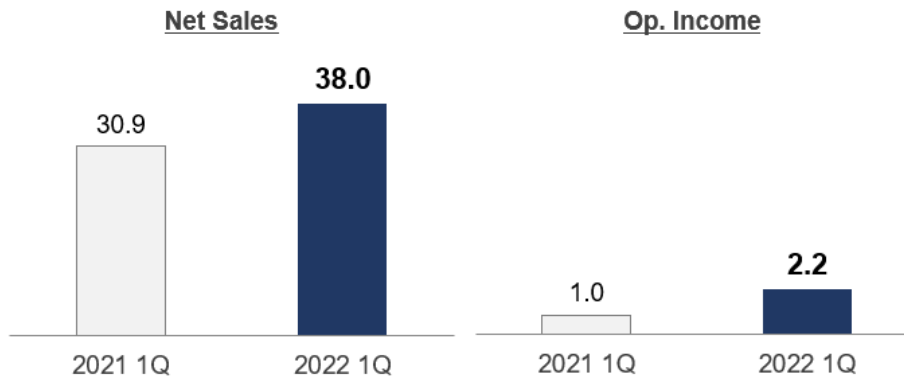


- (1) The sales volume of isoprene chemicals and elastomer decreased due to a temporary difficulty in procuring raw materials despite steady demand for both.
- (2) The sales volume of GENESTAR™ heat-resistant polyamide resin decreased for electric and electronic device applications due mainly to logistics disruptions, etc. despite steady sales for automotive applications.

### Functional Materials

Sales in this segment were ¥38,026 million (¥30,914 million in the previous year), and segment income was ¥2,201 million (¥963 million in the previous year).



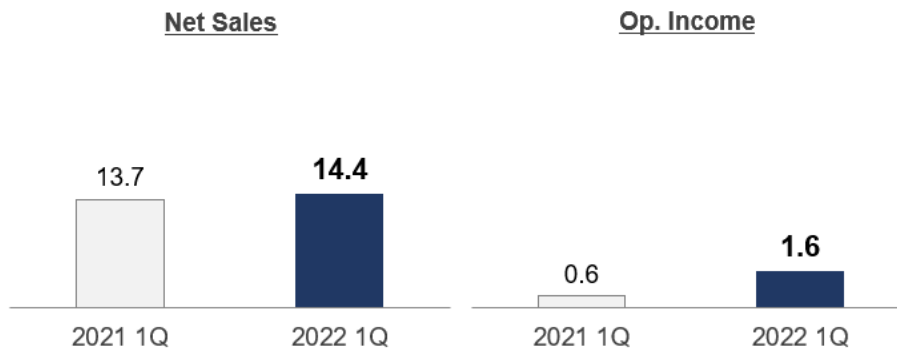


- (1) In the methacrylate business, the sales volume decreased due to a temporary difficulty in procuring raw materials despite steady demand.
- (2) In the medical business, demand for dental materials was strong, especially in Europe and the United States, and sales expanded.
- (3) In the environmental solutions business, demand increased, especially in Europe, and sales of activated carbon remained steady.
- (4) In the aqua business, demand for hollow fiber membranes for water treatment remained steady.

### Fibers and Textiles

Sales in this segment were ¥14,425 million (¥13,721 million in the previous year), and segment income was ¥1,627 million (¥558 million in the previous year).

(Billions of yen,  
rounded to the nearest hundred million)

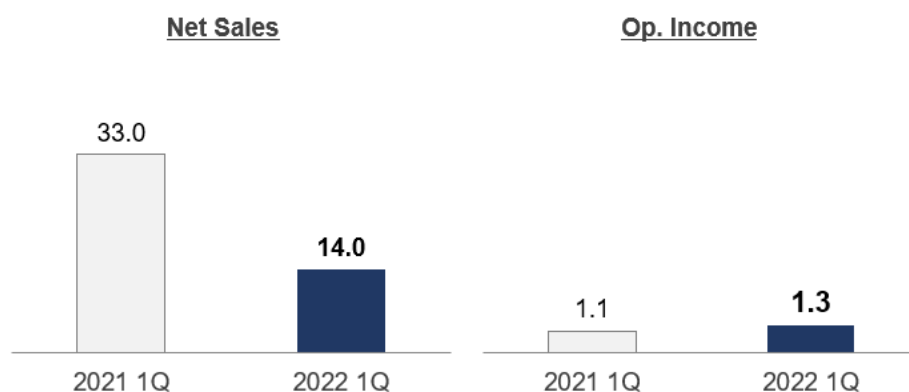


- (1) Sales of CLARINO™ man-made leather remained steady, especially for use in sports and luxury products.
- (2) In fibers and industrial materials, KURALON™ was affected by a decrease in the production of automobiles, while sales of VECTRAN™ remained stable, especially for exports.
- (3) In consumer goods and materials, demand for KURAFLEX™ in the restaurant industry was weak.

### Trading

Sales in this segment were ¥13,953 million (¥32,972 million in the previous year), and segment income was ¥1,316 million (¥1,075 million in the previous year).

(Billions of yen,  
rounded to the nearest hundred million)

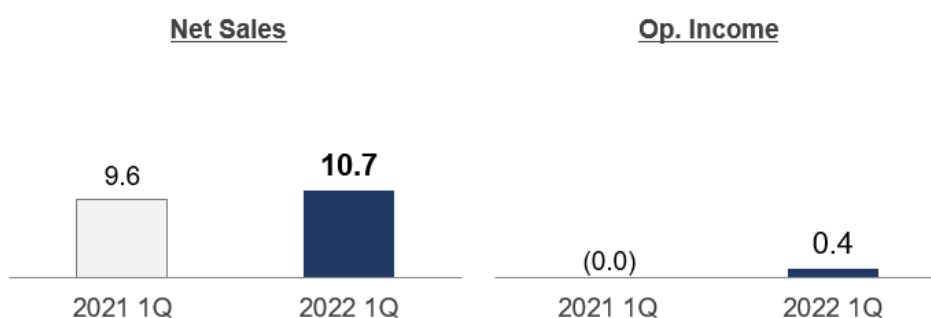


- (1) In fiber-related businesses, sales of sports wear and other products were brisk.
- (2) Sales of resins and chemicals remained brisk in the Asian market.

### Others

In other business, domestic affiliates saw sales recover. As a result, segment sales were ¥10,681 million (¥9,631 million in the previous year), and segment income was ¥381 million (segment loss was ¥5 million in the previous year).

(Billions of yen,  
rounded to the nearest hundred million)



### (2) Overview of Financial Position

Total assets increased ¥39,033 million from the end of the previous fiscal year to ¥1,130,047 million mainly because of a ¥19,224 million increase in inventories, a ¥13,808 million increase in construction in progress, and a ¥6,043 million increase in notes and accounts receivable–trade, and contract assets (notes and accounts receivable–trade in the previous year) despite a ¥14,586 million decrease in cash and deposits. Total liabilities increased ¥11,121 million to ¥522,533 million due to factors that included a ¥6,029 million increase in notes and accounts payable–trade and a ¥3,507 million increase in long-term borrowings despite a ¥6,392 million decrease in income taxes payable.

Net assets rose ¥27,911 million to ¥607,514 million. Equity attributable to owners of the parent amounted to ¥587,509 million, for an equity ratio of 52.0%.

### (3) Basis for the Revision in Forecasts, Including Consolidated Operating Results Forecasts

Despite concerns caused by the protracted Russia-Ukraine crisis, soaring raw material and fuel prices, and protracted logistics disruptions, we assume that demand will remain firm in the second quarter as well. Based on these circumstances, the forecasts of consolidated operating results for the second quarter of fiscal 2022 (January 1, 2022 to June 30, 2022) and the full fiscal year (January 1, 2022 to December 31, 2022) were revised.

The revised cumulative consolidated operating results forecast for the second quarter of the fiscal year ending December 31, 2022 (January 1, 2022 to June 30, 2022) is as follows.

	(Millions of yen)				(Yen)
	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent	Net Income Per Share
Original Forecast (A)	320,000	33,000	31,000	20,000	58.14
Revised Forecast (B)	350,000	38,000	37,000	22,000	64.68
Amount Adjusted (B – A)	30,000	5,000	6,000	2,000	
Percent Adjusted	9.4%	15.2%	19.4%	10.0%	
(Ref.) FY2021 Results (2nd Quarter of FY2021)	302,296	30,398	28,496	11,710	34.04

The revised cumulative consolidated operating results forecast for the fiscal year ending December 31, 2022 (January 1, 2022 to December 31, 2022) is as follows.

	(Millions of yen)				(Yen)
	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent	Net Income Per Share
Original Forecast (A)	650,000	73,000	69,000	43,000	125.00
Revised Forecast (B)	680,000	78,000	75,000	45,000	132.30
Amount Adjusted (B – A)	30,000	5,000	6,000	2,000	
Percent Adjusted	4.6%	6.8%	8.7%	4.7%	
(Ref.) FY2021 Results (Full FY2021)	629,370	72,256	68,765	37,262	108.32

Figures for FY2021 are presented without applying the revenue recognition standards.

Note: The above forecasts are based on the best information currently available. Actual operating results may vary significantly due to various factors.

**2. Quarterly Consolidated Financial Statements and Notes**  
**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	December 31, 2021	March 31, 2022
<b>ASSETS</b>		
Current Assets		
Cash and deposits	151,942	137,355
Notes and accounts receivable–trade	135,768	—
Notes and accounts receivable–trade, and contract assets	—	141,811
Securities	3,855	4,798
Merchandise and finished goods	103,505	116,686
Work in process	15,699	18,637
Raw materials and supplies	38,100	41,206
Other	21,745	20,879
Allowance for doubtful accounts	(443)	(472)
Total current assets	470,174	480,904
Non-current Assets		
Property, plant and equipment		
Buildings and structures, net	88,801	90,164
Machinery, equipment and vehicles, net	200,500	203,439
Land	22,648	23,020
Construction in progress	117,319	131,127
Other, net	25,997	26,903
Total property, plant, and equipment	455,266	474,654
Intangible assets		
Goodwill	52,635	54,926
Customer-related assets	29,176	30,298
Other	32,243	33,758
Total intangible assets	114,055	118,982
Investments and other assets		
Investment securities	25,689	26,252
Long-term loans receivable	121	122
Retirement benefit asset	3,066	3,225
Deferred tax assets	13,980	15,071
Other	8,686	10,860
Allowance for doubtful accounts	(26)	(26)
Total investments and other assets	51,517	55,506
Total non-current assets	620,839	649,143
Total Assets	1,091,014	1,130,047

(Millions of yen)

	December 31, 2021	March 31, 2022
<b>LIABILITIES</b>		
Current Liabilities		
Notes and accounts payable–trade	49,641	55,671
Short-term borrowings	34,480	34,480
Current portion of long-term borrowings	55,013	69,913
Accrued expenses	19,863	21,785
Income taxes payable	13,133	6,740
Provision for bonuses	7,996	10,168
Other provisions	89	120
Other	39,246	39,747
Total current liabilities	219,464	238,626
Non-current Liabilities		
Bonds payable	60,000	60,000
Long-term borrowings	157,945	146,552
Deferred tax liabilities	12,022	12,575
Provision for retirement benefits for directors (and other officers)	375	375
Provision for environmental measures	365	259
Retirement benefit liability	25,629	26,797
Asset retirement obligations	4,821	4,941
Other	30,787	32,404
Total non-current liabilities	291,947	283,906
Total Liabilities	511,411	522,533
<b>NET ASSETS</b>		
Shareholders' Equity		
Share capital	88,955	88,955
Capital surplus	87,166	87,168
Retained earnings	359,898	365,332
Treasury shares	(15,885)	(19,885)
Total shareholders' equity	520,134	521,571
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	7,273	7,408
Deferred gain or losses on hedges	219	693
Foreign currency translation adjustment	34,648	60,059
Remeasurements of defined benefit plans	(2,291)	(2,224)
Total accumulated other comprehensive income	39,850	65,937
Share Acquisition Rights	414	341
Non-controlling Interests	19,203	19,663
Total Net Assets	579,602	607,514
Total Liabilities and Net Assets	1,091,014	1,130,047

**(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**  
**Quarterly Consolidated Statements of Income**

(Millions of yen)

	Fiscal 2021 1Q (January 1, 2021 – March 31, 2021)	Fiscal 2022 1Q (January 1, 2022 – March 31, 2022)
Net sales	144,398	167,558
Cost of sales	96,998	110,821
Gross profit	47,399	56,737
Selling, general and administrative expenses		
Selling expenses	8,570	10,069
General and administrative expenses	22,042	24,522
Total selling, general and administrative expenses	30,613	34,592
Operating income	16,786	22,145
Non-operating income		
Interest income	34	53
Dividend income	44	96
Share of profit of entities accounted for using equity method	75	61
Gain on investments in investment partnerships	90	243
Foreign exchange gains	139	286
Other	301	402
Total non-operating income	686	1,143
Non-operating expenses		
Interest expenses	382	361
Other	822	632
Total non-operating expenses	1,204	993
Ordinary income	16,268	22,295
Extraordinary income		
Insurance claim income	—	663
Subsidy income	510	188
Gain on sale of investment securities	154	—
Total extraordinary income	665	851
Extraordinary losses		
Costs related to the suspension of operations	—	2,805
Loss on litigation	3,054	974
Loss on tax purpose reduction entry of non-current assets	423	169
Loss on abandonment of non-current assets	838	45
Loss on disaster	3,016	—
Total extraordinary losses	7,333	3,995
Income before income taxes and non-controlling interests	9,600	19,151
Income taxes—current	4,739	7,114
Income taxes—deferred	(789)	(1,142)

Total income taxes	3,950	5,972
Net income	5,649	13,179
Net income attributable to non-controlling interests	366	478
Net income attributable to owners of the parent	5,282	12,701

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2021 1Q (January 1, 2021 – March 31, 2021)	Fiscal 2022 1Q (January 1, 2022 – March 31, 2022)
Net income	5,649	13,179
Other comprehensive income		
Valuation difference on available-for-sale securities	1,185	135
Deferred gains or losses on hedges	333	556
Foreign currency translation adjustment	21,454	26,018
Remeasurements of defined benefit plans, net of tax	(74)	66
Total other comprehensive income	22,898	26,778
Quarterly comprehensive income	28,547	39,957
Comprehensive income attributable to:		
Owners of the parent	27,859	38,788
Non-controlling interests	688	1,169



### **(3) Notes regarding Quarterly Consolidated Financial Statements**

#### **Notes regarding Going Concern Assumptions**

None

#### **Material Changes in Shareholders' Equity**

At the Board of Directors meeting held on February 9, 2022, Kuraray resolved to undertake a share buyback and has already begun executing it, aiming to spend up to ¥10,000 million for a maximum of 11,000,000 shares. Due to this share buyback, treasury shares increased ¥3,999 million in the first quarter and totaled ¥19,885 million as of March 31, 2022.

#### **Changes in Accounting Principles**

##### **Adoption of Accounting Standard for Revenue Recognition**

Kuraray has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from January 1, 2022, and recognizes revenue for goods or services based on the amount estimated to be received in exchange for such goods or services at the point when control of the promised goods or services is transferred to the customer.

The main changes resulting from the adoption of the standards are as follows.

- (1) In supply transactions with repurchase obligations, we changed the method by which the elimination of supplied goods is not recognized and changed the method by which liabilities related to supply transactions regarding consideration received from suppliers are recognized.
- (2) In contracts with customers that include a variable consideration among their considerations, the transaction price contains only a portion of the variable consideration that has a high probability of not generating a significant drop in the revenue that has been already recorded when the uncertainty related to the amount of the variable consideration is eventually eliminated. In addition, certain variable considerations were formerly presented under selling, general and administrative expenses, however, the presentation method has been changed so that they are now presented as elimination from net sales.
- (3) Regarding transactions where the role of providing products or goods corresponds to that of an agent, we have changed the previous method of recognizing the total consideration received from the customer as revenue to a method in which we recognize the net amount received from the customer, excluding the amount paid to the buyer, as revenue.

Regarding the adoption of the revenue recognition standards, in line with the transition provisions set out in the revision to paragraph 84, the cumulative effect of retroactively applying the new accounting principle before January 1, 2022, is added or subtracted to retained earnings as of January 1, 2022, and the new accounting principle is adopted from January 1, 2022. As a result, net sales in the first quarter decreased ¥1,193 million. The effect on operating income, ordinary income, and income before income taxes and non-controlling interests was minimal. In addition, the balance of retained earnings as of January 1, 2022, decreased ¥388 million.

Because we adopted the revenue recognition standards, in the consolidated balance sheet for the previous fiscal year, “notes and accounts receivable–trade” previously presented under current assets is now included in “notes and accounts receivable–trade and contract assets” from January 1, 2022. Furthermore, in line with the transition provisions set out in Paragraph 89-2 of the revenue recognition standard, we do not revise the presentation method for the previous fiscal year.

#### Adoption of Accounting Standard for Fair Value Measurement

Kuraray has adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) from January 1, 2022. The Company has prospectively adopted new accounting policies based on the Accounting Standard for Fair Value Measurement in accordance with the transition provisions in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). These changes have no impact on quarterly financial statements.

#### Segment Information, etc.

##### ● Segment Information

I. First Quarter of Fiscal 2021 (January 1, 2021 to March 31, 2021)

1. Net sales, income and loss by reporting segment

(Millions of yen)

	Reporting Segment						Others <sup>1</sup>	Total	Adjustment <sup>2</sup>	Consolidated Statements of Income <sup>3</sup>
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total				
Net sales										
(1) Outside customers	60,523	7,916	25,547	10,185	32,448	136,621	7,776	144,398	—	144,398
(2) Intersegment sales and transfers	11,652	6,977	5,366	3,536	523	28,057	1,855	29,912	(29,912)	—
Total	72,175	14,894	30,914	13,721	32,972	164,678	9,631	174,310	(29,912)	144,398
Segment income (loss)	13,484	2,986	963	558	1,075	19,067	(5)	19,062	(2,275)	16,786

#### Notes:

1. The “Others” category incorporates operations not included in business segment reporting, including the engineering business.
2. Adjustment is as follows: Included within segment loss of ¥2,275 million is the elimination of internal transactions of ¥326 million and corporate expenses of ¥2,602 million. Corporate expenses mainly comprise the submitting company’s basic research expenses.
3. Segment income is adjusted to agree with operating income in the consolidated statements of income.

## II. First Quarter of Fiscal 2022 (January 1, 2022 to March 31, 2022)

### 1. Net sales, income and loss by reporting segment

(Millions of yen)

	Reporting Segment						Others <sup>1</sup>	Total	Adjustment <sup>2</sup>	Consolidated Statements of Income
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total				
Net sales (3) Outside customers	82,420	12,176	37,074	13,612	13,592	158,876	8,681	167,558	—	167,558
(4) Intersegment sales and transfers	3,733	3,181	952	813	360	9,041	2,000	11,041	(11,041)	—
Total	86,154	15,358	38,026	14,425	13,953	167,918	10,681	178,599	(11,041)	167,558
Segment income (loss)	17,243	2,672	2,201	1,627	1,316	25,061	381	25,442	(3,297)	22,145

#### Notes:

1. The “Others” category incorporates operations not included in business segment reporting, including the engineering business.
2. Adjustment is as follows: Included within segment loss of ¥3,297 million is the elimination of internal transactions of ¥665 million and corporate expenses of ¥3,963 million. Corporate expenses mainly comprise the submitting company’s basic research expenses.
3. Segment income is adjusted to agree with operating income in the consolidated statements of income.

### 2. Matters related to changes in reporting segments

#### Changes in methods for estimating net sales and profit for reporting segments

As detailed in changes to accounting principles, because we adopted revenue recognition standards from January 1, 2022, and changed the accounting treatment method related to revenue recognition, the method for estimating the net sales and profit of business segments changed accordingly. Due to these changes, in comparison with previous methods, net sales to outside customers in the first quarter increased ¥9,803 million in Vinyl Acetate, increased ¥2,222 million in Isoprene, increased ¥5,015 million in Functional Materials, increased ¥2,534 million in Fibers and Textiles, decreased ¥20,960 million in Trading, and increased ¥192 million in Others.

In addition, intersegment net sales or transfers decreased ¥10,149 million in Vinyl Acetate, decreased ¥2,579 million in Isoprene, decreased ¥5,061 million in Functional Materials, decreased ¥2,725 million in Fibers and Textiles, decreased ¥1,066 million in Trading, and decreased ¥190 million in Others, and adjustments increased ¥21,771 million.

The impact on segment income was minimal.

Furthermore, from January 1, 2022, regarding the elimination of some internal transaction profit, we changed the method for allocating it to each segment and the Corporate. Segment information in the first quarter of the previous fiscal year is presented based on the changed allocation method.

#### Changes in reporting segments

Following the revision to our organizational structure, from January 1, 2022, the aqua

business was transferred from Others to Functional Materials. Furthermore, the segment information for the first quarter of the previous fiscal year is presented based on the changed reporting segments.