



KANEKA

The Dreamology Company
—Make your dreams come true—

Financial Summary
Fiscal Year Ended March 31, 2024

May 14, 2024

KANEKA CORPORATION



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Forecasts of the operating results and other statements contained in this document are forward-looking statements, which are rationally determined based on information currently available to the Company. For a variety of reasons, actual performance may differ substantially from these projections. They do not constitute a guarantee that the Company will achieve these forecasts or any other forward-looking statements.

Highlights

	FY2022	FY2023	(Billions of yen)		Previous forecast (Feb. 8, 2024)	Rate of achievement
			Difference (YoY)			
			Amount	%		
Net sales	755.8	762.3	6.5	0.9%	766.0	99.5%
Operating income	35.1	32.6	(2.5)	(7.1%)	32.0	101.8%
Ordinary income	32.4	29.2	(3.2)	(9.8%)	28.7	101.8%
Net income attributable to owners of parent	23.0	23.2	0.2	0.9%	23.0	101.0%
Operating income margin	4.6%	4.3%				
Net income per share	¥349.59	¥357.90				
Dividend per share	¥110.00	¥110.00				
ROE	5.7%	5.3%				
Exchange rate (to USD)	¥135.5	¥144.6				
Exchange rate (to EURO)	¥141.0	¥156.8				
Domestic Naptha Price (per kl)	¥76,625	¥69,225				

State of the Global Economy - Fragmentation and economic volatility-

- Although the COVID-19 pandemic ended, the global economy has had a volatile year lacking a clear direction. And the economic outlook remained uncertain.
- Monetary policy turmoil, friction between the U.S. and China, and economic downturn in China etc. continued.

Kaneka Group's Business Performance

- Sales increased and profits decreased, but profits increased significantly in the 2nd half -

Business Performance by Segment

(Billions of yen)

	Net Sales										Difference (YoY)	
	FY2022					FY2023					Amount	%
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total		
Material SU	88.9	84.0	77.8	83.1	333.9	77.7	78.8	81.4	85.0	322.9	(11.0)	(3.3%)
Quality of Life SU	45.0	42.2	43.8	41.8	172.8	40.9	43.9	46.6	44.8	176.2	3.4	2.0%
Health Care SU	16.6	17.4	18.7	18.1	70.8	17.7	18.4	17.2	21.5	74.9	4.1	5.7%
Nutrition SU	41.9	44.1	46.0	45.4	177.3	46.0	46.0	49.0	46.1	187.2	9.8	5.6%
Others	0.3	0.2	0.2	0.3	1.1	0.4	0.2	0.3	0.3	1.2	0.1	9.7%
Total	192.7	187.9	186.5	188.7	755.8	182.7	187.4	194.6	197.6	762.3	6.5	0.9%

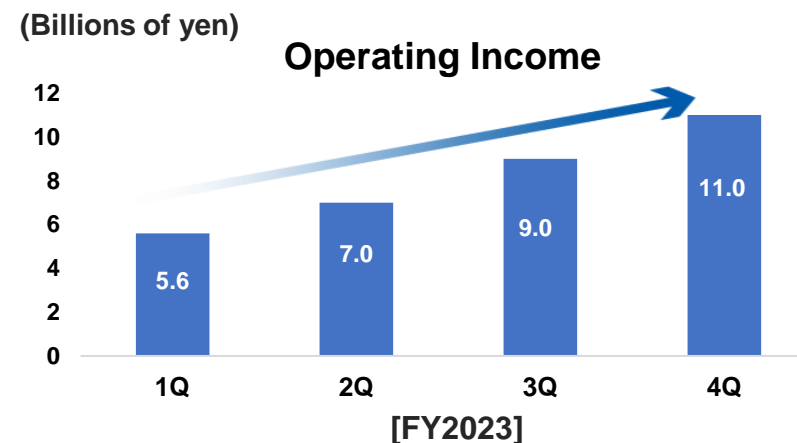
	Operating Income										Difference (YoY)	
	FY2022					FY2023					Amount	%
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total		
Material SU	10.8	7.9	3.8	5.0	27.4	5.5	6.6	7.0	8.4	27.5	0.0	0.2%
Quality of Life SU	4.6	4.1	4.4	3.1	16.1	2.9	4.2	4.7	3.6	15.4	(0.8)	(4.8%)
Health Care SU	3.9	3.7	4.5	3.7	15.7	3.0	2.9	2.5	4.6	12.9	(2.7)	(17.5%)
Nutrition SU	0.8	1.3	2.3	3.2	7.6	2.3	2.3	3.8	3.7	12.1	4.5	59.2%
Others	0.2	0.1	0.1	0.2	0.6	0.3	0.1	0.2	0.1	0.7	0.1	20.4%
Adjustment	(8.0)	(8.5)	(8.2)	(7.6)	(32.3)	(8.4)	(9.1)	(9.1)	(9.4)	(36.0)	(3.6)	-
Total	12.2	8.6	6.8	7.5	35.1	5.6	7.0	9.0	11.0	32.6	(2.5)	(7.1%)

※SU : Solutions Unit

Remarks on the Group-wide Business Performance ①-1

Rapid Recovery of Business Performance

- Operating income bottomed out at ¥5.6 billion in 1Q (Apr. to Jun. 30, 2023), and the pace of recovery accelerated in each successive quarter, to ¥7.0 billion in 2Q (Jul. 1 to Sep. 30, 2023), ¥9.0 billion in 3Q (Oct. 1 to Dec. 31, 2023), and ¥11.0 billion in 4Q (Jan. 1 to Mar. 31, 2024).
- Business performance abruptly turned towards profit recovery in the 2nd half although downturn in construction demand in Europe and the U.S., and the inventory adjustments in the electronics market continued,
- Strong momentum returned to each Solutions Vehicle in the 2nd half despite a sluggish 1st half primarily due to volatile fluctuations in demand.
- In 4Q, overseas business Solutions Vehicles such as Modifiers (MOD), Modified Silicone polymers (MS), and E & I Technology, and Nutrition Solutions Unit, which is utilizing unique and niche technologies contributed to business performance.
- Business performance in Medical grew steadily, and Vinyls and Chlor-Alkali and Foam & Residential Techs have also gotten out of the worst period.



Remarks on the Group-wide Business Performance ①-2

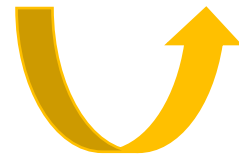
Comparison between the 1st and 2nd half of the current fiscal year and comparisons between the current and the previous fiscal year's 2nd half both show significant profit growth, due to the portfolio transformation driven by leading-edge businesses and strong performance of foundation businesses.

● Operating income by segments (Compared 1H* to 2H*)

(Billions of yen)

	Operating Income				
	FY2022		FY2023		Difference (Vs. current 1H) Amount
	1H	2H	1H	2H	
Material SU	18.7	8.7	12.1	15.4	3.2
Quality of Life SU	8.7	7.5	7.1	8.3	1.2
Health Care SU	7.5	8.2	5.9	7.0	1.2
Nutrition SU	2.1	5.5	4.6	7.5	2.9
Others	(16.2)	(15.6)	(17.1)	(18.2)	(1.1)
Total	20.8	14.3	12.6	20.0	7.4

※SU : Solutions Unit



● Operating Income of 2H (Compared FY2022 2H to FY2023 2H)

(Billions of yen)

	Operating Income		
	FY2022	FY2023	Difference (Vs. previous 2H) Amount
	2H	2H	
Material SU	8.7	15.4	6.6
Quality of Life SU	7.5	8.3	0.8
Health Care SU	8.2	7.0	(1.1)
Nutrition SU	5.5	7.5	2.0
Others	(15.6)	(18.2)	(2.6)
Total	14.3	20.0	5.7

※SU : Solutions Unit

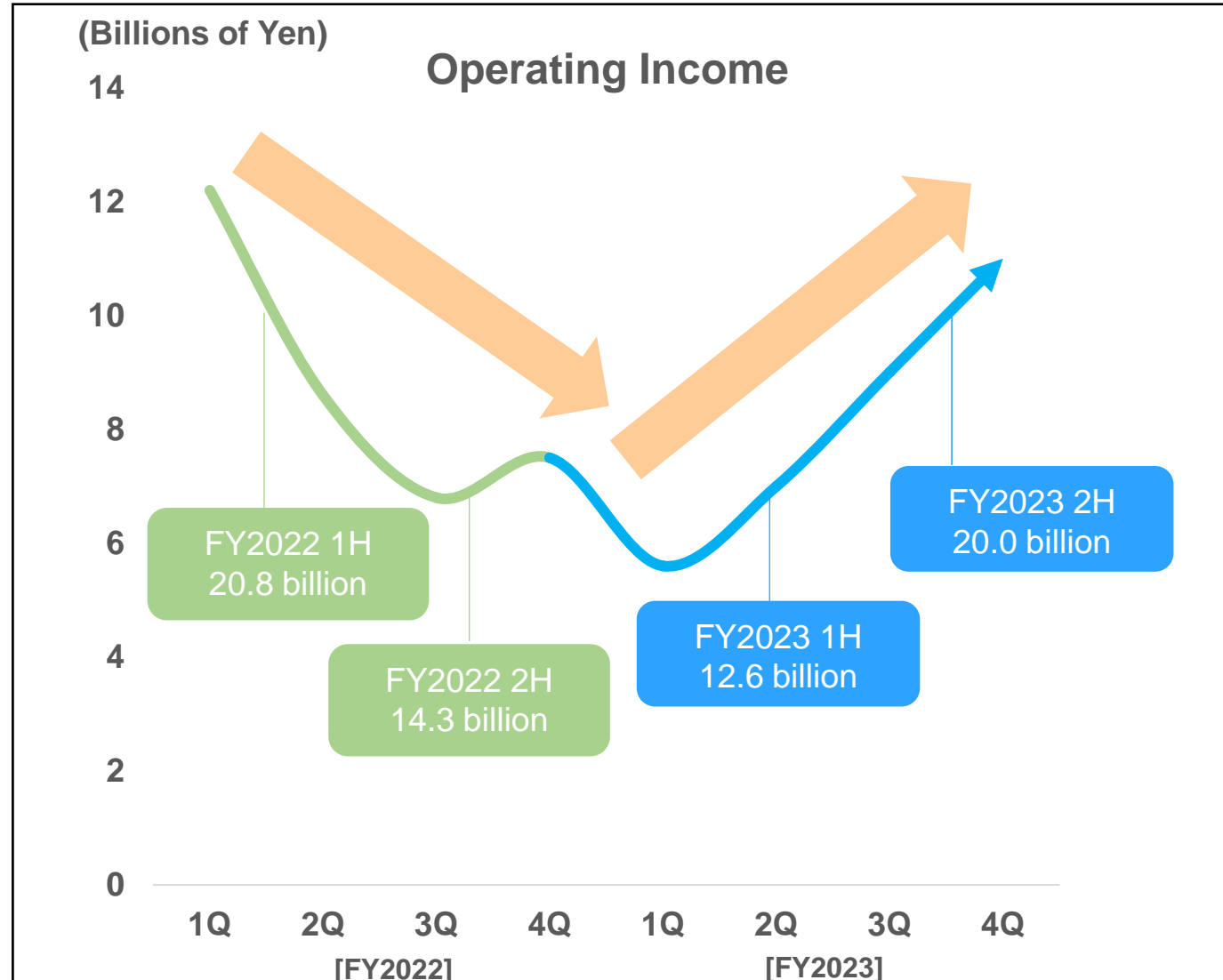


*1H: April 1 to September 30

*2H: October 1 to March 31

Remarks on the Group-wide Business Performance ①-3

Momentum has returned since the 2nd half



Remarks on the Group-wide Business Performance ②

Leading-edge Businesses Driving Kaneka's Portfolio Transformation

- Medical, Supplement, MS, E & I, and PV: Performance steadily grew.
 - Strengthened differentiated and unique technologies and open innovation.
- Medical: Business performance expanded smoothly.
 - Actively engaged in open innovation, including M&A and technological alliances.
 - With overseas market such as the U.S., China, and Asia as next strategic move, we are focusing all efforts on strengthening our R2B capabilities and restructuring our sales system.
- Pharma: Demand adjustment continued, but 4Q saw a significant shift toward recovery.
 - Bio-CDMO and small molecule pharmaceuticals: Joint development activities with customers have progressed.
 - Aggressively pursued further large projects in both domestic and overseas markets.



Remarks on the Group-wide Business Performance ③

Strong Performance of Foundation Businesses

- MOD: Excess market inventory and global supply-demand imbalance ended.
- Vinyls and Foam: Focused on activities to create a scalable global niche market.
- Fibers: Due to prolonged inflation and currency depreciation in African countries, a temporary demand adjustment continued in 4Q.
 - Pursued R2B activities to realize unique and distinctive fibers by enhancing its functionality.
 - Expanding our domain and strengthening sales for hair accessories in other regions, with Nigeria as our focal point.
- Foods & Agris: Profitability improved significantly.
 - Sales shift to high-value-added products and expansion of profit margin have progressed.
 - New businesses such as dairy products are leading the portfolio transformation.
 - High level of performance is planned to be maintained.



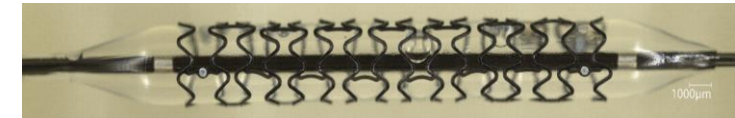
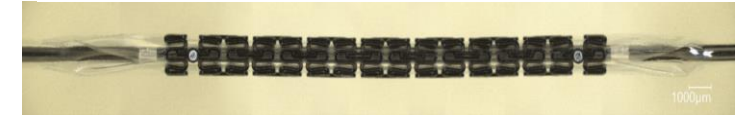
Remarks on the Group-wide Business Performance ④

Progress of Investment Plan for Growth

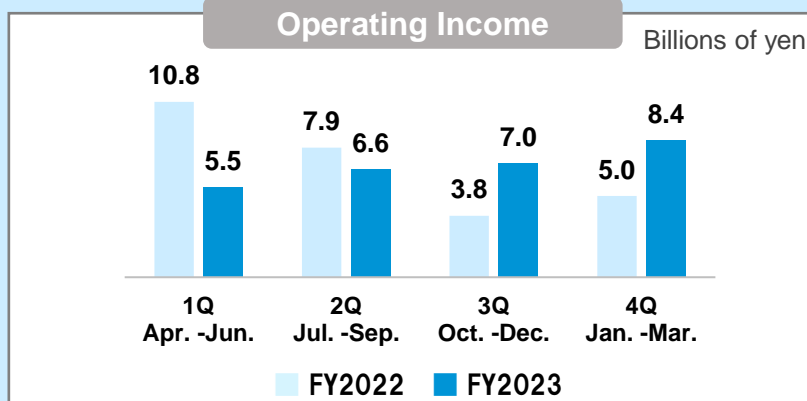
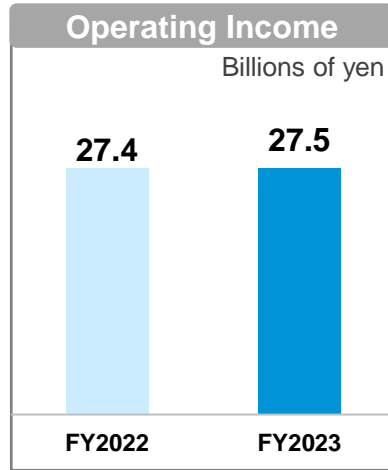
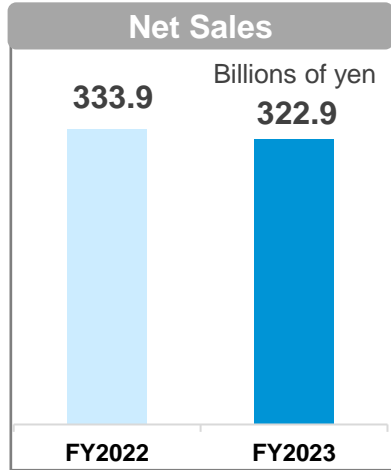
- Medical: New production facility in Tomach, Hokkaido is scheduled to start operation in FY2025 2Q.
 - Expanded our lineup of catheter products
 - ① Incorporated biodegradable magnesium stent technology
 - ② Started importing and selling stents used to retrieve blood clots
- Kaneka Eurogentec S.A.(Pharma): Construction for production facility for mRNA, which is expected to grow at a high rate for adoption in therapeutics for genetic diseases and cancer, is proceeding as planned.
- KANEKA Biodegradable Polymer Green Planet™: Construction of the demonstration plant for the mass production is progressing smoothly.
- MS: Capacity expansion in Belgium will be completed as planned this spring.
- Decided to make a major capital investment to decommission the coal boilers at Takasago.

○ Bioresorbable stents

(above : before expansion, below : after expansion)



Performance



(Material Solutions Unit)

Lower profits in the 1st half, but profits increased significantly in the 2nd half due to demand recovery.

On a full-year basis, the unit recovered to the previous year's level.

Vinyls and Chlor-Alkali

- PVC and caustic soda: Affected by the decline in the Asian market, but performance has been recovering since 3Q.

Performance Polymers (MOD)

- Demand has been recovering at all locations since 3Q, resulted in a significant year-on-year increase in profits in the 2nd half.
- Profitability improved as efforts to strengthen business competitiveness made steady progress.

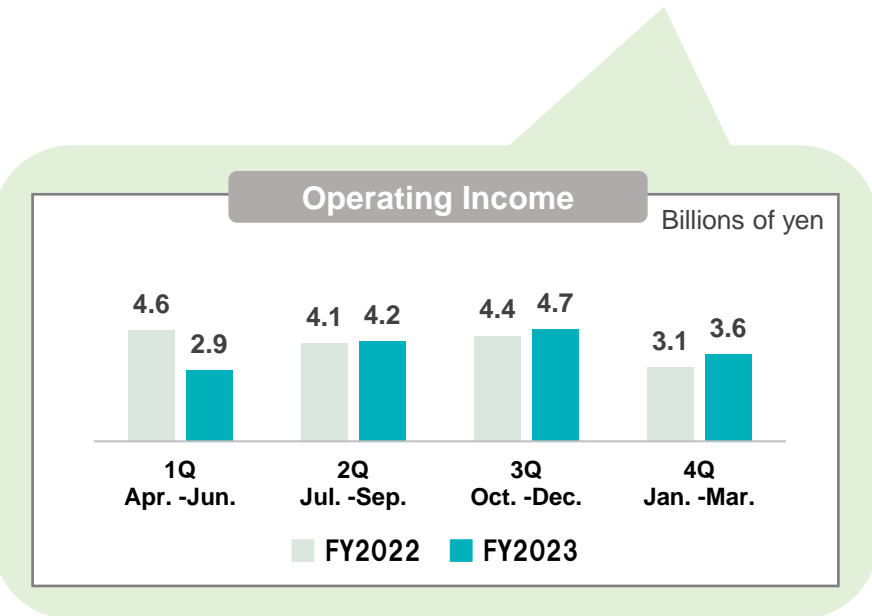
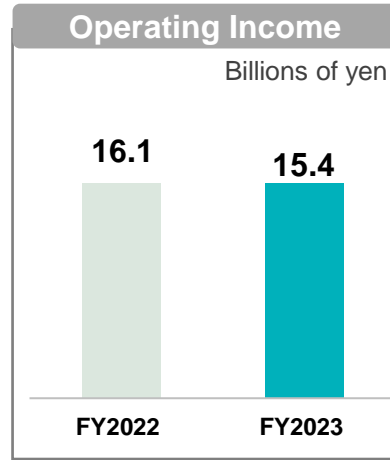
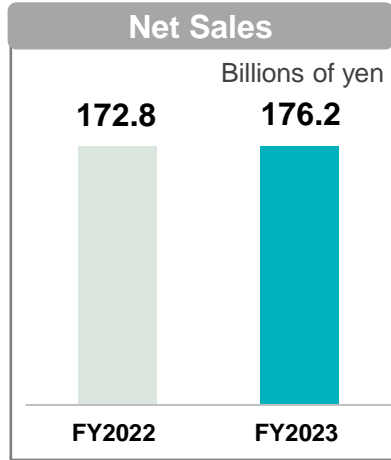
Performance Polymers (MS)

- Sales remained strong in response to its unique functional characteristics.
- Aiming to expand business by fully leveraging increased production capacity in Belgium to be completed this spring.

Green Planet

- Progress has been made in joint development with major brand holders.
- Adoption in new applications increased.

Performance



(Quality of Life Solutions Unit)

Higher sales and higher profits in Foam, E & I, and PV, while ongoing demand-supply adjustments in Fibers.

Foam & Residential Techs

- Profit margin improved, resulting in higher sales and higher profits overall.
- Polyolefin foam: Sales in the automobile sector and its adoption in EV applications has expanded.

PV & Energy management

- Domestic sales of high-efficiency photovoltaic modules for single homes were firm.
- To stimulate demand for zero-energy building (ZEB), in which walls and windows generate electricity, we established the joint sales company with Taisei Corporation.

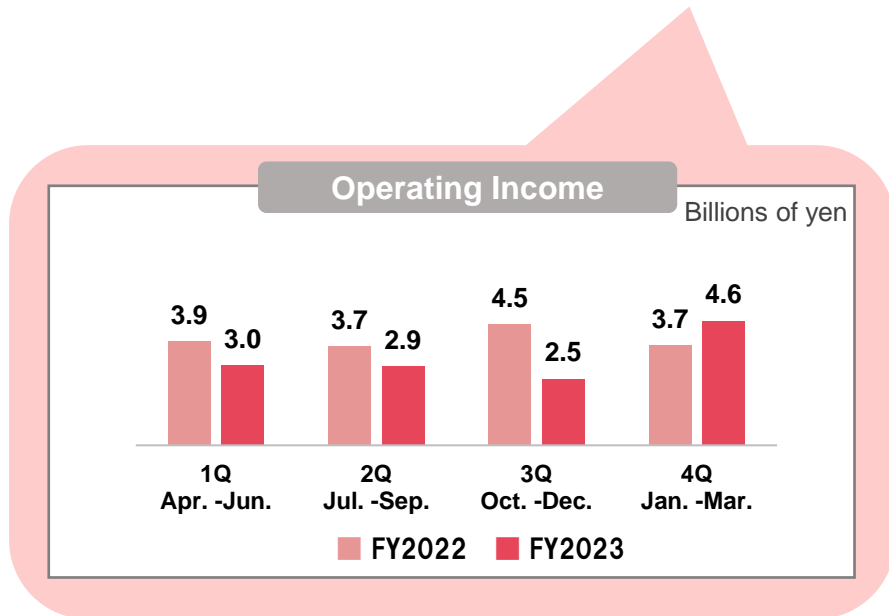
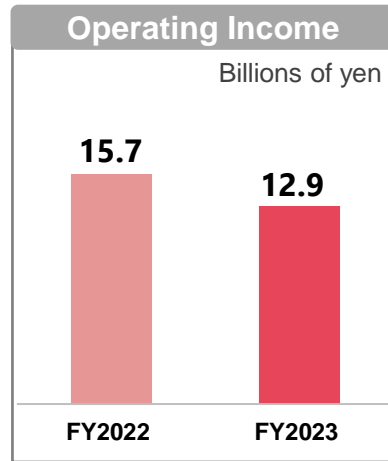
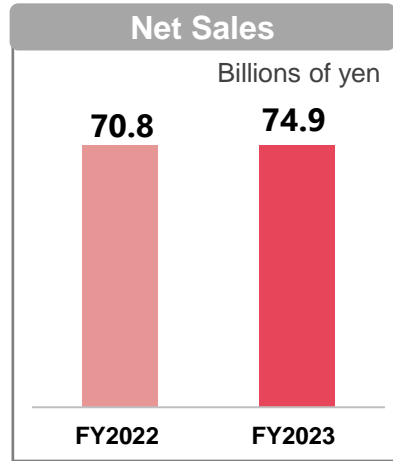
E & I Technology

- Polyimide shipments were affected by the adjustment of smartphone production in the first half of the year, but demand has recovered since 3Q, especially in the Chinese market.
- Acrylic resins for large-screen TVs: Experienced a temporary demand adjustment, but have recovered since 4Q.

Performance Fibers

- Demand was sluggish due to the significant impact of inflation and currency depreciation in African countries.
- Will focus on stimulating end-user demand by strengthening marketing strategies and proactively introducing new high-performance products.

Performance



(Health Care Solutions Unit)

Medical business expanded steadily, while the Pharma business was affected by shipment adjustments through 3Q.

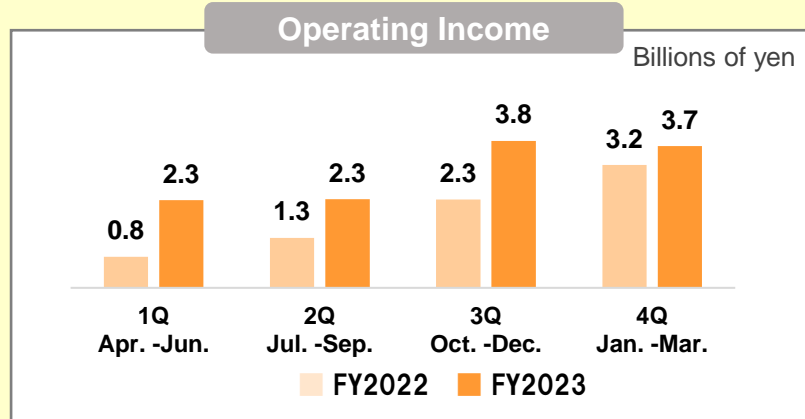
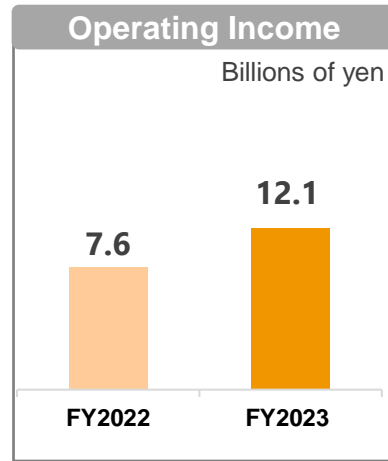
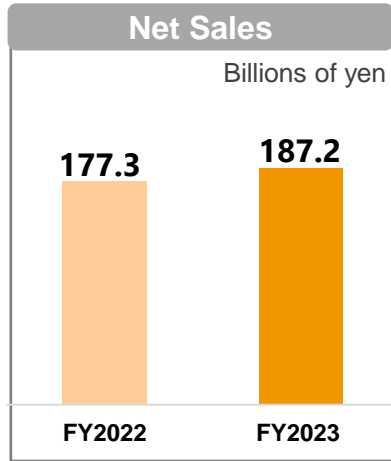
Medical

- Blood purification devices: New production facility in Hokkaido is scheduled to start operation.
- Promoting open innovation.

Pharma

- Small molecule pharmaceutical and biopharmaceutical: Experienced longer-than-expected demand adjustments from customers, but demand has been on a recovery trend since 4Q.
- mRNA: Will strengthen the production system and focus on its adoption in therapeutics for genetic diseases and cancer.

Performance



(Nutrition Solutions Unit)

Substantial increases in both sales and profits owing to the continued strong performance of Foods and Supplement.

Supplemental Nutrition

- Coenzyme Q10: Sales remained firm in the U.S. and expanded in Asia and Oceania.
- Probiotics business: Will focus on launching a variety of new products and reinforcing our production base to expand sales in the U.S., the biggest market.

Foods & Agris

- Profit margin improved and earnings grew substantially.
- Aiming to expand business by aggressively promoting high value-added “Business to Consumer” businesses including organic dairy products.

Consolidated Balance Sheets

(Billions of yen)

		March 31, 2023	March 31, 2024	Difference
Assets	Current assets	397.0	428.9	31.9
	Noncurrent assets	385.7	441.3	55.7
Total assets		782.6	870.2	87.6
Liabilities	Interest bearing debt	159.3	174.8	15.5
	Others	186.9	221.0	34.1
	Total liabilities	346.2	395.8	49.6
Net assets	Equity *	417.4	453.5	36.1
	Others	19.1	20.9	1.9
	Total net assets	436.4	474.4	38.0
Total liabilities and net assets		782.6	870.2	87.6
Equity ratio		53.3%	52.1%	
Debt equity ratio		0.38	0.39	
Net assets per share		¥6,431.63	¥7,068.91	

* Equity : Net assets less Noncontrolling interests and Subscription rights to shares

- Total assets increased due to an increase in property, plant and equipment resulting from expanded capital investment, an increase in investment securities due to an increase in the fair value of shares held, and an increase in overseas group companies' assets denominated in yen resulting from the weakening of yen.
- Liabilities increased, primarily reflecting an increase in loans payable and issuance of bonds payable.
- Net assets increased owing chiefly to an increase in retained earnings, an increase in foreign currency translation adjustments resulting from the weakening of yen, and an increase in valuation difference on available-for-sale securities due to an increase in the fair value of shares held.
- Equity ratio was 52.1%.

Consolidated Statements of Cash Flows

(Billions of yen)

	FY2022	FY2023
Cash flows from operating activities	28.7	61.9
Cash flows from investing activities	(42.0)	(58.8)
Free cash flow	(13.3)	3.1
Cash flows from financing activities	12.4	(1.5)
Net increase (decrease) in cash and cash equivalents *	(0.0)	2.6
Cash and cash equivalents at end of period	40.7	43.3

* Including Effect of exchange rate change on cash and cash equivalents and Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation.

- Net cash provided by operating activities was ¥61.9 billion, mainly due to the recording of income before income taxes and depreciation and amortization.
- Net cash used in investing activities amounted to ¥58.8 billion, mainly due to purchase of property, plant and equipment.
- Net cash used in financing activities was ¥1.5 billion due to dividends paid and purchase of treasury stock which offset proceeds from issuance of bonds.
- Cash and cash equivalents as of March 31, 2024 totaled ¥43.3 billion.

Investments, Depreciation, R&D Expenses

(Billions of yen)

	FY2022	FY2023	Difference
Capital investment	44.3	69.2	24.8
Depreciation and amortization	39.2	40.5	1.3
R&D expenses	32.7	35.4	2.7
R&D expenses to net sales	4.3%	4.6%	



Green Planet™
15,000t/year Demonstration facility



Medical
Hokkaido Construction of a new production
facility for blood purification devices



Kaneka Belgium N.V.
Capacity expansion of
Modified Silicone polymers

Shareholder Returns

• Repurchased of treasury shares

➤ Repurchase of treasury shares up to 8.0 billions yen (Announced on February 8, 2024) Period: Feb., 2024~Jun., 2024

【FY2023 (Result)】 Amount of treasury shares repurchased: 2.8 billions yen (Number: 0.76 million shares)

【FY2024 (Plan)】 Execute repurchase of treasury shares as planned (Estimated amount: about 5.0 billions yen)

• Dividends

【FY2023 (Result)】 Annual dividend: 110 yen/share
 Payout ratio: 30.7%, Total shareholder return ratio: 42.8%

【FY2024 (Plan)】 Planning to increase dividend
 Payout ratio: 30% or more, Annual dividend: 120 yen/share

Earnings Forecasts and Other Forward-looking Statements

Kaneka's Purpose Management

- Our purpose management, “KANEKA The Dreamology Company – Make your dreams come true—”
- We provide optimal solutions in three domains: the environmental and energy crisis, the food crisis, and the wellness (better living) crisis.

Hybrid Management

- Innovation is “a combination that does things in a different way.” Combining different things in different business fields in a new way.
- We will create creative and valuable solutions through surprising combinations of Kaneka's wide variety of different technologies.

R2B+P –Accelerating the Flow from Research to Business

- We will promote the fusion of research and business and further accelerate the flow from research to business.
- Strengthening our R2B+P initiative, which strongly integrates R2B and manufacturing.

Shift in Emphasis to Life Science

- The definition of “life science” is the technologies and creative activities that use chemistry to make life on Earth healthier.
- We will drive the transformation of its portfolio by taking on the challenge of “R2B” in the life science area.

Earnings Forecasts and Other Forward-looking Statements

Think Global, Act Local

- Our mission is to deliver solutions all over the world to save human lives and resolve social issues, and we focus on conducting local-based business (glocal business) by overcoming cultural differences. Our goal is to become a company with a global presence.
- We will actively promote M&A, technology and business alliances, and open innovation to transform our global business structure and achieve rapid growth.

Diversity –New Value Creation and Women’s Participation

- By going beyond attributes such as age, gender, nationality, and race, and tapping into diversity, we bring forth new ideas. In this way, we aim to continue delivering unique Kaneka value that amazes the world.
- Kaneka 1-on-1 will evolve into a new stage, “Kaneka 1-on-1X,” to enhance individual growth and organizational performance.

Carbon Neutral・DX Initiatives

- We work to reduce energy consumption through fuel conversion of in-house power generation facilities and process innovation.
- We will strengthen our DX initiatives and greatly accelerate value creation through R2B+P, and will incorporate cutting-edge technology to evolve our production plants and build up manufacturing sites in the future.

Earnings Forecasts and Other Forward-looking Statements

(Billions of yen)

	FY2023 Result	FY2024 Forecast	Difference	
			Amount	%
Net sales	762.3	790.0	27.7	3.6%
Operating income	32.6	38.0	5.4	16.6%
Ordinary income	29.2	34.0	4.8	16.3%
Net income attributable to owners of parent	23.2	24.5	1.3	5.5%
Operating income margin	4.3%	4.8%		
Net income per share	¥357.90	¥388.18		
ROE	5.3%	5.4%		
Exchange rate (to USD)	¥144.6	¥140.0		
Exchange rate (to EURO)	¥156.8	¥155.0		
Domestic Naptha Price (per kl)	¥69,225	¥65,000		

- While global inflation is expected to ease, the path to global economic growth is still uncertain.
- Although the global economy is anticipated to continue experiencing volatility and uncertainty in the business environment, we will focus on the social implementation of new businesses by strategically investing in management resources for Life Science and leading-edge businesses.

Earnings Forecasts and Other Forward-looking Statements (By segments / Compared FY2023 to FY2024)

(Billions of yen)

	Net Sales				Operating Income			
	FY2023 Result	FY2024 Forecast	Difference		FY2023 Result	FY2024 Forecast	Difference	
			Amount	%			Amount	%
Material SU	322.9	325.0	2.1	0.6%	27.5	28.0	0.5	1.8%
Quality of Life SU	176.2	187.0	10.8	6.1%	15.4	17.5	2.1	13.9%
Health Care SU	74.9	89.0	14.1	18.9%	12.9	16.0	3.1	23.6%
Nutrition SU	187.2	188.0	0.8	0.4%	12.1	13.0	0.9	7.6%
Others	1.2	1.0	(0.2)	(15.1%)	0.7	0.5	(0.2)	(25.1%)
Adjustment	-	-	-	-	(36.0)	(37.0)	(1.0)	-
Total	762.3	790.0	27.7	3.6%	32.6	38.0	5.4	16.6%

※SU : Solutions Unit

- Health Care and Nutrition will drive growth by capturing the needs of the times as people become more health-conscious.
- Leading-edge businesses including E & I and PV will accelerate R2B results.
- MOD and MS will begin to reap new results.
- Vinyls, Foam, and Fibers are expected to support company-wide performance with solid footing and generate stable earnings.

KANEKA CORPORATION
<https://www.kaneka.co.jp/en/>

The List of Kaneka Business Unit Abbreviations

