



KANEKA

The Dreamology Company
—Make your dreams come true—

Financial Summary

Fiscal Year Ended September 30, 2024

November 12, 2024

KANEKA CORPORATION



INDEX

Highlights	01
Business Performance by Segment	03
Consolidated Balance Sheets	08
Consolidated Cash Flows	09
Consolidated Business Forecasts	10

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

(Billions of yen)

	FY2023 1H (Apr.-Sep.)	FY2024 1H (Apr.-Sep.)	Difference (YoY)	
			Amount	%
Net sales	370.1	396.0	25.8	7.0%
Operating income	12.6	19.1	6.5	51.5%
Ordinary income	12.7	14.4	1.7	13.0%
Net income attributable to owners of parent	8.9	10.2	1.3	14.2%
Operating income margin	3.4%	4.8%		
Net income per share	¥137.09	¥160.48		
Exchange rate (to USD)	¥141.1	¥152.8		
Exchange rate (to EURO)	¥153.5	¥166.1		
Domestic Naptha Price (per kl)	¥65,550	¥78,250		

State of the Global Economy - Ongoing economic stagnation, with the outlook remaining uncertain -

- There have been concerns over a potential slowdown in economic recovery.
- Political climate becomes increasingly uncertain coupled with growing geological risks.

Kaneka Group's Business Performance

- Sales and profits increased, maintaining momentum in 2Q (July 1 to September 30, 2024) -

- Performance in 1H*: Strong momentum since the first quarter (April 1 to June 30, 2024). Temporary shipment adjustment occurred in Health Care Unit (Pharma business).
- Outlook for 2H*: Growth momentum of all Solutions Units is expected to become stronger. Quarterly operating income is to exceed ¥10 billion in 4Q.

*1H: April 1 to September 30, 2024

*2H: October 1, 2024 to March 31, 2025

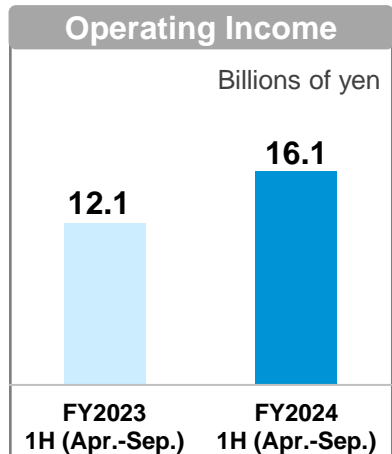
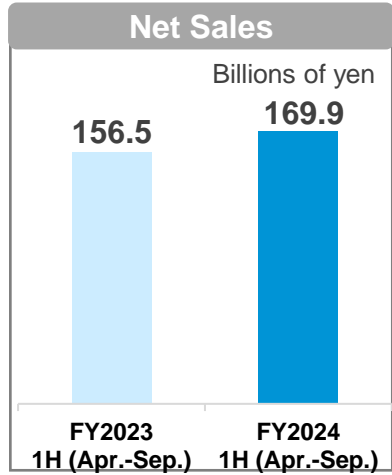
Business Performance by Segment

(Billions of yen)

	Net sales				Operating income			
	FY2023 1H(Apr.-Sep.)	FY2024 1H(Apr.-Sep.)	Difference		FY2023 1H(Apr.-Sep.)	FY2024 1H(Apr.-Sep.)	Difference	
			Amount	%			Amount	%
Material SU	156.5	169.9	13.4	8.6%	12.1	16.1	3.9	32.6%
Quality of Life SU	84.8	93.4	8.7	10.2%	7.1	9.6	2.5	34.5%
Health Care SU	36.2	36.4	0.2	0.6%	5.9	5.4	(0.4)	(7.6%)
Nutrition SU	92.0	95.8	3.8	4.1%	4.6	6.4	1.9	40.9%
Others	0.6	0.4	(0.2)	(32.0%)	0.4	0.2	(0.2)	(54.3%)
Adjustment	-	-	-	-	(17.5)	(18.6)	(1.1)	-
Total	370.1	396.0	25.8	7.0%	12.6	19.1	6.5	51.5%

※SU: Solutions Unit

Performance



(Material Solutions Unit)

Increased sales and profits thanks to the strong growth momentum of MOD and MS. Increase in full-year profits forecasted.

Vinyls and Chlor-Alkali

- Performance in 1H: Downturn in PVC market in Asia → Operating income on par with the same period last year.
- Outlook for 2H: Price revision for PVC in Japan will contribute → Business performance is to recover up in 4Q.

Performance Polymers (MOD)

- Performance in 1H: Maintained competitiveness from the previous year → Sales increased at all locations. Sales of products for non-PVC use and epoxy masterbatch (MX), which have differentiated capabilities, expanded steadily.
- Outlook for 2H: Strong growth momentum is to be maintained.

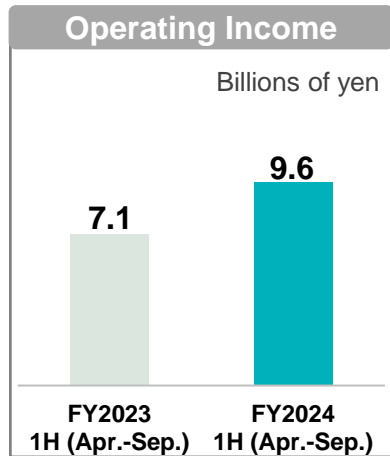
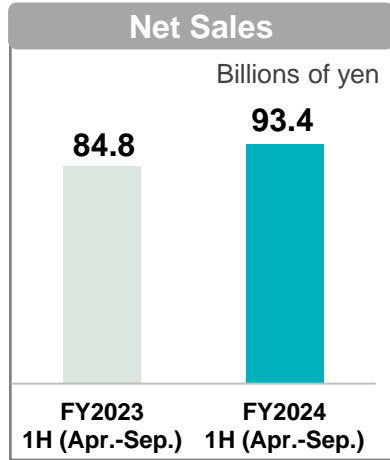
Performance Polymers (MS)

- Performance in 1H: Facilities in Belgium with increased production capacity started operations smoothly. Business performance is firm.
- Outlook for 2H: Momentum of sales expansion and higher earnings is likely to continue.

Green Planet

- Performance in 1H: Progress has been made to achieve large-scale product adoption by major brand holders around the world. Growing interest in Green Planet as the product adopted for a foam cushioning material for home electrical appliances and automobiles.
- Outlook for 2H: More efforts to achieve large-scale product adoption and focus on launching of a demonstration plant for the mass production of Green Planet.

Performance



(Quality of Life Solutions Unit)

Significant increases in both sales and profits all together driven by high earnings posted by E & I. Strong momentum of E & I is to continue in 2H.

Foam & Residential Techs

- Performance in 1H: Adversely affected by decreased demand in the automobile, domestic agricultural and construction sectors, and higher raw material prices.
- Outlook for 2H: Proceed price revision → Full-year earnings is to recover up to the level of the previous fiscal year.

E & I Technology

- Performance in 1H: High level of sales of polyimide films and acrylic resins → Significantly increased profits
- Outlook for 2H: Strong demand for smartphone and TVs → High earnings is expected to continue.

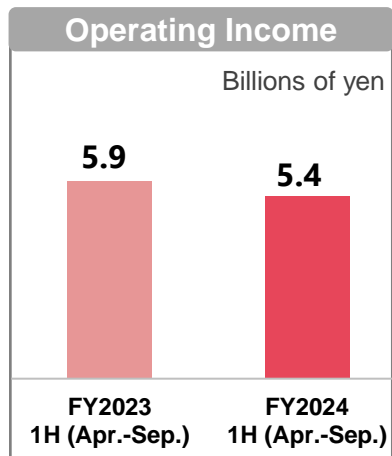
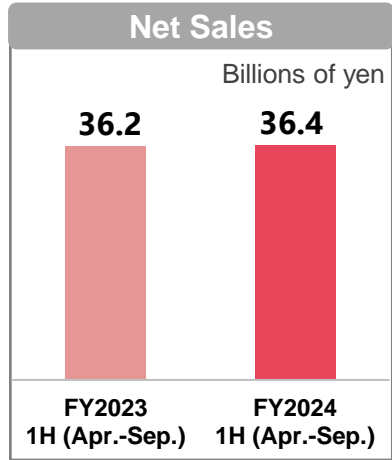
PV & Energy management

- Performance in 1H: Sales of high-efficiency photovoltaic modules for residential use steadily increased.
- Outlook for 2H: Increase the sales of products for zero-energy building (ZEB) and step up research and development of perovskite → Expand and enhance the lineup of high-value-added products.

Performance Fibers

- Performance in 1H: Steady recovery in the sales of hair accessory products → Increased profits year-on-year
- Outlook for 2H: Plan to create demand by launching new products despite the persistent high inflation and currency depreciation in African countries.

Performance



(Health Care Solutions Unit)

Further progress made in introducing new products and expanding sales in Medical businesses while temporary shipment adjustments in Pharma businesses. Full-year earnings is to expand in the entire unit.

Medical

- Performance in 1H: New plant for blood purification devices in Hokkaido (Tomatoh Manufacturing Site) started operations smoothly.

Sales of both blood purification devices and catheters expanded steadily.

Decided to construct a new catheter plant at Tomatoh manufacturing site.

→ Aim to respond to increasing global demand worldwide

- Outlook for 2H: Expand the sales of new products → Strong growth momentum is to continue.

Pharma

- Performance in 1H: Sales declined as some shipments are postponed to 4Q*.

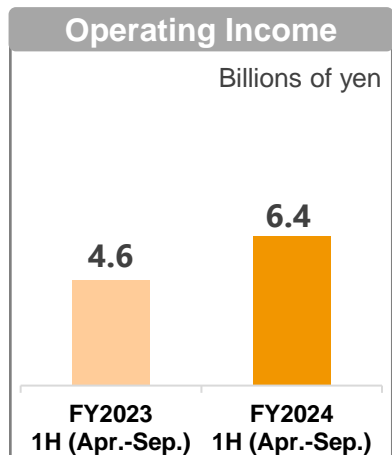
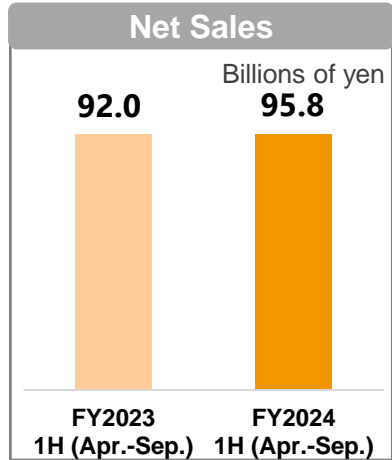
- Outlook for 2H: Concentration of shipments for newly acquired large projects in 4Q although the impact of the shipment adjustment is to remain in 3Q*.

→ Substantial year-on-year increase in profits

*3Q: October 1 to December 31, 2024

*4Q: January 1 to March 31, 2025

Performance



(Nutrition Solutions Unit)

Significant increases in both sales and profits owing to the continued solid performance of Supplemental Nutrition and Foods & Agris. Substantial year-on-year increase in full-year profits with favorable performance expected to be maintained in 2H.

Supplemental Nutrition

- Performance in 1H: Faced adjustments to inventory by customers in 2Q in response to a reactionary decline in the sales of the active forms of coenzyme Q10 in the U.S. following concentrated shipments in 1Q.
- Outlook for 2H: Sales expected to increase in global markets → Earnings is to grow steadily.

Foods & Agris

- Performance in 1H: Progress made in shifting to high-value-added products and improving profit margin → Continued momentum of strong profit growth
For “Business to Consumer” business, the market launch and sales of unique and distinctive high-value-added products expanding (“*Watashi no Chikara* (My Energy) – Q10 Yogurt”, “Kaneka Q10 Fruit Gummies”, and dairy products, etc.)
- Outlook for 2H: Shift to high-value-added products and sales expansion of newly released products are to continue progressing → Favorable performance maintained

Business Performance by Segment (Quarter-on-Quarter)

(Billions of yen)

	Net Sales				Operating Income			
	FY2024		Difference(QoQ)		FY2024		Difference (QoQ)	
	1Q	2Q	Amount	%	1Q	2Q	Amount	%
Material SU	86.0	83.9	(2.2)	(2.5%)	8.4	7.7	(0.7)	(8.3%)
Quality of Life SU	45.1	48.4	3.3	7.3%	4.3	5.3	1.0	24.4%
Health Care SU	18.4	18.0	(0.4)	(1.9%)	3.0	2.5	(0.5)	(18.1%)
Nutrition SU	48.7	47.1	(1.5)	(3.2%)	3.9	2.5	(1.4)	(34.8%)
Others	0.2	0.2	(0.0)	(13.0%)	0.1	0.1	(0.0)	(40.1%)
Adjustment	-	-	-	-	(9.4)	(9.2)	0.1	-
Total	198.4	197.6	(0.8)	(0.4%)	10.3	8.8	(1.5)	(14.1%)

↳SU : Solutions Unit

Factors for difference in operating income

- Material : MOD and MS maintained strong momentum. Downturn in PVC market conditions in Asia.
- QoL : E & I increased its sales of smartphone and TVs. Foam improved profit margin. Fiber bottomed out in demand.
- Health Care : Some shipments for biopharmaceuticals in Pharma postponed to 4Q.
- Nutrition : Decreased demand for Foods during the summer period due to intense heat. Supplement reactionary declined in the sales of the active form of coenzyme Q10 following concentrated shipment in 1Q.

Consolidated Balance Sheets

(Billions of yen)

		March 31, 2024	September 30, 2024	Difference
Assets	Current assets	428.9	415.3	(13.6)
	Noncurrent assets	441.3	442.2	0.9
Total assets		870.2	857.5	(12.7)
Liabilities	Interest bearing debt	174.8	184.9	10.1
	Others	221.0	197.7	(23.3)
	Total liabilities	395.8	382.6	(13.2)
Net assets	Equity *	453.5	454.1	0.6
	Others	20.9	20.9	(0.1)
	Total net assets	474.4	474.9	0.5
Total liabilities and net assets		870.2	857.5	(12.7)
Equity ratio		52.1%	53.0%	
Debt equity ratio		0.39	0.41	
Net assets per share		¥7,068.91	¥7,214.80	

- Total assets : Down due to a decrease in notes and accounts receivable-trade.
- Liabilities : Decreased, primarily reflecting a decrease in notes and accounts payable-trade.
- Net assets : Increased owing chiefly to an increase in retained earnings, which was partially offset by dividends paid and an increase in treasury stock.
- Equity ratio : 53.0%

Consolidated Cash Flows

(Billions of yen)

	FY2023 1H(Apr.-Sep.)	FY2024 1H(Apr.-Sep.)
Cash flows from operating activities	24.0	23.0
Cash flows from investing activities	(30.6)	(30.4)
Free cash flow	(6.6)	(7.4)
Cash flows from financing activities	9.9	1.6
Net increase (decrease) in cash and cash equivalents *	4.2	(5.2)
Cash and cash equivalents at end of period	44.9	38.1

- Net cash provided by operating activities : ¥23.0 billion, mainly due to the recording of income before taxes and depreciation and amortization.
- Net cash used in investing activities: ¥30.4 billion, owing primarily to purchase of property, plant and equipment.
- Net cash provided by financing activities : ¥1.6 billion due to an increase in loans payable, which was partially offset by redemption of bonds and purchase of treasury stock.

Consolidated Business Forecasts

- ◆ Business forecasts by segment
 - Material: Strong growth momentum of MOD and MS is likely to continue in 2H.
 - QoL: Strong sales momentum is to continue mainly boosted by strong demand for smartphones in E & I.
 - Health Care: Pharma will experience the concentrated shipments for newly acquired large projects in 4Q.
 - Medical is making progress in introducing new products (balloon catheter etc.) and expanding sales.
 - Nutrition: Progress being made in shifting to high-value-added products in Foods, resulting in continued favorable performance.
- ◆ Company-wide: Under uncertain economic situation such as geological risks, we will expand the line-up of differentiating technologies that are unique to Kaneka to speed up a shift in our business portfolio.
 - At this point, we have not revised the forecast for consolidated financial results announced on May 14, 2024.

(Billions of yen)

<Reference> Forecast for consolidated financial results for the year ending March 31, 2025 (announced on May 14, 2024)

	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%
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		

Supplementary Information

Topics -Expanded use of Green Planet-

First reusable food container

Adopted by JAL for international in-flight meals



Foam molded product made from Green Planet

- Adopted for Sony's large-screen TV cushioning material
- Adopted for packaging material of Suzuki outboard motors

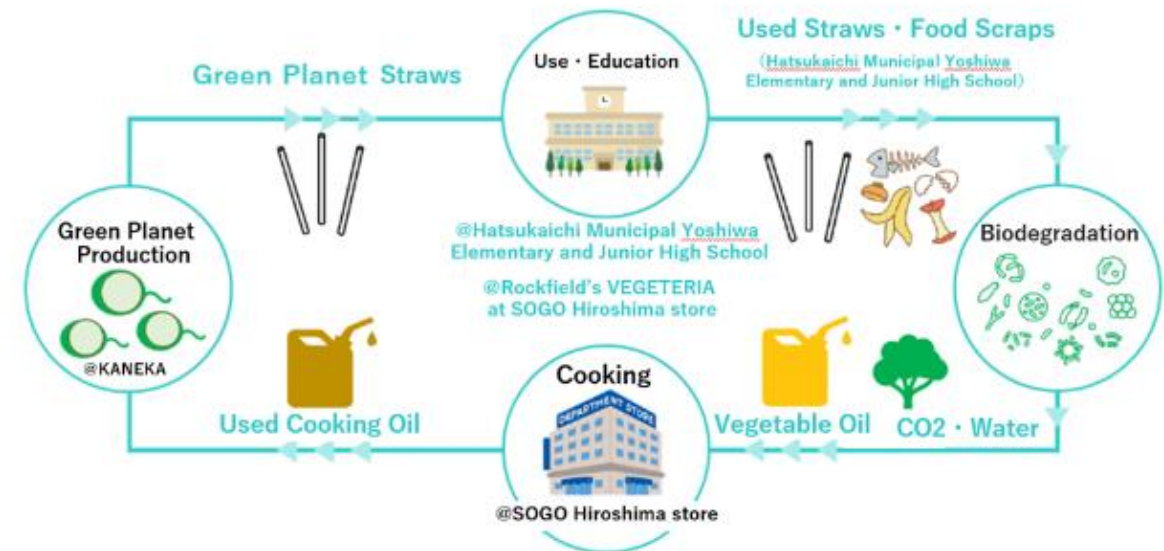


Packaging materials of Sony's large-screen TV using Green Planet and image of use

Launch demonstration project of resource circulation model with Green Planet

Selected for the "FY2024 Marine Plastic Countermeasures/Leading Project Subsidy"

- Green Planet straws will be used at elementary/junior high schools in Hiroshima
- First demonstration model of an on-site composting in western Japan



Project overview

Topics -Expansion of Medical Businesses-

Complete construction of Medical device plant in Hokkaido

【Outline】

Investment: About ¥10 billion

Products: Absorption type blood purification device “Rheocarna™”
 Absorption type plasma purification device “LIPOSORBER™”

Target: ASO (arteriosclerosis obliterans) etc.

Completion: August 26, 2024

【Sustainable manufacturing】

- Achieved full automation of its production lines as a “smart factory” utilizing advanced technology such as IoT, AI, and robot technology.
- Plan to realize a “zero energy factory” which will reduce the primary energy consumption of the factory building to zero by using our photovoltaic modules.



Tomatoh Manufacturing Site

New catheter plant in Hokkaido

【Outline】

Investment: About ¥10 billion

Products: Medical catheter

Target : Cardiovascular, peripheral vascular, and neurovascular disease
 Gastrointestinal disease and irregular pulse

Capability: Double from the previous level

Operation (plan): March 2027



Product packaging by robot

Topics -Expansion of “Business to Consumer” products-

Watashi no Chikara (My Energy) - Q10 Yogurt

- Focus on ability to “concentrate” and “process information”
- Contain 100mg of the active form of coenzyme Q10



- Newly add the function to “maintain moisture”
- Contain 100mg of the active form of coenzyme Q10



NightVeil

- Jointly developed with hot yoga studio LAVA
- Food with function claims that addresses both “skin” and “sleep”



Watashi no Chikara (My Energy) - Kaneka Q10 Fruit Gummies

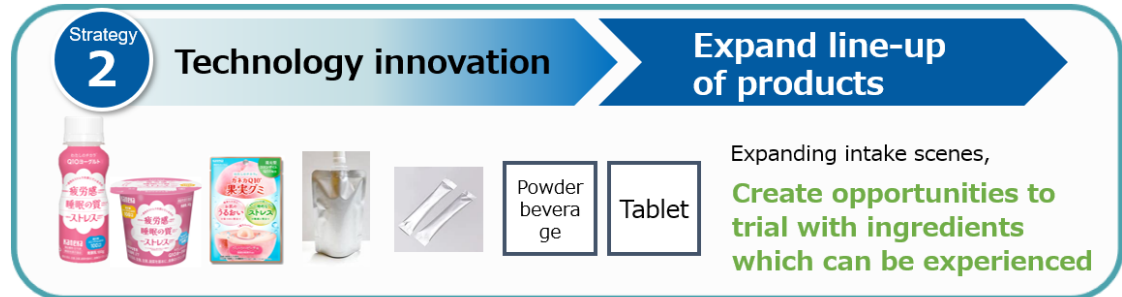
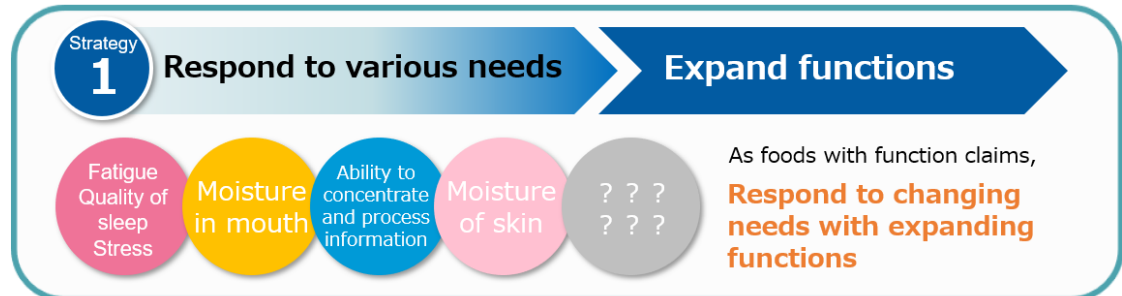
- Helpful to “maintain moisture” and “reduce temporary stress”
- Contain 100mg of the active form of coenzyme Q10



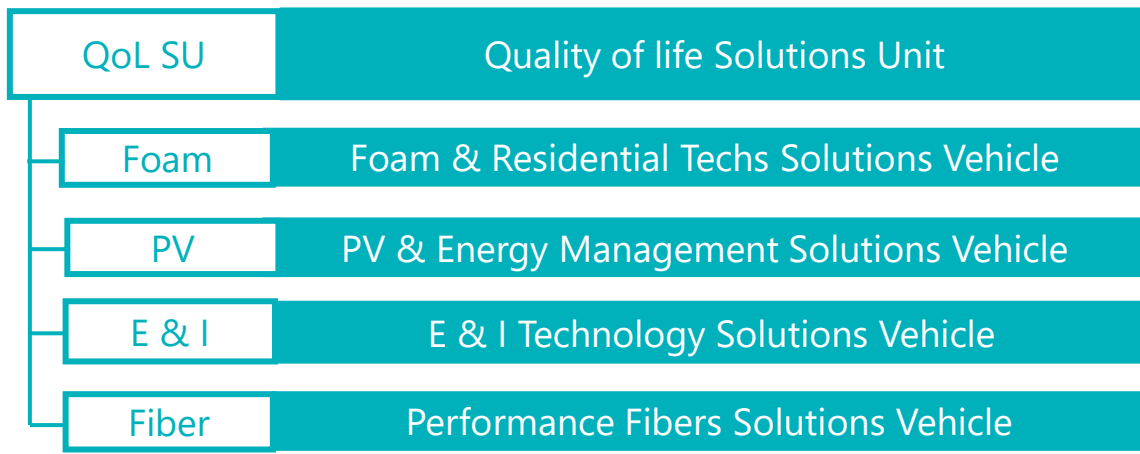
Topics -Expansion of Supplement Businesses-

Active form of coenzyme Q10

- Held a business strategy session of the active form of coenzyme Q10 with a press release for new products on November 5th.
- Talk session on “skin moisture” and “stress” with Kurara Chibana as a guest speaker.



The List of Kaneka Business Unit Abbreviations



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