

# Quarterly Financial Summary

## 1st Quarter, Ended June 30, 2022

August 10, 2022

**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.



# Summary

(Billions of yen)

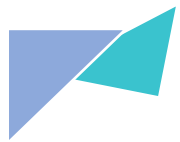
	FY2021 1Q(Apr.-Jun.)	FY2022 1Q(Apr.-Jun.)	Difference	
			Amount	%
Net sales	164.1	192.7	28.6	17.4%
Operating income	11.8	12.2	0.4	3.1%
Ordinary income	10.8	14.8	4.0	37.1%
Net income attributable to owners of parent	7.8	10.5	2.8	35.6%
Net income per share	¥118.91	¥161.22		

## (State of the Global Economy - Heightened Uncertainty About the Future -)

- The global economy saw a moderate recovery as society moved toward normalization with the easing of COVID-19.
- The prolonged situation in Ukraine, soaring raw material and fuel prices, the lockdown in Shanghai, China, progression of historical inflation and monetary tightening in the U.S. and Europe, combined with currency fluctuations and ongoing supply chain disruptions, heightened uncertainty about the future.

## (Kaneka Group's Business Performance - Increase in Sales and Profits -)

- Despite the drastically changing environment, we steadily demonstrated our strengths in “Adaptability,” maintaining strong momentum in both foundation (Vinyls\*, MOD\*, Fiber\*, etc.) and leading-edge (Health Care SU\* , E & I\* , MS\* , etc.) businesses.
- Increasing in sales and profits.

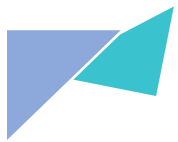


# Net Sales, Operating Income by Segment

(Millions of yen)

	Net sales				Operating income			
	FY2021 1Q(Apr.-Jun.)	FY2022 1Q(Apr.-Jun.)	Difference		FY2021 1Q(Apr.-Jun.)	FY2022 1Q(Apr.-Jun.)	Difference	
			Amount	%			Amount	%
Material SU	69,967	88,919	18,951	27.1%	9,311	10,756	1,444	15.5%
Quality of Life SU	40,856	45,000	4,144	10.1%	4,586	4,600	13	0.3%
Health Care SU	13,220	16,623	3,403	25.7%	2,310	3,856	1,546	66.9%
Nutrition SU	39,753	41,879	2,125	5.3%	1,429	806	(623)	(43.6%)
Others	308	316	7	2.4%	177	186	9	5.4%
Adjustment	-	-	-	-	(5,967)	(7,994)	(2,027)	-
<b>Total</b>	<b>164,106</b>	<b>192,739</b>	<b>28,632</b>	<b>17.4%</b>	<b>11,848</b>	<b>12,212</b>	<b>363</b>	<b>3.1%</b>

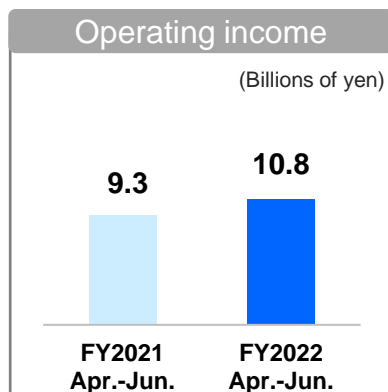
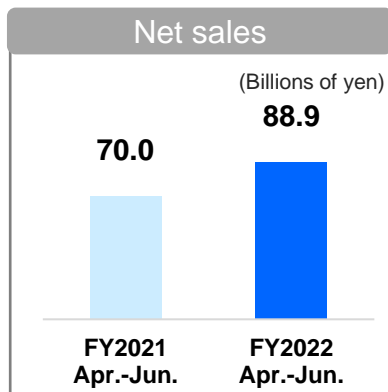
※SU : Solutions Unit



# Business Performance (Material Solutions Unit)

**Net sales**                      **¥88.9 billion**    **【up 27.1% YoY】**

**Operating income**            **¥10.8 billion**    **【up 15.5% YoY】**



### Vinyls and Chlor-Alkali

- Demand for PVC in the Asian market followed a solid growth.
- Overseas market prices for caustic soda remained high, contributing to increased earnings.

### Performance Polymers (MOD)

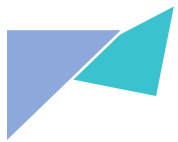
- Amid a slowdown in demand for building materials and other applications in Europe and the U.S., we secured earnings by promoting price pass-throughs.

### Performance Polymers (MS)

- Sales expanded steadily in Europe and the U.S.
- Market for sealants and adhesives is expected to expand with promotion of insulation retrofitting and energy savings in Europe aimed at achieving carbon neutrality. We decided to increase capacity in Belgium and will consider further capacity increase on a global basis.
- Cemedine Co., Ltd. became a wholly owned subsidiary of Kaneka on August 1, 2022. Together we will strengthen business by maximizing synergies.

### Green Planet

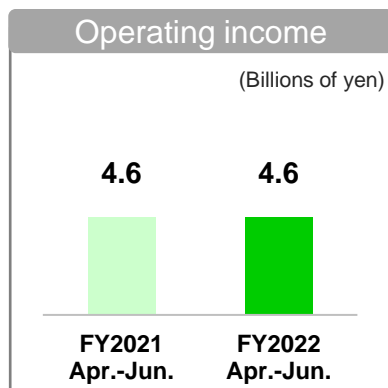
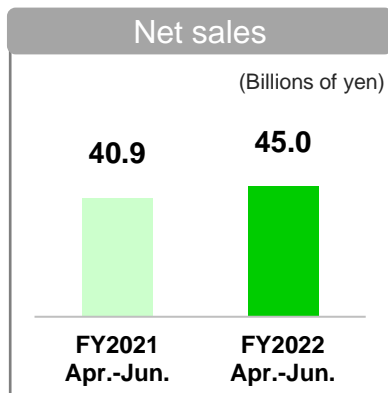
- Demand for KANEKA Biodegradable Polymer Green Planet™ is growing, backed with the moves toward reducing disposable plastics accelerating with the enforcement of the “Plastic Resource Circulation Act”, social implementation spreading in Japan and joint development with major brand holders underway in Europe and the U.S.
- Under Japan’s “biomanufacturing” policy, Green Planet™ is highly regarded as a practical example of a core technology. Technology development plan to produce Green Planet™ from CO<sub>2</sub> and hydrogen using hydrogen-oxidizing bacteria has been attracting attention through mass media coverage.



# Business Performance (Quality of Life Solutions Unit)

**Net sales**                      **¥45.0 billion**    **【up 10.1% YoY】**

**Operating income**                      **¥4.6 billion**    **【up 0.3% YoY】**



## Foam & Residential Techs

- As fuel prices rise, price pass-throughs being implemented for expandable polystyrene resin (EPS), extruded polystyrene foam boards (KLF).
- Sales of polyolefin foam (EPO) remained sluggish during a continuing global trend of automobile production cutbacks.

## PV & Energy management

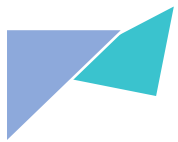
- Sales of residential high-efficiency photovoltaic modules expanded due to government efforts to promote widespread use of renewable energy, as well as efforts by housing manufacturers to increase their ZEH\* ratios due to soaring fuel prices and concerns about electricity shortages.
- Demand for “see-through photovoltaic modules” and “wall-mounted solar panels” is expanding against the backdrop of social implementation of ZEB.\*

## E & I Technology

- Sales of polyimide film for smartphones, polyimide varnish for OLED displays, and resins for acrylic film for TVs remained steady.
- With demand increasing going forward, we decided to increase production capacity for resins for acrylic films.

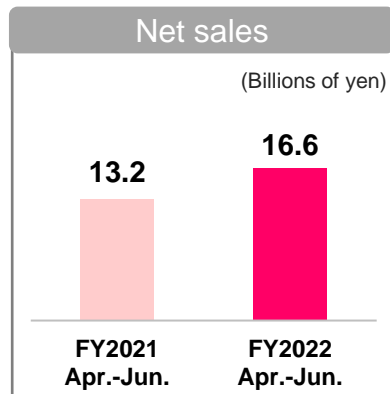
## Performance Fibers

- Demand for hair accessory products for the African market has remained strong, and sales of flame-retardant materials have been steady, primarily in Europe and the U.S.
- We are working to pass on price increases in the face of soaring raw material and fuel prices.



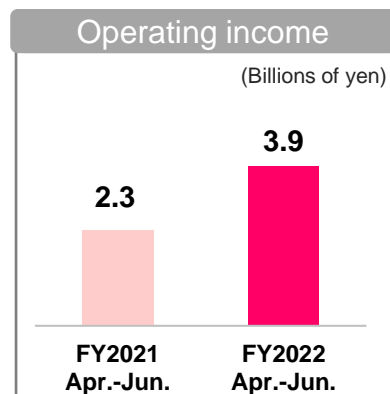
# Business Performance (Health Care Solutions Unit)

**Net sales**                      **¥16.6 billion**    **【up 25.7% YoY】**  
**Operating income**            **¥3.9 billion**    **【up 66.9% YoY】**



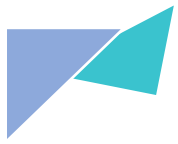
## Medical

- The number of standby cases in Japan and overseas recovered to pre-COVID-19 levels, and the sales of catheters and blood purification devices for ASO\* treatment and such, expanded steadily.
- At the Vietnam plant, we have completed a capacity increase. We will strengthen the supply system and accelerate global expansion.
- Following the release of PCR testing kit, we have launched COVID-19 antigen testing kit that contribute to preventing the spread of infections.



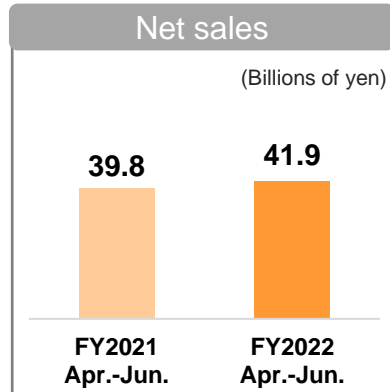
## Pharma

- In biopharmaceuticals, we are making good progress in contract manufacturing of COVID-19 vaccines at Kaneka Eurogentec S.A.
- With the University of Louvain, Belgium, we are hurrying to implement a joint research project of biopharmaceutical production technology.
- Sales related to a large new project for an antiviral drug in small molecule pharmaceuticals, and sales of Protein A chromatography resin for purification of antibody drugs contributed to business results.



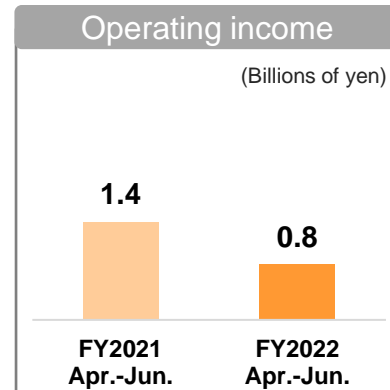
# Business Performance (Nutrition Solutions Unit)

**Net sales**                      **¥41.9 billion**    **【up 5.3% YoY】**  
**Operating income**            **¥0.8 billion**    **【down 43.6% YoY】**



### Supplemental Nutrition

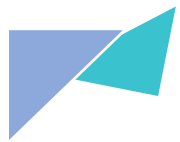
- Sales of the active form of coenzyme Q10 continued strong.
- Functional claims product series “Watashi no Chikara (My Energy)™” containing the active form of coenzyme Q10 enhanced the product lineup for Japanese market.



### Foods & Agris

- There was a partial recovery in demand, but sales were weak due to restrained purchasing caused by record-breaking heat and reports of food price hikes.
- We are focusing on securing spreads by price revisions in response to soaring prices for fats, oils and other raw materials.
- We launched new foods with functional claims, including “Watashi no Chikara (My Energy)™ - Q10 Yogurt” and “Watashi no Chikara (My Energy)™ - Q10 Yogurt drink type”.
- We will continue enhancing products focused on flavor and health.



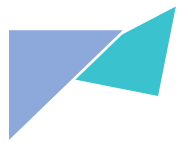


# Consolidated Balance Sheet

	(Billions of yen)		
	March 31, 2022	June 30, 2022	Difference
<b>Assets</b>			
<b>Current Assets</b>	362.9	383.6	20.7
<b>Noncurrent Assets</b>	364.0	370.4	6.4
<b>Total assets</b>	727.0	754.0	27.1
<b>Liabilities</b>			
<b>Interest bearing debt</b>	127.6	132.5	4.8
<b>Others</b>	187.1	195.7	8.6
<b>Total liabilities</b>	314.8	328.2	13.4
<b>Net assets</b>			
<b>Shareholders' equity</b>	387.2	400.3	13.2
<b>Others</b>	25.1	25.5	0.4
<b>Total net assets</b>	412.2	425.8	13.6
<b>Total liabilities and net assets</b>	727.0	754.0	27.1
<b>Shareholders' equity ratio</b>	53.3%	53.1%	
<b>Net assets per share</b>	¥5,934.36	¥6,135.77	

\* Shareholders' equity : Net assets deducting Noncontrolling interests and Subscription rights to shares

- Total assets and net assets reached record highs with solid growth in overseas markets in the Material SU\*, and expansion of the Health Care SU\* business.
- Total assets increased, mainly due to a rise in notes and accounts receivable-trade and inventory assets.
- Liabilities increased, mainly due to a rise in notes and accounts payable-trade and loans payable.
- Net assets increased, mainly due to a rise in foreign currency translation adjustment.



# Consolidated Business Forecasts

- The IMF lowered its July forecast for 2022 global GDP growth to 3.2%.  
Global economy is in sharp slowdown due to a combination of historical inflation, significant interest rate hikes in Europe and the U.S., slower growth in Asia triggered by the lockdown in China, the stalemate in Ukraine, and the re-expansion of COVID-19 infections.
- The business environment is growing increasingly uncertain, due to the anticipated temporary demand adjustment phase in each industry.
- We will continue to maximize our “Adaptability” to changes in the business environment, leverage our strong global and local networking capabilities in overseas markets to improve the competitiveness of our foundation businesses (Vinyls\*, MOD\*, Fiber\*, etc.) and accelerate the growth of our leading-edge businesses (Health Care SU\*, E & I \*, MS\*, etc.) while steadily strengthening our revenue base.
- Considering the above, the Group has not revised the consolidated results forecast of May 12, 2022.

〈Reference〉 Forecast for consolidated business performance for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

	FY2021 Result	FY2022 Forecast	(Billions of yen)	
			Difference	
			Amount	%
Net sales	691.5	740.0	48.5	7.0%
Operating income	43.6	48.0	4.4	10.2%
Ordinary income	40.8	43.0	2.2	5.3%
Net income attributable to owners of parent	26.5	28.0	1.5	5.7%
Net income per share	¥406.01	¥420.60		

\* The forecasts are based on exchange rates of ¥120 to the U.S. dollar, ¥135 to the euro and a domestic naphtha price of ¥80,000 per kiloliter.

# KANEKA CORPORATION

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

