



KANEKA

The Dreamology Company
—Make your dreams come true—

Financial Summary

Fiscal Year Ended December 31, 2023

February 8, 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 1-3Q (Apr.-Dec.)	FY2023 1-3Q (Apr.-Dec.)	(Billions of yen)	
			Difference(YoY)	
			Amount	%
Net sales	567.1	564.7	(2.4)	(0.4%)
Operating income	27.6	21.6	(6.0)	(21.8%)
Ordinary income	26.6	19.4	(7.2)	(27.3%)
Net income attributable to owners of parent	18.9	13.4	(5.5)	(28.9%)
Operating income margin	4.9%	3.8%		
Net income per share	¥286.61	¥207.04		
Exchange rate (to USD)	¥136.5	¥143.3		
Exchange rate (to EURO)	¥140.6	¥155.3		
Domestic Naptha Price (per kl)	¥80,000	¥68,400		

State of the Global Economy - Increasingly uncertain economic outlook -

- The impact of geopolitical risks, including the prolonged Ukraine crisis and the escalating situation in the Middle East continued.
- Monetary tightening in Europe and the U.S. and the shrinking Chinese economy were hampering the global economic recovery.

Kaneka Group's Business Performance - Sales and profits decreased -

- Result of 1-3Q*: Recovery of overseas demand in QoL SU* (especially E & I Technology, Performance Fibers) were slower than expected.
Health Care SU (Pharma) is experiencing continuing customers' shipment adjustments.
Nutrition SU further expanded profits.
- Forecast of 4Q*: Health Care SU will expand the adoption of not only existing but also new products. Nutrition SU will continue to increase profits.
Demand for Material SU & QoL SU are recovering at a more moderate pace than expected.

*1-3Q: April 1 to December 31, 2023 *SU: Solutions Unit
*4Q: January 1 to March 31, 2024

Business Performance by Segment

(Billions of yen)

	Net Sales								
	FY2022				FY2023			Difference(YoY)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	Amount	%
Material SU	88.9	84.0	77.8	83.1	77.7	78.8	81.4	(12.8)	(5.1%)
Quality of Life SU	45.0	42.2	43.8	41.8	40.9	43.9	46.6	0.4	0.3%
Health Care SU	16.6	17.4	18.7	18.1	17.7	18.4	17.2	0.8	1.4%
Nutrition SU	41.9	44.1	46.0	45.4	46.0	46.0	49.0	9.1	6.9%
Others	0.3	0.2	0.2	0.3	0.4	0.2	0.3	0.1	17.5%
Total	192.7	187.9	186.5	188.7	182.7	187.4	194.6	(2.4)	(0.4%)
	Operating Income								
	FY2022				FY2023			Difference(YoY)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	Amount	%
Material SU	10.8	7.9	3.8	5.0	5.5	6.6	7.0	(3.4)	(14.9%)
Quality of Life SU	4.6	4.1	4.4	3.1	2.9	4.2	4.7	(1.3)	(10.0%)
Health Care SU	3.9	3.7	4.5	3.7	3.0	2.9	2.5	(3.6)	(30.4%)
Nutrition SU	0.8	1.3	2.3	3.2	2.3	2.3	3.8	4.0	91.1%
Others	0.2	0.1	0.1	0.2	0.3	0.1	0.2	0.1	37.0%
Adjustment	(8.0)	(8.5)	(8.2)	(7.6)	(8.4)	(9.1)	(9.1)	(1.9)	-
Total	12.2	8.6	6.8	7.5	5.6	7.0	9.0	(6.0)	(21.8%)

※SU : Solutions Unit

Performance

(Material Solutions Unit)

Solid performance in Modifiers and Modified Silicone polymers while sluggish market conditions for Vinyl and Chlor-Alkali

Vinyls and Chlor-Alkali

- PVC and caustic soda: Shrinking Chinese economy and decline in the Asian market continued.
- Refining our specific technologies in global niche markets and strengthening our structure to remain unaffected by fluctuations in raw materials and market conditions.

Performance Polymers(MOD)

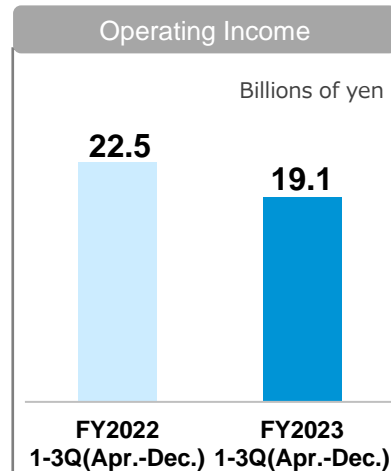
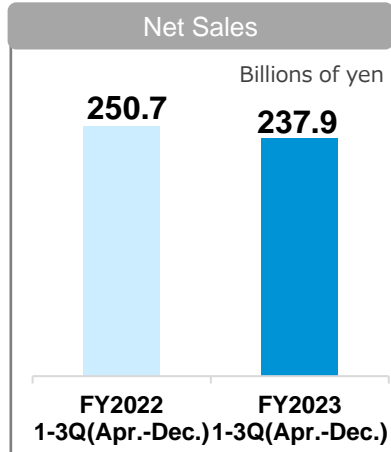
- Demand-supply adjustments for construction use are prolonged on the back of ongoing high inflation and high interest rates in Europe and the U.S.
- Demand for non-PVC products and PVC products in the Asian market have been on a steady recovery.
- Adoption of epoxy masterbatch (MX) has been growing for EV structural adhesives.

Performance Polymers(MS)

- Strong sales in response to its unique functional characteristics and successful improvement of profit margin.
- On the back of sales expansion to new regions and applications, construction to increase capacity in Belgium is progressing as planned.

Green Planet

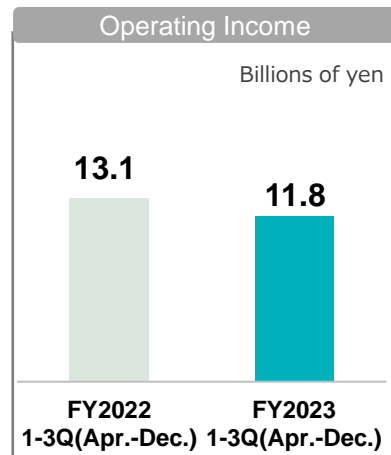
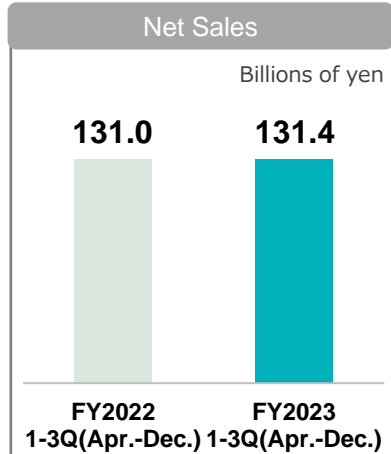
- Progress has been made in joint development and product launch with major brand holders in the U.S. and Europe.
- Promoting building a supply chain that includes processing technology for large projects.



Performance

(Quality of Life Solutions Unit)

Increased sales but decreased profits due to delayed recovery in the smartphone and African hair accessory market



Foam & Residential Techs

- Expandable polystyrene beads (EPS): Although demand was weak, price revisions contributed to increasing profits.
- Expanded polyolefin foam (EPO): Demand in the automotive sector recovered both in Japan and overseas, and its adoption in EV applications is expanding.

PV & Energy management

- Sales of high-efficiency photovoltaic modules for single home, multi-family home are firm.
- Development for in-vehicle applications and BIPV (Building Integrated PV) is progressing, and we are strengthening our production capacity in anticipation of expanded adoption.

E & I Technology

- Although smartphone market demand showed a gradual recovery, the strong recovery is expected to begin in 4Q* or later.
- Temporary demand adjustment for acrylic resins for large-screen TVs.
- Demand for polyimide varnishes for organic EL remained on track for growth.

Performance Fibers

- African hair accessory market bottomed out in 1Q*, but demand recovery was slower than expected.
- Focusing on expanding sales of new high-performance products with light-weight, water-repellent, and anti-bacterial properties, along with extending sales channels to untapped regions in Africa.

*4Q: January 1 to March 31, 2024

*1Q: April 1 to June 30, 2023

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Performance

(Health Care Solutions Unit)

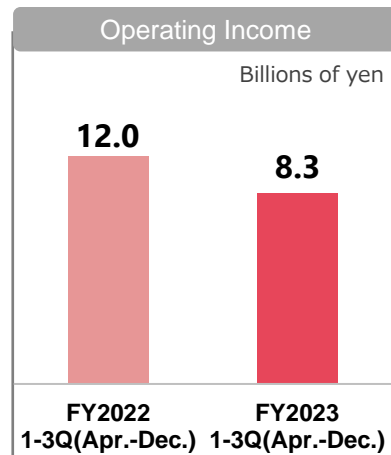
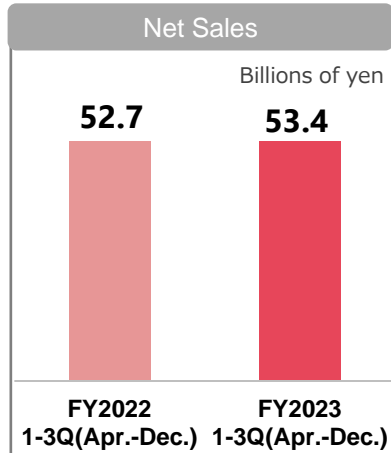
Solid performance for Medical
while longer-than-expected customer shipment adjustment for Pharma

Medical

- Sales of blood purification devices and catheters were strong both domestically and internationally.
- Construction of a production facility for blood purification devices in Hokkaido (Japan): proceeding as planned. Bringing high-value-added products to the market with innovative technologies.
- Expanding our lineup of catheter products with open innovation, such as biodegradable magnesium stents and stents used to retrieve blood clots.

Pharma

- Experiencing longer-than-expected effects from customers' shipment adjustments in fields including COVID-19 vaccinees.
- Bio-CDMO business: Focusing on acquiring a wide variety of new biopharmaceutical projects of various scale.
- mRNA: Promoting to strengthen our production system for the adoption in therapeutics for genetic diseases and cancer.
- Small molecule pharmaceuticals: Moving ahead to acquire large projects in both domestic and overseas markets.



Performance

(Nutrition Solutions Unit)

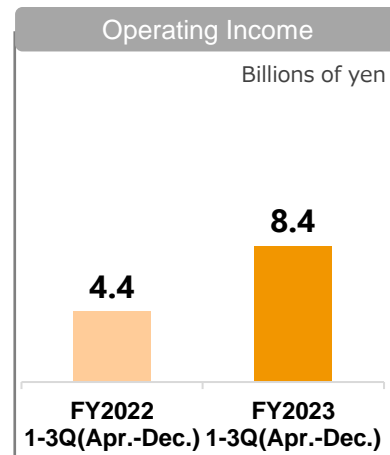
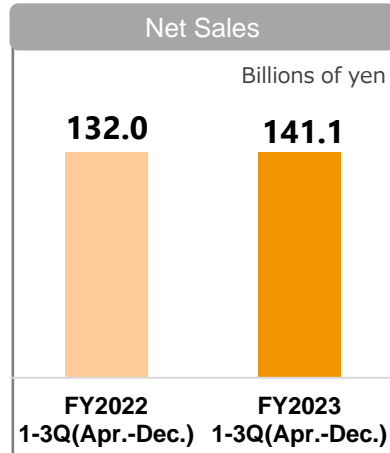
Substantial increases in both sales and profits owing to the strong performance of Foods and Supplemental Nutrition. Solid performance expected to continue into 4Q*.

Supplemental Nutrition

- Active form of coenzyme Q10: Sales remained firm in the U.S. and expanded in Asia and Oceania, particularly for Chinese cross-border e-commerce.
- Aiming to create new markets by reinforcing the strategic technology development and sales promotion of “Business to Business” and “Business to Customer”.
- Probiotics business: Reinforcing our production base to explore new markets and expand sales in the U.S. where is the biggest market, and other regions.

Foods & Agris

- Shift to the sales of high-value-added products and improved profit margin largely contributed to business performance.
- Expanding new high-value-added businesses, including organic dairy products.
- Kaneka Foods Corporation is improving profitability by accelerating the digital transformation of its business.



Consolidated Balance Sheets

(Billions of yen)

		March 31, 2023	December 31, 2023	Difference
Assets	Current assets	397.0	425.6	28.7
	Noncurrent assets	385.7	425.0	39.3
Total assets		782.6	850.6	68.0
Liabilities	Interest bearing debt	159.3	178.9	19.6
	Others	186.9	216.2	29.3
	Total liabilities	346.2	395.1	48.9
Net assets	Equity *	417.4	435.2	17.8
	Others	19.1	20.3	1.3
	Total net assets	436.4	455.5	19.1
Total liabilities and net assets		782.6	850.6	68.0
Equity ratio		53.3%	51.2%	
Debt equity ratio		0.38	0.41	
Net assets per share		¥6,431.63	¥6,703.91	

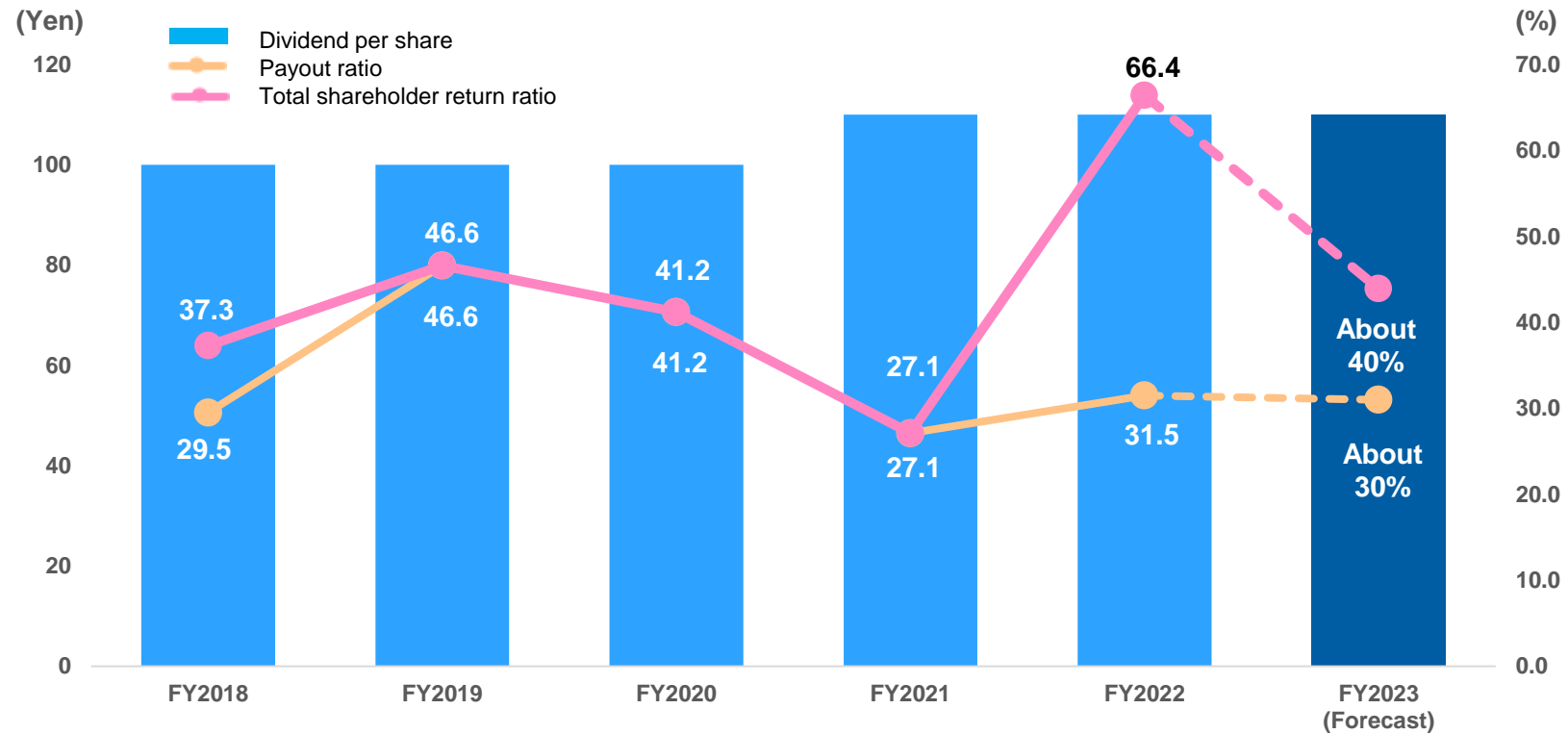
* Equity : Net assets less Noncontrolling interests and Subscription rights to shares

- Total assets increased due to an increase in inventory assets as well as in property, plant and equipment resulting from expanded capital investment 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 bonds payable.
- Net assets increased, owing chiefly to 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 51.2%.

Shareholder Returns

Expect to exceed the benchmark payout ratio of 30% and total shareholder return ratio of 40% announced in the management plan at the beginning of the fiscal year

- Repurchase of treasury shares (plan): 2 million shares (Amount of treasury shares repurchased: 8 billions yen)
(Period: February, 2024~June, 2024)
- Cancellation of treasury shares (plan): 2 million shares (Date of cancellation: End of March, 2024)



	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Treasury shares repurchased	¥1.7 billion	-	-	-	¥8.0 billion	¥8.0 billion
	0.4 million shares	-	-	-	2.3 million shares	2.0 million shares

Earnings Forecasts and Other Forward-looking Statements (by segments / year-on-year)

(Billions of yen)

	Net Sales					Operating Income				
	FY2022	FY2023		Difference		FY2022	FY2023		Difference	
	Result	Previous forecast (Nov. 9, 2023)	Revised forecast	Vs. previous year	Vs. previous forecast	Result	Previous forecast (Nov. 9, 2023)	Revised forecast	Vs. previous year	Vs. previous forecast
Material SU	333.9	332.0	324.6	(9.3)	(7.4)	27.4	25.7	25.9	(1.5)	0.2
Quality of Life SU	172.8	180.0	177.5	4.7	(2.5)	16.1	17.4	16.1	(0.0)	(1.3)
Health Care SU	70.8	79.0	75.5	4.7	(3.5)	15.7	16.0	13.5	(2.2)	(2.5)
Nutrition SU	177.3	187.0	187.3	10.0	0.3	7.6	12.0	12.0	4.4	-
Others	1.1	1.0	1.1	0.0	0.1	0.6	0.6	0.6	-	-
Adjustment	-	-	-	-	-	(32.3)	(36.2)	(36.1)	(3.8)	0.1
Total	755.8	779.0	766.0	10.2	(13.0)	35.1	35.5	32.0	(3.1)	(3.5)

※SU : Solutions Unit

Earnings Forecasts and Other Forward-looking Statements (Operating income by segments / Compared 1H* to 2H*)

(Billions of yen)

	Operating Income				
	FY2022		FY2023		Difference (Vs. previous 1H)
	1H	2H	1H	2H	Amount
Material SU	18.7	8.7	12.1	13.8	1.7
Quality of Life SU	8.7	7.5	7.1	9.0	1.9
Health Care SU ①	7.5	8.2	5.9	7.6	1.7
Nutrition SU ②	2.1	5.5	4.6	7.4	2.8
Life Science (①+②)	9.6	13.7	10.5	15.0	4.5
Others	0.3	0.3	0.4	0.2	(0.1)
Adjustment	(16.5)	(15.9)	(17.5)	(18.6)	(1.2)
Total	20.8	14.3	12.6	19.4	6.8

※SU : Solutions Unit

*1H:April 1 to September 30, 2023

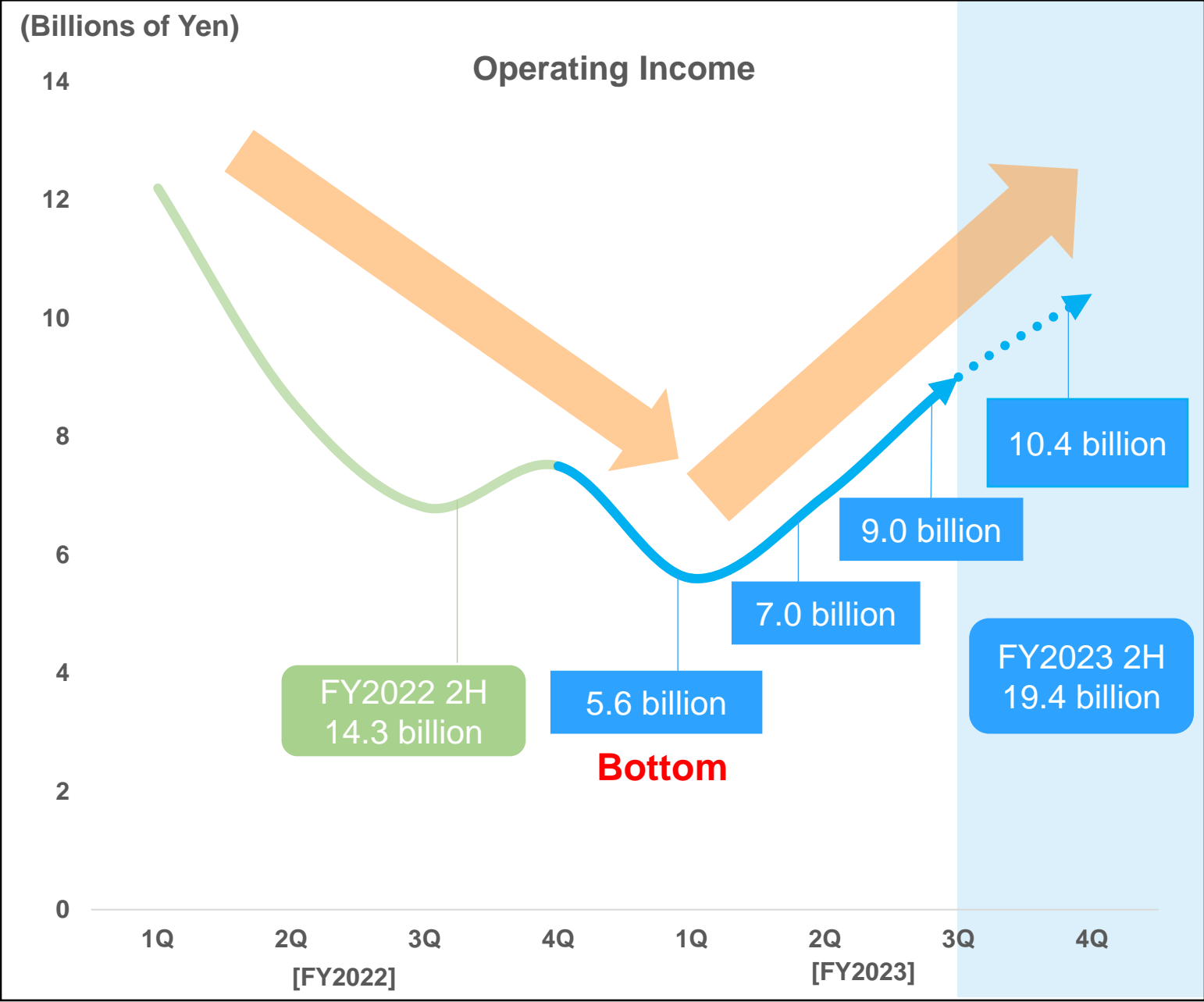
*2H:October 1, 2023 to March 31, 2024

Earnings Forecasts and Other Forward-looking Statements

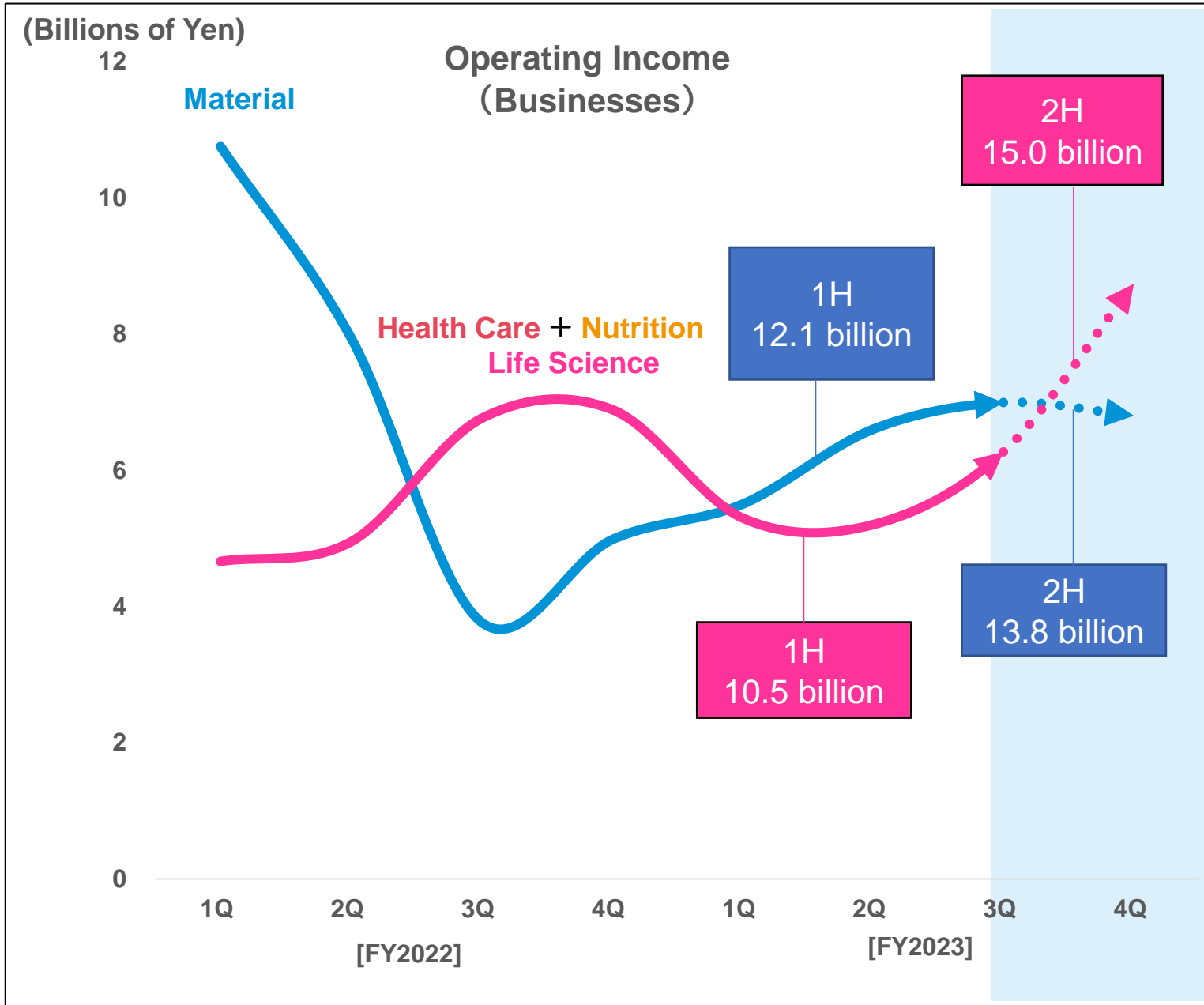
(Billions of yen)

	FY2022	FY2023		Difference	
	Result	Previous forecast (Nov. 9, 2023)	Revised forecast	Vs. previous year	Vs. previous forecast
Net sales	755.8	779.0	766.0	10.2	(13.0)
Operating income	35.1	35.5	32.0	(3.1)	(3.5)
Ordinary income	32.4	33.5	28.7	(3.7)	(4.8)
Net income attributable to owners of parent	23.0	26.0	23.0	(0.0)	(3.0)
Operating income margin	4.6%	4.6%	4.2%		
Net income per share	¥349.59	¥400.58	¥354.86		
Dividends per share	¥110	¥110	¥110		
ROE	5.7%	6.0%	5.4%		
Exchange rate (to USD)	¥135.5	¥145.0	¥145.0		
Exchange rate (to EURO)	¥141.0	¥155.5	¥155.0		
Domestic Naptha Price (per kl)	¥76,625	¥69,000	¥69,000		

Supplementary Information



*2H:October 1 to March 31



*1H: April 1 to September 30, 2023
 *2H: October 1, 2023 to March 31, 2024

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