

Quarterly Financial Summary

1st Quarter, Ended June 30, 2021

August 11, 2021
Kaneka Corporation

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The operating results forecasts and certain 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 other forward-looking statements.

(Billions of yen)

	FY2020 1Q(Apr.-Jun.)	FY2021 1 Q (Apr.-Jun.)	Difference		FY2021 Forecast	Rate of progress
			Amount	%		
Net sales	126.6	164.1	37.5	29.6%	620.0	26.5%
Operating income	2.0	11.8	9.8	483.9%	37.0	32.0%
Ordinary income	0.8	10.8	9.9	1,207.6%	32.5	33.1%
Net income attributable to owners of parent	0.4	7.8	7.3	1,674.9%	22.0	35.3%
Net income per share	¥6.70	¥118.91				

(Global Economy)

- The global economy was on a recovery track led by fiscal and monetary policies and increased COVID-19 vaccination, mainly in developed countries.
- In developing regions, recovery momentum is fragile in some industries.
- Global supply chain disruptions and export freight space shortages in Asia are hindering recovery.
- Renewed outbreaks of COVID-19 variants makes the global economic outlook more uncertain.

(Kaneka Group's Business Performance)

- 1Q sales and income rose in all business segments.
- Net sales hit a record quarterly high.
- Operating income was even higher than in 3Q and 4Q of the previous fiscal year.



Net sales, Operating income by Segment

(Millions of yen)

	Net sales				Operating income			
	FY2020 1Q(Apr.-Jun.)	FY2021 1Q (Apr.-Jun.)	Difference		FY2020 1Q(Apr.-Jun.)	FY2021 1Q (Apr.-Jun.)	Difference	
			Amount	%			Amount	%
Material Solutions Unit	48,894	69,967	21,073	43.1%	2,855	9,311	6,455	226.1%
Quality of Life Solutions Unit	29,738	40,856	11,117	37.4%	1,236	4,586	3,350	270.9%
Health Care Solutions Unit	11,698	13,220	1,521	13.0%	2,298	2,310	11	0.5%
Nutrition Solutions Unit	35,938	39,753	3,814	10.6%	827	1,429	602	72.9%
Others	373	308	(65)	(17.5%)	248	177	(71)	(28.6%)
Adjustment	-	-	-	-	(5,436)	(5,967)	(530)	-
Total	126,644	164,106	37,462	29.6%	2,029	11,848	9,819	483.9%

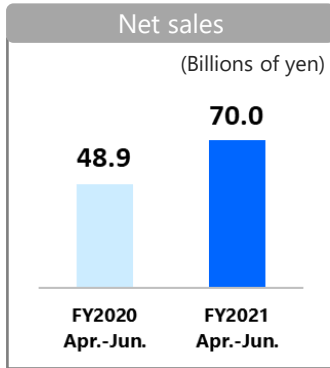
(Business Performance by Segment)

- Sales and income rose in all business segments compared with 1Q of the previous fiscal year when the global economy was faced with serious stagnation due to the COVID-19 crisis.
- Both leading-edge and foundation businesses are maintaining strong momentum, mainly in overseas markets. Overseas sales ratio 44.5% (FY2020 1Q: 35.8%)

Business Performance by Segment (Material Solutions Unit)

Net sales **¥70.0 billion** 【up 43.1% YoY】

Operating income **¥9.3 billion** 【up 226.1% YoY】



Vinyls and Chlor-Alkali

- Demand for PVC remained brisk in Asia, while sales of emulsion PVC for disposable hygiene gloves were strong.

Performance Polymers (MOD)

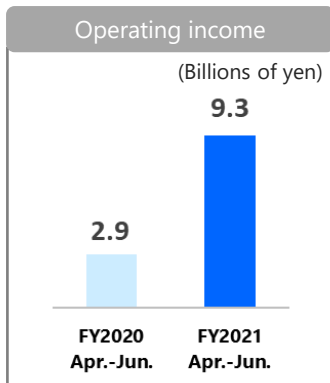
- Demand is steadily rising for non-PVC applications (automobiles, PCs and home electronics) in Asia, and for construction material and DIY applications in Europe and the U.S.

Performance Polymers (MS)

- Demand is growing at a solid clip in Europe and the U.S., and sales are growing faster for construction and industrial applications in China and Asia.

New Business

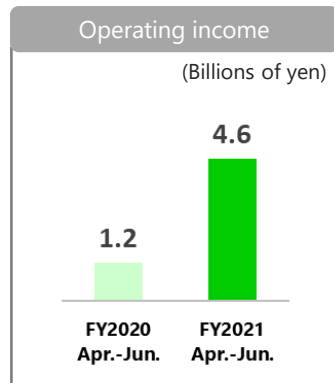
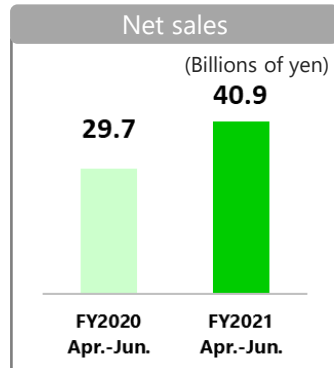
- Kaneka Biodegradable Polymer Green Planet™ is being adopted by beverage manufacturers and convenience store operators, among others.
- The Kaneka Group is focusing on joint development with brand holders around the world.



Business Performance by Segment (Quality of Life Solutions Unit)

Net sales ¥40.9 billion 【up 37.4% YoY】

Operating income ¥4.6 billion 【up 270.9% YoY】



Foam & Residential Techs

- Domestic demand is recovering for expandable polystyrene resin (EPS) and extruded polystyrene foam boards (KLF), but there was an impact from higher raw material costs.
- Recovery in demand is slow for polyolefin foam (EPO) for automobiles.

PV & Energy management

- Sales of high-efficiency photovoltaic module products are rising steadily.
- The Kaneka Group will focus on expanding installation of photovoltaic module products for consumer use with an eye to carbon neutrality, while accelerating development of next-generation photovoltaic module products.

E & I Technology

- Sales are brisk for PIXEO products for smartphones, and varnish for OLED displays.
- Sales of resin for acrylic films used in large-screen TVs are rising steadily.

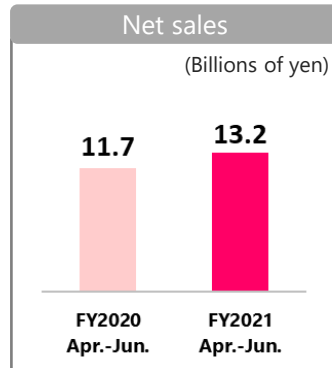
Performance Fibers

- Sales of hair accessories for the African market are strong.

Business Performance by Segment (Health Care Solutions Unit)

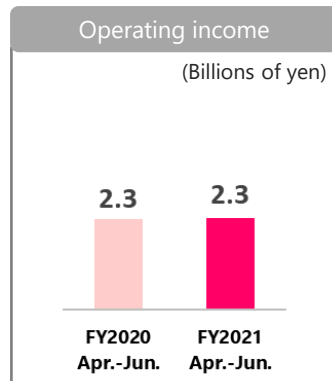
Net sales ¥13.2 billion 【up 13.0% YoY】

Operating income ¥2.3 billion 【up 0.5% YoY】



Medical

- Sales are delivering solid growth for the new blood purification system for treatment of arteriosclerosis obliterans (ASO).
- Sales grew for catheters such as coils for embolization of brain aneurysms, mainly overseas.



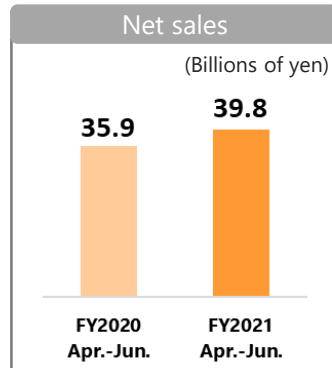
Pharma

- Sales of active pharmaceutical ingredients for low-molecular pharmaceuticals grew steadily.
- In biopharmaceuticals, orders to be filled by the newly added production lines at Kaneka Eurogentec S.A. are growing.
- Sales of reagents are also growing, and contract manufacturing of COVID-19 vaccine intermediates is expected to come into full swing in the future.

Business Performance by Segment (Nutrition Solutions Unit)

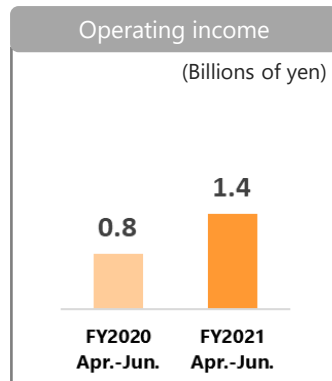
Net sales ¥39.8 billion 【up 10.6% YoY】

Operating income ¥1.4 billion 【up 72.9% YoY】



Supplemental Nutrition

- Sales of the active form of coenzyme Q10 are brisk, reflecting heightened awareness of the importance of increasing immunity in Europe and the U.S.
- In lactic acid bacteria products, the Kaneka Group strengthened the sales foundation in the U.S.



Foods & Agris

- The domestic bread market recovered modestly, but was affected by soaring prices for raw oil and fat materials.
- The Kaneka Group is concentrating on increasing sales of high-value-added products.
- Betsukai Wellness Farm Co., Ltd. started operating. The Kaneka Group will contribute to a sustainable society, and enhance its authentic dairy product offerings.



Consolidated Balance Sheet

(Billions of yen)

	March 31, 2021	June 30, 2021	Difference
Assets			
Current Assets	309.0	317.1	8.1
Noncurrent Assets	358.4	357.5	(0.9)
Total assets	667.4	674.6	7.2
Liabilities			
Interest bearing debt	118.2	113.9	(4.3)
Others	168.1	174.5	6.4
Total liabilities	286.4	288.4	2.0
Net assets			
Shareholders' equity	357.1	361.8	4.7
Others	23.9	24.3	0.4
Total net assets	381.0	386.2	5.1
Total liabilities and net assets	667.4	674.6	7.2
Shareholders' equity ratio	53.5%	53.6%	
Net assets per share	¥5,473.85	¥5,546.42	

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

- Total assets increased, mainly due to a rise in inventory assets.
- Liabilities increased, mainly due to a rise in notes and accounts payable-trade.
- Net assets increased, mainly due to a rise in retained earnings.

- In 1Q, business performance was on track for both foundation businesses and leading-edge businesses such as Health Care Solutions Unit, Supplemental Nutrition, and E & I Technology.
- For 2Q onward, it is unclear when the COVID-19 pandemic will end and how various countries will respond. The landscape is likely to remain highly unpredictable going forward, with heightened geopolitical risk, global supply chain disruptions, and so forth.
- The business climate is increasingly opaque. The Kaneka Group will continue to focus on transforming its business portfolio and steadily strengthening its earnings base.
- There has been no change to the consolidated business forecasts announced on May 13, 2021.

(Billions of yen)

	FY2020 result	FY2021 forecast	Difference	
			Amount	%
Net sales	577.4	620.0	42.6	7.4%
Operating income	27.5	37.0	9.5	34.3%
Ordinary income	22.1	32.5	10.4	47.3%
Net income attributable to owners of parent	15.8	22.0	6.2	39.0%

* The forecasts are based on exchange rates of ¥105 to the U.S. dollar, ¥125 to the euro and a domestic naphtha price of ¥45,000 per kiloliter.



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