

Financial Results for the Fiscal Year Ended March 31, 2022 (Japanese GAAP, Consolidated)

May 12, 2022

Name of Listed Company: **Kaneka Corporation**

Stock Exchange Listings: Tokyo, Nagoya

Code Number: 4118

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

Representative: Minoru Tanaka Title: President, Representative Director

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Scheduled date for Ordinary General Meeting of Shareholders: June 29, 2022

Scheduled date of dividend distribution: June 13, 2022

Scheduled date for submitting annual securities report: June 29, 2022

Note: Figures have been rounded down to the nearest million yen.

1. Consolidated Business Performance for the Fiscal Year Ended March 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated business performance (% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Apr. 2021 – Mar. 2022	691,530	19.8	43,562	58.2	40,816	85.0	26,487	67.3
Apr. 2020 – Mar. 2021	577,426	(4.0)	27,544	5.9	22,066	9.4	15,831	13.1

Note: Comprehensive income: ¥37,856 million (12.1%) in the fiscal year ended March 31, 2022

¥33,784 million (724.1%) in the fiscal year ended March 31, 2021

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income – total assets ratio	Operating income – sales ratio
Apr. 2021 – Mar. 2022	¥ 406.01	¥ 404.95	7.1%	5.9%	6.3%
Apr. 2020 – Mar. 2021	242.68	242.13	4.6	3.3	4.8

Reference: Equity in earnings (losses) of affiliates: ¥132 million in the fiscal year ended March 31, 2022

¥109 million in the fiscal year ended March 31, 2021

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of March 31, 2022	¥ million 726,959	¥ million 412,204	53.3%	¥ 5,934.36
As of March 31, 2021	667,429	381,040	53.5	5,473.85

Reference: Shareholders' equity: ¥387,150 million as of March 31, 2022

¥357,098 million as of March 31, 2021

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents as of the fiscal year-end
Apr. 2021 – Mar. 2022	¥ million 34,106	¥ million (39,595)	¥ million (1,105)	¥ million 40,712
Apr. 2020 – Mar. 2021	74,040	(43,229)	(21,903)	46,360

2. Dividends

	Annual dividends					Total cash dividends (Annual)	Payout ratio (Consolidated)	Net asset payout ratio (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual			
Apr. 2020 – Mar. 2021	¥ –	¥ 50.00	¥ –	¥ 50.00	¥ 100.00	¥ million 6,523	41.2%	1.9%
Apr. 2021 – Mar. 2022	–	50.00	–	60.00	110.00	7,176	27.1	1.9
Apr. 2022 – Mar. 2023 (Forecasts)	–	55.00	–	55.00	110.00		26.2	

3. Forecast for Consolidated Business Performance for the Fiscal Year Ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
Full year	¥ million 740,000	% 7.0	¥ million 48,000	% 10.2	¥ million 43,000	% 5.3	¥ million 28,000	% 5.7	¥ 420.60

※ Notes

(1) Changes in principal subsidiaries during the fiscal year: None

(2) Changes in accounting principles, changes in estimates, or restatements

1. Changes owing to revisions in accounting standards: Yes

2. Changes other than 1. above: None

3. Changes in accounting estimates: None

4. Restatements: None

Note: For changes owing to revisions in accounting standards, please refer to the section entitled “(5) Notes to the Consolidated Financial Statements (Changes in Accounting Principles)” under “3. Consolidated Financial Statements and Main Notes” on page 17.

(3) Number of shares outstanding (common stock)

1. Number of shares issued at the fiscal year-end (including treasury stock):

2. Number of shares of treasury stock at the fiscal year-end:

3. Average number of shares during the period (calculated cumulatively from the beginning of the fiscal year)

March 31, 2022	68,000,000 shares	March 31, 2021	68,000,000 shares
March 31, 2022	2,761,323 shares	March 31, 2021	2,762,766 shares
March 31, 2022	65,239,079 shares	March 31, 2021	65,233,827 shares

Reference: Overview of Non-Consolidated Business Performance

1. For the Fiscal Year Ended March 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated business performance

(% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Apr. 2021 – Mar. 2022	334,675	19.6	14,017	-	32,386	567.6	28,347	265.5
Apr. 2020 – Mar. 2021	279,774	(4.2)	1,158	(60.4)	4,851	(14.3)	7,754	12.0

	Net income per share	Fully diluted net income per share
	¥	¥
Apr. 2021 – Mar. 2022	434.52	433.51
Apr. 2020 – Mar. 2021	118.88	118.64

Note: The year-on-year change in operating income in the fiscal year ended March 31, 2022 is presented as “-,” since it exceeds 1,000%.

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2022	490,722	273,283	55.6	4,180.47
As of March 31, 2021	464,507	250,818	53.9	3,837.86

Reference: Shareholders' equity: ¥272,728 million as of March 31, 2022
¥250,371 million as of March 31, 2021

※These financial statements are exempt from audit procedures.

※Explanations or other items pertaining to appropriate use of business performance forecasts.

The business performance forecasts and certain other statements contained in this document are forward-looking statements, which are based on information currently available to the Company and certain assumptions determined to be reasonable by the Company. For a variety of reasons, actual performance may differ substantially from these forecasts. They do not constitute a guarantee that the Company will achieve these forecasts or other forward-looking statements. For cautionary items used in business performance forecasts, please refer to the section entitled “(4) Performance Forecasts for the Fiscal Year Ended March 31, 2023” under “1. Overview of Business Performance and Financial Position” on page 5.

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1. Overview of Business Performance and Financial Position

(1) Overview of Results for the Fiscal Year Ended March 31, 2022**➤ The COVID-19 Pandemic and Ukraine Crisis - Honing Our Adaptability -**

The Ukraine situation has tumbled deeper into chaos and has become a major disruptive factor in destabilizing the current global situation. The shift in the global balance of power has jeopardized the structure of society through resource/energy/food crises, supply chain disruptions and so on. The end of the COVID-19 pandemic is a long way off, the war in Ukraine was added to the world's concerns. The world has plunged headlong into completely unpredictable times. The management will enhance the sensibility for managing the unexpected under control and hone our strengths in terms of adaptability to be able to respond to changing business environments promptly.

➤ The Status of the Global Economy and Japan - Growing Concerns for Economic Recovery -

In the current fiscal year (April 1, 2021 to March 31, 2022), the global economy followed a recovery track, supported by the acceleration in coronavirus vaccinations, easing of COVID-19 restrictions and fiscal and monetary policies of various countries. However, surging prices for energy, materials, food and other resources triggered by the Ukraine issue are accelerating the progress of inflation. The impact of sanctions against Russia is unclear, and there are concerns that persistently high prices could disturb the recovering economy. The business environment has become even more uncertain. In Japan, the number of COVID-19 cases is yet to show a substantial decrease. The rising prices for energy, food and living supplies as well as the shift to a weaker yen are causing many issues to be concerned that these could derail the economic recovery in Japan.

➤ Kaneka Group's Business Performance - Increases in Sales and Profits, with Net Sales Achieving a Record High for the Full Fiscal Year -

In this business environment, our business performance for the fiscal year ended March 31, 2022 resulted in significant increases in sales and profits and was as follows. Consolidated net sales amounted to ¥691,530 million (up 19.8% year on year), and operating income was ¥43,562 million (up 58.2% year on year). Ordinary income was ¥40,816 million (up 85.0% year on year). Net income attributable to owners of parent was ¥26,487 million (up 67.3% year on year).

Business performance for the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022) (Millions of yen)

	FY2020	FY2021	Difference (year on year)
Net sales	577,426	691,530	114,103 19.8%
Operating income	27,544	43,562	16,017 58.2%
Ordinary income	22,066	40,816	18,749 85.0%
Net income attributable to owners of parent	15,831	26,487	10,656 67.3%

Net sales and operating income by segment for the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022) (Millions of yen)

	Net sales										
	FY2020					FY2021					Difference
	1Q	2Q	3Q	4Q	Total (Apr.-Mar.)	1Q	2Q	3Q	4Q	Total (Apr.-Mar.)	Total (Apr.-Mar.)
Material SU	48,894	55,587	60,240	65,787	230,509	69,967	70,922	76,347	82,670	299,908	69,399 30.1%
Quality of Life SU	29,738	33,924	39,159	38,153	140,976	40,856	41,878	43,403	42,928	169,067	28,091 19.9%
Health Care SU	11,698	12,756	14,068	13,899	52,422	13,220	13,397	15,402	16,915	58,936	6,513 12.4%
Nutrition SU	35,938	37,560	41,062	37,806	152,368	39,753	39,725	43,054	40,020	162,554	10,186 6.7%
Others	373	241	238	296	1,149	308	236	240	277	1,062	(87) (7.6%)
Total	126,644	140,069	154,769	155,942	577,426	164,106	166,160	178,449	182,813	691,530	114,103 19.8%

	Operating income										
	FY2020					FY2021					Difference
	1Q	2Q	3Q	4Q	Total (Apr.-Mar.)	1Q	2Q	3Q	4Q	Total (Apr.-Mar.)	Total (Apr.-Mar.)
Material SU	2,855	4,518	6,465	9,433	23,272	9,311	8,652	8,303	10,117	36,385	13,112 56.3%
Quality of Life SU	1,236	2,692	4,439	2,281	10,650	4,586	4,737	4,460	3,158	16,942	6,292 59.1%
Health Care SU	2,298	2,672	3,213	3,252	11,436	2,310	2,941	3,168	4,242	12,662	1,226 10.7%
Nutrition SU	827	605	1,882	1,564	4,879	1,429	656	1,562	1,435	5,084	205 4.2%
Others	248	92	98	158	598	177	73	98	151	501	(96) (16.1%)
Adjustment	(5,436)	(5,576)	(5,844)	(6,433)	(23,291)	(5,967)	(5,894)	(7,291)	(8,861)	(28,014)	(4,723) -
Total	2,029	5,005	10,253	10,256	27,544	11,848	11,167	10,301	10,244	43,562	16,017 58.2%

※SU : Solutions Unit

➤ **Two Remarks on the Group-wide Business Performance**
- Driving Profit Growth through Both Overseas Operations and Portfolio Transformation -

① **Successful Overseas Operations**

In the current fiscal year ended March 31, 2022, the global economy is recovering well, and the overseas sales ratio recorded an all-time high of 45%. Our operation performance managed from a “Global and Local” perspective emerged successfully, serving as a major driving force behind substantial increases in sales and profits.

- ★ Overseas demands in material businesses, E & I Technology, Performance Fibers, Medical, Pharma, and Supplemental Nutrition built up momentum far surpassing what was seen before the pandemic. The frontline execution capabilities of our global network (Head Quarters in 3 major geographical regions of the world) pushed up global sales significantly.
- ★ We strove to expand spreads adroitly in response to historical surges in raw materials and fuel prices in the third quarter (October-December 2021; “3Q”) and fourth quarter (January-March 2022; “4Q”)

② **Progress in the Portfolio Transformation**

A positive economic cycle continues to evolve, with foundation businesses generating cash and leading-edge businesses steadily increasing profits.

- ★ Regarding leading-edge businesses, sales grew steadily in the key business domains, which is reflected by solid sales increases in the following areas: new products for blood purification systems and catheters in Medical, small molecule pharmaceuticals and biopharmaceuticals in Pharma, and nutritional supplements for the U.S. market. Sales were also brisk in Performance Polymers (MS) for Europe, the U.S., and Asia. Moreover, as the digital society rapidly evolves, E & I Technology is expanding its sales for polyimide products used in smartphones and PCs as well as resin for acrylic films used in large-screen TVs significantly. Sales increased for original high-efficiency photovoltaic module products contributing to

ZEH/ZEB due to the tailwind of growing demand for renewable energy aiming at carbon neutrality. As a result, the profit of these leading-edge businesses grew steadily.

- ★ In foundation businesses, we received orders surpassing our production capacity in areas such as Vinyls and Chlor-Alkali, Performance Polymers (MOD), and Performance Fibers. This shows we are capable of generating cash in these fundamental businesses. Through these efforts, the transformation of our business portfolio is making steady progress.

Operating performance by business segment was as follows:

① Material Solutions Unit

- In Vinyls and Chlor-Alkali, demand continued to expand rapidly in Asian markets. The overseas market prices rose and contributed to profit growth.
- In Modifiers, demand has been strong in Europe, the U.S., and Asia. Sales of non-PVC applications (automobiles, PCs and home electronics) are growing globally. Our global supply chain consisting of 4 locations has displayed its strengths. Amid global supply chain disruptions, we have turned pain into gain.
- In Modified silicone polymers, demand has continued to increase in Europe and the U.S. In addition, the business is expanding into new markets – e.g. construction applications – with in Asia. In anticipation of surging demand going forward, we will rapidly ramp up production capacity at each manufacturing site.
- For KANEKA Biodegradable Polymer Green Planet™, we decided to significantly increase production capacity in February 2022. We will improve productivity and reduce cost by accelerating new product development and introducing innovative technology for unique next-generation production process. We will drive the evolution of our production technology with the aim of additional facility investment in the next phase. In Japan, the Plastic Resource Circulation Act has stimulated major demand. Inquiries for cutlery applications and shopping bag applications from hotels, convenience stores and others have increased rapidly. There are high expectations from national and local governments and other organizations that are seeking to promote composting. Furthermore, there are major joint development projects with international brand holders who have a strong interest in reducing their environmental impact.

② Quality of Life Solutions Unit

- In Foam & Residential Techs, expandable polystyrene resin and extruded polystyrene foam boards were heavily impacted by factors such as surging raw material and fuel prices. Recovery in demand is slow for polyolefin foam as automobile production continues to decrease globally. Tack Pack, which is used to transport COVID-19 vaccines safely at a low temperature, was adopted by local governments, contributing to society as a COVID-19 solution.
- In PV & Energy management, Japan's energy security policy identifies the promotion of the widespread use of renewable energy as a key topic. This topic has added impetus to efforts to increase the installation of solar photovoltaic power generation systems. Sales of Kaneka's residential high-efficiency photovoltaic module products increased due to a growing load rate. Demand is also accelerating for "electricity generating windows (see-through photovoltaic modules)" and "electricity generating walls (wall-mounted solar panels)", which are consonant with efforts to make zero-energy building (ZEB) more prevalent in society. Following the Japanese government's decision to grant subsidies for the development of high-performance perovskite solar cells, which are expected to serve as next-generation solar cells, we will accelerate the development towards the practical application.
- In E & I Technology, sales were strong concerning polyimide film and polyimide varnish for smartphones and OLED displays as well as resin for acrylic film for large-screen TVs. Demand will grow further as the wave of digitalization accelerates. It is imperative to develop a supply system to meet this growing demand. We are considering ramping up the production capacity.
- In Performance Fibers, demand for hair accessory products for the African market has remained extremely strong and demand for flame-retardant materials has followed a recovery path. The next phase of capacity upgrading is under consideration in order to respond to further growth in demand.

③ Health Care Solutions Unit

- In Medical, a new blood purification device for the treatment of arteriosclerosis obliterans (ASO) has shown high therapeutic effectiveness, resulting in a substantial increase in sales of this product. Regarding catheters, sales increased significantly for products such as coils for embolization of brain aneurysms, mainly in overseas markets. In addition, making the most of our rapid development capabilities, we launched PCR testing kits that can detect COVID-19 variants at an early stage, helping to prevent the spread of infection. In January 2022, we decided to build a new manufacturing site with cutting-edge technology for the production of medical devices in Tomakomai, Hokkaido that realizes zero field operations. Automation and advancement will be designed into the plant through process innovation. With this new plant, we will accelerate the global expansion of the medical equipment business.
- In Pharma, particularly biopharmaceuticals, contract manufacturing of COVID-19 vaccines on expanded production lines at Kaneka Eurogentec S.A. contributed to business results. Research reagents as well as testing and diagnostic services also performed strongly. In small molecule pharmaceuticals, sales related to a large new project for an antiviral drug commenced and contributed to business results.

④ Nutrition Solutions Unit

- In Supplemental Nutrition, sales of the active form of coenzyme Q10 were favorable, reflecting a heightened awareness of the importance of increasing immunity. In Japan, the product lineup has been enhanced for the “Watashi no Chikara (My Energy)™” series of products containing the active form of coenzyme Q10. This series comprises foods with new function claims. In the probiotics business, we will strengthen the production system in response to increased market recognition in the U.S. and drive growth in sales.
- In Foods & Agris, there was a strong impact from large increases in prices of raw materials such as oils and fats. “panmusubi,” a newly launched mall-type e-commerce site, has proven popular. Together with “Milk for Bread,” “Belgian Yogurt” and “Q10 Yogurt,” we will strongly promote media strategies covering social media and other media channels. Moreover, as the organic dairy farming and dairy products business currently underway in Betsukai-cho, Hokkaido has also been met with strong popularity, we are currently considering enhancing the production system.

(2) Overview of Consolidated Financial Position

Total assets were ¥726,959 million as of March 31, 2022, up ¥59,530 million compared with March 31, 2021, mainly due to increases in notes and accounts receivable-trade and inventories. Liabilities totaled ¥314,755 million, up ¥28,366 million, primarily reflecting an increase in notes and accounts payable-trade. Moreover, net assets were ¥412,204 million, up ¥31,163 million, owing chiefly to increases in retained earnings and the foreign currency translation adjustment.

(3) Overview of Consolidated Cash Flows

In the current fiscal year ended March 31, 2022, net cash provided by operating activities was ¥34,106 million, mainly due to income before income taxes and depreciation and amortization. Net cash used in investing activities such as the purchase of tangible fixed assets amounted to ¥39,595 million. Net cash used in financing activities was ¥1,105 million, mainly owing to cash dividends paid. As a result, cash and cash equivalents as of March 31, 2022 totaled ¥40,712 million, down ¥5,647 million compared with March 31, 2021.

(4) Performance Forecasts for the Fiscal Year Ended March 31, 2023

➤ Adaptability is the Keyword for Overcoming the Challenges of Uncertainty

In April 2022, the International Monetary Fund (IMF) lowered its forecast for global GDP growth in 2022 to 3.6%. The IMF now expects global GDP growth to decelerate significantly. The world's two major struggles, specifically the long fight against the COVID-19 pandemic and the war in Ukraine, are reflected in the outlook as having a strong negative impact on overall global economic performance. With soaring food and energy prices, the world

is likely to see the global economic recovery trend start to lose steam. The change in economic conditions has been particularly notable since January 2022.

In addition, there is no way in foreseeing the risk of natural disasters caused by global warming. The situation is unpredictable.

On the other hand, the evolution of science and technology and innovation are accelerating. We are fully mobilizing chemistry’s power of transformation to ambitiously turn pain caused by the global change into gain. We will preserve the global environment and contribute to the sustainable recovery of our humanity.

The continuous research and development efforts we have made over many years are starting to open the doors of possibility and hope toward solving the world’s issues. Adaptability, which enables swift responses to change, is a matter of Kaneka’s existence as a going concern. Please look forward to what lies ahead for Kaneka.

➤ **An Excited and Exhilarated Trial & Error Experiment Driven Company**

Foundation businesses are working to identify uncharted frontiers in existing business domains and develop new technologies from fresh perspectives. We are making progress in transforming foundation businesses into leading-edge businesses.

Unknown worlds lie not only far beyond what we know, but they can also be found right at our feet. The new domains that leading-edge businesses are trying to grow do not involve looking beyond the horizon and seeing what is unknown. Our researchers do not stay in safe places they already know, but they make a habit of taking bold steps beyond the horizon every day.

The boundless wonder and adventure of chemistry. Both foundation businesses and leading-edge businesses are excited and exhilarated about the unknown and we are enjoying the process of conducting experiments that expose them to the unknown. While remaining aware of the need to shift domains and move into new frontiers in these ways, Kaneka has continued to transform itself through unique technologies. We will continue to attach great importance to Kaneka’s scientific mindset.

In the current fiscal year, the Performance Polymers (MS) Solutions Vehicle was included in leading-edge businesses.

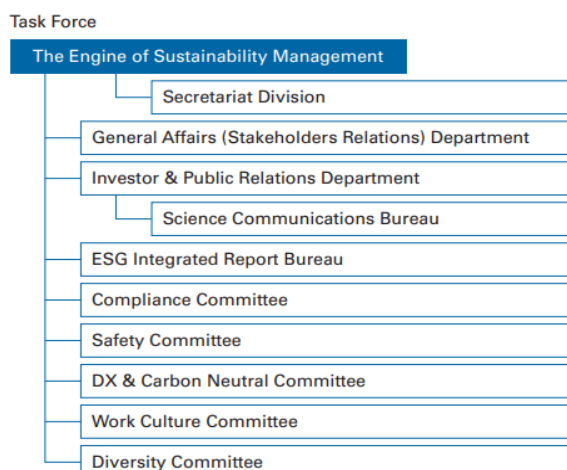
➤ **We Continued to Pursue Human Driven Management This Year. We Will Strengthen This Approach.**

Recently, one of the major changes in our hearts and minds has been that we have become strongly aware of the existence of the COVID-19 virus on a daily basis. We believe that viruses are also living creatures.

Additionally, carbon neutrality and global environmental issues have been simultaneously brought into focus, providing the opportunity for the world to recognize that the realization of a sustainable society is a shared theme. These trends are initiatives to recover our humanity.

We have established a task force to serve as the Engine of Sustainability Management. This new task force was created to ensure that ESG management and “Well-ness First” health management are upgraded and implemented throughout the Kaneka Group.

Diagram of ESG Promotion System



The Engine of Sustainability Management will oversee and coordinate 8 real organizations, leading the formulation of action plans and visualization for each organization. As part of efforts to realize human driven management, it will strengthen and accelerate ESG management.

➤ Consolidated Performance Forecasts for the Fiscal Year Ended March 31, 2023

We have actively allocated management resources to research and development activities, which are positioned as investments for the future, while strengthening foundation businesses which generate cash.

As a result, we have made progress in the development of innovative technology and have initiated the social implementation of unique products and technologies as a solution provider. We will actively strive to spur a new dawn.

In leading-edge businesses, particularly in the Health Care Solutions Unit, sales are expected to grow for new blood purification devices and catheter products in Medical, as well as for biopharmaceuticals and small molecule pharmaceuticals in Pharma. Also, in the Quality of Life Solutions Unit, we anticipate further growth in sales of polyimide products for smartphones and resins for optical film in E & I Technology.

In foundation businesses, demand will remain very strong. Although raw materials are experiencing volatility and could be swayed by crude oil market conditions, we believe that the supply-demand balance for Vinyls and Chlor-Alkali will remain tight and market conditions will maintain a steady trend. In Modifiers, following on from the previous fiscal year, we expect that the improved business environment will remain in place, supported by growing demand due to economic recovery in Europe and the U.S. in addition to portfolio transformation. In Performance Fibers, growth in sales will continue mainly in Africa.

Business performance for the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

	FY2021 Result	FY2022 Forecast	Difference
Net sales (Millions of yen)	691,530	740,000	48,469 7.0%
Operating income (Millions of yen)	43,562	48,000	4,437 10.2%
Ordinary income (Millions of yen)	40,816	43,000	2,183 5.3%
Net income attributable to owners of parent (Millions of yen)	26,487	28,000	1,512 5.7%
Net income per share (yen)	406.01	420.60	14.59

Net sales and operating income by segment for the fiscal year ended March 31, 2023 (Millions of yen)

	Net sales			Operating income		
	FY2021 Result	FY2022 Forecast	Difference	FY2021 Result	FY2022 Forecast	Difference
Material SU	299,908	320,000	20,091 6.7%	36,385	34,000	(2,385) (6.6%)
Quality of Life SU	169,067	185,000	15,932 9.4%	16,942	20,500	3,557 21.0%
Health Care SU	58,936	69,500	10,563 17.9%	12,662	15,800	3,137 24.8%
Nutrition SU	162,554	164,500	1,945 1.2%	5,084	6,800	1,715 33.7%
Others	1,062	1,000	(62) (5.9%)	501	500	(1) (0.3%)
Adjustment	-	-	-	(28,014)	(29,600)	(1,585) -
Total	691,530	740,000	48,469 7.0%	43,562	48,000	4,437 10.2%

With regard to the exchange rates and raw material prices, forecast figures assume an exchange rate of ¥120 to the U.S. dollar, ¥135 to the euro and a domestic naphtha price of ¥80,000 per kiloliter from April 1, 2022 onward.

- ※ The above performance forecasts for the Kaneka Group are regarded as reasonable based on information available at the time of the announcement. Readers should be aware that actual results might vary significantly from these forecasts due to various factors.

2. Basic Rationale for Selection of Accounting Standards

The Kaneka Group had adopted Japanese Generally Accepted Accounting Principles (Japanese GAAP). The timing of the adoption of International Financial Reporting Standards (IFRS) has not yet been determined at this time. However, we will keep collecting information.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2020	FY2021
	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	47,716	41,735
Notes and accounts receivable-trade	135,618	—
Notes and accounts receivable-trade, and contract assets	—	164,128
Short-term investment securities	205	217
Merchandise and finished goods	54,161	69,183
Work in process	9,198	12,171
Raw materials and supplies	46,325	59,128
Other	17,221	17,897
Allowance for doubtful accounts	(1,423)	(1,552)
Total current assets	309,024	362,910
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	91,295	92,052
Machinery, equipment and vehicles, net	112,593	110,339
Land	31,744	32,855
Construction in progress	21,808	24,105
Other, net	11,721	11,922
Total property, plant and equipment	269,164	271,275
Intangible assets		
Goodwill	2,948	2,559
Other	10,881	12,417
Total intangible assets	13,829	14,977
Investments and other assets		
Investment securities	57,917	58,609
Investments in capital	206	184
Long-term loans receivable	761	660
Long-term prepaid expenses	2,143	2,539
Deferred tax assets	6,206	7,504
Other	8,406	8,599
Allowance for doubtful accounts	(229)	(300)
Total investments and other assets	75,411	77,796
Total noncurrent assets	358,405	364,049
Total assets	667,429	726,959

(Millions of yen)

	FY2020	FY2021
	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable-trade	75,757	92,068
Short-term loans payable	84,181	89,992
Accounts payable-other	27,253	26,889
Accrued expenses	14,299	15,332
Income taxes payable	4,376	3,466
Accrued consumption taxes	995	672
Provision for directors' bonuses	111	134
Other	5,327	5,944
Total current liabilities	212,303	234,502
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	25,161	28,627
Deferred tax liabilities	1,647	2,018
Net defined benefit liability	32,073	31,559
Provision for directors' retirement benefits	314	295
Provision for product warranties	—	2,331
Other	4,889	5,420
Total noncurrent liabilities	74,085	80,253
Total liabilities	286,389	314,755
Net assets		
Shareholders' equity		
Capital stock	33,046	33,046
Capital surplus	31,103	31,392
Retained earnings	289,544	309,507
Treasury stock	(11,535)	(11,528)
Total shareholders' equity	342,159	362,417
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,863	21,331
Deferred gains or losses on hedges	(9)	(4)
Foreign currency translation adjustment	(3,753)	4,381
Remeasurements of defined benefit plans	(2,160)	(975)
Total accumulated other comprehensive income	14,939	24,732
Subscription rights to shares	516	619
Non-controlling interests	23,424	24,435
Total net assets	381,040	412,204
Total liabilities and net assets	667,429	726,959

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income	(Millions of yen)	
	FY2020 From April 1, 2020 to March 31, 2021	FY2021 From April 1, 2021 to March 31, 2022
Net sales	577,426	691,530
Cost of sales	410,486	494,880
Gross profit	166,940	196,649
Selling, general and administrative expenses	139,395	153,086
Operating income	27,544	43,562
Non-operating income		
Interest income	97	178
Dividends income	1,348	1,470
Foreign exchange gains	250	1,159
Equity in earnings of affiliates	109	132
Other	924	740
Total non-operating income	2,729	3,681
Non-operating expenses		
Interest expenses	1,259	1,064
Loss on retirement of noncurrent assets	2,402	1,638
Other	4,546	3,724
Total non-operating expenses	8,207	6,427
Ordinary income	22,066	40,816
Extraordinary income		
Insurance claim income	—	1,671
Gain on sales of investment securities	796	—
Compensation income for damage	1,624	—
Total extraordinary income	2,420	1,671
Extraordinary losses		
Litigation expenses	289	—
Restructuring charges	—	2,692
Impairment losses	897	1,059
Product warranty expense	—	2,331
Loss on disaster	1,099	—
Total extraordinary losses	2,286	6,082
Income before income taxes	22,201	36,405
Income taxes-current	6,372	10,075
Income taxes-deferred	(1,354)	(1,398)
Total income taxes	5,017	8,676
Net income	17,184	27,728
Net income attributable to non-controlling interests	1,353	1,240
Net income attributable to owners of parent	15,831	26,487

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2020 From April 1, 2020 to March 31, 2021	FY2021 From April 1, 2021 to March 31, 2022
Net income	17,184	27,728
Other comprehensive income		
Valuation difference on available-for-sale securities	6,746	455
Deferred gains or losses on hedges	93	5
Foreign currency translation adjustment	3,924	8,495
Remeasurements of defined benefit plans, net of tax	5,825	1,179
Share of other comprehensive income of associates accounted for using equity method	10	(7)
Total other comprehensive income	16,600	10,128
Comprehensive income	33,784	37,856
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	31,978	36,280
Comprehensive income attributable to non-controlling interests	1,806	1,575

(3) Consolidated Statements of Changes in Shareholders' Equity
 Previous fiscal year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	33,046	30,962	280,265	(11,583)	332,691
Changes of items during period					
Dividends of surplus			(6,523)		(6,523)
Change in scope of consolidation			(21)		(21)
Net income attributable to owners of parent			15,831		15,831
Purchase of treasury stock				(3)	(3)
Disposal of treasury stock			(7)	52	44
Change in ownership interest of parent due to transactions with non-controlling interests		141			141
Net changes of items other than shareholders' equity					
Total changes of items during period	—	141	9,278	48	9,467
Balance at end of period	33,046	31,103	289,544	(11,535)	342,159

	Accumulated other comprehensive income					Subscription rights to shares	Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of the period	14,246	(103)	(7,395)	(7,956)	(1,208)	482	22,128	354,094
Changes of items during period								
Dividends of surplus								(6,523)
Change in scope of consolidation								(21)
Net income attributable to owners of parent								15,831
Purchase of treasury stock								(3)
Disposal of treasury stock								44
Change in ownership interest of parent due to transactions with non-controlling interests								141
Net changes of items other than shareholders' equity	6,616	93	3,641	5,796	16,147	34	1,295	17,477
Total changes of items during period	6,616	93	3,641	5,796	16,147	34	1,295	26,945
Balance at end of period	20,863	(9)	(3,753)	(2,160)	14,939	516	23,424	381,040

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	33,046	31,103	289,544	(11,535)	342,159
Changes of items during period					
Dividends of surplus			(6,523)		(6,523)
Net income attributable to owners of parent			26,487		26,487
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock			(1)	10	9
Change in ownership interest of parent due to transactions with non-controlling interests		289			289
Net changes of items other than shareholders' equity					
Total changes of items during period	—	289	19,963	6	20,258
Balance at end of the period	33,046	31,392	309,507	(11,528)	362,417

	Accumulated other comprehensive income					Subscription rights to shares	Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of the period	20,863	(9)	(3,753)	(2,160)	14,939	516	23,424	381,040
Changes of items during period								
Dividends of surplus								(6,523)
Net income attributable to owners of parent								26,487
Purchase of treasury stock								(4)
Disposal of treasury stock								9
Change in ownership interest of parent due to transactions with non-controlling interests								289
Net changes of items other than shareholders' equity	468	5	8,135	1,184	9,793	102	1,010	10,905
Total changes of items during period	468	5	8,135	1,184	9,793	102	1,010	31,163
Balance at end of the period	21,331	(4)	4,381	(975)	24,732	619	24,435	412,204

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2020 From April 1, 2020 to March 31, 2021	FY2021 From April 1, 2021 to March 31, 2022
Net cash provided by (used in) operating activities		
Income before income taxes	22,201	36,405
Depreciation and amortization	36,262	37,953
Restructuring charges	—	2,692
Impairment losses	897	1,059
Product warranty expense	—	2,331
Insurance claim income	—	(1,671)
Compensation income for damage	(1,624)	—
Increase (decrease) in net defined benefit liability	2,034	879
Increase (decrease) in allowance for doubtful accounts	59	162
Interest and dividends income	(1,445)	(1,648)
Interest expenses	1,259	1,064
Equity in losses (earnings) of affiliates	(109)	(132)
Loss (gain) on disposal of noncurrent assets	765	498
Loss (gain) on sales of investment securities	(796)	—
Decrease (increase) in notes and accounts receivable-trade	(246)	(25,608)
Decrease (increase) in inventories	8,838	(27,541)
Increase (decrease) in notes and accounts payable-trade	1,392	14,628
Other, net	6,221	3,308
Subtotal	75,710	44,381
Interest and dividends income received	1,533	1,717
Interest expenses paid	(1,325)	(1,085)
Proceeds from insurance income	—	512
Compensation for damage income received	1,624	—
Income taxes paid	(3,502)	(11,419)
Net cash provided by (used in) operating activities	74,040	34,106
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(39,431)	(37,329)
Purchase of intangible assets	(2,965)	(2,601)
Purchase of investment securities	(74)	(77)
Proceeds from sales and distributions of investment securities	57	877
Proceeds from redemptions of investment securities	104	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(336)
Payments of loans receivable	(874)	(398)
Collection of loans receivable	1,145	632
Other, net	(1,191)	(362)
Net cash provided by (used in) investing activities	(43,229)	(39,595)

(Millions of yen)

	FY2020	FY2021
	From April 1, 2020 to March 31, 2021	From April 1, 2021 to March 31, 2022
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(3,515)	6,606
Proceeds from long-term loans payable	776	9,119
Repayment of long-term loans payable	(11,712)	(9,390)
Repayments of lease obligations	(501)	(618)
Purchase of treasury stock	(3)	(4)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(6,523)	(6,523)
Proceeds from stock issuance to non-controlling shareholders	—	0
Dividends paid to non-controlling interests	(260)	(231)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(162)	(63)
Net cash provided by (used in) financing activities	(21,903)	(1,105)
Effect of exchange rate change on cash and cash equivalents	(198)	946
Net increase (decrease) in cash and cash equivalents	8,708	(5,647)
Cash and cash equivalents at beginning of period	37,606	46,360
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	45	—
Cash and cash equivalents at end of period	46,360	40,712

(5) Notes to the Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable

(Changes in Accounting Principles)

(Application of Accounting Standard for Revenue Recognition, etc.)

Kaneka has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) (hereinafter referred to as “Revenue Recognition Accounting Standards”), etc. from the beginning of the fiscal year ended March 31, 2022, and recognizes revenue as the amount expected to be received in exchange for the promised goods or services when the control of the goods or services is transferred to the customer. The Company has applied the alternative treatment stipulated in Paragraph 98 of the “Implementation Guidance on Accounting Standard for Revenue Recognition,” and recognizes revenue from domestic sales of goods or products upon their shipment when there is a normal period of time from shipment until control of merchandise or products is transferred to the customer.

In applying the Revenue Recognition Accounting Standards, etc., Kaneka follows the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standards. The cumulative effect of retroactively applying the new accounting policy to periods prior to the beginning of the fiscal year ended March 31, 2022 has been added to or subtracted from retained earnings at the beginning of the fiscal year ended March 31, 2022, and the new accounting policy has been applied from the beginning balance of the fiscal year ended March 31, 2022. The cumulative effect on consolidated income for the fiscal year ended March 31, 2022 is inconsequential, and there is no impact on the balance of retained earnings at the beginning of the fiscal year ended March 31, 2022.

As a result of applying the Revenue Recognition Accounting Standards, etc., notes and accounts receivable-trade, which was presented under current assets in the consolidated balance sheets of the previous fiscal year, has been included in notes and accounts receivable-trade, and contract assets from the fiscal year ended March 31, 2022. Kaneka has not reclassified the previous fiscal year using the new presentation method in accordance with the transitional treatment stipulated in Paragraph 89-2 of the Accounting Standard for Revenue Recognition.

(Application of Accounting Standard for Fair Value Measurement, etc.)

Kaneka has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) (hereinafter, “Fair Value Measurement Accounting Standards”), etc. from the beginning of the fiscal year ended March 31, 2022. In accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standards and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Company will apply the new accounting policies set forth in the Fair Value Measurement Accounting Standards, etc. prospectively into the future. This does not affect the consolidated financial statements.

(Consolidated Statements of Income)

Restructuring changes are as follows:

(Millions of yen)

	FY2021	FY2022
	From April 1, 2020 to March 31, 2021	From April 1, 2021 to March 31, 2022
Impairment loss	-	2,346
Loss on valuation of inventories	-	346
Total	-	2,692

(Segment Information)

1) Overview of Reporting Segments

Kaneka's reporting segments aim to gather financial information from the Company's separate business units to facilitate decisions by the Board of Directors on the allocation of management resources and allow for the Board's regular review of business performance.

The Company has established "Solutions Vehicle" as organizations for executing its growth strategies from a solutions perspective. There are ten Solutions Vehicles grouped into four solution domains called "Solutions Unit." Each Solutions Unit has established a global Group strategy for its products and services, bringing together subsidiaries in Japan and overseas as one to develop its business activities.

The Company therefore comprises four reporting segments categorized by solution: the "Material Solutions Unit," "Quality of Life Solutions Unit," "Health Care Solutions Unit," and "Nutrition Solutions Unit."

The Material Solutions Unit contributes to environmental protection and comfortable living by providing solutions in the form of high-performance materials to support the development of social infrastructure and mobility (i.e., weight reduction and improved fuel economy), and cutting-edge materials such as biodegradable polymers that assist directly with the realization of environmental societies. The Quality of Life Solutions Unit contributes to energy conservation and the creation of high-quality lifestyles by providing solutions in the form of high-performance materials and unique services that respond to the need for energy conservation and adoption of smart technologies in housing and daily infrastructure. The unit is also responding to innovation in information-driven societies, such as the advancement of the IoT and AI. The Health Care Solutions Unit contributes to a society with better longevity and more sophisticated medical care by providing valuable solutions that combine devices and pharmaceuticals in fields such as medicine, health, and nursing care. The unit is also developing a unique health care business based on advanced medical technologies such as biopharmaceuticals and regenerative and cellular medicine. The Nutrition Solutions Unit contributes to health and high-quality food by providing a wide range of solutions in the form of distinctive materials and supplements that meet needs around food diversification and health promotion. The unit also provides solutions that contribute to food production support in the fields of agriculture, livestock, and fishery.

The Solutions Vehicles and main products that belong to each reporting segment are as follows:

Solutions Unit (Reporting Segments)	Solutions Vehicle	Main products
Material Solutions Unit	Vinyls and Chlor-Alkali	General PVC resins, Caustic soda, Specialty PVC resins
	Performance Polymers (MOD)	Modifiers, Epoxy masterbatch, Biodegradable polymers
	Performance Polymers (MS)	Modified silicone polymers
Quality of Life Solutions Unit	Foam & Residential Techs	Expandable polystyrene resins and products, Extruded polystyrene foam boards, Extruded polyolefin foam, Solar circuit construction method (external insulation and double ventilation construction) products
	E & I Technology	Polyimide films, Optical materials, Graphite sheets
	PV & Energy management	Photovoltaic modules, Energy storage batteries for residences
	Performance Fibers	Acrylic synthetic fibers
Health Care Solutions Unit	Medical	Medical devices
	Pharma & Supplemental Nutrition (Pharma)	Small molecule pharmaceutical materials, API, Biopharmaceuticals
Nutrition Solutions Unit	Pharma & Supplemental Nutrition (Supplemental Nutrition)	Functional foodstuffs
	Foods & Agris	Margarine, Shortening, Bakery yeast, Spices, Antifreeze materials, Dairy products, Functional fertilizers and feeds

2) Basis of Calculation of Monetary Amounts for Net Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reporting Segment

Accounting treatment and procedures for reporting segments are the same as those shown in the "Notes to the Consolidated Financial Statements." Intersegment transactions are based on prevailing market prices.

3) Segment Information by Business Category
 Previous fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reporting segments					Others (Note 1)	Total	Adjustment	Figures in consolidated financial statements (Note 2)
	Material Solutions Unit	Quality of Life Solutions Unit	Health Care Solutions Unit	Nutrition Solutions Unit	Total				
Sales									
Customers	230,509	140,976	52,422	152,368	576,276	1,149	577,426	—	577,426
Intersegment	747	28	—	30	807	1,096	1,903	(1,903)	—
Total	231,257	141,005	52,422	152,398	577,083	2,246	579,330	(1,903)	577,426
Segment profit	23,272	10,650	11,436	4,879	50,238	598	50,836	(23,291)	27,544
Segment assets	237,673	178,725	72,093	110,120	598,614	806	599,420	68,008	667,429
Others									
Depreciation	12,168	11,950	3,238	4,720	32,078	19	32,097	3,926	36,024
Amortization of goodwill	33	—	313	111	458	—	458	86	544
Investment in equity method	59	2,359	—	—	2,418	—	2,418	—	2,418
Increase in fixed assets	9,321	12,328	4,406	5,862	31,918	136	32,055	7,089	39,144

Notes: 1 "Others" is a business segment that is not included in the reporting segments and includes property insurance and life insurance business.

2 Segment profit is reconciled with operating income in the consolidated financial statements.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reporting segments					Others (Note 1)	Total	Adjustment	Figures in consolidated financial statements (Note 2)
	Material Solutions Unit	Quality of Life Solutions Unit	Health Care Solutions Unit	Nutrition Solutions Unit	Total				
Sales									
Customers	299,908	169,067	58,936	162,554	690,467	1,062	691,530	—	691,530
Intersegment	799	41	0	45	886	1,091	1,977	(1,977)	—
Total	300,708	169,109	58,936	162,599	691,353	2,154	693,508	(1,977)	691,530
Segment profit	36,385	16,942	12,662	5,084	71,075	501	71,577	(28,014)	43,562
Segment assets	276,403	191,881	82,254	112,633	663,173	855	664,029	62,930	726,959
Others									
Depreciation	12,698	12,367	3,816	4,899	33,781	19	33,801	3,888	37,690
Amortization of goodwill	11	—	336	117	465	—	465	91	557
Investment in equity method	57	2,469	—	—	2,527	—	2,527	—	2,527
Increase in fixed assets	9,395	11,198	4,570	4,290	29,454	41	29,496	8,486	37,982

Notes: 1 "Others" is a business segment that is not included in the reporting segments and includes property insurance and life insurance business.

2 Segment profit is reconciled with operating income in the consolidated financial statements.

4) Reconciliation between Segment Totals and Amounts on Consolidated Financial Statements (Adjustments)

(Millions of yen)

Income	From April 1, 2020 to March 31, 2021	From April 1, 2021 to March 31, 2022
Segment total	50,238	71,075
Segment profit of Others	598	501
Elimination of intersegment transactions	7	7
Companywide expenses (Note)	(23,451)	(28,005)
Other adjustments	153	(17)
Operating income in the consolidated statements of income	27,544	43,562

Note: Companywide expenses primarily are expenses for basic R&D that are not allocable to any reporting segment

(Millions of yen)

Assets	From April 1, 2020 to March 31, 2021	From April 1, 2021 to March 31, 2022
Segment total	598,614	663,173
Segment assets of Others	806	855
Elimination of intersegment transactions	(14,402)	(15,401)
Companywide assets (Note)	82,002	78,627
Other adjustments	408	(295)
Total assets in the consolidated balance sheets	667,429	726,959

Note: Companywide assets are Companywide surplus working capital, investment securities, land and certain other assets that are not allocable to any reporting segment.

(Millions of yen)

Other items	Reporting segment total		Others		Adjustments (Note)		Consolidated	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation	32,078	33,781	19	19	3,926	3,888	36,024	37,690
Amortization of goodwill	458	465	—	—	86	91	544	557
Increase in fixed assets	31,918	29,454	136	41	7,089	8,486	39,144	37,982

Note: Adjustments primarily are expenses for basic R&D that are not allocable to any reporting segment.

(Related Information)

Information by Geographic Area

(Sales)

Previous fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

Japan	Asia	North America	Europe	Other areas	Total
346,261	113,084	42,384	52,880	22,816	577,426

Note: Sales are classified into countries or regions based on the geographic location of customers.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

(Millions of yen)

Japan	Asia	North America	Europe	Other areas	Total
379,317	141,981	62,655	73,571	34,003	691,530

Note: Sales are classified into countries or regions based on the geographic location of customers.

(Per Share Information)

Net assets per share, net income per share and the corresponding basis for computation, and fully diluted net income per share and the corresponding basis for computation are shown below.

Item	Previous fiscal year From April 1, 2020 to March 31, 2021	Fiscal year under review From April 1, 2021 to March 31, 2022
Net assets per share	¥5,473.85	¥5,934.36
Net income per share	¥242.68	¥406.01
Fully diluted net income per share	¥242.13	¥404.95

Item	Previous fiscal year From April 1, 2020 to March 31, 2021	Fiscal year under review From April 1, 2021 to March 31, 2022
Net income per share		
Net income attributable to owners of parent (Millions of yen)	15,831	26,487
Net income attributable to owners of parent ascribed to common stock (Millions of yen)	15,831	26,487
Average number of shares of common stock during the period (Thousands of shares)	65,233	65,239
Fully diluted net income per share		
Adjustment of net income attributable to owners of parent (Millions of yen)	(5)	(6)
Of which, adjustment for dilutive shares issued by consolidated subsidiaries (Millions of yen)	(5)	(6)
Increase in shares of common stock (Thousands of shares)	128	152
Of which, subscription rights to shares (Thousands of shares)	128	152

(Subsequent Events)

At meetings of the Board of Directors of Kaneka Corporation (hereinafter, "Kaneka") and CEMEDINE CO., LTD. (hereinafter, "CEMEDINE") held today (May 12, 2022), Kaneka and CEMEDINE passed resolutions to conduct a stock swap with Kaneka as the wholly owning parent company in the stock swap and CEMEDINE as the wholly owned subsidiary in the stock swap, and a stock swap agreement was concluded between the two companies.