

# Financial Summary

## Fiscal Year Ended March 31, 2022

May 12, 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.

(Billions of yen)

	FY2020 Apr.-Mar.	FY2021 Apr.-Mar	Difference	
			Amount	%
Net sales	577.4	691.5	114.1	19.8%
Operating income	27.5	43.6	16.0	58.2%
Ordinary income	22.1	40.8	18.7	85.0%
Net income attributable to owners of parent	15.8	26.5	10.7	67.3%
Net income per share	¥242.68	¥406.01		

### (The COVID-19 Pandemic and Ukraine Crisis - Honing Our Adaptability -)

- The Ukraine situation has become a major disruptive factor in the global situation and has jeopardized the structure of society through resource/energy/food crises, supply chain disruptions and so on.
- The world has plunged headlong into completely unpredictable times, and we will 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 -)

- The global economy has followed a recovery track, supported by the easing of COVID-19 restrictions as well as the fiscal and monetary policies of various countries.
- Surging prices for energy, materials, food and other resources triggered by the Ukraine issue are accelerating the progress of inflation, and the business environment has become even more uncertain.
- In Japan, the rising prices for energy, food, etc. as well as the shift to a weaker yen are causing many issues to be concerned that these could derail the economic recovery.

### (Business Performance of Kaneka Group - Increases in Sales and Profits -)



# Net Sales, Operating Income by Segment

(Billions of yen)

	Net sales											
	FY2020					FY2021					Difference (Total)	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	Amount	%
Material SU	48.9	55.6	60.2	65.8	230.5	70.0	70.9	76.3	82.7	299.9	69.4	30.1%
Quality of Life SU	29.7	33.9	39.2	38.2	141.0	40.9	41.9	43.4	42.9	169.1	28.1	19.9%
Health Care SU	11.7	12.8	14.1	13.9	52.4	13.2	13.4	15.4	16.9	58.9	6.5	12.4%
Nutrition SU	35.9	37.6	41.1	37.8	152.4	39.8	39.7	43.1	40.0	162.6	10.2	6.7%
Others	0.4	0.2	0.2	0.3	1.1	0.3	0.2	0.2	0.3	1.1	(0.1)	(7.6%)
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>126.6</b>	<b>140.1</b>	<b>154.8</b>	<b>155.9</b>	<b>577.4</b>	<b>164.1</b>	<b>166.2</b>	<b>178.4</b>	<b>182.8</b>	<b>691.5</b>	<b>114.1</b>	<b>19.8%</b>

	Operating income											
	FY2020					FY2021					Difference (Total)	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	Amount	%
Material SU	2.9	4.5	6.5	9.4	23.3	9.3	8.7	8.3	10.1	36.4	13.1	56.3%
Quality of Life SU	1.2	2.7	4.4	2.3	10.7	4.6	4.7	4.5	3.2	16.9	6.3	59.1%
Health Care SU	2.3	2.7	3.2	3.3	11.4	2.3	2.9	3.2	4.2	12.7	1.2	10.7%
Nutrition SU	0.8	0.6	1.9	1.6	4.9	1.4	0.7	1.6	1.4	5.1	0.2	4.2%
Others	0.2	0.1	0.1	0.2	0.6	0.2	0.1	0.1	0.2	0.5	(0.1)	(16.1%)
Adjustment	(5.4)	(5.6)	(5.8)	(6.4)	(23.3)	(6.0)	(5.9)	(7.3)	(8.9)	(28.0)	(4.7)	-
<b>Total</b>	<b>2.0</b>	<b>5.0</b>	<b>10.3</b>	<b>10.3</b>	<b>27.5</b>	<b>11.8</b>	<b>11.2</b>	<b>10.3</b>	<b>10.2</b>	<b>43.6</b>	<b>16.0</b>	<b>58.2%</b>

※SU : Solutions Unit



# Two Remarks about Business Performance of Kaneka Group

## (Driving Profit Growth through Both Overseas Operations and Portfolio Transformation)

### ① Successful Overseas Operations

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 the 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.
- Spreads were expanded adroitly despite historical surges in raw materials and fuel prices in the third and fourth quarters. Group-wide sales achieved a record high and the sales and profits increased in all business segments.

### ② Progress in the Portfolio Transformation

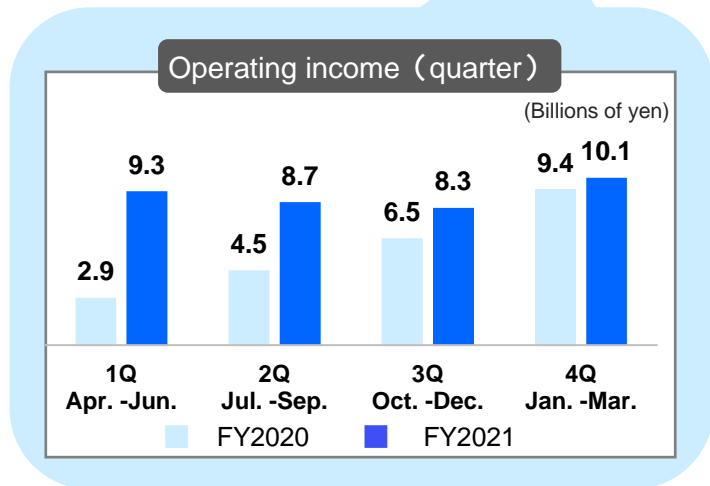
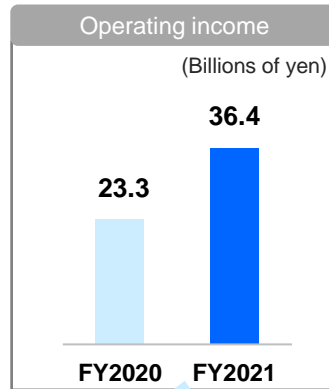
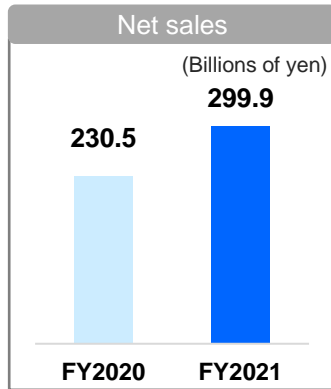
A positive economic cycle continues to evolve, with foundation businesses generating cash and leading-edge businesses steadily increasing profits.

- Leading-edge businesses: The sales and profits grew steadily for leading-edge businesses including Performance Polymers (MS) for Europe/U.S./Asia, new products for blood purification systems and catheters in Medical, small molecule pharmaceuticals and biopharmaceuticals in Pharma, nutritional supplements for the U.S. market, polyimide products used in smartphones and PCs and resin for acrylic films used in large-screen TVs in E & I and high-efficiency photovoltaic module products due to the tailwind of growing demand for renewable energy.
- Foundation businesses: Orders surpassing our production capacity in areas such as Vinyls and Chlor-Alkali, Performance Polymers (MOD) and Performance Fibers as well as capability for generating cash enable us to transform our business portfolio steadily.

# Business Performance by Segment (Material Solutions Unit)

**Net sales**                      **¥299.9 billion** **【up 30.1% YoY】**

**Operating income**                      **¥36.4 billion** **【up 56.3% YoY】**



## Vinyls and Chlor-Alkali

- Demand continued to expand rapidly in Asian markets. The overseas market prices rose and contributed to profit growth.

## Performance Polymers (MOD)

- 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, and we have turned pain into gain amid global supply chain disruptions.

## Performance Polymers (MS)

- Demand has continued to increase in Europe and the U.S., and the business is expanding into new markets – e.g. construction applications – in Asia.
- In anticipation of surging demand going forward, we will rapidly ramp up production capacity at each manufacturing site to be ready for surging demand.

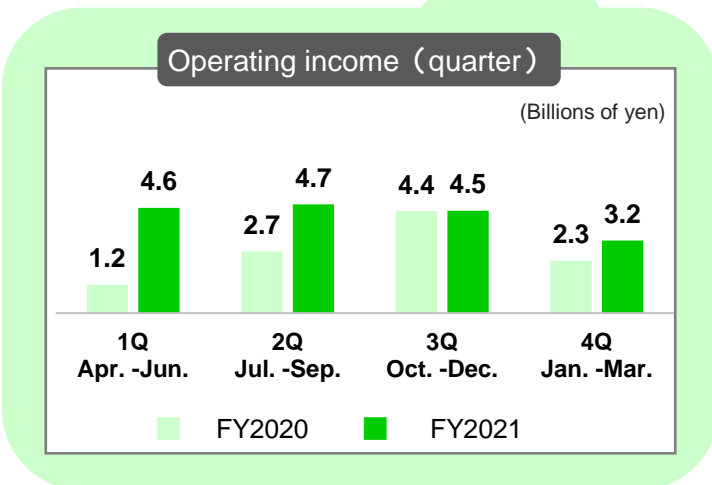
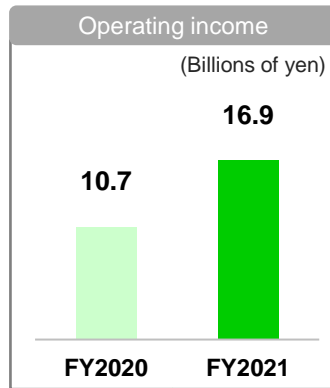
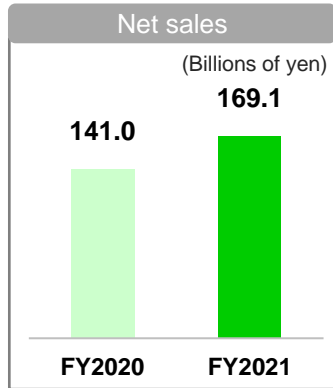
## Green Planet

- We decided to significantly increase production capacity. We will improve productivity and reduce cost to 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, etc. from hotels, convenience stores and others have increased rapidly.
- There are major joint development projects with international brand holders.

# Business Performance by Segment (Quality of Life Solutions Unit)

**Net sales**                      **¥169.1 billion** **【up 19.9% YoY】**

**Operating income**                      **¥16.9 billion** **【up 59.1% YoY】**



## 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 contributed to the safe transportation of COVID-19 vaccines at a low temperature.

## PV & Energy management

- Sales of residential high-efficiency photovoltaic module products increased due to a growing load rate.
- Demand is accelerating for “electricity generating windows (see-through photovoltaic modules)” and “electricity generating walls (wall-mounted solar panels)” suitable for making zero-energy building (ZEB) more prevalent in society.
- The Japanese government decided to grant subsidies for the development of high-performance perovskite solar cells. The development towards the practical application will be accelerated.

## E & I Technology

- Sales were strong concerning polyimide film/varnish for smartphones/OLED displays, and for acrylic film for large-screen TVs.
- We are considering ramping up the production capacity to meet this growing demand.

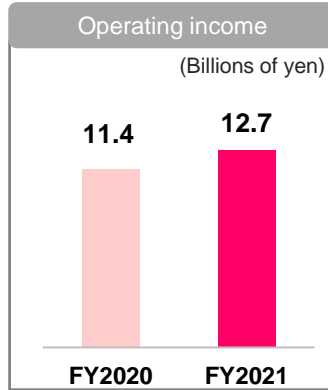
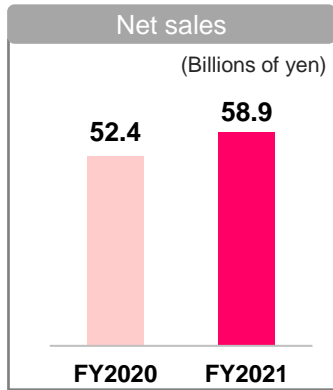
## Performance Fibers

- Demand for hair accessory products for the African market has remained extremely strong.
- Demand for flame-retardant materials has followed a recovery path.
- Capacity upgrading is under consideration in order to respond to further growth in demand.

# Business Performance by Segment (Health Care Solutions Unit)

**Net sales**                      **¥58.9 billion** 【up 12.4% YoY】

**Operating income**            **¥12.7 billion** 【up 10.7% YoY】

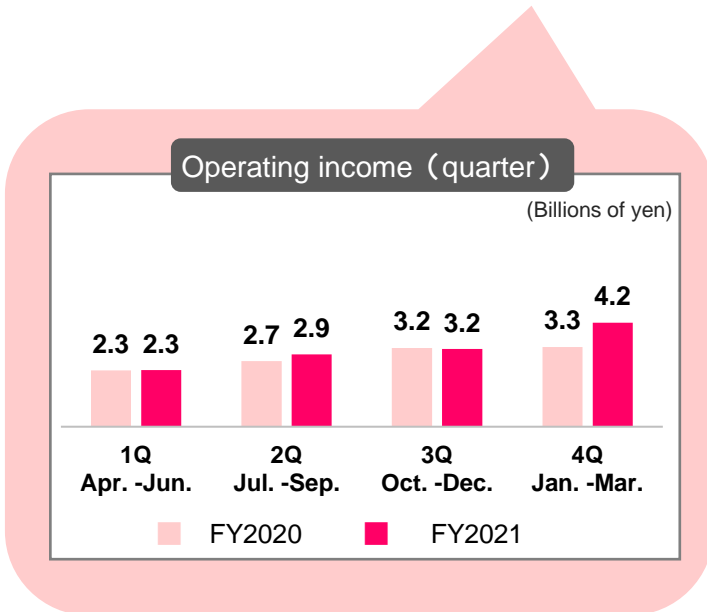


## Medical

- 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.
- Making the most of our rapid development capabilities, we launched PCR testing kits that can detect COVID-19 variants, helping to prevent the spread of infection.
- We decided to build a new manufacturing site with cutting-edge technology for the production of medical devices that realizes zero field operations. We will accelerate the global expansion of the medical equipment business.

## Pharma

- For 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.

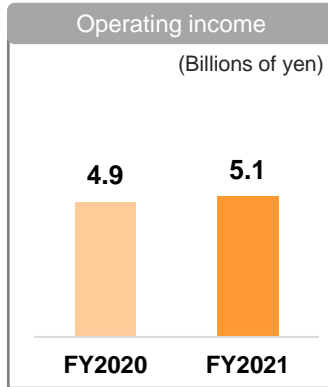
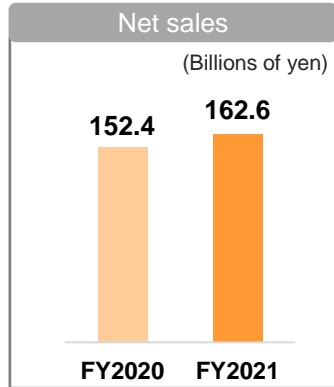




# Business Performance by Segment (Nutrition Solutions Unit)

**Net sales**                      **¥162.6 billion** **【up 6.7% YoY】**

**Operating income**                      **¥5.1 billion** **【up 4.2% YoY】**

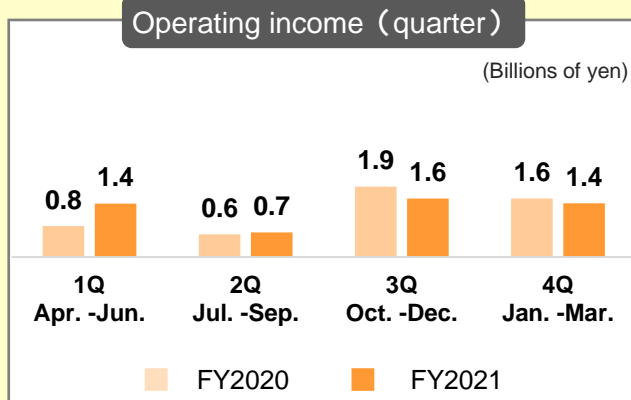


## Supplemental Nutrition

- Sales of the active form of coenzyme Q10 were favorable, reflecting a heightened awareness of the importance of increasing immunity.
- In Japan, the “Watashi no Chikara (My Energy)<sup>TM</sup>” series of products containing the active form of coenzyme Q10 obtained new function claims. The product lineup has been enhanced.
- The probiotics business is gaining market recognition in the U.S., making progress on strengthening production system and increasing repeated orders.

## Foods & Agris

- This segment was greatly affected by the significant increase in raw material prices including oil and fat.
- “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 SNS and other media channels.
- The organic dairy farming and dairy products business has also been met with strong popularity, and we are currently considering enhancing the production system.





# Consolidated Balance Sheet

	March 31, 2021	March 31, 2022	Difference
(Billions of yen)			
<b>Assets</b>			
Current Assets	309.0	362.9	53.9
Noncurrent Assets	358.4	364.0	5.6
<b>Total assets</b>	667.4	727.0	59.5
<b>Liabilities</b>			
Interest bearing debt	118.2	127.6	9.4
Others	168.1	187.1	19.0
<b>Total liabilities</b>	286.4	314.8	28.4
<b>Net assets</b>			
Shareholders' equity	357.1	387.2	30.1
Others	23.9	25.1	1.1
<b>Total net assets</b>	381.0	412.2	31.2
<b>Total liabilities and net assets</b>	667.4	727.0	59.5
<b>Shareholders' equity ratio</b>	53.5%	53.3%	
<b>Net assets per share</b>	¥5,473.85	¥5,934.36	

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

- 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.
- Net assets increased, mainly due to a rise in retained earnings and foreign currency translation adjustment.



# Consolidated Cash Flow

(Billions of yen)

	FY2020 Apr.-Mar.	FY2021 Apr.-Mar
Cash flows from operating activities	74.0	34.1
Cash flows from investing activities	(43.2)	(39.6)
Free cash flow	30.8	(5.5)
Cash flows from financing activities	(21.9)	(1.1)
Net increase (decrease) in cash and cash equivalents (*)	8.8	(5.6)
Cash and cash equivalents at end of period	46.4	40.7

\* Including Effect of exchange rate change on cash and cash equivalents and Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation.

- Net cash provided by operating activities was ¥34.1 billion, mainly due to income before income taxes and depreciation and amortization.
- Net cash used in investing activities amounted to ¥39.6 billion, mainly owing to purchase of property, plant and equipment.
- Net cash used in financing activities came to ¥1.1 billion, mainly owing to cash dividends.

## (Adaptability is the Keyword for Overcoming the Challenges of Uncertainty.)

- The International Monetary Fund (IMF) lowered its forecast for global GDP growth in 2022 to 3.6%. The world is likely to see the global economic recovery trend start to lose steam due to the long fight against the COVID-19 pandemic and the war in Ukraine.
- Evolution of science/technology and innovation are accelerating. We will preserve the global environment and contribute to the sustainable recovery of our humanity.
- The 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.

## (An Excited and Exhilarated Trial & Error Experiment Driven Company)

- Foundation businesses develop new technologies from fresh perspectives to be transformed 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  
While remaining aware of the need to shift domains and move into new frontiers, Kaneka continues to transform itself through unique technologies and attach great importance to Kaneka's scientific mindset.
- In the current fiscal year, Performance Polymers (MS) was included in leading-edge businesses.

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

- One of the major changes in our hearts and minds has been that we are starting to think that viruses are also living creatures.
- Carbon neutrality and global environmental issues have provided the opportunity to recognize that the realization of a sustainable society is the world’s shared theme.
- We have established a task force to serve as the Engine of Sustainability Management. As part of efforts to realize human driven management, ESG management is strengthened and accelerated.

Diagram of ESG Promotion System



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

- We have actively allocated management resources to research and development activities while strengthening foundation businesses which generate cash. We have made progress in the development of innovative technology and have initiated the social implementation of unique products and technologies.
- In leading-edge businesses, particularly in the Health Care SU, sales are expected to grow for new blood purification devices and catheter products in Medical, biopharmaceuticals and small molecule pharmaceuticals in Pharma, as well as polyimide products for smartphones and resins for optical film in E & I Technology in the Quality of Life SU.
- In foundation businesses, demand will remain very strong. Raw materials are experiencing volatility and could be swayed by crude oil market conditions.  
The supply-demand balance for Vinyls and Chlor-Alkali will remain tight, and the market conditions will maintain a steady trend. In Modifiers, 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.

# Consolidated Business Forecasts

(Billions of yen)

	FY2021 Result	FY2022 Forecast	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	¥14.59	

\* 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.

(Billions of yen)

	Net sales				Operating income			
	FY2021 Result	FY2022 Forecast	Difference		FY2021 Result	FY2022 Forecast	Difference	
			Amount	%			Amount	%
Material SU	299.9	320.0	20.1	6.7%	36.4	34.0	(2.4)	(6.6%)
Quality of Life SU	169.1	185.0	15.9	9.4%	16.9	20.5	3.6	21.0%
Health Care SU	58.9	69.5	10.6	17.9%	12.7	15.8	3.1	24.8%
Nutrition SU	162.6	164.5	1.9	1.2%	5.1	6.8	1.7	33.7%
Others	1.1	1.0	(0.1)	(5.9%)	0.5	0.5	(0.0)	(0.3%)
Adjustment	-	-	-	-	(28.0)	(29.6)	(1.6)	-
<b>Total</b>	<b>691.5</b>	<b>740.0</b>	<b>48.5</b>	<b>7.0%</b>	<b>43.6</b>	<b>48.0</b>	<b>4.4</b>	<b>10.2%</b>

※SU : Solutions Unit



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