

Quarterly Financial Summary

3rd Quarter, Ended December 31, 2022

February 8, 2023

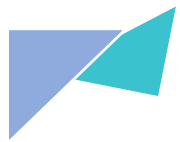
KANEKA CORPORATION



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Forecasts of the operating results and other statements contained in this document are forward-looking statements, which are rationally determined based on information currently available to the Company. For a variety of reasons, actual performance may differ substantially from these projections. They do not constitute a guarantee that the Company will achieve these forecasts or any other forward-looking statements.



Summary

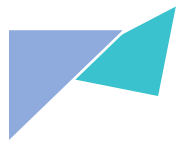
	(Billions of yen)			
	FY2021 1-3Q (Apr.-Dec.)	FY2022 1-3Q (Apr.-Dec.)	Difference	
			Amount	%
Net sales	508.7	567.1	58.4	11.5%
Operating income	33.3	27.6	(5.7)	(17.1%)
Ordinary income	31.3	26.6	(4.7)	(15.0%)
Net income attributable to owners of parent	22.0	18.9	(3.1)	(14.2%)
Net income per share	¥337.55	¥286.61		

(State of the Global Economy - Deceleration and Instability -)

- The global economy was unstable due to the sharp rise in energy and resource prices triggered by the Ukraine crisis, growing inflation and monetary tightening in various economies, which put a sudden brake on the economy in 3Q*, and there were also currency fluctuations.

(Kaneka Group's Business Performance - Despite Foundation Businesses Impacted, Leading-edge Businesses Grown -)

*the third quarter (October 1 to December 31, 2022)



Net Sales, Operating Income by Segment

(Billions of yen)

	Net sales						Operating income					
	FY2022				Difference (YoY)		FY2022				Difference (YoY)	
	1Q	2Q	3Q	1-3Q	Amount	%	1Q	2Q	3Q	1-3Q	Amount	%
Material SU	88.9	84.0	77.8	250.7	33.5	15.4%	10.8	7.9	3.8	22.5	(3.8)	(14.5%)
Quality of Life SU	45.0	42.2	43.8	131.0	4.9	3.9%	4.6	4.1	4.4	13.1	(0.7)	(5.3%)
Health Care SU	16.6	17.4	18.7	52.7	10.6	25.3%	3.9	3.7	4.5	12.0	3.6	42.3%
Nutrition SU	41.9	44.1	46.0	132.0	9.5	7.7%	0.8	1.3	2.3	4.4	0.7	20.4%
Others	0.3	0.2	0.2	0.8	0.0	0.3%	0.2	0.1	0.1	0.4	0.0	13.1%
Adjustment	-	-	-	-	-	-	(8.0)	(8.5)	(8.2)	(24.7)	(5.5)	-
Total	192.7	187.9	186.5	567.1	58.4	11.5%	12.2	8.6	6.8	27.6	(5.7)	(17.1%)

※SU : Solutions Unit

- In 3Q, some of segments continued to experience declining demand and falling market conditions due to factors including the sluggish building materials and construction markets in Europe and the U.S., falling PVC market prices in Asia, and supply-demand adjustments in the electronics market, which had a significant impact on our business performance. Whereas, in leading-edge businesses (Health Care SU, etc.), sales of new products using our unique and differentiated technologies are steadily expanding and the business is growing speedily. In foundation businesses, Foam* and Foods strengthened their earnings foundation as spreads improved due to price revisions in response to rising raw material prices and other factors. We are making steady progress in transforming our business portfolio.

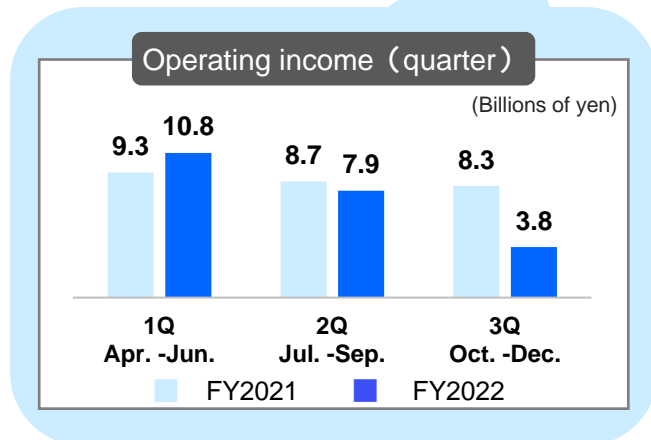
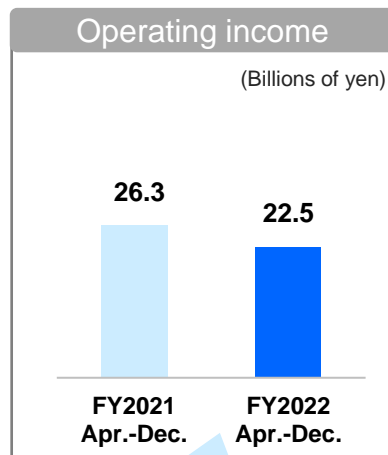
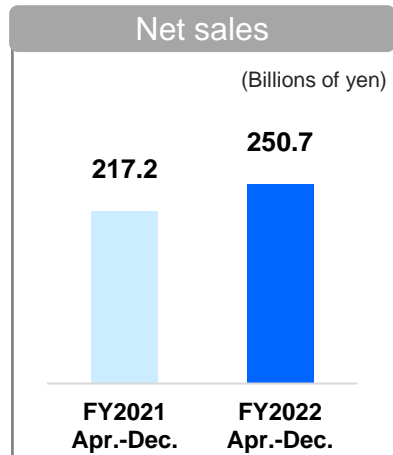
* Foam & Residential Techs



Business Performance (Material Solutions Unit)

Net sales **¥250.7 billion** **【up 15.4% YoY】**
Operating income **¥22.5 billion** **【down 14.5% YoY】**

Higher sales and lower profits due to strong impact of economic slowdown in Europe, the U.S., and Asia.



Vinyls and Chlor-Alkali

- Caustic soda sales remained steady in 3Q.
- Demand for PVC resins in Asian markets was dull and market conditions remained weak.

Performance Polymers (MOD)

- Demand for rigid PVC usage for housing in Europe and the U.S. has slowed from 2Q* and remained sluggish in 3Q due to customers' inventory adjustments.
- Our Research & Business activities are shifting to expand the non-PVC applications market to enhance profitability.
- Business performance bottomed out in 3Q and is now on a recovery track.

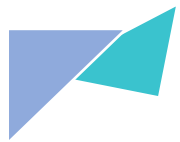
Performance Polymers (MS)

- Demand temporarily slowed down due to the weak construction markets in Europe and the U.S.
- The underlying tone of demand is strong, and following the last year's decision to increase capacity in Belgium, we are quickly considering the next capacity expansion in the U.S.

Green Planet

- Green Planet™ has received many inquiries from major brand holders in Japan, Europe, and the U.S., and joint developments are expanding.
- We are also working hard on research and development of innovative technology to produce Green Planet™ from CO₂ and H₂ for social implementation of "biomanufacturing," a prioritized Japanese government policy.

* the second quarter (July 1 to September 30, 2022)

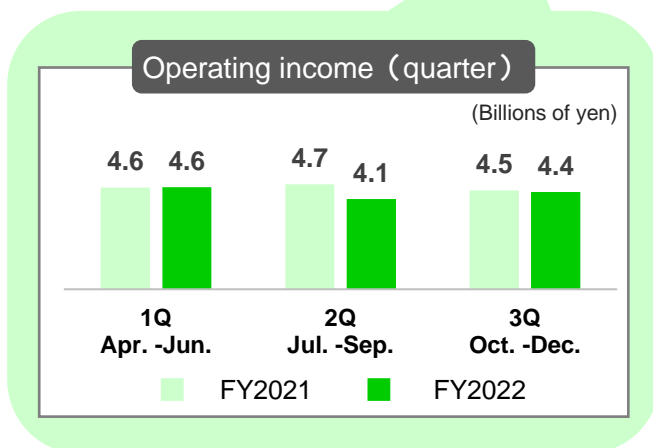
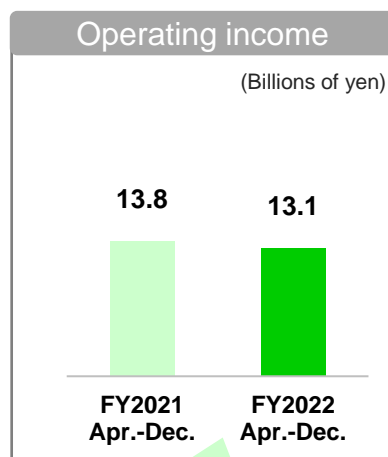
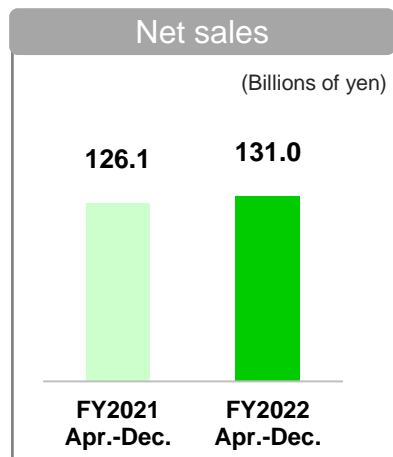


Business Performance (Quality of Life Solutions Unit)

Net sales **¥131.0 billion** **【up 3.9% YoY】**

Operating income **¥13.1 billion** **【down 5.3% YoY】**

Increased sales, but E & I* was strongly affected by the supply-demand adjustment, resulting in a decrease in profits



Foam & Residential Techs

- Performance recovered as a result of price revisions and film sales in the domestic market.
- Demand in the overseas automotive sector is gradually recovering.

PV & Energy management

- As the energy crisis (electricity shortage) becomes a global problem, expectations for high-efficiency photovoltaic modules are increasing. We will start operation of an additional production line for heterojunction PV during this fiscal year to respond to the strong demand.
- A trend of mandatory PV installation in new houses such as the Tokyo Metropolitan Government's policy is spreading nationwide and inquiries are becoming active. We are promoting initiatives that contribute to CO₂ reduction, such as self-consignment and microgrids in cooperation with local governments.
- We plan to begin full-scale delivery of in-vehicle PV this spring.

E & I Technology

- Sales of polyimide products and resins for LCD panels fell below the previous year's level due to continued significant supply-demand adjustments in the smartphone and large-screen TV markets. We expect these demands to recover from later 4Q*.
- We are focusing on a new lineup of Kaneka's unique and differentiated products such as for 5G, flexible displays, and image sensor applications..

Performance Fibers

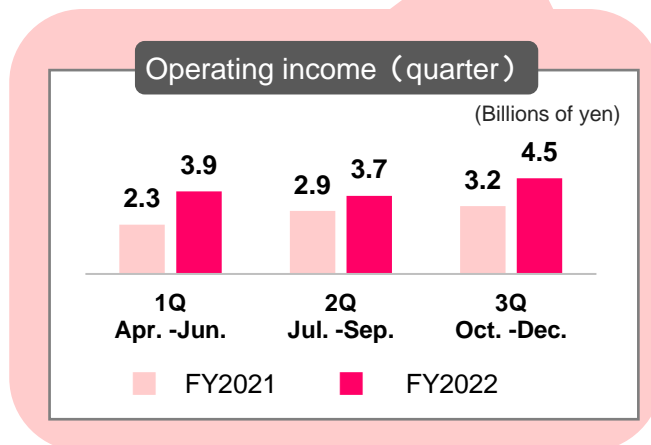
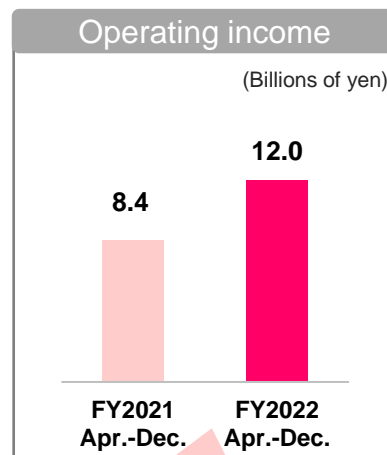
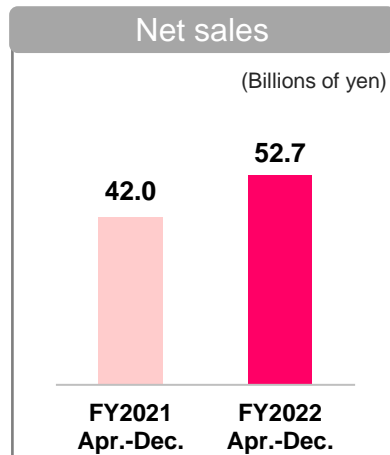
- Although demand for hair products is slowing temporarily due to rising inflation in Africa and the U.S., we are working to expand sales by introducing differentiated new product.



Business Performance (Health Care Solutions Unit)

Net sales **¥52.7 billion** **[up 25.3% YoY]**
Operating income **¥12.0 billion** **[up 42.3% YoY]**

A significant increase in both sales and profits due to the strong performance of Medical and Pharma



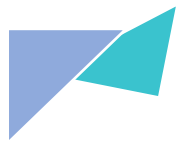
Medical

- Sales of blood purification devices and catheters are expanding both domestically and internationally, owing to strong sales of new products. It is driving the company's performance.
- We will further accelerate the global expansion of this business by hastening the sales structure reinforcement in the U.S., the largest market.
- Following on from COVID-19 PCR testing kits, we plan to launch Influenza COVID-19 multiplex testing kits.

Pharma

- Pharma is steadily expanding its biopharmaceutical business. It is a Solutions Vehicle driving the company's performance.
- Kaneka Eurogentec S.A. has decided to increase the capacity of manufacturing facilities for mRNA, which is expected to grow at a high rate for use in vaccines for infectious diseases as well as in therapeutics for genetic diseases and cancer.
- In the area of small molecule pharmaceuticals, sales of an intermediate for Xocova®* tablets, a drug for the treatment of COVID-19 infection, are on track, and we plan to increase sales.

*Xocova is a registered trademark of Shionogi & Co., Ltd.

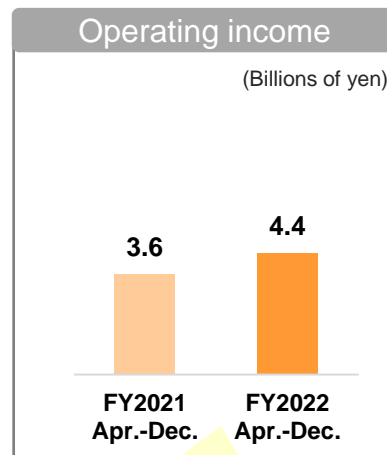
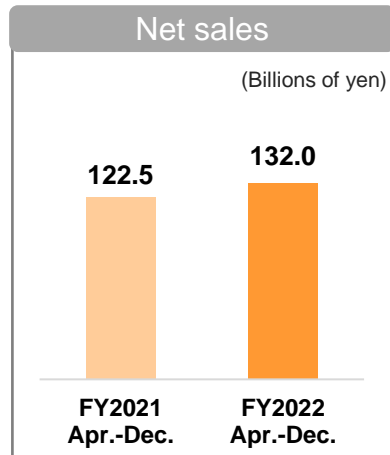


Business Performance (Nutrition Solutions Unit)

Net sales **¥132.0 billion** **【up 7.7% YoY】**

Operating income **¥4.4 billion** **【up 20.4% YoY】**

Supplement* is expanding, Foods* is recovering,
increased both sales and profits

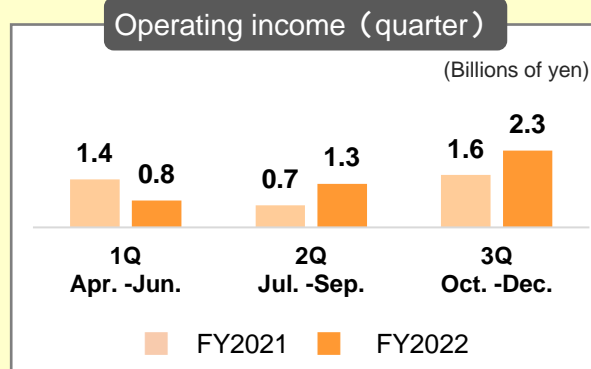


Supplemental Nutrition

- Rapidly considering increased production of the active form of coenzyme Q10 as sales are growing in Europe, Oceania and Asia (China) as well as in the U.S. and Japan.
- We are strengthening our global production sales structure in response to the expansion of the probiotics business.
- We will further strengthen our lineup of foods with functional claims.

Foods & Agris

- Focused on expanding sales of high value-added products and revising prices amid widespread price hikes and sluggish demand for food products in general. Performance expanded.
- Regarding "Watashi no Chikara (My Energy) - Q10 Yogurt" launched in August, sales of the drink-type product were particularly strong. Production capacity has reached a limit and the first step in increasing production has been completed.
- Kaneka Shokuhin launched a new e-commerce site. We are strengthening BtoC sales of dairy products, bread, chocolate, etc. It is a major initiative which provides new value under the theme of good taste and health.



*Supplemental Nutrition, Foods & Agris

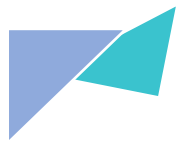


Consolidated Balance Sheet

	(Billions of yen)		
	March 31, 2022	December 31, 2022	Difference
Assets			
Current Assets	362.9	402.9	40.0
Noncurrent Assets	364.0	385.7	21.7
Total assets	727.0	788.7	61.7
Liabilities			
Interest bearing debt	127.6	154.2	26.5
Others	187.1	207.2	20.1
Total liabilities	314.8	361.4	46.7
Net assets			
Shareholders' equity *	387.2	408.6	21.4
Others	25.1	18.7	(6.4)
Total net assets	412.2	427.3	15.1
Total liabilities and net assets	727.0	788.7	61.7
Shareholders' equity ratio	53.3%	51.8%	
Debt Equity Ratio	0.33	0.38	
Net assets per share	¥5,934.36	¥6,207.96	

* 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 resulting from higher sales, as well as an increase in property, plant and equipment resulting from expanded capital investment.
- Liabilities increased, mainly due to a rise in loans payable.
- Net assets increased, mainly due to a rise in retained earnings and foreign currency translation adjustments.



Consolidated Business Forecasts

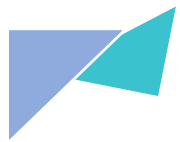
(Forecast for Consolidated Business Performance for the Fiscal Year Ending March 31, 2023)

- The IMF upwardly revised its forecast for 2022 global GDP growth to 3.4% (from 3.2% forecast in October 2022). Although some recovery factors are expected in the global economy, such as an early recovery of the Chinese economy, easing of the economic slowdown in the U.S. and Europe, and the bottoming out of the supply-demand adjustment in the automobile production and electronics markets, the economic slowdown is expected to continue for the time being, and the outlook is highly uncertain.
- Although there are positive signs for performance in 4Q, based on the business performance up until 3Q, the Group announced a revised forecast for consolidated business performance on November 9, 2022.
- Dividends will remain unchanged from the previous forecast.

	(Billions of yen)				
	FY2021	FY2022		Difference	
	Result	Previous forecast (Nov. 9, 2022)	Revised forecast	Vs. previous year	Vs. previous forecast
Net sales	691.5	760.0	756.0	64.5	(4.0)
Operating income	43.6	40.0	36.5	(7.1)	(3.5)
Ordinary income	40.8	39.0	34.0	(6.8)	(5.0)
Net income attributable to owners of parent	26.5	27.0	24.0	(2.5)	(3.0)
Net income per share	¥406.01	¥410.05	¥364.67		
Dividend per share	¥110	¥110	¥110		

*The forecasts from January 1, 2023 are based on exchange rates of ¥130 to the U.S. dollar, ¥140 to the euro and a domestic naphtha price of ¥71,500 per kiloliter.

- Acquisition of treasury shares: 2.3 millions shares are being acquired (maximum 10.0 billions of yen, from September 12th, 2022, to March 24th, 2023)



Consolidated Business Forecasts by Segment

Forecast for consolidated business performance for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Billions of yen)

	Net Sales					Operating Income				
	FY2021	FY2022		Difference		FY2021	FY2022		Difference	
	Result	Previous forecast (Nov. 9, 2022)	Revised forecast	Vs. previous year	Vs. previous forecast	Result	Previous forecast (Nov. 9, 2022)	Revised forecast	Vs. previous year	Vs. previous forecast
Material SU	299.9	340.0	335.6	35.7	(4.4)	36.4	31.0	28.3	(8.1)	(2.7)
Quality of Life SU	169.1	175.0	173.9	4.8	(1.1)	16.9	17.0	16.4	(0.5)	(0.6)
Health Care SU	58.9	71.0	70.7	11.8	(0.3)	12.7	16.0	16.3	3.6	0.3
Nutrition SU	162.6	173.0	174.8	12.2	1.8	5.1	6.8	7.6	2.5	0.8
Others	1.1	1.0	1.0	(0.1)	-	0.5	0.5	0.5	-	-
Adjustment	-	-	-	-	-	(28.0)	(31.3)	(32.6)	(4.6)	(1.3)
Total	691.5	760.0	756.0	64.5	(4.0)	43.6	40.0	36.5	(7.1)	(3.5)

※SU : Solutions Unit

- For our performance in 4Q, the Health Care SU will continue its strong growth momentum, with Medical and Pharma being the driving force, and Foods & Agris and Supplemental Nutrition are forecast to maintain profit growth. Material SU and E & I Technology, which were the main causes of stagnant performance up until 3Q, will recover sales due to improvement in the supply-demand environment. In 4Q, we expect to see upward momentum in all segments.

KANEKA CORPORATION

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