



# KANEKA

The Dreamology Company  
—Make your dreams come true—

## Financial Summary

Fiscal Year Ended June 30, 2023

August 9, 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.

# Highlights

	FY2022 1Q (Apr. – Jun.)	FY2022 2Q (Jul. – Sep.)	FY2022 3Q (Oct. – Dec.)	FY2022 4Q (Jan. – Mar.)	FY2023 1Q (Apr. – Jun.)	(Billions of yen)	
						Difference (YoY)	
						Amount	%
Net sales	192.7	187.9	186.5	188.7	182.7	(10.0)	(5.2%)
Operating income	12.2	8.6	6.8	7.5	5.6	(6.6)	(54.1%)
Ordinary income	14.8	7.8	4.1	5.8	6.7	(8.1)	(54.8%)
Net income attributable to owners of parent	10.5	6.1	2.3	4.1	4.2	(6.3)	(59.7%)
Operating income margin	6.3%	4.6%	3.6%	4.0%	3.1%		
Net income per share	¥161.22	¥91.81	¥34.87	¥62.84	¥65.35		
Exchange rate (to USD)	¥129.7	¥138.3	¥141.4	¥132.4	¥137.5		
Exchange rate (to EURO)	¥138.3	¥139.3	¥144.3	¥142.2	¥149.6		
Domestic Naptha Price (per kl)	¥86,100	¥81,400	¥72,500	¥66,500	¥67,500		

## State of the Global Economy - Prevailing sense of stagnation with weak recovery momentum -

- The global economy remained sluggish due to ongoing inflation and tightening of monetary policy in Europe and the U.S., and economic slowdown reflecting China's faltering recovery.
- The pace of economic recovery is uncertain with weak performance in the manufacturing sector, while some recovery is noted in the service sector.

## Kaneka Group's Business Performance

### - Sales and profits decreased regardless of solid performance in Health Care SU and Nutrition SU -

# Business Performance by Segment

(Billions of yen)

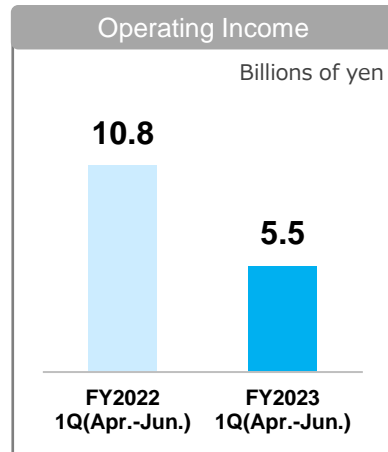
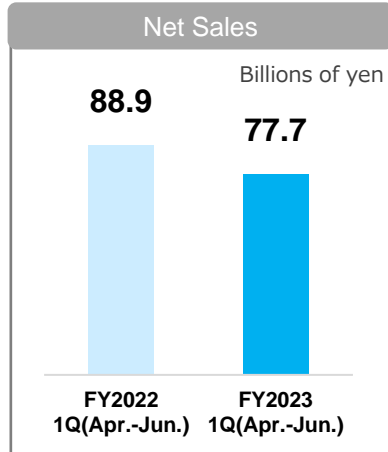
	Net sales						
	FY2022				FY2023	Difference(YoY)	
	1Q	2Q	3Q	4Q	1Q	Amount	%
Material SU	88.9	84.0	77.8	83.1	77.7	(11.3)	(12.7%)
Quality of Life SU	45.0	42.2	43.8	41.8	40.9	(4.1)	(9.2%)
Health Care SU	16.6	17.4	18.7	18.1	17.7	1.1	6.7%
Nutrition SU	41.9	44.1	46.0	45.4	46.0	4.2	9.9%
Others	0.3	0.2	0.2	0.3	0.4	0.1	32.6%
Total	192.7	187.9	186.5	188.7	182.7	(10.0)	(5.2%)
	Operating income						
	FY2022				FY2023	Difference(YoY)	
	1Q	2Q	3Q	4Q	1Q	Amount	%
Material SU	10.8	7.9	3.8	5.0	5.5	(5.2)	(48.7%)
Quality of Life SU	4.6	4.1	4.4	3.1	2.9	(1.7)	(36.1%)
Health Care SU	3.9	3.7	4.5	3.7	3.0	(0.9)	(23.1%)
Nutrition SU	0.8	1.3	2.3	3.2	2.3	1.5	182.3%
Others	0.2	0.1	0.1	0.2	0.3	0.1	54.1%
Adjustment	(8.0)	(8.5)	(8.2)	(7.6)	(8.4)	(0.4)	-
Total	12.2	8.6	6.8	7.5	5.6	(6.6)	(54.1%)

※SU : Solutions Unit

# Performance

## (Material Solutions Unit)

**Affected by a prolonged economic slowdown in Europe, the U.S., and Asia, resulting in lower sales and profits**



### Vinyls and Chlor-Alkali

- Sales of both PVC and caustic soda were affected by the stagnant Chinese economy and a significant decline in the Asian market.

### Performance Polymers(MOD)

- Demand-supply adjustments for construction use are prolonged on the back of ongoing inflation and high interest rates in Europe and the U.S., resulting in low sales volume.
- Shipment level of non-PVC products also remained low.

### Performance Polymers(MS)

- Sign of recovery is seen from the late 1Q despite a weak construction demand in the U.S. and Europe.
- To address the rising global demand, we are rapidly considering the next capacity expansion in the U.S., following the ongoing construction to increase capacity in Belgium.

### Green Planet

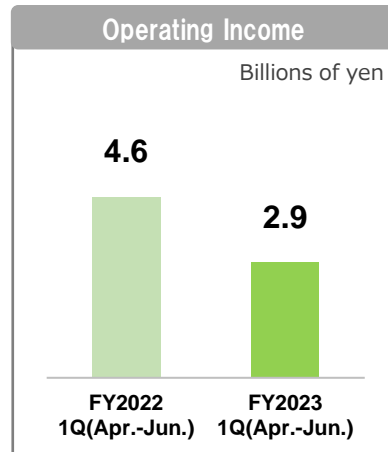
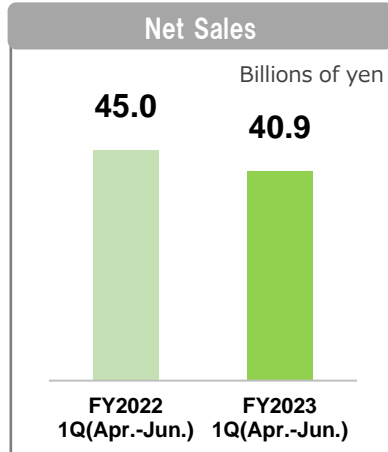
- Steady progress has been made in joint development and product launch with major brand holders in Japan, the U.S., and Europe.
- Rapidly expanding the scope of applications by establishing various processing technologies.
- Resource recycling initiative using waste cooking oil has also accelerated.
- Innovative project to produce Green Planet from CO<sub>2</sub> and H<sub>2</sub>, which was selected for NEDO\*'s "Green Innovation Fund Project," has started in full swing.

\* New Energy and Industrial Technology Development Organization

## Performance

## (Quality of Life Solutions Unit)

**Decreased sales and profits due to the supply-demand adjustments in the smartphone market globally, rising inflation and weak consumer spending in Africa**



### Foam & Residential Techs

- Profit margin improved significantly through price revisions of expandable polystyrene resin.
- Demand is recovering for expanded polyolefin foam products in the overseas automotive sector.
- Solutions Vehicle (SV) as a whole achieved a significant increase in both sales and profits.

### PV & Energy management

- Sales of high-efficiency photovoltaic modules for residential use are increasing.
- Mandatory installation of PV in new houses is spreading nationwide, thus further growth in demand is expected.
- Will start an integral electric power service combining solar power generation with power storage facility as regional microgrid businesses in Toyooka City.

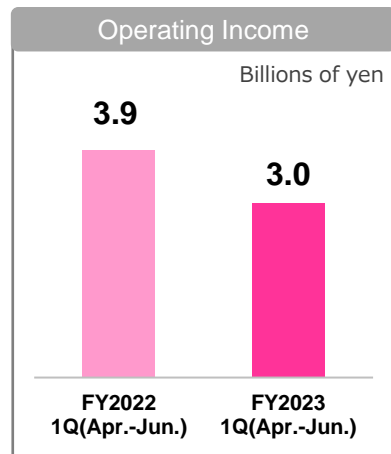
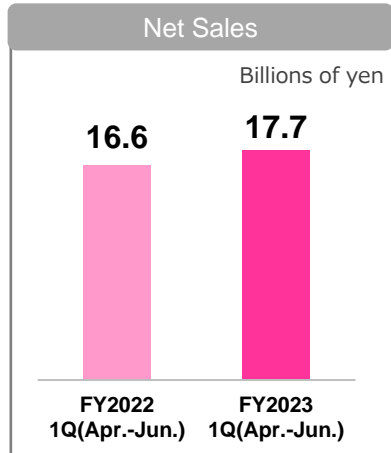
### E & I Technology

- Demand for the large-screen TV material has started to recover.
- Smartphone market showed a weaker recovery momentum than expected, and the sales of polyimide products are weak.

### Performance Fibers

- Demand for hair accessory products remained sluggish due to low consumer spending against the backdrop of higher inflation in African countries.
- Will strive to regain demand early by launching new products with high performance, such as light-weight, water-repellent, and anti-bacterial.
- Will work to increase the sales of products for flame-retardant materials in light of the new regulations on flame-retardant materials to be implemented in China and India.

## Performance



## (Health Care Solutions Unit)

**Solid sales growth continues while a demand change is noted in some customers. Steady growth is expected in 2Q\* and beyond.**

### Medical

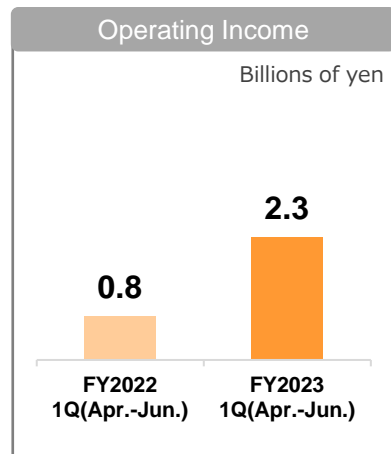
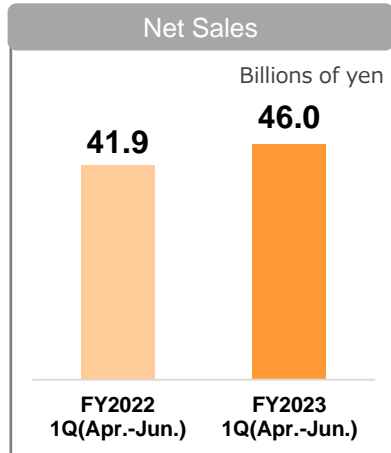
- Sales of blood purification devices and catheters are expanding both domestically and internationally, and solid performance continues.
- Based on these strong sales, we are rapidly considering to build a new catheter production facility, following the production facility of blood purification devices under construction in Hokkaido.
- New products will be launched in the area of gastroenterology and arrhythmia.

### Pharma

- Bio-CDMO business of Kaneka Eurogentec S.A. is growing steadily.
- Construction to expand the manufacturing capacity of mRNA, responsive to increasing customer needs, will complete at the year end, and high growth is expected in therapeutics for genetic diseases and cancer.
- For small molecule pharmaceuticals, solid demand continued in the treatment for COVID-19 infection and Protein A chromatography resin for antibody drugs.

\*July 1 to September 30, 2023

## Performance



## (Nutrition Solutions Unit)

**Substantial increases in both sales and profits owing to market expansion in Supplemental Nutrition and profit improvement of Foods & Agris. Solid performance is expected to continue even after 2Q.**

### Supplemental Nutrition

- Sales of the active form of coenzyme Q10 are expanding globally. Sales for the Chinese e-commerce market have started in full swing.
- For the probiotics business, sales are also expanding in Europe and Asia, and we aim to drive growth by strengthening the production and sales system globally.

### Foods & Agris

- Shifting to sales of high-value-added products and improved spreads have largely contributed to business performance.
- Working to build a new business model from the customers' perspectives by expanding new businesses including dairy products, launching existing products overseas, and starting a BtoC business with an e-commerce site.
- Kaneka Foods Corporation is focusing on transforming its business, such as implementing digital transformation to its customer center.



# Consolidated Balance Sheets

				(Billions of yen)
		March 31, 2023	June 30, 2023	Difference
<b>Assets</b>	<b>Current Assets</b>	397.0	408.1	11.1
	<b>Noncurrent Assets</b>	385.7	407.8	22.1
<b>Total assets</b>		<b>782.6</b>	<b>815.8</b>	<b>33.2</b>
<b>Liabilities</b>	<b>Interest bearing debt</b>	159.3	171.4	12.1
	<b>Others</b>	186.9	194.9	8.0
	<b>Total liabilities</b>	<b>346.2</b>	<b>366.3</b>	<b>20.1</b>
<b>Net assets</b>	<b>Equity *</b>	417.4	430.0	12.6
	<b>Others</b>	19.1	19.6	0.5
	<b>Total net assets</b>	<b>436.4</b>	<b>449.5</b>	<b>13.1</b>
<b>Total liabilities and net assets</b>		<b>782.6</b>	<b>815.8</b>	<b>33.2</b>
<b>Equity ratio</b>		53.3%	52.7%	
<b>Debt equity ratio</b>		0.38	0.40	
<b>Net assets per share</b>		¥6,431.63	¥6,624.92	

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

- Total assets increased, mainly due to an increase in inventory assets as well as in property, plant and equipment resulting from expanded capital investment and an increase in overseas group companies' assets denominated in yen resulting from the weakening yen.
- Liabilities increased, primarily reflecting an increase in loans payable.
- Net assets increased, owing chiefly to an increase in foreign currency translation adjustments resulting from the weakening of yen and an increase in valuation difference on available-for-sale securities due to an increase in the fair value of shares held.
- Equity ratio was 52.7%.

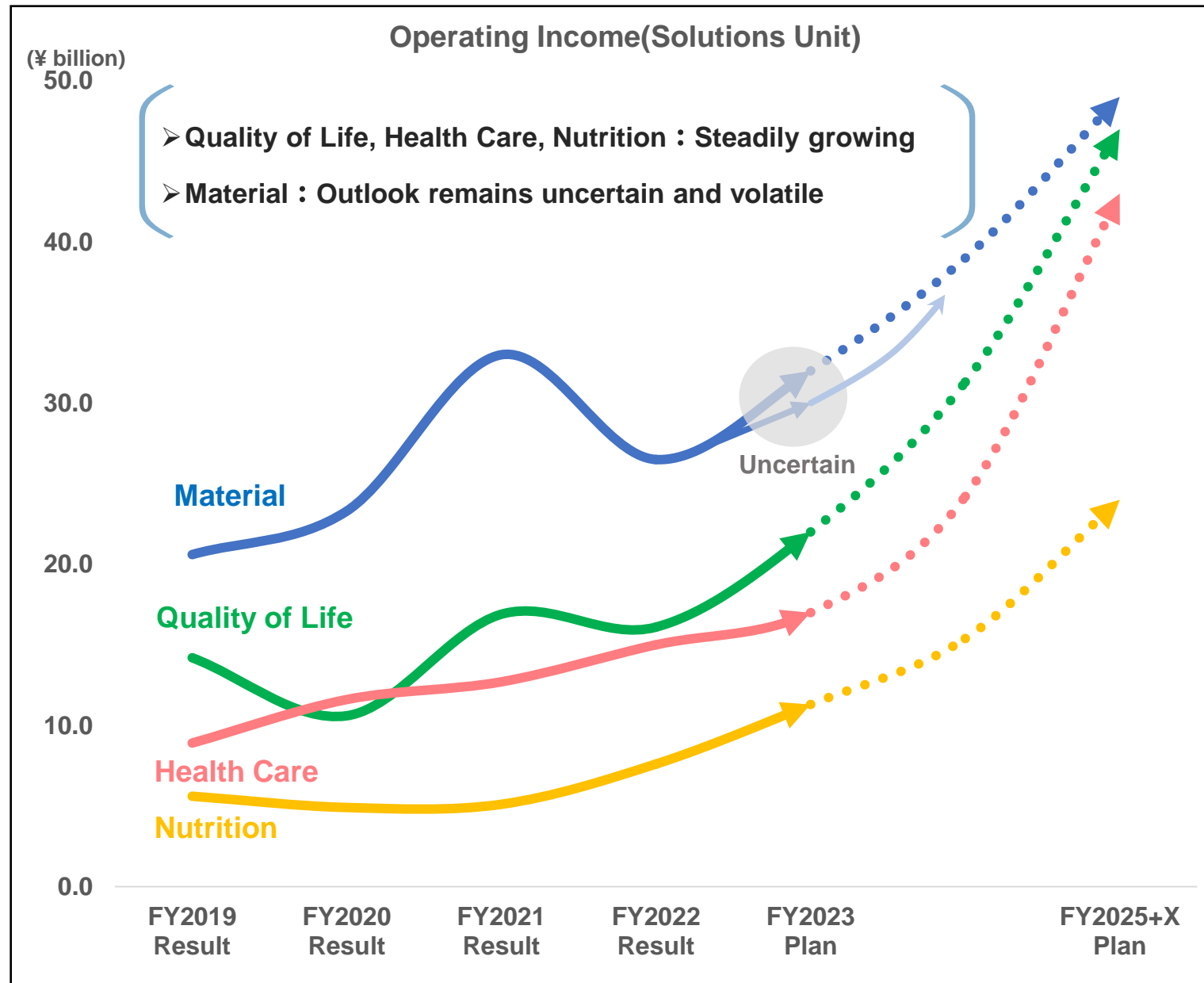
# Consolidated Business Forecasts

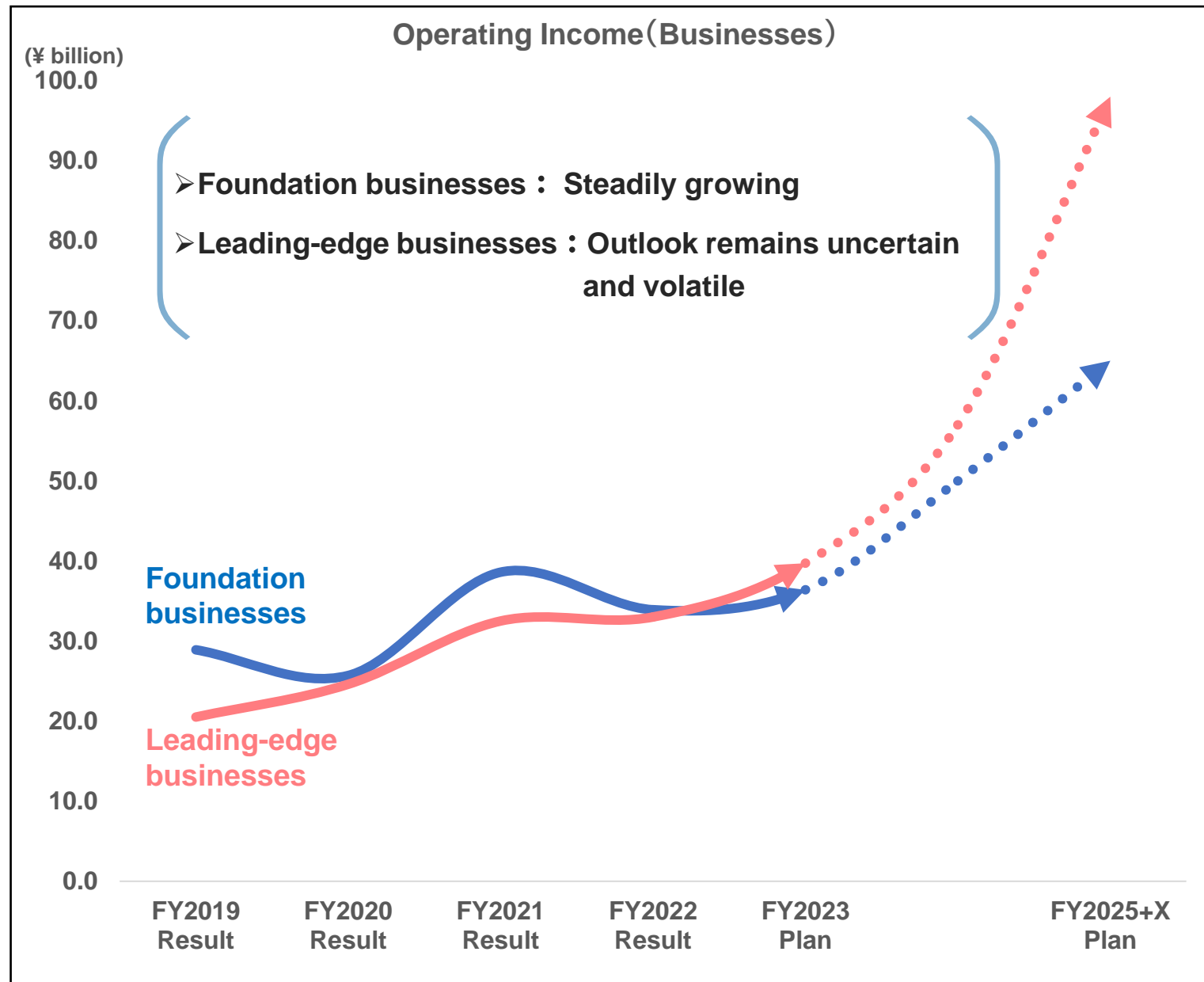
- The IMF announced its 2023 global GDP growth forecast in July, which remains low at 3%, and economic recovery is sluggish.
- The profitability of Health Care SU and Nutrition SU are accelerating, driven by their steady growth.
- While overseas automobile production is regaining momentum, the recovery is lagging more than expected in the construction-related demand in Europe and the U.S. The market conditions in Asia are also not improving as anticipated. These factors may affect the profitability of the Material SU. A sluggish demand recovery in the smartphone market is concerned.
- We will accelerate transforming our business portfolio to improve business performance. For example, we will focus on launching new products and expanding new businesses while flexibly grasping the underlying recovery trend by stimulating the demand for hair accessory products in the African market.
- Considering the above, the outlook remains uncertain and volatile, so we have not revised the forecast for the consolidated business performance announced on May 12, 2023.

<Reference> Forecast for the consolidated business performance  
for the year ending March 31, 2024 (announced on May 12, 2023)

	FY2022 Result	FY2023 Forecast	(Billions of yen)	
			Difference	
			Amount	%
Net sales	755.8	800.0	44.2	5.8%
Operating income	35.1	42.0	6.9	19.7%
Ordinary income	32.4	38.5	6.1	18.8%
Net income attributable to owners of parent	23.0	27.0	4.0	17.3%
Operating income margin	4.6%	5.3%		
Net income per share	¥349.59	¥416.06		
ROE	5.7%	6.3%		
Exchange rate (to USD)	¥135.5	¥130.0		
Exchange rate (to EURO)	¥141.0	¥140.0		
Domestic Naptha Price (per kl)	¥76,625	¥63,000		

# Supplementary Information





# Appendix: The List of Kaneka Business Unit Abbreviations

## Material SU

Material Solutions Unit

Vinyls

Vinyls & Chlor-Alkali Solutions Vehicle

MOD

Performance Polymers (MOD) Solutions Vehicle

MS

Performance Polymers (MS) Solutions Vehicle

## QoL SU

Quality of life Solutions Unit

Foam

Foam & Residential Techs Solutions Vehicle

PV

PV & Energy Management Solutions Vehicle

E & I

E & I Technology Solutions Vehicle

Fiber

Performance Fibers Solutions Vehicle

## Health Care SU

Health Care Solutions Unit

Medical

Medical Solutions Vehicle

Pharma

Pharma & Supplemental Nutrition Solutions Vehicle  
(Pharma)

## Nutrition SU

Nutrition Solutions Unit

Foods

Foods & Agris Solutions Vehicle

Supplement

Pharma & Supplemental Nutrition Solutions Vehicle  
(Supplemental Nutrition)

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