



KANEKA

The Dreamology Company
—Make your dreams come true—

Financial Summary

Fiscal Year Ended September 30, 2023

November 9, 2023

KANEKA CORPORATION



INDEX

Highlights	01
Business Performance	03
Consolidated Balance Sheets	07
Consolidated Cash Flows	08
Earnings Forecasts and Other Forward-looking Statements	09

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

(Billions of yen)

	FY2022 1H(Apr.-Sep.)	FY2023 1H(Apr.-Sep.)	Difference(YoY)	
			Amount	%
Net sales	380.6	370.1	(10.5)	(2.8%)
Operating income	20.8	12.6	(8.2)	(39.4%)
Ordinary income	22.5	12.7	(9.8)	(43.4%)
Net income attributable to owners of parent	16.6	8.9	(7.7)	(46.3%)
Operating income margin	5.5%	3.4%		
Net income per share	¥252.67	¥137.09		
Exchange rate (to USD)	¥134.0	¥141.1		
Exchange rate (to EURO)	¥138.8	¥153.5		
Domestic Naptha Price (per kl)	¥83,750	¥65,250		

State of the Global Economy -Delayed economic recovery and uncertain outlook-

- The geopolitical and country risks have put a halt on the global economic recovery.
- The global economy is in confusion due to inflation, friction between the U.S. and China, and the shrinking Chinese economy.

Kaneka Group's Business Performance - Sales and profits decreased while sound performance in Life Science fields -

- Result of 1H*: Overseas demands in Material SU* remained slow due to raw material's price trends and currency fluctuations.
- Forecast of 2H*: Life Science fields will grow along with Material SU's recovery. Business development will accelerate.

*1H:April 1 to September 30, 2023 * Solutions Unit

*2H:October 1,2023 to March 31, 2024

Business Performance by Segment

(Billions of yen)

	Net Sales							
	FY2022				FY2023		Difference(YoY)	
	1Q	2Q	3Q	4Q	1Q	2Q	Amount	%
Material SU	88.9	84.0	77.8	83.1	77.7	78.8	(16.4)	(9.5%)
Quality of Life SU	45.0	42.2	43.8	41.8	40.9	43.9	(2.4)	(2.8%)
Health Care SU	16.6	17.4	18.7	18.1	17.7	18.4	2.2	6.5%
Nutrition SU	41.9	44.1	46.0	45.4	46.0	46.0	6.1	7.1%
Others	0.3	0.2	0.2	0.3	0.4	0.2	0.1	17.9%
Total	192.7	187.9	186.5	188.7	182.7	187.4	(10.5)	(2.8%)
	Operating Income							
	FY2022				FY2023		Difference(YoY)	
	1Q	2Q	3Q	4Q	1Q	2Q	Amount	%
Material SU	10.8	7.9	3.8	5.0	5.5	6.6	(6.6)	(35.2%)
Quality of Life SU	4.6	4.1	4.4	3.1	2.9	4.2	(1.6)	(18.1%)
Health Care SU	3.9	3.7	4.5	3.7	3.0	2.9	(1.6)	(21.5%)
Nutrition SU	0.8	1.3	2.3	3.2	2.3	2.3	2.5	117.6%
Others	0.2	0.1	0.1	0.2	0.3	0.1	0.1	38.0%
Adjustment	(8.0)	(8.5)	(8.2)	(7.6)	(8.4)	(9.1)	(1.0)	-
Total	12.2	8.6	6.8	7.5	5.6	7.0	(8.2)	(39.4%)

※SU : Solutions Unit

Performance

(Material Solutions Unit)

Sales and profits slow to recover amid prolonged economic stagnation, despite bottoming out in the previous 3Q*

Vinyls and Chlor-Alkali

- PVC and caustic soda: Chinese economy shrank and the Asian market fell sharply.

Performance Polymers(MOD)

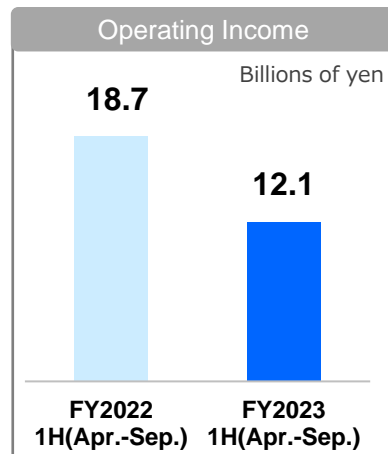
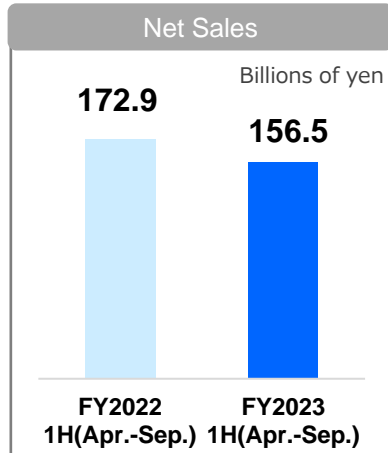
- Inventory adjustments for construction material are prolonged on the back of ongoing high inflation and high interest in the U.S.
- Expect demand for non-PVC products in the Asian market to recover.

Performance Polymers(MS)

- Sales expansion to new regions and applications after bottoming out.
- Construction to increase capacity in Belgium is progressing as scheduled.

Green Planet

- Established various processing technologies, formulation technologies which are the key to market development.
- Progress has been made in joint development and product launch with major brand holders in the U.S., and Europe.



*October 1 to December 31, 2022

Performance

(Quality of Life Solutions Unit)

Decreased sales and profits mainly due to the weak smartphone market

Foam & Residential Techs

- Expandable polystyrene beads (EPS): Profit margin improved mainly through price revisions.
- Expanded polyolefin foam (EPO): Demand in the automotive sector is recovering both in Japan and overseas.

PV & Energy management

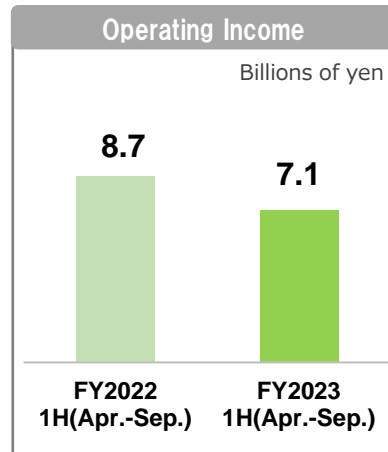
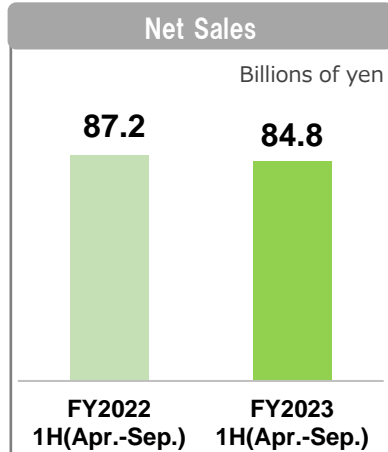
- Sales of high-efficiency photovoltaic modules for residential use are firm.
- As the mandatory installation of PV in new houses is spreading nationwide, we are strengthening our production capability.

E & I Technology

- Smartphone market demand showed a slower recovery momentum than expected.
- Demand for acrylic resins for large-screen TVs has bottomed out and on track for growth.

Performance Fibers

- Shipments to African market have showed a recovery trend after bottoming out in the 1Q*.
- Focusing on launching new high-performance products such as light-weight, water-repellent, and anti-bacterial properties, and expanding sales to untapped regions in Africa.



Performance

(Health Care Solutions Unit)

**Solid performance due to Medical Device sales expansion
shipments in Pharma were delayed until the 3Q* or later**

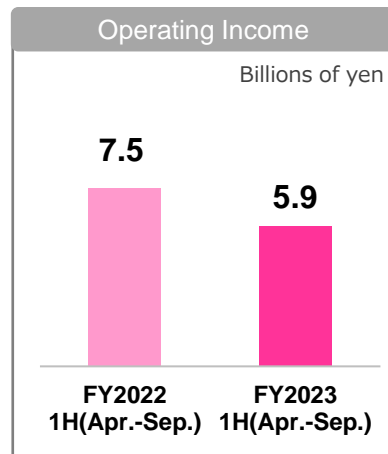
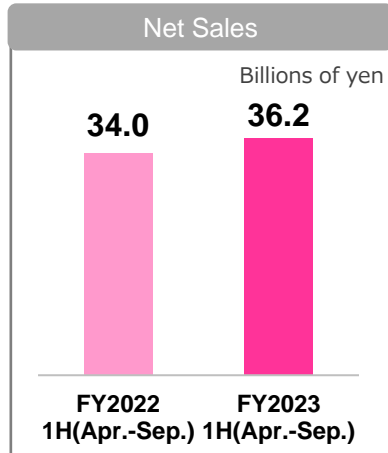
Medical

- Sales of blood purification devices and catheters expanded both domestically and internationally, and solidly.
- Construction of a production facility for blood purification devices in Hokkaido (Japan) is proceeding on schedule for the next spring start-up.
- Initiated feasibility study for building a new catheter facility.

Pharma

- Affected by the settling down of the COVID-19 pandemic and customers' shipment adjustments.
- Capacity increase of mRNA: The adoption in therapeutics for genetic diseases and cancer will increase.

*October 1 to December 31, 2023



Performance

(Nutrition Solutions Unit)

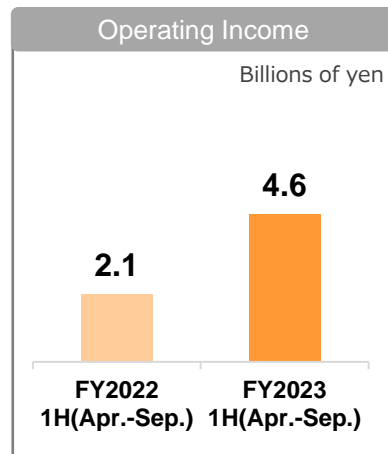
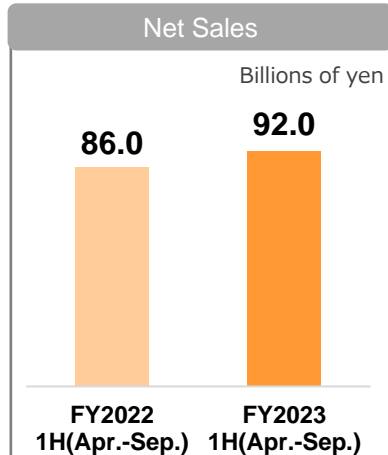
Substantial increases in both sales and profits. Brisk performance expected to continue.

Supplemental Nutrition

- Active form of coenzyme Q10: Sales are expanding in the U.S., Asia, Oceania, and other regions.
- Probiotics business: Sales are expanding and we are considering to establish the supply-chain system.

Foods & Agris

- Shift to the sales of high-value-added products and improved spreads.
- Strengthening our business foundation by expanding new high-value-added businesses, including organic dairy products.
- Kaneka Foods Corporation is promoting business transformation.



Consolidated Balance Sheets

(Billions of yen)

		March 31, 2023	September 30, 2023	Difference
Assets	Current Assets	397.0	425.8	28.8
	Noncurrent Assets	385.7	415.5	29.8
Total assets		782.6	841.2	58.6
Liabilities	Interest bearing debt	159.3	177.9	18.5
	Others	186.9	206.4	19.5
	Total liabilities	346.2	384.3	38.1
Net assets	Equity *	417.4	436.9	19.5
	Others	19.1	20.1	1.0
	Total net assets	436.4	457.0	20.6
Total liabilities and net assets		782.6	841.2	58.6
Equity ratio		53.3%	51.9%	
Debt equity ratio		0.38	0.41	
Net assets per share		¥6,431.63	¥6,730.08	

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

- Total assets increased 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 of 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 51.9%.

Consolidated Cash Flows

(Billions of yen)

	FY2022 1H(Apr.-Sep.)	FY2023 1H(Apr.-Sep.)
Cash flows from operating activities	10.4	24.0
Cash flows from investing activities	(21.0)	(30.6)
Free cash flow	(10.6)	(6.6)
Cash flows from financing activities	3.7	9.9
Net increase (decrease) in cash and cash equivalents *	(5.6)	4.2
Cash and cash equivalents at end of period	35.2	44.9

* 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 during 1H was ¥24.0 billion, mainly due to the recording of income before income taxes and depreciation and amortization, offsetting the increase in working capital and payments for income taxes paid.
- Net cash used in investing activities amounted to ¥30.6 billion, mainly due to purchase of property, plant and equipment.
- Net cash provided by financing activities was ¥9.9 billion, mainly due to proceeds from an increase in loans payable, which offset payments for dividends.

Earnings Forecasts and Other Forward-looking Statements (by segments / year-on-year)

(Billions of yen)

	Net Sales					Operating Income				
	FY2022	FY2023		Difference		FY2022	FY2023		Difference	
	Result	Previous forecast (May. 12, 2023)	Revised forecast	Vs. previous year	Vs. previous forecast	Result	Previous forecast (May. 12, 2023)	Revised forecast	Vs. previous year	Vs. previous forecast
Material SU	333.9	323.0	332.0	(1.9)	9.0	27.4	27.5	25.7	(1.7)	(1.8)
Quality of Life SU	172.8	212.0	180.0	7.2	(32.0)	16.1	21.6	17.4	1.3	(4.2)
Health Care SU	70.8	82.0	79.0	8.2	(3.0)	15.7	17.7	16.0	0.3	(1.7)
Nutrition SU	177.3	182.0	187.0	9.7	5.0	7.6	8.6	12.0	4.4	3.4
Others	1.1	1.0	1.0	(0.1)	-	0.6	0.6	0.6	-	-
Adjustment	-	-	-	-	-	(32.3)	(34.0)	(36.2)	(3.9)	(2.2)
Total	755.8	800.0	779.0	23.2	(21.0)	35.1	42.0	35.5	0.4	(6.5)

※SU : Solutions Unit

Earnings Forecasts and Other Forward-looking Statements (Operating income by segments/ Compared 1H* to 2H*)

(Billions of yen)

	Operating Income				
	FY2022		FY2023		Difference (Vs. previous 1H)
	1H	2H	1H	2H	Amount
Material SU	18.7	8.7	12.1	13.6	1.5
Quality of Life SU	8.7	7.5	7.1	10.3	3.2
Health Care SU ①	7.5	8.2	5.9	10.1	4.2
Nutrition SU ②	2.1	5.5	4.6	7.4	2.8
Life Science (①+②)	9.6	13.7	10.5	17.5	7.0
Others	0.3	0.3	0.4	0.2	(0.2)
Adjustment	(16.5)	(15.9)	(17.5)	(18.8)	(1.3)
Total	20.8	14.3	12.6	22.9	10.3

※SU : Solutions Unit

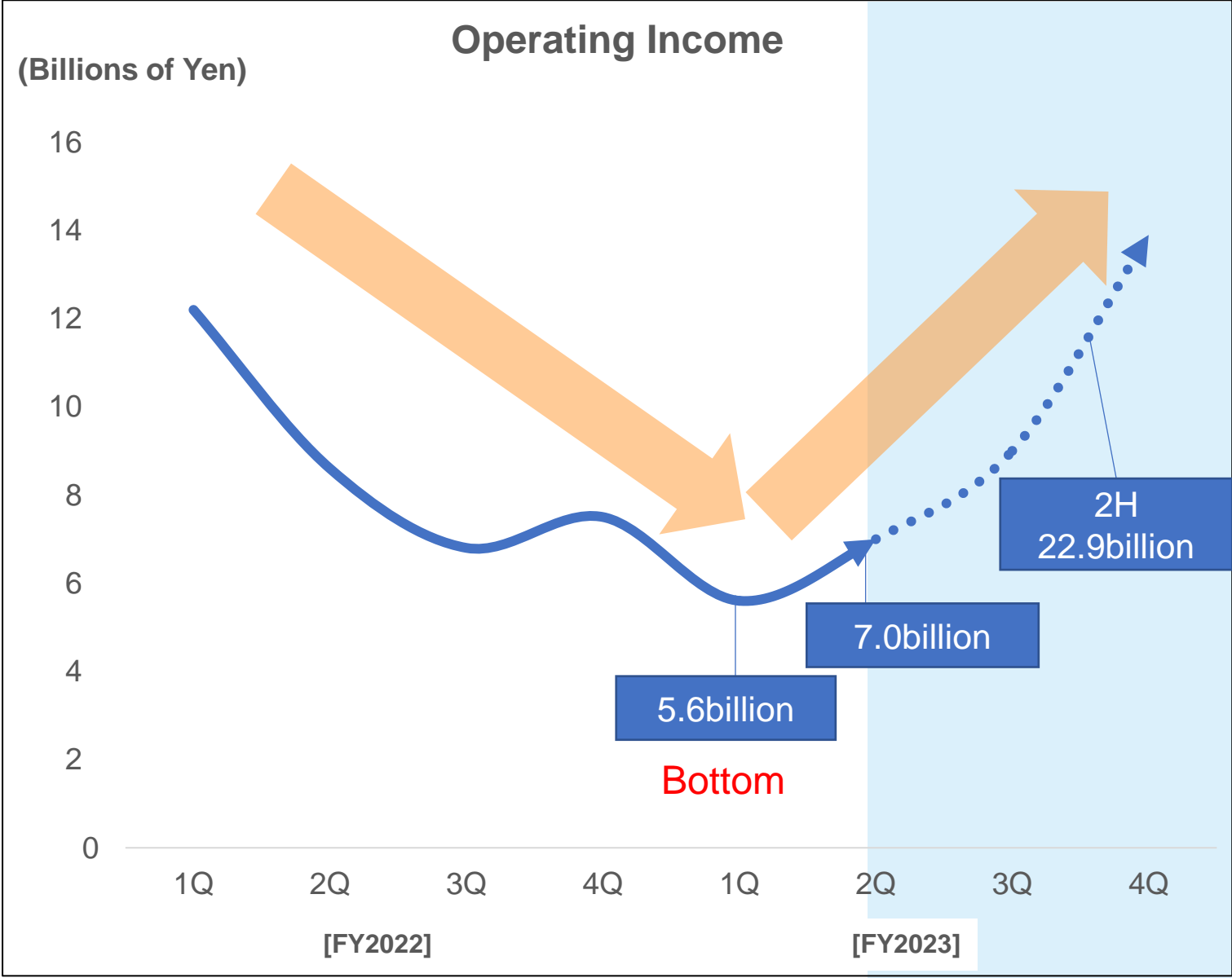
*1H:April 1 to September 30, 2023
*2H:October 1,2023 to March 31, 2024

Earnings Forecasts and Other Forward-looking Statements

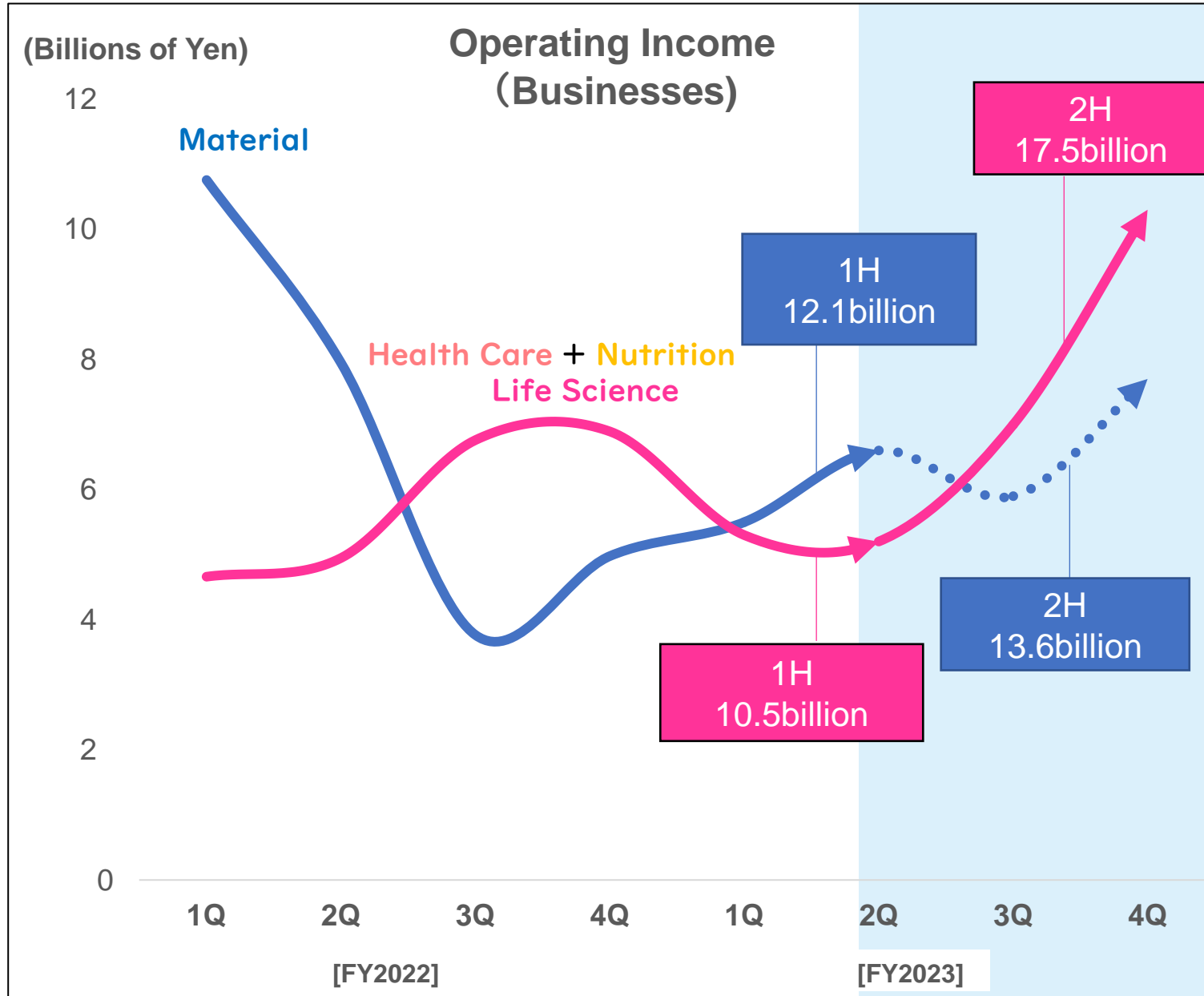
(Billions of yen)

	FY2022	FY2023		Difference	
	Result	Previous forecast (May. 12, 2023)	Revised forecast	Vs. previous year	Vs. previous forecast
Net sales	755.8	800.0	779.0	23.2	(21.0)
Operating income	35.1	42.0	35.5	0.4	(6.5)
Ordinary income	32.4	38.5	33.5	1.1	(5.0)
Net income attributable to owners of parent	23.0	27.0	26.0	3.0	(1.0)
Operating income margin	4.6%	5.3%	4.6%		
Net income per share	¥349.59	¥416.06	¥400.58		
Dividends per share	110	110	110		
ROE	5.7%	6.3%	6.0%		
Exchange rate (to USD)	¥135.5	¥130.0	¥145.0		
Exchange rate (to EURO)	¥141.0	¥140.0	¥155.5		
Domestic Naptha Price (per kl)	¥76,625	¥63,000	¥69,000		

Supplementary Information



*2H: October 1, 2023 to March 31, 2024



*1H: April 1 to September 30, 2023
 *2H: October 1, 2023 to March 31, 2024

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