

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

May 14, 2025

Name of Listed Company: **Kaneka Corporation**

Stock Exchange Listing: Tokyo

Code Number: 4118

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

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Scheduled date for Annual General Meeting of Shareholders: June 27, 2025

Scheduled date of dividend distribution: June 6, 2025

Scheduled date for filing annual securities report: June 26, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for securities analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Apr. 1, 2024 – Mar. 31, 2025	807,200	5.9	40,050	22.9	32,863	12.5	25,309	9.0
Apr. 1, 2023 – Mar. 31, 2024	762,302	0.9	32,579	(7.1)	29,222	(9.8)	23,220	0.9

Note: Comprehensive income: ¥30,839 million [(39.9%)] in the fiscal year ended March 31, 2025

¥51,300 million [28.0%] in the fiscal year ended March 31, 2024

	Basic net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets ratio	Operating income to sales ratio
	¥	¥	%	%	%
Apr. 1, 2024 – Mar. 31, 2025	400.91	399.67	5.5	3.7	5.0
Apr. 1, 2023 – Mar. 31, 2024	357.90	356.87	5.3	3.5	4.3

Reference: Equity in earnings (losses) of affiliates: ¥156 million in the fiscal year ended March 31, 2025

¥177 million in the fiscal year ended March 31, 2024

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2025	920,143	492,419	51.2	7,488.51
As of March 31, 2024	870,205	474,383	52.1	7,068.91

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income):

¥471,278 million as of March 31, 2025

¥453,463 million as of March 31, 2024

(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
	¥ million	¥ million	¥ million	¥ million
Apr. 1, 2024 – Mar. 31, 2025	41,252	(55,038)	14,453	44,631
Apr. 1, 2023 – Mar. 31, 2024	61,911	(58,771)	(1,519)	43,278

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			
	¥	¥	¥	¥	¥	¥ million	%	%
Apr. 1, 2023 – Mar. 31, 2024	–	55.00	–	55.00	110.00	7,098	30.7	1.6
Apr. 1, 2024 – Mar. 31, 2025	–	60.00	–	70.00	130.00	8,181	32.4	1.8
Apr. 1, 2025 – Mar. 31, 2026 (Forecasts)	–	80.00	–	80.00	160.00		30.5	

3. Forecast for Consolidated Financial Results for the Fiscal Year Ending March 31, 2026

(from April 1, 2025 to March 31, 2026)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	820,000	1.6	42,000	4.9	38,000	15.6	33,000	30.4	524.36

*** 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 details, please refer to the section entitled “(5) Notes to the Consolidated Financial Statements (Changes in Accounting Policy)” under “3. Consolidated Financial Statements and Main Notes” on page 17.

(3) Number of shares issued (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 outstanding during the period (calculated cumulatively from the beginning of the fiscal year)

March 31, 2025	66,000,000 shares	March 31, 2024	66,000,000 shares
March 31, 2025	3,066,508 Shares	March 31, 2024	1,851,007 Shares
March 31, 2025	63,129,255 shares	March 31, 2024	64,879,390 shares

Reference: Overview of Non-Consolidated Financial Results

1. For the Fiscal Year Ended March 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated financial results

(% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Apr. 2024 – Mar. 2025	393,534	7.2	8,706	20.9	15,549	(3.1)	17,787	0.1
Apr. 2023 – Mar. 2024	366,950	(0.6)	7,201	(44.1)	16,041	(26.3)	17,770	(13.5)

	Basic net income per share		Diluted net income per share	
	¥		¥	
Apr. 2024 – Mar. 2025	281.76		280.89	
Apr. 2023 – Mar. 2024	273.90		273.11	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	Net assets per share	
	¥ million		¥ million		%	¥	
As of March 31, 2025	617,386		304,541		49.2	4,828.63	
As of March 31, 2024	593,312		303,364		51.0	4,718.95	

Reference: Equity (Shareholders' equity + Valuation and translation adjustments):

¥303,882 million as of March 31, 2025

¥302,715 million as of March 31, 2024

*These financial statements are exempt from audit procedures to be performed by certified public accountants or an audit firm.

*Explanations of 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) Earnings Forecasts and Other Forward-looking Statements” under “1. Overview of Consolidated Financial Results” on page 5.

Supplementary Materials

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1. Overview of Consolidated Financial Results

(1) Operating Results

➤ **Global Economy - Economic uncertainty remains high -**

The global economy faced an uncertain year, making growth difficult to predict. The Chinese economy continues to stagnate, while the economies of Europe and the United States remain volatile, with an unclear outlook.

The Japanese economy continued to face an unstable situation where consumption did not increase even though income increased. This is attributed to heightened future uncertainty and decline of household living standards due to food and energy import inflation driven by the weak yen, even as the historic depreciation of the yen has supported exports.

Most recently, the U.S. reciprocal tariff policy has been shaking the world. The lack of visibility into the future is a cause for concern in FY2025.

➤ **Kaneka Group's Business Performance - Sales and profits increased -**

Under these circumstances, Kaneka Group's business performance for the current fiscal year (April 1, 2024 to March 31, 2025), was as follows. Consolidated net sales were ¥807,200 million (up 5.9% year-on-year), operating income was ¥40,050 million (up 22.9% year-on-year), ordinary income was ¥32,863 million (up 12.5% year-on-year), and net income attributable to owners of parent was ¥25,309 million (up 9.0% year-on-year).

Business performance for the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) (Millions of yen)

	FY2023	FY2024	Difference (year-on-year)
Net sales	762,302	807,200	44,897 5.9%
Operating income	32,579	40,050	7,470 22.9%
Ordinary income	29,222	32,863	3,640 12.5%
Net income attributable to owners of parent	23,220	25,309	2,089 9.0%

Net sales and operating income by business segment

(Millions of yen)

	Net sales										
	FY2023					FY2024					Difference (year-on-year)
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	
Material SU	77,659	78,814	81,444	84,982	322,902	86,042	83,862	85,603	87,398	342,906	20,003 6.2%
Quality of Life SU	40,878	43,880	46,638	44,785	176,182	45,058	48,354	50,872	46,698	190,984	14,801 8.4%
Health Care SU	17,745	18,448	17,209	21,452	74,856	18,372	18,022	19,043	21,846	77,284	2,428 3.2%
Nutrition SU	46,037	46,006	49,038	46,099	187,182	48,674	47,137	51,275	47,885	194,972	7,790 4.2%
Others	419	226	280	252	1,178	234	204	290	322	1,052	(126) (10.7%)
Total	182,740	187,376	194,611	197,574	762,302	198,382	197,580	207,084	204,151	807,200	44,897 5.9%

	Operating income										
	FY2023					FY2024					Difference (year-on-year)
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	
Material SU	5,513	6,610	6,996	8,375	27,495	8,382	7,690	6,658	8,229	30,961	3,465 12.6%
Quality of Life SU	2,939	4,159	4,655	3,607	15,361	4,256	5,296	6,148	4,327	20,027	4,665 30.4%
Health Care SU	2,967	2,926	2,451	4,596	12,941	2,992	2,451	3,276	4,679	13,399	458 3.5%
Nutrition SU	2,277	2,298	3,820	3,680	12,076	3,903	2,545	3,695	2,927	13,072	996 8.2%
Others	288	101	151	125	667	111	66	154	185	517	(149) (22.4%)
Adjustment	(8,381)	(9,093)	(9,070)	(9,417)	(35,963)	(9,369)	(9,225)	(9,898)	(9,434)	(37,928)	(1,965) -
Total	5,603	7,002	9,004	10,968	32,579	10,276	8,824	10,033	10,914	40,050	7,470 22.9%

※SU : Solutions Unit

➤ **Remarks on the Group-wide Business Performance**

Corporate operating income increased ¥7,500 million (up 22.9% year-on-year) to ¥40,100 million amid the headwinds of the sluggish global economic recovery and unstable demand dynamics. In summary by quarter, profit bottomed out in 2Q (June 1 to September 30, 2024), and recovered to exceed ¥10,000 million per quarter in 3Q (October 1 to December 31, 2024) and 4Q (January 1 to March 31, 2025). Moreover, sales and profits increased year-on-year in all solutions units.

① **Leading-edge Businesses and Foundation Businesses**

The Leading-edge Businesses achieved strong growth, and the Foundation Businesses maintained steady performance, defining the current fiscal year results.

Operating income in the Leading-edge Businesses increased ¥5,900 million year-on-year to ¥37,700 million and that in the Foundation Businesses increased ¥3,600 million year-on-year to ¥40,300 million.

The composition ratio of the Leading-edge Businesses grew to 50% in 2H of FY2024 (October 1, 2024 to March 31, 2025) from 46% in FY2023; especially Medical and E & I Technology significantly improved their performance.

For Medical, sales expansion of new products made significant progress. For E & I Technology, the superiority of products leveraging advanced technology was effectively demonstrated, leading to sales expansion centered on the smartphone market.

The Foundation Businesses reported a significant increase in profits for Modifiers. Strong competitiveness and the sales expansion of high-value-added products are driving our business expansion. For Performance Fibers, the business performance is recovering due to the expansion of sales areas and the sales expansion of high-performance products. For Foods & Agris, a sales shift to high-value-added products and a larger profit margin led to a high level of earnings.

② **Progress of Investment Plan for Growth**

For Medical, the production facility for blood purification devices in Tomatoh Manufacturing Site in Hokkaido had commenced operations smoothly in 2Q.

Moreover, the Company has commenced construction of a catheter plant in the same place to further strengthen the competitiveness of the Medical business. Additionally, the Company is accelerating the expansion of its product lineup through open innovation, including the M&A of a medical device company in Israel with expertise in the field of cerebrovascular treatment.

For Green Planet®, product adoption further increased both domestically and internationally. The social implementation of products with excellent biodegradability in both soil and seawater has progressed.

For Modified Silicone polymers, capacity expansion in Belgium began operations in 2Q. Going forward, we plan to capture increased demand in line with the progress of the European Green Deal policy.

We will actively continue to pursue investments to accelerate the growth of the Leading-edge Businesses and enhance our selection and concentration.

Note: Leading-edge businesses: Modified Silicone polymers, E & I Technology, PV & Energy management, Medical, Pharma, and Supplemental Nutrition
Foundation Businesses: Vinyls and Chlor-Alkali, Modifiers, Foam & Residential Techs, Performance Fibers, and Foods & Agris

The operating performance by business segment was as follows:

① **Material Solutions Unit**

This unit recorded increased sales and profits overall due to the strong competitiveness shown by Modifiers and the sales expansion by Modified Silicone polymers, despite a continued downturn in PVC market conditions in Asia.

- For Vinyls and Chlor-Alkali, although price revisions were made, profits decreased due to the adverse impact of the downturn in the Asian market.
- For Modifiers, profits increased significantly through efforts to strengthen its business competitiveness and sales expansion of non-PVC use and epoxy masterbatch (MX), despite a slow recovery of construction demand in Europe and the U.S.
- For Modified Silicone polymers, robust sales growth was achieved due to sales expansion measures that took advantage of unique functional characteristics not found elsewhere, resulting in an increase in profit. We will accelerate a further sales expansion by fully leveraging our increased production capacity in Belgium.
- For Green Planet®, inquiries have increased from both domestically and internationally. The adoption by all of Starbucks stores in Japan has created new momentum, accelerating our efforts for large-scale production adoption by major brand holders.

② Quality of Life Solutions Unit

This unit reported increases in profits in E & I Technology, PV & Energy management, and Performance Fibers. Although high raw material prices affected Foam & Residential Techs, overall sales and profits increased significantly due to strong performance in E & I Technology.

- For Foam & Residential Techs, profits decreased due to lower demand in the automobile sector and the domestic agricultural and fishery and construction sectors, and higher raw material prices, despite price revisions.
- For E & I Technology, profits increased significantly as the sales of polyimide films and acrylic resins for TVs remained high throughout the year.
- For PV & Energy management, domestic sales of high-efficiency photovoltaic modules for single homes remained firm.
- For Performance Fibers, the sales of hair attachment products steadily increased. Demand for the flame-retardant fabric sector is also expanding.

③ Health Care Solutions Unit

This unit reported a large increase in earnings in Medical. However, demand adjustments in the CDMO market affected Pharma. Overall, sales and profits increased.

- For Medical, the sales of blood purification devices and catheters have both expanded. The expansion of selling a novel scoring balloon catheter is driving business growth. We will leverage the high competitiveness of the new plant for blood purification devices in Hokkaido (Tomato Manufacturing Site) to strengthen our overseas expansion.
- For Pharma, demand adjustment for small molecule pharmaceuticals and biopharmaceuticals took longer than expected, but demand recovered in 3Q and thereafter.

④ Nutrition Solutions Unit

This unit had a strong year in both Foods & Agris and Supplemental Nutrition, achieving increased sales and profits.

- For Supplemental Nutrition, the sales of the active form of coenzyme Q10 have expanded globally, particularly in the U.S. The probiotics business is also steadily expanding. We will focus on launching new products and reinforcing our marketing to further expand sales in the U.S., the biggest market.
- For Foods & Agris, a shift to high-value-added products and an increase in profit margins have boosted profitability. We will strengthen sales expansion of high value-added “Business to Consumer” products, such as organic dairy products, to accelerate business expansion.

(2) Financial Position for the Fiscal Year Ended March 31, 2025

As of March 31, 2025, total assets were ¥920,143 million, up ¥49,937 million from the previous fiscal year-

end. This is mainly due to, on top of an increase in inventories, an increase in noncurrent assets owing to increased capital investment.

Liabilities totaled ¥427,724 million, up ¥31,901 million, primarily reflecting an increase in loans payable.

Net assets were ¥492,419 million, up ¥18,035 million, owing chiefly to an increase in retained earnings.

Equity ratio was 51.2%.

(3) Cash Flows

In the current fiscal year ended March 31, 2025, net cash provided by operating activities was ¥41,252 million, mainly due to the recording of income before income taxes and depreciation and amortization. Net cash used in investing activities amounted to ¥55,038 million, mainly due to purchase of property, plant and equipment. Net cash provided by financing activities was ¥14,453 million due to an increase in loans payable, which was partially offset by redemption of bonds and purchase of treasury stock. As a result, cash and cash equivalents as of March 31, 2025 totaled ¥44,631 million.

(4) Earnings Forecasts and Other Forward-looking Statements

➤ Kaneka's Purpose Management

The natural environment is being increasingly overburdened and human activities may cause dangerous climate change and mass extinction. To reduce this risk, we must further our understanding of nature and rapidly deploy the appropriate technologies. This perspective is our purpose management, "KANEKA The Dreamology Company -Make your dreams come true-". We are refining our technology in three domains: the environmental and energy crisis, the food crisis, and the wellness (better living) crisis with an aspiration to provide optimal solutions through their social implementation.

➤ Hybrid Management

Innovation is "a combination that does things in a different way." Combining different things in different business fields in a new way. We call this "hybrid management." We will contribute to solving social problems through hybrid management, which creates creative and valuable solutions through surprising combinations of Kaneka's wide variety of different technologies.

➤ R2B+P - Accelerating Research to Business

Shifting from "R&B+P" to "R2B+P," we will promote the fusion of research and business and further accelerate the flow from research to business. We will create unique and superior materials and provide solutions to the global market. By strengthening our R2B+P initiative, which strongly integrates R2B and manufacturing, we will focus on maximizing and monetizing our business with a manufacturing-first approach and increase the speed and scale of our commercialization of new products.

➤ Shift in Emphasis to Life Sciences

The definition of "life science" is the technologies and creative activities that use chemistry to make life on Earth healthier. Kaneka's "biomanufacturing," such as the biodegradable polymer Green Planet®, genome editing technology, biopharmaceuticals, regenerative medicine and cell therapy, organic dairy products business, supplements, and fermentation culture process technology, PV technology, and medical devices are all connected to the big "life," that is, life on Earth. Kaneka will drive the transformation of its portfolio by taking on the challenge of "R2B" in the life science area.

➤ Think Global, Act Local - Promoting The Best Glocal Kaneka Way

Our strength is our global network enabling business development deeply rooted in local communities. Our mission is to deliver solutions all over the world to save human lives and resolve social issues, and we

focus on conducting local-based business (glocal business) by overcoming cultural differences. Our goal is to become a company with a global presence. We will seek management resources from around the world and actively promote M&A, technology and business alliances, and open innovation to transform our global business structure and achieve rapid growth.

➤ **Diversity - New Value Creation and Women's Participation**

By going beyond attributes such as age, gender, nationality, and race, and tapping into diversity, we bring forth new ideas. In this way, we aim to continue delivering unique Kaneka value that amazes the world. This is our vision for diversity. In particular, we are working to promote the active participation of women and strengthen the development of female leaders who will drive growth and change. Based on the idea that “people grow through their work, while companies grow through their people,” we will enhance individual growth and organizational performance through “Kaneka 1-on-1X.”

We will continue to promote “Trust & Respect - Human Driven Management” this year as well.

➤ **Carbon Neutral/DX Initiatives**

We aim to reduce GHG emissions by 30% by 2030. Our goal is to achieve carbon neutral by 2050. We will work to reduce energy consumption through fuel conversion of in-house power generation facilities and process innovation. We will also strengthen our DX initiatives and greatly accelerate value creation through R2B+P. We will incorporate cutting-edge technology to evolve our production plants and build up manufacturing sites in the future. We are also working on a company-wide digital platform concept using the latest digital technology to promote operational innovation in research and development, sales, SCM, and back-office operations.

➤ **Performance Forecasts for the Fiscal Year Ending March 31, 2026**

i. **Global economic visibility remains uncertain**

The U.S. reciprocal tariff policy announced by the Trump administration (Trump tariffs) is causing major shocks to the world. The impact of these “Trump tariffs” on the global economy is uncertain at this point, and the situation is highly fluid and chaotic, with outcome remaining unpredictable.

In addition, geopolitical risks such as the conflicts in Ukraine and the Middle East are becoming prolonged, and the future of the global economy is highly uncertain.

ii. **Enhancement of corporate resilience to adapt to change**

The keyword for the 21st century is “change,” and based on this understanding of the times, we are working to transform our business portfolio to be more resilient and flexible in the face of change. Our ultimate goal is differentiation, which means creating unique value.

In addition, one of our key strengths lies in our global, locally rooted business model, which enables us to produce where demand exists. This “local production for local consumption” approach helps minimize the impact of abrupt shifts such as the recent “Trump tariffs. Therefore, we will continue to strengthen our global adaptability, with our Regional Headquarters playing a central role, to ensure we remain agile and resilient in an increasingly unpredictable environment.

iii. **Selection and concentration**

We will actively invest management resources for Life Science and Leading-edge businesses, and accelerate the scalable social implementation.

In the Leading-edge businesses, for Medical in Health Care Solutions Unit, we expect further sales expansion of blood purification devices and new catheters products both domestically and internationally. For Pharma, progress will be made in acquiring new projects of both small molecule pharmaceuticals and biopharmaceuticals. For E&I, sustained growth in the information industry such as AI and steady demand for our differentiated products are expected. For Modified Silicone polymers and Modifiers, we anticipate a

further expansion of sales to new applications and regions in the U.S. and Europe.

In Supplemental Nutrition, the sales of the active form of coenzyme Q10 will increase in the overseas markets, and probiotics business is also expected to expand. Healthy Foods business, including dairy products, yogurt, and A2 organic dairy products, will drive the portfolio transformation in Foods & Agris business.

In addition, we have not incorporated the effects of the U.S. reciprocal tariff policy into the performance forecasts for the fiscal year ending March 31, 2026 at this point, as it is difficult to predict its negative impact in the midst of ongoing global economic turmoil, including the intensification of trade friction due to the U.S. reciprocal tariff policy.

Business performance for the fiscal year ending March 31, 2026 (April 1, 2025 to March 31, 2026)

	FY2024 Result	FY2025 Forecast	Difference
Net sales (Millions of yen)	807,200	820,000	12,799 1.6%
Operating income (Millions of yen)	40,050	42,000	1,949 4.9%
Ordinary income (Millions of yen)	32,863	38,000	5,136 15.6%
Net income attributable to owners of parent (Millions of yen)	25,309	33,000	7,690 30.4%
Net income per share (yen)	400.91	524.36	123.45

Net sales and operating income by segment for the fiscal year ending March 31, 2026 (Millions of yen)

	Net sales			Operating income		
	FY2024 Result	FY2025 Forecast	Difference	FY2024 Result	FY2025 Forecast	Difference
Material SU	342,906	337,000	(5,906) (1.7%)	30,961	31,000	38 0.1%
Quality of Life SU	190,984	196,000	5,015 2.6%	20,027	21,000	972 4.9%
Health Care SU	77,284	91,000	13,715 17.7%	13,399	17,100	3,700 27.6%
Nutrition SU	194,972	195,000	27 0.0%	13,072	13,700	627 4.8%
Others	1,052	1,000	(52) (4.9%)	517	500	(17) (3.5%)
Adjustment	-	-	-	(37,928)	(41,300)	(3,371) (-)
Total	807,200	820,000	12,799 1.6%	40,050	42,000	1,949 4.9%

With regard to the exchange rates and raw material prices, forecast figures assume the exchange rates of ¥145 to the US dollar and ¥155 to the euro, and a domestic naphtha price of ¥70,000 per kiloliter from April 1, 2025 onward.

*The above 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 may vary from these forecasts due to various factors.

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Year

i. Increased Dividend

For the period covered by the next management plan, (Plan: The Three-Year Initiatives 2025, FY2025-FY2027), we will implement a progressive dividend policy. This policy aims to maintain or increase dividends on condition that financial soundness is satisfied.

For the fiscal year ended March 31, 2025, we plan to pay a year-end dividend of 70 yen per share, as previously announced on February 13, 2025. As a result, the annual dividend for the fiscal year ended March 31, 2025 is expected to be 130 yen per share.

Looking ahead to the fiscal year ending March 31, 2026, we plan to increase the annual dividend to 160

yen per share (consisting of an interim dividend of 80 yen and a year-end dividend of 80 yen), reflecting our forecast of year-on-year growth in net income.

ii. Repurchase and Cancellation of Treasury Shares

We hereby announce the repurchase and cancellation of treasury shares as detailed below, with the objective of enhancing shareholder value and improving capital efficiency.

Class of shares to be repurchased	:	Common stock
Total number of shares to be repurchased:	:	3,000,000 shares (upper limit)
Total amount of repurchase	:	12,000,000,000 yen (upper limit)
Repurchase period	:	May 15, 2025 through March 24, 2026

Total number of shares to be cancelled	:	3,000,000 shares
Scheduled date of cancellation	:	March 31, 2026

We will continue to strengthen capital efficiency by steadily reducing cross-shareholdings and pursuing other related initiatives.

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)

	FY2023 As of March 31, 2024	FY2024 As of March 31, 2025
Assets		
Current assets		
Cash and deposits	43,969	45,639
Notes and accounts receivable-trade, and contract assets	186,371	176,793
Merchandise and finished goods	94,734	104,201
Work in process	11,678	16,814
Raw materials and supplies	70,883	74,481
Other	23,122	28,420
Allowance for doubtful accounts	(1,898)	(1,824)
Total current assets	428,861	444,524
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	98,883	107,322
Machinery, equipment and vehicles, net	107,975	127,404
Land	34,475	34,591
Leased assets, net	17,681	16,600
Construction in progress	63,707	45,331
Other, net	8,596	9,184
Total property, plant and equipment	331,319	340,435
Intangible assets		
Goodwill	1,859	2,671
Other	18,973	30,488
Total intangible assets	20,832	33,159
Investments and other assets		
Investment securities	70,150	61,184
Investments in capital	520	502
Long-term loans receivable	529	500
Long-term prepaid expenses	2,776	3,137
Retirement benefit assets	-	21,205
Deferred tax assets	2,766	3,532
Other	12,738	12,304
Allowance for doubtful accounts	(290)	(343)
Total investments and other assets	89,191	102,023
Total noncurrent assets	441,344	475,618
Total assets	870,205	920,143

Financial Results for the Fiscal Year Ended March 31, 2025, Kaneka Corporation (4118)

(Millions of yen)

	FY2023 As of March 31, 2024	FY2024 As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable-trade	104,212	92,144
Short-term loans payable	116,532	132,511
Current portion of bonds payable	5,000	-
Lease liabilities	940	1,058
Accounts payable-other	35,227	31,287
Accrued expenses	15,887	16,139
Income taxes payable	4,963	7,013
Accrued consumption taxes	1,307	854
Provision for directors' bonuses	123	130
Provision for product warranties	-	2,104
Other	7,469	11,688
Total current liabilities	291,666	294,933
Noncurrent liabilities		
Bonds payable	15,000	15,000
Long-term loans payable	40,391	57,972
Lease liabilities	17,232	16,517
Deferred tax liabilities	9,493	13,502
Retirement benefit liabilities	12,585	22,032
Provision for directors' retirement benefits	346	331
Provision for product warranties	1,808	573
Other	7,296	6,860
Total non-current liabilities	104,156	132,790
Total liabilities	395,822	427,724
Net assets		
Shareholders' equity		
Capital stock	33,046	33,046
Capital surplus	29,173	29,871
Retained earnings	331,933	349,925
Treasury stock	(6,797)	(11,725)
Total shareholders' equity	387,355	401,118
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,632	27,463
Deferred gains or losses on hedges	(0)	-
Foreign currency translation adjustment	22,037	24,847
Remeasurements of defined benefit plans	11,438	17,848
Total accumulated other comprehensive income	66,107	70,159
Subscription rights to shares	648	658
Non-controlling interests	20,271	20,482
Total net assets	474,383	492,419
Total liabilities and net assets	870,205	920,143

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	FY2023 From April 1, 2023 to March 31, 2024	FY2024 From April 1, 2024 to March 31, 2025
Net sales	762,302	807,200
Cost of sales	558,087	581,555
Gross profit	204,214	225,644
Selling, general and administrative expenses	171,635	185,594
Operating income	32,579	40,050
Non-operating income		
Interest income	224	295
Dividends income	1,806	1,951
Foreign exchange gains	2,544	-
Equity in earnings of affiliates	177	156
Other	958	1,125
Total non-operating income	5,713	3,528
Non-operating expenses		
Interest expenses	3,361	4,026
Loss on retirement of noncurrent assets	1,722	3,117
Foreign exchange losses	-	715
Depreciation of inactive noncurrent assets	1,171	1,014
Other	2,814	1,841
Total non-operating expenses	9,069	10,715
Ordinary income	29,222	32,863
Extraordinary income		
Gain on sales of investment securities	7,060	6,984
Gain on sale of businesses	525	-
Subsidy income	-	6,304
Total extraordinary income	7,586	13,289
Extraordinary losses		
Product warranty expense	-	1,975
Loss on disaster	-	1,101
Loss on tax purpose reduction entry of non-current assets	-	1,257
Provision for special suspense account for tax purpose reduction entry	-	5,047
Total extraordinary losses	-	9,382
Income before income taxes	36,808	36,770
Income taxes-current	10,575	11,027
Income taxes-deferred	1,458	(1,062)
Total income taxes	12,033	9,965
Net income	24,775	26,805
Net income attributable to non-controlling interests	1,554	1,496
Net income attributable to owners of parent	23,220	25,309

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2023 From April 1, 2023 to March 31, 2024	FY2024 From April 1, 2024 to March 31, 2025
Net income	24,775	26,805
Other comprehensive income		
Valuation difference on available-for-sale securities	10,476	(5,241)
Deferred gains or losses on hedges	3	0
Foreign currency translation adjustment	11,133	2,864
Remeasurements of defined benefit plans, net of tax	4,909	6,410
Share of other comprehensive income of associates accounted for using equity method	1	(0)
Total other comprehensive income	26,525	4,034
Comprehensive income	51,300	30,839
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	49,054	29,361
Comprehensive income attributable to non-controlling interests	2,246	1,478

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous fiscal year (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	33,046	32,245	323,213	(11,407)	377,098
Changes of items during period					
Dividends of surplus			(7,139)		(7,139)
Change in scope of consolidation			(12)		(12)
Net income attributable to owners of parent			23,220		23,220
Purchase of treasury stock				(2,814)	(2,814)
Disposal of treasury stock			(3)	78	75
Cancellation of treasury stock			(7,344)	7,344	-
Change in ownership interest of parent due to transactions with non-controlling interests		(269)			(269)
Changes in liabilities for written put options over non-controlling interests		(2,802)			(2,802)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(3,072)	8,719	4,609	10,257
Balance at end of the period	33,046	29,173	331,933	(6,797)	387,355

	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	22,204	(3)	11,543	6,529	40,273	622	18,427	436,422
Changes of items during period								
Dividends of surplus								(7,139)
Change in scope of consolidation								(12)
Net income attributable to owners of parent								23,220
Purchase of treasury stock								(2,814)
Disposal of treasury stock								75
Cancellation of treasury stock								-
Change in ownership interest of parent due to transactions with non-controlling interests								(269)
Changes in liabilities for written put options over non-controlling interests								(2,802)
Net changes of items other than shareholders' equity	10,427	3	10,493	4,908	25,833	26	1,843	27,703
Total changes of items during period	10,427	3	10,493	4,908	25,833	26	1,843	37,960
Balance at end of the period	32,632	(0)	22,037	11,438	66,107	648	20,271	474,383

Financial Results for the Fiscal Year Ended March 31, 2025, Kaneka Corporation (4118)

Current fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	33,046	29,173	331,933	(6,797)	387,355
Changes of items during period					
Dividends of surplus			(7,304)		(7,304)
Net income attributable to owners of parent			25,309		25,309
Purchase of treasury stock				(5,020)	(5,020)
Disposal of treasury stock			(12)	92	80
Change in ownership interest of parent due to transactions with non-controlling interests		681			681
Changes in liabilities for written put options over non-controlling interests		16			16
Net changes of items other than shareholders' equity					
Total changes of items during period	-	697	17,992	(4,927)	13,762
Balance at end of the period	33,046	29,871	349,925	(11,725)	401,118

	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	32,632	(0)	22,037	11,438	66,107	648	20,271	474,383
Changes of items during period								
Dividends of surplus								(7,304)
Net income attributable to owners of parent								25,309
Purchase of treasury stock								(5,020)
Disposal of treasury stock								80
Change in ownership interest of parent due to transactions with non-controlling interests								681
Changes in liabilities for written put options over non-controlling interests								16
Net changes of items other than shareholders' equity	(5,168)	0	2,809	6,410	4,051	9	210	4,272
Total changes of items during period	(5,168)	0	2,809	6,410	4,051	9	210	18,035
Balance at end of the period	27,463	-	24,847	17,848	70,159	658	20,482	492,419

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2023 From April 1, 2023 to March 31, 2024	FY2024 From April 1, 2024 to March 31, 2025
Net cash provided by (used in) operating activities		
Income before income taxes	36,808	36,770
Depreciation and amortization	40,779	43,937
Product warranty expense	-	1,975
Loss on reduction of non-current assets	-	1,257
Provision for special suspense account for tax purpose reduction entry	-	5,047
Loss on disaster	-	1,101
Subsidy income	-	(6,304)
Decrease (increase) in net defined benefit assets	-	(21,205)
Increase (decrease) in net defined benefit liability	(1,527)	19,317
Increase (decrease) in allowance for doubtful accounts	315	(14)
Interest and dividends income	(2,031)	(2,246)
Interest expenses	3,361	4,026
Equity in losses (earnings) of affiliates	(177)	(156)
Loss (gain) on disposal of noncurrent assets	531	978
Loss (gain) on sales of investment securities	(7,060)	(6,984)
Decrease (increase) in notes and accounts receivable-trade	(12,450)	9,767
Decrease (increase) in inventories	(4,070)	(17,978)
Increase (decrease) in notes and accounts payable-trade	13,112	(12,086)
Other, net	6,344	(4,539)
Subtotal	73,935	52,662
Interest and dividends income received	2,057	2,267
Interest expenses paid	(3,308)	(4,003)
Income taxes paid	(10,771)	(9,673)
Net cash provided by (used in) operating activities	61,911	41,252
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(61,315)	(51,183)
Purchase of intangible assets	(3,951)	(4,798)
Purchase of investment securities	(120)	(540)
Proceeds from sales and distributions of investment securities	9,856	7,761
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,132)	(9,246)
Proceeds from the sale of shares in subsidiaries resulting in a change in the scope of consolidation	-	159
Payments of loans receivable	(1,061)	(1,381)
Collection of loans receivable	282	230
Proceeds from subsidy income	-	5,136
Other, net	(1,328)	(1,175)
Net cash provided by (used in) investing activities	(58,771)	(55,038)

Financial Results for the Fiscal Year Ended March 31, 2025, Kaneka Corporation (4118)

(Millions of yen)

	FY2023	FY2024
	From April 1, 2023 to March 31, 2024	From April 1, 2024 to March 31, 2025
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(2,378)	15,791
Proceeds from long-term loans payable	11,299	24,575
Repayment of long-term loans payable	(8,565)	(6,908)
Proceeds from issuance of bonds	10,000	-
Redemption of bonds	-	(5,000)
Repayments of lease obligations	(1,270)	(1,055)
Purchase of treasury shares	(2,814)	(5,020)
Proceeds from sales of treasury shares	0	0
Cash dividends paid	(7,139)	(7,304)
Dividends paid to non-controlling interests	(279)	(323)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(372)	(301)
Net cash provided by (used in) financing activities	(1,519)	14,453
Effect of exchange rate change on cash and cash equivalents	926	684
Net increase (decrease) in cash and cash equivalents	2,547	1,353
Cash and cash equivalents at beginning of period	40,699	43,278
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	32	-
Cash and cash equivalents at end of period	43,278	44,631

(5) Notes to the Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Changes in Accounting Policy)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter, “Revised Accounting Standard 2022”), etc. has been applied from the beginning of the fiscal year ended March 31, 2025.

The amendments to categories in which current income taxes should be recorded (taxes on other comprehensive income) are subjected to the transitional treatment prescribed in the provision of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the provision of paragraph 65-2 (2) of the Revised Implementation Guidance 2022. There are no effects on the consolidated financial statements due to the application of the accounting standards and guidance.

Regarding the amendments related to the revision of the treatment of profits and losses on sales of shares of subsidiaries between consolidated companies in the case of tax deferral, the Revised Implementation Guidance 2022 has been applied from the beginning of the fiscal year ended March 31, 2025. The change in accounting policies was applied retrospectively to the consolidated financial statements for the previous fiscal year. The change in the accounting policies had no impact on the consolidated financial statements for the previous fiscal year.

(Segment Information)

1) Overview of Reportable Segments

Kaneka’s reportable segment is a component of an entity for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about management resources to be allocated to the segment and assess its performance.

The Company has established “Solutions Vehicles” as organizations for executing its growth strategies from a solutions perspective. There are ten Solutions Vehicles grouped into four solution domains called “Solutions Units.” 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 reportable 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 reportable segment are as follows:

Solutions Unit (Reportable Segment)	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, Probiotics
	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 Reportable Segment

Accounting treatment and procedures for report 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, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment	Amounts on consolidated financial statements (Note 2)
	Material Solutions Unit	Quality of Life Solutions Unit	Health Care Solutions Unit	Nutrition Solutions Unit	Total				
Sales									
Customers	322,902	176,182	74,856	187,182	761,123	1,178	762,302	—	762,302
Intersegment	225	47	—	47	320	1,147	1,467	(1,467)	—
Total	323,127	176,230	74,856	187,229	761,444	2,325	763,769	(1,467)	762,302
Segment profit	27,495	15,361	12,941	12,076	67,875	667	68,542	(35,963)	32,579
Segment assets	318,282	222,946	108,205	127,832	777,267	521	777,789	92,416	870,205
Others									
Depreciation	14,388	11,562	4,397	5,300	35,648	16	35,664	4,841	40,505
Amortization of goodwill	—	—	402	153	556	—	556	119	675
Investment in equity-method associates	72	2,742	—	—	2,814	—	2,814	—	2,814
Increase in fixed assets	20,513	12,282	11,073	5,451	49,320	18	49,339	24,062	73,401

Notes: 1 “Others” is a business segment that is not included in the reportable 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, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment	Amounts on consolidated financial statements (Note 2)
	Material Solutions Unit	Quality of Life Solutions Unit	Health Care Solutions Unit	Nutrition Solutions Unit	Total				
Sales									
Customers	342,906	190,984	77,284	194,972	806,148	1,052	807,200	—	807,200
Intersegment	218	72	66	50	408	1,275	1,684	(1,684)	—
Total	343,125	191,057	77,351	195,023	806,556	2,327	808,884	(1,684)	807,200
Segment profit	30,961	20,027	13,399	13,072	77,460	517	77,978	(37,928)	40,050
Segment assets	335,055	221,495	110,925	127,487	794,964	604	795,568	124,574	920,143
Others									
Depreciation	14,905	12,265	5,455	5,675	38,301	15	38,317	5,326	43,644
Amortization of goodwill	—	—	431	160	592	—	592	131	723
Investment in equity-method associates	—	2,876	—	—	2,876	—	2,876	—	2,876
Increase in fixed assets	23,628	11,563	5,120	5,176	45,487	26	45,514	20,250	65,764

Notes: 1 “Others” is a business segment that is not included in the reportable 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, 2023 to March 31, 2024	From April 1, 2024 to March 31, 2025
Segment total	67,875	77,460
Segment profit of Others	667	517
Elimination of intersegment transactions	1	0
Corporate expenses (Note)	(36,053)	(37,977)
Other adjustments	88	48
Operating income in the consolidated statements of income	32,579	40,050

Note: Corporate expenses primarily are expenses for basic R&D that are not allocable to any reportable segments.

(Millions of yen)

Assets	From April 1, 2023 to March 31, 2024	From April 1, 2024 to March 31, 2025
Segment total	777,267	794,964
Segment assets of Others	521	604
Elimination of intersegment transactions	(12,929)	(13,389)
Corporate assets (Note)	106,416	138,540
Other adjustments	(1,069)	(576)
Total assets in the consolidated balance sheets	870,205	920,143

Note: Corporate assets are excess working capital at corporate level, investment securities, land and certain other assets that are not allocable to any reportable segments.

(Millions of yen)

Other items	Reportable 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	35,648	38,301	16	15	4,841	5,326	40,505	43,644
Amortization of goodwill	556	592	—	—	119	131	675	723
Increase in fixed assets	49,320	45,487	18	26	24,062	20,250	73,401	65,764

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

(Related Information)

Information by Geographic Area

(Sales)

Previous fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

Japan	Asia	North America	Europe	Other areas	Total
427,433	149,390	69,318	81,811	34,348	762,302

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

Fiscal year under review (from April 1, 2024 to March 31, 2025)

(Millions of yen)

Japan	Asia	North America	Europe	Other areas	Total
440,431	170,313	77,101	83,303	36,051	807,200

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

(Per Share Information)

The basis of calculation of net assets per share, basic net income per share and diluted net income per share are shown below.

Item	Previous fiscal year From April 1, 2023 to March 31, 2024	Fiscal year under review From April 1, 2024 to March 31, 2025
Net assets per share	¥7,068.91	¥7,488.51
Basic net income per share	¥357.90	¥400.91
Diluted net income per share	¥356.87	¥399.67

Item	Previous fiscal year From April 1, 2023 to March 31, 2024	Fiscal year under review From April 1, 2024 to March 31, 2025
Basic net income per share		
Net income attributable to owners of parent (Millions of yen)	23,220	25,309
Net income attributable to common stockholders of parent (Millions of yen)	23,220	25,309
Average number of shares of common stock during the period (Thousands of shares)	64,879	63,129
Diluted net income per share	—	—
Increase in shares of common stock (Thousands of shares)	187	197
Of which, subscription rights to shares (Thousands of shares)	(187)	(197)

(Subsequent Events)

Not applicable

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.