

Consolidated Financial Results for the Three Months Ended June 30, 2025 (Under Japanese GAAP)

August 8, 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 of dividend distribution: —

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 1st Quarter, Ended June 30, 2025

(from April 1, 2025 to June 30, 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, 2025 – Jun. 30, 2025	198,682	0.2	8,161	(20.6)	6,038	(40.5)	4,261	(39.4)
Apr.1, 2024 – Jun. 30, 2024	198,382	8.6	10,276	83.4	10,146	52.0	7,033	65.8

Note: Comprehensive income: ¥4,567 million [(70.9%)] for the three months ended June 30, 2025

¥15,678 million [(8.4%)] for the three months ended June 30, 2024

	Basic net income per share	Diluted net income per share
	¥	¥
Apr.1, 2025 – Jun. 30, 2025	67.74	67.53
Apr.1, 2024 – Jun. 30, 2024	110.38	110.04

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of June 30, 2025	920,221	491,509	51.1
As of March 31, 2025	920,143	492,419	51.2

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

¥469,976 million as of June 30, 2025

¥471,278 million as of March 31, 2025

2. Dividends

	Annual dividends				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
Apr.1, 2024 – Mar. 31, 2025	—	60.00	—	70.00	130.00
Apr.1, 2025 – Mar. 31, 2026	—				
Apr.1, 2025 – Mar. 31, 2026 (Forecasts)		80.00	—	80.00	160.00

Note: Changes in dividend forecast during the quarter under review: None

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

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

(Percentage figures represent changes from the corresponding periods of the previous fiscal year)

	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

Note: Revisions to consolidated business performance forecasts during the quarter under review: None

*** Notes**

(1) Changes in the scope of consolidation during the term: None

(2) Application of simplified methods of accounting and specific accounting methods: None

(3) Changes in accounting principles, changes in estimates, or restatements

1. Changes owing to revisions in accounting standards: None

2. Changes other than 1. above: None

3. Changes in accounting estimates: None

4. Restatements: None

(4) Number of shares issued (common stock)

1. Number of shares issued at the end of the period
(including treasury stock):

2. Number of shares of treasury stock at the end of the
period:

3. Average number of shares outstanding during the period
(calculated cumulatively from the beginning of the fiscal year):

June 30, 2025	66,000,000 shares	March 31, 2025	66,000,000 shares
June 30, 2025	3,314,799 shares	March 31, 2025	3,066,508 shares
June 30, 2025	62,909,810 shares	June 30, 2024	63,726,032 shares

* Review of the accompanying quarterly consolidated financial statements by certified public accountants or an audit firm : None

* Explanations or 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 "(3) Earnings Forecasts and Other Forward-looking Statements" under "1. Quarterly Consolidated Financial Results" on page 4.

Supplementary Materials

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1. Quarterly Consolidated Financial Results

(1) Operating Results

- **State of Global Economy – Outlook remains increasingly uncertain amid U.S. tariff policy developments –**
During the first three months (April 1 to June 30, 2025, “1Q”) of the fiscal year ending March 31, 2026, the global economy slowed due to heightened uncertainty surrounding U.S. tariff policy. As demand temporarily declined, in the U.S., corporate investment and production activities were restrained, and concerns grew over a potential resurgence in inflation. In Europe, supply chains related to exports moved cautiously, while signs of economic recovery in China are still weak. While market concerns regarding U.S. tariff policy are expected to ease from 2Q (July 1 to September 30, 2025) onward, the global economic outlook remains fluid and unpredictable.
- **Kaneka Group's Business Performance – Sales increased, but profits decreased –**
Under these circumstances, Kaneka Group's business performance for 1Q was as follows. Consolidated net sales were ¥198,682 million (up 0.2% year-on-year), operating income was ¥8,161 million (down 20.6% year-on-year), ordinary income was ¥6,038 million (down 40.5% year-on-year), and net income attributable to owners of parent was ¥4,261 million (down 39.4% year-on-year).
While net sales recorded a year-on-year increase amid the strengthening of the yen, operating income, ordinary income, and net income attributable to owners of parent declined.

Business performance for the first three months (April 1, 2025 to June 30, 2025) (Millions of yen)

	FY2024 1Q	FY2025 1Q	Difference (year-on-year)
Net sales	198,382	198,682	300 0.2%
Operating income	10,276	8,161	(2,115) (20.6%)
Ordinary income	10,146	6,038	(4,107) (40.5%)
Net income attributable to owners of parent	7,033	4,261	(2,772) (39.4%)

Net sales and operating income by business segment

(Millions of yen)

	Net sales			Operating income		
	FY2024 1Q	FY2025 1Q	Difference (year-on-year)	FY2024 1Q	FY2025 1Q	Difference (year-on-year)
Material SU	86,042	82,374	(3,668) (4.3%)	8,382	6,265	(2,116) (25.2%)
Quality of Life SU	45,058	48,466	3,407 7.6%	4,256	5,208	952 22.4%
Health Care SU	18,372	18,273	(99) (0.5%)	2,992	3,131	139 4.7%
Nutrition SU	48,674	49,310	636 1.3%	3,903	2,680	(1,223) (31.3%)
Others	234	257	23 9.8%	111	128	17 15.4%
Adjustment	-	-	-	(9,369)	(9,254)	115 -
Total	198,382	198,682	300 0.2%	10,276	8,161	(2,115) (20.6%)

※SU : Solutions Unit

The operating performance by business segment was as follows:

(i) Material Solutions Unit

This unit faced sluggish market conditions in Asia. Modifiers and Modified Silicone polymers temporarily experienced stagnant demand in the European and U.S. housing and construction markets due to growing uncertainty. This unit recorded decreased sales and profits as a whole.

- For Vinyls and Chlor-Alkali, profits decreased due to continued weakness in the Asian PVC and caustic soda market.
- For Modifiers, earnings decreased year-on-year due to a short-term stagnation in demand in the European and U.S. housing and construction markets, although sales in Asia remained firm. Sales of epoxy masterbatch (MX) continue to grow steadily.
- For Modified Silicone polymers, the U.S. and European markets underwent a temporary adjustment phase and a wait-and-see stance regarding exports to the U.S. emerged among certain European customers.
- For Green Planet[®], quality evaluation by customers for large-scale projects and applications are accelerating. Sales are expected to grow significantly in 2H (October 1, 2025 to March 31, 2026) and beyond. Interest from major global brand holders is growing.

(ii) Quality of Life Solutions Unit

This unit recorded increased sales and profits as a whole, driven by the sales expansion of Performance Fibers.

- For Foam & Residential Techs, it was affected by weak demand in the agricultural, fishery, and construction sectors while the automotive sector recorded year-on-year growth in sales. Improvement of profit margins by price revision and cost reduction are progressing.
- For E & I Technology, the sales of polyimide films increased due to strong demand for smartphones in China, while sales of acrylic resins decreased due to production adjustments in large-screen LCD TVs.
- For PV & Energy management, the sales of high-efficiency photovoltaic modules for single homes remained firm. For next-generation photovoltaic module (perovskite), we are advancing the technology development of tandem-type modules.
- For Performance Fibers, profits significantly increased, supported by the strong sales recovery of hair attachment products. Demand for the flame-retardant fabric sector is also expanding. We are implementing initiatives to expand sales areas of hair attachment products and stimulate demand through new products.

(iii) Health Care Solutions Unit

This unit recorded increased profits despite decreased sales as a whole, driven by significant earnings increase in Medical, while Pharma continued to be affected by demand adjustments in the CDMO market.

- For Medical, sales of both blood purification devices and catheters expanded, leading to a substantial increase in profit. The expansion of selling new catheter products continue to drive earnings growth. The new plant for blood purification devices in Hokkaido (Tomato Manufacturing Site) is steadily ramping up production and contributes to overseas sales expansion.
- For Pharma, due to the concentration of sales in 4Q of the previous fiscal year (January 1 to March 31, 2025), sales declined in 1Q. We are acquiring new projects in the small molecule pharmaceuticals and biopharmaceuticals through strengthening the development and production base.

(iv) Nutrition Solutions Unit

In this unit, Foods & Agris was affected by rising raw material costs. While the sales of the active form of coenzyme Q10 remained firm in Supplemental Nutrition, this unit resulted in higher sales but lower profits overall.

- For Supplemental Nutrition, the sales of the active form of coenzyme Q10 remained firm, mainly in the U.S. For the probiotics business, we are expanding particularly in Central and South America.

- For Foods & Agris, profits declined due to a surge in prices of oil and fat raw materials. From 2Q, shift toward high value-added products will progress and profit margins will be improved.

(2) Financial Position for the First Three Months Ended June 30, 2025

As of June 30, 2025, total assets were ¥920,221 million, up ¥77 million from the previous fiscal year-end. This is mainly due to an increase in inventories and property, plant and equipment, despite a decrease in investment securities resulting from the sale of shares.

Liabilities totaled ¥428,711 million, up ¥987 million, primarily due to an increase in loans payable.

Net assets were ¥491,509 million, down ¥909 million, owing chiefly to dividend payments and an increase in treasury shares. Equity ratio was 51.1%.

(3) Earnings Forecasts and Other Forward-looking Statements

In 1Q, the global economy was marked by a cautious stance across markets due to the impact of U.S. tariff policy. While concerns over tariff issues are expected to ease from 2Q onward, the global economic outlook remains uncertain.

Our business performance for 1Q was generally in line. As the market has largely priced in concerns over U.S. tariff issues and regained stability, we forecast a rebound in performance across each business segment.

In Health Care Solutions Unit, our priority area, Medical business will drive business performance by launching new products and expanding sales areas such as Asia and the U.S. along growth strategy. For Pharma, we expect sales recovery of both small molecule pharmaceuticals and biopharmaceuticals driven by the acquisition of new projects in the CDMO market from 3Q (October 1 to December 31, 2025).

In Quality of Life Solutions Unit, solid sales of hair attachment products are expected to continue in Performance Fibers. For E & I Technology, we anticipate sales expansion of high value-added grades such as high-frequency PI and modified optical acrylic resins.

In Material Solutions Unit, Vinyls and Chlor-Alkali will continue to experience market adjustments in Asia. For Modifiers, we anticipate demand recovery in the European and U.S. housing and construction markets, which is expected to drive global sales expansion. We will advance structural reforms by expanding sales of high value-added products such as non-PVC and MX and improving profit margins. For Modified Silicone polymers, the U.S. housing and construction markets will recover, and we expect a rebound in exports to the U.S. from European customers. We aim to steadily increase sales in each region, including Asia.

In Nutrition Solutions Unit, price revisions in Foods & Agris will be implemented and we expect further progress in shifting toward high value-added products and expanding “Business to Consumer” product sales. In Supplemental Nutrition, we aim to expand sales through the launch of new products, such as a tablet-type active form of coenzyme Q10, and expansion of sales channels.

Through the above initiatives, we plan to restore company-wide operating income to a level exceeding ¥11,000 million per quarter in 3Q. At the same time, we will continue to advance portfolio transformation by increasing the profit contribution ratio of Leading-edge businesses.

*Leading-edge businesses: Modified Silicone polymers, E & I Technology, PV & Energy management, Medical, Pharma, Supplemental Nutrition

Considering the above, we have not revised the forecast for consolidated financial results announced on May 14, 2025.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY2024 As of March 31, 2025	FY2025 1st Quarter As of June 30, 2025
Assets		
Current assets		
Cash and deposits	45,639	44,349
Notes and accounts receivable-trade, and contract assets	176,793	171,020
Merchandise and finished goods	104,201	106,234
Work in process	16,814	17,439
Raw materials and supplies	74,481	75,715
Other	28,420	30,674
Allowance for doubtful accounts	(1,824)	(1,874)
Total current assets	444,524	443,560
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	107,322	107,361
Machinery, equipment and vehicles, net	127,404	126,847
Other, net	105,708	107,304
Total property, plant and equipment	340,435	341,512
Intangible assets		
Goodwill	2,671	2,385
Other	30,488	30,805
Total intangible assets	33,159	33,191
Investments and other assets		
Investment securities	61,184	59,736
Retirement benefit assets	21,205	21,365
Other	19,978	21,199
Allowance for doubtful accounts	(343)	(345)
Total investments and other assets	102,023	101,956
Total noncurrent assets	475,618	476,660
Total assets	920,143	920,221

(Millions of yen)

	FY2024 As of March 31, 2025	FY2025 1st Quarter As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable-trade	92,144	89,033
Short-term loans payable	132,511	140,486
Income taxes payable	7,013	3,510
Provision	2,235	1,842
Other	61,029	61,931
Total current liabilities	294,933	296,804
Noncurrent liabilities		
Bonds payable	15,000	15,000
Long-term loans payable	57,972	56,827
Provision	905	805
Retirement benefit liabilities	22,032	21,828
Other	36,880	37,445
Total noncurrent liabilities	132,790	131,906
Total liabilities	427,724	428,711
Net assets		
Shareholders' equity		
Capital stock	33,046	33,046
Capital surplus	29,871	29,906
Retained earnings	349,925	349,781
Treasury stock	(11,725)	(12,683)
Total shareholders' equity	401,118	400,051
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,463	27,073
Foreign currency translation adjustment	24,847	25,172
Remeasurements of defined benefit plans	17,848	17,678
Total accumulated other comprehensive income	70,159	69,925
Subscription rights to shares	658	656
Non-controlling interests	20,482	20,876
Total net assets	492,419	491,509
Total liabilities and net assets	920,143	920,221

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	FY2024 1st Quarter From April 1, 2024 to June 30, 2024	FY2025 1st Quarter From April 1, 2025 to June 30, 2025
Net sales	198,382	198,682
Cost of sales	142,946	144,469
Gross profit	55,436	54,213
Selling, general and administrative expenses	45,159	46,052
Operating income	10,276	8,161
Non-operating income		
Dividends income	819	832
Foreign exchange gains	1,401	-
Equity in earnings of affiliates	37	13
Other	616	417
Total non-operating income	2,874	1,263
Non-operating expenses		
Interest expenses	1,016	1,013
Loss on retirement of noncurrent assets	540	723
Foreign exchange losses	-	1,136
Other	1,447	513
Total non-operating expenses	3,005	3,386
Ordinary income	10,146	6,038
Extraordinary income		
Gain on sales of investment securities	-	1,075
Total extraordinary income	-	1,075
Extraordinary losses		
Patent protection court costs	-	261
Total extraordinary losses	-	261
Income before income taxes	10,146	6,852
Income taxes-current	2,931	2,550
Income taxes-deferred	(197)	(294)
Total income taxes	2,733	2,255
Net income	7,413	4,596
Net income attributable to non-controlling interests	379	335
Net income attributable to owners of parent	7,033	4,261

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2024 1st Quarter From April 1, 2024 to June 30, 2024	FY2025 1st Quarter From April 1, 2025 to June 30, 2025
Net income	7,413	4,596
Other comprehensive income		
Valuation difference on available-for-sale securities	1,228	(396)
Deferred gains or losses on hedges	(0)	-
Foreign currency translation adjustment	7,166	536
Remeasurements of defined benefit plans, net of tax	(130)	(170)
Share of other comprehensive income of associates accounted for using equity method	1	0
Total other comprehensive income	8,265	(29)
Comprehensive income	15,678	4,567
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,855	4,027
Comprehensive income attributable to non-controlling interests	823	540

(3) Notes to the Consolidated Financial Statements
(Segment Information)

I Term from April 1, 2024 to June 30, 2024

1) Sales and Income by Segment

(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	86,042	45,058	18,372	48,674	198,148	234	198,382	—	198,382
Intersegment	58	20	12	11	103	309	413	(413)	—
Total	86,101	45,079	18,384	48,686	198,251	544	198,796	(413)	198,382
Segment profit	8,382	4,256	2,992	3,903	19,535	111	19,646	(9,369)	10,276

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 quarterly consolidated financial statements.

2) Reconciliation between Segment Totals and Amounts on Quarterly Consolidated Financial Statements
(Adjustments)

(Millions of yen)

Income	Amount
Segment total	19,535
Segment profit of Others	111
Elimination of intersegment transactions	0
Corporate expenses (Note)	(9,399)
Other adjustments	29
Operating income in the quarterly consolidated statements of income	10,276

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

II Term from April 1, 2025 to June 30, 2025

1) Sales and Income by Segment

(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	82,374	48,466	18,273	49,310	198,425	257	198,682	—	198,682
Intersegment	66	18	19	17	122	367	489	(489)	—
Total	82,440	48,484	18,292	49,328	198,547	625	199,172	(489)	198,682
Segment profit	6,265	5,208	3,131	2,680	17,287	128	17,415	(9,254)	8,161

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 quarterly consolidated financial statements.

2) Reconciliation between Segment Totals and Amounts on Quarterly Consolidated Financial Statements (Adjustments)

(Millions of yen)

Income	Amount
Segment total	17,287
Segment profit of Others	128
Elimination of intersegment transactions	0
Corporate expenses (Note)	(9,260)
Other adjustments	6
Operating income in the quarterly consolidated statements of income	8,161

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

(Notes in the Event of Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Going Concern Assumption)

Not applicable

(Notes on Quarterly Consolidated Statements of Cash Flows)

The quarterly consolidated statement of cash flows for the three months ended June 30, 2025 has not been prepared. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill for the three months ended June 30, 2024 and June 30, 2025 is as follows:

(Millions of yen)

	FY2023 1st Quarter From April 1, 2024 to June 30, 2024	FY2024 1st Quarter From April 1, 2025 to June 30, 2025
Depreciation	10,559	11,532
Amortization of Goodwill	184	202

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.