The operating results forecasts and certain 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 other forward-looking statements.
The Company conducted a consolidation of shares of common stock at the ratio of five shares to one share on October 1, 2018. However, net income per share has been calculated as though the share consolidation took place on April 1, 2018.

In the fiscal year ended March 31, 2020 (fiscal 2019), the global economy entered a period of historic turmoil. For the first ten months or so of the fiscal year, global economic conditions were sluggish due to intensified U.S.-China trade friction, the U.K.’s exit from the E.U., and heightened geopolitical risk in the Middle East. From January 2020 onward, the outbreak of the coronavirus disease 2019 (COVID-19) pandemic has triggered an almost full shutdown of economic activity around the world. The movement of people and goods has been almost completely severed. This disruption has had a direct impact on the mobility field, including automobiles, air travel and railways, as it has had on the tourism and lodging, restaurant, and retail and department store industries. Businesses of all kinds that are connected globally over networks and supply chains have suffered a huge impact. In addition, these trends have given rise to a historic drop in crude oil prices.

In this business environment, the Kaneka Group’s business performance for the fiscal year under review (April 1, 2019 to March 31, 2020) was marked by lower earnings on lower sales, as follows.

Consolidated net sales amounted to ¥601,514 million (down 3.1% year on year), operating income was ¥26,014 million (down 27.8% year on year). Ordinary income was ¥20,166 million (down 35.5% year on year). Net income attributable to owners of parent was ¥14,003 million (down 37.0% year on year).

The impact of the COVID-19 issue acted as a negative factor that reduced profit by approximately ¥3 billion.
On a quarterly basis, business performance was strongly affected by sluggish demand in the automotive and electronics fields till the 3rd quarter. In the 4th quarter, the momentum turned in favor of a recovery in business performance owing to volume growth in the Group’s main businesses. However, the outbreak of COVID-19 temporarily cancelled out that momentum.
Business Performance by Segments

Material Solutions Unit

<table>
<thead>
<tr>
<th>Net Sales</th>
<th>¥ 241.8 billion</th>
<th>【year-on-year △5.5%】</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>¥ 20.6 billion</td>
<td>【year-on-year △20.6%】</td>
</tr>
</tbody>
</table>

Vinyls and Chlor-Alkali
- In PVC resins and specialty PVC resins, sales increased steadily because of strong demand from overseas markets, primarily Asia, amid mostly flat shipment volume in Japan compared with the previous year. However, exports stagnated following the COVID-19 outbreak. This impact is expected to continue in the 1st quarter of fiscal 2020.
- Caustic soda had a significant impact on business performance, due to persistently lackluster market conditions in Asia, against the backdrop of the slowdown in the Chinese economy.

Performance Polymers (MOD)
- Amid the impact of the global economic slowdown, modifiers saw progress on measures to create a new high-value-added market, such as measures to expand sales for non-PVC applications and develop and launch new, large-scale products. However, a decline in sales could not be avoided due to the COVID-19 issue. In the 1st quarter of fiscal 2020, demand is expected to continue to decrease temporarily.
- With epoxy masterbatch, progress has been made on the development of applications that meet cutting-edge market needs, such as structural adhesive for automobiles and electronics applications. As a result, full production and full sales have continued. The Group will meet vigorous demand by launching production facilities that will double the production capacity at the Takasago Manufacturing Site, as planned. The new production facilities will start operations in July 2020. The Group will also implement the next phase of production facility expansion at the earliest opportunity.

Performance Polymers (MS)
- In modified silicone polymers, sales increased steadily, supported in part by a contribution from enhanced production capacity in Belgium.
- The Group has been steadily pioneering the new frontier that is the Asian market. In the 4th quarter, shipments to China were stagnant due to the COVID-19 issue.

New Business
- Kaneka Biodegradable Polymer PHBH has been taken up as a major topic by numerous international bodies and exhibitions, such as the G20, and by major overseas news media, such as the BBC and CNN.
- There has been a flood of inquiries from major brand holders in Japan and overseas with a high interest in the issue of microplastics and environmental issues. A large number of joint development projects have started.
- The completion of a 5,000-ton plant at the Takasago Manufacturing Site has spurred steady progress on adoption by global brand holders such as major convenience store chains, food manufacturers, and cosmetics manufacturers.
- The Group will accelerate preparations for the construction of a full-scale mass production plant with a capacity of 20,000 tons as it intensively allocates management resources to this area, with the aim of expanding business as early as possible.

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## Business Performance by Segments

### Quality of Life

#### Solutions Unit

<table>
<thead>
<tr>
<th>Net Sales</th>
<th>¥154.8 billion</th>
<th>(year-on-year △1.2%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>¥14.2 billion</td>
<td>(year-on-year △6.0%)</td>
</tr>
</tbody>
</table>

### Performance Fibers

- The Group has set up a Product Development Center in Ghana, with the goal of stimulating new demand in the African market.
- The Group will work on high-performance, high-value-added products, such as water-repellent fibers, for which there is surging demand, as it seeks to strengthen sales in close touch with the market.
- In the 4th quarter, the Group faced temporary restrictions on operations of its Malaysian plant and was forced to reduce shipments to Africa due to the COVID-19 issue. This impact is expected to continue in the 1st quarter of fiscal 2020.

### Foam & Residential Techs

- Earnings from expandable polystyrene resin and extruded polystyrene foam board increased, as new products with high insulation, high expansion ratio, and other features were launched and progress was made on the rationalization of logistics.
- In polyolefin foam, earnings were lackluster because of the impact of reduced global automobile production due to the COVID-19 issue. The impact of the lower global automobile production is expected to continue in the 1st quarter of fiscal 2020.

### PV & Energy management

- Earnings improved substantially owing to steady growth in sales to major homebuilders as the Group’s high-efficiency photovoltaic module products received strong reviews in the market.
- Solar power systems are attracting attention once again as the most promising solution for renewable energy. The Group will ramp up its supply capacity of high-efficiency products in a timely fashion. Concurrently, the Group will address growth in demand by pursuing the development of a net zero energy management system for houses and buildings with a major construction firm. It will also jointly develop see-through photovoltaic module products for automotive use with a major automaker.

### E & I Technology

- Polyimide films and graphite sheets were strongly affected by a slowdown in the smartphone market. In the 4th quarter, the Group was impacted by stagnation of supply chains in areas such as China and restrictions on operations of its Malaysian plant due to the COVID-19 issue. A similar impact is expected to continue in the 1st quarter of fiscal 2020.
- The Group will accelerate R&D activities for unique new products that will support digital transformation—products that have attracted high expectations for the Group’s innovative technologies. Among these products are organic electroluminescent displays and 5G smartphones, and sensor materials for autonomous driving systems, for which demand is expected to grow going forward.

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Health Care

Solutions Unit

Net Sales
¥ 46.4 billion 【year-on-year △2.3%】

Operating Income
¥ 8.9 billion 【year-on-year △15.7%】

Composition ratio of sales 7.7%

Medical Devices

- Sales of catheters increased as new products such as an embolization coil launched in November 2019 were rated highly by customers. Sales of this embolization coil began in the U.S. in spring 2020.
- The Group will expand production facilities at its Vietnam plant, and aggressively expand its business in new therapeutic fields such as drug-coated balloon catheters and fractional flow reserve products. In addition, the Group will strive to achieve rapid business expansion through technical and capital alliances with U.S. and European medical equipment companies.
- COVID-19-related clinical Study on Lixelle has started. The Company will enlarge its research fields so that it can apply its blood purification technology to infectious diseases.
- A planned agreement on the licensing out of technology has been postponed to the 1st quarter of fiscal 2020.

Pharma

- A bulk shipment of small molecule pharmaceuticals expected in the 4th quarter was postponed to the 1st quarter of fiscal 2020 onward.
- In the next fiscal year, increased production capacity for active pharmaceutical ingredients at Osaka Synthetic Chemical Laboratories, Inc. and biopharmaceuticals at Kaneka Eurogentec S.A. will come online and are expected to drive earnings growth.
- Kaneka Eurogentec has begun supplying reagents for COVID-19 based on the urgent request of the Belgian government. In addition, the Company has reached an agreement with FUJIFILM Corporation to supply active pharmaceutical ingredients for Avigan® Tablet.
- The Company has also formed an intensive research team focusing on contracted manufacturing of vaccines and the development of antiviral drugs using cutting-edge advanced technologies such as mRNA and plasmid DNA.
## Business Performance by Segments

### Nutrition

**Solutions Unit**

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales (Billions of yen)</td>
<td>¥159.0</td>
<td>¥157.4</td>
</tr>
<tr>
<td>Operating Income (Billions of yen)</td>
<td>¥5.9</td>
<td>¥5.6</td>
</tr>
</tbody>
</table>

### Foods & Agris

- Sales were favorable to the bread sector, but were negatively impacted by sluggish conditions in the confectionery bread and convenience store sectors.
- In the 4th quarter, the environment came under pressure from factors brought about by the COVID-19 issue, such as a deterioration in the markets for inbound tourism and souvenirs, along with a decline in demand for school lunches due to temporary school closures. Meanwhile, with more and more people eating meals at home, demand for products such as frozen food and instant noodles increased. As a result, Kaneka Sun Spice Corporation achieved record-high business results. Overall, the Foods & Agris Solutions Vehicle posted business results that were mostly unchanged from the previous year.
- In the dairy product business, sales of the "Milk for bread lovers" series increased dramatically, supported by a positive reception of this series in the market. Going forward, the Group will move quickly to construct a full-scale dairy product plant.
- The Group is constructing a new plant in Indonesia as part of efforts to transplant Japan’s bread culture to overseas markets. The new Indonesia plant is scheduled to start operations as early as this summer, and the Group believes that the new plant will add further momentum to its business expansion in Asia.

### Supplemental Nutrition

- There were timing differences in shipments to a major U.S. brand holder of the Group’s reduced form of coenzyme Q10.
- The Group began sales of Probiotics from AB-Biotics, S.A. located in Spain, which became a subsidiary last year, in the U.S. and Japan, following on from Europe, where sales are favorable.
- The Group will accelerate its brand strategy for a wide range of supplements by conducting a reorganization to strengthen the dissemination of scientific data about their health effects. Also, in response to rising consumer health awareness, the Group will strengthen the development of foods such as yogurt that offer both tastiness and health benefits, which will create synergies with the dairy product business in Foods.
## Consolidated Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2019</th>
<th>March 31, 2020</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>314.2</td>
<td>306.9</td>
<td>△ 7.4</td>
</tr>
<tr>
<td>Noncurrent Assets</td>
<td>345.3</td>
<td>346.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Total assets</td>
<td>659.6</td>
<td>653.3</td>
<td>△ 6.3</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest bearing debt</td>
<td>120.5</td>
<td>130.8</td>
<td>10.3</td>
</tr>
<tr>
<td>Others</td>
<td>178.3</td>
<td>168.3</td>
<td>△ 10.0</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>298.9</td>
<td>299.2</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>337.0</td>
<td>331.5</td>
<td>△ 5.5</td>
</tr>
<tr>
<td>Others</td>
<td>23.7</td>
<td>22.6</td>
<td>△ 1.1</td>
</tr>
<tr>
<td>Total net assets</td>
<td>360.7</td>
<td>354.1</td>
<td>△ 6.6</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>659.6</td>
<td>653.3</td>
<td>△ 6.3</td>
</tr>
<tr>
<td>Shareholders’ equity ratio</td>
<td>51.1%</td>
<td>50.7%</td>
<td></td>
</tr>
<tr>
<td>Net assets per share</td>
<td>¥5,166.88</td>
<td>¥5,082.08</td>
<td></td>
</tr>
</tbody>
</table>

* Shareholders’ equity: Net assets deducting Noncontrolling interests and Subscription rights to shares.

- Total assets decreased due to decreases in notes and accounts receivable-trade and investment securities.
- Liabilities increased due to an increase in loans payable.
- Net assets decreased due to decreases in valuation difference on available-for-sale securities and foreign currency translation adjustment.
Consolidated Cash Flow

Net cash provided by operating activities was ¥40.0 billion, mainly due to income before income taxes and depreciation and amortization.

Net cash used in investing activities amounted to ¥41.8 billion, mainly owing to the purchase of property, plant and equipment.

Net cash used in financing activities came to ¥0.5 billion, mainly owing to cash dividends paid.

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>41.1</td>
<td>40.0</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>△ 47.2</td>
<td>△ 41.8</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>△ 6.1</td>
<td>△ 1.8</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>△ 1.0</td>
<td>△ 0.5</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents (*)</td>
<td>△ 7.4</td>
<td>△ 2.4</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>40.0</td>
<td>37.6</td>
</tr>
</tbody>
</table>

* 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.
It is generally believed that the worldwide spread of COVID-19 has put the global economy at risk of contraction. It remains to be seen whether COVID-19 infections can be contained at an early stage. According to the IMF’s publication in April, for example, the global economy is projected to contract sharply by –3 percent in 2020. This reduction reflects the marked economic downturn observed in the first half of the year. The mainstream outlook is for the global economy, after bottoming out in the April–June period, to return to a recovery path from the latter half of the year.

Under these conditions, various countries have been working in earnest to take maximum economic measures to support their economies. However, considering the uncertainty in when the pandemic will come to an end, it is not possible to clearly determine the timing of the economic recovery at this time. The Group’s business fields cover a wide range of areas both in Japan and overseas. It is difficult to estimate the environmental factors, such as recovery in demand, normalization of crude oil prices, and exchange rate trends, that are needed to determine business forecasts in each business field.

Accordingly, given that it is difficult to rationally determine business forecasts at this time, the Group has decided to leave its consolidated business forecasts for the fiscal year ending March 31, 2021 as undetermined. The Group will promptly announce its business forecasts when it is possible to disclose them.

The operating results forecasts and certain 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 other forward-looking statements.