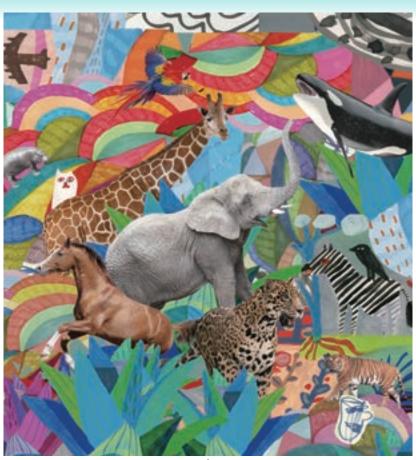


The Dreamology Company

-Make your dreams come true-

Trial & Error experiment driven company
KANEKA thinks "Wellness First".

Kaneka contributes to the sustainability of the earth,
develops its business in a "wellness-first" direction,
energizes people, adds vibrancy to business, and helps build a happier society.
To make the world more wellness-first.
Kaneka takes an innovative approach to science,
and seeks to fulfil people's dreams by offering a wide variety of solutions.



1

To our valued Shareholders.

Thank you for your continued support and interest in the Kaneka Group. I am Kazuhiko Fujii, and I became President as of April 1st of this year. I will do my best to meet your expectations and ask for your support moving forward.

I am pleased to report on the Kaneka Group's business activities for the 100th business period, from April 1, 2023 to March 31, 2024.

Looking at the overall performance for the Group, net sales were ¥762,302 million, up 0.9% year on year, operating income was ¥32,579 million, down 7.1% year on year, and net income attributable to owners of parent was ¥23,220 million, up 0.9% year on year.

The Company has decided to pay an annual dividend of ¥110 per share, taking overall account of its performance trend, dividend payout ratio, and other factors. As we have already paid an interim dividend of ¥55 per share, the year-end dividend will therefore be ¥55 per share.

In the future, the natural environment around us will become increasingly burdened, with human behavior possibly causing dangerous climate change and mass extinctions.

The Earth's life, our lives, and our universal understanding that "life is a chemical reaction" are our purpose management we aim for at "KANEKA The Dreamology Company—Make your dreams come true."

We will promote "hybrid management" to develop creative and valuable solutions through surprising combinations of Kaneka's wide variety of different technologies.

By continuing to take on the challenge of R2B in the life science area, we will accelerate transformation and growth to meet the expectations of all our stakeholders and aim to become a highly regarded company.

In closing, I would like to ask for your continued support as we move forward.



President and Representative Director



June, 2024

1. Business Developments and Results

> State of the Global Economy - Fragmentation and economic volatility -

In the current fiscal year (April 1, 2023 to March 31, 2024), although the COVID-19 pandemic ended during the period, the global economic outlook remained uncertain due to ongoing geopolitical risks such as the prolonged Ukraine crisis and the outbreak of new conflicts in the Middle East. Amid monetary policy turmoil in the U.S. and Europe, which have been plagued by inflation, friction between the U.S. and China, and economic downturn in China, the global economy has had a volatile year lacking a clear direction.

As for Japan, the yen continues to depreciate. Economic and monetary policies have stalled and GDP has fallen to fourth place in the world, with a possibility of slipping to fifth place. These critical issues affecting national development show no signs of ending.

The world is fragmented by country and region, and synchronized economies and growth scenarios are not foreseeable.

As we face such uncertain times, tossed about by "fragmentation and volatility", we will refine our global activities with local roots, which is our company's DNA, and accelerate the implementation of new products and businesses with our research & development strategy of "one and only Kaneka R2B".

We are refining our technology, updating our portfolio, and expanding our business. Above all, it's all about people.

Kaneka Group's Business Performance - Sales increased and profits decreased, but profits increased significantly in the second half -

Under these circumstances, Kaneka Group's consolidated business performance for the fiscal year ended March 31, 2024 was as follows.

Consolidated net sales were ¥762,302 million (up 0.9% year-on-year),

Operating income was ¥32,579 million (down 7.1% year-on-year),

Ordinary income was ¥29,222 million (down 9.8% year-on-year), and

Net income attributable to owners of parent was ¥23,220 million (up 0.9% year-on-year).

Business performance for the fiscal year ended March 31,2024(April 1,2023 to March 31,2024)

(Millions of ven)

	FY2022	FY2023	Difference (year-on-year)
Net Sales	755,821	762,302	6,480 0.9%
Operating income	35,087	32,579	(2,508) (7.1%)
Ordinary income	32,411	29,222	(3,188) (9.8%)
Net income attributable to owners of parent	23,008	23,220	212 0.9%

Net sales and operating income by business segments

(Millions of yen)

	Net Sales						ales				
	FY2022				FY2023				Difference		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	(year-on year)
Material SU	88,919	83,975	77,812	83,147	333,854	77,659	78,814	81,444	84,982	322,902	(10,952) (3.3%)
Quality of Life SU	45,000	42,194	43,812	41,758	172,766	40,878	43,880	46,638	44,785	176,182	3,415 2.0%
Health Care SU	16,623	17,369	18,658	18,134	70,786	17,745	18,448	17,209	21,452	74,856	4,069 5.7%
Nutrition SU	41,879	44,091	46,018	45,350	177,339	46,037	46,006	49,038	46,099	187,182	9,843 5.6%
Others	316	231	240	286	1,074	419	226	280	252	1,178	103 9.7%
Total	192,739	187,863	186,541	188,678	755,821	182,740	187,376	194,611	197,574	762,302	6,480 0.9%

	Operating income										
	FY2022				FY2023				Difference		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	(year-on year)
Material SU	10,756	7,947	3,767	4,978	27,449	5,513	6,610	6,996	8,375	27,495	45 0.2%
Quality of Life SU	4,600	4,069	4,386	3,075	16,131	2,939	4,159	4,655	3,607	15,361	(769) (4.8%)
Health Care SU	3,856	3,653	4,471	3,701	15,682	2,967	2,926	2,451	4,596	12,941	(2,740) (17.5%)
Nutrition SU	806	1,296	2,290	3,192	7,585	2,277	2,298	3,820	3,680	12,076	4,490 59.2%
Others	186	95	112	159	554	288	101	151	125	667	113 20.4%
Adjustment	(7,994)	(8,460)	(8,221)	(7,640)	(32,316)	(8,381)	(9,093)	(9,070)	(9,417)	(35,963)	(3,646)
Total	12,212	8,601	6,808	7,465	35,087	5,603	7,002	9,004	10,968	32,579	(2,508) (7.1%)

> Remarks on the Group-wide Business Performance

① Rapid recovery of business performance

In the current fiscal year ended March 31, 2024, Group-wide business performance was characterized by operating income that bottomed out at ¥5.6 billion in 1Q (April 1 to June 30, 2023), and the pace of recovery accelerated in each successive quarter, to ¥7.0 billion in 2Q (July 1 to September 30, 2023), ¥9.0 billion in 3Q (October 1 to December 31, 2023), and ¥11.0 billion in 4Q (January 1 to March 31, 2024).

Although substantial negative forces remain, such as the inflation-driven downturn in construction demand in Europe and the U.S. and inventory adjustments in the electronics market, business performance abruptly turned towards profit recovery in the second half. Despite a sluggish first half primarily due to extremely volatile post-COVID-19 fluctuations in demand, strong momentum returned to each Solutions Vehicle in the second half.

In particular, operating income in 4Q reached ¥11.0 billion thanks to contributions from overseas business Solutions Vehicles such as Modifiers, Modified Silicone polymers, and E & I Technology, which are targeting results in R2B, and Supplemental Nutrition and Foods (Nutrition Solutions Unit), which are shifting towards a development strategy utilizing unique and niche technologies not found anywhere else. Business performance in Medical grew steadily, and Vinyls and Chlor-Alkali and Foam & Residential Techs have also gotten out of the worst period.

FY2023 operating income 1H vs 2H comparison

(Billions of yen)

	Operating income						
	FY2	022	FY2	Difference			
	1H	2H	1H	2H	Dillerence		
Material SU	18.7	8.7	12.1	15.4	3.2		
Quality of Life SU	8.7	7.5	7.1	8.3	1.2		
Health Care SU	7.5	8.2	5.9	7.0	1.2		
Nutrition SU	2.1	5.5	4.6	7.5	2.9		
Total	20.8	14.3	12.6	20.0	7.4		

2H operating income YoY comparison

(Billions of yen)

		(DIIIIOI	is or yerr)		
	Operating income				
	FY2022	FY2023	Difference		
	2H	2H	Dilleterice		
Material SU	8.7	15.4	6.6		
Quality of Life SU	7.5	8.3	0.8		
Health Care SU	8.2	7.0	(1.1)		
Nutrition SU	5.5	7.5	2.0		
Total	14.3	20.0	5.7		

② Leading-Edge Businesses Driving Kaneka's Portfolio Transformation

For Medical, Supplemental Nutrition, Modified Silicone polymers, E & I Technology, and PV & Energy management, our differentiated and unique technologies and open innovation bore fruit, resulting in steady growth in performance.

For Medical, business performance grew steadily. Since technological sophistication is the driving force behind the development of this business, we are actively engaged in open innovation, including M&A and technological alliances, leveraging our Japanese business model that is highly trusted by physicians. With overseas markets such as the U.S., China, and Asia as our next strategic move, we are focusing all our efforts on strengthening our R2B capabilities and restructuring our sales system. We aim to develop the Medical business into a driver of company growth.

For Pharma, demand adjustment continued and performance remained sluggish, but 4Q saw a significant shift toward recovery. In Bio-CDMO and small molecule pharmaceuticals, joint development activities with

customers have progressed and momentum has returned. Looking ahead to the next fiscal year, we are aggressively pursuing further large projects in both domestic and overseas markets.

3 Strong Performance of Foundation Businesses

Modifiers, which experienced a significant drop of demand in the European, U.S., and Asian markets due to post-COVID-19 volatility, has gotten out of a period of excess market inventory and global supply-demand imbalance. Comparisons between the first and second half of the current fiscal year and comparisons between the current and the previous fiscal year's second half both show significant profit growth.

Like Modifiers, Vinyls and Chlor-Alkali and Foam & Residential Techs, which are focused on activities to create a scalable global niche market by strengthening technology differentiation capabilities, have also emerged from the worst period. After suffering from a collapse of supply and demand in the general-purpose market and deteriorated market conditions, Vinyls and Chlor-Alkali has maintained stable performance, although it has not returned to the profitability of the COVID-19 period when the supply-demand balance was tight.

Performance Fibers aimed for recovery after bottoming out in 1Q, but due to prolonged inflation and currency depreciation in African countries, 4Q was a temporary demand adjustment phase. We are diligently pursuing R2B activities that will enable us to offer unique and distinctive fibers that are only possible with Kanekalon by enhancing its functionality. In the hair accessories field, we are expanding our domain and strengthening sales in Sub-Saharan Africa and North, Central, and South America, with Nigeria as our focal point.

For Foods & Agris, profitability improved significantly due to further progress in the sales shift to high-value-added products and expansion of profit margin. We plan to maintain this high level of performance. New businesses such as Pur Natur dairy products, coenzyme Q10 yogurt and gummies, organic A2 milk, and BENOIT NIHANT Belgian chocolate are running strong and leading the portfolio transformation in the Foods business.

Progress of Investment Plan for Growth

For Medical, a new production facility for blood purification devices in Tomatoh, Hokkaido, is scheduled to start operation in 2Q of the fiscal year ending March 31, 2025. Furthermore, we expanded our lineup of catheter products with open innovation, such as by acquiring a company with biodegradable magnesium stent technology and by importing and selling stents used to retrieve blood clots.

For Pharma, construction is proceeding as planned for Kaneka Eurogentec S.A.'s production facility for mRNA, which is expected to grow at a high rate for adoption in therapeutics for genetic diseases and cancer.

In the Material Solutions Unit, construction of the demonstration plant for the mass production of KANEKA Biodegradable Polymer Green Planet™ that aims to protect the global environment by reducing single-use plastics, is progressing smoothly. In addition, the capacity expansion of Modified Silicone polymers in Belgium, where global demand is expected to increase, will be completed as planned this spring.

We have decided to make a major capital investment to decommission the coal boilers at Takasago. We will take this opportunity of fuel conversion at our in-house power generation facilities, which employ an innovative process, to further conserve energy and aim to go carbon neutral by 2050.

We will aggressively pursue investments that will accelerate the growth of our leading-edge businesses and strengthen the base of our foundation businesses.

The operating performance by business segment was as follows:

(Earthology Chemical Solution)

Material Solutions Unit

Material Value Creator

To support the advancement of life and the environment by drawing out the richness of materials

This unit was affected by economic slowdown in Europe, the U.S., and Asia, resulting in lower profits in the first half, but profits increased significantly in the second half due to supply and demand recovery. On a full-year basis, the unit recovered to the previous year's level.

- > For Vinyls and Chlor-Alkali, both PVC and caustic soda were affected by the decline in the Asian market, but performance has been recovering since 3Q.
- >For Modifiers, demand-supply adjustments continued throughout the year, but demand has been recovering at all locations since 3Q, resulting in a significant year-on-year increase in profits in the second half. Profitability improved as efforts to strengthen business competitiveness made steady progress.
- > For Modified Silicone polymers, sales remained strong in response to its unique functional characteristics. We aim to expand our business by fully leveraging our increased production capacity in Belgium to be completed this spring.
- ➤For Green PlanetTM, progress has been made in joint development with major brand holders and its adoption in new applications increased.

(Earthology Chemical Solution)

Quality of Life Solutions Unit

Quality of Life Pathfinder

To produce the leading edge of the enhancement of the quality of life through the power of materials

This unit achieved higher sales and higher profits in Foam & Residential Techs, E & I Technology, and PV & Energy management, but reported higher sales and lower profits overall due to ongoing demand-supply adjustments in Performance Fibers.

- > For Foam & Residential Techs, profit margin improved, resulting in higher sales and higher profits overall. Sales of polyolefin foam recovered in the automobile sector and its adoption in EV applications has expanded.
- ➤ For PV & Energy management, domestic sales of high-efficiency photovoltaic modules for single homes were firm. The government's promotion of GX and the growing trend of municipal mandates regarding the uniform the statement of the statement
- the use of renewable energy drew further attention to our products. To stimulate demand for zero-energy building (ZEB), in which walls and windows generate electricity, we established the joint sales company with Taisei Corporation.
- >For E & I Technology, polyimide shipments were affected by the adjustment of smartphone production in the first half of the year, but demand has recovered since 3Q, especially in the Chinese market. Acrylic resins for large-screen TVs experienced a temporary demand adjustment, but have recovered since 4Q.
- > For Performance Fibers, demand was sluggish due to the significant impact of inflation and currency depreciation in African countries. We will focus on stimulating end-user demand by strengthening marketing strategies and proactively introducing new high-performance products.



(Active Human Life Solution)

Health Care Solutions Unit

Medical Edge Explorer

To create a world where advanced medical means are available to as many people as possible

In this unit, the Medical business expanded steadily, while the Pharma business was affected by shipment adjustments through 3Q. Overall, sales increased and profits decreased.

- ➤ For Medical, the new production facility for blood purification devices in Hokkaido is scheduled to start operation. We will continue to actively invest management resources.
- ➤ Pharma experienced longer-than-expected demand adjustments from small molecule pharmaceutical and biopharmaceutical customers, but demand has been on a recovery trend since 4Q. For mRNA, we will strengthen the production system and focus on its adoption in therapeutics for genetic diseases and cancer.



(Active Human Life Solution)
Nutrition Solutions Unit
Nutrition Value Chain Innovator
To re-innovate food and health

This unit recorded substantial increases in both sales and profits owing to the continued strong performance of Foods and Supplemental Nutrition.

- ➤ For Supplemental Nutrition, the sales of the active form of coenzyme Q10 remained firm in the U.S. Sales expanded in Asia and Oceania. For the probiotics business, sales are also expanding. Sales expansion in the U.S., the biggest market, is a challenge, and we will focus on launching a variety of new products and reinforcing our production base.
- > For Foods & Agris, profit margin improved and earnings grew substantially. We aim to expand business by aggressively promoting high value-added "Business to Consumer" businesses including organic dairy products and yoqurt.



2. Issues to be Addressed

➤ 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 continue to solve 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 the Flow from 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

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. Kaneka 1-on-1, which was introduced and established based on the idea that "people grow through their work, while companies grow through their people," will evolve into a new stage, "Kaneka 1-on-1 χ ," to enhance individual growth and organizational performance.

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.



Taking on the Challenge of R2B+P in the Life Science Area

Large investments for further growth and proactive steps to open innovation



Launch of a New Manufacturing Site for Blood Purification Devices

Our fifth manufacturing site, Tomatoh Manufacturing Site (Hokkaido), was completed in May 2024 and is scheduled to start operation in the first half of this fiscal year.

We plan to evolve the manufacturing site into one that incorporates DX initiatives and state-of-the-art technology to fully automate the new medical device production line and improve productivity.

Furthermore, we will promote the introduction of renewable energy using our own photovoltaic power generation systems and realize a manufacturing site with a low environmental impact.



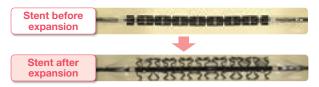
Tomatoh Manufacturing Site waiting to begin full-scale operation



M&A to Expand and Enhance Solutions

We are combining our technologies with external technologies and tackling challenges in new areas as we strive to expand and enhance solutions to meet growing demand worldwide for extending healthy life expectancy.

In November 2023, we acquired Japan Medical Device Technology Co., Ltd. ("JMDT"), making it a wholly owned subsidiary. By integrating JMDT's bioresorbable stents technology with our technologies, we aim to expand our business in the stent treatment area.





Expanding Product Lineup in the Neurovascular Field

In January 2024, we signed an exclusive distribution agreement with an Israeli company, Rapid Medical Ltd., for stent retrievers (blood clot retrieval device) in Japan. We plan on growing our business in the neurovascular field by expanding the product lineup and increasing the sale of i-ED COIL™, a coil for the embolization of cerebral aneurysms.

We will provide solutions to health issues worldwide through the expansion of our medical business within the increasingly important field of health care.



Aiming to Be an Advanced Biomanufacturing Company

-KANEKA Biodegradable Polymer Green Planet™-

Green Planet™ is a 100% biomass-derived biodegradable polymer developed by Kaneka based on our desire to provide environmentally friendly solutions that do not depend on petroleum resources.

A key challenge in terms of promoting the use of Green Planet[™] has been the difficulty in the molding process, but amid developments in cultivation and compounding technology and in processing technology, solutions are now emerging. In fiscal 2023, we continued to make progress in joint development with major brand holders and its adoption in new applications increased.



Development of Green Planet™ Culture Technology Using CO2 as a Raw Material

We are conducting research and development to produce Green PlanetTM by using CO_2 as a raw material instead of vegetable oil. This research has been selected as a Green Innovation Fund Project promoted by the government, and we are working to realize the construction of a demonstration plant.

Based on our mission of "KANEKA thinks 'Wellness First,'" we deliver value globally as a solution provider. We will continue to contribute to bringing about a sustainable society as well as solutions to plastic pollution by promoting the use of Green Planet™.



Contributing to People's Health and the Enrichment of Lives

OLED Lighting Donated to Tokyo National Museum

We signed a basic agreement with Tokyo National Museum operated by the National Institutes for Cultural Heritage, regarding the donation of OLED lighting in January 2024. We will be replacing the ceiling lighting in the exhibition rooms and exhibition cases on the 2nd floor of the museum's main building going forward. OLED lighting is less likely to cast shadows giving high visibility, and does not emit ultraviolet rays, making it ideal for preserving artworks. In the future, we will be conducting joint research with Tokyo National Museum to promote the widespread use and branding of OLED lighting.



"Pine Forest" (replicated) lit by OLED lighting (Tokyo National Museum main building)

Start of Project to Enhance Quality of Sleep



OLED lighting installed in residential unit at Sustainabranche Hongyotoku

In joint collaboration with HASEKO Corporation (Headquarters: Minato-ku, Tokyo; President: Kazuo Ikegami), we have started to verify the effects of using OLED lighting in the rental apartment project "Sustainabranche Hongyotoku" (Ichikawa City, Chiba) on falling asleep and reducing fatigue. In addition to the surface-emitting light source of OLED lighting that gives off a gentle light and high visibility, the results of OLED lighting having effects on a good night's sleep and fatigue reduction will promote wellbeing through the lighting environment and expansion of OLED usage in condominium units.



Accelerating the Development and Diffusion of Attractive Renewable Energy Products

Kaneka Corporation and TAISEI CORPORATION (Headquarters: Shinjuku-ku, Tokyo; President: Yoshiro Aikawa) have established G.G. Energy Corporation for the purpose of a joint business to sell Green Multi Solar. Green Multi Solar is a photovoltaic power generation system integrated with external walls and windows on buildings, co-developed by the two companies in 2019. G.G. Energy Corporation started full-scale operations in April this year. The two companies will proactively propose this product to environmentally-conscious companies and government facilities as an energy-creating technology for new and renovated buildings.





Glass-integrated power generation system Example of T-Green™ Multi Solar installation



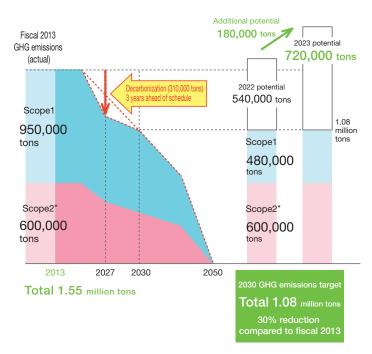
Accelerating Fuel Conversion to Become Carbon Neutral

-Kaneka's aim to achieve carbon neutrality-

To reduce GHG emissions by 30% by 2030 (compared to fiscal 2013) and become carbon neutral by 2050, we are working to reduce energy consumption through fuel conversion of our in-house power generation facilities and process innovation.

In fiscal 2023, we decided to make a major capital investment to decommission the coal boilers at Takasago Manufacturing Site.

In addition, we added 180,000 tons to the cumulative total of 540,000 tons for reduction themes identified in fiscal 2022, creating a cumulative potential of 720,000 tons.



^{*} Since the CO₂ emission factor for electric power companies is subject to change, we expect our emissions to be equivalent to those of fiscal 2013.

Specific Initiatives

CO²

Fuel conversion

To move our decarbonization ahead of schedule by three years (expecting to achieve it by 2027 instead of 2030), the Takasago Manufacturing Site will install a new gas turbine co-generation system in 2027.

Use of renewable energy, low CO₂ emission factor for electricity and steam power

Kaneka Malaysia will switch to biomassderived steam in 2025. Kaneka Group will expand the installation of in-house photovoltaic power generation systems on plants and other premises in Japan and overseas as we promote the use of

renewable energy. At our overseas plants, we plan to use a low CO₂ emission factor for electricity.



