

Plan: The Three-Year Initiative
~ Discover Future ~

KANEKA CORPORATION



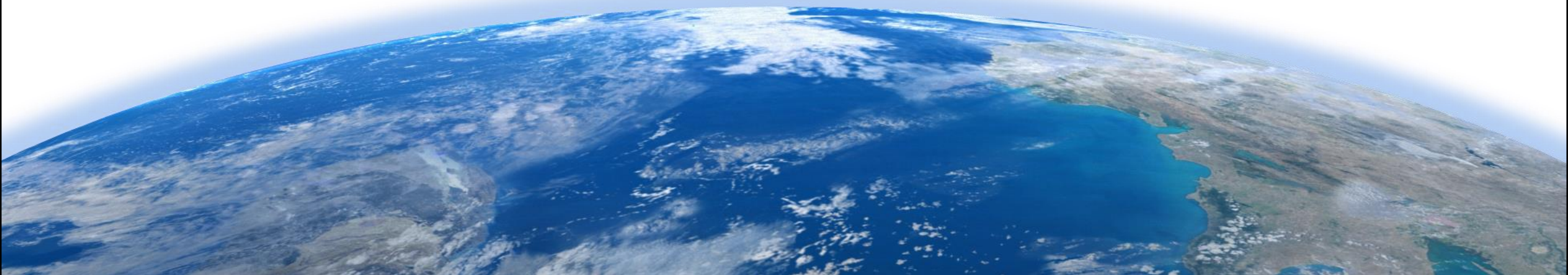
I . Purpose Management



Life Focus Management

Before we are no longer able to live on the Earth.

LIFE is Chemical Reaction



The reason why Kaneka's management policy is to research the "mysteries of life" and support a society that nurtures life is precisely because our universal understanding that "life is a chemical reaction" is at our very origin.

The Dreamology Company

— Make your dreams come true — Kaneka

Deepen our
understanding of nature



**and rapidly deploy
appropriate technology**

The crisis we, as humans, inflict on the environment affects all life on Earth.
Our ability to solve this depends on our wisdom. Kaneka has a significant role.

Transforming the Mid-term Plan into “Plan: The Three-Year Initiative”



- Be postponed
- Nothing starts
- Maintain status quo

- **Creative mechanism**
- **Start from this instant**
- **Curiosity and dreams**



The transition from the “Mid-term Plan” to the “Plan: The Three-Year Initiative” demonstrates our will to act by focusing on what we can do now.
This is a significant shift in mindset for us.

Key basic structure of our management model

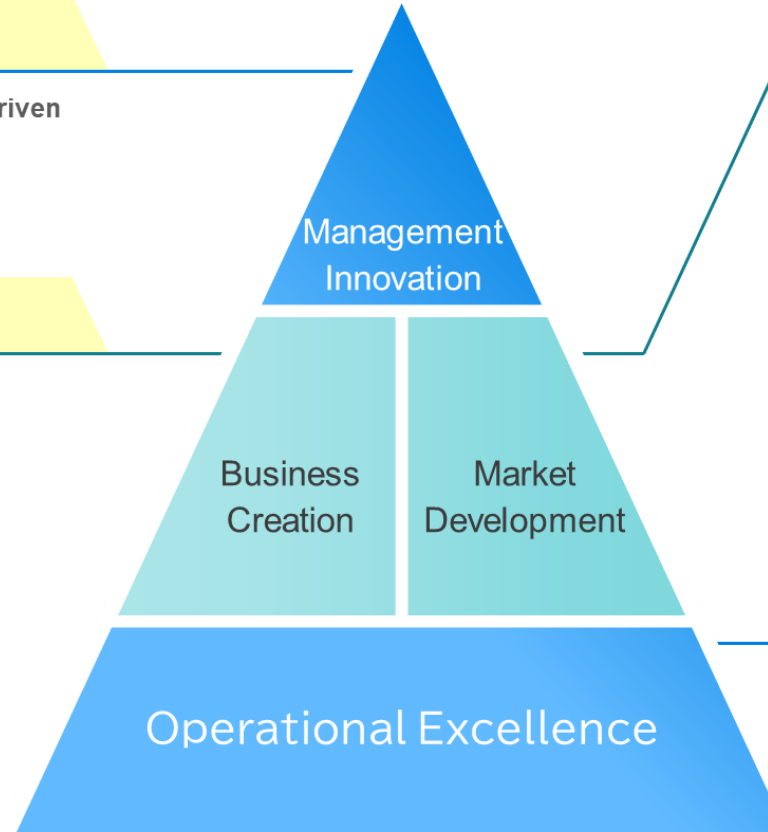
【Purpose】 Ability to grow tall

Kaneka as a “Trial & Error experiment driven company”

- ESG management
- “Wellness First” health management

【Value①】 Inner strengths

- 1. Diversity**
Broad business domains/ Diverse range of technologies/ Global corporate activities/ Diverse workforce
- 2. Shift from materials to solutions**
- 3. Serve as an interface between markets and technology**
- 4. From small to big**
 - Start small and grow big
 - Cell division through clustering
 - Born small, Grow Big!!
- 5. “Kaneka 1-on-1”**
Facilitate personal growth through employees’ job performance



【Value②】 Outward strengths

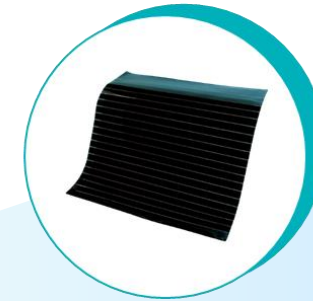
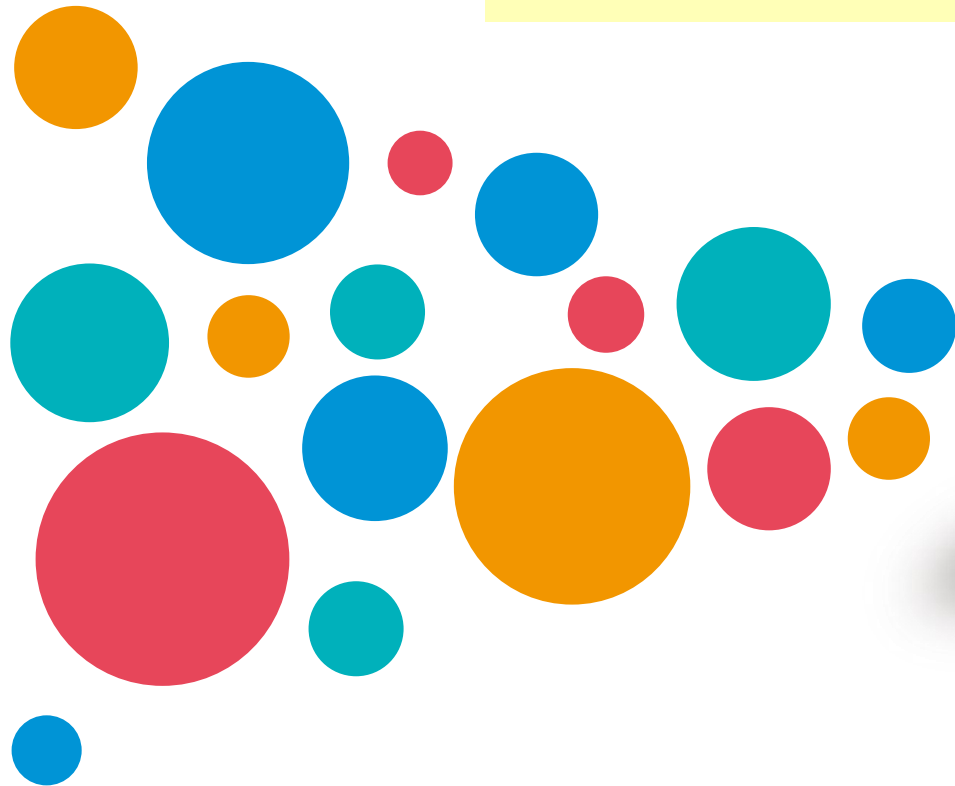
- 1. Advance transculturation from a global perspective**
- 2. Bring out uniqueness**
- 3. Ask “Are we playing a useful role?”**
 - Solution provider that provides solution by structuring customers needs
- 4. A leader who will face challenges (a person with an edge)**
 - A leader who will influence people
 - A team that will unite to tackle issues
- 5. Open innovation**

【Value③】 Frontline execution

- 1. Every value is created on the frontline**
Think by seeing hearing, and touching on the frontline to make decisions
- 2. Emphasize Value Communication**
to link the frontlines together

Kaneka Tower represents our purpose management and three values, meaning our perspective and point of view (what we value).

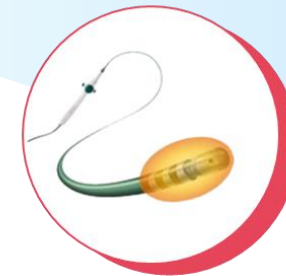
Combining different things in different business fields in a new way



Organic × Inorganic



Macromolecular × Bio



Medical × Molding process



Food × Health


Kaneka is like a toy box, filled with diverse products and technologies.
By combining these unique elements, we deliver innovative solutions.

Trust & Respect

Trust colleagues and respect differences
Customers and colleagues work together as “One Team”

Diversity

Bring forth new ideas by tapping into diversity
Delivering unique Kaneka value that amazes the world

A graphic showing the silhouettes of several people of various ethnicities and ages, representing diversity.

The combination of diverse individuals, regardless of nationality or gender and based on mutual trust, is the source of our company’s value creation.
We value communication not only within the company but also outside to gain trust.



Environment / Energy crisis



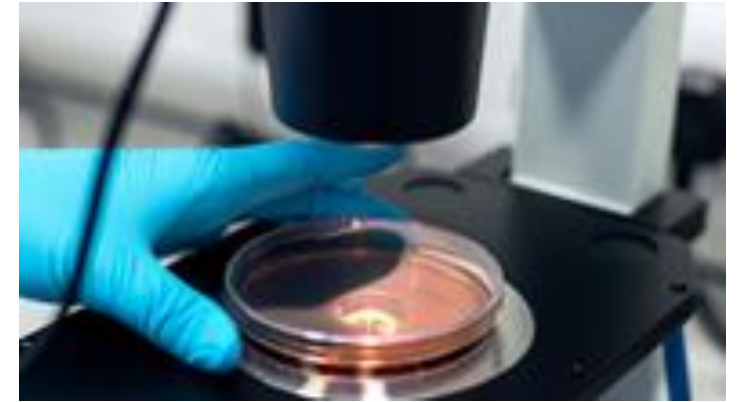
- Green Planet
- High-efficiency photovoltaic modules

Food crisis



- Dairy products, organic and recycling-oriented dairy farming
- Adaptation of Supplemental Nutrition ingredients into the food field
- Seed business

Wellness crisis



- Biopharmaceuticals
- Catheters and blood purification
- Probiotics and such in Supplemental Nutrition Business

Transform the current business portfolio into one that solves three crises.

Human-driven management

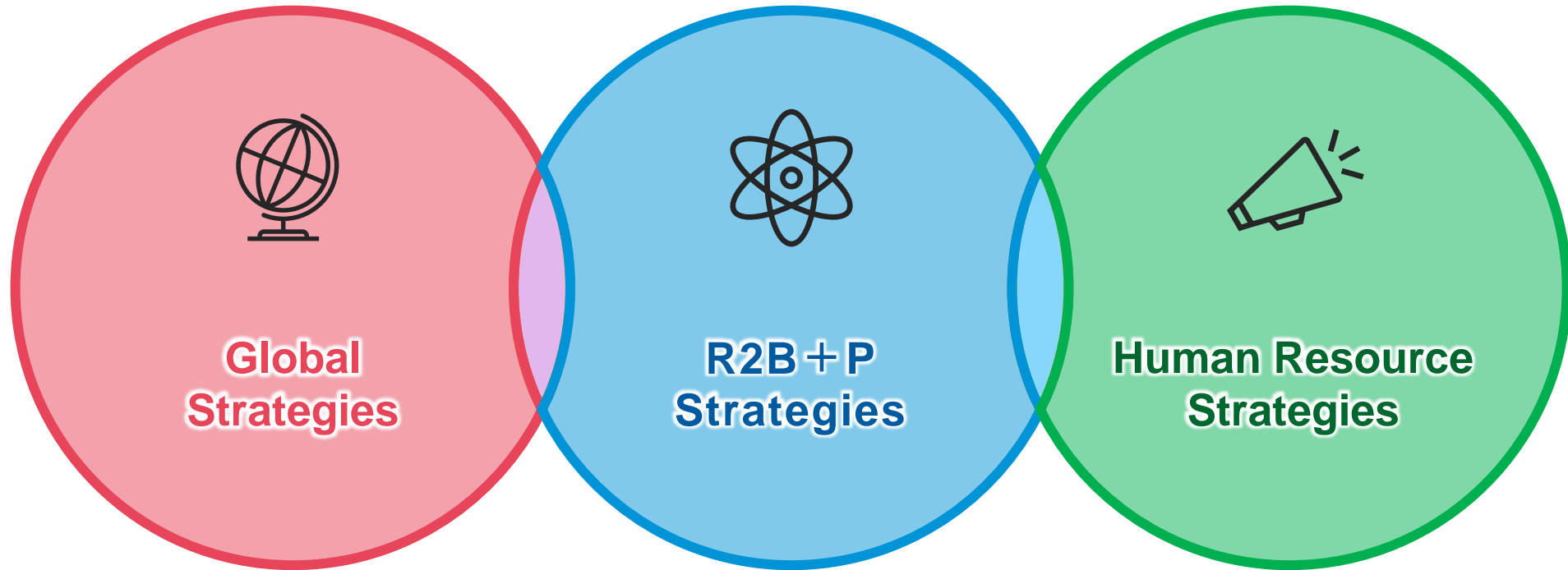


Kaneka thinks “Wellness First.”

Contributing to the creation of a sustainable society through the power of chemistry.

II . Core Philosophy





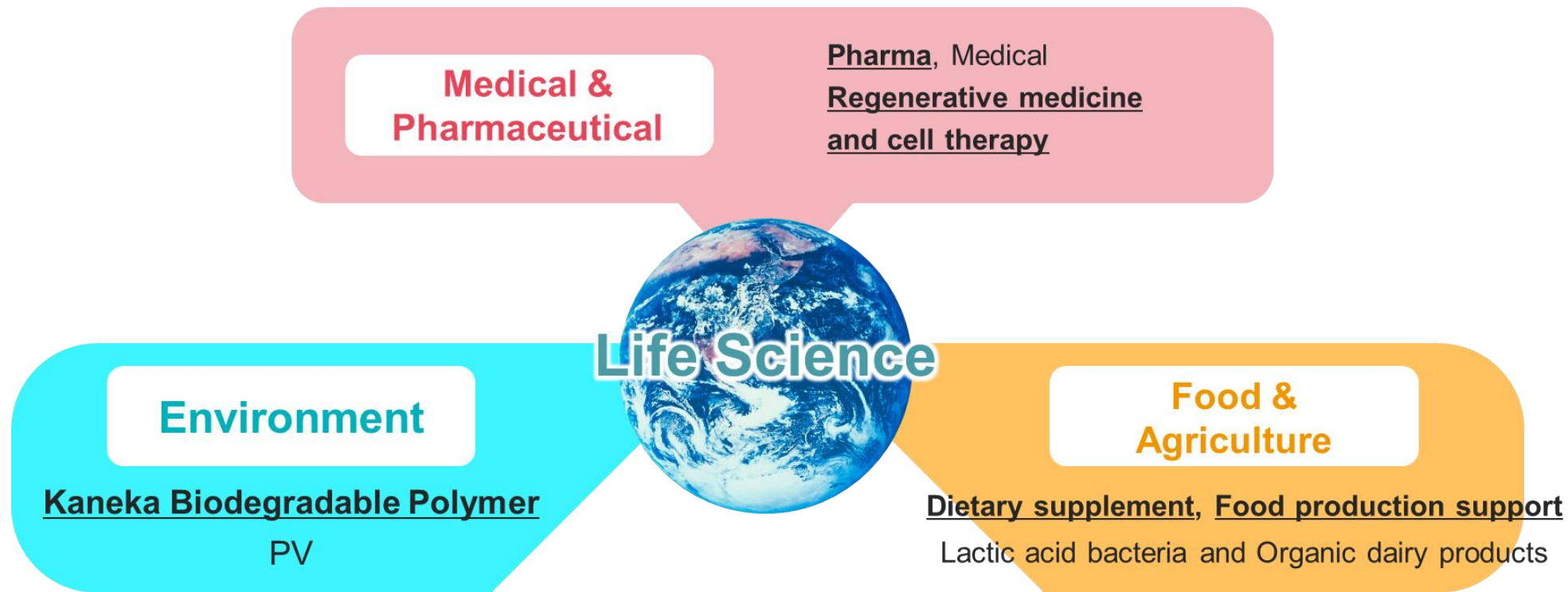
ESG (Carbon Neutral, Digital Transformation)



Our management is founded on three strategies: global, R2B+P, and human resources, with R2B+P being paramount. Our commitment to ESG, including carbon neutrality and digital transformation (DX), is the foundation of management.

Technology that makes life on Earth healthy

Biomanufacturing to drive growth / Medical to accelerate growth



※Biomanufacturing

We are shifting our focus towards the life sciences fields.
We will particularly allocate resources to the advancement of key biomanufacturing techniques within these fields.

Research



and

to

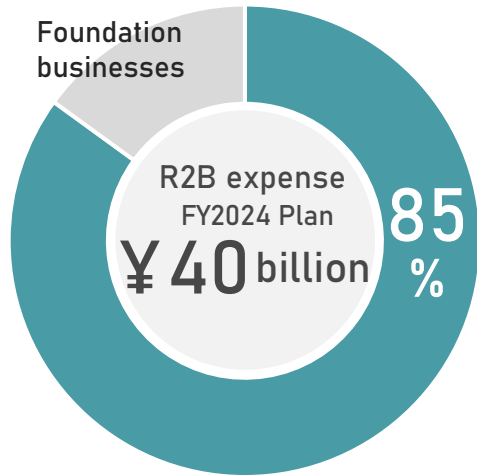
Business

We are transforming R&B into **R2B**
to speed up the process from research to business implementation.

The goal of our research is social implementation.
Social implementation will not occur without “research” not only in the laboratory, but also in production and sales.

Concentrate **85%** of R2B expense in FY2024 on priority areas

I Realization and acceleration of leading-edge businesses



Green Planet



OLED



Optical film



PV

I Strengthening of life sciences



Medical



Pharmaceuticals



Probiotics and other supplements



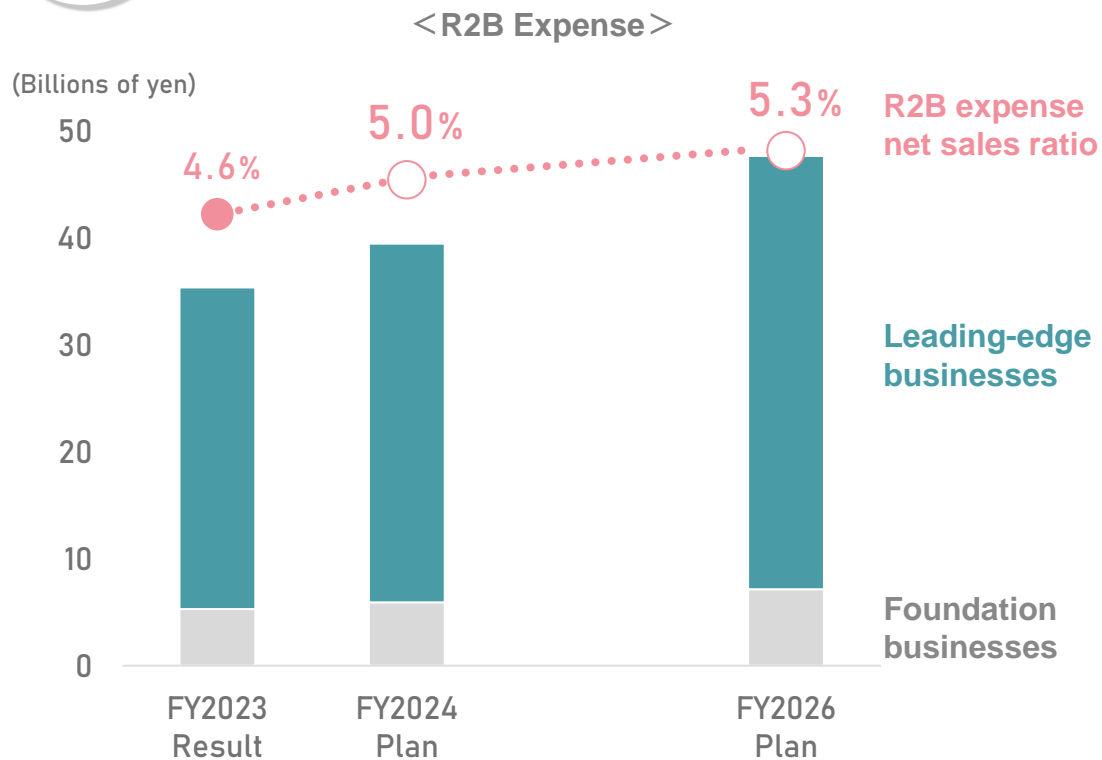
Food production support

Invest resources with a focus on the priority areas of leading-edge businesses and life sciences, which will contribute to the portfolio transformation, to generate R2B results.



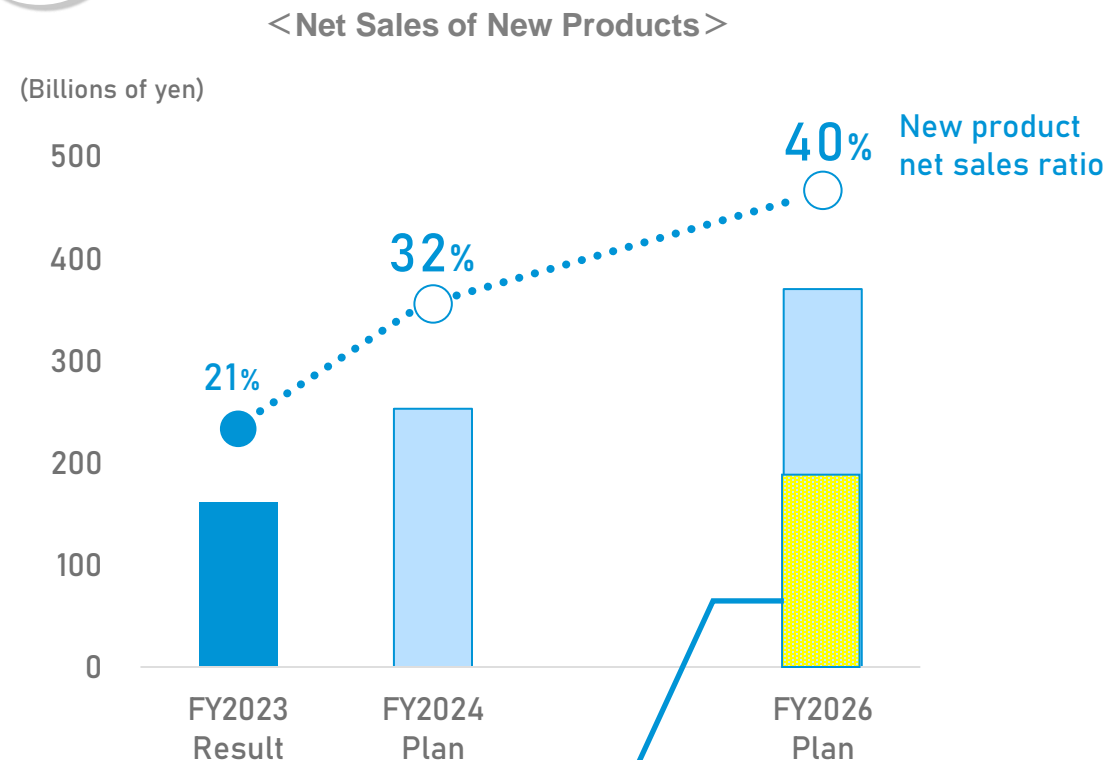
Input

R2B expense: Maintain **5%** of net sales



Output

New product net sales ratio: Targeting **40%**

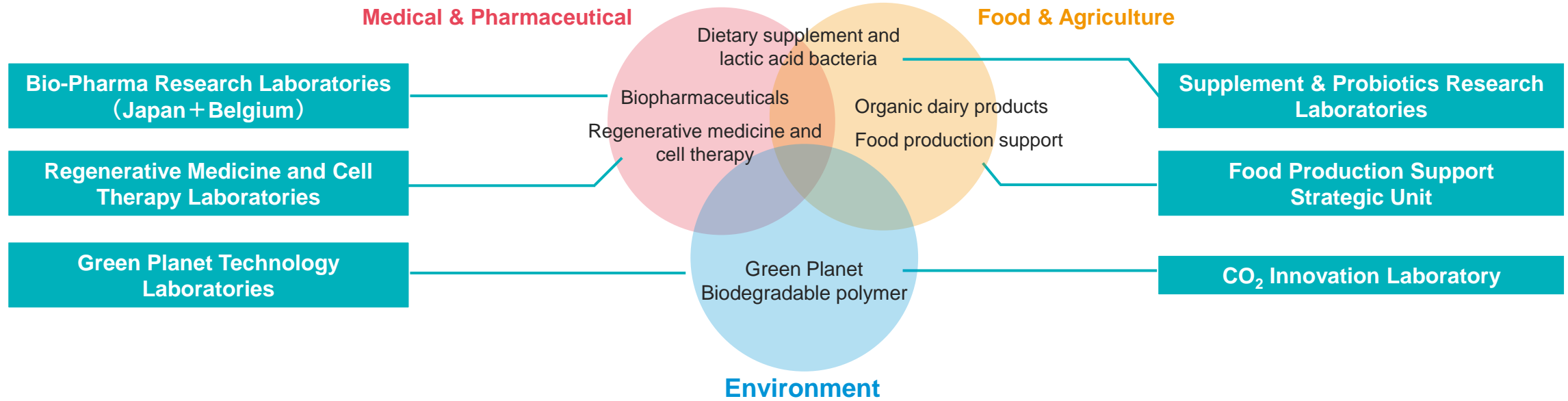


Life Science accounts for about 50% of net sales of new products

Our policy for R2B is to invest resources equivalent to 5% of our net sales. By 2026, we aim to achieve 40% new product net sales ratio. The ratio of new product sales is one indicator of the portfolio transformation, and we will be focusing on increasing this ratio.



Kaneka's Biomanufacturing



Advanced Technology Research



From this fiscal year, we have enhanced our research and development structure in the field of biomanufacturing, and established an effective framework. Additionally, in the advanced technology area, we have a robust research and development structure capable of solving critical issues.

Towards social implementation

Progress in processing technology

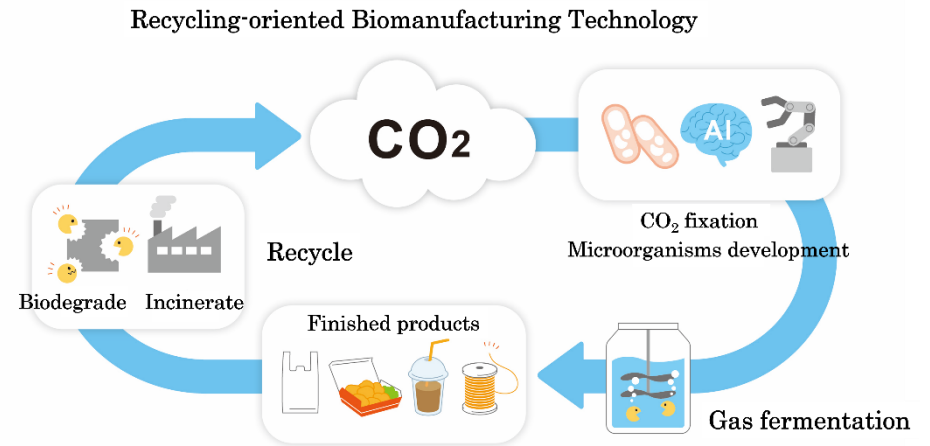


Diversification of raw materials

- Waste cooking oil
Initiation of Green Planet production using waste cooking oil
- CO₂
Development of safe and highly efficient gas cultivation technology by 2030

Expansion of global supply system

- Europe: Strengthening of development activity structure
- Americas: Examination of facilities towards realizing local production
- Japan (Takasago): Demonstration facilities for new processes, enhancing current facility capabilities



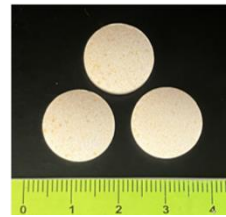
We are steadily establishing a framework aimed at social implementation on a global scale. We are advancing in the development of manufacturing technologies and making progress in exploring ways to expand our supply systems to meet the demands of major global suppliers.

Development of new material, active form of coenzyme Q10

Establishment of Supplement & Probiotics Research Laboratories, strengthening the system



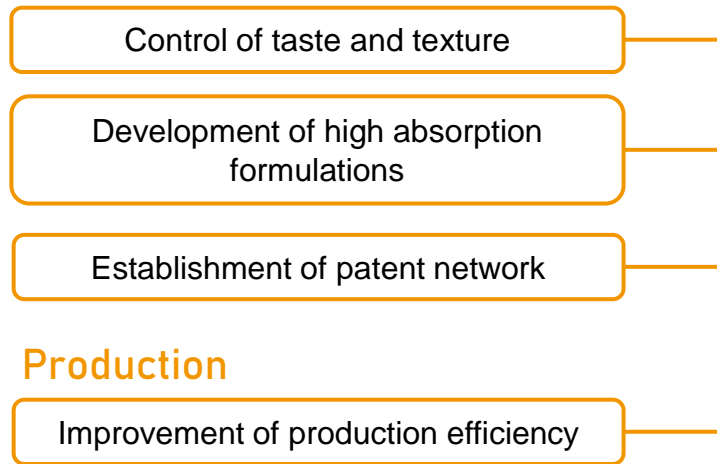
Improvement of stability



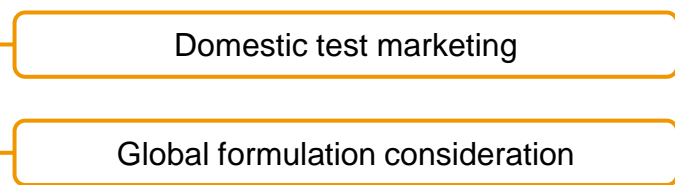
Functionality addition
Diversification of intake methods



Research



Business



We are developing a technology that can dramatically improve the stability of coenzyme Q10 to resist oxidation. This technology will greatly expand the range of applications.

Kaneka's philosophy since its foundation

Human Driven Company

A lean, high-quality team and merit-based appraisal

Promotion of Diversity

By going beyond attributes and tapping into diversity, we bring forth new ideas. In this way, we aim to continue delivering unique Kaneka value that amazes the world.

Human Resource Development

Development of human resources and leaders centered on Kaneka 1-on-1

Since 2018, we have been carrying out Kaneka 1-on-1, a system that aims to drive company growth through personal growth by "lighting a fire in people's hearts."

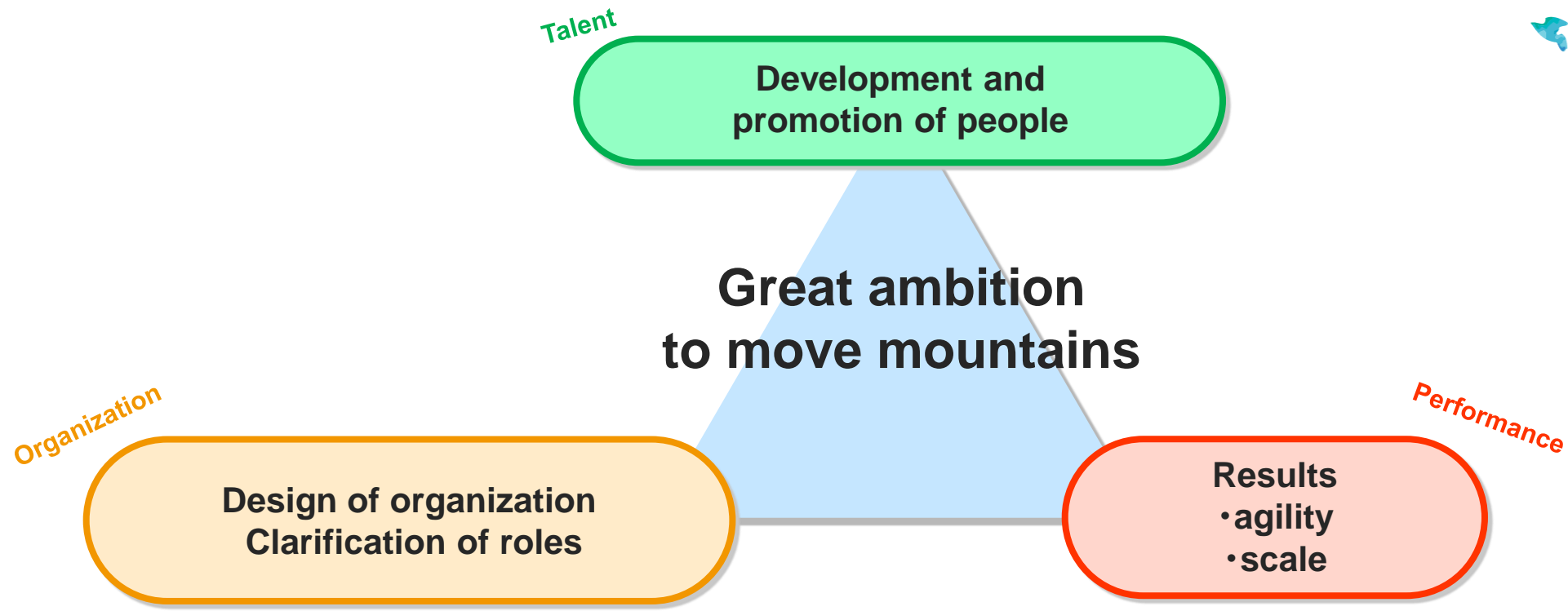
Promotion of Wellness

We are working to improve the wellness of each employee and the organization. The ties between our employees is what lies at the heart of this.



The growth of a company is driven by each and every employee taking on challenges. We create an environment where taking on challenges is possible, provide opportunities, promote growth, and achieve corporate transformation.

Centered on Kaneka 1-on-1X



**People grow through work, and companies grow through people.
Team leaders should spend 80% of their effort on nurturing their team members.**

Since 2018, we have been operating “Kaneka 1-on-1” linked to the personnel system.
We will evolve it to a new stage, “Kaneka 1-on-1X,” to improve individual growth and organizational performance.

A Network Connecting Global and Local



See the world through someone else's eyes,
like putting your foot in someone else's shoe.

Rooted in local communities,
Overcoming cultural differences

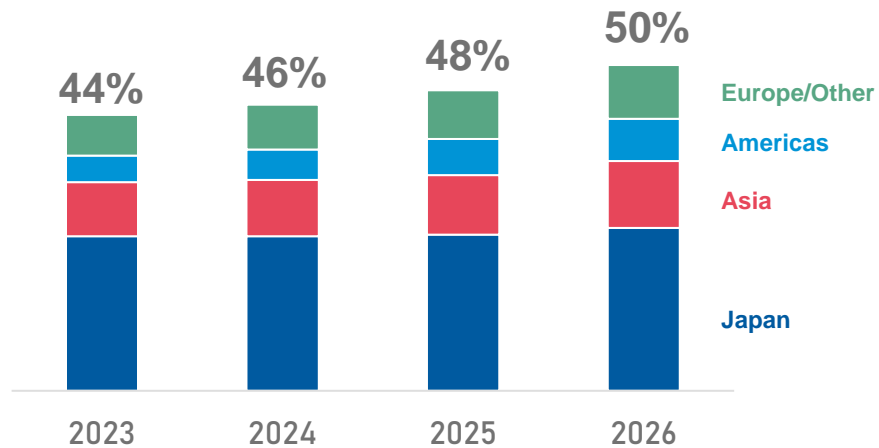


We are building a global network that enables business development rooted in local communities.

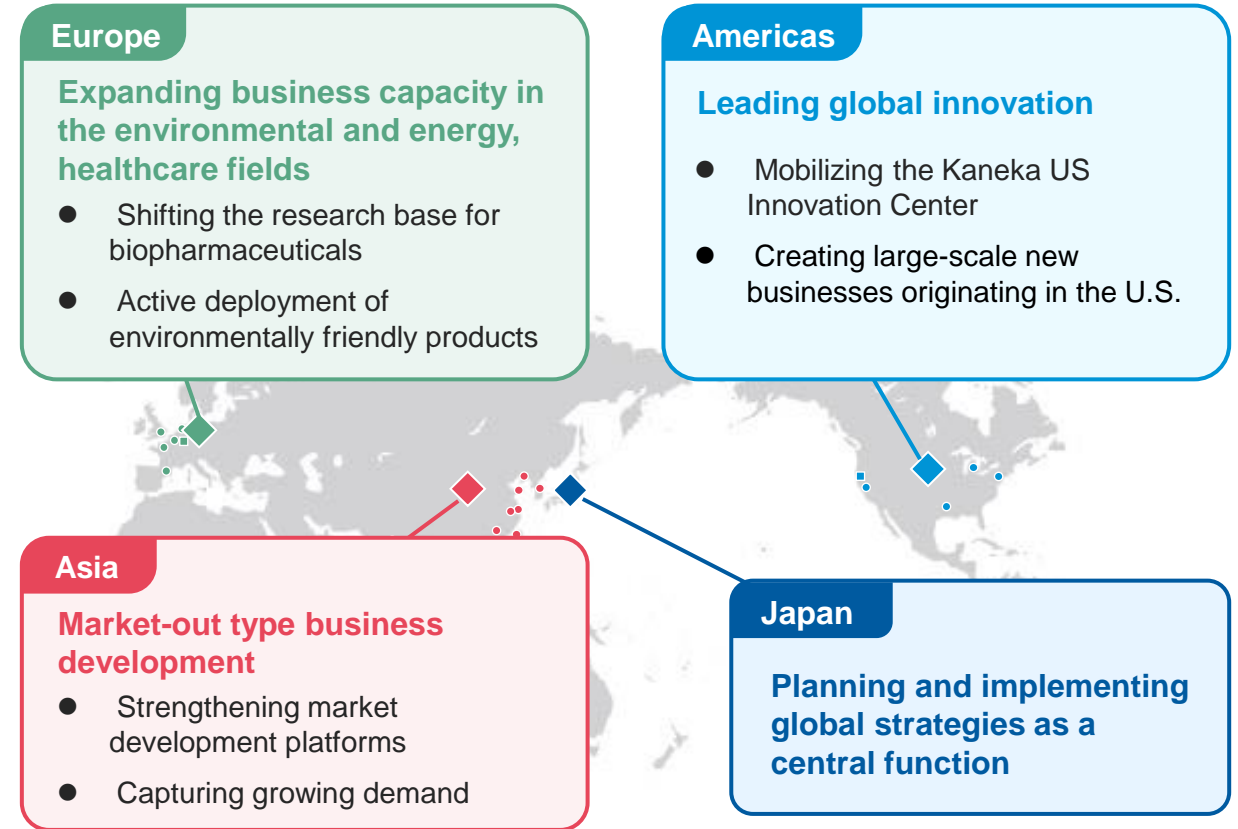
Basic policy of global strategy

- Production / Sales systems with deep local roots
- Seeking global management resources through M&A / Open Innovation
- Developing global talents who can overcome cultural differences

Proportion of overseas sales



Growth strategy function of headquarters in each region

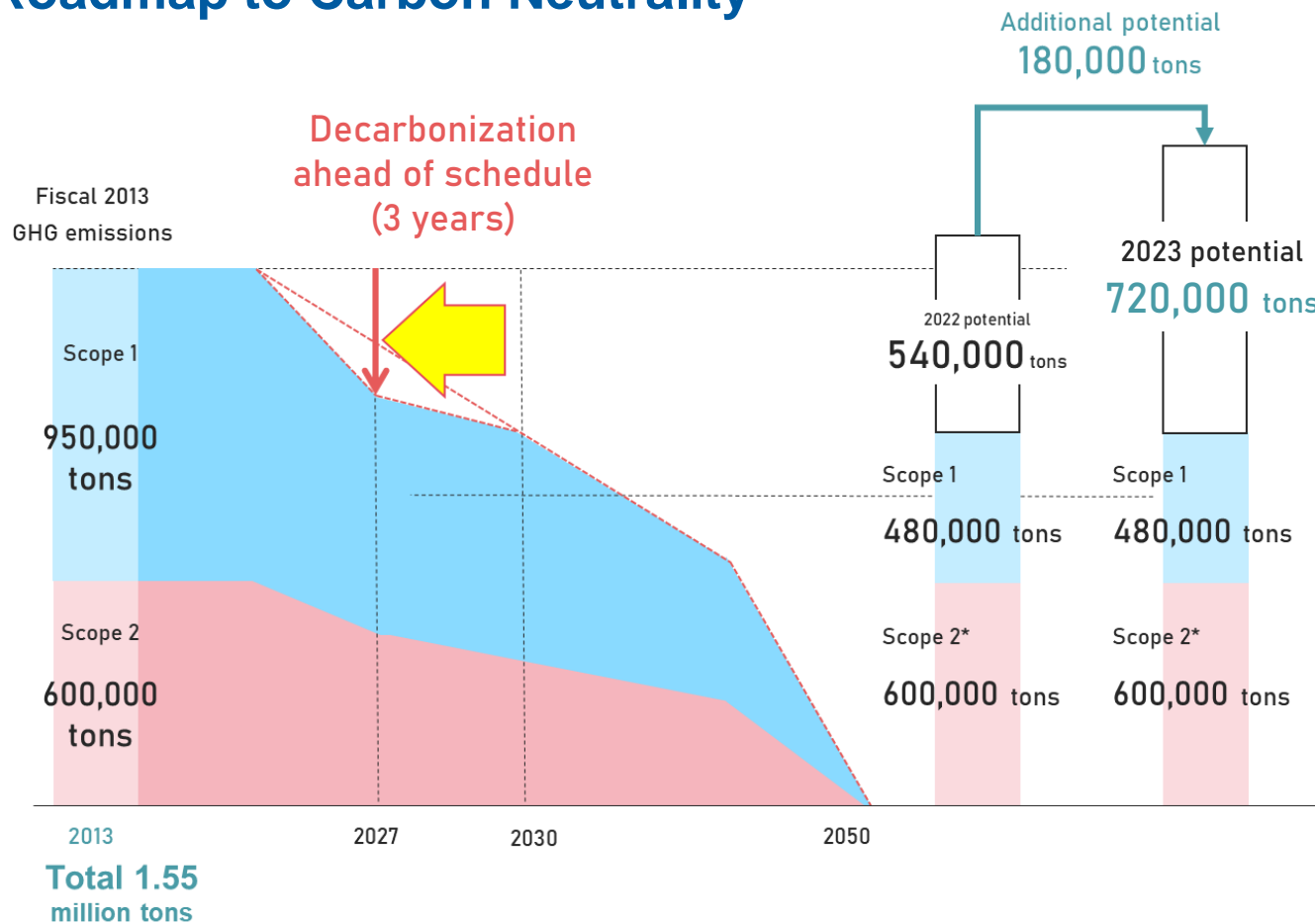


We plan to increase the overseas sales ratio to 50% by FY2026.

We aim to be a globally recognized company by providing valuable solutions in a timely manner to markets around the world, without borders.



Roadmap to Carbon Neutrality



Item	GHG emissions reduction total potential
1) Fuel conversion	310,000 tons
2) Energy saving	200,000 tons
3) Process innovation	100,000 tons
4) Use of renewable energy, low CO ₂ emission factor for electricity and steam power	110,000 tons
Total	720,000 tons

2030 GHG emissions (target)
Total 1.08 million tons
 30% reduction compared to FY2013

* Since the CO₂ emission factor for electric power companies is subject to change, we expect our emissions in Scope 2 to be equivalent to those of FY2013.

Zero GHG emissions by 2050 is a major goal. We believe it is important to be able to create GHG reduction potential. This year, we have created a new potential of 180,000 tons, and have created a cumulative reduction potential of 720,000 tons.

Global conversion of energy at major manufacturing bases

Takasago

Decision to make large-scale capital investments to abolish coal boilers

- Reduction of variable costs through optimal fuel selection
- Improvement in overall efficiency due to reduced heat loss
- Looking ahead to fuel conversion to synthetic methane and hydrogen combustion in the future

Installation of PV in our factories using in-house products

- Five Main Manufacturing Sites (Domestic)
- Group companies in Japan
- Overseas Group companies



Malaysia

Introduction of biomass boiler steam

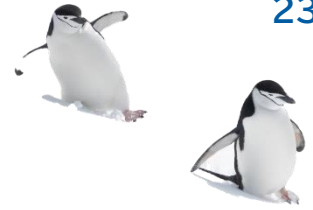
- Reduction effect of 30,000 tons of GHG emissions (equivalent to about 30% of Kaneka Malaysia)
- About half of the steam volume is derived from biomass fuel

Demonstration of microgrid concept in cooperation with local governments and communities

- Area around Toyooka Industrial Park



In FY2027, we will advance the phase-out of coal by three years from the original plan. We will promote fuel conversion of in-house power generation and process innovation for GHG reduction and accelerate energy conservation.



Production innovation using digital technology

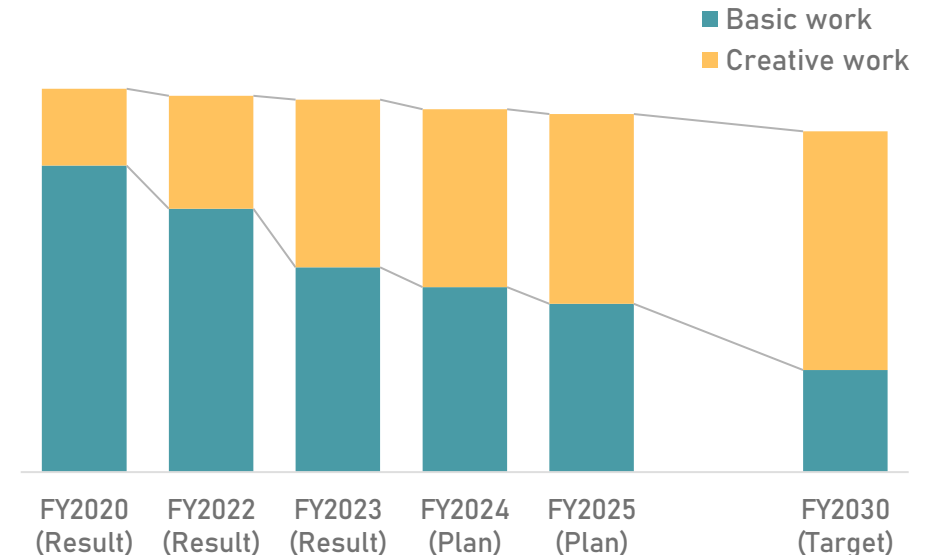
Kaneka's Unique, Field-Led AI and Data Utilization

- Introduce AI and data infrastructure to each site to advance problem-solving through in-house production.
- Work on 120 themes and realize 30 of them (about 600 million yen/year).

Shifting to Creative Work Enhancing overall operational efficiency

- Enhance operational efficiency to reduce basic work to about half of 2020 by 2030.
- Shift human resources from basic work to creative work.

AI and Data Utilization Themes		Impact (Millions of yen/year)
Optimal operation Automatic control	<ul style="list-style-type: none"> • Optimal automatic operation of the drying process • Automatic adjustment of molecular weight in culture processes, etc. 	300
Anomaly prediction (Equipment and quality)	<ul style="list-style-type: none"> • Detecting equipment anomalies to improve operating rate • Prediction system for foaming conditions, etc. 	200
Image and sound analysis	<ul style="list-style-type: none"> • Reducing losses by monitoring the coating furnace exit • Detection of print stains, etc. 	50
Plan optimization (Production/sales/inventory)	<ul style="list-style-type: none"> • Optimization of inventory provisions • Production planning optimization, etc. 	50
Total		600



We will work on the sophistication of business digital platforms and transform them into operations that match the new era.
We will create new values such as “creation of new businesses” and “transformation of work culture.”

III. Plan: The Three-Year Initiative



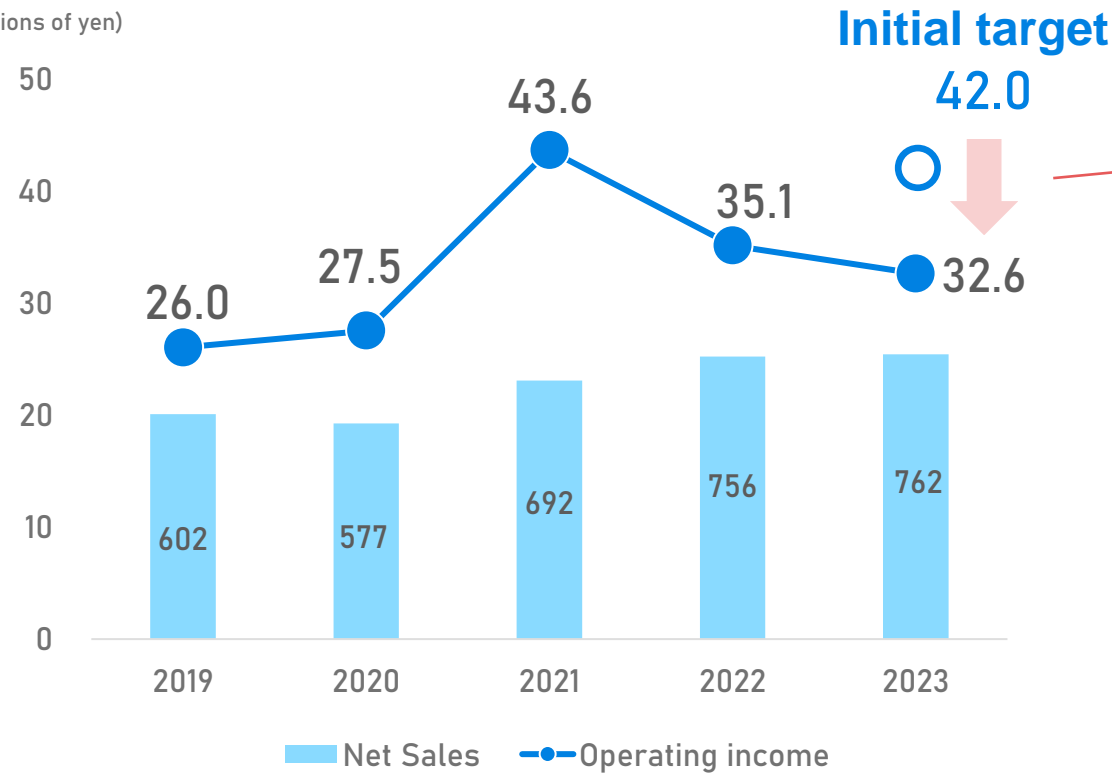


Operating income ¥42 billion, targeted in the beginning of FY2023, was not achieved.

Business performance abruptly turned towards recovery in the 2nd half (Operating income in FY2023: 1st half ¥12.6 billion → 2nd half ¥20.0 billion).

⇒ Net sales and operating income are expected to increase in the next fiscal year as momentum in each market recovers.

(Billions of yen)



Variance factors (vs. initial target)

- Foods: Shift to high-valued-added products (Price ↑)
- Foam: Improvement of profit margin (Price ↑)
- MOD: Downturn in construction demand in Europe and the U.S. (Quantity ↓)
- Fiber: Sluggish market due to currency depreciation in African countries (Quantity ↓)
- Pharma: Longer-than-expected inventory adjustments from customers (Quantity ↓)

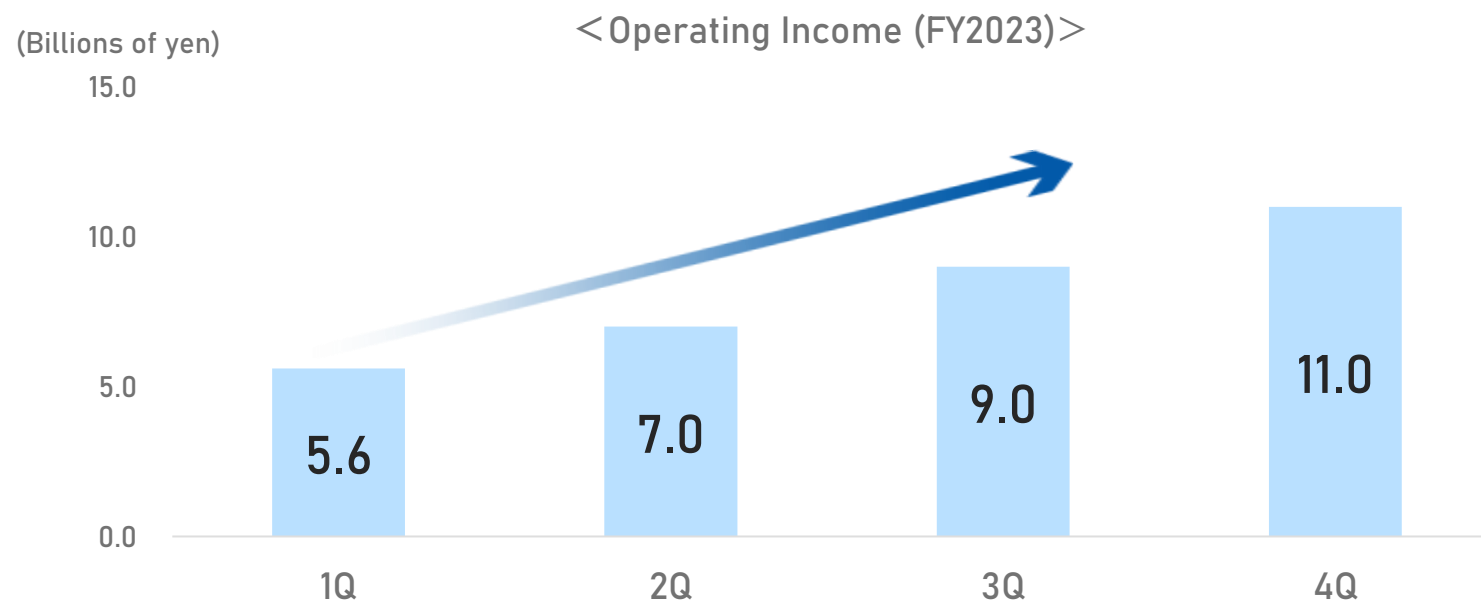
Growth plan after FY2024

- Sales expansion of leading-edge businesses through operation of aggressive capital investment
- Increased selling price by introducing new products/grades
- Increase in sales as momentum in each market recovers

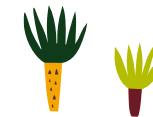
In FY2023, although we saw an improvement in profit margin due to price increases, demand in overseas markets remained sluggish. For FY2024, we aim to expand businesses by steadily capturing the recovery since the second half of FY2023.

Rapid recovery of business performance

- Operating income bottomed out in 1Q, and the pace of recovery accelerated in each successive quarter.
- Strong momentum returned to each market in the 2nd half despite a sluggish 1st half primarily due to volatile fluctuations in demand.



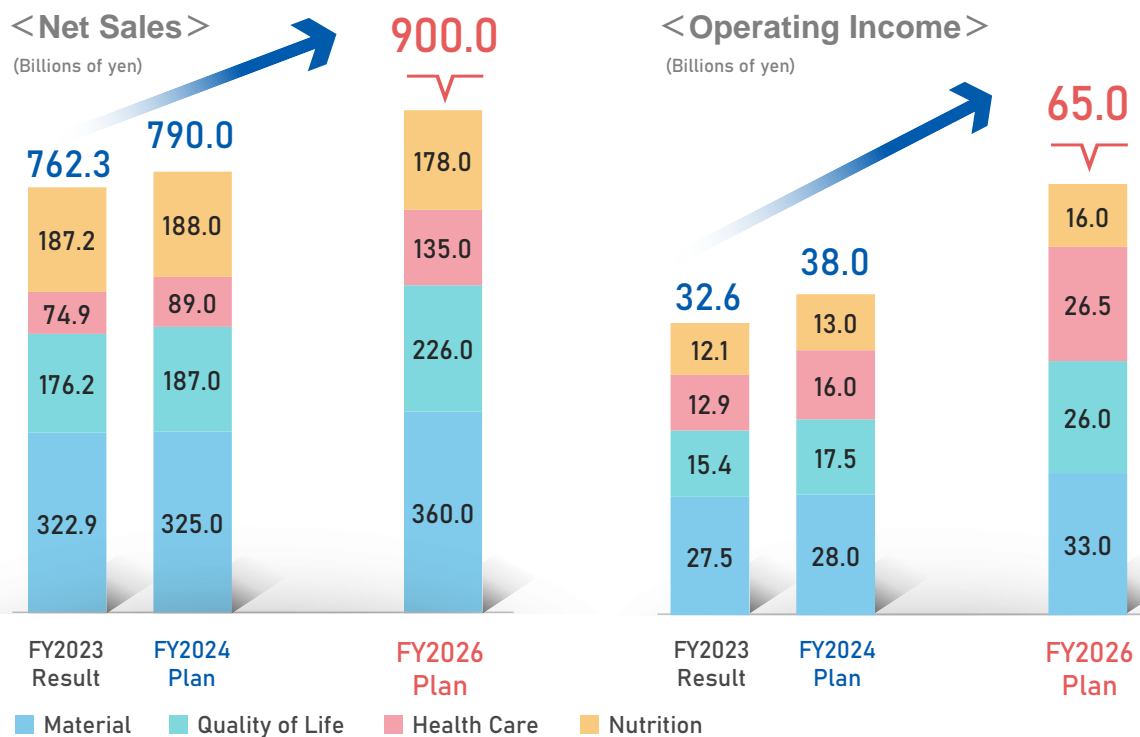
Through advancing the portfolio transformation in leading-edge businesses, and the strong performance of foundation businesses, we have achieved significant profit growth in both the first and second halves of the year.



— Announced on May 27, 2024 —

Expanding net sales and operating income

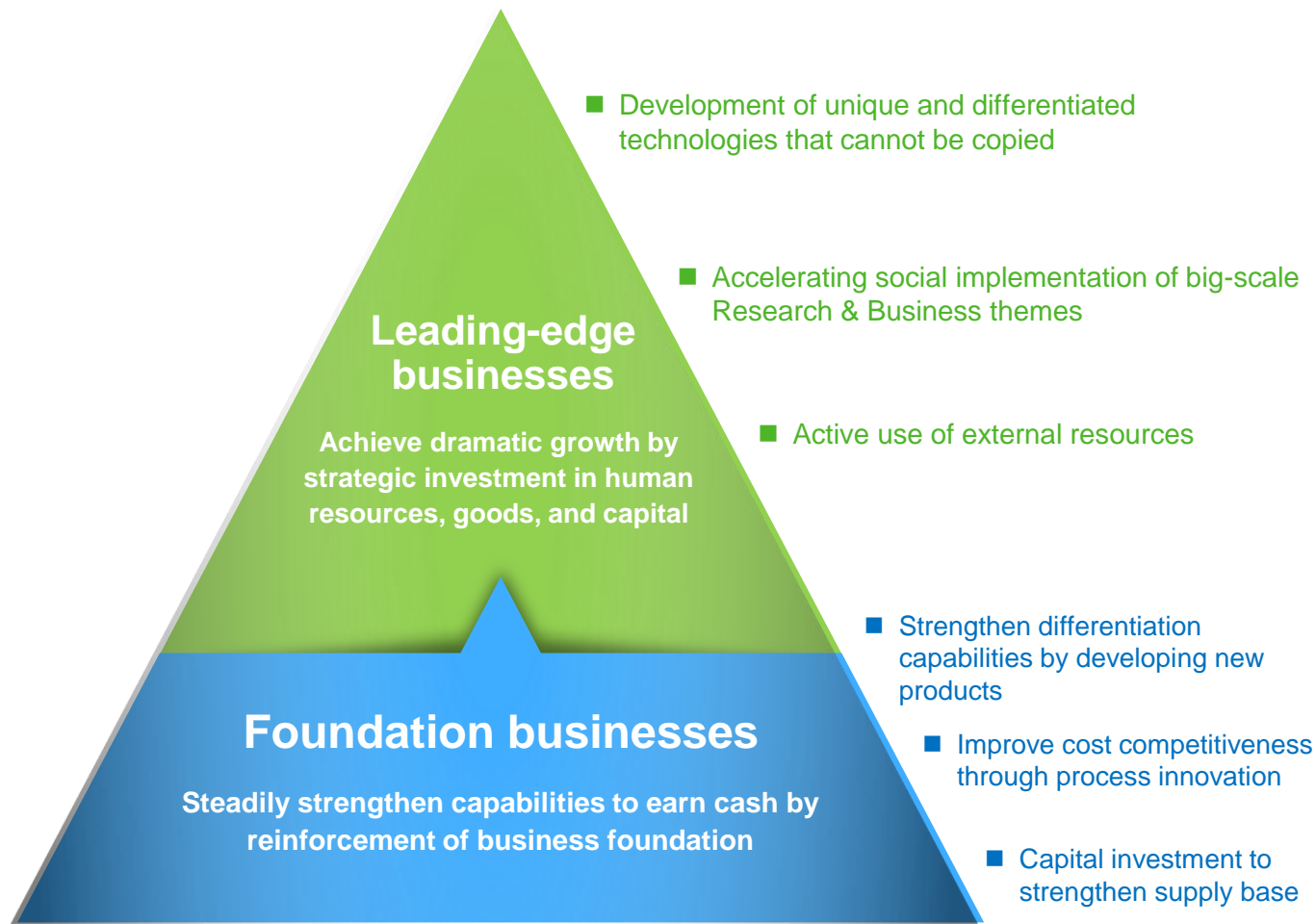
Introduction of new products
Shift to high-value-added products



	FY2023 Result	FY2024 Plan	FY2026 Plan
Net sales	762.3	790.0	900.0
Operating income	32.6	38.0	65.0
Operating income rate	4.3%	4.8%	7.2%
Net income	23.2	24.5	49.0
ROE	5.3%	5.4%	10.0%
ROIC	4.4%	5.0%	8.3%

Exchange rate: ¥140/\$, ¥155/€ / Domestic naphtha price: ¥65,000/KL

While strengthening our foundation businesses that generate cash, we will actively invest management resources in R2B activities, which are investments for the future.

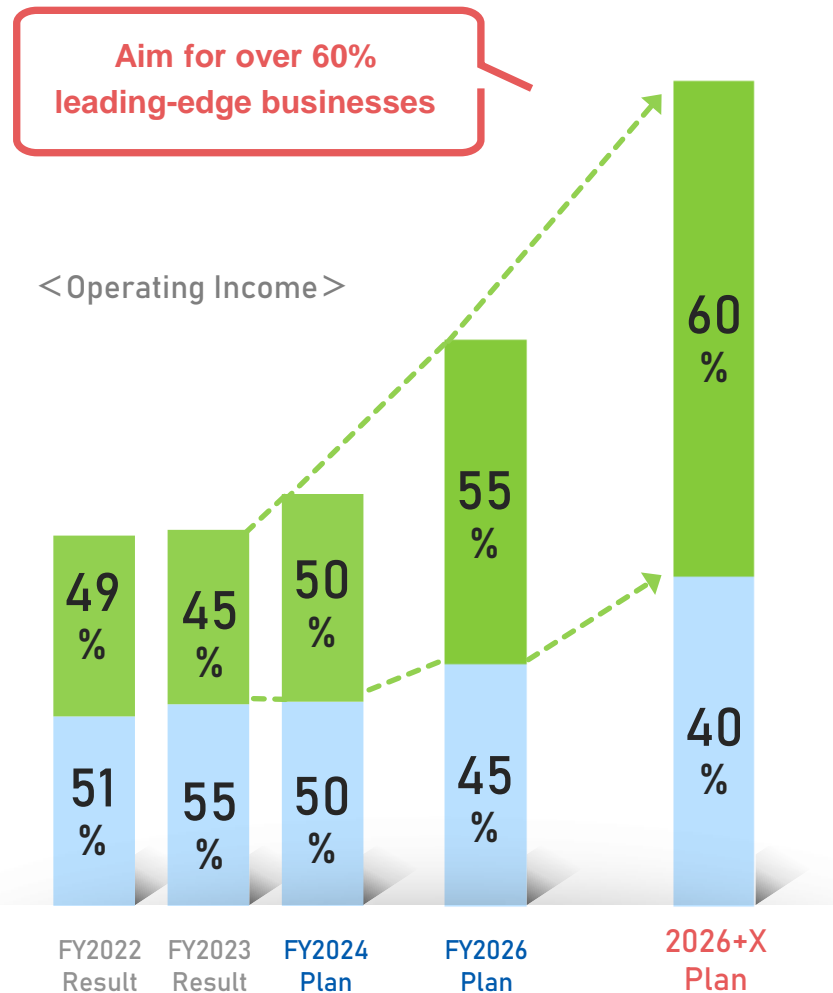


Leading-edge businesses

Performance Polymers(MS), E & I Technology, Pharma, Medical, Supplemental Nutrition, Agris, PV & Energy management

Foundation businesses

Vinyls and Chlor-Alkali, Performance Polymers(MOD), Foam & Residential Techs, Performance Fibers, Foods

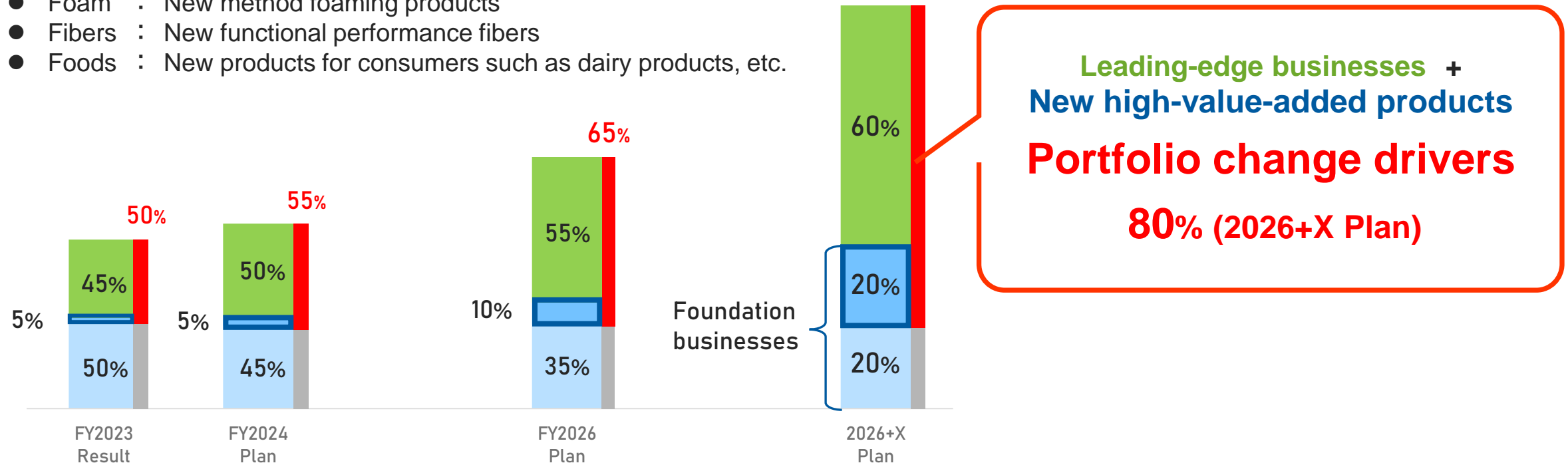


We will accelerate the “selection and concentration” of investments and hasten the transformation of our business portfolio. Through the transformation of our profit structure, we will increase profitability and achieve dramatic growth.

Growth drivers leading Kaneka's portfolio transformation

New high-value-added products

- MOD : Non-PVC resin modifier
- Foam : New method foaming products
- Fibers : New functional performance fibers
- Foods : New products for consumers such as dairy products, etc.



We will shift sales to new high-value-added products to improve the cash generation capability of foundation businesses and achieve the portfolio transformation.

Plan for capital investment including infrastructure (environment/ DX)

FY2024~FY2026
Total amount of investment
¥300 billion
(Including M&A)



Nutrition

Construct new dairy product plant

Construct new probiotics product plant

Increase coenzyme Q10 capacity

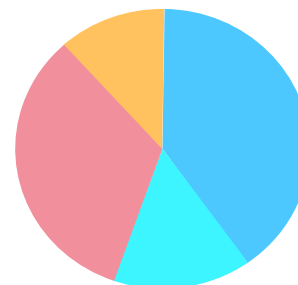
Health Care

Construct new catheter plant

Increase blood purification device capacity

Increase biopharmaceutical capacity

Increase small molecule pharmaceutical capacity



Material

Increase biodegradable polymer capacity

Increase modified silicone polymer capacity

Increase PVC capacity

Quality of Life

Increase high-performance polyimide film capacity

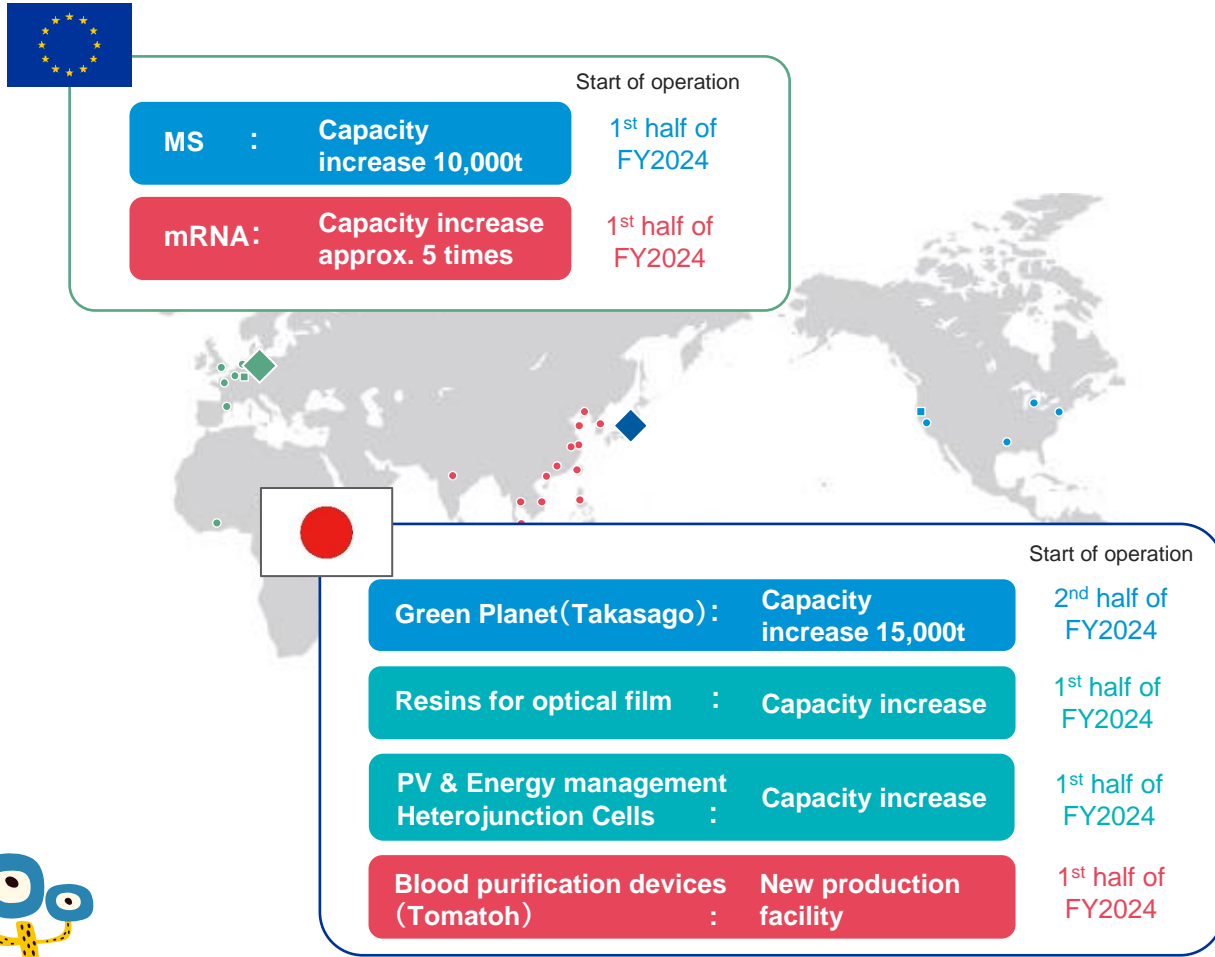
Construct new building integrated photovoltaics production facility

Infrastructure/Environmental investment, etc.

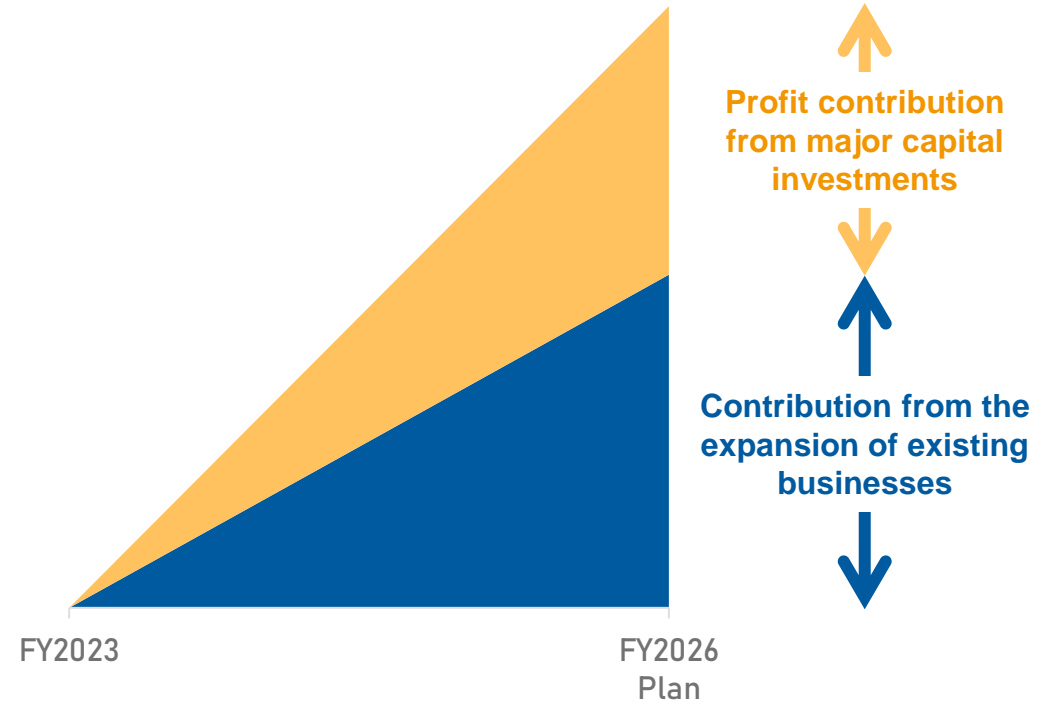


We plan to invest 260 billion yen in business areas, especially actively investing resources in leading-edge businesses. We will also invest 40 billion yen in infrastructure-related areas and promote DX and fuel conversion at Takasago.

Businesses where capital investments bloom



FY2023⇒FY2026
Increase of operating income
About ¥32 billion



For FY2026, we plan to increase profits by about 32 billion yen compared to FY2023.
 We aim to maximize profits through the operation of major capital investments.

Health Care Solution Unit

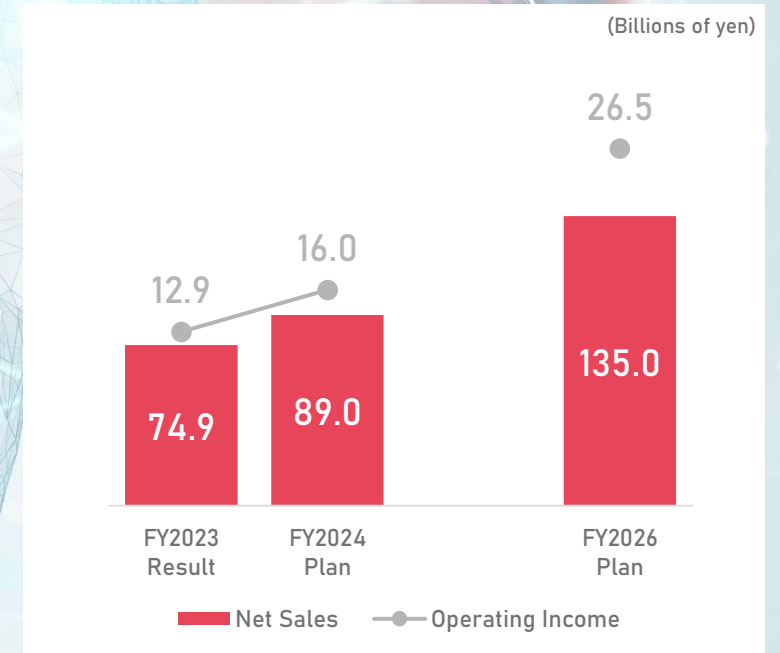
To create a world where advanced medical means are available to as many people as possible, Medical Edge Explorer

Medical SV

Our goal is to become a medical company that leverages open innovation to generate unique innovations in a wide range of technologies and products that save lives. We aim to continuously provide globally distinctive solutions.

Pharma & Supplemental Nutrition SV (Pharma)

As an open innovator, we strive to refine our biomanufacturing technologies and process development capabilities, aiming to become a brand holder with scale and presence as a global niche player in specific medical domains that are still in their early stages.



Nutrition Solution Unit

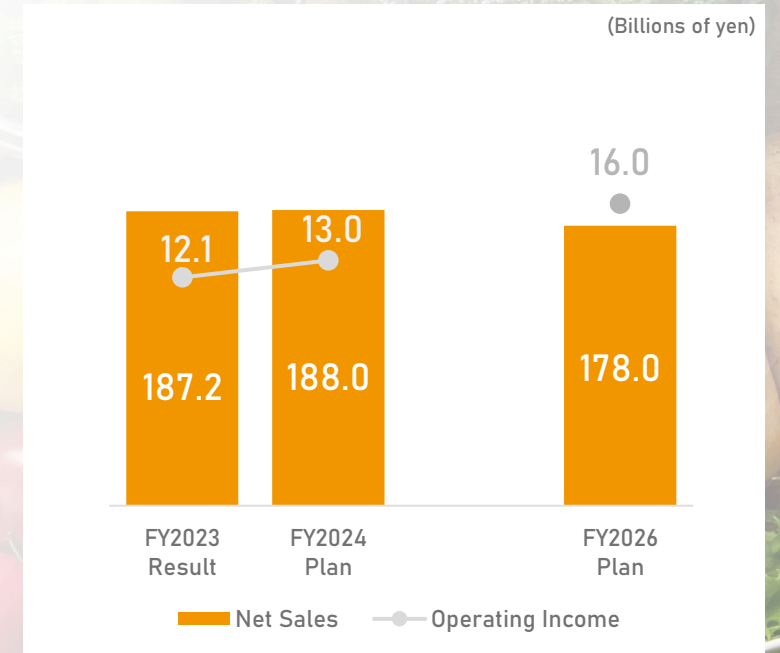
To re-innovate food and health, Nutrition Value Chain Innovator

Pharma & Supplemental Nutrition SV (Supplement)

Following QH and probiotics, we will line up multiple new products and build a global brand that contributes to human health around the world through reliable products backed by evidence.

Foods & Agris SV

With a focus on Wellness First, we will scale up new business and construct a unique business model (new portfolio) as a creator delivering new food values to consumers.



Quality of Life Solution Unit

To produce the leading edge of the enhancement of the quality of life through the power of materials, Quality of Life Pathfinder

Foam & Residential Techs SV

Aiming to deepen our cultivated foam technology, we will foresee changes in industrial structures, and convert to a new portfolio with scale.

E&I Technology SV

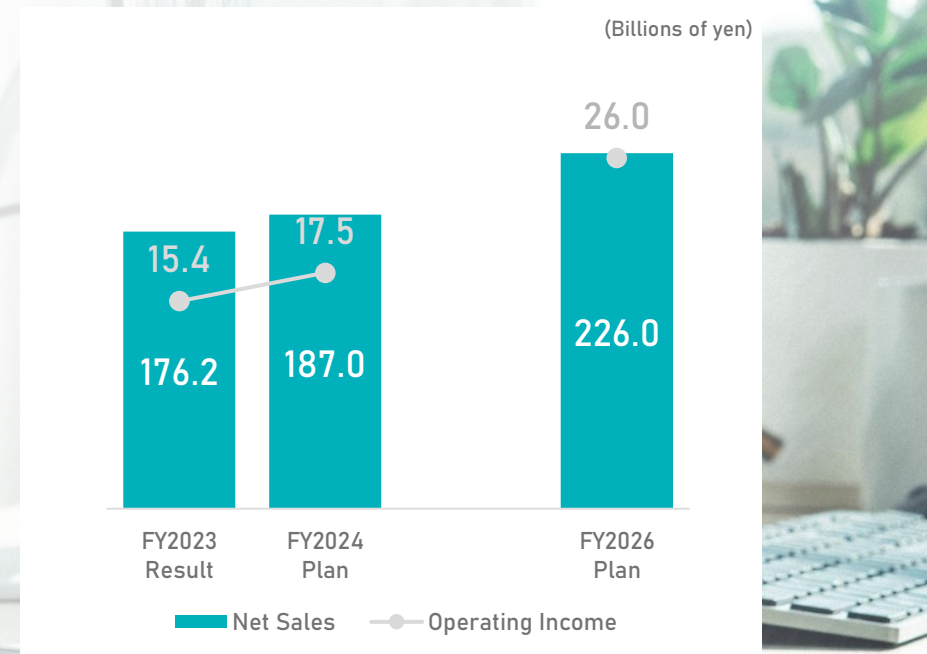
Anticipating advances in electronics, we aim to deliver solutions to unexplored growth areas by fusing material functions and devices, centered on partnerships with key players in the market.

PV & Energy management SV

We aim to harness the infinite benefits of solar energy to the fullest, and realize a global large-scale niche business concept that contributes to solving social energy issues. We will continue to develop unique solar cell technology and provide unique and attractive solutions.

Performance Fibers SV

We will aim to deliver unique high-performance fibers based on innovation to the world and be reborn (rejuvenated) as a business that enriches people's Quality of Life on a scalable model.



Material Solution Unit

To support the advancement of life and the environment by drawing out the richness of materials, Material Value Creator

Vinyls and Chlor-Alkali SV

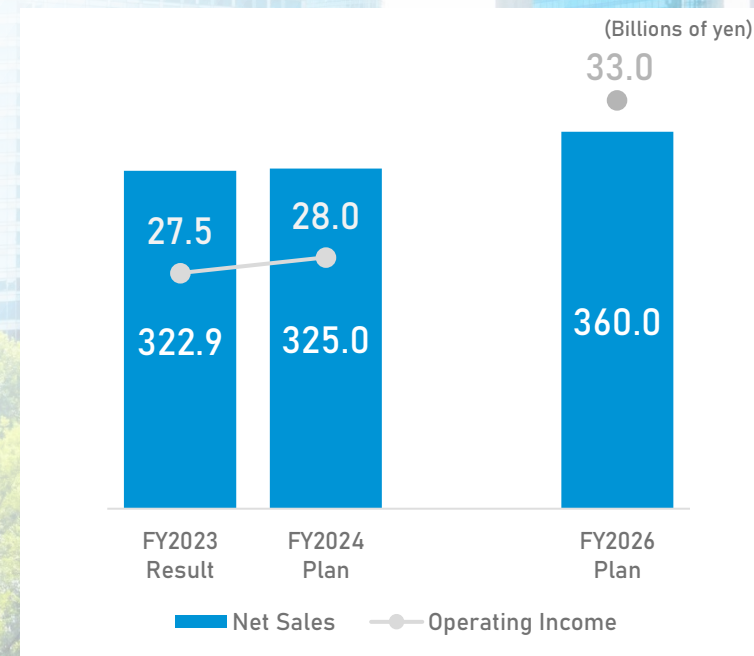
We aim to evolve our hybrid model, which spans from electrolysis to monomers, polymers, and processing, on a global scale. As Kaneka within Asia, we will widely provide products refined with unique technology and achieve the scale-up of a unique business form.

Performance Polymers (MOD) SV

By continuously providing solutions that improve the functionality of various matrices to the market, we will contribute to the creation of new materials that meet the needs around the world as a reforming material innovator with a presence in the global market.

Performance Polymers (MS) SV

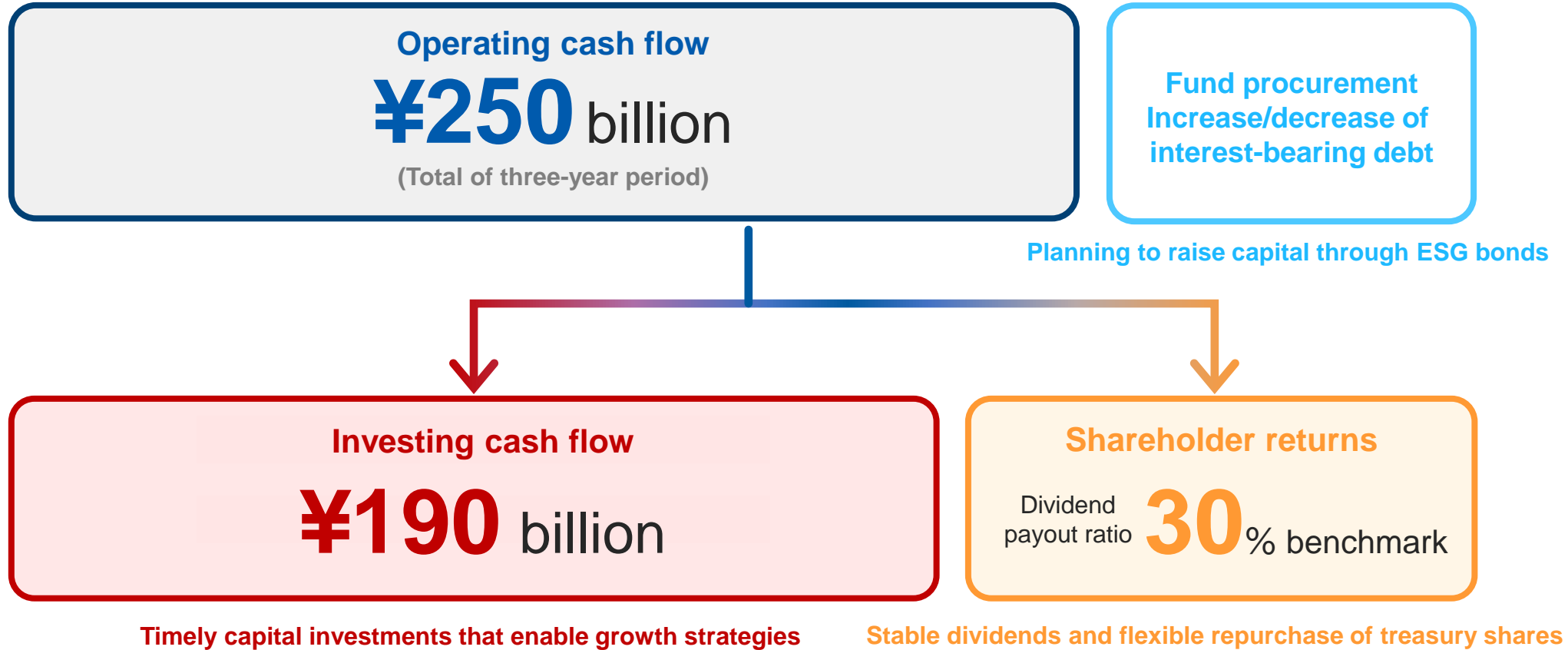
We aim to create one-of-a-kind high-performance polymers along with compounding and application technology. We provide material solutions for unresolved issues, including expansion into downstream areas starting from Cemedine Co., Ltd.





Funding sources and use framework

(FY2024-FY2026 three-year period)



We aim to bolster cash generation and reinvestment in leading-edge and new businesses from our foundation businesses. With a 30% dividend payout ratio as a benchmark, we will maintain stable dividends and flexible repurchase of treasury shares.

IV. Improvement of Return on Capital and Shareholder Returns



For the improvement of market evaluation and return on capital
Focusing on initiatives conscious of appropriate distribution of management resources

FY2023 PBR= 0.54 / ROE= 5.3% ⇒ Target PBR= above 1.0 / ROE= above 10%

Promote growth strategies

- Accelerate expansion of growing businesses
- Expand specialized products of foundation businesses
- Promote ESG activities

Enrich shareholder returns

- Implement stable dividends
- Flexible repurchase of treasury shares

Improve ROE/ROIC

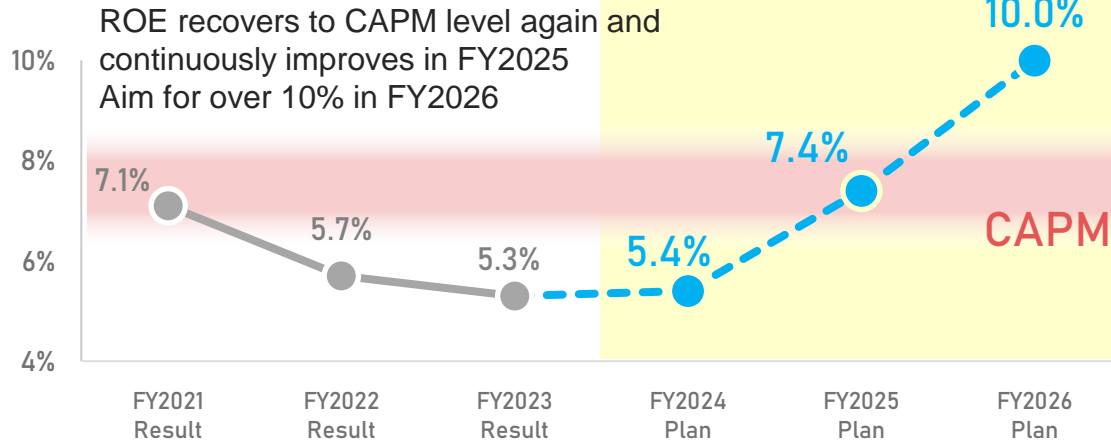
- Steadily strengthen earning capabilities
- Decrease cost of capital
- Reduce cross-shareholdings

Strengthen IR activities

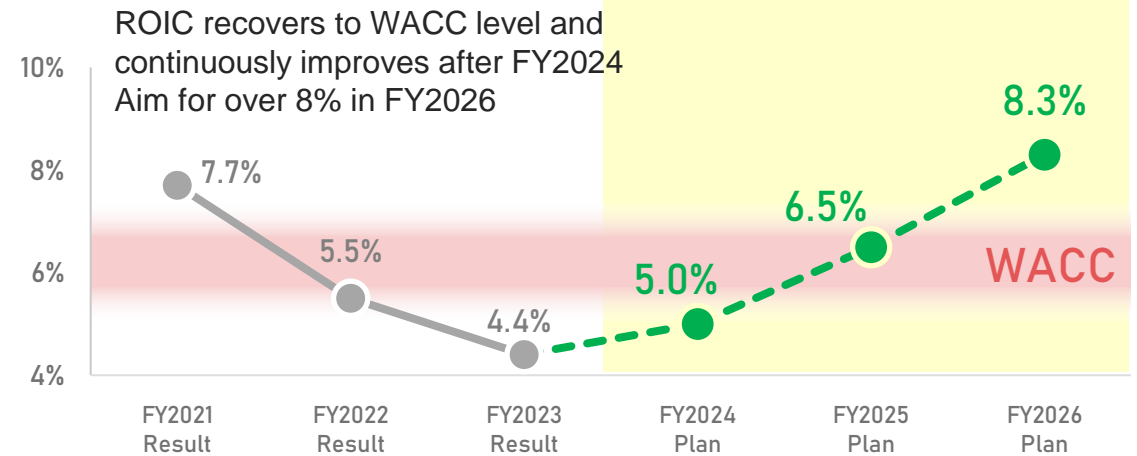
- Enrich disclosure information
- Strengthen constructive dialogue
- Implement effective PR activities

We will demonstrate the results of our growth strategy, recover profitability and growth potential at an early stage, and work to improve return on capital.

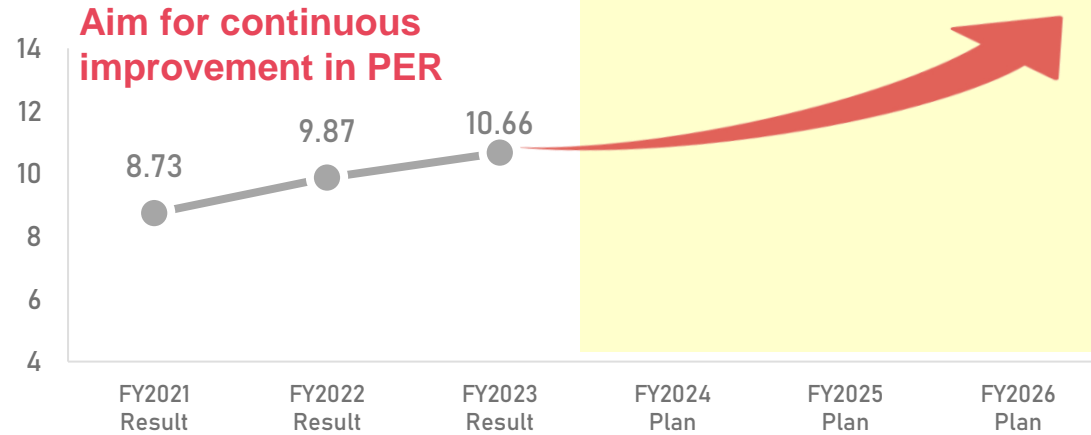
<ROE>



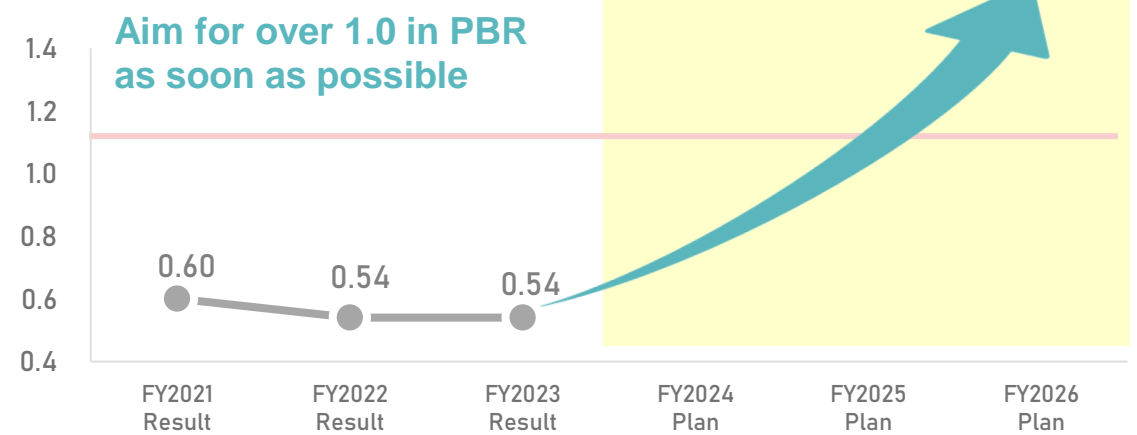
<ROIC>



<PER>

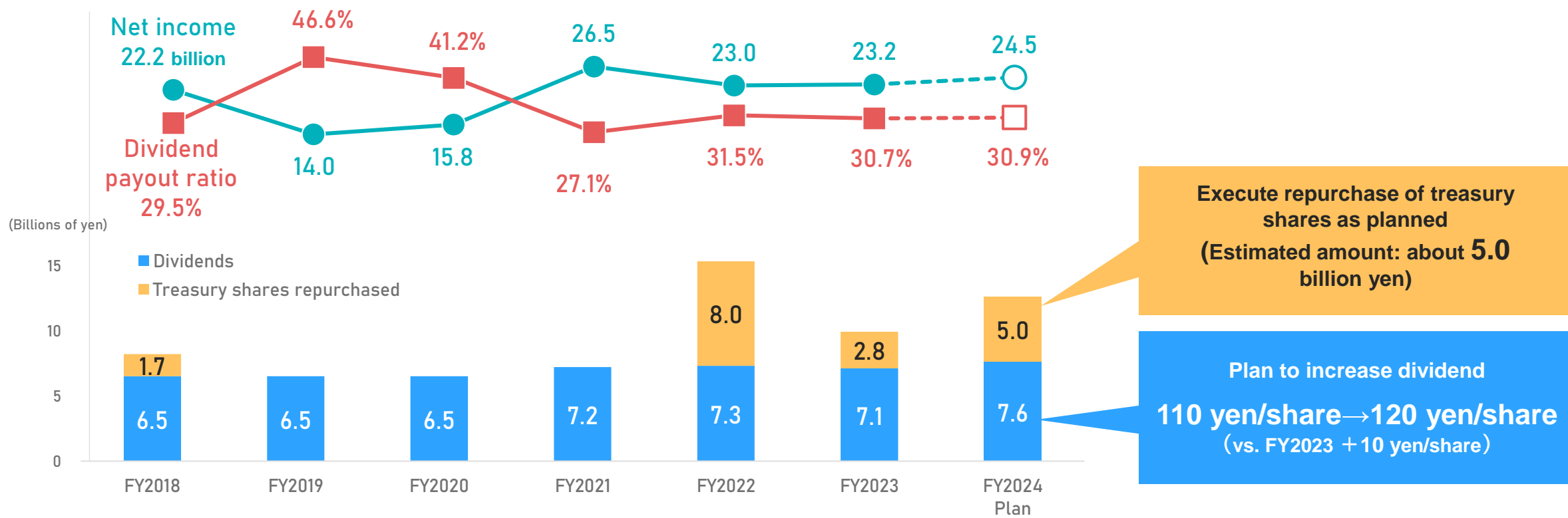


<PBR>



We will improve return on capital index through the promotion of growth strategies and steady strengthening of profitability, and aim to increase corporate value and share prices.

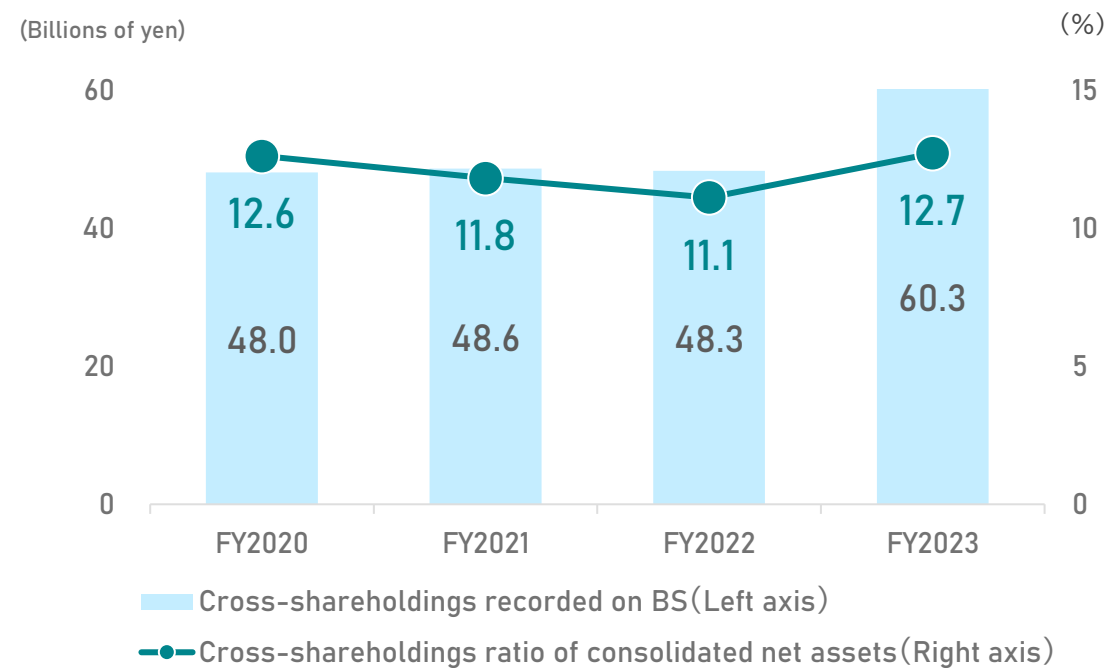
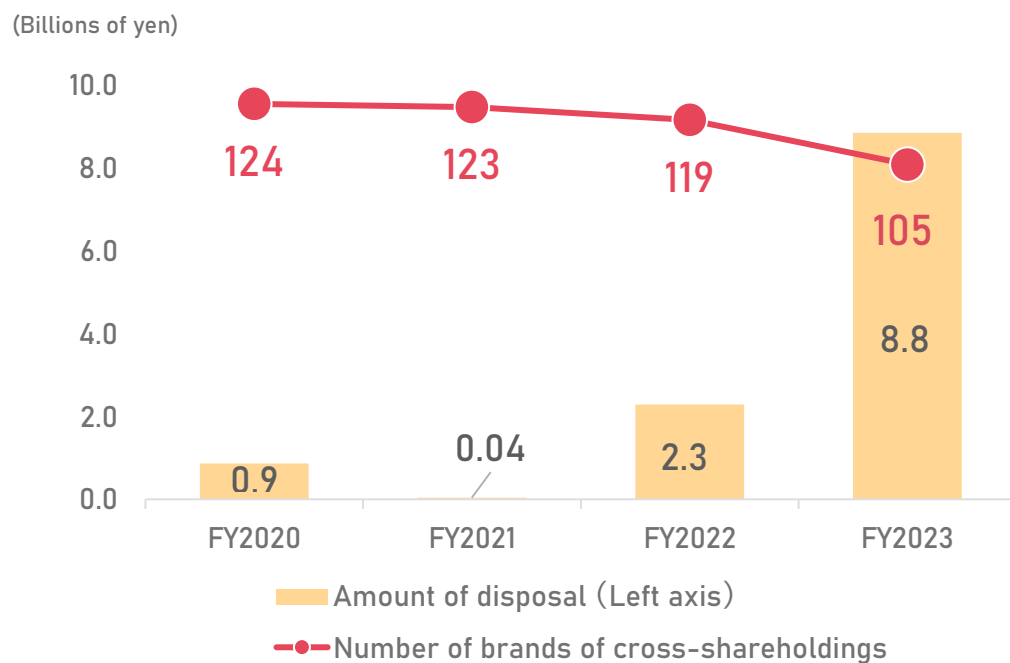
- **Benchmark: Consolidated dividend payout ratio of 30%**
- **Continue stable shareholder returns with treasury shares repurchased (Flexibly consider total return ratio of 40% or more as benchmark)**



Our policy for shareholder returns is to continue stable profit returns, considering each quarter’s business performance, mid/long-term profit trends, investment plans, and financial conditions.

- Steadily dispose of cross-shareholdings
- Endeavor to continue reduction

- Net asset ratio in FY2023 increased due to an increase in the fair value of shares held
- Aim for a net asset ratio of 10% or less



Although the ratio of net assets has increased due to an increase in the fair value of shares held, we have been further reducing cross-shareholdings since FY2023, and will continue to reduce them flexibly depending on the situation.