



# Life Focus Management ~Limitless Adventure~

**KANEKA CORPORATION**

May 31, 2023



# Before We Are No Longer Able to Live on the Earth



1

Population Explosion

2

Mass Extinction

3

Climate Change

If risks are not reduced, then the future generation will be left with a depleted or diminished planet.

Kaneka's purpose is to contribute to the life of the earth and all living things. Kaneka has a significant role to play in today's world, where the negative impact of humans on the environment is becoming increasingly difficult to overlook.

# Chemistry of Life



Deepen understanding of nature and deploy the right technologies more quickly.

**The Dreamology Company**  
**— Make your dreams come true — Kaneka**

The survival of humanity depends on our ability to respond to crises.  
As a global citizen, Kaneka deeply comprehends nature and implements right technologies within society. This is Kaneka's purpose.

Life is a chemical reaction



**We research the “mysteries of life,”  
supporting a society that fosters “life”**



Life is a chemical reaction.  
This universal understanding lies at the heart of our purpose.

The Earth and all of its life forms lead to a single source



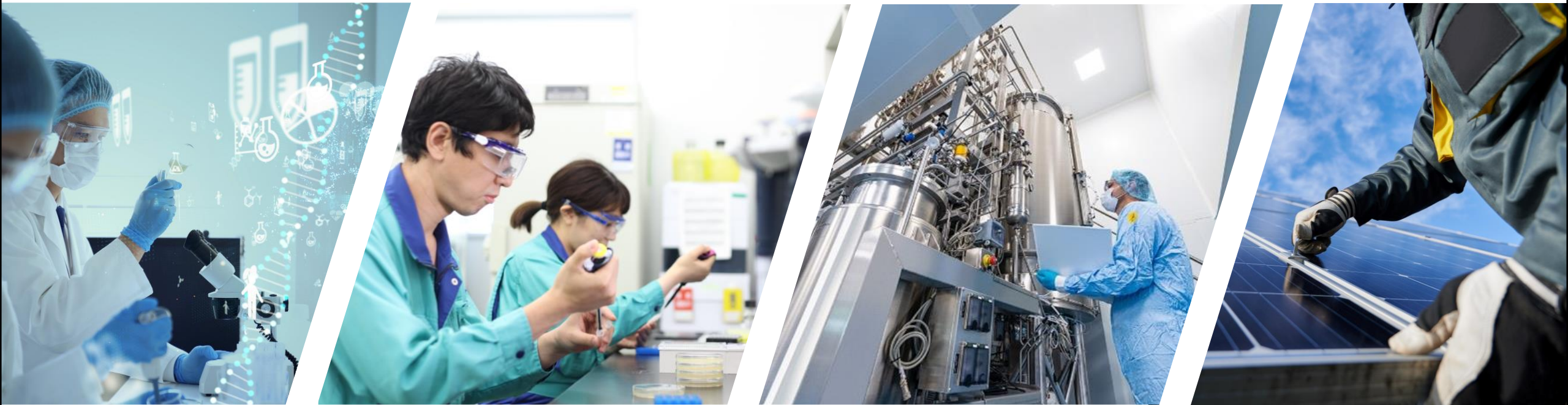
## **Develop Perspectives and Solutions “Life and Earth are One”**

Everything living on Earth, including the Earth itself, shares a common origin.  
Therefore, we consider everything, including the Earth’s environment, as part of life.



# Challenge New Frontier of Chemistry

Life and Earth are one, and chemical reactions are its common substance.  
Each domain is a new frontier that Kaneka is striving in.



All our challenge lies in controlling and harnessing chemical reactions to approach “life”.  
Each research conducted by Kaneka may appear different, but they are all connected to the big “life”.

## Hybrid Management

Creating new solutions by freely combining various toys with a childlike curiosity

### New Solutions



Toy box



Polymer Technology  
X  
Medical Device Product



Biotechnology  
X  
Polymer Technology



Food Product  
X  
Supplement Product

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

The post-COVID world is set to decisively alter the course of history.



## Make Dreams into Reality

Kaneka is a Dreamology Company  
Saving the planet with chemistry



The pandemic marked a turning point in history. Kaneka has made contribution in responding to the pandemic. Moving forward, we will continue to contribute through chemistry to the evolving changes in society.



The end of the pandemic is the beginning of a “new Trust & Respect”

Trust People  
&  
Mutual Respect



## Create true One Team

We must restore the bonds that were fractured by the pandemic.  
“Trust People & Mutual Respect” is a tradition that has continued since Kaneka’s founding over 70 years ago.

People are everything.

Increasing corporate value and driving growth through the growth of our people.

Leadership and followership

The Captain unites the crews' feelings to create winning momentum.



## Evolution of “1-on-1”



Kaneka was the pioneer of the “1-on-1” system in Japan. By evolving the “1-on-1” system, we aim to further connect individual growth and team development to the enhancement of our company’s value.

Unbound by gender, age, nationality, and other circumstances.  
The hands of different and diverse employees create new value.

Only companies that can attract a diversity of DNA –a diversity of  
human resources that cause change– can survive.



**Be different!**



The combination of diverse individuals is the wellspring of value creation.  
As an example, opportunities for women to be recruited and promoted have been expanding.

# Limitless Adventure

Our new themes are deepening Trust & Respect between colleagues and pushing past limits (Limitless Adventure) .

I can't do it, it's impossible.  
Wave goodbye to these negative bugs.



“Limitless Adventure” is our theme for this term’s management plan.  
Unlearning not only past failures but even successes, we challenge new frontiers.



# The Ability to Connect the Dots

The value realized by chance wasn't something that was initially expected or sought after. They were completely unexpected.

The age of discontinuity.

If you come across something out of the ordinary, don't miss that opportunity.

Let's keep in mind that research is planning for coincidences.



The seeds of innovation are often found in unexpected places.  
Serendipity arrives upon diligent research fueled by curiosity.

# Adaptability

It's not about "how the future will be", but "what to do with the future."

Responding quickly and appropriately to change

- being reactive; staying ahead of change
- being proactive; and the best is creating the future with your own hands
- being creative.

Kaneka will act with a clear purpose and principles to plan a future and then realize that future.



In an era of uncertainty, predicting the future is difficult.  
Creating our future by ourselves is the most certainty way.

# Human Driven Management

The whole is a part, and a part is the whole.

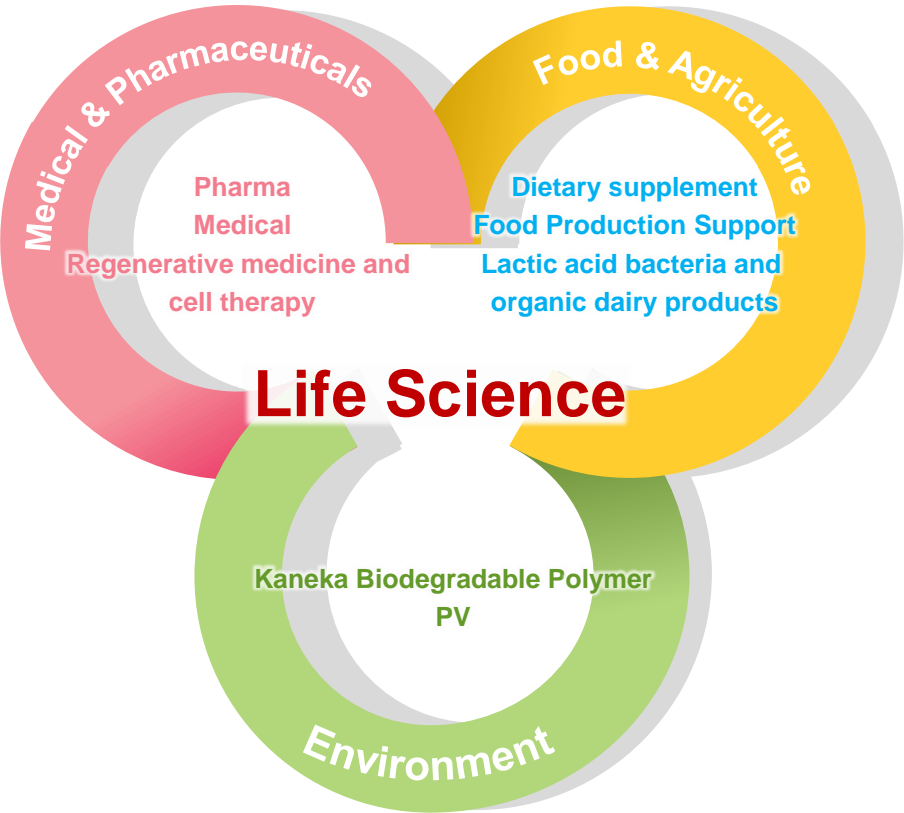
God is in the details. Each and everything that happens on-site, and change in each and every employee, are the factors that harmonize the whole operation.

Management is truly about the whole picture —shine a light on the details. We will continue to focus on human driven management.

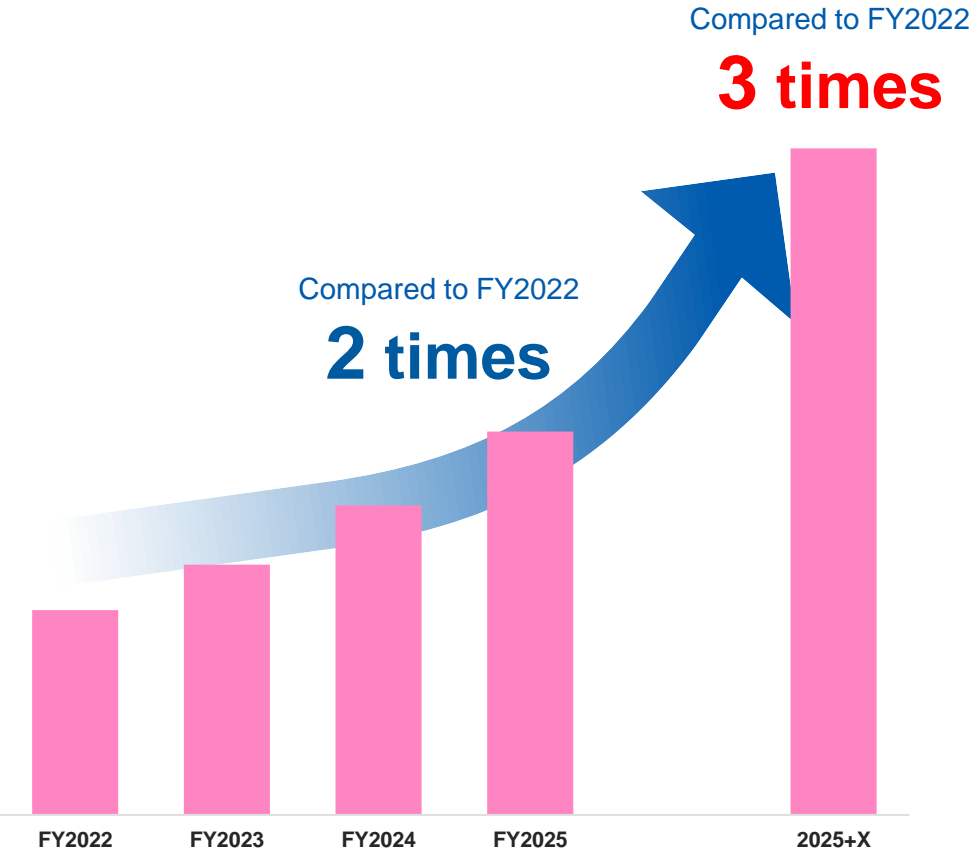


Management is a process of observing the big picture and focusing on the details.  
Kaneka's human driven management is about shining a light on the changes and growth of each employee and steering them all together.

Technologies that make life on the earth healthy



Operating income trends of Life Science



Kaneka will shift our focus to "Life Science".  
Aim to double operating income in the "Life Science" field in FY2025 compared to FY2022.





Environment / Energy crisis

- Green Planet
- High-efficiency photovoltaic modules



Food crisis

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

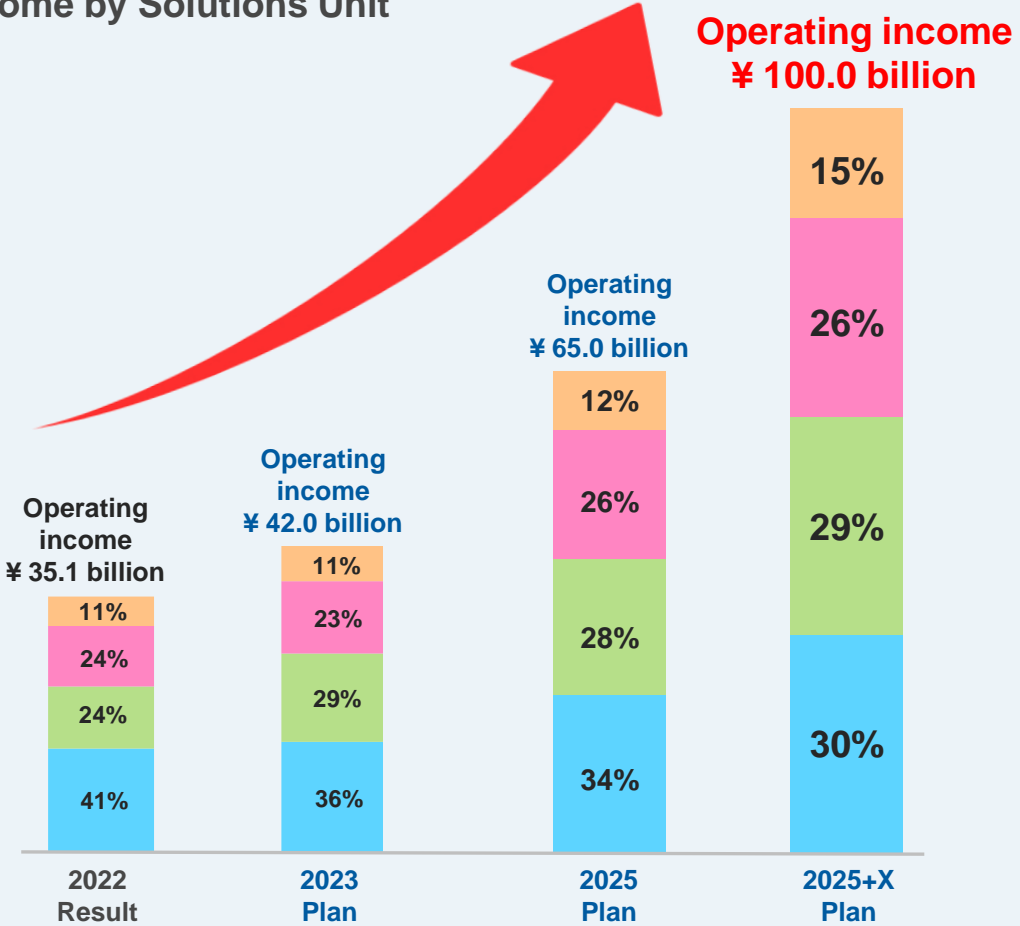


Wellness crisis

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

Operating Income by Solutions Unit

- Material
- Quality of Life
- Health Care
- Nutrition



Transform the current business portfolio to the one that solves three crises. Achieve net sales of 1 trillion yen and operating income of 100 billion yen in the future, mainly due to the expansion of Health Care Solutions Unit and QOL Solutions Unit.

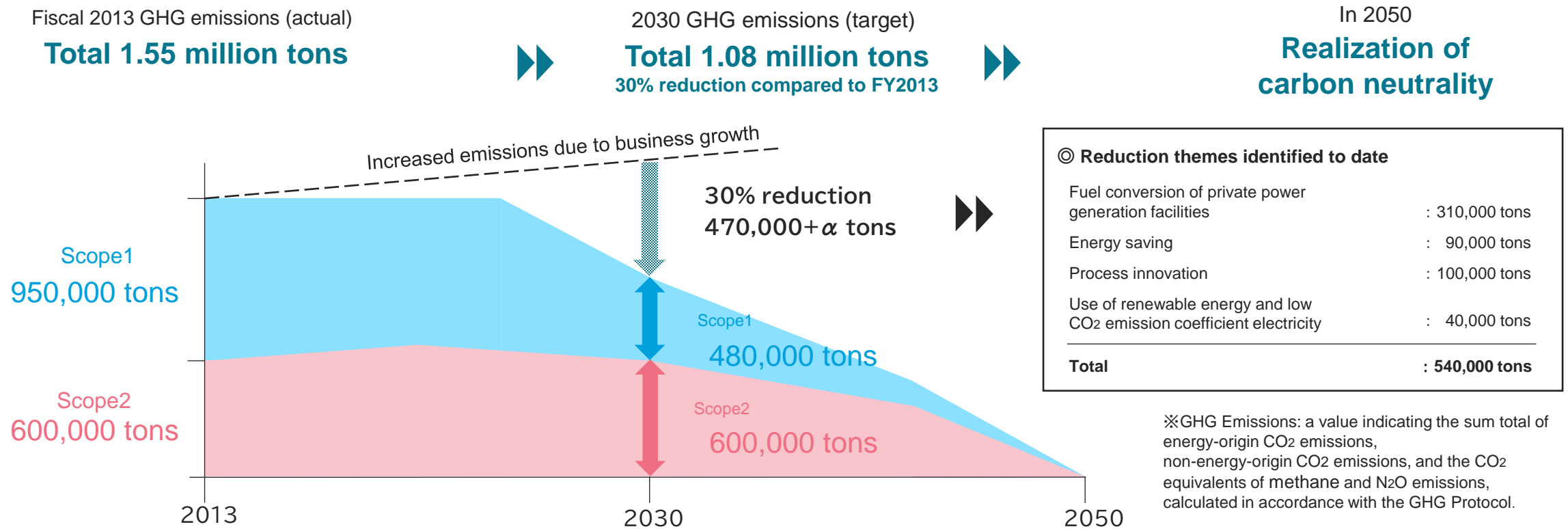
## CHANGE — Through Chemical Reaction —



# Chemistry of Life

Kaneka thinks “Wellness First”  
Contributing to the creation of a sustainable society through the power of chemistry.

- Target for 2030: Reduce GHG emissions by 30% (compared to FY2013)
- For Scope 2 we have estimated limited reductions, as they depend on the diffusion of renewable energy and other factors. We will continue to monitor changes in the external environment
- Designed an internal carbon pricing system which will be operational from FY2023



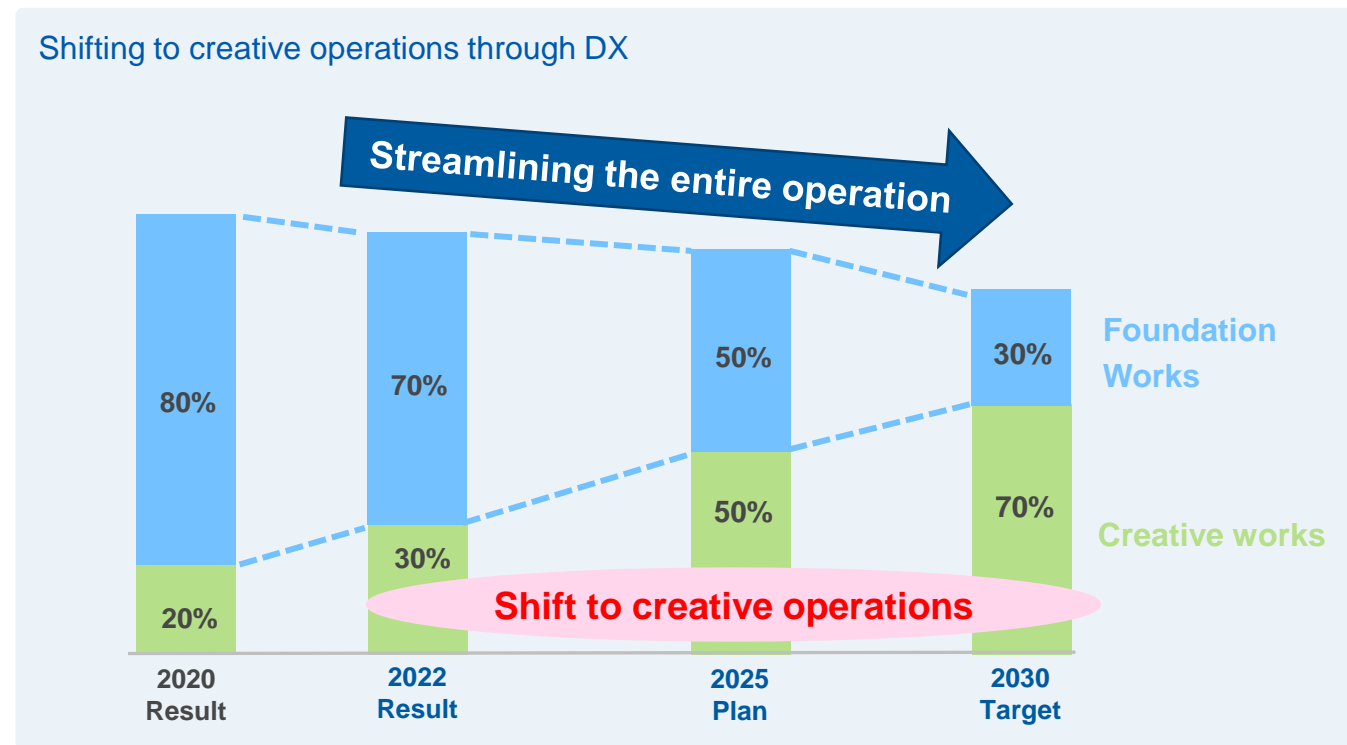
Achieve 30% reduction in GHG emissions by 2030 and carbon neutrality by 2050 in Scope 1 and 2. Working on reducing energy consumption through fuel conversion of private power generation facilities and process innovation.

- Integration of DX and carbon neutrality in the manufacturing field
- Production innovation using digital technology
- Advancement of company-wide digital platforms and business innovation (Research & Business, sales, SCM, and back-office)



<Creation of new values>

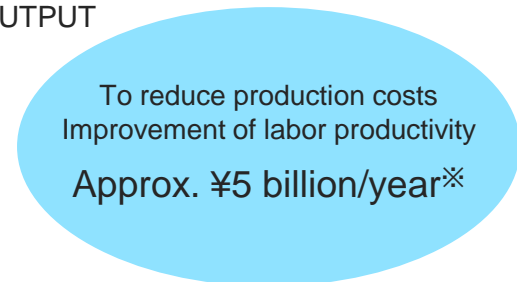
- New business creation
- Work culture transformation



INPUT



OUTPUT



※Target of Kaneka's main plant

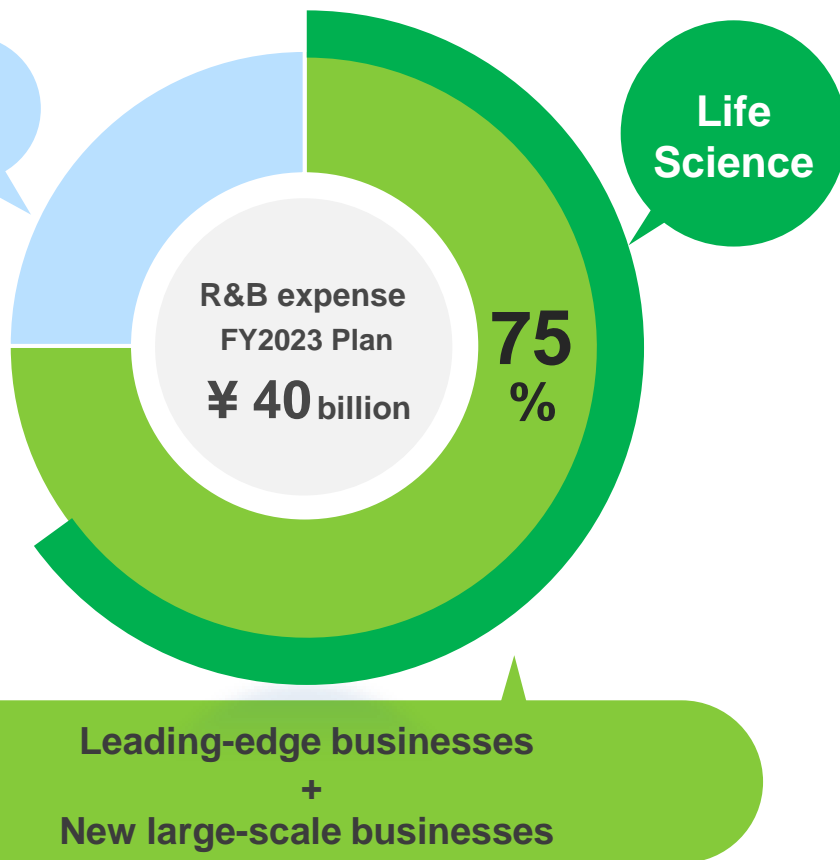
Invest approximately 15 billion yen into digital technology to automate and improve the efficiency of routine operations and expect to generate 5 billion yen in profit annually by reducing manufacturing costs and improving labor productivity from FY2023 to FY2025.



Concentrate **75%** of R&B spending in FY2023 on priority areas

Priority investment areas

Foundation  
businesses



## Launch new large-scale businesses

Green Planet™, PV (Heterojunction, BIPV, In-Vehicle),  
OLED, Food Production Support

## Strengthen R&B+P

Optoelectronics, Polyimide film for high-speed communications,  
Transparent polyimide film,  
**Biologics**, New Performance Fibers,  
Resins for high-performance optical film

## Promote Solutions Vehicle restructuring

New Performance Polymers (Modifiers and Modified silicone polymers),  
Next-generation foaming technology, **Small molecule pharmaceuticals**,  
**Probiotics**, **New supplements**,  
**Regenerative medicine and cell therapy**

Words written in green : Themes of Life Science Business

Invest resources into priority areas mainly in "Life Science" theme,  
to generate R&B results that will contribute to portfolio transformation.

## Kaneka makes the world healthy through innovation

Observe the cycle of living creatures and provide solutions for human activities that disrupt the cycle

### **Green Planet™**

Making the best of the Earth, creating energy for human life

### **Photovoltaic Modules**

Global Technologies for Saving Life  
**Medical Devices**

Understand life at the genetic level  
**Biopharmaceuticals**

Act on the living energy  
**Supplements**

To live is to make the most of nature  
**Organic Dairy Products**

To live is to eat  
**Food Production Support**



These are "Life Science" themes, that we focus our efforts on.

## R&B+P creates technologies which make Life on the Earth healthy

### Laboratories



Agri-Bio & Supplement  
Research Laboratories



Regenerative Medicine and  
Cell Therapy Laboratories



Green Planet  
Technology Laboratories



Bio-Pharma  
Research Laboratories

### Manufacturing Sites



Kaneka Medical Vietnam  
new plant for medical catheters



Hokkaido new plant



Kaneka Eurogentec S.A



AB-Biotics S.A.



Kaneka Solartech Corporation

### Group Company

To create innovations in “Life Science”, we will actively invest resources in our laboratories and production facilities on a global basis.

Observe the cycle of living creatures and provide solutions for human activities that disrupt the cycle

### Expansion of applications

#### Base Application



#### Strategic Application



### Diversification of raw material sources

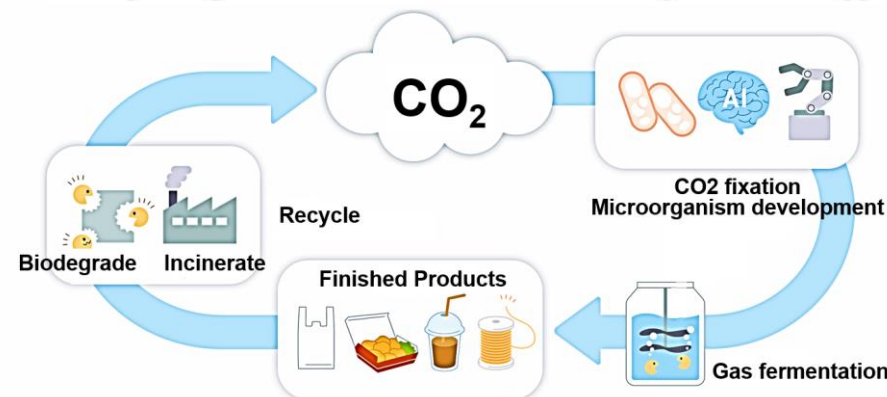
2023~ Demonstration of waste cooking oil use

2030~ Semi-commercialization of CO<sub>2</sub> use

#### NEDO\* Green Innovation Fund Project

\*New Energy and Industrial Technology Development Organization

#### Recycling-oriented Biomanufacturing Technology



Expand applications by evolving processing and compounding technologies. Developing resource recycling-oriented biomanufacturing technologies. Encourage substitution of general-purpose plastics for sustainable society.



## Global technologies for saving life

### Expansion of the global market

#### Catheters:

Strengthening of the U.S. sales system

Expansion of new products in neurovascular, cardiovascular, and lower limb area

Expansion of products in new areas (Gastroenterology / electrophysiology)

#### Blood Purification:

Rheocarna™: High reputation in domestic market

LIPOSORBER™: Expansion of indications disease in the U.S.

Growth in demand in Europe and the U.S.

### Expansion of production bases



New plant in Vietnam (completed in August 2022)



New plant in Tomatoh, Hokkaido  
(scheduled to start operation in May 2024)



ED COIL (Aneurysm Embolization Coil)  
Expanding the rollout of new products with  
stronger therapeutic effects



Rheocarna™ (Treatment equipment for Arteriosclerosis Obliterans)  
Reputation for highly effective treatment of severe arteriosclerosis  
obliterans



Growing demand in the U.S. and Chinese markets,  
where there are many potential patients

**Saving the lives of more people**

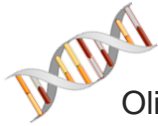
Sales of medical products are expanding both domestically and internationally.  
Working to ensure our supply base for further global expansion.

## Biopharmaceuticals that understand Life at the genetic level

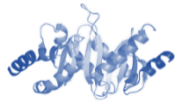
### Diversifying bio-modalities



Plasmid DNA



Oligonucleotide



Recombinant proteins

- More active operation of facilities
- Differentiated technologies by DDI Collaboration
  - ▶ Significant improvement in productivity of plasmid DNA



### Strong performance in CDMO business

DNA vaccines, etc.

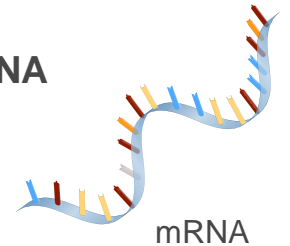
### Modality Expansion



### Expanding GMP manufacturing capacity for mRNA

Vaccines against infectious diseases

- ▶ Gene therapy and cancer treatment drugs



mRNA

Increasing inquiries from major pharmaceutical companies

**Becoming a Leading Company in the Biopharmaceutical CDMO**  
**Biopharmaceutical vaccines and therapeutic agents**  
**Contributing through Life-saving Solutions**

More active operation of facilities enhanced performance in CDMO business.  
 Investments to increase mRNA production capacity have already been determined.

## Supplements that act on the living energy

### Global expansion of the active form of coenzyme Q10

Rising health-consciousness during coexistence with COVID-19

- Sales growth in Europe, the U.S., and Asian markets



Strengthen sales for the Chinese e-commerce market  
Expand business in new areas of appeal  
Improve productivity  
by improving cultivation technology and expanding facilities



By new acquisitions of functional claims  
resulting from the accumulation of evidence data

### Expansion of lineup



### Strengthening probiotics

- Sales of immunity reinforcement products continued to be strong
- Global expansion from ABB Europe



Establishment of a new production base for cultivation / formulation  
Reinforcement of the supply chain



By improving the quality of products through the  
application of new technologies

### Expansion to food products

Demand is growing globally due to increased interest in immune functions, and we will meet this by expanding our product lineup and developing new products through synergy with our food business.

## To live is to make the most of nature

### Expansion of high-value-added products

- New product, “Watashi no Chikara (My Energy)™ Q10 Yogurt,” which helps improve the quality of sleep
  - ▶ Strong nationwide expansion
- Betsukai Wellness Farm, Organic JAS Certified
  - ▶ The first organic yogurt launched
  - ▶ In-house production of raw milk which is friendly to people, cows, and the environment



### Raw milk product launch

### Production increase of Hokkaido Plant

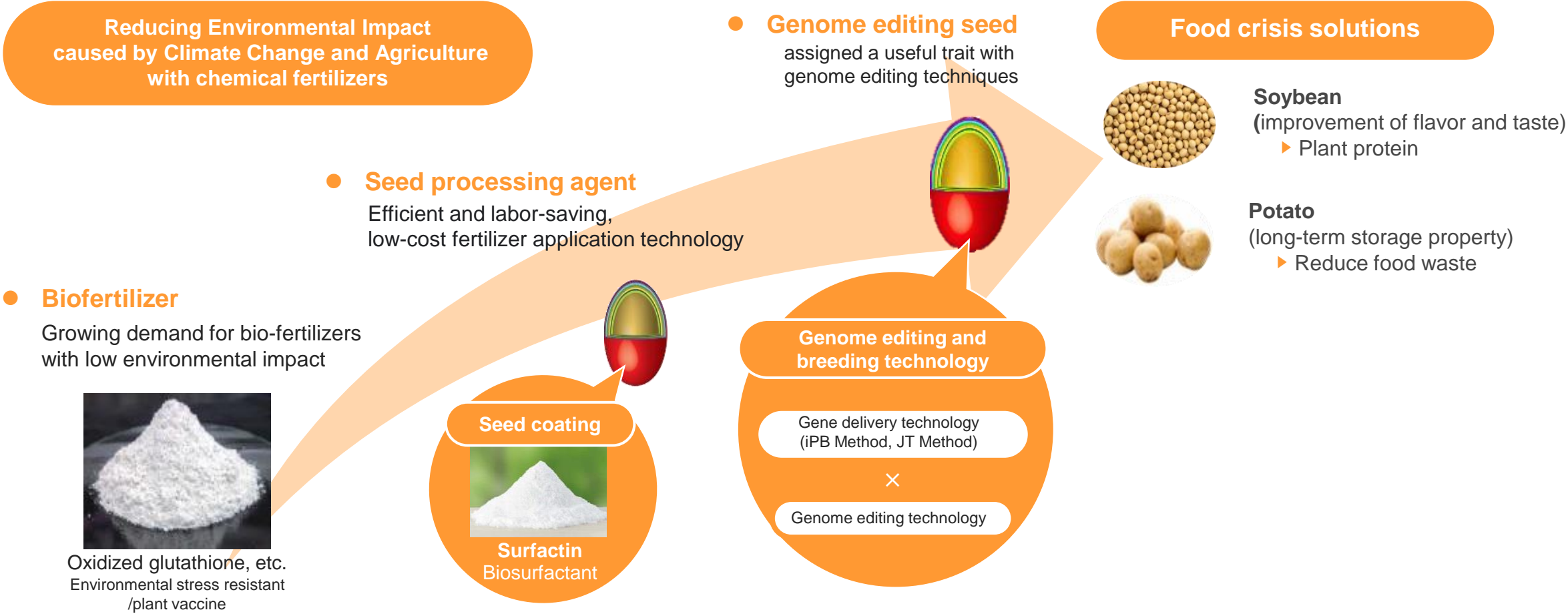
- Improve production capacity of yogurt drink
- Expansion of organic products
- With a new technology for extracting good protein, develop and sell high-value-added products (long expiration dates and high-protein products)



**Providing new value focusing on delicious flavor and health**

The operation of our certified organic dairy farm is contributing to the development of our dairy products, and we will promote the innovation and deployment of them.

To live is to eat



Innovation in food production technology is essential against climate change. Develop unique agricultural solutions through a combination of environmental resistant bio-fertilizers and genome editing technology.



## Making the most of the Earth to create energy for people to live

### Growing global demand

- A trend of mandatory installation in new houses is spreading
  - ▶ Growth in sales of highly efficient photovoltaic modules for residential use
- Contribute to reducing CO<sub>2</sub> through self-consignment and micro-grids



Tokyo Metropolitan Government "Tokyo for the Future" strategy  
Certified as a "solar power generation system with superior functionality"

### Initiatives to expanding applications

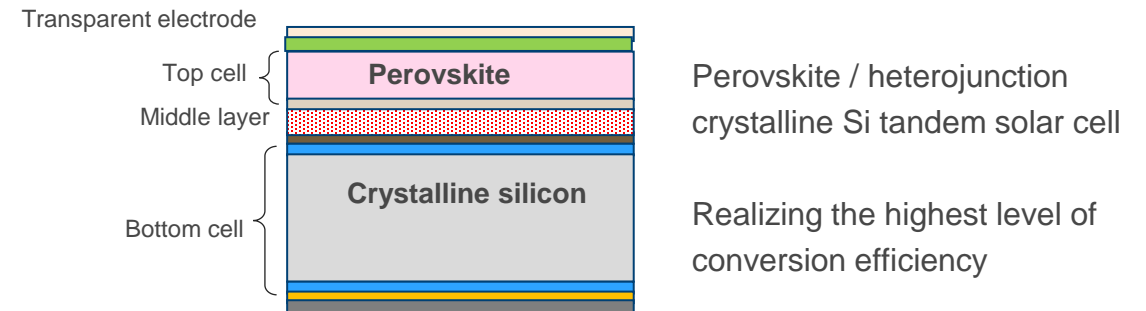
- Increase applications such as window/wall-mounted type
- Begin shipping of in-vehicle PV



Adopted in Toyota Prius PHEV

### Technological development for higher efficiency

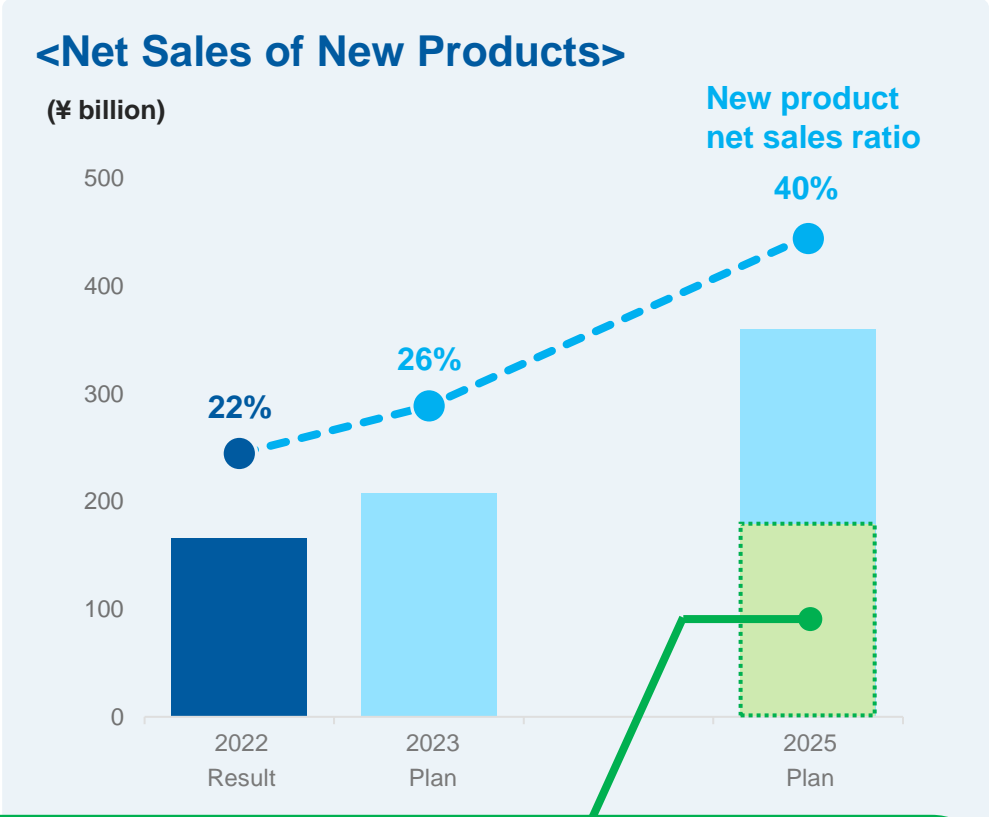
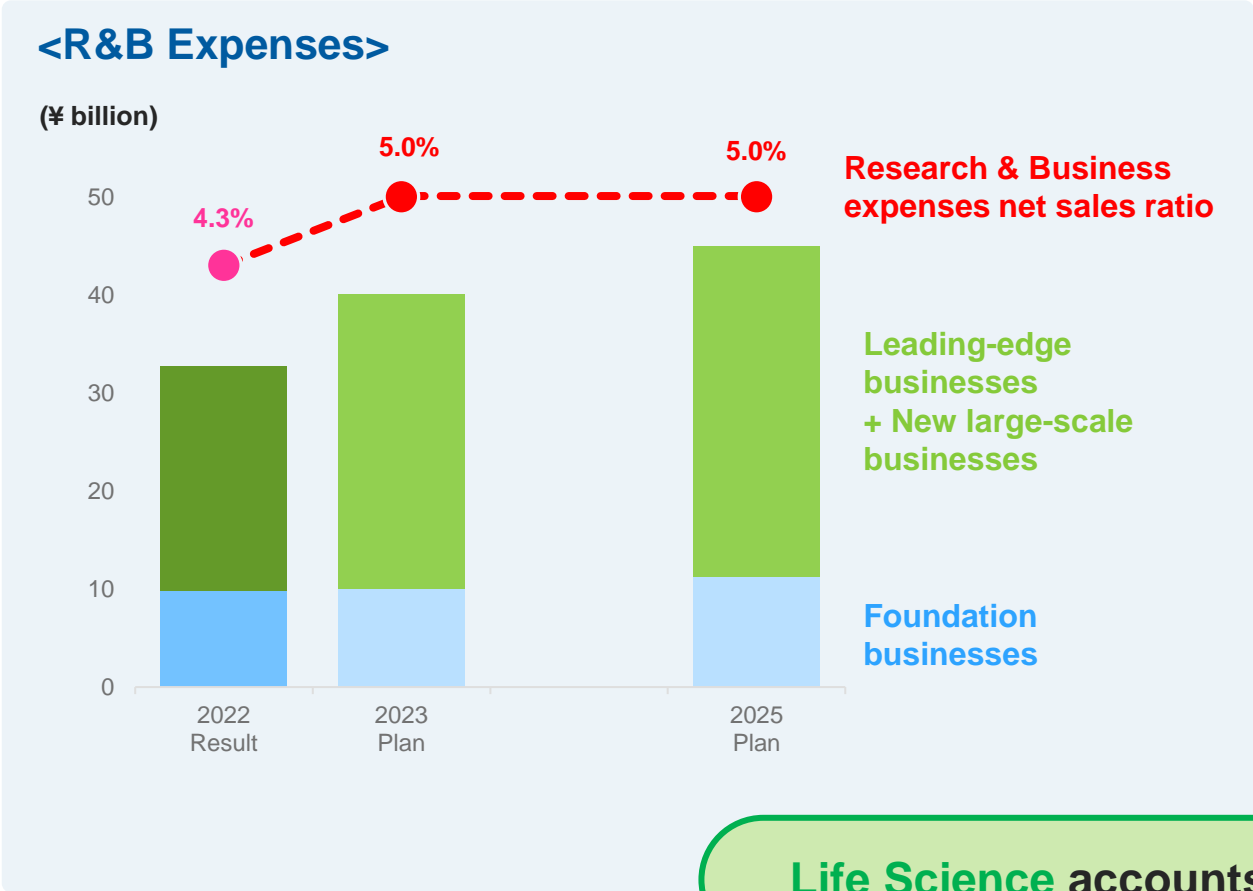
- Accelerate development of perovskite solar cells



Municipalities gradually adopt solar cells as a policy, and Kaneka's solar cells for homes and buildings meet this demand.  
We work on both expansion into automotive applications and development of perovskite solar cells.

R&B expenses: Maintain 5% of net sales

Aiming for 40% new product net sales ratio



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

Our policy is to invest 5% of net sales into R&B expenses. In particular, we plan to concentrate more than 75% of our resources in Leading-edge businesses and New large-scale businesses to expand sales of new products.

## Kaneka's management philosophy since its foundation

**Principle of a selected few  
taking advantage of all  
employees' talents**

Performance-  
based evaluation  
Principle of right  
person, right place

Human resource  
development  
Ability development

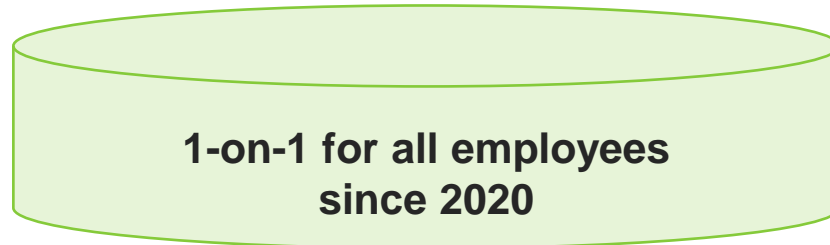
Development of Human  
Resources and Leaders Centered  
on Kaneka 1-on-1

Promotion of Diversity

Promotion of Wellness

The human resource strategy is based on training for all employees, promotion based on ability performance, and rotation of employees to the right positions.

Talent management which leverages and develops talents (abilities) of each and every employee



Although 1-on-1 as a system has taken root,  
we need to improve the quality, reflecting the  
COVID-19 pandemic



- 1-on-1 between department head and all members
- Re-implementation of 1-on-1 training for all employees

## Development of Leaders “Hitotsubu-no-Tane Momi Juku”

Fiscal year	2019	2020	2021	2022	2023	Cumulative total
Number of participants	12	12	12	12	12	109
Of which, female	0	0	3	3	3	10

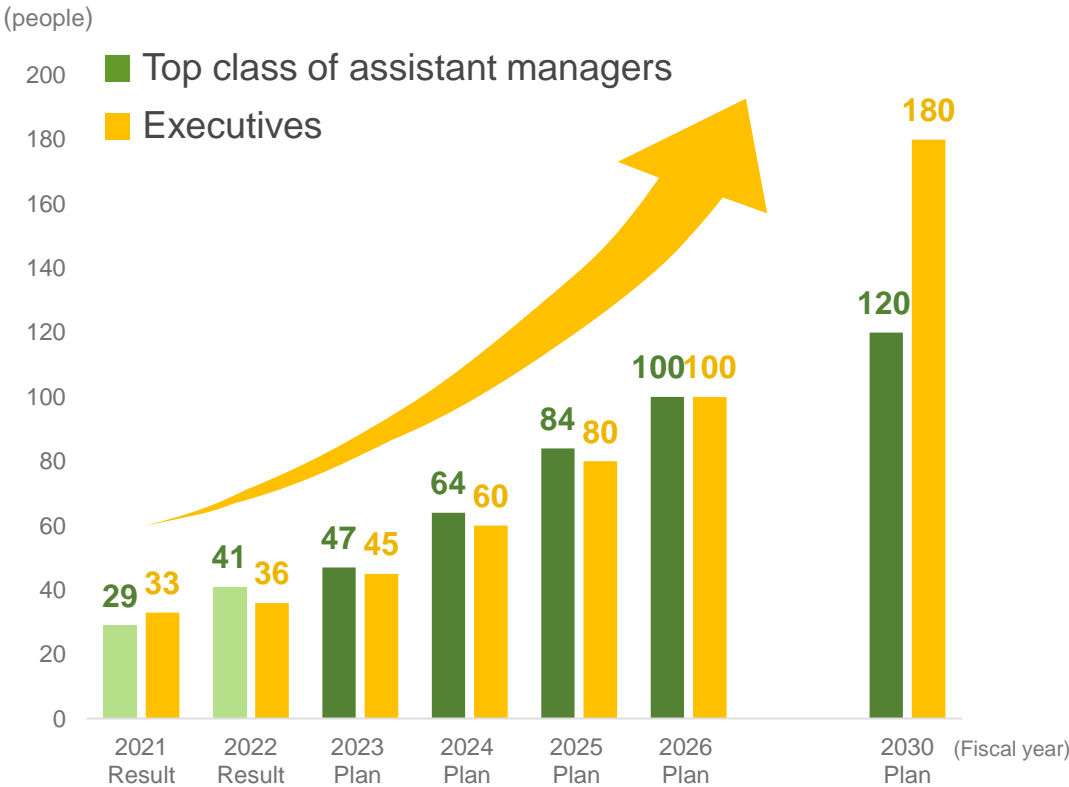
- Eight-month long-term training organized by upper management



Improve the quality of Kaneka 1-on-1 introduced in 2018.  
Conduct "Hitotsubu-no-Tane Momi Juku" led by top management every year since 2015 in order to develop the next leaders.

Female Executives and Top Class of Assistant Managers

<Promotion of Active Participation of Female Employees>



Females among new recruits  
(technical colleges and university graduates)

FY2022	32%
FY2025 Plan	40%

Percentage of female executives

FY2022	4.2%
FY2026 Plan	11%
Target for FY2030	20%

Organizational managers  
among female executives

FY2022	31%
Target for FY2030	50%

- Set up a Diversity Committee  
Promote support systems and reform corporate culture
- Adopt next-generation management training

All employees can be active regardless of gender, age, nationality, educational or work background. Promote diversity by developing female leaders who will drive our transformation and growth. Diversity Committee that creates system and culture, which supports female empowerment.

## Improve wellness of our employees and our organization

### The Group Ekiden (November)

3,500 employees, including those from domestic and overseas group companies, participated

### Hokkaido Marathon (August)

100 employees, including those from group companies, participated

### Training Event (May to September)

Free-for-all applicants, including group companies



Training program (May.), Hokkaido Marathon (Aug.), Group relay race (Nov.) to improve wellness of employees and tie our bonds.



## Think Global, Act Local



### The Best Glocal Kaneka Ways

- Universal management and borderless Research & Business activities
- Establishing a strong global network unrivaled by other companies
- Matrix-based management by Solutions Vehicle and regional headquarters

**1**

#### Localization of management by establishing regional headquarters

- 2012: Americas and Asia, 2015: Europe

**2**

#### “Global and Local” developing business from a local perspective

- Community-based and local production for local consumption research, production, and sales systems

**3**

#### “Global and Local” teamwork among Global Networks

- Collaboration between Global Center and “Global and Local”
- Enhance Value Communication

**4**

#### M&A, alliances, open innovation

- Integration of in-house and external technologies

**5**

#### Promotion of local and global human resources

- Borderless and timely allocation of human resources

Our global management “Kaneka Way” has evolved through business diversity to deliver unique technologies and products around the world.



Kaneka Corporation Tokyo Head Office

## Japan

### Plan and execute global strategy as a center function

- Lead all business locations to demonstrate strong “Global and Local” capability
- Enhance Value Communication between each business location



Kaneka Americas Holding, Inc.

## Americas

### Drive Kaneka's global innovation

- Make the best of Kaneka U.S. innovation center
- Create large-scale new businesses initiated from the U.S.



Kaneka (Malaysia) Sdn. Bhd.

## Asia

### Develop market-oriented business

- Strengthen market development platform
- Capture growing demand



Kaneka Europe Holding Company N.V.

## Europe

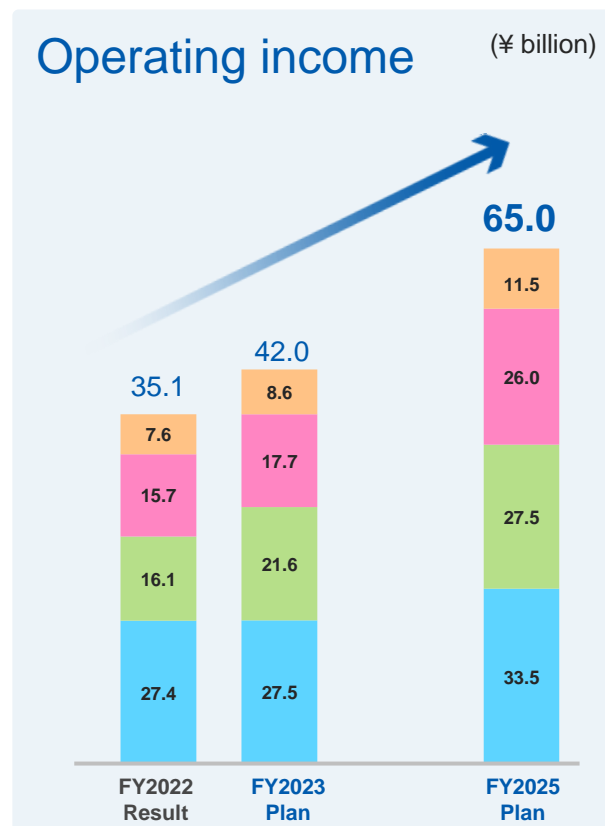
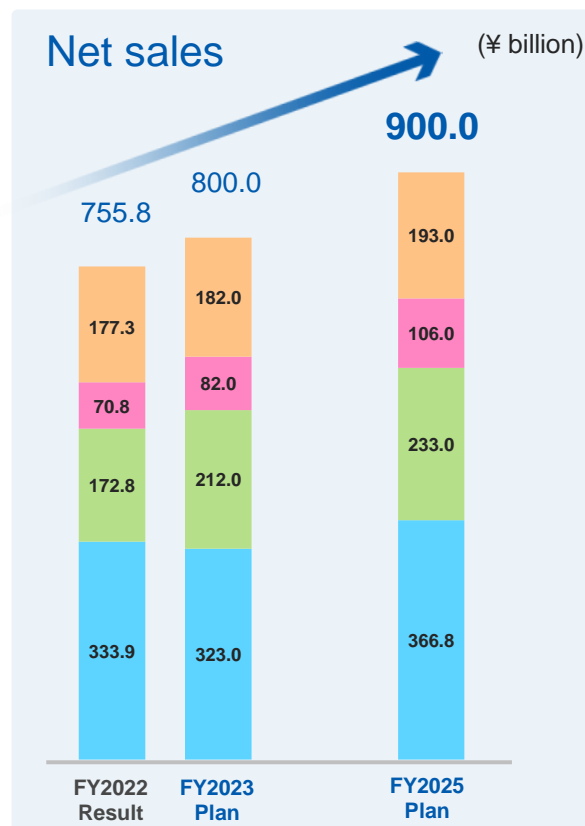
### Expand business in the environment, energy and health care fields

- Expand biopharmaceutical business
- Aggressively develop environmental contribution products

The Kaneka Innovation Center in the U.S. will serve to pursue M&A or alliances in Pharma and Medical, and to create large-scale businesses like Green Planet. Expand gene therapy and probiotics businesses in Europe.

## New Mid-Term Management Plan (As of May 31, 2023)

Material Quality of Life Health Care Nutrition



## Expand Net Sales and Operating Income

Expand sales proactively  
and  
increase production capacity

Launch new products,  
shift to high-value-added products

	FY2022 Result	FY2023 Plan	FY2025 Plan
Net sales	755.8	800.0	900.0
Operating income	35.1	42.0	65.0
Operating income rate	4.6%	5.3%	7.2 %
Net income	23.0	27.0	44.0
ROE	5.7%	6.3%	10.0%
ROIC	5.5%	6.1%	8.5 %

Exchange rates: 130 yen/\$, 140 yen/€  
Domestic naphtha: 63,000 yen /KL

In this mid-term plan, management resources will be allocated to growth business units, especially Life Science. We will secure profitability in excess of capital cost and aim to achieve the sales and profit targets set for FY2025.

Leading-edge businesses  
+  
New large-scale businesses

Achieve Dramatic Growth by Strategic Investment in Human Resources, Goods, and Capital

- Development of unique and differentiate technologies that cannot be copied
- Accelerating social implementation of big-scale Research & Business themes
- Active use of external resources

Foundation businesses

Steadily Strengthen Capabilities to Earn Cash by Reinforcement of Business Foundation

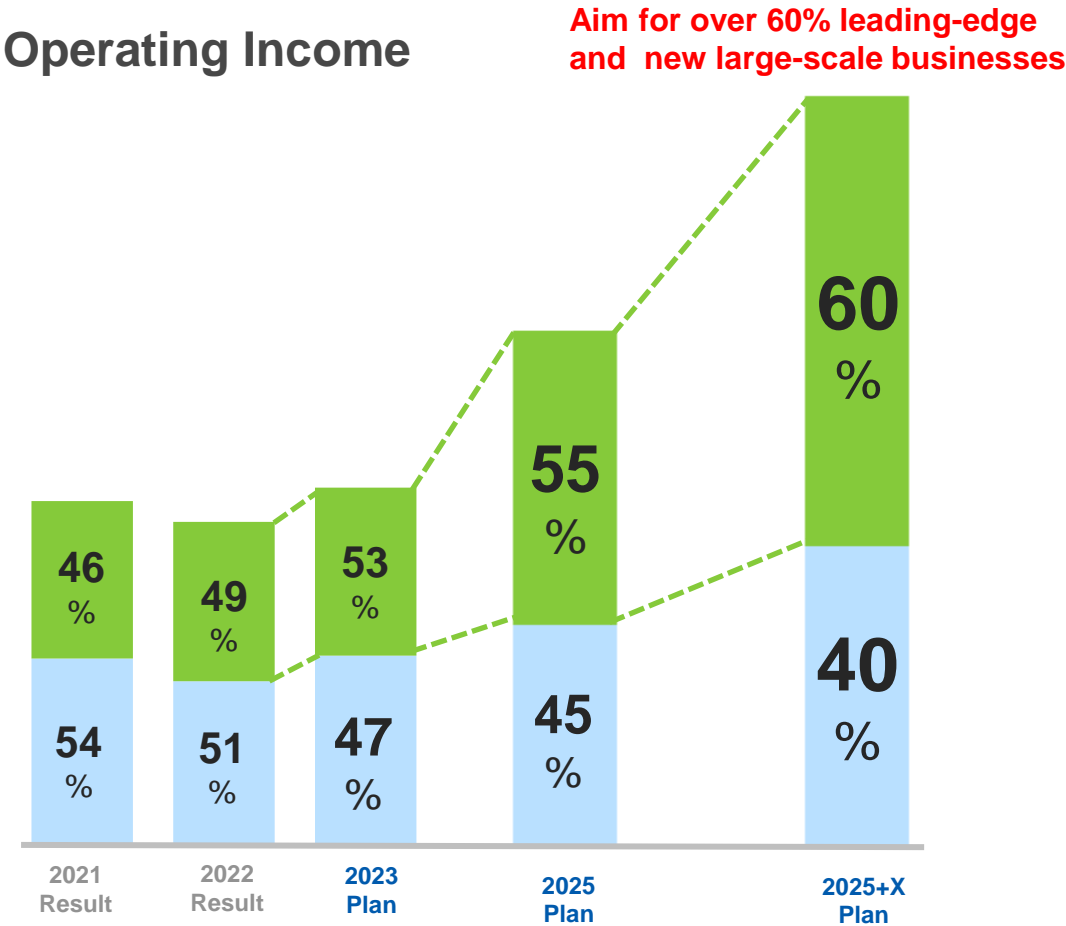
- Strengthen capabilities of developing new differentiated products
- Improve cost competitiveness through process innovation
- Invest capitals to strengthen supply base

New large-scale businesses

Leading-edge businesses

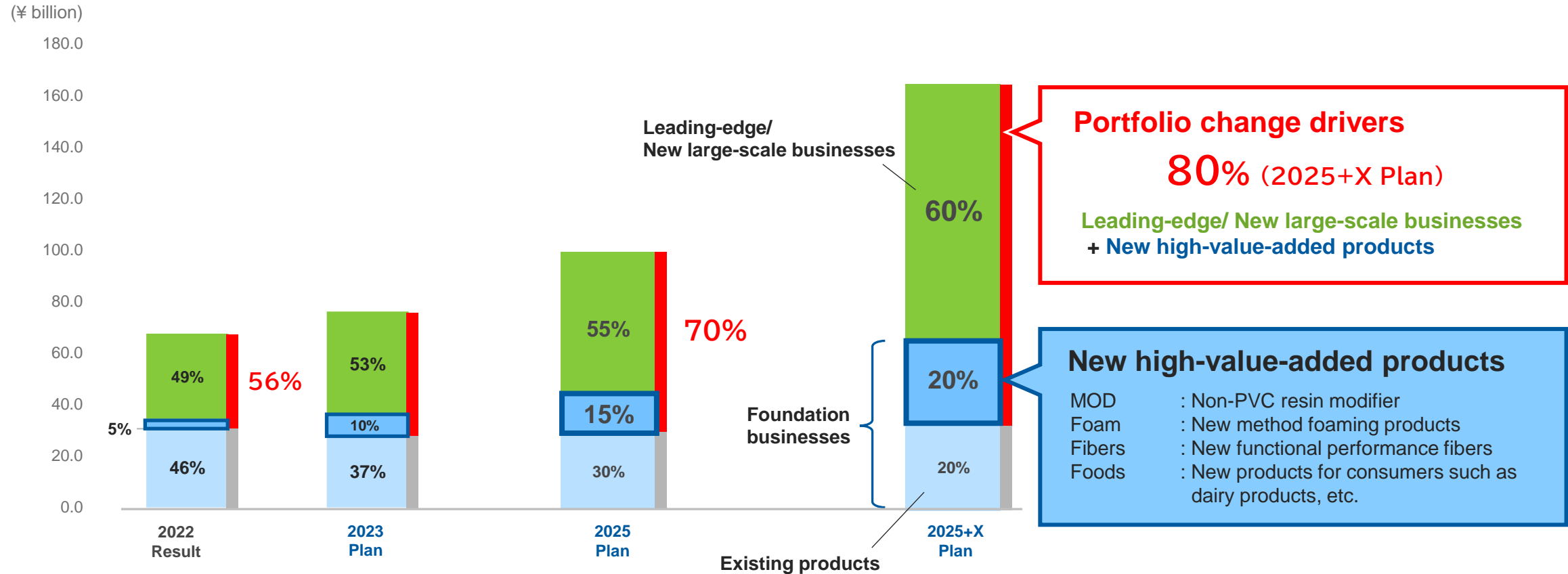
Foundation businesses

Biodegradable polymer Green Planet, organic EL lighting, opto-electronics, regenerative cell medicine, etc.  
Performance Polymers(MS), E & I Technology, Pharma, Medical, Supplemental Nutrition, Agri, PV & Energy management  
Vinyls and Chlor-Alkali, Performance Polymers(MOD), Foam & Residential Techs, Performance Fibers, Foods



Accelerate the transformation of the business portfolio through “selection and concentration” in hybrid management. Achieve dramatic growth by increasing the profit composition ratio of leading-edge and new large-scale businesses.

## Operating Income by Foundation and Leading-edge Businesses



In foundation business, we will shift to new high-value-added products to generate more cash. Aim to achieve 70% of revenue by 2025 and 80% by 2025+X, with leading-edge/ new large-scale businesses and new high-value-added products as “portfolio change drivers”.

## Nutrition

- Construct new dairy product plant
- Construct new probiotics product plant
- Increase coenzyme Q10 capacity
- Increase overseas food product plant capacity

## Health Care

- Construct new catheter plant
- Increase blood purification device capacity
- Increase biopharmaceutical capacity
- Increase mRNA capacity
- Increase in small molecule pharmaceutical capacity

## Investment Plan - Based on investment decisions -

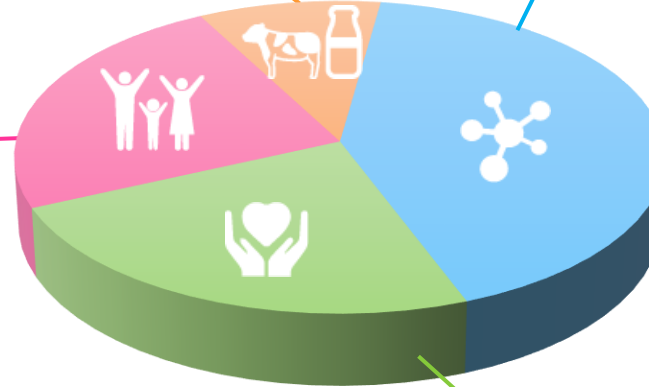
**300** FY2023-2025  
¥ billion  
(including M&A)

## Material

- Increase biodegradable polymer capacity
- Increase modified silicone polymer capacity
- Increase PVC capacity

## Quality of Life

- Increase high-performance polyimide film capacity
- Increase optical film facilities
- Increase PV heterojunction cell capacity
- Increase modacrylic fiber facilities



- **Life Science 50%**
- **Aggressive Investment 75%**
- **DX Investment 8%**

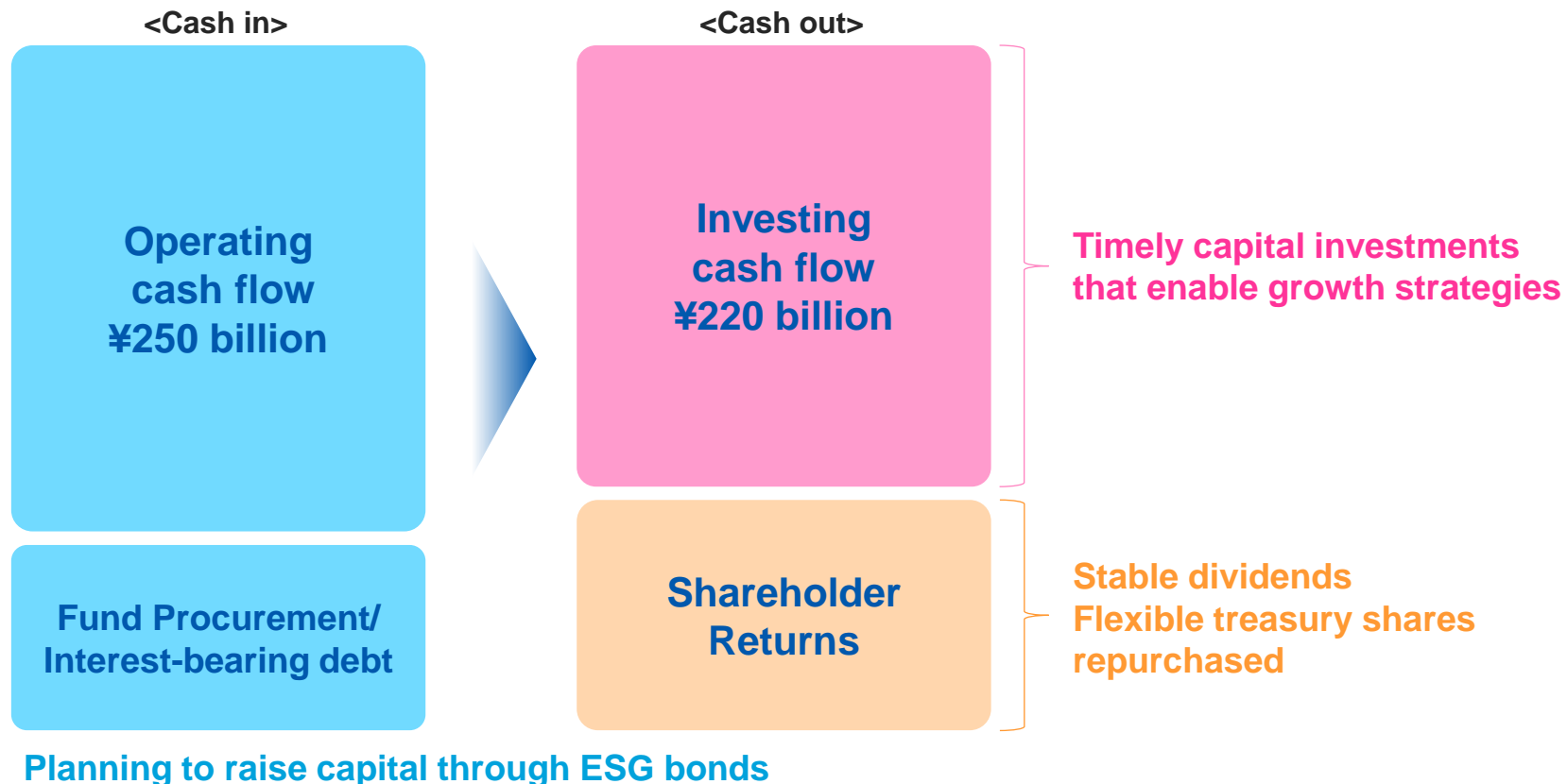
Plan to invest 300 billion yen, including M&A. 75% will be allocated to aggressive investments including capacity expansion and new products development.



	Major projects	~FY2022	FY2023	FY2024	FY2025-
Material SU	Green Planet		Planned to start operation in January 2024 in Takasago: 15,000t		Capacity increase in Japan and overseas
	MS		Planned to start operation in June 2024 Capacity increase in Europe: 10,000t		Capacity increase in the U.S.
Quality of Life SU	Resins for optical film		Planned to start operation in autumn 2023 Capacity increase in Japan: 40%		Capacity increase in Japan
	PV & Energy management Heterojunction Cells	End of FY2022 Capacity increase in Japan			Capacity increase in Japan
Health Care SU	Blood purification devices		Planned to start operation in May 2024 Newly established in Hokkaido		Capacity increase in Japan
	Catheters	August 2022 Capacity increase in Vietnam : Approx. 3 times			Newly established in Japan
	mRNA		Planned to start operation at the end of 2023 Capacity increase in Europe : Approx. 5 times		Enhanced in Europe
Nutrition SU	Dairy products	End of FY2022 Capacity increase in Japan /yogurt			Newly established in Hokkaido, Japan
	Probiotics	December 2021 Acquired pharmaceutical production base in Europe			Newly established overseas

Large investments decided in FY2021-2022 have been operational and profitable.  
Each solutions unit plans to aggressively invest capital in facilities to expand future business.

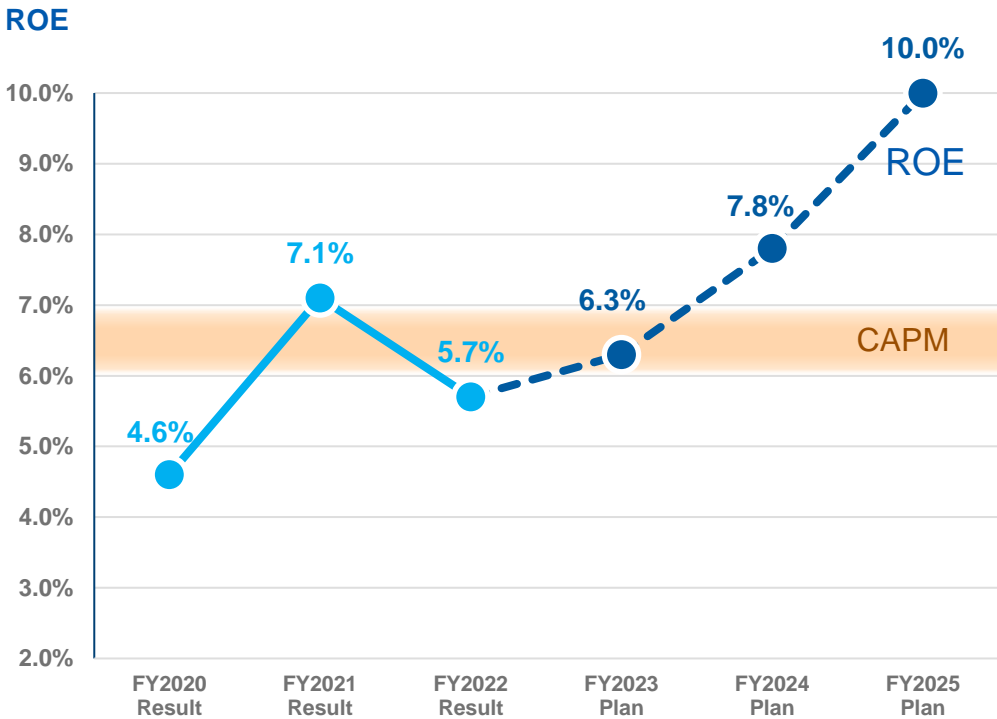
## Funding Sources and Use Framework (FY2023-FY2025 Three-Year Period)



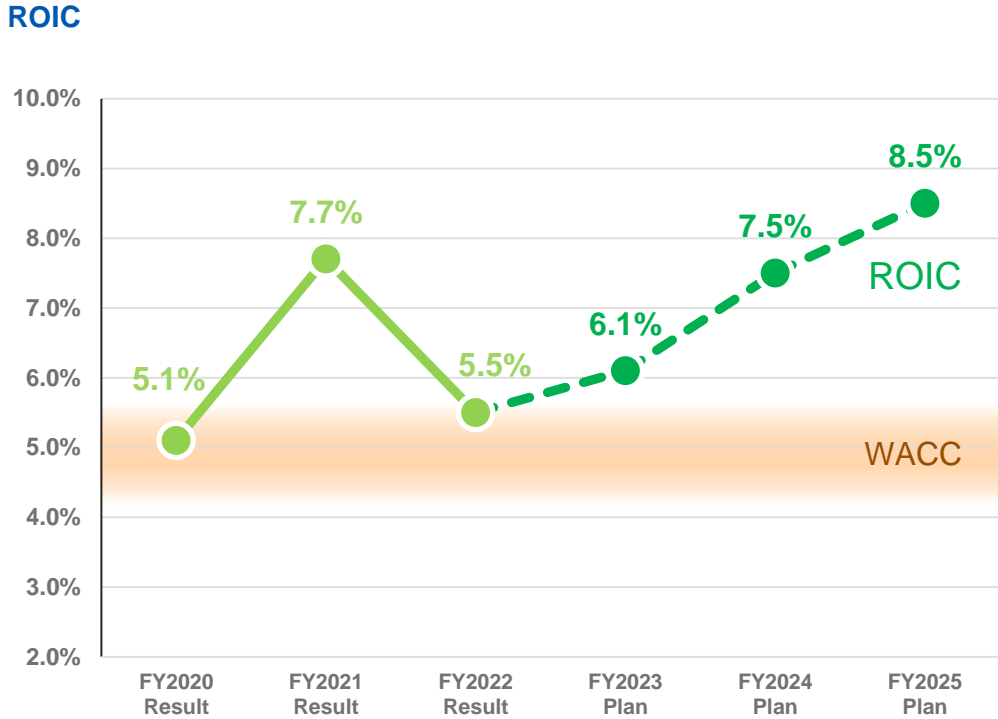
Shareholder returns	
Dividend payout ratio	30%
Total return ratio	40%
Benchmark	

Allocate cash generated by foundation businesses to investments in leading-edge and new businesses. Set consolidated dividend payout ratio of 30% and a total return ratio of 40% as benchmark. Funding is attributed to ESG bonds such as a green bond and social bond.

ROE exceeds CAPM again in fiscal 2024

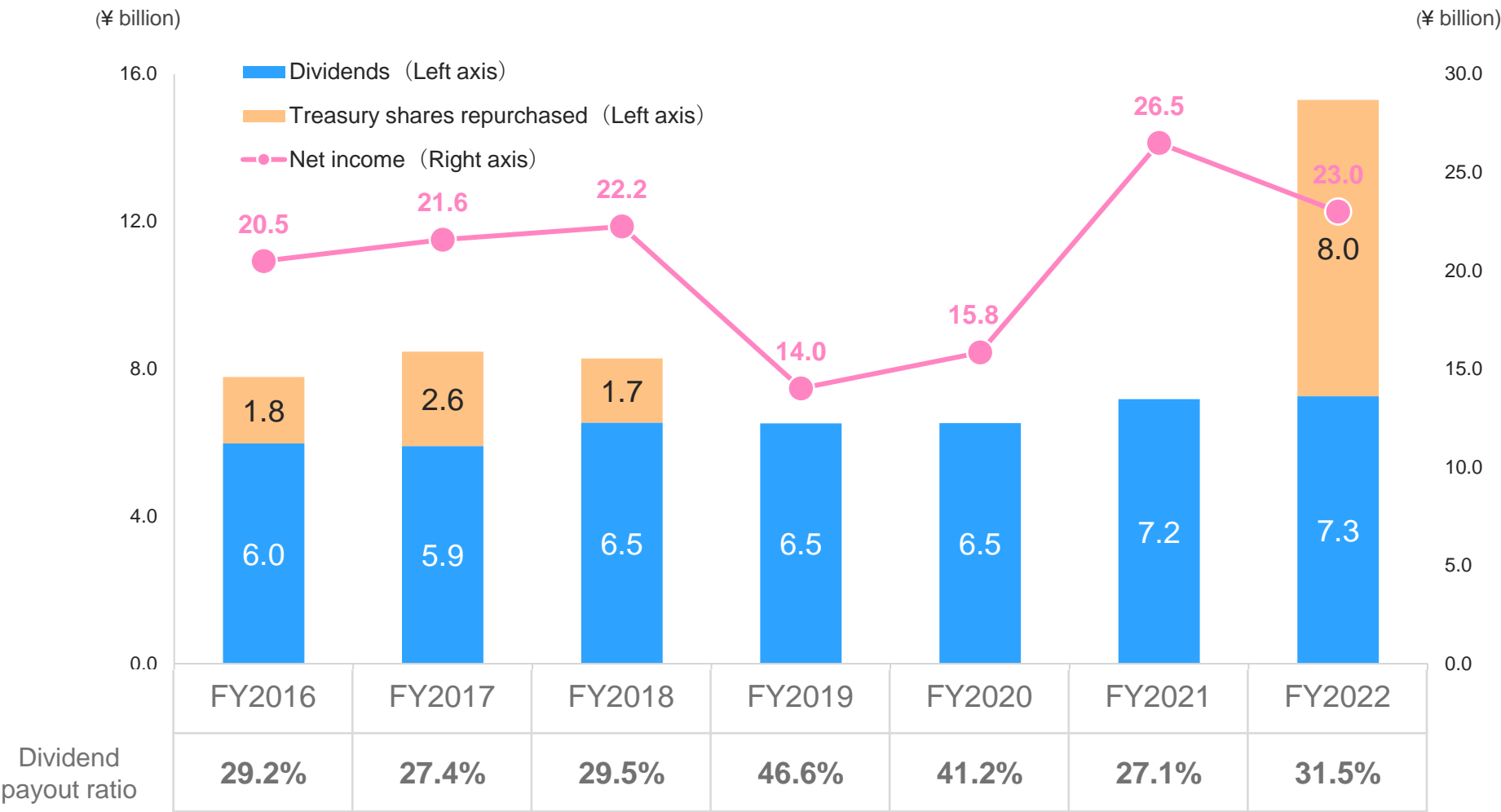


ROIC improves continuously above WACC



Aim for a PBR of over 1.0

Maximize earnings through growth and portfolio transformation, and improve ROE/ROIC by increasing capital efficiency through share buybacks etc. Aim to achieve PBR over 1x through initiatives to increase corporate value.



Highest priority is stable shareholder returns while strengthening financial base and increasing earning capability. To continue stable shareholder returns considering every factor such as business performance each fiscal year, mid/long-term earnings, investment plans, and financial position.