



**For people and the planet—
to achieve what no one else can.**

**Kuraray Report
2026**

About the Publication of Kuraray Report 2026

Seeking to Further Dialogue and Deepen Trust with Stakeholders

Since 2018, the Kuraray Group has issued the Kuraray Report so that all stakeholders, including shareholders and investors, can gain a deeper understanding of our efforts toward value creation over the medium to long term.

We are currently implementing the Medium-Term Management Plan "PASSION 2026," extending from 2022 until 2026, the milestone of the Company's 100th anniversary. Marking the final year of the plan, Kuraray Report 2026 reports on the results of initiatives to date regarding key measures we have taken, including the Three Challenges set out in "PASSION 2026" and steps to enhance our business portfolio, and explains how we are working to fulfill our social responsibilities through business activities.

The report was edited and produced with the collaboration of the Corporate Communications Department, the Corporate Sustainability Department, and numerous other corporate organizations. I have confirmed that the report's creation process was appropriate and that its content is accurate.

We will continue to pursue constructive dialogue with all of our stakeholders, using this report as one of our engagement tools. We look forward to hearing feedback from its readers.

Junichi Fujiwara

Managing Executive Officer

Officer responsible for Corporate Management Planning Office

Editorial Policy

The Kuraray Report compiles financial and ESG-related non-financial information regarding the Kuraray Group's efforts to create sustainable value.

In compiling the report, we referred to the International Integrated Reporting Framework of the IFRS Foundation and the Guidance for Collaborative Value Creation from the Japanese Ministry of Economy, Trade and Industry.

The report also uses the Global Reporting Initiative (GRI) Standards as a reference. A comparison between them is shown on our website.

 GRI Standards Content Index

Notes: 1. All financial data is on a consolidated basis.
2. Financial data (results) expressed in billions of yen are rounded to the nearest hundred million yen.
3. Forecasts and outlooks are based on assumptions and suppositions regarding the future operating environment and economic conditions at the time of publication, which may differ from actual results.

Reporting Period

January 1 to December 31, 2025

Notes: 4. Some information from after January 2026 is included.
5. Please note that the "2026" in the title refers to the year this report was published.

Scope of the Report

Kuraray Co., Ltd. and
the Kuraray Group companies

How to use navigation buttons:

-  To table of contents
-  Return to previous page
-  Link in PDF
-  Link to website

Approach to Disclosure

Disclosure Medium (Excerpt)		Financial	Non-Financial
 Kuraray Report 2026	Puts priority on key financial and non-financial information related to the Kuraray Group's sustainable value creation. Please see the website for a wider range of more comprehensive information and detailed data.	●	●
 Investor Relations Website	Offers information on management policy, the Medium-Term Management Plan, various briefing materials, and performance-related data.		
	 Kuraray Report (financial section)	●	—
	 Announcement of Financial Results	●	—
	 Management Briefings	●	○
	 Fact Book	●	○
 Sustainability Website	Offers information on material issues, our Sustainability Medium-Term Plan, and sustainability-related data.		
	 GRI Standards Content Index	—	●
	 Corporate Governance Report	—	●

*The ● indicates the primary content.

Corporate Overview (As of December 31, 2025)

Company Name	Kuraray Co., Ltd.
President and Representative Director	Hitoshi Kawahara
Established	June 1926
Head Office	Tokiwabashi Tower, 2-6-4, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
URL	https://www.kuraray.com
Capital	JPY89 billion
Employees (Consolidated)	12,117
Group Companies	67 consolidated subsidiaries, two equity-method affiliates
Major Overseas Operations	United States, Germany, Belgium, China, Korea, Singapore, Thailand
 Main Group Locations	

Contents

04 Top Statement ● ● ● ●

09 Kuraray Group Businesses

- 09 At a Glance
- 10 Products with Top Global Market Share, Products That Contribute to the Natural and Living Environments
- 11 Diverse Products Supporting a Broad Array of Industries
- 12 Global Portfolio

13 Toward Realizing the Vision

- 14 Starting Point of Value Creation
- 15 A History of Value Creation
- 17 Materiality ●
- 18 Value Creation Process
- 19 Capital Strengthening to Support Competitive Advantage
- 20 Roadmap for the Vision ●
- 22 Enhancing Our Business Portfolio ● ●
- 24 Toward Creating New Value


25 Three Challenges

- 26 Our Challenges 1 Sustainability as an Opportunity ● ●
 - 27 - Planet ● ●
 - 30 - Product ● ●
- 33  Special Feature Initiatives for Sustained Growth through the EVAL Business ● ●
 - 36 - People ● ●
- 38  Special Feature One Kuraray, One HR: Implementing THRIVE, an HR Transformation Project ● ●
- 41 Our Challenges 2 Innovations Starting from Networking ● ● ●
- 44 Our Challenges 3 Transformation of People and Organization ● ●
- 46  Dialogue Kuraray's Future Value Creation: The Convergence of R&D and Digital Transformation ● ●


Key Points of Kuraray Report 2026

- Point 1 Turning change into results through agility and formulas for success
- Point 2 Enhancing business portfolio to drive sustainable growth
- Point 3 Creating innovation through HR strategy and DX that support transformation
- Point 4 Strengthening our governance system to ensure we remain the top choice for the next 100 years

49 Business and Growth Strategies

- 50  Message from the Officer in Charge of Finance ● ●
- 54 Strategies by Segment
 - 54 - Vinyl Acetate
 - 55 - Isoprene
 - 56 - Functional Materials
 - 57 - Fibers and Textiles
 - 58 - Trading
- 59 Management of Intellectual Property ● ●

60 Management Foundation

- 61  Message from the Chairman of the Board of Directors ●
- 62 Corporate Governance ●
- 68 Executives
- 70  Messages from Outside Directors ●
- 72 Risk Management and Compliance ●

74 Corporate Data

- 74 11-Year Financial and Non-Financial Summary, Inclusion in ESG Indexes, Stock Information



Hitoshi Kawahara

President and
Representative Director

Turning Uncertainties into Opportunities to Enhance Corporate Value

Turning change into opportunities with agility and formulas for success—so that we remain the top choice as a Specialty Chemical Company for the next 100 years

Executive Summary

- **Taking feedback from the capital markets seriously and evolving toward a management approach that translates change into results**

Taking the decline in our share price and price-to-book value ratio (PBR) seriously, we will further accelerate initiatives to realize a management strategy that prioritizes capital efficiency and our growth story. Even in an era of uncertainty, we will evolve our management approach to make swift decisions that anticipate change and reliably turn opportunities into results.

- **Turning change into opportunities for growth, guided by an enduring spirit**

Grounded in the spirit of continuity and challenge that we have carried forward since our founding, we turn social challenges into business opportunities and achieve sustainable growth by balancing social and environmental value with economic value.

- **Designing formulas for success and pursuing disciplined resource allocation**

We will build a competitive framework by combining our strengths in materials and technology with our supply chain capabilities and regulatory responsiveness, assessing each business from the perspective of three axes and whether Kuraray is the best owner to flexibly reallocate management resources.

- **Building sustainability, R&D, and digital transformation as foundations for growth**

We will strengthen mechanisms that convert social and environmental value into business profit and, by integrating R&D and digital transformation, accelerate our speed to market and improve capital efficiency.

- **Connecting transformation to results through “One Kuraray” and more robust governance**

We will establish a common global framework for decision-making and execution and, together with enhancing the effectiveness of the Board of Directors, link our transformation to the sustainable enhancement of corporate value.

Top Statement

Building on a Legacy of Continuity and Challenge to Reach the Next Stage of Growth

The Kuraray Group marks its 100th anniversary in 2026. For us, the past century has not been a history of simply keeping our businesses the same as they were. It has been a history of continuously transforming our business portfolio and earnings structure in response to changes in social structures, technological innovation, and turbulent international conditions.

No matter how much the times change, however, we have always upheld a core set of values, expressed in our mission: “For people and the planet—to achieve what no one else can.” We are serious and persistent in nurturing businesses over decades. At the same time, we have a pioneering spirit that drives us to step boldly into new fields. We believe this balance of continuity and challenge is at the core of our company’s DNA.

I joined the Company in 1984. At that time, Kuraray was focused on expanding its chemicals business alongside its core fibers operations, while also boldly venturing into uncharted fields such as optical fiber and biotechnology. Some of those challenges succeeded; others taught us hard lessons. That culture of taking on challenges without the fear of failure was tangible, and it remains the foundation of my management philosophy.

As the President serving at this centennial milestone, my role is to advance the technologies and trust built by our predecessors under a culture of embracing challenges, taking them to the next stage and ensuring that they are passed on to the next generation. To that end, I will further enhance the quality and speed of decision-making and build a solid foundation for the next 100 years.

Turning Uncertainties into Opportunities with Agility

— Embracing Change as an Opportunity for Evolution

The business environment surrounding our company deteriorated rapidly in 2025, due to volatility in raw materials and fuel prices caused by conflicts in multiple regions, the impact of U.S. tariff policies, and the resulting decline in global demand, which led to unfavorable results. However, external factors alone cannot fully explain our current financial results or our capital market valuation. The market’s assessment, reflected in Kuraray’s low share price and PBR, indicates that we have not sufficiently demonstrated a capital cost-conscious, returns-focused management stance. It also indicates that we have not presented a credible and sustainable growth story as part of our corporate value. As management, we take this situation seriously and have a strong sense of urgency.

We will inevitably continue to deal with uncertainty as a basic premise of our management. What matters in such a context is whether we can design formulas for success that enhances our corporate value and quickly execute our initiatives.

Rather than striving for ever-greater forecast accuracy, I believe the most effective way to enhance corporate value is to build an organization that can make rapid decisions and swiftly act in response to change. We will ensure that everyone—from management to the front lines—shares the conviction that change is an opportunity, as we strengthen our organizational agility.

In an unstable and uncertain world, new social challenges emerge constantly, but these challenges also present opportunities to effectively leverage our capabilities and human capital. The greater the

change, the greater our value as a company. We will demonstrate that relationship through our results.

We will take broad risk-mitigation measures to prepare for unforeseen events—including strengthening our financial position, diversifying procurement, and reinforcing stable supply—while making swift decisions to seize opportunities as they arise.

— Making “Ready to Be, Ready to Go” Real

No matter how strong a technology or product concept may be, bringing it to market at the wrong time makes it difficult to build the concept into a sustainable business. It is important to accurately identify early signs of change and time our actions to match the maturity of the market.

To this end, we are deepening our research and development, pursuing strategic partnerships, and systematically making forward-looking capital investments. When an opportunity arises, we move forward without hesitation. I call this state “Ready to Be, Ready to Go.”

The key drivers of our success are sustainability, R&D, digital transformation, and the human capital that supports them.

Non-financial capital forms the foundation of a company’s strength. It is essential to build systems that can convert this capital into financial value at the right time. The Three Challenges set out in the Medium-Term Management Plan “PASSION 2026” are precisely the groundwork for strengthening our underlying capacity and building greater agility. (➤ P. 25)

— Sustainability as a Source of Competitive Advantage

Our efforts to enhance corporate value are not simply a matter of balancing social and environmental value with business profit. Our goal is to establish

Top Statement

a structure that transforms social and environmental value itself into sustainable business profit.

A central pillar of this approach is the introduction of the Kuraray PSA System*¹, which we use to objectively evaluate the sustainability of our product portfolio. We have quantified social and environmental value using proprietary metrics and made this a key criterion in our business portfolio strategy. Furthermore, we have set the internal carbon price under ICP*² at a level of ¥10,000 per ton, incorporating future environmental risks and value creation into our capital allocation decisions.

We see circular business models and low-carbon materials not just as a response to regulations, but as critical factors for maintaining our competitiveness over the longer term. We are also steadily advancing our 2035 greenhouse gas (GHG) reduction target—one thrust of our efforts to obtain SBT*³ validation—as one of the initiatives that will ensure we remain the preferred choice in markets in the future.

We will also proactively address the biodiversity conservation trends identified by the Taskforce on Nature-related Financial Disclosures (TNFD), leveraging our technical expertise. We continue to pursue initiatives with an awareness of the role that a chemical company should play in shaping the next generation of market standards.

— Toward R&D Connected to the Market, Centered on Co-Creation

One aim of the Innovation Networking Center (INC), which was launched alongside “PASSION 2026,” is to move beyond traditional inward-looking R&D and evolve toward “R&D connected to the

market,” centered on co-creation. We believe that, by positioning the INC as a hub and forming a network where technology, data, and talent intersect, we can cultivate the seeds of our next businesses.

What accelerates this evolution is digital transformation. We will fully implement digitalization in upstream R&D processes, capitalizing on generative AI, simulations, and other technologies. By increasing the accuracy of our hypothesis testing and minimizing development rework, we will significantly shorten lead times. This will speed up the time to market, improve capital turnover, and translate these gains into higher corporate value.

Ultimately, however, people are responsible for making the final decisions. Digital technology accelerates exploration, while people focus on vision and decision-making. Clearly defining this division of roles is key to maximizing R&D outcomes.

We are also systematically developing our knowledge infrastructure for R&D, including the Core Technology Platform (CTP), Technical Equipment Platform (TEP), and R&D Knowledge Management Platform. We will strategically leverage our accumulated data assets to drive the next generation of innovation. (▶ P. 46)

— The Next Challenge: Moving into the Results Phase

Over the five years of “PASSION 2026,” we have strengthened our management foundation by reforming our organization to connect leadership with the front line and by reviewing our decision-making processes. The “Ready to Be, Ready to Go” concept is also steadily shifting from the planning stage to the execution stage.

We will turn the foundation we have built into tangible results by improving profitability and optimizing capital efficiency.

Reallocate Management Resources Faster and in a More Focused Way to Priority Areas

— Continuously Renewing Our Approach to Management

The work of enhancing our business portfolio is never done. In a rapidly changing business environment, it involves an ongoing process of questioning our approaches and pursuing next steps. The Kuraray Group rigorously assesses each business based on three axes that are the fundamentals of our business evaluation—social and environmental value, economic value, and market growth potential—along with the perspective of whether Kuraray is the best owner of a business; in other words, whether we can maximize its value.



*1 A system based on the Portfolio Sustainability Assessment (PSA), a highly objective and transparent product portfolio evaluation method established by the World Business Council for Sustainable Development (WBCSD).

*2 Abbreviation for Internal Carbon Pricing. A mechanism for creating economic incentives to reduce CO₂ emissions and save energy, promoting low-carbon investment and encouraging climate change response by setting an internal carbon price and using it to calculate the monetary cost of emissions.

*3 Abbreviation for Science Based Targets. Voluntary targets set by business corporations with regards to GHG emission reductions in a manner consistent with the levels required by the Paris Agreement.

Top Statement

Our criteria are: first, that the business is a future growth area; second, that it helps to address social issues; and third, that it can create formulas for success with high profitability.

While we must inevitably select which businesses to focus on as we concentrate resources in growth areas, withdrawal or downsizing is not our objective.

The essence of transformation lies in maximizing total growth by bringing together several approaches: “subtraction”—making tough decisions on unprofitable businesses; “addition”—accelerating strong businesses; and “multiplication”—generating new synergies through acquisitions and networking. Through this dynamic process, we will realize sustainable growth that more than compensates for any businesses we withdraw from. (➤ P. 22)

— Aiming to Go Beyond Being a Materials Manufacturer to Become a Valued Solutions Provider

The period of time during which it is possible to maintain a competitive edge solely through material functionality and technological capabilities is growing shorter every year.

What is critical in this context is to connect individual strengths in materials to form robust links, and further build these links into a structure that is hard for other companies to emulate. By taking early action on regulatory trends, optimizing the value chain, and developing a stable supply network, among other actions, Kuraray is designing business models that can succeed consistently, even in times of change, and delivering these as solution-based businesses.

These are our formulas for success in an era of change, and we are already seeing results of this approach across our businesses.

[Circular business model]

Activated carbon

This solution-based business model goes beyond supplying world-leading products. We manage every stage, from collecting and reactivating used activated carbon to providing process design and equipment for customers. This integrated approach reduces costs and waste across the supply chain and helps lower GHG emissions, establishing a circular revenue model.

[Industry platform business model]

EVAL™ EVOH resin

Building on Kuraray’s position as a global market leader, we are capturing growing demand for food packaging driven by the circular economy and economic growth in emerging markets. We are further strengthening our supply chain, including a new plant in Singapore, to build a more resilient supply framework. We actively participate in shaping international rules on issues such as food loss reduction and environmental regulations. This helps us build multi-layered barriers to entry. (➤ P. 33)

[Ecosystem co-creation business model]

SCAPOVA™ PVA microcarriers

We are co-developing cell culture processes with partner companies in the regenerative medicine field. By building a next-generation healthcare ecosystem centered on our core materials and playing a central role in that ecosystem, we aim to create a long-term, sustainable business. (➤ P. 42)

In the materials selection process, we have partnered with leading simulation software provider

Ansys (now part of Synopsys) to build a system that enables customers to seamlessly use our materials property data online from the design stage. By ensuring that Kuraray materials are integrated from the very beginning of the customer’s design process, we avoid direct competition and help shorten development timelines.

Through these initiatives, we aim to go beyond being a materials manufacturer and establish Kuraray as a provider of valuable solutions for our customers and society.

“One Kuraray”: Uniting Our Organization to Drive Structural Reform

The Kuraray Group encompasses a diverse range of businesses and has operations around the world. Each country and region has its own legal systems and market characteristics, and the competitive landscape differs for each business. Over-standardizing these processes across all sites runs the risk of undermining the unique strengths and competitiveness of each location.

To strengthen our organization, in response to changing conditions, we believe it is essential to continually refine the optimal balance between standardized foundations and the on-the-ground capabilities that showcase our unique strengths. What should be shared throughout the Group are our core principles, value creation processes, and formulas for success. When these elements are deeply embedded across the Company, decision-making at each site becomes faster.

Driving “One Kuraray” is not just about promoting slogans or ideals. It involves practical structural reforms that unite our global team and accelerate decision-making.

Top Statement

To this end, we launched the Kuraray Northstar Project to fundamentally revamp the organizational structure and business processes of our corporate divisions to support business growth. Kuraray has expanded through acquisitions in recent years, but overlapping functions and overly complex processes still remain. We will revisit these processes, clarify roles and responsibilities at the operational level, streamline decision-making, and strengthen organizational agility.

The THRIVE Project, which aims to build a global foundation for leveraging talent, is also part of this initiative. By standardizing evaluation criteria, leadership requirements, and talent management frameworks globally, we will enable the optimal placement of talent across borders and business units. (➤ P. 38)

The Board of Directors' Role in Sustaining Transformation

To ensure that reforms lead to sustained growth in corporate value, it is essential to strengthen the effectiveness of the Board of Directors.

In developing our Medium-Term Management Plan, "PASSION 2026," we went beyond rigorous discussions among executives and formed an expanded planning committee that included outside directors and auditors. Over the course of a year, this committee met more than a dozen times to review and refine the plan. Management took seriously tough questions and critical feedback from an array of outside perspectives, and is drawing on this input to thoroughly refine our strategies. Through this series of intensive discussions, we sharpened the focus of our strategies and gained confidence in their execution.

We are further deepening this process as we formulate the next Kuraray Vision for 2027 and beyond. We will face the current challenging business environment head-on and raise the quality of our discussions on how to achieve the next stage of growth.

Establishing a succession plan is essential for driving long-term, sustainable growth in corporate value. We have established a Corporate Advisory Committee as an advisory body to the Board of Directors. In addition to reviewing executive appointments and compensation, the committee holds in-depth discussions on succession planning for top management, including the quality and depth of the leadership talent pool.

We believe the Board of Directors' active involvement in shaping our future management framework will form the foundation for sustained trust in our long-term management. (➤ P. 62)

Turning Uncertainty into a Driver of Growth for the Next 100 Years

Under "Kuraray Vision 2026," the Kuraray Group is making steady progress as a Specialty Chemical Company that leverages unique technologies to benefit customers, society, and the planet. Within this fiscal year, we plan to set the direction for the next Kuraray Vision, looking ahead to 2027 and beyond. Aiming for even greater accomplishments, we will build on our core values of pursuing sustainability and embracing challenges, adding the agility needed to anticipate change.

We will capitalize on advanced technologies and materials expertise to address social challenges and drive long-term profit growth. We will use the profits

gained from these efforts to tackle our next challenges and pioneer new technologies.

Since our founding, our approach to value creation has centered on building a virtuous cycle in which generating profit and addressing social issues reinforce each other. We will continue to drive this cycle forward with determination.

The world is changing at an unprecedented pace. Geopolitical risks are becoming more pronounced, environmental regulations are growing increasingly strict, and generative AI is making rapid strides forward. Viewing changes in this kind of external environment as opportunities, we will drive transformation within the Kuraray Group for the next 100 years. This is my commitment as President.

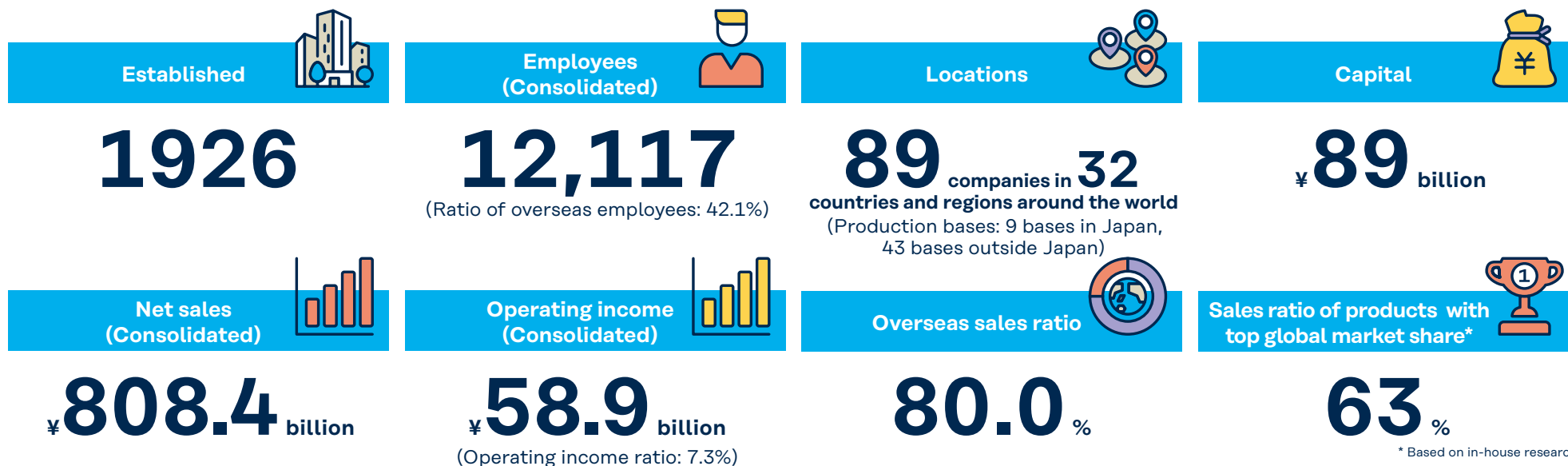
As we move through this historic turning point, we are embracing new challenges for the future. We kindly ask for the continued support of our shareholders, investors, and all stakeholders.

Hitoshi Kawahara

President and Representative Director



At a Glance (As of December 31, 2025)



Business Segments of the Kuraray Group

Vinyl Acetate

We manufacture and sell materials ranging from PVOH resin offering properties such as water solubility and high adhesiveness; PVOH film used in liquid crystal displays and soluble unit dose systems for detergent and other products; PVB film used as an interlayer for safety glass; SentryGlas™ ionoplast interlayers; to EVAL™ EVOH resin with high gas barrier properties.

Isoprene

We manufacture and sell isoprene chemical products made with a synthesizing method as well as SEPTON™ thermoplastic elastomer and GENESTAR™ heat-resistant polyamide resin, which are derivatives of isoprene chemical products.

Functional Materials

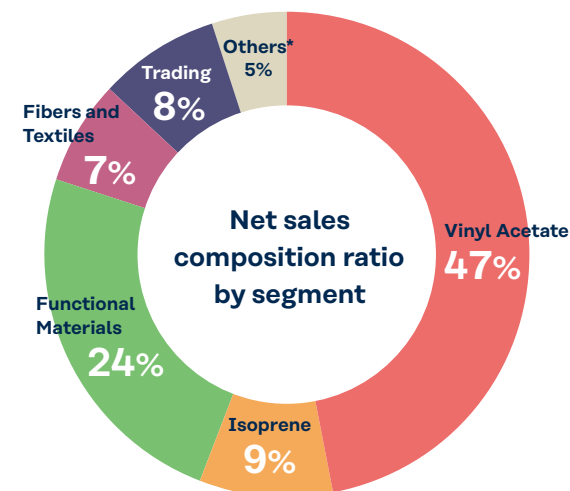
We manufacture and sell activated carbon whose high adsorption performance is used to purify air and water, hollow-fiber membrane modules, dental materials enabling restorations that closely resemble natural teeth, and methacrylic resin that offers excellent transparency and weatherability.

Fibers and Textiles

We manufacture and sell KURALON™ PVA fiber, which is mainly used in reinforcing cement building materials and in automotive components; CLARINO™ man-made leather, which has a structure and functionality similar to natural leather; VECTRAN™ liquid crystal polymer fiber, known for its high strength and low water absorption; meltblown nonwoven fabrics used as household and industrial products; and MAGIC TAPE™ hook-and-loop fastener.

Trading

In addition to the manufacture and sale of polyester and other fiber and textile products, we sell Kuraray Group products in Japan and other parts of Asia.



* Others indicates business segments not included in the reportable segments, including the engineering business.

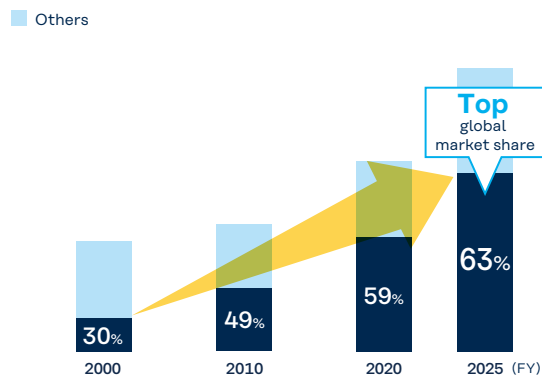
Products with Top Global Market Share, Products That Contribute to the Natural and Living Environments

At Kuraray, we use our unique technical strengths to create products that the world has never seen before. Starting with the world's first commercialization of PVA fiber, we moved on to produce PVOH resin, a raw material of PVA fiber; optical-use poval film, which is essential to liquid crystal displays; EVAL™ EVOH resin, featuring excellent gas barrier properties; and a lineup of various commercialized chemical products that use the world's only synthetic isoprene monomers as materials. Sales of products with top*1 global market share that we created using our unique technologies accounted for 63% of the Kuraray Group's total sales in 2025.

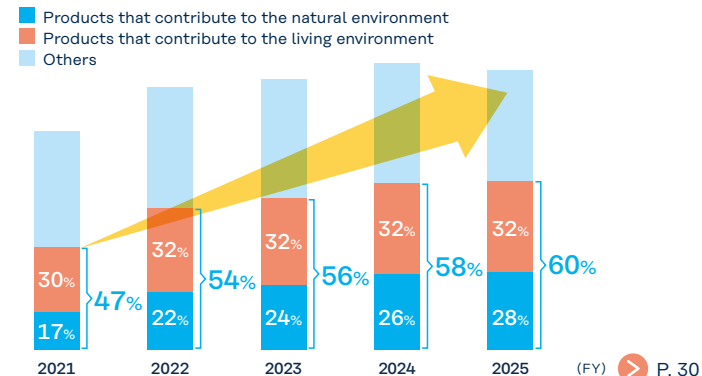
We are working to expand the lineup of these products, many of which also contribute to the Kuraray Group's mission of improving the natural and living environments, helping to bring about a sustainable society.

*1 Based on in-house research

Sales Ratio of Products with Top Global Market Share



Sales Ratio of Products That Contribute to the Natural and Living Environments



Products with Top Global Market Share



PVOH resin
(excluding China)



Optical-use poval film



Water-soluble PVOH film



EVAL™ EVOH resin
(ethylene vinyl alcohol copolymer)



SentryGlas™
ionomer sheet for structural glazing*2



Isoprene chemicals



GENESTAR™
heat-resistant polyamide resin



Activated carbon



KURALON™, KURALON K-II™
PVA fiber



VECTRAN™
liquid crystal polymer fiber

*2 In the high performance structural and stiff interlayer for the architectural glazing market

Diverse Products Supporting a Broad Array of Industries

Many of the Kuraray Group's products are used as materials in various applications, playing an important role in a wide range of industries and contributing to the realization of a sustainable society. This also means that the Group's diversified business structure, which does not rely on any specific sector, helps to ensure greater stability in its profit base.

Note: Applications are classified according to the Kuraray PSA assessment, which covers approximately 80% of net sales. The area of the circle is proportionate to net sales.



Paper & Packaging

Our high-function resins and films, with their excellent gas barrier properties and water and oil resistance, are used widely in paper coatings and in packaging materials for various products including foodstuffs, pharmaceuticals, and industrial and consumer goods.

Product examples

- PVOH, EVOH, and other barrier resins and films

Life & Personal Care

Our products bring convenience to everyday life, for instance in the water-soluble films used in soluble unit dose systems for detergent, methacrylic resins used widely in everyday articles and household fixtures, and functional fibers and hook-and-loop fasteners.



Product examples

- Water-soluble PVOH film
- Hook-and-loop fastener
- PVA fiber
- Methacrylic resin sheet



Electrical & Electronics Applications

We support the functions of everyday life with products such as optical films essential for the liquid crystal displays and resins used in the connectors of mobile devices, computers, servers, and other equipment.

Product examples

- Optical-use poval film
- Heat-resistant polyamide resin
- Methacrylic resin



Water & Air Purification

Kuraray's functional products that adsorb or filter out specific substances are used in household water purifiers, water purification plants and wastewater treatment facilities, exhaust gas treatment and air purifiers, and other water and air purification processes.

Product examples

- Activated carbon
- High-performance membrane module



Architecture & Construction

Our products drive technological innovation through improved product durability, for instance as interlayer material in safety glass, which provides great freedom in architectural design, and in the PVA fiber used to reinforce cement materials.

Product examples

- Ionoplast interlayers
- PVB film
- PVA fiber
- Water-soluble PVOH film



Healthcare & Medical



Dental Materials



Food & Beverage



Apparel & Fashion



Automotive & Transportation

Product examples

- EVOH resin
- PVB film
- Liquid rubber
- Heat-resistant polyamide resin

Our materials contribute to automobile safety and advanced functions in a wide range of applications such as the interlayer of windshields and the barrier material for fuel tanks, as well as in tires and a variety of connectors.



Adhesives & Sealants

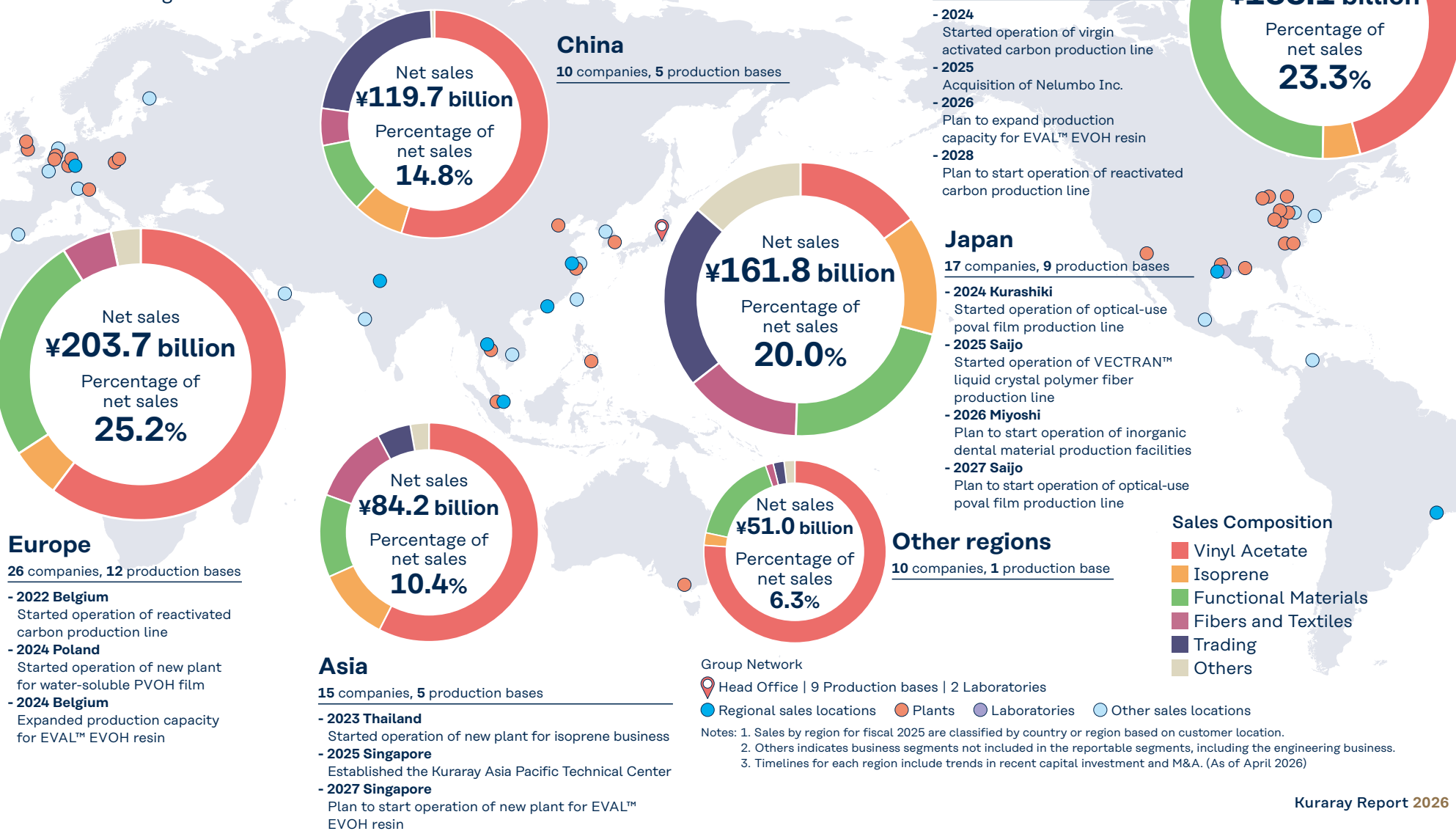


Compounding & Materials

Global Portfolio

Main Group Locations

The Kuraray Group has expanded its businesses globally under a principle of making and selling products in the best-situated regions. Our overseas network now includes 89 companies in 32 countries and regions, and sales outside Japan account for 80% of total sales. Going forward, we will continue to strengthen the global production and sales networks to meet the needs of countries and regions worldwide.



Toward Realizing the Vision

Contents

- 14** Starting Point of Value Creation
- 15** A History of Value Creation
- 17** Materiality
- 18** Value Creation Process
- 19** Capital Strengthening to Support Competitive Advantage
- 20** Roadmap for the Vision
- 22** Enhancing Our Business Portfolio
- 24** Toward Creating New Value

Starting Point of Value Creation

Corporate Statements

Our Mission

We are committed to developing new fields of business using pioneering technology that improves the environment and enhances the quality of life throughout the world.

“For people and the planet—to achieve what no one else can.”

Our Values



Respect for individuals
Close cooperation to attain shared goals
Constant creation of new value



Safety is the cornerstone of everything we do
Customers' needs are our top priority
We act on ideas in the workplace

Our Commitment

- We will constantly develop and provide safe, high-quality products and services.
- We will maintain a sound relationship with society through good communication.
- We will strive to preserve and improve the global environment, and to secure safety and health in all our workplaces.
- We will value all members of the Kuraray community and respect their rights.
- We will always conduct businesses in a free, fair and transparent manner.
- We will honor all intellectual property and secure data and information in a proper manner.

Corporate Tagline

kuraray
Possible starts here

**Possibility can change the world.
And it starts here.**

Since its founding, the Kuraray Group has taken on the challenge of solving social issues and creating new value through our business activities. We formulated the corporate tagline “Possible starts here” to express our unwavering corporate attitude as well as our desire to co-create value with society for a better future, starting with the Kuraray Group.

 Brand Story of the Kuraray Group

A History of Value Creation

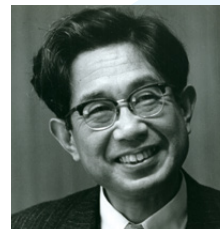
Our founder, Magosaburo Ohara, and second President, Soichiro Ohara, sought to build the business through technological innovation while emphasizing the importance of fulfilling the Company's social responsibilities, such as the response to environmental issues, focusing on addressing social issues through the Company's business activities. The Company's management possessed a pioneering spirit even before the phrase "corporate social responsibility" became mainstream, and that spirit continues being passed down as the Kuraray Group's foundational DNA today. Our pioneering products deliver new value to society and have found widespread use around the world.



Magosaburo Ohara
First President

"All the wealth gained from society should be returned to society."

Magosaburo Ohara established the Ohara Institute for Social Research, the Kurashiki Institute for the Science of Labour (now the Ohara Memorial Institute for Science of Labour) for the improvement and reformation of labor conditions, the Kurabo Central Hospital (now the Kurashiki Central Hospital), and the Ohara Museum of Art. These facilities contributed to the advancement of local medicine, welfare, education, culture, and people's standard of living.



Soichiro Ohara
Second President

"Any profit that a company might gain should be confined to those profits that come from technological innovation and from consideration of the social and economic benefits it brings to the entire nation."

Soichiro Ohara was among the first to mention corporate responsibility for emissions at a time when the word "pollution" was still a rarity. In 1950, he pioneered the commercialization of KURALON™ PVA fiber, the first synthetic fiber made in Japan using proprietary technology. He continued to help address social issues and advance economic development through business activities, such as the development and commercialization of CLARINO™, the world's first man-made leather to replace natural leather.

A History of Addressing Social Issues and Advancing Economic Development through Business Activities

	Historical context and social issues	Businesses and products that have helped to address social issues and advance economic development
1926–	<p>Ensuring sufficient daily commodities, developing social infrastructure</p> <ul style="list-style-type: none"> • World War II • Growth of heavy and chemical industry • High economic growth period • Oil crisis 	<p>Company founded with the aim of commercializing rayon, giving rise to Japan's first synthetic fiber, KURALON™ PVA fiber, and birth of a new business</p> <p>Kuraray was founded in 1926 as Kurashiki Kenshoku Co., Ltd. in Kurashiki City, Okayama Prefecture for the purpose of commercializing synthetic rayon. In the 1950s, Kuraray became the first company in the world to commercialize PVA fiber, the first synthetic fiber made in Japan. These synthetic fibers replaced arboreous cotton, helping to ensure a sufficient supply of fabric for clothing and other daily commodities. Since then, we have launched a series of new businesses, including PVOH resin, CLARINO™ man-made leather, EVAL™ EVOH resin, isoprene chemicals, and dental materials.</p>
1980–	<p>Making life more convenient and more comfortable</p> <ul style="list-style-type: none"> • Plaza Accord • Deregulation of telecommunications sector, privatization of national railways • Flourishing of the electronics industry • Bubble economy 	<p>Creating highly functional synthetic fibers</p> <p>We sought to diversify our business, focusing on the advantages of synthetic fibers, such as strength, weatherability, and resistance to chemicals. In 1983, as a substitute for asbestos, which poses a danger to health, we developed PVA fiber for cement reinforcement, entering into a long-term export agreement with a major European building materials manufacturer. We then developed VECTRAN™ liquid crystal polymer fiber, newly adding it to our product lineup of core fiber materials. In these and other ways, we worked to shore up the comprehensive strengths of the industrial materials business and speed up market development.</p>

A History of Value Creation

Historical context and social issues	Businesses and products that have helped to address social issues and advance economic development
<p>1990–</p> <p>Spread of the Internet, lifestyle changes</p> <ul style="list-style-type: none"> • Bursting of bubble economy • Spread of Internet and mobile phones • Adoption of Kyoto Protocol 	<p>Growth of telecoms business, overseas expansion of chemicals and resins businesses</p> <p>As the spread of the Internet and mobile phones was changing the way people lived, we developed VECSTAR™ liquid crystal polymer film, which supports faster communications. In 1999, we commercialized GENESTAR™ heat-resistant polyamide resin, anticipating brisk demand for use in electrical and electronic components for computers and mobile phones as well as automotive components. Meanwhile, in our chemicals and resins businesses, backed by strong product appeal, we increased sales overseas, expanded market share, and built a global production framework.</p>
<p>2000–</p> <p>Globalization, mounting environmental awareness</p> <ul style="list-style-type: none"> • Izanami Boom (2002–2008 economic expansion period in Japan) • Flourishing of IT and venture companies • Global financial crisis 	<p>Development of environmentally friendly products, expansion of vinyl acetate business through acquisitions</p> <p>In response to mounting global awareness of environmental issues, in the United States we started full-scale operation of a newly completed production line for SEPTON™ thermoplastic elastomer, used as a substitute for vulcanized rubber and vinyl chloride. In the vinyl acetate segment, we reinforced the value chain and scaled up the business through overseas acquisitions. Due to these measures, the Kuraray Group's unique technologies and products found widespread use throughout the world, leading to dramatic growth in the ratio of overseas sales.</p>
<p>2010–</p> <p>Realizing a sustainable society</p> <ul style="list-style-type: none"> • World population surpasses 7 billion • Paris Agreement • SDGs adopted by UN 	<p>Expansion of businesses, products that contribute to the natural and living environments</p> <p>Through ongoing overseas acquisitions and alliances, we achieved the global expansion of businesses and products that contribute to the natural and living environments, including activated carbon that aids in water and air purification, and PLANTIC™ biomass-derived gas barrier material that helps lower the logistical burden and reduce food loss.</p>
<p>2020–</p> <p>Era of change and challenges</p> <ul style="list-style-type: none"> • Spread of COVID-19 • Accelerating shift toward circular economy • Increasing geopolitical risks • Management conscious of cost of capital and stock price 	<p>Striving to enhance our business portfolio</p> <p>We aim to enhance our business portfolio by using the three axes of social and environmental value, economic value, and market growth potential to assess our businesses, with the added perspective of whether Kuraray is the best owner of a particular business. We are channeling resources into growth and expansion businesses such as EVAL™ EVOH resin, water-soluble PVOH film, SentryGlas™ ionoplast interlayers, GENESTAR™ heat-resistant polyamide resin, dental materials, activated carbon, and VECTRAN™ liquid crystal polymer fiber, as well as in base businesses such as optical-use poval film and Trosifol™ PVB film.</p>
<p>2026</p>	<p>Positioning efforts to address social issues as an engine for growth</p>

Materiality

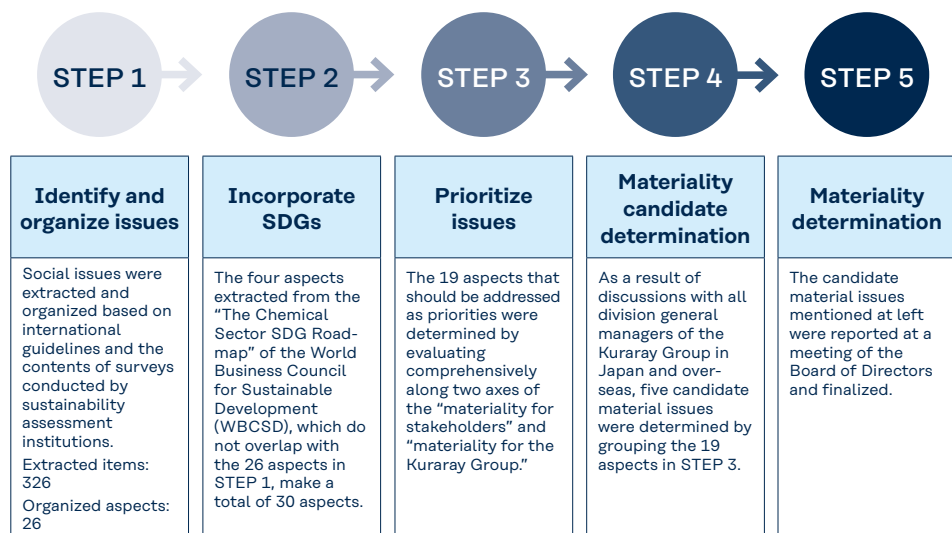
Promoting Business Activity with Materiality



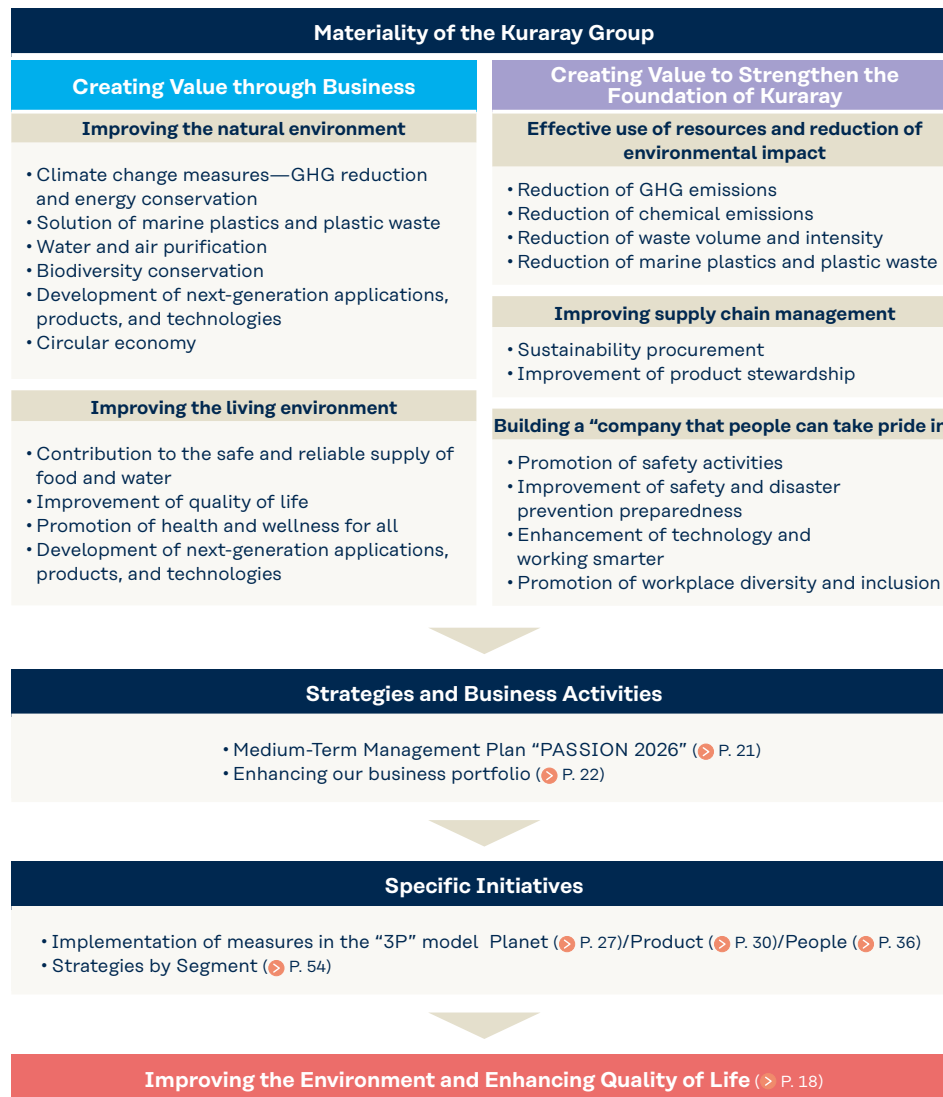
The Kuraray Group identifies issues of special importance as materiality, for the purpose of addressing social issues through its business activities and achieving sustainable growth. These issues serve as key guiding principles for our management decisions and business strategies. In 2019, based on the procedure to identify materiality shown below, we identified five material issues: improving the natural environment, improving the living environment, effective use of resources and reduction of environmental impact, improving supply chain management, and building a Company that people can take pride in. Each organization has formulated plans to address these issues, and the details of these plans are reflected in the initiatives and goals of our Medium-Term Management Plan "PASSION 2026." We will continue to identify and assess these issues on a regular basis in light of changes in the social environment and will review our materiality as needed.

The Kuraray Group's business activities rely on our relationships with a wide range of stakeholders, including customers and consumers, shareholders and investors, suppliers and business partners, our employees, and local communities and government agencies. We will continue to deepen dialogue and collaboration with these stakeholders to further enhance our business activities.

Procedure to Identify Materiality



"PASSION 2026" Initiatives Based on Materiality



Value Creation Process

To contribute to improving the environment and enhancing the quality of life through our business activities. This is the mission of the Kuraray Group.

Building on six kinds of capital and the pioneering technology we have cultivated over the years, we will seek sustainable growth and carry out our mission through initiatives set out in the Medium-Term Management Plan "PASSION 2026."

Our Mission

We are committed to developing new fields of business using pioneering technology that improves the environment and enhances the quality of life throughout the world.

"For people and the planet—to achieve what no one else can."

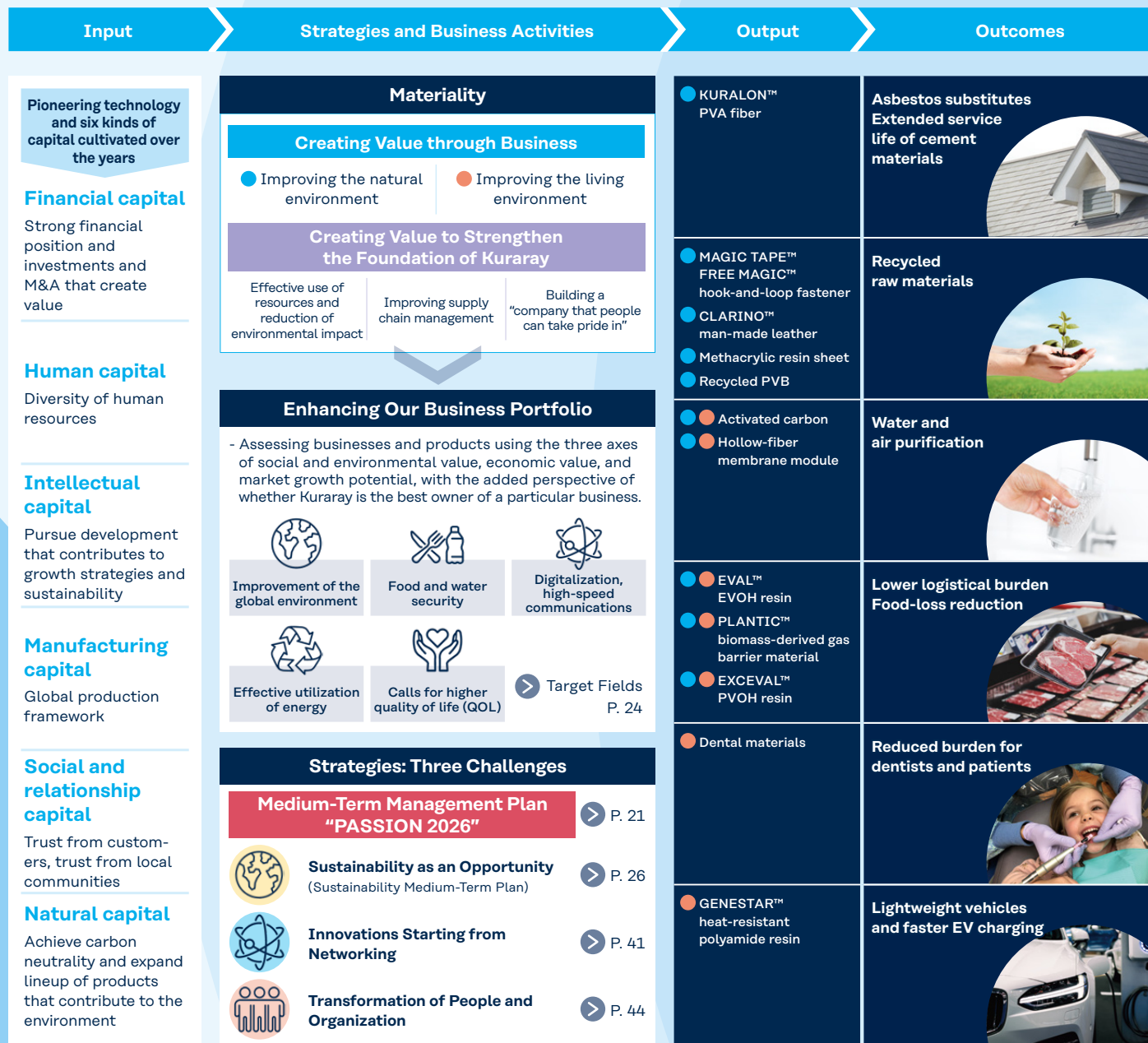
Vision

"Kuraray Vision 2026" Long-Term Vision

Specialty Chemical Company contributing to customers, society, and the planet and growing sustainably by incorporating new innovation platforms into its own technologies.

Sustainability Long-Term Vision

As a sustainability leader, Kuraray will develop innovative solutions with unique products and cleaner technologies to improve the natural environment and enhance quality of life for people everywhere.



Capital Strengthening to Support Competitive Advantage

Six capitals	Expansion of capital (FY2025 results)	Points to be reinforced during second half of "PASSION 2026"
<p>Financial capital While securing our ability to generate cash flow, we will invest in areas that contribute to the natural and living environments, working to expand profits and enhance capital efficiency.</p>	<ul style="list-style-type: none"> Net assets: ¥755.2 billion Equity ratio: 57.0% Capital investment: ¥106.8 billion (acceptance basis) ROIC: 5.1% • ROE: 1.0% EBITDA: ¥143.6 billion • EBITDA margin: 17.8% 	<p>Strengthening our ability to generate cash flow and improving capital efficiency to support growth investments —Appropriate financial management, strengthening management of each business by its ROIC, and increased shareholder returns through ongoing share buybacks</p> <p>Aggressive investment in areas that contribute to the natural and living environments —Expanding capacity to meet growing demand, including investments to reduce GHG emissions; expanding lineup of products that contribute to the natural and living environments</p> <p>FY2026 target ROIC: 8% EBITDA: ¥170 billion ROE: 10% (Reference) EBITDA margin: 23%</p>
<p>Human capital By encouraging the active participation of diverse human resources with various nationalities and backgrounds, we will create innovation and continuously enhance corporate value.</p>	<ul style="list-style-type: none"> Number of consolidated employees: 12,117 Ratio of overseas employees: 42.1% Ratio of female employees: 20.7% Ratio of female employees in managerial positions: 13.0% Diversity of core human resources^{*1}: 19% Ratio of females among new graduate hires General career track: 33%, Job/location-specific track: 24% Male employees taking childcare leave Percentage of male employees taking childcare leave: 103%, taking 14 days leave or more: 68% Global talent development^{*2}: 47% Executive candidate development^{*3}: 170% (P. 37) Participants in DX talent development program Gold 124, Silver 889, Bronze 6,117 (P. 45) 	<p>Unified platforms for HR management —Establishing globally unified employee grading system (for managers); human resources database (to visualize human resources status, leverage resources efficiently)</p> <p>Optimal staffing, encouragement of personal growth —Global mobility system (to expand career opportunities, invigorate human resources exchanges); global human resources development program; reworking the DX Talent Development Program to be more practical; systematically nurturing senior management candidates</p> <p>Culture that encourages those who take on challenges —Shift to personnel evaluation system that encourages those who take on challenges; promoting diversity and inclusion, spreading a culture that appreciates these values; making assistance programs available to support diverse workstyle options</p> <p>FY2026 target Male employees taking childcare leave Rate of taking childcare leave: 100%, taking 14 days leave or more: 90%</p> <p>FY2025-2026 target Ratio of females among new graduate hires Per year, 35% or more for general career track positions, 10% or more for job/location-specific track positions</p> <p>FY2030 target Diversity of core human resources^{*1}: 25% Global talent development^{*2}: 60% Executive Candidate Development^{*3}: 200%</p>
<p>Intellectual capital We will pursue the creation of new businesses by adding new elements to our core technologies in polymer and synthetic chemistry and focusing on addressing social issues.</p>	<ul style="list-style-type: none"> Number of researchers: 1,115 R&D expenses: ¥28.4 billion (P. 41) Ratio of R&D to sales: 3.5% 	<p>Development based on the customer perspective —Expanding activities of Innovation Networking Center (global marketing activities, collaboration inside and outside the Group)</p> <p>Resource allocation and development for high priority projects aimed at enhancing new business creation</p> <p>Development that contributes to carbon neutrality and a circular economy</p> <p>Promotion of digital-related measures, open innovation, and human resource development</p> <p>Planning and execution of intellectual property strategies —Clarifying and implementing a global intellectual property strategy aligned with business strategy</p>
<p>Manufacturing capital To maintain our competitiveness in global markets, we will further reinforce our framework for stable product supply based on the principle of making and selling products in the best-suited regions.</p>	<ul style="list-style-type: none"> Production bases in Japan: 9 Production bases outside Japan: 43 	<p>Reinforcing stable supply framework drawing on integrated production from the raw materials stage and global network</p> <p>Expanding production capacity (new and expanded facilities) —EVAL™ EVOH resin (new plant in Singapore, capacity expansion of existing plants in the U.S. and Europe); GENESTAR™ heat-resistant polyamide resin (second phase in Thailand), reactivated carbon (new plants and expansion at multiple locations), dental materials (expansion at Miyoshi and Niigata plants), optical-use poval film (expansion)</p> <p>Optimizing global logistics</p>
<p>Social and relationship capital We aim to achieve sustainable development by further deepening dialogue and co-creation grounded in our solid customer base and trusted relationships with diverse stakeholders.</p>	<ul style="list-style-type: none"> Number of investor meetings and briefings Institutional investors: approx. 250; Sell-side analysts: approx. 50; Management briefings (business briefings): 2; Individual investor briefings: 2 (P. 67) Coverage of sustainable procurement survey: 82.1% (P. 32) Safety audits (outside Japan) United States: 4, Asia: 2 (P. 40) Results of Global Process Safety Management Audits United States: 2 plants; Europe: 2 plants (P. 40) Conducted a survey as part of promoting human rights due diligence in Japan (P. 39) Social contribution activities (P. 39) 	<p>Building stronger relationships of trust with stakeholders</p> <p>Formulating human rights policy, implementing human rights due diligence</p> <p>Reinforcing safety activity management (gaining trust of local communities) —Forming Global Process Safety Management Audit Team made up of in-house experts from across the Group, launching activities</p> <p>Strengthening quality management (gaining customer trust)</p>
<p>Natural capital We aim to offer customers the products and services needed to realize a low-carbon and environmentally friendly society, manufacturing products in a way that minimizes environmental impact.</p>	<ul style="list-style-type: none"> Measures to address climate change —GHG emissions Scope 1, 2: 2,680 thousand tons-CO₂e Scope 3 (Category 1): 3,256 thousand tons-CO₂e (P. 28) Various measures for the ongoing reduction of environmental impact (P. 28) Sales ratio of products that contribute to the natural and living environments: 60% (P. 30) 	<p>Initiatives to counter climate change —TCFD-based disclosure; acquiring SBT (Science Based Targets) validation; use of internal carbon pricing system</p> <p>Targets for ongoing reduction in environmental burden —More efficient energy (energy saving), effective use of waste, effective use of water resources (excluding seawater), emission management of chemical substances</p> <p>Through use of Kuraray PSA system, expanding lineup of products that contribute to the natural and living environments, building a more sophisticated business portfolio</p> <p>FY2026 target Sales ratio of products that contribute to the natural and living environments: 60%</p> <p>FY2035 target GHG emissions Scope 1, 2: 63% reduction compared to FY2021 (from 2,896 thousand tons-CO₂e in FY2021 to 1,072 thousand tons-CO₂e) Scope 3 (Category 1): 37.5% reduction compared to FY2021 (from 3,630 thousand tons-CO₂e in FY2021 to 2,269 thousand tons-CO₂e)</p>

*1 Percentage of women, foreign nationals, mid-career hires in managerial positions in Japan, excluding production sites
*3 Ratio of candidates prepared for general managers equivalent positions

*2 Ratio of senior managers taking global leadership training

Roadmap for the Vision

Based on our mission, the Kuraray Group formulated the “Kuraray Vision 2026” long-term vision and the Sustainability Long-Term Vision, and we are implementing our Medium-Term Management Plan “PASSION 2026” to realize their aims.

As we seek further growth for the Group in 2026, we are also engaging in dialogue to define what we want to look like in our long-term vision for the next generation.

 Medium-Term Management Plan

Measures and Results of Past Management Plans

Previous Medium-Term Management Plan “PROUD 2020”

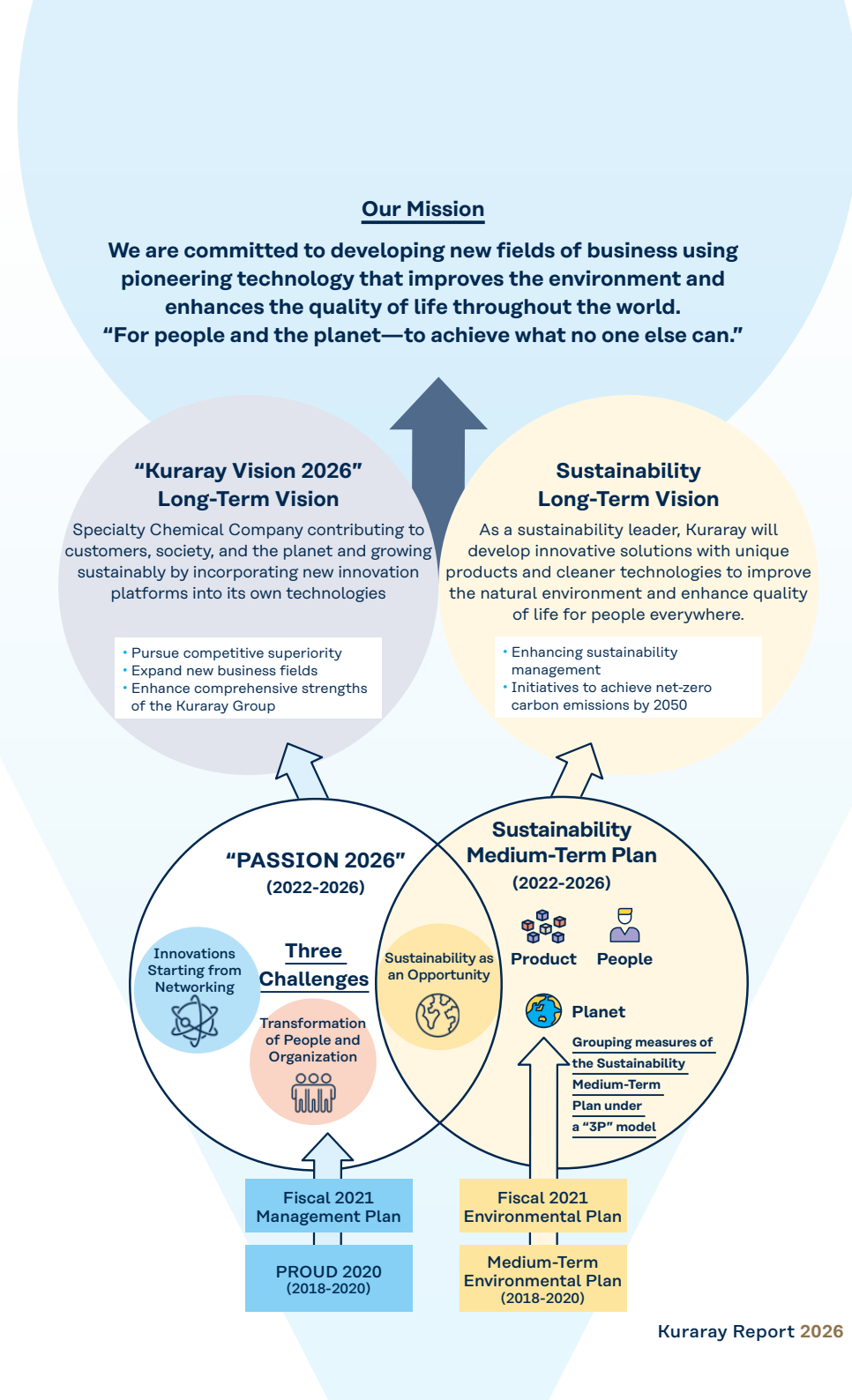
(2018–2020)

- **Pursue competitive superiority**
 - Acquired Calgon Carbon Corporation in the United States. Decided to expand production facilities for virgin activated carbon (United States) and reactivated carbon (Belgium)
 - Decided to invest in a new plant in Thailand for the isoprene business
 - Boosted production capacity for optical-use poval film (Japan), water-soluble PVOH film (United States), PVB film (South Korea), and SentryGlas™ ionoplast interlayers (Czech Republic)
- **Expand new business fields**
 - Expanded existing production capacity for VECSTAR™ liquid crystal polymer film (Japan)
 - Decided to invest in resin production facilities for PLANTIC™ biomass-derived gas barrier material (United States)
- **Enhance comprehensive strength of the Kuraray Group**
 - Generated integration synergies with the Environmental Solutions business (carbon materials)
 - Established Personnel Development Department for the purpose of reinforcing personnel development and handing down technical expertise
 - Promoted work-style reforms
- **Contribute to the environment**
 - Improved the natural environment: Expanded activated carbon business
 - Enhanced the living environment: Strengthened and expanded the EVAL business and Plantic businesses

Fiscal 2021 Management Plan*

- **Steadily implement capital investment decided in previous Medium-Term Management Plan “PROUD 2020”**
- **Expand the Environmental Solutions business (carbon materials)**
 - Further integrated operations after organizational consolidation. Steadily captured expanding demand by drawing on our ability to address environmental regulations
- **Increase production capacity of EVAL™ EVOH resin**
 - While tracking demand trends and business feasibility, explored candidate sites mainly in the Asian region
- **Promote digitalization across the entire Group**
 - Established the Global Digital Transformation (GDX) Office
- **Initiatives to create innovation**
 - Established the Innovation Networking Center

* Given uncertainties over the future of the global economy and the business environment in 2020 due to the COVID-19 outbreak, the Fiscal 2021 Management Plan was for a single year.



Roadmap for the Vision

Medium-Term Management Plan "PASSION 2026"

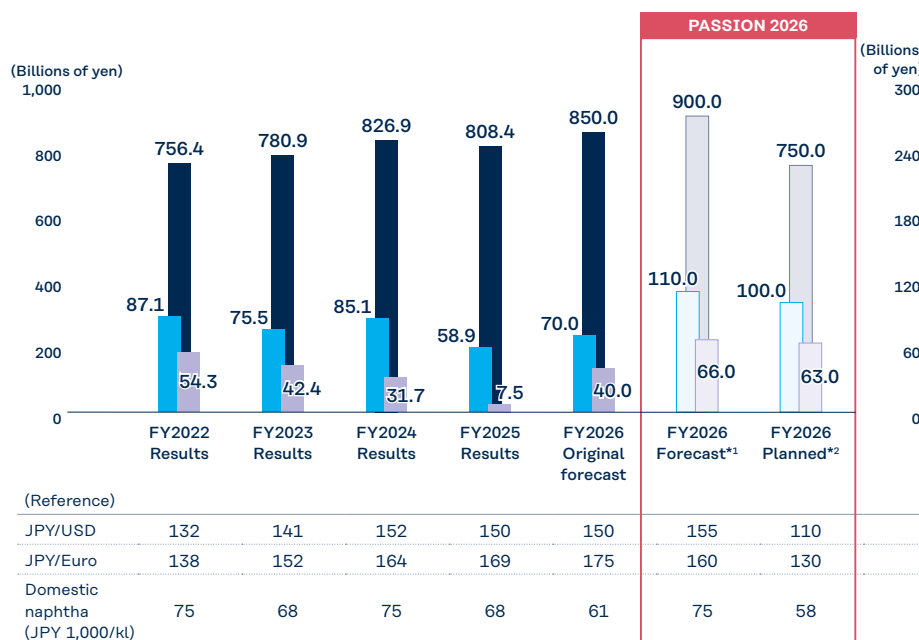
Based on our "Kuraray Vision 2026" long-term vision and Sustainability Long-Term Vision, the Kuraray Group is implementing "PASSION 2026," a five-year plan spanning fiscal 2022 to fiscal 2026. "PASSION 2026" identifies Three Challenges for the Kuraray Group in order to achieve sustainable growth in an era of unpredictability. These are: "Sustainability as an opportunity" (▶ P. 26), "Innovations starting from networking" (▶ P. 41), and "Transformation of people and organization" (▶ P. 44).

Given the current challenging economic environment, we expect our financial KPIs for fiscal 2026 to fall short of the targets set in our Medium-Term Management Plan. To improve our performance, we will enhance our business portfolio, focusing on growing businesses and expanding into new businesses.

For non-financial KPIs, we aim to obtain SBT validation in fiscal 2026, based on ambitious reduction targets for GHG emissions in Scope 1, 2, and 3 (Category 1), even as we continue to advance other initiatives.

Financial Results and Forecast during "PASSION 2026"

■ Net Sales (left axis) ■ Operating income (right axis) ■ Net income (right axis)



*1 Announced in Feb. 2025 *2 Announced in Feb. 2022

Financial KPIs

	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Results	FY2026 Original forecast	PASSION 2026	
						FY2026 Forecast*1	FY2026 Planned*2
ROIC	7.0%	6.2%	7.3%	5.1%	6%	9%	8%
EBITDA (Operating income + depreciation and amortization)	¥152.6 billion	¥152.6 billion	¥170.3 billion	¥143.6 billion	¥155.0 billion	¥186.0 billion	¥170.0 billion
ROE	9.0%	6.2%	4.3%	1.0%	5%	9%	10%
EBITDA Margin (reference)	20.2%	19.5%	20.6%	17.8%	18%	21%	23%

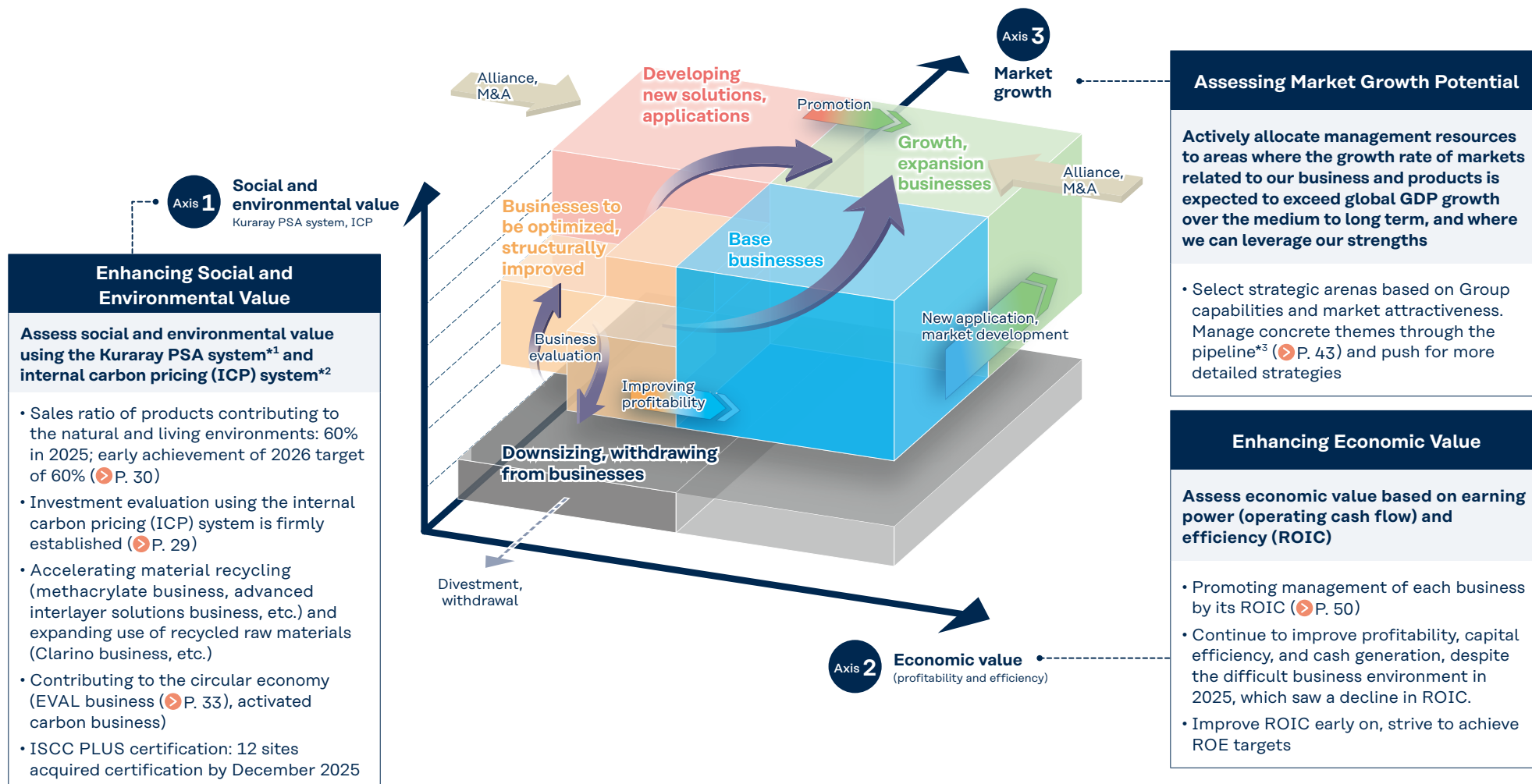
*1 Announced in Feb. 2025 *2 Announced in Feb. 2022

Non-Financial KPIs

		Benchmark	FY2025 results	Targets	
GHG emissions Scope 1, 2 (▶ P.28)	FY2021	2,896 thousand tons-CO ₂ e	2,680 thousand tons-CO ₂ e	FY2035	63% less than FY2021 (1,072 thousand tons-CO ₂ e)
GHG emissions Scope 3 (Category 1) (▶ P.28)	FY2021	3,630 thousand tons-CO ₂ e	3,256 thousand tons-CO ₂ e	FY2035	37.5% less than FY2021 (2,269 thousand tons-CO ₂ e)
Sales ratio of products contributing to the natural and living environments (▶ P.30)	FY2020	46%	60%	FY2026	60%
Diversity of core human resources (▶ P.37)	End Sep. 2021	12%	19%	FY2030	25%
Ratio of females among new graduate hires					
- General career track (FY2023 result)		34%	33%	FY2025 -FY2026	35% or more/year
- Job/location-specific track (▶ P.37)		23%	24%		10% or more/year
Male employees taking childcare leave					
- Rate of childcare leave-taking (FY2023 result)		83%	103%	FY2026	100%
- Rate of male employees taking 14 days leave or more (▶ P.37)		49%	68%		90%
Global talent development					
Ratio of senior managers taking global leadership training (FY2023 result) (▶ P.37)		40%	47%	FY2030	60%
Executive candidate development					
Ratio of candidates prepared for general managers equivalent positions (FY2023 result) (▶ P.37)		90%	170%	FY2030	200%
DX talent development program					
Total number of participants per class (FY2023 result) (▶ P.45)		Gold 44 persons Silver 163 persons Bronze 5,114 persons	Gold 124 persons Silver 889 persons Bronze 6,117 persons	As our efforts to foster a culture of continuous digital learning come to completion, we plan to transition to a new and more hands-on learning program.	

Enhancing Our Business Portfolio

We evaluate our business portfolio along three axes—social and environmental value, economic value, and market growth potential—while also applying a “best owner” perspective. Based on these evaluations, we allocate management resources in a strategically focused manner, aiming to transition to a business structure that can support sustainable growth.



*1 A system based on the Portfolio Sustainability Assessment (PSA), a highly objective and transparent product portfolio evaluation method established by the World Business Council for Sustainable Development (WBCSD)
 *2 A mechanism for creating economic incentives to reduce CO₂ emissions and save energy, promoting low-carbon investment and encouraging climate change response by setting an internal carbon price and using it to calculate the monetary cost of emissions
 *3 A system for selecting and evaluating ideas for innovation and effectively managing the process from conception to market launch

Enhancing Our Business Portfolio

Objectives of Enhancing Our Business Portfolio

- Use cash generated from base businesses and growth and expansion businesses to further promote the latter and develop new solutions and applications to drive the next phase of growth.
- In businesses to be optimized or structurally improved, formulate plans for improvement and restructuring and take measures to improve profitability.
- In light of market conditions and the business life cycle, consider downsizing or withdrawing from businesses that do not promise improvement in social, environmental, or economic value, optimizing resource allocation.
- Judge ownership of businesses also from the perspective of whether Kuraray is the best owner in view of their compatibility with the vision for the Kuraray Group.

Progress and Outlook of Specific Measures in Each Area during and after “PASSION 2026”

	Growth, expansion businesses	Base businesses	Developing new solutions, applications	Businesses to be optimized, structurally improved
	EVAL™ EVOH resin, water-soluble PVOH film, SentryGlas™ ionoplast interlayers, GENESTAR™ heat-resistant polyamide resin, dental materials, activated carbon, VECTRAN™ liquid crystal polymer fiber	PVOH resin, optical-use poval film, Trosifol™ PVB film	Sustainable raw materials, polymer materials recycling, semiconductor manufacturing process solutions, cell culture solutions, PFAS*-free solutions, electronics materials	Parts of the Isoprene, Methacrylate, and Fibers and Textiles businesses
FY22-25	<ul style="list-style-type: none"> • Increase capacity in EVAL™ (plants in Europe and the United States) • Increase capacity in dental materials (Miyoshi) • Acquisition of activated carbon (industrial reactivated carbon) business • Establishment of a new technical center in Singapore 	<ul style="list-style-type: none"> • Expansion of optical-use poval film (Kurashiki) • Prioritizing investment in safety measures and maintenance and renewals to build a more stable production framework 	<ul style="list-style-type: none"> • Establishment of a new laboratory specializing in cell culture (life innovation area) • Signed a business and capital alliance agreement with Cyfuse Biomedical K.K. in the field of regenerative medicine • Acquired Nelumbo Inc. (United States) • Development of sustainable raw materials including recycled ones and solutions to reduce environmental impact and promotion of market research 	<ul style="list-style-type: none"> • Optimizing production capacity in the methacrylate business • Restructuring the nonwoven fabric business (withdrawal from dry-type, reduction of meltblown) • Restructuring the polyester business
FY26 onward	<ul style="list-style-type: none"> • Capture demand by leveraging strengths such as product and global supply capabilities • Increase capacity (dental materials, recycled activated carbon, GENESTAR™, SentryGlas™) • Start production at the new EVAL™ plant in Singapore • Consider M&A • Strengthen stable supply system by investing in safety measures, maintenance, and renewal 	<ul style="list-style-type: none"> • Strengthening the business foundation by further improvement of cost competitiveness and maintaining and renewing facilities • Expansion of optical-use poval film production (Saijo) 	<ul style="list-style-type: none"> • Commercialization of biomass-derived battery materials • Continue to explore and develop themes that will lead to a reduction in environmental impact (micro-plastic reduction, PFAS* free) 	<ul style="list-style-type: none"> • Improve profitability in Isoprene business • Improve profitability in Fibers and Textiles business
	Divestment or withdrawal businesses			
	• Artificial marble, biocarrier for wastewater treatment, ballast water management, golf courses, bone-graft substitutes, diatomite and perlite, KURARITY™ acrylic thermoplastic elastomer, VECSTAR™ FCCL flexible copper clad laminate, real estate (Takarazuka Nakayamadai New Town), stampers, transfer of a Chinese subsidiary producing methacrylic resin sheets, share transfer for Okayama Rinkoh Co., Ltd.			

* Per- and polyfluoroalkyl substances (organic fluorine compounds)

Toward Creating New Value

The Kuraray Group considers the products, technologies, and services we offer in light of various macro trends, clarifying social issues needing to be addressed and setting target fields to address them.

By channeling management resources into businesses and products related to these areas, and by exploring strategic acquisitions and corporate alliances, we will work to grow existing businesses and generate new businesses.

Our initiatives

Trend 1 Improvement of the global environment

Environmental-load reduction

- Air and water purification ▶ • Adsorption, filtering
- Reduce microplastics ▶ • Biodegradable polymers
• Functional enhancement of paper products
- Circular economy ▶ • Shift to mono-materials* (Feature P. 33)
• Circular business models
• Capitalizing on recycled raw materials

Global warming prevention

- Reduce GHG emissions ▶ • Promote the use of bio-based materials
• Contribute to weight reductions
• Conversion to alternative fuels, higher efficiency
- GHG capture ▶ • Separation and capture
- GHG utilization ▶ • Consider applications for Enhanced Oil Recovery (EOR)
• Polymer synthesized from CO₂

Trend 2 Food and water security

- Food-loss reduction ▶ • Prolongation of shelf life (Feature P. 33)
- Improve agricultural productivity ▶ • Materials for insect prevention and seed coating
- Safe water supply ▶ • Removal of PFAS, organic fluorine compounds

* Materials comprised of single material, rendering them easier to recycle

Trend 3 Digitalization, high-speed communications

- Electric and electronic device materials ▶ • Electronic devices and circuit substrates
• Semiconductor manufacturing equipment-related
- High-speed telecommunications device materials ▶ • Mobile data terminals (electromagnetic wave shields)
• 5G telecommunication device-related

Trend 4 Effective utilization of energy

- Materials for energy storage devices ▶ • Secondary batteries (anode materials, etc.)
- Energy-related materials ▶ • Wind power-generation materials
- Materials for electric and electronics devices ▶ • Next-generation vehicles (high-voltage parts)

Trend 5 Calls for higher quality of life (QOL)

- Medical and healthcare ▶ • Dental materials
• Cell culture solutions
- Beauty goods and living supplies ▶ • Water-soluble films for individual product packaging
• Sanitary goods
- Improve indoor and in-vehicle environments ▶ • Air purification
• Highly functional displays
• Vibration control sealants
• Interior parts (car seats, etc.)

Three Challenges


Contents

26 Our Challenges 1


Sustainability as an Opportunity

27 - Planet

30 - Product

33  Special Feature
Initiatives for Sustained Growth
through the EVAL Business

36 - People

38  Special Feature
One Kuraray, One HR:
Implementing THRIVE,
an HR Transformation Project

41 Our Challenges 2

Innovations Starting from Networking

44 Our Challenges 3

Transformation of People and Organization

46  Dialogue
Kuraray's Future
Value Creation:
The Convergence of R&D and
Digital Transformation

Sustainability as an Opportunity

The Kuraray Group operates with the conviction that sustainability initiatives will lead to the prosperity of society. We will harness our highly unique technologies and products to improve the natural environment and enhance the quality of life for people everywhere.



Sustainability Long-Term Vision and the “3P” Model

Considering sustainability to be one of our most critical management strategies, the Kuraray Group established the Sustainability Long-Term Vision to express our commitment to pursuing sustainability across the entire Group. To realize this vision, under the Medium-Term Management Plan “PASSION 2026,”

Sustainability Long-Term Vision Sustainability Medium-Term Plan

sustainability-related measures are summarized in the Sustainability Medium-Term Plan and grouped into three Ps: Planet, Product, and People. By steadily moving forward with the various measures indicated under the “3P” model, we are striving to bring about the prosperity of both society and the Kuraray Group.

“PASSION 2026” Priority Issue Targets and Fiscal 2025 Results

“3P” Model	Priority Issues and Indicators		Benchmarks	FY2025		FY2026		After 2027
				Targets	Results	Targets	Medium-Term Plan	Medium- to Long-Term Plan
Planet > P.27	GHG emissions	Scope 1, 2	2021 emissions: 2,896 thousand tons-CO ₂ e	2,896 thousand tons-CO ₂ e or less	2,680 thousand tons-CO ₂ e	2,896 thousand tons-CO ₂ e or less		2035: 63% reduction compared to 2021 2050: Carbon net zero
		Scope 3 (Category 1)	2021 emissions: 3,630 thousand tons-CO ₂ e	—	3,256 thousand tons-CO ₂ e	—		2035: 37.5% reduction compared to 2021
Product > P.30	Sales ratio of products that contribute to the natural and living environments		2020: 46%	61%	60%	60%	60%	—
	(Of which, Sales ratio of natural environment contributing products)		(16%)	(28%)	(28%)	(28%)	(27%)	—
	(Of which, Sales ratio of living environment contributing products)		(30%)	(33%)	(32%)	(32%)	(33%)	—
	Ratio of PSA-screened products to total sales		—	83%	82%	83%	—	—
People > P.36	Occupational injury	A and B rank occupational injuries*1	2021: 3 cases	Zero	6 cases	Zero		—
		Frequency rate of all occupational injuries*2	2021: 2.89	1.6 or less	2.63	1.3 or less		—
	Process safety	A, B, and C rank accidents and troubles*3,4	2021: 3 cases	Zero*4	12 cases	Zero*4		—
		D ₁ and D ₂ rank accidents*5	2021: 7 cases	3 cases or less	14 cases	3 cases or less		—
	Diversity and inclusion	Global measures	—	-Develop personnel database and promote personnel recruitment -Promote global mobility	-Promoted project for database creation -Implemented short-term overseas assignment system and continued support for employees in overseas companies -Rolled out global D&I training for managers	-Develop personnel database and promote personnel recruitment -Promote global mobility		—
Ensuring diversity of core human resources*5		End of September 2021: 12%	16%	19%	20%		2030: 25%	

*1 Evaluation ranking of occupational injuries using Kuraray’s proprietary system. Four ranks in order of seriousness: A > B > C > D.

*2 Frequency rate of all occupational injuries: Number of all occupational injuries (lost time and no lost time injuries) per million working hours.

*3 Evaluation ranking of process accidents and troubles using Kuraray’s proprietary system. Five ranks in order of seriousness: A > B > C > D₁ > D₂.

*4 From fiscal 2025, in addition to zero process accidents in ranks A, B, and C, we aim to achieve zero process troubles in ranks A, B, and C, which is our medium-term plan.

*5 Ratio of managers in Japan who are women, foreign nationals and mid-career hires, excluding production sites

Our Approach to Environment

 Environmental Management

We believe it is vital for the Kuraray Group as a Specialty Chemical Company to provide the world with the products and services needed to realize a low-carbon, low-environmental-impact society, as well as manufacture those products with as little environmental impact as possible. Guided by this philosophy, we continue to help conserve the environment in our global manufacturing activities, including through measures to address global warming, the reduction of chemical substance emissions, and the effective use of resources.

Environmental Management System

The Kuraray Group has established the Kuraray Group Environmental Policy, and is promoting environmental conservation activities. Based on the Kuraray Group Environmental Activity Management Rule, these activities are carried out for constant improvement according to the PDCA cycle at Kuraray's plants and subsidiaries. These plants and subsidiaries have acquired ISO 14001 (Environmental Management Systems) certification and are steadily operating ISO 14001 systems.

Kuraray Group Environmental Policy

- 1 We give maximum consideration to the environment in conducting our business operations.
- 2 We conduct perpetual environmental improvement activities.
- 3 We develop technologies and products which contribute to improvement of the environment.

Initiatives to Reduce GHG Emissions

 Responding to Climate Change

In 2025, Kuraray Group reduced its Scope 1 and 2 GHG emissions year on year through energy conservation and the increased use of renewable energy. As a result, the Group achieved its target of maintaining emissions at or below the 2021 level, despite the full-scale operation of new production facilities in Thailand and Poland.

In addition to purchasing conventional unbundled energy attribute certificates (renewable energy certificates*¹), we are promoting the shift of our purchased electricity to renewable electricity through initiatives that include entering into a virtual power purchase agreement (VPPA) in the United States. At the same time, we are working to reduce GHG emissions by improving production yields across our products and implementing energy-saving measures. Meanwhile, we are exploring Carbon dioxide Capture, Utilization, and Storage (CCUS*²) to deal with the CO₂ released as a by-product in the manufacture of coal-based activated carbon in the United States.

In 2025, we analyzed the exhaust gas components emitted from Calgon Carbon Corporation's plant and furthered studies of the design of CO₂ capture equipment. We are also continuing to investigate the eligibility criteria for the U.S. Inflation Reduction Act (IRA) and conducting cost estimates.

The GHG emissions for Scope 3 remained at the same level as the previous year. Meanwhile, due to the expansion of the calculation boundary for purchased goods and services (Category 1), prior-year data for Category 1 and Category 4 (upstream transportation and distribution) were revised retrospectively.

The Kuraray Group also submitted a letter of commitment to the SBT Initiative in February 2025 and is aiming to obtain SBT*³ validation.

*1 Renewable energy certificates document the environmental value and attributes of electricity derived from renewable sources and are to be traded separately from the physical flow of electricity.

*2 Carbon dioxide Capture, Utilization, and Storage: An initiative to utilize or store CO₂ separated from exhaust gas from industrial facilities.

*3 Science Based Targets: GHG emissions reduction targets set by business entities that are in line with the level required by the Paris Agreement.

TOPICS

Virtual Power Purchase Agreement (VPPA) in the United States

Kuraray Holdings U.S.A., Inc., acting as the contracting party, entered into a 10-year virtual power purchase agreement (VPPA)* that started in October 2025, through Tokyo Gas America Ltd., a U.S. subsidiary of Tokyo Gas Co., Ltd., with the aim of shifting to renewable energy in the United States. This agreement will secure the equivalent of 300 GWh of renewable energy certificates annually, and we expect to reduce GHG emissions associated with approximately 40% of the Kuraray Group's total electricity consumption.

* A contract in which environmental value, in the form of renewable energy certificates, is purchased without directly receiving electricity from a renewable energy company.



Left: Aktina Solar Power Plant (owned by Tokyo Gas America Ltd.)
Right: Kuraray America's Bayport Plant

Sustainability as an Opportunity —Planet—

Environmental Performance

Reduction of Environmental Impacts

Activity	Sustainability Medium-Term Plan for Planet: Environmental Impact Reduction Targets (FY2022–FY2026)		FY2025 Results
GHG emissions	Kuraray Group in Japan and outside Japan:	Scope 1, 2: 2,896 thousand tons-CO ₂ e or less (63% reduction compared to 2021 by 2035)	Scope 1, 2 emissions: 2,680 thousand tons-CO ₂ e (2021: 2,896 thousand tons-CO ₂ e)
		Scope 3: Identify categories that account for more than two-thirds of Group-wide emissions; formulate reduction targets for 2024 and 2026	For Category 1, which produces two-thirds of the entire Group's emissions, the 2035 goal is to reduce emissions by 37.5% compared to 2021 (3,630 thousand tons-CO ₂ e) (2025 emissions: 3,256 thousand tons-CO ₂ e)
Improved energy efficiency (energy conservation)	Kuraray Group in Japan and outside Japan:	Sales intensity of energy consumption: Reduction of 5% or more in 2026 compared to 2019 (improvement)	Sales intensity of energy consumption: 15.0% reduction compared to 2019 (improvement)
Effective use of waste	Kuraray Group in Japan and outside Japan:	Sales intensity of waste generation: Reduction of 5% or more in 2026 compared to 2019 (improvement)	Sales intensity of waste generation: 39.1% reduction compared to 2019 (improvement)
Effective use of water resources (excluding seawater)	Kuraray Group outside Japan:	Sales intensity of water usage (excluding seawater): Reduction of 5% or more in 2026 compared to 2019 (improvement)	Sales intensity of water usage (excluding seawater): 13.2% reduction compared to 2019 (improvement)
Emission management of chemical substances	Kuraray Group in Japan:	Chemical substance emissions: Management of emissions below the actual value for 2019	Chemical substance emissions: 722 tons (2019: 967 tons)
	Kuraray Group outside Japan:	Compliance with chemical substance emission regulations in each country / region where overseas production sites are located, and continue quantitative control	Quantitative controls were implemented to ensure compliance with chemical substance emission regulations; however, two environmental accidents occurred. These accidents were addressed in line with regulatory instructions, and measures were implemented to prevent recurrence.

Scope 1, 2 GHG emissions trend*1 (Kuraray Group*2)

Unit: Thousands of tons-CO₂e

See the website for detailed data on Scope 1, 2



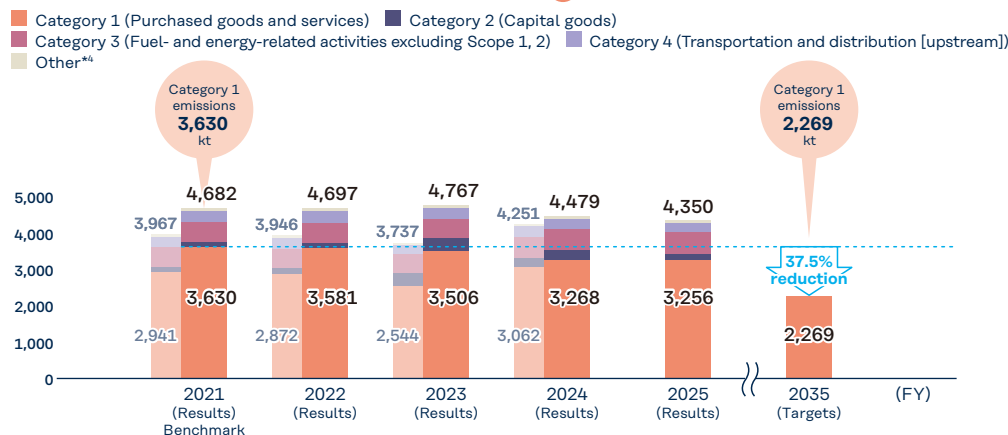
*1 For 2021–2024, the number on the left represents uncorrected emissions, and the number on the right represents corrected emissions.

*2 Kuraray and its 31 consolidated manufacturing subsidiaries (as of December 31, 2025)

Scope 3 GHG emissions trend by category*1 (Categories 1–7, Kuraray Group*3)

Unit: Thousands of tons-CO₂e

See website for detailed data on Scope 3



*3 Kuraray and 66 of its consolidated subsidiaries (total consolidated subsidiaries: 67, as of December 31, 2025)

*4 This includes categories 5 (Waste generated in operations), 6 (Business travel), and 7 (Employee commuting).

Revisions Related to GHG Emissions

With reference to Scope 1 and 2, we refined our activity data and emission factors to ensure greater accuracy in addition to improving the accuracy of calculating the amount of by-product CO₂ released during the production of virgin activated carbon at Calgon Carbon Corporation, while taking into account feedback received from a third-party during the preparation for voluntary assurance. We also expanded the coverage of emissions under Scope 3. As a consequence, we have retroactively revised the results from 2024 back to 2021, which serves as the base year for our GHG emissions reduction targets.

- Improved accuracy of calculating the amount of by-product CO₂ released in Calgon Carbon Corporation's virgin activated carbon production process, etc. (reduction in Scope 1)
- Revision of emission factors for purchased steam at U.S. production sites, and adjustment of energy units for purchased steam at overseas production sites, etc. (increase in Scope 2)

- Revision of emissions from certain raw materials (reduction in Scope 3, Category 1)
- Expansion of the scope of goods and services included in the calculation (increase in Scope 3, Category 1)
- Revision of emission factors (reduction in Scope 3, Category 1)
- Revision of Category 4 in conjunction with the increased scope of calculation for Category 1 (increase in Scope 3, Category 4)

Disclosure Based on TCFD Recommendations

 Response to TCFD Recommendations

In November 2020, the Kuraray Group endorsed the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD^{*1}) in recognition of the importance of climate change control as a critical issue to be addressed. We disclose the Kuraray Group’s initiatives on climate change in line with the four recommended areas of disclosure content under the TCFD framework (i.e., Governance, Strategy, Risk Management, Metrics and Targets).

The Kuraray Group conducted an analysis of major risks and opportunities across the entire Group using the below 2°C scenario (including the 1.5°C scenario), in which the shift to a low-carbon society accelerates, as well as the 4°C scenario, in which climate change continues to progress (see table on the right).

In terms of Transition Risk to a low-carbon society, our analysis indicates that carbon taxes and other levies on GHG emissions and energy procurement under the below 2°C scenario could have a significant impact. Even after completing all planned GHG reduction measures by 2035, operating costs could still increase by approximately ¥26 billion due to carbon taxes and other levies. Under the current Medium-Term Management Plan “PASSION 2026,” we have introduced an internal carbon pricing system and recognize the amount of levy and other fees on GHG emissions, and we are committed to reducing GHG emissions, improving energy efficiency, and expanding our operations that limit GHG emissions. We have also developed the Kuraray Portfolio Sustainability Assessment (PSA) system, based on the PSA methodology established by WBCSD^{*2}, which ensures a high level of objectivity and transparency in evaluating product portfolios. Through this system, we aim to expand products that contribute to the natural and living environments and to promote the incorporation of the market value created by these environmentally beneficial products into the pricing of our products and services.

Adoption of Internal Carbon Pricing (ICP) System

We will use this system in multiple ways as we aim to reach the goal of net-zero carbon emissions, including as an incentive to promote capital spending that leads to energy conservation, as a means of identifying profit opportunities and risk, and as a social and environmental value indicator for evaluating businesses and making investment decisions (➤ P. 22)

Internal carbon pricing ¥10,000/ ton-CO₂e
(calculated using internal exchange rates overseas)
Effective from January 1, 2022

Business Impact of the Kuraray Group’s Major Risks and Opportunities in Climate Change Scenarios

Blue font: Profit Red font: Loss

Large ≥ ¥10 billion ¥10 billion > Medium ≥ ¥1 billion ¥1 billion > Small

Risks and opportunities	Business impact	FY2035 Scenario		
		4°C	Below 2°C	
Transition Risk to low-carbon society	Decrease in revenue due to payment of carbon taxes and other levies on GHG emissions and energy procurement	Costs due to carbon taxes and other levies ^{*3}	Medium Large	
		Change in purchase cost of fossil fuels/oil-derived raw materials	Small Medium	
		Change in utility costs (electricity)	Small Small	
	Impact of achieving GHG emission reduction initiative targets	Expanding business of renewable energy and energy-saving products	Carbon taxes and other levies avoided by GHG emissions reduction initiatives	Medium Large
			Increase in operating income for energy-saving products	Medium Medium
			Increase in operating income for biomass-derived products	Small Medium
			Increase in operating income for recyclable plastic products	Small Medium
			Increase in operating income of food packaging materials	Medium Large
Increase in operating income for electric mobility-related products			Small Small	
Decrease in operating income for automotive fuel and intake-related products			Medium Medium	
Physical Risk due to climate change	Increased damage to plants and decline in production capacity or shutdowns due to flooding in areas near oceans and rivers	Damage to assets and decrease in operating income due to flooding	Medium Medium	
		Increase in labor costs	Small Small	
		Increase in operating income for activated carbon used in water purification	Medium Small	

^{*1} TCFD: established by the Financial Stability Board (FSB) to explore the disclosure of climate-related information and how financial institutions should respond in this area.

^{*2} World Business Council for Sustainable Development.

^{*3} Below 2°C scenario (including 1.5°C scenario): \$180/ton-CO₂e for advanced economies, \$125/ ton-CO₂e for emerging economies declared net zero emissions, and \$50/ton-CO₂e for emerging economies; 4°C scenario: \$145/ton-CO₂e for EU, \$43/ton-CO₂e for China, and \$65/ton-CO₂e for Korea based on the World Energy Outlook 2024 (IEA).



Product

Evaluation of Product Contributions with the Kuraray PSA System

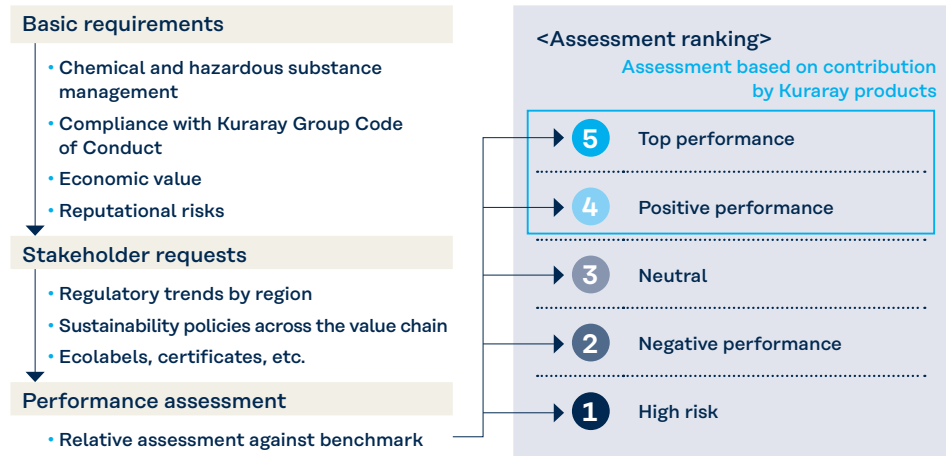
➤ PSA (Portfolio Sustainability Assessment) System

As part of the Kuraray Group’s materiality (➤ P. 17), we have identified improving the natural environment and improving the living environment through our business activities. To evaluate products and technologies that contribute to the natural and living environments and to build a sustainable product portfolio, we developed the Kuraray PSA System based on the Portfolio Sustainability Assessment (PSA) established by the WBCSD*1, an objective, transparent, and consistent evaluation method, and began screening in 2021. In 2025, we began revising our evaluation criteria in line with updates to the WBCSD guidelines.

Under the Kuraray PSA System, each combination of product, application, and region is defined as a single evaluation unit (PARC*2). Using a five-level scale, we evaluate factors such as basic requirements, social and regulatory trends reflecting stakeholder demands, and the relative contribution of products to the natural and living environments compared with benchmark products in terms of performance evaluation. Products in the top two ranks are classified as products that contribute to the natural and living environments, and we are aiming to increase the sales ratios of such products.

*1 World Business Council for Sustainable Development
*2 Product-Application-Region Combination

Assessment of Contribution Using Kuraray PSA System



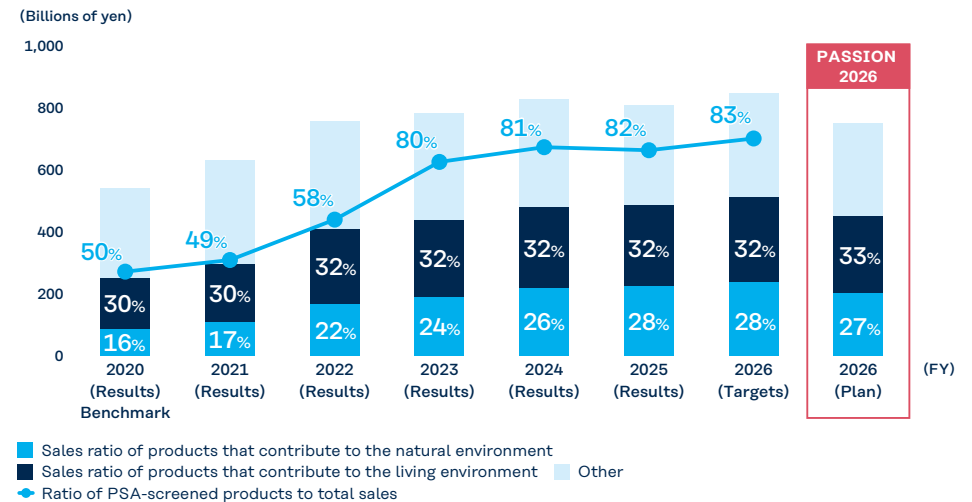
Expanding Products That Contribute to the Natural and Living Environments

The Kuraray Group will contribute to addressing the issues identified as its materiality through products that contribute to the natural and living environments, as evaluated by the Kuraray PSA System. In “PASSION 2026,” we set a target for the ratio of net sales from products that contribute to the natural and living environments as an indicator. At the same time, we are also aiming to improve the PSA screening ratio across all Kuraray Group products.

In 2025, the ratio of net sales from products that contribute to the natural and living environments and the PSA screening ratio were 60% and 82%, respectively, slightly below the targets for 2025; however, both showed growth compared with 2024 results. In addition, we achieved the “PASSION 2026” final-year target for the ratio of net sales from products that contribute to the natural and living environments ahead of plan.

Going forward, we will seek to link the Kuraray PSA System with financial information such as profitability and non-financial information such as GHG emissions, contributing to the further enhancement of our business portfolio.

Net Sales Ratio of Products That Contribute to the Natural and Living Environments and PSA Screening Ratio



Sustainability as an Opportunity —Product—

Kuraray Group Products That Contribute to the Natural and Living Environments

Improving natural environment

Asbestos Substitutes

- KURALON™ PVA fiber



- Extended service life of cement materials
- Lower GHG emissions compared to competing products

Recycled Raw Materials

- MAGIC TAPE™ FREE MAGIC™ hook-and-loop fastener




- Mono-material
- Use of recycled materials (RCS-certified*1)

- CLARINO™ man-made leather
- Methacrylic resin sheet




- Recycled PVB



- Reduction of CO₂ emissions from laminated glass

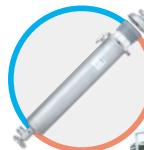

Water and Air Purification

- Activated carbon




- Safe water supply (removal of PFAS*2)
- Easy to reactivate
- Suitable for environmental regulations

- Hollow-fiber membrane module

- Water purification
- Effective utilization of energy (concentration of valuable materials/bioprocesses)

Lower Logistical Burden, Food Loss Reduction

- EVAL™ EVOH resin




- Recyclable
- Reduces food loss

- PLANTIC™ biomass-derived gas barrier material




- Reduces Scope 3 GHG emissions
- Reduces food loss

- EXCEVAL™ PVOH resin




- Shift from plastic containers to oil-resistant paper
- PFAS*2 alternatives

Improving living environment

Reduced Burden for Dentists and Patients

- Dental materials




- Shortens time of treatment
- Long-lasting products reduce number of replacements

Lightweight Vehicles and Faster EV Charging

- GENESTAR™ heat-resistant polyamide resin




- Contributes to better fuel efficiency through miniaturization and weight reduction of auto parts
- Resin properties suitable for high-voltage systems

*1 Acronym for Recycled Claim Standard; an international voluntary standard for verifying the management of recycled materials from raw materials to end products by third-party certification

*2 Per- and polyfluoroalkyl substances (organic fluorine compounds)

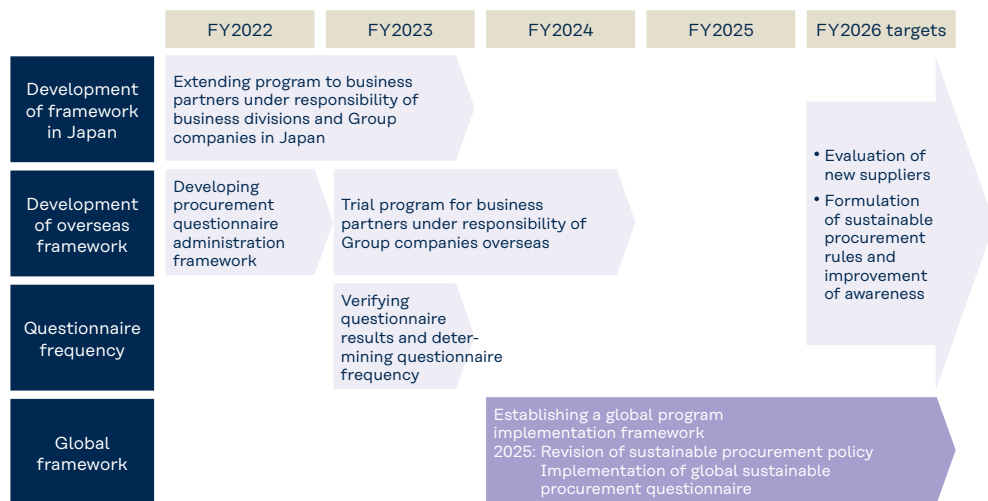
Sustainability as an Opportunity —Product—

Promoting Sustainable Procurement



In line with the growing social demand for adequate supply chain management, we aim to further drive sustainable procurement throughout the supply chain in areas such as human rights, environmental protection, compliance, and promotion of diversity. Accordingly, in January 2025, the Kuraray Group revised its CSR Procurement Policy under the new title of Sustainable Procurement Policy and simultaneously positioned it as its global procurement policy. To meet the responsibility for the supply chain as a whole that we are required to fulfill from a global perspective, cooperation with business partners is essential, and we view driving sustainable procurement throughout the supply chain as the basis of our purchasing transactions.

In 2025, we combined the initiatives that had previously been carried out separately in Japan and overseas and conducted a global sustainable procurement questionnaire. We also provided feedback on the evaluation results to our suppliers and worked to improve compliance through dialogue with those whose evaluations were low. In 2026, in addition to existing suppliers, we will introduce evaluations at the start of new dealings and promote the global establishment of a sustainable procurement program execution framework, aiming to strengthen the supply chain across the entire Group.



Quality Management



The Kuraray Group conducts ongoing activities to improve quality, with the goal of offering products and services that contribute to customers and to society. In particular, we are rolling out an information management system with the aim of ensuring the traceability of quality data and visualizing quality information. After launching the system in 2023, we are pressing ahead with its phased rollout across the Kuraray Group. This will significantly enhance our global quality control.

We also offer talks by guest lecturers every year with the aim of raising quality awareness among employees. In 2025, we held a seminar on the theme of managing contracted manufacturers and provided training on quality audit methods and other related topics. In addition to quality-related departments, many employees from sales, development, and production also participated, helping to raise awareness of quality improvement. Furthermore, we reviewed our internal regulations related to the management of contracted manufacturers. In 2026, we will continue these activities to provide products and services that deliver customer satisfaction across the entire Kuraray Group.

Product Safety and Chemical Management



To ensure the safety of products, the Kuraray Group's various divisions and companies make evaluations using risk assessment techniques in developing new products and managing changes to ensure product safety. In addition, with regard to manufactured products or products under development that are particularly in need of safety validation, such as those that are ingested and those that use nanomaterials, we set up a deliberation committee led by the Corporate Sustainability Division to confirm safety in advance.

Recent years have seen tightening regulations, particularly in Europe and the United States, governing the chemical substance content of packaging materials and molded products. Companies that handle these materials are expected to have an appropriate chemical substance management framework to comply with such requirements. Kuraray works with overseas Group companies to research and share information on regulatory trends in various countries and regions to ensure appropriate management across the Group. Moreover, each business division appoints dedicated chemical substance management personnel, including staff members with responsibility for this area, who take the lead in ongoing education in chemical substance management. By stressing the importance of sharing information across the supply chain and gaining a deeper understanding of related laws and regulations, we are working to ensure an appropriate response.

Initiatives for Sustained Growth through the EVAL Business



Hideo Sugiura
General Manager,
EVAL Division
Vinyl Acetate Resin
Company

— EVAL™ Supporting Our Daily Lives

EVAL™ is an ethylene-vinyl alcohol copolymer (EVOH) resin that we were the first in the world to develop and commercialize in 1972. With one of the highest levels of gas barrier properties among plastics, this material is widely used in industrial applications such as automotive fuel tanks, floor

Three Key Points

- 1 Reducing food loss and improving packaging recyclability
- 2 Growing global demand driven by the shift to a circular economy
- 3 Strengthening our market leadership with a new plant in Singapore

heating pipes, and vacuum insulation panels for refrigerators, as well as in food packaging, making it an indispensable part of modern life.

The figure on the right compares the gas barrier properties of EVAL™ with those of various polymers, showing the amount of oxygen transmitted per day. Assuming that 1 cc of oxygen passes through EVAL™ under certain conditions, 100 cc passes through nylon or PET; 4,000 cc through polypropylene; and 10,000 cc through low-density polyethylene.

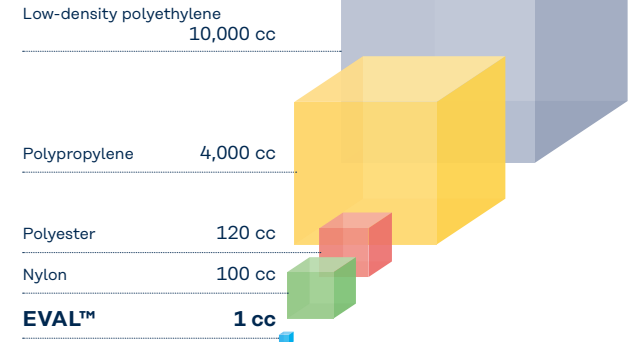
Given that EVAL™ has exceptionally high gas barrier properties, using it as the barrier layer in food packaging materials greatly reduces the penetration of oxygen, which causes food spoilage and deterioration. As a result, it is useful for the long-term preservation of food and the extension of food shelf life, while also helping to reduce food loss. In addition, because it exhibits excellent barrier performance even in thin films, it contributes to reducing packaging volume, improving recyclability, and lowering GHG emissions during transportation through weight reduction.

Furthermore, to meet the diversifying needs for barrier materials, we also offer PLANTIC™, a biomass-derived gas barrier material, thereby strengthening our ability to respond to the globally growing demand for environmentally friendly packaging.

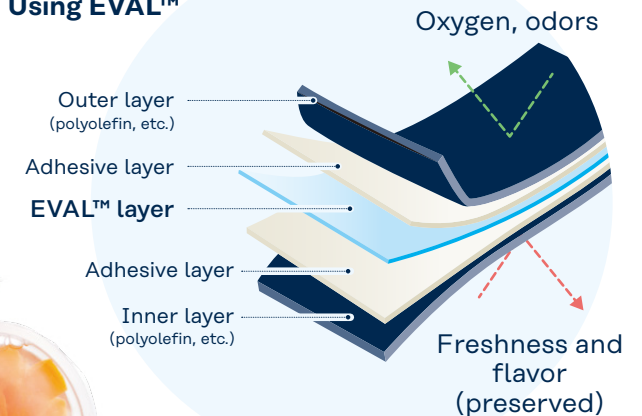
Comparison of Gas Barrier Performance

Oxygen transmission rate per day

* Film (20 μm thick, 1 m²)
Measurement conditions:
20°C, relative humidity 65% RH



Structure of Food Containers Using EVAL™



Initiatives for Sustained Growth through the EVAL Business

— Market Growth Potential

In recent years, the shift toward recyclable packaging materials has gained momentum from the perspective of a circular economy. Particularly in Europe and the United States, demand for EVAL™ as a barrier material that does not hinder the recycling of polyolefins*1 has expanded, and we expect to see continued global growth.

In 2025, the PPWR*2, which regulates product packaging and waste in EU markets, came into effect. All packaging distributed within the EU must be recyclable by 2030, and global food brand owners are also committed to making packaging materials recyclable. To comply with the PPWR, it is necessary to limit the use of non-polyolefin materials and obtain mono-material (single-material) certification. We have a competitive advantage in high-barrier grades and other specialty EVOH resins that meet this requirement. Furthermore, the expansion of extended producer responsibility (EPR) across various Asian countries is also driving the promotion of recycling.

Against the backdrop of increased demand driven by economic growth in emerging countries, growing

demand for food loss reduction, and progress in legislation related to packaging material recycling, we expect demand for EVOH resin to expand at an average annual growth rate of 5–6% through to around 2030.

*1 Materials commonly used in food packaging, such as polyethylene and polypropylene
 *2 Packaging and Packaging Waste Regulation

— Capturing Demand through Production Capacity Expansion

To meet the growing global demand for EVOH resin, we are constructing a new plant in Singapore with an annual production capacity of 18,000 tons, which is scheduled for completion at the end of 2026. Along with capacity expansions at our plants in the United States and Europe, as well as the new plant in Singapore, our total EVOH resin production capacity will reach 131,000 tons, enabling stable supply through a four-pronged network spanning Japan, the United States, Europe, and Singapore.

Furthermore, in September 2025, we established the Kuraray Asia Pacific Technical Center,

a technology support hub for Asian markets, within the Singapore Science Park. Equipped with facilities for material evaluation, analysis, and

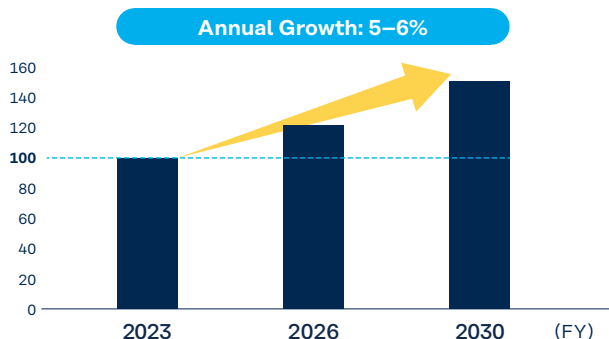


application technologies, this center can quickly provide solutions tailored to the needs of customers in the region. The key feature of this center is its market development function, through which we conduct preservation tests and quality evaluations for food brand owners and drive the development of the barrier packaging market. By undertaking market development activities primarily at the center before the new plant begins operation, we aim to accelerate product uptake in Asian markets. Together with our laboratories in China, India, and Thailand, we will strongly support sales expansion after the new plant comes online.

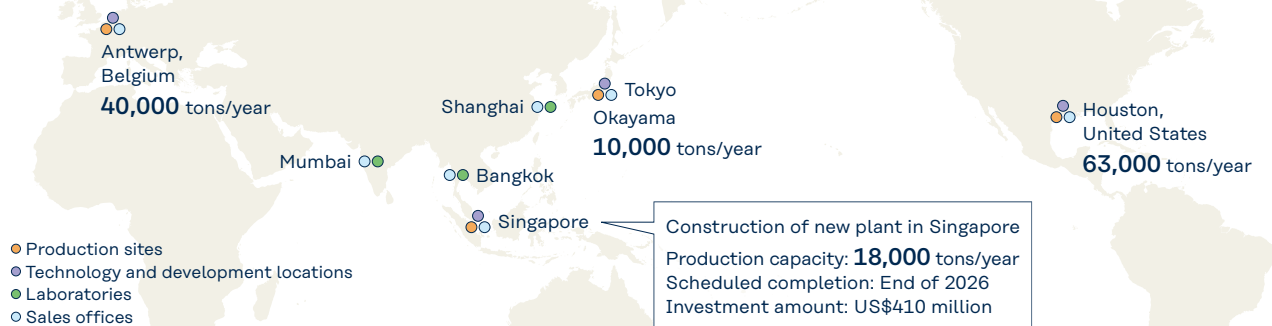
In this way, by strengthening our global production and technical support framework, we will effectively meet growing demand and further solidify our position as a market leader.

EVOH Resin Demand Growth Forecast

Image of Market Expansion (2023 as 100)



Expansion of EVAL™ Production Capacity and Enhancement of Customer Support and Analysis Functions in the Growing Asian Market





Message From the Project Leader

Building the Next Core Base for EVAL™ as “One Team”

Kuraray Asia Pacific Pte. Ltd.
EVAL Singapore Plant Project Director

Steven Vermeulen

To strengthen a stable supply system for each region in response to growing global demand for EVAL™, Kuraray is constructing a new plant in Singapore. After completion of this facility, together with the existing production of PVOH resin, this location will become one of the Group’s key production bases.

From the conceptual stage several years ago to the current construction peak involving over 2,000 workers on site, the project team has been working to meet business expectations and to safely deliver the new facility. So far, plant construction has proceeded smoothly thanks to the “One Team” spirit—the basis of collaboration between Kuraray, the engineering contractor, and multiple construction companies. In particular, the safety record of achieving zero work-related accidents during a total of more than four million work hours* is a remarkable achievement.

The Kuraray team is an international one, consisting of members from various places such as Japan, Singapore, and Belgium. The success of the project can be greatly attributed to the cultural diversity and various backgrounds of the team members. In addition to multicultural perspectives and knowledge, ongoing support and clear direction from management have also created the basis for smooth project execution so far.

Personally, I have been working for Kuraray for 20 years at EVAL Europe N.V. in Antwerp, Belgium in many roles in production, process control, process engineering, process safety, project management, and asset management. I am honored to be able to apply this experience to play my part in leading the new plant construction and contribute to the development of the EVAL business in the Asian region.

Construction has now entered the last phase. I am confident we will overcome the remaining challenges to complete the project as planned with a continued focus on safety and smoothly start operations with support from our existing plants in Belgium, Japan, and the United States to deliver high-quality EVAL™ to our customers in a stable manner.

* Total work hours calculated by multiplying working hours by the number of workers (as of April 2026)

Integrating Expertise from Plants in Japan, the United States, and Europe to Maximize Safety and Operational Reliability

Kuraray Asia Pacific Pte. Ltd.
EVAL Singapore Plant Project Team

Technical staff (from left) **Sho Sato** and **Akinori Jinde**



Sato is in charge of mechanical equipment, while Jinde is responsible for production and processes. In this project, we are integrating and applying expertise from our existing EVAL™ plants in Japan, the United States, and Europe to maximize safety and operational reliability. By applying the lessons learned from issues and challenges encountered during the design, construction, and operation of previous large-scale investments, we are working as “One Team” with local staff to ensure smooth execution from design through to construction and operation. We are currently managing work progress, quality, and safety at the construction site, which is nearing completion, while preparing for the full-scale start-up of the plant once construction is finished.

Delivering Kuraray’s Unique Value to Customers through the Pursuit of Differentiation

Kuraray Asia Pacific Pte. Ltd.
Senior Specialist – Sales & Marketing

Sales representative **Arata Kobayashi**



As a sales representative, I am focused on expanding EVAL™ sales in the Asia-Pacific region. To steadily capture the growing demand in this market, I constantly work on differentiating the value of EVAL™ from our competitors. By starting up a new plant in Singapore, Kuraray will be able to offer added value, including improved supply stability, shorter lead times, and increased capacity for differentiated grades. In addition, leveraging Kuraray’s unique strengths—such as the high-quality technical service provided by the new technical center established in Singapore in 2025—we aim to further accelerate expansion of the EVAL business.



People

Kuraray Group Global HR Policy

Kuraray Group Global HR Policy

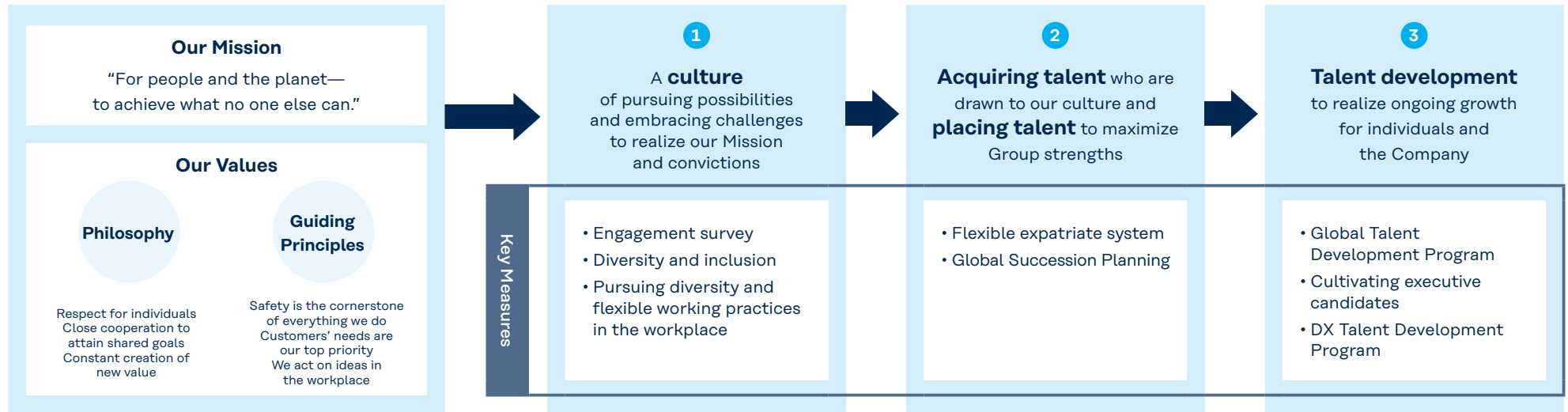
The Kuraray Group is making efforts to develop its organizational system regarding the promotion of diversity, talent development, and fair and equitable evaluation so that each employee can grow personally through work, as well as fostering a healthy corporate culture and creating new employment opportunities.

HR Strategy

HR Strategy

The Kuraray Group consists of employees from various nationalities and backgrounds, and the active participation of each diverse employee is essential for the long-term and sustainable enhancement of corporate value. Therefore, our HR strategy is based on Our Mission and Our Values, which have been the basic spirit since our founding, and aims to enable diverse talent, who are the source of value creation, to play an active role with company-wide connections. We enhance the attractiveness of our culture, acquire people who are attracted to that culture and connect them with it, and motivate and develop such talent.

HR Strategy Story



1 Major Actions Related to Culture

Culture

• Engagement survey

At the Kuraray Group, we compile the surveys conducted by each affiliate company individually and have been conducting a global engagement survey, "Our Voice," once a year since 2022.

The survey results are shared with all employees, including executives and division managers, and are used to improve departmental management and better communication in order to increase engagement and revitalize the organization.

• Diversity and inclusion

We provide a vision of the desired organization and implement related measures according to Kuraray Group Diversity and Inclusion Guiding Principles, with the aim of fostering a work environment that encourages mutual growth among diverse members and promoting leadership that draws out the potential of individuals.

In 2025, we launched a global training program for senior managers and section managers across all bases, designed to provide them with insights and methodologies for leading organizations. We also distributed a video to all employees, featuring a message from the president and employee interviews, to promote understanding among employees.

Sustainability as an Opportunity —People—

• Promoting diversity and flexible work styles in the workplace

Since we believe collaboration among diverse talent leads to the creation of new ideas and innovation, we have implemented flexible work conditions that match employees' life stages. So far, we have implemented a flexible work hours system that eliminates core working hours under certain conditions, and have taken steps such as revising our policies regarding approval for secondary employment. In 2025, to encourage men to take childcare leave, we extended childbirth leave for spouses to 10 days.

KPIs, Targets, and Results for a Workplace Culture				
KPI	Targets		FY2024 Results	FY2025 Results
Ensuring diversity of core human resources*1	FY2030	25%	18%	19%
Ratio of females among new graduate hires	by FY2026	35% or more/year	22%	33%
• General career track	by FY2026	10% or more/year	13%	24%
• Job/location-specific track				
Male employees taking childcare leave	FY2026	100%	94%	103%
• Acquisition rate	FY2026	90%	63%	68%
• Percentage of male employees taking 14 days leave or more*2				

*1 Percentage of women, foreign nationals, mid-career hires in managerial positions in Japan, excluding production sites

*2 The percentage of male employees who took childcare leave for a total of 14 days or more during the fiscal year.

② Major Actions Related to Talent Acquisition and Placement

 Talent Acquisition and Placement

• Flexible expatriate system

In addition to the existing expatriate system, to be more flexible and to increase diversity within the Group, "STEP (Short-Term Expat Policy)" has been introduced for assignments lasting six months to less than one year. In 2025, there was one instance involving personnel sent from Japan to an overseas location and one between overseas locations under this program. There were also cases where the different expatriate systems worked together organically so that personnel in the short-term policy stayed long term.

• Global Succession Planning

To leverage the individual talent of our employees and to address the needs of our business, we are developing a common global structure for succession planning, which was previously done separately by each affiliate company. In 2024, we attained an overview of global availability for manager-level talent and potential successors to key positions, and began utilizing this data for talent development in 2025.

③ Major Actions Related to Talent Development

 Talent Development

• Global Talent Development Program

The Kuraray Group has been implementing the Global Talent Development Program since 2007, with the aim of developing talent who can play active roles worldwide. Approximately 1,225 employees have participated as of 2025.

• Executive candidate development

The Kuraray Leadership Program is designed to strategically develop candidates for executive roles and create a talent pool, thereby contributing to medium- to long-term business operations. Senior managers participate in a two-year program and section managers participate in a three-year program. As part of this program, we introduced group training sessions from 2025 to foster a deeper understanding of our founding principles and corporate philosophy.

• DX Talent Development Program

The Kuraray Group has been conducting the DX Talent Development Program as a global measure since 2023, believing it is vital to cultivate a culture and environment in which employees are constantly adapting to the digital evolution. For details see: Talent Development and Support to Bolster DX (➡ P. 45).

KPIs, Targets, and Results for Talent Development				
KPI*1	Targets		Results up to 2024	Results up to 2025
Global talent development				
Ratio of senior managers taking global leadership training*2	FY2030	60%	45%	47%
Executive candidate development				
Ratio of candidates prepared for general managers equivalent positions*3	FY2030	200%	130%	170%

*1 Kuraray Group employees

*2 Number of senior manager level positions is counted as 300 globally

*3 Number of prospective graduates of the Kuraray Leadership Program for the number of general managers equivalent positions

One Kuraray, One HR: Implementing THRIVE, an HR Transformation Project

Allow us to introduce THRIVE, an HR transformation project that is one of the key initiatives driving the Kuraray Group's evolution into a globally competitive and robust organization.



Tomohiro Ono
General Manager
of HR Division

What is the THRIVE Project?

THRIVE is a word that means "to grow strongly" or "to flourish." This project was launched in September 2025 after two years of preparation. With resolute commitment from senior management, we will establish a global framework that spans regions and bases and advance the transformation of our HR platform step-by-step to enhance corporate value over the medium to long term.

Our Diverse and Global Team Members



Tom Tonan
Global Program Lead



Tomoko Imamiya
Global Project Lead: HCM

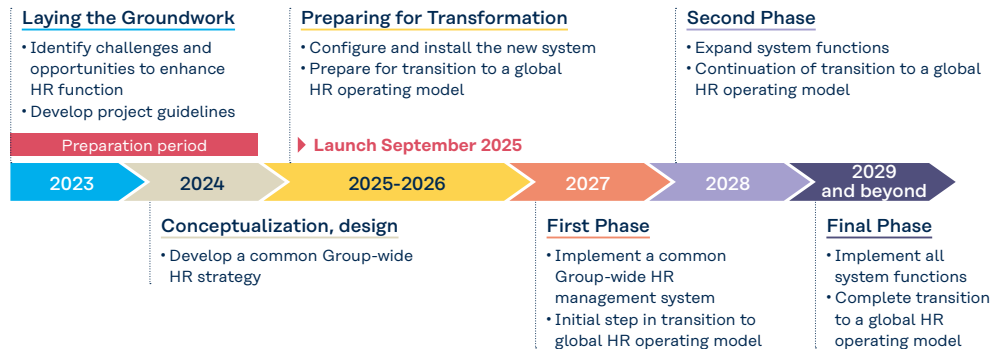


Johanna Krauthauf
Global Change &
Communication Lead



Sandra De Bock
Global Project Lead:
HR Operating Model

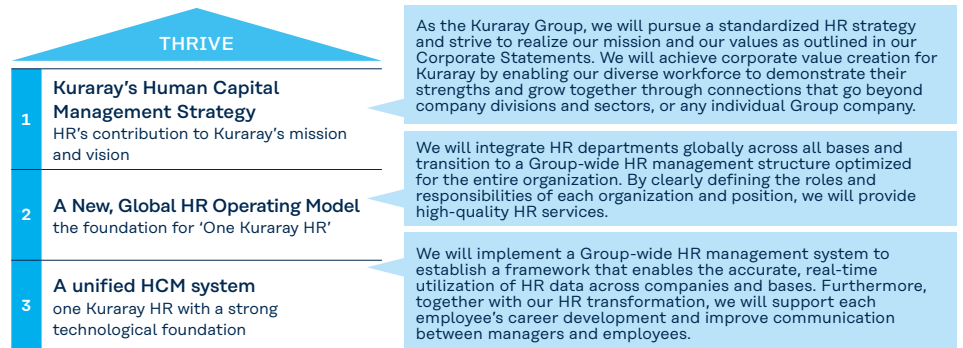
THRIVE Implementation Schedule



Background and Future Vision

The Kuraray Group currently operates bases in 32 countries and regions worldwide, with 40% of its employees located overseas and 80% of its revenue generated from outside Japan. To sustainably increase corporate value as a global company, we need to standardize the HR systems and policies that vary according to location, ensure governance, find the best placement for talent regardless of region, and strengthen collaboration among HR departments. To achieve this, we launched THRIVE, a project designed to leverage the unique strengths of our diverse global workforce and strengthen the organizational capabilities of the Group as a whole. In particular, the project sets forth three pillars: (1) Kuraray's Human Capital Management Strategy, (2) A New, Global HR Operating Model, and (3) A unified HCM system. Pursuing these pillars will enable us to visualize our talent pool and ensure proper placement, thereby building a highly effective organizational foundation capable of adapting to any changes in our operating environment.

Overview of THRIVE



The Values We Wish to Realize

- Bring business and personnel planning into alignment by managing organizations and positions using standardized global metrics, thereby improving governance of labor costs and personnel management.
- Realize optimal talent placement and succession planning across companies and bases.
- Minimize inconsistencies in HR policies and processes across companies and bases, and support optimized organizational and talent management.
- Clarify the duties, responsibilities, and required skills for each position, expand career development opportunities for employees, and support independent career planning and skill development.
- Support the achievement of business goals by streamlining administrative tasks in the HR department and strengthening the HR business partner function.

Sustainability as an Opportunity —People—

Human Rights Initiatives Human Rights Policy Respect for Human Rights

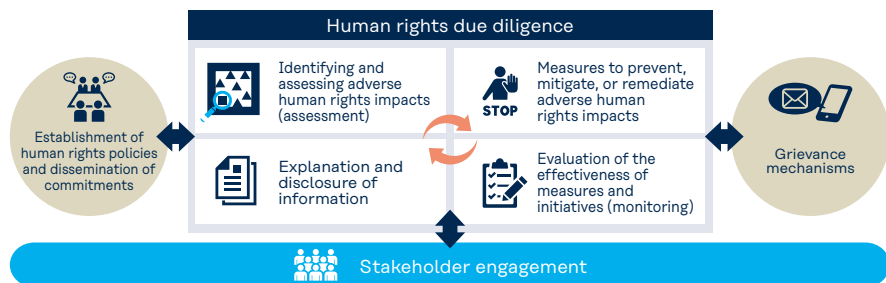
With regard to respect for human rights, the Kuraray Group Code of Conduct states that the Kuraray Group will protect the human rights of all people involved in its business activities and respect the dignity and value of each and every individual. The Kuraray Group Human Rights Policy, which was established in March 2024, aims to have respect for human rights reflected in the actions of all Kuraray Group officers and employees by stating things in more concrete terms. To ensure the steady advance of our human rights initiatives, we established in May 2024 a Human Rights Due Diligence Task Force which is responsible for planning and promoting strategies and initiatives related to human rights across our organization. The task force reports its activities to the Board of Directors as the need arises.

As part of our efforts to promote human rights due diligence, we conducted a human rights survey for staff working in the Kuraray Group in Japan in January 2025. Through this survey, we assessed and analyzed risks related to human rights violations, and began taking measures to prevent or mitigate these risks starting with the most urgent and important issues. We plan to expand our efforts globally in the future.

The Kuraray Group also joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) as a full member in 2026 to expand its efforts in corrective action and redress, or grievance mechanisms. In addition to the internal and external reporting channels operated by the Kuraray Group, we accept complaints and consultations related to human rights issues from a broader range of stakeholders through JaCER, an external dialogue and remedy platform.

The Kuraray Group considers respect for human rights to be a core aspect of its corporate responsibility and will continue to earnestly implement initiatives to uphold human rights.

 JaCER grievance form



Social Contribution Activities Interaction with Society Kuraray Foundation

The Kuraray Group considers the sound and sustainable development of society to be a precondition for corporate growth and prosperity, as well as the ultimate objective of its corporate activities. It goes without saying that we see it as our duty to contribute to society by providing people with products with genuine value. Beyond this, we consider helping to address social issues to be another important form of social contribution in our capacity as a corporate citizen.

To this end, the Kuraray Group carries out activities focusing on the priority areas of culture, science, environment, and social welfare in accordance with the Kuraray Group Policy for Social Contribution Activities.

Amid the global expansion of the businesses and market presence of the Kuraray Group, the Kuraray Foundation was established in April 2016 with contributions from the Kuraray Group to pursue sustainable social activities. The Kuraray Foundation carries out creative activities informed by the history of the Group to contribute to society even more broadly and with greater impact.

TOPICS

Biodiversity Conservation Efforts

The Kuraray Group is engaged in a variety of activities related to biodiversity conservation.

We conduct cleanup activities near our production, sales, and research facilities both in Japan and overseas, as well as green space conservation efforts to maintain ecosystems and initiatives to protect endangered species. We also provide opportunities to learn about biodiversity through educational workshops and other programs.

We will expand our activities globally in the future and continue our efforts to contribute to local communities, beginning with biodiversity conservation.



Kashima Plant
Individual tracking bands being fitted to storks hatched at the artificial nest tower



Kurashiki Plant
Kotori-no-Mori (little birds' forest) (Received the highest ranking from JHEP*)



Kuraray Mexico
Cleanup and reforestation efforts in Xochimilco

* The Japan Habitat Evaluation and Certification Program (JHEP) is a certification system established by the Ecosystem Conservation Society-Japan and is the only such program in Japan that objectively and quantitatively evaluates, certifies, and visualizes contributions to biodiversity conservation.

Kuraray's Approach to Safety



In the Kuraray Group's business activities, safety is the cornerstone, an absolute requirement that forms the basis for all activities. Realizing workplaces where people can safely work at ease without accidents is a critical theme both in maintaining a stable supply of products and in maintaining society's trust. Based on this view, the Kuraray Group has developed and operates safety management systems and is pursuing various initiatives to raise employee awareness of safety and establish safe actions and safety checks as routine practices. At each workplace, we uncover risks related to occupational safety and process safety, conduct thorough risk assessment activities, promote fundamental equipment safety measures, and prevent process accidents and occupational injuries. Additionally, to prepare for the event of an accident or injury, we are carrying out training to minimize damage, sharing information on cases of accidents and lessons learned, and horizontally deploying countermeasures.

Guiding Principle for Ensuring Safety	Action Courses for Ensuring Safety (FY2026)
<p>Safety Is the Cornerstone of Everything We Do</p>	<ol style="list-style-type: none"> Practice Safety First, Production (Construction, R&D) Second Practice "Prediction Hazards", "Make Sure" Safety Comes Before Taking Action, and "Confirm" If the Action Results Are What You Expect Every Individual and Every Department (Every Leader/Manager, Every Team) Shall Be Aware of Safety as "Their Responsibility" and Act Appropriately

Safety Activity Management

Based on the Kuraray Group Safety Activity Management Rule, the Kuraray Group develops a safety plan every fiscal year and implements it to ensure occupational safety and process safety. Specifically, at the Safety Promotion Committee attended by the President and executives in charge, we make an overall assessment and have a discussion on safety activity performance of the current fiscal year and establish an activity policy for the coming fiscal year. This policy is reflected in and implemented through specific action plans of each plant and department. A group of safety representatives from headquarters, including executives in charge of safety, visit every production site of the Group in Japan twice a year to examine their activity plans, the management of implementation progress, and the results. In addition, safety staff members from headquarters visit the various bases of Group subsidiaries outside Japan once every three years to confirm their status as well as conduct examinations via remote conferencing. We perform an overall assessment of results based on the issues found through the surveys conducted at each plant, the safety results for that year, and other factors. We incorporate this assessment into the formulation of company-wide policies for the next year, thereby operating a management system for safe operations.

Occupational Safety



The frequency rate of all occupational injuries for the entire Kuraray Group in 2025 was 2.63 (Japan: 1.03, overseas: 5.28), falling short of our target rate of 1.6 or less. Compared to last year, the rate improved somewhat in Japan but worsened overseas, resulting in a higher rate overall. We have introduced a unique index to assess the severity of occupational injuries using a four-level ranking, from A to D. Our target is to achieve zero occurrence of the more severe A and B rank occupational injuries. There were a total of six A and B rank occupational injuries across the Group in 2025 (Japan: one A rank and two B rank injuries; overseas: one A rank and two B rank injuries), a result that fell short of the target. The A and B rank injuries included three cases of being entangled in machinery, two cases of contact with high-temperature objects, and one case from falling. The main causes were failure to identify risks and insufficient safety measures that rely on human attention and skill, which we are now addressing. We are steadily implementing initiatives to deal with related issues as we continue to work toward safe, injury-free workplaces.

Process Safety



In 2025, the Group-wide total of A, B, or C rank accidents and cases of trouble*, which are classed as relatively serious process accidents or cases of trouble according to our in-house standards, was 12 (seven cases in Japan: A: two cases of leakage, one of fire, and one of a minor explosion; C: two cases of leakage and one of damaged equipment from pressure buildup; five cases overseas: A: one case of fire, B: one case of leakage, C: one case of leakage and two cases of fire). Although this reflects a reduction in accidents and cases of trouble from the previous year (17 cases), we did not meet our target of zero accidents. In 2025, the Group-wide total of D₁ and D₂ rank accidents, which are cases classed as minor by our in-house standards, such as leakage of a very small amount of hazardous material and fires or ignition that are quickly put out, was 14 (Japan: D₁: nine cases of leakage, D₂: five cases of leakage; overseas: none). Accidents decreased compared to the previous year's 21 cases, but the result fell short of our target of three or less. These accidents and cases of trouble are caused by insufficient checks before and after operations, aging equipment, overlooking something due to the normalization of on-site risks, and other issues. We are addressing these issues accordingly, and will continue to identify workplace risks and measures to address them, targeting zero relatively serious process accidents and cases of trouble and a reduction in the number of cases of minor trouble.

* Starting in 2025 we began counting cases of trouble with our A, B, and C rank accidents.

Global Process Safety Management Audit

We launched PSM activities in 2022 based on a global audit team of in-house experts drawn from across the Group's global operations. In 2025, we carried out on-site audits to check the status of safety management at four Group sites and are proceeding with response measures to the issues identified. We will continue with audits by the expert team to check the status of the safety management system at overseas chemical plants and identify issues, thereby enhancing the level of safety management.

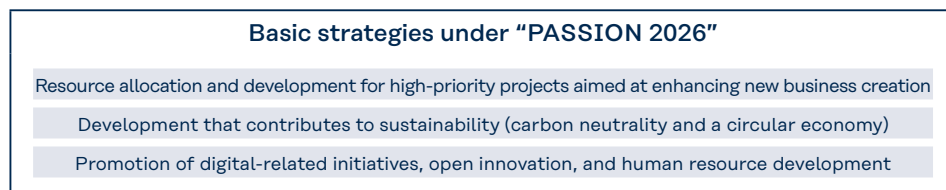
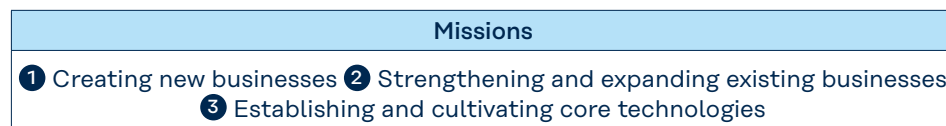
Innovations Starting from Networking

Coming together as “One Kuraray,” we continue to embrace the challenge of creating innovation by connecting people with one another and technologies with one another, both within and outside the Company.

Basic Strategy for R&D

The Research and Development Division promotes projects that contribute to Group-wide business expansion and profit growth by “creating new business,” “strengthening and expanding existing businesses,” and through these initiatives, “establishing and cultivating core technologies” including structural analysis technologies and digital technologies.

Under “PASSION 2026,” the basic strategies of the Research and Development Division include “resource allocation and development for high-priority projects aimed at enhancing new business creation,” “development that contributes to sustainability (carbon neutrality and a circular economy),” and “promotion of digital-related measures, open innovation, and human resource development,” as foundations for these activities. To facilitate the creation of new businesses, the Research and Development Division has teamed up with the Innovation Networking Center (▶ P. 43) and the IP Management Center (▶ P. 59) to advance global marketing for high-priority projects, accelerate development through collaboration, and generate new business ideas. In addition, we concentrate R&D resources on themes at advanced stages of development and on themes where we can demonstrate our strengths across the value chain, starting from raw materials, with the aim of achieving early commercialization. Our digital initiatives, which support development projects, are expanding the utilization of technology to include materials informatics, advanced simulation technology, proprietary AI development, and robotics. Together with the promotion of open innovation, such initiatives are transforming the nature of our R&D activities (▶ P. 46). Through these initiatives, we aim to generate new materials based on unique technologies and create new businesses for the future.

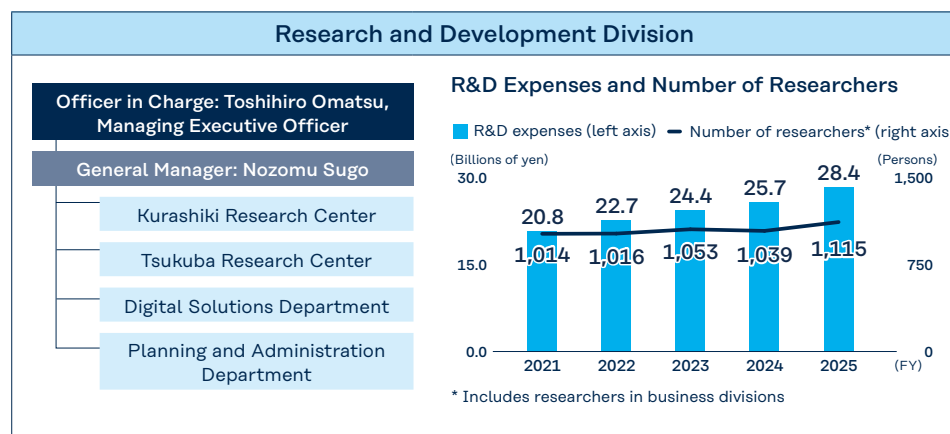


R&D Framework

Aiming to become a Specialty Chemical Company achieving sustained growth, the Research and Development Division plays a core role in implementing R&D and new business development activities as a corporate organization. We have two facilities, the Kurashiki Research Center and the Tsukuba Research Center, to plan, propose, and promote R&D themes.

We also maintain the Tokyo Lab within the Tokyo Women’s Medical University-Waseda University Joint Institution for Advanced Biomedical Sciences (known as TWIns) to promote open innovation in the field of regenerative medicine and further collaboration between industry and academia.

In January 2026, we transferred responsibility for advancing the commercialization of two materials in the preparatory stage, namely SCAPOVA™ PVA microcarriers and a new functional carbon material, to the Functional Materials Company. Development for early commercialization will move forward within this Company’s newly established Life Innovation Development Division and Carbon Innovation Development Office.



Research and Development

Innovations Starting from Networking

Creating New Businesses

The Kuraray Group is pursuing new business opportunities in two fields with strong potential for growth where it can leverage its strengths. The Group views cell culture solutions in the regenerative medicine field and next-generation functional materials for the environment and energy field as key areas for future growth.

SCAPOVA™, the World's First PVA Microcarrier

In the field of cell culture, and especially in regenerative medicine, establishing technology for large-scale cell cultivation is key to industrialization. The Research and Development Division has developed SCAPOVA™, the world's first PVA microcarrier for regenerative medicine, which is distinguished by its high cell culture efficiency and low risk of contamination.

Since we began selling SCAPOVA™ CL*¹ in Japan in March 2024 for research and development purposes, we have received numerous inquiries from customers. In December 2025, we launched SCAPOVA™ AS*², a new product that contains no animal-derived materials and can be used with a broader range of cell types, including iPS cells. We have begun selling SCAPOVA™ AS alongside SCAPOVA™ CL in both Japan and the United States.

Furthermore, to more robustly promote the industrialization and implementation of large-scale cell culture technology using SCAPOVA™, a joint development project was launched in October 2025 by four companies: Cyfuse Biomedical K.K., ZACROS Corporation, Chiyoda Corporation, and Kuraray.

In this project, the technologies of each company are integrated to create a digital twin of the 3D cell culture. Through this approach, we aim to optimize the conditions and simulate the processes for cell culture, thereby achieving on an industrial level a more efficient scaling up of production and cost reduction. This will accelerate the establishment of a stable cell supply framework and the development and practical application of next-generation regenerative medicine products.

In terms of the internal framework, to further strengthen commercialization efforts, we transferred the commercial development of SCAPOVA™ from the Research and Development Division to the Functional Materials Company in January 2026. Going forward, we will expand our product lineup and pursue expansion into Europe and other regions.

*1 A standard type with clinically usable collagen coating the particle surface

*2 An animal-free type with a specially processed particle surface which does not use collagen

New Functional Carbon Materials Derived from Biomass

In the environment and energy sector, there is growing expectation for new materials that contribute to carbon neutrality and a circular economy. With an eye toward reducing greenhouse gas (GHG) emissions and responding to environmental regulations, the Research and Development Division is working to develop new functional carbon materials using biomass-derived raw materials.

In addition to its inherent conductivity, this new functional carbon material possesses unique substance adsorption and diffusion properties derived from its distinctive pore structure. It is expected to find use in a wide range of applications, including cathode additives for lithium-ion batteries (LIBs), functional carriers, and purification materials. We are currently supplying customers with samples for use as LIB cathode additives. Customer evaluations have confirmed improved performance compared to conventional products, as enhanced ion diffusion within the battery allows shorter charging times and improved charge-discharge performance in cold climates. Going forward, we plan to begin operations of bench-scale facilities in 2027 to expand our sample supply capabilities.

This functional carbon material was developed through collaboration between the Research and Development Division and the Innovation Networking Center. In January 2026, responsibility for its commercialization was transferred to the Carbon Innovation Development Office, newly established within the Functional Materials Company. We will accelerate commercialization by leveraging our expertise in carbon materials and pore design, along with our global customer base.



SCAPOVA™ PVA microcarrier

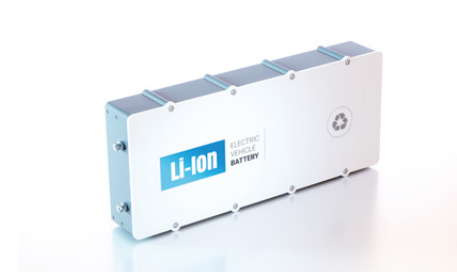


Illustration of a lithium-ion battery (LIB) as a potential application of the new functional carbon material

Innovations Starting from Networking

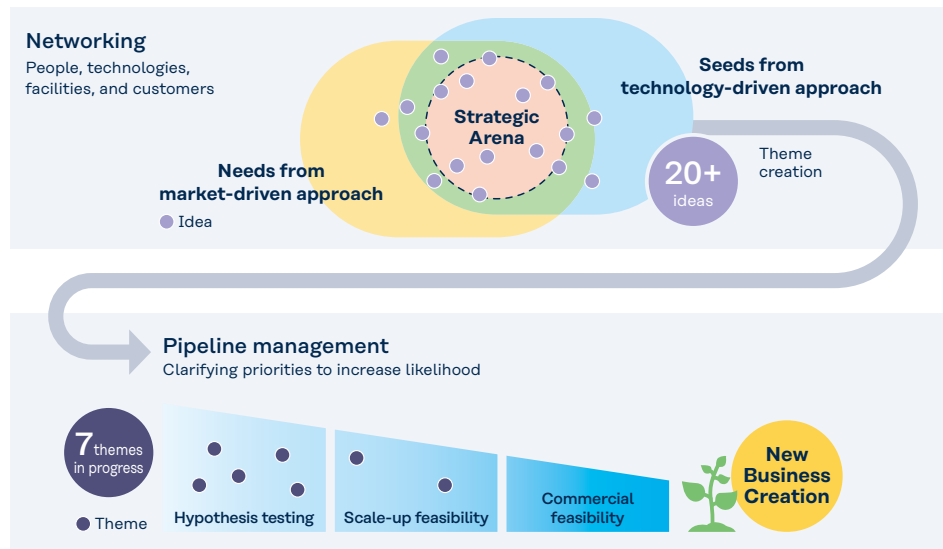
Strategy of the Innovation Networking Center

The Innovation Networking Center (INC) drives the creation of new businesses by connecting its global talent and technologies with customer needs.

Centered on our Strategic Arena, the INC collaborates closely with the Research and Development Division to drive innovation through customer collaboration and open innovation. By accurately identifying customer needs and deepening partnerships, INC strengthens market-driven initiatives while integrating technology-driven efforts to improve the efficiency of new business creation. In 2025, INC further reinforced segment marketing by establishing a dedicated Electrical & Electronics team. In addition, it strengthened internal and external networking, particularly in the semiconductor sector.

Through these initiatives, we are currently managing seven themes in our pipeline (see below), including PFAS-free alternative materials, conductive carbon materials for secondary batteries, and bio-based feedstocks. In addition to these pipeline themes, more than 20 ideas have been generated at the pre-pipeline stage, for which we are actively developing commercialization scenarios.

New Business Creation Process



TOPICS

Taking on the Challenge of Developing Technology to Reduce Environmental Impact through Acquisition of Nelumbo



Co-founders (from left): David Walther, Liam Berryman, Lance Brockway

Nelumbo is a startup founded in the United States in 2016, based on research conducted at the University of California, Berkeley. Since then, it has raised funds from domestic and international investors, including the University of Tokyo Edge Capital Partners (UTECP), and has advanced its technological development and business growth.

The Kuraray Group acquired Nelumbo in April 2025. Through this acquisition, we aim to create new business opportunities and secure medium- to long-term growth prospects by integrating our core strengths in organic chemistry with Nelumbo's expertise in inorganic chemistry.

A key feature of Nelumbo's surface treatment technology lies in its ability to form micro- and nano-scale structures using the proprietary formulation of inorganic materials, enabling both mass-production scalability and high functionality. This unique approach makes it possible to apply surface treatments composed of an inorganic layer and a functional layer to a wide range of substrates, imparting advanced properties such as high water repellency and anti-frost performance at an exceptional level.

As an initial target application, we are focusing on transport refrigeration units for refrigerated and frozen logistics. By applying advanced surface treatment technologies, we expect to achieve reduced fuel consumption, improved cargo temperature stability, and lower CO₂ emissions—thereby contributing to sustainability in the logistics industry. With "anti-frost" as a key concept, we will further expand applications to heat exchanger components used in energy-intensive industrial refrigeration systems and large-scale air conditioning equipment. Through these efforts, we aim to address social challenges while achieving business growth.

Nelumbo's Surface Treatment Technology



Our Challenges 3

Transformation of People and Organization



Our aim is to become “a digitally savvy company” that draws on competitive strengths to continue contributing to society, harnessing digital technology to change our processes and drawing on diversity to expand our thinking, bringing transformation to both people and the organization.

Framework for Accelerating Digital Transformation (DX)

The Kuraray Group’s DX Vision is: “Improve competitiveness, continuously evolve, and contribute to the world.” Guided by this vision, we set four priority fields: customer experience (CX) reforms, operational process reforms, business model reforms, and R&D and production technology simulations. Group-wide digital transformation is a core strategy in our Medium-Term Management Plan “PASSION 2026.” Achieving this vision demands comprehensive strengths to drive rapid digital transformation while integrating the four aspects of people, data, processes, and systems. For example, more sophisticated cyber security requires not only deploying superior security systems but also raising employees’ digital literacy, properly managing and understanding crucial data, and developing security management processes on a global scale.

In January 2023, we established the DX-IT Division by integrating our DX and IT functions. The integrated organization drives DX initiatives quickly and efficiently to help us become “a digitally savvy company.”

DX-IT Division

Officer in Charge: Stanley Fukuyama, Managing Executive Officer
 General Manager: John Siepelinga

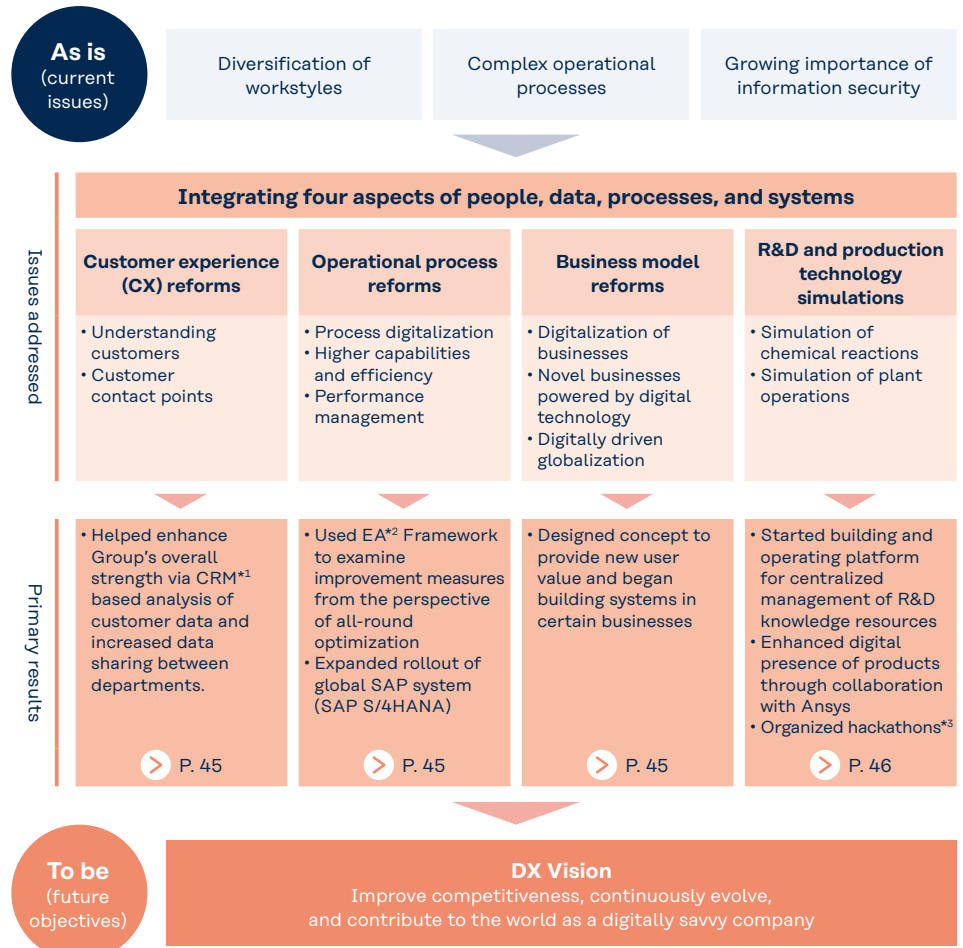
DX-IT Division

Data-driven organization
 “Think in data, decide by data.”

Higher digital literacy
 Improve ratio of data analytics talents.

*1 Customer relationship management
 *2 Enterprise architecture: a framework enabling overall visualization of corporate operations and systems to achieve efficiency based on all-round optimization.
 *3 A technology competition offering prize money, in which teams of university students propose solutions to technical problems in a short period of time.

Kuraray Group’s DX Vision



Transformation of People and Organization

Customer Experience (CX) Reforms

The Kuraray Group is acutely aware of the importance of customer experience (CX). We are working to boost operational efficiency through customer relationship management (CRM)-based centralized management of customer information and data analysis, aiming to offer customers an even better experience in their dealings with us.

The CRM system enables data sharing between departments, which can then work together to swiftly and accurately address customer needs. Data sharing also contributes to Innovation Networking Center initiatives to harness the Group's collective strengths and to efforts geared toward realizing a customer response of consistently high quality.

Operational Process Reforms

The Kuraray Group is utilizing digital technology to pursue operational process reforms aimed at improving the performance of the entire organization. In addition to bottom-up improvement initiatives led by frontline teams, we have been using our enterprise architecture (EA^{*1}) framework to devise application-, operational process- and data-level visualization and improvement measures with an eye to all-round optimization. At the application level in particular, IT departments in Japan and overseas have been jointly spearheading global optimization activities since 2022, when such activities began in earnest.

We also remain focused on the rollout of our global SAP system (SAP S/4HANA) and the streamlining and integration of associated operational processes. After rolling out the system in our vinyl acetate and isoprene businesses, in 2024 we also began rolling the system out at Calgon Carbon to move ahead with ERP^{*2} system integration and operational process reforms in the Environmental Solutions Division. By doing so, we aim to further consolidate the foundations for sustained growth. We will continue to work with businesses and back-office departments to realize all-round optimization based on EA and to introduce operational process reforms in a way that distinctively reflects the Kuraray Group's strengths, which are oriented toward customer needs and frontline solutions.

Business Model Reforms

We are actively working to build a framework for creating new value by combining services with digital technology. With strengths in pioneering products, the Kuraray Group has tended to adopt a product-centered business model. One shortcoming with this is that once a social need has subsided, the product loses its adaptability.

Furthermore, there has been a growing shift in consumer behavior in recent years from material things to experiences.

Against this background, the Kuraray Group began engaging in concept design to provide new value to users and completed an IoT-based prototype system by the end of 2025. Our aim is to build new business models by adding the value of interactive digital services to existing business models.

DX Talent Development and Support

Believing it is vital to cultivate a culture and environment in which all employees can stay abreast of progress in digital technology, where learning is an ongoing process, the Kuraray Group launched a DX Talent Development Program in 2023 as a global initiative. We have fostered a culture in which each business division and back-office department proactively leverages IT to drive operational improvements and generate new business opportunities through training programs that offer three levels of digital literacy in Gold, Silver, and Bronze.

As the number of participants who completed this training program has grown, we have received numerous requests for more practical content. We will therefore restructure the program and move on to the next stage once we achieve our Bronze class goals.

DX Talent Development Program under "PASSION 2026":

Number of Staff Trained and Future Plan (Japan)

(Persons)

Class/Responsibility		FY2023 (Training completed)	FY2024 (Training completed)	FY2025 (Training completed)	Cumulative total/ Target ^{*3} (Percent achieved)
Gold	Plans digital transformation projects from a business perspective and implements them as project leader	44	38	42	124/180 (69%)
Silver	Promotes digital transformation within the department	163	308	418	889/1,200 (74%)
Bronze	Leverage digital technologies in business operations	5,114	824	179	6,117/5,700 (107%)

*1 Enterprise architecture: a framework enabling overall visualization of corporate operations and systems to achieve efficiency based on all-round optimization.

*2 Abbreviation for Enterprise Resource Planning. A system for centrally managing a company's management resources and optimizing the Company as a whole

*3 Cumulative target by FY2026

Kuraray's Future Value Creation: The Convergence of R&D and Digital Transformation

The Medium-Term Management Plan "PASSION 2026" sets out the Three Challenges. At the core of these challenges are R&D and digital transformation, which are increasingly converging to drive new value creation. What will underpin Kuraray's competitiveness in the next generation? And what future do we envision beyond that? Leaders from both fields share their perspectives in this dialogue.

Toshihiro Omatsu

Managing Executive Officer
Officer Responsible for Innovation Networking
Center, Officer Responsible for Research and
Development Division, and Officer Responsible
for IP Management Center

Stanley Fukuyama

Managing Executive Officer
Officer Responsible for
DX-IT Division and Officer
Responsible for Confidential
Information Management



The Path to Success for the Next Generation Lies in the Convergence of R&D and Digital Transformation

Omatsu: When I was a student working in quantum chemistry, we had theories that could predict research outcomes, but computers simply did not have the processing power to keep up. Today, dramatic gains in computing speed have widened the scope of what we can predict, and digital technology now sits at the core of R&D. This is fundamentally changing the assumptions behind our work.

Fukuyama: That shift is rewriting the competitive logic of business itself. History shows that when general-purpose technologies such as electricity and the internet emerged, the companies that mastered them best went on to dominate the next era. The advance of today's digital infrastructure and the rise of AI follow the same basic pattern. Digital adoption is no

longer just a continuation of past trends; competition has begun under entirely new rules.

Omatsu: I agree. In the past, digitalization was about replacing human tasks. Now, however, we are seeing a paradigm shift toward digital technologies that surpass human limits.

Fukuyama: The competitive gap in how companies use digital technology is turning into an overwhelming, winner-takes-all divide. In this environment, it is no exaggeration to say that a company's commitment to embrace digital transformation will be a decisive factor in its future.

Omatsu: Our growth also hinges on this convergence of R&D and digital transformation. "PASSION 2026" is a critical turning point that helps secure this path to success.

Turning Data into Assets through a Network of Knowledge

Omatsu: We have continually worked to create highly original products through our proprietary technologies.

The vast proprietary data we have built up in this process has a depth no competitor can match. We believe that using this data as an asset, rather than leaving it as a mere record, will be a source of our competitive edge in future R&D.

Fukuyama: To fully realize that potential, we need to systematize individual data on products, physical properties, and applications into a network of knowledge. By linking these elements, AI can uncover the relationships and patterns behind phenomena and create fertile ground for innovation.

Omatsu: Ultimately, what matters is how quickly and accurately we can create the products the market wants. To that end, we have partnered with the DX-IT Division to strengthen the very framework of our R&D. At the core of this are Materials Informatics (MI)^{*1} and advanced simulation. In MI, the process of deriving solutions from accumulated data has become dramatically more efficient. In addition, by using cutting-edge simulations such as Matlantis^{*2}, we are increasingly able to find new solutions in materials exploration and design that go beyond conventional thinking.

*1 A data-driven approach that uses machine learning models trained on data from experiments and simulations to speed up property prediction and materials discovery.

*2 An AI simulator provided by Matlantis Co., Ltd. This tool predicts atomic-level phenomena and molecular properties, and by using a machine learning-based prediction model, it achieves calculation speeds tens of thousands to tens of millions of times faster than conventional simulators.

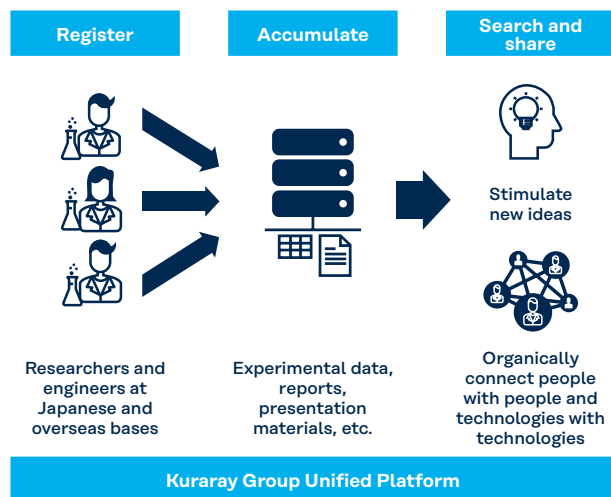
Kuraray's Future Value Creation: The Convergence of R&D and Digital Transformation

Fukuyama: That is a very powerful approach. At the same time, predicting functions that arise from complex structures—such as solid catalyst performance—directly through simulation alone still poses challenges.

Omatsu: That is why we combine simulation and AI. By training AI on simulation data from Matlantis and having it predict results that would otherwise require massive computations, we can achieve both high accuracy and high speed. How fast we can run this “predict-and-verify cycle” will be the key to competing globally.

Fukuyama: In addition, it is vital to build up and visualize the insights gained as shared corporate assets. In 2025, we began full-scale operation of a unified platform for managing R&D knowledge, including from our overseas operations. We are confident this will further speed up cross-department collaboration and the creation of innovative business themes.

R&D Knowledge Management Platform

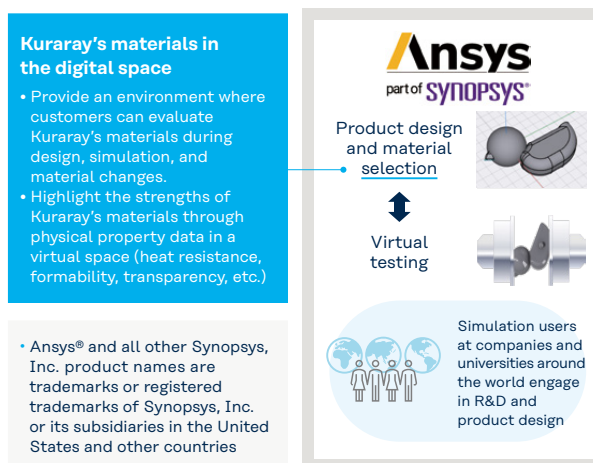


Digital Technology Is Accelerating Co-Creation with Customers and Circular Business Models

Omatsu: The impact of digital transformation is already starting to show in the field. By using AI and simulation, teams can now narrow down candidates that resource constraints once made impractical to evaluate, and cases where results exceed expectations are becoming more common. We are also seeing tangible progress in our ability to feed customer needs straight into materials design.

Fukuyama: A flagship initiative that extends this customer touchpoint through digital means is our collaboration with ANSYS, Inc., a world-leading simulation software company, now part of Synopsys. When customers can use our physical property data from the design stage, our materials are seamlessly built into their development process. This not only

Collaborating with ANSYS, Inc., a Leading Company in the Field of Simulation Software



helps shorten customers' development timelines, but also offers a groundbreaking way for our strengths to be naturally embedded in the selection process.

Omatsu: From the earliest design stage, Kuraray is already built in as a leading option. This is a dramatic shift from a sales and marketing perspective as well.

Fukuyama: Yes. Joining this platform contributes directly to a better grasp of global needs and stronger brand recognition. In Europe and the United States, these strategies are already becoming mainstream.

Omatsu: I see. We are combining our global foundation, one of our core strengths, with the power of digital technology. By doing so, we can build even closer relationships with the market.

Fukuyama: Another key focus is creating value after the product is sold. For example, by using digital technology to visualize and predict product usage, we can determine the optimal timing for collection and reuse and offer solutions that treat the entire resource cycle as one. Circular business models like this can only be truly realized on a digital foundation.

Kuraray's Future Value Creation: The Convergence of R&D and Digital Transformation

Omatsu: We have truly entered an era in which we stay in constant dialogue with customers through our products. One such pioneer is Nelumbo, which we acquired in 2025. They are adapting their proprietary surface modification technology to market needs at a pace only a startup can match. By adding digital technology to this approach, which directly links technology and markets, we can deliver new value to customers. We aim to make that style our next standard.

Unifying Global Management on a Common Platform

Fukuyama: As customer touchpoints expand and R&D, sales, and marketing become more tightly linked, information sharing becomes ever more critical to our competitiveness. Through common platforms such as customer relationship management (CRM) systems, we are building an environment where all functions, including indirect departments like HR, can discuss issues while sharing the same global view. This is essential to advancing integrated management.

Omatsu: To maximize knowledge sharing across the group in terms of technology and equipment, we have



established the Core Technology Platform (CTP) and the Technology Equipment Platform (TEP). The Innovation Networking Center has been the driving force behind this. Our diverse business portfolio gives us a unique advantage: by breaking down organizational barriers and grounding our approach in frontline input, these shared platforms are now generating significant value and are taking root as practical, effective frameworks across our operations.

Fukuyama: A platform creates value only when it is actively used. We also prioritize governance frameworks that ensure AI is developed responsibly under appropriate controls, so frontline staff can confidently use AI as a capable assistant. Safeguarding this trustworthiness will be a key pillar of management.

Omatsu: At the same time, a key appeal of R&D is serendipity—the thrill of unexpected discovery. Because AI can now derive solutions so efficiently, we want to place even greater value on the unexpected value that comes from human intuition and inspiration.

Fukuyama: It is truly a fusion of AI and intuition. Rather than leaving everything to computers, we are combining digital capabilities with the human sensibility and experience we have built up over time. We are confident this synergy will be a source of our next-generation competitiveness.

Carrying “For People and the Planet” into the Next Generation through the Power of Digital Technology

Omatsu: Kuraray has an enduring mission: “For people and the planet—to achieve what no one else can.” Digital technology is a powerful means of carrying this

philosophy into the next generation. Deepening our research on Kuraray's accumulated proprietary data is, in itself, a challenge to “achieve what no one else can.” This is our unwavering foundation.

Fukuyama: To keep fulfilling that mission, we must also ask what data we will leave for the future. We pass on knowledge in a way that will let colleagues decades from now say, “This data made innovation possible.” We believe this “contribution to the future” is the true value of our digital transformation efforts.

Omatsu: I agree. At the core, it all comes down to people. Today, researchers' roles are expanding beyond experimentation and analysis into project leadership that conceptualizes business initiatives starting from data. We are also stepping up recruitment of talent with diverse specializations in anticipation of this change.

Fukuyama: At the same time, we are working across the Company to raise digital transformation literacy among all employees.

Omatsu: Digital technology is also changing how we work and how our organization is structured. As the use of simulation grows, talented people around the world can join R&D regardless of location, and the possibilities will widen further. We aim to create new value from the product of our accumulated data assets and the talent to put them to work. Guided by our mission “For people and the planet,” we will use digital technology to evolve our talent and our ways of working. We are confident that this is the surest path to our next stage of growth.

Business and Growth Strategies

Contents

- 50**  **Message from the Officer in Charge of Finance**
- 54** **Strategies by Segment**
 - 54** - Vinyl Acetate
 - 55** - Isoprene
 - 56** - Functional Materials
 - 57** - Fibers and Textiles
 - 58** - Trading
- 59** **Management of Intellectual Property**

Message from the Officer in Charge of Finance

Revisiting management challenges and driving value creation through disciplined financial management and improved capital efficiency

Junichi Fujiwara

Officer Responsible for Corporate Management Planning Office and Officer Responsible for Accounting and Finance Division



— FY2025 Results

In 2025, sales volumes in many business segments fell short of expectations, mainly due to indirect effects from tariff policies in various countries. As a result, net sales was ¥808.4 billion and operating income was ¥58.9 billion. Although sales volumes of EVAL™ EVOH resin and activated carbon increased year on year, they did not reach the initial plan due to the challenging business environment. Increased competition in certain products, such as PVB film and elastomers, as well as temporary factors like plant shutdowns caused by cold weather, also weighed on earnings.

In addition to lower operating income, we recorded impairment losses in the fourth quarter. As a result, net income attributable to owners of the parent was limited to ¥7.5 billion.

We recorded an impairment loss in part of the Isoprene segment due to structural changes in the business environment. We take this loss very seriously. The Thailand plant, which began operations in 2023, achieved stable operations in 2025, reducing

segment losses. However, the business environment is structurally deteriorating due to oversupply and intensified competition from Asian manufacturers, as well as the prolonged downturn in China's real estate market. Given these circumstances, we recorded impairment losses of ¥15.0 billion in the isoprene chemicals business and ¥10.6 billion in styrenic thermoplastic elastomers within the elastomer business. Some recent capital investments did not fully account for changes in the business environment or increased competition. As a result, some of these projects have not delivered the expected early returns or recovered their investment as planned. We must acknowledge that, in retrospect, assumptions underlying our initial plans and the validity of our investment decisions lacked sufficient rigor. Based on these lessons, we will strengthen discipline in capital investment by conducting more rigorous and comprehensive assessments of market size, supply-demand outlook, competitive sustainability, technological advantages, and feasibility. We will ensure all investment decisions prioritize risk resilience.

Our results for fiscal 2025 were extremely challenging. However, we have largely finished recording major losses associated with enhancing our business portfolio. In addition to our medium-term growth story focusing on EVAL™ and activated carbon, we are also taking steps in the isoprene chemicals and elastomer businesses to shift toward higher value-added products and to develop new business models.

Fiscal 2026 marks the final year of our Medium-Term Management Plan, "PASSION 2026," and our long-term vision, "Kuraray Vision 2026." It is also a milestone year as we mark our 100th anniversary. In an increasingly uncertain business environment, we have reaffirmed our long-term vision and mission, "For people and the planet—to achieve what no one else can." Guided by this mission, we will continue to discuss and implement initiatives that create sustainable value.

— Progress on the Medium-Term Management Plan "PASSION 2026"

Trends in Financial KPIs

In 2025, ROIC was 5.1%, EBITDA reached ¥143.6 billion, and ROE was 1.0%. Due to a challenging business performance, all financial KPIs remain at low levels. Our ROE has fallen below our estimated cost of equity for three consecutive years. We must work earnestly to address this issue.

The main reason for our low ROE is that we have not generated enough net income. In the process of enhancing our business portfolio, we recorded impairment losses and business restructuring losses as extraordinary losses. In addition, a decline in operating income due to the worsening business environment also affected our results. We recognize that restoring profitability is a key management priority.

Message from the Officer in Charge of Finance

Although total asset turnover has remained steady, inventory turnover has declined. The stability of our supply chain—supported by our vertically integrated value chain and global network—was recognized to a certain extent during the logistics disruptions and policy changes in various countries and regions following the COVID-19 pandemic. However, this also led to persistently high inventory levels. We are currently redefining optimal inventory levels and working to reduce inventory. In the isoprene-related business in particular, we will leverage the increased management flexibility gained by raising our equity stake in the Thai joint venture to accelerate inventory optimization globally, including at our facilities in Japan and the United States.

We will manage financial leverage by balancing cost of capital and financial soundness, while taking into account the factors that affect changes in net assets. The shareholder return ratio exceeded 100%

in both 2024 and 2025, which reduced net assets. At the same time, the yen's depreciation increased the foreign currency translation adjustment, which in turn boosted net assets. While exchange rate movements are beyond our control, we will continue to manage our overall capital structure to maintain appropriate net asset levels and improve capital efficiency.

Enhancing Our Business Portfolio

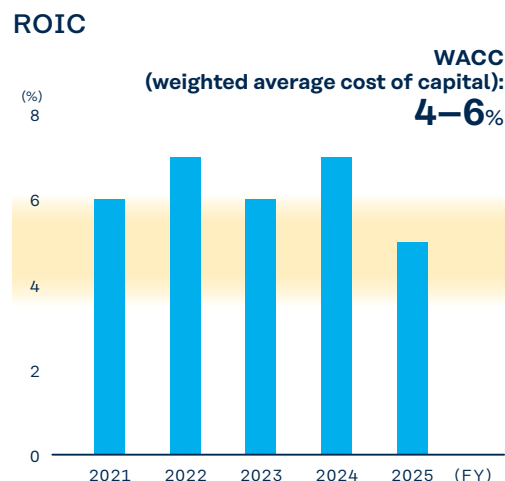
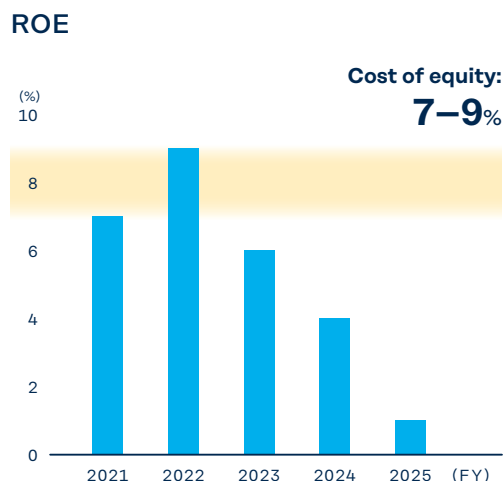
To improve profitability and capital efficiency, we continued to enhance our business portfolio in 2025. Specific investments currently underway include construction of a new EVAL™ plant in Singapore and expansion of optical-use poval film capacity, both aimed at strengthening our foundation for future growth and earnings. We are also accelerating the selection and concentration of the portfolio, having completed the optimization of production capacity in the methacrylate business and advancing

the restructuring of the polyester business. We recognize that the enhancement of our business portfolio is not a one-time effort, but requires the ongoing reallocation of management resources.

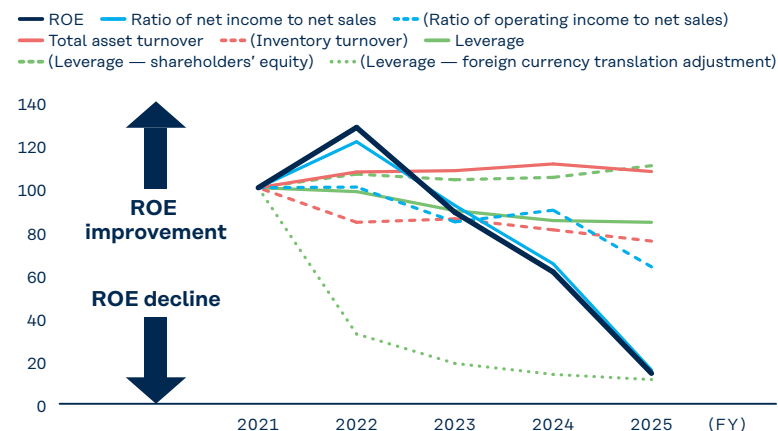
While scaling back or withdrawing from business operations calls for difficult decisions, we will make the necessary decisions with a view to enhancing long-term corporate value. We will provide clear explanations to each stakeholder and ensure their understanding as we move forward. Management resources freed up through this strategic focus on businesses will be directed primarily toward strengthening the competitiveness of existing businesses and toward new growth areas, including through acquisitions. (➤ P. 22)

Capital Allocation, Capital Policy

Even in an uncertain economic environment, we manage our funds with a strong sense of financial discipline by avoiding excess cash holdings. From



DuPont analysis of ROE*: indexed to 100 for 2021 (dotted lines indicate a further breakdown of the components)



* An analytical framework developed by DuPont in the United States that breaks down ROE into three components: profitability, efficiency, and financial soundness.

Message from the Officer in Charge of Finance

2022 through 2025, we secured the investments needed for growth and maintenance, while returning capital to shareholders at levels exceeding the cash we generated. Operating cash flow has improved since 2023, and the Company now generates a stable ¥100 billion or more annually. Investing cash flow has at times exceeded initial estimates due to the yen's depreciation and inflation. However, over the medium term, we maintain investment discipline by keeping capital expenditures broadly in line with depreciation. In 2025 and 2026, we have tightened the selection of capital expenditure projects in response to the challenging business environment. We make investment decisions after clearly prioritizing projects based on strategic importance, profitability, and capital efficiency.

We regard shareholder returns as a key management priority and revised and expanded our policy in February 2025. We will pay dividends

on a stable basis, while determining share buybacks after taking into comprehensive consideration factors such as financial conditions, earnings levels, and stock price. The Company marks its 100th anniversary in 2026, and we plan to pay a commemorative dividend of ¥10 per share (¥5 interim, ¥5 year-end). The total return ratio, including the ¥10 billion share buyback approved in February 2026, is expected to be approximately 74%.

With regard to capital policy, we continue to conduct financial management based on a target equity ratio of 50% to 60% and a debt-to-equity ratio of 0.45 or below. These levels are set in line with our philosophy of maintaining financial soundness while giving due consideration to the cost of capital. While actively utilizing debt, our financial management is premised on maintaining an issuer credit rating of A or higher. This approach takes into account the business characteristics of the chemical

manufacturing industry, where investments typically require a certain period of time to generate returns, and is intended to ensure stable access to funding even under unforeseen circumstances.

— Initiatives to enhance corporate value

Efforts to improve ROE

We recognize that our ROE currently remains at a low level, and view improvement in profitability and invested capital efficiency—the underlying factors—as an urgent priority. Because ROE is determined by the combination of ROIC and financial leverage, we have positioned ROIC as the core metric for managing execution toward higher ROE, and use it in business operations and performance evaluation. We are working to achieve an ROE of 10% as soon as possible by steadily

Cash Flow Trends

	(Billions of yen)				
	FY2022	FY2023	FY2024	FY2025	Total
Net cash provided by (used in) operating activities	51.7	129.3	138.3	98.6	417.9
Net cash provided by (used in) investment activities*	(72.0)	(63.2)	(76.0)	(98.1)	(309.3)
Free cash flow*	(20.2)	66.1	62.3	0.5	108.6
Shareholder return, cash flow basis	(23.9)	(16.1)	(37.3)	(47.4)	(124.6)
Dividends	(13.9)	(16.1)	(17.3)	(17.4)	(64.6)
Share buybacks	(10.0)	(0)	(20.0)	(30.0)	(60.0)
Free cash flow + shareholder return	(44.2)	50.1	25.0	(46.9)	(16.0)
Depreciation and amortization	65.5	77.2	85.3	84.7	312.6

* Exclude net cash used in fund management and M&A.

Shareholder return policy

Total return ratio: **50%** or more

Maintain, increase
dividends per share

Share buybacks:
Aim for continuous implementation

Message from the Officer in Charge of Finance

improving ROIC and appropriately controlling financial leverage in line with our capital policy.

We have developed a model that visually maps ROIC to five key drivers: (1) marginal profit rate, (2) fixed costs, (3) working capital index (working capital ÷ net sales), (4) fixed assets, and (5) net sales. We are rolling out this model company-wide. These metrics are directly linked to the breakeven analysis, working capital management, and investment return assessments that the business units have traditionally conducted, providing a framework that clarifies the challenges faced by each business. Also, by factoring in the constraints imposed by existing production capacity, we can visualize whether additional capital investment is necessary and, if so, what level of effect we can expect.

If returns are expected to clear the hurdle rate by a sufficient margin, we move forward with evaluating an investment; otherwise, we pass on the opportunity. Teams from the corporate division work alongside business units to identify issues and manage improvement actions, steadily advancing each unit's understanding and use of the ROIC model. As a result, awareness of invested capital has increased, and business units are making progress in discussions on improvements such as inventory optimization, shortening accounts receivable collection periods, and optimizing production capacity.

Toward EPS Growth and PER Improvement

We believe that achieving sustainable earnings per share (EPS) growth and securing a price-to-earnings ratio (PER) level that appropriately reflects such growth are essential to enhancing corporate value and expanding shareholder value. Current EPS

has been trending lower, partly due to business restructuring losses and impairment losses recorded through the enhancement of our business portfolio. To drive medium-term profit growth, we are concentrating resources on areas with high growth certainty and strong profitability. We will allocate management resources to our priority growth and expansion businesses—including EVAL™, GENESTAR™, activated carbon, and dental materials—to achieve steady earnings growth and drive the recovery and expansion of EPS. We have particularly high expectations for EVAL™ and activated carbon. EVAL™ is expected to see increased demand driven by Europe's Packaging and Packaging Waste Regulation (PPWR), while activated carbon is set to benefit from stricter per- and polyfluoroalkyl substances (PFAS) regulations for drinking water in the United States. Both fields are likely to experience demand growth as mandates take effect around 2030, and we consider the next several years a critical phase for growth. (➤ P. 33)

In terms of improving the PER, stronger market recognition of future growth potential is critical. The foundation for that is a concrete growth story backed by proven execution. We are advancing new business development through two complementary organizations: the Research and Development Division and the Innovation Networking Center (INC). The Research and Development Division focuses on themes with long-term earnings potential, such as the commercialization of cell culture carriers and new carbon materials for lithium-ion battery cathode additives. (➤ P. 42) The INC is pursuing commercialization of new business projects in its pipeline, including the acquisition of Nelumbo Inc.,

a company with surface modification technology applicable to a wide range of substrates. (➤ P. 43)

— Stakeholder Engagement

We believe continuous engagement with stakeholders is essential to gaining understanding of our diverse businesses and distinctive strengths and competitive advantages. Timely and appropriate disclosure, combined with two-way dialogue, can reduce information asymmetry with the market and lower our cost of equity. We currently hold about 300 investor meetings per year, along with management briefings and sessions for individual investors. We aim to further increase these engagement opportunities wherever possible. We will also carefully review the assumptions and sensitivities underlying our earnings forecasts, and work to disclose forecasts with greater accuracy and transparency.

Dialogue with shareholders and investors also provides us with important opportunities to objectively identify management issues. We regularly incorporate the feedback and suggestions we receive into our management practices. As we continue to focus on investor relations and shareholder relations activities (dialogue with those responsible for voting rights), we ask for your continued understanding and support. (➤ P. 67)

Strategies by Segment

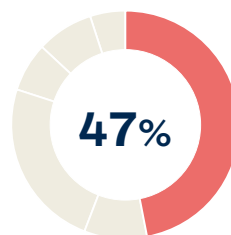
Detailed product information and financial data for each segment can be found in the Kuraray Fact Book

Announcement of Financial Results Fact Book

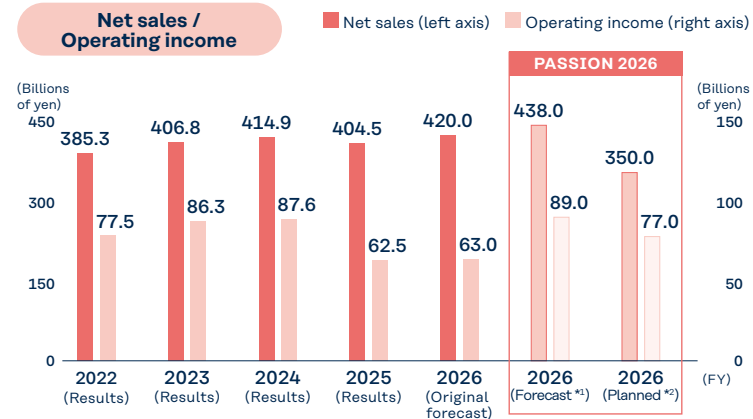
Vinyl Acetate

We manufacture and sell materials ranging from PVOH resin offering properties such as water solubility and high adhesiveness; PVOH film used in liquid crystal displays and soluble unit dose systems for detergent and other products; PVB film used as an interlayer for safety glass; SentryGlas™ ionoplast interlayers; to EVAL™ EVOH resin with high gas barrier properties.

Net sales composition ratio



Net sales / Operating income



*1 Announced in Feb. 2025 *2 Announced in Feb. 2022

Competitive Advantages

- Integrated production based on advanced technology from raw material monomers to finished products
- Numerous high-quality, cost-competitive product lines
- Stable supply framework backed by our global network; strong customer base
- Capabilities in proposing value to customers and in marketing
- Establishment of Singapore Technical Center to accelerate growth in Asian markets

Business Environment

Opportunities

- Expanding demand for barrier paper, etc., amid growing environmental awareness
- Increased demand due to a shift toward larger liquid crystal displays and accelerated digitalization trends
- Increased global demand for soluble unit dose system for detergent
- Demand for both safety and security, as well as design and natural lighting, in architecture
- Growing concern about food safety and security amid rising living standards in emerging countries
- Growing global demand for recyclable packaging materials and food loss reduction

Risks

- Soaring raw materials and fuel prices and sharp exchange rate fluctuations
- Increased country risks
- Negative impact on the global economy due to policy uncertainty in various countries
- Intensified competition due to new entry by competitors
- Maturing of the liquid crystal display market and expansion of the OLED display market

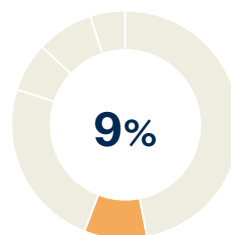
"PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
PVOH resin	<ul style="list-style-type: none"> - Maintain a strong supply framework by taking advantage of our strengths backed by our own raw material production capabilities - Continue to shift from quantity to quality (new applications and high-value-added products) 	We continued our shift toward high-value-added products and strengthened and optimized the global supply chain.
Optical-use poval film	<ul style="list-style-type: none"> - Strengthen production and sales frameworks in accurate response to expanding demand and the market shift to China - Launch and expand lineup of value-added products that meet customer needs, such as high-transparency or thin film 	To meet growing demand for wide film driven by the increasing size of liquid crystal displays, we decided to invest in expanding capacity at our Saijo Plant.
Water-soluble PVOH film	<ul style="list-style-type: none"> - Timely capacity expansion to cover demand growth and to maintain stable supply to the market - Promote the development of new applications as well as biodegradable and bio-based raw materials to contribute to a circular economy 	As the world's leading supplier of water-soluble PVOH film, we have put a framework in place to ensure stable supply in line with future market growth. Production commenced in 2024 at our new plant in Poland, further strengthening the supply chain.
Advanced interlayer solutions	<ul style="list-style-type: none"> - Expand SentryGlas™, our unique interlayer film for safety glass - Leverage the strengths of the global supply framework supported by bases in Europe, the United States and South Korea while accelerating the launch of newly developed products 	We optimized the global supply chain to meet brisk demand for SentryGlas™. Sales of advanced interlayers for high-performance automotive applications were up as a growing number of new customers in Asia adopted our products.
EVAL	<ul style="list-style-type: none"> - Enhance the stable supply framework and build a new plant in Asia - Contribute to food loss reduction and circular economy by meeting growing demand for food packaging applications 	Sales expanded due to development of new applications for food packaging. To make our global supply framework more stable, we are expanding production lines in Europe and the United States and also decided to build a new plant in Singapore, due to be completed at the end of 2026.

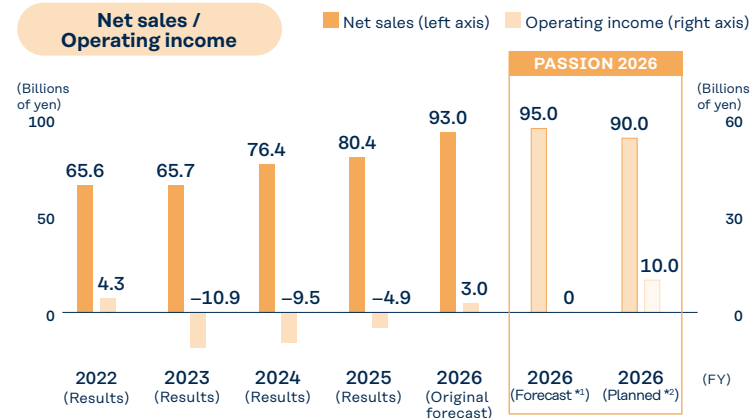
Isoprene

We manufacture and sell isoprene chemical products made with a synthesizing method as well as SEPTON™ thermoplastic elastomer and GENESTAR™ heat-resistant polyamide resin, which are derivatives of isoprene chemical products.

Net sales composition ratio



Net sales / Operating income



*1 Announced in Feb. 2025 *2 Announced in Feb. 2022

Competitive Advantages

- Broad lineup of unique products based on proprietary technology
- Advanced technological services that meet customer needs
- Stable supply framework through global network, with newly added base in Thailand
- Capabilities in proposing value to customers and in marketing

Business Environment




Opportunities

- Expanding demand for materials development for the weight reduction, electronic control, and electrification of automobiles
- Growing demand for high-end materials to meet next-generation communication standards
- Increased demand for environmentally friendly materials and bio-based materials due to growing environmental awareness

Risks

- Soaring costs of raw materials and fuel, difficulties in procurement, and sharp fluctuations in foreign exchange rates
- Reduced automobile and electrical and electronic device production due to semiconductor shortages
- Low-cost strategies of competitors and other factors will undermine markets

"PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
Isoprene Chemicals 	<ul style="list-style-type: none"> - Expand sales of one-of-a-kind products - Quickly commercialize newly developed products to secure new profit contributors - Promote sustainability (Reduce GHG emissions via the switchover of raw materials and the improvement of the manufacturing process) 	For our one-of-a-kind products, we steadily expanded sales of MPD (3-Methyl-1,5-Pentanediol) and MMB (an alcohol-based solvent), supported by increased production capacity at our Thailand facility.
Elastomer 	<ul style="list-style-type: none"> - Strengthen global supply framework for SEPTON™ - Build a new liquid rubber plant in the United States - Promote a development framework and expand sales of products that are high-value-added and made from sustainable raw materials 	Amid intensifying competition, we are working to improve our portfolio by expanding sales of high-value-added products. For SEPTON™, we are also increasing sales, including products manufactured in Thailand. In 2025, we obtained ISCC PLUS certification for products made from biomass and recycled raw materials at the Kashima Plant, further promoting the expansion of environmentally friendly products.
Genestar 	<ul style="list-style-type: none"> - Expanded use in parts for weight reduction, electronic control, and electrification of automobiles - Penetrate further into global markets, including Europe, the United States and Asia - Consider the second phase of facility construction at the Thai plant 	Sales for PC-related components remained strong. In the automotive sector, in addition to traditional demand for high heat resistance, new applications are being adopted to meet needs such as weight reduction and high voltage resistance, and development projects are expanding globally.

Strategies by Segment

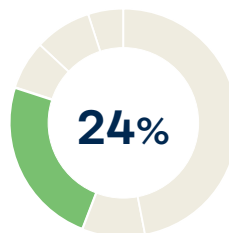
Detailed product information and financial data for each segment can be found in the Kuraray Fact Book

Announcement of Financial Results Fact Book

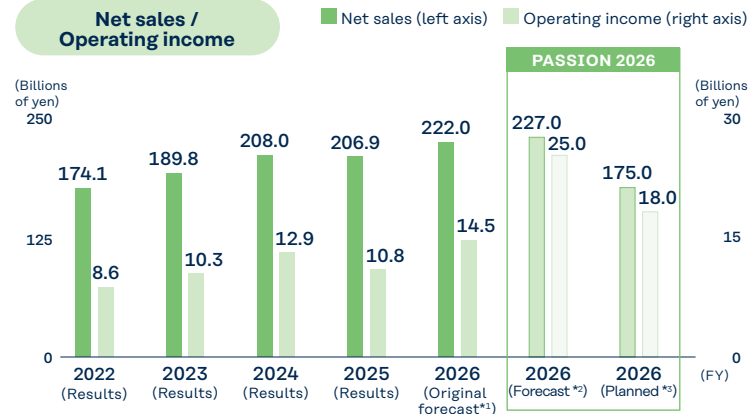
Functional Materials

We manufacture and sell activated carbon whose high adsorption performance is used to purify air and water, hollow-fiber membrane modules, dental materials enabling restorations that closely resemble natural teeth, and methacrylic resin that offers excellent transparency and weatherability.

Net sales composition ratio



Net sales / Operating income



*1 From fiscal 2026, the segment classification for the Electronics Materials Promotion Division has been changed from "Others" to "Functional Materials." The figures for fiscal 2026 (Original Forecast) reflect this change. *2 Announced in Feb. 2025 *3 Announced in Feb. 2022

Competitive Advantages

- Development of high-value-added products with advanced technological capabilities and high quality
- Supply and sales capabilities using our global network as a comprehensive manufacturer of activated carbon
- Capabilities in proposing value to customers and in marketing

Business Environment





Opportunities

- Increased demand for air and water purification under tighter environmental regulations worldwide
- Global expansion of the circular economy
- Expansion of energy-related markets
- Growing demand for cosmetic dentistry in line with rising standards of living
- Digitalization of dental lab work using CAD/CAM
- Increased demand to develop materials with transparency and optical properties in line with the increasing sophistication of automobiles

Risks

- GHG emissions from the activated carbon production process
- Decreasing cost competitiveness and supply capacity due to inadequate raw materials procurement capabilities
- Soaring raw materials and fuel prices and sharp exchange rate fluctuations

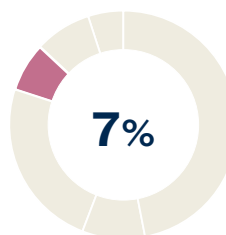
"PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
Environmental Solutions 	<ul style="list-style-type: none"> - Expand profitability leveraging strengths as an activated carbon manufacturer - Fully realize synergies and growth by enhancing our production capabilities for both virgin and reactivated carbon - Develop products related to reducing GHG emissions for electrical material and mobility applications 	We are strengthening our ability to provide products and services by capturing business opportunities such as those related to PFAS. In 2022, we expanded our reactivated carbon facilities in Belgium, and in 2024, we expanded our virgin activated carbon facilities and acquired an industrial reactivated carbon business in the United States. From 2025 to 2026, we secured land for a new plant in the United States and decided to expand our reactivated carbon facilities for drinking water. We are also promoting higher-value-added products and environmental initiatives, including joint Japan-U.S. development for electrical materials and mobility applications, as well as considering the use of biomass-derived raw materials to reduce GHG emissions.
Medical (dental materials) 	<ul style="list-style-type: none"> - Continue to introduce high-value-added, differentiated products - Strengthen the product supply framework to support global business expansion 	As part of our efforts to introduce high-value-added, differentiated products, we launched the ultra-fast sintering zirconia block, which significantly reduces treatment time. In addition, we are expanding production capacity for inorganic dental materials at the Miyoshi Plant, with construction underway for operations to begin in the second half of 2026. We are also strengthening our organizational structure and promoting the development and implementation of digital systems to support global business expansion.
Methacrylate 	<ul style="list-style-type: none"> - Develop and realize high-value-added materials and technologies for the next generation - Establish a recycling system and achieve production process innovation 	In addition to establishing a system to increase production of radiation shielding panels, we launched operations at a demonstration plant for heat-resistant acrylic resin. In tandem with this, we decided to optimize MMA production capacity at the Niigata Plant and to transfer our methacrylic resin sheet manufacturing subsidiary in China and the stamper business, enabling us to focus management resources on high-value-added fields. We are also promoting environmental initiatives, such as obtaining ISCC PLUS certification for molding materials.
Aqua 	<ul style="list-style-type: none"> - Strengthen the membrane business by leveraging our unique technologies - Promote environment-related businesses backed by synergies with the Environmental Solutions business 	There was increased uptake of GL module high-performance membranes for the water treatment area of the semiconductor manufacturing sector. We are pursuing new customer acquisition and other activities by leveraging the staff and networks of the Environmental Solutions Division.

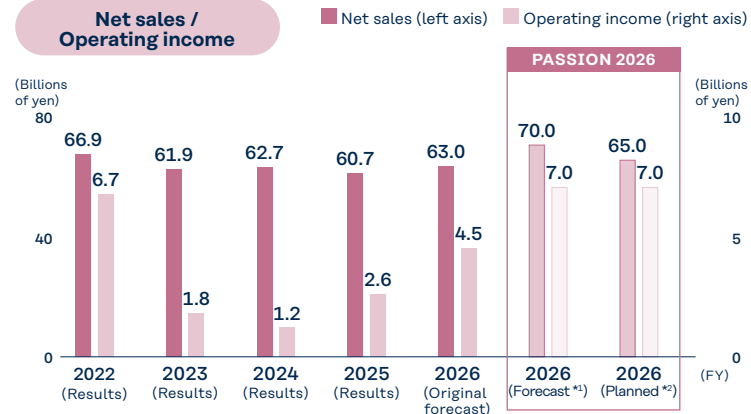
Fibers and Textiles

We manufacture and sell KURALON™ PVA fiber, which is mainly used in reinforcing cement building materials and in automotive components; CLARINO™ man-made leather, which has a structure and functionality similar to natural leather; VECTRAN™ liquid crystal polymer fiber, known for its high strength and low water absorption; meltblown nonwoven fabrics used as household and industrial products; and MAGIC TAPE™ hook-and-loop fastener.

Net sales composition ratio



Net sales / Operating income



*1 Announced in Feb. 2025 *2 Announced in Feb. 2022

Competitive Advantages

- Turning an array of resins into fibers using various proprietary spinning technologies
- Development and proactive deployment of sustainable products
- Capabilities in proposing value and marketing, including assessment technologies for customer applications

Business Environment




Opportunities

- Strengthening measures that contribute to society, such as meeting asbestos regulations
- Amid growing environmental awareness, mounting demand for materials and manufacturing methods that offer low environmental impact
- Mounting demand for high-end materials in line with performance enhancements of various industrial products

Risks

- Competition with products from emerging countries and with other materials
- Soaring costs and difficulties in procuring raw materials and fuel, sharp exchange rate fluctuations
- Disruptions in overseas logistics in export businesses

"PASSION 2026" Strategies and Progress

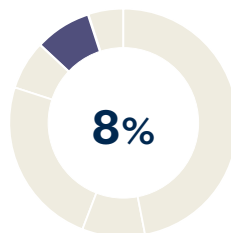
Business	Strategy	Progress to date
Clarino 	<ul style="list-style-type: none"> - Expand sustainable products using recycled raw materials and bio-based raw materials while shifting to environmentally friendly manufacturing and processing processes - Expand the supply framework in response to the globalization of supply chains 	We are increasingly adopting products made with environmentally friendly manufacturing processes that do not use organic solvents, as well as products made with recycled materials, for a wide range of applications including our mainstay sports shoes and luxury products. In 2025, we launched a new brand for school backpacks made with nylon recycled from used fishing nets and aquaculture ropes.
Fibers and Industrial Materials 	<ul style="list-style-type: none"> - Expand sales of VECTRAN™ leveraging the characteristics of materials - Expand KURALON™ PVA fiber operations by concentrating resources on strategic applications such as rubber reinforcement and concrete reinforcement, as well as expanding applications in fields requiring compliance with environmental regulations (e.g., asbestos substitutes). 	VECTRAN™ is seeing steadily growing use in industrial material applications, capitalizing on its high strength, low water absorption, and other characteristics. Although KURALON™ was impacted by weak demand in existing applications, we are working to expand sales of high-value-added products, such as those that help reduce the environmental impact of cement building materials.
Fastening 	<ul style="list-style-type: none"> - Expand environmentally friendly products and sustainable materials - Expand the lineup of unique products, such as MAGIC TAPE™, to meet labor saving needs for customers' manufacturing processes 	The business is launching and expanding sales of a range of products, including the industry's only recyclable, environmentally friendly MAGIC TAPE™ made from recycled polyester yarn, and a hook-and-loop fastener for cable ties that uses the Kuraray Group's specialty resin, offering superior flexibility and holding durability.

Strategies by Segment

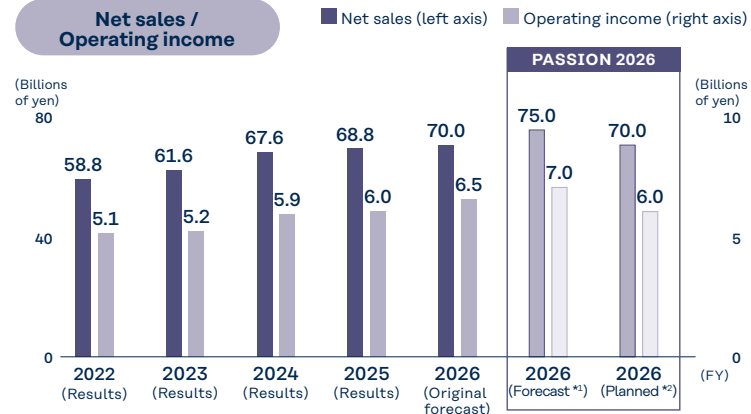
Trading

In addition to the manufacture and sale of polyester and other fiber and textile products, we sell Kuraray Group products in Japan and other parts of Asia.

Net sales composition ratio



Net sales / Operating income



*1 Announced in Feb. 2025 *2 Announced in Feb. 2022

Competitive Advantages

- Use of Kuraray's specialty yarn to build an integrated supply chain extending to sewn products
- Bases in Asia carry out technical services, production follow-up, and sales activities, contributing to business expansion

Business Environment

Opportunities

- Expansion of sports and outdoor product markets fueled by rising health consciousness
- Economic growth and cooperation in mainstay Asian markets

Risks

- Soaring raw materials and fuel costs and sharp exchange rate fluctuations
- Emerging geopolitical risks and supply chain disruptions

"PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
Fibers and Textiles	<p>Expanding proprietary product and processing businesses</p> <ul style="list-style-type: none"> - Shift from raw yarn and fabric sales centered on polyester filaments to product sales - Expansion of value-added processed products <p>Expanding overseas businesses</p> <ul style="list-style-type: none"> - Overseas expansion adapted to growing Asian markets - Establish an integrated production system for textile products utilizing Vietnamese production sites 	<p>In the apparel sector, sales of fabrics and sewn products for use in sports apparel and outdoor wear are expanding steadily in Japan and China. Against this backdrop, we progressively increased sewing and printing equipment capacity at our partner plant in Vietnam in 2025. In the materials sector, we are focusing on overseas sales for medical applications and have strengthened compliance with regulations and enhanced local production systems in Vietnam.</p> <p>In addition, we grew sales of a new fiber that offers superior quick-drying properties and a dry feel. Meanwhile, our environmentally friendly grade of the conventional split-type microfiber, which uses recycled raw materials, has attracted strong interest from customers who prioritize environmental responsibility, and is currently undergoing evaluation for full-scale adoption.</p>
Chemicals and chemical products	<p>Soft casting thermoplastic elastomer</p>	<p>We are focusing on import sales to Japan and inter-regional overseas transactions by leveraging the functions of our overseas bases, resulting in a significant increase in sales volume. In addition, for value-added processed products, sales of our soft casting thermoplastic elastomer have been expanding steadily for both the Japanese and Chinese markets, supported by new production facilities at our Tomiyoshi Plant in Okayama Prefecture that began operations as planned in June 2025.</p>

Management of Intellectual Property

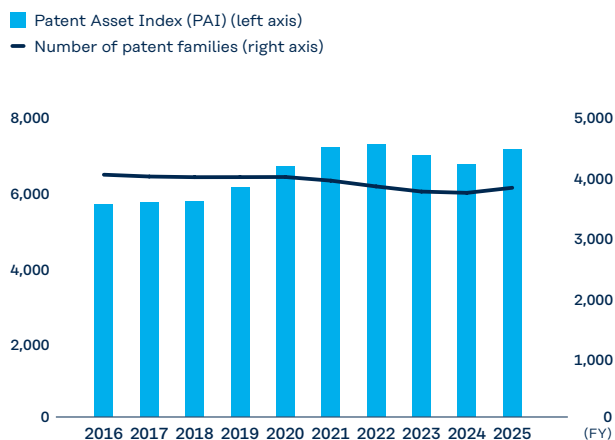
Kuraray Group strategically manages intellectual property (IP) to strengthen business competitiveness and increase profits. Our priorities will be to reinforce intellectual property management in markets outside Japan where we anticipate business expansion, and to identify and develop the talent to support such management, with the aim of advancing our business objectives. In addition, supporting innovation from an intellectual property perspective will drive our growth.

Annual Evolution in Patent Index Scores

Taking into account business conditions and priorities, we continuously develop our patent portfolio*¹ in line with the IP strategy of each business to hone our competitive edge. We also ensure that this portfolio aligns with our management strategy while maintaining the total value of our patent assets (PAI)*².

We will continue to clarify our IP strategy, identify the ideal patent portfolio based on that strategy, and acquire and secure appropriate intellectual property rights. Through these initiatives, we will continue to update our patent portfolio to support the execution of our management and business strategies.

Patent Asset Index and Number of Patent Families*³ (Consolidated)

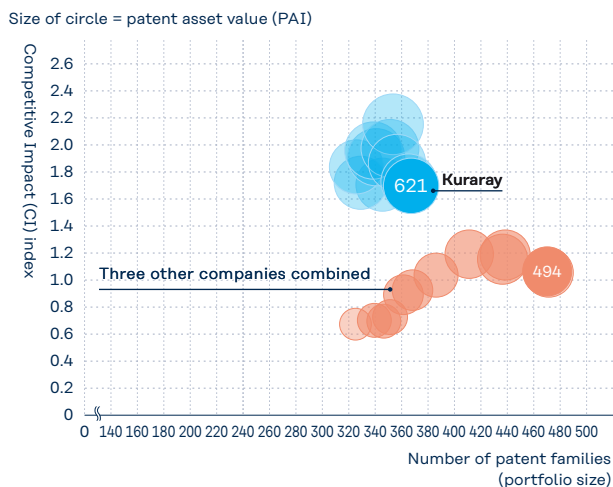


EVAL™ EVOH Resin: Related Patents and Competitive Advantages

Since commercializing EVOH resin in 1972, we have led this industry as a pioneer, working with customers to bring products to market ahead of competitors across a wide range of applications—including food packaging, plastic fuel tanks, underfloor heating pipes, and vacuum insulation panels. At the same time, we have managed the diverse intellectual property arising from the commercialization process and secured rights where appropriate. This has contributed to creating customer value, establishing our market position, and supporting business performance.

The chart below shows the changes over time in the asset value of EVOH-related patents held by

EVOH-related Patents: Portfolio Size and Asset Value



our company and by other EVOH suppliers.

We maintain a patent portfolio befitting a market leader, in terms of both the number of patent families (portfolio size) and the total value of our patent assets (the patent asset index; PAI). Our per-patent Competitive Impact (CI)*⁴, which reflects our influence on other companies, remains at a level that surpasses competitors and continues to underpin our competitive advantage.

Employee IP Skills Development

To strategically acquire and capitalize on intellectual property, it is vital that production, sales, and development staff pursue a common IP strategy in carrying out their respective roles. We have shared our IP strategy across all business units through IP Strategy Meetings. In 2025, we established an in-house IP Skills Standard to further enhance the effectiveness and efficiency of our activities. This standard defines the competencies required for each job function based on the Japan Patent Office's publicly available skills standard for IP professionals.

We will use the in-house skills standard as a benchmark to help employees acquire the necessary skills and carry out effective IP activities, thereby promoting intellectual property management that drives corporate growth.

*¹ Created by the Kuraray Group using patent analytics from the LexisNexis® PatentSight+, sourced from U.S.-based LexisNexis.
 *² An index indicating the total value of a patent portfolio.
 *³ A set of patent applications and acquisitions in multiple countries in relation to a single invention.
 *⁴ An index of the competitiveness of a patent family calculated by multiplying the market coverage (MC) index by the index of technological value (Technology Relevance), which is based on citations in later-filed patent applications.

Management Foundation

Contents

- 61  **Message from the Chairman of the Board of Directors**
- 62 **Corporate Governance**
- 68 **Executives**
- 70  **Messages from Outside Directors**
- 72 **Risk Management and Compliance**

Message from the Chairman of the Board of Directors



Masaaki Ito
Chairman and Director

We will continue to engage in constructive discussions as we look toward the next 100 years

Based on a skills matrix, Kuraray's Board of Directors is made up of members with a broad range of backgrounds and expertise. As changes in the operating environment accelerate even further, a key responsibility of the Board is to examine the appropriateness of the Company's management policies and its responses to anticipated risks from multiple perspectives, and to link these efforts to the sustained enhancement of corporate value. As chairman, I am committed to invigorating discussions to ensure that the wide-ranging perspectives of both Internal and Outside Directors are fully reflected, thereby further enhancing the quality of the decision-making process of the Board overall.

We conduct an annual evaluation of the effectiveness of the Board to verify whether our corporate governance is functioning effectively. The results of the evaluation for fiscal 2025 were generally positive, confirming that the effectiveness of the Board is being maintained. On the other hand, Outside Directors and Members of Audit & Supervisory Board raised several important points needing to be addressed, including known issues around the share

price and ROE, the importance of dialogue with investors, strengthening risk resilience in light of the external environment, and the necessity of further deepening discussions on succession planning. Taking these observations into account, we will continue to engage in discussions that contribute to enhancing corporate value, while refining the selection of themes and issues to be addressed.

Fiscal 2026 is the final year of our Medium-Term Management Plan, "PASSION 2026." As we evaluate the progress and outcomes of key initiatives, such as enhancing our business portfolio and our Three Challenges, we will verify the appropriateness of the underlying assumptions and risk awareness, and continue to engage in constructive discussions from a medium- to long-term perspective as we set our sights on the next 100 years.

As chairman, I will continue striving to enhance the effectiveness of the Board of Directors and to build a highly transparent governance structure. I look forward to the ongoing support and understanding of all our stakeholders.

Kuraray's Steps to Strengthen Corporate Governance

2003	2008	2016	2017	2018	2020	2022	2024	2025
<ul style="list-style-type: none"> • Reduced maximum number and term of office of Directors • Introduced Executive Officer system • Increased number of Outside Members of Audit & Supervisory Board (from two to three) • Established Management Advisory Committee • Established CSR Committee 	<ul style="list-style-type: none"> • Appointed Outside Directors (two) • Started early delivery of shareholder meeting convocation notices and online English disclosure 	<ul style="list-style-type: none"> • Started evaluations of Board effectiveness 	<ul style="list-style-type: none"> • Split off Risk Management and Compliance Committee from CSR Committee 	<ul style="list-style-type: none"> • Abolished Management Advisory Committee • Established Corporate Advisory Committee as an advisory body to the Board of Directors, comprised mainly of Outside Directors and Outside Members of Audit & Supervisory Board 	<ul style="list-style-type: none"> • Increased number of Outside Directors (from three to four) More than a third of the Board of Directors 	<ul style="list-style-type: none"> • Reorganized CSR Committee into Sustainability Committee, chaired by President 	<ul style="list-style-type: none"> • Altered composition of Corporate Advisory Committee to include only Outside Directors, Outside Members of Audit & Supervisory Board and outside experts. Appointed Outside Director as chairperson 	<ul style="list-style-type: none"> • Introduced sustainability-related indicators among evaluation indicators for a portion of Directors' compensation

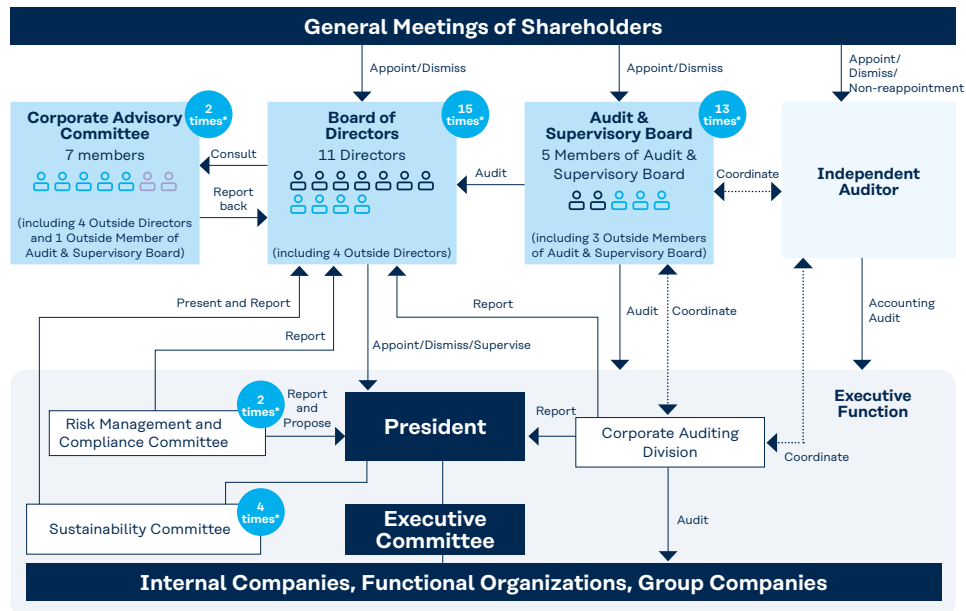
Basic Views

The Company believes that maintaining appropriate relationships with various stakeholders and fulfilling social responsibilities through establishing a corporate governance system that ensures effective and fair management will contribute to the long-term, sustainable enhancement of corporate value.

The Company has adopted the governance system of “a company with Audit & Supervisory Board.” Under this framework, the Company has established corporate governance centered on its Board of Directors and Audit & Supervisory Board to improve the effectiveness of the supervisory and monitoring function while maintaining management efficiency and to handle issues, including management compensation, selection of new company officers, internal control and risk management.

Through the above, the Company believes the effectiveness of the supervisory and monitoring function will be improved while maintaining management efficiency, contributing to the long-term and sustainable enhancement of corporate value.

Corporate Governance System (As of March 26, 2026)



* Number of times held in 2025 Internal members Outside members Outside experts

Policies and Procedures for the Election and Dismissal of Executives* and the Appointment of Candidates for Directors and Members of Audit & Supervisory Board

The Company appoints individuals who have the experience, knowledge, and capabilities required for Directors of the Company at Board of Directors meetings with the attendance of Outside Directors and Outside Members of Audit & Supervisory Board, and elects them as Directors with a resolution of the General Meeting of Shareholders. However, candidates for Outside Directors will satisfy the criteria of independence provided separately.

The Company appoints individuals who have the experience, knowledge, and capabilities required for Members of Audit & Supervisory Board of the Company at Board of Directors meetings with the attendance of Outside Directors and Outside Members of Audit & Supervisory Board, and elects them as Members of Audit & Supervisory Board with a resolution of the General Meeting of Shareholders after obtaining the consent of the Audit & Supervisory Board. However, candidates for Outside Members of Audit & Supervisory Board will satisfy the criteria of independence provided separately.

The election and dismissal of Directors and the appointment and removal of Representative Directors and Directors with special titles are determined by the Board of Directors after deliberation by the Corporate Advisory Committee.

* The Company defines executives as Directors and Members of Audit & Supervisory Board.

Succession Plan for Top Executives

We are continuously discussing a succession plan to foster future management at the meetings of the Board of Directors and the Corporate Advisory Committee with the objective of ensuring management continuity and enhancing corporate value over the medium to long term. Having clarified the experiences and skills required of top executives, we are now compiling a list of potential successors and examining ideal management structures from multiple perspectives.

In terms of development, we provide training to personnel who could become successor candidates and assign them to important positions at the department head level and above, enabling them to gain practical experience while evaluating their growth and suitability. We also create opportunities for deepening mutual understanding, such as meetings during which opinions can be exchanged, so that outside directors can gain insight into the qualities and abilities of the candidates.

Also, we regularly provide executives with the training necessary to fulfill their roles and responsibilities. For the Company’s outside directors, we provide them with information about the Group’s management circumstances and a business overview, and implement initiatives to deepen their understanding of the Group, including site visits to workplaces in Japan and overseas and meetings with employees.

Skills Matrix

The Company has a broad array of businesses globally, including resins, chemicals, activated carbon, and fibers & textiles. In light of the characteristics of each business, we believe that in order to ensure appropriate and agile decision-making and supervision over execution, the Board of Directors and Audit & Supervisory Board must demonstrate expertise and business experience in a variety of fields, as well as diversity in such terms as gender and nationality.

To ensure this, the Company has identified nine areas of knowledge, experience and expertise that are particularly expected of directors and Audit & Supervisory Board members: Corporate Management, Global, Sales and Marketing, Production and Equipment Technology, R&D, Legal Affairs and Risk Management, Finance and Accounting, Environment and Society, and Human Resources and Labor Management.

			Directors										Members of Audit & Supervisory Board					
			Hitoshi Kawahara	Keiji Taga	Masaaki Ito	Matthias Gutweiler Foreign national	Nobuhiko Takai	Tomoyuki Watanabe	Yoji Ikemori	Keiko Murata Outside Independent	Satoshi Tanaka Outside Independent	Naoko Mikami Outside Independent	Toshifumi Mikayama Outside Independent	Hiroaya Hayase	Hideo Ohi	Tomomi Yatsu Outside Independent	Kenji Komatsu Outside Independent	Nobuyuki Fujii Outside Independent
			Male	Male	Male	Male	Male	Male	Male	Female	Male	Female	Male	Male	Female	Male	Male	
			Definition	Reasons for selection														
Knowledge, Experience of Directors and Members of Audit & Supervisory Board	Corporate Management	Expertise and extensive experience in corporate management	To achieve sustainable growth and enhance corporate value, expertise and extensive experience in corporate management are required.	○	○	○	○	○		○	○	○	○			○	○	
	Global	Expertise and extensive experience in overseas business and international operations	The Company operates businesses in numerous countries and regions, and as such, expertise and extensive experience sufficient to formulate strategies, make decisions, and undertake proper management from a global perspective are required.	○	○	○	○	○	○	○	○	○	○	○		○	○	
	Sales and Marketing	Expertise and extensive experience in sales and marketing	For the Company to provide high-value-added products and solutions that meet market needs, solve social and customer challenges, and create value in the midst of drastic changes in the business environment, expertise and extensive experience in sales and marketing are required.	○	○			○			○					○		
	Production and Equipment Technology	Expertise and extensive experience in production and equipment technologies	For the Company to put its most important guiding principle of "Safety is the cornerstone of everything we do" into practice and further strengthen manufacturing capabilities, including productivity improvements, expertise and extensive experience in production and equipment technologies are required.			○	○		○			○		○				
	R&D	Expertise and extensive experience in research and technological development	To drive the creation of new businesses through innovation and strengthen the competitiveness of existing businesses, expertise and extensive experience in research and technological development are required.			○	○		○				○	○	○			
	Legal Affairs and Risk Management	Experience as a lawyer, or expertise and extensive experience in legal affairs and risk management	To adequately comply with the laws and regulations of each country where it is engaged in global business activities, manage all types of risks, and ensure stability and sustainability in corporate activities, expertise and extensive experience in legal affairs and risk management are required.		○									○	○		○	
	Finance and Accounting	Experience as a certified public accountant or tax accountant, or expertise and extensive experience in finance and accounting	To deliver accurate financial reporting and pursue a financial strategy integrated with its management strategy, including improving capital efficiency, ensuring financial soundness, and making appropriate investment decisions, expertise and extensive experience in finance and accounting are required.		○						○				○	○		○
	Environment and Society	Expertise in environmental and social issues, and extensive experience in sustainability	To actively promote sustainability and contribute to both the natural environment and people's well-being, expertise in environmental and social issues, as well as extensive experience in sustainability, are required.								○							
	Human Resources and Labor Management	Expertise and extensive experience in human resources and labor management	To practice a style of management that emphasizes human capital, expertise and extensive experience in human resources and labor management are required.									○						

* The above table shows up to four areas of knowledge or experience possessed by Directors or Members of Audit & Supervisory Board. It does not represent all of their knowledge or experience.

Board of Directors

The Board of Directors, which meets at least once a month, sets bylaws for the Board, deliberates and decides on statutory matters and other key management issues, and supervises business execution. The Board of Directors is chaired by the Chairman and Director. The maximum number of Directors is set at 12, to facilitate agile management decision-making by the Board, and the term of office is set at one year to clarify their responsibilities to shareholders. There are currently 11 incumbent Directors, of whom two are female and one is non-Japanese. Four are Outside Directors, who possess a wealth of experience in and broad insight into the economy, finance, and corporate management, and are responsible for supervising management from an independent, third-party standpoint.

Board of Directors — Overview and Operation

Chair: Masaaki Ito, Chairman and Director

Convened: 15 times Attendance rate: 99.4%

Composition Directors: 11

[Main Proposals and Reports in Fiscal 2025]

- Management plans
- Verification of significance of holding cross-held shares
- Status and operation of internal control systems
- Evaluation of the effectiveness of the Board of Directors
- Acquisition of U.S. startup
- Divestiture of non-core businesses and downsizing/ withdrawal from unprofitable businesses
- Virtual power purchase agreements (VPPA), etc.

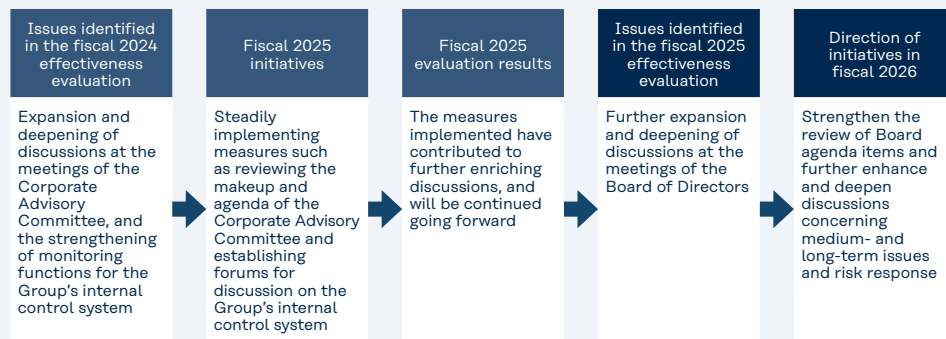


Category	Count	Notes
Internal directors	7	(of which, one is a foreign national)
Outside directors	4	(of which, two are women)
Total Directors	11	

Evaluation of the Effectiveness of the Board of Directors

Every fiscal year, the Company evaluates and verifies the effectiveness of the Board of Directors to make improvements as needed. In fiscal 2025, the Company conducted a survey of all directors and members of Audit & Supervisory Board with advice from external organizations, and, based on a report of the aggregated results, analyzed and evaluated the results at a meeting of the Board of Directors.

From the responses to the questionnaire, generally positive evaluations were received, including active discussions and the strengthening of each director's expertise, which has improved effectiveness, and it was confirmed that the effectiveness of the Board of Directors is secured. On the other hand, it was also recognized that there are issues that must be addressed to further enhance effectiveness, which will be reflected in initiatives for next fiscal year and beyond.



Question Content (40 questions in total)

- Composition of the Board of Directors
- Board meeting agendas
- Operation of Board meetings
- Support system for Directors and Audit & Supervisory Board Members, etc.

Key Comments

- In the future, it will be better to have a structure where at least one internal director is female. It is imperative that personnel with skills and motivation are identified and nurtured.
- The number of non-Japanese directors should be increased to further strengthen the governance structure for overseas businesses.
- The atmosphere of the Board facilitates free discussions, and it is important that this environment continues to be valued while further deepening discussions on medium- to long-term issues and strategies.
- In light of recent international developments, deliberations that take into account steps to ensure resilience and the Company's risk measures based on changes in external environments have grown even more important.
- Depending on the topic, subcommittee meetings should be held to allow for more exhaustive discussions.
- The Company has a support system in place for directors and members of Audit & Supervisory Board so they can benefit from briefings on agenda items, site visits both in Japan and overseas, and regular dialogue with the internal audit department.
- With regard to discussions on the top executive succession plan, it will be important to further establish and enhance the process and substance going forward.

Corporate Advisory Committee

The Company has established a Corporate Advisory Committee composed of Outside Directors and Outside Members of Audit & Supervisory Board and outside experts to serve as an advisory body to the Board of Directors. The committee works to improve the transparency, fairness, and objectivity of decision-making on important management matters such as the appointment and compensation of Directors and further enhance corporate governance. Corporate Advisory Committee meetings are held twice a year in principle.

The committee consists of seven members: four Outside Directors (Ms. Keiko Murata, Mr. Satoshi Tanaka, Ms. Naoko Mikami, and Mr. Toshifumi Mikayama), one Outside Member of Audit & Supervisory Board (Ms. Tomomi Yatsu), and two outside experts (Mr. Go Egami [listed under the name Mr. Haruki Kohata] and Mr. Jun Hamano). The committee is chaired by an Outside Director.

Corporate Advisory Committee — Overview and Operation

Chair: Satoshi Tanaka,
Outside Director

Convened: 2 times Attendance rate: 92.9%

[Main Discussions and Reports in Fiscal 2025]

Composition



- Compensation for directors
- Officer personnel matters
- Top executive succession planning

Risk Management and Compliance Committee

The committee, under the direct control of the President, is tasked with ensuring the appropriate management of risks that could have a significant impact on business management, thorough compliance with laws and regulations and corporate ethics, and fair business practices. The committee identifies material risks and proposes them to the President in its regular monitoring of risks for Group companies. The President then specifies those that require countermeasures as management risks and appoints a supervising officer for each risk to implement risk avoidance and mitigation measures. This committee also reports on a range of activities to the Board of Directors and incorporates their direction in future risk response measures.

Audit & Supervisory Board

The Audit & Supervisory Board consists of five Members, including three independent Outside Members of Audit & Supervisory Board. Four are male and one is female. The Audit & Supervisory Board convenes monthly, in principle. The Members of Audit & Supervisory Board meet regularly with the Independent Auditor and receive reports on audit planning, implementation status, and audit content. They also receive reports on the results of internal audits from the Corporate Auditing Division, the in-house audit department. In addition, the Members of Audit & Supervisory Board serve as corporate auditors at major Group companies and conduct Group company audits as appropriate. They also attend the periodic Group Auditor Liaison Meetings consisting of the Group company auditors to gain information on the respective companies. There are also staff to assist the Members of Audit & Supervisory Board in carrying out their duties.

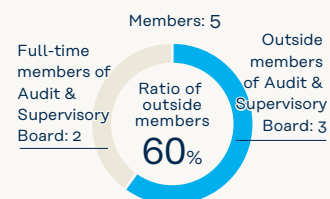
Audit & Supervisory Board — Overview and Operation

Chair: Hiroaya Hayase,
Full-time Member of
Audit & Supervisory Board

Convened: 13 times Attendance rate: 100%

[Main Topics Considered in Fiscal 2025]

Composition



- Legal compliance, compliance framework
- Quality assurance framework
- Implementation and operation status of internal control systems at various Group companies
- Response measures related to serious accidents, epidemics, natural disasters, information leaks, and other management risks
- Efforts to secure and cultivate talent for the next generation, retain talented personnel, pass on skills, heighten employee engagement, etc.

Sustainability Committee

In 2022, the Kuraray Group established a Sustainability Committee chaired by the president to replace the CSR Committee.

This committee deliberates on sustainability-related issues and response policies for the Group at the management level, makes decisions swiftly, and monitors the progress of various measures. In addition, matters deemed important by this committee are submitted to or reported to the Board of Directors for the Board's opinions to be reflected in initiatives to address sustainability issues.

Major Agenda Items for Fiscal 2025

- Virtual power purchase agreements (VPPA) in the United States
- Emissions trading scheme (GX-ETS)
- Progress of the CCUS*1 Project
- Enhancement of evaluation of environmentally friendly products using the Kuraray PSA*2 system
- Implementation of a global sustainable procurement questionnaire, etc.

*1 CCUS: Carbon Dioxide Capture, Utilization and Storage

*2 PSA: Portfolio Sustainability Assessment

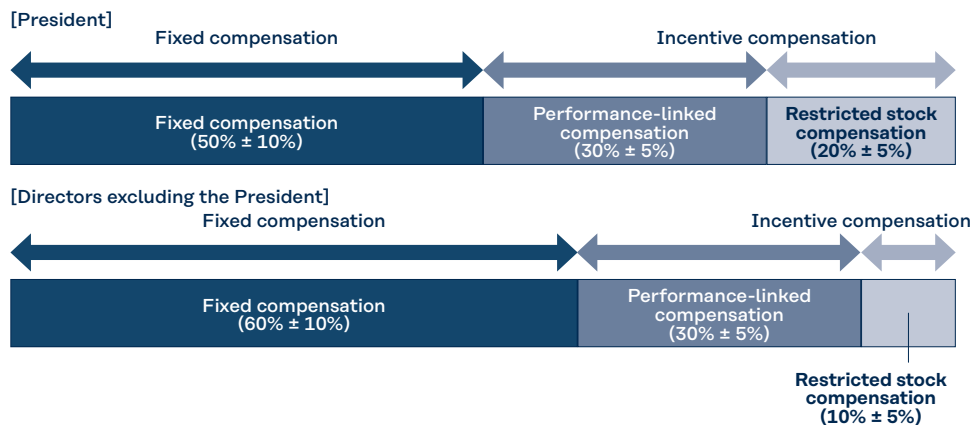
Directors' Compensation

(1) Directors' Compensation System

The Company's basic policy for the compensation of its Directors is to have a competitive level and system of compensation that can secure and retain competent Directors fit for their positions and responsibilities to achieve long-term and sustainable improvements in corporate performance and corporate value. The compensation system for Directors comprises three parts: (1) fixed compensation as basic compensation per job responsibilities, (2) performance-linked compensation as an incentive to achieve yearly business results, and (3) stock-based compensation designed to enhance corporate value over the medium to long term and sharing of value with shareholders through appropriate corporate management, provided that compensation for Outside Directors will solely comprise fixed compensation without performance-linked or stock-based compensation, as their role is to supervise management from an independent standpoint.

The specific level and system of compensation will be verified and deliberated by the Corporate Advisory Committee, made up of Outside Directors, Outside Members of Audit & Supervisory Board and outside experts, on whether the level and system of compensation are appropriate, based on the results of a survey by a specialized external research institution on Directors' compensation covering companies such as those listed on the Prime Market of the Tokyo Stock Exchange, and the salary of the managers of the highest level in the Company. The Board of Directors receives reports on the results from the Committee and gives it due consideration to determine the level and system of compensation. Details of the amount of compensation are provided in the executive compensation section of the securities report (Japanese only).

Composition of Compensation, etc. (assuming the target set at the beginning of the year is achieved)



(2) Method for Determining the Amount of Compensation (Incentives), etc.

Performance-Linked Compensation System	<p>The Company abolished the bonus scheme for Directors and introduced a performance-linked compensation system in July 2006, thereby strengthening the incentives of Directors to increase the Company's corporate value. In addition, to respond to the increase in the amount of performance-linked compensation in conjunction with improved business performance, it was resolved to increase the maximum amount of annual monetary compensation to Directors from ¥450 million to ¥800 million (including ¥100 million annually for Outside Directors) at the Company's 131st Ordinary General Meeting of Shareholders, held on June 22, 2012. Performance-linked compensation is not paid to Outside Directors.</p> <p>(Calculation Method)</p> <p>As a short-term performance incentive, the performance-linked compensation for the President will be the amount that is obtained by multiplying the amount of net income attributable to owners of the parent for the current fiscal year (before deducting performance-linked compensation [bonus]) by 0.75/1000. The performance-linked compensation for Directors will be determined by multiplying the said amount by a predetermined index corresponding to each Director's position. The amounts of performance-linked compensation paid to Directors in charge of business units will be determined so that they partially reflect the performance of the relevant business units.</p>
Restricted Stock Compensation Plan	<p>At the 140th Ordinary General Meeting of Shareholders held on March 25, 2021, the Company resolved to abolish the existing stock option plan*1 and introduce a restricted stock compensation plan, with the aim of incentivizing Internal Directors and Executive Officers to improve the Company's corporate value in a sustainable manner as well as raise the degree to which they share value with shareholders. In view of changes in the stock price since the introduction of this plan, and in light of a potential increase in the total amount of monetary compensation to be paid to eligible Directors for granting restricted stock following inclusion in the plan of evaluation based on sustainability-related indicators, at the 144th Ordinary General Meeting of Shareholders held on March 27, 2025, the Company furthermore resolved that restricted stock compensation for Directors under the plan be capped at an annual amount of ¥180 million. The number of shares to be granted under the plan will not exceed 60,000 shares each year. Restricted stock compensation is not paid to Outside Directors. Monetary compensation linked to stock price (phantom stock) has been introduced in lieu of restricted stock compensation for Directors who are non-residents of Japan.</p> <p>(Calculation Method)</p> <p>The President will be allotted a number of shares in consideration of the responsibilities of the position and the level of compensation at other companies while Directors other than the President will be allotted a designated number of shares by position, and both allotments will reflect an evaluation based on sustainability-related indicators*2 (applied within a range of ±20%).</p>

*1 The exercise of previously granted stock options held by Directors and Executive Officers on retirement will continue until such time as all Directors and Executive Officers currently holding stock options have retired.

*2 We have adopted five sustainability-related indicators: environmental contribution (achievement of GHG emissions reduction targets), occupational health and safety (achievement of targets for occupational accident frequency rate and number of safety-related incidents), diversity (improvement in the ratio of female managers), and engagement (improvement in engagement survey scores and response rates).

Support System for Outside Directors and Outside Members of Audit & Supervisory Board

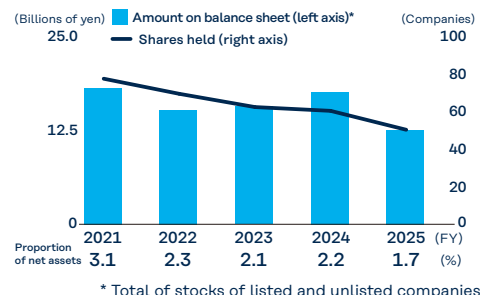
Information is shared with Outside Directors and Outside Members of Audit & Supervisory Board by distributing and explaining in advance the proposals to be deliberated at the regular and extraordinary meetings of the Board of Directors. Staff from the Secretariat Group of the General Affairs Department assist in sharing this information with Outside Directors. Staff are appointed to assist Members of Audit & Supervisory Board, including Outside Members. Staff collect and provide information necessary for their auditing activities and offer other forms of support.

Cross-Shareholdings

From the viewpoint of stable, long-term business operations, the Company holds the shares of its business partners and other entities if maintaining and strengthening the relationships with such business partners and other entities are deemed to contribute to the enhancement of corporate value. The Board of Directors regularly verifies the economic rationality and significance of holding shares (cross-shareholdings), and seeks to sell shares, as necessary, whose holding is deemed not to be appropriate, to reduce such stocks.

In fiscal 2025, out of its cross-shareholdings in listed companies, the Company sold all shares of eight companies and a portion of shares held in two companies. This brought the ratio of cross-shareholdings to net assets to 1.7% as of the end of fiscal 2025.

Status of Cross-Shareholdings



Status of Dialogue with Shareholders and Investors

The Kuraray Group strives to promote constructive dialogue with shareholders and investors and disclose information in a timely and appropriate manner to achieve sustainable growth and enhance corporate value over the medium to long term. Opinions and requests received through dialogue, as well as reports from financial results briefings, are appropriately fed back to management and utilized to improve and enhance the quality of management.

Going forward, to achieve these ends, the Kuraray Group will further promote constructive dialogue with shareholders and investors in Japan and overseas, as well as with other stakeholders.

Investor Relations and Shareholder Relations Activities in 2025

Dialogue with shareholders and investors	Frequency	Status of activities
Financial results briefings	4	Held financial results briefings attended by the President and Directors and Executive Officers in charge of business divisions, the Accounting and Finance Division, and Corporate Management Planning Office (first half, year-end). Held financial results briefings attended by Directors and Executive Officers in charge of business divisions, the Accounting and Finance Division, and Corporate Management Planning Office (first quarter, third quarter)
Management briefings	2	Held management briefings attended by the President and Directors and Executive Officers in charge of business divisions, the Accounting and Finance Division, and Corporate Management Planning Office (June and December 2025)
Small meetings	2	Held small meetings with securities analysts who follow Kuraray, attended by the President and the Director in charge of the Accounting and Finance Division and Corporate Management Planning Office
Securities company conferences	6	Directors in charge of the Accounting and Finance Division and Corporate Management Planning Office and Corporate Communications Department participated in conferences for investors outside Japan Met with six to eight investors at each conference
Individual dialogue with institutional investors' proxy voting representatives	5	The President and the Director in charge of Accounting and Finance Division and Corporate Management Planning Office held dialogues with institutional investors' proxy voting representatives
Individual meetings	Securities analysts	About 50
	Institutional investors in Japan	About 100
	Institutional investors outside Japan	About 150
Total	About 300	Directors in charge of the Accounting and Finance Division and Corporate Management Planning Office and Corporate Communications Department took the lead in individual dialogues
Plant tours for analysts and institutional investors	2	Plant managers and production site managers took the lead in plant tours
IR events for individual investors	2	Held online briefings attended by the President and the senior manager of the Corporate Communications Department

Main themes and areas of interest

Medium-Term Management Plan	<ul style="list-style-type: none"> Progress of business portfolio enhancement and future plans (timing, financial impact) Progress of innovation creation activities and new business development Capital allocation, shareholder returns, and capital policy; decision-making process and future plan for share buybacks Plan revisions, including financial targets Background of downward revision of ROE forecast and path to improvement Introduction of DOE
Environment	<ul style="list-style-type: none"> Measures to reduce GHG emissions, including Scope 3 SBT validation Profitability of products contributing to Portfolio Sustainability Assessment (PSA)
Social	<ul style="list-style-type: none"> Engagement survey Human rights due diligence Management and disclosure of human capital
Governance	<ul style="list-style-type: none"> Composition of the Board of Directors; policy for determining Director compensation Method of evaluating effectiveness of the Board of Directors Effectiveness of the Corporate Advisory Committee Disclosure of succession plan and skills matrix
Others	<ul style="list-style-type: none"> Recognition of PBR falling below 1.0x and actions for improvement Impact of tariff policies in various countries and China's anti-involution policy Background of performance deterioration in 2025; improvement of disclosure and explanation of one-time factors affecting performance ROIC management; recognition of inventory levels and initiatives to reduce them Future growth drivers; outlook for Isoprene business performance

Feedback to senior management	Frequency	Details
Report on financial results briefings	4	Reports on proceedings and Q&As of financial results briefings, etc.
Reports on status of dialogue with investors	4	Report on content of dialogue with investors, opinions, requests, etc.
Others	As needed	Reports as needed, such as on shareholder composition

Executives (As of March 26, 2026)

The reasons for the appointment and brief history of Directors and Members of Audit & Supervisory Board are disclosed in the Notice of Convocation of the Ordinary General Meeting of Shareholders at the time of election:

General Meeting of Shareholders

Attendance Rate (January–December 2025): ■ Board of Directors ■ Audit & Supervisory Board ■ Corporate Advisory Committee

Representative Directors



Hitoshi Kawahara
President and Representative Director

100% Years served as Director 7 years

Apr. 1984 Joined Kuraray Co., Ltd.
Jan. 2021 President and Representative Director



Keiji Taga
Representative Director and Senior Managing Executive Officer

100% Years served as Director 7 years

Apr. 1984 Joined Kuraray Co., Ltd.
Jan. 2024 Representative Director and Senior Managing Executive Officer

(Responsibilities)
Officer Responsible for Corporate Sustainability Division; Officer Responsible for HR Division; Officer Responsible for Purchasing and Logistics Division

Board of Directors



Masaaki Ito
Chairman and Director

Chairman of the Board of Directors

93% Years served as Director 11 years and 9 months

Apr. 1980 Joined Kuraray Co., Ltd.
Jan. 2021 Chairman and Director

(Important Positions Concurrently Held at Other Entities)
Chairperson, Saijo Central Hospital
Outside Director, Hitachi Construction Machinery Co., Ltd.
Chairperson, Ishii Memorial Aizen-En



Matthias Gutweiler
Director and Managing Executive Officer

Foreign national

100% Years served as Director 6 years

Dec. 2001 Joined Kuraray Specialities Europe GmbH
Mar. 2020 Director and Managing Executive Officer

(Responsibilities)
President, Kuraray Europe GmbH



Nobuhiko Takai
Director and Managing Executive Officer

100% Years served as Director 6 years

Apr. 1984 Joined Kuraray Co., Ltd.
Mar. 2020 Director and Managing Executive Officer

(Responsibilities)
President, Functional Materials Company



Tomoyuki Watanabe
Director and Managing Executive Officer

100% Years served as Director 2 years

Apr. 1988 Joined Kuraray Co., Ltd.
Mar. 2024 Director and Managing Executive Officer

(Responsibilities)
President, Vinyl Acetate Resin Company;
President, Vinyl Acetate Film Company



Yoji Ikemori
Director and Managing Executive Officer

100% Years served as Director 1 year

Apr. 1986 Joined Kuraray Co., Ltd.
Mar. 2025 Director and Managing Executive Officer

(Responsibilities)
President, Isoprene Company



Keiko Murata
Outside Director (Independent Director)

Outside / Independent

100% **100%** Years served as Director 6 years

Apr. 1986 Joined Economic Planning Agency of Japan (EPA)
Mar. 2020 Director, Kuraray Co., Ltd.

(Important Positions Concurrently Held at Other Entities)
Professor, Graduate School of Economics, Ritssho University
Outside Director (Audit and Supervisory Committee Member), Tohoku Electric Power Co., Inc.



Satoshi Tanaka
Outside Director (Independent Director)

Outside / Independent

Chairman of Corporate Advisory Committee

100% **100%** Years served as Director 6 years

Apr. 1981 Joined Mitsui & Co.
Mar. 2020 Director, Kuraray Co., Ltd.

(Important Positions Concurrently Held at Other Entities)
Representative Director, Executive Vice President & Executive Officer, Sekisui House, Ltd.
Independent Director, IHH Healthcare Berhad



Naoko Mikami
Outside Director (Independent Director)

Outside / Independent

100% **100%** Years served as Director 2 years

Apr. 1983 Joined Ajinomoto Co., Inc.
Mar. 2024 Director, Kuraray Co., Ltd.

(Important Positions Concurrently Held at Other Entities)
Outside Director, Showa Sangyo Co., Ltd.
Outside Director, Earth Corporation
Outside Director, Kirin Holdings Company, Limited

Executives

Attendance Rate (January–December 2025): ■ Board of Directors ■ Audit & Supervisory Board ■ Corporate Advisory Committee

Board of Directors



Toshifumi Mikayama
Outside Director (Independent Director)

Outside / Independent



Apr. 1983 Joined Kirin Brewery Co., Ltd.
(currently Kirin Holdings Co., Ltd.)
Mar. 2025 Director, Kuraray Co., Ltd.

(Important Positions Concurrently Held at Other Entities)
Outside Director (Audit and Supervisory Committee Member), Central Glass Co., Ltd.
Chairman of Kato Memorial Bioscience Foundation
Board member, WinHealth International Co., Ltd.

Members of Audit & Supervisory Board



Hiroaya Hayase
Full-time Member of Audit & Supervisory Board

Chairman of the Audit & Supervisory Board



Apr. 1980 Joined Kuraray Co., Ltd.
Mar. 2024 Member of Audit & Supervisory Board



Hideo Ohi
Full-time Member of Audit & Supervisory Board



Apr. 1982 Joined Kuraray Co., Ltd.
Mar. 2025 Member of Audit & Supervisory Board

Managing Executive Officers

Akira Omura Officer Responsible for Technology Division;
Officer Responsible for Plants in Japan;
Officer Responsible for Environmental and Industrial Safety Management Center

Toshihiro Omatsu Officer Responsible for Innovation Networking Center;
Officer Responsible for Research and Development Division;
Officer Responsible for IP Management Center

Kazushige Sakamoto President, Fibers and Textiles Company;
Responsible for Osaka Office

Junichi Fujiwara Officer Responsible for Corporate Management Planning Office;
Officer Responsible for Accounting and Finance Division

Stanley Fukuyama Officer Responsible for DX-IT Division;
Officer Responsible for Confidential Information Management

Executive Officers

Stephen Cox General Manager, Advanced Interlayer Solutions Division

Koichi Takano General Manager, Purchasing and Logistics Division

Takaharu Kawahara General Manager, Kashima Plant

Fuyuo Ueyama General Manager, Poval Film Division

Stevan R. Schott General Manager, Environmental Solutions Division;
President, Calgon Carbon Corporation

Koichi Daifuku Vice President, Functional Materials Company

Yoshinobu Nakamura General Manager, Methacrylate Division

Akiko Ide General Manager, Corporate Sustainability Division

Nobuyoshi Takai General Manager, Fibers and Industrial Materials Division

Christian Herrmanns General Manager, MonoSol Division;
President, MonoSol

Satoshi Yamaguchi General Manager, Medical Division;
General Manager, Life Innovation Development Division;
President, Kuraray Noritake Dental

Noriaki Namba General Manager, Corporate Auditing Division

Kazunari Matsumoto General Manager, Poval Resin Division

Toshiji Kashiwagi General Manager, Tsurumi Plant

Motohiro Fukuda General Manager, Niigata Plant

Tomohiro Ono General Manager, HR Division

Fumio Uegaki General Manager, Genestar Division



Tomomi Yatsu
Outside Member of Audit & Supervisory Board
(Independent Member of Audit & Supervisory Board)

Outside / Independent



Apr. 1983 Joined Tokyo Electron Ltd.
Sep. 1990 Registered as a Certified Public Accountant
Oct. 2001 Registered with Tokyo Bar Association
Mar. 2019 Member of Audit & Supervisory Board,
Kuraray Co., Ltd.

(Important Positions Concurrently Held at Other Entities)
Attorney (Representative, Yatsu Law & Accounting Office)
Outside Director (Audit Committee Member),
NEC Corporation



Kenji Komatsu
Outside Member of Audit & Supervisory Board
(Independent Member of Audit & Supervisory Board)

Outside / Independent



Apr. 1978 Joined Mitsubishi Corporation
Mar. 2019 Member of Audit & Supervisory Board,
Kuraray Co., Ltd.

(Important Positions Concurrently Held at Other Entities)
Chairman, Longreach Business Partners Inc.
Outside Director, Nippon Aqua Co., Ltd.
Representative Corporate Officer, President,
FCL Components Limited



Nobuyuki Fujii
Outside Member of Audit & Supervisory Board
(Independent Member of Audit & Supervisory Board)

Outside / Independent Newly Appointed



Apr. 1982 Joined The Fuji Bank, Ltd. (currently
Mizuho Bank, Ltd.)
Mar. 2026 Member of Audit & Supervisory Board,
Kuraray Co., Ltd.

(Important Positions Concurrently Held at Other Entities)
Representative Director & Chairperson,
Yasuda Logistics Corporation

Messages from Outside Directors

Reflecting on the Past and Present to Engage in Sincere Dialogue to Unlock the Next Era for Kuraray



Naoko Mikami
Outside Director
(Independent Director)

— Leveraging Practical Knowledge Gained across Various Fields with an Eye toward Future Growth

During my time working at a food company, I had a wide range of responsibilities, including research and development of electronic materials such as liquid crystals and related technologies, as well as production, quality control, and plant management. My experience included what was initially considered peripheral work in a new business venture, which later grew into a key revenue stream for that company. I believe this background helps me grasp the challenges in management facing Kuraray as a manufacturing company. It also enables me to contribute to fostering more in-depth discussions at the Board of Directors meetings.

Kuraray's strengths lie in its ability to reflect on the path it has taken, passionately create new businesses that anticipate the needs of the times, and take a long-term approach to carefully cultivating these initiatives. Furthermore, a robust value chain and portfolio of numerous products that rank among the top in global market share serve as the foundation for this Company's competitive prices and stable revenue base. Moreover, in accordance with the Medium-Term Management Plan "PASSION 2026," I believe that the strategy of concentrating management resources on high-value-added areas by enhancing the Company's business portfolio and transforming the corporate structure is progressing steadily. It is further reassuring that management maintains a strong awareness concerning safety and security without allowing past accidents at a manufacturing plant to fade from memory, and I believe it is important to continue these endeavors in the future.

— The Challenges: Addressing Geopolitical Risks, Enhancing Operational Agility, and Diversifying Human Resources

I believe there are three main challenges that need to be addressed.

The first challenge is geopolitical risks. With overseas sales accounting for approximately 80% of total revenue, we must closely monitor changes in global demand patterns, whether they are caused by the change in U.S. administration or the slowdown in the Chinese economy, or other critical issues.

The second is enhancing operational agility. Kuraray has thus far responded swiftly to changing market needs and expanded the business by rapidly entering overseas markets. To achieve sustainable growth moving forward, it is essential that we further accelerate the development of new products and the cultivation of new businesses with an eye toward the next areas of growth. To this end, I believe it is crucial to simultaneously improve research efficiency and foster innovation through the proactive introduction and use of digital transformation in our research and development.

The third is diversifying human resources. In particular, critical factors that will determine future competitiveness are securing diversity among core human resources and developing candidates for executive roles. While the disclosure of diversity metrics improved, discussions regarding the extent to which these targets are met and the effectiveness of these initiatives are not yet sufficient. This is one of the key areas where we intend to deepen our discussions going forward, based on a shared understanding of this

issue within the Board of Directors, while making recommendations aimed at improving effectiveness.

In terms of corporate performance, while we have expanded our revenue base over the long term, organizational reforms and the optimization of selling and administrative expenses are necessary to further improve profit margins. The recognition of impairment losses and losses on the disposal of fixed assets resulting from steps to boost the business portfolio will lead to a temporary reduction in net income. However, the renewal and disposal of equipment with an eye toward the future is a sound business decision for a company with large-scale production facilities, and I believe that its systematic implementation is essential.

— Comprehensive Analysis for the Future and Continual Constructive Dialogue

The founder of Kuraray, Magosaburo Ohara said, "The reason for analyzing the present and the past is for the sake of the future." Kuraray has in the past reflected on the trajectory of its business and forged a path toward the future, transforming its business from textiles to chemicals. As market uncertainty increases, once again the challenge to determine what value we will continue to provide to society arises, building on the foundation of top market-share products and proprietary technologies. I believe there is room for even more in-depth discussion regarding the growth potential and future prospects of each business. As an Outside Director, I intend to conduct constructive discussions that balance both advisory and supervisory roles, carefully assessing the future potential of each business from multiple perspectives to ensure the sustainability of corporate value and sound management over the medium to long term. I will strive to help all stakeholders, including shareholders and investors, gain a deeper understanding of the true value of our ever-evolving Company. I ask for your continued support.

Messages from Outside Directors

Forging a Path to Steady Growth through Thorough and Substantive Discussions on Kuraray's Future Vision



Toshifumi Mikayama
Outside Director
(Independent Director)

— Leveraging My Expertise in Biopharmaceuticals

I have always worked in cutting-edge research in biopharmaceuticals. The pharmaceutical industry is a field that demands advanced quality control and innovation, but also constantly carries the risk of large investments that do not yield results. Within this environment, the following question has always guided me: "Can this technology truly save patients, and can it truly contribute to society?" I am convinced that this perspective resonates deeply with Kuraray's mission statement: "For people and the planet—to achieve what no one else can." It is precisely in situations where we must make decisions about highly uncertain issues that it is crucial to deepen our discussions by returning to our sense of contributing to society. I hope to utilize the insights I have gained from evaluating both risk and value to help illuminate the path forward for this Company.

— Charting a Path for Future Growth in the Face of Market Expectations

Kuraray's greatest strengths lie in its vertically integrated development and production system—exemplified by its vinyl acetate-related businesses—which covers the entire production process from raw materials to finished products, and in its exceptional technical capabilities that support this system. Underpinning

this is a corporate culture that values the people who work on its front lines of production. I consider the source of Kuraray's sustainable competitive advantage to be the fact that executives visit the production sites in person and value direct conversations with employees, as well as the fact that the Company has a track record of creating numerous products through its proprietary technologies that hold the top share of the global market.

At the same time, Kuraray must confront challenges such as intensifying competition around core products, delays in new products generating revenue, and an aging infrastructure. Establishing the pillars of future growth by furthering digital transformation and the recruitment of diverse human resources is also an urgent priority as Kuraray tackles the challenges of how to become more competitive as a manufacturer.

Going forward, management decisions that foresee future growth will become even more critical and must include a radical reorganization of business and product portfolios and a prioritization within investments. We must ask whether the Company should build on its existing foundation and continue evolving, take bold steps into uncharted territory, or forge a path down the middle. Now is the time for the Board of Directors to engage in deeper yet candid dialogue regarding the path for future growth.

I would like to commend the current management team for urgently addressing the structural challenges evident in recent financial results, namely, the trend of rising revenue but falling profits.

Furthermore, as we weigh the balance between short-term results and medium- to long-term growth, we must take the time to discuss matters thoroughly and strive to ensure that we appropriately fulfill our accountability to all stakeholders, including shareholders and investors. We must also continue to monitor, from the perspective of corporate value, price-to-book value ratio (PBR), and stock price levels as key topics for ongoing discussion by the Board of Directors.

— Fully Committed to Supporting Kuraray's Vision for the Future

As global competition intensifies, the business environment is far from smooth sailing. However, the current management, which has honed Kuraray's unique strengths in line with its lofty mission and developed products that top the global market, possesses tremendous potential.

For a company based in research and development, it takes considerable time for newly created value to translate into revenue. That is precisely why it is more important than ever to clearly articulate Kuraray's vision about its commitments and what kind of future that entails. As an Outside Director, I will strive to stimulate discussion from an objective perspective and contribute to improving the effectiveness of the Company's management. Once we have thoroughly discussed and set forth the direction the Company will take, I am also prepared to fully support that path and fulfill my responsibilities. We ask all stakeholders, including shareholders and investors, to support us with a medium- to long-term perspective as we continue to transform and improve Kuraray.

Risk Management and Compliance

Risk Management and Compliance Implementation System

Led by the Risk Management and Compliance Committee (▶ P. 65), which is under the direct control of the President, the Kuraray Group monitors risks regularly and identifies risks that could have a significant impact on business management. Such risks are presented to the President, who then specifies those that are critical management risks, and priority countermeasures are carried out after a report is submitted to the Board of Directors. The Risk Management and Compliance Committee plays a role in managing the progress of priority countermeasures against business management risks as well as to ensure thorough compliance with laws and regulations and corporate ethics and the realization of fair business practices.

Risk Management Implementation System

The Kuraray Group's risk management is characterized by a two-tier approach. In terms of vertical risk management, each business division, office, plant, and affiliate identifies risks facing their own organization, independently evaluates such risks, and devises and implements an appropriate response. In terms of horizontal risk management, the responsible corporate organizations evaluate pure risks that may occur across the organization, such as natural disasters and infringement of laws and regulations, that have a purely negative impact. From among these, the Risk Management and Compliance Committee discusses and selects serious risks that have a greater potential impact on management and require a Group-level response to mitigate. The President then designates these as critical management risks and reports them to the Board of Directors, while assigning them to an officer in charge. Measures to adapt to risks associated with climate change are also the purview of the Risk Management and Compliance Committee, which discusses the results of the various organizations' annual risk self-assessments from the perspective of disaster response and business continuity.

Risk Management Policy

The Kuraray Group Risk Management Policy, which the President disseminates to each Group organization, consists of two elements: a long-term, ongoing Basic Policy encompassing overall Group risk management, and priority issues that are the focus for a particular fiscal year in light of the findings of risk analysis of the Kuraray Group and recent social situations and industry trends. This framework allows flexible and prompt actions to be taken in response to changes in the risk environment while maintaining the underlying approach to risks. The priority issues clarify the tasks the organization needs to address to mitigate priority risks, indicating the way to steadily implement response measures.

Management risks in 2026 were categorized into three priority risks and nine risks requiring ongoing monitoring as identified in the risk management policy, and appropriate response measures will be taken for each. The risks requiring ongoing monitoring in 2026 are product quality risk, chemical substance regulations, natural disasters, geopolitical risks, bribery, antitrust law violations, intellectual property risks, harassment, and respect for human rights.

Kuraray Group Risk Management Policy for FY2026

Basic Policy

- 1) Thoroughly prevent illegal and inappropriate actions that betray society's trust.
- 2) Thoroughly prevent accidents and disasters (safety incidents, occupational accidents, environmental pollution, product accidents, etc.) that threaten the safety and health of employees, local communities, customers, business partners, and others.
- 3) When events occur that have a serious impact on our business or society, we prioritize earning society's trust above all else. We will ensure the safety and health of our employees, communities, customers, partners, and others, and then implement measures to continue or quickly restore our business operations.

Priority Issues

In accordance with the above policy and in light of recent social and industrial trends, the following are designated as priority issues for FY2026.

- 1) Reduce the risk of leaks of confidential information, including personal data, through regular reviews and updates of information security systems, strict enforcement of confidential information management rules, and the steady implementation of improvement measures in operations. Additionally, enhance defensive measures to minimize operational impact from system failures during external attacks.
- 2) To reduce the risk of safety incidents, we will continue implementing enhanced operational and equipment management measures at plants worldwide. Through planned on-site audits by our Global PSM (Process Safety Management) Audit Team, composed of cross-functional members, we will objectively identify safety management issues, support their improvement, and implement global horizontal deployment of identified solutions to further reduce the risk of safety incidents across the entire Group.
- 3) Considering the latest trends in the upstream supply chain and geopolitical factors, we will steadily implement measures to avoid and reduce procurement risks for raw materials and fuels of high priority products in each business's BCP (Business Continuity Plan).

Risk Management and Compliance

The priority issues and specific measures for fiscal 2025 were as follows.


Priority Issues for 2025 and Specific Measures

Priority Issue

- 1) To reduce the risk of leaks or destruction of confidential information, introduce a globally standardized information security system and work to improve the standard of confidential information management by thoroughly implementing rules of confidential information management and steadily undertaking rectification measures based on the results of monitoring the status of implementing the rules.
- 2) To mitigate risk of process accidents, continue to implement measures to enhance operational and facility management at the Group's plants all over the world. Through onsite audits of individual Group companies by the Global PSM Audit Team, comprising members from across the organization, objectively identify issues in safety management and support rectification of those issues. Also, for issues that are detected, roll out measures horizontally on a global basis to mitigate the risk of process accidents throughout the Group.
- 3) Revise measures for avoidance and reduction of fuel and raw materials procurement risks in terms of the latest trends upstream in the supply chain and steadily implement the measures, starting with the fuels and raw materials relevant to products with a high priority based on the business continuity plan (BCP) of each business.

Specific Measures

- 1) To continuously strengthen confidential information management, we promoted initiatives to improve the detection accuracy of the large-volume download monitoring system and the automated download suspension system, both of which began operation in 2024, while also advancing the development of information management frameworks at overseas Group companies.
- 2) In addition to the safety audits of overseas chemical plants conducted by the relevant companies and business units since 2019, the PSM Audit Team comprising global in-house experts was launched in 2022. Through these initiatives, we have strengthened the identification and mitigation of safety risks at overseas facilities. In 2025, the PSM Audit Team conducted on-site audits of four production bases, identified issues and provided recommendations for improvement.

 Safety Audits for Chemical Plants outside Japan
- 3) Reflecting the latest trends in the upstream supply chain, we revised the risks of raw material and fuel supply disruption as well as the corresponding risk avoidance and mitigation measures. Based on the analysis of priority products and the risks associated with supply disruptions of raw material and fuel for each business, we developed and implemented risk mitigation measures in order of priority.

Promotion of Compliance

The statement "Our Commitment" outlines the principles of conduct to which the Kuraray Group should adhere in its business activities, which involve diverse points of contact with society. Our Code of Conduct serves as a guideline for putting the commitment into practice in day-to-day operations. We distribute a Compliance Handbook to all Group employees in Japan and overseas to familiarize them with the clear commitment of top management to compliance with laws and regulations and with "Our Commitment," which contains an easy-to-understand explanation of the Code of Conduct. In addition, we have appointed compliance officers at plants and overseas offices of Kuraray and Group companies, and have organized regional compliance committees, linked to the activities of the Risk Management and Compliance Committee, to raise awareness of compliance throughout the Group.

Whistleblower System

We have set up a Kuraray Group Employee Counseling Room and a Global Compliance Hotline for Group employees around the world as an internal reporting system for either preventing or detecting and resolving at an early stage any compliance violations. Consultation and reporting can be anonymous, and we strictly ensure the protection of whistleblowers so that they are not treated unfairly. In 2025, the Kuraray Group Employee Counseling Room received 29 consultations in Japan. We have established a Governance Hotline to serve as an internal reporting point independent of management, via an outside law firm that is different from the firm we use for legal counsel.

Kuraray Group Employee Counseling Room Consultations in Japan

FY	2021	2022	2023	2024	2025
Cases	11	29	31	29	29

11-Year Financial and Non-Financial Summary, Inclusion in ESG Indexes, Stock Information

11-Year Financial Summary (Consolidated)

Fiscal year ended December 31,

Fiscal year	2015	2016	2017* ¹	2018* ²	2019	2020	2021	2022	2023	2024	2025
Profit/loss (¥ millions)											
Net sales	¥ 521,721	¥ 485,192	¥ 518,442	¥ 602,996	¥ 575,807	¥ 541,797	¥ 629,370	¥ 756,376	¥ 780,938	¥ 826,895	¥ 808,447
Operating income	66,077	67,827	76,351	65,794	54,173	44,341	72,256	87,139	75,475	85,081	58,882
Ordinary income	64,535	66,181	74,235	61,167	48,271	39,740	68,765	84,060	69,025	81,480	51,515
Net income or loss attributable to owners of the parent	35,749	40,400	54,459	33,560	(1,956)	2,570	37,262	54,307	42,446	31,724	7,468
Net cash provided by (used in) operating activities	93,228	93,923	84,606	75,171	95,577	79,947	78,221	51,727	129,298	138,294	98,591
Net cash provided by (used in) investment activities	(48,553)	(49,300)	(79,896)	(186,982)	(89,369)	(64,025)	(65,595)	(68,624)	(63,151)	(76,008)	(98,129)
Free cash flow	44,674	44,622	4,710	(111,811)	6,207	15,921	12,626	(16,896)	66,146	62,286	462
Net cash provided by (used in) financing activities	(24,353)	(14,701)	(17,176)	114,088	(1,517)	91,508	(47,447)	(12,053)	(64,959)	(82,504)	(16,305)
Financial position (¥ millions)											
Total assets	¥ 701,770	¥ 725,433	¥ 776,735	¥ 947,095	¥ 991,149	¥1,051,584	¥1,091,014	¥1,221,533	¥1,254,485	¥1,291,238	¥1,303,511
Tangible fixed assets	262,019	271,827	287,196	357,411	414,793	429,391	455,266	512,562	526,977	540,385	549,112
Interest-bearing debt	59,445	59,798	59,963	216,589	236,866	341,390	307,438	324,405	282,025	244,282	284,920
Total net assets	503,589	520,978	565,487	567,033	538,545	515,481	579,602	668,534	736,156	781,790	755,175
Other (¥ millions)											
Capital expenditures	¥ 45,014	¥ 53,608	¥ 54,514	¥ 66,825	¥ 97,366	¥ 76,700	¥ 65,947	¥ 72,599	¥ 67,282	¥ 84,276	¥ 106,829
Depreciation and amortization	44,102	41,555	42,965	56,698	58,158	62,459	59,003	65,456	77,163	85,260	84,702
R&D expenditures	19,132	19,830	20,961	21,160	21,170	20,603	20,845	22,653	24,434	25,699	28,369
Per share data (¥)											
Earnings per share (EPS)	¥ 101.84	¥ 114.98	¥ 154.85	¥ 96.05	¥ (5.66)	¥ 7.48	¥ 108.32	¥ 161.13	¥ 126.80	¥ 96.33	¥ 23.62
Book value per share (BPS)	1,412.46	1,459.34	1,587.60	1,592.96	1,527.79	1,450.32	1,627.84	1,932.37	2,133.75	2,359.03	2,418.65
Dividends per share	40.0	41.0	42.0	42.0	42.0	40.0	40.0	44.0	50.0	54.0	54.0
KPIs and forex rate											
EBITDA* ³ (¥ millions)	110,179	109,382	119,317	122,492	112,331	106,801	131,260	152,595	152,639	170,341	143,584
Return on invested capital (ROIC)* ⁴ (%)	10.3	8.9	9.3	6.2	5.1	3.7	6.1	7.0	6.2	7.3	5.1
Return on equity (ROE)* ⁵ (%)	7.4	8.0	10.2	6.0	(0.4)	0.5	7.0	9.0	6.2	4.3	1.0
Return on assets (ROA)* ⁶ (%)	9.5	9.5	10.2	7.6	5.6	4.3	6.7	7.5	6.1	6.7	4.5
Equity ratio* ⁷ (%)	70.7	70.7	71.7	58.6	53.0	47.4	51.3	52.9	56.9	59.2	57.0
Debt-to-equity (DE) ratio* ⁸ (times)	0.12	0.12	0.11	0.39	0.45	0.68	0.55	0.50	0.39	0.32	0.38
Payout ratio (%)	39.3	35.7	27.1	43.7	—	535.1	36.9	27.3	39.4	56.1	228.7
Total return ratio (%)	39.3	35.7	32.4	54.7	—	535.1	36.9	45.5	39.4	118.7	628.1
Price-to-earnings ratio (PER) (times)	14.5	15.3	13.7	16.1	(235.2)	146.7	9.2	6.6	11.2	23.7	67.2
Price-to-book value ratio (PBR) (times)	1.0	1.2	1.3	1.0	0.9	0.7	0.6	0.5	0.7	1.0	0.7
Yen/1 U.S. dollar (Average) (¥)	121	109	112	110	109	107	110	132	141	152	150
Yen/1 Euro (Average) (¥)	134	120	127	130	122	122	130	138	152	164	169

*1 From fiscal 2018, Kuraray applies the first-in, first-out inventory valuation method uniformly to products, raw materials and work in process, and due to this change, figures for fiscal 2017 have been restated.

*2 Kuraray adopted ASBJ Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting (issued February 16, 2018) from January 1, 2019. These accounting standards have been retroactively applied to the above figures for fiscal 2018.

*3 EBITDA = Operating income + depreciation and amortization

*4 Return on invested capital = Net operating income after tax / (Interest-bearing debt + Shareholders' equity) x 100 (%)

*5 Return on equity = Net income attributable to owners of the parent / Average shareholders' equity x 100 (%)

*6 Return on assets = Operating income / Average total assets x 100 (%)

*7 Equity ratio = Equity / Total assets x 100 (%)

*8 Debt-to-equity ratio = Interest-bearing debt / Equity (times)

11-Year Financial and Non-Financial Summary, Inclusion in ESG Indexes, Stock Information

11-Year Non-Financial Summary

Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Greenhouse gas (GHG) emissions (Scope 1, 2) (thousand tons-CO ₂ e)*1	(2,216)	(2,236)	(2,362)	(3,188)	(3,231)	(3,045)	2,896	2,783	2,668	2,857	2,680
Kuraray Group in Japan*1	(1,264)	(1,303)	(1,330)	(1,320)	(1,310)	(1,229)	1,341	1,236	1,145	1,197	1,130
Kuraray Group outside Japan*1	(952)	(933)	(1,032)	(1,868)	(1,921)	(1,816)	1,556	1,547	1,523	1,660	1,550
Frequency rate of all occupational injuries*2	2.91	2.24	2.14	3.33	3.20	1.96	2.89	2.40	3.17	2.32	2.63
Kuraray Group in Japan	1.32	0.81	0.95	2.08	1.54	1.00	0.84	2.05	2.34	1.19	1.03
Kuraray Group outside Japan	7.26	6.10	5.27	5.69	6.40	3.81	6.75	2.98	4.48	4.01	5.28
Number of female employees (people)	1,399	1,471	1,613	1,930	2,023	2,077	2,121	2,265	2,326	2,399	2,509
Ratio of female employees (%)	16.6	17.1	17.7	17.9	18.2	18.5	18.7	19.4	19.5	20.1	20.7
Number of female managers (people)	46	56	72	122	123	125	152	184	196	216	234
Ratio of female managers (%)	3.9	4.4	5.4	8.2	7.8	7.9	9.3	11.2	11.3	12.3	13.0
Number of male employees taking childcare leave*3 (people)	—	—	—	31	38	60	56	73	115	147	189
Ratio of male employees taking childcare leave*3 (%)	—	—	—	20.0	23.5	38.7	35.7	51.4	83.3	94.2	102.7
Number of female employees taking childcare leave*3 (people)	—	—	—	12	9	12	20	10	11	27	20
Ratio of female employees taking childcare leave*3 (%)	—	—	—	100	100	100	100	100	100	100	100

*1 Calculation accuracy has been refined, emission factors have been revised, and emission figures have been corrected retroactively to fiscal 2021. Figures for fiscal 2020 and prior years are based on the old calculation method, and are indicated in parentheses.

*2 Number of all occupational injuries (lost-time and no lost-time injuries) per million working hours.

*3 Number and ratio of employees for Kuraray Co., Ltd.

Inclusion in ESG Indexes (As of April 2026)

Kuraray has been included in the following ESG investment indexes.



**FTSE Blossom
Japan Index**



**FTSE JPX Blossom
Japan Sector
Relative Index**



**2026 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**

**2026 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX**

Morningstar Japan ex-REIT
Gender Diversity Tilt Index

See the corporate website for details on the various indexes.

External Evaluations of IR Activities

Stock Information (As of December 31, 2025)

Securities Code	3405
Issued and Outstanding Shares	307,963,603 shares (including 924,408 shares of treasury stock)
Number of Shareholders	103,478
Domestic Stock Exchange Listing	Prime Market in Tokyo Stock Exchange
Shareholder Register Agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8223, Japan
Independent Auditor	PricewaterhouseCoopers Japan LLC

Major Shareholders (As of December 31, 2025)

Name of shareholder	Number of shares held (thousands)
The Master Trust Bank of Japan, Ltd. (Trust Account)	55,421
Custody Bank of Japan, Ltd. (Trust Account)	21,004
National Mutual Insurance Federation of Agricultural Cooperatives	10,882
Nippon Life Insurance Company	10,848
Kuraray Employee Stock Ownership Plan	6,067
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	6,032
JPMorgan Securities Japan Co., Ltd.	5,864
Meiji Yasuda Life Insurance Company	5,372
THE BANK OF NEW YORK MELLON 140042	5,322
Kuraray Business Partner Stock Ownership Plan	4,719

Note: Kuraray Co., Ltd. holds 924,408 shares of treasury stock.

Shareholder Composition

(Shareholding ratio, as of December 31, 2025)

Trust and Banking Companies	25.91%
Life Insurance Companies	6.79%
Major Commercial Banks and Other Financial Institutions	7.32%
Foreign Investors	29.54%
Other Domestic Corporations	3.71%
Securities Corporations	4.65%
Shares Held by Kuraray Co., Ltd.	0.30%
Individuals and Others	21.78%
Total	100.00%

kuraray

Possible starts here

KURARAY CO., LTD.

Head Office

Tokiwabashi Tower, 2-6-4, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan

TEL: +81-3-6701-1000 FAX: +81-3-6701-1005

<https://www.kuraray.com>

Published in May 2026

