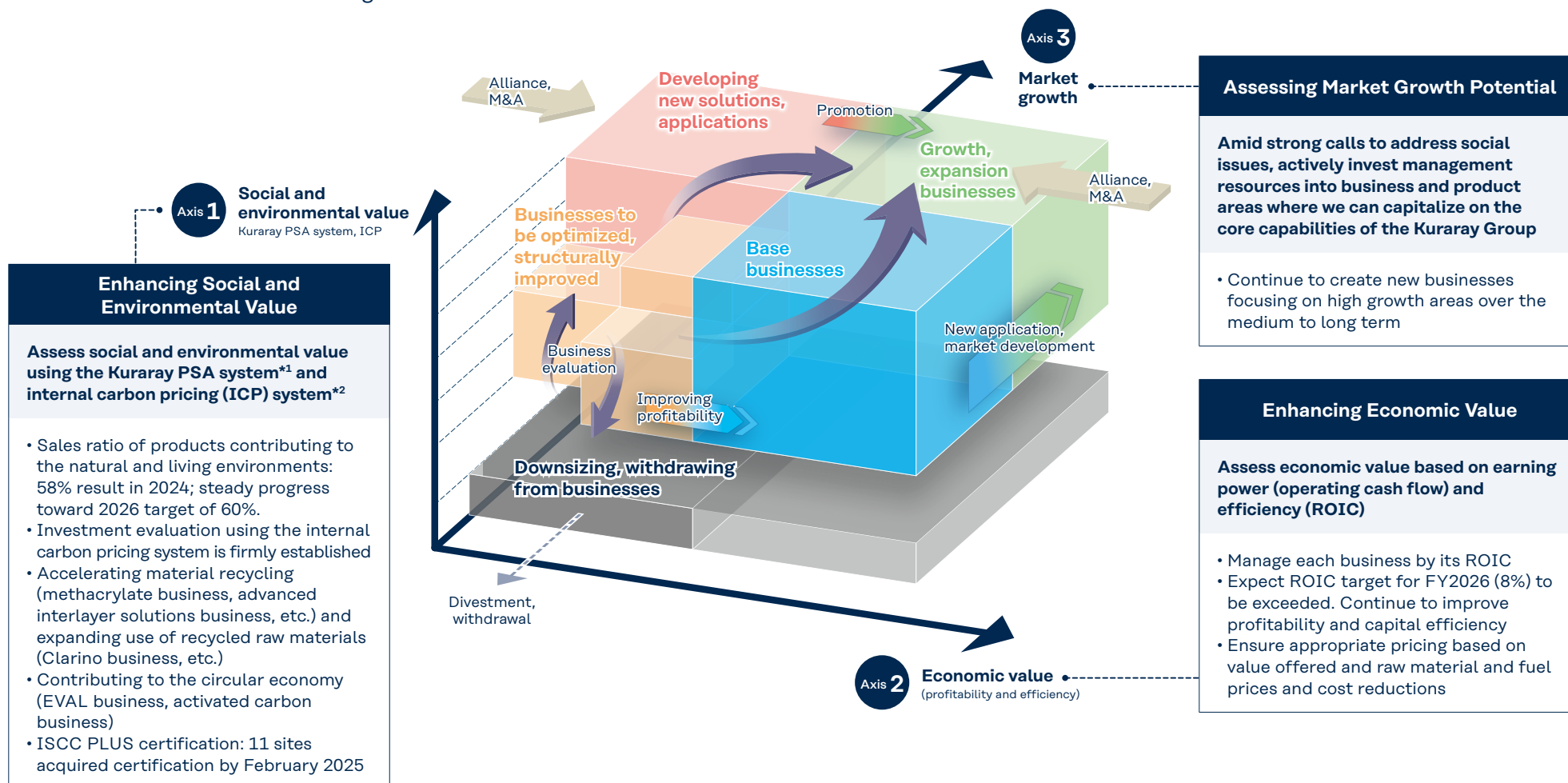


Building a More Sophisticated Business Portfolio

The basis for evaluating our business portfolio centers on the two axes of social and environmental value and economic value. In building a more sophisticated portfolio, we will also take market growth into account as we respond to calls to address social issues. The evaluation based on these three axes will guide our efforts to allocate management resources in a strategically focused manner, aiming to transition to a more sustainable business structure and achieve 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

Building a More Sophisticated Business Portfolio

Objectives of Building a More Sophisticated 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 "PASSION 2026"

	Growth, expansion businesses	Base businesses	Developing new solutions, applications	Businesses to be optimized, structurally improved
FY22-24	<ul style="list-style-type: none"> • Increase capacity in EVAL™ EVOH resin (plants in the U.S. and Europe, new plant in Singapore) • Expansion of dental materials (Kuraray Noritake Dental) • Acquisition of activated carbon (industrial reactivated carbon) business 	<ul style="list-style-type: none"> • Expansion of optical-use poval film (Kurashiki) • Focused investment in safety measures and maintenance and upgrading to strengthen the stable production system 	<ul style="list-style-type: none"> • Establishment of a new laboratory specializing in cell culture (life innovation area) • 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)
				Divestment or withdrawal business
				Artificial marble, biocarrier for wastewater treatment, ballast water management, golf courses, bone-graft substitutes, diatomite and perlite
FY25-26	<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™ heat-resistant polyamide resin, SentryGlas™ ionoplast interlayers) • Consider M&As • Strengthen stable supply system by investing in safety measures, maintenance, and renewal 	<ul style="list-style-type: none"> • Strengthen business foundation by further improvement of cost competitiveness and maintaining and upgrading facilities • Capacity increase (optical-use poval film) 	<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) 	KURARITY™ acrylic thermoplastic elastomer, VECSTAR™ FCCL copper clad laminate
				<ul style="list-style-type: none"> • Improve profitability in Isoprene business • Improve profitability in Fibers and Textiles business