

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