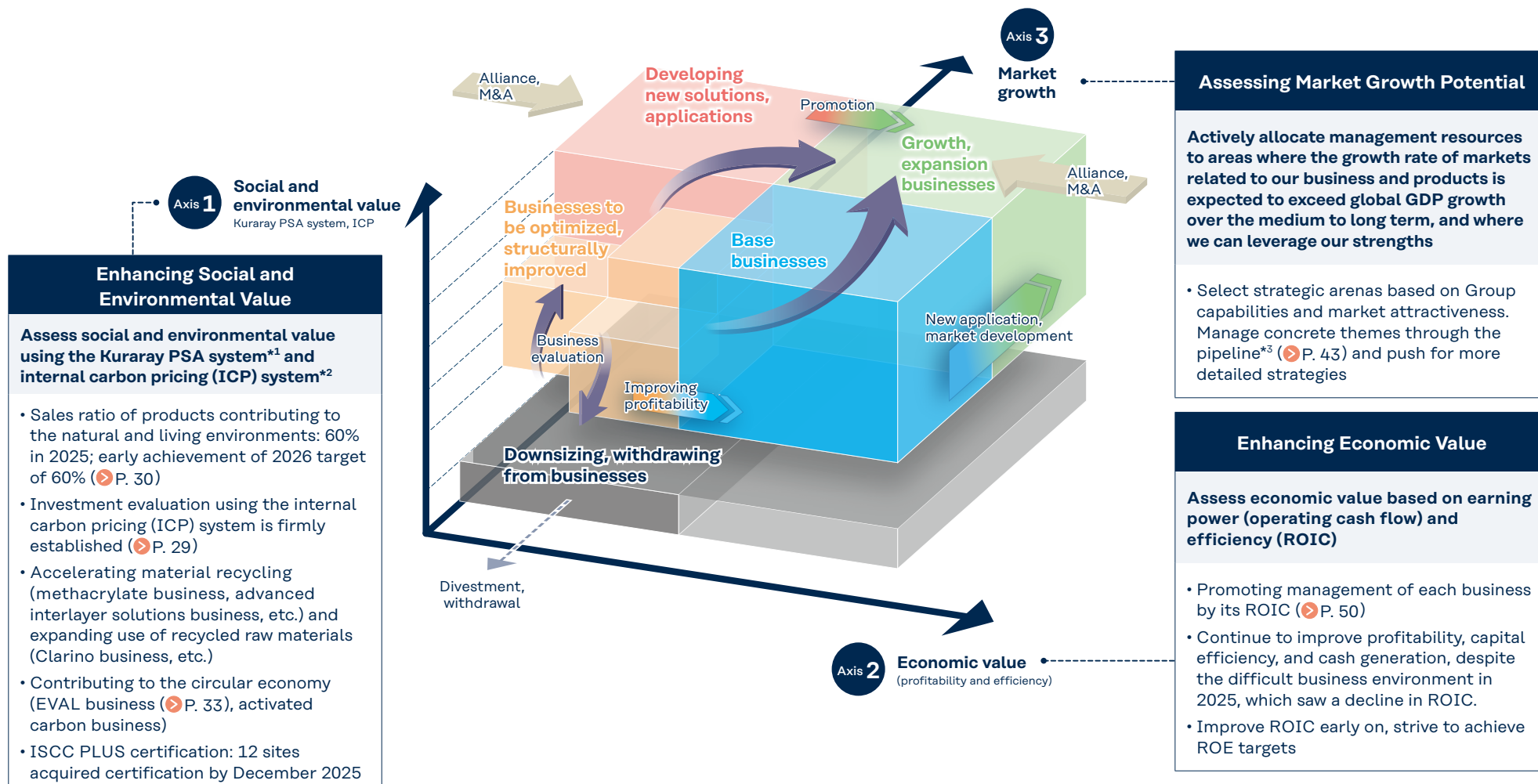


Enhancing Our Business Portfolio

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)