Many businesses have been affected by the fire at the EVAL™ plant in the United States, and the economic downturn caused by the spread of COVID-19.

**Review of the Previous Medium-Term Management Plan, “PROUD 2020”**

- **Growth Strategy**
  - Isoprene: Plant in Thailand
  - Optical-use PVA film: Expansion of facilities and renewal

**Net Sales**

- New business fields for the Kuraray Group
- Contribution to the natural environment: Activated carbon

**Basic Policy on Shareholder Return**

- Total payout ratio: 35% or higher; annual dividends per share: ¥40 or higher

**M&A Results**

- Calgon Carbon Corporation: Plant in the United States
- Acquisition price: US$1,093 million

**Review of Business Performance**

- **Operating Income Margin**
  - Fiscal 2018: 575.8%
  - Fiscal 2019: 541.8%
  - Fiscal 2020: 65.8%

- **Operating Income**
  - Fiscal 2018: ¥258.8 billion
  - Fiscal 2019: ¥250.0 billion
  - Fiscal 2020: ¥271.0 billion

- **Net Income (Loss) per Share (EPS)**
  - Fiscal 2018: ¥42 (interim: ¥20, year-end: ¥22)
  - Fiscal 2019: ¥40 (interim: ¥21, year-end: ¥19)
  - Fiscal 2020: ¥38 (interim: ¥20, year-end: ¥22)

**Capital Expenditure Results**

- Conducting continuous capital expenditures for growth in core and new businesses
- Carbon Materials Business: Swiftly achieving synergy via the acquisition of Calgon Carbon Corporation, in the United States for further business expansion
- Building a global management foundation
- Generated synergies in sales and costs and decided to introduce new facilities in Europe and the United States for further business expansion
- Established a global sales system for GENESTAR™ (12 bases in nine countries)
- Scheduled to start operation in the second half of 2022 despite a slight delay due to COVID-19

**Kuraray Group’s products**

- Purchase and sale of a wide range of high-performance products and processed products of the Kuraray Group

**Kuraray’s products**

- **Polymer Resins**
  - KURARAY POVAL™, ELVANOL™ (PVA resin)
  - Trosfol® (PVB film and Ionoplast Interlayer)
  - CLARINO™ (Man-made leather)
  - MAGIC TAPE™ (Hook-and-loop fastener)
  - VECTAR™ (High-strength polyarylate fiber)
  - KURALON™ (PVA fiber)

- **Activated Carbon**
  - Built and operated a global IT system as part of strengthening governance
  - Contributed to the natural environment: Activated carbon
  - Other uses: Water purification, wastewater treatment, inkjet, and others

- **Water-soluble PVA film**
  - Unit dose detergents and others
  - Food packaging materials
  - Other uses: Wipes, industrial products (wipers, filtration media, automobile applications), and others

- **Isoprene**
  - CLEANER, AROMA CHEMICAL AND COSMETIC INGREDIENTS, PHARMACEUTICAL AND AGROCHEMICAL INTERMEDIATES, AND OTHERS
  - Sealant products derived from synthetic isoprene (MMB, MPD, etc.)
  - Adhesives, molding materials, and others
  - Substitute for rubber, automobile parts, stationery, toys, sporting goods, and others
  - Electronic parts of mobile devices and personal computers, LED reflector applications, automobile parts, and others

- **Optical-use PVA film**
  - Polarizers for LCDs and others
  - Electronic parts of mobile devices and personal computers, LED reflector applications, automobile parts, and others

- **Other uses**
  - Optical-use PVA film
  - Food packaging materials
  - Water-soluble PVA film
  - Other uses: Wipes, industrial products (wipers, filtration media, automobile applications), and others

**Business Overview**

- **Segment name**
  - Vinyl Acetate
  - Isoprene
  - Functional Materials
  - Fibers and Textiles
  - Trading
  - Others

- **Major products**
  - KURARAY POVAL™, ELVANOL™ (PVA resin)
  - Optical-use PVA film
  - Water-soluble PVA film
### Functional Materials

<table>
<thead>
<tr>
<th>Materials</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vinyl Acetate</td>
<td>279.4</td>
<td>286.1</td>
<td>257.1</td>
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<tr>
<td>Sales (Billions of yen)</td>
<td>54.7</td>
<td>47.4</td>
<td>40.8</td>
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<tr>
<td>Isoprene</td>
<td>57.2</td>
<td>53.3</td>
<td>50.4</td>
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<tr>
<td>Sales (Billions of yen)</td>
<td>7.3</td>
<td>4.2</td>
<td>3.8</td>
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<tr>
<td>Optical-use</td>
<td>138.8</td>
<td>130.9</td>
<td>124.4</td>
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<tr>
<td>PAV film</td>
<td>54.4</td>
<td>41.7</td>
<td>36.0</td>
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<tr>
<td>Sales (Billions of yen)</td>
<td>300.0</td>
<td>250.0</td>
<td>200.0</td>
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<tr>
<td>Isoprene chemicals</td>
<td>131.5</td>
<td>126.0</td>
<td>125.0</td>
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<td>Methacrylic</td>
<td>102.0</td>
<td>90.0</td>
<td>80.0</td>
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<tr>
<td>Sales (Billions of yen)</td>
<td>4.4</td>
<td>3.8</td>
<td>3.0</td>
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<tr>
<td>Medical</td>
<td>20.0</td>
<td>17.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Sales (Billions of yen)</td>
<td>63.0</td>
<td>57.0</td>
<td>54.0</td>
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<tr>
<td>Carbon materials</td>
<td>64.7</td>
<td>64.5</td>
<td>54.4</td>
</tr>
<tr>
<td>(activated carbon)</td>
<td>6.3</td>
<td>5.7</td>
<td>2.2</td>
</tr>
<tr>
<td>Fibers and Textiles</td>
<td>138.8</td>
<td>130.9</td>
<td>124.4</td>
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<tr>
<td>Sales (Billions of yen)</td>
<td>4.2</td>
<td>4.2</td>
<td>3.6</td>
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<tr>
<td>Others</td>
<td>58.0</td>
<td>51.1</td>
<td>41.7</td>
</tr>
<tr>
<td>Sales (Billions of yen)</td>
<td>1.2</td>
<td>0.6</td>
<td>0.2</td>
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### Review of Measures by Business

#### Growth Strategy

- **Strategies for Each Business**
  - Shift to high-value-added products
  - Optimize and manage global production operations
  - Expand and maintain a high market share in line with increasing demand for LCDs
  - Add new functions and enhance workability to satisfy the latest market and customer needs
  - Execute the timely expansion of production facilities in step with the growth in operations
  - Allocate development resources to new automotive applications
  - Bolster the development and sale of highly functional films for automobiles
  - Expand sales of high-strength films for construction
  - Create new demand in emerging countries and boost sales
  - Expand EVAL™-related operations to help reduce food wastage
  - Increase production capabilities in the United States and decided to construct a new plant in Poland in response to higher demand for unit dose detergent applications
  - Bolster development activities for new applications, including unit dose for pharmaceuticals and cosmetics
  - Achieved higher sales of highly functional films for automobiles as new customers adopted them
  - Steadily expanded production of ionoplast interlayers SantryGlass™ for construction in the Czech Republic and strengthened the production basis to ensure a stable supply
  - Continued to cultivate demand in emerging countries
  - Expanded the business for food packaging applications by proposing the use of EVAL™ to extend the expiry date in new markets
  - Pursued market expansion of MMVI and MPO (urethane raw materials)
  - Processed with the development of additives that reduce the effect of oxygen on polymerization and materials that increase the affinity with biodegradable polymers based on Kuraray’s raw materials and technologies
  - Further advanced the market development of the SEPTON™ BBO series in response to heightened environmental awareness
  - Promoted market development of KURARITY™ for automotive interior parts and resin modifiers applications
  - Expanded the new adoption of liquid rubber applications by tire manufacturers
  - Globally expanded customers’ adoption of high-voltage components due to the higher evaluation of withstand voltage characteristics reflecting the shift to EVs in automobiles
  - Began sales and marketing of new polyamide resins with functionality
  - Decided to expand a new carbon production line in the United States and a reactivated carbon production line in Belgium in response to growing demand after the acquisition of Calgon Carbon Corporation in 2016, laying the groundwork for business expansion
  - Have been working with Calgon Carbon Corporation to develop markets mainly for automobiles and battery materials and will pursue further integration synergies as the Environmental Solutions Division from fiscal 2021
  - Have been considering higher production capacity for flexible copper-clad laminates VECSTAR™ in anticipation of market expansion for high-speed communication devices
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#### Business Overview

- **Previous Medium-Term Management Plan/Strategies for Each Business**
  - Pursued expansion of one-of-a-kind products
  - Commercializes new isoprene-based chemicals
  - Build a more sophisticated product portfolio by enhancing their functionalities
  - Bolster global sales of liquid rubber
  - Expand the range of products for automotive applications, such as components for on-board electronics
  - Develop new polymers
  - Expand the sales of newly developed products, such as multi-layered substrates and soft resin
  - Bolster sales of highly functional grades of optical-use resin
  - Upgrade communication of information to users (dentists and dental technicians)
  - Swifly achieve synergy via collaboration with Calgon Carbon Corporation
  - Expand the range of products for automobile canisters and battery applications (capsulators and lithium-ion batteries)
  - Roll out products targeting luxury brands
  - Achieve full-scale entry into the automobile interior market
  - Expanding production through revolutionary production process VIP for KURARION™
  - Strengthens profitability of VECTRAN™ and expand the business
  - Expand sales of new melt-blown nonwoven fabrics
  - Accelerate expansion into Southeast Asia
  - Increase the scale of business in Asia
  - Boost revenue in the fibers and textiles business
  - Strengthen initiatives with leading customers
  - Launch new businesses
  - Have been considering higher production capacity for flexible copper-clad laminates VECSTAR™ in anticipation of market expansion for high-speed communication devices
  - Expanded customers’ adoption of polishing pads for semiconductors due to the demonstration of technological superiority mainly by domestic customers