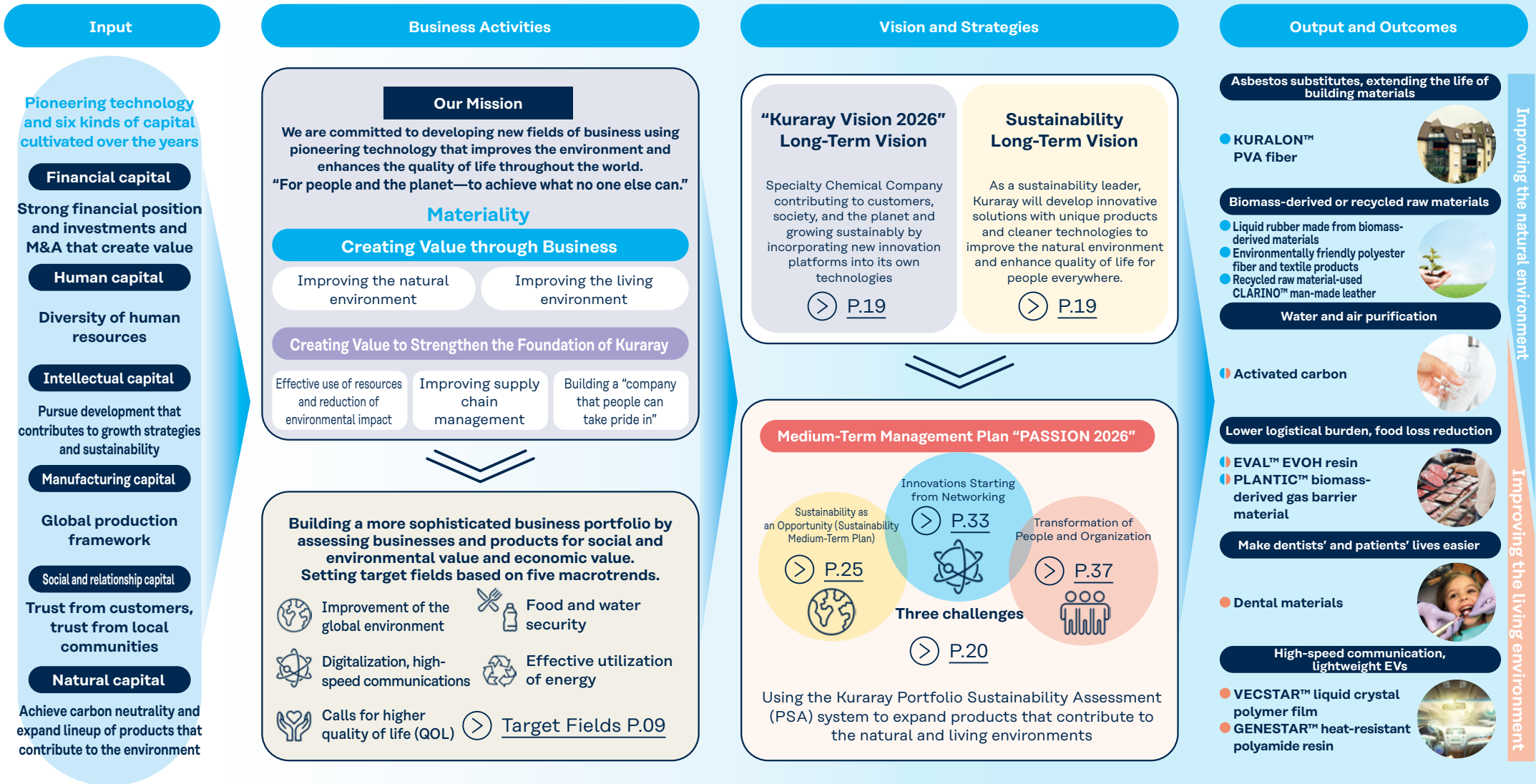


# Value Creation Process

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."



# Working to Strengthen Capital

## Financial capital

## Human capital

## Intellectual capital

## Manufacturing capital

## Social and relationship capital

## Natural capital

### Importance of capital

A sound financial foundation is essential to creating value. 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.

The Kuraray Group consists of people of various nationalities and backgrounds. To create innovation and continuously enhance corporate value, the active participation of diverse human resources is vital.

Our business activities are grounded in our unique polymer and synthetic chemistry technologies. We will focus on R&D that helps address social issues to pursue the creation of new businesses.

Our overseas sales account for more than 70% of total net sales. To maintain our competitiveness in global markets, it is essential to have a product supply framework based on making and selling products in the best-situated regions.

The Kuraray Group rests on a solid customer base and on relationships of trust with a range of stakeholders. We are striving for sustainable development by further deepening dialogue with stakeholders and co-creating with them.

We believe it is important to offer products and services needed to realize a low-carbon and environment-friendly society. We manufacture our products in a way that minimizes environmental impact.

### Expansion of capital (FY2022 results)

- ◆ Net assets: **¥668.5** billion
- ◆ Equity ratio: **52.9%**
- ◆ Capital investment: **¥72.6** billion (acceptance basis)
- ◆ ROIC: **7.0%**
- ◆ ROE: **9.0%**
- ◆ EBITDA: **¥152.6** billion
- ◆ EBITDA margin: **20.2%**

- ◆ Number of consolidated employees: **11,703**
- ◆ Ratio of overseas employees: **40.7%**
- ◆ Ratio of female employees: **19.4%**
- ◆ Ratio of female employees in managerial positions: **11.2%**
- ◆ Diversity of core human resources<sup>\*1</sup>: **13%** (⊙ P.30)

- ◆ R&D expenses: **¥22.7** billion
- ◆ Ratio of R&D to sales: **3.0%**
- ◆ Patent asset value index: **7,115** (PAI: Patent Asset Index™)
- ◆ Technological value index: **4,979** (TR: Technology Relevance™)

<sup>\*2</sup> Index of patent asset value of the entire portfolio calculated taking into account citations in junior applications and countries of application.  
<sup>\*3</sup> Index of the technological value of the entire portfolio calculated based on citations in junior applications.

- ◆ Production bases in Japan: **9**
- ◆ Production bases outside Japan: **43**

- ◆ Number of investor briefings
  - Institutional investors: **101**
  - Sell-side analysts: **48**
  - Management briefings (ESG, business briefings): **2**
  - Individual investors: **2**
- ◆ Coverage of CSR procurement survey: **82.5%** (in Japan)
- ◆ Safety audits (outside Japan) United States: **4**, Europe: **1**, Asia: **1**
- ◆ Social contribution activities (⊙ P.31)

- ◆ Measures to address climate change GHG emissions (Scope 1, 2): **2,896** thousand tons-CO<sub>2</sub>e
- ◆ Various measures for the ongoing reduction of environmental impact (⊙ P.26)
- ◆ Sales ratio of products that contribute to the natural and living environments: **54%**

### Points to be reinforced under "PASSION 2026"

- ◆ Ability to generate cash flow to support the building of a sound financial position and growth investments
- ◆ 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
- ◆ Capital efficiency to bring about growth and shareholder returns
  - Boosting capital efficiency
  - Enhancing shareholder returns (total return ratio of at least 35%, annual dividend of at least ¥40 per share)

- ◆ Unified platforms for HR management
  - Establishing globally unified employee grading system (for managers)
  - Human resources database (to visualize human resources status, leverage resources efficiently)
- ◆ Optimal staffing, encouragement to cultivate personal growth
  - Global mobility system (to expand career opportunities, invigorate human resources exchanges)
  - Global human resources development program
  - DX Talent Development Project
  - Systematically nurturing senior management candidates
- ◆ 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 workplace options

- ◆ Development based on the customer perspective
  - Establishment of Innovation Networking Center (INC, pursuing global marketing activities, collaboration inside and outside the Group)
  - R&D based on backcasting
- ◆ Development that contributes to sustainability
  - Developing materials, offering solutions that contribute to the natural and living environments
  - Accelerating development of technologies to reduce GHG
  - Establishment of Environment and Energy Research Laboratory (developing new biomass-derived carbon materials, etc.)
- ◆ Planning, promoting IP strategies
  - Establishment of IP Management Center (proposing, promoting global IP strategies)
  - Further enhancing, capitalizing on IP such as patents that contribute to profit in various businesses, also making use of patent scores

- ◆ Reinforcing stable supply framework drawing on integrated production from the raw materials stage and global network
  - ◆ Optimizing logistics
  - ◆ Constructing new plants
    - EVAL™ EVOH resin
    - Liquid rubber
  - ◆ Expanding production capacity
    - Optical-use poval film
    - Water-soluble PVOH film
    - Phase two construction for GENESTAR™ heat-resistant polyamide resin in Thailand
    - VECSTAR™ liquid crystal polymer film
    - Dental materials
    - LiB anode materials

- ◆ Building stronger relationships of trust with stakeholders
- ◆ Implementing human rights due diligence
- ◆ 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
- ◆ Strengthening quality management (gaining customer trust)

- ◆ Initiatives to counter climate change
  - TCFD-based disclosure
  - Acquiring SBT (Science Based Targets) certification
  - Use of internal carbon pricing system
- ◆ 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
- ◆ Through use of Kuraray PSA system, expanding lineup of products that contribute to the natural and living environments, building a more sophisticated portfolio

### FY2026 target

#### Financial KPIs

ROIC: **8%**  
 EBITDA: **¥170** billion  
 ROE: **10%**  
 (Reference) EBITDA margin: **23%**

#### Non-financial KPIs

GHG emissions (Scope 1, 2): **2,230** thousand tons-CO<sub>2</sub>e  
 (30% less than 2019 benchmark)

### FY2030 target

Diversity of core human resources<sup>\*1</sup>: **25%**

### FY2026 target

Developing products that contribute to the natural and living environments  
 Sales ratio: **60%**

#### Financial, non-financial KPIs