

# Strategies by Segment

## Vinyl Acetate

We manufacture and sell materials ranging from PVOH resin offering properties such as water solubility and high adhesiveness; PVOH film used in liquid crystal displays and soluble unit dose systems for detergent and other products; PVB film used as an interlayer for safety glass; SentryGlas™ ionoplast interlayers; to EVAL™ EVOH resin with high gas barrier properties.

### Competitive Advantages

- Integrated production based on advanced technology from raw material monomers to finished products
- Numerous high-quality, cost-competitive product lines
- Stable supply framework backed by our global network; strong customer base
- Capabilities in proposing value to customers and in marketing
- Establishment of Singapore Technical Center to accelerate growth in Asian markets (planned)

### Business Environment

#### Opportunities

- Increased demand due to a shift toward larger liquid crystal displays and accelerated digitalization trends
- Growing concern about food safety and security amid rising living standards in emerging countries
- Growing demand for recyclable packaging materials and global food loss reduction
- Increased global demand for soluble unit dose system for detergent
- Expanding demand for barrier paper, etc., amid growing environmental awareness

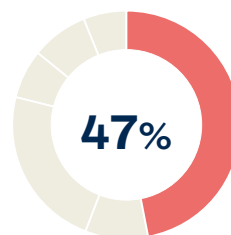
#### Risks

- Maturing of the liquid crystal display market and expansion of the OLED display market
- Increased country risks
- Soaring raw materials and fuel prices and sharp exchange rate fluctuations

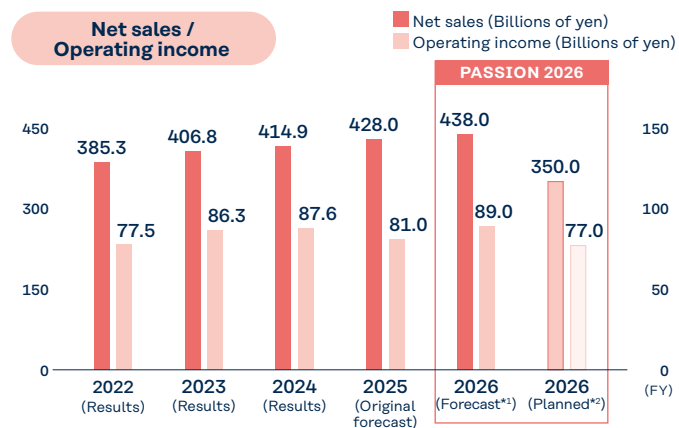
Detailed product information and financial data for each segment can be found in the Kuraray Fact Book.

 Announcement of Financial Results  Fact Book

#### Net sales composition ratio



#### Net sales / Operating income



\*1 Announced in Feb. 2025 \*2 Announced in Feb. 2022

### "PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
PVOH resin	<ul style="list-style-type: none"> <li>- Maintain a strong supply framework by taking advantage of our strengths backed by our own raw material production capabilities</li> <li>- Continue to shift from quantity to quality (new applications and high-value-added products)</li> </ul>	We continued our shift toward high-value-added products and strengthened and optimized the global supply chain.
Optical-use poval film	<ul style="list-style-type: none"> <li>- Strengthen production and sales frameworks in accurate response to expanding demand and the market shift to China</li> <li>- Launch and expand lineup of value-added products that meet customer needs, such as high-transparency or thin film</li> </ul>	To address mounting demand for wide film stemming from the increasing size of liquid crystal displays, we started operations of a new production line at our Kurashiki Plant in the second quarter of 2024.
Water-soluble PVOH film	<ul style="list-style-type: none"> <li>- Timely capacity expansion to cover demand growth and to maintain stable supply to the market</li> <li>- Promote the development of new applications as well as biodegradable and bio-based raw materials to contribute to a circular economy</li> </ul>	As the world's leading supplier of water-soluble PVOH film, we have put a framework in place to ensure stable supply in line with future market growth. Production commenced in 2024 at our new plant in Poland, further strengthening the supply chain.
Advanced interlayer solutions	<ul style="list-style-type: none"> <li>- Expand lineup of SentryGlas™, our unique interlayer film for safety glass</li> <li>- Leverage the strengths of the global supply framework supported by bases in Europe, the United States and South Korea while accelerating the launch of newly developed products</li> </ul>	We optimized the global supply chain to meet brisk demand for SentryGlas™. Sales of advanced interlayers for high-performance automotive applications were up as a growing number of new customers in Asia adopted our products.
EVAL	<ul style="list-style-type: none"> <li>- Enhance the stable supply framework and build a new plant in Asia</li> <li>- Contribute to food loss reduction and circular economy by meeting growing demand for food packaging applications</li> </ul>	Sales was expanded due to development of new applications for food packaging. To make our global supply framework more stable, we are expanding production lines in Europe and the United States and also decided to build a new plant in Singapore, planned to start operations from the end of 2026.

# Strategies by Segment

## Isoprene

We manufacture and sell isoprene chemical products made with a synthesizing method as well as SEPTON™ thermoplastic elastomer and GENESTAR™ heat-resistant polyamide resin, which are derivatives of isoprene chemical products.

### Competitive Advantages

- Broad lineup of unique products based on proprietary technology
- Advanced technological services that meet customer needs
- Stable supply framework through global network, with newly added base in Thailand
- Capabilities in proposing value to customers and in marketing

### Business Environment

#### Opportunities

- Expanding demand for materials development for the weight reduction, electronic control, and electrification of automobiles
- Growing demand for high-end materials to meet next-generation communication standards
- Increased demand for environmentally friendly materials and bio-based materials due to growing environmental awareness

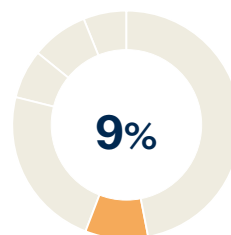
#### Risks

- Soaring costs of raw materials and fuel, difficulties in procurement, and sharp fluctuations in foreign exchange rates
- Reduced automobile and electrical and electronic device production due to semiconductor shortages
- Low-cost strategies of competitors and other factors will undermine markets

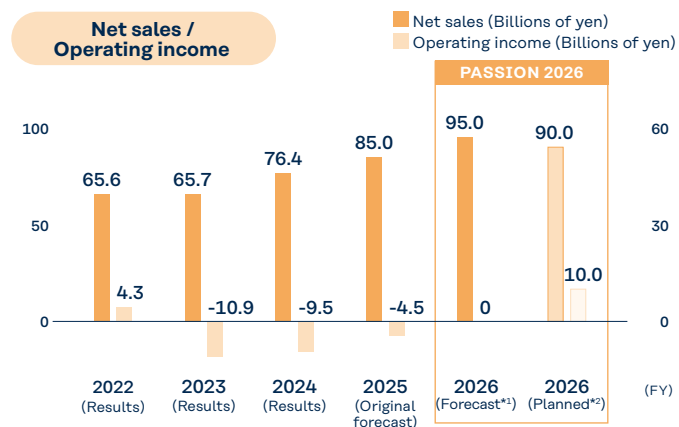
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### "PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
Isoprene Chemicals	<ul style="list-style-type: none"> <li>- Expand sales of one-of-a-kind products</li> <li>- Quickly commercialize newly developed products to secure new profit contributors</li> <li>- Promote sustainability (Reduce GHG emissions via the switchover of raw materials and the improvement of the manufacturing process)</li> </ul>	<p>With regard to expanding sales of one-of-a-kind products, we boosted production capacity for MPD (3-Methyl-1,5-Pentanediol), with the addition of a new plant in Thailand, aiming to meet demand for use in man-made leather in car seats, which is growing on the back of an increase in new car sales. Also, our MMB (alcohol-based solvent) was in increased demand as a cleaning agent due to its safety and solubility.</p>
Elastomer	<ul style="list-style-type: none"> <li>- Strengthen global supply framework for SEPTON™</li> <li>- Build a new liquid rubber plant in the United States</li> <li>- Promote a development framework and expand sales of products that are high-value-added and made from sustainable raw materials</li> </ul>	<p>We grew sales of SEPTON™, some of which were produced at our plant in Thailand. In February 2025, we obtained ISCC PLUS certification for biomass and recycled raw material products manufactured at the Kashima Plant. We intend to leverage this certification in expanding sales of our environmentally friendly products.</p>
Genestar	<ul style="list-style-type: none"> <li>- Expanded use in parts for weight reduction, electronic control, and electrification of automobiles</li> <li>- Penetrate further into global markets, including Europe, the United States and Asia</li> <li>- Consider the second phase of facility construction in Thailand</li> </ul>	<p>We saw increased adoption of GENESTAR™ in connectors for in-vehicle electronic control components and automotive components. The more widespread use of generative AI drove stronger demand for our products in data center connectors and PC-related applications.</p>

# Strategies by Segment

## Functional Materials

We manufacture and sell activated carbon whose high adsorption performance is used to purify air and water, water treatment equipment, dental materials enabling restorations that closely resemble natural teeth, and methacrylic resin that offers excellent transparency and weatherability.

### Competitive Advantages

- Development of high-value-added products with advanced technological capabilities and high quality
- Supply and sales capabilities using our global network as a comprehensive manufacturer of activated carbon
- Capabilities in proposing value to customers and in marketing

### Business Environment

#### Opportunities

- Increased demand for air and water purification under tighter environmental regulations worldwide
- Global expansion of the circular economy
- Expansion of energy-related markets
- Growing demand for cosmetic dentistry in line with rising standards of living
- Digitalization of dental lab work using CAD/CAM
- Increased demand to develop materials with transparency and optical properties in line with the increasing sophistication of automobiles

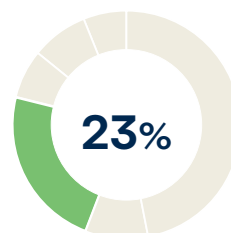
#### Risks

- GHG emissions from the activated carbon production process
- Decreasing cost competitiveness and supply capacity due to inadequate raw materials procurement capabilities
- Soaring raw materials and fuel prices and sharp exchange rate fluctuations

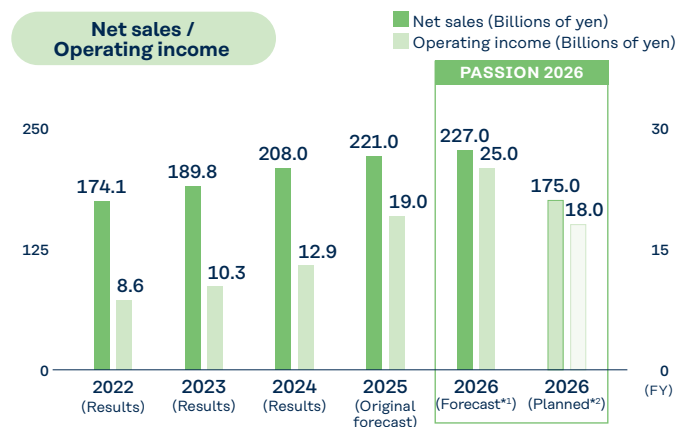
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### "PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
Environmental Solutions	<ul style="list-style-type: none"> <li>- Expand profitability leveraging strengths as an activated carbon manufacturer</li> <li>- Fully realize synergies and growth by enhancing our production capabilities for both virgin and reactivated carbon</li> <li>- Develop products related to reducing GHG emissions for electrical material and mobility applications</li> </ul>	<p>To capitalize on PFAS compliance needs and other new business opportunities, we are expanding our capacity to provide virgin activated and reactivated carbon, equipment, and technical services. Following capacity expansion at a Belgian reactivated carbon facility, in 2024 we expanded our virgin activated carbon production capacity in the United States, where we also acquired an industrial reactivated carbon business. In the development of products for electrical material and mobility applications, teams from Japan and the United States continued to work together with major customers to determine product specifications. We are also exploring the use of new biomass-derived raw materials to reduce GHG emissions.  P. 18</p>
Medical (dental materials)	<ul style="list-style-type: none"> <li>- Constantly introduce a stream of new high-value-added products in the CAD/CAM field</li> <li>- Strengthen the product supply framework to support global expansion</li> </ul>	<p>We continue to develop high-value-added CAD/CAM materials. To strengthen the supply framework, we began construction on additional inorganic dental material capacity at the Miyoshi Plant (an investment decision made in 2023), and are preparing to bring this capacity on stream in the second half of 2026. We are also developing systems for building an efficient, optimized global supply chain.</p>
Methacrylate	<ul style="list-style-type: none"> <li>- Develop and realize high-value-added materials and technologies for the next generation</li> <li>- Establish a recycling system and achieve production process innovation</li> </ul>	<p>In acrylic display stand applications, there was significant growth in demand for our newly developed extrusion sheet with improved print adhesion. Additionally, our molding material made from recycled raw materials received ISCC PLUS certification. We are also working to optimize our product mix and production capacity to further strengthen our competitiveness.</p>
Aqua	<ul style="list-style-type: none"> <li>- Strengthen the membrane business by leveraging our unique technologies</li> <li>- Promote environment-related businesses backed by synergies with the Environmental Solutions business</li> </ul>	<p>There was increased uptake of GL module high-performance membranes for the water treatment area of the semiconductor manufacturing sector. We are pursuing new customer acquisition and other activities by leveraging the staff and networks of the Environmental Solutions Division.</p>

# Strategies by Segment

## Fibers and Textiles

We manufacture and sell KURALON™ PVA fiber, which is mainly used in reinforcing cement building materials and in automotive components; CLARINO™ man-made leather, which has a structure and functionality similar to natural leather; VECTRAN™ liquid crystal polymer fiber, known for its high strength and low water absorption; meltblown nonwoven fabrics used as household and industrial products; and MAGIC TAPE™ hook-and-loop fastener.

### Competitive Advantages

- Turning an array of resins into fibers using various proprietary spinning technologies
- Development and proactive deployment of sustainable products
- Capabilities in proposing value and marketing, including assessment technologies for customer applications

### Business Environment

#### Opportunities

- Strengthening measures that contribute to society, such as meeting asbestos regulations
- Amid growing environmental awareness, mounting demand for materials and manufacturing methods that offer low environmental impact
- Mounting demand for high-end materials in line with performance enhancements of various industrial products

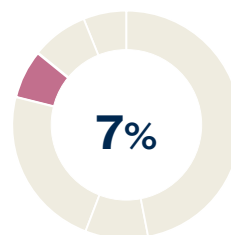
#### Risks

- Competition with products from emerging countries and with other materials
- Soaring costs and difficulties in procuring raw materials and fuel, sharp exchange rate fluctuations
- Disruptions in overseas logistics in export businesses

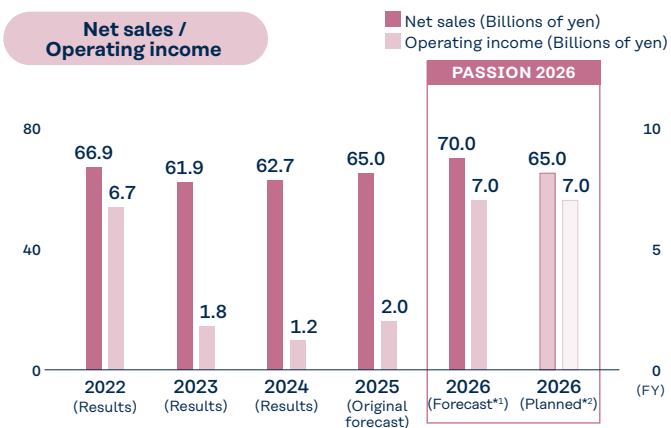
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Clarino	<ul style="list-style-type: none"> <li>- Expand sustainable products using recycled raw materials and bio-based raw materials while shifting to environmentally friendly manufacturing and processing processes</li> <li>- Expand the supply framework in response to the globalization of supply chains</li> </ul>	For various applications including mainstay sports shoes and luxury products, we are seeing increasing use of products made with recycled materials and made with environmentally friendly production processes that do not use organic solvents.
Fibers and Industrial Materials	<ul style="list-style-type: none"> <li>- Expand sales of VECTRAN™ leveraging the characteristics of materials</li> <li>- Expand KURALON™ PVA fiber operations by concentrating resources on strategic applications such as rubber reinforcement and concrete reinforcement, as well as expanding applications in fields requiring compliance with environmental regulations (e.g., asbestos substitutes).</li> </ul>	VECTRAN™ is seeing steadily growing use in industrial material applications, capitalizing on its high strength, low water absorption, and other characteristics. Although KURALON™ was impacted by weak demand in existing applications, we are growing sales of differentiated products that hold promise for reducing CO <sub>2</sub> emissions.
Fastening	<ul style="list-style-type: none"> <li>- Expand environmentally friendly products and sustainable materials</li> <li>- Expand the lineup of unique products, such as MAGIC TAPE™, to meet labor-saving needs for customers' manufacturing processes</li> </ul>	The business is launching and expanding sales of a range of products, including the industry's only recyclable, environmentally friendly MAGIC TAPE™ made from recycled polyester yarn, and a hook-and-loop fastener for cable ties that uses the Kuraray Group's specialty resin, offering superior flexibility and holding durability.

# Strategies by Segment

## Trading

In addition to the manufacture and sale of polyester and other fiber and textile products, we sell Kuraray Group products in Japan and other parts of Asia.

## Competitive Advantages

- Use of Kuraray's specialty yarn to build an integrated supply chain extending to sewn products
- Bases in Asia carry out technical services, production follow-up, and sales activities, contributing to business expansion

## Business Environment

### Opportunities

- Expansion of sports and outdoor product markets fueled by rising health consciousness
- Economic growth and cooperation in mainstay Asian markets

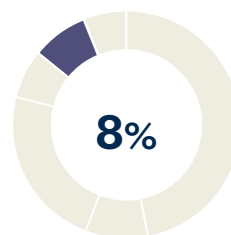
### Risks

- Soaring raw materials and fuel costs and sharp exchange rate fluctuations
- Emerging geopolitical risks and supply chain disruptions

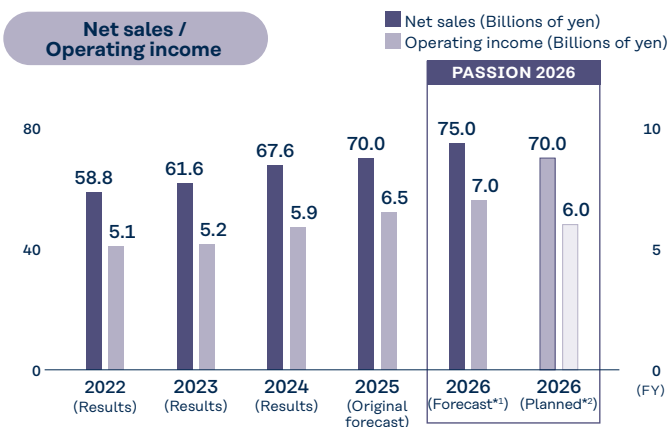
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Business	Strategy	Progress to date
<p>Fibers and Textiles</p> 	<p><b>Expanding proprietary product and processing businesses</b></p> <ul style="list-style-type: none"> <li>- Shift from raw yarn and fabric sales centered on polyester filaments to product sales including wearable gear</li> <li>- Expansion of value-added processed products</li> </ul>	<p>In the apparel sector, sales of fabrics and sewn products for use in sports apparel and outdoor wear are expanding steadily in Japan and China. Against this backdrop, we progressively increased sewing and printing equipment capacity at our partner plant in Vietnam in 2024. In the materials sector, we experienced growth in sales of mainstay CLARINO™ man-made leather for automotive applications.</p> <p>In addition, we grew sales of a new fiber that offers superior quick-drying properties and a dry feel. Employing recycled raw materials, we also launched an environmentally friendly version of our conventional split-type microfiber, and began marketing this to environmentally conscious customers.</p>
<p>Chemicals and chemical products</p>  <p>Soft casting thermoplastic elastomer</p>	<p><b>Expanding overseas businesses</b></p> <ul style="list-style-type: none"> <li>- Overseas expansion adapted to growing Asian markets</li> <li>- Utilization of Vietnamese production sites</li> </ul>	<p>We focused on capturing demand in the Asian market by utilizing our overseas bases, and on growing sales in that market, especially in China. In value-added processed products, sales of our soft casting thermoplastic elastomer are growing steadily. New production facilities constructed at our Okayama Plant are scheduled to start operations in June 2025.</p>