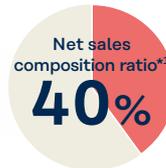
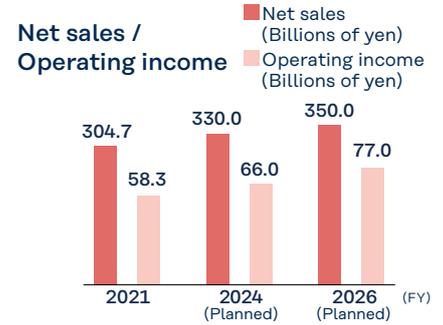


Strategies by Business

Vinyl Acetate



The Kuraray Group manufactures and sells materials ranging from PVOH resin offering properties such as water solubility and high adhesiveness; materials for LCD display applications; PVOH film used in individual packaging for detergent and other products; PVB film used as an interlayer for safety glass; and EVAL™ (EVOH resin) boasting excellent gas barrier properties.



Review of 2021

Sales volume of PVOH resin increased for a wide range of applications as demand recovered worldwide, despite the impact of high raw materials and fuel prices. Sales of optical-use poval film remained strong against the backdrop of robust demand for LCD panels, which has continued since the second half of the previous year. Sales volume of PVB film increased from the previous year, despite the impact of reduced automobile production due to the semiconductor shortages from the third quarter onward. Sales grew steadily in water-soluble PVOH film for use in individual product packaging of laundry and dishwashing detergents. Sales volume of EVAL™ increased year on year on the back of continued strong demand for food applications, despite the high raw materials and fuel prices that persisted since the beginning of the year and the impact of reduced automobile production since the third quarter.

Medium-Term Management Plan "PASSION 2026" Key Measures

We will maximize customer value and expand earnings by integrating production starting with raw materials, by drawing on our global network to strengthen our stable supply system and by optimizing logistics.

In water-soluble PVOH film, we are constructing a new plant in Poland to efficiently supply products to the growing European market. We aim to achieve an average annual growth rate of 8% through volume expansion and the development of new applications.

Global Network (manufacturing sites)



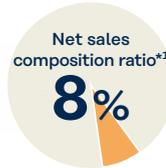
Opportunities and risks

- Opportunities**
 - Rising demand for LCD monitors due to stay-at-home and accelerated digitalization trends
 - Increased demand for optical films due to a shift toward larger LCDs
 - Growing concern about food safety and security amid rising living standards in emerging countries
 - Heightened demand to reduce food loss globally
 - Increased global demand for individual product packaging of detergent
 - Expanding demand for barrier paper and paper straws in line with growing environmental awareness
- Risks**
 - Maturing of the LCD market and expansion of the OLED display market
 - Increased country risks
 - Soaring raw materials and fuel prices and sharp exchange rate fluctuations

- PVOH resin
- Optical-use poval film
- Water-soluble PVOH film
- PVB resin
- PVB film
- SentryGlas™
- EVAL™
- PLANTIC™

	PVOH resin	<ul style="list-style-type: none"> Maintain a robust supply system by taking advantage of our strengths backed by our own raw material production capabilities Continue to shift from quantity to quality (new applications and high value-added products)
	Optical-use poval film	<ul style="list-style-type: none"> Strengthen production and sales systems in accurate response to demand growth and the market shift to China Launch and expand sales of value-added products that meet customer needs, such as high-transparency or thin film
	Water-soluble PVOH film	<ul style="list-style-type: none"> Ensure the early and stable launch of a production site in Europe and increase production capacity in a timely manner in response to demand expansion Promote the development of new applications as well as biodegradable and bio-based raw materials to contribute to a circular economy
	Advanced interlayer solutions	<ul style="list-style-type: none"> Expanding sales of SentryGlas™, our unique product Leverage the strengths of the global supply system supported by bases in Europe, the United States and South Korea while accelerating the launch of newly developed products
	EVAL™	<ul style="list-style-type: none"> Strengthen the stable supply system and build a new plant in Asia Contribute to reduction in food loss as we strive to meet growing demand for food applications Expand rollout of bio-based PLANTIC™

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.

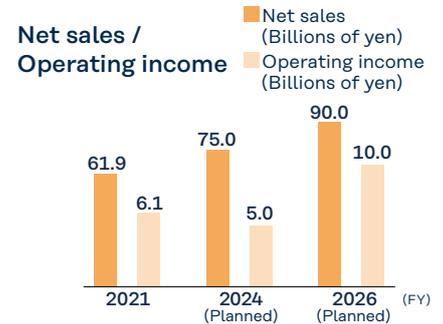
Review of 2021

The sales volume of isoprene chemicals and SEPTON™ increased due to a recovery in demand. Sales of GENESTAR™ expanded steadily for both electric and electronic devices and automobiles on the back of strong demand, despite the impact of rising raw materials, fuel, and logistics costs.

Medium-Term Management Plan "PASSION 2026" Key Measures

We will aim to achieve contributions to earnings as soon as possible and strengthen our global supply system through the startup of operations at the location in Thailand.

In the GENESTAR™ business, we will expand our marketing and technical service systems and accelerate development of applications that take advantage of material characteristics. By expanding into global markets, including Europe, the United States, and Asia, we aim to achieve an average annual growth rate of 10%, which will lead to a second round of investment in Thailand.



Opportunities and risks

- ▶ **Opportunities**
- ▶ Expanding demand for materials development for the weight reduction, electronic control, and electrification of automobiles
- ▶ Spread of DDR5 high-speed processing memory for next-generation servers due to faster communication speeds
- ▶ Increased demand for bio-based materials due to growing environmental awareness
- ▶ **Risks**
- ▶ Reduced automobile and electrical and electronic device production due to semiconductor shortages
- ▶ Decreasing cost competitiveness and supply capacity due to inadequate raw materials procurement capabilities
- ▶ Low-cost strategies of competitors will undermine markets for differentiated products
- ▶ Soaring raw materials and fuel prices and sharp exchange rate fluctuations

Global Network (manufacturing sites)



- GENESTAR™
- Elastomer
- Isoprene chemical



Isoprene chemicals

- Expand sales of one-of-a-kind products
- Quickly commercialize newly developed products to secure new profit contributors
- Promote sustainability (Reduce GHG emissions via the switchover of raw materials and the improvement of manufacturing process)



Elastomer

- Strengthen global supply system of SEPTON™
- Build a new plant of liquid rubber in the United States
- Promote development and expand sales of products that are high value-added and made from sustainable raw materials

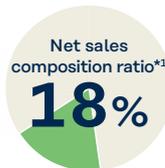


GENESTAR™

- Expanded use of our materials in parts due to the weight reduction, electronic control, and electrification of automobiles
- Penetrate further into global markets, including Europe, the United States and Asia
- Consider the second phase of facility construction in Thailand

*1 The total of the five segments is not 100% because the engineering business and other businesses not included in the reportable segments are excluded from the net sales composition ratio figures.

Functional Materials



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

Review of 2021

In the Methacrylate business, sales were firm for applications such as spatter-blocking barrier panels and displays, in addition to favorable market conditions. In the Medical business, sales expanded due to strong demand for new dental materials, particularly in Europe and the United States. In the Environmental Solutions business, sales of activated carbon remained strong amid growing demand, particularly for water treatment applications in Europe and the United States.

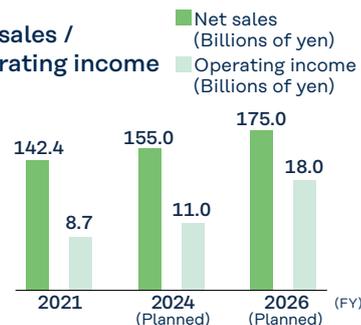
Medium-Term Management Plan "PASSION 2026" Key Measures

In the Environmental Solutions business, we will leverage our strengths as a general activated carbon manufacturer, strengthening our global supply system by expanding our new carbon production base in the United States and our reactivated carbon production base in Europe. In addition to promoting R&D and production technology development based on the control and design of carbon structures, we will capture growing demand and expand into new applications. We aim to generate ¥10 billion in synergies by 2026 from the Calgon Carbon Corporation acquisition.

We will also strive to grow the Aqua business, which was incorporated into the Functional Materials segment in 2022, through tie-ups with the Environmental Solutions business.

In the dental materials business, we will draw on our technological advantages to develop products that help reduce the burden on patients and dentists, contributing in this way to improving people's quality of life (QOL). By strengthening sales and marketing and improving our product supply framework, we will target an average annual growth rate of 10%, mainly through greater sales in Europe and the United States.

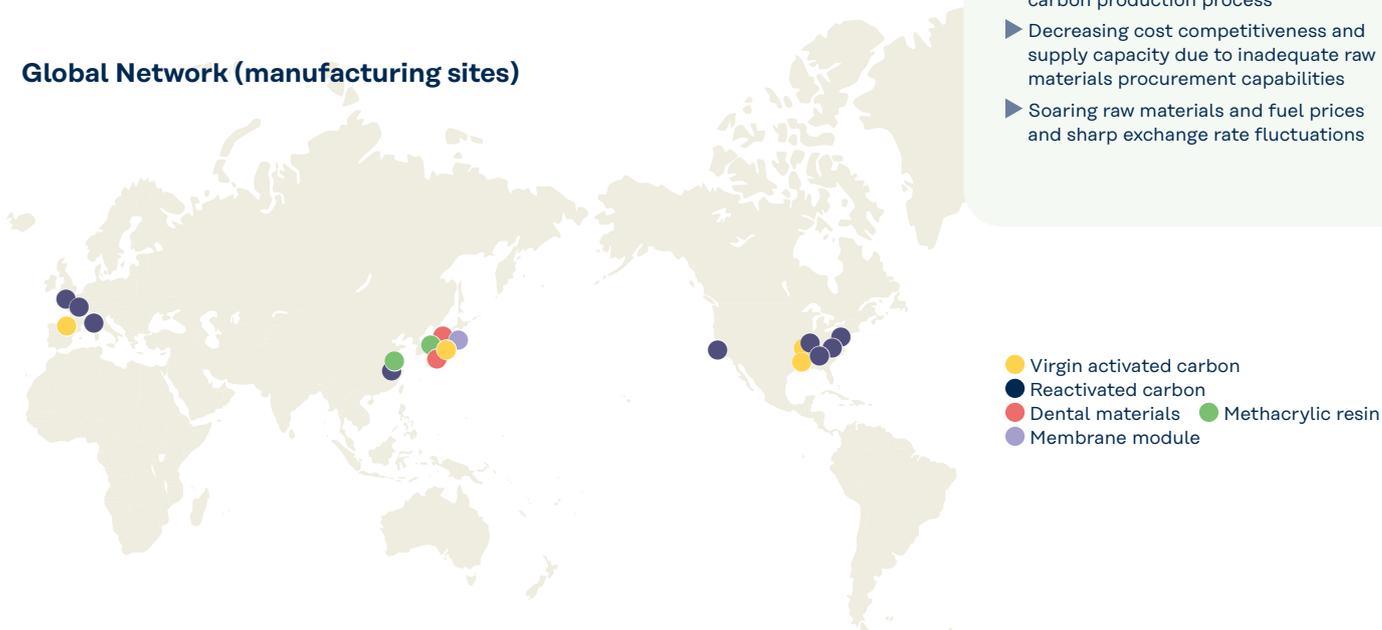
Net sales / Operating income



Opportunities and risks

- Opportunities**
 - Increased demand to develop materials with transparency and optical properties in line with the increasing sophistication of automobiles
 - Stable demand for products that help prevent the spread of COVID-19
 - Growing demand for cosmetic dentistry in line with rising standards of living
 - Digitalization of dental lab work using CAD/CAM
 - Increased demand for air and water purification under tighter environmental regulations worldwide
 - Global expansion of the circular economy
 - Expansion of energy-related markets
- 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

Global Network (manufacturing sites)



Methacrylate

- Develop and realize high-value-added materials and technologies for the next generation
- Establish a recycling system and achieve production process innovation



Medical (dental materials)

- Constantly introduce a stream of new high-value-added products in the CAD/CAM field
- Optimize the global supply system to expand market share in Europe and the United States



Environmental Solutions

- Expand profitability leveraging strengths as an activated carbon manufacturer
- Fully realize synergies and growth by enhancing our production capabilities for both virgin and reactivated carbon
- Develop products related to reducing GHG emissions for electrical material and mobility applications

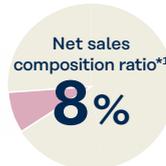


Aqua*2

- Strengthen the membrane business by leveraging our unique technologies
- Promote environment-related businesses backed by synergies with the activated carbon business

*2 Aqua business to be transferred to Functional Material segment from FY2022.

Fibers and Textiles



Net sales / Operating income
■ Net sales (Billions of yen)
■ Operating income (Billions of yen)



We manufacture and sell CLARINO™ (man-made leather), which has a structure and functionality similar to natural leather; KURALON™ (PVOH fiber), which is used as a reinforcing material for cement and automotive parts; KURAFLEX™ (nonwoven fabrics) which are used as household and industrial products; and MAGIC TAPE™ (hook-and-loop fastener) used as fasteners.

Review of 2021

Sales of CLARINO™ remained strong, mainly for shoes. In fibers and industrial materials, demand for both KURALON™ and VECTRAN™ (high-strength polyarylate fiber) expanded and sales volume increased. In consumer goods and materials, demand for medical-related products was strong for both KURAFLEX™ and MAGIC TAPE™.

Medium-Term Management Plan “PASSION 2026” Key Measures

For CLARINO™, we aim to expand sales of sustainable products in response to heightening environmental awareness among top-brand customers and a trend toward non-animal based products, mainly in Europe and the United States. We will also promote environmental responsibility in terms of both raw materials and manufacturing and processing.

In Fibers and Industrial Materials, we will accelerate expansion of new applications by developing high value-added products and providing technical services for VECTRAN™. We will also boost production capacity in response to increasing sales volumes.



CLARINO™

- Expand sustainable products using recycled raw materials and bio-based raw materials while shifting to environmentally friendly manufacturing and processing processes
- Expand our supply system in response to the globalization of supply chains



Fibers and Industrial Materials

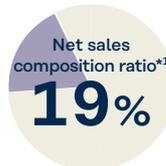
- Expand VECTRAN™ business by leveraging the characteristics of materials
- Expand our operations by concentrating resources on such strategic applications as rubber reinforcement and concrete reinforcement
- Expand the breadth of product applications in fields requiring compliance with environmental regulations (e.g., asbestos substitutes)



Consumer Goods and Materials

- Expansion of environmentally friendly products*3 and sustainable materials
- *3 Products that have acquired FSC® certification, an international forestry certification system
- Expand the lineup of unique products, such as MAGIC TAPE™, to meet labor-saving needs for customers' manufacturing processes

Trading



Net sales*4 / Operating income
■ Net sales (Billions of yen)
■ Operating income (Billions of yen)



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.

Review of 2021

In fiber-related businesses, sales of sportswear and CLARINO™ (man-made leather) remained strong. Sales of resins and chemicals expanded in line with increasing demand, mainly in the Chinese market.

Medium-Term Management Plan “PASSION 2026” Key Measures

- ◆ Strengthen profitability by shifting to high-value-added businesses through expansion of proprietary products and processing businesses.
- ◆ Expand overseas sales, primarily in Asia.

*4 Figures for Trading segment net sales for FY2022 have significantly changed compared to FY2021, mainly due to changes in accounting methods for revenues attributable to agent transactions in the Trading segment as a result of the adoption of the Accounting Standard for Revenue Recognition and other factors. Because of these changes, revenues from such transactions, which have previously been recorded on the basis of total transactional value, are now recorded on a net basis.

Expansion of ECOTALK™

Add more value to recycled fiber made from plastic bottles.

Expand the use of biomass-based materials.

Promote other materials designed to help curb environmental burden.



- Shift from raw yarn and fabric sales centered on CLAVELLA™ polyester filaments to product sales including wearable materials
- Expansion of value-added processed products
- Overseas expansion adapted to growing Asian markets
- Utilization of Vietnamese production sites

*1 The total of the five segments is not 100% because the engineering business and other businesses not included in the reportable segments are excluded from the net sales composition ratio figures.