

Strategies by Segment

Vinyl Acetate

We manufacture and sell materials ranging from PVOH resin offering properties such as water solubility and high adhesiveness; materials for LCD display applications; PVOH film used in soluble unit dose system for detergent and other products; PVB film used as an interlayer for safety glass; to EVAL™ EVOH resin that offers excellent gas barrier properties.

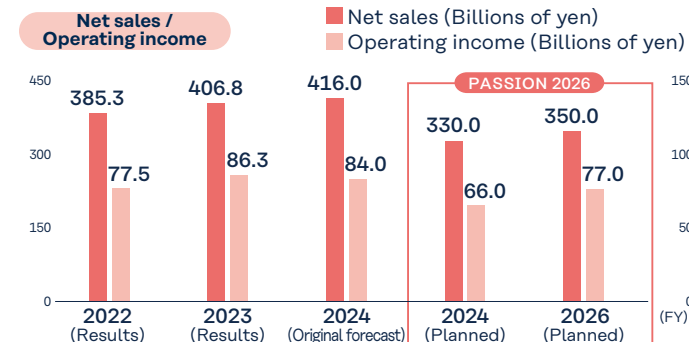
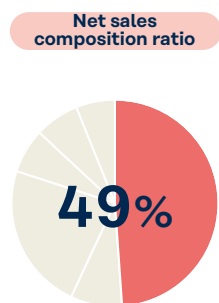
Detailed product information and financial data for each segment can be found in the Kuraray Fact Book.



Announcement of Financial Results



Fact Book



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

Business Environment

Opportunities

- Increased demand due to a shift toward larger LCDs and accelerated digitalization trends
- 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 soluble unit dose system for 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

"PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
PVOH resin	<ul style="list-style-type: none"> - Maintain a strong supply framework 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) 	We further raised the ratio of high-value-added products and strengthened and optimized the global supply chain.
Optical-use poval film	<ul style="list-style-type: none"> - Strengthen production and sales frameworks in accurate response to expanding demand and the market shift to China - Launch and expand lineup of value-added products that meet customer needs, such as high-transparency or thin film 	To address mounting demand for wide film stemming from the increasing size of LCD 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"> - Timely capacity expansion to cover demand growth and to maintain stable supply to the market - Promote the development of new applications as well as biodegradable and bio-based raw materials to contribute to a circular economy 	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. The new plant we built in Poland began operations in early 2024.
Advanced interlayer solutions	<ul style="list-style-type: none"> - Expand lineup of SentryGlas™ specialty ionoplast interlayers, our unique interlayer film for safety glass - 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 	We optimized the global supply chain to meet brisk demand for SentryGlas™. Sales of high-performance automotive films were up as a growing number of new customers in Asia adopted products we made in South Korea.
EVAL	<ul style="list-style-type: none"> - Strengthen the stable supply framework and build a new plant in Asia - Contribute to reduction in food loss and a circular economy as we strive to meet growing demand for food packaging applications 	Development of new applications for food packaging drove sales expansion. 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, due to start operations in the second half of 2026.

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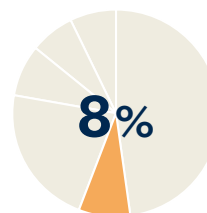


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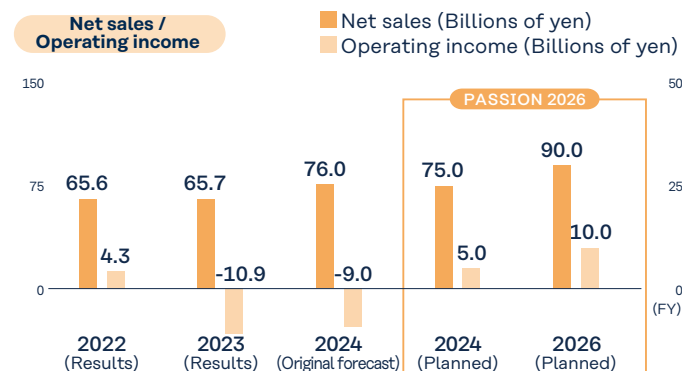
Isoprene

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.

Net sales composition ratio



Net sales / Operating income



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

"PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
Isoprene Chemicals 	<ul style="list-style-type: none"> - 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 the manufacturing process) 	We targeted sales growth by developing applications for one-of-a-kind products. To meet sustainability demand, we obtained International Sustainability and Carbon Certification (ISCC) PLUS certification for products using biomass raw materials. Our plant in Thailand began production in 2023.
Elastomer 	<ul style="list-style-type: none"> - Strengthen global supply framework for SEPTON™ - Build a new liquid rubber plant in the United States - Promote a development framework and expand sales of products that are high-value-added and made from sustainable raw materials 	Our plant in Thailand began producing SEPTON™ in 2023, giving us a production and supply framework based on three plants around the world, including Japan and the United States.
Genestar 	<ul style="list-style-type: none"> - Expanded use in parts for 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 	We gained greater use for our products for connectors for in-vehicle electronic control components and automotive components. We began production at our plant in Thailand in 2023, establishing a framework for quality assurance and a global supply chain.

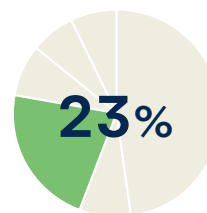
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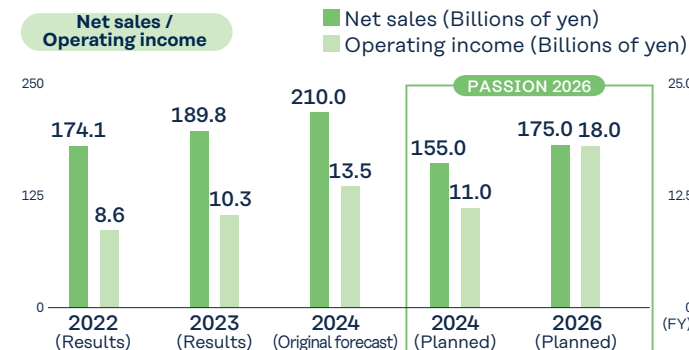
Functional Materials

We manufacture and sell methacrylic resin that offers excellent transparency and 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.

Net sales composition ratio



Net sales / Operating income



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

"PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
Environmental Solutions 	<ul style="list-style-type: none"> - 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 	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, we started operations at an expanded virgin activated carbon production facility in the United States at the start of 2024. 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 greenhouse gas (GHG) emissions.
Medical (dental materials) 	<ul style="list-style-type: none"> - Constantly introduce a stream of new high-value-added products in the CAD/CAM field - Strengthen the product supply framework to support global expansion 	We continued development into high value-added products targeting the market launch of CAD/CAM materials starting in 2024. To reinforce the supply framework, we decided to invest in capacity expansion for inorganic dental materials with a view to further business expansion down the road. We are also developing systems for building an efficient, optimized global supply chain.
Methacrylate 	<ul style="list-style-type: none"> - Develop and realize high-value-added materials and technologies for the next generation - Establish a recycling system and achieve production process innovation 	We made smooth headway with the marketing of SP grade PARAPET™, a new heat-resistant resin made with our proprietary technology and manufacturing method, gaining uses for this material in the mobility field. We also developed a scrap material recycling system and created a scheme for environmentally friendly recycled sheets that halve CO ₂ emissions during manufacturing, making inroads into this market.
Aqua* 	<ul style="list-style-type: none"> - Strengthen the membrane business by leveraging our unique technologies - Promote environment-related businesses backed by synergies with the Environmental Solutions business 	We are focusing on expanding sales of GL module high-performance membranes for the water treatment area of the semiconductor manufacturing sector. We are generating synergies in customer development and other activities by leveraging the staff and networks of the Environmental Solutions Division.

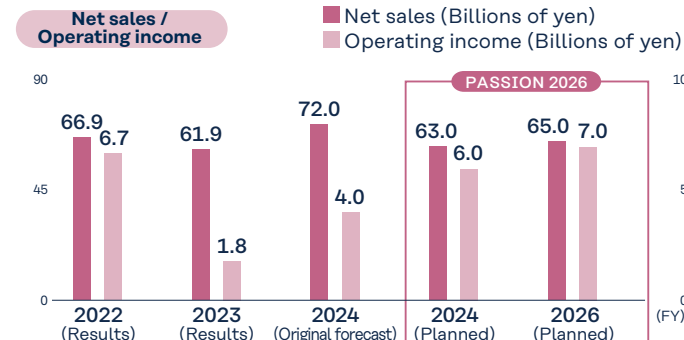
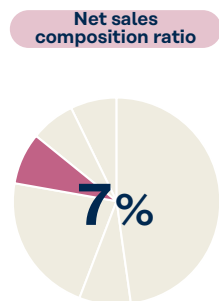
* Aqua business was transferred to Functional Materials segment from FY2022.

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Announcement of Financial Results Fact Book

Fibers and Textiles

We manufacture and sell KURALON™ PVA fiber, which is mainly used as a material in cement and a reinforcing material for automotive components; CLARINO™ man-made leather, which has a structure and functionality similar to natural leather; VECTRAN™ liquid crystal polymer fiber, mainly used as an industrial material due to characteristics such as high strength and low water absorption; KURAFLEX™ nonwoven fabrics which are 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

"PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
 <p>Clarino</p>	<ul style="list-style-type: none"> - Expand sustainable products using recycled raw materials and bio-based raw materials while shifting to environmentally friendly manufacturing and processing processes - Expand the supply framework in response to the globalization of supply chains 	<p>For applications such as 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.</p>
 <p>Fibers and Industrial Materials</p>	<ul style="list-style-type: none"> - Expand sales of VECTRAN™ leveraging the characteristics of materials - Expand 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) 	<p>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 anticipate a return to growth in 2024 on the back of sales expansion of differentiated products that hold promise for reducing CO₂ emissions.</p>
 <p>Consumer Goods and Materials</p>	<ul style="list-style-type: none"> - Expand environmentally friendly products* and sustainable materials - Expand the lineup of unique products, such as MAGIC TAPE™, to meet labor-saving needs for customers' manufacturing processes 	<p>The business is launching and expanding sales of a range of products, including the industry's only recyclable, environmentally friendly MAGIC TAPE™ hook-and-loop fastener 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.</p>

* Products that have acquired FSC® certification, an international forestry certification system

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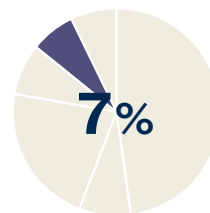


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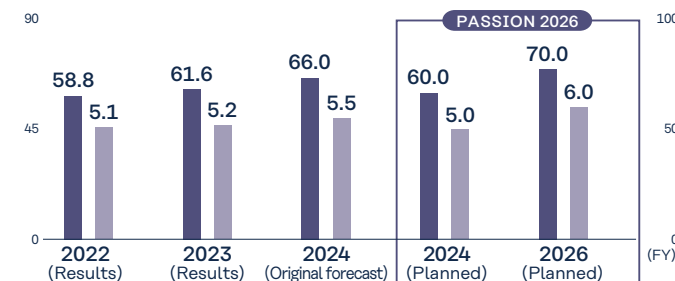
Trading

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.

Net sales composition ratio



Net sales / Operating income



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

"PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
Fibers and Textiles 	Expanding proprietary product and processing businesses - Shift from raw yarn and fabric sales centered on polyester filaments to product sales including wearable gear - Expansion of value-added processed products	In the apparel sector, sales of sports apparel and outdoor wear expanded steadily in Japan and China. In the materials sector, sales of CLARINO™ man-made leather for automotive applications were brisk. In addition, in terms of sales of materials specialized for specific applications, we also worked to expand sales of CLACABO™ conductive fiber yarn. Using syndiotactic polystyrene resin for the first time, we also developed and began selling a fiber offering superior quick-drying properties and a dry feel.
Resins and Chemicals 	Expanding overseas businesses - Overseas expansion adapted to growing Asian markets - Utilization of Vietnamese production sites	The first half of 2023 was impacted by economic slowdowns in Asian markets, but demand recovered in the second half both in Japan and abroad. Our focus was on the development of more highly processed products offering higher added value. We decided to invest in new production facilities for soft casting thermoplastic elastomer at our Okayama Plant.

TOPICS

Expanding capacity of partner plant in Vietnam and operation of Kuraray Trading online store

To address brisk growth in demand for sports apparel, we expanded the capacity of sewing equipment at our partner plant in Vietnam. We plan to further boost output capacity for our printing equipment in 2024, gradually establishing a supply framework for our one-of-a-kind products.

Also, taking advantage of the new online store Kuraray Trading launched at the end of 2022, we continue to develop products that incorporate customer feedback, using this to create even better products.



Online Store (Japanese)