

KUREHA CORPORATION
Business Report 2025

Year ended March 31, 2025



<https://www.kureha.co.jp/en/>



Toward Creating a New Future

Kureha envisions itself as a “global specialty company” by strategically integrating advanced research and development capabilities with production activities.

We believe that by becoming a “specialty company,” we can evolve into an “excellent company.”

In our pursuit of a “great leap forward,” we at Kureha are committed to continuously creating products that meet the demands of the times.

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Editorial Policy

The Kureha Business Report has been published since 2020 with the aim of sharing the Kureha Group's current status and initiatives for enhancing corporate value with our stakeholders.

This year's report explains the progress of the Kureha Group Medium- to Long-Term Management Plan Rolling Plan 2025, which has entered its final year, together with overviews of each business and capital policy designed to achieve it. The report also outlines our material issues (materiality), as well as corporate governance, which supports these business activities.

Through this report, we hope to provide a deeper understanding of the Kureha Group's commitment to contributing to the resolution of social issues while striving for continuous growth and value creation.

Contents of the Report

■ Scope of Reporting

This report covers Kureha Corporation and its Group companies.

■ Reporting Period

In principle, the reporting period is the same as the fiscal year (April 2024 to March 2025). However, some sections include information outside this period.

■ Reference Guidelines

ISO 26000: Guidance on Social Responsibility

■ Date of Issue

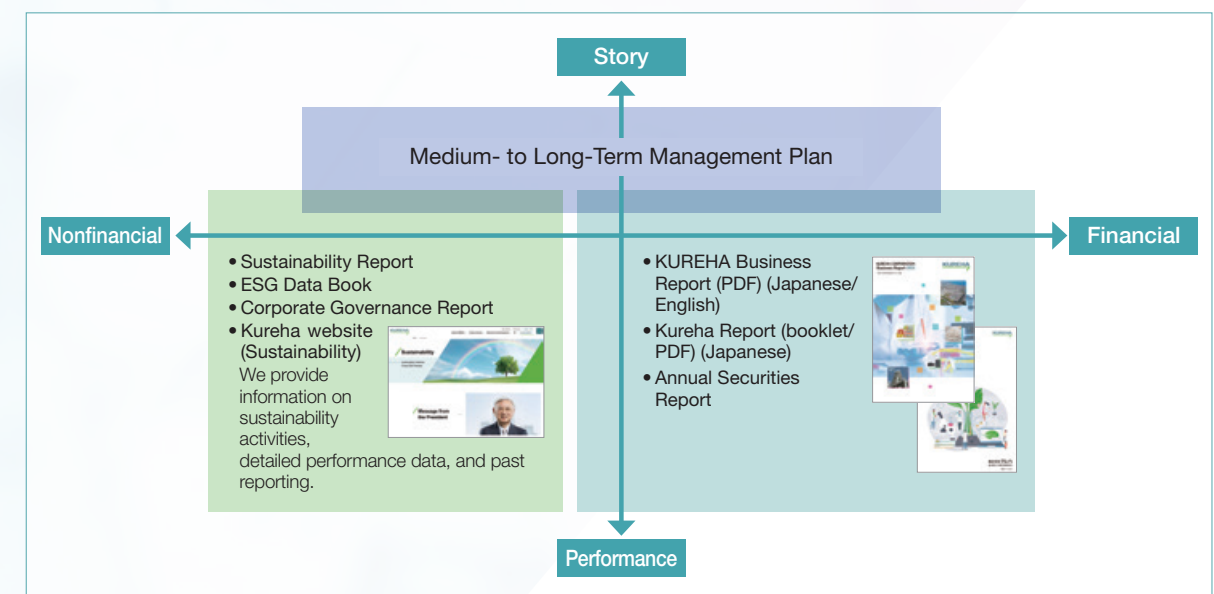
October 2025 (updated annually in principle)

■ Disclaimer

This report includes not only past and present facts about Kureha Corporation and its Group companies but also forward-looking statements based on plans and outlooks as of the date of publication. These forward-looking statements are assumptions or judgments made on the basis of information available at the time of writing, and actual results may differ due to changes in conditions. In addition, certain figures in the tables and graphs have been revised from those of previous years to reflect changes in the reporting boundary or revisions to calculation methods. We appreciate your understanding.

Information Disclosure Framework

The Kureha Group seeks to disclose information in a systematic manner primarily through the reporting tools listed below. For detailed and related information that could not be fully included in this report, please refer to the websites indicated below, as well as those referenced on each page.



Guide to Report Downloads

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Website Information

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Yutaka Kobayashi
Representative Director,
President and Chief Executive Officer

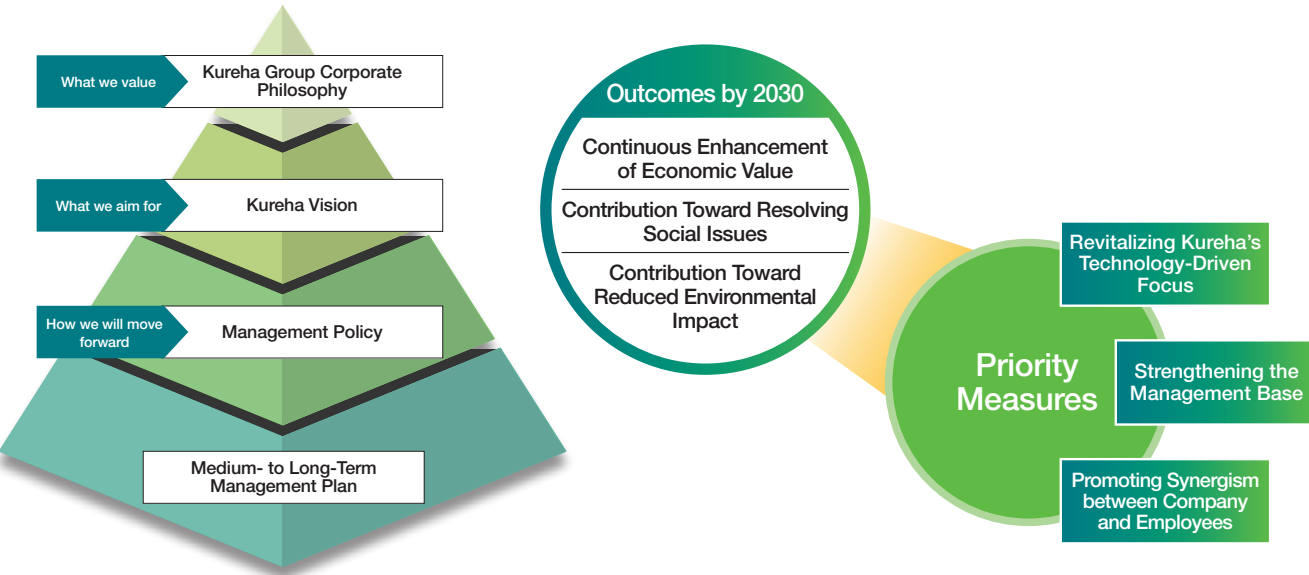
With pride as a technology-driven company leading a new era, the Company is dedicated to opening the way to a prosperous future society through organizational renewal and the further development of its researchers.

Kureha’s History and a Vision Nurtured by Proprietary Technologies

Since its founding in 1944, Kureha’s history has consistently been defined by the development of proprietary technologies and the achievement of technological breakthroughs that others could not attain. For more than 80 years, the Company has remained steadfastly committed to in-house technologies, creating differentiated specialty chemicals and delivering products that meet the needs of the times. This passion for innovation has shaped the Company’s corporate culture. Our willingness to take on challenges, spirit of enterprise, earnest and sincere approach, strong sense of unity, and ability to concentrate energy at decisive moments are vital engines that power the Company forward.

In April 2023, to further advance the Kureha Group, we formulated the Kureha Vision. As the future image we aspire to, we declared our commitment to becoming “a specialty solutions company that leverages proprietary technology and contributes to a new future for society.” To realize the Kureha Vision, we identified three top-priority initiatives: “revitalizing Kureha’s technology-driven focus,” “strengthening the management base,” and “promoting synergism between

the Company and employees.” Among these, the phrase “revitalizing Kureha’s technology-driven focus” generated considerable discussion among the Board of Directors and employees. The Company has been technology-driven from its founding to the present, and I explained the true intent behind deliberately choosing the word “revitalizing.” Up until around the 1990s, when Japan was known as a manufacturing powerhouse, proprietary technologies flourished one after another at the Company. At that time, the prevailing mindset was “product-out,” and we did not place strong emphasis on market analysis. New materials often led to the discovery of excellent applications, which in turn evolved into products that transformed people’s lives. We believed that creating something new would generate new possibilities. However, in today’s world, where so many outstanding technologies already exist, a product-out approach alone is no longer sufficient. Reflecting on the past decade, I must acknowledge as a manager that the Company has not produced any particularly prominent new technologies or products.



We must shift to a “market-in” approach: investigating markets to identify needs, refining existing technologies, and creating products that society requires. Without this change, the Company cannot sustain itself. We have entered such an era.

Even so, devoting ourselves entirely to a market-in approach would not be true to Kureha’s identity as a technology-driven company. It is equally important to allow sufficient time for the development of new technologies.

As China rapidly emerges as a technological superpower, the global position of Japanese manufacturing—including the Company—is evolving. In this environment, we must select development themes with China in mind and deliver competitive products.

Given these circumstances, we recognize the need to revisit and transform what we have long cultivated as “Kureha-ness.” I have no doubt about our employees’ sincerity and solidarity. At the same time, I sometimes sense that the imagination to create what others do not have and the willingness to take on challenges are not being fully realized.

We must return to our roots and remain acutely aware of our value as a technology-driven company. I wanted to instill in employees a sense of urgency—Are we truly content with the status quo?—and chose to communicate that determination both internally and externally through the strong word “revitalizing.”

Experiencing entirely different environments broadens perspectives and naturally cultivates the ability to take a comprehensive view and identify optimal solutions. Having witnessed firsthand how rotation strengthens the Company, I strongly encourage employees to continue engaging in diverse assignments and to seek out experiences that inspire and challenge them.



Advancing Corporate Value with a New Organizational Structure

To steadily transform the Company toward achieving the Kureha Vision, we continuously consider which measures are necessary and implement a wide range of initiatives. As a first step in revitalizing Kureha’s technology-driven focus, we consolidated our research themes.

In the past, researchers individually pursued areas of interest, identified themes, and conducted research. However, many of these efforts ended prematurely and did not yield satisfactory results. We have since shifted to a more disciplined approach: establishing clear priorities, focusing development resources intensively to high-demand areas within defined time frames, and then moving on to the next highest-priority themes once results are achieved.

In 2023, to maximize our research and development (R&D) capabilities and create new businesses, we reorganized and established the New Business Division. We also opened a base in Houston, Texas, thereby creating a global framework in which Japan and the United States work side by side to generate new businesses. In addition, we launched the Tokyo R&D Center and are making strong efforts to recruit highly specialized technical talent.

As a manufacturer, I believe the Company requires two essential functions. The first is to probe deeply into the essence and mechanisms of “issues.” Because innovation in this area is highly challenging, it naturally requires time and entails risk. To mitigate that risk, the second function—thoroughly identifying themes that contribute to society based on market needs—is equally critical. We assess the feasi-

bility of differentiation, including patentability, and confirm profitability. We proceed with development activities only after solidifying the business model.

Since our founding, we have been dedicated to in-house technologies, but today we are in an era that requires open innovation. In addition to joint research with universities and national research institutions, we are also investing in start-ups in the United States and the United Kingdom. Given sufficient time, I believe we could achieve most things with our own technologies, but in today’s environment, speed is paramount. Through collaboration with external partners, we aim to accelerate development.

To ensure these initiatives progress smoothly, the optimal allocation of talent has become increasingly important. Approximately one-third of the Company’s employees are technical professionals in career-track positions. The managing director responsible for R&D conducts multiple one-on-one interviews, reviewing individual achievements and aligning assignments so that each employee can engage in work they most passionate about and for which they are best suited.

In recent years, we have placed strong emphasis on talent rotation. In the past, it was uncommon for the Company to transfer R&D personnel outside laboratories. Today, however, they are reassigned to business divisions to gain first-hand knowledge of market needs, and they also take postings at overseas Group companies. An increasing number of employees are being nominated by the Company to pursue doctoral degrees at overseas universities.

Expanding Earning Power Through a Diversified Portfolio

Fiscal 2025 is the final year of the “Kureha Group Medium- to Long-Term Management Plan, Rolling Plan 2025” formulated in May 2024. We have set a key performance indicator (KPI) of achieving a price-to-book ratio (PBR) of 1.0 times or above by the end of fiscal 2025, and we are implementing various measures to achieve a target return on equity (ROE) of 8% or more.

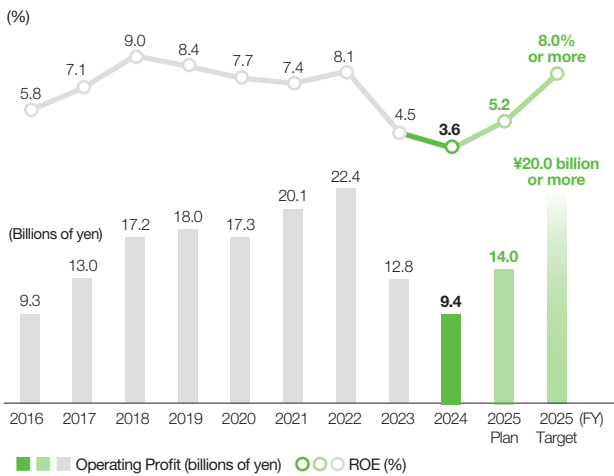
When I assumed the presidency in September 2012, profitability was not as strong as it is today, and our financial position required improvement. At the same time, Kureha aspired to be a pioneer in specialty fields, creating products that others could not. Such aspirations naturally entail large investments. We therefore focused on thoroughly enhancing profitability, increasing retained earnings to strengthen our financial base, and securing funds for future large-scale investments. Thanks to this solid foundation in 2023 we were

able to make the decision to establish a new polyvinylidene fluoride (PVDF) plant—the largest investment in our history.

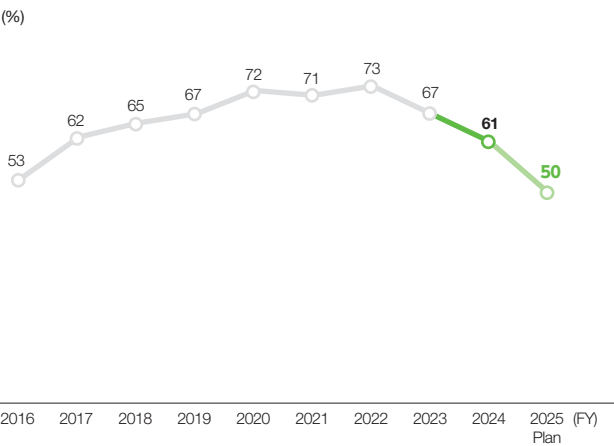
Since 2023, in response to requests from the Tokyo Stock Exchange, we have advanced management with a clear focus on capital cost and share price, strengthened shareholder returns, and revisited our approach to an appropriate equity ratio. With respect to PBR, we consider ROE to be the key driver. Through proactive capital policies, we have progressed in optimizing the denominator of ROE; our current focus is on the numerator—profit—by strengthening earning power.

We are confident that revitalizing Kureha’s technology-driven focus, as explained earlier, will inevitably lead to stronger earning power. Through our ongoing initiatives to revitalize Kureha’s technology-driven focus and enhance earning power, we aim to become a company that meets

Operating Profit / ROE



Equity Ratio



market expectations and earns fair valuation.

The Company has identified three priority business domains: Environment and Energy, Life, and Digital Communications.

In development, what we are most determined to accomplish this fiscal year in the Environment and Energy domain are the polyvinylidene fluoride (PVDF) business and the polyglycolic acid (PGA) business, both positioned as core businesses of the Company.

PVDF is used primarily as a binder for cathode materials in lithium-ion secondary batteries (LiBs) for energy storage systems and electric vehicles (EVs). Today, both performance improvement and cost reduction are required, and customers seek binders that meet their advanced development needs. Many of our customers conduct R&D with a 10- to 20-year horizon, and they turn to trusted companies with the capabilities to accelerate battery development, asking us to “develop products like this.” Unless we demonstrate the technological strength to meet these expectations, we cannot be the partner our customers seek.

Accordingly, in existing product areas, it is essential to launch new grades quickly, and customers expect Kureha to deliver new products and new grades. Without continually refining our technological capabilities, we cannot maintain leadership in this field.

PGA, by contrast, is a resin with highly distinctive properties. It offers high strength and gas-barrier performance, and it is recognized as a biodegradable plastic that decomposes in the presence of moisture.

At present, PGA is seeing increasing use as frac plugs in shale oil and gas drilling in the United States. In particular, it has earned strong evaluations for its stable performance in regions where well temperatures are medium to high.

However, markets with medium- to high-temperature wells account for only about 30% of the total; the remaining 70%

are low- and ultra-low-temperature regions. In these regions, the challenge has been insufficient decomposition speed, and we are now accelerating the development of new products. We plan to launch the first product for low-temperature regions in fiscal 2024 and to begin sales in fiscal 2025 of a new product that decomposes quickly even at ultra-low temperatures. We are tackling this challenge with our backs to the wall, based on the premise that if the rollout of low- and ultra-low-temperature plugs is not achieved as planned, we will fundamentally review the business structure.

In the Life domain, our agrochemicals business is on the verge of commercializing a major new product developed in-house. Looking further ahead, for the subsequent next-generation agrochemical, we see possibilities for collaboration with other companies or through mergers and acquisitions (M&A).

In Digital Communications, we have developed a 3D touch panel with outstanding fail-safe functions, energy efficiency, and transparency. In this domain, we aspire to expand into the semiconductor field and continue to pursue research in this direction.

The Company develops and manufactures products across a wide range of fields relative to the scale of its revenue. While some businesses drive growth, others contribute to stable management. For example, PVDF is influenced by market conditions, such as trends in the EV market, whereas the home products and agrochemicals businesses generate relatively stable revenue each year.

An excessively high-risk business structure would undermine management stability. To strengthen our management foundation and sustain our businesses over the long term, we believe it is important to maintain our current model—combining stability with challenge.

Aiming for Synergism Between the Company and Employees While Further Enhancing the Compliance Framework

As one of the measures for realizing the Kureha Vision, “synergism between the Company and employees” is indeed a fundamental theme.

Having spent many years working at production sites, I still visit them frequently to hear what is happening on the

ground and to listen to younger employees. What I feel strongly is the importance of clearly communicating management’s aspirations and initiatives—the company we want to be—to all employees.

We began holding town hall meetings about two years



ago, creating many opportunities for Directors to visit the field and speak directly with employees. This fiscal year, we aim to ensure that every employee truly understands the dreams and initiatives embraced by management. For matters requiring swift action, I propose ideas myself and drive them top-down, while for disseminating information, bottom-up initiatives are equally important. From every angle, we are exploring better ways to achieve coexistence.

For future management candidates, I believe in hands-on education and personally lead the *Kobayashi Juku*, a program that bears my name. Participants study a designated theme for one year and present both interim and final reports before all officers. Alumni of the *Kobayashi Juku* are now actively involved in formulating the new medium-term management plan.

Compliance itself is being called into question.

Earlier this year, we received an internal report regarding inappropriate conduct toward a female employee by an officer, and we responded swiftly and appropriately. I take it as a positive outcome that the effectiveness of reporting via the hotline was demonstrated. To further strengthen our compliance framework, we plan to implement additional

concrete measures in accordance with the Kureha Group Charter of Corporate Behavior and the Kureha Group Code of Conduct.

In messages to employees, I share my personal motto: “He who sheds his light over a corner of the country is the nation’s treasure.” These are the words of Saichō, founder of the Tendai school of Buddhism, which teach that one should become a light in the place one is given, illuminating those around and becoming someone others can depend on.

I encountered this phrase at age 26 and have aspired to live by it ever since. Now, as a leader, I must always emit light. To share this aspiration with employees, management must not harbor secrets or allow information gaps. If we foster a culture where anyone in the Company can raise their hand and speak freely with confidence, new ideas will emerge and the willingness to take on challenges will grow.

I am now encouraging employees with the message: “Let us reach our 100th anniversary.” That milestone lies 19 years ahead, and we cannot know what changes society will undergo. However, as long as our employees embody the four strengths of challenge, enterprise, sincerity, and unity, I am confident we will achieve it.

A Proud History of Developing Original, Innovative Technology

1934

Showa Jinken Co., Ltd., the predecessor company, was established.

1939

Merged with Kureha Spinning Co., Ltd.

1944 Establishment

Kureha Chemical Industry Co., Ltd. was established. Produced monochlorobenzene, caustic soda, chlorobenzene, chloronaphthalene, etc.



Kureha Chemical Industry Nishiki Plant

1949

Listed on the Tokyo Stock Exchange.



Sausage ligature process using a stamping machine

1954

The Tokyo Research Center (now the Central Research Center) was established.

1958

Received the 8th Deming Prize.

1960

Launched sales of *Krewrap*, the first household plastic wrap in Japan

Original design of *Krewrap*

1962

The Nishiki Plant Research Center (now the Central Research Center) was established.

1965

Construction of the new head office building (in Tokyo's Nihonbashi Horidome-cho) was completed.

1970

Started industrial production of *KF Polymer*, polyvinylidene fluoride (PVDF)

1975

The Food Research Laboratory (now the Polymer Processing Research Laboratories) was established.

1977

Launched sales of anti-cancer agent *Krestin*.

1987

Launched sales of engineering plastic *Fortron KPS*.



Fortron KPS

1989

Released *New Krewrap* in which the package design was changed to a fresh-fruit pattern with functional improvements.

New *Krewrap*

1986

The Ibaraki Research Laboratory (now the Polymer Processing Research Laboratories) was established.

1993

Launched sales of agricultural fungicide *Metconazole*, *Ipconazole*, negative electrode material for lithium-ion secondary batteries *CARBOTRON P* and binder for electrodes *KF Polymer*.

1991

Launched sales of *Kremezin*, a therapeutic agent for chronic kidney disease.

2012

Started commercial production of the polyglycolic acid (PGA) U.S.A. plant.

2015

Started commercial production of the polyvinylidene fluoride resin (PVDF) China plant.



Factory of KUREHA (CHANGSHU) FLUOROPOLYMERS CO., LTD.

2026

(Scheduled)

Expansion of polyvinylidene fluoride plant at Iwaki Factory

2024

Opened the Tokyo Research Laboratory in Shin-Kiba

High chlorine utilization

Petrochemical process development

Specialty orientation

Global development

Following World War II, Kureha began exploring high-degree applications for chlorine produced with caustic soda. One of the first products to emerge from this R&D was polyvinylidene chloride, developed through Kureha's own efforts without reliance on foreign technologies. We later made use of our original technologies in such areas as organic synthesis and polymeric chemistry to develop an extensive lineup of chemicals and plastics.

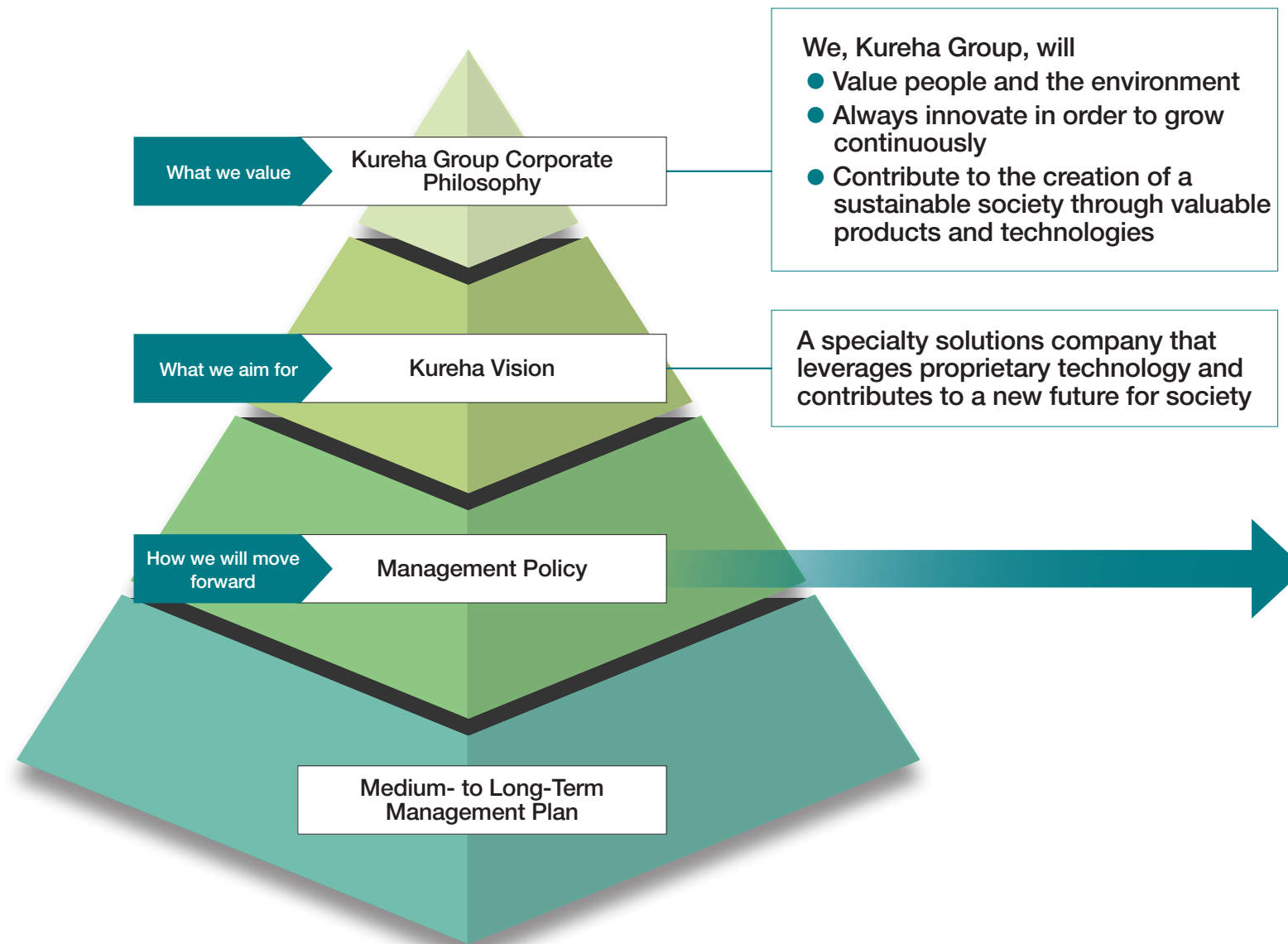
Kureha developed the world's first crude oil pyrolysis technique. The technology derived from this project formed the cornerstone for the creation of carbon products and *Kremezin*, a therapeutic agent for chronic kidney disease. In 1960 Kureha also developed *Krewrap*, the first household plastic wrap in Japan, and in 1977 *KRESTIN* (an anticancer agent).

Kureha focused on developing unique and specialty products. A wide range of products was created in a variety of. Meanwhile, we withdrew from the commodity business under a program of selection and concentration. This restructuring aimed at expanding the scope of our specialty business, with a focus on advanced materials, pharmaceuticals and agrochemicals, and high-barrier packaging materials.

In 2005, the company name was changed from Kureha Chemical Industry to Kureha Corporation. This rebranding was part of an effort to expand our business and achieve global growth, without being bound by the image of a chemical company. Kureha continues to provide beneficial products that help improve the global environment and lives of people around the world.

KUREHA

Kureha has established “Kureha Group Medium- to Long-Term Management Plan, ‘Toward Creating a New Future’” with the goal of achieving its targets in fiscal 2030. The period up to fiscal 2025 is considered the foundation for achieving the fiscal 2030 targets, and the Company will firmly establish the direction to achieve the long-term management plan. Additionally, under the new Kureha Group Corporate Philosophy, Kureha will further strengthen cooperation within the Group to become a corporate group that can contribute to the development of a sustainable society.



Toward “sustainability-focused management” that simultaneously improves medium- to long-term corporate value and contributes to a sustainable society.

► Objectives

Continuous Enhancement of Economic Value

- The Kureha Group will focus its resources on the three key business fields of Environment and Energy, Life, and Digital Communications in order to enhance economic value.
- We will raise the performance of existing products and expand the value chain from a market-in perspective, strengthen our ability to propose cost- competitive solutions to customers.

Contribution toward Resolving Social Issues

- The Kureha Group products, technologies, services, which have been contributing to society, will be further evolved through the integration of in-house technology development and external technology to expand the range of products, technologies, and services provided to society.

Contribution toward Reduced Environmental Impact

- We will strive to achieve carbon neutrality by fiscal 2050.
- We will pursue the advancement of production technology suitable for recycling-oriented production and reduce our environmental burden by promoting waste reduction and recycling.

► Priority Measures

Revitalizing Kureha's Technology-Driven Focus

- We will accelerate the development of differentiated products by heavily concentrating resources into R&D for new product development and environmental load reduction technologies.
- Through co-creation/collaboration with other companies, M&A, and other means, we will integrate our proprietary technologies with external technologies to create and expand new businesses.
- We will build a production system for growth businesses and strengthen production technology and engineering capabilities to reduce our environmental impact.

Strengthening the Management Base

- We will continue to strengthen organization that promote sustainability management.
- We will effectively utilize the management resources of the Kureha Group and build a strong consolidated business foundation.
- We will promote a digitalization strategy that enables advanced management by linking the latent needs of customers and society with R&D, manufacturing, and sales in the value chain.

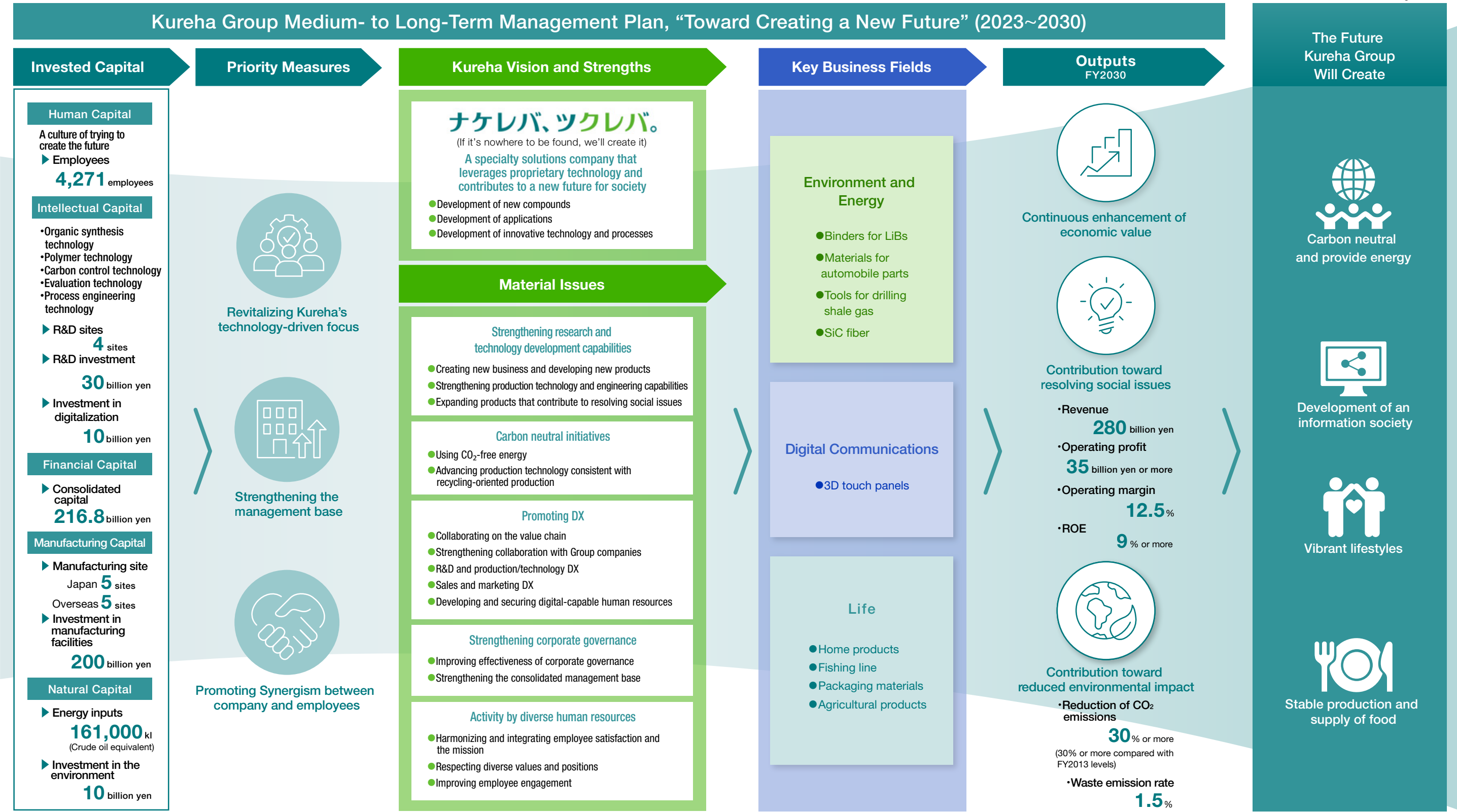
Promoting Synergism between Company and Employees

- Harmonize and unify employee satisfaction with our corporate mission, with the aim of growing both employees and the company.
- Enhance communication between the company and employees and value employees who try their best.
- Respect the diverse values and positions of employees, create a comfortable work environment, and actively provide employment opportunities.

Establishing three objectives and three priority measures in the Management Policy to achieve “a specialty solutions company that leverages proprietary technology and contributes to a new future for society.”

Kureha Group’s Value Creation Process

August 2025

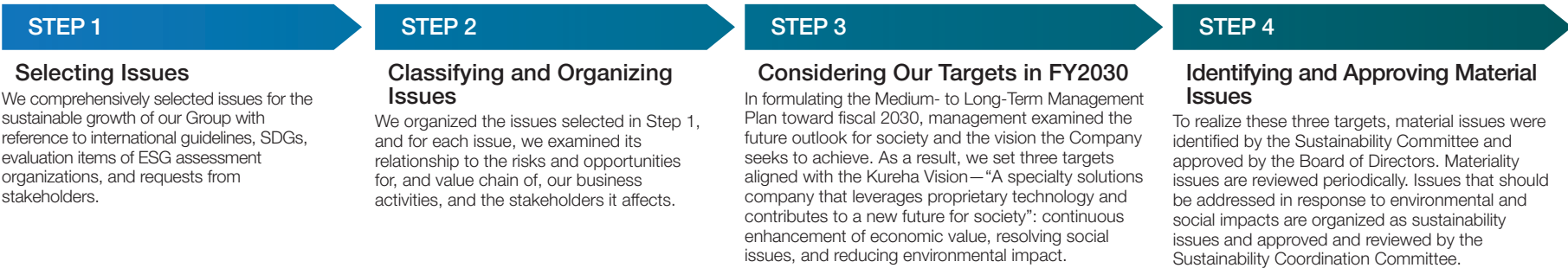


Kureha’s Material Issues

Kureha Group leverages its unique technological capabilities and strengths to address social issues, contribute to social development, and enhance corporate value.

In fiscal 2023, with the launch of “Kureha Group Medium- to Long-Term Management Plan, ‘Toward Creating a New Future’,” we identified material issues that require particular focus to ensure both the continuous enhancement of the Group’s economic value and meaningful contributions to solving social issues. These material issues have been incorporated into the Medium- to Long-Term Management Plan.

Steps for Identifying Material Issues



Results Through FY2024 / Indicators and Targets

Material Issues		Kureha Group initiatives	Results through FY2024	Indicators and targets (FY2030 targets)
Strengthening research and technology development capabilities	Promoting DX	Strengthening Research and Technology Development Capabilities Creation of New Businesses and Development of New Products (Expanding Offerings That Help Solve Social Issues)		● Revenue: ¥280 billion or more ● Operating profit: ¥35 billion or more
		(1) Environment and Energy ● Develop new polyvinylidene fluoride (PVDF) products for LiB binders ● Achieve PVDF production capacity of approx. 20,000 tons in FY2026 (current: approx. 12,000 tons) ● Achieve profitability in the PGA business for shale oil and gas drilling ● Introduce silicon carbide (SiC) fibers for aircraft engine components to the market	● PVDF: Expansion at the Iwaki Factory (+8,000 tons) proceeding as planned ● PGA: Completed field testing of low-temperature plugs and commenced full-scale sales ● SiC fibers: Mass-production process under development	
		(2) Life ● Propose home products that enrich daily life ● Develop agrochemicals that contribute to sustainable agriculture and stable food supply	● New agricultural fungicide: Developed fungicide for cereals, corn, fruit trees, and vegetables; completed registration application ● Biostimulants: Conducted field trials in Japan, Europe, and the United States	
		(3) Digital Communications ● Develop 3D touch panels that contribute to the advancement of the information society	● Advanced development targeting industrial equipment, medical devices, and automotive equipment in collaboration with multiple companies	
		(4) Materials Informatics (Promoting DX) ● Enhance accuracy and speed of new-material discovery through computational science	● Positioned agrochemical development as a medium-term theme and pursued high-performance products such as polyvinylidene fluoride (PVDF) resin and polyglycolic acid (PGA) as short-term themes	
		(5) Digital Marketing (Promoting DX) ● Identify potential customers, accurately capture customer needs, and deliver optimal customer engagement	● Introduced and embedded a sales support system in the PVDF resin business ● Achieved a significant increase in product inquiries through web marketing	
		Enhancing Production Technology and Engineering Capabilities		
		(1) Production and technological innovation to win in market competition; enhancing cost competitiveness; strengthening process development capabilities; and leveraging digital technologies	● Enhanced foundational technologies in production engineering and research and development ● Introduced cutting-edge technologies such as computer science · Established the Innovation Technology Department to facilitate the transfer and succession of technologies	
(2) Smart Factory Initiatives (Promoting DX) Promote lean staffing and cost reductions through automation of plant equipment; improve production efficiency and quality; and reduce operator workload	● Digitalized work instructions and reports for operators to reduce time required for shift handovers and related tasks ● Introduced image analysis technology into inspection processes			
Carbon Neutral Initiatives	Promoting DX	Achieve Carbon Neutrality by 2050		● Energy-derived CO ₂ emissions: 30% reduction compared with FY2013 ● Waste zero-emissions rate: 1.5%
		(1) Utilize carbon dioxide (CO ₂)-free energy across Group companies and sites (2) Enhance energy efficiency through innovation in production technologies across Group companies and sites	● Energy-derived CO ₂ emissions: 11.4% reduction compared with FY2013 (FY2023) ● To convert the fuel for thermal power generation at the Iwaki Factory from coal to CO ₂ -free fuel, conducted co-firing tests and obtained technical data	
		(3) Advance production technologies aligned with circular production models	● Waste zero-emissions rate: 5.6% (FY2023)	
Strengthening Corporate Governance	Promoting DX	Enhance the effectiveness of corporate governance		
		(1) Embed sustainability management	● The Sustainability Promotion Committee, as an executive body, established a framework to oversee Group-wide initiatives addressing sustainability issues	
		(2) Management control systems (Promoting DX) ● Monitor return on invested capital (ROIC) and weighted average cost of capital (WACC) by business and make appropriate management decisions	● To visualize ROIC by business, extracted financial data from the core system and developed analytical reports	
		(3) Supply chain optimization (Promoting DX) ● Monitor and optimize production, sales, and inventory	● Using the PVDF resin business as a model, defined the requirements for global production, sales, and inventory (PSI) visualization and developed a PSI dashboard	
		(4) DX infrastructure development (Promoting DX) ● Build a data analytics platform to support data-driven management	● Began formulating the basic policy for Group IT governance, with the aim of formalizing phase-gate checks across all stages—from initiation to completion—of IT projects during FY2025	
Activity by Diverse Human Resources	Promoting DX	Promoting Synergism between Company and Employees		● Ratio of women in management positions: 10% or more ● Employee satisfaction with education opportunities: continuous improvement ● Annual paid leave utilization rate: maintain 80% or more ● Utilization Rate for childcare leave and childcare-purpose days among male employees: 80% or more ● Certification under the Health and Productivity Management Organization program ● Presenteeism: 20% or less ● Work engagement: continuous improvement
		(1) Development and utilization of talent	● Development of digital talent (promoting DX) ● Employee development based on education programs led by the Technical Talent Development Committee ● Ratio of women in management positions: 8.7% ● Employee satisfaction with education opportunities: 47.2%	
		(2) Establishment of an employee-friendly work environment	● Enhanced and promoted understanding of various systems, including flextime, telecommuting, and annual paid leave available in half-day or hourly increments ● Annual paid leave utilization rate: 84.9% ● Childcare leave utilization rate among male employees: 97.3%	
		(3) Promotion of employee health	● Held the Group Health Promotion Conference to support autonomous health management by employees and to enhance motivation and vitality ● Certified for five consecutive years under the Health and Productivity Management Organization program (Large Enterprise Category) ● Presenteeism: 22.2%	
		(4) Enhancement of engagement	● Promoted mutual understanding between management and employees through small-group dialogues at town hall meetings ● Work engagement (deviation score): 51%	

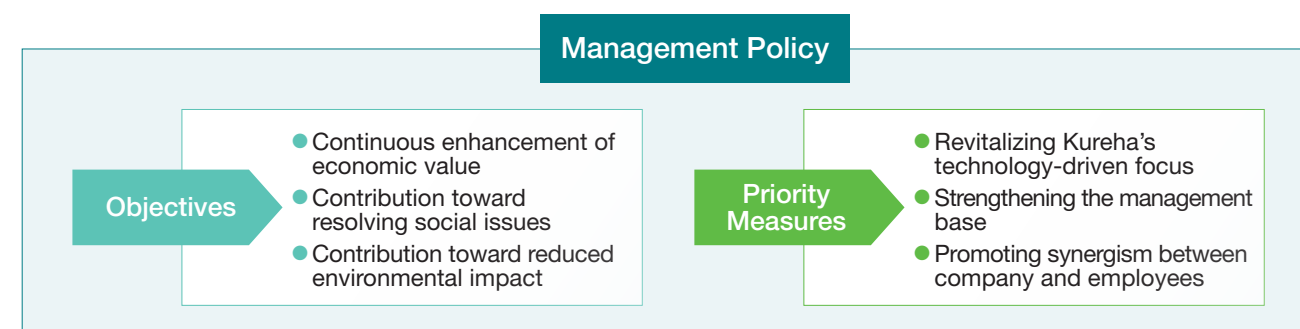
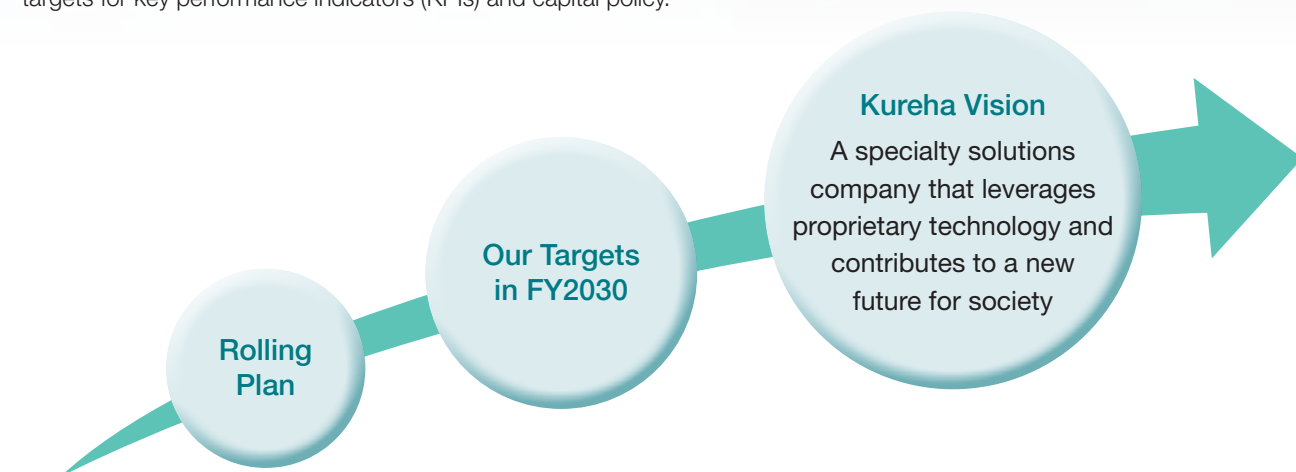
Note: The achievements through FY2024 and the indicators and targets related to the material issue “Active Participation of Diverse Talent” apply to Kureha Corporation.

Kureha Group Medium- to Long-Term Management Plan Rolling Plan 2025

Overview

The Group launched “Kureha Group Medium- to Long-Term Management Plan, ‘Toward Creating a New Future,’” to achieve the goals set forth in its management policy. However, the polyvinylidene fluoride (PVDF) resin business for lithium-ion secondary battery binders—positioned as a growth driver—was forced to stall due to a temporary slowdown in the growth rate of the electric vehicle (EV) market.

In response, in April 2024 the Group formulated “Kureha Group Medium- to Long-Term Management Plan ‘Rolling Plan 2025’” (the Rolling Plan) and decided to pursue balanced management that, in addition to maintaining a focus on earnings, also places greater emphasis on capital efficiency. Under the Rolling Plan, we revised our fiscal 2025 performance targets based on growth initiatives in existing businesses and companywide cost-reduction measures, while also setting new targets for key performance indicators (KPIs) and capital policy.



Our Targets in FY2030

- In the key business fields of “Environment and Energy,” “Life,” and “Digital Communications,” we will provide differentiated products and technologies through our unique technological capabilities, achieving customer satisfaction and demonstrating improved economic value through business performance.
- We will strive to increase social value by offering products and services that contribute to solving environmental and social issues.
- The Kureha Group will be committed to reducing CO₂ emissions, lowering the environmental impact of our business operations.
- We will respect the diverse values of its employees and improve employee engagement.

Performance Targets and Key Performance Indicators (KPIs)

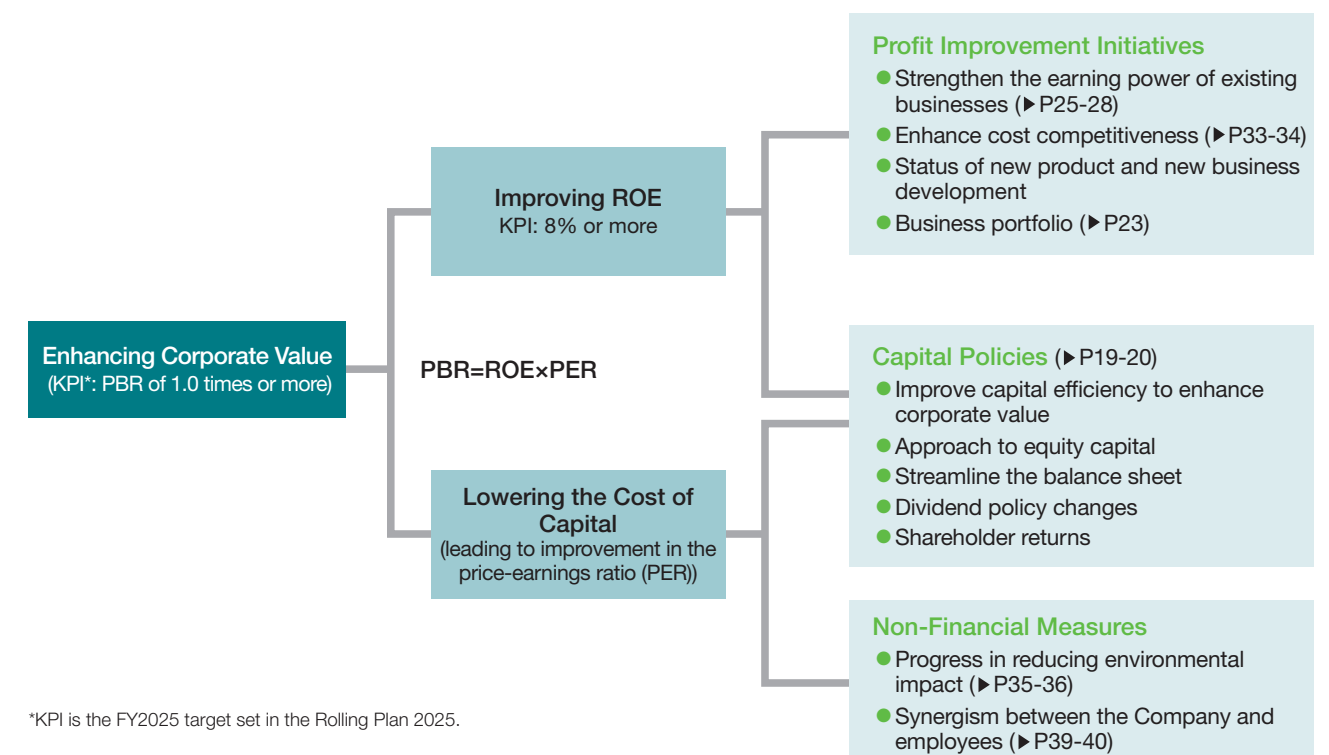
		FY2023 results	FY2024 results	FY2025 forecast	Rolling Plan FY2025
Performance Targets	Revenue	¥178.0 billion	¥162.0 billion	¥165.0 billion	¥185.0 billion
	Operating profit	¥12.8 billion	¥9.4 billion	¥14.0 billion	¥20.0 billion or more
Key Performance Indicators (KPIs)	ROE	4.5%	3.6%	5.2%	8.0% or more
	PBR	0.7 times	0.7 times	—	1.0 times or more

Environmental Impact Reduction Targets

	FY2023 results	FY2024 results	FY2025 targets	FY2030 targets
Reduction of energy-derived CO ₂ emissions (vs. FY2013)	11.4% reduction	9.9% reduction	—	30% or more reduction
Zero Waste Emission Rate	5.6%	2.2%	1.5%	—

Overall Picture of Initiatives to Enhance Corporate Value

To enhance corporate value, Kureha Group is working to improve profitability, strengthen capital efficiency, reduce environmental impact, and promote synergism between the Company and employees, with the dual aims of improving return on equity (ROE) and lowering the cost of capital.



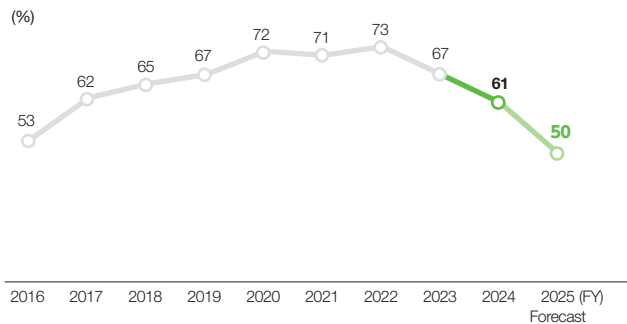


Review of Capital Policy

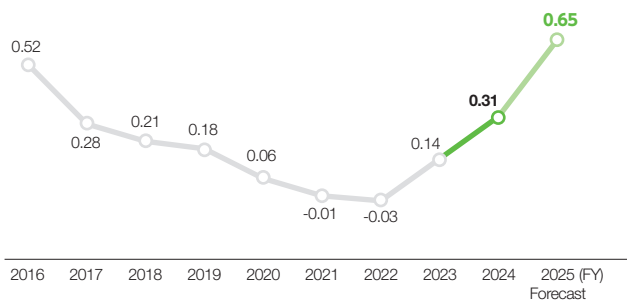
	FY2024	FY2025 review
Equity Capital	Equity ratio Approx. 50%	No change (to be revised appropriately if business environment or portfolio changes)
Dividends	Dividend payout ratio 30% or more	DOE (consolidated dividend on equity): target of approx. 5% (applicable through FY2026)
	Annual minimum dividend ¥86.7 or more per share	
Treasury Shares	Share repurchase amount Approx. ¥40 billion	Repurchase Amount: approx. ¥64.1 billion
	Method of cancellation In addition to the provisions of Article 178 of the Companies Act, the resolution includes the cancellation of surplus treasury shares after considering the number of shares needed for share remuneration and M&A activities.	
Total Payout Ratio	Total payout ratio 50% or more	Cancellation policy No change
Cross-shareholdings	Reduction target Less than 10% of consolidated net assets	Shift to DOE (consolidated dividend on equity)
		Approx. 5% of consolidated net assets (by FY2030)

Equity Ratio Target and Financial Soundness

Equity Ratio



Net Debt to Equity Ratio



Regarding our approach to equity capital, we aim to reduce the cost of capital by pursuing an optimal capital structure while maintaining a sound financial base.

- Limit equity capital within a range that ensures no issues with business risk and allows funding while maintaining an “A” credit rating.
- Set a net debt to equity ratio of approximately 0.4–0.6 in the near term.
- Optimize step by step over the medium to long term, taking into account internal and external environments as well as future growth investments.

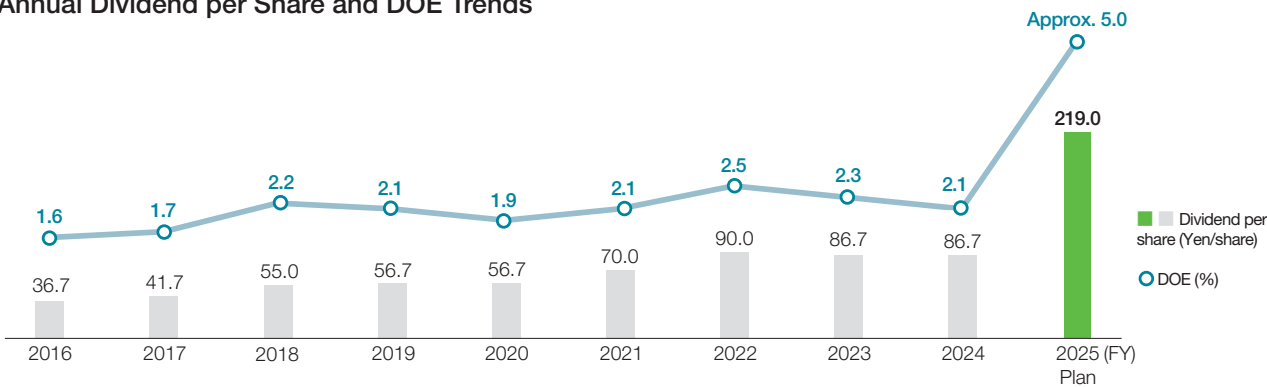
Based on the above, we are maintaining an equity ratio of approximately 50%.

Shareholder Returns—Change to the Dividend Policy

The Group’s basic policy on profit distribution is to maintain stable dividends while also securing sufficient retained earnings to fund proactive investments for future business expansion.

In fiscal 2025, we revised our dividend policy and introduced the dividend on equity (DOE). We believe this will ensure dividend stability by reducing the impact of short-term earnings fluctuations. Taking into account our current levels of profit and cash flow, funds from the sale of cross-shareholdings and other assets, and our capacity for future growth investments, we set DOE at a benchmark of 5% for two years, in a manner that does not impose an excessive financial burden. There is no set time limit for using DOE as the basis for dividends.

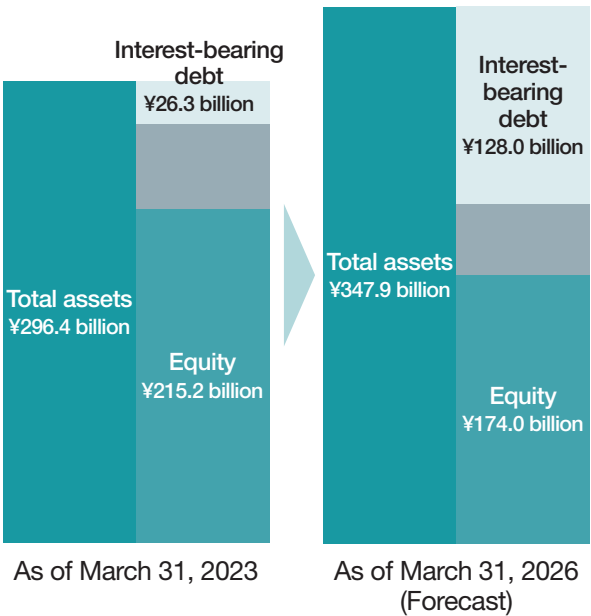
Annual Dividend per Share and DOE Trends



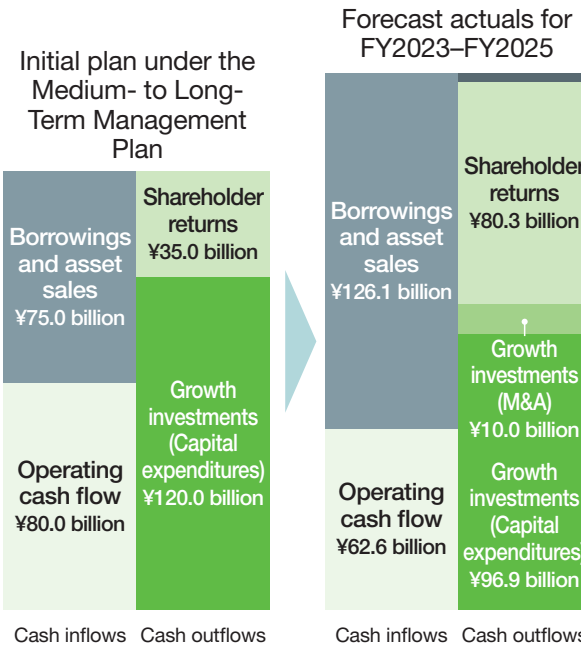
Improvement of the Balance Sheet and Shifts in Cash Allocation Policy

In fiscal 2025, we will continue working to improve capital efficiency and thereby enhance performance indicators such as price-to-book ratio (PBR) and return on equity (ROE). To execute our growth strategy toward achieving our fiscal 2030 targets, we will allocate resources with a view to capital expenditures and mergers and acquisitions (M&A).

Balance Sheet Improvement



Changes in Cash Allocation for FY2023–FY2025





By leveraging my experience in the business divisions, We will drive our financial strategy to align business growth with capital efficiency and to ensure the sustainable enhancement of corporate value.

Katsuhiro Nataka
Director, Senior Executive Vice President
General Manager, Corporate Strategies and Accounting Division

Since the Tokyo Stock Exchange requested in March 2023 that companies “take action toward management that is mindful of capital costs and share price,” market expectations have been changing rapidly. In response to the recent decline in performance, we have implemented measures to enhance corporate value. In addition to our conventional business growth initiatives, we have also reinforced measures on the financial and capital policy fronts. We hereby report on our initiatives to improve capital efficiency and capital profitability, disclose our approach to the business portfolio, and review our dividend policy.

Performance in Fiscal 2024 and Plan for Fiscal 2025

●Fiscal 2024: Continued Market Weakness

Fiscal 2024 was extremely challenging, with revenue and profit declining for the second consecutive year. The primary factor behind the drop in profit was weak performance in the polyvinylidene fluoride (PVDF) and polyglycolic acid (PGA) businesses, which we had expected to serve as growth drivers. In PVDF, the global market for lithium-ion secondary batteries for electric vehicles (EVs)—the main application—continued to expand at a slower-than-expected pace, particularly in Europe and the United States. In PGA, falling gas prices reduced shale gas drilling activity in our core mid- to high-temperature regions,

resulting in lower sales. While these two businesses suffered significant declines, our other businesses performed largely as planned, with Group companies making notable contributions. Even under these difficult conditions, we remained focused on initiatives that will support our future, including developing new grades and cultivating new customers in PVDF and PGA, strengthening existing businesses, and implementing Company-wide cost reductions.

●Fiscal 2025: A Strong Rebound from the Fiscal 2024 Trough

Fiscal 2025 marks the beginning of a strong rebound, with fiscal 2024 serving as the trough year. In the PVDF and PGA businesses—the areas that contributed most to the decline in fiscal 2024—we are committed to firmly restoring earnings and laying a solid foundation for recovery. For PVDF, since a recovery and renewed growth in EV markets in Europe and the United States will take more time, we expect EV-related sales to remain largely flat. However, we initiated new sales for energy storage systems (ESS) used in renewable energy and data centers, mainly in the United States, with shipments beginning in the first quarter of fiscal 2025. We anticipate that ESS volumes could account for around 20% of the Company’s total PVDF sales in fiscal 2025. In PGA, alongside the recovery in drilling activity in our core mid- to high-temperature regions, we aim to enhance profitability by expanding sales of the new grade

launched last year for the larger low-temperature market, and by developing a new grade for entry into the ultra-low-temperature market. Fiscal 2025 is also the final year of “Kureha Group Medium- to Long-Term Management Plan ‘Toward Creating a New Future’” (the Rolling Plan). In addition to performance targets, the Rolling Plan sets key performance indicators (KPIs) and environmental impact reduction targets. While nonfinancial targets—such as those for reducing environmental impact—are progressing steadily, it will be difficult to achieve the KPIs (ROE of 8.0% or higher and PBR of 1.0 times or higher) and performance targets due to shortfalls in the PVDF and PGA businesses. Profit improvement is, of course, essential, but enhancing capital efficiency is also positioned as a critical challenge.

Management Mindful of Capital Costs and Share Price

●Our Recognition of a PBR of 0.7 Times (End of Fiscal 2024) and Our Measures

Under the Rolling Plan, we are managing the business with a stronger focus than ever on capital costs and share price. In fiscal 2024, ROE declined for the second consecutive year to 3.6%, while PBR fell to approximately 0.7 times at year-end. We view the primary cause as the decline in ROE resulting from weaker earnings. To address this, we will

work to improve ROE and achieve a PBR of 1.0 times at an early stage through three main initiatives: (1) enhancing balance sheet efficiency, (2) strengthening business portfolio management, and (3) reinforcing earning power.

●Measure (1): Enhancing Balance Sheet Efficiency

We are pursuing balance sheet efficiency as a measure to improve capital efficiency. On the asset side, we will streamline our holdings by reducing cross-shareholdings and selling non-operating assets. We aim to reduce cross-shareholdings to around 5% of consolidated net assets by fiscal 2030. We have set an appropriate equity ratio of approximately 50%. While maintaining a sound financial base, we will pursue an optimal capital structure that reduces our cost of capital and maximizes corporate value. The appropriate

equity ratio is defined as the level of equity capital required in line with the Company’s business risks, estimated by referencing comparable companies in each of our sub-segments, and set within a range that ensures we can maintain an A credit rating and secure financing without difficulty. In the near term, we are targeting a net debt to equity ratio of approximately 0.4–0.6. Following the completion of a ¥39.1 billion share repurchase by June 2025, we expect the equity ratio to be around 50% at the end of fiscal 2025.

●Measure (2): Strengthening Business Portfolio Management

We classify our businesses into four categories: “Growth-Driver Businesses,” “Core Earnings Businesses,” “Growth Potential Businesses,” and “Businesses That Need Restructuring.”

“Growth-Driver Businesses” include Life, Environment & Energy, and Digital Communications. While promising new businesses are emerging in these fields, it will take time for them to scale to a level that makes a meaningful contribution to earnings. In the meantime, it is essential for our “Growth-Driver Businesses”—PVDF, Agrochemicals, and Household Products—to achieve profitable growth and lead overall corporate expansion.

The PGA business, given its continued losses, is positioned as a “Businesses That Need Restructuring.” This fiscal year, we are focused on expanding sales in our

largest low-temperature market and on developing and launching plugs for ultra-low-temperature regions. Should the plans scheduled for fiscal 2025 not be realized, we will conduct a fundamental review of the business structure.

We are also strengthening the use of return on invested capital (ROIC) as a management metric and plan to implement it fully from fiscal 2026 onward to reinforce business portfolio management.

With regard to mergers and acquisitions (M&A), in addition to investing in our own technologies and in start-ups, we will explore M&A as a means of expanding adjacent areas of our existing businesses and driving growth, with particular emphasis on Agrochemicals and Digital Communications.

	Advanced Materials	Specialty Chemicals	Specialty Plastics	Construction and Other Operations
Growth-Driver Businesses	PVDF	Agrochemicals	Home products	
Core Earnings Businesses	PPS Carbon fiber	Industrial chemicals	Fishing lines, Packaging materials	Environmental engineering; Construction
Growth Potential Businesses	New businesses in Life, Environment & Energy, and Digital communications fields			
Businesses That Need Restructuring	PGA (Carbon materials)	Pharmaceuticals		

●Measure (3): Reinforce Earning Power

The most critical lever for improving ROE is reinforcing earning power.

We will concentrate research and development resources in the PVDF and PGA businesses—where market and customer requirements are clearly defined—and accelerate the development and early launch of new products and grades to expand revenue. In our earnings foundation businesses, we will pursue further differentiation in each field and advance initiatives to achieve leadership, thereby reinforcing and elevating our profit base.

To secure competitiveness in global markets, we launched the “Production Transformation Project” in April 2025. Historically, Japanese technology has enjoyed an advantage in specialty chemicals. However, in recent years, Chinese competitors have been improving not only in cost

competitiveness but also gradually in quality, making competition more intense than ever.

We will begin at our mother plant, the Iwaki Plant, going beyond short-term cost cutting to innovate production technologies for medium- to long-term competitiveness, thereby strengthening cost competitiveness. We will review existing manufacturing processes, eliminate waste and inefficiencies, and build a streamlined, high-efficiency production system. At the same time, we will streamline operations so they can be stably run with fewer personnel, while reinforcing strategic functions such as market research and technology development to enhance corporate value. With a two-year horizon, we will formulate and implement concrete measures to strengthen cost competitiveness and transform our plants into globally competitive factories.

●Toward Further Enhancement of Corporate Value

Throughout the period of “Kureha Group Medium- to Long-Term Management Plan ‘Toward Creating a New Future’,” we have pursued greater capital efficiency by optimizing the balance sheet as part of our capital policy to enhance corporate value. Looking ahead, we will realize sustainable enhancement of corporate value over the medium to long term by generating profits in line with our current growth strategy. Drawing on my experience in the business divisions, I intend, as the officer responsible for finance, to allocate funds to investments that drive business growth. These investments will extend beyond capital expenditures to include research and development and other areas essential to expanding our businesses. By leveraging Kureha’s unique technologies, we will launch distinctive businesses that only Kureha can create, deliver products that gain recognition in the market, and contribute meaningfully to society.



To Our Shareholders and Investors

●Change in Dividend Policy to Ensure Stable Dividends

In fiscal 2025, we shifted the basis for dividends from earnings-linked ratios—namely, the dividend payout ratio and the total payout ratio—to a capital-based indicator, the dividend on equity (DOE; consolidated shareholders’ equity dividend ratio). We made this change in the belief that stable dividends are essential to meeting shareholder expectations.

For fiscal 2025 and fiscal 2026, we will also utilize funds generated from the reduction of cross-shareholdings and the

sale of non-operating assets, as noted earlier, as dividend resources. With funding for these two years already secured, we have set DOE at approximately 5% for the period. Looking beyond fiscal 2027, we will continue to strengthen earning power through the execution of our growth strategy, working to maintain and expand the funds available for shareholder returns.

●Dialogue with Shareholders and Investors and Use of Feedback in Management

The Group promotes initiatives in line with the Medium- to Long-Term Management Plan to achieve sustainable corporate value enhancement, placing strong emphasis on constructive dialogue with shareholders and investors regarding the content and progress of these initiatives. We disseminate information through our website and hold regular earnings briefings. In addition, we actively engage in one-on-one meetings with major institutional investors in Japan and overseas, placing importance on two-way communication. By clearly explaining the Company’s current situation and future direction, we strive to deepen

stakeholders’ understanding of Kureha.

Feedback and requests from shareholders and investors are compiled and regularly reported to the Board of Directors, where they are taken into consideration in deliberating management initiatives. We remain committed to providing disclosures that further stakeholders’ understanding and to actively promoting dialogue.

Advanced Materials Fiscal 2024 Revenue ¥57.3 billion Share of total revenue 35.4%		▶ Key products • Polyphenylene sulfide (PPS) • Polyvinylidene fluoride (PVDF) • Polyglycolic acid (PGA) • Carbon fibers • Spherical activated carbon • Other advanced plastics products Polyvinylidene fluoride (PVDF) Polyphenylene sulfide (PPS) Carbon fibers In Advanced Materials business, both revenue and operating profit declined, reflecting lower sales of PVDF for lithium-ion secondary battery binders, PPS, and PGA processed resin products for shale oil and gas drilling, as well as a smaller gain from the reversal of inventory valuation losses on PGA processed resin products compared with the previous year. In the carbon products business, while sales of spherical activated carbon increased, those of thermal insulation materials for high-temperature furnaces declined, resulting in decreases in both revenue and operating profit for the category. ▶ Initiatives Beyond Fiscal 2025 For PVDF, while a rapid recovery in demand for electric vehicles (EVs) is not anticipated, we will commence shipments driven by growth in the North American energy storage systems (ESS) market. For the China EV market, we will leverage our research and development (R&D) base to accelerate development. We will also expand sales into industrial applications such as oil drilling, semiconductor equipment, and water treatment membranes, pursuing a multi-segment rollout. For PGA, demand is expected to recover in the second half of fiscal 2025 as large-scale liquefaction facilities commence operations, and we will move to full-scale sales of plugs for low-temperature fields. We will respond swiftly to policy changes under the Trump administration, working to enhance business profitability and secure stable earnings.	▶ Revenue (Billions of yen) <table><tr><th></th><th>Advanced plastics</th><th>Carbon fibers</th><th>Other</th></tr><tr><td>FY2023 Results</td><td>45.0</td><td>17.0</td><td>5.0</td></tr><tr><td>FY2024 Results</td><td>33.0</td><td>16.0</td><td>10.0</td></tr><tr><td>FY2025 Forecast</td><td>44.0</td><td>17.0</td><td>11.0</td></tr></table> ▶ Operating Profit (Billions of yen) <table><tr><th></th><th></th></tr><tr><td>FY2023 Results</td><td>4.8</td></tr><tr><td>FY2024 Results</td><td>-0.5</td></tr><tr><td>FY2025 Forecast</td><td>2.6</td></tr></table>		Advanced plastics	Carbon fibers	Other	FY2023 Results	45.0	17.0	5.0	FY2024 Results	33.0	16.0	10.0	FY2025 Forecast	44.0	17.0	11.0			FY2023 Results	4.8	FY2024 Results	-0.5	FY2025 Forecast	2.6				
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Specialty Chemicals Fiscal 2024 Revenue ¥30.6 billion Share of total revenue 18.9%		▶ Key products • Agricultural and horticulture fungicide <i>Metconazole</i> and <i>Ipconazole</i> • Therapeutic agent for chronic kidney disease • Caustic soda • Hydrochloric acid • Sodium hypochlorite • Chlorobenzene <i>Metconazole</i> <i>Ipconazole</i> <i>KREMEZIN®</i> Tablets 500 mg In Agrochemicals and Pharmaceuticals businesses, revenue and operating profit declined due to lower sales of agricultural and horticultural fungicides and <i>Kremezin</i>, a treatment for chronic kidney disease. In Industrial Chemicals business, revenue and operating profit also declined, reflecting a decrease in sales of inorganic and organic chemicals. ▶ Initiatives Beyond Fiscal 2025 In Agrochemicals business, we expect customer inventory adjustments to be completed from fiscal 2025 onward and anticipate a recovery in sales, supported by the European re-registration of <i>Metconazole</i>. We will also reinforce production capacity to meet rising demand. Development of a new agricultural fungicide is progressing smoothly; we are moving into the phase of compiling safety data and preparing registration filings for fiscal 2026, with the goal of a market launch around 2030.	▶ Revenue (Billions of yen) <table><tr><th></th><th>Agrochemicals</th><th>Pharmaceuticals</th><th>Industrial Chemicals</th><th>Other</th></tr><tr><td>FY2023 Results</td><td>10.0</td><td>3.0</td><td>17.0</td><td>2.0</td></tr><tr><td>FY2024 Results</td><td>7.0</td><td>2.0</td><td>19.0</td><td>2.0</td></tr><tr><td>FY2025 Forecast</td><td>7.0</td><td>3.0</td><td>19.0</td><td>1.0</td></tr></table> ▶ Operating Profit (Billions of yen) <table><tr><th></th><th></th></tr><tr><td>FY2023 Results</td><td>1.7</td></tr><tr><td>FY2024 Results</td><td>0.6</td></tr><tr><td>FY2025 Forecast</td><td>1.1</td></tr></table>		Agrochemicals	Pharmaceuticals	Industrial Chemicals	Other	FY2023 Results	10.0	3.0	17.0	2.0	FY2024 Results	7.0	2.0	19.0	2.0	FY2025 Forecast	7.0	3.0	19.0	1.0			FY2023 Results	1.7	FY2024 Results	0.6	FY2025 Forecast	1.1
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FY2025 Forecast	1.1																														
Specialty Plastics Fiscal 2024 Revenue ¥40.5 billion Share of total revenue 25.0%		▶ Key products • Household wrap film <i>NEW Krewrap</i> • Kitchen utensils <i>Kichinto-San series</i> • Fluorocarbon fishing line <i>Seaguar</i> • Polyvinylidene chloride (PVDC) film <i>Krehalon</i> <i>NEW Krewrap</i> <i>Krehalon Film</i> <i>Seaguar</i> In Consumer goods fields, although sales of the fluorocarbon fishing line <i>Seaguar</i> increased, sales of the household wrap <i>NEW Krewrap</i> declined, resulting in decreases in both revenue and operating profit. In Packaging Materials business, the termination of sales of heat-shrink multilayer films in the first half likewise led to lower revenue and operating profit. ▶ Initiatives Beyond Fiscal 2025 The household wrap market remains solid, and we anticipate modest growth as cooking styles that emphasize time savings and efficiency continue to spread. We recognize this as a resilient market. Leveraging the strength of <i>Krewrap</i>, which was launched in 1960 as Japan's first household wrap, we are strengthening marketing across the board by reassessing sales, products, promotions, advertising, and data analytics.	▶ Revenue (Billions of yen) <table><tr><th></th><th>Home Products</th><th>Fishing Lines</th><th>Packaging Materials</th><th>Other</th></tr><tr><td>FY2023 Results</td><td>24.0</td><td>2.0</td><td>12.0</td><td>1.0</td></tr><tr><td>FY2024 Results</td><td>23.0</td><td>2.0</td><td>10.0</td><td>1.0</td></tr><tr><td>FY2025 Forecast</td><td>24.0</td><td>2.0</td><td>10.0</td><td>1.0</td></tr></table> ▶ Operating Profit (Billions of yen) <table><tr><th></th><th></th></tr><tr><td>FY2023 Results</td><td>8.0</td></tr><tr><td>FY2024 Results</td><td>7.0</td></tr><tr><td>FY2025 Forecast</td><td>7.0</td></tr></table>		Home Products	Fishing Lines	Packaging Materials	Other	FY2023 Results	24.0	2.0	12.0	1.0	FY2024 Results	23.0	2.0	10.0	1.0	FY2025 Forecast	24.0	2.0	10.0	1.0			FY2023 Results	8.0	FY2024 Results	7.0	FY2025 Forecast	7.0
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Construction and Other Operations Fiscal 2024 Revenue ¥33.4 billion Share of total revenue 20.7%		▶ Key Business Groups • Kureha Construction group • Kureha Ecology Management group • Kureha Unyu group • Kureha Service group • Kureha-kai Medical Corporation Kureha Construction Co., Ltd. Kureha Ecology Management Co., Ltd. In Construction business, revenue rose on increased public and private works, but operating profit declined owing to a change in the sales mix. In Environment Engineering business, both revenue and operating profit grew on higher waste treatment volumes. ▶ Initiatives Beyond Fiscal 2025 In Construction business, assuming continued orders for small and midsize projects, we will pursue an integrated sales strategy that unites sales and construction, while deploying engineers efficiently to expand both revenue and profit. We will also focus on steady project execution and strengthening order intake. In Environment Engineering business, we will advance initiatives on multiple fronts, including maximizing intake volumes and strengthening waste collection, improving operational efficiency, and addressing carbon neutrality.	▶ Revenue (Billions of yen) <table><tr><th></th><th>Construction</th><th>Other</th></tr><tr><td>FY2023 Results</td><td>14.0</td><td>18.0</td></tr><tr><td>FY2024 Results</td><td>15.0</td><td>18.0</td></tr><tr><td>FY2025 Forecast</td><td>15.0</td><td>18.0</td></tr></table> ▶ Operating Profit (Billions of yen) <table><tr><th></th><th></th></tr><tr><td>FY2023 Results</td><td>4.0</td></tr><tr><td>FY2024 Results</td><td>4.3</td></tr><tr><td>FY2025 Forecast</td><td>2.5</td></tr></table>		Construction	Other	FY2023 Results	14.0	18.0	FY2024 Results	15.0	18.0	FY2025 Forecast	15.0	18.0			FY2023 Results	4.0	FY2024 Results	4.3	FY2025 Forecast	2.5								
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Polyvinylidene Fluoride (PVDF)

KUREHA KF Polymer is the polyvinylidene fluoride (PVDF) that Kureha became the first in Japan to produce industrially in 1970. As a fluoropolymer, it combines outstanding properties with moldability comparable to commodity resins, making it a well-balanced engineering plastic. It is used primarily in heat-, corrosion-, and weather-resistant applications, as well as in fields such as electronic materials, fishing line, and guitar and violin strings.

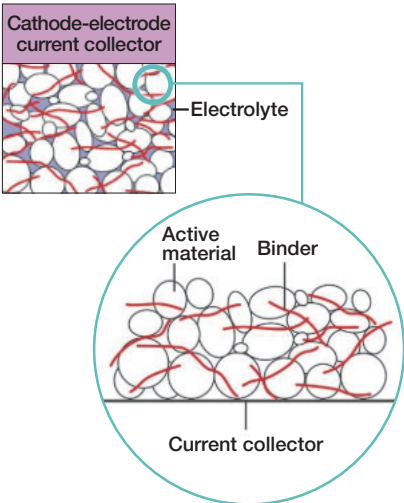
As a Binder for Lithium-Ion Secondary Batteries

Demand for lithium-ion batteries continues to rise in applications such as power sources for personal computers and smartphones, drive batteries for electric and hybrid vehicles, and storage batteries for solar and wind power—supporting more efficient energy use and the transition to a low-carbon society.

Lithium-ion batteries were first commercialized in 1991, when Kureha’s KF Polymer was adopted as the binder. Since then, KF Polymer has been used worldwide as a leading brand of binder for lithium-ion batteries (LiBs), maintaining a strong share of the global market.

In recent years, demand for automotive LiBs has continued to expand, driven by heightened environmental awareness worldwide. At the same time, development of cathode active materials—such as ternary (nickel-manganese-cobalt, NMC^{*1}) and lithium iron phosphate (LFP^{*2})—is accelerating by application. To meet customers’ requests for greater supply and to further expand our polyvinylidene fluoride (PVDF) resin business, which we position as the Company’s largest business, we are implementing one of the largest capacity expansions in our history at the Kureha Iwaki Plant. This investment also incorporates technologies to reduce environmental impact.

^{*1}: Cathode active material combining nickel, cobalt, and manganese (NMC)
^{*2}: Cathode active material using lithium iron phosphate (LFP)



Structure of a Lithium-Ion Battery Cathode (Schematic)

Key Initiatives in the PVDF Business

	Progress in Fiscal 2024	Initiatives for Fiscal 2025
Adoption in New Japanese EV/ LiB Projects for Automotive Applications of Ternary-type LiBs	Initiated customer laboratory evaluations of the Company’s samples for new Japanese EV/LiB projects.	For these new Japanese EV/LiB projects, we will advance prototype fabrication using actual equipment and support expanded customer evaluations. (Target: shipments in fiscal 2027)
Development of New Grades for Automotive Applications of Ternary-type LiBs	Initiated prototype fabrication in the Company’s laboratory and customer laboratory evaluations.	Continue formulation tuning and customer evaluations with the aim of commencing sales to both existing and new major battery manufacturers. (Target: shipments in fiscal 2028)
Development of New Grades for Automotive Applications of LFP-type LiBs	Laboratory evaluations confirmed that the newly developed binder improves battery performance compared with competing products used in LFP-type LiBs, and expanded evaluations are under way at LiB manufacturers for automotive applications.	With the new grade, aim to secure additional automotive projects. Advance customer evaluations using prototypes produced on actual equipment to enter large automotive projects. (Target: shipments in fiscal 2026)
Expansion of Sales for ESS Applications for LiBs	Battery demand for energy storage systems (ESSs) for North American data centers is entering a full-fledged phase. We received orders from existing major battery manufacturers and will begin shipments in early fiscal 2025.	In addition to expanding sales to existing major battery manufacturers, advance customer evaluations to acquire new customers for the same application.
Expansion of Sales for Industrial Applications	Aiming to expand sales for semiconductor manufacturing and water treatment applications, we have begun customer evaluations and investigations to obtain the necessary certifications.	For semiconductor manufacturing applications, we are advancing certification for new market entry. For water treatment applications, we are proceeding with formulation studies, evaluations, and certifications toward both new entry and reentry.

- Concentrate R&D resources to accelerate the development of new grades.
- Establish a business structure resilient to changes in the market environment by avoiding overreliance on specific regions, customers, or battery chemistries.

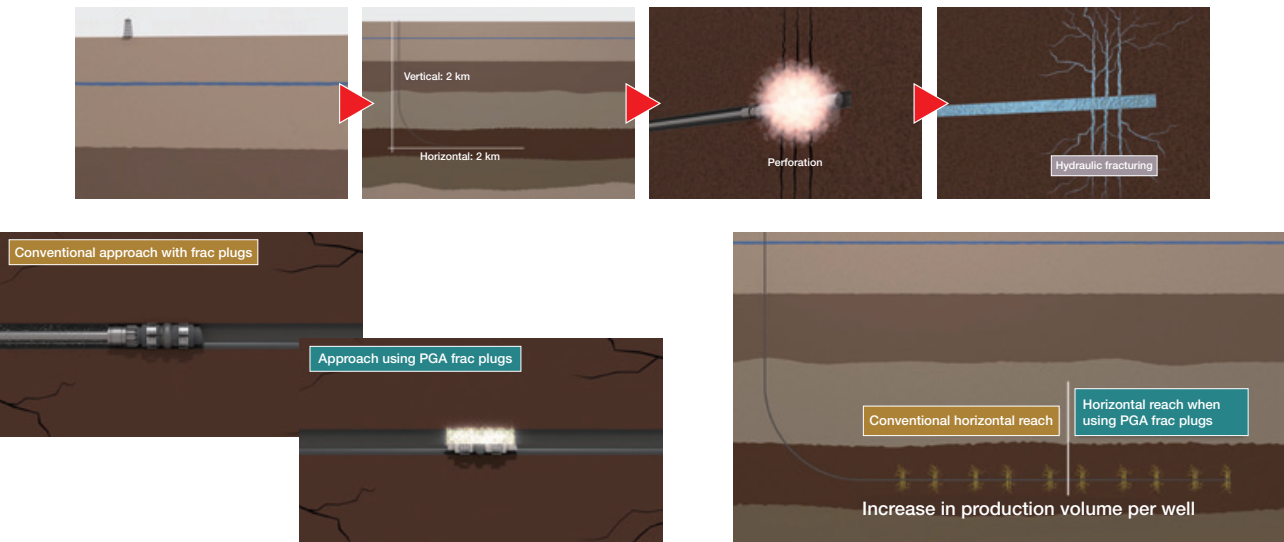
Polyglycolic Acid (PGA)

PGA is a biodegradable resin with a combination of outstanding properties. Leveraging proprietary technology, Kureha was the first in the world to successfully achieve mass production of PGA, enabling applications across a wide range of industries. PGA can be processed by extrusion and injection molding on standard equipment, and it can also be compounded with other resins to enhance performance or impart additional functions as a composite material.

Because of its biodegradability and high mechanical strength, PGA is used primarily as a material for downhole tools such as frac plugs and balls in the oil and gas drilling sector. We are currently expanding sales in major North American markets, including the Permian Basin (low- and ultra-low-temperature regions, primarily oil), Haynesville (high-temperature region, primarily gas), and Eagle Ford (mid-temperature region, primarily oil).

Illustrative Example of Frac Plug Use in Downhole Tools

Example of PGA Frac Plug Usage
<https://youtu.be/ovMTdAnFEt?feature=shared>



In oil and gas recovery process, frac plugs and balls must typically be removed. Conventional frac plugs require drilling from the ground surface to mill and remove them. With degradable PGA frac plugs, however, this process is no longer necessary, enabling cost reductions.

Moreover, whereas well length had previously been constrained by the reach of the drill, the use of PGA frac plugs makes it possible to extend horizontal reach, thereby increasing oil and gas recovery volume per well.

Key Initiatives in the PGA Business

	Progress in Fiscal 2024	Initiatives for Fiscal 2025
Expansion in Mid- to High temperature Regions (approx. 30% of the market)	Despite a stagnant market in Haynesville (gas-focused), we maintained a share of around 40%. At the same time, thanks to proactive sales activities, we expanded our share in Eagle Ford (oil-focused) to roughly 30%.	Along with an anticipated market recovery in the second half, we will boost sales by targeting small and mid-sized customers. By providing customer services that utilize temperature sensors, we will propose products tailored to downhole conditions and promote orders for full-bore applications.
Entry into Low- and Ultra-Low temperature Regions (approx. 70% of the market)	In summer 2024, we launched a low-temperature grade. To drive further expansion, we engaged with most major operators in the Permian Basin—the largest market—and advanced negotiations for field tests.	We will reinforce our sales organization in the Permian Basin to expand in low-temperature plays; begin full-scale sales of the new ultra-low-temperature grade; and take short-term measures to strengthen our R&D framework to accelerate development of the next grade.

- In fiscal 2025, to expand sales in the largest markets—low- and ultra-low-temperature plays—we will pursue expansion in low-temperature areas while achieving development and market entry for plugs targeting ultra-low-temperature regions.



We will foster an environment that enables all engineers to fully demonstrate their capabilities, eliminate barriers, and act with speed to strengthen our research and technology development capabilities.

Naomitsu Nishihata

Director, Senior Vice President
Managing Director, Research and Development Division
Managing Director, Manufacturing and Technology Division
General Manager, New Business Division

Originating from advanced utilization of chlorine, Kureha has created new products through a “product-out” approach, centered primarily on developing manufacturing process technologies in related domains.

Since the 1980s, however, large-scale breakthroughs in advanced materials, have been limited globally, prompting many chemical companies to shift toward developing new applications that leverage their proprietary technologies. To define research and technology development themes, the Company has also been proactively promoting “market-in” activities—starting from accurately identifying market needs and feeding those insights into R&D—as we work toward ““Revitalizing Kureha’s Technology-Driven Focus.” The following outlines the initiatives pursued to date and our future direction.

Importance of “strengthening research and technology development capabilities” and our approach

The Group identifies “strengthening research and technology development capabilities” as a material issue essential to improving economic value on a sustained basis and solving social issues. In addition, there is no doubt that “strengthening research and technology development capabilities” is the most important theme for achieving “Revitalizing Kureha’s Technology-Driven Focus,” which is positioned as the highest-priority measure in our management policy.

As a mid-sized chemical company, our ability to develop products with global relevance and link them to sales rests on our research and development strength. Historically, the Company has centered on in-house technology development; however, to set research and development themes for creating new businesses and products, “market-in” activities are becoming increasingly important.

To respond to this shift, we organized our challenges into

four areas:

First, issue-origination capability: This is the ability to set appropriate development themes and is, in our view, the most critical element of “Revitalizing Kureha’s Technology-Driven Focus.” Choosing strong themes is the first step to success. We recognize that we have lacked sufficient market intelligence, such as competitive analysis and market analysis. We also need talent capable of setting market-in development themes. We are therefore developing engineers with discerning judgment who understand our technologies and can examine and propose applications.

Second, issue-solving capability: This is the ability to resolve the technical challenges of set development themes. Having consistently focused on strengthening R&D capabilities, we believe our issue-solving capability is on par with peers. Once objectives are set, we unite and solve issues in short order. At the same time, we must adopt

new approaches to development by engaging in open innovation—leveraging external collaborations and joint research—and by mastering cutting-edge foundational technologies.

Third, technology organization management: This refers to managing both theme setting and issue resolution. Our organization has historically been highly siloed, and overall harmony across the technology function has been insufficient, leading to challenges in cross-functional collaboration and in prioritizing critical issues.

Fourth, talent development: Our aim is to cultivate people who can set themes and solve issues. Patent filings—fundamental to technology development—have been limited, and we lack sufficient researchers able to publish in overseas academic journals. We need to raise the baseline capabilities of technical talent and drive cultural reform to change how work is done.

Currently, by tackling these four challenges in earnest, we are working swiftly toward “Revitalizing Kureha’s Technology-Driven Focus.”



Global Initiatives to Strengthen Issue-Origination Capability

Among the four challenges, we view issue-origination capability as the most important. In fiscal 2016, we launched the New Business Creation Project, staffed by dedicated members, and have continued its activities ever since.

Within the project, we defined requirements for each stage: concept formulation, proof of concept, mass-production feasibility, and establishment of a business platform. Of these, concept formulation is the most critical. Following a clear market-in policy, we thoroughly analyze target applications, identify enabling technologies that can provide solutions, and rigorously assess economic viability to determine whether the concept can stand as a viable business.

In fiscal 2019, we relocated part of the New Business Creation Project to the United States and later established a Technology Center there. Development of processed polyglycolic acid (PGA) products for shale oil and gas drilling applications is conducted within the U.S. market itself. Researchers from Japan are seconded to the U.S. Technology Center, and the benefits are significant. Leading

engineers and renowned university professors in the United States possess extraordinary breadth of expertise, as well as exceptional access to information and networks. With powerful incentives—such as founding start-ups and achieving substantial returns—their thinking around concept formulation operates at a very high level. It is truly a hub where some of the world’s most brilliant minds converge. Unless we embed ourselves in this ecosystem, we cannot select truly compelling themes. We want our young employees to meet researchers at the forefront of technological innovation, experience their dynamism, absorb cutting-edge thinking on development, and ultimately grow into core talent for creating new businesses.

Building on the outcomes of the multi-year in New Business Creation Project, we launched the New Business Division in April 2023. Adopting market-in development as a fundamental policy, we are strengthening efforts by dedicated members to create new businesses in areas that generate synergies with Kureha.

Drawing Out Problem-Solving Capabilities Through Diverse Approaches

●Leveraging Computer Science

Traditional experimental approaches remain vital to solving core issues—and they are an area of strength for Kureha. Yet what has been insufficient is the application of computer science.

We are now in an era where problems can be addressed without massive experimentation by using approaches unique to computer science, such as machine learning, artificial intelligence (AI), computational science, and applied mathematics. Recognizing that our efforts in this area had been delayed, in fiscal 2024 we established the Innovation Technology Department within the Production and Technology Division. The department develops in-house talent capable of mastering a wide range of advanced technologies—including AI, structural analysis, flow analysis, computer-aided engineering (CAE), and computer-aided design (CAD)—to drive greater efficiency in problem solving. The Innovation Technology Department plays a key role in strengthening Kureha’s foundational technologies across R&D, product development, and production engineering, thereby contributing directly to “Revitalizing Kureha’s Technology-Driven Focus.” Because production engineering requires precise processes, passing on engineering expertise is also essential. To this end, we assign experienced employees and incorporate mechanisms for codifying both past failures and successes, ensuring that knowledge is effectively transferred to younger generations.

●Enhancing Problem-Solving Through Joint Research and Intelligence Gathering

While Kureha has accumulated substantial in-house technologies, relying solely on them risks losing advantage to competing technologies within the tight time frames demanded by the market. To mitigate this risk, we have adopted a policy of actively engaging in joint and contract research with world-class institutions that possess state-of-the-art technologies.

In issue origination as well, the activities of our dedicated Intelligence Group—focused on information gathering and analysis—are indispensable for enhancing problem-solving capability. The scope of information to be collected is broad—covering markets, applications, advanced technologies, equipment and systems, alternative technologies, competing technologies, intellectual property, and more. Neglecting such efforts or failing to analyze the data appropriately could lead to critical misjudgments. We believe that effective information collection does not require special techniques; by diligently extracting and analyzing open information, most of the essential insights can be obtained without undue difficulty. Such intelligence must be leveraged not only for generating new development themes but also as a vital means of solving problems. Previously, information gathering was handled separately by each department, but beginning in fiscal 2025 these efforts have been consolidated under the Research and Development Division.

Importance of Managing the Technology Function

The Company’s current technology development structure comprises four units: the Research and Development Division (existing businesses), the New Business Division (new businesses), the KF Technology Project (polyvinylidene fluoride [PVDF] business), and the Manufacturing and Technology Division.

●Advancing Work Under a Clear Chain of Command

Starting in fiscal 2023, led primarily by senior technical managers with experience in manufacturing, R&D, and new business creation, we gained a comprehensive perspective on the Company’s technologies and, through repeated discussions, clarified the division of roles across divisions and departments.

First, regarding the division of roles between the Research and Development Division and the Manufacturing and Technology Division, technology development that extends from existing technologies has been assigned mainly to the Manufacturing and Technology Division. In contrast, development for new markets or areas requiring innovation is driven by the Research and Development Division. For the PVDF business, which requires joint efforts from both, we established the KF Technology Project. We also redefined the roles of departments within the Manufacturing and Technology Division.

Furthermore, to build an optimal engineering framework for the entire Group, we established a structure in which all technical development is carried out under a clear chain of command in every division.

●Forming the Best Team to Accelerate Resolution

For critical issues in our existing businesses, we have built a framework that removes organizational barriers so that the parties involved can concentrate their efforts and achieve resolution in a short period.

Although the Manufacturing and Technology Division, the Research and Development Division, and the New Business Division have distinct roles, for priority themes we remove these boundaries, bring together specialists in the field, and form the best team to tackle the issue.

Even during the fiscal year, we flexibly strengthen or rotate talent according to theme priority, pursuing a style that is fully committed to problem solving. For example, because development of an ultra-low-temperature grade of polyglycolic acid (PGA) is a critical development theme, we have assigned dedicated staff and supporting members from both the Research and Development Division and the New Business Division to carry out the R&D.



Initiatives to Develop Talent

To generate innovative technologies, create new businesses, and further differentiate existing technologies, developing young employees is an urgent priority.

No matter how capable a person is, breakthroughs do not occur without sufficient specialized knowledge. New ideas—and hints for solving problems—arise from extensive input. It is fair to say that R&D depends largely on people and outcomes are determined by how far we can raise the level of our talent.

In designing a new program to develop technical talent, we created a list highlighting important factors demonstrated by technical employees with proven development track records: the number of patent applications filed as lead inventor, the number of international technical papers published, overseas assignment or study-abroad experience, and English proficiency. We present these as foundational capabilities for young employees to acquire and are driving a shift in mindset so that they can build similar experience. Department-head-level technical talent with hands-on experience in market-in commercialization provides on-the-job training (OJT) to young employees. By working alongside them, they support the resolution of technical issues and negotiations in collaborations with other companies, thereby building a series of small wins.

To strengthen our intellectual property (IP) capabilities, we set a Company-wide target of 100 patent applications per year. As a result, the number of filings has been increasing year by year, and we are seeing more active IP initiatives aligned with our business and R&D directions.

Through these measures, promising talent is being cultivated as the future core of our technology function—leaders who will drive research and technology development and leaders of the New Business Division.

Aiming for Further Growth by Strengthening Our Research and Technology Development Capabilities

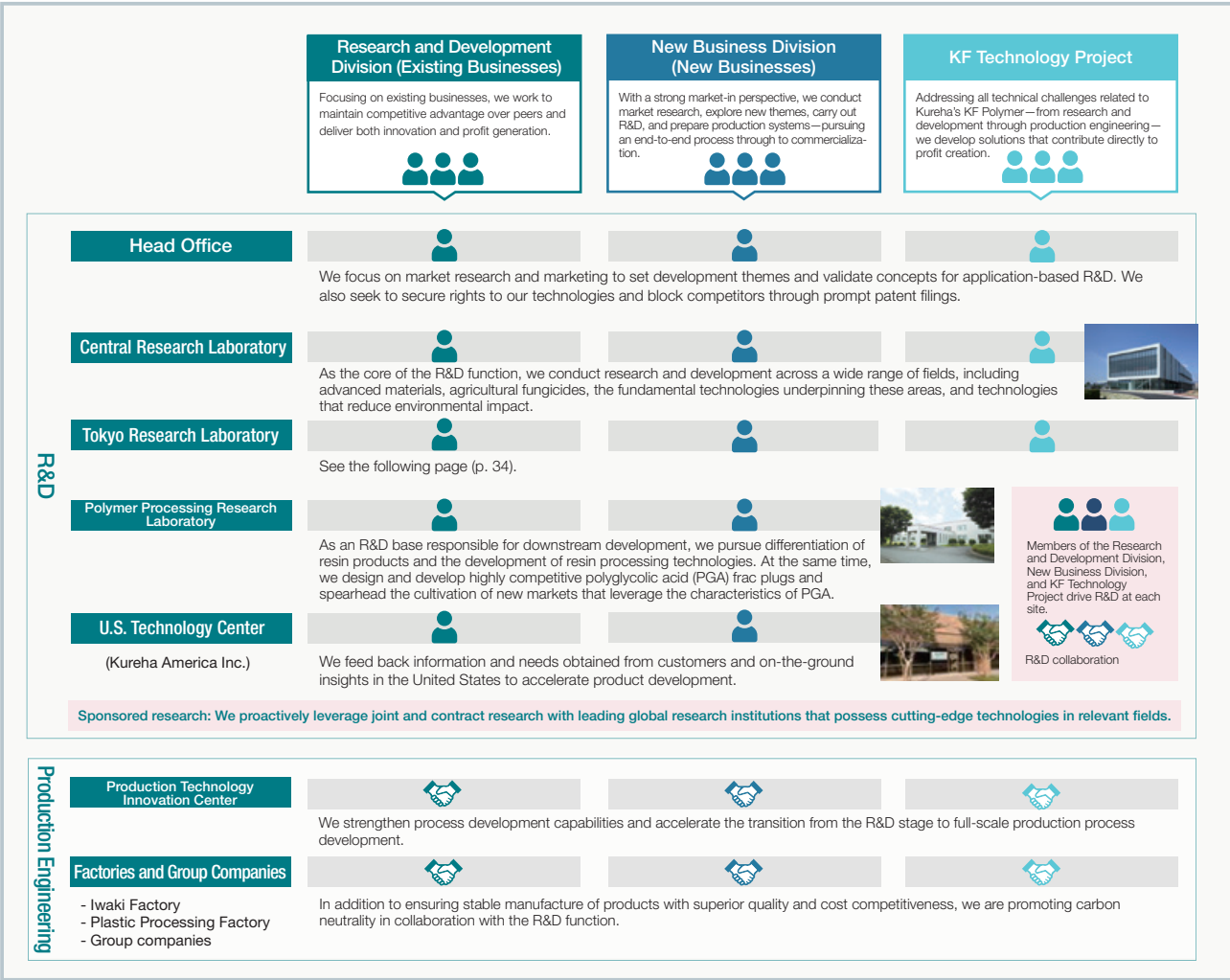
With a global outlook and a strong commitment to continuous learning, we will deliver timely, high value-added products unique to Kureha. Looking ahead, we will continue our research and development efforts, aiming to develop products that both enhance convenience and are environmentally conscious, thereby contributing to the resolution of social issues.



With the vision of “a specialty solutions company that leverages proprietary technology and contributes to a new future for society,” Kureha has positioned “Revitalizing Kureha’s Technology-Driven Focus” as one of the most important initiatives in its Medium- to Long-Term Management Plan. Guided by the policies below, we are promoting new business development, new product development, and the strengthening of process development capabilities and production capacity.

Investing in the Future: Medium- to Long-Term Growth Strategy

In April 2023, to maximize R&D capabilities and realize the creation of new businesses, Kureha reorganized and established the New Business Division, dedicated to corporate research. We streamlined the organization to make it flatter, improving agility and enabling faster decision-making. In November 2023, to accelerate resolution of technical issues in KF Polymer—one of Kureha’s core businesses—we launched the KF Technology Project, integrating various technology development functions under a single chain of command. Furthermore, in July 2024, we established the Innovation Technology Department to enhance foundational technologies in production engineering and R&D, introduce cutting-edge fields such as computer science, and facilitate technology transfer to future generations. By strengthening our R&D framework and clarifying roles and responsibilities, we will accelerate research and technology development.



Promoting New Business Development

We are advancing initiatives in the fields of Life, Environment & Energy, and Digital Communications, with a focus on a market-in perspective, leveraging open innovation, and pursuing global expansion.



Target Launch Timelines / Peak Sales Goals for Major New Businesses & Products (Agricultural Fungicides)

Fields / Development theme (start of development)		FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Target peak revenue
Life	Fungicides (FY2021)	Safety test → Applications to countries → Launch						20 billion or more
	Anti-adhesion film (FY2017)	Preclinical test → Clinical trial → Launch						20 billion or more
	Biostimulants (FY2018)	On-site test → Launch						10 billion or more
Environment & Energy	Silicon carbide (SiC) fibers (FY2017)	Prototype → Pilot plant operation → Launch						10 billion or more
Digital Communications	3D touch panels (FY2019)	Prototype → Launch						7 billion or more

Opening of the Tokyo Research Laboratory

The Tokyo Research Laboratory opened in November 2024 in Shin-Kiba (Koto-ku, Tokyo) with the aims of securing top talent, promoting open innovation, and integrating marketing with R&D. Leveraging its location, the laboratory is driving development geared toward creating new businesses—where information gathering, collaboration with external organizations, and marketing are critical—as well as the development of materials for lithium-ion secondary batteries.

From fiscal 2025 onward, we plan to increase the number of researchers on themes such as 3D touch panels. Using the establishment of this laboratory as a springboard, Kureha will embed market-in development and promote the creation of differentiated technologies and products, thereby contributing to “Revitalizing Kureha’s Technology-Driven Focus.”



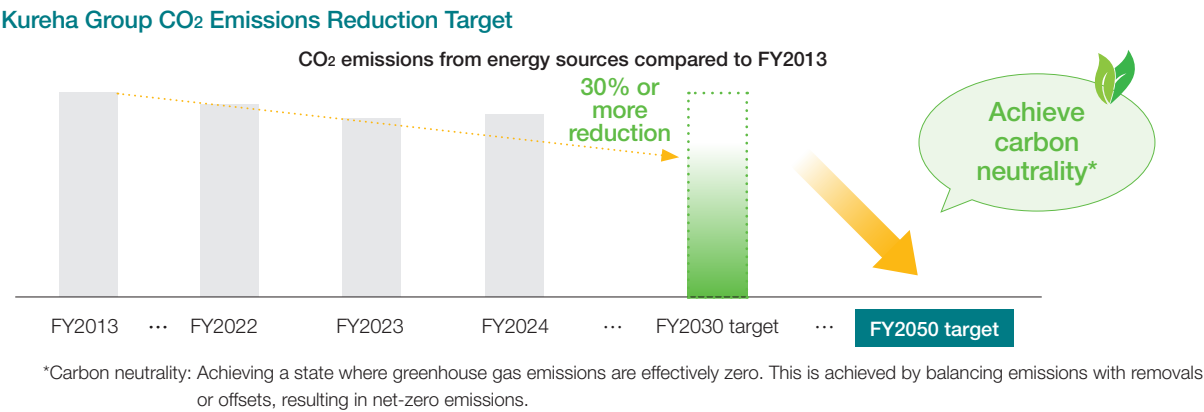


Initiatives for Carbon Neutrality

The Kureha Group regards “carbon neutral initiatives” as a materiality issue. Under “Kureha Group Medium- to Long-Term Management Plan, ‘Toward Creating a Future’,” we aim to achieve carbon neutrality by fiscal 2050 and are working to mitigate climate change by reducing CO₂ emissions both from the Kureha Group and through our products. In addition, through chemistry-based products and services, we contribute to solving social issues, including “contributing to carbon neutrality and energy supply,” “contributing to stable food production and supply,” “contributing to vibrant living,” and “contributing to the advancement of the information society.”

Contribution Toward Reduced Environmental Impact

- Aim to achieve carbon neutrality by FY2050
- Promote the advancement of production technologies aligned with circular production, and reduce environmental impact through waste minimization and recycling initiatives



CO₂ Emissions Reduction

Over 30% (FY2030 Goal, Compared to FY2013 Levels)

- At the Iwaki Factory's coal-fired power plant, **technical studies on fuel conversion** have provided a solid outlook for achieving the fiscal 2030 target.
- We are **exploring additional reduction measures to ensure achievement of—and potentially enhance—our fiscal 2030 target.**

Zero Waste Emission Rate

Below 1.5% (FY2025 Goal)

- On track to meet our target of reducing final (landfill) disposal volumes **by recycling waste** generated in the production process and **converting it into valuable materials.**
- We are also seeking ways to further **reduce waste generation and promote recycling efforts.**

Initiative Example 1 Recycling Coal Ash for Effective Use

At the Iwaki Factory, combustion ash from the coal-fired power plant accounts for the majority of waste generated. The entire volume is out-sourced to recycling contractors, who repurpose it as raw material for cement and other applications. For other types of waste as well, we are reviewing disposal methods and promoting recycling to further reduce final (landfill) volumes. Through these initiatives, we expect to achieve a zero-emission rate of 1.5% in fiscal 2025.



Ash from coal combustion

Initiative Example 2 Reducing CO₂ Emissions by Using Biomass Fuels

The Iwaki Factory operates an on-site power plant that supplies electricity and steam to its manufacturing facilities and nearby Group companies, supporting stable operations. Since coal—the primary fuel for this power plant—generates large amounts of CO₂, we are reducing coal consumption and lowering CO₂ emissions by co-firing it with biomass fuel, a carbon-neutral energy source.



Private Power Plant at Iwaki Factory

Expression of Support for TCFD Recommendations and Disclosure of Information Based on TCFD Recommendations



On April 20, 2022, Kureha formally expressed support for the TCFD recommendations. To foster constructive dialogue with capital markets regarding climate change responses, Kureha conducted a comprehensive analysis and evaluation of climate-related risks, opportunities, and countermeasures for its main businesses. Important items were identified, summarized in accordance with the TCFD's Information Disclosure Framework (governance, strategy, risk management, metrics, and targets), and posted on the sustainability section of Kureha's website.

Kureha conducted a comprehensive scenario analysis, incorporating both qualitative and quantitative factors, to assess the impact of climate change on its business. The Company examined the potential effects on profit and loss, as well as financial planning, and summarized the risks, opportunities, and countermeasures in the short, medium, and long term. For each business segment, Kureha identified potential climate change factors that could impact operations, and established three scenarios ranging from a 1°C increase (progress scenario) to a 4°C increase (stagnation scenario) to estimate the financial impact of the most significant risks and opportunities.

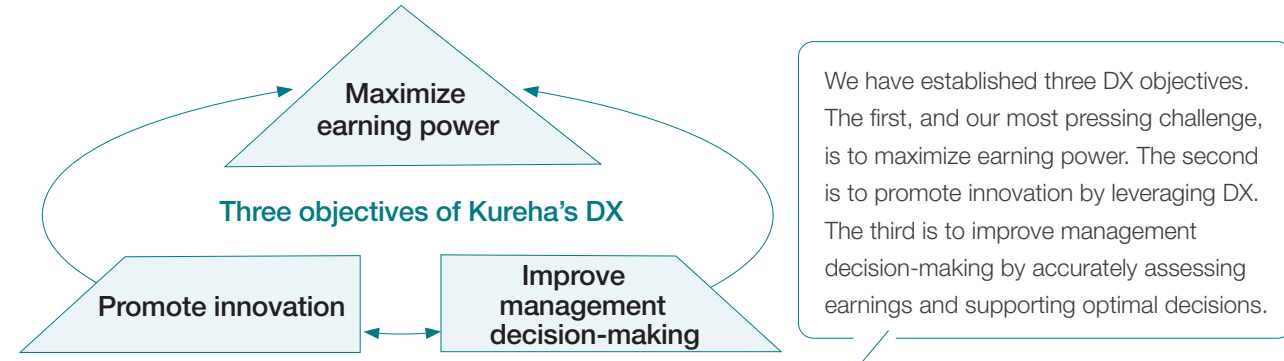
Kureha will continue to enhance its disclosure of climate-related information and actively pursue measures to achieve carbon neutrality, thereby contributing to the realization of a sustainable society.

*TCFD Recommendations: The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) at the request of the G20 to develop recommendations on climate-related financial disclosures. The TCFD published its final report in June 2017, recommending that companies disclose information on their governance, strategies, risk management, and metrics and targets related to climate-related risks and opportunities.





The Kureha Group identifies “Promoting DX” as one of its material issues. Having completed the first phase of our DX initiatives, launched in fiscal 2017, we entered a new stage, “Kureha DX 2.0,” in fiscal 2024. Starting in fiscal 2025, we will advance full-scale use of data accumulated across our systems on the data analytics platform, with the goal of becoming a sustainable company where every employee can independently drive problem solving.

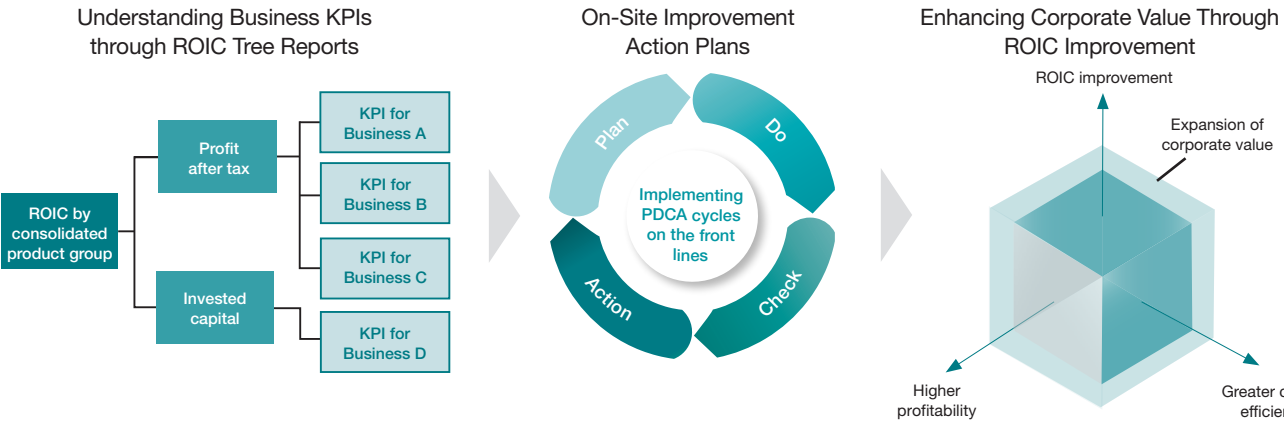


Initiative Example 1 Management Dashboard—Introducing ROIC by Business

Under “Kureha Group Medium- to Long-Term Management Plan ‘Rolling Plan 2025’,” Kureha is pursuing companywide initiatives to enhance management sophistication and increase corporate value by adopting return on invested capital (ROIC) as a key performance indicator. To this end, we developed a management dashboard that enables timely monitoring, analysis, and decision-making. We have centralized the necessary information and established an environment that visualizes it through business intelligence (BI) reports.

From fiscal 2025, we began operating ROIC tree reports by consolidated product group. Going forward, we will pilot management control using ROIC, set with due consideration for each business’s characteristics, together with linked key performance indicators (KPIs).

From fiscal 2026 onward, in alignment with the next Medium- to Long-Term Management Plan, we will monitor and improve the current status and targets for ROIC and KPIs set for each business, benchmarking them against the weighted average cost of capital (WACC). In parallel, we will develop the necessary reports on an ongoing basis to support these activities and drive improvements in each business’s ROIC.

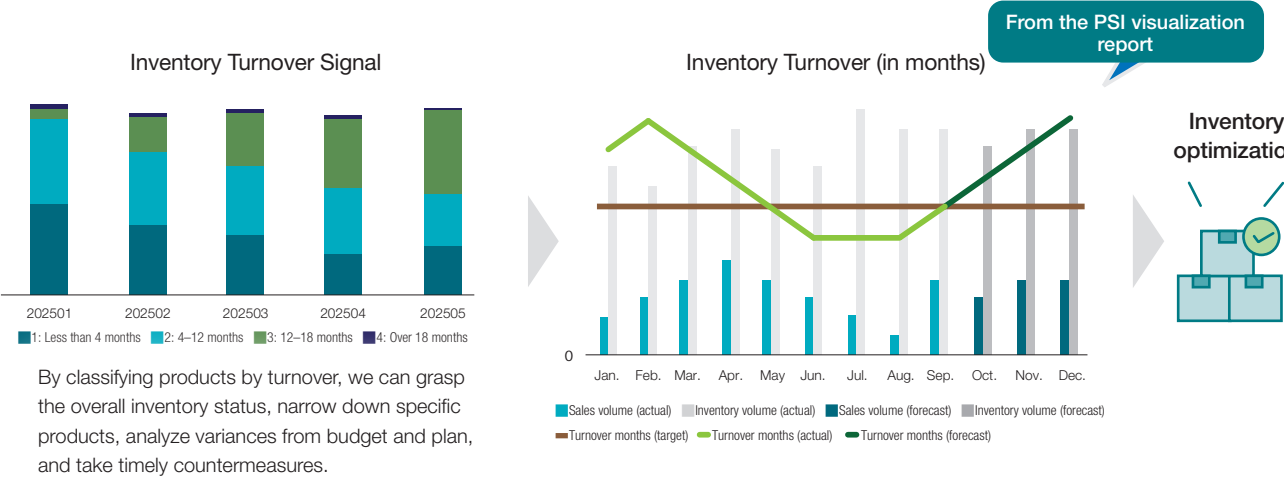


Initiative Example 2 Supply Chain PSI Visualization Report—Driving SCM Reform

In our polyvinylidene fluoride (PVDF) resin business—whose primary use is as a binder for automotive lithium-ion secondary batteries—shifts in national policies across various countries have made sales planning difficult to forecast with certainty. Moreover, constraints on raw material procurement lead times have hindered the timely formulation of production plans, creating challenges in optimizing inventory. We identified a fundamental cause: sales and manufacturing found it difficult to readily grasp and share up-to-date production, sales, and inventory (PSI) information. As a result, it was hard to appropriately and promptly review the supply–demand balance in line with actual demand.

To address this, we introduced a “Global PSI Information Visualization Report” and established target KPIs—such as inventory turnover days—together with regular monitoring, thereby strengthening group-wide consolidated inventory management.

In Phase 1 of the project launched in fiscal 2024, we established the capability to easily collect, visualize, and analyze global PSI information, and operational use has already begun. Going forward, we will expand the functions of this report and deploy it across other businesses to drive Companywide supply chain management (SCM) reform.



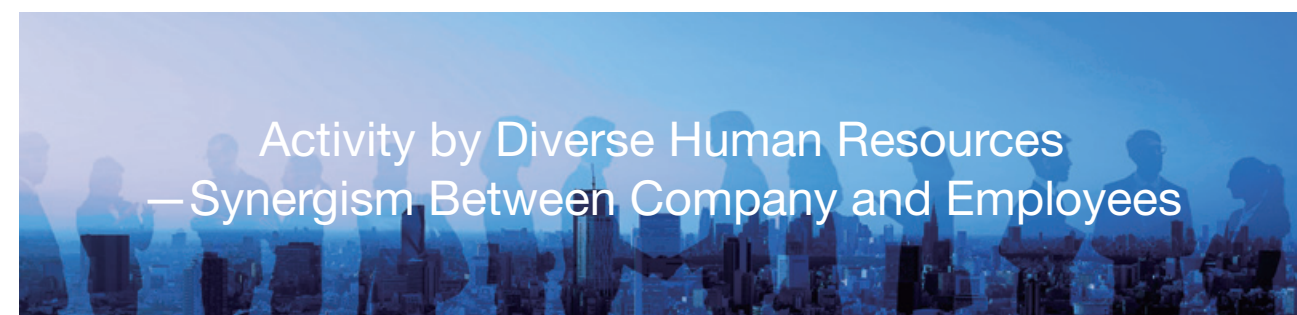
Initiative Example 3 Developing Digital Talent

Kureha believes that enhancing employees’ data-utilization skills is the driving force behind DX. Since 2021, we have focused on developing data analysis engineers (hereinafter “data analysts”) as a core category of digital talent, providing training to 141 participants in the first cohort (fiscal 2021 onward) and 131 in the second cohort (fiscal 2022 onward).

However, in light of the recent spread of generative artificial intelligence (AI) and the Company’s current need to acquire skills for business transformation and operational improvement, we referred to the Ministry of Economy, Trade and Industry’s (METI) “DX Promotion Skill Standards” and newly defined three categories of digital talent required at Kureha: “data analysts,” “business designers,” and “IT engineers.” We have also developed new training programs tailored to cultivating these categories.

Through these initiatives, we aim to strengthen employees’ capabilities in business development as well as day-to-day operational improvement. Training for these three types of digital talent is scheduled to begin in fiscal 2025.





To realize the Kureha Vision—“A specialty solutions company that leverages proprietary technology and contributes to a new future for society”—the Kureha Group positions “activity by diverse human resources” as a material issue. In line with our management strategy and business needs, we aim to be a company where diverse talent with different perspectives and experiences can thrive, based on a merit-based approach that values abilities and achievements regardless of age, gender, or nationality.

Developing and Empowering Talent

Kureha Group’s core approach to talent development is to foster individuals who bring diverse strengths and consistently deliver on their expected roles and responsibilities, and who maintain a self-directed career mindset that drives continuous growth. To this end, we support every employee’s self-driven, ongoing development through a range of initiatives, including on-the-job education, structured training programs, and career development support.



At Kureha’s Iwaki Factory, we provide mentor training for early-career employees in operational tracks to help them smoothly integrate into their organizations.



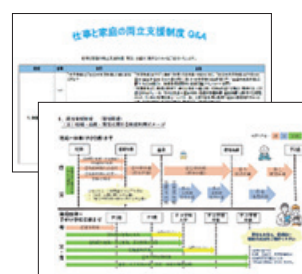
Kureha also holds mid-career seminars for employees in their 50s, offering opportunities to create practical career plans and enhance their motivation to embrace challenges and grow.

Creating an Employee-Friendly Work Environment

Kureha Group aims for each employee to choose flexible and productive ways of working, as well as diverse options suited to different life stages, so they can work with a sense of purpose and fulfillment. To this end, we are enhancing systems that enable employees to work energetically while balancing work with life events such as family life, childcare, and caregiving. These include a flextime system, a remote work program, and annual paid leave available in half-day and hourly units. We also hold seminars and create guidebooks to raise awareness and encourage employees to make active use of these systems.



“Work-Caregiving Balance Handbook,” which provides practical information—such as preparing in advance for caregiving, Public Long-Term Care Insurance system, and case studies on balancing both—for when the need arises.



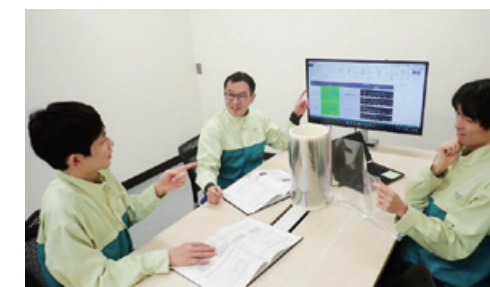
“Guidebook on Programs for Balancing Work and Family,” which explains in detail how to use programs and benefits related to childbirth, childcare, and caregiving.

Enhancing Engagement

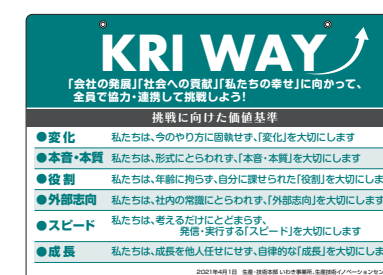
Employees’ psychological connection to the Company (engagement) is essential to the Kureha Group’s sustainable growth. The factors that foster this sense of connection vary widely—from “being proud of the Company, liking one’s colleagues, and enjoying day-to-day work” to “empathizing with the Company’s vision and policies” and “having opportunities for self-development through work.” We believe all of these act as drivers that motivate employees to perform at a high level. Taking the lead within the Group, the Company launched an Engagement Survey in fiscal 2023. We will continue to administer the survey from fiscal 2025 onward with the aim of steadily enhancing engagement.



We have held Kureha Town Hall Meetings since fiscal 2023. By enabling direct dialogue between employees and senior management to exchange thoughts and ideas about the Company’s future, we are deepening mutual understanding.



Based on the results and analysis of the Engagement Survey, line managers in each department are formulating and executing actions to enhance engagement.



In 2021, employees at the Iwaki Factory (KRI) and the Plastics Processing Factory (KRJ) defined the “core values to uphold” and the “expected behaviors” needed to achieve their desired future vision. These continue to serve as guiding principles today, fostering collaboration and coordination as all employees take on new challenges.

Promoting Employee Health

Kureha Group has established its Basic Policy on Health, which states that employee health is the foundation supporting the Company’s growth. In collaboration with the Health Insurance Association, we assist employees in maintaining and enhancing their well-being. Groupwide, we are creating an environment where employees can lead active and fulfilling careers. Kureha has been certified for the fifth consecutive year (2021–2025) as a Certified Health & Productivity Management Outstanding Organization 2025 (Large Enterprise Category), a program jointly promoted by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi (Japan Health Council). We aim to continue achieving this recognition going forward.





Yutaka Kobayashi
Chairman of the Board
President and Chief Executive Officer

Osamu Iida
Outside Director

Engaging in Vigorous Debate Together to Seize the Future We Aspire To

Since his appointment in 2022, Outside Director Osamu Iida has actively voiced his views and frequently visited worksites such as plants. As Chairman of the Board, Yutaka Kobayashi has fostered forums for open and lively discussion. We asked them to share the actions most needed by Kureha today and their expectations for the new era.

The Board's Evolving Approach

Kobayashi Kureha introduced its Outside Director system in 2007. Eighteen years have since passed, and the Board of Directors today looks very different from when the system was first implemented.

In the early days, even with Outside Directors present, Board proceedings were largely report-oriented, with limited discussion, and operations tended to seek simple approval of submitted proposals. When I became president in 2012, I felt there was little point in having Outside Directors under such conditions. I was convinced that what Kureha needed was to deepen Board discussions by encouraging diverse perspectives.

Today, candidates are selected through the

Nomination Advisory Committee, and we invite those whose participation is expected to invigorate deliberations to serve as Outside Directors.

Iida An Outside Director is, by definition, an individual who contributes accumulated experience, perspectives, and ways of thinking to the Board to help guide management decisions in a more sound and well-informed direction. In that sense, the current balance—three internal and three Outside Directors, with the Board evenly split—is desirable, as it enables decisions that incorporate external perspectives rather than being constrained by internal logic.

The Outside Directors' backgrounds are also highly

diverse. Outside Director Okafuji has experience in investor relations, public relations, and as a corporate auditor at a food company. Outside Director Nishio, also from the food sector and an MBA holder, has served as head of sales and as CEO. I myself hold a PhD in

engineering and oversaw technology at a metal materials manufacturer, so our careers differ. By bringing each Outside Director's expertise to the Board, we can provide advice on executive thinking and actions from every angle, and I believe governance is functioning effectively.

Creating Forums for Discussion

Kobayashi In addition to their supervisory role, I also expect Outside Directors to serve as advisors. By hearing unique perspectives that internal members would not bring to the Board and incorporating those external views, I aim to craft and implement scenarios that enable the Company to rise with strength. My goal is to run the Board as a forum for vigorous debate.

Iida From the standpoint of creating a forum for discussion, we place great importance on preparation. The day before meetings, the Outside Directors receive detailed briefings on the agenda and then exchange views among the three of us. We then attend the Board meeting the following day.

Depending on the topic, explanations may be omitted at the Board, and we go straight into discussion—creating a sense of tension. Each of us prepares thoroughly, for example by reviewing past minutes and organizing market conditions in our minds. Everyone participates actively, and many comments generate fresh insights.

Kobayashi We also conduct an annual evaluation of the effectiveness of the Board. Members respond to a questionnaire using a five-point scale and can provide free-form comments and requests. Based on the results, we make incremental improvements to Board operations each year.

Following the results of the fiscal 2023 evaluation, we reviewed the operation of the Board for fiscal 2024. For example, while I continue to speak in my role as Chairman provide summaries, I have otherwise shortened my own speaking time as much as possible so that outside and internal directors can engage in more thorough debate. We have made it clear that the Board is,

above all, a forum for discussion.

Another change is that, for important issues facing the Company, we now designate special themes for discussion and invite not only directors but also executive officers and senior managers from relevant divisions. Depending on the content, these discussions may also be conducted globally via online connections. This approach allows Outside Directors to hear directly from those on the front lines, deepens debate on the Company's direction, and strengthens the sense of unity with the executive side.

Iida With strengthening the management base positioned as the top priority, discussions on the status of Group companies have become increasingly active as part of Group-wide management. In the past, meetings were largely limited to reports from each company. Since last year, however, discussions have extended to such questions as: What is the current progress of measures being implemented toward the desired state of each Group company in fiscal 2030? Where are the gaps? We now select and focus on the areas that require debate from a Group management perspective, which has made meetings more substantive and focused.

Kobayashi Looking back at the Board in fiscal 2024, while we were assessed as having improved Board operations—an issue identified in the fiscal 2023 effectiveness evaluation—there were also opinions that more in-depth discussion is needed on the status and future initiatives of core businesses, sustainability issues, and the business portfolio. We will continue to make improvements each year.

New Ideas Take Root on the Front Lines

Iida The role of an Outside Director is not limited to attending Board meetings and engaging in discussion; it also extends to the execution front lines. I have personally visited almost all of our domestic factories and

conducted inspections of all domestic Group companies.

As I come from a technical background, I attend meetings where engineers gather and offer comments from various perspectives on how these technical meet-



ings appear through the eyes of an external party.

In addition, I give lectures on themes such as leadership at manufacturing sites. Outside Director Okafuji has also delivered lectures on the theme of promoting women’s success.

Through these frequent interactions with employees on the ground, I strongly feel that the Company’s tradition—its DNA—of creating products not found elsewhere in the world over our 81-year history, such as Krewrap and automotive lithium-ion secondary battery binders, is being steadily passed down to younger generations. This is the greatest strength of the Kureha Group.

At the same time, there is no doubt that many of our employees are highly capable, earnest, and hardworking.

The Company’s foundational strengths are thus very solid. The next challenge, I believe, is how to translate the knowledge we have built up into businesses.

Kobayashi I want our employees to add curiosity to their seriousness—go outside, sense firsthand what winds are

Building the Capacity to Overcome Challenges

Iida Looking ahead through the lens of the Board, I believe one of our key challenges is the acceleration of DX. The pace of change in this field is particularly fast. While the Company is indeed making progress, our response speed may nonetheless appear relatively slow.

Kobayashi In R&D, materials informatics (MI) has increased our speed. For example, in agrochemicals, whereas we once identified only 10 or 20 candidate compounds, new technologies now enable us to discover hundreds—approaching the thousand level. By contrast, we are somewhat behind in applying DX at our production sites.

Iida We are a manufacturer, and the area where

blowing around Kureha, and think about what we should do.

I have asked Mr. Iida to attend our technical meetings and share comments for that very reason. In particular, I want our technical employees to feel that there are very different ways of looking at things in the world.

Iida In the divisions driving investor relations (IR), human capital development, and digital transformation (DX), the environment surrounding us is also changing rapidly. It is important, after going out and learning what leading people are doing and how, to then take on the challenge of creating something new yourself.

At the same time, the Board is holding flexible discussions on human capital development, revisions to HR systems, and organizational reforms, and a variety of projects are emerging inside the Company as new initiatives. I have only been involved with the Company as an Outside Director for a few years, but even in that time there have been many changes, and I feel the level of corporate management has risen markedly.

The Company has positioned “Revitalizing Kureha’s Technology-Driven Focus” as the highest-priority measure in its Medium-Term Management Plan, but because we are starting from a very high base, my impression is less of “revitalizing” than of “accelerating further.”

Perhaps the most notable change is in people’s mindset. The President has been sharing his aspirations in many forums; those messages are reaching employees, and I sense a growing enthusiasm to make things even better.

DX can be most effective is the manufacturing floor. By applying DX, we can lower manufacturing costs and eliminate hazardous and heavy work—this is its core value. The reality is that we are still far from that goal, and we must accelerate our efforts.

Kobayashi It is not simply a matter of changing processes. If we need to upgrade equipment at each manufacturing site, that will require substantial investment. We must set clear priorities and move forward accordingly.

Iida Another challenge is accelerating the creation of core businesses. This ties back to my earlier point—that our engineers need to look beyond our own walls.

Without the mindset of leveraging external capabilities, achieving this will be difficult.

We should pay attention to the kinds of mergers and acquisitions (M&A) taking place in the market, how companies form joint ventures and business alliances to tap outside expertise, and how they make use of consultants. We should also learn about other companies’ technologies and consider how we might apply them to create something new. By observing in this way and broadening our thinking, new businesses will be easier to develop. The employees engaged in new business development are highly capable, and the Board holds vigorous discussions on these initiatives. Nevertheless,

Crisis Drives Us to Move Forward

Iida Society is changing at tremendous speed, and today’s world already looks very different from what we envisioned when the current Medium-Term Management Plan began in 2023. Domestic inflation has exceeded expectations, while the war in Ukraine initiated by Russia and the conflict between Israel and Palestine remain unresolved.

Most notably, growth in the electric vehicle (EV) market has slowed. The stagnation of what had been a steadily expanding market was unforeseen, and the market is now at a standstill. It is imperative that we review each measure in the medium-term management plan and implement recovery initiatives to restore earnings.

Kobayashi Looking back over Kureha’s history, we have faced numerous challenges and overcome them one by one. For example, when the Great East Japan Earthquake struck, our main plants were shut down for almost three months, yet we steadily rebuilt and recovered from that crisis.

As for the current slowdown in the EV market, I have no doubt the market will expand over the longer term—it is not going away. That said, as Mr. Iida points out, we are now at a plateau, and in the future we will be judged by what we thought and what actions we took during this period.

Iida Precisely because of these circumstances, the Board has devoted significant time to thorough discussions from every angle—on how to maximize corporate value and on the measures we must undertake now for

given Kureha’s long tradition of being self-sufficient in technology, we may not yet have reached the point of fully engaging in external collaboration. I believe what we need is a catalyst—something to spark that first step into new businesses.

Kobayashi A new Medium-Term Management Plan is scheduled to commence in April next year. We will spend the current fiscal year preparing, beginning with discussions on how the executive side will shape our next growth strategy. At an early stage, we intend to share our thinking with the Outside Directors, seek their feedback on any gaps, and then further refine the plan within management.

the future. Based on these deliberations, we have been executing a range of initiatives, including capital policy.

Kobayashi If there is even a trace of a mindset that passively waits for the external environment to improve, our responsiveness will surely suffer. There is still much to do, not only in the polyvinylidene fluoride (PVDF) business but also in other fields. In times of difficulty, it is vital to step forward ourselves and seize the future. Kureha is not a very large company, but we take pride in having world-class technologies and in continuing to produce distinctive, differentiated products. I am determined that we will make the most of these unique strengths as we head toward our 100th anniversary.

Iida The society we envisioned for fiscal 2030 and beyond has not disappeared; that future will come. For now, we must gather our strength and, above all, ensure that in five years’ time—fiscal 2030—we have firmly realized the vision we set for ourselves. I have great expectations for Kureha’s continued growth.



Directors and Audit & Supervisory Board Members: At a Glance

Board of Directors					Audit & Supervisory Board					
										
	Representative Director, President and Chief Executive Officer	Director, Senior Executive Vice President	Director, Senior Vice President		Outside Director	Outside Director	Outside Director	Outside Full-Time Audit & Supervisory Board Member	Full-Time Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member
	Yutaka Kobayashi	Katsuhiro Natake	Naomitsu Nishihata		Osamu Iida	Yumiko Okafuji	Keiji Nishio	Michihiko Hayashi	Tsukasa Sakane	Reiko Yoshida
Reason for Appointment	Since his appointment as President and Chief Executive Officer in September 2012, he has been at the helm of the Kureha Group's management, spearheading initiatives such as strengthening the Advanced Materials business, driving company-wide reforms including the Reform Promotion Project, restructuring business operations, and reinforcing corporate governance.	Since April 2025, he has served as Senior Executive Vice President, providing strong support for overall corporate management. He concurrently holds the positions of General Manager of the Corporate Strategies & Accounting Division and the Administration Division. In addition, he oversees the Production Transformation Project and the Carbon Neutrality Project as their Project Manager.	He has extensive experience in technology and new business development in Advanced Materials. As the executive overseeing the PGA business and New Business Division, he has driven growth and innovation. He also leads key initiatives under the Medium- to Long-Term Plan Toward Creating a New Future, including the revitalization of Kureha's technology-driven focus, as the executive responsible for both the Research & Development Division and the Manufacturing & Technology Division.		With international business experience at a manufacturing company and a career overseeing production and research divisions, he possesses deep insight and extensive expertise in corporate management. He provides guidance to management and contributes to the Board through independent, impartial oversight and informed opinions.	With expertise in finance, accounting, and IR at overseas companies, including in the U.S., and experience in sustainability strategy, she brings broad insight. She provides oversight and guidance to management and actively contributes to the Board through independent, impartial opinions and supervision of execution.	He brings extensive management experience from a manufacturing company. Leveraging this, he advises on overall management—particularly corporate planning and sales—and monitors conflicts of interest while reflecting stakeholder views in the Board. His appointment as Outside Director is expected to help strengthen corporate governance.	He possesses extensive experience and advanced expertise in business strategy, compliance, and human resource management, developed over a long career at a financial institution. Drawing on this background, he appropriately fulfills his role in auditing the execution of duties by Directors, from an independent and objective standpoint.	He possesses specialized knowledge and experience in finance and accounting, having served as head of the Company's Finance and Accounting Division and as an officer of both domestic and overseas subsidiaries.	She has been appointed as an Outside Audit & Supervisory Board Member in recognition of her extensive experience and specialized expertise as an attorney, which are expected to enable her to appropriately fulfill the roles and responsibilities of the position.
Date of Birth	December 25, 1951	April 3, 1962	February 14, 1965		May 20, 1957	December 10, 1964	February 19, 1959	May 11, 1961	March 26, 1963	October 28, 1974
Years in Office	16	2	2		3	2	Newly appointed	2	1	Newly appointed
Board Meeting Attendance	13 of 13 (100%)	13 of 13 (100%)	13 of 13 (100%)		13 of 13 (100%)	13 of 13 (100%)	—	13 of 13 (100%)	10 of 10 (100%)	—
Audit & Supervisory Board Meeting Attendance	—	—	—		—	—	—	14 of 14 (100%)	10 of 10 (100%)	—
Executive Skills (Expertise and Experience)										
Corporate Management / Management Strategy	○	○	○		○		○	○	○	
Manufacturing			○		○					
Research and Development (R&D)			○		○					
Business Strategy / Marketing	○	○	○		○		○	○		
Finance / Accounting		○				○			○	
Overseas Operations / International Experience	○	○	○		○	○	○		○	○
Legal / Governance / Compliance / Risk Management	○		○		○	○	○	○	○	○
ESG / Sustainability					○	○	○			○
Human Resources Strategy and Human Resources Management	○							○		

Executive Skills (Expertise and Experience)

To realize the Kureha Group's corporate philosophy and management plan, and to enhance the Group's corporate value, we have identified nine key skill areas we expect our executives to possess: (1) Corporate management and management strategy, (2) Manufacturing, (3) Research and development (R&D), (4) Business strategy and marketing, (5) Finance and accounting, (6) Overseas operations and international experience, (7) Legal affairs, governance, compliance, and risk management, (8) ESG and sustainability, and (9) Human resources strategy and human resources management. The skills possessed by each executive are indicated in the table above.

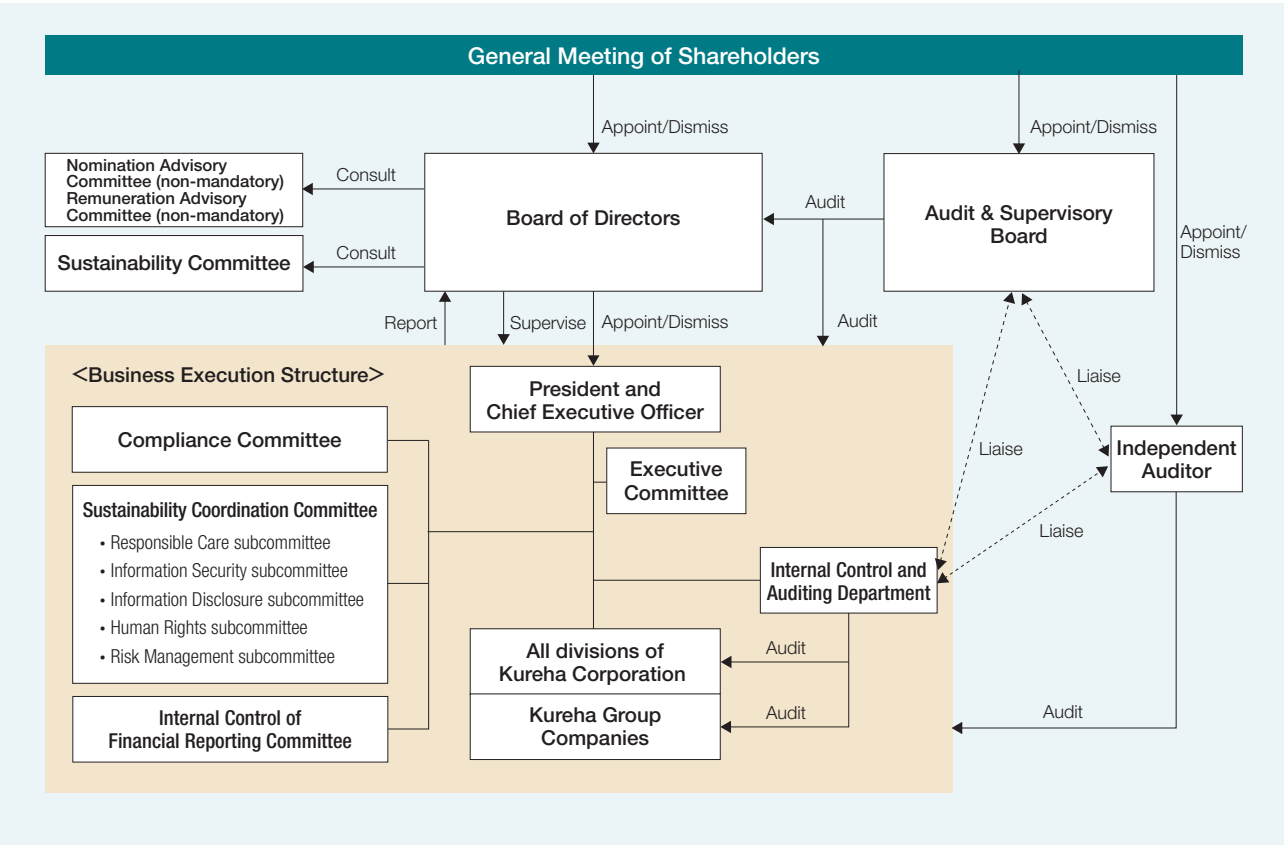
Notes 1: The circled areas indicate the fields in which Kureha has particular expectations for each individual, based on their individual expertise and experience.
2: The above list is not an exhaustive list of each individual's skills.



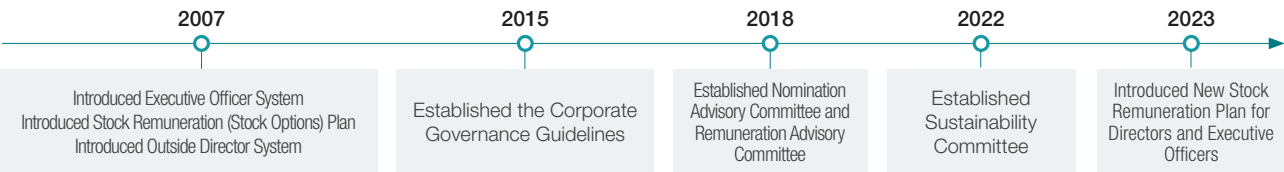
The Group shares its Corporate Philosophy and Kureha Vision with all officers and employees and continually embraces new challenges to realize the future it aspires to. At the same time, we are working to strengthen internal control functions—including the practice of compliance and the enhancement of risk management—to ensure fair and highly transparent management. Guided by our separately established Corporate Governance Guidelines, we are committed to enhancing the effectiveness of our corporate governance and to pursuing the sustainable growth of the Kureha Group (the Company and its group companies) and the enhancement of its medium- to long-term corporate value.

Corporate Governance Framework

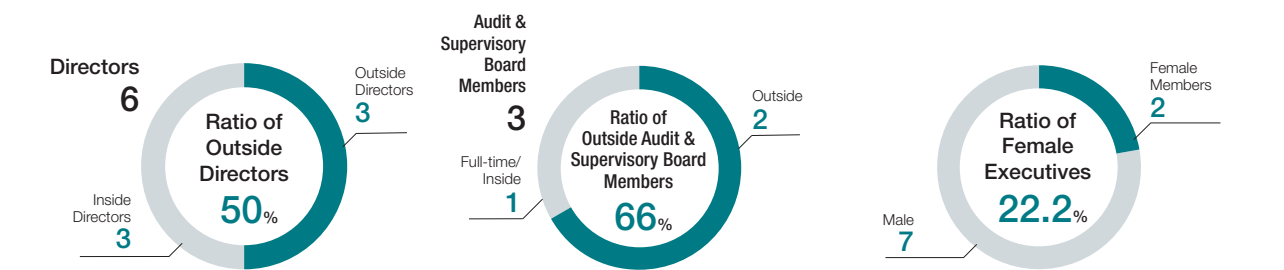
The Group clearly distinguishes between supervisory and executive responsibilities in management in order to strengthen corporate governance and accelerate decision-making and business execution across the Group. Specific responsibilities and levels of authority by function and position are detailed in internal regulations, such as the Organization Rules and Authority Standard Rules, to ensure efficient operations. To align the medium- to long-term management visions and policies of Kureha and its Group companies, regular Consolidated Executive Committee are held, chaired by the Representative Director, Chief Executive Officer of Kureha. These meetings provide a forum for sharing views on management policies and business strategies, thereby enhancing Group-wide governance and integration. In addition, to clarify accountability for management in each fiscal year, the terms of office for Directors and Executive Officers are set at one year.



Initiatives to Strengthen Corporate Governance



Composition of Kureha's Directors and Audit & Supervisory Board Members



Roles and Independence of Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors are expected to fulfill roles and responsibilities such as providing advice and oversight of management, monitoring conflicts of interest, and ensuring that stakeholder perspectives are appropriately reflected in the deliberations of the Board of Directors. Outside Audit & Supervisory Board Members are expected to fulfill their duties from an independent and objective standpoint. These include auditing the execution of duties by Directors and exercising authority over

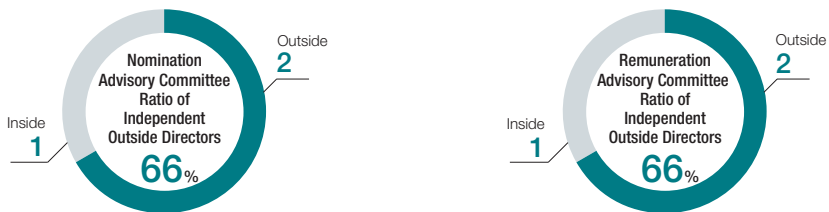
matters such as the appointment, dismissal, and compensation of the accounting auditor.

In appointing Outside Directors and Outside Audit & Supervisory Board Members, Kureha has established its own Criteria for Determining the Independence of Outside Officers, with a primary focus on ensuring the substantive independence of candidates. These criteria are based on the independence standards set forth by the Tokyo Stock Exchange.

Nomination Advisory Committee and Remuneration Advisory Committee

To ensure transparency in decision-making by the Board of Directors and to enhance accountability to stakeholders, Kureha established the Nomination Advisory Committee and Remuneration Advisory Committee on June 26, 2018, as voluntary advisory bodies to the Board. These committees

deliberate on matters related to the nomination and remuneration of the Chairman of the Board, President and Chief Executive Officer, Representative Directors, Directors, Senior Executive Officers, and Executive Officers.



Initiatives Based on the Evaluation of Board Effectiveness

To enhance the effectiveness of the Board of Directors, Kureha conducts an annual analysis and evaluation of the Board's overall performance and discloses a summary of the results.

Overview of the Effectiveness Evaluation

Respondents	Directors and Audit & Supervisory Board Members (including Outside Directors and Outside Audit & Supervisory Board Members)
Evaluation Method	Five-point scale questionnaire combined with open-ended responses for opinions and requests
Evaluation Period	March–April 2025
Evaluation Items	(1) Scale and composition (2) Operation (3) Quality of deliberations (4) Nomination, Remuneration, and Audit (5) Management issues to be addressed in the next fiscal year

The fiscal 2024 evaluation confirmed that the overall effectiveness of the Board of Directors is being appropriately maintained. One of the issues identified in the fiscal 2023 evaluation—improving the operation of the Board—was addressed by allocating more time to discussion rather than to reporting. This change was positively received and recognized as an improvement. However, some respondents noted that more in-depth discussions are still needed on the status and future direction of core businesses, sustainability-related issues, and the business portfolio.

In fiscal 2025, we will continue discussions on the status and future direction of core businesses as a carryover theme from fiscal 2024, while addressing sustainability issues and the business portfolio as key themes for fiscal 2025.

In addition to these, based on free comments, the Board will deepen discussions on topics identified as priorities for fiscal 2025, including management with greater awareness of capital costs and share price, the revitalization of Kureha's technology-driven approach, and the formulation of the next medium-term management plan.

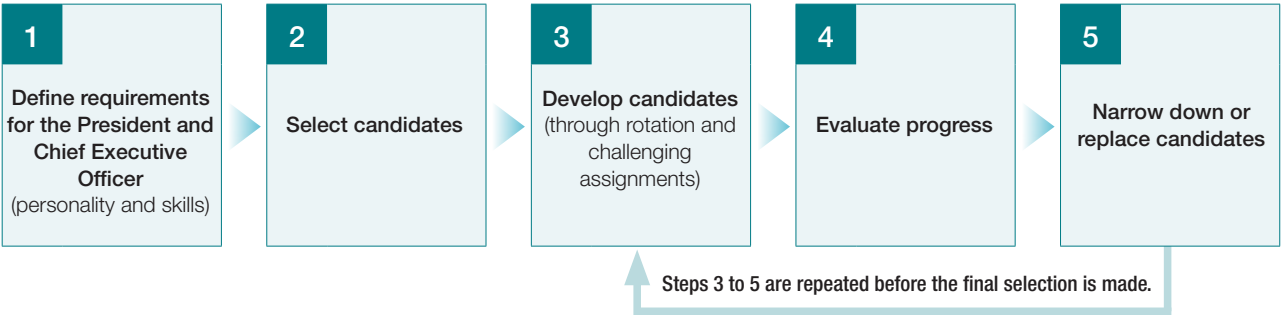
Activities of the Nomination Advisory Committee and Succession Planning

The Nomination Advisory Committee, in accordance with its charter, deliberates on matters concerning the appointment and dismissal of the President and Chief Executive Officer, Directors, Senior Executive Officers, and Executive Officers. It also reviews succession candidates for the President and Chief Executive Officer and their development plans. In addition, the committee considers matters to be submitted to the Board of Directors.

In fiscal 2024, the Nomination Advisory Committee met nine times. In addition to deliberating on the appointment of Directors and Executive Officers, the committee

discussed a range of topics, including succession candidates for the President and other key positions, the promotion of women and younger talent, and the enhancement of training programs for Directors, Executive Officers, and Directors of Group companies.

These efforts contributed to establishing a foundation for the medium- to long-term development of future management executives. Based on these initiatives, the Company also implemented training sessions, including those focused on corporate governance, for Directors, Executive Officers, and Directors of Group companies.



Requirements for the President and Chief Executive Officer

Personality	Integrity, balanced judgment, broad perspective, selflessness
Skills	Decisiveness, ability to leverage subordinates' strengths, overseas business experience, potential for future growth

Remuneration of the Senior Management and Directors

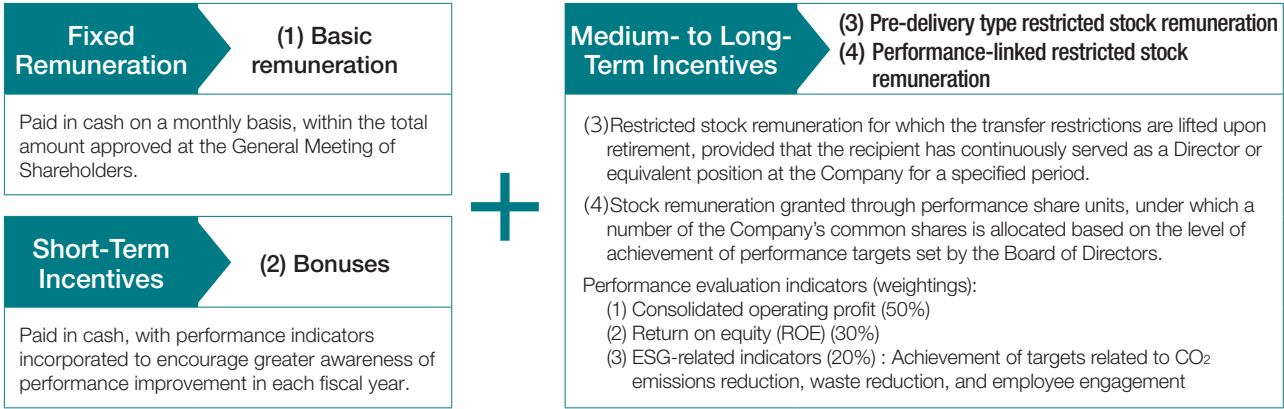
Remuneration System for Directors

Directors' remuneration consists of three components: (1) basic remuneration (fixed remuneration), (2) bonuses (short-term incentives), and (3) (4) stock-based remuneration (medium- to long-term incentives). Among these, stock-based remuneration has been given increased weight within the total remuneration package. This structure is designed to promote the sustainable enhancement of the Company's corporate value, align Directors' interests more closely with those of shareholders, and strengthen their commitment to achieving medium- to long-term

performance goals. Remuneration for Outside Directors consists solely of basic remuneration (fixed remuneration), in line with the nature of their roles.

Remuneration System for Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board Members consists solely of fixed monthly payments. The maximum aggregate amount is approved at the General Meeting of Shareholders, and individual amounts are determined through discussions among the members of the Audit & Supervisory Board.



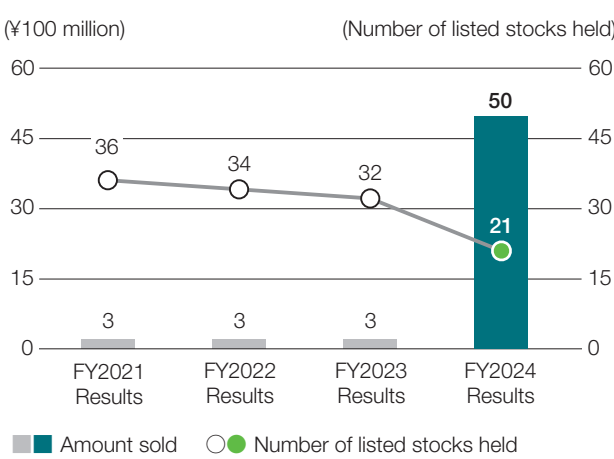
Cross-Shareholdings

Kureha may hold shares of business partners when such holdings are deemed to contribute to the enhancement of the Company's medium- to long-term corporate value, based on factors such as the current status of transactions and the potential for future business expansion. For shareholdings held for purposes other than pure investment, the Board of Directors conducts an annual review of the appropriateness of continued ownership. This review considers capital costs, dividends and profits generated from transactions, the current status of business relationships, and the contribution to the

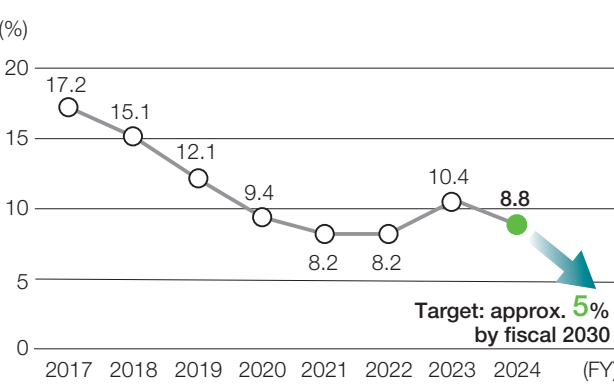
Company's sustainable medium- to long-term corporate value. As of March 31, 2025, Kureha held 36 such stocks, a decrease of 12 from the previous fiscal year.

Going forward, Kureha aims to reduce the total value of such shareholdings to approximately 5% of consolidated net assets by fiscal 2030. Holdings whose strategic significance has diminished or whose value is considered excessive will be reduced in stages, taking into account dialogue with business partners, potential market impact, and the availability of more effective uses of capital.

Cross-Shareholdings — Amount Sold and Number of Holdings



Ratio of Cross-Shareholdings to Consolidated Net Assets



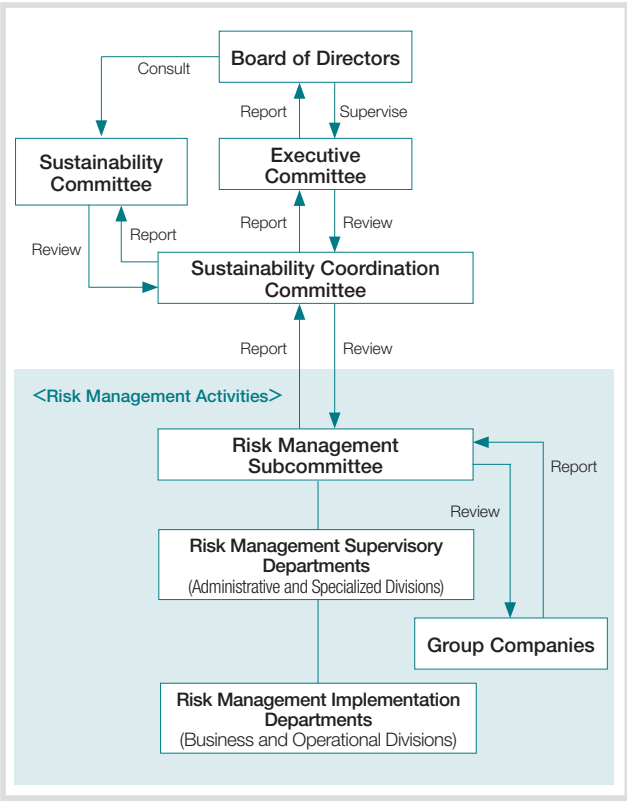
Risk Management

The Group's Basic Policy on Risk Management is: "to understand the risks to Kureha Group's management and prevent them from occurring, and take necessary preventive measures to reduce the impact of risks that occur to an acceptable range."

We have also established the Risk Management Rules to support the promotion and oversight of risk management. Under the overall supervision of the Risk Management Subcommittee—a subordinate body of the Sustainability Coordination Committee—risks associated with business activities are categorized, with relevant departments, Group companies, or subcommittees taking primary responsibility for each category. These primary units work closely with the implementation departments responsible for directly addressing individual risks.

The Risk Management Subcommittee is tasked with establishing the Group's risk management system, verifying implementation processes, and ensuring that no material risks are overlooked from a Group-wide management perspective.

Risk Management Framework



Risk Management Implementation Process



Important Risks

The following are the "important risks" that could have a significant impact on the Kureha Group's business performance and related circumstances.

- | | |
|---|--|
| (1) Changes in the business environment of the individual business segments | (6) Environmental risk |
| (2) Compliance risk | (7) Litigation risk |
| (3) Market conditions, procurement of raw materials, fuels, etc. | (8) Information security risk |
| (4) Occurrence of natural disasters and accidents | (9) Overseas business risks |
| (5) Product liability and product quality | (10) Emergence of new technologies and development risks |

Compliance

The Kureha Group recognizes compliance—the foundation for sustainability management that pursues sustainable development for society and the company—as a material issue in sustainability. In all aspects of corporate activities, the management and employees of the Group companies comply with domestic and international laws and regulations and conduct activities in line with social norms.

Compliance System

In line with the Kureha Group Charter of Corporate Behavior, each Group company has established its own Compliance Regulations. The Group is committed to adhering not only to the letter of domestic and international laws and social norms, but also to their underlying spirit.

At Kureha, the Compliance Committee—chaired by the President and Chief Executive Officer or a Director designated by the President—and a dedicated compliance department have been established to oversee the development, maintenance, and operation of the Company's cross-functional compliance framework. Guided by the Kureha Group Charter of Corporate Behavior and the Kureha Group Code of Conduct, Kureha promotes rigorous compliance across the Company and supports the implementation of robust compliance practices throughout the Group.

The Group also rigorously manages its tax-related activities and internal controls in accordance with its tax policy. In addition to ensuring proper accounting practices, it consults with external experts—such as certified tax accountant corporations—to help ensure that tax operations are both reasonable and fully compliant with applicable tax laws and regulations. Tax-related duties are executed by the Director responsible for the Accounting Department, while the Audit & Supervisory Board Members and the Audit & Supervisory Board oversee the execution of Directors' duties from an independent and objective standpoint.

Whistleblowing System

The Group has established a dedicated consultation desk (hotline) that employees may use to report or seek advice when they become aware of conduct that may violate compliance standards, when they have concerns or doubts, or when they are unsure how to proceed.

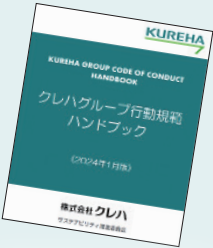
The hotline also handles consultations on compliance matters related to product safety, human rights, the environment, occupational health and safety, fair and free competition, and relationships with political, governmental, and societal entities. The Group's regulations strictly prohibit any disadvantageous treatment of individuals for reporting or seeking advice through the hotline. To promote greater use of the system, the Group has established an external consultation desk staffed by attorneys, as well as a dedicated harassment hotline operated by female counselors. In addition, the Group has introduced an internal leniency system under which disciplinary action may be reduced or waived for individuals who voluntarily report their own misconduct.

In fiscal 2024, the Group received 21 internal reports, excluding those from overseas Group companies. Based on the seriousness of each case, disciplinary action was taken in accordance with internal regulations where warranted, and corrective measures were implemented to prevent recurrence.

Initiatives for Compliance Education and Awareness-Raising

The Group promotes a culture of compliance awareness and works to maintain and enhance its compliance framework across all Group companies. These efforts include conducting awareness surveys and organizing information-sharing sessions on compliance-related training and case handling between Kureha and its Group companies.

- Training based on the Kureha Group Code of Conduct Handbook
- Compliance awareness surveys (including Group companies)
- Information-sharing sessions on education and case response between Kureha and Group companies
- Training on security trade control
- Reviews of compliance with the Antimonopoly Act, personal data protection, and other relevant regulations



Kureha Group Code of Conduct Handbook

Financial Information (Japanese GAAP)	Unit	2016/3
For the year:		
Net sales:	Million yen	142,549
Domestic	Million yen	96,025
Overseas	Million yen	46,524
Net sales by segment:		
Advanced Materials	Million yen	36,536
Specialty Chemicals	Million yen	31,182
Specialty Plastics	Million yen	44,210
Construction	Million yen	16,201
Other Operations	Million yen	14,418
Operating income	Million yen	12,600
Net income attributable to owners of parent	Million yen	7,342
Capital expenditure	Million yen	12,139
Depreciation and amortization	Million yen	9,877
Research and development expenses	Million yen	4,885
Cash flows from operating activities	Million yen	14,045
Cash flows from investing activities	Million yen	(6,026)
Cash flows from financing activities	Million yen	(9,328)
Year-end:		
Total assets	Million yen	236,633
Net assets	Million yen	119,274
Interest-bearing debt	Million yen	79,685
Amounts per share:		
Net income—basic	Yen	42.73
Net assets	Yen	686.06
Cash dividends	Yen	11.00
Ratios:		
Operating income to net sales	%	8.8
Net income to net sales	%	5.2
Return on equity	%	6.2
Return on assets	%	4.9
Equity ratio	%	49.8

Financial Information (IFRS)	Unit	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
For the year:										
Revenue:	Million yen	132,294	147,329	148,265	142,398	144,575	168,341	191,277	177,973	162,015
Domestic	Million yen	97,630	107,145	103,862	102,718	100,678	105,609	109,387	113,991	111,767
Overseas	Million yen	34,664	40,184	44,403	39,680	43,897	62,732	81,890	63,982	50,247
Revenue by segment:										
Advanced Materials	Million yen	33,369	41,640	45,749	41,842	44,465	66,687	82,693	64,510	57,372
Specialty Chemicals	Million yen	25,866	26,176	27,309	24,331	23,543	26,157	31,784	33,949	30,677
Specialty Plastics	Million yen	42,791	45,397	45,148	43,473	42,352	44,773	46,792	47,328	40,528
Construction	Million yen	13,934	17,354	12,415	14,457	13,919	12,174	11,310	13,948	14,842
Other Operations	Million yen	16,332	16,760	17,643	18,293	20,294	18,547	18,696	18,237	18,593
Operating profit	Million yen	9,255	12,973	17,172	18,041	17,263	20,142	22,350	12,800	9,428
Profit attributable to owners of parent	Million yen	7,001	9,697	13,933	13,719	13,493	14,164	16,868	9,734	7,800
Capital expenditure	Million yen	10,304	9,768	13,174	14,928	14,322	14,319	16,457	35,264	46,619
Depreciation and amortization	Million yen	10,191	9,898	10,310	12,110	11,672	11,550	11,615	11,660	12,684
Research and development expenses	Million yen	4,734	4,962	5,270	5,995	5,561	5,649	6,494	6,856	6,806
Cash flows from operating activities	Million yen	12,350	20,178	23,377	15,150	26,704	28,581	22,744	11,601	29,525
Cash flows from investing activities	Million yen	(1,071)	(9,698)	(8,363)	5,483	(3,876)	(10,999)	(11,100)	(34,288)	(39,436)
Cash flows from financing activities	Million yen	(11,727)	(10,415)	(15,478)	(19,353)	(12,516)	(6,105)	(10,484)	12,135	8,437
Year-end:										
Total assets	Million yen	234,907	242,281	247,352	246,890	256,923	282,639	296,404	330,630	345,298
Total equity attributable to owners of parent	Million yen	124,297	150,193	160,551	164,990	183,830	199,219	215,199	221,377	209,372
Interest-bearing debt	Million yen	71,007	48,089	39,018	37,317	29,506	28,507	26,275	54,904	86,011
Amounts per share:										
Basic profit	Yen	135.79	169.16	226.52	230.87	230.44	241.91	288.10	173.03	149.67
Owners' equity	Yen	2,410.96	2,423.89	2,640.86	2,817.69	3,139.55	3,402.44	3,675.34	4,022.68	4,209.15
Cash dividends	Yen	36.67	41.67	55.00	56.67	56.67	70.00	90.00	86.67	86.70
Ratios:										
Operating profit to revenue	%	7.0	8.8	11.6	12.7	11.9	12.0	11.7	7.2	5.8
Profit attributable to owners of parent to revenue	%	5.3	6.6	9.4	9.6	9.3	8.4	8.8	5.5	4.9
Return on equity	%	5.8	7.1	9.0	8.4	7.7	7.4	8.1	4.5	3.6
Return on assets	%	3.8	5.3	7.1	7.3	7.0	7.6	7.9	4.4	3.0
Equity ratio	%	52.9	62.0	64.9	66.8	71.6	70.5	72.6	67.0	60.6

Note: Effective January 1, 2024, the Company conducted a three-for-one stock split of its common stock. Basic profit per share, owners' equity per share, and cash dividends per share are calculated on the assumption that the stock split had been implemented at the beginning of the fiscal year ended March 2017.

	Unit	Scope	2021/3	2022/3	2023/3	2024/3	2025/3
Human Capital							
Total number of employees	People	Kureha Group	4,293	4,259	4,271	4,217	4,017
By business segment							
Advanced Materials	People	Kureha Group	841	837	843	860	840
Specialty Chemicals	People	Kureha Group	317	305	310	243	237
Specialty Plastics	People	Kureha Group	1,047	1,023	1,003	955	737
Construction	People	Kureha Group	281	279	279	277	282
Other Operations	People	Kureha Group	1,255	1,254	1,271	1,235	1,249
Corporate / Administrative Divisions	People	Kureha Group	552	561	565	647	672
Number of employees	People	Kureha	1,676	1,663	1,655	1,667	1,671
Male	People	Kureha	1,309	1,295	1,284	1,300	1,311
Female	People	Kureha	367	368	371	367	360
Percentage of female employees	%	Kureha	21.9	22.1	22.4	22.0	21.5
Percentage of women in management positions	%	Kureha	5.4	5.6	6.8	7.6	8.7
Percentage of paid holiday taken	%	Kureha	72.5	75.7	86.3	88.1	84.9
Utilization rate of childcare leave by male employees	%	Kureha	4.7	4.8	16.6	25.0	55.2
Utilization rate of childcare leave and childcare-related leave by male employees	%	Kureha	—	—	—	77.3	97.3
Work engagement score (Deviation value)	%	Kureha	—	—	—	50.9	51.0
Employment rate of people with disabilities	%	Kureha	2.45	2.33	2.38	2.48	2.61*1

Environment

GHG emissions volume from business activities (Scope1+2 [Market-based])	1,000 t-CO ₂	Kureha Group	559	585	542	511	454*2
Energy usage (Crude oil equivalent)	1,000 kL	Kureha Group	146	157	161	170	163
Water withdrawal	1,000m ³	Kureha Group	23,897	23,985	25,005	25,209	23,484
Total discharge	1,000m ³	Kureha Group	21,485	21,839	21,397	21,294	19,586
Waste generation volume	1,000t	Kureha Group	—	—	67.7	86.4	79.5
Recycling volume	1,000t	Kureha Group	—	—	37.7	51.8	48.5
Recycling rate	%	Kureha Group	—	—	55.6	59.9	61.0*3

*1: Includes Sunshine Kureha Co., Ltd., a special subsidiary. *2: Calculation method revised starting in fiscal 2022. *3: Recycling rate = Recycling volume ÷ Waste generated volume × 100

Corporate Data (March 31, 2025)

Corporate Name	Kureha Corporation
President and CEO	Yutaka Kobayashi
Establishment	June 21, 1944
Head Office	3-3-2 Nihonbashi-Hamacho, Chuo-ku, Tokyo 103-8552, Japan Tel: 81-3-3249-4666 Fax: 81-3-3249-4744
Paid-in Capital	¥18,169 million
Business Outline	Manufacturing and sales of advanced materials, specialty chemicals and plastics
Number of Employees	4,017 (Consolidated) 1,671 (Non-consolidated)
Group Companies	26 consolidated subsidiaries and 1 equity-method affiliate
Major Overseas Bases	United States, Germany, the Netherlands, Australia, China and Vietnam

Stock Information (March 31, 2025)

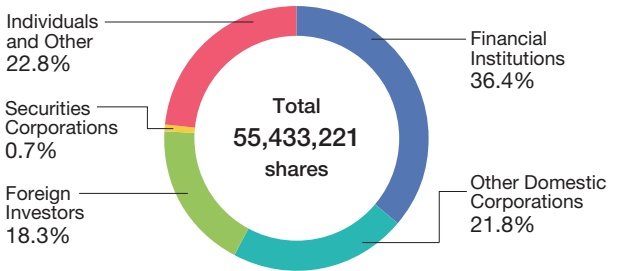
Security Code	4023
Number of Shares of Common Stock Issued	58,576,221 shares
Number of Shareholders	11,300
Stock Exchange Listings	Tokyo Stock Exchange
Fiscal Term	April 1– March 31
Ordinary General Meeting of Shareholders	June
Transfer Agent	Mizuho Trust & Banking Co., Ltd. 3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Independent Auditor	Ernst & Young ShinNihon LLC

Major Shareholders (March 31, 2025)

Name of shareholder	Shares held (thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan Ltd. (Trust account)	5,457	11.0
Reno Co., Ltd.	4,919	9.9
Meiji Yasuda Life Insurance Company	4,123	8.3
S-GRANT.CO., LTD.	4,036	8.1
Custody Bank of Japan, Ltd. (Trust Account)	3,151	6.3
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,650	3.3
Mizuho Bank, Ltd.	1,200	2.4
STATE STREET BANK AND TRUST COMPANY 505001	1,070	2.2
STATE STREET BANK AND TRUST COMPANY 505103	986	2.0
The Master Trust Bank of Japan Ltd. (Trust account 4)	953	1.9

Note: Number of shares held is rounded down to the nearest thousand share. Shareholding ratios are calculated excluding treasury stock.

Shareholder Composition (March 31, 2025)



Note: Shareholder composition ratios are shown rounded down to the nearest unit. Treasury shares held by the Company are included in the "Individuals and Others" category.

Stock Prices and Trading Volume (March 31, 2025)

