



# KUREHA CORPORATION Business Report 2024

Year ended March 31, 2024

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

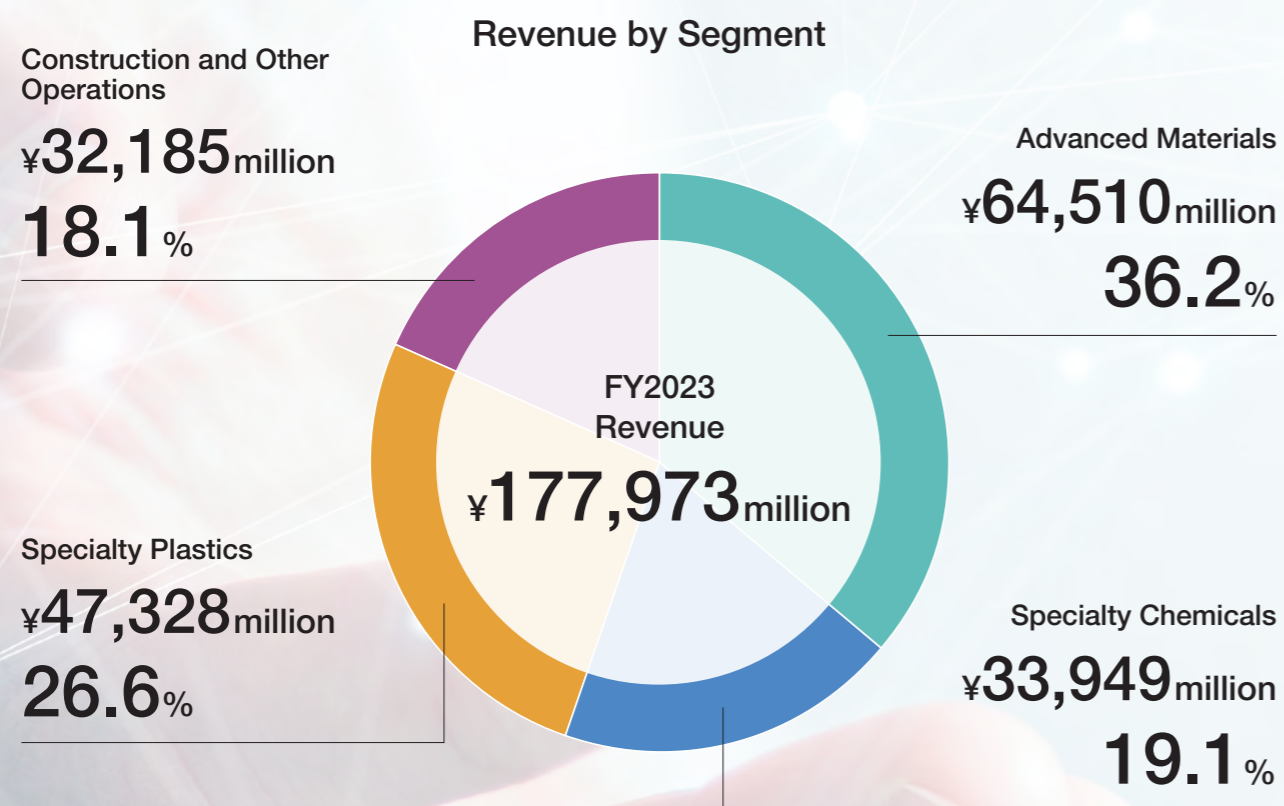


# Toward Creating a New Future

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.



## Editorial Policy

Thank you for reading the Kureha Business Report.

The purpose of this report is to share the Kureha Group’s current situation and future direction with our stakeholders.

This year’s Business Report includes not only an overview of fiscal 2023 but also the Kureha Group Medium- to Long-Term Management Plan, the Rolling Plan 2025, formulated in May 2024.

As with the 2022 edition, in response to the progress of online publishing following the COVID-19 pandemic, we are publishing it as an electronic version (PDF) so that it can be accessible to as many people as possible regardless of location.

We hope that this business report will deepen your understanding of the Company and enhance its appeal.

## Contents of the Report

### ■ Reporting Period

In principle, the reporting period is the same as the fiscal year (April 2023 to March 2024). However, some sections of this report may include content outside this period.

### ■ Reference Guidelines

ISO 26000 Guide to Social Responsibility

### ■ Date of Issue

August 2024 (updated annually in principle)

### ■ Disclaimer

This report includes not only past and present facts about Kureha Corporation and its Group companies but also future forecasts based on plans and outlooks at the time of publication. These forecasts are assumptions or judgments based on the information available at the time of writing and may differ from actual results due to unforeseen changes in conditions. Additionally, some figures in the tables and graphs have been revised from previous years due to changes in the target range and revisions in the calculation method. We appreciate your understanding.

## Information Disclosure

The Kureha Group uses the following reporting tools to systematically disclose information:

**Kureha Business Report: PDF (Japanese/English)**  
**Kureha Report: Booklet/ PDF (Japanese)**

These reports presents the financial, management and overall business conditions of Kureha Corporation, with investors and shareholders as the primary readers.

### Kureha website (Sustainability)

This website includes information on sustainability activities, detailed performance data, and past reports.



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Kureha, which celebrated its 80th anniversary in 2024, is implementing the Kureha Group Medium- to Long-Term Management Plan, Rolling Plan 2025 to establish a balanced business structure that does not overly rely on specific businesses for profit.



President &  
Chief Executive Officer  
**Yutaka Kobayashi**

### ▶ Looking Back on Fiscal 2023

The Kureha Group maintained a trend of increasing revenue and profit for over ten years until fiscal 2022, even though operating profit was below ¥10 billion in the early 2010s. We steadily expanded our business and strengthened our financial position, with operating profit reaching the ¥20 billion level in fiscal 2021 and 2022. In fiscal 2023, we launched a new management plan for the first time in seven years: the Kureha Group Medium- to Long-Term Management Plan, “Toward Creating a New Future.” This plan aims to promote sustainable management while enhancing medium- to long-term corporate value and contributing to a sustainable society.

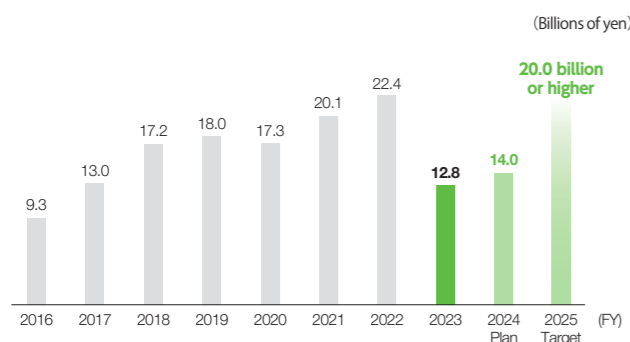
However, our core business, which involves polyvinylidene fluoride (PVDF) used as a binder for cathode materials in lithium-ion secondary batteries for electric vehicles, faced challenges in fiscal 2023. Despite global environmental policies supporting steady business expansion, the end of subsidies for electric

vehicles in Europe and concerns over economic recession significantly cooled the market environment, leading to a major deviation from our targets in the first year.

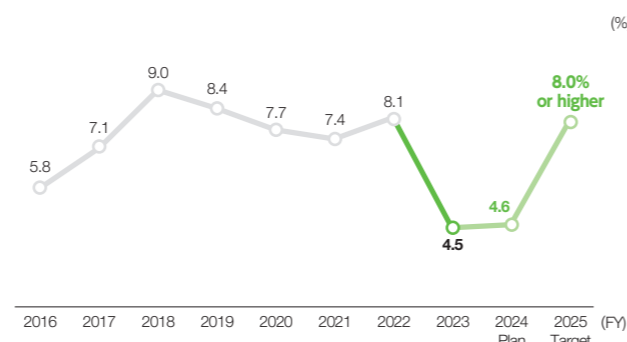
As PVDF represents a significant portion of our consolidated earnings, the decline in PVDF earnings had a substantial impact. On the other hand, many businesses outside of PVDF, such as the household goods business centered on *New Kurewrap*, the carbon products business, the construction-related business, and the environmental business, performed better than initially planned.

In fiscal 2023, we decided to make our largest capital investment ever, approximately ¥70 billion, to expand the PVDF plant capacity at the Iwaki Factory. We are making steady preparations to commence commercial operations in fiscal 2026 or later to ensure a stable supply of products to customers once the market environment for the PVDF business improves.

### ● Operating Profit



### ● ROE



### ▶ Formulation of the Kureha Group Medium- to Long-Term Management Plan, Rolling Plan 2025

The basic stance of our Medium- to Long-Term Management Plan, “Toward Creating a New Future,” launched last year, remains unchanged. We will continue our efforts to reduce environmental impact as planned. However, to increase the likelihood of achieving our quantitative goals, we have decided to revise the plan in response to changes in the business environment by evaluating and examining various measures. Consequently, we have formulated the “Kureha Group Medium- to Long-Term Management Plan, the Rolling Plan 2025” (hereinafter referred to as the “Rolling Plan”).

To move away from a growth scenario and business structure overly reliant on the growth of a single PVDF business, we aim to identify new businesses with growth potential, allocate resources to promising ventures, and reexamine strategies for existing profit-supporting businesses. By doing so, we will solidify our profit base and achieve our fiscal 2025 targets of ¥185 billion or more in revenue and ¥20 billion or more in operating profit. Additionally, as a new initiative to swiftly expand profits while focusing on proprietary technology development, we will pursue M&A in areas related to our existing businesses, such as downstream development of existing products and materials, information and communications, and agrochemicals. To optimize our business portfolio, we have decided to withdraw from the heat-shrinkable multilayer film business for commercial packaging materials in Europe. The inability to differentiate our products due to the lack of our own raw materials, combined with the rising costs from European inflation, has made continued business expansion challenging. The Company primarily operates in specialty niches where technological differentiation of products and services is crucial for continuous business growth.

We will also fully address the Tokyo Stock Exchange’s (hereinafter referred to as the TSE) request at the end of March 2023 to implement management that considers capital costs and stock prices. In this Rolling Plan, we have established key performance indicators for fiscal 2025, including a return on equity (ROE) of 8% or more and a price-to-book ratio (PBR) of 1.0 times or more. Although the Kureha Group Medium- to Long-term Management Plan, “Toward Creating a New Future,” was already based on the TSE’s request, we will reassess if there is room for further improvement. Our capital policy will be reviewed to enhance capital profitability, including reducing the equity ratio to around 50%, doubling the amount of treasury stock repurchased by fiscal 2025, and

strengthening shareholder returns by setting a minimum dividend limit. Moving forward, we will rigorously manage our businesses based on the return on invested capital (ROIC) of each business segment and implement improvement measures for those with issues regarding capital profitability.

### ▶ Celebrating 80 Years of Foundation and Toward Further Growth

This June marked our 80th anniversary. Throughout our 80-year history, we have been keenly pursuing the development of unique and differentiated technologies. However, over the past 20 years, while the launch of new grades of existing products and the development of productivity-enhancing technologies have been sources of profit generation, business creation through the development of new technologies, excluding polyglycolic acid (PGA), has become an issue.

In light of this situation, our Group Medium- to Long-Term Management Plan, “Toward Creating a New Future,” places the revitalization of our technology-driven company as the most important measure. In R&D, we are developing large-scale new agrochemicals, and in new business, we are advancing the development of markets for touch panels using PVDF piezo film and SiC fiber. Additionally, we have reorganized the R&D Division and the New Business Division to incorporate a market-oriented perspective based on an understanding of market needs and to utilize not only our proprietary technologies but also the technologies of other companies through open innovation. This organizational change aims to further speed up and streamline research and development.

Regarding the creation and exploration of new businesses, the New Business Division has established a base in Houston, Texas, and is promoting new business creation under a global framework parallel to Japan and the United States. We have also decided to open a new R&D center in Tokyo to further utilize cutting-edge technology, improve market access for researchers, and recruit highly technical experts. We are also investing in and collaborating with U.S. startups.

Based on the unique technologies we have cultivated since our foundation, we will continue to take on challenges and innovate together with our management and employees. Our goal is for Kureha to be recognized as an indispensable company for the realization of a sustainable society as a technology-based company. Please look forward to our challenge of creating the future.

# 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.

**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

**1986** The Ibaraki Research Laboratory (now the Polymer Processing Research Laboratories) was established.

**1989** Released *New Krewrap* in which the package design was changed to a fresh-fruit pattern with functional improvements.



*New Krewrap*

**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年** 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 (Scheduled)** Establishment of R&D center in Tokyo

## KUREHA

### High chlorine utilization

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.

### Petrochemical process development

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).

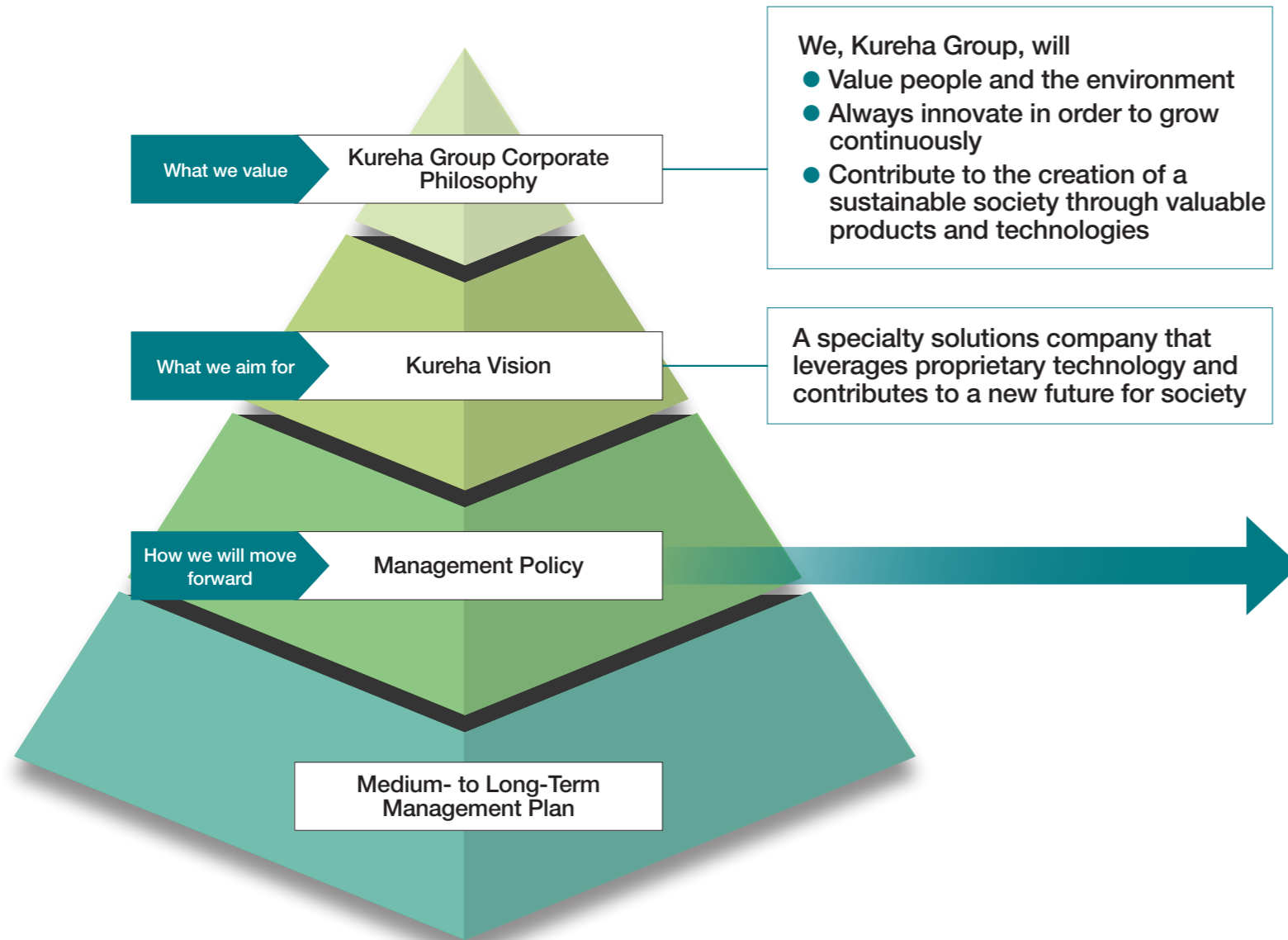
### Specialty orientation

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.

### Global development

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 has established a 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.



**We, Kureha Group, will**

- Value people and the environment
- Always innovate in order to grow continuously
- Contribute to the creation of a sustainable society through valuable products and technologies

**A specialty solutions company that leverages proprietary technology and contributes to a new future for 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.

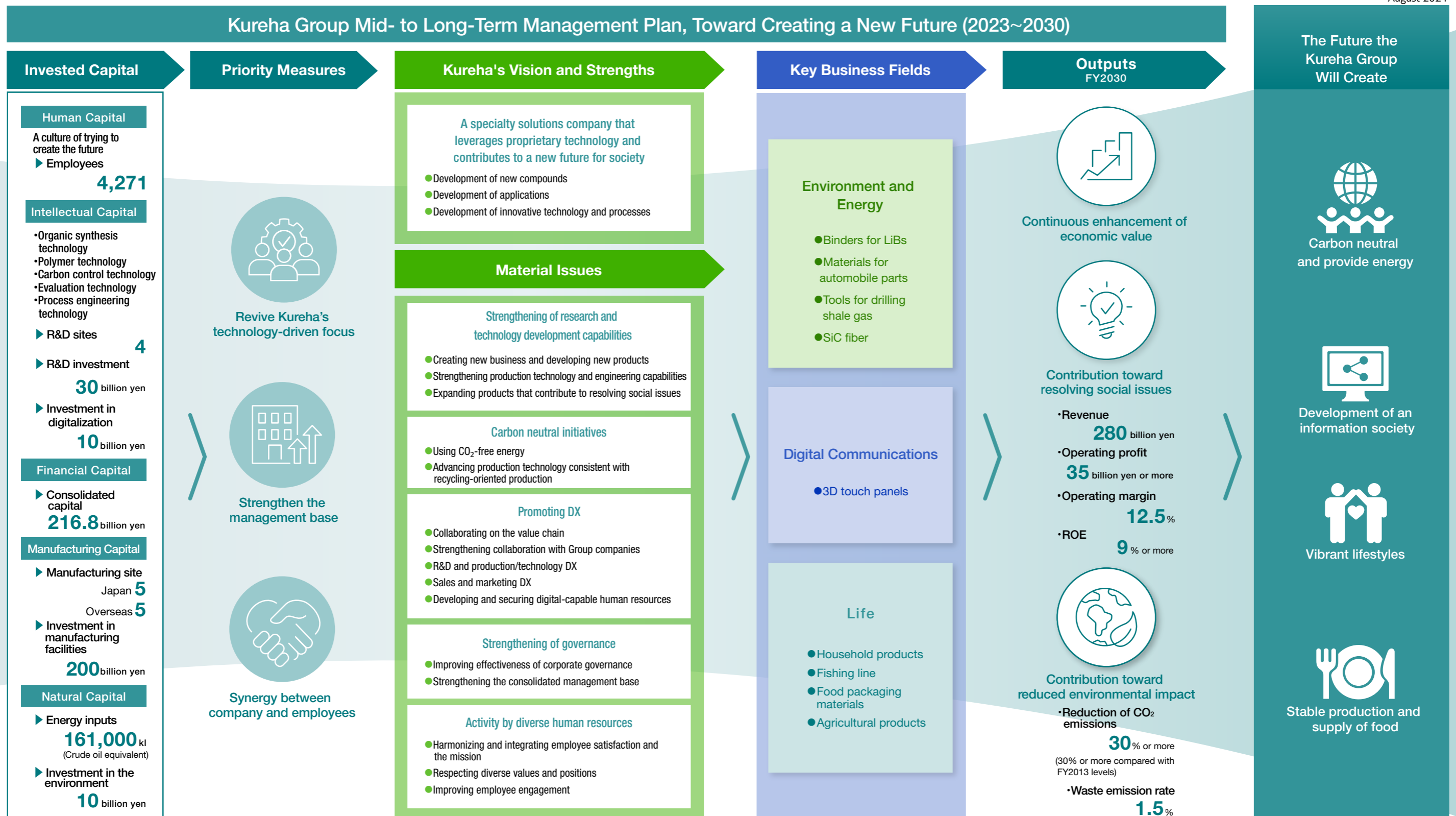
▶ Priority Measures

- 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 2024



Note: The invested capital and the outputs for FY2030 are the values in the mid- to long-term management plan when it was announced in April 2023. Performance targets for FY2030 and investment plans up to FY2030 will be disclosed again when the next mid-term management plan, starting from FY2026, is announced.

# Toward Our Targets in fiscal 2030

## Material Issues

The Kureha Group leverages its unique technological capabilities and strengths to address social issues, contributing to social development and enhancing corporate value.

In fiscal 2023, as part of launching the Kureha Group Medium- to Long-Term Management Plan, "Toward Creating a New Future," we identified material issues that we should prioritize to continuously increase the Kureha Group's economic value and contribute to solving social issues. These material issues have been embedded into our Medium- to Long-Term Management Plan.



## Our Targets in fiscal 2030

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.

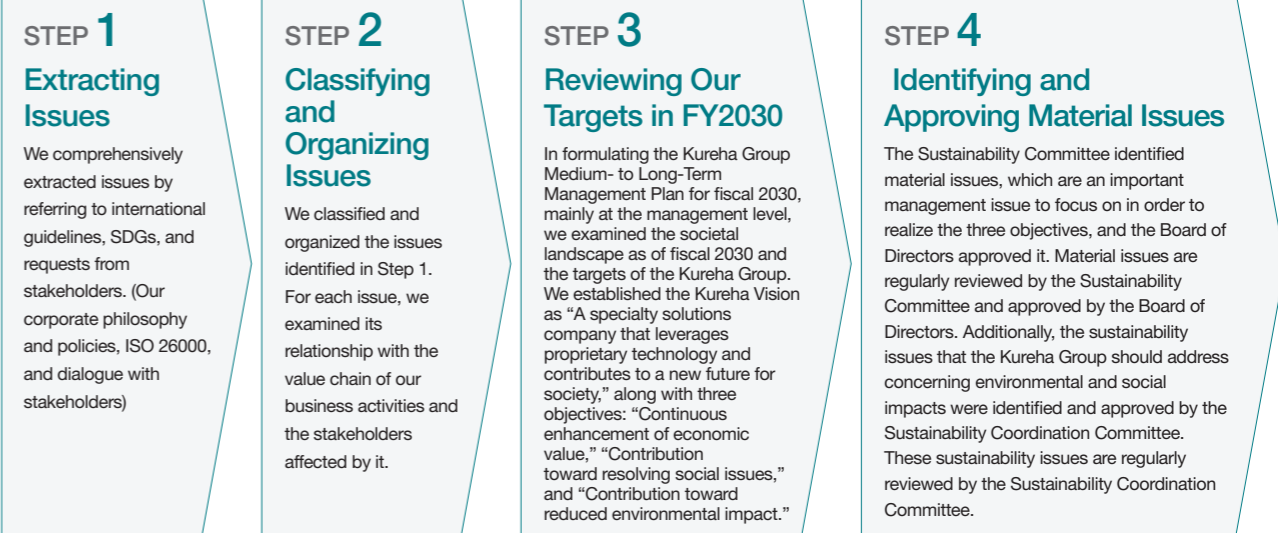
We will strive to increase social value by offering products and services that contribute to solving environmental and social issues.

The Kureha Group will be committed to reducing CO<sub>2</sub> emissions, lowering the environmental impact of our business operations.

We will respect the diverse values of its employees and improve employee engagement.

## Steps for Identifying Material Issues

The steps for identifying "material issues" and "sustainability issues" are as follows:



Note: The system for promoting sustainability, including material issues, is described in Sustainability Management on page 30.



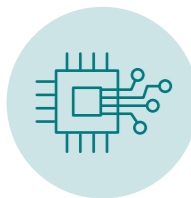
### Strengthening Research and Technological Development Capabilities

Kureha has contributed to societal development by creating new products with unique technologies, embodying the spirit of "Nakereba, Tsukureba" (If it doesn't exist, create it). Strengthening our research and technological development capabilities is an essential and extremely important task for our continued growth as a technology-driven company. We will continue to refine the tangible and intangible assets we have accumulated over the years to make them even more competitive.



### Carbon Neutral Initiatives

Recognizing that climate change is one of the most urgent environmental issues, Kureha will work to reduce CO<sub>2</sub> emissions related to its business activities. We aim to balance our corporate social responsibility of achieving carbon neutrality with enhancing economic value, while also addressing social issues through our business activities.



### Promoting DX

Through the establishment of a global network within the Kureha Group, we will facilitate swift information sharing and address issues such as developing products to meet customer and societal needs, creating new applications, and advancing production technologies, while also improving daily operational efficiency through the promotion of DX.



### Strengthening of Governance

In order to enhance corporate value, maintain and strengthen appropriate relationships with stakeholders, and promote sustainability management, we will bolster our organizational structure, risk management, and compliance systems, as well as our consolidated management foundation, thereby enhancing our governance.



### Activity by Diverse Human Resources

For the sustainable growth of the company, it is crucial to harmonize and integrate employees' job satisfaction with the company's mission. Additionally, by respecting diverse values and perspectives, we aim to foster an environment that encourages individuals to willingly take on new challenges, thereby promoting the active participation of diverse human resources.

(As of August 2024)

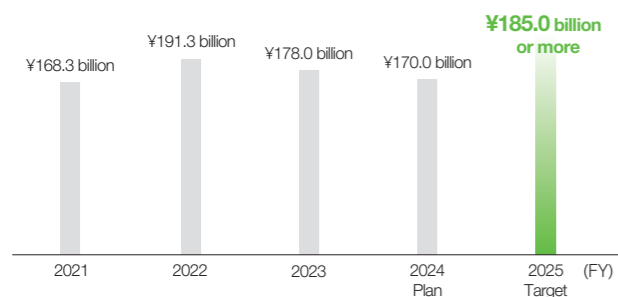
# Kureha Group Medium- to Long-Term Management Plan, Rolling Plan 2025

## Performance Targets and Key Performance Indicators (KPIs)

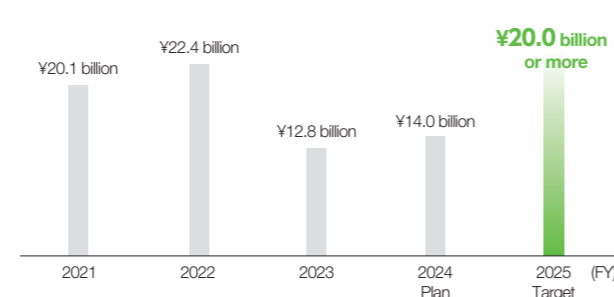
- We have established a new ROE target for fiscal 2025 to promote balance sheet-focused management with greater emphasis on capital returns.
- Improve the numerator of our ROE by implementing extensive business expansion measures and corporate-wide cost reduction.
- Mitigates business risks by reviewing investment plans, particularly for the polyvinylidene fluoride resin (PVDF) business.
- Review our capital structure while mitigating business risks, enhance shareholder returns, and promotes balance sheet-focused management. (Shareholder returns: Setting a minimal annual dividend of ¥86.7 per share, three-year share buybacks to double.)
- We have also set a new KPI target, PBR of 1 or above, to be achieved by the end of fiscal 2025.

|                                   | FY2023           | FY2024         | Rolling Plan FY2025 | FY2025 Original plan             |                |
|-----------------------------------|------------------|----------------|---------------------|----------------------------------|----------------|
| Performance Targets               | Revenue          | ¥178.0 billion | ¥170.0 billion      | [Revised] ¥185.0 billion or more | ¥200.0 billion |
|                                   | Operating profit | ¥12.8 billion  | ¥14.0 billion       | [Revised] ¥20.0 billion or more  | ¥25.0 billion  |
| Key Performance Indicators (KPIs) | ROE              | 4.5%           | 4.6%                | [Newly] 8.0% or more             | —              |
|                                   | PBR              | 0.7 times      | —                   | [Newly] 1.0 time or above        | —              |

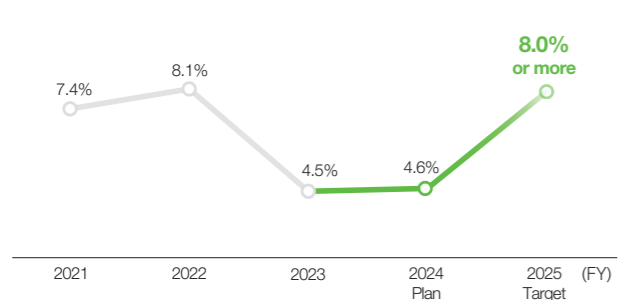
### ● Revenue



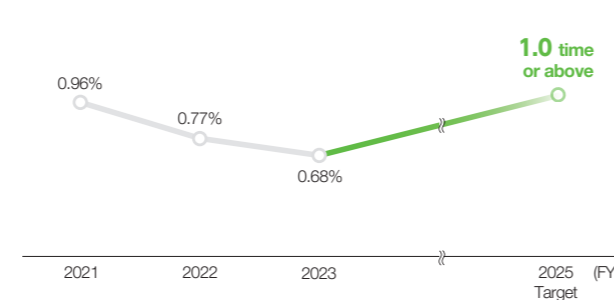
### ● Operating Profit



### ● ROE



### ● PBR

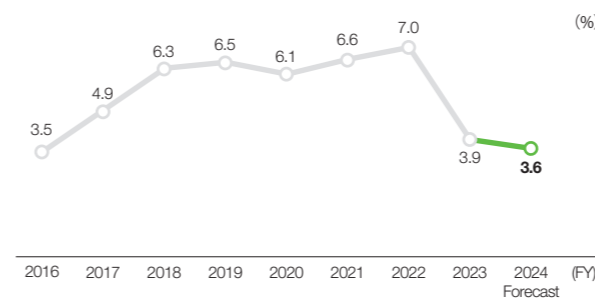


## Capital Strategies

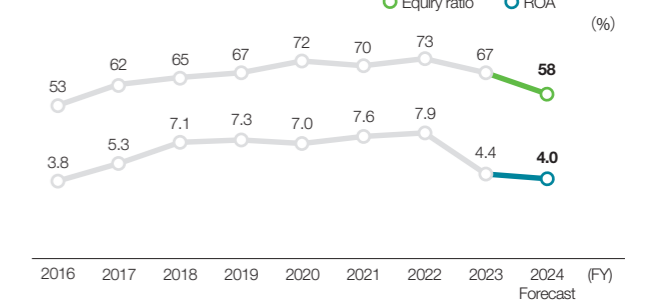
- The Board of Directors will determine each year on the cancellation of treasury shares which are considered as surpluses after deducting the number of shares required for stock compensation, M&As, etc., in addition to its decision regarding the acquisition of treasury shares. (Newly added)
- The optimal equity ratio is set at around 50% down from the previous 60% by 10%.
- Each year, the Board of Directors comprehensively considers the purpose of cross-shareholdings, the benefits and risks associated with such cross-shareholdings, the cost of capital, etc., and reviews the appropriateness of future holding of such shares of stock. Keeping to the standard that the amount held (in total) should be less than 10% of consolidated net assets, Kureha will gradually reduce the number of shares that are no longer significant for Kureha to hold or whose holdings are excessive based on a comprehensive consideration of factors such as dialogue with companies in business relationships, the impact on the market, and availability of effective use of funds.

|                               | FY2025 Original plan                             | Rolling Plan (– FY2025)                         |   |
|-------------------------------|--|---|---|
| Dividends                     | Dividend payout ratio                            | 30% or more                                     | [Continued] 30% or more   |
|                               | Minimal yearly dividend per share                | (Not set)                                       | [Newly] ¥86.7/share or more   |
| Total payout ratio            | Total payout ratio                               | 50% or more                                     | [Continued] 50% or more   |
| Treasury shares               | Treasury shares to be acquired (FY2023 – FY2025) | Approx. ¥20.0 billion                           | [Revised] Approx. ¥40.0 billion   |
|                               | Method of cancellation                           | Resolved under Article 178 of the Companies Act | [Newly] 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-based compensation and M&A activities. |
| Equity ratio                  | Equity ratio                                     | Approx. 60%                                     | [Revised] Approx. 50%   |
| Number of cross-shareholdings | Numerical criterion                              | (Not set)                                       | [Newly] Consolidated net assets ratio less than 10%   |

### ● ROIC



### ● Equity Ratio / ROA

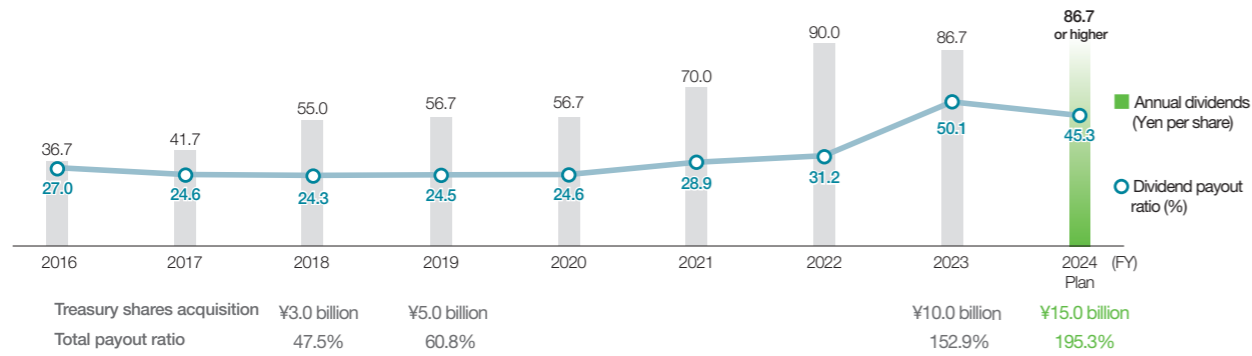




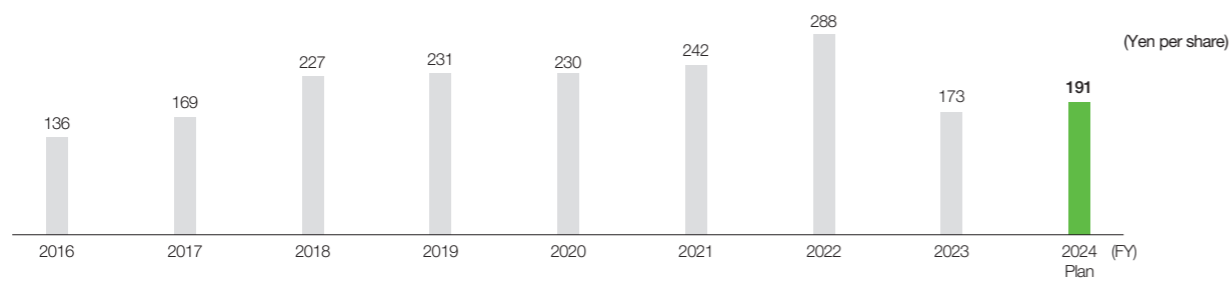
## Shareholder Returns

- The Company's basic policy on the distribution of earnings is to maintain stable dividends with a target dividend payout ratio of 30% or more, while enhancing internal reserves to enable active investment in future business expansion. Moreover, a minimal annual dividend is set at ¥86.7 per share until fiscal 2025.
- To further meet shareholders' expectations for share price appreciation, we aim for a total payout ratio of 50% or more through share buybacks and acquire approximately ¥40 billion in treasury stock during the three-year period from FY2023 through FY2025.

### ● Annual Dividends and Dividend Payout Ratio



### ● Earnings per Share (EPS)



Note: Common shares were consolidated from 10 shares to 1 share on October 1, 2016, and then split at the rate of three shares per common share on January 1, 2024. All figures are calculated based on the post-split shares as of January 2024.

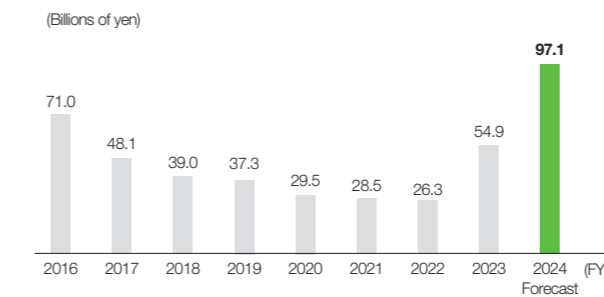
## Review of Investment Plans

- Kureha's policy to actively invest for growth remains unchanged. However, the investment plan for the PVDF business has been revised due to significant changes in the business environment.
- The decrease in capital expenditures related to PVDF is redeployed to expand profits of existing businesses and as M&A funds.

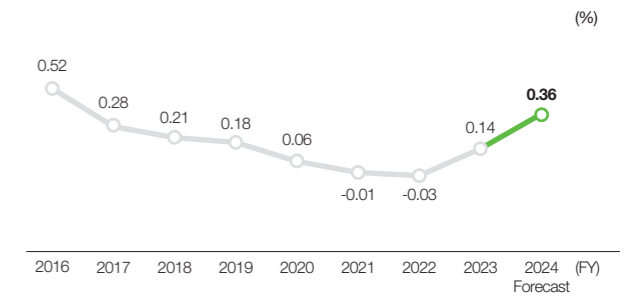
### ● Rolling Plan Breakdown

|                      | Rolling Plan FY2025 | FY 2025 (Original plan) |
|----------------------|---------------------|-------------------------|
| Plant & equipment    | ¥95 billion         | ¥105 billion            |
| R&D and new business | ¥5 billion          | ¥5 billion              |
| M&A                  | ¥10 billion         | —                       |
| Environmental        | ¥5 billion          | ¥5 billion              |
| DX                   | ¥5 billion          | ¥5 billion              |
| <b>Total</b>         | <b>¥120 billion</b> | <b>¥120 billion</b>     |

### ● Interest-Bearing Debt



### ● Net Debt to Equity Ratio



## Capital utilization to Achieve Both Medium- and Long-Term Increases in Corporate Value and Contribute to a Sustainable Society

Kureha secures the necessary funds by borrowing from financial institutions and issuing corporate bonds and commercial paper. To optimize the use of funds and minimize financial expenses, we have implemented a cash management system. Our overseas Group companies carry out pooling in Europe, the United States, and China. Our primary policy is to maximize operating cash flow by meeting profit plans and improving asset efficiency. We allocate these funds to capital investment and M&A in growth areas, capital investment for the expansion of existing businesses, R&D investment, and shareholder returns.

We present the cash allocation and fund procurement strategies of the Medium- to Long-Term Management Plan, the Rolling Plan 2025, along with our ongoing efforts to utilize funds.

### The Rolling Plan 2025 Cash Allocation and Funding

- As indicated in the "Review of Investment Plan (page 16)," during the three years from fiscal 2023 to fiscal 2025, we will continue to emphasize growth investment and actively invest in businesses expected to grow further.
- To maintain a certain level of financial stability (equity ratio of approximately 50%) and promote balance sheet management with a greater awareness of capital profitability, the Company has set an ROE target of 8% or more for fiscal 2025. As a concrete measure to review the balance between debt and shareholders' equity, we will repurchase approximately ¥40 billion of treasury stock over the three years from fiscal 2023 to fiscal 2025.
- To steadily implement growth investments and shareholder returns, we will finance the shortfall in operating cash flow mainly through the issuance of straight corporate bonds and borrowing from financial institutions. In fiscal 2024, we decided to issue ¥20 billion in green bonds to promote the social value of the polyvinylidene fluoride resin (PVDF) business.
- The Company will continue to reduce its cross-shareholdings, and the proceeds from stock sales will be used for growth investments.

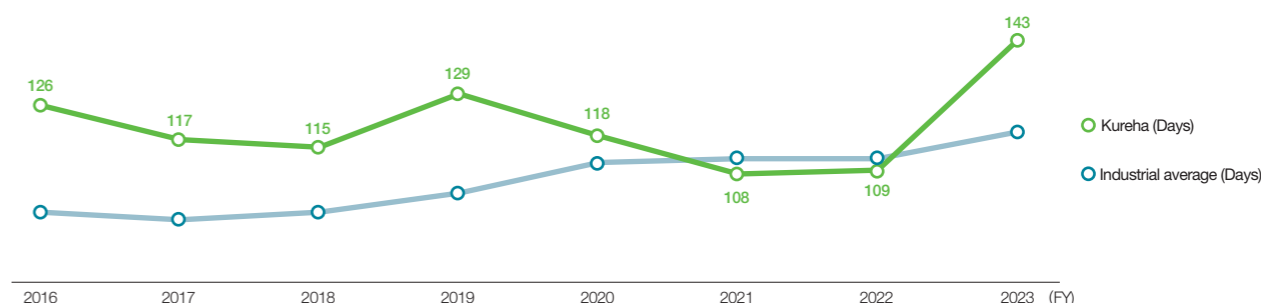
### Cash Allocation

|                                  | FY2020<br>- FY2022 | Rolling Plan<br>FY2023 - FY2025 | Change         | Supporting information   |
|----------------------------------|--------------------|---------------------------------|----------------|--|
| Operating cash flow              | ¥78.0 billion      | ¥63.0 billion                   | -¥15.0 billion |  |
| Income from sale of assets, etc. | ¥13.1 billion      | ¥5.3 billion                    | -¥7.8 billion  | Cross-shareholdings to less than 10% of consolidated net assets                  |
| Raising interest-bearing debt    | —                  | ¥85.2 billion                   | ¥85.2 billion  | Bond issuance: ¥40 billion (considering the use of green bonds)                  |
| Other                            | —                  | ¥3.9 billion                    | ¥3.9 billion   |  |
| Income of funds                  | ¥91.1 billion      | ¥157.4 billion                  | ¥66.3 billion  |  |
| Capital investment               | ¥45.1 billion      | ¥105.0 billion                  | ¥59.9 billion  | Capital investment: ¥95.0 billion;<br>Environment & DX investment: ¥10.0 billion |
| M&A, etc.                        | ¥0.4 billion       | ¥10.0 billion                   | ¥9.6 billion   |  |
| Shareholder return               | ¥11.7 billion      | ¥54.8 billion                   | ¥43.1 billion  | Repurchase of treasury stock: ¥40.0 billion (FY2023 to FY2025)                   |
| Interest-bearing debt repayment  | ¥11.0 billion      | —                               | -¥11.0 billion |  |
| Expenditure of funds             | ¥68.2 billion      | ¥169.8 billion                  | ¥101.6 billion |  |

### Toward Capital Utilization

- To enhance our corporate value, we have consistently benchmarked our company against industry peers using indicators such as economic value added (EVA™) and return on invested capital (ROIC), striving for continuous improvement.
- In the fiscal year ended March 31, 2023, we achieved an industry-average cash conversion cycle by continuously improving working capital turnover days, with a focus on our highly competitive businesses such as fluorinated products, agrochemicals, household products, and environmental services.
- As the primary regions for our growth investments have shifted, we will now strengthen the centralized management and utilization of group funds.
- The cash management system and pooling, which have been effectively used and developed with our domestic Group companies, will be expanded to include cross-border pooling with our overseas Group companies (starting between Japan and the United States from fiscal 2024), further enhancing efficient capital use.
- While mitigating tail risks such as pandemics, trade frictions among countries and regions, and geopolitical risks, we will achieve and maintain an appropriate level of funds to enable flexible capital use, seizing opportunities for future growth investments.

### Cash Conversion Cycle



Notes 1. The cash conversion cycle (CCC) is an indicator of a company's ability to generate cash from its operating activities. It is calculated as:  
 $CCC = \text{Receivables turnover period} + \text{Inventory turnover period} - \text{Payables turnover period}$   
 2. The industry average is based on the data from 112 chemical companies with fiscal years ended March 31, as surveyed by Kureha.

### Investment for Growth to Maintain a Sound Financial Base and Enhance Corporate Value

The expenditures announced on August 22, 2023, for the expansion of the polyvinylidene fluoride (PVDF) production facility in Iwaki, Fukushima Prefecture, will be financed through interest-bearing debt. To ensure the smooth and cost-effective procurement of funds for future capital investments, M&A, and other initiatives aimed at enhancing corporate value, maintaining a sound financial base is crucial. Kureha's long-term issuer rating (JCR) was raised by one notch to A+ (stable) in August 2023. To achieve the goals of the Medium- to Long-Term Management Plan, "Toward Creating a New Future," Kureha will steadily implement capital policies to enhance corporate value and manage funds to maintain financial soundness.

### Kureha's Credit Rating

| Rating agency                    | Subject of rating       | Rating assessment | Outlook | Explanation of rating assessment                             |
|----------------------------------|-------------------------|-------------------|---------|--|
| Japan Credit Rating Agency (JCR) | Long-term issuer rating | A+                | Stable  | The certainty of stable debt repayment is high.*             |
| Japan Credit Rating Agency (JCR) | Domestic CP rating      | J-1               | —       | There is the highest certainty of short-term debt repayment. |

\* A plus (+) sign is added to indicate the relative position within the same rating grade.

<https://www.kureha.co.jp/ir/stocks/rating.html>





Strategy  
Business Overview  
and Strategy

## Advanced Materials

Kureha's advanced materials, developed through our innovative technologies, make significant contributions to various cutting-edge industries.

### Key products

- Polyphenylene sulfide (PPS)
- Polyvinylidene fluoride (PVDF)
- Polyglycolic acid (PGA)
- Carbon fibers
- Other advanced plastics products

### Business Overview

In the advanced plastics category, despite higher sales of polyphenylene sulfide (PPS) and polyglycolic acid (PGA) products used in the process of shale oil and gas fracking, lower sales of polyvinylidene fluoride (PVDF), used as a binder material for lithium-ion secondary batteries, and other processed plastics products caused revenue and operating profit to decline.

In the carbon products category, sales of heat insulating material for high-temperature furnaces increased, resulting in higher sales and operating profit in this business.

As a result, revenue in the Advanced Materials segment decreased by 22.0% year-on-year to ¥64,510 million, while operating profit decreased by 52.3% to ¥4,837 million.

### Future Outlook

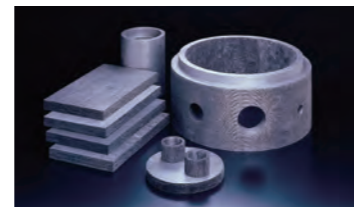
We expect demand for PVDF for lithium-ion secondary battery binders and PPS for automotive applications to remain moderate for a while but to grow steadily over the medium to long term. We will focus on expanding sales of processed PGA products and enhancing profitability.



**Polyphenylene sulfide (PPS)**  
Kureha's PPS has excellent mechanical strength, heat resistance, chemical resistance and flame resistance, and is highly regarded worldwide as a super engineering plastic.



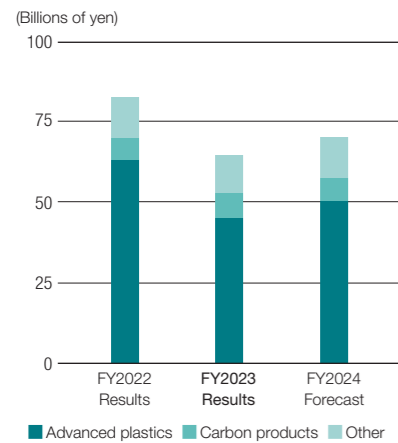
**Polyvinylidene fluoride (PVDF)**  
PVDF is a super engineering plastic with an excellent balance of chemical resistance and moldability, used in such fields as electronic materials and water treatment membranes.



**Carbon products**  
Carbon products are characterized by their exceptional heat resistance and are offered in a number of different forms, including thread, felt, sheet, cylinders, and beads.

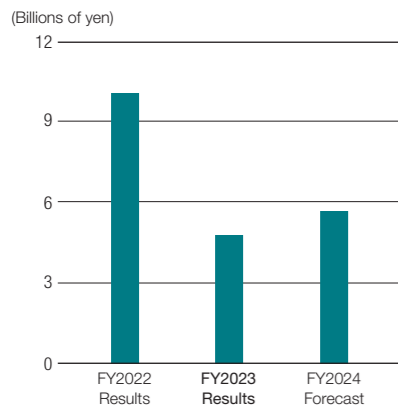
### Revenue

¥64.51 billion



### Operating Profit

¥4.84 billion



## Specialty Chemicals

Kureha's specialty chemicals contribute to public health, advancements in agriculture, and the growth of industry.

### Key products

- Agricultural and horticulture fungicide *Metconazole* and *Ipconazole*
- Therapeutic agent for chronic kidney disease
- Caustic soda
- Hydrochloric acid
- Sodium hypochlorite
- Chlorobenzene

### Business Overview

In the agrochemicals and pharmaceuticals category, sales of agricultural and horticultural fungicides and Kremezin, a treatment for chronic kidney disease increased. However, operating profit decreased due to higher R&D and other expenses.

In the industrial chemicals category, sales of inorganic chemicals increased, resulting in higher sales and operating profit in this business.

As a result, revenue in the Specialty Chemicals segment increased by 6.8% year-on-year to ¥33,949 million, while operating profit decreased by 10.5% to ¥1,655 million.

### Future Outlook

We expect a temporary decline in profit of agrochemicals due to an adjustment phase of inventories that were secured by our customers in anticipation of increased overseas demand. We will also promote the development of new products. In the industrial chemicals business, we will focus on improving profitability.



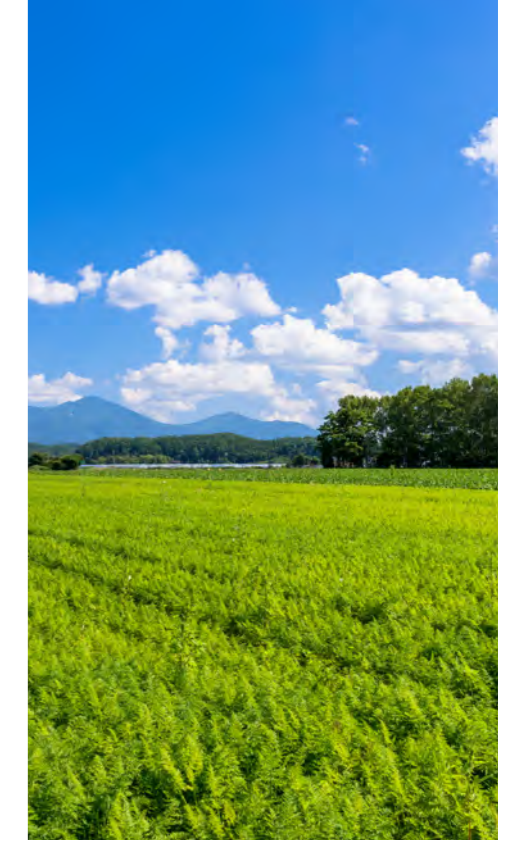
**Metconazole**  
• Agriculture and horticulture fungicide



**Ipconazole**  
• Agricultural and horticultural seed treatment fungicide

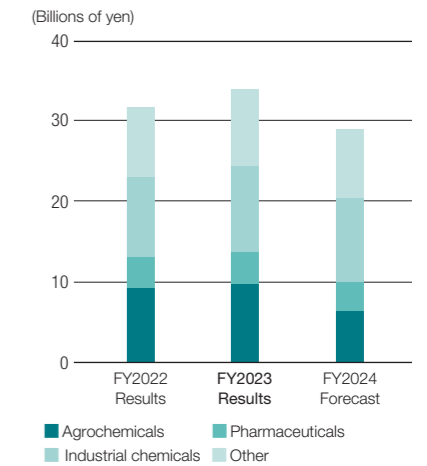


**KREMEZIN® Tablets 500 mg**  
• Therapeutic agent for chronic kidney disease



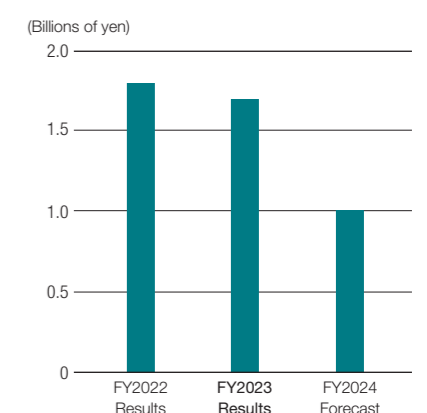
### Revenue

¥33.95 billion



### Operating Profit

¥1.66 billion





Strategy  
Business Overview  
and Strategy

## Specialty Plastics

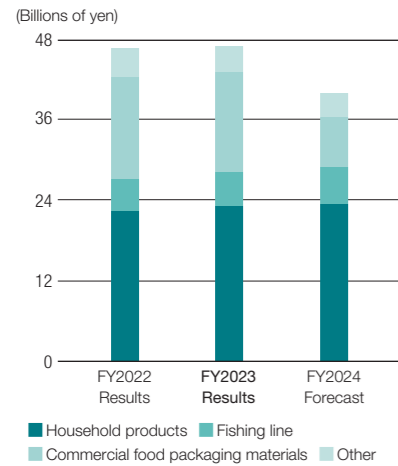
Kureha's products are present in our daily lives and leisure activities, enhancing convenience and safety in a variety of ways.

### Key products

- Household wrap film *NEW Krewrap*
- Kitchen utensils *Kichinto-San* series
- Fluorocarbon fishing line *Seaguar*
- Polyvinylidene chloride (PVDC) film *Krehalon*

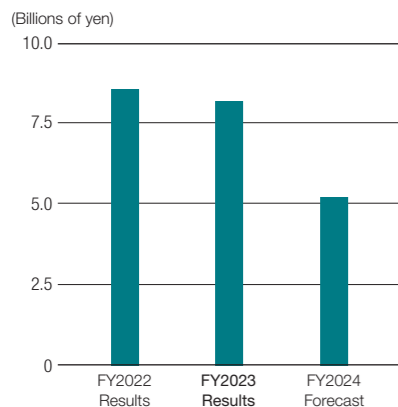
### Revenue

¥47.33 billion



### Operating Profit

¥8.19 billion



### Business Overview

In the consumer goods category, both sales and operating profit increased due to higher sales of *NEW Krewrap* plastic wrap for household use and *Seaguar* fluorocarbon fishing lines.

In the commercial food packaging materials category, both sales and operating profit were flat year on year.

As a result, revenue in the Specialty Plastics segment increased by 1.1% year-on-year to ¥47,328 million, while operating profit decreased by 4.8% to ¥8,194 million.

### Future Outlook

We will implement effective sales promotion measures for consumer goods and expand sales of commercial food packaging materials in Southeast Asia.



*NEW Krewrap*  
• Household wrap film



*Seaguar*  
• Fishing lines



*Krehalon Film*  
• Casing film for sausage and cheese

## Construction and Other Operations

Contributing to a better society through collaboration within the Kureha Group.

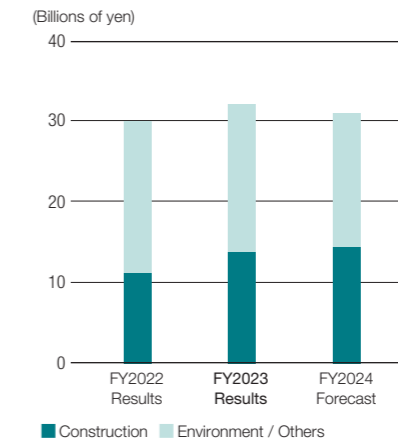


### Key business groups

- Kureha construction group
- Kureha environmental group
- Kureha transport group
- Kureha service group
- Kureha-kai Medical Corporation

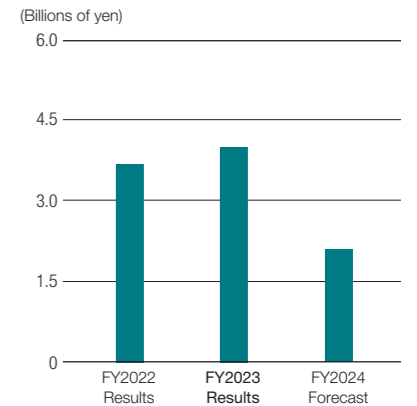
### Revenue

¥32.19 billion



### Operating Profit

¥3.97 billion



### Business Overview

In the construction category, both sales and operating profit increased due to a rise in private-sector construction projects.

In the environmental engineering category, sales increased, but operating profit decreased due to higher expenses. In the logistics category, sales and operating profit both decreased. In the hospital operations category, sales increased and operating losses decreased.

As a result, the Construction and Other Operations segment generated ¥32,185 million in revenue and ¥3,946 million in operating profit.

### ◆ Challenges for a Sustainable Future

The second year of the Kureha Group Medium- to Long-Term Management Plan, "Toward Creating a New Future," has commenced. The polyvinylidene fluoride (PVDF) business, identified as a key growth driver, has experienced a temporary plateau in sales for lithium-ion secondary batteries due to the slowdown in the European and U.S. electric vehicle market growth. However, with an eye on the long-term growth of the electric vehicle market, we will leverage the large-scale expansion plant in Japan, scheduled to commence operations in fiscal 2026, to strengthen our position as the global market leader in binders for high-performance lithium-ion secondary battery cathode materials.

Additionally, we will proactively expand our other existing businesses to enhance our earnings base. Among our core businesses, we aim to expand sales and reduce costs in polyglycolic acid (PGA) by downsizing products (short-sized frac plugs). We will improve product value in polyphenylene sulfide (PPS) through collaboration with partners to achieve cost reductions and improved profitability. For household goods, we will enhance product value based on customer feedback, strengthen brand power, and bolster sales in overseas markets and e-commerce. In the agrochemicals sector, we are steadily progressing towards the launch of large-scale agricultural fungicides around 2030.

The Kureha Group remains committed to achieving the quantitative targets set out in the Medium- to Long-Term Management Plan, Rolling Plan 2025. We will continue to take on challenges with enthusiasm, creativity, and sincerity, united in our efforts to implement measures for future growth without delay.



Senior Vice President  
Katsuhiro Natake

## Research and Development of Existing Products

### Advanced Materials

For *KF Polymer* (polyvinylidene fluoride resin [PVDF]) and *Fortron KPS* (polyphenylene sulfide [PPS]), we are advancing technological and process developments aimed at enhancing productivity and ensuring stable production, striving for innovative cost reductions. Additionally, for *KF Polymer*, we are promoting the development of high-performance grades, primarily for binders used in large lithium-ion secondary batteries installed in hybrid electric vehicles (HEVs) and electric vehicles (EVs). By offering solutions tailored to our customers' needs, we aim to maintain and expand our market share. We are also developing grades to meet production needs at our new facility.



KF Polymer



PGA

For polyglycolic acid (PGA) and Kureha Microsphere (heat-expandable microcapsules), we are driving the differentiation of performance and functions aligned with market needs, along with the development of new grades. Particularly in the PGA business, we are accelerating the development of high-performance grades for shale oil and gas drilling tools, such as frac plugs, aimed at markets ranging from medium-high temperature to ultra-low temperature wells, which are expected to see future growth.

### Specialty Chemicals

In agrochemicals, we aim to maintain and expand the sales volumes of the agricultural and horticultural fungicide *Metconazole* and the seed treatment fungicide *Ipconazole*. By optimizing our manufacturing systems and reducing production costs, we are enhancing our cost competitiveness and pursuing further market expansion and broader applications. In our search for next-generation agrochemicals, we are accelerating the development of promising candidate agents identified through our research while simultaneously conducting exploratory research on additional candidates.

In pharmaceuticals, we are conducting supportive research to maintain and expand profitability through the launch of fast-disintegrating tablets of *Kremezin* for chronic kidney disease. Additionally, we are advancing foundational evaluation research aimed at creating unique medical materials that differentiate from existing treatments and products.



Metconazole

## TOPICS

### Establishment of New R&D Center in Tokyo

In our R&D activities, we need to secure talented human resources, strengthen our information-gathering capabilities, foster co-creation and collaboration with external research organizations, and integrate marketing and R&D. To address these challenges, we decided to open a new R&D center in Tokyo in fiscal 2024. The Center for its excellent convenience, is equipped with various experimental facilities, enabling active communication with external organizations. We will continue to promote the development of unique and differentiated technologies and products by leveraging these capabilities.



Opening in MITSUI LINK-Lab SHINKIBA 2

## New Business Development

### Approach and Organizational Structure

In April 2023, Kureha established the New Business Division, dedicated to corporate R&D and new business development. This division was formed by transferring personnel engaged in technology development from the Research & Development Division, resulting in a flat organizational structure that enhances agility and responsiveness.

In this division, we prioritize the clarification of market needs and applications during the development theme setting phase. We also assess differentiation, including patentability and business economics, to solidify our business model. Furthermore, we are actively pursuing highly innovative, technology-driven themes, conducting development and marketing in parallel.

The New Business Promotion Division comprises three departments: the New Business Products and Marketing Department, the New Business Development Department, and the New Business Creation Department. Each department is staffed with highly specialized personnel to gain insights into market needs and explore trends in advanced technologies. Notably, the Business Creation Department is based in Houston and conducts marketing and tech scouting for universities and startups in the United States.

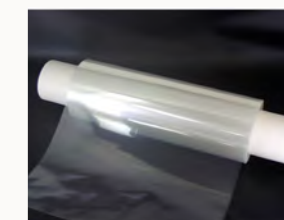


Senior Vice President  
Naomitsu Nishihata

## Development Themes

### 3D Touch Panel

We have successfully developed a 3D touch panel by combining its proprietary transparent PVDF piezo film with an algorithm developed by Cambridge Touch Technologies, Ltd. in the United Kingdom. This innovative technology enables touch detection based on the force applied, allowing for operation even underwater or while wearing gloves. Additionally, the requirement for a deliberate "push" action prevents unintended activations.



### SiC Fiber for Aircraft Engine Components

Ceramic composites made from silicon carbide (SiC) fibers are used as replacements for metal parts in aircraft engines, significantly reducing weight and contributing to improved fuel efficiency. We are developing SiC fibers that offer superior performance and greater price competitiveness compared to existing products from other companies. Currently, we are working on establishing a mass production process at the Iwaki Factory, aiming for commercialization around 2030.



### PFAS Detoxification Technology

Per- and polyfluoroalkyl substances (PFAS) are chemicals that are persistent in the environment and difficult to break down, leading to increased regulatory actions in various countries. Through a collaboration with Claros Technologies Inc., a U.S.-based startup, we are developing a comprehensive detoxification process that converts PFAS into safe by-products. This technology aims to mitigate environmental impact and contribute to establishing a sustainable business model.



## KDX2.0 – Kureha’s Digital Transformation 2.0

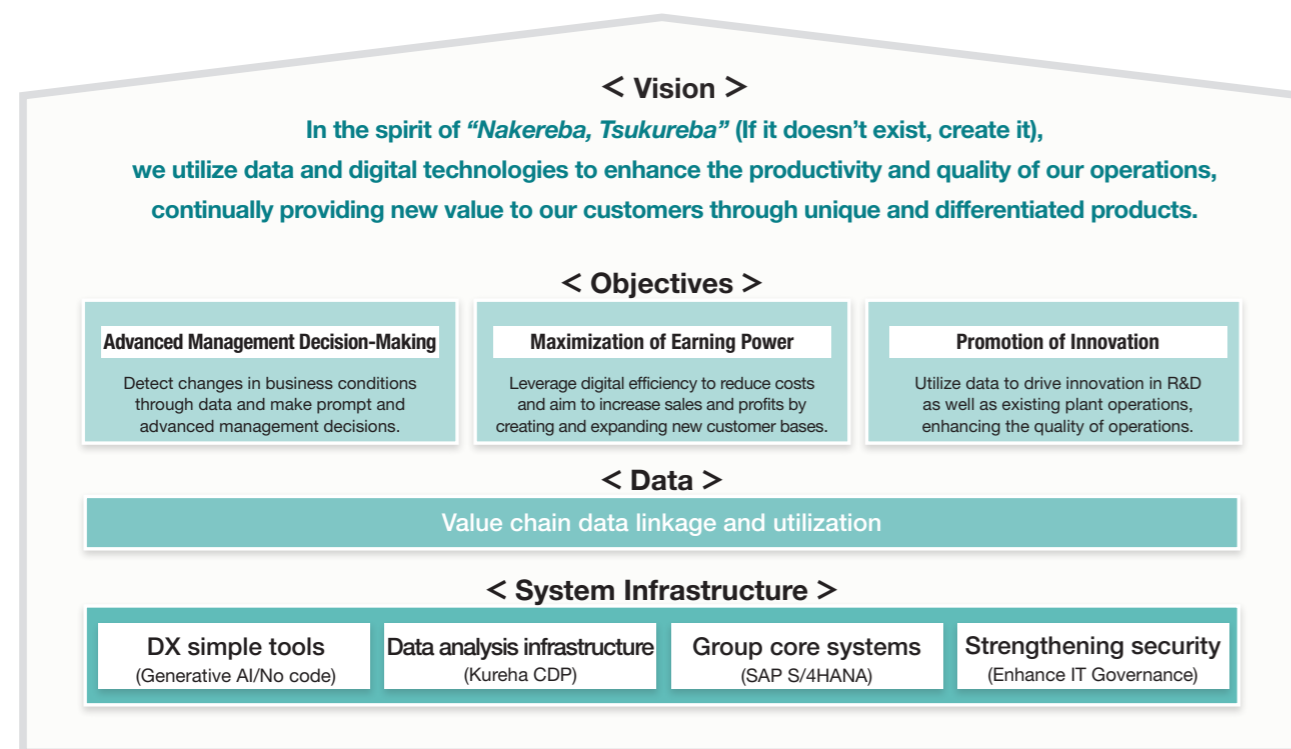
Kureha has designated Digital Transformation (DX) as a priority measure for “strengthening the management base” in its Medium- to Long-Term Management Plan, “Toward Creating a New Future.”

We have just changed our organization for DX based on a comprehensive review of the Kureha DX (KDX) initiatives, which commenced in 2017 and have been in progress for seven years. In April 2024, we established a new DX Center at our head office. This move institutionalizes the DX activities previously carried out as spot projects and establishes a new DX Promotion Department.

The DX Center incorporates both the Information Systems Department and the DX Promotion Department. It is tasked with formulating policies for the entire DX and IT domains and coordinating the efforts of both departments. With this strengthened organizational framework, we will relaunch our DX initiatives as “KDX 2.0” starting in fiscal 2024.

### Kureha DX Vision

Kureha’s approach to DX goes beyond merely improving business efficiency through digital technology. By leveraging data and digital technologies, we aim to achieve “advanced management decision-making,” “maximization of earning power,” and “promotion of innovation.” As we advance KDX 2.0, we have established the Kureha DX Vision as outlined below.



### Develop 100 Highly Skilled Human Resources by Fiscal 2025

Kureha has outlined DX measures in each area as part of the “Kureha Group Medium- to Long-Term Management Plan, the Rolling Plan 2025.” Specifically, we will focus on the development of DX infrastructure, including the enhancement of core systems on a group-wide and global basis, the construction of a data analysis platform (Kureha Corporate Data Platform) to support data-driven decision-making, and the establishment of an environment for utilizing generative AI. Concurrently, we believe it is essential to leverage this environment to increase the number of digital human resources capable of creating new value.

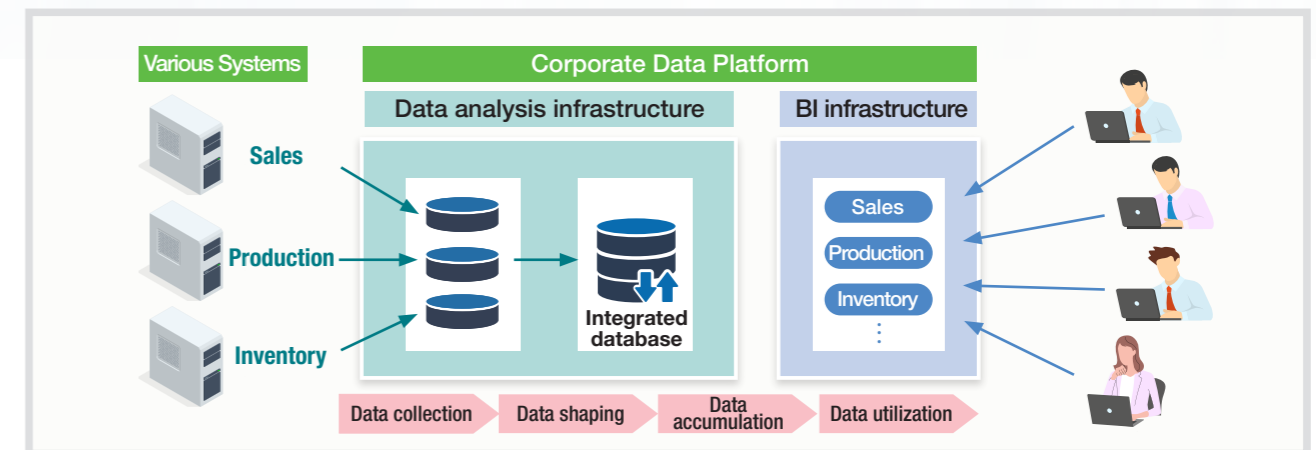
Our goal in developing digital human resources is to elevate the digital literacy of all employees while fostering specialists who can lead DX in each department.

Specifically, we plan to train 100 highly skilled individuals, including data analysts, digital designers, and IT engineers, by fiscal 2025.

### Case 1 Leveraging BI and the Corporate Data Platform

At Kureha, report materials and various operational reports were created using spreadsheet software, making it difficult to share and analyze information. By introducing a Business Intelligence (BI) tool, we replaced these documents with BI tools, creating an environment where users can independently handle data acquisition, processing, and visualization. Currently, more than 30% of employees use this tool, and approximately 70 business applications are in operation. This initiative has standardized and streamlined the reporting process, reduced the time required to prepare documents, and promoted decision-making through meetings and data analysis with BI tools.

Looking ahead, we are building a corporate data platform that includes a BI infrastructure. This platform will enable the integrated management and analysis of crucial corporate data, such as ERP systems. By accumulating, visualizing, and analyzing data from the Kureha Group and its global subsidiaries, we aim to shift the entire company toward data-driven management, enhancing the sophistication and speed of management decisions.

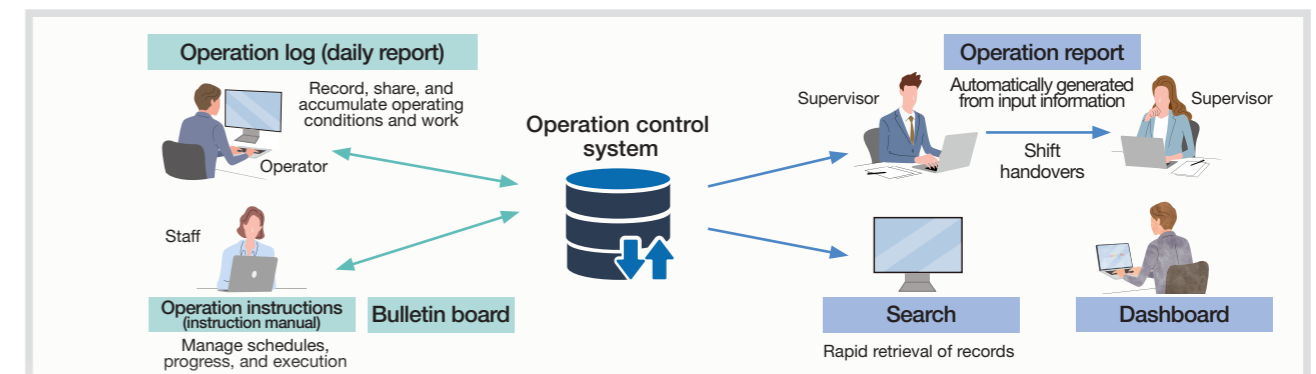


### Case 2 Introduction of Operation Control System in the Manufacturing Department

Morning meetings\*1 and shift handovers\*2 at Kureha’s manufacturing sites were traditionally conducted using paper, making it time-consuming to grasp the plant’s operational status and investigate past cases, and hindering effective use of the information. To resolve this, in December 2023, we introduced an operation management system across the entire Iwaki Factory to integrate the management of plant operation instructions and operation logs\*3 and promote better information utilization.

This system has significantly improved the efficiency of morning meetings, shift handovers, and past case investigations, leading to a reduction of approximately 2,500 man-hours over one year. Additionally, on-site work reviews, progress management, and information sharing have all seen substantial improvements in reporting, liaison, and consultation within the workplace.

Going forward, we will leverage the accumulated operation management data to resolve various issues within the plant, accelerate decision-making, and further enhance operational efficiency. Our ultimate goal is to transform our plant operation support system as we continue to make ongoing improvements.



\*1 Morning meeting: A daily meeting to share plant operational status, production volume, and communication updates.

\*2 Shift handover: The process of transferring work progress and handover matters from the outgoing to the incoming personnel in shift-based workplaces.

\*3 Plant operation log: A notebook that records progress, status, concerns, and observations related to plant operations.



## Improving Human Capital

Kureha aims to enhance its presence as a technology-driven company and become a high-value-added company that continues to create new value and contributes to society. To achieve this, we focus on improving our human capital as a key management issue.

### ◆ Synergism between Company and Employees

The Kureha Group Medium- to Long-Term Management Plan, “Toward Creating a New Future,” identifies “synergism between company and employees” as the most important measure to realize the management policy aimed at “sustainable management.”

#### 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.

### ◆ Mental and Physical Health Management

Kureha, based on the belief that employee health is the foundation of the company’s growth, has developed a Health and Productivity Management Strategy Map under its Basic Policy on Health. This policy aims to foster autonomous employees who are healthy and active. We strive to achieve autonomous health management for each employee and enhance their motivation and vitality. By revisiting basic lifestyle habits such as diet and exercise and preventing and early detecting stress-related illnesses, including mental health issues, we aim to mitigate risks to employee health and promote the maintenance and improvement of both mental and physical health.

### ◆ Excellent Health and Productivity Management Corporation 2024

Kureha has been recognized as an “Excellent Health and Productivity Management Corporation 2024—Large Corporate Sector—” by the Ministry of Economy, Trade and Industry and the Japan Health Council. This marks the fourth consecutive year since 2021 that we have received this recognition.

The “Excellent Health and Productivity Management Corporation” certification system honors corporations that practice outstanding health management based on initiatives addressing local health issues and health promotion efforts led by the Japan Health Council.



### ◆ Efforts to Improve Engagement

The Group believes that employee growth and engagement are essential for sustainable growth and has established “synergism between company and employees” as one of its management policies. To support every employee, each with diverse values, to work enthusiastically and grow, we are committed to creating a comfortable and rewarding work environment, promoting human resource development and growth support, and fostering communication with diverse personnel while respecting their values.

In the “synergism between company and employees,” it is extremely important to mutually understand the company’s vision and direction as well as the employees’ enthusiasm and attitude toward their work. This mutual understanding is fundamental for achieving the goals outlined in our Medium- to Long-Term Management Plan. In fiscal 2023, we introduced the “Integrated Survey of Engagement and Stress Check.” The results are utilized for further understanding on the actual situation and implementing measures to enhance engagement. In fiscal 2024 and beyond, we will continue to conduct surveys to improve engagement and enhance mental health. Since fiscal 2023, we have been holding “Kureha Town Hall Meetings” where the president and directors engage in direct dialogue with employees. This initiative aims to foster a sense of unity between the company and its employees by facilitating a deeper understanding of company policies and management’s perspectives.



Senior Vice President  
Hiroyuki Tanaka

### ◆ Efforts to Maximize Employee Performance

At Kureha, we aim to develop future senior management, highly specialized personnel, global talent, digital talent, and young employees, with the goals of fostering “human resources who possess a wide variety of strengths and can reliably perform their expected roles and duties” and “human resources who will continue to grow autonomously with a career mindset.” To support the self-motivated and continuous growth of each employee, we actively promote various measures such as on-the-job training, systematic training programs, and support for autonomous career development. These efforts are designed to help employees challenge themselves to achieve high goals and continue to thrive in their careers.

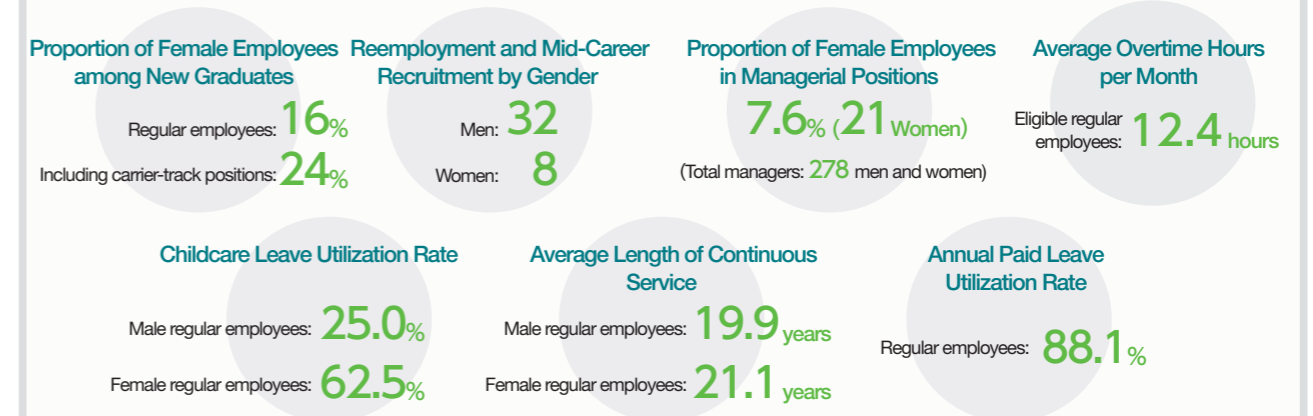
Additionally, to ensure our continued growth as a technology-driven company, we have established the Technical Human Resources Development Committee to promote the development of technical personnel. In line with our commitment to nurturing female executive employees, we have identified female employees who are potential candidates for future executive positions. We are providing them with programs to acquire knowledge and skills related to management and leadership, as well as fostering the necessary mindset for success.

|                                 |  |
|---------------------------------|--|
| <b>Rank-based training</b>      | <b>Purpose-specific training</b><br>• Technical human capital development<br>• Global human capital development<br>• Digital human capital development |
| <b>Open enrollment training</b> | <b>Autonomous career development support</b>   |

<https://www.kureha.co.jp/sustainability/social/staff/training.html>



### Achievements Related to Job Satisfaction and Ease of Working



Note: Note: The childcare leave utilization rate was 100% for female employees who completed maternity leave during this period.



## Efforts to Reduce Environmental Impact

Kureha recognizes that the importance of reducing its environmental impact as a crucial aspect of its management and is implementing various initiatives to achieve this end. This article outlines our efforts to mitigate climate change issue.

### ◆ Contributing to Environmental Impact Reduction

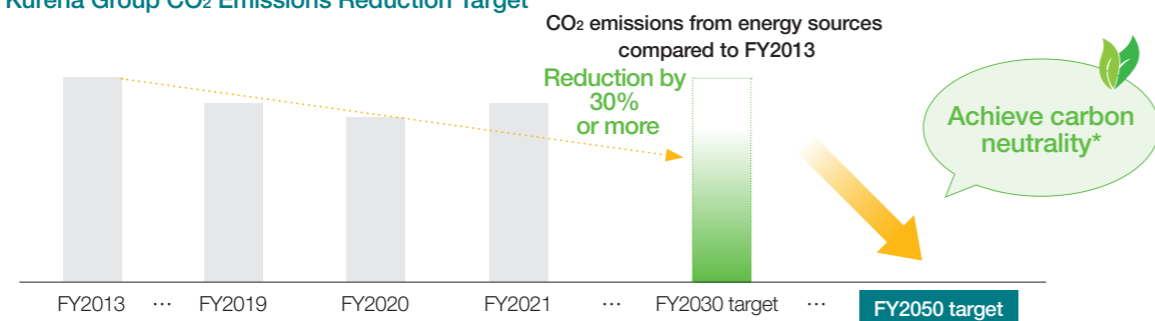
As the effects of climate change become more pronounced worldwide, we recognize that efforts to limit the temperature rise to 1.5°C above pre-industrial levels are an important issue for companies. Kureha has set “Contributing to Environmental Impact Reduction Targets” as one of the key goals in its Kureha Group Medium- to Long-Term Management Plan, “Toward Creating a New Future” and is working on medium- to long-term environmental issues.

With regard to greenhouse gases (GHGs), Japan and many other developed countries have committed to achieving carbon neutrality by 2050, and are actively promoting measures to reduce GHG emissions and technological innovations necessary for further reductions. Kureha is committed to continuously reducing GHG emissions and rationalizing energy use in connection with our business activities. We are also working to reduce waste.

Contribution toward Reduced Environmental Impact

- We will strive to achieve carbon neutrality by FY2050.
- We will pursue the advancement of production technology suitable for recycling-oriented production and reduce our environmental burden by promoting waste reduction and recycling.

Kureha Group CO<sub>2</sub> Emissions Reduction Target



\*Carbon neutrality: Achieving a state where greenhouse gas emissions are effectively zero. This is achieved by balancing emissions with removals or offsets, resulting in net-zero emissions.

### ◆ Efforts to Reduce GHG Emissions and Waste

CO<sub>2</sub> Emissions Reduction

30% or more

(FY2030 target, compared to FY2013 energy-derived CO<sub>2</sub> emissions)

- At the Iwaki Factory's main power source, a thermal power plant, we are exploring technologies to partially replace coal fuel with CO<sub>2</sub>-free renewable energy sources.

Zero Waste Emission Rate

1.5%

(Target zero waste emission rate for FY2025)

- Reducing the amount of final (landfill) disposal by **recycling waste plastics etc.**, generated in the production process.
- **Improving production processes** to further **reduce waste generation** and convert waste into valuable resources.

### ◆ Internal Promotion System for Climate Change Initiatives

To ensure the effective implementation of sustainability initiatives, Kureha has established a governance structure centered on the Sustainability Committee and the Sustainability Coordination Committee, overseen by the Board of Directors.

| Governance Bodies                     | Roles  |
|---------------------------------------|--|
| Board of Directors                    | Makes decisions on key sustainability matters and determines material issues based on the recommendations of the Sustainability Committee. |
| Sustainability Committee              | Provides recommendations to the Board of Directors on fundamental management policies and strategies pertaining to sustainability.         |
| Sustainability Coordination Committee | Identifies sustainability issues, formulates concrete action plans, and monitors the progress of these initiatives.                        |

In October 2021, Kureha established the Carbon Neutral Project as a company-wide initiative under the direct control of the President. This project is responsible for leading and promoting Kureha's efforts to achieve carbon neutrality by 2050. It includes studying concrete measures to achieve the carbon neutrality and zero emission targets, planning for early achievement of these goals, introducing and developing new technologies to reduce environmental impact, and establishing a system for implementing life cycle assessment (LCA) for each product in response to societal and customer requests.

### ◆ 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.







## Enhancing Governance System

Based on the Corporate Governance Guidelines, Kureha is committed to enhancing management transparency, fostering trust with stakeholders, and fulfilling its corporate social responsibility to achieve sustainable growth. We will also strive to enhance corporate governance within the Group and ensure its effectiveness.

### ◆ Corporate Philosophy and Basic Views on Corporate Governance

Kureha has set forth the following Kureha Group Corporate Philosophy and Kureha Vision, which are shared by all executives and employees, and we will constantly challenge ourselves to realize our future aspirations.

|   |  |
|---|--|
| <b>Kureha Group Corporate Philosophy</b><br>(What we value) | We, Kureha Group, will <ul style="list-style-type: none"> <li>● Value people and the environment</li> <li>● Always innovate in order to grow continuously</li> <li>● Contribute to the creation of a sustainable society through valuable products and technologies</li> </ul> |
| <b>Kureha Vision</b><br>(What we aim for)                   | A specialty solutions company that leverages proprietary technology and contributes to a new future for society  |

Kureha is committed to enhancing its internal control functions, including the implementation of compliance and the strengthening of risk management, to ensure fair and transparent management. Furthermore, guided by the separately established Corporate Governance Guidelines, we aim to enhance the effectiveness of corporate governance and achieve sustainable growth and increased corporate value for the Kureha Group (Kureha and its Group companies) over the medium-to-long-term.

<https://www.kureha.co.jp/ir/policy/governance.html>

### ◆ Corporate Governance Structure

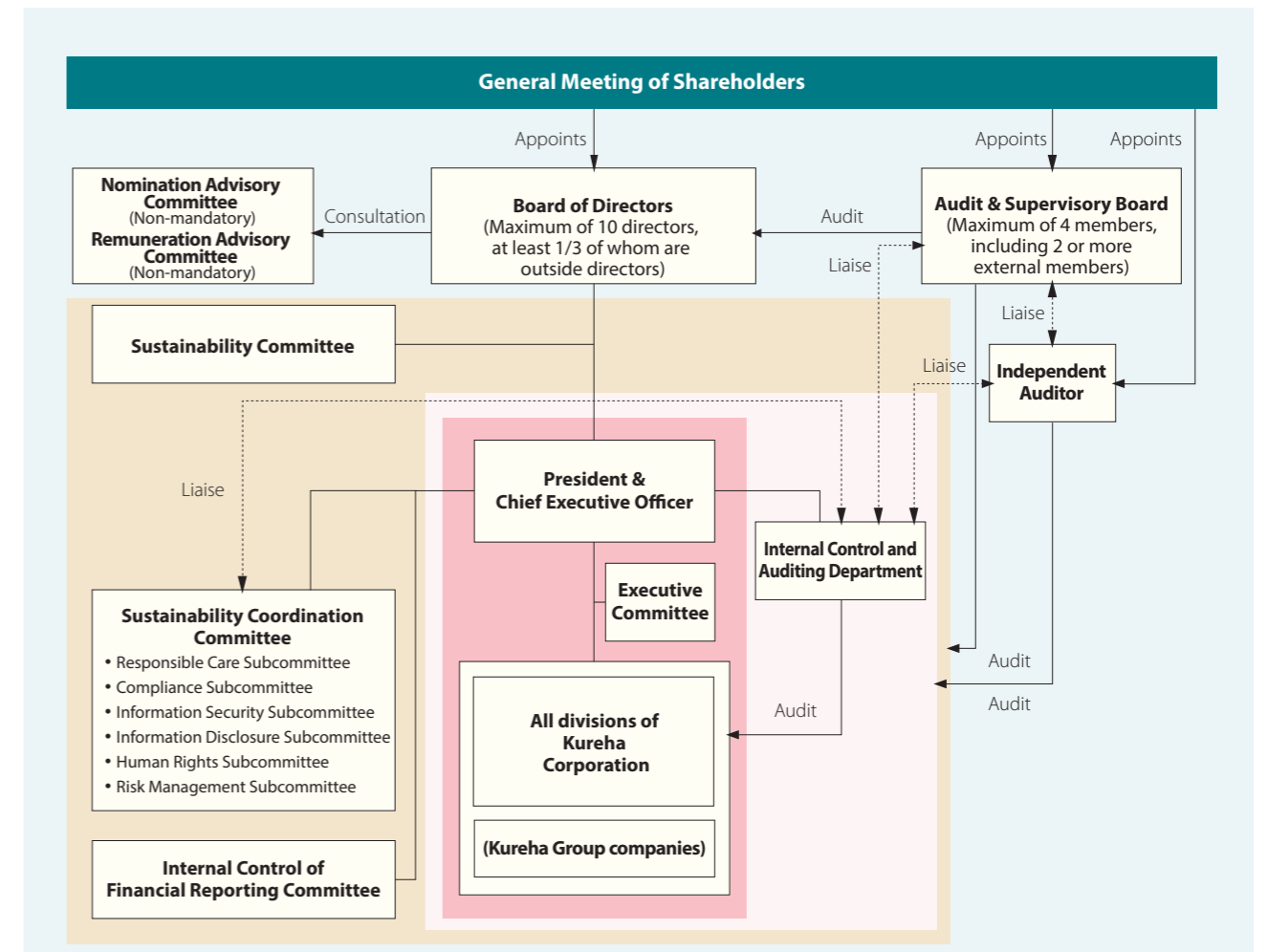
To strengthen corporate governance and expedite decision-making and business execution within group management, Kureha has clearly defined its oversight and execution responsibilities. This report is based on the Corporate Governance Report as of March 31, 2024.

#### Board of Directors

The Board of Directors, which consists of a total of up to ten Directors, at least one-third of whom are Independent Outside Directors, and chaired by the Chairman of the Board of Directors (if the position is vacant, the President & Chief Executive Officer), meets once a month, in principle,

to make decisions on important management matters and supervise business execution.

The Company's Board of Directors consists of the seven Directors listed under "Executives" on the Company's website. The Board of Directors is chaired by President & Chief Executive Officer Mr. Yutaka Kobayashi.



Note: On April 1, 2023, Kureha established the Sustainability Coordination Committee to oversee and promote sustainability activities. As part of this restructuring, the Compliance Committee, CSR Committee, Information Management Committee, and Risk Management Committee, along with their respective sub-organizations, were dissolved. Their functions were integrated into six newly formed subcommittees under the Sustainability Coordination Committee.

#### Executive Committee

The Executive Committee, chaired by the President & Chief Executive Officer and comprised of the President & Chief Executive Officer and other Vice Presidents, meets twice a month, in principle, to deliberate on important matters and other issues related to the management of Kureha, ensuring that management decisions are efficiently made.

The Company's Executive Committee consists of the President & Chief Executive Officer and the Vice Presidents listed under "Executives" on the Company's website. The Executive Committee is chaired by President & Chief Executive Officer Mr. Yutaka Kobayashi.

#### Audit & Supervisory Board

The Audit & Supervisory Board, comprised of up to four members including two or more Independent Audit & Supervisory Board Members and chaired by a full-time Audit & Supervisory Board Member, meets once a month, in principle, to discuss matters of authority granted to the Audit & Supervisory Board, etc. and share audit information in order for Audit & Supervisory Board Members to effectively and efficiently audit the execution of duties by Directors.

Kureha's Audit & Supervisory Board consists of the three Audit & Supervisory Board Members listed under "Executives" on the Company's website. The Audit & Supervisory Board is chaired by full-time Audit & Supervisory Board Member Mr. Toru Yoshida.

<https://www.kureha.co.jp/ir/policy/governance.html>

### Independent Auditor

Kureha has appointed Ernst & Young ShinNihon LLC as its Independent Auditor and received fair and unbiased accounting audit, including appropriate provision of management information. The name of the certified public accountants who carried out Kureha's audit for the fiscal year ended March 31, 2024, and composition of assistants involved in auditing work are given below.

Name of the certified public accountants who carried out the audit:

Engagement Partners: Mr. Shigeyuki Kano and  
Mr. Takahiro Kawagishi

Composition of assistants involved in accounting auditing work:

5 certified public accountants, 6 persons who have passed the certified public accountant examination and 17 other staff members.

The Independent Auditors have continuously engaged in the auditing activities for Kureha for nine years.

### Internal Control and Auditing Department

The Internal Control and Auditing Department, independent from other divisions, assesses and verifies, independently of other departments, the suitability and effectiveness of internal management systems including compliance and risk management systems, and makes suggestions and recommendations for improvement and reports the results of internal audit to the Executive Committee, the Board of Directors, and the Audit & Supervisory Board. In this way, Kureha ensures a system that contributes to the enhancement of management efficiency and public trust in Kureha.

### Nominating Advisory Committee and Remuneration Advisory Committee

With regard to matters concerning the appointment and remuneration of the Chairman of the Board of Directors, President & Chief Executive Officer, Representative Director, Directors, Vice Presidents with Title, and Vice Presidents in order to ensure transparency in the decision-making process of the Board of Directors and strengthen accountability to stakeholders, Kureha established the Nomination Advisory Committee and the Remuneration Advisory Committee on June 26, 2018 as a non-mandatory advisory board to the Board of Directors. Each of the Committees consists of three or more Directors, the majority of whom are Outside Directors, and is chaired by an Outside Director.

### Analysis and Evaluation of the Effectiveness of the Board of Directors

To enhance the effectiveness of the Board of Directors, Kureha conducts an annual analysis and evaluation of its functions and discloses an overview of the results.

From fiscal 2015 to fiscal 2020, Kureha conducted evaluations of the Board of Directors' effectiveness using a scoring-based questionnaire. During this period, we focused on improving low-scoring areas, established the non-mandatory Nomination Advisory Committee and the Remuneration Advisory Committee, and streamlined Board operations. As a result, all items achieved high scores. From the fiscal 2021 evaluation onward, to enable the Board of Directors to fulfill its roles and functions at an even higher level, we adopted a new questionnaire format. This format aims to facilitate the sharing of essential issues and discussions on solutions, encouraging respondents to provide specific descriptions of areas for further improvement and priority discussion topics.

In fiscal 2022, the Board of Directors also held deliberations based on the results of this questionnaire survey. The evaluation covered the following areas: (1) size and composition of the Board of Directors, (2) Board operations, (3) Board discussions, (4) nomination, remuneration, and audit, and (5) priority themes and management issues. The results confirmed that no immediate action was required, gender diversity on the Board had progressed, and the overall effectiveness of the Board was ensured. However, it was also recognized that human capital development, including management development, remains an area requiring ongoing in-depth discussion.

Based on the evaluation and deliberations in fiscal 2022, we will continue our efforts to further enhance the quality of Board discussions. In fiscal 2023, we will delve deeper into discussions on the implementation of our Medium- to Long-Term Management Plan, "Toward Creating a New Future," and on human resources development.

### Corporate Governance Report

The information on Kureha's corporate governance is also presented on the website.

<https://www.kureha.co.jp/ir/policy/governance.html>



### Internal Control System

Kureha aims to further improve internal control with the corporate philosophy system as the basic concept for internal control.

In accordance with the Kureha Group Charter of Corporate Behavior, each Group company establishes its own Compliance Rules and strives to comply with domestic and international laws, as well as social norms and their underlying principles.

Kureha establishes a Sustainability Coordination Committee, chaired by the President & Chief Executive Officer or a Director or Vice President appointed by the President & Chief Executive Officer. Under this committee, the Compliance Subcommittee is established as a subordinate body responsible for developing, maintaining, and operating a cross-departmental compliance system. Kureha ensures thorough compliance within the company through measures such as the Kureha Compliance Code of Conduct, which is based on the Kureha Group Charter of Corporate Behavior. Additionally, Kureha provides support to the Group companies in ensuring their own thorough compliance.

Kureha's annual internal audit plan is resolved by the Board of Directors. The Internal Auditing Department, operating independently of other departments, assesses and verifies the appropriateness and effectiveness of the internal control systems of Kureha and its Group companies, including compliance and risk management systems. It provides recommendations for improvement and reports audit results to the Executive Committee, the Board of Directors, and the Audit & Supervisory Board. This system contributes to enhancing management efficiency and strengthening public trust in Kureha.

Kureha has established Basic Rules for Internal Control over Financial Reporting and conducts Management's Assessment and Certified Public Accountant's Audit on the Effectiveness of Internal Control over Financial Reporting in accordance with the Financial Instruments and Exchange Act to ensure the reliability of its financial reporting. Under the responsibility of the Representative Director, Internal Control Reports are prepared and submitted.

### Remuneration of the Senior Management and Directors

The Board of Directors determines the remuneration, etc., for Directors and Executive Officers, reflecting corporate performance and medium- to long-term corporate value enhancement. It also considers the need to secure and retain suitable human resources and sets a remuneration structure and level appropriate to the required roles and responsibilities.

Basic remuneration is paid in the form of monthly cash compensation within the total amount approved at the General Meeting of Shareholders. The specific amount for each individual is determined according to criteria established separately for each position.

Bonuses are paid in cash and linked to performance indicators to promote awareness of business performance improvement in each fiscal year.

Pre-delivery type restricted stock remuneration involves granting Kureha's common shares with transfer restrictions to Directors and other eligible individuals.

These restrictions remain in place until the recipient retires from their position at Kureha. Upon retirement, the transfer restrictions are lifted, provided the individual has continuously held their position for a specified period.

Performance-linked restricted stock remuneration utilizes performance share units. The Board of Directors determines the base number of shares, the performance evaluation period (hereinafter referred to as the "Evaluation Period"), and the performance targets for the Evaluation Period. At the end of the Evaluation Period, Kureha's common shares are granted based on the achievement level of the performance targets. Performance indicators include profitability indicators, capital efficiency indicators, and other indicators aligned with Kureha's management policies. Transfer restrictions are placed on the granted shares until the recipient retires from their position as a Director or other officer of Kureha.

### Executive Remuneration Breakdown

| Executives classification   | Total remuneration (Millions of yen) | Total remuneration amount by type (Millions of yen) |                           |                                 |                           |               | Number of eligible Executives |
|---|--------------------------------------|---|---------------------------|---------------------------------|---------------------------|---------------|-------------------------------|
|   |                                      | Fixed remuneration                                  |                           | Performance-linked remuneration |                           | Stock options |                               |
|   |                                      | Basic remuneration                                  | Non-monetary remuneration | Bonuses                         | Non-monetary remuneration |               |                               |
| Directors (excluding Outside Directors)   | 247                                  | 150   | 15                        | 55                              | 20                        | 5             | 6                             |
| Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members) | 23                                   | 23  | —                         | —                               | —                         | —             | 1                             |
| Outside Directors   | 46                                   | 46  | —                         | —                               | —                         | —             | 4                             |
| Outside Audit & Supervisory Board Members   | 30                                   | 30  | —                         | —                               | —                         | —             | 4                             |

Note: The table above includes three Directors (including one Outside Director) and two Outside Audit & Supervisory Board Members who retired at the conclusion of the 110 Ordinary General Meeting of Shareholders held on June 27, 2023.

## ◆ Risk Management

In accordance with the Basic Policy for Risk Management of the Kureha Group, the Kureha Group analyzes and assesses risks that may adversely impact management, considers and implements measures to address high-priority risks, and promotes risk management by establishing a system to circulate the Plan-Do-Check-Act (PDCA) cycle.

### ● Basic Policy on Risk Management

With the approval of our Board of Directors, Kureha has established the following Basic Policy on Risk Management.

#### Kureha Group's Basic Policy on Risk Management

Kureha Group's Basic Policy on Risk Management is to identify risks that could adversely affect the Group's business on a company-wide basis, prevent them from materializing, mitigate the impact of materialized risks to an acceptable level, and prepare necessary countermeasures in advance.

### ● Risk Management System

The Kureha Group, under the supervision of the Risk Management Subcommittee within Kureha's Sustainability Coordination Committee, categorizes and manages risks associated with business activities. Relevant departments, the Group companies, and subcommittees take primary responsibility, coordinating with the departments directly

addressing specific risks to manage them effectively.

The Risk Management Subcommittee builds the risk management system, verifies implementation processes, and works to prevent any oversight or omission in recognizing significant risks from a group management perspective.

### ● Risk Management Implementation Process

Kureha and the Kureha Group manage risk through the following process:

#### (1) Identify risks

The supervising department identifies individual risks according to their classification, analyzes their significance, and evaluates their priority for response.

#### (2) Analyze and rate risks

The Risk Management Subcommittee, along with risk management committees and secretariats within the Group companies, reviews the results of individual risk analyses and evaluations, and provides necessary instructions to the supervising department based on the review results.

#### (3) Monitor the response to risks

The supervising department monitors the implementation status of measures for individual risks deemed "high-priority" and gives necessary instructions to the responsible departments based on the monitoring results.

#### (4) Report and verify monitoring results

The supervising department, along with risk management committees and secretariats within the Group companies, reports the monitoring results to the Risk Management Subcommittee. These reports are then submitted to the Sustainability Coordination Committee, which verifies the monitoring results and provides necessary instructions to the supervising department based on the verification results.

The execution status of the above processes is reported to the Executive Committee and the Board of Directors through the Sustainability Coordination Committee. Additionally, the status of responses to major "high-priority risks" is disclosed in a timely and appropriate manner.

## ◆ Business and Other Risks

The Kureha Group's Basic Policy for Risk Management is to identify, assess, and proactively address risks that could adversely impact the Group's business operations. This includes preventing risks from materializing and implementing necessary measures to mitigate their impact and keep them within acceptable limits. Kureha has established Risk Management Regulations and, to promote and oversee risk management, has set up the Risk Management Subcommittee under the Sustainability Coordination Committee. The subcommittee's primary responsibilities are outlined below. Additionally, the department overseeing the subcommittee supports the Group companies in minimizing risks and maximizing opportunities.

1. Formulating and monitoring the progress of Kureha's annual risk management plan.
2. Identifying, analyzing, and assessing risks within Kureha.
3. Reviewing and implementing countermeasures for risks identified as "material" based on the analysis and assessment in point 2, and monitoring their implementation status.
4. Maintaining, correcting, and improving Kureha's risk management system (the framework for risk management, including organizational structure and implementation processes).
5. Supporting the risk management of each Kureha Group company.
6. Developing, implementing, operating, and improving Kureha's Business Continuity Plan (BCP).
7. Addressing other matters related to risk management.

### ● Changes in the Business Environment of the Individual Business Segments

The Kureha Group's business segments are diverse, including Advanced Materials, primarily consisting of processed polyglycolic acid (PGA) products, polyvinylidene fluoride (PVDF), and polyphenylene sulfide (PPS); Specialty Chemicals, mainly including agrochemicals, pharmaceuticals, and industrial chemicals; Specialty Plastics, mainly including household products and food packaging materials; Construction, primarily including construction and engineering; and Other Operations, which include environmental and logistics businesses. The Group operates globally and may be affected by changes in the market, customer trends, increased competition, and geopolitical risks such as rising political and military tensions in various countries and regions. Each business division and group company strives to identify and monitor signs of changes in the business environment, discuss these changes and appropriate measures in the Executive Committee, and regularly report to the Board of Directors and other relevant bodies.

### Advanced Materials

**PGA products:** Business activities may be impacted by fluctuations in international oil and gas markets due to tensions in the Middle East, changes in U.S. energy policies following presidential elections, inflation, economic downturns, operational levels of major U.S. shale oil and gas drilling companies (our primary customers), the status of Kureha's product development, and competitor activities.

**PVDF:** While long-term demand as a binder in lithium-ion secondary batteries is expected to grow, business activities may be temporarily affected by changes in U.S. energy policies following presidential elections, trends in electric vehicle sales, fluctuations in raw material prices, competitor production status, and developments in competing materials..

**Carbon products:** The Group manufactures and sells carbon fibers for insulation in high-temperature furnaces. Business activities may be affected by production and sales trends of silicon wafers.

The Advanced Materials business, including these products, is primarily aimed at applications in the automotive and electrical/electronics sectors. Therefore, changes in the production activities of customers in these fields may impact business activities.

### Specialty Chemicals

**Industrial chemicals:** With a broad customer base across various industries, our business activities may be affected by factors such as declining demand due to domestic and global economic downturns, fluctuations in raw material prices, and changes in market conditions.

**Agrochemicals:** Since production is outsourced, business activities may be affected by the operational risks of the outsourcing partners. Additionally, changes and revisions in regulations and registration systems in various countries may impact business activities.

### Specialty Plastics

**Commercial food packaging materials:** With production bases located overseas, our business activities may be affected by factors such as local inflation, energy costs, and disruptions in international logistics networks. Furthermore, following a strategic review, we have initiated the process of withdrawing from the heat-shrinkable multilayer film business.

### Construction and Other Operations

**Construction business:** The business may be impacted by a decline in private construction projects due to stagnant domestic economic activity.

**Environmental business:** The business may be affected by a decrease in the volume of industrial waste generated, impacting our waste treatment operations.

### ● Compliance Risk

The Kureha Group has formulated the Kureha Group Charter of Corporate Behavior, the Kureha Group Code of Conduct, and the Compliance Rules. Through education and training programs at each Kureha Group company, the Group strives to thoroughly understand and comply with laws and social norms. However, the Kureha Group's business is diverse, and compliance risks may not be completely avoided due to the frequent revision of related laws and regulations in Japan and overseas. The Group's business performance may be affected by the deterioration of its social credibility and brand image, or the payment of surcharges, in the event of a conflict with laws and regulations.

### ● Market Conditions, Procurement of Raw Materials, Fuels, Etc.

The raw materials and fuels used by the Kureha Group are subject to market influences, and price fluctuations can impact our business performance. Additionally, the production of products using rare or foreign-sourced raw materials may be affected by supply conditions and logistics issues from our suppliers. To mitigate these risks, we strive to pass on cost changes to product prices with customer understanding, diversify our suppliers, and hedge against price fluctuations.

### ● Occurrence of Natural Disasters and Accidents

The Kureha Group's operating results may be adversely affected if its production facilities are damaged by a major earthquake, typhoon, or other natural disaster, fire, or accident, or if a pandemic such as COVID-19 occurs. Such events can lead to operational shutdowns, personal injuries, and property damage, resulting in repair costs. The Group continuously works to ensure safety by developing a Business Continuity Plan (BCP), conducting fire and disaster drills, and maintaining and updating production facilities.

### ● Product Liability and Product Quality

In the event of a significant quality issue with the Kureha Group's products, it could lead to product recalls, replacements, compensation claims, and a decline in brand image, impacting the Group's operating results. The Group employs a quality management system to identify and address risks related to its products and manufacturing processes, striving for continuous improvement. Additionally, the Group mitigates risk by having product liability (PL) insurance in place.

### ● Environmental Risk

The Kureha Group is implementing measures to reduce the environmental impact of its operations in response to increasing concerns about climate change and the shift towards a circular economy. However, if new environmental regulations are introduced or if our business activities significantly impact the environment, the Group's business performance may be affected. The Group is continuously

working to reduce environmental impact and, through the Responsible Care Subcommittee, collects environmental information, monitors regulations, and collaborates with business, production, and R&D divisions to develop countermeasures and reduce risks.

### ● Litigation Risk

The Kureha Group's domestic and international operations may involve the risk of litigation related to intellectual property, product liability, environmental violations, labor disputes, and other matters. Significant lawsuits could lead to litigation costs, compensation claims, and a decline in corporate image, affecting the Group's operating results. To minimize this risk, the Group takes preventative measures through education and training on legal and intellectual property issues and collaborations with legal experts as necessary.

### ● Information Security Risk

The Kureha Group holds crucial information such as business, technical, and personal information, including customer data. It utilizes core systems and plant control systems in its operations and is working to introduce digital technologies such as the Internet of Things (IoT) and artificial intelligence (AI). Breaches of this important information, large-scale system failures, or cyber-attacks may affect the Group's business results. To mitigate these risks, Kureha has established an Information Security Subcommittee and implemented a Basic Information Security Policy and Information Security Management Rules to strengthen its management systems. The Group provides information security training to employees, monitors compliance with information security measures, and regularly updates its system equipment, utilizing external resources as needed.

### ● Overseas Business Risks

The Kureha Group operates globally, and its operations may be affected by unforeseen circumstances such as deterioration in political, economic, and social conditions, changes in laws and regulations, and natural disasters in the countries and regions where it operates. Additionally, fluctuations in foreign exchange rates may affect the conversion of financial statements of overseas Group companies and foreign currency transactions, impacting the Group's operating results. The Group makes efforts to gather information on overseas developments and employs measures such as forward exchange contracts to reduce the risks associated with foreign exchange rate fluctuations.

### ● Emergence of new Technologies and Development Risks

The Kureha Group actively engages in research and development (R&D) across all its business sectors. In the Advanced Materials business, the rapid pace of technological advancements and unexpected market changes could hinder the development and introduction of new products. Additionally, the Group's operating results may be impacted if some of its products and technologies become obsolete due to breakthroughs by competitors. To address this, the R&D department collaborates with business divisions, reviewing and revising research themes, adjusting resource allocation, and participating in industry-academia partnerships to advance the development of new products.

◆ Compliance

The Kureha Group recognizes compliance as a key sustainability issue, fundamental to supporting sustainability management, which aims for the sustainable development of both society and the company. All levels of management and employees at each Group company will comply with domestic and international laws and regulations in all aspects of their business activities and will conduct their activities in accordance with social norms.

● Compliance System

In April 2023, the Kureha Group revised the Kureha Group Code of Ethics and established the Kureha Group Charter of Corporate Behavior, which encourages actions that take ESG (environment, society, and governance) into account, in addition to existing compliance issues. This aims to achieve both a sustainable society and the sustainable growth of the Kureha Group.

The Compliance Subcommittee, a subordinate organization of the Sustainability Coordination Committee, conducts training based on the Compliance Handbook, which contains the Compliance Code of Conduct, to instill an awareness of compliance among all employees.

The Internal Control and Auditing Department, which reports

directly to the President, evaluates and verifies the appropriateness and effectiveness of the internal control system, including compliance, in internal audits of the Kureha Group.

● Initiatives for Compliance Education and Awareness

- Training based on the Kureha Group Code of Conduct Handbook
- Conducting compliance awareness surveys (including the Group companies)
- Meetings to exchange information on education and incident response between Kureha and the Group companies
- Training on security trade control
- Review of Antimonopoly Act compliance, protection of personal information, etc.

In January 2024, the Kureha Group established the Kureha Group Anti-Bribery Policy to promote anti-bribery measures in corporate activities. Under this policy, the Kureha Group conducts its business activities in compliance with the laws and regulations of the countries and regions where it operates.

Kureha Group Anti-Bribery Policy

The Kureha Group has set out engaging in appropriate transactions and maintaining sound relationships within the political and government sphere as one of the principles in the Kureha Group Charter of Corporate Behavior and has prohibited bribery in the Kureha Group Code of Conduct. This policy has been established with the objective of implementing and putting these principles into practice, and it applies to all Group officers and employees.

1. Prohibition on Acts of Bribery

The Kureha Group does not directly or indirectly provide, offer, or promise bribes to public officials, those in equivalent positions, or business partners in Japan or overseas. Moreover, the Kureha Group does not accept or request bribes or the promise of bribes from public officials, those in equivalent positions, or business partners in Japan or overseas.

2. Prohibition on Bribery via Third Parties

The Kureha Group does not give instructions to provide or accept bribes via third parties such as consultants or agents and does not condone bribes via such third parties when it is aware of actual bribery or indications of bribery.

3. Education

The Kureha Group provides regular training to officers, employees, and others to further reinforce awareness of ethics to prevent acts of bribery and to ensure the operation of systems to prevent bribery.

4. System Verification and Review

The Kureha Group verifies the systems to prevent

bribery based on this policy through regular and irregular audits and makes revisions and improvements as necessary.

5. Records

The Kureha Group prepares accounting books and other records accurately based on facts and retains such records appropriately to enable compliance with this policy to be verified and demonstrated.

6. Reports

The Kureha Group requires its officers and employees to report any violations or suspicions of violations of this policy to their supervisor or the compliance hotline promptly to enable timely and appropriate action.

7. Discipline

The Kureha Group promptly takes appropriate disciplinary action in accordance with work regulations in the event that an officer, employee, or other related person violates this policy.

Established January 1, 2024, Kureha Corporation

● Internal Whistle-Blowing System

We have established a hotline for employees to report or seek advice when they become aware of questionable compliance practices, have concerns, or face difficulties in making decisions. The hotline covers compliance issues related to products and safety, human rights, the environ-

ment, health and safety, fairness and free competition, and relations with politics, government, and society. Furthermore, regulations prohibit any disadvantageous treatment of employees who report or consult through the hotline.

Kureha has established the “Kureha Group Tax Policy” to properly understand and adhere to the spirit of the tax-related laws and regulations of the countries and regions in which the Group operates, and to fulfill our appropriate tax obligations. Under this policy, we aim to contribute to the economic and social development of all countries and regions where we operate by ensuring tax transparency and meeting our tax obligations in a timely and appropriate manner.

Kureha Group Tax Policy

1. Compliance

The Group complies with the tax-related laws and regulations of the countries and regions in which it operates, appropriately utilizing preferential tax treatment and other benefits recognized under the tax laws of each country, and files and pays taxes accordingly, thereby contributing to the economies of those countries and regions, with the aim of fostering harmony and stable development together.

In addition, in order to ensure tax accuracy, the Group will perform proper accounting in compliance with applicable statutes and regulations.

2. Tax Planning

The Group will conduct fair and appropriate tax planning that reflects its business activities. In addition, we will comply with international rules on taxation and the laws and regulations of each country and region in which we operate, and strive to minimize tax risks.

The Group does not engage in tax avoidance activities by using tax havens or by planning taxes in a manner that does not conform to its actual business situation.

3. Initiatives to Minimize Tax Risks

Although the Group makes every effort to comply with the tax laws of each country in which it operates, there is a certain degree of possibility that the tax authorities in any such country may not understand the treatment that the Group deems appropriate.

The Group will seek advice from external tax specialists when deemed necessary, and will fully investigate, evaluate, and consider multiple alternatives in order to make appropriate decisions. We believe that these measures will minimize the risk of tax litigation and additional taxation.

4. International Taxation

(1) Transfer Pricing

The Group believes that by distributing income internationally in accordance with the contributions of each Group company, appropriate tax payments will be implemented in each country and region. The Group applies a transfer pricing methodology based on function and risk analysis to determine the prices of transactions with foreign affiliates in accordance with relevant international regulations such as the OECD Transfer Pricing Guidelines.

In order to reduce tax risks related to transfer pricing, the Group obtains advice from external experts and utilizes the Advance Pricing Agreement (APA) and other methods with tax authorities.

(2) Transfer Pricing

In the event that double taxation occurs on the same economic benefit in more than one country or region, the Group will endeavor to eliminate such double taxation through application of tax treaties or mutual consultation between countries.

5. Relations with Tax Authorities

The Group will respond in a timely manner to inquiries and requests for information from tax authorities and maintain good relationships with them.

In addition, in order to reduce uncertainties associated with tax operations and ensure tax transparency, the Group will strive to provide tax treatments that can be reasonably explained, and to promptly resolve any differences of opinion with tax authorities in other countries that may arise.

In addition, for items that have received guidance from the tax authorities in the past, measures will be taken to prevent recurrence of error.

Established June 2022, Kureha Corporation

## Message from Our Outside Directors

# We Are Working to Enhance Governance to Revitalize Kureha as a Technology-Driven Company.



As outside directors, we would like to share some of the challenges and opportunities we face moving forward.

### Nurturing Our People Is Essential to Building a Legacy That Lasts for Generations

As Kureha marks its 80th anniversary this year, we have embarked on the Medium- to Long-Term Management Plan, "Toward Creating a New Future," with the aim of becoming a centennial company. To realize our dreams and aspirations in this new era, we must embrace the time-tested wisdom of "Onko Chishin" (learning from the past by revisiting the classics and history). Since our founding, Kureha has been committed to its corporate philosophy of "valuing people and nature," "continuously growing through innovation and change," and "creating valuable products and technologies to contribute to the development of a sustainable society."

In our pursuit of becoming a sustainable company, we are focusing on two key pillars: human resource development and revitalization as a technology-driven company.

To accelerate the development of "Takumi" (master craftsmen or highly skilled professionals) and management talent, we have introduced a new personnel system centered on "autonomous growth." This system includes a "role-based grading system" that links roles and remuneration, and it has been implemented for all employees. Kureha possesses both tangible and intangible strengths, such as "human resources, technology, and materials," and we are committed to enhancing our work environment and human resource management practices to empower each employee to fully realize their unique potential and diversity.

The revitalization of Kureha as a technology-driven company hinges on "people, particularly leaders." It is often said that the

number of "Takumi" within a company determines its success. We need passionate and resilient Takumi who possess a market-oriented mindset, who can drive innovation and develop new products and businesses in growth areas, and who can spearhead our global expansion. The Board of Directors and the Nominating Advisory Committee are actively reviewing our Management Succession Plan and the Plan for Identifying and Developing Management Candidates, while the current management team is conducting the President's School and Town Hall Meetings.

I believe that the essential qualities of a leader are: first and foremost, strong character (integrity, humility, and diligence); second, a sound mindset (aspirations, and the ability to think from a long-term, fundamental, and holistic perspective); third, passion and capability (unity of knowledge and action, perseverance); and fourth, experience and contributions (having faced and overcome challenges and crises, and having achieved tangible results). "A company is its people." Drawing on my own experiences in Japan and abroad, I am dedicated to developing our human resources and building a sustainable company that meets the expectations of our stakeholders and contributes to society.

Outside Director, Independent Director, **Osamu Tosaka**



### The DNA of "If It Doesn't Exist, Create It"

As an outside director, I recognize my role as one of providing external insights and knowledge to complement internal perspectives, thereby ensuring that management decisions are not solely based on internal logic but are well-informed and accurate. In this regard, I can confidently assert that our Board of Directors is the most dynamic and engaged I have ever encountered. Every agenda item is thoroughly deliberated, with both external and internal directors contributing their unique viewpoints, resulting in highly effective discussions.

Leveraging my prior experience as a Chief Technology Officer at another company, I also actively participate in various technical meetings within our company. I visit the manufacturing sites of each business unit and group company, offering advice whenever necessary. Through these interactions, I have come to appreciate the profound legacy of our technological expertise, the creativity that underpins it, and the passion that fuels our pursuit of innovation.

The slogan "Nakereba, Tsukureba" (If it doesn't exist, create it) is more than just a catchphrase. It embodies our unwavering confidence in our technological capabilities, honed over 80 years of developing groundbreaking products like *NEW Krewrap* and binders for lithium-ion secondary battery positive electrodes, which are now our core products. This spirit of

innovation and pride is ingrained in our DNA and passed down to each new generation of engineers. As an outside director, I firmly believe that sharing my external technical insights, much like we do in board meetings, will contribute to our company's continued technological evolution.

To achieve the targets outlined in our current Medium- to Long-Term Management Plan, "Toward Creating a New Future," and to propel our company's further growth, it is imperative to closely align management's strategic vision with our "manufacturing management" philosophy. This means ensuring that everyone understands and shares the management's priorities, optimizing the allocation of our finite resources (including personnel, funds, and time), and responding agilely to shifts in the external environment. Furthermore, to truly differentiate ourselves from competitors in terms of quality and cost, we must steadfastly pursue digital transformation (DX), a key pillar of our Medium- to Long-Term Management Plan. I am confident that we can leverage new tools and technologies to surpass the achievements of our predecessors and elevate our technological capabilities to new heights.

Outside Director, Independent Director, **Osamu Iida**



### The Significance of Sustainability Management and the Role of the Board of Directors

In developing its Medium- to Long-Term Management Plan, Kureha identified material issues (key sustainability topics) and engaged in discussions to define the Group's value creation process, aiming to generate both social and economic value by addressing these issues.

Sustainability management should not be merely a vague philanthropic endeavor. It must be intrinsically linked to corporate value and integrated into the core of our strategies, including management strategies and business portfolios. Therefore, the identified material issues need to be incorporated into our medium- to long-term management strategies and decision-making processes, ensuring the pursuit of both economic and social value.

Kureha intends to provide products and services that create social value in the fields of "Environment and Energy," "Life," and "Digital Communications" by anticipating market changes and identifying social issues, and then incorporating these insights into our management strategies. In this pursuit, our unique value proposition, distinctiveness, and competitive advantages are crucial. Therefore, the Board of Directors must continuously question and discuss "Why Kureha?" when engaging in these fields and developing products.

Furthermore, it is essential for the internal Sustainability Committee and the Board of Directors to monitor the progress of our sustainability initiatives. This includes overseeing how we

utilize internal and external management resources and ensuring the appropriate allocation and reallocation of resources, such as through combining and reorganizing them.

To effectively monitor the link between social value creation and our economic value through sustainability management, establishing integrated KPIs that connect ESG (Environmental, Social, and Governance) factors with financial statements is crucial. This will enable the executive team to implement a robust Plan-Do-Check-Act (PDCA) cycle, while also allowing the Board of Directors to exercise proper oversight. I believe further discussion is needed on this point.

The Board of Directors bears the responsibility for the company's future. Therefore, we must be actively involved in sustainability management to ensure that the executive team operates autonomously and transparently in their pursuit of long-term, sustainable corporate actions. Additionally, the Board's role encompasses accountability and disclosure of corporate governance to a broad range of stakeholders. We must also oversee the creation of corporate value and its fair distribution to stakeholders.











Outside Director, Independent Director, **Yumiko Okafuji**



Management Team

◆ Board of Directors

◆ Audit & Supervisory Board

|   |   |   |  |   |  |   |   |   |   |   |   |
|---|---|---|--|---|--|---|---|---|---|---|---|
|   |  |  |  |  |  |  |  |  |  |  |  |
|   | President & Chief Executive Office  | Senior Vice President   | Senior Vice President  | 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  | Hiroyuki Tanaka   | Naomitsu Nishihata   | Katsuhiro Natake  |  | Osamu Tosaka  | Osamu Iida  | Yumiko Okafuji  | Michihiko Hayashi   | Tsukasa Sakane  | Katsuo Okuno  |
| Date of Birth   | December 25, 1951   | September 27, 1963  | February 14, 1965  | April 3, 1962   |  | December 11, 1946   | May 20, 1957  | December 10, 1964   | May 11, 1961  | March 26, 1963  | June 11, 1958   |
| Period in office (years)                                  | 15  | 2   | 1  | 1   |  | 8   | 2   | 1   | 1   | Newly appointed   | 1   |
| Attendance at Board of Directors meetings                 | 15 of 15 (100%)   | 15 of 15 (100%)   | 10 of 10 (100%)  | 10 of 10 (100%)   |  | 15 of 15 (100%)   | 15 of 15 (100%)   | 10 of 10 (100%)   | 10 of 10 (100%)   | —   | 10 of 10 (100%)   |
| Attendance at Audit & Supervisory Board meetings          | —   | —   | —  | —   |  | —   | —   | —   | 10 of 10 (100%)   | —   | 10 of 10 (100%)   |
| Executive skills (expertise and experience)               |   |   |  |   |  |   |   |   |   |   |   |
| Corporate management / Management strategy                | ○   | ○   | ○  | ○   |  | ○   | ○   |   | ○   | ○   | ○   |
| Manufacturing   |   | ○   | ○  |   |  | ○   | ○   |   |   |   |   |
| R&D   |   |   | ○  |   |  | ○   | ○   |   |   |   |   |
| Business strategy / Marketing                             | ○   | ○   | ○  | ○   |  | ○   | ○   |   | ○   |   |   |
| Finance / Accounting                                      |   | ○   |  | ○   |  |   |   | ○   |   | ○   | ○   |
| Overseas operations / International experience            | ○   | ○   | ○  | ○   |  | ○   | ○   | ○   |   | ○   | ○   |
| Legal affairs / Governance / Compliance / Risk management | ○   | ○   | ○  |   |  | ○   | ○   | ○   | ○   | ○   | ○   |
| ESG / Sustainability                                      |   | ○   |  |   |  | ○   | ○   | ○   |   |   |   |
| Human Resources Strategy and Human Resources Management   | ○   | ○   |  |   |  |   |   |   | ○   |   |   |

◆ Vice Presidents

|                |                 |  |
|----------------|-----------------|--|
| Vice President | Hiroyuki Sato   | General Manager, Research & Development Division   |
| Vice President | Atsushi Kida    | General Manager, Home Products & Packaging Materials Division  |
| Vice President | Takahisa Ueyama | General Manager, Manufacturing & Technology Division   |
| Vice President | Kyosuke Kawana  | Deputy General Manager, Corporate Strategies & Accounting Division, General Manager, Digital Transformation Center |

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 that we expect our executives to possess: (1) corporate management and management strategy, (2) manufacturing, (3) 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.

| Financial Information (Japanese GAAP)       | Unit        | 2015/3   | 2016/3   |
|---|-------------|----------|----------|
| <b>For the year:</b>                        |             |          |          |
| Net sales:                                  | Million yen | ¥150,182 | ¥142,549 |
| Domestic                                    | Million yen | 103,943  | 96,025   |
| Overseas                                    | Million yen | 46,239   | 46,524   |
| Net sales by segment:                       |             |          |          |
| Advanced Materials                          | Million yen | 36,187   | 36,536   |
| Specialty Chemicals                         | Million yen | 35,535   | 31,182   |
| Specialty Plastics                          | Million yen | 46,519   | 44,210   |
| Construction                                | Million yen | 16,721   | 16,201   |
| Other Operations                            | Million yen | 15,218   | 14,418   |
| Operating income                            | Million yen | 14,551   | 12,600   |
| Net income attributable to owners of parent | Million yen | 9,195    | 7,342    |
| Capital expenditure                         | Million yen | 17,557   | 12,139   |
| Depreciation and amortization               | Million yen | 8,261    | 9,877    |
| Research and development expenses           | Million yen | 4,978    | 4,885    |
| Cash flows from operating activities        | Million yen | 12,533   | 14,045   |
| Cash flows from investing activities        | Million yen | (18,766) | (6,026)  |
| Cash flows from financing activities        | Million yen | 5,042    | (9,328)  |
| <b>Year-end:</b>                            |             |          |          |
| Total assets                                | Million yen | ¥249,697 | ¥236,633 |
| Net assets                                  | Million yen | 120,624  | 119,274  |
| Interest-bearing debt                       | Million yen | 86,636   | 79,685   |
| <b>Amounts per share:</b>                   |             |          |          |
| Net income—basic                            | Yen         | ¥ 53.53  | ¥ 42.73  |
| Net assets                                  | Yen         | 687.80   | 686.06   |
| Cash dividends                              | Yen         | 12.00    | 11.00    |
| <b>Ratios:</b>                              |             |          |          |
| Operating income to net sales               | %           | 9.7%     | 8.8%     |
| Net income to net sales                     | %           | 6.1      | 5.2      |
| Return on equity                            | %           | 8.3      | 6.2      |
| Return on assets                            | %           | 6.5      | 4.9      |
| Equity ratio                                | %           | 47.3     | 49.8     |

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

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.



## Consolidated Statements of Financial Position

Kureha Corporation and Consolidated Subsidiaries  
As of March 31, 2023 (FY2022) and 2024 (FY2023)

Millions of yen

|   | FY2022   | FY2023   |
|---|----------|----------|
| <b>ASSETS</b>                                     |          |          |
| <b>Current assets:</b>                            |          |          |
| Cash and cash equivalents                         | ¥ 32,205 | ¥ 23,131 |
| Trade and other receivables                       | 31,855   | 38,919   |
| Income taxes receivable                           | —        | 1,687    |
| Other financial assets                            | 15       | 20       |
| Inventories                                       | 52,000   | 51,245   |
| Other current assets                              | 4,918    | 4,896    |
| Total current assets                              | 120,994  | 119,900  |
| <b>Non-current assets:</b>                        |          |          |
| Property, plant and equipment                     | 117,438  | 140,548  |
| Intangible assets                                 | 4,453    | 5,014    |
| Investments accounted for using the equity method | 15,400   | 16,796   |
| Other financial assets                            | 22,745   | 28,782   |
| Deferred tax assets                               | 1,924    | 2,119    |
| Other non-current assets                          | 13,447   | 17,467   |
| Total non-current assets                          | 175,409  | 210,729  |
| <b>Total assets</b>                               | ¥296,404 | ¥330,630 |

|   | FY2022   | FY2023   |
|---|----------|----------|
| <b>LIABILITIES AND EQUITY</b>                 |          |          |
| <b>Current liabilities:</b>                   |          |          |
| Trade and other payables                      | ¥ 27,670 | ¥ 20,503 |
| Bonds and borrowings                          | 13,389   | 11,926   |
| Other financial liabilities                   | 1,728    | 1,627    |
| Income taxes payable                          | 2,904    | 372      |
| Provisions                                    | 7,166    | 9,932    |
| Other current liabilities                     | 7,936    | 8,537    |
| Total current liabilities                     | 60,796   | 52,899   |
| <b>Non-current liabilities:</b>               |          |          |
| Bonds and borrowings                          | 8,605    | 39,095   |
| Other financial liabilities                   | 3,746    | 3,330    |
| Deferred tax liabilities                      | 2,949    | 8,663    |
| Provisions                                    | 1,322    | 1,321    |
| Retirement benefit liability                  | 297      | 279      |
| Other non-current liabilities                 | 1,912    | 1,891    |
| Total non-current liabilities                 | 18,833   | 54,582   |
| <b>Total liabilities</b>                      | 79,629   | 107,481  |
| <b>Equity:</b>                                |          |          |
| Share capital                                 | 18,169   | 18,169   |
| Capital surplus                               | 14,724   | 14,724   |
| Treasury shares                               | (8,701)  | (9,616)  |
| Retained earnings                             | 178,956  | 177,300  |
| Other components of equity                    | 12,050   | 20,799   |
| Total equity attributable to owners of parent | 215,199  | 221,377  |
| Non-controlling interests                     | 1,574    | 1,771    |
| <b>Total equity</b>                           | 216,774  | 223,148  |
| <b>Total liabilities and equity</b>           | ¥296,404 | ¥330,630 |

## Consolidated Statements of Profit or Loss

Kureha Corporation and Consolidated Subsidiaries  
For the fiscal years ended March 31, 2023 (FY2022) and 2024 (FY2023)

Millions of yen

|  | FY2022   | FY2023   |
|--|----------|----------|
| Revenue  | ¥191,277 | ¥177,973 |
| Cost of sales  | 136,488  | 126,634  |
| Gross profit   | 54,788   | 51,339   |
| Selling, general and administrative expenses                         | 31,973   | 32,606   |
| Share of profit (loss) of entities accounted for using equity method | 1,325    | (635)    |
| Other income   | 1,164    | 1,936    |
| Other expenses   | 2,954    | 7,232    |
| Operating profit   | 22,350   | 12,800   |
| Finance income   | 871      | 1,305    |
| Finance costs  | 228      | 191      |
| Profit before tax  | 22,992   | 13,913   |
| Corporate income tax expenses  | 6,014    | 4,070    |
| Profit   | 16,978   | 9,843    |
| <b>Profit attributable to:</b>                                       |          |          |
| Owners of parent   | 16,868   | 9,734    |
| Non-controlling interests  | 109      | 108      |
| Profit   | ¥ 16,978 | ¥ 9,843  |
| <b>Profit per share (in Yen):</b>                                    |          |          |
| Basic  | ¥ 288.10 | ¥ 173.03 |
| Diluted  | 287.63   | 172.73   |

## Consolidated Statements of Comprehensive Income

Kureha Corporation and Consolidated Subsidiaries  
For the fiscal years ended March 31, 2023 (FY2022) and 2024 (FY2023)

Millions of yen

|  | FY2022  | FY2023  |
|--|---------|---------|
| Profit   | ¥16,978 | ¥ 9,843 |
| <b>Other comprehensive income:</b>   |         |         |
| <b>Items that will not be reclassified to profit or loss:</b>              |         |         |
| Financial assets measured at fair value through other comprehensive income | 1,044   | 4,126   |
| Remeasurements of defined benefit plans                                    | 828     | 2,843   |
| Total  | 1,873   | 6,970   |
| <b>Items that may be reclassified to profit or loss:</b>                   |         |         |
| Exchange differences on translating foreign operations                     | 2,094   | 4,835   |
| Total  | 2,094   | 4,835   |
| <b>Other comprehensive income, net of tax</b>                              | 3,968   | 11,805  |
| <b>Comprehensive income</b>  | ¥20,947 | ¥21,649 |
| <b>Comprehensive income attributable to:</b>                               |         |         |
| Owners of parent   | ¥20,831 | ¥21,393 |
| Non-controlling interests  | 115     | 256     |
| Comprehensive income   | ¥20,947 | ¥21,649 |

### Consolidated Statements of Changes in Equity

Kureha Corporation and Consolidated Subsidiaries

FY2022 (From April 1, 2022 March 31, 2023)

Millions of yen

|   | Equity attributable to owners of parent |                 |                 |                   | Other components of equity |   |
|---|---|-----------------|-----------------|-------------------|----------------------------|---|
|   | Share capital                           | Capital surplus | Treasury shares | Retained earnings | Stock acquisition rights   | Exchange differences on translation of foreign operations |
| <b>BALANCE—APRIL 1, 2022</b>                                  | ¥18,169                                 | ¥14,724         | ¥(8,701)        | ¥166,005          | ¥141                       | ¥1,373  |
| Profit  |   |                 |                 | 16,868            |                            |   |
| Other comprehensive income                                    |   |                 |                 |                   |                            | 2,094   |
| Total comprehensive income                                    | —                                       | —               | —               | 16,868            | —                          | 2,094   |
| Purchase of treasury stock                                    |   |                 | (4)             |                   |                            |   |
| Share-based payment transactions                              |   |                 | 4               | (1)               | 30                         |   |
| Dividends   |   |                 |                 | (4,879)           |                            |   |
| Transfer from other components of equity to retained earnings |   |                 |                 | 962               |                            |   |
| Total transactions with owners                                | —                                       | —               | (0)             | (3,918)           | 30                         | —   |
| <b>BALANCE—MARCH 31, 2023</b>                                 | ¥18,169                                 | ¥14,724         | ¥(8,701)        | ¥178,956          | ¥171                       | ¥3,468  |

FY2022 (From April 1, 2023 March 31, 2023)

Millions of yen

|   | Equity attributable to owners of parent                                    |   |         | Other components of equity |                           |              |
|---|--|---|---------|----------------------------|---------------------------|--------------|
|   | Financial assets measured at fair value through other comprehensive income | Remeasurements of defined benefit plans | Total   | Total                      | Non-controlling interests | Total equity |
| <b>BALANCE—APRIL 1, 2022</b>                                  | ¥7,504   | ¥ —                                     | ¥ 9,020 | ¥199,219                   | ¥1,505                    | ¥200,724     |
| Profit for the period   |  |   | —       | 16,868                     | 109                       | 16,978       |
| Other comprehensive income                                    | 1,037  | 829                                     | 3,962   | 3,962                      | 6                         | 3,968        |
| Total comprehensive income                                    | 1,037  | 829                                     | 3,962   | 20,831                     | 115                       | 20,947       |
| Purchase of treasury stock                                    |  |   | —       | (4)                        |                           | (4)          |
| Share-based payment transaction                               |  |   | 30      | 33                         |                           | 33           |
| Dividends   |  |   | —       | (4,879)                    | (46)                      | (4,925)      |
| Transfer from other components of equity to retained earnings | (132)  | (829)                                   | (962)   | —                          |                           | —            |
| Total transactions with owners                                | (132)  | (829)                                   | (932)   | (4,850)                    | (46)                      | (4,897)      |
| <b>BALANCE—MARCH 31, 2023</b>                                 | ¥8,409   | ¥ —                                     | ¥12,050 | ¥215,199                   | ¥1,574                    | ¥216,774     |

FY2023 (From April 1, 2023 March 31, 2024)

Millions of yen

|   | Equity attributable to owners of parent |                 |                 |                   | Other components of equity |   |
|---|---|-----------------|-----------------|-------------------|----------------------------|---|
|   | Share capital                           | Capital surplus | Treasury shares | Retained earnings | Stock acquisition rights   | Exchange differences on translation of foreign operations |
| <b>BALANCE—APRIL 1, 2023</b>                                  | ¥18,169                                 | ¥14,724         | ¥ (8,701)       | ¥178,956          | ¥171                       | ¥3,468  |
| Profit  |   |                 |                 | 9,734             |                            |   |
| Other comprehensive income                                    |   |                 |                 |                   |                            | 4,835   |
| Total comprehensive income                                    | —                                       | —               | —               | 9,734             | —                          | 4,835   |
| Purchase of treasury stock                                    |   |                 | (10,004)        |                   |                            |   |
| Retirement of treasury stock                                  |   | (19)            | 9,057           | (9,037)           |                            |   |
| Share-based payment transaction                               |   | 19              | 32              |                   |                            | 5   |
| Dividends   |   |                 |                 | (5,268)           |                            |   |
| Transfer from other components of equity to retained earnings |   |                 |                 | 2,915             |                            |   |
| Total transactions with owners                                | —                                       | —               | (915)           | (11,391)          | 5                          | —   |
| <b>BALANCE—MARCH 31, 2024</b>                                 | ¥18,169                                 | ¥14,724         | ¥ (9,616)       | ¥177,300          | ¥177                       | ¥8,304  |

FY2023 (From April 1, 2023 March 31, 2024)

Millions of yen

|   | Equity attributable to owners of parent                                    |   |         | Other components of equity |                           |              |
|---|--|---|---------|----------------------------|---------------------------|--------------|
|   | Financial assets measured at fair value through other comprehensive income | Remeasurements of defined benefit plans | Total   | Total                      | Non-controlling interests | Total equity |
| <b>BALANCE—APRIL 1, 2023</b>                                  | ¥8,409   | ¥ —                                     | ¥12,050 | ¥215,199                   | ¥1,574                    | ¥216,774     |
| Profit  |  |   | —       | 9,734                      | 108                       | 9,843        |
| Other comprehensive income                                    | 3,997  | 2,824                                   | 11,658  | 11,658                     | 147                       | 11,805       |
| Total comprehensive income                                    | 3,997  | 2,824                                   | 11,658  | 21,393                     | 256                       | 21,649       |
| Purchase of treasury stock                                    |  |   | —       | (10,004)                   |                           | (10,004)     |
| Retirement of treasury stock                                  |  |   | —       | —                          |                           | —            |
| Share-based payment transaction                               |  |   | 5       | 57                         |                           | 57           |
| Dividends   |  |   | —       | (5,268)                    | (59)                      | (5,328)      |
| Transfer from other components of equity to retained earnings | (90)   | (2,824)                                 | (2,915) | —                          |                           | —            |
| Total transactions with owners                                | (90)   | (2,824)                                 | (2,909) | (15,215)                   | (59)                      | (15,275)     |
| <b>BALANCE—MARCH 31, 2024</b>                                 | ¥12,317  | ¥ —                                     | ¥20,799 | ¥221,377                   | ¥1,771                    | ¥223,148     |

### Consolidated Statements of Cash Flows

Kureha Corporation and Consolidated Subsidiaries  
For the fiscal years ended March 31, 2023 (FY2022) and 2024 (FY2023)

Millions of yen

|  | FY2022   | FY2023   |
|--|----------|----------|
| <b>Cash flows from operating activities:</b>   |          |          |
| Profit before tax  | ¥ 22,992 | ¥ 13,913 |
| Depreciation and amortization  | 11,615   | 11,660   |
| Gain on reversal of impairment losses  | —        | (946)    |
| Impairment loss  | 2,141    | 1,578    |
| Finance income   | (725)    | (807)    |
| Finance costs  | 222      | 181      |
| Share of loss (profit) of investments accounted for using equity method                    | (1,325)  | 635      |
| Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets | 464      | 1,803    |
| Decrease (increase) in trade and other receivables   | 4,667    | (5,838)  |
| Decrease (increase) in inventories   | (9,574)  | 2,323    |
| Increase (decrease) in trade and other payables  | (1,916)  | (8,393)  |
| Increase (decrease) in provisions  | 233      | 2,621    |
| Increase (decrease) in retirement benefit asset or liability                               | (504)    | (551)    |
| Other  | (949)    | (1,248)  |
| Subtotal   | 27,342   | 16,933   |
| Interest and dividends received  | 1,534    | 807      |
| Interest paid  | (202)    | (121)    |
| Income taxes paid  | (5,929)  | (6,017)  |
| Net cash provided by (used in) operating activities  | 22,744   | 11,601   |
| <b>Cash flows from investing activities:</b>   |          |          |
| Proceeds from sale of property, plant and equipment, and intangible assets                 | 166      | 293      |
| Purchase of property, plant and equipment, and intangible assets                           | (14,239) | (32,700) |
| Proceeds from sale of investment securities  | 296      | 378      |
| Purchase of investment securities  | (13)     | (337)    |
| Proceeds from sale of investments accounted for using equity method                        | 3,335    | —        |
| Proceeds from government subsidies   | 88       | —        |
| Other  | (734)    | (1,923)  |
| Net cash provided by (used in) investing activities  | (11,100) | (34,288) |
| <b>Cash flows from financing activities:</b>   |          |          |
| Dividends paid   | (4,879)  | (5,268)  |
| Dividends paid to non-controlling interests  | (46)     | (59)     |
| Increase (decrease) in short-term borrowings and commercial papers                         | (1,546)  | 1,892    |
| Proceeds from long-term borrowings   | 5,000    | 15,000   |
| Repayments of long-term borrowings   | (694)    | (2,971)  |
| Proceeds from issuance of bonds  | —        | 19,908   |
| Redemption of bonds  | (7,000)  | (5,000)  |
| Purchase of treasury shares  | (4)      | (10,004) |
| Other  | (1,313)  | (1,361)  |
| Net cash provided by (used in) financing activities  | (10,484) | 12,135   |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                        | 405      | 1,478    |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                | 1,565    | (9,073)  |
| <b>Cash and cash equivalents at beginning of period</b>                                    | 30,639   | 32,205   |
| <b>Cash and cash equivalents at end of period</b>  | ¥ 32,205 | ¥ 23,131 |

### Corporate Data (March 31, 2024)

|                      |  |
|----------------------|--|
| Corporate Name       | Kureha Corporation   |
| President & CEO      | Yutaka Kobayashi   |
| Establishment        | June 21, 1944  |
| Head Office          | 3-3-2 Nihonbashi-Hamacho, Chuo-ku, Tokyo 103-8552, Japan<br>Tel: 81-3-3249-4666<br>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  | 4,217 (Consolidated) 1,667 (Non-consolidated)  |
| Group Companies      | 28 consolidated subsidiaries and 1 equity-method affiliate   |
| Major Overseas Bases | United States, Germany, the Netherlands, France, Belgium, UK, Australia, China and Vietnam             |

### Stock Information (March 31, 2024)

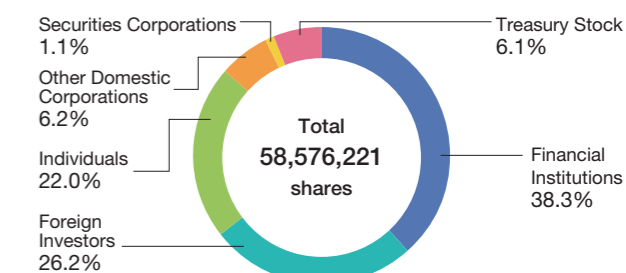
|  |  |
|--|--|
| Security Code                            | 4023   |
| Number of Shares of Common Stock Issued  | 58,576,221 shares  |
| Number of Shareholders                   | 12,198   |
| Stock Exchange Listings                  | Tokyo Stock Exchange   |
| Fiscal Term                              | April 1– March 31  |
| Ordinary General Meeting of Shareholders | June   |
| Transfer Agent                           | Mizuho Trust & Banking Co., Ltd.<br>3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo |
| Independent Auditor                      | Ernst & Young ShinNihon LLC  |

### Major Shareholders (March 31, 2024)

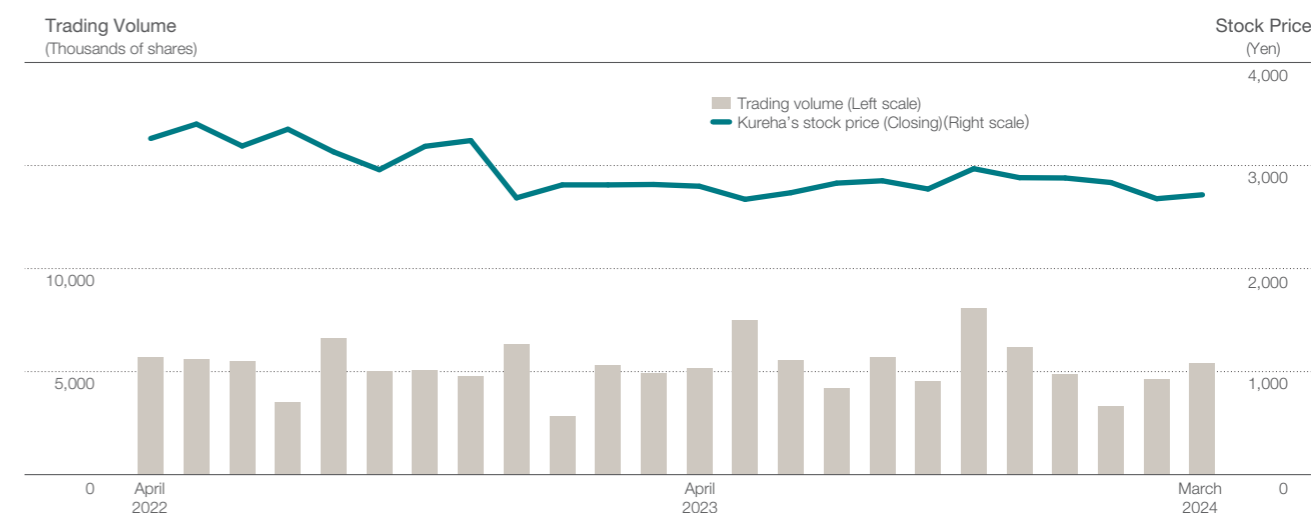
| Name of shareholder                                 | Shares held (thousands) | Shareholding Ratio (%) |
|---|-------------------------|------------------------|
| The Master Trust Bank of Japan Ltd. (Trust account) | 6,448                   | 11.7                   |
| Aya Nomura  | 5,262                   | 9.6                    |
| Meiji Yasuda Life Insurance Company                 | 4,123                   | 7.5                    |
| Custody Bank of Japan, Ltd. (Trust Account)         | 3,894                   | 7.1                    |
| Tokio Marine & Nichido Fire Insurance Co., Ltd.     | 1,650                   | 3.0                    |
| Mizuho Bank, Ltd.                                   | 1,200                   | 2.2                    |
| STATE STREET BANK AND TRUST COMPANY 505103          | 1,106                   | 2.0                    |
| Japan Post Insurance Co., Ltd.                      | 1,064                   | 1.9                    |
| GOVERNMENT OF NORWAY                                | 1,061                   | 1.9                    |
| THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT         | 873                     | 1.6                    |

Note: Number of shares held is rounded down to the nearest thousand share. The percentage of shareholding is calculated excluding treasury stock.

### Shareholder Composition (March 31, 2024)



### Stock Prices and Trading Volume (March 31, 2024)



## R&D Sites

### Central Research Center

Iwaki, Fukushima



We are committed to developing technologies that contribute to people's lives and the advancement of society. Our research and development efforts are led by the Central Research Center, which focuses on environment, energy, life sciences, electronics, and mobility, and the Polymer Processing Research Laboratories, which specializes in developing packaging materials and advanced materials using plastic processing technologies.

### Polymer Processing Research Laboratories

Omitama, Ibaraki



## Production Sites

### Iwaki Factory

Iwaki, Fukushima



The Iwaki Factory serves as our main production base, manufacturing a wide range of specialty products used in automotive and electronic components, including functional resins, carbon fibers, lithium-ion battery materials, and raw materials for food packaging and pharmaceuticals. Additionally, our two plastic processing factories produce *New Kurewrap*, a popular household wrapping film, and PGA molded products, which are supplied globally.

### Plastic Processing Factory

Omitama, Ibaraki; Tanba, Hyogo



## Business Offices

### Tokyo Head Office

3-3-2 Nihonbashi-Hamacho, Chuo-ku, Tokyo 103-8552, Japan

### Osaka Sales Office

Dojima Axis Bldg., 5F, 2-2-28 Dojimahama, Kita-ku, Osaka 530-8287, Japan

### Sendai Sales Office

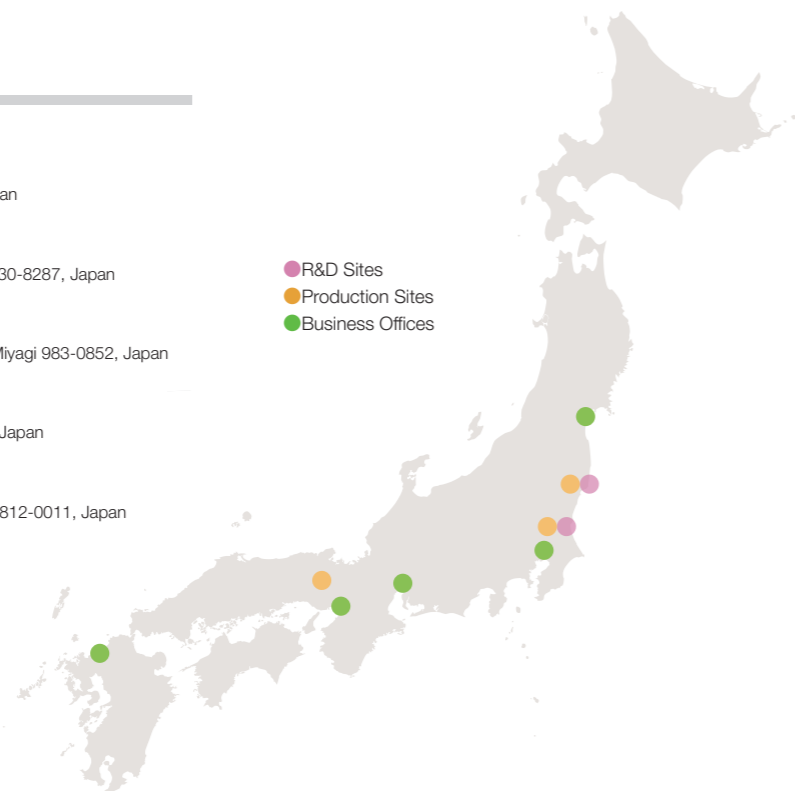
Azalea Hills, 17F, 3-4-1Tsutsumigaoka, Miyagino-ku, Sendai, Miyagi 983-0852, Japan

### Nagoya Sales Office

Toei Bldg., 10F, 2-20-8 Nishiki, Naka-ku, Nagoya 460-0003, Japan

### Fukuoka Sales Office

FK Bldg., 10F, 2-6-10, Hakataekimae, Hakata-ku, Fukuoka 812-0011, Japan



## Major Group Companies

In Japan, our Group companies operate in diverse fields, including product development and manufacturing, environmental initiatives, product distribution, and construction. We are also expanding our sales and production bases overseas to meet the evolving needs and growth of global markets

| Company name   | Location                       | Capital or contribution (million yen) | Main business activities  | Voting rights (%) | Relationship with Kureha (Concurrent position)   |
|--|--------------------------------|---------------------------------------|---|-------------------|--|
| <b>Consolidated Subsidiaries</b>                         |                                |                                       |   |                   |  |
| Kureha Trading Co., Ltd.*5                               | Chuo-ku, Tokyo, Japan          | 300                                   | Advanced Materials<br>Specialty Chemicals<br>Specialty Plastics<br>Other Operations | 70.53             | Distributes some of Kureha's products<br>Supplies some raw materials to Kureha<br>Loan from Kureha<br>2 interlocking directors                           |
| Kureha Extron Co., Ltd.                                  | Kasumigaura, Ibaraki, Japan    | 85                                    | Advanced Materials  | 100.00            | Receives raw materials from Kureha<br>Supplies advanced materials to Kureha<br>Loan from Kureha<br>3 interlocking directors                              |
| KUREHA GmbH  | Germany                        | €51,000                               | Advanced Materials  | 100.00 (100.00)   | Distributes Kureha's advanced materials<br>1 interlocking director   |
| KUREHA AMERICA INC.                                      | U.S.A.                         | \$7,446 thousand                      | Advanced Materials<br>Specialty Plastics  | 100.00            | Distributes some of Kureha's products<br>1 interlocking director   |
| KUREHA PGA LLC*2   | U.S.A.                         | \$155,408 thousand                    | Advanced Materials  | 100.00 (100.00)   | Supplies advanced materials to Kureha  |
| KUREHA ENERGY SOLUTIONS LLC                              | U.S.A.                         | \$10,000 thousand                     | Advanced Materials  | 100.00 (100.00)   | Distributes Kureha's advanced materials<br>1 interlocking director   |
| KUREHA (SHANGHAI) CARBON FIBER MATERIALS Co., Ltd.       | China                          | \$12,900 thousand                     | Advanced Materials  | 100.00            | Receives raw materials from Kureha<br>Supplies carbon products to Kureha<br>3 interlocking directors   |
| KUREHA (CHINA) INVESTMENT Co., Ltd.*2                    | China                          | \$115,750 thousand                    | Advanced Materials<br>Specialty Plastics  | 100.00            | Supplies advanced materials to Kureha<br>Distributes some of Kureha's products<br>3 interlocking directors   |
| KUREHA (CHANGSHU) FLUOROPOLYMERS Co., Ltd.*2             | China                          | \$108,000 thousand                    | Advanced Materials  | 100.00 (100.00)   | Supplies advanced materials to Kureha<br>2 interlocking directors  |
| Kureha Gohsen Co., Ltd.                                  | Shimotsuga-gun, Tochigi, Japan | 120                                   | Specialty Plastics  | 100.00            | Receives raw materials from Kureha<br>2 interlocking directors   |
| KUREHA EUROPE B.V.                                       | The Netherlands                | €2,269 thousand                       | Specialty Plastics  | 100.00            | Loan from Kureha<br>1 interlocking director  |
| KREHALON B.V.  | The Netherlands                | €2,722 thousand                       | Specialty Plastics  | 100.00 (100.00)   | 1 interlocking director  |
| KUREHA VIETNAM Co., Ltd.*2                               | Vietnam                        | \$21,900 thousand                     | Specialty Plastics  | 100.00            | Receives raw materials from Kureha<br>Supplies food packaging materials to Kureha<br>3 interlocking directors  |
| Kureha Construction Co., Ltd.                            | Iwaki, Fukushima, Japan        | 370                                   | Construction  | 100.00            | Engages in civil engineering/construction works within Kureha's factory premises.<br>3 interlocking directors  |
| Kureha Unyu Co., Ltd.                                    | Iwaki, Fukushima, Japan        | 300                                   | Other Operations  | 100.00            | Provides transportation/storage services for Kureha's products<br>3 interlocking directors   |
| Kureha Service Co., Ltd.                                 | Chuo-ku, Tokyo, Japan          | 194                                   | Other Operations  | 100.00            | Provides real estate management services for Kureha<br>Guarantees the long-term trade payables of the subsidiary's customers<br>2 interlocking directors |
| Kureha Ecology Management Co., Ltd.                      | Iwaki, Fukushima, Japan        | 240                                   | Other Operations  | 100.00            | Provides industrial waste treatment services for Kureha's factories<br>2 interlocking directors  |
| Kureha-kai Medical Corporation (Kureha General Hospital) | Iwaki, Fukushima, Japan        | 300                                   | Other Operations  | 100.00            | Loan from Kureha<br>3 interlocking directors   |
| <b>Other Companies (10)</b>                              |                                |                                       |   |                   |  |
| <b>Equity Method Affiliate (1)</b>                       |                                |                                       |   |                   |  |

\*1 For details of the above "Main Business Activities" listing segment names, please refer to "Business Overview and Strategy" on pages 19 to 22.

\*2 These are specified subsidiaries.

\*3 The percentage of voting rights in parentheses indicates indirect ownership.

\*4 The above companies do not submit securities registration statements or annual securities reports.

\*5 Kureha Trading Co., Ltd.'s revenue, excluding intercompany transactions, accounts for more than 10% of consolidated revenue.