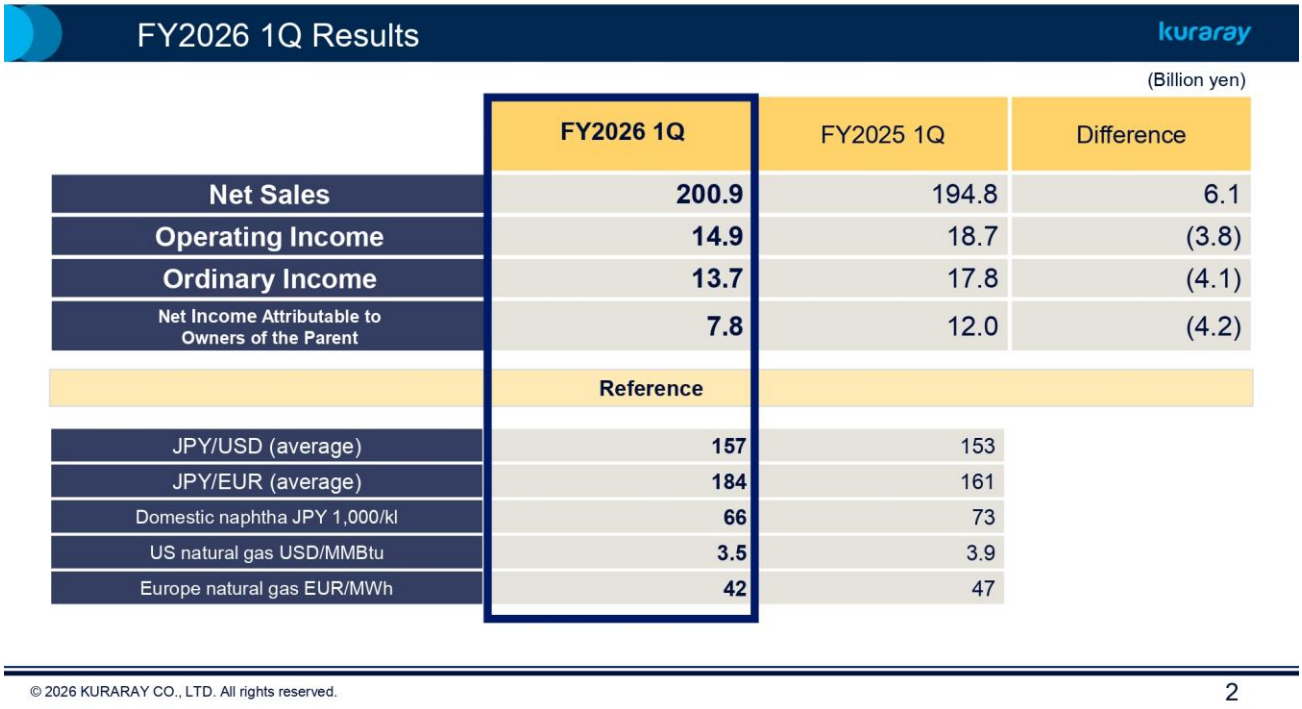
KURARAY CO., LTD.

1Q FY2026 Earnings Announcement

Presenter :

Junichi Fujiwara Managing Executive Officer,
Officer Responsible for Corporate Management Planning Office

May 13, 2026



Fujiwara: Hello everyone. My name is Fujiwara. Thank you very much for taking the time out of your busy schedules to join us today. Now, I will begin the explanation of our Q1 FY2026 results.

The business environment in Q1 initially appeared to have gotten off to a solid start. However, we recognize that uncertainty has increased due to the worsening situation in the Middle East. We recognize that the Japanese economy continued to recover moderately, supported by domestic demand. However, concerns over the procurement of certain raw materials and fuel, as well as rising prices, increased uncertainty about the outlook. The U.S. economy remained firm, driven by strong AI-related fields. However, downward pressure has intensified amid expectations of higher prices going forward. The European economy saw its recovery stall due to rising prices and heightened uncertainty. The Chinese economy continued to see low growth due to the prolonged real estate downturn and the rebound from government economic stimulus measures, among other factors.

In this environment, our Q1 results were as follows. Net sales increased JPY6.1 billion YoY to JPY200.9 billion. Operating income decreased JPY3.8 billion YoY to JPY14.9 billion. Net income attributable to owners of the parent decreased JPY4.2 billion YoY to JPY7.8 billion. The actual results for exchange rates and raw materials and fuel prices are shown at the bottom of the slide.

FY2026 1Q Factors Affecting the Change in Operating Income



	FY2025 1Q	FY2026 1Q
JPY/USD (average)	153	157
JPY/EUR (average)	161	184

	FY2025 1Q	FY2026 1Q
Domestic naphtha JPY 1,000/kl	73	66
US natural gas USD/MMBtu	3.9	3.5
Europe natural gas EUR/MWh	47	42

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This slide shows a company-wide summary of the factors affecting the change in operating income.

Volume resulted in a JPY4 billion decrease in profit due to sluggish demand for certain products in the Vinyl Acetate segment, as well as the absence this year of the pull-forward in demand seen last year due to the impact of US tariff policies.

Raw materials and fuel and exchange rate had a positive impact of JPY3.4 billion, reflecting lower prices for certain raw materials and fuel prices as well as the depreciation of the yen.

Others resulted in a JPY2.5 billion decrease in profit due to an increase in SG&A expenses and other factors.

Overall, operating income decreased by JPY3.8 billion.

Net Sales and Operating Income by Segment

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(Billion yen)

	FY2026 1Q		FY2025 1Q		Difference	
	Net Sales	**Operating Income**	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	101.9	11.0	100.4	15.9	1.5	(4.9)
Isoprene	21.5	2.9	19.7	2.8	1.8	0.1
Functional Materials	52.8	3.4	47.8	1.4	5.0	2.0
Fibers & Textiles	14.0	1.1	13.4	(0.6)	0.5	1.7
Trading	17.8	1.6	16.7	1.4	1.1	0.2
Others	7.2	0.4	10.9	0.8	(3.7)	(0.4)
Elimination & Corporate	(14.3)	(5.5)	(14.1)	(3.0)	(0.2)	(2.5)
Total	200.9	14.9	194.8	18.7	6.1	(3.8)

*From FY2026, the segment classification of the businesses under Electronics Materials Promotion Division is changed from "Others" to "Functional Materials." Accordingly, figures presented under result for FY2025 reflect this change.

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This slide shows net sales and operating income by segment compared with the same period of the previous year. Functional Materials and Fibers and Textiles were the main segments that recorded increases in income, while Vinyl Acetate recorded a decrease in income.

Vinyl Acetate

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(Billion yen)

	FY2025 1Q	**FY2026 1Q**	Difference
Net Sales	100.4	**101.9**	1.5
Operating Income	15.9	**11.0**	(4.9)

【Factors Affecting the Change in Operating Income 】



PVOH resin	Amid disruptions in the Middle East, sales volume declined due to overall sluggish demand, although some demand was captured by taking advantage of the global supply system.
Optical-use poval film	Sales volume increased as a result of an accumulation of inventories across the supply chain due to concerns around component procurement and product deliveries against the backdrop of a semiconductor memory shortage and the Middle East situation in addition to demand for buying new televisions for international sporting events.
Advanced Interlayer Solutions	Sales volume of PVB film decreased for both architectural and automotive applications due to the continued competitive environment, especially in Europe and Asia, and sales volume of SentryGlas™ also decreased due to the postponement of projects, etc.
Water-soluble PVOH film MonoSol	Sales volume decreased due to weak demand for soluble-unit-dose detergent.
EVAL™	Overall sales volume increased due to steady sales for both food packaging and automotive applications, as well as capturing demand by taking advantage of the global supply system.

Main reason of increase/ decrease	Overall segment income decreased due to deteriorated capacity utilization and price adjustments in some businesses.

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From here, I would like to explain the business conditions by segment. First is the Vinyl Acetate segment. This segment recorded higher net sales but lower operating income YoY.

Please refer to the comments on the right side of the slide for the sales conditions of each business.

Operating income decreased JPY4.9 billion YoY.

Volume resulted in a JPY4.6 billion decrease in profit due to reduced production of PVOH resin and a decrease in sales volume of advanced interlayer solutions, among other factors.

Selling price and product mix resulted in a JPY1.6 billion decrease in profit due to the continued competitive environment for advanced interlayer solutions and other factors.

Raw materials and fuel and exchange rate resulted in a JPY1.9 billion increase in profit, reflecting lower prices for certain raw materials and fuel as well as the depreciation of the yen.

Others resulted in a JPY0.7 billion decrease in profit due to the negative impact of inventory valuation differences and other factors.

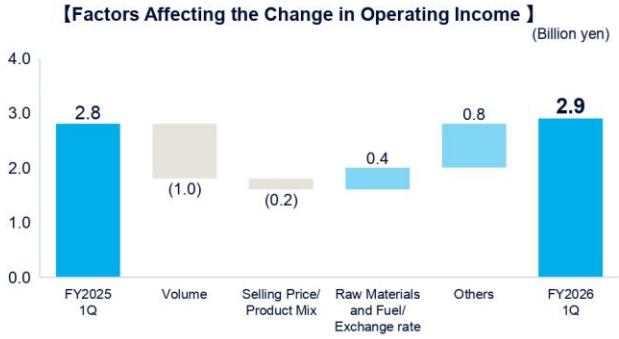
As a result, segment income decreased by JPY4.9 billion overall.

Isoprene

(Billion yen)

	FY2025 1Q	**FY2026 1Q**	Difference
Net Sales	19.7	**21.5**	1.8
Operating Income	2.8	**2.9**	0.1

【Factors Affecting the Change in Operating Income 】



Isoprene Chemicals and Elastomers	As a result of a pull-forward in demand in the previous year caused by U.S. tariff policies in addition to stagnant demand for construction applications in China, the volume of isoprene chemical sales decreased. Sales volumes of elastomers increased, but were impacted by intensified competition with Asian competitors in the European market and other regions.
GENESTAR™	Sales volume increased due to expanded sales for both electric and electronic applications and automotive applications.
Main reason of increase/ decrease	Segment income was partially negatively affected by inventory valuation differences, although there was a positive effect of lower depreciation expenses due to impairment losses recorded in the previous year.

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Next is the Isoprene segment. This segment recorded higher net sales and higher operating income YoY. Please also refer to the comments on the right side of the slide for the sales conditions of each business.

Volume was a factor that decreased profit by JPY1 billion, partly due to the absence this year of the pull-forward in demand seen last year as a result of US tariff policies.

This segment includes the effect of lower depreciation expenses due to the impairment losses recorded last year, but part of that effect will appear from Q2 onward.

There was also an impact from inventory valuation differences and other factors, and others resulted in a JPY0.8 billion increase in profit.

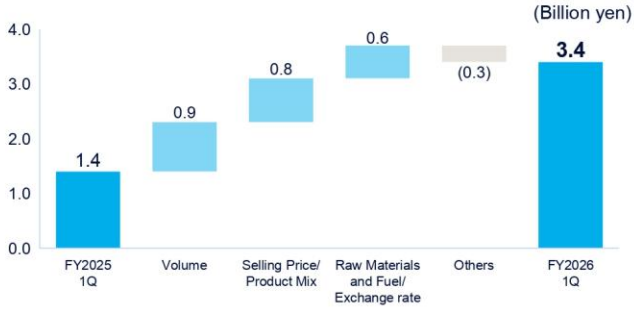
As a result, segment income increased by only JPY0.1 billion overall.

Functional Materials

(Billion yen)

	FY2025 1Q	**FY2026 1Q**	Difference
Net Sales	47.8	**52.8**	5.0
Operating Income	1.4	**3.4**	2.0

【Factors Affecting the Change in Operating Income 】



Methacrylate	Sales volume fell due to a reduction in production capacity for methyl methacrylate and some downstream products from July 2025.
Medical	Sales remained firm overall.
Environmental Solutions	Demand for activated carbon remained stable, and sales volume increased. In addition, price revisions also progressed.

Main reason of increase/ decrease	In addition to steady sales, the segment income as a whole benefited from the positive effect of foreign exchange rates.

*From FY2026, the segment classification of the businesses under Electronics Materials Promotion Division is changed from "Others" to "Functional Materials." Accordingly, figures presented under result for FY2025 reflect this change.

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Next is the Functional Materials segment. This segment recorded higher net sales and higher operating income YoY. Please refer to the comments in the upper right of the slide for the sales conditions of each business.

Volume was a factor that increased profit by JPY0.9 billion, as demand for activated carbon remained stable.

Selling price and product mix resulted in a JPY0.8 billion increase in profit, reflecting the effect of price revisions for activated carbon-related products amid higher coconut shell prices.

Raw materials and fuel and exchange rate resulted in a JPY0.6 billion increase in profit, mainly due to the positive impact of the depreciation of the yen.

As a result, segment income increased by JPY2 billion overall.

Fibers and Textiles

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(Billion yen)

	FY2025 1Q	**FY2026 1Q**	Difference
Net Sales	13.4	**14.0**	0.5
Operating Income	(0.6)	**1.1**	1.7

【Factors Affecting the Change in Operating Income 】



CLARINO™	Sales volume increased amid a recovery in sales, mainly for footwear applications.
Fibers and Industrial Materials	Demand recovered, especially for VECTRAN™, and sales volume increased. Sales remained flat despite the negative impact of the withdrawal from the dry-laid nonwoven fabrics business.

Main reason of increase/ decrease	Segment income increased due to higher sales volume of CLARINO™ and VECTRAN™.

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Next is the Fibers and Textiles segment. This segment recorded higher net sales and higher operating income YoY. The sales conditions of each business are also as described in the comments in the upper right of the slide.

Volume resulted in a JPY0.7 billion increase in profit, reflecting a recovery in demand for CLARINO™ and other factors.

Selling price and product mix resulted in a JPY0.3 billion increase in profit, mainly due to a recovery in sales centered on VECTRAN™, which improved the product mix.

Segment operating income increased by JPY1.7 billion overall.

Balance Sheet [1]: Assets

(Billion yen)

	Mar. 31, 2026	Dec. 31, 2025	Difference
Current Assets	**581.3**	578.4	2.9
Non-current Assets	**734.7**	725.1	9.6
Total Assets	**1,316.1**	1,303.5	12.5

	Mar. 31, 2026	Dec. 31, 2025
JPY/USD (end of period)	160	157
JPY/EUR (end of period)	183	184

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From this slide, I will explain the balance sheet. This page compares assets with the balance as of the end of December last year.

Current assets increased by JPY2.9 billion. This was mainly due to an increase in inventories resulting from inventory buildup ahead of scheduled maintenance.

Non-current assets increased by JPY9.6 billion, partly due to the depreciation of the yen, particularly for US dollar-denominated assets.

Balance Sheet [2]: Liabilities and Net Assets

(Billion yen)

	Mar. 31, 2026	Dec. 31, 2025	Difference
Current Liabilities	**233.3**	228.2	5.1
Non-current Liabilities	**329.8**	320.1	9.7
Total Liabilities	**563.1**	548.3	14.8
Net Assets	**752.9**	755.2	(2.3)
Total Liabilities and Net Assets	**1,316.1**	1,303.5	12.5
Equity Ratio	**56.2%**	57.0%	(0.7)%

	Mar. 31, 2026	Dec. 31, 2025
JPY/USD (end of period)	160	157
JPY/EUR (end of period)	183	184

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This slide explains the liabilities and net assets sections of the balance sheet.

Total liabilities increased by JPY14.8 billion, mainly due to commercial papers and long-term borrowings.

Net assets decreased by JPY2.3 billion, as the foreign currency translation adjustment increased by JPY8.4 billion due to the depreciation of the yen, while we proceeded with JPY10 billion in share buybacks.

As a result, the equity ratio decreased by 0.7 percentage points. The equity ratio was 56.2%.

Progress of FY2026 1Q Sales Volume in 1H Plan

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Segment and Business		Sales Volume Progress	Comments
Vinyl Acetate	PVOH resin	→	Production in Japan and Singapore was down due to the situation in the Middle East. Utilized bases in Europe and the U.S. to capture demand
	Optical-use poval film	↗	Sales volume increased because demand was brought forward from 2Q onward against the backdrop of tight supplies of various materials and the situation in the Middle East.
	Advanced Interlayer Solutions	↘	Sales volume decreased due to sluggish demand, especially for European building applications, and intensified competition.
	Water-soluble PVOH film MonoSol	→	Largely as planned
	EVAL™	→	Largely as planned
Isoprene	Isoprene Chemicals and Elastomers	↗	Utilized the Thailand base to capture demand for certain products where supply and demand were tight.
	GENESTAR™	→	Largely as planned
Functional Materials	Methacrylate	↘	Sales volume decreased due to deteriorating demand.
	Medical	→	Largely as planned
	Environmental Solutions	→	Largely as planned
Fibers & Textiles	CLARINO™	→	Largely as planned
	Fibers and Industrial Materials	↘	Sales volume decreased, reflecting lower demand for KURALON™, despite strong demand for VECTRAN™.

*The arrows indicate the progress of the sales volume in the 1Q FY2026 against the 1H FY2026 plan.

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From here, given the recent impact of the situation in the Middle East, I would like to briefly explain the current status. In our earnings presentation, we normally explain results on a YoY basis, as we have done so far. However, the impact of the situation in the Middle East that I just mentioned is also emerging temporarily.

To explain the current business environment, this slide summarizes the progress of sales volume in each business against this year's plan, along with comments. The arrows in the slide indicate the image of sales volume progress in Q1 against the H1 plan.

Starting from the top, for PVOH resin, production was partially reduced in Japan and Singapore due to the impact of the situation in the Middle East. While this was initially an issue, we are currently capturing demand by utilizing production bases in Europe and the U.S., as well as inventories, and there has been no significant impact on product supply itself. I will explain this later on another slide as well.

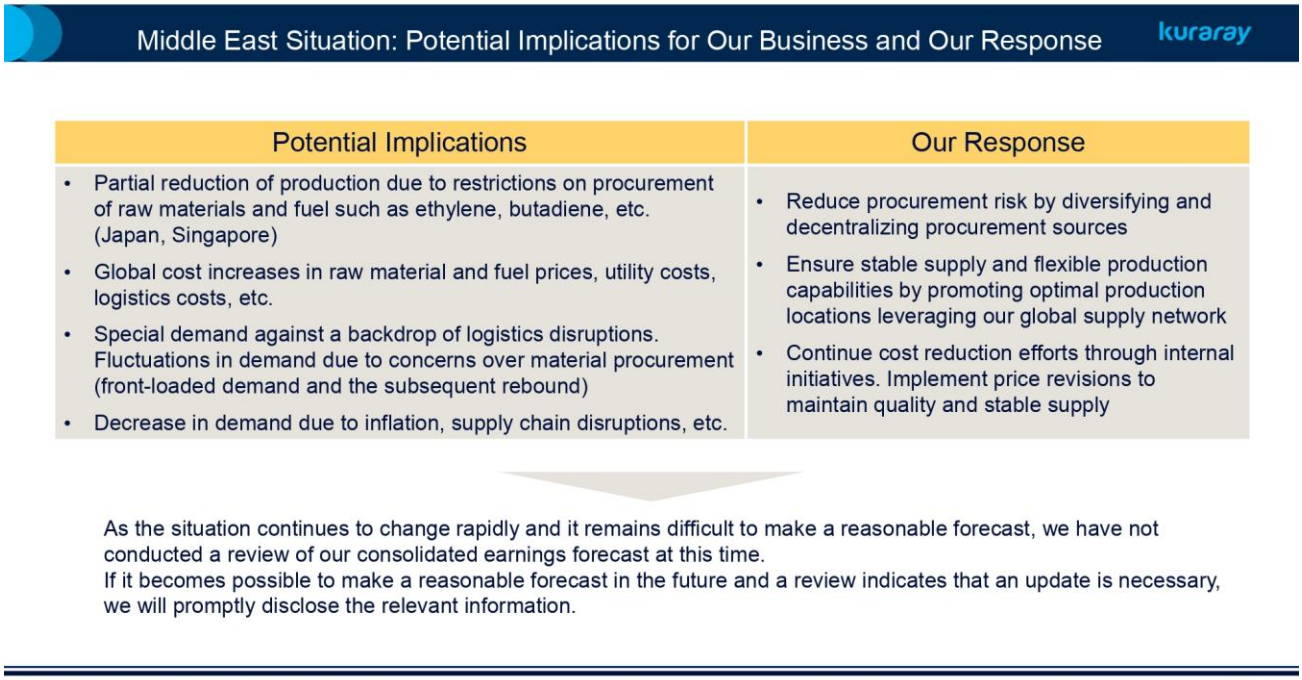
For optical-use poval film, there was front-loaded demand due to tight supplies of various materials, including semiconductor memory, as well as the impact of the situation in the Middle East. Sales in Q1 were strong. However, we assume that the full-year forecast for final demand remains largely unchanged, and we expect inventory adjustments at customers from Q2 onward.

For advanced interlayer solutions, demand in Europe and Asia has remained sluggish. In addition, due to intensified competition, sales volume decreased.

For isoprene chemicals and elastomers, sales volume increased compared with the plan, as we captured demand for certain products where supply and demand were tight by utilizing our Thailand base.

For methacrylate, sales volume decreased due to lower demand.

For fibers and industrial materials, sales of VECTRAN™ were strong, but sales volume decreased compared with the plan due to lower demand for KURALON™.



This slide summarizes the potential implications of the situation in the Middle East and our response policy.

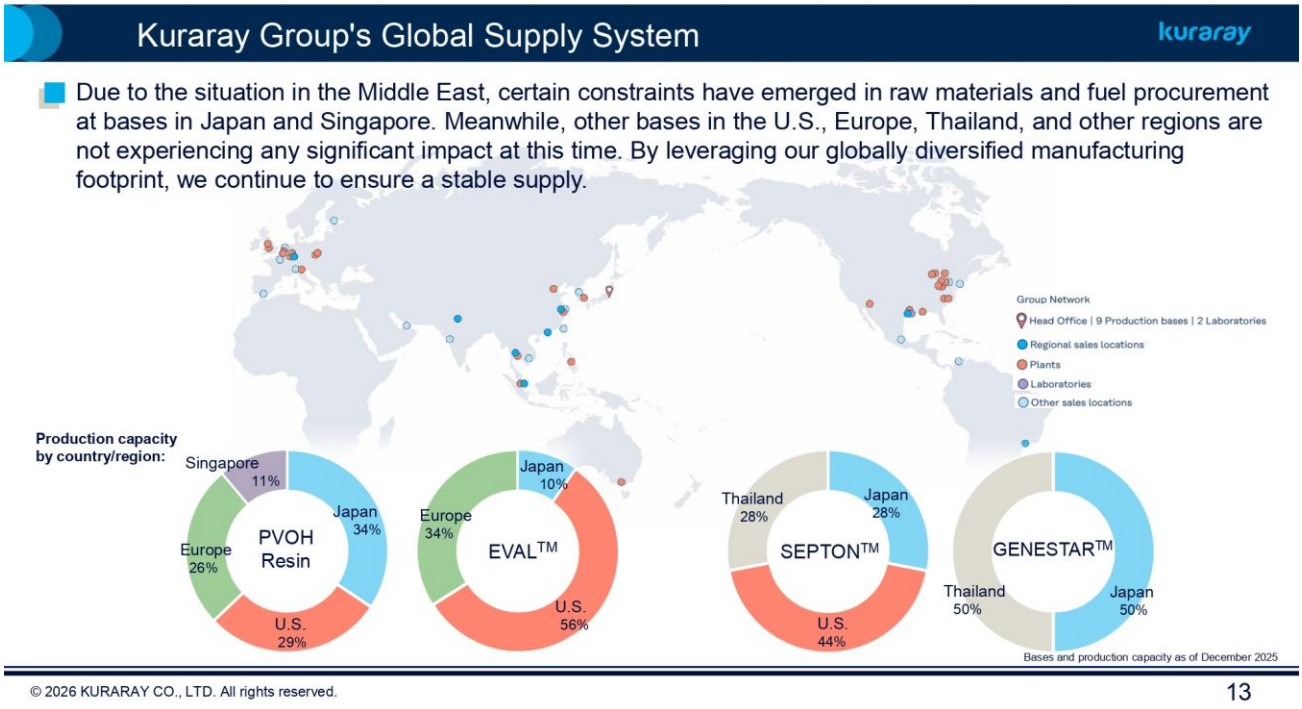
First, I will discuss the impact on raw material procurement and production. In Japan and Singapore, temporary constraints emerged in the procurement of raw materials and fuel, such as ethylene and butadiene, forcing some production bases to reduce production. In addition, even at production bases where there are no direct issues with procurement or production, we are seeing cost impacts from increases in raw material and fuel prices, logistics costs, and other expenses. We assume that much of the impact of these cost increases, including reduced production, will affect earnings from H2 onward, partly due to the impact of inventory valuation differences.

Next, regarding the impact on demand. We assume that some businesses are seeing special demand against the backdrop of logistics disruptions, as well as front-loaded demand due to concerns over material procurement. We believe this reflects customers' recognition of the stability of our supply, supported by our global production bases. However, for front-loaded demand, there is a possibility of adjustments from Q2 onward. Although this is not limited to our company, we believe it is also necessary to consider the risk that demand may decline and sales may fall from Q2 onward due to the impact of price increases.

In response to these impacts, we are taking the measures shown on the right side of the slide.

In response to constraints on raw material and fuel procurement, we are working to reduce procurement risk by diversifying and decentralizing our procurement sources. At the same time, we are working to maintain stable supply through optimal production locations leveraging our global supply network. On the other hand, the sharp rise in costs exceeds what can be absorbed through internal initiatives, so we are implementing price revisions in order to maintain quality and stable supply.

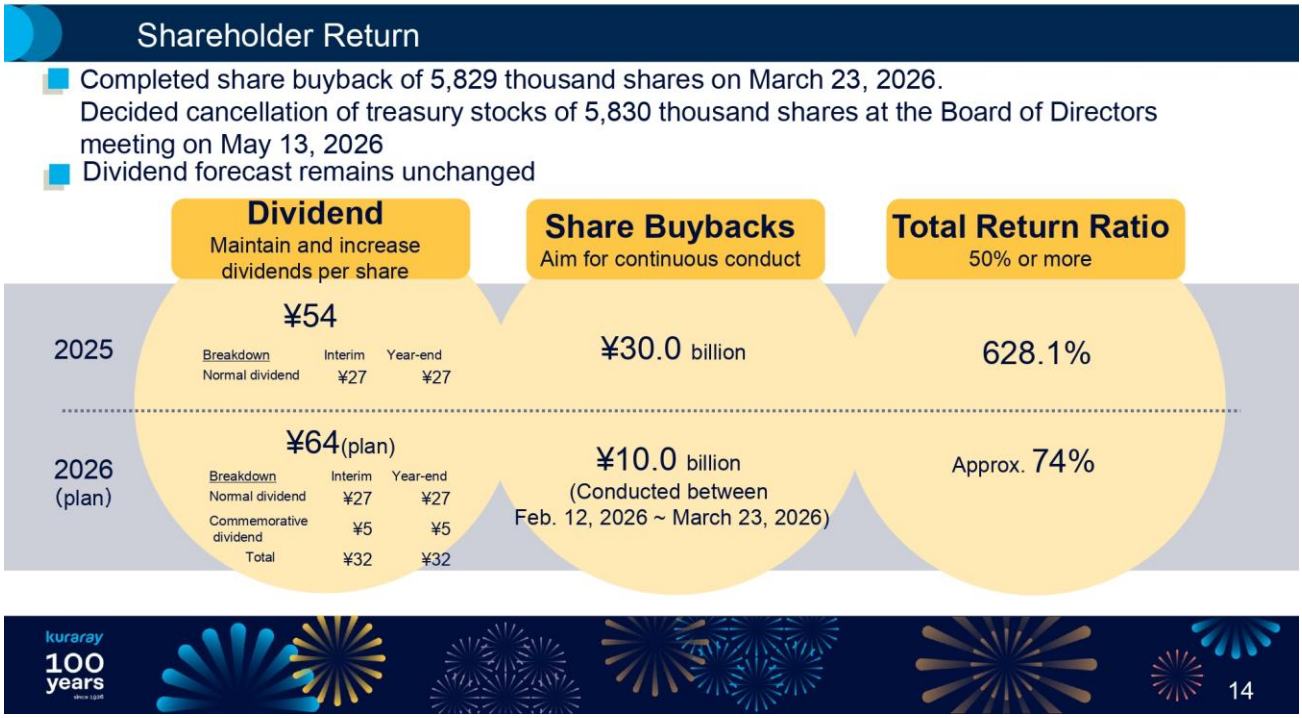
Regarding the earnings forecast, the situation continues to change rapidly, and it is extremely difficult to make a reasonable forecast. Therefore, we have not conducted a review at this time. However, if it becomes possible to make a reasonable forecast in the future and a review indicates that an update is necessary, we will promptly disclose the relevant information.



As I mentioned briefly on the previous slide, the main raw materials we purchase include ethylene and butadiene. Due to the impact of the situation in the Middle East, procurement of these raw materials has been affected mainly in Japan and Singapore. This is due to factors such as reduced production at upstream integrated chemical manufacturers and the suspension of maritime transport caused by the closure of the Strait of Hormuz. At our Okayama Plant and Kashima Plant in Japan, which are located in industrial complexes, certain constraints have emerged in raw material and fuel procurement.

On the other hand, as shown in red on the world map on the slide, we have major production bases in the U.S., Europe, Thailand, and other regions, and at this time, there are no issues with raw material procurement at these bases. We are leveraging our globally diversified production bases and working to secure alternative routes for raw material procurement. At present, there has been no significant impact on the stable supply of products.

For reference, the lower section of the slide shows production capacity by country and region for PVOH resin and EVAL™, for which ethylene is a main raw material, as well as SEPTON™ and GENESTAR™, for which butadiene and other materials are main raw materials.



We position the distribution of profits to all shareholders as a priority management issue. Our shareholder return policy is to ensure a total return ratio of at least 50% as a proportion of net income attributable to owners of the parent, hold steady or increase dividends per share, and aim for continually conducting share buybacks.

Regarding the share buyback decided in February, we completed the acquisition of approximately 5.83 million shares, totaling approximately JPY10 billion, by March 23. In addition, at the Board of Directors meeting held today, we decided to cancel approximately 5.83 million treasury shares. This cancellation is scheduled to be carried out on May 29, 2026. The approximately 5.83 million shares represent 1.89% of the total number of issued shares before the cancellation.

There is no change to the dividend forecast. The annual dividend is planned to be JPY64 per share, consisting of an ordinary dividend of JPY54 and a JPY10 100th anniversary commemorative dividend. We expect the total return ratio to be approximately 74%.

Going forward, we will continue to enhance shareholder returns without changing our existing policy.

Page 15 and beyond are for reference only.

This is the end of my short explanation. Thank you very much.

【Ref.】 Forecast for FY2026

(Billion yen)

	FY2026 Forecast (Feb. 10, 2026)			FY2025			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Net Sales	**410.0**	**440.0**	**850.0**	400.0	408.5	808.4	10.0	31.5	41.6
Operating Income	**24.0**	**46.0**	**70.0**	26.3	32.6	58.9	(2.3)	13.4	11.1
Ordinary Income	**21.0**	**43.0**	**64.0**	21.3	30.2	51.5	(0.3)	12.8	12.5
Net Income Attributable to Owners of the Parent	**13.0**	**27.0**	**40.0**	14.0	(6.6)	7.5	(1.0)	33.6	32.5
Reference:									
JPY/USD (average)	150		150	148		150			
JPY/EUR (average)	175		175	162		169			
Domestic naphtha (JPY 1,000/kl)	61		61	71		68			
US natural gas USD/MMBtu	3.8		3.8	3.7		3.6			
Europe natural gas EUR/MWh	37		37	41		37			

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【Ref.】 Net Sales Forecast by Segment

(Billion yen)

	FY2026 Forecast			FY2025			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Vinyl Acetate	205.0	215.0	420.0	202.9	201.6	404.5	2.1	13.4	15.5
Isoprene	44.0	49.0	93.0	39.9	40.4	80.4	4.1	8.6	12.6
Functional Materials	106.0	116.0	222.0	98.6	109.3	207.8	7.4	6.7	14.2
Fibers & Textiles	31.0	32.0	63.0	29.8	31.0	60.7	1.2	1.0	2.3
Trading	34.0	36.0	70.0	33.9	34.9	68.8	0.1	1.1	1.2
Others	17.0	24.0	41.0	21.7	18.2	39.9	(4.7)	5.8	1.1
Elimination & Corporate	(27.0)	(32.0)	(59.0)	(26.8)	(26.9)	(53.7)	(0.2)	(5.1)	(5.3)
Total	410.0	440.0	850.0	400.0	408.5	808.4	10.0	31.5	41.6

*From FY2026, the segment classification of the businesses under Electronics Materials Promotion Division is changed from "Others" to "Functional Materials." Accordingly, figures presented under result for FY2025 reflect this change.

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【Ref.】Operating Income Forecast by Segment

(Billion yen)

	FY2026 Forecast			FY2025			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Vinyl Acetate	**22.0**	**41.0**	**63.0**	29.9	32.7	62.5	(7.9)	8.3	0.5
Isoprene	**1.5**	**1.5**	**3.0**	(1.3)	(3.6)	(4.9)	2.8	5.1	7.9
Functional Materials	**6.0**	**8.5**	**14.5**	1.7	7.2	8.9	4.3	1.3	5.6
Fibers & Textiles	**1.5**	**3.0**	**4.5**	(0.1)	2.7	2.6	1.6	0.3	1.9
Trading	**3.0**	**3.5**	**6.5**	3.0	3.0	6.0	0.0	0.5	0.5
Others	**0.0**	**1.0**	**1.0**	1.9	1.8	3.7	(1.9)	(0.8)	(2.7)
Elimination & Corporate	**(10.0)**	**(12.5)**	**(22.5)**	(8.9)	(11.2)	(20.1)	(1.1)	(1.3)	(2.4)
Total	**24.0**	**46.0**	**70.0**	26.3	32.6	58.9	(2.3)	13.4	11.1

*From FY2026, the segment classification of the businesses under Electronics Materials Promotion Division is changed from "Others" to "Functional Materials." Accordingly, figures presented under result for FY2025 reflect this change.

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【Ref.】 Quarterly Net Sales by Segments

(Billion yen)

	FY2025					FY2026
	1Q	2Q	3Q	4Q	FY	1Q
Vinyl Acetate	100.4	102.5	98.5	103.1	404.5	101.9
Isoprene	19.7	20.3	18.6	21.9	80.4	21.5
Functional Materials	47.8	50.8	50.6	58.7	207.8	52.8
Fibers & Textiles	13.4	16.3	14.0	17.0	60.7	14.0
Trading	16.7	17.2	15.1	19.7	68.8	17.8
Others	10.9	10.8	9.6	8.7	39.9	7.2
Elimination & Corporate	(14.1)	(12.7)	(12.9)	(14.0)	(53.7)	(14.3)
Total	194.8	205.2	193.5	215.0	808.4	200.9

*From FY2026, the segment classification of the businesses under Electronics Materials Promotion Division is changed from "Others" to "Functional Materials." Accordingly, figures presented under result for FY2025 reflect this change.

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【Ref.】 Quarterly Operating Income by Segments

(Billion yen)

	FY2025					FY2026
	1Q	2Q	3Q	4Q	FY	1Q
Vinyl Acetate	15.9	14.0	18.7	14.0	62.5	11.0
Isoprene	2.8	(4.1)	(0.9)	(2.7)	(4.9)	2.9
Functional Materials	1.4	0.4	3.0	4.2	8.9	3.4
Fibers & Textiles	(0.6)	0.5	1.4	1.3	2.6	1.1
Trading	1.4	1.7	1.2	1.8	6.0	1.6
Others	0.8	1.1	1.1	0.7	3.7	0.4
Elimination & Corporate	(3.0)	(5.9)	(4.4)	(6.8)	(20.1)	(5.5)
Total	18.7	7.6	20.1	12.5	58.9	14.9

*From FY2026, the segment classification of the businesses under Electronics Materials Promotion Division is changed from "Others" to "Functional Materials." Accordingly, figures presented under result for FY2025 reflect this change.

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