KURARAY CO., LTD.

2Q FY2025 Earnings Announcement

Presenters

Hitoshi Kawahara	President and Representative Director
Junichi Fujiwara	Managing Executive Officer, Officer Responsible for Corporate Management Planning Office

August 8, 2025

FY2025 1H Results

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- Income declined due to negative effects of inventory valuation differences, etc.

(Billion yen)

	FY2025 1H	FY2024 1H	Difference
Net Sales	**400.0**	411.2	(11.3)
Operating Income	**26.3**	45.5	(19.2)
Ordinary Income	**21.3**	44.0	(22.7)
Net Income Attributable to Owners of the Parent	**14.0**	30.4	(16.4)
	Reference		
JPY/USD (average)	148	152	
JPY/EUR (average)	162	165	
Domestic naphtha JPY 1,000/kl	71	75	
US natural gas USD/MMBtu	3.69	2.21	
Europe natural gas EUR/MWh	41	30	

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Kawahara: I am Kawahara, President and Representative Director. Once again, thank you for joining us today. I will now begin the earnings presentation for Q2 FY2025.

In 1H of FY2025, demand in major markets began to decline from Q2, particularly in June, reflecting the impact of the US tariff policy and other factors. We recognize that uncertainty surrounding the future economic outlook has further intensified.

By region, in Japan, the economic recovery is showing some signs of slowing due to sluggish external demand. In the US, growth has remained solid supported by domestic demand, but is expected to slow as a result of the tariff policy. The European economy has continued on a moderate expansionary trend, but uncertainty over its future outlook is intensifying.

In China, personal consumption has been supported by government economic stimulus measures, but growth remains sluggish, particularly in the real estate market.

Under these conditions, as shown on the slide, the Group posted net sales of JPY400 billion, down JPY11.3 billion YoY; operating income of JPY26.3 billion, down JPY19.2 billion YoY, mainly reflecting the negative impact of inventory valuation differences; and net income of JPY14 billion, down JPY16.4 billion YoY.

The actual results for exchange rates and raw materials and fuel are as shown in the materials.

FY2025 1H Factors Affecting the Change in Operating Income

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	FY2024 1H	FY2025 1H
JPY/USD (average)	152	148
JPY/EUR (average)	165	162

	FY2024 1H	FY2025 1H
Domestic naphtha JPY 1,000/kl	75	71
US natural gas USD/MMBtu	2.21	3.69
Europe natural gas EUR/MWh	30	41

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This slide shows the factors behind the YoY change in operating income.

In the raw materials and fuel/exchange rate, higher raw material and fuel prices and the appreciation of the yen against the US dollar reduced profits by approximately JPY5.7 billion. Others, including the negative impact of inventory valuation differences and higher SG&A expenses, led to a decrease of JPY12.8 billion

Financial KPIs

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Financial KPI figures deteriorated as income declined.

Financial KPIs

	FY2024	FY2025 1H	FY2026 Targets
ROIC	7.3%	**4.4%**	8%
EBITDA*	¥170.3 billion	**¥67.7 billion**	¥170.0 billion
ROE	4.3%	**3.8%**	10%
EBITDA Margin（reference）	20.6%	**16.9%**	23%

*Operating income + depreciation and amortization

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This slide shows the results for the financial KPIs set out in the medium-term management plan, “PASSION 2026”, as of the end of 1H FY2025.

Due to the decline in profits, ROIC came in at 4.4%, EBITDA at JPY67.7 billion, and ROE at 3.8%.

Forecasts for FY2025

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Revised full-year forecasts in light of economic environment and business trends

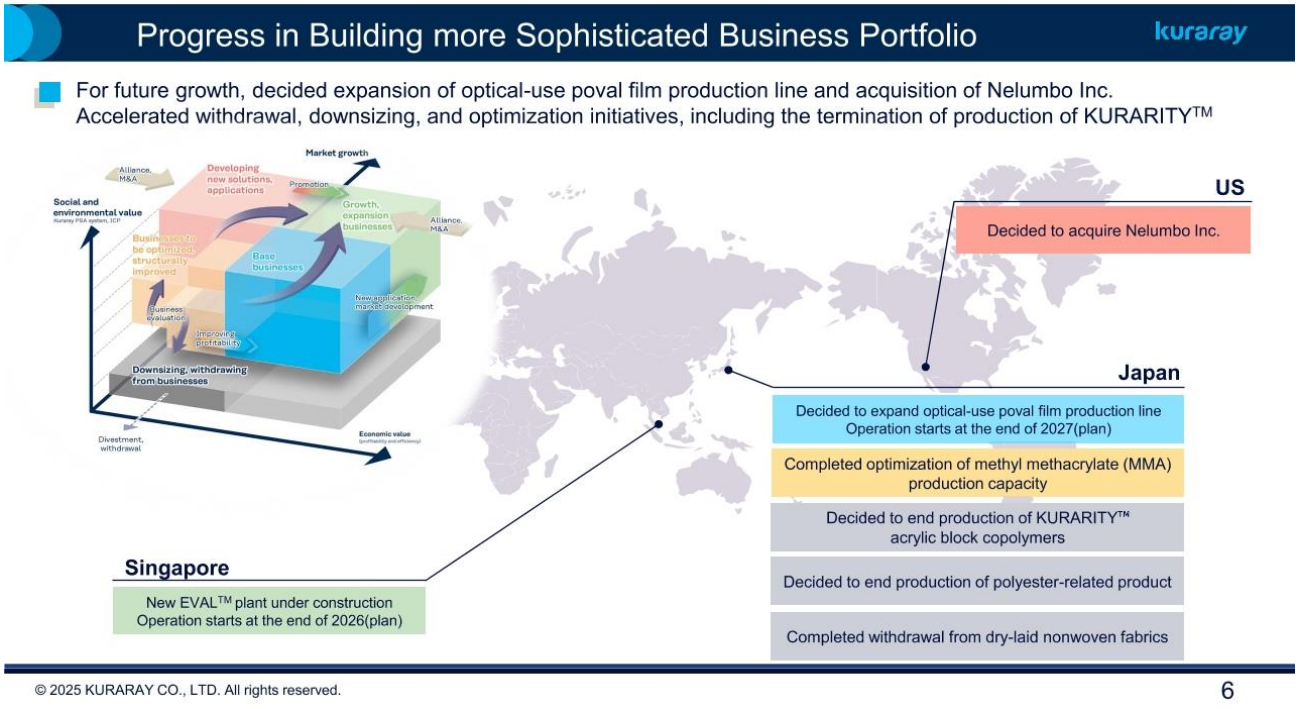
(Billion yen)

	FY2025 Forecast (Aug. 8, 2025)	FY2024	Difference	FY2025 Forecast (Feb. 12, 2025)	Difference
Net Sales	**840.0**	826.9	13.1	860.0	(20.0)
Operating Income	**75.0**	85.1	(10.1)	90.0	(15.0)
Ordinary Income	**69.0**	81.5	(12.5)	85.0	(16.0)
Net Income Attributable to Owners of the Parent	**33.0**	31.7	1.3	45.0	(12.0)
Reference					
JPY/USD (average)	**149**	152			
JPY/EUR (average)	**166**	164			
Domestic naphtha JPY 1,000/kl	**68**	75			
US natural gas USD/MMBtu	**3.55**	2.41			
Europe natural gas EUR/MWh	**38**	34			

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We recognize that the global economy in Q3 onward is becoming increasingly uncertain, with further slowdowns expected due to the US tariff policy. Based on the 1H results, the current business trends, and the global economic environment mentioned earlier, we have revised the full-year forecasts announced in February. The revised forecasts are net sales of JPY840 billion, down JPY20 billion, operating income of JPY75 billion, down JPY15 billion, and net income of JPY33 billion, down JPY12 billion.



This slide outlines our policy initiatives, focusing on the progress in building a more sophisticated business portfolio in 1H FY2025.

As shown in the graph on the left side of the slide, our business portfolio is evaluated along three axes: “Social and environmental value” on the vertical axis, “Economic value” on the horizontal axis, and “Market growth” on the depth axis.

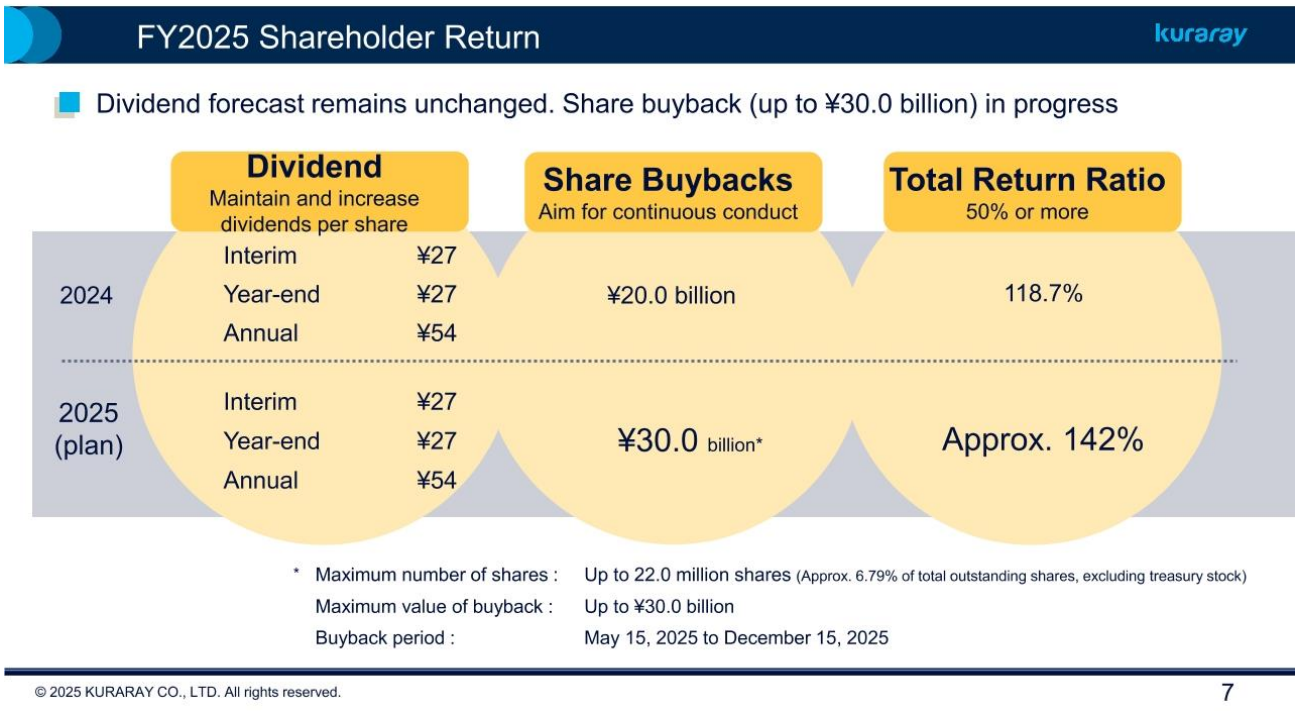
Under the medium-term management plan, we have identified businesses and products with strong growth potential and competitiveness, positioning them in four color-coded areas: green for “growth, expansion businesses”, light blue for “base businesses”, red for “developing new solutions, applications”, and orange for “businesses to be optimized, structurally improved”. In the case of the orange area, businesses to be optimized and structurally improved, our feasibility assessments have led to decisions to downsize or withdraw from certain businesses.

As part of our progress to date, we have decided to expand production capacity for optical-use poval film, which is positioned as a “base business”. Construction of the new EVAL™ plant in Singapore, positioned as a “growth and expansion business”, is proceeding smoothly. Although not shown on the slide, in the activated carbon business, we are considering either expanding existing plants or constructing a new facility of reactivated carbon in the United States.

As part of our efforts under innovations starting from networking, one of the three strategic pillars of the medium-term management plan, we acquired Nelumbo Inc., a US West Coast venture specializing in surface processing technology based on inorganic chemistry. This acquisition lays the foundation for future growth, as we pursue initiatives to develop new solutions and applications leveraging Nelumbo’s proprietary technology.

On the other hand, we have decided to terminate the business for KURARITY™, an acrylic block copolymer product, as well as the production of polyester-related products. In addition, as previously announced last year, we have completed the optimization of production capacity in the methacrylate business and the withdrawal from the dry-laid nonwoven fabrics business.

We will continue to allocate management resources in a disciplined manner to enhance the sophistication of our business portfolio, with the aim of transitioning to a more sustainable business structure and achieving growth.



We position the distribution of profits to shareholders as an important management priority. Our shareholder return policy is to maintain or increase the dividends per share and to continue share buybacks, aiming for a total return ratio of at least 50% of net income attributable to owners of the parent.

While we have revised our full-year earnings forecast, the annual dividend forecast remains unchanged at JPY27 for the interim dividend and JPY54 for the full year, including the year-end dividend. In May, we decided to repurchase our own shares, and this initiative is already underway. As of the end of July, progress had reached 6.44 million shares with a total value of JPY11.7 billion.

Now, I will turn it over to Mr. Fujiwara, Managing Executive Officer, for more details on the financial results. Thank you very much.

Net Sales and Operating Income by Segment

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(Billion yen)

	FY2025 1H		FY2024 1H		Difference	
	Net Sales	**Operating Income**	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	**202.9**	**29.9**	208.8	43.9	(6.0)	(14.0)
Isoprene	**39.9**	**(1.3)**	37.5	(4.0)	2.4	2.7
Functional Materials	**98.1**	**2.9**	102.8	6.5	(4.6)	(3.6)
Fibers & Textiles	**29.8**	**(0.1)**	31.2	0.7	(1.5)	(0.8)
Trading	**33.9**	**3.0**	32.2	2.7	1.7	0.3
Others	**22.1**	**0.7**	25.0	0.9	(2.9)	(0.2)
Elimination & Corporate	**(26.8)**	**(8.9)**	(26.4)	(5.2)	(0.4)	(3.7)
Total	**400.0**	**26.3**	411.2	45.5	(11.3)	(19.2)

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Fujiwara: I will now explain the details of the financial results.

This slide shows net sales and operating income by segment compared with the same period last year. As you can see, while the Isoprene and Trading segments saw increases in both sales and income, all other segments recorded declines in both sales and income.

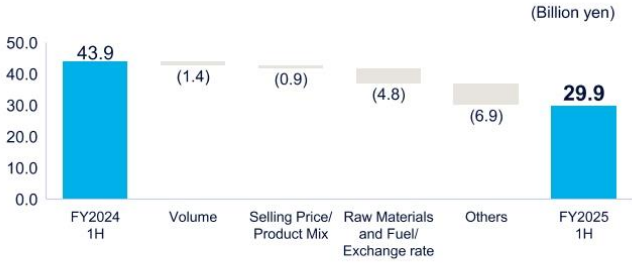
Vinyl Acetate

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(Billion yen)

	FY2024 1H	**FY2025 1H**	Difference
Net Sales	208.8	**202.9**	(6.0)
Operating Income	43.9	**29.9**	(14.0)

【Factors Affecting the Change in Operating Income 】



PVOH resin	Sales volume decreased due to weakened demand, especially in Europe and the Unite States, and due to the dissipation of the special demand that arose in the previous year to work around logistics disruptions to Europe. There were also negative effects from inventory valuation differences and rising raw material and fuel prices.
Optical-use poval film	Although sales remained firm on the back of Chinese government measures to support home appliance replacement, inventory valuation differences had a negative impact on results.
Advanced Interlayer Solutions	Although sales of SentryGlas™ remained favorable, especially in the Americas, the competitive environment for PVB film has intensified, particularly in Asia. As a result, sales volume decreased for both construction and automotive applications.
Water-soluble PVOH film MonoSol	Sales volume increased amid a slight recovery in demand for soluble-unit-dose detergent.
EVAL™	Although sales volume for food packaging applications did not increase as much as expected, business performance remained favorable, especially in Europe and the U.S., with automotive applications holding steady, resulting in an increase in the overall sales volume. Profit, however, was negatively affected in part by inventory valuation differences and rising raw material and fuel prices.
Main reason of increase/ Decrease	Sales volume did not increase as much as expected due to the European economic stagnation and other factors, and overall segment income decreased due to the negative impact of inventory valuation differences and higher raw material and fuel prices.

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From here, I will explain the business situation by segment.

First is the Vinyl Acetate segment. Both net sales and operating income in this segment declined YoY. Please refer to the comments at the upper right for the sales situation of each business.

Operating income decreased by JPY14 billion YoY. Sales volume fell short of expectations due to the sluggish European economy and other factors, resulting in a decrease of JPY1.4 billion. In raw materials and fuel/exchange rate, higher raw material and fuel prices caused a JPY4.8 billion decrease in profit. In others, the scheduled maintenance conducted at the US plant last year eliminated this year's boost from inventory valuation differences, contributing to a JPY6.9 billion decrease in profit.

As a result, the segment, as a whole, posted lower sales.

Isoprene

(Billion yen)

	FY2024 1H	**FY2025 1H**	Difference
Net Sales	37.5	**39.9**	2.4
Operating Income	(4.0)	**(1.3)**	2.7

【Factors Affecting the Change in Operating Income 】



Isoprene Chemicals and Elastomers	Sales volume increased and sales mix improved as demand remained firm, especially in Europe and the U.S.
GENESTAR™	Sales volume increased due to a robust recovery in demand for electric and electronic applications as well as expanded sales for automotive applications.

Main reason of increase/ Decrease	Overall segment income increased thanks to the stabilization of operations at the Thai base, which was also leveraged to contribute to sales expansion.

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In the Isoprene segment, both net sales and operating income increased YoY. Please refer to the comments at the upper right for the sales situation of each business.

In terms of volume, stable operations at the Thai base and sales expansion leveraging this base drove an increase of JPY1.6 billion in profit. Improvements in selling price and product mix for isoprene chemicals and elastomers also contributed to a JPY0.9 billion increase. As a result, operating income for the segment as a whole increased by JPY2.7 billion.

Functional Materials

(Billion yen)

	FY2024 1H	**FY2025 1H**	Difference
Net Sales	102.8	**98.1**	(4.6)
Operating Income	6.5	**2.9**	(3.6)

【Factors Affecting the Change in Operating Income 】



Methacrylate	Sales volume fell due to temporary production difficulties.
Medical	Sales of cosmetic dental materials, mainly in Europe and the U.S., remained brisk. We continued strengthening marketing aimed at expanding sales.
Environmental Solutions	Although demand in North America remained stable, product deliveries were postponed to the Q3 or later due to delays in capital investment by some customers. In addition, demand for industrial activated carbon remained weak in Europe, and the diatomite and perlite business were transferred in December 2024, resulting in a decrease in sales. Profit was negatively impacted by a cold wave and production difficulties in the U.S.

Main reason of increase/ Decrease	Income for the segment decreased due in part to the negative effects of a cold wave in the U.S. and production difficulties.

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In the Functional Materials segment, both net sales and operating income declined YoY. Please refer to the comments at the upper right for the sales situation of each business.

In terms of the volume, lower production due to the cold wave in the US, the transfer of the diatomite and perlite business at the end of FY2024, and continued weak demand for industrial activated carbon in Europe resulted in a JPY1.6 billion decrease in profit. In others, the activated carbon business was negatively affected by the cold wave in the US and production difficulties, leading to a JPY2.2 billion decrease in profit.

As a result, operating income for the segment as a whole decreased by JPY3.6 billion.

Fibers and Textiles

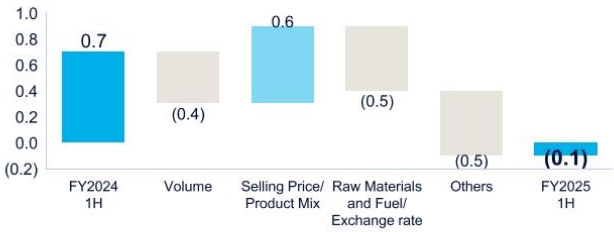
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(Billion yen)

	FY2024 1H	**FY2025 1H**	Difference
Net Sales	31.2	**29.8**	(1.5)
Operating Income	0.7	**(0.1)**	(0.8)

【Factors Affecting the Change in Operating Income 】

(Billion yen)



CLARINO™	Sales volume decreased amid a decline in demand for luxury and automotive applications due in part to the effects of inventory adjustments in the EVs, stagnant demand in the European market, and slowing growth in the Chinese economy.
Fibers and Industrial Materials	Sales in Europe for construction material applications remained weak. There were also negative effects from inventory valuation differences.

Main reason of increase/ Decrease	Overall segment income decreased due in part to stagnation in European economies and inventory adjustments of EVs.

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In the Fibers and Textiles segment, both net sales and operating income declined YoY. Please refer to the comments at the upper right for the sales situation of each business.

Selling price/product mix contributed a positive JPY0.6 billion, mainly from price increases for KURALON™. On the other hand, the negative impact of inventory valuation differences and other factors reduced profit by JPY0.5 billion.

The slowdown in the European economy and inventory adjustments for EVs also contributed to a JPY0.8 billion decrease in operating income for the segment as a whole.

FY2025 1H Cash Flows and Key Data

(Billion yen)

	FY2025 1H	FY2024 1H	Difference
Operating CF	**42.2**	63.7	(21.5)
Investing CF*	**(49.1)**	(35.8)	(13.3)
Free CF*	**(7.0)**	27.9	(34.8)
CAPEX (acceptance basis)	**45.3**	34.9	10.4
Depreciation and Amortization (incl. amortization of goodwill)	**41.4**	41.8	(0.4)
R&D Expenses	**13.7**	12.3	1.4

*Cash flows from investing activities and free cash flow exclude net cash used in fund management and M&A.

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Here again is a company-wide summary of the results. This slide shows cash flow and key indicators for 1H FY2025.

Operating cash flow was JPY42.2 billion, investing cash flow was negative JPY49.1 billion, and free cash flow was negative JPY7.0 billion. CAPEX on an acceptance basis increased by JPY10.4 billion YoY to JPY45.3 billion. Depreciation and amortization decreased by JPY0.4 billion to JPY41.4 billion, while R&D expenses increased by JPY1.4 billion to JPY13.7 billion.

Balance Sheet [1]: Assets

(Billion yen)

	Jun. 30, 2025	Dec. 31, 2024	Difference
Current Assets	**559.4**	565.3	(5.9)
Non-current Assets	**697.6**	726.0	(28.4)
Total Assets	**1,257.0**	1,291.2	(34.3)

	Jun. 30, 2025	Dec. 31, 2024
JPY/USD (end of period)	145	158
JPY/EUR (end of period)	170	165

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This slide compares the assets section of the balance sheet with the end of the previous fiscal year.

Current assets decreased by JPY5.9 billion, mainly reflecting a decline in cash/deposits and accounts receivable-trade. Fixed assets decreased by JPY28.4 billion, primarily due to the impact of yen appreciation.

Balance Sheet [2]: Liabilities and Net Assets

(Billion yen)

	Jun. 30, 2025	Dec. 31, 2024	Difference
Current Liabilities	**229.1**	198.2	30.8
Non-current Liabilities	**281.3**	311.2	(30.0)
Total Liabilities	**510.3**	509.4	0.9
Net Assets	**746.6**	781.8	(35.2)
Total Liabilities and Net Assets	**1,257.0**	1,291.2	(34.3)
Equity Ratio	**58.1%**	59.2%	(1.1)%

	Jun. 30, 2025	Dec. 31, 2024
JPY/USD (end of period)	145	158
JPY/EUR (end of period)	170	165

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

Liabilities increased by JPY0.9 billion due to higher short-term borrowings and commercial paper, despite the negative impact of foreign exchange.

Net assets decreased by JPY35.2 billion, mainly reflecting share buybacks and a JPY30 billion decline in foreign currency translation adjustments from foreign exchange effects.

As a result, the equity ratio declined by 1.1 percentage points to 58.1%.

FY2025 Forecasts and Key Data

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(Billion yen)

	FY2025 Forecast (Aug 8, 2025)	FY2024	Difference
Net Sales	**840.0**	826.9	13.1
Operating Income	**75.0**	85.1	(10.1)
Ordinary Income	**69.0**	81.5	(12.5)
Net Income Attributable to Owners of the Parent	**33.0**	31.7	1.3
EPS	**¥103.33**	¥96.33	¥7
Dividends per share	**¥54**	¥54	¥0
CAPEX(decision basis)	**120.0**	128.7	(8.7)
CAPEX(acceptance basis)	**100.0**	84.3	15.7
Depreciation and Amortization (incl. amortization of goodwill)	**84.0**	85.3	(1.3)
R&D Expenses	**27.0**	25.7	1.3

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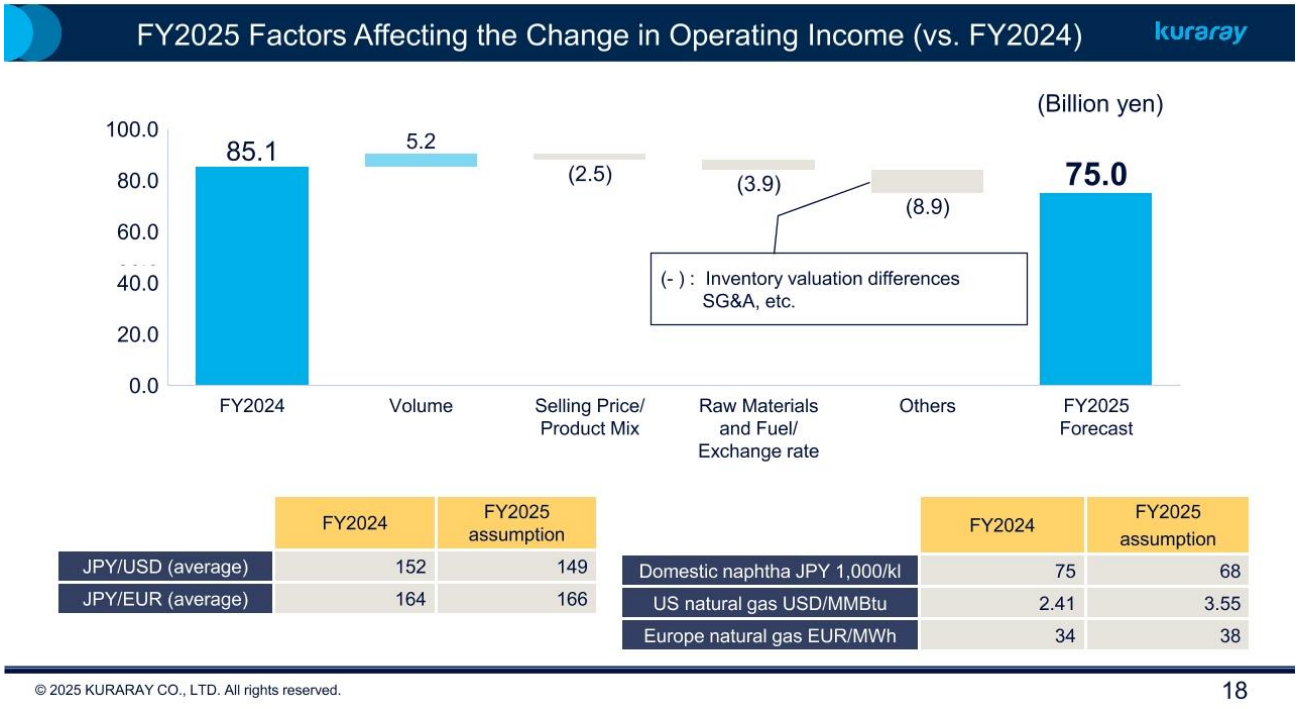
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This slide presents our full-year forecast for FY2025.

As for net sales and each profit item, these are as explained earlier by Mr. Kawahara.

EPS is projected to be JPY103.33, based on net income of JPY33 billion. The annual dividend is expected to be JPY54 per share.

CAPEX on a decision basis is projected at JPY120 billion, including the expansion of production facilities for optical-use poval film announced in June this year. On an acceptance basis, construction of a new EVAL™ plant in Singapore is underway and is expected to cost JPY100 billion. We forecast that depreciation and amortization expenses will decrease by JPY1.3 billion to JPY84 billion, while R&D expenses are expected to increase by JPY1.3 billion to JPY27 billion.



	FY2024	FY2025 assumption
JPY/USD (average)	152	149
JPY/EUR (average)	164	166

	FY2024	FY2025 assumption
Domestic naphtha JPY 1,000/kl	75	68
US natural gas USD/MMBtu	2.41	3.55
Europe natural gas EUR/MWh	34	38

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This slide shows the factors behind the difference between the FY2025 operating income forecast and the actual results for FY2024.

In FY2025, the stable operation for the Isoprene segment in Thai base and sales expansion leveraging this base are expected to contribute JPY5.2 billion to profit through volume. On the other hand, the others category is expected to post a negative impact of JPY8.9 billion, primarily due to inventory valuation losses and other factors, resulting in a total decline of JPY10.1 billion in operating income.

Net Sales and Operating Income by Segment

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(Billion yen)

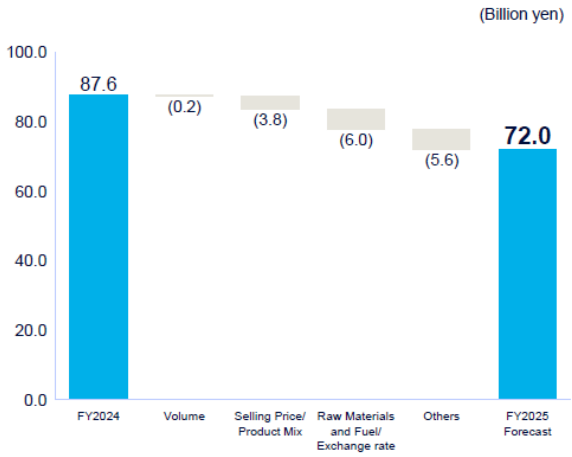
	FY2025 Forecast (Aug. 8, 2025)		FY2024		Difference		FY2025 Forecast (Feb. 12, 2025)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	**420.0**	**72.0**	414.9	87.6	5.1	(15.6)	428.0	81.0	(8.0)	(9.0)
Isoprene	**84.0**	**(3.5)**	76.4	(9.5)	7.6	6.0	85.0	(4.5)	(1.0)	1.0
Functional Materials	**216.0**	**15.0**	208.0	12.9	8.0	2.1	221.0	19.0	(5.0)	(4.0)
Fibers & Textiles	**63.0**	**2.0**	62.7	1.2	0.3	0.8	65.0	2.0	(2.0)	0.0
Trading	**70.0**	**6.5**	67.6	5.9	2.4	0.6	70.0	6.5	0.0	0.0
Others	**42.5**	**0.0**	50.9	2.3	(8.4)	(2.3)	43.0	2.0	(0.5)	(2.0)
Elimination & Corporate	**(55.5)**	**(17.0)**	(53.5)	(15.4)	(2.0)	(1.6)	(52.0)	(16.0)	(3.5)	(1.0)
Total	**840.0**	**75.0**	826.9	85.1	13.1	(10.1)	860.0	90.0	(20.0)	(15.0)

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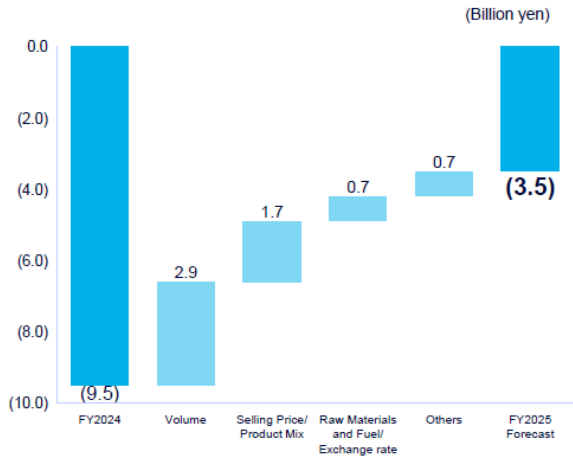
This slide compares the revised forecast with the previous year’s actual results and the original forecast.

【Ref.】 Factors Affecting the Change in Operating Income by Segment (vs. FY2024)

Vinyl Acetate



Isoprene



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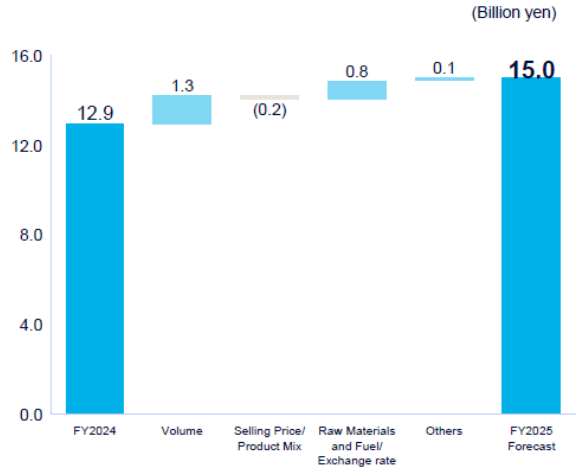
For an analysis of profit increase/decrease by segment in the revised forecast and detailed case information, please refer to page 20 onward.

In connection with the revision of the full-year earnings forecast, we would like to provide some supplementary explanations. Please turn to page 25.

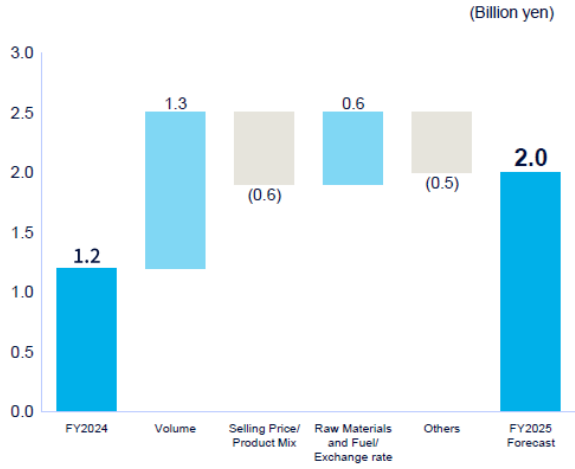
【Ref.】 Factors Affecting the Change in Operating Income by Segment (vs. FY2024)

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Functional Materials



Fibers & Textiles



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【Ref.】 Forecast for FY2025 (vs. FY2024 semi-annual)

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(Billion yen)

	FY2025 Forecast (Aug. 8, 2025)			FY2024			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Net Sales	400.0	440.0	840.0	411.2	415.7	826.9	(11.3)	24.4	13.1
Operating Income	26.3	48.7	75.0	45.5	39.6	85.1	(19.2)	9.1	(10.1)
Ordinary Income	21.3	47.7	69.0	44.0	37.5	81.5	(22.7)	10.3	(12.5)
Net Income Attributable to Owners of the Parent	14.0	19.0	33.0	30.4	1.3	31.7	(16.4)	17.7	1.3

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【Ref.】 Net Sales Forecast by Segment (vs. FY2024 semi-annual)

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(Billion yen)

	FY2025 Forecast (Aug. 8, 2025)			FY2024			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Vinyl Acetate	202.9	217.1	420.0	208.8	206.1	414.9	(6.0)	11.0	5.1
Isoprene	39.9	44.1	84.0	37.5	38.8	76.4	2.4	5.2	7.6
Functional Materials	98.1	117.9	216.0	102.8	105.2	208.0	(4.6)	12.6	8.0
Fibers & Textiles	29.8	33.2	63.0	31.2	31.4	62.7	(1.5)	1.8	0.3
Trading	33.9	36.1	70.0	32.2	35.4	67.6	1.7	0.7	2.4
Others	22.1	20.4	42.5	25.0	25.9	50.9	(2.9)	(5.5)	(8.4)
Elimination & Corporate	(26.8)	(28.7)	(55.5)	(26.4)	(27.1)	(53.5)	(0.4)	(1.6)	(2.0)
Total	400.0	440.0	840.0	411.2	415.7	826.9	(11.3)	24.4	13.1

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【Ref.】 Operating Income Forecast by Segment (vs. FY2024 semi-annual)

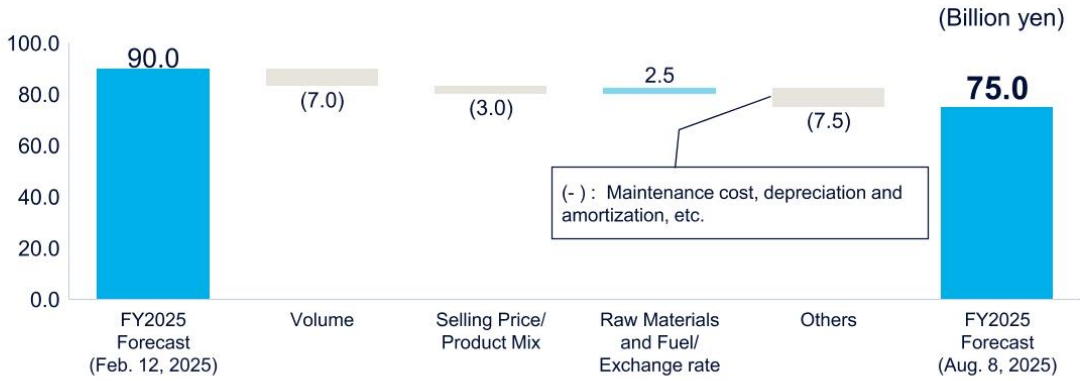
kuraray

(Billion yen)

	FY2025 Forecast (Aug. 8, 2025)			FY2024			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Vinyl Acetate	29.9	42.1	72.0	43.9	43.7	87.6	(14.0)	(1.6)	(15.6)
Isoprene	(1.3)	(2.2)	(3.5)	(4.0)	(5.5)	(9.5)	2.7	3.3	6.0
Functional Materials	2.9	12.1	15.0	6.5	6.5	12.9	(3.6)	5.6	2.1
Fibers & Textiles	(0.1)	2.1	2.0	0.7	0.5	1.2	(0.8)	1.6	0.8
Trading	3.0	3.5	6.5	2.7	3.2	5.9	0.3	0.3	0.6
Others	0.7	(0.7)	0.0	0.9	1.4	2.3	(0.2)	(2.1)	(2.3)
Elimination & Corporate	(8.9)	(8.1)	(17.0)	(5.2)	(10.2)	(15.4)	(3.7)	2.1	(1.6)
Total	26.3	48.7	75.0	45.5	39.6	85.1	(19.2)	9.1	(10.1)

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【Ref.】FY2025 Factors Affecting the Change in Operating Income (vs. original forecast)



	FY2025 Forecast (Feb. 12, 2025)	FY2025 Forecast (Aug. 8, 2025)
JPY/USD (average)	155	149
JPY/EUR (average)	160	166

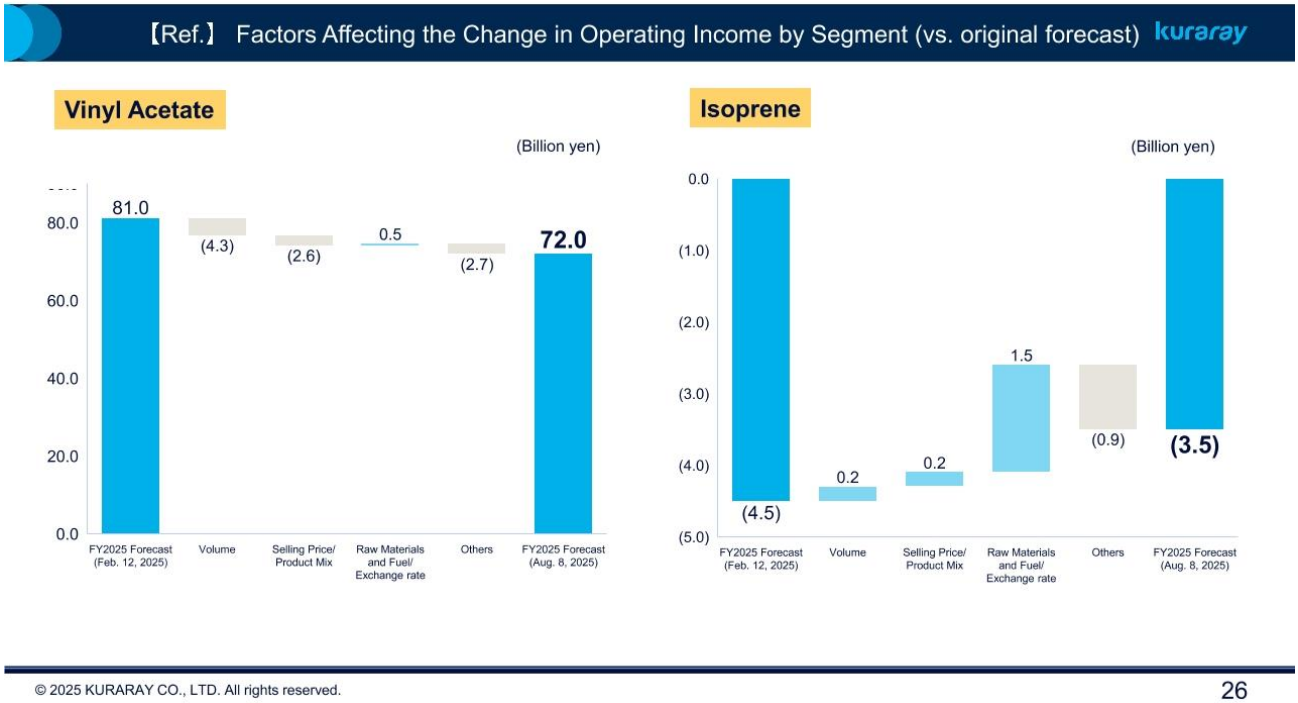
	FY2025 Forecast (Feb. 12, 2025)	FY2025 Forecast (Aug. 8, 2025)
Domestic naphtha JPY 1,000/kl	75	68
US natural gas USD/MMBtu	2.75	3.55
Europe natural gas EUR/MWh	40	38

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This slide shows the factors behind the change in the operating income forecast compared with the original plan.

In terms of volume, we expect a negative impact of JPY7 billion, reflecting lower sales volume in the vinyl acetate-related business due to the sluggish European economy and other factors, production cuts for inventory adjustments, and weak demand for industrial activated carbon in Europe. Other factors are expected to result in a JPY7.5 billion decrease in profit, resulting from production difficulties in the vinyl acetate-related business and the impact of the cold wave in the US on the activated carbon business.

As a result, we forecast a total decrease of JPY15 billion in operating income.



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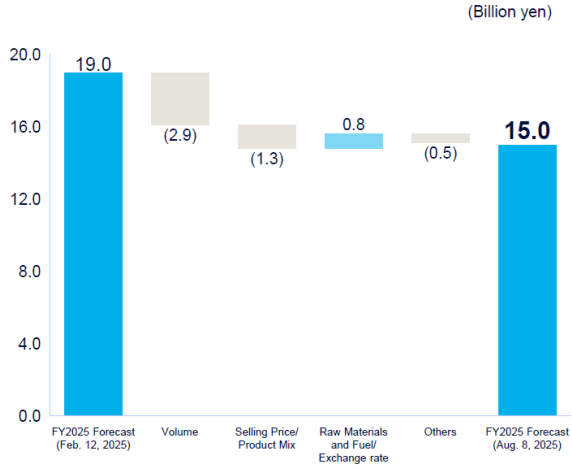
By segment, as shown on page 26 onward, we expect a JPY9.0 billion decrease in profit in the Vinyl Acetate segment and a JPY4.0 billion decrease in the Functional Materials segment, including the industrial activated carbon business.

That concludes the detailed explanation. Thank you very much.

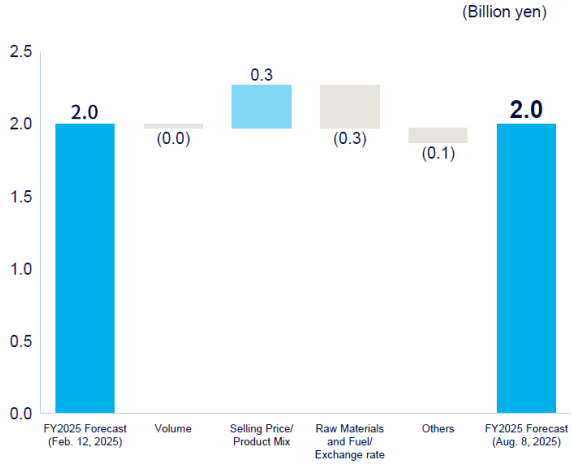
【Ref.】 Factors Affecting the Change in Operating Income by Segment (vs. original forecast)

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Functional Materials



Fibers & Textiles



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【Ref.】 Quarterly Net Sales by Segments

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(Billion yen)

	FY2024					FY2025		
	1Q	2Q	3Q	4Q	FY	1Q	2Q	1H
Vinyl Acetate	99.0	109.8	106.7	99.4	414.9	100.4	102.5	202.9
Isoprene	17.2	20.4	18.5	20.3	76.4	19.7	20.3	39.9
Functional Materials	48.7	54.0	49.6	55.7	208.0	47.6	50.5	98.1
Fibers & Textiles	13.8	17.4	15.0	16.5	62.7	13.4	16.3	29.8
Trading	15.3	16.9	16.0	19.4	67.6	16.7	17.2	33.9
Others	11.7	13.3	12.1	13.8	50.9	11.1	11.0	22.1
Elimination & Corporate	(13.6)	(12.8)	(14.2)	(12.9)	(53.5)	(14.1)	(12.7)	(26.8)
Total	192.2	219.0	203.6	212.1	826.9	194.8	205.2	400.0

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【Ref.】 Quarterly Operating Income by Segments

(Billion yen)

	FY2024					FY2025		
	1Q	2Q	3Q	4Q	FY	1Q	2Q	1H
Vinyl Acetate	24.8	19.1	26.7	17.0	87.6	15.9	14.0	29.9
Isoprene	0.0	(4.0)	(1.5)	(3.9)	(9.5)	2.8	(4.1)	(1.3)
Functional Materials	3.2	3.2	2.8	3.6	12.9	2.0	0.9	2.9
Fibers & Textiles	(0.2)	1.0	1.5	(1.0)	1.2	(0.6)	0.5	(0.1)
Trading	1.3	1.4	1.4	1.8	5.9	1.4	1.7	3.0
Others	0.4	0.5	1.0	0.4	2.3	0.1	0.6	0.7
Elimination & Corporate	(0.8)	(4.5)	(3.3)	(6.8)	(15.4)	(3.0)	(5.9)	(8.9)
Total	28.8	16.7	28.5	11.2	85.1	18.7	7.6	26.3

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