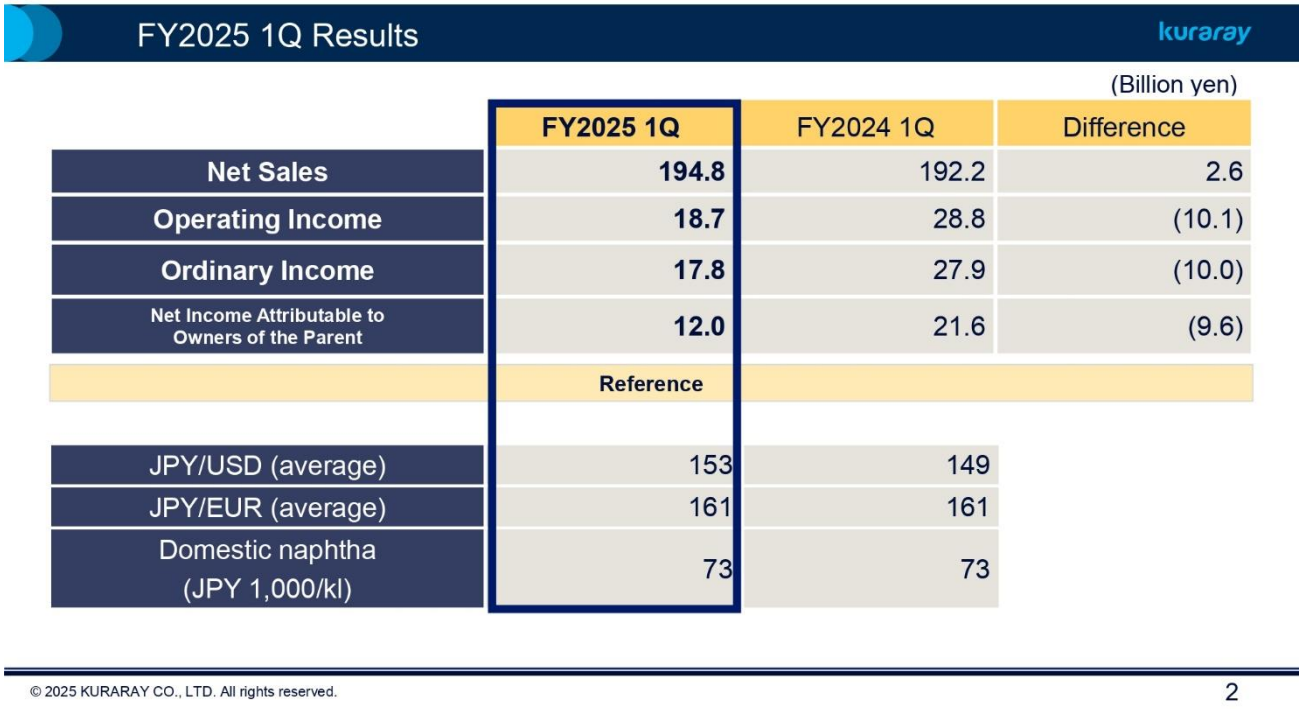
KURARAY CO., LTD.

1Q FY2025 Earnings Announcement

Presenter:

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

May 14, 2025



Fujiwara: Hello, everyone. I am Fujiwara. Thank you for taking time out of your busy schedule to participate in our conference call today. I will now begin the presentation of the financial results for 1Q of FY2025.

In 1Q of FY2025, the world economy overall showed variation among regions, but the forecast has grown even more unclear. The Japanese economy remained firm on the back of stable domestic demand while the U.S. economy slowed in part because of a sharp turn in trade policies amid emerging signs of weakness in individual consumption. In addition, European economies saw the pace of economic recovery slow against a backdrop of protracted conflicts and market stagnation in some regions. Although China saw some signs of success in government-led economic stimulus measures aimed at stemming economic deceleration, the country's real estate market remained sluggish.

Amid these circumstances, our results for 1Q of FY2025 showed solid performance. As shown on the slide, net sales increased by JPY2.6 billion YoY to JPY194.8 billion. Operating income declined JPY10.1 billion to JPY18.7 billion. Net income decreased JPY9.6 billion to JPY12 billion.

Although profits decreased compared to the same period last year, the results are generally in line with the earnings forecast announced in February. The actual figures for exchange rates, and raw materials and fuel costs are shown in the lower section of the materials.

Net Sales and Operating Income by Segment

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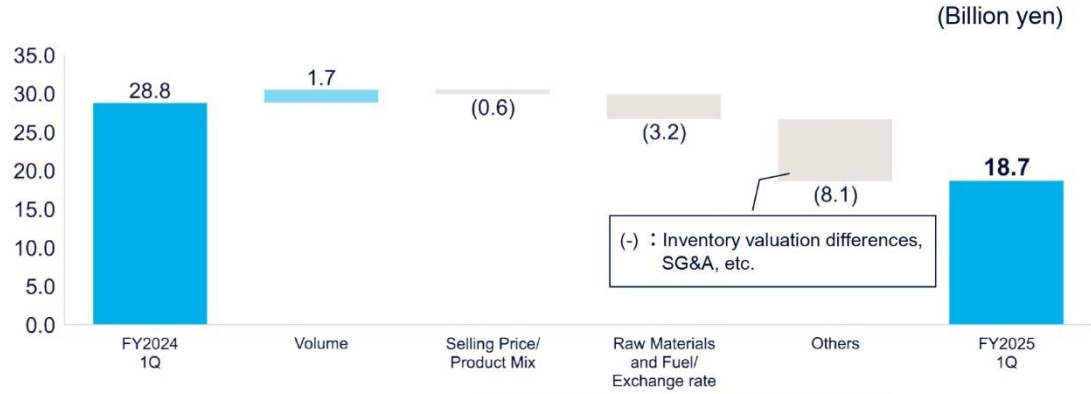
(Billion yen)

	FY2025 1Q		FY2024 1Q		Difference	
	Net Sales	**Operating Income**	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	**100.4**	**15.9**	99.0	24.8	1.4	(8.9)
Isoprene	**19.7**	**2.8**	17.2	0.0	2.5	2.8
Functional Materials	**47.6**	**2.0**	48.7	3.2	(1.1)	(1.2)
Fibers & Textiles	**13.4**	**(0.6)**	13.8	(0.2)	(0.4)	(0.4)
Trading	**16.7**	**1.4**	15.3	1.3	1.3	0.0
Others	**11.1**	**0.1**	11.7	0.4	(0.6)	(0.3)
Elimination & Corporate	**(14.1)**	**(3.0)**	(13.6)	(0.8)	(0.5)	(2.2)
Total	**194.8**	**18.7**	192.2	28.8	2.6	(10.1)

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This slide shows sales and operating income results for each segment compared to the same period of the previous year. Operating incomes decreased except in the Isoprene and Trading segments.

Factors Affecting the Change in Operating Income



	FY2024 1Q	FY2025 1Q
JPY/USD (average)	149	153
JPY/EUR (average)	161	161
Domestic naphtha (JPY 1,000/kl)	73	73

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This slide shows a company-wide summary of factors contributing to the increase or decrease in operating income.

The volume of sales was a positive factor of JPY1.7 billion due to firm demand. On the other hand, raw materials and fuel and foreign exchange rate were negative JPY3.2 billion factors, mainly due to higher raw materials and fuel prices. As for others, the negative impact of inventory valuation differences and an increase in expenses were the main factors for a negative JPY8.1 billion.

Vinyl Acetate

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(Billion yen)

	FY2024 1Q	**FY2025 1Q**	Difference
Net Sales	99.0	**100.4**	1.4
Operating Income	24.8	**15.9**	(8.9)

[Factors Affecting the Change in Operating Income]



PVOH resin	Sales volume decreased as special demand faded after arising in the previous year due to logistics disruptions affecting shipments to Europe. Inventory valuation differences and rising raw material and fuel prices caused negative impact.
Optical-use poval film	Although sales remained firm in China 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™	The sales volume increased as food packaging applications remained favorable, especially in Europe and the U.S., and automotive applications held steady, but these products were affected in part by rising raw material and fuel prices.

Main reason of increase/ decrease	Although sales volume such as for EVAL™ increased, profits for the segment decreased due to the negative impact of rising raw material and fuel prices and inventory valuation differences.

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From here, we will explain our business by segment.

The first is the Vinyl Acetate segment. In this segment, sales increased and income decreased compared with the previous year. Please see the comments in the upper right corner for the status of sales in each business.

Operating income decreased by JPY8.9 billion YoY. Volume was a factor of JPY1.6 billion due to the effect of higher sales volume of EVAL™ and other products. In raw materials and fuel and foreign exchange rate, the impact of higher raw materials and fuel prices and other factors contributed to a JPY3.5 billion decrease in income. Others posted a negative JPY6.1 billion, mainly due to the negative impact of inventory valuation differences.

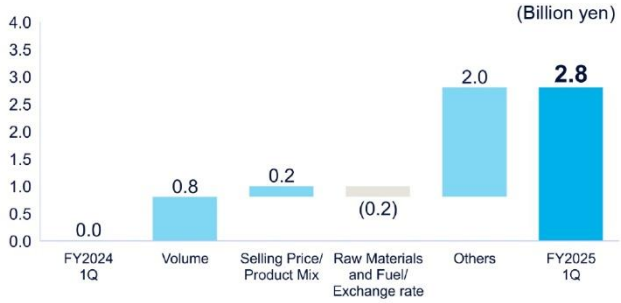
Although operating income for the segment decreased by JPY8.9 billion due to the negative impact of higher raw materials and fuel prices and inventory valuation differences, some businesses, such as PVOH resin and water-soluble PVOH film, performed slightly better than the earnings forecast announced at the beginning of the year.

Isoprene

(Billion yen)

	FY2024 1Q	**FY2025 1Q**	Difference
Net Sales	17.2	**19.7**	2.5
Operating Income	0.0	**2.8**	2.8

[Factors Affecting the Change in Operating Income]



Isoprene Chemicals and Elastomers	Sales volume increased 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	Profit increased thanks to the stabilization of operations at the Thai base, which was also leveraged to contribute to sales expansion.

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Next comes the Isoprene segment. In this segment, both sales and income increased compared to the previous year. Please refer to the comments listed for the status of sales for each business.

Volume increased by JPY0.8 billion due to the stable operation of the Thai base and sales expansion utilizing this base. The positive impact of inventory valuation differences and other factors contributed to a JPY2 billion increase in others. As a result of the above, operating income for the segment increased by JPY2.8 billion.

Functional Materials

(Billion yen)

	FY2024 1Q	**FY2025 1Q**	Difference
Net Sales	48.7	**47.6**	(1.1)
Operating Income	3.2	**2.0**	(1.2)

[Factors Affecting the Change in Operating Income]



Methacrylate	Although sales volume fell due to temporary production difficulties, terms of trade improved.
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	Demand for industrial activated carbon remained weak in Europe. Although demand in North America remained stable, performance was impacted by a cold snap and production difficulties.

Main reason of increase/ decrease	Profit for the segment decreased due in part to the effects of a cold snap in the U.S. and production difficulties.

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In the Functional Materials segment, both sales and income declined compared with the previous year. The status for each business is shown in the comments above right.

Volume was affected by cold wave or production troubles in the US, which resulted in a JPY0.7 billion decrease in profit. Others posted a negative JPY 1.1 billion in profit, mainly due to the negative impact of inventory valuation differences and an increase in expenses.

Although operating income for the segment as a whole declined by JPY 1.2 billion due to the impact of the cold wave and production troubles in the US, the demand for activated carbon in North America itself has been firm, and we will work to recover the situation in the future.

Fibers and Textiles

(Billion yen)

	FY2024 1Q	**FY2025 1Q**	Difference
Net Sales	13.8	**13.4**	(0.4)
Operating Income	(0.2)	**(0.6)**	(0.4)

[Factors Affecting the Change in Operating Income]



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 EV market, 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	Loss increased due to the sluggish European economy and reduced automobile production.

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The Fibers and Textiles segment reported lower sales and income compared with the same period of the previous fiscal year. The sales situation for each business is shown in the comments above right.

Others posted a negative impact of JPY0.5 billion due to the negative inventory valuation difference. Affected by the sluggish European economy and the decline in automobile production, operating income for the segment as a whole decreased by JPY0.4 billion.

Balance Sheet [1]: Assets

(Billion yen)

	Mar. 31, 2025	Dec. 31, 2024	Difference
Current Assets	**565.1**	565.3	(0.1)
Non-current Assets	**699.6**	726.0	(26.4)
Total Assets	**1,264.7**	1,291.2	(26.5)

	Mar. 31, 2025	Dec. 31, 2024
JPY/USD (end of period)	150	158
JPY/EUR (end of period)	162	165

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Next, I will explain about the balance sheet. This slide compares the assets section of the balance sheet to the end of last year.

Current assets decreased by JPY100 million. While inventories increased by JPY18.1 billion due to the effects of inventory buildup prior to regular maintenance, there was a negative impact from the appreciation of the yen. Non-current assets decreased by JPY26.4 billion. This was mainly due to the appreciation of the yen.

Balance Sheet [2]: Liabilities and Net Assets

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(Billion yen)

	Mar. 31, 2025	Dec. 31, 2024	Difference
Current Liabilities	**205.5**	198.2	7.3
Non-current Liabilities	**302.2**	311.2	(9.0)
Total Liabilities	**507.7**	509.4	(1.7)
Net Assets	**757.0**	781.8	(24.8)
Total Liabilities and Net Assets	**1,264.7**	1,291.2	(26.5)
Equity Ratio	**58.5%**	59.2%	(0.7)%

	Mar. 31, 2025	Dec. 31, 2024
JPY/USD (end of period)	150	158
JPY/EUR (end of period)	162	165

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

Liabilities decreased by JPY1.7 billion due to the negative impact of the appreciation of the yen, while short-term borrowings and commercial paper increased. Net assets decreased by JPY24.8 billion, mainly due to a JPY27.2 billion decrease in foreign currency translation adjustments caused by the strong yen. As a result, the equity ratio decreased 0.7 percentage points to 58.5%.

Forecast for FY2025

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Unchanged from the initial forecast

(Billion yen)

	FY2025 Forecast			FY2024			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Net Sales	420.0	440.0	860.0	411.2	415.7	826.9	8.8	24.3	33.1
Operating Income	38.0	52.0	90.0	45.5	39.6	85.1	(7.5)	12.4	4.9
Ordinary Income	36.0	49.0	85.0	44.0	37.5	81.5	(8.0)	11.5	3.5
Net Income Attributable to Owners of the Parent	22.0	23.0	45.0	30.4	1.3	31.7	(8.4)	21.7	13.3

(Reference)

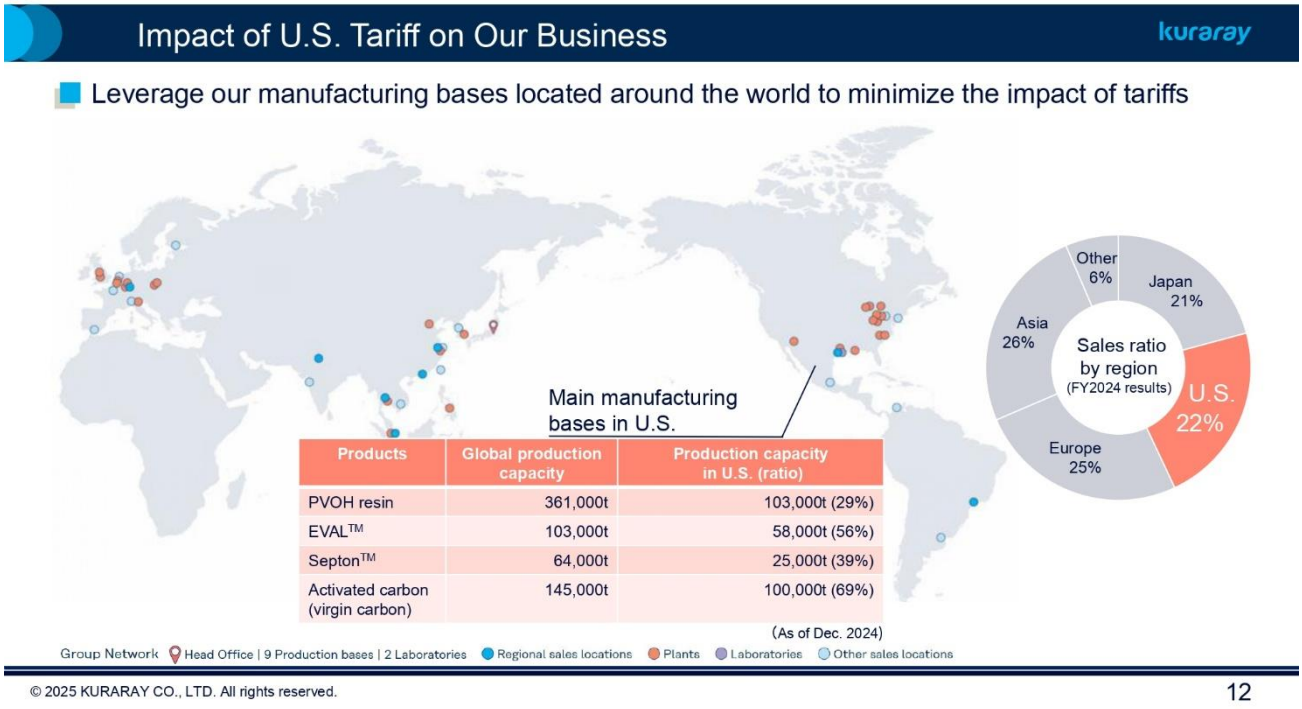
JPY/USD (average)	145	152	152
JPY/EUR (average)	160	165	164
Domestic naphtha (JPY 1,000/kl)	70	75	75

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Regarding the forecast for 1H of the fiscal year, after a careful analysis of the current operating results and business environment, there is no change from the figures publicly announced at the start of the year. As for the full-year forecast, we have not made any revisions, but, depending on the situation in the second quarter or later, we will quickly make an announcement if revisions become necessary.

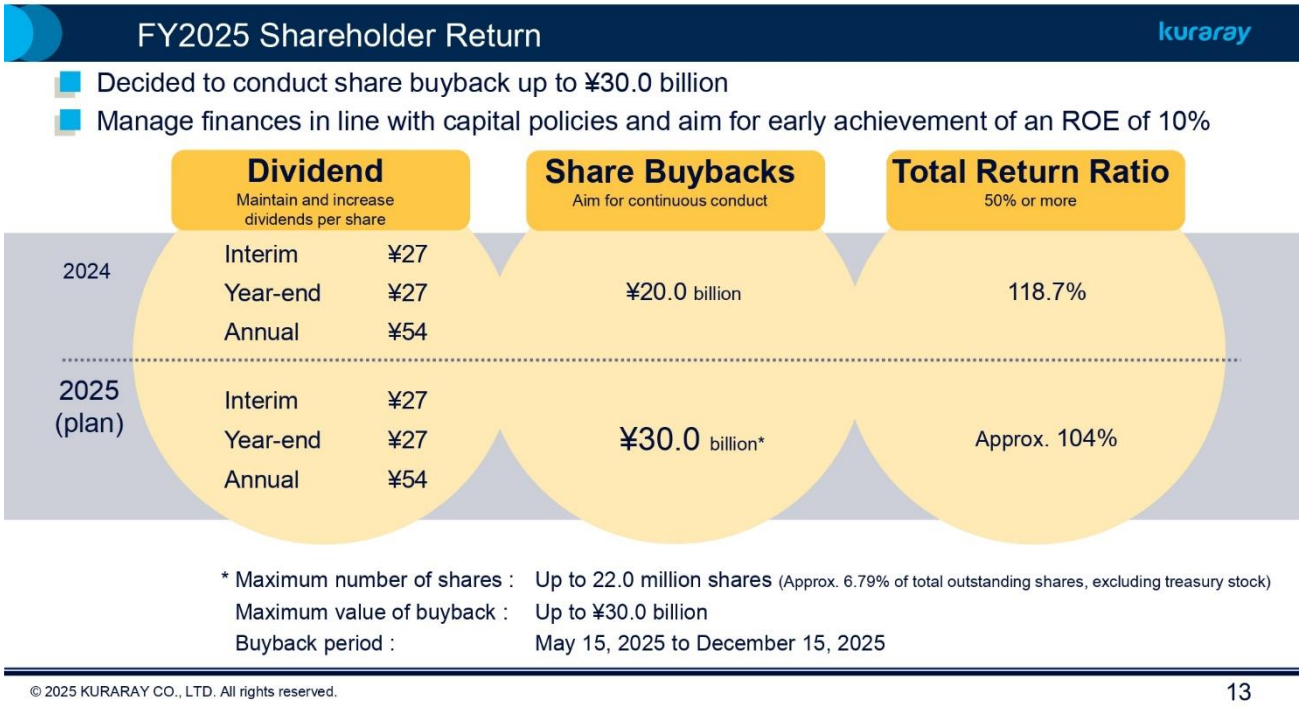
Regarding the U.S. tariff policy, it is difficult to quantitatively forecast the impacts, so they were not included in the forecasts.



The impact of the US Trump administration's tariff policy on the global economy is generally feared to be a slowdown in economic growth, rising prices, and economic deterioration through these policies, but the impact is quite broad and difficult to quantitatively forecast.

On the other hand, with regard to our business, we have global manufacturing bases, mainly in the Vinyl Acetate segment, which enables us to produce in the right locations. We will strive to minimize tariff impacts by utilizing our bases in Japan, the US, Europe, and Asia to supply products to markets in each country. In the slide, our manufacturing sites are shown in red on the world map. On the right side of the slide is a pie chart showing the percentage of sales by country or region. As you can see, our manufacturing bases and sales are widely dispersed in Japan, the US, Europe, and Asia, and we produce and sell our products in the appropriate location in each country or region. Sales in the US account for about 20% of our sales, most of which are produced and sold in the US. In addition to EVAL™ and activated carbon, which are our main products, we also have a major manufacturing base in the US for advanced interlayer and water-soluble PVOH film, although they are not listed in the table.

Although it is difficult at this point to quantitatively forecast the US tariff policy, the outlook for the global economy, or the future impact on our company, we will continue to monitor the situation closely and strive to manage our business by taking advantage of our globally distributed production and supply system as shown on this slide.



The Company positions 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 conduct share buybacks.

Based on this policy, the Company decided and announced today to repurchase up to JPY30 billion or 22 million shares of its own stock. The Company plans to cancel treasury stock to be acquired this time. Number of shares to be canceled and cancellation timing will be announced as soon as they are decided.

For FY2025, we plan to pay interim and year-end dividends of JPY27 per share each, which, when added to share buybacks, will result in a total return ratio of approximately 104%.

We will continue to pursue financial management in line with our business portfolio sophistication and capital policy to improve capital efficiency and reduce the cost of capital, aiming to achieve 10% ROE as soon as possible.

Page 14 and thereafter are for reference only. This concludes the explanation. Thank you.

[Ref.] Net Sales Forecast by Segment

(Billion yen)

	FY2025 Forecast			FY2024			Difference		
	1H	**2H**	**FY**	1H	2H	FY	1H	2H	FY
Vinyl Acetate	**210.0**	**218.0**	**428.0**	208.8	206.1	414.9	1.2	11.9	13.1
Isoprene	**41.0**	**44.0**	**85.0**	37.5	38.8	76.4	3.5	5.2	8.6
Functional Materials	**107.5**	**113.5**	**221.0**	102.8	105.2	208.0	4.7	8.3	13.0
Fibers & Textiles	**31.0**	**34.0**	**65.0**	31.2	31.4	62.7	(0.2)	2.6	2.3
Trading	**34.5**	**35.5**	**70.0**	32.2	35.4	67.6	2.3	0.1	2.4
Others	**21.0**	**22.0**	**43.0**	25.0	25.9	50.9	(4.0)	(3.9)	(7.9)
Elimination & Corporate	**(25.0)**	**(27.0)**	**(52.0)**	(26.4)	(27.1)	(53.5)	1.4	0.1	1.5
Total	**420.0**	**440.0**	**860.0**	411.2	415.7	826.9	8.8	24.3	33.1

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[Ref.] Operating Income Forecast by Segment

(Billion yen)

	FY2025 Forecast			FY2024			Difference		
	1H	**2H**	**FY**	1H	2H	FY	1H	2H	FY
Vinyl Acetate	**34.0**	**47.0**	**81.0**	43.9	43.7	87.6	(9.9)	3.3	(6.6)
Isoprene	**(2.5)**	**(2.0)**	**(4.5)**	(4.0)	(5.5)	(9.5)	1.5	3.5	5.0
Functional Materials	**9.0**	**10.0**	**19.0**	6.5	6.5	12.9	2.5	3.5	6.1
Fibers & Textiles	**0.5**	**1.5**	**2.0**	0.7	0.5	1.2	(0.2)	1.0	0.8
Trading	**3.2**	**3.3**	**6.5**	2.7	3.2	5.9	0.5	0.1	0.6
Others	**0.8**	**1.2**	**2.0**	0.9	1.4	2.3	(0.1)	(0.2)	(0.3)
Elimination & Corporate	**(7.0)**	**(9.0)**	**(16.0)**	(5.2)	(10.2)	(15.4)	(1.8)	1.2	(0.6)
Total	**38.0**	**52.0**	**90.0**	45.5	39.6	85.1	(7.5)	12.4	4.9

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[Ref.] Quarterly Net Sales by Segment

(Billion yen)

	FY2024					FY2025		
	1Q	2Q	3Q	4Q	FY	1Q	2Q (Forecast)	1H (Forecast)
Vinyl Acetate	99.0	109.8	106.7	99.4	414.9	100.4	109.6	210.0
Isoprene	17.2	20.4	18.5	20.3	76.4	19.7	21.3	41.0
Functional Materials	48.7	54.0	49.6	55.7	208.0	47.6	59.9	107.5
Fibers & Textiles	13.8	17.4	15.0	16.5	62.7	13.4	17.6	31.0
Trading	15.3	16.9	16.0	19.4	67.6	16.7	17.8	34.5
Others	11.7	13.3	12.1	13.8	50.9	11.1	9.9	21.0
Elimination & Corporate	(13.6)	(12.8)	(14.2)	(12.9)	(53.5)	(14.1)	(10.9)	(25.0)
Total	192.2	219.0	203.6	212.1	826.9	194.8	225.2	420.0

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[Ref.] Quarterly Operating Income by Segment

(Billion yen)

	FY2024					FY2025		
	1Q	2Q	3Q	4Q	FY	1Q	2Q (Forecast)	1H (Forecast)
Vinyl Acetate	24.8	19.1	26.7	17.0	87.6	15.9	18.1	34.0
Isoprene	0.0	(4.0)	(1.5)	(3.9)	(9.5)	2.8	(5.3)	(2.5)
Functional Materials	3.2	3.2	2.8	3.6	12.9	2.0	7.0	9.0
Fibers & Textiles	(0.2)	1.0	1.5	(1.0)	1.2	(0.6)	1.1	0.5
Trading	1.3	1.4	1.4	1.8	5.9	1.4	1.8	3.2
Others	0.4	0.5	1.0	0.4	2.3	0.1	0.7	0.8
Elimination & Corporate	(0.8)	(4.5)	(3.3)	(6.8)	(15.4)	(3.0)	(4.0)	(7.0)
Total	28.8	16.7	28.5	11.2	85.1	18.7	19.3	38.0

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