

**Consolidated Financial Results
for the Three Months
Ended March 31, 2025 (Unaudited)**

**May 14, 2025
KURARAY CO., LTD.**

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

May 14, 2025

Consolidated Financial Results for the Three Months Ended March 31, 2025 (Under Japanese GAAP)

Company name:	KURARAY CO., LTD.		
Listing:	Tokyo Stock Exchange		
Stock code:	3405		
URL:	https://www.kuraray.com/		
Representative:	Hitoshi Kawahara, Representative Director and President		
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Telephone:	+81-3-6701-1070		
Scheduled date to commence dividend payments:	—		
Preparation of supplementary material on financial results:	Yes		
Holding of financial results briefing:	Yes (for securities analysts and institutional investors)		

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

(1) Consolidated operating results(cumulative) (Percentages indicate year-on-year changes.)

Three months ended	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	194,804	1.4	18,650	(35.2)	17,826	(36.0)	12,007	(44.4)
March 31, 2024	192,183	3.9	28,793	35.0	27,861	36.6	21,614	165.1

Note: Comprehensive income For the three months ended March 31, 2025: -¥15,412 million [-%]
For the three months ended March 31, 2024: ¥57,033 million [254.4%]

Three months ended	Net Income per Share	Fully Diluted Net Income per Share
	Yen	Yen
March 31, 2025	37.07	37.05
March 31, 2024	64.56	64.52

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
As of	Millions of yen	Millions of yen	%
March 31, 2025	1,264,735	757,012	58.5
December 31, 2024	1,291,238	781,790	59.2

Reference: Equity attributable to owners of the parent

As of March 31, 2025: ¥739,783 million

As of December 31, 2024: ¥764,012 million

2. Cash Dividends

	Annual Dividends per Share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	—	27.00	—	27.00	54.00
Fiscal year ending December 31, 2025	—				
Fiscal year ending December 31, 2025 (Forecast)		27.00	—	27.00	54.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(Percentage changes displayed for net sales, operating income, ordinary income and net income attributable to owners of the parent are comparisons with the corresponding period of the previous fiscal year.)

(Millions of yen)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share (Yen)
		%		%		%		%	
Interim Period	420,000	2.1	38,000	(16.4)	36,000	(18.2)	22,000	(27.7)	67.93
Full Fiscal Year	860,000	4.0	90,000	5.8	85,000	4.3	45,000	41.8	138.95

Note: Revisions to forecasts of consolidated financial results during this period: None

[Notes]

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For more information, please refer to “2. Quarterly Consolidated Financial Statements and Notes (3) Notes regarding Quarterly Consolidated Financial Statements, Changes in Accounting Principles” on page 13 of the Attachment

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	324,863,603 shares
As of December 31, 2024	324,863,603 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2025	966,640 shares
As of December 31, 2024	996,185 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

As of March 31, 2025	323,877,119 shares
As of March 31, 2024	334,773,181 shares

Note: Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm:
None

Cautionary Statement with Respect to Forecasts of Consolidated Business Results

(Cautionary note regarding forward-looking statements)

The results forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts. Please refer to “1. Qualitative Information regarding Financial Results (3) Basis for Forecasts, Including Consolidated Financial Results Forecasts” on page 7 of the Attachment for the assumptions used.

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1. Qualitative Information regarding Financial Results

(1) Overview of Consolidated Financial Results

In the first quarter of fiscal 2025 (January 1, 2025–March 31, 2025), 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, consolidated operating results for the first quarter of fiscal 2025 are as follows: net sales increased ¥2,620 million (1.4%) year on year to ¥194,804 million; operating income decreased ¥10,143 million (35.2%) year on year to ¥18,650 million; ordinary income decreased ¥10,035 million (36.0%) year on year to ¥17,826 million; and net income attributable to owners of the parent decreased ¥9,607 million (44.4%) year on year to ¥12,007 million.

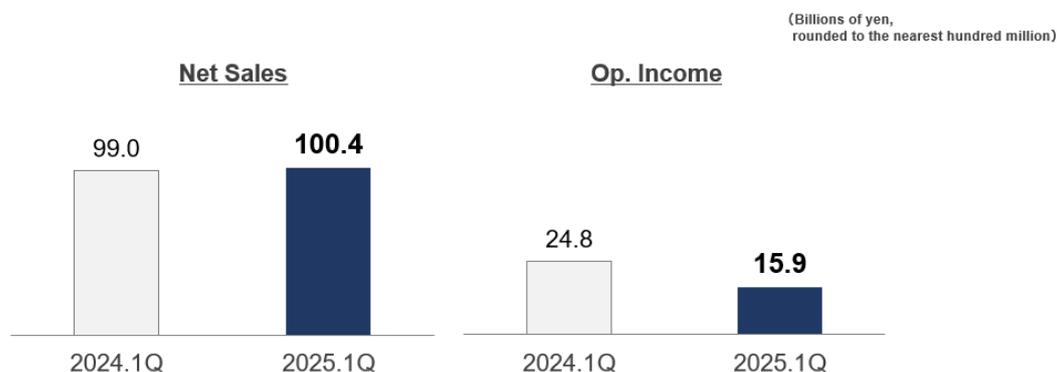
(Millions of yen)

	FY2024 1Q Consolidated Period		FY2025 1Q Consolidated Period		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Vinyl Acetate	99,041	24,788	100,434	15,917	1,393	(8,870)
Isoprene	17,155	21	19,686	2,822	2,531	2,800
Functional Materials	48,733	3,242	47,607	2,006	(1,126)	(1,235)
Fibers and Textiles	13,829	(243)	13,409	(598)	(420)	(355)
Trading	15,317	1,336	16,659	1,377	1,341	40
Others	11,734	428	11,108	134	(626)	(294)
Elimination & Corporate	(13,629)	(781)	(14,101)	(3,009)	(471)	(2,228)
Total	192,183	28,793	194,804	18,650	2,620	(10,143)

Results by Business Segment

Vinyl Acetate

Sales in this segment were ¥100,434 million (up 1.4% year on year), and segment income was ¥15,917 million (down 35.8% year on year) due to negative effects from rising raw material and fuel prices and inventory valuation differences.



PVOH resin: Sales volume decreased as the special demand that arose in the previous year due to logistics disruptions to Europe dissipated. There were also negative effects from inventory valuation differences and rising raw material and fuel prices.

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.

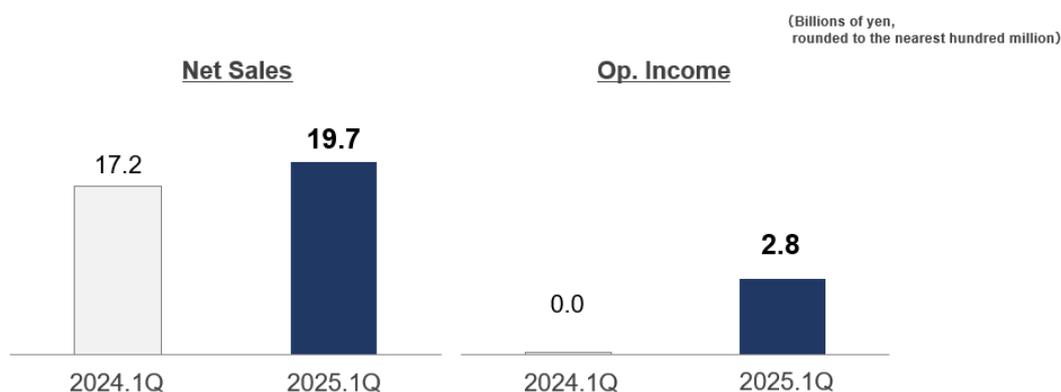
Advanced Interlayer Solutions: Although sales of SentryGlas™ specialty ionoplast interlayers remained favorable, especially in the Americas, the competitive environment for PVB film has intensified, particularly in Asia. As a result, sales volume has decreased for both construction and automotive applications.

Water-soluble PVOH film: The sales volume increased amid a slight recovery in demand for soluble-unit-dose detergent.

EVAL™ EVOH resin: The sales volume increased for food packaging applications remained favorable, especially in Europe and the United States, and automotive applications held steady, but these products were affected in part by rising raw material and fuel prices.

Isoprene

Sales in this segment were ¥19,686 million (up 14.8% year on year), and segment income was ¥2,822 million (compared with segment income of ¥21 million in the same period of the previous year). This result was possible thanks to the stabilization of operations at the Thai base, which was also leveraged to contribute to sales expansion.

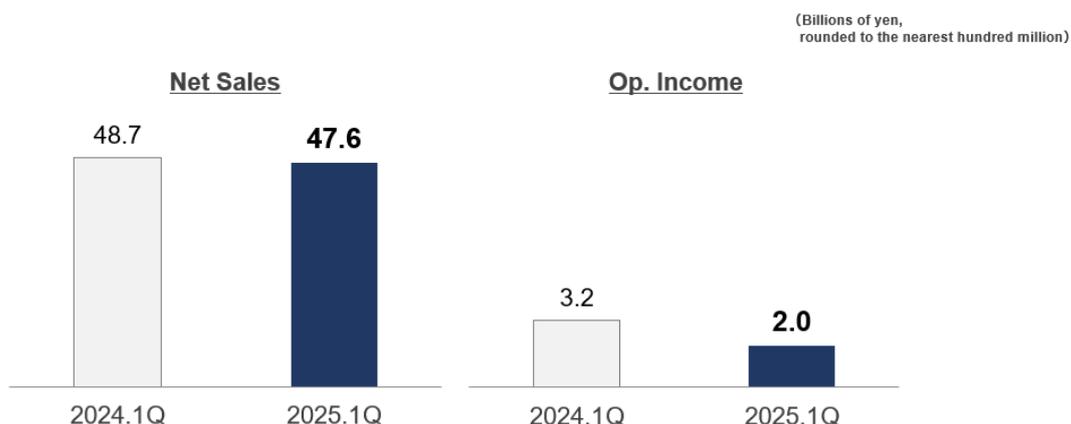


Isoprene chemicals and elastomer: The sales volume increased as demand remained firm, especially in Europe and the United States.

GENESTAR™ heat-resistant polyamide resin: The sales volume increased due to a robust recovery in demand for electric and electronic applications as well as expanded sales for automotive applications.

Functional Materials

Sales in this segment were ¥47,607 million (down 2.3% year on year), and segment income was ¥2,006 million (down 38.1% year on year) due in part to the effects of a cold wave in the United States and production difficulties.



Methacrylate: Although the sales volume fell due to temporary production difficulties, terms of trade improved.

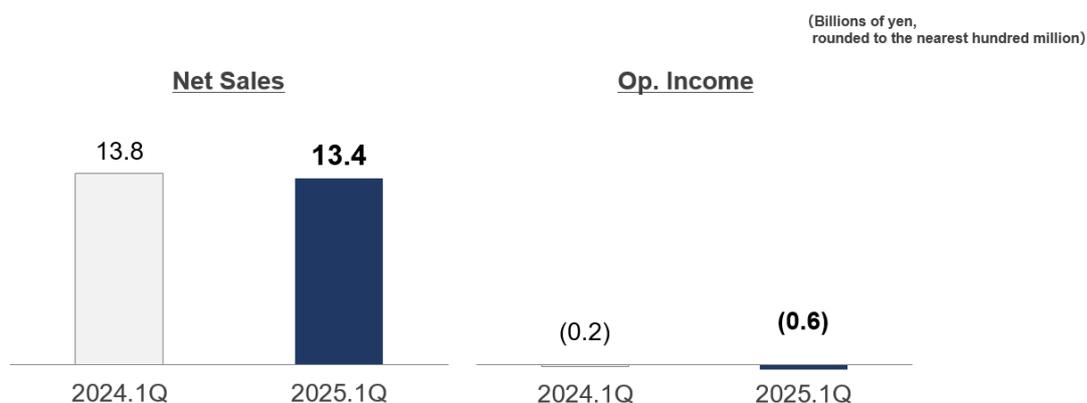
Medical: Sales of cosmetic dental materials, mainly in Europe and the United

States, remained brisk, and 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 wave and production difficulties.

Fibers and Textiles

Sales in this segment were ¥13,409 million (down 3.0% year on year), and segment loss was ¥598 million (compared with segment loss of ¥243 million in the same period of the previous fiscal year). The result was impacted in part by stagnation in European economies and a decline in the production of automobiles.



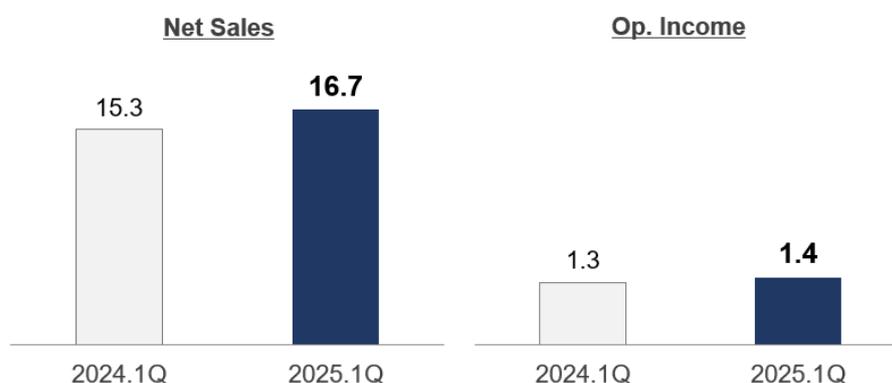
CLARINO™ man-made leather: The sales volume decreased amid a decline in demand for luxury and automotive applications due in part to the effects of inventory adjustments in the EV market, stagnant demand in the European market, and slowing growth in the Chinese economy.

Fibers and industrial materials: Sales in Europe for construction material applications remained weak. There were also negative effects from inventory valuation differences.

Trading

Sales in this segment were ¥16,659 million (up 8.8% year on year), and segment income was ¥1,377 million (up 3.0%).

(Billions of yen,
rounded to the nearest hundred million)



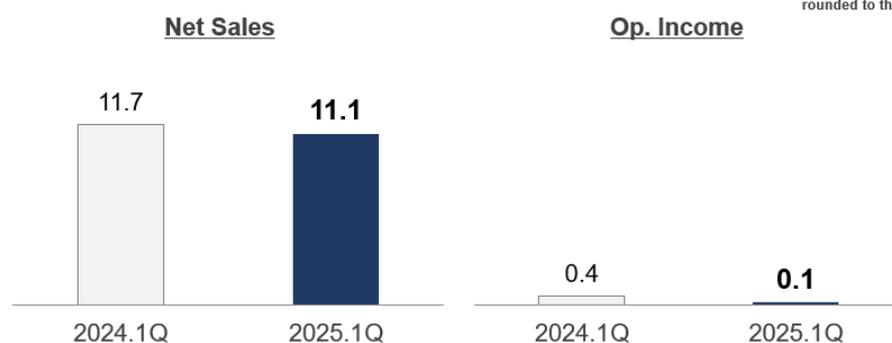
Fiber-related businesses: Sales of sportswear applications remained favorable. In addition, we promoted sales expansion of high value-added products, such as highly functional fibers and environmentally friendly products.

Resins and chemicals: Sales of imports were affected by deteriorating terms of trade.

Others

Sales in this segment were ¥11,108 million (down 5.3% year on year), and segment income was ¥134 million (down 68.6%).

(Billions of yen,
rounded to the nearest hundred million)



(2) Overview of Financial Position

Total assets decreased ¥26,503 million from the end of the previous fiscal year to ¥1,264,735 million due to factors that include a ¥18,226 million decrease in property, plant and equipment and a ¥8,804 million decrease in cash and deposits despite a ¥9,840 million increase in inventories. Total liabilities decreased ¥1,725 million to ¥507,723 million due to factors that include a ¥6,877 million decrease in other current liabilities due primarily to a decrease in accounts payable-trade related to the purchase of equipment and a ¥5,069 million decrease in notes and accounts payable-trade despite a ¥12,474 million increase in interest-bearing debt.

Net assets fell ¥24,777 million to ¥757,012 million due in part to a ¥27,178 million decrease in foreign currency translation adjustment despite a ¥3,259 million increase in retained earnings. Equity attributable to owners of the parent amounted to ¥739,783 million, for an equity ratio of 58.5%.

(3) Basis for Forecasts, Including Consolidated Financial Results Forecasts

Regarding the cumulative financial results forecast for the interim period of the fiscal year ending December 31, 2025 (January 1, 2025–June 30, 2025), 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. However, we revised the average exchange rates used as assumptions for the forecasts as follows: ¥145 per USD, ¥160 per euro, and ¥70,000 per kl of domestic naphtha. 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. We will continue to respond appropriately while closely monitoring the situation.

Note: The above forecasts are based on the best information currently available. Actual financial results may vary due to various factors.
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(4) Basic Policies Related to Profit Distribution and Dividends in Fiscal 2025

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, we plan to provide an annual dividend per share of ¥54 in fiscal 2025. In addition, as in the "Notice of Decision to Launch a Share Buyback" dated May 14, 2025, we have decided to conduct a share buyback. The details of the share buyback are as follows.

Details of the Share Buyback

- | | |
|--------------------------------|--|
| (1) Type of shares in buyback: | Common stock |
| (2) Maximum number of shares: | Up to 22.0 million shares
(Approximately 6.79% of total
outstanding shares, excluding treasury
stock) |
| (3) Maximum value of buyback: | Up to ¥30.0 billion |
| (4) Buyback method: | Market purchase based on a trade
contract for acquiring treasury stock |
| (5) Buyback period: | May 15, 2025 to December 15, 2025 |

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.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	December 31, 2024	March 31, 2025
ASSETS		
Current Assets		
Cash and deposits	118,068	109,264
Notes and accounts receivable-trade, and contract assets	166,589	163,449
Securities	3,624	1,992
Merchandise and finished goods	170,489	179,915
Work in process	19,974	22,498
Raw materials and supplies	66,365	64,256
Other	21,109	24,671
Allowance for doubtful accounts	(959)	(903)
Total current assets	565,262	565,145
Non-current Assets		
Property, plant and equipment		
Buildings and structures, net	118,633	116,507
Machinery, equipment and vehicles, net	292,153	278,571
Land	19,016	18,675
Construction in progress	59,824	59,982
Other, net	50,757	48,420
Total property, plant, and equipment	540,385	522,158
Intangible assets		
Goodwill	53,591	49,648
Customer-related assets	27,720	25,353
Other	34,586	33,338
Total intangible assets	115,898	108,339
Investments and other assets		
Investment securities	29,890	28,485
Retirement benefit asset	4,020	4,007
Deferred tax assets	21,485	22,722
Other	14,388	13,967
Allowance for doubtful accounts	(93)	(90)
Total investments and other assets	69,692	69,091
Total non-current assets	725,975	699,590
Total Assets	1,291,238	1,264,735

(Millions of yen)

	December 31, 2024	March 31, 2025
LIABILITIES		
Current Liabilities		
Notes and accounts payable-trade	59,561	54,491
Short-term borrowings	23,850	33,830
Commercial paper	—	10,000
Current portion of bonds payable	10,000	10,000
Current portion of long-term borrowings	18,146	16,739
Accrued expenses	20,394	21,628
Income taxes payable	10,094	8,334
Provision for bonuses	10,772	11,940
Other	45,413	38,535
Total current liabilities	198,231	205,499
Non-current Liabilities		
Bonds payable	50,000	50,000
Long-term borrowings	142,286	136,188
Deferred tax liabilities	24,385	24,432
Retirement benefit liability	31,417	31,580
Other	63,127	60,022
Total non-current liabilities	311,216	302,223
Total Liabilities	509,448	507,723
NET ASSETS		
Shareholders' Equity		
Share capital	88,955	88,955
Capital surplus	87,124	87,124
Retained earnings	396,752	400,011
Treasury shares	(1,462)	(1,419)
Total shareholders' equity	571,369	574,672
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	8,684	8,229
Deferred gain or losses on hedges	127	186
Foreign currency translation adjustment	183,693	156,514
Remeasurements of defined benefit plans	136	180
Total accumulated other comprehensive income	192,642	165,111
Subscription rights to shares	270	229
Non-controlling Interests	17,507	16,998
Total Net Assets	781,790	757,012
Total Liabilities and Net Assets	1,291,238	1,264,735

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
Quarterly Consolidated Statements of Income

(Millions of yen)

	Fiscal 2024 1Q (January 1, 2024 – March 31, 2024)	Fiscal 2025 1Q (January 1, 2025 – March 31, 2025)
Net sales	192,183	194,804
Cost of sales	120,216	131,218
Gross profit	71,967	63,586
Selling, general and administrative expenses		
Selling expenses	11,207	11,761
General and administrative expenses	31,965	33,174
Total selling, general and administrative expenses	43,173	44,935
Operating income	28,793	18,650
Non-operating income		
Interest income	1,175	599
Dividend income	97	125
Share of profit of entities accounted for using equity method	95	69
Other	796	338
Total non-operating income	2,165	1,132
Non-operating expenses		
Interest expenses	716	661
Other	2,381	1,296
Total non-operating expenses	3,097	1,957
Ordinary income	27,861	17,826
Extraordinary losses		
Loss on disaster	—	691
Loss on liquidation of business	—	555
Loss on disposal of tangible non-current assets	251	153
Total extraordinary losses	251	1,401
Income before income taxes and non-controlling interests	27,609	16,424
Income taxes—current	7,606	4,308
Income taxes—deferred	(2,117)	(394)
Total income taxes	5,489	3,914
Net income	22,120	12,510
Net income attributable to non-controlling interests	505	503
Net income attributable to owners of the parent	21,614	12,007

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2024 1Q (January 1, 2024 – March 31, 2024)	Fiscal 2025 1Q (January 1, 2025 – March 31, 2025)
Net income	22,120	12,510
Other comprehensive income		
Valuation difference on available-for-sale securities	1,495	(454)
Deferred gains or losses on hedges	(75)	10
Foreign currency translation adjustment	33,293	(27,321)
Remeasurements of defined benefit plans, net of tax	40	43
Share of other comprehensive income of entities accounted for using equity method	160	(201)
Total other comprehensive income	34,913	(27,923)
Quarterly comprehensive income	57,033	(15,412)
Comprehensive income attributable to:		
Owners of the parent	56,496	(15,523)
Non-controlling interests	537	110

(3) Notes regarding Quarterly Consolidated Financial Statements

Notes regarding Going Concern Assumptions

None

Notes regarding Material Changes in Shareholders' Equity

None

Changes in Accounting Principles

Application of Accounting Standard for Current Income Taxes

Kuraray has adopted the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022), the Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022), and the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022) from January 1, 2025. These changes have no effect on the consolidated quarterly financial statements.

Notes regarding Cash Flow Statements

The Company has not prepared quarterly consolidated statements of cash flows for the first quarter. The following table details depreciation and amortization (including the amortization of intangible fixed assets other than goodwill) and the amortization of goodwill in the first quarter.

	(Millions of yen)	
	Fiscal 2024 1Q (January 1, 2024 – March 31, 2024)	Fiscal 2025 1Q (January 1, 2025 – March 31, 2025)
Depreciation and amortization	18,997	19,529
Amortization of goodwill	1,208	1,185

Notes regarding Segment Information, etc.

● Segment Information

I. First Quarter of Fiscal 2024 (January 1, 2024 to March 31, 2024)

1. Net sales, income and loss by reporting segment

(Millions of yen)

	Reporting Segment						Others ¹	Total	Adjustment ²	Consolidated Statements of Income ³
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total				
Net sales Outside customers	94,863	12,766	47,365	12,738	15,051	182,785	9,397	192,183	—	192,183
Intersegment sales and transfers	4,177	4,389	1,368	1,091	266	11,293	2,336	13,629	(13,629)	—
Total	99,041	17,155	48,733	13,829	15,317	194,079	11,734	205,813	(13,629)	192,183
Segment income (loss)	24,788	21	3,242	(243)	1,336	29,146	428	29,575	(781)	28,793

Notes:

1. The “Others” category incorporates operations not included in business segment reporting, including engineering business.
2. Adjustment is as follows: Included within segment loss of ¥781 million is the elimination of intersegment transactions of ¥2,522 million and corporate expenses of ¥3,304 million. Corporate expenses mainly comprise the submitting company’s basic research expenses.
3. Segment income(loss) is adjusted to agree with operating income in the consolidated statements of income.

II. First Quarter of Fiscal 2025 (January 1, 2025 to March 31, 2025)

1. Net sales, income and loss by reporting segment

(Millions of yen)

	Reporting Segment						Others ¹	Total	Adjustment ²	Consolidated Statements of Income ³
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total				
Net sales										
Outside customers	95,333	14,926	46,332	12,370	16,335	185,298	9,506	194,804	—	194,804
Intersegment sales and transfers	5,101	4,760	1,274	1,038	324	12,499	1,601	14,101	(14,101)	—
Total	100,434	19,686	47,607	13,409	16,659	197,797	11,108	208,906	(14,101)	194,804
Segment income (loss)	15,917	2,822	2,006	(598)	1,377	21,525	134	21,660	(3,009)	18,650

Notes:

1. The "Others" category incorporates operations not included in business segment reporting, including engineering business.
2. Adjustment is as follows: Included within segment loss of ¥3,009 million is the elimination of intersegment transactions of ¥1,149 million and corporate expenses of ¥4,159 million. Corporate expenses mainly comprise the submitting company's basic research expenses.
3. Segment income (loss) is adjusted to agree with operating income in the consolidated statements of income.