Consolidated Financial Results
for the Six Months
Ended June 30, 2026 (Unaudited)

August 7, 2026

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.

August 7, 2026

Consolidated Financial Results for the Six Months Ended June 30, 2026 (Under Japanese GAAP)

Company name: KURARAY CO., LTD.
Listing: Tokyo Stock Exchange
Stock code: 3405
URL: https://www.kuraray.com
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Scheduled date to commence dividend payments: September 10, 2026
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 six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	431,035	7.8	28,839	9.8	25,984	22.1	14,230	1.4
June 30, 2025	399,958	(2.7)	26,261	(42.2)	21,284	(51.7)	14,039	(53.9)

Note: Comprehensive income
For the six months ended June 30, 2026: ¥31,970 million [−%]
For the six months ended June 30, 2025: (¥17,652 million) [−%]

	Net Income per Share	Fully Diluted Net Income per Share
Six months ended	Yen	Yen
June 30, 2026	46.98	46.95
June 30, 2025	43.50	43.47

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	1,350,823	768,403	55.9
December 31, 2025	1,303,511	755,175	57.0

Reference: Equity attributable to owners of the parent
As of June 30, 2026: ¥755,491 million
As of December 31, 2025: ¥742,620 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, 2025	—	27.00	—	27.00	54.00
Fiscal year ending December 31, 2026	—	32.00			
Fiscal year ending December 31, 2026 (Forecast)			—	32.00	64.00

Note: Revisions to the forecast of cash dividends most recently announced: None
FY2026 annual dividends per share (forecast): ¥54.00 normal dividend and ¥10.00 commemorative dividend

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending December 31, 2026 (January 1, 2026 to December 31, 2026)

(Percentages indicate year-on-year changes.)
(Millions of yen)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share (Yen)
		%		%		%		%	
Full Fiscal Year	880,000	8.9	70,000	18.9	64,000	24.2	40,000	435.6	132.76

Note: Revisions to forecasts of consolidated financial results during this period: Yes

[Notes]

(1) Significant changes in the scope of consolidation during the period: Yes
Excluded: 3 companies (Kuraray Methacrylate (Zhang Jia Gang) Co., Ltd.; WATERLINK (UK) HOLDINGS LIMITED; and one other)

(2) Adoption of accounting treatment specific to the preparation of interim 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: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2026	302,133,603 shares
As of December 31, 2025	307,963,603 shares

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

As of June 30, 2026	836,743 shares
As of December 31, 2025	924,408 shares

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

As of June 30, 2026	302,905,289 shares
As of June 30, 2025	322,756,736 shares

Note: It is not required that this type of earnings report be audited.

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 Business Results (3) Basis for Forecasts, Including Consolidated Financial Results Forecasts” on page 8 of the Attachment for the assumptions used.

Index of the Attachment

1. Qualitative Information regarding Business Results

(1) Overview of Consolidated Business Results

In the interim period of fiscal 2026 (January 1, 2026–June 30, 2026), the world economy held firm due mainly to AI-related investment, but the outlook remained uncertain as conditions in the Middle East deteriorated. Although the Japanese economy continued to gradually recover on the back of robust capital investment, concerns grew about stagnant demand due to rising prices for raw materials and fuels. The US economy remained firm, underpinned by AI-related investment and steady domestic demand, but the pace of growth was gradual due to uncertainty surrounding inflation and government policy trends. In Europe, economic growth remained sluggish amid persistently high prices and the outlook stayed uncertain. Meanwhile, in China, economic growth remained low as domestic demand was underwhelming and the real estate market continued to stall.

Amid these circumstances, consolidated operating results for the interim period of fiscal 2026 are as follows: net sales increased ¥31,077 million (7.8%) year on year to ¥431,035 million; operating income increased ¥2,578 million (9.8%) year on year to ¥28,839 million; ordinary income increased ¥4,699 million (22.1%) year on year to ¥25,984 million; and net income attributable to owners of the parent increased ¥191 million (1.4%) year on year to ¥14,230 million.

We undertook an organizational reform on January 1, 2026, changing the segment category of the businesses in the Electronics Materials Promotion Division from “Others” to “Functional Materials.” The interim period comparison and analysis are based on figures reflecting this change.

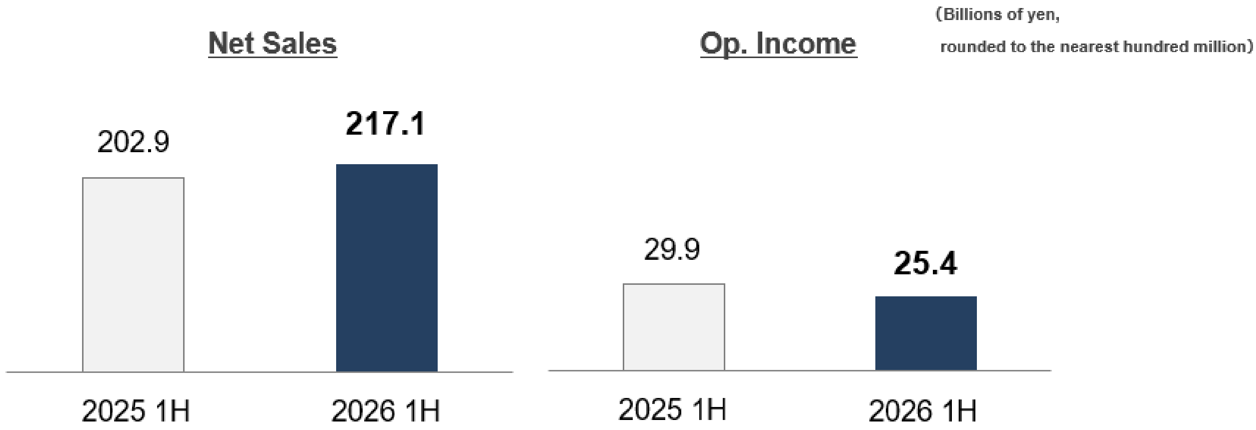
(Millions of yen)

	FY2025 1H		FY2026 1H		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Vinyl Acetate	202,885	29,871	217,138	25,381	14,253	(4,490)
Isoprene	39,944	(1,311)	45,883	1,788	5,938	3,100
Functional Materials	98,554	1,714	110,345	4,884	11,790	3,170
Fibers and Textiles	29,751	(57)	31,889	4,196	2,138	4,254
Trading	33,908	3,042	37,346	3,671	3,438	629
Others	21,680	1,911	15,755	787	(5,925)	(1,124)
Elimination & Corporate	(26,766)	(8,909)	(27,323)	(11,871)	(557)	(2,961)
Total	399,958	26,261	431,035	28,839	31,077	2,578

Results by Business Segment

Vinyl Acetate

Net sales in this segment were ¥217,138 million (up 7.0% year on year), while operating income was ¥25,381 million (down 15.0%), due to lower capacity utilization reflecting declining sales volumes in some businesses despite making price revisions because of the rising prices of raw materials and fuels.



PVOH resin: Having captured demand by leveraging our global supply system amid disruptions in the Middle East, sales volume increased.

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 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.

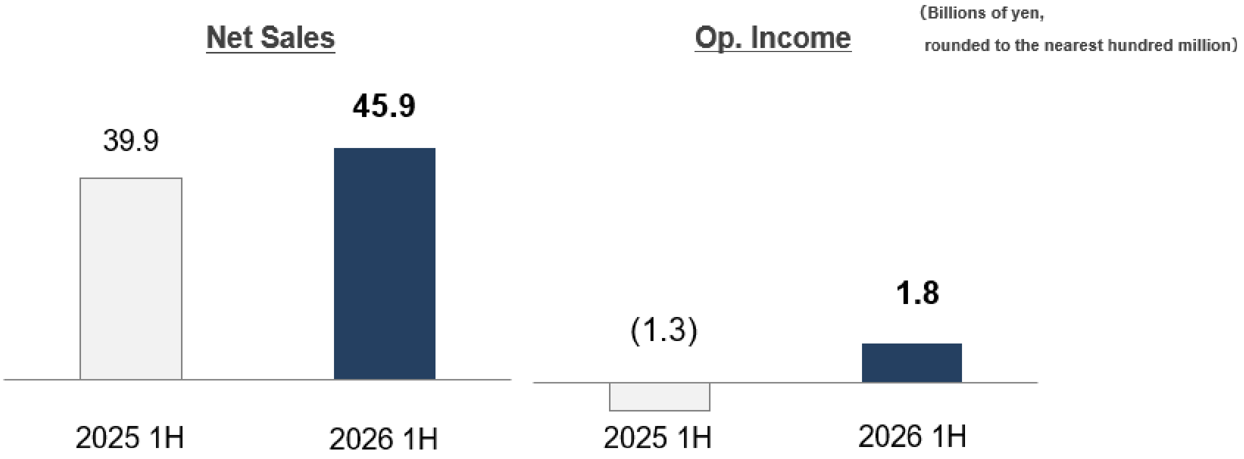
Advanced Interlayer Solutions: The competitive environment for PVB film remained intense, particularly in Europe and Asia. As a result, sales volume decreased for both construction and automotive applications. Sales of SentryGlas™ specialty ionoplast interlayers also declined due in part to the effects of project delays as customers responded to deteriorating conditions in the Middle East.

Water-soluble PVOH film: Sales volume decreased due to weak demand for soluble unit-dose detergent.

EVAL™ EVOH resin: Sales volume increased as sales for food packaging and automotive applications remained favorable, and we were able to capture some demand with our global supply system.

Isoprene

Net sales in this segment were ¥45,883 million (up 14.9% year on year), and operating income was ¥1,788 million (compared with operating loss of ¥1,311 million in the same period of the previous year) due to a decrease in depreciation and amortization expenses attributable to impairment losses recorded in the previous year and the positive impact of some inventory valuation differences.

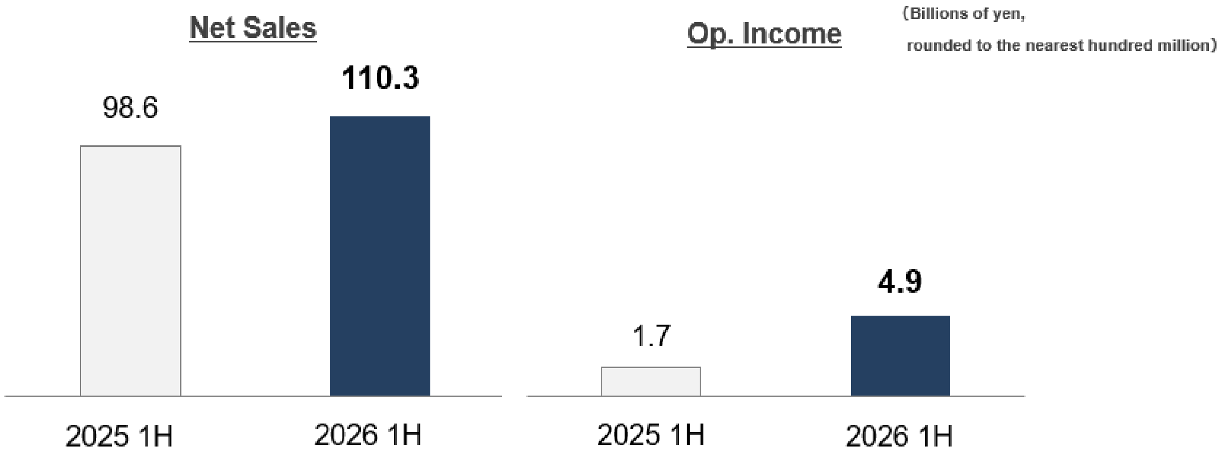


Isoprene chemicals and elastomer: As a result of a pull-forward in demand in the previous year caused by U.S. tariff policies in addition to stagnant demand for construction applications in China, sales volume of isoprene chemicals decreased. Particularly in the United States market, sales volumes of elastomers increased but were impacted by intensified competition with Asian competitors in the European market and other regions.

GENESTAR™ heat-resistant polyamide resin: Sales volume increased due to sales expansion in both electric and electronic applications and automotive applications.

Functional Materials

Net sales in this segment were ¥110,345 million (up 12.0% year on year), and operating income was ¥4,884 million (up 184.9%) due to solid sales.



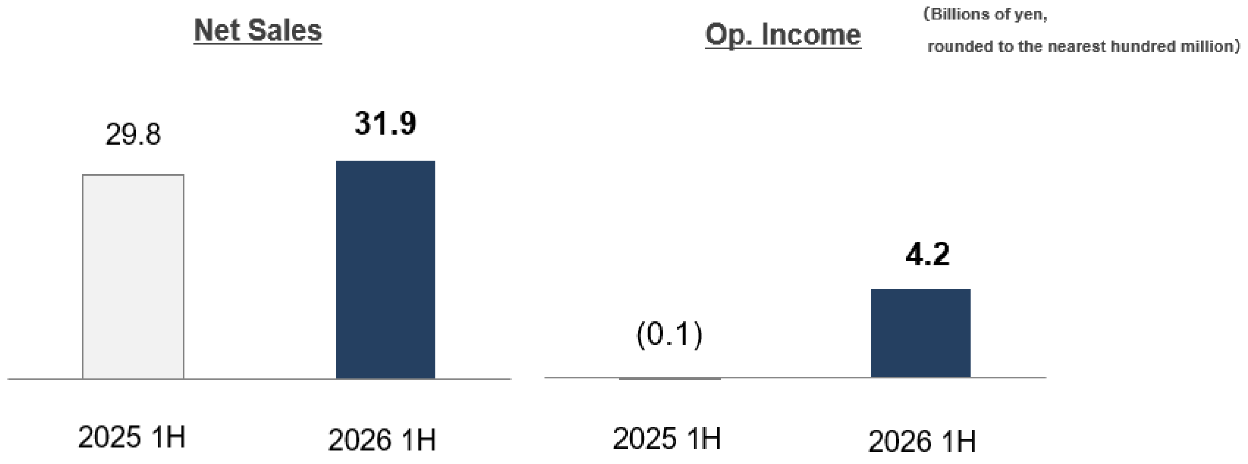
Methacrylate: Although sales volume fell due to a reduction in production capacity for methyl methacrylate and some downstream products from July 2025, there were positive effects on profit.

Medical: Sales of cosmetic dental materials, mainly in Europe and the United States, remained firm. In addition, to meet growing demand, we began operations of expanded facilities at the Miyoshi Plant in the second quarter.

Environmental Solutions: Demand for activated carbon remained stable, and sales volume increased. In addition, price revisions were implemented. To prepare for future growth in demand for reactivated carbon, we decided to expand production facilities for reactivated carbon in the United States (announced on February 27, 2026 and slated to begin operating in the first quarter of 2028).

Fibers and Textiles

Net sales in this segment were ¥31,889 million (up 7.2% year on year), and operating income was ¥4,196 million (compared with an operating loss of ¥57 million in the same period of the previous fiscal year).

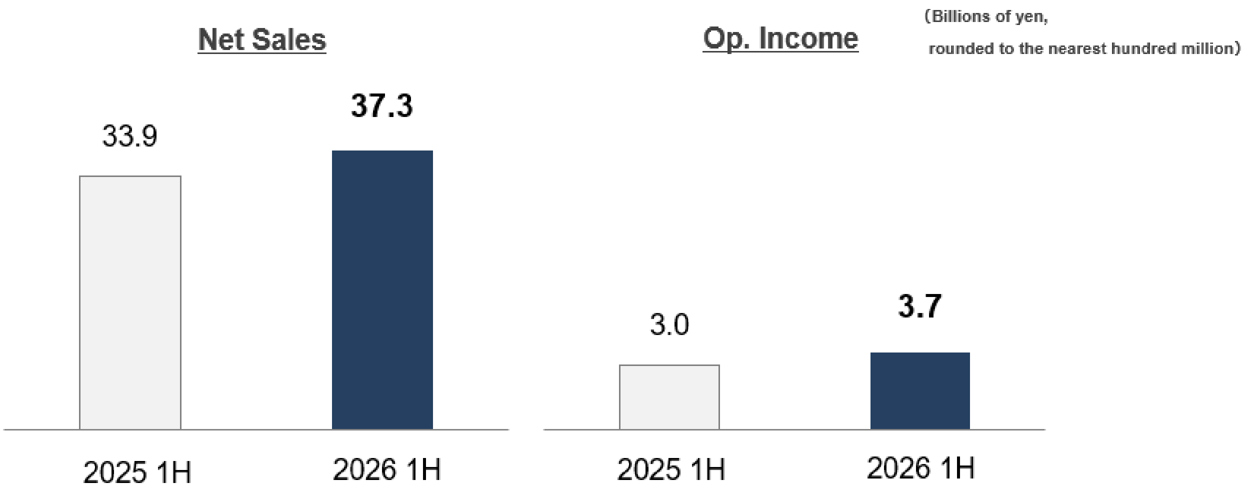


CLARINO™ man-made leather: Sales volume increased amid a recovery in demand, including for footwear applications.

Fibers and industrial materials: Although sales volume of KURALON™ PVA fiber remained sluggish due to weak demand for construction material applications, price revisions were implemented. In addition, sales of VECTRAN™ liquid crystal polymer fiber remained brisk.

Trading

Net sales in this segment were ¥37,346 million (up 10.1% year on year), and operating income was ¥3,671 million (up 20.7%).

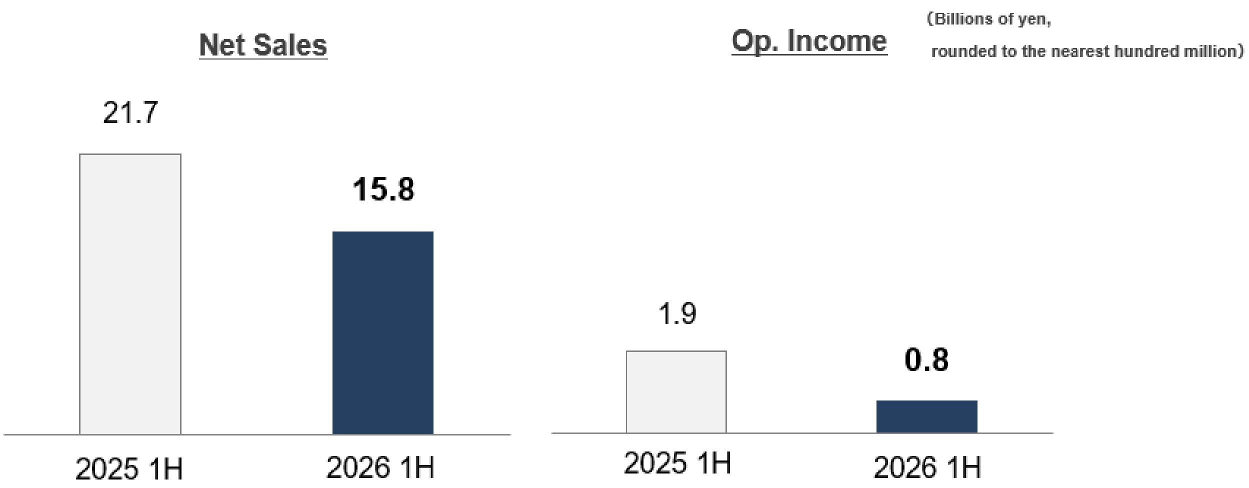


Fiber-related businesses: Sales for sportswear and outdoor wear applications remained favorable.

Resins and chemicals: Sales expanded in Asian markets, especially in China.

Others

Net sales in this segment were ¥15,755 million (down 27.3% year on year), and operating income was ¥787 million (down 58.8%).



(2) Overview of Financial Position

Total assets increased ¥47,311 million from the end of the previous fiscal year to ¥1,350,823 million due to factors that include a ¥22,504 million increase in property, plant and equipment and a ¥17,957 million increase in cash and deposits. Total liabilities increased ¥34,084 million to ¥582,420 million due to factors that include a ¥33,781 million increase in interest-bearing debt despite a ¥5,202 million decrease in notes and accounts payable-trade.

Net assets increased ¥13,227 million to ¥768,403 million due in part to an ¥18,340 million increase in foreign currency translation adjustment and a ¥5,940 million increase in retained earnings despite a ¥10,042 million decrease in capital surplus. Equity attributable to owners of the parent amounted to ¥755,491 million, for an equity ratio of 55.9%.

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

Based on the interim business results and current business trends, we revised the full-year forecast for fiscal 2026 (January 1, 2026 to December 31, 2026), which was announced on February 10, 2026.

The revised consolidated operating results forecast for the fiscal year ending December 31, 2026 is as follows.

(Millions of yen) (Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent	Net Income Per Share
Original Forecast (A)	850,000	70,000	64,000	40,000	132.80
Revised Forecast (B)	880,000	70,000	64,000	40,000	132.76
Amount Adjusted (B − A)	30,000	—	—	—	
Percent Adjusted	3.5%	—	—	—	
(Ref.) FY2025 Results	808,447	58,882	51,515	7,468	23.62

The forecast is based on the following assumptions: ¥159/USD, ¥182/EUR, domestic naphtha at ¥92,000/kl, US natural gas at $3.2/MMBtu , and European natural gas at €52/MWh.

Note: The above forecasts are based on the best information currently available. Actual financial results may vary due to various factors.

2. Interim Consolidated Financial Statements and Notes

(1) Interim Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	104,102	122,060
Notes and accounts receivable - trade, and contract assets	178,330	181,714
Securities	4,215	5,262
Merchandise and finished goods	178,020	177,422
Work in process	20,230	21,329
Raw materials and supplies	70,184	73,541
Other	24,209	25,539
Allowance for doubtful accounts	(889)	(626)
Total current assets	578,403	606,244
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	116,992	119,208
Machinery, equipment and vehicles, net	262,474	263,235
Land	18,154	18,318
Construction in progress	96,662	116,870
Other, net	54,828	53,984
Total property, plant and equipment	549,112	571,616
Intangible assets		
Goodwill	52,212	51,065
Customer-related assets	23,868	22,877
Other	34,549	34,868
Total intangible assets	110,630	108,810
Investments and other assets		
Investment securities	23,523	23,088
Retirement benefit asset	5,942	5,378
Deferred tax assets	20,291	18,915
Other	15,920	17,016
Allowance for doubtful accounts	(311)	(247)
Total investments and other assets	65,366	64,151
Total non-current assets	725,108	744,578
Total assets	1,303,511	1,350,823

(Millions of yen)

	As of December 31, 2025	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	58,490	53,288
Short-term borrowings	45,120	55,090
Commercial papers	11,000	9,000
Current portion of bonds payable	-	10,000
Current portion of long-term borrowings	32,612	17,478
Accrued expenses	23,557	22,661
Income taxes payable	3,410	5,440
Provision for bonuses	9,495	8,091
Other	44,543	49,623
Total current liabilities	228,229	230,675
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term borrowings	146,187	177,133
Deferred tax liabilities	23,243	23,906
Retirement benefit liability	32,146	32,722
Other	68,529	67,983
Total non-current liabilities	320,106	351,744
Total liabilities	548,335	582,420
Net assets		
Shareholders' equity		
Share capital	88,955	88,955
Capital surplus	55,949	45,907
Retained earnings	386,853	392,793
Treasury stock	(1,623)	(1,440)
Total shareholders' equity	530,135	526,216
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,458	6,091
Deferred gains or losses on hedges	(78)	(75)
Foreign currency translation adjustment	203,014	221,354
Remeasurements of defined benefit plans	3,091	1,905
Total accumulated other comprehensive income	212,485	229,275
Share acquisition rights	229	229
Non-controlling interests	12,325	12,681
Total net assets	755,175	768,403
Total liabilities and net assets	1,303,511	1,350,823

(2) Interim Consolidated Statements of Income and Comprehensive Income

Interim Consolidated Statement of Income

(Millions of yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Net sales	399,958	431,035
Cost of sales	282,194	302,048
Gross profit	117,764	128,987
Selling, general and administrative expenses		
Selling expenses	23,596	25,809
General and administrative expenses	67,906	74,337
Total selling, general and administrative expenses	91,502	100,147
Operating income	26,261	28,839
Non-operating income		
Interest income	1,054	1,036
Dividend income	436	417
Share of profit of entities accounted for using equity method	148	185
Gain on investments in investment partnerships	-	755
Other	520	1,033
Total non-operating income	2,160	3,429
Non-operating expenses		
Interest expenses	1,307	1,873
Other	5,830	4,411
Total non-operating expenses	7,137	6,285
Ordinary income	21,284	25,984
Extraordinary income		
Gain on revision of retirement benefit plan	-	1,769
Gain on sale of investment securities	1,590	1,176
Total extraordinary income	1,590	2,945
Extraordinary losses		
Loss on disaster	-	2,281
Costs related to the suspension of operations	-	1,249
Loss on disposal of tangible non-current assets	684	880
Loss on sale of tangible non-current assets	980	-
Total extraordinary losses	1,665	4,411
Income before income taxes and non-controlling interests	21,210	24,518
Income taxes - current	5,980	7,072
Income taxes - deferred	1,196	2,280
Total income taxes	7,177	9,353
Net income	14,032	15,165
Net income (loss) attributable to non-controlling interests	(6)	935
Net income attributable to owners of the parent	14,039	14,230

Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Net income	14,032	15,165
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,235)	(366)
Deferred gains or losses on hedges	(288)	17
Foreign currency translation adjustment	(30,028)	18,044
Remeasurements of defined benefit plans, net of tax	143	(1,185)
Share of other comprehensive income of entities accounted for using equity method	(275)	294
Total other comprehensive income	(31,685)	16,805
Comprehensive income	(17,652)	31,970
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(17,277)	31,020
Comprehensive income attributable to non-controlling interests	(375)	949

(3) Interim Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Net cash provided by (used in) operating activities		
Income before income taxes and non-controlling interests	21,210	24,518
Depreciation and amortization	41,442	42,179
Gain on revision of retirement benefit plan	-	(1,769)
Loss (gain) on sale of investment securities	(1,590)	(1,176)
Loss on disposal of tangible fixed assets	684	880
Loss (gain) on sale of tangible non-current assets	980	-
Decrease (increase) in trade receivables	483	(162)
Decrease (increase) in inventories	(6,861)	755
Increase (decrease) in trade payables	(6,626)	(5,926)
Other, net	1,556	5,424
Subtotal	51,279	64,723
Income taxes refund (paid)	(10,662)	(5,510)
Other, net	1,545	(180)
Net cash provided by (used in) operating activities	42,162	59,031
Net cash provided by (used in) investing activities		
Purchase of tangible fixed assets and intangible fixed assets	(45,151)	(54,696)
Proceeds from sale and redemption of investment securities	2,541	3,058
Other, net	(6,539)	(4,391)
Net cash provided by (used in) investing activities	(49,149)	(56,028)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	20,020	9,970
Net increase (decrease) in commercial papers	27,000	(2,000)
Proceeds from long-term borrowings	-	45,000
Repayments of long-term borrowings	(14,439)	(28,782)
Proceeds from issuance of bonds	-	10,000
Redemption of bonds	(10,000)	-
Purchase of treasury stock	(8,290)	(10,001)
Dividends paid	(8,744)	(8,290)
Other, net	(2,239)	(2,084)
Net cash provided by (used in) financing activities	3,305	13,811
Effect of exchange rate change on cash and cash equivalents	(4,076)	2,190
Net increase (decrease) in cash and cash equivalents	(7,758)	19,005
Cash and cash equivalents, beginning of the period	121,692	108,314
Cash and cash equivalents, end of the period	113,934	127,319

(4) Notes regarding Interim Consolidated Financial Statements

Notes regarding Going Concern Assumptions

None

Notes regarding Material Changes in Shareholders' Equity

At the Board of Directors meeting held on February 10, 2026, the Company resolved to conduct a share buyback and, accordingly, acquired 5,829 thousand shares of treasury stock totaling ¥9,999 million by March 23, 2026.

At the Board of Directors meeting held on May 13, 2026, the Company resolved to cancel treasury stock and, accordingly, canceled 5,830 thousand shares of treasury stock totaling ¥10,033 million on May 29, 2026.

As a result of the above transactions and other factors, capital surplus decreased by ¥10,042 million while treasury stock decreased by ¥183 million during the interim period. Thus, capital surplus totaled ¥45,907 million and treasury stock stood at ¥1,440 million as of June 30, 2026.

Notes regarding Segment Information, etc.

● Segment Information

I. Interim period of fiscal 2025 (January 1, 2025 to June 30, 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	193,809	30,494	96,353	27,607	33,255	381,520	18,437	399,958	—	399,958
Intersegment sales and transfers	9,076	9,449	2,201	2,143	653	23,523	3,242	26,766	(26,766)	—
Total	202,885	39,944	98,554	29,751	33,908	405,044	21,680	426,724	(26,766)	399,958
Segment income (loss)	29,871	(1,311)	1,714	(57)	3,042	33,259	1,911	35,171	(8,909)	26,261

Notes:

1. The "Others" category incorporates operations not included in the reporting segments, including engineering-related business.
2. The adjustment of ¥(8,909) million to segment income (loss) includes the elimination of intersegment transactions of ¥1,102 million and unallocated corporate expenses of ¥10,012 million. Corporate expenses mainly comprise the Company's basic research expenses.
3. Segment income (loss) is reconciled to operating income in the interim consolidated statement of income.

II. Interim period of fiscal 2026 (January 1, 2026 to June 30, 2026)

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	207,939	37,940	108,411	29,239	36,601	420,131	10,904	431,035	—	431,035
Intersegment sales and transfers	9,199	7,943	1,934	2,650	745	22,472	4,850	27,323	(27,323)	—
Total	217,138	45,883	110,345	31,889	37,346	442,603	15,755	458,359	(27,323)	431,035
Segment income	25,381	1,788	4,884	4,196	3,671	39,923	787	40,711	(11,871)	28,839

Notes:

1. The "Others" category incorporates operations not included in the reporting segments, including engineering-related business.
2. The adjustment of ¥(11,871) million to segment income includes the elimination of intersegment transactions of ¥(1,166) million and unallocated corporate expenses of ¥10,704 million. Corporate expenses mainly comprise the Company's basic research expenses.
3. Segment income is reconciled to operating income in the interim consolidated statement of income.

2. Notes regarding Changes in Reporting Segments

(Changes in Reporting Segments)

In line with an organizational reform, from the interim period of fiscal 2026, the segment category of the businesses in the Electronics Materials Promotion Division was changed from “Others” to “Functional Materials.” For the purposes of comparison, segment information for the interim period of fiscal 2025 has been retroactively adjusted based on this recategorization.