

**Business Results for the  
First Quarter of the Fiscal Year Ending  
December 31, 2024 (Unaudited)**

**May 14, 2024**

**KURARAY CO., LTD.**

May 14, 2024  
KURARAY CO., LTD.

## Consolidated Earnings Report for the First Quarter of the Fiscal Year Ending December 31, 2024

Name of listed company: KURARAY CO., LTD.  
Stock code: 3405  
Stock exchange listing: Tokyo Stock Exchange, Prime Market  
URL: <https://www.kuraray.com/>

Representative:  
Title: Representative Director and President  
Name: Hitoshi Kawahara

Contact:  
Title: Senior Manager, Corporate Communications Department, Corporate  
Management Planning Office  
Name: Shinichi Takizawa  
Tel: +81-3-6701-1070

Preparation of supplementary documentation for the quarterly earnings report: Yes  
Holding of quarterly earnings results briefing: Yes (for securities analysts and institutional investors)

(Millions of yen rounded down unless otherwise stated)

### 1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2024 (January 1, 2024 to March 31, 2024)

#### (1) Consolidated Operating Results

(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	
		(%)		(%)		(%)		(%)
Fiscal 2024 1Q	192,183	3.9%	28,793	35.0%	27,861	36.6%	21,614	165.1%
Fiscal 2023 1Q	184,965	10.4%	21,324	(3.7%)	20,389	(8.5%)	8,152	(35.8%)

Note: Comprehensive income: For the fiscal 2024 first quarter: ¥57,033 million (254.4%)  
For the fiscal 2023 first quarter: ¥16,094 million (-59.7%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Fiscal 2024 1Q	64.56	64.52
Fiscal 2023 1Q	24.36	24.34

#### (2) Consolidated Financial Position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio (%)
As of March 31, 2024	1,293,039	780,587	59.0
As of December 31, 2023	1,254,485	736,156	56.9

[Reference] Equity attributable to owners of the parent:

As of March 31, 2024: ¥762,483 million  
As of December 31, 2023: ¥714,285 million

## 2. Dividends

(Yen)

Record Date	Cash Dividends per Share				
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Annual
Fiscal 2023	—	25.00	—	25.00	50.00
Fiscal 2024	—				
Fiscal 2024 (Forecast)		25.00	—	25.00	50.00

Note: Revisions to cash dividend forecast during this period: No

## 3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(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	410,000	7.6	42,000	2.5	39,000	1.2	25,000	14.5	74.67
Full Fiscal Year	840,000	7.6	85,000	12.6	79,000	14.5	49,000	15.4	146.35

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

### [Reference]

#### (1) Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries Involving Changes in the Scope of Consolidation)

No

#### (2) Adoption of Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements

No

#### (3) Changes in Accounting Principles, Procedures and Presentation Methods in Connection with the Preparation of Quarterly Consolidated Financial Statements

1. Changes following revision of accounting standards: No
2. Changes besides 1. above: No
3. Changes in accounting estimates: No
4. Restatement: No

#### (4) Number of Shares Issued and Outstanding (Common Shares)

1. Number of shares issued and outstanding (including treasury stock) as of the period-end:
 

As of March 31, 2024	354,863,603 shares
As of December 31, 2023	354,863,603 shares
2. Number of treasury shares as of the period-end:
 

As of March 31, 2024	20,056,346 shares
As of December 31, 2023	20,107,257 shares
3. Average number of shares for the period (cumulative):
 

As of March 31, 2024	334,773,181 shares
As of March 31, 2023	334,692,204 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 the Revision in Forecasts, Including Consolidated Operating Results Forecasts” on page 7 of the Attachment for the assumptions used.

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## 1. Qualitative Information regarding Business Results

### (1) Overview of Consolidated Business Results

In the first quarter of fiscal 2024 (January 1, 2024–March 31, 2024), the world economy overall grew only moderately, with the European and Chinese economies stagnating, despite the U.S. economy remaining firm backed by solid personal consumption. In addition, further escalation of geopolitical tensions, such as the prolonged conflict in Ukraine and the intensifying crisis in the Middle East, have become a risk factor for global economic activities, and the outlook remained uncertain.

Amid these circumstances, consolidated operating results for the first quarter of fiscal 2024 are as follows: net sales increased ¥7,217 million (3.9%) year on year to ¥192,183 million; operating income increased ¥7,468 million (35.0%) year on year to ¥28,793 million; ordinary income increased ¥7,471 million (36.6%) year on year to ¥27,861 million; and net income attributable to owners of the parent increased ¥13,461 million (165.1%) year on year to ¥21,614 million.

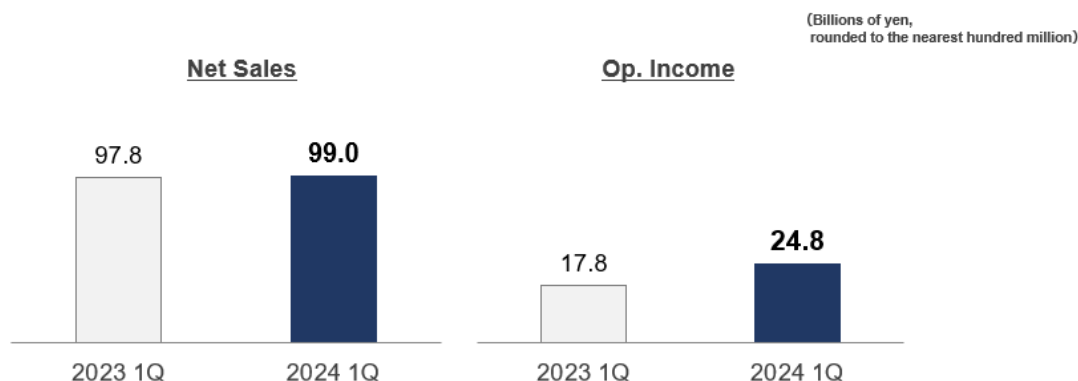
(Millions of yen)

	FY2023 1Q Consolidated Period		FY2024 1Q Consolidated Period		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Vinyl Acetate	97,815	17,820	99,041	24,788	1,226	6,968
Isoprene	15,780	190	17,155	21	1,374	(168)
Functional Materials	45,378	3,495	48,733	3,242	3,355	(252)
Fibers and Textiles	13,533	248	13,829	(243)	296	(491)
Trading	13,810	1,142	15,317	1,336	1,507	194
Others	11,347	63	11,734	428	386	365
Elimination & Corporate	(12,700)	(1,635)	(13,629)	(781)	(929)	854
Total	184,965	21,324	192,183	28,793	7,217	7,468

## Results by Business Segment

### Vinyl Acetate

Sales in this segment were ¥99,041 million (up 1.3% year on year), and segment income was ¥24,788 million (up 39.1%).



PVOH resin: Despite disruptions in logistics to Europe, sales volume increased due to our stable global supply system.

Optical-use poval film: The sales volume increased as the effects of the previous year's inventory adjustments disappeared.

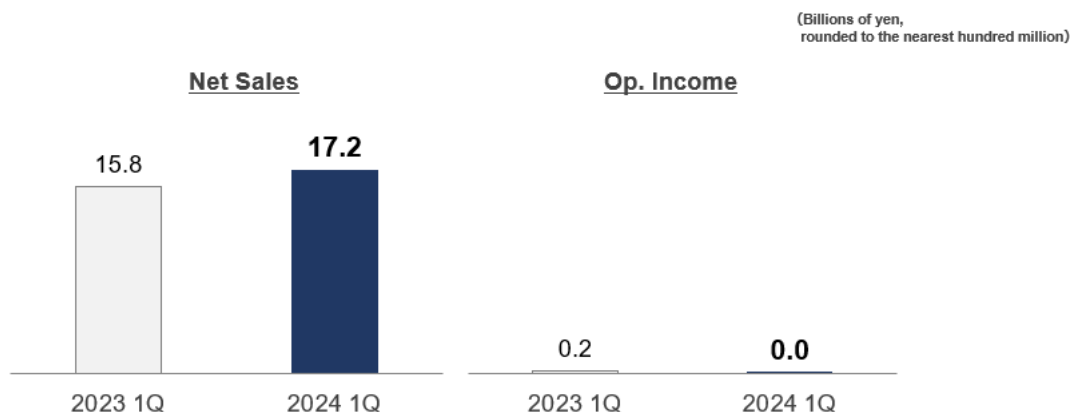
Advanced Interlayer Solutions: The sales volume decreased due to the effects of economic stagnation on construction applications in Europe.

Water-soluble PVOH film: The sales volume decreased due to the effects of protracted economic stagnation in Europe.

EVAL™ EVOH resin : Although sales for automotive applications remained firm, the sales volume decreased due in part to a drop in demand for food packaging applications that has continued from the latter half of the previous year. We decided to construct a new plant in Singapore (announced on March 26, 2024 and slated to begin operating by the end of 2026). This move is intended to accommodate future growth in demand, especially in circular economy-related fields.

## Isoprene

Sales in this segment were ¥17,155 million (up 8.7% year on year), and segment income was ¥21 million (down 88.6%).

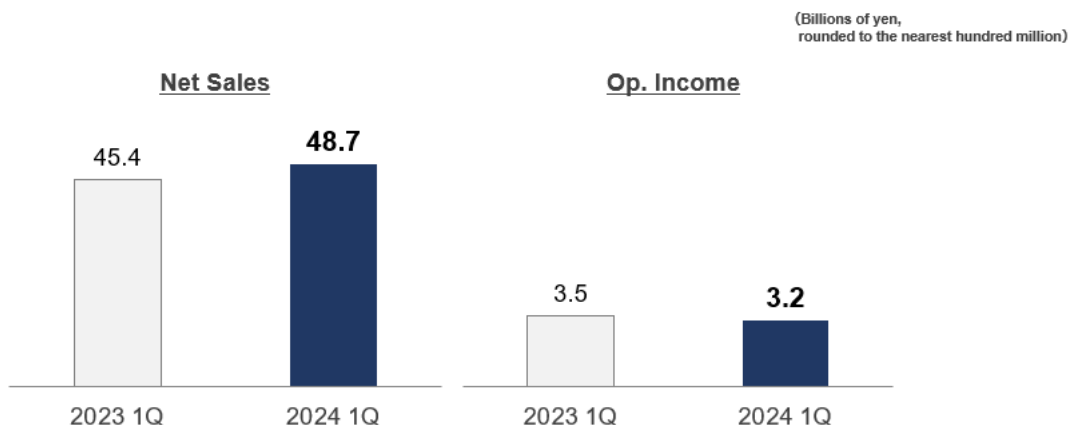


Isoprene chemicals and elastomer: The sales volume increased as demand recovered, especially for automotive applications.

GENESTAR™ heat-resistant polyamide resin: Signs of a recovery in demand emerged for electric and electronic device applications in addition to stable demand for automotive applications.

## Functional Materials

Sales in this segment were ¥48,733 million (up 7.4% year on year), and segment income was ¥3,242 million (down 7.2%).



Methacrylate: The sales volume increased amid signs of a recovery in demand, especially for electric and electronic devices.

Medical: Sales of cosmetic dental materials, mainly in Europe and the United States, remained brisk.

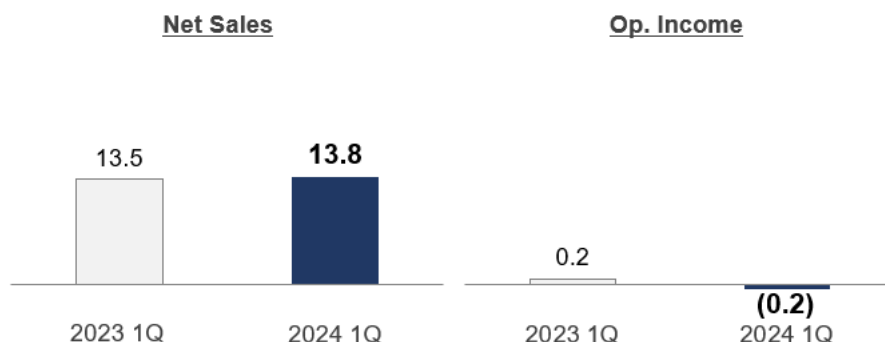
Environmental Solutions: Sales of activated carbon remained steady, especially for drinking water applications in North America. A new activated carbon facility came on line in the United States in the first quarter under review.



## Fibers and Textiles

Sales in this segment were ¥13,829 million (up 2.2% year on year), and segment loss was ¥243 million (compared with segment income of ¥248 million in the same period of the previous fiscal year).

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



CLARINO™ man-made leather: The sales volume increased amid a continued recovery in demand for automotive and sports applications.

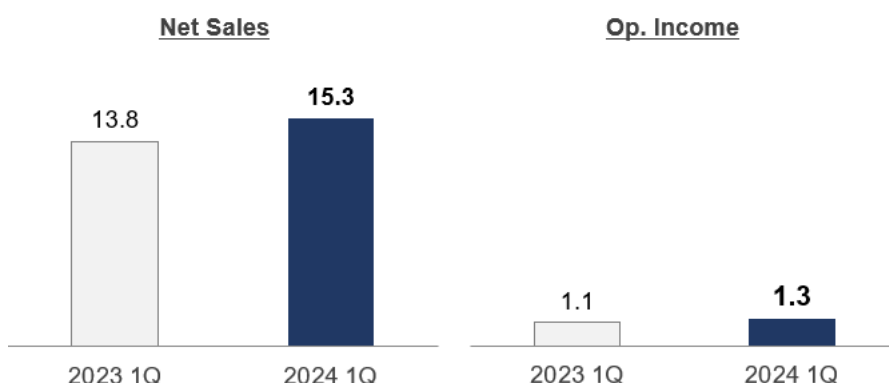
Fibers and industrial materials: Although signs of a recovery emerged in demand for automotive applications, sales in Europe for construction material applications were weak.

Consumer goods and materials: Demand for KURAFLEX™ and MAGIC TAPE™ was weak.

## Trading

Sales in this segment were ¥15,317 million (up 10.9% year on year), and segment income was ¥1,336 million (up 17.0%).

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

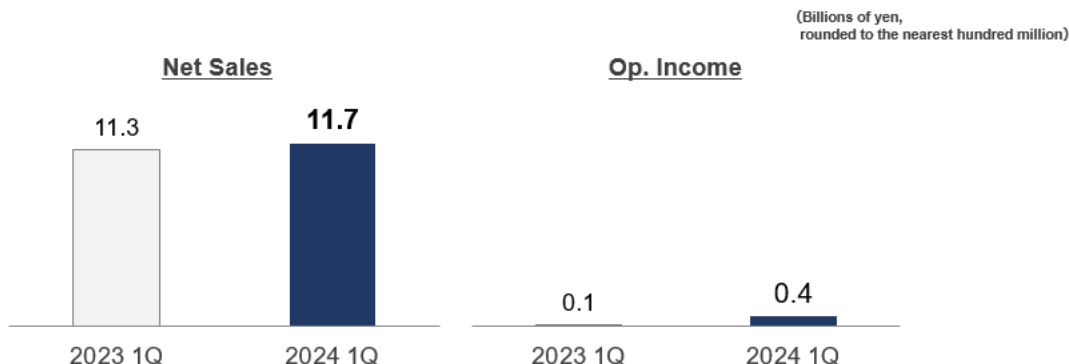


Fiber-related businesses: The materials-related business struggled, but sales of sportswear applications remained favorable.

Resins and chemicals: Sales expanded, especially in Asia.

## Others

Sales in this segment were ¥11,734 million (up 3.4% year on year), and segment income was ¥428 million (up 574.5%).



## (2) Overview of Financial Position

Total assets increased ¥38,554 million from the end of the previous fiscal year to ¥1,293,039 million due to factors that include a ¥29,501 million increase in inventories, a ¥6,188 million increase in property, plant and equipment and a ¥5,289 million rise in investment securities despite a ¥7,825 million decrease in cash and cash deposits. Total liabilities decreased ¥5,876 million to ¥512,452 million due to factors that include a ¥15,180 million decrease in interest-bearing debt despite a ¥3,843 million increase in accounts payable-trade.

Net assets rose ¥44,430 million to ¥780,587 million due in part to an increase in foreign currency translation adjustment and retained earnings. Equity attributable to owners of the parent amounted to ¥762,483 million, for an equity ratio of 59.0%.

### (3) Basis for the Revision in Forecasts, Including Consolidated Operating Results Forecasts

Regarding the cumulative consolidated operating results forecast for the second quarter of the fiscal year ending December 31, 2024, we revised the forecast figures as follows, based on the performance trends during the first quarter and into the present. Accordingly, by combining this with the second-half forecast (announced on February 8, 2024), we also revised the full-year forecast.

The revised cumulative consolidated operating results forecast for the second quarter of the fiscal year ending December 31, 2024 (January 1, 2024 to June 30, 2024) 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)	400,000	40,000	37,000	23,000	68.71
Revised Forecast (B)	410,000	42,000	39,000	25,000	74.67
Amount Adjusted (B – A)	10,000	2,000	2,000	2,000	
Percent Adjusted	2.5%	5.0%	5.4%	8.7%	
(Ref.) FY2023 2Q Results	380,998	40,970	38,538	21,842	65.26

The revised consolidated operating results forecast for the fiscal year ending December 31, 2024 (January 1, 2024 to December 31, 2024) 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)	830,000	83,000	77,000	47,000	140.40
Revised Forecast (B)	840,000	85,000	79,000	49,000	146.35
Amount Adjusted (B – A)	10,000	2,000	2,000	2,000	
Percent Adjusted	1.2%	2.4%	2.6%	4.3%	
(Ref.) FY2023 Results	780,938	75,475	69,025	42,446	126.80

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

#### **(4) Basic Policies Related to Profit Distribution and Dividends in Fiscal 2024**

Under current Medium-Term Management Plan, "PASSION 2026", we have established shareholder return policy that is, a total return ratio of 35% or more and an annual dividend per share of ¥40 or more. We are working to enhance shareholder returns by expanding earnings. To improve capital efficiency, we are promoting various measures, including building a more sophisticated business portfolio.

As for the annual dividend for fiscal 2024, we plan to pay ¥50 per share. In addition, as in the "Notice of Decision to Launch a Share Buyback" dated May 14, 2024, we have decided to conduct a share buyback in order to strengthen shareholder returns further and improve capital efficiency. 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 15.0 million shares<br>(Approximately 4.48% of total outstanding shares, excluding treasury stock) |
| (3) Maximum value of buyback:  | Up to ¥20.0 billion  |
| (4) Buyback method:            | Market purchase based on a trade contract for acquiring treasury stock                                   |
| (5) Buyback period:            | May 15, 2024 to October 31, 2024   |

In addition to treasury stock to be acquired this time, the Company plans to cancel treasury stock currently owned. 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, 2023	March 31, 2024
<b>ASSETS</b>		
Current Assets		
Cash and deposits	131,144	123,318
Notes and accounts receivable—trade, and contract assets	161,904	164,799
Securities	3,478	2,442
Merchandise and finished goods	146,924	171,083
Work in process	17,502	20,263
Raw materials and supplies	63,601	66,182
Other	28,040	24,658
Allowance for doubtful accounts	(869)	(948)
Total current assets	551,727	571,799
Non-current Assets		
Property, plant and equipment		
Buildings and structures, net	110,214	115,315
Machinery, equipment and vehicles, net	270,408	294,956
Land	22,618	19,198
Construction in progress	80,344	58,908
Other, net	43,390	44,786
Total property, plant, and equipment	526,977	533,165
Intangible assets		
Goodwill	55,386	57,746
Customer-related assets	29,149	30,204
Other	35,965	37,219
Total intangible assets	120,501	125,170
Investments and other assets		
Investment securities	23,966	29,256
Long-term loans receivable	140	143
Retirement benefit asset	3,227	3,289
Deferred tax assets	16,530	18,025
Other	11,509	12,284
Allowance for doubtful accounts	(95)	(94)
Total investments and other assets	55,278	62,904
Total non-current assets	702,757	721,240
Total Assets	1,254,485	1,293,039

(Millions of yen)

	December 31, 2023	March 31, 2024
<b>LIABILITIES</b>		
Current Liabilities		
Notes and accounts payable–trade	49,124	52,968
Short-term borrowings	40,014	37,974
Current portion of long-term borrowings	24,698	17,424
Accrued expenses	16,734	18,543
Income taxes payable	11,033	12,396
Accrued bonuses	10,275	11,260
Other	48,690	47,780
Total current liabilities	200,571	198,348
Non-current Liabilities		
Bonds payable	60,000	60,000
Long-term borrowings	157,312	151,445
Deferred tax liabilities	18,754	19,060
Retirement benefit liability	29,487	30,384
Asset retirement obligations	6,338	6,586
Other	45,864	46,626
Total non-current liabilities	317,757	314,103
Total Liabilities	518,329	512,452
<b>NET ASSETS</b>		
Shareholders' Equity		
Share capital	88,955	88,955
Capital surplus	87,146	87,151
Retained earnings	426,290	439,535
Treasury shares	(25,654)	(25,590)
Total shareholders' equity	576,737	590,052
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	6,856	8,352
Deferred gain or losses on hedges	(53)	(100)
Foreign currency translation adjustment	131,269	164,662
Remeasurements of defined benefit plans	(524)	(483)
Total accumulated other comprehensive income	137,548	172,430
Share Acquisition Rights	341	270
Non-controlling Interests	21,529	17,833
Total Net Assets	736,156	780,587
Total Liabilities and Net Assets	1,254,485	1,293,039

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

(Millions of yen)

	Fiscal 2023 1Q (January 1, 2023 – March 31, 2023)	Fiscal 2024 1Q (January 1, 2024 – March 31, 2024)
Net sales	184,965	192,183
Cost of sales	124,992	120,216
Gross profit	59,973	71,967
Selling, general and administrative expenses		
Selling expenses	10,450	11,207
General and administrative expenses	28,197	31,965
Total selling, general and administrative expenses	38,648	43,173
Operating income	21,324	28,793
Non-operating income		
Interest income	265	1,175
Dividend income	59	97
Share of profit of entities accounted for using equity method	47	95
Other	381	796
Total non-operating income	753	2,165
Non-operating expenses		
Interest expenses	577	716
Other	1,111	2,381
Total non-operating expenses	1,688	3,097
Ordinary income	20,389	27,861
Extraordinary losses		
Loss on abandonment of non-current assets	102	251
Loss on litigation	7,151	—
Total extraordinary losses	7,253	251
Income before income taxes	13,135	27,609
Income taxes—current	5,436	7,606
Income taxes—deferred	(711)	(2,117)
Total income taxes	4,724	5,489
Net income	8,410	22,120
Net income attributable to noncontrolling interests	257	505
Net income attributable to owners of the parent	8,152	21,614

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2023 1Q (January 1, 2023 – March 31, 2023)	Fiscal 2024 1Q (January 1, 2024 – March 31, 2024)
Net income	8,410	22,120
Other comprehensive income		
Valuation difference on available-for-sale securities	753	1,495
Deferred gains or losses on hedges	(420)	(75)
Foreign currency translation adjustment	7,198	33,293
Remeasurements of defined benefit plans, net of tax	81	40
Share of other comprehensive income of entities accounted for using equity method	71	160
Total other comprehensive income	7,684	34,913
Quarterly comprehensive income	16,094	57,033
Comprehensive income attributable to:		
Owners of the parent	15,584	56,496
Noncontrolling interests	510	537



### (3) Notes regarding Quarterly Consolidated Financial Statements

#### Notes regarding Going Concern Assumptions

None

#### Material Changes in Shareholders' Equity

None

#### Segment Information, etc.

##### • Segment Information

I. First Quarter of Fiscal 2023 (January 1, 2023 to March 31, 2023)

1. Net sales, income and loss by reporting segment

(Millions of yen)

	Reporting Segment						Other Business <sup>1</sup>	Total	Adjustment <sup>2</sup>	Consolidated Statements of Income <sup>3</sup>
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total				
Net sales Outside customers	93,737	12,382	44,252	12,720	13,408	176,502	8,463	184,965	—	184,965
Intersegment sales and transfers	4,077	3,398	1,126	812	401	9,816	2,884	12,700	(12,700)	—
Total	97,815	15,780	45,378	13,533	13,810	186,318	11,347	197,666	(12,700)	184,965
Segment income	17,820	190	3,495	248	1,142	22,897	63	22,960	(1,635)	21,324

Notes:

1. The "Other Business" category incorporates operations not included in business segment reporting, including engineering business.
2. Adjustment is as follows: Included within segment loss of ¥1,635 million is the elimination of intersegment transactions of ¥1,830 million and corporate expenses of ¥3,466 million. Corporate expenses mainly comprise the submitting company's basic research expenses.
3. Segment income is adjusted to agree with operating income in the consolidated statements of income.

II. 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						Other Business <sup>1</sup>	Total	Adjustment <sup>2</sup>	Consolidated Statements of Income <sup>3</sup>
	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 “Other Business” 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.