



# Kuraray Report 2025 **Financial Section**

For the year ended December 31, 2024

## Business Environment

In the fiscal year ended December 31, 2024 (“fiscal 2024”), the overall world economy showed gradual growth despite some regions lacking resilience. The U.S. economy remained stable due to robust personal consumption. In Europe, economic recovery remained gradual due to stagnation in some regions. In China, economic growth continued to slow due mainly to unfavorable real estate market conditions. In addition, the outlook remained unclear due in part to the impact on global economic activity of geopolitical tensions attributable to conditions in the Russia-Ukraine situation and the Middle East, which deepened the uncertainty.

Amid these circumstances, the Group worked to tackle the three challenges outlined in the medium-term management plan “PASSION 2026,” which was launched in fiscal 2022: 1) Sustainability as an opportunity, 2) Innovations starting from networking, and 3) Transformation of people and organization. We also strove to make our business portfolio more sophisticated and to further strengthen our businesses and products that have strong growth potential and competitive advantages.

Regarding businesses and products that we position as growth and expansion businesses and fundamental businesses, we have started operation of facilities that were already approved and under construction and made decisions aimed at achieving future growth, including decisions on new capital investment and acquisitions. However, regarding some businesses and products that we do not expect to improve in the near future, we made difficult decisions to transfer, shrink, or withdraw from operations.

As a result, consolidated operating results for fiscal 2024 are as follows: net sales increased ¥45,956 million (US\$290,530 thousand) (5.9%) year on year to ¥826,895 million (US\$5,227,557 thousand); operating income increased ¥9,605 million (US\$60,722 thousand) (12.7%) year on year to ¥85,081 million (US\$537,875 thousand); and ordinary income increased ¥12,454 million (US\$78,733 thousand) (18.0%) year on year to ¥81,480 million (US\$515,109 thousand). However, because we recorded extraordinary losses in some businesses, such as impairment loss and loss on liquidation of business, net income attributable to owners of the parent decreased ¥10,721 million (US\$67,777 thousand) (25.3%) year on year to ¥31,724 million (US\$200,556 thousand).

## Business Results

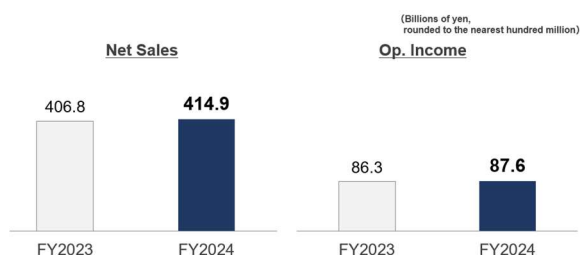
(Billions of yen, rounded to the nearest hundred million)			
	Fiscal 2024	Fiscal 2023	Change
Net Sales .....	¥826.9	¥780.9	+¥46.0
Operating Income .....	85.1	75.5	+9.6
Ordinary Income .....	81.5	69.0	+12.5
Net Income Attributable to Owners of the Parent .....	31.7	42.4	-10.7

## Results by Business Segment

	(Billions of yen, rounded to the nearest hundred million)			
	Net Sales		Operating Income	
	Fiscal 2024	Fiscal 2023	Fiscal 2024	Fiscal 2023
Vinyl Acetate	¥414.9	¥406.8	¥87.6	¥86.3
Isoprene	76.4	65.7	(9.5)	(10.9)
Functional Materials	208.0	189.8	12.9	10.3
Fibers and Textiles	62.7	61.9	1.2	1.8
Trading	67.6	61.6	5.9	5.2
Others	50.9	45.7	2.3	0.5
Elimination & Corporate	(53.5)	(50.4)	(15.4)	(17.8)
Total	¥826.9	¥780.9	¥85.1	¥75.5

### Vinyl Acetate

Sales in this segment were ¥414,907 million (US\$2,623,005 thousand) (up 2.0% year on year), and segment income was ¥87,630 million (US\$553,989 thousand) (up 1.5% year on year).



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

Optical-use poval film: Despite shipments remaining favorable, sales volume held steady year on year due to effects of shipment adjustments by panel manufacturers since the start of the third quarter. In addition, to meet demand for larger TV panels, we began operating new equipment at the Kurashiki Plant in the second quarter.

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

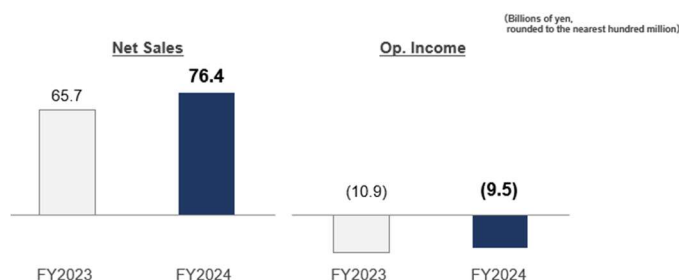
Water-soluble PVOH film: The sales volume held steady year on year due to the effects of protracted economic stagnation in Europe.

EVAL™ EVOH resin: The sales volume increased slightly as food packaging applications showed a recovery trend from the second quarter

onwards, and automotive applications also remained steady. 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 ¥76,365 million (US\$482,773 thousand) (up 16.3% year on year), and segment loss was ¥9,498 million (US\$60,046 thousand) due in part to effects from an increase in depreciation and amortization for the new Thai base, which began operations in fiscal 2023 (segment loss in the same period of previous fiscal year was ¥10,871 million (US\$68,726 thousand)).



Isoprene chemicals and elastomer: The sales volume increased as demand recovered, especially for automotive applications, and due in part to higher sales utilizing the new Thai base of operations.

GENESTAR™ heat-resistant polyamide resin: The sales volume remained favorable for automotive applications. In addition, regarding

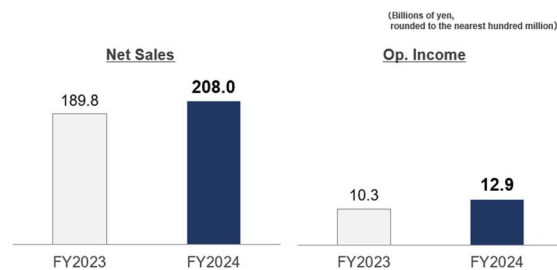
## Financial Review

Kuraray Co., Ltd. and its consolidated subsidiaries / Year ended December 31, 2024

electric and electronic device applications, demand recovered for devices while expanding for server connectors, driven by robust investment in generative AI data centers.

### Functional Materials

Sales in this segment were ¥207,981 million (US\$1,314,838 thousand) (up 9.6% year on year), and segment income was ¥12,946 million (US\$81,843 thousand) (up 25.4% year on year).



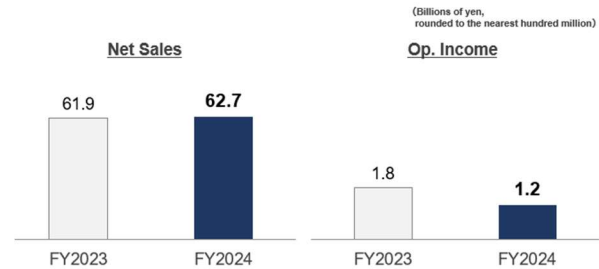
Methacrylate: The sales volume increased amid signs of a recovery in demand, especially for electric and electronic devices, but was impacted in part by intensifying competition. We decided to reduce the production capacity for methyl methacrylate (announced on June 27, 2024).

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

Environmental Solutions: Sales of activated carbon remained steady, especially for drinking water applications in North America. In Europe, however, economic stagnation began to negatively affect demand related to industrial applications. A new activated carbon facility was brought on line in the United States in the first quarter.

### Fibers and Textiles

Sales in this segment were ¥62,674 million (US\$396,219 thousand) (up 1.3% year on year), and segment income was ¥1,207 million (US\$7,631 thousand) (down 33.9% year on year).



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

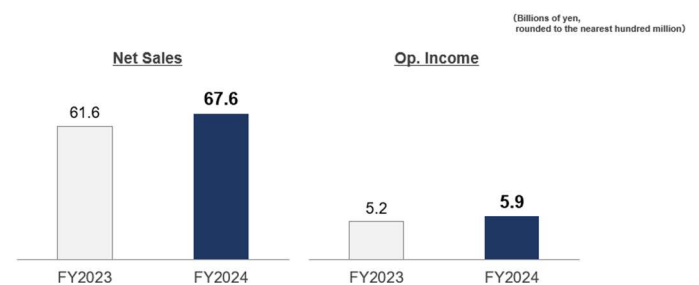
Fibers and industrial materials: Although signs of a recovery emerged in demand for automotive applications, sales in Europe for construction material applications were weak.

Consumer goods and materials: Demand for KURAFLEX™ nonwoven fabric and MAGIC TAPE™ hook and loop fasteners was weak.

Moreover, in the nonwoven fabrics business, we decided to withdraw from the dry-laid nonwoven fabrics business and to reduce production capacity for meltblown nonwoven fabrics (announced on July 26, 2024).

### Trading

Sales in this segment were ¥67,625 million (US\$427,519 thousand) (up 9.8% year on year), and segment income was ¥5,915 million (US\$37,394 thousand) (up 14.1% year on year).



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

Resins and chemicals: Sales expanded, especially in Asia.

## Financial Review

Kuraray Co., Ltd. and its consolidated subsidiaries / Year ended December 31, 2024

### Others

In Others, net sales were ¥50,863 million (US\$321,551 thousand) (up 11.4% year on year), and operating income was ¥2,295 million (US\$14,509 thousand) (up 353.5% year on year).



## Outlook for the Fiscal Year Ending December 31, 2025

The economic environment over the next year is expected to remain unclear due in part to a shift in U.S. policies following a change in administrations; economic stagnation in China; political uncertainty in some countries and regions; and geopolitical risks in various places around the world.

Amid this situation, the Group will continue to promote measures in line with its medium-term management plan “PASSION 2026.” We are

continuing to proactively invest resources in businesses and products with strong growth potential and competitive advantages with the aim of building a more sophisticated business portfolio and expanding profit. Based on these circumstances, the outlook for fiscal 2025 is as follows.

	(Billions of yen, rounded to the nearest hundred million)		
	Fiscal 2024	Forecast for Fiscal 2025	Change (Adjusted)
Net Sales	¥826.9	¥860.0	4.0%
Operating Income	85.1	90.0	5.8%
Ordinary Income	81.5	85.0	4.3%
Net Income Attributable to Owners of the Parent	31.7	45.0	41.8%

For the forecast of operating results for fiscal 2025 we assume average exchange rates of ¥155 the U.S. dollar and ¥160 the euro, as well as a domestic naphtha price of ¥75,000 per kiloliter.

[Reference] Forecast of Results by Segment for Fiscal 2025

	(Billions of yen, rounded to the nearest hundred million)			
	Net Sales		Operating Income	
	Fiscal 2024	Forecast for Fiscal 2025	Fiscal 2024	Forecast for Fiscal 2025
Vinyl Acetate	¥414.9	¥428.0	¥87.6	¥81.0
Isoprene	76.4	85.0	(9.5)	(4.5)
Functional Materials	208.0	221.0	12.9	19.0
Fibers and Textiles	62.7	65.0	1.2	2.0
Trading	67.6	70.0	5.9	6.5
Others	50.9	43.0	2.3	2.0
Elimination & Corporate	(53.5)	(52.0)	(15.4)	(16.0)
Total	¥826.9	¥860.0	¥85.1	¥90.0

## Consolidated Balance Sheet

Kuraray Co., Ltd. and its consolidated subsidiaries / Year ended December 31, 2024

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024 (December 31, 2024)	Fiscal 2023 (December 31, 2023)	Fiscal 2024 (December 31, 2024)
<b>ASSETS</b>			
<b>I Current assets:</b>			
1 Cash and deposits .....	¥118,068	¥131,144	\$746,415
2 Notes and accounts receivable—trade, and contract assets*1 and *6	166,589	161,904	1,053,161
3 Short-term investment securities .....	3,624	3,478	22,911
4 Merchandise and finished goods.....	170,489	146,924	1,077,816
5 Work in process .....	19,974	17,502	126,274
6 Raw materials and supplies .....	66,365	63,601	419,554
7 Other.....	21,109	28,040	133,449
8 Allowance for doubtful accounts .....	(959)	(869)	(6,063)
<b>Total current assets.....</b>	<b>565,262</b>	<b>551,727</b>	<b>3,573,536</b>
<b>II Noncurrent assets:</b>			
<b>1 Tangible fixed assets:</b>			
(1) Buildings and structures, net.....	118,633	110,214	749,987
(2) Machinery, equipment and vehicles, net.....	292,153	270,408	1,846,965
(3) Land.....	19,016	22,618	120,217
(4) Construction in progress .....	59,824	80,344	378,202
(5) Other, net .....	50,757	43,390	320,881
<b>Total tangible fixed assets*3 .....</b>	<b>540,385</b>	<b>526,977</b>	<b>3,416,266</b>
<b>2 Intangible fixed assets:</b>			
(1) Goodwill.....	53,591	55,386	338,798
(2) Customer-related assets .....	27,720	29,149	175,243
(3) Other.....	34,586	35,965	218,650
<b>Total intangible fixed assets .....</b>	<b>115,898</b>	<b>120,501</b>	<b>732,697</b>
<b>3 Investments and other assets:</b>			
(1) Investment securities*4 .....	29,890	23,966	188,962
(2) Net defined benefit assets .....	4,020	3,227	25,414
(3) Deferred tax assets.....	21,485	16,530	135,826
(4) Other.....	14,388	11,649	90,960
(5) Allowance for doubtful accounts .....	(93)	(95)	(588)
<b>Total investments and other assets .....</b>	<b>69,692</b>	<b>55,278</b>	<b>440,587</b>
<b>Total noncurrent assets .....</b>	<b>725,975</b>	<b>702,757</b>	<b>4,589,550</b>
<b>TOTAL ASSETS.....</b>	<b>¥1,291,238</b>	<b>¥1,254,485</b>	<b>\$8,163,093</b>

The accompanying notes are an integral part of the financial information.

## Consolidated Balance Sheet

Kuraray Co., Ltd. and its consolidated subsidiaries / Year ended December 31, 2024

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024 (December 31, 2024)	Fiscal 2023 (December 31, 2023)	Fiscal 2024 (December 31, 2024)
<b>LIABILITIES</b>			
<b>I Current liabilities:</b>			
1 Notes and accounts payable—trade*6	¥59,561	¥49,124	\$376,539
2 Short-term borrowings	23,850	40,014	150,778
3 Current portion of bonds payable	10,000	—	63,219
4 Current portion of long-term borrowings	18,146	24,698	114,717
5 Accrued expenses	20,394	16,734	128,929
6 Income taxes payable	10,094	11,033	63,813
7 Provision for bonuses	10,772	10,275	68,100
8 Other*2 and *6	45,413	48,690	287,097
<b>Total current liabilities</b>	<b>198,231</b>	<b>200,571</b>	<b>1,253,199</b>
<b>II Noncurrent liabilities:</b>			
1 Bonds payable	50,000	60,000	316,096
2 Long-term borrowings	142,286	157,312	899,520
3 Deferred tax liabilities	24,385	18,754	154,160
4 Net defined benefit liabilities	31,417	29,487	198,616
5 Other	63,127	52,203	399,083
<b>Total noncurrent liabilities</b>	<b>311,216</b>	<b>317,757</b>	<b>1,967,480</b>
<b>TOTAL LIABILITIES</b>	<b>509,448</b>	<b>518,329</b>	<b>3,220,685</b>
<b>NET ASSETS</b>			
<b>I Shareholders' equity:</b>			
1 Capital stock	88,955	88,955	562,366
2 Capital surplus	87,124	87,146	550,790
3 Retained earnings	396,752	426,290	2,508,231
4 Treasury stock	(1,462)	(25,654)	(9,243)
<b>Total shareholders' equity</b>	<b>571,369</b>	<b>576,737</b>	<b>3,612,144</b>
<b>II Accumulated other comprehensive income:</b>			
1 Valuation difference on available-for-sale securities	8,684	6,856	54,899
2 Deferred gains or losses on hedges	127	(53)	803
3 Foreign currency translation adjustment	183,693	131,269	1,161,291
4 Remeasurements of defined benefit plans	136	(524)	860
<b>Total accumulated other comprehensive income</b>	<b>192,642</b>	<b>137,548</b>	<b>1,217,866</b>
<b>III Subscription rights to shares</b>	<b>270</b>	<b>341</b>	<b>1,707</b>
<b>IV Non-controlling interests</b>	<b>17,507</b>	<b>21,529</b>	<b>110,678</b>
<b>TOTAL NET ASSETS</b>	<b>781,790</b>	<b>736,156</b>	<b>4,942,407</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>¥1,291,238</b>	<b>¥1,254,485</b>	<b>\$8,163,093</b>

The accompanying notes are an integral part of the financial information.

# Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Kuraray Co., Ltd. and its consolidated subsidiaries / Year ended December 31, 2024

Consolidated Statement of Income		Millions of yen		Thousands of U.S. dollars
		Fiscal 2024 (January 1, 2024 to December 31, 2024)	Fiscal 2023 (January 1, 2023 to December 31, 2023)	Fiscal 2024 (January 1, 2024 to December 31, 2024)
<b>I</b>	<b>Net sales</b> <sup>*1</sup> .....	¥826,895	¥780,938	\$5,227,557
<b>II</b>	<b>Cost of sales</b> <sup>*3</sup> .....	559,374	540,956	3,536,313
	<b>Gross profit</b> .....	267,520	239,982	1,691,238
<b>III</b>	<b>Selling, general and administrative expenses:</b>			
	1 Selling expenses .....	47,038	42,137	297,370
	2 General and administrative expenses <sup>*3</sup> .....	135,401	122,369	855,993
	<b>Total selling, general and administrative expenses</b> <sup>*2</sup> .....	182,439	164,506	1,153,363
	<b>Operating income</b> .....	85,081	75,475	537,875
<b>IV</b>	<b>Non-operating income:</b>			
	1 Interest income .....	3,418	1,841	21,608
	2 Dividend income .....	731	779	4,621
	3 Share of profit of entities accounted for using equity method .....	331	200	2,093
	4 Other .....	1,752	930	11,076
	<b>Total non-operating income</b> .....	6,234	3,751	39,411
<b>V</b>	<b>Non-operating expenses:</b>			
	1 Interest expenses .....	2,738	2,815	17,309
	2 Foreign exchange losses .....	1,202	2,611	7,599
	3 Loss on disposal of tangible non-current assets .....	1,433	621	9,059
	4 Other .....	4,459	4,153	28,189
	<b>Total non-operating expenses</b> .....	9,835	10,202	62,176
	<b>Ordinary income</b> .....	81,480	69,025	515,109
<b>VI</b>	<b>Extraordinary income:</b>			
	1 Gain on sale of investment securities .....	1,526	891	9,647
	2 Insurance claim income <sup>*4</sup> .....	—	2,781	—
	3 Compensation income .....	—	1,216	—
	4 Gain on sale of shares of subsidiaries and associates .....	—	715	—
	<b>Total extraordinary income</b> .....	1,526	5,604	9,647
<b>VII</b>	<b>Extraordinary loss:</b>			
	1 Impairment loss <sup>*5</sup> .....	16,793	4,390	106,164
	2 Loss on disposal of tangible non-current assets <sup>*6</sup> .....	5,341	1,159	33,765
	3 Loss on liquidation of business <sup>*7</sup> .....	4,452	—	28,145
	4 Loss on contingent liabilities <sup>*8</sup> .....	1,896	—	11,986
	5 Costs related to the suspension of operations <sup>*9</sup> .....	1,346	—	8,509
	6 Loss on litigation <sup>*10</sup> .....	—	7,806	—
	<b>Total extraordinary loss</b> .....	29,830	13,356	188,583
	<b>Income before income taxes</b> .....	53,176	61,273	336,174
	Income taxes—current .....	23,932	18,079	151,296
	Income taxes—deferred .....	(1,932)	908	(12,214)
	<b>Total income taxes</b> .....	22,000	18,987	139,082
	<b>Net income</b> .....	31,176	42,285	197,092
	<b>Net loss attributable to non-controlling interests</b> .....	(548)	(160)	(3,464)
	<b>Net income attributable to owners of the parent</b> .....	¥31,724	¥42,446	\$200,556



# Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Kuraray Co., Ltd. and its consolidated subsidiaries / Year ended December 31, 2024

## Consolidated Statement of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024 (January 1, 2024 to December 31, 2024)	Fiscal 2023 (January 1, 2023 to December 31, 2023)	Fiscal 2024 (January 1, 2024 to December 31, 2024)
<b>I Net income</b> .....	<b>¥31,176</b>	<b>¥42,285</b>	<b>\$197,092</b>
<b>II Other comprehensive income:</b>			
1 Valuation difference on available-for-sale securities .....	1,825	1,087	11,537
2 Deferred gains or losses on hedges .....	108	(676)	683
3 Foreign currency translation adjustment .....	52,953	41,326	334,764
4 Remeasurements of defined benefit plans .....	661	(55)	4,179
5 Share of other comprehensive income of entities accounted for using equity method .....	304	166	1,922
<b>Total other comprehensive income<sup>*1</sup></b> .....	<b>55,852</b>	<b>41,848</b>	<b>353,091</b>
<b>III Comprehensive income</b> .....	<b>¥87,028</b>	<b>¥84,134</b>	<b>\$550,183</b>
<b>Comprehensive income attributable to</b>			
1 Owners of the parent .....	¥86,818	¥83,527	\$548,856
2 Non-controlling interests .....	210	606	1,328

The accompanying notes are an integral part of the financial information.

## Consolidated Statement of Changes in Net Assets

Kuraray Co., Ltd. and its consolidated subsidiaries / Year ended December 31, 2024

	Millions of yen				
	Shareholders' equity				
Fiscal 2024 (January 1, 2024 to December 31, 2024)	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance at January 1, 2024</b> .....	<b>¥88,955</b>	<b>¥87,146</b>	<b>¥426,290</b>	<b>¥(25,654)</b>	<b>¥576,737</b>
Changes of items during the period					
Cash dividends .....			(17,292)		(17,292)
Net income attributable to owners of the parent .....			31,724		31,724
Purchase of treasury stock .....				(20,004)	(20,004)
Disposal of treasury stock .....		33		171	205
Retirement of treasury stock .....		(44,025)		44,025	
Transfer to capital surplus from retained earnings .....		43,970	(43,970)		
Net changes of items other than shareholders' equity .....					
<b>Total changes of items during the period</b> .....	<b>—</b>	<b>(22)</b>	<b>(29,537)</b>	<b>24,192</b>	<b>(5,367)</b>
<b>Balance at December 31, 2024</b> .....	<b>¥88,955</b>	<b>¥87,124</b>	<b>¥396,752</b>	<b>¥(1,462)</b>	<b>¥571,369</b>

	Millions of yen							
	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
<b>Balance at January 1, 2024</b> .....	<b>¥6,856</b>	<b>¥(53)</b>	<b>¥131,269</b>	<b>¥(524)</b>	<b>¥137,548</b>	<b>¥341</b>	<b>¥21,529</b>	<b>¥736,156</b>
Changes of items during the period								
Cash dividends .....								(17,292)
Net income attributable to owners of the parent .....								31,724
Purchase of treasury stock .....								(20,004)
Disposal of treasury stock .....								205
Retirement of treasury stock .....								
Transfer to capital surplus from retained earnings .....								
Net changes of items other than shareholders' equity .....	1,827	180	52,423	661	55,093	(71)	(4,021)	51,000
<b>Total changes of items during the period</b> .....	<b>1,827</b>	<b>180</b>	<b>52,423</b>	<b>661</b>	<b>55,093</b>	<b>(71)</b>	<b>(4,021)</b>	<b>45,633</b>
<b>Balance at December 31, 2024</b> .....	<b>¥8,684</b>	<b>¥127</b>	<b>¥183,693</b>	<b>¥136</b>	<b>¥192,642</b>	<b>¥270</b>	<b>¥17,507</b>	<b>¥781,790</b>

The accompanying notes are an integral part of the financial information.

## Consolidated Statement of Changes in Net Assets

Kuraray Co., Ltd. and its consolidated subsidiaries / Year ended December 31, 2024

	Thousands of U.S. dollars				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Fiscal 2024</b> (January 1, 2024 to December 31, 2024)					
<b>Balance at January 1, 2024</b> .....	<b>\$562,366</b>	<b>\$550,929</b>	<b>\$2,694,968</b>	<b>\$(162,182)</b>	<b>\$3,646,080</b>
Changes of items during the period					
Cash dividends .....			(109,318)		(109,318)
Net income attributable to owners of the parent .....			200,556		200,556
Purchase of treasury stock .....				(126,464)	(126,464)
Disposal of treasury stock .....		209		1,081	1,296
Retirement of treasury stock .....		(278,322)		278,322	
Transfer to capital surplus from retained earnings .....		277,974	(277,974)		
Net changes of items other than shareholders' equity .....					
<b>Total changes of items during the period</b> .....	<b>—</b>	<b>(139)</b>	<b>(186,730)</b>	<b>152,940</b>	<b>(33,930)</b>
<b>Balance at December 31, 2024</b> .....	<b>\$562,366</b>	<b>\$550,790</b>	<b>\$2,508,231</b>	<b>\$(9,243)</b>	<b>\$3,612,144</b>

	Thousands of U.S. dollars							
	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
<b>Balance at January 1, 2024</b> .....	<b>\$43,343</b>	<b>\$(335)</b>	<b>\$829,871</b>	<b>\$(3,313)</b>	<b>\$869,566</b>	<b>\$2,156</b>	<b>\$136,104</b>	<b>\$4,653,913</b>
Changes of items during the period								
Cash dividends .....								(109,318)
Net income attributable to owners of the parent .....								200,556
Purchase of treasury stock .....								(126,464)
Disposal of treasury stock .....								1,296
Retirement of treasury stock .....								
Transfer to capital surplus from retained earnings .....								
Net changes of items other than shareholders' equity .....	11,550	1,138	331,414	4,179	348,293	(449)	(25,420)	322,417
<b>Total changes of items during the period</b> .....	<b>11,550</b>	<b>1,138</b>	<b>331,414</b>	<b>4,179</b>	<b>348,293</b>	<b>(449)</b>	<b>(25,420)</b>	<b>288,488</b>
<b>Balance at December 31, 2024</b> .....	<b>\$54,899</b>	<b>\$803</b>	<b>\$1,161,291</b>	<b>\$860</b>	<b>\$1,217,866</b>	<b>\$1,707</b>	<b>\$110,678</b>	<b>\$4,942,407</b>

The accompanying notes are an integral part of the financial information.

## Consolidated Statement of Changes in Net Assets

Kuraray Co., Ltd. and its consolidated subsidiaries / Year ended December 31, 2024

	Millions of yen				
	Shareholders' equity				
Fiscal 2023 (January 1, 2023 to December 31, 2023)	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance at January 1, 2023</b> .....	¥88,955	¥87,152	¥399,910	¥(25,735)	¥550,282
Changes of items during the period					
Cash dividends .....			(16,066)		(16,066)
Net income attributable to owners of the parent .....			42,446		42,446
Purchase of treasury stock .....				(4)	(4)
Disposal of treasury stock .....		(6)		85	79
Net changes of items other than shareholders' equity .....					
<b>Total changes of items during the period</b> .....	—	(6)	26,379	80	26,454
<b>Balance at December 31, 2023</b> .....	¥88,955	¥87,146	¥426,290	¥(25,654)	¥576,737

	Millions of yen							
	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at January 1, 2023 .....	¥5,769	¥611	¥90,555	¥(468)	¥96,467	¥341	¥21,443	¥668,534
Changes of items during the period								
Cash dividends .....								(16,066)
Net income attributable to owners of the parent .....								42,446
Purchase of treasury stock .....								(4)
Disposal of treasury stock .....								79
Net changes of items other than shareholders' equity .....	1,087	(664)	40,714	(55)	41,081	—	86	41,167
Total changes of items during the period .....	1,087	(664)	40,714	(55)	41,081	—	86	67,621
Balance at December 31, 2023 .....	¥6,856	¥(53)	¥131,269	¥(524)	¥137,548	¥341	¥21,529	¥736,156

The accompanying notes are an integral part of the financial information.

## Consolidated Statement of Cash Flows

Kuraray Co., Ltd. and its consolidated subsidiaries / Year ended December 31, 2024

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024 (January 1, 2024 to December 31, 2024)	Fiscal 2023 (January 1, 2023 to December 31, 2023)	Fiscal 2024 (January 1, 2024 to December 31, 2024)
<b>I Net cash provided by (used in) operating activities:</b>			
1 Income before income taxes.....	¥53,176	¥61,273	\$336,174
2 Depreciation and amortization .....	85,260	77,163	539,006
3 Loss (gain) on sale of investment securities .....	(1,526)	(891)	(9,647)
4 Impairment loss.....	16,793	4,390	106,164
5 Loss on disposal of tangible fixed assets .....	5,341	1,159	33,765
6 Loss on liquidation of business .....	4,452	—	28,145
7 Loss on litigation.....	—	7,806	—
8 Foreign exchange losses (gains).....	(6,591)	(3,324)	(41,668)
9 Interest and dividends income.....	(4,150)	(2,621)	(26,236)
10 Interest expenses .....	2,738	2,815	17,309
11 Decrease (increase) in notes and accounts receivable—trade.....	2,199	2,111	13,902
12 Decrease (increase) in inventories .....	(17,259)	8,363	(109,110)
13 Increase (decrease) in notes and accounts payable—trade .....	6,238	(5,122)	39,436
14 Other, net.....	8,356	11,852	52,826
<b>Subtotal.....</b>	<b>155,030</b>	<b>164,976</b>	<b>980,086</b>
15 Interest and dividends income received .....	4,297	2,602	27,165
16 Interest expenses paid .....	(2,090)	(2,257)	(13,213)
17 Income taxes (paid) refund.....	(18,943)	(23,180)	(119,756)
18 Payments for loss on litigation.....	—	(12,842)	—
<b>Net cash provided by (used in) operating activities.....</b>	<b>138,294</b>	<b>129,298</b>	<b>874,282</b>
<b>II Net cash provided by (used in) investing activities:</b>			
1 Proceeds from sales and redemption of investment securities .....	2,125	1,907	13,434
2 Purchase of tangible fixed assets and intangible fixed assets .....	(71,383)	(59,027)	(451,277)
3 Payments for disposal of tangible fixed assets and intangible fixed assets.....	(4,396)	(1,524)	(27,791)
4 Other, net.....	(2,353)	(4,505)	(14,875)
<b>Net cash provided by (used in) investing activities.....</b>	<b>(76,008)</b>	<b>(63,151)</b>	<b>(480,516)</b>
<b>III Net cash provided by (used in) financing activities:</b>			
1 Net increase (decrease) in short-term borrowings .....	(16,392)	5,413	(103,629)
2 Net increase (decrease) in commercial paper .....	—	(10,000)	—
3 Repayment of long-term borrowings.....	(24,959)	(30,801)	(157,789)
4 Redemption of bonds .....	—	(10,000)	—
5 Purchase of treasury stock.....	(20,004)	(4)	(126,464)
6 Cash dividends paid .....	(17,292)	(16,066)	(109,318)
7 Other, net.....	(3,855)	(3,499)	(24,371)
<b>Net cash provided by (used in) financing activities .....</b>	<b>(82,504)</b>	<b>(64,959)</b>	<b>(521,583)</b>
<b>IV Effect of exchange rate changes on cash and cash equivalents .....</b>	<b>8,848</b>	<b>4,858</b>	<b>55,936</b>
<b>V Net increase (decrease) in cash and cash equivalents .....</b>	<b>(11,369)</b>	<b>6,046</b>	<b>(71,874)</b>
<b>VI Cash and cash equivalents, beginning of year .....</b>	<b>133,663</b>	<b>127,616</b>	<b>845,006</b>
<b>VII Decrease in cash and cash equivalents from exclusion of subsidiaries from consolidation .....</b>	<b>(601)</b>	<b>—</b>	<b>(3,799)</b>
<b>VIII Cash and cash equivalents, end of year*1 .....</b>	<b>¥121,692</b>	<b>¥133,663</b>	<b>\$769,326</b>

The accompanying notes are an integral part of the financial information.

## 1 Significant Accounting Policies

### 1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Kuraray Co., Ltd. (hereinafter “the Company”) and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are filed with the Japanese Ministry of Finance (the “MOF”) as required by the Financial Instruments Exchange Law of Japan. The accompanying consolidated financial statements are translations of those filed with the MOF.

Each amount in the consolidated financial statements and notes is rounded down to the nearest 1 million yen (and rounded to the nearest 1 thousand dollars in the case of the translation into the United States dollars).

The United States dollar amounts included herein are provided solely for the convenience of readers outside Japan and are stated at the rate of ¥158.2 = \$1, the approximate exchange rate prevailing on December 31, 2024. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into the United States dollars at this or any other rate.

### 2. Scope of consolidation

#### (1) Number of consolidated subsidiaries

	Fiscal 2024	Fiscal 2023
Number of consolidated subsidiaries	73	76

#### (Major consolidated subsidiaries)

KURARAY TRADING Co., LTD., Kuraray Plastics Co., Ltd., KURARAY ENGINEERING CO., LTD., Kuraray Techno Co., Ltd., KURARAYKURAFLEX CO., LTD., KURARAY AQUA CO., LTD., TECHNO SOFT CO., LTD., Kuraray Travel Service Corporation, KURARAY SAIJO CO., LTD., KURARAY

TAMASHIMA COMPANY, LIMITED, KURASHIKI KOKUSAI HOTEL LTD., KURARAY FASTENING CO., LTD., Kuraray Noritake Dental Inc., Kuraray Okayama Spinning Co., Ltd., Kuraray Holdings U.S.A., Inc., Kuraray America, Inc., MonoSol Holdings, Inc., MonoSol, LLC, Calgon Carbon Corporation, Kuraray Europe GmbH, EVAL Europe N.V., OOO TROSIFOL, Kuraray Asia Pacific Pte. Ltd., Kuraray (Shanghai) Co., Ltd., Kuraray China Co., Ltd., Kuraray Methacrylate (Zhang Jia Gang) Co., Ltd., Kuraray Hong Kong Co., Ltd., Kuraray Korea Ltd., Plantic Technologies Limited, Kuraray Specialities (Thailand) Co., Ltd., Kuraray Advanced Chemicals (Thailand) Co., Ltd., Kuraray SC (Thailand) Co., Ltd., Kuraray GC Advanced Materials Co., Ltd. and 40 other consolidated subsidiaries.

In the fiscal year ended December 31, 2024, the Company was no longer recognized as having substantial control over Okayama Rinkoh Co., Ltd. and Okayama Rinkoh Warehouse and Transport Co., Ltd. in terms of control-based criteria. The Company therefore excluded them from the scope of consolidation and included them in the scope of application of the equity method. In addition, the Company newly established Chemviron Parentis SAS and Foggia Perlite S.r.l. and included them in the scope of consolidation. The Company transferred all of its shares in Chemviron France SAS and Foggia Perlite S.r.l. and finalized the liquidation process of Calgon Carbon Payco, S. de R.L. de C.V. and thus excluded them from the scope of consolidation.

#### (2) Names of major unconsolidated subsidiaries

##### (Major unconsolidated subsidiaries)

Kuraray South America Ltda.  
Kuraray India Private Limited

##### (Reasons for excluding from the scope of consolidation)

The total assets, total sales and net income and loss (amount corre-

sponding to the owned interest) and retained earnings (amount corresponding to the owned interest) of the unconsolidated subsidiaries have no material effect on the consolidated financial statements.

### 3. Scope of application of equity method affiliates and subsidiaries

#### (1) Number of affiliates accounted for using the equity method

	Fiscal 2024	Fiscal 2023
Number of affiliates accounted for using the equity method	4	2

(Name of major affiliates, etc.)

Hexin Kuraray Micro Fiber Leather (Jiaxing) Co., Ltd.

In the fiscal year ended December 31, 2024, the Company was no longer recognized as having substantial control over Okayama Rinkoh Co., Ltd. and Okayama Rinkoh Warehouse and Transport Co., Ltd. in terms of control-based criteria. The Company therefore excluded them from the scope of consolidation and included them in the scope of application of the equity method.

(2) Unconsolidated subsidiaries and affiliates (Kuraray South America Ltda. and Cenapro Chemical Corporation) have not been accounted for using the equity method, because their net income and loss and retained earnings (amount corresponding to the owned interest) have no material impact on the consolidated financial statements.

### 4. Fiscal years of consolidated subsidiaries

The closing date of the consolidated subsidiaries is the same as the consolidated closing date.

### 5. Accounting policies

#### (1) Valuation standards and methods for significant assets

##### a) Investment securities

Available-for-sale securities other than shares, etc. that do not have a market price are stated at fair value at the year-end. (Net

unrealized gains or losses on these securities are recorded as a separate component in "Net assets," net of tax amount. The cost of securities sold is determined based on the moving-average cost of all such securities held at the time of sale.) Shares, etc. that do not have a market price are stated at cost determined by the moving-average method.

#### b) Derivative financial instruments

All derivatives are stated at fair value.

#### c) Inventories

Finished goods, raw materials, and work in process are principally stated at the lower of cost determined by the first-in, first-out method or net realizable value.

Supplies are principally stated at the lower of cost determined by the moving-average method or net realizable value.

#### (2) Depreciation method of significant depreciable assets

##### a) Tangible fixed assets (excluding lease assets and right-of-use assets)

Depreciation is primarily computed using the straight-line method.

The estimated useful lives of assets are primarily as follows:

- Buildings and structures..... 16 to 50 years
- Machinery, equipment and vehicles..... 4 to 10 years

##### b) Intangible assets (excluding lease assets and right-of-use assets)

Amortization is primarily computed using the straight-line method.

The numbers of years for amortization are primarily as follows:

- Goodwill..... 15 to 20 years
- Customer-related assets..... 9 to 20 years

However, all minor amounts are charged to income directly in the year of acquisition.

#### c) Lease assets

Leased assets related to finance leases without transfer of ownership

Amortization is primarily computed using the straight-line method

that adopts the lease terms as the useful lives with the residual value being zero.

d) Right-of-use assets

Overseas subsidiaries and affiliates either apply IFRS 16 “Leases” or ASC 842 “Leases” and adopt a depreciation method according to International Financial Reporting Standards or US GAAP.

All leases as a lessee related to right-of-use are in principle recognized as assets and liabilities on the consolidated balance sheet.

(3) Accounting for significant allowance

a) Allowance for doubtful accounts

The Company and its consolidated subsidiaries provide for doubtful accounts principally at an amount computed based on the historical bad debt ratio during a certain reference period plus an estimated uncollectible amount based on the analysis of certain individual accounts.

b) Provision for bonuses

Provision for bonuses is stated at the estimated amount of the bonuses to be paid to employees based on services provided for the fiscal year.

(4) Accounting treatment of retirement benefit plan

a) Method for attributing estimated retirement benefits to individual periods of service

In calculating benefit obligation, the benefit formula basis was used to attribute estimated retirement benefits to periods up to December 31, 2024.

b) Calculation of net actuarial gain or loss and prior service cost

Prior service cost is amortized on a straight-line basis over a certain period (mainly 15 years), which falls within the average remaining years of service of the eligible employees. Actuarial gains or losses are amortized on a straight-line basis

over a certain period (mainly 15 years), which falls within the average remaining years of service of the eligible employees, allocated proportionately commencing the year following the year in which each respective gain or loss occurred.

c) Use of simplified method among small companies

Certain consolidated subsidiaries calculate retirement benefit liabilities and expenses using the simplified method that assumes their benefit obligation is equal to the benefits payable if all employees voluntarily retired at fiscal year-end.

(5) Standards for recognizing revenues and expenses

The Group mainly engages in the sale of goods/products to its customers. Revenue from goods/product sales is recognized at the time of delivery, when the customer obtains control over the goods/product and the performance obligation is satisfied.

In the environmental solutions business and the environmental business under the Functional Materials segment, and the engineering business under the Others segment, the Group enters into construction contracts with customers. For such contracts, as the performance obligation is deemed to be satisfied over time, the Group, in principle, recognizes revenue based on the progress towards complete satisfaction of the performance obligation. The progress is estimated by the input method based on the cost incurred.

Revenue is calculated based on the consideration amount promised in the contract with the customer, less any rebates and the likes to the extent that it is probable that a significant reduction will not occur. For transactions in which the Group provides goods/products as an agent, revenue is recognized at the net amount received from customers less amounts paid to suppliers. There is no significant financing component to the consideration for these transactions, because the Group receives the consideration generally within one year after fulfilling the performance obligation.



## (6) Significant hedge accounting

### a) Hedge accounting

In principle, the Company and its consolidated subsidiaries adopt the method for hedging instruments whereby any gains or losses are deferred over the period of the hedging contract and are offset against the deferred losses or gains on the related hedged items. However, deferral hedge accounting is applied to some forward foreign exchange contracts, and when an interest rate swap contract meets certain conditions, the net amount to be paid or received under the contract is added to or deducted from the interest on the hedged items.

### b) Hedging instruments and hedged items

Hedging instruments	Hedged items
Forward foreign exchange contracts	Foreign currency-denominated monetary receivables and payables (including forecast transactions)
Interest rate swap contracts	Interest expenses
Commodity swap contracts	Raw materials

### c) Hedging policy

The Company and its consolidated subsidiaries use financial instruments to hedge interest rate fluctuation, exchange fluctuation risks and price fluctuation risks in accordance with their internal policies and procedures.

### d) Assessment method for hedge accounting

The Company identifies and confirms the material conditions and measures the effectiveness of forward foreign exchange contracts associated with planned transactions denominated in foreign currencies, interest rate swaps and commodity swaps associated with raw materials.

Subsequent measurement of hedge effectiveness is not considered necessary for forward foreign exchange contracts that meet the requirements for deferral hedge accounting and interest rate swaps that meet the requirements for special accounting because the Company identifies and confirms the material conditions at the time of transaction.

## (7) Amortization of goodwill

The Company amortizes goodwill using the straight-line method over the estimated period of benefit with the exception of minor amounts, which are charged to income directly in the year of acquisition.

## (8) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less, that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

## 2 Significant Accounting Estimates

### Recognition of impairment related to fixed assets

(1) The amount recorded on the consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Tangible fixed assets	¥540,385	¥526,977	\$3,416,266
Intangible fixed assets	¥115,898	¥120,501	\$732,697

(2) Information on the nature of significant accounting estimates related to the identified items

a) Method for calculating the amount recorded on the consolidated financial statements for fiscal 2024

With regard to the grouping of assets, business assets are grouped based on classifications under management accounting, for which profit or loss is consistently monitored. Assets for rental, idle assets, assets for which business has been decided to be discontinued or reorganized, and assets scheduled to be suspended are treated individually, while other head office and research facilities are grouped as assets for

common use.

When impairment needs to be recognized in an asset group, the carrying amount of the group's assets are written down to their recoverable amount, and the reduced amount is recorded as an impairment loss. The recoverable amount is estimated by value in use or net realizable value, whichever is the higher. For value in use, we use the future cash flows expected to be generated from the asset group.

b) Key assumptions used in calculating the amount recorded on the consolidated financial statements for fiscal 2024

Future cash flows are estimated based on business plans and forecast in consideration of estimated future incomes, etc.

c) Impact on the consolidated financial statements for the following fiscal year

Judgements of impairment on fixed assets are based on future cash flows, net realizable value, and other assumptions.

Therefore, an impairment loss may be recorded in the event of changes in the assumptions.

## 3 Accounting Standards Issued but Not Yet Applied

- “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022)
- “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022)
- “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022)

(1) Outline

This stipulates the classification of income taxes when applied to other comprehensive income and the treatment of tax effects related

to the sale of shares in subsidiaries when the group tax sharing system is applied.

(2) Expected Application Date

Scheduled to be introduced from the beginning of the fiscal year ending December 31, 2025.

(3) Effect of Applying the Accounting Standard

The impact is being evaluated at the time of preparation of these consolidated financial statements.

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024), etc.

## (1) Outline

As part of its efforts to ensure consistency between Japanese and international accounting standards, the Accounting Standards Board of Japan (ASBJ) carried out a study based on international accounting standards to develop an accounting standard to recognize assets and liabilities for all leases held by a lessee. The basic approach of the lease accounting standard issued by ASBJ is to adopt only the key provisions of IFRS 16, which is based on a single accounting model, rather than all of its provisions. The revision thus aims to be simple and highly convenient, and to make it unnecessary to revise non-consolidated financial statements that apply IFRS 16.

Regarding the method for allocating lease expenses in the accounting treatment for lessees, using a similar approach to IFRS 16, a single accounting model is applied for recording the depreciation associated with the right-of-use assets and the amount equivalent to the interest on the lease liabilities for all leases, regardless of whether the lease is a finance lease or an operating lease.

## (2) Expected Application Date

Scheduled to be introduced from the beginning of the fiscal year ending December 31, 2028.

## (3) Effect of Applying the Accounting Standard

The impact is being evaluated at the time of preparation of these consolidated financial statements.

## 4 Changes in Presentation

### Changes in Consolidated Balance Sheet

In the previous fiscal year, “long-term loans receivable” was presented as an independent line item under investments and other assets but is included in “other” from fiscal 2024 to enhance the clarity of the Group’s disclosure. To reflect this change in presentation method, some items presented in the consolidated financial statements for the previous fiscal year have been restated.

As a result, under investments and other assets in the consolidated balance sheet for the previous fiscal year, “long-term loans receivable” amounting to ¥140 million and “other” amounting to ¥11,509 million have been restated as “other” of ¥11,649 million.

In the previous fiscal year, “asset retirement obligations” was presented as an independent line item under noncurrent liabilities but is included in “other” from fiscal 2024 to enhance the clarity of the Group’s disclosure. To reflect this change in presentation method, some items presented in the consolidated financial statements for the previous fiscal year have been restated.

As a result, under noncurrent liabilities in the consolidated balance sheet for the previous fiscal year, “asset retirement obligations” amounting to ¥6,338 million and “other” amounting to ¥45,864 million have been restated as “other” of ¥52,203 million.

## Changes in Consolidated Statement of Income

In the previous fiscal year, “loss on disposal of tangible non-current assets” was included in “other” under non-operating expenses but will be presented as an independent line item from fiscal 2024 due to its increased financial importance. To reflect this change in presentation method, some items presented in the consolidated financial statements for the previous fiscal year have been restated.

As a result, under non-operating expenses in the consolidated statement of income for the previous fiscal year, “other” of ¥4,774 million has been restated as “loss on disposal of tangible non-current assets” amounting to ¥621 million and “other” amounting to ¥4,153 million.

## Changes in Consolidated Statement of Cash Flows

In the previous fiscal year, “increase (decrease) in allowance for doubtful accounts,” “increase (decrease) in provision for bonuses,” “increase (decrease) in net defined benefit liabilities,” and “decrease (increase) in net defined benefit assets” were presented as independent line items under net cash provided by (used in) operating activities but will be included in “other, net” from fiscal 2024 to enhance the clarity of the Group’s disclosure. To reflect this change in presentation method, some items presented in the consolidated financial statements for the previous fiscal year have been restated.

As a result, under net cash provided by (used in) operating activities in the consolidated statement of cash flows for the previous fiscal year, “increase (decrease) in allowance for doubtful accounts” amounting to ¥402 million, “increase (decrease) in provision for bonuses” of ¥825 million, “increase (decrease) in net defined benefit liabilities” of ¥1,751 million, “decrease (increase) in net defined benefit assets” of ¥(274) million, and “other, net” amounting to ¥9,146 million have been restated as “other, net” of ¥11,852 million.

In the previous fiscal year, “proceeds from sales of tangible fixed assets and intangible fixed assets” was presented as an independent line item under net cash provided by (used in) investing activities but will be included in “other, net” from fiscal 2024 to enhance the clarity of the Group’s disclosure. To reflect this change in presentation method, some items presented in the consolidated financial statements for the previous fiscal year have been restated.

As a result, under net cash provided by (used in) investing activities in the consolidated statement of cash flows for the previous fiscal year, “proceeds from sales of tangible fixed assets and intangible fixed assets” amounting to ¥214 million and “other, net” amounting to ¥(4,720) million have been restated as “other, net” of ¥(4,505) million.

In the previous fiscal year, “cash dividends paid to non-controlling interests” was presented as an independent line item under net cash provided by (used in) financing activities but will be included in “other, net” from fiscal 2024 to enhance the clarity of the Group’s disclosure. To reflect this change in presentation method, some items presented in the consolidated financial statements for the previous fiscal year have been restated.

As a result, under net cash provided by (used in) financing activities in the consolidated statement of cash flows for the previous fiscal year, “cash dividends paid to non-controlling interests” amounting to ¥(520) million and “other, net” amounting to ¥(2,978) million have been restated as “other, net” of ¥(3,499) million.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### 5 Notes to Consolidated Balance Sheet

\*1. Receivables and contract assets from contracts with customers, included in notes and accounts receivable—trade, and contract assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Notes receivable—trade.....	¥18,084	¥16,968	\$114,325
Accounts receivable—trade.....	145,134	143,793	917,524
Contract assets.....	3,370	1,142	21,305

\*2. Contract liabilities, included in other, is as follows:

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Contract liabilities.....	¥3,433	¥9,248	\$21,703

\*3. Accumulated depreciation of tangible fixed assets

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Accumulated depreciation of tangible fixed assets .....	¥1,162,089	¥1,071,781	\$7,346,624

\*4. Investments in unconsolidated subsidiaries and affiliates

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Investment securities (equity).....	¥9,651	¥6,409	\$61,013

#### 5. Contingent liabilities

##### (1) Claim for damages in relation to manufacturing and sales of activated carbon

In connection with the violations of the Antimonopoly Act in the manufacture and sale of certain activated carbon, several companies including the Company and its subsidiaries have received claims for payment for damages jointly and severally from several local governments. In addition, some of these local governments have filed lawsuits demanding payment for damages and losses on delays. It is difficult at the present time to reasonably estimate the amount for which the Group is liable.

##### (2) Lawsuits relating to the manufacture and sale of interlayer films for laminated safety glass

Patent infringement lawsuits have been filed by SEKISUI CHEMICAL CO., LTD. against two subsidiaries of the Company regarding some of the interlayer films for laminated safety glass manufactured and sold by subsidiaries of the Company. It is difficult at the present time to reasonably estimate the amount of the impact.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### \*6. Accounting for notes with maturity dates at fiscal year-end

Notes with maturity dates at fiscal year-end and fixed-date cash settlements (a method of cash settlement on the same terms as notes) are accounted for and settled as of the date of maturity. As the last day of the fiscal year fell on a bank holiday, the following amounts of notes and accounts receivable and payable with maturity dates at fiscal year-end were accounted for and settled as of the date of maturity.

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Notes and accounts receivable—trade .....	¥3,102	¥3,361	\$19,611
Notes and accounts payable—trade .....	5,325	5,658	33,664
Other (Current liabilities).....	462	699	2,921

## 6 Notes to Consolidated Statement of Income

### \*1. Revenue from contracts with customers

With regard to net sales, revenue from contracts with customers and revenue from other sources are not stated separately because the amount of revenue other than revenue from contracts with customers is immaterial.

### \*2. Major items and the amounts under “Selling, general and administrative expenses” are as follows:

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Freight and storage .....	¥34,277	¥29,791	\$216,696
Research and development .....	25,472	23,065	161,032
Salaries and legal welfare expense.....	41,551	37,184	262,682
Provision for bonuses .....	9,944	9,651	62,865
Retirement benefit expenses .....	2,087	1,865	13,194

### \*3. Research and development expenses included in general, administrative and current manufacturing expenses

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
	¥25,699	¥24,434	\$162,467

### \*4. Insurance income

The insurance income in fiscal 2023 is mainly the insurance received for the costs related to the suspension of operations.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### \*5. Impairment loss

The main impairment loss recorded by the Group is as follows:

#### Fiscal 2024

Location	Usage	Type	Impairment loss	
			Millions of yen	Thousands of U.S. dollars
Tainai, Niigata	Assets related to the Methacrylate business	Machinery, etc.	¥9,459	\$59,799

#### Fiscal 2023

Location	Usage	Type	Impairment loss
			Millions of yen
Kamisu city, Ibaraki Saijo city, Ehime	Assets related to the Vecstar business	Machinery, etc.	¥2,376

(Identifying the cash-generating unit to which an asset belongs)

As a minimum unit for generating cash flows, business assets are grouped into sections used for management accounting. Assets for rental, idle assets, assets for which business has been decided to be discontinued or reorganized, and assets scheduled to be suspended are determined individually, while other head office and research facilities are considered to be assets for common use.

(Method for calculating the recoverable amount)

For business assets, businesses generating consecutive operating losses are examined individually for indication of impairment, and those whose recoverable amount is less than their carrying amount are written down to their recoverable amount. The recoverable amount is measured by value in use, which is calculated by discounting future cash flows at a rate of 4%.

For assets scheduled to be suspended, the carrying amount is written down to the recoverable amount. The recoverable amount is measured by value in use. In the value-in-use calculation, the discount rate is not considered, as the assets are expected to be used only for a short period of time.

(Recognition of impairment related to fixed assets of the Methacrylate)

The Methacrylate business manufactures and sells methacrylic resin and other products used in a wide range of applications, including signage and displays, with excellent transparency and weather-resistance, among plastics. The Company identified this business as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

In recent years, the competitive structure of the market has deteriorated due to changes resulting in an ongoing oversupply. At the same time, maintenance and renewal costs have increased due to the aging of facilities, making the business environment more challenging. In June 2024, the Company announced its decision to optimize the production capacity of its methacrylic resin business's methyl methacrylate (MMA) plant. This decision was made based on the belief that it's crucial to enhance competitiveness by optimizing the product mix through reducing production capacity, while also lowering the costs related to facility maintenance, to ensure business continuity and a stable product supply in the future. As a result, an impairment loss of ¥728 million (US\$4,602 thousand) was recognized for fixed assets that were expected to be terminated in July 2025.

In addition, except for MMA and other products subjected to the above-mentioned curtailment, the business performance of the Methacrylate business has been unfavorable due to a combination of sluggish market prices caused by oversupply worldwide, soaring prices of major raw materials, production problems at customers, and slow growth in domestic demand. As a result, financial performances of operating activities in the prior fiscal year and the current fiscal year have been continuously negative. Based on the circumstances, the Company determined that there were indicators of impairment for the asset group related to the Methacrylate business. The Company estimated future cash flows and determined that the carrying amount of the fixed assets related to the Methacrylate business is not recoverable. As a result, the Company recognized ¥8,730 million (US\$55,190 thousand), the carrying amount, as an impairment loss.

In measuring such impairment losses, the Company determines the value in use as the recoverable amount, which is estimated based on the business plan of the Methacrylic business that is created and approved by management. It considers uncertainties about the future forecast of the business, including assumptions about sales prices.

**\*6. Loss on disposal of tangible fixed assets**

Expense related to the removal of equipment rendered unnecessary due to business closure and other factors.

**\*7. Loss on liquidation of business**

This is a loss incurred in connection with the sale of a portion of a business by the Company's subsidiary.

**\*8. Loss on contingent liabilities**

This is an associated loss arising from the business dissolution of a contractor that builds production facilities for the Company's subsidiary.

**\*9. Costs related to the suspension of operations**

The costs related to the suspension of operations are mainly the amounts equivalent to fixed costs during the period of the suspension of production.

**\*10. Loss on litigation**

The loss on litigation in fiscal 2023 is mainly the settlement relating to the fire accident that occurred in May 2018 at the Company's subsidiary in the United States.



## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### 7 Notes to Consolidated Statement of Comprehensive Income

Reclassification adjustments and tax effect adjustments relating to other comprehensive income (loss) for the fiscal years ended December 31, 2024 and December 31, 2023, are as follows:

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Valuation difference on available-for-sale securities			
Amount recorded during the period.....	¥4,273	¥2,429	\$27,014
Reclassification adjustments .....	(1,529)	(878)	(9,666)
Before tax effect adjustments.....	2,744	1,550	17,347
Tax effect.....	(919)	(463)	(5,810)
Valuation difference on available-for-sale securities .....	1,825	1,087	11,537
Deferred gains or losses on hedges			
Amount recorded during the period.....	39	(827)	247
Reclassification adjustments.....	123	(63)	778
Before tax effect adjustments.....	163	(890)	1,030
Tax effect.....	(55)	213	(348)
Deferred gains or losses on hedges .....	108	(676)	683
Foreign currency translation adjustment			
Amount recorded during the period.....	53,072	41,326	335,517
Reclassification adjustments.....	(119)	—	(752)
Before tax effect adjustments.....	52,953	41,326	334,764
Tax effect.....	—	—	—
Foreign currency translation adjustment .....	52,953	41,326	334,764
Remeasurements of defined benefit plans			
Amount recorded during the period.....	828	(517)	5,235
Reclassification adjustments.....	12	441	76
Before tax effect adjustments .....	840	(76)	5,310
Tax effect .....	(179)	21	(1,132)
Remeasurements of defined benefit plans .....	661	(55)	4,179
Shares of other comprehensive income of entities accounted for using equity method			
Amount recorded during the period.....	304	166	1,922
Reclassification adjustments.....	—	—	—
Shares of other comprehensive income of entities accounted for using equity method.....	304	166	1,922
Total other comprehensive income .....	¥55,852	¥41,848	\$353,091

## 8 Notes to Consolidated Statement of Changes in Net Assets

### Fiscal 2024

#### 1. Type and number of issued shares of common stock and treasury stock

	Number of thousands of shares			As of December 31, 2024
	As of January 1, 2024	Increase	Decrease	
Issued shares				
Common stock <sup>(Note 1)</sup>	354,863	—	30,000	324,863
Total	354,863	—	30,000	324,863
Treasury stock				
Common stock <sup>(Notes 2, 3)</sup>	20,107	11,023	30,134	996
Total	20,107	11,023	30,134	996

Notes: 1. The decrease in the number of issued common stocks of 30,000 thousand shares is due to the retirement of treasury stock.

2. The increase in treasury stock (common stock) of 11,023 thousand shares is attributable to the acquisition of treasury stock (11,020 thousand shares), pursuant to a resolution of the Board of Directors, and to the purchase of shares less than one unit (2 thousand shares).

3. The decrease in treasury stock (common stock) of 30,134 thousand shares is attributable to the retirement of treasury stock (30,000 thousand shares), the exercise of stock options (51 thousand shares), the disposal of treasury stock as restricted stock compensation (83 thousand shares), and the sale of shares less than one unit by shareholders (0 thousand shares).

#### 2. Subscription rights to shares

The Company granted its directors and executive officers subscription rights to the Company shares as stock options. The balance of the subscription rights to shares as of December 31, 2024 is ¥270 million (US\$1,707 thousand).

#### 3. Dividends

##### (1) Amount of dividends paid

Resolution	Type of share	Amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting held on March 27, 2024	Common stock	¥8,368 (US\$52,902 thousand)	¥25.00 (US\$0.16)	December 31, 2023	March 28, 2024
Board of directors' meeting held on August 9, 2024	Common stock	¥8,923 (US\$56,410 thousand)	¥27.00 (US\$0.17)	June 30, 2024	September 10, 2024

##### (2) Dividends whose effective date is after the end of Fiscal 2024 and record date is included in Fiscal 2024.

Resolution	Type of share	Source of dividends	Amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting held on March 27, 2025	Common stock	Retained earnings	¥8,744 (US\$55,279 thousand)	¥27.00 (US\$0.17)	December 31, 2024	March 28, 2025

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

Fiscal 2023

### 1. Type and number of issued shares of common stock and treasury stock

	Number of thousands of shares			As of December 31, 2023
	As of January 1, 2023	Increase	Decrease	
Issued shares				
Common stock	354,863	—	—	354,863
Total	354,863	—	—	354,863
Treasury stock				
Common stock <sup>(Notes 1, 2)</sup>	20,171	3	67	20,107
Total	20,171	3	67	20,107

Notes: 1. The increase in treasury stock (common stock) of 3 thousand shares is attributable to the purchase of shares less than one unit (3 thousand shares).

2. The decrease in treasury stock (common stock) of 67 thousand shares is attributable to the disposal of treasury stock as restricted stock compensation (67 thousand shares) and the sale of shares less than one unit by the shareholders (0 thousand shares).

### 2. Subscription rights to shares

The Company granted its directors and executive officers subscription rights to the Company shares as stock options. The balance of the subscription rights to shares as of December 31, 2023 is ¥341 million.

### 3. Dividends

#### (1) Amount of dividends paid

Resolution	Type of share	Amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting held on March 29, 2023	Common stock	¥7,697	¥23.00	December 31, 2022	March 30, 2023
Board of directors' meeting held on August 9, 2023	Common stock	¥8,368	¥25.00	June 30, 2023	September 1, 2023

#### (2) Dividends whose effective date is after the end of Fiscal 2024 and record date is included in Fiscal 2024.

Resolution	Type of share	Source of dividends	Amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting held on March 27, 2024	Common stock	Retained earnings	¥8,368	¥25.00	December 31, 2023	March 28, 2024

## 9 Notes to Consolidated Statement of Cash Flows

\*1. Cash and cash equivalents at December 31, 2024 and December 31, 2023 are reconciled to the accounts reported in the consolidated balance sheet as follows:

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Cash on hand and in banks .....	¥118,068	¥131,144	\$746,415
Time deposits with a deposit period of 3 months or more.....	—	(960)	—
Marketable securities with original maturities of 3 months or less.....	3,624	3,478	22,911
Total .....	¥121,692	¥133,663	\$769,326

## 10 Leases

### 1. Finance lease transactions

Lease transactions as a lessee:

Finance leases without transfer of ownership

#### 1) Details of lease assets

- Tangible fixed assets

Mainly vehicles used at plants including forklifts, buildings and equipment, etc., related to manufacturing (“Machinery, equipment and vehicles”, “Buildings and structures”), OA equipment, including personal computers and printers, and servers (“Other”).

#### 2) Depreciation method of lease assets

As described in the basis of presenting consolidated financial statements “1. Significant Accounting Policies, 5. Accounting policies (2)

Depreciation method of significant depreciable assets.”

### 2. Operating leases

Lease transactions as a lessee:

Future lease payment obligations under operating leases at December 31, 2024 and December 31, 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Due within one year .....	¥1,724	¥1,724	\$10,899
Due after one year .....	718	2,442	4,539
Total.....	¥2,442	¥4,167	\$15,438

## 11 Financial Instruments

### 1. Outline of financial instruments

#### (1) Policy for financial instruments

The Group raises funds necessary to conduct its business mainly through bank loans or issuance of bonds. Temporary cash surpluses, if any, are invested in low-risk financial assets. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described below.

#### (2) Nature and extent of risks arising from financial instruments

Receivables such as notes and accounts receivable–trade are exposed to customer credit risk. Trade receivables denominated in foreign currencies are exposed to foreign currency exchange fluctuation risk.

Short-term investment securities and investment securities, mainly consisting of bonds, certificates of deposit and stocks in companies with which the Company has a business relationship are exposed to the risk of market price fluctuations.

Payment terms of payables, such as notes and accounts payable–trade, are mostly less than one year. Payables in foreign currencies incurred mainly from import of raw materials are exposed to foreign currency exchange fluctuation risk.

Loans, commercial paper, bonds, and lease obligations, used to raise funds for working capital and capital expenditures, and lease liabilities, to which some overseas affiliates have applied IFRS 16 “Leases” or ASC 842 “Leases” have maturities of at the longest 89 years from the balance sheet date. The debts bearing floating interest rates are exposed to interest rate fluctuation risk, although a part of the exposure is hedged through use of derivatives (interest rate swaps).

Derivative transactions include forward foreign currency contracts for the purpose of hedging foreign currency exchange fluctuation risk resulting from receivables and payables denominated in foreign currencies, interest rate swaps for the purpose of hedging interest rate fluctuation risk resulting from variable interest expenses on debts, forward foreign currency contracts and currency swaps for the purpose of hedging foreign currency exchange fluctuation risk resulting from loans receivable and payable denominated in foreign currencies and commodity swaps for the purpose of hedging price fluctuation risk resulting from raw materials. Please refer to “(6) Significant hedge accounting” under “1. Significant Accounting Policies, 5. Accounting policies” for a description of the Company’s accounting policy relating to hedging activities.

## (3) Risk management for financial instruments

### a. Credit Risk Management (customers' default risk)

The Company manages and mitigates customer credit risk from trade receivables on the basis of internal rules concerning credit management, which include monitoring of payment terms and balances of customers to identify default risk at an early stage.

With respect to loan receivables and liability guarantee agreements, the Company manages its exposure to credit risk by periodically identifying the financial position of the debtors.

With respect to financial assets, the Company's credit risk is minimal as the investments are limited to issuers with high credit ratings in accordance with internal rules concerning fund management.

The Company enters into derivative transactions only with financial institutions that have high credit ratings in order to mitigate counterparty risks.

### b. Market Risk Management (foreign currency exchange and interest rate fluctuation risks)

The Group principally uses forward foreign exchange contracts to hedge against fluctuation risks in foreign currency exchange rates, which are relevant to trade receivables and payables and are analyzed by currency and settlement month. Depending on foreign currency exchange rate conditions, trade receivables and payables denominated in foreign currencies that are expected to be generated based on export and import forecasts are hedged using forward foreign exchange contracts. The Group also hedges certain scheduled nontrading transactions denominated in foreign currencies that it expects to generate.

In addition, the Group uses currency swap and interest rate

swap contracts for some transactions to mitigate foreign currency exchange fluctuation risk exposure in connection with long-term loans receivable in foreign currencies and interest rate fluctuation risk exposure in connection with long-term borrowings. Some consolidated subsidiaries use commodity swaps to control price fluctuation risks in connection with raw materials.

With respect to short-term investment securities and investment securities, the Group periodically monitors fair values or financial status of the related issuers. With respect to stocks in companies with which the Group has a business relationship, the Group continuously checks the necessity for holding them, taking into account the business relationship.

The Group manages derivative transactions in accordance with internal rules that regulate delegation of authority concerning derivative transactions.

### c. Liquidity Risk Management on Fund Raising

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full at the respective maturity dates. The Group manages its liquidity risk by diversifying its fund raising instruments, obtaining commitment lines from several financial institutions and adjusting short-term and long-term funding balances in consideration of market environments.

## (4) Supplementary explanation concerning fair values of financial instruments

Fair values of financial instruments may vary depending on the different assumptions since variable factors are incorporated in computing the relevant fair values. The notional amounts and other information described in Note 13. "Derivative Financial Instruments" are not indicative of market risk exposure to derivative transactions.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### 2. Fair values of financial instruments

Carrying amount, fair value and unrealized gain/loss of the financial instruments as of December 31, 2024 and December 31, 2023 are as follows:

#### Fiscal 2024

	Millions of yen		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Investment securities:			
Available-for-sale securities.....	¥17,112	¥17,112	¥—
Total assets.....	¥17,112	¥17,112	¥—
(1) Bonds <sup>(*)1</sup> .....	¥60,000	¥58,475	¥(1,524)
(2) Long-term borrowings <sup>(*)2</sup> .....	160,432	158,002	(2,429)
Total liabilities .....	¥220,432	¥216,478	¥(3,954)
Derivative transactions <sup>(*)3</sup> .....	¥(1,374)	¥(1,374)	¥—

	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Investment securities:			
Available-for-sale securities.....	\$108,181	\$108,181	\$—
Total assets.....	\$108,181	\$108,181	\$—
(1) Bonds <sup>(*)1</sup> .....	\$379,315	\$369,674	\$(9,635)
(2) Long-term borrowings <sup>(*)2</sup> .....	1,014,237	998,875	(15,356)
Total liabilities .....	\$1,393,552	\$1,368,555	\$(24,997)
Derivative transactions <sup>(*)3</sup> .....	\$(8,686)	\$(8,686)	\$—

(\*)1 Bonds include the current portion of bonds.

(\*)2 Long-term borrowings include the current portion of long-term borrowings.

(\*)3 Receivables and payables incurred as a result of derivative transactions are presented on a net basis. Net payables are presented in parentheses.

(\*)4 Notes have been omitted for cash and deposits; notes and accounts receivable—trade, and contract assets; short-term investment securities; and notes and accounts payable—trade because they are cash or their fair value approximates their book value due to their short maturities.

(\*)5 Shares, etc. that do not have a market price are not included in available-for-sale securities under (1) Investment securities. The carrying amounts of such financial instruments in the consolidated balance sheet are as follows:

Category	Millions of yen	Thousands of U.S. dollars
	Carrying amount	Carrying amount
Unlisted equity securities.....	¥10,949	\$69,219

(\*)6 Investments in partnerships or similar entities for which the amounts corresponding to equity interests are recorded on the consolidated balance sheet on a net basis are not included in available-for-sale securities under (1) Investment securities. The carrying amounts of such investments in the consolidated balance sheet are as follows:

Category	Millions of yen	Thousands of U.S. dollars
	Carrying amount	Carrying amount
Investment limited partnership, etc.....	¥1,828	\$11,556

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

Fiscal 2023

	Millions of yen		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Investment securities:			
Available-for-sale securities.....	¥14,965	¥14,965	¥—
Total assets.....	¥14,965	¥14,965	¥—
(1) Bonds .....	¥60,000	¥59,371	¥(628)
(2) Long-term borrowings <sup>(*)1</sup> .....	182,011	180,675	(1,336)
Total liabilities .....	¥242,011	¥240,046	¥(1,964)
Derivative transactions <sup>(*)2</sup> .....	¥242	¥242	¥—

(\*)1 Long-term borrowings include the current portion of long-term borrowings.

(\*)2 Receivables and payables incurred as a result of derivative transactions are presented on a net basis. Net payables are presented in parentheses.

(\*)3 Notes have been omitted for cash and deposits; notes and accounts receivable—trade, and contract assets; short-term investment securities; and notes and accounts payable—trade because they are cash or their fair value approximates their book value due to their short maturities.

(\*)4 Shares, etc. that do not have a market price are not included in available-for-sale securities under (1) Investment securities. The carrying amounts of such financial instruments in the consolidated balance sheet are as follows:

Category	Millions of yen
	Carrying amount
Unlisted equity securities.....	¥7,681

(\*)5 Investments in partnerships or similar entities for which the amounts corresponding to equity interests are recorded on the consolidated balance sheet on a net basis are not included in available-for-sale securities under (1) Investment securities. The carrying amounts of such investments in the consolidated balance sheet are as follows:

Category	Millions of yen
	Carrying amount
Investment limited partnership, etc.....	¥1,319



## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

Notes: 1. Redemption schedule of monetary assets and securities with contractual maturities

### Fiscal 2024

	Millions of yen			
	Within one year	One to five years	Five to ten years	Over ten years
Cash and deposits .....	¥118,068	¥—	¥—	¥—
Notes and accounts receivable—trade .....	163,218	—	—	—
Short-term investment securities and investment securities: Available-for-sale securities with contractual maturities:				
Others .....	3,624	—	—	—
<b>Total .....</b>	<b>¥284,911</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>

	Thousands of U.S. dollars			
	Within one year	One to five years	Five to ten years	Over ten years
Cash and deposits .....	\$746,415	\$—	\$—	\$—
Notes and accounts receivable—trade .....	1,031,850	—	—	—
Short-term investment securities and investment securities: Available-for-sale securities with contractual maturities:				
Others .....	22,911	—	—	—
<b>Total .....</b>	<b>\$1,801,182</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>

### Fiscal 2023

	Millions of yen			
	Within one year	One to five years	Five to ten years	Over ten years
Cash and deposits .....	¥131,144	¥—	¥—	¥—
Notes and accounts receivable—trade .....	160,762	—	—	—
Short-term investment securities and investment securities: Available-for-sale securities with contractual maturities:				
Others .....	3,478	—	—	—
<b>Total .....</b>	<b>¥295,385</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### 2. Redemption schedule of bonds, long-term borrowings, lease obligations and lease liabilities after the balance sheet date:

#### Fiscal 2024

	Millions of yen					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Bonds .....	¥10,000	¥—	¥10,000	¥10,000	¥—	¥30,000
Long-term borrowings.....	18,146	32,106	17,106	23,072	25,000	45,000
Lease obligations.....	508	371	212	121	66	583
Lease liabilities .....	5,971	4,531	3,899	3,618	2,979	20,191
Total .....	¥34,627	¥37,009	¥31,218	¥36,812	¥28,046	¥95,774

	Thousands of U.S. dollars					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Bonds .....	\$63,219	\$—	\$63,219	\$63,219	\$—	\$189,657
Long-term borrowings.....	114,717	202,971	108,143	145,859	158,048	284,486
Lease obligations.....	3,212	2,345	1,340	765	417	3,686
Lease liabilities .....	37,748	28,645	24,649	22,873	18,833	127,646
Total .....	\$218,909	\$233,968	\$197,357	\$232,722	\$177,304	\$605,475

#### Fiscal 2023

	Millions of yen					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Bonds .....	¥—	¥10,000	¥—	¥10,000	¥10,000	¥30,000
Long-term borrowings.....	24,698	17,365	31,325	16,310	22,310	70,000
Lease obligations.....	523	427	290	131	54	584
Lease liabilities .....	4,527	3,651	3,203	2,974	2,738	19,091
Total .....	¥29,749	¥31,444	¥34,820	¥29,416	¥35,103	¥119,675

### 3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

(1) Financial instruments recorded on the consolidated balance sheet at fair value

### Fiscal 2024

Category	Millions of yen			
	Fair value			Total
	Level 1	Level 2	Level 3	
Investment securities:				
Available-for-sale securities:				
Equity securities.....	¥17,112	¥—	¥—	¥17,112
Derivative transactions:				
Interest rate .....	—	81	—	81
Total assets.....	¥17,112	¥81	¥—	¥17,194
Derivative transactions:				
Currencies .....	¥—	¥1,400	¥—	¥1,400
Commodity .....	—	56	—	56
Total liabilities .....	¥—	¥1,456	¥—	¥1,456

Category	Thousands of U.S. dollars			
	Fair value			Total
	Level 1	Level 2	Level 3	
Investment securities:				
Available-for-sale securities:				
Equity securities.....	\$108,181	\$—	\$—	\$108,181
Derivative transactions:				
Interest rate .....	—	512	—	512
Total assets.....	\$108,181	\$512	\$—	\$108,699
Derivative transactions:				
Currencies .....	\$—	\$8,851	\$—	\$8,851
Commodity .....	—	354	—	354
Total liabilities .....	\$—	\$9,205	\$—	\$9,205

### Fiscal 2023

Category	Millions of yen			
	Fair value			Total
	Level 1	Level 2	Level 3	
Investment securities:				
Available-for-sale securities:				
Equity securities.....	¥14,965	¥—	¥—	¥14,965
Derivative transactions:				
Currencies .....	—	191	—	191
Interest rate .....	—	273	—	273
Total assets.....	¥14,965	¥465	¥—	¥15,430
Derivative transactions:				
Commodity .....	¥—	¥222	¥—	¥222
Total liabilities .....	¥—	¥222	¥—	¥222

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

(2) Financial instruments other than those listed on the consolidated balance sheet at fair value

### Fiscal 2024

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Bonds.....	¥—	¥58,475	¥—	¥58,475
Long-term borrowings.....	—	158,002	—	158,002
Total liabilities.....	¥—	¥216,478	¥—	¥216,478

Category	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Bonds.....	\$—	\$369,674	\$—	\$369,674
Long-term borrowings.....	—	998,875	—	998,875
Total liabilities.....	\$—	\$1,368,555	\$—	\$1,368,555

### Fiscal 2023

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Bonds.....	¥—	¥59,371	¥—	¥59,371
Long-term borrowings.....	—	180,675	—	180,675
Total liabilities.....	¥—	¥240,046	¥—	¥240,046

Note: A description of the valuation techniques and inputs used in the fair value measurements

### Investment securities

The fair values of listed stocks are valued using quoted prices. As listed stocks are traded in active markets, their fair value is classified as Level 1.

### Derivative transactions

The fair values of forward foreign exchange contracts, interest rate swaps, and commodity swaps are measured based on forward exchange rates and prices quoted by counterparty financial institutions, etc. and are classified as Level 2. The fair value of interest rate swaps that qualify for the exceptional treatment are accounted for as an integral part of long-term loans payable that are hedged, and is therefore included in the fair value of the relevant long-term loans payable.

### Bonds

The fair value of bonds issued by the Company is determined at the present value that is calculated by discounting the aggregated values of the principal and interest using an interest rate reflecting the remaining terms of the Company's bonds and the credit risk, and are classified as Level 2.

### Long-term borrowings

The fair values of long-term loans payable are calculated by discounting the aggregated values of the principal and interest using an assumed interest rate based on the interest rate that would be applied to a new loan of a similar nature, and are classified as Level 2. Certain long-term loans payable bearing floating interest rates are hedged using interest rate swap contracts and the fair values of these loans payable are determined by discounting the aggregated values of the principal and interest accounted for together with the related interest rate swap contracts using a reasonably estimated interest rate based on the interest rate that would be applied to a new loan of a similar nature.

## 12 Securities

### 1. Available-for-sale securities with market value

#### Fiscal 2024

	Millions of yen			Thousands of U.S. dollars		
	Book value (estimated fair value)	Cost	Net	Book value (estimated fair value)	Cost	Net
Securities with book value exceeding their acquisition cost:						
Equity securities .....	¥16,934	¥4,943	¥11,990	\$107,055	\$31,249	\$75,800
Bonds:						
Government and municipal .....	—	—	—	—	—	—
Corporate .....	—	—	—	—	—	—
Others .....	—	—	—	—	—	—
Others .....	—	—	—	—	—	—
Subtotal .....	16,934	4,943	11,990	107,055	31,249	75,800
Securities with book value not exceeding their acquisition cost:						
Equity securities .....	178	190	(12)	1,125	1,201	(76)
Bonds:						
Government and municipal .....	—	—	—	—	—	—
Corporate .....	—	—	—	—	—	—
Others .....	—	—	—	—	—	—
Others .....	3,624	3,624	—	22,911	22,911	—
Subtotal .....	3,802	3,814	(12)	24,036	24,112	(76)
Total .....	¥20,737	¥8,758	¥11,978	\$131,097	\$55,367	\$75,724

Notes: 1. Unlisted equity securities amounting to ¥1,297 million (US\$ 8,200 thousand) are excluded from the above table, because they are shares, etc. that do not have a market price.

2. Investments in partnerships or similar entities for which the amounts corresponding to equity interests are recorded on the consolidated balance sheet on a net basis (amounting to ¥1,828 million (US\$ 11,556 thousand)) are not included in available-for sale securities in the above table.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

Fiscal 2023

	Millions of yen		
	Book value (estimated fair value)	Cost	Net
Securities with book value exceeding their acquisition cost:			
Equity securities .....	¥14,782	¥5,519	¥9,263
Bonds:			
Government and municipal .....	—	—	—
Corporate .....	—	—	—
Others .....	—	—	—
Others .....	—	—	—
Subtotal .....	14,782	5,519	9,263
Securities with book value not exceeding their acquisition cost:			
Equity securities .....	182	185	(2)
Bonds:			
Government and municipal .....	—	—	—
Corporate .....	—	—	—
Others .....	—	—	—
Others .....	3,478	3,478	—
Subtotal .....	3,661	3,664	(2)
Total .....	¥18,444	¥9,183	¥9,260

Notes: 1. Unlisted equity securities amounting to ¥1,272 million are excluded from the above table, because they are shares, etc. that do not have a market price.

2. Investments in partnerships or similar entities for which the amounts corresponding to equity interests are recorded on the consolidated balance sheet on a net basis (amounting to ¥1,319 million) are not included in available-for sale securities in the above table.

### 2. Available-for-sale securities sold during the fiscal year

Fiscal 2024

	Millions of yen			Thousands of U.S. dollars		
	Proceeds from sales	Total gain	Total loss	Proceeds from sales	Total gain	Total loss
Equity securities .....	¥2,105	¥1,526	¥—	\$13,308	\$9,647	\$—
Total .....	¥2,105	¥1,526	¥—	\$13,308	\$9,647	\$—

Notes: Shares, etc. that do not have a market price are excluded from the above table.

Fiscal 2023

	Millions of yen		
	Proceeds from sales	Total gain	Total loss
Equity securities .....	¥1,520	¥893	¥—
Others (Note 1) .....	0	0	0
Total .....	¥1,520	¥893	¥0

Notes: 1. Attributable to golf club memberships.

2. Shares, etc. that do not have a market price are excluded from the above table.

# Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

## 13 Derivative Financial Instruments

### 1. Derivative transactions to which hedge accounting is not applied

Currencies

Fiscal 2024

		Millions of yen			
Category	Classification	Nominal amount	Nominal amount due after one year	Market value	Unrealized gain (loss)
Transactions other than market transactions	Forward foreign exchange contracts:				
	Receipts in Yen/Payments in U.S. dollar ..	¥12,720	¥—	¥(818)	¥(818)
	Receipts in Yen/Payments in Euro .....	5,882	—	(131)	(131)
	Receipts in Yen/Payments in Australian dollar .....	10,736	—	(30)	(30)
	Receipts in Yen/Payments in Baht .....	36,934	—	(1,113)	(1,113)
	Receipts in Yen/Payments in Zloty .....	4,057	—	(86)	(86)
	Receipts in Yen/Payments in Yuan .....	1,675	—	(70)	(70)
	Receipts in Euro/Payments in Yen .....	37,283	—	533	533
	Receipts in Baht/Payments in Yen .....	1,276	—	68	68
	Other .....	4,476	—	(2)	(2)
	Non-deliverable forward foreign exchange transaction:				
	Receipts in Yen/Payments in Won .....	5,315	—	103	103
Total .....		¥120,357	¥—	¥(1,549)	¥(1,549)

		Thousands of U.S. dollars			
Category	Classification	Nominal Amount	Nominal amount due after one year	Market value	Unrealized gain (loss)
Transactions other than market transactions	Forward foreign exchange contracts:				
	Receipts in Yen/Payments in U.S. dollar ..	\$80,415	\$—	\$(5,171)	\$(5,171)
	Receipts in Yen/Payments in Euro .....	37,185	—	(828)	(828)
	Receipts in Yen/Payments in Australian dollar .....	67,872	—	(190)	(190)
	Receipts in Yen/Payments in Baht .....	233,493	—	(7,036)	(7,036)
	Receipts in Yen/Payments in Zloty .....	25,648	—	(544)	(544)
	Receipts in Yen/Payments in Yuan .....	10,589	—	(443)	(443)
	Receipts in Euro/Payments in Yen .....	235,700	—	3,370	3,370
	Receipts in Baht/Payments in Yen .....	8,067	—	430	430
	Other .....	28,297	—	(13)	(13)
	Non-deliverable forward foreign exchange transaction:				
	Receipts in Yen/Payments in Won .....	33,601	—	651	651
Total .....		\$760,886	\$—	\$(9,793)	\$(9,793)

Note: The forward foreign exchange contracts and non-deliverable forward foreign exchange transaction above are mainly those set with claims and liabilities to consolidated subsidiaries as the hedged items.



## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

Fiscal 2023

Category	Classification	Millions of yen			
		Nominal amount	Nominal amount due after one year	Market value	Unrealized gain (loss)
Transactions other than market transactions	Forward foreign exchange contracts:				
	Receipts in Yen/Payments in U.S. dollar ..	¥9,387	¥—	¥349	¥349
	Receipts in Yen/Payments in Euro .....	5,586	—	38	38
	Receipts in Yen/Payments in Australian dollar .....	10,954	—	75	75
	Receipts in Yen/Payments in Baht .....	20,656	—	13	13
	Receipts in Yen/Payments in Zloty .....	3,183	—	(205)	(205)
	Receipts in Yen/Payments in Yuan .....	1,401	—	9	9
	Other .....	3,827	—	(11)	(11)
	Non-deliverable forward foreign exchange transaction:				
	Receipts in Yen/Payments in Won .....	7,116	—	(1)	(1)
Total .....		¥62,114	¥—	¥268	¥268

Note: The forward foreign exchange contracts and non-deliverable forward foreign exchange transaction above are mainly those set with claims and liabilities to consolidated subsidiaries as the hedged items.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### 2. Derivative transactions to which hedge accounting is applied

#### (1) Currencies

##### Fiscal 2024

Hedge accounting method	Classification	Major hedged items	Millions of yen			Thousands of U.S. dollars		
			Nominal amount	Nominal amount over one year	Market value	Nominal amount	Nominal amount over one year	Market value
Allocation method	Forward foreign exchange contracts:							
	Receipts in Yen/ Payments in U.S. dollar	Accounts receivable—trade	¥570	¥—	Note	\$3,603	\$—	Note
	Receipts in Yen/ Payments in Baht	Loans receivable	560	—	Note	3,540	—	Note
	Receipts in Yen/ Payments in Yuan	Accounts receivable—trade	232	—	Note	1,467	—	Note
	Receipts in U.S. dollar/ Payments in Yen	Accounts payable—trade	321	—	Note	2,029	—	Note
	Other	Accounts receivable—trade	17	—	Note	107	—	Note
Total .....			¥1,702	¥—		\$10,760	\$—	

Note: With respect to forward foreign exchange contracts whose exchange rates are used for translating accounts receivable—trade, loans receivable or accounts payable—trade, market values of forward foreign exchange contracts are included in the market values of the relevant accounts receivable—trade, loans receivable or accounts payable—trade, since they are used for recording accounts receivable—trade, loans receivable or accounts payable—trade as hedged items.

Hedge accounting method	Classification	Major hedged items	Millions of yen			Thousands of U.S. dollars		
			Nominal amount	Nominal amount over one year	Market value	Nominal amount	Nominal amount over one year	Market value
Deferred hedge method	Forward foreign exchange contracts:							
	Receipts in Yen/ Payments in U.S. dollar	Forecasted transactions in foreign currencies	¥4,121	¥—	¥(32)	\$26,053	\$—	\$(202)
	Receipts in Yen/ Payments in Euro	Forecasted transactions in foreign currencies	2,032	—	(1)	12,846	—	(6)
	Receipts in U.S. dollar/ Payments in Euro	Forecasted transactions in foreign currencies	1,676	221	50	10,596	1,397	316
	Receipts in U.S. dollar/ Payments in Yen	Forecasted transactions in foreign currencies	3,028	—	138	19,143	—	872
	Receipts in Bart/ Payments in Yen	Forecasted transactions in foreign currencies	1,118	—	(1)	7,068	—	(6)
	Other	Forecasted transactions in foreign currencies	410	—	(2)	2,592	—	(13)
Total .....			¥12,387	¥221	¥148	\$78,310	\$1,397	\$936

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

Fiscal 2023

Hedge accounting method	Classification	Major hedged items	Millions of yen		
			Nominal amount	Nominal amount over one year	Market value
Allocation method	Forward foreign exchange contracts:				
	Receipts in Yen/ Payments in U.S. dollar	Accounts receivable—trade	¥796	¥—	Note
	Receipts in Yen/ Payments in Baht	Loans receivable	495	—	Note
	Receipts in Yen/ Payments in Yuan	Accounts receivable—trade	335	—	Note
	Receipts in U.S. dollar/ Payments in Yen	Accounts payable—trade	418	—	Note
	Other	Accounts payable—trade	21	—	Note
Total .....			¥2,066	¥—	

Note: With respect to forward foreign exchange contracts whose exchange rates are used for translating accounts receivable—trade, loans receivable or accounts payable—trade, market values of forward foreign exchange contracts are included in the market values of the relevant accounts receivable—trade, loans receivable or accounts payable—trade, since they are used for recording accounts receivable—trade, loans receivable or accounts payable—trade as hedged items.

Hedge accounting method	Classification	Major hedged items	Millions of yen		
			Nominal amount	Nominal amount over one year	Market value
Deferred hedge method	Forward foreign exchange contracts:				
	Receipts in Yen/ Payments in U.S. dollar	Forecasted transactions in foreign currencies	¥2,950	¥—	¥18
	Receipts in Yen/ Payments in Euro	Forecasted transactions in foreign currencies	2,005	—	4
	Receipts in U.S. dollar/ Payments in Euro	Forecasted transactions in foreign currencies	1,503	226	(58)
	Receipts in U.S. dollar/ Payments in Yen	Forecasted transactions in foreign currencies	1,254	—	(40)
	Other	Forecasted transactions in foreign currencies	362	—	(0)
Total .....			¥8,076	¥226	¥(76)

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### (2) Interest rate

#### Fiscal 2024

Hedge accounting method	Classification	Major hedged items	Millions of yen		
			Nominal amount	Nominal amount over one year	Market value
Deferred hedge method	Interest rate swaps: Floating rate into fixed rate	Long-term borrowings	¥15,151	¥11,358	¥81

Hedge accounting method	Classification	Major hedged items	Thousands of U.S. dollars		
			Nominal amount	Nominal amount over one year	Market value
Deferred hedge method	Interest rate swaps: Floating rate into fixed rate	Long-term borrowings	\$95,783	\$71,804	\$512

#### Fiscal 2023

Hedge accounting method	Classification	Major hedged items	Millions of yen		
			Nominal amount	Nominal amount over one year	Market value
Special treatment For interest rate swaps	Interest rate swaps: Floating rate into fixed rate	Long-term borrowings	¥6,000	¥—	Note

Note: With respect to interest rate swap contracts which meet certain conditions, market values of the interest rate swap contracts are included in the market values of the relevant long-term borrowings, since they are used for recording long-term borrowings as hedged items.

Hedge accounting method	Classification	Major hedged items	Millions of yen		
			Nominal amount	Nominal amount over one year	Market value
Deferred hedge method	Interest rate swaps: Floating rate into fixed rate	Long-term borrowings	¥16,861	¥13,485	¥273

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### (3) Commodity

#### Fiscal 2024

Hedge accounting method	Classification	Major hedged items	Millions of yen		
			Nominal amount	Nominal amount over one year	Market value
Deferred hedge method	Commodity swaps: Floating rate into fixed rate	Raw material	¥1,741	¥899	¥(56)

Hedge accounting method	Classification	Major hedged items	Thousands of U.S. dollars		
			Nominal amount	Nominal amount over one year	Market value
Deferred hedge method	Commodity swaps: Floating rate into fixed rate	Raw material	\$11,006	\$5,683	\$(354)

#### Fiscal 2023

Hedge accounting method	Classification	Major hedged items	Millions of yen		
			Nominal amount	Nominal amount over one year	Market value
Deferred hedge method	Commodity swaps: Floating rate into fixed rate	Raw material	¥1,638	¥951	¥(222)

## 14 Retirement Benefits

### 1. Summary of retirement benefit plan

The Company and certain consolidated subsidiaries provide retirement benefits to employees with funded and unfunded defined benefits plans and a defined contribution plan. Certain consolidated subsidiaries participate in a multi-employer plan and account for their contributions to this fund as a retirement benefit expense because the plan assets that correspond to the contribution of each participant cannot be reasonably calculated.

The funded defined benefits plan provides a lump sum payment or a pension primarily based on qualifications and length of service. The Company and certain consolidated subsidiaries are introducing a cash-balance plan to the defined benefits plan. The cash-balance plan establishes hypothetical individual employee accounts representing each employee's

share of plan funding and assets. Interest credits based on money market rate movements and credits primarily based on qualifications and length of service accumulate in the hypothetical individual employee accounts.

The unfunded retirement benefit plan is a lump sum retirement plan. It functions as a retirement savings plan because the Company has established a retirement benefits trust for it. This plan provides lump sum retirement benefits primarily based on qualifications and length of service.

Certain consolidated subsidiaries use a simplified method to calculate liabilities and expenses associated with their defined benefit and lump sum plans.

### 2. Defined benefit plan

#### (1) Reconciliations of beginning and ending balance of retirement benefit plan (excluding simplified method)

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Retirement benefit obligations at beginning of year .....	¥67,471	¥63,252	\$426,546
Service costs .....	2,978	2,597	18,827
Interest costs .....	1,807	1,696	11,424
Actuarial gain or loss .....	(834)	2,035	(5,272)
Benefits paid .....	(4,554)	(4,400)	(28,790)
Other .....	2,934	2,289	18,548
Retirement benefit obligations at end of year .....	¥69,803	¥67,471	\$441,288

Note: "Other" mainly consists of foreign currency translation adjustment (change due to effects of foreign currency translation).

#### (2) Reconciliations of beginning and ending balance of plan assets (excluding simplified method)

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Plan assets at beginning of year .....	¥43,534	¥42,154	\$275,218
Expected return on plan assets .....	1,607	1,474	10,159
Actuarial gain or loss .....	(5)	1,518	(32)
Contribution from entrepreneur .....	1,570	1,454	9,925
Benefits paid .....	(4,569)	(4,509)	(28,885)
Other .....	2,423	1,442	15,318
Plan assets at end of year .....	¥44,560	¥43,534	\$281,704

Note: "Other" mainly consists of foreign currency translation adjustment (change due to effects of foreign currency translation).

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### (3) Reconciliations of beginning and ending net defined benefit liabilities using the simplified method

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Net defined benefit liabilities at beginning of year.....	¥2,323	¥2,423	\$14,686
Retirement benefit expenses.....	375	421	2,371
Benefits paid .....	(163)	(224)	(1,030)
Contribution to plan assets .....	(208)	(244)	(1,315)
Other .....	(174)	(51)	(1,100)
Net defined benefit liabilities at end of year.....	¥2,153	¥2,323	\$13,611

### (4) Reconciliations of net amount of retirement benefit liabilities and plan assets and net amount of net defined benefit liabilities and net defined benefit assets recognized on the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Installment type retirement benefit obligation.....	¥61,151	¥60,148	\$386,591
Plan assets.....	(46,116)	(45,358)	(291,541)
	15,035	14,790	95,050
Non installment type retirement benefit obligation .....	12,361	11,469	78,145
Net amount of net defined benefit liabilities and net defined benefit assets recognized on the consolidated balance sheet.....	¥27,396	¥26,259	\$173,195
Net defined benefit liabilities .....	¥31,417	¥29,487	\$198,616
Net defined benefit assets.....	(4,020)	(3,227)	(25,414)
Net amount of net defined benefit liabilities and net defined benefit assets recognized on the consolidated balance sheet.....	¥27,396	¥26,259	\$173,195

Note: Includes plan that uses the simplified method.

### (5) The components of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Service costs .....	¥2,978	¥2,597	\$18,827
Interest costs .....	1,807	1,696	11,424
Expected return on plan assets .....	(1,607)	(1,474)	(10,159)
Amortization of actuarial gains or losses .....	129	606	816
Amortization of prior service costs .....	(117)	(165)	(740)
Retirement benefit expenses calculated by simplified method.....	375	421	2,371
Other .....	246	294	1,555
Retirement benefit expense pertaining to defined benefit plan.....	¥3,812	¥3,976	\$24,099

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### (6) Remeasurements of defined benefit plans (Consolidated comprehensive income)

The following is a breakdown of remeasurements of defined benefit plans (before deductions for the effect of income taxes)

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Prior service costs.....	¥(117)	¥(165)	\$(740)
Actuarial gain or loss.....	958	88	6,056
Total.....	¥840	¥(76)	\$5,310

### (7) Remeasurements of defined benefit plans (Consolidated balance sheet)

The following is a breakdown of items recorded in cumulative remeasurements of defined benefit plans (before deductions for the effect of income taxes).

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Unrecognized prior service costs.....	¥1,446	¥1,563	\$9,141
Unrecognized actuarial gain or loss.....	(2,058)	(3,017)	(13,010)
Total.....	¥(612)	¥(1,453)	\$(3,869)

### (8) Plan assets

#### a. The components of plan assets

The following is a share by major classifications for plan assets for the year ended December 31, 2024 and 2023.

	Fiscal 2024	Fiscal 2023
Debt securities.....	52%	50%
Equity securities.....	19	20
Life insurance company general accounts <sup>(Note 1)</sup> .....	10	12
Cash and deposits.....	7	8
Other assets.....	12	10
Total <sup>(Note 2)</sup> .....	100%	100%

Notes: 1. Life insurance companies manage the assets in, assume the asset management risk for, and guarantee a fixed return to policyholders for life insurance company general accounts.

2. Total retirement plan assets for the years ended December 31, 2024 and 2023 include 15% and 20%, respectively, of the retirement benefits trust established for the lump sum retirement plan.

#### b. Determination of long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined with due consideration of current and future distribution of plan assets and current and expected returns on the various types of plan assets.

### (9) Actuarial assumptions

	Fiscal 2024	Fiscal 2023
Discount rate.....	Mainly 0.7% to 5.5%	Mainly 0.7% to 5.5%
Long-term expected rate of return.....	Mainly 1.0% to 5.6%	Mainly 1.0% to 5.7%



## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### 3. Defined contribution plan

The amounts of required contribution to the defined contribution plan of the Company and its consolidated subsidiaries for the years ended December 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Defined contribution plan.....	¥2,098	¥1,762	\$13,263

### 4. Multi-employer plan

The contribution to the multi-employer plan, which is accounted for in the same manner as the defined contribution plan for the years ended December 31, 2024 and 2023, totaled ¥133 million (US\$841 thousand) and ¥110 million, respectively.

Multi-employer plan in which overseas consolidated subsidiaries participate

#### (1) Accumulated funds for the plan

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024 (As of June 30, 2024)	Fiscal 2023 (As of June 30, 2023)	Fiscal 2024 (As of June 30, 2024)
Plan assets.....	¥100,854	¥88,753	\$637,590
Total of actuarial pension liabilities and plan's minimum reserve..	95,968	85,999	606,701
Difference .....	¥4,885	¥2,753	\$30,883

#### (2) Ratio of total salaries of the consolidated subsidiary to total funds of the plan

	Fiscal 2024 (As of June 30, 2024)	Fiscal 2023 (As of June 30, 2023)
	3.2%	3.4%

The ratio in the above (2) does not match with the ratio of the actual burden of the consolidated subsidiary.

## 15 Stock-Based Compensation Plans

### 1. Item and amount of expenses for stock options

Not applicable.

## 2. Details including size and changes of stock options

### (1) Stock options plans

	Stock options May 2013	Stock options May 2014
Resolution date	April 25, 2013	April 25, 2014
Number of eligible persons by position	Directors of the Company: 10 Executive officers of the Company (excluding those who concurrently serve as directors of the Company and those working overseas): 17	Directors of the Company: 10 Executive officers of the Company (excluding those who concurrently serve as directors of the Company and those working overseas): 17
Total number and type of stocks granted	88,000 shares of common stock	78,500 shares of common stock
Grant date	May 15, 2013	May 15, 2014
Prerequisite to be vested	No vesting conditions are set.	No vesting conditions are set.
Required service period	There is no provision for a required service period.	There is no provision for a required service period.
Exercise period	From May 15, 2013 to May 14, 2028; provided that the final date of the exercise period is a holiday for the Company, the final date should be the business date immediately preceding the date. A holder of subscription rights to shares may exercise the subscription rights to shares within 10 days from one day after the day he/she loses his or her position as a director or an executive officer (the "Rights Commencement Date"). Notwithstanding the above, if the holder of subscription rights to shares fails to reach the Rights Commencement Date by April 15, 2028, he/she may exercise his or her rights from the following business day to the date of expiration of the above exercise period of the subscription rights to shares.	From May 15, 2014 to May 14, 2029; provided that the final date of the exercise period is a holiday for the Company, the final date should be the business date immediately preceding the date. A holder of subscription rights to shares may exercise the subscription rights to shares within 10 days from one day after the day he/she loses his or her position as a director or an executive officer (the "Rights Commencement Date"). Notwithstanding the above, if the holder of subscription rights to shares fails to reach the Rights Commencement Date by April 15, 2029, he/she may exercise his or her rights from the following business day to the date of expiration of the above exercise period of the subscription rights to shares.
Number of subscription rights to shares (units) <sup>(Note 3)</sup>	6	8
Type, content and number of shares subject to subscription rights to shares <sup>(Note 3)</sup>	3,000 shares of common stock	4,000 shares of common stock
Amount paid at the time of exercise of subscription rights to shares (yen) <sup>(Note 3)</sup>	¥1/share (US\$0.01)	¥1/share (US\$0.01)
Issue price of shares and amount to be incorporated into stated capital when issuing shares through exercise of subscription rights to shares (yen) <sup>(Note 3)</sup>	Issue price: ¥1,483 (US\$9.38) Amount to be incorporated into stated capital: ¥742 (US\$4.69)	Issue price: ¥1,120 (US\$7.08) Amount to be incorporated into stated capital: ¥560 (US\$3.54)
Conditions for exercising subscription rights to shares <sup>(Note 3)</sup>	(Note 1)	
Matters related to transfer of subscription rights to shares <sup>(Note 3)</sup>	Acquisition of the subscription rights to shares by transfer shall require the approval by resolution of the Board of Directors of the Company.	
Matters related to delivery of subscription rights to shares in association with reorganization <sup>(Note 3)</sup>	(Note 2)	

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

	Stock options February 2015	Stock options February 2016
Resolution date	January 21, 2015	January 20, 2016
Number of eligible persons by position	Directors of the Company: 12 Executive officers of the Company (excluding those who concurrently serve as directors of the Company and those working overseas): 11	Directors of the Company: 12 Executive officers of the Company (excluding those who concurrently serve as directors of the Company and those working overseas): 10
Total number and type of stocks granted	59,500 shares of common stock	69,000 shares of common stock
Grant date	February 17, 2015	February 10, 2016
Prerequisite to be vested	No vesting conditions are set.	No vesting conditions are set.
Required service period	There is no provision for a required service period.	There is no provision for a required service period.
Exercise period	From February 17, 2015 to February 16, 2030; provided that the final date of the exercise period is a holiday for the Company, the final date should be the business date immediately preceding the date. A holder of subscription rights to shares may exercise the subscription rights to shares within 10 days from one day after the day he/she loses his or her position as a director or an executive officer (the "Rights Commencement Date"). Notwithstanding the above, if the holder of subscription rights to shares fails to reach the Rights Commencement Date by January 17, 2030, he/she may exercise his or her rights from the following business day to the date of expiration of the above exercise period of the subscription rights to shares.	From February 10, 2016 to February 9, 2031; provided that the final date of the exercise period is a holiday for the Company, the final date should be the business date immediately preceding the date. A holder of subscription rights to shares may exercise the subscription rights to shares within 10 days from one day after the day he/she loses his or her position as a director or an executive officer (the "Rights Commencement Date"). Notwithstanding the above, if the holder of subscription rights to shares fails to reach the Rights Commencement Date by January 10, 2031, he/she may exercise his or her rights from the following business day to the date of expiration of the above exercise period of the subscription rights to shares.
Number of subscription rights to shares (units) <sup>(Note 3)</sup>	14	26
Type, content and number of shares subject to subscription rights to shares <sup>(Note 3)</sup>	7,000 shares of common stock	13,000 shares of common stock
Amount paid at the time of exercise of subscription rights to shares (yen) <sup>(Note 3)</sup>	¥1/share (US\$0.01)	¥1/share (US\$0.01)
Issue price of shares and amount to be incorporated into stated capital when issuing shares through exercise of subscription rights to shares (yen) <sup>(Note 3)</sup>	Issue price: ¥1,353 (US\$8.55) Amount to be incorporated into stated capital: ¥677 (US\$4.28)	Issue price: ¥1,201 (US\$7.59) Amount to be incorporated into stated capital: ¥601 (US\$3.80)
Conditions for exercising subscription rights to shares <sup>(Note 3)</sup>	(Note 1)	
Matters related to transfer of subscription rights to shares <sup>(Note 3)</sup>	Acquisition of the subscription rights to shares by transfer shall require the approval by resolution of the Board of Directors of the Company.	
Matters related to delivery of subscription rights to shares in association with reorganization <sup>(Note 3)</sup>	(Note 2)	

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

	Stock options February 2017	Stock options February 2018
Resolution date	January 18, 2017	January 17, 2018
Number of eligible persons by position	Directors of the Company: 12 Executive officers of the Company (excluding those who concurrently serve as directors of the Company and those working overseas): 11	Directors of the Company: 10 Executive officers of the Company (excluding those who concurrently serve as directors of the Company and those working overseas): 12
Total number and type of stocks granted	75,500 shares of common stock	45,000 shares of common stock
Grant date	February 9, 2017	February 15, 2018
Prerequisite to be vested	No vesting conditions are set.	No vesting conditions are set.
Required service period	There is no provision for a required service period.	There is no provision for a required service period.
Exercise period	From February 9, 2017 to February 8, 2032; provided that the final date of the exercise period is a holiday for the Company, the final date should be the business date immediately preceding the date. A holder of subscription rights to shares may exercise the subscription rights to shares within 10 days from one day after the day he/she loses his or her position as a director or an executive officer (the "Rights Commencement Date"). Notwithstanding the above, if the holder of subscription rights to shares fails to reach the Rights Commencement Date by January 9, 2032, he/she may exercise his or her rights from the following business day to the date of expiration of the above exercise period of the subscription rights to shares.	From February 15, 2018 to February 14, 2033; provided that the final date of the exercise period is a holiday for the Company, the final date should be the business date immediately preceding the date. A holder of subscription rights to shares may exercise the subscription rights to shares within 10 days from one day after the day he/she loses his or her position as a director or an executive officer (the "Rights Commencement Date"). Notwithstanding the above, if the holder of subscription rights to shares fails to reach the Rights Commencement Date by January 15, 2033, he/she may exercise his or her rights from the following business day to the date of expiration of the above exercise period of the subscription rights to shares.
Number of subscription rights to shares (units) <sup>(Note 3)</sup>	42	31
Type, content and number of shares subject to subscription rights to shares <sup>(Note 3)</sup>	21,000 shares of common stock	15,500 shares of common stock
Amount paid at the time of exercise of subscription rights to shares (yen) <sup>(Note 3)</sup>	¥1/share (US\$0.01)	¥1/share (US\$0.01)
Issue price of shares and amount to be incorporated into stated capital when issuing shares through exercise of subscription rights to shares (yen) <sup>(Note 3)</sup>	Issue price: ¥1,539 (US\$9.73) Amount to be incorporated into stated capital: ¥770 (US\$4.87)	Issue price: ¥1,762 (US\$11.14) Amount to be incorporated into stated capital: ¥881 (US\$5.57)
Conditions for exercising subscription rights to shares <sup>(Note 3)</sup>	(Note 1)	
Matters related to transfer of subscription rights to shares <sup>(Note 3)</sup>	Acquisition of the subscription rights to shares by transfer shall require the approval by resolution of the Board of Directors of the Company.	
Matters related to delivery of subscription rights to shares in association with reorganization <sup>(Note 3)</sup>	(Note 2)	

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

	Stock options February 2019	Stock options February 2020
Resolution date	January 16, 2019	January 22, 2020
Number of eligible persons by position	Directors of the Company: 9 Executive officers of the Company (excluding those who concurrently serve as directors of the Company and those working overseas): 13	Directors of the Company: 12 Executive officers of the Company (excluding those who concurrently serve as directors of the Company and those working overseas): 12
Total number and type of stocks granted	64,500 shares of common stock	86,500 shares of common stock
Grant date	February 14, 2019	February 14, 2020
Prerequisite to be vested	No vesting conditions are set.	No vesting conditions are set.
Required service period	There is no provision for a required service period.	There is no provision for a required service period.
Exercise period	From February 14, 2019 to February 13, 2034; provided that the final date of the exercise period is a holiday for the Company, the final date should be the business date immediately preceding the date. A holder of subscription rights to shares may exercise the subscription rights to shares within 10 days from one day after the day he/she loses his or her position as a director or an executive officer (the "Rights Commencement Date"). Notwithstanding the above, if the holder of subscription rights to shares fails to reach the Rights Commencement Date by January 14, 2034, he/she may exercise his or her rights from the following business day to the date of expiration of the above exercise period of the subscription rights to shares.	From February 14, 2020 to February 13, 2035; provided that the final date of the exercise period is a holiday for the Company, the final date should be the business date immediately preceding the date. A holder of subscription rights to shares may exercise the subscription rights to shares within 10 days from one day after the day he/she loses his or her position as a director or an executive officer (the "Rights Commencement Date"). Notwithstanding the above, if the holder of subscription rights to shares fails to reach the Rights Commencement Date by January 14, 2035, he/she may exercise his or her rights from the following business day to the date of expiration of the above exercise period of the subscription rights to shares.
Number of subscription rights to shares (units) <sup>(Note 3)</sup>	57	82
Type, content and number of shares subject to subscription rights to shares <sup>(Note 3)</sup>	28,500 shares of common stock	41,000 shares of common stock
Amount paid at the time of exercise of subscription rights to shares (yen) <sup>(Note 3)</sup>	¥1/share (US\$0.01)	¥1/share (US\$0.01)
Issue price of shares and amount to be incorporated into stated capital when issuing shares through exercise of subscription rights to shares (yen) <sup>(Note 3)</sup>	Issue price: ¥1,467 (US\$9.27) Amount to be incorporated into stated capital: ¥734 (US\$4.64)	Issue price: ¥1,315 (US\$8.31) Amount to be incorporated into stated capital: ¥658 (US\$4.16)
Conditions for exercising subscription rights to shares <sup>(Note 3)</sup>	(Note 1)	
Matters related to transfer of subscription rights to shares <sup>(Note 3)</sup>	Acquisition of the subscription rights to shares by transfer shall require the approval by resolution of the Board of Directors of the Company.	
Matters related to delivery of subscription rights to shares in association with reorganization <sup>(Note 3)</sup>	(Note 2)	

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

Stock options February 2021	
Resolution date	January 20, 2021
Number of eligible persons by position	Directors of the Company (excluding those working overseas): 11 Executive officers of the Company (excluding those who concurrently serve as directors of the Company and those working overseas): 13
Total number and type of stocks granted	98,500 shares of common stock
Grant date	February 12, 2021
Prerequisite to be vested	No vesting conditions are set.
Required service period	There is no provision for a required service period.
Exercise period	From February 12, 2021 to February 11, 2036; provided that the final date of the exercise period is a holiday for the Company, the final date should be the business date immediately preceding the date. A holder of subscription rights to shares may exercise the subscription rights to shares within 10 days from one day after the day he/she loses his or her position as a director or an executive officer (the "Rights Commencement Date"). Notwithstanding the above, if the holder of subscription rights to shares fails to reach the Rights Commencement Date by January 12, 2036, he/she may exercise his or her rights from the following business day to the date of expiration of the above exercise period of the subscription rights to shares.
Number of subscription rights to shares (units) <sup>(Note 3)</sup>	138
Type, content and number of shares subject to subscription rights to shares <sup>(Note 3)</sup>	69,000 shares of common stock
Amount paid at the time of exercise of subscription rights to shares (yen) <sup>(Note 3)</sup>	¥1/share (US\$0.01)
Issue price of shares and amount to be incorporated into stated capital when issuing shares through exercise of subscription rights to shares (yen) <sup>(Note 3)</sup>	Issue price: ¥1,175 (US\$7.43) Amount to be incorporated into stated capital: ¥588 (US\$3.72)
Conditions for exercising subscription rights to shares <sup>(Note 3)</sup>	(Note 1)
Matters related to transfer of subscription rights to shares <sup>(Note 3)</sup>	Acquisition of the subscription rights to shares by transfer shall require the approval by resolution of the Board of Directors of the Company.
Matters related to delivery of subscription rights to shares in association with reorganization <sup>(Note 3)</sup>	(Note 2)

Notes: 1. Conditions for exercising subscription rights to shares

- (i) If the Company decides to acquire the subscription rights to shares without contribution by resolution of a shareholders' meeting or a Board of Directors' meeting (Note 1-1), a holder of the subscription rights to shares may exercise the subscription rights to shares for a period that is prior to the date of such gratis acquisition and is separately determined by the Board of Directors.
- (ii) If a holder of the subscription rights to shares is deceased, his or her heir may exercise the subscription rights to shares pursuant to the conditions specified in the "Contracts on Subscription Rights to Shares" listed in (iii) below.

- (iii) The other exercise conditions are prescribed in the “Contracts on Subscription Rights to Shares” to be concluded between the Company and a holder of the subscription rights to shares.

1-1. If a proposal for approval of a merger agreement in which the Company will be a non-surviving company, an absorption-type split agreement or an incorporation-type company split plan in which the Company will be a split company, or a share exchange agreement or a share transfer plan in which the Company will be a wholly-owned subsidiary, is approved at the shareholders’ meeting of the Company (if the resolution of the shareholders’ meeting is not required, a resolution at the Board of Directors of the Company that approves these proposals), the Company may acquire all the remaining subscription rights to shares without consideration, as of the date separately determined by the Board of Directors.

## 2. Matters related to delivery of subscription rights to shares in association with reorganization

When the Company carries out a merger (only where the Company becomes a non-surviving company), absorption-type split, incorporation-type company split, share exchange or share transfer (collectively the “Reorganizational Acts”), the subscription rights to shares of a stock company listed in (a) to (e) in Paragraphs 1-8, Article 236 of the Companies Act (“Reorganized Company”) shall be delivered to a holder of the subscription rights to shares who holds the remaining subscription rights to shares at the effective timing of the Reorganizational Acts (“Remaining Subscription Rights to Shares”), for each case, based on the conditions described below. In this case, Remaining Subscription Rights to Shares shall be extinguished, and the Reorganized Company shall newly deliver subscription rights to shares. However, the foregoing is limited to a case that a provision to deliver subscription rights to shares of the Reorganized Company pursuant to the following conditions is stipulated in an absorption-type merger agreement, an incorporation-type merger agreement, an absorption-type split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan.

- (i) Number of Reorganized Company’s subscription rights to shares to be delivered  
The same number as that of Remaining Subscription Rights to Shares held by the holders of the subscription rights to shares shall be delivered, respectively.
- (ii) Type of shares of the Reorganized Company underlying the subscription rights to shares  
Common stock of the Reorganized Company.
- (iii) Number of shares of the Reorganized Company underlying the subscription rights to shares  
Determined in consideration for conditions of the Reorganizational Acts and other factors.
- (iv) Value of assets to be contributed upon exercise of the subscription rights to shares  
Post-reorganization paid-in amount shall be ¥1 per share of the Reorganized Company upon exercise of the subscription rights to shares. The value of assets to be contributed shall be calculated by multiplying the amount with the number of shares of the Reorganized Company determined according to (iii) above.
- (v) Exercise period of the subscription rights to shares  
From the starting day of the period for exercisable subscription rights to shares or the day when the Reorganization Action comes into effect, whichever comes later, to the expiration date of the exercise period of the subscription rights to shares above.
- (vi) Amount of capital to be increased when shares are issued upon exercise of the subscription rights to shares  
Half of the maximum amount of increase in stated capital calculated in accordance with Paragraph 1, Article 17 of the Regulation on Corporate Accounting, and any fraction of less than ¥1 resulting from the calculation shall be rounded up.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

(vii) Restriction on acquisition of the subscription rights to shares by transfer

Acquisition of the subscription rights to shares by transfer requires the approval of the Board of Directors of the Reorganized Company.

(viii) Acquisition provision of the subscription rights to shares

Determined according to Note 1-1 above.

(ix) Other conditions for exercise of the subscription rights to shares

Determined according to “Exercise period of the subscription rights to shares” (v) and (Note 1) above.

3. Stated are details as of the end of fiscal 2024. As of the end of the month preceding the month that the filing date of the securities report belongs to (February 28, 2025), there are no changes from the details as of the end of fiscal 2024.

(2) Size and changes of stock options

Stock options that existed in current fiscal years were converted into shares.

1) Number of stock options

	Stock options May 2013	Stock options May 2014	Stock options February 2015	Stock options February 2016	Stock options February 2017	Stock options February 2018
Unvested stock options (shares)						
At the beginning of the fiscal year	—	—	—	—	—	—
Granted	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Vested	—	—	—	—	—	—
At the end of the fiscal year	—	—	—	—	—	—
Vested stock options (shares)						
At the beginning of the fiscal year	4,500	5,500	9,000	16,500	28,500	21,000
Vested	—	—	—	—	—	—
Exercised	1,500	1,500	2,000	3,500	7,500	5,500
Forfeited	—	—	—	—	—	—
At the end of the fiscal year	3,000	4,000	7,000	13,000	21,000	15,500

	Stock options February 2019	Stock options February 2020	Stock options February 2021
Unvested stock options (shares)			
At the beginning of the fiscal year	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
At the end of the fiscal year	—	—	—
Vested stock options (shares)			
At the beginning of the fiscal year	37,000	50,500	81,000
Vested	—	—	—
Exercised	8,500	9,500	12,000
Forfeited	—	—	—
At the end of the fiscal year	28,500	41,000	69,000



## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### 2) Price information

	Yen					
	Stock options May 2013	Stock options May 2014	Stock options February 2015	Stock options February 2016	Stock options February 2017	Stock options February 2018
Exercise prices	¥1	¥1	¥1	¥1	¥1	¥1
Weighted-average exercise date stock price	1,549	1,549	1,549	1,549	1,549	1,549
Fair value at the grant date	1,482	1,119	1,352	1,200	1,538	1,761

	Yen		
	Stock options February 2019	Stock options February 2020	Stock options February 2021
Exercise prices	¥1	¥1	¥1
Weighted-average exercise date stock price	1,549	1,549	1,549
Fair value at the grant date	1,466	1,314	1,174

	U.S. dollars					
	Stock options May 2013	Stock options May 2014	Stock options February 2015	Stock options February 2016	Stock options February 2017	Stock options February 2018
Exercise prices	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
Weighted-average exercise date stock price	9.79	9.79	9.79	9.79	9.79	9.79
Fair value at the grant date	9.37	7.07	8.55	7.59	9.72	11.13

	U.S. dollars		
	Stock options February 2019	Stock options February 2020	Stock options February 2021
Exercise prices	\$0.01	\$0.01	\$0.01
Weighted-average exercise date stock price	9.79	9.79	9.79
Fair value at the grant date	9.27	8.31	7.42

### 3. Method to estimate number of vested stock options

The number of vested stock options is the same as the number of stock options granted, since no vesting conditions are set.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### 16 Income Taxes

#### 1. Significant components of deferred tax assets and liabilities at December 31, 2024 and December 31, 2023

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Deferred tax assets:			
Net defined benefit liabilities	¥9,886	¥10,257	\$62,498
Impairment loss	7,862	4,521	49,703
Depreciation and amortization	5,306	3,543	33,544
Unrealized gain on inventories	3,921	2,498	24,788
Accrued expenses	2,909	3,155	18,390
Valuation difference on inventories	2,513	1,428	15,887
Provision for bonuses	2,372	2,250	14,996
Tax credit carry forward of overseas subsidiaries	1,808	1,809	11,430
Tax loss carry forward <sup>(Note)</sup>	9,521	8,970	60,191
Other	8,658	4,707	54,735
Subtotal deferred tax assets	54,760	43,142	346,188
Valuation allowance relating to tax loss carry forward <sup>(Note)</sup>	(9,288)	(8,075)	(58,718)
Valuation allowance for total deductible temporary differences	(5,145)	(3,142)	(32,526)
Subtotal valuation allowance	(14,433)	(11,218)	(91,244)
Total deferred tax assets	40,327	31,924	254,944
Deferred tax liabilities:			
Depreciation and amortization	(17,377)	(13,839)	(109,856)
Adjustment to book value of assets stated at fair value	(9,591)	(10,878)	(60,633)
Retained earnings of overseas subsidiaries	(7,209)	(1,786)	(45,575)
Unrealized gain on revaluation of securities	(3,368)	(2,449)	(21,292)
Net defined benefit assets	(1,222)	(981)	(7,725)
Other	(4,457)	(4,213)	(28,177)
Total deferred tax liabilities	(43,227)	(34,148)	(273,277)
Net deferred tax assets (liabilities)	¥(2,899)	¥(2,224)	\$(18,327)

Note: Amounts of tax loss carry forward and deferred tax assets according to the carryforward periods

#### Fiscal 2024 (December 31, 2024)

	(Millions of yen)						Total
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years	
Tax loss carry forward <sup>(*)</sup>	¥150	¥168	¥72	¥162	¥13	¥8,954	¥9,521
Valuation allowance	(93)	(120)	(53)	(108)	(4)	(8,907)	(9,288)
Deferred tax assets	57	48	18	54	8	47	233

	(Thousands of U.S. dollars)						Total
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years	
Tax loss carry forward <sup>(*)</sup>	\$948	\$1,062	\$455	\$1,024	\$82	\$56,606	\$60,191
Valuation allowance	(588)	(759)	(335)	(683)	(25)	(56,309)	(58,718)
Deferred tax assets	360	303	114	341	51	297	1,473

(\*) Tax loss carry forward is the amount multiplied by the statutory effective tax rate.

## Notes to Consolidated Financial Statements

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Fiscal 2023 (December 31, 2023)

(Millions of yen)

	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years	Total
Tax loss carry forward (*)	¥126	¥237	¥291	¥269	¥138	¥7,905	¥8,970
Valuation allowance	(126)	(159)	(221)	(105)	(66)	(7,395)	(8,075)
Deferred tax assets	0	77	70	164	72	509	895

(\*) Tax loss carry forward is the amount multiplied by the statutory effective tax rate.

### 2. Reconciliation of the differences between the statutory effective tax rate and the income tax rate in the accompanying consolidated statement of income at December 31, 2024 and December 31, 2023

	Fiscal 2024	Fiscal 2023
Statutory effective tax rate	30.4%	—%
(Adjustment)		
Tax credit primarily for research and development expenses	(6.3)	—
Changes in valuation allowance	4.8	—
Amortization of goodwill	2.0	—
Effect of income tax rates difference	(3.3)	—
Retained earnings of overseas subsidiaries	10.1	—
Other	3.6	—
Income tax rate per the consolidated statement of income	41.3%	—%

Note: For fiscal 2023, the note is omitted as the difference between the statutory effective tax rate and the income tax rate per the consolidated statement of income was not more than 5/100 of the statutory effective tax rate.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### 17 Revenue Recognition

#### 1. Breakdown of revenue from contracts with customers

##### Fiscal 2024

Breakdown of revenue by region

	Millions of yen							
	Reporting Segments						Others (Note 2)	Total
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total		
Japan .....	¥25,218	¥21,391	¥35,192	¥24,220	¥34,671	¥140,695	¥31,416	¥172,112
United States .....	85,575	7,847	81,544	6,594	86	181,648	1,868	183,517
China .....	68,007	8,521	12,430	7,542	26,271	122,773	870	123,644
Europe .....	125,518	10,092	54,233	10,757	161	200,763	5,784	206,548
Asia .....	53,129	8,913	11,215	7,852	4,470	85,582	2,032	87,614
Other area .....	40,529	1,399	8,332	1,112	719	52,093	1,365	53,458
Total .....	¥397,979	¥58,166	¥202,949	¥58,079	¥66,381	¥783,556	¥43,339	¥826,895

	Thousands of U.S. dollars							
	Reporting Segments						Others (Note 2)	Total
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total		
Japan .....	\$159,426	\$135,232	\$222,481	\$153,117	\$219,187	\$889,461	\$198,609	\$1,088,077
United States .....	540,998	49,608	515,514	41,687	544	1,148,363	11,809	1,160,178
China .....	429,934	53,869	78,581	47,680	166,083	776,160	5,500	781,666
Europe .....	793,514	63,801	342,856	68,005	1,018	1,269,206	36,566	1,305,778
Asia .....	335,877	56,347	70,900	49,640	28,259	541,042	12,846	553,888
Other area .....	256,221	8,844	52,674	7,030	4,545	329,327	8,629	337,957
Total .....	\$2,515,988	\$367,720	\$1,283,026	\$367,170	\$419,655	\$4,953,572	\$273,985	\$5,227,557

Notes: 1. Revenues by region are classified by country or area based on customer location.

2. The “Others” category incorporates operations not included in business segment reporting, including the engineering business, etc.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

Fiscal 2023

Breakdown of revenue by region

	Millions of yen							Total
	Vinyl Acetate	Isoprene	Reporting Segments		Trading	Total	Others (Note 2)	
			Functional Materials	Fibers and Textiles				
Japan .....	¥26,895	¥21,692	¥34,653	¥24,798	¥34,765	¥142,805	¥23,995	¥166,801
United States .....	85,582	6,463	71,201	6,746	76	170,070	1,263	171,333
China .....	59,120	6,971	10,780	7,505	20,451	104,829	406	105,235
Europe .....	129,424	10,156	50,346	9,858	223	200,009	4,867	204,876
Asia .....	52,749	6,883	10,786	8,055	4,344	82,818	1,413	84,232
Other area .....	37,528	804	7,924	910	420	47,588	871	48,459
Total .....	¥391,300	¥52,970	¥185,692	¥57,875	¥60,281	¥748,120	¥32,818	¥780,938

Notes: 1. Revenues by region are classified by country or area based on customer location.

2. The “Others” category incorporates operations not included in business segment reporting, including the engineering business, etc.

### 2. Basic information to understand revenues from contracts with customers

Basic information to understand revenues is described in “(5) Standards for recognizing revenues and expenses” under “1. Significant accounting policies, 5. Accounting policies.”

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### 3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized in subsequent fiscal years from contracts with customers existing at the end of the current fiscal year

(1) The balance of contract assets and liabilities, etc.

#### Fiscal 2024

	Millions of yen		Thousands of U.S. dollars	
	Beginning balance	Ending balance	Beginning balance	Ending balance
Receivables from contracts with customers	¥160,762	¥163,218	\$1,016,323	\$1,031,850
Contract assets	1,142	3,370	7,220	21,305
Contract liabilities	9,248	3,433	58,465	21,703

Contract assets are related to the rights to consideration for construction contracts in progress. Contract liabilities are advances received from customers.

The beginning balance of the contract liabilities was largely recognized as revenue in fiscal 2024.

#### Fiscal 2023

	Millions of yen	
	Beginning balance	Ending balance
Receivables from contracts with customers	¥151,504	¥160,762
Contract assets	5,511	1,142
Contract liabilities	5,982	9,248

Contract assets are related to the rights to consideration for construction contracts in progress. Contract liabilities are advances received from customers.

The beginning balance of the contract liabilities was largely recognized as revenue in fiscal 2023.

(2) Transaction price allocated to the remaining performance obligations

Since there are no material contracts with an initial expected term of over one year, the Group has applied a practical expedient and omitted information on the remaining performance obligations. Also, there is no material amount that has not been included in the transaction price in considerations received from contracts with customers.

## 18 Segment Information

### Segment information

#### 1. Segment overview

The business segments reported by Kuraray are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigations to determine distribution of management resources and evaluate their business results.

Kuraray adopts an in-house company system where each in-house company conducts business activities and establishes its own comprehensive strategy, both for Japan and for overseas markets, for the products it handles. In addition, among Kuraray subsidiaries, Kuraray Trading Co., Ltd. independently conducts propriety planning and sales activities, including the processing and sale of Kuraray Group products as well as other companies' products.

Consequently, Kuraray has created five business segments for reporting—"Vinyl Acetate," "Isoprene," "Functional Materials," "Fibers and Textiles" and "Trading"—categorized by product group based on the respective in-house companies and the Trading segment.

The Vinyl Acetate segment manufactures and markets functional resins and film, including PVOH, PVB and EVAL<sup>TM</sup>EVOH resin. The Isoprene segment manufactures and markets SEPTON<sup>TM</sup> thermoplastic elastomer, isoprene-related products and GENESTAR<sup>TM</sup> heat-resistant polyamide resin. The Functional Materials segment manufactures and markets methacrylic resin, medical products, activated carbon and others. The Fibers and Textiles segment manufactures and markets synthetic fibers and textiles, CLARINO<sup>TM</sup> man-made leather, non-woven fabrics and others. The Trading segment mainly processes and sells synthetic fibers and man-made leather, and conducts planning and marketing for other products produced by the Kuraray Group and other companies.

#### 2. Methods for calculating reporting segment net sales, income and loss, assets, liabilities, and other items

The accounting method applied to reported business segments is the same as that stated in "1. Significant Accounting Policies." Profits from reporting segments are operating income, and inter-segment sales and transfers are based on the prevailing market prices.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### 3. Information on sales, income and loss, assets, liabilities, and other amounts by reporting segment

Fiscal 2024 (January 1, 2024 to December 31, 2024)

	Millions of yen								Consolidated Financial Statements (Note 3)	
	Reporting Segments						Others (Note 1)	Total		Adjustment (Notes 2,4)
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total				
Net sales										
(1) Outside customers .....	¥397,979	¥58,166	¥202,949	¥58,079	¥66,381	¥783,556	¥43,339	¥826,895	¥—	¥826,895
(2) Inter-segment sales and transfers .....	16,928	18,198	5,032	4,595	1,243	45,998	7,524	53,523	(53,523)	—
Total. ....	414,907	76,365	207,981	62,674	67,625	829,555	50,863	880,419	(53,523)	826,895
Segment income (loss) .....	87,630	(9,498)	12,946	1,207	5,915	98,201	2,295	100,497	(15,416)	85,081
Segment assets. ....	564,942	165,243	317,962	82,733	57,117	1,187,998	25,496	1,213,494	77,743	1,291,238
Other items										
Depreciation and amortization (other than goodwill) .....	42,342	10,638	17,534	5,354	247	76,117	575	76,692	3,697	80,390
Impairment loss .....	458	137	10,361	5,395	284	16,637	54	16,692	101	16,793
Amortization of goodwill	1,747	—	3,122	—	—	4,870	—	4,870	—	4,870
Balance of goodwill at end of current period ....	14,436	—	39,154	—	—	53,591	—	53,591	—	53,591
Investments in equity method affiliates .....	—	—	—	4,018	—	4,018	2,741	6,760	—	6,760
Increase in tangible fixed assets and intangible fixed assets .....	45,006	4,307	23,556	4,306	388	77,564	783	78,348	5,928	84,276



## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

	Thousands of U.S. dollars								Adjustment (Notes 2,4)	Consolidated Financial Statements (Note 3)
	Reporting Segments						Others (Note 1)	Total		
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total				
Net sales										
(1) Outside customers .....	\$2,515,988	\$367,720	\$1,283,026	\$367,170	\$419,655	\$4,953,572	\$273,985	\$5,227,557	\$—	\$5,227,557
(2) Inter-segment sales and transfers .....	107,017	115,046	31,812	29,049	7,858	290,795	47,566	338,368	(338,368)	—
Total .....	2,623,005	482,773	1,314,838	396,219	427,519	5,244,373	321,551	5,565,931	(338,368)	5,227,557
Segment income (loss) .....	553,989	(60,046)	81,843	7,631	37,394	620,818	14,509	635,333	(97,459)	537,875
Segment assets .....	3,571,513	1,044,652	2,010,128	523,031	361,089	7,510,419	161,183	7,671,602	491,484	8,163,093
Other items										
Depreciation and amortization (other than goodwill) .....	267,682	67,252	110,848	33,848	1,562	481,205	3,635	484,840	23,372	508,218
Impairment loss .....	2,895	866	65,501	34,107	1,795	105,178	341	105,525	639	106,164
Amortization of goodwill	11,044	—	19,737	—	—	30,788	—	30,788	—	30,788
Balance of goodwill at end of current period .....	91,263	—	247,528	—	—	338,798	—	338,798	—	338,798
Investments in equity method affiliates .....	—	—	—	25,401	—	25,401	17,328	42,736	—	42,736
Increase in tangible fixed assets and intangible fixed assets .....	284,524	27,228	148,919	27,222	2,453	490,353	4,950	495,309	37,476	532,785

Notes: 1. The “Others” category incorporates operations not included in business segment reporting, including the engineering business, etc.

2. Adjustments of negative ¥15,416 million (negative US\$97,459 thousand) for segment income (loss) include the elimination of inter-segment transactions of ¥3,111 million (US\$19,667 thousand) and unallocated corporate expenses of negative ¥18,528 million (negative US\$117,132 thousand). These corporate expenses mainly comprise the Company’s basic research expenses.

3. Segment income (loss) is adjusted with operating income under the Consolidated Statement of Income.

4. Adjustments for segment assets amounting to ¥77,743 million (US\$491,484 thousand) include the elimination of inter-segment transactions of negative ¥60,422 million (negative US\$381,983 thousand) and unallocated corporate assets of ¥138,166 million (US\$873,473 thousand). These corporate assets mainly comprise the Company’s surplus funds, long-term investments and assets related to basic research and administrative divisions at headquarters.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

Fiscal 2023 (January 1, 2023 to December 31, 2023)

	Millions of yen									Consolidated Financial Statements (Note 3)
	Reporting Segments						Others (Notes 1, 5)	Total	Adjustment (Notes 2,4)	
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total				
Net sales										
(1) Outside customers .....	¥391,300	¥52,970	¥185,692	¥57,875	¥60,281	¥748,120	¥32,818	¥780,938	¥—	¥780,938
(2) Inter-segment sales and transfers .....	15,471	12,712	4,102	3,982	1,307	37,576	12,854	50,430	(50,430)	—
Total. ....	406,771	65,683	189,794	61,858	61,588	785,697	45,672	831,369	(50,430)	780,938
Segment income (loss) .....	86,344	(10,871)	10,323	1,827	5,183	92,808	506	93,314	(17,839)	75,475
Segment assets. ....	523,793	161,904	296,633	79,994	52,959	1,115,283	33,760	1,149,044	105,440	1,254,485
Other items										
Depreciation and amortization (other than goodwill) .....	39,469	9,076	14,191	5,073	216	68,028	1,142	69,170	3,284	72,455
Impairment loss .....	1,369	—	—	—	—	1,369	2,715	4,084	305	4,390
Amortization of goodwill	1,625	—	3,082	—	—	4,708	—	4,708	—	4,708
Balance of goodwill at end of current period ....	14,816	—	40,570	—	—	55,386	—	55,386	—	55,386
Investments in equity method affiliates .....	—	—	—	3,531	—	3,531	—	3,531	—	3,531
Increase in tangible fixed assets and intangible fixed assets .....	32,596	5,351	18,211	5,172	92	61,423	859	62,282	4,999	67,282

Notes: 1. The “Others” category incorporates operations not included in business segment reporting, including the engineering business, etc.

2. Adjustments of negative ¥17,839 million for segment income (loss) include the elimination of inter-segment transactions of negative ¥250 million and unallocated corporate expenses of negative ¥17,588 million. These corporate expenses mainly comprise the Company’s basic research expenses.

3. Segment income (loss) is adjusted with operating income under the Consolidated Statement of Income.

4. Adjustments for segment assets amounting to ¥105,440 million include the elimination of inter-segment transactions of negative ¥56,605 million and unallocated corporate assets of ¥162,046 million. These corporate assets mainly comprise the Company’s surplus funds, long-term investments and assets related to basic research and administrative divisions at headquarters.

5. Impairment loss of “Others” is related to the Vecstar businesses.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### (Related Information)

#### Fiscal 2024 (January 1, 2024 to December 31, 2024)

##### 1. Information about products and services

	Millions of yen					
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Others	Total
Net sales to outside customers .....	¥408,212	¥73,838	¥206,564	¥89,292	¥48,987	¥826,895

	Thousands of U.S. dollars					
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Others	Total
Net sales to outside customers .....	\$2,580,680	\$466,797	\$1,305,879	\$564,496	\$309,691	\$5,227,557

Note: Principal products of each segment are as follows:

Vinyl Acetate	: PVOH resin and film, PVB resin and film, EVAL™ EVOH resin and others
Isoprene	: SEPTON™ thermoplastic elastomer, isoprene chemicals, GENESTAR™ heat-resistant polyamide resin and others
Functional Materials	: Methacrylic resin, medical products, activated carbon, aqua business and others
Fibers and Textiles	: KURALON™, CLARINO™ man-made leather, KURAFLEX™ non-woven fabrics, MAGICTAPE™ hook and loop fasteners, polyester and others
Others	: Engineering business and others

##### 2. Performance by geographical segment

###### (1) Net sales

Millions of yen						
Japan	United States	China	Europe	Asia	Other Area	Total
¥172,112	¥183,517	¥123,644	¥206,548	¥87,614	¥53,458	¥826,895

Thousands of U.S. dollars						
Japan	United States	China	Europe	Asia	Other Area	Total
\$1,088,077	\$1,160,178	\$781,666	\$1,305,778	\$553,888	\$337,957	\$5,227,557

Note: Net sales are classified by country or area based on customer location.

###### (2) Tangible fixed assets

Millions of yen					Thousands of U.S. dollars				
Japan	United States	Thailand	Other Overseas	Total	Japan	United States	Thailand	Other Overseas	Total
¥171,364	¥183,748	¥81,498	¥103,774	¥540,385	\$1,083,348	\$1,161,639	\$515,223	\$656,050	\$3,416,266

##### 3. Major customers

No information is available as there is no single outside customer accounting for 10% or more of the Group's total net sales.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

Fiscal 2023 (January 1, 2023 to December 31, 2023)

### 1. Information about products and services

	Millions of yen					Total
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Others	
Net sales to outside customers .....	¥400,476	¥65,664	¥188,620	¥88,419	¥37,757	¥780,938

Note: Principal products of each segment are as follows:

Vinyl Acetate	: PVOH resin and film, PVB resin and film, EVAL™ EVOH resin and others
Isoprene	: SEPTON™ thermoplastic elastomer, isoprene chemicals, GENESTAR™ heat-resistant polyamide resin and others
Functional Materials	: Methacrylic resin, medical products, activated carbon, aqua business and others
Fibers and Textiles	: KURALON™, CLARINO™ man-made leather, KURAFLEX™ non-woven fabrics, MAGICTAPE™ hook and loop fasteners, polyester and others
Others	: Engineering business and others

### 2. Performance by geographical segment

#### (1) Net sales

Millions of yen						
Japan	United States	China	Europe	Asia	Other Area	Total
¥166,801	¥171,333	¥105,235	¥204,876	¥84,232	¥48,459	¥780,938

Note: Net sales are classified by country or area based on customer location.

#### (2) Tangible fixed assets

Millions of yen				
Japan	United States	Thailand	Other Overseas	Total
¥188,417	¥162,401	¥79,434	¥96,723	¥526,977

### 3. Major customers

No information is available as there is no single outside customer accounting for 10% or more of the Group's total net sales.

### Information about impairment loss of fixed assets by reporting segment

**Fiscal 2024:** This information is omitted since similar information is disclosed in the segment information.

Fiscal 2023: This information is omitted since similar information is disclosed in the segment information.

### Information about amortization of goodwill and unamortized balance of goodwill by reporting segment

**Fiscal 2024:** This information is omitted since similar information is disclosed in the segment information.

Fiscal 2023: This information is omitted since similar information is disclosed in the segment information.

### Information about gain on negative goodwill

**Fiscal 2024:** Not applicable.

Fiscal 2023: Not applicable.

## 19 Related Party Disclosures

**Fiscal 2024:** Not applicable.

Fiscal 2023: Not applicable.

## Notes to Consolidated Financial Statements

Kuraray Co., Ltd. and its Consolidated Subsidiaries / Year ended December 31, 2024

### 20 Per Share Information

	Yen		U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Net assets per share .....	¥2,359.03	¥2,133.75	\$14.91
Basic net income per share .....	96.33	126.80	0.61
Diluted net income per share .....	96.27	126.71	0.61

Note: The basis for computation of basic and diluted net income per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	Fiscal 2024	Fiscal 2023	Fiscal 2024
Basic net income per share			
Net income attributable to owners of the parent .....	¥31,724	¥42,446	\$200,556
Amount unallocated to common stock .....	—	—	—
Net income attributable to owners of the parent allocated to common stock .....	31,724	42,446	200,556
Average number of common stock outstanding during the fiscal year (thousand shares) .....	329,327	334,741	329,327
Diluted net income per share			
Adjustment made on net income attributable to owners of the parent .....	—	—	—
Increase of common stocks (thousand shares) .....	214	253	214
(New subscription rights to shares (thousand shares)) .....	(214)	(253)	(214)
Outline of the residual securities which were not included in the calculation of the diluted net income per share because there was no dilutive effect .....	—	—	—

## 21 Significant Subsequent Events

### Reduction of legal capital surplus

The Company resolved at a meeting of the Board of Directors held on February 18, 2025 to submit a proposal regarding the reduction of legal capital surplus at the 144th Annual General Meeting of Shareholders on March 27, 2025, and the proposal was approved at the meeting.

#### 1. Purpose of reduction of legal capital surplus

To ensure that future capital policies will be executed in a prompt and flexible manner, the Company will reduce the amount of legal capital surplus and reclassify the entire reduced amount to other capital surplus, in accordance with the provision stipulated in Paragraph 1, Article 448 of the Companies Act.

#### 2. Overview of reduction of legal capital surplus

The legal capital surplus of ¥87,098,929,423 (US\$550,632 thousand) will be deducted, and the same amount will be transferred to other capital surplus.

#### 3. Timetable for reduction of legal capital surplus

(1) Date of resolution at the meeting of the Board of Directors:	February 18, 2025
(2) Date of resolution at the General Meeting of Shareholders:	March 27, 2025
(3) Public notice for creditor objections:	March 31, 2025
(4) Final due date for creditors to make objections:	April 30, 2025
(5) Effective date:	June 30, 2025 (scheduled)

#### 4. Future outlook

This action will have no impact on financial performance, as it only involves a reclassification of accounts within the “Net Assets” section of the balance sheet.

# Annexed Consolidated Detailed Schedules

Kuraray Co., Ltd. and its consolidated subsidiaries

## 1 Detailed Schedule of Bonds

Company name	Issue	Date of issue	Millions of Yen		Thousands of U.S. dollars	Yield	Security	Date of redemption
			Balance as of January 1, 2024	Balance as of December 31, 2024	Balance as of December 31, 2024			
Kuraray Co., Ltd.	No. 7 Unsecured bonds	April 25, 2018	¥10,000	¥10,000 (¥10,000)	\$63,219 (\$63,219)	0.19%	None	April 25, 2025
	No. 8 Unsecured bonds	April 25, 2018	10,000	10,000	63,219	0.31%	None	April 25, 2028
	No. 9 Unsecured bonds	April 30, 2020	10,000	10,000	63,219	0.34%	None	April 30, 2027
	No. 10 Unsecured bonds	April 30, 2020	20,000	20,000	126,438	0.43%	None	April 30, 2030
	No. 11 Unsecured bonds	June 1, 2022	10,000	10,000	63,219	0.49%	None	June 1, 2032
Total		—	¥60,000	¥60,000 (¥10,000)	\$379,315 (\$63,219)	—	—	—

Notes: 1. Figures in brackets represent current portion of bonds payable.

2. Total amount of corporate bonds to be redeemed each year within five years of the consolidated fiscal year-end:

(Millions of yen)				
Within One year	One to two years	Two to three years	Three to four years	Four to five years
¥10,000	¥—	¥10,000	¥10,000	¥—

(Thousands of U.S. dollars)				
Within One year	One to two years	Two to three years	Three to four years	Four to five years
\$63,219	\$—	\$63,219	\$63,219	\$—



## Annexed Consolidated Detailed Schedules

Kuraray Co., Ltd. and its consolidated subsidiaries

### 2 Detailed Schedule of Loans Payable and Others

Category	Millions of Yen		Thousands of U.S. dollars	Average Interest rate (%)	Due date
	Balance as of January 1, 2024	Balance as of December 31, 2024	Balance as of December 31, 2024		
Short-term borrowings	¥40,014	¥23,850	\$150,778	0.7	—
Current portion of long-term borrowings due within one year	24,698	18,146	114,717	1.6	—
Current portion of lease obligations due within one year <sup>(Note 2)</sup>	523	508	3,212	—	—
Current portion of lease liabilities due within one year <sup>(Note 2)</sup>	4,527	5,971	37,748	—	—
Long-term borrowings (Excluding current portion) <sup>(Note 3)</sup>	157,312	142,286	899,520	0.9	From March 2026 to October 2032
Lease obligations (Excluding current portion) <sup>(Notes 2, 3)</sup>	1,488	1,355	8,566	—	From January 2026 to November 2054
Lease liabilities (Excluding current portion) <sup>(Notes 2, 3)</sup>	31,659	35,220	222,658	—	From January 2026 to May 2113
Other interest-bearing debts	—	—	—	—	—
Total	¥260,224	¥227,339	\$1,437,217	—	—

Notes: 1. Interest rates shown are weighted average interest rates for the balance outstanding at December 31, 2024.

2. The average interest rates on lease obligations and lease liabilities are not reported, since interest payment equivalents included in total lease payments are allocated to each consolidated fiscal year using the straight-line method for some transactions.

3. Repayments of long-term borrowings, lease obligations and lease liabilities (excluding those due within one year) within five years after the consolidated balance sheet date are as follows:

Category	(Millions of yen)			
	One to two years	Two to three years	Three to four years	Four to five years
Long-term borrowings	¥32,106	¥17,106	¥23,072	¥25,000
Lease obligations	371	212	121	66
Lease liabilities	4,531	3,899	3,618	2,979

Category	(Thousands of U.S. dollars)			
	One to two years	Two to three years	Three to four years	Four to five years
Long-term borrowings	\$202,971	\$108,143	\$145,859	\$158,048
Lease obligations	2,345	1,340	765	417
Lease liabilities	28,645	24,649	22,873	18,833

## Annexed Consolidated Detailed Schedules

Kuraray Co., Ltd. and its consolidated subsidiaries

### 3 Detailed Schedule of Asset Retirement Obligations

The schedule of asset retirement obligations is omitted since the amount of asset retirement obligations is not more than one hundredth of total liabilities and net assets as of January 1, 2024 and December 31, 2024.

### 4 Half-Year Information in Fiscal 2024

(Millions of yen)

	First half from January 1 to June 30, 2024	Fiscal 2024
Net sales.....	¥411,217	¥826,895
Income before income taxes.....	41,480	53,176
Net income attributable to owners of the parent.....	30,446	31,724
Net income per share (Yen) .....	91.20	96.33

(Thousands of U.S. dollars)

	First half from January 1 to June 30, 2024	Fiscal 2024
Net sales.....	\$2,599,678	\$5,227,557
Income before income taxes.....	262,233	336,174
Net income attributable to owners of the parent.....	192,477	200,556
Net income per share (U.S. dollars) .....	0.58	0.61

Independent Auditor's Report on Financial Statements and Internal Control Over Financial Reporting  
(English Translation\*)

March 27, 2025

To the Board of Directors of Kuraray Co., Ltd.

PricewaterhouseCoopers Japan LLC  
Tokyo office

Hiroyuki Kawase, CPA  
Designated limited liability Partner  
Engagement Partner

Kazuaki Sekine, CPA  
Designated limited liability Partner  
Engagement Partner

## THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Opinion

We have audited, pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, the consolidated financial statements of Kuraray Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "Financial Information" section, which comprise the consolidated balance sheet, consolidated statements of income and comprehensive income, consolidated statement of changes in net assets, consolidated statement of cash flows, significant matters that serve as the basis for preparation of the consolidated financial statements, other notes, and consolidated supplementary schedules for the consolidated fiscal year from January 1, 2024 to December 31, 2024.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the consolidated fiscal year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In our audit of the consolidated financial statements for the previous fiscal year, we stated the following as key audit matters.

- Assessment of whether indicators of impairment exist for goodwill recognized as a result of the acquisition of Calgon Carbon Corporation
- Recognition of impairment related to fixed assets of the Vecstar

In the audit of the consolidated financial statements for the current fiscal year, we examined the matters to be key audit matters from items communicated with corporate auditors and the board of corporate auditors, considering the changes in the areas of which significant risks or risks of material misstatement are high, significant judgments made by us in relation to the areas of the consolidated financial statements in which the Company made significant judgments, the impact of significant events or transactions that occurred during the current fiscal year on the audit, and relative materiality in our audit and matters specific to the Company.

As a consequence, the key audit matters in the audit of the consolidated financial statements for the current fiscal year are as follows.

Recognition of impairment loss on fixed assets in the Methacrylate business ([Notes to the Consolidated Statement of Income] *5. Impairment loss)	
Key audit matter description	How our audit addressed the key audit matter
<p>The Company recognized an impairment loss of ¥9,459 million related to its Methacrylate business as an extraordinary loss under the Functional Materials segment.</p> <p>The Methacrylate business manufactures and sells methacrylic resin and other products used in a wide range of applications, including signage and displays, with excellent transparency and weather-resistance, among plastics. The Company identified this business as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.</p> <p>In recent years, the competitive structure of the market has deteriorated due to changes resulting in an ongoing oversupply. At the same time, maintenance and renewal costs have increased due to the aging of facilities, making the business environment more challenging. In June 2024, the Company announced its decision to optimize the production capacity of its methacrylic resin business's methyl methacrylate (MMA) plant. This decision was made based on the belief that it's crucial to enhance competitiveness by optimizing the product mix through reducing production capacity, while also lowering the costs related to facility maintenance, to ensure business continuity and a stable product supply in the future. As a result, an impairment loss of ¥728 million was recognized for fixed assets that were expected to be terminated in July 2025.</p> <p>In addition, except for MMA and other products subjected to the above-mentioned curtailment, the business performance of the Methacrylate business has been unfavorable due to a combination of sluggish market prices caused by oversupply worldwide, soaring prices of major raw materials, production problems at customers, and slow growth in domestic demand. As a result, financial performances of operating activities in the prior fiscal year and the current fiscal year have been continuously negative. Based on the circumstances, the Company determined that there were indicators of impairment for the asset group related to the Methacrylate business. The Company estimated future cash flows and determined that the carrying amount of the fixed assets related to the Methacrylate business is not recoverable. As a result, the Company recognized ¥8,730 million, the entire carrying amount, as an</p>	<p>We primarily performed the following audit procedures for the impairment loss recognized for fixed assets in the Methacrylate business.</p> <ul style="list-style-type: none"> <li>• We evaluated the design and tested the operating effectiveness of internal controls related to identifying the indication of impairment, determination of recognition and measurement of impairment loss.</li> <li>• We performed the following audit procedures regarding the impairment loss recognized in the Methacrylate business. <ul style="list-style-type: none"> <li>○ Inquiry of management and review the minutes of the Board of Directors' meetings, to understand the recent business environment of the Methacrylate business and the decisions on strengthening competitiveness by optimizing the product mix with the reduction of production capacity of MMA plants and reducing the cost associated with facility aging.</li> <li>○ Verified the consistency between the business plan underlying the estimates of future cash flows for the Methacrylate business and the business plan approved by management.</li> <li>○ Obtained an understanding of the factors behind the discrepancy between the business plan and the actual results of the prior fiscal year and examined whether the uncertainty factors are appropriately reflected in the estimation of future cashflows.</li> <li>○ Performed our own calculations of the estimate of undiscounted future cash flows when uncertainty is reflected in the business plan, including assumptions about sales price projections. Considered the impact on the recorded amount of impairment losses on fixed assets performed by the Company.</li> <li>○ Verified the consistency of the recognized amount of impairment loss with the Company's fixed asset ledger.</li> </ul> </li> </ul>

impairment loss.

In measuring such impairment losses, the Company determines the value in use as the recoverable amount, which is estimated based on the business plan of the Methacrylic business that is created and approved by management. It considers uncertainties about the future forecast of the business, including assumptions about sales prices. Changes in these assumptions could change the amount of impairment loss recorded, and the determination of the recoverable amount involves uncertainties requiring management's subjective judgment. In addition, the amount of impairment loss related to this business is significant and has a significant impact on the consolidated financial statements.

Based on the above, we have determined that the recognition of the impairment loss in the Methacrylate business constitutes a key audit matter.

## **Other Information**

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the non-consolidated financial statements and our auditor's report thereon. Management is responsible for the preparation and disclosure of the other information. In addition, those charged with governance are responsible for overseeing the directors' execution of their duties in designing and operating the reporting process over the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or to remain alert for whether there are the indications that the other information appears to be materially misstated beyond such material inconsistencies.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' execution of their duties in designing and operating the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit and other matters required by auditing standards.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## THE AUDIT OF THE INTERNAL CONTROL REPORT

### Opinion

We have audited, pursuant to Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act of Japan, the internal control report of Kuraray Co., Ltd. as of December 31, 2024.

In our opinion, the internal control report referred to above, which states that the internal control over financial reporting was effective as at December 31, 2024, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Auditors and the Board of Corporate Auditors for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect misstatements of financial statements.

### Auditor's Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report, and to issue an independent auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Plan and perform the audit of the internal control report to obtain sufficient appropriate audit evidence regarding the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and review of the internal control report. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated and other matters required by auditing standards for internal control over financial reporting.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to impact our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

## **FEE-RELATED INFORMATION**

The amounts of fees for the audit and the other services charged to the company and its controlled entities by the audit firm and firms belonging to the same network as the audit firm are disclosed in “Status of corporate governance, etc. (3) Status of audit” included in the “Status of the Reporting Company” section.

## **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### **\* Notes to the Readers of Independent Auditor’s Report**

This is an English translation of the Independent Auditor’s Report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader. The original was prepared in Japanese. All possible care has been taken to ensure that the translation is an accurate representation of the original, however, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over the translated version. The Independent Auditor's Report on the consolidated financial statements and the internal control report are included in the Annual Securities Report (Yukashoken Hokokusho).

As described in “Notes to Consolidated Financial Statements, 1. Significant Accounting Policies”, the U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2024 are presented solely for convenience of readers outside Japan. The audit by PricewaterhouseCoopers Japan LLC does not include the translation of Japanese yen amounts into U.S. dollar amounts.

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- (Notes) 1. The original of the Independent Auditor’s Report above is kept separately by the Company (the filing company of the Annual Securities Report).  
2. XBRL data is not included in the scope of the audit.