

# Kureha Corporation

Mid- to Long-Term Management Plan Presentation  
and Financial Results Presentation for the Fiscal Year Ending March 2025

May 13, 2026

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I'm Katsuhiko Nataka, and I assumed the position of President in April this year. In my position of heavy responsibility, I will do my utmost to ensure the sustainable growth of the Company and to enhance its corporate value.

Thank you very much for attending today's briefing on the Kureha Group's financial results and new Mid- to Long-Term Management Plan.

First, in our financial results for FY2025, we recorded impairment losses of ¥36.5 billion due to a worsening business environment that exceeded our initial expectations, resulting in a loss, which has caused great concern and inconvenience to our shareholders and other stakeholders. As management, we take this very seriously and deeply apologize.

The new Mid- to Long-Term Management Plan starting from FY2026, which we will explain today, was created as a new portfolio strategy to ensure sustainable growth in corporate value without postponing the risk of losses.

The entire company will work together to achieve solid results.

As a technology-driven company, we have contributed to society through the power of chemistry, guided by our founding spirit of "If it's nowhere to be found, we'll create it." We will continue to value this DNA as we work to strengthen our earning power by linking the power of technology to solid earnings. As a corporate group that continues to meet the expectations of our stakeholders by creating and generating value that enriches people's lives through the power of chemical, we will do our utmost to achieve our goals under our new Mid- to Long-Term management Plan.

I will now explain our Mid- to Long-Term Management Plan.

Mid- to Long-Term Management Plan  
(FY2023 – FY2030)

### Review of "Toward Creating a New Future"

- Operating profit and ROE both fell short of the Rolling Plan targets under the previous Mid-Term Management Plan
- The primary factors were the slowdown in PVDF and the failure to achieve sales targets for PGA in the Advanced Materials business
- In FY2025, **impairment losses of ¥36.5 billion** were recorded, primarily related to the PVDF business
- Qualitative targets centered on strengthening research and technology development capabilities were largely achieved, with progress made on many promising new business candidates

FY2035 Long-Term Management Plan

### Technology to Value

- Withdraw the FY2030 targets and establish a new ideal state for FY2035
- In addition to two core businesses (Advanced Materials and Specialty Plastics), we will cultivate and strengthen the Life Science field of Specialty Chemicals business and aim to **establish a three-business portfolio structure**
- Aim for ROE of 12%.

Mid-Term Management Plan  
(FY2026 - FY2028)

### Technology to Value 2028

- Position as a laying the groundwork and strengthening of foundation phase, and aim to **establish at an early stage a business structure capable of achieving ROE 8%**
- Improve profit structure, which is currently overly dependent on specific businesses, and strive to achieve a stable business portfolio



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First are the executive summary and key messages. This will be a review of the previous Mid- to Long Term Management Plan, "Toward Creating a New Future." In the previous mid-term rolling plan, operating income and ROE were not achieved. The main reasons for this were the stalling of the PVDF business and the failure to meet the sales target for PGA. As I mentioned earlier, we recorded impairment losses of ¥36.5 billion, mainly in the PVDF business.

On the other hand, many promising new business candidates have made progress. We believe we have generally achieved our goals, which are centered on strengthening our research and technology development capabilities.

Next is the FY2035 Long-Term Management Plan - Technology to Value -, means to turn the evolution of technology into further value. The previous Mid- Term Management Plan targeting FY2030 has been withdrawn, and a new ideal state for FY2035 has been established. In addition to the mainstay businesses, advanced materials and specialty plastics, the plan is to strengthen the development of the Life Sciences field and establish a three-business portfolio structure. We aim to achieve a ROE of 12%.

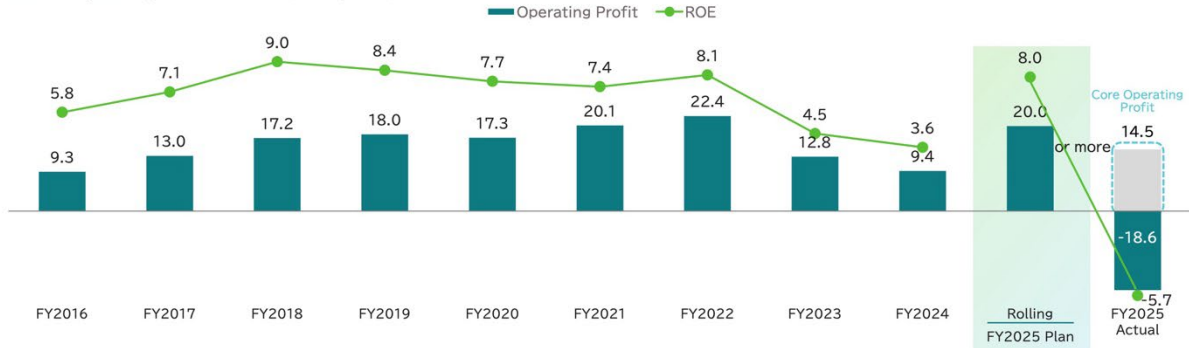
Next is the Mid-Term Management Plan -Technology to Value 2028 - for the next three years. We will position this period as a period for planting seeds and solidifying the foundation, aiming to establish a business structure that will enable us to achieve 8% ROE as soon as possible.

The key message is to improve the profit structure, which is skewed toward certain businesses, and to work toward achieving a stable business portfolio.

## Summary of the Previous Mid-Term Management Plan: Long-Term Performance Trends 株式会社クレハ

- Although operating profit had shown an upward trend since the adoption of IFRS in FY2016, the Company faced challenges from FY2023 to FY2025, resulting in both operating income and ROE falling short of the Rolling Plan.
- The main factors were the slowdown in the Advanced Materials business and impairment losses of ¥36.5 billion, mainly attributable to this segment.

Trends in Operating Profit and ROE (billion yen · %)



Core Operating Profit: Operating profit excluding non-recurring gains and losses

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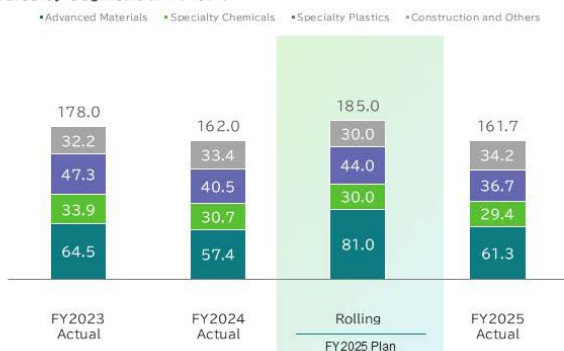
As a summary of the previous Mid-Term Management Plan, we saw an increase in profits until FY2022, partly due to the strong performance of the PVDF business, but in FY2023 and FY2024, both sales and profits declined.

Although core operating income excluding non-recurring items increased in FY2025, it was the first deficit in 30 years due to the impairment losses.

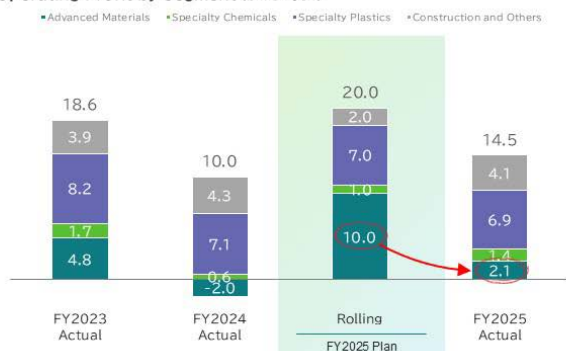
## Summary of the Previous Mid-Term Management Plan: Trends by Segment 株式会社クレハ

- By segment, Advanced Materials business fell significantly short of the Rolling Plan in both revenue and profit. The profit shortfall was mainly attributable to PVDF and PGA
- Specialty Plastics business fell slightly short of its profit target, although Home Products shifted from its previous cost strategy to an aggressive sales expansion strategy.
- Specialty Chemicals, Construction and Other Operations businesses are generally in line with the Rolling Plan

Sales by Segment (billion yen)



Operating Profit by Segment (billion yen)



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By segment, this is also mainly due to PVDF and PGA in the advanced materials business.

- We recognized impairment losses of ¥36.5 billion in FY2025 related to the PVDF and Pharmaceuticals businesses.
- The PVDF business, which had remained at low operating rates, will seek to break away from continuous losses and improve profitability at an early stage, supported by reduced fixed costs resulting from the impairment losses from FY2026 onward.

Extract from the Statement of Income for Fiscal 2025

	(billion yen)
Core Operating Profit	14.5
Other Profit	4.2
Other Expenses	37.3
Impairment Losses	36.5
Others	0.8
Operating Loss	-18.6

Advanced Materials	
●PVDF-related facilities	34.0bill. yen

Specialty Chemicals	
●Pharmaceuticals	2.5bill. yen

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Core Operating Profit: Operating profit excluding non-recurring gains and losses 7

Regarding the recording of impairment losses, in September 2025, the Trump administration eliminated subsidies for EVs in the United States. Since then, we have carefully monitored the market environment. In addition, in FY2025, a major US automaker also posted an impairment loss amounting to several trillion yen, and a major European automobile group also posted a similar loss, based on a situation in which they were forced to shift back from a system in which they had shifted to EV. Major Japanese automakers are also in a situation where they are posting large losses as they review their systems shifting to EV.

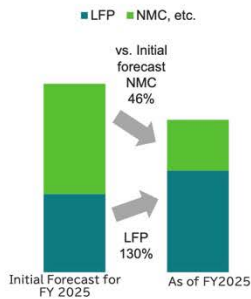
Under these circumstances, we still believe that we need to take a very conservative view of the EV market. In addition to the conservative view, we are very excited about the development of products for LFP type, which we are currently focusing on, but we also took into account the risk that sales of these products may not materialize and conducted an impairment test, resulting in a large impairment loss.

## Summary of the Previous Mid-Term Management Plan: Review of the Advanced Materials Business (PVDF)

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- PVDF planned to increase its revenue based on the assumption that demand for NMC LiBs for EV would grow. However, the slowdown in EV growth combined with the growing market share of LFP LiB resulted in revenue and profit falling significantly short of targets
- On the other hand, sales of PVDF for ESS applications started in FY2025. Although this is a domain we hadn't initially anticipated, it has provided a solid foundation, accounting for approximately 20% of PVDF sales
- The new plant at the Iwaki Factory is scheduled to begin commercial operation in 2027. Develop an optimal production plan based on demand conditions by that time

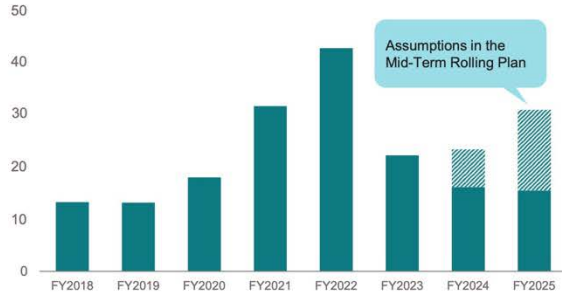
Market Size of LiB Binders by Type  
Changes in Forecasts (FY2025)



Binder for LiB Used in ESS Applications  
Changes in Kureha's Sales Ratio (FY2025)



PVDF Revenue (billion yen)



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In our initial assessment of the PVDF market, we expected a large growth in NMC batteries, which is our forte, but in reality, the growth of NMC batteries in the European market was sluggish and the growth in the US market was very slow.

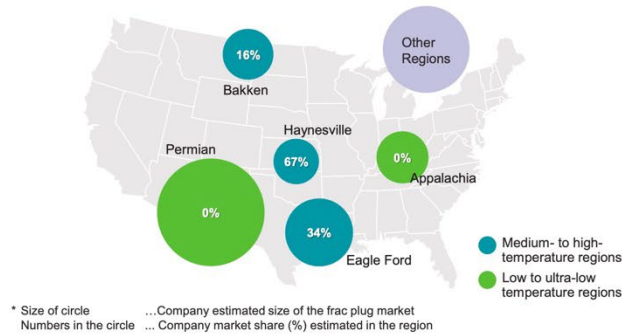
Then there is the LFP type, which has grown significantly, especially in China. In addition, as shown in the graph in the middle, our initial assumption was that the batteries would be used for EV, but in reality, batteries for ESS have been added, and approximately 20% of our sales are ESS storage batteries. These are almost exclusively LFP-based. In any case, the shaded area in the graph on the right is largely because the initially anticipated sales were not achieved.

## Summary of the Previous Mid-Term Management Plan: Review of the Advanced Materials Business (PGA)

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- PGA plugs for medium- to high-temperature fields exceeded the 30% market share target in major fields. Although the market took off rapidly in FY2025, due to supply constraints caused by resin production issues, sales targets for medium- to high-temperature fields were not met
- Sales targets for low- to ultra-low-temperature plugs were not achieved, due to supply constraints caused by production issues and development delays
- Consider a fundamental review of the business structure if the PGA business does not return to profitability in FY2026

Market Share by Region



PGA Revenue (billion yen)



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In the case of PGA, the shaded area on the right side, where the sales plan has not been achieved, is also a major reason for the shortfall.

## Review of Non-Financial Initiatives

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- Building on the progress achieved through non-financial initiatives during the previous Mid-Term Management Plan period, we will continue to pursue improvements and further development in themes, such as governance, human resources and environment, from a long-term perspective

	Theme	Achievement Level	Details
Strengthening the Management Base	Strengthening governance	△	<ul style="list-style-type: none"> <li>Reorganized group companies to build a streamlined and efficient group management structure</li> <li>Despite its goal of eliminating compliance issues, the Company experienced misconduct by an executive due to an insufficient framework, and will promptly reinforce its compliance system</li> </ul>
	Further promotion of digitalization	○	<ul style="list-style-type: none"> <li>Through proactive investment in digitalization, we upgraded core system and adopted tools that form the foundation of DX infrastructure, such as data analytics platforms and generative AI, while promoting their utilization. Also conducted employee training on how to utilize these tools</li> <li>As a result of these activities, the company was selected by the Ministry of Economy, Trade and Industry as a DX certified company in September 2025</li> </ul>
Promoting Synergism between Company and Employees	Maximizing employee performance	△	<ul style="list-style-type: none"> <li>Promoted the implementation of various systems and initiatives and development of a comfortable working environment, including measures to enhance employee engagement, strengthen career development support, and introduce and expand more flexible working arrangements (such as remote work policies and various leave and absence policies), to maximize employee performance and job satisfaction</li> <li>Understanding of the fundamental concepts and importance of improving engagement has deepened and has been incorporated into organizational management. Extraction of essential issues and implementation of measures based on such issues remains an ongoing challenge</li> </ul>
	Promotion of measures to maintain and improve health	○	<ul style="list-style-type: none"> <li>In FY2023, we established the "Kureha Group's Basic Policy on Health" and formed the "Group's Healthcare Promotion Meeting" to promote various physical and mental health initiatives through the collaborative efforts of Group companies, employees, and the Health Insurance Society</li> <li>Kureha has also been recognized as a "Health &amp; Productivity Management Outstanding Organization (large enterprise category)" for six consecutive years</li> </ul>
Reduction of Environmental Impact	CO <sub>2</sub> emissions reduction	○	<ul style="list-style-type: none"> <li>Technical studies on fuel conversion have provided a clear path toward achieving the FY2030 target (30% reduction compared to FY2013)</li> </ul>
	Waste zero-emission rate	○	<ul style="list-style-type: none"> <li>Through waste recycling and turning waste into valuable resources, we achieved FY2025 zero-emission rate target of 1.5%</li> </ul>

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Looking back on non-financial initiatives, we believe we have generally achieved our goals. Some issues remain incomplete, indicated by a triangle, and we will continue to work on them.

Enhanced market-driven research and technical development capabilities

Theme	Achievement Level	Details
<b>Development of differentiated products</b>	△ (Partial delay)	<ul style="list-style-type: none"> <li>PVDF: Development of new grades for LFP LiB and NMC LiB</li> <li>PGA: Development and launch of low-temperature and ultra-low-temperature grades, as well as development and sales expansion of short-type plugs</li> <li>Crop Protection Products: Development of agricultural fungicide, Carmeconazole (ISO common name)</li> </ul>
<b>Creating and advancing new business initiatives through the integration of in-house and external technologies</b>	○	<ul style="list-style-type: none"> <li>Establishment of the New Business Division (2023)</li> <li>Accelerated the creation and development of new business themes through proactive co-creation and collaboration with startups and universities, etc. e.g., Low-molecular-weight PFAS detoxification technology (disclosed in 2024), bio-pesticide and microbial interaction analysis platform (disclosed in 2025), Liquid Crystal Polymer (LCP) technology (disclosed in 2026)</li> </ul>
<b>Strengthening production technology and engineering capabilities*</b>	○	<ul style="list-style-type: none"> <li>Launched the Production Transformation Project to strengthen global competitiveness</li> <li>Establishment of a dedicated unit to develop highly accurate strategies based on competitive trends and external data (Intelligence function)</li> <li>Establishment of the Tokyo Research Laboratories to facilitate collaboration with other companies, acquire top talent, and strengthen the cooperation of marketing and R&amp;D</li> <li>Establishment of the Innovation and Technology Department to acquire the ability to solve scientific and engineering challenges through the adoption of advanced technologies such as computer science</li> </ul>

Pipeline Development Progress	Research, issue identification, and concept development	Proof of Concept (PoC) and intellectual property protection	Marketing and mass production planning	Manufacturing, sales and establishment of business foundation
Biostimulant		●	→ ●	→ ●
Anti-adhesion film		●	→ ●	
Bio-pesticide (external technology)			●	→ ●
SiC fiber			●	→ ●
Touch panel			●	→ ●

● As of April 2023   ● As of March 2026

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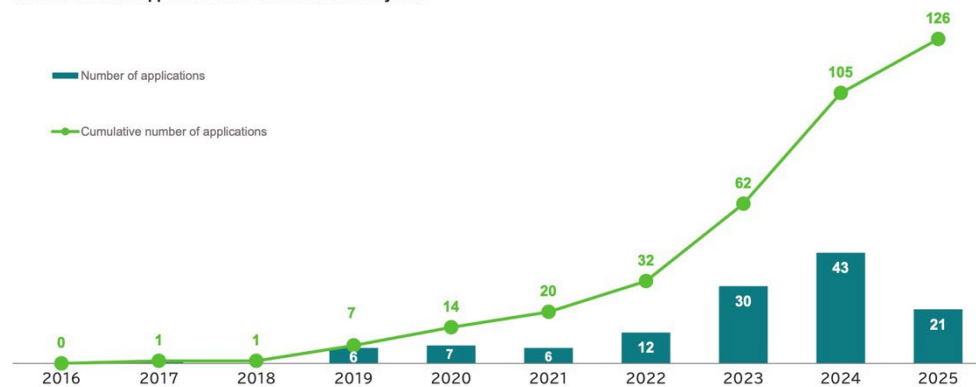
\* Includes the strengthening R&D capabilities

Although there were delays in the launch of some of our technological developments, we were able to raise new businesses with growth potential, which are listed below, as a stage during the period of the previous mid-term plan, and we believe that we were able to make steady progress.

Initiatives to Strengthen Research and Technology Development Capabilities (2)

- As part of its efforts to strengthen research and technology development capabilities, we have focused on increasing the number of patent applications, resulting in a significant rise in patent filings related to new businesses
- Contributing significantly to strengthening research and development by improving the certainty of new business creation

Number of Patent Applications for New Businesses by Year



The number of patents related to new businesses has also increased significantly.

- Although PBR occasionally exceeded 1.0x during FY2025, it had not reached that level at the fiscal year-end
- Shareholder return initiatives, such as dividend increases, contributed to the increase in PBR in FY2025

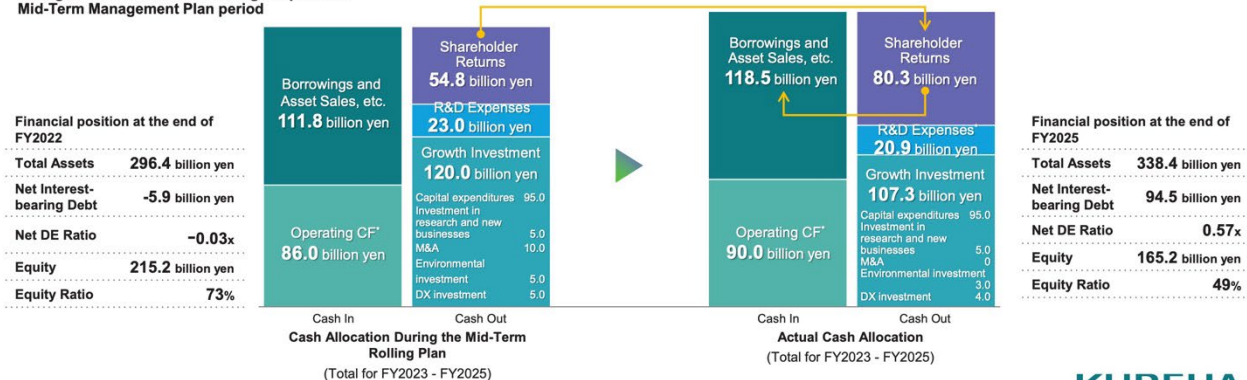
Trends in PBR, Market Capitalization and Enterprise Value



The P/B ratio is as shown.

- Reviewed our capital policy and strengthened shareholder returns beyond the Rolling Plan. Increased shareholder returns by ¥25.5 billion compared with the Rolling Plan by acquiring treasury stock and increasing dividends through the introduction of DOE
- Accordingly, we promoted increased borrowing and sale of assets. Net interest-bearing debt increased by approximately ¥100.0 billion, and both the net DE ratio and the equity ratio reached their respective target levels
- Growth investment was constrained primarily due to the absence of M&A opportunities.

Changes in cash allocation during the previous Mid-Term Management Plan period



\*Operating cash flow excluding R&D expenses

Cash allocation has changed significantly during the period of the previous Mid-Term Management Plan.

We have reviewed our capital policy and are strengthening shareholder returns beyond our rolling plan. Shareholder returns are ¥25.5 billion higher than planned in the rolling plan due to acquiring treasury stock and an increase in dividends through the introduction of the DOE. Accordingly, the Company increased borrowings and promoted asset sales. The net DE ratio and equity ratio have almost reached their targets.

As for investment for growth, although we considered M&A, we did not actually implement it, so this part of the investment was restrained.



Looking back, we can summarize our recognition of the issues in the previous Mid-Term Management Plan as follows: external factors were the drastic reduction of environmental policy subsidies in Europe and the United States, stagnation in Europe, stalling in the United States, and a drastic change of direction in EV strategies by automobile companies. Another major trend is the rapid rise of Chinese manufacturing, including the chemical sector, in global growth markets.

One internal reason for the underachievement is that the growth strategy and plan were still overly dependent on PVDF business profits, which is one of the reasons for reflection. As for PVDF, we had planned a growth scenario for NMC type, but in fact, LFP type has been expanding. In addition, the development of new products took longer than expected due to a misjudgment about the Company's technological development capabilities.

In addition, we underestimated the time required for new PGA product development due to an overestimation of our technological development capabilities.

In terms of PVDF, we have shifted our development focus from NMC to LFP since last year. Although LFP batteries with increasingly strong performance are being developed in the market, we regret that we initially underestimated the technological innovation of LFP type.

Based on these results and lessons learned, we recognize that the key challenges carried over from the previous Mid-Term Management Plan are to further strengthen the competitiveness of our core businesses and reinforce our business portfolio.

Our ideal state in FY2030

We work toward **Revitalizing Kureha's Technology-Driven Focus** by strengthening research and technology development capabilities, which form the foundation for improving business performance and reducing environmental impact

- Generate revenue through products and services that contribute to solving social issues in three focus areas: Environment and Energy, Life, and Digital Communications.
- To reduce environmental impact, we are working to reduce energy-related CO<sub>2</sub> emissions and achieve zero emissions.

While we remain committed to being a technology-driven company, developing new businesses will require a longer timeframe than previously anticipated. New businesses and products are expected to contribute to earnings mainly from 2030 onward; the FY2030 targets have been withdrawn and replaced with a new ideal state in FY2035

Our ideal state in FY2035

**A High-Value-Added Company Committed to Driving Value through Technology and Competing Globally**

**Goals to be achieved during the new Mid-Term Management Plan period (three years)**

- Launch new grade products and enhance cost competitiveness by strengthening technology capabilities
- Acquire new customers and new applications. Through these initiatives, **strengthen the profitability of Advanced Materials and Specialty Plastics**

**Long-term initiatives leading up to 2035**

- **Achieve a balanced business portfolio** through the driving revenue growth of new businesses and products
- Strengthen the management base: management systems including risk management, reduction of environmental impact, strengthening of human capital

We have redefined our ideal state for FY2035. We are committed to monetizing our technology and aiming to become a high-value-added company that can win in the world. To this end, we have organized what we will work on in the long term toward 2035, and what we will accomplish in the new Mid-Term Management Plan period, in the next three years.

- In addition to two core businesses (Advanced Materials and Specialty Plastics), we will cultivate and strengthen the Life Science field of the Specialty Chemicals business to establish a three-business portfolio structure
- We aim to develop a well-balanced business portfolio that is less dependent on any single business and delivers strong capital efficiency



**Aim to build a business portfolio that is not overly dependent on specific businesses and offers excellent return on capital**

In 2035, our main businesses will be the Advanced Materials business and the Specialty Plastics business, with the addition of the Life Sciences business, and we will aim to build a business portfolio that is not overly dependent on any particular business and that has excellent capital profitability.



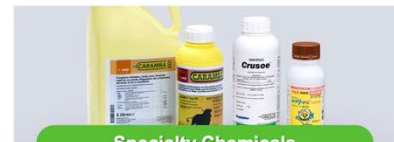
### Advanced Materials

- **Pursue higher value-added products through the launch of new grade products**
  - Accelerate development of new grade products derived from existing products to meet customer needs
  - As a result, secure our position as customers' first-call partner
- **Efficient operation of existing facilities**
  - As major capital investments have largely been completed, reduce costs by optimizing personnel through operational efficiency
  - At the same time, aim to secure sufficient sales volume through new grade products and expand market share



### Specialty Plastics

- **Enhance brand value and diversification (BtoC)**
  - Enhance the brand value of home products, including the launch of new products, and expand new brand range
- **Further promote high value-added initiatives and address environmental risks (BtoC)**
  - Develop a successor to the top-grade fishing line (Grandmax)
  - Develop PFAS-compliant fishing line
  - Establish a plastic resource recycling system through the recycling of used tuna fishing lines (for fishermen)
- **Efficient operation of existing facilities**
  - Effective use of existing facilities through sales expansion



### Specialty Chemicals

- **Focus on three key areas within the Life Science field: Crop Protection Products, Agricultural Inputs, and Medical Materials**
  - Allocate resources and implement stage-gate management to ensure the successful monetization of existing pipelines
- **Further expansion of the new business pipeline and utilization of M&A**
  - Create new pipeline in the Life Science field by leveraging our technical strengths
  - Achieve high return on capital by leveraging the expertise and facilities of other companies

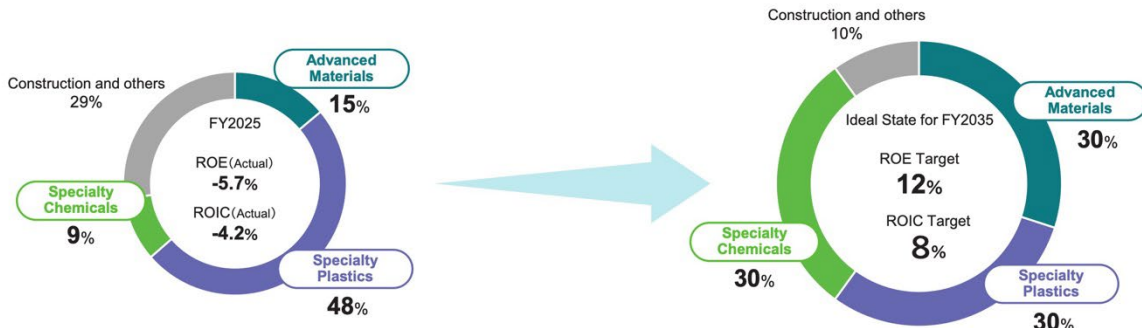
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In each business segment, the Advanced Materials business, in particular, will introduce new grades of products and pursue the development of high value-added products around existing products. Now that we have completed a round of large-scale facilities, we will proceed with the development of high value-added areas while making full use of our existing facilities.

In the Specialty Plastics business, we will work to enhance brand value. We will also continue to promote environmental responsiveness to add more value to our products. We would like to concentrate on how we can enhance our brand value and add value by effectively utilizing our current facilities here as well.

In the Specialty Chemicals business, we will focus on the Life Sciences area, particularly in the three areas of crop protection products, agricultural inputs, and medical materials. Also, the new business pipeline, so far, is progressing well. We would also like to focus on the creation of pipelines so that we can firmly start a new business cycle here as well. We also believe that M&A will be an issue to consider expanding this business.

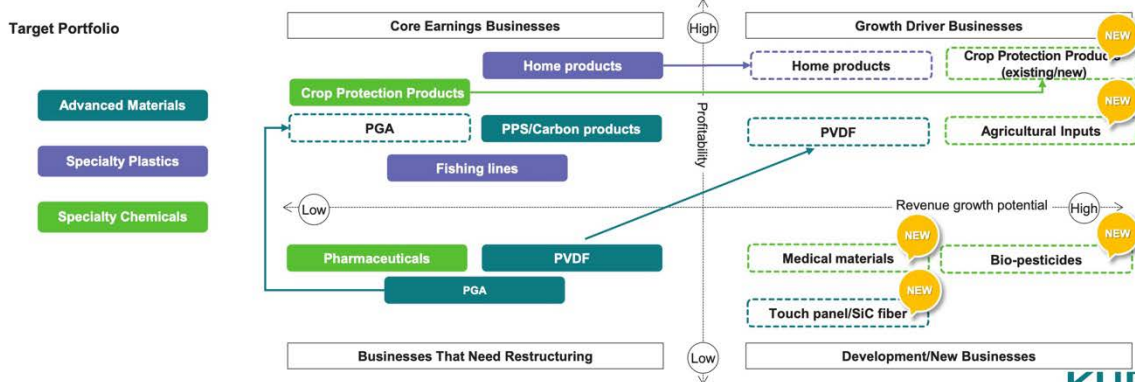
Build an Earnings Portfolio across the Three Business Segments. Aim to Achieve ROE of 12%



or FY2035, we envision a profit portfolio in which our three businesses—Advanced Materials, Specialty Plastics, and Specialty Chemicals centered on Life Sciences—each contribute to earnings in a balanced manner, serving as the three pillars of our business. The ROE target is 12%, and the ROIC target is 8%.

Target Business Portfolio for FY2035

- The current business portfolio has been revised based on the latest situation, including the reclassification of PVDF, Home Products, and Crop Protection Products from their previous status as Growth Driver Businesses.
- The current business portfolio, which was supposed to be centered on niche areas relatively unaffected by environmental changes, has been affected by significant changes in the business environment
- Promote the strengthening of research and technology development capabilities. We aim to create our own unique market by developing new grades of PVDF in the Advanced Materials, strengthening the brand power of home products in the Specialty Plastics, and fostering our pipeline in the Life Science field in the Specialty Chemicals. We will also aim to evolve our business portfolio and establish a foundation that enables us to remain resilient amid environmental changes



In terms of our business portfolio, we aim to develop home products and crop protection products, including both existing products and new active ingredients, into growth drivers. While PVDF is currently facing challenging conditions, we believe it can make a meaningful contribution to society in the coming era of EV adoption, and we will work to position PVDF as a growth driver. We also aim to develop agricultural inputs into a new growth driver.

Our earnings base will be supported by existing businesses such as PPS, carbon products, and fishing lines. We also plan to develop PGA into a business that contributes firmly to this earnings base.

## Mid-Term Management Plan (FY2026 - FY2028): Basic Policies and Goals

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- The new Mid-Term Management Plan is positioned as a period for laying the groundwork and solidifying the foundation. We aim to establish at an early stage a business structure capable of achieving ROE 8%
- Core operating profit, which excludes non-recurring gains and losses (expense items), and EBITDA has been newly adopted as a profit indicator.



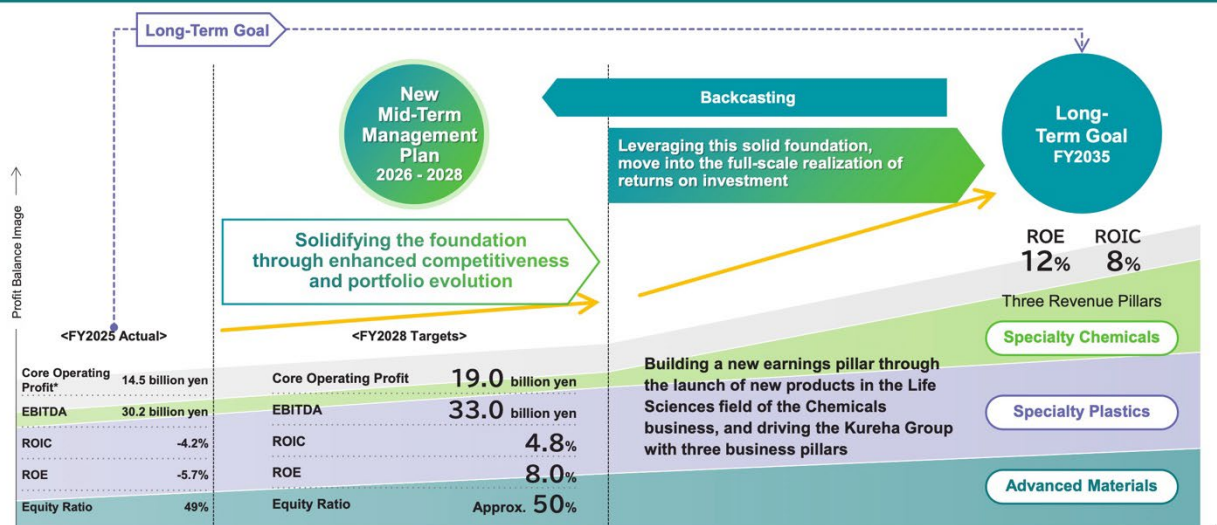
Core Operating Profit: Operating profit excluding non-recurring gains and losses

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As for our basic policy for the next three years, we have set five quantitative targets. The quantitative targets are as follows: core operating profit of ¥19 billion, EBITDA of ¥33 billion, ROIC of 4.8%, ROE of 8%, and an equity ratio of approximately 50%.

## Positioning of the Mid-Term Management Plan

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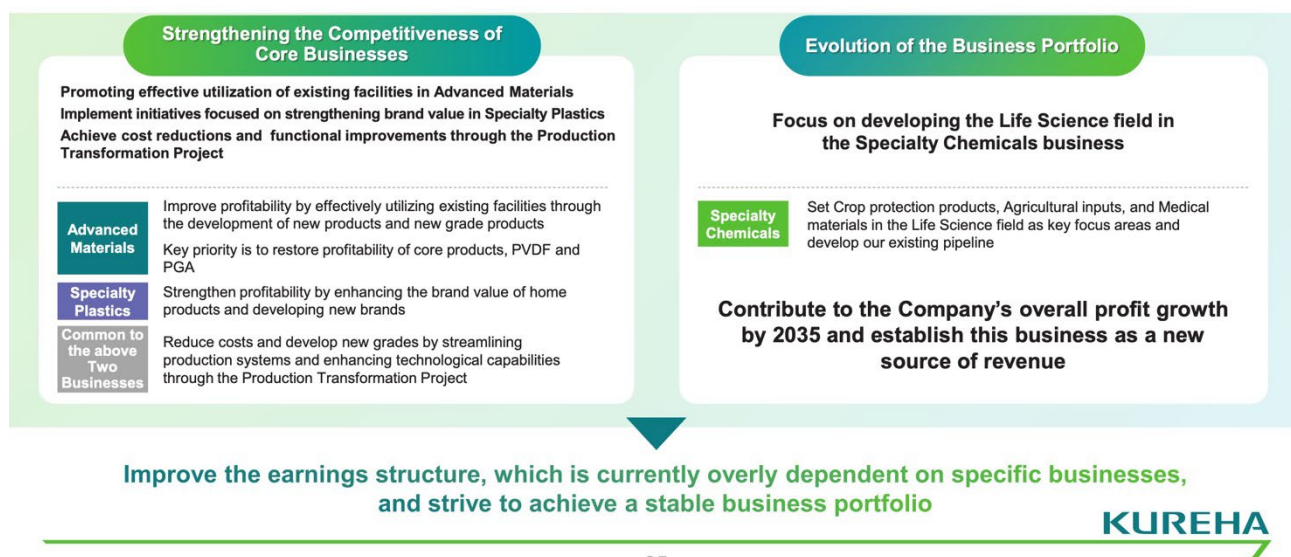
Core Operating Profit: Operating profit excluding non-recurring gains and losses

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As mentioned earlier, we have set long-term targets of ROE of 12% and ROIC of 8% for FY2035. Over the next three years, we will work to firmly establish our foundation by achieving five quantitative targets, and then

use that foundation as a platform to fully realize the benefits of our investments. We would like to work toward the goal of having Specialty Chemicals, Specialty Plastics, and Advanced Materials equally support our earnings.

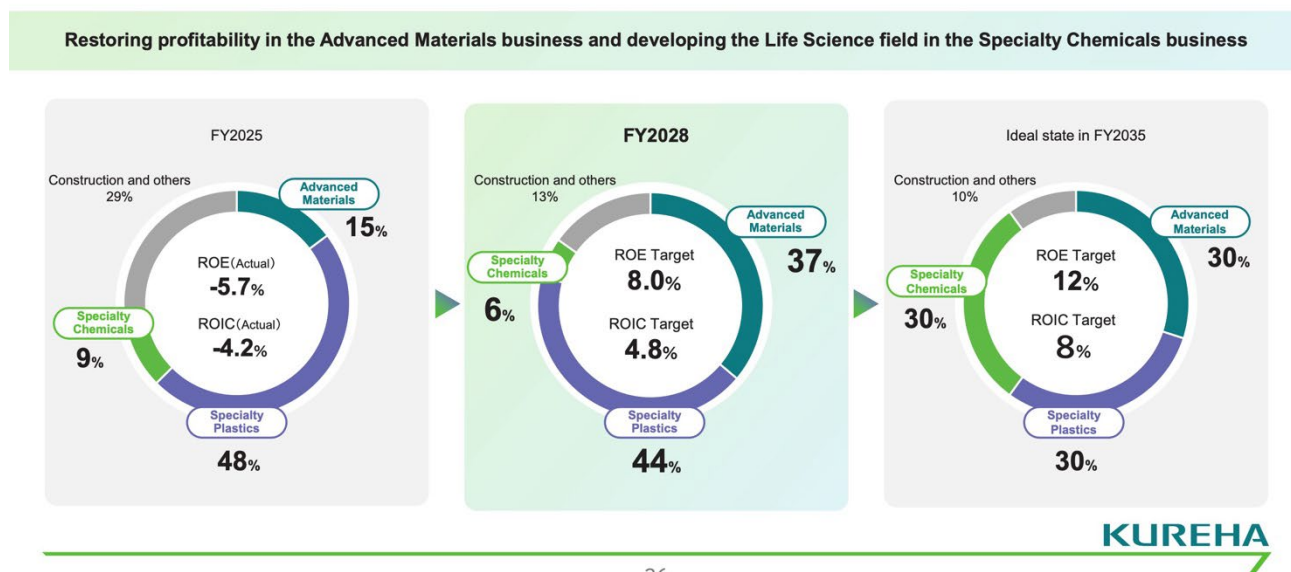
## Key Issues from the Previous Mid-Term Plan and Responses to Long-Term Challenges 株式会社 クレハ



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In terms of recognizing issues and addressing long-term challenges, as I mentioned earlier, we are strengthening the competitiveness of our core businesses and evolving our business portfolio.

## Projected Earnings Portfolio in New Mid-Term Management Plan 株式会社 クレハ



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These portfolio changes are assumed for FY2025, FY2028, and then FY2035.

## New Mid-Term Management Plan Target

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- EBITDA for FY2028 is projected to increase by 9.3% to ¥33.0 billion. Aim to return to the record-high level seen in FY2022
- Although capital expenditures have increased due to investments in PVDF capacity expansion, this has been offset by a recovery in profitability

	FY2025 Actual	FY2028 Plan	Projected Growth Rate for FY2026 - FY2028	FY2025 Actual		FY2028 Plan		Projected Growth Rate for FY2026 - FY2028		
				Revenue	Core Operating Profit	Revenue	Core Operating Profit	Revenue	Core Operating Profit	
Core Operating Profit	14.5 billion yen	19.0 billion yen	+31.0%	(billion yen)						
Operating Profit	-18.6 billion yen	19.0 billion yen	-	Advanced Materials	61.3	2.1	73.0	6.0	+19.1%	+285.7%
EBITDA	30.2 billion yen	33.0 billion yen	+9.3%	Specialty Plastics	36.7	6.9	42.0	7.5	+14.4%	+8.7%
ROE	-5.7%	8.0%	+13.7ppt	Specialty Chemicals	10.5	1.4	11.0	1.0	+4.8%	-28.6%
ROIC	-4.2%	4.8%	+9.0ppt							
Equity Ratio	49%	Approx. 50%	-	Construction	16.0	1.5	22.0	1.5	+37.5%	-
Assumed FX Rate	JPY/USD	151	150	Others	18.2	2.6	17.0	1.5	-6.6%	-42.3%
	JPY/EUR	175	175	Other Factors Affecting Changes			1.5			
	JPY/RMB	21.2	21.0	合計	161.7	14.5	185.0	19.0	+14.4%	+31.0%

Core Operating Profit: Operating profit excluding non-recurring gains and losses

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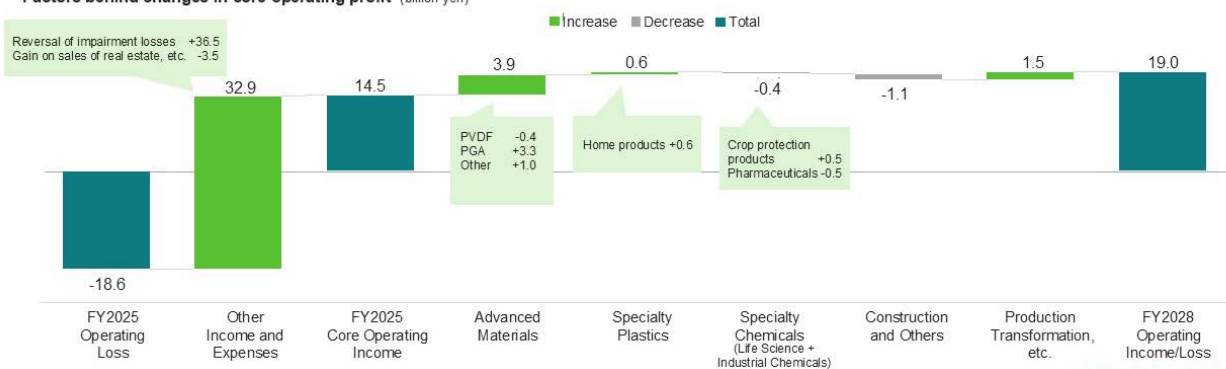
The goals of the new Mid-Term management Plan are as described. During these three years, we will continue to make a solid increase in sales and profits from Advanced Materials. In Specialty Chemicals, we will continue to plant seeds and use the funds to nurture the business, but we do not expect much in the way of results over the next three years. We have set an EBITDA target of ¥33.0 billion for FY2028. This is close to the record-high level achieved in FY2022, when PVDF performed strongly, and we aim to reach this target without relying on PVDF.

## Variance Analysis of Core Operating Profit by Segment

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- The new Mid-Term Management Plan targets an improvement of ¥4.5 billion in core operating profit, excluding the impact of other income and expenses. Driven by the Advanced Materials business, supported by expected improvements in PGA, and the Production Transformation Project
- On the other hand, the Specialty Chemicals business, which is positioned as a new revenue pillar for FY2035, is still in the laying the groundwork phase. Its profit contributions during the new Mid-Term Management Plan period remain limited
- Meanwhile, the PVDF business continues to face a challenging earnings situation due to increased depreciation expenses from the plant expansion

Factors behind changes in core operating profit (billion yen)



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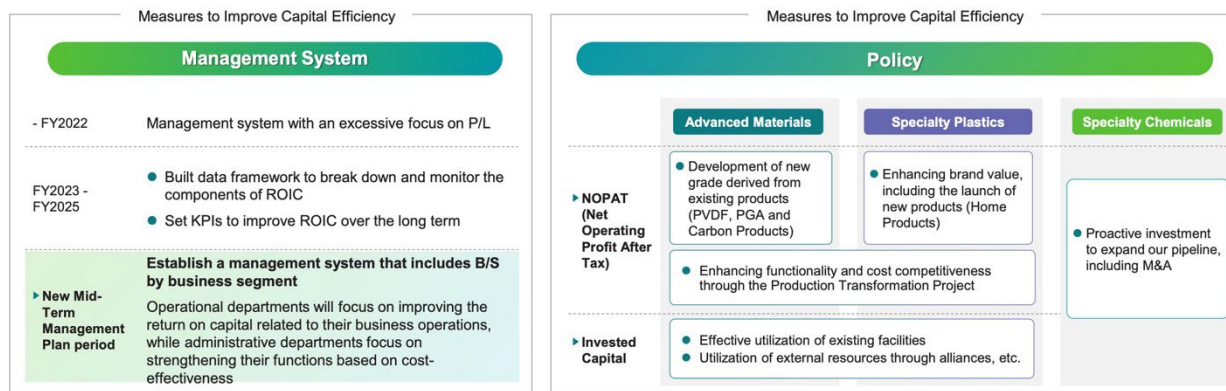
We aim to increase core operating profit from ¥14.5 billion in FY2025 to ¥19.0 billion in FY2028. While this period is positioned as a phase for sowing seeds for future growth and solidifying our foundation, we intend

to steadily improve core operating profit without depending significantly on PVDF. If the EV market environment improves, or if sales for LFP type, which we are currently focusing on developing, are realized, we believe that we will be able to achieve an upward swing in this area.

## Leveraging ROIC to Improve Capital Efficiency

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- Introduce ROIC management to improve capital efficiency to achieve our target ROE



Clarification of action guidelines by making ROIC as a common internal language

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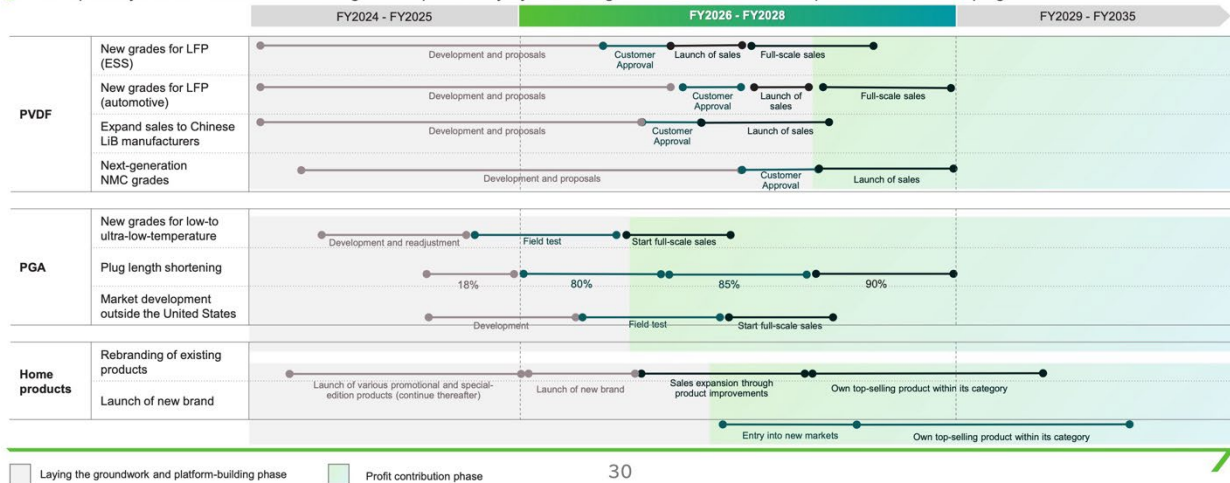
29

To enhance capital efficiency, we are planning to implement full-scale ROIC management starting in FY2026. By making ROIC a common language within the Company, we would like to clarify the action guidelines in each department.

## Strengthening the Competitiveness of Core Businesses (Advanced Materials and Specialty Plastics) (1)

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- Initiatives to lay the groundwork and strengthen the foundation were launched in the previous Mid-Term Management Plan, and are expected to contribute to earnings in the new Mid-Term Management plan, paving the way for future growth
- The Advanced Materials business aims to improve profitability by effectively utilizing existing facilities through the development of new products and new grades
- The Specialty Plastics business will strengthen its profitability by enhancing the brand value of home products and developing new brands

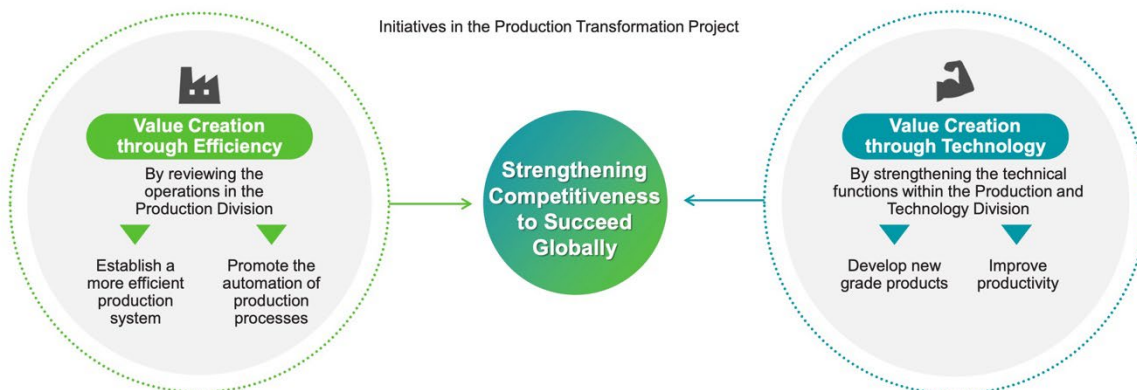


This shows the progress we expect to make over the next three years in strengthening the competitiveness of each of our core businesses. As mentioned earlier, LFP type products have not been factored into the current plan. However, we will focus on new grades for ESS and EV applications, and work to begin sales of these products.

## Strengthening the Competitiveness of Core Businesses (Advanced Materials and Specialty Plastics) (2)

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- In the Advanced Materials and Specialty Plastics businesses, we will promote efficiency through operational reviews and pursue automation, while aiming to enhance functions by consolidating our technical expertise
- Aim to create value by streamlining operations and enhancing technical capabilities of manufacturing division, and to establish a sustainable competitive edge that will enable us to succeed globally by continuously reinforcing these initiatives



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As part of our efforts to strengthen competitiveness to support earnings from our main businesses, we have been working on an initiative called the Production Transformation Project since FY2025. In FY2025, we established 22 full-time employees and spent a year formulating a plan to streamline the factory's production system, improve efficiency, and strengthen functions where they need to be strengthened. This year, we will

enter the verification and demonstration phase of the project. We intend to support our main business by firmly increasing our competitiveness here.

## Development of the Life Science Field (1)

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Crop Protection Products	Agrochemicals	<ul style="list-style-type: none"> <li>Complete the final-stage development of Carneconazole, which has been under development since before the previous Mid-Term Management Plan</li> <li>Promote applications for agrochemical registration worldwide to ensure the full-scale launch of the new products in the early 2030s</li> <li>Improving the frequency of new active ingredient discovery by utilizing development platforms that leverage cutting-edge technologies such as AI and by partnering with external research institutions and startups</li> </ul>
	Bio-pesticides	<ul style="list-style-type: none"> <li>Develop business strategies that maximize value by accumulating market information and technical insights through marketing and evaluation</li> <li>Obtain U.S. EPA approval and launch commercial sales</li> <li>Establish the optimal formulation and processing conditions for target crops</li> </ul>
Agricultural Inputs	Biostimulants	<ul style="list-style-type: none"> <li>Select target crops and alliance partners by continuing marketing and field trials</li> <li>Scale-up through outsourcing, establish a mass production system, and begin manufacturing and sales</li> <li>Improve productivity to further enhance business profitability, identify the X-factor and develop the pipeline</li> </ul>
Medical Materials		<ul style="list-style-type: none"> <li>Establish a regulatory strategy for obtaining U.S. FDA approval</li> <li>Determine the business development strategy for the Japanese domestic market</li> <li>Complete our scale-up evaluation and establish a manufacturing system to provide samples for non-clinical and clinical studies</li> <li>Complete non-clinical studies and launch clinical trials</li> <li>Secure KOLs (Key Opinion Leaders) and alliance partners to accelerate commercialization in target countries</li> </ul>

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This slide outlines the action plan for developing the Life Sciences field. I would like to explain it in a little more detail.

## Development of the Life Science Field (2)

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- Focus on developing businesses primarily in the Life Science field. With know-how in sales alliances and overseas consignment manufacturing, as well as a technical foundation such as crop protection product R&D, biological evaluation technologies, safety assessment, and production technologies, we will promote business development that leverages these strengths
- Promote the development of the current pipeline in accordance with the roadmap, while simultaneously accelerating the search for new business themes

**Major New Products, New Business Development Themes and Future Milestones**

	Current situation	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2035 Revenue Targets	Peak Revenue
<b>Agricultural fungicide</b> Carneconazole (ISO common name)	Safety tests are currently being conducted in preparation for the registration application	Begin filing applications in various countries		Launch of sales		Sequentially complete registration in each country	Launch in major countries					20 billion yen	25 billion yen
<b>Biostimulant</b>	Currently building alliances with customers to prepare for market launch. Currently considering pilot production	Start production /complete registration	Market launch		Improve productivity		Promote strategies to expand market share					12 billion yen	14 billion yen
<b>Anti-adhesion film</b>	Currently developing a regulatory strategy and conducting preparations for non-clinical trials and manufacturing evaluation		Non-clinical study		Clinical trial		Application for approval	Market launch (US)			Market launch (Japan)	4 billion yen	10 billion yen
<b>Bio-pesticides</b>	Completed initial evaluation, currently conducting marketing to potential customers. Establish a new product development platform.	Application for registration			Registration complete	Market launch		Expansion of the portfolio				2 billion yen	5 billion yen

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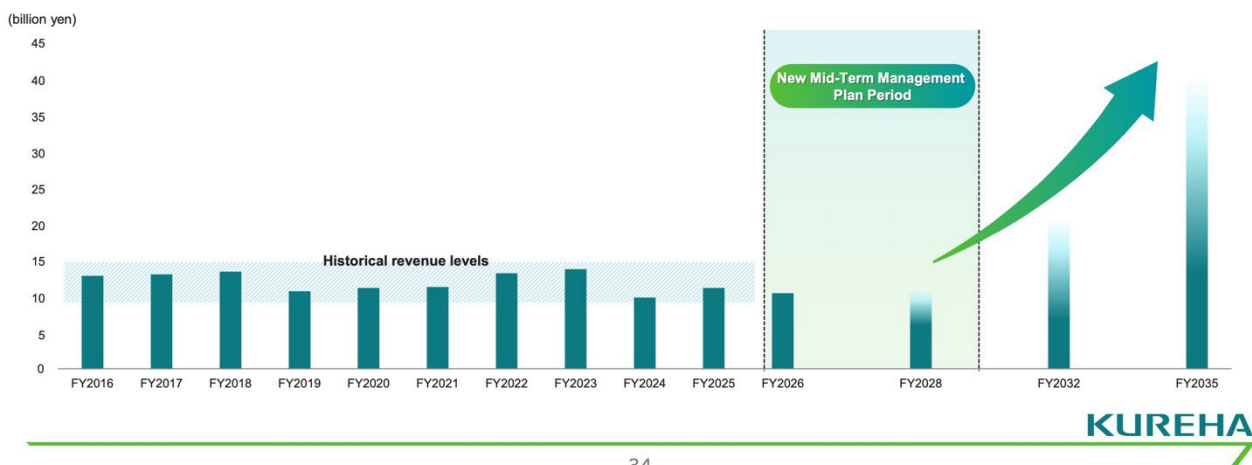
As to why Life sciences, we have many years of experience in the field of fungicides. In particular, we have know-how in sales alliances and overseas consignment production, as well as research and development,

biological evaluation technology, safety assessment, production technology, and other foundations for crop protection products. We intend to leverage them to further develop the business.

The roadmap is shown at the bottom, and we will continue to firmly develop the pipeline, and at the same time, we will strengthen our search for new business themes. This information is provided for the four items that are currently making good progress as new businesses, as well as sales targets for FY2025 and peak sales.

**Life Science Field: Revenue Trends** 株式会社クレハ

- Revenue in the Life Science field has remained within the range of approximately ¥10.0 to 15.0 billion
- Our ideal state in FY2035 is to grow this field to ¥40.0 billion level
- Although we plan to actively allocate management resources during the new Mid-Term Management Plan period, tangible revenue contributions are expected to emerge only after that period



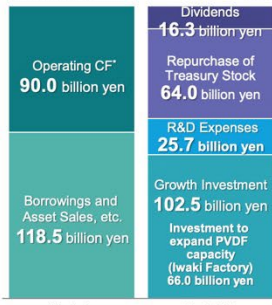
In the Life Sciences field, we have been focusing on specific fungicides, and our sales have been in the ¥10.0 billion to ¥15.0 billion range, but our policy is to focus on this area and grow our sales to the ¥40.0 billion level.

## Cash Allocation during the New Mid-Term Management Plan Period

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### Financial position at the end of FY2025

Total Assets	338.4 billion yen
Net Interest-bearing Debt	94.5 billion yen
Net DE Ratio	0.57x
Equity	165.2 billion yen
Equity Ratio	49%

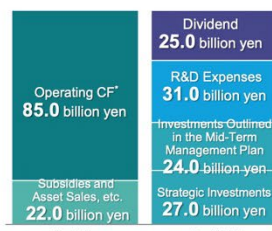


Projected Cash Allocation  
(Total for FY2025 - FY2025)

\*Operating cash flow excluding R&D expenses

### Financial position at the end of FY2028

Total Assets	345.0 billion yen
Net Interest-bearing Debt	90.0 billion yen
Net DE Ratio	0.50x
Equity	170.0 billion yen
Equity Ratio	approx. 50%



Estimated Cash Allocation  
(Total for FY2026 - FY2028)

### Details of cash out

<b>Dividend</b>	Total dividends over three years assuming DOE of 5% (Currently no plans to repurchase treasury stock)
<b>R&amp;D Expenses</b>	Total of R&D expenses and R&D investment Actively invest funds to expand our business in the Life Sciences field ● R&D expenses 25.0 billion yen ● R&D investment 6.0 billion yen
<b>Investments outlined in the Mid-Term Management Plan</b>	Remaining payments for PVDF capacity expansion investments already planned at the time of the formulation of the Mid-Term Management Plan, as well as maintenance and renewal investments ● Capital expenditures 21.5 billion yen ● Environmental investment 1.3 billion yen ● DX investment 1.2 billion yen
<b>Strategic investments</b>	<b>Investments that contribute to the Group's long-term growth</b> — Investments in the development of new grades of existing products — Investments to further expand new business creation — M&A investments to accelerate growth

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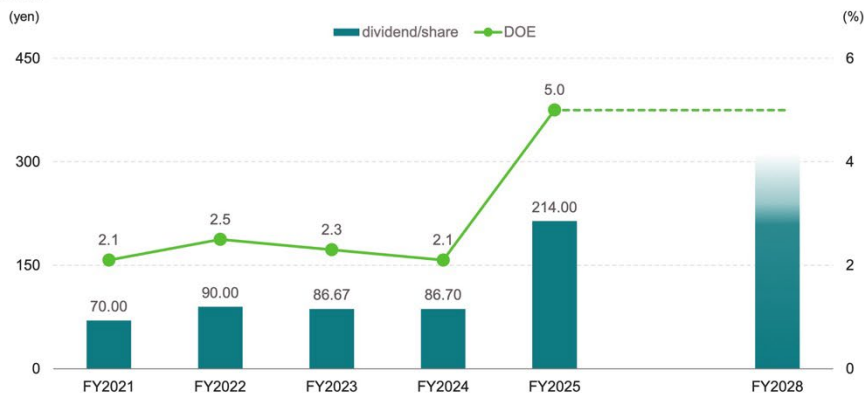
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Regarding cash allocation during the new mid-term plan period, dividends are planned to be paid at 5% DOE. We will also spend money on research and development during this period to expand our business, especially in the Life Sciences field. We have allocated ¥27.0 billion for strategic investments, and while focusing primarily on the Life Sciences field, we intend to enhance the added value of our existing products through these initiatives.

## Shareholder Returns

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- Our basic policy for profit allocation is to pay stable dividends while enhancing internal reserves that contribute to active investment for future business development.
- We plan to maintain DOE of 5% from FY2027 and beyond
- If business conditions change more significantly than expected, or if we make growth investments beyond current expectations, we will flexibly revise the DOE-based dividend ratio



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Shareholder returns. Our basic policy is to pay stable dividends while enhancing internal reserves for active investment in future business development. We announced a DOE of 5% for FY2025 and FY2026, and we are planning to pay dividends with a target DOE of 5% for FY2027 and beyond.

On the other hand, if the business environment changes more than expected, or if we make investments for growth beyond our expectations, we will flexibly revise the DOE dividend ratio.

I would appreciate it if you could refer to the following pages of the accompanying materials.

That is all from me. Based on this plan, we will work together as a group to promote initiatives that can be implemented.

This is Kawana. Thank you.

I will now explain the financial results for the fiscal year ended March 31, 2026. I would like to give you a brief explanation of the key points, and then I would be happy to answer any questions you may have. Thank you.

Summary of FY2025 Results				KUREHA CORPORATION	
FY2025 Results				VS FY2024	
Revenue and Profit				(billion yen)	
	FY2025 Results	FY2024 Results	YoY	Revised at 2Q Forecast	YoY
Advanced Materials	61.3	57.4	3.9	61.5	-0.2
Specialty Chemicals	29.5	30.7	-1.2	30.5	-1.0
Specialty Plastics	36.7	40.5	-3.8	38.0	-1.3
Construction	16.0	14.8	1.2	16.0	0.0
Other Operations	18.2	18.6	-0.4	19.0	-0.8
<b>Revenue</b>	<b>161.7</b>	<b>162.0</b>	<b>-0.3</b>	<b>165.0</b>	<b>-3.3</b>
Advanced Materials	2.1	-2.0	4.1	2.3	-0.2
Specialty Chemicals	1.4	0.6	0.8	1.1	0.3
Specialty Plastics	6.9	7.1	-0.2	7.2	-0.3
Construction	1.5	1.4	0.1	0.9	0.6
Other Operations	2.6	2.9	-0.3	2.0	0.6
<b>Core Operating Profit<sup>※2</sup></b>	<b>14.5</b>	<b>10.0</b>	<b>4.5</b>	<b>13.5</b>	<b>1.0</b>
Adjustments	-33.1	-0.6	-32.5	0.5	-33.6
<b>Operating Profit</b>	<b>-18.6</b>	<b>9.4</b>	<b>-28.0</b>	<b>14.0</b>	<b>-32.6</b>
<b>Profit<sup>※1</sup></b>	<b>-10.7</b>	<b>7.8</b>	<b>-18.5</b>	<b>10.0</b>	<b>-20.7</b>
※1 Profit attributable to owners of parent					
EBITDA <sup>※3</sup>	30.2	22.1	8.1	26.0	4.2
ROE	-5.7%	3.6%	-9.3p	5.2%	-10.9p
PBR	0.91	0.66	0.25p		
Equity Ratio	49%	61%	-12p	49%	-0p

FOREX	FY2025 Actual	FY2024 Actual	FY2025 Forecast(at 2Q)
(VUSD)	150.7	152.6	145.0
(VEUR)	174.6	163.9	165.0
(VCNY)	21.2	21.1	20.0

ROE	Core operating profit increased year on year, but profit attributable to owners of parent decreased significantly due to impairment losses, resulting in a decline from the previous year.
PBR	Our stock price performed well, resulting in an improvement from the end of the previous fiscal year.
Equity ratio	Decreased due to higher interest-bearing debt and share buybacks

**VS Revised Forecast at 2Q**

- While core operating profit from core businesses improved, operating profit and profit attributable to owners of parent deteriorated due to impairment losses (see p.6 for details).
- Higher revenue from PGA (Advanced Materials) and Home Products (Specialty Plastics), but overall revenue remained flat due to lower selling prices driven by changes in the PVDF(Advanced Materials) sales mix and the withdrawal from the ML film business (Specialty Plastics) in 1H of the previous fiscal year.
- Core operating profit increased due to improvement in PPS (Advanced Materials) profit, including equity method earnings, and the absence of inventory valuation losses recorded in the previous fiscal year for PVDF.
- Despite gains on the sale of non-operating assets, operating profit declined significantly due to impairment losses (Adjustments) recorded in the PVDF and Pharmaceuticals (Specialty Chemicals) businesses.
- Core operating profit exceeded the forecast announced at 2Q due to improved profitability in the Environment Engineering (Other Operations) and other factors, despite the deterioration in profit due to PGA resin production problems and the shortfall in sales of Home Products.
- Operating profit declined significantly due to impairment losses, despite gains on the sale of non-operating assets.

※2 Core Operating Profit: Operating profit excluding non-recurring gains and losses. Equivalent to the former "operating profit by segment."  
 ※3 EBITDA : Calculated as operating profit + depreciation + impairment losses

Page 3 is the FY2026 results. Compared to the previous fiscal year, sales revenue remained almost unchanged. On the other hand, profits increased by ¥4.5 billion.

The main reasons for this are in the YoY comparison in the upper right-hand corner. As for the third section, the improvement in PPS profit and loss, including equity in earnings of affiliates, and the absence of inventory write-downs in PVDF, which were recorded in the previous year, were the main factors behind the increase in profit. The impairment was recorded in adjustments.

# Summary of FY2026 Outlook

KUREHA CORPORATION

## FY2026 Outlook

Revenue and Profit		(billion yen)		
	FY2026 Forecast	FY2025 Results	YoY	
Advanced Materials	64.5	61.3	3.2	
Specialty Chemicals	30.0	29.5	0.5	
Specialty Plastics	40.5	36.7	3.8	
Construction	19.5	16.0	3.5	
Other Operations	17.5	18.2	-0.7	
<b>Revenue</b>	<b>172.0</b>	<b>161.7</b>	<b>10.3</b>	
Advanced Materials	1.5	2.1	-0.6	
Specialty Chemicals	0.2	1.4	-1.2	
Specialty Plastics	6.0	6.9	-0.9	
Construction	0.8	1.5	-0.7	
Other Operations	1.5	2.6	-1.1	
<b>Core Operating Profit</b> ※2	<b>10.0</b>	<b>14.5</b>	<b>-4.5</b>	
Adjustments	1.0	-33.1	34.1	
<b>Operating Profit</b>	<b>11.0</b>	<b>-18.6</b>	<b>29.6</b>	
<b>Profit</b> ※1	<b>7.5</b>	<b>-10.7</b>	<b>18.2</b>	
※1 Profit attributable to owners of parent				
EBITDA	23.0	30.2	-7.2	
ROE	4.5%	-5.7%	10.3p	
PBR	-	0.91		
Equity Ratio	48%	49%	-0p	

## VS FY2025

- While sales are expected to increase for PGA, Home Products and Fishing Lines (Specialty Plastics), core operating profit is forecast to decline, mainly reflecting increased costs caused by heightening geopolitical tensions in the Middle East and other factors.
- Revenue increased due to higher sales in PGA, Home Products, Fishing Lines, and Construction.
- While PGA posted a large increase in profit, turning profitable, due to higher revenue and improved profitability, PVDF saw a large decrease in profit due to the start of depreciation of some equipment for capacity expansion at the Iwaki Factory and the absence of inventory valuation gains recorded in the previous fiscal years. Crop Protection (Specialty Chemicals) profit decreased due to an increase in research and development expenses, Construction profit decreased due to the composition of construction projects, and Environment Engineering profit decreased due to a decrease in low-concentration PCB waste treatment.
- Core operating profit decreased due to soaring raw material and fuel prices caused by heightening tensions in the Middle East and increased processing costs associated with a change in the scheduled maintenance timing at the Iwaki Factory.
- Operating profit increased due to the absence of impairment losses (Adjustments) recorded in the PVDF and Pharmaceuticals businesses in the previous fiscal year.

ROE improved due to higher profit attributable to owners of parent

FOREX	FY2026 Forecast	FY2025 Actual	FX Sensibility
(VUSD)	155.0	150.7	*Impact of one-yrn depreciation on operating profit per FY2026 An increase of 10.120bn against USD
(VEUR)	180.0	174.6	An increase of 10.020bn against EUR
(VCNY)	22.0	21.2	An increase of 10.040bn against CNY
Crude oil Price Assumptions	FY2026 Forecast	FY2025 Actual	Crude Oil Price Sensitivity
Crude oil (Brent) (USD/bbl)	100	70	*Impact on operating profit for FY2026 (full year) Each US\$1/bbl increase: -¥0.038 bn

※2 Core Operating Profit: Operating profit excluding non-recurring gains and losses  
 ※3 EBITDA: Calculated as operating profit + depreciation + impairment losses

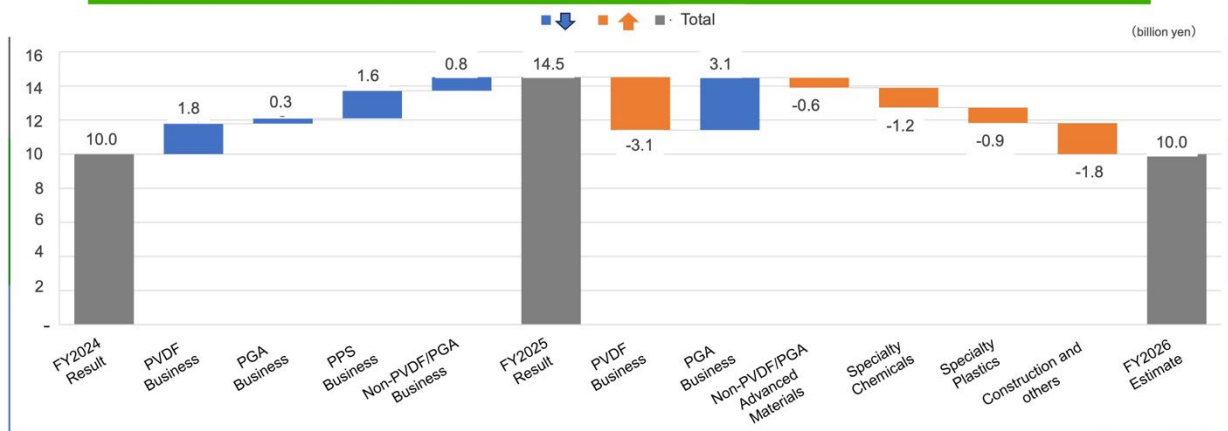
(4)

Page 4 is the forecast for the current fiscal year. Although revenues are expected to increase, profits are expected to decrease.

# Variance Analysis of Core Operating Profit

KUREHA CORPORATION

In FY2025, profit increased due to improved PPS profitability and the reversal of inventory write-down for PVDF recorded in the previous fiscal year, etc.  
 In FY2026, overall profits will decline, as despite growth in PGA, profits are expected to decrease in PVDF, Crop Protection, Home Products, Construction and Environment Engineering, etc.



Core Operating Profit: Operating profit excluding non-recurring gains and losses

(5)

I would be happy to explain this on page 5.

Core operating income for FY2025 was ¥14.5 billion, but ¥10.0 billion is projected for the current fiscal year. One of the main reasons for the decrease in profit is PVDF, which is mentioned on the previous page. Regarding the capacity expansion of the Iwaki Factory, depreciation will occur in the latter half of the fiscal

year, although not fully. Also, the loss of the gain on the reversal of inventory valuation that existed in the previous year has had one major impact.

On the other hand, PGA recorded increases in both revenue and profit. However, last fiscal year, we experienced a production issue that had a significant impact on performance. A major factor behind the improvement this fiscal year is the absence of that impact.

## Impairment Losses

KUREHA CORPORATION

- In FY2025, impairment losses of ¥36.5 billion for PVDF and KREMEZIN manufacturing facilities were recorded as follows.
- The PVDF business, which had been operating at low utilization rates, aims to break away from continuous losses and improve profitability at the earliest possible opportunity, supported by reduced fixed costs resulting from the impairment loss

**Impairment Loss on PVDF Manufacturing Facilities**

The PVDF business is now projected to take longer than initially expected to see demand recover, due to the recent slowdown in the electric vehicle (EV) market in Europe and the U.S.

An impairment loss of approximately ¥34.0 billion was recorded for production sites in Japan and China, including those expanded this spring, as the recoverable amount was deemed to be less than their carrying amounts.

**Impairment Loss on KREMEZIN (Therapeutic Agent for Chronic Renal Failure) Production Facilities**

The market for spherical activated carbon has been shrinking due to the emergence of new therapeutic drugs, and annual drug price reductions have been reducing profitability.

As a result of examining the recoverability of the relevant manufacturing facilities, an impairment loss of approximately ¥2.5 billion was recorded, with the full carrying amount impaired.

**Extract from the Statement of Income for Fiscal 2025** (billion yen)

Core Operating Profit	14.5
Other Profit	4.1
Other Expenses	37.3
Impairment Losses	<b>36.5</b>
Others	0.8
Operating Loss	-18.6

Advanced Materials

- PVDF-related Facilities 34.0 bill. yen
- Specialty Chemicals
- Pharmaceuticals-related Facilities 2.5 bill. yen

Core Operating Profit: Operating profit excluding non-recurring gains and losses

(6)

The next page shows impairment losses. I will skip this part since it was explained by Natake earlier.

# Impact of Geopolitical Risks

KUREHA CORPORATION

## Impact on Production and Sales

Although it is difficult to accurately predict the future impact of the escalating situation in the Middle East, there is a possibility that procurement and production activities may be affected depending on how the situation unfolds, as we are broadly dependent on crude oil-derived raw materials and fuels.

At present, production and sales are not immediately suspended and business operations are generally stable. However, we will closely monitor the situation going forward.

## Impact on Earnings

Regarding fluctuations in raw material and fuel costs, while it is possible to pass on cost increases to a certain extent depending on product characteristics and business models, there are constraints on the timing and scope of cost pass-through, and it is not possible to absorb all such effects immediately. As such, we recognize that there may be an impact on earnings.

For the major raw materials and fuels, the impact of current price trends on earnings has been factored into the earnings forecast for the current fiscal year to a certain extent based on the following assumptions.

We are promptly working on swiftly implement cost pass-through formula pricing and will proceed with negotiations with customers if the impact is prolonged, even for products for which immediate price revisions are difficult.

We will continue to closely monitor geopolitical developments and carefully examine their impacts and will provide appropriate disclosures as necessary.

### FX and Raw Material/Fuel Assumptions

Exchange rate (¥/USD)	155.0
Crude Oil (Brent, USD/bbl)	100.0

### FX and Crude Oil Price Sensitivity

(billion yen/year)

	Earnings Impact
A US\$1/bbl rise in crude oil prices	-0.038
Each ¥1 depreciation against USD	+0.120
Each ¥1 depreciation against EUR	+0.020
Each ¥1 depreciation against CNY	+0.040

KUREHA

(7)

Finally, on page 7, I will explain the impact of geopolitical risks.

At this point, thankfully, we are not in a position to immediately halt production and sales, and our business operations are stable, but there are still some uncertainties. Therefore, we have incorporated raw material and fuel prices into our earnings forecast. Specifically, please refer to the table below for the sensitivity of the crude oil price.

On the other hand, it is still difficult to forecast the situation where production or sales will not be possible, so we have not factored this into our forecast.

In any case, we will keep a close eye on geopolitical developments and will disclose information as necessary after we continue our assessment of the impact.

That is the end of the explanation. Thank you.

## Question & Answer

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### PVDF

**[Q]:** In the document on page 28 of the new Mid-Term Management Plan, you expect a ¥0.4 billion deterioration in PVDF operating income from FY2025 to FY2028. On the other hand, on page 5 of the financial results presentation material, I understand that the PVDF profit and loss for FY2026 is expected to deteriorate by ¥3.1 billion compared to FY2025. First, I would like to confirm whether your company's view is that FY2026 will mark the bottom for profit and loss.

In addition, with respect to PVDF earnings in FY2028 under the main scenario outlined in the new Mid-Term Management Plan, I would appreciate your comments on both the upside and downside risks.

You introduced LFP type products as not being factored into the Mid-Term Management Plan, but I would like to know your expectations if possible. How much lower is the unit price for LFP type compared to NMC type? In that case, would the profitability be about the same, would it still be lower, and how much upside can we expect in terms of volume? I would like to know more about this area.

**[A]:** First of all, regarding profit and loss, our view is that FY2026 will mark the bottom, with a recovery from FY2027 onward.

As for earnings in FY2028, our assumptions are based on a scenario in which there are almost no PVDF sales for LFP type. Therefore, from an upside perspective, if PVDF sales for LFP type materialize, they would make a significant contribution to profits.

Regarding PVDF for LFP batteries, some major battery manufacturers in China currently use around 15,000 to 20,000 tons per company. We aim to capture part of this demand by offering high-value-added products.

As LFP batteries are facing certain limits in terms of battery performance, improving production efficiency has become increasingly important. Although emulsion-polymerized polymers are typically used for LFP batteries, we are developing suspension-polymerized products with the aim of solving customers' challenges.

In fact, we have already proposed our materials to major customers, and we are currently working on evaluation and joint development with some of them.

**[Q]:** Could I ask for a brief follow up. When you refer to major Chinese companies are you referring to one company, or more than three or more? Also, I think the main focus of your company has been NMC polymers, which are co-polymers of suspension polymerization, but I wonder if you are referring to homo-polymers in suspension.

**[A]:** First, I think it is fine to understand that there are more than three Chinese customers. Then there are homo-polymers in suspensions, and then there are modified-polymers in suspension, which we are developing with both technologies in mind, depending on the customer's requirements.

**[Q]:** In that case, I feel that the cost would go up for the customer, but is it my understanding that if the quality is improved, that would be acceptable?

**[A]:** In the past, battery performance was the key priority. Today, however, customers are increasingly focused on maximizing output from existing production facilities. Our proposed materials are designed with this in

mind, and customers recognize that even with a certain premium, they offer overall benefits in terms of total efficiency and productivity. We are advancing development in that direction.

**[Q]:** Am I correct in understanding that products for Chinese market will be made in China?

**[A]:** We will determine our production strategy going forward. While our basic policy is to use China as a base, we are also constructing a plant in Japan, so we would like to consider sales from Japan as well.

## PGA

**[Q]:** According to the Mid-Term Management Plan document, the operating income is expected to improve by ¥3.3 billion from FY2025 to FY2028. On the other hand, page 5 of the financial results presentation shows that PGA's profit and loss for FY2026 will improve by ¥3.1 billion compared to FY2025, but then I imagine that earnings will remain almost flat from FY2026 onward. I would like to know the upside and downside scenarios as well.

On page 30 of the Mid-Term management Plan, there is a plan for full-scale sales of new grades for low-temperature and ultra-low-temperature applications, and I think the market potential is very large. The full-scale sales from FY2026 and onward do not show very much profit. Could you explain why, and please address this point as well?

**[A]:** In FY2025, as mentioned earlier, we experienced a production issue, which required us to record significant maintenance expenses. As a result, earnings deteriorated substantially compared with our plan. For FY2026, we do not expect a recurrence of this impact, and we also expect a partial reversal of inventory valuation losses. As a result, we expect PGA to turn profitable.

From FY2027 onward, we expect profitability to improve rapidly once PGA passes the break-even point, and this represents a potential upside. Although there will no longer be any benefit from the reversal of inventory valuation losses, we expect PGA to exceed the break-even point and turn profitable based on its standalone performance for that year.

As for upside potential in FY2028, if sales expand further, we believe we are positioned to achieve a substantial improvement in profitability. Regarding the market environment, until about two years ago, we had explained that medium- to high-temperature applications accounted for around 25% to 30% of the overall market. However, electricity demand has been increasing, and gas demand in the U.S. is currently very strong. LNG export capacity is also expanding as more LNG terminals are being built. Against this backdrop, the market is moving differently from oil-price-linked trends. Based on our current assessment, medium- to high-temperature applications now account for around 40% to 50% of the total market, meaning that the market has expanded by approximately 15 to 20 percentage points. By contrast, oil production volumes have been somewhat stagnant.

Although we have also launched products for low-temperature and ultra-low-temperature applications, we are currently prioritizing medium- to high-temperature applications due to resin allocation constraints. Demand in this area is strong, and our market share is very high. Given the current backdrop of gas prices, electricity demand, and LNG shipments, we expect favorable conditions in the medium- to high-temperature market to continue for a certain period. Since this is our main market, we believe that focusing on this area will enable us to move beyond the break-even point.

In addition, we completed development of low-temperature products, and we would like to accept further market expansion if the production of resin goes well.

**[Q]:** If the good performance of medium- to high-temperatures is followed by good performance of low and very low temperatures, will any additional capacity investment be required?

**[A]:** We have sufficient capacity for resin production. While plug manufacturing is currently carried out in-house in Japan, our affiliated company has similar production facilities. If sales volumes were to increase, we would consider expanding production at that site. Since this would involve utilizing existing facilities, we believe we could respond without making additional capital investments.

### Specialty Plastics Business

**[Q]:** I would like to know your forecast for the current fiscal year and the movement of Specialty Plastics over the three years of the Mid- Term Management Plan.

For FY2026, profit is expected to decline due to cost increases stemming from the situation in the Middle East and higher sales promotion expenses. My understanding is that, because many of these products are sold in BtoC markets and price pass-throughs are generally not implemented, the impact of higher costs is directly reflected in earnings. Is that correct?

For FY2027 and beyond, based on page 28 of the Mid-Term Management Plan materials, should we understand that the improvement to positive ¥0.6 billion will be driven mainly by volume growth?

**[A]:** First, for FY2026, the negative figures on page 5 reflect increases in raw material and fuel prices. Another reason for the decrease in profit is that the fixed cost load is a little higher in FY2026 due to the timing of the fixed repair of the Iwaki Factory being brought forward to the beginning of next year.

For FY2028, this includes Krewrap and other products that are expanding sales and increasing profits. That is all.

### Construction and Other Operations

**[Q]:** For FY2026, page 22 of the financial results presentation materials shows a fairly substantial profit decline forecast for both the Construction-related and Other-related segments. Historically, these segments have often outperformed the Company's forecasts. Could you explain why profit in the Construction-related segment is expected to decline so sharply despite a significant increase in sales? As for the Other-related segment, I understand the expected decline in low-concentration PCB treatment projects. However, profit seems to be declining by more than sales. Should we understand that this is the level of performance you currently expect?

**[A]:** Unfortunately, the construction-related business has seen an increase in revenues but a decrease in profits due to the difference in the composition of construction projects.

On the other hand, with respect to the Other Operations, particularly the Environmental Engineering business, that is essentially correct as you described.

### Cash Allocation

**[Q]:** I would like to ask a few additional questions about the cash allocation material on page 35.

Looking at the cash outflows on the right side of the slide, your company will maintain a DOE of 5%, which I believe will have a positive effect on the share price. How sustainable is this dividend? How likely is it that this strategic investment line will be used?

**[A]:** As for the amount of strategic investment, we do not have anything concrete in mind currently, but we have established a strategic investment framework aimed at medium- to long-term sustainable growth as part of this new Mid-Term Management Plan.

**[Q]:** Is it correct to understand that subsidies have a larger weight on the left side of subsidies and asset sales?

**[A]:** Yes, that is correct. Subsidies represent a large portion.

### Production Transformation Project

**[Q]:** At page 28 of the Mid- Term Management Plan, I would like to ask you about the second from the right, Production Transformation. Compared to FY2025, this is plus ¥1.5 billion. According to your explanation at the beginning of the presentation, this fiscal year is in the stage of verification and validation, so I believe that the actual contribution amount will come out in the next fiscal year or later. What kind of timing should we anticipate ? Is it correct to imagine that it would be about 50 to 50, and that it would appear in FY2027 and FY2028?

**[A]:** As you mentioned, this year will be the verification and validation phase. Since it involves a fairly significant change in the system, it means that there are aspects to be done with caution. The actual effect will begin to emerge in FY2027 or later, in FY2028. Rather than a 50 to 50 split, we expect the impact to build gradually toward the latter half of the period.

### Overall Direction of the Mid- to Long-Term Management Plan

**[Q]:** In the history of your company, there was a period in the past when you generated significant profits from the drug Krestin, and then you went into the red on an operating income basis, followed by a period of profit from the drug Kremezin, and then you focused on PGA, only to see your most recent profits come from PVDF. That is my recognition.

On the other hand, I understand that Home Products and Crop Protection Products each may firmly has supported earnings. From now, I believe that the Mid- Term Management Plan aims not to rely on Advanced Materials alone, but to leverage both Specialty Plastics and Life Sciences field, which are included in Specialty Chemicals.

I would like to ask the President to comment again in his own words on the Company's culture and the probability of success, as well as what Kureha will do to make profit from now on.

**[A]:** We have not been in the red in 30 years since Krestin, so this is the first time in a long time that we have been in the red. Subsequently, we focused on PVDF and PGA, partly to strengthen our advanced materials.

As you pointed out, Household Products and Agrochemicals have been providing steady earnings support, and we have been working to increase profitability, focusing on advanced materials, including in the previous Mid-Term plan. On the other hand, given the significant changes in the market environment, including geopolitical risks. Considering the situation where we are truly global, where trade itself may not be the norm,

or the catch-up of various manufacturing qualities in China, I believe that it will become increasingly difficult to extend the traditional winning pattern.

Rather than being an upstream company, we would like to compete on the application side, where we can add value to our products.

To achieve this, Advanced Materials needs to further strengthen its application capabilities and added value. It means more brand power in Home Products.

And we are trying to make one more pillar, which is Life Sciences. Kureha's history and technological background in this area indicate that it is a business that can be sufficiently expanded, and that it will take a very long time before it actually contributes to profits through commercialization.

We have been moving forward since the previous Mid-Term Management Plan, so the stage has been raised considerably. Once commercialized, these products have the advantage of contributing to earnings for a considerable period. We believe that by adding the Life Sciences field to higher-specification-change areas such as Advanced Materials, we can establish a solid portfolio. This portfolio is essential to ensuring sustainable growth.

[END]