

FY2021 1H Earnings Presentation (Overview)

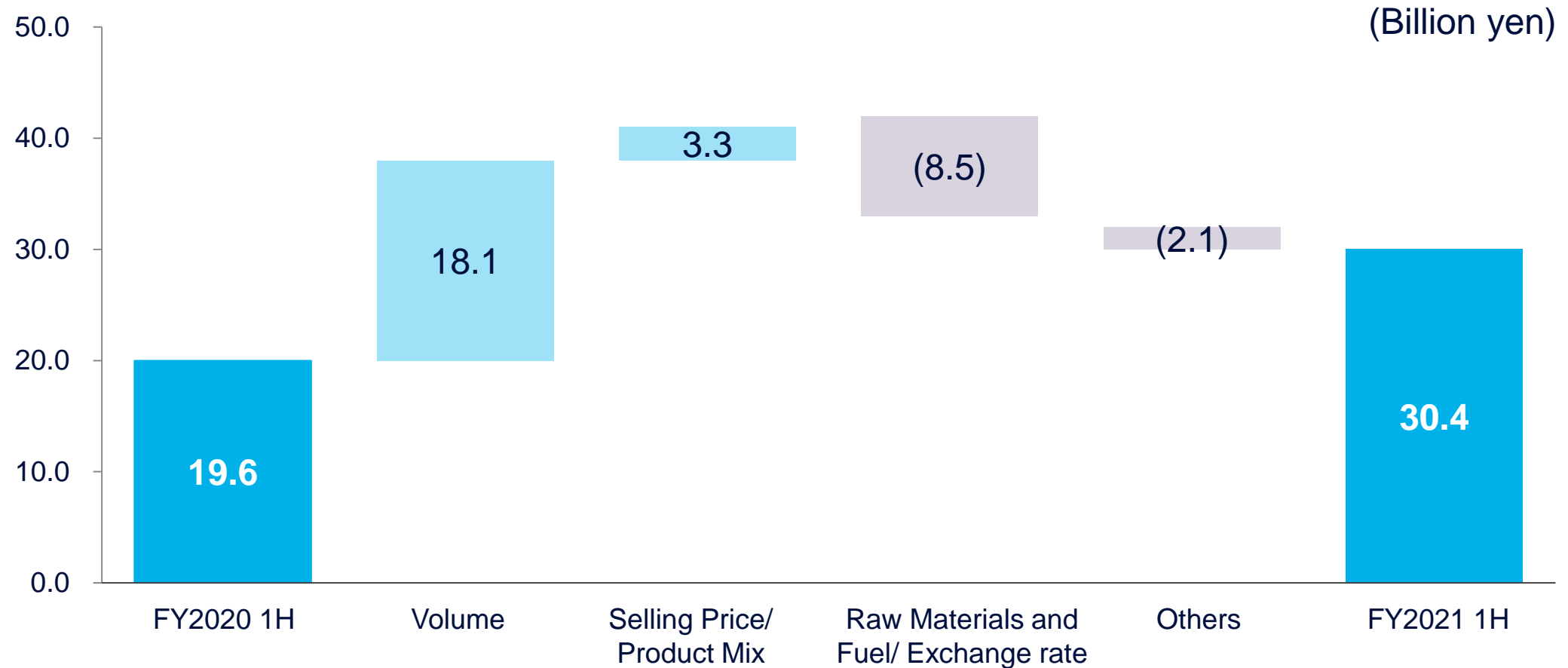
KURARAY CO., LTD.

Overview of FY2021 1H Results

(Billion yen)

	FY2021 1H	FY2020 1H	Difference
Net Sales	302.3	262.0	40.3 (15.4%)
Operating Income	30.4	19.6	10.8 (55.0%)
Ordinary Income	28.5	17.6	10.9 (61.6%)
Net Income*	11.7	9.2	2.5 (27.8%)
Reference			
JPY/USD	108	108	
JPY/EUR	130	119	
Domestic naphtha (JPY 1,000/kl)	41	37	

Factors Affecting the Change in Operating Income



	FY2020 1H	FY2021 1H
Domestic naphtha (JPY1,000/kl)	¥37	¥41
USD (average)	¥108	¥108
EUR (average)	¥119	¥130

Outcome of FY2021 Main Initiatives



- 1. Steady implementation of capital investment decided on for the previous medium-term management plan “PROUD 2020”**
 - We made steady progress on major projects, including a new isoprene plant in Thailand, a new water-soluble poval film plant in Poland, and new equipment for Calgon Carbon (U.S.).
- 2. Expansion of the Environmental Solutions Business**
 - We integrated Calgon Carbon Division and the Carbon Materials Division, whose main product is activated carbon, and launched the Environmental Solutions Division. We built a centralized management system and accelerated initiatives to generate synergy.
- 3. EVAL[™] Production Capacity Increase**
 - We will make a decision in early stage of the next medium-term management plan period.
- 4. New line for VECSTAR[™] FCCL**
 - We monitor penetration of 5G carefully and will decide as demand increase.
- 5. Promotion of digitalization in entire group**
 - We launched the Global Digital Transformation (GDX) Promotion Team and accelerated our efforts to enhance added value strategies and reform operating processes.

Forecast for FY2021

(Billion yen)

	FY2021 Revised Forecast	FY2021 Original Forecast	Difference	FY2020 Result	Difference
Net Sales	610.0	570.0	40.0	541.8	68.2
Operating Income	66.0	55.0	11.0	44.3	21.7
Ordinary Income	61.0	50.0	11.0	39.7	21.3
Net Income*	33.0	30.0	3.0	2.6	30.4

Reference

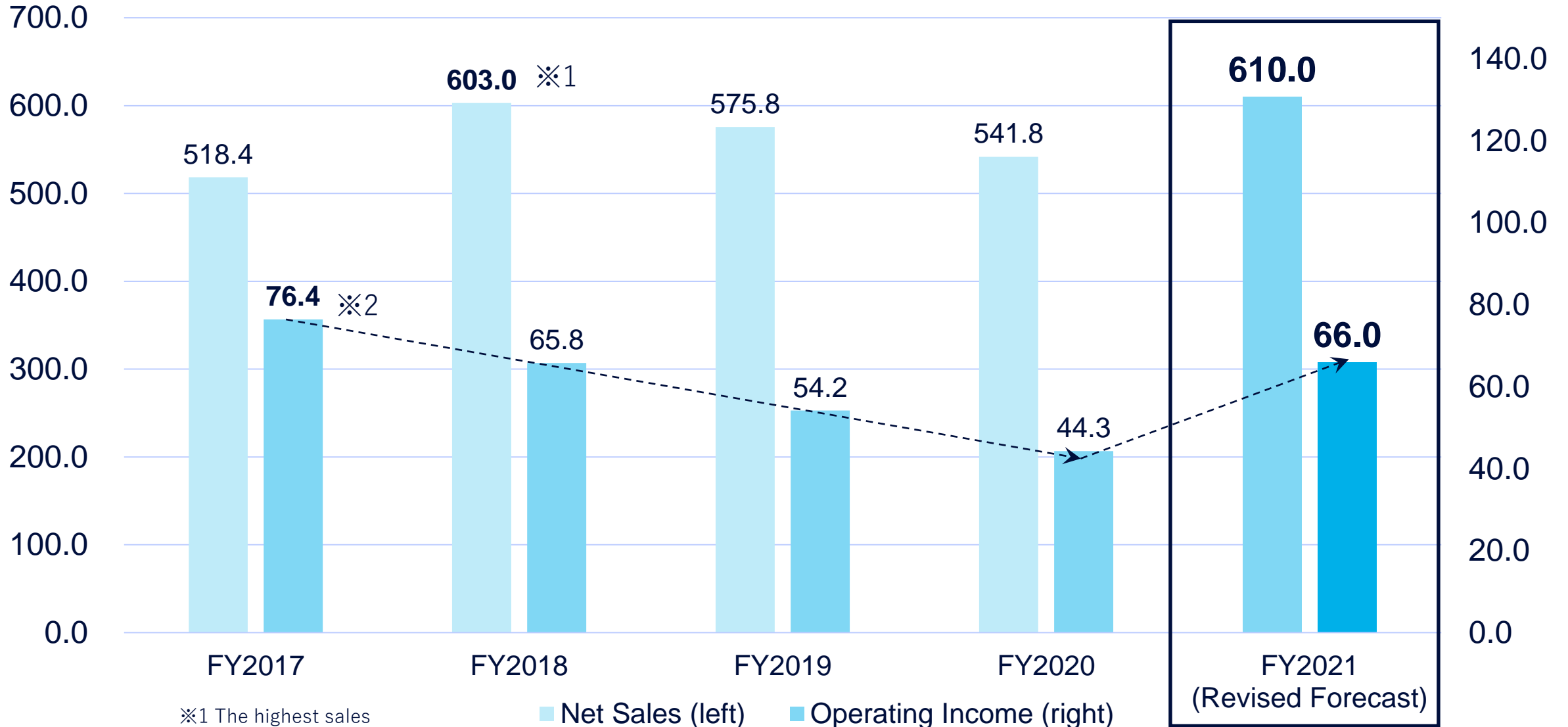
JPY/USD	106	105
JPY/EUR	127	125
Domestic naphtha (JPY1,000/kl)	47	35

107
122
34

FY2017 – 2021 Net Sales and Operating Income

(Billion yen)

(Billion yen)



※1 The highest sales

※2 The highest profit

(From fiscal 2018, Kuraray applies the first-in, first-out inventory valuation method uniformly to products, raw materials and work in process, and due to this change, figures for fiscal 2017 have been restated.)

■ Net Sales (left)

■ Operating Income (right)

FY2021 Shareholder Returns

■ Returns on Profit FY2021

Total return ratio: 35% or higher
Dividends per share: ¥40 or higher

■ FY2021 Interim dividends

Interim dividend: ¥20/share (forecast at beginning of year: ¥20/share)

■ FY2021 Year end dividends (forecast)

Year end : ¥20/share (forecast at beginning of year: ¥20/share)
*** Full-year dividend forecast: ¥40/share (interim: ¥20; year-end: ¥20)**

Initiatives for the Next Medium-Term Management Plan (FY2022-2026)

Our Mission

For people and the planet — to achieve what no one else can

INNOVATION

- Continuous creation of new business
- Cross-divisional activities on a global basis

SUSTAINABILITY

- Realization of carbon neutral in 2050
- Increase of service and products that contribute to “improving the natural environment”, “improving the living environment”

PEOPLE

- Corporate culture that encourage challenges
- A company where employees can find rewarding job

Promoting DX

100th anniversary,
and further future

FY2021 1H Earnings Results (Details)

KURARAY CO., LTD.

Net Sales and Operating Income by Segment

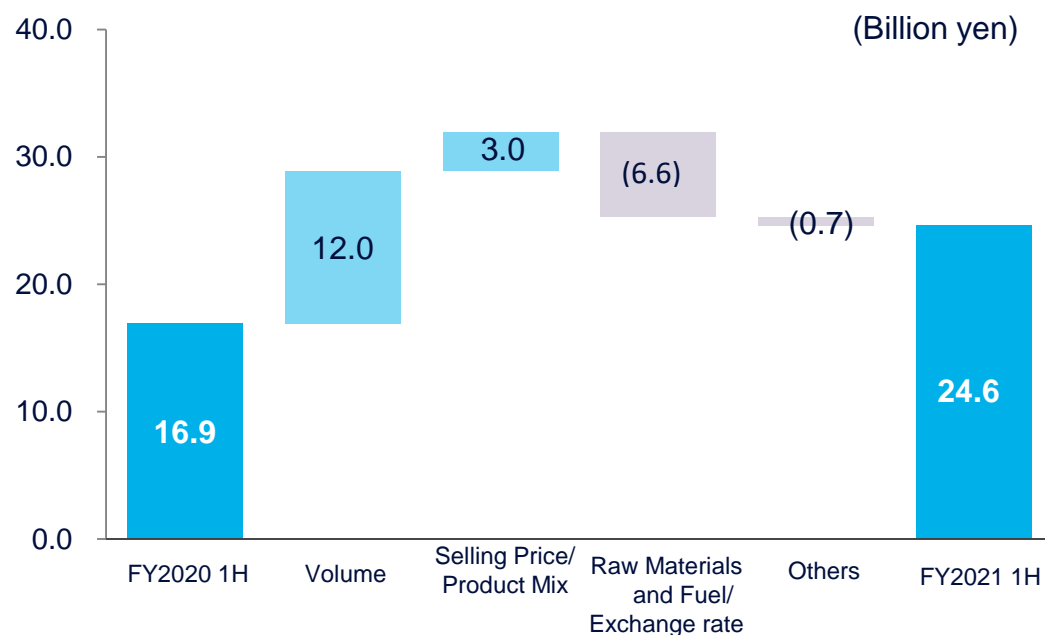
(Billion yen)

	FY2021 1H Result		FY2020 1H Result		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	148.4	24.6	121.8	16.9	26.6	7.7
Isoprene	30.5	3.2	24.7	2.1	5.7	1.1
Functional Materials	64.7	3.0	59.1	1.1	5.6	2.0
Fibers & Textiles	29.9	2.0	28.2	1.7	1.7	0.3
Trading	69.1	2.3	60.0	2.1	9.1	0.2
Others	21.8	0	22.2	0.2	(0.4)	(0.2)
Elimination & Corporate	(62.1)	(4.8)	(54.1)	(4.4)	(8.0)	(0.4)
Total	302.3	30.4	262.0	19.6	40.3	10.8

Factors Affecting the Change in Operating Income (Vinyl Acetate)

(Billion yen)

	FY2020 1H	FY2021 1H	Difference	<Reference> FY2021 1H Revised Forecast
Net Sales	121.8	148.4	26.6	142.0
Operating Income	16.9	24.6	7.7	26.5



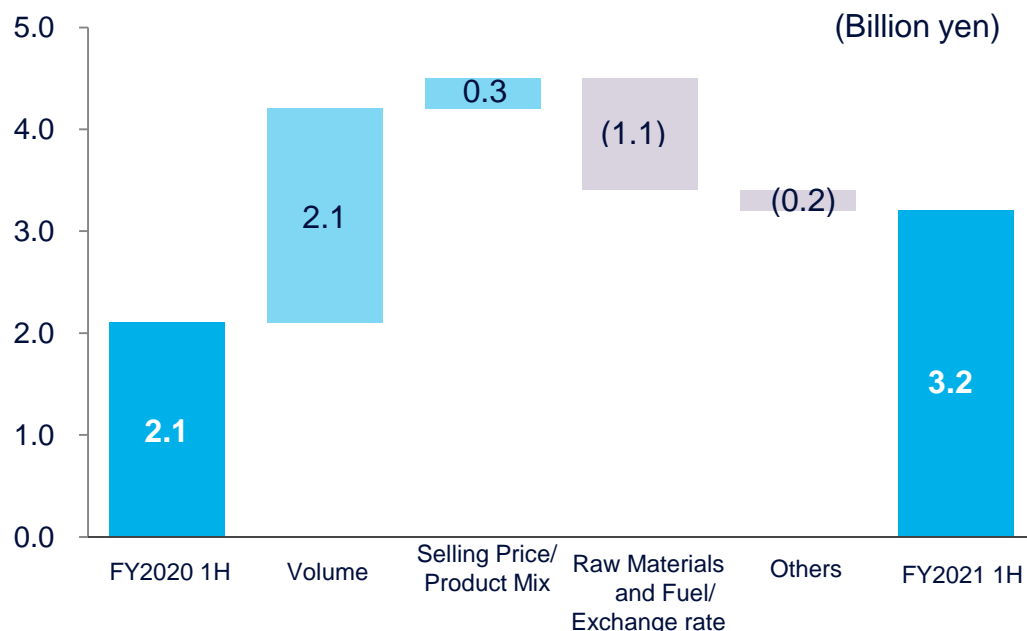
PVA resin	Sales increased as global demand began to recover, but production was affected by the cold wave that hit the southern United States in February 2021.
Optical-use poval film	Sales were brisk due to an increase in demand for LCD panels, especially large displays, from the second half of the previous fiscal year.
Water-soluble PVA film<MonoSol>	Sales steadily expanded for use in unit dose detergent packets, including for laundry and dish detergents.
PVB film	The sales volume rose on the back of a recovery in demand for both construction and automotive applications.
EVAL™	The sales volume increased as demand for gas tank applications recovered, but production was affected by the cold wave in the southern United States.
Volume	Profit increased because of sales increase in all businesses.
Selling Price/Product Mix	Profit rose due to price increase.
Raw Materials and Fuel/Exchange rate	High raw material and fuel prices had continued.
Others	Logistics cost increased.

Factors Affecting the Change in Operating Income (Isoprene)

(Billion yen)

	FY2020 1H	FY2021 1H	Difference	<Reference> FY2021 1H Revised Forecast
Net Sales	24.7	30.5	5.7	30.0
Operating Income	2.1	3.2	1.1	3.0

Fine Chemicals and Elastomers	The sales volume increased due to a demand recovery.
GENESTAR™	Sales remained brisk for electric and electronic device applications and automotive applications amid growing demand.

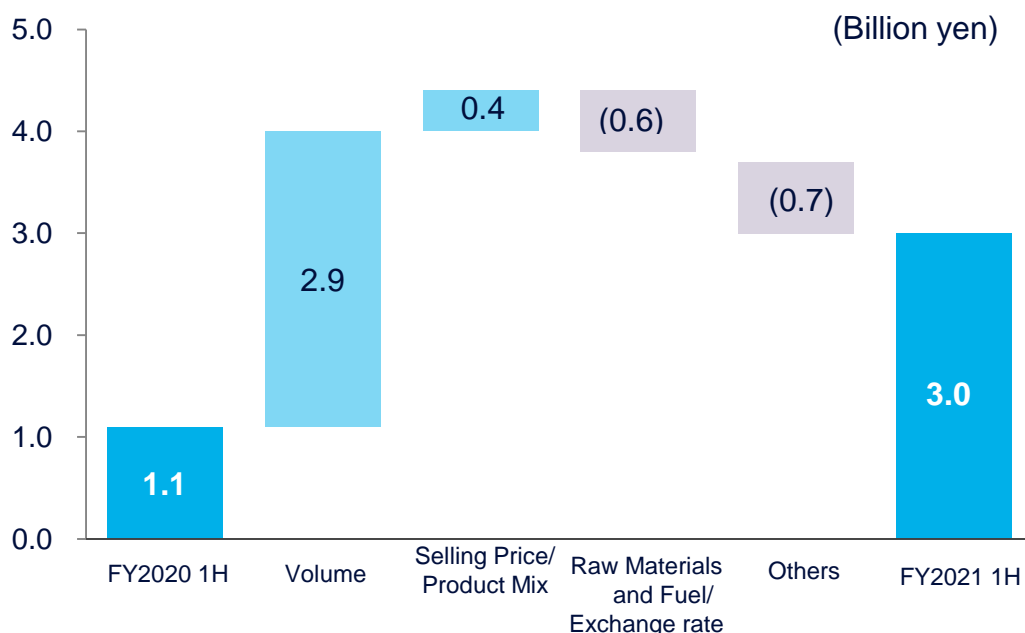


Volume	Profit increased because of sales increase in all businesses.
Selling Price/Product Mix	Profit rose due to price increase.
Raw Materials and Fuel/Exchange rate	High raw material and fuel prices had continued.
Others	Depreciation decreased but logistics cost increased.

Factors Affecting the Change in Operating Income (Functional Materials)

(Billion yen)

	FY2020 1H	FY2021 1H	Difference	<Reference> FY2021 1H Revised Forecast
Net Sales	59.1	64.7	5.6	63.0
Operating Income	1.1	3.0	2.0	2.0



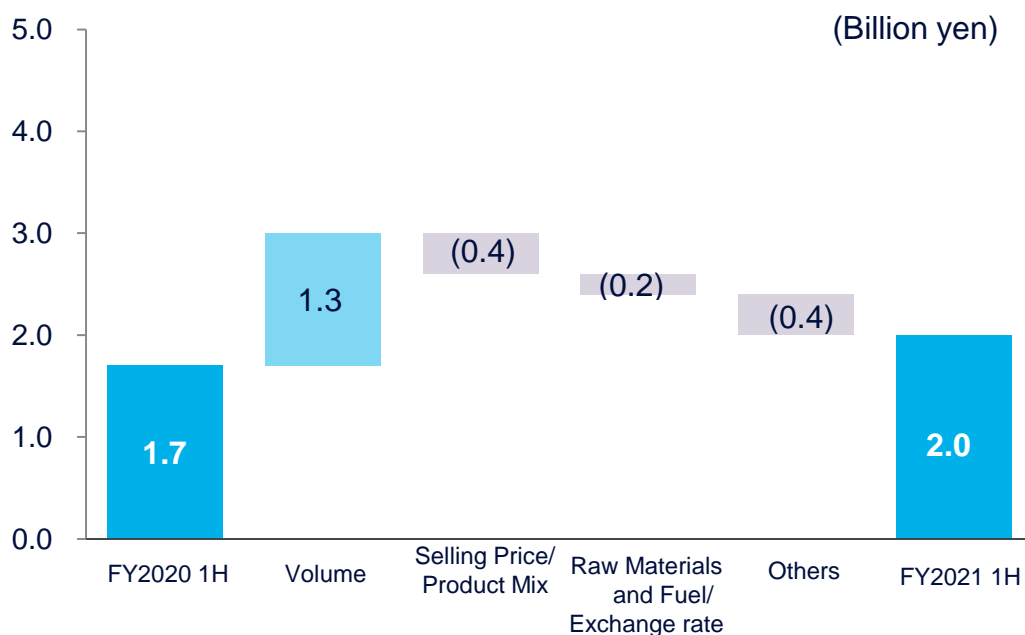
Methacrylate	Sales of spatter-blocking barrier panels and displays increased. In addition, market conditions recovered.
Medical	Dental materials business saw brisk sales, mainly in Europe and the United States, with contributions from the launch of new products.
Environmental Solutions	There were signs of a recovery for industrial applications, and sales of activated carbon remained steady.

Volume	Profit increased because of sales increase in all businesses.
Selling Price/Product Mix	Profit rose due to price increase.
Raw Materials and Fuel/Exchange rate	High raw material and fuel prices had continued.
Others	Depreciation and amortization decreased but logistics cost increased.

Factors Affecting the Change in Operating Income (Fibers and Textiles)

(Billion yen)

	FY2020 1H	FY2021 1H	Difference	<Reference> FY2021 1H Revised Forecast
Net Sales	28.2	29.9	1.7	29.0
Operating Income	1.7	2.0	0.3	1.0



CLARINO™	Sales remained brisk amid a recovery in demand for shoe applications and luxury good applications.
Fibers and Industrial Materials	Sales volume for KURALON™ increased due to a recovery in demand for cement reinforcement and rubber materials applications.
Consumer Goods and Materials	As for KURAFLEX™, demand for counter cloths for the restaurant industry was weak.

Volume	Profit increased because of sales increase.
Selling Price/Product Mix	Profit decreased due to product mix change.
Raw Materials and Fuel/Exchange rate	High raw material and fuel prices had continued.
Others	Logistics cost increased.

Cash Flow for FY2021 1H and Key Data

(Billion yen)

	FY2021 1H	FY2020 1H	Difference
Operating CF	21.1	12.1	9.0
Investing CF*	(37.8)	(48.2)	10.4
Free CF*	(16.7)	(36.1)	19.4
CAPEX(Acceptance basis)	34.8	40.8	(6.0)
Depreciation and Amortization (incl.amortization of goodwill)	28.8	31.0	(2.2)
R&D Expenses	10.3	10.3	0

*Cash flows from investing activities and free cash flow exclude net cash used in fund management and M&A.

Balance Sheet [1]: Assets

(Billion yen)

	Jun. 30, 2021	Dec. 31, 2020	Difference
Current Assets	433.1	461.2	(28.1)
Noncurrent Assets	612.8	590.4	22.4
Total Assets	1,045.9	1,051.6	(5.7)

Reference: Exchange rates at end of period

	Jun. 30, 2021	Dec. 31, 2020
JPY/USD	111	104
JPY/EUR	132	127

Balance Sheet [2]: Liabilities and Net Assets

(Billion yen)

	Jun. 30, 2021	Dec. 31, 2020	Difference
Current Liabilities	209.8	195.1	14.7
Noncurrent Liabilities	290.2	341.1	(50.8)
Total Liabilities	500.0	536.1	(36.1)
Net Assets	545.9	515.5	30.4
Total Liabilities and Net Assets	1,045.9	1,051.6	(5.7)

Equity Ratio

50.5%

47.4%

3.0%

Reference: Exchange rates at end of period

	Jun. 30, 2021	Dec. 31, 2020
JPY/USD	111	104
JPY/EUR	132	127

Forecast for FY2021

(Billion yen)

	FY2021 Revised Forecast	FY2020 Results	Difference
Net Sales	610.0	541.8	68.2
Operating Income	66.0	44.3	21.7
Ordinary Income	61.0	39.7	21.3
Net Income*	33.0	2.6	30.4
EPS	¥95.93	¥7.48	¥88.45
Dividends per share	¥40	¥40	¥0
CAPEX(Decision basis)	50.0	61.4	(11.4)
CAPEX(Acceptance basis)	80.0	76.7	3.3
Depreciation and Amortization (incl. amortization of goodwill)	58.0	62.5	(4.5)
R&D Expenses	21.0	20.6	0.4

*Net Income Attributable to Owners of the Parent

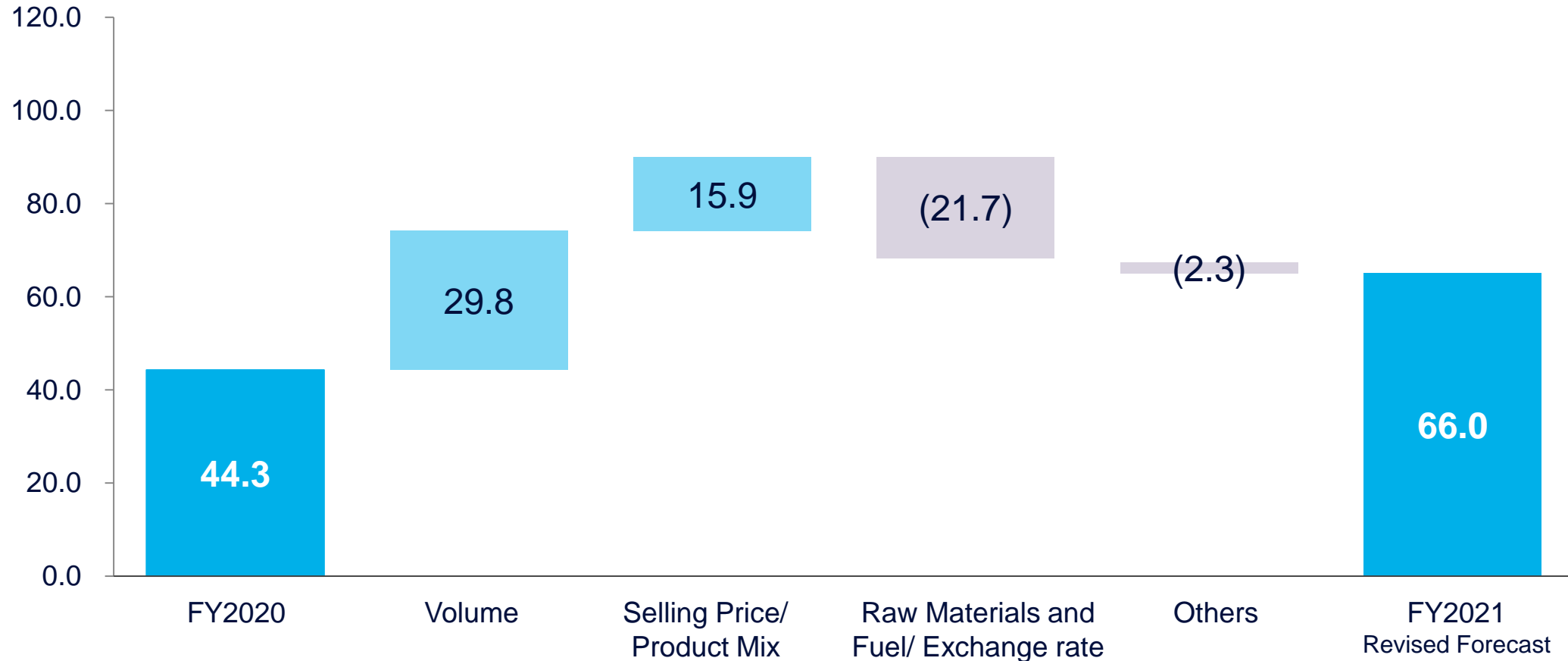
Net sales and Operating Income by Segment

(Billion yen)

	FY2021 Revised Forecast		FY2020 Results		Difference		FY2021 Original Forecast		Difference	
	Net sales	Operating Income	Net sales	Operating Income	Net sales	Operating Income	Net sales	Operating Income	Net sales	Operating Income
Vinyl Acetate	296.0	53.0	257.1	40.8	38.9	12.2	270.0	48.0	26.0	5.0
Isoprene	62.0	7.0	50.4	3.8	11.6	3.2	55.0	5.0	7.0	2.0
Functional Materials	135.0	7.0	125.0	3.0	10.0	4.0	130.0	5.0	5.0	2.0
Fibers & Textiles	62.0	4.0	54.4	2.2	7.6	1.8	57.0	3.0	5.0	1.0
Trading	140.0	4.5	124.4	3.6	15.6	0.9	130.0	4.0	10.0	0.5
Others	40.0	0.5	41.7	0.2	(1.7)	0.3	43.0	0.5	(3.0)	0.0
Elimination & Corporate	(125.0)	(10.0)	(111.2)	(9.2)	(13.8)	(0.8)	(115.0)	(10.5)	(10.0)	0.5
Total	610.0	66.0	541.8	44.3	68.2	21.7	570.0	55.0	40.0	11.0

Factors Affecting the Change in Operating Income

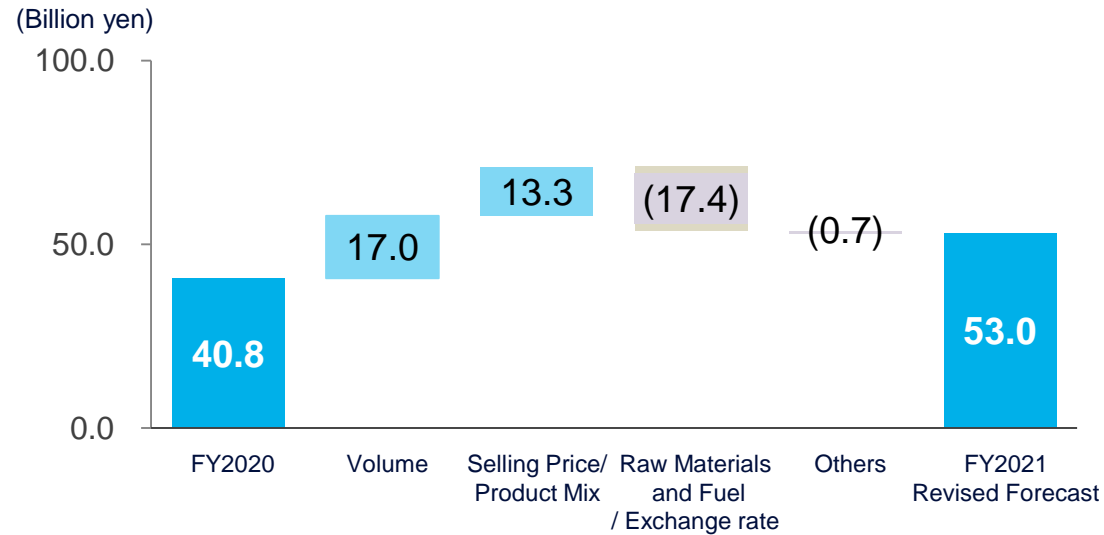
(Billion yen)



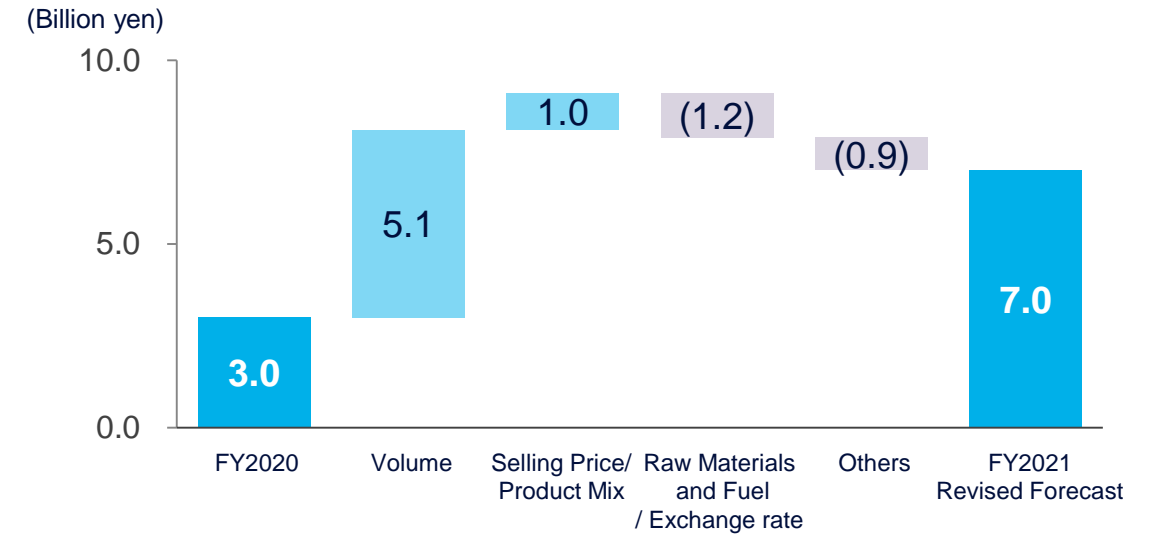
	FY2020	FY2021
Domestic naphtha (JPY1,000/kl)	¥34	¥47
USD (average)	¥107	¥106
EUR (average)	¥122	¥127

【Ref.】 Factors Affecting the Change in Operating Income by segment

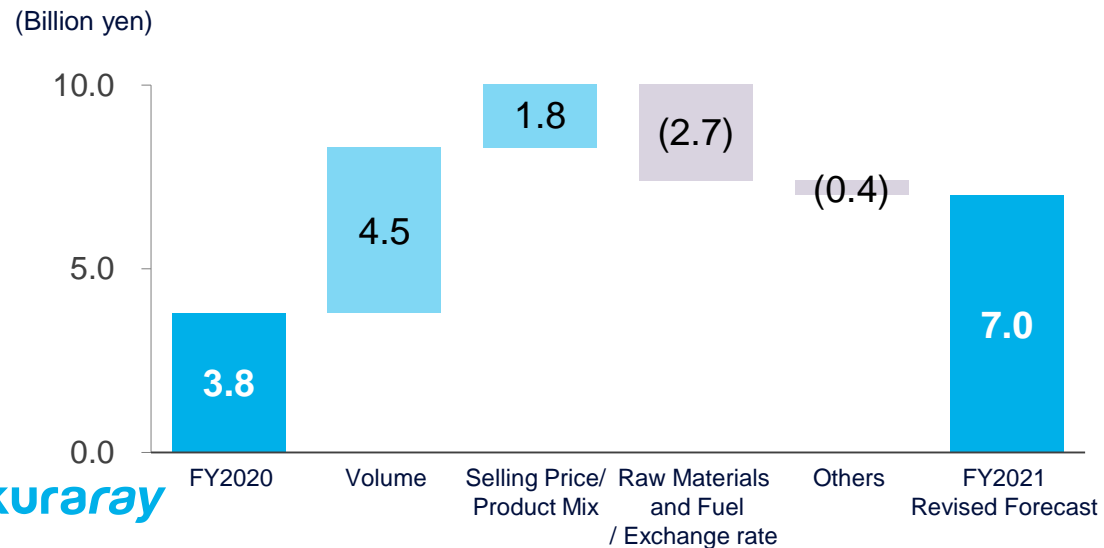
Vinyl Acetate



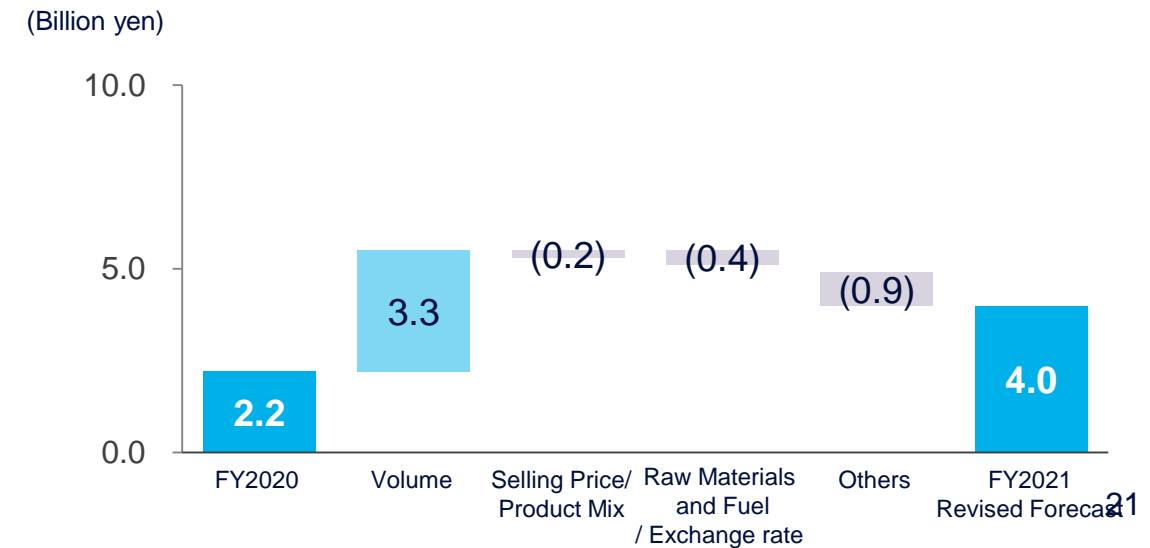
Functional Materials



Isoprene



Fibers & Textiles



【Ref.】 FY2021 Full-Year Forecast (vs FY2020)

(Billion yen)

	FY2021 Forecast			FY2020 Results			Difference		
	1H	2H	Full-Year	1H	2H	Full-Year	1H	2H	Full-Year
Net Sales	302.3	307.7	610.0	262.0	279.8	541.8	40.3	27.9	68.2
Operating Income	30.4	35.6	66.0	19.6	24.7	44.3	10.8	10.9	21.7
Ordinary Income	28.5	32.5	61.0	17.6	22.1	39.7	10.9	10.4	21.3
Net Income*	11.7	21.3	33.0	9.2	(6.6)	2.6	2.5	27.9	30.4

*Net Income Attributable to Owners of the Parent

【Ref.】 Net Sales by Segment (vs FY2020)

(Billion yen)

	FY2021 Revised Forecast			FY2020 Results			Difference		
	1H	2H	Full-Year	1H	2H	Full-Year	1H	2H	Full-Year
Vinyl Acetate	148.4	147.6	296.0	121.8	135.3	257.1	26.6	12.3	38.9
Isoprene	30.5	31.5	62.0	24.7	25.7	50.4	5.7	5.9	11.6
Functional Materials	64.7	70.3	135.0	59.1	65.8	125.0	5.6	4.4	10.0
Fibers & Textiles	29.9	32.1	62.0	28.2	26.2	54.4	1.7	5.9	7.6
Trading	69.1	70.9	140.0	60.0	64.4	124.4	9.1	6.5	15.6
Others	21.8	18.2	40.0	22.2	19.6	41.7	(0.4)	(1.3)	(1.7)
Elimination & Corporate	(62.1)	(62.9)	(125.0)	(54.1)	(57.2)	(111.2)	(8.0)	(5.7)	(13.8)
Total	302.3	307.7	610.0	262.0	279.8	541.8	40.3	27.9	68.2

【Ref.】 Operating Income by Segment (vs FY2020)

(Billion yen)

FY2021 Revised Forecast

FY2020 Results

Difference

1H

2H

Full-Year

1H

2H

Full-Year

1H

2H

Full-Year

Vinyl Acetate	24.6	28.4	53.0	16.9	23.9	40.8	7.7	4.5	12.2
Isoprene	3.2	3.8	7.0	2.1	1.7	3.8	1.1	2.1	3.2
Functional Materials	3.0	4.0	7.0	1.1	1.9	3.0	2.0	2.0	4.0
Fibers & Textiles	2.0	2.0	4.0	1.7	0.5	2.2	0.3	1.5	1.8
Trading	2.3	2.2	4.5	2.1	1.5	3.6	0.2	0.6	0.9
Others	0	0.5	0.5	0.2	0	0.2	(0.2)	0.5	0.3
Elimination & Corporate	(4.8)	(5.2)	(10.0)	(4.4)	(4.8)	(9.2)	(0.4)	(0.4)	(0.8)
Total	30.4	35.6	66.0	19.6	24.7	44.3	10.8	10.9	21.7



All figures are rounded to the nearest hundred million yen.

This presentation contains various forward-looking statements which are based on the current expectations and assumptions of future events. All figures and statements with respect to the future performance, projections, and business plans of Kuraray and its group companies constitute forward-looking statements. Although Kuraray believes that its expectations and assumptions are reasonable, actual results and trends of Kuraray's performance could differ materially from those expressed or implied by such figures or statements due to risks and uncertainties in the future business circumstances. The factors which may cause such difference include, without limitation: (1) general market and economic conditions in Asia including Japan, the U.S., Europe and other regions; (2) fluctuations of currency exchange rates, especially between the Japanese yen and the U.S. dollar and other foreign currencies; (3) changes in raw material and fuel costs; (4) industrial competition and price fluctuations in Japan and international markets; (5) advance or delay in the construction of new plants and production lines; (6) successful development of new products and technologies; and (7) changes in laws and regulations (including tax and environmental) and legal proceedings.