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# **FY2022 Earnings Presentation (Overview)**

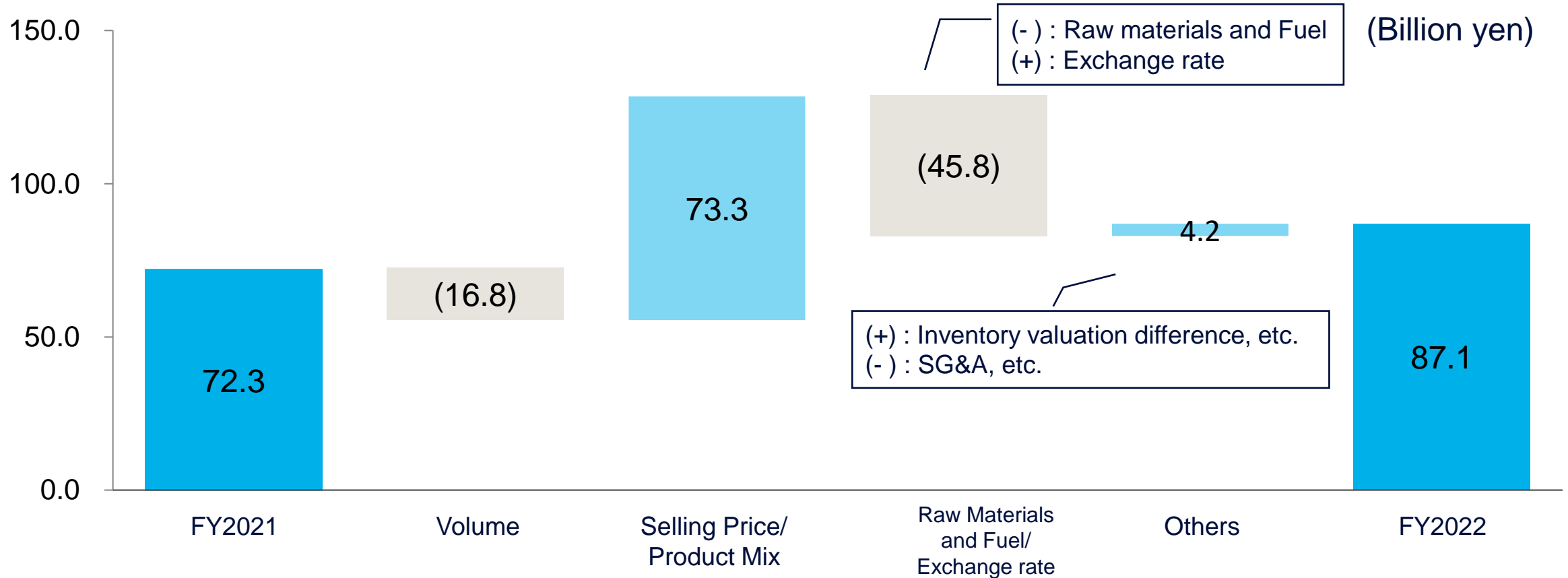
**KURARAY CO., LTD.**

(Billion yen)

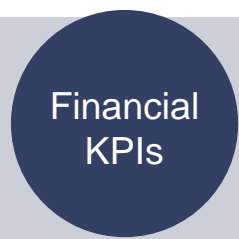
	FY2022	FY2021	Difference
<b>Net Sales</b>	<b>756.4</b>	629.4	127.0
<b>Operating Income</b>	<b>87.1</b>	72.3	14.9
<b>Ordinary Income</b>	<b>84.1</b>	68.8	15.3
<b>Net Income*</b>	<b>54.3</b>	37.3	17.0
	<b>Reference</b>		
JPY/USD (average)	132	110	
JPY/EUR (average)	138	130	
Domestic naphtha (JPY 1,000/kl)	75	48	

\*Net Income Attributable to Owners of the Parent

# Factors Affecting the Change in Operating Income

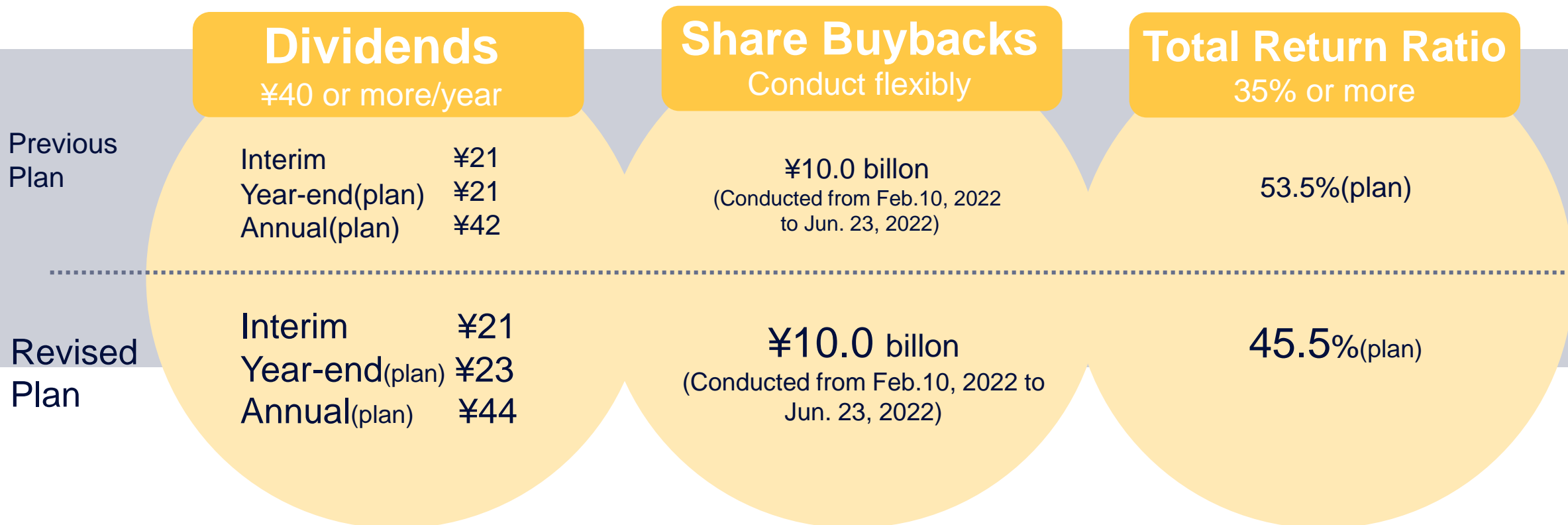


	FY2021	FY2022
JPY/USD (average)	110	132
JPY/EUR (average)	130	138
Domestic naphtha (JPY 1,000/kl)	48	75



	FY2021	FY2022	FY2026 Targets
<b>ROIC</b>	6.1%	<b>7.0%</b>	8%
<b>EBITDA*</b>	¥131.3 billion	<b>¥152.6 billion</b>	¥170.0 billion
<b>ROE</b>	7.0%	<b>9.0%</b>	10%
<b>EBITDA Margin (reference)</b>	20.9%	<b>20.2%</b>	23%

\*Operating income + depreciation and amortization



(Billion yen)

	FY2023 Forecasts	FY2022	Difference
<b>Net Sales</b>	<b>830.0</b>	756.4	73.6
<b>Operating Income</b>	<b>84.0</b>	87.1	(3.1)
<b>Ordinary Income</b>	<b>79.0</b>	84.1	(5.1)
<b>Net Income*</b>	<b>51.0</b>	54.3	(3.3)
<small>*Net Income Attributable to Owners of the Parent</small>			
<b>Reference</b>			
JPY/USD (average)	130	132	
JPY/EUR (average)	140	138	
Domestic naphtha (JPY 1,000/kl)	69	75	

## Dividends(plan)

Interim	¥24
Year-end	¥24
Annual	¥48

## Shareholder Return Policy

Total return ratio: 35% or more  
¥40 or more/year  
Share buybacks : conduct flexibly



- FY2022
- Decided to expand optical poval film production facilities
  - Decided to debottleneck EVAL™ plant in Europe and the United States
  - Decided to debottleneck liquid rubber facility in Japan
  - Liquidated and withdrawn from unprofitable businesses based on quantitative and qualitative assessments
- 

- FY2023
- Safe start-up of the new isoprene base in Thailand, the new water soluble poval film plant in Poland, and the new activated carbon facility in the United States, and swiftly make them profitable
  - Consider constructing a new EVAL™ plant in Asia
  - Expand VECTRAN™ facilities
  - Consider expanding facility for dental materials business



## FY2022

- Conducted scenario analyses and business impact assessments with the aim of expanding disclosures in line with the TCFD\*<sup>1</sup> framework
- Introduced PSA\*<sup>2</sup> and expanded use of internal carbon pricing
- Narrowed strategic areas to six, accelerated global expansion. 10 themes in progress toward commercialization
- Expanded use of customer relationship management (CRM) system

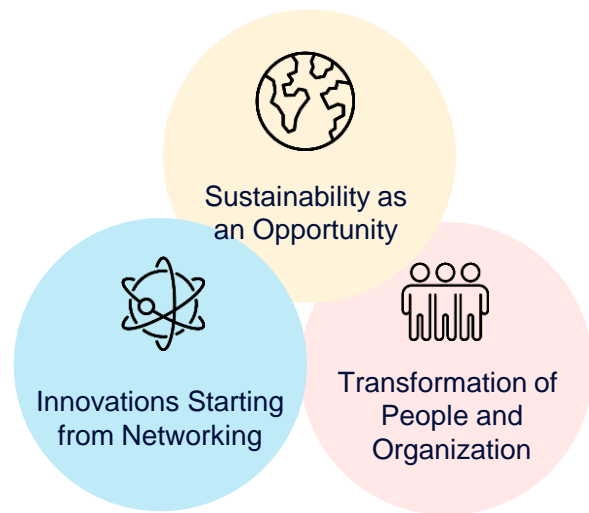
## FY2023

- Apply for SBT\*<sup>3</sup> certification and strengthen sustainability procurement
- Accelerate development and commercialization using companywide resources
- Strengthen human resource investment (expand training, enhance D&I measures, draft and execute measures based on global engagement surveys)
- Promote DX personnel training programs and begin operating globally unified SAP

※1 TCFD: Task Force on Climate-related Financial Disclosures

※2 PSA: A product portfolio assessment system guided by WBCSD (World Business Council for Sustainable Development). With a support by Sphera, Kuraray has built its PSA System, which complies with the WBCSD’s dedicated chemical industry guidelines.

※3 SBT: Voluntary targets set by business corporations with regards to GHG emission reductions over the course of 5 to 15 years in a manner consistent with the levels required by the Paris Agreement





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# **FY2022 Earnings Results (Details)**

**KURARAY CO., LTD.**

# Net Sales and Operating Income by Segment

(Billion yen)

	FY2022		FY2021		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
<b>Vinyl Acetate</b>	<b>385.3</b>	<b>77.5</b>	304.7	58.3	80.7	19.3
<b>Isoprene</b>	<b>65.6</b>	<b>4.3</b>	61.9	6.1	3.7	(1.8)
<b>Functional Materials</b>	<b>174.1</b>	<b>8.6</b>	142.4	8.7	31.7	(0.1)
<b>Fibers &amp; Textiles</b>	<b>66.9</b>	<b>6.7</b>	61.1	5.6	5.8	1.1
<b>Trading</b>	<b>58.8</b>	<b>5.1</b>	144.0	4.8	(85.2)	0.3
<b>Others</b>	<b>52.1</b>	<b>2.7</b>	44.3	1.2	7.7	1.5
<b>Elimination &amp; Corporate</b>	<b>(46.4)</b>	<b>(17.8)</b>	(129.1)	(12.4)	82.6	(5.4)
<b>Total</b>	<b>756.4</b>	<b>87.1</b>	629.4	72.3	127.0	14.9

From FY2022, below listed items are applied.

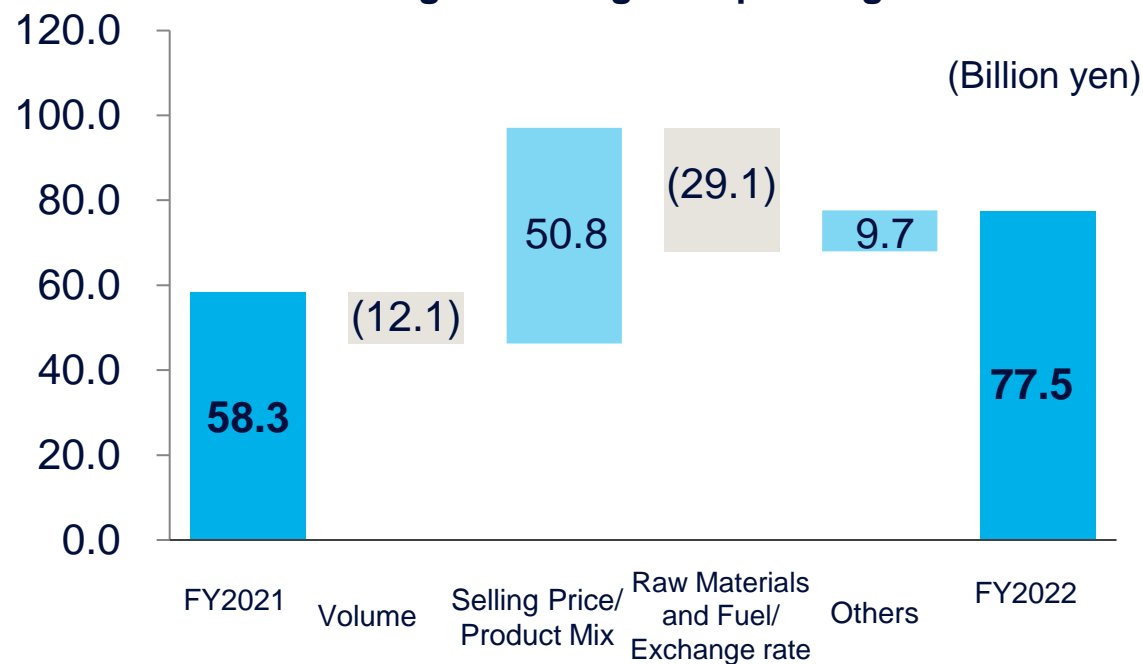
- Adoption of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), only to FY2022 figures.
- Change of the method of allocating eliminations of profits from some internal transactions among segments and within the corporate, for both FY2021 and FY2022.
- Change of the segment classification of the aqua business from “Others” to “Functional Materials”, for both FY2021 and FY2022.

Net sales for the Trading segment and elimination & corporate for FY2022 have significantly changed compared to FY2021, mainly due to changes in accounting methods for revenues attributable to agent transactions in the Trading segment as a result of the adoption of the Accounting Standard for Revenue Recognition and other factors. Because of these changes, revenues from such transactions, which have previously been recorded on the basis of total transactional value, are now recorded on a net basis.

(Billion yen)

	FY2021	FY2022	Difference
Net Sales	304.7	385.3	80.7
Operating Income	58.3	77.5	19.3

**【Factors Affecting the Change in Operating Income】**

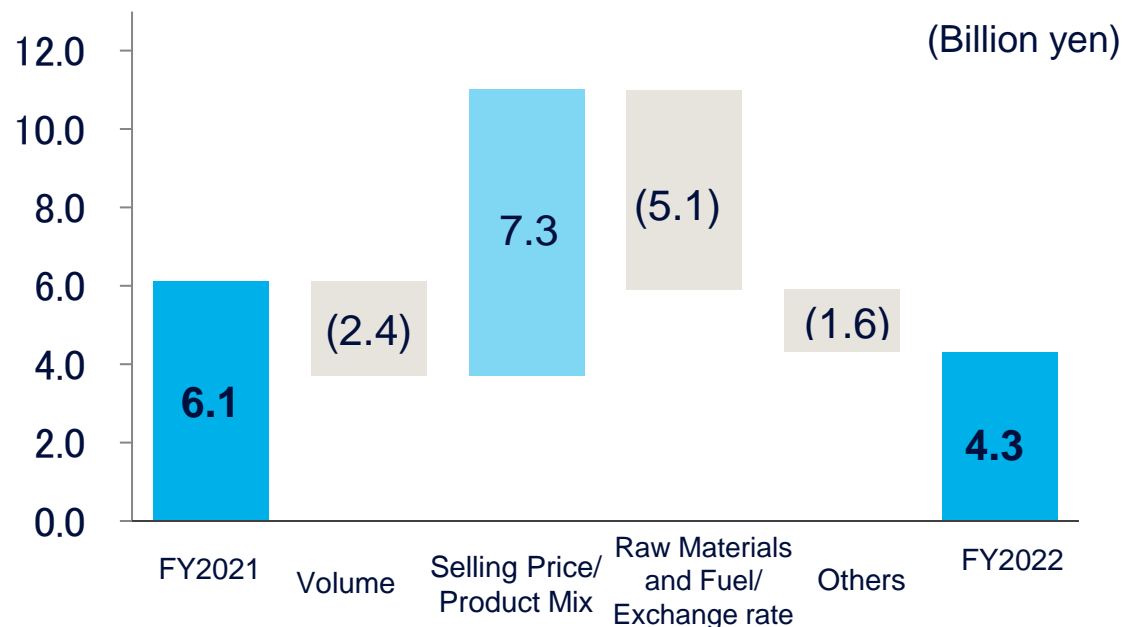


<b>PVOH resin</b>	The sales volume decreased due to the suspension of some production facilities at a U.S. subsidiary and a contraction in demand in the latter half of the year. we continued shifting to high value-added products while revising prices amid soaring raw material and fuel prices.
<b>Optical-use poval film</b>	Shipments declined significantly from the middle of the year due to the impact of LCD panel inventory adjustments. To meet needs for larger TV panel sizes, we decided to make a capital investment at the Kurashiki Plant (slated to begin operating in mid 2024)
<b>Water-soluble PVOH film MonoSol</b>	Sales were firm for use in unit dose laundry detergent packets.
<b>Advanced Interlayer Solutions</b>	Sales of PVB film, especially for use in construction applications in North America, held steady year on year.
<b>EVAL™</b>	The sales volume increased due to steady performance for use in food packaging applications as we revised product prices. In response to strong demand, we worked to improve productivity and decided to invest in production capacity expansion in Europe and the U.S.
<b>Main reason of increase/ Decrease</b>	Covered soaring raw material, fuel, and logistics costs with higher profit achieved by revising product prices and shifting to high value-added products. Others is positive due to inventory valuation differences despite increase in logistics costs

(Billion yen)

	FY2021	FY2022	Difference
Net Sales	61.9	<b>65.6</b>	3.7
Operating Income	6.1	<b>4.3</b>	(1.8)

### 【Factors Affecting the Change in Operating Income】



#### Isoprene Chemicals and Elastomers

Amid soaring raw material and fuel prices, we revised the prices of isoprene chemicals and elastomer. The sales volume decreased due to a temporary difficulty in procuring raw materials and a contraction in demand in the latter half of the year.

#### GENESTAR™

The sales volume decreased due in part to inventory adjustments in automotive parts and electric and electronic devices.

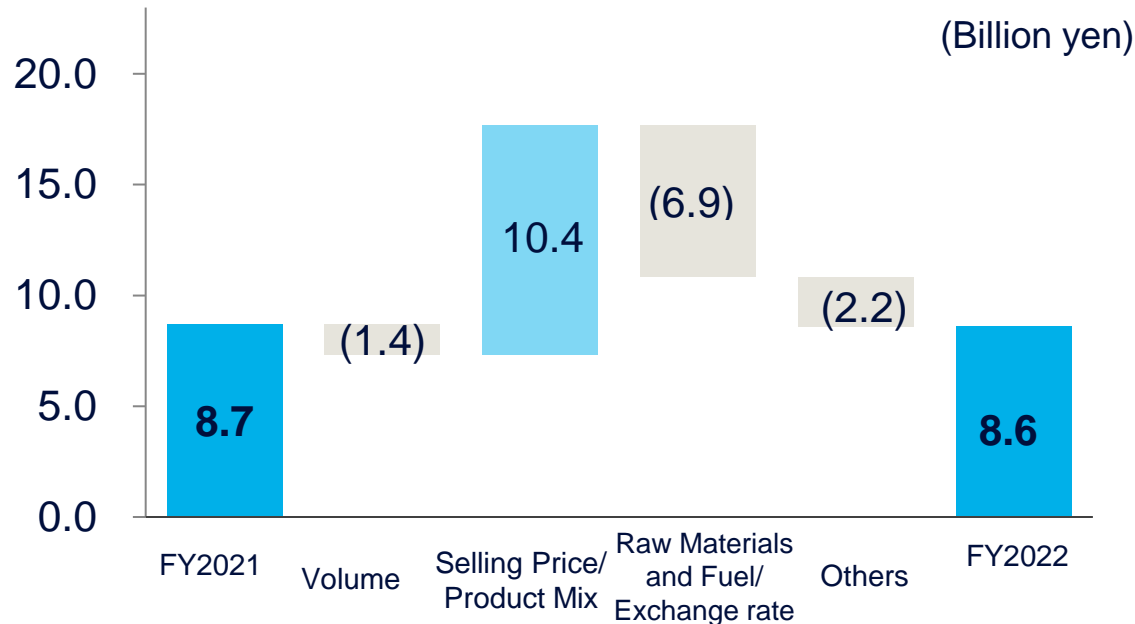
#### Main reason of increase/decrease

Despite covering soaring raw material, fuel, and logistics costs with high profit achieved by revising product prices, sales volume declined due mainly to temporary raw material procurement difficulty and inventory adjustments for electric and electronic devices, etc.

(Billion yen)

	FY2021	FY2022	Difference
Net Sales	142.4	174.1	31.7
Operating Income	8.7	8.6	(0.1)

### 【Factors Affecting the Change in Operating Income】

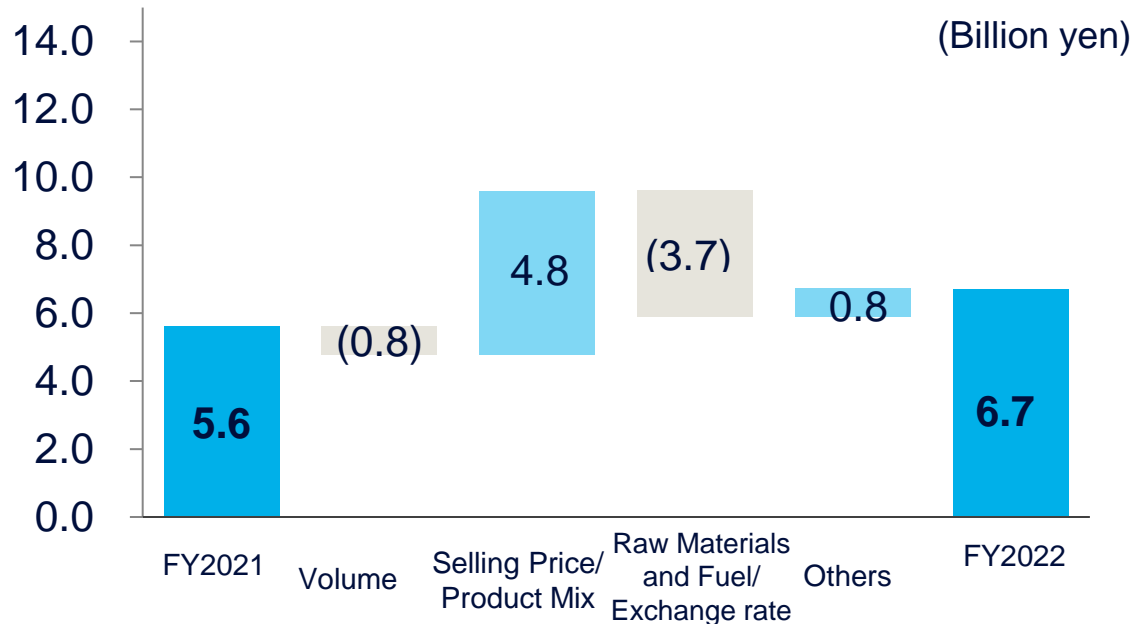


<b>Methacrylate</b>	The sales volume decreased due in part to electric and electronic device inventory adjustments. Soaring raw material prices and deteriorating market conditions also had a negative impact.
<b>Medical</b>	Sales of cosmetic dental materials expanded in Japan and overseas.
<b>Environmental Solutions</b>	Demand for drinking water and water for industrial applications increased, especially in Europe and the U.S., and sales of activated carbon expanded. We revised product prices due to soaring raw material and fuel prices.
<b>Aqua</b>	Demand for hollow fiber membranes for water treatment remained steady.
<b>Main reason of increase/decrease</b>	Covered soaring raw material, fuel, and logistics costs with higher profit achieved by revising product prices, etc.

(Billion yen)

	FY2021	FY2022	Difference
Net Sales	61.1	<b>66.9</b>	5.8
Operating Income	5.6	<b>6.7</b>	1.1

### 【Factors Affecting the Change in Operating Income】



<b>CLARINO™</b>	Sales expanded for use in automotive and luxury products.
<b>Fibers and Industrial Materials</b>	KURALON™ was affected by a delayed recovery in the production of automobiles and an economic slowdown in the latter half of the year, while sales of VECTRAN™ remained favorable, especially for exports.
<b>Consumer Goods and Materials</b>	Demand for KURAFLEX™ in the restaurant industry was weak despite an increase in shipments for hygienic applications.
<b>Main reason of increase/decrease</b>	Covered soaring raw material, fuel, and logistics costs with higher profit achieved mainly by revising product prices

# Net Sales and Operating income by Segment (vs. Previous Forecasts) *kuraray*

(Billion yen)

	FY2022		Previous Forecasts (November 9, 2022)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	385.3	77.5	387.0	67.0	(1.7)	10.5
Isoprene	65.6	4.3	71.0	5.0	(5.4)	(0.7)
Functional Materials	174.1	8.6	172.0	8.0	2.1	0.6
Fibers & Textiles	66.9	6.7	69.0	7.0	(2.1)	(0.3)
Trading	58.8	5.1	59.0	5.0	(0.2)	0.1
Others	52.1	2.7	49.0	2.5	3.1	0.2
Elimination & Corporate	(46.4)	(17.8)	(47.0)	(16.5)	0.6	(1.3)
<b>Total</b>	<b>756.4</b>	<b>87.1</b>	<b>760.0</b>	<b>78.0</b>	<b>(3.6)</b>	<b>9.1</b>



(Billion yen)

	FY2022	FY2021	Difference
<b>Operating CF</b>	<b>51.7</b>	78.2	(26.5)
<b>Investing CF*</b>	<b>(72.0)</b>	(71.4)	(0.5)
<b>Free CF*</b>	<b>(20.2)</b>	6.8	(27.0)
<b>CAPEX(acceptance basis)</b>	<b>72.6</b>	65.9	6.7
<b>Depreciation and Amortization (incl. amortization of goodwill)</b>	<b>65.5</b>	59.0	6.5
<b>R&amp;D Expenses</b>	<b>22.7</b>	20.8	1.8

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

(Billion yen)

	Dec. 31, 2022	Dec. 31, 2021	Difference
<b>Current Assets</b>	<b>533.9</b>	470.2	63.8
<b>Non-current Assets</b>	<b>687.6</b>	620.8	66.8
<b>Total Assets</b>	<b>1,221.5</b>	1,091.0	130.5

	Dec. 31, 2022	Dec. 31, 2021
JPY/USD (end of period)	133	115
JPY/EUR (end of period)	141	131

# Balance Sheet [2]: Liabilities and Net Assets

(Billion yen)

	Dec. 31, 2022	Dec. 31, 2021	Difference
<b>Current Liabilities</b>	<b>221.3</b>	219.5	1.9
<b>Non-current Liabilities</b>	<b>331.7</b>	291.9	39.7
<b>Total Liabilities</b>	<b>553.0</b>	511.4	41.6
<b>Net Assets</b>	<b>668.5</b>	579.6	88.9
<b>Total Liabilities and Net Assets</b>	<b>1,221.5</b>	1,091.0	130.5
<b>Equity Ratio</b>	<b>52.9%</b>	51.3%	1.6%
	Dec. 31, 2022	Dec. 31, 2021	
JPY/USD (end of period)	133	115	
JPY/EUR (end of period)	141	131	

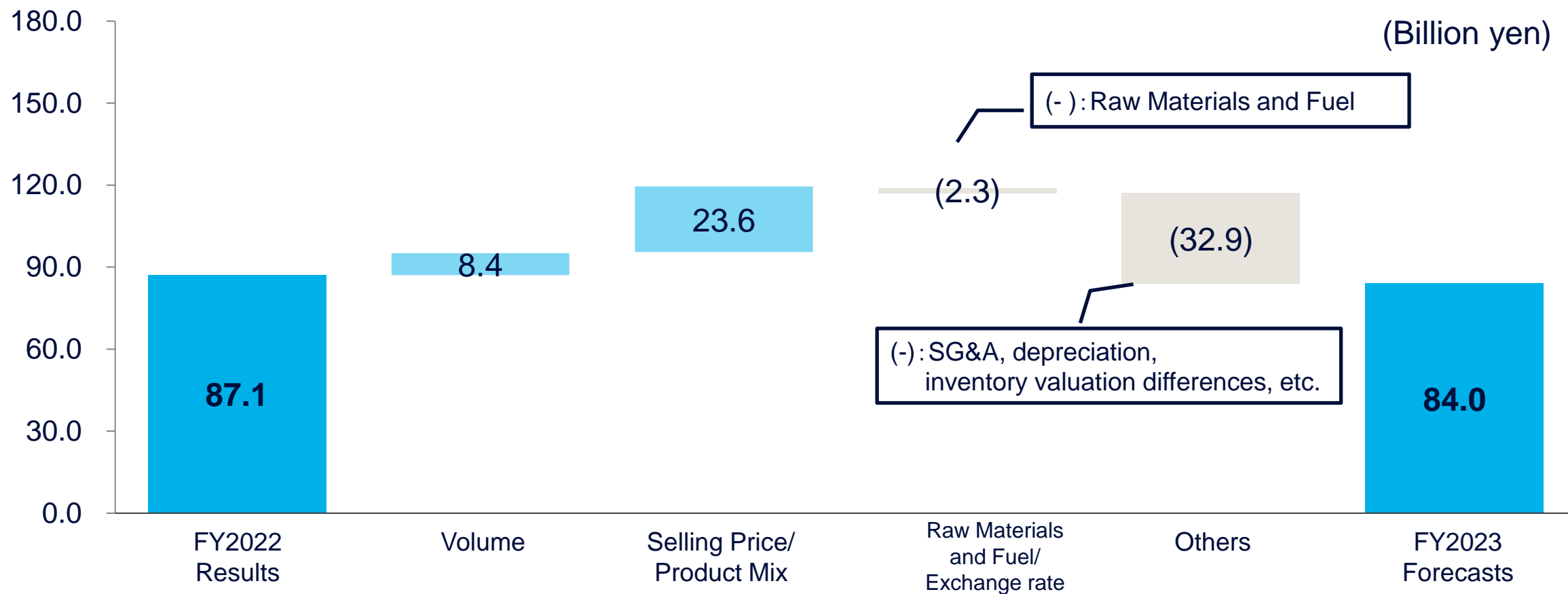
# Forecasts for FY2023 and Key Data

(Billion yen)

	FY2023 Forecasts	FY2022	Difference
<b>Net Sales</b>	<b>830.0</b>	756.4	73.6
<b>Operating Income</b>	<b>84.0</b>	87.1	(3.1)
<b>Ordinary Income</b>	<b>79.0</b>	84.1	(5.1)
<b>Net Income*</b>	<b>51.0</b>	54.3	(3.3)
<b>EPS</b>	<b>¥152.38</b>	¥161.13	¥(8.75)
<b>Dividends per share</b>	<b>¥48</b>	¥44	¥4
<b>CAPEX(decision basis)</b>	<b>90.0</b>	65.9	24.1
<b>CAPEX(acceptance basis)</b>	<b>77.0</b>	72.6	4.4
<b>Depreciation and Amortization (incl. amortization of goodwill)</b>	<b>77.0</b>	65.5	11.5
<b>R&amp;D Expenses</b>	<b>24.0</b>	22.7	1.3

\*Net Income Attributable to Owners of the Parent

# Factors Affecting the Change in Operating Income



	FY2022	FY2023 assumption
JPY/USD (average)	132	130
JPY/EUR (average)	138	140
Domestic naphtha (JPY 1,000/kl)	75	69

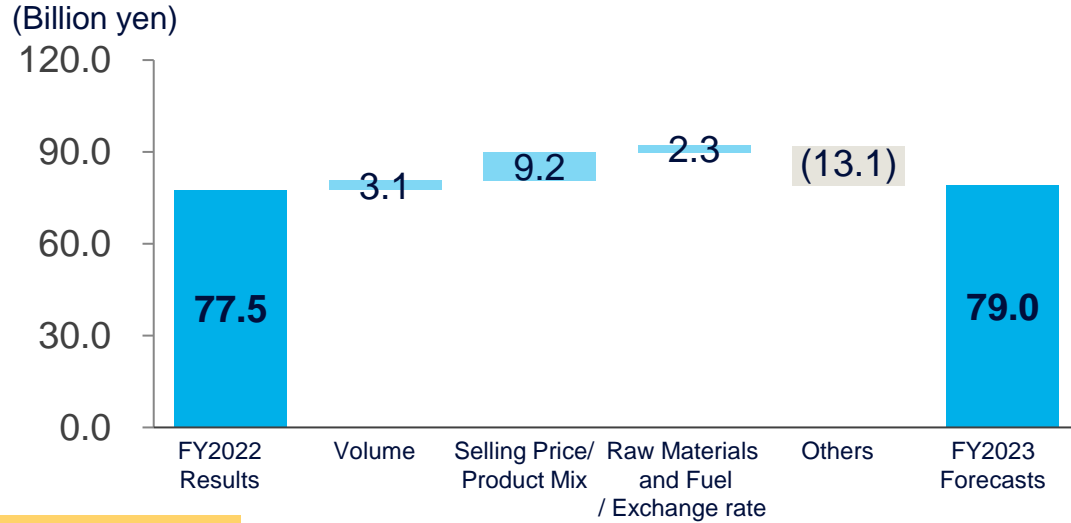
# 【Ref.】 Net Sales and Operating Income by Segment

(Billion yen)

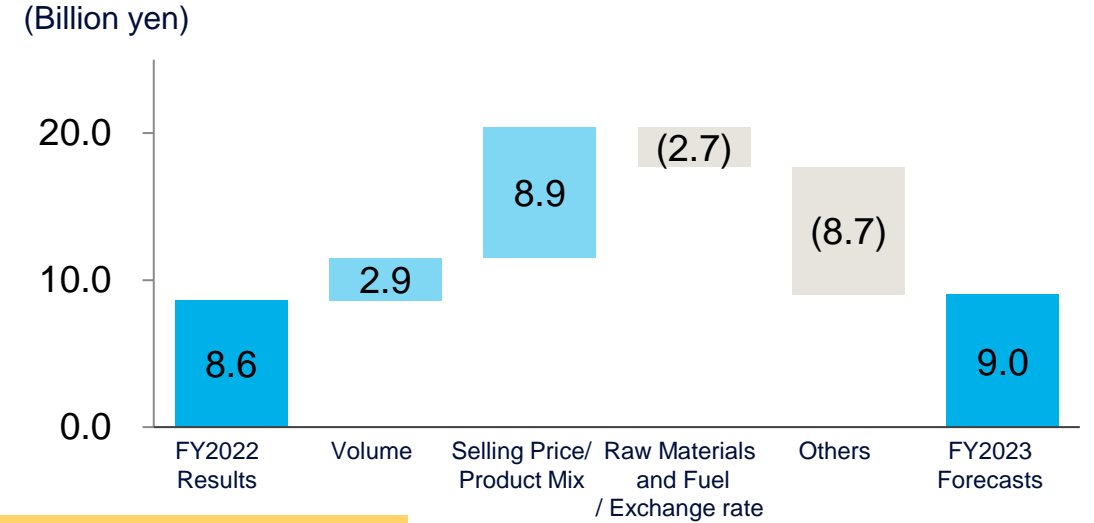
	FY2023 Forecasts		FY2022		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	430.0	79.0	385.3	77.5	44.7	1.5
Isoprene	78.0	1.0	65.6	4.3	12.4	(3.3)
Functional Materials	195.0	9.0	174.1	8.6	20.9	0.4
Fibers & Textiles	72.0	5.5	66.9	6.7	5.1	(1.2)
Trading	63.0	5.2	58.8	5.1	4.2	0.1
Others	41.0	1.0	52.1	2.7	(11.1)	(1.7)
Elimination & Corporate	(49.0)	(16.7)	(46.4)	(17.8)	(2.6)	1.1
<b>Total</b>	<b>830.0</b>	<b>84.0</b>	<b>756.4</b>	<b>87.1</b>	<b>73.6</b>	<b>(3.1)</b>

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

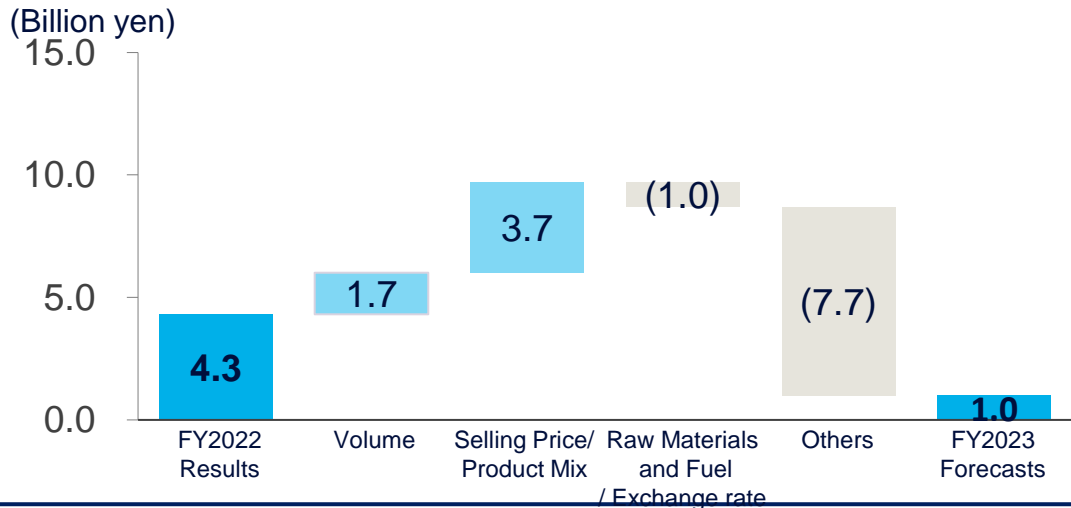
## Vinyl Acetate



## Functional Materials



## Isoprene



## Fibers & Textiles



(Billion yen)

	FY2023 Forecasts			FY2022			Difference		
	1H	2H	Full-Year	1H	2H	Full-Year	1H	2H	Full-Year
<b>Net Sales</b>	400.0	430.0	830.0	358.0	398.3	756.4	42.0	31.7	73.6
<b>Operating Income</b>	36.0	48.0	84.0	38.1	49.0	87.1	(2.1)	(1.0)	(3.1)
<b>Ordinary Income</b>	33.0	46.0	79.0	37.9	46.2	84.1	(4.9)	(0.2)	(5.1)
<b>Net Income*</b>	21.0	30.0	51.0	24.2	30.1	54.3	(3.2)	(0.1)	(3.3)

\*Net Income Attributable to Owners of the Parent



# 【Ref.】 Net Sales Forecasts by Segment

(Billion yen)

	FY2023 Forecasts			FY2022			Difference		
	1H	2H	Full-Year	1H	2H	Full-Year	1H	2H	Full-Year
Vinyl Acetate	215.0	215.0	430.0	185.4	199.9	385.3	29.6	15.1	44.7
Isoprene	36.0	42.0	78.0	31.9	33.7	65.6	4.1	8.3	12.4
Functional Materials	91.0	104.0	195.0	77.8	96.3	174.1	13.2	7.7	20.9
Fibers & Textiles	33.0	39.0	72.0	31.8	35.1	66.9	1.2	3.9	5.1
Trading	30.0	33.0	63.0	29.7	29.1	58.8	0.3	3.9	4.2
Others	19.0	22.0	41.0	23.7	28.4	52.1	(4.7)	(6.4)	(11.1)
Elimination & Corporate	(24.0)	(25.0)	(49.0)	(22.3)	(24.2)	(46.4)	(1.7)	(0.8)	(2.6)
<b>Total</b>	<b>400.0</b>	<b>430.0</b>	<b>830.0</b>	<b>358.0</b>	<b>398.3</b>	<b>756.4</b>	<b>42.0</b>	<b>31.7</b>	<b>73.6</b>

# 【Ref.】 Operating Income Forecasts by Segment

(Billion yen)

	FY2023 Forecasts			FY2022			Difference		
	1H	2H	Full-Year	1H	2H	Full-Year	1H	2H	Full-Year
<b>Vinyl Acetate</b>	<b>35.0</b>	<b>44.0</b>	<b>79.0</b>	33.6	43.9	77.5	1.4	0.1	1.5
<b>Isoprene</b>	<b>0.5</b>	<b>0.5</b>	<b>1.0</b>	2.5	1.8	4.3	(2.0)	(1.3)	(3.3)
<b>Functional Materials</b>	<b>3.5</b>	<b>5.5</b>	<b>9.0</b>	3.3	5.3	8.6	0.2	0.2	0.4
<b>Fibers &amp; Textiles</b>	<b>1.5</b>	<b>4.0</b>	<b>5.5</b>	3.8	2.9	6.7	(2.3)	1.1	(1.2)
<b>Trading</b>	<b>2.4</b>	<b>2.8</b>	<b>5.2</b>	2.8	2.3	5.1	(0.4)	0.5	0.1
<b>Others</b>	<b>0.5</b>	<b>0.5</b>	<b>1.0</b>	1.2	1.5	2.7	(0.7)	(1.0)	(1.7)
<b>Elimination &amp; Corporate</b>	<b>(7.4)</b>	<b>(9.3)</b>	<b>(16.7)</b>	(9.1)	(8.7)	(17.8)	1.7	(0.6)	1.1
<b>Total</b>	<b>36.0</b>	<b>48.0</b>	<b>84.0</b>	38.1	49.0	87.1	(2.1)	(1.1)	(3.1)

# 【Ref.】 Quarterly Net Sales by Segments

(Billion yen)

	FY2021					FY2022				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
<b>Vinyl Acetate</b>	72.2	76.3	76.4	79.8	304.7	86.2	99.3	100.2	99.7	385.3
<b>Isoprene</b>	14.9	15.6	15.0	16.5	61.9	15.4	16.5	16.8	16.9	65.6
<b>Functional Materials</b>	30.9	35.2	35.8	40.5	142.4	38.0	39.8	45.9	50.3	174.1
<b>Fibers &amp; Textiles</b>	13.7	16.2	14.9	16.3	61.1	14.4	17.4	16.8	18.2	66.9
<b>Trading</b>	33.0	36.2	36.2	38.7	144.0	14.0	15.8	14.1	15.1	58.8
<b>Others</b>	9.6	10.7	11.3	12.7	44.3	10.7	13.0	14.0	14.4	52.1
<b>Elimination &amp; Corporate</b>	(29.9)	(32.2)	(32.7)	(34.3)	(129.1)	(11.0)	(11.2)	(12.7)	(11.4)	(46.4)
<b>Total</b>	144.4	157.9	156.9	170.2	629.4	167.6	190.5	195.1	203.2	756.4

From FY2022, below listed items are applied.

- Adoption of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), only to FY2022 figures.
- Change of the method of allocating eliminations of profits from some internal transactions among segments and within the corporate, for both FY2021 and FY2022.
- Change of the segment classification of the aqua business from “Others” to “Functional Materials”, for both FY2021 and FY2022.

Net sales for the Trading segment and elimination & corporate for FY2022 have significantly changed compared to FY2021, mainly due to changes in accounting methods for revenues attributable to agent transactions in the Trading segment as a result of the adoption of the Accounting Standard for Revenue Recognition and other factors. Because of these changes, revenues from such transactions, which have previously been recorded on the basis of total transactional value, are now recorded on a net basis.

# 【Ref.】 Quarterly Operating Income by Segments

(Billion yen)

	FY2021					FY2022				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
<b>Vinyl Acetate</b>	13.5	11.7	18.6	14.5	58.3	17.2	16.4	25.4	18.6	77.5
<b>Isoprene</b>	3.0	0.3	1.8	1.0	6.1	2.7	(0.2)	1.7	0.1	4.3
<b>Functional Materials</b>	1.0	2.0	2.5	3.3	8.7	2.2	1.1	3.2	2.1	8.6
<b>Fibers &amp; Textiles</b>	0.6	1.7	2.4	1.0	5.6	1.6	2.2	2.8	0.2	6.7
<b>Trading</b>	1.1	1.2	1.2	1.3	4.8	1.3	1.5	1.1	1.2	5.1
<b>Others</b>	(0.0)	0.3	0.7	0.2	1.2	0.4	0.8	0.7	0.7	2.7
<b>Elimination &amp; Corporate</b>	(2.3)	(3.6)	(3.2)	(3.3)	(12.4)	(3.3)	(5.8)	(2.1)	(6.6)	(17.8)
<b>Total</b>	16.8	13.6	23.9	17.9	72.3	22.1	15.9	32.8	16.3	87.1

From FY2022, below listed items are applied.

- Adoption of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), only to FY2022 figures.
- Change of the method of allocating eliminations of profits from some internal transactions among segments and within the corporate, for both FY2021 and FY2022.
- Change of the segment classification of the aqua business from “Others” to “Functional Materials”, for both FY2021 and FY2022.

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## **Possible starts here**

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- 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.