

kuraray

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FY2024 1Q Earnings Presentation

KURARAY CO., LTD.

(Billion yen)

	FY2024 1Q	FY2023 1Q	Difference
Net Sales	192.2	185.0	7.2
Operating Income	28.8	21.3	7.5
Ordinary Income	27.9	20.4	7.5
Net Income Attributable to Owners of the Parent	21.6	8.2	13.5
Reference			
JPY/USD (average)	149	132	
JPY/EUR (average)	161	142	
Domestic naphtha (JPY 1,000/kl)	73	68	

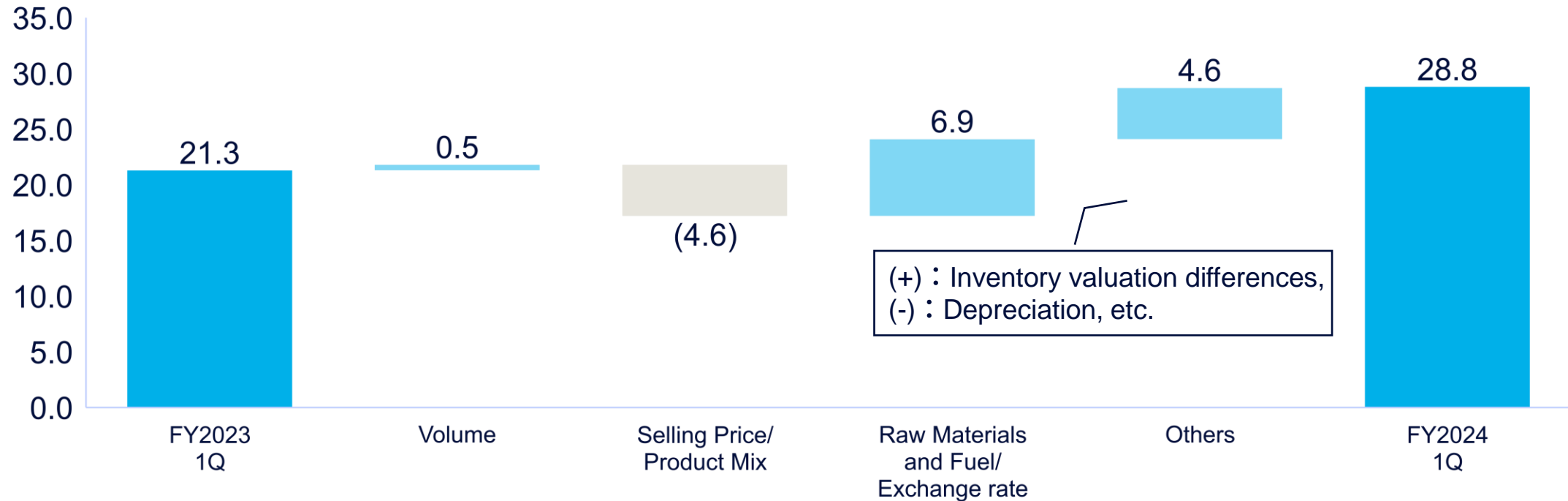
Net Sales and Operating Income by Segment

(Billion yen)

	FY2024 1Q		FY2023 1Q		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	99.0	24.8	97.8	17.8	1.2	7.0
Isoprene	17.2	0.0	15.8	0.2	1.4	(0.2)
Functional Materials	48.7	3.2	45.4	3.5	3.4	(0.3)
Fibers & Textiles	13.8	(0.2)	13.5	0.2	0.3	(0.5)
Trading	15.3	1.3	13.8	1.1	1.5	0.2
Others	11.7	0.4	11.3	0.1	0.4	0.4
Elimination & Corporate	(13.6)	(0.8)	(12.7)	(1.6)	(0.9)	0.9
Total	192.2	28.8	185.0	21.3	7.2	7.5

Factors Affecting the Change in Operating Income

(Billion yen)

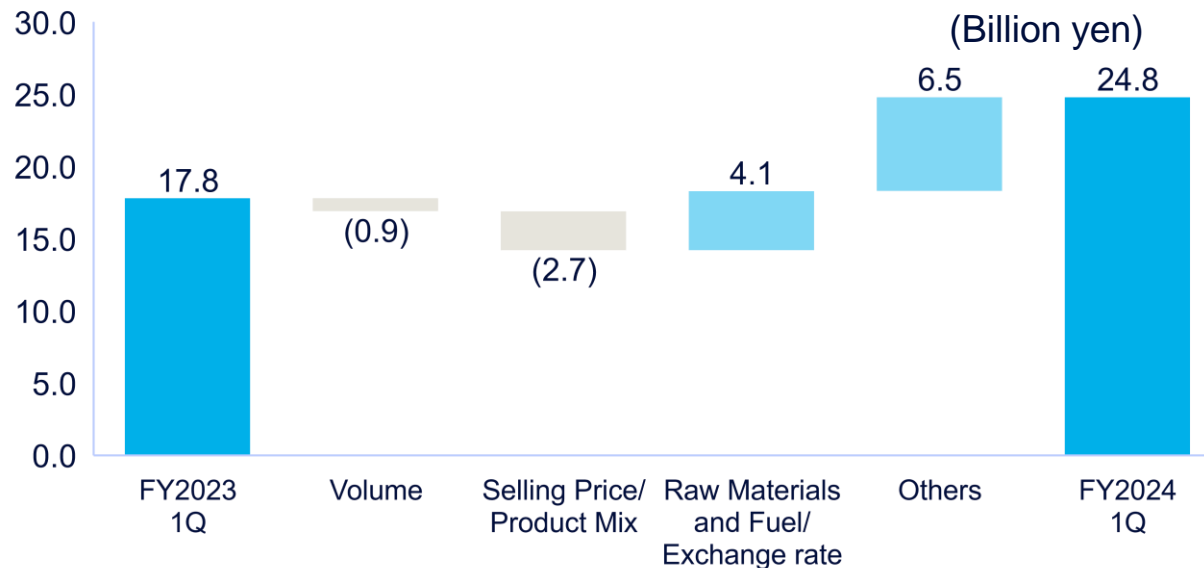


	FY2023 1Q	FY2024 1Q
JPY/USD (average)	132	149
JPY/EUR (average)	142	161
Domestic naphtha (JPY 1,000/kl)	68	73

(Billion yen)

	FY2023 1Q	FY2024 1Q	Difference
Net Sales	97.8	99.0	1.2
Operating Income	17.8	24.8	7.0

【Factors Affecting the Change in Operating Income】



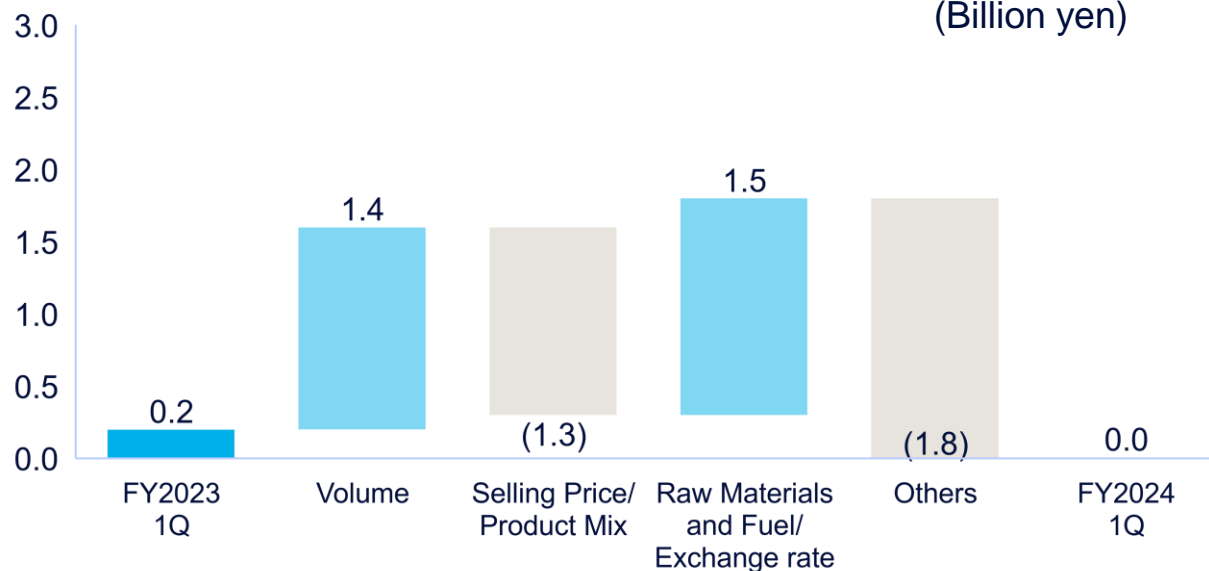
PVOH resin	Despite disruptions in logistics to Europe, sales volume increased due to our stable global supply system.
Optical-use poval film	The sales volume increased as the effects of the previous year's inventory adjustments disappeared.
Water-soluble PVOH film MonoSol	The sales volume decreased due to the effects of protracted economic stagnation in Europe.
Advanced Interlayer Solutions	The sales volume decreased due to the effects of economic stagnation on construction applications in Europe.
EVAL™	Although sales for automotive applications remained firm, the sales volume decreased due to a drop in demand for food packaging applications that has continued from the latter half of the previous year. We decided to construct a new plant in Singapore (slated to begin operating by the end of 2026).
Main reason of increase/decrease	While selling prices were adjusted in line with fluctuations in raw material and fuel prices, the impact of inventory valuation differences, which was a major factor in decreasing profits last year, disappeared, resulting in a significant increase in profits for the entire segment.

(Billion yen)

	FY2023 1Q	FY2024 1Q	Difference
Net Sales	15.8	17.2	1.4
Operating Income	0.2	0.0	(0.2)

【Factors Affecting the Change in Operating Income】

(Billion yen)



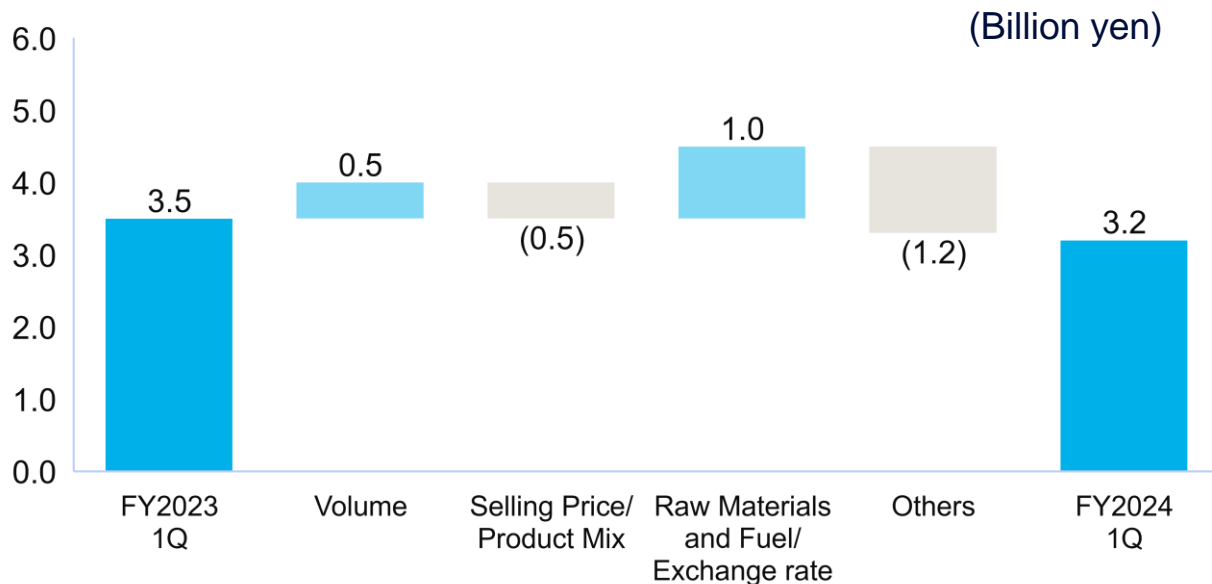
Isoprene Chemicals and Elastomers	The sales volume increased as demand recovered, especially for automotive applications.
GENESTAR™	Signs of a recovery in demand emerged for electric and electronic device applications in addition to stable demand for automotive applications.

Main reason of increase/decrease	Although sales volume increased due to sales expansion with the start of operations in Thailand, profits for the segment as a whole decreased due to sales price adjustments in line with fluctuations in raw material and fuel prices, depreciation costs, and inventory valuation differences.
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(Billion yen)

	FY2023 1Q	FY2024 1Q	Difference
Net Sales	45.4	48.7	3.4
Operating Income	3.5	3.2	(0.3)

【Factors Affecting the Change in Operating Income】

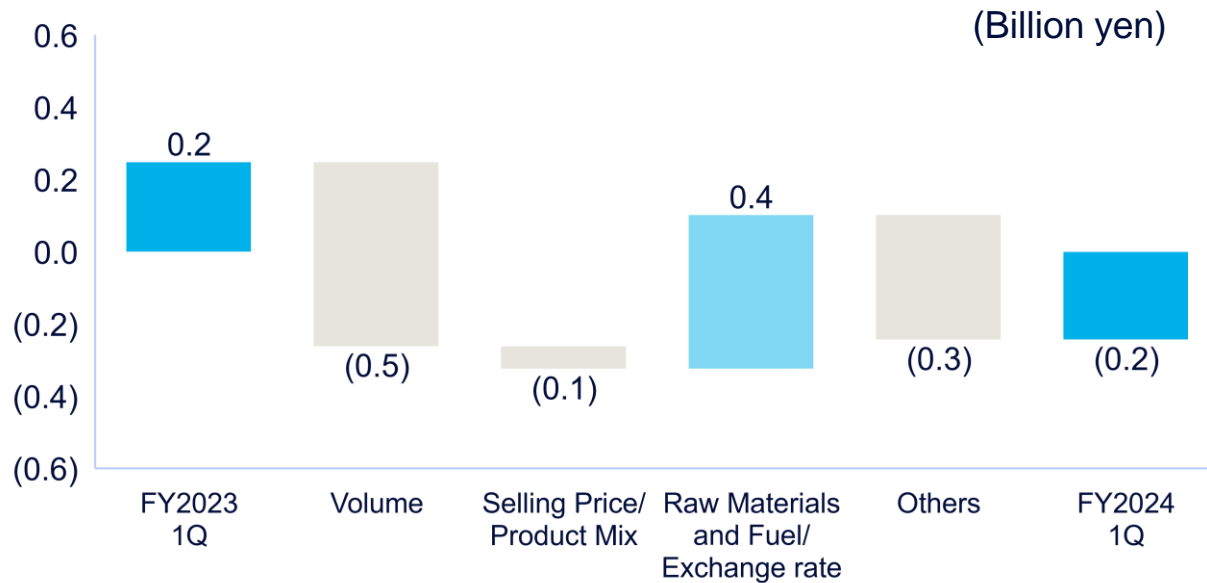


Methacrylate	The sales volume increased amid signs of a recovery in demand, especially for electric and electronic devices.
Medical	Sales of cosmetic dental materials, mainly in Europe and the United States, remained brisk.
Environmental Solutions	Sales of activated carbon remained steady, especially for drinking water applications in North America. A new activated carbon facility came on line in the United States in the first quarter under review.
Main reason of increase/decrease	Although sales volume of medical products increased, profits decreased due to increased expenses such as depreciation in activated carbon business and sales expenses in medical business.

(Billion yen)

	FY2023 1Q	FY2024 1Q	Difference
Net Sales	13.5	13.8	0.3
Operating Income	0.2	(0.2)	(0.5)

【Factors Affecting the Change in Operating Income】



CLARINO™	The sales volume increased amid a continued recovery in demand for automotive and sports applications.
Fibers and Industrial Materials	Although signs of a recovery emerged in demand for automotive applications, sales in Europe for construction material applications were weak.
Consumer Goods and Materials	Demand for KURAFLEX™ and MAGIC TAPE™ was weak.
Main reason of increase/decrease	While there was a recovery in automotive applications, sales were weak in Europe and other countries, resulting in a decline in segment profits as a whole.

(Billion yen)

	Mar. 31, 2024	Dec. 31, 2023	Difference
Current Assets	571.8	551.7	20.1
Non-current Assets	721.2	702.8	18.5
Total Assets	1,293.0	1,254.5	38.6

	Mar. 31, 2024	Dec. 31, 2023
JPY/USD (end of period)	151	142
JPY/EUR (end of period)	163	157

Balance Sheet [2]: Liabilities and Net Assets

(Billion yen)

	Mar. 31, 2024	Dec. 31, 2023	Difference
Current Liabilities	198.3	200.6	(2.2)
Non-current Liabilities	314.1	317.8	(3.7)
Total Liabilities	512.5	518.3	(5.9)
Net Assets	780.6	736.2	44.4
Total Liabilities and Net Assets	1,293.0	1,254.5	38.6
Equity Ratio	59.0%	56.9%	2.0%
	Mar. 31, 2024	Dec. 31, 2023	
JPY/USD (end of period)	151	142	
JPY/EUR (end of period)	163	157	

Forecast for FY2024 (vs. Original Forecast)

(Billion yen)

	FY2024 Revised Forecast			FY2024 Original Forecast			Difference		
	1H	2H (Original)	FY*	1H	2H	FY	1H	2H	FY
Net Sales	410.0	430.0	840.0	400.0	430.0	830.0	10.0	0.0	10.0
Operating Income	42.0	43.0	85.0	40.0	43.0	83.0	2.0	0.0	2.0
Ordinary Income	39.0	40.0	79.0	37.0	40.0	77.0	2.0	0.0	2.0
Net Income Attributable to Owners of the Parent	25.0	24.0	49.0	23.0	24.0	47.0	2.0	0.0	2.0

(Reference)

JPY/USD (average)	150	145
JPY/EUR (average)	160	160
Domestic naphtha (JPY 1,000/kl)	74	75

*The revised forecast for the full year is the sum of the revised first half forecast and the second half forecast announced in February 2024.

Business	Announce date	Topic
Medical	Mar. 25, 2024	Decided to end the manufacture of bone-graft substitutes by the end of September 2024
EVAL	Mar. 26, 2024	Decided to invest in a production plant for EVAL™ in Singapore
Environmental Solutions	Apr. 30, 2024	Decided to transfer diatomite and perlite business handled by European subsidiary of Calgon Carbon Corporation. Engaged in exclusive negotiations with Imerys S.A. , a French company
Environmental Solutions	May 14, 2024	Decided to acquire industrial reactivated carbon business from Sprint Environmental Services, LLC (U.S.). This site will be a strategic base covering the Midwest region of the U.S. We are also considering expanding production facilities in response to PFAS regulation tightening at various sites including this one.

As for growth investment, the facilities that have been constructed so far are now in operation;
 1Q : Water-soluble PVOH film plant in Poland, New activated carbon facility in the U.S.
 2Q : Optical-use poval film production facility in Kurashiki, Japan

We will continue building more sophisticated business portfolio.

Decided to conduct share buyback at the Board of Directors meeting on May 14, 2024

	Dividend ¥40 or more/ year	Share Buybacks Conduct flexibly	Total Return Ratio 35% or more
2023	Interim	¥25	39.4%
	Year-end	¥25	
	Annual	¥50	
2024 (plan)	Interim	¥25	75.0%
	Year-end	¥25	
	Annual	¥50	

* Maximum number of shares : Up to 15.0 million shares
 (Approx. 4.48% of total outstanding shares, excluding treasury stock)

Maximum value of buyback : Up to ¥20.0 billion

Buyback period : May 15, 2024 to October 31, 2024

【Ref.】 Forecast for FY2024 (vs. FY2023)

(Billion yen)

	FY2024 Revised Forecast			FY2023			Difference		
	1H	2H (Original)	FY*	1H	2H	FY	1H	2H	FY
Net Sales	410.0	430.0	840.0	381.0	399.9	780.9	29.0	30.1	59.1
Operating Income	42.0	43.0	85.0	41.0	34.5	75.5	1.0	8.5	9.5
Ordinary Income	39.0	40.0	79.0	38.5	30.5	69.0	0.5	9.5	10.0
Net Income Attributable to Owners of the Parent	25.0	24.0	49.0	21.8	20.6	42.4	3.2	3.4	6.6

(Reference)

JPY/USD (average)	150	135	141
JPY/EUR (average)	160	146	152
Domestic naphtha (JPY 1,000/kl)	74	68	68

*The revised forecast for the full year is the sum of the revised first half forecast and the second half forecast announced in February 2024.

【Ref.】 Net Sales and Operating Income by Segment (vs. Original Forecast) *kuraray*

(Billion yen)

	FY2024 Revised Forecasts				FY2024 Original Forecasts				Difference			
	1H		FY*		1H		FY		1H		FY	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	209.0	43.0	422.0	85.0	203.0	42.0	416.0	84.0	6.0	1.0	6.0	1.0
Isoprene	36.0	(5.5)	76.0	(8.5)	36.0	(6.0)	76.0	(9.0)	0.0	0.5	0.0	0.5
Functional Materials	105.0	7.0	215.0	14.0	100.0	6.5	210.0	13.5	5.0	0.5	5.0	0.5
Fibers & Textiles	33.0	1.0	71.0	4.0	34.0	1.0	72.0	4.0	(1.0)	0.0	(1.0)	0.0
Trading	31.0	2.5	66.0	5.5	31.0	2.5	66.0	5.5	0.0	0.0	0.0	0.0
Others	21.0	1.0	43.0	2.0	21.0	1.0	43.0	2.0	0.0	0.0	0.0	0.0
Elimination & Corporate	(25.0)	(7.0)	(53.0)	(17.0)	(25.0)	(7.0)	(53.0)	(17.0)	0.0	0.0	0.0	0.0
Total	410.0	42.0	840.0	85.0	400.0	40.0	830.0	83.0	10.0	2.0	10.0	2.0

*The revised forecast for the full year is the sum of the revised first half forecast and the second half forecast announced in February 2024.

【Ref.】 Net Sales and Operating Income by Segment (vs. FY2023)

(Billion yen)

	FY2024 Revised Forecasts				FY2023				Difference			
	1H		FY*		1H		FY		1H		FY	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	209.0	43.0	422.0	85.0	198.9	40.2	406.8	86.3	10.1	2.8	15.2	(1.3)
Isoprene	36.0	(5.5)	76.0	(8.5)	31.8	(2.7)	65.7	(10.9)	4.2	(2.8)	10.3	2.4
Functional Materials	105.0	7.0	215.0	14.0	93.4	5.7	189.8	10.3	11.6	1.3	25.2	3.7
Fibers & Textiles	33.0	1.0	71.0	4.0	30.2	0.7	61.9	1.8	2.8	0.3	9.1	2.2
Trading	31.0	2.5	66.0	5.5	29.0	2.3	61.6	5.2	2.0	0.2	4.4	0.3
Others	21.0	1.0	43.0	2.0	22.9	0.6	45.7	0.5	(1.9)	0.4	(2.7)	1.5
Elimination & Corporate	(25.0)	(7.0)	(53.0)	(17.0)	(25.1)	(5.9)	(50.4)	(17.8)	0.1	(1.1)	(2.6)	0.8
Total	410.0	42.0	840.0	85.0	381.0	41.0	780.9	75.5	29.0	1.0	59.1	9.5

*The revised forecast for the full year is the sum of the revised first half forecast and the second half forecast announced in February 2024.

【Ref.】 Quarterly Net Sales by Segments

(Billion yen)

	FY2023					FY2024		
	1Q	2Q	3Q	4Q	FY	1Q	2Q (Forecast)	1H (Forecast)
Vinyl Acetate	97.8	101.1	103.9	104.0	406.8	99.0	110.0	209.0
Isoprene	15.8	16.0	15.0	18.8	65.7	17.2	18.8	36.0
Functional Materials	45.4	48.0	46.3	50.1	189.8	48.7	56.3	105.0
Fibers & Textiles	13.5	16.6	14.8	16.9	61.9	13.8	19.2	33.0
Trading	13.8	15.2	15.8	16.8	61.6	15.3	15.7	31.0
Others	11.3	11.5	11.1	11.7	45.7	11.7	9.3	21.0
Elimination & Corporate	(12.7)	(12.4)	(13.5)	(11.8)	(50.4)	(13.6)	(11.4)	(25.0)
Total	185.0	196.0	193.4	206.6	780.9	192.2	217.8	410.0

【Ref.】 Quarterly Operating Income by Segments

(Billion yen)

	FY2023					FY2024		
	1Q	2Q	3Q	4Q	FY	1Q	2Q (Forecast)	1H (Forecast)
Vinyl Acetate	17.8	22.4	23.5	22.6	86.3	24.8	18.2	43.0
Isoprene	0.2	(2.9)	(1.4)	(6.8)	(10.9)	0.0	(5.5)	(5.5)
Functional Materials	3.5	2.3	2.4	2.2	10.3	3.2	3.8	7.0
Fibers & Textiles	0.2	0.4	1.1	0.1	1.8	(0.2)	1.2	1.0
Trading	1.1	1.2	1.4	1.4	5.2	1.3	1.2	2.5
Others	0.1	0.5	0.0	(0.1)	0.5	0.4	0.6	1.0
Elimination & Corporate	(1.6)	(4.2)	(6.3)	(5.6)	(17.8)	(0.8)	(6.2)	(7.0)
Total	21.3	19.6	20.7	13.8	75.5	28.8	13.2	42.0

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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.