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FY2023 1H Earnings Presentation (Overview)

KURARAY CO., LTD.

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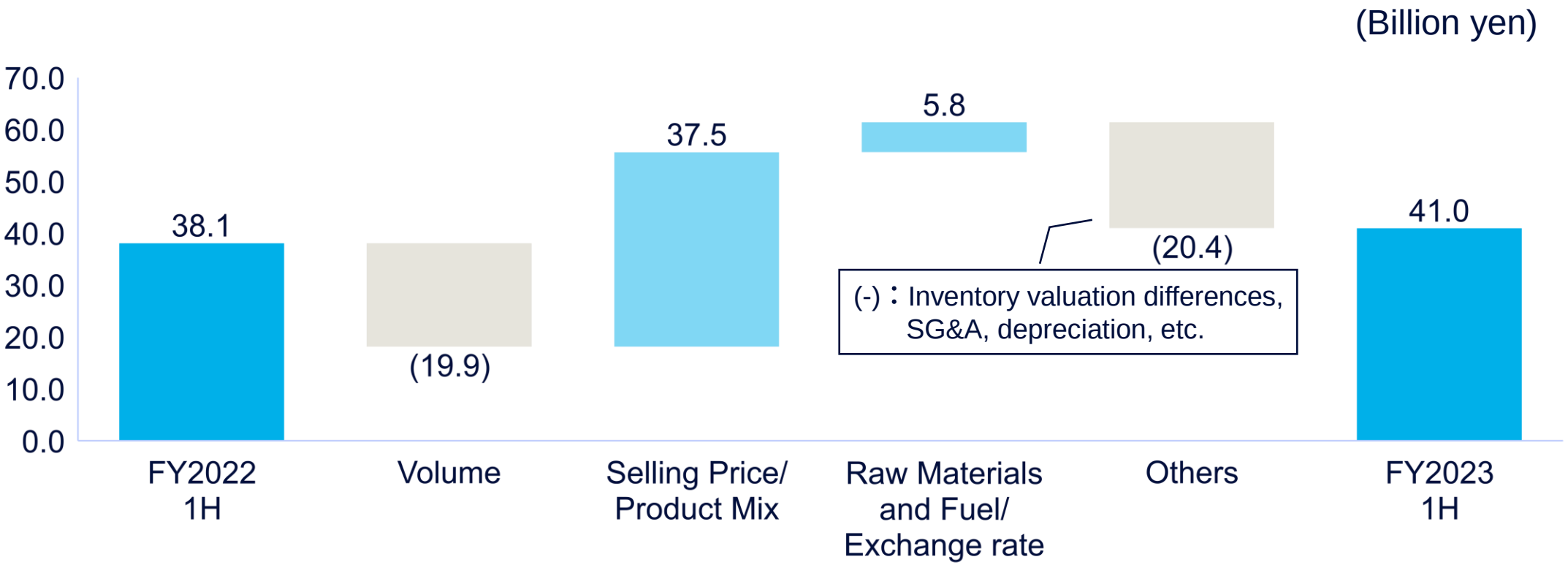
FY2023 1H Results

(Billion yen)

	FY2023 1H	FY2022 1H	Difference
Net Sales	**381.0**	358.0	23.0
Operating Income	**41.0**	38.1	2.9
Ordinary Income	**38.5**	37.9	0.6
Net Income Attributable to Owners of the Parent	**21.8**	24.2	(2.4)
	Reference		
JPY/USD (average)	135	123	
JPY/EUR (average)	146	134	
Domestic naphtha (JPY 1,000/kl)	68	72	

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Factors Affecting the Change in Operating Income



	FY2022 1H	FY2023 1H
JPY/USD (average)	123	135
JPY/EUR (average)	134	146
Domestic naphtha (JPY 1,000/kl)	72	68

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Financial KPIs

Financial KPIs



	FY2022	FY2023 1H	FY2026 Target
ROIC	7.0%	**6.7%**	8%
EBITDA*	¥152.6billion	**¥77.7billion**	¥170.0 billion
ROE	9.0%	**6.4%**	10%
EBITDA Margin（reference）	20.2%	**20.4%**	23%

*Operating income + depreciation and amortization

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Forecasts for FY2023 (vs FY2022)

(Billion yen)

	FY2023 Forecasts (No change from May 12, 2023)	FY2022	Difference
Net Sales	810.0	756.4	53.6
Operating Income	84.0	87.1	(3.1)
Ordinary Income	79.0	84.1	(5.1)
Net Income Attributable to Owners of the Parent	47.0	54.3	(7.3)

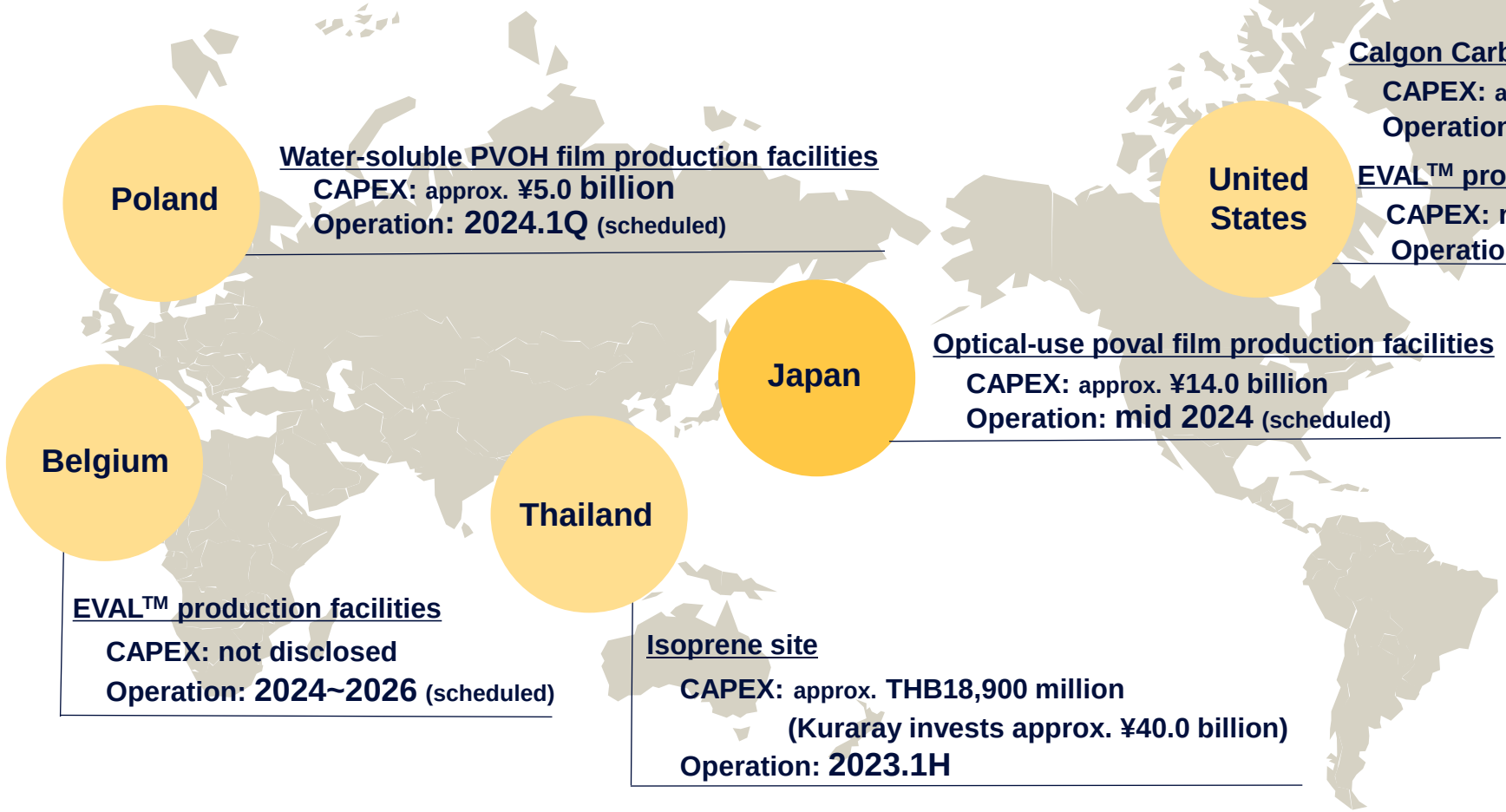
Reference

JPY/USD (average)	138	132
JPY/EUR (average)	148	138
Domestic naphtha (JPY 1,000/kl)	66	75

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Promotion of Measures to Strengthen our Earnings Base

- Steady progress in major projects to strengthen production and supply systems
- Isoprene site in Thailand started operation in 2023 1H
- Increase production capacity for EVAL™ in response to growing demand



【Ref.】 EVAL™ Annual Production Capacity as of FY2026

(): Capacity Expansion Amount

Okayama Plant	10,000t
Kuraray America Inc.	58,000t (+5,000t)
Eval Europe N.V.	35,000t (+5,000t)
Total	103,000t
(Capacity after expansion	113,000t)

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Initiatives to Enhance Corporate Value

- Enhance corporate value by steadily implementing various measures in the Medium-Term Management Plan "PASSION 2026"

Improving asset efficiency and enhancing shareholder returns

- Enhance our portfolio by evaluating our business on the two axes of social/environmental value and economic value. Use ROIC to improve and enhance capital efficiency
- Strengthen and expand businesses that we focus on allocating resources through growth investments and M&A. Implemented with an awareness of investment efficiency
- Enhance shareholder returns by expanding profits

Creation of innovation, stable expansion of profits, and sharing and deepening understanding of growth stories

- Accelerate the generation of innovation through our Innovation Networking Center and the R&D Division
- Sustainable growth of core businesses. Early monetization of large-scale investments, such as new Isoprene Thai site and activated carbon production facilities
- Steady implementation of GHG emission reduction program. Reflect the market value generated by natural environment contributing products in our product and service prices
- The U.S. litigation was resolved.
- Share our growth story through individual dialogue and management briefings to deepen understanding within the market

Enhance ROE to the 10% target for 2026

Enhance PER

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FY2023 Shareholder Return

- Enhance shareholder returns by expanding profits

FY2022 Dividends		FY2023 Dividends (Previous)		FY2023 Dividends (Revised)	
Interim	¥21	Interim(Plan)	¥24	Interim	¥25(+¥1)
Year-end	¥23	Year-end(Plan)	¥24	Year-end(Plan)	¥25(+¥1)
Annual	¥44	Annual(Plan)	¥48	Annual (Plan)	¥50(+¥2)

Shareholder Return Policy:

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

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FY2023 1H Earnings Results (Details)

KURARAY CO., LTD.

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Net Sales and Operating Income by Segment

(Billion yen)

	FY2023 1H Results		FY2022 1H Results		Difference	
	Net Sales	**Operating Income**	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	**198.9**	**40.2**	185.4	33.6	13.5	6.6
Isoprene	**31.8**	**(2.7)**	31.9	2.5	(0.1)	(5.2)
Functional Materials	**93.4**	**5.7**	77.8	3.3	15.6	2.4
Fibers & Textiles	**30.2**	**0.7**	31.8	3.8	(1.6)	(3.1)
Trading	**29.0**	**2.3**	29.7	2.8	(0.7)	(0.5)
Others	**22.9**	**0.6**	23.7	1.2	(0.8)	(0.6)
Elimination & Corporate	**(25.1)**	**(5.9)**	(22.3)	(9.1)	(2.8)	3.2
Total	**381.0**	**41.0**	358.0	38.1	23.0	2.9

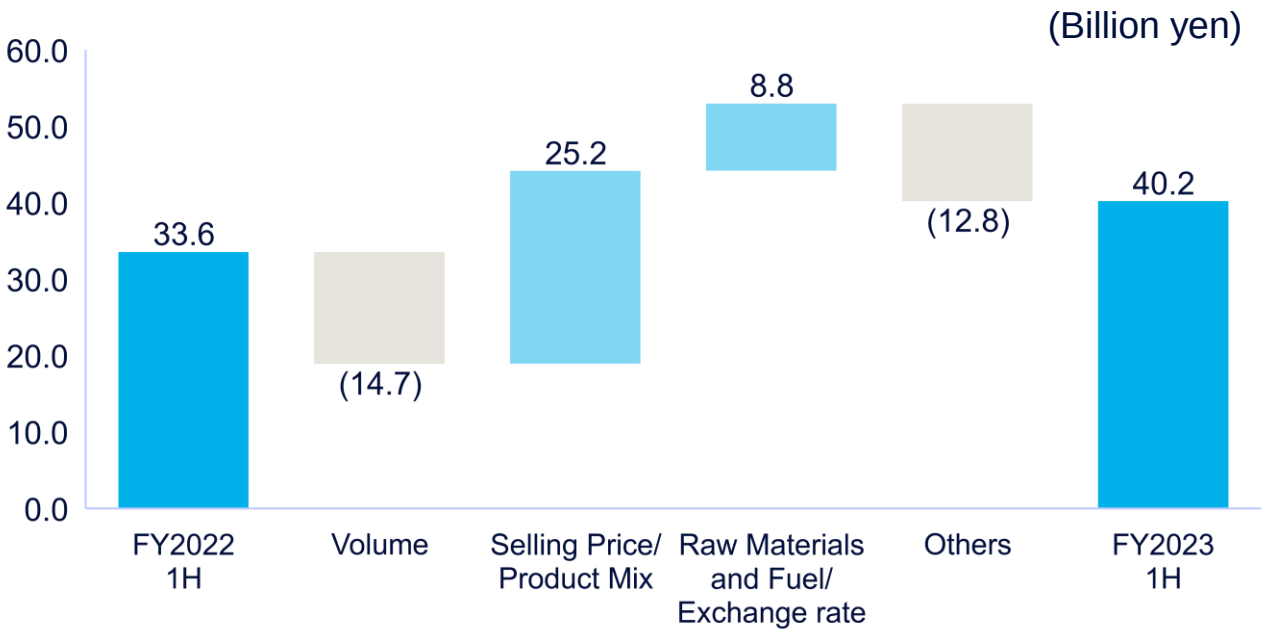
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Vinyl Acetate

(Billion yen)

	FY2022 1H	**FY2023 1H**	Difference
Net Sales	185.4	**198.9**	13.5
Operating Income	33.6	**40.2**	6.6

【Factors Affecting the Change in Operating Income】



PVOH resin	The sales volume decreased due to receding global demand, but we further promoted a shift to high value-added products.
Optical-use poval film	Shipments decreased due to a delay in recovery for demand for large LCD displays despite inventory adjustments for LCD panels returning to normal.
Water-soluble PVOH film MonoSol	Shipments decreased mainly for use in unit dose detergent packets in Europe due to inflation-driven belt tightening and other effects.
Advanced Interlayer Solutions	Sales of PVB film remained steady for construction applications in addition to a recovery in demand for automotive applications.
EVAL™	Sales for food packaging applications remained firm, and demand for automotive applications showed signs of recovery.

Main reason of increase/ decrease	Despite the impact from the delayed recovery in demand, belt tightening, and inventory valuation differences, segment income increased overall due in part to the shift to high value-added products.

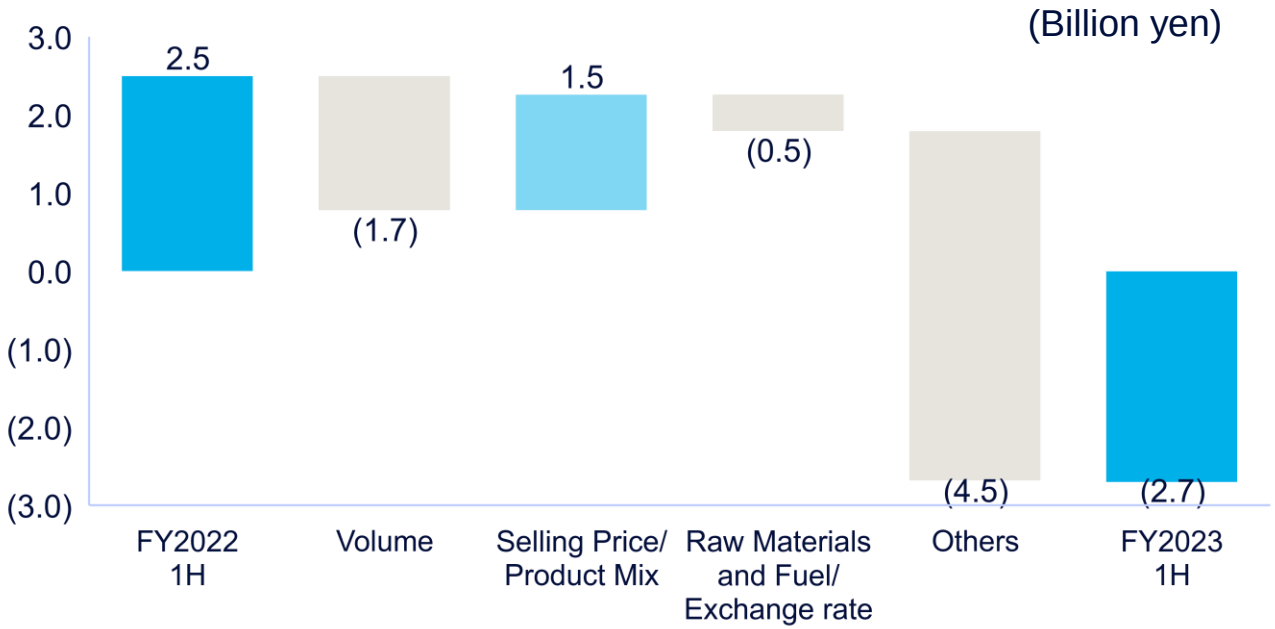
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Isoprene

(Billion yen)

	FY2022 1H	**FY2023 1H**	Difference
Net Sales	31.9	**31.8**	(0.1)
Operating Income	2.5	**(2.7)**	(5.2)

【Factors Affecting the Change in Operating Income 】



Isoprene Chemicals and Elastomers	Results were affected by deteriorating market conditions in addition to a decrease in sales volume due to the ongoing effects of lower demand, which began in the latter half of the previous year.
GENESTAR™	The sales volume decreased due to inventory adjustments for electric and electronic devices despite signs of recovery in demand for automobile applications.

Main reason of increase/ decrease	Despite the promotion of price revisions, depreciation at the Thai site that started operations and other expenses increased. Sales volume declined due to the impact of the economic slowdown and inventory adjustments.

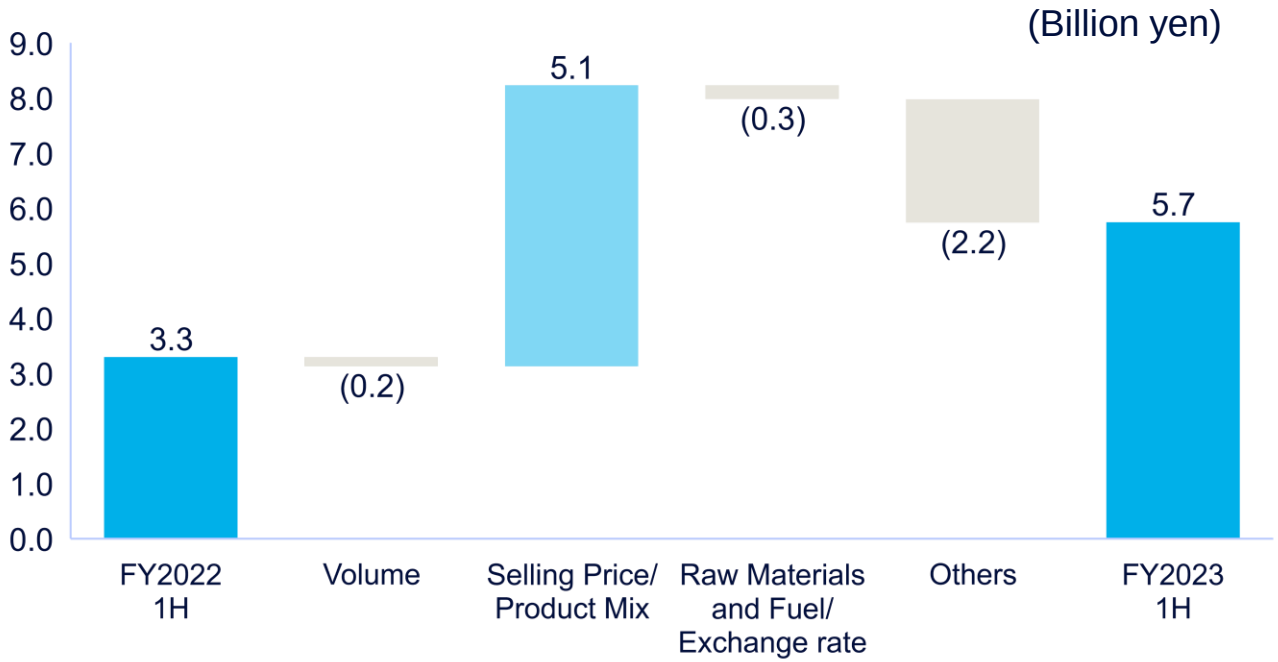
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Functional Materials

(Billion yen)

	FY2022 1H	**FY2023 1H**	Difference
Net Sales	77.8	**93.4**	15.6
Operating Income	3.3	**5.7**	2.4

【Factors Affecting the Change in Operating Income 】



Methacrylate	Results were affected by higher raw material and fuel prices in addition to a decrease in sales volume due in part to inventory adjustments for electric and electronic devices.
Medical	Sales of cosmetic dental materials remained favorable in Japan and overseas.
Environmental Solutions	Demand increased for drinking water applications in North America, and sales of activated carbon remained steady.

Main reason of increase/ decrease	Increase in profit due to progress in price revisions and improved sales mix offset the impact of higher expenses and inventory adjustment differences.

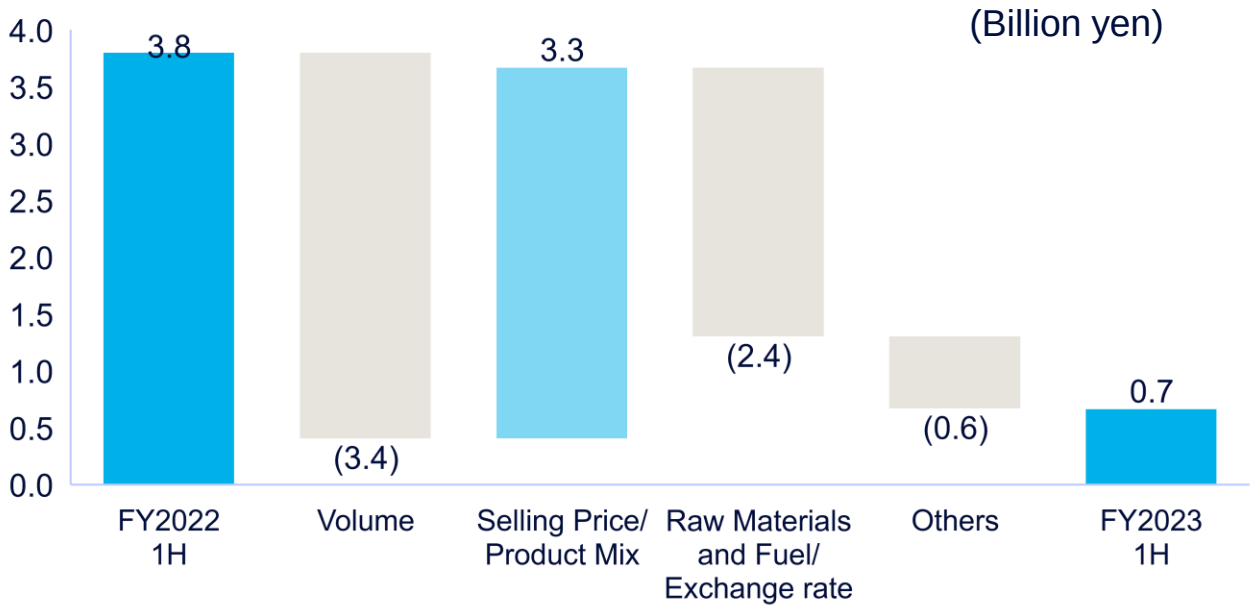
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Fibers and Textiles

(Billion yen)

	FY2022 1H	**FY2023 1H**	Difference
Net Sales	31.8	**30.2**	(1.6)
Operating Income	3.8	**0.7**	(3.1)

【Factors Affecting the Change in Operating Income 】



CLARINO™	Shipments decreased due to the effects of lower demand for sports and other applications.
Fibers and Industrial Materials	Sales of VECTRAN™ remained stable. Sales of KURALON™ was weak for construction applications in Europe despite signs of a recovery in automotive applications.
Consumer Goods and Materials	Demand for KURAFLEX™ in the restaurant industry was weak.

Main reason of increase/ decrease	Despite progress in price revisions, shipments decreased due to sluggish demand caused by the economic slowdown.

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Cash Flow for FY2023 1H and Key Data

(Billion yen)

	FY2023 1H	FY2022 1H	Difference
Operating CF	**57.6**	21.4	36.3
Investing CF*	**(30.2)**	(30.8)	0.6
Free CF*	**27.4**	(9.4)	36.8
CAPEX(acceptance basis)	**32.5**	33.9	(1.4)
Depreciation and Amortization (incl. amortization of goodwill)	**36.7**	31.2	5.5
R&D Expenses	**11.9**	10.9	0.9

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

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Balance Sheet [1]: Assets

(Billion yen)

	Jun. 30, 2023	Dec. 31, 2022	Difference
Current Assets	**535.9**	533.9	2.0
Non-current Assets	**721.3**	687.6	33.7
Total Assets	**1,257.3**	1,221.5	35.7

	Jun. 30, 2023	Dec. 31, 2022
JPY/USD (end of period)	145	133
JPY/EUR (end of period)	158	141

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Balance Sheet [2]: Liabilities and Net Assets

(Billion yen)

	Jun. 30, 2023	Dec. 31, 2022	Difference
Current Liabilities	**202.1**	221.3	(19.3)
Non-current Liabilities	**321.4**	331.7	(10.2)
Total Liabilities	**523.5**	553.0	(29.5)
Net Assets	**733.8**	668.5	65.2
Total Liabilities and Net Assets	**1,257.3**	1,221.5	35.7
Equity Ratio	**56.6%**	52.9%	3.7%

	Jun. 30, 2023	Dec. 31, 2022
JPY/USD (end of period)	145	133
JPY/EUR (end of period)	158	141

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Full-Year Forecast for FY2023

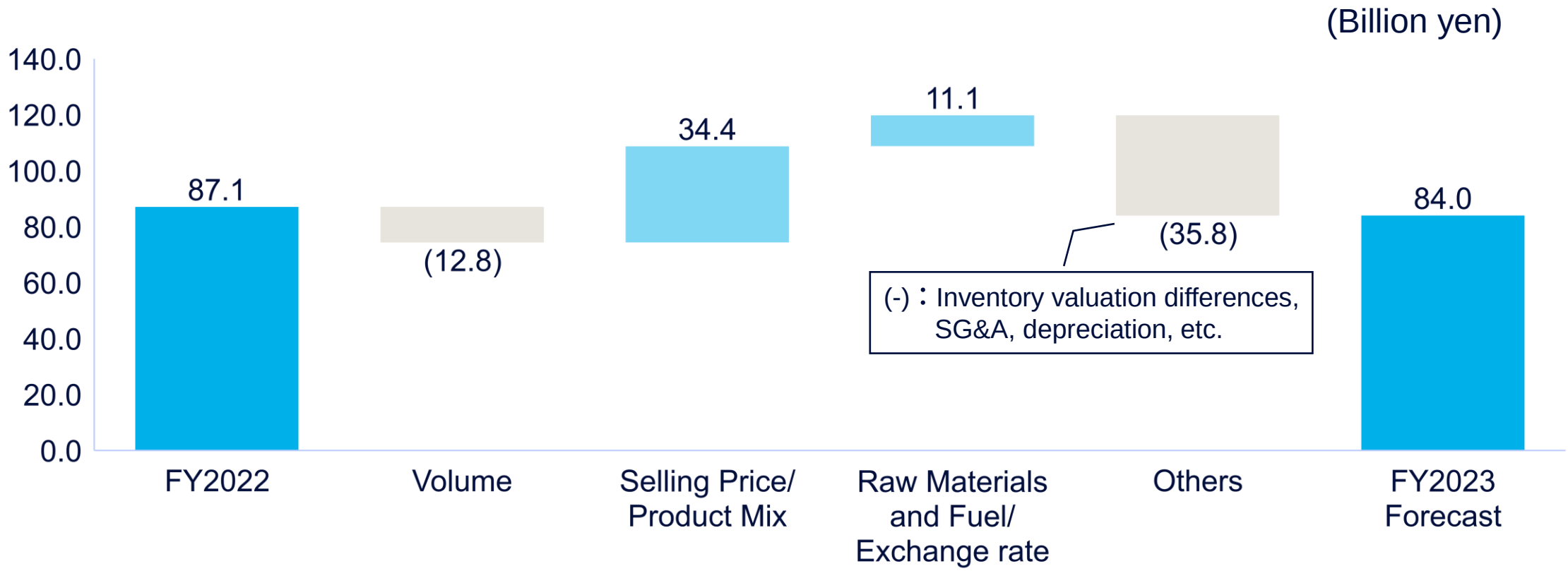
(Billion yen)

	FY2023 Forecasts	FY2022	Difference
Net Sales	**810.0**	756.4	53.6
Operating Income	**84.0**	87.1	(3.1)
Ordinary Income	**79.0**	84.1	(5.1)
Net Income Attributable to Owners of the Parent	**47.0**	54.3	(7.3)
EPS	**¥140.43**	¥161.13	¥(20.70)
Dividends per share	**¥50***	¥44	¥6
CAPEX(decision basis)	**77.0***	65.9	11.1
CAPEX(acceptance basis)	**67.0***	72.6	(5.6)
Depreciation and Amortization (incl. amortization of goodwill)	**74.0***	65.5	8.5
R&D Expenses	**24.0**	22.7	1.3

*Revised

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Factors Affecting the Change in Operating Income



	FY2022	FY2023 Assumption
JPY/USD (average)	132	138
JPY/EUR (average)	138	148
Domestic naphtha(JPY 1,000/kl)	75	66

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Net Sales and Operating Income by Segment

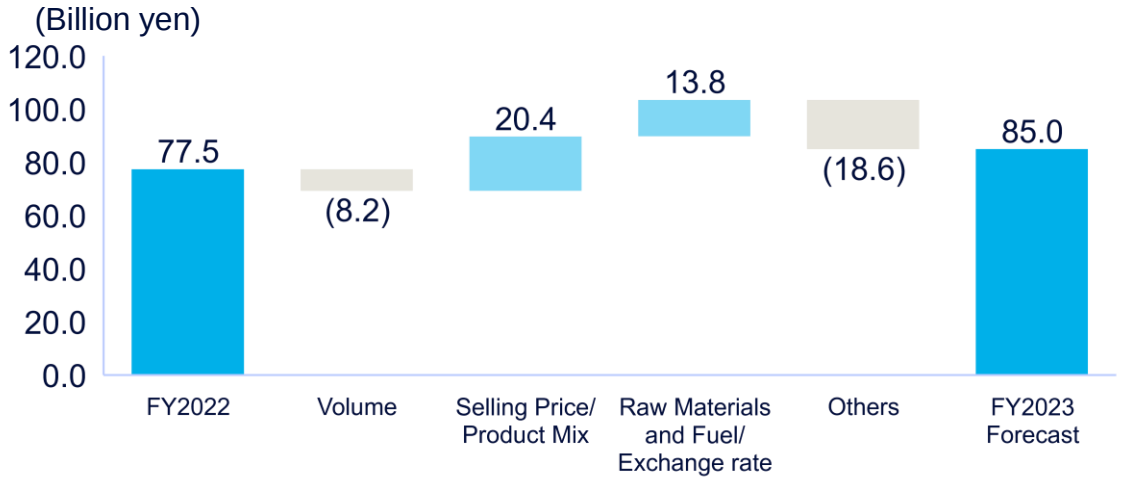
(Billion yen)

	FY2023 Forecasts (Aug. 9, 2023)		FY2022		Difference		FY2023 Forecasts (May 12, 2023)		Difference	
	Net Sales	**Operating Income**	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	**420.0**	**85.0**	385.3	77.5	34.7	7.5	415.0	83.0	5.0	2.0
Isoprene	**70.0**	**(7.0)**	65.6	4.3	4.4	(11.3)	75.0	(2.5)	(5.0)	(4.5)
Functional Materials	**196.0**	**10.5**	174.1	8.6	21.9	1.9	195.0	9.5	1.0	1.0
Fibers & Textiles	**68.0**	**3.5**	66.9	6.7	1.1	(3.2)	69.0	4.5	(1.0)	(1.0)
Trading	**62.0**	**5.0**	58.8	5.1	3.2	(0.1)	61.0	5.0	1.0	0.0
Others	**44.0**	**1.0**	52.1	2.7	(8.1)	(1.7)	44.0	1.0	0.0	0.0
Elimination & Corporate	**(50.0)**	**(14.0)**	(46.4)	(17.8)	(3.6)	3.8	(49.0)	(16.5)	(1.0)	2.5
Total	**810.0**	**84.0**	756.4	87.1	53.6	(3.1)	810.0	84.0	0.0	0.0

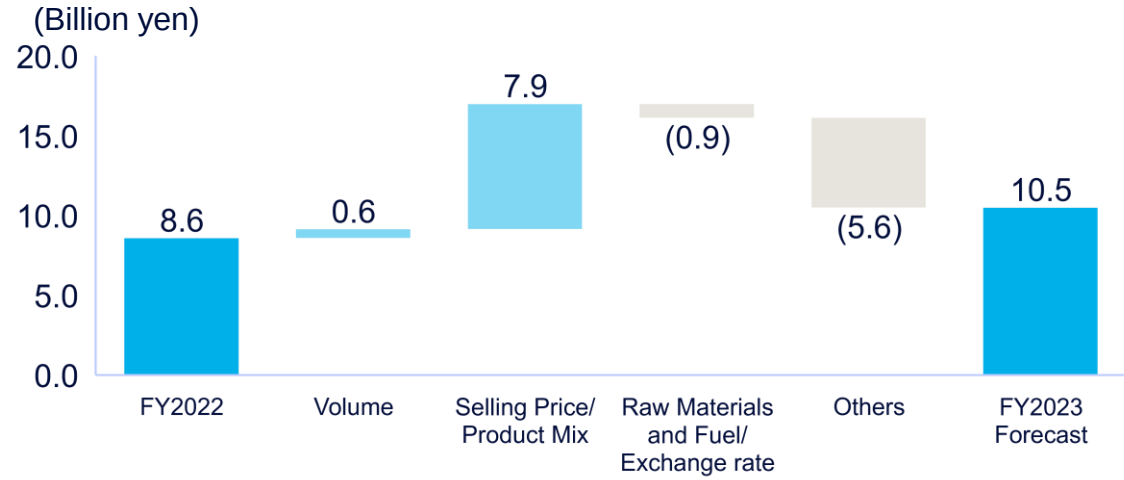
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【Ref.】 Factors Affecting the Change in Operating Income by Segment

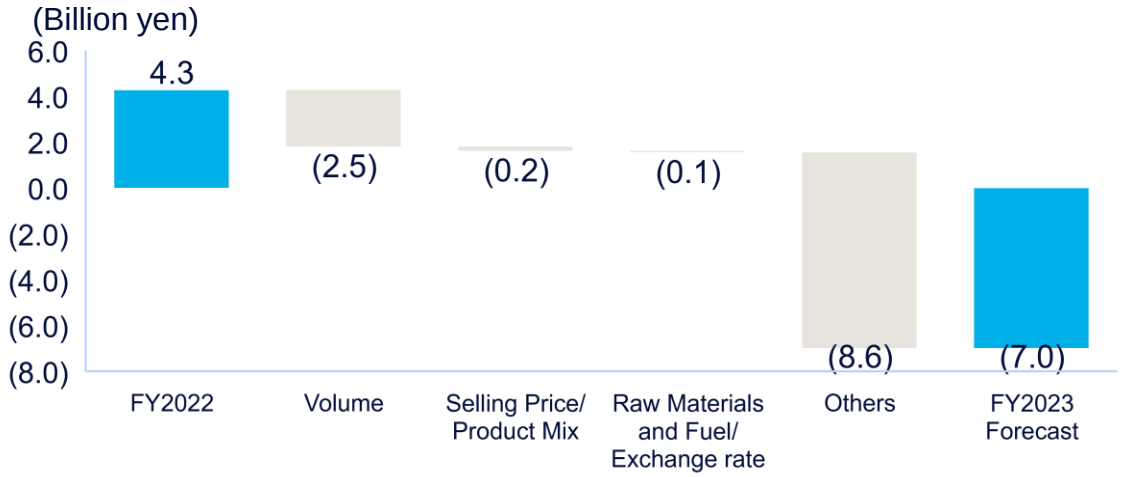
Vinyl Acetate



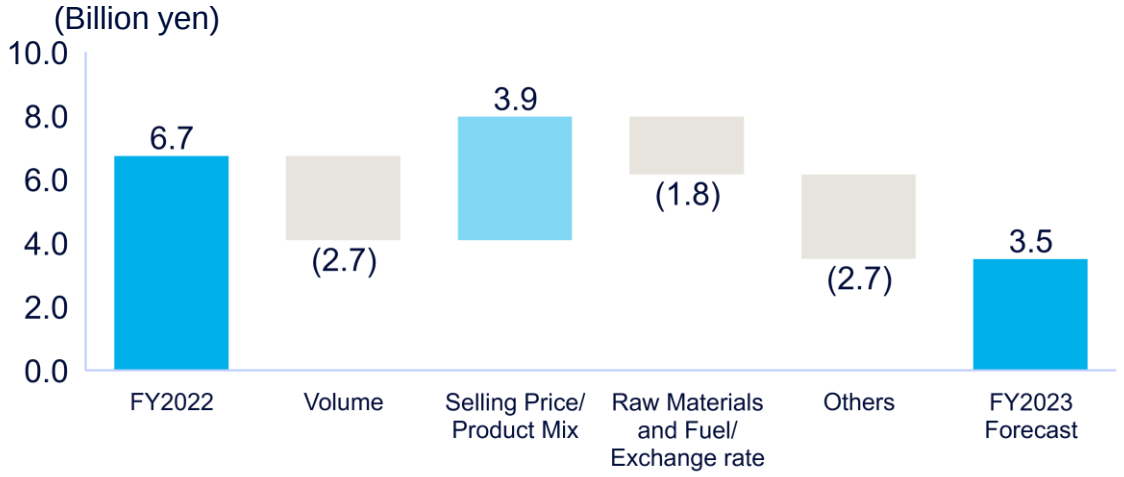
Functional Materials



Isoprene



Fibers & Textiles



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【Ref.】 Forecast for FY2023 (vs. FY2022)

(Billion yen)

	FY2023 Forecasts (Aug. 9, 2023)			FY2022			Difference		
	1H	2H	Full-Year	1H	2H	Full-Year	1H	2H	Full-Year
Net Sales	381.0	429.0	810.0	358.0	398.3	756.4	23.0	30.7	53.6
Operating Income	41.0	43.0	84.0	38.1	49.0	87.1	2.9	(6.0)	(3.1)
Ordinary Income	38.5	40.5	79.0	37.9	46.2	84.1	0.6	(5.7)	(5.1)
Net Income Attributable to Owners of the Parent	21.8	25.2	47.0	24.2	30.1	54.3	(2.4)	(4.9)	(7.3)

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【Ref.】 Net Sales by Segment (vs. FY2022)

(Billion yen)

	FY2023 Forecasts (Aug. 9, 2023)			FY2022			Difference		
	1H	2H	Full-Year	1H	2H	Full-Year	1H	2H	Full-Year
Vinyl Acetate	198.9	221.1	420.0	185.4	199.9	385.3	13.5	21.2	34.7
Isoprene	31.8	38.2	70.0	31.9	33.7	65.6	(0.1)	4.5	4.4
Functional Materials	93.4	102.6	196.0	77.8	96.3	174.1	15.6	6.4	21.9
Fibers & Textiles	30.2	37.8	68.0	31.8	35.1	66.9	(1.6)	2.8	1.1
Trading	29.0	33.0	62.0	29.7	29.1	58.8	(0.7)	3.9	3.2
Others	22.9	21.1	44.0	23.7	28.4	52.1	(0.8)	(7.2)	(8.1)
Elimination & Corporate	(25.1)	(24.9)	(50.0)	(22.3)	(24.2)	(46.4)	(2.8)	(0.8)	(3.6)
Total	381.0	429.0	810.0	358.0	398.3	756.4	23.0	30.7	53.6

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【Ref.】 Operating Income by Segment (vs. FY2022)

(Billion yen)

	FY2023 Forecasts (Aug. 9, 2023)			FY2022			Difference		
	1H	2H	Full-Year	1H	2H	Full-Year	1H	2H	Full-Year
Vinyl Acetate	**40.2**	**44.8**	**85.0**	33.6	43.9	77.5	6.6	0.8	7.5
Isoprene	**(2.7)**	**(4.3)**	**(7.0)**	2.5	1.8	4.3	(5.2)	(6.1)	(11.3)
Functional Materials	**5.7**	**4.8**	**10.5**	3.3	5.3	8.6	2.4	(0.5)	1.9
Fibers & Textiles	**0.7**	**2.8**	**3.5**	3.8	2.9	6.7	(3.1)	(0.1)	(3.2)
Trading	**2.3**	**2.7**	**5.0**	2.8	2.3	5.1	(0.5)	0.4	(0.1)
Others	**0.6**	**0.4**	**1.0**	1.2	1.5	2.7	(0.6)	(1.0)	(1.7)
Elimination & Corporate	**(5.9)**	**(8.1)**	**(14.0)**	(9.1)	(8.7)	(17.8)	3.2	0.5	3.8
Total	**41.0**	**43.0**	**84.0**	38.1	49.0	87.1	2.9	(6.0)	(3.1)

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【Ref.】 Quarterly Net Sales by Segments

(Billion yen)

	FY2022					FY2023		
	1Q	2Q	3Q	4Q	FY	1Q	2Q	1H
Vinyl Acetate	86.2	99.3	100.2	99.7	385.3	97.8	101.1	198.9
Isoprene	15.4	16.5	16.8	16.9	65.6	15.8	16.0	31.8
Functional Materials	38.0	39.8	45.9	50.3	174.1	45.4	48.0	93.4
Fibers & Textiles	14.4	17.4	16.8	18.2	66.9	13.5	16.6	30.2
Trading	14.0	15.8	14.1	15.1	58.8	13.8	15.2	29.0
Others	10.7	13.0	14.0	14.4	52.1	11.3	11.5	22.9
Elimination & Corporate	(11.0)	(11.2)	(12.7)	(11.4)	(46.4)	(12.7)	(12.4)	(25.1)
Total	167.6	190.5	195.1	203.2	756.4	185.0	196.0	381.0

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【Ref.】 Quarterly Operating Income by Segments

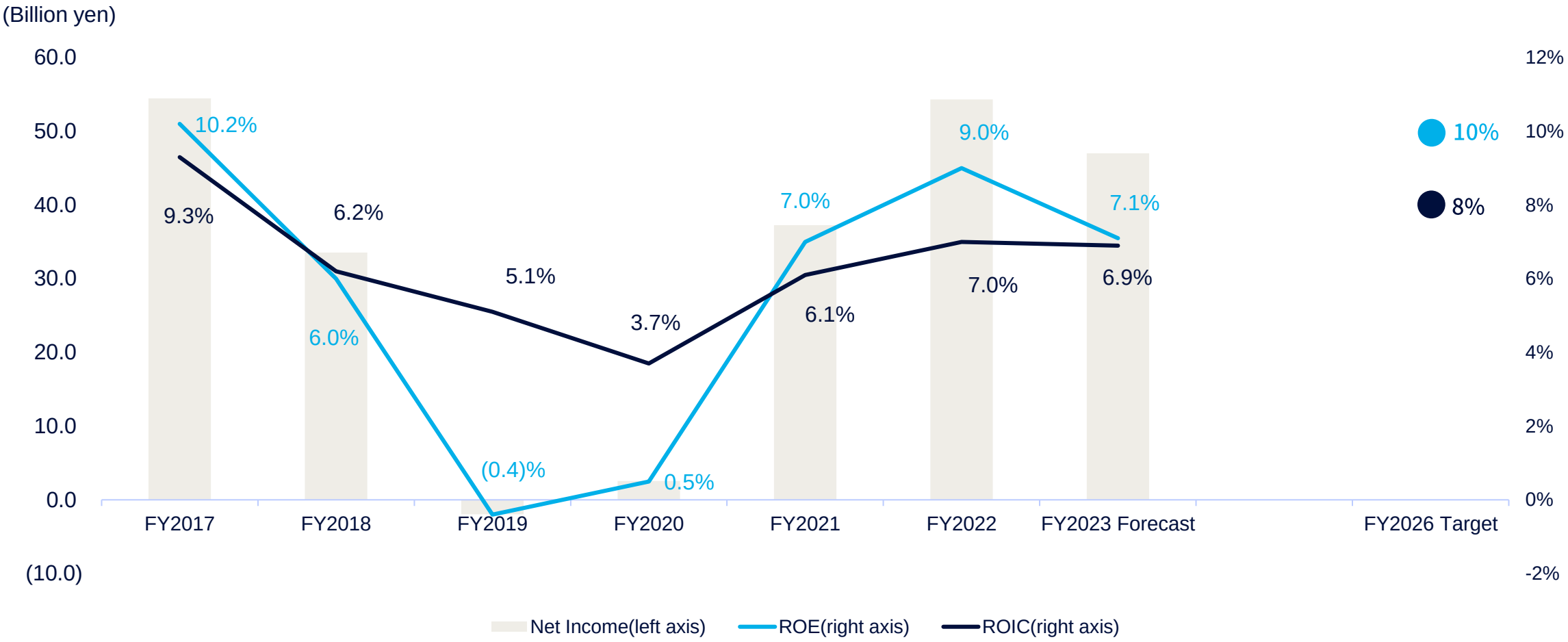
(Billion yen)

	FY2022					FY2023		
	1Q	2Q	3Q	4Q	FY	1Q	2Q	1H
Vinyl Acetate	17.2	16.4	25.4	18.6	77.5	17.8	22.4	40.2
Isoprene	2.7	(0.2)	1.7	0.1	4.3	0.2	(2.9)	(2.7)
Functional Materials	2.2	1.1	3.2	2.1	8.6	3.5	2.3	5.7
Fibers & Textiles	1.6	2.2	2.8	0.2	6.7	0.2	0.4	0.7
Trading	1.3	1.5	1.1	1.2	5.1	1.1	1.2	2.3
Others	0.4	0.8	0.7	0.7	2.7	0.1	0.5	0.6
Elimination & Corporate	(3.3)	(5.8)	(2.1)	(6.6)	(17.8)	(1.6)	(4.2)	(5.9)
Total	22.1	15.9	32.8	16.3	87.1	21.3	19.6	41.0

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【Ref.】Trends of Net Income, ROE and ROIC

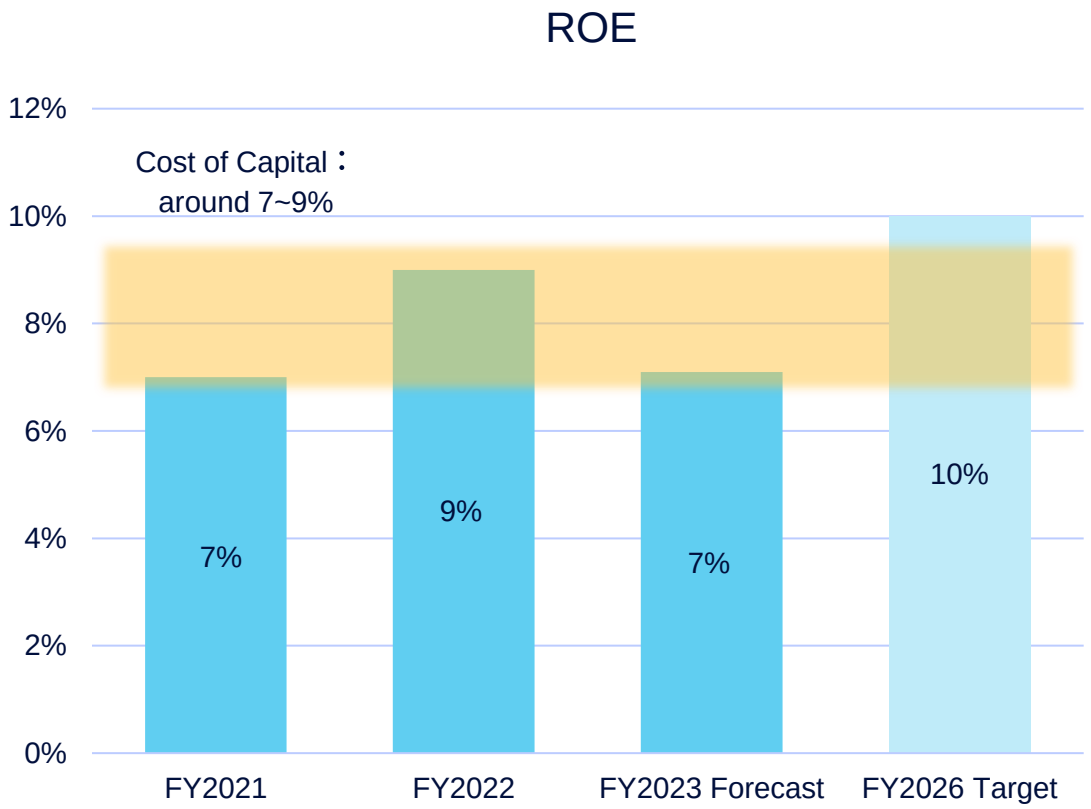
- Net income attributable to owners of the parent after bottoming out in 2019 and 2020.
- ROE, ROIC recovered along with improved earnings. Target for 2026 is ROE 10%, ROIC 8%.

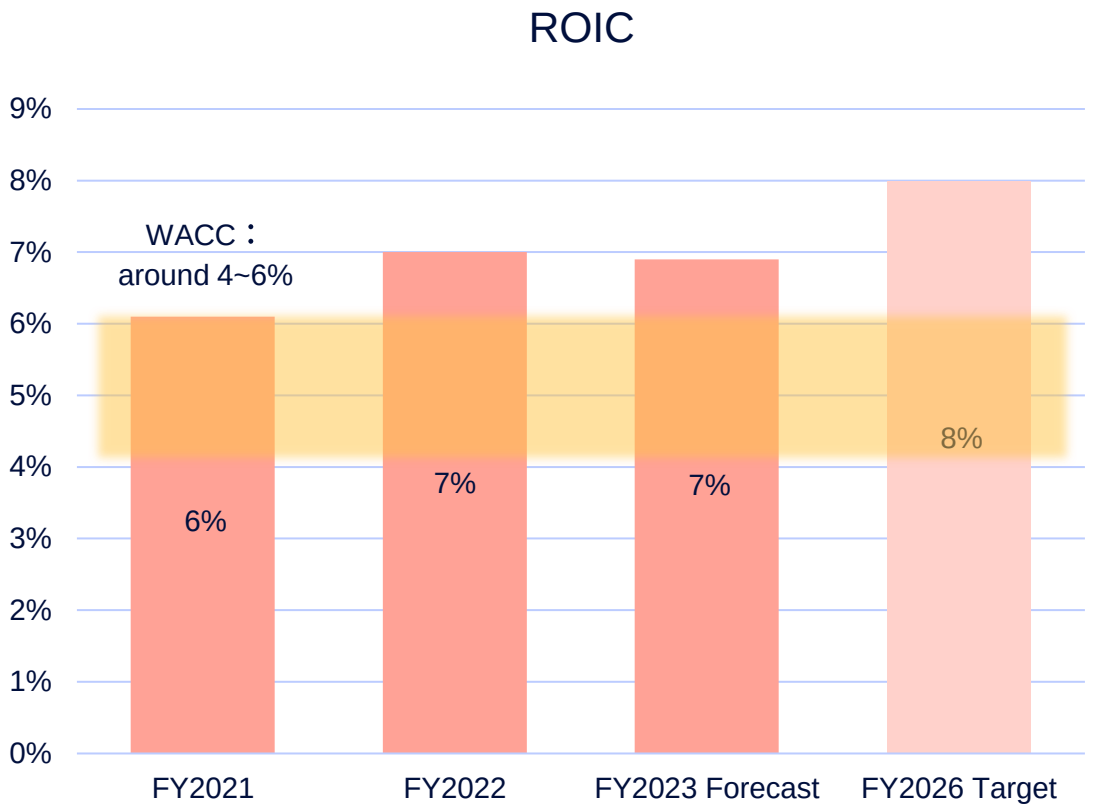


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【Ref.】Cost of Capital and WACC expected by market

- Enhance ROE and ROIC toward FY2026





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Possible starts here

- 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.