

kuraray

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**FY2022 3Q
Earnings Presentation**

KURARAY CO., LTD.

(Billion yen)

| | FY2022 3Q | FY2021 3Q | Difference |
|-------------------------|--------------|-----------|------------|
| Net Sales | 553.2 | 459.2 | 94.0 |
| Operating Income | 70.8 | 54.3 | 16.5 |
| Ordinary Income | 70.1 | 51.0 | 19.1 |
| Net Income* | 47.2 | 28.6 | 18.6 |

Reference

| | | |
|------------------------------------|-----|-----|
| JPY/USD (average) | 128 | 109 |
| JPY/EUR (average) | 136 | 130 |
| Domestic naphtha (JPY 1,000/kl) | 75 | 44 |

*Net Income Attributable to Owners of the Parent

Net Sales and Operating Income by Segment

(Billion yen)

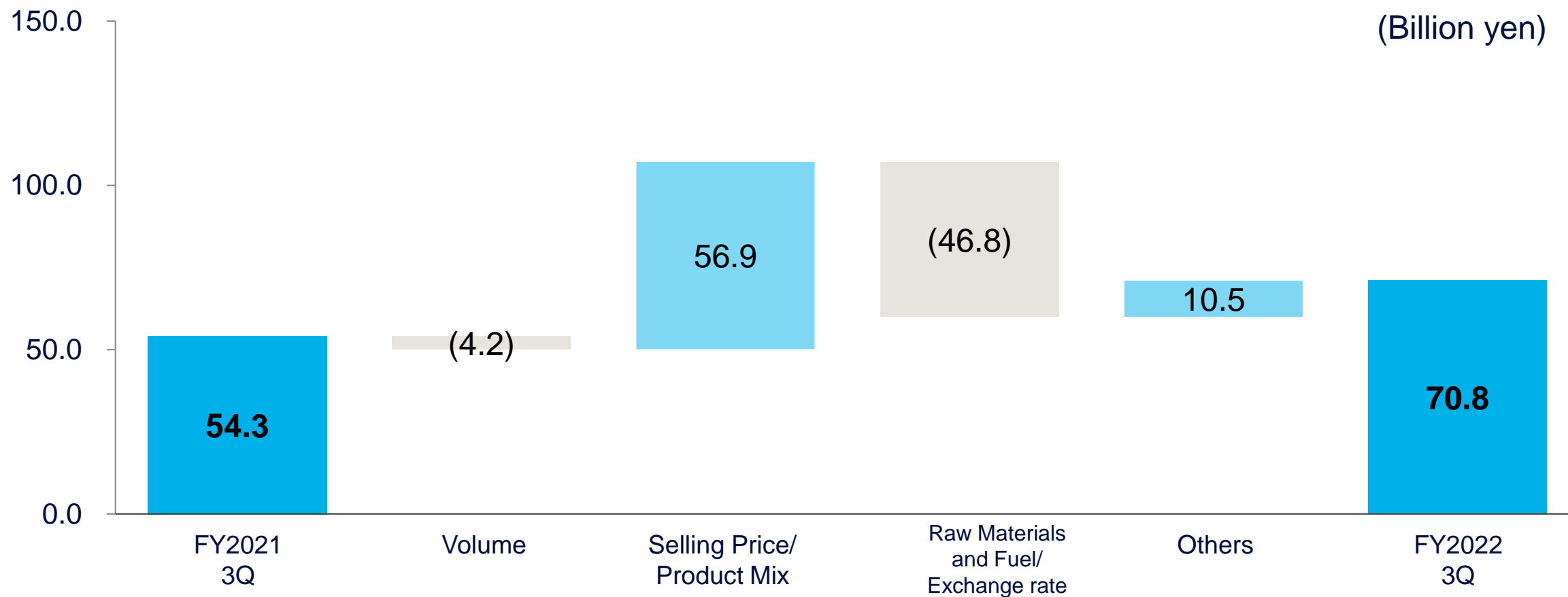
| | FY2022 3Q Results | | FY2021 3Q Results | | Difference | |
|------------------------------------|-------------------|------------------|-------------------|------------------|------------|------------------|
| | Net Sales | Operating Income | Net Sales | Operating Income | Net Sales | Operating Income |
| Vinyl Acetate | 285.6 | 59.0 | 224.9 | 43.8 | 60.8 | 15.2 |
| Isoprene | 48.7 | 4.1 | 45.5 | 5.0 | 3.2 | (0.9) |
| Functional Materials | 123.7 | 6.5 | 101.9 | 5.4 | 21.8 | 1.1 |
| Fibers & Textiles | 48.6 | 6.6 | 44.8 | 4.6 | 3.9 | 2.0 |
| Trading | 43.8 | 3.9 | 105.3 | 3.6 | (61.5) | 0.4 |
| Others | 37.6 | 1.9 | 31.6 | 1.0 | 6.0 | 0.9 |
| Elimination & Corporate | (35.0) | (11.2) | (94.8) | (9.1) | 59.8 | (2.2) |
| Total | 553.2 | 70.8 | 459.2 | 54.3 | 94.0 | 16.5 |

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 3Q have significantly changed compared to FY2021 3Q, 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.

Factors Affecting the Change in Operating Income



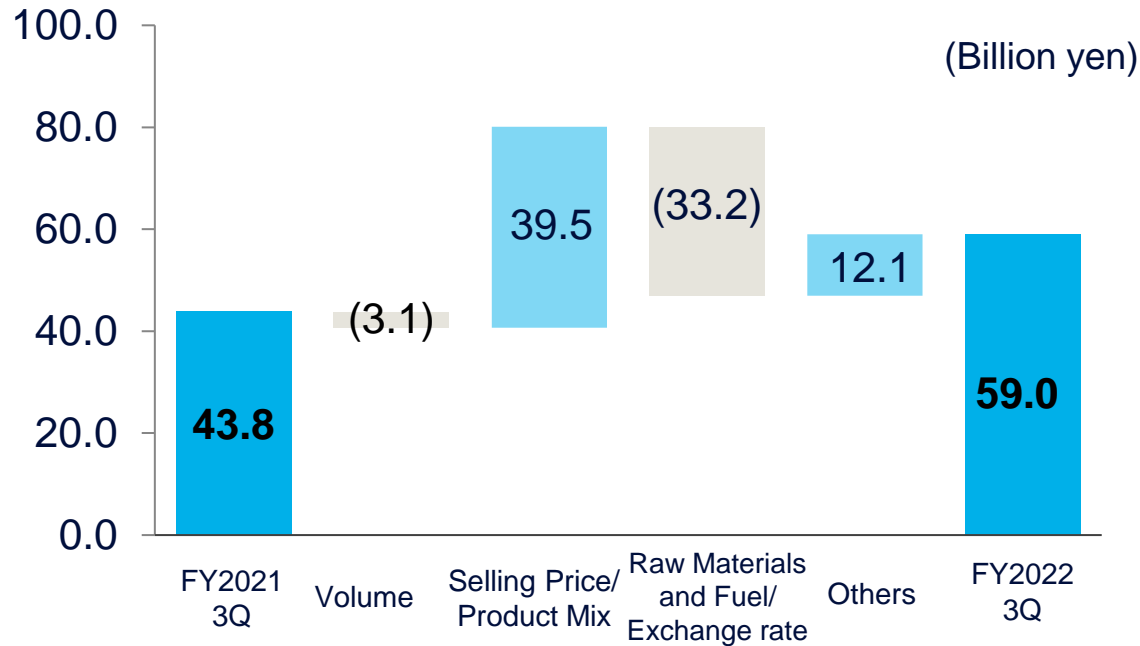
| | FY2021 3Q | FY2022 3Q |
|---------------------------------|-----------|-----------|
| JPY/USD (average) | 109 | 128 |
| JPY/EUR (average) | 130 | 136 |
| Domestic naphtha (JPY 1,000/kl) | 44 | 75 |

*Inventory valuation difference: Accounting difference resulting from inventory valuation such as the first-in, first-out method.

(Billion yen)

| | FY2021 3Q | FY2022 3Q | Difference |
|------------------|-----------|-----------|------------|
| Net Sales | 224.9 | 285.6 | 60.8 |
| Operating Income | 43.8 | 59.0 | 15.2 |

【Factors Affecting the Change in Operating Income】

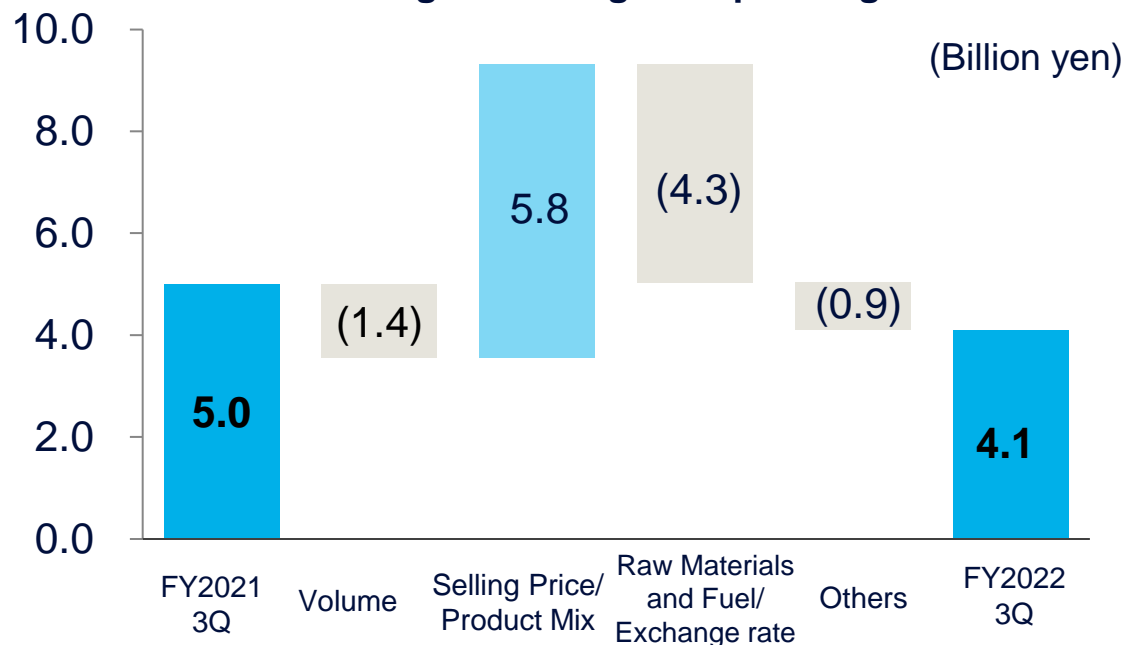


| | |
|---|---|
| PVOH resin | The sales volume decreased due to the suspension of some production facilities at a U.S. subsidiary because of malfunctions and logistics disruptions. We revised prices amid soaring raw material and fuel prices. |
| Optical-use poval film | Shipments significantly declined in Jul-Sep due to the impact of LCD panel inventory adjustments. We decided a capital investment at the Kurashiki Plant (slated to begin operating in mid 2024) to meet needs for larger TV panel sizes. |
| Water-soluble PVOH film MonoSol | Sales were firm for use in unit dose laundry detergent packets. |
| Advanced Interlayer Solutions | Sales of PVB film for use in construction applications held steady. |
| EVAL™ | The sales volume increased as steady performance for use in food packaging applications offset a decrease for use in automotive applications. We also revised prices. |
| Main reason of increase/Decrease | Soaring raw material and fuel costs and rising logistic costs were covered by higher income achieved through price revision. Despite an increase in logistic costs, Others was positive due to inventory valuation differences. |

(Billion yen)

| | FY2021 3Q | FY2022 3Q | Difference |
|------------------|-----------|-----------|------------|
| Net Sales | 45.5 | 48.7 | 3.2 |
| Operating Income | 5.0 | 4.1 | (0.9) |

【Factors Affecting the Change in Operating Income】



Isoprene Chemicals and Elastomers

We revised prices amid soaring raw material and fuel prices. The sales volume decreased due to a temporary difficulty in procuring raw materials and lockdowns in China.

GENESTAR™

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

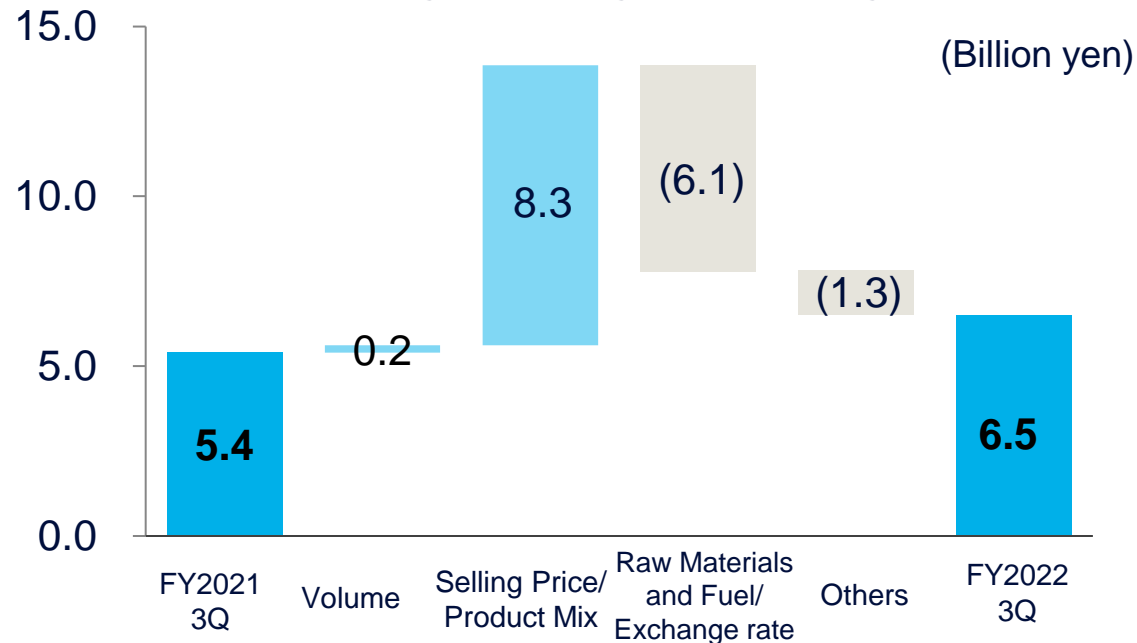
Main reason of increase/decrease

Although price revision compensated for soaring raw material and fuel costs and rising logistics costs, profit decreased due to a decline in sales resulted from a temporary difficulty in procuring raw materials and a decrease in automotive production.

(Billion yen)

| | FY2021 3Q | FY2022 3Q | Difference |
|------------------|-----------|-----------|------------|
| Net Sales | 101.9 | 123.7 | 21.8 |
| Operating Income | 5.4 | 6.5 | 1.1 |

【Factors Affecting the Change in Operating Income】



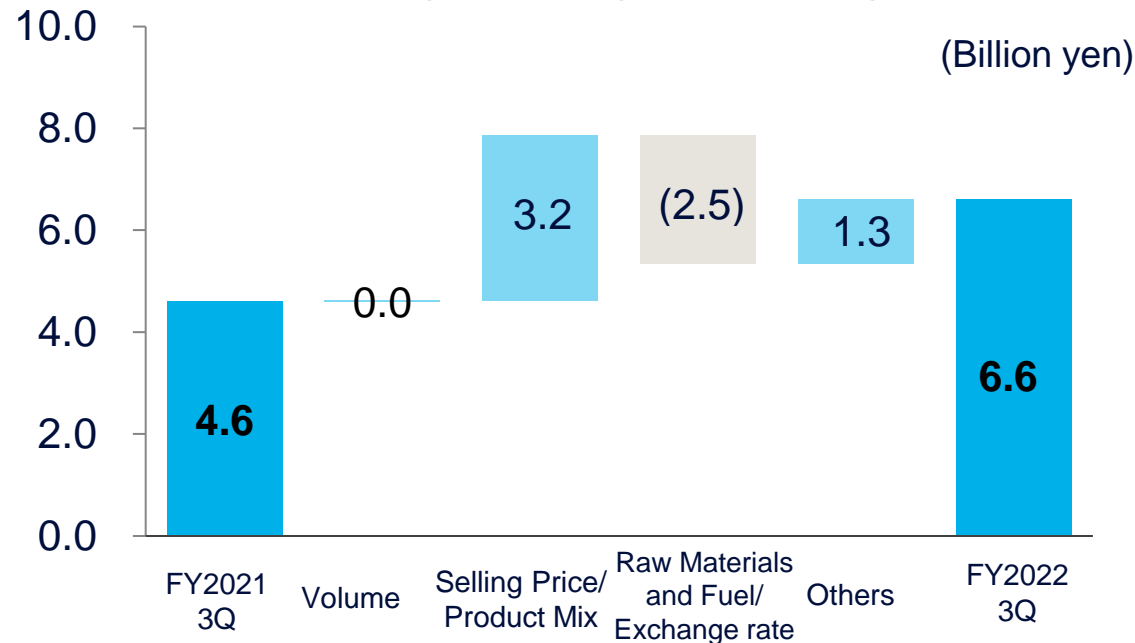
| | |
|--------------------------------|---|
| Methacrylate | The sales volume decreased due in part to inventory adjustments in electric and electronic devices. |
| Medical | Sales of dental materials expanded in Japan and overseas. |
| Environmental Solutions | Demand increased, especially in Europe, and sales of activated carbon expanded. |
| Aqua | Demand for hollow fiber membranes for water treatment remained steady. |

| | |
|---|---|
| Main reason of increase/decrease | Soaring raw material and fuel costs and logistic costs were covered by higher income achieved through price revision, including the increased portion of raw material and fuel costs in the previous fiscal year. |
|---|---|

(Billion yen)

| | FY2021 3Q | FY2022 3Q | Difference |
|------------------|-----------|-----------|------------|
| Net Sales | 44.8 | 48.6 | 3.9 |
| Operating Income | 4.6 | 6.6 | 2.0 |

【Factors Affecting the Change in Operating Income】



| | |
|---|---|
| CLARINO™ | Sales remained steady, especially for luxury products. |
| Fibers and Industrial Materials | KURALON™ was affected by a decrease in automotive production, while sales of VECTRAN™ were favorable, especially for exports. |
| Consumer Goods and Materials | Demand for KURAFLEX™ in the restaurant industry was weak. |
| Main reason of increase/decrease | Soaring raw material and fuel costs and logistic costs were covered by higher income achieved through price revision. |

(Billion yen)

| | Sep. 30, 2022 | Dec. 31, 2021 | Difference |
|---------------------------|----------------|----------------|--------------|
| Current Assets | 514.3 | 470.2 | 44.2 |
| Non-current Assets | 701.3 | 620.8 | 80.5 |
| Total Assets | 1,215.6 | 1,091.0 | 124.6 |

| | Sep. 30, 2022 | Dec. 31, 2021 |
|-------------------------|---------------|---------------|
| JPY/USD (end of period) | 145 | 115 |
| JPY/EUR (end of period) | 142 | 131 |

Balance Sheet [2]: Liabilities and Net Assets

(Billion yen)

| | Sep. 30, 2022 | Dec. 31, 2021 | Difference |
|---|----------------|---------------|------------|
| Current Liabilities | 231.9 | 219.5 | 12.4 |
| Non-current Liabilities | 290.6 | 291.9 | (1.3) |
| Total Liabilities | 522.5 | 511.4 | 11.1 |
| Net Assets | 693.1 | 579.6 | 113.5 |
| Total Liabilities and Net Assets | 1,215.6 | 1,091.0 | 124.6 |
| Equity Ratio | 55.2% | 51.3% | 3.9% |
| | Sep. 30, 2022 | Dec. 31, 2021 | |
| JPY/USD (end of period) | 145 | 115 | |
| JPY/EUR (end of period) | 142 | 131 | |

Forecast for FY2022 (vs FY2021 Results and Previous Forecast)

(Billion yen)

| | FY2022 Revised Forecasts (November 9, 2022) | FY2021 Results | Difference | FY2022 Previous Forecasts (August 10, 2022) | Difference |
|-------------------------|--|---------------------------|-------------------|--|-------------------|
| Net Sales | 760.0 | 629.4 | 130.6 | 740.0 | 20.0 |
| Operating Income | 78.0 | 72.3 | 5.7 | 78.0 | 0.0 |
| Ordinary Income | 75.0 | 68.8 | 6.2 | 75.0 | 0.0 |
| Net Income* | 48.0 | 37.3 | 10.7 | 45.0 | 3.0 |

*Net Income Attributable to Owners of the Parent

(Reference)

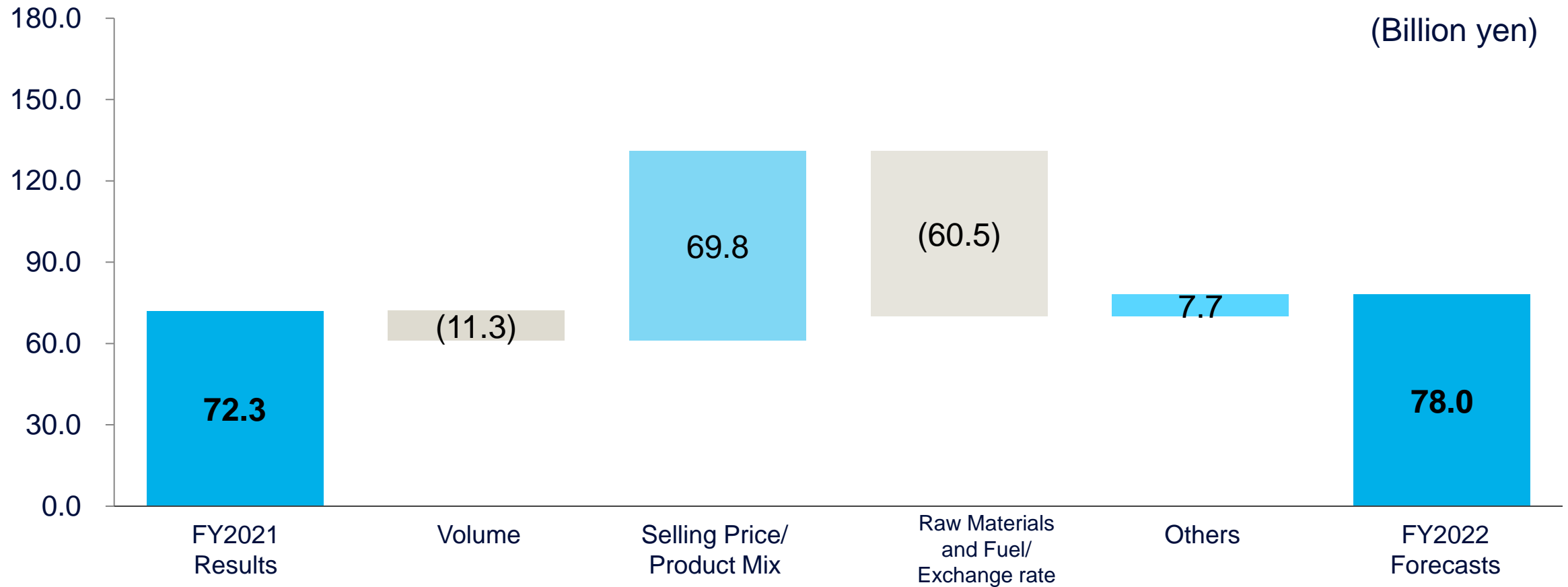
| | | | |
|------------------------------------|-----|-----|-----|
| JPY/USD (average) | 132 | 110 | 127 |
| JPY/EUR (average) | 137 | 130 | 135 |
| Domestic naphtha (JPY 1,000/kl) | 76 | 48 | 78 |

【Ref.】 Net Sales and Operating Income by Segment

(Billion yen)

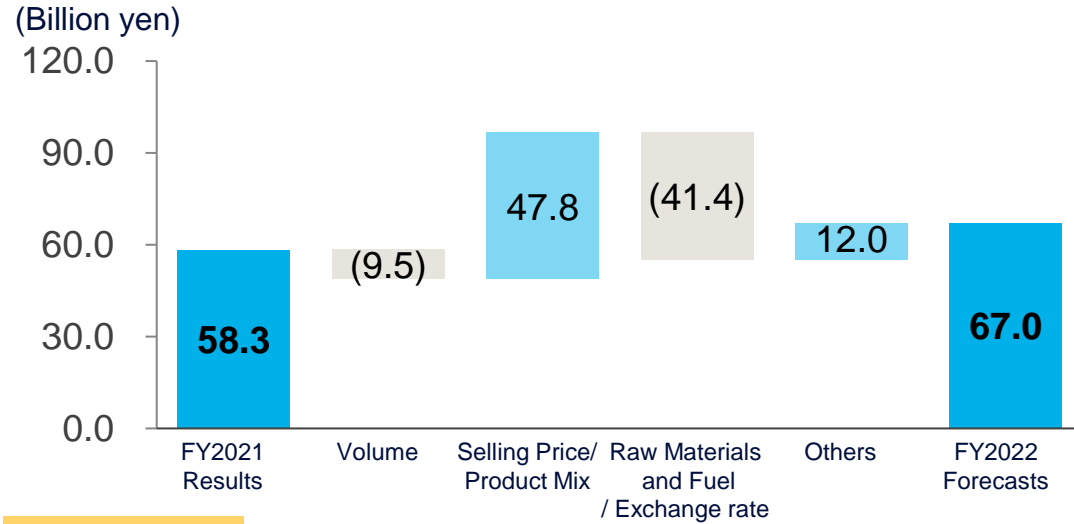
| | FY2022 Revised Forecasts (November 9, 2022) | | FY2021 Results | | Difference | | FY2022 Previous Forecasts (August 10, 2022) | | Difference | |
|------------------------------------|---|------------------|-------------------|------------------|------------|------------------|---|------------------|------------|------------------|
| | Net Sales | Operating Income | Net Sales | Operating Income | Net Sales | Operating Income | Net Sales | Operating Income | Net Sales | Operating Income |
| Vinyl Acetate | 387.0 | 67.0 | 304.7 | 58.3 | 82.3 | 8.7 | 375.0 | 68.0 | 12.0 | (1.0) |
| Isoprene | 71.0 | 5.0 | 61.9 | 6.1 | 9.1 | (1.1) | 71.0 | 6.0 | 0.0 | (1.0) |
| Functional Materials | 172.0 | 8.0 | 142.4 | 8.7 | 29.6 | (0.7) | 166.0 | 7.5 | 6.0 | 0.5 |
| Fibers & Textiles | 69.0 | 7.0 | 61.1 | 5.6 | 7.9 | 1.4 | 67.0 | 5.5 | 2.0 | 1.5 |
| Trading | 59.0 | 5.0 | 144.0 | 4.8 | (85.0) | 0.2 | 60.0 | 5.3 | (1.0) | (0.3) |
| Others | 49.0 | 2.5 | 44.3 | 1.2 | 4.7 | 1.3 | 48.0 | 2.0 | 1.0 | 0.5 |
| Elimination & Corporate | (47.0) | (16.5) | (129.1) | (12.4) | 82.1 | (4.1) | (47.0) | (16.3) | 0.0 | (0.2) |
| Total | 760.0 | 78.0 | 629.4 | 72.3 | 130.6 | 5.7 | 740.0 | 78.0 | 20.0 | 0.0 |

【Ref.】 Factors Affecting the Change in Operating Income

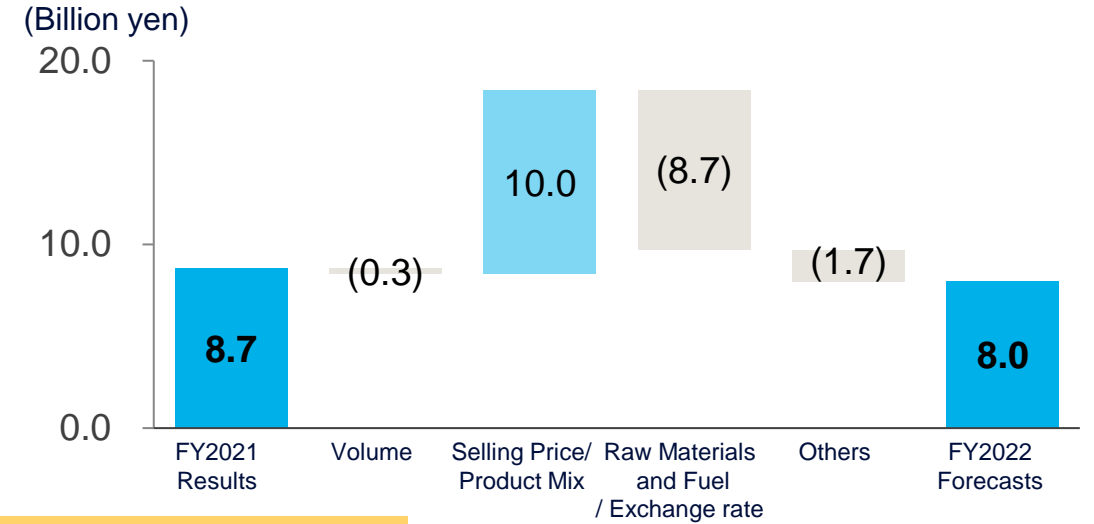


| | FY2021 | FY2022 |
|---------------------------------|--------|--------|
| JPY/USD (average) | 110 | 132 |
| JPY/EUR (average) | 130 | 137 |
| Domestic naphtha (JPY 1,000/kl) | 48 | 76 |

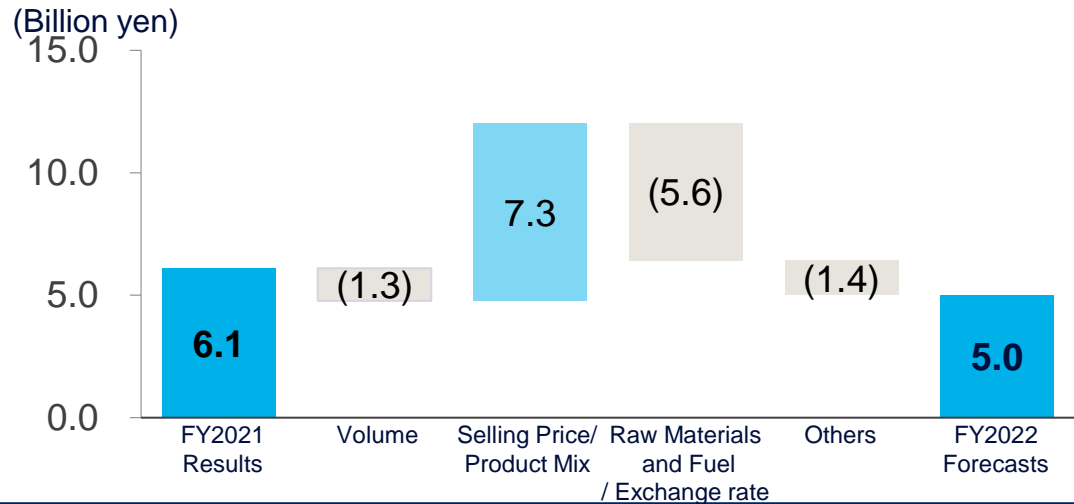
Vinyl Acetate



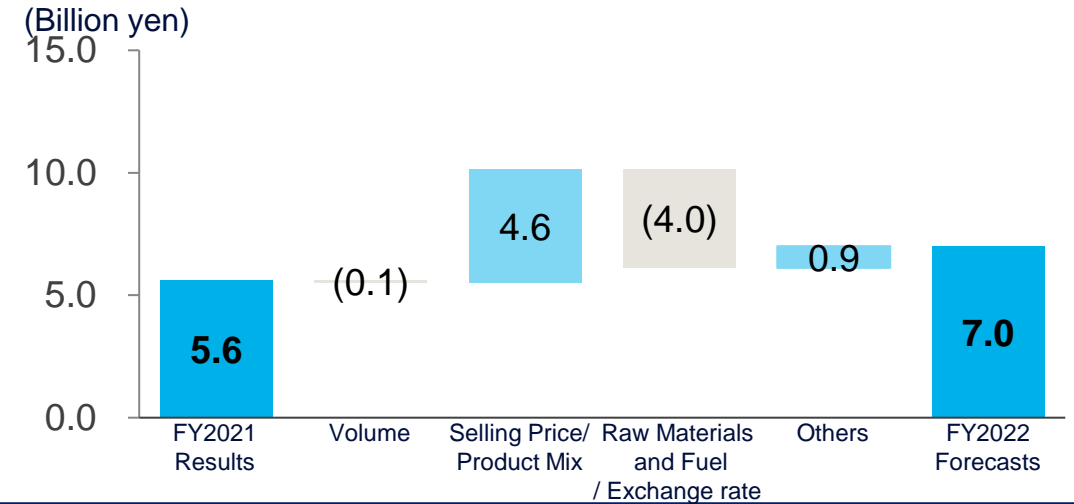
Functional Materials



Isoprene



Fibers & Textiles



【Ref.】 Quarterly Net Sales by Segments

(Billion yen)

| | FY2021 | | | | | FY2022 | | | | |
|------------------------------------|--------|--------|--------|--------|---------|--------|--------|--------|------------------|---------------------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q (Forecast) | Total (Forecast) |
| Vinyl Acetate | 72.2 | 76.3 | 76.4 | 79.8 | 304.7 | 86.2 | 99.3 | 100.2 | 101.4 | 387.0 |
| Isoprene | 14.9 | 15.6 | 15.0 | 16.5 | 61.9 | 15.4 | 16.5 | 16.8 | 22.3 | 71.0 |
| Functional Materials | 30.9 | 35.2 | 35.8 | 40.5 | 142.4 | 38.0 | 39.8 | 45.9 | 48.3 | 172.0 |
| Fibers & Textiles | 13.7 | 16.2 | 14.9 | 16.3 | 61.1 | 14.4 | 17.4 | 16.8 | 20.4 | 69.0 |
| Trading | 33.0 | 36.2 | 36.2 | 38.7 | 144.0 | 14.0 | 15.8 | 14.1 | 15.2 | 59.0 |
| Others | 9.6 | 10.7 | 11.3 | 12.7 | 44.3 | 10.7 | 13.0 | 14.0 | 11.4 | 49.0 |
| Elimination & Corporate | (29.9) | (32.2) | (32.7) | (34.3) | (129.1) | (11.0) | (11.2) | (12.7) | (12.0) | (47.0) |
| Total | 144.4 | 157.9 | 156.9 | 170.2 | 629.4 | 167.6 | 190.5 | 195.1 | 206.8 | 760.0 |

From FY2022, below listed items are applied.

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【Ref.】 Quarterly Operating Income by Segments

(Billion yen)

| | FY2021 | | | | | FY2022 | | | | |
|------------------------------------|--------|-------|-------|-------|--------|--------|-------|-------|------------------|---------------------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q (Forecast) | Total (Forecast) |
| Vinyl Acetate | 13.5 | 11.7 | 18.6 | 14.5 | 58.3 | 17.2 | 16.4 | 25.4 | 8.0 | 67.0 |
| Isoprene | 3.0 | 0.3 | 1.8 | 1.0 | 6.1 | 2.7 | (0.2) | 1.7 | 0.9 | 5.0 |
| Functional Materials | 1.0 | 2.0 | 2.5 | 3.3 | 8.7 | 2.2 | 1.1 | 3.2 | 1.5 | 8.0 |
| Fibers & Textiles | 0.6 | 1.7 | 2.4 | 1.0 | 5.6 | 1.6 | 2.2 | 2.8 | 0.4 | 7.0 |
| Trading | 1.1 | 1.2 | 1.2 | 1.3 | 4.8 | 1.3 | 1.5 | 1.1 | 1.1 | 5.0 |
| Others | (0.0) | 0.3 | 0.7 | 0.2 | 1.2 | 0.4 | 0.8 | 0.7 | 0.6 | 2.5 |
| Elimination & Corporate | (2.3) | (3.6) | (3.2) | (3.3) | (12.4) | (3.3) | (5.8) | (2.1) | (5.3) | (16.5) |
| Total | 16.8 | 13.6 | 23.9 | 17.9 | 72.3 | 22.1 | 15.9 | 32.8 | 7.2 | 78.0 |

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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- All figures are rounded to the nearest hundred million yen.
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