

FY2021 1Q Earnings Presentation (Overview)

KURARAY CO., LTD.

Overview of FY2021 1Q Results

(Billion yen)

	FY2021 1Q	FY2020 1Q	Difference
Net Sales	144.4	136.9	7.5 (5.5%)
Operating Income	16.8	12.0	4.8 (40.2%)
Ordinary Income	16.3	11.3	5.0 (43.9%)
Net Income*	5.3	6.7	-1.4 (-21.2%)
Reference			
JPY/USD	106	109	
JPY/EUR	128	120	
Domestic naphtha (JPY 1,000/kl)	36	44	

Factors Affecting the Change in Operating Income (Vinyl Acetate)

(Billion yen)

	FY2020 1Q	FY2021 1Q	Difference
Net Sales	63.9	72.2	8.3
Operating Income	8.4	13.4	5.0



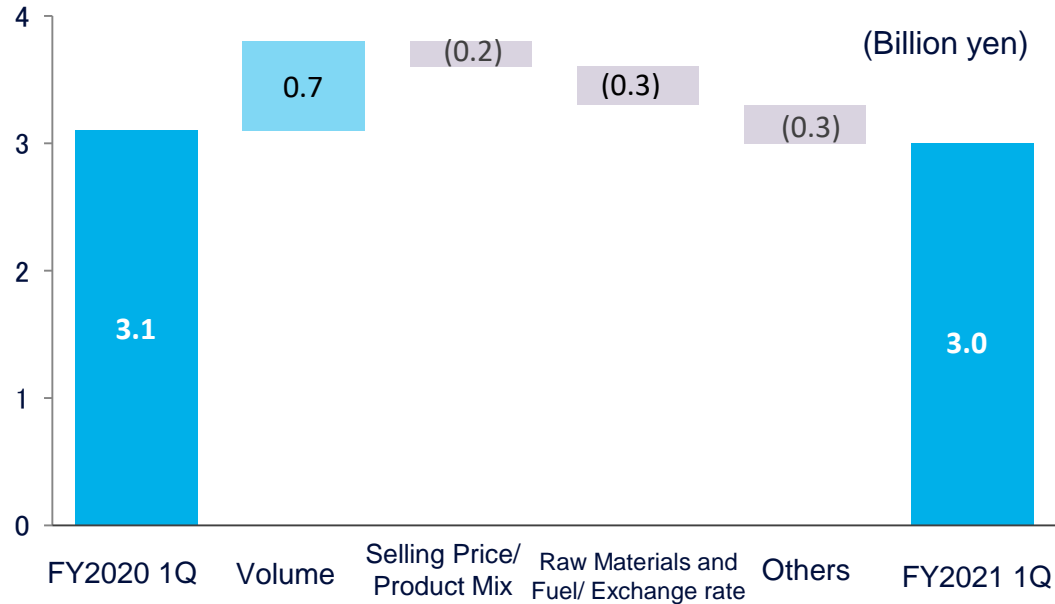
PVA resin	Sales were increased as global demand began to recover.
Optical-use poval film	Sales were brisk due to an increase in demand for LCD panels, especially large displays, from the second half of the previous year.
Water-soluble PVA film<MonoSol>	Sales steadily expanded for use in unit dose detergent packets, including for dish detergents, as more customers stay at home due to COVID-19 pandemic.
PVB film	Sales volume rose on the back of a recovery in demand for both construction and automotive applications.
EVAL™	Sales volume increased as food packaging applications remained firm and demand for gas tank applications recovered.
Volume	Profit was increased because of sales increase in all businesses.
Selling Price/Product Mix	Started negotiation about price increase but it will contribute to our profit after 2021 2Q.
Raw Materials and Fuel/ Exchange rate	Raw material and fuel prices were increased.
Others	Logistics cost was increased.

Factors Affecting the Change in Operating Income (Isoprene)

(Billion yen)

	FY2020 1Q	FY2021 1Q	Difference
Net Sales	13.2	14.9	1.7
Operating Income	3.1	3.0	(0.1)

Fine Chemicals and Elastomers	Sales volume increased by a demand recovery mainly in China and the rest of Asia.
GENESTAR™	Sales remained brisk for electric and electronic device applications and automotive applications amid growing demand.

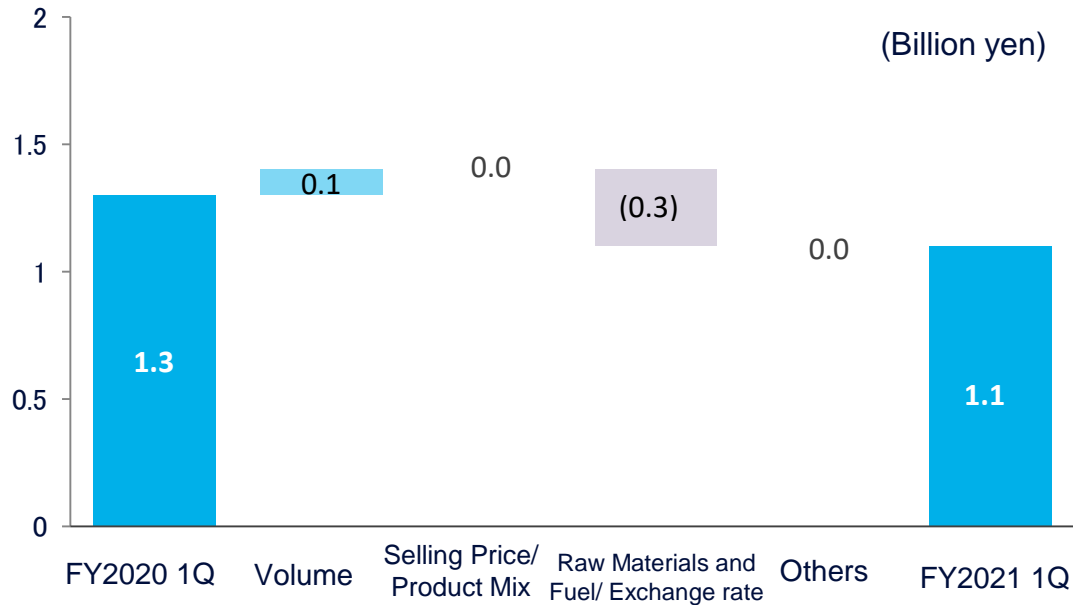


Volume	Profit was increased because of sales increase in all businesses.
Selling Price/Product Mix	Profit decreased due to product mix change.
Raw Materials and Fuel/ Exchange rate	Raw material and fuel prices were increased.
Others	Logistics cost was increased.

Factors Affecting the Change in Operating Income (Functional Materials)

(Billion yen)

	FY2020 1Q	FY2021 1Q	Difference
Net Sales	30.8	30.3	(0.5)
Operating Income	1.3	1.1	(0.2)



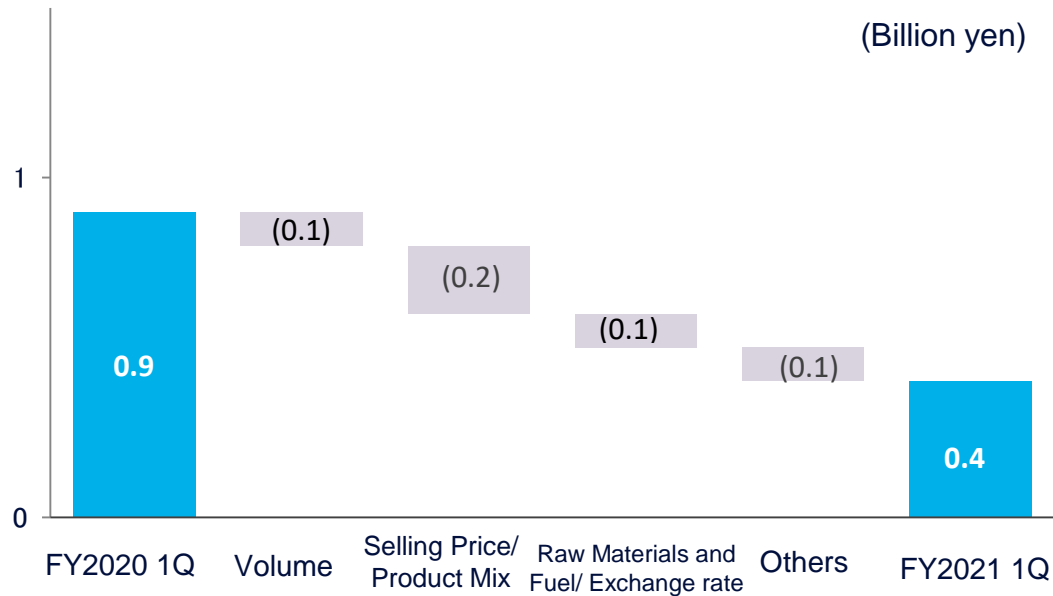
Methacrylate	Sales for sign applications were weak despite an increase in sales of spatter-blocking barrier panels and displays.
Medical	Dental materials business saw brisk sales, mainly in Europe and the US.
Environmental Solutions	Shipments decreased, especially for industrial applications.

Volume	Sales of dental materials were increased.
Selling Price/Product Mix	Profit from sales price was offset by loss from product mix.
Raw Materials and Fuel/ Exchange rate	Raw material and fuel prices were increased.
Others	Goodwill amortization was decreased but logistics cost was increased.

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

(Billion yen)

	FY2020 1Q	FY2021 1Q	Difference
Net Sales	14.5	13.7	(0.7)
Operating Income	0.9	0.4	(0.5)



CLARINO™	Sales remained stable amid signs of a recovery in demand, especially for shoe applications in Asia and luxury good applications in Europe.
Fibers and Industrial Materials	Sales of KURALON™ were lower than the previous year despite a recovery in demand, which had fallen in the second half of the previous year..
Consumer Goods and Materials	Sales volume of KURAFLEX™ decreased as demand for counter cloths for the restaurant industry remained weak despite an increase in sales volume for mask-related applications.

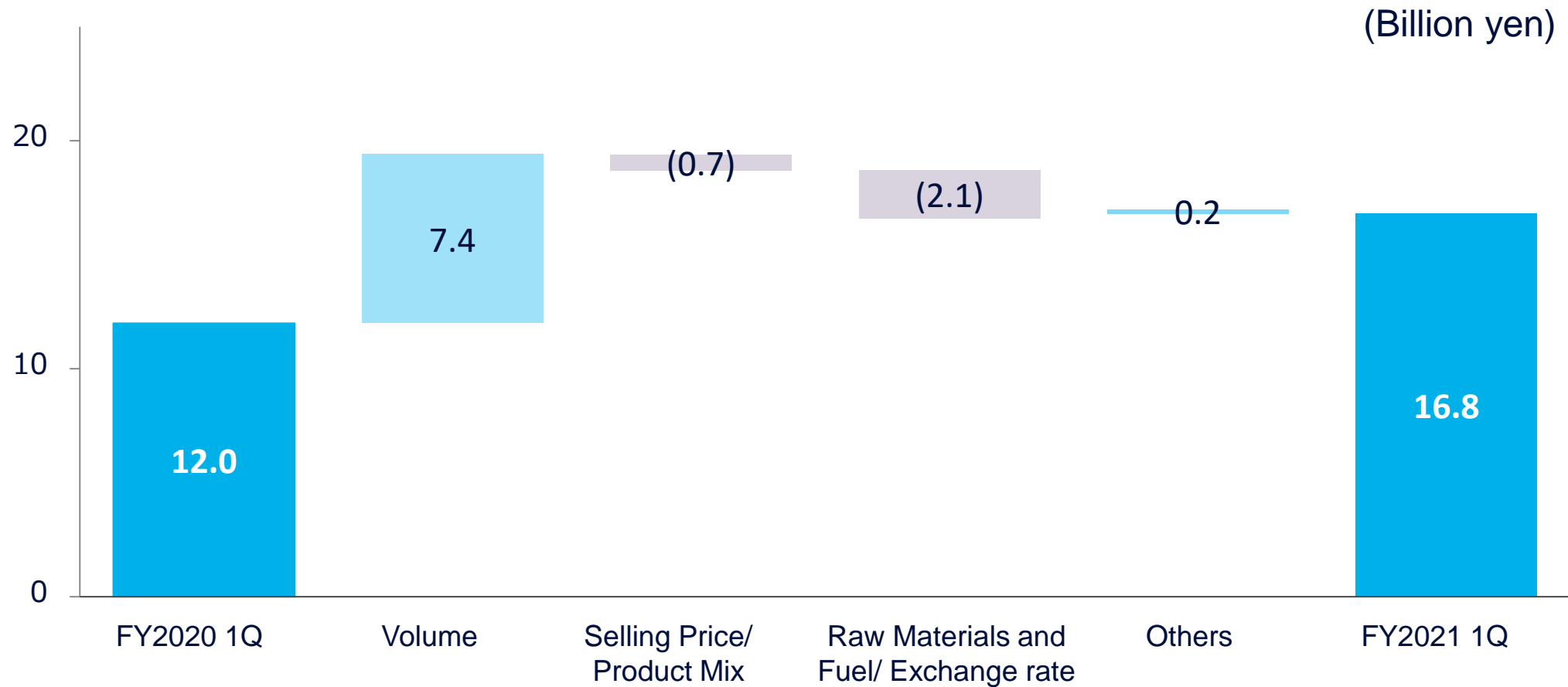
Volume	Profit was decreased as sales declined except for CLARINO™.
Selling Price/Product Mix	Profit decreased due to product mix change.
Raw Materials and Fuel/ Exchange rate	Raw material and fuel prices were increased.
Others	Logistics cost was increased.

Net Sales and Operating Income by Segment

(Billion yen)

	FY2021 1Q result		FY2020 1Q result		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	72.2	13.4	63.9	8.4	8.3	5.0
Isoprene	14.9	3.0	13.2	3.1	1.7	(0.1)
Functional Materials	30.3	1.1	30.8	1.3	(0.5)	(0.2)
Fibers & Textiles	13.7	0.4	14.5	0.9	(0.7)	(0.5)
Trading	33.0	1.1	29.8	1.0	3.2	0.1
Others	10.3	(0.1)	11.7	0.0	(1.4)	(0.2)
Elimination & Corporate	(29.9)	(2.1)	(26.8)	(2.7)	(3.1)	0.6
Total	144.4	16.8	136.9	12.0	7.5	4.8

Factors Affecting the Change in Operating Income



	FY2020 1Q	FY2021 1Q
Domestic naphtha (JPY1,000/kl)	¥44	¥36
USD (average)	¥109	¥106
EUR (average)	¥120	¥128

Balance Sheet [1]: Assets

(Billion yen)

	Mar. 31, 2021	Dec. 31, 2020	Difference
Current Assets	438.2	461.2	(23.0)
Noncurrent Assets	610.5	590.4	20.1
Total Assets	1,048.7	1,051.6	(2.9)

Reference: Exchange rates at end of period

	Mar. 31, 2021	Dec. 31, 2020
JPY/USD	111	104
JPY/EUR	130	127

Balance Sheet [2]: Liabilities and Net Assets

(Billion yen)

	Mar. 31, 2021	Dec. 31, 2020	Difference
Current Liabilities	167.9	195.1	(27.2)
Noncurrent Liabilities	342.5	341.1	1.5
Total Liabilities	510.4	536.1	(25.7)
Net Assets	538.3	515.5	22.8
Total Liabilities and Net Assets	1,048.7	1,051.6	(2.9)

Equity Ratio

49.6%

47.4%

2.2%

Reference: Exchange rates at end of period

	Mar. 31, 2021	Dec. 31, 2020
JPY/USD	111	104
JPY/EUR	130	127

Forecast for FY2021 (vs FY2021 initial plan)

(Billion yen)

	FY2021 Revised Forecast		FY2021 Initial Plan		Difference	
	1H	Full	1H	Full	1H	Full
Net Sales	290.0	570.0	280.0	570.0	10.0	0.0
Operating Income	30.0	55.0	25.0	55.0	5.0	0.0
Ordinary Income	29.0	50.0	22.5	50.0	6.5	0.0
Net Income*	13.5	30.0	13.5	30.0	0.0	0.0

Reference

JPY/USD	107
JPY/EUR	129
Domestic naphtha (JPY1,000/kl)	40

105
125
35

【Ref.】 Forecast for FY2021 (vs FY2020 actual)

(Billion yen)

	FY2021 Revised Forecast		FY2020 Result		Difference	
	1H	Full	1H	Full	1H	Full
Net Sales	290.0	570.0	262.0	541.8	28.0	28.2
Operating Income	30.0	55.0	19.6	44.3	10.4	10.7
Ordinary Income	29.0	50.0	17.6	39.7	11.4	10.3
Net Income*	13.5	30.0	9.2	2.6	4.3	27.4

Reference

JPY/USD	107
JPY/EUR	129
Domestic naphtha (JPY1,000/kl)	40

108
119
37

【Ref.】 1H Net Sales & Operating Income by Segment (vs FY2021 Initial Plan)

(Billion yen)

	FY2021 Revised forecast		FY2021 Initial Plan		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	142.0	26.5	134.0	23.0	8.0	3.5
Isoprene	30.0	3.0	27.0	2.0	3.0	1.0
Functional Materials	63.0	2.0	63.0	2.0	0.0	0.0
Fibers & Textiles	29.0	1.0	27.0	1.0	2.0	0.0
Trading	66.0	2.0	63.0	1.8	3.0	0.2
Others	19.0	0.0	21.5	0.2	(2.5)	(0.2)
Elimination & Corporate	(59.0)	(4.5)	(55.5)	(5.0)	(3.5)	0.5
Total	290.0	30.0	280.0	25.0	10.0	5.0

【Ref.】 1H Net Sales & Operating Income by Segment (vs FY2020 actual)

(Billion yen)

	FY2021 Revised forecast		FY2020 Results		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	142.0	26.5	121.8	16.9	20.2	9.6
Isoprene	30.0	3.0	24.7	2.1	5.3	0.9
Functional Materials	63.0	2.0	59.1	1.1	3.9	0.9
Fibers & Textiles	29.0	1.0	28.2	1.7	0.8	(0.7)
Trading	66.0	2.0	60.0	2.1	6.0	(0.1)
Others	19.0	0.0	22.2	0.2	(3.2)	(0.2)
Elimination & Corporate	(59.0)	(4.5)	(54.1)	(4.4)	(4.9)	(0.1)
Total	290.0	30.0	262.0	19.6	28.0	10.4



All figures are rounded to the nearest hundred million yen.

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