

***kuraray***

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# **FY2024 Earnings Presentation**

**KURARAY CO., LTD.**

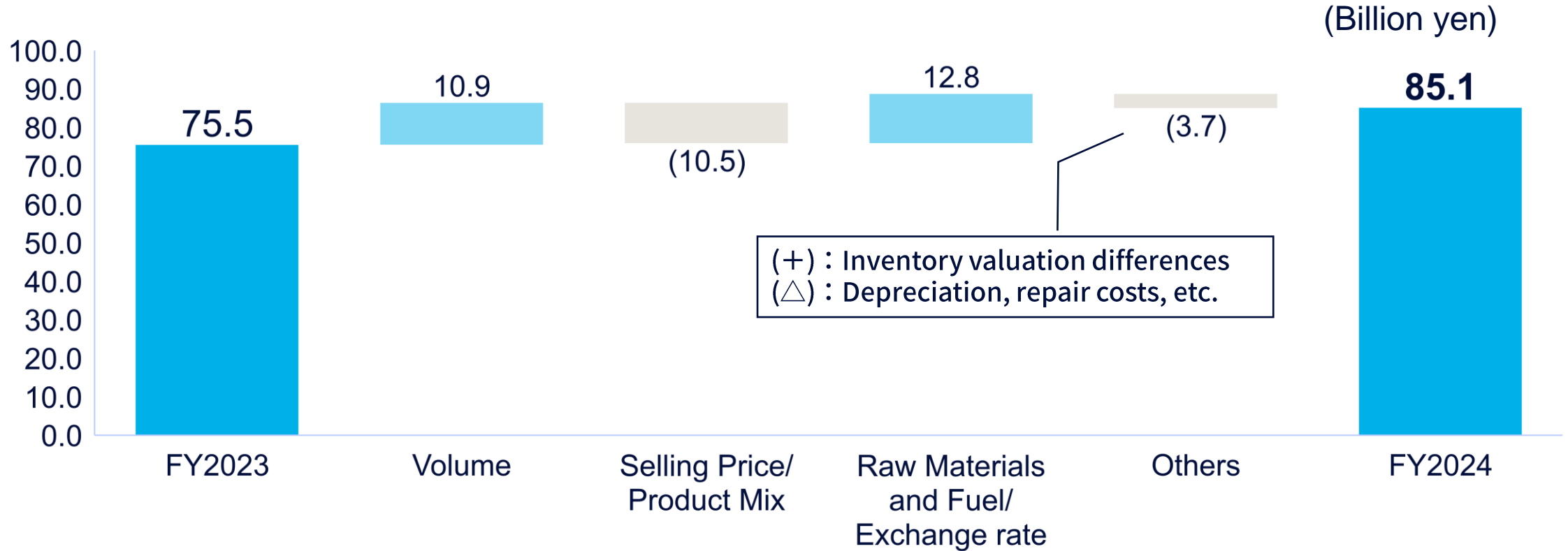
**February 12, 2025**

- Sales volume growth in many businesses led to net sales reaching a record high and operating income exceeding the previous year.
- Net income declined due to extraordinary losses for building a more sophisticated business portfolio.

(Billion yen)

	FY2024	FY2023	Difference
<b>Net Sales</b>	<b>826.9</b>	780.9	46.0
<b>Operating Income</b>	<b>85.1</b>	75.5	9.6
<b>Ordinary Income</b>	<b>81.5</b>	69.0	12.5
<b>Net Income Attributable to Owners of the Parent</b>	<b>31.7</b>	42.4	(10.7)
	<b>Reference</b>		
JPY/USD (average)	152	141	
JPY/EUR (average)	164	152	
Domestic naphtha (JPY 1,000/kl)	75	68	

# FY2024 Factors Affecting the Change in Operating Income



	FY2023	FY2024
JPY/USD (average)	141	152
JPY/EUR (average)	152	164
Domestic naphtha (JPY 1,000/kl)	68	75

# Net Sales and Operating Income by Segment

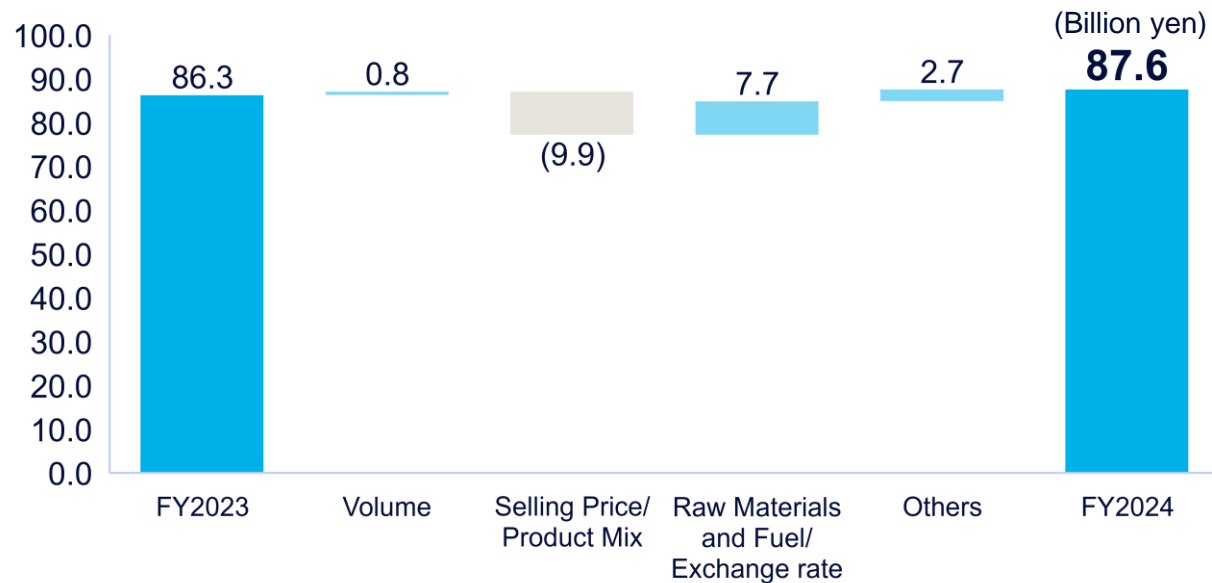
(Billion yen)

	FY2024		FY2023		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
<b>Vinyl Acetate</b>	414.9	87.6	406.8	86.3	8.1	1.3
<b>Isoprene</b>	76.4	(9.5)	65.7	(10.9)	10.7	1.4
<b>Functional Materials</b>	208.0	12.9	189.8	10.3	18.2	2.6
<b>Fibers &amp; Textiles</b>	62.7	1.2	61.9	1.8	0.8	(0.6)
<b>Trading</b>	67.6	5.9	61.6	5.2	6.0	0.7
<b>Others</b>	50.9	2.3	45.7	0.5	5.2	1.8
<b>Elimination &amp; Corporate</b>	(53.5)	(15.4)	(50.4)	(17.8)	(3.1)	2.4
<b>Total</b>	<b>826.9</b>	<b>85.1</b>	<b>780.9</b>	<b>75.5</b>	<b>46.0</b>	<b>9.6</b>

(Billion yen)

	FY2023	FY2024	Difference
Net Sales	406.8	<b>414.9</b>	8.1
Operating Income	86.3	<b>87.6</b>	1.3

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

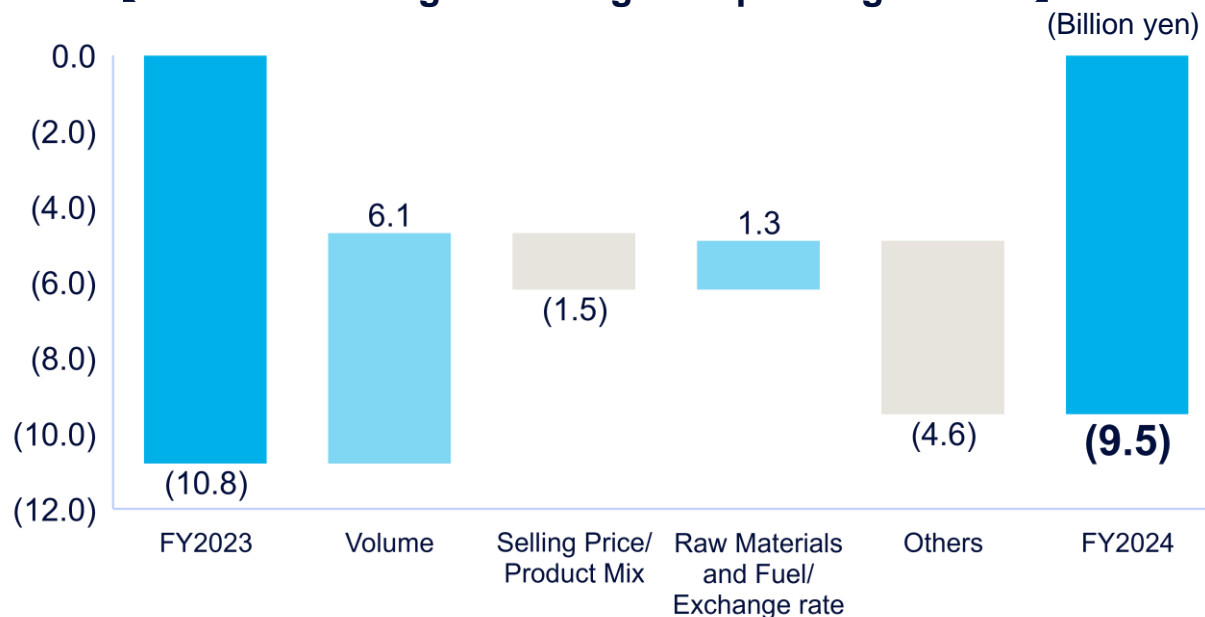


<b>PVOH resin</b>	Despite disruptions in logistics to Europe, sales volume increased due to our stable global supply system.
<b>Optical-use poval film</b>	Despite shipments remaining favorable, sales volume held steady year on year due to effects of shipment adjustments by panel manufacturers from the start of the third quarter. To meet demand for larger TV panels, we began operating new equipment in the second quarter.
<b>Advanced Interlayer Solutions</b>	The sales volume decreased due to the effects of ongoing economic stagnation on construction applications in Europe.
<b>Water-soluble PVOH film MonoSol</b>	The sales volume held steady year on year due to the effects of protracted economic stagnation in Europe.
<b>EVAL™</b>	The sales volume slightly increased as food packaging applications showed a recovery trend from the second quarter onwards, and automotive applications also remained steady. We decided to construct a new plant in Singapore (slated to begin operating by the end of 2026) for accommodating future growth in demand, especially in circular economy-related fields.
<b>Main reason of increase/decrease</b>	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 an increase in profits for the entire segment.

(Billion yen)

	FY2023	FY2024	Difference
Net Sales	65.7	<b>76.4</b>	10.7
Operating Income	(10.8)	<b>(9.5)</b>	1.4

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



#### Isoprene Chemicals and Elastomers

The sales volume increased as demand recovered, especially for automotive applications, and due in part to higher sales utilizing the new Thai base of operations.

#### GENESTAR™

The sales volume remained favorable for automotive applications. In addition, regarding electric and electronic device applications, demand recovered for devices while expanding for server connectors, driven by robust investment in generative AI data centers.

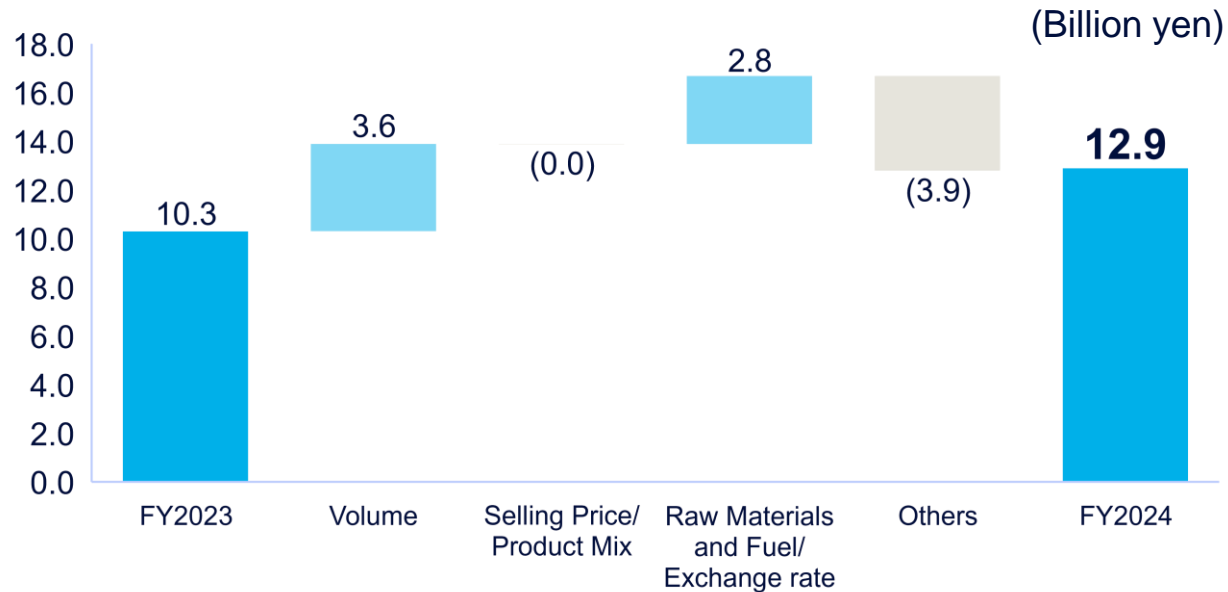
#### Main reason of increase/decrease

The sales volume increased due to sales expansion with the start of operations in Thailand. Sales price were adjusted in line with fluctuations in raw material and fuel prices. Although there was an impact from depreciation expenses and inventory valuation differences, the segment as a whole saw improvement.

(Billion yen)

	FY2023	FY2024	Difference
Net Sales	189.8	<b>208.0</b>	18.2
Operating Income	10.3	<b>12.9</b>	2.6

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

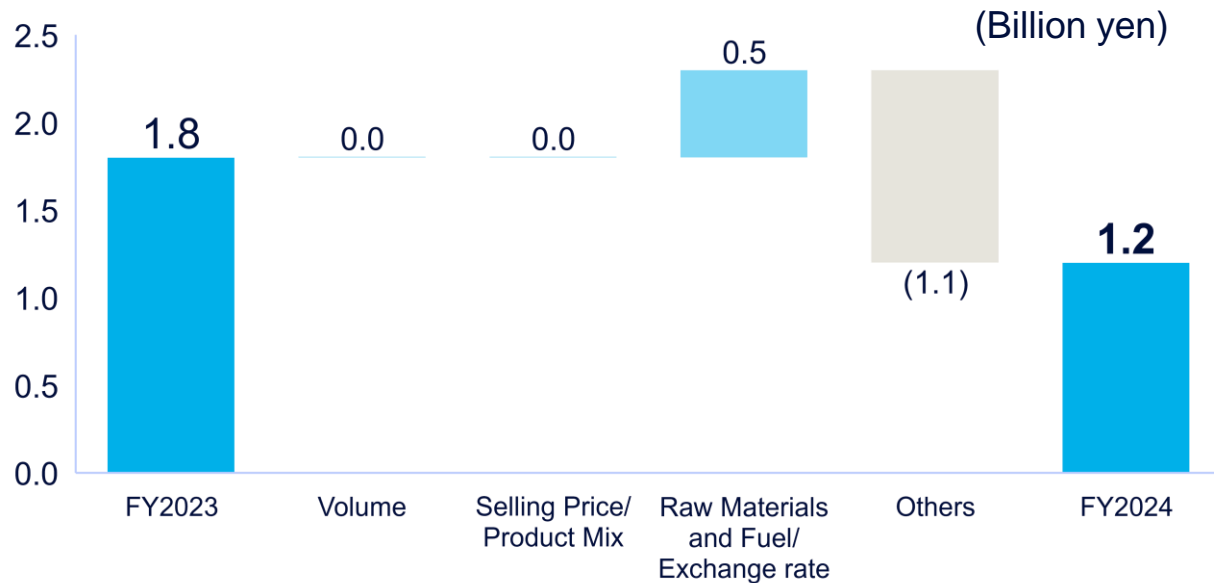


<b>Methacrylate</b>	The sales volume increased amid signs of a recovery in demand, especially for electric and electronic devices, but was affected by intensified competition and other factors. We decided to reduce the production capacity for methyl methacrylate in the second quarter.
<b>Medical</b>	Sales of cosmetic dental materials, mainly in Europe and the United States, remained favorable.
<b>Environmental Solutions</b>	Sales of activated carbon remained steady, especially for drinking water applications in North America. In Europe, however, economic stagnation began to negatively affect demand related to industrial applications. A new activated carbon facility was brought on line in the United States in the first quarter.
<b>Main reason of increase/decrease</b>	Sales volume of medical products increased. Increased expenses such as depreciation in activated carbon business and sales expenses in medical business were covered by profit increase from lower raw material and fuel cost and yen depreciation.

(Billion yen)

	FY2023	FY2024	Difference
Net Sales	61.9	62.7	0.8
Operating Income	1.8	1.2	(0.6)

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



<b>CLARINO™</b>	The sales volume increased due to a recovery in demand for automotive and sports applications.
<b>Fibers and Industrial Materials</b>	Although signs of a recovery emerged in demand for automotive applications, sales in Europe for construction material applications were weak.
<b>Consumer Goods and Materials</b>	Demand for KURAFLEX™ nonwoven fabric and MAGIC TAPE™ hook and loop fasteners was weak. Moreover, in the nonwoven fabrics business, we decided to withdraw from the dry-laid nonwoven fabrics business and to reduce production capacity for meltblown nonwoven fabrics in the third quarter.
<b>Main reason of increase/decrease</b>	Despite the positive impact of yen depreciation, the segment income decreased due to increased expenses for periodic maintenance, etc.



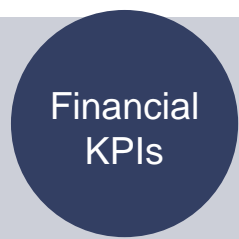
(Billion yen)

	<b>FY2024</b>	<b>FY2023</b>	<b>Difference</b>
<b>Operating CF</b>	<b>138.3</b>	129.3	9.0
<b>Investing CF*</b>	<b>(76.0)</b>	(63.2)	(12.9)
<b>Free CF*</b>	<b>62.3</b>	66.1	(3.9)
<b>CAPEX(acceptance basis)</b>	<b>84.3</b>	67.3	17.0
<b>Depreciation and Amortization (incl. amortization of goodwill)</b>	<b>85.2</b>	77.2	8.1
<b>R&amp;D Expenses</b>	<b>25.7</b>	24.4	1.3

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

(Billion yen)

	Dec. 31, 2024	Dec. 31, 2023	Difference
<b>Current Assets</b>	565.3	551.7	13.5
<b>Non-current Assets</b>	726.0	702.8	23.2
<b>Total Assets</b>	1,291.2	1,254.5	36.8
<b>Total Liabilities</b>	509.4	518.3	(8.9)
<b>Net Assets</b>	781.8	736.2	45.6
<b>Total Liabilities and Net Assets</b>	1,291.2	1,254.5	36.8
<b>Equity Ratio</b>	59.2%	56.9%	2.2%
	Dec. 31, 2024	Dec. 31, 2023	
JPY/USD (end of period)	158	142	
JPY/EUR (end of period)	165	157	



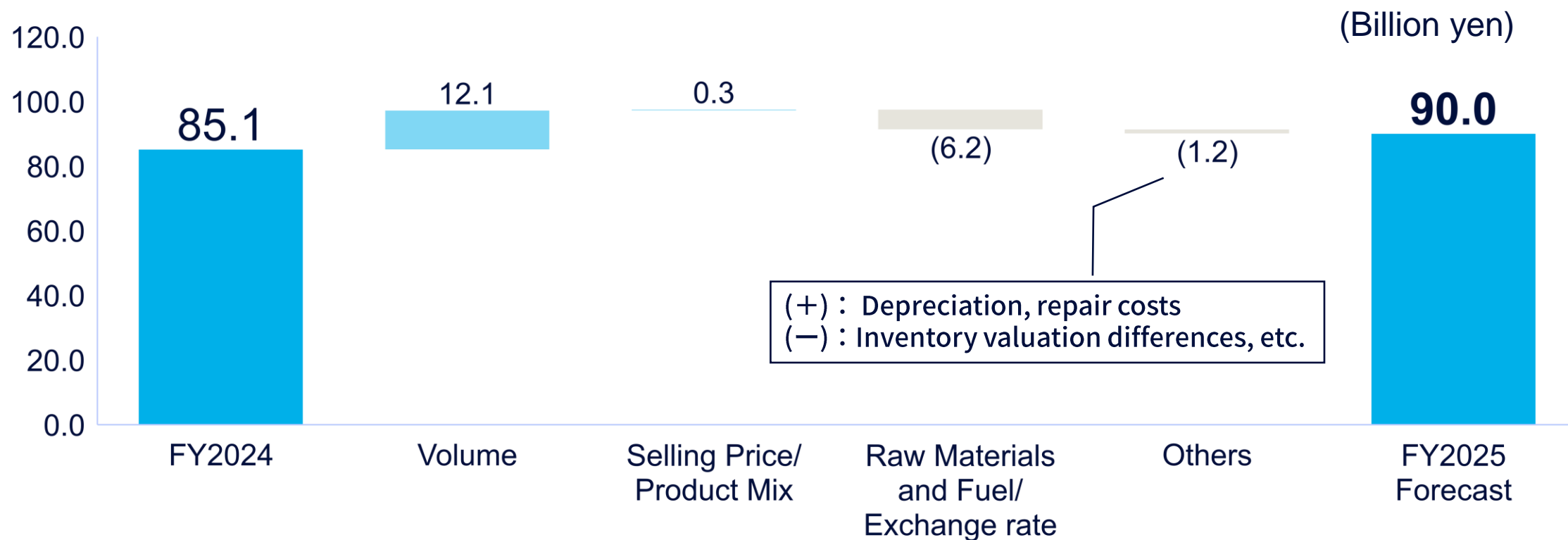
	FY2023	FY2024	FY2026 Targets
<b>ROIC</b>	6.2%	7.3%	8%
<b>EBITDA*</b>	¥ 152.6 billion	¥ 170.3 billion	¥170.0 billion
<b>ROE</b>	6.2%	4.3%	10%
<b>EBITDA Margin (reference)</b>	19.5%	20.6%	23%

\*Operating income + depreciation and amortization

(Billion yen)

	FY2025 Forecast	FY2024	Difference
<b>Net Sales</b>	<b>860.0</b>	<b>826.9</b>	<b>33.1</b>
<b>Operating Income</b>	<b>90.0</b>	<b>85.1</b>	<b>4.9</b>
<b>Ordinary Income</b>	<b>85.0</b>	<b>81.5</b>	<b>3.5</b>
Net Income Attributable to Owners of the Parent	<b>45.0</b>	<b>31.7</b>	<b>13.3</b>
<b>CAPEX(decision basis)</b>	<b>120.0</b>	<b>128.7</b>	<b>(8.7)</b>
<b>CAPEX(acceptance basis)</b>	<b>100.0</b>	<b>84.3</b>	<b>15.7</b>
Depreciation and Amortization (incl. amortization of goodwill)	<b>82.0</b>	<b>85.2</b>	<b>(3.2)</b>
<b>R&amp;D Expenses</b>	<b>27.0</b>	<b>25.7</b>	<b>1.3</b>
JPY/USD (average)	<b>155</b>	<b>152</b>	
JPY/EUR (average)	<b>160</b>	<b>164</b>	
Domestic naphtha (JPY 1,000/kl)	<b>75</b>	<b>75</b>	

# FY2025 Factors Affecting the Change in Operating Income



	FY2024	FY2025
JPY/USD (average)	152	155
JPY/EUR (average)	164	160
Domestic naphtha (JPY 1,000/kl)	75	75

# Net Sales and Operating Income by Segment

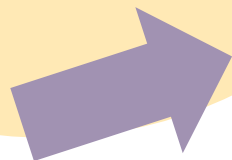
(Billion yen)

	FY2025 Forecast		FY2024		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
<b>Vinyl Acetate</b>	<b>428.0</b>	<b>81.0</b>	414.9	87.6	13.1	(6.6)
<b>Isoprene</b>	<b>85.0</b>	<b>(4.5)</b>	76.4	(9.5)	8.6	5.0
<b>Functional Materials</b>	<b>221.0</b>	<b>19.0</b>	208.0	12.9	13.0	6.1
<b>Fibers &amp; Textiles</b>	<b>65.0</b>	<b>2.0</b>	62.7	1.2	2.3	0.8
<b>Trading</b>	<b>70.0</b>	<b>6.5</b>	67.6	5.9	2.4	0.6
<b>Others</b>	<b>43.0</b>	<b>2.0</b>	50.9	2.3	(7.9)	(0.3)
<b>Elimination &amp; Corporate</b>	<b>(52.0)</b>	<b>(16.0)</b>	(53.5)	(15.4)	1.5	(0.6)
<b>Total</b>	<b>860.0</b>	<b>90.0</b>	826.9	85.1	33.1	4.9

■ New shareholder return policy to be implemented from 2025

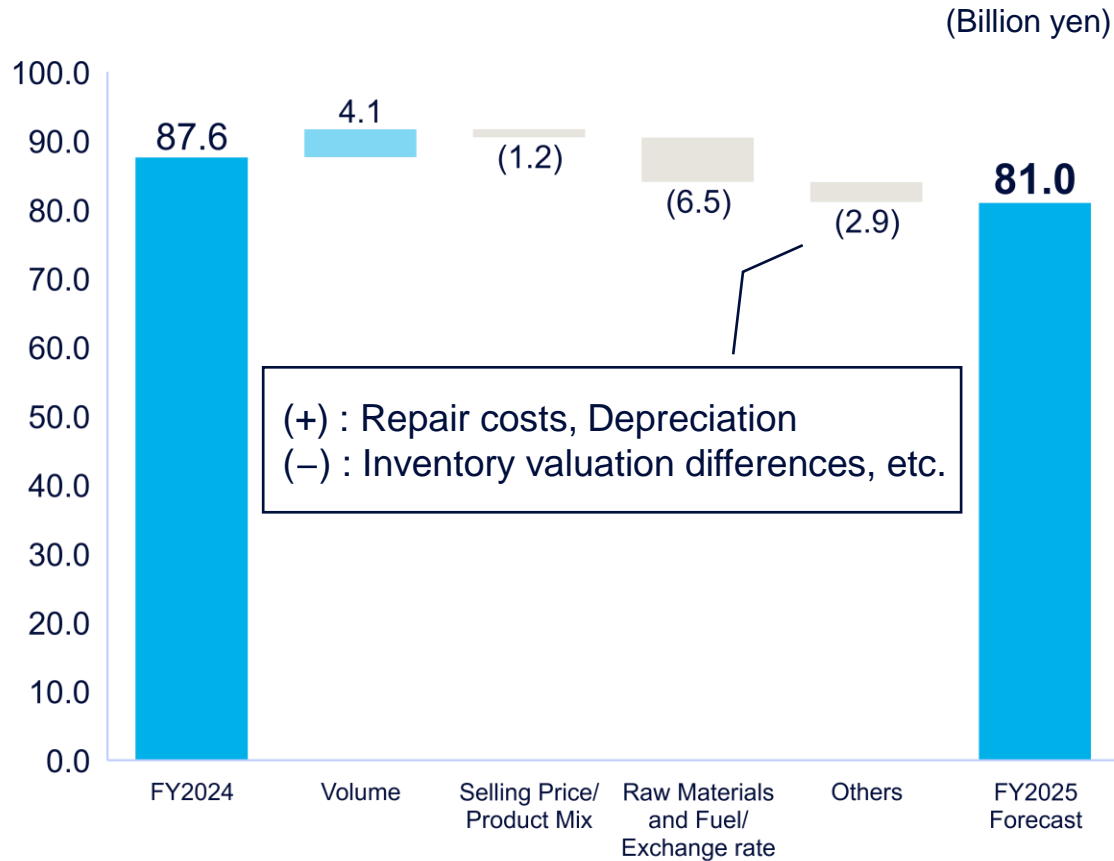
2023		2024		2025(plan)	
Interim dividend	¥25	Interim dividend	¥27	Interim dividend	¥27
Year-end dividend	¥25	Year-end dividend(plan)	¥27	Year-end dividend	¥27
Annual dividend	¥50	Annual dividend(plan)	¥54	Annual dividend	¥54
Share buybacks	—	Share buybacks	¥20 billion	Share buybacks	Undecided
Total return ratio	39.4%	Total return ratio(plan)	118.7%	Total return ratio(ref.)	38.9%

Total return ratio: **35%** or more  
 Dividend per share: **¥40** or more/ year  
 Share buybacks: Conducting flexibly

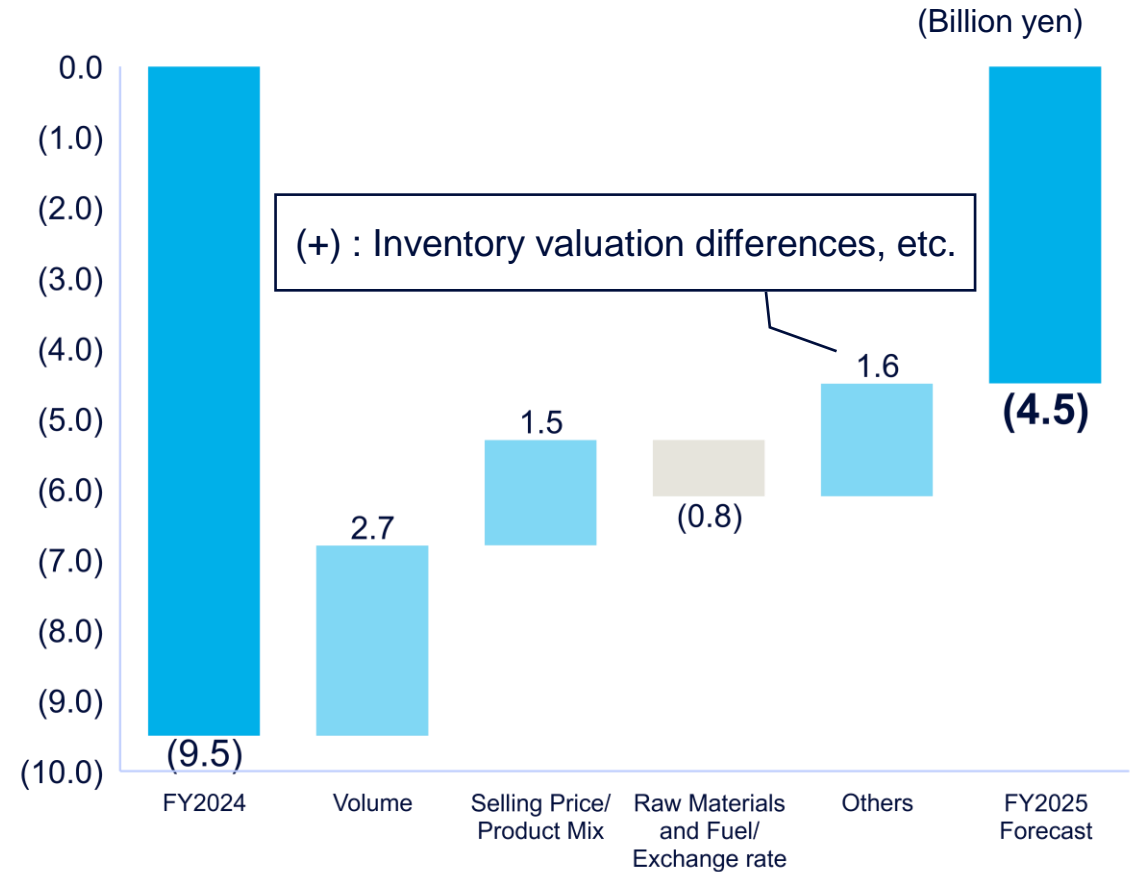


Total return ratio: **50%** or more  
**Maintain and Increase** dividends per share  
 Share buybacks : Aim for continuous implementation

**Vinyl Acetate**



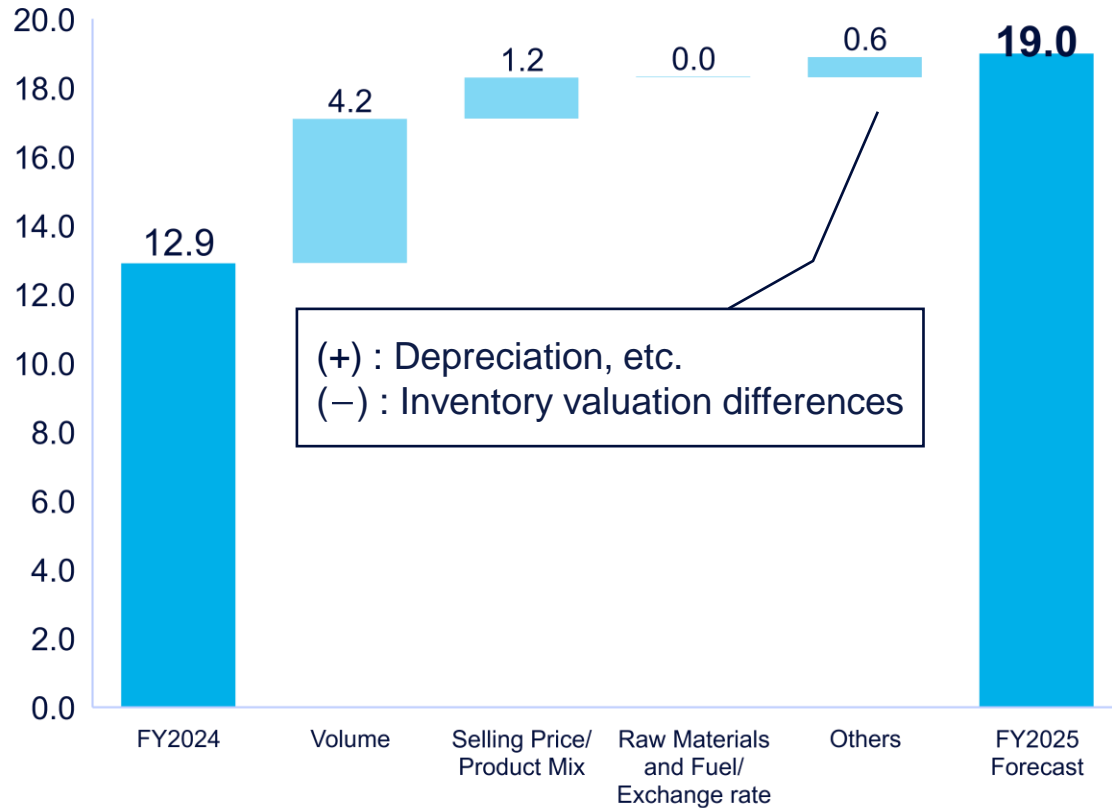
**Isoprene**





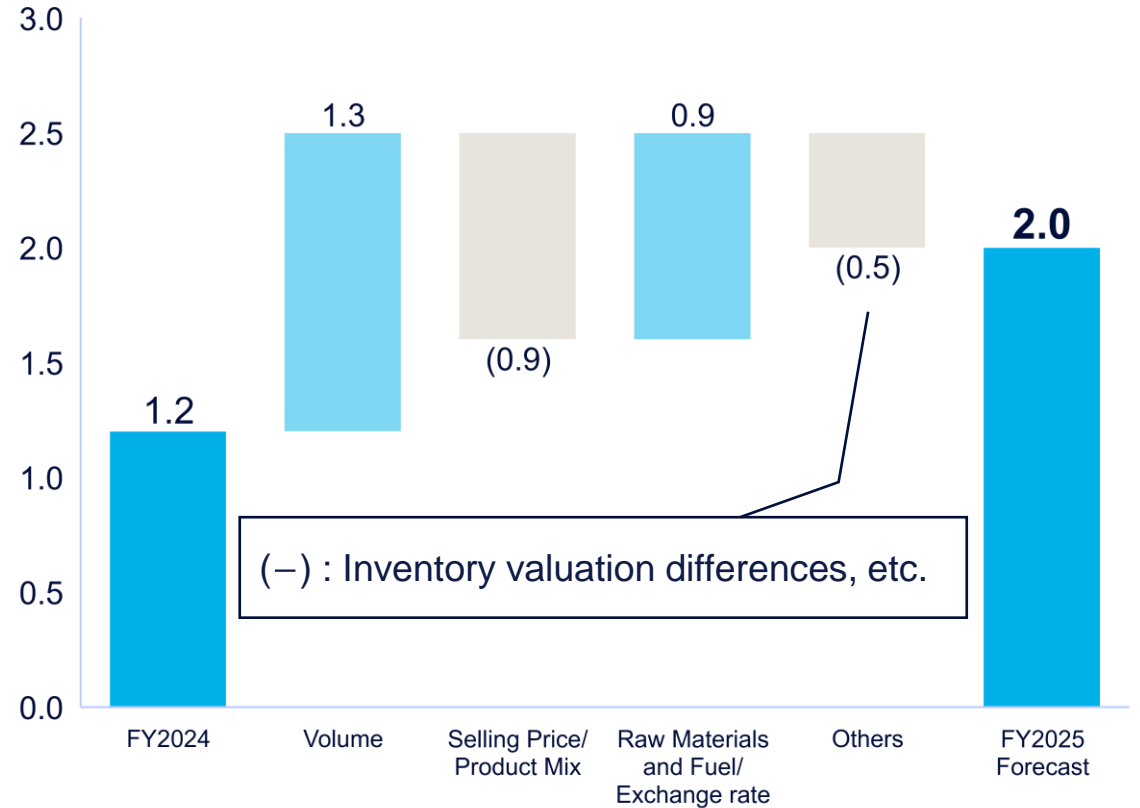
## Functional Materials

(Billion yen)



## Fibers & Textiles

(Billion yen)



(Billion yen)

	FY2025 Forecast			FY2024			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
<b>Net Sales</b>	<b>420.0</b>	<b>440.0</b>	<b>860.0</b>	411.2	415.7	826.9	8.8	24.3	33.1
<b>Operating Income</b>	<b>38.0</b>	<b>52.0</b>	<b>90.0</b>	45.5	39.6	85.1	(7.5)	12.4	4.9
<b>Ordinary Income</b>	<b>36.0</b>	<b>49.0</b>	<b>85.0</b>	44.0	37.5	81.5	(8.0)	11.5	3.5
<b>Net Income Attributable to Owners of the Parent</b>	<b>22.0</b>	<b>23.0</b>	<b>45.0</b>	30.4	1.3	31.7	(8.4)	21.7	13.3

# 【Ref.】 Net Sales Forecast by Segment

(Billion yen)

	FY2025 Forecast			FY2024			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Vinyl Acetate	210.0	218.0	428.0	208.8	206.1	414.9	1.2	11.9	13.1
Isoprene	41.0	44.0	85.0	37.5	38.8	76.4	3.5	5.2	8.6
Functional Materials	107.5	113.5	221.0	102.8	105.2	208.0	4.7	8.3	13.0
Fibers & Textiles	31.0	34.0	65.0	31.2	31.4	62.7	(0.2)	2.6	2.3
Trading	34.5	35.5	70.0	32.2	35.4	67.6	2.3	0.1	2.4
Others	21.0	22.0	43.0	25.0	25.9	50.9	(4.0)	(3.9)	(7.9)
Elimination & Corporate	(25.0)	(27.0)	(52.0)	(26.4)	(27.1)	(53.5)	1.4	0.1	1.5
<b>Total</b>	<b>420.0</b>	<b>440.0</b>	<b>860.0</b>	411.2	415.7	826.9	8.8	24.3	33.1

# 【Ref.】 Operating Income Forecast by Segment

(Billion yen)

	FY2025 Forecast			FY2024			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Vinyl Acetate	34.0	47.0	81.0	43.9	43.7	87.6	(9.9)	3.3	(6.6)
Isoprene	(2.5)	(2.0)	(4.5)	(4.0)	(5.5)	(9.5)	1.5	3.5	5.0
Functional Materials	9.0	10.0	19.0	6.5	6.5	12.9	2.5	3.5	6.1
Fibers & Textiles	0.5	1.5	2.0	0.7	0.5	1.2	(0.2)	1.0	0.8
Trading	3.2	3.3	6.5	2.7	3.2	5.9	0.5	0.1	0.6
Others	0.8	1.2	2.0	0.9	1.4	2.3	(0.1)	(0.2)	(0.3)
Elimination & Corporate	(7.0)	(9.0)	(16.0)	(5.2)	(10.2)	(15.4)	(1.8)	1.2	(0.6)
<b>Total</b>	<b>38.0</b>	<b>52.0</b>	<b>90.0</b>	45.5	39.6	85.1	(7.5)	12.4	4.9

(Billion yen)

	FY2024		Previous Forecast (As of Nov. 13, 2024)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
<b>Vinyl Acetate</b>	<b>414.9</b>	<b>87.6</b>	420.0	88.0	(5.1)	(0.4)
<b>Isoprene</b>	<b>76.4</b>	<b>(9.5)</b>	76.0	(8.0)	0.4	(1.5)
<b>Functional Materials</b>	<b>208.0</b>	<b>12.9</b>	210.0	14.0	(2.0)	(1.1)
<b>Fibers &amp; Textiles</b>	<b>62.7</b>	<b>1.2</b>	66.0	2.0	(3.3)	(0.8)
<b>Trading</b>	<b>67.6</b>	<b>5.9</b>	67.0	5.7	0.6	0.2
<b>Others</b>	<b>50.9</b>	<b>2.3</b>	51.0	2.0	(0.1)	0.3
<b>Elimination &amp; Corporate</b>	<b>(53.5)</b>	<b>(15.4)</b>	(55.0)	(14.7)	1.5	(0.7)
<b>Total</b>	<b>826.9</b>	<b>85.1</b>	835.0	89.0	(8.1)	(3.9)

# 【Ref.】 Quarterly Net Sales by Segments

(Billion yen)

	FY2023					FY2024				
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY
<b>Vinyl Acetate</b>	97.8	101.1	103.9	104.0	406.8	99.0	109.8	106.7	99.4	414.9
<b>Isoprene</b>	15.8	16.0	15.0	18.8	65.7	17.2	20.4	18.5	20.3	76.4
<b>Functional Materials</b>	45.4	48.0	46.3	50.1	189.8	48.7	54.0	49.6	55.7	208.0
<b>Fibers &amp; Textiles</b>	13.5	16.6	14.8	16.9	61.9	13.8	17.4	15.0	16.5	62.7
<b>Trading</b>	13.8	15.2	15.8	16.8	61.6	15.3	16.9	16.0	19.4	67.6
<b>Others</b>	11.3	11.5	11.1	11.7	45.7	11.7	13.3	12.1	13.8	50.9
<b>Elimination &amp; Corporate</b>	(12.7)	(12.4)	(13.5)	(11.8)	(50.4)	(13.6)	(12.8)	(14.2)	(12.9)	(53.5)
<b>Total</b>	185.0	196.0	193.4	206.6	780.9	192.2	219.0	203.6	212.1	826.9

# 【Ref.】 Quarterly Operating Income by Segments

(Billion yen)

	FY2023					FY2024				
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY
<b>Vinyl Acetate</b>	17.8	22.4	23.5	22.6	86.3	24.8	19.1	26.7	17.0	87.6
<b>Isoprene</b>	0.2	(2.9)	(1.4)	(6.8)	(10.9)	0.0	(4.0)	(1.5)	(3.9)	(9.5)
<b>Functional Materials</b>	3.5	2.3	2.4	2.2	10.3	3.2	3.2	2.8	3.6	12.9
<b>Fibers &amp; Textiles</b>	0.2	0.4	1.1	0.1	1.8	(0.2)	1.0	1.5	(1.0)	1.2
<b>Trading</b>	1.1	1.2	1.4	1.4	5.2	1.3	1.4	1.4	1.8	5.9
<b>Others</b>	0.1	0.5	0.0	(0.1)	0.5	0.4	0.5	1.0	0.4	2.3
<b>Elimination &amp; Corporate</b>	(1.6)	(4.2)	(6.3)	(5.6)	(17.8)	(0.8)	(4.5)	(3.3)	(6.8)	(15.4)
<b>Total</b>	21.3	19.6	20.7	13.8	75.5	28.8	16.7	28.5	11.2	85.1



**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.