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**FY2022 1H
Earnings Presentation
(Overview)**

KURARAY CO., LTD.

(Billion yen)

	FY2022 1H	FY2021 1H	Difference
Net Sales	358.0	302.3	55.7
Operating Income	38.1	30.4	7.7
Ordinary Income	37.9	28.5	9.4
Net Income*	24.2	11.7	12.5

Reference

JPY/USD (average)	123	108
JPY/EUR (average)	134	130
Domestic naphtha (JPY 1,000/kl)	72	41

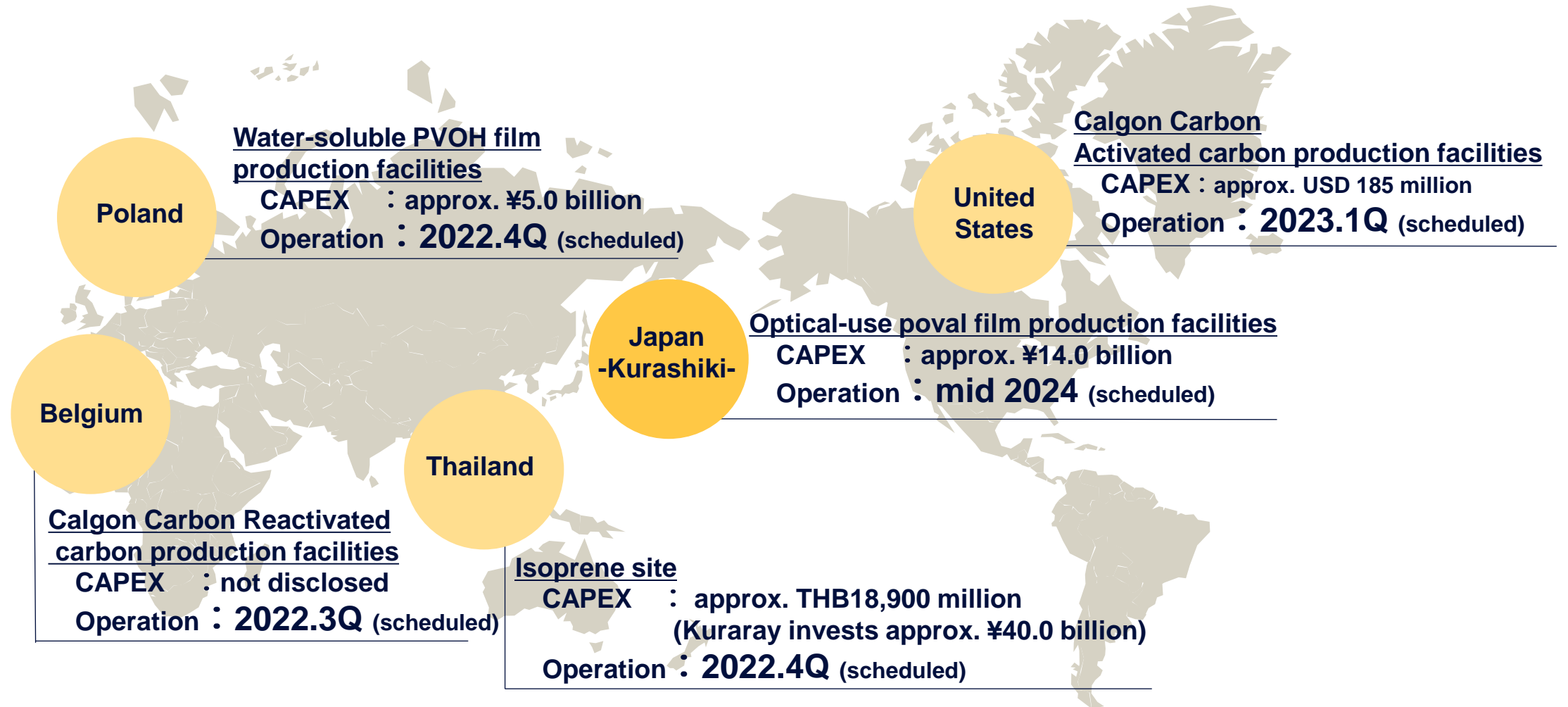
*Net Income Attributable to Owners of the Parent

Factors Affecting the Change in Operating Income



	FY2021 1H	FY2022 1H
JPY/USD (average)	108	123
JPY/EUR (average)	130	134
Domestic naphtha (JPY 1,000/kl)	41	72

- Made steady progress on major investment projects to strengthen production and supply systems
- Decided to expand new optical-use poval film production facilities



Financial KPIs



	FY2021 Result	FY2022 1H Result	FY2026 Target
ROIC	6.1%	6.5%	8%
EBITDA*	¥131.3 billion	¥69.3 billion	¥170.0 billion
ROE	7.0%	8.1%	10%
EBITDA Margin (reference)	20.9%	19.4%	23%

*Operating income + depreciation and amortization

Forecast for FY2022 (vs Previous Forecast)

(Billion yen)

	FY2022 Revised Forecast (August 10, 2022)	FY2022 Previous Forecast (May 12, 2022)	Difference	FY2021 Result	Difference
Net Sales	740.0	680.0	60.0	629.4	110.6
Operating Income	78.0	78.0	0.0	72.3	5.7
Ordinary Income	75.0	75.0	0.0	68.8	6.2
Net Income*	45.0	45.0	0.0	37.3	7.7

*Net Income Attributable to Owners of the Parent

Reference

JPY/USD (average)	127	110
JPY/EUR (average)	135	130
Domestic naphtha (JPY 1,000/kl)	78	48

Shareholder
Return Policy

Dividends

¥40 or more/year

Interim ¥21

Year-end(plan) ¥21

Annual(plan) ¥42

Share Buybacks

Conduct flexibly

¥10.0 billion

(Conducted from Feb.10, 2022
to Jun. 23, 2022)

Total Return Ratio

35% or more

53.5%(plan)

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**FY2022 1H
Earnings Results
(Details)**

KURARAY CO., LTD.

Net Sales and Operating Income by Segment

(Billion yen)

	FY2022 1H Result		FY2021 1H Result		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	185.4	33.6	148.4	25.2	37.0	8.4
Isoprene	31.9	2.5	30.5	3.3	1.4	(0.8)
Functional Materials	77.8	3.3	66.1	2.9	11.7	0.4
Fibers & Textiles	31.8	3.8	29.9	2.2	1.9	1.6
Trading	29.7	2.8	69.1	2.3	(39.4)	0.5
Others	23.7	1.2	20.4	0.3	3.3	0.9
Elimination & Corporate	(22.3)	(9.1)	(62.1)	(5.8)	39.8	(3.3)
Total	358.0	38.1	302.3	30.4	55.7	7.7

From FY2022, below listed items are applied.

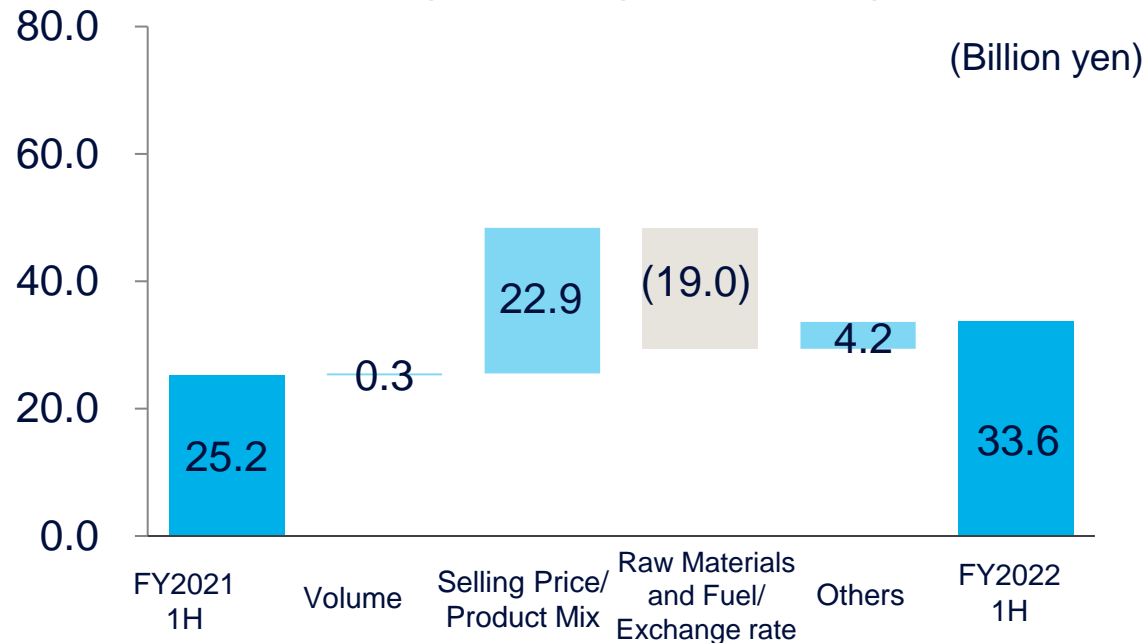
- Adoption of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), only to FY2022 figures.
- Change of the method of allocating eliminations of profits from some internal transactions among segments and within the corporate, for both FY2021 and FY2022.
- Change of the segment classification 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 1H have significantly changed compared to FY2021 1H, 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.

(Billion yen)

	FY2021 1H	FY2022 1H	Difference
Net Sales	148.4	185.4	37.0
Operating Income	25.2	33.6	8.4

【Factors Affecting the Change in Operating Income】

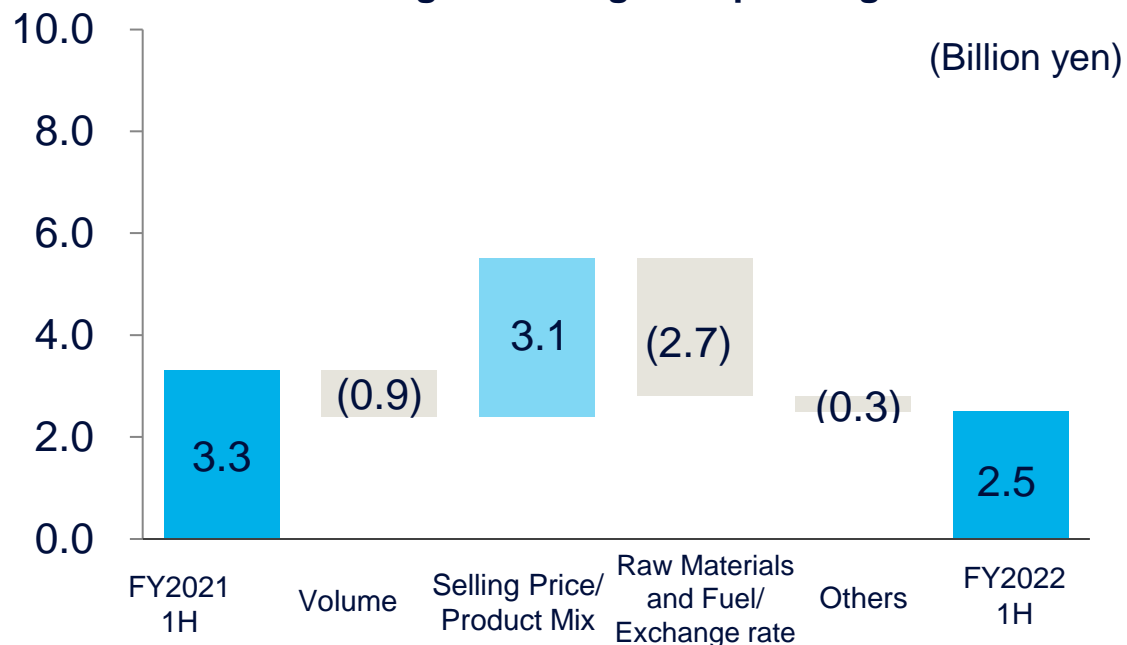


PVOH resin	The sales volume decreased due to the suspension of some production facilities at a U.S. subsidiary due to malfunctions and logistics disruptions.
Optical-use poval film	Shipments were on par with the same period of the previous fiscal year despite concerns about the impact of LCD panel inventory adjustments. We decided our 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 expanded for use in unit dose detergent packets, including for laundry and dish detergents.
Advanced Interlayer Solutions	The sales volume decreased year on year, as PVB films were affected by the decrease in automobile production and the tight logistics caused by the lockdown in China.
EVAL™	The sales volume increased overall as steady performance for use in food packaging applications offset a decrease for use in automotive applications.
Main reason of increase/Decrease	Soaring raw material and fuel costs and rising logistic costs were covered by higher income achieved through price negotiations. Although logistic costs increased, Others was positive due to inventory valuation gain/loss.

(Billion yen)

	FY2021 1H	FY2022 1H	Difference
Net Sales	30.5	31.9	1.4
Operating Income	3.3	2.5	(0.8)

【Factors Affecting the Change in Operating Income】



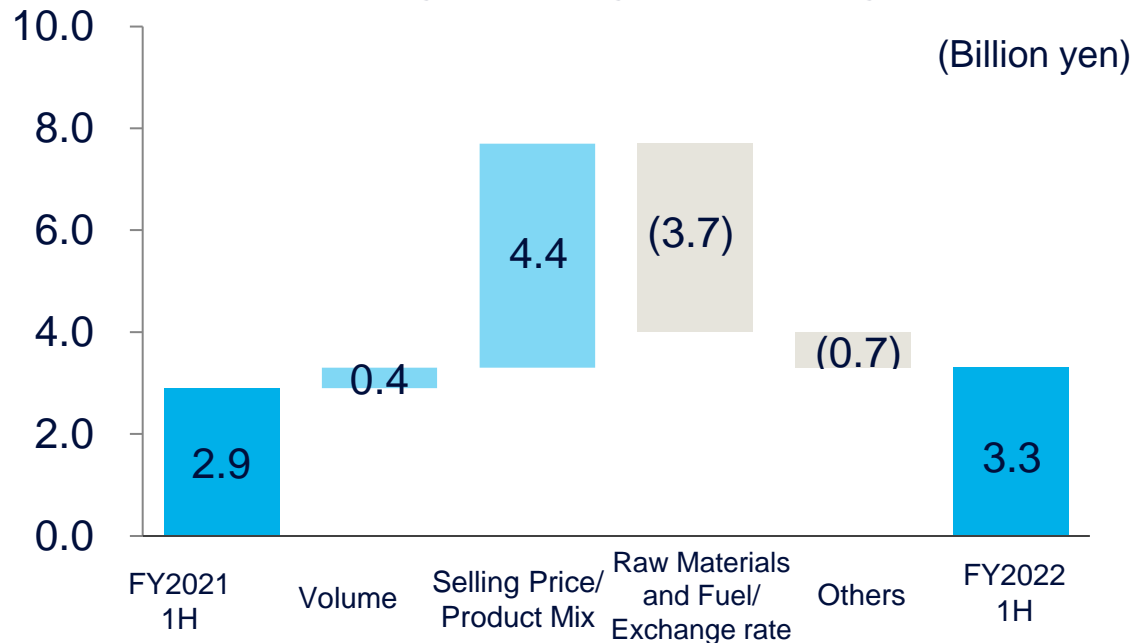
Isoprene Chemicals and Elastomers	The sales volume decreased due to a temporary difficulty in procuring raw materials despite steady demand.
GENESTAR™	The sales volume decreased for automotive applications due to shortages of semiconductors and other parts and lockdowns in China. It also decreased for electric and electronic device applications due to logistics disruptions and a decrease in production caused by the malfunctions of some production facilities despite steady demand.

Main reason of increase/decrease	Although progress in price negotiations 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 logistics disruptions.
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(Billion yen)

	FY2021 1H	FY2022 1H	Difference
Net Sales	66.1	77.8	11.7
Operating Income	2.9	3.3	0.4

【Factors Affecting the Change in Operating Income】



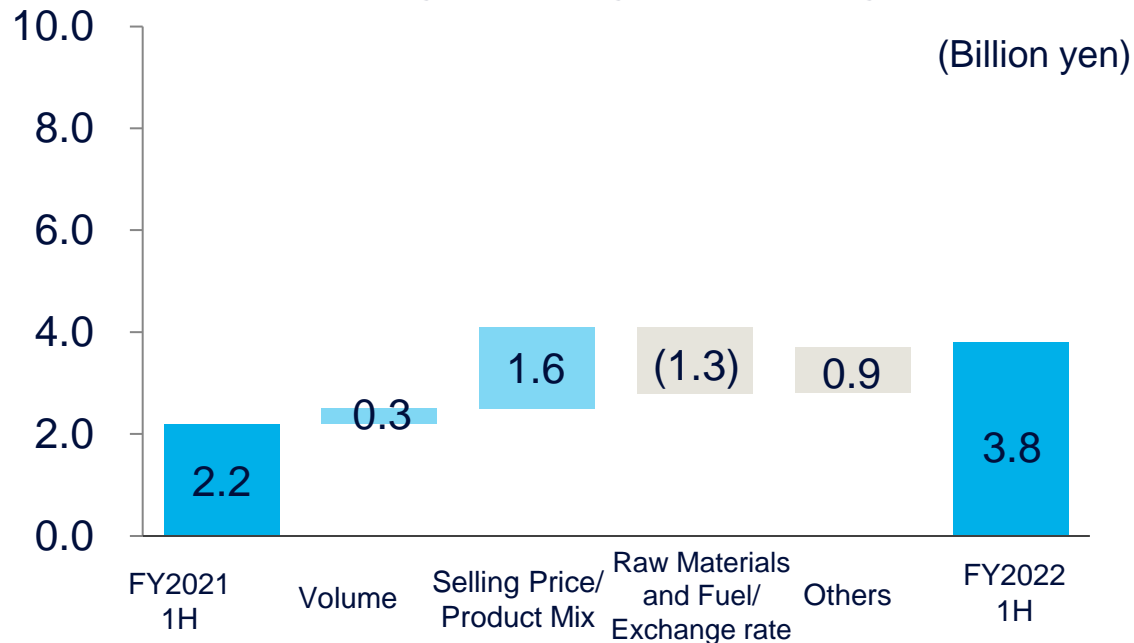
Methacrylate	The sales volume decreased due to a temporary difficulty in procuring raw materials and lockdowns in China.
Medical	Demand for dental materials was strong, especially in Europe and the United States, and sales expanded.
Environmental Solutions	Demand increased, especially in Europe, and 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 negotiations, including the increased portion of raw material and fuel costs in the previous fiscal year.
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(Billion yen)

	FY2021 1H	FY2022 1H	Difference
Net Sales	29.9	31.8	1.9
Operating Income	2.2	3.8	1.6

【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 the production of automobiles, while sales of VECTRAN™ remained stable, 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 negotiations and foreign exchange gains.
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(Billion yen)

	FY2022 1H	FY2021 1H	Difference
Operating CF	21.4	21.1	0.2
Investing CF*	(30.8)	(37.8)	7.0
Free CF*	(9.4)	(16.7)	7.3
CAPEX(acceptance basis)	33.9	34.8	(1.0)
Depreciation and Amortization (incl. amortization of goodwill)	31.2	28.8	2.4
R&D Expenses	10.9	10.3	0.6

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

(Billion yen)

	Jun. 30, 2022	Dec. 31, 2021	Difference
Current Assets	501.1	470.2	31.0
Non-current Assets	684.4	620.8	63.5
Total Assets	1,185.5	1,091.0	94.5

	Jun. 30, 2022	Dec. 31, 2021
JPY/USD (end of period)	137	115
JPY/EUR (end of period)	143	131

Balance Sheet [2]: Liabilities and Net Assets

(Billion yen)

	Jun. 30, 2022	Dec. 31, 2021	Difference
Current Liabilities	236.0	219.5	16.5
Non-current Liabilities	291.9	291.9	(0.1)
Total Liabilities	527.9	511.4	16.4
Net Assets	657.7	579.6	78.1
Total Liabilities and Net Assets	1,185.5	1,091.0	94.5
Equity Ratio	53.7%	51.3%	2.3%
	Jun. 30, 2022	Dec. 31, 2021	
JPY/USD (end of period)	137	115	
JPY/EUR (end of period)	143	131	

(Billion yen)

	FY2022 Revised Forecast (August 10, 2022)	FY2021 Results	Difference
Net Sales	740.0	629.4	110.6
Operating Income	78.0	72.3	5.7
Ordinary Income	75.0	68.8	6.2
Net Income*	45.0	37.3	7.7
EPS	¥134.45	¥108.32	¥26.13
Dividends per share	¥42	¥40	¥2
CAPEX(decision basis)	80.0	41.9	38.1
CAPEX(acceptance basis)	84.0	65.9	18.0
Depreciation and Amortization (incl. amortization of goodwill)	63.0	59.0	4.0
R&D Expenses	23.0	20.8	2.2

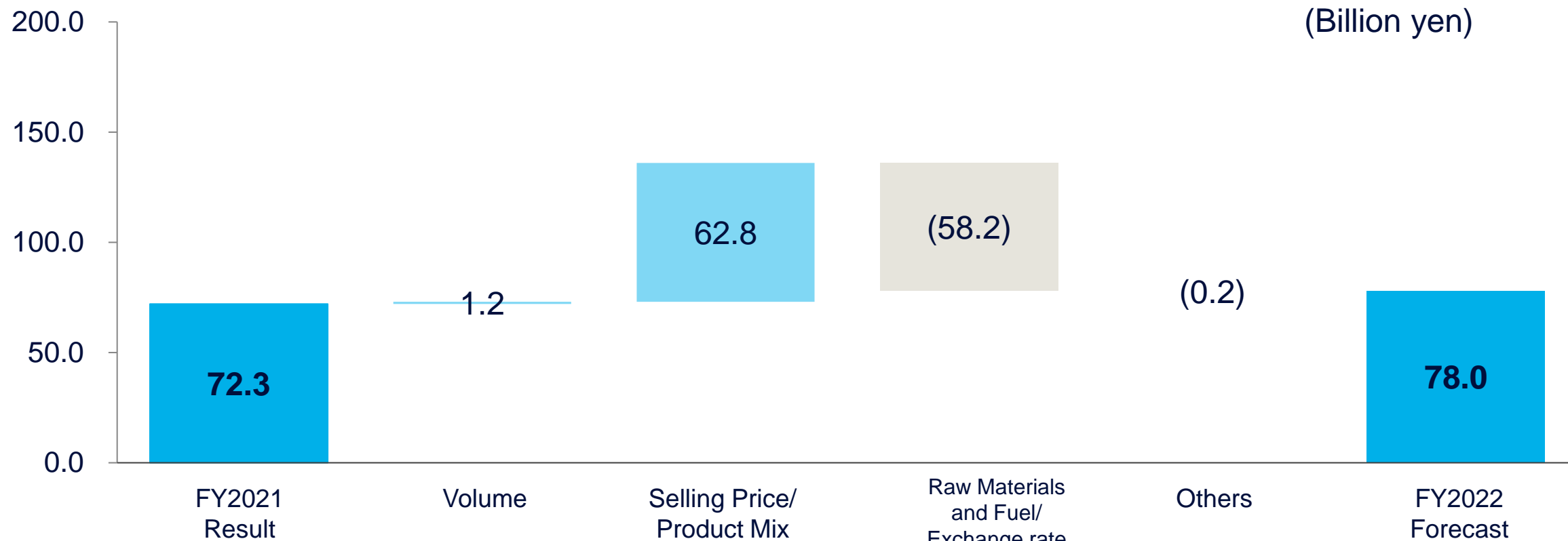
*Net Income Attributable to Owners of the Parent

Net Sales and Operating Income by Segment

(Billion yen)

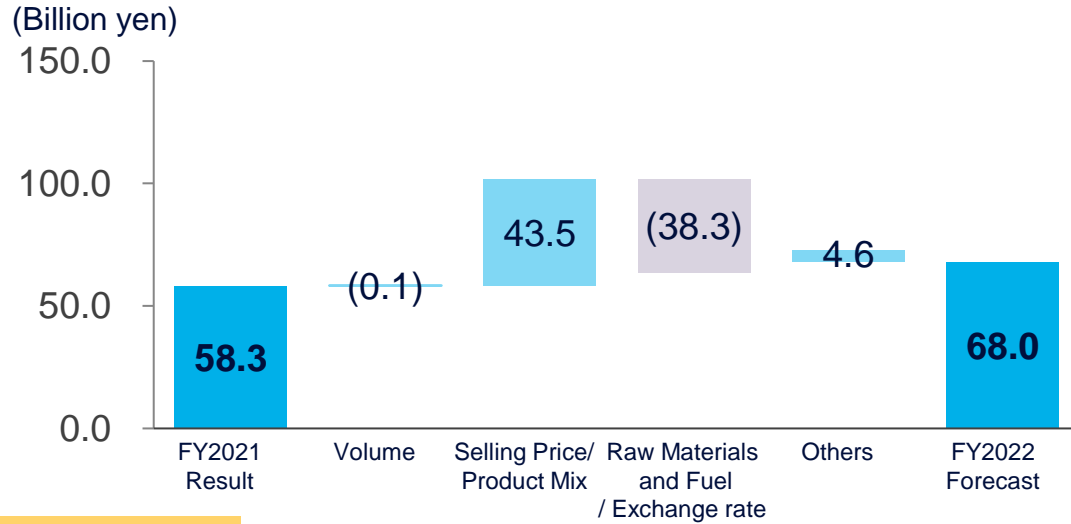
	FY2022 Revised Forecast (August 10, 2022)		FY2021 Results		Difference		FY2022 Previous Forecast (May 12, 2022)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	375.0	68.0	304.7	58.3	70.3	9.7	342.0	65.5	33.0	2.5
Isoprene	71.0	6.0	61.9	6.1	9.1	(0.1)	65.0	6.5	6.0	(0.5)
Functional Materials	166.0	7.5	142.4	8.7	26.6	(1.2)	150.0	8.5	16.0	(1.0)
Fibers & Textiles	67.0	5.5	61.1	5.6	5.9	(0.1)	62.0	4.0	5.0	1.5
Trading	60.0	5.3	144.0	4.8	(84.0)	0.5	59.0	5.1	1.0	0.2
Others	48.0	2.0	44.3	1.2	3.7	0.8	44.0	1.5	4.0	0.5
Elimination & Corporate	(47.0)	(16.3)	(129.1)	(12.4)	82.1	(3.9)	(42.0)	(13.1)	(5.0)	(3.2)
Total	740.0	78.0	629.4	72.3	110.6	5.7	680.0	78.0	60.0	0.0

Factors Affecting the Change in Operating Income

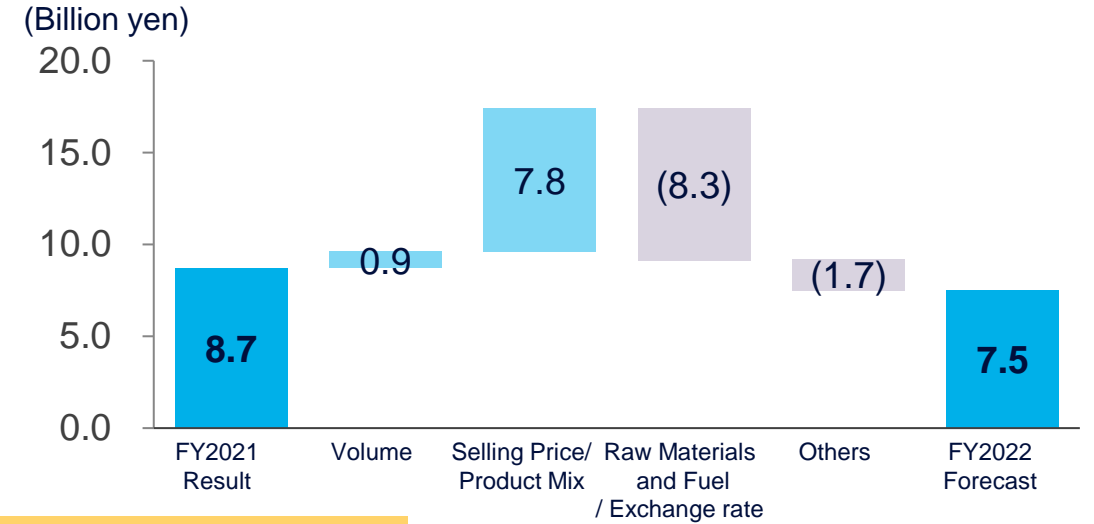


	FY2021	FY2022
JPY/USD (average)	110	127
JPY/EUR (average)	130	135
Domestic naphtha (JPY 1,000/kl)	48	78

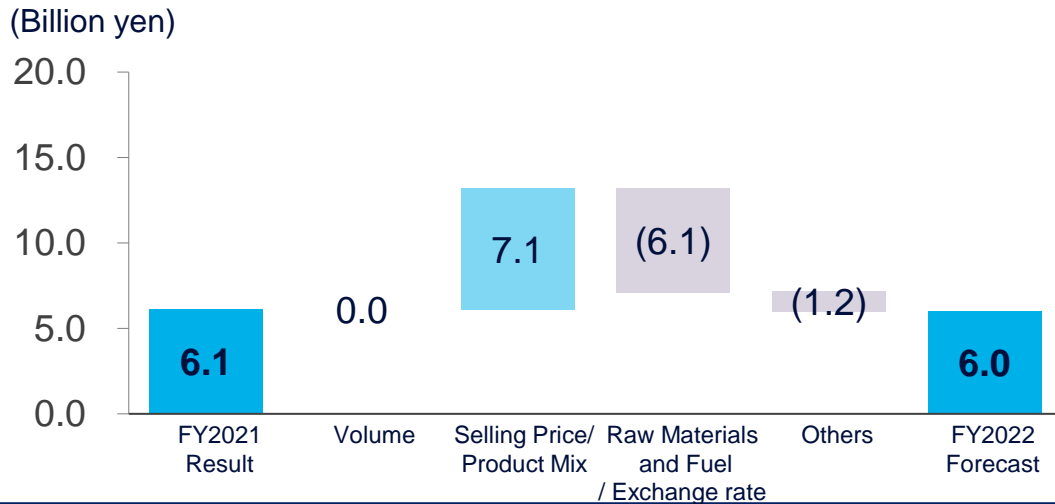
Vinyl Acetate



Functional Materials



Isoprene



Fibers & Textiles



【Ref.】 Forecast for FY2022 (vs FY2021 Result)

(Billion yen)

	FY2022 Revised Forecast (August 10, 2022)			FY2021 Result			Difference		
	1H	2H	Full-Year	1H	2H	Full-Year	1H	2H	Full-Year
Net Sales	358.0	382.0	740.0	302.3	327.1	629.4	55.7	54.9	110.6
Operating Income	38.1	39.9	78.0	30.4	41.9	72.3	7.7	(1.9)	5.7
Ordinary Income	37.9	37.1	75.0	28.5	40.3	68.8	9.4	(3.2)	6.2
Net Income*	24.2	20.8	45.0	11.7	25.6	37.3	12.5	(4.8)	7.7

*Net Income Attributable to Owners of the Parent

【Ref.】 Net Sales Forecast by Segment

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(Billion yen)

	FY2022 Revised Forecast (August 10, 2022)			FY2021 Result			Difference		
	1H	2H	Full-Year	1H	2H	Full-Year	1H	2H	Full-Year
Vinyl Acetate	185.4	189.6	375.0	148.4	156.3	304.7	37.0	33.3	70.3
Isoprene	31.9	39.1	71.0	30.5	31.5	61.9	1.4	7.6	9.1
Functional Materials	77.8	88.2	166.0	66.1	76.2	142.4	11.7	12.0	23.6
Fibers & Textiles	31.8	35.2	67.0	29.9	31.2	61.1	1.9	4.0	5.9
Trading	29.7	30.3	60.0	69.1	74.9	144.0	(39.4)	(44.6)	(84.0)
Others	23.7	24.3	48.0	20.4	24.0	44.3	3.3	0.4	3.7
Elimination & Corporate	(22.3)	(24.7)	(47.0)	(62.1)	(67.0)	(129.1)	39.8	42.2	82.1
Total	358.0	382.0	740.0	302.3	327.1	629.4	55.7	54.9	110.6

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.
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Net sales for the Trading segment and elimination & corporate for FY2022 have significantly changed compared to FY2021, 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.

【Ref.】 Operating Income Forecast by Segment

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(Billion yen)

	FY2022 Revised Forecast (August 10, 2022)			FY2021 Result			Difference		
	1H	2H	Full-Year	1H	2H	Full-Year	1H	2H	Full-Year
Vinyl Acetate	33.6	34.4	68.0	25.2	33.1	58.3	8.4	(1.3)	9.7
Isoprene	2.5	3.5	6.0	3.3	2.8	6.1	(0.8)	0.7	(0.1)
Functional Materials	3.3	4.2	7.5	2.9	5.7	8.7	0.4	(1.6)	(1.2)
Fibers & Textiles	3.8	1.7	5.5	2.2	3.4	5.6	1.6	(1.7)	(0.1)
Trading	2.8	2.5	5.3	2.3	2.5	4.8	0.5	0.0	0.5
Others	1.2	0.8	2.0	0.3	0.9	1.2	0.9	(0.1)	0.8
Elimination & Corporate	(9.1)	(7.2)	(16.3)	(5.8)	(6.6)	(12.4)	(3.3)	(0.6)	(3.9)
Total	38.1	39.9	78.0	30.4	41.9	72.3	7.7	(1.9)	5.7

From FY2022, below listed items are applied.

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【Ref.】 Quarterly Net Sales by Segments

(Billion yen)

	FY2021					FY2022	
	1Q	2Q	3Q	4Q	Total	1Q	2Q
Vinyl Acetate	72.2	76.3	76.4	79.8	304.7	86.2	99.3
Isoprene	14.9	15.6	15.0	16.5	61.9	15.4	16.5
Functional Materials	30.9	35.2	35.8	40.5	142.4	38.0	39.8
Fibers & Textiles	13.7	16.2	14.9	16.3	61.1	14.4	17.4
Trading	33.0	36.2	36.2	38.7	144.0	14.0	15.8
Others	9.6	10.7	11.3	12.7	44.3	10.7	13.0
Elimination & Corporate	(29.9)	(32.2)	(32.7)	(34.3)	(129.1)	(11.0)	(11.2)
Total	144.4	157.9	156.9	170.2	629.4	167.6	190.5

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【Ref.】 Quarterly Operating Income by Segments

(Billion yen)

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

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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.