

***kuraray***

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# **FY2023 1Q Earnings Presentation**

**KURARAY CO., LTD.**

(Billion yen)

	FY2023 1Q	FY2022 1Q	Difference
<b>Net Sales</b>	<b>185.0</b>	167.6	17.4
<b>Operating Income</b>	<b>21.3</b>	22.1	(0.8)
<b>Ordinary Income</b>	<b>20.4</b>	22.3	(1.9)
<b>Net Income Attributable to Owners of the Parent</b>	<b>8.2*</b>	12.7	(4.5)
<b>Reference</b>			
JPY/USD (average)	132	116	
JPY/EUR (average)	142	130	
Domestic naphtha (JPY 1,000/kl)	68	63	

\* On April 26, 2023, we reached settlements with the remaining plaintiffs in the lawsuits brought against Kuraray America, Inc. in Texas, U.S., except for one whose motion to dismiss is expected to be granted soon. The lawsuits have therefore been effectively resolved. Kuraray has recorded an extraordinary loss of ¥7.2 billion as loss on litigation.

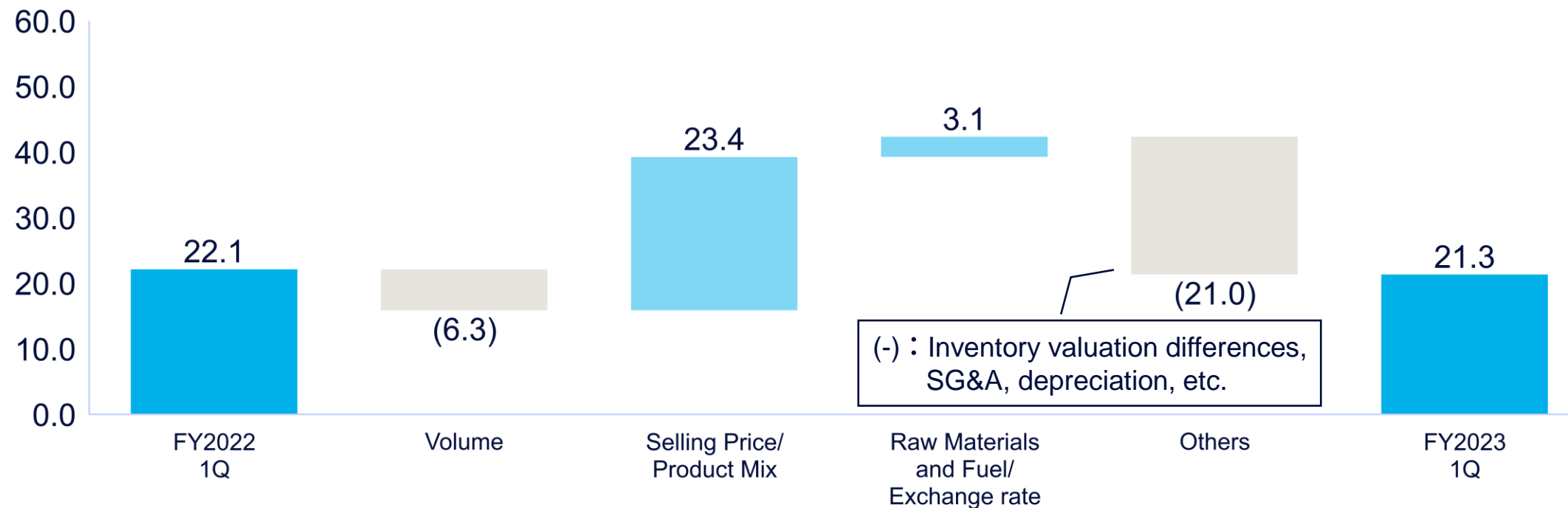
# Net Sales and Operating Income by Segment

(Billion yen)

	FY2023 1Q		FY2022 1Q		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
<b>Vinyl Acetate</b>	<b>97.8</b>	<b>17.8</b>	86.2	17.2	11.7	0.6
<b>Isoprene</b>	<b>15.8</b>	<b>0.2</b>	15.4	2.7	0.4	(2.5)
<b>Functional Materials</b>	<b>45.4</b>	<b>3.5</b>	38.0	2.2	7.4	1.3
<b>Fibers &amp; Textiles</b>	<b>13.5</b>	<b>0.2</b>	14.4	1.6	(0.9)	(1.4)
<b>Trading</b>	<b>13.8</b>	<b>1.1</b>	14.0	1.3	(0.1)	(0.2)
<b>Others</b>	<b>11.3</b>	<b>0.1</b>	10.7	0.4	0.7	(0.3)
<b>Elimination &amp; Corporate</b>	<b>(12.7)</b>	<b>(1.6)</b>	(11.0)	(3.3)	(1.7)	1.7
<b>Total</b>	<b>185.0</b>	<b>21.3</b>	167.6	22.1	17.4	(0.8)

# Factors Affecting the Change in Operating Income

(Billion yen)

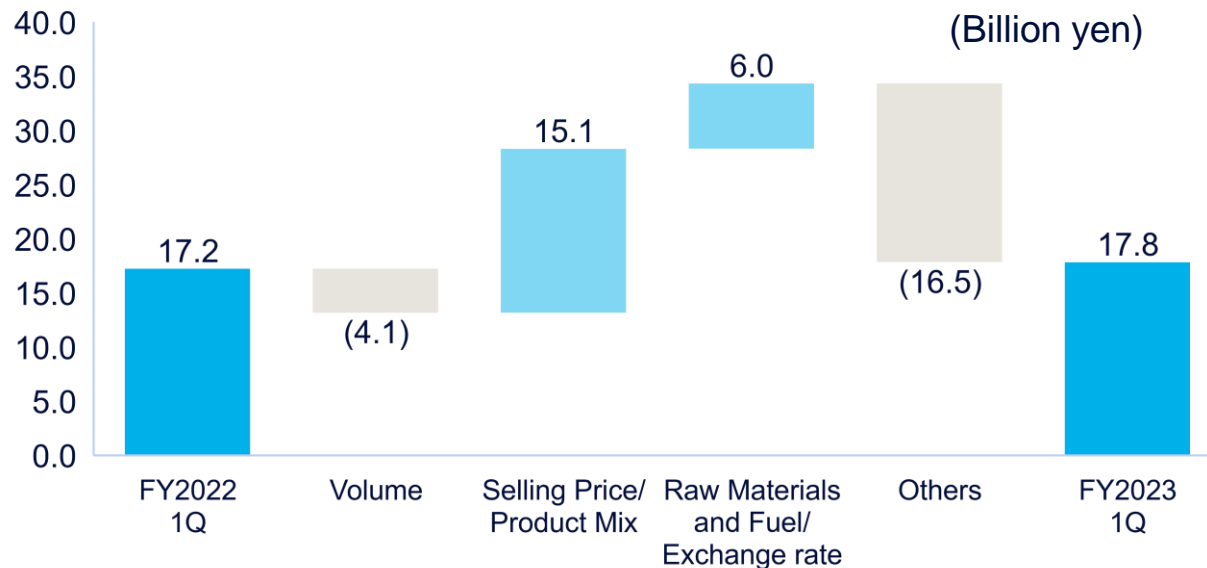


	FY2022 1Q	FY2023 1Q
JPY/USD (average)	116	132
JPY/EUR (average)	130	142
Domestic naphtha (JPY 1,000/kl)	63	68

(Billion yen)

	FY2022 1Q	FY2023 1Q	Difference
Net Sales	86.2	<b>97.8</b>	11.7
Operating Income	17.2	<b>17.8</b>	0.6

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



<b>PVOH resin</b>	The sales volume decreased due to receding global demand, but we further promoted a shift to high value-added products.
<b>Optical-use poval film</b>	Shipments decreased due to effects of inventory adjustments for LCD panels ongoing from the latter half of last year.
<b>Water-soluble PVOH film MonoSol</b>	Shipments decreased mainly for use in unit dose detergent packets in Europe due to inflation-driven belt tightening and other effects.
<b>Advanced Interlayer Solutions</b>	Sales of PVB film remained steady in North America, Asia, and elsewhere.
<b>EVAL™</b>	Sales for food packaging applications remained firm.

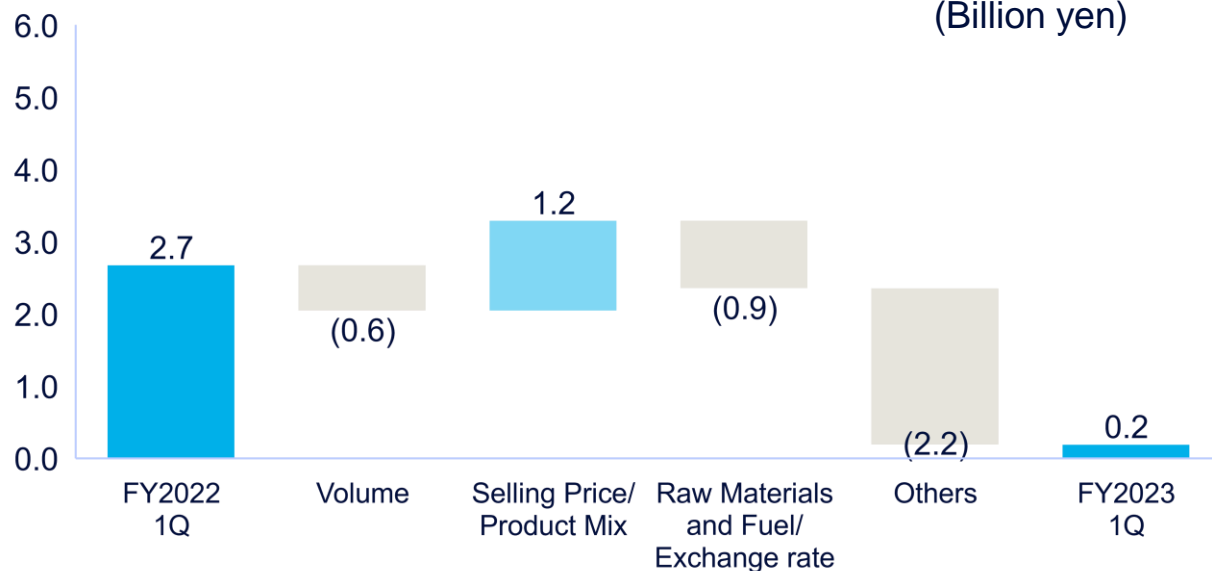
<b>Main reason of increase/decrease</b>	Despite the impact of the economic slowdown, production adjustments, and inventory valuation differences, segment operating income increased overall due to the revision of product prices and the shift to high value-added products.
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(Billion yen)

	FY2022 1Q	FY2023 1Q	Difference
Net Sales	15.4	<b>15.8</b>	0.4
Operating Income	2.7	<b>0.2</b>	(2.5)

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

(Billion yen)



### Isoprene Chemicals and Elastomers

The sales volume decreased 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.

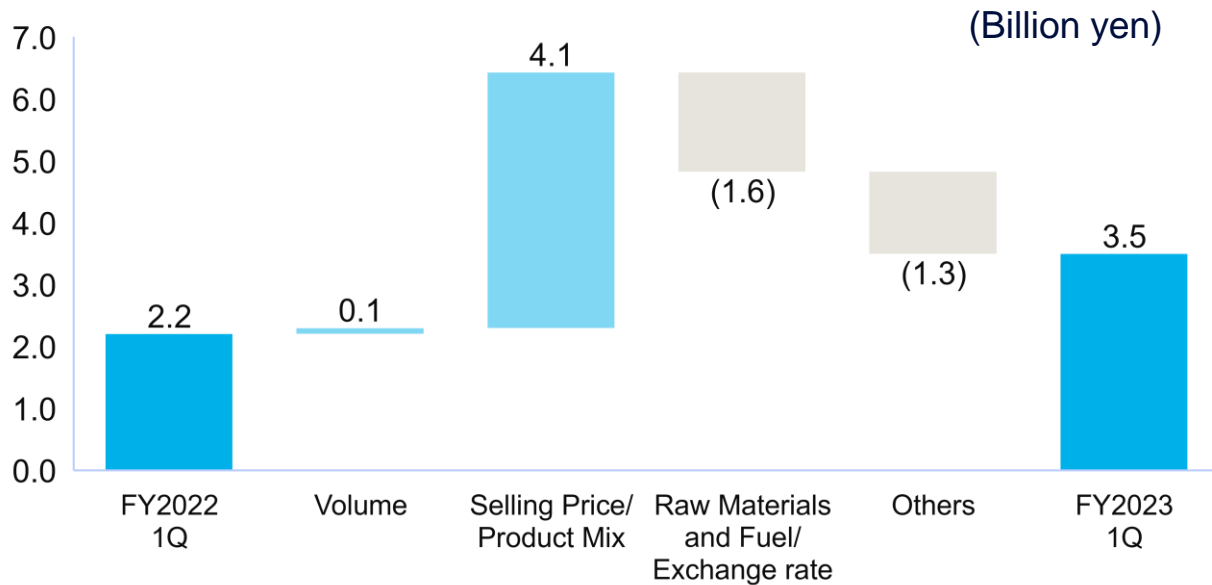
### Main reason of increase/decrease

Despite the promotion of price revisions, depreciation at the Thai site that started operations and other expenses increased. At domestic production sites, utility cost increased. Sales volume declined due to the impact of the economic slowdown and inventory adjustments.

(Billion yen)

	FY2022 1Q	FY2023 1Q	Difference
Net Sales	38.0	<b>45.4</b>	7.4
Operating Income	2.2	<b>3.5</b>	1.3

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



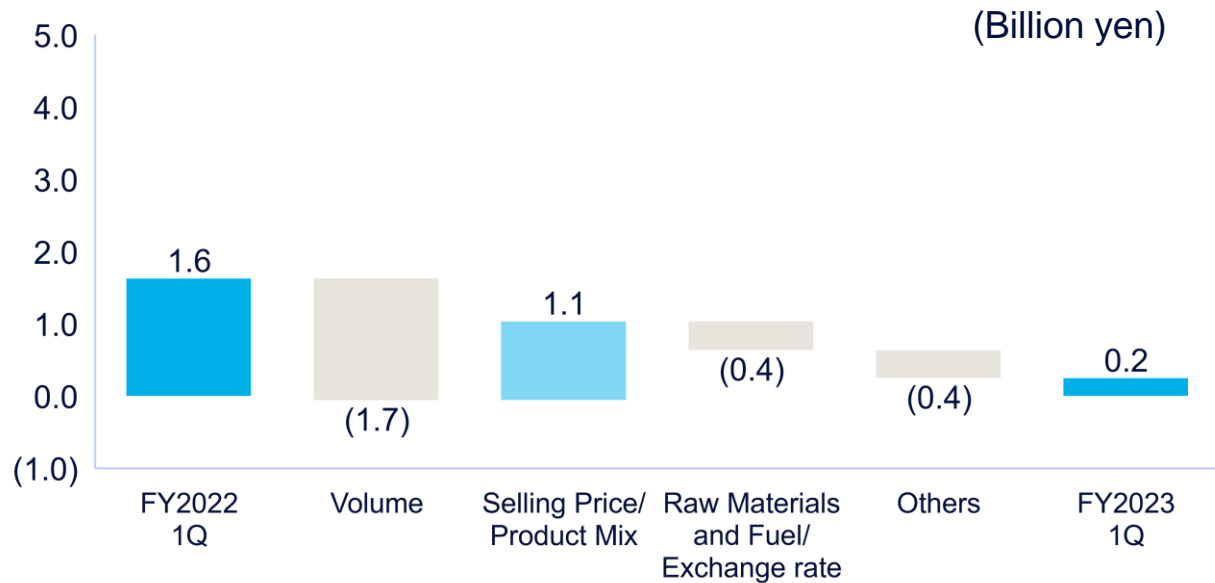
<b>Methacrylate</b>	The sales volume decreased due to the effects of inventory adjustments for electric and electronic devices.
<b>Medical</b>	Sales of cosmetic dental materials remained favorable, especially in Europe.
<b>Environmental Solutions</b>	Demand increased for drinking water applications, and sales of activated carbon remained steady.

<b>Main reason of increase/decrease</b>	Increase in profit due to progress in price revisions and improved sales mix offset the impact of higher raw material and fuel prices, higher expenses, and inventory adjustment differences.
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(Billion yen)

	FY2022 1Q	FY2023 1Q	Difference
Net Sales	14.4	<b>13.5</b>	(0.9)
Operating Income	1.6	<b>0.2</b>	(1.4)

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



<b>CLARINO™</b>	Shipments decreased due to the effects of lower demand for sports and other applications.
<b>Fibers and Industrial Materials</b>	KURALON™ was affected by economic deceleration and a delayed recovery in the production of automobiles, while sales of VECTRAN™ remained stable.
<b>Consumer Goods and Materials</b>	Demand for KURAFLEX™ in the restaurant industry was weak.

<b>Main reason of increase/decrease</b>	Despite progress in price revisions, shipments decreased due to sluggish demand caused by the economic slowdown.
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(Billion yen)

	Mar. 31, 2023	Dec. 31, 2022	Difference
<b>Current Assets</b>	<b>527.8</b>	533.9	(6.1)
<b>Non-current Assets</b>	<b>689.3</b>	687.6	1.7
<b>Total Assets</b>	<b>1,217.1</b>	1,221.5	(4.5)

	Mar. 31, 2023	Dec. 31, 2022
JPY/USD (end of period)	134	133
JPY/EUR (end of period)	146	141

# Balance Sheet [2]: Liabilities and Net Assets

(Billion yen)

	Mar. 31, 2023	Dec. 31, 2022	Difference
<b>Current Liabilities</b>	<b>220.6</b>	221.3	(0.7)
<b>Non-current Liabilities</b>	<b>320.0</b>	331.7	(11.6)
<b>Total Liabilities</b>	<b>540.7</b>	553.0	(12.3)
<b>Net Assets</b>	<b>676.4</b>	668.5	7.9
<b>Total Liabilities and Net Assets</b>	<b>1,217.1</b>	1,221.5	(4.5)
<b>Equity Ratio</b>	<b>53.8%</b>	52.9%	0.8%
	Mar. 31, 2023	Dec. 31, 2022	
JPY/USD (end of period)	134	133	
JPY/EUR (end of period)	146	141	

# Forecast for FY2023 (vs. Original Forecast)

(Billion yen)

	FY2023 Revised Forecast			FY2023 Original Forecast			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
<b>Net Sales</b>	<b>380.0</b>	<b>430.0</b>	<b>810.0</b>	400.0	430.0	830.0	(20.0)	0	(20.0)
<b>Operating Income</b>	<b>36.0</b>	<b>48.0</b>	<b>84.0</b>	36.0	48.0	84.0	0	0	0
<b>Ordinary Income</b>	<b>33.0</b>	<b>46.0</b>	<b>79.0</b>	33.0	46.0	79.0	0	0	0
<b>Net Income Attributable to Owners of the Parent</b>	<b>17.0</b>	<b>30.0</b>	<b>47.0</b>	21.0	30.0	51.0	(4.0)	0	(4.0)

**(Reference)**

JPY/USD (average)	130	130
JPY/EUR (average)	140	140
Domestic naphtha (JPY 1,000/kl)	68	69

(Billion yen)

	FY2023 Revised Forecast			FY2022			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
<b>Net Sales</b>	<b>380.0</b>	<b>430.0</b>	<b>810.0</b>	358.0	398.3	756.4	22.0	31.7	53.6
<b>Operating Income</b>	<b>36.0</b>	<b>48.0</b>	<b>84.0</b>	38.1	49.0	87.1	(2.1)	(1.0)	(3.1)
<b>Ordinary Income</b>	<b>33.0</b>	<b>46.0</b>	<b>79.0</b>	37.9	46.2	84.1	(4.9)	(0.2)	(5.1)
<b>Net Income Attributable to Owners of the Parent</b>	<b>17.0</b>	<b>30.0</b>	<b>47.0</b>	24.2	30.1	54.3	(7.2)	(0.1)	(7.3)

(Reference)

JPY/USD (average)	130	123	132
JPY/EUR (average)	140	134	138
Domestic naphtha (JPY 1,000/kl)	68	72	75

# 【Ref.】 Net Sales and Operating Income by Segment (vs. Original Forecast) *kuraray*

(Billion yen)

	FY2023 Revised Forecasts				FY2023 Original Forecasts				Difference			
	1H		FY		1H		FY		1H		FY	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
<b>Vinyl Acetate</b>	<b>200.0</b>	<b>39.0</b>	<b>415.0</b>	<b>83.0</b>	215.0	35.0	430.0	79.0	(15.0)	4.0	(15.0)	4.0
<b>Isoprene</b>	<b>33.0</b>	<b>(3.0)</b>	<b>75.0</b>	<b>(2.5)</b>	36.0	0.5	78.0	1.0	(3.0)	(3.5)	(3.0)	(3.5)
<b>Functional Materials</b>	<b>91.0</b>	<b>4.0</b>	<b>195.0</b>	<b>9.5</b>	91.0	3.5	195.0	9.0	0.0	0.5	0.0	0.5
<b>Fibers &amp; Textiles</b>	<b>30.0</b>	<b>0.5</b>	<b>69.0</b>	<b>4.5</b>	33.0	1.5	72.0	5.5	(3.0)	(1.0)	(3.0)	(1.0)
<b>Trading</b>	<b>28.0</b>	<b>2.2</b>	<b>61.0</b>	<b>5.0</b>	30.0	2.4	63.0	5.2	(2.0)	(0.2)	(2.0)	(0.2)
<b>Others</b>	<b>22.0</b>	<b>0.5</b>	<b>44.0</b>	<b>1.0</b>	19.0	0.5	41.0	1.0	3.0	0.0	3.0	0.0
<b>Elimination &amp; Corporate</b>	<b>(24.0)</b>	<b>(7.2)</b>	<b>(49.0)</b>	<b>(16.5)</b>	(24.0)	(7.4)	(49.0)	(16.7)	0.0	0.2	0.0	0.2
<b>Total</b>	<b>380.0</b>	<b>36.0</b>	<b>810.0</b>	<b>84.0</b>	400.0	36.0	830.0	84.0	(20.0)	0.0	(20.0)	0.0

# 【Ref.】 Net Sales and Operating Income by Segment (vs. FY2022)

(Billion yen)

	FY2023 Revised Forecasts				FY2022				Difference			
	1H		FY		1H		FY		1H		FY	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
<b>Vinyl Acetate</b>	<b>200.0</b>	<b>39.0</b>	<b>415.0</b>	<b>83.0</b>	185.4	33.6	385.3	77.5	14.6	5.4	29.7	5.5
<b>Isoprene</b>	<b>33.0</b>	<b>(3.0)</b>	<b>75.0</b>	<b>(2.5)</b>	31.9	2.5	65.6	4.3	1.1	(5.5)	9.4	(6.8)
<b>Functional Materials</b>	<b>91.0</b>	<b>4.0</b>	<b>195.0</b>	<b>9.5</b>	77.8	3.3	174.1	8.6	13.2	0.7	20.9	0.9
<b>Fibers &amp; Textiles</b>	<b>30.0</b>	<b>0.5</b>	<b>69.0</b>	<b>4.5</b>	31.8	3.8	66.9	6.7	(1.8)	(3.3)	2.1	(2.2)
<b>Trading</b>	<b>28.0</b>	<b>2.2</b>	<b>61.0</b>	<b>5.0</b>	29.7	2.8	58.8	5.1	(1.7)	(0.6)	2.2	(0.1)
<b>Others</b>	<b>22.0</b>	<b>0.5</b>	<b>44.0</b>	<b>1.0</b>	23.7	1.2	52.1	2.7	(1.7)	(0.7)	(8.1)	(1.7)
<b>Elimination &amp; Corporate</b>	<b>(24.0)</b>	<b>(7.2)</b>	<b>(49.0)</b>	<b>(16.5)</b>	(22.3)	(9.1)	(46.4)	(17.8)	(1.7)	1.9	(2.6)	1.3
<b>Total</b>	<b>380.0</b>	<b>36.0</b>	<b>810.0</b>	<b>84.0</b>	358.0	38.1	756.4	87.1	22.0	(2.1)	53.6	(3.1)

# 【Ref.】 Quarterly Net Sales by Segments

(Billion yen)

	FY2022					FY2023		
	1Q	2Q	3Q	4Q	FY	1Q	2Q (Forecast)	1H (Forecast)
<b>Vinyl Acetate</b>	86.2	99.3	100.2	99.7	385.3	97.8	102.2	200.0
<b>Isoprene</b>	15.4	16.5	16.8	16.9	65.6	15.8	17.2	33.0
<b>Functional Materials</b>	38.0	39.8	45.9	50.3	174.1	45.4	45.6	91.0
<b>Fibers &amp; Textiles</b>	14.4	17.4	16.8	18.2	66.9	13.5	16.5	30.0
<b>Trading</b>	14.0	15.8	14.1	15.1	58.8	13.8	14.2	28.0
<b>Others</b>	10.7	13.0	14.0	14.4	52.1	11.3	10.7	22.0
<b>Elimination &amp; Corporate</b>	(11.0)	(11.2)	(12.7)	(11.4)	(46.4)	(12.7)	(11.3)	(24.0)
<b>Total</b>	167.6	190.5	195.1	203.2	756.4	185.0	195.0	380.0

# 【Ref.】 Quarterly Operating Income by Segments

(Billion yen)

	FY2022					FY2023		
	1Q	2Q	3Q	4Q	FY	1Q	2Q (Forecast)	1H (Forecast)
<b>Vinyl Acetate</b>	17.2	16.4	25.4	18.6	77.5	17.8	21.2	39.0
<b>Isoprene</b>	2.7	(0.2)	1.7	0.1	4.3	0.2	(3.2)	(3.0)
<b>Functional Materials</b>	2.2	1.1	3.2	2.1	8.6	3.5	0.5	4.0
<b>Fibers &amp; Textiles</b>	1.6	2.2	2.8	0.2	6.7	0.2	0.3	0.5
<b>Trading</b>	1.3	1.5	1.1	1.2	5.1	1.1	1.1	2.2
<b>Others</b>	0.4	0.8	0.7	0.7	2.7	0.1	0.4	0.5
<b>Elimination &amp; Corporate</b>	(3.3)	(5.8)	(2.1)	(6.6)	(17.8)	(1.6)	(5.6)	(7.2)
<b>Total</b>	22.1	15.9	32.8	16.3	87.1	21.3	14.7	36.0



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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.