

***kuraray***

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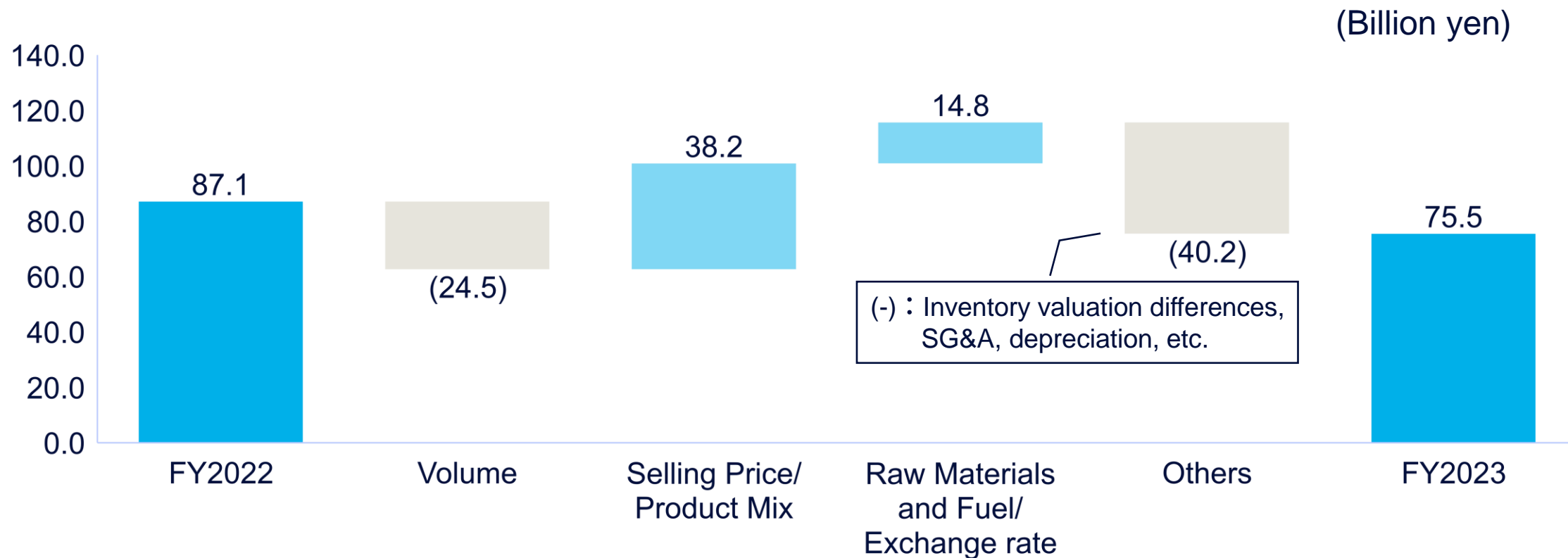
**FY2023  
Earnings Presentation  
(Overview)**

**KURARAY CO., LTD.**

(Billion yen)

	FY2023	FY2022	Difference
<b>Net Sales</b>	<b>780.9</b>	756.4	24.6
<b>Operating Income</b>	<b>75.5</b>	87.1	(11.7)
<b>Ordinary Income</b>	<b>69.0</b>	84.1	(15.0)
<b>Net Income Attributable to Owners of the Parent</b>	<b>42.4</b>	54.3	(11.9)
	<b>Reference</b>		
JPY/USD (average)	141	132	
JPY/EUR (average)	152	138	
Domestic naphtha (JPY 1,000/kl)	68	75	

# FY2023 Factors Affecting the Change in Operating Income



	FY2022	FY2023
JPY/USD (average)	132	141
JPY/EUR (average)	138	152
Domestic naphtha (JPY 1,000/kl)	75	68

(Billion yen)

	<b>FY2023</b>	<b>FY2022</b>	<b>Difference</b>
<b>Operating CF</b>	<b>129.3</b>	51.7	77.6
<b>Investing CF*</b>	<b>(63.2)</b>	(72.0)	8.8
<b>Free CF*</b>	<b>66.1</b>	(20.2)	86.4
<b>CAPEX(acceptance basis)</b>	<b>67.3</b>	72.6	(5.3)
<b>Depreciation and Amortization (incl. amortization of goodwill)</b>	<b>77.2</b>	65.5	11.7
<b>R&amp;D Expenses</b>	<b>24.4</b>	22.7	1.8

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

(Billion yen)

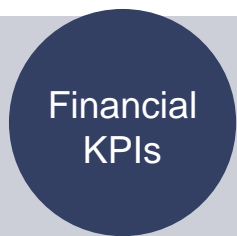
	Dec. 31, 2023	Dec. 31, 2022	Difference
<b>Current Assets</b>	<b>551.7</b>	533.9	17.8
<b>Non-current Assets</b>	<b>702.8</b>	687.6	15.2
<b>Total Assets</b>	<b>1,254.5</b>	1,221.5	33.0

	Dec. 31, 2023	Dec. 31, 2022
JPY/USD (end of period)	142	133
JPY/EUR (end of period)	157	141

# Balance Sheet [2]: Liabilities and Net Assets

(Billion yen)

	Dec. 31, 2023	Dec. 31, 2022	Difference
<b>Current Liabilities</b>	<b>200.6</b>	221.3	(20.8)
<b>Non-current Liabilities</b>	<b>317.8</b>	331.7	(13.9)
<b>Total Liabilities</b>	<b>518.3</b>	553.0	(34.7)
<b>Net Assets</b>	<b>736.2</b>	668.5	67.6
<b>Total Liabilities and Net Assets</b>	<b>1,254.5</b>	1,221.5	33.0
<b>Equity Ratio</b>	<b>56.9%</b>	52.9%	4.0%
	Dec. 31, 2023	Dec. 31, 2022	
JPY/USD (end of period)	142	133	
JPY/EUR (end of period)	157	141	



	FY2022	FY2023	FY2026 Targets
<b>ROIC</b>	7.0%	<b>6.2%</b>	8%
<b>EBITDA*</b>	¥152.6 billion	<b>¥152.6 billion</b>	¥170.0 billion
<b>ROE</b>	9.0%	<b>6.2%</b>	10%
<b>EBITDA Margin (reference)</b>	20.2%	<b>19.5%</b>	23%

\*Operating income + depreciation and amortization

## FY2023

## FY2024

Building more Sophisticated Business Portfolio

- Safely launched a new isoprene plant in Thailand
- Decided to expand the production capacity of VECTRAN™ and dental materials
- Transferred shares in a golf operations business subsidiary

- Decide to construct a new EVAL™ plant in Asia
- Swift start of stable operations of optical-use poval film production facilities, a new water-soluble PVOH film plant in Poland, and new activated carbon facilities in the U.S.
- Prioritize resource allocation to core businesses. Distinguish downsizing or withdrawing businesses

Sustainability as an Opportunity

- Expanded the scope of PSA\*1 evaluations
- Identified new business themes where we can leverage our strengths and strategically allocated resources
- Planed and implemented measures to improve engagement in each department based on feedback from global engagement survey results

- Establish Scope 3 emission reduction targets and apply for SBT certification
- Promote optimal allocation of human resources with full-scale start of our global mobility initiative

Innovations Starting from Networking

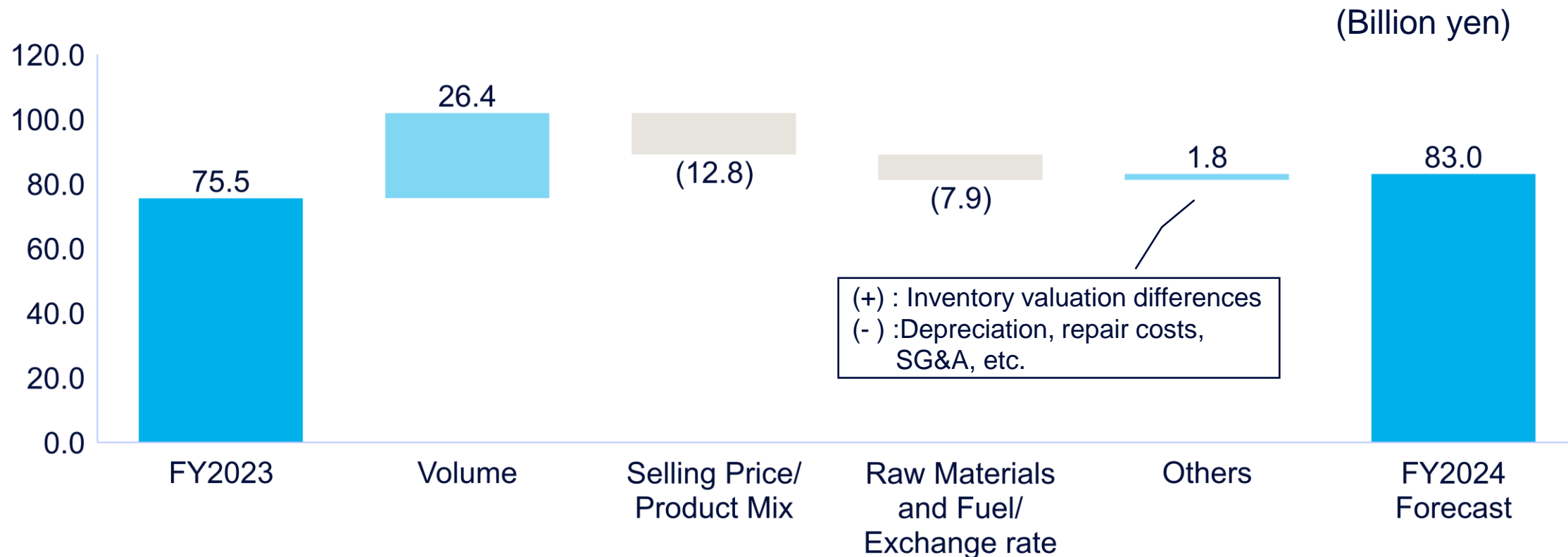
Transformation of People and Organization

\*1 PSA: A product portfolio assessment system guided by WBCSD (World Business Council for Sustainable Development). With a support by Sphera, Kuraray has built its PSA System, which complies with the WBCSD’s dedicated chemical industry guidelines.  
 \*2 SBT: Voluntary targets set by business corporations with regards to GHG emission reductions over the course of 5 to 15 years in a manner consistent with the levels required by the Paris Agreement



	(Billion yen)		
	FY2024 Forecast	FY2023	Difference
<b>Net Sales</b>	<b>830.0</b>	780.9	49.1
<b>Operating Income</b>	<b>83.0</b>	75.5	7.5
<b>Ordinary Income</b>	<b>77.0</b>	69.0	8.0
Net Income Attributable to Owners of the Parent	<b>47.0</b>	42.4	4.6
<b>CAPEX(decision basis)</b>	120.0	59.9	60.1
<b>CAPEX(acceptance basis)</b>	79.0	67.3	11.7
Depreciation and Amortization (incl. amortization of goodwill)	85.0	77.2	7.8
<b>R&amp;D Expenses</b>	27.0	24.4	2.6
JPY/USD (average)	145	141	
JPY/EUR (average)	160	152	
Domestic naphtha (JPY 1,000/kl)	75	68	

# FY2024 Factors Affecting the Change in Operating Income



	FY2023	FY2024
JPY/USD (average)	141	145
JPY/EUR (average)	152	160
Domestic naphtha (JPY 1,000/kl)	68	75

Shareholder  
Return  
Policy

Total Return Ratio	Per Share Dividend	Share Buybacks
35% or more	¥40 or more/ year	Conduct flexibly

## FY2022 Dividend

Interim	¥21
Year-end	¥23
Annual	¥44

## FY2023 Dividend

Interim	¥25
Year-end(plan)	¥25
Annual (plan)	¥50

## FY2024 Dividend (plan)

Interim	¥25
Year-end	¥25
Annual	¥50

Total return ratio 45.5%

39.4%

35.6%



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**FY2023**  
**Earnings Presentation**  
**(Segment Information)**

**KURARAY CO., LTD.**

# Net Sales and Operating Income by Segment

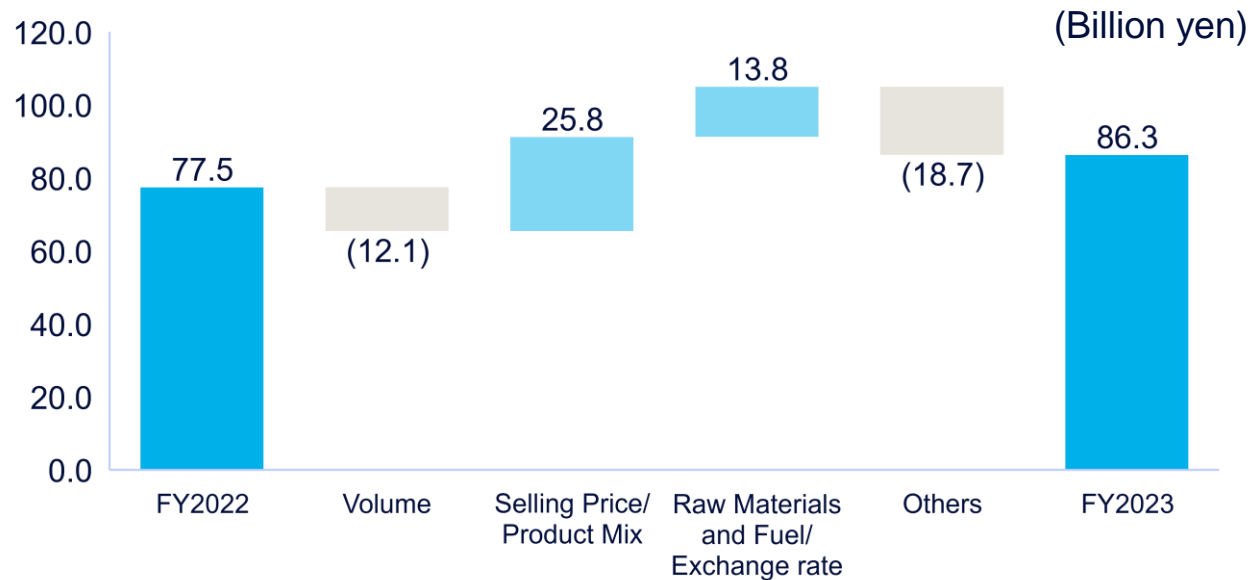
(Billion yen)

	FY2023		FY2022		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
<b>Vinyl Acetate</b>	406.8	86.3	385.3	77.5	21.4	8.8
<b>Isoprene</b>	65.7	(10.9)	65.6	4.3	0.0	(15.1)
<b>Functional Materials</b>	189.8	10.3	174.1	8.6	15.7	1.7
<b>Fibers &amp; Textiles</b>	61.9	1.8	66.9	6.7	(5.0)	(4.9)
<b>Trading</b>	61.6	5.2	58.8	5.1	2.7	0.1
<b>Others</b>	45.7	0.5	52.1	2.7	(6.4)	(2.2)
<b>Elimination &amp; Corporate</b>	(50.4)	(17.8)	(46.4)	(17.8)	(4.0)	(0.0)
<b>Total</b>	<b>780.9</b>	<b>75.5</b>	<b>756.4</b>	<b>87.1</b>	<b>24.6</b>	<b>(11.7)</b>

(Billion yen)

	FY2022	FY2023	Difference
Net Sales	385.3	<b>406.8</b>	21.4
Operating Income	77.5	<b>86.3</b>	8.8

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

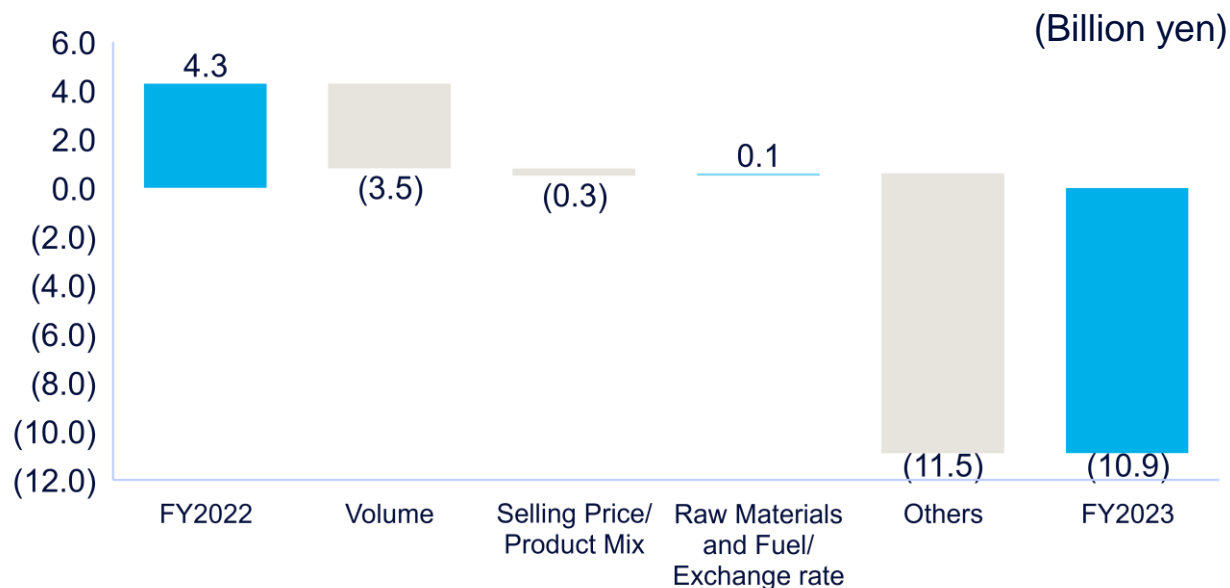


<b>PVOH resin</b>	We further promoted a shift to high value-added products. However, sales volume declined due to receding demand, especially in Europe and the U.S.
<b>Optical-use poval film</b>	Shipments recovered in stages due to inventory adjustments for LCD panels returning to normal.
<b>Water-soluble PVOH film MonoSol</b>	Shipments showed signs of recovery in the latter half of the year despite continued inflation-driven belt tightening and other effects.
<b>Advanced Interlayer Solutions</b>	Although demand for PVB film showed signs of receding for construction applications, mainly in Europe, demand for automotive applications remained firm.
<b>EVAL™</b>	Although sales for automotive applications remained firm, sales volume decreased due in part to a temporary drop in demand for food packaging applications in the latter half of the year.
<b>Main reason of increase/decrease</b>	Despite receding demand in Europe and the U.S. and the impact of inventory valuation, segment income increased overall due to a recovery in optical-use poval film and automotive applications as well as a shift to high value-added products.

(Billion yen)

	FY2022	FY2023	Difference
Net Sales	65.6	<b>65.7</b>	0.0
Operating Income	4.3	<b>(10.9)</b>	(15.1)

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



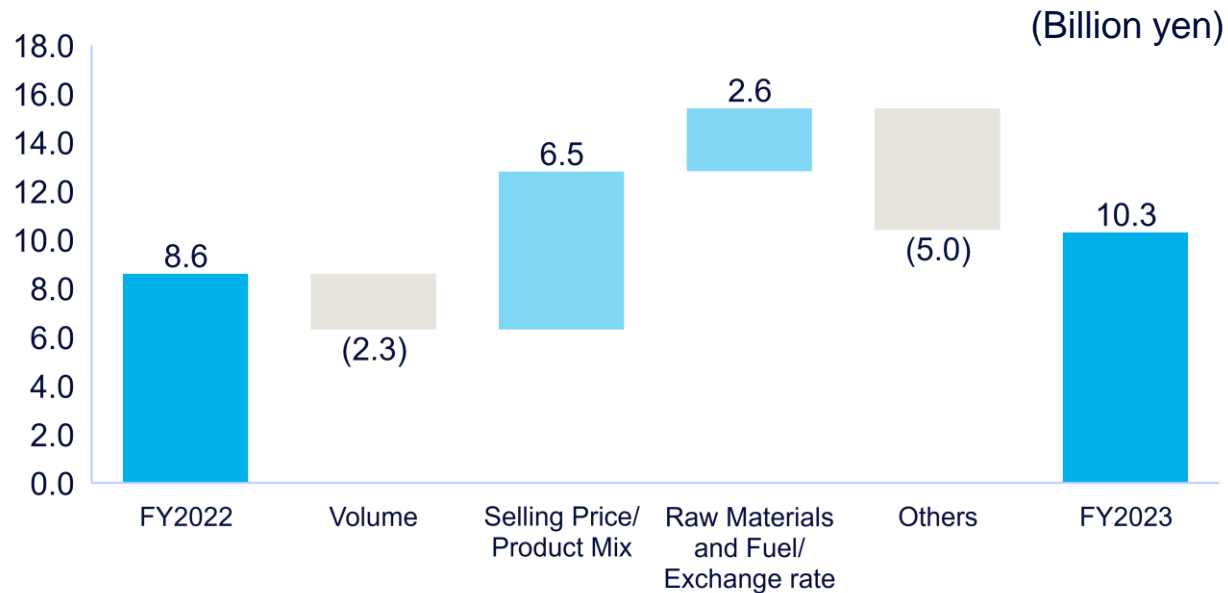
<b>Isoprene Chemicals and Elastomers</b>	Results were affected by intensifying competition in addition to lower demand.
<b>GENESTAR™</b>	Although demand for automotive applications were on a recovery track, there was a delay in recovery for demand for electric and electronic device applications.

<b>Main reason of increase/decrease</b>	Income decreased due in part to receding demand, extended shutdown maintenance and higher depreciation at Thai plant, and a delay in the recovery of demand for electric and electronic devices.
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(Billion yen)

	FY2022	FY2023	Difference
Net Sales	174.1	<b>189.8</b>	15.7
Operating Income	8.6	<b>10.3</b>	1.7

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



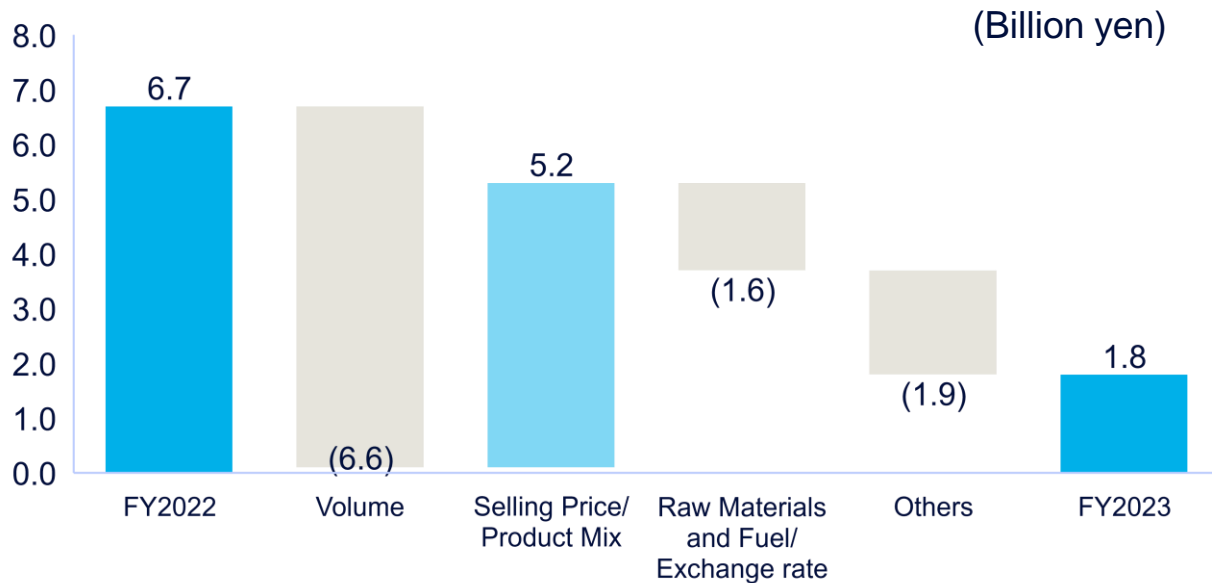
<b>Methacrylate</b>	Results were affected by higher raw material and fuel prices in addition to a delay in demand recovery for electric and electronic devices.
<b>Medical</b>	Sales of cosmetic dental materials, mainly in Europe and the U.S., remained brisk.
<b>Environmental Solutions</b>	Despite the effects of economic deceleration in Europe, demand increased for drinking water and other applications in North America, and sales of activated carbon remained steady.
<b>Main reason of increase/decrease</b>	Impact of inventory adjustments, higher business expenses, and inventory valuation differences were offset by higher profit from better sales composition, stabilized raw material and fuel prices, and yen depreciation.



(Billion yen)

	FY2022	FY2023	Difference
Net Sales	66.9	<b>61.9</b>	(5.0)
Operating Income	6.7	<b>1.8</b>	(4.9)

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



<b>CLARINO™</b>	Shipments decreased due to the effects of lower demand for luxury applications despite a continued recovery in automotive and sports applications.
<b>Fibers and Industrial Materials</b>	Sales of KURALON™ were weak in Europe, but we saw signs of recovery for automotive applications in the U.S. and other countries. In addition, sales of VECTRAN™ remained stable, especially with regard to exports.
<b>Consumer Goods and Materials</b>	Demand for KURAFLEX™ in the restaurant industry was weak.
<b>Main reason of increase/decrease</b>	Despite promoting price revisions, profit decreased due to lower demand and shipments caused by economic deceleration, and higher raw material and fuel prices.

# Net Sales and Operating Income by Segment

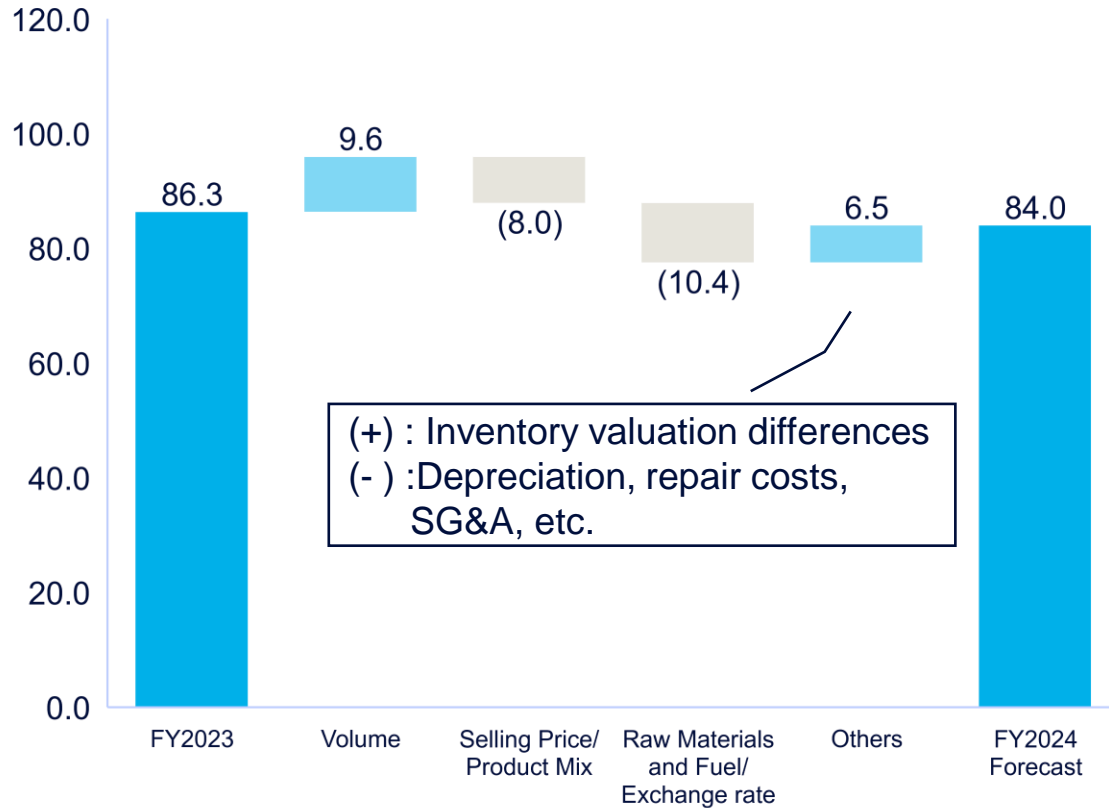
(Billion yen)

	FY2024 Forecast		FY2023		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
<b>Vinyl Acetate</b>	<b>416.0</b>	<b>84.0</b>	406.8	86.3	9.2	(2.3)
<b>Isoprene</b>	<b>76.0</b>	<b>(9.0)</b>	65.7	(10.9)	10.3	1.9
<b>Functional Materials</b>	<b>210.0</b>	<b>13.5</b>	189.8	10.3	20.2	3.2
<b>Fibers &amp; Textiles</b>	<b>72.0</b>	<b>4.0</b>	61.9	1.8	10.1	2.2
<b>Trading</b>	<b>66.0</b>	<b>5.5</b>	61.6	5.2	4.4	0.3
<b>Others</b>	<b>43.0</b>	<b>2.0</b>	45.7	0.5	(2.7)	1.5
<b>Elimination &amp; Corporate</b>	<b>(53.0)</b>	<b>(17.0)</b>	(50.4)	(17.8)	(2.6)	0.8
<b>Total</b>	<b>830.0</b>	<b>83.0</b>	780.9	75.5	49.1	7.5

# Factors Affecting the Change in Operating Income by Segment

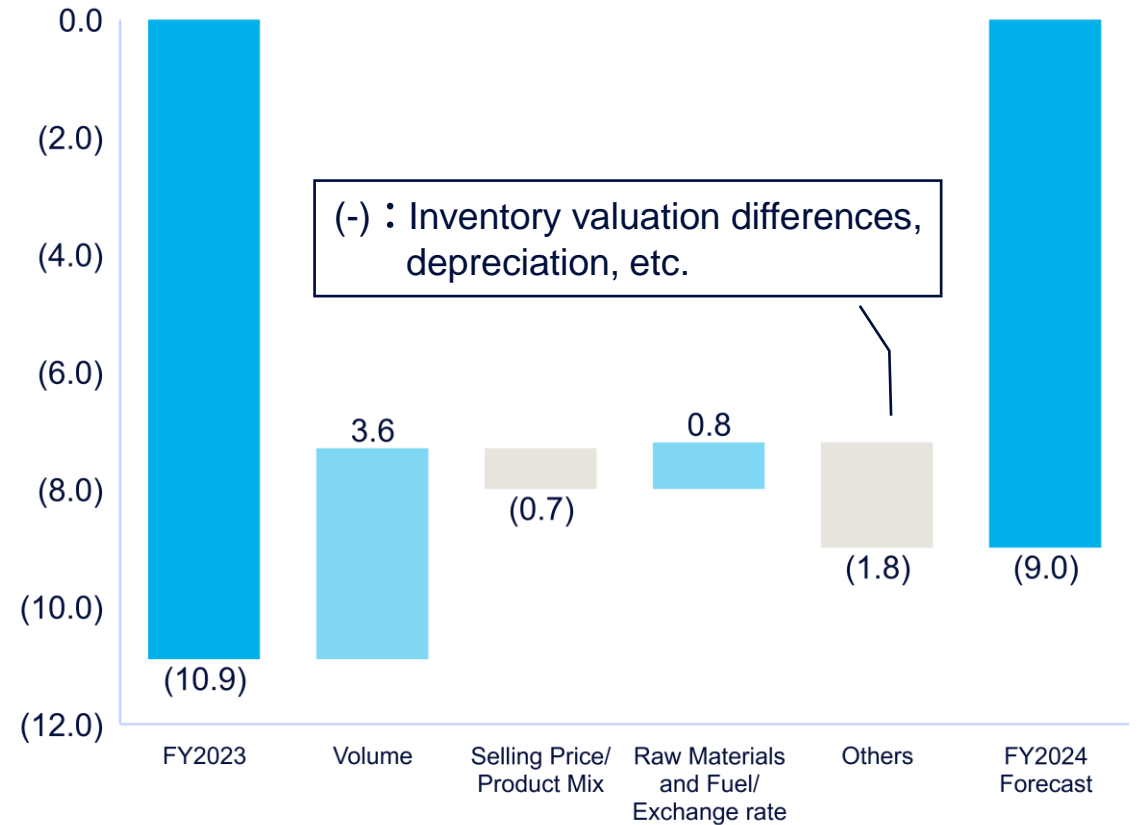
## Vinyl Acetate

(Billion yen)



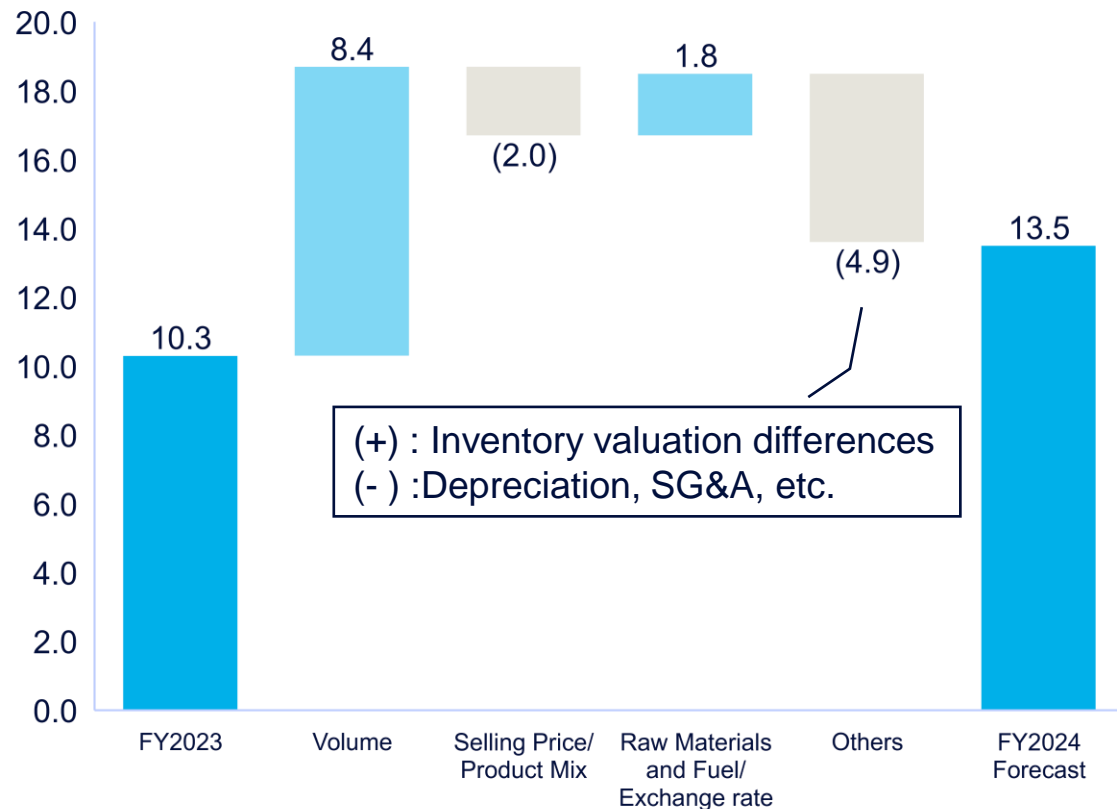
## Isoprene

(Billion yen)



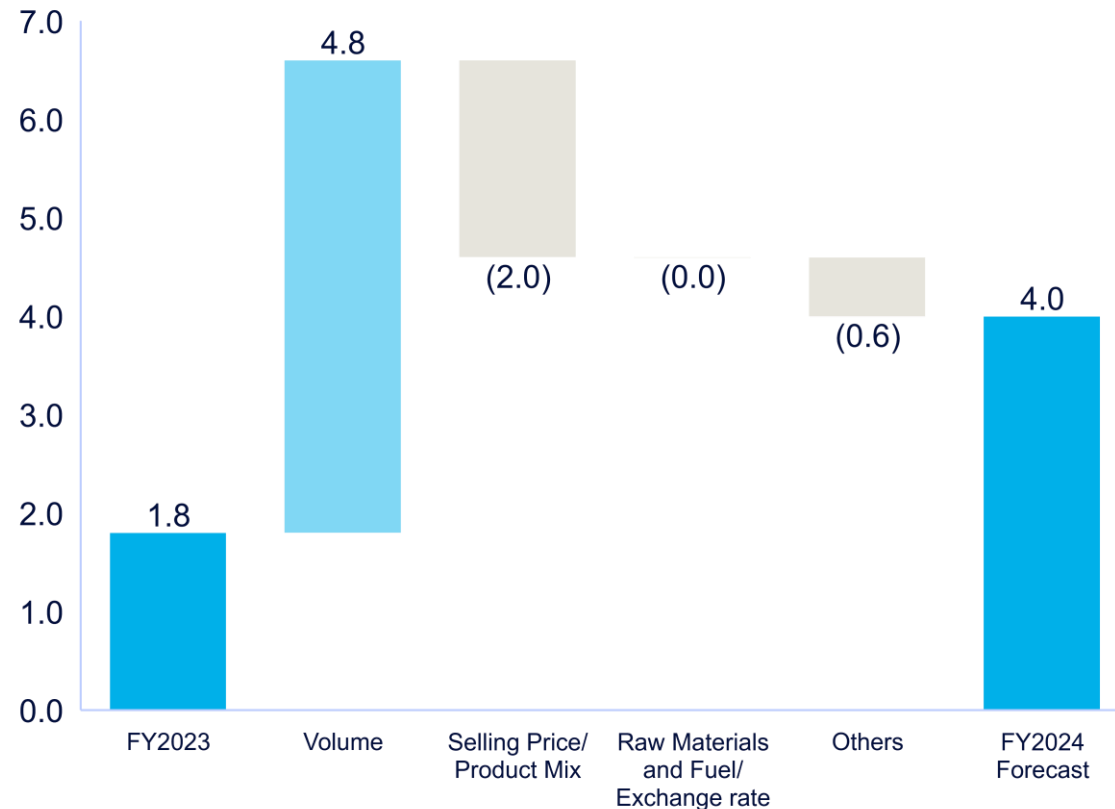
## Functional Materials

(Billion yen)



## Fibers & Textiles

(Billion yen)



# 【Ref.】 Net Sales and Operating Income by Segment

(Billion yen)

	FY2024 Forecast		FY2024 Medium-term Management Plan		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	416.0	84.0	330.0	66.0	86.0	18.0
Isoprene	76.0	(9.0)	75.0	5.0	1.0	(14.0)
Functional Materials	210.0	13.5	155.0	11.0	55.0	2.5
Fibers & Textiles	72.0	4.0	63.0	6.0	9.0	(2.0)
Trading	66.0	5.5	60.0	5.0	6.0	0.5
Others	43.0	2.0	47.0	2.5	(4.0)	(0.5)
Elimination & Corporate	(53.0)	(17.0)	(50.0)	(15.5)	(3.0)	(1.5)
<b>Total</b>	<b>830.0</b>	<b>83.0</b>	<b>680.0</b>	<b>80.0</b>	<b>150.0</b>	<b>3.0</b>

(Billion yen)

	FY2024 Forecast			FY2023			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
<b>Net Sales</b>	<b>400.0</b>	<b>430.0</b>	<b>830.0</b>	381.0	399.9	780.9	19.0	30.1	49.1
<b>Operating Income</b>	<b>40.0</b>	<b>43.0</b>	<b>83.0</b>	41.0	34.5	75.5	(1.0)	8.5	7.5
<b>Ordinary Income</b>	<b>37.0</b>	<b>40.0</b>	<b>77.0</b>	38.5	30.5	69.0	(1.5)	9.5	8.0
<b>Net Income Attributable to Owners of the Parent</b>	<b>23.0</b>	<b>24.0</b>	<b>47.0</b>	21.8	20.6	42.4	1.2	3.4	4.6

# 【Ref.】 Net Sales Forecast by Segment

(Billion yen)

	FY2024 Forecast			FY2023			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Vinyl Acetate	203.0	213.0	416.0	198.9	207.9	406.8	4.1	5.1	9.2
Isoprene	36.0	40.0	76.0	31.8	33.9	65.7	4.2	6.1	10.3
Functional Materials	100.0	110.0	210.0	93.4	96.4	189.8	6.6	13.6	20.2
Fibers & Textiles	34.0	38.0	72.0	30.2	31.7	61.9	3.8	6.3	10.1
Trading	31.0	35.0	66.0	29.0	32.6	61.6	2.0	2.4	4.4
Others	21.0	22.0	43.0	22.9	22.8	45.7	(1.9)	(0.8)	(2.7)
Elimination & Corporate	(25.0)	(28.0)	(53.0)	(25.1)	(25.3)	(50.4)	0.1	(2.7)	(2.6)
<b>Total</b>	<b>400.0</b>	<b>430.0</b>	<b>830.0</b>	381.0	399.9	780.9	19.0	30.1	49.1

# 【Ref.】 Operating Income Forecast by Segment

(Billion yen)

	FY2024 Forecast			FY2023			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Vinyl Acetate	42.0	42.0	84.0	40.2	46.1	86.3	1.8	(4.1)	(2.3)
Isoprene	(6.0)	(3.0)	(9.0)	(2.7)	(8.2)	(10.9)	(3.3)	5.2	1.9
Functional Materials	6.5	7.0	13.5	5.7	4.6	10.3	0.8	2.4	3.2
Fibers & Textiles	1.0	3.0	4.0	0.7	1.2	1.8	0.3	1.8	2.2
Trading	2.5	3.0	5.5	2.3	2.9	5.2	0.2	0.1	0.3
Others	1.0	1.0	2.0	0.6	(0.1)	0.5	0.4	1.1	1.5
Elimination & Corporate	(7.0)	(10.0)	(17.0)	(5.9)	(12.0)	(17.8)	(1.1)	2.0	0.8
<b>Total</b>	<b>40.0</b>	<b>43.0</b>	<b>83.0</b>	<b>41.0</b>	<b>34.5</b>	<b>75.5</b>	<b>(1.0)</b>	<b>8.5</b>	<b>7.5</b>



# FY2023 Net Sales and Operating Income by Segment (vs. Previous Forecast)

(Billion yen)

	FY2023		Previous Forecast (As of Nov. 9, 2023)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
<b>Vinyl Acetate</b>	<b>406.8</b>	<b>86.3</b>	406.0	84.0	0.8	2.3
<b>Isoprene</b>	<b>65.7</b>	<b>(10.9)</b>	62.0	(9.0)	3.7	(1.9)
<b>Functional Materials</b>	<b>189.8</b>	<b>10.3</b>	190.0	10.0	(0.2)	0.3
<b>Fibers &amp; Textiles</b>	<b>61.9</b>	<b>1.8</b>	61.0	2.5	0.9	(0.7)
<b>Trading</b>	<b>61.6</b>	<b>5.2</b>	61.0	5.0	0.6	0.2
<b>Others</b>	<b>45.7</b>	<b>0.5</b>	42.0	0.5	3.7	0.0
<b>Elimination &amp; Corporate</b>	<b>(50.4)</b>	<b>(17.8)</b>	(52.0)	(15.0)	1.6	(2.8)
<b>Total</b>	<b>780.9</b>	<b>75.5</b>	770.0	78.0	10.9	(2.5)

# 【Ref.】 Quarterly Net Sales by Segments

(Billion yen)

	FY2022					FY2023				
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY
<b>Vinyl Acetate</b>	86.2	99.3	100.2	99.7	385.3	97.8	101.1	103.9	104.0	406.8
<b>Isoprene</b>	15.4	16.5	16.8	16.9	65.6	15.8	16.0	15.0	18.8	65.7
<b>Functional Materials</b>	38.0	39.8	45.9	50.3	174.1	45.4	48.0	46.3	50.1	189.8
<b>Fibers &amp; Textiles</b>	14.4	17.4	16.8	18.2	66.9	13.5	16.6	14.8	16.9	61.9
<b>Trading</b>	14.0	15.8	14.1	15.1	58.8	13.8	15.2	15.8	16.8	61.6
<b>Others</b>	10.7	13.0	14.0	14.4	52.1	11.3	11.5	11.1	11.7	45.7
<b>Elimination &amp; Corporate</b>	(11.0)	(11.2)	(12.7)	(11.4)	(46.4)	(12.7)	(12.4)	(13.5)	(11.8)	(50.4)
<b>Total</b>	167.6	190.5	195.1	203.2	756.4	185.0	196.0	193.4	206.6	780.9

# 【Ref.】 Quarterly Operating Income by Segments

(Billion yen)

	FY2022					FY2023				
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY
<b>Vinyl Acetate</b>	17.2	16.4	25.4	18.6	77.5	17.8	22.4	23.5	22.6	86.3
<b>Isoprene</b>	2.7	(0.2)	1.7	0.1	4.3	0.2	(2.9)	(1.4)	(6.8)	(10.9)
<b>Functional Materials</b>	2.2	1.1	3.2	2.1	8.6	3.5	2.3	2.4	2.2	10.3
<b>Fibers &amp; Textiles</b>	1.6	2.2	2.8	0.2	6.7	0.2	0.4	1.1	0.1	1.8
<b>Trading</b>	1.3	1.5	1.1	1.2	5.1	1.1	1.2	1.4	1.4	5.2
<b>Others</b>	0.4	0.8	0.7	0.7	2.7	0.1	0.5	0.0	(0.1)	0.5
<b>Elimination &amp; Corporate</b>	(3.3)	(5.8)	(2.1)	(6.6)	(17.8)	(1.6)	(4.2)	(6.3)	(5.6)	(17.8)
<b>Total</b>	22.1	15.9	32.8	16.3	87.1	21.3	19.6	20.7	13.8	75.5

# **kuraray**

## **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.