KURARAY CO., LTD., Summary of Q&A Session for Q3 FY2024 Earning Announcement

[Time & Date] From 14:00pm to 15:00pm, November 13, 2024

[Place] Kuraray Head Office *Telephone conference

[Speakers]

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1. **Volume growth rates of main products**

	FY2023 actual → FY2024 forecast	H1 FY2024 actual →H2 FY2024 forecast
PVOH resin	More than +10%	More than -10%
Optical-use poval film	Flat	Less than -5%
Advanced Interlayer Solutions	More than -5%	Less than -10%
Water-soluble PVOH film	Flat	Less than +10%
EVAL™	Slightly positive	About +10%
Elastomer	Less than +20%	Slightly positive
GENESTAR™	Less than +20%	About +15%
Activated carbon	Less than +10%	Less than +10%
KURALON™	Flat	Slightly negative

2. Q&As

Q1: Regarding the degree of profit achievement in Q3 2024 and the background to the revision of the earnings forecast for FY2024.

A1: The Vinyl Acetate segment has been progressing better than expected. We have revised the full-year forecast upward by 3 billion yen taking into account the results of the Q3. PVOH resin in particular is the main factor behind the upward revision.

On the other hand, we have revised Isoprene segment downward by 1 billion yen from the full-year forecast as of the Q2. Although the volume has not changed much, the recent rise in butadiene prices has had an impact. In addition, although the facility at the Thai plant was adjusted during regular maintenance carried out in the Q2, there was a period of slight operational instability in the Q3, resulting in a loss. Taking these circumstances into consideration, the forecast has been revised downward.

Regarding the Functional Materials segment, we have revised down our forecast by 1 billion yen due to factors including slightly weaker performance of activated carbon than the previous forecast.

For the Fibers and Textiles segment, we have revised down our forecast by 1.5 billion yen, mainly due to slightly weaker sales of KURALON™ and Clarino™.

Overall, the positive and negative figures were roughly the same, so the total figures have not changed. Looking at individual businesses, there have been some ups and downs.

Q2: How the change in U.S. administration will affect U.S. drinking water PFAS regulations.

A2: Demand for activated carbon continues to be strong as PFAS regulations are tightening, and long-term contracts have been signed with some major water companies. The basic trend has not changed. There are some areas where growth has not been as expected this fiscal year, but we are making steady progress toward next year. The impact of the change in government is still unclear, but we believe that the overall trend will not change. We will continue to monitor the situation.

Q3: Regarding inventory levels.

A3: The inventory value at the end of the Q3 was a little high, amounting to about 3.7 months. This was due to the fact that overall demand was not as strong as expected, and the revised full-year earnings forecast now takes into account production adjustments in the Q4. We would like to bring the inventory value at the end of the fiscal year to the same level as at the end of last year.

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(Cautionary Statement)

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