KURARAY CO., LTD., Summary of Q&A Session for 3Q FY2025 Earning Announcement

[Time & Date]	From 15:00pm to 16:00pm, November 12, 2025	
[Place]	Kuraray Head Office *Telephone conference	
[Speakers]	Hitoshi Kawahara	President and Representative Director
	Junichi Fujiwara	Managing Executive Officer, Officer Responsible for Corporate Management Planning Office
	Shinichi Takizawa	Senior Manager, Corporate Communications Department

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

	FY2024 actual → FY2025 forecast	1H FY2025 actual → 2H FY2025 forecast
PVOH resin	Less than -5%	More than +5%
Optical-use poval film	Slightly positive	Less than -5%
Advanced Interlayer Solutions	Less than -5%	Slightly negative
Water-soluble PVOH film	Flat	About +5%
EVAL™	Less than +5%	Slightly positive
Elastomer	More than +5%	Less than +5%
GENESTAR™	About +20%	More than +20%
Activated carbon	Less than +10%	About +10%
KURALON™	Less than +5%	More than -5%

2. Q & As

Q Regarding background of downward revision of full year forecast.
A When we revised our forecast last time, we had hoped that the uncertainties due to the U.S. tariff policy would be cleared to some extent in 2H and that customers would be motivated to buy again. We are now in a situation where we are certain that business on the customer side is deteriorating significantly and demand is weakening, so we have changed our forecast.

Q. Regarding products that are affected by economic stagnation in Europe and the U.S.
A. Many of our products are high-value-added, targeted at developed markets. Since both the U.S. and European markets are in a difficult situation, our businesses are affected overall.

Q Regarding the inventory control.
A Because of the uncertainties due to the U.S. tariff policy, we had to stand by with products and raw materials at multiple locations, so that we could ship from multiple locations to our customers.

In addition, we could not sell as much as we had expected, we have a bit of an overstock. We are planning to make a production adjustment by end of December.

Q. Regarding the business situation of Vinyl Acetate segment.

A. For PVOH resin, operations in the U.S. plant were halted in 2Q due to the suspension of utility supply from an external provider, along with some internal equipment malfunctions. We had treated this cost as an operating expense. In 3Q, the same problem occurred again, causing intermittent stoppages. Looking back, the underlying factors were ultimately the same, primarily external factors. Therefore, we have reclassified these losses to extraordinary loss, retroactively to 2Q. When looking at 3Q alone, the loss that was treated as an operating expense in 2Q was transferred to an extraordinary loss, making operating profit appear slightly more positive than it actually is. As plant utilization in 3Q was low, some inventory valuation differences was carried over and pushing down profit in 4Q.

For optical-use poval film, we maintained relatively strong shipments throughout 1H. However, our shipment in 3Q was lower than expected because the polarizer manufacturers, our direct customers entered an adjustment phase due to sluggish sales of consumer TVs and the fact that budget allocations for China's home appliance replacement support measure began to run out. The current trend is a recovery again, as the market is returning to some extent toward the year-end sales season. The full-year forecast is slightly positive against previous year.

Regarding EVAL, while the volume has increased compared to the previous year, the circular economy related demand where we had anticipated significant growth, fell slightly short of our expectations.

Q Regarding sales price and circular economy related demand in Europe for EVAL™.

A We had hoped for a large growth in the circular economy related demand, but unfortunately, the growth is a little slower than we had expected so we revised our volume growth forecast downward. Additionally, some areas have seen a slight decrease in volume due to the economic downturn, and there is an impact from intensified competition. We have been partially implementing some price adjustments to maintain our market share.

Q. Regarding shipment of Advanced Interlayer Solutions.

A. Advanced Interlayer Solutions include two products; one is PVB film used for both construction and automotive application, and another is SentryGlas™ used mainly for construction application. SentryGlas™ was originally developed for hurricane protection in the U.S. It is used for special facades or buildings that are designed in such a way that the glass itself is required to be very strong, and its sales is brisk. Regarding PVB film, however, competition in automotive application in Asia has become quite fierce. Unfortunately, we don't see this situation improving anytime soon.

Q Regarding background of profit decrease in Isoprene segment from 3Q to 4Q.

A As a segment in general, we had major scheduled maintenance in 2Q both in Japan and Thailand, resulting in inventory with inherently high fixed costs being carried over into 3Q. Since our inventory months was more than three months, the negative impact from inventory valuation differences remains to some extent in 4Q.

By business, for Isoprene Chemical, our customers built up their inventories in 1H in response to uncertainties due to the U.S. tariff policy, the sales volume fell in 3Q.

For Elastomer, we have built up our inventory in 3Q to prepare for scheduled maintenance in the U.S. plant in 4Q. For Genestar, the impact of the slightly prolonged 2Q scheduled maintenance that continued into the 3Q, was carried over into the 4Q as negative inventory valuation difference.

Q. Regarding shareholding ratio increase, changing timing of scheduled maintenance and possibility of impairment of Isoprene Thai base.

A. By increasing our shareholding ratio, we believe that we can proceed plant operations and profit improvement in the way we see fit. As for the changing the timing of the scheduled maintenance,

we would like to think about it, but we are inevitably pulled by scheduled maintenance of the upstream chemical complex from where we procure raw material, so it will not be that easy.
Regarding possibility of impairment, there are signs of impairment from an accounting standards perspective as Isoprene segment has been operating at a loss. It depends on future cash flow estimate whether if we need to impair fixed asset or not. We are communicating with our auditor, but nothing has been decided at this point of time.

Q Regarding sales price and demand for activated carbon business.
A Prices have not changed much. As for demand, we see the sales volume of industrial application has been depressed, which means that business confidence in the U.S. has deteriorated considerably in the manufacturing part of the market. At the same time, we see delay in new demand that comes along with capital investments at our customers. We think this is due to the impact of the U.S. tariff policy. It seems that our customers reconsider from where they procure the parts or equipment for their capital investments, that leads construction schedule delay.

Q. Regarding shipment of activated carbon used for PFAS treatment.
A. In the activated carbon business, the proportion of drinking water application is roughly 35%. PFAS treatment application accounts for small portion of this, is not very large for now. In response to the tightening of the U.S. drinking water PFAS regulations, PFAS treatment application will increase in the future. We believe that it will be next fiscal year onwards that this will contribute to growth in volume and profits.

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(Cautionary Statement)
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