**KURARAY CO., LTD., Summary of Q&A Session for Q1 FY2026 Earning Announcement**

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| **[Time & Date]** | From 13:30pm to 14:30pm, May 13, 2026 | |
| **[Place]** | Kuraray Head Office *Telephone conference | |
| **[Speakers]** | 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**

| | Q1 FY2025 actual → Q1 FY2026 actual |
|---|---|
| PVOH resin | About -5% |
| Optical-use poval film | About +5% |
| Advanced Interlayer Solutions | More than -10% |
| Water-soluble PVOH film | More than -5% |
| EVAL™ | Less than +5% |
| Elastomer | About +15% |
| GENESTAR™ | More than +15% |
| Activated carbon | Slightly positive |
| KURALON™ | More than +5% |

**2. Q & As**

Q Regarding the impact of rising raw material and fuel prices on earnings and your response

A We have not revised our H1 earnings forecast and have not disclosed any quantitative impact. The increase in raw material and fuel prices became apparent from late March. While it affects Q2 on a purchase basis, most of the impact is expected to be deferred to Q3 and beyond due to inventory valuation difference under the FIFO method. As a result, the impact on earnings is likely to be more significant in Q3 and subsequent periods than in Q2.
In response to rising costs, we are implementing cost reduction initiatives alongside prompt pricing actions across all business segments. These measures are necessary to maintain product quality and stable supply, and the majority of the proposed price increases have already been accepted by customers.

Q Regarding the impact of raw material supply constraints

A At our operations in Japan and Singapore, procurement of key upstream materials such as ethylene and VAM has been constrained, resulting in temporary production curtailments in Q1. We are mitigating these constraints by diversifying sourcing and reallocating supplies from our U.S. facilities, and have secured a certain level of supply.

At our Thailand operations, no major disruptions have occurred, supported by the stable supply capabilities of our joint venture partner, PTTGC.
Meanwhile, greater attention is being paid to downstream inputs such as solvents, additives, and lubricants. Although no immediate impact on operations has been observed, there is uncertainty regarding supply conditions from summer onward. In particular, certain additives, while used in small quantities, are critical to production, and thus are being closely monitored.
In addition, supply constraints may also emerge on the customer side. For example, domestic inventories of aluminum—used across a wide range of industries—remain low, and potential shortages of helium used in semiconductor manufacturing have also been highlighted. We will continue to assess the impact through ongoing dialogue with our customers.

Q Regarding the business environment for PVOH resin
A PVOH resin is used across a wide range of applications, including the construction sector. At present, market conditions remain weak, particularly in construction, and overall demand continues to be subdued.
The competitive environment has not changed materially, as we do not prioritize volume expansion in lower-margin segments. The decline in sales volume is therefore not attributable to changes in market share, but rather to the overall weakness in market conditions.

Q Regarding the business environment for Advanced Interlayer Solutions
A The business environment for Advanced Interlayer Solutions remains weak, particularly in Europe. The European construction PMI has remained below 50 for the past three to four years, indicating structurally weak demand. In China, PMI has also stayed below 50 due to the prolonged downturn in the real estate sector. While the U.S. market has not deteriorated significantly, growth remains limited. Under these conditions, competition with Chinese manufacturers has intensified, particularly in commoditized interlayer segments. The combination of weak demand and heightened competition has resulted in a challenging operating environment.
On the other hand, SentryGlas™ has been temporarily affected by project delays; however, there has been no fundamental change in the underlying demand structure. We continue to view its medium- to long-term growth trajectory as intact, and expect both sales and profits to recover as demand normalizes.

Q Regarding the business environment for EVAL™ and capital expenditure status
A Based on Q1 performance, demand for EVAL™ has been generally firm. Growth in food packaging applications has been in line with initial expectations, while automotive applications have exceeded initial assumptions despite being expected to remain flat. By region, the U.S. is slightly outperforming plan, whereas Japan is showing some weakness due to a sluggish automotive market. Other regions are broadly in line with expectations.
From a supply-demand perspective, some front-loaded demand has been observed amid supply concerns related to the situation in the Middle East; however, this is considered temporary. Demand related to the circular economy, particularly in Europe, direction remains unchanged, although expansion has been slower than anticipated due to continued cost-conscious behavior. Overall, while the market environment remains cautious, sales volumes are steadily increasing.
On pricing, we have implemented price revisions at an early stage in response to rising costs, and negotiations are ongoing.
Construction of the new Singapore plant is progressing as scheduled. However, there is a potential risk of disruptions due to shortages of materials such as paints and solvents. In addition, commissioning will require chemical-based trial operations and subsequent quality verification processes. Accordingly, the timing of start-up will be assessed carefully.

Q Regarding the business environment for activated carbon

A The activated carbon business is performing steadily overall, with demand continuing to expand. In particular, demand for drinking water treatment applications, especially for PFAS removal, remains solid.

However, amid an uncertain economic environment, some project delays have been observed, and growth has not significantly exceeded initial expectations.

On pricing, the impact of raw material costs remains limited, while pricing actions are being implemented in response to rising utility costs and other factors.

With regard to capital expenditure, we have decided to invest approximately $100 million in the construction of a reactivated carbon facility in the U.S. Alongside our contract with American Water, agreements with several major water utilities are progressing, and this investment is intended to support future demand growth.

Looking ahead, we are also considering further capacity expansions. Preparations, including land acquisition, are underway as part of our ongoing efforts to enhance supply capacity over the medium to long term.

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(Cautionary Statement)

*Please note that this document does not transcribe everything that was said at the briefing, but is a basic summary whose content was determined by Kuraray to make it easier to understand.*

*In addition, forward-looking statements such as performance forecasts contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable. Please note that it may vary significantly.*