**KURARAY CO., LTD., Summary of Q&A Session**
**for Dec. Management Briefing (Dental Business and its Strategy)**

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| **[Time & Date]** | From 16:50pm to 17:30pm, December 18, 2023 | |
| **[Place]** | Kuraray Head Office *Hybrid conference | |
| **[Speakers]** | Hitoshi Kawahara | President and Representative Director |
| | Nobuhiko Takai | Director and Managing Executive Officer<br>President, Functional Materials Company |
| | Satoshi Yamaguchi | General Manager of Medical Division,<br>President of Kuraray Noritake Dental Inc. |
| | Shinichi Takizawa | Senior Manager, Corporate Communications Department |

**Q&As**

**Q1**: Regarding the products that will drive the future expansion of the dental materials business.
**A1:** Zirconia is driving performances growth. Similarly, the cement used to set zirconia in the oral cavity is also growing. Behind the growth of zirconia are product features such as gradation technology, as well as the progress in digitalization such as CAD/CAM in the dental market. I think the growth of zirconia will be limited in Japan, where treatment using zirconia is self-pay, but it will grow in Europe as well as the leading US market. Other regions, including South America, also have potential, and I believe that such treatments will spread.

**Q2:** Regarding the possibility of establishing overseas production bases in Europe and U.S.
**A2:** Depending on business development, we may consider overseas production, but the lack of overseas production bases is not an impediment to business expansion at this time. Dental materials are small products themselves. Our company places great importance on producing products in Japan that do not cause problems for patients, such as quality itself and uniformity between lots.

**Q3**: Reasons for generating high profits in this small-scale business and whether there is a difference in profits according to region.
**A3:** The reason for our high profits is that we focus on areas where we can demonstrate our strengths and do not interfere in areas where we are weak, such as machinery, instead we form partnerships. Sales are higher overseas than in Japan, but there are no extreme differences by region. Recent growth rates have been higher in Europe and U.S.. We believe that we can maintain our current profit margins in the future.

**Q4:** Regarding the collaboration with other companies in the promotion of development of bioactive materials.
**A4**: As the population ages, the type of tooth decay is changing to more difficult cavities that get between the teeth or under the gums. In the case of dental fillings, materials that shave off the decayed area and replenish it with strength and appearance, are being developed. In addition, we are developing bioactive materials, which can prevent the teeth from developing cavities again or strengthen the teeth. At this point, we are still trying to establish the elemental technologies, and it will take some time before we are able to commercialize them. As it is necessary to strike a balance with the conventional materials, we are considering the possibility of collaborating not only with our own materials but also with other companies.

**Q5**: About the sales composition, by inorganic and organic materials, and by Europe, the United States, and Japan.

**A5:** At present, sales of organic materials are larger. As the growth rate, zirconia is focused, and the growth rate of inorganic materials is high.

By region, there are no big difference among Japan, Europe, the U.S. However, considering the current exchange rates and other factors, it is higher in Europe when converted into Japanese yen.

It is difficult to comment about the ratio of organic materials and ceramic materials in each country, as they vary by region. In the case of Japan, there is the present state that the market of the organic material is large, because the ceramic system material becomes the self-expense medical care.

**Q6**: Regarding the resin-based CAD/CAM block products that are covered by insurance in Japan.

**A6**: We have a full lineup of resin block products under the name of KATANA™ AVENCIA™. However, when we look at the world market, it is still only in Japan, and our sales are not that big.

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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.*

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