KURARAY CO., LTD., Summary of Q&A session for June 2025 Management Briefing

[Time & Date] From 10:00 to 11:00, June 19, 2025

[Place] Kuraray Head Office *Hybrid conference

[Speakers]

Hitoshi Kawahara	President and Representative Director
Tomoyuki Watanabe	Managing Executive Officer, President of Vinyl Acetate Resin Company, President of Vinyl Acetate Film Company and Officer Responsible for Electronics Materials Promotion Division
Kazunari Matsumoto	Executive Officer, General Manager of Poval Resin Division
Shinichi Takizawa	Senior Manager, Corporate Communications Department

Q&As

Q1 Regarding supply-demand balance of PVOH resin.

A1 The global production capacity of PVOH resin is said to be about 2 million tons while global demand is around 1 million tons. It is still excess supply situation. We have a capacity of 361 thousand tons. Although we are not operating at full capacity, we are strategically shifting to high value-added products to improve profitability.

Q2 Regarding the actual demand situation for PVOH resin and the impact of tariffs.

A2 From 2024 to 2025, the actual demand has not fluctuated significantly. In the first half of 2024, logistics from Asia to Europe were disrupted. As we have production plant in Europe, we had received more orders from European customers, but it has already been normalized. As for the impact of tariffs, we did not see advance demand in March and April sales.

Q3 Regarding the profitability and growth potential of the PVOH resin business.

A3 Profitability of the PVOH resin business has been improving on the back of a shift to high value-added products and our supply stability. Now operating income margin of the Vinyl Acetate Segment is approximately 20%. In addition to the high profitability of optical-use poval film, growth of EVAL™ in response to the circular economy, shift to high-value-added application in Advanced Interlayer Solutions, and an improvement in the profit structure of PVOH resin are contributing to high profitability. Today, the segment has a very well-balanced portfolio.

As for the sales volume of PVOH resin, we expect 8% annual growth in high-performance products, while some applications, such as for fibers and textiles, are

expected to decline. Overall, we expect growth on par with global GDP growth.

Q4 Regarding the past sales trends and future outlook for EXCEVAL™, a high-performance product.

A4 Although during COVID-19 pandemic period, demand for architectural adhesives or paper coating agent had temporarily declined and development of new products had slowed down, EXCEVAL™ has achieved more than 10% annual growth since its industrialization in 2000.
Going forward, we aim for further growth in the growing area such as applications requiring gas barrier properties or grease proof paper as a substitute for PFAS leveraging the characteristics of EXCEVAL™.

Q5 Regarding initiatives to shorten inventory turnover in the vinyl acetate related business.

A5 As a company-wide effort, we utilize digital technology to optimize inventory by improving the accuracy of demand forecast and production planning, visualizing the supply chain to reduce inventories in transit, and we start seeing the results.
However, the greatest strength of our vinyl acetate chain is that we have built a strong, vertically integrated value chain from upstream to downstream on a global scale, which supports supply reliability and is the source of our profitability. On the other hand, our global operations have resulted in longer inventory turnover, and we are working to shorten it while maintaining a balance with our strengths.

Q6 Regarding the idea of including KURALON™ PVA fiber, which is part of the vinyl acetate chain, in the Vinyl Acetate Segment.

A6 Currently, KURALON™ is classified in the Fibers and Textiles Segment, but it could be included in Vinyl Acetate Segment as pointed out. As we continue to sophisticate our business portfolio, in addition to traditional applications, we are developing new high-value-added applications for KURALON™, such as additive for anode materials of lithium-ion secondary batteries. We will continue to consider future of the business, including segment classifications.

Q7 Regarding the business outlook for SCAPOVA™ microcarriers.

A7 SCAPOVA™ is one of the fields we have very high expectations. Although the volume is not that large, we will pursue added value and firmly expand the business. The overall market for cell culture processes, including microcarriers and culture media, is expected to grow to between 300 and 400 billion yen in 2035 to 2040. We will first build a bridgehead with microcarriers, and then promote product development for the entire cell culture process by utilizing our proprietary technologies such as membranes and fibers, etc. We aim to achieve sales of 10 to 20 billion yen by around 2035 to 2040.

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(Cautionary Statement)
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