KURARAY CO., LTD., Summary of Q&A session for December 2024 Management Briefing

[Time & Date]	From 10:00 to 11:00, December 17, 2024	
[Place]	Kuraray Head Office *Hybrid conference	
[Speakers]	Hitoshi Kawahara	President and Representative Director
	Yoji Ikemori	Managing Executive Officer, President of Isoprene Company and General Manager of Genestar Division
	Shinichi Takizawa	Senior Manager, Corporate Communications Department

Q&As

Q1 Regarding the adoption status of GENESTAR™ as a server connector and its future growth potential.

A1 Long connectors are used for servers and high performance resins are required due to shift to a component assembly method called SMT (surface mount technology). With its superior strength, heat resistance, and low water absorption, GENESTAR™ has become the de facto standard in this application.
Currently, 60% of GENESTAR™'s shipments are for electrical and electronic applications, of which over 20% is for servers. Going forward, we exect CAGR of over 20% due to new server installations and expansions, as well as the replacement of existing servers with high-performance servers.

Q2 Regarding growth rate of GENESTAR™ due to shift to EVs.

A2 We believe that there is an opportunity for GENESTAR™ to grow at a CAGR of over 15%. Even if the shift to EVs does not progress, we see HVs making progress. As HVs become more popular, the number of components around the battery and thermal management components will increase. We also see needs around gasoline, such as fuel pipes, so we expect growth even if both EVs and HVs do not increase. In addition, the trend toward the use of resin instead of metal has not changed and will continue, as is the case with all gasoline-powered vehicles and EVs, in an effort to reduce weight.

Q3 Regarding growth potential for applications other than electrical and electronics.

A3 We expect 15% CAGR for both automotive connectors and automotive components.

Q4 Regarding resins that compete with GENESTAR™ and the status of substitution with GENESTAR™.

A4 The resins that we often run into in the market as competitors are PPS, PA6T and PA46. All resins are operated by big suppliers, and they have a long track record and reliability. But GENESTAR™ has also received positive feedback on the well-balanced physical properties through persistent sales activities. We are now seeing more and more customers adopting GENESTAR™ in the fields of competitive resins. As an example, laser adhesion has become mainstream for automotive applications. Customers choose GENESTAR™ based on the balance of the strength and laser transparency.

Q5 Regarding market size of competing resins and market share expansion of GENESTAR™.

A5 We estimate market of about 150,000 tons for PPS, about 70,000 tons for PA6T, a type of polyamide resin like GENESTAR™, and total market size is more than 200,000 tons. In the industry, it is estimated that demand for super engineering plastics including PPS and PA6T will double over the next 10 years. Therefore, we have an image that the GENESTAR™ will be adopted by new customers and applications and expand market share.

Q6 Regarding plan for future capacity expansion for GENESTAR™.

A6 The second phase expansion of the GENESTAR™ in Thailand is mentioned in medium-term management plan “PASSION 2026”. However, it is true that the business growth is slightly behind because the start-up of Thailand plant coincided with a period of sluggish global demand. We will continue to carefully consider it in conjunction with investment efficiency and profitability.

Q7 Regarding global network of Genestar business.

A7 We have two locations in the US, one in Detroit and one in Houston. Kuraray America's headquarters is in Houston, but we have opened a branch office in Detroit for Genestar business. In Detroit office, we have several people who are familiar with the engineering plastics and automotive industries to deal with US OEMs and Tier 1s. In addition, we have two offices in Europe, one in Germany and the other in Belgium. Like in the US, we have hired a few people who are well versed in this field and deal with European OEMs and Tier 1s. We raise the level of our global operations.

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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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