KURARAY CO., LTD., Summary of Q&A session for June 2026 Management Briefing

[Time & Date] From 10:00 to 11:15, June 19, 2026

[Place] Kuraray Head Office *Hybrid conference

[Speakers]

Hitoshi Kawahara	President and Representative Director
Nobuhiko Takai	Director and Managing Executive Officer, President, Functional Materials Company
Stevan R. Schott	Executive Officer, General Manager of Environmental Solutions Division, President, Calgon Carbon Corporation
Jenalle Brewer	Senior Vice President, Calgon Carbon Corporation
Shinichi Takizawa	Senior Manager, Corporate Communications Department

Q&As

Q1 Regarding profitability improvement in the activated carbon business.

A1 We aim to expand sales to approximately 2.5 times the 2023 level by 2032, along with an improvement in profitability. The primary driver is price increases supported by demand growth, and both demand and pricing are already on an upward trend.
In addition, we are promoting the expansion of reactivated carbon, which offers higher profitability. In PFAS applications, replacement cycles are more frequent, and reactivated carbon has demonstrated performance comparable to virgin carbon. As a result, we expect to be able to price reactivation close to virgin carbon, which will contribute to improved profitability.
At the same time, to meet growing demand, expansion of reactivation capacity is necessary. We are planning approximately $100 million in capital investment in Columbus, Ohio. Although construction costs are currently elevated, we expect to absorb these through pricing measures, with overall profitability continuing to improve. Our target is to achieve an operating margin of over 10%.

Q2 Regarding the competitive environment of the activated carbon business.

A2 In the United States, when we look at our manufacturing position as well as the tariff environment, domestic supply has become increasingly important to municipalities, and we are very well-positioned competitively.
While many competitors are primarily focused on virgin carbon, we differentiate ourselves by offering a full solution—combining virgin carbon, reactivation, equipment, and engineering capabilities. In particular, we strongly believe that reactivation will be

the long-term solution, and our early and continued commitment, supported by our experience and proprietary know-how, is a key source of our competitive advantage.
In addition, activated carbon is technically challenging, and success requires extensive know-how in both manufacturing and application development. We have built significant expertise in these areas, which gives us a strong competitive advantage and positions us to sustain and further strengthen our competitiveness over the medium to long term.

Q3 Regarding an overview of changes in the U.S. PFAS drinking water regulations.

A3 The regulatory framework consists of federal regulations as a foundation, with individual states having the ability to implement stricter standards. The delay in compliance is primarily due to the fact that many water utilities are not prepared to complete the necessary infrastructure and treatment capabilities by 2029.
In response, the EPA has allowed utilities to apply for up to a two-year extension beyond the April 2029 compliance deadline; however, the criteria for granting such extensions have not yet been defined. We are already seeing private water utilities move more quickly due to their access to funding, and early adoption is reflected in contracts that have already been secured. In contrast, public utilities tend to require more time due to funding constraints.
Regarding other PFAS compounds beyond PFOA and PFOS, they remain on hold, with ongoing evaluation to ensure that the proposed limits are enforceable and based on sound science. We do anticipate that additional regulations will be introduced in the future.

Q4 Regarding customer stickiness and long-term relationship sustainability through the bundled offering of virgin and reactivated carbon.

A4 By combining reactivation services with virgin carbon and equipment, this full-solution approach significantly enhances customer stickiness and enables long-term customer relationships. For example, we have maintained relationships with utilities in Arizona for over 15 years, and in some cases, we continue to serve customers who have used our reactivation services since the 1970s. While there are competitive bidding processes in the drinking water space and some competitors are capable of providing reactivation services, we have been very successful in retaining customers, even within this competitive environment.

Q5 Regarding ROIC targets for the activated carbon business.

A5 During periods of increased investment, ROIC may not grow for a certain period, and we manage this by carefully balancing investment and returns. ROIC is assessed on a business-by-business basis, taking into account future growth potential; however, we do not disclose specific targets for individual businesses at this time. As one of the

benchmarks for investment decisions, we refer to the weighted average cost of capital (WACC), which on a corporate-wide basis is approximately 4% to 6%. For growth areas such as the activated carbon business, we aim to achieve returns that exceed this level, potentially by a significant margin. Going forward, we will continue to enhance our business portfolio and improve capital efficiency at the company-wide level.

Q6 Regarding business development in the battery sector, including products beyond activated carbon.

A6 Other than activated carbon, we are providing hard carbon for lithium-ion battery anodes. While we have strong performance competitively, market penetration remains at an early stage, partly due the presence of earlier entrants in this field.

As for the activated carbon, we have coconut shell-based products that are used not only for anode modification but also for large-capacity capacitor applications. We expect growth in these areas, particularly for renewable energy storage and for instantaneous power delivery in electric vehicles. More recently, we have also been expanding into AI-related data centers, and we are actively working on sales promotion in these fields.

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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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