KURARAY CO., LTD., Summary of Q&A Session for Q2 FY2026 Earning Announcement

[Time & Date]	From 15:00pm to 16:00pm, August 7, 2026	
[Place]	Kuraray Head Office *Hybrid conference	
[Speakers]	Hitoshi Kawahara	President and Representative Director
	Tomoyuki Watanabe	Director and Managing Executive Officer, President of Vinyl Acetate Resin Company and President of Vinyl Acetate Film Company
	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**

	H1 FY2025 actual → H1 FY2026 actual	H1 FY2026 actual → H2 FY2026 forecast
PVOH resin	More than +5%	More than -5%
Optical-use poval film	Less than +10%	About -15%
Advanced Interlayer Solutions	About -10%	More than -5%
Water-soluble PVOH film	Less than -10%	About 15%
EVAL™	More than +5%	Slightly positive
Elastomer	More than +10%	Less than +5%
GENESTAR™	Less than +20%	More than +10%
Activated carbon	Slightly positive	More than +10%
KURALON™	Less than -10%	About -5%

2. Q & As

Q Regarding the factors behind year-on-year changes in profit in the revised full-year earnings forecast

A While the full-year operating income forecast of JPY70 billion has been maintained, the breakdown of factors affecting year-on-year profit growth has changed in response to the evolving business environment. Regarding volume, the increase in profit is now expected to be smaller than in the previous forecast, reflecting not only softer-than-expected demand across businesses but also lower utilization rates assumed for certain businesses. On the other hand, due to rising raw material and fuel costs and progress in price revisions to address these increases, selling price and product mix is expected to be a significant positive factor, while raw materials, fuel and foreign exchange is expected to be a significant negative factor. Improvements in selling price and product mix also reflect a more favorable product mix resulting

from expanded sales of high value-added products such as SentryGlas™ in advanced interlayer solutions and VECTRAN™ in fiber and industrial materials.
Others is affected by inventory valuation differences. Reflecting both the carryover from FY2025 to FY2026 and the projected carryover from FY2026 to FY2027, this factor is expected to contribute positively to profit growth.

Q Regarding business environment of the Vinyl Acetate segment

A PVOH resin has been performing largely in line with plan, supported in part by inventory-building demand arising from the situation in the Strait of Hormuz. However, the impact of customer inventory adjustments has been factored into the outlook for H2.
Optical-use poval film performed strongly in H1, driven by front-loaded demand amid concerns over component supply shortages. However, a subsequent adjustment resulting from this front-loading is expected in H2.
For PVB film in the advanced interlayer solutions business, the business environment remains challenging due to sluggish global construction demand and intensifying competition. On the other hand, while SentryGlas™ has also been affected by the slowdown in global construction demand, construction projects themselves have not been canceled but rather postponed or delayed. Going forward, improvements in the Middle East situation are expected to support growth opportunities in the region and elsewhere.
For water-soluble PVOH film, a new product for single-unit dose detergent applications has been launched in North America. Supported by demand expansion associated with this launch and increased sales of high value-added products, earnings growth is expected from H2 FY2026 onward.
EVAL™ has been outperforming plan, supported by solid demand in automotive applications, although demand related to the circular economy has grown at a slower pace than initially expected. On the other hand, the impact of customer inventory adjustments is expected in H2.

Q Regarding factors behind improvement in selling price and product mix in the Functional Materials segment

A One of the factors behind the improvement in selling price and product mix is the progress of price revisions in the activated carbon business. Price pass-through of higher utility and raw material costs has progressed, contributing to improved earnings in both H1 and the full year. In addition, growing demand related to PFAS has also been a positive factor for pricing.
In the methacrylate business, structural reforms have led to a favorable shift in the product mix, providing a positive contribution to selling price and product mix.

Q Regarding approaches to improving profitability and shareholder returns under the next medium-term management plan

A ROE is forecast to be 5% in FY2026, compared with the 9% forecast for FY2026 announced in February 2025. This reflects the prolonged slowdown in demand for the Company's core businesses, affected by the U.S. tariff policies in 2025 and the situation in the Middle East in 2026. On the other hand, from the latter half of FY2026 onward, contributions from new product launches and progress in various projects are expected, and the Company intends to drive earnings recovery, particularly in the businesses of the Vinyl Acetate segment, as well as dental materials and activated carbon.
At the same time, as both the medium-term management plan "PASSION 2026" and the long-term vision "Kuraray Vision 2026" near their conclusion, the Company is formulating a new long-term vision. While continuing to enhance its business portfolio and pursue structural reforms, it will further examine its medium- to long-term growth strategy. FY2027 will be positioned as a standalone one-year plan, and a new medium-term management plan based on the new long-term vision is scheduled to commence in FY2028.
With regard to shareholder returns, the Company intends to incorporate the enhanced shareholder return policy established under "PASSION 2026" into the new long-term vision and the next medium-term management plan.

Q Regarding the positioning of each business in the Vinyl Acetate segment within the medium- to long-term business portfolio

A For optical-use poval film, the Company expects to continue achieving profitable growth, supported by market growth of approximately 2% to 3% annually for the foreseeable future.
For water-soluble PVOH film, in addition to the launch of a new product, development projects for next-generation products are also progressing. Although growth has remained flat for the past several years, the Company expects growth to accelerate from FY2027 onward.
In advanced interlayer solutions, SentryGlas™ continues to be positioned as a growth business. On the other hand, the competitive environment for PVB film is becoming increasingly severe. As a result, except for certain high value-added grades, the Company is reviewing PVB film as a target for structural reform.

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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.