

## Quarterly Financial Summary

Note: This is an English translation of selected parts of the Quarterly Financial Summary in Japanese and is for reference purposes only. In the event of any discrepancy between the translation and the original Japanese text, the latter will prevail.

### Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021 (IFRS)

August 11, 2020

**Company name:** Kureha Corporation  
**Stock listing:** Tokyo Stock Exchange  
**TSE code:** 4023  
**URL:** <https://www.kureha.co.jp/en/>  
**Representative:** Yutaka Kobayashi, President and Chief Executive Officer  
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**Scheduled date for filing quarterly securities report:** August 13, 2020  
**Scheduled date of dividend payment:** Not applicable  
**Supplementary materials for quarterly financial results:** Available  
**Quarterly financial results briefing:** Not available

(Figures are rounded off to the nearest million yen)

#### 1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021 (Period April 1, 2020 through June 30, 2020)

##### (1) Consolidated Operating Results

(% figures indicate year-on-year changes)

	Revenue		Operating profit		Profit before income tax		Net profit		Profit attributable to owners of the Company		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three-month period ended												
June 30, 2020	31,465	(1.7)	2,512	(44.7)	2,824	(38.2)	2,039	(46.5)	2,049	(46.2)	4,362	32.1
June 30, 2019	32,025	(7.3)	4,542	40.6	4,569	30.6	3,813	52.1	3,808	52.4	3,301	30.5

	Basic profit per share	Diluted profit per share
Three-month period ended	Yen	Yen
June 30, 2020	105.03	104.93
June 30, 2019	188.86	188.72

Note: Figures for the three-month period ended June 30, 2019 have been revised from the initial announcement, reflecting accounting adjustments related to business combinations finalized in the following second quarter of the fiscal year.

##### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2020	246,603	169,276	167,678	68.0
June 30, 2019	246,890	166,623	164,990	66.8

## 2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Total
Fiscal year ended March 31, 2020	Yen —	Yen 85.00	Yen —	Yen 85.00	Yen 170.00
Fiscal year ending March 31, 2021	—				
(Forecast) Fiscal year ending March 31, 2021		—	—	—	—

Note: Changes in the dividend forecast from the most recent announcement: None

The Company has not determined its dividend forecast for the fiscal year ending March 31, 2021.

## 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2021 (Period April 1, 2020 through March 31, 2021)

Kureha Corporation has not provided its consolidated earnings forecast for the fiscal year ending March 31, 2021 because the Company is unable to rationally estimate the impact of the novel coronavirus pandemic on its business operations at this stage. The Company will promptly disclose this forecast when it becomes possible to formulate rational estimates.

### \* Notes

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries affecting the scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
  - 1) Changes in accounting policies required under IFRS: None
  - 2) Changes in accounting policies other than those in item 1) above: None
  - 3) Changes in accounting estimates: None
- (3) Number of shares issued (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)	As of June 30, 2020	20,805,407 shares	As of March 31, 2020	20,805,407 shares
2) Number of treasury shares at the end of the period	As of June 30, 2020	1,287,185 shares	As of March 31, 2020	1,286,991 shares
3) Average number of shares outstanding during the period	Three months ended June 30, 2020	19,518,334 shares	Three months ended June 30, 2019	20,164,890 shares

\* This quarterly financial summary is outside the scope of quarterly review by certified public accountants or audit corporations.

\* Note to ensure proper use of financial forecasts, and other noteworthy matters

All forecasts and forward-looking statements in this report are based on information currently available to the Company and assumptions that are deemed to be reasonable, but Kureha Corporation does not guarantee the achievement of these forecasts. Actual results may differ significantly as a consequence of numerous factors. For more information regarding the assumptions and terms the Company applied when formulating earnings forecasts and precautions that should be taken when utilizing these earnings forecasts, please refer to “(3) Outlook for the Fiscal Year Ending March 31, 2021” included under the section “1. Overview of Operating Results and Outlook” on page 3 of the attached document.

(Attachment)

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## Overview of Operating Results and Outlook

### (1) Overview of Operating Results for the Period under Review

Due to the coronavirus outbreak, the Japanese and world's economies faced extremely difficult conditions during the three months ended June 30, 2020. Although the global economy is expected to recover as socio-economic activities will gradually return to higher levels, there still remains much uncertainty going forward over the continuing spread of the pandemic.

Under these circumstances, the Kureha Group is implementing its medium-term management plan, "Kureha's Challenge 2020," through which it aims to lay a foundation for future development, achieve sustainable growth, and raise corporate value. During the three months ended June 30, 2020, the impact of the novel coronavirus pandemic became apparent in areas such as the Advanced Materials segment that saw weaker sales. Overall negative impact was marginal but led to declines in revenue and profit year on year. For the three months ended June 30, revenue was 31,465 million yen (down 1.7% year on year) and operating profit was 2,512 million yen (down 44.7% year on year), declining due in part to the absence of a bargain purchase gain of 1,460 million yen associated with Kureha subsidiary's business combination recorded in the previous year. Meanwhile, profit before income tax was 2,824 million yen (down 38.2% year on year), net profit for the period was 2,039 million yen (down 46.5% year on year), and profit attributable to owners of the Company was 2,049 million yen (down 46.2% year on year).

Note that figures for the three months ended June 30, 2019 have been revised from the initial announcement, reflecting the accounting treatment related to business combinations finalized in the second quarter of the fiscal year.

Results by segment are as follows:

(Unit: millions of yen)

	Revenue			Operating profit (loss)		
	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	Three months ended June 30, 2019	Three months ended June 30, 2020	Change
Advanced Materials	9,885	8,653	(1,232)	1,167	(281)	(1,449)
Specialty Chemicals	5,336	5,339	3	95	198	102
Specialty Plastics	10,962	10,552	(410)	1,502	1,779	276
Construction	1,772	2,657	885	(12)	205	218
Other Operations	4,067	4,261	194	344	620	275
Adjustments*	—	—	—	1,444	(9)	(1,454)
Consolidated Total	32,025	31,465	(559)	4,542	2,512	(2,030)

\* Operating profit (loss) adjustments include miscellaneous income and expenditures not allocated to reporting segments. For details, please refer to "(4) Notes on Condensed Quarterly Consolidated Financial Statements (Segment information)"

#### 1. Advanced Materials

Revenue and operating profit fell in the advanced plastics category due to decreased sales of polyphenylene sulfide (PPS), polyvinylidene fluoride (PVDF) used as a binder material for lithium-ion secondary batteries, and polyglycolic acid (PGA) products used in the process of shale oil and gas drilling.

Revenue and operating profit in the carbon products category also fell due to lower sales of carbon fiber used in heat insulating material for high-temperature furnaces.

As a result, revenue in Advanced Materials was 8,653 million yen (down 12.5% year on year), and operating loss was 281 million yen (versus operating profit of 1,167 million yen in the three months ended June 30, 2019).

#### 2. Specialty Chemicals

Revenue and operating profit in the agrochemicals and pharmaceuticals category rose thanks to increased sales of agricultural and horticultural fungicides, despite sales of Kremezin (therapeutic agent for chronic renal failure) remaining flat year on year.

Meanwhile, revenue and operating profit in the industrial chemicals category fell due to lower sales of organic and inorganic chemicals.

Consequently, revenue in Specialty Chemicals was 5,339 million yen (up 0.1% year on year), and operating profit was 198 million yen (up 107.6%).

#### 3. Specialty Plastics

Both revenue and operating profit increased in the consumer goods category thanks to sales increases of New Krewrap plastic wrap and Seaguar fluorocarbon fishing lines.

Meanwhile, revenue and profit both fell in the packaging materials category due primarily to declines in sales of heat-shrink multilayer film and other products and due partly to the transfer of the blow-bottle business in the previous year.

As a result, revenue in Specialty Plastics was 10,552 million yen (down 3.7% year on year), and operating profit was 1,779 million yen (up 18.4%).

#### 4. Construction

Both revenue and operating profit rose in Construction thanks to higher volumes of construction in both construction and civil engineering sectors.

Consequently, revenue in Construction was 2,657 million yen (up 49.9% year on year), and operating profit was 205 million yen (versus operating loss of 12 million yen in the three months ended June 30, 2019).

#### 5. Other Operations

Both revenue and operating profit rose in the environmental engineering category thanks to higher volumes of industrial waste treatment and processing.

In the logistics category, both revenue and operating profit remained flat year on year.

Meanwhile, the hospital operations category reported lower sales and an operating loss.

As a result, revenue in Other Operations was 4,261 million yen (up 4.8% year on year), and operating profit was 620 million yen (up 80.0%).

### (2) Overview of Financial Position for the Period under Review

Total assets as of June 30, 2020 were 246,603 million yen, down 287 million yen compared to March 31, 2020. Current assets totaled 77,133 million yen, down 1,878 million yen compared to March 31, 2020 due to a decline in trade and other receivables, despite an increase in cash and cash equivalents. Non-current assets were 169,470 million yen, up 1,590 million yen compared to March 31, 2020 due primarily to an increase in investment securities and retirement benefit assets, despite a 440 million yen decrease in property, plant and equipment to 119,342 million yen.

Total liabilities were 77,326 million yen, down 2,939 million yen compared to March 31, 2020. This was due primarily to a decline in trade and other payables as well as the payment of bonuses and corporate taxes. Total liabilities declined despite a 4,315 million yen increase in interest-bearing debt to 41,632 million yen, which was mainly the result of the issuance of commercial papers.

Total equity was 169,276 million yen, up 2,652 million yen compared to March 31, 2020. This was due mainly to the recording of 2,049 million yen in profit attributable to owners of the Company and the booking of a gain on sales and valuation of investment securities. Total equity increased despite surplus dividend payments of 1,659 million yen.

As of June 30, 2020, the novel coronavirus pandemic has had no impact on the Group's capacity to secure liquidity or conduct credit protection.

### (3) Outlook for the Fiscal Year Ending March 31, 2021

Kureha Corporation's consolidated earnings forecast for the fiscal year ending March 31, 2021 remains undetermined because the Company is currently unable to make rational estimates regarding the impact of the still-spreading global novel coronavirus pandemic on its business results.

The Company will promptly disclose this forecast when rational estimates become possible.