

Quarterly Financial Summary

Note: This is an English translation 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 Second Quarter of the Fiscal Year Ending March 31, 2024 (IFRS)

November 9, 2023

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: November 13, 2023
 Scheduled date of dividend payment: December 4, 2023
 Supplementary materials for quarterly financial results: Available
 Quarterly financial results briefing: Yes (for institutional investors and analysts)

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (From April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results

(% figures indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		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 months ended												
September 30, 2023	88,490	△13.0	9,148	△45.3	9,859	△43.3	6,828	△44.4	6,797	△44.2	13,774	△16.0
September 30, 2022	101,755	28.7	16,737	47.3	17,377	51.8	12,278	46.1	12,190	46.4	16,389	59.4

	Basic profit per share	Diluted profit per share
Six months ended	Yen	Yen
September 30, 2023	355.29	354.68
September 30, 2022	624.60	623.63

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Equity attributable to owners of the Company to total assets ratio
As of	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2023	306,000	221,235	219,635	71.8
March 31, 2023	296,404	216,774	215,199	72.6

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Total
Fiscal year ended March 31, 2023	Yen —	Yen 125.00	Yen —	Yen 145.00	Yen 270.0
Fiscal year ending March 31, 2024	—	130.00			
(Forecast) Fiscal year ending March 31, 2024			—	130.00	260.00

Note: Changes in the dividend forecast from the most recent announcement: No

2. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(% figures indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the Company		Basic profit per share Yen
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Fiscal year ending March 31, 2024	180,000	△5.9	14,000	△37.4	15,000	△34.8	10,500	△37.8	555.04

Note: Changes in earnings forecast from the most recent announcement: Yes

* 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 September 30, 2023	19,525,407 shares	As of March 31, 2023	20,805,407 shares
2) Number of treasury shares at the end of the period	As of September 30, 2023	769,792 shares	As of March 31, 2023	1,287,970 shares
3) Average number of shares outstanding during the period	Six months ended September 30, 2023	19,132,164 shares	Six months ended September 30, 2022	19,517,642 shares

* This quarterly financial summary is outside the scope of 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, 2024 and beyond” included under the section “1. Overview of Operating Results and Outlook” on page 2 of the attached document.

(Attachment)

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1. Overview of Operating Results and Outlook

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

During the first six months of the fiscal year ending March 31, 2024, as the impact of the COVID-19 pandemic wanes, the Japanese and global economies continued to show signs of normalization of socioeconomic activity and are expected to continue their gradual recovery. Nevertheless, the outlook remains uncertain due to concerns over the effects of global monetary tightening, a slowdown of the Chinese economy, and the protracted conflict in Ukraine.

Under these circumstances, the Kureha Group, to fulfill our dual goals of “improving medium- to long-term corporate value” and “contributing toward a sustainable society,” and to achieve further growth of the Kureha Group by promoting sustainability-focused management, has newly established the Kureha Group Corporate Philosophy and the Kureha Vision. At the same time, looking toward FY2030, we formulated our Management Policy and the Mid- to Long-term Management Plan “Toward Creating a New Future.”

In the first six months of the fiscal year, the Group’s revenue and profits decreased year on year as sales of polyvinylidene fluoride (PVDF), used as a binder material for lithium-ion secondary batteries, declined in the Advanced Materials segment.

Revenue was 88,490 million yen (down 13.0% year on year), operating profit was 9,148 million yen (down 45.3% year on year), profit before income taxes was 9,859 million yen (down 43.3% year on year), net profit was 6,828 million yen (down 44.4% year on year), and profit attributable to owners of the Company was 6,797 million yen (down 44.2% year on year).

Results by segment were as follows:

	(Millions of yen)					
	Revenue			Operating profit		
	Six months ended September 30, 2022	Six months ended September 30, 2023	Change	Six months ended September 30, 2022	Six months ended September 30, 2023	Change
Advanced Materials	47,296	34,002	△13,293	9,034	2,832	△6,202
Specialty Chemicals	17,524	17,098	△425	1,617	750	△866
Specialty Plastics	23,782	23,444	△338	4,270	4,311	41
Construction	4,231	5,365	1,133	265	207	△58
Other Operations	8,920	8,578	△341	1,387	1,079	△308
Segment Total	101,755	88,490	△13,265	16,575	9,181	△7,393
Adjustments*	—	—	—	161	△33	△194
Consolidated Total	101,755	88,490	△13,265	16,737	9,148	△7,588

Note: Operating profit adjustments include other income and expenses not allocated to reporting segments.

1. Advanced Materials

In the advanced plastics category, sales increased for polyphenylene sulfide (PPS) and polyglycolic acid (PGA) products used in the process of shale oil and gas fracking. However, revenue and operating profit fell in this category due to lower sales of polyvinylidene fluoride (PVDF), used as a binder material for lithium-ion secondary batteries, and other processed plastics products.

Meanwhile, revenue and operating profit in the carbon products category rose as sales of heat insulating material for high-temperature furnaces increased.

As a result, revenue in Advanced Materials was 34,002 million yen (down 28.1% year on year) and operating profit was 2,832 million yen (down 68.6% year on year).

2. Specialty Chemicals

In the agrochemicals and pharmaceuticals category, revenue and operating profit declined due to lower sales of agricultural and horticultural fungicides and of Kremezin, a therapeutic agent for chronic renal failure.

The industrial chemicals category made a turnaround to operating profit from an operating loss reported in the same period of the previous fiscal year, due to an increase in sales of inorganic and organic chemicals.

Consequently, revenue in Specialty Chemicals was 17,098 million yen (down 2.4% year on year) and operating profit was 750 million yen (down 53.6% year on year).

3. Specialty Plastics

In the consumer goods category, revenue and operating profit rose due to an increase in sales of New Krewrap plastic wrap for household use, although sales of Seaguar fluorocarbon fishing lines were flat year on year.

In the packaging materials category, revenue fell due to declines in sales of heat-shrink multilayer film and polyvinylidene chloride (PVDC) film. However, operating profit was flat year on year due to lower expenses.

Consequently, revenue in Specialty Plastics was 23,444 million yen (down 1.4% year on year) and operating profit was 4,311 million yen (up 1.0% year on year).

4. Construction

In Construction, revenue grew in tandem with an increase in private-sector construction projects, but operating profit remained flat year on year.

As a result, revenue in Construction was 5,365 million yen (up 26.8% year on year) and operating profit was 207 million yen (flat year on year).

5. Other Operations

In the environmental engineering category, revenue increased due to higher volumes of industrial waste treatment and processing, but operating profit decreased.

In the logistics category, both revenue and operating profit declined.

The hospital operations category saw revenue decline and operating loss widen.

As a result, revenue in Other Operations was 8,578 million yen (down 3.8% year on year) and operating profit was 1,079 million yen (down 22.2% year on year).

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

Total assets as of September 30, 2023, were 306,000 million yen, up 9,596 million yen compared to March 31, 2023. Current assets totaled 118,952 million yen, down 2,042 million yen compared to March 31, 2023, due mainly to decreases in cash and cash equivalents and inventories, while trade and other receivables increased. Non-current assets increased from March 31, 2023, by 11,638 million yen to 187,048 million yen, due mainly to increases in tangible fixed assets and other financial assets.

Total liabilities were 84,765 million yen, up 5,135 million yen compared to March 31, 2023. This was mainly due to an increase in interest-bearing debt, which grew to 32,704 million yen, up 6,429 million yen compared to March 31, 2023, reflecting an increase mainly in loans payable, while trade and other payables declined.

Total equity was 221,235 million yen, up 4,460 million yen compared to March 31, 2023. This was mainly due to the recording of 6,797 million yen in profit attributable to owners of the Company and an increase in other components of equity due to yen depreciation, which together absorbed the 6,452 million yen to repurchase Company shares and 2,830 million yen in dividend payments.

(3) Outlook for the Fiscal Year Ending March 31, 2024, and Beyond

In light of recent performance trends, the Company has revised its consolidated earnings forecast for the fiscal year ending March 31, 2024 from the figures announced on May 12, 2023. For details, please refer to the "Notice of Revised FY2023 Earnings Forecast" released today (November 9, 2023).