

FY2023 Financial Report

- FY2023 Financial Results / FY2024 Financial Outlook
- Kureha Mid-/Long-Term Management Plan(FY2023-2030)
- The Rolling Plan 2025

KUREHA CORPORATION

May 13, 2024

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FY2023 Results and FY2024 Outlook

Revenue and Profit

	24/3		YoY	25/3	
	Result	23/3 Result		Forecast	YoY
	(¥ billion)				
Advanced Materials	64.5	82.7	-18.2	70.0	5.5
Specialty Chemicals	33.9	31.8	2.2	29.0	-4.9
Specialty Plastics	47.3	46.8	0.5	40.0	-7.3
Construction	13.9	11.3	2.6	14.5	0.6
Other Operation	18.2	18.7	-0.5	16.5	-1.7
Revenue	178.0	191.3	-13.3	170.0	-8.0
Advanced Materials	4.8	10.1	-5.3	5.7	0.9
Specialty Chemicals	1.7	1.8	-0.2	1.0	-0.7
Specialty Plastics	8.2	8.6	-0.4	5.2	-3.0
Construction	1.5	0.9	0.6	0.8	-0.7
Other Operation	2.5	2.8	-0.4	1.3	-1.2
Core operating profit	18.6	24.3	-5.7	14.0	-4.6
Adjustments	-5.8	-2.0	-3.9	-	5.8
Operating profit	12.8	22.4	-9.6	14.0	1.2
Profit attributable to owners of Kureha Corp.	9.7	16.9	-7.1	10.0	0.3

VS FY2022

- Sales and profits of PVDF for LiB declined due to a drop in both volume and unit price as the EV market and customers' inventories continued to adjust, reversing a sharp increase in demand until the 1H of FY2022, when the EV market expanded rapidly.
- The PGA business returned to profitability as a result of progress in inventory liquidation and a gain on asset revaluation of approximately 6.2 billion yen.
- Equity in earnings of PPS business decreased.

(Reference) Difference from the earnings forecast disclosed on March 27, 2024

- Core operating profit improved due to unrecognized expenses and sales increase as customers secured inventories following the withdrawal from the ML film business, as well as a decrease in activity expenses and allowances.
- Operating profit also improved due to a smaller-than-expected loss from the withdrawal from the ML film business, which was recorded in other expenses.

FY2024 Outlook

- In the PVDF for LiB binder for automotive applications, sales are expected to increase due to gradual growth in the EV market, although customer inventory adjustments of LiB will continue. Profit margins in the PVDF business are expected to remain flat due to the sales of products produced from high price raw material will continue during 1H of FY2024 and lower plant utilization.
- PGA sales will increase due to higher sales volume. Despite a decrease in return gain from inventory revaluation, profitability is firmly established due to increased sales volume and restart of the resin plant in the U.S.
- Though plastic products business environment does not change, profit decrease due to higher fixed costs in household products and withdrawal from heat-shrinkable multilayer film business.
- Increase due to lower cost of PPS and increase in equity in earnings of affiliates.

Rolling plan of Mid- to Long-term Management Plan

- The growth of the EV market is slowing down, and the environment for the PVDF business has changed drastically from what was expected at the start of the medium- to long-term management plan.
- Although the EV market is growing at a slower pace than initially expected, it continues to be a growing market, and inventory adjustments by customers are expected to be completed by FY2025.
- Under the Rolling Plan, we will further promote balance sheet management emphasizing return on capital, and have newly set ROE of at least 8% and PBR of at least 1x as key performance indicators (KPIs) for FY2025.
 - To improve profits, we will not only wait for the PVDF business to recover, but will also work to raise our profit base level by thoroughly improving profits in other existing businesses and reducing costs throughout the company.
 - In addition, the company will engage in M&A in earnest in areas surrounding existing businesses.
 - The Company will further strengthen shareholder returns by setting the minimum annual dividend at 86.7 yen/share through FY2025 and doubling the amount of share buybacks to 40 billion yen over the three-year period through FY2025.
- Performance targets and KPIs for FY2030 will be disclosed again at the time of the announcement of the next medium-term management plan starting from FY2026.

I. FY2023 Financial Results

(April 1, 2023 – March 31, 2024)

FY2023 Financial Summary (1)

KUREHA CORPORATION

	(¥ billion)		
	FY2023	FY2022	%
Revenue	178.0	191.3	-7.0%
Core operating profit	18.6	24.3	-23.3%
Adjustments	-0.5	-0.2	
Other income	1.9	1.2	
Other expenses	7.2	3.0	
Operating profit	12.8	22.4	-42.7%
Financial income	1.3	0.9	
Financial expenses	0.2	0.2	
Profit before taxes	13.9	23.0	-39.5%
Profit attributable to owners of Kureha Corp.	9.7	16.9	-42.3%
Profit per share (¥)	173.03	288.10	
FOREX (¥/USD)	144.6	135.5	
(¥/EUR)	156.8	141.0	
(¥/CNY)	20.1	19.8	

< VS FY2022 >

〔Revenue〕

Sales of PPS, PGA, specialty chemicals, and construction business increased, but PVDF binder sales for LiB declined sharply, resulting in a combined decline in revenue.

〔Core Operating Profit〕

Despite a gain of approximately 6.2 billion yen from inventory revaluation of processed PGA, income decreased due to lower sales of PVDF and lower equity income from PPS.

〔Operating Profit〕

Other expenses decreased from 3.0 billion yen to 7.2 billion yen due to the cancellation of the PVDF manufacturing facility expansion plan in China and expenses for withdrawal from the multilayer barrier shrink film business.

〔Profit Before Taxes〕

Decrease due to lower operating profit.

〔Profit attributable to owners of Kureha Corp.〕

Decrease due to lower profit before tax.

FY2023 Financial Summary (2)

KUREHA CORPORATION

Revenue & Core Operating Profit by Segment

(¥ billion)

	FY2023 Results			FY2022 Results		
	1H	2H	Full-year	1H	2H	Full-year
Revenue	88.5	89.5	178.0	101.8	89.5	191.3
Advanced Materials	34.0	30.5	64.5	47.3	35.4	82.7
Specialty Chemicals	17.1	16.9	33.9	17.5	14.3	31.8
Specialty Plastics	23.4	23.9	47.3	23.8	23.0	46.8
Construction	5.4	8.6	13.9	4.2	7.1	11.3
Other Operations	8.6	9.7	18.2	8.9	9.8	18.7
Core operating profit	9.2	9.5	18.6	16.6	7.7	24.3
Advanced Materials	2.8	2.0	4.8	9.0	1.1	10.1
Specialty Chemicals	0.8	0.9	1.7	1.6	0.2	1.8
Specialty Plastics	4.3	3.9	8.2	4.3	4.3	8.6
Construction	0.2	1.3	1.5	0.3	0.6	0.9
Other Operations	1.1	1.4	2.5	1.4	1.4	2.8
Adjustments	-0.2	-0.4	-0.5	-0.0	-0.1	-0.2
Other income	0.5	1.4	1.9	0.5	0.6	1.2
Other expenses	0.4	6.9	7.2	0.4	2.6	3.0
Operating profit	9.1	3.7	12.8	16.7	5.6	22.4

FY2023 Financial Summary (3)

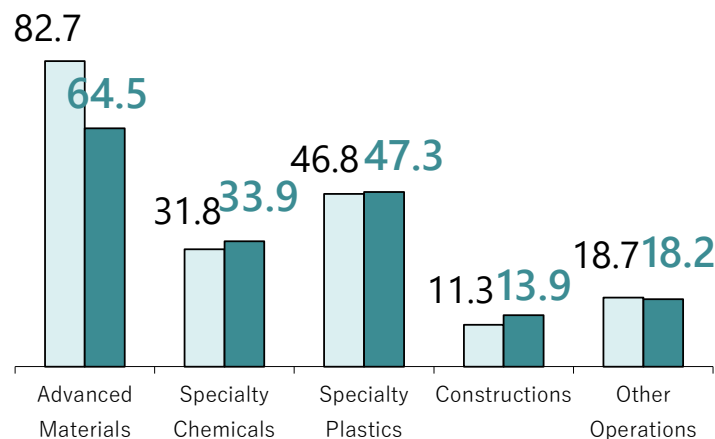
KUREHA CORPORATION

(¥ billion)

Segment Revenue & Core Operating Profit (vs. FY2022)

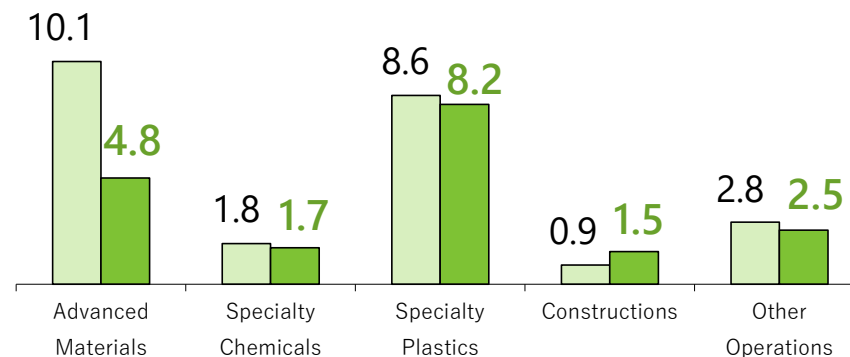
【Revenue】

□ FY2022
■ FY2023



【Core Operating Profit】

□ FY2022
■ FY2023



Factors affecting operating profit changes

- AM: Despite profit improvement due to return of inventory revaluation gain on processed PGA products, profit decreased due to lower sales of PVDF and lower equity income from PPS.
- SC: Sales revenue increased for all agrochemicals, pharmaceuticals, and industrial chemicals, but income decreased due to higher costs.
- SP: Although sales and earnings of household wrap increased due to price revisions, profits decreased due to a decline in sales of processed plastic products for industrial equipment.
- CO: Increase due to increase in private-sector construction work.
- OO: Profitability improved in the hospital operations, but declined in the environmental engineering and Logistics business.

FY2023 Financial Summary (4)

KUREHA CORPORATION

< Other income/expenses, financial income/expenses >

(¥ billion)

	FY2023	FY2022
Core operating profit	18.6	24.3
Adjustment	-0.5	-0.2
Other income	*2 1.9	1.2
Other expenses	*3 7.2	*1 3.0
Operating profit	12.8	22.4
Financial income	1.3	0.9
Financial expenses	0.2	0.2
Profit before tax	13.9	23.0

- *1 2023/3 Other Expenses**
Packaging materials
impairment of ML film business: ¥2.1bn
- *2 2024/3 Other Incomes**
Reversal gain of impairment loss on
ML film business: ¥0.9bn
- *3 2024/3 Other Expenses**
Cancellation of PVDF manufacturing
facilities expansion in China: ¥2.3bn
- Expense for withdrawal from ML film
business: ¥2.8bn
- Expense for removal of existing
facilities to increase PVDF production
at the Iwaki Plant: ¥1.2bn

Segment Performance: Advanced Materials

KUREHA CORPORATION

(¥ billion)

	FY2023	FY2022	%
Advanced plastics	45.0	63.0	-29%
Carbon products	7.9	6.9	13%
Other	11.6	12.7	-9%
Revenue	64.5	82.7	-22%
Operating profit	4.8	10.1	-52%

< VS FY2022 >

Revenue ↘ Operating profit ↘

Advanced Plastics

Despite the increase in sales revenue of PPS and PGA products for shale oil and gas drilling applications, revenue and profit of PVDF for LiB binder for automotive applications decreased due to the EV market and inventory adjustments by customers, resulting in a decline in total revenue. Decrease in revenue of PVDF and decrease in equity profit of PPS, despite improvement in profit due to gain on revaluation of inventories of processed PGA products.

Carbon Products

Sales and profit increased due to higher sales revenue of carbon fibers for insulation materials for high-temperature furnaces.

Segment Performance: Specialty Chemicals

KUREHA CORPORATION

(¥ billion)

	FY2023	FY2022	%
Agrochemicals	9.7	9.3	4%
Pharmaceuticals	4.0	3.8	5%
Industrial chemicals	10.7	9.9	8%
Other	9.5	8.7	9%
Revenue	33.9	31.8	7%
Operating profit	1.7	1.8	-11%

< VS FY2022 >

Revenue ↗ Operating profit ↘

Agrochemicals, Pharmaceuticals

Sales of agrochemicals, horticultural fungicides, and pharmaceuticals increased, but income decreased due to worsening cost of sales of pharmaceuticals, etc.

Industrial Chemicals

Both sales and income increased due to price transfer of raw material and fuel price hikes, etc.

Segment Performance: Specialty Plastics

(¥ billion)

	FY2023	FY2022	
			%
Home products	23.2	22.5	3%
Fishing lines	5.1	4.7	7%
Packaging materials	15.4	15.3	0%
Other	3.6	4.2	-13%
Revenue	47.3	46.8	1%
Operating Profit	8.2	8.6	-5%

< VS FY2022 >

Revenue ↗ Operating profit ↘

Home products, fishing lines

Increase in sales revenue and profit mainly due to the impact of the price revision of household wraps from the second half of FY2022.

Other

Decrease in revenue and profit due to lower sales of processed plastic products for industrial equipment.

Segment Performance: Construction and Other Operation

KUREHA CORPORATION

(¥ billion)

	FY2023	FY2022	%
【Construction】			
Revenue	13.9	11.3	23%
Operating profit	1.5	0.9	68%
【Other Operation】			
Environmental engineering	11.8	11.3	4%
Logistics	1.6	2.6	-39%
Hospital operations	4.3	4.1	4%
Others	0.5	0.6	-12%
Revenue	18.2	18.7	-2%
Operating profit	2.5	2.8	-13%

< VS FY2022 >

Construction

Revenue ↗ Operating profit ↗

Increase due to increase in private-sector construction work.

Other Operation

Revenue ↘ Operating profit ↘

Sales in the environmental engineering business increased, but income decreased due to lower profitability resulting from a decrease in disposal of low-concentration PCB waste and higher costs resulting from soaring raw material and fuel price.

Sales and profit decreased in the logistics business.

Sales revenue increased and operating loss decreased in the hospital business.

Financial Position

KUREHA CORPORATION

Assets

	Mar.31 2024	Mar.31 2023	Change
Cash and cash equivalents	23.1	32.2	-9.1
Trades and other receivables	40.6	31.9	8.8
Inventories	51.2	52.0	-0.8
Other current assets	4.9	4.9	-0.0
Total current assets	119.9	121.0	-1.1
Property, plant and equipment	140.5	117.4	23.1
Intangible assets	5.0	4.5	0.6 ※1
Investments and other assets	65.2	53.5	11.6
Total non-current assets	210.7	175.4	35.3
Total assets	330.6	296.4	34.2

Liabilities and Equity

(¥ billion)

	Mar.31 2024	Mar.31 2023	Change
Trades and other payables	20.5	27.7	-7.2
Interest-bearing debt	54.9	26.3	28.6
Provisions	11.3	8.5	2.8
Other liabilities	20.8	17.2	3.6
Total liabilities	107.5	79.6	27.9
Shareholders' equity	18.2	18.2	-
Capital surplus	14.7	14.7	-
Less: Treasury stock	-9.6	-8.7	-0.9
Retained earnings	177.3	179.0	-1.7 ※2
Other components of equity	20.8	12.1	8.7 ※3
Non-cotrolling interests	1.8	1.6	0.2
Total equity	223.1	216.8	6.4
Total liabilities and equity	330.6	296.4	34.2

Construction in progress increased in connection with the expansion of PVDF production facilities at the Iwaki site, and interest-bearing debt, including bonds, increased to fund this increase.

*1 ... construction in progress+13.0 *2 ... treasury stock disposal+9.1、share buy back-10.0

*3 ... treasury stock cancellation-9.1、net profit+9.7、dividend-5.3 etc.

Treasury stock of 1,280,000 stocks (before stock split) were disposed on June 30, 2023

Cash Flow

KUREHA CORPORATION

	(¥ billion)		
	FY2023	FY2022	Change
Profit before income tax	13.9	23.0	-9.1
Depreciation	11.7	11.6	0.0
Other	-14.0	-11.9	-2.1
Cash flow from operating activities	11.6	22.7	-11.1
Cash flow from investing activities	-34.3	-11.1	-23.2
Free cash flow	-22.7	11.6	-34.3
Cash flow from financing activities	12.1	-10.5	22.6
Effect of exchange rate changes on cash and cash equivalents	1.5	0.4	1.1
Increase/decrease in cash and cash equivalents	-9.1	1.6	-10.6
Cash and cash equivalents at beginning of period	32.2	30.6	1.6
Cash and cash equivalents at end of period	23.1	32.2	-9.1

II. FY2024 Financial Outlook

(April 1, 2024 – March 31, 2025)

FY2024 Financial Forecast (1)

KUREHA CORPORATION

(¥ billion)

	FY2024e			FY2023	%
	1H	2H	FY		
Revenue	85.0	85.0	170.0	178.0	-4.5%
Core operating profit	7.0	7.0	14.0	18.6	-24.9%
Adjustment	-	-	-	-0.5	
Other income	0.1	0.9	1.0	1.9	
Other expenses	0.6	0.4	1.0	7.2	
Operating profit	6.5	7.5	14.0	12.8	9.4%
Financial income	0.2	0.3	0.5	1.3	
Financial expenses	0.2	0.3	0.5	0.2	
Profit before taxes	6.5	7.5	14.0	13.9	0.6%
Profit attributable to owners of Kureha Corp.	5.0	5.0	10.0	9.7	2.7%
Profit per share (¥)			* 191.45	173.03	

FOREX

	FY2024e	FY2023
(¥/USD)	145.0	144.6
(¥/EUR)	158.0	156.8
(¥/CNY)	20.0	20.1

Exchange sensitivity

(Operating profit, FY2024e)	
1USD	¥1depreciation +¥0.09bn
1EUR	¥1depreciation +¥0.02bn
1CNY	¥1depreciation +¥0.12bn

< VS FY2023 >

〔Revenue〕

Revenue of PVDF for automotive LiB binder and PGA will increase, but revenue of agrochemical customers will decrease due to inventory adjustments and withdrawal from ML film business.

〔Core operating profit〕

Although revenue will increase due to lower cost of sales and higher equity in profit of PPS, profit will decrease due to higher fixed costs in household products and withdrawal from the ML film business.

〔Operating profit〕

Increase due to the absence of expenses recorded in the previous fiscal year, such as the cancellation of the PVDF manufacturing facility expansion plan in China and withdrawal from the ML Film business.

〔Profit attributable to owners of Kureha Corp.〕

Increase due to higher operating profit.

FY2024 Financial Forecast (2)

KUREHA CORPORATION

Revenue and Operating Profit by Segment		FY2024e						FY2023		
		1H	2H	FY	1H	2H	FY	1H	2H	FY
		(¥ billion)								
Revenue		85.0	85.0	170.0	88.5	89.5	178.0			
Advanced Materials		34.0	36.0	70.0	34.0	30.5	64.5			
Specialty Chemicals		15.5	13.5	29.0	17.1	16.9	33.9			
Specialty Plastics		21.0	19.0	40.0	23.4	23.9	47.3			
Construction		6.5	8.0	14.5	5.4	8.6	13.9			
Other Operations		8.0	8.5	16.5	8.6	9.7	18.2			
Core operating profit		7.0	7.0	14.0	9.2	9.5	18.6			
Advanced Materials		3.4	2.3	5.7	2.8	2.0	4.8			
Specialty Chemicals		0.6	0.4	1.0	0.8	0.9	1.7			
Specialty Plastics		2.2	3.0	5.2	4.3	3.9	8.2			
Construction		0.4	0.4	0.8	0.2	1.3	1.5			
Other Operations		0.4	0.9	1.3	1.1	1.4	2.5			
Adjustments					-0.2	-0.4	-0.5			
Other income		0.1	0.9	1.0	0.5	1.4	1.9			
Other expenses		0.6	0.4	1.0	0.4	6.9	7.2			
Operating profit		6.5	7.5	14.0	9.1	3.7	12.8			

FY2024 Financial Forecast (3)

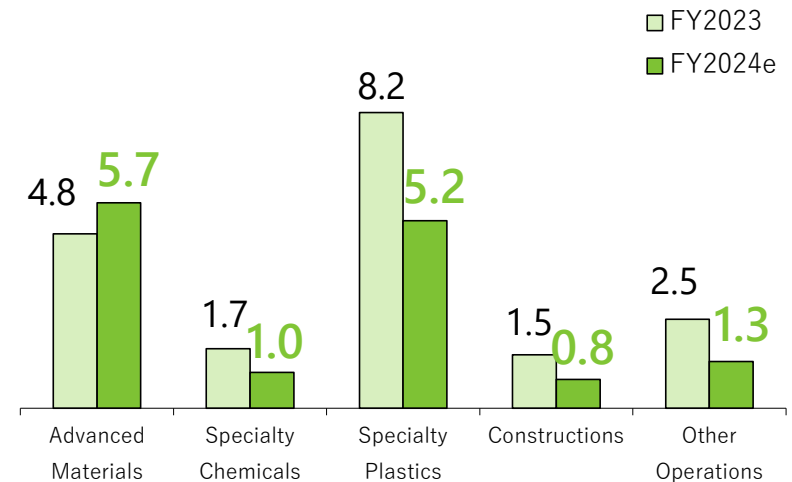
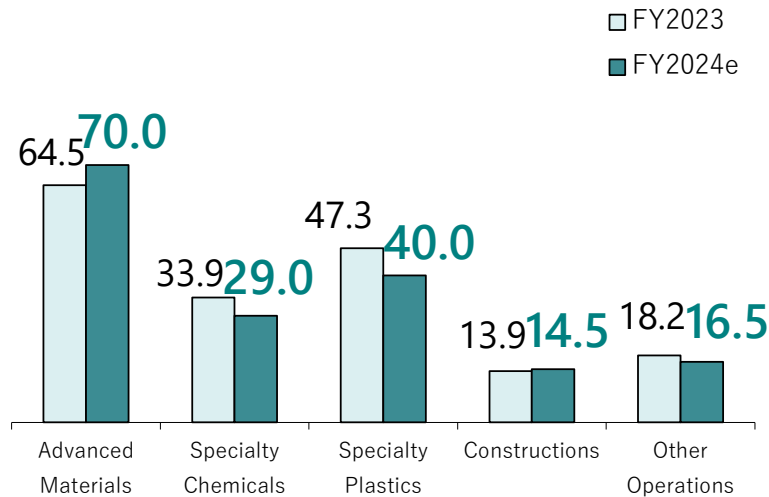
KUREHA CORPORATION

< Segment Revenue & Core Operating Profit (vs. FY2023) >

(¥ billion)

【Revenue】

【Core operating profit】



< Factors affecting operating profit changes >

AM: Increase in sales of PVDF for automotive LiB binder and PGA, PPS cost decrease and increase in equity of affiliates.

SC: Sales and profit decrease due to inventory adjustment of agrochemicals, etc.

SP: Decrease due to higher fixed costs in household products and withdrawal from ML Film business.

CO: Revenue increase, but profit decrease due to a decrease in high-margin projects.

OO: Decrease in sales and profit due to decrease in industrial waste disposal, etc.

Segment Performance Forecast: Advanced Materials

KUREHA CORPORATION

(¥ billion)

< VS FY2023 >

	FY2024e	FY2023	Change %
Advanced plastics	50.0	45.0	11%
Carbon products	7.5	7.9	-5%
Other	12.5	11.6	7%
Revenue	70.0	64.5	9%
Operating profit	5.7	4.8	18%

Revenue ↗ **Operating profit ↗**

Advanced plastics

Revenue of PVDF for automotive LiB binder will increase due to gradual growth in the EV market, Profit margins in the PVDF business are expected to remain flat due to the sales of products produced from high price raw material will continue during 1H of FY2024 and lower plant utilization.

PGA sales are expected to increase due to higher sales volume, while inventory revaluation gains are expected to decrease from approximately 6.2 billion yen to 2 to 3 billion yen, but the PGA business is expected to return to profitability due to higher sales volume and the resumption of operations at the US plant.

PPS profit increase due to lower raw material and fuel prices, cost reductions, and higher equity in profit of affiliates.

Carbon products

Profit decrease due to lower sales and profit of carbon fibers for insulation materials for high-temperature furnaces, caused by wafer inventory adjustments.

Other

Sales of advanced products (adhesives) of group companies increase, but profits remained flat.

Segment Performance Forecast: Specialty Chemicals

KUREHA CORPORATION

(¥ billion)

	FY2024e	FY2023	Change %
Agrochemicals	6.5	9.7	-33%
Pharmaceuticals	3.5	4.0	-13%
Industrial chemicals	10.5	10.7	-2%
Other	8.5	9.5	-10%
Revenue	29.0	33.9	-15%
Operating profit	1.0	1.7	-40%

< VS FY2023 >

Revenue ↘ Operating profit ↘

Agrochemicals

Revenue and profits of fungdomestic market.

Industrial chemicals

icides for agricultural and horticultural use decrease due to inventory adjustments.

Pharmaceuticals

Revenue and profit decrease due to drug price revision and shrinkage of the Revenue decline due to falling unit prices caused by price formulas, but profits remained unchanged.

Segment Performance Forecast: Specialty Plastics

KUREHA CORPORATION

(¥ billion)

	FY2024e	FY2023	Change %
Home products	23.5	23.2	1%
Fishing lines	5.5	5.1	8%
Packaging materials	7.5	15.4	-51%
Other	3.5	3.6	-4%
Revenue	40.0	47.3	-15%
Operating profit	5.2	8.2	-37%

< VS FY2023 >

Revenue ↘ Operating profit ↘

Home products, fishing lines

Home products profit increase due to sales growth, but profit decrease due to higher fixed costs.

Revenue of fishing lines increase due to sales expansion in overseas markets and leveraging in domestic markets, but profits remain flat.

Packaging materials

Revenue and profit decreased due to withdrawal from ML Film business.

Segment Performance Forecast: Construction and Other Operation

KUREHA CORPORATION

(¥ billion)

	FY2024e	FY2023	Change %
【Construction】			
Revenue	14.5	13.9	4%
Operating profit	0.8	1.5	-46%
【Other Operation】			
Environmental engineering	10.0	11.8	-15%
Logistics	1.5	1.6	-8%
Hospital operation	4.5	4.3	5%
Other	0.5	0.5	-4%
Revenue	16.5	18.2	-10%
Operating profit	1.3	2.5	-47%

< VS FY2023 >

Construction

Revenue ↗ Operating profit ↘

Revenue increases, but profit decreases due to a decrease in high-margin projects.

Other Operation

Revenue ↘ Operating profit ↘

Profit decrease in the environmental engineering business due to a decline in industrial waste disposal. Revenue and profit in the logistics business remain unchanged. Hospital business increase revenue and returned to profitability.

Cash Flow Forecast

KUREHA CORPORATION

	(¥ billion)		
	FY2024e	FY2023	Change
Profit before income tax	14.0	13.9	0.1
Depreciation	13.4	11.7	1.7
Other	0.4	-14.0	14.3
Cash flow from operating activities	27.8	11.6	16.2
Cash flow from investing activities	-51.8	-34.3	-17.5
Free cash flow	-24.0	-22.7	-1.3
Cash flow from financing activities	22.5	12.1	10.4
Effect of exchange rate changes on cash and cash equivalent	0.0	1.5	-1.5
Increase/decrease in cash and cash equivalents	-1.5	-9.1	7.6
Cash and cash equivalents at beginning of period	23.1	32.2	-9.1
Cash and cash equivalents at end of period	21.7	23.1	-1.5

Main factors

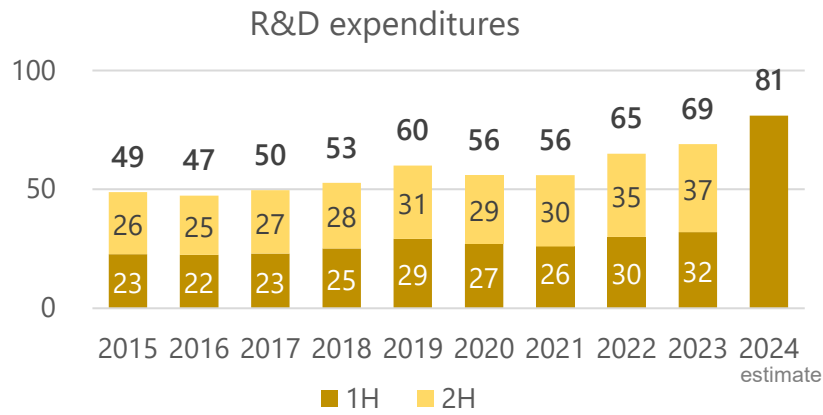
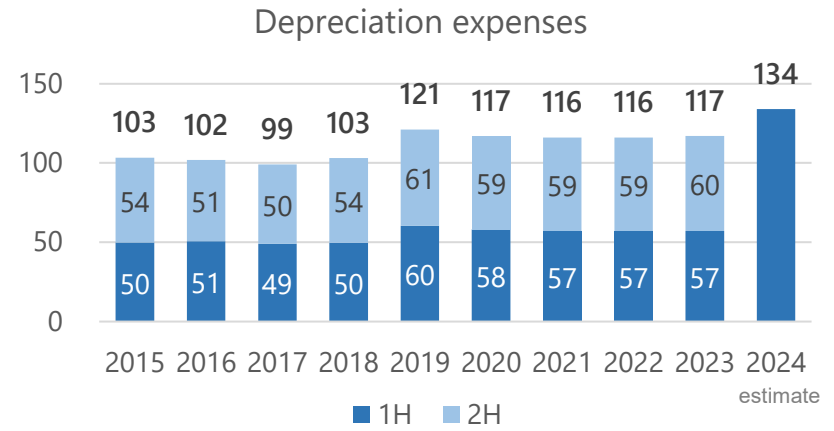
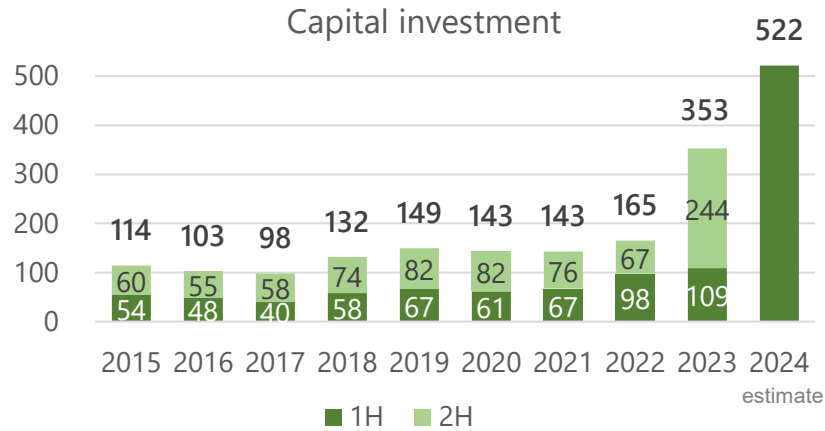
CF from operating activities	+16.2
Improvement in working capital	+10.9
Decrease in income tax payment	+7.3
CF from investing activities	-17.5
Capital expenditure	-22.0
CF from financing activities	+10.4
Acquisition of treasury stock	-5.0
Increase in interest-bearing debt financing	+14.8

Ⅲ. Key Indicators

Key Indicators (1)

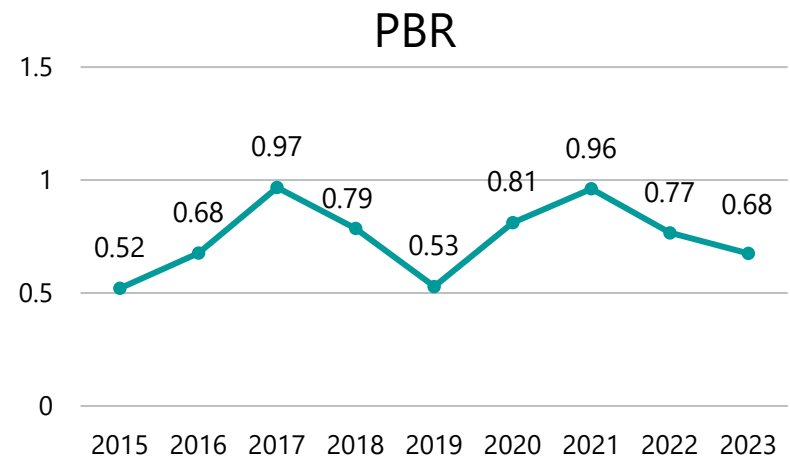
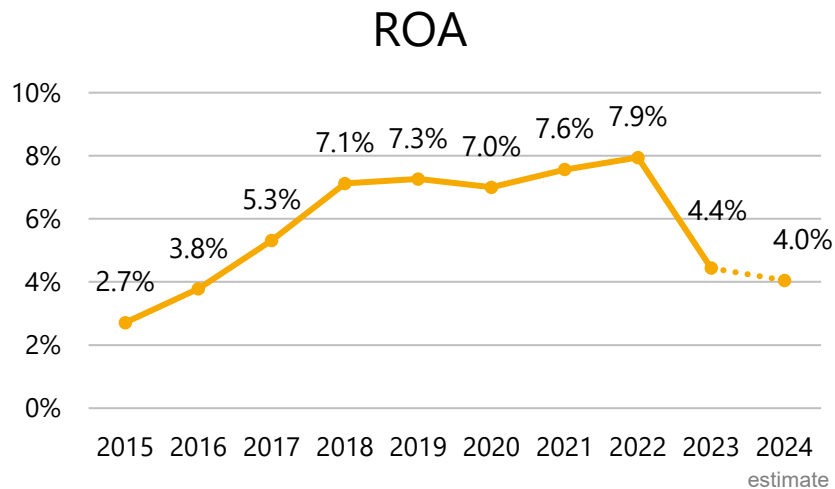
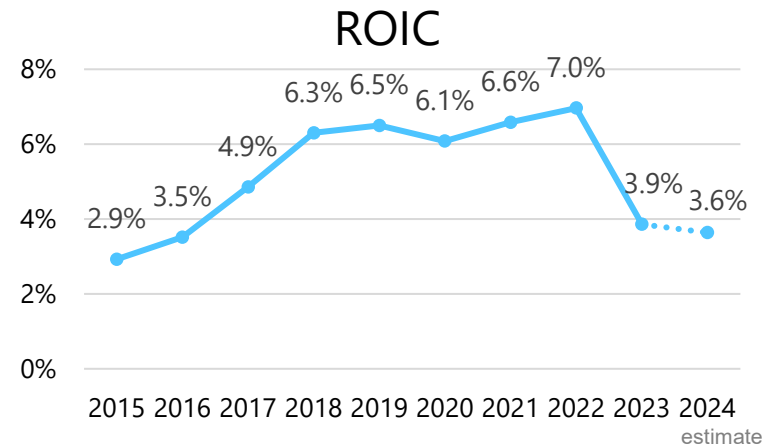
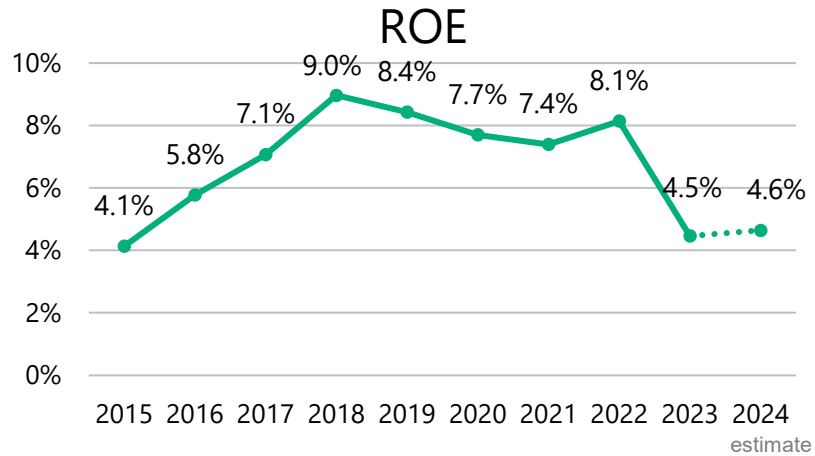
KUREHA CORPORATION

(in billions of yen)



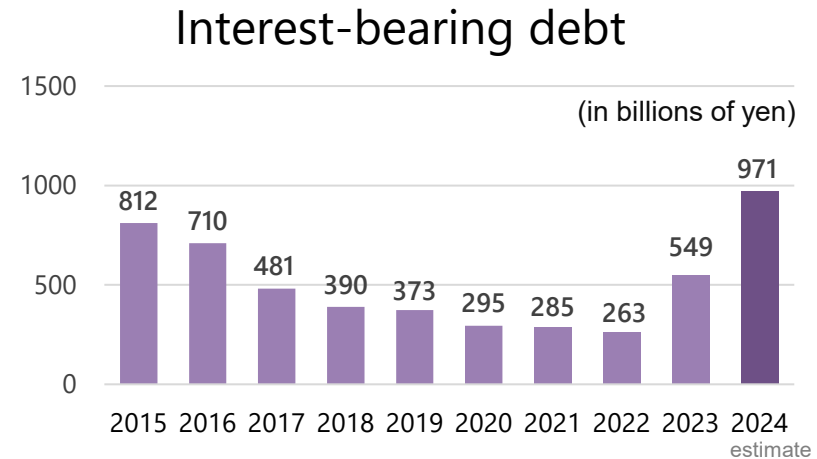
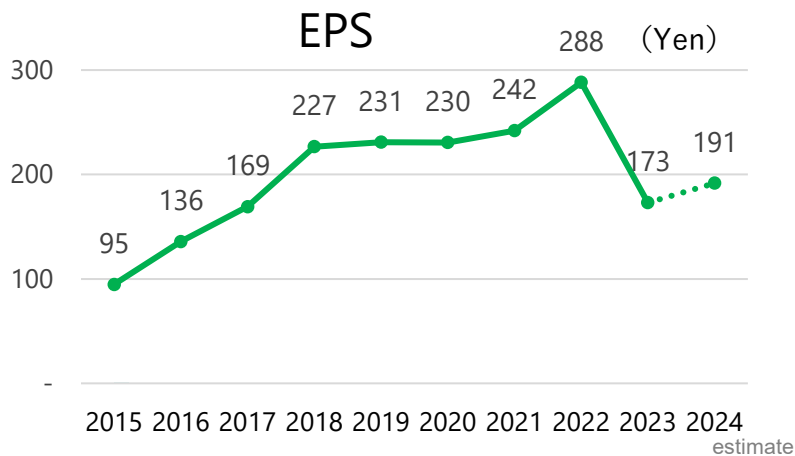
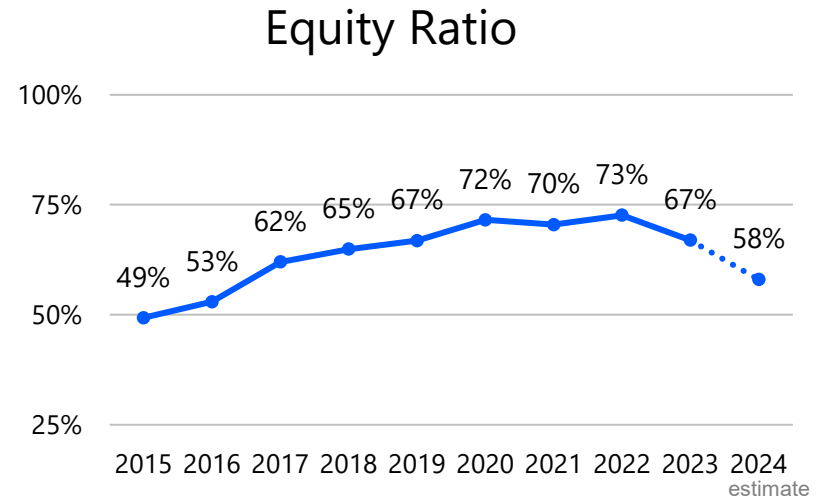
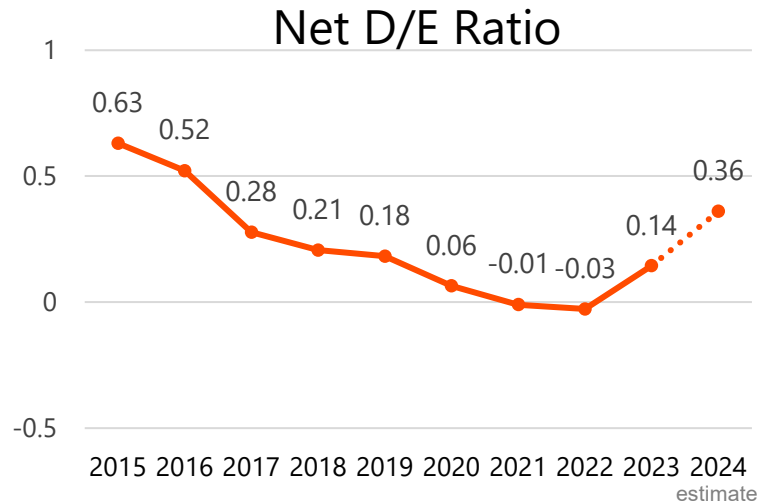
Key Indicators (2)

KUREHA CORPORATION


KUREHA

Key Indicators (3)

KUREHA CORPORATION



Kureha conducted a three-to-one share split on January 1, 2024.
All figures in this chart are presented on a post-split basis

IV. Kureha Mid-/Long-Term Management Plan (FY2023-2030) - The Rolling Plan 2025

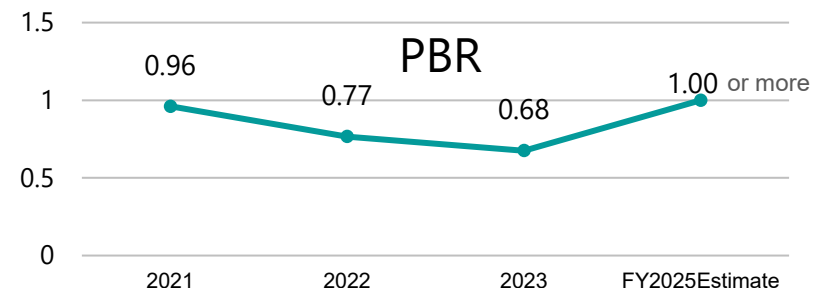
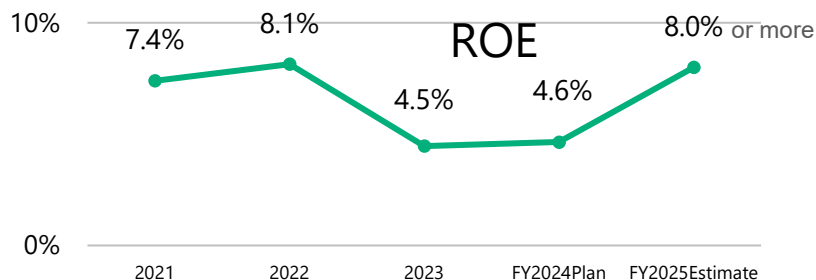
Note: The performance targets and key performance indicators for FY2030 will be released at the time of the announcement of the next medium-term management plan starting from FY2026..

Performance Targets and Key Performance Indicators (KPI)

KUREHA CORPORATION

- To promote balance sheet-focused management with greater emphasis on capital returns, Kureha sets a new ROE target for FY2025
 - Improves 'numerators' of ROE by executing extensive business expansion measures and corporate-wide cost reduction
 - Mitigates business risks by revising our investment plans, particularly for the PVDF business (to be later described)
 - Reviews our capital structure while mitigating business risks, enhances shareholder returns and promotes balance sheet-focused management (a minimal annual dividend of ¥86.7 per share, three-year share buybacks to double, and more details on shareholder returns described in the latter section)
- Kureha also sets a new KPI target, PBR of 1 or above, to be achieved by FY2025 end.

		<u>FY2023</u>	<u>FY2024 Estimate</u>	<u>Rolling plan (- FY2025)</u>	<u>FY2025 Original Plan</u>
Performance targets	Revenue	¥178.0 bn	¥170 bn	Revised ¥185 bn or more	¥200.0 bn
	Operating profit	¥12.8 bn	¥14 bn	Revised ¥20 bn or more	¥25.0 bn
Key Performance Indicators	ROE	4.5%	4.6%	New 8% or more	-
	PBR	0.7	-	New 1.0 or above	-

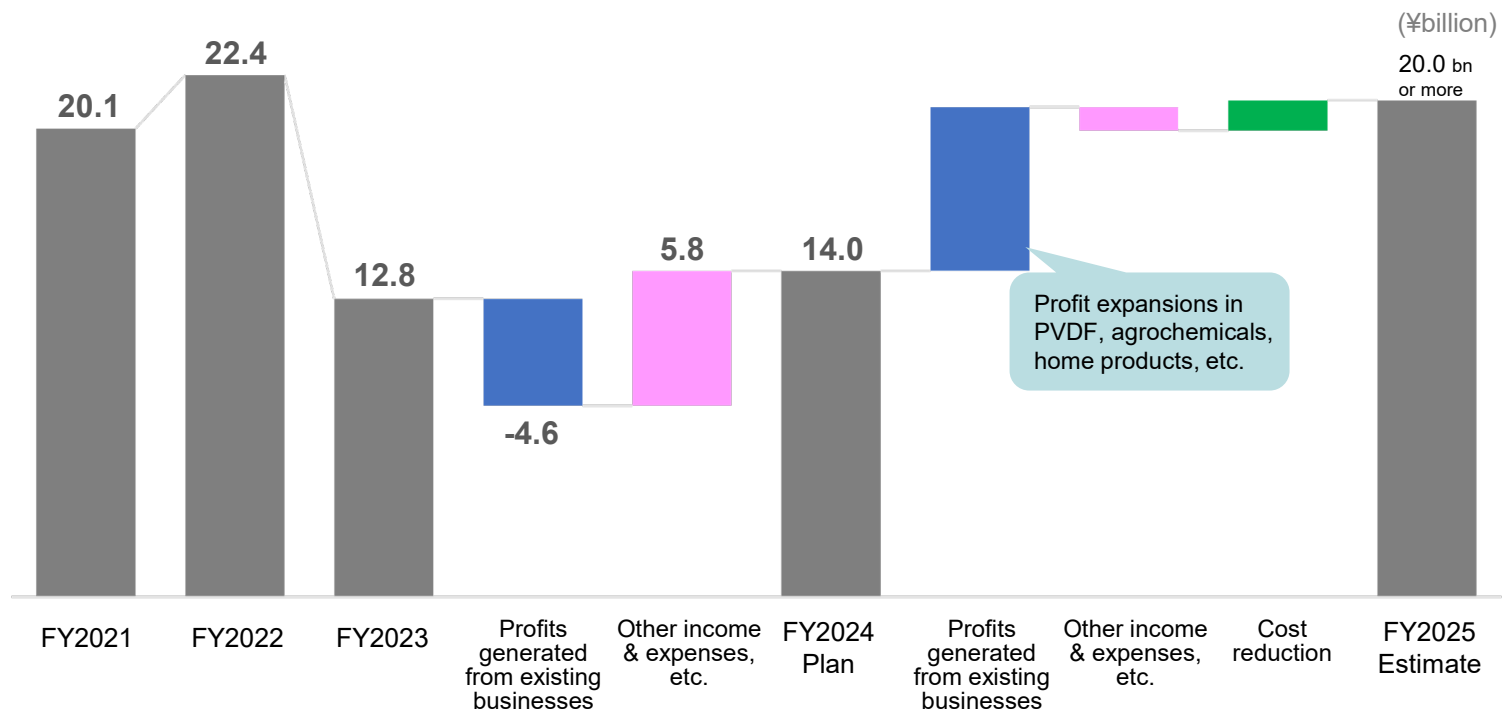


Operating Profit Growth Scenario

KUREHA CORPORATION

- Will strengthen and expand the profit base by executing thorough measures to revamp the PVDF business and expand other existing businesses
- Will implement across-the-board measures to further reduce costs in order to ensure profit improvement in case PVDF-related business conditions are not improving as projected. Specifically, our cost-cutting efforts are similar to the initiatives successfully achieved under our Cost Reduction Project during FY2013 and 2022.

Our approach to improving operating profit



FY2025 Performance Targets by Segment

KUREHA CORPORATION

Revenue & Core Operating Profit by Segment				(¥ billion)	
	FY2023 Results	FY2024 Plan	FY2025 Estimate	FY2025 Original Plan	
Revenue	178.0	170.0	185.0 or more	200.0	
Advanced Materials	64.5	70.0	81.0	100.0	
Specialty Chemicals	33.9	29.0	30.0	30.0	
Specialty Plastics	47.3	40.0	44.0	40.0	
Construction/Other Operations	32.1	31.0	30.0	30.0	
	-	-	-	-	
Core operating profit	18.6	14.0	20.0 or more	25.0	
Advanced Materials	4.8	5.7	10.0	16.0	
Specialty Chemicals	1.7	1.0	1.0	1.0	
Specialty Plastics	8.2	5.2	7.0	6.0	
Construction/Other Operations	4.0	2.1	2.0	2.0	
	-	-	-	-	
Adjustments/Other income and expenses	-5.8	-	-	-	
	-	-	-	-	
Operating profit	12.8	14.0	20.0 or more	25.0	

Capital Strategies

KUREHA CORPORATION

- A new minimal yearly dividend is set at ¥86.7 per share
- Share repurchases to double from ¥20 billion to ¥40 billion for the three-year period from FY2023 to FY2025
- The Board of Directors to determine each year on the cancellation of treasury shares which are considered as surpluses after deducting the number of shares required for stock compensation, M&As, etc., in addition to its decision regarding the acquisition of treasury shares
- An optimal equity ratio is set at around 50%, down 10 points from the previous 60%
- Policy stockholdings are periodically reviewed by the Board of Directors by scrutinizing the purpose, benefits, risks, and returns for each stock. Stocks that have lost their significance will be sold gradually after considering the relationship with business relationship, impact on the market, effective use of funds, and other factors.

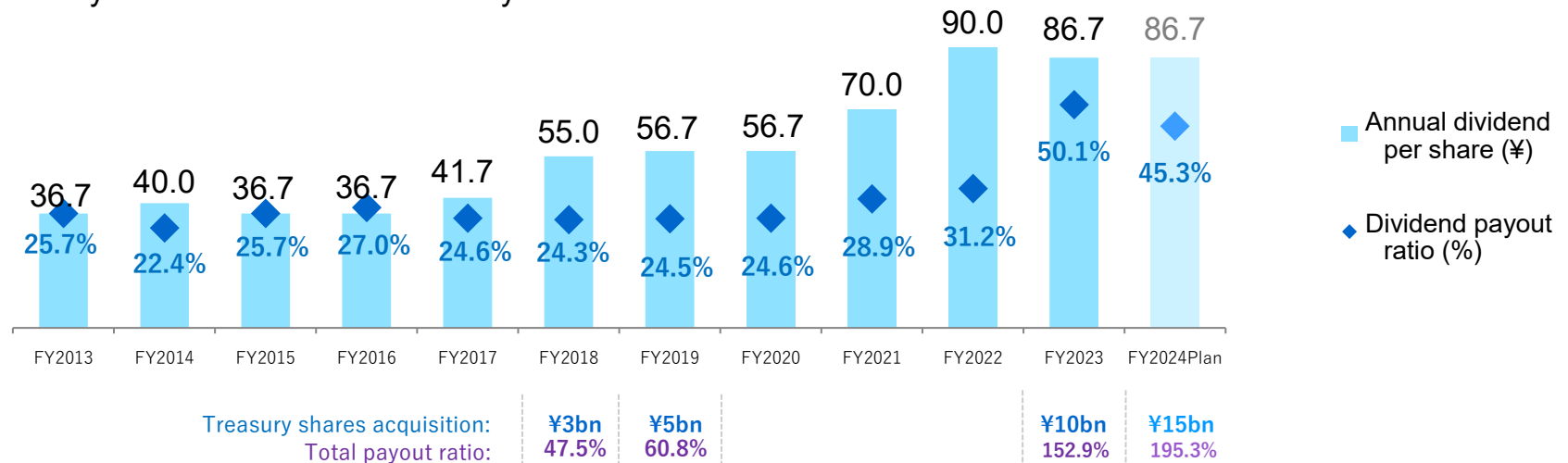
		<u>FY2025 Original Plan</u>		<u>Rolling plan (- FY2025)</u>
Cash dividend	Payout ratio	30% or more		Continued 30% or more
	Minimal yearly dividend per share	(None)		New ¥86.7 or more
Total payout ratio	Total payout ratio	50% or more		Continued 50% or more
	Treasury shares to be acquired (- FY2025)	Approx. ¥20 billion		Revised Approx. ¥40 billion
Treasury shares	Method of cancellation	To be determined in accordance with Article 178, Companies Act	New To be determined in accordance with Article 178 of the Companies Act, AND the cancellation of treasury shares deemed surpluses after considerations for stock compensation, M&As, etc., to be also determined	
	Equity ratio	Approx. 60%	Revised Approx. 50%	

Shareholder Returns

KUREHA CORPORATION

Kureha's basic policy on the distribution of earnings is to maintain stable dividends with a target dividend payout ratio of 30% or more, while enhancing internal reserves to enable active investment in future business expansion. Moreover, a minimal annual dividend is set at ¥86.7 per share until FY2025. To further meet shareholders' expectations and improve stock prices, we aim for a total payout ratio of 50% or more through share buybacks and acquire approximately ¥40 billion in treasury stock during the three-year period from FY2023 through FY2025.

Yearly Dividends and Dividend Payout Ratio



Notes:

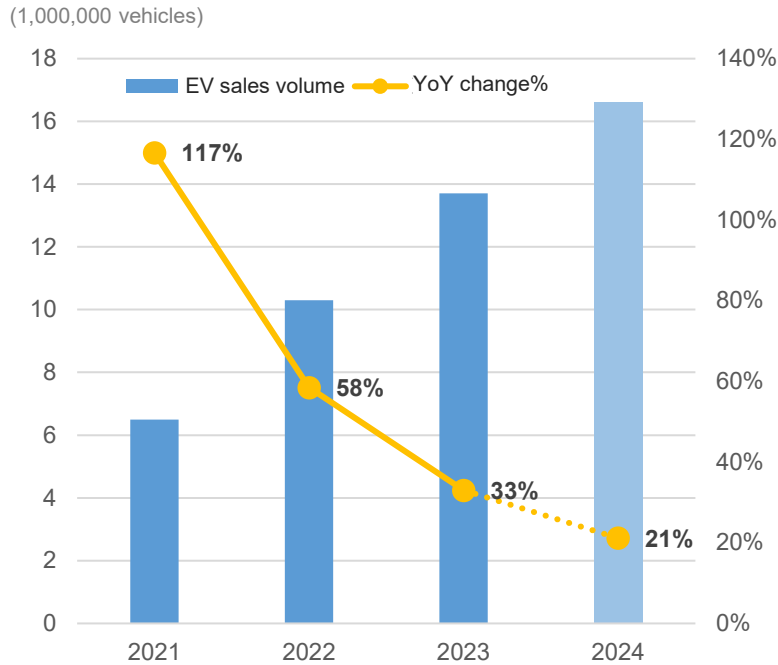
- Kureha conducted a ten-to-one share consolidation on October 1, 2016 and then conducted a three-to-one share split on January 1, 2024. All figures in this chart are presented on a post-split basis
- Kureha's accounting standards have changed from the Japanese GAAP to IFRS in and after FY2016

V. Business Strategies

PVDF Business

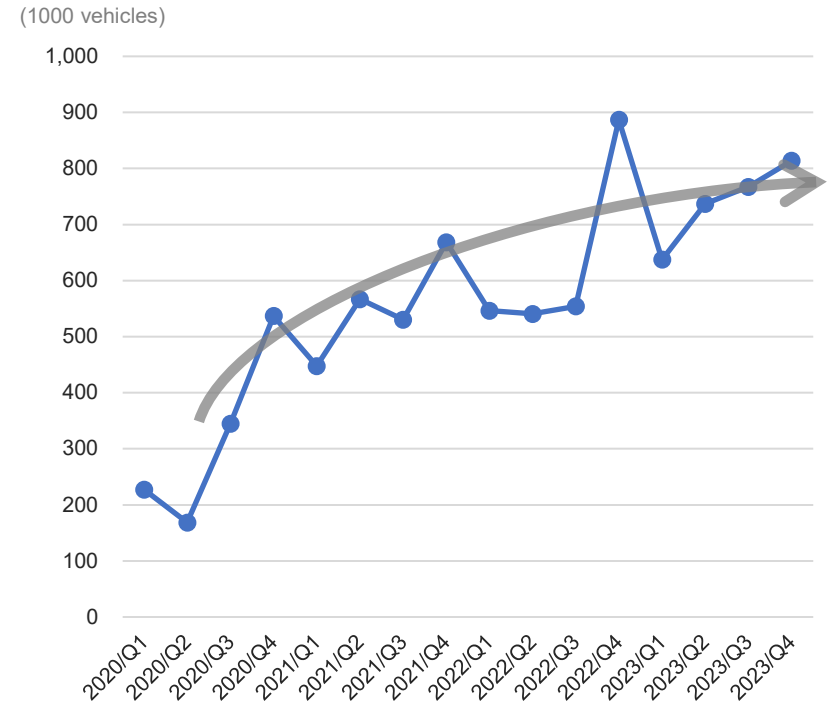
- Changing Business Environment (1)

Global EV sales volumes and growth rates



Data source: IEA; License, CC BY 4.0

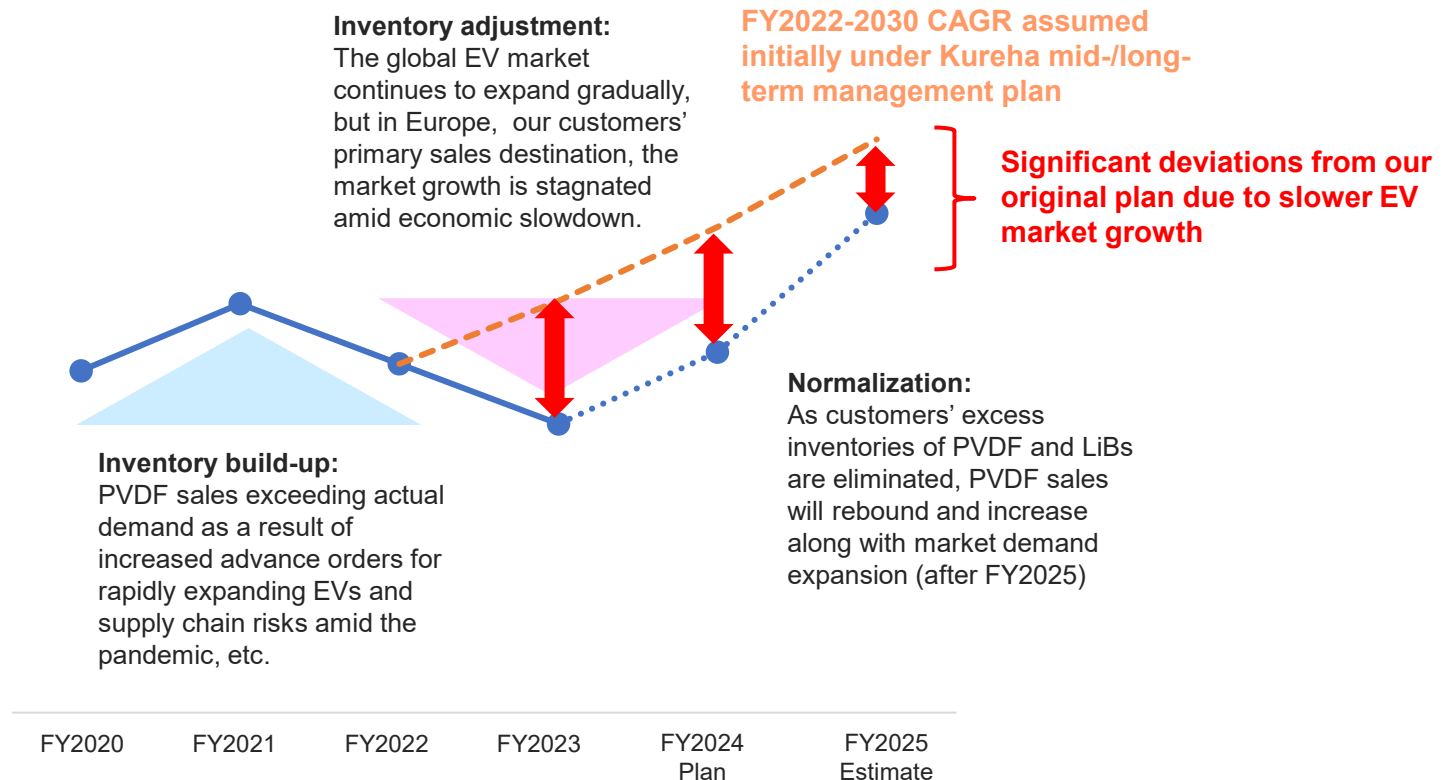
Sales volumes of New Energy Vehicles (NEV) in Europe— a primary market for Kureha PVDF



Data source: MarkLines

Growth of EV and PHEV sales has slowed down..

Kureha PVDF sales volume trends

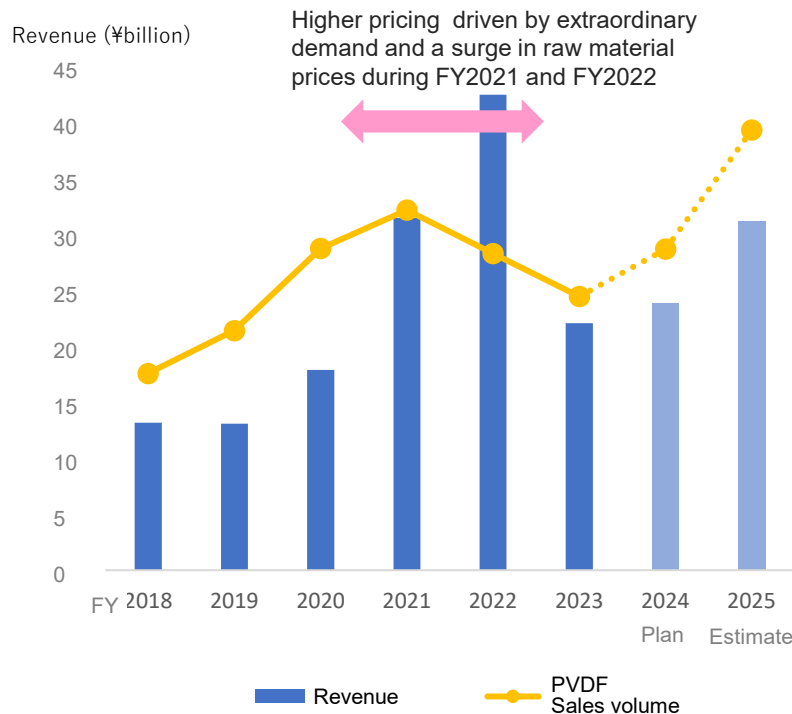


**With customer destocking completed in FY2025,
our sales volume begins to increase proportionately with actual market demand**

PVDF Business – Performance Trends

KUREHA CORPORATION

Business performance trends



- An upward trend of the EV market is unchanged both in the US and Europe, although the market growth has slowed.
- Customers' excess stock, resulting from more-than-demand purchases up to FY2022, led to inventory adjustments in and after the second half of the year.
- Their plans to build new US LiB manufacturing plants are unchanged and proceeding as scheduled.
- Actual market demand for PVDF is increasing during the period of inventory adjustments, although its growth is slower than initially projected.
- Raw material prices have stabilized, and their impact on PVDF pricing is now limited.
- In FY2024, profit margin will likely remain at a prior-year level as we continually sell inventories manufactured previously with high-priced raw materials for the first half of the year and also due to reduced manufacturing plant operations.
- Going forward, Kureha expects to see profit margin and operating profit to improve along with recovering sale volumes.
- Profit margin will likely return to a pre-pandemic level after FY2025.

PVDF Business – Our Investment Plans Onward

KUREHA CORPORATION

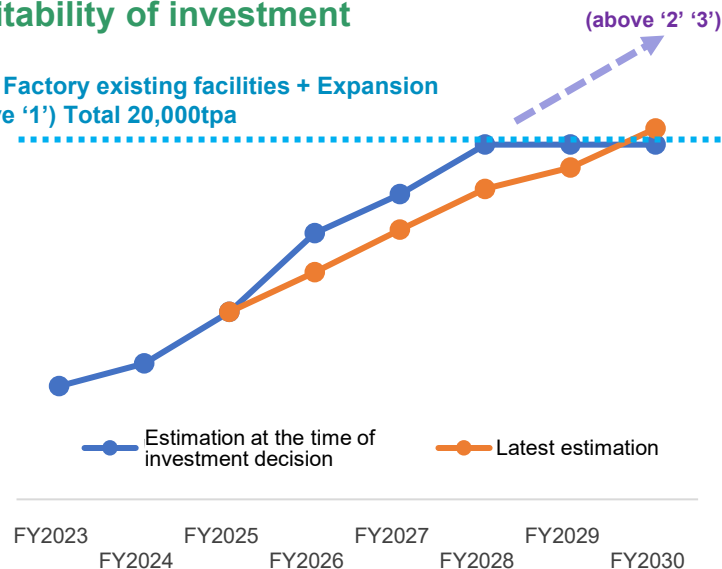
PVDF facility expansion projects proposed under the mid-/long-term management plan

	Capacities (in metric tons)	
	Existing facilities	Expansion projects
1) Iwaki Factory (Debottlenecking)	6,500	+8,000 (+2,000)
2) China plant	5,500	Cancelled
3) A 3 rd manufacturing base (new location)	--	To be determined based on future market demands

- Our Iwaki Factory capacity expansion project is proceeding as scheduled
- Kureha PVDF manufacturing capacities, including by debottlenecking the existing facilities, totaled to approx. 20,000tpa in FY2026

Iwaki Factory capacity expansion: Profitability of investment

Iwaki Factory existing facilities + Expansion
(above '1') Total 20,000tpa



- Kureha effectively secures profitability while the payback period was extended by one year
- The new facility is expected to become fully operational before FY2030, two years later than originally planned
- Our investment of approx. 70 billion yen is partly supported by two types of governmental funds:
 - One is ¥6.8bn but amount from the other fund is not disclosed.

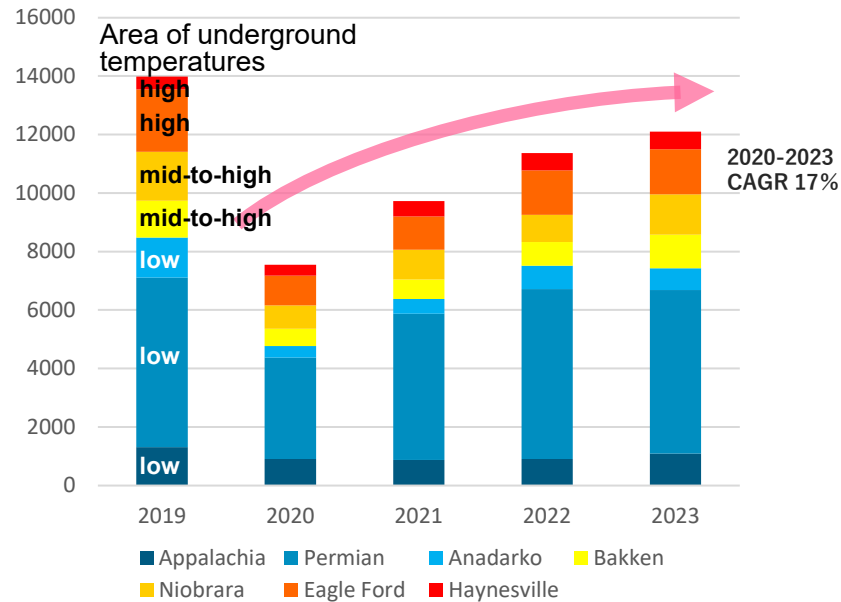
PVDF Business – Risk Awareness & Response Measures

Risk related to:	Recognition & Response measures
Risks of European PFAS regulations	<ul style="list-style-type: none"> • In the EU, the proposed restrictions for PFAS substances are scheduled to be verified in as early as 2025 and enacted partly for substances with no grace period in 2027. However, as of April 2024, the verification process has been delayed by a year. • The proposed restrictions will, in principle, collectively regulate more than 10,000 PFAS compounds, which are each different in terms of toxicity and potential safety risks, and Kureha believes this is an excessive measure and lacks scientific basis. • We maintain our stance that fluoropolymers, including PVDF, should be exempted from the proposed restrictions and are lobbying with chemical and other industrial organizations in Japan and the EU.
the US Inflation Reduction Act and the use of raw materials produced in China for Kureha PVDF	<ul style="list-style-type: none"> • The amount of critical minerals used for a lithium-ion battery is small (less than 2% in value). Also, for certain battery materials (including electrode binders) which origins are not readily traceable, a transition period was given until December 31, 2026.
Shrinkage of the NMC LiB market as a result of LFP LiB expansion	<ul style="list-style-type: none"> • We believe NMC batteries, with their advantages in operating stability in cold environments and per-charge mileage, will stay mainstream in the global market excluding China. • Recycling issues have been pointed out with LFP batteries, which use iron phosphate as a cathode material that is difficult and costly to recycle. If recycling battery materials becomes mandatory, the cost difference between NMC and LFP batteries will be narrower than it is now.. • Kureha is also working to develop a PVDF binder for LFP batteries, which account for half of the global battery market, with an aim to win market share.
Fluctuations in raw material prices to affect sales prices	<ul style="list-style-type: none"> • We acknowledge raw materials prices have stabilized for now. As a measure to mitigate impact when their prices fall, we negotiate prices for each order and will strive to improve profits.
Emerging new-generation batteries	<ul style="list-style-type: none"> • There still are technological and cost-reduction challenges to commercializing new-generation batteries. • Although we don't expect suppliers of new-gen batteries to emerge immediately, at least not until LiB makers recover some of their investments, we are already working to develop binder materials for new-gen batteries.
The US presidential election	<ul style="list-style-type: none"> • We believe no drastic decision will be made to impair operations and cause job loss at manufacturing factories for LiB materials, LiBs and BEVs, which turns to be a serious political issue. • Many investments are being made in Republican states.

PGA Business – Market Environment

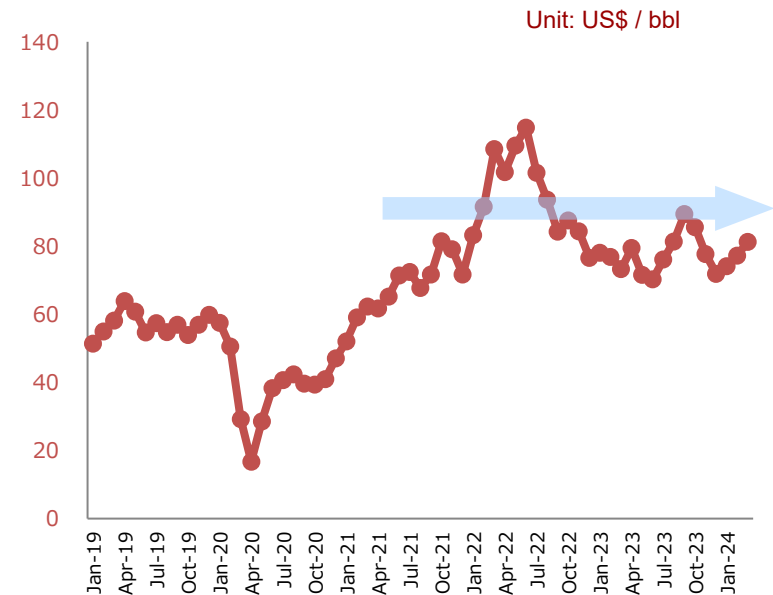
KUREHA CORPORATION

US Oil and Gas Wells Completed by Region



Data source: EIA Drilling Productivity Report

Crude Oil Prices

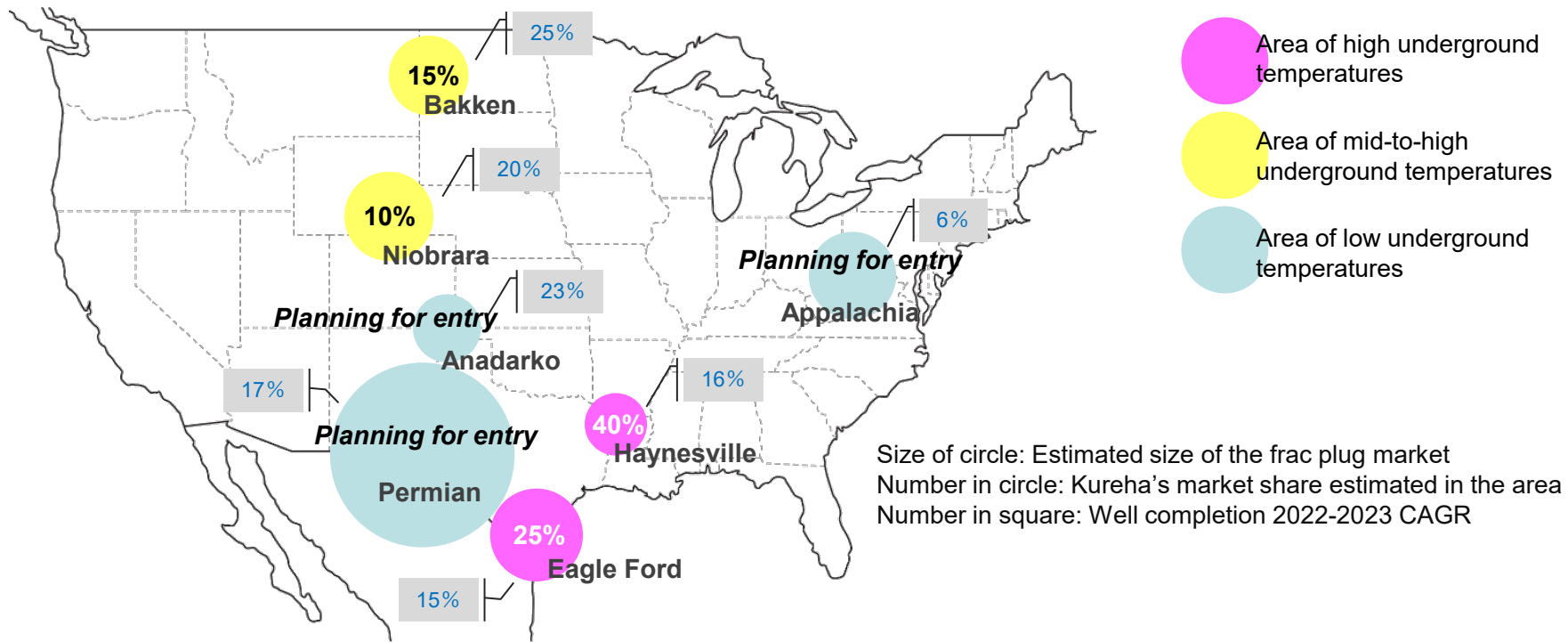


Data source: The U.S. Energy Information Administration (EIA)
Cushing, OK WTI Spot Price FOB

- The number of completed oil and gas wells (\approx the frac plug market) is increasing steadily after a rapid post-pandemic recovery.
- Crude oil prices remain at high levels. The prices are expected to be stable over a medium term, although there are still some geopolitical risks.

PGA Business - Frac Plug Market

KUREHA CORPORATION



Areas of mid-to-high underground temperatures

Further business expansion is possible in this key market.

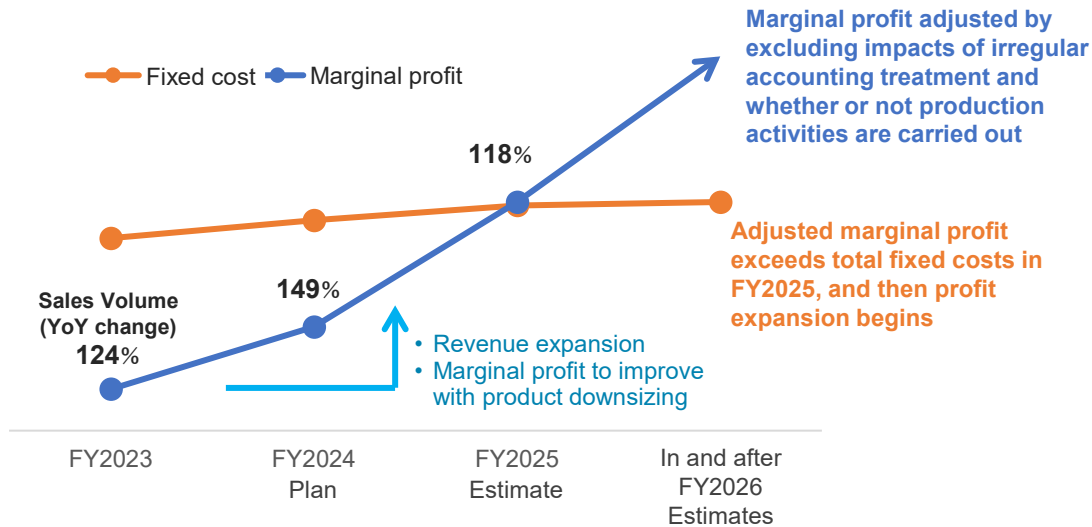
Areas of low underground temperatures

Kureha aims to complete engineering a new frac plug for use in the area of low /extremely low underground temperatures by late FY2024 and move toward full-scale business expansion in FY2026.

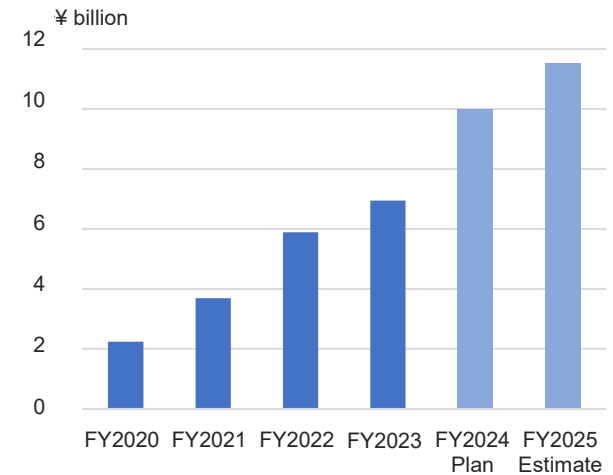
PGA Business – Business Progress

KUREHA CORPORATION

Break-even analysis

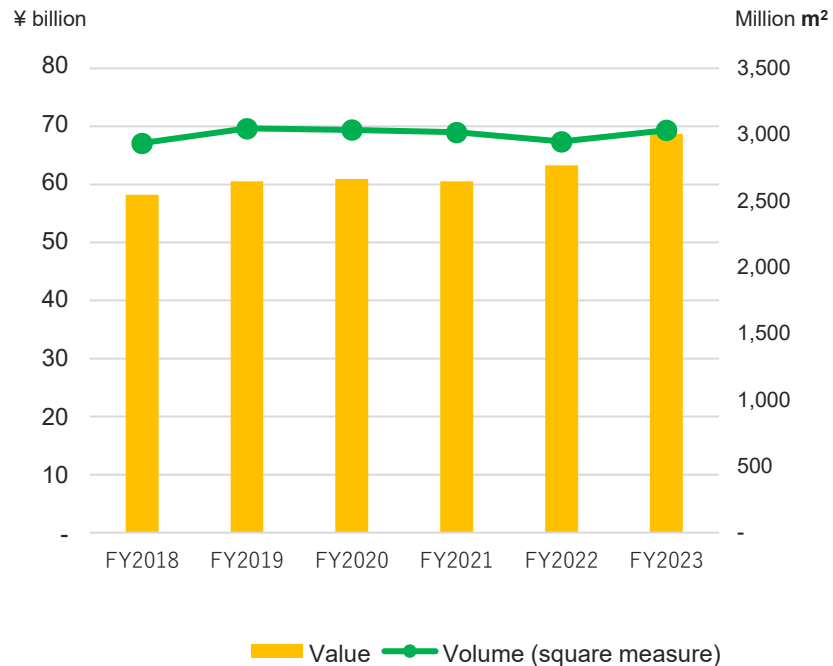


Business revenue



- As our PGA frac plugs are increasingly used in the oilfield, our product reliability is also increasing.
- This reliability is enabling us to acquire new customers and bulk orders for full-bore application (for use in an entire well) – Nearly 80% of FY2023 sales is full-bore applications
- In FY2024, we aim to increase profits by expanding sales and saving costs through product downsizing (short-sized frac plugs).

Domestic Food wrap film market

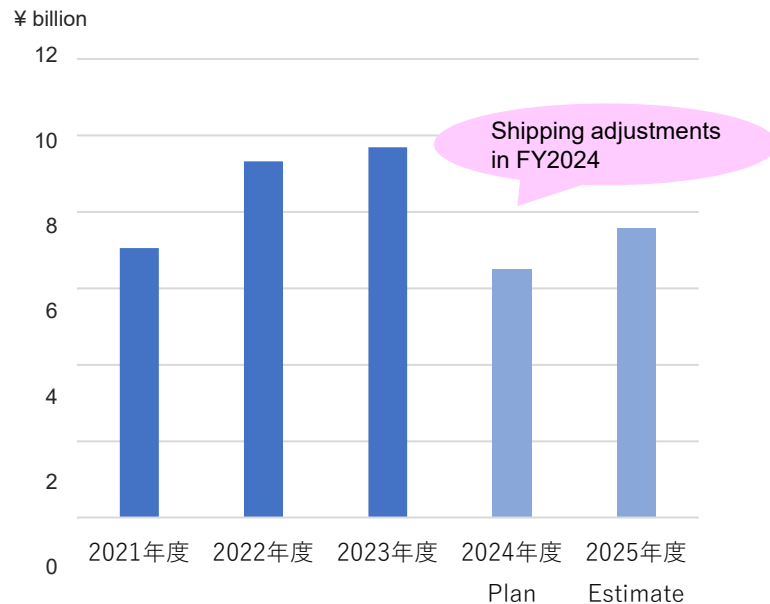


Data source: INTAGE SRI+ 'Wrapping Film Market'
April 2018-March 2024 Market Value/Volume

A shift in our business strategy

- Although Japan's population is decreasing, there is an increasing need to streamline housework in more dual-income households, suggesting potential growth in home products business expansion.
- Kureha is strengthening sales and marketing efforts to all sales channels where there are growth opportunities, including overseas markets and E-commerce.
- To reflect consumer feedback on product development and further enhance value, we will also enhance consumer research and development capabilities.
- Kureha is investing resources necessary to achieve sustainable growth in the business (facilities, human resources, etc.) and aims to generate profits which will exceed the cost increase.
- We expect to see effects of the above growth measures on the business earnings in two to three years.

Agrochemicals business revenue



Operating profit is forecast to improve largely after FY2025 as sales volume rebounds after inventory adjustments, and while R&D expenses related to our new agricultural product are currently increasing, they will peak out in FY2025.

Business environment

- Kureha's agrochemical shipment in FY2022 was far more than the actual demand due to a surge in grain prices and global supply chain risks.
- In FY2023, inventory adjustments began in the end-agrochemical market, while our shipping volume continued to increase. We expect shipping adjustments during FY2024 and a volume recovery in FY2025.
- Kureha's started preparations for the supply of Metconazole fungicide, presuming that our product is re-registered in Europe.

About our new agrochemical product:

Type of product: Agricultural fungicide

Product launch: Around 2030

Area of sales: Global

Targeted crops: wheats, corns, fruits, vegetables

Expected annual sales (at peak): ¥20 billion or more

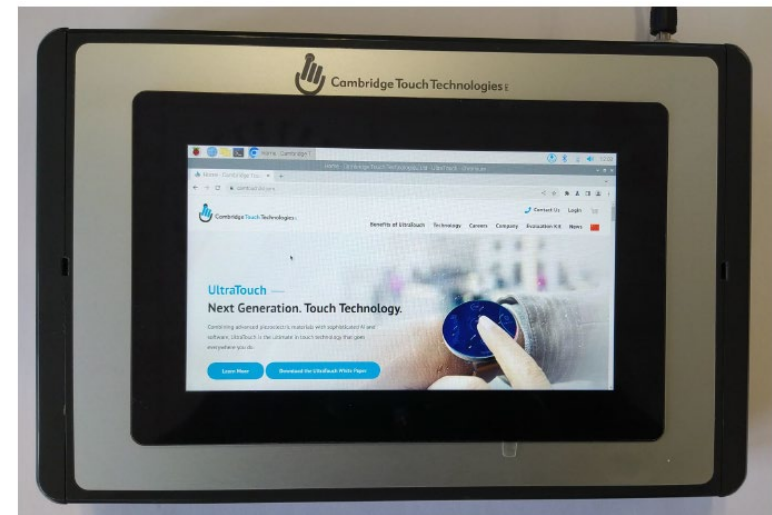
We are exploring development themes in the areas of Environment & Energy, Life, and Digital Communications with a market-in perspective and a future global expansion in mind, while actively incorporating third-party technologies in our development.

<Digital Communications>

3D Touch Screen Panel

- A 3D touch screen panel with a simple configuration helps reduce production costs
- Differential features including minimal malfunction, energy saving and superior transparency
- Targeted applications are wearable devices, smartphones, notebook PCs, and other high-volume products.
- Kureha aims for sales of ¥2-3 billion in late 2020s.

A prototype using Kureha PVDF Piezo Film demonstrated at a tradeshow



<Environment>

PFAS Capture & Destruction

- Our corroborative initiative with US startup, Claros Technologies, Inc., to provide technology solutions and services that capture and destroy PFAS substances in waste water, including low-molecular-weight perfluorooctanesulfonic acid (PFOS) and perfluorooctanoic acid (PFOA)
- Kureha participated in the Series B round of funding for Claros Technologies.
- The Kureha Group promotes their technology and services in Japan and other Asia markets for business launch targeted around 2026, building a new business model to reduce negative impact on the environment.

<Life>

Biostimulant

- Biostimulants (non-protein amino acids) are agrochemical materials that promote crop growth and increase yields by stimulating natural growth processes.
- Kureha has developed a new biostimulant and confirmed its effects to improve yields of tomatoes and other vegetables and fruits in our field tests.
- We will aim for market entry in late 2020s and contribute this new technology to support agricultural production and improve global food supply.

FY2023

- Kureha further optimized its business portfolio by:
 - Proceeding to withdraw from the heat shrink multilayer film business, a part of Kureha's food packaging business
 - Reconstructing two businesses in the Kureha Group (effective as of April 1, 2024) to promote efficiency and strengthen the Group structure
 - ✓ Kureha Engineering Co. merged into Kureha Construction Co.
 - ✓ Kureha Staff Service Co. merged into Kureha Service Co.

Our initiatives to further improve the business portfolio

- Promoting ROIC-focused management
 - Will monitor the return on invested capital (ROIC) in each business and make improvement plans for underperforming businesses
 - When an expected ROIC is unlikely to be achieved within a certain time period, such business is subject to structural reform and Kureha will reconsider the direction of this business
- Advancing M&A activity
 - In addition to funding startup companies, Kureha will upscale M&A activity with views to developing downstream applications for our existing businesses as well as exploring growth opportunities in the areas of digital communications and agrochemicals
 - M&A-related funds are set at ¥10 billion for the period until FY2025 end.

Review of Capital Investment Plans

KUREHA CORPORATION

- Kureha's policy to actively invest for growth is unchanged. Our investment plan for the PVDF business is however revised in light of significant changes in the business environment.
- The decrease in capital expenditures related to PVDF is redeployed for expanding profits of existing businesses and as M&A funds

(¥ billion)

	FY2025 Rolling plan	FY2025 Original plan
Plant & equipment	95	105
R&D, New businesses	5	5
M&A	10	-
Environment	5	5
DX	5	5
Total	120	120

VI. Progress toward Environmental Load Reduction Targets

Reducing Our Environmental Footprints

KUREHA CORPORATION

CO₂ emission reduction

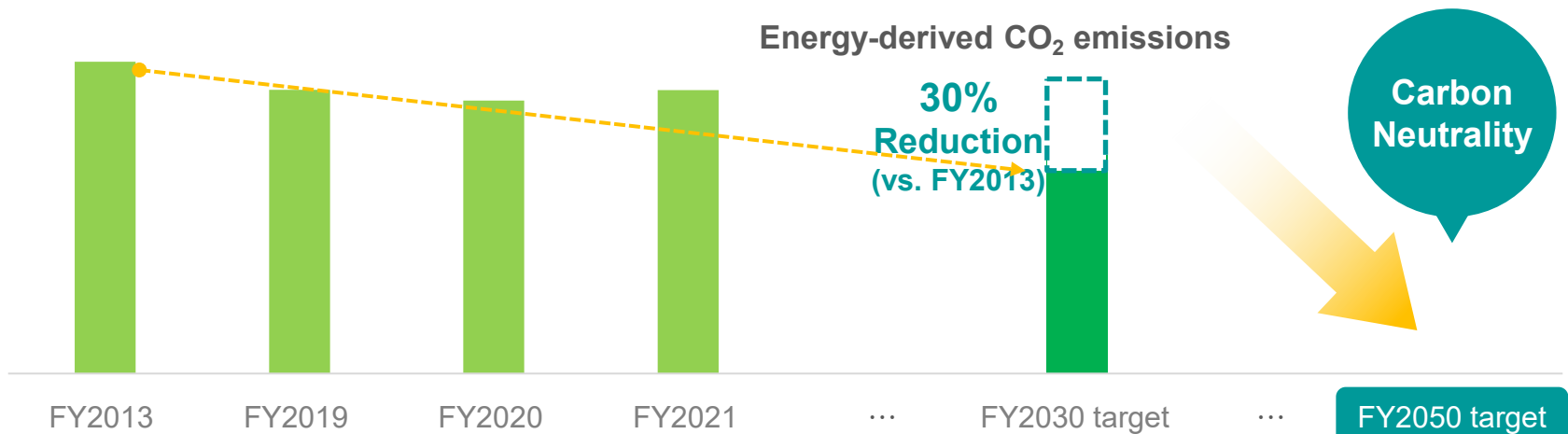
(FY2030 target) **30% or more**
vs. FY2013 actual

- Working to **establish the technology that enables the use of CO₂-free, regenerative energy**, partially replacing coal, at our primary power plant of the Iwaki Factory

Zero waste emission ratio

(FY2025 target) **1.5%**

- Reduce the amount of waste sent to landfill by **recycling plastic wastes** generated from our manufacturing activities
- Improve our manufacturing processes** with aims to **further reduce waste generation** and convert wastes into valuable resources



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- This material has been prepared by our company based on the information available at the time of the presentation. Actual results may differ materially from those presented in this material due to various factors.
- Please utilize this material using your own judgment and responsibility.