

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 First Quarter of the Fiscal Year Ending March 31, 2025 (IFRS)

August 8, 2024

Company name: Kureha Corporation
Stock listing: Tokyo Stock Exchange
TSE code: 4023
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 Scheduled date for filing quarterly securities report: —
 Scheduled date of dividend payment: —
 Supplementary materials for quarterly financial results: Available
 Quarterly financial results briefing: None

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (From April 1, 2024 to June 30, 2024)

(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												
June 30, 2024	41,934	(4.2)	3,200	(35.2)	3,762	(32.9)	2,918	(10.3)	2,870	(11.3)	7,125	(11.6)
June 30, 2023	43,759	(11.2)	4,937	(39.4)	5,602	(34.2)	3,253	(40.9)	3,237	(40.7)	8,064	(7.8)

	Basic profit per share	Diluted profit per share
Three months ended	Yen	Yen
June 30, 2024	52.74	52.67
June 30, 2023	55.75	55.65

Note: Effective January 1, 2024, the Company conducted a three-for-one split on common stock.

Basic profit per share and diluted profit per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(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	%
June 30, 2024	331,036	224,255	222,473	67.2
March 31, 2024	330,630	223,148	221,377	67.0

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Total
Fiscal year ended March 31, 2024	Yen —	Yen 130.00	Yen —	Yen 43.34	Yen —
Fiscal year ending March 31, 2025	—				
(Forecast) Fiscal year ending March 31, 2025		43.35	—	43.35	86.70

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

Note: Effective January 1, 2024, the Company conducted a three-for-one split on common stock. Dividend at the end of the second quarter for the fiscal year ended March 31, 2024 is the amounts before the split. The dividend for the fiscal year ended March 31, 2024 is the amount after the split. The annual dividend is not shown because a simple total cannot be made due to the implementation of a stock split. Without taking the stock split into consideration, the year-end dividend for the fiscal year ended March 31, 2024 would be 130.02 yen per share, and the annual dividend 260.02 yen per share.

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(% figures indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the Company		Basic profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Six months ending September 30, 2024	85,000	(3.9)	6,500	(29.0)	6,500	(34.1)	5,000	(26.4)	Yen 95.73
Fiscal year ending March 31, 2025	170,000	(4.5)	14,000	9.4	14,000	0.6	10,000	2.7	191.45

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

* Notes

(1) Changes in significant subsidiaries during the period (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, 2024	55,433,221 shares	As of March 31, 2024	58,576,221 shares
2) Number of treasury shares at the end of the period	As of June 30, 2024	1,619,783 shares	As of March 31, 2024	3,543,898 shares
3) Average number of shares outstanding during the period	Three months ended June 30, 2024	54,431,517 shares	Three months ended June 30, 2023	58,069,752 shares

Note: Effective January 1, 2024, the Company conducted a three-for-one split on common stock.

The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period, and the average number of shares outstanding during the period are calculated assuming that the stock split was carried out at the beginning of the previous fiscal year.

* 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 “(4) Outlook for the Fiscal Year Ending March 31, 2025 and beyond” included under the section “1. Overview of Operating Results and Outlook” on page 3 of the attached document.

(Attachment)

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1. Overview of Operating Results and Outlook

(1) Overview of Operating Results for the Period

During the first three months of the fiscal year ending March 31, 2025, the Japanese and global economies were expected that a gradual economic recovery will continue. On the other hand, uncertainties about the future also persisted due to concerns about the slowdown of the Chinese economy, the protracted conflict in the Middle East and Ukraine, and the effects of the global monetary tightening.

Under these circumstances, the Kureha Group has been balancing efforts aimed at “improving medium- to long-term corporate value” and “contributing toward a sustainable society,” while establishing the Kureha Group Corporate Philosophy and the Kureha Vision to grow by promoting sustainability-focused management. 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.” Kureha additionally set “the Rolling Plan 2025” as the business plan until the fiscal year 2025.

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

Revenue was 41,934 million yen (down 4.2% year on year), operating profit was 3,200 million yen (down 35.2% year on year), profit before tax was 3,762 million yen (down 32.9% year on year), profit was 2,918 million yen (down 10.3% year on year), and profit attributable to owners of parent was 2,870 million yen (down 11.3% year on year).

Results by segment were as follows:

	(Millions of yen)					
	Revenue			Operating profit		
	Three months ended June 30, 2023	Three months ended June 30, 2024	Change	Three months ended June 30, 2023	Three months ended June 30, 2024	Change
Advanced Materials	16,423	14,262	(2,161)	1,197	693	(504)
Specialty Chemicals	9,210	8,401	(808)	671	370	(301)
Specialty Plastics	11,672	12,951	1,278	2,232	1,731	(501)
Construction	2,159	1,926	(232)	88	147	59
Other Operations	4,292	4,392	100	561	545	(15)
Segment Total	43,759	41,934	(1,824)	4,751	3,488	(1,263)
Adjustments*	—	—	—	185	(288)	(474)
Consolidated Total	43,759	41,934	(1,824)	4,937	3,200	(1,737)

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

1) Advanced Materials

In the advanced plastics category, sales decreased for polyvinylidene fluoride (PVDF) used as a binder material for lithium-ion secondary batteries, polyglycolic acid (PGA) products used in the process of shale oil and gas fracking, as well as polyphenylene sulfide (PPS). As a result, revenue and operating profit fell in this category. Meanwhile, revenue was same as prior fiscal year in the carbon products category despite a drop in sales of heat insulating material for high-temperature furnaces, as sales of bead-shaped activated carbon rose. However, operating profit in the category fell.

As a result, revenue in Advanced Materials was 14,262 million yen (down 13.2% year on year) and operating profit was 693 million yen (down 42.1% year on year).

2) Specialty Chemicals

In the agrochemicals and pharmaceuticals category, revenue fell owing to lower sales of agricultural and horticultural fungicides and Kremezin, a therapeutic agent for chronic renal failure but operating profit was same as prior fiscal year. The industrial chemicals category reported an operating loss after recording an operating profit in the same period of the previous fiscal year, as sales of inorganic and organic chemicals dropped.

Consequently, revenue in Specialty Chemicals was 8,401 million yen (down 8.8% year on year) and operating profit was 370 million yen (down 44.8% year on year).

3) Specialty Plastics

In the consumer goods category, revenue and operating profit fell despite higher sales of Seaguar fluorocarbon fishing lines as sales of New Krewrap plastic wrap for household use came in lower. In the packaging materials category, the revenue and operating profit of polyvinylidene chloride (PVDC) film rose. Sales of heat-shrink multilayer film also increased tentatively before the termination of the business.

As a result, revenue in Specialty Plastics was 12,951 million yen (up 11.0% year on year) and operating profit was 1,731 million yen (down 22.5% year on year).

4) Construction

In Construction, revenue fell owing to a drop in private-sector construction projects, but operating profit rose year on year.

As a result, revenue in Construction was 1,926 million yen (down 10.8% year on year) and operating profit was 147 million yen (up 66.8% year on year).

5) Other Operations

In the environmental engineering category, both revenue and operating profit rose due to higher volumes of industrial waste treatment.

In the other categories, both revenue and operating profit declined.

As a result, revenue in Other Operations was 4,392 million yen (up 2.3% year on year) and operating profit was 545 million yen (flat year on year).

(2) Overview of Financial Position for the Period

Total assets as of June 30, 2024 were 331,036 million yen, up 406 million yen compared to March 31, 2024. Current assets totaled 115,795 million yen, down 4,105 million yen compared to March 31, 2024, mainly due to decreases in trade and other receivables and inventories, which was partially offset by an increase in cash and cash equivalents. Non-current assets increased from March 31, 2024 by 4,511 million yen to 215,241 million yen, mainly due to increases in other financial assets and investments accounted for using equity method.

Total liabilities were 106,781 million yen, down 700 million yen compared to March 31, 2024. This was attributed to payment of bonuses and interest-bearing debt decreasing 784 million yen compared to March 31, 2024 to 54,119 million yen owing to repayment of borrowings, which was partly offset by increases in other financial liabilities and deferred tax liabilities.

Total equity was 224,255 million yen, up 1,107 million yen compared to March 31, 2024. This was mainly due to the recording of 2,870 million yen in profit attributable to owners of parent, an increase in the valuation of investment securities, and an increase in other components of equity due to yen depreciation, which together absorbed the outlay of 3,599 million yen to repurchase Company shares and dividend payments of 2,385 million yen.

(3) Overview of Cash Flow for the Period

Net cash provided by operating activities amounted to 11,088 million yen, compared to 3,064 million yen used in the same period of the previous year. This was mainly attributable to an increase in proceeds from a decrease in trade receivables and other receivables, inventories, and income taxes paid.

Net cash used in investing activities amounted to 4,127 million yen, a increase of 151 million yen from the same period of the previous year. This was primarily attributed to an increase in purchase of investment securities.

Net cash used in financing activities amounted to 7,415 million yen, compared to 7,119 million yen provided in the same period of the previous year. This was mainly due to the absence of proceeds from increased short-term borrowings and commercial papers, which were incurred in the same period of the previous year, and the absence of proceeds from long-term borrowings in the first three months of the current fiscal year.

As a result, cash and cash equivalents amounted to 23,678 million yen as of June 30, 2024, an increase of 546 million yen from March 31, 2024.

(4) Outlook for the Fiscal Year Ending March 31, 2025 and Beyond

The company has made no changes in the half and full fiscal year forecast disclosed on May 13, 2024.