



March 27, 2024  
Kureha Corporation

## **Kureha Discontinues PVDF Facility Expansion in China, Withdraws from Heat Shrink Multilayer Film Business**

Kureha Corporation today announced its decision to discontinue a capacity expansion project for polyvinylidene fluoride (PVDF) at its wholly-owned subsidiary, Kureha Changshu Fluoropolymer Co., Ltd. in China. The expansion project was originally made public on July 20, 2021. In addition, Kureha announced it will withdraw from the heat shrink multilayer film business, a part of its food packaging line which the company operates primarily in Europe and Australia. Details are as follows.

### **1. Discontinuation of China PVDF capacity expansion**

Kureha PVDF is used as a binder material for lithium-ion secondary batteries (LiBs) and also as an engineering plastic in various industrial applications. In July 2021, Kureha announced its plan to address growing demand for PVDF binder in the automotive LiB market, propelled by robust electric vehicle sales amid heightened environmental awareness, and expand PVDF production at the China Changshu facility. However, this capacity expansion project has been delayed due to changes in China's environment policy, and moreover, the business environment surrounding LiBs has changed following the enactment of the U.S. Inflation Reduction Act. Under these circumstances, Kureha decided in August 2023 to move ahead with the capacity expansion for PVDF at its Japan Iwaki Factory. We now expect this enhanced capacity in Japan will be sufficient to meet the immediate increase in demand. Given this outlook and foreseeable difficulties in China-to-US exports under the new U.S. law, Kureha has therefore determined to discontinue the facility expansion in China.

Meanwhile, Kureha will continue PVDF manufacturing operations at the China Changshu facility for customers mainly in China and Europe. The company is also working to develop differentiated binder grades suitable for iron phosphate (LFP) LiBs, a major type of LiB used in China, and is planning over a medium to long term to expand share in the China market, suggesting that there are possibilities for reinvestment in the country if business conditions change. Kureha will continue to closely monitor market trends, maintain optimal production operations, and steadily expand the PVDF business.

#### Details of the China facility expansion to be discontinued

Facility location: Changshu, Jiangsu Province, PRC (within the Advanced Materials Industrial Park)

Assets: Equipment and buildings

Capital investment: JP¥18-20 billion



## **2. Withdrawal from the heat shrink multilayer film business**

Kureha has developed and operated the business of heat shrink multilayer film for food packaging mainly in Europe. For past years the company has worked to improve profitability by shifting to high-performance products and striving to reduce fixed costs, however, we find it increasingly difficult to differentiate our products that do not use raw materials produced in-house, while facing cost pressures amid the European inflation. Kureha has now determined the business continuation was unfeasible and started proceedings to withdraw from the business.

The Kureha Group has continually optimized its product portfolio in the food packaging businesses over the years, including withdrawing from the deep-draw film business in 2018 and divesting the blow bottle business in 2019 and a joint venture to manufacture polyvinylidene chloride (PVDC) in China in 2022. Going forward, we aim to improve capital efficiency by focusing on the PVDC films business using in-house raw materials, allocate resources more effectively, and restructure the food packaging business that will increase corporate value.

### Details of the business withdrawal

Key products: Heat shrink multilayer film products for food packaging

Market areas: Europe, Australia, Japan

Kureha subsidiaries to be dissolved: KREHALON B.V., KREHALON AUSTRALIA PTY. LTD., etc.

## **3. Financial impact**

In the consolidated financial results for the fiscal year ending March 2024 (FY2023), Kureha expects to record a loss of approximately 2.3 billion yen (as 'Other expenses') due to the above discontinued China facility expansion project, and a loss of approximately 2.3 billion yen (as 'Other expenses') associated with the withdrawal from the heat shrink multilayer film business. As a result of reflecting these costs, Kureha has revised its FY2023 earnings forecast, as announced today in the new release, 'Notice regarding Revised FY2023 Earnings Forecast.'

Kureha anticipates that financial impact of the above discontinued project and business withdrawal will extend over two years, the fiscal years ending March 2024 (FY2023) and March 2025 (FY2024). Impact for FY2024 has not yet been determined as the company will further examine related procedure and liquidation expenses.

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