

FY2021 Interim Report

KUREHA CORPORATION

November 9, 2021

| | | | |
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- **FY2021 half-year operating profit at ¥11.4bn (up 84% YOY, up 52% from initial forecast); Full-year forecast revised upward to ¥19.5bn (up 13% YOY, up 30% from initial forecast)**
- **FY2021 year-end dividend forecast raised to ¥100 per share, up from ¥85 in prior year**
- **FY2021 business conditions characterized by:**
 - Pandemic-impacted consumer behaviors (under stay-home restrictions) and robust outdoor leisure demand persisting during 1H, which is likely to diminish in 2H
 - Continued strong demand for automotive lithium-ion batteries as EV production and sales expand across the globe, driven by nations' environment and economic initiatives
 - Surging fuel and raw materials prices due to tight oil supply, natural resources deficit and logistics/supply chain disruptions in post-pandemic recovery
 - Impact of reduced car production on Kureha Group businesses is limited and minimal
- **Kureha Group has implemented strategic measures to:**
 - Increase sales volumes of high-margin grades and items in PVDF, PPS, 'NEW Krewrap' and other product lines, while reducing cost via improved efficiency and expanded production output
 - Adjust sales prices to align with rising fuel and raw material costs

- **Further risks:**

- Restriction of energy use in China may affect local manufacturing operations (Changshu PVDF facilities) and procurement of raw materials for PVDF manufacturing in Japan (Iwaki Factory)
- Delays in reflecting a further and rapid rise in fuel/raw material prices

Reference: Foreign exchange rates

| | FY2020 Actual | FY2021 | | |
|---------|------------------|----------------------|-----------|----------------------|
| | | Initial presumptions | 1H Actual | Current presumptions |
| US\$1= | ¥106.10 | ¥107.00 | ¥109.80 | ¥108.00 |
| Euro€1= | ¥123.76 | ¥128.00 | ¥130.90 | ¥129.00 |
| CHN¥1= | ¥15.68 | ¥16.50 | ¥17.00 | ¥16.50 |

I. **FY2021 Half-Year Results**

(Period April 1 – September 30, 2021)

FY2021 1H Financial Summary (1)

KUREHA CORPORATION

(in billions of yen except otherwise indicated)

| | FY2020 1H | FY2021 1H | Changes YOY | FY2021 1H Forecast | Actual vs Forecast |
|--|--------------|----------------|------------------|--------------------------|--------------------------|
| Revenue | 66.0 | 79.1 | 13.0 (+19.7%) | 74.5 | 4.6 (+6.1%) |
| Core operating profit | 6.3 | 11.1 | 4.8 (+76.2%) | 7.5 | 3.6 (+48.3%) |
| Operating profit | 6.2 | 11.4 | 5.2 (+84.0%) | 7.5 | 3.9 (+51.5%) |
| Profit before taxes | 6.4 | 11.5 | 5.1 (+79.2%) | 7.5 | 4.0 (+52.7%) |
| Profit for the period attributable to owners of Kureha | 4.8 | 8.3 | 3.5 (+73.0%) | 5.7 | 2.6 (+46.1%) |
| Basic profit per share | ¥246.64 | ¥426.73 | | 292.04 | |

Vs. FY2020 1H

- Revenue growth led by Advanced Materials, Specialty Chemicals and Specialty Plastics, partially offset by slower environment and construction businesses
- Higher operating profit resulting from robust Advanced Materials and Specialty Plastics performances; continued strong demand for PVDF in automotive LiB binder market; higher PPS volume enabled by capacity expansion; steady volume growth of home-use wrap film; owing partly to the postponement of SG&A spending (shifted to 2H)

Vs. FY2021 1H Forecast

- Exceeded revenue and operating profit forecasts due to higher-than-expected sales volumes of high-margin products (PVDF, home-use wrap film, etc.), steady earnings growth in domestic group businesses, an increase in equity in PPS-related affiliate earnings, and fewer SG&A expenses

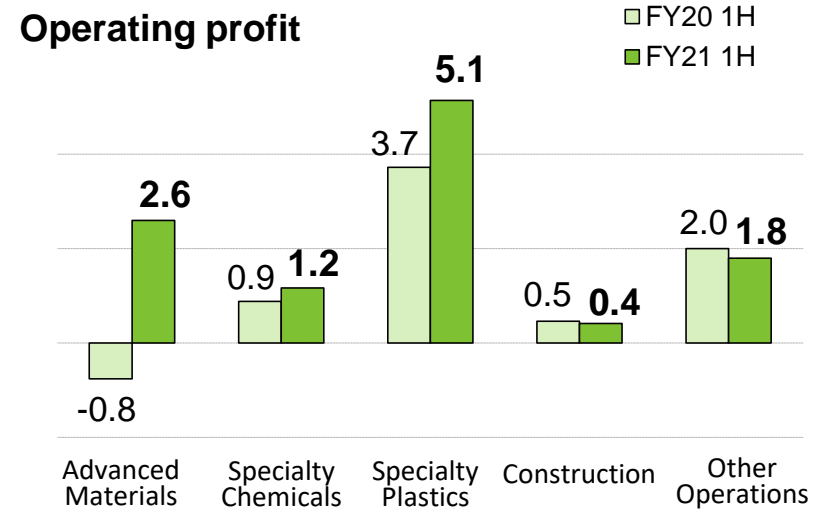
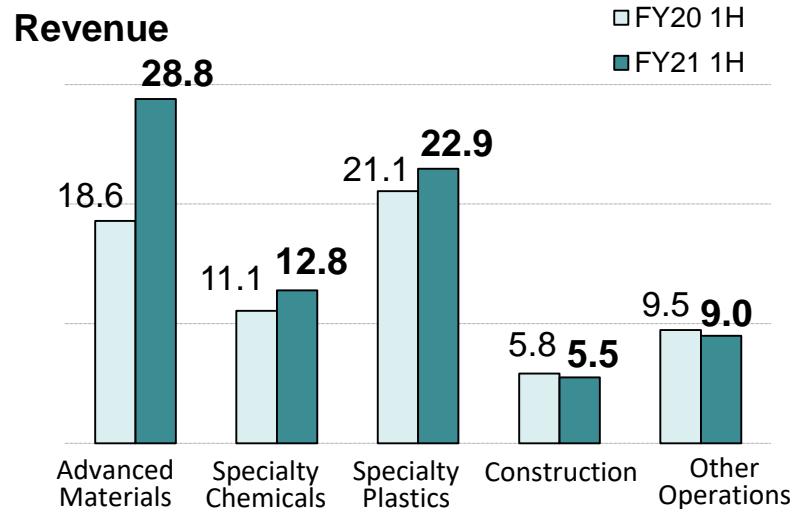


FY2021 1H Financial Summary (2)

KUREHA CORPORATION

Segment performance (vs. FY2020 1H)

(in billions of yen)



Factors attributing to changes in operating profit

AM: Increased sales volumes of PVDF, PPS and other advanced materials

SC: Industrial chemicals returned to generating profit

SP: Higher home products and packaging film volumes

CO: Profit maintained despite delays in civil engineering projects

OO: Absence of prior year's post-typhoon waste treatment projects

FY2021 1H Financial Summary (3)

KUREHA CORPORATION

(in billions of yen)

FY2020 1H Results

| | AM | SC | SP | CO | OO | Total |
|--------------------------|------|------|------|-----|-----|-------|
| Revenue | 18.6 | 11.1 | 21.1 | 5.8 | 9.5 | 66.0 |
| Segment operating profit | -0.8 | 0.9 | 3.7 | 0.5 | 2.0 | 6.3 |
| Intersegment adjustment | | | | | | -0.0 |
| Other income | | | | | | 0.2 |
| Other expenses | | | | | | 0.3 |
| Operating profit | | | | | | 6.2 |
| Finance income | | | | | | 0.3 |
| Finance costs | | | | | | 0.1 |
| Profit before income tax | | | | | | 6.4 |
| Profit for the period | | | | | | 4.8 |

Notes:

FY2021 1H Results

| | AM | SC | SP | CO | OO | Total |
|--------------------------|------|------|------|-----|-----|-------|
| Revenue | 28.8 | 12.8 | 22.9 | 5.5 | 9.0 | 79.1 |
| Segment operating profit | 2.6 | 1.2 | 5.1 | 0.4 | 1.8 | 11.1 |
| Intersegment adjustment | | | | | | 0.0 |
| Other income | | | | | | 0.5 |
| Other expenses | | | | | | 0.2 |
| Operating profit | | | | | | 11.4 |
| Finance income | | | | | | 0.2 |
| Finance costs | | | | | | 0.2 |
| Profit before income tax | | | | | | 11.5 |
| Profit for the period | | | | | | 8.3 |

(FY2021 1H)

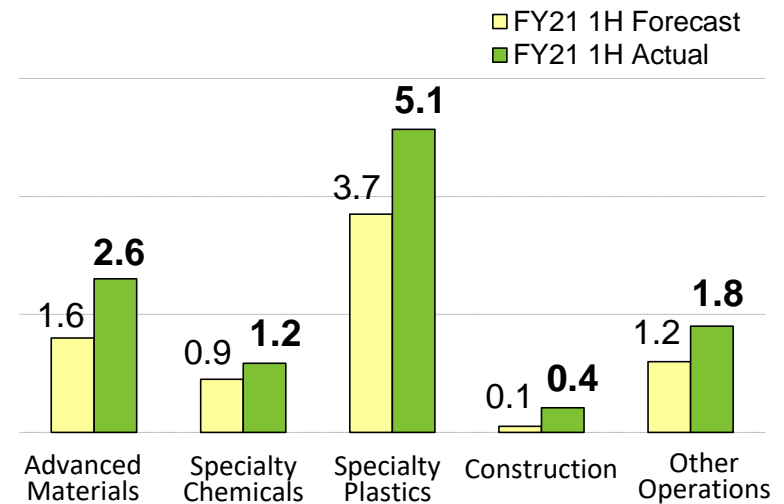
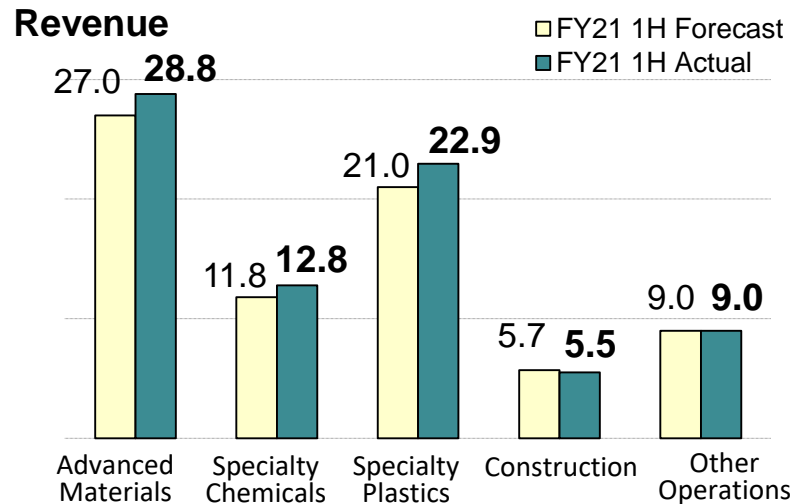
- Other income includes subsidy income of ¥0.3bn

FY2021 1H Financial Summary (4)

KUREHA CORPORATION

Segment Performance (vs. FY21 1H Forecast)

(in billions of yen)



Factors attributing to changes in operating profit

AM: Better-than-expected volume growth for PVDF and carbon products, an increase in equity in PPS-related affiliate's earnings

SC: Front-loaded deliveries of agrochemicals (2H→1H)

SP: Continued pandemic-impacted demand for home products, fewer expenses

CO: Improved sales cost due to mix changes and cost reduction

OO: Higher sales volumes in the low-PCB waste treatment business

FY2021 1H Financial Summary (5)

KUREHA CORPORATION

(in billions of yen)

FY2021 1H Forecast

| | AM | SC | SP | CO | OO | Total |
|--------------------------|------|------|------|-----|-----|-------|
| Revenue | 27.0 | 11.8 | 21.0 | 5.7 | 9.0 | 74.5 |
| Segment operating profit | 1.6 | 0.9 | 3.7 | 0.1 | 1.2 | 7.5 |
| Intersegment adjustment | | | | | | |
| Other income | | | | | | 0.1 |
| Other expenses | | | | | | 0.1 |
| Operating profit | | | | | | 7.5 |
| Finance income | | | | | | 0.1 |
| Finance costs | | | | | | 0.1 |
| Profit before income tax | | | | | | 7.5 |
| Profit for the period | | | | | | 5.7 |

Notes:

FY2021 1H Actual

| | AM | SC | SP | CO | OO | Total |
|--------------------------|------|------|------|-----|-----|-------|
| Revenue | 28.8 | 12.8 | 22.9 | 5.5 | 9.0 | 79.1 |
| Segment operating profit | 2.6 | 1.2 | 5.1 | 0.4 | 1.8 | 11.1 |
| Intersegment adjustment | | | | | | 0.0 |
| Other income | | | | | | 0.5 |
| Other expenses | | | | | | 0.2 |
| Operating profit | | | | | | 11.4 |
| Finance income | | | | | | 0.2 |
| Finance costs | | | | | | 0.2 |
| Profit before income tax | | | | | | 11.5 |
| Profit for the period | | | | | | 8.3 |

(FY2021 1H)

- Other income includes subsidy income of ¥0.3bn

Segment Revenue & Operating Profit: Advanced Materials

(billions of yen)

| | FY2020 1H | FY2021 1H | Change % |
|---------------------------|--------------|--------------|-------------|
| Advanced Materials | | | |
| Advanced plastics | 11.6 | 19.4 | +68% |
| Carbon products | 2.6 | 3.1 | +21% |
| Other | 4.5 | 6.3 | +41% |
| Revenue | 18.6 | 28.8 | +55% |
| Operating profit | -0.8 | 2.6 | -- |

Vs. FY2021 1H Forecast

(Revenue ¥27.0bn, Operating profit ¥1.6bn)

Revenue ↑ Operating Profit Up ↑

- Volume growth of high-margin PVDF specialty polymers, carbon fiber and other advanced materials
- An increase in equity in affiliate earnings related to the PPS business

Vs. FY2020 1H

Revenue Up, Operating Profit Up

Advanced plastics:

Revenue and profit grew on higher PVDF and PPS sales volumes; continued strong demand for PVDF in the automotive LiB binder market, enhanced production capacity for PPS

Carbon products:

Profit remained at prior year's level, despite revenue growth driven by higher carbon fiber volumes related to furnace insulation and automotive sliding materials

Other:

Revenue and profit improved due to demand recovery in post-pandemic industries

Segment Revenue & Operating Profit: Specialty Chemicals

(billions of yen)

| | FY2020 1H | FY2021 1H | Change % |
|----------------------------|--------------|--------------|-------------|
| Specialty Chemicals | | | |
| Agrochemicals | 3.1 | 3.3 | +6% |
| Pharmaceuticals | 2.2 | 2.3 | +5% |
| Industrial chemicals | 2.8 | 3.6 | +30% |
| Other | 3.0 | 3.6 | +21% |
| Revenue | 11.1 | 12.8 | +16% |
| Operating profit | 0.9 | 1.2 | +32% |

Vs. FY2020 1H

Revenue Up, Operating Profit Up

Agrochemicals / Pharmaceuticals:

Sales volume growth for fungicides and pharmaceuticals largely offset by the impact of mandatory drug price revisions and increased raw material costs

Industrial chemicals:

Revenue and profit increased due to demand recovery and higher volumes as industries resumed production activities

Vs. FY2021 1H Forecast

(Revenue ¥11.8bn, Operating profit ¥0.9bn)

Revenue ↑ Operating Profit Up ↑

- A front-loaded delivery of agrochemicals (shifted from 2H to 1H)
- Operating profit maintained in Industrial Chemicals due to pricing efforts to reflect higher fuel/raw material costs

Segment Revenue & Operating Profit: Specialty Plastics

(billions of yen)

| | FY2020 1H | FY2021 1H | Change % |
|---------------------------|--------------|--------------|-------------|
| Specialty Plastics | | | |
| Home products | 11.2 | 12.1 | +8% |
| Fishing lines | 2.0 | 2.3 | +16% |
| Packaging materials | 5.6 | 6.5 | +14% |
| Other | 2.3 | 2.1 | -9% |
| Revenue | 21.1 | 22.9 | +9% |
| Operating profit | 3.7 | 5.1 | +38% |

Vs. FY2020 1H

Revenue Up; Operating Profit Up

Home products / Fishing lines:

Operating profit grew on higher sales volumes of home-use wrap film and leisure fishing lines

Packaging materials:

Revenue and profit increased on improved demand as pandemic 'stay-home' restrictions eased

Vs. FY2021 1H Forecast

(Revenue ¥21.0bn, Operating profit ¥3.7bn)

Revenue ↑ Operating Profit Up ↑

- Home products: Continued pandemic-impacted demand for home-use wrap film, improved unit cost via production increase, fewer expenses
- Packaging materials: More-than-anticipated sales volume growth of PVDC film in South East Asia markets

Segment Revenue & Operating Profit: Construction

(billions of yen)

| | FY2020 1H | FY2021 1H | Change % |
|------------------------------------|--------------|--------------|-------------|
| Construction | | | |
| Construction | 9.3 | 9.0 | -3% |
| Elimination (Intercompany sale) | -3.5 | -3.5 | -- |
| Revenue | 5.8 | 5.5 | -5% |
| Operating profit | 0.5 | 0.4 | -11% |

Vs. FY2020 1H

Revenue Down; Operating Profit Down

- Profit in the Construction segment remained consistent on decreased revenue due to delays in public construction projects, while maintaining steady performance in private construction

Vs. FY2021 1H Forecast

(Revenue ¥5.7bn, Operating profit ¥0.1bn)

Revenue ↓ Operating Profit ↑

- Higher-than-expected operating profit supported by improved cost owing to mix changes and fewer expenses

Segment Revenue & Operating Profit: Other Operations

(billions of yen)

| | FY2020 1H | FY2021 1H | Change % |
|------------------------------------|--------------|--------------|-------------|
| Other Operations | | | |
| Environmental engineering | 6.8 | 6.6 | -3% |
| Logistics | 3.7 | 4.1 | +9% |
| Hospital operations | 1.9 | 2.0 | +6% |
| Others | 1.2 | 1.2 | -2% |
| Elimination (Intercompany sale) | -4.2 | -4.9 | -- |
| Revenue | 9.5 | 9.0 | -5% |
| Operating profit | 2.0 | 1.8 | -10% |

Vs. FY2020 1H

Revenue Down; Operating Profit Down

- In Environmental Engineering, decreased revenue and profit resulted from the absence of post-typhoon waste treatment, despite higher treatment volume related to low-level PCB wastes
- Revenue and profit in Logistics remained consistent with prior year
- Revenue and profit in Hospital Operations also remained flat

Vs. FY2021 1H Forecast

(Revenue ¥9.0bn, Operating profit ¥1.2bn)

Revenue ➡ Operating Profit Up ↑

- Higher-than-expected operating profit driven by volume growth in the low-PCB waste treatment business

Cash Flow

KUREHA CORPORATION

(billions of yen)

| | FY2020 1H | FY2021 1H | Change |
|--|--------------|--------------|-------------|
| Profit before income tax | 6.4 | 11.5 | 5.1 |
| Depreciation | 5.8 | 5.8 | 0.1 |
| Other | -0.8 | -3.8 | -2.9 |
| Cash flow from operating activities | 11.3 | 13.5 | 2.2 |
| Cash flow from investing activities | 3.5 | -4.8 | -8.2 |
| Free cash flow | 14.8 | 8.7 | -6.0 |
| Cash flow from financing activities | -4.5 | -4.5 | -0.1 |
| Effect of exchange rate changes on cash and cash equivalents | 0.0 | 0.1 | 0.1 |
| Increase/decrease in cash and cash equivalents | 10.3 | 4.3 | -6.0 |
| Cash and cash equivalents at beginning of period | 7.3 | 17.8 | 10.6 |
| Cash and cash equivalents at end of period | 17.6 | 22.1 | 4.6 |

*Notes on 'Cash flow from investing activities'

- Gains on sales of investment securities: ¥9.2bn (FY20 1H) , ¥0 (FY21 1H)

Financial Position

KUREHA CORPORATION

Assets

| | Mar. 31 2021 | Sept. 30 2021 | Change |
|---------------------------------|-----------------|------------------|--------|
| Cash and cash equivalents | 17.8 | 22.1 | 4.3 |
| Trade and other receivables | 28.2 | 31.4 | 3.2 |
| Inventories | 36.5 | 34.7 | -1.7 |
| Other current assets | 3.7 | 3.6 | -0.2 |
| Total current assets | 86.2 | 91.8 | 5.6 |
| Property, plant and equipment | 120.2 | 117.9 | -2.3 |
| Intangible assets | 2.2 | 3.2 | 1.0 |
| Investments and other assets | 48.3 | 51.6 | 3.3 |
| Total non-current assets | 170.7 | 172.8 | 2.1 |
| Total assets | 256.9 | 264.6 | 7.6 |

Liabilities and Equity

(billions of yen)

| | Mar. 31 2021 | Sept. 30 2021 | Change |
|-------------------------------------|-----------------|------------------|-------------|
| Trade and other payables | 19.2 | 21.0 | 1.8 |
| Interest-bearing debt | 29.5 | 27.5 | -2.0 |
| Provisions | 7.8 | 7.5 | -0.3 |
| Other liabilities | 14.9 | 14.9 | 0.0 |
| Total liabilities | 71.4 | 70.9 | -0.5 |
| Shareholders' equity | 18.2 | 18.2 | -- |
| Capital surplus | 14.9 | 14.7 | -0.2 |
| Less: Treasury stock | -8.7 | -8.7 | -0.0 |
| Retained earnings | 154.2 | 161.4 | 7.2 |
| Other components of equity | 5.3 | 6.7 | 1.4 |
| Non-controlling interests | 1.7 | 1.5 | -0.2 |
| Total equity | 185.5 | 193.7 | 8.2 |
| Total liabilities and equity | 256.9 | 264.6 | 7.6 |

II. FY2021 Full-Year Outlook

FY2021 Financial Forecast (1)

KUREHA CORPORATION

(in billions of yen except otherwise indicated)

| | FY2020 | (Revised) FY2021 Forecast | Changes YOY | FY2021 Initial Forecast | Changes in Forecast |
|--|--------|---------------------------------|------------------|-------------------------------|---------------------------|
| Revenue | 144.6 | 160.0 | 15.4 (+10.7%) | 150.0 | 10.0 (+6.7%) |
| Core operating profit | 18.9 | 20.0 | 1.1 (+6.1%) | 16.0 | 4.0 (+25.0%) |
| Operating profit | 17.3 | 19.5 | 2.2 (+13.0%) | 15.0 | 4.5 (+30.0%) |
| Profit before taxes | 17.7 | 19.5 | 1.8 (+9.9%) | 15.0 | 4.5 (+30.0%) |
| Profit for the period attributable to owners of Kureha | 13.5 | 14.0 | 0.5 (+3.8%) | 10.7 | 3.3 (+30.8%) |
| Profit per share (¥) | 691.33 | 717.30 | | 548.22 | |
| (Per-share dividends) | | | | | |
| Interim: | ¥85.0 | ¥85.0 | | ¥85.0 | |
| Year-end: | ¥85.0 | ¥100.0 | | ¥85.0 | |

Vs. FY2020

- Revenue expected to increase primarily on higher sales volumes in the Advanced Materials segment, including PVDF (automotive LiB binder), PPS (automotive components) and PGA (shale drilling tools)
- Higher core operating profit expected as a result of strong performances in Advanced Materials (PVDF, PPS, etc.) and Specialty Plastics (home products, etc.) segments, partially offset by declines in environment businesses

Vs. FY2021 Initial Forecast

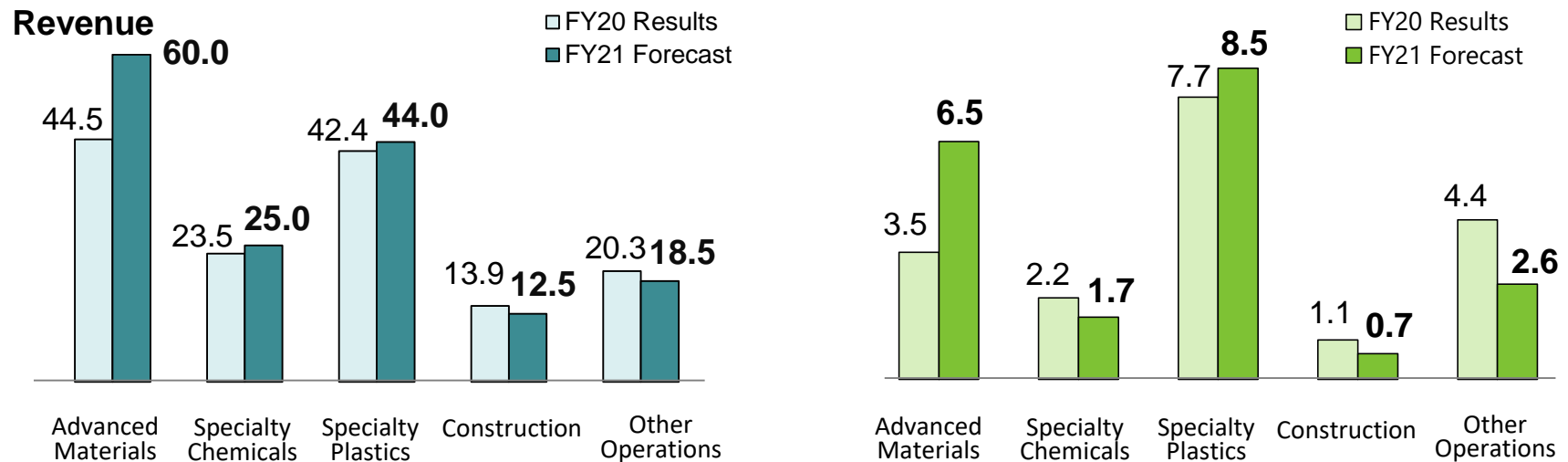
- Slower growth anticipated in 2H due to emerging risks surrounding PVDF production and rising fuel/raw material prices
- Increases in full-year revenue and profit mainly supported by volume growth of high-margin PVDF polymers and strong home products performance during 1H
- Higher operating profit partly attributed to pricing efforts to reflect higher cost and reduced expenses

FY2021 Financial Forecast (2)

KUREHA CORPORATION

Earnings Forecast by Segment (vs. FY2020 Results)

(in billions of yen)



Factors attributing to changes in operating profit

AM: Continued demand for PVDF in the automobile LiB market, increased PPS production capacity

SC: Lower agrochemical sales volume, impact of mandatory drug price revisions

SP: Robust growth of home-use wrap film and other plastic products

CO: Fewer high-margin construction projects, intensified market competition

OO: Absence of prior year's post-typhoon waste treatment projects

FY2021 Financial Forecast (3)

KUREHA CORPORATION

(in billions of yen)

FY2020 Results

| | AM | SC | SP | CO | OO | Total |
|--------------------------|------|------|------|------|------|-------|
| Revenue | 44.5 | 23.5 | 42.4 | 13.9 | 20.3 | 144.6 |
| Segment operating profit | 3.5 | 2.2 | 7.7 | 1.1 | 4.4 | 18.9 |
| Intersegment adjustment | | | | | | 0.1 |
| Other income | | | | | | 0.9 |
| Other expenses | | | | | | 2.5 |
| Operating profit | | | | | | 17.3 |
| Finance income | | | | | | 0.7 |
| Finance costs | | | | | | 0.2 |
| Profit before income tax | | | | | | 17.7 |
| Profit for the period | | | | | | 13.5 |

Notes:

(FY2020)

- Other expenses include an impairment loss on non-current assets (¥1.6bn) and a loss on retirement of non-current assets (¥0.4bn)

FY2021 Forecast (New)

| | AM | SC | SP | CO | OO | Total |
|--------------------------|------|------|------|------|------|-------|
| Revenue | 60.0 | 25.0 | 44.0 | 12.5 | 18.5 | 160.0 |
| Segment operating profit | 6.5 | 1.7 | 8.5 | 0.7 | 2.6 | 20.0 |
| Intersegment adjustment | | | | | | 0.0 |
| Other income | | | | | | 0.8 |
| Other expenses | | | | | | 1.3 |
| Operating profit | | | | | | 19.5 |
| Finance income | | | | | | 0.5 |
| Finance costs | | | | | | 0.5 |
| Profit before income tax | | | | | | 19.5 |
| Profit for the period | | | | | | 14.0 |

(FY2021 Forecast)

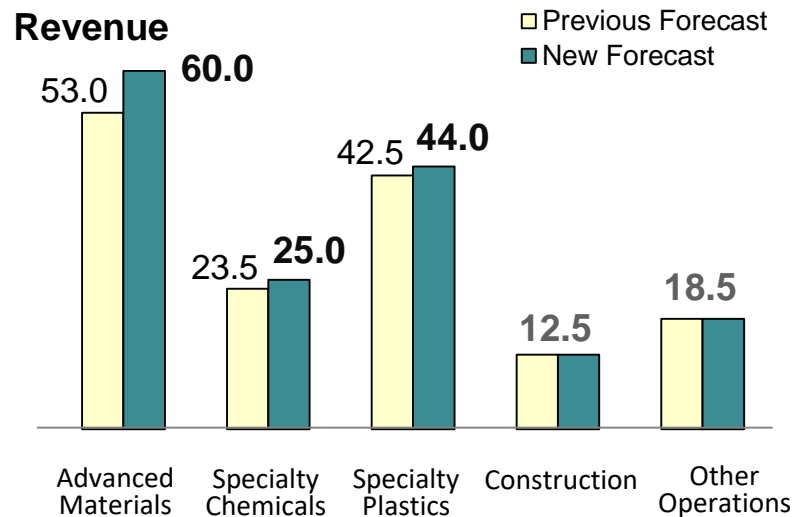
- Other expenses include a one-time increase in retirement benefit obligations (¥0.55bn)

FY2021 Financial Forecast (4)

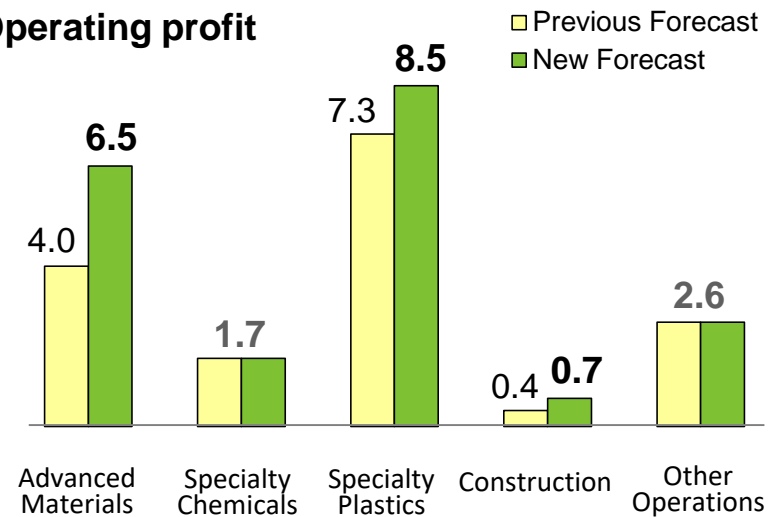
KUREHA CORPORATION

Earnings Forecast by Segment (vs. FY2021 Initial Forecast)

(in billions of yen)



Operating profit



Factors attributing to changes in operating profit

AM: Sales volume growth for PVDF and other advanced materials

SC: Will perform in line with initial forecast

SP: Higher home-use wrap film volume, despite slower growth in 2H affected by weaker demand

CO: Improved sales cost, mix changes

OO: Will perform in line with initial forecast, despite slower growth in 2H due to intensifying competition and higher cost in the environment engineering business

FY2021 Financial Forecast (5)

KUREHA CORPORATION

(in billions of yen)

Initial Forecast

| | AM | SC | SP | CO | OO | Total |
|--------------------------|------|------|------|------|------|-------|
| Revenue | 53.0 | 23.5 | 42.5 | 12.5 | 18.5 | 150.0 |
| Segment operating profit | 4.0 | 1.7 | 7.3 | 0.4 | 2.6 | 16.0 |
| Intersegment adjustment | | | | | | |
| Other income | | | | | | 0.3 |
| Other expenses | | | | | | 1.3 |
| Operating profit | | | | | | 15.0 |
| Finance income | | | | | | 0.3 |
| Finance costs | | | | | | 0.3 |
| Profit before income tax | | | | | | 15.0 |
| Profit for the period | | | | | | 10.7 |

Notes:

(Previous Forecast)

- Other expenses include an one-time increase in retirement benefit obligations (¥0.55bn)

New Forecast

| | AM | SC | SP | CO | OO | Total |
|--------------------------|------|------|------|------|------|-------|
| Revenue | 60.0 | 25.0 | 44.0 | 12.5 | 18.5 | 160.0 |
| Segment operating profit | 6.5 | 1.7 | 8.5 | 0.7 | 2.6 | 20.0 |
| Intersegment adjustment | | | | | | 0.0 |
| Other income | | | | | | 0.8 |
| Other expenses | | | | | | 1.3 |
| Operating profit | | | | | | 19.5 |
| Finance income | | | | | | 0.5 |
| Finance costs | | | | | | 0.5 |
| Profit before income tax | | | | | | 19.5 |
| Profit for the period | | | | | | 14.0 |

(New Forecast)

- Other expenses include an one-time increase in retirement benefit obligations (¥0.55bn)

Segment Earnings Forecast: Advanced Materials

(billions of yen)

| | FY2020 | FY2021 Forecast | Change % |
|---------------------------------|--------|--------------------|-------------|
| Advanced Materials | | | |
| Advanced plastics | 28.8 | 42.5 | +47% |
| Carbon products | 5.3 | 5.2 | -2% |
| Other | 10.3 | 12.3 | +19% |
| Segment revenue | 44.5 | 60.0 | +35% |
| Segment operating profit | 3.5 | 6.5 | +87% |

(Initial Forecast: Revenue ¥53.0bn, Operating profit ¥4.0bn)

Vs. FY2021 Initial Forecast

Revenue ↑ Operating Profit Up ↑

- Operating profit will likely exceed the initial forecast due to volume growth of high-margin specialty PVDF polymers, carbon products and other advanced materials, combined with an increase in equity in earnings of PPS-related affiliate
- PGA profit below initial forecast level

Vs. FY2020

Revenue Up; Operating Profit Up

Advanced plastics

Revenue up, Profit up:

- Continued strong demand for PVDF in the automotive LiB market (sales ¥8.5bn up)
- Enhanced production for PPS (sales ¥3.4bn up)
- PGA sales recovering in the shale market
- Higher profit also contributed by an increase in equity in earnings of PPS-related affiliate

Carbon products

Revenue flat, Profit flat:

- Robust demand for insulation materials in semiconductor manufacturing and heat treatment sectors

Other

Revenue up, Profit up:

- Advanced materials sales back to pre-pandemic levels in domestic group businesses, while industries resume production

Segment Earnings Forecast: Specialty Chemicals

(billions of yen)

| | FY2020 | FY2021 Forecast | Change % |
|---------------------------------|--------|--------------------|-------------|
| Specialty Chemicals | | | |
| Agrochemicals | 7.1 | 7.0 | -1% |
| Pharmaceuticals | 4.0 | 4.0 | -1% |
| Industrial chemicals | 6.1 | 7.0 | +15% |
| Other | 6.3 | 7.0 | +11% |
| Segment revenue | 23.5 | 25.0 | +6% |
| Segment operating profit | 2.2 | 1.7 | -24% |

(Initial Forecast: Revenue ¥23.5bn, Operating profit ¥1.7bn)

Vs. FY2020

Revenue Up; Operating Profit Down

Agrochemicals / Pharmaceuticals

Revenue down, Profit down:

- Impact of drug price revisions
- Increased R&D cost for new agrochemicals

Industrial chemicals

Revenue up, Profit up:

- Improved demand for organic chemicals

Vs. FY2021 Initial Forecast

Revenue ↑ Operating Profit Up →

- Higher revenue contributed by pricing efforts to reflect higher raw material cost for industrial chemicals
- Full-year operating profit forecast remains unchanged and unaffected by frontload shipments of agrochemicals (moved up from 2H to 1H)

Segment Earnings Forecast: Specialty Plastics

(billions of yen)

| | FY2020 | FY2021 Forecast | Change % |
|---------------------------------|--------|--------------------|-------------|
| Specialty Plastics | | | |
| Home products | 21.8 | 22.5 | +3% |
| Fishing lines | 4.0 | 4.5 | +13% |
| Packaging materials | 11.9 | 13.0 | +10% |
| Other | 4.7 | 4.0 | -15% |
| Segment revenue | 42.4 | 44.0 | +4% |
| Segment operating profit | 7.7 | 8.5 | +10% |

(Initial Forecast: Revenue ¥42.5bn, Operating profit ¥7.3bn)

Vs. FY2020

Revenue Up; Operating Profit Up

Home products / Fishing lines

Revenue up, Profit up:

- Higher sales volumes of Home Products, including 'NEW Krewrap' and 'Kichinto-san Series', and 'Seaguar' fishing lines

Packaging materials

Revenue up, Profit flat:

- Higher PVDC film sales volume in South East Asia markets offset by higher raw material cost

Vs. FY2021 Initial Forecast

Revenue ↑ Operating Profit Up ↑

- Home Products revenue to rise above the initial forecast, despite slower volume growth in 2H as pandemic-impacted consumer demand for home-use wrap film softens
- Higher profit partially contributed by other plastic products

Segment Earnings Forecast: Construction

(billions of yen)

| | FY2020 | FY2021 Forecast | Change % |
|-------------------------------------|--------|--------------------|-------------|
| Construction | | | |
| Construction | 21.1 | 20.0 | -5% |
| Elimination (Intercompany sale) | -7.2 | -7.5 | -- |
| Segment revenue | 13.9 | 12.5 | -10% |
| Segment operating profit | 1.1 | 0.7 | -35% |

(Initial Forecast: Revenue ¥12.5bn, Operating profit ¥0.4bn)

Vs. FY2020

Revenue Down; Operating Profit Down

- Intensified competition in the civil engineering business
- Decreased number of high-margin construction projects

Vs. FY2021 Initial Forecast

Revenue → Operating Profit ↑

- Higher operating profit supported by improved margins in large construction projects

Segment Earnings Forecast: Other Operations

(billions of yen)

| | FY2020 | FY2021 Forecast | Change % |
|------------------------------------|--------|--------------------|-------------|
| Other Operations | | | |
| Environmental engineering | 14.9 | 13.1 | -12% |
| Logistics | 7.8 | 8.1 | +4% |
| Hospital operations | 4.0 | 4.0 | +1% |
| Others | 2.4 | 2.3 | -5% |
| Elimination (Intercompany sale) | -8.9 | -9.0 | -- |
| Segment revenue | 20.3 | 18.5 | -9% |
| Segment operating profit | 4.4 | 2.6 | -40% |

(Initial Forecast: Revenue ¥18.5bn, Operating profit ¥2.6bn)

Vs. FY2020

Revenue Down; Operating Profit Down

- Environment Engineering revenue down, profit down due to the absence of post-typhoon waste treatment
- Logistics revenue and profit expected to decline
- Hospital Operations revenue to remain at prior year's levels

Vs. FY2021 Previous Forecast

Revenue ➡ Operating Profit Up ➡

- Revenue and operating profit forecasts remain unchanged, as the better-than-expected growth in 1H offset effects of intensified competition in the environment business and higher fuel cost in 2H

Cash Flow

KUREHA CORPORATION

(billions of yen)

| | FY2020 | FY2021 Forecast | Change |
|--|--------------|--------------------|--------------|
| Profit before income tax | 17.7 | 19.5 | 1.8 |
| Depreciation | 11.7 | 11.5 | -0.2 |
| Other | -2.7 | -6.4 | -3.7 |
| Cash flow from operating activities | 26.7 | 24.6 | -2.1 |
| Cash flow from investing activities | -3.9 | -14.5 | -10.6 |
| Free cash flow | 22.8 | 10.2 | -12.7 |
| Cash flow from financing activities | -12.5 | -6.0 | 6.5 |
| Effect of exchange rate changes on cash and cash equivalents | 0.3 | 0.0 | -0.3 |
| Increase/decrease in cash and cash equivalents | 10.6 | 4.2 | -6.4 |
| Cash and cash equivalents at beginning of period | 7.3 | 17.8 | 10.6 |
| Cash and cash equivalents at end of period | 17.8 | 22.0 | 4.2 |

*Notes on Cash flow from investing activities

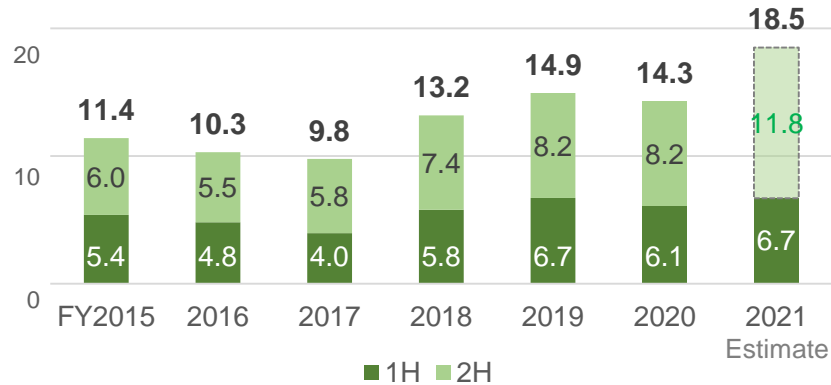
-Proceeds from sale of investment securities: ¥9.6bn (FY2020 4Q), ¥0.2bn (FY2021 4Q)

Key Indicators (1)

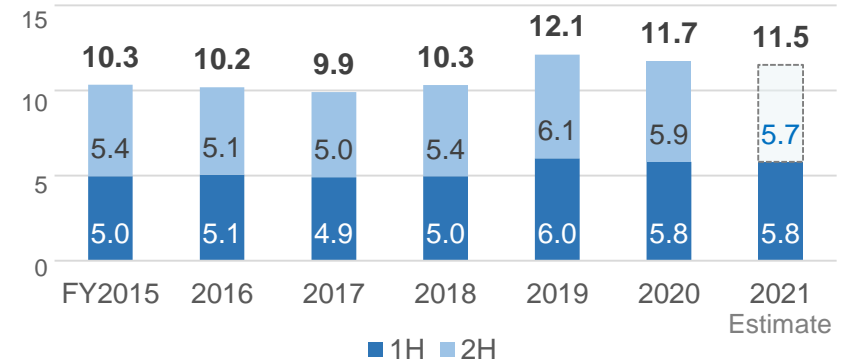
KUREHA CORPORATION

(billions of yen)

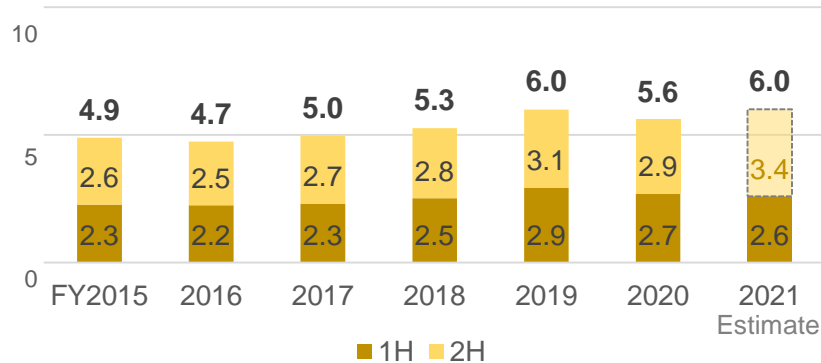
Capital Investment



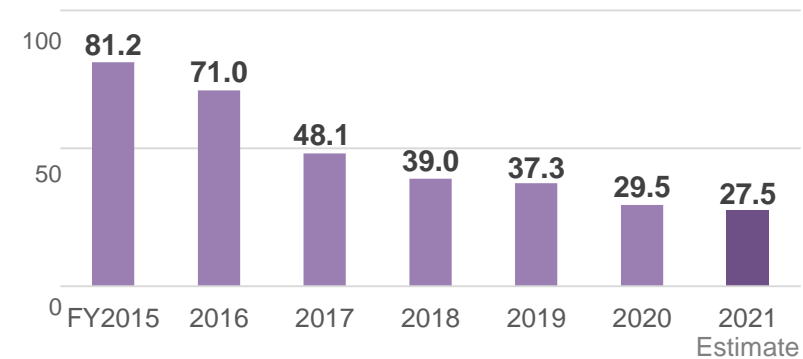
Depreciation Expenses



R&D Expenditures



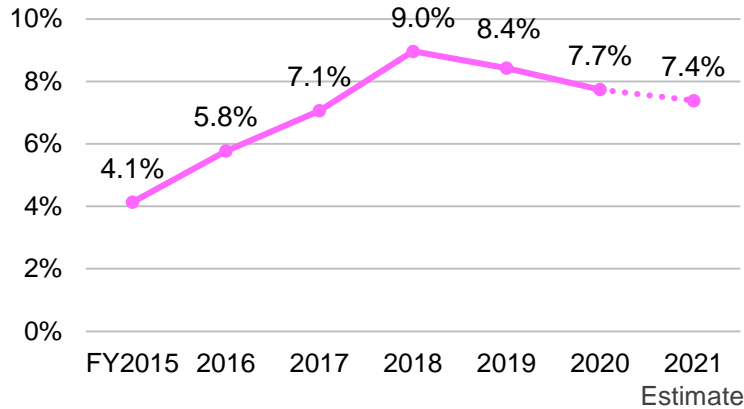
Interest-Bearing Debt



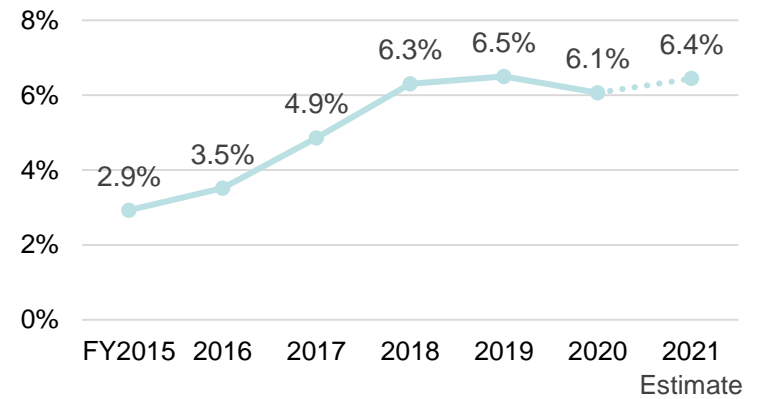
Key Indicators (2)

KUREHA CORPORATION

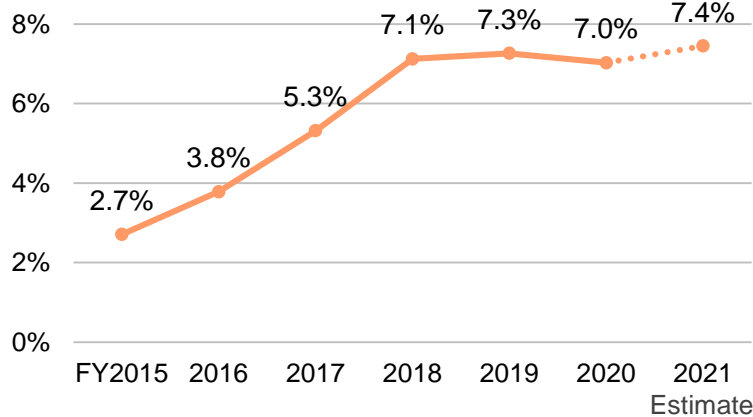
ROE



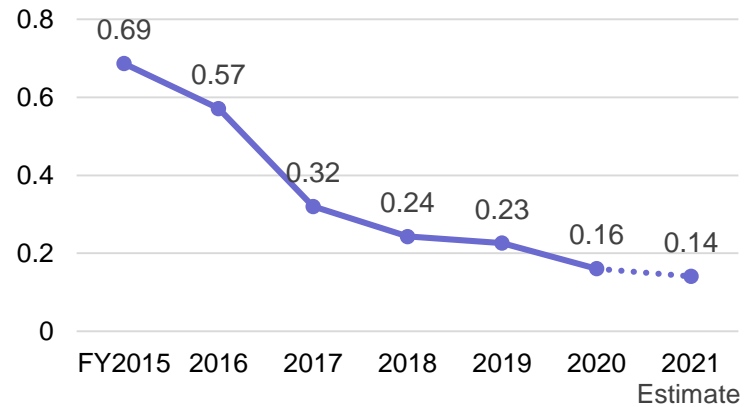
ROIC



ROA



DE Ratio

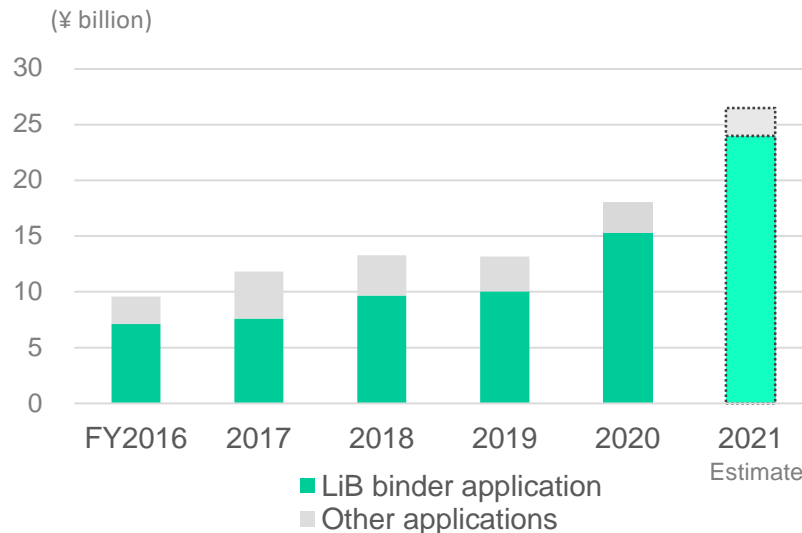


III. Supplementary Materials

PVDF Business Updates

KUREHA CORPORATION

PVDF: Revenue (FY2016 – 2021e)



Production Enhancement Plans

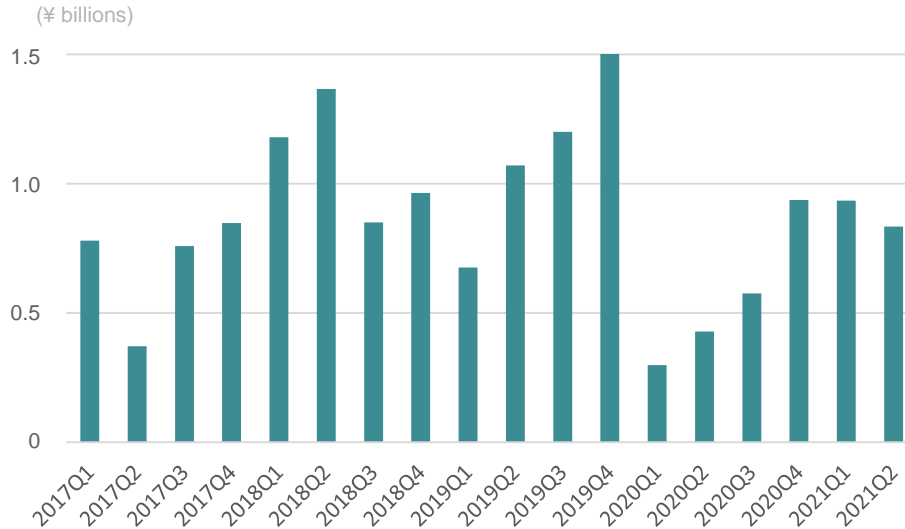
| Year | Capacity increase |
|--------|--|
| FY2022 | Increases the production of specialty grade polymers at the Iwaki Factory (Nameplate capacity unchanged) |
| FY2024 | Start up a new plant in Changshu, China (Capacity increase of 10,000tpa) |

- A roughly 40% market share held by Kureha PVDF in the automotive anode binder segment; primary customers include major Chinese and South Korean lithium-ion battery manufacturers
- Kureha China Changshu plant begins production and shipment of PVDF specialty polymers in May 2020
- Full-capacity production continues at the Japan Iwaki Factory and the China Changshu plant from FY2020 2H onward, supporting the increasing demand from major customers
- Profit growth continues via improved efficiency and production volume increase, particularly for high-margin specialty polymers
- Price negotiations and adjustments underway to reflect rising raw materials costs:
 - Tight supply and high demand for fluorine materials, supply chain bottlenecks
 - Negotiations include obtaining an agreement on Kureha's pricing formula from major customers
- Will complete upgrading the Iwaki PVDF plant to increase the production of specialty polymers in February 2022
- Announced the construction of the 2nd PVDF plant in Changshu, China:
 - Commercial operations scheduled to start in summer 2024 with capacity of 10,000tpa
 - Kureha's global PVDF production capacity will reach 21,000tpa

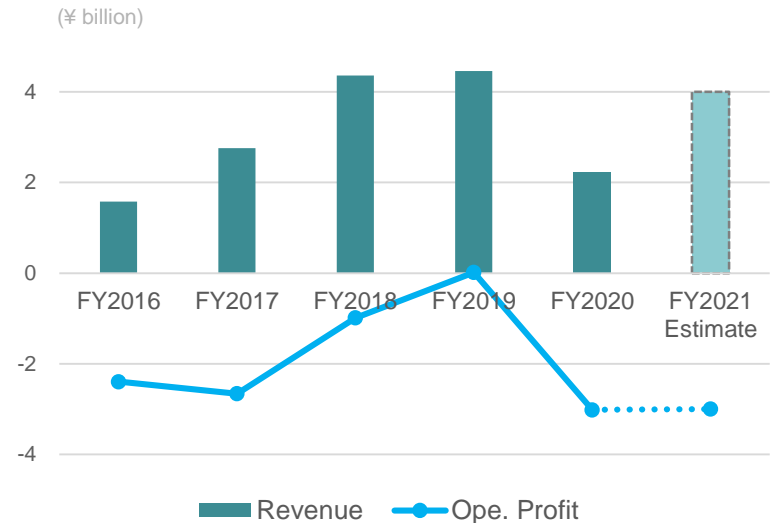
PGA Business Updates

KUREHA CORPORATION

PGA: Quarterly Revenue



Revenue & Operating Profit (FY2016- 2021e)

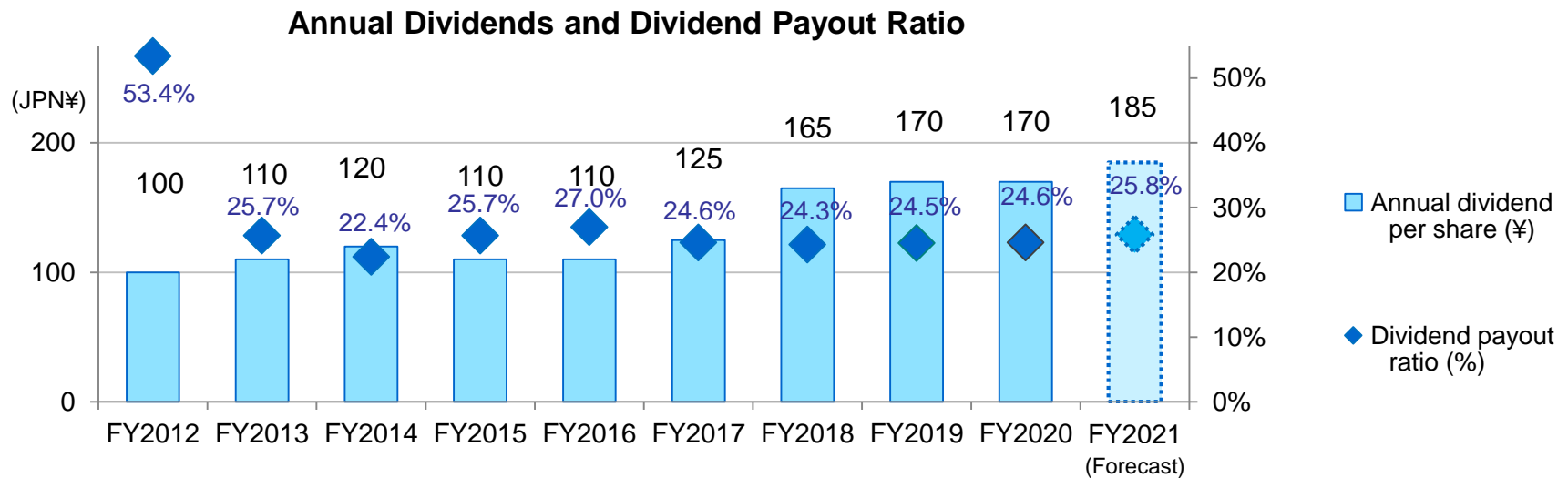


- Shale oil and gas production activities are gradually returning amid post-pandemic economic recovery
- Kureha continues to focus on its growth strategy;
 - Increase its market share via pricing, improved product designs, and promoting PGA frac plugs for full-bore applications in mid-/high-temperature shale reserves
 - Accelerate the development of PGA frac plugs targeting for use in ultra low-temperature shale reserves

Returning to Shareholders

KUREHA CORPORATION

- Kureha's basic policy for the distribution of earnings is to strengthen the company overall to realize longer-term growth, prepare for future business expansion, enhance retained earnings, and provide a stable and continued dividend
- The Company may consider flexibly repurchasing its common shares



Notes:

- Kureha conducted a ten-to-one share consolidation on October 1, 2016. All figures in this chart are presented on a post share consolidation basis for comparison purposes
- Accounting standards: Japanese GAAP (before and in FY2015); IFRS (in and after FY2016)
- Commemorative dividends of ¥10 are included in the annual dividends of FY2014 and FY2018
- Share repurchases completed: ¥3bn in FY2018, ¥5bn in FY2019

Consolidated Companies

KUREHA CORPORATION

(billions of yen)

| | | FY2020 1H | | FY2021 1H | | Change | |
|------------------------|---|-------------|--------------|-------------|--------------|-------------|--------------|
| | | Revenue | Total assets | Revenue | Total assets | Revenue | Total assets |
| Kureha Corporation | | 29.5 | 192.3 | 34.6 | 201.4 | 5.1 | 9.1 |
| Kureha Trading Group | | 8.5 | 12.2 | 10.2 | 14.0 | 1.7 | 1.8 |
| Advanced Materials | Kureha Corporation | 12.8 | -- | 17.6 | -- | 4.8 | -- |
| | Kureha Trading Group | 5.6 | -- | 7.2 | -- | 1.6 | -- |
| | Kureha Extron | 1.4 | 4.3 | 1.7 | 4.2 | 0.4 | -0.2 |
| | Kureha GmbH | 0.8 | 1.0 | 1.2 | 0.9 | 0.4 | -0.2 |
| | Kureha America Group | 1.2 | 25.2 | 2.3 | 28.6 | 1.1 | 3.4 |
| | Kureha (Shanghai) Carbon Fiber Materials | 0.4 | 1.2 | 0.9 | 1.4 | 0.5 | 0.2 |
| | Kureha China Group | 2.6 | 10.0 | 6.9 | 13.7 | 4.3 | 3.7 |
| | Consolidation adjustments | -6.1 | -- | -9.0 | -- | -2.8 | -- |
| Total | | 18.6 | -- | 28.8 | -- | 10.2 | -- |
| Specialty Chemicals | Kureha Corporation | 9.0 | -- | 10.3 | -- | 1.3 | -- |
| | Kureha Trading | 3.3 | -- | 4.0 | -- | 0.8 | -- |
| | Consolidation adjustments | -1.2 | -- | -1.5 | -- | -0.3 | -- |
| | Total | | 11.1 | -- | 12.8 | -- | 1.7 |
| Specialty Plastics | Kureha Corporation | 12.9 | -- | 14.0 | -- | 1.1 | -- |
| | Kureha Trading | 2.1 | -- | 1.7 | -- | -0.4 | -- |
| | Kureha Gohsen | 2.3 | 5.2 | 2.9 | 6.0 | 0.6 | 0.9 |
| | Kureha China Group | 0.1 | -- | 0.2 | -- | 0.1 | -- |
| | Kureha America Group | 1.0 | 0.9 | 1.1 | 1.3 | 0.2 | 0.4 |
| | Kureha Europe Group | 3.5 | 7.0 | 4.1 | 6.9 | 0.6 | -0.1 |
| | Kureha Vietnam | 1.5 | 2.9 | 2.1 | 3.9 | 0.6 | 1.0 |
| | Consolidation adjustments | -2.3 | -- | -3.1 | -- | -0.8 | -- |
| Total | | 21.1 | -- | 22.9 | -- | 1.9 | -- |

Consolidated Companies (cont'd)

KUREHA CORPORATION

(billions of yen)

| | | FY2020 1H | | FY2021 1H | | Change | |
|--|-------------------------------|------------|--------------|-------------|--------------|-------------|--------------|
| | | Revenue | Total assets | Revenue | Total assets | Revenue | Total assets |
| Construction | Kureha Nishiki Group | 7.0 | 11.2 | 7.2 | 10.9 | 0.2 | -0.3 |
| | Kureha Engineering | 2.3 | 2.3 | 1.8 | 2.4 | -0.5 | 0.1 |
| | Consolidation adjustments | -3.5 | -- | -3.5 | -- | -0.0 | -- |
| | Total | 5.8 | -- | 5.5 | -- | -0.3 | -- |
| Other Operations | Kureha Ecology Mgt Group | 6.2 | 26.8 | 6.0 | 27.8 | -0.2 | 1.1 |
| | Kureha Special Laboratory Co. | 0.6 | 0.7 | 0.6 | 0.9 | 0.0 | 0.2 |
| | Kureha Unyu Group | 3.7 | 5.5 | 4.1 | 5.5 | 0.3 | 0.1 |
| | Kureha Trading | 0.0 | -- | 0.0 | -- | 0.0 | -- |
| | Kureha Service Group | 0.4 | 1.7 | 0.4 | 1.9 | -0.0 | 0.1 |
| | Kureha Staff Service Co. | 0.8 | 0.6 | 0.8 | 0.7 | -0.0 | 0.0 |
| | Kureha-Kai Medical Corp. | 1.9 | 3.5 | 2.0 | 3.7 | 0.1 | 0.3 |
| | Consolidation adjustments | -4.2 | -- | -4.9 | -- | -0.7 | -- |
| Total | 9.5 | -- | 9.0 | -- | -0.5 | -- | |
| Kureha Group Total | | 66.0 | -- | 79.1 | -- | 13.0 | -- |
| (Number of consolidated subsidiaries and equity-method affiliates) | | (30) | | (30) | | | |

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