

Quarterly Financial Summary

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Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under IFRS)

November 11, 2024

Company name: Kureha Corporation
Listing: Tokyo Stock Exchange
Securities code: 4023
URL: <https://www.kureha.co.jp/en/>
Representative: Yutaka Kobayashi, President and Chief Executive Officer
Inquiries: Takayuki Ogawa, General Manager, Corporate Communication Department.; Phone +81-3-3249-4651
 Scheduled date to file semi-annual securities report: November 13, 2024
 Scheduled date to commence dividend payment: December 3, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted)

1. Consolidated financial results for the six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Net profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended												
September 30, 2024	81,641	△7.7	6,959	△23.9	7,443	△24.5	5,732	△16.1	5,651	△16.9	4,271	△69.0
September 30, 2023	88,490	△13.0	9,148	△45.3	9,859	△43.3	6,828	△44.4	6,797	△44.2	13,774	△16.0

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	105.33	105.19
September 30, 2023	118.43	118.23

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

Basic earnings per share and diluted earnings 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 parent	Ratio of equity attributable to owners of parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2024	335,125	217,698	215,914	64.4
March 31, 2024	330,630	223,148	221,377	67.0

2. Cash dividends

	Annual 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	—	43.35			
Fiscal year ending March 31, 2025 (Forecast)			—	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 year-end 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)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	160,000	△10.1	10,000	△21.9	10,500	△24.5	7,000	△28.1	134.02

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

* Notes

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries affecting the scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
 - 1) Changes in accounting policies required under IFRS: None
 - 2) Changes in accounting policies other than those in item 1) above: None
 - 3) Changes in accounting estimates: None
- (3) Number of issued shares (common stock)

1) Total number of shares at the end of the period (including treasury shares)	As of September 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 September 30, 2024	2,940,490 shares	As of March 31, 2024	3,543,898 shares
3) Average number of shares outstanding during the period	Six months ended September 30, 2024	53,661,679 shares	Six months ended September 30, 2023	57,396,492 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 semi-annual financial results report is exempt from review conducted by certified public accountants or an audit firm.

* 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 six months of the fiscal year ending March 31, 2025, the Japanese and global economies were expected that a gradual economic recovery would 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 six 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 81,641 million yen (down 7.7% year on year), operating profit was 6,959 million yen (down 23.9% year on year), profit before tax was 7,443 million yen (down 24.5% year on year), profit was 5,732 million yen (down 16.1% year on year), and profit attributable to owners of parent was 5,651 million yen (down 16.9% year on year).

Results by segment were as follows:

(Millions of yen)

	Revenue			Operating profit		
	Six months ended September 30, 2023	Six months ended September 30, 2024	Change	Six months ended September 30, 2023	Six months ended September 30, 2024	Change
Advanced Materials	34,002	28,544	△5,458	2,832	1,166	△1,666
Specialty Chemicals	17,098	16,208	△890	750	697	△53
Specialty Plastics	23,444	22,798	△646	4,311	3,953	△358
Construction	5,365	5,326	△38	207	412	205
Other Operations	8,578	8,764	185	1,079	1,222	143
Segment Total	88,490	81,641	△6,848	9,181	7,452	△1,729
Adjustments*	—	—	—	△33	△492	△459
Consolidated Total	88,490	81,641	△6,848	9,148	6,959	△2,188

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 28,544 million yen (down 16.1% year on year) and operating profit was 1,166 million yen (down 58.8% year on year).

2. Specialty Chemicals

In the agrochemicals and pharmaceuticals category, revenue fell owing to lower sales of agricultural and horticultural fungicides and Kremezine, a therapeutic agent for chronic kidney disease, but operating profit increased due to lower raw material prices, etc.

In the industrial chemicals category, both revenue and operating profit decreased as sales of inorganic and organic chemicals dropped.

Consequently, revenue in Specialty Chemicals was 16,208 million yen (down 5.2% year on year) and operating profit was 697 million yen (down 7.1% year on year).

3. Specialty Plastics

In the consumer goods category, revenue and operating profit fell despite higher sales of Seaguar polyvinylidene fluoride (PVDF) fishing lines as sales of New Krewrap plastic wrap for household use came in lower.

In the commercial food packaging materials category, both revenue and operating profit remained flat year on year.

As a result, revenue in Specialty Plastics was 22,798 million yen (down 2.8% year on year) and operating profit was 3,953 million yen (down 8.3% year on year).

4. Construction

In Construction, revenue was same as same period in the prior year, but operating profit rose year on year. Despite a decrease of revenue in private-sector, public-sector construction projects were rose.

As a result, revenue in Construction was 5,326 million yen (flat year on year) and operating profit was 412 million yen (up 99.0% 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. Both revenue and operating profit were same as prior fiscal year in the other categories.

As a result, revenue in Other Operations was 8,764 million yen (up 2.2% year on year) and operating profit was 1,222 million yen (up 13.3% year on year).

(2) Overview of Financial Position for the Period

Total assets as of September 30, 2024, were 335,125 million yen, up 4,494 million yen compared to March 31, 2024. Current assets totaled 112,793 million yen, down 7,106 million yen compared to March 31, 2024, mainly due to decreases in trade and other receivables and inventories, which were partially offset by an increase in cash and cash equivalents. Non-current assets increased by 11,601 million yen to 222,331 million yen, primarily due to an increase in tangible fixed assets related to the expansion of production capacity for PVDF resins.

Total liabilities were 117,427 million yen, up 9,945 million yen compared to March 31, 2024. This rise was mainly attributed to an increase in interest-bearing debt, which grew by 14,751 million yen to 69,656 million yen due to the issuance of corporate bonds, despite a reduction in trade and other payables.

Total equity amounted to 217,698 million yen, down 5,450 million yen compared to March 31, 2024. This decline mainly reflects the acquisition of 7,315 million yen in treasury stock and dividend payments of 2,385 million yen, despite the recording of 5,651 million yen in interim profit attributable to owners of parent.

(3) Overview of Cash Flow for the Period

Net cash provided by operating activities amounted to 24,084 million yen, an increase of 16,857 million yen compared to the same period of the previous year. This was mainly due to reduction in trade and other receivables.

Net cash used in investing activities amounted to 20,780 million yen, an increase of 13,208 million yen from the same period of the previous year. This was due to an increase in expenditures for the acquisition of tangible fixed assets and intangible assets.

Net cash provided by financing activities turned to an inflow of 4,397 million yen from an outflow of 3,425 million yen in the same period of the previous year, largely due to proceeds from

the issuance of corporate bonds, despite the absence of cash inflows from long-term borrowings seen in the prior period.

As a result, cash and cash equivalents amounted to 30,318 million yen as of September 30, 2024, an increase of 7,187 million yen from March 31, 2024.

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

Considering recent performance trends, the Company has revised its consolidated earnings forecast for the fiscal year ending March 31, 2025, from the figures announced on May 13, 2024. For details, please refer to the " Notice Regarding Revised FY2024 Financial Forecast" released today (November 11, 2024).