

FY2024 2Q Results

November 11, 2024

KUREHA CORPORATION

I. FY2024 Financial Overview and Outlook

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I. FY2024 Financial Overview and Outlook

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I-(1) Performance Highlights and Key Items

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I-(3) FY2024 Earnings Forecast

Performance Highlights (1)

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FY2024 2Q Results

Revenue and profit

| | FY2024 | | FY2023 | | (billion yen) | |
|------------------------------|-------------|-------------|-------------|-------------|--------------------------------|-------|
| | 2Q | 2Q | 2Q | 2Q | 25/3 2Q Initial forecast | Diff. |
| | | | | | | Diff. |
| Advanced Materials | 28.5 | 34.0 | -5.5 | 34.0 | -5.5 | |
| Specialty Chemicals | 16.2 | 17.1 | -0.9 | 15.5 | 0.7 | |
| Specialty Plastics | 22.8 | 23.4 | -0.6 | 21.0 | 1.8 | |
| Construction | 5.3 | 5.4 | -0.0 | 6.5 | -1.2 | |
| Other operations | 8.8 | 8.6 | 0.2 | 8.0 | 0.8 | |
| Segment revenue | 81.6 | 88.5 | -6.8 | 85.0 | -3.4 | |
| Advanced Materials | 1.2 | 2.8 | -1.7 | 3.4 | -2.2 | |
| Specialty Chemicals | 0.7 | 0.8 | -0.1 | 0.6 | 0.1 | |
| Specialty Plastics | 4.0 | 4.3 | -0.4 | 2.2 | 1.8 | |
| Construction | 0.4 | 0.2 | 0.2 | 0.4 | 0.0 | |
| Other operations | 1.2 | 1.1 | 0.1 | 0.4 | 0.8 | |
| Core operating profit | 7.5 | 9.2 | -1.7 | 7.0 | 0.5 | |
| Adjustments | -0.5 | -0.0 | -0.5 | -0.5 | 0.0 | |
| Operating profit | 7.0 | 9.1 | -2.2 | 6.5 | 0.5 | |
| Profit* | 5.7 | 6.8 | -1.1 | 5.0 | 0.7 | |

*Profit attributable to owners of the Company

FY2024 2Q YoY changes: Main Factors

- Revenue and profit for PVDF used in LiB binders have declined because of a continued slowdown and inventory adjustments in the EV and LiB markets.
- Revenue and operating profit of home products fell owing to lower sales volume.
- Despite lower PPS sales, operating profit increased due to improvement in equity in earnings.

FY2024 2Q changes from initial forecast : Main Factors

- PVDF is down due to the above reasons.
- Revenue of heat-shrinkable multilayer (ML) film increased before closing the business.
- Revenue of environmental engineering increased due to higher demand.

Exchange rate

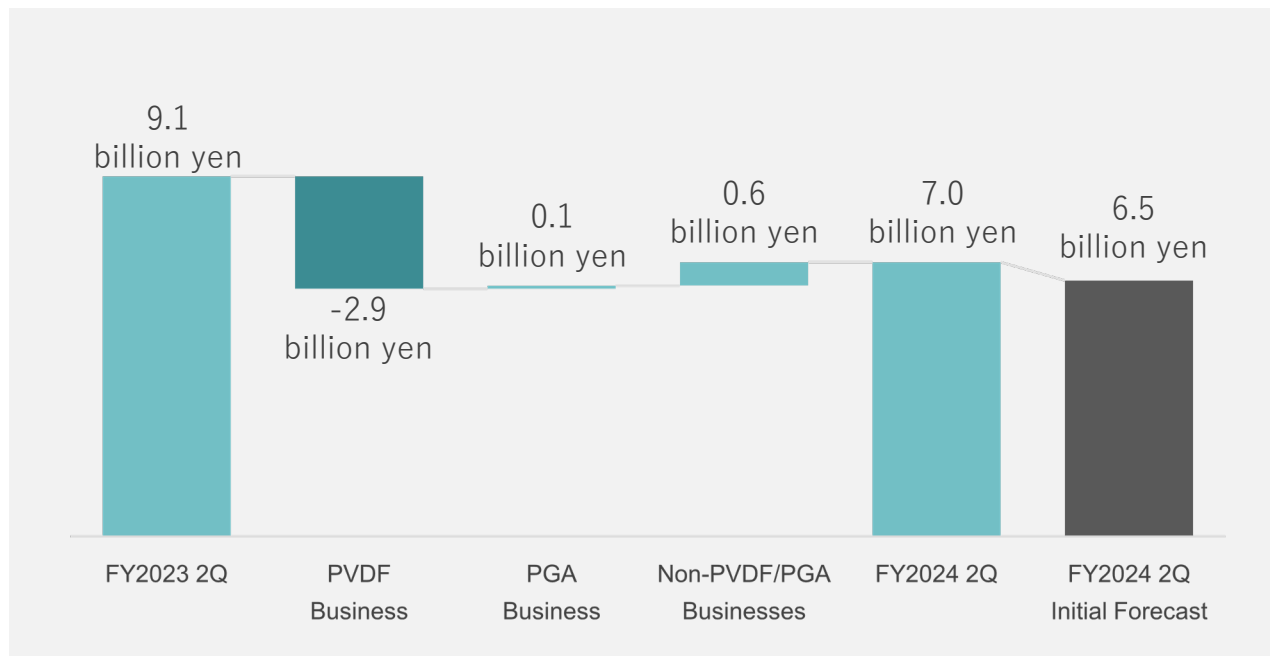
| | FY24.2Q | FY23.2Q |
|-------|---------|---------|
| 1USD= | 152.8 | 141.1 |
| 1EUR= | 166.1 | 153.5 |
| 1CNY= | 21.2 | 19.8 |

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Analysis of Factors Affecting Operating Profit: FY2024 2Q Results

Despite a significant decline in profit for the PVDF business due to the slowdown in the EV market, other existing businesses maintained roughly the same profit levels as the previous year.

YoY Change



Performance Highlights (3)

FY2024 Annual Forecast

Revenue and profit

| | FY24 | FY23 | Diff. | (billion yen) | |
|------------------------------|------------------|--------------|--------------|-----------------------|--------------|
| | Revised forecast | Actual | | FY24 Initial forecast | Diff. |
| Advanced Materials | 57.0 | 64.5 | -7.5 | 70.0 | -13.0 |
| Specialty Chemicals | 30.0 | 33.9 | -3.9 | 29.0 | 1.0 |
| Specialty Plastics | 40.0 | 47.3 | -7.3 | 40.0 | - |
| Construction | 15.0 | 13.9 | 1.1 | 14.5 | 0.5 |
| Other operations | 18.0 | 18.2 | -0.2 | 16.5 | 1.5 |
| Segment revenue | 160.0 | 178.0 | -18.0 | 170.0 | -10.0 |
| Advanced Materials | -0.5 | 4.8 | -5.3 | 5.7 | -6.2 |
| Specialty Chemicals | 0.9 | 1.7 | -0.8 | 1.0 | -0.1 |
| Specialty Plastics | 6.0 | 8.2 | -2.2 | 5.2 | 0.8 |
| Construction | 1.0 | 1.5 | -0.5 | 0.8 | 0.2 |
| Other operations | 2.1 | 2.5 | -0.4 | 1.3 | 0.8 |
| Core operating profit | 9.5 | 18.6 | -9.1 | 14.0 | -4.5 |
| Adjustments | 0.5 | -5.8 | 6.3 | - | 0.5 |
| Operating profit | 10.0 | 12.8 | -2.8 | 14.0 | -4.0 |
| Profit* | 7.0 | 9.7 | -2.7 | 10.0 | -3.0 |

*Profit attributable to owners of the Company

| | | | |
|-----|--------|--------|--------|
| EPS | 134.02 | 173.03 | 191.45 |
| ROE | 3.3% | 4.5% | 4.6% |

FY2024 Annual YoY Change: Key Differences

- Weak PVDF sales due to slowdown in the EV market, especially in Europe
 - Less gains on PGA inventory revaluation due to lower demand from stagnant shale gas/oil drilling market
 - Inventory adjustments by agrochemical customers
 - Intensified competition in household products market
 - Impact of withdrawal from ML film business
- Core operating profit decreased by 9.1 billion yen. Cancellation of PVDF manufacturing facility expansion in China and withdrawal from the ML film costing 5.8 billion last year, make the gap of operating profit 2.8 billion.

FY2024 Annual Forecast Revision : Main Factors

- Advanced plastics are performing below initial expectations. PVDF market does not foresee its recovery this fiscal year, and PGA will be affected by persistent low shale gas prices.

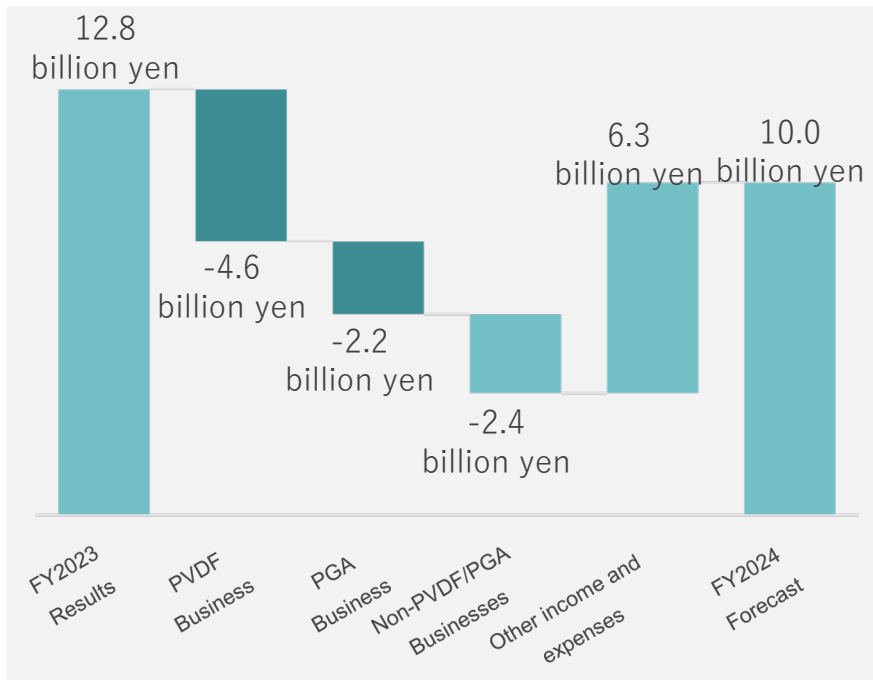
Exchange rate and sensitivity

| | FY23 Actual | FY24 Initial forecast | 1H FY24 Actual | 2H FY24 revised forecast | FX sensitivity *Impact of one-yen depreciation on operating profit per 2H |
|-------|-------------|-----------------------|----------------|--------------------------|--|
| 1USD= | ¥144.6 | ¥145.0 | ¥152.8 | ¥150.0 | An increase of ¥0.07bn |
| 1EUR= | ¥156.8 | ¥158.0 | ¥166.1 | ¥163.0 | An increase of ¥-0.01bn |
| 1CNY= | ¥20.1 | ¥20.0 | ¥21.2 | ¥21.0 | An increase of ¥0.05bn |

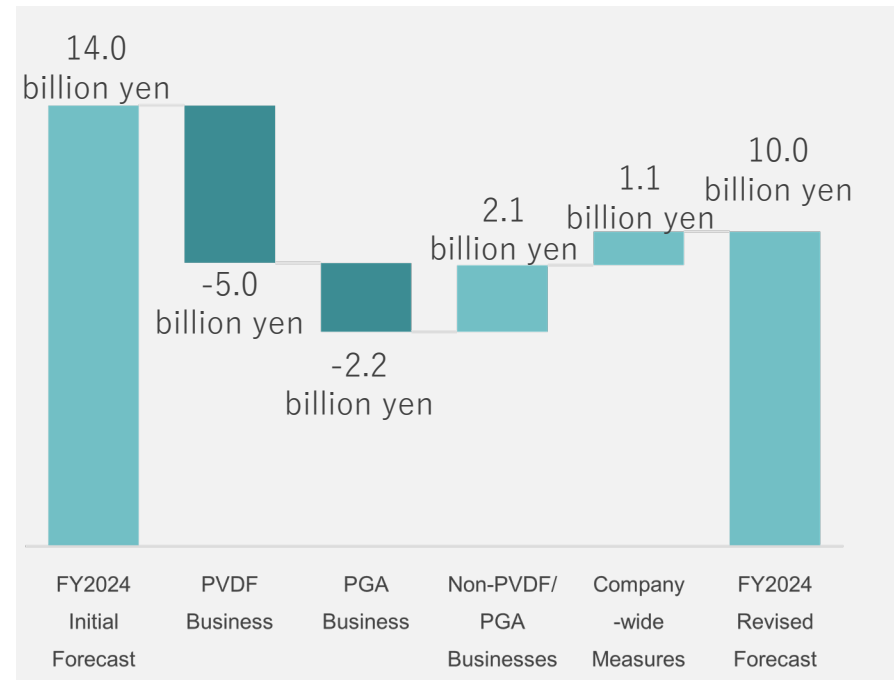
Analysis of Factors Affecting Operating Profit: FY2024 Forecast

We aim to strengthen our profit base by addressing the shortfall in the PVDF and PGA businesses through securing more profit in other existing businesses and further cost reductions across the company.

YoY Change



Change vs. Initial Forecast



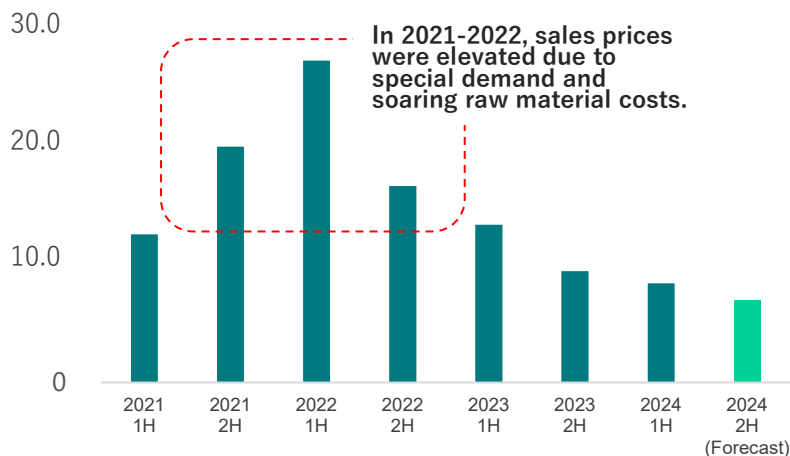
EV and LiB Market

Initial Forecast: Expected recovery during FY2025

Current Outlook: Continued uncertainty throughout FY2025, with recovery in the European market delayed until 2026.

PVDF Revenue

(billion yen)



We expect the PVDF business to be in the red this fiscal year due to lower sales caused by slowdown in the EV market.

Overview and Strategies

LiB Applications

Europe

- EV sales volumes are lower than the previous year, with no sharp recovery expected. The market is anticipated to remain below expectation.

North America

- While EV market growth has slowed, PHEV sales are increasing. Looking ahead, BEV, PHEV, and HEV markets are expected to steadily expand.
- Although the launch of new factories by customers has been delayed, we have provided them with samples and preparations at the customers' end are also being progressed.

China

- Our R&D centers in Japan and China are proposing newly developed products for LFP-based LiBs, with sample evaluations currently underway at LiB manufacturers. To offset the stagnation in the EU market, we aim to achieve early adoption and sales expansion with these products in China.

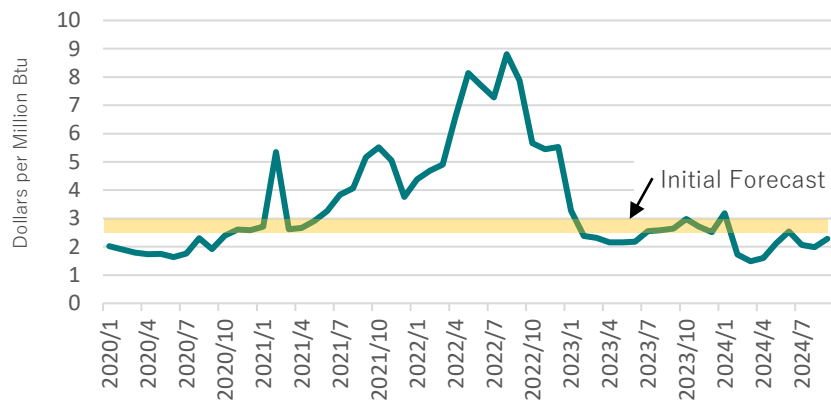
Japan

- Japanese LiB manufacturers are prioritizing building domestic supply chains due to geopolitical risks, and we are enhancing our proposal activities to these companies.

Industrial Applications

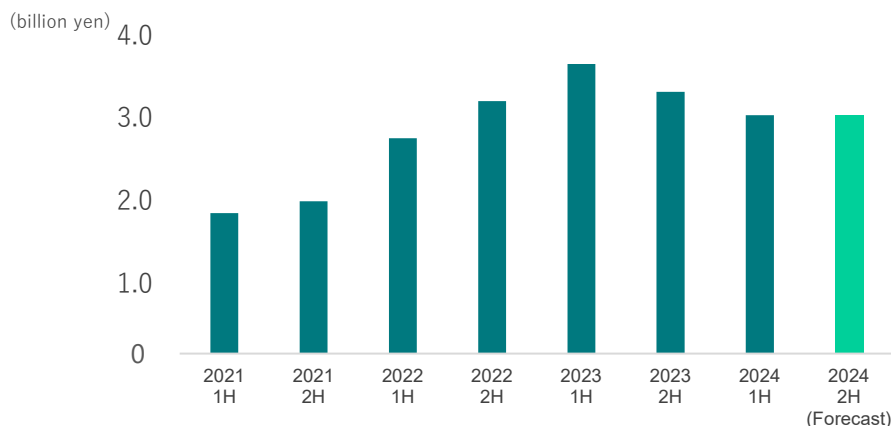
- For further sales expansion, we are conducting marketing for industrial pipes used in oil drilling, fittings and pipes used in semiconductor manufacturing equipment, and applications for water treatment membranes.

Market (Gas Prices)



Source: Henry Hub Natural Gas Spot Price (EIA)

Revenue



Overview and Strategies

Medium- to High-Temperature Regions

- Drilling activity in one of our primary markets, gas fields, has stalled due to North American gas prices falling below our anticipated range of 2.5–3 USD/mmbtu. The market environment is expected to gradually improve in line with projected natural gas price recovery as forecasted by the EIA*.
- Awareness of our products has increased, and with the recovery of market conditions, we expect to expand sales in medium- to high-temperature regions.

Low- to Ultra-Low Temperature Regions

- Progress has been made on two types of plugs developed for low- / Ultra-Low temperature wells:
 - Low-Temperature Plug: Field tests have been completed at seven companies, resulting in repeat orders from multiple firms. Full-scale sales have commenced, with efforts underway to promote full-bore adoption in medium-temperature fields and to expand usage in low-temperature fields.
 - Ultra-Low-Temperature Plug: Development of the resin formulation has progressed and expect to make prototypes within this fiscal year, with field tests planned for early next fiscal year in ultra-low-temperature regions.

Although full-scale sales of low-temperature plugs will commence, performance is expected to fall short of initial plans. This is projected to result in a fiscal-year loss due to reduced gains from inventory revaluation.

I. FY2024 Financial Overview and Outlook

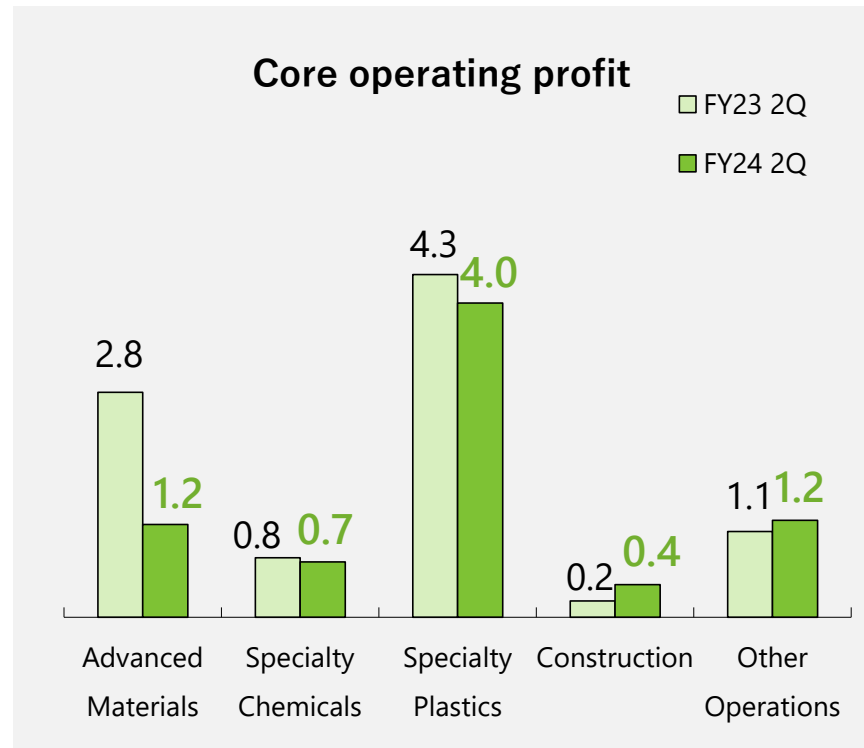
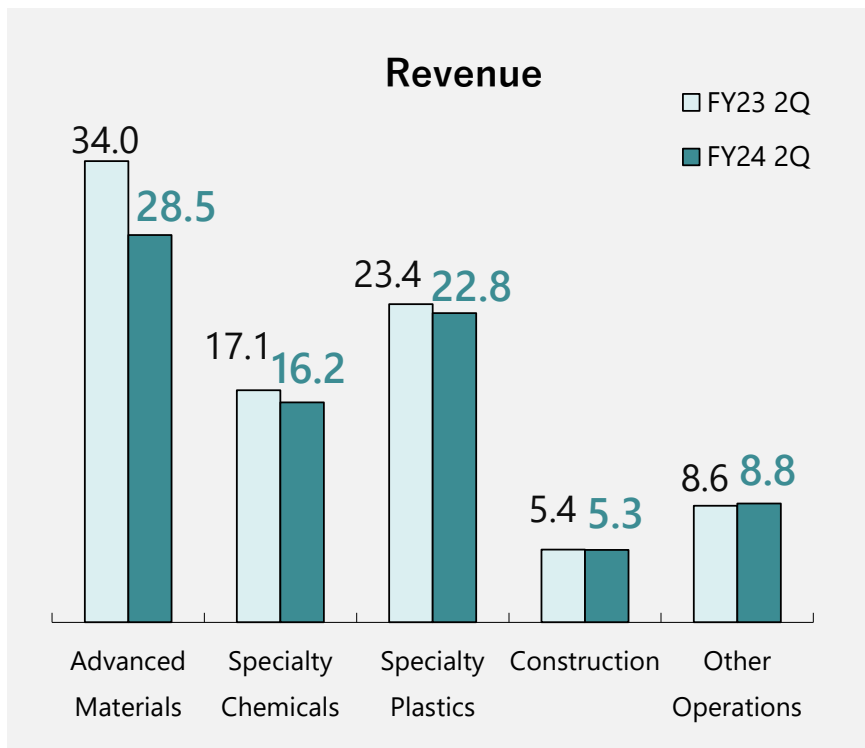
I-(1) Performance Highlights and Key Items

I-(2) FY2024 2Q Results

I-(3) FY2024 Earnings Forecast

2Q Results by Segment: YoY Change

(billion yen)



Segment Performance: Advanced Materials

(billion yen)

| | FY24 2Q | FY23 2Q | Change | |
|-------------------------|-------------|------------|--------|------|
| | | | Amount | % |
| Advanced plastics | 18.5 | 25.0 | -6.4 | -26% |
| Carbon products | 3.8 | 3.9 | -0.1 | -2% |
| Other | 6.2 | 5.1 | 1.0 | 20% |
| Revenue | 28.5 | 34.0 | -5.5 | -16% |
| Operating profit | 1.2 | 2.8 | -1.7 | -59% |

<YoY Change>

Lower revenue and operating profit

Advanced plastics

Despite an improvement in equity in earnings from PPS, revenue for PVDF used in automotive LiB binders declined due to a slowdown in the EV market and customer inventory adjustments, resulting in both lower revenue and profit.

Carbon products

Although revenue from bead-shaped activated carbon increased, revenue from carbon fibers used in high-temperature furnace insulation decreased, leading to flat overall revenue and a decline in profit.

Segment Performance: Specialty Chemicals

(billion yen)

| | FY24 | FY23 | Change | |
|-------------------------|-------------|------|--------|------|
| | 2Q | 2Q | Amount | % |
| Agrochemicals | 4.4 | 4.9 | -0.5 | -10% |
| Pharmaceuticals | 1.2 | 1.7 | -0.5 | -28% |
| Industrial chemicals | 5.0 | 5.8 | -0.9 | -15% |
| Other | 5.6 | 4.6 | 0.9 | 20% |
| Revenue | 16.2 | 17.1 | -0.9 | -5% |
| Operating profit | 0.7 | 0.8 | -0.1 | -7% |

<YoY Change>

Lower revenue and operating profit

Agrochemicals and pharmaceuticals

Despite a decline in revenue from agricultural and horticultural fungicides and pharmaceuticals, lower raw material prices resulted in lower revenue but higher profit.

Industrial chemicals

Revenue from both inorganic and organic chemicals fell, resulting in lower revenue and profit.

Segment Performance: Specialty Plastics

(billion yen)

| | FY24 | FY23 | Change | |
|-------------------------|-------------|------|--------|-----|
| | 2Q | 2Q | Amount | % |
| Home products | 11.2 | 12.2 | -1.1 | -9% |
| Fishing lines | 2.7 | 2.5 | 0.2 | 8% |
| Packaging materials | 7.0 | 7.0 | 0.0 | 1% |
| Other | 1.9 | 1.7 | 0.2 | 9% |
| Revenue | 22.8 | 23.4 | -0.6 | -3% |
| Operating profit | 4.0 | 4.3 | -0.4 | -8% |

<YoY Change>

Lower revenue and operating profit

Home products and fishing lines

Although revenue from fishing lines increased, a decline in the sales volume of household wraps led to lower overall revenue and profit.

Packaging materials

Sales of ML film were discontinued in Q1, but inventory sales for withdrawal of the business helped offset this impact. As a result, both revenue and profit for April to September remained unchanged YoY.

Segment Performance: Construction, and Other Operations

(billion yen)

| | FY24 | FY23 | Change | |
|---------------------------|------------|------|--------|------|
| | 2Q | 2Q | Amount | % |
| 【Construction】 | | | | |
| Revenue | 5.3 | 5.4 | -0.0 | -1% |
| Operating profit | 0.4 | 0.2 | 0.2 | 99% |
| 【Other Operations】 | | | | |
| Environmental engineering | 5.6 | 5.4 | 0.2 | 3% |
| Logistics | 0.8 | 0.8 | -0.0 | -3% |
| Hospital operations | 2.2 | 2.1 | 0.2 | 8% |
| Others | 0.2 | 0.3 | -0.1 | -43% |
| Revenue | 8.8 | 8.6 | 0.2 | 2% |
| Operating profit | 1.2 | 1.1 | 0.1 | 13% |

<YoY Change>

Construction: Flat revenue, higher profit

Revenue remained flat YoY, while operating profit increased.

Other operations: Higher revenue and profit

The environmental engineering business achieved higher revenue and profit, supported by increased volumes of industrial waste treatment.

Revenue and profit for other operations remained unchanged YoY.

Financial Position

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| Assets | | | | Liabilities and Equity | | | |
|---------------------------------|------------------|------------------|-------------|-------------------------------------|------------------|------------------|-------------|
| | Sep. 30, 2024 | Mar. 31, 2024 | Change | | Sep. 30, 2024 | Mar. 31, 2024 | Change |
| Cash and cash equivalents | 30.3 | 23.1 | 7.2 | Trade and other payables | 17.5 | 20.5 | -3.0 |
| Trade and other receivables | 27.6 | 40.6 | -13.0 *1 | Interest-bearing debt | 69.7 | 54.9 | 14.8 *3 |
| Inventories | 49.3 | 51.2 | -2.0 | Provisions | 9.0 | 11.3 | -2.2 |
| Other current assets | 5.6 | 4.9 | 0.7 | Other liabilities | 21.3 | 20.8 | 0.4 |
| Total current assets | 112.8 | 119.9 | -7.1 | Total liabilities | 117.4 | 107.5 | 9.9 |
| Property, plant and equipment | 152.1 | 140.5 | 11.6 *2 | Shareholders' equity | 18.2 | 18.2 | |
| Intangible assets | 5.3 | 5.0 | 0.3 | Capital surplus | 14.7 | 14.7 | |
| Investments and other assets | 64.9 | 65.2 | -0.2 | Less: Treasury stock | -8.2 | -9.6 | 1.5 *4 |
| | | | | Retained earnings | 172.1 | 177.3 | -5.2 *5 |
| | | | | Other components of equity | 19.1 | 20.8 | -1.7 |
| Total non-current assets | 222.3 | 210.7 | 11.6 | Non-controlling interests | 1.8 | 1.8 | 0.0 |
| Total assets | 335.1 | 330.6 | 4.5 | Total equity | 217.7 | 223.1 | -5.5 |
| | | | | Total liabilities and equity | 335.1 | 330.6 | 4.5 |

*1 ... Due to progress in collecting receivables from major customers

*2 ... Construction in progress for the expansion of production capacity for PVDF at the Iwaki Factory (+13.2bn yen), etc.

*3 ... Corporate bonds (+20bn yen), etc.

*4 ... Retirement of treasury shares (+8.7bn yen), purchase of treasury shares (-7.3bn yen), etc.

*5 ... Retirement of treasury shares (-8.7bn yen, following transfer from capital surplus), net profit (+5.7bn yen), dividends (-2.4bn yen), etc.

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| | (billion yen) | | |
|---|---------------|-------------|--------------|
| | FY24 | FY23 | Change |
| | 2Q | 2Q | |
| Profit before income taxes | 7.4 | 9.9 | -2.4 |
| Depreciation | 6.4 | 5.7 | 0.7 |
| Other | 10.3 | -8.3 | 18.6 |
| Cash flow from operating activities | 24.1 | 7.2 | 16.9 |
| Cash flow from investing activities | -20.8 | -7.6 | -13.2 |
| Free cash flow | 3.3 | -0.3 | 3.6 |
| Cash flow from financing activities | 4.4 | -3.4 | 7.8 |
| Effect of exchange rate change on cash and cash equivalents | -0.5 | 1.4 | -1.9 |
| Increase/decrease in cash and cash equivalents | 7.2 | -2.3 | 9.5 |
| Cash and cash equivalents at beginning of period | 23.1 | 32.2 | -9.1 |
| Cash and cash equivalents at end of period | 30.3 | 29.9 | 0.5 |

Main drivers of change

Operating CF: +16.9bn yen

Improvement in working capital: +17.7bn yen

Investing CF: -13.2bn yen

Expenditures for the acquisition of tangible fixed assets: -20.0bn yen

Financing CF: +7.8bn yen

Increased funding from interest-bearing debt: +8.3bn yen

I. FY2024 Financial Overview and Outlook

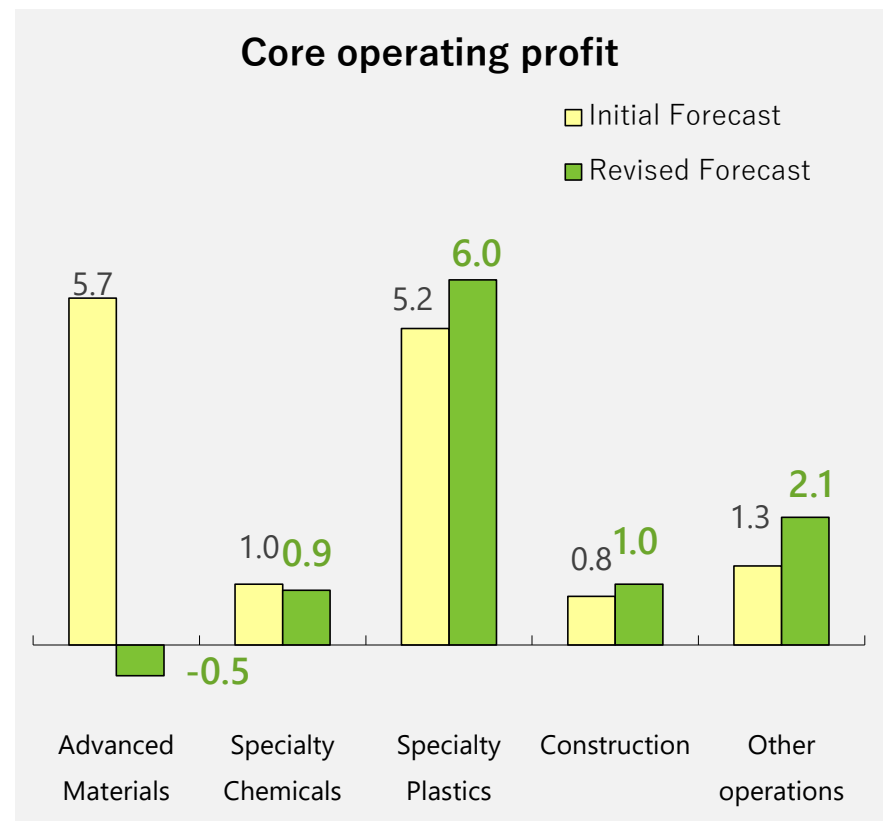
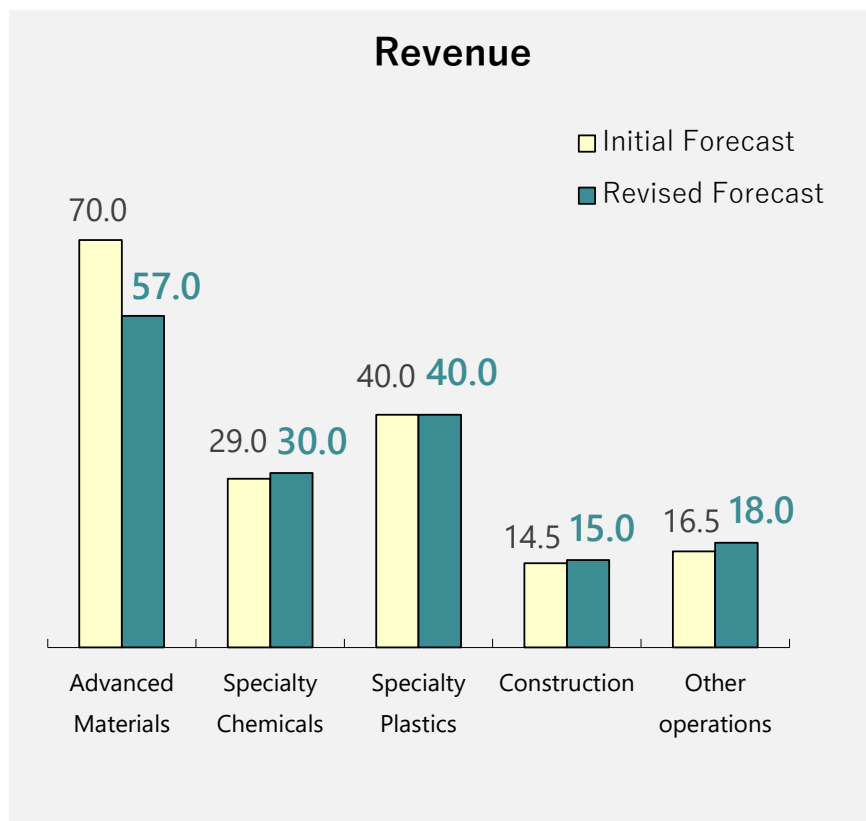
I-(1) Performance Highlights and Key Items

I-(2) FY2024 2Q Results

I-(3) FY2024 Earnings Forecast

Initial vs. Revised Forecast: By Segment

(billion yen)



Segment Forecast: Advanced Materials

(billion yen)

| | FY24 | FY23 | YoY Change | | FY24 | vs. Initial Forecast | |
|-------------------------|------------------|--------|------------|------|------------------|----------------------|------|
| | Revised Forecast | Actual | Amount | % | Initial Forecast | Amount | % |
| Advanced plastics | 36.0 | 45.0 | -9.0 | -20% | 50.0 | -14.0 | -28% |
| Carbon products | 8.0 | 7.9 | 0.1 | 1% | 7.5 | 0.5 | 7% |
| Other | 13.0 | 11.6 | 1.4 | 12% | 12.5 | 0.5 | 4% |
| Revenue | 57.0 | 64.5 | -7.5 | -12% | 70.0 | -13.0 | -19% |
| Operating profit | -0.5 | 4.8 | -5.3 | - | 5.7 | -6.2 | - |

vs. Initial Forecast: Lower revenue and operating profit

- **PVDF:** We initially expected a recovery in the EV and LiB markets, but continued market stagnation, ongoing customer inventory adjustments, and lower utilization rates have resulted in a shortfall.
- **PGA:** While market share has been maintained, weak gas prices have led to sluggish drilling activity. The drop in sales volume has significantly reduced inventory revaluation gains, which are now projected to be recognized in FY2025.

<YoY Change>

Lower revenue and operating profit

Advanced plastics

The EV market environment is expected to remain largely unchanged in 2H, leading to a full-year decline in sales PVDF for automotive LiB binder.

Revenue and profit for PGA products are projected to decline due to the continued stagnation of drilling activity among customers operating in high-temperature regions and lower gains on inventory revaluation.

As a result, advanced plastics will see lower revenue, shifting from an operating profit last year to an operating loss this year.

Segment Forecast: Specialty Chemicals

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(billion yen)

| | FY24 | FY23 | YoY Change | | FY24 | vs. Initial Forecast | |
|-------------------------|------------------|--------|------------|------|------------------|----------------------|------|
| | Revised Forecast | Actual | Amount | % | Initial Forecast | Amount | % |
| Agrochemicals | 7.0 | 9.7 | -2.7 | -28% | 6.5 | 0.5 | 8% |
| Pharmaceuticals | 3.0 | 4.0 | -1.0 | -26% | 3.5 | -0.5 | -14% |
| Industrial chemicals | 10.0 | 10.7 | -0.7 | -7% | 10.5 | -0.5 | -5% |
| Other | 10.0 | 9.5 | 0.5 | 5% | 8.5 | 1.5 | 18% |
| Revenue | 30.0 | 33.9 | -3.9 | -12% | 29.0 | 1.0 | 3% |
| Operating profit | 0.9 | 1.7 | -0.8 | -46% | 1.0 | -0.1 | -10% |

vs. Initial Forecast: Higher revenue, lower operating profit

- Although sales at group companies have been strong, a decline in market prices for industrial chemicals has led to a downward revision in operating profit.

<YoY Change>

Lower revenue and operating profit

Agrochemicals and pharmaceuticals

Revenue and profit are expected to decline. Agrochemical sales are affected by customer inventory adjustments, while pharmaceutical sales are impacted by NHI price revisions (price reduction) and lower volumes.

Industrial chemicals

Revenue is projected to fall due to reduced sales of both inorganic and organic chemicals, resulting in lower profit.

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Segment Forecast: Specialty Plastics

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(billion yen)

| | FY24 | FY23 | YoY Change | | FY24 | vs. Initial Forecast | |
|-------------------------|------------------|--------|------------|------|------------------|----------------------|-----|
| | Revised Forecast | Actual | Amount | % | Initial Forecast | Amount | % |
| Home products | 22.0 | 23.2 | -1.2 | -5% | 23.5 | -1.5 | -6% |
| Fishing lines | 5.0 | 5.1 | -0.1 | -2% | 5.5 | -0.5 | -9% |
| Packaging materials | 9.0 | 15.4 | -6.4 | -41% | 7.5 | 1.5 | 20% |
| Other | 4.0 | 3.6 | 0.4 | 10% | 3.5 | 0.5 | 14% |
| Revenue | 40.0 | 47.3 | -7.3 | -15% | 40.0 | - | 0% |
| Operating profit | 6.0 | 8.2 | -2.2 | -27% | 5.2 | 0.8 | 15% |

<YoY Change>

Lower revenue and operating profit

Home products

Revenue and profit are expected to decline. Even though promotional activities will be launched in the 2H, home products face lower volumes due to intensified competition.

Packaging materials

Revenue and profit are projected to fall due to the withdrawal from the ML film business.

vs. Initial Forecast: Flat revenue, higher operating profit

- Although sales volume for home products has decreased, increased sales before the withdrawal from the ML film business, along with better-than-expected performance of other plastic-processed products, have led to higher profit compared to the initial plan.

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Segment Forecast: Construction and Other Operations

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(billion yen)

| | FY24 Revised Forecast | FY23 Actual | YoY Change | | FY24 Initial Forecast | vs. Initial Forecast | |
|-------------------------------|-----------------------------|----------------|------------|------|-----------------------------|----------------------|-----|
| | | | Amount | % | | Amount | % |
| [Construction-related] | | | | | | | |
| Revenue | 15.0 | 13.9 | 1.1 | 8% | 14.5 | 0.5 | 3% |
| Operating profit | 1.0 | 1.5 | -0.5 | -32% | 0.8 | 0.2 | 25% |
| [Other Operations] | | | | | | | |
| Environmental engineering | 11.0 | 11.8 | -0.8 | -7% | 10.0 | 1.0 | 10% |
| Logistics | 1.5 | 1.6 | -0.1 | -8% | 1.5 | - | 0% |
| Hospital operations | 5.0 | 4.3 | 0.7 | 17% | 4.5 | 0.5 | 11% |
| Others | 0.5 | 0.5 | -0.0 | -4% | 0.5 | - | 0% |
| Revenue | 18.0 | 18.2 | -0.2 | -1% | 16.5 | 1.5 | 9% |
| Operating profit | 2.1 | 2.5 | -0.4 | -15% | 1.3 | 0.8 | 62% |

<YoY Change>

Construction: Higher revenue, lower operating profit

Although revenue is expected to increase, profit is projected to decline due to the construction project composition.

Other Operations: Lower revenue and operating profit

Revenue and profit are anticipated to decrease due to the absence of large-scale low-concentration PCB treatment projects in the environmental business.

vs. Initial Forecast

Construction: Higher revenue and operating profit

Revenue and profit are trending higher than initially forecasted due to an increase in orders.

Other Operations: Higher revenue and operating profit

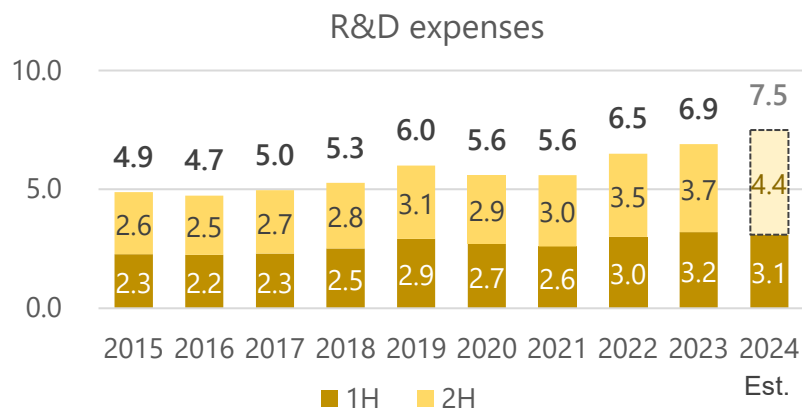
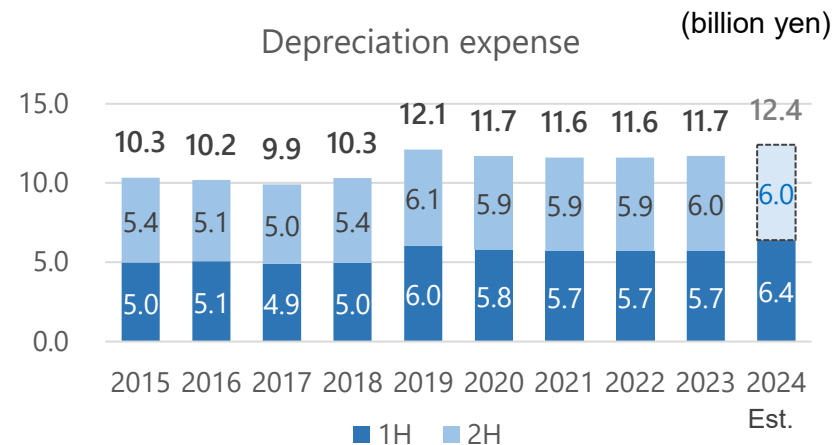
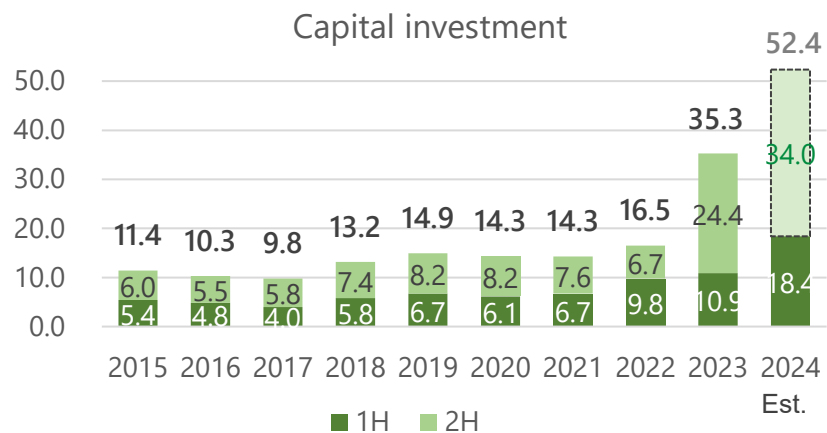
Revenue and profit are outpacing initial projections due to an increase in regular waste processing in the environmental engineering business.

KUREHA

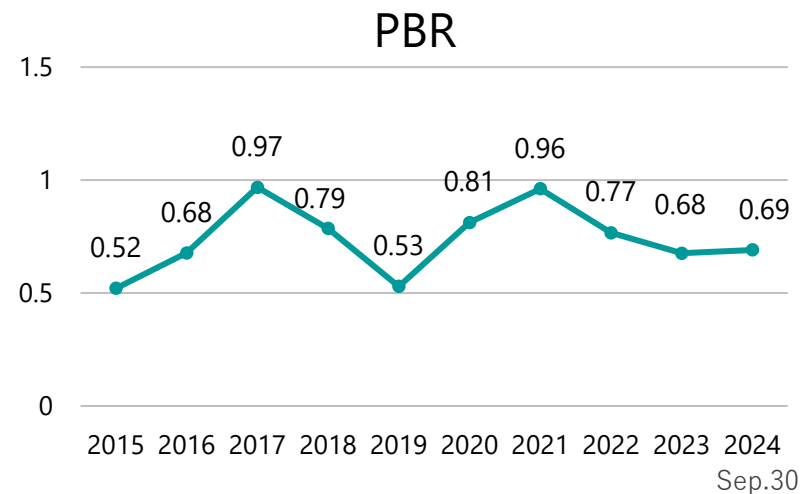
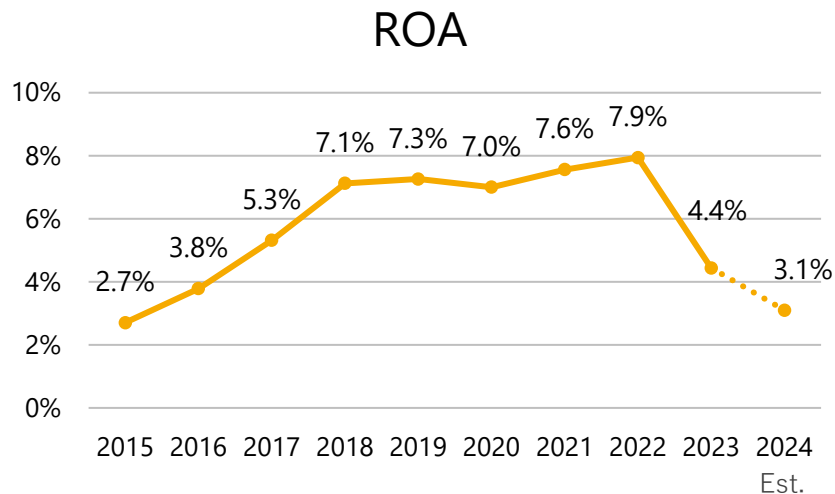
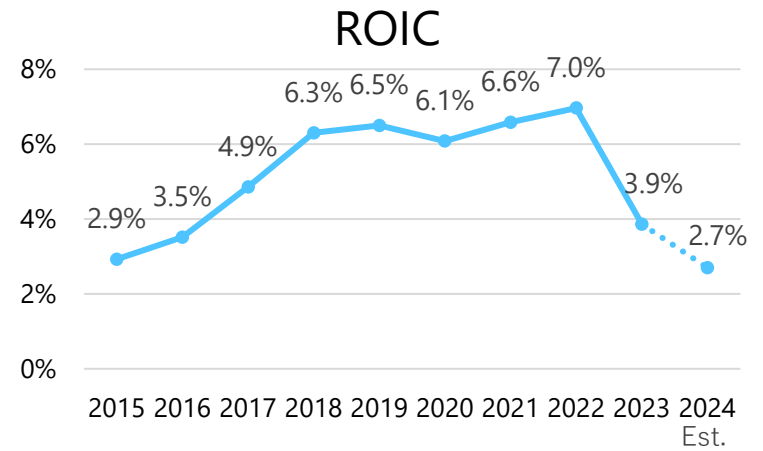
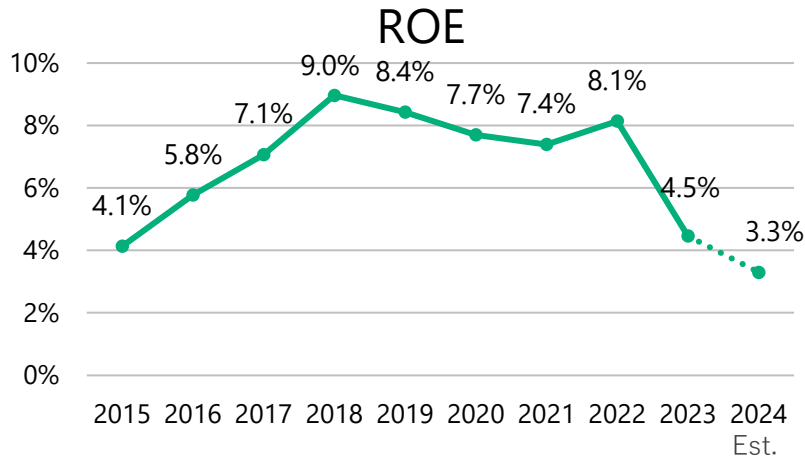
| | (billion yen) | | |
|--|---------------|--------------|--------------|
| | FY24 | FY23 | Change |
| | Forecast | Actual | △ |
| Profit before income taxes | 10.5 | 13.9 | 3.4 |
| Depreciation | 12.4 | 11.7 | 0.8 |
| Other | 7.4 | -14.0 | 21.4 |
| Cash flow from operating activities | 30.3 | 11.6 | △18.7 |
| Cash flow from investing activities | -47.7* | -34.3 | 13.4 |
| Free cash flow | -17.4 | -22.7 | 5.3 |
| Cash flow from financing activities | 14.7 | 12.1 | △2.5 |
| Effect of exchange rate changes on cash and cash equivalents | 0.0 | 1.5 | 1.4 |
| Increase/decrease in cash and cash equivalents | -2.7 | -9.1 | △6.4 |
| Cash and cash equivalents at beginning of period | 23.1 | 32.2 | △9.1 |
| Cash and cash equivalents at end of period | 20.4 | 23.1 | 2.7 |

Note*: Includes 36.4 billion yen for PVDF capacity expansion at the Iwaki Factory this fiscal year.

Key Metrics (1)



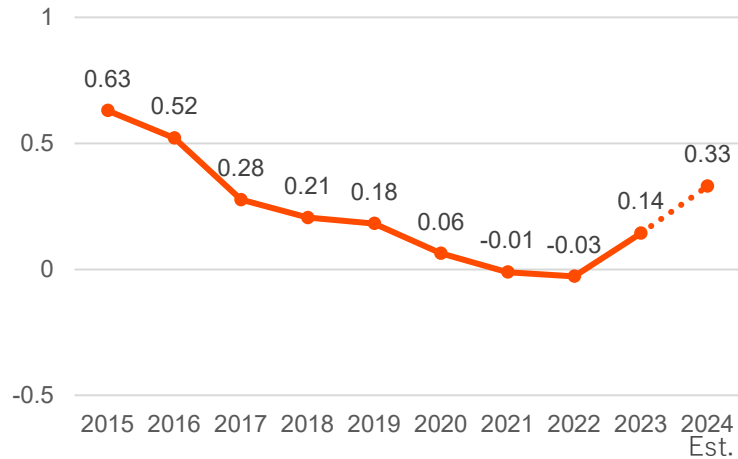
Key Metrics (2)



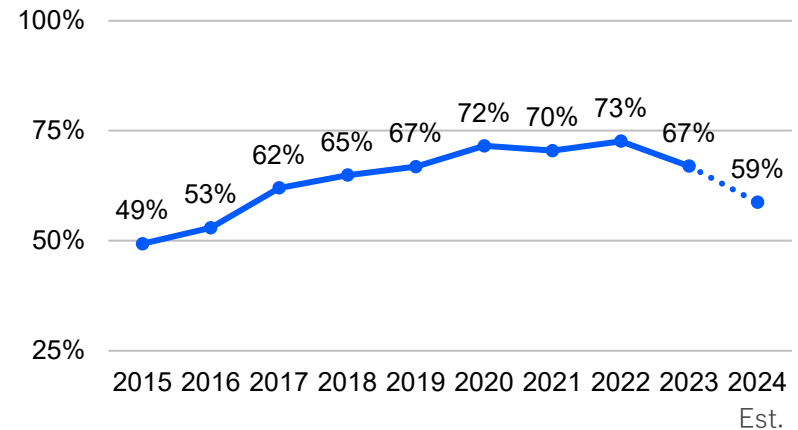
Calculated based on share price and net assets per share at the end of each period.

Key Metrics (3)

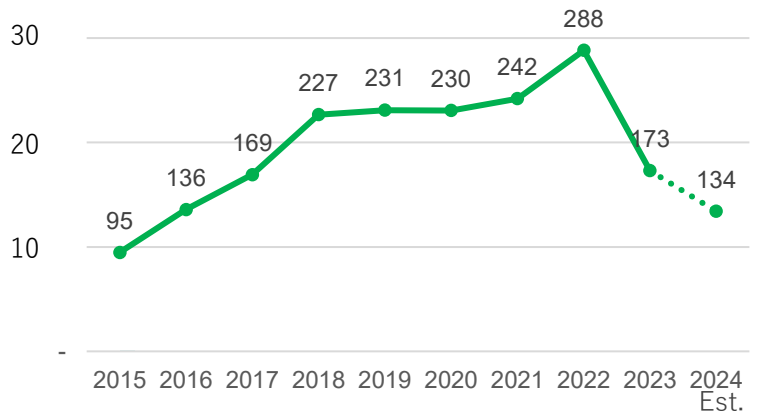
Net DE ratio



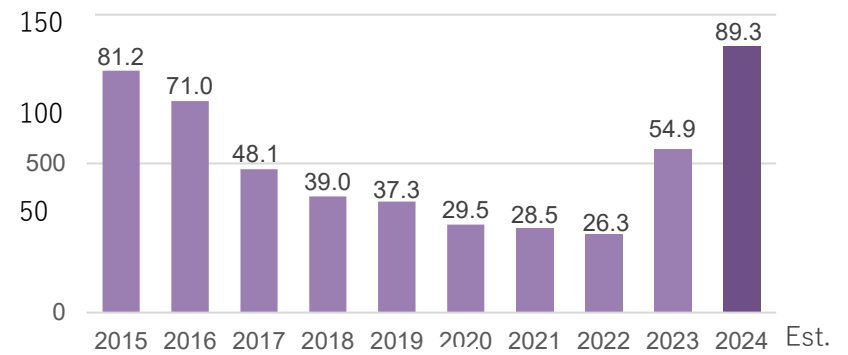
Equity ratio



EPS (yen)



Interest-bearing debt (billion yen)

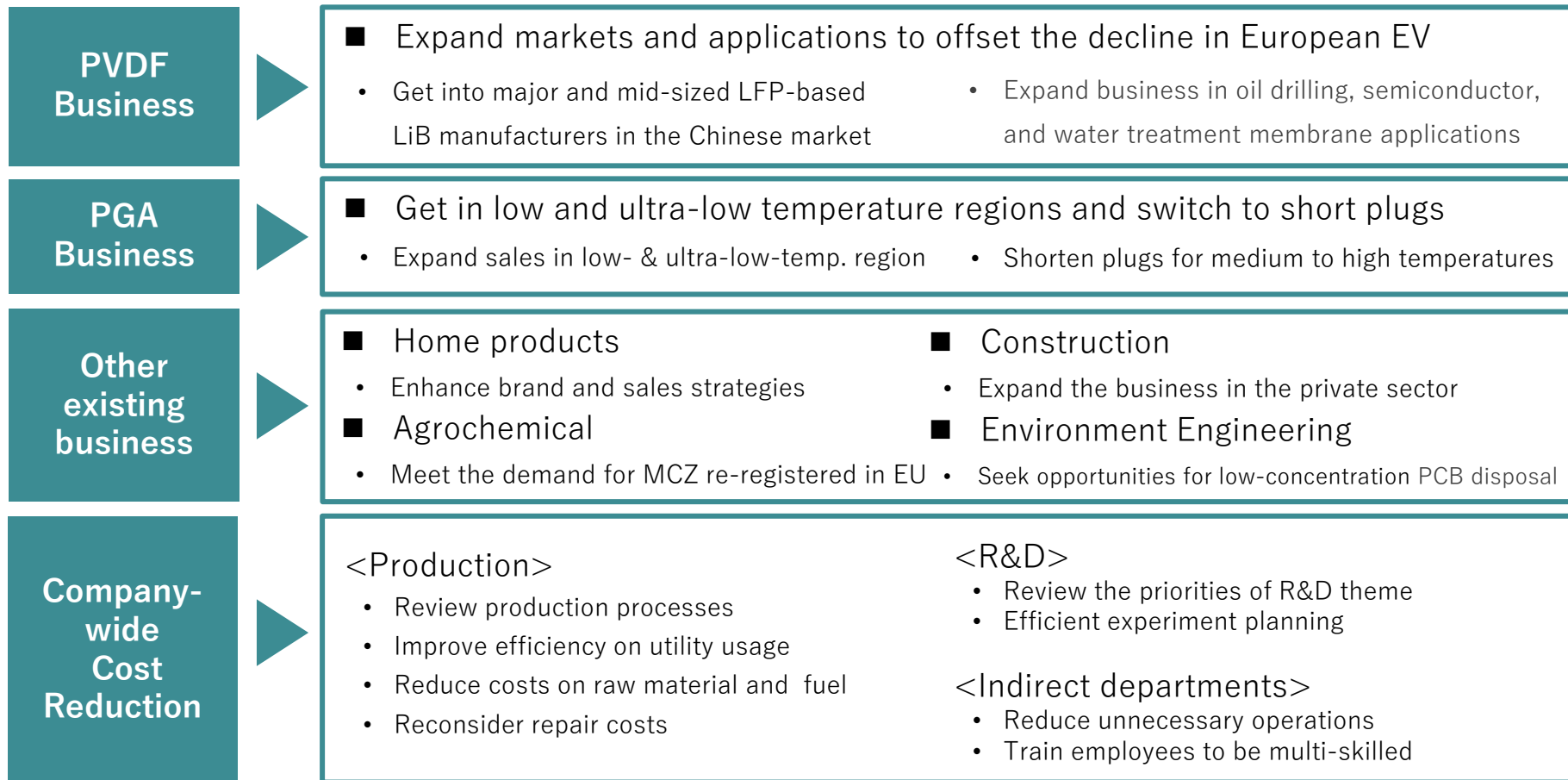


Figures for FY2022 and earlier are adjusted to reflect the 3-for-1 stock split implemented on January 1, 2024.

II. Progress on Medium- to Long-Term Goals

We aim to achieve the target for FY2025 by improving the performance of all existing businesses and through further cost reduction measures to offset the decline in profits of the PVDF and PGA businesses.

<Measures>



Promoting the development of new products and businesses in three focus areas:
Environment and Energy, Life, and Digital Communications

Target Launch Timelines/Peak Sales Goals for Major New Businesses & Products (Agricultural Fungicides)

| Field | Product Name | Development Start | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | Sales Target (at Peak) |
|------------------------|--------------------|-------------------|------------------|---------------------------|----------------|--------|--------|--------|------------------------|
| Life | Fungicide | FY2021 | Safety Test | Applications to Countries | | | | Launch | 20bn yen+ |
| | Anti-Adhesion Film | FY2017 | Preclinical Test | | Clinical Trial | | | Launch | 10bn yen+ |
| | Biostimulant | FY2018 | On-site Test□ | Launch | | | | | 10bn yen+ |
| Environment & Energy | SiC Fiber | FY2017 | Prototype□ | Plot Plant Operation | | | | Launch | 10bn yen+ |
| | PFAS Destruction | FY2022* | Field Test□ | Launch | | | | | 2bn yen+ |
| Digital Communications | 3D Touch Panel | FY2019 | Launch | | | | | | 7bn yen+ |

Note: * Indicates the start of joint development with Claros Technologies.

Initiatives in Life

Agricultural Fungicides

- Agricultural fungicides targeting crops such as cereals, corn, fruits, and vegetables.
- New high-safety agrochemicals designed to meet stricter regulations worldwide, especially in Europe.



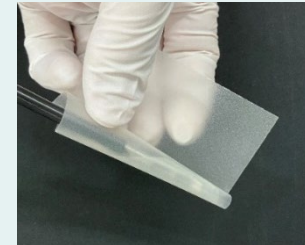
Biostimulants

- Technology that enhances crop yield
- Currently conducting field tests in Japan, Europe, and US



Anti-Adhesion Film

- Film designed to prevent post-surgical adhesions
- Offers excellent adhesion prevention and ease of handling



Initiatives in Environment & Energy

PFAS Destruction

- Technology to efficiently convert low-molecular PFAS in water into safe substances
- Main targets are the chemical, semiconductor, and water treatment industries
- Successfully demonstrated PFAS destruction at a major chemical manufacturer's plant



The pilot equipment of Claros Technologies.

SiC (Silicon Carbide) Fibers

- Fibers composed of carbon and silicon
- Lightweight, high strength, and excellent heat resistance
- Main target is the aerospace sector

Initiatives in Digital Communications

3D Touch Panels

- Touch sensors that can detect strength of pressure
- Capable of recognizing touch even underwater or when wearing gloves
- Main targets are industrial equipment, medical devices, and automobiles



CO₂ emissions reduction

Over 30% (FY2030 Goal, Compared to FY2013 Levels)

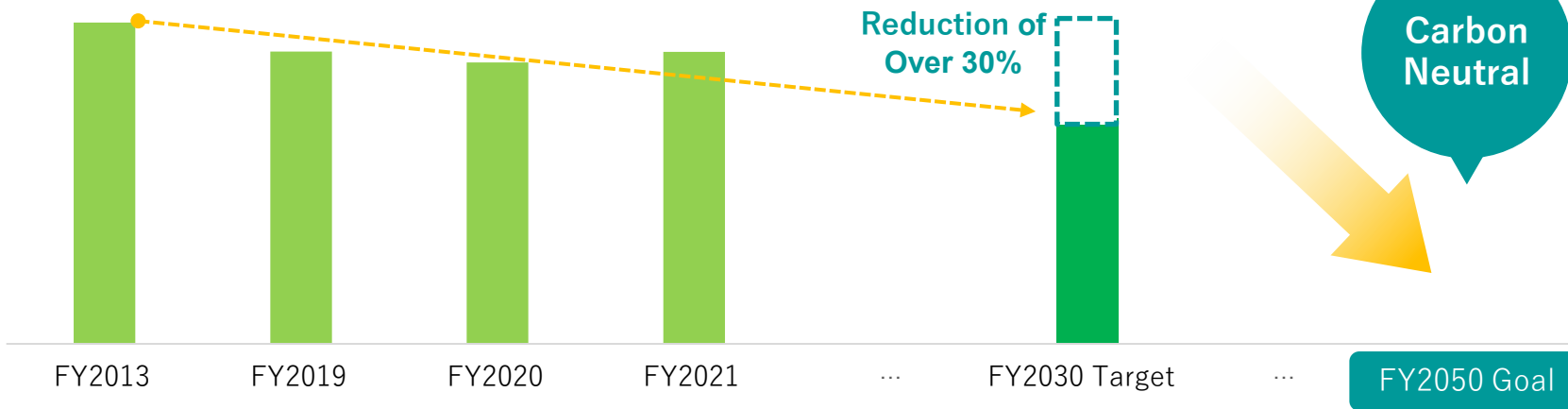
- At the Iwaki Factory's coal-fired power plant, **technical studies on fuel conversion** have provided **a path toward meeting the 2030 goal**.
- We are **exploring additional reduction measures to ensure achievement of the 2030 goal** and potentially **raise the target**.

Zero waste emission ratio

Below 1.5% (FY2025 Goal)

- On track to meet our target of reducing final (landfill) disposal volumes by **recycling waste** generated in the production process and **converting it into valuable materials**.
- We are also seeking ways to further **reduce waste generation** and **promote recycling efforts**.

Energy-Origin CO₂ Emissions Compared to FY2013



Fostering Synergy between Company and Employees

Employees' Psychological Connection to the Company (Engagement)

Feeling proud of the company,
liking workplace colleagues,
enjoying daily work

Sympathizing with the
company's vision and policies

Having opportunities to grow
through work

Employees feel a psychological connection in diverse ways, with varied values.

etc.

To empower our diverse workforce to thrive and grow with enthusiasm, we launched an engagement survey in FY2023 to better understand our current situation. Using the survey insights, we have implemented the following initiatives.

Promoting Mutual Understanding Between Management and Employees

Town Hall Meetings (Dialogue with Management)

- In FY2023, we conducted dialogues with top management and small-group discussions with management in each region of the company.
- In FY2024, in addition to dialogues with top management, we plan to hold small-group discussions, especially for young and mid-level employees who have limited daily interactions with management. By increasing opportunities for direct dialogue, we aim to foster mutual understanding.

Engagement Improvement Measures

Initiatives to Improve Engagement

- We recognize that fostering company-wide awareness is crucial for improving engagement. To address this, we held workshops and briefings mainly for line managers, who are responsible for daily management, to explore and develop engagement enhancement measures.
- Understanding the importance of a continuous cycle of result analysis and action, we carry forward our engagement survey into FY2024.

- This document is intended solely for the purpose of providing a better understanding of our Company and is not intended as a solicitation to invest or take any other action.
- This document has been prepared based on currently available information. Please note that actual results may differ from forecasts due to a variety of factors.
- Please use this material at your own discretion and responsibility.