

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 Third Quarter of the Fiscal Year Ending March 31, 2023 (IFRS)

February 7, 2023

Company name: Kureha Corporation
Stock listing: Tokyo Stock Exchange
TSE code: 4023
URL: <https://www.kureha.co.jp/en/>
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Scheduled date for filing quarterly securities report: February 10, 2023
Scheduled date of dividend payment: -
Supplementary materials for quarterly financial results: Available
Quarterly financial results briefing: No

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2023 (From April 1, 2022 to December 31, 2022)

(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	
Nine-months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	148,980	21.0	24,483	34.7	25,053	35.5	17,769	32.3	17,657	32.6	18,489	14.8
December 31, 2021	123,111	16.5	18,172	24.9	18,486	24.4	13,433	13.6	13,320	13.1	16,103	(1.3)

	Basic profit per share	Diluted profit per share
Nine-months ended	Yen	Yen
December 31, 2022	904.69	903.26
December 31, 2021	682.48	681.52

(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	%
December 31, 2022	291,367	214,309	212,756	73.0
March 31, 2022	282,639	200,724	199,219	70.5

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Total
Fiscal year ended March 31, 2022	Yen —	Yen 85.00	Yen —	Yen 125.00	Yen 210.00
Fiscal year ending March 31, 2023	—	125.00			
(Forecast) Fiscal year ending March 31, 2023			—	125.00	250.00

Note: Changes in the dividend forecast from the most recent announcement: No

2. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(% 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	%	Yen
Fiscal year ending March 31, 2023	190,000	12.9	27,000	34.0	28,000	37.3	20,000	41.2	1024.72

Note: Changes in earnings forecast from the most recent announcement: No

* 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 shares issued (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)	As of December 31, 2022	20,805,407 shares	As of March 31, 2022	20,805,407 shares
2) Number of treasury shares at the end of the period	As of December 31, 2022	1,287,898 shares	As of March 31, 2022	1,288,121 shares
3) Average number of shares outstanding during the period	Nine months ended December 31, 2022	19,517,598 shares	Nine months ended December 31, 2021	19,517,611 shares

* 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 “(3) Outlook for the Fiscal Year Ending March 31, 2023 and beyond” included under the section “1. Overview of Operating Results and Outlook” on page 4 of the attached document.

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1. Overview of Operating Results and Outlook

(1) Overview of Operating Results for the Period under Review

During the first nine months of the fiscal year ending March 31, 2023, the Japanese and global economies continued to show signs of recovery as the impact of the COVID-19 pandemic moderated. Although the economy is expected to continue on a recovery track as economic and social activities normalize, the outlook remains uncertain due to concerns about the effects of global monetary tightening, soaring fuel and raw material prices, a shortage of semiconductors, and the protracted conflict in Ukraine.

Under these circumstances, the Kureha Group maintained stable business activities while striving to prevent the spread of COVID-19 infection and reduce the risk of infection. Early in the first quarter, a renewed surge in COVID-19 infections triggered lockdowns in China, which caused a halt to operations at the local plant that manufactures carbon products for the Advanced Materials business. But the impact of this temporary shutdown was immaterial. Furthermore, although higher fuel and raw material prices have had an adverse impact on our business results, we are taking steps such as appropriately reflecting these costs in product prices with the understanding of our customers.

In the first nine months of the fiscal year ending March 31, 2023, the Group's revenue and profits increased year on year due to growth in Advanced Materials business sales, especially in polyvinylidene fluoride (PVDF) used as a binder material for lithium-ion secondary batteries.

Revenue was 148,980 million yen (up 21.0% year on year), operating profit was 24,483 million yen (up 34.7% year on year), profit before income taxes was 25,053 million yen (up 35.5% year on year), net profit was 17,769 million yen (up 32.3% year on year), and net profit attributable to owners of the Company was 17,657 million yen (up 32.6% year on year).

Results by segment were as follows:

	Revenue			Operating profit		
	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Change	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Change
Advanced Materials	44,974	66,063	21,088	4,182	11,494	7,311
Specialty Chemicals	20,633	25,381	4,748	2,174	2,174	0
Specialty Plastics	35,272	36,494	1,222	8,518	7,469	(1,048)
Construction	8,485	6,946	(1,538)	502	402	(100)
Other Operations	13,745	14,094	348	2,473	2,550	76
Segment Total	123,111	148,980	25,869	17,851	24,091	6,240
Adjustments*	—	—	—	321	391	70
Consolidated Total	123,111	148,980	25,869	18,172	24,483	6,311

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

1. Advanced Materials

In the advanced plastics category, revenue and operating profit rose on higher sales of polyvinylidene fluoride (PVDF) used as a binder material for lithium-ion secondary batteries, polyphenylene sulfide (PPS), polyglycolic acid (PGA) products used in the process of shale oil and gas fracking, and other processed plastics products.

Revenue and operating profit also rose in the carbon products category as sales of carbon fiber used in heat insulating material for high-temperature furnaces and for sliding materials for automotive parts increased.

As a result, revenue in Advanced Materials was 66,063 million yen (up 46.9% year on year) and operating profit was 11,494 million yen (up 174.8% year on year).

2. Specialty Chemicals

In the agrochemicals and pharmaceuticals category, revenue rose on higher sales of agricultural and horticultural fungicides, but sales of Kremezin (therapeutic agent for chronic renal failure) declined, resulting in lower operating profit.

The industrial chemicals category reported an operating profit, compared with an operating loss in the same period of the previous year, on increased sales of organic and non-organic chemicals.

As a result, revenue in Specialty Chemicals was 25,381 million yen (up 23.0% year on year), and operating profit was 2,174 million yen (flat year on year).

3. Specialty Plastics

In the consumer goods category, revenue and operating profit fell due to lower sales of New Krewrap plastic wrap for household use and Seaguar fluorocarbon fishing lines, also the impact of soaring fuel and raw material prices.

In the packaging materials category, revenue and operating profit rose on the back of higher sales of heat-shrink multilayer film and polyvinylidene chloride (PVDC) film.

As a result, revenue in Specialty Plastics was 36,494 million yen (up 3.5% year on year), and operating profit was 7,469 million yen (down 12.3% year on year).

4. Construction

In Construction, revenue and operating profit declined due to decreases in public- and private-sector construction projects.

As a result, revenue in Construction was 6,946 million yen (down 18.1% year on year), and operating profit was 402 million yen (down 20.0% year on year).

5. Other Operations

In the environmental engineering category, both revenue and operating profit increased due to an increase in industrial waste treatment and processing.

In the logistics category, revenue and operating profit declined.

In the hospital operations category, revenue increased while operating loss decreased.

As a result, revenue in Other Operations was 14,094 million yen (up 2.5% year on year), and operating profit was 2,550 million yen (up 3.1% year on year).

(2) Overview of Financial Position for the Period under Review

Total assets as of December 31, 2022, were 291,367 million yen, up 8,727 million yen compared to March 31, 2022. Current assets increased from March 31, 2022 by 6,763 million yen to 119,181 million yen amid increases in inventories and trade and other receivables. Non-current assets increased by 1,964 million yen to 172,185 million yen from March 31, 2022, mainly due to an increase in property, plant and equipment.

Total liabilities were 77,057 million yen, down 4,856 million yen compared to March 31, 2022. This was due to a decrease in trade and other liabilities and a reduction in interest-bearing debt from March 31, 2022 by 2,890 million yen to 25,616 million yen, mainly due to bond redemption.

Total equity was 214,309 million yen, up 13,584 million yen compared to March 31, 2022, owing mainly to the recording of 17,657 million yen in profit attributable to owners of the Company and an increase in other components of equity associated with yen depreciation, which more than offset dividend payments from retained earnings of 4,879 million yen.

(3) Outlook for the Fiscal Year Ending March 31, 2023 and beyond

Outlook for the Fiscal Year Ending March 2023 and beyond The company has no change in the full fiscal year forecast disclosed on November 11, 2022.