

## Quarterly Financial Summary

Note: This is an English translation of selected parts 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 Fiscal Year Ended March 31, 2023 (IFRS)

May 12, 2023

**Company name:** Kureha Corporation  
**Stock listing:** Tokyo Stock Exchange  
**TSE code:** 4023  
**URL:** <https://www.kureha.co.jp/en/>  
**Representative:** Yutaka Kobayashi, President and Chief Executive Officer  
**Contact/Inquiries:** Takayuki Ogawa, IR Group Leader, Corporate Planning Department; Phone +81-3-3249-4651  
 Scheduled date for general meeting of shareholders: June 27, 2023  
 Scheduled date for filing securities report: June 27, 2023  
 Scheduled date of dividend payment: June 2, 2023  
 Supplementary materials for quarterly financial results: Available  
 Financial results briefing: Yes (for institutional investors and analysts)

(Figures are rounded off to the nearest million yen)

#### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

##### (1) Consolidated Operating Results

(% figures indicate year-on-year changes)

	Revenue		Operating profit		Profit before tax		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	%
Fiscal year ended												
March 31, 2023	191,277	13.6	22,350	11.0	22,992	12.7	16,978	18.8	16,868	19.1	20,947	10.5
March 31, 2022	168,341	16.4	20,142	16.7	20,398	14.9	14,293	5.0	14,164	5.0	18,955	(15.8)

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating profit to revenue ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	864.30	862.89	8.1	7.9	11.7
March 31, 2022	725.73	724.67	7.4	7.6	12.0

(Reference) Share of profit of investments accounted for using equity method:

Fiscal year ended March 31, 2023: 1,325 million yen

Fiscal year ended March 31, 2022: 2,020 million yen

##### (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	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2023	296,404	216,774	215,199	72.6	11,026.02
March 31, 2022	282,639	200,724	199,219	70.5	10,207.32

##### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	22,744	(11,100)	(10,484)	32,205
March 31, 2022	28,581	(10,999)	(6,105)	30,639

## 2. Dividends

	Annual dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	—	85.00	—	125.00	210.0	4,098	28.9	2.1
March 31, 2023	—	125.00	—	145.00	270.0	5,269	31.2	2.5
(Forecast) Fiscal year ending March 31, 2024	—	130.00	—	130.00	260.00		31.7	

## 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(% figures 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
Six months ending September 30, 2023	96,000	(5.7)	8,000	(52.2)	8,000	(54.0)	5,300	(56.5)	280.16
Fiscal year ending March 31, 2024	190,000	(0.7)	22,000	(1.6)	22,000	(4.3)	15,500	(8.1)	819.35

### \* 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 March 31, 2023	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 March 31, 2023	1,287,970 shares	As of March 31, 2022	1,288,121 shares
3) Average number of shares outstanding during the period	As of March 31, 2023	19,517,564 shares	As of March 31, 2022	19,517,544 shares

**(Reference) Summary of Non-consolidated Financial Results****1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023****(from April 1, 2022 to March 31, 2023)****(1) Non-consolidated Operating Results**

(% figures indicate year-on-year changes)

	Revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	108,234	20.8	11,397	9.4	13,992	1.7	12,228	10.0
March 31, 2022	89,585	19.7	10,414	34.7	13,757	39.7	11,114	(22.5)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2023	626.54	625.52
March 31, 2022	569.48	568.64

**(2) Non-consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	%
As of				
March 31, 2023	216,612	164,126	75.7	8,400.40
March 31, 2022	205,013	155,874	76.0	7,979.23

(Reference) Equity: As of March 31, 2023: 163,954 million yen

As of March 31, 2022: 155,732 million yen

\* This 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 “(4) Outlook for the Fiscal Year Ending March 31, 2024 and Beyond” included under the section “1. Overview of Operating Results and Outlook” on page 4 of the attached document.

(Attachment)

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

(Millions of yen)

	Revenue	Operating profit	Profit before tax	Profit	Profit attributable to owners of parent	Basic earnings per share
Fiscal year ended March 31, 2023	191,277	22,350	22,992	16,978	16,868	864.30 yen
Fiscal year ended March 31, 2022	168,341	20,142	20,398	14,293	14,164	725.73 yen
Change	22,936	2,207	2,594	2,684	2,704	—

During the fiscal year ended March 31, 2023, the Japanese and global economies saw increased normalization of economic and social activities as the impact of the COVID-19 pandemic moderated. Despite expectations of economic recovery, the outlook remained 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.

Revenue in the fiscal year ended March 31, 2023, increased year on year, especially with increased sales of polyvinylidene fluoride (PVDF) used as a binder material for lithium-ion secondary batteries at the Advanced Materials segment. Although, core operating profit decreased due to fuel and raw material cost increase, Operating profit increased year on year despite impairment losses on fixed assets related to the packaging materials category at the Specialty Plastics segment recorded under “Other expenses”, which had smaller impact compared to impairment losses on fixed assets related to Advanced Material segment recorded last fiscal year.

Revenue was 191,277 million yen (up 13.6% year on year), operating profit was 22,350 million yen (up 11.0% year on year), profit before tax was 22,992 million yen (up 12.7% year on year), profit was 16,978 million yen (up 18.8% year on year), and profit attributable to owners of parent was 16,868 million yen (up 19.1% year on year).

Results by segment were as follows:

(Millions of yen)

	Revenue			Operating profit		
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change
Advanced Materials	66,687	82,693	16,005	9,953	10,147	193
Specialty Chemicals	26,157	31,784	5,627	1,432	1,849	417
Specialty Plastics	44,773	46,792	2,018	9,862	8,607	(1,254)
Construction	12,174	11,310	(864)	985	881	(104)
Other Operations	18,547	18,696	148	3,069	2,821	(248)
Segment Total	168,341	191,277	22,936	25,304	24,308	(995)
Adjustments*	—	—	—	(5,161)	(1,957)	3,203
Consolidated Total	168,341	191,277	22,936	20,142	22,350	2,207

Note: Operating profit adjustments include other income and expenses not allocated to reporting segments. For details, refer to “Consolidated Statement of Income” under “(5) Notes to Consolidated Financial Statements.”

1. Advanced Materials

In the advanced plastics category, revenue rose on higher sales of 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, polyphenylene sulfide (PPS), and other processed plastics products. However, operating profit declined in part due to such as energy and raw material cost increase.

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 sliding additive for automotive application increased.

As a result, revenue in Advanced Materials was 82,693 million yen (up 24.0% year on year) and operating profit was 10,147 million yen (up 1.9% year on year).

## 2. Specialty Chemicals

In the agrochemicals and pharmaceuticals category, revenue rose on higher sales of agricultural and horticultural fungicides, but operating profit declined in part due to lower sales of Kremezine, a treatment for chronic failure.

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 inorganic chemicals.

As a result, revenue in Specialty Chemicals was 31,784 million yen (up 21.5% year on year), and operating profit was 1,849 million yen (up 29.1% year on year).

## 3. Specialty Plastics

In the consumer goods category, sales of Seaguar fluorocarbon fishing lines rose, but revenue and operating profit fell due to lower sales of New Krewrap plastic wrap for household use and 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 polyvinylidene chloride (PVDC) film.

As a result, revenue in Specialty Plastics was 46,792 million yen (up 4.5% year on year), and operating profit was 8,607 million yen (down 12.7% 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 11,310 million yen (down 7.1% year on year), and operating profit was 881 million yen (down 10.6% year on year).

## 5. Other Operations

In the environmental engineering category, revenue was flat year on year, but operating profit declined.

In the logistics category, revenue and operating profit declined.

In the hospital operations category, revenue was flat year on year, and operating loss increased.

As a result, revenue in Other Operations was 18,696 million yen (up 0.8% year on year), and operating profit was 2,821 million yen (down 8.1% year on year).

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

Total assets as of March 31, 2023, were 296,404 million yen, up 13,764 million yen compared to March 31, 2022.

Current assets increased from March 31, 2022, by 8,576 million yen to 120,994 million yen due to increases in inventories and cash and cash equivalents, despite a decrease in trade and other receivables. Non-current assets increased from March 31, 2022, by 5,188 million yen to 175,409 million yen, mainly due to increases in property, plant and equipment and other non-current assets.

Total liabilities were 79,629 million yen, down 2,284 million yen compared to March 31, 2022. This was due to a reduction in interest-bearing debt from March 31, 2022, by 2,231 million yen to 26,275 million yen, mainly due to the redemption of bonds.

Total equity was 216,774 million yen, up 16,049 million yen compared to March 31, 2022, owing mainly to the recording of 16,868 million yen in profit attributable to owners of parent 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) Overview of Cash Flows for the Period under Review

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change
Cash flows from operating activities	28,581	22,744	(5,837)
Cash flows from investing activities	(10,999)	(11,100)	(100)
Cash flows from financing activities	(6,105)	(10,484)	(4,378)
Effect of exchange rate changes on cash and cash equivalents	1,328	405	(923)
Net increase (decrease) in cash and cash equivalents	12,805	1,565	(11,239)
Cash and cash equivalents at beginning of period	17,834	30,639	12,805
Cash and cash equivalents at end of period	30,639	32,205	1,565
Interest-bearing debt at end of period	28,507	26,275	(2,231)

Net cash provided by operating activities totaled 22,814 million yen (down 5,766 million yen from March 31, 2022). This mainly reflected an increase in inventories.

Net cash used in investing activities came to 11,170 million yen (up 170 million yen from March 31, 2022). This was mainly attributable to a decline in proceeds from government subsidies and an increase in expenditures for the purchase of property, plant and equipment and intangible assets, while proceeds from the sale of investments accounted for using the equity method were generated.

Net cash used in financing activities amounted to 10,484 million yen (up 4,378 million yen from March 31, 2022). This was mainly due to the redemption of bonds and an increase in expenditures to reduce short-term borrowings and commercial papers, offsetting the proceeds from long-term borrowings.

As a result, cash and cash equivalents at the end of the period under review were 32,205 million yen, up 1,565 million yen from March 31, 2022.

### (4) Outlook for the Fiscal Year Ending March 31, 2024 and Beyond

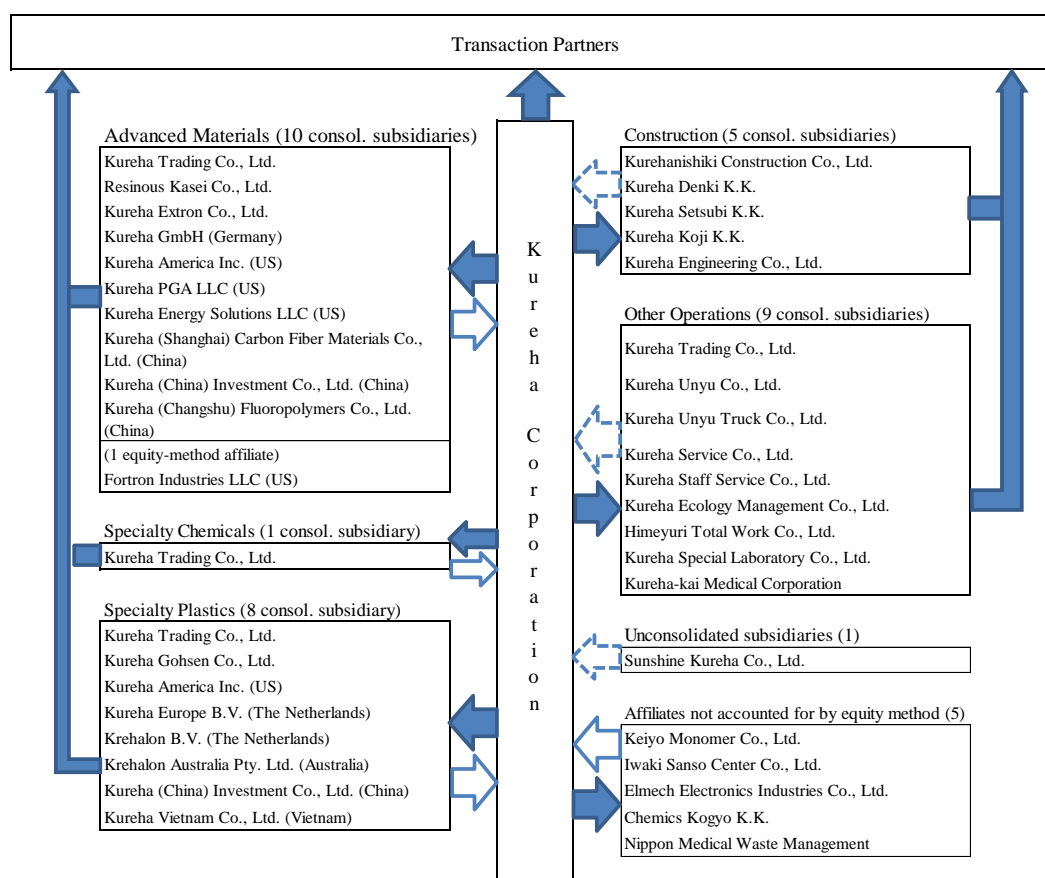
In the Advanced Materials segment, the Group expects firm demand for polyvinylidene fluoride (PVDF) used as a binder material for lithium-ion secondary batteries and anticipates continued strong demand for polyphenylene sulfide (PPS), particularly from the automotive industry. For processed polyglycolic acid (PGA) products, the Group looks for sales growth and profitability improvement. In the Specialty Chemicals segment, the Group anticipates growth in overseas demand for agrochemicals and plans to advance the development of new chemicals, while seeking to improve profitability in the industrial chemicals category. In the Specialty Plastics segment, the Group expects stable demand in the consumer goods category, but anticipates an increase in expenses. In the packaging materials category, the Group plans to expand sales in Southeast Asia. In the Construction segment, the Group expects to maintain revenue from construction projects but anticipates the impact of rising construction material costs. In the Other Operations segment, the Group expects a decrease in waste treatment and processing volumes and an increase in processing costs due to rising fuel and raw material prices in the environmental engineering category.

For the fiscal year ending March 31, 2024, the Group forecasts consolidated revenue of 190 billion yen, operating profit of 22 billion yen, profit before tax of 22 billion yen, and profit attributable to owners of parent of 15.5 billion yen.

The forecast above assumes currency exchange rates of JPY135/USD, JPY140/EUR, and JPY19.0/CNY.

## 2. Group Companies

The Kureha Group consists of the Company, 29 subsidiaries (of which 28 are consolidated), and six affiliates (of which one is an equity-method affiliate). It manufactures and sells advanced materials, chemical materials, and specialty plastics as its core business, and also provides construction and repairs of facilities for its segments, logistics, environmental solutions, and other services.



Total consolidated subsidiaries: 28

Total equity-method affiliates: 1

Main transaction flows

Sales of products and services

Sales of products and supply of raw materials

Provision of services

- (Note)
1. Kureha Corporation sells the products in the Advanced Materials, Specialty Chemicals, and Specialty Plastics segments.
  2. Kureha Trading Co., Ltd., Kureha America Inc., and Kureha (China) Investment Co., Ltd. operate across several segments, and their results are therefore presented under the relevant segments.
  3. On June 10, 2022, the Group entered an agreement to transfer all shares in Nantong SKT New Material Co., Ltd. (China), an equity-method affiliate at the Specialty Plastics segment, to a third party and transferred all shares in July 6.

## 3. Basic Policy Regarding Selection of Accounting Standards

To strengthen global business development and centralized promotion of its business plans, and respond to the global expansion in its stakeholders, the Company has voluntarily adopted the International Financial Reporting Standards (IFRS) since the fiscal year ended March 31, 2017.



4. Consolidated Financial Statements and Important Notes  
(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	30,639	32,205
Trade and other receivables	35,808	31,855
Other financial assets	16	15
Inventories	41,698	52,000
Other current assets	4,255	4,918
<b>Total current assets</b>	<b>112,418</b>	<b>120,994</b>
<b>Non-current assets</b>		
Property, plant and equipment	114,435	117,438
Intangible assets	4,041	4,453
Investments accounted for using equity method	16,836	15,400
Other financial assets	21,514	22,745
Deferred tax assets	1,604	1,924
Other non-current assets	11,787	13,447
<b>Total non-current assets</b>	<b>170,221</b>	<b>175,409</b>
<b>Total assets</b>	<b>282,639</b>	<b>296,404</b>

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Trade and other payables	29,476	27,670
Bonds and borrowings	14,750	13,389
Other financial liabilities	1,522	1,728
Income taxes payable	2,287	2,904
Provisions	6,893	7,166
Other current liabilities	7,671	7,936
<b>Total current liabilities</b>	<b>62,602</b>	<b>60,796</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	11,428	8,605
Other financial liabilities	2,028	3,746
Deferred tax liabilities	2,269	2,949
Provisions	1,342	1,322
Retirement benefit liability	316	297
Other non-current liabilities	1,926	1,912
<b>Total non-current liabilities</b>	<b>19,311</b>	<b>18,833</b>
<b>Total liabilities</b>	<b>81,914</b>	<b>79,629</b>
<b>Equity</b>		
Share capital	18,169	18,169
Capital surplus	14,724	14,724
Treasury shares	(8,701)	(8,701)
Retained earnings	166,005	178,956
Other components of equity	9,020	12,050
<b>Total equity attributable to owners of parent</b>	<b>199,219</b>	<b>215,199</b>
Non-controlling interests	1,505	1,574
<b>Total equity</b>	<b>200,724</b>	<b>216,774</b>
<b>Total liabilities and equity</b>	<b>282,639</b>	<b>296,404</b>

(2) Consolidated Statements of Income and Comprehensive Income  
 Consolidated Statement of Income

	(Millions of yen)	
	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Revenue	168,341	191,277
Cost of sales	117,463	136,488
Gross profit	50,878	54,788
Selling, general and administrative expenses	27,521	31,973
Share of profit of investments accounted for using equity method	2,020	1,325
Other income	1,246	1,164
Other expenses	6,481	2,954
Operating profit	20,142	22,350
Finance income	532	871
Finance costs	276	228
Profit before tax	20,398	22,992
Corporate income tax expenses	6,104	6,014
Profit	14,293	16,978
Profit attributable to:		
Owners of parent	14,164	16,868
Non-controlling interests	129	109
Profit	14,293	16,978
Earnings per share		
Basic earnings per share (yen)	725.73	864.30
Diluted earnings per share (yen)	724.67	862.89

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Profit	14,293	16,978
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(742)	1,044
Remeasurements of defined benefit plans	868	828
Total	<u>126</u>	<u>1,873</u>
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	4,535	2,094
Total	<u>4,535</u>	<u>2,094</u>
Other comprehensive income, net of tax	<u>4,661</u>	<u>3,968</u>
Comprehensive income	<u>18,955</u>	<u>20,947</u>
Comprehensive income attributable to:		
Owners of parent	18,849	20,831
Non-controlling interests	106	115
Comprehensive income	<u>18,955</u>	<u>20,947</u>

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Equity attributable to owners of parent				Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Share acquisition rights	Exchange
						differences on translation of foreign operations
Balance as of April 1, 2021	18,169	14,897	(8,697)	154,166	110	(3,161)
Profit				14,164		
Other comprehensive income						4,535
Total comprehensive income	—	—	—	14,164	—	4,535
Purchase of treasury shares			(3)			
Share-based payment transactions					31	
Dividends				(3,318)		
Capital transactions with non-controlling interests		(172)				
Transfer from other components of equity to retained earnings				992		
Total transactions with owners	—	(172)	(3)	(2,325)	31	—
Balance as of March 31, 2022	18,169	14,724	(8,701)	166,005	141	1,373

	Equity attributable to owners of parent				Other components of equity	
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Non-controlling interests	Total equity
						Total equity
Balance as of April 1, 2021	8,345	—	5,294	183,830	1,690	185,521
Profit			—	14,164	129	14,293
Other comprehensive income	(713)	862	4,685	4,685	(23)	4,661
Total comprehensive income	(713)	862	4,685	18,849	106	18,955
Purchase of treasury shares			—	(3)		(3)
Share-based payment transactions			31	31		31
Dividends			—	(3,318)	(62)	(3,380)
Capital transactions with non-controlling interests	1		1	(171)	(228)	(399)
Transfer from other components of equity to retained earnings	(129)	(862)	(992)	—		—
Total transactions with owners	(128)	(862)	(959)	(3,461)	(290)	(3,752)
Balance as of March 31, 2022	7,504	—	9,020	199,219	1,505	200,724

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Share acquisition rights	Exchange differences on translation of foreign operations
Balance as of April 1, 2021	18,169	14,724	(8,701)	166,005	141	1,373
Profit				16,868		
Other comprehensive income						2,094
Total comprehensive income	—	—	—	16,868	—	2,094
Purchase of treasury shares			(4)			
Share-based payment transactions			4	(1)	30	
Dividends				(4,879)		
Transfer from other components of equity to retained earnings				962		
Total transactions with owners	—	—	(0)	(3,918)	30	—
Balance as of March 31, 2022	18,169	14,724	(8,701)	178,956	171	3,468

	Equity attributable to owners of parent						
	Other components of equity			Total	Total	Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total				
Balance as of April 1, 2022	7,504	—	9,020	199,219	1,505	200,724	
Net profit			—	16,868	109	16,978	
Other comprehensive income	1,037	829	3,962	3,962	6	3,968	
Total comprehensive income	1,037	829	3,962	20,831	115	20,947	
Purchase of treasury shares			—	(4)		(4)	
Share-based payment transactions			30	33		33	
Dividends			—	(4,879)	(46)	(4,925)	
Transfer from other components of equity to retained earnings	(132)	(829)	(962)	—		—	
Total transactions with owners	(132)	(829)	(932)	(4,850)	(46)	(4,897)	
Balance as of March 31, 2023	8,409	—	12,050	215,199	1,574	216,774	

## (4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before tax	20,398	22,992
Depreciation and amortization	11,550	11,615
Impairment losses	5,306	2,141
Finance income	(532)	(725)
Finance costs	155	222
Share of loss (profit) of investments accounted for using equity method	(2,020)	(1,325)
Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets	627	464
Decrease (increase) in trade and other receivables	(6,657)	4,667
Decrease (increase) in inventories	(4,045)	(9,574)
Increase (decrease) in trade and other payables	8,357	(1,916)
Increase (decrease) in provisions	449	233
Increase (decrease) in retirement benefit asset or liability	(184)	(504)
Other	(98)	(949)
Subtotal	33,305	27,342
Interest and dividends received	1,655	1,534
Interest paid	(149)	(202)
Income taxes paid	(6,230)	(5,929)
Net cash provided by (used in) operating activities	28,581	22,744
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, and intangible assets	192	166
Purchase of property, plant and equipment, and intangible assets	(12,586)	(14,239)
Proceeds from sale of investment securities	271	296
Purchase of investment securities	(379)	(13)
Proceeds from sale of investments accounted for using equity method	—	3,335
Proceeds from government subsidies	2,231	88
Other	(729)	(734)
Net cash provided by (used in) investing activities	(10,999)	(11,100)
Cash flows from financing activities		
Dividends paid	(3,318)	(4,879)
Dividends paid to non-controlling interests	(62)	(46)
Increase (decrease) in short-term borrowings and commercial papers	506	(1,546)
Proceeds from long-term borrowings	—	5,000
Repayments of long-term borrowings	(1,496)	(694)
Redemption of bonds	—	(7,000)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(399)	—
Purchase of treasury shares	(3)	(4)
Other	(1,331)	(1,313)
Net cash provided by (used in) financing activities	(6,105)	(10,484)
Effect of exchange rate changes on cash and cash equivalents	1,328	405
Net increase (decrease) in cash and cash equivalents	12,805	1,565
Cash and cash equivalents at beginning of period	17,834	30,639
Cash and cash equivalents at end of period	30,639	32,205

(5) Notes to Consolidated Financial Statements  
 (Notes Regarding Assumption of a Going Concern)  
 No applicable matters to report.

(Segment Information)

(1) Overview of Reporting Segments

The Kureha Group's reportable segments are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of operating resources and assess their performance.

The Group has separate divisions by product, and each division formulates a comprehensive product strategy for domestic and overseas markets, and conducts related business activities.

Accordingly, the Group consists of segments by product and service on the basis of the business divisions, and has the five reportable segments of Advanced Materials, Specialty Chemicals, Specialty Plastics, Construction, and Other Operations.

Major products and services for each segment are as follows.

Segment	Major Products and Services
Advanced Materials	Polyphenylene sulfide (PPS), polyvinylidene fluoride (PVDF), processed polyglycolic acid (PGA) products, carbon fiber, bead-shaped activated carbon
Specialty Chemicals	Agricultural and horticultural fungicides, therapeutic agent for chronic renal failure, caustic soda, hydrochloric acid, sodium hypochlorite, monochlorobenzene, para-dichlorobenzene, ortho-dichlorobenzene
Specialty Plastics	Household plastic wrap, garbage bags for kitchen sink, plastic food containers, cooking paper, PVDF fishing lines, polyvinylidene chloride (PVDC) film, multilayer heat-shrinkable film, auto-pack machinery (for food packaging)
Construction	Civil engineering and construction contracting business, construction supervision services
Other operations	Industrial waste treatment and environmental processing facilities, physiochemical analysis, measurement, testing, and inspection services, transportation and warehousing, medical services

(2) Information on Reportable Segments

The accounting policies for the reportable segments are the same as those applied in the consolidated financial statements. Intersegment revenue is mainly based on market prices.

The Kureha Group's segment information is as follows.

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Advanced Materials	Specialty Chemicals	Specialty Plastics	Construction	Other Operations	Total	Adjustments (Note)	Consolidated
Revenue								
Revenue from external customers	66,687	26,157	44,773	12,174	18,547	168,341	—	168,341
Intersegment revenue	1,020	198	257	6,520	6,539	14,535	(14,535)	—
Total	67,708	26,355	45,030	18,694	25,086	182,876	(14,535)	168,341
Operating profit	9,953	1,432	9,862	985	3,069	25,304	(5,161)	20,142
Finance income								532
Finance costs								(276)
Profit before tax								20,398

(Note) The adjustment to operating profit mainly comprises 73 million yen of profit resulting from the elimination of intersegment transactions, 1,246 million yen of other revenue not allocated to any reportable segment, and 6,481 million yen in other expenses (including 5,306 million yen in impairment losses)



Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Advanced Materials	Specialty Chemicals	Specialty Plastics	Construction	Other Operations	Total	Adjustments (Note)	Consolidated
Revenue								
Revenue from external customers	82,693	31,784	46,792	11,310	18,696	191,277	—	191,277
Intersegment revenue	1,285	222	326	7,838	6,711	16,383	(16,383)	—
Total	83,979	32,007	47,118	19,148	25,407	207,661	(16,383)	191,277
Operating profit	10,147	1,849	8,607	881	2,821	24,308	(1,957)	22,350
Finance income								871
Finance costs								(228)
Profit before tax								22,992

(Note) The adjustment to operating profit mainly comprises 167 million yen of loss resulting from the elimination of intersegment transactions, 1,164 million yen of other revenue not allocated to any reportable segment, and 2,954 million yen in other expenses (including 2,141 million yen in impairment losses).

(Consolidated Statement of Income)

(1) Other Revenue

(Millions of yen)

	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Gain on subsidy revenue	887	679
Other	359	485
Total	1,246	1,164

(2) Other Expenses

(Millions of yen)

	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Impairment losses	5,306	2,141
Loss on sale and retirement of non-current assets	639	569
Loss on revision of retirement benefit plan (Note)	306	—
Other	228	243
Total	6,481	2,954

(Note) Loss on revision of retirement benefit plan refers to an increase in retirement benefit obligations resulting from the revision of the defined-benefit plan (introduction of new personnel systems including an extension of the retirement age) implemented by the Company and certain consolidated subsidiaries, which was recognized as past service costs.

### (3) Impairment of Non-financial Assets

#### i. Impairment Losses

If the book value of its assets or cash-generating units exceeds the recoverable amount, the Kureha Group recognizes impairment losses.

In principle, it groups operating assets by company and segment, and assets for lease and idle assets by individual property.

The recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less costs of disposal. Value in use is the present value of future cash flows calculated by using the pre-tax weighted average cost of capital of a cash-generating unit. Fair value less costs of disposal is evaluated either by the estimated disposal amount or the amount reasonably calculated based on assessed values of fixed assets for property tax.

The Group recognized impairment losses on property, plant and equipment, and intangible assets of 5,306 million yen in the fiscal year ended March 31, 2022, and 2,141 million yen in the fiscal year ended March 31, 2023.

#### ii. Recognized Impairment Losses, and Main Events or Circumstances that Led to such Recognition

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

Segments	Purpose of Use	Location	Type of Assets	Amount
Advanced Materials	Manufacturing facility	West Virginia, US	Buildings	1,026
			Machinery and equipment	4,279
Total				5,306

For manufacturing facilities in the Advanced Materials segment, the Company carefully reviewed changes in the business environment for the PGA business, such as crude oil prices, operating rates at shale oil and gas fracking companies (customers), and market price trends, as well as its earnings outlook in light of product development conditions at the Company. Consequently, it wrote down the carrying amount of fixed assets related to the PGA business to the recoverable amount and recognized a reduction of 5,306 million yen as other expenses. The Group measured the recoverable amount based on the value in use and calculated it by discounting future cash flows at a rate of 6.7%.

Actual results may differ from these estimates.

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

Segments	Purpose of Use	Location	Type of Assets	Amount
Specialty Plastics	Manufacturing facility	Deventer, Netherlands	Buildings	571
			Machinery and equipment	751
			Other	471
			Total	1,794
		Dong Nai, Vietnam	Machinery and equipment	172
			Total	172
		Victoria, Australia	Buildings	27
			Machinery and equipment	139
			Other	7
			Total	174
Total				2,141

Regarding heat-shrink multilayer film manufacturing facilities in the packaging materials category, due to declining profitability triggered by intensifying competition in Europe and Australia and other changes in the market environment, the Company reviewed its earnings outlook and determined that a quick recovery would be difficult to achieve. Consequently, it wrote down the carrying amount of fixed assets related to the business to the recoverable amount and recognized a reduction of 2,141 million yen as other expenses. The Group measured the recoverable amount based on the value in use and calculated it by discounting future cash flows at a rate of 6.9%.

Actual results may differ from these estimates.

(Per-share Data)

(1) Basis of Calculation of Basic Earnings Per Share

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Profit attributable to ordinary shareholders of parent	
Profit attributable to owners of parent	16,868
Profit not attributable to ordinary shareholders of parent	—
Profit used to calculate basic earnings per share	16,868
Average number of common shares outstanding during the period (shares)	19,517,564
Basic earnings per share	864.30 yen

(2) Basis of Calculation of Diluted Earnings Per Share

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Diluted profit attributable to ordinary shareholders of parent	
Profit used to calculate basic earnings per share	16,868
Profit adjustments	—
Profit used to calculate diluted earnings per share	16,868
Average number of common shares outstanding during the period (shares)	19,517,564
Impact of dilutive effect (shares)	31,833
After adjustment for dilutive effect (shares)	19,549,397
Diluted earnings per share	862.89 yen

(Important Subsequent Events)

(Acquisition and Retirement of Treasury Stock)

At the Board of Directors meeting held on May 12, 2023, the Company resolved on matters related to the acquisition of treasury stock in accordance with Article 156 of the Companies Act, as applied pursuant to Article 165, Paragraph 3 of the same Act, and matters related to the retirement of treasury stock in accordance with Article 178 of the same Act.

1. Reasons for the acquisition and retirement of treasury stock  
To enhance shareholder returns and improve capital efficiency.

2. Details of the acquisition

- (1) Type of shares to be acquired: Common stock of the Company
- (2) Total number of shares to be acquired: 1,200,000 shares (maximum)  
(Representing 6.15% of the total number of shares outstanding [excluding treasury shares])
- (3) Total acquisition cost: 10,000,000,000 yen (maximum)
- (4) Acquisition period: May 15, 2023 to March 31, 2024

3. Details of the retirement

- (1) Type of shares to be retired: Common stock of the Company
- (2) Total number of shares to be retired: 1,280,000 shares
- (3) Total number of shares outstanding after retirement: 19,525,407 shares
- (4) Planned retirement date: June 30, 2023

Reference: Treasury stock held as of March 31, 2023

Total number of shares outstanding (excluding treasury shares): 19,517,437 shares

Total number of treasury shares: 1,287,970 shares