

FY2021 1Q Results

KUREHA CORPORATION

August 5, 2021

FY2021 1Q Overview

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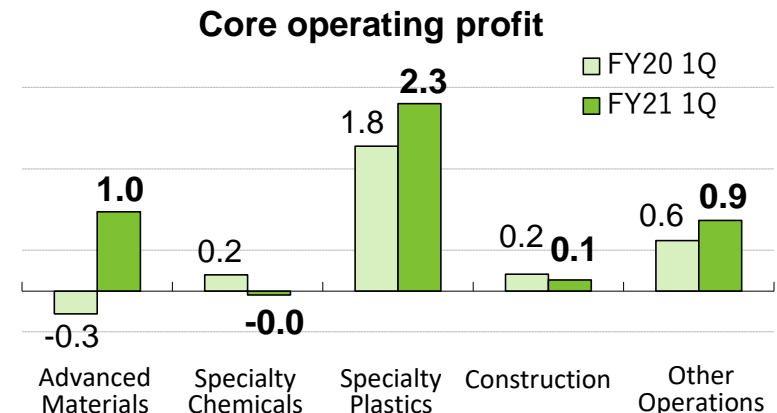
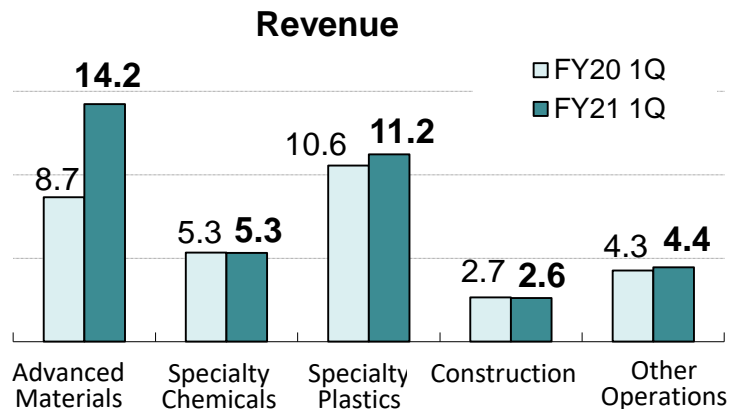
(in billions of yen)

Vs. FY2020 1Q

- Revenue recovered in Advanced Materials after the pandemic-related slump
- Higher core operating profit supported by Advanced Materials, Specialty Plastics and Other Operations
- Operating profit improved as a result of higher core operating profit
- Profit attributable to the Company increased as a result of higher profit before taxes

	FY2020 1Q	FY2021 1Q	Change YOY
Revenue	31.5	37.8	6.4 (+20.3%)
Core operating profit	2.5	4.2	1.7 (+67.6%)
Operating profit	2.5	4.3	1.7 (+69.4%)
Profit before taxes	2.8	4.4	1.5 (+54.4%)
Profit attributable to owners of the Company	2.0	3.3	1.3 (+61.2%)

Performance by segment



FY2021 1Q Overview

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(in billions of yen)

FY2020 1Q	AM	SC	SP	CO	OO	Total
Revenue	8.7	5.3	10.6	2.7	4.3	31.5
Segment operating profit	-0.3	0.2	1.8	0.2	0.6	2.5
Intersegment adjustment						0.0
Other income						0.1
Other expenses						0.1
Operating profit						2.5
Finance income						0.4
Finance costs						0.0
Profit before income tax						2.8
Profit for the period						2.0

FY2021 1Q	AM	SC	SP	CO	OO	Total
Revenue	14.2	5.3	11.2	2.6	4.4	37.8
Segment operating profit	1.0	-0.0	2.3	0.1	0.9	4.2
Intersegment adjustment						0.0
Other income						0.1
Other expenses						0.1
Operating profit						4.3
Finance income						0.2
Finance costs						0.1
Profit before income tax						4.4
Profit for the period						3.3

Segment Results: Advanced Materials

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(billions of yen)

	FY2020 1Q	FY2021 1Q	Change %
Advanced Materials			
Advanced plastics	5.0	9.7	+95%
Carbon products	1.4	1.5	+7%
Other	2.3	3.1	+34%
Segment revenue	8.7	14.2	+65%
Segment operating profit	-0.3	1.0	--

Vs. FY2020 1Q

Revenue  Operating Profit 

Advanced plastics

Operating profit improved on higher sales volumes of PVDF, PPS and PGA: continued strong demand for PVDF binder in the automobile LiB market; enhanced production for PPS at a new facility; and PGA frac plugs sales steadily recovering in the post-pandemic shale oil and gas market

Carbon products

Operating profit remained flat despite higher sales volumes of carbon fiber insulation products for industrial high-heat furnaces

Segment Results: Specialty Chemicals

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(billions of yen)

	FY2020 1Q	FY2021 1Q	Change %
Specialty Chemicals			
Agrochemicals	1.4	0.7	-52%
Pharmaceuticals	1.1	1.2	+11%
Industrial chemicals	1.4	1.7	+20%
Other	1.4	1.7	+22%
Segment revenue	5.3	5.3	-0%
Segment operating profit	0.2	-0.0	--

Vs. FY2020 1Q

Revenue ↓ Operating Profit ↓

Agrochemicals & Pharmaceuticals

Sales volume growth of Kremezin, a therapeutic agent for chronic kidney failures, more than offset by a volume decline in agrochemical fungicides, together yielding lower operating profit

Industrial chemicals

Operating profit improved on higher sales volumes of organic chemicals

Segment Results: Specialty Plastics

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(billions of yen)

	FY2020 1Q	FY2021 1Q	Change %
Specialty Plastics			
Home products	5.4	5.9	+8%
Fiber products	1.0	1.3	+38%
Packaging materials	2.9	3.0	+5%
Other	1.3	1.0	-23%
Segment revenue	10.6	11.2	+6%
Segment operating profit	1.8	2.3	+29%

Vs. FY2020 1Q

Revenue  Operating Profit 

Home products / Fiber products

Operating profit growth driven by higher 'NEW Krewrap' home products and 'Seaguar' fishing lines volumes

Packaging materials

Profit decreased due to higher raw materials cost despite improved revenue from heat-shrink multilayer film, etc.

Segment Results: Construction

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(billions of yen)

	FY2020 1Q	FY2021 1Q	Change %
Construction			
Construction	4.3	4.5	+4%
Elimination (Intercompany sale)	-1.7	-1.9	--
Segment revenue	2.7	2.6	-2%
Segment operating profit	0.2	0.1	-34%

Other Operations

Environmental engineering	2.9	3.2	+11%
Logistics	1.9	2.0	+8%
Hospital operations	0.9	1.0	+11%
Others	0.6	0.6	0%
Elimination (Intercompany sale)	-2.1	-2.4	--
Segment revenue	4.3	4.4	+4%
Segment operating profit	0.6	0.9	+39%

Vs. FY2020 1Q

Construction

Revenue ↓ Operating Profit ↓

Construction

Decreases in revenue and operating profit led by delays in the public construction projects, despite steady performance in the private projects

Other Operations

Revenue ↑ Operating Profit ↑

Environmental engineering

Operating profit increased due to volume growth related to low-level PCB wastes treatment

Logistics

Revenue and profit remained at prior year's levels

Hospital operations

Operating loss narrowed with improved revenue

Financial Position

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Assets

	Mar. 31 2021	Jun. 30 2021	Change
Cash and cash equivalents	17.8	16.8	-1.1
Trade and other receivables	28.2	28.1	-0.1
Inventories	36.5	34.7	-1.8
Other current assets	3.7	3.5	-0.2
Total current assets	86.2	83.0	-3.2
Property, plant and equipment	120.2	119.7	-0.4
Intangible assets	2.2	2.9	0.7
Investments and other assets	48.3	48.9	0.6
Total non-current assets	170.7	171.6	0.9
Total assets	256.9	254.6	-2.3

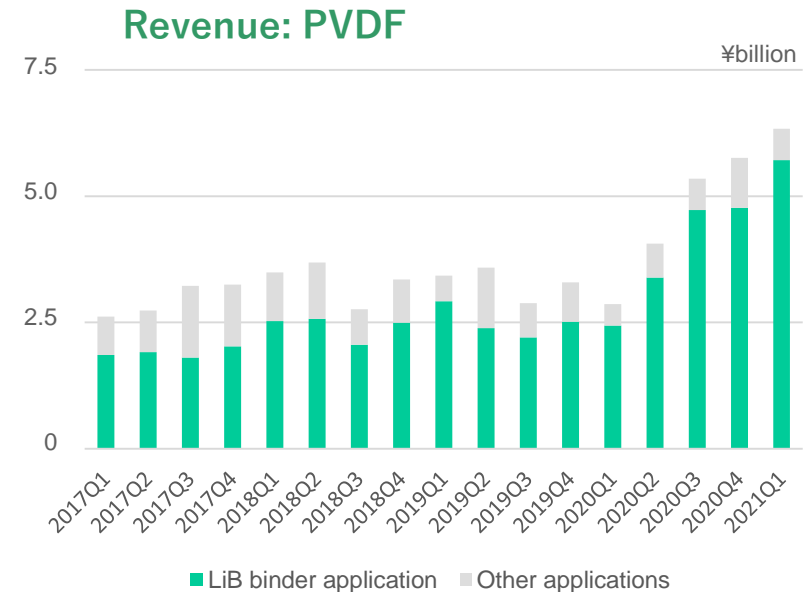
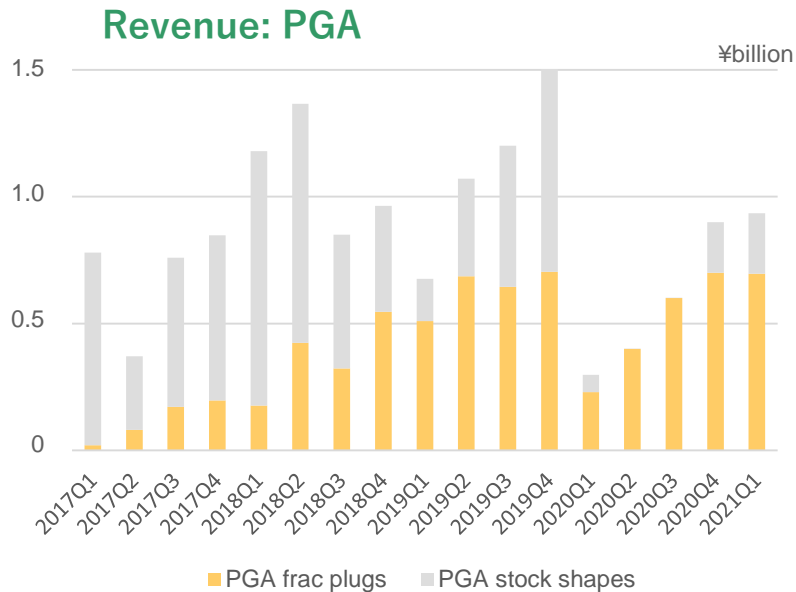
Liabilities and Equity

(billions of yen)

	Mar. 31 2021	Jun. 30 2021	Change
Trade and other payables	19.2	19.3	0.1
Interest-bearing debt	29.5	28.4	-1.1
Provisions	7.8	6.1	-1.7
Other liabilities	14.9	13.6	-1.3
Total liabilities	71.4	67.4	-4.0
Shareholders' equity	18.2	18.2	-
Capital surplus	14.9	14.9	-
Less: Treasury stock	-8.7	-8.7	-0.0
Retained earnings	154.2	156.2	2.1
Other components of equity	5.3	4.9	-0.3
Non-controlling interests	1.7	1.7	-0.0
Total equity	185.5	187.2	1.7
Total liabilities and equity	256.9	254.6	-2.3

PGA & PVDF Business Updates

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- The shale oil and gas market is gradually recovering as economic activity returns with rising oil prices
- Expanded the adaptation of PGA frac plugs in entire horizontal wells (full-bore use) at major customers by offering flexible volume price discounts since fall 2020
- Continues to promote the full-bore use and expand Kureha's market share in high-/mid-temperature oilfields via flexible pricing and product design improvements, while developing improved PGA frac plugs for very low-temperature wells
- Aims to generate profit in the PGA business in FY2023

- Robust PVDF sales continues on strong demand in the automobile LiB market since 3Q FY2020, driven by nations' environment initiatives and subsidy policies promoting electric vehicles
- Price negotiations underway to reflect rising raw materials cost
- Plans to increase the production of PVDF binder for automobile LiB applications at the Iwaki Factory, starting from February 2022
- Announces the decision to build a new PVDF plant (10,000tps) in Changshu, China on July 20, 2021

Disclaimer

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