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, 2024 (IFRS)

May 13, 2024

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**
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Scheduled date for general meeting of shareholders: June 26, 2024
Scheduled date for filing securities report: June 26, 2024
Scheduled date of dividend payment: June 4, 2024
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, 2024 (From April 1, 2023 to March 31, 2024)

(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	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	177,973	(7.0)	12,800	(42.7)	13,913	(39.5)	9,843	(42.0)	9,734	(42.3)	21,649	3.4
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

	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, 2024	173.03	172.73	4.5	4.4	7.2
March 31, 2023	288.10	287.63	8.1	7.9	11.7

Note: Effective January 1, 2024, the Company conducted a three-for-one split on common stock.
Basic profit per share and diluted profit per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2024	330,630	223,148	221,377	67.0	4,022.68
March 31, 2023	296,404	216,774	215,199	72.6	3,675.34

Note: Effective January 1, 2024, the Company conducted a three-for-one split on common stock.
Equity attributable to owners of parent per share is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(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, 2024	11,601	(34,288)	12,135	23,131
March 31, 2023	22,744	(11,100)	(10,484)	32,205

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, 2023	—	125.00	—	145.00	270.0	5,269	31.2	2.5
March 31, 2024	—	130.00	—	43.34	—	4,823	50.1	2.3
Fiscal year ending March 31, 2025 (Forecast)	—	43.35	—	43.35	86.70		45.3	

Note: Effective January 1, 2024, the Company conducted a three-for-one split on common stock.
Dividends at the end of the second quarter for both the fiscal year ended March 31, 2023 and the fiscal year ended March 31, 2024 are the amounts before the split. The dividend for the fiscal year ended March 31, 2024 is the amount after the split. The annual dividend is not shown because a simple total cannot be made due to the implementation of a stock split. Without taking the stock split into consideration, the year-end dividend would be 130.02 yen per share, and the annual dividend 260.02 yen per share.

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(% 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, 2024	85,000	(3.9)	6,500	(29.0)	6,500	(34.1)	5,000	(26.4)	95.73
Fiscal year ending March 31, 2025	170,000	(4.5)	14,000	9.4	14,000	0.6	10,000	2.7	191.45

* 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, 2024	58,576,221 shares	As of March 31, 2023	62,416,221 shares
2) Number of treasury shares at the end of the period	As of March 31, 2024	3,543,898 shares	As of March 31, 2023	3,863,910 shares
3) Average number of shares outstanding during the period	Fiscal year ended March 31, 2024	56,262,222 shares	Fiscal year ended March 31, 2023	58,552,693 shares

Note: Effective January 1, 2024, the Company conducted a three-for-one split on common stock.
The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period, and the average number of shares outstanding during the period are calculated on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated Operating Results (% figures indicate year-on-year changes)

	Revenue		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	96,101	(11.2)	8,049	(29.4)	13,703	(2.1)	10,227	(16.4)
March 31, 2023	108,234	20.8	11,397	9.4	13,992	1.7	12,228	10.0

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2024	181.78	181.46
March 31, 2023	208.85	208.51

Note: Effective January 1, 2024, the Company conducted a three-for-one split on common stock.
Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	%
March 31, 2024	243,591	162,884	66.8	2,956.56
March 31, 2023	216,612	164,126	75.7	2,800.13

(Reference) Equity: As of March 31, 2024: 162,706 million yen
As of March 31, 2023: 163,954 million yen

Note: Effective January 1, 2024, the Company conducted a three-for-one split on common stock.
Net assets per share is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* 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) Future Outlook included under the section "1. Overview of Operating Results and Outlook" on page 4 of the attached document.

(Attachment)

1. Overview of Operating Results and Outlook 2
(1) Overview of Operating Results for the Period under Review 2
(2) Overview of Financial Position for the Period under Review 3
(3) Overview of Cash Flows for the Period under Review 4
(4) Future Outlook 4
2. Group Companies 5
3. Basic Policy Regarding Selection of Accounting Standards 5
4. Consolidated Financial Statements and Important Notes 6
(1) Consolidated Statement of Financial Position 6
(2) Consolidated Statements of Income and Comprehensive Income 8
Consolidated Statement of Income 8
Consolidated Statement of Comprehensive Income 9
(3) Consolidated Statement of Changes in Equity 10
(4) Consolidated Statement of Cash Flows 12
(5) Notes to Consolidated Financial Statements 13
(Notes Regarding Assumption of a Going Concern) 13
(Segment Information) 13
(Consolidated Statement of Income) 14
(Equity and other capital items） 16
(Per-share Data) 17
(Important Subsequent Events) 17

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, 2024	177,973	12,800	13,913	9,843	9,734	173.03 yen
Fiscal year ended March 31, 2023	191,277	22,350	22,992	16,978	16,868	288.10 yen
Change	(13,303)	(9,550)	(9,079)	(7,135)	(7,134)	—

During the fiscal year ended March 31, 2024, the Japanese and global economies saw increased normalization of economic and social activities as the pandemic abated, although the outlook remains uncertain due to concerns about economic slowdowns in China and Europe, protracted conflicts in the Middle East and Ukraine, and the effects of global monetary tightening.

Under these circumstances, the Kureha Group aims to improve medium- to long-term corporate value and contribute to the creation of a sustainable society by promoting sustainability-focused management to further develop the Group. To this end, the Group has formulated and is promoting initiatives to realize its new Kureha Group Corporate Philosophy, the Kureha Vision, a Management Policy focused on FY2030, and the Medium- to Long-term Management Plan "Toward Creating a New Future."

In the fiscal year ended March 31, 2024, revenue and profits declined year on year as sales of polyvinylidene fluoride (PVDF), used as a binder material for lithium-ion secondary batteries, declined in the Advanced Materials segment. In addition, restructuring costs associated with withdrawal from the heat-shrink multilayer film business in Europe were recorded under other expenses, and an impairment loss on fixed assets was recorded in line with the cancelation of plans to expand PVFD manufacturing facilities in China.

Revenue was 177,973 million yen (down 7.0% year on year), operating profit was 12,800 million yen (down 42.7% year on year), profit before tax was 13,913 million yen (down 39.5% year on year), profit was 9,843 million yen (down 42.0% year on year), and profit attributable to owners of parent was 9,734 million yen (down 42.3% year on year).

Results by segment were as follows:

(Millions of yen)

	Revenue			Operating profit		
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change
Advanced Materials	82,693	64,510	(18,183)	10,147	4,837	(5,310)
Specialty Chemicals	31,784	33,949	2,164	1,849	1,655	(194)
Specialty Plastics	46,792	47,328	535	8,607	8,194	(412)
Construction	11,310	13,948	2,638	881	1,480	599
Other Operations	18,696	18,237	(459)	2,821	2,466	(355)
Segment Total	191,277	177,973	(13,303)	24,308	18,634	(5,673)
Adjustments*	—	—	—	(1,957)	(5,834)	(3,876)
Consolidated Total	191,277	177,973	(13,303)	22,350	12,800	(9,550)

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

Revenue and operating profit rose in the carbon products category as sales of heat insulating material for high-temperature furnaces increased.

As a result, revenue in Advanced Materials was 64,510 million yen (down 22.0% year on year) and operating profit was 4,837 million yen (down 52.3% year on year).

2) Specialty Chemicals

In the agrochemicals and pharmaceuticals category, although revenue rose on higher sales of agricultural and

horticultural fungicides and Kremezin, a treatment for chronic renal failure, operating profit declined due to higher R&D and other expenses.

In the industrial chemicals category, sales of inorganic and organic chemicals increased, and both revenue and operating profit in this category increased.

As a result, revenue in Specialty Chemicals was 33,949 million yen (up 6.8% year on year), and operating profit was 1,655 million yen (down 10.5% year on year).

3) Specialty Plastics

In the consumer goods category, both revenue and operating profit increased due to higher sales of New Krewrap plastic wrap for household use and Seaguar fluorocarbon fishing lines.

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

In the other category, revenue and operating profit declined year on year.

As a result, revenue in Specialty Plastics was 47,328 million yen (up 1.1% year on year), and operating profit was 8,194 million yen (down 4.8% year on year).

4) Construction

In Construction, revenue and operating profit rose due to an increase in private-sector construction projects.

As a result, revenue in Construction was 13,948 million yen (up 23.3% year on year), and operating profit was 1,480 million yen (up 68.0% year on year).

5) Other Operations

In the environmental engineering category, revenue increased but operating profit declined mainly due to higher expenses.

In the logistics category, revenue and operating profit declined.

In the hospital operations category, revenue increased and operating loss declined.

As a result, revenue in Other Operations was 18,237 million yen (down 2.5% year on year), and operating profit was 2,466 million yen (down 12.6% year on year).

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

Total assets as of March 31, 2024, were 330,630 million yen, up 34,225 million yen compared to March 31, 2023. Current assets decreased from March 31, 2023, by 1,094 million yen to 119,900 million yen due to increases in trade and other receivables, despite a decrease in cash and cash equivalents. Non-current assets increased from March 31, 2023, by 35,319 million yen to 210,729 million yen, mainly due to increases in property, plant and equipment as well as other financial assets.

Total liabilities were 107,481 million yen, up 27,851 million yen compared to March 31, 2023. This was due to a decrease in trade and other payables, while interest-bearing debt increased by 28,628 million yen to 54,904 million yen compared to March 31, 2023, mainly due to an increase in corporate bonds and loans payable.

Total equity was 223,148 million yen, up 6,373 million yen compared to March 31, 2023. This was mainly due to the recording of 9,734 million yen in profit attributable to owners of parent and an increase in other components of equity due to an increase in the value of investment securities and the depreciation of the yen, which together absorbed the 10,004 million yen to repurchase Company shares and 5,268 million yen in dividends of surplus.

(3) Overview of Cash Flows for the Period

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change
Cash flows from operating activities	22,744	11,601	(11,143)
Cash flows from investing activities	(11,100)	(34,288)	(23,188)
Cash flows from financing activities	(10,484)	12,135	22,619
Effect of exchange rate changes on cash and cash equivalents	405	1,478	1,073
Net increase (decrease) in cash and cash equivalents	1,565	(9,073)	(10,639)
Cash and cash equivalents at beginning of period	30,639	32,205	1,565
Cash and cash equivalents at end of period	32,205	23,131	(9,073)
Interest-bearing debt at end of period	26,275	54,904	28,628

Net cash provided by operating activities totaled 11,601 million yen (down 11,143 million yen from March 31, 2023). This mainly reflected an decrease in profit before tax.

Net cash used in investing activities came to 34,288 million yen (up 23,188 million yen from March 31, 2023). This was mainly attributable to an increase in expenditures for the purchase of property, plant and equipment and intangible assets, and an absence of proceeds from the sale of investments accounted for using the equity method generated in the fiscal year ended March 31, 2023.

Net cash provided by financing activities amounted to 12,135 million yen (compared to 10,484 million yen used in the fiscal year ended March 31, 2023). This was mainly due to an increase in the purchase of treasury stock, which was offset by proceeds from issuance of bonds and proceeds from long-term borrowings.

As a result, cash and cash equivalents at the end of the period were 23,131 million yen, down 9,073 million yen from March 31, 2023.

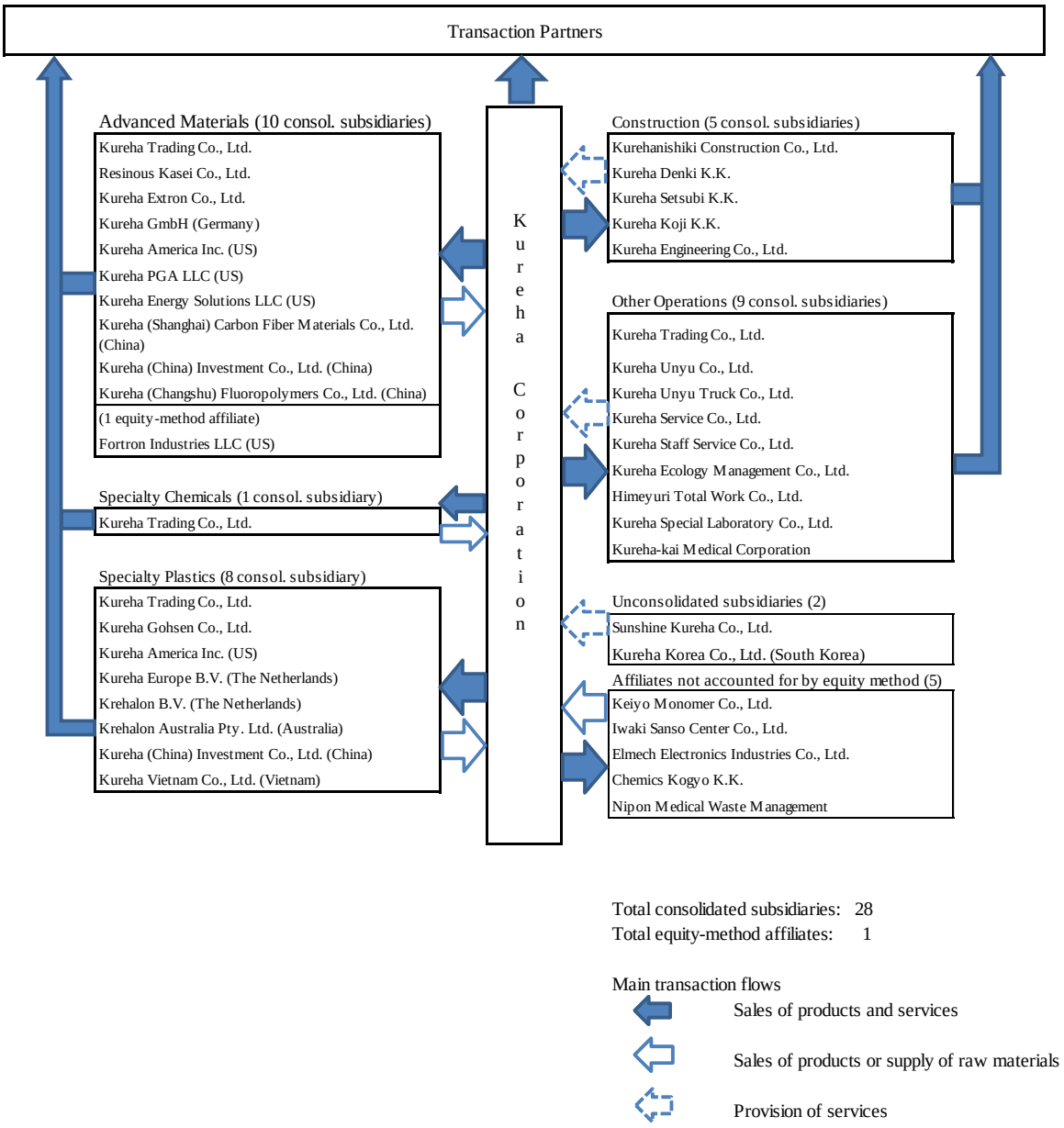
(4) Future Outlook

In the Advanced Materials Segment, we expect demand for PVDF for lithium-ion secondary battery binders and PPS for automotive applications to remain moderately for a while but will grow steady over the medium to long term. In the Specialty Chemicals Segment, we expect a temporary decline in profit of agrochemicals due to an adjustment phase of inventories that were secured by our customers in anticipation of increased overseas demand. We will also promote the development of new products. In the industrial chemicals business, we will continue to improve profitability. In the Specialty Plastics Segment, we will implement effective sales promotion measures for consumer goods. In commercial food packaging material business, we will expand sales in Southeast Asia. In the Construction Segment, construction sales are expected to be affected by soaring construction material prices despite an increase in the number of orders, and in the Other Operations Segment, a decrease in waste disposal volume in the environmental engineering business and an increase in costs such as fuel prices are expected.

For the fiscal year ending March 31, 2025, we forecast consolidated net sales of 170,000 million yen, operating income of 14,000 million yen, income before income taxes of 14,000 million yen, and net income attributable to owners of the parent of 10,000 million yen. The exchange rate assumptions are as follows. (\145/USD, \158/EUR, \20/CNY)

2. Group Companies

The Kureha Group consists of the Company, 30 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.



(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 April 1, 2024, Kureha Construction Co., Ltd., merged with Kureha Engineering Co., Ltd.
4. On April 1, 2024, Kureha Service Co., Ltd., merged with Kureha Staff Service Co., Ltd.
5. Krehalon B.V., and Krehalon Australia Pty. Ltd. in the Specialty Plastics segment have started liquidation proceedings.

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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	32,205	23,131
Trade and other receivables	31,855	38,919
Income taxes receivable	—	1,687
Other financial assets	15	20
Inventories	52,000	51,245
Other current assets	4,918	4,896
Total current assets	120,994	119,900
Non-current assets		
Property, plant and equipment	117,438	140,548
Intangible assets	4,453	5,014
Investments accounted for using equity method	15,400	16,796
Other financial assets	22,745	28,782
Deferred tax assets	1,924	2,119
Other non-current assets	13,447	17,467
Total non-current assets	175,409	210,729
Total assets	296,404	330,630

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities and equity		
Current liabilities		
Trade and other payables	27,670	20,503
Bonds and borrowings	13,389	11,926
Other financial liabilities	1,728	1,627
Income taxes payable	2,904	372
Provisions	7,166	9,932
Other current liabilities	7,936	8,537
Total current liabilities	60,796	52,899
Non-current liabilities		
Bonds and borrowings	8,605	39,095
Other financial liabilities	3,746	3,330
Deferred tax liabilities	2,949	8,663
Provisions	1,322	1,321
Retirement benefit liability	297	279
Other non-current liabilities	1,912	1,891
Total non-current liabilities	18,833	54,582
Total liabilities	79,629	107,481
Equity		
Share capital	18,169	18,169
Capital surplus	14,724	14,724
Treasury shares	(8,701)	(9,616)
Retained earnings	178,956	177,300
Other components of equity	12,050	20,799
Total equity attributable to owners of parent	215,199	221,377
Non-controlling interests	1,574	1,771
Total equity	216,774	223,148
Total liabilities and equity	296,404	330,630

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Revenue	191,277	177,973
Cost of sales	136,488	126,634
Gross profit	54,788	51,339
Selling, general and administrative expenses	31,973	32,606
Share of profit of investments accounted for using equity method	1,325	(635)
Other income	1,164	1,936
Other expenses	2,954	7,232
Operating profit	22,350	12,800
Finance income	871	1,305
Finance costs	228	191
Profit before tax	22,992	13,913
Corporate income tax expenses	6,014	4,070
Profit	16,978	9,843
Profit attributable to:		
Owners of parent	16,868	9,734
Non-controlling interests	109	108
Profit	16,978	9,843
Earnings per share		
Basic earnings per share (yen)	288.10	173.03
Diluted earnings per share (yen)	287.63	172.73

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Profit	16,978	9,843
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,044	4,126
Remeasurements of defined benefit plans	828	2,843
Total	1,873	6,970
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	2,094	4,835
Total	2,094	4,835
Other comprehensive income, net of tax	3,968	11,805
Comprehensive income	20,947	21,649
Comprehensive income attributable to:		
Owners of parent	20,831	21,393
Non-controlling interests	115	256
Comprehensive income	20,947	21,649

(3) Consolidated Statement of Changes in Equity

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

(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, 2022	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, 2023	18,169	14,724	(8,701)	178,956	171	3,468

	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
Balance as of April 1, 2022	7,504	—	9,020	199,219	1,505	200,724
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

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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, 2023	18,169	14,724	(8,701)	178,956	171	3,468
Profit				9,734		
Other comprehensive income						4,835
Total comprehensive income	—	—	—	9,734	—	4,835
Purchase of treasury shares			(10,004)			
Share-based payment transactions		(19)	9,057	(9,037)		
Dividends		19	32		5	
Capital transactions with non-controlling interests				(5,268)		
Transfer from other components of equity to retained earnings				2,915		
Total transactions with owners	—	—	(915)	(11,391)	5	—
Balance as of March 31, 2024	18,169	14,724	(9,616)	177,300	177	8,304

	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
Balance as of April 1, 2023	8,409	—	12,050	215,199	1,574	216,774
Profit			—	9,734	108	9,843
Other comprehensive income	3,997	2,824	11,658	11,658	147	11,805
Total comprehensive income	3,997	2,824	11,658	21,393	256	21,649
Purchase of treasury shares			—	(10,004)		(10,004)
Share-based payment transactions			—	—		—
Dividends			5	57		57
Capital transactions with non-controlling interests			—	(5,268)	(59)	(5,328)
Transfer from other components of equity to retained earnings	(90)	(2,824)	(2,915)	—		—
Total transactions with owners	(90)	(2,824)	(2,909)	(15,215)	(59)	(15,275)
Balance as of March 31, 2024	12,317	—	20,799	221,377	1,771	223,148

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before tax	22,992	13,913
Depreciation and amortization	11,615	11,660
Gain on reversal of impairment losses	—	(946)
Impairment losses	2,141	1,578
Finance income	(725)	(807)
Finance costs	222	181
Share of loss (profit) of investments accounted for using equity method	(1,325)	635
Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets	464	1,803
Decrease (increase) in trade and other receivables	4,667	(5,838)
Decrease (increase) in inventories	(9,574)	2,323
Increase (decrease) in trade and other payables	(1,916)	(8,393)
Increase (decrease) in provisions	233	2,621
Increase (decrease) in retirement benefit asset or liability	(504)	(551)
Other	(949)	(1,248)
Subtotal	27,342	16,933
Interest and dividends received	1,534	807
Interest paid	(202)	(121)
Income taxes paid	(5,929)	(6,017)
Net cash provided by (used in) operating activities	22,744	11,601
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, and intangible assets	166	293
Purchase of property, plant and equipment, and intangible assets	(14,239)	(32,700)
Proceeds from sale of investment securities	296	378
Purchase of investment securities	(13)	(337)
Proceeds from sale of investments accounted for using equity method	3,335	—
Proceeds from government subsidies	88	—
Other	(734)	(1,923)
Net cash provided by (used in) investing activities	(11,100)	(34,288)
Cash flows from financing activities		
Dividends paid	(4,879)	(5,268)
Dividends paid to non-controlling interests	(46)	(59)
Increase (decrease) in short-term borrowings and commercial papers	(1,546)	1,892
Proceeds from long-term borrowings	5,000	15,000
Repayments of long-term borrowings	(694)	(2,971)
Proceeds from issuance of bonds	—	19,908
Redemption of bonds	(7,000)	(5,000)
Purchase of treasury shares	(4)	(10,004)
Other	(1,313)	(1,361)
Net cash provided by (used in) financing activities	(10,484)	12,135
Effect of exchange rate changes on cash and cash equivalents	405	1,478
Net increase (decrease) in cash and cash equivalents	1,565	(9,073)
Cash and cash equivalents at beginning of period	30,639	32,205
Cash and cash equivalents at end of period	32,205	23,131

(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 for the previous year. Intersegment revenue is mainly based on market prices.

The Kureha Group's segment information is as follows.

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 (loss)	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 (loss) mainly comprises 167 million yen of loss resulting from the elimination of intersegment transactions, 1,146 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)

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Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Advanced Materials	Specialty Chemicals	Specialty Plastics	Construction	Other Operations	Total	Adjustments (Note)	Consolidated
Revenue								
Revenue from external customers	64,510	33,949	47,328	13,948	18,237	177,973	—	177,973
Intersegment revenue	871	260	156	9,056	6,757	17,102	(17,102)	—
Total	65,382	34,209	47,485	23,004	24,994	195,075	(17,102)	177,973
Operating profit	4,837	1,655	8,194	1,480	2,466	18,634	(5,834)	12,800
Finance income								1,305
Finance costs								(191)
Profit before tax								13,913

(Note) The adjustment to operating profit (loss) includes 537 million yen of loss resulting from the elimination of intersegment transactions, 1,936 million yen of other revenue not allocated to any reportable segment (mainly 946 million yen in gains on reversal of impairment loss), and 7,232 million yen in other expenses (including restructuring costs of 2,835 million yen, loss on sale and retirement of non-current assets of 1,813 million yen, and 1,578 million yen in impairment losses).

(Consolidated Statement of Income)

(1) Other Revenue

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Gain on reversal of impairment loss	—	946
Gain on subsidy revenue	679	335
Other	485	654
Total	1,164	1,936

(2) Other Expenses

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Restructuring costs	—	2,835
Loss on sale and retirement of non-current assets	569	1,813
Impairment losses	2,141	1,578
Other	243	1,004
Total	2,954	7,232

(Note) Restructuring costs mainly comprise expenses associated with the termination of employment contracts of employees at consolidated subsidiaries due to the withdrawal from the heat-shrink multilayer film business in Europe.

(3) Impairment of Non-financial Assets

1) Impairment Losses and Gain on Reversal of 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.

Further, regarding assets for which impairment losses were recognized in prior fiscal years, the Company recognizes a gain on reversal of impairment losses when the estimated recoverable amount has changed.

The Group recognized impairment losses on property, plant and equipment, and intangible assets of 2,141 million yen in the fiscal year ended March 31, 2023, and 1,578 million yen in the fiscal year ended March 31, 2024. In addition, a gain on reversal of impairment losses on property, plant and equipment, and intangible assets amounting to 946 million yen was recognized in the fiscal year ended March 31, 2024.

2) Recognized Impairment Losses and Gain on Reversal of Impairment Losses, and Main Events or Circumstances that Led to such Recognition

Fiscal year ended March 31, 2023 (from 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 commercial food 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.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Impairment Losses)

In line with the decision to cancel plans to expand PVFD manufacturing facilities in Changshu City, Jiangsu Province, China, the 1,578 million yen reduction is included in other expenses.

(Millions of yen)

Segments	Purpose of Use	Location	Type of Assets	Amount
Advanced Materials	Manufacturing facility	Changshu City, Jiangsu Province, China	Construction in progress	1,279
			Other	298
			Total	1,578

（Gain on reversal of impairment losses）

Of heat-shrink multilayer film manufacturing facilities for which impairment losses were recognized in the fiscal year ended March 31, 2023, the recoverable amount of the facilities expected to be sold was expected to be recovered, and this increase (946 million yen) is included in other income.

(Millions of yen)

Segments	Purpose of Use	Location	Type of Assets	Amount
Specialty Plastics	Manufacturing facility	Deventer, Netherlands	Buildings	560
			Machinery and equipment	70
			Other	210
			Total	841
		Victoria, Australia	Buildings	29
			Machinery and equipment	70
			Other	6
			Total	105
		Total		946

(Equity and other capital items）

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Purchase of treasury stock）

The Company repurchased its own shares in accordance with a resolution of the Board of Directors meeting held on May 12, 2023. As a result, treasury stock increased by 3,531,000 shares during the period.

（Retirement of treasury stock）

The Company retired treasury stock in accordance with the resolution of the Board of Directors meeting held on May 12, 2023. As a result, treasury stock decreased by 3,840,000 shares during the period.

（Disposal of treasury stock）

On July 26, 2023, the Company disposed of treasury stock under its restricted stock compensation plan. As a result, treasury stock decreased by 13,008 shares during the period.

Note: Effective January 1, 2024, the Company conducted a three-for-one split on common stock. The number of shares shown above is the number of shares after the stock split.

(Per-share Data)

(1) Basis of Calculation of Basic Earnings Per Share

(Millions of yen)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Profit attributable to ordinary shareholders of parent	
Profit attributable to owners of parent	9,734
Profit not attributable to ordinary shareholders of parent	—
Profit used to calculate basic earnings per share	9,734
Average number of common shares outstanding during the period (shares)	56,262,222
Basic earnings per share	173.03 yen

Note: Effective January 1, 2024, the Company conducted a three-for-one split on common stock. Basic earnings per share is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year under review.

(2) Basis of Calculation of Diluted Earnings Per Share

(Millions of yen)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Diluted profit attributable to ordinary shareholders of parent	
Profit used to calculate basic earnings per share	9,734
Profit adjustments	—
Profit used to calculate diluted earnings per share	9,734
Average number of common shares outstanding during the period (shares)	56,262,222
Impact of dilutive effect (shares)	98,538
After adjustment for dilutive effect (shares)	56,360,760
Diluted earnings per share	172.73 yen

Note: Effective January 1, 2024, the Company conducted a three-for-one split on common stock. Diluted earnings per share is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year under review.

(Important Subsequent Events)

No applicable matters to report.