

Notice Regarding the Posting of Extraordinary Loss Due to a Cold Wave in the United States and the Revision of Consolidated Operating Results Forecasts

Kuraray hereby announces that due to the impact of the cold wave that struck the United States in the first quarter of the fiscal year ending December 31, 2021, it has posted an extraordinary loss as part of consolidated quarterly operating results for said period. In addition, Kuraray has revised its consolidated operating results forecasts for the first six months of said fiscal year, as detailed below, from the previous operating results forecasts announced on February 10, 2021.

1. Posting of Extraordinary Loss and Its Details

With regard to the impact of the severe cold wave that struck many parts of the United States in mid-February 2021, in its March 10, 2021 press release “Notice Regarding the Impact of a Cold Wave in the United States,” Kuraray announced that a number of Group manufacturing sites located in a Houston, Texas, suburb and run by local subsidiary Kuraray America, Inc., suspended operations from Mid-February onward. Full production, except for certain lines, resumed as of April 2, 2021 as announced in a subsequent press release issued on the same date.

Having assessed the impact of the cold wave on its consolidated operating results, Kuraray recorded an extraordinary loss of ¥3,016 million as a disaster loss for the first quarter of the fiscal year ending December 31, 2021.

2. Revisions to consolidated earnings forecast for the second quarter of fiscal 2021 (January 1 - June 30, 2021)

(1) Revision forecasts	(Millions of yen)				(Yen)
	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent	Net Income per Share
Previous Forecast (A) (Announced February 10, 2021)	280,000	25,000	22,500	13,500	39.25
Revised Forecast (B)	290,000	30,000	29,000	13,500	39.25
Difference (B - A)	10,000	5,000	6,500	—	
Percent change (%)	3.6	20.0	28.9	—	
(Reference) Second quarter results of fiscal 2020	262,006	19,611	17,638	9,160	26.64

(2) Reason for the revisions

In the consolidated first quarter, shipments in Kuraray's businesses mainly in the Vinyl acetate and Isoprene segments increased due to growth in demand, including for mainstay applications for automobiles, displays, and electronic and electric devices. We assume that demand will remain firm in the second quarter as well. Furthermore, in the first quarter, we recorded a loss on litigation of ¥3,054 million related to a fire that occurred at our U.S. subsidiary in May 2018. As stated above, we also recorded a disaster loss of ¥3,016 million due mainly to the suspension of production for some equipment at our U.S. subsidiary caused by a severe cold wave in the southern United States in February.

Based on these circumstances, the forecast of consolidated operating results for the second quarter of fiscal 2021 (January 1, 2021 to June 30, 2021) is as shown above.

Note: Earnings forecasts are based on currently available information and certain conditions judged rational, but actual earnings may differ from forecasts for various reasons.

Reference : Earnings forecast for the second quarter of fiscal 2021 by reporting segment

(Billions of yen)

	Net Sales			Operating Income		
	Previously Announced Plan	Revised forecast	Difference	Previously Announced Plan	Revised forecast	Difference
Vinyl Acetate	134.0	142.0	8.0	23.0	26.5	3.5
Isoprene	27.0	30.0	3.0	2.0	3.0	1.0
Functional Materials	63.0	63.0	0	2.0	2.0	0
Fibers and Textiles	27.0	29.0	2.0	1.0	1.0	0
Trading	63.0	66.0	3.0	1.8	2.0	0.2
Other Business	21.5	19.0	(2.5)	0.2	0	(0.2)
Adjustment	(55.5)	(59.0)	(3.5)	(5.0)	(4.5)	0.5
Total	280.0	290.0	10.0	25.0	30.0	5.0