

**Business Results for the  
Third Quarter of the Fiscal Year Ending  
December 31, 2019 (Unaudited)**

**November 12, 2019**

**Kuraray Co., Ltd.**

November 12, 2019

Kuraray Co., Ltd.

## Consolidated Earnings Report for the Third Quarter of the Fiscal Year Ending December 31, 2019

Name of listed company: Kuraray Co., Ltd.  
Stock code: 3405  
Stock exchange listing: Tokyo, first section  
URL: <https://www.kuraray.com/>

Representative:

Title: Representative Director and President  
Name: Masaaki Ito

Contact:

Title: Senior Manager, Corporate Communications Department, Corporate Management Planning Office  
Name: Fumio Uegaki  
Tel: +81-3-6701-1070

Preparation of supplementary documentation for the quarterly earnings report: Yes

Holding of quarterly earnings results briefing: Yes (for securities analysts and institutional investors)

(Millions of yen rounded down unless otherwise stated)

### 1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2019 (January 1, 2019 to September 30, 2019)

#### (1) Consolidated Operating Results

(Percentage changes displayed for net sales, operating income, ordinary income and net income attributable to owners of the parent are comparisons with the corresponding period of the previous fiscal year.)

(Millions of yen)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
		(%)		(%)		(%)		(%)
Fiscal 2019 3Q	428,914	(4.7)	42,334	(22.1)	37,941	(27.1)	19,357	(41.8)
Fiscal 2018 3Q	449,929	18.5	54,375	(6.8)	52,030	(8.9)	33,283	(11.2)

Note: Comprehensive income: For the fiscal 2019 third quarter: ¥4,308 million (-86.1%)  
For the fiscal 2018 third quarter: ¥30,924 million (-21.4%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Fiscal 2019 3Q	55.86	55.78
Fiscal 2018 3Q	95.18	95.00

Note: In fiscal 2018, Kuraray determined the temporary accounting treatment related to a business combination, which the figures for the third quarter of fiscal 2018 reflect.

#### (2) Consolidated Financial Position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio (%)
As of September 30, 2019	978,274	549,958	55.0
As of December 31, 2018	947,095	567,033	58.6

[Reference] Equity attributable to owners of the parent: As of September 30, 2019: ¥537,644 million

As of December 31, 2018: ¥555,438 million

Note: Kuraray has adopted ASBJ Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting (issued February 16, 2018) from January 1, 2019. These accounting standards have been retroactively applied to the numbers used for the consolidated financial position as of December 31, 2018.

## 2. Dividends

(Yen)

Record Date	Cash Dividends per Share				
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Annual
Fiscal 2018	—	20.00	—	22.00	42.00
Fiscal 2019	—	20.00			
Fiscal 2019 (Forecast)			—	22.00	42.00

Note: Revisions to cash dividend forecast during this period: No

## 3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending December 31, 2019 (January 1, 2019 to December 31, 2019)

(Percentage changes displayed for net sales, operating income, ordinary income and net income attributable to owners of the parent are comparisons with the corresponding period of the previous fiscal year.)

(Millions of yen)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share (Yen)
		(%)		(%)		(%)		(%)	
Full Fiscal Year	578,000	(4.1)	57,000	(13.4)	52,000	(15.0)	28,500	(15.1)	82.92

Note: Revisions to forecasts of consolidated financial results during this period: Yes

### [Reference]

- (1) Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries Involving Changes in the Scope of Consolidation)  
Added: No companies                      Excluded: No companies
- (2) Adoption of Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements  
No
- (3) Changes in Accounting Principles, Procedures and Presentation Methods in Connection with the Preparation of Quarterly Consolidated Financial Statements
  1. Changes following revision of accounting standards: Yes
  2. Changes besides 1. above: No
  3. Changes in accounting estimates: No
  4. Restatement: No

Note: For further details, please refer to “Changes in Accounting Principles” under “Notes regarding Quarterly Consolidated Financial Statements” on page 10 of the Attachment.

### (4) Number of Shares Issued and Outstanding (Common Shares)

1. Number of shares issued and outstanding (including treasury stock) as of the period-end:
 

As of September 30, 2019	354,863,603 shares
As of December 31, 2018	354,863,603 shares
2. Number of treasury shares as of the period-end:
 

As of September 30, 2019	11,145,105 shares
As of December 31, 2018	6,179,578 shares
3. Average number of shares for the period (cumulative):
 

As of September 30, 2019	346,518,211 shares
As of September 30, 2018	349,671,638 shares

Note: It is not required that this type of earnings report be audited.

*Cautionary Statement with Respect to Forecasts of Consolidated Business Results  
(Cautionary note regarding forward-looking statements)*

The results forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts. Please refer to “Basis for the Revision in Forecasts, Including Consolidated Operating Results Forecasts” on page 4 of the Attachment for the assumptions used.

## Index of the Attachment

1. Qualitative Information regarding Business Results .....	2
(1) Overview of Consolidated Business Results .....	2
(2) Overview of Financial Position .....	4
(3) Basis for the Revision in Forecasts, Including Consolidated Operating Results Forecasts .....	4
2. Quarterly Consolidated Financial Statements and Notes .....	5
(1) Quarterly Consolidated Balance Sheets .....	5
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income .....	7
(3) Notes regarding Quarterly Consolidated Financial Statements .....	10
Notes regarding Going Concern Assumptions .....	10
Material Changes in Shareholders' Equity .....	10
Changes in Accounting Principles .....	10
Additional Information .....	10
Business Combinations, etc. ....	10
Segment Information, etc. ....	11

## 1. Qualitative Information regarding Business Results

### (1) Overview of Consolidated Business Results

In the third quarter of fiscal 2019 (January 1, 2019–September 30, 2019), the ongoing trade war between the United States and China and the geopolitical situation in the Middle East fostered a stronger sense of uncertainty. Due to these factors, growth in the world economy has been more stagnant than before. Consequently, consolidated operating results for the third quarter of fiscal 2019 are as follows: net sales decreased ¥21,015 million, or 4.7%, compared with the previous fiscal year to ¥428,914 million; operating income fell ¥12,040 million, or 22.1%, to ¥42,334 million; ordinary income decreased ¥14,088 million, or 27.1%, to ¥37,941 million; and net income attributable to owners of the parent dropped ¥13,925 million, or 41.8%, to ¥19,357 million. In the third quarter, Kuraray has recognized a loss of ¥13,953 million including the settlement amount in connection with a fire incident that occurred in May 2018 at a group subsidiary in the United States. This amount is based on the most current reasonable estimation of damages to be paid to the plaintiffs and other expenses for a court settlement, and is classified under extraordinary loss. Kuraray also recognized insurance income totaling ¥10,046 million as part of extraordinary income.

The Kuraray Group launched the medium-term management plan “PROUD 2020” from fiscal 2018. In fiscal 2019, the second year of the plan, the Group aims to achieve its long-term vision of becoming a “Specialty Chemical Company, growing sustainably by incorporating new foundational platforms into its own technologies.” We will steadily take specific measures related to the key management strategies underlined in the plan. We will also continue working to establish a new business portfolio from a medium- to long-term perspective.

Furthermore, regarding the business combination with Calgon Carbon Corporation conducted on March 9, 2018, which resulted from the acquisition of shares, Kuraray used a temporary accounting treatment for the third quarter of the previous fiscal year. However, the treatment was determined at the end of the previous fiscal year. As a result, for comparison and analysis with the corresponding period of the previous fiscal year, the figures used have been revised to reflect the determination of the treatment.

In addition, Kuraray has adopted ASBJ Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting (issued February 16, 2018) from January 1, 2019. Regarding the Company’s financial position, these accounting standards have been retroactively applied to the numbers used for comparison and analysis with the previous fiscal year.

### Results by Business Segment

#### **Vinyl Acetate**

Sales in this segment decreased 2.9% year on year to ¥201,437 million, and segment income fell 17.0% year on year to ¥36,037 million.

- (1) The sales volume of PVA resin declined due to decelerating economic conditions. Shipments of optical-use poval film decreased by a LCD panel inventory adjustment. In addition, the sales volume of PVB film for automotive use declined despite growing

demand for highly functional films for construction use. However, sales of water-soluble PVA film expanded thanks to growing demand for products for use in unit dose detergent packets.

- (2) Sales of EVAL™ ethylene vinyl alcohol copolymer (EVOH resin) for gas tank applications was affected by the decline in the production number of vehicles. The sales volume for food packaging applications was also stagnant.

### **Isoprene**

Sales in this segment decreased 6.3% year on year to ¥39,992 million, and segment income fell 33.8% year on year to ¥4,107 million.

- (1) The sales volume of isoprene chemicals and SEPTON™ thermoplastic elastomer declined due to economic deceleration.
- (2) The sales of GENESTAR™ heat-resistant polyamide resin fell due to sluggish demand for electric and electronic devices, despite growth in demand for connectors for automotive devices.

### **Functional Materials**

Sales in this segment decreased 4.6% year on year to ¥94,525 million, and segment income decreased 17.1% year on year to ¥3,192 million.

- (1) The methacrylate business was affected by worsening market conditions, which, in turn, caused sales of methacrylic resins to decrease.
- (2) In the medical business, sales were steady, especially for esthetic and restorative dentistry products.
- (3) As for Calgon Carbon, demand grows for filtering applications in connection with the supply of drinking water in North America despite sales in Europe were sluggish due to stagnant demand. However, in the Carbon Materials business, sales of high value-added products increased.

### **Fibers and Textiles**

Sales in this segment edged down 1.3% year on year to ¥47,584 million while segment income fell 19.4% year on year to ¥4,361 million.

- (1) Sales of CLARINO™ man-made leather sales for luxury product applications remained stable. However, sales declined for use in shoes.
- (2) In fibers and industrial materials, exports of KURALON™ for cement reinforcement use remained weak. Also, sales of products used in reinforcing rubber were negatively affected by a decline in vehicle production.
- (3) In consumer goods and materials, sales of KURAFLEX™ for commodity use decreased.

### **Trading**

In fiber-related businesses, sales of sportswear-use products remained firm. However, exports of resins and chemicals to such countries as China fell. As a result, segment sales decreased 5.1% year on year to ¥96,791 million, and segment income rose 0.3% to ¥3,001 million.

### **Other Business**

In other businesses, due to weak sales of domestic affiliates, segment sales declined 10.4%

year on year to ¥38,293 million, and segment income fell 22.9% to ¥582 million.

## (2) Overview of Financial Position

Total assets increased ¥31,178 million from the end of the previous fiscal year to ¥978,274 million mainly because of a ¥42,228 million increase in tangible fixed assets that offset a ¥13,775 million decrease in intangible fixed assets. Total liabilities increased ¥48,253 million to ¥428,315 million due to factors that included the issuance of commercial paper totaling ¥24,000 million, a ¥13,444 million increase in accrued expenses, and a ¥17,224 million increase in other noncurrent liabilities, despite an ¥11,799 million decrease in short-term loans payable. The main reason for the increases in tangible fixed assets and other noncurrent liabilities is the application of IFRS 16 for leases of some overseas affiliates from the first quarter of the fiscal year ending December 31, 2019, which led to increases in right-of-use assets and lease liabilities respectively.

Net assets fell ¥17,075 million to ¥549,958 million. Equity attributable to owners of the parent amounted to ¥537,644 million, for an equity ratio of 55.0%.

## (3) Basis for the Revision in Forecasts, Including Consolidated Operating Results Forecasts

Taking the current global economic conditions, trends in foreign exchange rates and raw material and fuel prices as well as the prevailing business environment into account, we revised the full-year operating results forecast, which was announced on August 8, 2019.

In the third quarter of fiscal 2019, Kuraray has recognized litigation-related loss including the settlement amount and insurance income in connection with a fire incident that occurred in May 2018 at a group subsidiary in the United States. The recorded loss includes costs incurred by this subsidiary to reach a settlement with some of the plaintiffs. Presently, Kuraray is not positioned to reasonably estimate the extent of losses that may be additionally incurred by the subsidiary in the course of future litigation procedures and, therefore, has not included such amounts in its consolidated financial statements.

The revised cumulative consolidated operating results forecast for the fiscal year ending December 31, 2019 (January 1, 2019 to December 31, 2019) is as follows.

	(Millions of yen)				(Yen)
	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent	Net Income Per Share
Original Forecast (A) (Announced August 8, 2019)	600,000	67,000	62,500	38,000	109.76
Revised Forecast (B)	578,000	57,000	52,000	28,500	82.92
Amount Adjusted (B – A)	(22,000)	(10,000)	(10,500)	(9,500)	
Percent Adjusted	(3.7%)	(14.9)	(16.8)	(25.0)	

For the second half of fiscal 2019, we assume average exchange rates of ¥110 to the U.S. dollar and ¥120 to the euro, as well as a domestic naphtha price of ¥41,000 per kiloliter.



**2. Quarterly Consolidated Financial Statements and Notes**  
**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	December 31, 2018	September 30, 2019
<b>ASSETS</b>		
Current Assets		
Cash and cash deposits	67,022	57,325
Notes and accounts receivable–trade	128,107	113,551
Short-term investment securities	32,921	41,364
Merchandise and finished goods	101,081	108,017
Work in process	15,221	15,071
Raw materials and supplies	36,667	33,829
Other	14,315	28,464
Allowance for doubtful accounts	(426)	(389)
Total current assets	394,910	397,235
Noncurrent Assets		
Tangible fixed assets		
Buildings and structures, net	74,182	75,830
Machinery, equipment and vehicles, net	204,215	197,857
Land	22,707	21,846
Construction in progress	49,468	78,723
Other, net	6,837	25,382
Total tangible fixed assets	357,411	399,639
Intangible fixed assets		
Goodwill	66,485	61,369
Customer-related assets	36,263	33,230
Other	41,400	35,775
Total intangible fixed assets	144,150	130,375
Investments and other assets		
Investment securities	29,509	28,665
Long-term loans receivable	218	189
Net defined benefit assets	1,101	1,302
Deferred tax assets	12,993	14,158
Others	6,840	6,735
Allowance for doubtful accounts	(40)	(27)
Total investments and other assets	50,622	51,023
Total noncurrent assets	552,184	581,038
Total assets	947,095	978,274

(Millions of yen)

	December 31, 2018	September 30, 2019
<b>LIABILITIES</b>		
Current Liabilities		
Notes and accounts payable—trade	45,408	37,072
Short-term loans payable	46,540	34,740
Commercial paper	—	24,000
Accrued expenses	12,201	25,646
Income taxes payable	8,474	3,571
Provision for bonuses	6,681	8,861
Other provision	266	240
Other	25,212	35,574
Total current liabilities	144,785	169,707
Noncurrent liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	120,049	127,781
Deferred tax liabilities	24,951	22,929
Provision for directors' retirement benefits	237	274
Provision for environmental measures	5,716	4,930
Net defined benefit liabilities	18,065	19,398
Asset retirement obligations	5,070	4,884
Other	11,185	28,409
Total noncurrent liabilities	235,276	258,608
Total liabilities	380,062	428,315
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	88,955	88,955
Capital surplus	87,207	87,199
Retained earnings	364,841	369,603
Treasury stock	(9,746)	(16,307)
Total shareholders' equity	531,257	529,451
Accumulated other comprehensive income		
Valuation difference on available-for-sale	7,822	7,090
Deferred gain or losses on hedges	1	32
Foreign currency translation adjustments	20,382	5,056
Remeasurements of defined benefit plans	(4,025)	(3,986)
Total accumulated other comprehensive income	24,181	8,193
Subscription rights to shares	587	668
Noncontrolling interests	11,007	11,645
Total net assets	567,033	549,958
Total liabilities and net assets	947,095	978,274

**(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**

**Quarterly Consolidated Statements of Income**

(Millions of yen)

	Fiscal 2018 3Q (January 1, 2018 – September 30, 2018)	Fiscal 2019 3Q (January 1, 2019 – September 30, 2019)
Net sales	449,929	428,914
Cost of sales	302,242	292,167
Gross profit	147,687	136,746
Selling, general and administrative expenses		
Selling expenses	25,139	25,136
General and administrative expenses	68,172	69,274
Total selling, general and administrative expenses	93,312	94,411
Operating income	54,375	42,334
Non-operating income		
Interest income	297	231
Dividend income	1,167	448
Equity in earnings of affiliates	247	253
Other	1,142	702
Total non-operating income	2,854	1,636
Non-operating expenses		
Interest expenses	965	1,076
Foreign exchange loss	1,653	1,697
Other	2,580	3,256
Total non-operating expenses	5,199	6,029
Ordinary income	52,030	37,941
Extraordinary income		
Insurance income	—	10,691
Gain on sale of investment securities	—	1,568
Compensation income	336	—
Total extraordinary income	336	12,260
Extraordinary loss		
Litigation-related loss	—	14,727
Impairment loss	—	3,358
Loss on disposal of tangible fixed assets	623	1,131
Disaster loss	1,468	858
Loss on liquidation of subsidiaries and associates	—	567
Costs related to the suspension of operations	—	511
Acquisition related expenses	1,030	—
Total extraordinary loss	3,121	21,156
Income before income taxes and noncontrolling interests	49,244	29,045
Income taxes—current	16,746	11,238

Income taxes—deferred	(1,614)	(2,409)
Total income taxes	15,131	8,828
		(Millions of yen)
	Fiscal 2018 3Q (January 1, 2018 – September 30, 2018)	Fiscal 2019 3Q (January 1, 2019 – September 30, 2019)
Net income	34,112	20,216
Net income attributable to noncontrolling interests	829	859
Net income attributable to owners of the parent	33,283	19,357

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2018 3Q (January 1, 2018 – September 30, 2018)	Fiscal 2019 3Q (January 1, 2019 – September 30, 2019)
Net income	34,112	20,216
Other comprehensive income		
Valuation difference on available-for-sale securities	(884)	(731)
Deferred gains or losses on hedges	600	30
Foreign currency translation adjustment	(2,905)	(15,246)
Remeasurements of defined benefit plans	1	39
Total other comprehensive income	<u>(3,188)</u>	<u>(15,908)</u>
Quarterly comprehensive income	<u>30,924</u>	<u>4,308</u>
Comprehensive income attributable to:		
Owners of the parent	30,096	3,369
Noncontrolling interests	828	938

### **(3) Notes regarding Quarterly Consolidated Financial Statements**

#### **Notes regarding Going Concern Assumptions**

None

#### **Material Changes in Shareholders' Equity**

Kuraray's Board of Directors resolved to purchase treasury stock at the meeting convened on February 13, 2019. In accordance with this resolution, Kuraray completed the acquisition of five million shares. As a result, in the third quarter of the fiscal year ending December 31, 2019, treasury stock increased ¥6,560 million and amounted to ¥16,307 million as of September 30, 2019.

#### **Changes in Accounting Principles**

##### **● Changes in Accounting Principles Following the Revision of Accounting Standards**

Kuraray has adopted IFRS 16 for leases of some overseas affiliates from the first quarter of the fiscal year ending December 31, 2019. As a result, regarding operating leases (as the borrower) under IAS 17, the Company recognizes right-of-use assets and lease liabilities on the start date of the application. With this application, the Group adopted the method of recognizing cumulative effects on the application start date, which is considered a transitional measure. Due to the adoption of this method, Kuraray has not restated its comparative information.

As a result, in the quarterly consolidated balance sheet for the third quarter of fiscal 2019, other tangible fixed assets increased ¥18,541 million, other current assets increased ¥1,292 million, and other noncurrent liabilities increased ¥17,585 million.

Furthermore, the impact of this change on profit and loss in the third quarter of the fiscal year ending December 31, 2019, is minor.

#### **Additional Information**

Kuraray applies ASBJ Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting (issued February 16, 2018) from January 1, 2019. Deferred tax assets are stated under investments and other assets, and deferred tax liabilities are stated under noncurrent liabilities.

#### **Business Combinations, etc.**

##### **● Important Revision of the Original Allocation of the Acquisition Price**

Kuraray acquired all of the shares of Calgon Carbon Corporation on March 9, 2018. Although Kuraray used a temporary accounting treatment for the third quarter of the previous fiscal year with January 1, 2018, as the recognized acquisition date, the treatment was determined at the end of the previous fiscal year.

With the determination of this temporary accounting treatment, in the comparative information included in the quarterly consolidated financial statements of the third quarter of the fiscal year ending December 31, 2019, the original allocation of the acquisition price now reflects an important revision, mainly ¥14,244 million was allocated to equipment and transport under tangible fixed assets, and, as a result, the temporarily calculated goodwill of ¥85,688 million decreased ¥35,177 million to ¥50,511 million.

As a result, in the quarterly consolidated statement of income for the third quarter of the previous fiscal year, operating income, ordinary income, and net income before taxes each decreased ¥2,802 million.

## Segment Information, etc.

### ● Segment Information

I. Third Quarter of Fiscal 2018 (January 1, 2018 to September 30, 2018)

1. Net sales, income and loss by reporting segment

(Millions of yen)

	Reporting Segment						Other Business <sup>1</sup>	Total	Adjustment <sup>2</sup>	Consolidated Statements <sup>3</sup> of Income
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total				
Net sales										
(1) Outside customers	174,205	22,667	84,553	35,557	99,936	416,920	33,009	449,929	—	449,929
(2) Intersegment sales and transfers	33,309	20,009	14,496	12,675	2,025	82,515	9,747	92,263	(92,263)	—
Total	207,514	42,677	99,049	48,232	101,962	499,436	42,757	542,193	(92,263)	449,929
Segment income (loss)	43,395	6,203	3,850	5,414	2,993	61,856	755	62,611	(8,236)	54,375

Notes:

1. The “Other Business” category incorporates operations not included in business segment reporting, including the environmental business and engineering business.
2. Adjustment is as follows: Included within segment loss of ¥8,236 million is the elimination of intersegment transactions of ¥1,077 million and corporate expenses of ¥9,313million. Corporate expenses mainly comprise the submitting company’s basic research expenses.
3. Segment income is adjusted to agree with operating income in the consolidated statements of income.

II. Third Quarter of Fiscal 2019 (January 1, 2019 to September 30, 2019)

1. Net sales, income and loss by reporting segment

(Millions of yen)

	Reporting Segment						Other Business <sup>1</sup>	Total	Adjustment <sup>2</sup>	Consolidated Statements <sup>3</sup> of Income
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total				
Net sales										
(1) Outside customers	169,599	21,992	80,453	36,382	94,751	403,179	25,735	428,914	—	428,914
(2) Intersegment sales and transfers	31,837	18,000	14,072	11,202	2,039	77,152	12,558	89,711	(89,711)	—
Total	201,437	39,992	94,525	47,584	96,791	480,332	38,293	518,626	(89,711)	428,914
Segment income (loss)	36,037	4,107	3,192	4,361	3,001	50,700	582	51,282	(8,947)	42,334

Notes:

1. The “Other Business” category incorporates operations not included in business segment reporting, including the environmental business and engineering business.
2. Adjustment is as follows: Included within segment loss of ¥8,947 million is the elimination of intersegment transactions of ¥1,622 million and corporate expenses of ¥10,570 million. Corporate expenses mainly comprise the submitting company’s basic research expenses.
3. Segment income is adjusted to agree with operating income in the consolidated statements of income.
4. At the end of the previous fiscal year, Kuraray determined the temporary accounting treatment for the business combination and reflected the change in the figures for the third quarter of the previous fiscal year.

2. Information related to goodwill or impairment loss of fixed assets for each reportable segment

● Important impairment losses related to fixed assets

In the vinyl acetate segment, Kuraray recorded an impairment loss. Furthermore, the amount recorded for said impairment loss was ¥3,358 million in the third quarter of the fiscal year under review.