

**Business Results for the Fiscal Year Ended  
December 31, 2020 (Unaudited)**

**February 10, 2021**

**Kuraray Co., Ltd.**

February 10, 2021  
Kuraray Co., Ltd.

## Consolidated Earnings Report for the Fiscal Year Ended December 31, 2020

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

Representative:  
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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 Fiscal 2020 (January 1, 2020 to December 31, 2020)

#### (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 2020	541,797	(5.9)	44,341	(18.1)	39,740	(17.7)	2,570	—
Fiscal 2019	575,807	(4.5)	54,173	(17.7)	48,271	(21.1)	(1,956)	—

Note: Comprehensive income: For fiscal 2020: -¥11,430 million (-%)  
For fiscal 2019: -¥8,137 million (-%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)	Return on Equity (%)	Return on Total Assets (%)	Operating Income/Net Sales (%)
Fiscal 2020	7.48	7.47	0.5	3.9	8.2
Fiscal 2019	(5.66)	—	(0.4)	5.0	9.4

[Reference] Equity in earnings of affiliate: For fiscal 2020: ¥257 million  
For fiscal 2019: ¥361 million

#### (2) Consolidated Financial Position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal 2020	1,051,584	515,481	47.4	1,450.32
Fiscal 2019	991,149	538,545	53.0	1,527.79

[Reference] Equity attributable to owners of the parent: As of December 31, 2020: ¥498,798 million  
As of December 31, 2019: ¥525,151 million

### (3) Consolidated Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Fiscal 2020	79,947	(64,025)	91,508	182,084
Fiscal 2019	95,577	(89,369)	(1,517)	75,967

### 2. Dividends

(Yen)

Record Date	Cash Dividends per Share					Total Dividends Paid (full year) (¥ million)	Payout Ratio (consolidated) (%)	Dividends/Net Assets (consolidated) (%)
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Annual			
Fiscal 2019	—	20.00	—	22.00	42.00	14,486	—	2.7
Fiscal 2020	—	21.00	—	19.00	40.00	13,756	535.1	2.7
Fiscal 2021 (Forecast)	—	20.00	—	20.00	40.00		—	

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

### 3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending December 31, 2021 (January 1, 2021 to December 31, 2021)

(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)
	2020	% Change	2020	% Change	2020	% Change	2020	% Change	2020
Interim Period	280,000	6.9	25,000	27.5	22,500	27.6	13,500	47.4	39.25
Full Fiscal Year	570,000	5.2	55,000	24.0	50,000	25.8	30,000	45.9	87.23

#### [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) 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: No
2. Changes besides 1. above: No
3. Changes in accounting estimates: Yes
4. Restatement: No

#### (3) 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 December 31, 2020	354,863,603 shares
As of December 31, 2019	354,863,603 shares
2. Number of treasury shares as of the period-end:
 

As of December 31, 2020	10,940,270 shares
As of December 31, 2019	11,130,834 shares
3. Average number of shares for the period (cumulative):
 

As of December 31, 2020	343,879,649 shares
As of December 31, 2019	345,819,930 shares

**[Reference]**

## Summary of Unconsolidated Results

**1. Unconsolidated Results for Fiscal 2020 (January 1, 2020 – December 31, 2020)**

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

## (1) Unconsolidated Operating Results

(Millions of yen)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
		(Change)		(Change)		(Change)		(Change)
Fiscal 2020	220,812	(6.6)	27,973	(13.1)	30,476	(6.9)	15.762	(34.3)
Fiscal 2019	236,315	(4.8)	32,180	(23.1)	32,719	(25.0)	24.007	14.7

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Fiscal 2020	45.84	45.80
Fiscal 2019	69.42	69.32

## (2) Unconsolidated Financial Position

(Millions of yen)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal 2020	946,036	387,496	40.9	1,125.74
Fiscal 2019	789,923	387,653	49.0	1,125.84

[Reference] Shareholders' equity: For fiscal 2020: ¥387,167 million For fiscal 2019: ¥386,989 million

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 "1. Qualitative Information regarding Business Results (4) Outlook for Fiscal 2021" on page 7 of the Attachment for the assumptions used.

*Access to Documents and Other Materials Relating to the Year-End Results Briefing to Be Held on February 10, 2021*  
 Related documents and materials, including the video of the briefing, will be posted on the Company's website immediately after the briefing is closed.

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## 1. Qualitative Information regarding Business Results

### (1) Overview of Consolidated Business Results

In the fiscal year ended December 31, 2020 (“fiscal 2020”), the global economy rapidly declined due to the worldwide spread of COVID-19 at the beginning of the year as the prolonged trade war between the United States and China and emerging geopolitical risks around the globe caused global trade to shrink.

Amid this environment, to support industrial supply chains, the Group maintained business activities after ensuring safety and taking thorough measures to prevent the spread of infection.

The Group’s long-term vision, Kuraray Vision 2026, is to become a “Specialty Chemical Company, growing sustainably by incorporating new foundational platforms into its own technologies.” With the aim of realizing this vision, we will steadily take specific measures in line with the key management strategies underlined in the medium-term management plan “PROUD 2020.” Through these efforts, we will also continue working to establish a new business portfolio from a medium- to long-term perspective.

In fiscal 2020, demand for products used for electric, electronic, and food packaging applications remained steady even during the pandemic. However, demand for products for automotive and construction applications plunged, and, despite gradually recovering from the second half of the fiscal year, demand for the full year was much lower than in the previous year. Consequently, consolidated operating results for fiscal 2020 are as follows: net sales decreased ¥34,009 million, or 5.9%, compared with the previous fiscal year to ¥541,797 million; operating income fell ¥9,831 million, or 18.1%, to ¥44,341 million; ordinary income decreased ¥8,530 million, or 17.7%, to ¥39,740 million; and net income attributable to owners of the parent totaled ¥2,570 million (compared with net loss attributable to owners of the parent of ¥1,956 million in the previous fiscal year).

In fiscal 2020, Kuraray recognized a loss on litigation of ¥23,196 million which has been classified as an extraordinary loss mainly in connection with a fire in May 2018 at a group subsidiary in the United States.

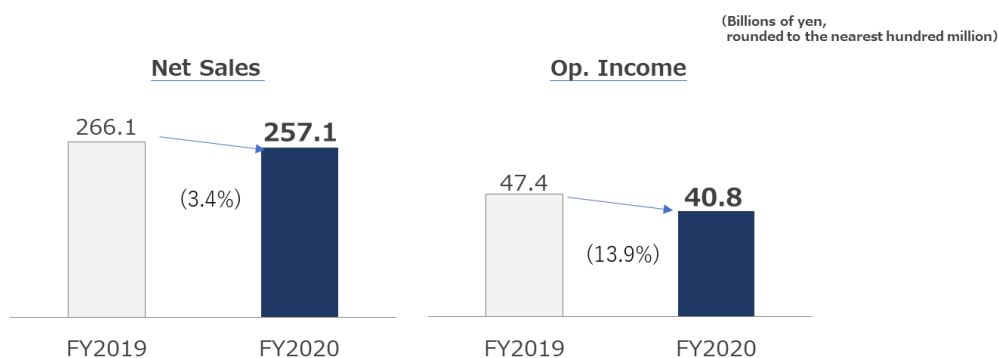
(Millions of yen)

	FY2019		FY2020		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Vinyl Acetate	266,105	47,368	257,114	40,779	(8,991)	(6,589)
Isoprene	53,276	4,232	50,390	3,808	(2,885)	(423)
Functional Materials	125,982	3,836	124,980	2,994	(1,002)	(841)
Fibers and Textiles	64,513	5,654	54,408	2,155	(10,104)	(3,499)
Trading	130,911	4,224	124,438	3,606	(6,472)	(618)
Others	51,128	649	41,707	214	(9,421)	(435)
Elimination & Corporate	(116,110)	(11,793)	(111,242)	(9,217)	4,868	2,576
Total	575,807	54,173	541,797	44,341	(34,009)	(9,831)

## Results by Business Segment

### **Vinyl Acetate**

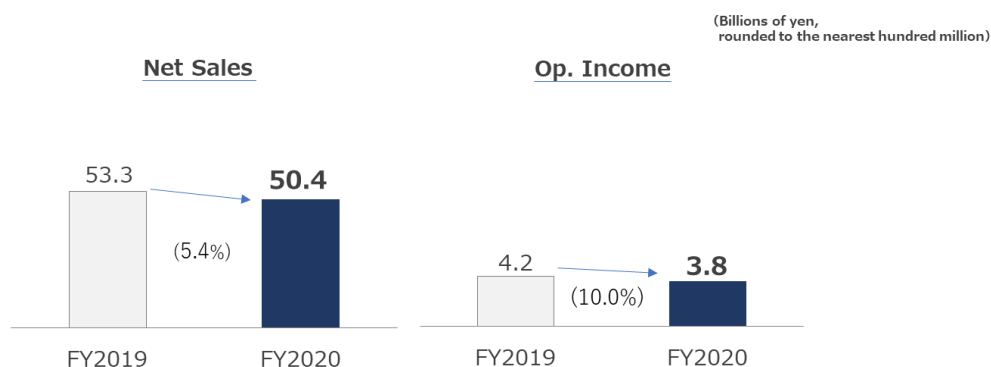
Sales in this segment decreased 3.4% year on year to ¥257,114 million, and segment income fell 13.9% year on year to ¥40,779 million.



- (1) Sales of PVA resin remained weak due to stagnant global demand and a subsequent production adjustment. Due to a recovery in demand, especially for large displays, the sales volume of optical-use poval film increased. Demand for PVB film gradually recovered from the third quarter onward despite the effects of stagnant demand for construction and automotive applications. However, sales of water-soluble PVA film expanded for use in unit dose detergent packets.
- (2) The sales volume of EVAL™ ethylene vinyl alcohol copolymer (EVOH resin) increased for food packaging applications due to at-home consumption but gas tank applications remained weak.

### **Isoprene**

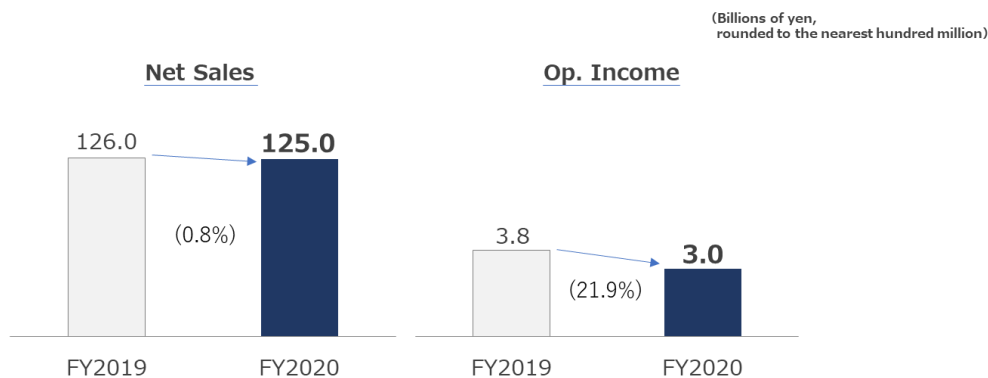
Sales in this segment decreased 5.4% year on year to ¥50,390 million, and segment income fell 10.0% year on year to ¥3,808 million.



- (1) Sales of isoprene chemicals and SEPTON™ thermoplastic elastomer began to recover from the fourth quarter despite being affected by stagnant demand, mainly in China and the rest of Asia.
- (2) Sales of GENESTAR™ heat-resistant polyamide resin remained brisk for electric and electronic device applications.

## Functional Materials

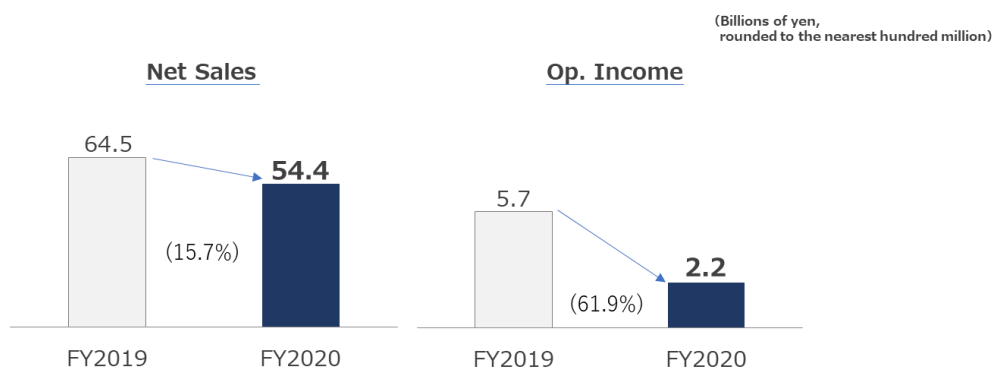
Sales in this segment decreased 0.8% year on year to ¥124,980 million, and segment income fell 21.9% year on year to ¥2,994 million.



- (1) The overall methacrylate business was affected by rising raw material costs and worsening market conditions despite an increase in sales of spatter-blocking barrier panels and displays.
- (2) In the medical business, the dental materials business struggled mainly in Europe and the United States in the first half of the year due to clinic closings caused by the pandemic and sales decreased.
- (3) As for Calgon Carbon and the Carbon Materials business, sales were steady, especially of products for water treatment applications, even during the pandemic as such products underpin people's daily lives. Furthermore, in line with expanding demand for high-performance activated carbon, we decided to expand facilities at Calgon Carbon Corporation's existing U.S. factory in the second quarter. In addition, with expanding demand for industrial applications, we decided in the third quarter to expand the facilities for reactivated carbon at our Belgian subsidiary.

## Fibers and Textiles

Sales in this segment fell 15.7% year on year to ¥54,408 million while segment income decreased 61.9% year on year to ¥2,155 million.



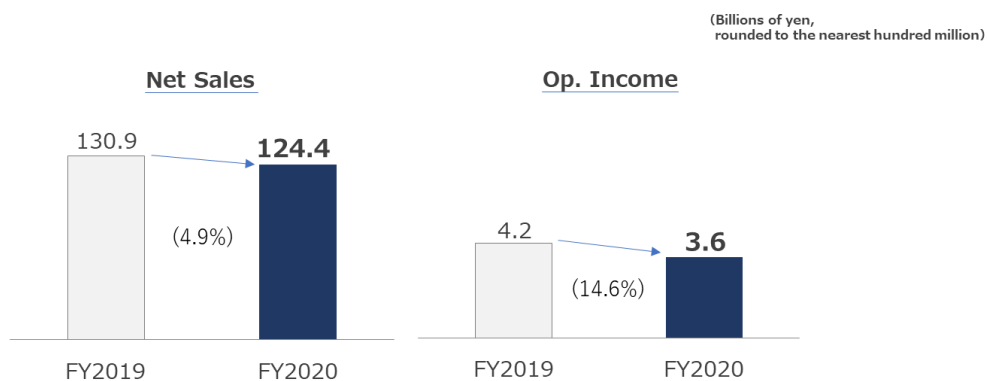
- (1) The sales volume of CLARINO™ man-made leather decreased due to receding demand, especially for shoe applications in Asia and luxury good applications in Europe.



- (2) In fibers and industrial materials, the sales volume of KURALON™ decreased for cement reinforcement and rubber materials.
- (3) In consumer goods and materials, the sales volume of KURAFLEX™ decreased as sales for automotive and cosmetic applications stagnated despite an increase in sales volume for mask-related applications.

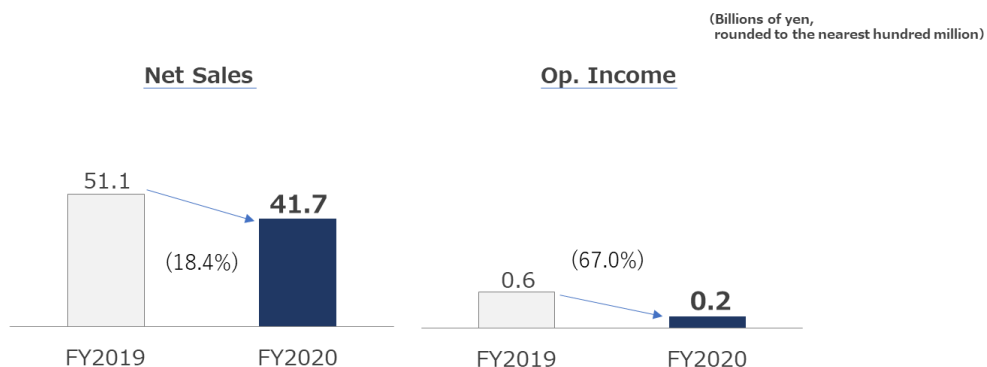
### Trading

In fiber-related businesses, despite firm sales for sports clothing, sales remained weak for materials and products for other applications due to a polyester fiber production adjustment as well as stagnant demand. However, demand for resins and chemicals recovered in China in the second half of the fiscal year and performance was on par with the previous year. As a result, segment sales decreased 4.9% year on year to ¥124,438 million, and segment income fell 14.6% to ¥3,606 million.



### Others

In other business, due to weak sales of domestic affiliates, segment sales declined 18.4% year on year to ¥41,707 million, and segment income fell 67.0% to ¥214 million.



## (2) Overview of Financial Position

We increased liquidity to prepare for funding aimed at securing resilience against financial risks caused by the COVID-19 pandemic. Specifically, liquidity comprising cash and cash deposits and investment securities increased ¥86,888 million due mainly to an increase of ¥104,524 million in interest-bearing debt, including increases of ¥30,000 million in corporate bonds and ¥78,875 million in long-term loans payable. Due primarily to the above factors, total assets increased ¥60,435 million from the end of the previous fiscal year to ¥1,051,584 million. Total liabilities increased ¥83,499 million from the end of the previous fiscal year to ¥536,103 million due mainly to the aforementioned increase in interest-bearing debt and a decrease of ¥32,534 million in accrued expenses.

Total net assets fell ¥23,064 million to ¥515,481 million. Equity attributable to owners of the parent amounted to ¥498,798 million, for an equity ratio of 47.4%.

## (3) Overview of Cash Flows

### *Cash Flows from Operating Activities:*

Net cash provided by operating activities totaled ¥79,947 million. Cash provided included ¥9,127 million from income before income taxes and noncontrolling interests. Cash used included ¥62,459 million in depreciation and amortization, a ¥16,731 million decrease in inventories, ¥9,624 million in income taxes paid, and ¥37,543 million from loss on litigation paid.

### *Cash Flows from Investing Activities:*

Net cash used in investing activities totaled ¥64,025 million. Contributing factors included a ¥14,625 million decrease in investment securities and ¥83,490 million used for the purchase of tangible fixed assets and intangible fixed assets.

### *Cash Flows from Financing Activities:*

Net cash provided by financing activities was ¥91,508 million. Cash provided included ¥79,274 million in proceeds from long-term loans payable and ¥30,000 million from corporate bonds. Cash used included a ¥4,000 million decrease in commercial paper and cash dividends paid totaling ¥14,784 million.

The above factors along with the effect of exchange rate changes on cash and cash equivalents resulted in a ¥106,116 million increase in cash and cash equivalents at the end of the fiscal year to ¥182,084 million.

	(Millions of yen)	
	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020
Net cash provided by operating activities	95,577	79,947
Net cash used in investing activities	(89,369)	(64,025)
Net cash used in financing activities	(1,517)	91,508
Effect of exchange rate changes on cash and cash equivalents	(70)	(1,541)
Net increase in cash and cash equivalents	4,620	105,888
Cash and cash equivalents, beginning of the period	71,345	75,967
Increase in cash and cash equivalents from newly	1	228

consolidated subsidiaries		
Cash and cash equivalents, end of the period	75,967	182,084

[Reference] Cash Flow Indicators for the Kuraray Group

	Fiscal Year Ended December 31, 2016	Fiscal Year Ended December 31, 2017	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020
Equity ratio (%)	70.7	71.7	58.6	53.0	47.4
Equity ratio (%; market basis)	85.1	96.0	57.1	46.2	35.9
Ratio of cash flow to interest-bearing liabilities (%)	0.6	0.7	2.9	2.5	4.3
Interest coverage ratio (times)	127.1	116.0	62.7	68.5	57.0

Notes:

Equity ratio: Total net assets excluding both subscription rights to shares and noncontrolling interests/total liabilities and net assets

Equity ratio (market basis): Total market value of shares issued and outstanding/total net assets

Ratio of cash flow to interest-bearing liabilities: Interest-bearing liabilities/net cash provided by (used in) operating activities

Interest coverage ratio: Net cash provided by (used in) operating activities/interest expenses

1. All indicators are calculated using the consolidated financial statements.
2. The total market value of shares issued and outstanding was calculated by multiplying the closing price at the end of the fiscal year by the total number of shares issued and outstanding (after subtracting treasury stock) at the end of the fiscal year.
3. The calculations use net cash provided by (used in) operating activities as reported in the consolidated statements of cash flows.
4. Interest-bearing liabilities are all liabilities reported in the consolidated balance sheets that require the payment of interest.
5. In the fiscal year ended December 31, 2018, the Company changed its inventory evaluation method. As the changes to the corresponding method have been applied retroactively, the figures for the fiscal year ended December 31, 2017 have been retroactively adjusted.

#### (4) Outlook for Fiscal 2021

In the next year, the global economy is expected to gradually head toward recovery as countries around the world grapple with stopping the spread of COVID-19 and maintaining economic activity. Although the recovery situation is expected to differ for each region and industry, a full recovery is forecast for the second half of the fiscal year onward. At the same time, it is difficult to predict the impact of a shift in U.S. government policies under the newly elected president on trade with China and the actual economy. Accordingly, the uncertain outlook is expected to continue into the next fiscal year as well. Based on these circumstances, the forecast of operating results for fiscal 2021 is as shown below.

Furthermore, although we recorded an extraordinary loss in fiscal 2020 related to the litigation over the fire at the U.S. subsidiary, the litigation is still ongoing.

(Billions of yen, rounded to the nearest hundred million)

	Fiscal 2020	Forecast for Fiscal 2021	Change (Adjusted)
Net sales	541.8	570.0	5.2%
Operating income	44.3	55.0	24.0%
Ordinary income	39.7	50.0	25.8%
Net income attributable to owners of the parent	2.6	30.0	1,067.0%

For the forecast of operating results for fiscal 2021, we assume average exchange rates of ¥105 to the U.S. dollar and ¥125 to the euro, as well as a domestic naphtha price of ¥35,000 per kiloliter.

#### [Reference] Forecast of Results by Segment for Fiscal 2021

(Billions of yen, rounded to the nearest hundred million)

	Net Sales		Operating Income	
	Fiscal 2020	Forecast for Fiscal 2021	Fiscal 2020	Forecast for Fiscal 2021
Vinyl Acetate	257.1	270.0	40.8	48.0
Isoprene	50.4	55.0	3.8	5.0
Functional Materials	125.0	130.0	3.0	5.0
Fibers and Textiles	54.4	57.0	2.2	3.0
Trading	124.4	130.0	3.6	4.0
Other Business	41.7	43.0	0.2	0.5
Elimination & Corporate	(111.2)	(115.0)	(9.2)	(10.5)
Total	541.8	570.0	44.3	55.0

## **(5) Basic Policies Related to Profit Distribution and Dividends in Fiscal 2020 and 2021**

The Company positions the distribution of profits to all shareholders as a priority management issue. Our basic policy is to increase profit distribution through the sustainable improvement of operating results. During “PROUD 2020” (fiscal 2018–2020), our basic policy was to ensure a total return ratio of at least 35% as a proportion of net income attributable to owners of the parent and an annual dividend per share of ¥40.

Under this policy, the interim dividend in fiscal 2020 was ¥21 per share, and the year-end dividend is expected to amount ¥19, for a total annual dividend of ¥40 per share.

In fiscal 2021, continuing with the policy for the “PROUD 2020” period, our basic policy is to ensure a total return ratio of at least 35% as a proportion of net income attributable to owners of the parent, and an annual dividend of at least ¥40 per share. We therefore plan to pay out an annual dividend of ¥40 (dividend payout ratio: 45.86%) comprising an interim dividend of ¥20 and a year-end dividend of ¥20, having set a prerequisite of recording ¥30.0 billion in net income attributable to owners of the parent.

## **2. Management Policies**

### **(1) Fundamental Management Policies**

Kuraray’s mission is: “For people and the planet—to achieve what no one else can.” Based on this, the Company has established the Kuraray Vision 2026 long-term vision, which we aim to realize by 2026, the centennial of the Company's founding. The vision for Kuraray is of being a: “Specialty Chemical Company growing sustainably by incorporating new foundational platforms into its own technologies.” Kuraray will remain a company that provides the world with unmatched specialty products and services while creating value with society.

### **(2) Management Indicator Targets, Medium- to Long-Term Strategies and Issues to Be Addressed**

In line with Kuraray Vision 2026, the Group established the three basic policies listed below.

1) Pursue competitive superiority

Kuraray will continue to enhance its competitiveness by developing high-value-added products and applications based on customer needs, strategically reinforcing initiatives with the understanding that burgeoning emerging countries offer new opportunities, and achieving innovation and improvement of production and operational processes through the use of IoT.

2) Expand new business fields

We will expand new business fields through the creation of new businesses by improving on Kuraray’s own technologies and incorporating external ones, the capture of new business areas by M&A and alliance, and the establishment of a new business model bundling technology and services.

3) Enhance comprehensive strength of the Kuraray Group

Kuraray will establish global business foundations in line with its expanding businesses, create a workplace in which employees find their jobs rewarding to attract high-quality,

diverse talent from around the world, and cultivate a strong culture of unity within the Kuraray Group while reinforcing measures to ensure thorough compliance.

Through the implementation of the basic policies listed above, the Company will further strengthen its core segment of vinyl acetate-related business, establish second and third pillars of business, and create new future-oriented businesses with the aim of building a new portfolio for sustainable growth.

During the period of the medium-term management plan “PROUD 2020,” we acquired Calgon Carbon Corporation, which is the largest activated carbon producer in the world, and decided to expand activated carbon facilities in the United States with the aim of further expanding business. We also decided to invest in the construction of a new isoprene plant in Thailand. In addition, we have strengthened initiatives aimed at building a forward-looking, stable business portfolio by steadily implementing targeted strategic measures to achieve growth, including expanding facilities for optical-use and water-soluble PVA films.

In 2020, which is the last fiscal year of the plan, demand in many industries fell sharply due to stagnant economic activity around the world caused by the COVID-19 pandemic. Although demand began to recover from the third quarter, especially in China and the United States, full-year operating results have turned out to be lower than the annual plan.

Considering that the effects of the pandemic are still unclear, the next medium-term management plan will span five years, from 2022 to 2026—the 100th anniversary of Kuraray’s founding, and 2021 will be covered by a single-year management plan. In 2021, we will move steadily ahead with the construction of the new isoprene plant in Thailand, an investment decision made under “PROUD 2020,” and accelerate the generation of integrated synergies with Calgon Carbon in the environmental solutions business (activated carbon business) as well as further expanding our vinyl acetate-related businesses.

In addition, we will promote our group-wide digital strategy, make it possible to reform operational processes and swiftly build business strategies, and focus on developing digitally proficient personnel. In this way, we will strengthen our competitive position while looking to ensure the continuity of these efforts and the next medium-term management plan slated to start in 2022.

In addition, there was a fire that resulted in injuries of outside contract workers at a U.S. subsidiary in May 2018, and a civil lawsuit was filed seeking damages. Although we have reached a settlement with some of the plaintiffs, the litigation continues. To ensure a similar fire does not occur again, safety inspections have been conducted at our main overseas chemical plants since 2019 under the guidance of the Kuraray headquarters in an effort to revise and strengthen safety measures. In 2020, we conducted safety inspection at two plants in Europe and two plants in the United States. We confirmed the status of improvement on issues identified in 2019 and identified new issues. Going forward, we will address the newly identified issues while continue diligently working to enhance the safety of our equipment at

plants, revise and improve management systems and manuals, enhance employee education, and take other such measures.

### **3. Basic Approach to Selection of Accounting Standards**

The Kuraray Group applies Japanese generally accepted accounting principles (“GAAP”). The Kuraray Group is considering the adoption of International Financial Reporting Standards (“IFRS”) and other matters while taking into account various circumstances in Japan and overseas.

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

(Millions of yen)

	December 31, 2019	December 31, 2020
<b>ASSETS</b>		
Current Assets		
Cash and cash deposits	72,014	184,319
Notes and accounts receivable—trade	121,166	117,172
Short-term investment securities	33,341	7,924
Merchandise and finished goods	101,628	86,555
Work in process	15,679	14,105
Raw materials and supplies	34,696	31,968
Other	16,661	19,596
Allowance for doubtful accounts	(455)	(439)
Total current assets	394,732	461,202
Noncurrent Assets		
Tangible fixed assets		
Buildings and structures, net	79,629	84,604
Machinery, equipment and vehicles, net	205,974	200,152
Land	22,062	22,204
Construction in progress	82,071	97,451
Other, net	25,055	24,978
Total tangible fixed assets	414,793	429,391
Intangible fixed assets		
Goodwill	61,357	51,105
Customer-related assets	33,062	28,800
Other	35,514	31,143
Total intangible fixed assets	129,934	111,049
Investments and other assets		
Investment securities	28,770	25,477
Long-term loans receivable	189	140
Net defined benefit assets	1,977	2,097
Deferred tax assets	13,506	14,652
Others	7,272	7,597
Allowance for doubtful accounts	(28)	(24)
Total investments and other assets	51,688	49,941
Total noncurrent assets	596,416	590,382
Total Assets	991,149	1,051,584



(Millions of yen)

	December 31, 2019	December 31, 2020
<b>LIABILITIES</b>		
Current Liabilities		
Notes and accounts payable—trade	39,883	36,161
Short-term loans payable	34,864	34,509
Commercial paper	24,000	20,000
Current portion of bonds payable	—	20,000
Accrued expenses	50,491	17,956
Income taxes payable	4,307	6,621
Provision for bonuses	6,578	6,745
Other provision	226	202
Other	41,317	52,856
Total current liabilities	201,670	195,053
Noncurrent Liabilities		
Bonds payable	50,000	60,000
Long-term loans payable	128,001	206,881
Deferred tax liabilities	13,743	11,218
Provision for directors' retirement benefits	347	375
Provision for environmental measures	3,692	3,364
Net defined benefit liabilities	22,203	25,449
Asset retirement obligations	4,671	4,383
Other	28,273	29,376
Total noncurrent liabilities	250,933	341,050
Total Liabilities	452,604	536,103
<b>NET ASSETS</b>		
Shareholders' Equity		
Capital stock	88,955	88,955
Capital surplus	87,197	87,178
Retained earnings	348,289	336,050
Treasury stock	(16,286)	(16,006)
Total shareholders' equity	508,156	496,177
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	7,922	6,847
Deferred gain or losses on hedges	(263)	(376)
Foreign currency translation adjustments	14,575	1,470
Remeasurements of defined benefit plans	(5,238)	(5,321)
Total accumulated other comprehensive income	16,995	2,620
Subscription Rights to Shares	663	328
Noncontrolling Interests	12,729	16,354
Total Net Assets	538,545	515,481
Total Liabilities and Net Assets	991,149	1,051,584

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

(Millions of yen)

	Fiscal 2019 (January 1, 2019 – December 31, 2019)	Fiscal 2020 (January 1, 2020 – December 31, 2020)
Net sales	575,807	541,797
Cost of sales	395,125	376,386
Gross profit	180,682	165,411
Selling, general and administrative expenses		
Selling expenses	33,658	31,464
General and administrative expenses	92,850	89,604
Total selling, general and administrative expenses	126,508	121,069
Operating income	54,173	44,341
Non-operating income		
Interest income	346	208
Dividend income	660	568
Equity in earnings of affiliates	361	257
Other	1,551	1,516
Total non-operating income	2,919	2,550
Non-operating expenses		
Interest expenses	1,398	1,442
Foreign exchange loss	2,090	514
Loss on disposal of tangible fixed assets	1,012	997
Other	4,320	4,198
Total non-operating expenses	8,822	7,152
Ordinary income	48,271	39,740
Extraordinary income		
Insurance income	11,374	1,642
Gain on sale of investment securities	1,723	937
Gain on reversal of share acquisition rights to shares	—	285
Reversal of provision for environmental measures	1,009	—
Total extraordinary income	14,107	2,866
Extraordinary loss		
Loss on litigation	50,590	23,196
Loss on liquidation of businesses	—	5,189
Costs related to the suspension of operations	722	4,460
Loss on disposal of tangible fixed assets	1,397	632
Impairment loss	3,668	—
Loss on liquidation of subsidiaries and associates	1,242	—
Disaster loss	1,003	—
Loss on valuation of investment securities	860	—
Total extraordinary loss	59,484	33,479
Income before income taxes and noncontrolling interests	2,893	9,127

	Fiscal 2019 (January 1, 2019 – December 31, 2019)	Fiscal 2020 (January 1, 2020 – December 31, 2020)
Income taxes—current	15,054	8,367
Income taxes—deferred	(11,243)	(2,551)
Total income taxes	3,810	5,815
Net income (loss)	(916)	3,311
Net income attributable to noncontrolling interests	1,039	740
Net income (loss) attributable to owners of the parent	(1,956)	2,570

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2019 (January 1, 2019 – December 31, 2019)	Fiscal 2020 (January 1, 2020 – December 31, 2020)
Net income (loss)	(916)	3,311
Other comprehensive income		
Valuation difference on available-for-sale securities	100	(1,075)
Deferred gains or losses on hedges	(445)	(269)
Foreign currency translation adjustment	(5,661)	(13,314)
Remeasurements of defined benefit plans	(1,213)	(82)
Total other comprehensive income	(7,220)	(14,741)
Quarterly comprehensive income	(8,137)	(11,430)
Comprehensive income attributable to:		
Owners of the parent	(9,142)	(11,804)
Noncontrolling interests	1,004	374

### (3) Consolidated Statements of Changes in Net Assets

Fiscal 2019 (January 1, 2019 – December 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at January 1, 2019	88,955	87,207	364,841	(9,746)	531,257
Changes of items during the period					
Cash dividends			(14,595)		(14,595)
Net loss attributable to owners of the parent			(1,956)		(1,956)
Purchase of treasury stock				(6,617)	(6,617)
Disposal of treasury stock		(9)		78	68
Other		(0)			(0)
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	(9)	(16,551)	(6,539)	(23,101)
Balance at December 31, 2019	88,955	87,197	348,289	(16,286)	508,156

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurement of defined benefit plans	Total accumulated other comprehensive income			
Balance at January 1, 2019	7,822	1	20,382	(4,025)	24,181	587	11,007	567,033
Changes of items during the period								
Cash dividends								(14,595)
Net loss attributable to owners of the parent								(1,956)
Purchase of treasury stock								(6,617)
Disposal of treasury stock								68
Other								(0)
Net changes of items other than shareholders' equity	99	(265)	(5,806)	(1,213)	(7,185)	76	1,722	(5,386)
Total changes of items during the period	99	(265)	(5,806)	(1,213)	(7,185)	76	1,722	(28,488)
Balance at December 31, 2019	7,922	(263)	14,575	(5,238)	16,995	663	12,729	538,545

Fiscal 2020 (January 1, 2020 – December 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at January 1, 2020	88,955	87,197	348,289	(16,286)	508,156
Changes of items during the period					
Cash dividends			(14,784)		(14,784)
Net income attributable to owners of the parent			2,570		2,570
Changes resulting from additions to consolidation			(24)		(24)
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		(19)		281	262
Other		(0)			(0)
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	(19)	(12,238)	279	(11,978)
Balance at December 31, 2020	88,955	87,178	336,050	(16,006)	496,117

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurement of defined benefit plans	Total accumulated other comprehensive income			
Balance at January 1, 2020	7,922	(263)	14,575	(5,238)	16,995	663	12,729	538,545
Changes of items during the period								
Cash dividends					—			(14,784)
Net income attributable to owners of the parent					—			2,570
Changes resulting from additions to consolidation					—			(24)
Purchase of treasury stock					—			(2)
Disposal of treasury stock					—			262
Other					—			(0)
Net changes of items other than shareholders' equity	(1,075)	(112)	(13,104)	(82)	(14,375)	(335)	3,624	(11,085)
Total changes of items during the period	(1,075)	(112)	(13,104)	(82)	(14,375)	(335)	3,624	(23,064)
Balance at December 31, 2020	6,847	(376)	1,470	(5,321)	2,620	328	16,354	515,481

#### (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2019 (January 1, 2019 – December 31, 2019)	Fiscal 2020 (January 1, 2020 – December 31, 2020)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and noncontrolling interests	2,893	9,127
Depreciation and amortization	58,158	62,459
Increase (decrease) in allowance for doubtful accounts	22	(3)
Loss (gain) on sale of investment securities	(1,723)	(937)
Loss on litigation	50,590	23,196
Loss on liquidation of businesses	—	5,189
Impairment loss	3,668	—
Loss on disposal of tangible fixed assets	1,397	632
Loss (gain) on valuation of investment securities	860	—
Foreign exchange losses (gains)	513	463
Interest and dividend income	(1,006)	(777)
Interest expenses	1,398	1,442
Decrease (increase) in notes and accounts receivable – trade	5,724	2,637
Decrease (increase) in inventories	(781)	16,731
Increase (decrease) in notes and accounts payable – trade	(5,182)	(3,224)
Increase (decrease) in provision for bonuses	(76)	274
Increase (decrease) in net defined benefit liabilities	2,201	2,524
Decrease (increase) in net defined benefit assets	(524)	(383)
Other, net	8,183	8,244
Subtotal	126,318	127,596
Interest and dividends received	1,158	921
Interest expenses paid	(1,396)	(1,402)
Income taxes (paid) refund	(19,308)	(9,624)
Loss on litigation paid	(11,195)	(37,543)
Net cash provided by (used in) operating activities	95,577	79,947
<b>Net cash provided by (used in) investing activities</b>		
Net decrease (increase) in time deposits	(4,984)	4,624
Net decrease (increase) in short-term investment securities	4,176	14,625
Purchase of investment securities	(956)	(95)
Proceeds from sale and redemption of investment securities	2,658	2,760
Purchase of tangible fixed assets and intangible fixed assets	(87,105)	(83,490)
Payments for disposal of tangible fixed assets and intangible fixed assets	(1,838)	(1,425)

(Millions of yen)

	Fiscal 2019 (January 1, 2019 – December 31, 2019)	Fiscal 2020 (January 1, 2020 – December 31, 2020)
Proceeds from sales of tangible fixed assets and intangible fixed assets	587	69
Sale of investments in subsidiaries resulting in change in scope of consolidation	(134)	—
Other, net	(1,773)	(1,095)
Net cash provided by (used in) investing activities	(89,369)	(64,025)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	490	(351)
Net increase (decrease) in commercial paper	24,000	(4,000)
Proceeds from long-term loans payable	7,744	79,274
Repayment of long-term loans payable	(12,050)	(34)
Proceeds from corporate bonds	—	30,000
Purchase of treasury stock	(6,617)	(2)
Proceeds from sale of treasury stock	55	105
Cash dividends paid	(14,595)	(14,784)
Proceeds from stock issuance to minority interests	1,017	3,559
Cash dividends paid to noncontrolling interests	(300)	(308)
Other, net	(1,260)	(1,949)
Net cash provided by (used in) financing activities	(1,517)	91,508
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(70)	(1,541)
Net Increase (Decrease) in Cash and Cash Equivalents	4,620	105,888
Cash and Cash Equivalents, Beginning of the Period	71,345	75,967
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiaries	1	228
Cash and Cash Equivalents, End of the Period	75,967	182,084



## **(5) Notes regarding Consolidated Financial Statements**

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

None

### **Changes to Presentation Methods**

#### **(Regarding Consolidated Cash Flow Statements)**

“Insurance received” and “insurance income,” which had been listed separately under net cash provided by (used in) operating activities in the previous consolidated fiscal year, were included in the “Other, net” line item in fiscal 2020 because their financial significance had diminished. To reflect this change in presentation methods, we revised the consolidated financial statements of the previous fiscal year.

As a result, in the consolidated cash flow statement of the previous fiscal year, the –¥11,374 million presented for insurance received and the ¥11,374 million presented for insurance income under net cash provided by (used in) operating activities were reclassified as “Other, net.”

### **Changes to Accounting Estimates**

#### **●Loss on litigation**

Regarding the fire that occurred in May 2018 at the Company’s U.S. subsidiary, in the previous fiscal year Kuraray recorded an estimate of part of the damages sought through litigation brought against several companies, including said U.S. subsidiary. However, due to subsequent progress made in the litigation and settlement negotiations, we were able to make a more rational estimate of the loss. We therefore revised our estimate, and the difference between the original and new estimates is listed under extraordinary loss.

As a result, fiscal 2020 income before income taxes and noncontrolling interests decreased ¥5,212 million.

## **Segment and Other Information**

### **(Segment Information)**

#### **1. Segment Overview**

The business segments reported by Kuraray are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigations to determine the distribution of management resources and evaluate their business results.

Kuraray adopts an in-house company system where each in-house company conducts business activities and establishes its own comprehensive strategy, both for Japan and for overseas markets, for the products it handles. In addition, among Kuraray subsidiaries, Kuraray Trading Co., Ltd. independently conducts propriety planning and sales activities, including the processing and sale of Kuraray Group products as well as other companies’ products.

Consequently, Kuraray has created five business segments for reporting – “Vinyl Acetate,” “Isoprene,”

“Functional Materials,” “Fibers and Textiles” and “Trading” – categorized by product group based on the respective in-house companies and the Trading segment.

The Vinyl Acetate segment manufactures and markets functional resins and film, including PVA, PVB and EVAL. The Isoprene segment manufactures and markets SEPTON thermoplastic elastomer, isoprene-related products and GENESTAR. The Functional Materials segment manufactures and markets methacrylic resin, medical products and carbon materials. The Fibers and Textiles segment manufactures and sells synthetic fibers and textiles, CLARINO man-made leather, non-woven fabrics and others. The Trading segment mainly processes and sells synthetic fibers and man-made leather, and conducts planning and marketing for other products produced by the Kuraray Group and other companies.

## **2. Methods for Calculating Reporting Segment Net Sales, Income and Loss, Assets and Other Items**

The accounting method applied to reported business segments is the same as that used in creating the consolidated financial statements. Profits from reported segments are operating income, and intersegment sales and transfers are based on the prevailing market prices.

**3. Net Sales, Income and Loss, Net Assets and Other Items by Reporting Segment  
Fiscal 2019 (January 1, 2019 to December 31, 2019)**

(Millions of yen)

	Reporting Segment						Other Business <sup>1</sup>	Total	Adjustment <sup>2</sup>	Consolidated Statements of Income <sup>3</sup>
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total				
Net sales										
Outside customers	225,127	29,058	107,020	50,816	128,139	540,162	35,644	575,807	—	575,807
Inter-segment sales and transfers	40,978	24,217	18,961	13,697	2,772	100,626	15,484	116,110	(116,110)	—
<b>Total</b>	<b>266,105</b>	<b>53,276</b>	<b>125,982</b>	<b>64,513</b>	<b>130,911</b>	<b>640,789</b>	<b>51,128</b>	<b>691,917</b>	<b>(116,110)</b>	<b>575,807</b>
Segment income (loss)	47,368	4,232	3,836	5,654	4,224	65,317	649	65,967	(11,793)	54,173
Segment assets	423,596	90,648	219,125	74,500	44,276	852,147	48,471	900,619	90,529	991,149
Other items										
Depreciation and amortization (other than goodwill)	32,361	2,779	11,883	3,125	93	50,242	931	51,174	2,819	53,993
Impairment loss	3,356	170	—	—	—	3,526	60	3,586	81	3,668
Amortization of goodwill	1,591	—	2,572	—	—	4,163	0	4,164	—	4,164
Balance of goodwill at end of current period	16,536	—	44,821	—	—	61,357	—	61,357	—	61,357
Investments in equity method affiliates	—	—	—	2,302	—	2,302	—	2,302	—	2,302
Increase in tangible fixed assets and intangible fixed assets	41,467	25,692	11,460	10,729	526	89,875	2,512	92,387	4,978	97,366

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 ¥11,793 million is the elimination of intersegment transactions of ¥1,888 million and corporate expenses of ¥13,680 million. Corporate expenses mainly comprise headquarters’ general and administrative expenses and the submitting company’s basic research expenses.
3. Segment income is adjusted to agree with operating income in the consolidated statements of income.
4. Adjustment is as follows: Included with segment assets of ¥90,529 million is the elimination of intersegment transactions of ¥36,506 million and unallocated corporate assets of ¥127,036 million. Corporate assets mainly comprise the submitting company’s surplus funds, long-term investments and assets related to basic research and administrative divisions at headquarters.

**Fiscal 2020 (January 1, 2020 to December 31, 2020)**

(Millions of yen)

	Reporting Segment						Other Business <sup>1</sup>	Total	Adjustment <sup>2</sup>	Consolidated Statements of Income <sup>3</sup>
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total				
Net sales										
Outside customers	215,702	26,943	106,650	40,872	122,012	512,180	29,617	541,797	—	541,797
Inter-segment sales and transfers	41,412	23,447	18,330	13,536	2,426	99,152	12,089	111,242	(111,242)	—
<b>Total</b>	<b>257,114</b>	<b>50,390</b>	<b>124,980</b>	<b>54,408</b>	<b>124,438</b>	<b>611,332</b>	<b>41,707</b>	<b>653,039</b>	<b>(111,242)</b>	<b>541,797</b>
Segment income (loss)	40,779	3,808	2,994	2,155	3,606	53,344	214	53,559	(9,217)	44,341
Segment assets	391,914	108,852	205,673	70,378	43,422	820,241	48,168	868,410	183,173	1,051,584
Other items										
Depreciation and amortization (other than goodwill)	35,436	3,058	12,395	3,768	97	54,756	1,085	55,842	2,850	58,693
Impairment loss	—	—	4,475	—	—	4,475	—	4,475	—	4,475
Amortization of goodwill	1,244	—	2,521	—	—	3,766	—	3,766	—	3,766
Balance of goodwill at end of current period	14,741	—	36,363	—	—	51,105	—	51,105	—	51,105
Investments in equity method affiliates	—	—	—	2,472	—	2,472	—	2,472	—	2,472
Increase in tangible fixed assets and intangible fixed assets	21,656	26,615	11,323	8,228	314	68,139	2,563	70,702	5,997	76,700

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 ¥9,217 million is the elimination of intersegment transactions of ¥2,017 million and corporate expenses of ¥11,234 million. Corporate expenses mainly comprise headquarters’ general and administrative expenses and the submitting company’s basic research expenses.
3. Segment income is adjusted to agree with operating income in the consolidated statements of income.
4. Adjustment is as follows: Included with segment assets of ¥183,173 million is the elimination of intersegment transactions of ¥32,157 million and unallocated corporate assets of ¥215,331 million. Corporate assets mainly comprise the submitting company’s surplus funds, long-term investments and assets related to basic research and administrative divisions at headquarters.
5. The ¥4,475 million impairment loss for Functional Materials is included in the loss on liquidation of businesses presented under extraordinary loss.

## Related Information

Fiscal 2019 (January 1, 2019 – December 31, 2019) Information by Each Product and Service

### 1. Information by Each Product and Service (Millions of yen)

	Vinyl Acetate	Isoprene	Functional Materials	Fibers & Textiles	Other Business	Total
Net sales to outside customers	261,241	53,244	125,301	92,986	43,032	575,807

Notes:

Principal products of each segment are as follows:

Vinyl Acetate: PVA resin and film, EVAL resin and others

Isoprene: SEPTON thermoplastic elastomer, isoprene chemicals, GENESTAR heat-resistant polyamide resin and others

Functional Materials: Methacrylic resin, medical products, carbon materials and others

Fibers and Textiles: KURALON, CLARINO man-made leather, KURAFLEX non-woven fabrics, MAGIC TAPE hook and loop fasteners, polyester and others

Other Business: Aqua business, engineering business and others

### 2. Information by Geographical Segment

#### (1) Net Sales (Millions of yen)

Japan	United States	China	Europe	Asia	Other Area	Total
184,491	98,776	68,161	127,299	70,913	26,164	575,807

Note: Net sales are classified by country or area based on customer location.

#### (2) Tangible Fixed Assets (Millions of yen)

Japan	United States	Thailand	Other Area	Total
176,998	127,875	29,256	80,662	414,793

### 3. Major Customers

No information is available as there is no single outside customer accounting for 10% or more of the Company's total net sales.

Fiscal 2020 (January 1, 2020 – December 31, 2020) Information by Each Product and Service

### 1. Information by Each Product and Service (Millions of yen)

	Vinyl Acetate	Isoprene	Functional Materials	Fibers & Textiles	Other Business	Total
Net sales to outside customers	254,180	50,341	124,899	76,078	36,297	541,797

Notes:

Principal products of each segment are as follows:

Vinyl Acetate: PVA resin and film, EVAL resin and others

Isoprene: SEPTON thermoplastic elastomer, isoprene chemicals, GENESTAR heat-resistant polyamide resin and others

Functional Materials: Methacrylic resin, medical products, carbon materials and others

Fibers and Textiles: KURALON, CLARINO man-made leather, KURAFLEX non-woven fabrics, MAGIC TAPE hook and loop fasteners, polyester and others

Other Business: Aqua business, engineering business and others

## 2. Information by Geographical Segment

### (1) Net Sales

(Millions of yen)

Japan	United States	China	Europe	Asia	Other Area	Total
157,973	100,300	72,568	118,641	68,058	24,254	541,797

Note: Net sales are classified by country or area based on customer location.

### (2) Tangible Fixed Assets

(Millions of yen)

Japan	United States	Thailand	Other Area	Total
186,522	114,684	50,484	77,700	429,391

(Change in Presentation Methods)

Tangible fixed assets in Thailand, which had been included in “Other Area” in the previous fiscal year, are listed separately from fiscal 2020 onward because of their increased importance. To reflect this change in presentation method, we reclassified the notes of the previous fiscal year.

## 3. Major Customers

No information is available as there is no single outside customer accounting for 10% or more of the Company’s total net sales.

### **Noncurrent assets and impairment loss by reporting segment**

Fiscal 2019 (January 1, 2019 – December 31, 2019)

Omitted because the same information is provided under segment information

Fiscal 2020 (January 1, 2020 – December 31, 2020)

Omitted because the same information is provided under segment information

### **Amortization of goodwill and unamortized balances by reporting segment**

Fiscal 2019 (January 1, 2019 – December 31, 2019)

Omitted because the same information is provided under segment information

Fiscal 2020 (January 1, 2020 – December 31, 2020)

Omitted because the same information is provided under segment information

### **Negative goodwill by reporting segment**

Fiscal 2019 (January 1, 2019 – December 31, 2019)

None

Fiscal 2020 (January 1, 2020 – December 31, 2020)

None

## Per Share Information

	Fiscal 2019 (January 1, 2019 – December 31, 2019)	Fiscal 2020 (January 1, 2020 – December 31, 2020)
Net assets per share (yen)	1,527.79	1,450.32
Basic net income (loss) per share (yen)	(5.66)	7.48
Diluted net income per share (yen)	—	7.47

Notes: 1. Although there were dilutive securities in fiscal 2019, diluted net income per share is not stated for the year because a net loss per share was recorded.

2. The basis for the computation of basic and diluted income per share is as follows:

	Fiscal 2019 (January 1, 2019 – December 31, 2019)	Fiscal 2020 (January 1, 2020 – December 31, 2020)
Basic net income (loss) per share		
Net income (loss) attributable to owners of the parent (millions of yen)	(1,956)	2,570
Amount unallocated to common stock (millions of yen)	—	—
Net income (loss) attributable to owners of the parent allocated to common stock (millions of yen)	(1,956)	2,570
Average number of common stock outstanding during the fiscal year (thousand shares)	345,819	343,879
Diluted net income per share		
Adjustment made on net income (millions of yen)	—	—
Increase of common stocks (thousand shares)	513	284
[Subscription rights to shares included in above]	(513)	(284)
Outline of the residual securities not included in the calculation of the diluted net income		—

## Significant Subsequent Information

None