

August 12, 2020
Kuraray Co., Ltd.

Notice of Earnings and Dividend Forecasts

Kuraray Co., Ltd. hereby announces its full-year consolidated earnings forecast for fiscal 2020 (January 1 to December 31, 2020), a forecast that had been undecided when the May 14, 2020 “Notice of Revision to Earnings Forecasts” press release was issued.

In conjunction with the formulation of the aforementioned consolidated results forecast, Kuraray also revised the year-end dividend forecast announced on February 13, 2020 as follows.

1. Consolidated earnings forecast for fiscal 2020 (January 1 - December 31, 2020)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent	Net Income per Share
Previously announced forecast (A)	Billions of yen Undecided	Billions of yen Undecided	Billions of yen Undecided	Billions of yen Undecided	Yen Undecided
Revised forecast (B)	510.0	33.0	29.0	13.0	37.80
Change (B - A)	—	—	—	—	—
Percent change (%)	—	—	—	—	—
(Reference) Results of fiscal 2019	575.8	54.2	48.3	(2.0)	(5.66)

Through the press release cited above and “Business Results for the First Quarter of the Fiscal Year Ending December 31, 2020,” Kuraray announced its withdrawal of the full-year consolidated results forecast released on February 13, 2020 and intention to temporarily leave the announcement blank, due to the difficulty of reasonably calculating results forecasts for the third and fourth quarter in the face of the global outbreak of COVID-19, which caused economic activities to fall into stagnation.

The economy has receded significantly due to COVID-19 pandemic, and we assume that the effects will last into 2021 and beyond. Accordingly, Kuraray is planning to carry out production adjustments based on projections of business operations affected by ongoing stagnation in demand in the third quarter and beyond.

Given these circumstances, Kuraray has recalculated its full-year consolidated results forecast by using information available at present.

In addition, although we recorded an extraordinary loss in fiscal 2019 related to litigation in connection with a fire at a U.S. subsidiary in May 2018, we will make an announcement promptly if any revision to the current financial forecast is considered to be required as a result of future settlement negotiations.

2. Forecasts for year-end dividends for the fiscal 2020

(1) Revised forecasts

	Annual dividends				
	End of 1Q	End of 2Q	End of 3Q	Fiscal year-end	Total
Previously announced forecast	Yen —	Yen 21	Yen —	Yen 21	Yen 42
Revised forecast	—	—	—	19	40
Dividends paid	—	21	—		
(Reference) Dividends paid for fiscal 2019	—	20	—	22	42

(2) Reasons for the revisions

Kuraray considers the distribution of profits to shareholders to be one of its top management priorities. In order to secure and enhance our corporate value and shareholders' common interests, we endeavor to ensure the appropriate distribution of profits while giving due consideration to maintaining a balance between shareholder returns that reflect management results and retaining resources to support future growth. To this end, the Company has set a basic policy of maintaining the total return ratio relative to net income attributable to owners of the parent at 35% or more, along with annual dividends per share of ¥40 or higher, for the duration of the "PROUD 2020" management plan period (fiscal 2018 – 2020).

In line with this basic policy, Kuraray previously announced its forecast for fiscal 2020 annual dividends of ¥42 per share through "Business Results for the Fiscal Year Ended December 31, 2019" issued on February 13, 2020. This annual dividend forecast was based on the Company's forecast for fiscal 2020 net income attributable to owners of the parent of ¥35.0 billion. However, the Company decided to revise its year-end dividend forecast to ¥19 per share in step with its revised full-year earnings forecast. As Kuraray intends to maintain its initial forecast for the interim dividend at ¥21 per share, the annual dividends to be paid by the Company for fiscal 2020 are expected to total ¥40 per share.

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