

December 23, 2020  
Kuraray Co., Ltd.

**Notice Concerning Settlement with a Part of Plaintiffs in Lawsuits in U.S., Extraordinary Loss and Revision to Fiscal Year Forecast**

On or before December 23, 2020, Kuraray America, Inc. (Headquarters: Texas, U.S.), a subsidiary of Kuraray Co., Ltd. reached general agreements for settlements with additional groups of plaintiffs in the lawsuits brought against Kuraray America, Inc. in Texas, U.S. These settlements follow prior settlements reached last year and earlier this year.

Further, we have recorded an extraordinary loss during the 4<sup>th</sup> quarter of the consolidated fiscal year ending December 2020. Accordingly, we have revised our forecast for the fiscal year ending December 2020 (January 1, 2020 through December 31, 2020) which was announced on November 11, 2020.

**1. Background of the Lawsuits and Settlement**

Several lawsuits have been filed in Harris County District Courts in Texas alleging that more than 160 contract workers and others suffered injuries as a result of the fire incident at the Kuraray America, Inc.'s EVAL Plant on May 19, 2018 (the "Lawsuits").

Following the settlements with some of the plaintiffs last year and earlier this year, Kuraray America, Inc. has reached general agreements for settlement with other groups of plaintiffs.

**2. Settlement Amount**

US\$158.8 million (approximately JPY17 billion)

**3. Effect on Financials**

As announced in the notice concerning Settlement with a Part of Plaintiffs in Lawsuits in U.S. published on January 6, 2020, we have recorded an extraordinary loss of JPY48 billion in total, as litigation-related loss. With the progress of the proceedings of the Lawsuits as well as settlement negotiations, we have re-evaluated reasonable losses related to the Lawsuits and have now recorded a newly calculated extraordinary loss of JPY16.9 billion (including the above settlement amount), in the 4<sup>th</sup> quarter of the fiscal year ending December of 2020.

#### 4. Revision to Consolidated Forecast for the Fiscal Year Ending December 2020

We have revised our consolidated forecast for the fiscal year ending December 2020 in accordance with the recording of this extraordinary loss. There is no change to our expected year-end dividend.

Revision to consolidated financial results forecast for the fiscal year ending December 31, 2020  
(January 1, 2020 through December 31, 2020)

	(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 November 11, 2020)	520,000	40,000	35,000	15,000	43.61
Revised Forecast (B)	520,000	40,000	35,000	0	0
Difference (B - A)	—	—	—	△15,000	
Percent change	—	—	—	△100	

Assuming average exchange rates of 106 yen/US\$, 120 yen/euro, and a price of 31,000 yen/kl for domestically-produced naphtha in the second half of the fiscal year.

(Note) Results forecasts are calculated based on currently available information and a certain level of assumptions which are deemed to be reasonable. Actual results may vary from the forecasted numbers due to any number of factors.