

Notice Concerning Extraordinary Losses, Finalized Accounting Treatment of an Acquisition, and Revisions to Earnings Forecasts for the Full Fiscal Year

Kuraray Co., Ltd. today announced extraordinary losses, finalized accounting treatment of an acquisition, and revisions to consolidated earnings forecasts for fiscal 2018 (January 1–December 31, 2018) announced November 8, 2018.

1. Extraordinary losses

For fiscal 2018, Kuraray will post extraordinary losses—an impairment loss on items including both tangible and intangible fixed assets for the business related to Plantic, a biomass-derived gas barrier material, and expenses related to disaster loss, cost related to the suspension of operations due to a fire at the U.S. Eval plant.

The extraordinary losses, which include these, are expected to total about 11.5 billion yen.

2. Finalized accounting treatment of an acquisition

Kuraray completed the acquisition of Calgon Carbon Corporation in March 2018, but the acquisition was accounted for in a tentative manner. During the fourth quarter of fiscal 2018, the accounting treatment was finalized. This resulted in the tentatively calculated goodwill of 85.5 billion yen falling 35.0 billion yen to 50.5 billion yen. The decline will be allocated to various items including Merchandise and finished goods and tangible and intangible assets. Although goodwill is amortized equally over twenty years, the period that this allocated amortization and other items will be expensed is less than twenty years. Because of that, operating income for the fourth quarter of the fiscal year is expected to decline about 4.0 billion yen.

3. Revisions to consolidated earnings forecasts for fiscal 2018 (January 1–December 31, 2018)

	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 610.0	Billions of yen 77.0	Billions of yen 75.0	Billions of yen 49.0	Yen 139.66
Revised forecast (B)	602.9	65.7	61.1	33.5	95.87
Change (B-A)	(7.1)	(11.3)	(13.9)	(15.5)	
Percent change (%)	(1.2)	(14.7)	(18.5)	(31.6)	

4. Reasons for the revisions

Kuraray plans to announce its consolidated earnings for fiscal 2018 on February 13, and net sales, operating income, ordinary income, net income attributable owners of the parent are expected to fall short of

previously announced forecasts for the following reasons. In addition to the posting of extraordinary losses and finalizing of accounting treatment of an acquisition discussed above, sales of some products have weakened due to the recent slowdown in the global economy, and costs have increased because of higher raw material prices.

No changes were made to dividend projections because of these revisions.

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