

**Business Results for the
First Quarter of the Fiscal Year Ending
December 31, 2023 (Unaudited)**

**May 12, 2023
Kuraray Co., Ltd.**

May 12, 2023
Kuraray Co., Ltd.

Consolidated Earnings Report for the First Quarter of the Fiscal Year Ending December 31, 2023

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

Representative:
Title: Representative Director and President
Name: Hitoshi Kawahara

Contact:
Title: Senior Manager, Corporate Communications Department, Corporate
Management Planning Office
Name: Shinichi Takizawa
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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 the First Quarter of the Fiscal Year Ending December 31, 2023 (January 1, 2023 to March 31, 2023)

(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 2023 1Q | 184,965 | (%) 10.4% | 21,324 | (%) (3.7%) | 20,389 | (%) (8.5%) | 8,152 | (%) (35.8%) |
| Fiscal 2022 1Q | 167,558 | — | 22,145 | — | 22,295 | — | 12,701 | — |

Note: Comprehensive income: For the fiscal 2023 first quarter: ¥16,094 million (–59.7%)
For the fiscal 2022 first quarter: ¥39,957 million —

| | Net Income per Share (Yen) | Fully Diluted Net Income per Share (Yen) |
|----------------|-------------------------------|--|
| Fiscal 2023 1Q | 24.36 | 24.34 |
| Fiscal 2022 1Q | 37.11 | 37.08 |

Note: The Company adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020) from January 1, 2022. Therefore, year-on-year percent changes from the figures for the first quarter of fiscal 2021, which predates the adoption of the standard, are not presented.

(2) Consolidated Financial Position

(Millions of yen)

| | Total Assets | Net Assets | Equity Ratio (%) |
|-------------------------|--------------|------------|------------------|
| As of March 31, 2023 | 1,217,079 | 676,416 | 53.8 |
| As of December 31, 2022 | 1,221,533 | 668,534 | 52.9 |

[Reference] Equity attributable to owners of the parent:

As of March 31, 2023: ¥654,642 million

As of December 31, 2022: ¥646,750 million

2. Dividends

(Yen)

| Record Date | Cash Dividends per Share | | | | |
|---------------------------|--------------------------|---------|---------|---------|--------|
| | Mar. 31 | Jun. 30 | Sep. 30 | Dec. 31 | Annual |
| Fiscal 2022 | — | 21.00 | — | 23.00 | 44.00 |
| Fiscal 2023 | — | | | | |
| Fiscal 2023 (Forecast) | | 24.00 | — | 24.00 | 48.00 |

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

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(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) |
|------------------|-----------|-----|------------------|-------|-----------------|--------|---|--------|----------------------------|
| | | (%) | | (%) | | (%) | | (%) | |
| Interim Period | 380,000 | 6.1 | 36,000 | (5.5) | 33,000 | (12.9) | 17,000 | (29.8) | 50.79 |
| Full Fiscal Year | 810,000 | 7.1 | 84,000 | (3.6) | 79,000 | (6.0) | 47,000 | (13.5) | 140.43 |

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: No
2. Changes besides 1. above: No
3. Changes in accounting estimates: No
4. Restatement: No

(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 March 31, 2023 354,863,603 shares
As of December 31, 2022 354,863,603 shares
2. Number of treasury shares as of the period-end:
As of March 31, 2023 20,171,629 shares
As of December 31, 2022 20,171,061 shares

3. Average number of shares for the period (cumulative):
- | | |
|----------------------|--------------------|
| As of March 31, 2023 | 334,692,204 shares |
| As of March 31, 2022 | 342,261,353 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 “1. Qualitative Information regarding Business Results (3) Basis for the Revision in Forecasts, Including Consolidated Operating Results Forecasts” on page 6 of the Attachment for the assumptions used.

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1. Qualitative Information regarding Business Results

(1) Overview of Consolidated Business Results

In the first quarter of fiscal 2023 (January 1, 2023–March 31, 2023), the world economy showed some signs of improvement due to the Chinese economy returning to normal after the reversal of its zero-COVID policy and other factors. However, the outlook remained unclear and a sense of economic deceleration grew due in part to continued financial tightening in various countries to control inflation and the effects of the Russia-Ukraine situation.

Amid these circumstances, consolidated operating results for the first quarter of fiscal 2023 are as follows: net sales increased ¥17,407 million (10.4%) year on year to ¥184,965 million; operating income decreased ¥820 million (3.7%) year on year to ¥21,324 million; ordinary income decreased ¥1,905 million (8.5%) year on year to ¥20,389 million; and net income attributable to owners of the parent decreased ¥4,548 million (35.8%) year on year to ¥8,152 million.

Regarding the civil lawsuits related to the fire that occurred at a U.S. subsidiary in May 2018, we reached settlements with the remaining plaintiffs in April 2023, except for one whose motion to dismiss is expected to be granted soon. The lawsuits have therefore been effectively resolved. Accordingly, in the first quarter, we recorded an extraordinary loss related to the lawsuits of ¥7,151 million as loss on litigation.

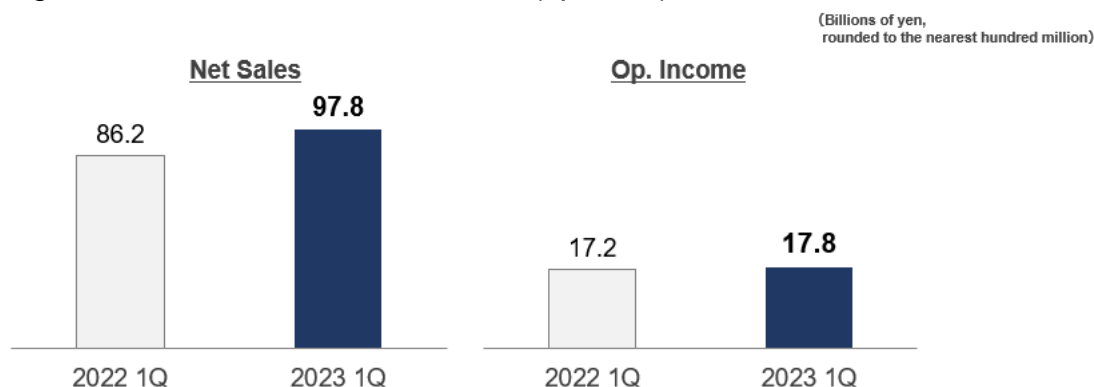
(Millions of yen)

| | FY2022 1Q Consolidated Period | | FY2023 1Q Consolidated Period | | Change | |
|----------------------------|----------------------------------|---------------------|----------------------------------|---------------------|---------------|---------------------|
| | Net sales | Operating income | Net sales | Operating income | Net sales | Operating income |
| Vinyl Acetate | 86,154 | 17,243 | 97,815 | 17,820 | 11,661 | 577 |
| Isoprene | 15,358 | 2,672 | 15,780 | 190 | 422 | (2,481) |
| Functional Materials | 38,026 | 2,201 | 45,378 | 3,495 | 7,351 | 1,293 |
| Fibers and Textiles | 14,425 | 1,627 | 13,533 | 248 | (892) | (1,379) |
| Trading | 13,953 | 1,316 | 13,810 | 1,142 | (142) | (173) |
| Others | 10,681 | 381 | 11,347 | 63 | 666 | (318) |
| Elimination & Corporate | (11,041) | (3,297) | (12,700) | (1,635) | (1,658) | 1,661 |
| Total | 167,558 | 22,145 | 184,965 | 21,324 | 17,407 | (820) |

Results by Business Segment

Vinyl Acetate

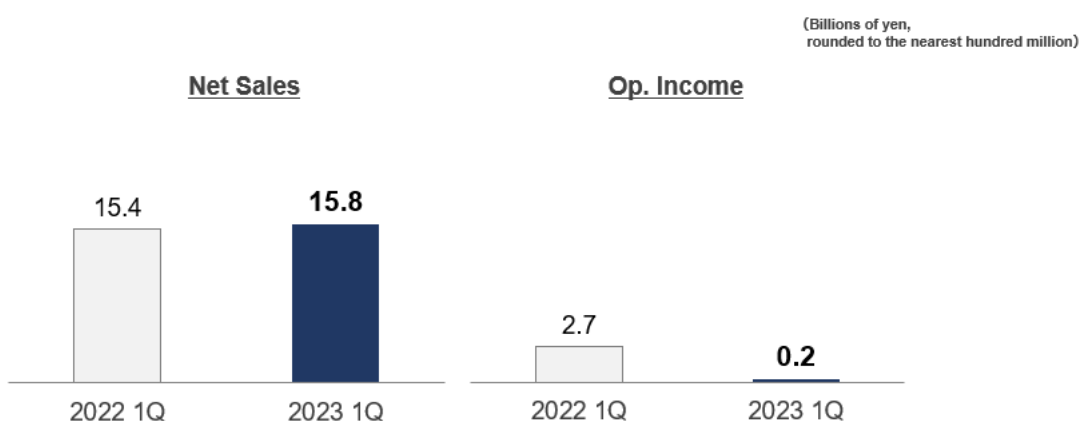
Sales in this segment were ¥97,815 million (up 13.5% year on year), and segment income was ¥17,820 million (up 3.3%).



- (1) The sales volume of PVOH resin decreased due to receding global demand, but we further promoted a shift to high value-added products. Shipments of optical-use poval film decreased due to effects of inventory adjustments for LCD panels ongoing from the latter half of last year. As for Advanced Interlayer Solutions, sales of PVB film remained steady in North America, Asia, and elsewhere. Shipments of water-soluble PVOH film decreased mainly for use in unit dose detergent packets in Europe due to inflation-driven belt tightening and other effects.
- (2) As for EVAL™ ethylene vinyl alcohol copolymer (EVOH resin), sales for food packaging applications remained firm.

Isoprene

Sales in this segment were ¥15,780 million (up 2.8% year on year), and segment income was ¥190 million (down 92.9%).



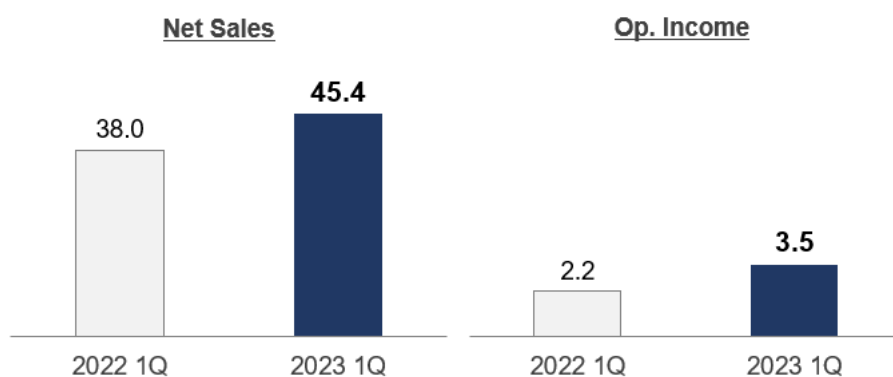
- (1) The sales volume of isoprene chemicals and elastomer decreased due to the ongoing effects of lower demand, which began in the latter half of the previous year.
- (2) The sales volume of GENESTAR™ heat-resistant polyamide resin decreased due to inventory adjustments for electric and electronic devices

despite signs of recovery in demand for automobile applications.

Functional Materials

Sales in this segment were ¥45,378 million (up 19.3% year on year), and segment income was ¥3,495 million (up 58.8%).

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

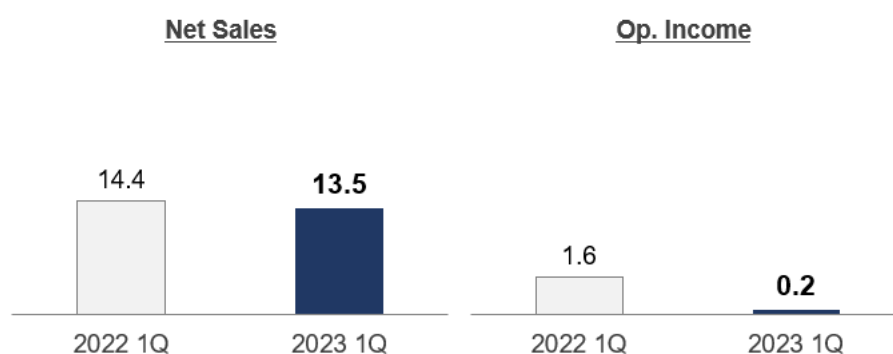


- (1) In the methacrylate business, the sales volume decreased due to the effects of inventory adjustments for electric and electronic devices.
- (2) In the medical business, sales of cosmetic dental materials remained favorable, especially in Europe.
- (3) In the environmental solutions business, demand increased for drinking water applications, and sales of activated carbon remained steady.

Fibers and Textiles

Sales in this segment were ¥13,533 million (down 6.2% year on year), and segment income was ¥248 million (down 84.7%).

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

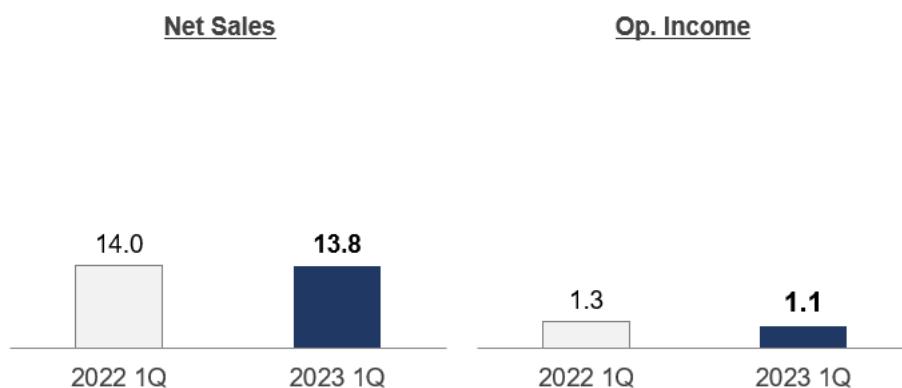


- (1) Shipments of CLARINO™ man-made leather decreased due to the effects of lower demand for sports and other applications.
- (2) In fibers and industrial materials, KURALON™ was affected by economic deceleration and a delayed recovery in the production of automobiles, while sales of VECTRAN™ remained stable.
- (3) In consumer goods and materials, demand for KURAFLEX™ in the restaurant industry was weak.

Trading

Sales in this segment were ¥13,810 million (down 1.0% year on year), and segment income was ¥1,142 million (down 13.2%).

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

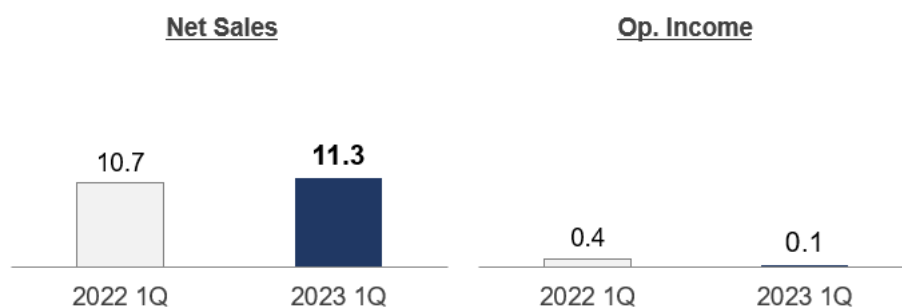


- (1) In fiber-related businesses, sales expanded, especially for sports wear, including wearable gear.
- (2) Sales of resins and chemicals were affected by economic deceleration.

Others

Sales in this segment were ¥11,347 million (up 6.2% year on year), and segment income was ¥63 million (down 83.4%).

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



(2) Overview of Financial Position

Total assets decreased ¥4,453 million from the end of the previous fiscal year to ¥1,217,079 million mainly because of a ¥55,951 million decrease in construction in progress and a ¥15,055 million decrease in cash and deposits, which together outweighed a ¥44,797 million increase in machinery, equipment and vehicles, net, an ¥11,851 million increase in buildings and structures, net, and an ¥11,417 million increase in inventories. Total liabilities decreased ¥12,335 million to ¥540,663 million due to factors that included a ¥13,891 million decrease in long-term borrowings and a ¥5,733 million decrease in income taxes payable, which together outweighed a ¥8,536 million increase in other current liabilities that mainly reflected an increase in accounts payable-other.

Net assets rose ¥7,881 million to ¥676,416 million. Equity attributable to owners of the parent amounted to ¥654,642 million, for an equity ratio of 53.8%.

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

Because of a growing sense of economic deceleration due in part to financial tightening, especially in the Europe and the United States, the performance of some of the Group's products have been impacted. Nevertheless, we expect demand for high value-added products, mainly vinyl acetate, to remain firm in the second quarter. Based on these circumstances and the recording of a loss on litigation in the first quarter of fiscal 2023, the forecasts of consolidated operating results for the second quarter of fiscal 2023 (January 1, 2023 to June 30, 2023) and the full fiscal 2023 (January 1, 2023 to December 31, 2023) were revised.

The revised cumulative consolidated operating results forecast for the second quarter of the fiscal year ending December 31, 2023 (January 1, 2023 to June 30, 2023) 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) | 400,000 | 36,000 | 33,000 | 21,000 | 62.74 |
| Revised Forecast (B) | 380,000 | 36,000 | 33,000 | 17,000 | 50.79 |
| Amount Adjusted (B - A) | (20,000) | — | — | (4,000) | |
| Percent Adjusted | (5.0%) | — | — | (19.0%) | |
| (Ref.) FY2022 2Q Results | 358,040 | 38,089 | 37,896 | 24,207 | 71.32 |

The revised operating results forecast for the fiscal year ending December 31, 2023 (January 1, 2023 to December 31, 2023) 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) | 830,000 | 84,000 | 79,000 | 51,000 | 152.38 |
| Revised Forecast (B) | 810,000 | 84,000 | 79,000 | 47,000 | 140.43 |
| Amount Adjusted (B - A) | (20,000) | — | — | (4,000) | |
| Percent Adjusted | (2.4%) | — | — | (7.8%) | |
| (Ref.) FY2022 Results | 756,376 | 87,139 | 84,060 | 54,307 | 161.13 |

Note: The above forecasts are based on the best information currently available. Actual operating results may vary significantly due to various factors.

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

(Millions of yen)

| | December 31, 2022 | March 31, 2023 |
|--|-------------------|----------------|
| ASSETS | | |
| Current Assets | | |
| Cash and deposits | 123,724 | 108,669 |
| Notes and accounts receivable—trade, and contract assets | 157,016 | 157,114 |
| Securities | 4,852 | 4,698 |
| Merchandise and finished goods | 145,851 | 153,740 |
| Work in process | 19,078 | 21,878 |
| Raw materials and supplies | 60,104 | 60,832 |
| Other | 23,815 | 21,496 |
| Allowance for doubtful accounts | (510) | (624) |
| Total current assets | 533,933 | 527,805 |
| Non-current Assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 94,745 | 106,597 |
| Machinery, equipment and vehicles, net | 219,200 | 263,998 |
| Land | 23,264 | 23,363 |
| Construction in progress | 137,424 | 81,473 |
| Other, net | 37,926 | 38,055 |
| Total property, plant, and equipment | 512,562 | 513,487 |
| Intangible assets | | |
| Goodwill | 56,058 | 55,430 |
| Customer-related assets | 30,432 | 29,823 |
| Other | 34,993 | 35,298 |
| Total intangible assets | 121,484 | 120,552 |
| Investments and other assets | | |
| Investment securities | 23,194 | 24,356 |
| Long-term loans receivable | 97 | 97 |
| Retirement benefit asset | 2,104 | 2,162 |
| Deferred tax assets | 16,718 | 17,367 |
| Other | 11,458 | 11,266 |
| Allowance for doubtful accounts | (20) | (17) |
| Total investments and other assets | 53,553 | 55,233 |
| Total non-current assets | 687,600 | 689,273 |
| Total Assets | 1,221,533 | 1,217,079 |

(Millions of yen)

| | December 31, 2022 | March 31, 2023 |
|---|-------------------|----------------|
| LIABILITIES | | |
| Current Liabilities | | |
| Notes and accounts payable–trade | 52,717 | 52,455 |
| Short-term borrowings | 34,480 | 34,480 |
| Commercial papers | 10,000 | 10,000 |
| Current portion of bonds payable | 10,000 | 10,000 |
| Current portion of long-term borrowings | 30,434 | 29,071 |
| Accrued expenses | 21,075 | 17,034 |
| Income taxes payable | 11,370 | 5,636 |
| Accrued bonuses | 9,132 | 11,279 |
| Other provisions | 111 | 118 |
| Other | 42,008 | 50,545 |
| Total current liabilities | 221,330 | 220,622 |
| Non-current Liabilities | | |
| Bonds payable | 60,000 | 60,000 |
| Long-term borrowings | 179,491 | 166,962 |
| Deferred tax liabilities | 17,279 | 17,457 |
| Provision for retirement benefits for directors (and other officers) | 294 | 305 |
| Provision for environmental measures | 397 | 397 |
| Retirement benefit liability | 25,626 | 26,409 |
| Asset retirement obligations | 5,303 | 5,428 |
| Other | 43,275 | 43,080 |
| Total non-current liabilities | 331,668 | 320,040 |
| Total Liabilities | 552,998 | 540,663 |
| NET ASSETS | | |
| Shareholders' Equity | | |
| Share capital | 88,955 | 88,955 |
| Capital surplus | 87,152 | 87,152 |
| Retained earnings | 399,910 | 400,371 |
| Treasury shares | (25,735) | (25,736) |
| Total shareholders' equity | 550,282 | 550,743 |
| Accumulated Other Comprehensive Income | | |
| Valuation difference on available-for-sale securities | 5,769 | 6,522 |
| Deferred gain or losses on hedges | 611 | 213 |
| Foreign currency translation adjustment | 90,555 | 97,551 |
| Remeasurements of defined benefit plans | (468) | (387) |
| Total accumulated other comprehensive income | 96,467 | 103,899 |
| Share Acquisition Rights | 341 | 341 |
| Non-controlling Interests | 21,443 | 21,432 |
| Total Net Assets | 668,534 | 676,416 |
| Total Liabilities and Net Assets | 1,221,533 | 1,217,079 |

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

(Millions of yen)

| | Fiscal 2022 1Q (January 1, 2022 – March 31, 2022) | Fiscal 2023 1Q (January 1, 2023 – March 31, 2023) |
|---|---|---|
| Net sales | 167,558 | 184,965 |
| Cost of sales | 110,821 | 124,992 |
| Gross profit | 56,737 | 59,973 |
| Selling, general and administrative expenses | | |
| Selling expenses | 10,069 | 10,450 |
| General and administrative expenses | 24,522 | 28,197 |
| Total selling, general and administrative expenses | 34,592 | 38,648 |
| Operating income | 22,145 | 21,324 |
| Non-operating income | | |
| Interest income | 53 | 265 |
| Dividend income | 96 | 59 |
| Share of profit of entities accounted for using equity method | 61 | 47 |
| Other | 932 | 381 |
| Total non-operating income | 1,143 | 753 |
| Non-operating expenses | | |
| Interest expenses | 361 | 577 |
| Other | 632 | 1,111 |
| Total non-operating expenses | 993 | 1,688 |
| Ordinary income | 22,295 | 20,389 |
| Extraordinary income | | |
| Insurance claim income | 663 | — |
| Subsidy income | 188 | — |
| Total extraordinary income | 851 | — |
| Extraordinary losses | | |
| Loss on litigation | 974 | 7,151 |
| Loss on abandonment of non-current assets | 45 | 102 |
| Costs related to the suspension of operations | 2,805 | — |
| Loss on tax purpose reduction entry of non-current assets | 169 | — |
| Total extraordinary losses | 3,995 | 7,253 |
| Income before income taxes and noncontrolling interests | 19,151 | 13,135 |
| Income taxes—current | 7,114 | 5,436 |
| Income taxes—deferred | (1,142) | (711) |
| Total income taxes | 5,972 | 4,724 |
| Net income | 13,179 | 8,410 |
| Net income attributable to noncontrolling interests | 478 | 257 |
| Net income attributable to owners of the parent | 12,701 | 8,152 |

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

| | Fiscal 2022 1Q (January 1, 2022 – March 31, 2022) | Fiscal 2023 1Q (January 1, 2023 – March 31, 2023) |
|---|---|---|
| Net income | 13,179 | 8,410 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 135 | 753 |
| Deferred gains or losses on hedges | 556 | (420) |
| Foreign currency translation adjustment | 26,018 | 7,269 |
| Remeasurements of defined benefit plans, net of tax | 66 | 81 |
| Total other comprehensive income | 26,778 | 7,684 |
| Quarterly comprehensive income | 39,957 | 16,094 |
| Comprehensive income attributable to: | | |
| Owners of the parent | 38,788 | 15,584 |
| Noncontrolling interests | 1,169 | 510 |

(3) Notes regarding Quarterly Consolidated Financial Statements

Notes regarding Going Concern Assumptions

None

Material Changes in Shareholders' Equity

None

Additional Information

Resolution of Lawsuits Related to a Fire at a U.S. Subsidiary

Regarding the civil lawsuits related to the fire that occurred at a U.S. subsidiary in May 2018, we have reached settlements with the remaining plaintiffs in April 2023, except for one whose motion to dismiss is expected to be granted soon.

The lawsuits have therefore been effectively resolved. Accordingly, in the first quarter, we recorded an extraordinary loss related to the lawsuits of ¥7,151 million as loss on litigation.

Segment Information, etc.

● Segment Information

I. First Quarter of Fiscal 2022 (January 1, 2022 to March 31, 2022)

1. Net sales, income and loss by reporting segment

(Millions of yen)

| | Reporting Segment | | | | | | Other Business ¹ | Total | Adjustment ² | Consolidated Statements of Income |
|----------------------------------|-------------------|----------|----------------------|---------------------|---------|---------|-----------------------------|---------|-------------------------|-----------------------------------|
| | Vinyl Acetate | Isoprene | Functional Materials | Fibers and Textiles | Trading | Total | | | | |
| Net sales | | | | | | | | | | |
| Outside customers | 82,420 | 12,176 | 37,074 | 13,612 | 13,592 | 158,876 | 8,681 | 167,558 | — | 167,558 |
| Intersegment sales and transfers | 3,733 | 3,181 | 952 | 813 | 360 | 9,041 | 2,000 | 11,041 | (11,041) | — |
| Total | 86,154 | 15,358 | 38,026 | 14,425 | 13,953 | 167,918 | 10,681 | 178,599 | (11,041) | 167,558 |
| Segment income (loss) | 17,243 | 2,672 | 2,201 | 1,627 | 1,316 | 25,061 | 381 | 25,442 | (3,297) | 22,145 |

Notes:

1. The "Other Business" category incorporates operations not included in business segment reporting, including engineering business.
2. Adjustment is as follows: Included within segment loss of ¥3,297 million is the elimination of intersegment transactions of ¥665 million and corporate expenses of ¥3,963 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.

II. First Quarter of Fiscal 2023 (January 1, 2023 to March 31, 2023)

1. Net sales, income and loss by reporting segment

(Millions of yen)

| | Reporting Segment | | | | | | Other Business ¹ | Total | Adjustment ² | Consolidated Statements of Income ³ |
|----------------------------------|-------------------|----------|----------------------|---------------------|---------|---------|-----------------------------|---------|-------------------------|--|
| | Vinyl Acetate | Isoprene | Functional Materials | Fibers and Textiles | Trading | Total | | | | |
| Net sales | | | | | | | | | | |
| Outside customers | 93,737 | 12,382 | 44,252 | 12,720 | 13,408 | 176,502 | 8,463 | 184,965 | — | 184,965 |
| Intersegment sales and transfers | 4,077 | 3,398 | 1,126 | 812 | 401 | 9,816 | 2,884 | 12,700 | (12,700) | — |
| Total | 97,815 | 15,780 | 45,378 | 13,533 | 13,810 | 186,318 | 11,347 | 197,666 | (12,700) | 184,965 |
| Segment income (loss) | 17,820 | 190 | 3,495 | 248 | 1,142 | 22,897 | 63 | 22,960 | (1,635) | 21,324 |

Notes:

1. The “Other Business” category incorporates operations not included in business segment reporting, including engineering business.
2. Adjustment is as follows: Included within segment loss of ¥1,635 million is the elimination of intersegment transactions of ¥1,830 million and corporate expenses of ¥3,466 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.