

** This financial report is solely a translation of “Gyosekiyosou Oyobi Haitoyosou ni Kansuru Oshirase” (in Japanese, including attachments), which has been prepared in accordance with International Financial Reporting Standards (IFRS), for the convenience of readers who prefer an English translation.*

August 4, 2020

For Immediate Release

Company: NIPPON SHOKUBAI CO., LTD.
 Representative: Yujiro Goto, President and
 Representative Member of the Board
 (Code number: 4114, First Section,
 Tokyo Stock Exchange)
 Contacts: Atsushi Tabata, General Manager of
 General Affairs Dept.
 (Tel: +81-6-6223-9111)

**Notice of Revisions to Earnings Forecast and Dividends Forecast for the
 Fiscal Year ending March 31, 2021**

NIPPON SHOKUBAI CO., LTD. [Headquarters: Chuo-ku, Osaka; President: Yujiro Goto, TSE:4114] (“Nippon Shokubai”) hereby announces its earnings forecast and dividends forecast for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021), which were left undetermined in the “Summary of Consolidated Financial Results For the Fiscal Year Ended March 31, 2020 [IFRS]” released on May 8, 2020.

1. Consolidated financial forecasts

Consolidated financial forecasts for the six months ending September 30, 2020 (from April 1, 2020 to September 30, 2020)

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous Forecasts (A) (as of May 8, 2020)	-	-	-	-	-
New Forecasts (B)	130,000	1,500	3,000	1,500	37.62
Change in Amount (B-A)	-	-	-	-	
Percentage Change (%)	-	-	-	-	
(Reference) Six Months Ended September 30, 2019	153,292	6,638	8,673	5,731	143.71

Consolidated full-year financial forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous Forecasts (A) (as of May 8, 2020)	–	–	–	–	–
New Forecasts (B)	270,000	7,000	10,000	6,000	150.46
Change in Amount (B-A)	–	–	–	–	
Percentage Change (%)	–	–	–	–	
(Reference) Full year of Fiscal Year Ended March 31, 2020	302,150	13,178	15,748	11,094	278.21

2. Non-consolidated financial forecasts

Non-consolidated financial forecasts for the six months ending September 30, 2020 (from April 1, 2020 to September 30, 2020)

	Net sales	Operating profit	Ordinary profit	Profit	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous Forecasts (A) (as of May 8, 2020)	–	–	–	–	–
New Forecasts (B)	85,000	500	3,500	3,000	75.23
Change in Amount (B-A)	–	–	–	–	
Percentage Change (%)	–	–	–	–	
(Reference) Six Months Ended September 30, 2019	102,469	5,032	11,388	9,136	229.11

Non-consolidated full-year financial forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

	Net sales	Operating profit	Ordinary profit	Profit	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous Forecasts (A) (as of May 8, 2020)	–	–	–	–	–
New Forecasts (B)	180,000	6,000	10,500	8,000	200.62
Change in Amount (B-A)	–	–	–	–	
Percentage Change (%)	–	–	–	–	
(Reference) Full year of Fiscal Year Ended March 31, 2020	204,690	10,178	18,677	14,776	370.54

3. Reasons for the announcement of consolidated and non-consolidated financial forecasts

The Company's consolidated and non-consolidated financial forecasts for the fiscal year ending March 31, 2021 were left undetermined until now, as it was difficult to reasonably calculate the impact of environmental changes on the Group's performance caused by the novel coronavirus disease. However, the declaration of a state of emergency has been removed in Japan, and lockdowns have been eased or lifted in other countries as well, allowing social and economic activities to resume steadily. In light of these situations, assuming that currently weak demand in the automotive industry sectors and the construction sector will gradually recover to a certain extent, the Company hereby presents its consolidated and non-consolidated financial forecasts, which are calculated based on information and projections available at this point.

For the full-year of the fiscal year ending March 31, 2021, the Company expects that revenue will decrease by 32,150 million yen (10.6%) year on year to 270,000 million yen (130,000 million yen for the first half of the fiscal year) due to lower sales prices and volume.

In terms of profit, while spreads are expected to widen as a result of declining raw material costs, the Company projects that operating profit will decrease by 6,178 million yen (46.9%) year on year to 7,000 million yen (1,500 million yen for the first half of the fiscal year) due to factors such as higher processing costs and selling, general, and administrative expenses, accompanied by lower sales volume.

Although foreign exchange losses will not be recorded, profit before tax is expected to decrease by 5,748 million yen (36.5%) year on year to 10,000 million yen (3,000 million yen for the first half of the fiscal year), as a result of declines in operating profit and share of profit of investments accounted for using equity method. Profit attributable to owners of parent is projected to decrease by 5,094 million yen (45.9%) year on year to 6,000 million yen (1,500 million yen for the first half of the fiscal year).

The full-year financial forecasts are based on exchange rates of 109 yen per US dollar and 120 yen per euro, and the domestic naphtha price of 29,800 yen per kiloliter.

Calculation of the above financial forecasts does not assume large-scale disruptions of economic activities owing to a resurgence of coronavirus infections.

4. Dividend forecasts

(Unit: Yen)

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
Previous Forecasts (as of May 8, 2020)	—	—	—	—	—
New Forecasts	—	60.00	—	60.00	120.00
Fiscal Year Ending March 31, 2021	—	—	—	—	
(Reference) Fiscal Year Ended March 31, 2020	—	90.00	—	90.00	180.00

5. Reasons for the announcement of dividend forecasts

The Company has positioned the return of profits to shareholders as the most important management task, and, in consideration of the dividend payout ratio, etc., distributes dividends under a basic policy of aiming to improve medium- to long-term dividend levels in line with projected trends in consolidated earnings, while at the same time taking an overall view to expand the business and strengthen the corporate structure. In addition to dividend distributions, the Company intends to consider stock buybacks as one of the options to raise the value per share.

Meanwhile, aggressive investments in equipment, strategies, and R&D are also necessary for the maintenance of competitiveness and continued growth. As such, the Company regards retention of internal reserves also essential; therefore we will continue to distribute profits by carefully considering the balance of above factors.

The Company's dividend forecasts for the fiscal year ending March 31, 2021 were left undetermined until now similarly to the financial forecasts. By duly considering the above-mentioned dividend basic policy and the produced financial forecasts, the Company projects an annual dividend of 120 yen per share (interim dividend of 60 yen and year-end dividend of 60 yen), 60 yen lower than the previous fiscal year.

(Note) This material contains forward-looking statements and statements of this nature based on reasonable judgments in accordance with information currently available. Readers should be aware that actual results and events might differ substantially from these projections.