

Our Strategy after the Cancellation of the Business Integration

NIPPON SHOKUBAI CO., LTD. (Headquarters: Osaka, Japan, President: Yujiro Goto, hereinafter "Nippon Shokubai") and Sanyo Chemical Industries, Ltd. (Headquarters: Kyoto, Japan, President & CEO: Takao Ando) have held a series of discussions toward the business integration (the "Business Integration") scheduled for April 1, 2021, and have recently agreed to the Cancellation of the Business Integration as stated in the press release today.

Although it is necessary for our company to review its strategy as a result of the cancellation of the Business Integration, it will not change its basic strategy based on its solid financial base. Our group, on its own, is determined to pursue a strategy of creating new value by applying its value chain of competitive materials to the Solutions Business that addresses customers' challenges. I.E.,

- In "Materials Sector", core businesses such as EO and AA/SAP, we aim to expand earnings by thoroughly implementing various cost reductions, as exemplified by the ongoing SAP survival project, and by providing high-quality materials globally with our high production technology capability.
- In "Solutions Sector", we aim to expand our business by taking advantage of our company's key material development capabilities, which are its strengths, and offering unique functions that no other company can offer to solve customers challenges around the world. Specifically, we will accelerate the development of growth fields by focusing on "Industrial" (Mobility, Paint & Coating, etc.), "Energy & Electronics" (New energy, electronics and information materials, etc.), and "Life science"(medical supplies, healthcare, cosmetics, etc.).

Based on our corporate group mission of "TechnoAmenity: Providing affluence and comfort to people and society, with our unique technology", our company will strive to achieve the goal of "Enriching people's lives in every aspect and contributing to the creation of a sustainable society for the future by always challenging uncharted fields as well as producing innovative and unique values" as the newly integrated company had taken aim. We would like to express our sincere gratitude to our shareholders, business partners, and many other stakeholders for their support and understanding to realize the Business Integration, although it did not happen. We would like to ask for your continuous understanding and support for our future business operations.

About NIPPON SHOKUBAI Co., Ltd.: Since 1941, Nippon Shokubai has grown up its business with unique catalyst technology. Nippon Shokubai has supplied, for example, ethylene oxide, acrylic acid, automobile catalysts, process catalysts and so on. Among all, our global market share of superabsorbent polymers is the largest in the world now. Nippon Shokubai is a global chemical company operating under its corporate mission "TechnoAmenity-Providing affluence and comfort to people and society with our unique technology." <https://www.shokubai.co.jp/en/>

【Contacts】

Investor & Public Relations Dept.,

NIPPON SHOKUBAI CO., LTD.

TEL: +81-3-3506-7605 E-mail: shokubai@n.shokubai.co.jp