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President
NIPPON SHOKUBAI CO., LTD

New Year's Message to the Employees

Looking back on last year, it was a year that started and ended with the COVID-19, which is still causing extensive damage around the world. It was a tough year for us with a sharp downturn in business performance and cancellation of the business integration with Sanyo Chemical Industries, Ltd. As the president responsible for management, I deeply apologize to everyone.

This year, the second medium-term business plan will end at the end of March. Unfortunately, it is difficult to reach our goals with the drastic downturn in the business environment since the previous fiscal year. However, we have gained a lot from this difficulty. The important point is how to make use of them in the future. We will continue to apply, develop, and advance the cost reductions through the SAP Survival Project, challenges in new business fields, and workstyle innovation activities.

For fiscal year 2021, which starts in April, we will proceed with a single-year business plan because of the ongoing impact of the COVID-19 crisis. The next medium- to long-term business plan will be set in fiscal year 2022 as the first year. In this plan, we will build a growth strategy that focuses on strengthening our resilience to the changes in the external environment, such as the changes we are seeing today by reinforcing the strengths of our existing businesses to create a stable source of revenue and by expanding our business areas through the development of new businesses that utilize our technological foundation. In addition, we will formulate a business plan that will not only increase our business scale and profitability, but also contribute to realizing a sustainable society by reducing environmental impact and other factors.

First, we will make sure to rebuild our current business performance. We are starting not only with measures that will certainly effect immediately, but also with in-depth measures that will lead to the future development. At the same time, we will reconfirm each individual business feasibility of new business themes and focus on them, while identifying our priorities. Through these measures, we plan to restore our performance within two years. I myself will

be prepared to go through this severe situation with a sense of crisis more than ever, and with a bold decision when necessary, so I would like to ask every employee for your unity and participation. We have faced several management crises in the past, but we have been able to overcome them all and achieved growth. Unity, concentration, and resolution in a severe circumstance are our traditional strengths. Let's make sure that we can achieve good results again this time.

Since this year marks our 80th anniversary, we are preparing to publish our company history in book form. The book will contain many records that reaffirm the history of our company. For the 100th anniversary that will come in the near future, we must learn from the records the clues on which to base ourselves, and link them to a plan on how to make use of our Group Mission: "TechnoAmenity" to achieve growth in the future. The current environment and business performance are at their lowest point. But this means that the launch pad is low and room for growth is large. Let's start this milestone year with a positive attitude.

I hope for a solid continuation of safe and stable operations, and I wish you all a happy and healthy year. Thank you.

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