

\* This financial report is solely a translation of “Gyosekiyosou no Shusei Narabi ni Genson Sonshitsu (Renketsu Kessan) Oyobi Kankei Kaisha Kabushiki Hyokason (Kobetsu Kessan) no Keijo ni Kansuru Oshirase” (in Japanese), which has been prepared in accordance with International Financial Reporting Standards (IFRS), for the convenience of readers who prefer an English translation.

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For Immediate Release

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**Notice of Revisions to Earnings Forecasts and of Recording of  
 Impairment Losses (Consolidated Basis) and Loss on Valuation of  
 Shares of Subsidiaries and Affiliates (Non-Consolidated Basis)  
 for the Fiscal Year ended March 31, 2021**

NIPPON SHOKUBAI CO., LTD. [Headquarters: Chuo-ku, Osaka; President: Yujiro Goto, TSE: 4114] (“Nippon Shokubai”) has made the following revisions to its full-year earnings forecasts for the fiscal year ended March 31, 2021, which were announced on October 8, 2020. In addition, for the fourth quarter of the fiscal year ended March 31, 2021, the Company expects to record impairment losses (consolidated) and a loss on valuation of shares of subsidiaries and affiliates (non-consolidated). The details are as follows.

1. Revisions to consolidated and non-consolidated financial forecasts

Consolidated full-year financial forecasts for the fiscal year ended 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 October 8, 2020)	260,000	1,000	3,500	1,000	25.08
New Forecasts (B)	273,000	-16,000	-13,000	-11,000	-275.85
Change in Amount (B-A)	13,000	-17,000	-16,500	-12,000	
Percentage Change (%)	5.0%	–	–	–	
(Reference) Full year of Fiscal Year Ended March 31, 2020	302,150	13,178	15,748	11,094	278.21

Non-consolidated full-year financial forecasts for the fiscal year ended 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 October 8, 2020)	175,000	2,000	6,600	4,000	100.31
New Forecasts (B)	181,000	4,800	11,200	-19,700	-494.03
Change in Amount (B-A)	6,000	2,800	4,600	-23,700	
Percentage Change (%)	3.4%	140.0%	69.7%	—	
(Reference) Full year of Fiscal Year Ended March 31, 2020	204,690	10,178	18,677	14,776	370.54

## 2. Reasons for the revision of consolidated and non-consolidated financial forecasts

Regarding Nippon Shokubai's consolidated financial forecasts for the fiscal year ended March 31, 2021, sales prices of products were higher than expected due to rising raw material prices, overseas market prices for acrylic acids and acrylates underwent a sharp increase, and sales volumes of acrylic acids and acrylates as well as secondary alcohol ethoxylates and special acrylates exceeded expectations. As a result, revenue is expected to increase by 13,000 million yen to 273,000 million yen from the previous forecast announced on October 8, 2020 (the "previous forecast").

As for profits, sales volume exceeded expectations, the spread widened due to the sharp increase in market prices for acrylic acids and acrylates, and selling, general and administrative expenses were reduced due to a decrease in activity expenses as well as efforts to cut costs, which contributed to higher profits from the previous forecast. However, Nippon Shokubai expects operating loss of 16,000 million yen, 17,000 million yen lower than the previous forecast, due to the expected recording of impairment losses of approximately 19,000 million yen in total at two consolidated subsidiaries, as described in 3. below.

As a result of these factors, Nippon Shokubai expects loss before tax of 13,000 million yen, and loss attributable to owners of parent of 11,000 million yen.

Regarding Nippon Shokubai's non-consolidated financial forecasts for the fiscal year ended March 31, 2021, operating profit and ordinary profit are expected to be higher than the previous forecast, reaching 4,800 million yen and 11,200 million yen, respectively, mainly due to the reasons for the revision of the above consolidated financial forecasts excluding the impairment losses of consolidated subsidiaries. In addition, Nippon Shokubai expects loss of 19,700 million yen due to a loss on valuation of shares of subsidiaries and affiliates of approximately 29,000 million yen as described in 4. below.

### 3. Impairment losses (consolidated)

Nippon Shokubai's consolidated subsidiary Nippon Shokubai Europe N.V. ("NSE"), recorded an impairment loss in the second quarter of the fiscal year ended March 31, 2021, and the pressure for price reduction on superabsorbent polymer manufacturers, including NSE, remains strong due to intensifying competition among disposable diaper manufacturers. In particular, the business environment for superabsorbent polymers in Europe has worsened since the beginning of the fourth quarter, and although we remain of the view that the supply-demand balance will improve in the medium to long term, the situation is expected to remain severe in the short term. In light of these circumstances, Nippon Shokubai has reexamined NSE's management plan and examined the future recoverability of non-current assets, and as a result, the recording of an additional impairment loss of approximately 10,000 million yen for the fourth quarter of the fiscal year ended March 31, 2021 is expected.

In addition, Nippon Shokubai's consolidated subsidiary SIRRUS, Inc. has reconsidered its management plan in light of delays in process development and customer evaluations and an expected increase in capital investment compared to initial forecasts. As a result, it expects to record an impairment loss of approximately 9,000 million yen on goodwill and technology-related assets.

### 4. Loss on valuation of shares of subsidiaries and affiliates (non-consolidated)

In accordance with the recording of impairment losses as described above for consolidated subsidiaries NSE and SIRRUS, Inc., Nippon Shokubai expects to record a loss on the valuation of shares of subsidiaries and affiliates, which are held by Nippon Shokubai, of approximately 29,000 million yen for the fourth quarter of the fiscal year ended March 31, 2021.

The loss on valuation of shares of subsidiaries and affiliates will be recorded only in Nippon Shokubai's non-consolidated financial statements, and as they will not be recorded in the consolidated financial statements, there will be no impact on the consolidated financial results.

(Note)

The preceding forecasts are based on information currently available and certain assumptions that Nippon Shokubai believes are reasonable. Various factors may lead to different actual results from the forecasts.