

\* This financial report is solely a translation of “Gyosekiyosou Oyobi Haitoyosou no Shusei 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 Dividends Forecasts for the Fiscal Year ending March 31, 2022**

NIPPON SHOKUBAI CO., LTD. [Headquarters: Chuo-ku, Osaka; President: Yujiro Goto, TSE: 4114] (“Nippon Shokubai”) has made the following revisions to its earnings forecasts and dividends forecasts for the fiscal year ending March 31, 2022, which were announced on May 11, 2021, in view of recent trends in operating results. The details are as follows.

1. Consolidated financial forecasts

Consolidated financial forecasts (cumulative) for the six months ending September 30, 2021 (from April 1, 2021 to September 30, 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 11, 2021)	150,000	5,000	6,000	4,000	100.31
New Forecasts (B)	170,000	13,000	14,500	10,000	250.78
Change in Amount (B-A)	20,000	8,000	8,500	6,000	
Percentage Change (%)	13.3%	160.0%	141.7%	150.0%	
(Reference) Six Months Ended September 30, 2020	124,668	-1,188	-72	-1,183	-29.66

Consolidated full-year financial forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

	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 11, 2021)	300,000	13,000	15,000	10,000	250.78
New Forecasts (B)	325,000	22,000	24,000	16,000	401.25
Change in Amount (B-A)	25,000	9,000	9,000	6,000	
Percentage Change (%)	8.3%	69.2%	60.0%	60.0%	
(Reference) Full year of Fiscal Year Ended March 31, 2021	273,163	-15,921	-12,926	-10,899	-273.33

2. Non-consolidated financial forecasts

Non-consolidated financial forecasts (cumulative) for the six months ending September 30, 2021 (from April 1, 2021 to September 30, 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 11, 2021)	90,000	1,500	5,000	4,000	100.31
New Forecasts (B)	105,000	7,500	11,500	9,000	225.70
Change in Amount (B-A)	15,000	6,000	6,500	5,000	
Percentage Change (%)	16.7%	400.0%	130.0%	125.0%	
(Reference) Six Months Ended September 30, 2020	81,931	-343	2,764	2,642	66.27

Non-consolidated full-year financial forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

	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 11, 2021)	190,000	6,500	11,500	9,000	225.70
New Forecasts (B)	205,000	12,500	18,000	13,500	338.55
Change in Amount (B-A)	15,000	6,000	6,500	4,500	
Percentage Change (%)	7.9%	92.3%	56.5%	50.0%	
(Reference) Full year of Fiscal Year Ended March 31, 2021	181,073	4,884	11,280	-19,650	-492.78

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

Regarding Nippon Shokubai's consolidated financial forecasts for the six months ending September 30, 2021 (the "first half of the year"), sales prices have been higher than expected due to rising raw material prices, the overseas market prices for acrylic acids and acrylates have been rising, and sales volumes of acrylic acids and acrylates, as well as special acrylates and secondary alcohol ethoxylates are exceeding expectations. As a result, revenue is expected to increase by 20,000 million yen to 170,000 million yen

from the previous forecast announced on May 11, 2021 (the “previous forecast”).

As for profits, Nippon Shokubai expects operating profit to increase by 8,000 million yen to 13,000 million yen from the previous forecast, due mainly to higher profits enabled by widened spread resulting from rises in market prices for acrylic acids and acrylates outside Japan, an increase in sales volume, and a decrease in processing costs such as inventory valuation differences. Further, Nippon Shokubai also expects profit before tax of 14,500 million yen and profit attributable to owners of parent of 10,000 million yen.

Regarding Nippon Shokubai’s consolidated financial forecasts for the fiscal year ending March 31, 2022, revenue is expected to increase by 25,000 million yen to 325,000 million yen from the previous forecast due to the upturn in profits in the first half of the year as well as the expected continuation of the high raw materials prices. As a result of these factors, Nippon Shokubai expects an increase in operating profit of 9,000 million yen to 22,000 million yen from the previous forecast, profit before tax of 24,000 million yen, and profit attributable to owners of parent of 16,000 million yen.

Full-year forecast exchange rates are 107 yen to the U.S. dollar, 128 yen to the euro, and domestic naphtha prices of 50,200 yen/kl.

Also, the non-consolidated financial forecasts for the first half of the year and the full year will be revised as above for the same reasons stated.

Note that the above calculation for the financial forecasts does not assume a large-scale stagnation of economic activities as a result of the novel coronavirus (COVID-19).

#### 4. Dividends forecasts

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Previous Forecasts (as of May 11, 2021)	–	50.00	–	50.00	100.00
New Forecasts	–	80.00	–	50.00	130.00
Dividends Paid for Six Months Ending September 30, 2021	–		–		
(Reference) Fiscal Year Ended March 31, 2021	–	45.00	–	45.00	90.00

#### 5. Reasons for the revision of dividends forecasts

Nippon Shokubai 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, Nippon Shokubai 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, Nippon Shokubai regards retention of internal reserves also essential; therefore we will continue to distribute profits by carefully considering the balance of above factors.

With regard to the dividend forecast for the fiscal year ending March 31, 2022, Nippon Shokubai initially set the interim dividend at 50 yen per share (ordinary dividend: 45 yen, commemorative dividend: 5 yen); however, after having considered in perspective the aforementioned dividend basic policy and the recalculated forecasts, Nippon Shokubai has decided to revise upward the interim

dividend forecast by 30 yen to 80 yen per share (ordinary dividend: 75 yen, commemorative dividend: 5 yen). With regard to the year-end dividend forecast, the previous forecast of 50 yen per share (ordinary dividend: 45 yen, commemorative dividend: 5 yen) will remain unchanged for the time being due to continuing uncertainties over raw material prices and other factors; however, Nippon Shokubai will carefully assess future earnings trends and consider whether revisions are required.

(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.