

* 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 for the fiscal year ending March 31, 2022, which were announced on October 29, 2021, and its dividends forecasts for the fiscal year ending March 31, 2022, which were announced on August 5, 2021, in view of recent trends in operating results. The details are as follows.

1. Consolidated financial forecasts

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 October 29, 2021)	355,000	24,000	28,500	20,500	514.10
New Forecasts (B)	365,000	27,000	31,000	21,500	539.18
Change in Amount (B-A)	10,000	3,000	2,500	1,000	
Percentage Change (%)	2.8%	12.5%	8.8%	4.9%	
(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 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 October 29, 2021)	215,000	14,000	20,000	15,000	376.17
New Forecasts (B)	220,000	17,500	23,000	17,500	438.87
Change in Amount (B-A)	5,000	3,500	3,000	2,500	
Percentage Change (%)	2.3%	25.0%	15.0%	16.7%	
(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

On October 29, 2021, Nippon Shokubai revised its full-year financial forecasts for the fiscal year ending March 31, 2022, in expectation of an increase in profits resulting from the longer-than-expected continued rise in the overseas market prices of acrylic acid and acrylate products in the first half of the year as well as an increase in profits due to the effects of inventory valuation difference and a narrower spread for functional chemicals resulting from rising raw materials prices in the second half of the year. At that time, market conditions for acrylic acid and acrylate products outside Japan were expected to gradually settle down from October. However, in the third quarter, due to the continued rise in market prices reflecting the effects of the supply restrictions by China and the disruption of maritime transport, the widened spread of basic chemicals remained. While the overseas market prices of acrylic acid and acrylate products are expected to settle down in the fourth quarter, the effects of the inventory valuation difference are expected to become greater mainly due to the greater-than-expected rise in raw materials prices. As a result of these factors, Nippon Shokubai expects for the full year, an increase in operating profit of 3,000 million yen to 27,000 million yen from the previous forecast. Further, Nippon Shokubai also expects profit before tax of 31,000 million yen and profit attributable to owners of parent of 21,500 million yen.

Full-year forecast exchange rates are 112 yen to the U.S. dollar, 130 yen to the euro, and domestic naphtha prices of 55,700 yen/kl.

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

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 August 5, 2021)	–	80.00	–	50.00	130.00
New Forecasts				100.00	180.00
Fiscal Year Ending March 31, 2022	–	80.00	–		
(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 the above factors.

With regard to the dividend forecast for the fiscal year ending March 31, 2022, Nippon Shokubai had previously announced in its initial forecast a year-end dividend of 50 yen per share including a commemorative dividend for its 80th anniversary (ordinary dividend: 45 yen, commemorative dividend: 5 yen) and had decided to carefully assess the impacts of rising raw material prices and declining automobile production and to consider whether revisions were required. By duly considering the aforementioned dividend basic policy and the recalculated forecasts, Nippon Shokubai has decided to revise upward the year-end dividend forecast to 100 yen per share (ordinary dividend: 95 yen, commemorative dividend: 5 yen). As a result, Nippon Shokubai projects an annual dividend of 180 yen per share (ordinary dividend: 170 yen, commemorative dividend: 10 yen), an increase of 50 yen from the previous forecast and an increase of 90 yen from the previous fiscal year.

(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.