

Notice regarding the revisions of Financial Forecasts and Dividend Forecasts

Tokyo, November 4, 2021 – KH Neochem Co., Ltd (TSE: 4189, President and CEO: Michio Takahashi, “KH Neochem”) announced regarding the revisions of full year consolidated financial forecasts and dividend forecasts for the fiscal year ending December 31, 2021 (“FY2021”).

1. Revision of the full year consolidated financial forecasts for FY2021 (January 1, 2021 through December 31, 2021)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Earnings per share (Yen)
Previous forecasts (A) (August 5, 2021)	112,000	15,500	15,900	11,000	296.43
Revised forecasts (B)	116,000	18,500	18,700	13,000	350.32
Change (B-A)	4,000	3,000	2,800	2,000	-
Change (%)	3.6%	19.4%	17.6%	18.2%	-
(Reference) Results of the previous full year (FY2020)	77,332	5,642	5,627	4,046	109.12

Reasons for the revision

In the nine months ended September 30, 2021 (January to September), the sales volume increased thanks to a recovery in demand. In addition, in the business environment, there was a soaring of the overseas markets for some products due to an increase in naphtha prices and a tightening of the supply-demand balance. KH Neochem group continuously reviewed the sales prices as we continued our business activities and made progress at a high level compared to the full-year consolidated financial forecasts announced on August 5, 2021, particularly in terms of income.

The demand for the products of KH Neochem group is also expected to remain strong in the fourth quarter (October to December). For the full fiscal year, earnings are expected to exceed the forecasts that were announced previously.

For the full fiscal year ending December 2021, the foreign exchange rate is assumed to be 110 yen per US dollar, and the domestic naphtha price is assumed to be 50,300 yen/kl.

2. Revision of the dividend forecasts for FY2021 (January 1, 2021 through December 31, 2021)

(Yen)

	Dividend per share		
	Interim	Year-end	Total annual
Previous forecasts (August 5, 2021)	/	35.00	65.00
Revised forecasts	/	45.00	75.00
Results for the current period	30.00	/	/
Results of the previous year (FY2020)	30.00	30.00	60.00

Reasons for the revision

KH Neochem recognizes that the returning of profits to shareholders and the continuous growth of the company are the most important issues for the management of the company. Our basic policy is to maintain continuous and stable dividends while taking into account the balance between retained earnings and investments in growth domains.

In light of the above revision to the earnings forecasts, we have revised our forecast for the year-end dividend to 45.00 yen per share (a dividend increase of 10.00 yen from the previous forecast of 35.00 yen). As a result, the forecast for the annual dividend for the fiscal year ending December 31, 2021, including the interim dividend (30.00 yen per share), is now 75.00 yen per share.

Financial forecasts and other forward-looking statements included in this document are based on the information currently available to KH Neochem and certain assumptions deems reasonable, and KH Neochem makes no commitments regarding their achievability. Actual business results may differ materially from the forecast due to variety of factors.

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