

\* This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with the International Financial Reporting Standards (IFRS), for the convenience of readers who prefer an English translation.

## Summary of Consolidated Financial Results For the Fiscal Year Ended March 31, 2023 [IFRS]

May 12, 2023

Company name: NIPPON SHOKUBAI CO., LTD. Listing: TSE (Prime Market)  
Code number: 4114 URL: <https://www.shokubai.co.jp/>  
Representative: Kazuhiro Noda, President and Representative Member of the Board  
Contact for inquiries: Tomotaka Nishikawa, General Manager of Corporate Communications Dept. Phone: +81-3-3506-7605  
Scheduled date of the general shareholders' meeting: June 21, 2023  
Scheduled date of dividend payment: June 22, 2023  
Scheduled date of filing annual securities report: June 21, 2023  
Supplementary materials prepared: Yes  
Financial results information meeting held: Yes (for securities analysts and institutional investors)

(Figures are rounded off to the nearest million yen)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (hereinafter FY 2022) (from April 1, 2022 to March 31, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-over-year changes)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2022	419,568	13.6	23,528	(19.0)	26,175	(22.3)	20,160	(17.6)	19,392	(18.2)	30,009	(8.5)
FY 2021	369,293	35.2	29,062	–	33,675	–	24,470	–	23,720	–	32,782	777.1

	Basic earnings per share	Diluted earnings per share	Ratio of profit to equity attributable to owners of parent	Ratio of profit before tax to total assets	Operating profit to revenue
	Yen	Yen	%	%	%
FY 2022	488.29	488.22	5.5	5.0	5.6
FY 2021	594.86	–	7.2	6.8	7.9

Reference: Share of profit of investments accounted for using equity method (millions of yen): FY 2022: 1,925  
FY 2021: 3,362

#### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Rate of equity attributable to owners of parent	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2023	523,319	369,998	362,231	69.2	9,213.91
As of Mar. 31, 2022	518,151	351,123	343,882	66.4	8,624.02

#### (3) Consolidated statement of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2022	41,447	(25,976)	(17,321)	39,035
FY 2021	35,058	(23,158)	(10,751)	39,363

## 2. Dividends

	Dividends per share					Total dividends (Annual)	Payout ratio (Consolidated)	Dividends on equity attributable to owners of parent (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY 2021	–	80.00	–	100.00	180.00	7,177	30.3	2.2
FY 2022	–	90.00	–	90.00	180.00	7,136	36.9	2.0
FY 2023 (forecast)	–	90.00	–	90.00	180.00		48.8	

Breakdown of dividends for FY 2021:

Ordinary dividends: 75.00 yen (end of 2Q) and 95.00 yen (year-end), for a total of 170.00 yen

Commemorative dividends for the 80th anniversary: 5.00 yen (end of 2Q) and 5.00 yen (year-end), for a total of 10.00 yen

## 3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate rate of changes year-over-year)

	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
First half (cumulative)	205,000	(6.7)	8,000	(53.9)	8,500	(58.0)	5,500	(60.9)	139.90
Full year	420,000	0.1	18,000	(23.5)	20,000	(23.6)	14,500	(25.2)	368.83

### ※Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries that affect the scope of consolidation): None

(2) Changes in accounting policies; changes in accounting estimates

1) Changes in accounting policies required by IFRS: None

2) Other changes in accounting policies: None

3) Changes in accounting estimates: None

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding at the end of the period (including treasury stock)

Mar. 31, 2023: 40,800,000 shares

Mar. 31, 2022: 40,800,000 shares

2) Number of treasury stock at the end of the period

Mar. 31, 2023: 1,486,460 shares

Mar. 31, 2022: 925,134 shares

3) Average number of shares outstanding during the period

FY 2022: 39,713,042 shares

FY 2021: 39,875,167 shares

Note: The numbers of treasury stock at the end of the periods include shares of the Company held by the trust account set up after the introduction of a Performance-linked Stock Compensation Plan for the Company's Members of the Board and Executive Officers (48,600 shares as of March 31, 2023 and 0 shares as of March 31, 2022). Shares of the Company held by the trust account are included in the treasury stock to be deducted in the calculation of the average number of shares outstanding during the period.

**(Reference) Overview of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023**

**(from April 1, 2022 to March 31, 2023)**

(1) Non-consolidated operating results

(Percentages indicate year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2022	257,041	14.6	14,860	(18.1)	23,075	(5.6)	17,183	(2.4)
FY 2021	224,366	23.9	18,148	271.6	24,444	116.7	17,609	-

	Basic earnings per share	Diluted net income per share
	Yen	Yen
FY 2022	432.67	-
FY 2021	441.60	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2023	361,632	266,555	73.7	6,780.24
As of Mar. 31, 2022	356,044	260,212	73.1	6,525.71

Reference: Shareholders' equity (millions of yen): As of Mar. 31, 2023: 266,555

As of Mar. 31, 2022: 260,212

**2. Non-consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2024**

**(from April 1, 2023 to March 31, 2024)**

(Percentages indicate rate of changes year-over-year)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half (cumulative)	122,000	(10.4)	4,000	(61.3)	7,400	(58.5)	5,800	(59.1)	147.53
Full year	250,000	(2.7)	8,500	(42.8)	13,200	(42.8)	10,000	(41.8)	254.37

※ This financial results report is exempt from the audit procedures by certified public accountants or an audit corporation.

※ Appropriate use of business forecasts and other special items

1. In this document, statements other than historical facts are forward-looking statements that reflect the Company's plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ from those anticipated in these statements.

2. Supplementary materials will be disclosed through TDnet on Tuesday, May 16, 2023, and will also be posted on the Company's website

## 5. Consolidated Financial Statements and Related Notes

### (1) Consolidated Statements of Financial Position

(Unit: Millions of yen)

	FY 2021 As of Mar. 31, 2022	FY 2022 As of Mar. 31, 2023
Assets		
Current assets		
Cash and cash equivalents	39,363	39,035
Trade receivables	103,577	98,571
Inventories	75,311	86,056
Other financial assets	12,427	14,151
Other current assets	6,979	6,239
Total current assets	237,656	244,053
Non-current assets		
Property, plant and equipment	191,143	189,520
Intangible assets	7,895	8,358
Investments accounted for using equity method	22,868	27,088
Other financial assets	40,981	40,195
Retirement benefit asset	12,820	9,129
Deferred tax assets	3,320	3,404
Other non-current assets	1,468	1,573
Total non-current assets	280,495	279,266
Total assets	518,151	523,319

(Unit: Millions of yen)

	FY 2021 As of Mar. 31, 2022	FY 2022 As of Mar. 31, 2023
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade payables	57,616	53,138
Borrowings	23,559	23,044
Other financial liabilities	10,570	9,539
Income taxes payable	5,812	3,970
Provisions	5,931	6,672
Other current liabilities	5,527	5,278
<b>Total current liabilities</b>	<b>109,014</b>	<b>101,641</b>
<b>Non-current liabilities</b>		
Borrowings	28,634	27,867
Other financial liabilities	6,784	5,961
Retirement benefit liability	14,044	8,941
Provisions	2,347	2,582
Deferred tax liabilities	6,205	6,330
<b>Total non-current liabilities</b>	<b>58,014</b>	<b>51,681</b>
<b>Total liabilities</b>	<b>167,028</b>	<b>153,321</b>
<b>Equity</b>		
Share capital	25,038	25,038
Capital surplus	22,472	22,520
Treasury shares	(6,291)	(9,298)
Retained earnings	288,124	301,940
Other components of equity	14,538	22,030
<b>Total equity attributable to owners of parent</b>	<b>343,882</b>	<b>362,231</b>
Non-controlling interests	7,241	7,767
<b>Total equity</b>	<b>351,123</b>	<b>369,998</b>
<b>Total liabilities and equity</b>	<b>518,151</b>	<b>523,319</b>

**(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Profit or Loss**

(Unit: Millions of yen)

	FY 2021 Apr. 1, 2021 to Mar. 31, 2022	FY 2022 Apr. 1, 2022 to Mar. 31, 2023
Revenue	369,293	419,568
Cost of sales	291,586	339,176
Gross profit	77,707	80,392
Selling, general and administrative expenses	48,992	56,844
Other operating income	3,013	3,057
Other operating expenses	2,667	3,076
Operating profit	29,062	23,528
Finance income	1,932	1,856
Finance costs	682	1,134
Share of profit of investments accounted for using equity method	3,362	1,925
Profit before tax	33,675	26,175
Income tax expense	9,204	6,015
Profit	24,470	20,160
Profit attributable to		
Owners of parent	23,720	19,392
Non-controlling interests	750	769
Profit	24,470	20,160
Earnings per share		
Basic earnings per share (Yen)	594.86	488.29
Diluted earnings per share (Yen)	-	488.22

## Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	FY 2021 Apr. 1, 2021 to Mar. 31, 2022	FY 2022 Apr. 1, 2022 to Mar. 31, 2023
Profit	24,470	20,160
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(2,160)	(199)
Remeasurements of defined benefit plans	1,054	1,604
Share of other comprehensive income of investments accounted for using equity method	(38)	154
Total of items that will not be reclassified to profit or loss	(1,144)	1,559
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	9,041	6,888
Share of other comprehensive income of investments accounted for using equity method	416	1,402
Total of items that may be reclassified to profit or loss	9,457	8,290
Other comprehensive income, net of tax	8,312	9,848
Comprehensive income	32,782	30,009
Comprehensive income attributable to		
Owners of parent	31,497	28,889
Non-controlling interests	1,285	1,120
Comprehensive income	32,782	30,009

### (3) Consolidated Statements of Changes in Equity

Fiscal year ended Mar. 31, 2022 (Apr. 1, 2021 to Mar. 31, 2022)

(Unit: Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at beginning of period	25,038	22,472	(6,286)	267,729	7,691	–
Profit	–	–	–	23,720	–	–
Other comprehensive income	–	–	–	–	(2,157)	999
Comprehensive income	–	–	–	23,720	(2,157)	999
Purchase of treasury shares	–	–	(5)	–	–	–
Share-based payment transactions	–	–	–	–	–	–
Dividends	–	–	–	(4,984)	–	–
Increase (decrease) in non-controlling interests	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	1,659	(660)	(999)
Total transactions with owners	–	–	(5)	(3,325)	(660)	(999)
Balance at end of period	25,038	22,472	(6,291)	288,124	4,874	–

	Other components of equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total			
Balance at beginning of period	730	8,420	317,373	6,352	323,725
Profit	–	–	23,720	750	24,470
Other comprehensive income	8,935	7,777	7,777	535	8,312
Comprehensive income	8,935	7,777	31,497	1,285	32,782
Purchase of treasury shares	–	–	(5)	–	(5)
Share-based payment transactions	–	–	–	–	–
Dividends	–	–	(4,984)	(396)	(5,380)
Increase (decrease) in non-controlling interests	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	(1,659)	–	–	–
Total transactions with owners	–	(1,659)	(4,989)	(396)	(5,385)
Balance at end of period	9,664	14,538	343,882	7,241	351,123



Fiscal year ended Mar. 31, 2023 (Apr. 1, 2022 to Mar. 31, 2023)

(Unit: Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at beginning of period	25,038	22,472	(6,291)	288,124	4,874	–
Profit	–	–	–	19,392	–	–
Other comprehensive income	–	–	–	–	(201)	1,664
Comprehensive income	–	–	–	19,392	(201)	1,664
Purchase of treasury shares	–	–	(3,007)	–	–	–
Share-based payment transactions	–	41	–	–	–	–
Dividends	–	–	–	(7,581)	–	–
Increase (decrease) in non-controlling interests	–	8	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	2,005	(342)	(1,664)
Total transactions with owners	–	49	(3,007)	(5,575)	(342)	(1,664)
Balance at end of period	25,038	22,520	(9,298)	301,940	4,331	–

	Other components of equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total			
Balance at beginning of period	9,664	14,538	343,882	7,241	351,123
Profit	–	–	19,392	769	20,160
Other comprehensive income	8,035	9,497	9,497	351	9,848
Comprehensive income	8,035	9,497	28,889	1,120	30,009
Purchase of treasury shares	–	–	(3,007)	–	(3,007)
Share-based payment transactions	–	–	41	–	41
Dividends	–	–	(7,581)	(571)	(8,152)
Increase (decrease) in non-controlling interests	–	–	8	(24)	(16)
Transfer from other components of equity to retained earnings	–	(2,005)	–	–	–
Total transactions with owners	–	(2,005)	(10,539)	(595)	(11,134)
Balance at end of period	17,699	22,030	362,231	7,767	369,998

**(4) Consolidated Statements of Cash Flows**

(Unit: Millions of yen)

	FY 2021 Apr. 1, 2021 to Mar. 31, 2022	FY 2022 Apr. 1, 2022 to Mar. 31, 2023
Cash flows from operating activities		
Profit before tax	33,675	26,175
Depreciation and amortization	28,875	29,312
Loss (gain) on sale of property, plant and equipment	(502)	(22)
Impairment losses	575	1,554
Decrease (increase) in retirement benefit asset	(46)	4,845
Increase (decrease) in retirement benefit liability	(11)	(4,137)
Interest and dividend income	(1,483)	(1,837)
Interest expenses	338	558
Share of loss (profit) of investments accounted for using equity method	(3,362)	(1,925)
Decrease (increase) in trade receivables	(19,005)	7,371
Decrease (increase) in inventories	(15,750)	(8,926)
Increase (decrease) in trade payables	10,231	(5,923)
Other	1,314	(637)
Subtotal	34,848	46,407
Interest and dividends received	2,775	5,401
Interest paid	(340)	(454)
Income taxes paid	(2,225)	(9,907)
Net cash provided by (used in) operating activities	35,058	41,447
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,189)	(21,652)
Proceeds from sale of property, plant and equipment	730	331
Purchase of intangible assets	(2,067)	(1,433)
Purchase of investments	(895)	(383)
Proceeds from sale and redemption of investments	1,727	821
Acquisition of shares of subsidiaries and affiliates	(500)	-
Payments for investments in capital of subsidiaries and associates	-	(3,963)
Other	(1,963)	302
Net cash provided by (used in) investing activities	(23,158)	(25,976)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,227	544
Proceeds from long-term borrowings	10,035	9,000
Repayments of long-term borrowings	(9,722)	(13,621)
Redemption of bonds	(10,000)	-
Repayments of lease liabilities	(1,906)	(2,110)
Purchase of treasury shares	(5)	(3,007)
Dividends paid	(4,984)	(7,581)
Dividends paid to non-controlling interests	(396)	(571)
Other	-	25
Net cash provided by (used in) financing activities	(10,751)	(17,321)
Effect of exchange rate changes on cash and cash equivalents	1,872	1,522
Net increase (decrease) in cash and cash equivalents	3,022	(327)
Cash and cash equivalents at beginning of period	36,341	39,363
Cash and cash equivalents at end of period	39,363	39,035