

\* 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.

## 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. Please refer to "1. Overview of Operating Results, etc. (4) Future Outlook" on page 6 of the attached materials for the assumptions used in business forecasts.

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

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

In the current fiscal year, the global economy continued to recover from the impact of the novel coronavirus infection (COVID-19). Meanwhile, there was uncertainty about the future caused by increasing geopolitical risks and other factors, and there were concerns about economic downside due to rising prices and the accompanying tightening of monetary policy.

In the United States, personal consumption recovered, while rapid rises in interest rates reduced housing investment. In Europe, personal consumption was sluggish due to continued high inflation amid the escalating situation in Ukraine. In China, export growth declined due to the slowdown of the United States and European economies. In emerging Asian countries, the economy continued to recover due to the normalization of economic activities.

In Japan, although personal consumption and capital investment continued to grow, the improvement trend in corporate earnings stalled due to soaring prices and the downturn in the global economy.

In the chemical industry, the expansion of production activities stalled due to the impact of the downturn in overseas economies and other factors.

#### 1) Overview

(Unit: Millions of yen)

	FY 2021	FY 2022	Change	
			(Amount)	(% growth)
Revenue	369,293	419,568	50,275	13.6%
Operating profit	29,062	23,528	(5,533)	(19.0)%
Profit before tax	33,675	26,175	(7,499)	(22.3)%
Profit attributable to owners of parent	23,720	19,392	(4,328)	(18.2)%
Basic earnings per share	594.86 yen	488.29 yen	(106.57) yen	(17.9)%
ROA (Ratio of profit before tax to total assets)	6.8%	5.0%	–	(1.8) points
ROE (Ratio of profit to equity attributable to owners of parent)	7.2%	5.5%	–	(1.7) points
Foreign exchange rates (USD and EUR)	USD=¥112.42 EUR=¥130.55	USD=¥135.45 EUR=¥140.99		23.03 yen 10.44 yen
Domestic naphtha price	56,600 yen/kl	76,600 yen/kl		20,000 yen/kl

Under these conditions, the Group's revenue in the current fiscal year increased 13.6% year-on-year to 419,568 million yen, up 50,275 million yen, due to higher selling prices in line with higher raw material prices and a weaker yen, despite a decrease in sales volume.

With regard to profits, operating profit decreased 19.0% year-on-year to 23,528 million yen, down 5,533 million yen, due to factors such as a decrease in sales volume and an increase in selling, general and administrative expenses due to soaring marine transportation costs, etc., despite a widening of the spread due to higher overseas market prices for some products, mainly in Materials business, and improved terms of trade resulting from the weaker yen and other factors through to the nine months ended December 31, 2022.

Profit before tax was 26,175 million yen, a year-on-year decrease of 7,499 million yen, or 22.3%, due to decreases in operating profit and share of profit of investments accounted for using equity method.

As a result, profit attributable to owners of parent of 19,392 million yen was posted, down 4,328 million yen, or 18.2%, year-on-year.

In comparison to the financial forecasts as of March 22, 2023, operating profit, profit before tax, and profit attributable to owners of parent were revised upward by 2,528 million yen, 2,675 million yen, and 2,392 million yen, respectively, mainly due to lower than expected selling, general and administrative expenses such as research and retirement benefit costs, as well as utility costs.

## 2) Outline of Sales by Business Segment

(Unit: Millions of yen)

Business segment	FY 2021		FY 2022		Change	
	Materials	Solutions	Materials	Solutions	Materials	Solutions
Revenue	262,904	106,389	305,689	113,879	42,785	7,491
Operating profit	20,947	7,841	20,949	1,503	2	(6,338)

Effective from the first quarter of the current fiscal year, the Company has changed its business segments and reportable segments, and comparisons and analysis for the current fiscal year are based on the new classifications.

### [Materials business]

Sales of acrylic acids and acrylates increased due to higher selling prices resulting from higher raw material prices, despite a decline in sales volume.

Sales of superabsorbent polymers increased due to higher selling prices in line with higher raw material prices and rising product overseas market conditions, despite a decline in sales volume.

Sales of ethylene oxide increased due to higher selling prices resulting from higher raw material prices and an increase in sales volume.

Sales of ethylene glycol decreased due mainly to a decline in sales volume, despite higher selling prices in line with higher raw material prices.

Sales of special acrylates decreased due to a decline in sales volume, despite higher selling prices in line with higher raw material prices and weakening of the yen.

Sales of maleic anhydride increased due to higher selling prices, mainly reflecting higher raw material prices.

Sales of process catalysts increased due to higher sales volume.

As a result, revenue in the Materials business increased 16.3% year-on-year to 305,689 million yen.

Operating profit was 20,949 million yen, the same level as the previous year, due to the widening of spreads through to the nine months ended December 31, 2022, reflecting higher overseas market prices for some products and improved terms of trade due to weakening of the yen and other factors, despite factors to reduce profits, including a decrease in sales volume and higher selling, general and administrative expenses due to higher marine transportation costs and other factors.

### [Solutions business]

Sales of polymers for concrete admixtures and resins for paints increased due to higher selling prices and higher sales volume.

Sales of secondary alcohol ethoxylates, water-soluble polymers such as raw materials for detergents, and ethyleneimine derivatives increased due to higher selling prices despite a decline in sales volume.

Sales of iodine compounds increased due to higher selling prices.

Sales of De-NO<sub>x</sub> catalysts increased due to higher sales volumes.

Sales of electronic and information materials decreased due to lower sales volumes.

Sales of materials for batteries decreased due to lower sales volumes.

As a result, revenue in the Solutions business increased 7.0% year on year to 113,879 million yen.

Operating profit decreased 80.8% year-on-year to 1,503 million yen due to factors such as lower production and sales volumes, and higher selling, general and administrative expenses, despite the impact of inventory valuation differences resulting from higher raw material prices, etc.

## **(2) Overview of Financial Position for the Fiscal Year under Review**

Total assets at the end of the current fiscal year increased by 5,168 million yen from the end of the previous fiscal year to 523,319 million yen. Current assets increased by 6,397 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in inventories in line with higher raw material costs, despite a decrease in trade receivables as sales volume decreased. Non-current assets decreased by 1,229 million yen from the end of the previous fiscal year. This was mainly due to decreases in retirement benefit asset and property, plant and equipment resulting from progress in depreciation, despite an increase in investments accounted for using equity method associated with investment to expand the business of lithium salt as the electrolyte for lithium-ion battery.

Total liabilities decreased by 13,707 million yen compared to the end of the previous fiscal year to 153,321 million yen. This was mainly due to decreases in retirement benefit liability according to the revision of the retirement benefit plan and trade payables.

Total equity increased by 18,875 million yen compared to the end of the previous fiscal year to 369,998 million yen. This was mainly due to an increase in retained earnings.

The ratio of profit to equity attributable to owners of parent increased by 2.8 percentage points, from 66.4% at the end of the previous fiscal year to 69.2%. Equity attributable to owners of parent per share increased by 589.89 yen compared to the end of the previous fiscal year to 9,213.91 yen.

### (3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the current fiscal year amounted to 39,035 million yen, a decrease of 327 million yen from the end of the previous fiscal year, as cash flows used in investing activities including capital investment and cash flows used in financing activities exceeded cash flows provided by operating activities.

#### Cash flow from operating activities

Net cash provided by operating activities in the current fiscal year amounted to 41,447 million yen, an increase of 6,389 million yen from a cash inflow of 35,058 million yen in the previous fiscal year. This was mainly due to a decrease in trade receivables as sales volume decreased and inventories increased less than in the previous fiscal year, despite a decrease in trade payables, an increase in income taxes paid and a decrease in profit before tax.

#### Cash flow from investing activities

Net cash used in investing activities in the current fiscal year totaled 25,976 million yen, an increase of 2,818 million yen from a cash outflow of 23,158 million yen in the previous fiscal year, mainly due to payment for investments in capital of subsidiaries and associates to expand the business of lithium salt as the electrolyte for lithium-ion battery and an increase in outflow for purchase of property, plant and equipment.

#### Cash flow from financing activities

Net cash used in financing activities in the current fiscal year amounted to 17,321 million yen, an increase of 6,570 million yen from a cash outflow of 10,751 million yen in the previous fiscal year, mainly due to a decrease in net decrease in short-term borrowings and an increase in repayments of long-term borrowings, as well as purchase of treasury shares and an increase in dividends paid, despite absence of expenditures for redemption of bonds.

(Reference) Condition of cash flow indicators

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Ratio of profit to equity attributable to owners of parent	67.1%	67.2%	67.3%	66.4%	69.2%
Ratio of profit to equity attributable to owners of parent at market base	59.8%	41.5%	53.6%	41.0%	39.7%
Cash flow to interest-bearing debt ratio	1.6 years	1.7 years	1.7 years	1.7 years	1.4 years
Interest coverage ratio	61.5	86.8	83.2	103.0	91.3

Ratio of profit to equity attributable to owners of parent: Equity attributable to owners of parent/ total assets

Ratio of profit to equity attributable to owners of parent at market base: market capitalization/ total assets

Cash flow to interest-bearing debt ratio: interest-bearing debt/ operating cash flow

Interest coverage ratio: operating cash flow/ interest payments

- Notes:
- All indicators are calculated based on consolidated figures.
  - Market capitalization = closing share price at period end × number of outstanding shares at period end (after deducting treasury stock). Treasury stock to be deducted include shares of the Company held by the trust account for the Performance-linked Stock Compensation Plan for the Company's Members of the Board and Executive Officers.
  - We use "net cash provided by operating activities" from the consolidated statements of cash flows for "operating cash flow."
  - We have included all interest-bearing debts in the consolidated statements of financial position for "interest-bearing debt."
  - We use "interest paid" from the consolidated statements of cash flows for "interest payments."



#### (4) Future Outlook

In the world economy, the outlook remains uncertain due to the spread of geopolitical risks and other factors, and there are concerns about downward pressure on the economy due to rising prices and the accompanying tightening of monetary policy. In the Japanese economy, although a recovery is expected mainly in individual consumption and inbound demand, the business environment surrounding the Group is expected to remain challenging as the expansion of production activities comes to a standstill due to the slowdown in the growth of the global economy.

Under such conditions, projected earnings in the next fiscal year are based on exchange rates of 130 yen to the U.S. dollar and 140 yen to the euro, and domestic naphtha prices of 70,000 yen/kl.

In terms of annual performance, we forecast revenue of 420.0 billion yen (205.0 billion yen for the first half), a year-on-year increase of 432 million yen (0.1%), mainly due to an increase in sales volume, despite a decline in selling prices in line with lower raw material prices.

In terms of profit, although we expect there will be an increase in sales volume mainly of Materials, an increase in sales volume of electronic information materials due to the gradual recovery of the display market, and a decline in ocean transport costs, we also expect that there will be a decrease in the narrowing of spreads caused by softening overseas product markets, an increase in depreciation expenses resulting from the expansion of facilities at overseas subsidiaries, and inventory valuation differences caused by the decline in raw material prices. We therefore forecast operating profit of 18.0 billion yen (8.0 billion yen for the first half), a decrease of 5,528 million yen from the current fiscal year. We forecast profit before tax of 20.0 billion yen (8.5 billion yen for the first half), a year-on-year decrease of 6,175 million yen, and profit attributable to owners of parent of 14.5 billion yen (5.5 billion yen for the first half), a year-on-year decrease of 4,892 million yen.

Forecasts by reportable segment

(Unit: Billions of yen)

	Materials business		Solutions business		Adjustment	Total	
	Revenue	Operating profit	Revenue	Operating profit	Operating profit	Revenue	Operating profit
First-half forecasts	148.0	6.0	57.0	1.6	0.4	205.0	8.0
Second-half forecasts	152.0	8.2	63.0	1.6	0.2	215.0	10.0
Full-year forecasts	300.0	14.2	120.0	3.2	0.6	420.0	18.0

Note: "Adjustment" includes inter-segment transaction eliminations and corporate profit (loss) not allocated to reportable segments.

## **(5) Basic Policy on the Distribution of Profits, and Dividends for the Current and Next Fiscal Year**

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

During the period of the new mid-term business plan “TechnoAmenity for the future-I” formulated in March 2022, the Company aims to achieve a total shareholder return ratio of 50% (dividend payout ratio of 40% and share buyback of 10%), while securing sufficient financial resources for investment in growth and maintaining competitiveness, and pursuing capital efficiency at the same time.

The Company pays dividends twice a year, once at the end of the interim period and once at the end of the fiscal year.

Based on the above basic policy, the Company plans to pay a year-end dividend of 90 yen per share for FY 2022, taking into consideration the business environment, results and future prospects for business growth. As a result, annual dividends will total 180 yen per share, and the consolidated payout ratio will be 36.9%. In addition, the Company purchased 3.0 billion yen (560,000 shares) of treasury shares during the period, bringing the total shareholder return ratio including this share buyback to 52.2%.

The consolidated financial forecasts for FY 2023 are projected to decline, but based on the above policy, the Company projects annual dividends of 180 yen, unchanged from FY 2022.

## 2. Corporate Group

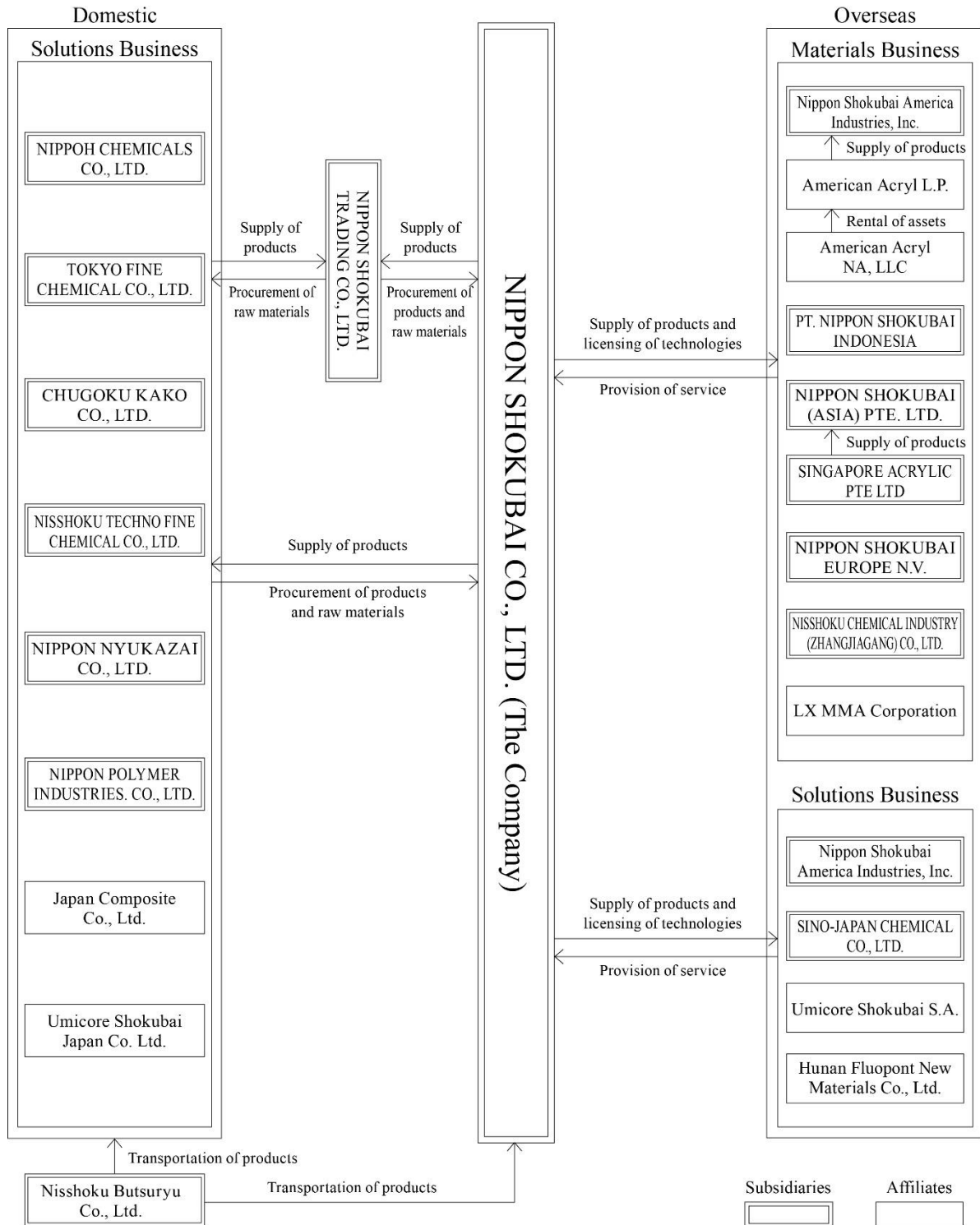
(1) The Nippon Shokubai corporate group (the Company and its subsidiaries and affiliates) consists of the Company, 26 subsidiaries and 19 affiliates, and its mainstay business is the manufacture and sale of chemicals.

The table below shows the positioning and relationship of mainstay companies among the group's business segments.

Business segments	Main products	Positioning of mainstay companies within the business
Materials Business	Acrylic acid Acrylates Ethylene oxide Ethylene glycol Ethanolamine Special acrylates Superabsorbent polymers Maleic anhydride Process catalysts	NIPPON SHOKUBAI CO., LTD. ("the Company") manufactures and sells acrylic acids, acrylates, superabsorbent polymers, and other chemicals. NIPPON SHOKUBAI TRADING CO., LTD. procures manufactured products from the Company and sells them. It also procures products and raw materials to supply to the Company. Nippon Shokubai America Industries, Inc. manufactures and sells superabsorbent polymers in the US. It procures acrylic acid, the raw material of superabsorbent polymers, from American Acryl L.P. PT. NIPPON SHOKUBAI INDONESIA manufactures and sells acrylic acids, acrylates, and superabsorbent polymers in Indonesia. SINGAPORE ACRYLIC PTE LTD and NIPPON SHOKUBAI (ASIA) PTE.LTD. manufacture and sell acrylic acids in Singapore. NIPPON SHOKUBAI EUROPE N.V. manufactures and sells superabsorbent polymers in Belgium. NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) CO., LTD. manufactures and sells superabsorbent polymers in China. LX MMA Corporation manufactures and sells MMA monomers and polymers in South Korea.
Solutions Business	Polymers for concrete admixtures Glycol ether Secondary alcohol ethoxylates Water-soluble polymers such as raw materials for detergents Intermediates for pharmaceuticals Electronic and information materials Iodine compounds Resins for adhesives/paints Ethyleneimine derivatives Processed adhesive products Automotive catalysts De-NOx catalysts Dioxins decomposition catalysts Equipment for waste gas treatment Wet air oxidation catalysts Materials for batteries	The Company manufactures and sells polymers for concrete admixtures, secondary alcohol ethoxylates, and other chemicals. NIPPOH CHEMICALS CO., LTD. manufactures and sells iodine compounds, natural gas, and raw materials for pharmaceuticals, agricultural chemicals, and fragrances. TOKYO FINE CHEMICAL CO., LTD. manufactures and sells stabilizers, preservatives, and anti-freeze solutions. It procures ethylene glycol, the raw material of anti-freeze solutions, from the Company. CHUGOKU KAKO CO., LTD. procures adhesive resins and other raw materials from the Company, and manufactures and sells proceeded adhesives and other products. NISSHOKU TECHNO FINE CHEMICAL CO., LTD manufactures and sells raw materials for dye agents among other products, and the Company sells some of these products. It also procures acrylic acids among other raw materials from the Company. NIPPON NYUKAZAI CO., LTD. manufactures and sells surfactants and chemical products such as glycol ether. It procures ethylene oxide and other raw materials for surfactants from the Company. NIPPON POLYMER INDUSTRIES. CO., LTD. procures acrylates among other raw materials from the Company, and manufactures resins for adhesives and paint; the Company sells some of these products. Nippon Shokubai America Industries, Inc. manufactures and sells polymers for concrete admixtures and others in the US. SINO-JAPAN CHEMICAL CO., LTD. manufactures and sells surfactants and other industrial chemicals in Taiwan. Umicore Shokubai Japan Co. Ltd procures automotive catalysts from the Company and sells them. Hunan Fluopont New Materials Co., Ltd. manufactures and sells materials for batteries in China.

Note: Nisshoku Butsuruyu Co., Ltd. mainly transports the Company's manufactured and commercial products and is therefore involved in all business segments.

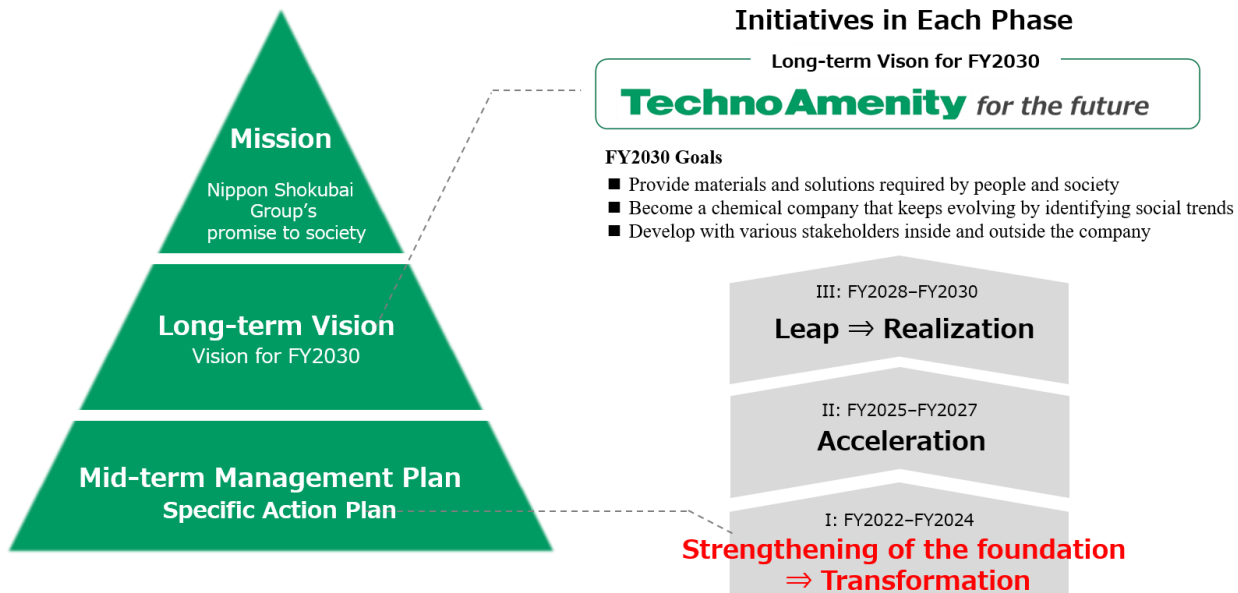
(2) The following is a diagram of the main companies of the corporate group.



Notes: 1. NIPPON SHOKUBAI TRADING CO., LTD., Nisshoku Butsuryu Co., Ltd., and Nippon Shokubai America Industries, Inc. belong to several business segments.  
2. Umicore Shokubai S.A. controls automotive catalyst business and is a holding company of five companies including Umicore Shokubai Japan Co. Ltd.  
3. Arrows indicate the flow of products and services.(Several companies enclosed in a box may show the relationship between a company linked to it by arrows and some of the companies in the box.)

### 3. Management Policy

The business environment surrounding the Group has changed significantly, and while chemical products are becoming more global and commoditized, the functions required for them are also diversifying. In order to respond flexibly to such drastic changes and achieve further growth, in addition to the establishment of the long-term vision “TechnoAmenity for the future” in April 2021, the mid-term business plan “TechnoAmenity for the future-I” was formulated in March 2022 as its first three-year plan (FY2022-FY2024).



#### 【Overview by business segment】

In the Materials business, while profitability is declining due to intensifying competition in the acrylic business and the superabsorbent polymer (SAP) business, the ongoing “SAP survival project” aimed at strengthening profitability is generally progressing as planned. Horizontal expansion to ethylene oxide (EO) and its derivatives (the EO resilience project), which started in FY2021, is also underway, and we are striving to improve profitability in order to achieve the FY2024 targets.

In addition, we believe that there are many opportunities for the Group to contribute to carbon neutrality, which is increasingly demanded by society, and we are promoting it as “Strategic transformation for environmental initiatives.”

In the Solutions business, we believe there is room for application development by leveraging our technologies and existing products, and we have promoted sales expansion of strategic product groups, etc., in the 10 markets that are the focus of our growth areas. In FY2022, we have started to consider collaboration with other companies in the field of batteries.

With regard to the reinforcement of marketing functions, which we have been promoting since FY2021 to expand the Solutions business, we have been allocating resources in line with our strategy.

Under the Long-term vision, “The Goals in 2030” are defined as “Provide materials and solutions required by people and society,” “Become a chemical company that keeps evolving by identifying social trends,” and “Develop with various stakeholders inside and outside the company.”

#### 【Mid-term Business Plan “TechnoAmenity for the future-I”】

Under the mid-term business plan, three transformations, “Business transformation,” “Transforming ourselves for environmental initiatives,” and “Organizational transformation” will be steadily implemented toward the realization of the “The Goals in 2030” as defined in the long-term vision, and DX (digital transformation) will be promoted to further accelerate them, with the aim of achieving the management targets.

[Three transformations]



[Management targets]

Targets for the three transformations and the capital policy are as follows.

		FY2022 Results	FY2024 Targets	Goals in FY2030
Financial targets	Operating profit	23.5 billion yen	33.0 billion yen	Approx. of 60.0 billion yen
	Solutions Business operating profit	15.0 billion yen	17.0 billion yen	Approx. of 40.0 billion yen
	ROE	5.5%	7.5%	9% or higher
	ROA	5.0%	6.9%	9% or higher
	Total shareholder return ratio	52.2%	50%	-
	Revenue from new products (Non-consolidated, excluding SAP products, and launched within five years)	17.1 billion yen	28.0 billion yen	-
Investments	Growth investments and investments to remain competitive	23.2 billion yen	120.0 billion yen (Cumulative total from FY2022 to FY2024)	400.0 billion yen (Cumulative total from FY2022 to FY2030)
Carbon neutrality target	CO <sub>2</sub> emission reductions (Scope 1 and Scope 2 emissions in Japan relative to FY 2014)	12% reduction*1	-	30% reduction
	Revenue from environmental contribution products	44.0 billion yen	55.0 billion yen	135.0 billion yen
Diversity and inclusion target (Non-consolidated)	Ratio of female recruitment in clerical and chemical position	24.1%	30%	-
	Ratio of female managers	4.4%	6%	-
	Ratio of male employees taking childcare leave*2	36.4%	100%	-

<Prerequisites> FY2024: Naphtha price = 50,000 yen/kL; 1 USD = 110 yen; 1 Euro = 130 yen

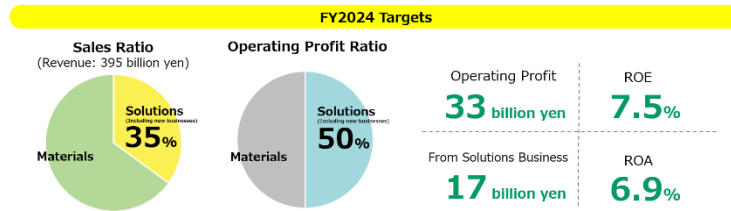
\*1: Preliminary figures (including 7.5% carbon credits). Finalized emissions figures will be disclosed on the Company website in July 2023.

\*2: The criteria for the number of days of leave taken for the calculation of the ratio of childcare leave have been revised from at least 1 day to at least 15 days, and FY2024 target from 30% to 100%, respectively.

[Specific initiatives in three transformations]

i) Business transformation

As part of the portfolio transformation, we aim to increase the ratio of operating profit of the Solutions business to 50%.



a. Initiatives to expand the Solutions business

We have worked on development of a platform related to planning, development, and marketing to strengthen our ability to propose solutions. Specifically, we will strengthen our ability to identify issues from the customer’s perspective by 1) allocating resources flexibly and actively, 2) setting focus markets where we can leverage our strengths, and 3) visualizing and sharing customer information. Furthermore, in order to establish a timely production system, we will build a system that allows the Production & Technology to be involved in R&D themes as early as possible and promote rapid commercialization of products with reduced initial investment by utilizing the Group’s internal facilities.

b. Initiatives to achieve the Materials business resilience

In the acrylic business, to strengthen profitability, we continue the “SAP (superabsorbent polymer) survival project” that has been undertaken, as well as reduce manufacturing costs by introducing highly efficient production technology. Sustainability efforts include initiatives of acrylic acids and SAP using biomass raw materials, the promotion of SAP recycling, and initiatives through the supply chain.

We have started commercial operation of an acrylic acid (AA) facility (100,000 tons/year) in Indonesia in April 2023.

In the ethylene oxide (EO) business, we apply the knowledge from the “SAP survival project” to EO and its derivatives to improve profitability at the manufacturing facility and group companies as a whole (the EO resilience project). In addition, as part of our sustainability efforts, we have moved forward with efforts to produce and sell ethylene derivatives using biomass raw materials.

In the EO business, we will apply the knowledge from the “SAP survival project” to EO and its derivatives to improve profitability at the manufacturing facility and group companies as a whole (the EO resilience project).

In addition, as part of our sustainability efforts, we will move forward with efforts to produce and sell ethylene derivatives using biomass raw materials.

ii) Strategic transformation for environmental initiatives

Toward carbon neutrality in 2050, we have set our own CO<sub>2</sub> emissions reduction (Scopes 1 & 2) target of 30% in 2030 (vs. 2014). In addition to conventional energy-saving activities, we aim to achieve this target through a complex of activities, including innovation in manufacturing processes and technologies, and conversion of raw materials and energy.

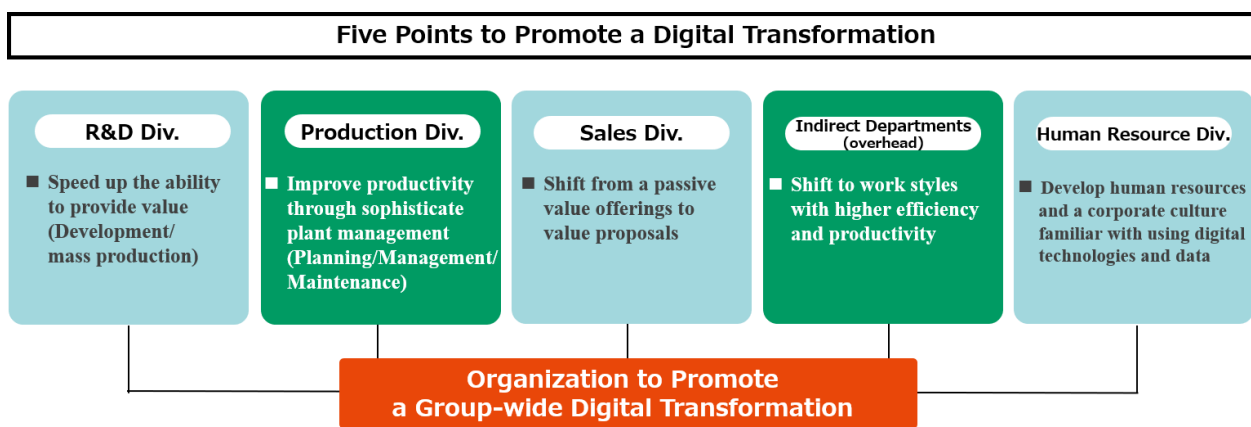
Furthermore, as a contribution to the reduction of emissions in society as a whole, we have strived to reduce CO<sub>2</sub> emissions through our business activities by setting revenue targets for environmental contribution products and expanding sales of these products. (Scope 3)

iii) Organizational transformation

Aiming to realize frameworks able to foster individuals and organizational growth, we have set three tasks and will implement multiple measures. Specifically, we are engaged in 1) Develop and empower human resources (introduction of a new personnel system, promoting the active participation of diverse talent, development of systems and infrastructure to support diverse work styles, etc.), 2) Organizational growth (improvement of productivity in indirect departments, delegation of authority to expedite organizational decision making, strengthening dialogue between management and employees, etc.), and 3) Strengthen corporate governance (enhance the effectiveness of the Board, strengthening mid- to long-term incentives for Members of the Board, etc.).

[Promotion of DX]

A DX promotion organization has been established to lead and support activities across the Group and accelerate DX promotion.



[Capital policy]

By striking an ideal balance between investment for growth, investment to maintain competitiveness, and shareholder returns, we aim to achieve ROE of 7.5% and ROA of 6.9% by the end of the new mid-term business plan period (FY 2024).





[Progress of the Mid-term Management Plan “TechnoAmenity for the future-I” and future initiatives]

[Progress in FY2022]

In “Business transformation,” we have introduced a sales support system in the Solutions divisions in March 2023 to start visualization and sharing of customer information to expand the Solutions business. In addition, for the purpose of establishing a timely production system, we have started operation of a system to share the progress of R&D and commercialization with related divisions as needed in December 2022, and set three development themes as cross-company projects to promote development. To achieve the Materials business resilience, we have established the DX Promotion Department at Himeji Plant and started to promote related cost reduction projects utilizing various DX methods, including the development and operation of a production planning optimization solution for SAP using AI (algorithm). In the development of acrylic acid and SAP using biomass raw materials, we have succeeded in obtaining small-scale samples of 100% biomass-derived acrylic acid and SAP made from it.

In the “Strategic transformation for environmental initiatives” area, we have adopted internal carbon pricing (ICP) to promote low carbonization and decarbonization in the Nippon Shokubai Group. In addition, we obtained an ISCC PLUS certification to allocate biomass raw materials using the mass balance method for 19 items, including acrylic acid, SAP, and EO.

In the area of “Organizational transformation,” we have started operating a new personnel system in April 2022, as well as conducting an engagement survey aimed at increasing employee engagement. In addition, we have introduced a Performance-linked Stock Compensation Plan for the Company’s Members of the Board, etc., to strengthen mid- to long-term incentives for officers.

As for DX promotion, we have created a DX Human Resource Definition Document and initiated a training program for all employees to develop human resources who are proficient in the use of digital technology. In addition, in May 2022, the Ministry of Economy, Trade and Industry certified the Company as a “DX-certified operator.”

[Initiatives in FY2023 and beyond]

In “Business transformation,” we will build a system that can respond to small-volume production in a timely manner in order to expand the Solutions business. To achieve the Materials business resilience, following Himeji Plant, which is already working on initiatives, a DX Promotion Department will be established also in Kawasaki Plant to promote cost reduction projects that utilize DX methods. Furthermore, in the development of acrylic acid and SAP using biomass raw materials, we aim to establish scale-up technology step by step for 100% biomass acrylic acid and SAP made from it.

In the “Strategic transformation for environmental initiatives” area, we will establish a system to manufacture and sell ISCC PLUS-certified products, and promote the proposals of a wider range of low environmental impact products.

In the area of “Organizational transformation,” we will promote the implementation of various measures to promote diversity and inclusion, utilize senior human resources, and strengthen corporate governance.

As for DX promotion, we will continue to implement DX human resources development programs to raise the level of DX knowledge of all employees and develop specialized human resources.

#### **4. Basic Policy of the Choice of Accounting Standards**

With a view to improving the international comparability of financial statements and to enhancing Group management by integrating accounting treatments, the Company has applied the International Financial Reporting Standards (IFRS) from the annual securities report for FY 2018.

## 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



## **(5) Notes Concerning Consolidated Financial Statements**

### **【Going Concern Assumption】**

Not applicable.

### **【Segment Information】**

#### **1. Outline of Reportable Segments**

The Group's reportable segments are divisions of the Group for which separate financial information is available, and whose operating results are reviewed regularly by the Board of Directors of the Company in order to allocate management resources and assess performance of operations.

The Group's main business lines are divided based on similarities of function and nature and the Group prepares the comprehensive strategy and conducts the business activities corresponding to the products handled by each business line. Accordingly, the Group is comprised of reportable segments classified by type of products based on each business line and does not aggregate its operating results. The two reportable segments of the Group are the Materials business and the Solutions business.

Effective from the first quarter of the current fiscal year, the Group has changed business segments and reportable segments from three previous segments; Basic chemicals, Functional chemicals, and Environment & catalysts, to two segments; the Materials business and the Solutions business.

This is based on a change in the management control system, which aims to transform the business portfolio by clarifying the goals and strategies of the Materials business and the Solutions business, and by utilizing the strengths of each, in conjunction with the formulation of a new mid-term business plan that has begun in the current fiscal year.

The segment information for the previous fiscal year is disclosed based on the reporting segment classification after the change.

In the Materials business, acrylic acid, acrylates, ethylene oxide, ethylene glycol, ethanolamine, special acrylates, superabsorbent polymers, maleic anhydride, process catalysts, etc. are manufactured and sold. In the Solutions business, polymers for concrete admixtures, glycol ether, secondary alcohol ethoxylates, water-soluble polymers such as raw materials for detergents, intermediates for pharmaceuticals, electronic and information materials, iodine compounds, resins for adhesives/paints, ethyleneimine derivatives, processed adhesive products, automotive catalysts, De-NOx catalysts, dioxin decomposition catalysts, equipment for waste gas treatment, wet air oxidation catalysts, materials for batteries, etc. are manufactured and sold.

#### **2. Method of Calculating Revenue, Income or Loss, Assets and Other Items by Reportable Segment**

The accounting method for business segments reported is substantially the same as the accounting method adopted for preparing the consolidated financial statements. Intergroup revenue and transfers are mainly based on market prices and cost of manufacturing. Segment income is consistent with operating profit.

### 3. Information Concerning Revenue, Income or Loss, Assets and Other Items by Reportable Segment

FY 2021 (Apr. 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Reportable segments			Adjustment (Note 1, 2)	Total
	Materials	Solutions	Total		
Revenue					
Revenue to third parties	262,904	106,389	369,293	–	369,293
Intergroup revenue and transfers	14,529	2,485	17,014	(17,014)	–
Total	277,433	108,874	386,307	(17,014)	369,293
Segment income	20,947	7,841	28,788	274	29,062
Finance income	–	–	–	–	1,932
Finance costs	–	–	–	–	682
Share of profit of investments accounted for using equity method	–	–	–	–	3,362
Profit before tax	–	–	–	–	33,675
Segment assets	333,603	138,495	472,097	46,054	518,151
Other items					
Depreciation and amortization	22,542	6,333	28,875	–	28,875
Impairment losses	–	–	–	575	575
Increase in property, plant and equipment and intangible assets	18,596	4,517	23,113	–	23,113

Notes: 1. The “Segment income” adjustment of 274 million yen includes inter-segment transaction eliminations and corporate profit (loss) not allocated to reportable segments.

2. The “Segment assets” adjustment of 46,054 million yen includes long-term surplus funds (investments in securities).

FY 2022 (Apr. 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reportable segments			Adjustment (Note 1, 2)	Total
	Materials	Solutions	Total		
Revenue					
Revenue to third parties	305,689	113,879	419,568	–	419,568
Intergroup revenue and transfers	18,412	3,527	21,939	(21,939)	–
Total	324,101	117,406	441,507	(21,939)	419,568
Segment income	20,949	1,503	22,452	1,076	23,528
Finance income	–	–	–	–	1,856
Finance costs	–	–	–	–	1,134
Share of profit of investments accounted for using equity method	–	–	–	–	1,925
Profit before tax	–	–	–	–	26,175
Segment assets	333,626	143,969	477,595	45,724	523,319
Other items					
Depreciation and amortization	23,237	6,076	29,312	–	29,312
Impairment losses	37	1,517	1,554	–	1,554
Increase in property, plant and equipment and intangible assets	19,039	4,594	23,634	–	23,634

Notes: 1. The “Segment income” adjustment of 1,076 million yen includes inter-segment transaction eliminations and corporate profit (loss) not allocated to reportable segments.

2. The “Segment assets” adjustment of 45,724 million yen includes long-term surplus funds (investments in securities).

**【Supplementary Information】**

**Overseas Revenue**

**FY 2021 (Apr. 1, 2021 to Mar. 31, 2022)**

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas revenue	102,627	56,931	34,852	15,790	210,200
II. Consolidated revenue					369,293
III. Overseas revenue to consolidated revenue	27.8%	15.4%	9.4%	4.3%	56.9%

**FY 2022 (Apr. 1, 2022 to Mar. 31, 2023)**

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas revenue	109,085	74,418	34,880	19,128	237,512
II. Consolidated revenue					419,568
III. Overseas revenue to consolidated revenue	26.0%	17.7%	8.3%	4.6%	56.6%

Notes: 1. Geographical segments are classified according to geographical proximity.

2. Specific countries of each area:

- (1) Asia: East and South East Asian countries
- (2) Europe: European countries
- (3) North America: North American countries
- (4) Others: Areas/countries except Asia, Europe, North America, and Japan

3. “Overseas revenue” means revenue outside Japan by NIPPON SHOKUBAI CO., LTD. and its consolidated subsidiaries.

### 【Per Share Information】

The basis for calculation of basic earnings per share and diluted earnings per share is as follows.

Diluted earnings per share for the previous fiscal year are not shown since there were no potential shares of common stock with dilutive effects.

	FY 2021 Apr. 1, 2021 to Mar. 31, 2022	FY 2022 Apr. 1, 2022 to Mar. 31, 2023
Profit attributable to owners of parent (Millions of yen)	23,720	19,392
Profit adjustments (Millions of yen)	—	—
Profit for calculation of diluted earnings per share (Millions of yen)	23,720	19,392
Average number of shares of common stock during the period (Thousands of shares)	39,875	39,713
Increase in number of common stock		
Performance-linked stock compensation (Thousands of shares)	—	5
Average number of diluted common shares during the period (Thousands of shares)	39,875	39,718
Basic earnings per share (Yen)	594.86	488.29
Diluted earnings per share (Yen)	—	488.22

Note: In the calculation of basic earnings per share and diluted earnings per share, the Company's shares held by the Trust Account for the performance-linked stock compensation plan for Directors and Executive Officers of the Company are treated as treasury stock, and the number of such shares is deducted in the calculation of the average number of shares during the period.

### 【Significant Subsequent Events】

Not applicable.

## 6. Transfers of Executive Officers

(Scheduled for June 21, 2023)

For changes in officers, please see the “*Daihyo Torishimariyaku oyobi Yakuin to no idou ni kansuru oshirase* (Notice of Transfers of Representative Directors and Executive Officers, etc.)” (only available in Japanese) announced today.

## 7. Supplementary Material

### Trend of Results and Key Management Indicators, and Features of FY 2023

#### 1) Consolidate financial results

(Unit: Billions of yen)	FY 2021 Results	FY 2022 Results	Change	FY 2022 Results	FY 2023 Forecast	Change
Revenue	369.3	419.6	<13.6%> 50.3	419.6	420.0	<0.1%> 0.4
Operating profit	7.9% 29.1	5.6% 23.5	<(19.0)%> (5.5)	5.6% 23.5	4.3% 18.0	<(23.5)%> (5.5)
Profit before tax	9.1% 33.7	6.2% 26.2	<(22.3)%> (7.5)	6.2% 26.2	4.8% 20.0	<(23.6)%> (6.2)
Profit attributable to owners of parent	6.4% 23.7	4.6% 19.4	<(18.2)%> (4.3)	4.6% 19.4	3.5% 14.5	<(25.2)%> (4.9)
Basic earnings per share	594.86 yen	488.29 yen	(106.57) yen	488.29 yen	368.83 yen	(119.46) yen
ROA (Ratio of profit before tax to total assets)	6.8%	5.0%	(1.8) points	5.0%	3.7%	(1.3) points
ROE (Ratio of profit to equity attributable to owners of parent)	7.2%	5.5%	(1.7) points	5.5%	4.0%	(1.5) points
Domestic naphtha price	yen/kL 56,600	76,600	20,000	76,600	70,000	(6,600)
Exchange rate	yen/USD 112.42	135.45	23.03	135.45	130.00	(5.45)
	yen/EUR 130.55	140.99	10.44	140.99	140.00	(0.99)

#### 2) Other consolidated indicators

(Unit: Billions of yen)	FY 2021 Results	FY 2022 Results	Change	FY 2022 Results	FY 2023 Forecast	Change
Dividends per share	180.00 yen	180.00 yen	- yen	180.00 yen	[180.00 yen]	-
Payout ratio	30.3%	36.9%	6.6 points	36.9%	[48.8%]	11.9 points
Total assets	518.2	523.3	5.2	523.3	555.0	31.7
Interest-bearing debt	59.7	57.6	(2.1)	57.6	74.0	16.4
D/E ratio	0.17 times	0.16 times	(0.01) times	0.16 times	0.20 times	0.04 times
Equity attributable to owners of parent	343.9	362.2	18.3	362.2	369.6	7.4
Rate of equity attributable to owners of parent	66.4%	69.2%	2.8 points	69.2%	66.6%	(2.6) points
Equity attributable to owners of parent per share	8,624.02 yen	9,213.91 yen	589.89 yen	9,213.91 yen	9,402.51 yen	188.60 yen
Capital investments	16.5	17.7	1.2	17.7	23.0	5.3
Depreciation and amortization	28.9	29.3	0.4	29.3	32.0	2.7
R&D expenses	15.2	15.8	(0.6)	15.8	16.3	0.5
Number of employees	4,526	4,574	48	4,574	4,665	91

\* 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.