

Summary of Consolidated Financial Results
For the Second Quarter of the Fiscal Year Ending March 31, 2024 [IFRS]
(Six Months Ended September 30, 2023)

November 7, 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 quarterly report filing date: November 10, 2023	
Scheduled date of dividend payment: December 5, 2023	
Supplementary quarterly materials prepared: Yes	
Quarterly 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 Second Quarter of the Fiscal Year Ending March 31, 2024 (hereafter FY2023) (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(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	%
Six months ended Sep. 30, 2023	194,301	(11.5)	10,006	(42.3)	9,785	(51.6)	7,757	(46.7)	6,861	(51.2)	22,271	(19.8)
Six months ended Sep. 30, 2022	219,668	27.0	17,339	14.2	20,232	14.0	14,542	13.9	14,069	13.9	27,777	75.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Sep. 30, 2023	174.51	174.48
Six months ended Sep. 30, 2022	352.82	352.80

(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 Sep. 30, 2023	540,409	388,305	379,621	70.2	9,655.50
As of Mar. 31, 2023	523,319	369,998	362,231	69.2	9,213.91

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2022	–	90.00	–	90.00	180.00
FY 2023	–	90.00			
FY 2023 (forecast)			–	90.00	180.00

Note: Revisions to the dividends forecast since the latest announcement: None

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
Full year	390,000	(7.0)	15,500	(34.1)	15,000	(42.7)	10,500	(45.9)	268.91

Note: Revisions to the financial forecasts since the latest announcement: Yes

※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 shares)

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

Sep. 30, 2023: 40,800,000 shares Mar. 31, 2023: 40,800,000 shares

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

Sep. 30, 2023: 1,483,438 shares Mar. 31, 2023: 1,486,460 shares

3) Average number of shares outstanding during the period

Six months ended Six months ended
Sep. 30, 2023: 39,315,431 shares Sep. 30, 2022: 39,874,498 shares

Note: The numbers of treasury shares 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 (44,900 shares as of September 30, 2023 and 48,600 shares as of March 31, 2023). Shares of the Company held by the trust account are included in the treasury shares to be deducted in the calculation of the average number of shares outstanding during the period.

※ This quarterly financial results report is outside the scope of quarterly review by certified public accountants or an audit corporation.

※ Appropriate use of business forecasts and other special items:

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.

※ Access to supplementary quarterly materials:

Supplementary quarterly materials will be disclosed through TDnet on Thursday, November 9, 2023, and will also be posted on the Company's website.

※ This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Condensed Quarterly Consolidated Financial Statements and Related Notes

(1) Condensed Quarterly Consolidated Statements of Financial Position

	(Unit: Millions of yen)	
	FY2022 As of Mar. 31, 2023	2Q-FY2023 As of Sep. 30, 2023
Assets		
Current assets		
Cash and cash equivalents	39,035	49,758
Trade receivables	98,571	100,298
Inventories	86,056	83,107
Other financial assets	14,151	14,300
Other current assets	6,239	5,961
Total current assets	244,053	253,425
Non-current assets		
Property, plant and equipment	189,520	192,974
Intangible assets	8,358	8,786
Investments accounted for using equity method	27,088	27,076
Other financial assets	40,195	43,748
Retirement benefit asset	9,129	9,203
Deferred tax assets	3,404	3,702
Other non-current assets	1,573	1,496
Total non-current assets	279,266	286,985
Total assets	523,319	540,409

(Unit: Millions of yen)

	FY2022 As of Mar. 31, 2023	2Q-FY2023 As of Sep. 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	53,138	60,016
Borrowings	23,044	17,707
Other financial liabilities	9,539	11,243
Income taxes payable	3,970	1,307
Provisions	6,672	6,669
Other current liabilities	5,278	3,921
Total current liabilities	101,641	100,862
Non-current liabilities		
Borrowings	27,867	25,072
Other financial liabilities	5,961	5,672
Retirement benefit liability	8,941	9,135
Provisions	2,582	2,846
Deferred tax liabilities	6,330	8,517
Total non-current liabilities	51,681	51,242
Total liabilities	153,321	152,104
Equity		
Share capital	25,038	25,038
Capital surplus	22,520	22,523
Treasury shares	(9,298)	(9,279)
Retained earnings	301,940	305,402
Other components of equity	22,030	35,936
Total equity attributable to owners of parent	362,231	379,621
Non-controlling interests	7,767	8,684
Total equity	369,998	388,305
Total liabilities and equity	523,319	540,409

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

Six months ended September 30, 2022 and 2023

(Unit: Millions of yen)

	2Q-FY2022 Apr. 1, 2022 to Sep. 30, 2022	2Q-FY2023 Apr. 1, 2023 to Sep. 30, 2023
Revenue	219,668	194,301
Cost of sales	173,520	160,531
Gross profit	46,148	33,769
Selling, general and administrative expenses	29,625	25,000
Other operating income	1,337	2,595
Other operating expenses	521	1,358
Operating profit	17,339	10,006
Finance income	1,333	1,052
Finance costs	188	877
Share of profit (loss) of investments accounted for using equity method	1,747	(396)
Profit before tax	20,232	9,785
Income tax expense	5,690	2,028
Profit	14,542	7,757
Profit attributable to		
Owners of parent	14,069	6,861
Non-controlling interests	473	896
Profit	14,542	7,757
Earnings per share		
Basic earnings per share (Yen)	352.82	174.51
Diluted earnings per share (Yen)	352.80	174.48

Condensed Quarterly Consolidated Statements of Comprehensive Income

Six months ended September 30, 2022 and 2023

(Unit: Millions of yen)

	2Q-FY2022 Apr. 1, 2022 to Sep. 30, 2022	2Q-FY2023 Apr. 1, 2023 to Sep. 30, 2023
Profit	14,542	7,757
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	(1,904)	2,704
Share of other comprehensive income of investments accounted for using equity method	93	4
Total of items that will not be reclassified to profit or loss	(1,811)	2,708
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	13,592	11,024
Share of other comprehensive income of investments accounted for using equity method	1,453	782
Total of items that may be reclassified to profit or loss	15,046	11,806
Other comprehensive income, net of tax	13,235	14,514
Comprehensive income	27,777	22,271
Comprehensive income attributable to		
Owners of parent	26,704	20,902
Non-controlling interests	1,072	1,369
Comprehensive income	27,777	22,271

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Six months ended September 30, 2022 (Apr. 1, 2022 to Sep. 30, 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	(6,291)	288,124	4,874	–
Profit	–	–	–	14,069	–	–
Other comprehensive income	–	–	–	–	(1,904)	93
Comprehensive income	–	–	–	14,069	(1,904)	93
Purchase of treasury shares	–	–	(4)	–	–	–
Disposal of treasury shares	–	–	–	–	–	–
Share-based payment transactions	–	27	–	–	–	–
Dividends	–	–	–	(3,987)	–	–
Increase (decrease) in noncontrolling interests	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	209	(116)	(93)
Total transactions with owners	–	27	(4)	(3,779)	(116)	(93)
Balance at end of period	25,038	22,499	(6,295)	298,414	2,855	–

	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	–	–	14,069	473	14,542
Other comprehensive income	14,446	12,636	12,636	599	13,235
Comprehensive income	14,446	12,636	26,704	1,072	27,777
Purchase of treasury shares	–	–	(4)	–	(4)
Disposal of treasury shares	–	–	–	–	–
Share-based payment transactions	–	–	27	–	27
Dividends	–	–	(3,987)	(571)	(4,559)
Increase (decrease) in noncontrolling interests	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	(209)	–	–	–
Total transactions with owners	–	(209)	(3,964)	(571)	(4,535)
Balance at end of period	24,111	26,965	366,622	7,743	374,364

Six months ended September 30, 2023 (Apr. 1, 2023 to Sep. 30, 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	22,520	(9,298)	301,940	4,331	–
Profit	–	–	–	6,861	–	–
Other comprehensive income	–	–	–	–	2,699	4
Comprehensive income	–	–	–	6,861	2,699	4
Purchase of treasury shares	–	–	(4)	–	–	–
Disposal of treasury shares	–	(3)	23	–	–	–
Share-based payment transactions	–	5	–	–	–	–
Dividends	–	–	–	(3,534)	–	–
Increase (decrease) in noncontrolling interests	–	1	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	135	(130)	(4)
Total transactions with owners	–	3	19	(3,399)	(130)	(4)
Balance at end of period	25,038	22,523	(9,279)	305,402	6,900	–

	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	17,699	22,030	362,231	7,767	369,998
Profit	–	–	6,861	896	7,757
Other comprehensive income	11,337	14,041	14,041	473	14,514
Comprehensive income	11,337	14,041	20,902	1,369	22,271
Purchase of treasury shares	–	–	(4)	–	(4)
Disposal of treasury shares	–	–	20	–	20
Share-based payment transactions	–	–	5	–	5
Dividends	–	–	(3,534)	(451)	(3,984)
Increase (decrease) in noncontrolling interests	–	–	1	(1)	(0)
Transfer from other components of equity to retained earnings	–	(135)	–	–	–
Total transactions with owners	–	(135)	(3,512)	(452)	(3,963)
Balance at end of period	29,036	35,936	379,621	8,684	388,305

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	2Q-FY2022 Apr. 1, 2022 to Sep. 30, 2022	2Q-FY2023 Apr. 1, 2023 to Sep. 30, 2023
Cash flows from operating activities		
Profit before tax	20,232	9,785
Depreciation and amortization	14,755	16,033
Loss (gain) on sale of property, plant and equipment	(19)	(1,277)
Decrease (increase) in retirement benefit asset	(23)	(74)
Increase (decrease) in retirement benefit liability	(108)	69
Interest and dividend income	(906)	(997)
Interest expenses	187	830
Share of loss (profit) of investments accounted for using equity method	(1,747)	396
Decrease (increase) in trade receivables	(5,176)	1,043
Decrease (increase) in inventories	(10,368)	5,602
Increase (decrease) in trade payables	2,607	5,332
Other	(2,396)	270
Subtotal	17,037	37,011
Interest and dividends received	4,137	1,817
Interest paid	(146)	(816)
Income taxes paid	(6,813)	(4,660)
Net cash provided by (used in) operating activities	14,214	33,351
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,450)	(9,119)
Proceeds from sale of property, plant and equipment	20	1,238
Purchase of intangible assets	(672)	(882)
Purchase of investments	(51)	(76)
Proceeds from sale and redemption of investments	259	302
Other	1,301	(233)
Net cash provided by (used in) investing activities	(10,593)	(8,770)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,219	(4,838)
Proceeds from long-term borrowings	5,000	200
Repayments of long-term borrowings	(7,932)	(6,298)
Repayments of lease liabilities	(888)	(903)
Purchase of treasury shares	(4)	(4)
Dividends paid	(3,987)	(3,534)
Dividends paid to non-controlling interests	(571)	(451)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(0)
Net cash provided by (used in) financing activities	(7,164)	(15,827)
Effect of exchange rate changes on cash and cash equivalents	3,138	1,968
Net increase (decrease) in cash and cash equivalents	(406)	10,723
Cash and cash equivalents at beginning of period	39,363	39,035
Cash and cash equivalents at end of period	38,957	49,758