

**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/>  
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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. Please refer to "1. Qualitative Information on the Period under Review (3) Consolidated Financial Forecasts and Other Forward-looking Statements" on page 5 of the attached materials for the assumptions used in business forecasts.

※ 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.

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## 1. Qualitative Information on the Period under Review

### (1) Operating Results

#### 1) Overview

(Unit: Millions of yen)

	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023	Change		FY2022
			(Amount)	(% growth)	
Revenue	219,668	194,301	(25,367)	(11.5)%	419,568
Operating profit	17,339	10,006	(7,332)	(42.3)%	23,528
Profit before tax	20,232	9,785	(10,447)	(51.6)%	26,175
Profit attributable to owners of parent	14,069	6,861	(7,208)	(51.2)%	19,392
Basic earnings per share	352.82 yen	174.51 yen	(178.31) yen	(50.5)%	488.29 yen
ROA (Ratio of profit before tax to total assets)	7.6%	3.7%	–	(3.9) points	5.0%
ROE (Ratio of profit to equity attributable to owners of parent)	7.9%	3.7%	–	(4.2) points	5.5%
Foreign exchange rates (USD and EUR)	USD=134.00 yen EUR=138.76 yen	USD=141.06 yen EUR=153.45 yen		7.06 yen 14.69 yen	USD=135.45 yen EUR=140.99 yen
Domestic naphtha price	83,800 yen/kl	65,600 yen/kl		(18,200) yen/kl	76,600 yen/kl

Note: The ROA and ROE figures shown for each six-month period are annualized.

The Group's revenue in the six months ended September 30, 2023 decreased 11.5% year-on-year to 194,301 million yen, down 25,367 million yen, due to a decline in selling prices as a result of a decline in overseas product market conditions and raw material prices, as well as a decrease in sales volumes.

With regard to profits, operating profit decreased 42.3% year-on-year to 10,006 million yen, down 7,332 million yen as inventory valuation gains that occurred in the same period of the previous fiscal year as a result of soaring raw material prices turning into losses during the period under review due to falling raw material prices, and a narrowing of spreads on certain products as a result of falling sales prices despite a decrease in selling, general and administrative expenses due to a fall in marine transportation costs, etc.

Profit before tax was 9,785 million yen, a year-on-year decrease of 10,447 million yen or 51.6%, due to a decrease in operating profit and a decrease in share of profit of investments accounted for using equity method.

As a result, profit attributable to owners of parent decreased by 7,208 million yen or 51.2% year-on-year to 6,861 million yen.

#### 2) Outline of Sales by Business Segment

##### Materials business

Sales of acrylic acid and acrylates decreased due to lower selling prices caused by a decline in product overseas market conditions and raw material prices, as well as a decrease in sales volume.

Sales of superabsorbent polymers decreased due to lower selling prices in line with a decline in raw material prices.

Sales of ethylene oxide decreased due to a decrease in sales volume and lower selling prices in line with a decline in raw material prices.

Sales of ethylene glycol decreased due to lower selling prices in line with a decline in raw material prices.

Sales of special acrylates decreased due to a decline in sales volume, and lower selling prices in line with a decline in product overseas market conditions.

Sales of maleic anhydride decreased due to a decline in sales volume, and lower selling prices in line with a decline in raw material prices.

Sales of process catalysts decreased due to lower sales volume.

As a result, revenue in the materials business decreased 11.3% year-on-year to 142,408 million yen.

Operating profit decreased 41.2% year-on-year to 8,289 million yen due to such negative factors as inventory valuation gains recorded in the same period of the previous fiscal year turning into losses in the period under review, and a narrowing of spreads on certain products due to a decline in overseas market prices, despite factors contributing to higher profits, such as a decrease in selling, general and administrative expenses due to lower marine transportation costs, an increase in sales volume on certain products and other factors.

#### **Solutions business**

Sales of polymers for concrete admixtures, secondary alcohol ethoxylates, water-soluble polymers such as raw materials for detergents decreased due to lower sales volume as well as lower selling prices in line with a decline in raw material prices.

Sales of ethyleneimine derivatives decreased due to lower sales volume.

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

Sales of iodine compounds and De-NOx catalysts decreased due to lower sales volume.

Sales of electronic and information materials increased due to the product sales mix.

Sales of materials for batteries decreased due to the product sales mix.

As a result, revenue in the solutions business decreased 12.2% year-on-year to 51,892 million yen.

Operating profit decreased 62.3% year-on-year to 983 million yen due to negative factors amounting to 1,002 million yen such as a decrease in production and sales volume and a decline in inventory valuation gains that occurred in the same period of the previous fiscal year as a result of lower raw material prices, as well as the transfer of related expenditures, which had been capitalized, to expenses due to the decision to suspend for the time being the consideration of a joint venture in Europe for the LiFSI business between the Company and Arkema S.A. and to proceed with the study of other locations, despite factors contributing to higher profits, such as a widening spread resulting from lower raw material prices, etc. and a gain of 1,280 million yen on the sale of land at SINO-JAPAN CHEMICAL CO., LTD., a consolidated subsidiary.

## **(2) Financial Position**

### **1) Analysis of Financial Position**

Total assets at the end of the second quarter of the current fiscal year increased by 17,090 million yen from the end of the previous fiscal year to 540,409 million yen. Current assets increased by 9,371 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in cash and cash equivalents reflecting the fact that financial institutions were closed on the last day of the second quarter of the current fiscal year. Non-current assets increased by 7,719 million yen from the end of the previous fiscal year. This was mainly due to increases in other financial assets as a result of changes in the fair value of stocks held and property, plant and equipment as a result of capital investment and foreign exchange effects.

Total liabilities decreased by 1,217 million yen compared to the end of the previous fiscal year to 152,104 million yen. This was mainly due to a decrease in borrowings, despite an increase in trade payables reflecting the fact that financial institutions were closed on the last day of the second quarter of the current fiscal year.

Total equity increased by 18,308 million yen compared to the end of the previous fiscal year to 388,305 million yen. This was mainly due to increases in exchange differences on translation of foreign operations caused by exchange rate fluctuations and an increase in retained earnings.

The ratio of profit to equity attributable to owners of parent increased by 1.0 percentage points from 69.2% at the end of the previous fiscal year to 70.2%. Equity attributable to owners of parent per share increased by 441.59 yen compared to the end of the previous fiscal year to 9,655.50 yen.

### **2) Cash Flows**

Cash and cash equivalents at the end of the six months ended September 30, 2023 amounted to 49,758 million yen, an increase of 10,723 million yen from the end of the previous fiscal year, as cash flows provided by operating activities exceeded cash flows used in investing activities including capital investment and cash flows used in financing activities.

#### **Cash flow from operating activities**

Net cash provided by operating activities in the six months ended September 30, 2023 amounted to 33,351 million yen, an increase of 19,137 million yen from a cash inflow of 14,214 million yen in the same period of the previous fiscal year. This was mainly due to a decrease in inventories which increased in the same period of the previous fiscal year due to higher raw material prices, a decrease in trade receivables, and an increase in trade payables which were higher than the same period of the previous fiscal year, despite an increase in profit before tax which was lower than the same period of the previous fiscal year.

#### **Cash flow from investing activities**

Net cash used in investing activities in the six months ended September 30, 2023 totaled 8,770 million yen, a decrease of 1,823 million yen from a cash outflow of 10,593 million yen in the same period of the previous fiscal year. This was mainly due to a decrease in purchase of property, plant and equipment.

#### **Cash flow from financing activities**

Net cash used in financing activities in the six months ended September 30, 2023 amounted to 15,827 million yen, an increase of 8,663 million yen from a cash outflow of 7,164 million yen in the same period of the previous fiscal year. This was mainly due to decreases in net increase (decrease) in short-term borrowings and proceeds from long-term borrowings, despite a decrease in repayments of long-term borrowings.

### (3) Consolidated Financial Forecasts and Other Forward-looking Statements

Based on the consolidated financial results for the first half of the fiscal year under review and our forecasts for the second half, we have lowered our full-year consolidated financial forecasts as follows.

For the second half forecasts, we expect our financial results to fall short of our previous forecasts due to a slower-than-expected recovery in sales volume and overseas market conditions for acrylic acid, acrylates, etc. in the face of continued economic stagnation in China, Europe, and other regions.

Consolidated financial forecasts for the fiscal year ending March 31, 2024  
(from April 1, 2023 to March 31, 2024)

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A) (May 12, 2023)	420,000	18,000	20,000	14,500	368.80
Announced at this time (B)	390,000	15,500	15,000	10,500	268.91
Increase (Decrease) (B-A)	(30,000)	(2,500)	(5,000)	(4,000)	
Change (%)	(7.1)	(13.9)	(25.0)	(27.6)	
(Reference) Actual amounts in the previous fiscal year (FY2022)	419,568	23,528	26,175	19,392	488.29

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 results	142.4	8.3	51.9	1.0	0.7	194.3	10.0
Second-half forecasts	135.6	3.7	60.1	1.4	0.4	195.7	5.5
Full-year forecasts	278.0	12.0	112.0	2.4	1.1	390.0	15.5

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

Preconditions for forecasts

	Domestic naphtha price	Foreign exchange rate	
	yen/kl	yen/USD	yen/EUR
First-half results	65,600	141	153
Second-half forecasts	73,000	145	155
Full-year forecasts	69,300	143	154

## 2. 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
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
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
<b>Total current liabilities</b>	<b>101,641</b>	<b>100,862</b>
<b>Non-current liabilities</b>		
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
<b>Total non-current liabilities</b>	<b>51,681</b>	<b>51,242</b>
<b>Total liabilities</b>	<b>153,321</b>	<b>152,104</b>
<b>Equity</b>		
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
<b>Total equity attributable to owners of parent</b>	<b>362,231</b>	<b>379,621</b>
Non-controlling interests	7,767	8,684
<b>Total equity</b>	<b>369,998</b>	<b>388,305</b>
<b>Total liabilities and equity</b>	<b>523,319</b>	<b>540,409</b>

**(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

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

### **【Going Concern Assumption】**

Not applicable.

### **【Material Accounting Policy Information】**

The accounting policies applied in these condensed quarterly consolidated financial statements are the same as those applied in the consolidated financial statements for the previous fiscal year.

Income tax expense in the six months ended September 30, 2023 is calculated based on the estimated average annual effective tax rate.

### **【Segment Information, etc.】**

#### **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.

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. Information Concerning Revenue and Income or Loss by Reportable Segment

Six months ended Sep. 30, 2022 (Apr. 1, 2022 to Sep. 30, 2022)

(Unit: Millions of yen)

	Reportable segments			Adjustment (Note)	Total
	Materials	Solutions	Total		
Revenue					
Revenue to third parties	160,546	59,122	219,668	–	219,668
Intergroup revenue and transfers	10,399	1,800	12,199	(12,199)	–
Total	170,945	60,922	231,867	(12,199)	219,668
Segment income	14,100	2,610	16,710	629	17,339
Finance income	–	–	–	–	1,333
Finance costs	–	–	–	–	188
Share of profit (loss) of investments accounted for using equity method	–	–	–	–	1,747
Profit before tax	–	–	–	–	20,232

Note: The adjustment for “Segment income” includes inter-segment transaction eliminations and corporate profit (loss) not allocated to reportable segments amounting to 629 million yen.

Six months ended Sep. 30, 2023 (Apr. 1, 2023 to Sep. 30, 2023)

(Unit: Millions of yen)

	Reportable segments			Adjustment (Note)	Total
	Materials	Solutions	Total		
Revenue					
Revenue to third parties	142,408	51,892	194,301	–	194,301
Intergroup revenue and transfers	7,971	1,461	9,431	(9,431)	–
Total	150,379	53,353	203,732	(9,431)	194,301
Segment income	8,289	983	9,272	734	10,006
Finance income	–	–	–	–	1,052
Finance costs	–	–	–	–	877
Share of profit (loss) of investments accounted for using equity method	–	–	–	–	(396)
Profit before tax	–	–	–	–	9,785

Note: The adjustment for “Segment income” includes inter-segment transaction eliminations and corporate profit (loss) not allocated to reportable segments amounting to 734 million yen.

## 3. Information Concerning Impairment Loss of Non-current Assets or Goodwill, etc. by Reportable Segment

Six months ended Sep. 30, 2022 (Apr. 1, 2022 to Sep. 30, 2022)

Not applicable.

Six months ended Sep. 30, 2023 (Apr. 1, 2023 to Sep. 30, 2023)

Not applicable.



## 【Supplementary Information】

### Overseas Revenue

Six months ended Sep. 30, 2022 (Apr. 1, 2022 to Sep. 30, 2022)

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas revenue	58,657	39,338	17,092	9,808	124,894
II. Consolidated revenue					219,668
III. Overseas revenue to consolidated revenue	26.7%	17.9%	7.8%	4.5%	56.9%

Six months ended Sep. 30, 2023 (Apr. 1, 2023 to Sep. 30, 2023)

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas revenue	46,742	34,345	18,562	10,215	109,863
II. Consolidated revenue					194,301
III. Overseas revenue to consolidated revenue	23.9%	17.7%	9.6%	5.3%	56.5%

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.

## 【Significant Subsequent Events】

(Purchase and cancellation of treasury shares)

At a meeting of its Board of Directors held on November 7, 2023, the Company resolved to acquire treasury stock and the specific method of acquisition in accordance with Article 156 of the Companies Act as applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the same Act, and also resolved on retirement of cancel treasury stock in accordance with Article 178 of the Companies Act.

For details, please refer to the "Notice Regarding Purchase of Treasury Stock and Purchase of Treasury Stock Through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) and Retirement of Treasury Stock (Purchase of Treasury Stock Under the Provisions of the Articles of Incorporation Pursuant to Article 165, Paragraph 2 of the Companies Act and Repurchase of Treasury Stock Through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) and Retirement of Treasury Stock Pursuant to Article 178 of the Companies Act)" announced today.