

Consolidated Financial Results
For the Third Quarter of the Fiscal Year Ending March 31, 2024 [IFRS]
(Nine Months Ended December 31, 2023)

February 6, 2024

Company name: NIPPON SHOKUBAI CO., LTD. Listing: TSE (Prime Market)
Code number: 4114 URL: <https://www.shokubai.co.jp/en>
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: February 9, 2024
Scheduled date of dividend payment: -
Supplementary quarterly materials prepared: None
Quarterly results information meeting held: None

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2024 (hereafter FY2023) (from April 1, 2023 to December 31, 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 | % |
| Nine months ended Dec. 31, 2023 | 292,362 | (10.2) | 14,443 | (43.7) | 14,189 | (49.8) | 10,959 | (48.0) | 9,806 | (52.0) | 21,920 | (18.2) |
| Nine months ended Dec. 31, 2022 | 325,537 | 20.7 | 25,635 | 7.3 | 28,277 | 2.8 | 21,091 | 5.9 | 20,439 | 5.7 | 26,791 | 18.1 |

| | Basic earnings per share | Diluted earnings per share |
|---------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Nine months ended Dec. 31, 2023 | 250.32 | 250.27 |
| Nine months ended Dec. 31, 2022 | 513.18 | 513.13 |

(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 Dec. 31, 2023 | 529,250 | 380,466 | 371,614 | 70.2 | 9,623.24 |
| 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: None

*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)

Dec. 31, 2023: 39,000,000 shares Mar. 31, 2023: 40,800,000 shares

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

Dec. 31, 2023: 383,701 shares Mar. 31, 2023: 1,486,460 shares

3) Average number of shares outstanding during the period

Nine months ended Nine months ended
Dec. 31, 2023: 39,175,740 shares Dec. 31, 2022: 39,827,081 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 December 31, 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 4 of the attached materials for the assumptions used in business forecasts.

* This document is 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.

Contents of the Attached Materials

| | |
|---|----|
| 1. Qualitative Information on the Period under Review..... | 2 |
| (1) Operating Results..... | 2 |
| (2) Financial Position..... | 4 |
| (3) Consolidated Financial Forecasts and Other Forward-looking Statements..... | 4 |
| 2. Condensed Quarterly Consolidated Financial Statements and Related Notes..... | 5 |
| (1) Condensed Quarterly Consolidated Statements of Financial Position | 5 |
| (2) Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income..... | 7 |
| (3) Condensed Quarterly Consolidated Statements of Changes in Equity | 9 |
| (4) Condensed Quarterly Consolidated Statements of Cash Flows | 11 |
| (5) Notes Concerning Condensed Quarterly Consolidated Financial Statements..... | 12 |
| (Going Concern Assumption) | 12 |
| (Material Accounting Policy Information)..... | 12 |
| (Segment Information, etc.) | 12 |
| (Supplementary Information)..... | 14 |
| (Significant Subsequent Events) | 14 |

1. Qualitative Information on the Period under Review

(1) Operating Results

1) Overview

(Unit: Millions of yen)

| | Nine months ended Dec. 31, 2022 | Nine months ended Dec. 31, 2023 | Change | | FY2022 |
|--|------------------------------------|------------------------------------|--------------|-----------------------|----------------------------------|
| | | | (Amount) | (% growth) | |
| Revenue | 325,537 | 292,362 | (33,174) | (10.2)% | 419,568 |
| Operating profit | 25,635 | 14,443 | (11,192) | (43.7)% | 23,528 |
| Profit before tax | 28,277 | 14,189 | (14,088) | (49.8)% | 26,175 |
| Profit attributable to owners of parent | 20,439 | 9,806 | (10,632) | (52.0)% | 19,392 |
| Basic earnings per share | 513.18 yen | 250.32 yen | (262.86) yen | (51.2)% | 488.29 yen |
| ROA (Ratio of profit before tax to total assets) | 7.1% | 3.6% | – | (3.5) points | 5.0% |
| ROE (Ratio of profit to equity attributable to owners of parent) | 7.7% | 3.6% | – | (4.1) points | 5.5% |
| Foreign exchange rates (USD and EUR) | USD=136.46 yen EUR=140.59 yen | USD=143.33 yen EUR=155.32 yen | | 6.87 yen 14.73 yen | USD=135.45 yen EUR=140.99 yen |
| Domestic naphtha price | 80,000 yen/kl | 68,000 yen/kl | | (12,000) yen/kl | 76,600 yen/kl |

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

The Group's revenue in the nine months ended December 31, 2023 decreased 10.2% year-on-year to 292,362 million yen, down 33,174 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 43.7% year-on-year to 14,443 million yen, down 11,192 million yen mainly due to a narrowing of spreads on certain products as a result of falling sales prices, and a decline in inventory valuation gains that occurred in the same period of the previous fiscal year as a result of soaring raw material prices during the period under review, despite a decrease in selling, general and administrative expenses due to a fall in marine transportation costs, etc.

Profit before tax was 14,189 million yen, a year-on-year decrease of 14,088 million yen or 49.8%, due to a decrease in operating profit and a decrease in share of profit (loss) of investments accounted for using equity method.

As a result, profit attributable to owners of parent decreased by 10,632 million yen or 52.0% year-on-year to 9,806 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 despite an increase in sales volume.

Sales of superabsorbent polymers decreased due to lower selling prices in line with a decline in raw material prices despite an increase in sales volume.

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 increased due to an increase in sales volume.

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

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 10.6% year-on-year to 212,062 million yen.

Operating profit decreased 44.2% year-on-year to 11,595 million yen due to such negative factors as a narrowing of spreads on certain products due to a decline in overseas market prices, and a decline in inventory valuation gains that occurred in the same period of the previous fiscal year as a result of soaring raw material prices during the period under review, despite factors contributing to higher profits, such as a decrease in selling, general and administrative expenses due to lower marine transportation costs and other factors.

Solutions business

Sales of polymers for concrete admixtures, secondary alcohol ethoxylates, water-soluble polymers such as raw materials for detergents, and 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-NO_x 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 increased due to the product sales mix.

As a result, revenue in the solutions business decreased 9.0% year-on-year to 80,300 million yen.

Operating profit decreased 51.7% year-on-year to 1,945 million yen due to negative factors 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 soaring raw material prices during the period under review, as well as the transfer of related expenditures amounting to 1,005 million yen, 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 location, etc., despite factors contributing to higher profits, such as a widening spread resulting from lower raw material prices, etc. and a gain of 1,292 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 third quarter of the current fiscal year increased by 5,930 million yen from the end of the previous fiscal year to 529,250 million yen. Current assets increased by 3,866 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 third quarter of the current fiscal year despite a decrease in inventories due mainly to a decline in raw material prices. Non-current assets increased by 2,064 million yen from the end of the previous fiscal year. This was mainly due to an increase in other financial assets as a result of changes in the fair value of stocks held.

Total liabilities decreased by 4,537 million yen compared to the end of the previous fiscal year to 148,784 million yen. This was mainly due to decreases in borrowings and income taxes payable as a result of a decrease in taxable profit, despite an increase in trade payables reflecting the fact that financial institutions were closed on the last day of the third quarter of the current fiscal year.

Total equity increased by 10,468 million yen compared to the end of the previous fiscal year to 380,466 million yen. This was mainly due to an increase in exchange differences on translation of foreign operations caused by exchange rate fluctuations.

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 409.33 yen compared to the end of the previous fiscal year to 9,623.24 yen.

2) Cash Flows

Cash and cash equivalents at the end of the nine months ended December 31, 2023 amounted to 46,376 million yen, an increase of 7,341 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 nine months ended December 31, 2023 amounted to 45,928 million yen, an increase of 12,846 million yen from a cash inflow of 33,081 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 nine months ended December 31, 2023 totaled 13,738 million yen, a decrease of 3,258 million yen from a cash outflow of 16,996 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, and an increase in proceeds from sale of property, plant and equipment.

Cash flow from financing activities

Net cash used in financing activities in the nine months ended December 31, 2023 amounted to 25,861 million yen, an increase of 18,600 million yen from a cash outflow of 7,261 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.

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

Our full-year consolidated financial forecasts have not been revised from the financial forecasts announced on November 7, 2023.

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 | 3Q-FY2023 As of Dec. 31, 2023 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 39,035 | 46,376 |
| Trade receivables | 98,571 | 97,088 |
| Inventories | 86,056 | 83,645 |
| Other financial assets | 14,151 | 15,363 |
| Other current assets | 6,239 | 5,447 |
| Total current assets | 244,053 | 247,919 |
| Non-current assets | | |
| Property, plant and equipment | 189,520 | 189,381 |
| Intangible assets | 8,358 | 5,578 |
| Investments accounted for using equity method | 27,088 | 27,060 |
| Other financial assets | 40,195 | 45,035 |
| Retirement benefit asset | 9,129 | 9,253 |
| Deferred tax assets | 3,404 | 3,251 |
| Other non-current assets | 1,573 | 1,772 |
| Total non-current assets | 279,266 | 281,330 |
| Total assets | 523,319 | 529,250 |

(Unit: Millions of yen)

| | FY2022 As of Mar. 31, 2023 | 3Q-FY2023 As of Dec. 31, 2023 |
|--|-------------------------------|----------------------------------|
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade payables | 53,138 | 63,832 |
| Borrowings | 23,044 | 15,950 |
| Other financial liabilities | 9,539 | 10,028 |
| Income taxes payable | 3,970 | 321 |
| Provisions | 6,672 | 4,517 |
| Other current liabilities | 5,278 | 3,935 |
| Total current liabilities | 101,641 | 98,582 |
| Non-current liabilities | | |
| Borrowings | 27,867 | 23,656 |
| Other financial liabilities | 5,961 | 5,229 |
| Retirement benefit liability | 8,941 | 9,192 |
| Provisions | 2,582 | 2,848 |
| Deferred tax liabilities | 6,330 | 9,276 |
| Total non-current liabilities | 51,681 | 50,202 |
| Total liabilities | 153,321 | 148,784 |
| Equity | | |
| Share capital | 25,038 | 25,038 |
| Capital surplus | 22,520 | 22,531 |
| Treasury shares | (9,298) | (2,355) |
| Retained earnings | 301,940 | 293,971 |
| Other components of equity | 22,030 | 32,429 |
| Total equity attributable to owners of parent | 362,231 | 371,614 |
| Non-controlling interests | 7,767 | 8,852 |
| Total equity | 369,998 | 380,466 |
| Total liabilities and equity | 523,319 | 529,250 |

(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

Nine months ended December 31, 2022 and 2023

(Unit: Millions of yen)

| | 3Q-FY2022 Apr. 1, 2022 to Dec. 31, 2022 | 3Q-FY2023 Apr. 1, 2023 to Dec. 31, 2023 |
|---|--|--|
| Revenue | 325,537 | 292,362 |
| Cost of sales | 258,306 | 242,111 |
| Gross profit | 67,230 | 50,251 |
| Selling, general and administrative expenses | 43,087 | 37,363 |
| Other operating income | 2,273 | 3,132 |
| Other operating expenses | 781 | 1,578 |
| Operating profit | 25,635 | 14,443 |
| Finance income | 1,520 | 1,883 |
| Finance costs | 1,044 | 1,725 |
| Share of profit (loss) of investments accounted for using equity method | 2,166 | (411) |
| Profit before tax | 28,277 | 14,189 |
| Income tax expense | 7,186 | 3,229 |
| Profit | 21,091 | 10,959 |
| Profit attributable to | | |
| Owners of parent | 20,439 | 9,806 |
| Non-controlling interests | 652 | 1,153 |
| Profit | 21,091 | 10,959 |
| Earnings per share | | |
| Basic earnings per share (Yen) | 513.18 | 250.32 |
| Diluted earnings per share (Yen) | 513.13 | 250.27 |

Condensed Quarterly Consolidated Statements of Comprehensive Income

Nine months ended December 31, 2022 and 2023

(Unit: Millions of yen)

| | 3Q-FY2022 Apr. 1, 2022 to Dec. 31, 2022 | 3Q-FY2023 Apr. 1, 2023 to Dec. 31, 2023 |
|--|--|--|
| Profit | 21,091 | 10,959 |
| 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 | (1,701) | 3,528 |
| Share of other comprehensive income of investments accounted for using equity method | 142 | 5 |
| Total of items that will not be reclassified to profit or loss | (1,559) | 3,533 |
| Items that may be reclassified to profit or loss | | |
| Exchange differences on translation of foreign operations | 6,314 | 6,418 |
| Share of other comprehensive income of investments accounted for using equity method | 945 | 1,010 |
| Total of items that may be reclassified to profit or loss | 7,259 | 7,428 |
| Other comprehensive income, net of tax | 5,700 | 10,961 |
| Comprehensive income | 26,791 | 21,920 |
| Comprehensive income attributable to | | |
| Owners of parent | 25,660 | 20,384 |
| Non-controlling interests | 1,131 | 1,537 |
| Comprehensive income | 26,791 | 21,920 |

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Nine months ended December 31, 2022 (Apr. 1, 2022 to Dec. 31, 2022)

(Unit: Millions of yen)

| | Share capital | Capital surplus | Treasury shares | Retained earnings | Other components of equity | |
|---|---------------|-----------------|-----------------|-------------------|--|---|
| | | | | | Net change in fair value of equity instruments designated as 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 | – | – | – | 20,439 | – | – |
| Other comprehensive income | – | – | – | – | (1,702) | 142 |
| Comprehensive income | – | – | – | 20,439 | (1,702) | 142 |
| Purchase of treasury shares | – | – | (1,987) | – | – | – |
| Disposal of treasury shares | – | – | – | – | – | – |
| Cancellation of treasury shares | – | – | – | – | – | – |
| Share-based payment transactions | – | 30 | – | – | – | – |
| Dividends | – | – | – | (7,581) | – | – |
| Increase (decrease) in non-controlling interests | – | 8 | – | – | – | – |
| Transfer from other components of equity to retained earnings | – | – | – | 258 | (116) | (142) |
| Total transactions with owners | – | 38 | (1,987) | (7,323) | (116) | (142) |
| Balance at end of period | 25,038 | 22,510 | (8,278) | 301,240 | 3,057 | – |

| | 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 | – | – | 20,439 | 652 | 21,091 |
| Other comprehensive income | 6,781 | 5,221 | 5,221 | 479 | 5,700 |
| Comprehensive income | 6,781 | 5,221 | 25,660 | 1,131 | 26,791 |
| Purchase of treasury shares | – | – | (1,987) | – | (1,987) |
| Disposal of treasury shares | – | – | – | – | – |
| Cancellation of treasury shares | – | – | – | – | – |
| Share-based payment transactions | – | – | 30 | – | 30 |
| Dividends | – | – | (7,581) | (571) | (8,152) |
| Increase (decrease) in non-controlling interests | – | – | 8 | (24) | (16) |
| Transfer from other components of equity to retained earnings | – | (258) | – | – | – |
| Total transactions with owners | – | (258) | (9,530) | (595) | (10,124) |
| Balance at end of period | 16,445 | 19,502 | 360,012 | 7,778 | 367,790 |

Nine months ended December 31, 2023 (Apr. 1, 2023 to Dec. 31, 2023)

(Unit: Millions of yen)

| | Share capital | Capital surplus | Treasury shares | Retained earnings | Other components of equity | |
|---|---------------|-----------------|-----------------|-------------------|--|---|
| | | | | | Net change in fair value of equity instruments designated as 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 | – | – | – | 9,806 | – | – |
| Other comprehensive income | – | – | – | – | 3,527 | 5 |
| Comprehensive income | – | – | – | 9,806 | 3,527 | 5 |
| Purchase of treasury shares | – | – | (3,963) | – | – | – |
| Disposal of treasury shares | – | (3) | 23 | – | – | – |
| Cancellation of treasury shares | – | – | 10,882 | (10,882) | – | – |
| Share-based payment transactions | – | 14 | – | – | – | – |
| Dividends | – | – | – | (7,072) | – | – |
| Increase (decrease) in non-controlling interests | – | 1 | – | – | – | – |
| Transfer from other components of equity to retained earnings | – | – | – | 179 | (173) | (5) |
| Total transactions with owners | – | 11 | 6,943 | (17,776) | (173) | (5) |
| Balance at end of period | 25,038 | 22,531 | (2,355) | 293,971 | 7,684 | – |

| | 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 | – | – | 9,806 | 1,153 | 10,959 |
| Other comprehensive income | 7,045 | 10,577 | 10,577 | 384 | 10,961 |
| Comprehensive income | 7,045 | 10,577 | 20,384 | 1,537 | 21,920 |
| Purchase of treasury shares | – | – | (3,963) | – | (3,963) |
| Disposal of treasury shares | – | – | 20 | – | 20 |
| Cancellation of treasury shares | – | – | – | – | – |
| Share-based payment transactions | – | – | 14 | – | 14 |
| Dividends | – | – | (7,072) | (451) | (7,523) |
| Increase (decrease) in non-controlling interests | – | – | 1 | (1) | (0) |
| Transfer from other components of equity to retained earnings | – | (179) | – | – | – |
| Total transactions with owners | – | (179) | (11,001) | (452) | (11,453) |
| Balance at end of period | 24,744 | 32,429 | 371,614 | 8,852 | 380,466 |

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

| | 3Q-FY2022 Apr. 1, 2022 to Dec. 31, 2022 | 3Q-FY2023 Apr. 1, 2023 to Dec. 31, 2023 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before tax | 28,277 | 14,189 |
| Depreciation and amortization | 22,166 | 23,844 |
| Loss (gain) on sale of property, plant and equipment | (21) | (1,299) |
| Decrease (increase) in retirement benefit asset | (38) | (125) |
| Increase (decrease) in retirement benefit liability | (100) | 171 |
| Interest and dividend income | (1,491) | (1,821) |
| Interest expenses | 342 | 1,285 |
| Share of loss (profit) of investments accounted for using equity method | (2,166) | 411 |
| Decrease (increase) in trade receivables | (1,689) | 3,375 |
| Decrease (increase) in inventories | (13,729) | 4,280 |
| Increase (decrease) in trade payables | 7,150 | 9,530 |
| Other | (1,054) | (1,904) |
| Subtotal | 37,645 | 51,936 |
| Interest and dividends received | 5,043 | 2,709 |
| Interest paid | (277) | (1,094) |
| Income taxes paid | (9,330) | (7,624) |
| Net cash provided by (used in) operating activities | 33,081 | 45,928 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (17,202) | (14,559) |
| Proceeds from sale of property, plant and equipment | 22 | 1,264 |
| Purchase of intangible assets | (1,111) | (1,104) |
| Purchase of investments | (252) | (127) |
| Proceeds from sale and redemption of investments | 259 | 422 |
| Other | 1,288 | 366 |
| Net cash provided by (used in) investing activities | (16,996) | (13,738) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 10,059 | (4,265) |
| Proceeds from long-term borrowings | 5,000 | 400 |
| Repayments of long-term borrowings | (10,661) | (9,219) |
| Repayments of lease liabilities | (1,505) | (1,291) |
| Purchase of treasury shares | (1,987) | (3,963) |
| Dividends paid | (7,581) | (7,072) |
| Dividends paid to non-controlling interests | (571) | (451) |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | (16) | (0) |
| Net cash provided by (used in) financing activities | (7,261) | (25,861) |
| Effect of exchange rate changes on cash and cash equivalents | 1,228 | 1,012 |
| Net increase (decrease) in cash and cash equivalents | 10,052 | 7,341 |
| Cash and cash equivalents at beginning of period | 39,363 | 39,035 |
| Cash and cash equivalents at end of period | 49,415 | 46,376 |

(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 nine months ended December 31, 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

Nine months ended Dec. 31, 2022 (Apr. 1, 2022 to Dec. 31, 2022)

(Unit: Millions of yen)

| | Reportable segments | | | Adjustment (Note) | Total |
|---|---------------------|-----------|---------|----------------------|---------|
| | Materials | Solutions | Total | | |
| Revenue | | | | | |
| Revenue to third parties | 237,338 | 88,199 | 325,537 | – | 325,537 |
| Intergroup revenue and transfers | 15,170 | 2,749 | 17,919 | (17,919) | – |
| Total | 252,508 | 90,948 | 343,456 | (17,919) | 325,537 |
| Segment income | 20,793 | 4,024 | 24,817 | 818 | 25,635 |
| Finance income | – | – | – | – | 1,520 |
| Finance costs | – | – | – | – | 1,044 |
| Share of profit (loss) of investments accounted for using equity method | – | – | – | – | 2,166 |
| Profit before tax | – | – | – | – | 28,277 |

Note: The adjustment for “Segment income” includes inter-segment transaction eliminations and corporate profit (loss) not allocated to reportable segments amounting to 818 million yen.

Nine months ended Dec. 31, 2023 (Apr. 1, 2023 to Dec. 31, 2023)

(Unit: Millions of yen)

| | Reportable segments | | | Adjustment (Note) | Total |
|---|---------------------|-----------|---------|----------------------|---------|
| | Materials | Solutions | Total | | |
| Revenue | | | | | |
| Revenue to third parties | 212,062 | 80,300 | 292,362 | – | 292,362 |
| Intergroup revenue and transfers | 12,417 | 2,150 | 14,567 | (14,567) | – |
| Total | 224,479 | 82,450 | 306,930 | (14,567) | 292,362 |
| Segment income | 11,595 | 1,945 | 13,540 | 903 | 14,443 |
| Finance income | – | – | – | – | 1,883 |
| Finance costs | – | – | – | – | 1,725 |
| Share of profit (loss) of investments accounted for using equity method | – | – | – | – | (411) |
| Profit before tax | – | – | – | – | 14,189 |

Note: The adjustment for “Segment income” includes inter-segment transaction eliminations and corporate profit (loss) not allocated to reportable segments amounting to 903 million yen.

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

Nine months ended Dec. 31, 2022 (Apr. 1, 2022 to Dec. 31, 2022)

Not applicable.

Nine months ended Dec. 31, 2023 (Apr. 1, 2023 to Dec. 31, 2023)

Not applicable.

(Supplementary Information)

Overseas Revenue

Nine months ended Dec. 31, 2022 (Apr. 1, 2022 to Dec. 31, 2022)

(Unit: Millions of yen)

| | Asia | Europe | North America | Others | Total |
|---|--------|--------|---------------|--------|---------|
| I. Overseas revenue | 86,220 | 58,707 | 26,589 | 14,073 | 185,590 |
| II. Consolidated revenue | | | | | 325,537 |
| III. Overseas revenue to consolidated revenue | 26.5% | 18.0% | 8.2% | 4.3% | 57.0% |

Nine months ended Dec. 31, 2023 (Apr. 1, 2023 to Dec. 31, 2023)

(Unit: Millions of yen)

| | Asia | Europe | North America | Others | Total |
|---|--------|--------|---------------|--------|---------|
| I. Overseas revenue | 73,048 | 48,831 | 27,950 | 14,093 | 163,921 |
| II. Consolidated revenue | | | | | 292,362 |
| III. Overseas revenue to consolidated revenue | 25.0% | 16.7% | 9.6% | 4.8% | 56.1% |

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)

Not applicable.