

Consolidated Financial Results
For the First Quarter of the Fiscal Year Ending March 31, 2025 [IFRS]
(Three Months Ended June 30, 2024)

August 7, 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: Takeharu Tatsumi, General Manager of Corporate Communications Dept. Phone: +81-3-3506-7605
Scheduled date of dividend payment: -
Supplementary material prepared: Yes
Results information meeting held: None

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (hereafter FY2024) (from April 1, 2024 to June 30, 2024)

(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	%
Three months ended Jun. 30, 2024	105,095	7.9	5,189	(22.8)	6,421	(8.5)	4,807	(8.6)	4,631	1.2	13,913	(9.1)
Three months ended Jun. 30, 2023	97,362	(12.7)	6,721	(25.5)	7,019	(36.9)	5,260	(32.8)	4,575	(39.7)	15,304	(4.6)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended Jun. 30, 2024	29.98	29.97
Three months ended Jun. 30, 2023	29.09	29.09

Note: On April 1, 2024, the Company conducted a stock split of in which each share of common stock was split for 4 shares. “Basic earnings per share” and “diluted earnings per share” have been calculated assuming that the stock split was conducted at the start of the previous fiscal year.

(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 Jun. 30, 2024	556,648	402,241	393,489	70.7	2,547.42
As of Mar. 31, 2024	544,060	392,562	383,448	70.5	2,482.45

Note: On April 1, 2024, the Company conducted a stock split of in which each share of common stock was split for 4 shares. “Equity attributable to owners of parent per share” has been calculated assuming that the stock split was conducted at the start of the previous fiscal year.

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2023	–	90.00	–	90.00	180.00
FY2024	–				
FY2024 (forecast)		35.00	–	35.00	70.00

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

Note: On April 1, 2024, the Company conducted a stock split of in which each share of common stock was split for 4 shares. Dividend amounts for FY2023 are the actual dividend amounts before the stock split. The amounts for FY2024 (forecast) are based on the post-stock-split information.

3. Consolidated Financial Forecasts for the FY2024 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-over-year changes)

	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)	210,000	8.1	9,000	(10.1)	11,000	12.4	8,000	16.6	51.95
Full year	415,000	5.9	18,000	8.7	20,500	30.2	15,000	36.3	98.12

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

*Notes

(1) Significant changes in the scope of consolidation during the period: 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)

Jun. 30, 2024: 156,000,000 shares Mar. 31, 2024: 156,000,000 shares

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

Jun. 30, 2024: 1,534,448 shares Mar. 31, 2024: 1,536,840 shares

3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2024: 154,463,655 shares Three months ended Jun. 30, 2023: 157,257,873 shares

Notes: 1. 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 (176,500 shares as of June 30, 2024 and 179,600 shares as of March 31, 2024). 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.

2. On April 1, 2024, the Company conducted a stock split of in which each share of common stock was split for 4 shares. The "number of shares issued and outstanding at the end of the period," "number of treasury shares at the end of the period," and "average number of shares outstanding during the period" have been calculated assuming that the stock split was conducted at the start of the previous fiscal year.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* 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. (3) Consolidated Financial Forecasts and Other Forward-looking Statements" on page 2 of the attached materials for the assumptions used in business forecasts.

2. Supplementary material will be disclosed through TDnet on Wednesday, August 7, 2024, and will also be posted on the Company's website.

*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. Overview of Operating Results, etc.	2
(1) Overview of Operating Results for the Period under Review	2
(2) Overview of Financial Position for the Period under Review	2
(3) Consolidated Financial Forecasts and Other Forward-looking Statements	2
2. Condensed Quarterly Consolidated Financial Statements and Related Notes.....	3
(1) Condensed Quarterly Consolidated Statements of Financial Position.....	3
(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income	5
(3) Condensed Quarterly Consolidated Statements of Changes in Equity	7
(4) Condensed Quarterly Consolidated Statements of Cash Flows.....	9
(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements	10
(Going Concern Assumption)	10
(Applicable Financial Reporting Framework)	10
(Segment Information)	10

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

For an overview of the Group's operating results, please refer to today's announcement "Financial Results Supplementary Material Q1-FY2024" (Supplementary Material for Financial Results)

(2) Overview of Financial Position for the Period under Review

1) Assets, Liabilities and Equity

Total assets at the end of the first quarter of the current fiscal year increased by 12,587 million yen from the end of the previous fiscal year to 556,648 million yen. Current assets increased by 8,191 million yen from the end of the previous fiscal year. This was mainly due to an increase in trade receivables given higher selling prices in connection with higher raw material prices and foreign exchange effects, and an increase in cash and cash equivalents. Non-current assets increased by 4,397 million yen from the end of the previous fiscal year. This was mainly due to an increase in property, plant and equipment given capital investment and foreign exchange effects, and an increase in investments accounted for using equity method.

Total liabilities increased by 2,908 million yen from the end of the previous fiscal year to 154,406 million yen. This was mainly due to an increase in trade payables given higher raw material prices and an increase in purchase volumes and an increase in income taxes payable, despite a decrease in borrowings.

Total equity increased by 9,679 million yen from the end of the previous fiscal year to 402,241 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 0.2 percentage points from 70.5% at the end of the previous fiscal year to 70.7%. Equity attributable to owners of parent per share increased by 64.97 yen from the end of the previous fiscal year to 2,547.42 yen.

2) Cash Flows

Cash and cash equivalents at the end of the three months ended June 30, 2024 amounted to 59,995 million yen, an increase of 4,865 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 three months ended June 30, 2024 amounted to 16,449 million yen, an increase of 2,353 million yen from a cash inflow of 14,096 million yen in the same period of the previous fiscal year. This was mainly due to lower income tax paid than in the same period of the previous fiscal year, a decrease in inventories, and an increase in trade payables which were higher than the same period of the previous year, despite trade receivables increasing due to higher selling prices in connection with higher raw material prices.

Cash flow from investing activities

Net cash used in investing activities in the three months ended June 30, 2024 totaled 4,793 million yen, a decrease of 1,057 million yen from a cash outflow of 5,850 million yen in the same period of the previous fiscal year. This was mainly due to proceeds from sale of investment securities.

Cash flow from financing activities

Net cash used in financing activities in the three months ended June 30, 2024 amounted to 8,437 million yen, a decrease of 1,288 million yen from a cash outflow of 9,725 million yen in the same period of the previous fiscal year. This was mainly due to a decrease in repayments of long-term borrowings.

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

For consolidated financial forecasts of the Group, please refer to the "Notice of Revisions to Earnings Forecasts for the Fiscal Year Ending March 31, 2025" released today.

2. Condensed Quarterly Consolidated Financial Statements and Related Notes

(1) Condensed Quarterly Consolidated Statements of Financial Position

	(Unit: Millions of yen)	
	FY2023 As of Mar. 31, 2024	1Q-FY2024 As of Jun. 30, 2024
Assets		
Current assets		
Cash and cash equivalents	55,129	59,995
Trade receivables	98,181	104,499
Inventories	84,446	83,408
Other financial assets	16,661	15,094
Other current assets	5,262	4,874
Total current assets	259,679	267,870
Non-current assets		
Property, plant and equipment	188,436	191,186
Intangible assets	4,959	4,778
Investments accounted for using equity method	26,531	27,525
Other financial assets	45,718	46,067
Retirement benefit asset	13,700	13,783
Deferred tax assets	3,846	4,126
Other non-current assets	1,192	1,312
Total non-current assets	284,381	288,778
Total assets	544,060	556,648

(Unit: Millions of yen)

	FY2023 As of Mar. 31, 2024	1Q-FY2024 As of Jun. 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	61,351	63,871
Borrowings	17,100	14,482
Other financial liabilities	10,355	10,040
Income taxes payable	1,534	3,414
Provisions	6,239	7,686
Other current liabilities	4,667	4,434
Total current liabilities	101,246	103,926
Non-current liabilities		
Borrowings	21,924	22,008
Other financial liabilities	5,634	5,516
Retirement benefit liability	8,968	9,056
Provisions	3,051	3,246
Deferred tax liabilities	10,676	10,653
Total non-current liabilities	50,252	50,480
Total liabilities	151,498	154,406
Equity		
Share capital	25,038	25,038
Capital surplus	22,513	22,512
Treasury shares	(2,358)	(2,356)
Retained earnings	298,424	300,488
Other components of equity	39,830	47,807
Total equity attributable to owners of parent	383,448	393,489
Non-controlling interests	9,114	8,752
Total equity	392,562	402,241
Total liabilities and equity	544,060	556,648

(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

(Unit: Millions of yen)

	1Q-FY2023 Apr. 1, 2023 to Jun. 30, 2023	1Q-FY2024 Apr. 1, 2024 to Jun. 30, 2024
Revenue	97,362	105,095
Cost of sales	79,964	86,998
Gross profit	17,398	18,097
Selling, general and administrative expenses	12,289	13,284
Other operating income	1,791	717
Other operating expenses	178	342
Operating profit	6,721	5,189
Finance income	1,075	956
Finance costs	392	395
Share of profit (loss) of investments accounted for using equity method	(385)	671
Profit before tax	7,019	6,421
Income tax expense	1,759	1,613
Profit	5,260	4,807
Profit attributable to		
Owners of parent	4,575	4,631
Non-controlling interests	685	176
Profit	5,260	4,807
Earnings per share		
Basic earnings per share (Yen)	29.09	29.98
Diluted earnings per share (Yen)	29.09	29.97

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	1Q-FY2023 Apr. 1, 2023 to Jun. 30, 2023	1Q-FY2024 Apr. 1, 2024 to Jun. 30, 2024
Profit	5,260	4,807
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	2,633	1,283
Share of other comprehensive income of investments accounted for using equity method	1	0
Total of items that will not be reclassified to profit or loss	2,634	1,283
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	7,713	7,362
Share of other comprehensive income of investments accounted for using equity method	(304)	460
Total of items that may be reclassified to profit or loss	7,410	7,822
Other comprehensive income, net of tax	10,044	9,105
Comprehensive income	15,304	13,913
Comprehensive income attributable to		
Owners of parent	14,477	13,515
Non-controlling interests	826	398
Comprehensive income	15,304	13,913

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Three months ended June 30, 2023 (Apr. 1, 2023 to Jun. 30, 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	–	–	–	4,575	–	–
Other comprehensive income	–	–	–	–	2,632	1
Comprehensive income	–	–	–	4,575	2,632	1
Purchase of treasury shares	–	–	(1)	–	–	–
Disposal of treasury shares	–	(4)	24	–	–	–
Share-based payment transactions	–	(3)	–	–	–	–
Dividends	–	–	–	(3,534)	–	–
Transfer from other components of equity to retained earnings	–	–	–	1	–	(1)
Total transactions with owners	–	(7)	22	(3,533)	–	(1)
Balance at end of period	25,038	22,513	(9,276)	302,983	6,963	–

	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	–	–	4,575	685	5,260
Other comprehensive income	7,269	9,902	9,902	142	10,044
Comprehensive income	7,269	9,902	14,477	826	15,304
Purchase of treasury shares	–	–	(1)	–	(1)
Disposal of treasury shares	–	–	20	–	20
Share-based payment transactions	–	–	(3)	–	(3)
Dividends	–	–	(3,534)	(451)	(3,984)
Transfer from other components of equity to retained earnings	–	(1)	–	–	–
Total transactions with owners	–	(1)	(3,518)	(451)	(3,969)
Balance at end of period	24,968	31,931	373,190	8,142	381,333

Three months ended June 30, 2024 (Apr. 1, 2024 to Jun. 30, 2024)

(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	22,513	(2,358)	298,424	9,131	–
Profit	–	–	–	4,631	–	–
Other comprehensive income	–	–	–	–	1,282	0
Comprehensive income	–	–	–	4,631	1,282	0
Purchase of treasury shares	–	–	(1)	–	–	–
Disposal of treasury shares	–	(1)	3	–	–	–
Share-based payment transactions	–	0	–	–	–	–
Dividends	–	–	–	(3,475)	–	–
Transfer from other components of equity to retained earnings	–	–	–	907	(907)	(0)
Total transactions with owners	–	(1)	2	(2,568)	(907)	(0)
Balance at end of period	25,038	22,512	(2,356)	300,488	9,507	–

	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	30,699	39,830	383,448	9,114	392,562
Profit	–	–	4,631	176	4,807
Other comprehensive income	7,601	8,884	8,884	222	9,105
Comprehensive income	7,601	8,884	13,515	398	13,913
Purchase of treasury shares	–	–	(1)	–	(1)
Disposal of treasury shares	–	–	2	–	2
Share-based payment transactions	–	–	0	–	0
Dividends	–	–	(3,475)	(760)	(4,235)
Transfer from other components of equity to retained earnings	–	(907)	–	–	–
Total transactions with owners	–	(907)	(3,474)	(760)	(4,234)
Balance at end of period	38,300	47,807	393,489	8,752	402,241

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	1Q-FY2023 Apr. 1, 2023 to Jun. 30, 2023	1Q-FY2024 Apr. 1, 2024 to Jun. 30, 2024
Cash flows from operating activities		
Profit before tax	7,019	6,421
Depreciation and amortization	7,915	7,909
Loss (gain) on sale of property, plant and equipment	(1,260)	(2)
Interest and dividend income	(694)	(953)
Interest expenses	392	385
Share of loss (profit) of investments accounted for using equity method	385	(671)
Decrease (increase) in trade receivables	1,374	(4,755)
Decrease (increase) in inventories	226	2,678
Increase (decrease) in trade payables	515	1,648
Other	1,047	3,533
Subtotal	16,919	16,191
Interest and dividends received	1,507	1,331
Interest paid	(249)	(241)
Income taxes paid	(4,082)	(832)
Net cash provided by (used in) operating activities	14,096	16,449
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,041)	(6,435)
Proceeds from sale of property, plant and equipment	1,221	6
Purchase of intangible assets	(374)	(170)
Purchase of investments	(26)	(1)
Proceeds from sale and redemption of investments	–	1,422
Other	(630)	386
Net cash provided by (used in) investing activities	(5,850)	(4,793)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,457)	(1,989)
Proceeds from long-term borrowings	200	100
Repayments of long-term borrowings	(3,001)	(1,900)
Repayments of lease liabilities	(482)	(412)
Purchase of treasury shares	(1)	(1)
Dividends paid	(3,534)	(3,475)
Dividends paid to non-controlling interests	(451)	(760)
Other	–	0
Net cash provided by (used in) financing activities	(9,725)	(8,437)
Effect of exchange rate changes on cash and cash equivalents	1,382	1,646
Net increase (decrease) in cash and cash equivalents	(97)	4,865
Cash and cash equivalents at beginning of period	39,035	55,129
Cash and cash equivalents at end of period	38,938	59,995

(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Applicable Financial Reporting Framework)

The Group's condensed quarterly consolidated financial statements (Condensed Quarterly Consolidated Statement of Financial Position, Condensed Quarterly Consolidated Statements of Profit or Loss, Condensed Quarterly Consolidated Statements of Comprehensive Income, Condensed Quarterly Consolidated Statements of Changes in Equity, Condensed Quarterly Consolidated Statements of Cash Flows and Related Notes) have been prepared in accordance with Article 5, paragraph 2 of the Standards for the Preparation of Quarterly Financial Statements, etc., of the Tokyo Stock Exchange, Inc. (however, the omissions set forth in Article 5, paragraph 5 of the said Standard have been applied), and certain disclosure items and notes required by IAS 34 Interim Financial Reporting have been omitted.

(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.

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

Three months ended Jun. 30, 2023 (Apr. 1, 2023 to Jun. 30, 2023)

(Unit: Millions of yen)

	Reportable segments			Adjustment (Note)	Total
	Materials	Solutions	Total		
Revenue					
Revenue to third parties	71,418	25,945	97,362	–	97,362
Intergroup revenue and transfers	3,886	776	4,663	(4,663)	–
Total	75,304	26,721	102,025	(4,663)	97,362
Segment income	4,541	1,951	6,492	230	6,721
Finance income	–	–	–	–	1,075
Finance costs	–	–	–	–	392
Share of profit (loss) of investments accounted for using equity method	–	–	–	–	(385)
Profit before tax	–	–	–	–	7,019

Note: The adjustment for “Segment income” includes inter-segment transaction eliminations and corporate profit (loss) not allocated to reportable segments amounting to 230 million yen.

Three months ended Jun. 30, 2024 (Apr. 1, 2024 to Jun. 30, 2024)

(Unit: Millions of yen)

	Reportable segments			Adjustment (Note)	Total
	Materials	Solutions	Total		
Revenue					
Revenue to third parties	76,421	28,674	105,095	–	105,095
Intergroup revenue and transfers	3,951	756	4,707	(4,707)	–
Total	80,372	29,430	109,802	(4,707)	105,095
Segment income	4,727	378	5,105	83	5,189
Finance income	–	–	–	–	956
Finance costs	–	–	–	–	395
Share of profit (loss) of investments accounted for using equity method	–	–	–	–	671
Profit before tax	–	–	–	–	6,421

Note: The adjustment for “Segment income” includes inter-segment transaction eliminations and corporate profit (loss) not allocated to reportable segments amounting to 83 million yen.