



**NIPPON
SHOKUBAI**

Financial Results Presentation Material 2Q FY2024

(Six months: April 1 - September 30, 2024)

11th November 2024

NIPPON SHOKUBAI CO., LTD.

Presented by Kazuhiro Noda,

Representative member of the board, President

(4114 TSE Prime Market)

Agenda

I . 1H - FY2024 Results

II . FY2024 Forecasts

III . Business Strategies and Topics

IV . Shareholder Returns

Abbreviations	
AA	Acrylic acid
AES	Acrylate
SAP	Superabsorbent polymers
EO	Ethylene oxide
IONEL™	Electrolyte in lithium-ion batteries
Zr Sheets	Electrolyte sheets

■ Results for 1H FY2024 [Increased in both Revenue and Operating profit by YoY]

Revenue 206.9, Operating Profit 10.5, Profit before tax 12.4, Profit 8.9 (Billions of Yen)
[YoY Revenue +12.6, OP+0.4, Profit before tax +2.6, Profit +2.1]

- (+) Increased volumes of solutions products such as specialty chemicals and electronics materials, and AA and AES
- (+) Improvement in investments accounted for using equity method.

■ Revised forecasts for Full year FY 2024

[Expected increase in both Revenue and Operating profit by YoY]

Revenue 415.0, Operating Profit 20.0, Profit before tax 23.0, Profit 16.5 (Billions of Yen)
[YoY Revenue +23.0, OP+3.4, Profit before tax +7.3, Profit +5.5]

- (+) Recovery in demand for solutions products such as specialty chemicals and electronics materials, increase in SAP volumes

■ Shareholder Returns [Increased dividend]

- **Interim Dividend ¥54/share** (Revised, Increased +31.5 yen by YoY*)
- **Annual Dividend ¥108/share** (Revised forecast, Expected increase +63円 yen by YoY*)
- **Completed share buyback of 5 billion yen** (3,005,000 shares, May-Oct 2024)

*After stock splits

I . 1H - FY2024 Results

1H- FY2024 Consolidated Financial Summary (YoY)

(Billion yen)	FY2023	FY2024	Difference	
	1H	1H		
	Actual	Actual	Amount	%
Revenue	194.3	206.9	12.6	6.5%
Operating profit	10.0	10.5	0.4	4.5%
(Operating profit to revenue)	5.1%	5.1%	-0.1p	-
Share of profit of investments accounted for using equity method	-0.4	1.7	2.1	-
Profit before tax	9.8	12.4	2.6	27.0%
Profit attributable to owners of parent	6.9	8.9	2.1	30.1%
ROE	3.7%	4.7%	1.0p	-
ROA	3.7%	4.7%	1.0p	-
Domestic naphtha price (Yen/kL)	65,600	78,000	12,400	18.9%
USD/JPY	141	153	12	8.3%
EUR/JPY	153	166	13	8.2%

Segment Revenue and Operating Profit

Market Domain (Billion yen)	FY2023	FY2024	Difference		Revenues Increase/ Decrease Factors	
	1H	1H	Amount	%	Volume	Price
	Actual	Actual				
AA · SAP	110.1	112.2	2.1	1.9%	(+)	(-)
Basic materials, others	32.3	37.3	4.9	15.3%	(-)	(+)
Materials Business	142.4	149.5	7.1	5.0%		
Industrial & Household	38.6	43.0	4.4	11.3%	(+)	(+)
Energy & Electronics	12.6	14.0	1.4	11.2%	(-)	(+)
Others	0.6	0.4	-0.3	-43.2%	(+)	(-)
Solutions Business	51.9	57.4	5.5	10.6%		
Total Revenue	194.3	206.9	12.6	6.5%		
Materials Business	8.3	8.1	-0.2	-2.5%		
Solutions Business	1.0	2.0	1.1	108.2%		
Eliminations and corporate profit (loss)	0.7	0.3	-0.4	-55.3%		
Total Operating Profit	10.0	10.5	0.4	4.5%		

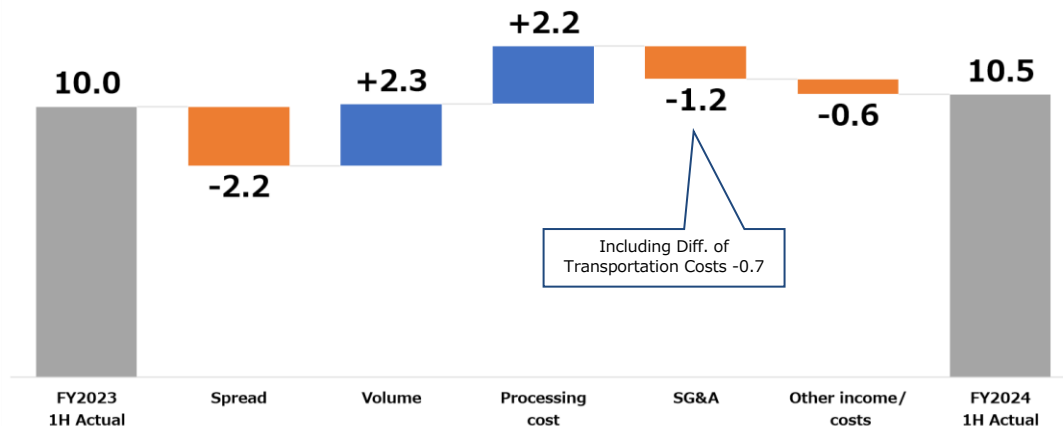
(+) Increase in sales volume, selling price
(-) Decrease in sales volume, selling price

Analysis of Changes in Operating Profit (Total)

Volume growth in solutions products, such as specialty chemicals and electronics materials, in line with a recovery in demand.

(Breakdown)

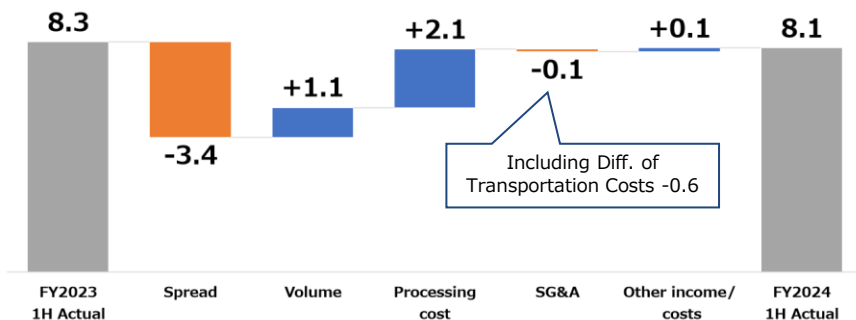
(Billion yen)	Operating profit		Diff.	Spread			Volume	Processing cost		SG&A	Other income/ costs
	FY2023 1H Actual	FY2024 1H Actual		Selling price differences	Variable cost differences	Inventory valuation difference					
Total	10.0	10.5	+0.4	-2.2	+4.3	-6.5	+2.3	+2.2	+1.5	-1.2	-0.6



Analysis of Changes in Operating Profit (Materials)

(Breakdown)

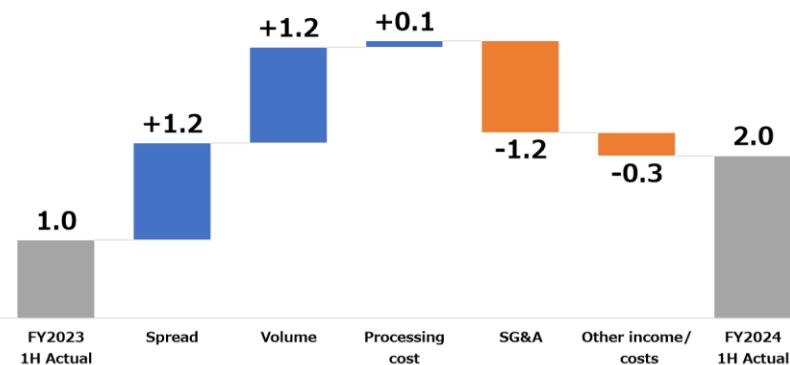
(Billion yen)	Operating profit		Diff.	Spread			Volume	Processing cost		SG&A	Other income/ costs
	FY2023 1H Actual	FY2024 1H Actual		Selling price differences	Variable cost differences	Inventory valuation difference					
Materials	8.3	8.1	-0.2	-3.4	+1.6	-5.0	+1.1	+2.1	+1.3	-0.1	+0.1



Spread	<ul style="list-style-type: none"> • SAP: Profit due to the effect of the timing of raw material prices in the previous year and continued sluggishness in overseas markets
Volume	<ul style="list-style-type: none"> • AA·AES: Increase in volume due to sales expansion in emerging countries
Processing cost, SG&A, Other costs	<ul style="list-style-type: none"> • Processing costs etc.: Increase in inventory valuation gains and decrease in depreciation

Analysis of Changes in Operating Profit (Solutions)

(Billion yen)	Operating profit		Diff.	(Breakdown)			Volume	Processing cost		SG&A	Other income/costs
	FY2023 1H Actual	FY2024 1H Actual		Spread	Selling price differences	Variable cost differences		Inventory valuation difference			
Solutions	1.0	2.0	+1.1	+1.2	+2.7	-1.5	+1.2	+0.1	+0.2	-1.2	-0.3



Spread

- Industrial Households: Spreads widened due to higher selling prices as a result of the weaker yen.

Volume

- Industrial Household: Increased sales due to firm demand for specialty chemicals.
- Energy & Electronics: Volume of display-related products increased due to a recovery in demand.

Processing cost, SG&A, Other costs

- SG&A: Focus on R&D in life sciences, etc

II. FY2024 Forecasts

FY2024 Consolidated Financial Summary (YoY)

(Billion yen)	FY2023	FY2024	Difference	
	Full	Full	Amount	%
	Actual	Forecast		
Revenue	392.0	415.0	23.0	5.9%
Operating profit	16.6	20.0	3.4	20.8%
(Operating profit to revenue)	4.2%	4.8%	0.6P	-
Share of profit of investments accounted for using equity method	-1.0	3.0	4.0	-
Profit before tax	15.7	23.0	7.3	46.1%
Profit attributable to owners of parent	11.0	16.5	5.5	49.9%
ROE	3.0%	4.3%	1.3P	-
ROA	2.9%	4.2%	1.3P	-
Domestic naphtha price (Yen/kL)	69,100	75,500	6,400	9.3%
USD/JPY	145	149	4	2.9%
EUR/JPY	157	163	6	4.0%

Segment Revenue and Operating Profit

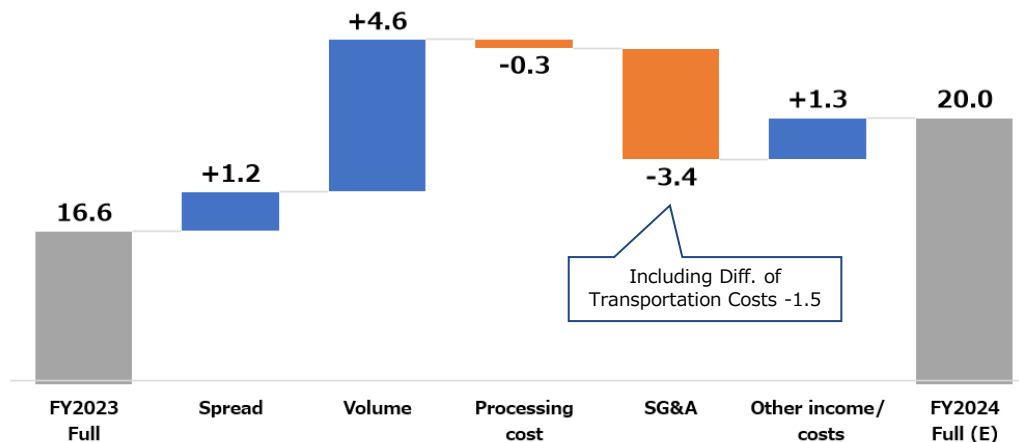
Market Domain (Billion yen)	FY2023	FY2024	Difference		Revenues Increase/ Decrease Factors	
	Full	Full	Amount	%	Volume	Price
	Actual	Forecast				
AA · SAP	216.0	220.8	4.8	2.2%	(+)	(-)
Basic materials, others	67.8	76.2	8.4	12.3%	(+)	(+)
Materials Business	283.8	297.0	13.2	4.6%		
Industrial & Household	80.6	86.9	6.3	7.8%	(-)	(+)
Energy & Electronics	26.4	30.3	3.8	14.6%	(+)	(+)
Others	1.1	0.8	-0.3	-27.7%	(+)	(-)
Solutions Business	108.2	118.0	9.8	9.1%		
Total Revenue	392.0	415.0	23.0	5.9%		
Materials Business	12.7	14.6	1.9	14.7%		
Solutions Business	2.7	4.6	1.9	68.4%		
Eliminations and corporate profit (loss)	1.1	0.8	-0.3	-27.2%		
Total Operating Profit	16.6	20.0	3.4	20.8%		

(+) Increase in sales volume, selling price
(-) Decrease in sales volume, selling price

Analysis of Changes in Operating Profit (Total)

Increase in profit due to higher sales volumes, while SG&A expenses, such as transportation and R&D costs, increased.

(Billion yen)	Operating profit		Diff.	(Breakdown)			Volume	Processing cost		SG&A	Other income/costs
	FY2023 Full	FY2024 Full (E)		Spread	Selling price differences	Variable cost differences		Inventory valuation difference			
Total	16.6	20.0	+3.4	+1.2	+9.4	-8.2	+4.6	-0.3	-0.9	-3.4	+1.3

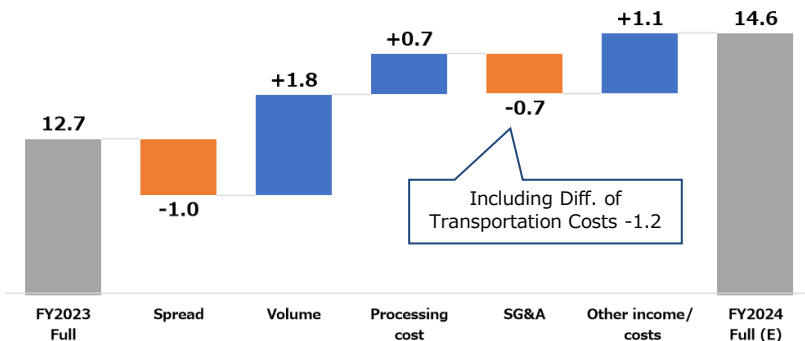


Analysis of Changes in Operating Profit (Materials)

(Breakdown)

(Billion yen)	Operating profit		Diff.
	FY2023 Full	FY2024 Full (E)	
Materials	12.7	14.6	+1.9

Spread			Volume	Processing cost		SG&A	Other income/costs	
	Selling price differences	Variable cost differences			Inventory valuation difference			
	-1.0	+4.9	-5.9	+1.8	+0.7	-0.4	-0.7	+1.1



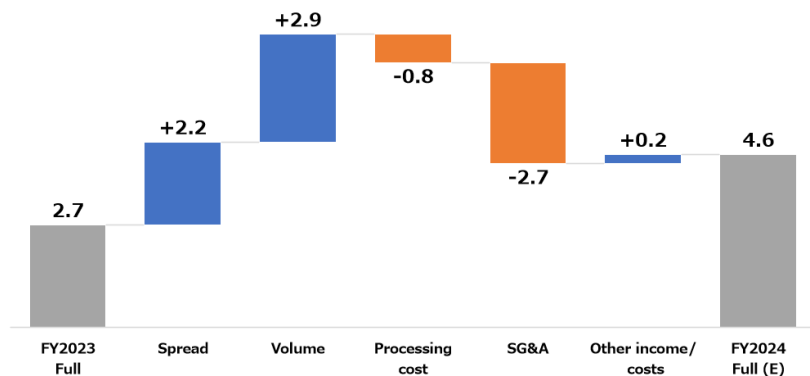
Spread	<ul style="list-style-type: none"> AA/AES, SAP: Continued weakness in overseas markets
Volume	<ul style="list-style-type: none"> AA/AES, SAP: Increase in volume due to capturing demand in emerging countries and in Japan.
Processing cost, SG&A, Other costs	<ul style="list-style-type: none"> Processing and other costs: Decrease in depreciation SG&A: Increase in ocean freight costs Other revenue costs: Impairment of fixed assets in the previous year (Chinese subsidiary)

Analysis of Changes in Operating Profit (Solutions)

(Breakdown)

(Billion yen)	Operating profit		Diff.
	FY2023 Full	FY2024 Full (E)	
Solutions	2.7	4.6	+1.9

Spread			Volume	Processing cost		SG&A	Other income/costs	
	Selling price differences	Variable cost differences		Inventory valuation difference				
	+2.2	+4.5	-2.3	+2.9	-0.8	-0.5	-2.7	+0.2



Spread	<ul style="list-style-type: none"> Industrial Households: Higher selling prices for specialty chemicals. Spreads improved due to the weaker yen and other factors.
Volume	<ul style="list-style-type: none"> Industrial Household: Increased sales due to steady demand for specialty chemicals. Energy & Electronics: Volume increased in anticipation of a recovery in demand for display-related products.
Processing cost, SG&A, Other costs	<ul style="list-style-type: none"> Processing and other costs: Increase in fixed manufacturing costs SG&A: Increase in R&D costs in life sciences, etc.

Ⅲ. Business Strategies and Topics

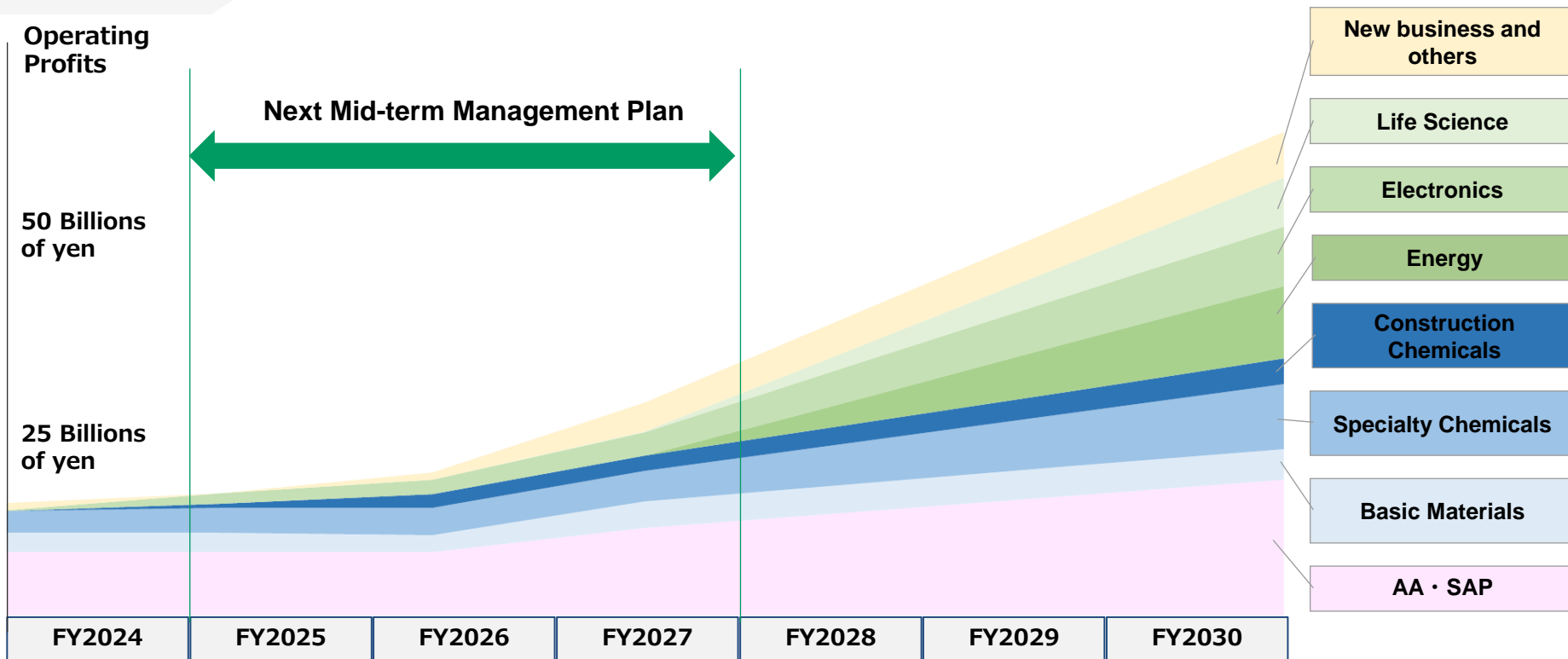
Business Strategies: Overview

Core Business	AA / SAP	Basic Materials	Specialty Chemicals	Construction Chemicals
	<p>Acrylic acid Superabsorbent polymer</p> <ul style="list-style-type: none"> ➤ Increase production capacity in growth markets and shut down inefficient facilities ➤ Strengthen sales to the Global South 	<p>Ethylene oxide and others</p> <ul style="list-style-type: none"> ➤ Expansion of supply system ➤ Expansion of contracted and cooperative projects 	<p>Water purification agents, CO2 absorbents, Materials for coatings</p> <ul style="list-style-type: none"> ➤ Expanding sales of amines, materials for water purification agents, CO2 absorbents, etc., for which demand is expected to increase due to growing environmental awareness 	<p>Resins for construction materials and architectural coatings, Polymers for concrete admixtures</p> <ul style="list-style-type: none"> ➤ Expanding the line-up of construction materials based on emulsions ➤ Strengthening of initiatives in the North American market
Growth Business	Energy	Electronics	Life Science	
	<p>Battery materials Hydrogen-related materials</p> <ul style="list-style-type: none"> ➤ Increase IONEL capacity to meet growing battery demand. ➤ Increase capacity of Zr sheets and develop new technologies 	<p>Display materials Semiconductor materials</p> <ul style="list-style-type: none"> ➤ Expand market share of display materials in China ➤ Expand sales of semiconductor materials (resist, particulates, etc.) 	<p>Middle-molecule drugs CDMO</p> <ul style="list-style-type: none"> ➤ Expansion of production facilities in response to increased contracting business ➤ Take up overseas demand 	

Business Strategies: Schedule

	FY2025-2027	FY2028-2030
AA · SAP		<p>SAP capacity and sales expansion in Indonesia</p> <p>Enhanced sales to the Global South</p>
Basic Materials		<p>Expansion of supply system</p> <p>Expansion of contracted and cooperative projects</p>
Specialty Chemicals		<p>Sales expansion of amines</p>
Construction Chemicals		<p>Expansion of construction materials line-up</p>
Energy	<p>IONEL capacity in China increase</p> <p>Zr sheet capacity increase</p>	<p>IONEL capacity in Japan increase</p> <p>IONEL capacity in North America increase</p>
Electronics		<p>Expanding share in Chinese market for display materials</p> <p>Sales expansion of semiconductor materials (resist, particulates, etc.)</p>
Life Science		<p>Expansion of API production facility (API: Active Pharmaceutical Ingredients)</p> <p>Further expansion of production facilities</p>

Business Strategies: Image of increasing profits



Business Topic (1) AA/SAP Global supply and demand trends

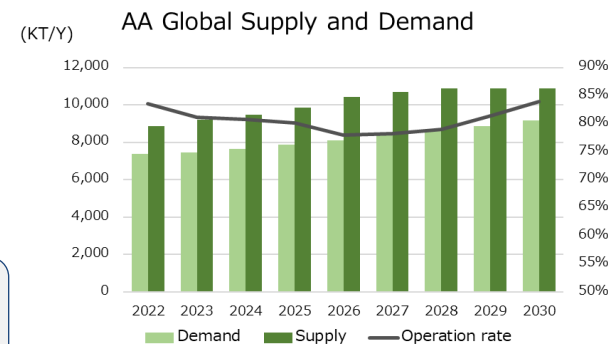
[AA] Supply-demand balance bottomed out in 2027

■ Supply and Demand trends

Demand Global demand approx. 7.7 million tons (estimated 2024)
3% annual growth expected in the medium term
(growth of more than 5% assumed in emerging countries)

Supply 2024: Planned expansion/shutdown global total (annual production capacity) approx. 100,000 tons
2025 onwards: Planned expansion/shutdown global total (annual production capacity) approx. 800,000-1,000,000 tons

- Our strategy: generate stable earnings/cash as a global supplier
- Respond to the demand for local production for local consumption by utilizing the AA's five production bases.
- Maintain stable operations through expansion of AA self consumption (integrated AA and SAP operations)



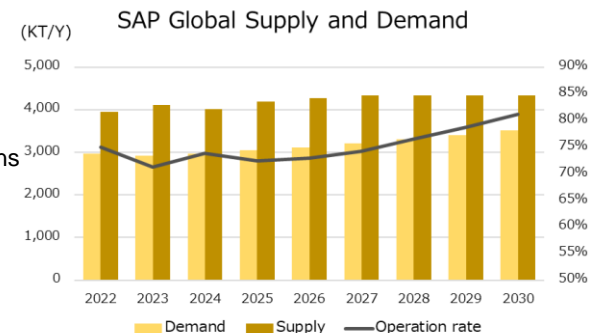
[SAP] Supply-demand balance bottomed out in 2025

■ Supply and Demand trends

Demand Global demand approx. 3 million tons (estimated 2024)
3% annual growth expected in the medium term
(growth of more than 5% assumed in emerging economies)

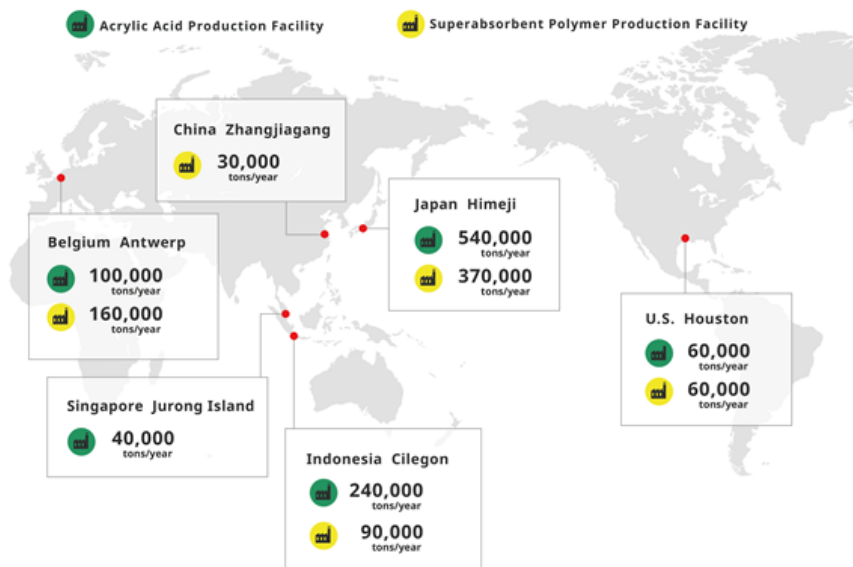
Supply 2024: Planned expansion/shutdown global total (annual production capacity) approx. minus 100,000 tons
2025 onwards: Planned expansion/shutdown global total (annual production capacity) approx. 300,000 tons

- Our strategy: earn wisely from a medium to long term perspective by leveraging our strengths as a global supplier.
- Expand markets in the Global South (Indonesia, India, Africa)
- Maintain partnerships with key customers.



Business Topic (1) AA/SAP Establishment of new SAP Plant

Production Capacity	Nippon Shokubai Group							Total (Kt/Year)	+	New Plant
	Japan	Indonesia	Belgium	US	Singapore	China	Indonesia			
AA Facility	540	240	100	60	40	0	980		0	
SAP Facility	370	90	160	60	0	30	710		50	



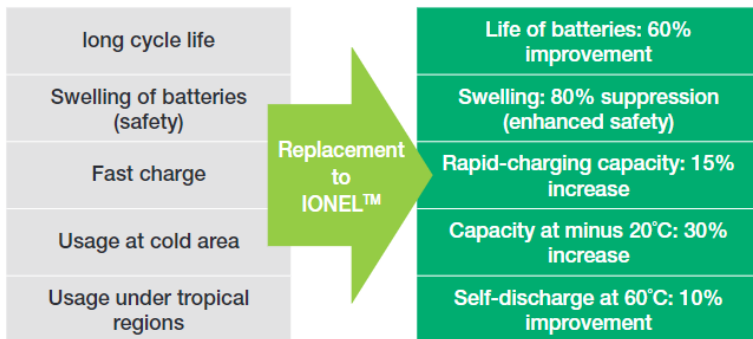
SAP expansion at Indonesian subsidiary

- Production capacity : 50,000 tons/year
(total of 140,000 tons/year incl. existing capacity)
- Time : Completion in January 2027, start of commercial operation in July 2027
- Capital investment amount: approx. USD 110 million
- Investment objective/background:
 - (1) To respond to the strong growth in demand for SAP in the Asian region by utilizing the strength of integrated production of SAP from AA.
 - (2) To shut down old facilities with low productivity at the SAP plant in Himeji, if necessary.(Optimize the entire Group)

Business Topic (2) IONEL™ Advantages and future prospects

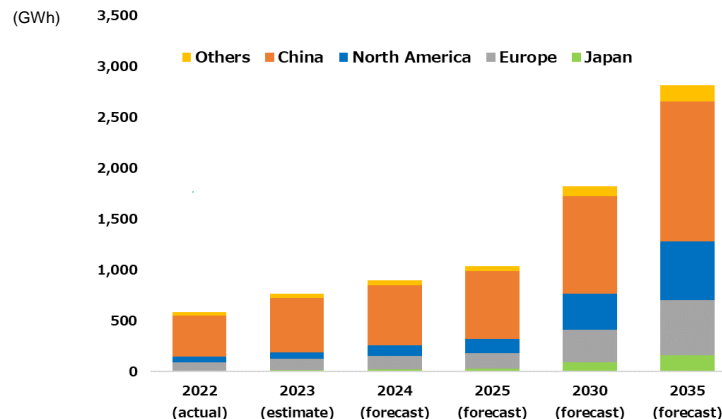
■ Points of differentiation from existing electrolytes

Major challenges faced by conventional automotive batteries

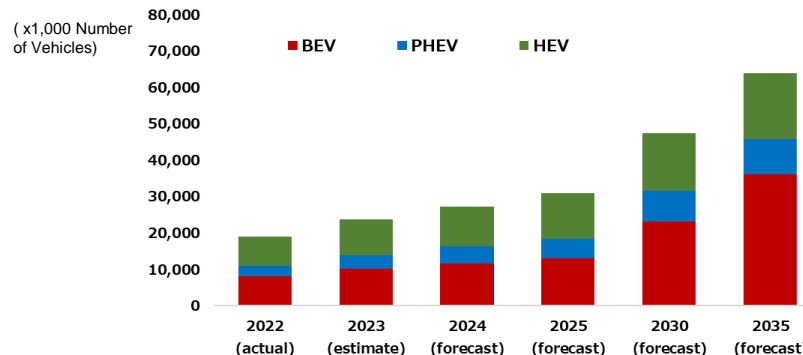


* Lithium salt used for conventional batteries: LiPF₆ (lithium hexafluorophosphate)
 * Examples of our battery data, please refer to "Products" on the Nippon Shokubai website.
 (https://www.shokubai.co.jp/en/products/detail/lifsi/)
 Examples of outside data: https://www.sciencedirect.com/science/article/pii/S1388248119301080?via%3DIihub

■ Automotive LIB market size transition (by region)



■ xEV global production forecast (by vehicle type)



IONEL: Building a production system in line with the strategy of local production for local consumption

Construction of a new IONEL plant in Japan

- New facility to be built in Fukuoka Prefecture, Japan
- Production capacity 3,000 tons per year ⇒ Enable to supply 210,000 electric vehicles (Given if all electrolytes are changed to IONEL)
- Investment amount Up to 37.5 billion yen (including subsidies of up to 12.5 billion yen)

Region	Business Type	Manufacturing Capacity *	Efforts to Achieve Goals	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030		
China	JV/Capchem	1,200 tons/y ;Plans to increase by several thousand tons	Increased production capacity	Progressing production capacity expansion								
Japan	Own	3,000 tons/y scale	Launch as planned				Targeting to start commercial operation in 2028					
North America	JV	Several thousand tons/y scale	Selection of JV partners and implementation of schemes								Targeting to start commercial operation in 2029	
Europe	JV/Arkema	Suspension of plan, and resumption of study in response to future demand trends										

*Production capacity at each site is shown. In the case of JV, it is planned to collect and sell a quantity corresponding to our company's stake.

IV. Shareholder Returns

Shareholder Returns

● [Significant Increase]

	FY2023 1H	FY2024 1H	Diff.	FY2023 Full	FY2024 Full(E)	Diff.
Dividend per share	¥90.0	¥216.0	+126.0	¥180.0	¥432.0	+252.0
Post 4-for-1 stock split	¥22.5	¥54.0	+31.5	¥45.0	¥108.0	+63.0

*For reference, post-split figures in FY2023 and pre-split figures in FY2024 are in grey texts.

(Capital policy approach)

Reduce the shareholders' equity ratio to around 60% by the end of FY2027

(Policy for FY2024 to FY2027) **Dividend payout ratio 100% + Share Buyback**

- Return a dividend payout ratio of 100% or DOE of 2.0%, whichever is greater
- Use surplus funds from the reduction of strategic shareholdings to buyback shares (approx. 20 billion yen by FY2027)

● Changes in Shareholder Returns

	FY2020	FY2021	FY2022	FY2023	FY2024 (Forecast)
Annual dividend per share (Yen)	90	180	180	180	(432)
After stock split	(23)	(45)	(45)	(45)	108
Payout ratio (%)	-	30.3	36.9	63.9	100.0
DOE (%)	1.1	2.2	2.0	1.9	4.3
Annual total dividends (Billion yen)	3.6	7.2	7.1	7.0	16.4
Amount of share repurchase (Billion yen)	0.0	0.0	3.0	4.0	5.0
Total payout amount (Billion yen)	3.6	7.2	10.1	11.0	21.4
Profit (Billion yen)	-10.9	23.7	19.4	11.0	16.5
Total return ratio (%)	-	30.3	52.2	99.7	129.6

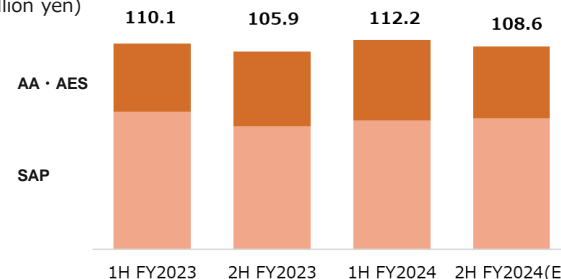
References

Business Overview and Initiatives

[AA · SAP] Business Overview and Initiatives: 1H FY2024

Market Domain		Main Products
AA · SAP	AA · AES	<ul style="list-style-type: none"> Acrylic acid (AA) Acrylates (AES)
	SAP	<ul style="list-style-type: none"> Superabsorbent polymers (SAP)

Sales composition ratio
Revenue (Billion yen)

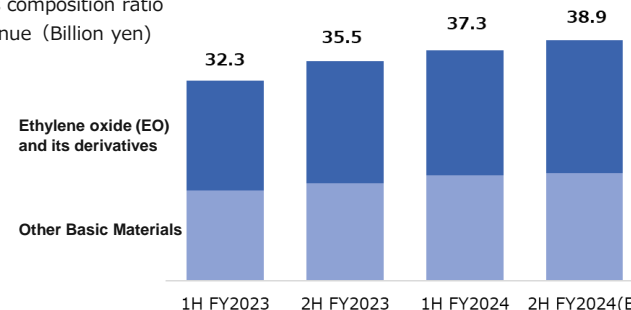


Market Domain	Market Environment	FY2024 1H results (YoY)	Future Initiatives
AA · AES	<ul style="list-style-type: none"> Continued weakness in Asian markets due to the economic slowdown in China. Domestic demand for automobiles and electronics materials is firm, but construction remains sluggish. 	<ul style="list-style-type: none"> Continued spread deterioration due to falling overseas markets. Volume growth due to increased sales to emerging markets, particularly India. 	<ul style="list-style-type: none"> ◆ Short-term <ul style="list-style-type: none"> Group-wide production optimization. Capturing demand in India and Southeast Asia. ◆ Medium- to long-term <ul style="list-style-type: none"> Securing stable sales outlets and implementing cost-cutting measures.
SAP	<ul style="list-style-type: none"> Global demand is expected to increase only slightly due to inflation and other factors, although demand for children's diapers in emerging economies is expected to grow. 	<ul style="list-style-type: none"> Volume growth due to sales expansion in emerging countries and increased market share in the domestic market. Worsening of spreads due to falling overseas markets. 	<ul style="list-style-type: none"> ◆ Short-term <ul style="list-style-type: none"> Customer uptake in line with domestic restructuring. Capturing demand in line with market growth in emerging countries. Improve profitability through cost reduction. ◆ Medium- to long-term <ul style="list-style-type: none"> Study of supply systems for medium to long-term demand growth. Sustainability measures (bio, recycling). Establishment of R&D system in Indonesia.

[Basic Materials, others] Business Overview and Initiatives: 1H FY2024

Market Domain		Main Products
Basic materials, others	■ EO and its derivatives	<ul style="list-style-type: none"> Ethylene oxide (EO) Ethylene glycols (EG) Ethanolamines (EA)
	■ Other Basic Materials	<ul style="list-style-type: none"> Hydroxy monomers Process catalysts

Sales composition ratio
Revenue (Billion yen)

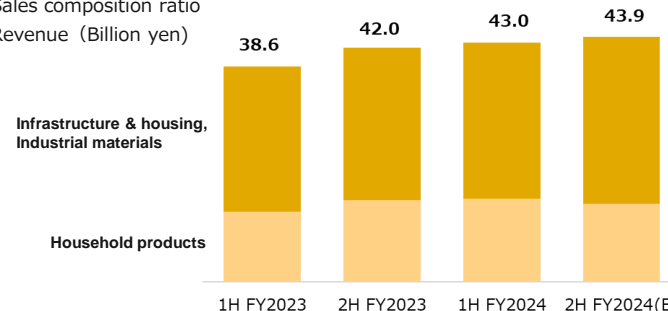


Market Domain	Market Environment	FY2024 1H results (YoY)	Future Initiatives
Basic materials, others	<p>[EO and its derivatives]</p> <ul style="list-style-type: none"> Continued softening of the global EG supply-demand balance. Weak domestic demand, especially for surfactant applications. 	<p>[EO and its derivatives]</p> <ul style="list-style-type: none"> Product price increases due to rising raw materials, fuel, fixed costs and repair costs. Continued suspension of EG exports due to weak market conditions. Decrease in sales volumes due to weak domestic demand. 	<p>[EO and its derivatives]</p> <p>◆ Short-term</p> <ul style="list-style-type: none"> Maintain a stable supply system as the largest EO manufacturer in Japan. Expansion of EO derivatives. <p>◆ Medium- to long-term</p> <ul style="list-style-type: none"> Consider alliances with upstream, downstream and peer organizations.

[Industrial & Household-1] Business Overview and Initiatives: 1H FY2024

Market Domain		Main Products
Industrial & Household	<ul style="list-style-type: none"> Infrastructure & housing, Industrial materials 	<ul style="list-style-type: none"> Polymers for concrete admixtures Acrylic resin Various amins
	<ul style="list-style-type: none"> Household products 	<ul style="list-style-type: none"> Polycarboxylates Secondary alcohol ethoxylates

Sales composition ratio
Revenue (Billion yen)

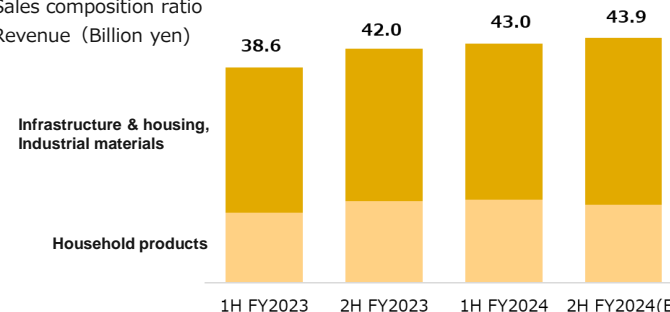


Market Domain	Market Environment	FY2024 1H results (YoY)	Future Initiatives
Infrastructure & housing, Industrial materials	<p>[Infrastructure & housing]</p> <ul style="list-style-type: none"> Global demand for concrete-related products is growing, while domestic demand continues to decline gradually. Steady demand in domestic renovation 	<p>[Infrastructure & housing]</p> <ul style="list-style-type: none"> Volume of polymers for admixtures decreased due to competition from Chinese and Korean products in overseas markets. Acrylic resins for paints are steady in the renovation market, but volumes of acrylic resins for ceramic building materials are down due to a decline in new construction. <p>[Industrial materials]</p> <ul style="list-style-type: none"> Ethyleneimine volumes increased as demand recovered. 	<p>◆ Short-term</p> <p>[Infrastructure & housing]</p> <ul style="list-style-type: none"> Aiming to increase market share through high performance products while maintaining and expanding the spread of existing products. <p>[Industrial materials]</p> <ul style="list-style-type: none"> Focus on the development of various amines for environmental compliance (including medium to long-term). <p>◆ Medium- to long-term</p> <p>[Infrastructure & housing]</p> <ul style="list-style-type: none"> Shift from commodity products to high value-added products Focus on environmentally friendly products such as CO2-reducing concrete.
	<p>[Industrial materials]</p> <ul style="list-style-type: none"> Various amines in the limelight in relation to the trend towards tighter environmental regulations worldwide. 		

[Industrial & Household-2] Business Overview and Initiatives: 1H FY2024

Market Domain		Main Products
Industrial & Household	<ul style="list-style-type: none"> Infrastructure & housing, Industrial materials 	<ul style="list-style-type: none"> Polymers for concrete admixtures Acrylic resin Various amins
	<ul style="list-style-type: none"> Household products 	<ul style="list-style-type: none"> Polycarboxylates Secondary alcohol ethoxylates

Sales composition ratio
Revenue (Billion yen)

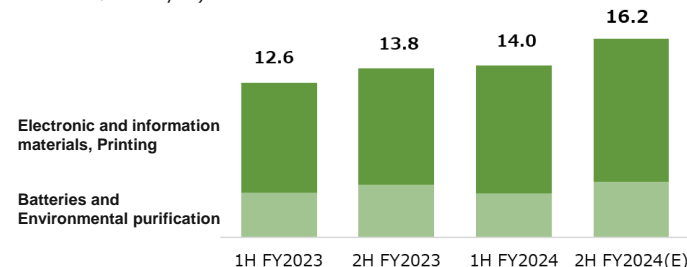


Market Domain	Market Environment	FY2024 1H results (YoY)	Future Initiatives
Household products	<ul style="list-style-type: none"> In the detergent market, sales volumes declined due to the economic slowdown in China. Shift to lower-priced products due to inflationary savings trends. 	<ul style="list-style-type: none"> Decrease in sales volumes of our products used in high value-added products. Decrease in sales volumes due to intense price competition with competitors in overseas markets. Steady sales of developed products for specific customers. 	<ul style="list-style-type: none"> ◆ Short-term <ul style="list-style-type: none"> Price correction due to increases in raw material prices, utility costs, etc. Expansion of sales channels and strengthening of sales promotion activities to target customers. ◆ Medium- to long-term <ul style="list-style-type: none"> Optimization of the production system to meet demand. Focus on new high-performance and environmentally friendly products (bio-based raw materials, biodegradable).

[Energy & Electronics-1] Business Overview and Initiatives: 1H FY2024

Market Domain		Main Products
Energy & Electronics	<ul style="list-style-type: none"> Electronic information materials, Printing 	<ul style="list-style-type: none"> ACRYVIEWA™ (Acrylic resins for optical films) Resist materials Fine particles VEEA™ (Hybrid monomers)
	<ul style="list-style-type: none"> Batteries and environmental purification 	<ul style="list-style-type: none"> IONEL™ (Electrolytes for lithium-ion batteries) Electrolyte sheets Environmental catalysts Automotive catalysts

Sales composition ratio
Revenue (Billion yen)

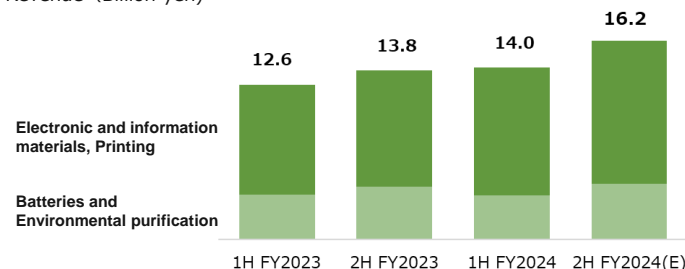


Market Domain	Market Environment	FY2024 1H results (YoY)	Future Initiatives
Electronic information materials, Printing	<ul style="list-style-type: none"> Continued shift of the LCD market to China. Demand for LCD materials is recovering due to larger TV panels and higher panel utilization rates. 	<ul style="list-style-type: none"> Sales of LCD panel-related products increased, mainly due to gradual uptake of demand from China. 	<ul style="list-style-type: none"> ◆ Short-term <ul style="list-style-type: none"> Sales expansion in response to the shift of the LCD market to China. Sales expansion of high value-added products. ◆ Medium- to long-term <ul style="list-style-type: none"> Developing new products for next-generation displays. Entry into medium to long-term growth markets, including semiconductors.

[Energy & Electronics-2] Business Overview and Initiatives: 1H FY2024

Market Domain		Main Products
Energy & Electronics	<ul style="list-style-type: none"> Electronic information materials, Printing 	<ul style="list-style-type: none"> ACRYVIEWA™ (Acrylic resins for optical films) Resist materials Fine particles VEEA™ (Hybrid monomers)
	<ul style="list-style-type: none"> Batteries and environmental purification 	<ul style="list-style-type: none"> IONEL™ (Electrolytes for lithium-ion batteries) Electrolyte sheets Environmental catalysts Automotive catalysts

Sales composition ratio
Revenue (Billion yen)



Market Domain	Market Environment	FY2024 1H results (YoY)	Future Initiatives
Batteries and Environmental purification	<p>[Batteries]</p> <ul style="list-style-type: none"> In China, EV sales steady, but slowing growth intensifies competition in the LIB market. In Europe, EV sales decline due to recession. Deferral of US IRA law allows use of Chinese battery materials until end of 2026. Rapid expansion of SOFC/SOEC in Europe, US and South Korea. <p>[Environmental Purification]</p> <ul style="list-style-type: none"> Growing need for waste gas and wastewater treatment catalysts with low CO2 emissions. 	<p>[Batteries]</p> <ul style="list-style-type: none"> IONEL: Steady sales in the Japanese market. On the other hand, in Europe and the USA, amid a sharp decline in market prices, customer certification procedures are underway to switch to highly price-competitive products from a Chinese JV. Zr sheets: market is expanding, but sales are down due to temporary inventory adjustments by customers. <p>[Environmental Purification]</p> <ul style="list-style-type: none"> Sales volumes of catalysts for waste gas treatment (combustion) and wastewater treatment increased, while those of De-NOx catalysts decreased. 	<p>◆ Short-term</p> <p>[Batteries]</p> <ul style="list-style-type: none"> IONEL: Expansion of sales channels to Japan, Europe and the US, expansion of sales of Chinese JV products in the Chinese market. <p>[Environmental Purification]</p> <ul style="list-style-type: none"> Strengthen overseas development of wastewater treatment catalysts and catalytic combustion. <p>◆ Medium- to long-term</p> <p>[Batteries]</p> <ul style="list-style-type: none"> IONEL: in order to build a production system in line with the strategy of local production for local consumption, a new facility with an annual production capacity of 3,000 tons is planned to be built in Fukuoka Prefecture in Japan, using subsidies. North America is also under consideration for commercialization. Accelerate development of new peripheral materials for differentiation. Zr sheets: significant increase in production capacity and cost reduction. <p>[Environmental Purification]</p> <ul style="list-style-type: none"> Development and launch of GX-related products.

Market Domain	Main Products	Market Environment	FY2024 1H results (YoY)	Future Initiatives
<p>Health & Medical</p>	<ul style="list-style-type: none"> • Contract manufacturing of Middle-Molecular APIs <ul style="list-style-type: none"> ➢ Oligonucleotide ➢ Peptide • Drug Development Support <ul style="list-style-type: none"> ➢ HDO(Heteroduplex Oligonucleotide) ➢ DDS Polymers ➢ Cationic Peptide (Fol-Dab8) 	<ul style="list-style-type: none"> • Middle-molecule drugs (nucleic acids/peptides) maintain high growth rates. • Growth rates (2020~2030) Nucleic acids: 17%. Peptides: 8%. 	<ul style="list-style-type: none"> • Rapid growth in the number of orders for the small-lot, low-volume manufacturing, reaching approximately 1.6 times comparing to the annual number of orders received in the previous year • Struggle in acquisition of large-volume manufacturing projects 	<ul style="list-style-type: none"> ◆Short-term <ul style="list-style-type: none"> • Strengthening North American expansion. • Consideration of growth strategies through M&A and alliances with other companies. ◆Medium- to long-term <ul style="list-style-type: none"> • Strengthening the take-up of medium to high-volume outsourced projects.
<p>Cosmetics</p>	<ul style="list-style-type: none"> • Multifunctional polymers • Emulsion polymers • Liposomes • Naturally derived products • Existing products(PVP, Organic acids, Polyethyleneimine) 	<ul style="list-style-type: none"> • Development demands for high-performance materials. • Growing need for naturally derived materials. • Tighter regulations in many countries. 	<ul style="list-style-type: none"> • Multifunctional polymers: orders for customized products for China completed, deliveries to start in the second half of the year. • Emulsion polymers: currently on sale, development for various applications started. • Thickening particles: sample work started on three product numbers with different particle sizes, to be commercialized by the end of the year. • Expand adoption of existing products (PVP, organic acids, PEI, etc.) for cosmetics applications. • Start market development of phenoxyethanol in collaboration with NIPPON NYUKAZAI CO., LTD. 	<ul style="list-style-type: none"> ◆Short-term <ul style="list-style-type: none"> • Market development and promotion of adoption. • Promotion of new product launches. ◆Medium- to long-term <ul style="list-style-type: none"> • Strengthen development of natural/environmentally friendly materials. • Alliances/Collaborations
<p>Business Creation</p>	<ul style="list-style-type: none"> • Separator for alkaline water electrolysis • Ammonia decomposition catalyst • Osmotic pressure generating agents for seawater desalination 	<ul style="list-style-type: none"> • Accelerated consideration of hydrogen and ammonia use. • Growing need for desalination and wastewater treatment technology. 	<ul style="list-style-type: none"> • Aiming to develop a large membrane separator for alkaline water electrolysis. • Development of two new catalyst prototypes for ammonia decomposition catalysts (autothermal reforming type and externally heated type). • Completed acquisition of demonstration data from the Hawaii seawater desalination pilot plant. 	<ul style="list-style-type: none"> ◆Medium- to long-term <ul style="list-style-type: none"> • Launch and global development of separators for alkaline water electrolysis. • Promotion of social implementation of ammonia decomposition catalysts through partner collaboration. • Develop osmotic pressure generators for wastewater treatment applications (e.g. oil drilling).

References

Financial and Market Data

Revised forecast for FY2024 - Overview

(Comparison with previous forecast announced on 7 August)

(Billion yen)	Previous Forecast			Revised Forecast			Difference		
	Announced on 7th Aug			Announced on 7th Nov					
	1H	2H	Full	1H (Actual)	2H	Full	1H	2H	Full
Revenue	210.0	205.0	415.0	206.9	208.1	415.0	▲ 3.1	3.1	0.0
Operating profit	9.0	9.0	18.0	10.5	9.5	20.0	1.5	0.5	2.0
(Operating profit to revenue)	4.3%	4.4%	4.3%	5.1%	4.6%	4.8%	0.8p	0.2p	0.5p
Share of profit of investments accounted for using equity method	1.5	0.5	2.0	1.7	1.3	3.0	0.2	0.8	1.0
Profit before tax	11.0	9.5	20.5	12.4	10.6	23.0	1.4	1.1	2.5
Profit attributable to owners of parent	8.0	7.0	15.0	8.9	7.6	16.5	0.9	0.6	1.5
ROE	4.1%	3.6%	3.9%	4.7%	4.0%	4.3%	0.6p	0.4p	0.4p
ROA	4.0%	3.5%	3.7%	4.7%	3.9%	4.2%	0.7p	0.4p	0.5p
Domestic naphtha price (Yen/kL)	79,000	75,000	77,000	78,000	73,000	75,500	▲ 1,000	▲ 2,000	▲ 1,500
USD/JPY	155	150	153	153	145	149	▲ 3	▲ 5	▲ 4
EUR/JPY	166	160	163	166	160	163	-	-	-

Segment Revenue and Operating Profit

(Comparison with previous forecast announced on 7 August)

Market Domain (Billion yen)	Previous Forecast			Revised Forecast			Difference		
	Announced on 7th Aug			Announced on 7th Nov					
	1H	2H	Full	1H (Actual)	2H	Full	1H	2H	Full
AA · SAP	117.0	107.5	224.5	112.2	108.6	220.8	-4.8	1.1	-3.7
Basic materials, others	35.0	35.5	70.5	37.3	38.9	76.2	2.3	3.4	5.7
Materials Business	152.0	143.0	295.0	149.5	147.5	297.0	-2.5	4.5	2.0
Industrial & Household	43.7	44.5	88.1	43.0	43.9	86.9	-0.7	-0.6	-1.2
Energy & Electronics	13.8	16.9	30.8	14.0	16.2	30.3	0.2	-0.7	-0.5
Others	0.5	0.6	1.1	0.4	0.5	0.8	-0.1	-0.1	-0.3
Solutions Business	58.0	62.0	120.0	57.4	60.6	118.0	-0.6	-1.4	-2.0
Total Revenue	210.0	205.0	415.0	206.9	208.1	415.0	-3.1	3.1	0.0
Materials Business	7.8	5.7	13.5	8.1	6.5	14.6	0.3	0.8	1.1
Solutions Business	0.9	2.8	3.7	2.0	2.6	4.6	1.1	-0.2	0.9
Eliminations and corporate profit (loss)	0.3	0.5	0.8	0.3	0.5	0.8	0.0	-0.0	0.0
Total Operating Profit	9.0	9.0	18.0	10.5	9.5	20.0	1.5	0.5	2.0

Consolidated Statement of Financial Position

(Billion yen)	Mar.31, 2024	Sep.30, 2024	Diff.
Cash and cash equivalents	55.1	55.0	-0.1
Trade receivables	98.2	92.1	-6.1
Inventories	84.4	81.7	-2.7
Others	21.9	17.2	-4.8
Current assets	259.7	246.0	-13.7
Property, plant and equipment	188.4	181.8	-6.7
Intangible assets	5.0	4.7	-0.2
Investments accounted for using equity method	26.5	29.0	2.5
Others	64.5	61.2	-3.2
Non-current assets	284.4	276.7	-7.7
Total Assets	544.1	522.7	-21.4

	Mar.31, 2024	Sep.30, 2024	Diff.
Trade payables	61.4	49.7	-11.7
Borrowings	39.0	33.0	-6.0
Others	51.1	49.3	-1.9
Liabilities	151.5	131.9	-19.6
Share capital	25.0	25.0	-
Treasury shares	-2.4	-6.5	-4.1
Retained earnings	298.4	306.7	8.2
Others	62.3	56.3	-6.0
Non-controlling interests	9.1	9.2	0.1
Equity	392.6	390.8	-1.8
Liabilities and equity	544.1	522.7	-21.4
D/E ratio (times)	0.12	0.10	
Interest-bearing loans	45.6	38.7	

Consolidated Cash Flows

(Billion yen)	FY2023 1H Actual	FY2024 1H Actual	Difference
Cash flows from operating activities	33.4	23.0	-10.4
Profit (loss) before tax	9.8	12.4	2.6
Depreciation and amortization	16.0	15.8	-0.2
Changes in trade receivables/payables and inventories	12.0	-4.3	-16.3
Others	-4.4	-1.0	3.5
Cash flows from investing activities	-8.8	-7.6	1.2
Free cash flows	24.6	15.4	-9.2
Cash flows from financing activities	-15.8	-14.3	1.5
Changes in borrowings	-10.9	-5.1	5.8
Purchase of treasury shares	-0.0	-4.1	-4.1
Dividends paid	-3.5	-3.5	0.1
Others	-1.4	-1.6	-0.3
Cash and cash equivalents at end of period	49.8	55.0	5.3

Trends by Segment Every Six Months

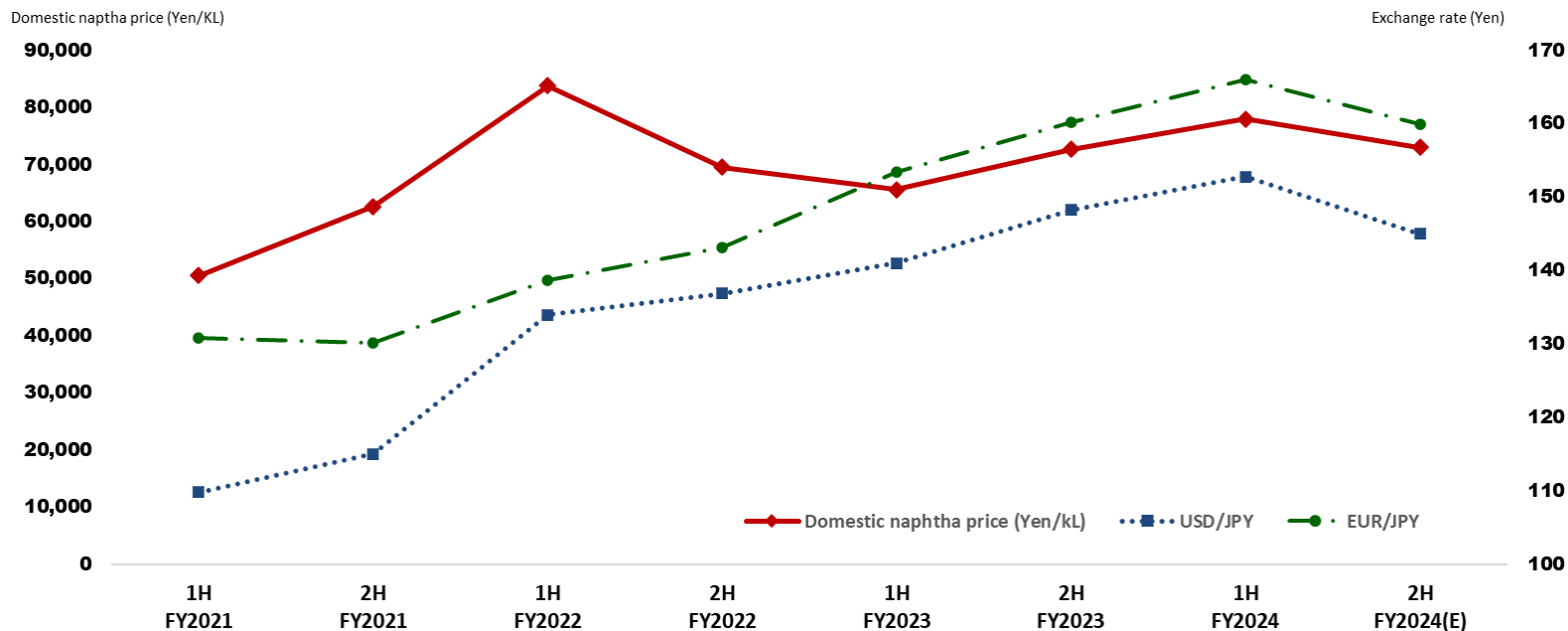
Market Domain (Billion yen)	FY2022			FY2023			FY2024 Forecasts		
	1H	2H	Full	1H	2H	Full	1H Actual	2H Forecast	Full Forecast
AA · SAP	123.1	109.1	232.1	110.1	105.9	216.0	112.2	108.6	220.8
Basic materials, others	37.5	36.1	73.6	32.3	35.5	67.8	37.3	38.9	76.2
Materials Business	160.5	145.1	305.7	142.4	141.4	283.8	149.5	147.5	297.0
Industrial & Household	46.3	42.7	89.0	38.6	42.0	80.6	43.0	43.9	86.9
Energy & Electronics	12.2	11.5	23.6	12.6	13.8	26.4	14.0	16.2	30.3
Others	0.7	0.6	1.3	0.6	0.5	1.1	0.4	0.5	0.8
Solutions Business	59.1	54.8	113.9	51.9	56.3	108.2	57.4	60.6	118.0
Total Revenue	219.7	199.9	419.6	194.3	197.7	392.0	206.9	208.1	415.0
Materials Business	14.1	6.8	20.9	8.3	4.4	12.7	8.1	6.5	14.6
Solutions Business	2.6	-1.1	1.5	1.0	1.7	2.7	2.0	2.6	4.6
Eliminations and corporate profit (loss)	0.6	0.4	1.1	0.7	0.4	1.1	0.3	0.5	0.8
Total Operating Profit	17.3	6.2	23.5	10.0	6.6	16.6	10.5	9.5	20.0

Consolidated Key Indicators

(Billion yen)	FY2022 1H	FY2022 Full	FY2023 1H	FY2023 Full	FY2024 1H	FY2024 Full (E)
Capex	7.9	17.7	8.3	16.8	9.6	42.0
Depreciation and amortization	14.8	29.3	16.0	31.9	15.8	32.0
R&D cost	7.7	15.8	7.7	15.1	7.9	15.9
EBITDA	35.2	56.0	26.6	49.3	29.0	56.4
Interest-bearing loans	62.4	57.6	49.3	45.6	38.7	64.4
Total equity attributable to owners of parent	366.6	362.2	379.6	383.4	381.5	379.5
Total assets	545.1	523.3	540.4	544.1	522.7	560.0
D/E (x)	0.17	0.16	0.13	0.12	0.10	0.17
Shareholder's Equity Ratio(%)	67.3	69.2	70.2	70.5	73.0	67.8
Operating profit to Revenue(%)	7.9	5.6	5.1	4.2	5.1	4.8
ROA(%)	7.6	5.0	3.7	2.9	4.7	4.2
ROE(%)	7.9	5.5	3.7	3.0	4.7	4.3

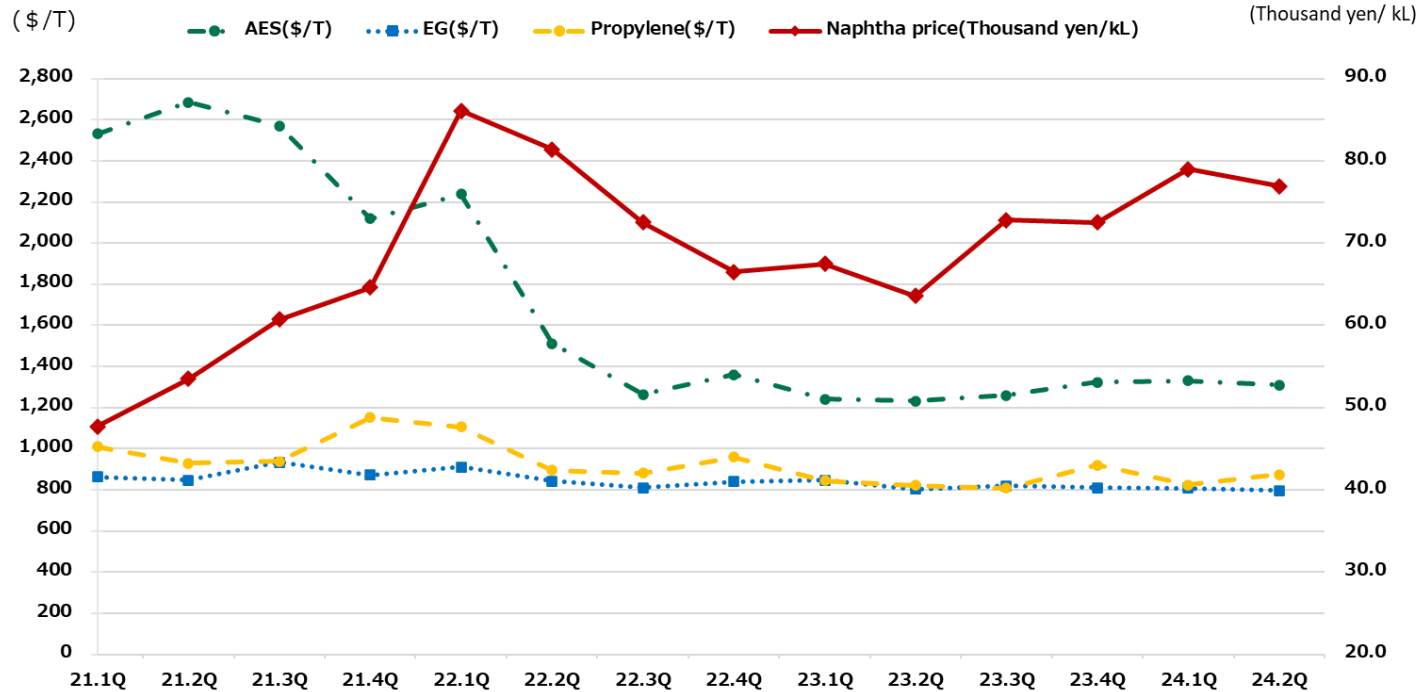
Naphtha Price and Foreign Exchange

	1H FY2021	2H FY2021	1H FY2022	2H FY2022	1H FY2023	2H FY2023	1H FY2024	2H FY2024(E)
Domestic naphtha price (Yen/kl)	50,600	62,700	83,800	69,500	65,600	72,700	78,000	73,000
USD/JPY	110	115	134	137	141	148	153	145
EUR/JPY	131	130	139	143	153	160	166	160

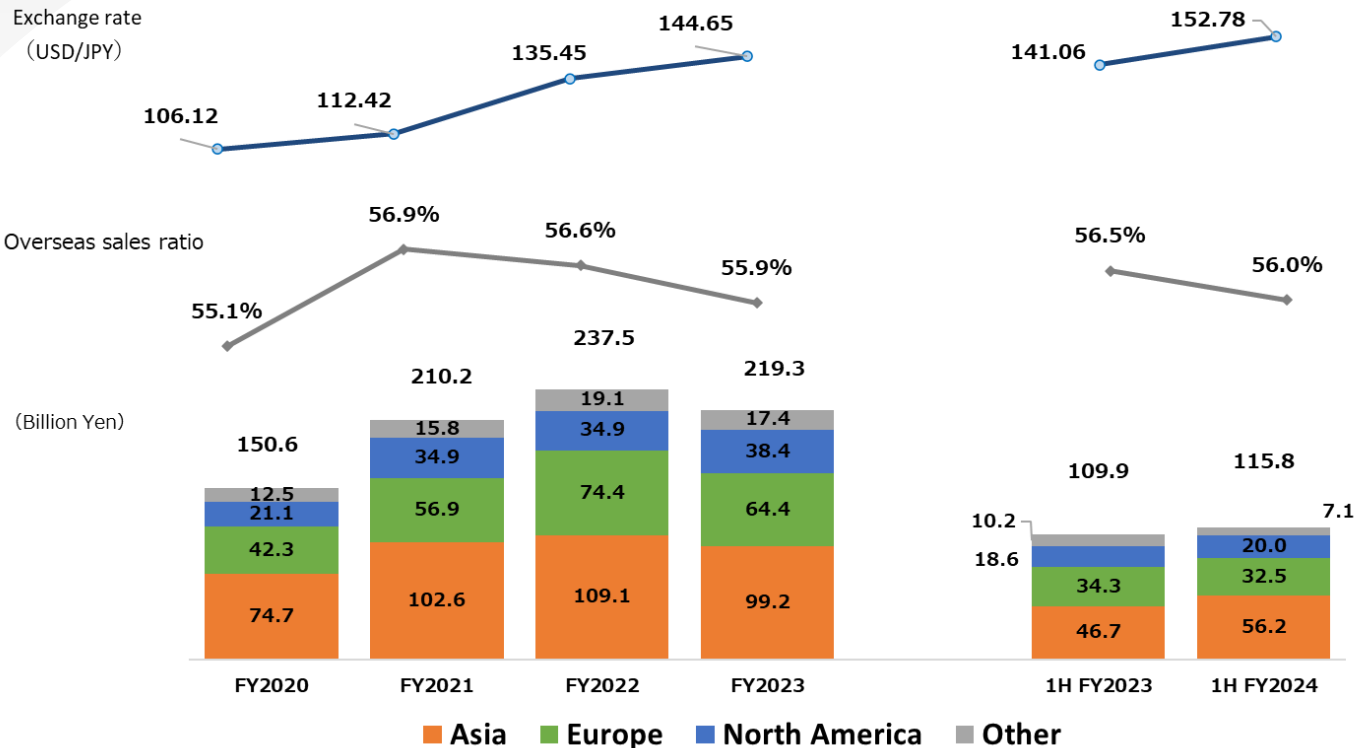


Market Conditions

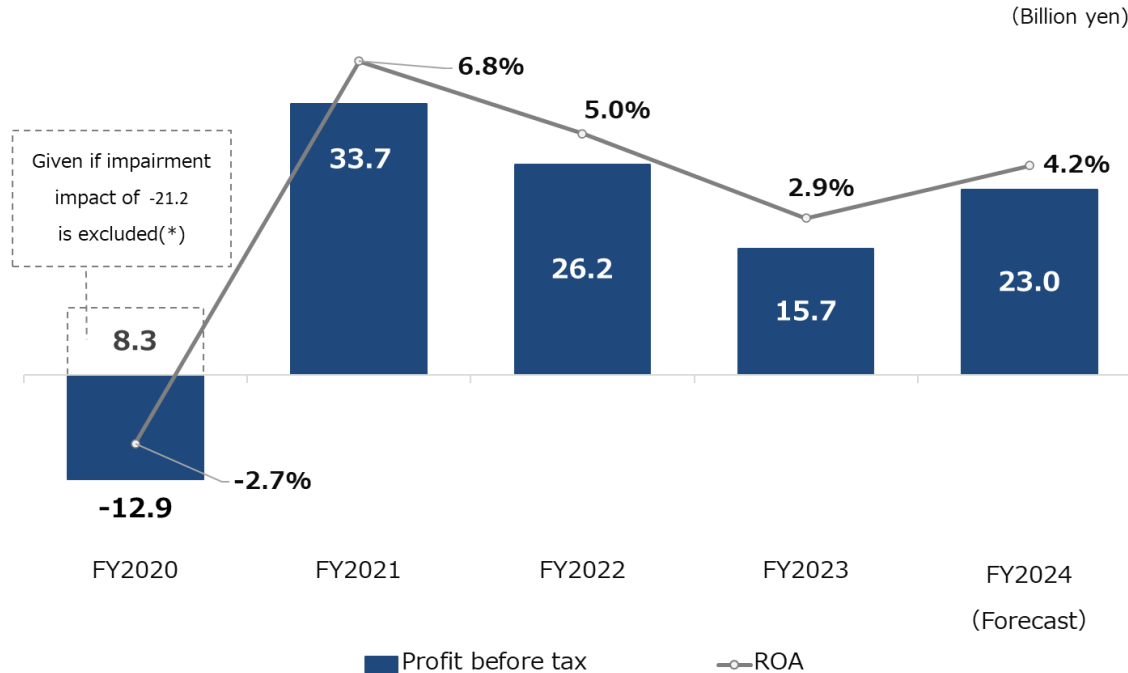
Overseas market conditions for products, propylene price and domestic naphtha price.



Overseas Revenue Trends

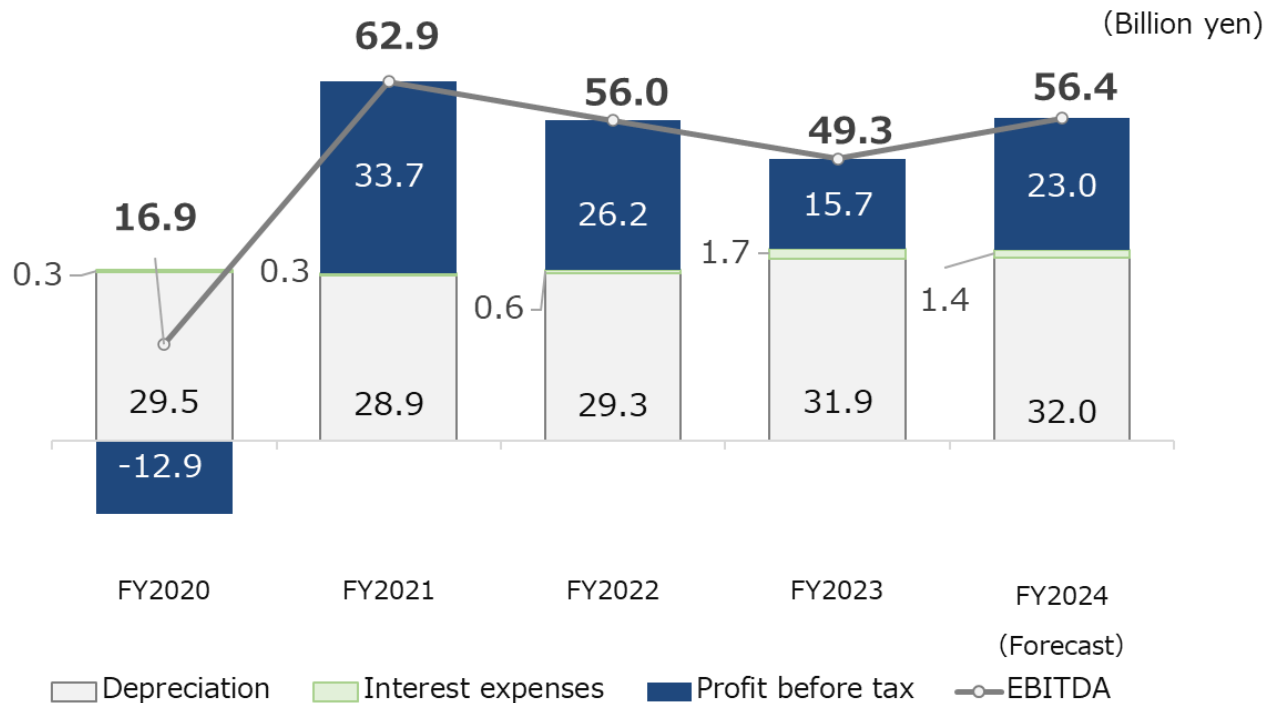


Trends in ROA

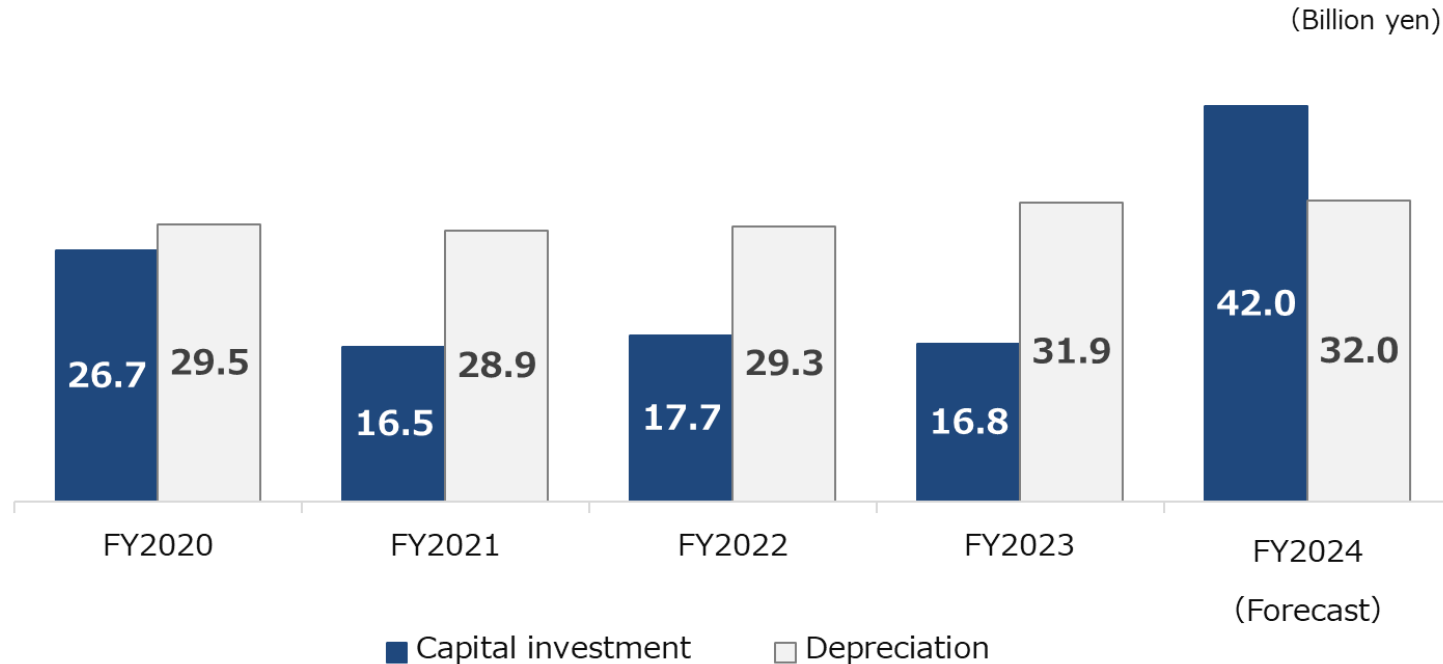


(*) In FY2020, impairment losses on fixed assets of Nippon Shokubai Europe N.V. and also impairment losses on goodwill and intangible assets of Sirrus, Inc. were recorded. Profit before tax excluding that impact is shown in parentheses

Trends in EBITDA

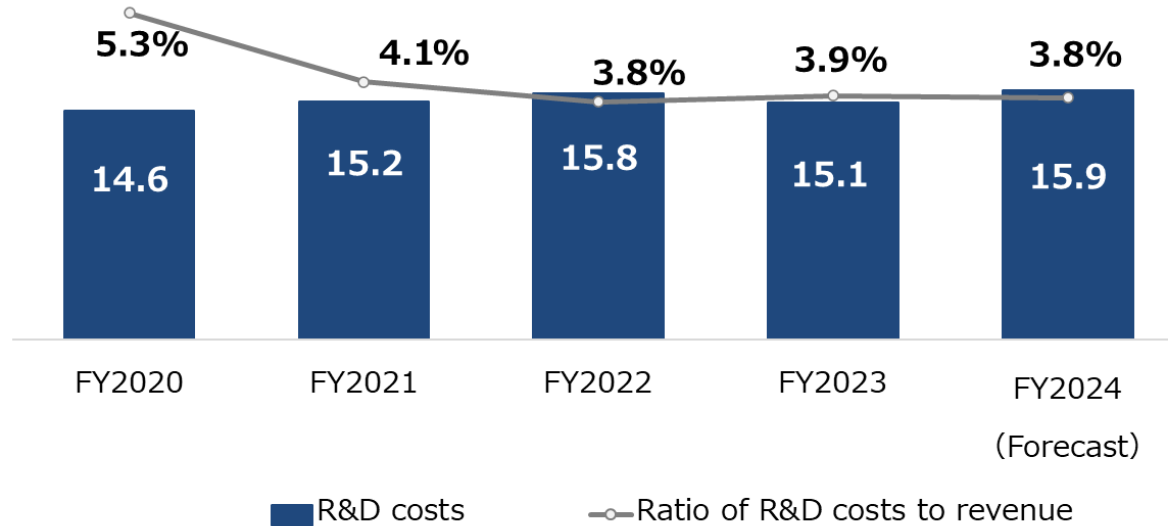


Trends in Capital Investment and Depreciation



Trends in R&D costs

(Billion yen)



- ◆ Announcement of financial results for the Q3 - FY2024

Thursday, 6th February 2025, at 15:00 JST

This schedule is subject to change without notice.

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IR Contacts: NIPPON SHOKUBAI CO., LTD.

Corporate Communications Dept.

E-mail: ns_ir@shokubai.co.jp