

* This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with the International Financial Reporting Standards (IFRS), for the convenience of readers who prefer an English translation.

Summary of Consolidated Financial Results
For the First Quarter of the Fiscal Year Ending March 31, 2021 [IFRS]
(Three Months Ended June 30, 2020)

August 4, 2020

Company name: NIPPON SHOKUBAI CO., LTD. Listing: TSE (First Section)
Code number: 4114 URL: <http://www.shokubai.co.jp/>
Representative: Yujiro Goto, President and Representative Member of the Board
Contact for inquiries: Atsushi Tabata, General Manager of General Affairs Dept. Phone: +81-6-6223-9111
Scheduled quarterly report filing date: August 11, 2020
Scheduled date of dividend payment: -
Supplementary quarterly materials prepared: None
Quarterly results information meeting held: Yes (for securities analysts and institutional investors)

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021 (here after FY2020) (from April 1, 2020 to June 30, 2020)

(1) Consolidated operating results (cumulative)

(Percentages represent 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, 2020	62,936	-18.3	1,488	-59.6	2,588	-47.8	1,710	-49.5	1,564	-52.1	3,405	233.3
Three months ended Jun. 30, 2019	76,990	-9.6	3,686	-55.0	4,959	-50.1	3,385	-53.3	3,265	-54.3	1,022	-84.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended Jun. 30, 2020	39.21	—
Three months ended Jun. 30, 2019	81.88	—

(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, 2020	466,206	325,804	319,414	68.5	8,010.05
As of Mar. 31, 2020	475,641	326,108	319,699	67.2	8,017.17

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2019	–	90.00	–	90.00	180.00
FY 2020	–				
FY 2020 (forecast)		60.00	–	60.00	120.00

Note: Revisions to dividends forecast during the period: Yes

Please refer to “Notice of Revisions to Earnings Forecast and Dividends Forecast for the Fiscal Year ending March 31, 2021” announced today (August 4, 2020) for revisions to dividend forecasts.

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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
First half	130,000	-15.2	1,500	-77.4	3,000	-65.4	1,500	-73.8	37.62
Full year	270,000	-10.6	7,000	-46.9	10,000	-36.5	6,000	-45.9	150.46

Note: Revisions to consolidated earnings forecast during the period: Yes

Please refer to “Notice of Revisions to Earnings Forecast and Dividends Forecast for the Fiscal Year ending March 31, 2021” announced today (August 4, 2020) for revisions to consolidated financial forecast.

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

Jun. 30, 2020:	40,800,000 shares	Mar. 31, 2020:	40,800,000 shares
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 - 2) Number of treasury stock at the end of the period

Jun. 30, 2020:	923,395 shares	Mar. 31, 2020:	923,272 shares
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 - 3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2020:	39,876,673 shares	Three months ended Jun. 30, 2019:	39,877,553 shares
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※ Indication regarding execution of audit procedures

This quarterly financial results report is exempt from the audit procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the audit procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Act are incomplete.

(Note regarding forward-looking statements and other information)

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.

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1. Qualitative Information on the Period under Review

(1) Operating Results

The world economy during the three months ended June 30, 2020 was affected by the spread of the novel coronavirus disease (COVID-19), which forced the United States and Europe to face an extremely difficult situation and emerging Asian countries to remain in a challenging circumstance although China showed signs of recovery. Furthermore, the outlook remained unclear due mainly to the impact of prolonged trade friction between the United States and China and trends in the crude oil market.

The Japanese economy also continued to experience an extremely harsh environment, as seen in the business confidence of companies substantially deteriorating due to a rapid decline in production and exports.

The chemical industry has faced a deteriorating business environment as consumption dropped and demand was sluggish owing to a contraction of economic activities.

1) Overview

(Unit: Millions of yen)

	Three months ended Jun. 30, 2019	Three months ended Jun. 30, 2020	Change		FY 2019
			(Amount)	(% growth)	
Revenue	76,990	62,936	-14,054	-18.3%	302,150
Operating profit	3,686	1,488	-2,198	-59.6%	13,178
Profit before tax	4,959	2,588	-2,371	-47.8%	15,748
Profit attributable to owners of parent	3,265	1,564	-1,701	-52.1%	11,094
Basic earnings per share	81.88 yen	39.21 yen	-42.67 yen	-52.1%	278.21 yen
ROA (Ratio of profit before tax to total assets)	4.1%	2.2%	–	-1.9 points	3.3%
ROE (Ratio of profit to equity attributable to owners of parent)	4.1%	2.0%	–	-2.1 points	3.5%
Foreign exchange rate (USD and EUR)	USD=109.90 yen EUR=123.50 yen	USD=107.63 yen EUR=118.59 yen		-2.27 yen -4.91 yen	USD=108.72 yen EUR=120.83 yen
Domestic naphtha price	45,400 yen/kl	25,000 yen/kl		-20,400 yen/kl	42,900 yen/kl

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

Under these conditions, the Group's revenue in the three months ended June 30, 2020 decreased by 18.3% year-on-year to 62,936 million yen, down 14,054 million yen. Contributing factors included a decline in sales prices caused by a fall in raw material costs and weak market conditions for products outside of Japan and a decline in sales volume, which was mainly due to a slowdown in the world economy impacted by COVID-19 and trade friction between the United States and China. The impact of COVID-19 hit the automotive industry and construction industry the hardest, where demand declined, resulting for example in a decline in export transactions of some products affected by the lockdown measures taken in some countries and regions.

With regard to profits, operating profit decreased by 2,198 million yen, or 59.6% year-on-year, to 1,488 million yen due to an increase in processing costs such as inventory valuation difference and a decline in sales volume, despite the expanded spread in line with a fall in raw material costs.

Profit before tax decreased by 47.8% year-on-year to 2,588 million yen, down 2,371 million yen due to decreases in operating profit and share of profit of investments accounted for using equity method.

As a result, profit attributable to owners of parent fell 52.1% year-on-year to 1,564 million yen, down 1,701 million yen.

2) Outline of Sales by Business Segment

Basic Chemicals

Sales of acrylic acids and acrylates decreased as sales prices declined in line with a fall in raw material costs of propylene and other materials and sales volume decreased affected by weak market conditions for products outside of Japan as a result of stagnant demand, which was triggered by a downturn in the world economy attributable to COVID-19 and the trade friction between the United States and China.

Sales of ethylene oxide decreased as sales prices fell due to a drop in raw material costs of ethylene and other materials and sales volume declined due to stagnant demand accompanying a slowdown in the economy.

Sales of ethylene glycol decreased due to lower sales prices and sales volume accompanying weak market conditions for products outside of Japan.

Sales of secondary alcohol ethoxylates decreased due to a decline in sales prices in line with a drop in raw material costs, although sales volume increased due to efforts to expand sales.

As a result of the above, revenue in the basic chemicals segment decreased by 23.0% year-on-year to 24,990 million yen. Operating profit decreased by 89.1% year-on-year to 246 million yen mainly due to increased processing costs such as inventory valuation difference and a decline in production and sales volume, although the spread widened due to a fall in raw material costs.

Functional Chemicals

Sales of superabsorbent polymers decreased especially as sales prices fell due to a decline in propylene and other raw material costs and weak market conditions for products outside of Japan, although sales volume increased due to efforts to expand sales.

Sales of special acrylates decreased as sales volume declined due to weak demand triggered by a slowdown in the world economy affected by COVID-19 and lower sales prices accompanying weak market conditions for products outside of Japan.

Sales of water-soluble polymers for raw materials of detergents and others increased in line with an increase in sales volume due to efforts to expand sales, among others.

Sales of ethyleneimine derivatives, polymers for concrete admixture, electronic information material, iodine compounds, resins for paints, resin modifiers, and adhesive products decreased mainly as a result of a decline in sales volume due to sluggish demand and other factors.

Sales of maleic anhydride decreased as sales volume shrank due to stagnant demand and sales prices dropped due to a fall in raw material costs.

As a result, revenue in the functional chemicals segment fell 15.4% year-on-year to 35,527 million yen.

Operating profit decreased by 10.0% year-on-year to 975 million yen due to an increase in processing costs such as inventory valuation differences and lower production and sales volume, although the spread expanded as a result of a fall in raw material costs.

Environment & Catalysts

Sales of process catalysts and De-NOx catalysts decreased mainly due to lower sales volume.

Sales of fuel cell materials, materials for lithium-ion batteries, wet air oxidation catalysts, and waste gas treatment catalysts increased mainly due to higher sales volume as a result of efforts to expand sales.

As a result, revenue in the environment & catalysts segment fell 5.3% year-on-year to 2,418 million yen.

Operating profit increased by 117.0% year-on-year to 200 million yen mainly due to increased sales volume of some products.

(2) Financial Position

1) Analysis of Financial Position

Total assets at the end of the first quarter of the current fiscal year decreased by 9,434 million yen from the end of the previous fiscal year to 466,206 million yen. Current assets decreased by 12,639 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease in trade receivables as sales volume declined and sales prices fell

in line with a drop in raw material costs and weak market conditions for products outside of Japan. Non-current assets were 3,205 million yen higher than at the end of the previous fiscal year. This was mainly due to an increase in other financial assets in line with an increase in the market value of stocks held.

Total liabilities decreased by 9,130 million yen compared to the end of the previous fiscal year to 140,402 million yen. This was mainly due to a decrease in trade payables as a result of a drop in raw material costs and a decrease in purchase volume.

Total equity decreased by 304 million yen compared to the end of the previous fiscal year to 325,804 million yen. This was mainly due to a decrease in retained earnings from dividends paid and other factors, despite an increase in other components of equity.

Ratio of profit to equity attributable to owners of parent rose 1.3 percentage points from 67.2% at the end of the previous fiscal year to 68.5%. Equity attributable to owners of parent per share decreased by 7.12 yen compared to the end of the previous fiscal year to 8,010.05 yen.

2) Cash Flows

Cash and cash equivalents at the end of the three months ended June 30, 2020 amounted to 43,476 million yen, a decrease of 393 million yen from the end of the previous fiscal year, as cash flows used in investing activities including capital investment and cash flows used in financing activities exceeded cash flows provided by operating activities.

Cash flow from operating activities

Net cash provided by operating activities in the three months ended June 30, 2020 amounted to 12,587 million yen, a decrease of 3,641 million yen from a cash inflow of 16,228 million yen in the same period of the previous fiscal year, mainly due to a decrease in profit before tax.

Cash flow from investing activities

Net cash used in investing activities in the three months ended June 30, 2020 totaled 9,687 million yen, an increase of 1,511 million yen from a cash outflow of 8,177 million yen in the same period of the previous fiscal year, mainly due to an increase in purchase of property, plant and equipment.

Cash flow from financing activities

Net cash used in financing activities in the three months ended June 30, 2020 amounted to 3,152 million yen, a decrease of 1,937 million yen from a cash outflow of 5,089 million yen in the same period of the previous fiscal year, mainly due to an increase in proceeds from long-term borrowings for capital investment.

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

Please refer to “Notice of Revisions to Earnings Forecast and Dividends Forecast for the Fiscal Year ending March 31, 2021” announced today (August 4, 2020) for revisions to the consolidated financial forecasts.

(Reference)

Preconditions for financial forecast

	Domestic naphtha price	Foreign exchange rate	
	yen/kl	yen/USD	yen/EUR
First half	27,500	109	119
Second half	32,000	110	120
Full year	29,800	109	120

(Financial forecast by business segment)

(Unit: Billions of yen)

	Basic Chemicals		Functional Chemicals		Environment & Catalysts		Adjustment	Total	
	Revenue	Operating profit	Revenue	Operating profit	Revenue	Operating profit	Operating profit	Revenue	Operating profit
First half	52.0	0.2	74.0	1.0	4.0	0.0	0.3	130.0	1.5
Second half	52.0	2.8	84.0	2.5	4.0	0.0	0.2	140.0	5.5
Full year	104.0	3.0	158.0	3.5	8.0	0.0	0.5	270.0	7.0

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

2. Condensed Quarterly Consolidated Financial Statements and Related Notes

(1) Condensed Quarterly Consolidated Statements of Financial Position

	(Unit: Millions of yen)	
	FY2019 As of Mar. 31, 2020	1Q-FY2020 As of Jun. 30, 2020
Assets		
Current assets		
Cash and cash equivalents	43,869	43,476
Trade receivables	74,570	62,998
Inventories	60,762	60,937
Other financial assets	9,894	8,617
Other current assets	5,663	6,093
Total current assets	194,759	182,120
Non-current assets		
Property, plant and equipment	200,252	200,738
Goodwill	4,303	4,274
Intangible assets	10,239	10,271
Investments accounted for using equity method	19,823	18,089
Other financial assets	33,748	38,058
Retirement benefit asset	7,540	7,521
Deferred tax assets	3,179	3,327
Other non-current assets	1,796	1,808
Total non-current assets	280,881	284,086
Total assets	475,641	466,206

(Unit: Millions of yen)

	FY2019 As of Mar. 31, 2020	1Q-FY2020 As of Jun. 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	44,741	33,618
Bonds and borrowings	17,177	21,652
Other financial liabilities	8,289	8,272
Income taxes payable	2,370	1,821
Provisions	4,879	6,508
Other current liabilities	4,971	4,614
Total current liabilities	82,427	76,486
Non-current liabilities		
Bonds and borrowings	38,854	35,230
Other financial liabilities	7,110	6,820
Retirement benefit liability	14,509	14,558
Provisions	1,929	1,968
Deferred tax liabilities	4,704	5,340
Total non-current liabilities	67,105	63,916
Total liabilities	149,532	140,402
Equity		
Share capital	25,038	25,038
Capital surplus	22,472	22,472
Treasury shares	-6,281	-6,281
Retained earnings	280,555	278,529
Other components of equity	-2,086	-344
Total equity attributable to owners of parent	319,699	319,414
Non-controlling interests	6,410	6,391
Total equity	326,108	325,804
Total liabilities and equity	475,641	466,206

(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

Condensed Year to Quarter and Consolidated Statements of Profit or Loss

(Unit: Millions of yen)

	1Q-FY 2019 Apr. 1, 2019 to Jun. 30, 2019	1Q-FY 2020 Apr. 1, 2020 to Jun. 30, 2020
Revenue	76,990	62,936
Cost of sales	62,937	51,465
Gross profit	14,053	11,471
Selling, general and administrative expenses	10,810	10,187
Other operating income	693	476
Other operating expenses	250	273
Operating profit	3,686	1,488
Finance income	682	911
Finance costs	371	95
Share of profit of investments accounted for using equity method	963	285
Profit before tax	4,959	2,588
Income tax expense	1,574	878
Profit	3,385	1,710
Profit attributable to		
Owners of parent	3,265	1,564
Non-controlling interests	120	146
Profit	3,385	1,710
Earnings per share		
Basic earnings per share	81.88	39.21
Diluted earnings per share	—	—

Condensed Quarterly Consolidated Statements of Comprehensive Income

Condensed Year to Quarter and Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	1Q-FY 2019 Apr. 1, 2019 to Jun. 30, 2019	1Q-FY 2020 Apr. 1, 2020 to Jun. 30, 2020
Profit	3,385	1,710
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	191	2,794
Share of other comprehensive income of investments accounted for using equity method	13	-1
Total of items that will not be reclassified to profit or loss	203	2,793
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	-2,307	-403
Share of other comprehensive income of investments accounted for using equity method	-259	-695
Total of items that may be reclassified to profit or loss	-2,566	-1,098
Other comprehensive income	-2,363	1,695
Comprehensive income	1,022	3,405
Comprehensive income attributable to		
Owners of parent	935	3,305
Non-controlling interests	87	101
Comprehensive income	1,022	3,405

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Three months ended Jun. 30, 2019 (Apr. 1, 2019 to Jun. 30, 2019)

(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	-6,274	276,934	3,942	—
Profit	—	—	—	3,265	—	—
Other comprehensive income	—	—	—	—	192	13
Comprehensive income	—	—	—	3,265	192	13
Purchase of treasury shares	—	—	-1	—	—	—
Disposal of treasury shares	—	—	—	—	—	—
Dividends	—	—	—	-3,589	—	—
Transfer from other components of equity to retained earnings	—	—	—	-33	46	-13
Total transactions with owners	—	—	-1	-3,622	46	-13
Balance at end of period	25,038	22,472	-6,276	276,577	4,180	—

	Other components of equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Effective portion of cash flow hedges	Exchange differences on translation of foreign operations	Total			
Balance at beginning of period	—	896	4,838	323,008	6,219	329,227
Profit	—	—	—	3,265	120	3,385
Other comprehensive income	—	-2,535	-2,330	-2,330	-33	-2,363
Comprehensive income	—	-2,535	-2,330	935	87	1,022
Purchase of treasury shares	—	—	—	-1	—	-1
Disposal of treasury shares	—	—	—	—	—	—
Dividends	—	—	—	-3,589	-261	-3,850
Transfer from other components of equity to retained earnings	—	—	33	—	—	—
Total transactions with owners	—	—	33	-3,590	-261	-3,851
Balance at end of period	—	-1,639	2,541	320,352	6,045	326,397

Three months ended Jun. 30, 2020 (Apr. 1, 2020 to Jun. 30, 2020)

(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	-6,281	280,555	126	-
Profit	-	-	-	1,564	-	-
Other comprehensive income	-	-	-	-	2,793	-1
Comprehensive income	-	-	-	1,564	2,793	-1
Purchase of treasury shares	-	-	-1	-	-	-
Disposal of treasury shares	-	-0	0	-	-	-
Dividends	-	-	-	-3,589	-	-
Transfer from other components of equity to retained earnings	-	-	-	-1	-	1
Total transactions with owners	-	-0	-1	-3,590	-	1
Balance at end of period	25,038	22,472	-6,281	278,529	2,919	-

	Other components of equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Effective portion of cash flow hedges	Exchange differences on translation of foreign operations	Total			
Balance at beginning of period	-	-2,212	-2,086	319,699	6,410	326,108
Profit	-	-	-	1,564	146	1,710
Other comprehensive income	-	-1,051	1,741	1,741	-45	1,695
Comprehensive income	-	-1,051	1,741	3,305	101	3,405
Purchase of treasury shares	-	-	-	-1	-	-1
Disposal of treasury shares	-	-	-	0	-	0
Dividends	-	-	-	-3,589	-120	-3,709
Transfer from other components of equity to retained earnings	-	-	1	-	-	-
Total transactions with owners	-	-	1	-3,590	-120	-3,710
Balance at end of period	-	-3,263	-344	319,414	6,391	325,804

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	1Q-FY 2019 Apr. 1, 2019 to Jun. 30, 2019	1Q-FY 2020 Apr. 1, 2020 to Jun. 30, 2020
Cash flows from operating activities		
Profit before tax	4,959	2,588
Depreciation and amortization	7,022	7,261
Decrease (increase) in retirement benefit asset	18	19
Increase (decrease) in retirement benefit liability	68	63
Interest and dividend income	-681	-511
Interest expenses	154	95
Share of loss (profit) of investments accounted for using equity method	-963	-285
Decrease (increase) in trade receivables	5,880	11,471
Decrease (increase) in inventories	-2,439	-141
Increase (decrease) in trade payables	-693	-11,160
Other	2,583	3,446
Subtotal	15,908	12,846
Interest and dividends received	4,245	1,774
Interest paid	-170	-178
Income taxes paid	-3,755	-1,856
Net cash provided by (used in) operating activities	16,228	12,587
Cash flows from investing activities		
Purchase of property, plant and equipment	-7,523	-9,138
Purchase of intangible assets	-585	-292
Purchase of investments	-1,433	-323
Proceeds from sale and redemption of investments	1,229	-
Other	135	66
Net cash provided by (used in) investing activities	-8,177	-9,687
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-3,203	-4,736
Proceeds from long-term borrowings	5,399	8,304
Repayments of long-term borrowings	-3,009	-2,676
Repayments of lease liabilities	-425	-334
Purchase of treasury shares	-1	-1
Dividends paid	-3,589	-3,589
Dividends paid to non-controlling interests	-261	-120
Other	-	0
Net cash provided by (used in) financing activities	-5,089	-3,152
Effect of exchange rate changes on cash and cash equivalents	-388	-140
Net increase (decrease) in cash and cash equivalents	2,574	-393
Cash and cash equivalents at beginning of period	47,434	43,869
Cash and cash equivalents at end of period	50,008	43,476

(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements

【Going Concern Assumption】

Not applicable.

【Changes in Accounting Policies】

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 three months ended June 30, 2020 is calculated based on the estimated average annual effective tax rate.

【Segment Information, etc.】

1. Outline of Reportable Segments

The Company's reportable segments are divisions of the Company 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 Company's main business lines are divided based on similarities of function and nature and the Company prepares the comprehensive strategy and conducts the business activities corresponding to the products handled by each business line.

Accordingly, the Company is comprised of reportable segments classified by type of products based on each business line and does not aggregate its operating results. The three reportable segments of the Company are Basic chemicals, Functional chemicals, and Environment & catalysts.

The basic chemicals segment is engaged in the manufacturing and sales of acrylic acids, acrylates, ethylene oxide, ethylene glycol, ethanolamine, secondary alcohol ethoxylates and glycol ethers. The functional chemicals segment is engaged in the manufacturing and sales of superabsorbent polymers, special acrylates, intermediates for pharmaceuticals, polymers for concrete admixture, electronic information material, iodine, maleic anhydride, resins for adhesives and paints, and adhesive products. The environment & catalysts segment is engaged in the manufacturing and sales of automotive catalysts, De-NOx catalysts, dioxin decomposition catalysts, process catalysts, waste gas treatment catalysts and fuel cell materials.

2. Information Concerning Revenue and Income or Loss by Reportable Segment

Three months ended Jun. 30, 2019 (Apr. 1, 2019 to Jun. 30, 2019)

(Unit: Millions of yen)

	Reportable segments				Adjustment (Note)	Total
	Basic Chemicals	Functional Chemicals	Environment & Catalysts	Total		
Revenue						
(1) Revenue to third parties	32,449	41,988	2,553	76,990	–	76,990
(2) Intergroup revenue and transfers	8,753	1,343	301	10,396	-10,396	–
Total	41,201	43,331	2,854	87,386	-10,396	76,990
Segment income	2,262	1,083	92	3,437	249	3,686
Finance income	–	–	–	–	–	682
Finance costs	–	–	–	–	–	371
Share of profit of investments accounted for using equity method	–	–	–	–	–	963
Profit before tax	–	–	–	–	–	4,959

Notes: The adjustment for “Segment income” includes inter-segment transaction eliminations and corporate profit (loss) not allocated to reportable segments amounting to 249 million yen.

Three months ended Jun. 30, 2020 (Apr. 1, 2020 to Jun. 30, 2020)

(Unit: Millions of yen)

	Reportable segments				Adjustment (Note)	Total
	Basic Chemicals	Functional Chemicals	Environment & Catalysts	Total		
Revenue						
(1) Revenue to third parties	24,990	35,527	2,418	62,936	–	62,936
(2) Intergroup revenue and transfers	6,889	651	283	7,822	-7,822	–
Total	31,879	36,178	2,701	70,758	-7,822	62,936
Segment income	246	975	200	1,420	67	1,488
Finance income	–	–	–	–	–	911
Finance costs	–	–	–	–	–	95
Share of profit of investments accounted for using equity method	–	–	–	–	–	285
Profit before tax	–	–	–	–	–	2,588

Notes: The adjustment for “Segment income” includes inter-segment transaction eliminations and corporate profit (loss) not allocated to reportable segments amounting to 67 million yen.

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

Three months ended Jun. 30, 2019 (Apr. 1, 2019 to Jun. 30, 2019)

Not applicable.

Three months ended Jun. 30, 2020 (Apr. 1, 2020 to Jun. 30, 2020)

Not applicable.

【Supplementary Information】

Overseas Revenue

Three months ended Jun. 30, 2019 (Apr. 1, 2019 to Jun. 30, 2019)

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas revenue	21,568	10,082	5,258	4,415	41,323
II. Consolidated revenue					76,990
III. Overseas revenue to consolidated revenue	28.1%	13.1%	6.8%	5.7%	53.7%

Three months ended Jun. 30, 2020 (Apr. 1, 2020 to Jun. 30, 2020)

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas revenue	15,771	9,040	5,047	3,078	32,936
II. Consolidated revenue					62,936
III. Overseas revenue to consolidated revenue	25.0%	14.4%	8.0%	4.9%	52.3%

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.

3. Supplementary Material

(1) Consolidated financial results

(Unit: Billions of yen)

	FY 2019 Actual results	FY 2020 Forecast	Change
Revenue	302.2	270.0	<-10.6%> -32.2
Operating profit	4.4% 13.2	2.6% 7.0	<-46.9%> -6.2
Profit before tax	5.2% 15.7	3.7% 10.0	<-36.5%> -5.7
Profit attributable to owners of parent	3.7% 11.1	2.2% 6.0	<-45.9%> -5.1
Basic earnings per share	278.21 yen	150.46 yen	-127.75 yen
ROA (Ratio of profit before tax to total assets)	3.3%	2.1%	-1.2 points
ROE (Ratio of profit to equity attributable to owners of parent)	3.5%	1.9%	-1.6 points
Domestic naphtha price yen/kl	42,900	29,800	-13,100
Foreign exchange rate yen/USD	109	109	0
yen/EUR	121	120	-1

(2) Other consolidated indicators

(Unit: Billions of yen)

	FY 2019 Actual results	FY 2020 Forecast	Change
Dividends per share	180.00 yen	[120.00 yen]	-60.00 yen
Payout ratio	64.7%	[79.8%]	15.1 points
Total assets	475.6	485.0	9.4
Interest-bearing debt	63.4	83.7	20.3
D/E ratio	0.20	0.26	0.06
Equity attributable to owners of parent	319.7	321.5	1.8
Rate of equity attributable to owners of parent	67.2%	66.3%	-0.9 points
Equity attributable to owners of parent per share	8,017.17 yen	8,061.30 yen	44.13 yen
Capital investments	30.4	30.0	-0.4
Depreciation and amortization	28.7	29.0	0.3
R&D expenses	14.8	15.1	0.3
Number of consolidated subsidiaries	16	16	—
Number of affiliates accounted for using equity method	11	11	—
Number of employees	4,510	4,648	138

Features of the fiscal year ending March 31, 2021 (year-on-year comparison)

◎Decrease in revenue/profit:

Revenue is expected to shrink due to lower sales prices and sales volume.

Profit is projected to decline due to increases in processing costs and selling, general and administrative expenses as well as a decrease in sales volume, although the spread is expected to expand.

	(Unit: Billions of yen)	Major cause
Revenue	-32.2 (Decrease in revenue)	<ul style="list-style-type: none"> • Decrease in revenue in all segments • Decrease in revenue due to lower sales prices in line with a drop in raw material costs, and a decrease in sales volume expected in the basic chemicals and environment & catalysts segments
Operating profit	-6.2 (Decrease in profit)	<ul style="list-style-type: none"> • Increase in processing costs and selling, general and administrative expenses; Decrease in sales volume > Expansion of spread
Profit before tax	-5.7 (Decrease in profit)	<ul style="list-style-type: none"> • Decreases in operating profit and share of profit of investments accounted for using equity method > Decrease in foreign exchange loss
Profit attributable to owners of parent	-5.1 (Decrease in profit)	