

\* 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 Second Quarter of the Fiscal Year Ending March 31, 2022 [IFRS]**  
**(Six Months Ended September 30, 2021)**

November 5, 2021

Company name: NIPPON SHOKUBAI CO., LTD.	Listing: TSE (First Section)
Code number: 4114	URL: <a href="https://www.shokubai.co.jp/">https://www.shokubai.co.jp/</a>
Representative: Yujiro Goto, President and Representative Member of the Board	
Contact for inquiries: Akira Kurusu, General Manager of Corporate Communications Dept.	Phone: +81-3-3506-7605
Scheduled quarterly report filing date: November 10, 2021	
Scheduled date of dividend payment: December 6, 2021	
Supplementary quarterly materials prepared: Yes	
Quarterly results information meeting held: Yes (for securities analysts and institutional investors)	

(Figures are rounded off to the nearest million yen)

**1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2022 (hereafter FY2021) (from April 1, 2021 to September 30, 2021)**

(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	%
Six months ended Sep. 30, 2021	172,988	38.8	15,177	–	17,750	–	12,767	–	12,350	–	15,811	–
Six months ended Sep. 30, 2020	124,668	-18.7	-1,188	–	-72	–	-850	–	-1,183	–	1,233	243.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Sep. 30, 2021	309.72	–
Six months ended Sep. 30, 2020	-29.66	–

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Rate of equity attributable to owners of parent	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of Sep. 30, 2021	491,109	337,343	330,695	67.3	8,293.28
As of Mar. 31, 2021	471,617	323,725	317,373	67.3	7,959.07

## 2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2020	–	45.00	–	45.00	90.00
FY 2021	–	80.00			
FY 2021 (forecast)			–	50.00	130.00

Breakdown of dividends for FY 2021:

Ordinary dividends: 75.00 yen (end of 2Q) and 45.00 yen (year-end), for a total of 120.00 yen

Commemorative dividends: 5.00 yen (end of 2Q) and 5.00 yen (year-end), for a total of 10.00 yen

Note: Revisions to the dividends forecast since the latest announcement: No

## 3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate rate of changes year-over-year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	355,000	30.0	24,000	–	28,500	–	20,500	–	514.10

Note: Revisions to the financial forecasts since the latest announcement: No

### ※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)

Sep. 30, 2021: 40,800,000 shares      Mar. 31, 2021: 40,800,000 shares

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

Sep. 30, 2021: 924,954 shares      Mar. 31, 2021: 924,300 shares

3) Average number of shares outstanding during the period

Six months ended      Six months ended  
Sep. 30, 2021: 39,875,374 shares      Sep. 30, 2020: 39,876,562 shares

### ※ Indication regarding execution of audit procedures

. This quarterly financial results report is outside the scope of quarterly review by certified public accountants or an audit corporation.

### ※ Appropriate use of business forecasts and other special items

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

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## 1. Qualitative Information on the Period under Review

### (1) Operating Results

The world economy during the six months ended September 30, 2021 saw signs of recovery from the effects of the novel coronavirus disease (COVID-19) and although the degrees of recovery were mixed by country and industry, economic activities resumed. The economy in the United States steadily picked up and signs of recovery were also seen in Europe. In China, the economy has been recovering gradually, and there were some signs of the economy bottoming out and moves toward recovery also in emerging countries in Asia, despite concerns over downward pressures stemming from the resurgence of COVID-19.

As for the Japanese economy, there was an overall move toward improvement in corporate earnings, as capital investments and production activities recovered, while exports also continued to increase. However, personal consumption, mainly in spending on services remained weak, affected by the declaration of a state of the emergency and the implementation of the measures to prevent the spread of infection, and the non-manufacturing sector still showed signs of weakness.

The chemical industry saw signs of recovery as the operating ratio improved thanks to a pickup in demand. Additionally, spurred on by demand growth from economic recovery, domestic naphtha prices rose in conjunction with the rise in crude oil prices.

### 1) Overview

(Unit: Millions of yen)

	Six months ended Sep. 30, 2020	Six months ended Sep. 30, 2021	Change		FY2020
			(Amount)	(% growth)	
Revenue	124,668	172,988	48,320	38.8%	273,163
Operating profit (loss)	-1,188	15,177	16,365	–	-15,921
Profit (loss) before tax	-72	17,750	17,822	–	-12,926
Profit (loss) attributable to owners of parent	-1,183	12,350	13,533	–	-10,899
Basic earnings (loss) per share	-29.66 yen	309.72 yen	339.38 yen	–	-273.33 yen
ROA (Ratio of profit before tax to total assets)	-0.0%	7.4%	–	7.4 points	-2.7%
ROE (Ratio of profit to equity attributable to owners of parent)	-0.7%	7.6%	–	8.3 points	-3.4%
Foreign exchange rate (USD and EUR)	USD=106.93 yen EUR=121.34 yen	USD=109.82 yen EUR=130.89 yen		2.89 yen 9.55 yen	USD=106.12 yen EUR=123.77 yen
Domestic naphtha price	27,600 yen/kl	50,600 yen/kl		23,000 yen/kl	31,300 yen/kl

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

Under these conditions, the Group's revenue in the six months ended September 30, 2021 increased by 38.8% year-on-year to 172,988 million yen, up 48,320 million yen. Contributing factors were an increase in sales prices caused by a rise in raw material costs and strong market conditions for products outside of Japan and an increase in sales volume.

With regard to profits, operating profit increased by 16,365 million yen year-on-year to 15,177 million yen. Contributing factors were increases in production and sales volume, strong market conditions for certain products outside of Japan, and a decline in processing costs such as inventory valuation difference, despite an increase in selling, general and administrative expenses due to soaring ocean freight rates. Another contributing factor was the absence of impairment losses in the amount of 1,779 million yen, which were recognized by NIPPON SHOKUBAI EUROPE N.V. in the same period of the previous fiscal year.

Profit before tax increased by 17,822 million yen year-on-year to 17,750 million yen mainly due to increases in operating profit and share of profit of investments accounted for using equity method.

As a result, profit attributable to owners of parent increased by 13,533 million yen year-on-year to 12,350 million yen.

## 2) Outline of Sales by Business Segment

### Basic Chemicals

Sales of acrylic acids and acrylates increased as sales prices rose mainly in line with the rise in raw material costs and strong market conditions for products outside of Japan, as well as an increase in sales volume.

Sales of ethylene oxide increased due to a rise in sales prices caused by higher raw material costs and increased sales volume.

Sales of ethylene glycol increased due to higher sales prices as a result of strong market conditions for products outside of Japan, despite a decline in sales volume.

Sales of secondary alcohol ethoxylates increased due to an increase in sales volume, as well as a rise in sales prices in line with a rise in raw material costs.

As a result of the above, revenue in the basic chemicals segment increased by 51.7% year-on-year to 74,453 million yen. Operating profit increased by 11,206 million yen year-on-year to 10,811 million yen mainly due the spread expanding as a result of strong market conditions for products outside of Japan, increases in production and sales volume, and a decline in processing costs such as inventory valuation difference.

### Functional Chemicals

Sales of superabsorbent polymers increased mainly due to a rise in sales prices in line with a rise in raw material costs and strong market conditions for products outside of Japan as well as an increase in sales volume.

Sales of special acrylates increased due to an increase in sales prices mainly in line with strong market conditions for products outside of Japan and a rise in sales volume.

Sales of polymers for concrete admixture, water-soluble polymers for raw materials of detergents, ethyleneimine derivatives, and resins for paints increased in line with an increase in sales volume.

Sales of resin modifiers and adhesive products increased mainly due to an increase in sales volume and a rise in sales prices in line with a rise in raw material costs.

Sales of maleic anhydride increased due to higher sales prices as a result of a rise in raw material costs, despite a decline in sales volume.

Sales of electronic information material decreased mainly due to a decline in sales volume.

Sales of iodine compounds decreased due to a change in the product mix despite an increase in sales volume.

As a result, revenue in the functional chemicals segment increased by 31.5% year-on-year to 93,984 million yen.

Operating profit increased by 5,821 million yen year-on-year to 4,820 million yen mainly due to increases in production and sales volume and a decline in processing costs such as inventory valuation difference.

### Environment & Catalysts

Sales of process catalysts increased due to higher sales prices, despite a decline in sales volume.

Sales of De-NOx catalysts and fuel cell materials increased mainly due to higher sales volume.

Sales of materials for lithium-ion batteries decreased due to a change in the product mix.

Sales of wet air oxidation catalysts decreased due to a decline in sales volume.

As a result, revenue in the environment & catalysts segment increased by 10.6% year-on-year to 4,551 million yen.

Operating profit decreased by 839 million yen year-on-year to operating loss of 961 million yen mainly due to an increase in processing costs such as inventory valuation difference and a decrease in production and sales volume.

## **(2) Financial Position**

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

Total assets at the end of the second quarter of the current fiscal year increased by 19,492 million yen from the end of the previous fiscal year to 491,109 million yen. Current assets increased by 18,719 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in inventories as a result of higher raw material costs and an accumulation of inventory to prepare for periodic repair work, as well as an increase in trade receivables as sales prices increased in line with a rise in raw material costs. Non-current assets increased by 773 million yen from the end of the previous fiscal year. This was mainly due to an increase in other financial assets resulting from an increase in the market value of stocks held.

Total liabilities increased by 5,875 million yen compared to the end of the previous fiscal year to 153,766 million yen. This was mainly due to an increase in trade payables as a result of higher raw material costs and an increase in purchase volume as well as an increase in short-term borrowings, despite the redemption of bonds.

Total equity increased by 13,617 million yen compared to the end of the previous fiscal year to 337,343 million yen. This was mainly due to an increase in retained earnings.

Ratio of equity attributable to owners of parent was 67.3%, remaining unchanged from the end of the previous fiscal year. Equity attributable to owners of parent per share increased by 334.21 yen compared to the end of the previous fiscal year to 8,293.28 yen.

### **2) Cash Flows**

Cash and cash equivalents at the end of the six months ended September 30, 2021 amounted to 34,214 million yen, a decrease of 2,127 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 six months ended September 30, 2021 amounted to 16,002 million yen, a decrease of 6,637 million yen from a cash inflow of 22,639 million yen in the same period of the previous fiscal year. This was mainly due to an increase in trade receivables, which had decreased due to a decline in sales volume in the same period of the previous fiscal year, during the six months ended September 31, 2021 in line with rising sales prices; an increase in inventories; and the absence of impairment losses, despite increases in profit before tax and trade payables.

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

Net cash used in investing activities in the six months ended September 30, 2021 amounted to 11,852 million yen, a decrease of 4,490 million yen from a cash outflow of 16,342 million yen in the same period of the previous fiscal year, mainly due to a decrease in purchase of property, plant and equipment.

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

Net cash used in financing activities in the six months ended September 30, 2021 amounted to 6,529 million yen, an increase of 2,087 million yen from a cash outflow of 4,442 million yen in the same period of the previous fiscal year, mainly due to increased cash outflow from the redemption of bonds and repayment of long-term borrowings, despite an increase in short-term borrowings.

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

As outlined in the Group's consolidated financial forecasts announced on October 29, 2021, we expect revenue of 355.0 billion yen, operating profit of 24.0 billion yen, profit before tax of 28.5 billion yen, and profit attributable to owners of parent of 20.5 billion yen.

For the second half forecasts, the Group assumes foreign exchange rates of 110 yen to the U.S. dollar and 130 yen to the euro, as well as a domestic naphtha price of 58,000 yen/kl.

#### Forecasts 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 forecasts	74.5	10.8	94.0	4.8	4.6	-1.0	0.5	173.0	15.2
Second half forecasts	77.0	5.2	99.0	3.0	5.9	0.5	0.2	182.0	8.8
Full year forecasts	151.5	16.0	193.0	7.8	10.5	-0.5	0.7	355.0	24.0

Note: "Adjustment" 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)	
	FY2020 As of Mar. 31, 2021	2Q-FY2021 As of Sep. 30, 2021
Assets		
Current assets		
Cash and cash equivalents	36,341	34,214
Trade receivables	82,053	90,610
Inventories	57,612	69,932
Other financial assets	9,661	9,181
Other current assets	6,140	6,588
Total current assets	191,806	210,525
Non-current assets		
Property, plant and equipment	193,197	189,727
Intangible assets	5,989	6,936
Investments accounted for using equity method	20,108	21,417
Other financial assets	44,285	46,179
Retirement benefit asset	11,571	11,596
Deferred tax assets	3,093	3,077
Other non-current assets	1,568	1,653
Total non-current assets	279,811	280,584
Total assets	471,617	491,109

(Unit: Millions of yen)

	FY2020 As of Mar. 31, 2021	2Q-FY2021 As of Sep. 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	45,912	55,736
Bonds and borrowings	23,981	18,858
Other financial liabilities	8,671	6,497
Income taxes payable	1,422	4,545
Provisions	4,734	4,714
Other current liabilities	6,030	4,110
Total current liabilities	90,750	94,460
Non-current liabilities		
Borrowings	28,887	30,800
Other financial liabilities	8,023	7,261
Retirement benefit liability	14,162	14,196
Provisions	2,157	2,193
Deferred tax liabilities	3,914	4,856
Total non-current liabilities	57,142	59,306
Total liabilities	147,891	153,766
Equity		
Share capital	25,038	25,038
Capital surplus	22,472	22,472
Treasury shares	-6,286	-6,290
Retained earnings	267,729	278,528
Other components of equity	8,420	10,947
Total equity attributable to owners of parent	317,373	330,695
Non-controlling interests	6,352	6,648
Total equity	323,725	337,343
Total liabilities and equity	471,617	491,109

**(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income**  
**Condensed Quarterly Consolidated Statements of Profit or Loss**

Six months ended September 30, 2020 and 2021

(Unit: Millions of yen)

	2Q-FY 2020 Apr. 1, 2020 to Sep. 30, 2020	2Q-FY 2021 Apr. 1, 2021 to Sep. 30, 2021
Revenue	124,668	172,988
Cost of sales	104,922	136,300
Gross profit	19,746	36,688
Selling, general and administrative expenses	19,894	22,823
Other operating income	1,221	1,722
Other operating expenses	2,260	410
Operating profit (loss)	-1,188	15,177
Finance income	929	721
Finance costs	205	197
Share of profit of investments accounted for using equity method	392	2,049
Profit (loss) before tax	-72	17,750
Income tax expense	777	4,983
Profit (loss)	-850	12,767
Profit (loss) attributable to		
Owners of parent	-1,183	12,350
Non-controlling interests	333	416
Profit (loss)	-850	12,767
Earnings (loss) per share		
Basic earnings (loss) per share (Yen)	-29.66	309.72
Diluted earnings per share (Yen)	-	-

## Condensed Quarterly Consolidated Statements of Comprehensive Income

Six months ended September 30, 2020 and 2021

(Unit: Millions of yen)

	2Q-FY 2020 Apr. 1, 2020 to Sep. 30, 2020	2Q-FY 2021 Apr. 1, 2021 to Sep. 30, 2021
Profit (loss)	-850	12,767
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	3,252	1,205
Share of other comprehensive income of investments accounted for using equity method	-0	-1
Total of items that will not be reclassified to profit or loss	3,251	1,204
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	-513	1,400
Share of other comprehensive income of investments accounted for using equity method	-656	440
Total of items that may be reclassified to profit or loss	-1,169	1,840
Other comprehensive income, net of tax	2,082	3,045
Comprehensive income	1,233	15,811
Comprehensive income attributable to		
Owners of parent	917	15,120
Non-controlling interests	316	691
Comprehensive income	1,233	15,811

### (3) Condensed Quarterly Consolidated Statements of Changes in Equity

Six months ended Sep. 30, 2020 (Apr. 1, 2020 to Sep. 30, 2020)

(Unit: Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at beginning of period	25,038	22,472	-6,281	280,555	126	-
Profit (loss)	-	-	-	-1,183	-	-
Other comprehensive income	-	-	-	-	3,251	-0
Comprehensive income	-	-	-	-1,183	3,251	-0
Purchase of treasury shares	-	-	-3	-	-	-
Disposal of treasury shares	-	-0	0	-	-	-
Dividends	-	-	-	-3,589	-	-
Transfer from other components of equity to retained earnings	-	-	-	243	-243	0
Total transactions with owners	-	-0	-2	-3,346	-243	0
Balance at end of period	25,038	22,472	-6,283	276,026	3,134	-

	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	-2,212	-2,086	319,699	6,410	326,108
Profit (loss)	-	-	-1,183	333	-850
Other comprehensive income	-1,151	2,099	2,099	-17	2,082
Comprehensive income	-1,151	2,099	917	316	1,233
Purchase of treasury shares	-	-	-3	-	-3
Disposal of treasury shares	-	-	0	-	0
Dividends	-	-	-3,589	-120	-3,709
Transfer from other components of equity to retained earnings	-	-243	-	-	-
Total transactions with owners	-	-243	-3,591	-120	-3,711
Balance at end of period	-3,363	-229	317,024	6,606	323,630

Six months ended Sep. 30, 2021 (Apr. 1, 2021 to Sep. 30, 2021)

(Unit: Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at beginning of period	25,038	22,472	-6,286	267,729	7,691	-
Profit	-	-	-	12,350	-	-
Other comprehensive income	-	-	-	-	1,206	-1
Comprehensive income	-	-	-	12,350	1,206	-1
Purchase of treasury shares	-	-	-4	-	-	-
Disposal of treasury shares	-	-	-	-	-	-
Dividends	-	-	-	-1,794	-	-
Transfer from other components of equity to retained earnings	-	-	-	243	-244	1
Total transactions with owners	-	-	-4	-1,551	-244	1
Balance at end of period	25,038	22,472	-6,290	278,528	8,653	-

	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	730	8,420	317,373	6,352	323,725
Profit	-	-	12,350	416	12,767
Other comprehensive income	1,564	2,770	2,770	275	3,045
Comprehensive income	1,564	2,770	15,120	691	15,811
Purchase of treasury shares	-	-	-4	-	-4
Disposal of treasury shares	-	-	-	-	-
Dividends	-	-	-1,794	-396	-2,190
Transfer from other components of equity to retained earnings	-	-243	-	-	-
Total transactions with owners	-	-243	-1,798	-396	-2,194
Balance at end of period	2,294	10,947	330,695	6,648	337,343

**(4) Condensed Quarterly Consolidated Statements of Cash Flows**

(Unit: Millions of yen)

	2Q-FY 2020 Apr. 1, 2020 to Sep. 30, 2020	2Q-FY 2021 Apr. 1, 2021 to Sep. 30, 2021
Cash flows from operating activities		
Profit (loss) before tax	-72	17,750
Depreciation and amortization	14,595	14,323
Loss (gain) on sale of property, plant and equipment	-0	-518
Impairment losses	1,779	-
Decrease (increase) in retirement benefit asset	38	-25
Increase (decrease) in retirement benefit liability	45	-30
Interest and dividend income	-662	-713
Interest expenses	185	160
Share of loss (profit) of investments accounted for using equity method	-392	-2,049
Decrease (increase) in trade receivables	16,810	-8,183
Decrease (increase) in inventories	3,240	-12,070
Increase (decrease) in trade payables	-13,555	9,689
Other	1,038	-3,187
Subtotal	23,049	15,148
Interest and dividends received	1,929	1,941
Interest paid	-253	-176
Income taxes paid	-2,086	-911
Net cash provided by (used in) operating activities	22,639	16,002
Cash flows from investing activities		
Purchase of property, plant and equipment	-15,691	-11,701
Proceeds from sale of property, plant and equipment	4	699
Purchase of intangible assets	-639	-1,094
Purchase of investments	-374	-384
Proceeds from sale and redemption of investments	448	625
Acquisition of shares of subsidiaries and affiliates	-	-500
Other	-91	503
Net cash provided by (used in) investing activities	-16,342	-11,852
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-5,001	3,394
Proceeds from long-term borrowings	8,252	8,944
Repayments of long-term borrowings	-3,307	-5,826
Redemption of bonds	-	-10,000
Repayments of lease liabilities	-674	-847
Purchase of treasury shares	-3	-4
Dividends paid	-3,589	-1,794
Dividends paid to non-controlling interests	-120	-396
Other	0	-
Net cash provided by (used in) financing activities	-4,442	-6,529
Effect of exchange rate changes on cash and cash equivalents	-199	252
Net increase (decrease) in cash and cash equivalents	1,656	-2,127
Cash and cash equivalents at beginning of period	43,869	36,341
Cash and cash equivalents at end of period	45,526	34,214

## **(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 six months ended September 30, 2021 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

Six months ended Sep. 30, 2020 (Apr. 1, 2020 to Sep. 30, 2020)

(Unit: Millions of yen)

	Reportable segments				Adjustment (Note)	Total
	Basic Chemicals	Functional Chemicals	Environment & Catalysts	Total		
Revenue						
(1) Revenue to third parties	49,065	71,489	4,114	124,668	–	124,668
(2) Intergroup revenue and transfers	12,225	1,499	329	14,054	-14,054	–
Total	61,290	72,988	4,443	138,721	-14,054	124,668
Segment income (loss)	-395	-1,001	-123	-1,519	332	-1,188
Finance income	–	–	–	–	–	929
Finance costs	–	–	–	–	–	205
Share of profit of investments accounted for using equity method	–	–	–	–	–	392
Profit (loss) before tax	–	–	–	–	–	-72

Note: The adjustment for “Segment income (loss)” includes inter-segment transaction eliminations and corporate profit (loss) not allocated to reportable segments amounting to 332 million yen.

Six months ended Sep. 30, 2021 (Apr. 1, 2021 to Sep. 30, 2021)

(Unit: Millions of yen)

	Reportable segments				Adjustment (Note)	Total
	Basic Chemicals	Functional Chemicals	Environment & Catalysts	Total		
Revenue						
(1) Revenue to third parties	74,453	93,984	4,551	172,988	–	172,988
(2) Intergroup revenue and transfers	19,783	1,620	394	21,797	-21,797	–
Total	94,236	95,604	4,945	194,786	-21,797	172,988
Segment income (loss)	10,811	4,820	-961	14,669	508	15,177
Finance income	–	–	–	–	–	721
Finance costs	–	–	–	–	–	197
Share of profit of investments accounted for using equity method	–	–	–	–	–	2,049
Profit before tax	–	–	–	–	–	17,750

Note: The adjustment for “Segment income (loss)” includes inter-segment transaction eliminations and corporate profit (loss) not allocated to reportable segments amounting to 508 million yen.

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

Six months ended Sep. 30, 2020 (Apr. 1, 2020 to Sep. 30, 2020)

Impairment losses on property, plant and equipment of 1,779 million yen were recorded in the functional chemicals segment.

Six months ended Sep. 30, 2021 (Apr. 1, 2021 to Sep. 30, 2021)

Not applicable.

**【Supplementary Information】**

**Overseas Revenue**

**Six months ended Sep. 30, 2020 (Apr. 1, 2020 to Sep. 30, 2020)**

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas revenue	32,486	18,334	9,641	6,015	66,476
II. Consolidated revenue					124,668
III. Overseas revenue to consolidated revenue	26.1%	14.7%	7.7%	4.8%	53.3%

**Six months ended Sep. 30, 2021 (Apr. 1, 2021 to Sep. 30, 2021)**

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas revenue	47,067	25,748	16,897	7,198	96,911
II. Consolidated revenue					172,988
III. Overseas revenue to consolidated revenue	27.1%	14.9%	9.8%	4.2%	56.0%

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.

\* 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.