

Key Figures of Consolidated Financial Results for 1st Quarter FY2023

August 2nd, 2023
Sumitomo Chemical Co., Ltd.

1. Financial Summary (IFRS)

(Billions of yen)

	FY2023 1st Quarter	FY2022 1st Quarter	Variance	FY2022
Sales revenue	563.1	774.1	(211.0)	2,895.3
Core operating income (loss)	(53.6)	64.1	(117.7)	92.8
Operating income (loss)	(71.7)	66.3	(138.0)	(31.0)
Net income (loss) attributable to owners of the parent	(33.2)	70.0	(103.1)	7.0
Basic earnings per share	¥ (20.27)	¥ 42.81	¥ (63.08)	¥ 4.27
Return on equity	(2.8)%	5.5%	(8.2)%	0.6%
Overseas sales revenue	65.8%	71.3%	(5.5)%	67.9%
Exchange rate (yen/\$)	137.49	129.73	—	135.50
Naphtha price (yen/kl)	67,500	86,100	—	76,600

*Core operating income is a gain and loss concept, reflecting recurring earning capacity, and deducts gains and losses incurred by non-recurring factors from operating income. It includes the share of profit from investments accounted for using the equity method.

2. Sales Revenue / Core Operating Income by Business Segment (IFRS)

(Billions of yen)

		FY2023 1st Quarter	FY2022 1st Quarter	Variance	FY2022
Essential Chemicals & Plastics	Sales revenue	192.4	238.6	(46.2)	852.9
	Core operating income	(21.0)	10.0	(31.0)	(34.2)
Energy & Functional Materials	Sales revenue	73.4	86.4	(13.0)	342.5
	Core operating income	3.0	6.6	(3.6)	15.2
IT-related Chemicals	Sales revenue	94.5	114.7	(20.2)	431.2
	Core operating income	6.7	15.8	(9.1)	47.6
Health & Crop Sciences	Sales revenue	102.7	152.6	(49.8)	598.4
	Core operating income	(7.0)	21.9	(29.0)	57.3
Pharmaceuticals	Sales revenue	83.0	167.7	(84.7)	584.9
	Core operating income	(33.3)	14.1	(47.3)	16.2
Others	Sales revenue	17.3	14.2	3.1	85.4
	Core operating income	2.4	3.3	(0.8)	10.4
Adjustments	Sales revenue	—	—	—	—
	Core operating income	(4.4)	(7.5)	3.2	(19.7)
Total	Sales revenue	563.1	774.1	(211.0)	2,895.3
	Core operating income	(53.6)	64.1	(117.7)	92.8

3. Summary of Consolidated Statement of Income (IFRS)

(Billions of yen)

	FY2023 1st Quarter	FY2022 1st Quarter	Variance
Sales revenue	563.1	774.1	(211.0)
Core operating income (loss)	(53.6)	64.1	(117.7)
Of which equity in earnings	(12.0)	12.7	(24.7)
Restructuring costs	(19.3)	(2.1)	(17.2)
Others	1.1	4.3	(3.2)
Total non-recurring items	(18.1)	2.2	(20.3)
Operating income (loss)	(71.7)	66.3	(138.0)
Gain/loss on foreign currency transactions	23.8	49.8	(26.1)
Other finance income/expenses	(1.9)	(2.5)	0.6
Income (loss) before taxes	(49.9)	113.7	(163.5)
Income tax expenses	(1.3)	(28.5)	27.2
Net income (loss)	(51.2)	85.1	(136.3)
Net (income) loss attributable to non-controlling interests	18.0	(15.1)	33.1
Net income (loss) attributable to owners of the parent	(33.2)	70.0	(103.1)

4. Summary of Consolidated Statement of Financial Position (IFRS)

(Billions of yen)

	June 30, 2023	March 31, 2023	Variance		June 30, 2023	March 31, 2023	Variance
Assets				Liabilities			
Current assets	1,851.9	1,762.9	89.0	Trade and other payables	530.1	515.9	14.2
Cash and cash equivalents	323.1	305.8	17.3	Interest-bearing liabilities	1,632.6	1,461.4	171.2
Trade and other receivables	588.5	603.2	(14.6)	Others	661.2	699.1	(37.8)
Inventories	814.4	744.5	69.9	Total liabilities	2,823.9	2,676.3	147.5
Others	125.9	109.4	16.5	Equity			
Non-current assets	2,521.9	2,402.6	119.3	Shareholders' equity	935.8	973.0	(37.3)
Property, plant and equipment	859.2	829.4	29.9	Other components of equity	289.0	198.2	90.9
Goodwill and intangible assets	720.1	670.9	49.2	Non-controlling interests	325.1	318.0	7.1
Others	942.6	902.4	40.2	Total equity	1,549.9	1,489.2	60.8
Total assets	4,373.8	4,165.5	208.3	Total liabilities and equity	4,373.8	4,165.5	208.3

Ratio of equity attributable to owners of the parent to total assets	28.0%	28.1%	(0.1)%
D/E ratio (times)	1.1	1.0	0.1

5. Summary of Consolidated Statement of Cash Flows (IFRS)

(Billions of yen)

	FY2023 1st Quarter	FY2022 1st Quarter	Variance	FY2022
Cash flows from operating activities	(131.9)	42.6	(174.5)	111.6
Cash flows from investing activities	(13.4)	46.0	(59.5)	(19.4)
Free cash flows	(145.4)	88.7	(234.0)	92.2
Cash flows from financing activities	142.0	11.5	130.5	(178.5)
Others	19.5	33.0	(13.5)	27.8
Increase (decrease) in cash and cash equivalents	16.2	133.2	(117.0)	(58.5)

August 2, 2023

Summary of Consolidated Financial Results for First Quarter Fiscal Year 2023 (Under IFRS)

Company name:	Sumitomo Chemical Co., Ltd.
Listing:	Tokyo Stock Exchange
Securities code:	4005
URL:	https://www.sumitomo-chem.co.jp/english/
Representative:	Keiichi Iwata, President
Inquiries:	Shunji Kobayashi, General Manager, Corporate Communications Dept.
Telephone:	+81-3-5201-0200
Scheduled date to commence dividend payments:	—
Scheduled date to file quarterly securities report:	August 8, 2023
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	Yes (for institutional investors and analysts)

(All amounts are rounded to the nearest million yen.)

1. Consolidated Financial Results for First Quarter Fiscal Year 2023 (April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Sales revenue		Core operating income		Operating income		Net income		Net income attributable to owners of the 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 June 30, 2023	563,143	(27.3)	(53,598)	—	(71,747)	—	(51,182)	—	(33,153)	—	74,497	(61.3)
Three Months ended June 30, 2022	774,134	21.2	64,111	4.0	66,282	13.6	85,108	118.9	69,992	96.3	192,386	390.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three Months ended June 30, 2023	(20.27)	—
Three Months ended June 30, 2022	42.81	—

Reference: Share of profit (loss) of investments accounted for using the equity method

For Three Months ended June 30, 2023: ¥ (12,042) million

For Three Months ended June 30, 2022: ¥ 12,671 million

Income before taxes

For Three Months ended June 30, 2023: ¥ (49,862) million

For Three Months ended June 30, 2022: ¥ 113,656 million

*Core operating income is a gain and loss concept, reflecting recurring earning capacity, and deducts gains and losses incurred by non-recurring factors from operating income. It includes the share of profit from investments accounted for using the equity method.

*For diluted earnings per share, although there are potential shares, they are not listed because they have an anti-dilutive effect.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2023	4,373,798	1,549,939	1,224,801	28.0
March 31, 2023	4,165,503	1,489,189	1,171,192	28.1

2. Dividends

	Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	12.00	—	6.00	18.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		6.00	—	6.00	12.00

Note: Revision of dividend forecasts from the latest announcement: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

	Sales revenue		Core operating income		Operating income		Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half-year ending September 30, 2023	1,370,000	(10.4)	(30,000)	—	(45,000)	—	(30,000)	—	(18.35)
Year ending March 31, 2024	2,900,000	0.2	40,000	(56.9)	20,000	—	10,000	43.1	6.12

Note: Revision of financial forecasts from the latest announcement: None

Notes:

(1) Changes in significant subsidiaries during the period: Yes

Newly consolidated: —

Excluded: 1 company (Myovant Sciences Ltd.)

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(3) Number of shares issued (common shares)

(i) Total number of shares issued at the end of the period (including treasury stock)

As of June 30, 2023	1,655,860,207 shares
As of March 31, 2023	1,655,860,207 shares

(ii) Number of treasury stock at the end of the period

As of June 30, 2023	20,489,393 shares
As of March 31, 2023	20,486,616 shares

(iii) Average number of shares outstanding during the period

Three Months ended June 30, 2023	1,635,216,496 shares
Three Months ended June 30, 2022	1,634,969,789 shares

* This summary of financial results is exempt from audit procedures.

* Notes to appropriate use of forecasts and other special items:

Descriptions regarding forward-looking statements about the future performance of the Company contained in this summary are based on information currently available to the Company and certain assumptions judged reasonable and involve risks and uncertainties. The important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, general economic conditions in the Company's markets; demand for, and competitive pricing pressure on, the Company's products in the marketplace; rise in prices of raw materials; and fluctuations in foreign exchange rates.

* This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Attachments

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1. Summary of Operating Results for the Three Months Ended June 30, 2023

(1) Operating Results

For the three months ended June 30, 2023, the Group's sales revenue decreased by ¥211.0 billion compared to the the same period in the previous year, to ¥563.1 billion. In terms of profits and losses, core operating income* was a loss of ¥53.6 billion, operating income was a loss of ¥71.7 billion, and net income attributable to owners of the parent was a loss of ¥33.2 billion. Results in every category of income were lower than the previous year's levels.

*Core operating income is a gain and loss concept, reflecting recurring earning capacity, and deducts gains and losses incurred by non-recurring factors from operating income. It includes the share of profit from investments accounted for using the equity method.

The financial results by business segment for the first quarter are as follows:

Essential Chemicals & Plastics

The market prices for synthetic resins, methyl methacrylate and various industrial chemicals remained low due to a decrease in raw material prices. Shipments decreased owing to lower demand for petrochemical products resulting from the global economic slowdown and the Company's exit from the caprolactam business. As a result, sales revenue decreased by ¥46.2 billion from the same period in the previous year, to ¥192.4 billion. Core operating income was a loss of ¥21.0 billion, a decline in income of ¥31.0 billion from the same period in the previous year, due to a deterioration in the financial performance of Rabigh Refining and Petrochemical Company, an affiliated company accounted for by the equity method, as well as the lower market prices and impact of lower shipment volumes.

Energy & Functional Materials

The market prices of aluminum and the battery metals for cathode materials remained low. In addition, shipments were sluggish, particularly for products for automotive applications. As a result, sales revenue decreased by ¥13.0 billion from the same period in the previous year, to ¥73.4 billion. Core operating income was ¥3.0 billion, lower by ¥3.6 billion from the same period in the previous year.

IT-related Chemicals

Shipments of display-related materials, and processing materials for semiconductors such as high-purity chemicals and photoresists, decreased as consumer sentiment deteriorated in the face of inflation concerns. As a result, sales revenue decreased by ¥20.2 billion from the same period in the previous year, to ¥94.5 billion. Core operating income was ¥6.7 billion, lower by ¥9.1 billion from the same period in the previous year.

Health & Crop Sciences

Sales of crop protection products decreased since a price spike of generic products tapered off and shipments decreased due to an increase of inventories in the market in South America. Moreover, the market prices of methionine (feed additive) decreased from the same period in the previous year. As a result, sales revenue decreased by ¥49.8 billion from the same period in the previous year, to ¥102.7 billion. Core operating income was a loss of ¥7.0 billion, lower by ¥29.0 billion from the same period in the previous year, because of lower sales of crop protection products and deteriorated profit margins for methionine.

Pharmaceuticals

In the U.S., revenue showed a decrease owing to the impact of the loss of exclusivity for LATUDA® in the U.S., despite growing sales of ORGOVYX® (therapeutic agent for advanced prostate cancer), GEMTESA® (therapeutic agent for overactive bladder), and MYFEMBREE® (therapeutic agent for uterine fibroids and endometriosis). As a result, sales revenue decreased by ¥84.7 billion from the same period in the previous year, to ¥83.0 billion. Core operating income was a loss of ¥33.3 billion, lower by ¥47.3 billion from the same period in the previous year, as the reduction in selling, general and administrative expenses owing to the loss of exclusivity for LATUDA®, was outweighed by the decrease in gross profit on account of a revenue decline.

Others

In addition to the above five segments, the Group supplies electric power and steam, designs chemical plants and supervises the construction of those facilities, provides transportation and warehousing, and conducts physical property analysis and environmental analysis. Sales revenue of these businesses increased by ¥3.1 billion from the same period in the previous year, to ¥17.3 billion, and core operating income decreased by ¥0.8 billion from the same period in the previous year, to ¥2.4 billion.

(2) Consolidated Financial Position

As of the end of the period, total assets increased by 208.3 billion compared to the end of the previous year, to ¥4,373.8 billion due to the effect of foreign exchange conversions from the weak yen. Inventories, goodwill and intangible assets increased.

Total liabilities increased by ¥147.5 billion compared to the end of the previous year, to ¥2,823.9 billion. Interest-bearing liabilities increased by ¥171.2 billion compared to the end of the previous year, to ¥1,632.6 billion.

Total equity (including non-controlling interests) increased by ¥60.8 billion compared to the end of the previous year, to ¥1,549.9 billion, despite the net loss attributable to owners of the parent, because the exchange differences on conversion of foreign operations increased resulting from the weak yen. The ratio of equity attributable to the owners of the parent company decreased by 0.1 percentage points compared to the end of the previous year, to 28.0%.

(3) Consolidated Forecast and Other Forward-Looking Information

There is no change from the consolidated financial forecasts announced on May 15, 2023.

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Statement of Financial Position

Millions of yen	As of June 30, 2023	As of March 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	¥ 323,134	¥ 305,844
Trade and other receivables	588,515	603,161
Other financial assets	33,303	31,237
Inventories	814,371	744,474
Other current assets	92,578	70,670
Subtotal	1,851,901	1,755,386
Assets held for sale	—	7,498
Total current assets	1,851,901	1,762,884
Non-current assets:		
Property, plant and equipment	859,231	829,355
Goodwill	289,804	266,868
Intangible assets	430,306	403,996
Investments accounted for using the equity method	398,402	402,980
Other financial assets	350,712	313,115
Retirement benefit assets	100,028	99,253
Deferred tax assets	43,985	39,492
Other non-current assets	49,429	47,560
Total non-current assets	2,521,897	2,402,619
Total assets	¥ 4,373,798	¥ 4,165,503

Millions of yen

As of June 30, 2023

As of March 31, 2023

Liabilities and equity**Liabilities**

Current liabilities:

Bonds and borrowings	¥ 584,561	¥ 396,903
Trade and other payables	530,065	515,865
Other financial liabilities	92,590	74,931
Income taxes payable	15,370	31,772
Provisions	101,267	129,030
Other current liabilities	108,315	128,060
Subtotal	1,432,168	1,276,561
Liabilities directly associated with assets held for sale	—	1,806
Total current liabilities	1,432,168	1,278,367

Non-current liabilities:

Bonds and borrowings	1,047,989	1,064,463
Other financial liabilities	98,342	98,594
Retirement benefit liabilities	26,359	26,427
Provisions	39,825	38,443
Deferred tax liabilities	118,497	101,164
Other non-current liabilities	60,679	68,856
Total non-current liabilities	1,391,691	1,397,947
Total liabilities	2,823,859	2,676,314

Equity

Share capital	89,810	89,810
Capital surplus	0	—
Retained earnings	854,302	891,552
Treasury shares	(8,350)	(8,349)
Other components of equity	289,039	197,830
Other comprehensive income associated with assets held for sale	—	349
Equity attributable to owners of the parent	1,224,801	1,171,192
Non-controlling interests	325,138	317,997
Total equity	1,549,939	1,489,189
Total liabilities and equity	¥ 4,373,798	¥ 4,165,503

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

Millions of yen	Three months ended June 30,	
	2023	2022
Sales revenue	¥ 563,143	¥ 774,134
Cost of sales	(434,011)	(528,345)
Gross profit	129,132	245,789
Selling, general and administrative expenses	(178,072)	(195,980)
Other operating income	10,135	8,181
Other operating expenses	(20,900)	(4,379)
Share of profit or loss of investments accounted for using the equity method	(12,042)	12,671
Operating income (loss)	(71,747)	66,282
Finance income	39,171	61,908
Finance expenses	(17,286)	(14,534)
Income (loss) before taxes	(49,862)	113,656
Income tax expenses	(1,320)	(28,548)
Net income (loss)	(51,182)	85,108
Net income (loss) attributable to:		
Owners of the parent	(33,153)	69,992
Non-controlling interests	(18,029)	15,116
Net income (loss)	¥ (51,182)	¥ 85,108

Yen	Three months ended June 30,	
	2023	2022
Earnings per share:		
Basic earnings (loss) per share	(20.27)	42.81
Diluted earnings per share	—	—

Consolidated Statement of Comprehensive Income

Millions of yen	Three months ended June 30,	
	2023	2022
Net income (loss)	¥ (51,182)	¥ 85,108
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of financial assets measured at fair value through other comprehensive income	36,468	(7,173)
Remeasurements of defined benefit plans	(5)	(62)
Share of other comprehensive income of investments accounted for using the equity method	407	(811)
Total items that will not be reclassified to profit or loss	36,870	(8,046)
Items that may be subsequently reclassified to profit or loss		
Cash flow hedge	816	7,970
Exchange differences on conversion of foreign operations	81,672	92,422
Share of other comprehensive income of investments accounted for using the equity method	6,321	14,932
Total items that may be subsequently reclassified to profit or loss	88,809	115,324
Other comprehensive income, net of taxes	125,679	107,278
Total comprehensive income	74,497	192,386
Total comprehensive income attributable to:		
Owners of the parent	63,422	147,880
Non-controlling interests	11,075	44,506
Total comprehensive income	¥ 74,497	¥ 192,386

(3) Consolidated Statement of Changes in Equity

Three months ended June 30, 2023

Millions of yen	Equity attributable to owners of the parent							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			Remeasurements of defined benefit plans
					Remeasurements of financial assets measured at fair value through other comprehensive income			
Balance as of April 1, 2023	¥ 89,810	¥ —	¥ 891,552	¥ (8,349)	¥ 81,869	¥ —	¥ —	¥ —
Net income (loss)	—	—	(33,153)	—	—	—	—	—
Other comprehensive income	—	—	—	—	21,714	—	—	10
Total comprehensive income	—	—	(33,153)	—	21,714	—	—	10
Purchase of treasury shares	—	—	—	(1)	—	—	—	—
Disposal of treasury shares	—	0	—	0	—	—	—	—
Dividends	—	—	(9,812)	—	—	—	—	—
Changes resulting from loss of control of subsidiaries	—	—	349	—	—	—	—	—
Change in interest due to transactions with non-controlling interests	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	5,366	—	(5,356)	—	—	(10)
Others, net	—	—	—	—	—	—	—	—
Total transactions with owners	—	0	(4,097)	(1)	(5,356)	—	—	(10)
Balance as of June 30, 2023	¥ 89,810	¥ 0	¥ 854,302	¥ (8,350)	¥ 98,227	¥ —	¥ —	¥ —

	Equity attributable to owners of the parent							
	Other components of equity			Other comprehensive income associated with assets held for sale	Equity attributable to owners of the parent	Non-controlling interests	Total equity	
	Cash flow hedges	Exchange differences on conversion of foreign operations	Total					
Balance as of April 1, 2023	¥ (539)	¥ 116,500	¥ 197,830	¥ 349	¥ 1,171,192	¥ 317,997	¥ 1,489,189	
Net income (loss)	—	—	—	—	(33,153)	(18,029)	(51,182)	
Other comprehensive income	869	73,982	96,575	—	96,575	29,104	125,679	
Total comprehensive income	869	73,982	96,575	—	63,422	11,075	74,497	
Purchase of treasury shares	—	—	—	—	(1)	—	(1)	
Disposal of treasury shares	—	—	—	—	0	—	0	
Dividends	—	—	—	—	(9,812)	(3,934)	(13,746)	
Changes resulting from loss of control of subsidiaries	—	—	—	(349)	—	—	—	
Change in interest due to transactions with non-controlling interests	—	—	—	—	—	—	—	
Transfer from other components of equity to retained earnings	—	—	(5,366)	—	—	—	—	
Others, net	—	—	—	—	—	—	—	
Total transactions with owners	—	—	(5,366)	(349)	(9,813)	(3,934)	(13,747)	
Balance as of June 30, 2023	¥ 330	¥ 190,482	¥ 289,039	¥ —	¥ 1,224,801	¥ 325,138	¥ 1,549,939	

Three months ended June 30, 2022

	Equity attributable to owners of the parent						Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Remeasurements of financial assets measured at fair value through other comprehensive income		Remeasurements of defined benefit plans	
Millions of yen								
Balance as of April 1, 2022	¥ 89,699	¥ 27,089	¥ 974,382	¥ (8,343)	¥ 82,682	¥ —	¥ —	
Net income	—	—	69,992	—	—	—	—	
Other comprehensive income	—	—	—	—	(6,682)	(33)	—	
Total comprehensive income	—	—	69,992	—	(6,682)	(33)	—	
Purchase of treasury shares	—	—	—	(1)	—	—	—	
Disposal of treasury shares	—	0	—	0	—	—	—	
Dividends	—	—	(22,890)	—	—	—	—	
Changes resulting from loss of control of subsidiaries	—	—	—	—	—	—	—	
Change in interest due to transactions with non-controlling interests	—	186	—	—	—	—	—	
Transfer from other components of equity to retained earnings	—	—	4,607	—	(4,640)	33	—	
Others, net	—	—	(20)	—	—	—	—	
Total transactions with owners	—	186	(18,303)	(1)	(4,640)	33	—	
Balance as of June 30, 2022	¥ 89,699	¥ 27,275	¥ 1,026,071	¥ (8,344)	¥ 71,360	¥ —	¥ —	

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Other components of equity			Other comprehensive income associated with assets held for sale	Equity attributable to owners of the parent			
	Cash flow hedges	Exchange differences on conversion of foreign operations	Total					
Balance as of April 1, 2022	¥ (8,735)	¥ 61,327	¥ 135,274	¥ —	¥ 1,218,101	¥ 483,876	¥ 1,701,977	
Net income	—	—	—	—	69,992	15,116	85,108	
Other comprehensive income	7,946	76,657	77,888	—	77,888	29,390	107,278	
Total comprehensive income	7,946	76,657	77,888	—	147,880	44,506	192,386	
Purchase of treasury shares	—	—	—	—	(1)	—	(1)	
Disposal of treasury shares	—	—	—	—	0	—	0	
Dividends	—	—	—	—	(22,890)	(9,781)	(32,671)	
Changes resulting from loss of control of subsidiaries	—	—	—	—	—	—	—	
Change in interest due to transactions with non-controlling interests	—	—	—	—	186	1,378	1,564	
Transfer from other components of equity to retained earnings	—	—	(4,607)	—	—	—	—	
Others, net	—	—	—	—	(20)	—	(20)	
Total transactions with owners	—	—	(4,607)	—	(22,725)	(8,403)	(31,128)	
Balance as of June 30, 2022	¥ (789)	¥ 137,984	¥ 208,555	¥ —	¥ 1,343,256	¥ 519,979	¥ 1,863,235	

(4) Consolidated Statement of Cash Flows

Millions of yen	Three months ended June 30,	
	2023	2022
Cash flows from operating activities:		
Income (loss) before taxes	¥ (49,862)	¥ 113,656
Depreciation and amortization	39,300	43,713
Share of (profit) loss of investments accounted for using the equity method	12,042	(12,671)
Interest and dividend income	(5,581)	(4,321)
Interest expenses	6,784	5,733
Restructuring costs	19,297	2,135
(Gain) loss on sale of property, plant and equipment	(725)	(1,896)
(Increase) decrease in trade receivables	53,451	28,174
(Increase) decrease in inventories	(34,127)	(57,141)
Increase (decrease) in trade payables	(22,303)	62,567
Increase (decrease) in unearned revenue	(2,927)	(8,119)
Increase (decrease) in provisions	(35,791)	9,446
Others, net	(82,192)	(117,487)
Subtotal	(102,634)	63,789
Interest and dividends received	9,034	8,845
Interest paid	(6,875)	(6,013)
Income taxes paid	(30,749)	(22,864)
Restructuring costs paid	(694)	(1,126)
Net cash provided by operating activities	(131,918)	42,631
Cash flows from investing activities:		
Net (increase) decrease in securities	(4,599)	(10,591)
Purchase of property, plant and equipment, and intangible assets	(44,188)	(37,490)
Proceeds from sales of property, plant and equipment, and intangible assets	430	2,154
Proceeds from sales of subsidiaries	11,074	—
Purchase of other financial assets	(2,343)	(3,007)
Proceeds from sales and redemption of other financial assets	24,788	36,186
Proceeds from collection of loan receivables	235	59,900
Others, net	1,164	(1,127)
Net cash used in investing activities	(13,439)	46,025
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	79,406	46,613
Net increase (decrease) in commercial paper	53,000	40,000
Proceeds from long-term borrowings	29,956	716
Repayments of long-term borrowings	(1,815)	(38,873)
Repayments of finance lease liabilities	(4,340)	(4,259)
Cash dividends paid	(9,821)	(22,900)
Cash dividends paid to non-controlling interests	(3,888)	(9,707)
Others, net	(450)	(67)
Net cash provided by (used in) financing activities	142,048	11,523
Effect of exchange rate changes on cash and cash equivalents	19,464	32,992
Net increase (decrease) in cash and cash equivalents	16,155	133,171
Cash and cash equivalents at the beginning of the year	305,844	365,429
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	1,135	—
Cash and cash equivalents at the end of the period	¥ 323,134	¥ 498,600

(5) Notes to Consolidated Financial Statements
(Going Concern Assumption)

Not applicable.

(Segment Information)

1. Reportable Segments

The reportable segments of the Group refer to business units for which separate financial information is available and that are reviewed regularly at the Board of Directors meeting in order to determine the allocation of management resources and evaluate the business performance of each business unit.

The Group divides its operations into business sectors identified by products and services, which manage manufacturing, sales, and research in an integrated manner. Each business sector is responsible for developing comprehensive domestic and overseas strategies with respect to its products and services, and operates its business activities.

Accordingly, the Group has five reportable segments based on its products and services in accordance with its business sectors, including "Essential Chemicals & Plastics," "Energy & Functional Materials," "IT-related Chemicals," "Health & Crop Sciences," and "Pharmaceuticals."

The major products and services of each reportable segment are as follows:

Reportable Segment	Major Products and Services
Essential Chemicals & Plastics	Synthetic resins, raw materials for synthetic fibers, various industrial chemicals, methyl methacrylate products, synthetic resin processed products, etc.
Energy & Functional Materials	Alumina, aluminum, specialty chemicals, additives, synthetic rubber, engineering plastics, battery materials, etc.
IT-related Chemicals	Optical products, semiconductor processing materials, compound semiconductor materials, touch screen sensor panels, etc.
Health & Crop Sciences	Crop protection chemicals, fertilizers, agricultural materials, household insecticides, products for control of infectious diseases, feed additives, active pharmaceutical ingredients and intermediates, etc.
Pharmaceuticals	Pharmaceuticals for medical treatment, radiopharmaceuticals, etc.

2. Reportable Segment Information

The accounting methods for each reportable segment are, in principle, identical to those used in the consolidated financial statements. The segment profit is core operating income, which is calculated from operating income after excluding effects from non-recurring factors.

Inter-segment sales revenue is based on market prices.

Three months ended June 30, 2023

Millions of yen	Essential Chemicals & Plastics	Energy & Functional Materials	IT-related Chemicals	Health & Crop Sciences	Pharma- ceuticals	Total	Others (Note 1)	Adjustments (Note 2)	Consoli- dated
Sales revenue:									
Sales revenues from external customers	¥ 192,353	¥ 73,383	¥ 94,451	¥ 102,707	¥ 82,985	¥ 545,879	¥ 17,264	¥ —	¥ 563,143
Inter-segment sales revenues	1,361	5,466	110	762	1	7,700	20,164	(27,864)	—
Total sales revenue	193,714	78,849	94,561	103,469	82,986	553,579	37,428	(27,864)	563,143
Segment profit (loss) : core operating income (loss)	¥ (21,005)	¥ 3,004	¥ 6,669	¥ (7,049)	¥ (33,273)	¥ (51,654)	¥ 2,430	¥ (4,374)	¥ (53,598)

Note 1: "Others" represents businesses such as supplying electrical power and steam, providing services for the design, engineering, and construction management of chemical plants, providing transport and warehousing, and conducting materials and environmental analysis, which are not included in reportable segments.

Note 2: ¥(4,374) million for segment profit (loss) in "Adjustments" includes inter-segment elimination of ¥5 million and corporate expenses of ¥(4,379) million unallocated to each reportable segment. Corporate expenses are mainly research and development expenses for company-wide research, which are not attributed to reportable segments.

Three months ended June 30, 2022

Millions of yen	Essential Chemicals & Plastics	Energy & Functional Materials	IT-related Chemicals	Health & Crop Sciences	Pharma- ceuticals	Total	Others (Note 1)	Adjustments (Note 2)	Consoli- dated
Sales revenue:									
Sales revenues from external customers	¥ 238,562	¥ 86,427	¥ 114,650	¥ 152,556	¥ 167,728	¥ 759,923	¥ 14,211	¥ —	¥ 774,134
Inter-segment sales revenues	1,465	4,838	116	945	6	7,370	17,457	(24,827)	—
Total sales revenue	240,027	91,265	114,766	153,501	167,734	767,293	31,668	(24,827)	774,134
Segment profit : core operating income	¥ 9,987	¥ 6,624	¥ 15,770	¥ 21,905	¥ 14,076	¥ 68,362	¥ 3,275	¥ (7,526)	¥ 64,111

Note 1: "Others" represents businesses such as supplying electrical power and steam, providing services for the design, engineering, and construction management of chemical plants, providing transport and warehousing, and conducting materials and environmental analysis, which are not included in reportable segments.

Note 2: ¥(7,526) million for segment profit in "Adjustments" includes inter-segment elimination of ¥(1,063) million and corporate expenses of ¥(6,463) million unallocated to each reportable segment. Corporate expenses are mainly research and development expenses for company-wide research, which are not attributed to reportable segments.

Adjustments to income (loss) before taxes from core operating income (loss) were as follows:

Millions of yen	Three months ended June 30,	
	2023	2022
Core operating income (loss)	¥ (53,598)	¥ 64,111
Restructuring costs	(19,297)	(2,135)
Changes in fair value of contingent consideration	(38)	(78)
Gains on sale of property, plant and equipment, and intangible assets	725	1,896
Others, net	461	2,488
Operating income (loss)	(71,747)	66,282
Finance income	39,171	61,908
Finance expenses	(17,286)	(14,534)
Income (loss) before taxes	¥ (49,862)	¥ 113,656