

Key Figures of Consolidated Financial Results for 3rd Quarter FY2023

February 2nd, 2024
Sumitomo Chemical Co., Ltd.
(Billions of yen)

1. Financial Summary (IFRS)

	Q3 FY2023	Q3 FY2022	Variance	FY2023 (Revised Forecast announced in Feb.)	FY2022
Sales revenue	1,806.9	2,257.0	(450.2)	2,480.0	2,895.3
Core operating income (loss)	(113.9)	142.2	(256.0)	(145.0)	92.8
Operating income (loss)	(160.6)	71.4	(232.1)	(285.0)	(31.0)
Net income (loss) attributable to owners of the parent	(109.8)	60.3	(170.1)	(245.0)	7.0
Basic earnings (loss) per share	¥ (67.13)	¥ 36.89	¥ (104.02)	¥ (149.82)	¥ 4.27
Return on equity	(9.4)%	4.8%	(14.2)%	(22.2)%	0.6%
Overseas sales revenue	68.2%	69.4%	(1.2)%	68.5%	67.9%
Exchange rate (yen/\$)	143.33	136.49	—	143.75 (Jan.-Mar. 145.00)	135.50
Naphtha price (yen/kl)	68,400	80,000	—	69,000 (Jan.-Mar. 70,000)	76,600

*Core operating income is a gain and loss concept that reflects recurring earning capacity by deducting gains and losses incurred by non-recurring factors from operating income, which includes the share of profits or losses from investments accounted for using the equity method.

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

(Billions of yen)

		Q3 FY2023	Q3 FY2022	Variance	FY2023 (Revised Forecast announced in Feb.)	FY2022
Essential Chemicals & Plastics	Sales revenue	596.7	675.5	(78.8)	790.0	852.9
	Core operating income	(62.0)	(2.0)	(60.0)	(87.0)	(34.2)
Energy & Functional Materials	Sales revenue	225.3	257.1	(31.8)	300.0	342.5
	Core operating income	9.4	16.9	(7.5)	5.0	15.2
IT-related Chemicals	Sales revenue	311.1	338.6	(27.5)	400.0	431.2
	Core operating income	36.8	43.7	(6.9)	38.0	47.6
Health & Crop Sciences	Sales revenue	367.0	439.2	(72.2)	570.0	598.4
	Core operating income	(1.4)	47.2	(48.5)	40.0	57.3
Pharmaceuticals	Sales revenue	256.4	482.5	(226.1)	350.0	584.9
	Core operating income	(95.6)	43.1	(138.7)	(131.0)	16.2
Others	Sales revenue	50.4	64.2	(13.7)	70.0	85.4
	Core operating income	8.3	7.7	0.6	7.0	10.4
Adjustments	Sales revenue	—	—	—	—	—
	Core operating income	(9.5)	(14.4)	4.9	(17.0)	(19.7)
Total	Sales revenue	1,806.9	2,257.0	(450.2)	2,480.0	2,895.3
	Core operating income	(113.9)	142.2	(256.0)	(145.0)	92.8

3. Summary of Consolidated Statement of Income (IFRS)

(Billions of yen)

	Q3 FY2023	Q3 FY2022	Variance	Variance Ratio
Sales revenue	1,806.9	2,257.0	(450.2)	(19.9)%
Core operating income (loss)	(113.9)	142.2	(256.0)	—
Of which equity in earnings	(35.2)	12.8	(48.0)	—
Total non-recurring items	(46.8)	(70.7)	24.0	—
Of which restructuring costs	(25.6)	(22.0)	(3.7)	—
Of which impairment losses	(15.4)	(56.4)	40.9	—
Others	(5.7)	7.6	(13.3)	—
Operating income (loss)	(160.6)	71.4	(232.1)	—
Finance income/expenses	0.7	23.3	(22.7)	—
Of which gain (loss) on foreign currency transactions including gain (loss) on derivatives	6.1	28.4	(22.3)	—
Income (loss) before taxes	(160.0)	94.8	(254.7)	—
Income tax expenses	(5.0)	(53.1)	48.1	—
Net income (loss)	(164.9)	41.7	(206.6)	—
Net (income) loss attributable to non-controlling interests	55.2	18.6	36.6	—
Net income (loss) attributable to owners of the parent	(109.8)	60.3	(170.1)	—
ROE	(9.4)%	4.8%		
Exchange rate (yen/\$)	143.33	136.49		
Naphtha price (yen/kl)	68,400	80,000		
Overseas sales revenue ratio	68.2%	69.4%		

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

(Billions of yen)

	31-Dec-23	31-Mar-23	Variance		31-Dec-23	31-Mar-23	Variance
Current Assets	1,709.4	1,762.9	(53.5)	Liabilities	2,767.4	2,676.3	91.1
Cash and cash equivalents	276.2	305.8	(29.7)	Trade and other payables	496.3	515.9	(19.5)
Trade and other receivables	569.1	603.2	(34.1)	Interest-bearing liabilities	1,665.8	1,461.4	204.5
Inventories	756.5	744.5	12.0	Others	605.2	699.1	(93.9)
Others	107.7	109.4	(1.7)	Equity	1,452.3	1,489.2	(36.9)
Non-current assets	2,510.2	2,402.6	107.6	Shareholders' equity	874.7	973.0	(98.3)
Property, plant and equipment	855.4	829.4	26.1	Other components of equity	287.5	198.2	89.4
Goodwill and intangible assets	694.8	670.9	24.0	Non-controlling interests	290.0	318.0	(28.0)
Others	960.0	902.4	57.6				
Total	4,219.7	4,165.5	54.1	Total	4,219.7	4,165.5	54.1
				Ratio of equity attributable to owners of the parent to total assets	27.5%	28.1%	(0.6)%
				D/E ratio (times)	1.2	1.0	0.2

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

(Billions of yen)

	Q3 FY2023	Q3 FY2022	Variance	FY2022
Cash flows from operating activities	(135.0)	100.3	(235.3)	111.6
Cash flows from investing activities	(77.8)	1.7	(79.5)	(19.4)
Free cash flows	(212.8)	102.0	(314.8)	92.2
Cash flows from financing activities	161.1	13.0	148.1	(178.5)
Others	20.8	21.6	(0.8)	27.8
Increase (decrease) in cash and cash equivalents	(30.8)	136.6	(167.5)	(58.5)
Cash and cash equivalents at the end of the period	276.2	499.6	(223.4)	305.8



February 2, 2024

Summary of Consolidated Financial Results for Third 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
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Scheduled date to commence dividend payments: —
 Scheduled date to file quarterly securities report: February 7, 2024
 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 Third Quarter Fiscal Year 2023 (April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	1,806,869	(19.9)	(113,866)	—	(160,634)	—	(164,946)	—	(109,778)	—	(13,058)	—
Nine months ended December 31, 2022	2,257,045	10.8	142,165	(30.9)	71,441	(63.9)	41,698	(73.2)	60,310	(54.9)	150,236	(6.5)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	(67.13)	—
Nine months ended December 31, 2022	36.89	36.88

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

For Nine months ended December 31, 2023: ¥ (40,277)million

For Nine months ended December 31, 2022: ¥ 12,770 million

Income before taxes

For Nine months ended December 31, 2023: ¥ (159,953)million

For Nine months ended December 31, 2022: ¥ 94,772 million

*Core operating income is a gain and loss concept that reflects recurring earning capacity by deducting gains and losses incurred by non-recurring factors from operating income, which includes the share of profits or losses from investments accounted for using the equity method.

*For diluted earnings per share for the nine months ended December 31, 2023, 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	%
December 31, 2023	4,219,651	1,452,255	1,162,268	27.5
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
Fiscal year ended March 31, 2023	Yen —	Yen 12.00	Yen —	Yen 6.00	Yen 18.00
Fiscal year ending March 31, 2024	—	6.00	—		
Fiscal year ending March 31, 2024 (Forecast)				3.00	9.00

Note: Revision of dividend forecasts from the latest announcement: Yes

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

(Percentages indicate year-on-year changes.)

	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
Year ending March 31, 2024	2,480,000	(14.3)	(145,000)	—	(285,000)	—	(245,000)	—	(149.82)

Note: Revision of financial forecasts from the latest announcement: Yes

Notes:

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

Newly consolidated: —

Excluded: 6 companies (Myovant Sciences Ltd.)
(Sumitomo Pharma Oncology, Inc.)
(Sumitovant Biopharma, Inc.)
(Myovant Sciences, Inc.)
(Enzyvant Therapeutics GmbH)
(Altavant Sciences GmbH)

(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 shares)

As of December 31, 2023	1,656,449,145 shares
As of March 31, 2023	1,655,860,207 shares

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

As of December 31, 2023	20,496,555 shares
As of March 31, 2023	20,486,616 shares

(iii) Average number of shares outstanding during the period

Nine months ended December 31, 2023	1,635,316,629 shares
Nine months ended December 31, 2022	1,634,966,697 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 Nine Months Ended December 31, 2023

(1) Operating Results

For the nine months ended December 31, 2023, the Group's sales revenue decreased by ¥450.2 billion compared to the the same period in the previous year, to ¥1,806.9 billion. In terms of profits and losses, core operating income* was a loss of ¥113.9 billion, operating income was a loss of ¥160.6 billion, and net income attributable to owners of the parent was a loss of ¥109.8 billion. Results in every category of income were much lower than the previous year's levels.

*Core operating income is a gain and loss concept that reflects recurring earning capacity by deducting gains and losses incurred by non-recurring factors from operating income, which includes the share of profits or losses from investments accounted for using the equity method.

The financial results by business segment for the nine months are as follows:

Essential Chemicals & Plastics

The market prices for synthetic resins, methyl methacrylate and various industrial chemicals stayed on a low level 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 caprolactam business. As a result, sales revenue decreased by ¥78.8 billion from the same period in the previous year, to ¥596.7 billion. Core operating income posted a loss of ¥62.0 billion, lower by ¥60.0 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 declined market prices and impact of lower shipment volumes.

Energy & Functional Materials

The market prices of aluminum and the battery metals for cathode materials remained at a low level. In addition, shipments were sluggish, particularly for products for automotive-related applications. As a result, sales revenue decreased by ¥31.8 billion from the same period in the previous year, to ¥225.3 billion. Core operating income was ¥9.4 billion, decreased by ¥7.5 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 consumers' sentiment deteriorated in the face of inflation concerns. As a result, sales revenue decreased by ¥27.5 billion from the same period in the previous year, to ¥311.1 billion. Core operating income was ¥36.8 billion, lower by ¥6.9 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 price of methionine (feed additives) decreased from the same period in the previous year. As a result, sales revenue decreased by ¥72.2 billion from the same period in the previous year to ¥367.0 billion. Core operating income posted a loss of ¥1.4 billion, decreased by ¥48.5 billion from the same period in the previous year, because of deteriorated market conditions of methionine and the liquidation of crop protection products inventory in the midst of weaker demand in South America.

Pharmaceuticals

In North America, revenue showed a decrease owing to the impact of the loss of exclusivity for LATUDA® (atypical antipsychotic) in the U.S., despite an increase in sales of ORGOVYX® (therapeutic agent for advanced prostate cancer), MYFEMBREE® (therapeutic agent for uterine fibroids and endometriosis) and GEMTESA® (therapeutic agent for overactive bladder). In addition, there was a decrease in revenue due to the transfer of all shares of two consolidated subsidiaries within Japan. As a result, sales revenue decreased by ¥226.1 billion from the same period in the previous year, to ¥256.4 billion. Core operating income posted a loss of ¥95.6 billion, lower by ¥138.7 billion from the same period in the previous year, as the reduction in selling, general and administrative expenses, primarily owing to the loss of exclusivity for LATUDA® and the combination of group companies in North America, 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 decreased by ¥13.7 billion from the same period in the previous year, to ¥50.4 billion, and core operating income increased by ¥0.6 billion from the same period in the previous year, to ¥8.3 billion.

(2) Consolidated Financial Position

As of the end of the period, total assets increased by ¥54.1 billion compared to the end of the previous year, to ¥4,219.7 billion. Property, plant and equipment, goodwill and intangible assets increased.

Total liabilities increased by ¥91.1 billion compared to the end of the previous year, to ¥2,767.4 billion. Interest-bearing liabilities increased by ¥204.5 billion compared to the end of the previous year, to 1,665.8 billion.

Total equity (including non-controlling interests) decreased by ¥36.9 billion compared to the end of the previous year, to ¥1,452.3 billion, owing to the net loss of attributable to owners of the parent outweighing the increase of exchange differences on conversion of foreign operations resulting from the weak yen. The ratio of equity attributable to the owners of the parent company decreased by 0.6 percentage points compared to the end of the previous year, to 27.5%.

(3) Consolidated Forecast and Other Forward-Looking Information

Based on recent performance trends, the Company has made revisions to its consolidated financial forecast for the full year ending March 31, 2024 previously announced on November 1, 2023, as detailed below.

Revisions to Consolidated Financial Forecast for the Full Year Ending March 31, 2024

(Millions of yen)

	Sales Revenue	Core Operating Income	Operating Income	Net Income Attributable to Owners of the Parent	Earnings per Share (yen)
Previous forecast (A)	2,700,000	(70,000)	(125,000)	(95,000)	(58.09)
Revised forecast (B)	2,480,000	(145,000)	(285,000)	(245,000)	(149.82)
Variance in amount (B-A)	(220,000)	(75,000)	(160,000)	(150,000)	
Variance in percentage (%)	(8.1)%	-	-	-	
Results for the full year ended March 31, 2023	2,895,283	92,752	(30,984)	6,987	4.27

Reasons for the Revision

Regarding the consolidated financial forecast for the full year ending March 31, 2024, in Pharmaceuticals, sales revenue and core operating income are expected to be lower than the previous forecast. The revision is due to sales of ORGOVYX® (therapeutic agent for advanced prostate cancer), MYFEMBREE® (therapeutic agent for uterine fibroids and endometriosis), GEMTESA® (therapeutic agent for overactive bladder) and LATUDA® (atypical antipsychotic agent) in North America are expected to be lower than planned. In addition, in Essential Chemicals & Plastics, the financial performance of Rabigh Refining and Petrochemical Company, an affiliated company accounted for by the equity-method, is expected to deteriorate because of a decrease in demand and a deterioration in margins caused by the global economic downturn.

Operating income and net income attributable to owners of the parent are also expected to fall short of the previous forecast because other adjustments to income before taxes from core operating income, such as restructuring costs, would be recorded based on changes in the business environment.

Regarding the progress of ongoing "Immediate-term, Concentrated Measures to Improve Business Performance," please refer to the presentation materials for "FY2023 3rd Quarter Financial Results Conference Call," which is scheduled to be held today.

The year-end dividend forecast will regrettably be 3 yen per share due to the downward revisions stated above. As a result, annual dividend will be 9 yen per share.

Financial Forecast by Segment for the Full Year Ending March 31, 2024

(Millions of yen)

		Fiscal 2023 Previous Forecast (A)	Fiscal 2023 Revised Forecast (B)	Variance in Amount (B-A)
Essential Chemicals & Plastics	Sales revenue	850,000	790,000	(60,000)
	Core operating income	(75,000)	(87,000)	(12,000)
Energy & Functional Materials	Sales revenue	320,000	300,000	(20,000)
	Core operating income	2,000	5,000	3,000
IT-related Chemicals	Sales revenue	410,000	400,000	(10,000)
	Core operating income	33,000	38,000	5,000
Health & Crop Sciences	Sales revenue	610,000	570,000	(40,000)
	Core operating income	40,000	40,000	-
Pharmaceuticals	Sales revenue	420,000	350,000	(70,000)
	Core operating income	(69,000)	(131,000)	(62,000)
Others & Adjustments	Sales revenue	90,000	70,000	(20,000)
	Core operating income	(1,000)	(10,000)	(9,000)
Total	Sales revenue	2,700,000	2,480,000	(220,000)
	Core operating income	(70,000)	(145,000)	(75,000)

2. Consolidated Financial Statements and Major Notes
(1) Consolidated Statement of Financial Position

Millions of yen	As of December 31, 2023	As of March 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	¥ 276,152	¥ 305,844
Trade and other receivables	569,080	603,161
Other financial assets	35,826	31,237
Inventories	756,459	744,474
Other current assets	71,910	70,670
Subtotal	1,709,427	1,755,386
Assets held for sale	—	7,498
Total current assets	1,709,427	1,762,884
Non-current assets:		
Property, plant and equipment	855,410	829,355
Goodwill	286,138	266,868
Intangible assets	408,705	403,996
Investments accounted for using the equity method	390,206	402,980
Other financial assets	354,464	313,115
Retirement benefit assets	120,959	99,253
Deferred tax assets	43,766	39,492
Other non-current assets	50,576	47,560
Total non-current assets	2,510,224	2,402,619
Total assets	¥ 4,219,651	¥ 4,165,503

Liabilities and equity**Liabilities**

Current liabilities:

Bonds and borrowings	¥	669,060	¥	396,903
Trade and other payables		496,345		515,865
Other financial liabilities		67,710		74,931
Income taxes payable		7,920		31,772
Provisions		85,145		129,030
Other current liabilities		97,853		128,060
Subtotal		1,424,033		1,276,561
Liabilities directly associated with assets held for sale		—		1,806
Total current liabilities		1,424,033		1,278,367
Non-current liabilities:				
Bonds and borrowings		996,769		1,064,463
Other financial liabilities		99,384		98,594
Retirement benefit liabilities		26,322		26,427
Provisions		41,600		38,443
Deferred tax liabilities		124,298		101,164
Other non-current liabilities		54,990		68,856
Total non-current liabilities		1,343,363		1,397,947
Total liabilities		2,767,396		2,676,314

Equity

Share capital		89,938		89,810
Capital surplus		128		—
Retained earnings		793,018		891,552
Treasury shares		(8,353)		(8,349)
Other components of equity		287,537		197,830
Other comprehensive income associated with assets held for sale		—		349
Equity attributable to owners of the parent		1,162,268		1,171,192
Non-controlling interests		289,987		317,997
Total equity		1,452,255		1,489,189
Total liabilities and equity	¥	4,219,651	¥	4,165,503

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

Consolidated Statement of Income

Millions of yen	Nine months ended December 31,			
	2023		2022	
Sales revenue	¥	1,806,869	¥	2,257,045
Cost of sales		(1,393,745)		(1,568,698)
Gross profit		413,124		688,347
Selling, general and administrative expenses		(519,459)		(643,083)
Other operating income		15,519		41,138
Other operating expenses		(29,541)		(27,731)
Share of profit (loss) of investments accounted for using the equity method		(40,277)		12,770
Operating income (loss)		(160,634)		71,441
Finance income		34,537		54,933
Finance expenses		(33,856)		(31,602)
Income (loss) before taxes		(159,953)		94,772
Income tax expenses		(4,993)		(53,074)
Net income (loss)		(164,946)		41,698
Net income (loss) attributable to:				
Owners of the parent		(109,778)		60,310
Non-controlling interests		(55,168)		(18,612)
Net income (loss)	¥	(164,946)	¥	41,698

Yen	Nine months ended December 31,			
	2023		2022	
Earnings per share:				
Basic earnings (loss) per share		(67.13)		36.89
Diluted earnings per share		—		36.88

Consolidated Statement of Comprehensive Income

Millions of yen	Nine months ended December 31,	
	2023	2022
Net income (loss)	¥ (164,946)	¥ 41,698
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	48,082	17,295
Remeasurements of defined benefit plans	8,996	(160)
Share of other comprehensive income of investments accounted for using the equity method	1,412	(478)
Total items that will not be reclassified to profit or loss	58,490	16,657
Items that may be subsequently reclassified to profit or loss		
Cash flow hedge	851	8,567
Exchange differences on conversion of foreign operations	71,566	52,673
Share of other comprehensive income of investments accounted for using the equity method	20,981	30,641
Total items that may be subsequently reclassified to profit or loss	93,398	91,881
Other comprehensive income, net of taxes	151,888	108,538
Total comprehensive income	(13,058)	150,236
Total comprehensive income attributable to :		
Owners of the parent	10,526	135,050
Non-controlling interests	(23,584)	15,186
Total comprehensive income	¥ (13,058)	¥ 150,236

(3) Consolidated Statement of Changes in Equity

Nine months ended December 31, 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 financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	
Balance as of April 1, 2023	¥ 89,810	¥ —	¥ 891,552	¥ (8,349)	¥ 81,869	¥ —	
Net income (loss)	—	—	(109,778)	—	—	—	
Other comprehensive income	—	—	—	—	30,631	8,997	
Total comprehensive income	—	—	(109,778)	—	30,631	8,997	
Issuance of new shares	128	128	—	—	—	—	
Purchase of treasury shares	—	—	—	(4)	—	—	
Disposal of treasury shares	—	0	—	0	—	—	
Dividends	—	—	(19,628)	—	—	—	
Changes resulting from additions to consolidation	—	—	—	—	—	—	
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	—	—	30,597	—	(21,600)	(8,997)	
Others, net	—	—	(74)	—	—	—	
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—	
Total transactions with owners	128	128	11,244	(4)	(21,600)	(8,997)	
Balance as of December 31, 2023	¥ 89,938	¥ 128	¥ 793,018	¥ (8,353)	¥ 90,900	¥ —	

	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, 2023	¥ (539)	¥ 116,500	¥ 197,830	¥ 349	¥ 1,171,192	¥ 317,997	¥ 1,489,189		
Net income (loss)	—	—	—	—	(109,778)	(55,168)	(164,946)		
Other comprehensive income	873	79,803	120,304	—	120,304	31,584	151,888		
Total comprehensive income	873	79,803	120,304	—	10,526	(23,584)	(13,058)		
Issuance of new shares	—	—	—	—	256	—	256		
Purchase of treasury shares	—	—	—	—	(4)	—	(4)		
Disposal of treasury shares	—	—	—	—	0	—	0		
Dividends	—	—	—	—	(19,628)	(4,488)	(24,116)		
Changes resulting from additions to consolidation	—	—	—	—	—	55	55		
Changes resulting from loss of control of subsidiaries	—	—	—	(349)	—	—	—		
Change in interest due to transactions with non-controlling interests	—	—	—	—	—	7	7		
Transfer from other components of equity to retained earnings	—	—	(30,597)	—	—	—	—		
Others, net	—	—	—	—	(74)	—	(74)		
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—	—		
Total transactions with owners	—	—	(30,597)	(349)	(19,450)	(4,426)	(23,876)		
Balance as of December 31, 2023	¥ 334	¥ 196,303	¥ 287,537	¥ —	¥ 1,162,268	¥ 289,987	¥ 1,452,255		

Nine months ended December 31, 2022

	Equity attributable to owners of the parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					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 (loss)	—	—	60,310	—	—	—	
Other comprehensive income	—	—	—	—	5,165	(16)	
Total comprehensive income	—	—	60,310	—	5,165	(16)	
Issuance of new shares	111	111	—	—	—	—	
Purchase of treasury shares	—	—	—	(5)	—	—	
Disposal of treasury shares	—	0	—	0	—	—	
Dividends	—	—	(42,514)	—	—	—	
Changes resulting from additions to consolidation	—	—	—	—	—	—	
Changes resulting from loss of control of subsidiaries	—	—	—	—	—	—	
Change in interest due to transactions with non-controlling interests	—	691	—	—	—	—	
Transfer from other components of equity to retained earnings	—	—	8,533	—	(8,549)	16	
Others, net	—	(603)	(48)	—	—	—	
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	(809)	—	
Total transactions with owners	111	199	(34,029)	(5)	(9,358)	16	
Balance as of December 31, 2022	¥ 89,810	¥ 27,288	¥ 1,000,663	¥ (8,348)	¥ 78,489	¥ —	

	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 (loss)	—	—	—	—	60,310	(18,612)	41,698		
Other comprehensive income	8,628	60,963	74,740	—	74,740	33,798	108,538		
Total comprehensive income	8,628	60,963	74,740	—	135,050	15,186	150,236		
Issuance of new shares	—	—	—	—	222	—	222		
Purchase of treasury shares	—	—	—	—	(5)	—	(5)		
Disposal of treasury shares	—	—	—	—	0	—	0		
Dividends	—	—	—	—	(42,514)	(13,044)	(55,558)		
Changes resulting from additions to consolidation	—	—	—	—	—	—	—		
Changes resulting from loss of control of subsidiaries	—	—	—	—	—	—	—		
Change in interest due to transactions with non-controlling interests	—	—	—	—	691	6,228	6,919		
Transfer from other components of equity to retained earnings	—	—	(8,533)	—	—	—	—		
Others, net	—	—	—	—	(651)	—	(651)		
Transfer to other comprehensive income associated with assets held for sale	(24)	—	(833)	833	—	—	—		
Total transactions with owners	(24)	—	(9,366)	833	(42,257)	(6,816)	(49,073)		
Balance as of December 31, 2022	¥ (131)	¥ 122,290	¥ 200,648	¥ 833	¥ 1,310,894	¥ 492,246	¥ 1,803,140		

(4) Consolidated Statement of Cash Flows

Millions of yen	Nine months ended December 31,	
	2023	2022
Cash flows from operating activities:		
Income (loss) before taxes	¥ (159,953)	¥ 94,772
Depreciation and amortization	117,433	127,119
Impairment losses	15,441	56,390
Share of (profit) loss of investments accounted for using the equity method	40,277	(12,770)
Interest and dividend income	(16,792)	(13,530)
Interest expenses	21,661	17,136
Restructuring costs	25,630	21,953
(Gain) loss on sale of property, plant and equipment, and intangible assets	(1,146)	(3,547)
(Increase) decrease in trade receivables	65,924	66,972
(Increase) decrease in inventories	15,300	(105,362)
Increase (decrease) in trade payables	(19,921)	(7,641)
Increase (decrease) in unearned revenue	(11,223)	(7,167)
Increase (decrease) in provisions	(50,365)	21,371
Others, net	(110,233)	(99,414)
Subtotal	(67,967)	156,282
Interest and dividends received	22,393	19,780
Interest paid	(20,958)	(16,972)
Income taxes paid	(41,931)	(56,420)
Restructuring costs paid	(26,501)	(2,340)
Net cash provided by (used in) operating activities	(134,964)	100,330
Cash flows from investing activities:		
Net (increase) decrease in securities	(5,789)	(10,942)
Purchase of property, plant and equipment, and intangible assets	(116,136)	(106,822)
Proceeds from sales of property, plant and equipment, and intangible assets	1,769	16,632
Proceeds from sales of subsidiaries	11,074	—
Purchase of other financial assets	(3,782)	(6,476)
Proceeds from sales and redemption of other financial assets	64,418	57,657
Proceeds from collection of loan receivables	368	62,824
Increase in loan receivables	(26,011)	(1,344)
Others, net	(3,718)	(9,852)
Net cash provided by (used in) investing activities	(77,807)	1,677
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	121,145	54,800
Net increase (decrease) in commercial paper	53,000	90,000
Proceeds from long-term borrowings	31,073	46,759
Repayments of long-term borrowings	(16,274)	(109,175)
Proceeds from issuance of bonds	39,836	—
Redemption of bonds	(30,000)	—
Repayments of finance lease liabilities	(13,281)	(14,776)
Cash dividends paid	(19,640)	(42,502)
Cash dividends paid to non-controlling interests	(4,498)	(13,034)
Others, net	(257)	911
Net cash provided by (used in) financing activities	161,104	12,983
Effect of exchange rate changes on cash and cash equivalents	20,840	21,633
Increase (decrease) in cash and cash equivalents	(30,827)	136,623
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	(2,458)
Cash and cash equivalents at the end of the period	¥ 276,152	¥ 499,594

(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 or loss 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.

Nine months ended December 31, 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	¥ 596,671	¥ 225,320	¥ 311,051	¥ 367,010	¥ 256,399	¥ 1,756,451	¥ 50,418	¥ —	¥ 1,806,869
Inter-segment sales revenues	4,155	12,760	331	2,354	2	19,602	61,406	(81,008)	—
Total sales revenue	600,826	238,080	311,382	369,364	256,401	1,776,053	111,824	(81,008)	1,806,869
Segment profit (loss) : core operating income	¥ (61,969)	¥ 9,366	¥ 36,815	¥ (1,359)	¥ (95,610)	¥ (112,757)	¥ 8,344	¥ (9,453)	¥ (113,866)

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: ¥(9,453) million for segment profit (loss) in "Adjustments" includes inter-segment elimination of ¥1,613 million and corporate expenses of ¥(11,066) 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.

Nine months ended December 31, 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	¥ 675,506	¥ 257,119	¥ 338,577	¥ 439,187	¥ 482,492	¥ 2,192,881	¥ 64,164	¥ —	¥ 2,257,045
Inter-segment sales revenues	4,639	13,565	350	3,103	14	21,671	63,861	(85,532)	—
Total sales revenue	680,145	270,684	338,927	442,290	482,506	2,214,552	128,025	(85,532)	2,257,045
Segment profit (loss) : core operating income	¥ (1,993)	¥ 16,868	¥ 43,727	¥ 47,177	¥ 43,073	¥ 148,852	¥ 7,698	¥ (14,385)	¥ 142,165

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: ¥(14,385) million for segment profit (loss) in "Adjustments" includes inter-segment elimination of ¥(354) million and corporate expenses of ¥(14,031) 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 before taxes from core operating income were as follows:

Millions of yen	Nine months ended December 31,	
	2023	2022
Core operating income	¥ (113,866)	¥ 142,165
Restructuring costs	(25,630)	(21,953)
Impairment losses	(15,441)	(56,390)
Share of profit (loss) of investments accounted for using the equity method (Non-recurring factors)	(5,060)	—
Changes in fair value of contingent consideration	(118)	1,229
Gains on sale of property, plant and equipment, and intangible assets	1,146	3,547
Others, net	(1,665)	2,843
Operating income	(160,634)	71,441
Finance income	34,537	54,933
Finance expenses	(33,856)	(31,602)
Income (loss) before taxes	¥ (159,953)	¥ 94,772

Note: Breakdown of share of profit (loss) of investments accounted for using the equity method included in operating income was as follows:

Millions of yen	Nine months ended December 31,	
	2023	2022
Share of profit (loss) of investments accounted for using the equity method	¥ (40,277)	¥ 12,770
Of which resulting from recurring factors	(35,217)	12,770
Of which resulting from non-recurring factors	(5,060)	—