

Key Figures of Consolidated Financial Results for 2nd Quarter (Interim Period) FY2024

October 30th, 2024
Sumitomo Chemical Co., Ltd.
(Billions of yen)

1. Financial Summary (IFRS)

	Q2 FY2024	Q2 FY2023	Variance	FY2024 (Revised Forecast announced in Oct.)	FY2023
Sales revenue	1,241.4	1,186.9	54.5	2,600.0	2,446.9
Core operating income (loss)	29.5	(96.7)	126.1	100.0	(149.0)
Operating income (loss)	121.2	(133.7)	254.9	180.0	(488.8)
Net income (loss) attributable to owners of the parent	(6.5)	(76.3)	69.8	25.0	(311.8)
Basic earnings (loss) per share	¥ (3.99)	¥ (46.69)	¥ 42.70	¥ 15.28	¥ (190.69)
Return on equity	(0.7)%	(6.4)%	5.7%	2.6%	(29.2)%
Overseas sales revenue	69.0%	68.1%	0.9%	69.0%	68.0%
Exchange rate (yen/\$)	152.78	141.06	—	148.89 (2nd Half 145.00)	144.59
Naphtha price (yen/kl)	77,800	65,600	—	76,000 (2nd Half 75,000)	69,100

*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)

		Q2 FY2024	Q2 FY2023	Variance	FY2024 (Revised Forecast announced in Oct.)	FY2023
Essential Chemicals & Plastics	Sales revenue	403.0	390.3	12.7	840.0	774.0
	Core operating income	(36.7)	(44.4)	7.7	(59.0)	(90.7)
Energy & Functional Materials	Sales revenue	138.8	149.9	(11.1)	270.0	300.3
	Core operating income	8.7	6.5	2.2	15.0	7.8
IT-related Chemicals	Sales revenue	224.3	203.7	20.6	420.0	414.2
	Core operating income	37.5	17.8	19.7	57.0	44.0
Health & Crop Sciences	Sales revenue	238.4	241.2	(2.8)	610.0	546.0
	Core operating income	13.6	(7.6)	21.2	62.0	30.9
Pharmaceuticals	Sales revenue	195.2	166.9	28.3	370.0	342.7
	Core operating income	0.5	(65.5)	66.0	3.0	(133.0)
Others	Sales revenue	41.6	34.9	6.8	90.0	69.8
	Core operating income	15.7	4.3	11.4	16.0	8.1
Adjustments	Sales revenue	—	—	—	—	—
	Core operating income	(10.0)	(7.9)	(2.1)	6.0	(16.1)
Total	Sales revenue	1,241.4	1,186.9	54.5	2,600.0	2,446.9
	Core operating income	29.5	(96.7)	126.1	100.0	(149.0)

3. Summary of Consolidated Statement of Income (IFRS)

(Billions of yen)

	Q2 FY2024	Q2 FY2023	Variance	Variance Ratio
Sales revenue	1,241.4	1,186.9	54.5	4.6%
Core operating income (loss)	29.5	(96.7)	126.1	—
Of which equity in earnings	(33.6)	(26.9)	(6.7)	—
Total non-recurring items	91.8	(37.0)	128.8	—
Of which share of profit of investments accounted for using the equity method (non-recurring factors)	86.5	—	86.5	—
Of which gains on sales of property, plant and equipment, and intangible assets	10.7	0.8	9.9	—
Of which gains on fair value measurement of the residual interest	9.4	—	9.4	—
Of which restructuring costs	(11.7)	(22.1)	10.4	—
Of which impairment losses	(0.3)	(14.6)	14.3	—
Others	(2.9)	(1.1)	(1.8)	—
Operating income (loss)	121.2	(133.7)	254.9	—
Finance income/expenses	(151.8)	29.9	(181.7)	—
Of which gain (loss) on foreign currency transactions including gain (loss) on derivatives	(34.8)	33.6	(68.5)	—
Of which loss on debt waiver for a loan	(109.8)	—	(109.8)	—
Income (loss) before taxes	(30.5)	(103.8)	73.3	—
Income tax expenses	10.3	(3.3)	13.5	—
Net income (loss)	(20.3)	(107.0)	86.8	—
Net (income) loss attributable to non-controlling interests	13.8	30.7	(16.9)	—
Net income (loss) attributable to owners of the parent	(6.5)	(76.3)	69.8	—
ROE	(0.7)%	(6.4)%		
Exchange rate (yen/\$)	152.78	141.06		
Naphtha price (yen/kl)	77,800	65,600		
Overseas sales revenue ratio	69.0%	68.1%		

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

(Billions of yen)

	30-Sep-24	31-Mar-24	Variance		30-Sep-24	31-Mar-24	Variance
Current Assets	1,671.1	1,675.9	(4.8)	Liabilities	2,632.5	2,770.5	(137.9)
Cash and cash equivalents	273.4	217.4	55.9	Trade and other payables	527.6	543.4	(15.8)
Trade and other receivables	550.8	620.0	(69.3)	Interest-bearing liabilities	1,494.4	1,563.5	(69.1)
Inventories	712.4	709.6	2.7	Others	610.5	663.6	(53.0)
Others	134.6	128.8	5.9	Equity	1,086.5	1,164.4	(77.9)
Non-current assets	2,047.9	2,258.9	(211.0)	Shareholders' equity	683.4	660.0	23.4
Property, plant and equipment	811.4	796.5	14.9	Other components of equity	226.4	305.8	(79.4)
Goodwill and intangible assets	498.6	536.7	(38.1)	Non-controlling interests	176.7	198.6	(21.9)
Others	737.9	925.7	(187.8)				
Total	3,719.0	3,934.8	(215.8)	Total	3,719.0	3,934.8	(215.8)
				Ratio of equity attributable to owners of the parent to total assets	24.5%	24.5%	(0.1)%
				D/E ratio (times)	1.4	1.3	0.0

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

(Billions of yen)

	Q2 FY2024	Q2 FY2023	Variance	FY2023
Cash flows from operating activities	63.5	(115.3)	178.9	(51.3)
Cash flows from investing activities	74.4	(79.8)	154.2	(112.2)
Free cash flows	138.0	(195.1)	333.1	(163.6)
Cash flows from financing activities	(75.4)	140.2	(215.6)	49.2
Others	(7.9)	25.5	(33.4)	28.7
Increase (decrease) in cash and cash equivalents	54.7	(29.3)	84.0	(85.6)
Cash and cash equivalents at the end of the period	273.4	277.7	(4.3)	217.4



October 30, 2024

Summary of Consolidated Financial Results for Second Quarter (Interim Period) Fiscal Year 2024 (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, Representative Director & President
 Inquiries: Shunji Kobayashi, General Manager, Corporate Communications Dept.
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Scheduled date to commence dividend payments: December 3, 2024
 Scheduled date to file semi-annual securities report: November 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 Second Quarter (Interim Period) Fiscal Year 2024 (April 1, 2024 to September 30, 2024)

(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	%
Q2 FY2024	1,241,395	4.6	29,476	—	121,249	—	(20,285)	—	(6,527)	—	(70,432)	—
Q2 FY2023	1,186,875	(22.4)	(96,667)	—	(133,679)	—	(107,048)	—	(76,346)	—	73,826	(65.7)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q2 FY2024	(3.99)	—
Q2 FY2023	(46.69)	—

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

Q2 FY2024: ¥ 52,934 million Q2 FY2023: ¥ (26,908)million

Income before taxes

Q2 FY2024: ¥ (30,539)million Q2 FY2023: ¥ (103,796)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 Q2 FY2024 and Q2 FY2023, 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	%
September 30, 2024	3,719,035	1,086,495	909,751	24.5
March 31, 2024	3,934,818	1,164,366	965,753	24.5

2. Dividends

	Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Annual
FY2023	Yen —	Yen 6.00	Yen —	Yen 3.00	Yen 9.00
FY2024	—	3.00			
FY2024 (Forecast)			—	6.00	9.00

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

3. Consolidated Financial Forecasts for Fiscal Year 2024 (April 1, 2024 to March 31, 2025)

(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
Full-year of FY2024	2,600,000	6.3	100,000	—	180,000	—	25,000	—	15.28

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

Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: —

Excluded: 1 company (Sumitomo Bakelite Co., 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: Yes

(3) Number of shares issued (common shares)

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

As of September 30, 2024	1,657,217,608 shares
As of March 31, 2024	1,656,449,145 shares

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

As of September 30, 2024	20,509,658 shares
As of March 31, 2024	20,500,922 shares

(iii) Average number of shares outstanding during the period

Six Months ended September 30, 2024	1,635,844,492 shares
Six Months ended September 30, 2023	1,635,292,441 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 Second Quarter (Interim Period) Fiscal Year 2024

(1) Operating Results

For Q2 FY2024, the Group's sales revenue increased by ¥54.5 billion compared to Q2 FY2023, to ¥1,241.4 billion. In terms of profits and losses, core operating income* was ¥29.5 billion, operating income was ¥121.2 billion, and net income attributable to owners of the parent was a loss of ¥6.5 billion. Results in every category of income improved compared to Q2 FY2023.

Sumitomo Chemical (hereinafter, the "Company") decided to pay an interim dividend of ¥3 per share.

*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 Q2 FY2024 are as follows:

Essential Chemicals & Plastics

Selling prices for synthetic resins, methyl methacrylate and various industrial chemicals increased due to higher raw material prices. As a result, sales revenue increased by ¥12.7 billion from Q2 FY2023, to ¥403.0 billion. Core operating income was a loss of ¥36.7 billion, improved by ¥7.7 billion from Q2 FY2023, due to an improvement in market conditions, while there was a deterioration in the financial performance of Rabigh Refining and Petrochemical Company (hereinafter, "Petro Rabigh"), an affiliated company accounted for by the equity-method.

Energy & Functional Materials

Market conditions for battery metals for cathode materials remained at a low level. In addition, shipments of aluminum declined. On the other hand, shipments of products for automotive-related applications, which had been weak in Q2 FY2023, increased. As a result, sales revenue decreased by ¥11.1 billion from Q2 FY2023, to ¥138.8 billion. Core operating income was ¥8.7 billion, increased by ¥2.2 billion from Q2 FY2023 because of lower fixed costs and other factors.

IT-related Chemicals

Shipments of display-related materials and processing materials for semiconductors, such as high-purity chemicals and photoresists, increased because of higher demand. As a result, sales revenue increased by ¥20.6 billion from Q2 FY2023, to ¥224.3 billion. Core operating income was ¥37.5 billion, increased by ¥19.7 billion from Q2 FY2023.

Health & Crop Sciences

While there was a deterioration in market conditions for crop protection products in the Americas, shipments remained strong in locations such as India. Moreover, market conditions for methionine (feed additives) improved compared to Q2 FY2023. As a result, sales revenue was ¥238.4 billion, about the same level as Q2 FY2023. Core operating income was ¥13.6 billion, improved by ¥21.2 billion from Q2 FY2023.

Pharmaceuticals

In North America, there was 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). On the other hand, in Japan, sales revenues were affected by National Health Insurance (NHI) drug price revisions. As a result, sales revenue increased by ¥28.3 billion from Q2 FY2023, to ¥195.2 billion. Core operating income was ¥0.5 billion, improved by ¥66.0 billion from Q2 FY2023, because of increased sales revenue and significant reduction in selling, general and administrative expenses including research and development expenses, primarily resulting from the effects of business structure improvement through the restructuring of the Group companies in North America and the selection and concentration of research and development investments.

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 ¥6.8 billion from Q2 FY2023, to ¥41.6 billion. Core operating income increased by ¥11.4 billion from Q2 FY2023, to ¥15.7 billion, due to a transfer of the Company's partial shareholding in Sumitomo Bakelite Co., Ltd. which was an affiliated company accounted for by the equity-method.

(2) Consolidated Financial Position

As of the end of Q2 FY2024, total assets decreased by ¥215.8 billion compared to the end of FY2023, to ¥3,719.0 billion mainly due to an effect of the strong yen in foreign exchange conversions.

Total liabilities decreased by ¥137.9 billion compared to the end of FY2023, to ¥2,632.5 billion. Interest-bearing liabilities decreased by ¥69.1 billion compared to the end of FY2023, to ¥1,494.4 billion.

Total equity (including non-controlling interests) decreased by ¥77.9 billion compared to the end of FY2023, to ¥1,086.5 billion, mainly because other components of equity decreased. The ratio of equity attributable to the owners of the parent company was essentially unchanged from the end of FY2023, with 24.5%.

(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, 2025, previously announced on April 30, 2024, as detailed below.

Revisions to Consolidated Financial Forecast for the Full Year Ending March 31, 2025

(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)	2,670,000	100,000	70,000	20,000	12.23
Revised forecast (B)	2,600,000	100,000	180,000	25,000	15.28
Variance in amount (B-A)	(70,000)	-	110,000	5,000	
Variance in percentage (%)	(2.6)%	0.0%	157.1%	25.0%	
Results for the full year ended March 31, 2024	2,446,893	(149,049)	(488,826)	(311,838)	(190.69)

Reasons for the Revision

As announced in the "Notice Regarding Sale of a Portion of the Shares Sumitomo Chemical Holds in Petro Rabigh, an Associate Accounted for Using the Equity Method, and Recording of Loss on Debt Waiver for a Loan to Petro Rabigh" on August 7, 2024, the Company and Saudi Arabian Oil Company (hereinafter, "Saudi Aramco") have agreed to waive existing revolving shareholder loans of US\$750 million each. Accordingly, the Company recorded a loss on debt waiver (finance expenses) and a share of profit of investments accounted for using the equity method (operating income: non-recurring factor) due to debt forgiveness. On the other hand, it is expected that losses derived from non-recurring factors, such as restructuring costs, will be reduced compared to previous forecast as the immediate-term, concentrated measures to improve business performance implemented company-wide are progressing smoothly. As a result, the consolidated financial results for FY2024 are expected to exceed the previous forecast in terms of operating income and net income attributable to owners of the parent.

The revised forecast is based on information currently available, and actual performance may vary due to various factors in the future.

Financial Forecast by Segment for the Full Year Ending March 31, 2025

(Millions of yen)

		FY2024 Previous Forecast (A)	FY2024 Revised Forecast (B)	Variance in Amount (B-A)
Essential Chemicals & Plastics	Sales revenue	900,000	840,000	(60,000)
	Core operating income	(35,000)	(59,000)	(24,000)
Energy & Functional Materials	Sales revenue	290,000	270,000	(20,000)
	Core operating income	11,000	15,000	4,000
IT-related Chemicals	Sales revenue	410,000	420,000	10,000
	Core operating income	47,000	57,000	10,000
Health & Crop Sciences	Sales revenue	610,000	610,000	-
	Core operating income	62,000	62,000	-
Pharmaceuticals	Sales revenue	370,000	370,000	-
	Core operating income	3,000	3,000	-
Others & Adjustments	Sales revenue	90,000	90,000	-
	Core operating income	12,000	22,000	10,000
Total	Sales revenue	2,670,000	2,600,000	(70,000)
	Core operating income	100,000	100,000	-

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Statement of Financial Position

Millions of yen	As of September 30, 2024	As of March 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	¥ 273,356	¥ 217,449
Trade and other receivables	550,772	620,022
Other financial assets	50,453	31,338
Inventories	712,355	709,637
Other current assets	70,697	79,077
Subtotal	1,657,633	1,657,523
Assets held for sale	13,490	18,359
Total current assets	1,671,123	1,675,882
Non-current assets:		
Property, plant and equipment	811,411	796,526
Goodwill	248,895	263,757
Intangible assets	249,671	272,921
Investments accounted for using the equity method	323,533	319,988
Other financial assets	227,974	412,747
Retirement benefit assets	110,539	110,390
Deferred tax assets	42,113	37,070
Other non-current assets	33,776	45,537
Total non-current assets	2,047,912	2,258,936
Total assets	¥ 3,719,035	¥ 3,934,818

Liabilities and equity**Liabilities**

Current liabilities:

Bonds and borrowings	¥	445,890	¥	585,905
Trade and other payables		527,610		543,384
Other financial liabilities		68,094		77,610
Income taxes payable		27,707		8,545
Provisions		88,224		90,919
Other current liabilities		112,188		129,087
Subtotal		1,269,713		1,435,450
Liabilities directly associated with assets held for sale		16,557		8,037
Total current liabilities		1,286,270		1,443,487
Non-current liabilities:				
Bonds and borrowings		1,048,496		977,581
Other financial liabilities		94,247		100,144
Retirement benefit liabilities		31,049		30,589
Provisions		32,310		46,059
Deferred tax liabilities		103,163		121,146
Other non-current liabilities		37,005		51,446
Total non-current liabilities		1,346,270		1,326,965
Total liabilities		2,632,540		2,770,452

Equity

Share capital		90,059		89,938
Capital surplus		322		237
Retained earnings		601,343		578,175
Treasury shares		(8,358)		(8,355)
Other components of equity		226,235		304,033
Other comprehensive income associated with assets held for sale		150		1,725
Equity attributable to owners of the parent		909,751		965,753
Non-controlling interests		176,744		198,613
Total equity		1,086,495		1,164,366
Total liabilities and equity	¥	3,719,035	¥	3,934,818

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

Consolidated Statement of Income

Second Quarter (Interim Period) ended September 30, 2024 and 2023

Millions of yen		Q2 FY2024		Q2 FY2023
Sales revenue	¥	1,241,395	¥	1,186,875
Cost of sales		(891,218)		(930,586)
Gross profit		350,177		256,289
Selling, general and administrative expenses		(300,290)		(349,216)
Other operating income		36,071		12,411
Other operating expenses		(17,643)		(26,255)
Share of profit (loss) of investments accounted for using the equity method		52,934		(26,908)
Operating income (loss)		121,249		(133,679)
Finance income		12,283		56,548
Finance expenses		(164,071)		(26,665)
Income (loss) before taxes		(30,539)		(103,796)
Income tax expenses		10,254		(3,252)
Net income (loss)		(20,285)		(107,048)
Net income (loss) attributable to:				
Owners of the parent		(6,527)		(76,346)
Non-controlling interests		(13,758)		(30,702)
Net income (loss)	¥	(20,285)	¥	(107,048)

Yen		Q2 FY2024		Q2 FY2023
Earnings per share:				
Basic earnings (loss) per share		(3.99)		(46.69)
Diluted earnings per share		—		—

Consolidated Statement of Comprehensive Income

Second Quarter (Interim Period) ended September 30, 2024 and 2023

Millions of yen	Q2 FY2024	Q2 FY2023
Net income (loss)	¥ (20,285)	¥ (107,048)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of financial assets (equity instruments) measured at fair value through other comprehensive income	(21,477)	59,084
Remeasurements of defined benefit plans	(105)	(84)
Share of other comprehensive income of investments accounted for using the equity method	1,764	1,043
Total items that will not be reclassified to profit or loss	(19,818)	60,043
Items that may be subsequently reclassified to profit or loss		
Remeasurements of financial assets (debt instruments) measured at fair value through other comprehensive income	(74)	—
Cash flow hedge	(105)	601
Exchange differences on conversion of foreign operations	(38,124)	99,892
Share of other comprehensive income of investments accounted for using the equity method	7,974	20,338
Total items that may be subsequently reclassified to profit or loss	(30,329)	120,831
Other comprehensive income, net of taxes	(50,147)	180,874
Total comprehensive income	(70,432)	73,826
Total comprehensive income attributable to:		
Owners of the parent	(51,297)	62,357
Non-controlling interests	(19,135)	11,469
Total comprehensive income	¥ (70,432)	¥ 73,826

(3) Consolidated Statement of Changes in Equity
Second Quarter (Interim Period) ended September 30, 2024

Millions of yen	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		
Balance as of April 1, 2024	¥ 89,938	¥ 237	¥ 578,175	¥ (8,355)	¥ 83,448	¥ —	
Net income (loss)	—	—	(6,527)	—	—	—	
Other comprehensive income	—	—	—	—	(15,298)	181	
Total comprehensive income	—	—	(6,527)	—	(15,298)	181	
Issuance of new shares	120	120	—	—	—	—	
Purchase of treasury shares	—	—	—	(3)	—	—	
Disposal of treasury shares	—	(0)	—	0	—	—	
Dividends	—	—	(4,908)	—	—	—	
Changes resulting from loss of control of subsidiaries	—	—	—	—	—	—	
Change in interest due to transactions with non-controlling interests	—	(35)	—	—	—	—	
Transfer from other components of equity to retained earnings	—	—	34,603	—	(34,422)	(181)	
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—	
Total transactions with owners	120	85	29,695	(3)	(34,422)	(181)	
Balance as of September 30, 2024	¥ 90,059	¥ 322	¥ 601,343	¥ (8,358)	¥ 33,728	¥ —	

	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, 2024	¥ 319	¥ 220,266	¥ 304,033	¥ 1,725	¥ 965,753	¥ 198,613	¥1,164,366	
Net income (loss)	—	—	—	—	(6,527)	(13,758)	(20,285)	
Other comprehensive income	(98)	(27,830)	(43,045)	(1,725)	(44,770)	(5,377)	(50,147)	
Total comprehensive income	(98)	(27,830)	(43,045)	(1,725)	(51,297)	(19,135)	(70,432)	
Issuance of new shares	—	—	—	—	240	—	240	
Purchase of treasury shares	—	—	—	—	(3)	—	(3)	
Disposal of treasury shares	—	—	—	—	0	—	0	
Dividends	—	—	—	—	(4,908)	(2,797)	(7,705)	
Changes resulting from loss of control of subsidiaries	—	—	—	—	—	28	28	
Change in interest due to transactions with non-controlling interests	—	—	—	—	(35)	35	—	
Transfer from other components of equity to retained earnings	—	—	(34,603)	—	—	—	—	
Transfer to other comprehensive income associated with assets held for sale	—	(150)	(150)	150	—	—	—	
Total transactions with owners	—	(150)	(34,753)	150	(4,706)	(2,734)	(7,440)	
Balance as of September 30, 2024	¥ 221	¥ 192,286	¥ 226,235	¥ 150	¥ 909,751	¥ 176,744	¥1,086,495	

Second Quarter (Interim Period) ended September 30, 2023

	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, 2023	¥ 89,810	¥ —	¥ 891,552	¥ (8,349)	¥ 81,869	¥ —	
Net income (loss)	—	—	(76,346)	—	—	—	
Other comprehensive income	—	—	—	—	36,210	(69)	
Total comprehensive income	—	—	(76,346)	—	36,210	(69)	
Issuance of new shares	128	128	—	—	—	—	
Purchase of treasury shares	—	—	—	(3)	—	—	
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	—	—	6,701	—	(6,770)	69	
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—	
Total transactions with owners	128	128	(2,762)	(3)	(6,770)	69	
Balance as of September 30, 2023	¥ 89,938	¥ 128	¥ 812,444	¥ (8,352)	¥ 111,309	¥ —	

	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)	—	—	—	—	(76,346)	(30,702)	(107,048)		
Other comprehensive income	680	101,882	138,703	—	138,703	42,171	180,874		
Total comprehensive income	680	101,882	138,703	—	62,357	11,469	73,826		
Issuance of new shares	—	—	—	—	256	—	256		
Purchase of treasury shares	—	—	—	—	(3)	—	(3)		
Disposal of treasury shares	—	—	—	—	0	—	0		
Dividends	—	—	—	—	(9,812)	(4,279)	(14,091)		
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	—	—	(6,701)	—	—	—	—		
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—	—		
Total transactions with owners	—	—	(6,701)	(349)	(9,559)	(4,279)	(13,838)		
Balance as of September 30, 2023	¥ 141	¥ 218,382	¥ 329,832	¥ —	¥ 1,223,990	¥ 325,187	¥ 1,549,177		

(4) Consolidated Statement of Cash Flows

Second Quarter (Interim Period) ended September 30, 2024 and 2023

Millions of yen	Q2 FY2024	Q2 FY2023
Cash flows from operating activities:		
Income (loss) before taxes	¥ (30,539)	¥ (103,796)
Depreciation and amortization	66,812	78,653
Impairment losses	253	14,600
Share of (profit) loss of investments accounted for using the equity method	(52,934)	26,908
Interest and dividend income	(9,140)	(10,374)
Interest expenses	14,682	14,529
Restructuring costs	11,702	22,121
(Gain) loss on sale of property, plant and equipment, and intangible assets	(10,717)	(818)
(Increase) decrease in trade receivables	60,218	47,604
(Increase) decrease in inventories	(28,612)	1,589
Increase (decrease) in trade payables	10,406	(28,167)
Increase (decrease) in unearned revenue	(4,661)	(8,194)
Increase (decrease) in provisions	(1,207)	(40,987)
Others, net	51,653	(78,154)
Subtotal	77,916	(64,486)
Interest and dividends received	11,869	12,708
Interest paid	(14,513)	(13,940)
Income taxes refund (paid)	2,157	(23,703)
Restructuring costs paid	(13,883)	(25,891)
Net cash provided by (used in) operating activities	63,546	(115,312)
Cash flows from investing activities:		
Net (increase) decrease in securities	(5,668)	(6,669)
Purchase of property, plant and equipment, and intangible assets	(75,298)	(78,633)
Proceeds from sales of property, plant and equipment, and intangible assets	13,705	667
Proceeds from sales of subsidiaries	4,079	11,074
Purchase of other financial assets	(2,062)	(2,991)
Proceeds from sales and redemption of other financial assets	143,509	26,911
Proceeds from collection of loan receivables	53	297
Increase in loan receivables	(30)	(25,918)
Others, net	(3,866)	(4,523)
Net cash provided by (used in) investing activities	74,422	(79,785)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(65,479)	92,943
Net increase (decrease) in commercial paper	(17,000)	26,000
Proceeds from long-term borrowings	72	30,032
Repayments of long-term borrowings	(54,633)	(14,537)
Proceeds from issuance of bonds	99,161	39,836
Redemption of bonds	(20,000)	(10,000)
Repayments of finance lease liabilities	(8,972)	(8,991)
Cash dividends paid	(4,934)	(9,847)
Cash dividends paid to non-controlling interests	(2,798)	(4,283)
Others, net	(801)	(915)
Net cash provided by (used in) financing activities	(75,384)	140,238
Effect of exchange rate changes on cash and cash equivalents	(7,877)	25,543
Increase (decrease) in cash and cash equivalents	54,707	(29,316)
Cash and cash equivalents at the beginning of the year	217,449	305,844
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	1,200	1,135
Cash and cash equivalents at the end of the period	¥ 273,356	¥ 277,663

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Accounting Estimates

The Company classifies the loans and long-term accrued interest receivable to Petro Rabigh as financial assets measured at fair value through profit or loss (FVTPL) and Level 3 in the fair value hierarchy. The fair value is calculated using the discounted cash flow method.

As announced on August 7, 2024, the Company and Saudi Aramco have agreed to waive existing revolving shareholder loans of US\$750 million each.

Based on this agreement, the Company derecognized the financial assets for the US\$500 million waived in August, 2024. Additionally, for the US\$250 million scheduled to be waived in January, 2025, the estimated future cash flows have been remeasured, resulting in a fair value of zero. Consequently, the Company recognized a loss of ¥109,791 million as finance expenses due to the waiver of loans and long-term accrued interest receivable in Q2 FY2024.

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.

Second Quarter (Interim Period) Fiscal Year 2024

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	¥ 402,998	¥ 138,794	¥ 224,315	¥ 238,431	¥ 195,219	¥ 1,199,757	¥ 41,638	¥ —	¥ 1,241,395
Inter-segment sales revenues	2,942	8,676	235	1,112	1	12,966	37,274	(50,240)	—
Total sales revenue	405,940	147,470	224,550	239,543	195,220	1,212,723	78,912	(50,240)	1,241,395
Segment profit (loss) : core operating income (loss)	¥ (36,650)	¥ 8,689	¥ 37,539	¥ 13,647	¥ 470	¥ 23,695	¥ 15,736	¥ (9,955)	¥ 29,476

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: ¥(9,955) million for segment profit (loss) in "Adjustments" includes inter-segment elimination of ¥458 million and corporate expenses of ¥(10,413) 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.

Second Quarter (Interim Period) Fiscal Year 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	¥ 390,301	¥ 149,888	¥ 203,672	¥ 241,223	¥ 166,927	¥ 1,152,011	¥ 34,864	¥ —	¥ 1,186,875
Inter-segment sales revenues	2,773	9,892	220	1,833	1	14,719	41,318	(56,037)	—
Total sales revenue	393,074	159,780	203,892	243,056	166,928	1,166,730	76,182	(56,037)	1,186,875
Segment profit (loss) : core operating income (loss)	¥ (44,380)	¥ 6,467	¥ 17,846	¥ (7,558)	¥ (65,506)	¥ (93,131)	¥ 4,332	¥ (7,868)	¥ (96,667)

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: ¥(7,868) million for segment profit (loss) in "Adjustments" includes inter-segment elimination of ¥417 million and corporate expenses of ¥(8,285) 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	Q2 FY2024	Q2 FY2023
Core operating income (loss)	¥ 29,476	¥ (96,667)
Share of profit of investments accounted for using the equity method (non-recurring factors)	86,497	—
Gains on sales of property, plant and equipment, and intangible assets	10,717	818
Gains on fair value measurement of the residual interest	9,449	—
Restructuring costs	(11,702)	(22,121)
Changes in fair value of contingent consideration	(428)	(78)
Impairment losses	(253)	(14,600)
Others, net	(2,507)	(1,031)
Operating income (loss)	121,249	(133,679)
Finance income	12,283	56,548
Finance expenses	(164,071)	(26,665)
Income (loss) before taxes	¥ (30,539)	¥ (103,796)

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	Q2 FY2024	Q2 FY2023
Share of profit (loss) of investments accounted for using the equity method	¥ 52,934	¥ (26,908)
Of which resulting from recurring factors	(33,563)	(26,908)
Of which resulting from non-recurring factors	86,497	—

Material Subsequent Events

(Change in Segment Classification)

In accordance with the reorganization on October 1, 2024, the reporting segments have been changed to "Agro & Life Solutions," "ICT & Mobility Solutions," "Advanced Medical Solutions," "Essential & Green Materials" and "Sumitomo Pharma."

We will disclose our business performance based on these new reporting segments, starting from the financial results for Q3 FY2024.

Information regarding the amounts of each item relating to these new reporting segments is currently being calculated.

(Redemption of Bonds)

On October 15, 2024, the Company provided notice to the fiscal agent of its intention to execute the early redemption of the full amount (¥100.0 billion) of the second publicly offered hybrid bonds (subordinated bonds) with interest payment deferrable clause and optional early redemption conditions, on December 13, 2024.