



November 8, 2022

Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2023 (Under IFRS)

Company name: Mitsubishi Chemical Group Corporation Listing: Tokyo Stock Exchange
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 Scheduled date to file quarterly securities report: November 11, 2022
 Scheduled date to commence dividend payments: December 2, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for securities analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the First Half of the Fiscal Year Ending March 31, 2023("FY2022") (from April 1, 2022 to September 30, 2022)

(1) Results of Operations:

(Percentages indicate year-on-year changes.)

	Sales Revenue		Core Operating Income *		Operating income		Net income		Net income attributable to owners of the parent		Comprehensive Income	
		%		%		%		%		%		%
Six months ended												
September 30, 2022	2,269,808	20.4	122,621	(21.5)	118,352	(22.7)	91,528	(10.2)	73,944	(13.2)	238,021	93.8
September 30, 2021	1,885,095	25.3	156,140	185.8	153,137	—	101,935	—	85,166	—	122,804	—

Reference: Income before taxes

Six months ended September 30, 2022: ¥121,967 million((17.1)%)

Six months ended September 30, 2021: ¥147,165 million(—)

* Core operating income is calculated as operating income excluding certain gains and expenses attributable to non-recurring factors.

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended				
September 30, 2022		52.02		49.79
September 30, 2021		59.94		55.13

(2) Financial Position:

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of parent to total assets
As of				%
September 30, 2022	6,004,158	2,043,410	1,629,241	27.1
March 31, 2022	5,573,871	1,844,319	1,458,077	26.2

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended	Yen				
March 31, 2022	—	15.00	—	15.00	30.00
March 31, 2023	—	15.00	—	—	—
March 31, 2023 (Forecast)	—	—	—	15.00	15.00

Note:

Revisions to the forecast of cash dividends most recently announced: None

3. Forecast for the Current Fiscal Year

(Percentages indicate changes in comparison with the same period of the previous fiscal year)

	Sales Revenue		Core Operating Income		Operating income		Net income		Net income attributable to owners of the parent		Basic earnings per share
		%		%		%		%		%	Yen
FY2022	4,725,000	18.8	240,000	(11.9)	242,000	(20.2)	170,000	(18.8)	132,000	(25.5)	92.84

Reference: Income before taxes

FY2022: ¥234,000 million((19.4)%)

Note:

The forecast for FY2022 has been revised to the above from those announced on May 13, 2022.

Details are described in "1. Qualitative Information on Financial Results for the Term (3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking" on page [5] hereof.

* Notes

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope of consolidation) : None

(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 issued shares (ordinary shares)

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

As of September 30, 2022	1,506,288,107 Shares	As of March 31, 2022	1,506,288,107 Shares

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

As of September 30, 2022	84,293,273 Shares	As of March 31, 2022	85,199,844 Shares

(iii) Average number of shares outstanding during the period

Six months ended September 30, 2022	1,421,526,216 Shares	Six months ended September 30, 2021	1,420,832,768 Shares

*Mitsubishi Chemical Group Corporation adopted a performance-based share compensation plan that uses executive compensation Board Incentive Plan (BIP) trusts. Mitsubishi Chemical Group Corporation stocks held by BIP trust are included in treasury shares.

(Reference)

Number of Company's shares in executive compensation BIP trust:

September 30, 2022	2,413,119 Shares
March 31, 2022	2,833,314 Shares

Disclosure regarding quarterly review procedures

Financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

Proper use of earnings forecasts, and other special matters

*The forward-looking statements are based largely on the Company's expectations and information available as of the date hereof, and are subject to risks and uncertainties which may be beyond the Company's control. Actual results could differ materially due to numerous factors.

*Change of Trade Name

Based on the new management policy of "Forging the future" announced in December 2021, we have been promoting the shift to a "One Company, One Team" flat organizational structure since April 1, 2022. To represent our new organizational structure, which will execute in a unified manner across the Group, we have decided to change our trade name from "Mitsubishi Chemical Holdings Corporation" to "Mitsubishi Chemical Group Corporation" on July 1, 2022.

*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.

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1. Qualitative Information on Financial Results for the Term

(1) Business Performance

Performance Overview

In the business environment in the consolidated first half (April 1, 2022 - September 30, 2022; same hereafter) of the Mitsubishi Chemical Group (MCG), the global economy overall continued to modestly trend upward, as socio-economic activities return to normal. However, the outlook continues to remain murky. This mainly reflects impact from volatility in the financial and capital markets, in addition to a rise in raw material and fuel prices and supply chain disruption in tandem with geopolitical risks.

Against this backdrop, sales revenue in the consolidated quarter under review (April 1, 2022 - September 30, 2022; same hereafter) increased ¥384.7 billion, or 20.4%, to ¥2,269.8 billion. In the profit front, core operating income fell ¥33.5 billion, or 21.5%, to ¥122.6 billion. Operating income was down ¥34.7 billion, or 22.7%, to ¥118.4 billion. Income before taxes decreased ¥25.2 billion, or 17.1%, to ¥122.0 billion. And net income attributable to owners of the parent dropped ¥11.3 billion, or 13.2% to ¥73.9 billion.

Overview of Business Segments

The overview of financial results by business segment for the first half of fiscal 2022 is shown below. Segment gains or losses are stated as core operating income, which excludes gains or losses from non-recurring factors and including losses from business withdrawals, streamlining, and other factors.

Performance Products Segment, Performance Products Domain

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥67.6 billion, to ¥634.3 billion and core operating income declined ¥3.5 billion, to ¥42.3 billion.

In polymers and compounds, sales revenue climbed. Although sales volumes declined, mainly for products used in automobile applications, MCG made progress in passing on a rise in raw material costs to selling prices, and owing to contribution from forex translation impact.

In films and molding materials, sales revenue increased. Although sales decreased reflecting a rapid retreat in demand for products used in display applications, and due to the transfer of the polycrystalline alumina fiber business in March 2022, there was positive impact mainly from a correction to selling prices accompanying a rise in raw material costs as well as strong trends in demand for molding materials.

In advanced solutions, sales revenue grew underpinned chiefly by a correction to selling prices in tandem with a rise in raw material costs and also owing to strong demand trends in the semiconductor-related business.

Meanwhile, core operating income in this segment declined. Although progress was made in passing on cost to selling prices, amid impact from a rise in raw material costs, core operating income was hindered primarily by a rapid decline in demand for products used in displays and an increase in costs due to inflation.

In this segment in the consolidated first half under review, the following items were implemented by or occurred at MCG.

- In China, MCG decided to boost its production capacity for newly-developed low-swelling natural graphite anode materials from a current 2,000 tons/year to 12,000 tons/year to address brisk demand for anode materials used in lithium-ion batteries. The goal is to launch this new production capacity in the first half of fiscal 2023.
- In the UK, MCG decided in July 2022 to boost its annual production capacity for SoarnoL™ ethylene vinyl alcohol copolymer (EVOH) resin to 39,000 tons, from a present 18,000 tons, to address expanding global demand for food packaging materials. The production increase is slated to take effect in July 2025.

Chemicals Segment, Industrial Materials Domain

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥151.4 billion, to ¥745.4 billion and core operating income declined ¥39.5 billion, to ¥22.7 billion.

In MMA, sales revenue was on par with levels posted a year earlier. Although sales revenue was bolstered mainly due to forex impact, sales volumes decreased due to a slowdown in demand in Europe and Asia.

In petrochemicals, sales revenue was up. Although sales volumes contracted due to an increase in impact from a slowdown in demand and scheduled maintenance and repairs at the ethylene production facility, selling prices rose mainly in tandem with an uptick in raw material and fuels costs and other factors.

In carbon products, sales revenue expanded. Although sales volumes were lower due to a slowdown in demand, there was a climb in selling prices for cokes primarily in line with a rise in raw material and fuel costs.

Core operating income in this segment declined. Despite an expansion in inventory valuations accompanying a rise in raw material costs, in addition to an overall drop in sales volumes, there was a contraction in the price gap between raw materials and products, primarily for petrochemical products and MMA monomer.

Industrial Gases Segment, Industrial Materials Domain

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥125.2 billion, to ¥569.3 billion and core operating income rose ¥6.0 billion, to ¥54.3 billion.

In industrial gases, sales revenue and core operating income both rose. This mainly reflects a rise in selling prices in tandem with a climb in fuel costs and forex impact, as well as strong demand for in Japan and overseas.

In this segment in the consolidated first half under review, the following items were implemented by or occurred at MCG.

- An agreement was signed with Petroleos del Peru (PetroPeru), the Peruvian National Oil Company (Head Office: Lima, Peru), related to the operations, maintenance and supply of hydrogen and nitrogen plants at the Talara refinery. This agreement was signed owing to the evaluation of performance at the HyCO business thus far and the proposals to PetroPeru. The goal is to supply hydrogen and nitrogen from the second half of fiscal 2022 onward.
- In addition to supplying hydrogen from an existing facility, a long-term supply agreement was entered into with Vertex Energy, Inc. ("Vertex"; Head office: Texas, US) for hydrogen to be used as a new raw material for renewable energy production at a 75,000 barrel per day refinery in Mobile, Alabama owned by Vertex. This is the first time a HyCO plant, which uses renewable hydrocarbon fuel as a raw material, will be established.

Health Care Segment, Health Care Domain

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥13.5 billion, to ¥212.0 billion and core operating income rose ¥2.0 billion, to ¥3.1 billion.

In pharmaceuticals, sales revenue and core operating income rose. Although there was negative impact mainly from National Health Insurance drug price revisions in the domestic ethical pharmaceuticals business, this was primarily offset by a growth in sales volumes for priority products and overseas ethical pharmaceuticals. Note that some royalty revenue from Novartis Pharma AG for *Gilenya*, a treatment agent for multiple sclerosis, has not been recognized as sales revenue in accordance with IFRS 15 (Revenue from Contracts with Customers) due to the start of arbitration proceedings since February 2019. In the consolidated first half under review, some royalty revenue was not recognized as sales revenue due to ongoing arbitration proceedings.

In this segment in the consolidated first half under review, the following items were implemented by or occurred at MCG.

- In May 2022, RADICAVA ORS® (Development code: MT-1186; Generic name: edaravone) was approved in the US for its indication as a treatment to treat amyotrophic lateral sclerosis (ALS). Thus far, the route of administration of edaravone was limited to intravenous infusion. However, the approval of RADICAVA ORS® is expected to alleviate the burden to ALS patients as it can be administered orally which will eliminate the pain of intravenous infusion and the need for outpatient visits.
- In June 2022, an additional indication for CANAGLU® 100mg tablets (Development code: TA-7284; Generic name: canagliflozin) was approved in Japan to treat chronic kidney disease due to complications from Type 2 diabetes mellitus (however, this excludes patients with end-stage renal disease or who are undergoing dialysis). This additional indication will contribute to an improvement in the quality of life (QOL) of patients suffering from renal disease.
- In July 2022, an agreement for sales in Japan was signed with Eli Lilly Japan K.K. (Head office: Kobe, Japan) regarding Mounjaro, the world's first sustained release GIP/GLP-1 receptor agonist. Eli Lilly Japan secured manufacturing and sales approval in Japan for Mounjaro in September 2022 owing to its indication as a treatment for Type 2 diabetes.
- As a part of its portfolio reform, an agreement was reached in August 2022 to transfer all shares held in API Corporation to UBE Corporation (Head office: Ube, Yamaguchi), with a goal of full transfer by December 2022.

Others

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥27.0 billion, to ¥108.8 billion and core operating income rose ¥0.5 billion, to ¥6.6 billion.

Group Performance Overview

The MCG Group, in accordance with its new management policy of “Forging the future,” which was announced in December 2021, is promoting a shift since April 1, 2022 to a “One Company, One Team” flat organizational structure. In tandem with this, in October 2022, MCG, Mitsubishi Chemical Corporation, and regional headquarters (RHQ) in North America and Europe decided on plans to improve management efficiency and to accelerate decision-making through organizational restructuring within the group, of which these companies are the concerned parties, and by restructuring and integrating management functions in the two aforementioned regions.

(2) Financial Position

Total assets at the end of the second quarter for the consolidated fiscal year under review totaled ¥6,004.2 billion, an increase of ¥430.3 billion compared with the end of the previous consolidated fiscal year. This is primarily attributable to an increase in the value of assets translated into yen at overseas consolidated subsidiaries owing to depreciation in the value of the yen, and an increase in inventories chiefly due to a rise in raw material costs.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

In light of recent performance trends, the Company has revised the consolidated financial results forecast that it announced on May 13, 2022 for the fiscal 2022, as follows. Also, please refer to the Notice of Revision to Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023, announced today (November 8, 2022)

(i) Revision to consolidated financial results forecast for fiscal 2022 (April 1, 2022 - March 31, 2023)

(Billions of yen; unless otherwise noted)

	Sales revenue	Core operating income	Operating income	Net income	Net income attributable to owners of the parent	Basic earnings per share (yen)
Previous forecast (A) (announced on May 13, 2022)	4,436.0	275.0	277.0	194.0	153.0	107.66
Revised forecast (B)	4,725.0	240.0	242.0	170.0	132.0	92.84
Difference (B – A)	289.0	(35.0)	(35.0)	(24.0)	(21.0)	
Difference (%)	6.5	(12.7)	(12.6)	(12.4)	(13.7)	
Reference: Results for fiscal 2021	3,976.9	272.3	303.2	209.4	177.2	124.68

Notes:

*The forecast for net income before taxes has been changed from ¥266.0 billion to ¥234.0 billion.

*Core operating income is operating income (loss) after excluding certain gains and expenses attributable to non-recurring factors.

(ii) Reason for revision

The outcome for core operating income in the first half was on par with the previously disclosed forecast. In the second half, it is difficult to anticipate a recovery given a slowdown in demand for display-related products in Performance Products, and weakening market trends and demand mainly for MMA in Chemicals. In addition, in Health Care, an issue is arising pertaining to the practical implementation of a COVID-19 vaccine. Extrapolating from these conditions, in the second half, core operating income and income at each level thereafter is expected to underperform the previously disclosed forecasts.

Forward-Looking Statements

The forward-looking statements are based largely on the Company's expectations and information available as of the date hereof, and are subject to risks and uncertainties which may be beyond the Company's control. Actual results could differ materially due to numerous factors, including, without limitation, market conditions, and the effect of industry competition.

2. Condensed Consolidated Financial Statements and Notes Concerning Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Profit or Loss

Six months ended September 30, 2021 and 2022

	(Millions of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Sales revenue	1,885,095	2,269,808
Cost of sales	(1,326,160)	(1,696,653)
Gross profit	558,935	573,155
Selling, general and administrative expenses	(410,690)	(455,142)
Other operating income	8,528	8,379
Other operating expenses	(13,279)	(15,247)
Share of profit of associates and joint ventures	9,643	7,207
Operating income	153,137	118,352
Financial income	5,418	16,538
Financial expenses	(11,390)	(12,923)
Income before taxes	147,165	121,967
Income taxes	(45,230)	(30,439)
Net income	101,935	91,528
Net income attributable to		
Owners of the parent	85,166	73,944
Non-controlling interests	16,769	17,584
Earnings per share(Yen)		
Basic earnings per share attributable to owners of the parent	59.94	52.02
Diluted earnings per share attributable to owners of the parent	55.13	49.79

(2) Condensed Consolidated Statement of Comprehensive Income

Six months ended September 30, 2021 and 2022

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net income	101,935	91,528
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	12,631	12,255
Remeasurements of defined benefit plans	6,398	(2,899)
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	(147)	68
Total items that will not be reclassified to profit or loss	18,882	9,424
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	1,501	125,525
Net gain (loss) on derivatives designated as cash flow hedges	(496)	2,931
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	982	8,613
Total items that may be subsequently reclassified to profit or loss	1,987	137,069
Total other comprehensive income (net of tax)	20,869	146,493
Total comprehensive income	122,804	238,021
Total comprehensive income attributable to		
Owners of the parent	104,986	194,387
Non-controlling interests	17,818	43,634

(3) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2022	September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	245,789	253,703
Trade receivables	825,996	855,925
Inventories	745,248	869,238
Other financial assets	51,085	76,510
Other current assets	106,556	126,329
Subtotal	1,974,674	2,181,705
Assets held for sale	11,442	26,892
Total current assets	1,986,116	2,208,597
Non-current assets		
Property, plant and equipment	1,899,695	2,024,341
Goodwill	705,412	736,284
Intangible assets	448,805	482,646
Investments accounted for using the equity method	174,791	175,822
Other financial assets	233,533	256,610
Other non-current assets	60,923	54,995
Deferred tax assets	64,596	64,863
Total non-current assets	3,587,755	3,795,561
Total assets	5,573,871	6,004,158

(Millions of yen)

	March 31, 2022	September 30, 2022
Liabilities		
Current liabilities		
Trade payables	486,874	517,938
Bonds and borrowings	411,213	520,328
Income tax payable	34,875	28,595
Other financial liabilities	291,237	320,734
Provisions	15,601	19,645
Other current liabilities	178,613	167,209
Subtotal	1,418,413	1,574,449
Liabilities directly associated with assets held for sale	880	8,034
Total current liabilities	1,419,293	1,582,483
Non-current liabilities		
Bonds and borrowings	1,748,756	1,783,252
Other financial liabilities	112,554	119,492
Retirement benefit liabilities	103,941	102,417
Provisions	22,673	23,111
Other non-current liabilities	147,212	161,016
Deferred tax liabilities	175,123	188,977
Total non-current liabilities	2,310,259	2,378,265
Total liabilities	3,729,552	3,960,748
Equity		
Common stock	50,000	50,000
Additional paid-in capital	170,600	168,105
Treasury stock	(62,870)	(62,278)
Retained earnings	1,213,677	1,266,183
Other components of equity	86,670	207,231
Equity attributable to owners of the parent	1,458,077	1,629,241
Non-controlling interests	386,242	414,169
Total equity	1,844,319	2,043,410
Total liabilities and equity	5,573,871	6,004,158

(4) Condensed Consolidated Statement of Changes in Equity

Six months ended September 30, 2021

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2021	50,000	179,716	(63,244)	1,060,069
Net income	—	—	—	85,166
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	85,166
Purchase of treasury stock	—	—	(15)	—
Disposal of treasury stock	—	(365)	365	—
Cash dividends	—	—	—	(17,048)
Share-based payment transactions	—	250	—	—
Changes in interests in subsidiaries	—	(4,528)	—	—
Changes in scope of consolidation	—	—	—	23
Transfer from other components of equity to retained earnings	—	—	—	8,631
Total transactions with owners	—	(4,643)	350	(8,394)
Balance at September 30, 2021	50,000	175,073	(62,894)	1,136,841

Other components of equity

	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2021	56,707	—	(47,077)	168	9,798	1,236,339	334,809	1,571,148
Net income	—	—	—	—	—	85,166	16,769	101,935
Other comprehensive income	10,319	6,466	3,486	(451)	19,820	19,820	1,049	20,869
Total comprehensive income	10,319	6,466	3,486	(451)	19,820	104,986	17,818	122,804
Purchase of treasury stock	—	—	—	—	—	(15)	—	(15)
Disposal of treasury stock	—	—	—	—	—	—	—	—
Cash dividends	—	—	—	—	—	(17,048)	(6,928)	(23,976)
Share-based payment transactions	—	—	—	—	—	250	—	250
Changes in interests in subsidiaries	—	—	—	—	—	(4,528)	(418)	(4,946)
Changes in scope of consolidation	—	—	—	—	—	23	22	45
Transfer from other components of equity to retained earnings	(2,165)	(6,466)	—	—	(8,631)	—	—	—
Total transactions with owners	(2,165)	(6,466)	—	—	(8,631)	(21,318)	(7,324)	(28,642)
Balance at September 30, 2021	64,861	—	(43,591)	(283)	20,987	1,320,007	345,303	1,665,310

Six months ended September 30, 2022

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2022	50,000	170,600	(62,870)	1,213,677
Net income	—	—	—	73,944
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	73,944
Purchase of treasury stock	—	—	(10)	—
Disposal of treasury stock	—	(594)	602	—
Cash dividends	—	—	—	(21,320)
Share-based payment transactions	—	265	—	—
Changes in interests in subsidiaries	—	(2,166)	—	—
Business combinations or business divestitures	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(118)
Total transactions with owners	—	(2,495)	592	(21,438)
Balance at September 30, 2022	50,000	168,105	(62,278)	1,266,183

Other components of equity

	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2022	50,956	—	33,318	2,396	86,670	1,458,077	386,242	1,844,319
Net income	—	—	—	—	—	73,944	17,584	91,528
Other comprehensive income	14,398	(2,806)	105,479	3,372	120,443	120,443	26,050	146,493
Total comprehensive income	14,398	(2,806)	105,479	3,372	120,443	194,387	43,634	238,021
Purchase of treasury stock	—	—	—	—	—	(10)	—	(10)
Disposal of treasury stock	—	—	—	—	—	8	—	8
Cash dividends	—	—	—	—	—	(21,320)	(12,208)	(33,528)
Share-based payment transactions	—	—	—	—	—	265	—	265
Changes in interests in subsidiaries	—	—	—	—	—	(2,166)	(3,888)	(6,054)
Business combinations or business divestitures	—	—	—	—	—	—	389	389
Transfer from other components of equity to retained earnings	(2,688)	2,806	—	—	118	—	—	—
Total transactions with owners	(2,688)	2,806	—	—	118	(23,223)	(15,707)	(38,930)
Balance at September 30, 2022	62,666	—	138,797	5,768	207,231	1,629,241	414,169	2,043,410

(5) Condensed Consolidated Statement of Cash Flow

Six months ended September 30, 2021 and 2022

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Income before taxes	147,165	121,967
Depreciation and amortization	124,741	133,841
Share of profit of associates and joint ventures	(9,643)	(7,207)
Interest and dividend income	(4,610)	(8,868)
Interest expense	10,708	12,405
(Increase) decrease in trade receivables	(18,172)	(2,318)
(Increase) decrease in inventories	(83,804)	(101,945)
Increase (decrease) in trade payables	32,322	15,326
Increase (decrease) in retirement benefit assets and liabilities, net	2,091	1,732
Others	(13,376)	(18,276)
Subtotal	187,422	146,657
Interest received	648	560
Dividends received	9,002	19,344
Interest paid	(10,681)	(11,113)
Income tax (paid) received, net	(20,092)	(62,237)
Net cash provided by (used in) operating activities	166,299	93,211
Cash flows from investing activities		
Purchase of property, plant and equipment	(111,729)	(124,863)
Proceeds from sales of property, plant and equipment	2,572	3,065
Purchase of intangible assets	(5,617)	(5,885)
Purchase of other financial assets	(1,927)	(1,998)
Proceeds from sales/redemption of other financial assets	16,483	9,814
Net cash outflow on acquisition of subsidiaries	(6,501)	(108)
Payments for transfer of business	(700)	—
Proceeds from transfer of business	1,372	1,934
Net (Increase) decrease of time deposits	367	(1,063)
Others	(1,801)	1,448
Net cash provided by (used in) investing activities	(107,481)	(117,656)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(77,776)	40,830
Net increase (decrease) in commercial papers	(55,000)	57,000
Proceeds from long-term borrowings	42,676	36,449
Repayment of long-term borrowings	(50,954)	(74,406)
Proceeds from issuance of bonds	69,636	16,913
Redemption of bonds	(35,000)	(10,000)
Repayment of lease liabilities	(15,080)	(16,472)
Net (increase) decrease in treasury stock	(15)	(10)
Dividends paid to owners of the parent	(17,048)	(21,320)
Dividends paid to non-controlling interests	(7,028)	(11,976)
Repayments to non-controlling interests	(5,600)	—
Others	(220)	(1,362)
Net cash provided by (used in) financing activities	(151,409)	15,646
Effect of exchange rate changes on cash and cash equivalents	413	16,762
Net increase (decrease) in cash and cash equivalents	(92,178)	7,963
Cash and cash equivalents at the beginning of the period	349,577	245,789
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	—	(49)
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	253	—
Cash and cash equivalents at the end of the period	257,652	253,703

(6) Notes to Condensed Consolidated Financial Statements
(Segment Information)

Six months ended September 30, 2021

(Millions of yen)

	REPORTING SEGMENT					Others (Note 1)	Subtotal	Adjustment (Note 2)	Consolidated
	Performance Products	Chemicals	Industrial Gases	Health Care	Total				
Revenue									
External revenue	566,678	593,943	444,118	198,546	1,803,285	81,810	1,885,095	—	1,885,095
Inter-segment revenue	25,490	20,868	3,256	171	49,785	90,787	140,572	(140,572)	—
Total	592,168	614,811	447,374	198,717	1,853,070	172,597	2,025,667	(140,572)	1,885,095
Segment profit									
Core operating income (Note 3)	45,836	62,168	48,291	1,057	157,352	6,135	163,487	(7,347)	156,140

Notes:

- 1.The Others category consists of businesses not included in reporting segments and mainly includes engineering, transportation, and warehousing operations.
- 2.The segment profit (loss) adjustment includes corporate costs of ¥ (6,708) million not allocated to reporting segments and inter-segment eliminations of ¥(639) million. Corporate costs include expenditures on basic testing, research, and other activities not allocated to reporting segments.
- 3.Segment profit (loss) is Operating profit after excluding earnings from non-recurring factors, such as losses from business withdrawals and downsizings, representing core operating income.

Six months ended September 30, 2022

(Millions of yen)

	REPORTING SEGMENT					Others (Note 1)	Subtotal	Adjustment (Note 2)	Consolidated
	Performance Products	Chemicals	Industrial Gases	Health Care	Total				
Revenue									
External revenue	634,331	745,427	569,265	211,965	2,160,988	108,820	2,269,808	—	2,269,808
Inter-segment revenue	25,348	25,993	4,435	309	56,085	96,852	152,937	(152,937)	—
Total	659,679	771,420	573,700	212,274	2,217,073	205,672	2,422,745	(152,937)	2,269,808
Segment profit									
Core operating income (Note 3)	42,264	22,739	54,252	3,146	122,401	6,649	129,050	(6,429)	122,621

Notes:

- 1.The Others category consists of businesses not included in reporting segments and mainly includes engineering, transportation, and warehousing operations.
- 2.The segment profit (loss) adjustment includes corporate costs of ¥ (6,559) million not allocated to reporting segments and inter-segment eliminations of ¥ 130 million. Corporate costs include expenditures on basic testing, research, and other activities not allocated to reporting segments.
- 3.Segment profit (loss) is Operating profit after excluding earnings from non-recurring factors, such as losses from business withdrawals and downsizings, representing core operating income.

Adjustments to income before tax from segment operating results are as follows:

	(Millions of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Segment profit	156,140	122,621
Gain on reversal of environmental expenses	—	2,389
Gain on sales of property, plant and equipment	1,782	647
Gain on sales of shares of subsidiaries and associates	1,886	—
Loss on arbitration award	—	(3,502)
Impairment loss	(1,898)	(1,894)
Loss on sales and disposal of fixed assets	(2,702)	(1,411)
Others	(2,071)	(498)
Operating income	153,137	118,352
Financial income	5,418	16,538
Financial expenses	(11,390)	(12,923)
Income before taxes	147,165	121,967