



May 15, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under IFRS)

Company name: Mitsubishi Chemical Group Corporation Listing: Tokyo Stock Exchange
 Securities code: 4188 URL: <https://www.mcgc.com/english/>
 Representative: Manabu Chikumoto Representative Corporate Executive Officer, President&Chief Executive Officer
 Contact: Minoru Kida Vice President, Chief Financial Officer TEL: Media [+81] (0)3-6748-7140
 IR [+81] (0)3-6748-7120
 Scheduled date of annual general meeting of shareholders: June 25, 2024
 Scheduled date to commence dividend payments: June 4, 2024
 Scheduled date to file annual securities report: June 25, 2024
 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 fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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	
		%		%		%		%		%		%
Fiscal year ended March 31, 2024	4,387,218	(5.3)	208,116	(36.1)	261,831	43.3	178,439	31.6	119,596	24.0	363,597	72.4
March 31, 2023	4,634,532	16.5	325,558	19.5	182,718	(39.7)	135,545	(35.3)	96,461	(45.6)	210,888	(36.6)

Reference: Income before taxes

Fiscal year ended March 31, 2024: ¥240,547 million(43.2%)

Fiscal year ended March 31, 2023: ¥167,964 million((42.2)%)

* 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	Return on equity attributable to owners of parent	Ratio of income before tax to total assets	Ratio of core operating income to sales revenue
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	84.07	80.77	7.2	4.1	4.7
March 31, 2023	67.85	64.99	6.4	3.0	7.0

Reference: Share of profit of associates and joint ventures

Fiscal year ended March 31, 2024: ¥8,090 million

Fiscal year ended March 31, 2023: ¥11,743 million

(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	Equity attributable to owners of the parent per share
Fiscal year ended				%	Yen
March 31, 2024	6,104,513	2,275,495	1,763,447	28.9	1,239.61
March 31, 2023	5,774,348	1,988,469	1,564,698	27.1	1,100.27

(3) Cash Flows:

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of the period
Fiscal year ended				
March 31, 2024	465,146	(246,087)	(241,724)	294,924
March 31, 2023	355,189	(247,632)	(60,783)	297,224

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen		%	%
March 31, 2023	—	15.00	—	15.00	30.00	42,734	44.2	2.8
March 31, 2024	—	16.00	—	16.00	32.00	45,585	38.1	2.7
March 31, 2025 (Forecast)	—	16.00	—	16.00	32.00		87.5	

3. Prospects for the Following 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
First Half of FY2024	2,251,000	4.7	110,000	(8.0)	84,000	(39.4)	42,000	(55.4)	10,000	(85.1)	7.03
FY2024	4,623,000	5.4	250,000	20.1	210,000	(19.8)	116,000	(35.0)	52,000	(56.5)	36.55

Reference: Income before taxes

First Half of FY2024: ¥66,000 million((49.3)%), FY2024: ¥171,000 million((28.9)%)

* Notes

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

(changes in specified subsidiaries resulting in the change in scope of consolidation)

Newly included: — Excluded : 1

(Company Name) MTPC Holdings Canada, Inc. (specified subsidiary) and Medicago Inc. (specified subsidiary) merged on April 1, 2023. The company retained the name Medicago Inc. (specified subsidiary) following the merger.

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

(i) Changes in accounting policies required by IFRS : Yes

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

(iii) Changes in accounting estimates : None

Details of changes in accounting policies are described in "3. Consolidated Financial Statements and Notes Concerning Consolidated Financial Statements (6) Notes to Consolidated Financial Statements (Change in Accounting Policy)" on page [16] hereof.

(3) Number of issued shares (ordinary shares)

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

As of March 31, 2024	1,506,288,107 Shares	As of March 31, 2023	1,506,288,107 Shares
-------------------------	----------------------	-------------------------	----------------------

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

As of March 31, 2024	83,705,108 Shares	As of March 31, 2023	84,190,278 Shares
-------------------------	-------------------	-------------------------	-------------------

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	1,422,496,052 Shares	Fiscal year ended March 31, 2023	1,421,783,328 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:

March 31, 2024	1,989,461 Shares
March 31, 2023	2,413,119 Shares

Disclosure regarding audit procedures

Financial results reports are exempt from audit 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. The Company's stance on forward-looking statements is described on pages [7] hereof.

*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.

Contents:

1. Qualitative Information on Financial Results for the Term	
(1) Business Performance	P. 2
(2) Financial Position	P. 6
(3) Cash Flow Analysis	P. 6
(4) Financial Results Forecasts for Fiscal 2024	P. 7
2. Basic Approach to the Selection of Accounting Standards	P. 7
3. Consolidated Financial Statements and Notes Concerning Consolidated Financial Statements	
(1) Consolidated Statement of Profit or Loss	P. 8
(2) Consolidated Statement of Comprehensive Income	P. 9
(3) Consolidated Statement of Financial Position	P. 10
(4) Consolidated Statement of Changes in Equity	P. 12
(5) Consolidated Statement of Cash Flow	P. 14
(6) Notes to Consolidated Financial Statements	P. 16
(Change in Accounting Policy)	P. 16
(Segment Information)	P. 17
(Per Share Information)	P. 21
(Material Subsequent Events)	P. 21
 (Supplemental materials) Trends in Management Indicators	

1. Qualitative Information on Financial Results for the Term

(1) Business Performance

Performance Overview

In the business environment in the fiscal year (April 1, 2023 - March 31, 2024; same hereafter) of the Mitsubishi Chemical Group (the MCG Group), while a moderate recovery continued as a result of the normalization of economic activities, outlook remained uncertain as there were some signs of stagnation in the recovery trend due to the effects of price hikes, monetary tightening especially in Europe and the United States, the slowdown in the Chinese economy, and the situation in the Middle East, among other factors.

Against this backdrop, sales revenue stood at ¥4,387.2 billion, decrease of ¥247.3 billion, or 5.3% compared to the previous fiscal year (April 1, 2022 - March 31, 2023; same hereafter). In the profit front, core operating income decreased ¥117.5 billion, or 36.1%, to ¥208.1 billion. Operating income was up ¥79.1 billion, or 43.3%, to ¥261.8 billion. Income before taxes increased ¥72.5 billion, or 43.2%, to ¥240.5 billion. And net income attributable to owners of the parent increased ¥23.2 billion, or 24.0% to ¥119.6 billion.

Overview of Business Segments

The overview of financial results by business segment for fiscal 2023 is shown below. the MCG Group has reviewed reporting segments from the first quarter of fiscal 2023. For details, please see "3. (6) Notes to Consolidated Financial Statements (Segment Information).

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.

Specialty Materials Segment, Performance Products Domain

In comparison with the previous fiscal year, sales revenue decreased ¥60.8 billion, to ¥1,172.9 billion and core operating income declined ¥46.2 billion, to ¥5.3 billion.

In polymers and compounds, sales revenue decreased due to a decline in sales volume reflecting slowdown in demand for barrier packages and paints / inks / adhesives, among other applications, despite the forex impact as well as the correction of selling prices.

In films and molding materials, sales revenue decreased due to a decline in sales volume reflecting slowdown in demand on the whole, including that related to carbon fiber, high-performance engineering plastics, food packaging films, and polyester films, despite the forex impact as well as the correction of selling prices.

In advanced solutions, sales revenue dropped as a result of a decline in sales volume mainly in the semiconductor-related business, despite the forex impact.

Core operating income in this segment decreased significantly year on year due mainly to a decline in sales reflecting sluggish overall demand, despite an improvement in the balance between cost and selling prices as a result of an effort to maintain and increase selling prices.

In this segment in the fiscal year, the following items were implemented by or occurred at the MCG Group.

- In April 2023, the MCG Group signed a contract with Neogen Chemicals Limited (Head office: Maharashtra, India) regarding the provision of production technology license in India for electrolytes used in lithium-ion batteries (LIB) with the aim of expanding the electrolyte business. In April 2023, the MCG Group also signed a memorandum of understanding with Koura (Head office: Massachusetts, USA), a producer of fluoroproducts, regarding the collaboration study for various purposes, such as strengthening the supply chain for formulated electrolytes for lithium-ion batteries (LIBs) in North America.
- The MCG Group concluded a memorandum of understanding with Korean company L&F Co., Ltd. (Head office: Daegu, South Korea), a manufacturer of cathode active materials for LIB, to conduct feasibility studies into strengthening the supply chain for anode materials in countries that have concluded a free trade agreement with the U.S with the aim of expanding anode materials for LIB business.
- In October 2023, with the goal of strengthening the carbon fiber business, the MCG Group decided to attain full ownership of its equity-method affiliate C.P.C.S.r.l. (Head office: Modena, Italy), which is specialized in the manufacture and distribution of automobile components crafted from carbon fiber reinforced plastic (CFRP), and completed the acquisition in January 2024. This pivotal acquisition will further expand and enhance its vertically integrated carbon fiber supply chain.
- In March 2024, the MCG Group decided to expand its Sugar Ester emulsifier production capacity by adding a new line (production capacity: 1,100 tons/year) to the production facilities which went into full-scale operation in March 2024 (production capacity: 2,000 tons/year) at the Kyushu Plant to help meet the global demand for high-quality food products. Operation of the new line is scheduled to start in March 2026.

Industrial Gases Segment, Industrial Materials Domain

In comparison with the previous fiscal year, sales revenue increased ¥69.0 billion, to ¥1,246.9 billion and core operating income rose ¥42.0 billion, to ¥163.0 billion.

Sales revenue increased as a result of price management efforts in each region as well as forex impact, despite sluggish demand in Japan and overseas. Core operating income rose on the back of the effects of cost reduction initiatives on top of an increase in sales revenue.

In this segment in the fiscal year, the following items were implemented by or occurred at the MCG Group.

- A joint venture Terranova Hydrogen NV (Head office: Zelzate, Belgium) was established with Terranova nv (Head office: Belgium) and Luminus (Head office: Belgium) to produce green hydrogen and build and operate a green hydrogen production plant. The production of green hydrogen is scheduled to start in early 2025.
- An oxygen supply contract for Direct Air Capture (DAC) plant to be constructed by 1PointFive (Head office: U.S.) in Texas was concluded. The plant is scheduled to commence operations in mid-2025.
- In November 2023, a new Factory was constructed on a site of Taiyo Nippon Sanso Engineering Taiwan, Inc. (Head Office: Hsinchu County, Taiwan) to double the capacity to produce equipment for the electronics industry.

Health Care Segment, Health Care Domain

In comparison with the previous fiscal year, sales revenue decreased ¥98.2 billion, to ¥437.2 billion and core operating income declined ¥87.9 billion, to ¥56.3 billion.

Sales revenue decreased due to the recognition of sales revenue amounting to ¥125.9 billion in the fourth quarter of the previous fiscal year as a result of the arbitration related to royalty for Gilenya®, a treatment agent for multiple sclerosis, as well as the negative impact mainly from National Health Insurance drug price revisions in the domestic ethical pharmaceuticals business, which more than offset the positive impact from steady sales for priority and new products and RADICAVA ORS®, a treatment agent for patients with amyotrophic lateral sclerosis (ALS), which had been released in the United States. Core operating income dropped reflecting a significant impact of the recognition of sales revenue for Gilenya®, despite decreases in R&D and other costs in tandem with the withdrawal from the Medicago business.

In this segment in the fiscal year, the following items were implemented by or occurred at the MCG Group.

- In May 2023, edaravone oral suspension (Development code: MT-1186) was approved in the Switzerland (Product name: RADICAVA® Oral Suspension) for the indication of amyotrophic lateral sclerosis (ALS). Edaravone oral suspension has already been approved in the U.S., Canada and Japan.
- In March 2024, an additional dosage form of orally disintegrating (OD) tablets for SGLT2 inhibitor CANAGLU® Tablets 100 mg (generic name: Canagliflozin Hydrate) was approved in Japan.

MMA Segment, Industrial Materials Domain

In comparison with the previous fiscal year, sales revenue decreased ¥23.6 billion, to ¥281.6 billion and core operating income rose ¥4.8 billion, to ¥0.8 billion.

Sales revenue decreased due to a fall in market prices chiefly for MMA monomer. Core operating income rose reflecting diminished impact from scheduled maintenance and repairs in addition to a decrease in expenses associated with the closure of the Cassel site in the United Kingdom.

In this segment in the fiscal year, the following items were implemented by or occurred at the MCG Group.

- In February 2024, the MCG Group decided to discontinue MMA monomer production by the ACH process (production capacity: 107,000 tons/year) as well as the production of acrylonitrile (production capacity: 90,000 tons/year) and acrylonitrile derivatives at the Hiroshima Plant in order to optimize the supply system and enhance the competitiveness in the MMA and acrylonitrile businesses. Production of applicable products is scheduled to be discontinued in July 2024.

Basic Materials Segment, Industrial Materials Domain

In comparison with the previous fiscal year, sales revenue decreased ¥113.2 billion, to ¥1,008.6 billion and core operating income declined ¥31.4 billion, to a loss of ¥19.3 billion.

In petrochemicals, sales revenue decreased as sales volume dropped due mainly to a slowdown in demand and selling prices fell reflecting a decline in raw material costs among other factors, despite the forex impact.

In carbon products, sales revenue dropped reflecting a decrease in selling prices for cokes in tandem with a fall in raw material costs and a slowdown in demand.

Core operating income in this segment decreased significantly due to a reduction in inventory valuation gains in tandem with a fall in raw material costs and a decline in sales volume in line with a slowdown in overall demand in addition to a deterioration in the gap between cost and selling prices reflecting mainly a fall in market prices for cokes, despite an increase in the price gap between raw materials and products, primarily for polyolefin.

In this segment in the fiscal year, the following items were implemented by or occurred at the MCG Group.

- It was decided to increase the γ -butyrolactone production capacity of Okayama Plant from 18,000 tons/year to 20,000 tons/year in order to respond to an expansion in demand for LIB and semiconductors. The expanded production is scheduled to start in July 2024.
- In December 2023, as part of its portfolio reform, the MCG Group decided to substantially transfer its holding of the shares of PT Mitsubishi Chemical Indonesia (MCCI), which operates the pure terephthalic acid (PTA) business to PT Lintas Citra Pratama. As a result, the ratio of MCCI shares held by the MCG Group will be reduced to 20%. The shares will be sold in stages, and MCCI will become a wholly owned subsidiary of PT Lintas Citra Pratama in the future.
- In order to optimize the supply system for bisphenol A and enhance business competitiveness, production at the Kurosaki Plant (production capacity: 120,000 tons/year) was discontinued at the end of March 2024.

Others

In comparison with the previous fiscal year, sales revenue decreased ¥20.5 billion, to ¥240.0 billion and core operating income declined ¥0.8 billion, to ¥14.4 billion.

In this segment in the fiscal year, the following items were implemented by or occurred at the MCG Group.

- It was agreed with Roquette Frères SA (Head office: Lestrem, France) to transfer of all shares of Qualicaps Co., Ltd. held by the MCG Group to the company as part of the portfolio reform. The share transfer agreement was concluded on July 28, 2023 and the share transfer was completed in October 2023.

Group Performance Overview

In accordance with “Forging the future,” the management policy for the period FY2021-FY2025, the MCG Group has been transitioning to a flat organizational system based on the “One Company, One Team” concept. In conjunction with this transition, it has been decided to embark on intergroup organizational restructuring that will involve respective subsidiaries of MCG and MCC in Singapore with the aim of improving management efficiency by reshuffling, concentrating and optimizing the functions currently divided between the subsidiaries in October 2023.

(2) Financial Position

Total assets at the end of the fiscal year totaled ¥6,104.5 billion, an increase of ¥330.2 billion compared with the end of the previous fiscal year. This was primarily attributable to the attainment of full ownership of C.P.C. S.r.l. and a rise in the value of assets translated into yen at overseas consolidated subsidiaries owing to depreciation in the value of the yen.

Total liabilities at the end of the fiscal year totaled ¥3,829.0 billion, an increase of ¥43.1 billion in comparison with the end of the previous fiscal year due mainly to a rise in the value of assets translated into yen at overseas consolidated subsidiaries owing to depreciation in the value of the yen, despite decreases in bonds and borrowings.

Note that interest-bearing debt, which included lease liabilities at the end of the fiscal year came to ¥2,338.2 billion, a decline of ¥37.6 billion versus the end of the previous fiscal year.

Total equity at the end of the fiscal year was ¥2,275.5 billion, up ¥287.1 billion from the end of the previous fiscal year. Although equity shrank reflecting the payout of dividends, equity rose given the Company posted a profit attributable to owners of the parent, and there was an increase in exchange differences on translation of foreign operations.

As a result of these factors, the ratio of equity attributable to owners of the parent was up 1.8 points, to 28.9%. The net debt-to-equity ratio was down 0.17, to 1.16.

Notes:

Net debt-to-equity ratio = Net interest-bearing debt ÷ Equity attributable to owners of the parent

Net interest-bearing debt = Interest-bearing debt - (cash and cash equivalents + cash reserves)

(3) Cash Flow Analysis

Net cash provided by operating activities increased ¥110.0 billion from the previous fiscal year, to ¥465.1 billion. This was mainly attributable to a decline in working capital reflecting the reduction of inventories as well as income before taxes and depreciation and amortization.

Net cash used in investing activities decreased ¥1.5 billion from the previous fiscal year to ¥246.1 billion. Although there were proceeds mainly from sales/redemption of other financial assets, the decline was chiefly attributable to an outflow of ¥274.5 billion in purchase of property, plant and equipment and intangible assets. Consequently, free cash flow (cash flow from operating and investment activities) increased ¥111.5 billion to ¥219.1 billion.

Net cash used in financing activities increased ¥180.9 billion from the previous fiscal year to ¥241.7 billion. This is primarily attributable to an outflow of ¥166.6 billion due to repayment of interest-bearing debt and ¥57.9 billion for dividend payments.

As a result of these factors, cash and cash equivalents at the end of the fiscal year totaled ¥294.9 billion, down ¥2.3 billion compared with the end of the previous fiscal year.

(4) Financial Results Forecasts for Fiscal 2024

In the business environment in which the MCG Group operates, a moderate recovery trend is expected to continue. Meanwhile, sufficient attention should be paid to downside risks, such as fluctuations in financial and capital markets, a slowdown in the Chinese economy, and geopolitical tensions.

Given these trends, we forecast that demand will rebound in Specialty Materials on the whole and that demand will also pick up and market conditions will improve for petrochemical products and cokes in MMA and Basic Materials. In addition, we predict that robust performance will continue in Industrial Gases and Health Care.

The Company accordingly looks for ¥4,623.0 billion in sales revenue for the fiscal year ending March 31, 2025. Other key projections for the year are ¥250.0 billion in core operating income, ¥210.0 billion in operating income, ¥171.0 billion in income before taxes, ¥116.0 billion in net income, and ¥52.0 billion in net income attributable to owners of the parent.

The following are estimates for major indicators for the above forecasts.

	(Billions of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ending March 31, 2025
Capital Expenditure	283.9	351.0
Depreciation & Amortization	275.4	273.0
R&D Expenses	121.6	129.0
Exchange rate (Yen/USD) (Note)	145.3	150.0
Naphtha price (Yen/KL) (Note)	69,100	75,000

Note: These are the averages for April 1, 2023 - March 31, 2024 and April 1, 2024 - March 31, 2025.

2. Basic Approach to the Selection of Accounting Standards

The company has voluntarily applied IFRS from the fiscal year ended March 31, 2017 for its consolidated financial statements for the purpose of enhancing its reporting's international comparability and unifying accounting treatment within the Group.

3. Consolidated Financial Statements and Notes Concerning Consolidated Financial Statements

(1) Consolidated Statement of Profit or Loss

Fiscal year ended March 31, 2023 and 2024

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Sales revenue	4,634,532	4,387,218
Cost of sales	(3,395,045)	(3,240,394)
Gross profit	1,239,487	1,146,824
Selling, general and administrative expenses	(922,650)	(932,345)
Other operating income	31,893	117,801
Other operating expenses	(177,755)	(78,539)
Share of profit of associates and joint ventures	11,743	8,090
Operating income	182,718	261,831
Financial income	16,636	23,796
Financial expenses	(31,390)	(45,080)
Income before taxes	167,964	240,547
Income taxes	(32,419)	(62,108)
Net income	135,545	178,439
Net income attributable to		
Owners of the parent	96,461	119,596
Non-controlling interests	39,084	58,843
Earnings per share(Yen)		
Basic earnings per share attributable to owners of the parent	67.85	84.07
Diluted earnings per share attributable to owners of the parent	64.99	80.77

(2) Consolidated Statement of Comprehensive Income

Fiscal year ended March 31, 2023 and 2024

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net income	135,545	178,439
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	(9,923)	7,792
Remeasurements of defined benefit plans	(3,018)	7,295
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	426	(26)
Total items that will not be reclassified to profit or loss	(12,515)	15,061
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	78,926	166,868
Net gain (loss) on derivatives designated as cash flow hedges	1,528	1,163
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	7,404	2,066
Total items that may be subsequently reclassified to profit or loss	87,858	170,097
Total other comprehensive income (net of tax)	75,343	185,158
Total comprehensive income	210,888	363,597
Total comprehensive income attributable to		
Owners of the parent	151,379	249,349
Non-controlling interests	59,509	114,248

(3) Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2023	March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	297,224	294,924
Trade receivables	808,787	852,353
Inventories	797,877	799,249
Other financial assets	74,469	82,804
Other current assets	141,020	131,721
Subtotal	2,119,377	2,161,051
Assets held for sale	30,241	30,585
Total current assets	2,149,618	2,191,636
Non-current assets		
Property, plant and equipment	1,907,898	2,043,330
Goodwill	727,655	832,899
Intangible assets	459,213	481,028
Investments accounted for using the equity method	170,736	164,246
Other financial assets	203,270	221,232
Other non-current assets	61,425	72,747
Deferred tax assets	94,533	97,395
Total non-current assets	3,624,730	3,912,877
Total assets	5,774,348	6,104,513

(Millions of yen)

	March 31, 2023	March 31, 2024
Liabilities		
Current liabilities		
Trade payables	476,311	501,532
Bonds and borrowings	601,443	605,307
Income tax payable	29,127	22,890
Other financial liabilities	316,379	367,925
Provisions	47,274	35,957
Other current liabilities	184,272	187,420
Subtotal	1,654,806	1,721,031
Liabilities directly associated with assets held for sale	9,024	3,881
Total current liabilities	1,663,830	1,724,912
Non-current liabilities		
Bonds and borrowings	1,642,325	1,595,704
Other financial liabilities	118,527	121,128
Retirement benefit liabilities	102,292	104,828
Provisions	39,476	31,672
Other non-current liabilities	39,936	44,147
Deferred tax liabilities	179,493	206,627
Total non-current liabilities	2,122,049	2,104,106
Total liabilities	3,785,879	3,829,018
Equity		
Common stock	50,000	50,000
Additional paid-in capital	167,917	159,602
Treasury stock	(62,231)	(61,857)
Retained earnings	1,270,577	1,355,131
Other components of equity	138,435	260,571
Equity attributable to owners of the parent	1,564,698	1,763,447
Non-controlling interests	423,771	512,048
Total equity	1,988,469	2,275,495
Total liabilities and equity	5,774,348	6,104,513

(4) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2023

(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
Cumulative effects of changes in accounting policies	—	—	—	(63)
Restated balance at April 1, 2022	50,000	170,600	(62,870)	1,213,614
Net income	—	—	—	96,461
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	96,461
Purchase of treasury stock	—	—	(21)	—
Disposal of treasury stock	—	(651)	660	—
Cash dividends	—	—	—	(42,651)
Share-based payment transactions	—	463	—	—
Changes in interests in subsidiaries	—	(2,495)	—	—
Business combinations or business divestitures	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	3,153
Total transactions with owners	—	(2,683)	639	(39,498)
Balance at March 31, 2023	50,000	167,917	(62,231)	1,270,577

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
Cumulative effects of changes in accounting policies	—	—	—	—	—	(63)	—	(63)
Restated balance at April 1, 2022	50,956	—	33,318	2,396	86,670	1,458,014	386,242	1,844,256
Net income	—	—	—	—	—	96,461	39,084	135,545
Other comprehensive income	(10,053)	(3,459)	66,570	1,860	54,918	54,918	20,425	75,343
Total comprehensive income	(10,053)	(3,459)	66,570	1,860	54,918	151,379	59,509	210,888
Purchase of treasury stock	—	—	—	—	—	(21)	—	(21)
Disposal of treasury stock	—	—	—	—	—	9	—	9
Cash dividends	—	—	—	—	—	(42,651)	(19,216)	(61,867)
Share-based payment transactions	—	—	—	—	—	463	—	463
Changes in interests in subsidiaries	—	—	—	—	—	(2,495)	(3,153)	(5,648)
Business combinations or business divestitures	—	—	—	—	—	—	389	389
Transfer from other components of equity to retained earnings	(6,612)	3,459	—	—	(3,153)	—	—	—
Total transactions with owners	(6,612)	3,459	—	—	(3,153)	(44,695)	(21,980)	(66,675)
Balance at March 31, 2023	34,291	—	99,888	4,256	138,435	1,564,698	423,771	1,988,469

Fiscal year ended March 31, 2024

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2023	50,000	167,917	(62,231)	1,270,577
Net income	—	—	—	119,596
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	119,596
Purchase of treasury stock	—	—	(33)	—
Disposal of treasury stock	—	(83)	407	—
Cash dividends	—	—	—	(44,094)
Share-based payment transactions	—	46	—	—
Forfeiture of share acquisition rights	—	(1,993)	—	1,445
Changes in interests in subsidiaries	—	(6,285)	—	—
Changes in scope of consolidation	—	—	—	(10)
Transfer from other components of equity to retained earnings	—	—	—	7,617
Total transactions with owners	—	(8,315)	374	(35,042)
Balance at March 31, 2024	50,000	159,602	(61,857)	1,355,131

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, 2023	34,291	—	99,888	4,256	138,435	1,564,698	423,771	1,988,469
Net income	—	—	—	—	—	119,596	58,843	178,439
Other comprehensive income	4,752	6,515	117,596	890	129,753	129,753	55,405	185,158
Total comprehensive income	4,752	6,515	117,596	890	129,753	249,349	114,248	363,597
Purchase of treasury stock	—	—	—	—	—	(33)	—	(33)
Disposal of treasury stock	—	—	—	—	—	324	—	324
Cash dividends	—	—	—	—	—	(44,094)	(14,457)	(58,551)
Share-based payment transactions	—	—	—	—	—	46	—	46
Forfeiture of share acquisition rights	—	—	—	—	—	(548)	—	(548)
Changes in interests in subsidiaries	—	—	—	—	—	(6,285)	(11,503)	(17,788)
Changes in scope of consolidation	—	—	—	—	—	(10)	(11)	(21)
Transfer from other components of equity to retained earnings	(1,102)	(6,515)	—	—	(7,617)	—	—	—
Total transactions with owners	(1,102)	(6,515)	—	—	(7,617)	(50,600)	(25,971)	(76,571)
Balance at March 31, 2024	37,941	—	217,484	5,146	260,571	1,763,447	512,048	2,275,495

(5) Consolidated Statement of Cash Flow

Fiscal year ended March 31, 2023 and 2024

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Income before taxes	167,964	240,547
Depreciation and amortization	269,616	275,436
Share of profit of associates and joint ventures	(11,743)	(8,090)
Interest and dividend income	(14,616)	(11,681)
Interest expense	29,800	43,049
(Increase) decrease in trade receivables	20,438	(14,184)
(Increase) decrease in inventories	(45,166)	30,298
Increase (decrease) in trade payables	(14,611)	(2,663)
Increase (decrease) in retirement benefit assets and liabilities, net	4,184	(490)
Others	62,102	(29,337)
Subtotal	467,968	522,885
Interest received	2,039	5,463
Dividends received	26,338	28,145
Interest paid	(25,335)	(40,881)
Income tax (paid) received, net	(115,821)	(50,466)
Net cash provided by (used in) operating activities	355,189	465,146
Cash flows from investing activities		
Purchase of property, plant and equipment	(259,026)	(268,686)
Proceeds from sales of property, plant and equipment	5,793	6,020
Purchase of intangible assets	(21,969)	(5,786)
Purchase of other financial assets	(5,184)	(7,313)
Proceeds from sales/redemption of other financial assets	26,944	21,983
Net cash outflow on acquisition of subsidiaries	(122)	(49,519)
Proceeds from sales of investments in subsidiaries	9,832	44,315
Payments for transfer of business	—	(10,024)
Proceeds from transfer of business	1,934	1,319
Net (Increase) decrease of time deposits	(636)	(4,967)
Others	(5,198)	26,571
Net cash provided by (used in) investing activities	(247,632)	(246,087)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(9,167)	11,641
Net increase (decrease) in commercial papers	69,000	21,000
Proceeds from long-term borrowings	81,270	115,602
Repayment of long-term borrowings	(128,728)	(197,805)
Proceeds from issuance of bonds	44,776	119,446
Redemption of bonds	(20,000)	(200,000)
Repayment of lease liabilities	(34,099)	(36,491)
Net (increase) decrease in treasury stock	(21)	(33)
Dividends paid to owners of the parent	(42,651)	(44,094)
Dividends paid to non-controlling interests	(19,113)	(13,816)
Others	(2,050)	(17,174)
Net cash provided by (used in) financing activities	(60,783)	(241,724)
Effect of exchange rate changes on cash and cash equivalents	6,425	21,225
Net increase (decrease) in cash and cash equivalents	53,199	(1,440)
Cash and cash equivalents at the beginning of the period	245,789	297,224
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	(1,868)	(1,045)
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	185
Increase in cash and cash equivalents resulting from merger	104	—
Cash and cash equivalents at the end of the period	297,224	294,924

(6) Notes to Consolidated Financial Statements

(Change in Accounting Policy)

Main standards and interpretations newly applied by the Mitsubishi Chemical Group (the MCG Group) from the year ended March 31, 2024, are as follows.

Standard and interpretation	Overview of introduction or Revision
IAS12 Income Taxes (amended in May, 2021)	Clarification of accounting treatment for deferred taxes relating to assets and liabilities arising from a single transaction

The application of IAS 12 “Income Taxes” (amended in May 2021) clarifies the accounting treatment upon initial recognition for transactions that result in equal taxable temporary differences and deductible temporary differences at the time of the transaction.

Taxable temporary differences and deductible temporary differences are recognized as deferred tax liabilities and deferred tax assets, respectively, in the consolidated statement of financial position.

With the application of this standard, the consolidated financial statements for the previous fiscal year were revised retrospectively. As a result, in the consolidated statement of financial position as of March 31, 2023, deferred tax assets increased by ¥445 million, deferred tax liabilities increased by ¥113 million, and retained earnings increased by ¥332 million. Also, net income increased by ¥395 million in the consolidated statement of profit or loss and the consolidated statement of comprehensive income for the previous fiscal year due to changes in income taxes.

In addition, the cumulative effect of applying the above-mentioned standard was reflected. As a result, the beginning balance of retained earnings of the previous fiscal year decreased by ¥63 million in the consolidated statement of changes in equity.

(Segment Information)

The MCG Group's reporting segments are the components for which separate financial information is available, and the chief operating decision maker regularly assesses this information in deciding how to allocate resources and evaluate results. No operating segments or components have been aggregated in preparing the reporting segment information.

In accordance with “Forging the future,” a management policy announced in December 2021 and which covers the period from FY 2021 to FY 2025, the MCG Group is undertaking various measures to maximize its corporate value. In February 2023, an action plan for the future was formulated and disclosed based on the aforementioned management policy. Moreover, an organizational structure to be put in place in and after April 2023 was also announced. Taking these factors into account, from the first quarter of the current fiscal year, a review was conducted of its reporting segments. The previous four reporting segments (Performance Products, Chemicals, Industrial Gases, and Health Care) have been reclassified into five reporting segments (Specialty Materials, Industrial Gases, Health Care, MMA and Basic Materials).

The MCG Group used new classifications to present segment information for the fiscal year ended March 31, 2023.

The businesses in each reporting segment are as follows.

Business Segments (Business Domains)	Business Sub-Segments		
		Businesses	
Specialty Materials (Performance Products)	Polymers & Compounds	Polymers	Performance Polymers, Soarnol, Gohsenol Sustainable Polymers, and Engineering Plastic
		Coating & Additives	Coating Material, Additives & Fine
	Films & Molding Materials	Films	Packaging, Industrial & Medical Films, Acetyl Films, and Polyester Films
		Molding Materials	Engineering Shapes & Solutions, Carbon Fiber and Composite Materials, and Fiber
	Advanced Solutions	Life Solutions	Aqua Solution, Life Solution, and Infrastructure Solution
		Information & Electronics	Semiconductor, Electronics, and Battery Materials
Industrial Gases (Industrial Materials)			Industrial Gases
Health Care (Health Care)			Ethical Pharmaceuticals
MMA (Industrial Materials)	MMA	MMA	MMA, PMMA
Basic Materials (Industrial Materials)	Petrochemicals	Petrochemicals	Basic Petrochemicals, Polyolefins, and Basic Chemical Derivatives
	Carbon Products	Carbon Products	Carbon Products

Accounting policies for reportable segments are identical to those Group accounting policies adopted to consolidated financial statements. Inter-segment sales and transfers are based mainly on prevailing market prices.

	REPORTING SEGMENT					Others (Note 1)	Adjustment (Note 2)	Consolidated
	Specialty Materials	Industrial Gases	Health Care (Notes 4)	MMA	Basic Materials			
Revenue								
External revenue	1,233,716	1,177,934	535,449	305,238	1,121,768	260,427	—	4,634,532
Inter-segment revenue	51,166	8,750	—	9,287	43,713	185,930	(298,846)	—
Total	1,284,882	1,186,684	535,449	314,525	1,165,481	446,357	(298,846)	4,634,532
Segment profit (loss)								
Core operating income (Note 3)	51,499	121,013	144,219	(3,966)	12,085	15,197	(14,489)	325,558
Segment assets	1,435,379	2,215,448	1,021,148	418,899	806,092	329,210	(451,828)	5,774,348
Other items								
Depreciation and amortization	65,561	108,070	13,481	24,060	41,652	10,841	5,951	269,616
Share of profit of investments accounted for using the equity method	5,783	3,698	256	668	1,534	(51)	—	11,888
Investments accounted for using the equity method	55,093	38,114	16,407	21,172	39,221	729	—	170,736
Capital expenditures	80,331	96,636	29,189	22,233	45,068	5,891	2,825	282,173

Notes:

- The Others category consists of businesses not included in reporting segments and mainly includes engineering, transportation, and warehousing operations.
- The segment profit (loss) adjustment includes corporate costs of ¥ (14,537) million not allocated to reporting segments and inter-segment eliminations of ¥48 million. Corporate costs include expenditures on basic testing, research, and other activities not allocated to reporting segments.
The adjustment amount for segment assets includes corporate assets of ¥165,835 million yen not allocated to each reporting segment and inter-segment eliminations of ¥ (617,663) million yen among other factors. Corporate assets include financial assets not allocated to reporting segments.
- Segment profit (loss) is Operating profit in accordance with IFRS after excluding earnings from non-recurring factors, such as losses from business withdrawals and downsizings, representing core operating income.
- Since entering the arbitration procedures related to payment obligations for some royalties for Gilenya, a treatment agent for multiple sclerosis, sales revenue was not recognized in accordance with IFRS 15. Reflecting the results of the arbitration award, sales revenue of ¥125,883 million was recorded in the fourth quarter of the previous fiscal year.

Fiscal year ended March 31, 2024

(Millions of yen)

	REPORTING SEGMENT					Others (Note 1)	Adjustment (Note 2)	Consolidated
	Specialty Materials	Industrial Gases	Health Care	MMA	Basic Materials			
Revenue								
External revenue	1,172,885	1,246,877	437,230	281,584	1,008,615	240,027	—	4,387,218
Inter-segment revenue	52,351	8,204	138	10,750	39,844	150,934	(262,221)	—
Total	1,225,236	1,255,081	437,368	292,334	1,048,459	390,961	(262,221)	4,387,218
Segment profit (loss)								
Core operating income (Note 3)	5,269	163,040	56,258	786	(19,253)	14,448	(12,432)	208,116
Segment assets	1,596,688	2,454,108	933,618	471,202	766,667	280,246	(398,016)	6,104,513
Other items								
Depreciation and amortization	68,152	114,781	13,814	23,427	41,443	7,227	6,592	275,436
Share of profit of investments accounted for using the equity method	1,740	4,007	372	953	426	90	—	7,588
Investments accounted for using the equity method	36,012	54,557	16,547	16,707	39,694	729	—	164,246
Capital expenditures	91,690	126,257	5,129	21,031	32,281	4,417	3,069	283,874

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 ¥ (12,524) million not allocated to reporting segments and inter-segment eliminations of ¥ 92 million. Corporate costs include expenditures on basic testing, research, and other activities not allocated to reporting segments.
The adjustment amount for segment assets includes corporate assets of ¥117,244 million yen not allocated to each reporting segment and inter-segment eliminations of ¥ (515,260) million yen among other factors. Corporate assets include financial assets not allocated to reporting segments.
3. Segment profit (loss) is Operating profit in accordance with IFRS 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)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Segment profit	325,558	208,116
Gain on sales of shares of subsidiaries and associates (Note1)	3,311	36,488
Gain on step acquisitions (Note2)	—	27,000
Reversal of provision for loss on plant closure (Note3)	—	11,960
Gain on reversal of asset retirement obligations	—	4,681
Gain on forgiveness of debts	—	3,816
Gain on sales of property, plant and equipment	2,446	1,632
Gain on reversal of environmental expenses	3,149	76
Gain on arbitration award	2,884	—
Impairment loss (Note4)	(93,381)	(23,761)
Loss on sales and disposal of fixed assets	(3,924)	(9,656)
Loss on business liquidation	(3,345)	(4,796)
Special retirement expense	(10,557)	(2,006)
Provision for loss on business liquidation	(5,666)	(1,832)
Loss on arbitration award	(3,520)	(1,073)
Provision for loss on plant closure	(26,726)	(52)
Provision for loss on litigation	(3,550)	—
Others (Note5)	(3,961)	11,238
Operating income	182,718	261,831
Financial income	16,636	23,796
Financial expenses	(31,390)	(45,080)
Income before taxes	167,964	240,547

(Note1) In the fiscal year ended March 31, 2024, the MCG Group recorded gain on sales of shares of subsidiaries and associates of ¥20,173 million and other associated losses of ¥1,966 million in tandem with the transfer of shares of Qualicaps Co., Ltd.

(Note2) In the fiscal year ended March 31, 2024, the MCG Group recorded gain on step acquisitions of ¥27,000 million in tandem with the additional acquisition of C.P.C S.r.l. shares.

(Note3) In the fiscal year ended March 31, 2024, the MCG Group recorded reversal of provision for loss on plant closure of ¥10,169 million through the reversal of part of the provision for loss on plant closure which had been recorded for the fiscal year ended March 31, 2023 in tandem with the decision to cease the production of methacrylates at Mitsubishi Chemical UK Limited Cassel Site.

(Note4) In the fiscal year ended March 31, 2024, the MCG Group recorded impairment loss of ¥10,652 million, provision for loss on business liquidation of ¥1,330 million, special retirement expense of ¥323 million and other associated losses of ¥28 million in tandem with the decision to transfer the shares in PT Mitsubishi Chemical Indonesia.

(Note5) The MCG Group had reclassified advances of ¥15,530 million yen already received at the end of the previous fiscal year related to COVID-19 vaccine supplies in the Health Care segment from contract liabilities in other liabilities to other liabilities in the same line item, as requirements for recognition as contract liabilities were no longer met. However, the MCG Group recorded other operating incomes in the fiscal year ended March 31, 2024. That is because there is no more need to refund liabilities under other liabilities in view of an agreement with a counterparty to terminate a contract in the first quarter of the fiscal year ended March 31, 2024.

(Per Share Information)

The bases for calculating basic and diluted earnings per share attributable to owners of the parent were as follows:

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
		(Millions of yen)
Net income attributable to owners of the parent	96,461	119,596
Adjustment	173	169
Net income used to calculate diluted earnings per share	96,634	119,765
		(Thousands of shares)
Average number of ordinary shares during period	1,421,783	1,422,496
Impact of potentially dilutive ordinary shares		
Convertible bond-type bonds with subscription rights to shares	64,020	59,572
Subscription rights to shares	1,106	728
Average number of diluted ordinary shares during period	1,486,909	1,482,796
		(Yen)
Basic earnings per share attributable to owners of the parent	67.85	84.07
Diluted earnings per share attributable to owners of the parent	64.99	80.77

Notes:

In the calculation of basic and diluted net income per share attributable to owners of the parent, the Company stocks held by Board Incentive Plan trust are included in shares of treasury stock deducted in calculating the average number of shares during the period.

(Material Subsequent Events)

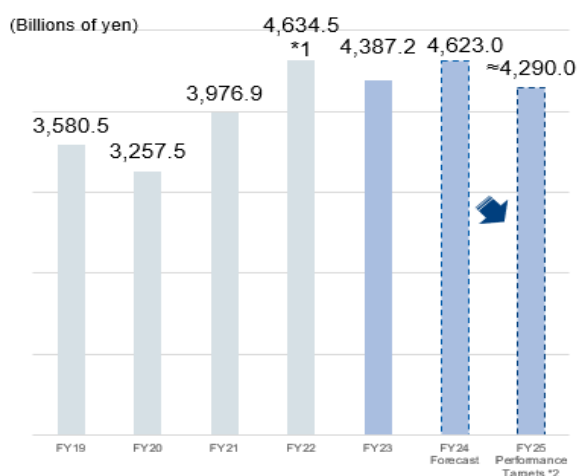
Not applicable

Supplemental materials for the Fiscal Year Ended March 31, 2024

【Trends in Management Indicators】

Trends in Sales Revenue, Core Operating Income and EBITDA

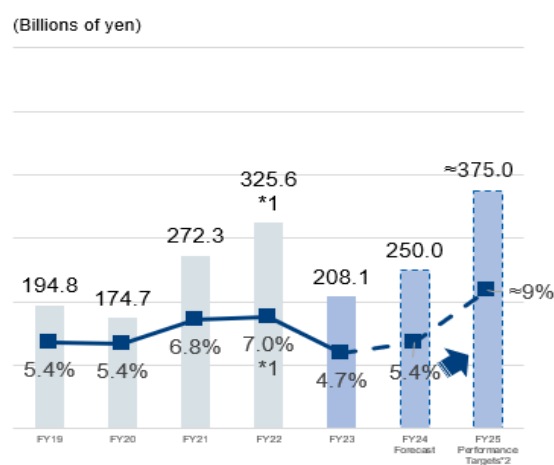
Sales Revenue



*1 Sales Revenue is 4,508.6 billions of yen after deduction of an amount related to the result of the Gilenya arbitration award.

*2 Petrochemicals 100% owner case

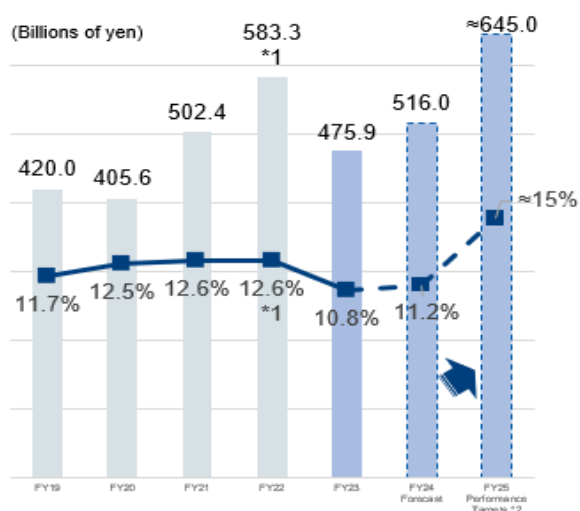
Core Operating Income · Ratio of Core Operating Income to Sales Revenue



*1 Core Operating Income is 199.7 billions of yen after deduction of an amount related to the result of the Gilenya arbitration award and Ratio of Core Operating Income to Sales Revenue is 4.4%.

*2 Petrochemicals 100% owner case

EBITDA · EBITDA margin

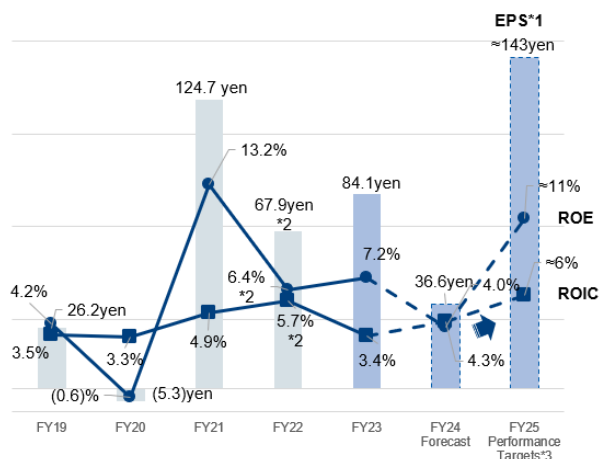


*1 EBITDA is 457.4 billions of yen after deduction of an amount related to the result of the Gilenya arbitration award and EBITDA margin is 10.1%.

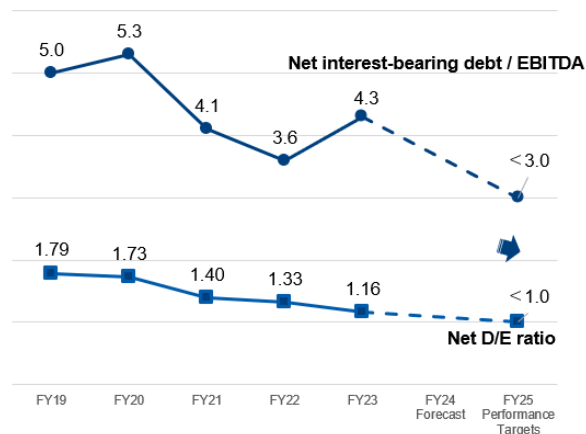
*2 Petrochemicals 100% owner case

Trends in Indicators for Profitability and Stability

EPS · ROIC · ROE



Net interest-bearing debt / EBITDA · Net D/E ratio



*1 EPS calculation excludes the profit of discontinued operations.

*2 EPS is 4.9 yen after deduction of an amount related to the result of the Gilenya arbitration award, ROIC is 3.6% and ROE is 0.5%.

*3 Petrochemicals 100% owner case

Calculation formula of indicators

Indicators	Calculation formula
EBITDA	Core Operating Income – Share of profit of associates and joint ventures (included in Core Operating Income) + Depreciation / Amortization
ROIC	NOPAT(*1) / Invested Capital (averages of beginning and end of fiscal years) (*2) (*1) NOPAT = (Core Operating Income - Share of profit of associates and joint ventures (included in Core Operating Income) X (1 - Tax rate) + Share of profit of associates and joint ventures (included in Core Operating Income) + Dividend Income (*2) Invested Capital = Total Equity + Interest-bearing debt
ROE	Net income attributable to owners of the parent / Equity attributable to owners of the parents (averages of beginning and end of fiscal years)
Net D/E ratio	Net interest-bearing debt(*3) / Equity attributable to owners of the parent (*3) Net interest-bearing debt = Interest-bearing debt – (cash and cash equivalents + cash reserves(*4)) (*4) Cash reserves comprise certificates of deposits, securities, and other instruments other than cash equivalents that the Group holds to manage surplus funds.