

Summary of Consolidated Financial Results for FY2023



May 15, 2024
Mitsui Chemicals, Inc.

1. Summary of Operating Results

(Unit : Billions of Yen)

	FY2022	FY2023	Incr. (Decr.)	Outlook for FY2024	
				Interim	Full year
Sales revenue	1,879.5	1,749.7	(129.8)	890.0	1,850.0
Operating income before special items	113.9	96.2	(17.7)	52.0	125.0
Operating income	129.0	74.1	(54.9)	46.0	113.0
Net income	90.1	53.8	(36.3)	33.5	83.0
Net income attributable to owners of the parent	82.9	50.0	(32.9)	29.0	73.0

2. Sales Revenue and Operating Income before Special Items by Business Segment

· Sales revenue (Unit : Billions of Yen)

	FY2022	FY2023	Incr. (Decr.)	Breakdown	
				Volume	Price
Life & Healthcare Solutions	258.2	271.7	13.5	4.8	8.7
Mobility Solutions	521.6	544.0	22.4	29.1	(6.7)
ICT Solutions	235.7	237.5	1.8	(7.6)	9.4
Basic & Green Materials	849.0	681.8	(167.2)	(146.7)	(20.5)
Others	15.0	14.7	(0.3)	-	(0.3)
Total	1,879.5	1,749.7	(129.8)	(120.4)	(9.4)

· Operating income before special items (Unit : Billions of Yen)

	FY2022	FY2023	Incr. (Decr.)	Breakdown		
				Volume	Price ※	Fixed Costs etc.
Life & Healthcare Solutions	29.2	30.0	0.8	(3.7)	5.8	(1.3)
Mobility Solutions	49.3	57.7	8.4	5.4	9.6	(6.6)
ICT Solutions	23.8	22.4	(1.4)	(2.0)	6.9	(6.3)
Basic & Green Materials	17.8	(10.3)	(28.1)	(12.6)	(8.9)	(6.6)
Others	(2.8)	(1.7)	1.1	-	-	1.1
Adjustment	(3.4)	(1.9)	1.5	-	-	1.5
Total	113.9	96.2	(17.7)	(12.9)	13.4	(18.2)

※Price includes both selling and purchasing price variances.

3. Summary of Statement of Financial Position

(Unit : Billions of Yen)

	Assets			Liabilities and Equity			
	As of Mar. 31, 2023	As of Mar. 31, 2024	Incr. (Decr.)	As of Mar. 31, 2023	As of Mar. 31, 2024	Incr. (Decr.)	
Current assets	1,094.3	1,150.6	56.3	Interest-bearing liabilities	794.7	811.5	16.8
Property, plant and equipment & right-of-use assets	600.9	652.1	51.2	Other liabilities	390.2	419.5	29.3
Goodwill and intangible assets	67.5	76.4	8.9	Equity attributable to owners of the parent	786.8	862.9	76.1
Other non-current assets	305.5	336.7	31.2	Non-controlling interests	96.5	121.9	25.4
Total assets	2,068.2	2,215.8	147.6	Total liabilities and equity	2,068.2	2,215.8	147.6
[Inventories]	441.9	451.1	9.2	[Net D/E Ratio]	0.77	0.69	(0.08)

4. Summary of Statement of Cash Flows

(Unit : Billions of Yen)

	FY2022	FY2023	Incr. (Decr.)	Outlook for FY2024	
				Interim	Full year
Cash flows from operating activities	101.2	161.3	60.1	56.0	180.0
Cash flows from investing activities	(106.3)	(123.9)	(17.6)	(70.0)	(205.0)
Free cash flows	(5.1)	37.4	42.5	(14.0)	(25.0)
Cash flows from financing activities	2.5	(26.0)	(28.5)	18.0	30.0
Others	7.7	12.6	4.9	0.0	0.0
Net incr.(decr.) in cash and cash equivalents	5.1	24.0	18.9	4.0	5.0
Cash and cash equivalents at the end of period	186.3	210.3	24.0		

5. Accounting Fundamentals

		FY2022	FY2023	Incr. (Decr.)	Outlook for FY2024	
					Interim	Full year
R & D expenses	¥ Billions	43.0	44.7	1.7	23.0	47.0
Depreciation & amortization	¥ Billions	92.1	95.2	3.1	51.0	102.0
Capital expenditures	¥ Billions	168.0	185.7	17.7	77.0	175.0
Financing incomes & expenses	¥ Billions	(11.7)	(0.8)	10.9	(3.0)	(6.0)
Interest-bearing liabilities	¥ Billions	794.7	811.5	16.8	849.0	876.0
Net D/E Ratio	percentage	0.77	0.69	(0.08)	0.73	0.73
Number of employees	person	18,933	19,861	928	18,200	18,200
Exchange rate	Yen / US\$	135	145	10	145	145
Domestic standard naphtha price	Yen / KL	76,600	69,100	(7,500)	75,000	75,000

6. Scope of Consolidation and Equity Method

	FY2022	FY2023	Incr. (Decr.)	Outlook for FY2024	
				Interim	Full year
Consolidated subsidiaries	134	133	(1)	128	128
Joint operations	4	4	—	4	4
Non-consolidated subsidiaries and affiliates	27	26	(1)	25	25
Total	165	163	(2)	157	157

7. Sales Revenue and Operating Income before Special Items by Business Segment (by business segment after change)

· Sales revenue

	FY2023		Outlook for FY2024	
	Interim	Full year	Interim	Full year
Life & Healthcare Solutions	119.1	271.7	137.0	296.0
Mobility Solutions	261.3	544.0	278.0	577.0
ICT Solutions	124.9	259.4	116.0	247.0
Basic & Green Materials	310.6	659.9	352.0	716.0
Others	7.8	14.7	7.0	14.0
Total	823.7	1,749.7	890.0	1,850.0

(Unit : Billions of Yen)

· Operating income before special items

	FY2023		Outlook for FY2024	
	Interim	Full year	Interim	Full year
Life & Healthcare Solutions	11.2	30.0	16.0	36.0
Mobility Solutions	26.9	57.7	28.0	60.0
ICT Solutions	12.9	23.6	13.0	30.0
Basic & Green Materials	(8.7)	(11.6)	(3.0)	4.0
Others	(0.5)	(1.7)	(0.5)	(2.0)
Adjustment	0.2	(1.8)	(1.5)	(3.0)
Total	42.0	96.2	52.0	125.0

(Unit : Billions of Yen)

※Changes in Reported Segments Classification Methods

In accordance with the organizational reform implemented on April 1, 2024, we have revised the segments to which Honshu Chemical Industry Co., Ltd. and certain other consolidated subsidiaries and equity method affiliates belong.

Additionally, the segments for the current fiscal year are disclosed based on the reportable segment classifications after the revisions.

8. Dividends

	Annual Dividends per Share (yen)				
	1st Q	Interim (2nd Q)	3rd Q	Year-end (4th Q)	Annual Total
FY2023 Result	—	70.00	—	70.00	140.00
FY2024 Forecast	—	75.00	—	75.00	150.00

9. Number of Shares Outstanding (common stock)

	FY2022	FY2023
Number of shares outstanding at term-end (including treasury stock)	200,763,815	200,843,815
Number of shares of treasury stock at term-end	10,697,729	10,709,181
Average number of shares	192,349,712	190,120,582

1. Operating Results

(1) Overview

In the fiscal period under review (the twelve-month period from April 1, 2023 to March 31, 2024, hereinafter the "fiscal 2023"), economic recovery continued worldwide, particularly in the service industry, which includes such businesses as restaurants and lodging. Meanwhile, the pace of recovery in manufacturing industries has slowed amid weak global demand and moves to tighten monetary policy.

In Japan as well, economic activity has continued to recover. However, the economy was showing a period of stagnation due to a rise in the cost of living and a slowdown in overseas demand.

In the domestic chemical industry, domestic naphtha cracker operating rates remained weak due to slowing demand for downstream products.

Under these circumstances, the Mitsui Chemicals Group (hereinafter "the Group") worked for business expansion and growth in three business domains—Life & Healthcare Solutions, Mobility Solutions, and ICT Solutions—while also creating and developing the next-generation business domain and further enhancing competitiveness in the area of Basic & Green Materials.

In Life & Healthcare Solutions, amid declining birthrates and aging populations in advanced countries and growing economies and increasing populations in emerging markets, people are growing ever more concerned about improving their quality of life (QOL) as well as social issues, such as food resource shortages. In vision care materials, an area in which we boast the world-leading market share, we increased the production capacity of the Omuta Works and begun operations in January 2024 in response to the expanding high refractive index lens market, which continues to grow worldwide due to increasing demand for high-performance products in Asia and demand related to switching over from polycarbonate materials in North America. We are also moving forward with our next expansion plan. In the nonwoven fabrics business, Mitsui Chemicals, Inc. (hereinafter "the Company") and Asahi Kasei Corporation (hereinafter "Asahi Kasei") established Mitsui Chemicals Asahi Life Materials Co., Ltd. through a joint incorporation-type split. By combining the technologies and know-how that the Company and Asahi Kasei have cultivated over the years, we aim to maximize synergies and become a world-leading company in the nonwoven fabrics business.

In Mobility Solutions, there has been diversified needs for lighter, more comfortable vehicles in the automotive industry in addition to a shift toward electric cars and an increased need for improved fuel economy. In polypropylene compounds, which have a high global share and contribute to the weight reduction of automobiles, our subsidiary Advanced Composites, Inc. is working to meet the growing environmental needs by creating recycled compounds that contain 30%-50% post-consumer materials, and it has been decided that such materials will be adopted by automobile manufacturers. In addition, in the solutions business, which provides new solutions that combine materials and services, we have begun providing mass-produced parts for the next-generation EV drive system "E-Axle". For the drive system, the development period, which normally takes 3 to 5 years, was shortened to 1 year by simultaneously carrying out each development process, from design, prototyping, and analysis to evaluation, within our group, an undertaking that had previously been carried out by the customer.

In ICT Solutions, in line with the advance of global digitalization such as high-speed telecommunications and the development of AI, the importance of evolution is increasing in the information, communication and technology (ICT) field regarding Beyond 5G and AI, which support safe and comfortable infrastructure and a sustainable global environment. In the semiconductor-related market, which is expected to expand over the medium to long term for continued technological innovation, we have decided to split off the ICT business of our subsidiary Mitsui Chemicals Tohcello, Inc. (hereinafter "MCTI") and newly establish Mitsui

Chemicals ICT Materia, Inc., in order to further pursue synergies and speed up decision-making as a group. Additionally, MCTI merged its package solutions (hereinafter "PS") business with SunTox Co., Ltd., a joint venture between Rengo Co., Ltd. (hereinafter "Rengo") and Tokuyama Corporation, with MCTI as the surviving integrated company (changed its trade name to "RM TOHCELLO CO., LTD" as of April 1, 2024) handling the PS business. As a shareholder, we will continue to be involved in managing RM TOHCELLO. Furthermore, in order to further strengthen development in the ICT field, we have decided to open an ICT research building within our Nagoya Works.

In Basic & Green Materials, for the existing basic materials domain, which is centered on petrochemicals and basic chemicals, we have been restructuring our business and expanding the markets for highly functional and niche products by enhancing downstream businesses while reducing business volatility. We will continue to promote further restructuring to stabilize earnings. In October 2024, we will shut down the polyethylene terephthalate (PET) plant at our Iwakuni-Ohtake Works, which has been operating at low productivity due to increased imports of inexpensive overseas products and increased demand for recycled PET bottles. Also, as it has become difficult to secure profits due to a significant oversupply as new facilities started operation in Asia, mainly China, and a reduction in domestic demand, we have decided to shut down the phenol plant at our Ichihara Works by fiscal 2026 at the latest. Additionally in Chiba, we have reached an agreement with Idemitsu Kosan Co., Ltd. to consider production optimization by aggregating ethylene equipment. In addition, in order to achieve carbon neutrality, we have formulated "Osaka Works Carbon Neutrality Concept," which is a package of technologies that can be realized around 2030, and includes such processes as switching raw materials and fuels for naphtha crackers and utilizing and storing CO₂, modeled after our Osaka Works. We will proceed with specifics in the future.

The Group reported the following operating results for fiscal 2023 as follows. The Group employs operating income before special items (excluding non-recurring items) as a management indicator.

(Billions of Yen)

	Sales Revenue	Operating Income before Special Items	Operating Income	Net Income Attributable to Owners of the Parent
Fiscal 2023	1,749.7	96.2	74.1	50.0
Previous fiscal year	1,879.5	113.9	129.0	82.9
Difference	(129.8)	(17.7)	(54.9)	(32.9)
Difference (%)	(6.9)	(15.5)	(42.5)	(39.7)

Sales revenue decreased 129.8 billion yen, or 6.9%, compared with the previous fiscal year to 1,749.7 billion yen. This was mainly attributable to a decrease in sales volume due to weak demand and the sale of subsidiaries.

Operating income before special items was 96.2 billion yen, a decrease of 17.7 billion yen, or 15.5%, year on year. This result was due to lower sales volume, which was reflected by weak demand, and a decrease in share of profit of investments accounted for using equity method.

Operating income was 74.1 billion yen, a decrease of 54.9 billion yen, or 42.5%, year on year. This result was due to the decrease in operating income before special items and the gain on sale of shares of subsidiaries recorded in the previous fiscal year.

Financial income/expenses improved 10.9 billion yen year on year to loss of 0.8 billion yen.

As a result of the aforementioned factors, **income before income taxes** amounted to 73.3 billion yen, a decrease of 44.0 billion yen, or 37.5%, year on year.

Net income attributable to owners of the parent after accounting for income taxes and non-controlling interests was 50.0 billion yen, a decrease of 32.9 billion yen, or 39.7%, compared with the previous fiscal year. Basic earnings per share for the period amounted to 262.99 yen.

(2) Results by Business Segment

The status of each segment during fiscal 2023 is as follows.

Life & Healthcare Solutions

Sales revenue increased 13.5 billion yen compared with the previous fiscal year to 271.7 billion yen and comprised 15% of total sales. Operating income before special items increased 0.8 billion yen to 30.0 billion yen year on year. The increase in income was mainly due to healthy overseas sales in agrochemicals despite weak sales mainly in vision care materials and nonwovens.

In **vision care materials**, sales remained weak for ophthalmic lens materials due to inventory adjustments by customers during the first half.

In **oral care materials**, sales remained same level as the previous fiscal year.

In **agrochemicals**, overseas sales were healthy.

In **nonwovens**, sales remained weak due to slowing demand.

Mobility Solutions

Sales revenue increased 22.4 billion yen year on year to 544.0 billion yen and comprised 31% of total sales. Operating income before special items increased 8.4 billion yen to 57.7 billion yen, mainly due to an increase in sales volume and improved terms of trade.

In **elastomers**, sales increased, and terms of trade improved due to sales price revisions and favorable foreign exchange conditions.

In **polypropylene compounds**, sales increased due to a recovery of production volume in the automotive industry.

In **solutions business**, orders for the development of prototypes increased.

ICT Solutions

Sales revenue increased 1.8 billion yen compared with the previous fiscal year to 237.5 billion yen and comprised 14% of total sales. On the other hand, operating income before special items decreased 1.4 billion yen to 22.4 billion yen year on year. This was mainly affected by delayed recovery in the semiconductor market, although terms of trade were improved by favorable foreign exchange conditions.

In **semiconductor & optical materials**, sales decreased due to delayed recovery in the semiconductor market.

In **coatings & engineering materials** and **Industrial films & sheets**, terms of trade improved due to sales price revisions and favorable foreign exchange conditions.

Basic & Green Materials

Sales revenue decreased 167.2 billion yen compared with the previous fiscal year to 681.8 billion yen and accounted for 39% of total sales. Operating income before special items decreased 28.1 billion yen, resulting in a 10.3 billion yen loss. This was attributable to a decrease in sales volume due to slowing demand and a decline in inventory valuation gain.

Sales of **polyolefin** and **phenols** decreased compared with the previous fiscal year due to slowing demand. **Naphtha cracker** operating rates remained at a low level due to slowing demand for downstream products.

Others

Sales revenue decreased 0.3 billion yen to 14.7 billion yen and comprised 1% of total sales. On the other hand, operating loss before special items improved 1.1 billion yen compared with the previous fiscal year to a loss of 1.7 billion yen.

2. Financial Position

(1) Status of Assets, Liabilities and Net Assets

Total assets at the end of fiscal year stood at 2,215.8 billion yen, an increase of 147.6 billion yen compared with the previous fiscal year-end.

Total liabilities at the end of fiscal year increased 46.1 billion yen compared with the previous fiscal year-end to 1,231.0 billion yen. **Interest-bearing debt** amounted to 811.5 billion yen, an increase of 16.8 billion yen compared with the previous fiscal year-end. As a result, the interest-bearing debt ratio was 36.6%, a decrease of 1.8 percentage point.

Total equity was 984.8 billion yen, an increase of 101.5 billion yen compared with the previous fiscal year-end. The **ratio of equity attributable to owners of the parent** was 38.9%, an increase of 0.9 percentage point.

Accounting for the aforementioned factors, the **net debt-equity ratio** stood at 0.69 at the end of the fiscal year, a 0.08-percentage point decrease from the previous fiscal year-end.

(2) Cash Flow Status

Cash and cash equivalents (hereinafter "net cash") at the end of the fiscal year increased 24.0 billion yen to 210.3 billion yen compared with the previous fiscal year-end.

Cash Flows from Operating Activities

Net cash provided by operating activities increased 60.1 billion yen to 161.3 billion yen, due to a decrease in working capital, despite lower income before income taxes.

Cash Flows from Investing Activities

Net cash used in investing activities increased 17.6 billion yen to 123.9 billion yen, compared with the previous fiscal year, due primarily to an increase in cash outflows from capital expenditure.

Cash Flows from Financing Activities

Net cash used in financing activities was 26.0 billion yen, compared with 2.5 billion yen in income in the previous fiscal year, due primarily to dividend payments.

(3) Trends in Cash Flow Indicators

	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Shareholders' Equity Ratio (%)	34.6	39.0	36.8	38.0	38.9
Shareholders' Equity Ratio on a Market Value Basis (%)	25.6	44.0	30.9	31.3	37.2
Ratio of Interest-bearing Debt to Cash Flows	4.2	3.2	7.7	7.8	5.0
Interest Coverage Ratio (Times)	25.5	37.1	23.3	17.2	21.6

Notes:

- Shareholders' Equity Ratio: Shareholders' equity to total assets.
- Shareholders' Equity Ratio on a Market Value Basis: Market capitalization to total assets.
- Ratio of Interest-bearing Debt to Cash Flows: Interest-bearing debt to cash flows.
- Interest Coverage Ratio: Cash flows to interest paid.
- Each of the indicators was calculated using consolidated financial figures.
- The market capitalization was calculated by multiplying the closing share price as of the end of the period with the number of shares outstanding (excluding treasury stock).
- Operating cash flow figures have been used for cash flow calculations.
- Interest-bearing debt is the portion of total debt booked on the consolidated statement of financial position on which interest is being paid. Interest paid is the amount of interest paid as reported in the consolidated statements of cash flows.

3. Outlook for Fiscal 2024 (Year Ending March 31, 2025)

(1) Overall of Financial Outlook for Fiscal 2024

In fiscal 2024, although there are concerns that the recovery will slow down due to factors such as the stagnation of the Chinese economy, geopolitical risks and continuous adjustments in the monetary policy, the global economy is expected to continue to recover.

In Japan, although there is a risk of economic downturn due to exchange rate fluctuations, price increases and a slowdown in overseas demand, the Japanese economy will continue to recover.

In the chemical industry, although there are concerns about the effects of exchange rate fluctuations, rising prices and a slowdown in overseas demand, demand is expected to expand as the economy recovers.

Under these conditions, the Group forecasts its business performance and earnings growth for fiscal 2024 as follows.

(Billions of Yen)

	Sales Revenue	Operating Income before Special Items	Operating Income	Net Income	Net Income Attributable to Owners of the Parent
Fiscal 2024	1,850.0	125.0	113.0	83.0	73.0
Fiscal 2023	1,749.7	96.2	74.1	53.8	50.0
Difference	100.3	28.8	38.9	29.2	23.0
Difference (%)	5.7	29.9	52.4	54.3	46.0

The above outlook is based on the following assumptions:

- a) Exchange rate for the full year is 145 yen/US\$
- b) Average price of domestic naphtha is 75,000 yen/kl
- c) "Operating income before special items" is operating income excluding non-recurring items.

(2) Outlook by FY2024 Business Segment

Outlook by FY2024 business segment is as follows.

In accordance with the organizational reform implemented on April 1, 2024, we have revised the segments to which Honshu Chemical Industry Co., Ltd. and certain other consolidated subsidiaries and equity method affiliates belong.

Additionally, the segments for the current fiscal year are disclosed based on the reportable segment classifications after the revisions.

(Billions of Yen)

	Sales Revenue						
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Others	Adjustment	Total
Fiscal 2024	296.0	577.0	247.0	716.0	14.0	-	1,850.0
Fiscal 2023	271.7	544.0	259.4	659.9	14.7	-	1,749.7
Difference	24.3	33.0	(12.4)	56.1	(0.7)	-	100.3
Difference (%)	8.9	6.1	(4.8)	8.5	(4.8)	-	5.7

(Billions of Yen)

	Operating Income before Special Items						
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Others	Adjustment	Total
Fiscal 2024	36.0	60.0	30.0	4.0	(2.0)	(3.0)	125.0
Fiscal 2023	30.0	57.7	23.6	(11.6)	(1.7)	(1.8)	96.2
Difference	6.0	2.3	6.4	15.6	(0.3)	(1.2)	28.8
Difference (%)	20.0	4.0	27.1	-	-	-	29.9

4. Basic Policy on the Appropriation of Profits, Cash Dividends for Fiscal 2023 and 2024 (Year Ending March 31, 2024 and March 31, 2025)

(1) Basic Policy on the Appropriation of Profits

The Company is committed to enhancing shareholder returns through the stable and continuous dividends and agile and flexible acquisition of the Company's own shares, while taking business performance into account.

Specifically, the Company will aim to achieve a steady 3.0% or higher for dividends on equity (DOE) (Note 1) and a total return ratio (Note 2) of 30% or more.

Note 1: Dividends on equity = dividends paid / total equity attributable to owners of the parent

Note 2: Total return ratio = (dividends paid + treasury stock acquired) / net income attributable to owners of the parent

(2) Cash Dividends for Fiscal 2023 and 2024

Considering the recent business conditions, the Company plans to pay a year-end dividend of 70 yen per share in current fiscal year.

Because a 70 yen interim dividend was already paid out on December 4, 2023, dividends for the full fiscal year will total 140 yen per share, dividends on equity will be 3.2% and total return ratio will be 53.2%.

Turning to dividends for the fiscal year ending March 31, 2025, the Company plans to pay an interim dividend of 75 yen and a year-end dividend of 75 yen, totaling 150 yen per share for the full year.

5. Concept for Selection of Accounting Standard

Based on the Group's development of global business activities, the Group voluntarily adopted IFRS from fiscal 2020 for the purposes of improving the international comparability of financial information in capital markets and enhancing its business management by unifying accounting standard across the Group.

6. Consolidated Statements of Financial Position

	Millions of yen	
	FY2022	FY2023
	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	186,310	210,292
Trade receivables	352,181	365,896
Inventories	441,949	451,075
Other financial assets	76,409	39,218
Other current assets	37,437	37,230
Total	1,094,286	1,103,711
Assets held for sale	—	46,868
Total current assets	1,094,286	1,150,579
Non-current assets		
Property, plant and equipment	553,332	605,789
Right-of-use assets	47,555	46,309
Goodwill	19,338	21,169
Intangible assets	48,137	55,241
Investment property	21,713	21,667
Investments accounted for using equity method	148,892	155,924
Other financial assets	58,518	61,669
Retirement benefit assets	61,036	82,777
Deferred tax assets	10,270	5,039
Other non-current assets	5,126	9,656
Total non-current assets	973,917	1,065,240
Total assets	2,068,203	2,215,819

	Millions of yen	
	FY2022	FY2023
	As of	As of
	March 31, 2023	March 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	164,267	179,947
Bonds and borrowings	368,463	324,088
Income taxes payable	7,416	4,038
Other financial liabilities	112,933	109,774
Provisions	2,349	1,267
Other current liabilities	40,016	42,103
Total	695,444	661,217
Liabilities directly associated with assets held for sale	—	15,362
Total current liabilities	695,444	676,579
Non-current liabilities		
Bonds and borrowings	369,786	432,670
Other financial liabilities	57,174	54,149
Retirement benefit liabilities	20,242	17,882
Provisions	6,101	6,845
Deferred tax liabilities	35,162	42,136
Other non-current liabilities	991	752
Total non-current liabilities	489,456	554,434
Total liabilities	1,184,900	1,231,013
Equity		
Share capital	125,572	125,738
Capital surplus	57,778	55,027
Treasury stock	(32,704)	(32,751)
Retained earnings	575,125	617,400
Other components of equity	61,056	97,437
Total equity attributable to owners of the parent	786,827	862,851
Non-controlling interests	96,476	121,955
Total equity	883,303	984,806
Total liabilities and equity	2,068,203	2,215,819

7. Consolidated Statements of Income Statements and Consolidated Statements of Comprehensive Income Statements

(Consolidated Income Statements)

	Millions of yen	
	FY2022 April 1, 2022 to March 31, 2023	FY2023 April 1, 2023 to March 31, 2024
Sales revenue	1,879,547	1,749,743
Cost of sales	(1,498,054)	(1,378,946)
Gross profit	381,493	370,797
Selling, general and administrative expenses	(284,589)	(282,657)
Other operating income	28,325	6,422
Other operating expenses	(17,924)	(32,740)
Share of profit of investments accounted for using equity method	21,693	12,302
Operating income	128,998	74,124
Financial income	5,678	13,870
Financial expenses	(17,398)	(14,663)
Income before income taxes	117,278	73,331
Income tax expense	(27,140)	(19,556)
Net income	90,138	53,775
Net income attributable to:		
Owners of parent	82,936	49,999
Non-controlling interests	7,202	3,776
Net income	90,138	53,775
Earnings per share		
Basic earnings per share (Yen)	431.17	262.99

(Consolidated Statements of Comprehensive Income)

	Millions of yen	
	FY2022 April 1, 2022 to March 31, 2023	FY2023 April 1, 2023 to March 31, 2024
Net income	90,138	53,775
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	4,186	5,199
Remeasurements of defined benefit plans	901	17,421
Share of other comprehensive income of investments accounted for using equity method	14	500
Total of items that will not be reclassified to profit or loss	5,101	23,120
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	17,879	30,492
Effective portion of net change in fair value of cash flow hedges	160	70
Share of other comprehensive income of investments accounted for using equity method	4,790	3,974
Total of items that may be reclassified to profit or loss	22,829	34,536
Total other comprehensive income, net of tax	27,930	57,656
Comprehensive income	118,068	111,431
Comprehensive income attributable to:		
Owners of parent	108,036	103,370
Non-controlling interests	10,032	8,061
Comprehensive income	118,068	111,431

8. Consolidated Statements of Cash Flows

	Millions of yen	
	FY2022	FY2023
	April 1, 2022 to March 31, 2023	April 1, 2023 to March 31, 2024
Net cash provided by (used in) operating activities		
Income before income taxes	117,278	73,331
Depreciation and amortization	92,080	95,249
Impairment loss	7,455	24,156
Gain on negative goodwill	—	(939)
Insurance income	(2,083)	(798)
Interest and dividend income	(5,011)	(6,312)
Interest expenses	5,813	7,259
Share of loss (profit) of investments accounted for using equity method	(21,693)	(12,302)
Decrease (increase) in trade receivables	21,409	(19,224)
Decrease (increase) in inventories	(68,718)	(730)
Increase (decrease) in trade payables	(11,019)	10,404
Other	(10,000)	4,217
Subtotal	125,511	174,311
Interest and dividends received	13,930	16,983
Proceeds from insurance income	2,083	798
Interest paid	(5,889)	(7,454)
Income taxes refund (paid)	(34,394)	(23,299)
Net cash provided by (used in) operating activities	101,241	161,339
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(132,347)	(144,068)
Proceeds from sale of property, plant and equipment	490	526
Purchase of intangible assets	(5,514)	(9,923)
Proceeds from sale of intangible assets	8	14
Purchase of investment securities	(2,378)	(2,091)
Proceeds from sale and redemption of investment securities	1,149	1,053
Proceeds from a paid-in capital reduction of investment securities	37,320	—
Payments for acquisition of subsidiaries	(3,706)	(342)
Proceeds from acquisition of subsidiaries	—	2,416
Payments for sale of subsidiaries	(6,311)	—
Proceeds from sale of subsidiaries	—	38,732
Payments for acquisition of businesses	—	(7,364)
Purchase of equity accounted investments	(12)	(1)
Proceeds from sale of equity accounted investments	4,426	—
Other	535	(2,891)
Net cash provided by (used in) investing activities	(106,340)	(123,939)

	Millions of yen	
	FY2022	FY2023
	April 1, 2022 to March 31, 2023	April 1, 2023 to March 31, 2024
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term borrowings	4,064	(41,678)
Increase(decrease) in commercial papers	20,000	3,000
Proceeds from long-term borrowings	79,352	70,830
Repayments of long-term borrowings	(48,759)	(44,188)
Proceeds from issuance of bonds	15,000	26,000
Redemption of bonds	(284)	(296)
Repayments of lease liabilities	(9,810)	(8,961)
Proceeds from sale of treasury stock	5	3
Purchase of treasury stock	(10,023)	(49)
Dividends paid	(24,161)	(24,714)
Capital contribution from non-controlling interests	10	10
Dividends paid to non-controlling interests	(7,253)	(5,973)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(15,599)	—
Net cash provided by (used in) financing activities	2,542	(26,016)
Effect of exchange rate change on cash and cash equivalents	7,715	12,598
Net increase (decrease) in cash and cash equivalents	5,158	23,982
Cash and cash equivalents at beginning of period	181,152	186,310
Cash and cash equivalents at end of period	186,310	210,292

9. Changes in accounting policies

The Group has adopted the following new accounting standards and interpretations from the fiscal 2023.

IFRS	Description of new standards and amendments
IAS1 Presentation of Financial Statements	Amendments requiring companies to disclose their material accounting policy information rather than their significant accounting policies

The Group has reviewed material accounting policy judgments based on the revised standards. The adoption of the above standard does not have a material impact on the consolidated financial statements for the fiscal 2023.

10. Segment Information

(1) Overview of Reportable Segments

The Group's business segments are components of the Group for which separate financial information is available and that are regularly reviewed by the Board of Directors (chief operating decision maker) to make decisions about management resources to be allocated to the segments and assess their performance.

The Group positions business sector distinguished by their products and services within its headquarters. Each business sector proposes comprehensive domestic and overseas strategies in addition to pursuing business expansion in its respective product and service area.

Comprehensively considering similarities such as the details of products and services and target markets, the four reportable segments (distinguished by products and services) that comprise the Group's operations without aggregating the business segments are: Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, and Basic & Green Materials. Business segments, which are not included in the reportable segments, are classified into "Others."

Major products manufactured and sold by business segments are as follows:

Segments	Major Products and Businesses
Life & Healthcare Solutions	Vision care materials, nonwoven fabrics, oral care materials, personal care materials and, agrochemicals
Mobility Solutions	Elastomers, performance compounds, polypropylene compounds and, comprehensive services regarding to the development of automotive and industrial products (Solution business)
ICT Solutions	Materials and components for semiconductor and electronic component manufacturing processes, optical materials, lithium-ion battery materials, next-generation battery materials and, high-performance food packaging materials
Basic & Green Materials	Ethylene, propylene, polyethylene, polypropylene, catalysts, phenols, PTA, PET, polyurethane materials and, industrial chemical products
Others	Other related businesses, etc.

(2) Methods to Determine Sales Revenue, Income or Loss, Assets, and Others by Reportable Business Segment

Income by reportable business segment is stated on a basis of operating income before special items, which is operating income excluding non-recurring items. Intersegment transaction pricing and transfer pricing are negotiated and determined based on prevailing market prices.

(3) Information concerning Sales Revenue, Income or Loss, Assets, and Others by Reportable Business Segment

The previous fiscal year (April 1, 2022 – March 31, 2023)

(Millions of yen)

	Reportable Segment					Others (Note 1)	Adjustment (Note 2)	Consolidated
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Total			
Sales revenue								
1) To external customers	258,226	521,574	235,681	848,976	1,864,457	15,090	-	1,879,547
2) Intersegment	3,540	3,114	6,845	131,566	145,065	85,883	(230,948)	-
Total	261,766	524,688	242,526	980,542	2,009,522	100,973	(230,948)	1,879,547
Segment income (Operating income before special items)	29,214	49,268	23,789	17,818	120,089	(2,804)	(3,382)	113,903
Segment assets	413,515	447,435	295,598	719,258	1,875,806	94,322	98,075	2,068,203
Other items								
Depreciation and amortization	14,975	20,667	15,276	33,231	84,149	7,993	(62)	92,080
Share of profit of investments accounted for using equity method	1,264	3,598	5,263	10,975	21,100	617	(24)	21,693
Impairment loss	7	2,928	3	4,517	7,455	-	-	7,455
Investments accounted for using equity method	28,205	13,727	19,903	83,663	145,498	3,457	(63)	148,892
Capital expenditures (Note 3)	32,582	35,759	31,169	59,733	159,243	8,417	342	168,002

- Notes:
1. "Others" encompasses business segments not included in the reportable segments and includes other related businesses, etc.
 2. The negative 3,382 million yen in adjustments to segment income includes corporate profit (loss) of negative 3,725 million yen not allocated to reportable segments and 343 million yen elimination of intersegment transactions. Corporate profit (loss) mainly comprise general & administrative expenses and R&D expenses for new business which are usually not attributed to segments and, allocation difference of general & administrative expenses to be borne by segments. The 98,075 million yen in adjustments to segment assets includes corporate assets of 171,789 million yen not allocated to reportable segments and a negative 73,714 million yen elimination of intersegment transactions. Corporate assets are mainly attributed to the Company's surplus management funds (cash and deposits), long-term investment funds (investment securities), deferred tax assets and administrative departments.
 3. Capital expenditure includes property, plant and equipment, intangible assets and investment property etc.

The fiscal year under review (April 1, 2023 – March 31, 2024)

(Millions of yen)

	Reportable Segment					Others (Note 1)	Adjustment (Note 2)	Consolidated
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Total			
Sales revenue								
1) To external customers	271,702	543,978	237,497	681,781	1,734,958	14,785	-	1,749,743
2) Intersegment	3,990	3,670	6,265	109,209	123,134	73,698	(196,832)	-
Total	275,692	547,648	243,762	790,990	1,858,092	88,483	(196,832)	1,749,743
Segment income (Operating income before special items)	29,996	57,706	22,358	(10,279)	99,781	(1,710)	(1,837)	96,234
Segment assets	471,117	513,627	308,766	696,888	1,990,398	98,174	127,247	2,215,819
Other items								
Depreciation and amortization	17,523	20,773	14,677	33,549	86,522	8,654	73	95,249
Share of profit of investments accounted for using equity method	626	1,227	6,052	3,775	11,680	634	(12)	12,302
Impairment loss	237	119	10,967	12,833	24,156	-	-	24,156
Investments accounted for using equity method	30,490	15,633	20,466	85,648	152,237	3,723	(36)	155,924
Capital expenditures (Note 3)	39,334	58,319	28,844	47,837	174,334	11,284	85	185,703

- Notes:
1. "Others" encompasses business segments not included in the reportable segments and includes other related businesses, etc.
 2. The negative 1,837 million yen in adjustments to segment income includes corporate profit (loss) of negative 1,830 million yen not allocated to reportable segments and negative 7 million yen elimination of intersegment transactions. Corporate profit (loss) mainly comprise general & administrative expenses and R&D expenses for new business which are usually not attributed to segments and, allocation difference of general & administrative expenses to be borne by segments. The 127,247 million yen in adjustments to segment assets includes corporate assets of 195,507 million yen not allocated to reportable segments and a negative 68,260 million yen elimination of intersegment transactions. Corporate assets are mainly attributed to the Company's surplus management funds (cash and deposits), long-term investment funds (investment securities), deferred tax assets and administrative departments.
 3. Capital expenditure includes property, plant and equipment, intangible assets and investment property etc.

(4) Adjustments from segment income (loss) to income before income taxes

	(Millions of yen)	
	FY2022	FY2023
Total reportable segment income	113,903	96,234
Gain on negative goodwill	-	939
Gain on sales of shares of subsidiaries	24,178	2,282
Impairment loss	(7,455)	(24,156)
Loss on disposal of non-current assets	(1,940)	(1,478)
Loss on related business	(1,054)	(52)
Other	1,366	355
Operating income	128,998	74,124
Financial income	5,678	13,870
Financial expense	(17,398)	(14,663)
Income before income taxes	117,278	73,331

11. Information by Region

Sales Revenue	(Millions of yen)	
	FY2022	FY2023
Japan	959,431	866,028
China	233,148	225,284
Asia	290,652	262,968
America	250,306	263,611
Europe	133,462	121,128
Other regions	12,548	10,724
Total	1,879,547	1,749,743

- Notes:
1. Sales revenue is classified by country and region based on customer location.
 2. Major countries and regions located in areas outside of Japan and China are as follows:
 - (1) Asia: Taiwan, South Korea, Thailand, Malaysia, Singapore, India
 - (2) America: The United States, Mexico
 - (3) Europe: Germany, France
 - (4) Other regions: Oceania, Africa

12. Subsequent Events

(Transfer of a portion of the Company's shares in MCTI)

Based on the company integration agreement concluded on June 29, 2023, we have split the protective film business and industrial film and sheet business off from the consolidated subsidiary MCTI, transferring these businesses to a newly established subsidiary on April 1, 2024. Also, based on the same agreement, MCTI merged its PS business with SunTox Co., Ltd., a joint venture between Rengo and Tokuyama Corporation, with MCTI as the surviving integrated company handling the PS business.

By transferring a portion of the Company's shares in MCTI to Rengo, we lost control over MCTI, resulting in this integrated company handling the PS business and its subsidiaries becoming equity-method affiliates.

In addition, we classified the assets and liabilities of this business as held for sale in the current fiscal year. Also, the integrated company handling the PS business changed its trade name to "RM TOHCELLO CO., LTD." on April 1, 2024.