Mitsui Chemicals

Detailed Consolidated Financial Statements

Years ended March 31, 2024 and 2023

Consolidated Statements of Financial Position

As of March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents (Note 8)	¥ 210,292	¥ 186,310	$ 1,388,891
Trade receivables (Note 9)	365,896	352,181	2,416,591
Inventories (Note 10)	451,075	441,949	2,979,163
Other financial assets (Notes 11 and 37)	39,218	76,409	259,019
Other current assets (Note 12)	37,230	37,437	245,888
Subtotal	1,103,711	1,094,286	7,289,552
Assets held for sale (Note 13)	46,868	—	309,543
Total current assets	1,150,579	1,094,286	7,599,095
Non-current assets			
Property, plant and equipment (Note 14)	605,789	553,332	4,000,984
Right-of-use assets (Note 15)	46,309	47,555	305,852
Goodwill (Note 16)	21,169	19,338	139,812
Intangible assets (Note 16)	55,241	48,137	364,844
Investment property (Note 17)	21,667	21,713	143,102
Investments accounted for using equity method (Note 19)	155,924	148,892	1,029,813
Other financial assets (Notes 11 and 37)	61,669	58,518	407,298
Retirement benefit assets (Note 24)	82,777	61,036	546,708
Deferred tax assets (Note 35)	5,039	10,270	33,280
Other non-current assets (Note 12)	9,656	5,126	63,772
Total non-current assets	1,065,240	973,917	7,035,465
Total assets	¥2,215,819	¥2,068,203	$14,634,560

The accompanying notes are an integral part of these consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables (Note 20)	¥ 179,947	¥ 164,267	$ 1,188,475
Bonds and borrowings (Note 21)	324,088	368,463	2,140,466
Income taxes payable	4,038	7,416	26,669
Other financial liabilities (Notes 22 and 37)	109,774	112,933	725,012
Provisions (Note 25)	1,267	2,349	8,368
Other current liabilities (Note 26)	42,103	40,016	278,073
Subtotal	661,217	695,444	4,367,063
Liabilities directly associated with assets held for sale (Note 13)	15,362	—	101,460
Total current liabilities	676,579	695,444	4,468,523
Non-current liabilities			
Bonds and borrowings (Note 21)	432,670	369,786	2,857,605
Other financial liabilities (Notes 22 and 37)	54,149	57,174	357,632
Retirement benefit liabilities (Note 24)	17,882	20,242	118,103
Provisions (Note 25)	6,845	6,101	45,208
Deferred tax liabilities (Note 35)	42,136	35,162	278,291
Other non-current liabilities (Note 26)	752	991	4,966
Total non-current liabilities	554,434	489,456	3,661,805
Total liabilities	1,231,013	1,184,900	8,130,328
Equity			
Share capital (Note 27)	125,738	125,572	830,447
Capital surplus (Note 27)	55,027	57,778	363,431
Treasury stock (Note 27)	(32,751)	(32,704)	(216,307)
Retained earnings (Note 27)	617,400	575,125	4,077,670
Other components of equity (Note 27)	97,437	61,056	643,529
Total equity attributable to owners of the parent	862,851	786,827	5,698,770
Non-controlling interests	121,955	96,476	805,462
Total equity	984,806	883,303	6,504,232
Total liabilities and equity	¥2,215,819	¥2,068,203	$14,634,560

Consolidated Statements of Income

For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Sales revenue (Note 29)	¥ 1,749,743	¥ 1,879,547	$11,556,324
Cost of sales	(1,378,946)	(1,498,054)	(9,107,364)
Gross profit	370,797	381,493	2,448,960
Selling, general and administrative expenses (Notes 7, 30 and 32)	(282,657)	(284,589)	(1,866,832)
Other operating income (Note 7 and 33)	6,422	28,325	42,415
Other operating expenses (Note 33)	(32,740)	(17,924)	(216,235)
Share of profit of investments accounted for using equity method (Note 19)	12,302	21,693	81,250
Operating income	74,124	128,998	489,558
Financial income (Note 34)	13,870	5,678	91,606
Financial expenses (Note 34)	(14,663)	(17,398)	(96,843)
Income before income taxes	73,331	117,278	484,321
Income tax expense (Note 35)	(19,556)	(27,140)	(129,160)
Net income	53,775	90,138	355,161
Net income attributable to:			
Owners of the parent	49,999	82,936	330,223
Non-controlling interests	3,776	7,202	24,938
Net income	¥ 53,775	¥ 90,138	$ 355,161

	Yen		U.S. dollars
Earnings per share			
Basic earnings per share (Yen) (Note 36)	¥262.99	¥431.17	$1.737

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Net income	¥ 53,775	¥ 90,138	$355,161
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income (Note 27)	5,199	4,186	34,337
Remeasurements of defined benefit plans (Note 27)	17,421	901	115,058
Share of other comprehensive income of investments accounted for using equity method (Notes 19 and 27)	500	14	3,303
Total of items that will not be reclassified to profit or loss	23,120	5,101	152,698
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations (Note 27)	30,492	17,879	201,387
Effective portion of net change in fair value of cash flow hedges (Note 27)	70	160	462
Share of other comprehensive income of investments accounted for using equity method (Notes 19 and 27)	3,974	4,790	26,246
Total of items that may be reclassified to profit or loss	34,536	22,829	228,095
Total other comprehensive income, net of tax	57,656	27,930	380,793
Comprehensive income	¥111,431	¥118,068	$735,954
Comprehensive income attributable to:			
Owners of the parent	103,370	108,036	682,714
Non-controlling interests	8,061	10,032	53,240
Comprehensive income	¥111,431	¥118,068	$735,954

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

For the year ended March 31, 2024

	Millions of yen											
	Equity attributable to owners of the parent											
					Other components of equity							
	Share capital	Capital surplus	Treasury stock	Retained earnings	Financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined benefit plans	Exchange differences on translation of foreign operations	Effective portion of net change in fair value of cash flow hedges	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of April 1, 2023	¥125,572	¥57,778	¥(32,704)	¥575,125	¥19,416	¥ —	¥41,721	¥(81)	¥ 61,056	¥786,827	¥ 96,476	¥883,303
Net income	—	—	—	49,999	—	—	—	—	—	49,999	3,776	53,775
Other comprehensive income	—	—	—	—	5,869	17,090	30,331	81	53,371	53,371	4,285	57,656
Total comprehensive income	—	—	—	49,999	5,869	17,090	30,331	81	53,371	103,370	8,061	111,431
Purchase of treasury stock (Note 27)	—	—	(49)	—	—	—	—	—	—	(49)	—	(49)
Disposal of treasury stock (Note 27)	—	1	2	—	—	—	—	—	—	3	—	3
Cancellation of treasury stock	—	—	—	—	—	—	—	—	—	—	—	—
Dividends (Note 28)	—	—	—	(24,714)	—	—	—	—	—	(24,714)	(6,200)	(30,914)
Share-based payment transactions (Note 31)	166	166	—	—	—	—	—	—	—	332	—	332
Change in scope of consolidation	—	—	—	—	—	—	—	—	—	—	19,990	19,990
Transactions with non-controlling interests (Note 38)	—	(2,918)	—	—	—	—	—	—	—	(2,918)	3,628	710
Transfer from other components of equity to retained earnings	—	—	—	16,990	100	(17,090)	—	—	(16,990)	—	—	—
Total transactions with owners	166	(2,751)	(47)	(7,724)	100	(17,090)	—	—	(16,990)	(27,346)	17,418	(9,928)
Balance as of March 31, 2024	¥125,738	¥55,027	¥(32,751)	¥617,400	¥25,385	¥ —	¥72,052	¥ (0)	¥ 97,437	¥862,851	¥121,955	¥984,806

	Thousands of U.S. dollars											
	Equity attributable to owners of the parent											
					Other components of equity							
	Share capital	Capital surplus	Treasury stock	Retained earnings	Financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined benefit plans	Exchange differences on translation of foreign operations	Effective portion of net change in fair value of cash flow hedges	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of April 1, 2023	$829,351	$381,599	$(215,996)	$3,798,461	$128,235	$ —	$275,550	$(535)	$ 403,250	$5,196,665	$637,183	$5,833,848
Net income	—	—	—	330,223	—	—	—	—	—	330,223	24,938	355,161
Other comprehensive income	—	—	—	—	38,762	112,872	200,322	535	352,491	352,491	28,302	380,793
Total comprehensive income	—	—	—	330,223	38,762	112,872	200,322	535	352,491	682,714	53,240	735,954
Purchase of treasury stock (Note 27)	—	—	(324)	—	—	—	—	—	—	(324)	—	(324)
Disposal of treasury stock (Note 27)	—	7	13	—	—	—	—	—	—	20	—	20
Cancellation of treasury stock	—	—	—	—	—	—	—	—	—	—	—	—
Dividends (Note 28)	—	—	—	(163,226)	—	—	—	—	—	(163,226)	(40,948)	(204,174)
Share-based payment transactions (Note 31)	1,096	1,097	—	—	—	—	—	—	—	2,193	—	2,193
Change in scope of consolidation	—	—	—	—	—	—	—	—	—	—	132,026	132,026
Transactions with non-controlling interests (Note 38)	—	(19,272)	—	—	—	—	—	—	—	(19,272)	23,961	4,689
Transfer from other components of equity to retained earnings	—	—	—	112,212	660	(112,872)	—	—	(112,212)	—	—	—
Total transactions with owners	1,096	(18,168)	(311)	(51,014)	660	(112,872)	—	—	(112,212)	(180,609)	115,039	(65,570)
Balance as of March 31, 2024	$830,447	$363,431	$(216,307)	$4,077,670	$167,657	$ —	$475,872	$ 0	$ 643,529	$5,698,770	$805,462	$6,504,232

For the year ended March 31, 2023

	Millions of yen											
	Equity attributable to owners of the parent											
					Other components of equity							
	Share capital	Capital surplus	Treasury stock	Retained earnings	Financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined benefit plans	Exchange differences on translation of foreign operations	Effective portion of net change in fair value of cash flow hedges	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of April 1, 2022	¥125,414	¥ 69,866	¥(34,932)	¥516,098	¥14,558	¥ —	¥21,911	¥(261)	¥36,208	¥712,654	¥94,468	¥807,122
Net income	—	—	—	82,936	—	—	—	—	—	82,936	7,202	90,138
Other comprehensive income	—	—	—	—	4,172	938	19,810	180	25,100	25,100	2,830	27,930
Total comprehensive income	—	—	—	82,936	4,172	938	19,810	180	25,100	108,036	10,032	118,068
Purchase of treasury stock (Note 27)	—	—	(10,023)	—	—	—	—	—	—	(10,023)	—	(10,023)
Disposal of treasury stock (Note 27)	—	(0)	5	—	—	—	—	—	—	5	—	5
Cancellation of treasury stock	—	(12,246)	12,246	—	—	—	—	—	—	—	—	—
Dividends (Note 28)	—	—	—	(24,161)	—	—	—	—	—	(24,161)	(7,168)	(31,329)
Share-based payment transactions (Note 31)	158	158	—	—	—	—	—	—	—	316	—	316
Change in scope of consolidation	—	—	—	—	—	—	—	—	—	—	(856)	(856)
Transactions with non-controlling interests (Note 38)	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	252	686	(938)	—	—	(252)	—	—	—
Total transactions with owners	158	(12,088)	2,228	(23,909)	686	(938)	—	—	(252)	(33,863)	(8,024)	(41,887)
Balance as of March 31, 2023	¥125,572	¥ 57,778	¥(32,704)	¥575,125	¥19,416	¥ —	¥41,721	¥ (81)	¥61,056	¥786,827	¥96,476	¥883,303

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Cash flows from operating activities			
Income before income taxes	¥ 73,331	¥ 117,278	$ 484,321
Depreciation and amortization	95,249	92,080	629,080
Impairment loss (Note 18)	24,156	7,455	159,540
Gain on negative goodwill (Note 7)	(939)	—	(6,202)
Insurance income	(798)	(2,083)	(5,270)
Interest and dividend income	(6,312)	(5,011)	(41,688)
Interest expenses	7,259	5,813	47,943
Share of loss (profit) of investments accounted for using equity method	(12,302)	(21,693)	(81,250)
Decrease (increase) in trade receivables	(19,224)	21,409	(126,967)
Decrease (increase) in inventories	(730)	(68,718)	(4,821)
Increase (decrease) in trade payables	10,404	(11,019)	68,714
Others	4,217	(10,000)	27,852
Subtotal	174,311	125,511	1,151,252
Interest and dividends received	16,983	13,930	112,166
Proceeds from insurance income	798	2,083	5,270
Interest paid	(7,454)	(5,889)	(49,231)
Income taxes refund (paid)	(23,299)	(34,394)	(153,880)
Net cash provided by (used in) operating activities	161,339	101,241	1,065,577
Cash flows from investing activities			
Purchase of property, plant and equipment	(144,068)	(132,347)	(951,509)
Proceeds from sale of property, plant and equipment	526	490	3,474
Purchase of intangible assets	(9,923)	(5,514)	(65,537)
Proceeds from sale of intangible assets	14	8	92
Purchase of investment securities	(2,091)	(2,378)	(13,810)
Proceeds from sale and redemption of investment securities	1,053	1,149	6,955
Proceeds from a paid-in capital reduction of investment securities	—	37,320	—
Payments for acquisition of subsidiaries	(342)	(3,706)	(2,259)
Proceeds from acquisition of subsidiaries (Note 7)	2,416	—	15,957
Payments for sale of subsidiaries	—	(6,311)	—
Proceeds from sale of subsidiaries	38,732	—	255,809
Payments for acquisition of businesses	(7,364)	—	(48,636)
Purchase of equity accounted investments	(1)	(12)	(7)
Proceeds from sale of equity accounted investments	—	4,426	—
Others	(2,891)	535	(19,094)
Net cash provided by (used in) investing activities	(123,939)	(106,340)	(818,565)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings (Note 23)	(41,678)	4,064	(275,266)
Increase (decrease) in commercial papers (Note 23)	3,000	20,000	19,814
Proceeds from long-term borrowings (Note 23)	70,830	79,352	467,803
Repayments of long-term borrowings (Note 23)	(44,188)	(48,759)	(291,843)
Proceeds from issuance of bonds (Note 23)	26,000	15,000	171,719
Redemption of bonds (Note 23)	(296)	(284)	(1,955)
Repayments of lease liabilities (Note 23)	(8,961)	(9,810)	(59,184)
Proceeds from sale of treasury stock	3	5	20
Purchase of treasury stock	(49)	(10,023)	(324)
Dividends paid (Note 28)	(24,714)	(24,161)	(163,226)
Capital contribution from non-controlling interests	10	10	66
Dividends paid to non-controlling interests	(5,973)	(7,253)	(39,449)
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	(15,599)	—
Net cash provided by (used in) financing activities	(26,016)	2,542	(171,825)
Effect of exchange rate changes on cash and cash equivalents	12,598	7,715	83,204
Net increase (decrease) in cash and cash equivalents	23,982	5,158	158,391
Cash and cash equivalents at the beginning of period (Note 8)	186,310	181,152	1,230,500
Cash and cash equivalents at end of period (Note 8)	¥ 210,292	¥ 186,310	$1,388,891

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

1. Reporting Entity

Mitsui Chemicals, Inc. (hereinafter the "Company") is a company incorporated in Japan and is listed on the Prime Section of the Tokyo Stock Exchange. The address of its registered head office is disclosed on the Company's website (https://jp.mitsuichemicals.com/en/).

The consolidated financial statements of the Company and its subsidiaries (hereinafter collectively the "Group") with a closing date as of March 31 comprise the Group and the Group's interests in associates and joint arrangements.

The Group is primarily engaged in business activities related to the manufacture and sale of goods or services in the Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, and Basic & Green Materials segments.

The details of businesses and principal business activities of the Group are stated in Note 6 "Segment Information (1) Overview of reportable segments."

2. Basis of Preparation

(1) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in compliance with IFRS published by the International Accounting Standards Board. In addition, since the Company qualifies as a "specified company complying with designated international accounting standards" prescribed in Article 1-2 of the Regulation on Consolidated Financial Statements, the provisions of Article 93 of that Regulation are applied.

The Group's consolidated financial statements were approved on June 25, 2024 by Osamu Hashimoto, Representative Director, Member of the Board, President & CEO, and Hajime Nakajima, Member of the Board, Representative Director, Managing Executive Officer & CFO.

(2) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the Company's functional currency, and figures are rounded to the nearest million yen. The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers, using ¥151.41=US$1.00, the approximate rate of exchange in effect on March 31, 2024. The translation should not be construed as a representation that yen amounts have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

3. Material Accounting Policies

(1) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities that are controlled by the Group. Control is deemed to be achieved when the Group is exposed or has rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date when control is obtained until the date when it is lost.

Changes in ownership interests in subsidiaries that do not result in loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity attributable to owners of the parent. Upon loss of control over a subsidiary, the Group remeasures any retained investment in the subsidiary at fair value at the date of loss of control and recognizes gains or losses resulting from the loss of control in profit or loss.

(ii) Associates and joint arrangements

Associates are entities in which the Group has significant influence over the financial and operating policies but does not have control or jointly control. The Group is presumed to have significant influence over another entity when it holds at least 20% but 50% or less of the voting rights of the entity.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as joint operations or joint ventures depending on the rights and obligations of the parties to the arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

If the Group has an interest in a joint operation, the Group only recognizes an amount equivalent to its share of the assets, liabilities, revenues and expenses generated from the joint operation.

The balances of receivables and payables and transactions among the Group and its joint operations, as well as unrealized gains or losses arising from these transactions are eliminated in preparing the consolidated financial statements.

When an entity ceases to be an associate or joint venture and is no longer accounted for using the equity method, the Group remeasures any retained investment in the entity at fair value at the date of discontinuing the use of the equity method and recognizes gains or losses resulting from the discontinued use of the equity method in profit or loss, except when the entity becomes a consolidated subsidiary.

(2) Business combinations

Business combinations are accounted for using the acquisition method. Identifiable assets and liabilities assumed of an acquiree are, in principle, measured at their acquisition-date fair value.

Goodwill is recognized as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree; over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. Conversely, any negative goodwill is immediately recognized in profit or loss.

The consideration transferred is measured as the sum of the fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.

The Group elects to measure non-controlling interest in the acquiree for each business combination at either fair value or at the proportionate share of the recognized amounts of identifiable net assets.

If initial accounting for a business combination is incomplete by the end of the period in which the combination occurs, the items for which the accounting is incomplete are measured at provisional amounts. Those provisional amounts recognized at the acquisition date are retrospectively adjusted if new information obtained within one year from the acquisition date, i.e., measurement period, would have affected the measurement of the amounts recognized at the acquisition date.

If a business combination is achieved in stages, the Group remeasures its previously held equity interests in the acquiree at its acquisition-date fair value, and recognizes the resulting gains or losses, if any, in profit or loss or other comprehensive income.

Additional acquisition of non-controlling interests is accounted for as an equity transaction, and therefore goodwill is not recognized with respect to such a transaction.

(3) Foreign currency translation

(i) Foreign currency transactions

Foreign currency transactions are translated into respective functional currencies of the Company and its subsidiaries at the spot exchange rate at the date of the transaction or at the exchange rate that approximates the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the fiscal year-end are translated into each functional currency at the exchange rate at the fiscal year-end. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currencies at the exchange rate prevailing at the date that the fair value was determined.

Exchange differences arising from such translations and settlements are recognized in profit or loss. However, exchange differences arising from equity instruments measured through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

(ii) Translation of foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen at the prevailing exchange rate at the fiscal year-end. Revenues and expenses are translated into Japanese yen at the average exchange rate during the period, except when the exchange rate fluctuates significantly. Exchange differences arising from such translations are recognized in other comprehensive income.

On the disposal of the entire interest in a foreign operation, or on the partial disposal of an interest in a foreign operation that involves the loss of control of a subsidiary or loss of significant influence over an associate, the cumulative amount of the exchange differences relating to that foreign operation is recognized in profit or loss at the time of disposal.

(4) Financial instruments

(i) Financial assets (excluding derivatives)

i) Initial recognition and measurement

Under IFRS 15 "Revenue from Contracts with Customers," the Group initially recognizes trade receivables when it satisfies its performance obligations and acquires unconditional rights to consideration. All other financial assets are initially recognized on the transaction date when the Group becomes a party to the contractual provisions of the assets.

At initial recognition, the Group classifies financial assets into those measured at amortized cost, those measured at fair value through profit or loss and those measured at fair value through other comprehensive income.

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- the financial assets are held based on a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments are classified as financial assets measured at fair value through other comprehensive income if both of the following conditions are met. All other debt instruments are classified as financial assets measured at fair value through profit or loss.

- the financial assets are held based on a business model whose objective is achieved by both collecting contractual cash flows and selling assets and;
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments, excluding those held for trading purposes, are classified as financial assets measured at fair value through profit or loss. However, except for those held for trading purpose, each equity instrument is designated as measured at fair value through profit or loss or as measured at fair value through other comprehensive income. Such designations are applied consistently.

Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the financial assets.

However, transaction costs attributable to financial assets measured at fair value through profit or loss are recognized in profit or loss as incurred.

ii) Subsequent measurement

After their initial recognition, financial assets are measured according to their classification as follows:

(a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

(b) Financial assets measured at fair value

Financial assets other than those measured at amortized cost are measured at fair value.

Changes in fair value of financial assets measured at fair value are recognized in profit or loss or other comprehensive income.

For equity instruments that are designated as measured at fair value through other comprehensive income, changes in fair value are recognized in other comprehensive income and reclassified to retained earnings in case of derecognition or significant decrease in fair value.

iii) Derecognition

The Group derecognizes financial assets when contractual rights to cash flows from the financial assets expire or when the contractual rights to receive cash flows from the financial assets are transferred and substantially all the risks and rewards of ownership of the financial asset are thereby transferred.

iv) Impairment

At each fiscal year-end, the Group assesses whether the credit risk on a financial asset measured at amortized cost or a financial guarantee contract has increased significantly since initial recognition.

The Group measures allowance for doubtful accounts for financial assets at an amount equal to the lifetime expected credit losses if the credit risk on those financial assets has increased significantly since initial recognition.

If the credit risk on the financial assets has not significantly increased since its initial recognition, the Group measures allowance for doubtful accounts for financial assets at an amount equal to 12-month expected credit losses.

However, the Group always measures allowance for doubtful accounts at an amount equal to lifetime expected credit losses for trade receivables and lease receivables.

When determining whether the credit risk of a financial asset has increased significantly since its initial recognition, the Group evaluates by comparing the risk of a default occurring on the financial assets at each fiscal year-end with the risk of a default occurring on the financial assets at the date of initial recognition. The Group considers reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that are available without excessive cost or effort (e.g., internal credit rating, external credit rating, etc.), as well as past due information.

Any financial assets are treated as credit-impaired financial assets if there is a request for changing terms and conditions for repayment from a debtor, serious financial difficulties of the debtor, or commencement of legal liquidation procedures due to bankruptcy and others of the debtor, etc. For any amount that cannot reasonably be expected to be recovered in the future, the carrying amount of financial assets is directly reduced, and the amount of corresponding allowance for doubtful accounts is also reduced.

Expected credit losses on financial instruments are measured as the present value of the difference between the contractual cash flows that are due to the Group and the cash flows that the Group expects to receive, and are recognized in profit or loss.

(ii) Financial liabilities (excluding derivatives)

i) Initial recognition and measurement

At initial recognition, financial liabilities are classified as financial liabilities measured at amortized cost and financial liabilities measured at fair value through profit or loss. All financial liabilities are measured at fair value at initial recognition. However, financial liabilities measured at amortized cost are measured at fair value less directly attributable transaction costs.

ii) Subsequent measurement

After initial recognition, financial liabilities are measured according to their classification as follows:

(a) Financial liabilities measured at amortized cost

After their initial recognition, financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method. Amortization using the effective interest method and gains or losses arising in the case of derecognition are recognized in profit or loss.

(b) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are measured at fair value, and any changes in fair value are recognized in profit or loss.

iii) Derecognition

The Group derecognizes financial liabilities when they are extinguished; i.e., when the contractual obligation is performed or when the obligation specified in the contract is discharged, canceled or expires.

(iii) Derivatives and hedge accounting

The Group uses derivatives such as forward exchange contracts, currency swaps and interest rate swaps to hedge foreign exchange fluctuation risk and interest rate fluctuation risk. These derivatives are initially measured at fair value at the date the contracts are entered into and are subsequently remeasured at fair value.

Changes in fair value of derivatives are recognized in profit or loss. However, the effective portion of cash flow hedge is recognized in other comprehensive income in the consolidated statements of comprehensive income.

At the inception of the hedge, the Group formally designates and documents hedging relationships to which hedge accounting applies and the risk management objectives and strategies for undertaking the hedges. The documentation includes identifying hedging instruments, the hedged items or transactions, the nature of the risk being hedged, and the methods of assessing the effectiveness of changes in fair value of the hedging instruments (including methods for analyzing the causes of ineffective hedging and determining the hedge ratio) in offsetting the exposures to the changes in fair value or cash flows of hedged items attributable to hedged risks.

At the inception of the hedge and on an ongoing basis, the Group assesses whether a derivative used in the hedge transaction is effective in offsetting changes in fair value or cash flows of hedged items.

Hedges that meet the criteria for hedge accounting are classified and accounted for as follows.

i) Fair value hedges

Changes in fair value of hedging instruments are recognized in profit or loss. Changes in fair value of hedged items attributable to the hedged risks are recognized in profit or loss, adjusting the carrying amount of the hedged item.

ii) Cash flow hedges

The effective portion of changes in fair value of hedging instruments is recognized in other comprehensive income, while the ineffective portion is recognized in profit or loss.

The amounts associated with the hedging instruments recognized in other comprehensive income are reclassified to profit or loss when the hedged transactions affect profit or loss. If a hedged item results in the recognition of a non-financial asset or a non-financial liability, the associated amount recognized in other comprehensive income is reclassified as adjustment to the initial carrying amount of the non-financial asset or the non-financial liability.

Hedge accounting is discontinued when a forecast transaction is no longer deemed to have a high probability of occurring. Furthermore, when a forecast transaction is no longer expected to occur, the cumulative gain or loss recognized in other comprehensive income is reclassified to profit or loss.

(iv) Offsetting of financial assets and financial liabilities

The Group offsets financial assets and financial liabilities and presents them as a net amount only when it currently holds a legally enforceable right to offset the amounts recognized as assets and liabilities and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition that are readily convertible to cash and subject to an insignificant risk of changes in value.

(6) Inventories

Inventories are recognized at the lower of cost and net realizable value. The cost of inventories is determined mainly by using the weighted-average cost formula and comprises costs of purchase, costs of conversion and all costs incurred in bringing the inventories to the present location and condition.

(7) Non-current assets or disposal groups classified as held for sale

When the carrying amount of non-current assets (or disposal groups) is recovered principally through a sale transaction rather than through continuing use, the non-current assets (or disposal groups) are classified as held for sale and presented to current assets or current liabilities.

The conditions for classifying non-current assets (or disposal groups) as held for sale are that they must be available for immediate sale in their present condition and the sale must be highly probable. The classification is also limited to when management of the Group is committed to executing the sale plan and the sale is expected to complete within one year.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and are not depreciated or amortized after they are classified as held for sale.

(8) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured using the cost model and stated at cost less any accumulated depreciation and any accumulated impairment loss.

The acquisition cost includes costs directly attributable to the acquisition of the asset and initially estimated costs of dismantling, removing and restoration of the asset. In addition, borrowing costs that are directly attributable to the acquisition and construction of assets and meet certain criteria for asset recognition are recognized as part of the acquisition cost.

(ii) Depreciation

Property, plant and equipment (excluding land and other non-depreciable assets) are depreciated on a straight-line basis over their respective estimated useful lives.

The estimated useful lives of major classes of assets are as follows:

• Buildings and structures:	2 to 75 years
• Machinery and vehicles:	2 to 25 years

(9) Leases

Lessees

The Group determines that a contract is a lease or contains a lease at the time of entering into the contract. If the contract conveys the right to control the use of an identified asset for a certain period of time in exchange for consideration, the contract is determined to be a lease or contain a lease. When a contract is determined to be a lease or contain a lease, the Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

Lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot easily be determined, the incremental borrowing rate is used as the discount rate. Right-of-use assets are initially measured at the amount of the initial measurement of lease liabilities, adjusted mainly by any initial direct costs and any prepaid lease payments, plus costs including obligations for restoration under the lease contract.

After initial recognition, depreciation of right-of-use assets is carried out using the straight-line method over the estimated useful life of the underlying asset if ownership of the underlying asset is transferred by the end of the lease term, or if it is reasonably certain that the lessee will exercise the purchase option. Otherwise, depreciation is carried out on a straight-line basis over the shorter of its estimated useful life and the lease term. Regarding the lease term, in addition to the non-cancellable period of the lease, it includes both the period covered by an option to extend the lease when the lessee is reasonably certain to exercise that option and the period covered by an option to cancel the lease if the lessee is reasonably certain not to exercise that option.

The Group recognizes lease payments related to short-term leases whose lease term is 12 months or less and leases for which the underlying asset is of low value as expenses on a straight-line basis over the lease terms.

Lessor

Leases are classified as either operating leases or finance leases. If the bulk of the risks and economic value associated with the ownership of the underlying asset is transferred, the lease is classified as a finance lease, and if such risks and value are not transferred, it is classified as an operating lease. Whether the lease is a finance lease or an operating lease is determined according to the substance of the transaction, not the form of the contract.

When classifying subleases, the intermediate lessor is classified by reference to the right-of-use asset arising from the head lease.

(10) Intangible assets
Intangible assets are measured using the cost model.

Separately acquired intangible assets are initially recognized at cost. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Expenditures on internally generated intangible assets are all recognized as expenses in the period when incurred, except for development expenses that satisfy the criteria for capitalization.

Intangible assets with finite useful lives are amortized on a straight-line basis over their respective estimated useful lives.

The estimated useful lives of major classes of assets are as follows:

- Software: 2 to 15 years
- Patents and technology license: 4 to 45 years
- Customer value: 5 to 30 years
- Trademarks: 5 to 20 years

(11) Investment property
Investment properties are properties held to earn rentals or for capital gains or both. They do not include properties held for sale in the ordinary course of business, for use in the production or sale of goods or services or for administrative purposes.

Investment properties are measured using the cost model. Investment properties, excluding land and other non-depreciable assets, are depreciated on a straight-line basis over their estimated useful lives, using the same estimated useful lives and depreciation method as those for property, plant and equipment.

(12) Impairment of non-financial assets
Goodwill and intangible assets with indefinite useful lives are not amortized and are tested for impairment annually, or whenever there is an indication of impairment.

On or after the acquisition date, goodwill is allocated to a CGU or group of CGUs that is expected to benefit from the synergies of the business combination.

No reversal is made for impairment losses related to goodwill.

Impairment loss recognized in prior years for assets other than goodwill is assessed as to whether there is any indication that the losses may no longer exist or may have decreased. If any such an indication exists, the Group estimates the recoverable amount of the asset or the CGU.

If the recoverable amount exceeds the carrying amount of the asset or CGU, the impairment loss is reversed up to the carrying amount less depreciation or amortization that would have been determined had no impairment loss been recognized.

(13) Employee benefits
The Group has defined benefit plans and defined contribution plans as post-employment benefit plans for its employees.

i) Defined benefit plans
Net defined benefit liabilities or assets are calculated by deducting the fair value of the plan assets from the present value of the defined benefit obligations. If a defined benefit plan is overfunded, the net value of the defined benefit assets is measured at the lower of the overfunded amount of the plan or the asset ceiling. The Group uses the projected unit credit method to determine the present value of the defined benefit obligations, the related current service cost and the past service cost. The discount rate is determined by reference to market yield on high-quality corporate bonds having maturity terms that approximate to the estimated term of the related benefit obligations at the end of the reporting period.

Service costs and net interest on the net defined benefit liabilities or assets are recognized in profit or loss. The past service costs are recognized immediately in profit or loss. Remeasurements of net defined liabilities or assets, including actuarial gains and losses, are recognized in other comprehensive income in the period incurred and immediately reclassified from other components of equity to retained earnings.

ii) Defined contribution plans
Payments to defined contribution plans are recognized as expenses over the period in which employees render services.

(14) Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated.

If the effect of the time value of money is significant, provisions are determined by discounting the expenditures expected to be required to settle the obligation to the present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the liability.

(15) Equity

(i) Common stock

The proceeds from issuance of common stock issued by the Company are recorded in share capital and capital surplus, and costs directly attributable to the issuance (after tax effect adjustments) are recognized as a deduction from equity.

(ii) Treasury stock

When treasury stock is acquired, the acquisition costs, including costs directly attributable to the acquisition (after tax effect adjustments), are recognized as a deduction from equity.

When treasury stock is sold, the difference between the carrying amount and the consideration on sales is recognized in capital surplus.

(16) Revenue

The Group recognizes revenue in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the transfer of goods and services to customers, based on the following five-step approach.

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to individual performance obligations in the contract.

Step 5: Recognize revenue when (or as) the performance obligations are satisfied.

The Group is primarily engaged in business activities related to the manufacture and sale of goods or services in the Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, and Basic & Green Materials segments. In the sale of these products, revenue is recognized upon delivery or at the time of shipment of the products depending on when the customer obtains control of the products and the performance obligations are satisfied.

In addition, revenue is determined at the amount of consideration promised in the contract with the customer less returns, discounts, rebates and others. The amount of sales revenue including variable consideration is included in transaction prices only to the extent that a significant reversal of accumulated revenue recognized is very unlikely to occur when uncertainties over the variable consideration is later dispelled.

Considerations in product sales contracts are generally collected within one year after control of the product has transferred to the customer, and do not include a significant financing component.

(17) Share-based payment

The Company has adopted a restricted stock compensation plan as an equity-settled share-based payment for directors and executive officers.

The consideration for services received is measured at fair value of the Company's shares at the grant date, and the calculated consideration is recognized as expenses in profit or loss over the period, with a corresponding amount being recognized as an increase in equity.

(18) Government grants

Government grants are recognized at fair value when there is a reasonable assurance that the Group will comply with the attached conditions and receive the grants.

Government grants related to revenue are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

The amount of government grants related to assets is deducted from the acquisition cost of the assets.

(19) Income taxes

Income taxes consist of current taxes and deferred taxes, and are recognized in profit or loss, except for taxes arising from business combinations, as well as taxes incurred from items directly recognized in other comprehensive income or equity.

Deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities for accounting purposes and their value for tax purposes at the end of reporting period, as well as tax loss carryforward and tax credit carryforward.

Deferred tax liabilities are recognized, in principle, for all taxable temporary differences. Deferred tax assets are recognized for deductible temporary differences, tax loss carryforward and tax credit carryforward to the extent that it is probable that taxable profit will be available. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized for the following temporary differences:

- temporary differences arising on initial recognition of goodwill;
- temporary differences arising on initial recognition of an asset or liability in transactions other than business combinations which affect neither accounting profit nor taxable profit or loss at the time of the transaction, and which do not result in taxable or depreciable temporary differences of an equivalent amount at the time of the transaction;
- deductible temporary differences arising from investments in subsidiaries and associates, and interest in joint arrangements to the extent that it is not probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized; and
- taxable temporary differences arising from investments in subsidiaries and associates, and interest in joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and income taxes are levied by the same taxation authority on the same taxable entity.

The Company and part of its consolidated subsidiaries have adopted the Japanese Group Relief System.

New or Revised Standards and Interpretations

The Group has applied the exception stipulated in the International Tax Reform-Pillar Two Model Rules (Amendments to IAS 12 Income Taxes) and does not recognize or disclose information about deferred tax assets and liabilities related to income tax arising from global minimum tax rules.

(20) Earnings per share

Basic earnings per share are determined by dividing net income attributable to common shareholders of the parent by the weighted average number of shares of common stock outstanding during the period, adjusted for treasury stock held.

(21) 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
IAS 1 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.

4. Significant Accounting Estimates and Judgments

In order to prepare the consolidated financial statements, the Group is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual operating results may differ from these accounting estimates and their underlying assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effects of the review of accounting estimates are recognized in the reporting period in which the changes are made and in future periods.

Accounting judgments, estimates and assumptions that could materially affect the Group's consolidated financial statements are as follows:

- Valuation of inventories (see Note 10 "Inventories" below)
- Impairment of non-financial assets (see Note 18 "Impairment of Non-Financial Assets" below)
- Measurement of defined benefit obligations (see Note 24 "Employee Benefits" below)
- Recoverability of deferred tax assets (see Note 35 "Income Taxes" below)
- Impairment of financial assets measured at amortized cost (see Note 37 "Financial Instruments" below)

5. Accounting Standards or Interpretations Issued Not Yet Applied

Of the IFRS standards and interpretations newly issued or amended by the date of approval of the Group's consolidated financial statements, the major standards not adopted early by the Group are as follows.

The impact of adopting these standards and interpretations on the Group's consolidated financial statements is currently under consideration.

IFRS	Start date of mandatory application (to start in the subsequent year)	Start date of application for the Group	Overview of newly issued and amended standards
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending March 31, 2028	Revision of presentation and disclosure in financial statements

6. 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
Reportable segments	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	Others	Other related businesses, etc.

(2) Methods to determine sales revenue, profit or loss, assets, and other items by reportable segment

The accounting methods by reportable business segment herein are generally the same as those described under Note 3 "Material Accounting Policies."

Reportable segment income is presented in operating income before special items which stands for operating income or loss excluding non-recurring items (e.g., losses resulting from withdrawing from and downsizing businesses).

Intersegment transaction pricing and transfer pricing are negotiated and determined based on prevailing market prices.

(3) Information on sales revenue, profit or loss, assets, and other items by reportable segment

FY2023 (April 1, 2023 to March 31, 2024)
Year ended March 31, 2024

	Millions of yen							
	Reportable Segment							
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Total	Others (Note 1)	Adjustment (Note 2)	Consolidated
Sales revenue								
Sales revenue from external customers	¥271,702	¥543,978	¥237,497	¥681,781	¥1,734,958	¥14,785	¥ —	¥1,749,743
Intersegment sales revenue	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 (loss)								
(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

	Thousands of U.S. dollars							
	Reportable Segment							
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Total	Others (Note 1)	Adjustment (Note 2)	Consolidated
Sales revenue								
Sales revenue from external customers	$1,794,479	$3,592,748	$1,568,569	$4,502,879	$11,458,675	$ 97,649	$ —	$11,556,324
Intersegment sales revenue	26,352	24,239	41,378	721,280	813,249	486,744	(1,299,993)	—
Total	$1,820,831	$3,616,987	$1,609,947	$5,224,159	$12,271,924	$584,393	$(1,299,993)	$11,556,324
Segment income (loss)								
(Operating income before special items)	$ 198,111	$ 381,124	$ 147,665	$ (67,888)	$ 659,012	$ (11,294)	$ (12,133)	$ 635,585
Segment assets	$3,111,532	$3,392,292	$2,039,271	$4,602,655	$13,145,750	$648,397	$ 840,413	$14,634,560
Other items								
Depreciation and amortization	$ 115,732	$ 137,197	$ 96,935	$ 221,578	$ 571,442	$ 57,156	$ 482	$ 629,080
Share of profit of investments accounted for using equity method	4,134	8,104	39,971	24,933	77,142	4,187	(79)	81,250
Impairment loss	1,565	786	72,432	84,757	159,540	—	—	159,540
Investments accounted for using equity method	201,374	103,249	135,169	565,670	1,005,462	24,589	(238)	1,029,813
Capital expenditures (Note 3)	259,785	385,173	190,503	315,942	1,151,403	74,527	561	1,226,491

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

FY2022 (April 1, 2022 to March 31, 2023)
Year ended March 31, 2023

	Millions of yen							
	Reportable Segment							
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Total	Others (Note 1)	Adjustment (Note 2)	Consolidated
Sales revenue								
Sales revenue from external customers	¥258,226	¥521,574	¥235,681	¥848,976	¥1,864,457	¥ 15,090	¥ —	¥1,879,547
Intersegment sales revenue	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 (loss) (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 in adjustments to segment income includes corporate profit (loss) of negative ¥3,725 million not allocated to reportable segments and ¥343 million elimination of intersegment transactions. Corporate profit (loss) mainly comprise general & administrative expenses which are usually not attributed to segments and R&D expenses for new business and, allocation difference of general & administrative expenses to be borne by segments. The ¥98,075 million in adjustments to segment assets includes corporate assets of ¥171,789 million not allocated to reportable segments and a negative ¥73,714 million 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 assets of administrative departments.
3. Capital expenditures are related to property, plant and equipment, intangible assets, investment property, etc.

Adjustments from segment income to income before income taxes are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Segment income	¥ 96,234	¥113,903	$635,585
Gain on negative goodwill	939	—	6,202
Gain on sales of shares of subsidiaries and associates	2,282	24,178	15,072
Impairment loss	(24,156)	(7,455)	(159,540)
Loss on disposal of non current asset	(1,478)	(1,940)	(9,762)
Loss on related businesses	(52)	(1,054)	(343)
Others	355	1,366	2,344
Operating income	74,124	128,998	489,558
Financial income	13,870	5,678	91,606
Financial expenses	(14,663)	(17,398)	(96,843)
Income before income taxes	¥ 73,331	¥117,278	$484,321

(4) Geographical information

(i) Sales revenue

Sales revenue by region is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Japan	¥ 866,028	¥ 959,431	$ 5,719,754
China	225,284	233,148	1,487,907
Asia	262,968	290,652	1,736,794
Americas	263,611	250,306	1,741,041
Europe	121,128	133,462	800,000
Other regions	10,724	12,548	70,828
Total	¥1,749,743	¥1,879,547	$11,556,324

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

(ii) Non-current assets

Components of non-current assets by region (excluding financial instruments, deferred tax assets, retirement benefit assets, etc.) are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Japan	¥587,236	¥565,420	$3,878,449
Singapore	63,211	39,441	417,482
Asia	54,745	39,034	361,568
Other regions	54,639	51,306	360,868
Total	¥759,831	¥695,201	$5,018,367

Notes:
1. Major countries and regions located in areas other than Japan and Singapore are as follows:
   (1) Asia: China, Taiwan, South Korea, Thailand, Malaysia and India
   (2) Other regions: North America, Europe
2. Non-current assets are classified by country or region based on locations of assets.

(5) Information about main customer

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Name	Mitsui & Co., Ltd.	Mitsui & Co., Ltd.	Mitsui & Co., Ltd.
Sales revenue	¥326,423	¥383,221	$2,155,888
Related segments	Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, Basic & Green Materials, Others	Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, Basic & Green Materials, Others	Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, Basic & Green Materials, Others

7. Business Combination

For the year ended March 31, 2024

The translation of yen amounts into U.S dollar amounts is included solely for the convenience of readers, using ¥151.41 =US$1.00, the approximate rate of exchange in effect on March 31, 2024

(Establishment of New Company in Nonwovens Business)
The Company and Asahi Kasei Corporation (hereinafter "Asahi Kasei") established Mitsui Chemicals Asahi Life Materials Co., Ltd. (hereinafter "MAL") on October 2, 2023, and each company transferred their nonwovens businesses to MAL. The investment ratio in MAL is 60.62% by the Company and 39.38% by Asahi Kasei. MAL is a consolidated subsidiary of the Company.

(1) Outline of business combinations

① Description of acquired business and acquired ratio of holding capital with voting rights
Description of acquired business: Asahi Kasei's operations involving the manufacture, development, and sale of nonwovens-related products in Japan and Thailand.
Acquired ratio of holding capital with voting rights: 60.62%

② Acquisition date
October 2, 2023

③ Primary reason for business combination
As competition in the nonwovens businesses is expected to become more intense, the Company and Asahi Kasei have made maintaining their competitiveness and continuously expanding their businesses in this area their top priorities. Given the current rise in consumer demand centered on such properties as environmental friendliness and stable supply, the two companies have been jointly discussing measures and possible ways to strengthen their business operations.
As a result, we concluded that it would be best to transform our businesses into one that can expect sustainable growth, and so, through business integration, we jointly established a new company.

④ Acquisition method and type of consideration
Acquisition of majority of the shares of a new company jointly established by the Company and Asahi Kasei

(2) Acquisition-date fair value of acquisition consideration

	Millions of yen	Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2024
Fair value of MAL shares as announced on acquisition date	¥10,469	$69,143
Fair value of acquisition consideration (total)	¥10,469	$69,143

(3) Assets acquired, liabilities assumed, non-controlling interests, and gain on negative goodwill

	Millions of yen	Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2024
Cash and cash equivalents	¥ 2,416	$ 15,957
Trade receivables	1,134	7,490
Inventories	3,558	23,499
Property, plant and equipment	14,650	96,757
Other assets	308	2,034
Financial liabilities	(427)	(2,820)
Other liabilities	(634)	(4,188)
Fair value (net) of assets acquired and liabilities assumed	21,005	138,729
Non-controlling interests	9,597	63,384
Gain on negative goodwill	¥ (939)	$ (6,202)

Notes:
1. Non-controlling interests are calculated as the ratio of non-controlling interests to the fair value of identifiable net assets of the acquired company.
2. Because the fair value measurement of assets acquired and liabilities assumed had not been completed as of the end of the third quarter, these were calculated provisionally. However, the allocation of acquisition costs was completed at the end of the reporting period. There is no change from the initial provisional amounts.
3. Gain on negative goodwill of ¥939 million was generated by this business combination because the fair value of the acquired net assets exceeded the acquisition consideration. The amount is recorded in "Other operating income" in the consolidated statements of income.

(4) Acquisition-related costs

The ¥593 million in acquisition-related costs incurred for the business combination are recorded in "Selling, general and administrative expenses" in the consolidated statements of income.

(5) Impact on the business performance of the Group

Revenues and net income attributable to the acquired company from the acquisition date are not disclosed because the amounts were immaterial.
In addition, earnings information assuming that the business combination was carried out at the beginning of the period is not disclosed because the amount of the impact on the consolidated financial statements was immaterial. The related proforma information has not been audited.

For the year ended March 31, 2023
Not applicable

8. Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Cash and deposits	¥209,458	¥185,377	$1,383,383
Short-term investments	834	933	5,508
Total	¥210,292	¥186,310	$1,388,891

The balance of cash and cash equivalents in the consolidated statements of financial position matches the balance of cash and cash equivalents in the consolidated statements of cash flows.

9. Trade Receivables

The breakdown of trade receivables is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Notes receivable—trade	¥ 9,413	¥ 12,338	$ 62,169
Accounts receivable—trade	357,607	341,032	2,361,845
Allowance for doubtful accounts	(1,124)	(1,189)	(7,423)
Total	¥365,896	¥352,181	$2,416,591

Trade receivables are classified as financial assets measured at amortized cost.

10. Inventories

The breakdown of inventories is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Merchandise and finished goods	¥308,104	¥298,434	$2,034,899
Work in process	10,471	11,667	69,157
Raw materials and supplies	132,500	131,848	875,107
Total	¥451,075	¥441,949	$2,979,163

Inventories are recognized at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. Inventories held by the Group tend to be affected by the economic environment, which is characterized by significant price fluctuations. As a result, losses may occur if the market environment deteriorates more than expected and the net realizable value drops significantly.

Write-downs of inventories recognized as expenses for the fiscal years ended March 31, 2024 and March 31, 2023 are ¥23,838 million and ¥18,741 million, respectively.

11. Other Financial Assets

The breakdown of other financial assets is as follows:

(1) Breakdown

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Financial assets measured at amortized cost			
Accounts receivable—other	¥ 43,731	¥ 79,016	$ 288,826
Bonds	13,076	11,531	86,362
Lease receivables	1,694	2,151	11,188
Loans receivable	3,951	3,227	26,095
Others	11,061	10,149	73,053
Allowance for doubtful accounts	(25,439)	(20,244)	(168,015)
Financial assets measured at fair value through profit or loss			
Shares and investments	4,085	3,569	26,980
Derivative assets	240	43	1,585
Equity instruments measured at fair value through other comprehensive income			
Shares and investments	48,488	45,485	320,243
Total	100,887	134,927	666,317
Current assets	39,218	76,409	259,019
Non-current assets	61,669	58,518	407,298
Total	¥100,887	¥134,927	$ 666,317

(2) Equity instruments measured at fair value through other comprehensive income

The Company designates shares held for the main purpose of maintaining and strengthening transactions or business relationships as equity instruments measured at fair value through other comprehensive income.

(i) Major equity instruments at fair value

Fair values by major issues are as follows:

As of March 31, 2024

Issue name	Millions of yen	Thousands of U.S. dollars
Iharabras, S.A	¥14,690	$97,021
Japan Saudi Arabia Methanol Company	3,886	25,665

As of March 31, 2023

Issue name	Millions of yen
Iharabras, S.A	¥10,277
Japan Saudi Arabia Methanol Company	3,915

(ii) Derecognition of equity instruments measured at fair value through other comprehensive income

The Company sold and derecognized a part of equity instruments measured at fair value through other comprehensive income, primarily to increase asset efficiency and make more effective use of its assets.

Fair value and cumulative gains or losses (before income taxes) when such equity instruments were sold are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Fair value	¥412	¥845	$2,721
Cumulative gains or losses	275	414	1,816

Cumulative gains or losses (after income taxes) recognized in other components of equity were transferred to retained earnings when such equity instruments were sold.

(iii) Dividend income
Dividend income recognized from equity instruments measured at fair value through other comprehensive income are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Derecognized investments during the reporting period	¥ 58	¥ 30	$ 383
Investments held at year-end	1,161	2,132	7,668
Total	¥1,219	¥2,162	8,051

12. Other Assets

The breakdown of other assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Current assets			
Prepaid expenses	¥ 6,203	¥ 6,274	$ 40,968
Consumption taxes receivable	15,480	17,564	102,239
Income taxes receivable	7,450	6,611	49,204
Others	8,097	6,988	53,477
Total	¥37,230	¥37,437	$245,888
Non-current assets			
Prepaid employee benefits	2,012	2,572	13,288
Long-term prepaid expenses	6,308	1,181	41,662
Others	1,336	1,373	8,822
Total	¥ 9,656	¥ 5,126	$ 63,772

13. Assets Held for Sale

The breakdown of assets held for sale and liabilities directly associated with assets held for sale are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Assets held for sale			
Trade receivables	¥18,124	¥—	$119,701
Inventories	10,814	—	71,422
Property, plant and equipment	7,620	—	50,327
Right-of-use assets	641	—	4,234
Other financial assets	4,159	—	27,468
Others	5,510	—	36,391
Total	¥46,868	¥—	$309,543
Liabilities directly associated with assets held for sale			
Trade payables	¥ 4,200	¥—	$ 27,739
Other financial liabilities	4,378	—	28,915
Retirement benefit liabilities	2,838	—	18,744
Others	3,946	—	26,062
Total	¥15,362	¥—	¥101,460

In terms of assets held for sale and liabilities directly associated with assets held for sale in the fiscal year ended March 31, 2024, the Company split off the Protective Films business and the Industrial Films & Sheets business of Mitsui Chemicals Tohcello, Inc. (hereinafter "MCTI"), a consolidated subsidiary included in the ICT Solutions segment of the Company, and transferred these to a newly established subsidiary. It was further resolved that MCTI would become the surviving company for its packaging solution (hereinafter "PS") business and absorb SunTox Co., Ltd., a joint venture between Rengo Co., Ltd. and Tokuyama Corporation, and that a portion of the shares related to MCTI's PS business would be transferred to Rengo Co., Ltd. The merger agreement was signed on June 29, 2023. The assets and liabilities of MCTI's PS business and of MCTI's subsidiaries affiliated with this business were reclassified as assets held for sale and liabilities directly associated with assets held for sale and measured at the lower of their carrying amount and fair value less costs to sell. The cumulative amount of exchange differences on translation of foreign operations was ¥229 million at the end of the fiscal year ended March 31, 2024. The sale was carried out in April 2024.

The assets held for sale are measured at fair value less costs to sell. Fair value is calculated based on price negotiations with the buyer, among other factors, and the fair value measurement is categorized within Level 3 of the fair value hierarchy. The fair value hierarchy is described in Note 37 "Financial Instruments (7) Fair value of financial instruments."

14. Property, Plant and Equipment

(1) Change in property, plant and equipment

The acquisition cost, changes in accumulated depreciation and impairment, and carrying amount of property, plant and equipment are as follows:

(i) Acquisition cost

	Millions of yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
Balance as of April 1, 2022	¥155,322	¥404,034	¥1,251,864	¥81,134	¥ 53,564	¥1,945,918
Acquisition	14	511	3,034	1,166	123,501	128,226
Acquisition through business combinations	—	76	54	6	—	136
Sale or disposal	(31)	(5,751)	(42,402)	(3,613)	(392)	(52,189)
Transfer to assets held for sale	—	—	—	—	—	—
Transfer	(155)	19,819	81,880	5,342	(109,157)	(2,271)
Exchange differences on translation of foreign operations	266	4,546	17,999	1,257	93	24,161
Others	(1)	(5,205)	(53,460)	(1,909)	(235)	(60,810)
Balance as of March 31, 2023	¥155,415	¥418,030	¥1,258,969	¥83,383	¥ 67,374	¥1,983,171
Acquisition	17	653	3,095	1,313	134,832	139,910
Acquisition through business combinations	1,787	4,562	20,896	547	965	28,757
Sale or disposal	(97)	(5,104)	(77,103)	(3,269)	(434)	(86,007)
Transfer to assets held for sale	(1,790)	(18,669)	(56,793)	(2,496)	(207)	(79,955)
Transfer	53	16,521	87,436	6,708	(111,918)	(1,200)
Exchange differences on translation of foreign operations	366	6,537	22,118	1,951	3,326	34,298
Others	—	67	37	1	(212)	(107)
Balance as of March 31, 2024	¥155,751	¥422,597	¥1,258,655	¥88,138	¥ 93,726	¥2,018,867

	Thousands of U.S. dollars					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
Balance as of March 31, 2023	$1,026,451	$2,760,914	$8,314,966	$550,710	$ 444,978	$13,098,019
Acquisition	112	4,313	20,441	8,672	890,509	924,047
Acquisition through business combinations	11,802	30,130	138,009	3,613	6,374	189,928
Sale or disposal	(641)	(33,710)	(509,233)	(21,590)	(2,866)	(568,040)
Transfer to assets held for sale	(11,822)	(123,301)	(375,094)	(16,485)	(1,367)	(528,069)
Transfer	350	109,114	577,478	44,304	(739,172)	(7,926)
Exchange differences on translation of foreign operations	2,417	43,174	146,080	12,886	21,967	226,524
Others	1	444	245	5	(1,402)	(707)
Balance as of March 31, 2024	$1,028,670	$2,791,078	$8,312,892	$582,115	$ 619,021	$13,333,776

(ii) Accumulated depreciation and impairment

	Millions of yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
Balance as of April 1, 2022	¥13,393	¥283,788	¥1,068,154	¥66,633	¥—	¥1,431,968
Depreciation and amortization	—	10,752	60,074	4,987	—	75,813
Impairment loss	—	1,320	5,495	330	—	7,145
Sale or disposal	(7)	(5,351)	(40,618)	(3,465)	—	(49,441)
Acquisition through business combinations	—	—	—	—	—	—
Transfer to assets held for sale	—	—	—	—	—	—
Transfer	—	(9)	(30)	16	—	(23)
Exchange differences on translation of foreign operations	1	2,369	13,821	985	—	17,176
Others	(1)	(4,472)	(46,531)	(1,795)	—	(52,799)
Balance as of March 31, 2023	¥13,386	¥288,397	¥1,060,365	¥67,691	¥—	¥1,429,839
Depreciation and amortization	—	10,633	63,271	5,284	—	79,188
Impairment loss	—	6,180	15,771	388	—	22,339
Sale or disposal	(51)	(3,894)	(73,958)	(3,069)	—	(80,972)
Transfer to assets held for sale	—	(16,469)	(53,690)	(2,176)	—	(72,335)
Acquisition through business combinations	—	894	11,252	304	—	12,450
Transfer	—	9	7	(5)	—	11
Exchange differences on translation of foreign operations	—	3,665	17,021	1,446	—	22,132
Others	—	(48)	464	10	—	426
Balance as of March 31, 2024	¥13,335	¥289,367	¥1,040,503	¥69,873	¥—	¥1,413,078

	Thousands of U.S. dollars					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
Balance as of March 31, 2023	$88,409	$1,904,742	$7,003,269	$447,071	$—	$9,443,491
Depreciation and amortization	—	70,227	417,879	34,898	—	523,004
Impairment loss	—	40,816	104,161	2,563	—	147,540
Sale or disposal	(337)	(25,718)	(488,462)	(20,269)	—	(534,786)
Transfer to assets held for sale	—	(108,771)	(354,600)	(14,372)	—	(477,743)
Acquisition through business combinations	—	5,904	74,315	2,008	—	82,227
Transfer	—	59	46	(32)	—	73
Exchange differences on translation of foreign operations	—	24,206	112,417	9,550	—	146,173
Others	—	(316)	3,064	65	—	2,813
Balance as of March 31, 2024	$88,072	$1,911,149	$6,872,089	$461,482	$—	$9,332,792

(iii) Carrying amount

	Millions of yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
Balance as of April 1, 2022	¥141,929	¥120,246	¥183,710	¥14,501	¥53,564	¥513,950
Balance as of March 31, 2023	142,029	129,633	198,604	15,692	67,374	553,332
Balance as of March 31, 2024	¥142,416	¥133,230	¥218,152	¥18,265	¥93,726	¥605,789

	Thousands of U.S. dollars					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
Balance as of March 31, 2024	$940,598	$879,929	$1,440,803	$120,633	$619,021	$4,000,984

Depreciation of property, plant and equipment is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statements of income.

Expenditures incurred for property, plant and equipment under construction are stated as construction in progress.

(2) Borrowing costs

In the fiscal year ended March 31, 2024, borrowing costs arising from the acquisition of property, plant and equipment are capitalized as part of the acquisition cost, at ¥323 million, applying 0.59% capitalization rate.

15. Leases

Lessees

The Group has entered into lease agreements as a lessee for land, buildings and other properties to use them mainly as an office and a site for a factory.

The Group does not enter into a lease agreement that has a material purchase option, escalation clauses, restrictions placed by the lease agreement (e.g., dividends, additional borrowings, restrictions on additional leases, etc.), variable lease payments, a termination option, and a residual value guarantee, or no lease transaction or sale and leaseback transaction has been started yet although the Group has entered into such lease agreement.

(1) Income or expenses and cash outflows associated with lease transactions

Income or expenses and cash outflows associated with lease transactions are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Depreciation of right-of-use assets			
Land	¥ 709	¥ 814	$ 4,683
Buildings and structures	6,381	7,996	42,144
Machinery and vehicles	941	893	6,215
Tools, furniture and fixtures	79	136	521
Total	8,110	9,839	53,563
Interest expense on the lease liabilities	677	842	4,471
Expenses incurred for short-term leases and leases of low value	1,276	1,250	8,428
Total expenses associated with leases, net	1,953	2,092	12,899
Total of cash outflows associated with leases	¥11,106	¥12,082	$73,351

(2) Right-of-use assets

The breakdown of the carrying amounts of right-of-use assets is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Right-of-use assets			
Land	¥ 6,132	¥ 4,959	$ 40,499
Buildings and structures	34,784	37,382	229,734
Machinery and vehicles	4,883	4,890	32,250
Tools, furniture and fixtures	510	324	3,369
Total	¥46,309	¥47,555	$305,852

Increases in right-of-use assets for the fiscal years ended March 31, 2024 and March 31, 2023 are ¥8,919 million and ¥23,232 million, respectively.

The maturity analysis of lease liabilities is described in Note 37 "Financial Instruments (4) Liquidity risk management."

(3) Extension options

The Group's lease agreements primary for land and buildings have extension options with which the lessee can extend a lease term.

The Group exercises the extension option as considering it necessary to do so by taking into overall account the profitability of relevant assets in the agreement, changes in neighboring market environments, conditions to exercise the option, and other factors, and only when such exercise is reasonably certain, the Group includes such extended period in the lease term and includes lease payments for the lease term in the measurement of lease liabilities.

The extendible period when the option is exercised and lease payments for the extendible period are generally same as or similar to the original contract term and lease payments.

The Group reviews the possibility of exercising the option to extend the lease every reporting period. The financial impact of this review for the fiscal years ended March 31, 2024 and March 31, 2023 is immaterial.

Lessors

The Group provides rental housing as a part of its benefits package for employees, and the transactions involved correspond to a sublease. Since the lease terms of the subleases and the lease terms of the head leases are deemed to be the same, such subleases are classified as finance leases. The total amount of uncollected lease investments is insignificant.

16. Goodwill and Intangible Assets

(1) Change in goodwill and intangible assets

The acquisition cost, changes in accumulated amortization and impairment, and carrying amount of goodwill and intangible assets are as follows:

(i) Acquisition cost

	Millions of yen						
		Intangible assets					
	Goodwill	Software	Patents and technology license	Customer value	Trademarks	Others	Total
Balance as of April 1, 2022	¥45,993	¥51,685	¥36,148	¥23,517	¥11,132	¥6,246	¥128,728
Acquisition	—	5,337	141	—	1	35	5,514
Acquisitions through business combinations	1,301	—	801	183	224	—	1,208
Sale or disposal	—	(1,404)	(3)	—	(16)	(123)	(1,546)
Transfer to assets held for sale	—	—	—	—	—	—	—
Exchange differences on translation of foreign operations	1,675	396	683	1,155	788	145	3,167
Others	(160)	1,440	(9)	(1)	(1)	21	1,450
Balance as of March 31, 2023	¥48,809	¥57,454	¥37,761	¥24,854	¥12,128	¥6,324	¥138,521
Acquisition	—	9,421	393	—	7	102	9,923
Acquisitions through business combinations	1,761	251	538	1,633	0	—	2,422
Sale or disposal	—	(736)	(2)	—	—	(17)	(755)
Transfer to assets held for sale	—	(1,856)	(6)	—	—	(42)	(1,904)
Exchange differences on translation of foreign operations	3,325	668	1,313	2,145	1,500	185	5,811
Others	(1)	817	1	—	4	(36)	786
Balance as of March 31, 2024	¥53,894	¥66,019	¥39,998	¥28,632	¥13,639	¥6,516	¥154,804

	Thousands of U.S. dollars						
		Intangible assets					
	Goodwill	Software	Patents and technology license	Customer value	Trademarks	Others	Total
Balance as of March 31, 2023	$322,363	$379,460	$249,396	$164,150	$80,100	$41,768	$ 914,874
Acquisition	—	62,222	2,596	—	46	673	65,537
Acquisitions through business combinations	11,631	1,658	3,553	10,785	0	—	15,996
Sale or disposal	—	(4,861)	(13)	—	—	(112)	(4,986)
Transfer to assets held for sale	—	(12,258)	(40)	—	—	(277)	(12,575)
Exchange differences on translation of foreign operations	21,960	4,412	8,672	14,168	9,907	1,220	38,379
Others	(7)	5,395	6	—	27	(237)	5,191
Balance as of March 31, 2024	$355,947	$436,028	$264,170	$189,103	$90,080	$43,035	$1,022,416

(ii) Accumulated amortization and impairment loss

	Millions of yen						
		Intangible assets					
	Goodwill	Software	Patents and technology license	Customer value	Trademarks	Others	Total
Balance as of April 1, 2022	¥28,012	¥44,007	¥12,811	¥15,623	¥5,759	¥5,187	¥83,387
Amortization	—	2,789	2,152	708	431	161	6,241
Impairment loss	—	—	56	—	—	—	56
Sale or disposal	—	(1,357)	(1)	—	(13)	(38)	(1,409)
Transfer to assets held for sale	—	—	—	—	—	—	—
Acquisitions through business combinations	—	—	—	—	—	—	—
Exchange differences on translation of foreign operations	1,620	333	427	484	(9)	78	1,313
Others	(161)	(20)	54	344	418	—	796
Balance as of March 31, 2023	¥29,471	¥45,752	¥15,499	¥17,159	¥6,586	¥5,388	¥90,384
Amortization	—	3,304	2,062	896	485	207	6,954
Impairment loss	—	—	—	—	—	—	—
Sale or disposal	—	(701)	(1)	—	—	(1)	(703)
Transfer to assets held for sale	—	(1,199)	(6)	—	—	(15)	(1,220)
Acquisitions through business combinations	—	161	—	—	—	—	161
Exchange differences on translation of foreign operations	3,254	571	898	1,588	829	136	4,022
Others	—	(35)	(1)	—	0	1	(35)
Balance as of March 31, 2024	¥32,725	¥47,853	¥18,451	¥19,643	¥7,900	¥5,716	¥99,563

	Thousands of U.S. dollars						
		Intangible assets					
	Goodwill	Software	Patents and technology license	Customer value	Trademarks	Others	Total
Balance as of March 31, 2023	$194,644	$302,173	$102,364	$113,328	$43,498	$35,586	$596,949
Amortization	—	21,822	13,619	5,918	3,203	1,366	45,928
Impairment loss	—	—	—	—	—	—	—
Sale or disposal	—	(4,630)	(7)	—	—	(6)	(4,643)
Transfer to assets held for sale	—	(7,919)	(40)	—	—	(99)	(8,058)
Acquisitions through business combinations	—	1,063	—	—	—	—	1,063
Exchange differences on translation of foreign operations	21,491	3,771	5,931	10,488	5,475	899	26,564
Others	—	(231)	(6)	—	0	6	(231)
Balance as of March 31, 2024	$216,135	$316,049	$121,861	$129,734	$52,176	$37,752	$657,572

(iii) Carrying amount

	Millions of yen						
		Intangible assets					
	Goodwill	Software	Patents and technology license	Customer value	Trademarks	Others	Total
Balance as of April 1, 2022	¥17,981	¥ 7,678	¥23,337	¥7,894	¥5,373	¥1,059	¥45,341
Balance as of March 31, 2023	19,338	11,702	22,262	7,695	5,542	936	48,137
Balance as of March 31, 2024	¥21,169	¥18,166	¥21,547	¥8,989	¥5,739	¥ 800	¥55,241

	Thousands of U.S. dollars						
		Intangible assets					
	Goodwill	Software	Patents and technology license	Customer value	Trademarks	Others	Total
Balance as of March 31, 2024	$139,812	$119,979	$142,309	$59,369	$37,904	$5,283	$364,844

Amortization is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statements of income.

There are no significant internally generated intangible assets for each reporting period.

The carrying amounts of intangible assets with indefinite useful lives as of March 31, 2024 and March 31, 2023 are ¥1,192 million and ¥1,053 million, respectively.

Among those, major intangible assets are the trademarks of SDC Technologies, Inc. belonging to the Life & Healthcare Solutions business segment. As these trademarks basically exist as long as the entity's business continues, the Group determined that their useful lives are indefinite.

The impairment tests for these assets are described in Note 18 "Impairment of Non-Financial Assets."

17. Investment Property

The carrying amount and fair value of investment property are as follows:

(1) Carrying amount

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Balance at beginning of period	¥21,713	¥21,546	$143,405
Acquisition	—	—	—
Acquisitions through business combinations	—	—	—
Sale or disposal	—	—	—
Others	(46)	167	(303)
Balance at end of period	¥21,667	¥21,713	143,102
Accumulated depreciation	—	—	—
Acquisition cost	¥21,667	¥21,713	$143,102

(2) Fair value

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Fair value	¥22,505	¥22,440	$148,636

The Group does not have contractual obligations to purchase, construct or develop investment property or those for repairs, maintenance or enhancements.

The fair value of investment property is mainly based on the valuation presented by an independent real estate appraiser using the discounted cash flow method or on the market transaction price of a similar asset. The fair value is categorized within Level 3 of the fair value hierarchy because it includes significant unobservable inputs. The fair value hierarchy is described in Note 37 "Financial Instruments (7) Fair value of financial instruments."

(3) Profit or loss of investment property

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Rental income	¥466	¥452	$3,078
Direct operating expenses arising from investment property that generated rental income	(96)	(93)	(634)

18. Impairment of Non-Financial Assets

The Group examines whether there are any indicators of impairment of non-financial assets (excluding inventories, deferred tax assets, assets related to retirement benefits, and assets held for sale) at the end of each fiscal year. If there are indicators of impairment, the Group estimates the recoverable amount of the asset or the cash-generating unit (CGU) to which the asset belongs. Assets provided for business use are categorized by entity, business sector, or similar unit. Of these, assets to be disposed of due to business withdrawal or other reason are assessed on an individual basis. Idle properties and properties not in use are also assessed on an individual basis.

The recoverable amount of the asset or CGU to which the asset belongs is the higher of the fair value less costs of disposal and the value in use.

The fair value less costs of disposal and the value in use are calculated by discounting the estimated future cash flow to the present value using the time value of money and the pre-tax discount rate that reflects the risks inherent in the asset. If it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is estimated for each CGU to which the asset belongs.

In calculating the fair value less costs of disposal and the value in use, certain assumptions are made regarding the useful life of the asset, future cash flow discount rate, growth rate, and other factors.

These assumptions are determined by management's best estimates and judgments, but changes in uncertain future economic conditions, such as the market environment for related businesses, rising global interest rates and capital spending among customers may affect these assumptions. If such assumptions have to be revised, this could have a significant impact on amounts recognized in the consolidated financial statements for the following fiscal year.

Impairment loss for the fiscal years ended March 31, 2024 and March 31, 2023 is as follows. Impairment loss is included in "Other operating expenses" in the consolidated statements of income.

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Property, plant and equipment			
Buildings and structures	¥ 6,180	¥1,320	$ 40,816
Machinery and vehicles	15,771	5,495	104,161
Tools, furniture and fixtures	388	330	2,563
Construction in progress	599	254	3,956
Right-of-use assets	1,218	—	8,044
Goodwill and Intangible assets	—	56	—
Total impairment losses	¥24,156	¥7,455	$159,540

Major assets for which an impairment loss is recognized are as follows:

For the year ended March 31, 2024

				Millions of yen	Thousands of U.S.dollars
Use	Location	Asset category	Reportable segment	Impairment loss	Impairment loss
Production facilities	Koga City, Ibaraki Prefecture, Japan and other facilities	Machinery and vehicles	ICT Solutions	¥10,775	$ 71,164
Production facilities	Singapore	Machinery and vehicles	Basic & Green Materials	4,393	29,014
			Others	8,988	59,362
			Total	¥24,156	$159,540

Breakdown of impairment loss

• Production facilities in Koga City, Ibaraki Prefecture, Japan and other facilities

The Company recorded an impairment loss due to the reclassification of the assets and liabilities of the packaging solution (hereinafter "PS") business of Mitsui Chemicals Tohcello, Inc. (hereinafter "MCTI"), and MCTI's subsidiary related to the PS business, as assets held for sale and liabilities directly associated with assets held for sale. Details are described in Note 13 "Assets Held for Sale."

• Production facilities in Singapore

The Group impaired the business assets of Prime Evolue Singapore Pte. Ltd. by reducing the carrying amount to the recoverable amount because the profitability of these assets became significantly lower due to the deteriorating market environment, and a return could no longer be expected. The recoverable amount was measured at the value in use calculated by discounting the future cash flows with a weighted average cost of capital before tax of 13.8%.

Determination of future cash flows is based on the business plan prepared by management. The business plan includes major assumptions by management, such as sales volume and sales prices based on future demand forecasts. These assumptions are based in part on information obtained from customers, the supply and demand balance of polyethylene, and the market outlook, and may be affected by changes in uncertain economic conditions, given the possibility of ongoing difficulty in the business environment.

Major components of impairment losses that are not individually material are those related to property, plant and equipment in the business, including buildings and structures and machinery and vehicles, and intangible assets. Impairment losses were recorded because the recoverable amounts fell below the carrying value due in part to a deterioration in revenue prospects.

For the year ended March 31, 2023

There are no individually immaterial impairment losses for the fiscal year ended March 31, 2023.

The carrying amounts of goodwill to cash-generating units (groups of cash-generating units) are as follows. Because the balance of intangible assets with indefinite useful lives is not significant, it is omitted.

Goodwill

		Millions of yen		Thousands of U.S. dollars
Reportable segment	Cash-generating units (Groups of cash-generating units)	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Life & Healthcare Solutions	Mitsui Chemicals Crop & Life Solutions, Inc.	¥16,782	¥16,782	$110,838
—	Others	4,387	2,556	28,974
	Total	¥21,169	¥19,338	$139,812

Goodwill allocated to each cash-generating unit in the fiscal year ended March 31, 2024 primarily relates to Mitsui Chemical Crop & Life Solutions, Inc. (hereinafter "MCCLS"). The following impairment tests have been conducted for this goodwill.

In the previous reporting period, the goodwill was allocated to MMAG Co., Ltd. (hereinafter "MMAG"). In the current reporting period, due to absorption-type merger of MCCLS with MMAG, the allocation of goodwill was shifted to MCCLS. The recoverable amounts of goodwill and intangible assets with indefinite useful lives allocated to groups of cash-generating units (CGUs) were measured at the value in use.

The value in use is calculated reflecting the past experience and external sources of information, and using present value of future cash flows based on business plan approved by management and a terminal value for the next five years of the business plan. The growth rate in excess of the business plans is calculated using assumptions based on the inflation rate of the country to which the CGU belongs.

If some or all of the carrying amount of goodwill is allocated across multiple CGU (groups of units), and the amount so allocated to each unit (group of units) is not significant in comparison with the entity's total carrying amount of goodwill, such carrying amount is aggregated in "Others."

Discount rates (weighted average cost of capital before tax) used to calculate the recoverable amounts are as follows:

		Millions of yen	
Reportable segment	Cash-generating units (Groups of cash-generating units)	As of March 31, 2024	As of March 31, 2023
Life & Healthcare Solutions	Mitsui Chemicals Crop & Life Solutions, Inc.	11.9%	9.1%

The recoverable amount of goodwill and intangible assets with indefinite useful lives associated with MCCLS is well above the carrying amount of the cash-generating unit or group of cash-generating units. The Group determined that the recoverable amount is unlikely to fall below the carrying amount even if key assumptions used for the impairment tests changed within a reasonably foreseeable range.

For goodwill and intangible assets with indefinite useful lives associated with other cash-generating units, the Group determined that any material impairment would be unlikely to occur in the cash-generating units even if the growth rate and discount rate used for the impairment tests changed within a reasonably foreseeable range.

19. Investments Accounted for Using the Equity Method

(1) Investments in associates

The carrying amount of investments in individually immaterial associates accounted for using the equity method are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Carrying amount of investments	¥51,614	¥48,039	$340,889

The aggregate amounts of the Group's share of comprehensive income of investments in associates accounted for using the equity method are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Net income	¥6,445	¥5,926	$42,567
Other comprehensive income	607	(938)	4,009
Comprehensive income	¥7,052	¥4,988	$46,576

(2) Investments in joint ventures

(i) Material joint ventures

Material joint ventures for the Group are as follows:

			Percentage of interests	
Name	Major business	Location	As of March 31, 2024	As of March 31, 2023
Kumho Mitsui Chemicals	Manufacturing and sales of polyurethane materials	South Korea	50%	50%
Shanghai Sinopec Mitsui Chemicals Co., Ltd.	Manufacturing and sales of phenols	China	50%	50%

The Group disclosed the summarized financial statements of Kumho Mitsui Chemicals Inc. and Shanghai Sinopec Mitsui Chemicals Co., Ltd. due to their materiality in relation to the consolidated financial statements of the Group.

Since it is not feasible to harmonize the reporting periods of both companies, the equity method is applied to the financial statements with a three-month difference in reporting period. These summarized financial statements also include a three-month difference in reporting period. In addition, these statements were prepared by adding reconciliations in line with the Group's accounting policies.

Kumho Mitsui Chemicals

The summarized financial statements of Kumho Mitsui Chemicals and adjustments between the statements and the carrying amount of the investment are as follows.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Current assets	¥ 73,334	¥ 82,364	$484,341
Non-current assets	81,384	56,073	537,507
Current liabilities	36,194	32,415	239,046
Non-current liabilities	2,166	3,570	14,306
Total equity	116,358	102,452	768,496
Group interest in total assets	58,179	51,226	384,248
Consolidated adjustment within the Group	(113)	(113)	(746)
Carrying amount of investments	58,066	51,113	383,502
Material accounts included in above			
Cash and cash equivalents	8,199	11,848	54,151
Financial liabilities included in current liabilities	28,773	24,199	190,034
Financial liabilities included in non-current liabilities	¥ 1,433	¥ 1,436	$ 9,464

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Sales revenue	¥119,483	¥135,615	$789,135
Net income (loss)	14,664	16,988	96,849
Other comprehensive income	4,604	7,678	30,408
Comprehensive income	19,268	24,666	127,257
Material accounts included in above			
Depreciation and amortization	(3,180)	(3,388)	(21,003)
Interest income	1,928	1,092	12,734
Interest expenses	(175)	(85)	(1,156)
Income tax expense	(902)	(5,845)	(5,957)
Dividends received by the Group	¥ 2,681	¥ 2,300	$ 17,707

Shanghai Sinopec Mitsui Chemicals Co., Ltd.
The summarized financial statements of Shanghai Sinopec Mitsui Chemicals Co., Ltd. are as follows.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Current assets	¥21,192	¥31,360	$139,964
Non-current assets	15,776	17,492	104,194
Current liabilities	976	1,546	6,446
Non-current liabilities	106	165	700
Total equity	35,886	47,141	237,012
Carrying amount of investments	17,943	23,570	118,506
Material accounts included in above			
Cash and cash equivalents	16,027	26,064	105,852
Financial liabilities included in current liabilities	939	1,502	6,202
Financial liabilities included in non-current liabilities	¥ 106	¥ 165	$ 700

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Sales revenue	¥48,080	¥63,554	$317,548
Net income (loss)	(7,340)	2,357	(48,477)
Other comprehensive income	1,254	2,427	8,282
Comprehensive income	(6,086)	4,784	(40,195)
Material accounts included in above			
Depreciation and amortization	(2,425)	(2,355)	(16,016)
Interest income	409	516	2,701
Interest expenses	(10)	(13)	(66)
Income tax expense	(32)	(765)	(211)
Dividends received by the Group	¥ 1,086	¥ 1,103	$ 7,173

(ii) Individually immaterial joint ventures
The carrying amount of investments in individually immaterial joint ventures are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Carrying amount of investments	¥28,301	¥26,170	$186,916

The amount of equity shares on comprehensive income of investments in individually immaterial joint ventures is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Net income	¥2,195	¥6,095	$14,497
Other comprehensive income	938	690	6,195
Comprehensive income	¥3,133	¥6,785	$20,692

The Group does not have unrecognized commitments relating to each joint venture that could result in the outflow of economic resources in the future.

20. Trade Payables

The breakdown of trade payables is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Notes payable—trade	¥ 1,217	¥ 1,383	$ 8,038
Accounts payable—trade	175,822	159,814	1,161,231
Contract liabilities	2,908	3,070	19,206
Total	¥179,947	¥164,267	$1,188,475

Trade payables are categorized as financial liabilities measured at amortized cost.

21. Bonds and Borrowings

The breakdown of bonds and borrowings is as follows:

	Millions of yen			Thousands of U.S. dollars
	As of March 31, 2024	Average interest rate (%)	As of March 31, 2023	As of March 31, 2024
Short-term borrowings	¥146,627	3.47%	¥184,120	$ 968,410
Commercial papers	143,000	0.14%	140,000	944,455
Current portion of bonds payable	5,000	0.26%	296	33,023
Current portion of long-term borrowings	29,461	0.70%	44,047	194,578
Bonds payable	151,000	0.42%	130,000	997,292
Long-term borrowings (Note 3)	281,670	0.68%	239,786	1,860,313
Total	¥756,758	—	¥738,249	$4,998,071
Current liabilities	324,088	—	368,463	2,140,466
Non-current liabilities	432,670	—	369,786	2,857,605
Total	¥756,758	—	¥738,249	$4,998,071

Notes:
1. Bonds and borrowings are categorized as financial liabilities measured at amortized cost.
2. The weighted average interest rate on the outstanding balance as of March 31, 2024 is stated for the average interest rate.
3. Long-term borrowings will be due in 2025 through 2035.

The contractual terms of bonds are as follows:

Company name	Issue name	Date of issue	Millions of yen As of March 31, 2024	Millions of yen As of March 31, 2023	Thousands of U.S. dollars As of March 31, 2024	Interest rate (%)	Collateral	Date of maturity
Mitsui Chemicals Inc.	The 45th Unsecured Corporate Bond	July 24, 2017	¥ 5,000 (5,000)	¥ 5,000	$ 33,023 $(33,023)	0.26 / year	N/A	July 24, 2024
	The 46th Unsecured Corporate Bond	July 24, 2017	5,000	5,000	33,023	0.37 / year	N/A	July 23, 2027
	The 47h Unsecured Corporate Bond	June 19, 2018	10,000	10,000	66,046	0.26 / year	N/A	June 19, 2025
	The 48th Unsecured Corporate Bond	June 19, 2018	15,000	15,000	99,069	0.39 / year	N/A	June 19, 2028
	The 49th Unsecured Corporate Bond	June 19, 2018	10,000	10,000	66,046	0.9 / year	N/A	June 19, 2038
	The 50th Unsecured Corporate Bond	December 5, 2019	10,000	10,000	66,046	0.27 / year	N/A	December 5, 2029
	The 51st Unsecured Corporate Bond	December 5, 2019	10,000	10,000	66,046	0.68 / year	N/A	December 5, 2039
	The 52nd Unsecured Corporate Bond	December 2, 2020	15,000	15,000	99,069	0.13 / year	N/A	December 2, 2025
	The 53rd Unsecured Corporate Bond	June 16, 2021	15,000	15,000	99,069	0.09 / year	N/A	June 16, 2026
	The 54th Unsecured Corporate Bond	December 3, 2021	10,000	10,000	66,046	0.28 / year	N/A	December 3, 2031
	The 55th Unsecured Corporate Bond	December 3, 2021	10,000	10,000	66,046	0.68 / year	N/A	December 3, 2041
	The 56th Unsecured Corporate Bond	March 1, 2023	15,000	15,000	99,069	0.30 / year	N/A	Feburary 27, 2026
	The 57th Unsecured Corporate Bond	March 1, 2024	10,000	—	66,046	0.35 / year	N/A	March 1, 2027
	The 58th Unsecured Corporate Bond	March 1, 2024	10,000	—	66,046	0.66 / year	N/A	March 1, 2029
	The 59th Unsecured Corporate Bond	March 1, 2024	6,000	—	39,628	1.13 / year	N/A	March 1, 2034
ARRK CORPORATION	The 1st Unsecured Corporate Bond	March 30, 2017	—	80 (80)	—	0.07 / year	N/A	March 29, 2024
	The 2nd Unsecured Corporate Bond	March 30, 2017	—	68 (68)	—	0.31 / year	N/A	March 29, 2024
	The 3rd Unsecured Corporate Bond	March 30, 2017	—	80 (80)	—	0.07 / year	N/A	March 29, 2024
	The 4th Unsecured Corporate Bond	March 30, 2017	—	68 (68)	—	0.31 / year	N/A	March 29, 2024
Total	—	—	156,000 ¥ (5,000)	130,296 ¥ (296)	1,030,315 $ (33,023)	—	—	—

Note: The figures in brackets represent the current portion.

Assets pledged as collateral and secured debt are as follows:

Assets pledged as collateral

	Millions of yen As of March 31, 2024	Millions of yen As of March 31, 2023	Thousands of U.S. dollars As of March 31, 2024
Property, plant and equipment	¥ 67	¥ 980	$ 443
Other financial assets	106	98	700
Total	¥173	¥1,078	$1,143

Secured debt

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Bonds and borrowings (current)	¥ —	¥298	$ —
Other financial liabilities	22	27	146
Bonds and borrowings (non-current)	530	—	3,500
Total	¥552	¥325	$3,646

22. Other Financial Liabilities

The breakdown of other financial liabilities is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Financial liabilities measured at amortized cost			
Accounts payable—other	¥ 96,548	¥101,738	$ 637,659
Others	10,644	10,416	70,299
Financial liabilities measured at fair value through profit or loss			
Derivative liabilities	635	165	4,194
Lease liabilities	54,699	56,451	361,264
Others (Note)	1,397	1,337	9,227
Total	163,923	170,107	1,082,643
Current liabilities	109,774	112,933	725,012
Non-current liabilities	54,149	57,174	357,632
Total	¥163,923	¥170,107	$1,082,643

23. Changes in Liabilities Arising from Financing Activities

Changes in liabilities arising from financing activities for the fiscal years ended March 31, 2024 and March 31, 2023 are as follows:

(i) For the year ended March 31, 2024

	Millions of yen					
			Non-cash transactions			
	Balance as of April 1, 2023	Cash flow	Business combinations	New leases	Foreign currency translation, etc.	Balance as of March 31, 2024
Bonds payable (Note)	¥130,296	¥ 25,704	¥ —	¥ —	¥ —	¥156,000
Commercial papers	140,000	3,000	—	—	—	143,000
Short-term borrowings	184,120	(41,678)	—	—	4,185	146,627
Long-term borrowings (Note)	283,833	26,642	—	—	656	311,131
Lease liabilities	56,451	(8,961)	455	8,689	(1,935)	54,699
Total	¥794,700	¥ 4,707	¥455	¥8,689	¥ 2,906	¥811,457

	Thousands of U.S. dollars					
			Non-cash transactions			
	Balance as of April 1, 2023	Cash flow	Business combinations	New leases	Foreign currency translation, etc.	Balance as of March 31, 2024
Bonds payable (Note)	$860,551	$ 169,764	$ —	$ —	$ —	$1,030,315
Commercial papers	924,642	19,814	—	—	1	944,455
Short-term borrowings	1,216,036	(275,266)	—	—	27,640	968,410
Long-term borrowings (Note)	1,874,599	175,960	—	—	4,332	2,054,891
Lease liabilities	372,835	(59,184)	3,005	57,387	(12,779)	361,264
Total	$5,248,663	$ 31,088	$3,005	$57,387	$ 19,192	$5,359,335

Note: Current portions are included.

(ii) For the year ended March 31, 2023

	Millions of yen					
			Non-cash transactions			
	Balance as of April 1, 2022	Cash flow	Business combinations	New leases	Foreign currency translation, etc.	Balance as of March 31, 2023
Bonds payable (Note)	¥115,580	¥14,716	¥ —	¥ —	¥ —	¥130,296
Commercial papers	120,000	20,000	—	—	—	140,000
Short-term borrowings	177,437	4,064	—	—	2,619	184,120
Long-term borrowings (Note)	253,069	30,593	—	—	171	283,833
Lease liabilities	48,973	(9,810)	208	23,467	(6,387)	56,451
Total	¥715,059	¥59,563	¥208	¥23,467	¥(3,597)	¥794,700

Note: Current portions are included.

24. Employee Benefits

The Company and its major Japanese consolidated subsidiaries have established and maintained contract-type corporate pension plans and lump-sum retirement benefit plans as defined benefit plans. Some of its foreign consolidated subsidiaries also have established and maintained defined benefit plans. In addition, the Company and some of its Japanese consolidated subsidiaries have established and maintained defined contribution plans.

(1) Defined benefit plans

A retirement benefit trust has been set up for the plan assets of funded retirement benefit plans.

In contract-type corporate pension plans, the amount of benefits is calculated by the accumulated points mainly based on an occupational ability-based grading system and other similar systems.

In accordance with the Defined-benefit Corporate Pension Act, the Company has an obligation to make contributions to the Corporate Pension Fund (hereinafter the "Fund") that manages corporate pension plans.

A trustee manages plan assets in accordance with contract terms specified based on a management policy that resolved by the Board of Directors of the Company. The Fund developed a basic policy on the management of plan assets, developed management guidelines in line with the basic policy, and issued these documents to the trustee. This helps the trustee to fulfill its obligation to manage plan assets safely and efficiently.

The Company has an obligation to make contributions at the amount set by the Fund over the future years. The amount of contributions is regularly reviewed to the extent permitted by laws and regulations.

In addition to the pension plans above, employees are qualified for receiving a lump-sum retirement payment when leaving the Company for reasons other than dismissals. The amount of payment is calculated based on factors such as the accumulated points based on occupational ability-based grading system and other similar system at the time of retirement as well as a payment rate based on the number of years of service. If the reason to leave the Company is an involuntary termination or death, the amount of payment exceeds the one in case of voluntary termination.

Additionally, the Company may provide increased retirement payments to its employees when they retire.

The Group's major plans are exposed to actuarial risks such as investment risk, interest rate risk, and longevity risk.

(i) Assets and liabilities recognized in the consolidated statements of financial position

The amounts of assets and liabilities recorded in the consolidated statements of financial position for the defined benefit plans are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Present value of defined benefit obligations	¥ 149,117	¥ 158,319	$ 984,856
Fair value of plan assets	(214,012)	(199,113)	(1,413,461)
Total	(64,895)	(40,794)	(428,605)
Amounts presented in the consolidated statements of financial position			
Retirement benefit liability	17,882	20,242	118,103
Retirement benefit asset	(82,777)	(61,036)	(546,708)
Net defined benefit liability/asset	¥ (64,895)	¥ (40,794)	$ (428,605)

(ii) Present value of defined benefit obligations

Changes in present value of defined benefit obligations are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Balance at beginning of period	¥158,319	¥168,895	$1,045,631
Current service cost	5,173	5,165	34,166
Interest expenses	2,016	1,278	13,315
Remeasurements of defined benefit plans			
Actuarial gains and losses arising from changes in demographic assumptions	7	(172)	46
Actuarial gains and losses arising from changes in financial assumptions	(1,532)	(6,678)	(10,118)
Actuarial gains and losses arising from experience adjustment	902	1,110	5,957
Payment of benefits	(10,577)	(11,727)	(69,857)
Effects of business combination and disposal	(6,443)	(67)	(42,553)
Others	1,252	515	8,269
Balance at end of period	¥149,117	¥158,319	$ 984,856

The weighted average duration of defined benefit obligations of the Company and its major consolidated subsidiaries at March 31, 2024 and March 31, 2023 is 14 years.

Defined benefit obligations and service costs are calculated based on actuarial assumptions such as discount rates and mortality rates. Making such assumptions necessitates estimates and judgments. The discount rate is based on the market yield on high-quality corporate bonds, and the mortality rate used is the latest mortality rate released by the Ministry of Health, Labour and Welfare.

Actuarial assumptions are determined by management's best estimates and judgments, but may be affected by changes in uncertain economic conditions. If such assumptions have to be revised, this could have a significant impact on amounts recognized in the consolidated financial statements for the following fiscal year.

The significant actuarial assumptions used in determining the present value of defined benefit obligations are as follows:

	As of March 31, 2024	As of March 31, 2023
Discount rate	1.4%	1.1%

If significant actuarial assumptions change, the impact on the present value of defined benefit obligations is as follows. Negative values indicate a decrease in defined benefit obligations, and positive values indicate an increase in defined benefit obligations:

		Impact on defined benefit obligations		
		Millions of yen		Thousands of U.S. dollars
Assumptions	Changes in assumptions	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Discount rate	0.5 percentage point increase	¥(6,350)	¥(6,717)	$(41,939)
	0.5 percentage point decrease	6,947	7,360	45,882

The above analysis shows the impact on the defined benefit obligations when one of the significant actuarial assumptions changes to the extent reasonable with the assumption that all the rest of the actuarial assumptions are constant, however, another actuarial assumption change may impact the defined benefit obligations as well.

(iii) Fair value of plan assets
The Company developed a basic policy on the management of plan assets and continues to monitor compliance with and appropriateness of the policy to ensure adequate plan assets to provide pension benefits to pensioners in the future. Given the risk of plan assets, the Company also developed a standard portfolio to achieve expected returns. Based on the standard portfolio, the Company manages plan assets by making investments in shares and bonds. The Company examines every year a range of gaps between long-term expected returns on plan assets and actual returns in order to determine whether or not the Company needs to revise the standard portfolio. The Company reviews the standard portfolio as necessary to achieve the expected returns on plan assets.

Changes in the fair value of plan assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Balance at beginning of period	¥199,113	¥210,788	$1,315,058
Interest income	2,948	1,623	19,470
Remeasurements of defined benefit plans			
Return on plan assets	23,895	(4,608)	157,817
Contributions by the employer	530	1,341	3,500
Benefits	(9,163)	(10,168)	(60,518)
Others	(3,311)	137	(21,866)
Balance at end of period	¥214,012	¥199,113	$1,413,461

The Group plans to make contributions of ¥3,879 million in the fiscal year ending March 31, 2025.

The fair value of plan assets by asset category is as follows:

	Millions of yen						Thousands of U.S. dollars		
	As of March 31, 2024			As of March 31, 2023			As of March 31, 2024		
	With quoted market price in an active market	With no quoted market price in an active market	Total	With quoted market price in an active market	With no quoted market price in an active market	Total	With quoted market price in an active market	With no quoted market price in an active market	Total
Cash and cash equivalents	¥ 18,200	¥ —	¥ 18,200	¥ 13,192	¥ —	¥ 13,192	$ 120,203	$ —	$ 120,203
Equity instruments									
Shares issued by Japanese companies	70,928	—	70,928	61,412	—	61,412	468,450	—	468,450
Shares issued by foreign companies	25,538	—	25,538	37,564	—	37,564	168,668	—	168,668
Debt instruments									
Bonds issued by Japanese companies	9,367	—	9,367	2,713	—	2,713	61,865	—	61,865
Bonds issued by foreign companies	55,597	—	55,597	49,817	—	49,817	367,195	—	367,195
Others (Note)	291	34,091	34,382	218	34,197	34,415	1,922	225,158	227,080
Total	¥179,921	¥34,091	¥214,012	¥164,916	¥34,197	¥199,113	$1,188,303	$225,158	$1,413,461

Note: "Others" mainly includes investments of fund of funds and equity long-short hedge funds.

(2) Defined contribution plans and public plans

Amounts recognized as expenses in defined contribution plans and public plans are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Expenses in defined contribution plans	¥1,095	¥1,114	$7,232
Expenses in public plans	182	169	1,202

(3) Employee benefits expenses

The total amounts of employee benefits expenses (excluding ones for employees who are engaged on research and development) included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statements of income for the fiscal years ended March 31, 2024 and March 31, 2023 are ¥195,442 million and ¥183,289 million, respectively.

25. Provisions

The breakdown of changes in provisions for the fiscal year ended March 31, 2024 is as follows:

	Millions of yen			
	Asset retirement obligations	Provision for environmental measures	Others	Total
Balance as of April 1, 2023	¥3,631	¥ 192	¥ 4,627	¥ 8,450
Increase during period	216	4	1,340	1,560
Decrease during period (utilization)	(677)	(100)	(1,194)	(1,971)
Decrease during period (reversal)	(238)	—	(101)	(339)
Interest expense by discounting	17	—	—	17
Others	276	—	119	395
Balance as of March 31, 2024	3,225	96	4,791	8,112
Current liabilities	9	—	1,258	1,267
Non-current liabilities	3,216	96	3,533	6,845
Total	¥3,225	¥ 96	¥ 4,791	¥ 8,112

	Thousands of U.S. dollars			
	Asset retirement obligations	Provision for environmental measures	Others	Total
Balance as of April 1, 2023	$23,981	$1,268	$30,560	$ 55,809
Increase during period	1,427	26	8,850	10,303
Decrease during period (utilization)	(4,471)	(660)	(7,887)	(13,018)
Decrease during period (reversal)	(1,572)	—	(667)	(2,239)
Interest expense by discounting	112	—	—	112
Others	1,823	—	786	2,609
Balance as of March 31, 2024	21,300	634	31,642	53,576
Current liabilities	60	—	8,308	8,368
Non-current liabilities	21,240	634	23,334	45,208
Total	$21,300	$ 634	$31,642	$ 53,576

The breakdown of changes in provisions for the fiscal year ended March 31, 2023 is as follows:

	Millions of yen			
	Asset retirement obligations	Provision for environmental measures	Others	Total
Balance as of April 1, 2022	¥3,641	¥ 638	¥ 3,246	¥ 7,525
Increase during period	782	7	3,201	3,990
Decrease during period (utilization)	—	(453)	(1,567)	(2,020)
Decrease during period (reversal)	—	—	(192)	(192)
Interest expense by discounting	56	—	—	56
Others	(848)	—	(61)	(909)
Balance as of March 31, 2023	3,631	192	4,627	8,450
Current liabilities	730	5	1,614	2,349
Non-current liabilities	2,901	187	3,013	6,101
Total	¥3,631	¥ 192	¥ 4,627	¥ 8,450

Asset retirement obligations

Provisions for asset retirement obligations are mainly for dismantling and removal costs of plant facilities and offices held on land leased out to the Group overseas, to fulfill the obligation to restore the property to its original state. These expenses are mainly expected to be incurred after one year or longer from the lease; however, they are subject to the influence of a business plan or other aspects in the future.

Provision for environmental measures

The provision for environmental measures is an estimate of the total costs of equipment maintenance and treatment work related to measures to address soil pollution detected at the Company's manufacturing sites. These expenses are mainly expected to be incurred after one year or longer from the lease; however, they are subject to the influence of a business plan or other aspects in the future.

26. Other Liabilities

The breakdown of other liabilities is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Accrued bonuses	¥16,841	¥17,809	$111,228
Accrued paid leave	8,694	8,500	57,420
Accrued expenses	8,904	8,099	58,807
Accrued enterprise tax	3,280	1,763	21,663
Advances received	1,183	951	7,813
Others	3,953	3,885	26,108
Total	42,855	41,007	283,039
Current liabilities	42,103	40,016	278,073
Non-current liabilities	752	991	4,966
Total	¥42,855	¥41,007	$283,039

27. Equity

(1) Share capital and treasury stock

The total number of shares authorized and the number of shares issued are as follows:

	Shares	
	Year ended March 31, 2024	Year ended March 31, 2023
The total number of shares authorized to be issued	600,000,000	600,000,000
The number of shares issued		
Balance at beginning of period	200,763,815	204,653,315
Changes during the period (Note 2)	80,000	(3,889,500)
Balance at end of period	200,843,815	200,763,815

Notes:
1. All the shares the Company issued are no-par value common stock and are fully paid.
2. The change in the total number of shares during the fiscal year ended March 31, 2023 reflects an increase of 110,500 shares due to a paid third-party allocation of shares through a resolution of the Board of Directors and a decrease of 4,000,000 shares due to the canceling of treasury stock through a resolution of the Board of Directors. The 80,000 increase in the total number of shares during the fiscal year ended March 31, 2024 was due to a paid third-party allocation of shares through a resolution of the Board of Directors.

Changes in the number of shares of treasury stock during the period are as follows:

	Shares	
	Year ended March 31, 2024	Year ended March 31, 2023
At the beginning of the period	10,697,729	11,417,375
Increase (Note 1)	12,042	3,282,135
Decrease (Note 2)	590	4,001,781
At the end of the period	10,709,181	10,697,729

Notes:
1. The increase in the number of shares of treasury stock for the fiscal year ended March 31, 2023 is due to the purchase of 7,735 shares less than one unit and the acquisition of 3,274,400 shares through a resolution of the Board of Directors. The increase in the number of shares of treasury stock for the fiscal year ended March 31, 2024 is due to purchase of 12,042 shares less than one unit.
2. The decrease in the number of shares of treasury stock for the fiscal year ended March 31, 2023 is due to the sale of 1,781 shares less than one unit and the cancellation of 4,000,000 shares through a resolution of the Board of Directors. The decrease in the number of shares of treasury stock for the fiscal year ended March 31, 2024 is due to the sale of 590 shares less than one unit.

(2) Capital surplus and retained earnings

The capital surplus account is composed of amounts arising from equity transactions that are not included in share capital. Major components of the capital surplus account are legal capital surplus and other capital surplus. The retained earnings account is composed of legal retained earnings and other retained earnings.

The Companies Act of Japan requires that at least 50% of the contribution for share issue be appropriated as share capital and the rest be appropriated as legal capital surplus. The Companies Act of Japan also requires that 10% of surplus appropriated for dividends be reserved either as legal capital surplus or legal retained earnings until the total amount of legal capital surplus and legal retained earnings reaches 25% of the amount of share capital. Legal capital surplus and legal retained earnings cannot be the source of dividends, however, these can be transferred to capital surplus, other surplus or share capital upon approval at the General Meeting of Shareholders.

In addition, acquired treasury stock must be excluded in calculating the amount available for distribution. Acquired treasury stock of ¥32,751 million, and ¥32,704 million at March 31, 2024, and March 31, 2023, respectively, is excluded in calculating the amount available for distribution.

(3) Other components of equity

Other components of equity are as follows:

Financial assets measured at fair value through other comprehensive income

It is valuation difference on financial assets measured at fair value through other comprehensive income.

Remeasurement of defined benefit plans

Remeasurement of defined benefit plans represents the effect of gaps between actuarial assumptions at the beginning of the year and actual results as well as the effect of changes in actuarial assumptions. These effects are recognized in other comprehensive income when incurred and are immediately transferred from other components of equity to retained earnings.

Exchange differences on translation of foreign operations
These exchange differences occurred when foreign operations' financial statements prepared in foreign currencies are consolidated.

Effective portion of net changes in fair value of cash flow hedges
It is the amount of accumulated effective portion of gains or losses arising from changes in the fair value of hedging instruments for cash flow hedges.

The breakdown of each item of other comprehensive income and related amount of tax effects (including non-controlling interests) are as follows:

For the year ended March 31, 2024

	Millions of yen				
	Amount arising during the year	Reclassification adjustments	Before tax effects	Tax effects	After tax effects
Items that will not be reclassified to profit or loss					
Financial assets measured at fair value through other comprehensive income	¥ 6,232	¥ —	¥ 6,232	¥ (1,033)	¥ 5,199
Remeasurements of defined benefit plans	25,040	—	25,040	(7,619)	17,421
Share of other comprehensive income of investments accounted for using equity method	500	—	500	—	500
Total of items that will not be reclassified to profit or loss	31,772	—	31,772	(8,652)	23,120
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	33,098	45	33,143	2,651	30,492
Effective portion of net change in fair value of cash flow hedges	(91)	205	114	(44)	70
Share of other comprehensive income of investments accounted for using equity method	3,974	—	3,974	—	3,974
Total of items that may be reclassified to profit or loss	36,981	250	37,231	(2,695)	34,536
Total	¥68,753	¥250	¥69,003	¥(11,347)	¥57,656

	Thousands of U.S. dollars				
	Amount arising during the year	Reclassification adjustments	Before tax effects	Tax effects	After tax effects
Items that will not be reclassified to profit or loss					
Financial assets measured at fair value through other comprehensive income	$ 41,160	$ —	$ 41,160	$ (6,823)	$ 34,337
Remeasurements of defined benefit plans	165,379	—	165,379	(50,321)	115,058
Share of other comprehensive income of investments accounted for using equity method	3,303	—	3,303	—	3,303
Total of items that will not be reclassified to profit or loss	209,842	—	209,842	(57,144)	152,698
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	218,599	297	218,896	(17,509)	201,387
Effective portion of net change in fair value of cash flow hedges	(601)	1,354	753	(291)	462
Share of other comprehensive income of investments accounted for using equity method	26,246	—	26,246	—	26,246
Total of items that may be reclassified to profit or loss	244,244	1,651	245,895	(17,800)	228,095
Total	$454,086	$1,651	$455,737	$(74,944)	$380,793

For the year ended March 31, 2023

	Millions of yen				
	Amount arising during the year	Reclassification adjustments	Before tax effects	Tax effects	After tax effects
Items that will not be reclassified to profit or loss					
Financial assets measured at fair value through other comprehensive income	¥ 5,972	¥ —	¥ 5,972	¥(1,786)	¥ 4,186
Remeasurements of defined benefit plans	1,242	—	1,242	(341)	901
Share of other comprehensive income of investments accounted for using equity method	14	—	14	—	14
Total of items that will not be reclassified to profit or loss	7,228	—	7,228	(2,127)	5,101
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	23,052	(5,173)	17,879	—	17,879
Effective portion of net change in fair value of cash flow hedges	558	(308)	250	(90)	160
Share of other comprehensive income of investments accounted for using equity method	4,790	—	4,790	—	4,790
Total of items that may be reclassified to profit or loss	28,400	(5,481)	22,919	(90)	22,829
Total	¥35,628	¥(5,481)	¥30,147	¥(2,217)	¥27,930

28. Dividends

For the year ended March 31, 2024

i) Dividends paid

Dividends paid are as follows:

Resolution	Type of shares	Total cash dividends paid (Millions of yen)	Source of dividends	Cash dividends per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 27, 2023	Common stock	¥11,404	Retained earnings	¥60.00	March 31, 2023	June 28, 2023
Board of Directors' meeting held on November 8, 2023	Common stock	13,310	Retained earnings	70.00	September 30, 2023	December 4, 2023

Resolution	Type of shares	Total cash dividends paid (Thousands of U.S. dollars)	Source of dividends	Cash dividends per share (U.S. dollars)	Record date	Effective date
Annual General Meeting of Shareholders on June 27, 2023	Common stock	$75,319	Retained earnings	$0.396	March 31, 2023	June 28, 2023
Board of Directors' meeting held on November 8, 2023	Common stock	87,907	Retained earnings	0.462	September 30, 2023	December 4, 2023

ii) Dividends whose record date is within the fiscal year ended March 31, 2024, however, whose effective date is in the fiscal year ending March 31, 2025

Dividends whose record date is within the fiscal year ended March 31, 2024, however, whose effective date is in the fiscal year ending March 31, 2025 are as follows:

Resolution	Type of shares	Total cash dividends paid (Millions of yen)	Source of dividends	Cash dividends per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 25, 2024	Common stock	¥13,309	Retained earnings	¥70.00	March 31, 2024	June 26, 2024

Resolution	Type of shares	Total cash dividends paid (Thousands of U.S. dollars)	Source of dividends	Cash dividends per share (U.S. dollars)	Record date	Effective date
Annual General Meeting of Shareholders on June 25, 2024	Common stock	$87,900	Retained earnings	$0.462	March 31, 2024	June 26, 2024

For the year ended March 31, 2023

i) Dividends paid

Dividends paid are as follows:

Resolution	Type of shares	Total cash dividends paid (Millions of yen)	Source of dividends	Cash dividends per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 24, 2022	Common stock	¥12,560	Retained earnings	¥65.00	March 31, 2022	June 27, 2022
Board of Directors' meeting held on November 8, 2022	Common stock	11,601	Retained earnings	60.00	September 30, 2022	December 2, 2022

ii) Dividends whose record date is within the fiscal year ended March 31, 2023, however, whose effective date is in the fiscal year ended March 31, 2024

Dividends whose record date is within the fiscal year ended March 31, 2023, however, whose effective date is in the fiscal year ended March 31, 2024 are as follows:

Resolution	Type of shares	Total cash dividends paid (Millions of yen)	Source of dividends	Cash dividends per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 27, 2023	Common stock	¥11,404	Retained earnings	¥60.00	March 31, 2023	June 28, 2023

29. Sales Revenue

(1) Disaggregation of revenue

The Group is composed of the following business segments: Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, and Basic & Green Materials, and Others, whose operating results are regularly reviewed by the Board of Directors of the Company to make decisions about management resource allocation and assess their performance. Therefore, turnover recognized from these businesses is presented as sales revenue. The Group further disaggregates revenue from contracts with customers into the sale of products and merchandise, license income, and other based on the contracts with customers.

The relationship between these disaggregated sales revenue and sales revenue of each reportable segment is as follows:

For the year ended March 31, 2024

	Millions of yen						
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Total of reportable segments	Others	Total
Sale of products and merchandise	¥270,190	¥543,587	¥237,478	¥680,050	¥1,731,305	¥11,711	¥1,743,016
License income	1,512	391	19	1,731	3,653	—	3,653
Others	—	—	—	—	—	3,074	3,074
Total	¥271,702	¥543,978	¥237,497	¥681,781	¥1,734,958	¥14,785	¥1,749,743

	Thousands of U.S. dollars						
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Total of reportable segments	Others	Total
Sale of products and merchandise	$1,784,492	$3,590,166	$1,568,443	$4,491,447	$11,434,548	$77,347	$11,511,895
License income	9,987	2,582	126	11,432	24,127	—	24,127
Others	—	—	—	—	—	20,302	20,302
Total	$1,794,479	$3,592,748	$1,568,569	$4,502,879	$11,458,675	$97,649	$11,556,324

Notes:
1. The above amounts are net of internal transactions among Group companies.
2. Most of the Group's sales revenue is recognized from contracts with customers. Revenue recognized from other sources is immaterial.

For the year ended March 31, 2023

	Millions of yen						
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Total of reportable segments	Others	Total
Sale of products and merchandise	¥257,194	¥521,169	¥235,657	¥847,587	¥1,861,607	¥12,132	¥1,873,739
License income	1,032	405	24	1,389	2,850	—	2,850
Other	—	—	—	—	—	2,958	2,958
Total	¥258,226	¥521,574	¥235,681	¥848,976	¥1,864,457	¥15,090	¥1,879,547

Notes:
1. The above amounts are net of internal transactions between Group companies.
2. Most of the Group's sales revenue is recognized from contracts with customers. Revenue recognized from other sources is immaterial.

The Group is primarily engaged in business activities related to the manufacture and sale of goods or services in the Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, and Basic & Green Materials segments. Revenue from these businesses is measured based on the consideration clearly stated in contracts with customers, and excludes amounts collected for third parties. The amount of sales revenue including variable consideration is included in transaction prices only to the extent that a significant reversal of accumulated revenue recognized is very unlikely to occur when uncertainties over the variable consideration are later dispelled.

The Group recognizes revenue from the manufacture and sale of products upon the delivery of the products because it is when the Group deems that customers have obtained control of the products and performance obligations have been satisfied. The consideration of a transaction is generally received within one year after the performance obligation is satisfied. The contract for the transaction does not include a significant financing component.

Of license income, the Group records revenue from patent license agreements at the time the assignment or provision agreement takes effect. The Group also recognizes revenue from net sales-based royalties promised in exchange for the license of intellectual property at the time either of the following occurs, whichever is later:

- Subsequent sales or use occurs, or
- The performance obligation to which some or all net sales-based or usage-based royalties are allocated is satisfied (or partially satisfied).

(2) Contract balances

Information on receivables from contracts with customers and contract liabilities is as follows:

In the consolidated statements of financial position, receivables from contracts with customers are included in "Trade receivables," and contract liabilities are included in "Trade payables" and "Other non-current liabilities."

	Millions of yen			Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of April 1, 2022	As of March 31, 2024
Receivables from contracts with customers	¥365,896	¥352,181	¥370,426	$2,416,591
Contract liabilities	2,908	3,070	1,812	19,206

Contract liabilities are mainly related to advance consideration received from customers.

Of revenue recognized for the fiscal years ended March 31, 2024 and March 31, 2023, amounts included in the beginning balance of contract liabilities are ¥2,305 million and ¥1,422 million, respectively. In the fiscal year ended March 31, 2024 and the fiscal year ended March 31, 2023, the amount of revenue recognized from performance obligations satisfied (or partially satisfied) in the previous period was insignificant.

There are no contract assets as of March 31, 2024 or March 31, 2023.

(3) Transaction price allocated to the remaining performance obligations

Since the Group does not have any significant transactions whose expected individual contract term exceeds one year, practical expedients have been applied and information regarding remaining performance obligations is omitted.

(4) Assets recognized from the costs to obtain or fulfill contracts with customers

There are no costs to obtain or fulfill contracts with customers for the fiscal years ended March 31, 2024 or March 31, 2023.

30. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Personnel expenses	¥ 77,763	¥ 72,625	$ 513,592
Research and development expenses	44,695	42,954	295,192
Transportation and storage fees	71,663	77,342	473,304
Depreciation and amortization	17,193	15,917	113,553
Others	71,343	75,751	471,191
Total	¥282,657	¥284,589	$1,866,832

31. Share-Based Payment

(1) Overview of restricted stock compensation plan

The Company has introduced a restricted stock compensation plan (hereinafter the "Plan") for directors (excluding outside directors), executive officers, and chief senior directors (hereinafter collectively "Eligible Directors, etc.") for the purposes of granting Eligible Directors, etc. incentives for sustainable improvement of corporate value of the Company and promoting greater shared value with shareholders, and accounts for as equity-settled payments. In the Plan, shares are issued on a grant date, and a period over which shares are subject to a restriction on transfer lasts three to five years from the grant date.

The transfer restriction period for shares granted under the plan is set from the grant date until the time the officer or employee of the Company retires or resigns from a position predetermined by the Board of Directors, including member of the board, Audit & Supervisory Board member, executive officer, chief senior director, senior director, councilor, advisor, senior advisor, or any other similar position.

(2) The number of shares of the Company granted during the period based on the restricted stock compensation plan, and the weighted-average fair value

The number of shares of the Company granted during the period and the weighted-average fair value per share are as follows:

	Year ended March 31, 2024	Year ended March 31, 2023
The number of shares granted during the year	80,000 shares	110,500 shares

	Yen		U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
The weighted-average fair value per share	¥4,164	¥2,850	$28

The fair value of share-based payment is measured with reference to the share price on the grant date.

(3) Expenses for share-based payment

The total amount of expenses recognized under the restricted stock compensation plan is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Equity-settled payment	¥332	¥316	$2,193

The expenses above are recorded in "Selling, general and administrative expenses" in the consolidated statements of income.

32. Research and Development Expenses

Research and development expenses recognized as expenses for the fiscal years ended March 31, 2023 and March 31, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Research and development expenses	¥44,695	¥42,954	$295,192

33. Other Operating Income and Other Operating Expenses

The breakdown of other operating income and other operating expenses is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Gain on sale of fixed assets	¥ 296	¥ 241	$ 1,955
Insurance income	798	2,083	5,270
Rental income	311	268	2,054
Gain on sale of subsidiaries (Note 1)	2,282	24,178	15,072
Gain on negative goodwill	939	—	6,202
Others	1,796	1,555	11,862
Total of other operating income	6,422	28,325	42,415
Loss on sale and retirement of fixed assets	6,463	7,377	42,685
Impairment loss (Note 2)	24,156	7,455	159,540
Loss on related businesses	52	1,054	343
Loss on disaster	—	14	—
Others	2,069	2,024	13,667
Total of other operating expenses	¥32,740	¥17,924	$216,235

Notes:

1. In the year ended March 31, 2023, the Company transferred all shares of consolidated subsidiary Mitsui Phenols Singapore Pte. Ltd. to INEOS Holdings Limited. As a result of the transfer, the Company recorded ¥23,244 million gain on sales of shares of subsidiaries.
2. In the year ended March 31, 2024, the Company recorded an impairment loss during the first quarter due to the reclassification of the assets and liabilities of the packaging solution (hereinafter "PS") business of Mitsui Chemicals Tohcello, Inc. (hereinafter "MCTI"), a consolidated subsidiary of the Company, and MCTI's subsidiary related to the PS business, as assets held for sale and liabilities directly associated with assets held for sale. Details are described in Note 13 "Assets Held for Sale" and Note 18 "Impairment of Non-Financial Assets."

34. Financial Income and Financial Expenses

(1) Financial income

The breakdown of financial income is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Dividend income	¥ 1,238	¥2,162	$ 8,176
Interest income	5,074	2,848	33,512
Foreign exchange gains	6,922	485	45,717
Others	636	183	4,201
Total	¥13,870	¥5,678	$91,606

(2) Financial expenses

The breakdown of financial expenses is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Interest expenses			
Financial liabilities measured at amortized cost	¥ 7,189	¥ 5,236	$47,480
Lease obligations	677	842	4,471
Accrual of allowance for doubtful accounts	2,769	7,790	18,288
Others	4,028	3,530	26,604
Total	¥14,663	¥17,398	$96,843

35. Income Taxes

(1) Deferred tax

(i) The breakdown of deferred tax assets and liabilities, and the details of changes

The details of deferred tax assets and liabilities by major reasons and movements are as follows:

i) For the year ended March 31, 2024

	Millions of yen				
	April 1, 2023	Recognized through profit or loss	Recognized in other comprehensive income	Others (Note)	March 31, 2024
Deferred tax assets					
Accrued bonuses	¥ 5,175	¥ (63)	¥ —	¥ 139	¥ 5,251
Retirement benefit liability	11,719	(949)	(1)	143	10,912
Tax loss carryforward	880	908	—	63	1,851
Excess depreciation	6,815	(833)	—	333	6,315
Inventories	2,153	(254)	—	15	1,914
Adjustment accounts	7,457	(1,530)	—	(198)	5,729
Lease liabilities	12,852	(2,017)	—	187	11,022
Others (Note 1)	18,272	3,621	(45)	(754)	21,094
Total deferred tax assets	¥65,323	¥(1,117)	¥ (46)	¥ (72)	¥ 64,088
Deferred tax liabilities					
Retirement benefit asset	20,722	(241)	7,655	14	28,150
Gain on contribution of securities to retirement benefit trust	7,440	—	(552)	—	6,888
Financial assets measured at fair value through other comprehensive income	7,678	—	1,787	11	9,476
Retained earnings of subsidiaries, associates, etc.	9,828	967	2,651	—	13,446
Property, plant and equipment	7,744	(22)	—	345	8,067
Valuation difference on land	10,265	(789)	—	267	9,743
Right-of-use assets	13,122	(205)	—	189	13,106
Others (Note 1)	13,416	(2,599)	1,531	(39)	12,309
Total deferred tax liabilities	¥90,215	¥(2,889)	¥13,072	¥ 787	¥101,185

	Thousands of U.S. dollars				
	April 1, 2023	Recognized through profit or loss	Recognized in other comprehensive income	Others (Note)	March 31, 2024
Deferred tax assets					
Accrued bonuses	$ 34,179	$ (416)	$ —	$ 918	$ 34,681
Retirement benefit liability	77,399	(6,268)	(7)	945	72,069
Tax loss carryforward	5,812	5,997	—	416	12,225
Non-current assets	45,010	(5,502)	—	2,200	41,708
Inventories	14,220	(1,678)	—	99	12,641
Adjustment accounts	49,250	(10,105)	—	(1,307)	37,838
Lease liabilities	84,882	(13,321)	—	1,235	72,796
Others (Note 1)	120,679	23,916	(297)	(4,982)	139,316
Total deferred tax assets	$431,431	$ (7,377)	$ (304)	$ (476)	$423,274
Deferred tax liabilities					
Retirement benefit asset	136,860	(1,592)	50,558	93	185,919
Gain on contribution of securities to retirement benefit trust	49,138	—	(3,646)	—	45,492
Financial assets measured at fair value through other comprehensive income	50,710	—	11,802	73	62,585
Retained earnings of subsidiaries, associates, etc.	64,910	6,387	17,509	(1)	88,805
Property, plant and equipment	51,146	(145)	—	2,278	53,279
Valuation difference	67,796	(5,211)	—	1,763	64,348
Right-of-use assets	86,665	(1,354)	—	1,249	86,560
Others (Note 1)	88,608	(17,166)	10,112	(257)	81,297
Total deferred tax liabilities	$595,833	$(19,081)	$86,335	$ 5,198	$668,285

Notes:
1. "Others" includes exchange differences on translation of foreign operations.
2. Beginning in the year ended March 31, 2024, the Company applies the standard, Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12). Comparative information reflects amounts after retrospective application of this standard.

ii) For the year ended March 31, 2023

	Millions of yen				
	April 1, 2022	Recognized through profit or loss	Recognized in other comprehensive income	Others (Note)	March 31, 2023
Deferred tax assets					
Accrued bonuses	¥ 5,188	¥ (14)	¥ —	¥ 1	¥ 5,175
Retirement benefit liability	11,578	(452)	(327)	920	11,719
Tax loss carryforward	2,091	(1,240)	—	29	880
Excess depreciation	6,563	(773)	—	1,025	6,815
Inventories	1,452	635	—	66	2,153
Adjustment accounts	5,698	1,759	—	—	7,457
Lease liabilities	9,244	3,389	—	219	12,852
Others (Note 1)	19,475	801	(99)	(1,905)	18,272
Total deferred tax assets	¥61,289	¥ 4,105	¥ (426)	¥ 355	¥65,323
Deferred tax liabilities					
Retirement benefit asset	21,224	(343)	(159)	—	20,722
Gain on contribution of securities to retirement benefit trust	8,126	—	(686)	—	7,440
Financial assets measured at fair value through other comprehensive income	5,752	—	1,926	—	7,678
Retained earnings of subsidiaries, associates, etc.	7,744	2,084	—	—	9,828
Property, plant and equipment	8,336	(820)	—	228	7,744
Valuation difference	10,709	(651)	—	207	10,265
Right-of-use assets	9,011	3,820	—	291	13,122
Others (Note 1)	9,941	2,193	2,062	(780)	13,416
Total deferred tax liabilities	¥80,843	¥ 6,283	¥3,143	¥ (54)	¥90,215

Notes:
1. "Others" includes exchange differences on translation of foreign operations.
2. Beginning in the year ended March 31, 2024, the Company applies the standard, Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12). Comparative information reflects amounts after retrospective application of this standard.

In recognizing deferred tax assets, the Group records deductible temporary differences and tax loss carryforwards to the extent that it is probable that taxable income will be available against which the deductible temporary differences and unused tax loss carryforwards can be utilized.

The recoverability of deferred tax assets is determined based on the sufficiency of taxable income based on profitability in the consolidated tax group with the Company as consolidated parent, tax planning opportunities, and the sufficiency of taxable temporary differences. Estimates of future taxable income based on profitability are based on the Group's business plan for the year ending March 31, 2024, which includes growth and expansion through the investment of resources to strengthen the foundation of Group global management. The business plan includes major assumptions made by management regarding forecast sales volume related to revenue.

The Group's businesses are wide-ranging and may be affected by changes in uncertain economic conditions, including global economic trends stemming in part from a downturn in China. If future taxable income results differ from initial estimates due to changes in forecast sales volume, this could have a significant impact on amounts recognized in the consolidated financial statements for the following fiscal year.

The bulk of the balance of deferred tax assets of the Group is related to the consolidated tax group with the Company as consolidated parent, and the Company records most of them on its books.

Applying the exceptions stipulated in IAS 12, the Group does not recognize or disclose information about deferred tax assets and liabilities related to income tax arising from global minimum tax rules.

For some subsidiaries that posted a net loss for whom the recoverability of deferred tax assets depends on their future taxable income, the Group recognized deferred tax assets of ¥5,190 million at March 31, 2024 and ¥5,542 million at March 31, 2023. The future taxable income used by these companies in recognizing deferred tax assets is based on the assumptions of a business plan approved by management. Based on past plans and performance trends, the Company considers the recoverability of the deferred tax to be unproblematic.

(ii) Deductible temporary differences and tax loss carryforward for which no deferred tax assets are recognized

The amounts of deductible temporary differences and tax loss carryforward for unrecognized deferred tax assets as well as the expiration year of such tax loss carryforward and tax credit carryforward are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Tax loss carryforward	¥ 64,170	¥ 22,497	$ 423,816
(of which, amounts coming due)			
Due within one year	1,880	6,740	12,417
Due after one year through five years	9,853	1,513	65,075
Due after five years	52,437	14,244	346,325
Deductible temporary differences	202,123	157,125	1,334,938
Total	¥266,293	¥179,622	$1,758,754

The Group in Japan has adopted the Japanese Group Relief System.

Deferred tax assets related to local taxes (resident tax and business tax), which are not applicable under the Japanese Group Relief System, are included in "Deductible temporary differences and tax loss carryforward for which no deferred tax assets are recognized" above.

(iii) Taxable temporary differences on investments in subsidiaries and other entities that do not recognize deferred tax liabilities

The total amount of taxable temporary differences on investments in subsidiaries and other entities that do not recognize deferred tax liabilities is ¥29,870 million, and ¥17,616 million at March 31, 2024 and March 31, 2023, respectively. The Group does not recognize deferred tax liabilities if it can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

(2) Income tax expense

(i) Breakdown of income tax expense

The breakdown of income taxes is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Current tax expenses	¥20,965	¥23,081	$138,465
Prior period restatement	363	2,312	2,397
Deferred tax expenses			
Origination and reversal of temporary differences, etc.	(5,493)	1,857	(36,279)
Revision to and reversal of deferred tax assets	3,721	(110)	24,577
Total of deferred tax expenses	(1,772)	1,747	(11,702)
Total income tax expense	¥19,556	¥27,140	$129,160

(ii) Reconciliation of applicable tax rate

The Company is subject to income tax, corporate inhabitant tax, and corporate enterprise tax. The effective statutory tax rate used to calculate these taxes for the fiscal years ended March 31, 2024 and March 31, 2023 is 30.6% for both years. For its foreign subsidiaries, they are subject to income taxes in their locations.

The breakdown of major reconciling items between the effective statutory tax rate and the average actual tax rate is as follows:

	Year ended March 31, 2024	Year ended March 31, 2023
Effective statutory tax rate	30.6%	30.6%
Expenses not subject to deduction, such as entertainment expenses	1.5	1.9
Income not subject to tax, such as dividend income	1.6	0.6
Differences in tax rates of consolidated foreign subsidiaries	(7.4)	(5.8)
Changes in unrecognized deferred tax assets	10.1	1.6
Share of profit (loss) of investments accounted for using equity method	(5.1)	(5.7)
Tax deduction for research expenses, etc.	(2.4)	(4.6)
Adjustment for income taxes for prior periods	0.3	2.0
Others	(2.5)	2.5
Actual tax rate	26.7%	23.1%

(iii) Potential impact of Pillar Two tax

The Group operates in jurisdictions that have established global minimum tax systems.

In Japan, where the Company is located, the Act for Partially Amending the Income Tax Act, etc. (Act No. 3 of 2023) went into effect on March 28, 2023, introducing a global minimum tax system.

Since the global minimum tax system is applied to the Group from the fiscal year beginning April 1, 2024, there is no tax impact for the current reporting period.

In addition, the Group has calculated the global minimum based on profit and tax expenses determined as part of the preparation of consolidated financial statements through March 31, 2024, taking into account certain adjustments required in the application of laws and regulations. The Company has assessed the impact should the tax system be applied to these statements.

While this assessment could result in additional tax in certain jurisdictions in which the Company operates, in most jurisdictions no additional tax is expected to be incurred, and the impact on the Group is expected to be minimal.

36. Per Share Information

The basis for calculation of basic earnings per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Net income attributable to common shareholders of the parent	¥49,999	¥82,936	$330,223

	Shares	
	Year ended March 31, 2024	Year ended March 31, 2023
The average number of common shares during the period	190,120,582	192,349,712

	Yen		U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Basic earnings per share	¥262.99	¥431.17	$1.74

Note: Diluted earnings per share are not stated as potential dilutive shares do not exist.

37. Financial Instruments

(1) Capital management

While the Company's top priority is the enhancement of corporate value through business growth and expansion, the Company also sees the return of profit to its shareholders as a key management priority.

To this end, the Company uses operating income before special items, net income attributable to owners of the parent, ROIC (return on invested capital), net debt to equity, and ROE (return on equity) as key indicators for capital management with a basic policy of ensuring financial soundness and optimizing the capital efficiency of business activities.

The Company is not subject to any material capital restrictions.

(2) Financial risk management policy

The Company is exposed to various financial risks (credit risk, liquidity risk and market risk) in the course of performing business activities and performs risk management in accordance with relevant policies to avoid or mitigate these risks.

The Company uses derivatives to avoid the risks explained below and does not engage in speculative transactions. The finance division executes and manages the Company's derivative transactions upon approval of the officer in charge. The finance division reports the results of such transactions to the Management Committee every six months. The Company's consolidated subsidiaries also execute and manage derivative transactions in accordance with their management standards.

(3) Credit risk management

Notes and accounts receivable—trade, i.e., trade receivables, and receivables other than trade receivables are exposed to credit risks of customers. Trade receivables denominated in foreign currencies arising from doing business overseas are exposed to foreign exchange fluctuation risk, and a certain amount of such receivables is hedged using forward exchange contracts and other instruments, except for those within outstanding balance of accounts payable—trade denominated in the same foreign currencies.

In accordance with the internal credit management rules, the Company regularly monitors the status of trade receivables of counterparties and manages due dates and balances for each business partner, while working to early identify and mitigate any concerns about collections due to deterioration in their financial position and other factors. The Company's consolidated subsidiaries also manage credit risk in the same manner in accordance with the Company's credit management rules.

The Company and its consolidated subsidiaries engage in derivative transactions with creditworthy financial institutions and therefore believe that it is exposed to minimal credit risk arising from default of counterparties.

The maximum exposure to the credit risk as of the end of the fiscal year is the carrying amount of financial assets less allowance for doubtful accounts stated in the consolidated statements of financial position. The maximum exposure to the credit risk associated with debt guarantees is the amount of guaranteed liabilities stated in Note 41 "Contingent Liabilities."

In connection with these credit risk exposures, the Company mainly holds deposits as collateral for some trade receivables. The Company has neither significant exposure to credit risk related to particular counterparties nor excessive concentration of credit risk that requires special attention.

The amount of allowance for doubtful accounts is calculated as follows:

• Trade receivables

The allowance is calculated by multiplying the carrying amount of receivables by the provision rate calculated by considering future prospects of economic conditions and relevant factors in addition to the historical rate of credit losses. Provided, however, that if the asset meets criteria for credit-impaired financial assets, the amount of allowance is calculated on an individual basis by considering future prospects of economic conditions and other factors in addition to the financial conditions of counterparty.

• Receivables other than trade receivables

For assets for which credit risk is not considered to have increased significantly, the amount of allowance is calculated by multiplying the carrying amount by the provision rate that is determined by considering future prospects of economic conditions and other factors in addition to the historical rate of credit losses of similar assets.

For financial assets and credit-impaired financial assets whose credit risk is considered to have increased significantly from the time of initial recognition, anticipated credit losses over a 12-month period or for the entire period are estimated. Such estimates are based on numerous assumptions and estimates, including the possibility of default, timing of credit recovery, forecasts regarding the future amount of loss incurred, and discount rates. Management of the Group determines that actual losses may be more or less than expected losses. If underlying assumptions change, initial estimates and assumptions may differ significantly from the actual amount of impairment loss on financial assets measured at amortized cost, which could have a significant impact on amounts recognized in the consolidated financial statements for the following fiscal year.

The allowance for doubtful accounts for financial assets is included in "Trade receivables" and "Other financial assets" in the consolidated statements of financial position.

Changes in allowance for doubtful accounts are as follows:

Year ended March 31, 2024

	Millions of yen				
	Trade receivables	Receivables other than trade receivables			
	Financial assets always measured at an amount equal to lifetime expected credit losses	Financial assets measured at an amount equal to 12-month expected credit losses	Financial assets whose credit risk has increased significantly	Credit-impaired financial assets	Total
Balance at beginning of period	¥1,189	¥ 1	¥505	¥19,738	¥21,433
Increase during period	410	0	64	5,236	5,710
Decrease during period (utilization)	(155)	—	—	(7)	(162)
Decrease during period (reversal)	(286)	(0)	—	(98)	(384)
Others	(34)	—	—	—	(34)
Balance at end of period	¥1,124	¥ 1	¥569	¥24,869	¥26,563

	Thousands of U.S. dollars				
	Trade receivables	Receivables other than trade receivables			
	Financial assets always measured at an amount equal to lifetime expected credit losses	Financial assets measured at an amount equal to 12-month expected credit losses	Financial assets whose credit risk has increased significantly	Credit-impaired financial assets	Total
Balance at beginning of period	$7 ,853	$ 7	$3,335	$130,361	$141,556
Increase during period	2,708	0	423	34,581	37,712
Decrease during period (utilization)	(1,024)	—	—	(46)	(1,070)
Decrease during period (reversal)	(1,890)	(0)	—	(646)	(2,536)
Others	(224)	—	—	—	(224)
Balance at end of period	$ 7,423	$ 7	$3,758	$164,250	$175,438

The increase in allowance for doubtful accounts for the fiscal year ended March 31, 2024 is mainly for credit-impaired financial assets.

Year ended March 31, 2023

	Millions of yen				
	Trade receivables	Receivables other than trade receivables			
	Financial assets always measured at an amount equal to lifetime expected credit losses	Financial assets measured at an amount equal to 12-month expected credit losses	Financial assets whose credit risk has increased significantly	Credit-impaired financial assets	Total
Balance at beginning of period	¥1,261	¥ 3	¥469	¥12,395	¥14,128
Increase during period	327	0	37	7,888	8,252
Decrease during period (utilization)	(167)	—	—	(460)	(627)
Decrease during period (reversal)	(284)	(0)	—	(88)	(372)
Others	52	(2)	(1)	3	52
Balance at end of period	¥1,189	¥ 1	¥505	¥19,738	¥21,433

(4) Liquidity risk management

Liquidity risk is the risk that the Group is unable to perform its repayment obligations of financial liabilities on the due date. The Company manages liquidity risk by having the finance division prepare and update a cash flow management plan in a timely manner based on cash flow schedules of respective departments taking capital efficiency into account, as well as by preparing for alternative means of financing such as commitment line and overdraft facility.

The balances of major financial liabilities (including derivative financial instruments) by due date at March 31, 2024 and March 31, 2023 are as follows:

(i) As of March 31, 2024

	Millions of yen							
	Carrying amount	Contractual cash flows	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Non-derivative financial liabilities								
Trade payables	¥ 179,947	¥ 179,947	¥179,947	¥ —	¥ —	¥ —	¥ —	¥ —
Short-term borrowings	146,627	146,627	146,627	—	—	—	—	—
Commercial papers	143,000	143,000	143,000	—	—	—	—	—
Long-term borrowings	311,131	322,359	31,589	11,098	29,843	34,961	29,522	185,346
Bonds payable	156,000	160,345	5,638	40,586	25,534	5,483	25,444	57,660
Lease liabilities	54,699	60,232	9,509	8,488	7,649	7,211	6,930	20,445
Others	108,287	108,262	101,752	619	54	8	2	5,827
Derivative financial liabilities								
Currency-related	618	618	5	175	175	175	88	—
Interest rate-related	17	17	17	—	—	—	—	—
Total	¥1,100,326	¥1,121,407	¥618,084	¥60,966	¥63,255	¥47,838	¥61,986	¥269,278

	Thousands of U.S. dollars							
	Carrying amount	Contractual cash flows	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Non-derivative financial liabilities								
Trade payables	$1,188,475	$1,188,475	$1,188,475	$ —	$ —	$ —	$ —	$ —
Short-term borrowings	968,410	968,410	968,410	—	—	—	—	—
Commercial papers	944,455	944,455	944,455	—	—	—	—	—
Long-term borrowings	2,054,891	2,129,047	208,632	73,298	197,101	230,903	194,981	1,224,132
Bonds payable	1,030,315	1,059,012	37,237	268,054	168,641	36,213	168,047	380,820
Lease liabilities	361,264	397,807	62,803	56,060	50,518	47,626	45,770	135,030
Others	715,191	715,026	672,030	4,087	357	52	13	38,487
Derivative financial liabilities								
Currency-related	4,082	4,082	33	1,156	1,156	1,156	581	—
Interest rate-related	112	112	112	—	—	—	—	—
Total	$7,267,195	$7,406,426	$4,082,187	$402,655	$417,773	$315,950	$409,392	$1,778,469

(ii) As of March 31, 2023

	Millions of yen							
	Carrying amount	Contractual cash flows	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Non-derivative financial liabilities								
Trade payables	¥ 164,267	¥ 164,267	¥164,267	¥ —	¥ —	¥ —	¥ —	¥ —
Short-term borrowings	184,120	184,120	184,120	—	—	—	—	—
Commercial papers	140,000	140,000	140,000	—	—	—	—	—
Long-term borrowings	283,833	290,699	45,439	30,891	5,765	27,487	33,539	147,578
Bonds payable	130,296	152,901	771	5,475	40,372	15,358	5,340	85,585
Lease liabilities	56,451	58,996	8,443	7,955	7,046	6,440	6,285	22,827
Others	113,316	113,316	105,285	821	33	123	46	7,008
Derivative financial liabilities								
Currency-related	7	7	7	—	—	—	—	—
Interest rate-related	158	158	78	80	—	—	—	—
Total	¥1,072,448	¥1,104,464	¥648,410	¥45,222	¥53,216	¥49,408	¥45,210	¥262,998

Financial guarantee contracts are not included in the tables above. The obligation to pay under financial guarantee contracts arises upon request. The details of financial guarantee contracts are stated in Note 41 "Contingent Liabilities."

(5) Market risk management

(i) Foreign exchange risk

Receivables and payables denominated in foreign currencies arising from the Group's global business development are exposed to foreign exchange fluctuation risk. The Group enters into forward exchange contracts and currency swap contracts to hedge foreign exchange fluctuation risk identified by currency for certain trade receivables and payables and borrowings denominated in foreign currencies.

Foreign exchange sensitivity analysis

For the financial instruments denominated in foreign currencies held by the Group at the end of each reporting period, the impact of a 1% appreciation of Japanese yen against US dollar, Euro and Chinese yuan as of the end of period on income before income taxes in the consolidated statements of income is as follows.

This analysis does not include the impact of translating financial instruments denominated in the functional currency and translating assets, liabilities, revenue and expenses of foreign operations into Japanese yen. The analysis is based on the assumption that all other variables (balance, interest rate, etc.) are constant.

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
US dollar	¥(711)	¥(609)	$(4,696)
Euro	(26)	(4)	(172)
Chinese yuan	(15)	(10)	(99)

(ii) Interest rate risk

Borrowings issued by the Group are mainly for the purpose of raising funds for capital investment. A portion of the Group's borrowings are floating-rate instruments and therefore exposed to interest rate fluctuation risk. The Group hedges the risk of interest rate hikes by using interest rate swap contracts to mitigate the interest rate fluctuation risk related to borrowings.

Interest rate sensitivity analysis

For financial instruments held by the Group at the end of each reporting period, the impact of a 100-basis point increase in interest rates on income before income taxes in the consolidated statements of income is as follows.

This analysis is limited to financial instruments affected by interest rate fluctuations and is based on the assumption that all other variables (balance, exchange rate, etc.) are constant.

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Income before income taxes	¥(1,208)	¥(1,569)	$(7,978)

(iii) Market price fluctuation risk

Marketable securities and investment securities held by the Group are primarily shares in companies with which the Group has business relationships and are exposed to market price fluctuation risk. With regard to marketable securities and investment securities, the Group regularly assesses fair value and financial conditions of issuers (business partners), and constantly reviews the holding of such securities other than held-to-maturity debt securities, taking market conditions into account and the Group's relationships with the business partners. The Company's consolidated subsidiaries also manage market price fluctuation risk in the same manner.

(6) Derivatives and hedge accounting

As of March 31, 2024, the periods when cash flows from hedging instruments are expected to occur and when they are expected to affect profit or loss are, at maximum of, 1 years from March 31, 2024 for foreign exchange risk and 3 years from March 31, 2024 for interest rate risk.

The principal rates on forward exchange contracts and currency swap contracts, and principal interest rates on interest rate swap contracts and other swap contracts are as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Cash flow hedges			
Foreign currency risk			
Forward exchange contracts			
US dollar	¥147	¥131–¥133	$1–$1
Interest rate risk			
Interest rate swap contracts			
Pay fixed rate, receive floating rate	0.98%	0.98%–1.30%	0.98%
Interest rate currency swap contracts			
Pay fixed rate, receive floating rate	—	—	—

Amounts of items designated as hedging instruments are as follows:.

As of March 31, 2024

	Millions of yen			
		Carrying amount		
	Contract amount	Assets	Liabilities	Items in the consolidated statements of financial position
Cash flow hedges				
Foreign currency risk				
Foreign exchange derivatives	¥ 600	¥16	¥ —	Other financial assets
Interest rate risk				
Interest rate derivatives	10,000	—	17	Other financial liabilities

	Thousands of U.S. dollars			
		Carrying amount		
	Contract amount	Assets	Liabilities	Items in the consolidated statements of financial position
Cash flow hedges				
Foreign currency risk				
Foreign exchange derivatives	$ 3,963	$107	$ —	Other financial assets
Interest rate risk				
Interest rate derivatives	66,046	—	114	Other financial liabilities

As of March 31, 2023

	Millions of yen			
		Carrying amount		
	Contract amount	Assets	Liabilities	Items in the consolidated statements of financial position
Cash flow hedges				
Foreign currency risk				
Foreign exchange derivatives	¥ 280	¥43	¥ 2	Other financial assets Other financial liabilities
Interest rate risk				
Interest rate derivatives	29,600	—	158	Other financial liabilities

Amounts of items designated as hedged items are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Cash flow hedge reserve	Cash flow hedge reserve	Cash flow hedge reserve
Cash flow hedges			
Foreign currency risk			
Forecast purchases	¥—	¥—	$ —
Payables denominated in foreign currencies	(3)	19	(20)
Interest rate risk			
Interest on borrowings	3	(100)	20

The details of cash flow hedges are as follows:

Year ended March 31, 2024

	Millions of yen				
	Changes in fair value of hedging instruments recognized in other comprehensive income	Ineffective portion of hedges recognized in profit or loss	Items in the consolidated statements of income in which ineffective portion of hedges are included in profit or loss	Reclassification adjustments to profit or loss	Items in the consolidated statements of income including profit or loss from reclassification adjustments
Foreign currency risk					
Forward exchange contracts	¥ (27)	¥—	¥—	¥—	—
Interest rate risk					
Interest rate swap contracts	141	—	—	205	Financial expenses
Interest rate currency swap contracts	—	—	—	—	—

	Thousands of U.S. dollars				
	Changes in fair value of hedging instruments recognized in other comprehensive income	Ineffective portion of hedges recognized in profit or loss	Items in the consolidated statements of income in which ineffective portion of hedges are included in profit or loss	Reclassification adjustments to profit or loss	Items in the consolidated statements of income including profit or loss from reclassification adjustments
Foreign currency risk					
Forward exchange contracts	$(178)	$—	$—	$ —	—
Interest rate risk					
Interest rate swap contracts	931	—	—	1,354	Financial expenses
Interest rate currency swap contracts	—	—	—	—	—

Year ended March 31, 2023

	Millions of yen				
	Changes in fair value of hedging instruments recognized in other comprehensive income	Ineffective portion of hedges recognized in profit or loss	Items in the consolidated statements of income in which ineffective portion of hedges are included in profit or loss	Reclassification adjustments to profit or loss	Items in the consolidated statements of income including profit or loss from reclassification adjustments
Foreign currency risk					
Forward exchange contracts	¥ (47)	¥—	¥—	¥ —	—
Interest rate risk					
Interest rate swap contracts	308	—	—	459	Financial expenses
Interest rate currency swap contracts	(13)	—	—	(767)	Financial income

(7) Fair value of financial instruments

The fair value hierarchy of financial instruments is categorized as follows, according to the external observability of the inputs used in the fair value measurement.

- Level 1: Fair value measured at the unadjusted quoted price in an active market for the same asset or liability.
- Level 2: Fair value calculated directly or indirectly using observable prices other than Level 1
- Level 3: Fair value calculated from valuation techniques, including inputs that are not based on significant observable market data.

Transfers among levels of financial instruments are recognized at the end of the reporting period in which the transfer occurs. There was no significant transfer among levels during the fiscal years ended March 31, 2023 and March 31, 2024.

The level in the fair value measurement hierarchy to measure the fair value of each financial instrument is based on the lowest level input that is significant to the entire fair value measurement.

The breakdowns of financial instruments measured at fair value as of March 31, 2024 and March 31, 2023 are as follows:

(i) Financial instruments measured at fair value on a recurring basis

i) As of March 31, 2024

	Millions of yen			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit or loss				
Shares and investments	¥ 2	¥509	¥ 3,574	¥ 4,085
Derivative assets	—	17	223	240
Financial assets measured at fair value through other comprehensive income				
Shares and investments	5,371	—	43,117	48,488
Total	5,373	526	46,914	52,813
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	635	—	635
Total	¥ —	¥635	¥ —	¥ 635

	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit or loss				
Shares and investments	$ 13	$3,362	$ 23,605	$ 26,980
Derivative assets	—	112	1,473	1,585
Financial assets measured at fair value through other comprehensive income				
Shares and investments	35,473	—	284,770	320,243
Total	35,486	3,474	309,848	348,808
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	4,194	—	4,194
Total	$ —	$4,194	$ —	$4,194

ii) As of March 31, 2023

	Millions of yen			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit or loss				
Shares and investments	¥ —	¥506	¥ 3,063	¥ 3,569
Derivative assets	—	43	—	43
Financial assets measured at fair value through other comprehensive income				
Shares and investments	6,927	—	38,558	45,485
Total	6,927	549	41,621	49,097
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	165	—	165
Total	¥ —	¥165	¥ —	¥ 165

Shares and investments

The fair value of marketable shares classified as Level 1 is calculated based on unadjusted quoted prices in an active market for identical assets or liabilities.

The fair value of Level 3 unlisted shares and investments for which quoted prices in an active market is unavailable is calculated by using comparable company comparisons or valuation techniques based on net asset value. In measuring such fair value, the Group uses unobservable inputs such as discount rates and valuation multiples and takes certain illiquidity discount into account as needed.

Derivative assets and derivative liabilities

The fair value of Level 2 derivative assets and liabilities is calculated based on such observable inputs as prices provided by counterparty financial institutions or exchange and interest rates.

The fair value of Level 3 financial instruments is calculated by valuation specialists determining valuation methods for each relevant financial instrument in accordance with valuation policies and procedures that include valuation methods for fair value measurement approved by appropriately authorized person. The results are reviewed and approved by suitably authorized personnel.

The breakdowns of changes in financial instruments measured at fair value on a recurring basis that are classified as Level 3 of the fair value measurement hierarchy for the fiscal years ended March 31, 2024 and March 31, 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Balance at beginning of period	¥41,621	¥35,643	$274,889
Total gains or losses	4,637	4,277	30,625
Profit or loss	81	377	535
Other comprehensive income (Notes 1)	4,556	3,900	30,090
Purchases	1,807	2,069	11,934
Sales	(847)	(334)	(5,594)
Transfer from Level 3 (Note 2)	(39)	(42)	(258)
Others	(265)	8	(1,748)
Balance at end of period	¥46,914	¥41,621	$309,848

Notes:
1. Gains and losses recognized in other comprehensive income are included in "Financial assets measured at fair value through other comprehensive income" in the consolidated statements of comprehensive income.
2. The transfer from Level 3 is due to the listing of shares of investee companies.

(ii) Financial instruments measured at amortized cost

The carrying amounts and fair values of financial instruments measured at amortized cost are as follows:

i) As of March 31, 2024

	Millions of yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Other financial assets					
Public and corporate bonds, etc.	¥ 13,076	¥—	¥ —	¥13,076	¥ 13,076
Total	13,076	—	—	13,076	13,076
Financial liabilities:					
Bonds and borrowings					
Bonds payable	156,000	—	150,483	—	150,483
Long-term borrowings	311,131	—	306,534	—	306,534
Total	¥467,131	¥—	¥457,017	¥—	¥457,017

	Thousands of U.S. dollars				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Other financial assets					
Public and corporate bonds, etc.	$ 86,362	$—	$ —	$86,362	$ 86,362
Total	86,362	—	—	86,362	86,362
Financial liabilities:					
Bonds and borrowings					
Bonds payable	1,030,315	—	993,878	—	993,878
Long-term borrowings	2,054,891	—	2,024,529	—	2,024,529
Total	$3,085,206	$—	$3,018,407	$ —	$3,018,407

ii) As of March 31, 2023

	Millions of yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Other financial assets					
Public and corporate bonds, etc.	¥ 11,531	¥—	¥ —	¥11,531	¥ 11,531
Total	11,531	—	—	11,531	11,531
Financial liabilities:					
Bonds and borrowings					
Bonds payable	130,296	—	126,216	—	126,216
Long-term borrowings	283,833	—	281,293	—	281,293
Total	¥414,129	¥—	¥407,509	¥ —	¥407,509

Public and corporate bonds, etc.

The fair value of Level 3 public and corporate bonds, etc. is calculated with reference to prices provided by financial institutions.

Bonds payable

The fair value of Level 2 bonds payable is calculated based on quoted prices when quoted prices are readily available, and the fair value of those without quoted prices is measured at the present value calculated by discounting the combined total of principal and interest at a rate taking the remaining period and credit risk of the bonds payable into account.

Long-term borrowings
The fair value of Level 2 long-term borrowings is calculated by discounting to the present value of the combined total of principal and interest at a rate assumed to be applied if the same borrowings were newly executed.

For other financial assets and liabilities other than above, relevant notes are omitted as they are mainly settled for a short period of time and the fair value approximates the carrying amount.

38. Major Subsidiaries

Major subsidiaries as of March 31, 2024 and 2023 are as follows:

(1) Consolidated subsidiaries with material non-controlling interests
The summarized financial information of consolidated subsidiaries that the Company recognizes their material non-controlling interests is as follows. The summarized financial information shows amounts before transactions within the Group are eliminated.

Prime Polymer Co., Ltd.

(i) Percentage of non-controlling interests and accumulated non-controlling interests

	Percentage of non-controlling interests (%)	
Name of Subsidiary	As of March 31, 2024	As of March 31, 2023
Prime Polymer Co., Ltd.	35%	35%

	Accumulated non-controlling interests		
	Millions of yen		Thousands of U.S. dollars
Name of Subsidiary	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Prime Polymer Co., Ltd.	¥38,217	¥39,104	$252,407

(ii) Profit or loss attributed to non-controlling interests and dividends paid to non-controlling interests

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Profit or loss attributed to non-controlling interests	¥(904)	¥1,279	$(5,971)
Comprehensive income allocated to non-controlling interests	(887)	1,228	(5,858)
Dividends paid to non-controlling interests	—	901	—

(iii) Summarized financial information
i) Summarized statements of financial position

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Current assets	¥147,054	¥148,622	$ 971,230
Non-current assets	58,440	45,891	385,972
Total assets	205,494	194,513	1,357,202
Current liabilities	100,206	85,107	661,819
Non-current liabilities	21,415	14,322	141,437
Total liabilities	121,621	99,429	803,256
Total equity	83,873	95,084	553,946
Total liabilities and equity	¥205,494	¥194,513	$1,357,202

ii) Summarized statements of income and comprehensive income

Summarized statements of income

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Sales revenue	¥266,184	¥300,629	$1,758,034
Net income	(11,333)	(469)	(74,850)

Summarized statements of comprehensive income

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Other comprehensive income	¥ 123	¥(108)	$ 812
Comprehensive income	(11,210)	(577)	(74,037)

iii) Summarized statements of cash flows

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Cash flows from operating activities	¥ 18,638	¥ (6,816)	$ 123,096
Cash flows from investing activities	(18,439)	(18,443)	(121,782)
Cash flows from financing activities	(197)	7,682	(1,301)
Net increase (decrease) in cash and cash equivalents	¥ 2	¥(17,577)	$ 13

(2) Changes in ownership interests in subsidiaries that do not result in loss of control

The Company and Asahi Kasei Corporation established Mitsui Chemicals Asahi Life Materials Co., Ltd. (hereinafter "MAL") in the fiscal year ended March 31, 2024, and each company transferred their nonwoven fabric businesses to MAL. As a result, the Company's percentage of ownership in nonwoven fabrics business subsidiaries Mitsui Hygiene Materials Thailand Co., Ltd. and Sunrex Industry Co., Ltd. decreased from 100.00% to 60.62%.

The effect of changes in ownership interests in subsidiaries that do not result in loss of control is as follows.

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Changes in the Company's ownership interests	¥(3,060)	¥—	$(20,210)

39. Related Parties

(1) Transactions with associates and joint ventures

For the year ended March 31, 2024

There are no material transactions to disclose.

For the year ended March 31, 2023

Significant transactions with related parties to be disclosed are as follows:

					Millions of yen			Thousands of U.S. dollars	
Status	Company	Ownership of voting rights, etc.	Relationship with related parties	Type of transaction	Transaction amount	Balance at March 31, 2023	Accounting item	Transaction amount	Balance at March 31, 2023
Subsidiary of joint venture	Mitsui Chemicals & SKC Polyurethanes Inc.	50% (Note)	investee	a paid-in capital reduction	¥43,145	—	—	$284,955	—

Note: On July 14, 2022, Mitsui Chemicals & SKC Polyurethanes Inc. returned its equity interest to the Company through a paid-in capital reduction, completed a series of procedures for dissolution, and ceased to be a joint venture. The ownership of voting rights, etc. is as of the time of the paid-in capital reduction.

(2) Remuneration for key management personnel

Remuneration for key management personnel of the Company is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Remuneration and bonuses	¥527	¥538	$3,481
Share-based payment	117	115	773
Total	¥644	¥653	$4,254

40. Commitments

Commitments related to expenditures on and after the closing date are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Purchase of property, plant and equipment and intangible assets	¥84,594	¥88,641	$558,708

41. Contingent Liabilities

Debt guarantees

The Group has guaranteed and made guarantee commitments for companies outside the Group for loans from financial institutions and entities. In case of default by the entities for which the Company conducts debt guarantees, the Company will need to bear repayments that such entities have failed to make, as well as related losses.

The status of debt guarantees at March 31, 2024, and March 31, 2023 is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Nghi Son Refinery&Petrochemical LLC	¥19,071	¥19,363	$125,956
Solar and wind power generation cooperative in Tahara (Note 1)	4,900	6,300	32,362
Formosa Mitsui Advanced Chemicals Co., Ltd.	237	1,155	1,565
Others (Note 2)	98	849	648
Total	¥24,306	¥27,667	$160,531

(i) As of March 31, 2024

Notes:

1. Of which, the amount of ¥2,695 million has been re-guaranteed by MITSUI & CO., LTD.

(ii) As of March 31, 2023

Notes:

1. Of which, the amount of ¥3,465 million has been re-guaranteed by MITSUI & CO., LTD.
2. Of which, the amount of ¥485 million has been re-guaranteed by another entity.

42. 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.

Other Information

Quarterly information for the fiscal year ended March 31, 2024

	Millions of yen			
(Cumulative period)	First three months	First six months	First nine months	FY2023
Sales revenue	¥407,925	¥823,655	¥1,274,530	¥1,749,743
Income (loss) before income taxes	14,151	32,978	59,174	73,331
Net income (loss) attributable to owners of the parent	9,591	20,687	37,261	49,999
Basic earnings (loss) per share (Yen)	50.46	108.82	195.99	262.99

(Fiscal period)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share (Yen)	¥50.46	¥58.36	¥87.16	¥67.00

	Thousands of U.S. dollars			
(Cumulative period)	First three months	First six months	First nine months	FY2023
Sales revenue	$2,694,175	$5,439,898	$8,417,740	$11,556,324
Income (loss) before income taxes	93,461	217,806	390,820	484,321
Net income (loss) attributable to owners of the parent	63,345	136,629	246,093	330,223
Basic earnings (loss) per share (Dollar)	0.333	0.719	1.294	1.737

(Fiscal period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings (loss) per share (Dollar)	$0.333	$0.385	$0.576	$0.443

Independent Auditor’s Report

The Board of Directors
Mitsui Chemicals, Inc.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mitsui Chemicals, Inc., and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of deferred tax assets of Mitsui Chemicals, Inc.	
Description of Key Audit Matter	Auditor’s Response
Mitsui Chemicals, Inc. (the “Company”) recognized deferred tax assets of ¥5,039 million in the consolidated statement of financial position as of March 31, 2024. As described in Note 35 “Income Taxes” in the Notes to the Consolidated Financial Statements, the amount of deferred tax assets before offsetting against deferred tax liabilities was ¥64,088 million. The Company applies the Japanese Group Relief System and determines the recoverability of deferred tax assets related to income taxes and local corporation taxes by treating the entire relief	The audit procedures we performed in considering the recoverability of the deferred tax assets of Mitsui Chemicals, Inc. (the “Company”) included the following, among others: ・Scheduling of deductible temporary differences and taxable temporary differences We assessed whether or not deferred tax assets related to deductible temporary differences have been recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized in accordance with IAS 12 Income Taxes.

group as a single taxable entity. Deferred tax assets in the consolidated financial statements primarily represent those of the relief group with the Company as the consolidated parent and are mostly recognized at the Company. The recoverability of deferred tax assets is mainly dependent on management's estimates of future taxable income in the business plan, and the estimate of future taxable income are based on the budget for the following fiscal year approved by the board of directors. Although the forecast sales volumes in the budget for the following fiscal year are estimated based on the actual results for the current fiscal year and a demand forecast that takes into consideration market trends, such an estimate involves a high degree of uncertainty and requires management’s judgment since the Company operates in a wide variety of business areas that are affected by global economic trends. Given that the Company’s deferred tax assets account for a large proportion of the consolidated financial statements and that estimates of forecast sales volumes, which are a significant aspect of assessments of the recoverability of deferred tax assets, involve high uncertainty and require management’s judgment, we have determined that the recoverability of the Company’s deferred tax assets is a significant aspect of our audit of the consolidated financial statements for the year ended March 31, 2024 and is thus a key audit matter.	・Estimate of future taxable income We assessed whether or not the estimate of future taxable income of the Company and relief group used in evaluating the recoverability of deferred tax assets is based on the budget for the following fiscal year approved by the board of directors by verifying the estimate with budget-related documents. ・Response to estimation uncertainty We compared the budget for current fiscal year used in estimating taxable income in the prior fiscal year to the actual results for the current fiscal year and analyzed the factors contributing to differences between the budget and the actual results. We made inquiries regarding the method of formulating the budget for the following fiscal year and the assumptions underlying the budget and discussed with management the method of taking into consideration uncertainty related to the likelihood of achieving the budget. We assessed forecast sales volumes, which are based on a demand forecast for the following fiscal year and onwards, by comparing them to the actual results for the current fiscal year and to available external data such as market forecast reports issued by third-party organizations.

Impairment loss on non-current assets of Prime Evolue Singapore Pte. Ltd.	
Description of Key Audit Matter	Auditor's Response
As described in Note 18 "Impairment of Non-Financial Assets" in the Notes to the Consolidated Financial Statements, Prime Evolue Singapore Pte. Ltd. ("EVLS"), which belongs to the Company's Basic & Green Materials business segment, recognized an impairment loss of ¥4,393 million on non-current assets in the fiscal year ended March 31, 2024. For non-current assets, the Company assesses each asset or the cash-generating unit (CGU) to which an asset belongs at the end of each reporting period to determine whether there are any indications of impairment. An asset or CGU is tested for impairment whenever there is an indication of impairment. If the recoverable amount is less than the carrying amount as a result of the impairment test, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. As a production base in Singapore, EVLS constitutes a CGU individually. However, the Company determined that there were indicators of impairment resulting from a decrease in profitability of EVLS due to a deterioration in the market environment. In performing the impairment test, the Company measures the recoverable amount of the CGU above at value in use based on its business plans, and recognized an impairment loss because the recoverable amount determined by discounting future cash flows fell below the carrying amount. The undiscounted future cash flows used in the impairment test are estimated based on the business plans of EVLS prepared by management, in which the key assumptions used are sales volumes and sales prices based on the expected future demand. Future sales volumes and sales prices are set based on factors such as information received from customers, the supply-demand balance for polyethylene, and the future market outlook. The business environment may continue to be challenging, and, therefore, these assumptions are involved in uncertainty. Given that the key assumptions above used in estimates of value in use involve uncertainty and require management's judgment, we have determined that this is a key audit matter.	The audit procedures we performed in evaluating the adequacy of the determination of whether to recognize an impairment loss on non-current assets of Prime Evolue Singapore Pte. Ltd. ("EVLS") included the following, among others: This includes audit procedures performed under the instruction of the auditors of EVLS. ・Valuation method We considered that future cash flows used in the impairment test are based on future business plans approved by management. We assessed the valuation method used in calculating value in use by involving valuation specialists from our network firm. ・Response to estimation uncertainty We compared the changes in sales volumes and sales prices used in prior year estimates to actual results to evaluate the effectiveness of EVLS' management's estimation process. For sales volumes and sales prices, which are the key assumptions included in future business plans, we considered trend analysis based on historical data to evaluate the appropriateness of the assumptions. We compared future forecasts to available external data, including reports published by market research companies. ・Growth rate With the involvement of valuation specialists from our network firm, we compared the growth rate in the period after the business plan period to data published by external organizations and assess that this growth rate is determined in consideration of the consumer price indices in the countries to which the cash-generating units belong and is set within a range that does not exceed these rates. ・Discount rate With the involvement of valuation specialists from our network firm, we compared the calculation elements used in estimating the discount rate with available data published by external organizations.

Other Information

The other information comprises the information included in the Annual Report that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRSs, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRSs.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of Mitsui Chemicals, Inc. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are ¥436 million and ¥754 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 25, 2024

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Designated Engagement Partner
Certified Public Accountant

中野　強

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関口　修一

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