



November 1, 2023

## Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2024 (Under IFRS)

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 Scheduled date to file quarterly securities report: November 13, 2023  
 Scheduled date to commence dividend payments: December 4, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for securities analysts and institutional investors)

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

### 1. Consolidated financial results for the First Half of the Fiscal Year Ending March 31, 2024("FY2023") (from April 1, 2023 to September 30, 2023)

#### (1) Results of Operations:

(Percentages indicate year-on-year changes.)

	Sales Revenue		Core Operating Income *		Operating income		Net income		Net income attributable to owners of the parent		Comprehensive Income	
		%		%		%		%		%		%
Six months ended												
September 30, 2023	2,149,898	(5.3)	119,564	(2.5)	138,618	17.1	94,142	2.9	67,212	(9.1)	248,897	4.6
September 30, 2022	2,269,808	20.4	122,621	(21.5)	118,352	(22.7)	91,528	(10.2)	73,944	(13.2)	238,021	93.8

Reference: Income before taxes

Six months ended September 30, 2023: ¥130,151 million(6.7%)

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

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

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended				
September 30, 2023		47.25		45.22
September 30, 2022		52.02		49.79

#### (2) Financial Position:

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of parent to total assets
As of				%
September 30, 2023	6,119,725	2,208,146	1,723,015	28.2
March 31, 2023	5,774,348	1,988,469	1,564,698	27.1

### 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended	Yen				
March 31, 2023	—	15.00	—	15.00	30.00
March 31, 2024	—	16.00	—	—	—
March 31, 2024 (Forecast)	—	—	—	16.00	32.00

Note:

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

### 3. Forecast for the Current Fiscal Year

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

	Sales Revenue		Core Operating Income		Operating income		Net income		Net income attributable to owners of the parent		Basic earnings per share
		%		%		%		%		%	Yen
FY2023	4,455,000	(3.9)	250,000	(23.2)	295,000	61.5	193,000	42.4	135,000	40.0	94.90

Reference: Income before taxes

FY2023: ¥263,000 million(56.6%)

Note:

The forecast for FY2023 has been revised to the above from those announced on May 12, 2023.

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

#### \* Notes

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

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

Newly included: — Excluded : 1

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

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

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

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

(iii) Changes in accounting estimates : None

Details of changes in accounting policies are described in "2. Condensed Consolidated Financial Statements and Notes Concerning Condensed Consolidated Financial Statements (6) Notes to Condensed Consolidated Financial Statements (Change in Accounting Policy)" on page [14] hereof.

(3) Number of issued shares (ordinary shares)

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

As of		As of	
September 30, 2023	1,506,288,107 Shares	March 31, 2023	1,506,288,107 Shares

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

As of		As of	
September 30, 2023	83,759,622 Shares	March 31, 2023	84,190,278 Shares

(iii) Average number of shares outstanding during the period

Six months ended		Six months ended	
September 30, 2023	1,422,443,040 Shares	September 30, 2022	1,421,526,216 Shares

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

(Reference)

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

September 30, 2023	1,989,461 Shares
March 31, 2023	2,413,119 Shares

#### Disclosure regarding quarterly review procedures

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

#### Proper use of earnings forecasts, and other special matters

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

\*This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

## Contents:

1. Qualitative Information on Financial Results for the Term	
(1) Business Performance	P. 2
(2) Financial Position	P. 4
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information	P. 5
2. Condensed Consolidated Financial Statements and Notes Concerning Condensed Consolidated Financial Statements	
(1) Condensed Consolidated Statement of Profit or Loss	P. 6
(2) Condensed Consolidated Statement of Comprehensive Income	P. 7
(3) Condensed Consolidated Statement of Financial Position	P. 8
(4) Condensed Consolidated Statement of Changes in Equity	P. 10
(5) Condensed Consolidated Statement of Cash Flow	P. 12
(6) Notes to Condensed Consolidated Financial Statements	P. 14
(Change in Accounting Policy)	P. 14
(Segment Information)	P. 15
(Subsequent Event)	P. 17

# 1. Qualitative Information on Financial Results for the Term

## (1) Business Performance

### Performance Overview

In the business environment of the consolidated first half (April 1, 2023 - September 30, 2023; same hereafter) of the Mitsubishi Chemical Group (the MCG Group), while a moderate recovery trend continued as a result of the normalization of economic activities, outlook remained uncertain due to the effects of monetary tightening, especially in Europe and the United States, and the slowdown in the Chinese economy, on top of the impact of price hikes.

Against this backdrop, sales revenue in the consolidated quarter under review (April 1, 2022 - September 30, 2022; same hereafter) decreased ¥119.9 billion, or 5.3%, to ¥2,149.9 billion. In the profit front, core operating income fell ¥3.0 billion, or 2.5%, to ¥119.6 billion. Operating income was up ¥20.2 billion, or 17.1%, to ¥138.6 billion. Income before taxes increased ¥8.2 billion, or 6.7%, to ¥130.2 billion. And net income attributable to owners of the parent dropped ¥6.7 billion, or 9.1% to ¥67.2 billion.

### Overview of Business Domains

The overview of financial results by business segment for the first half of fiscal 2023 is shown below. The MCG Group has reviewed reporting segments from the first quarter of fiscal 2023. For details, please see "2. (6) Notes to Condensed Consolidated Financial Statements (Segment Information).

Segment gains or losses are stated as core operating income, which excludes gains or losses from non-recurring factors and including losses from business withdrawals, streamlining, and other factors.

### Specialty Materials Segment, Performance Products Domain

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue decreased ¥44.4 billion, to ¥582.7 billion and core operating income declined ¥26.5 billion, to ¥17.1 billion.

In polymers and compounds, sales revenue decreased due to a decline in demand for paints, inks, adhesives and barrier packages, among other applications, in addition to the effect of partial transfer of the MCG Group's stakes in Mitsubishi Engineering-Plastics Corporation, despite the efforts to correct selling prices.

In films and molding materials, sales revenue decreased due to a decline in sales volume reflecting slowdown in demand on the whole, including that related to high-performance engineering plastics, carbon fiber, and polyester films, despite the efforts to correct selling prices.

In advanced solutions, sales revenue dropped as a result of a decline in sales volume mainly in the semiconductor-related business, despite the efforts to correct selling prices.

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

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

- In April 2023, the MCG Group signed a contract with Neogen Chemicals Limited (Head office: Maharashtra, India) regarding the provision of production technology license in India for electrolytes used in lithium-ion batteries (LIB) with the aim of expanding the electrolyte business. In April 2023, the MCG Group also signed a memorandum of understanding with Koura (Head office: Massachusetts, USA), a producer of fluoroproducts, regarding the collaboration study for various purposes, such as strengthening the supply chain for formulated electrolytes for lithium-ion batteries.

(LIBs) in North America.

- The MCG Group concluded a memorandum of understanding with Korean company L&F Co., Ltd. (Head office: Daegu, South Korea), a manufacturer of cathode active materials for LIB, to conduct feasibility studies into strengthening the supply chain for anode materials in countries that have concluded a free trade agreement with the U.S with the aim of expanding anode materials for LIB business.

#### **Industrial Gases Segment, Industrial Materials Domain**

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥38.9 billion, to ¥608.2 billion and core operating income rose ¥26.0 billion, to ¥80.3 billion.

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

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

- A joint venture Terranova Hydrogen NV (Head office: Zelzate, Belgium) was established with Terranova nv (Head office: Belgium) and Luminus (Head office: Belgium) to produce green hydrogen and build and operate a green hydrogen production plant. The production of green hydrogen is scheduled to start in early 2025.
- An oxygen supply contract for Direct Air Capture (DAC) plant to be constructed by 1PointFive (Head office: U.S.) in Texas was concluded. The plant is scheduled to commence operations in mid-2025.

#### **Health Care Segment, Health Care Domain**

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥16.2 billion, to ¥219.3 billion and core operating income rose ¥27.9 billion, to ¥32.4 billion.

Sales revenue increased. Although there was negative impact mainly from National Health Insurance drug price revisions in the domestic ethical pharmaceuticals business, there was offset by positive impact from steady sales for priority products and RADICAVA ORS®, a treatment agent for patients with amyotrophic lateral sclerosis (ALS) which had been released in the United States. Core operating income rose reflecting a decline in R&D and other costs in tandem with the withdrawal from the Medicago business, in addition to an increase in sales revenue.

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

- In May 2023, edaravone oral suspension (Development code: MT-1186) was approved in the Switzerland (Product name: RADICAVA® Oral Suspension) for the indication of amyotrophic lateral sclerosis (ALS). Edaravone oral suspension has already been approved in the U.S., Canada and Japan.

#### **MMA Segment, Industrial Materials Domain**

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue decreased ¥28.4 billion, to ¥138.4 billion and core operating income declined ¥3.1 billion, to ¥1.7 billion.

Sales revenue decreased due to a fall in market prices chiefly for MMA monomer. Core operating income declined as the gap between cost and selling prices deteriorated reflecting a fall in market prices, despite a decrease in expenses associated with the closure of the Cassel site in the United Kingdom.

### **Basic Materials Segment, Industrial Materials Domain**

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue decreased ¥84.8 billion, to ¥491.3 billion and core operating income declined ¥30.0 billion, to a loss of ¥12.6 billion.

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

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

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

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

- It was decided to increase the  $\gamma$ -butyrolactone production capacity of Okayama Plant from 18,000 tons/year to 20,000 tons/year in order to respond to an expansion in demand for LIB and semiconductors. The expanded production is scheduled to start in July 2024.

### **Others**

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue decreased ¥17.4 billion, to ¥110.0 billion and core operating income rose ¥2.3 billion, to ¥6.7 billion.

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

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

### **Group Performance Overview**

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

## **(2) Financial Position**

Total assets at the end of the second quarter of the fiscal year ending March 31, 2024 totaled ¥6,119.7 billion, an increase of ¥345.4 billion compared with the end of the previous fiscal year. This increase in total assets was primarily attributable to a rise in the value of assets translated into yen at overseas consolidated subsidiaries owing to progress in the depreciation of the yen and a temporary increase in cash and cash equivalents in tandem with the refinancing of interest-bearing debt.

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

In light of recent performance trends, the Company has revised the consolidated financial results forecast that it announced on May 12, 2023 for the fiscal 2023, as follows. Also, please refer to the Notice of Revision to Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024, announced today (November 1, 2023)

#### ( i ) Revision to consolidated financial results forecast for fiscal 2023 (April 1, 2023 - March 31, 2024)

(Billions of yen; unless otherwise noted)

	Sales revenue	Core operating income	Operating income	Net income	Net income attributable to owners of the parent	Basic earnings per share (yen)
Previous forecast (A) (announced on May 12, 2023)	4,555.0	250.0	239.0	143.0	97.0	68.21
Revised forecast (B)	4,455.0	250.0	295.0	193.0	135.0	94.90
Difference (B – A)	(100.0)	—	56.0	50.0	38.0	
Difference (%)	(2.2)	—	23.4	35.0	39.2	
Reference: Results for fiscal 2022	4,634.5	325.6	182.7	135.5	96.4	67.85

Notes:

\*The forecast for net income before taxes has been changed from ¥201.0 billion to ¥263.0 billion.

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

#### ( ii ) Reason for revision

As for the consolidated financial results forecast for fiscal 2023, there has been no revision from the previously disclosed forecast for core operating income as robust business performance is expected in the Industrial Gases Segment and the Health Care Segment, despite sluggish demand in tandem with slow recovery in market conditions in the Specialty Materials Segment and the Basic Materials Segment.

On the other hand, operating income, net income, and net income attributable to owners of the parent are expected to outperform the previously disclosed forecast in prospect of the recording of gain on sale of Qualicaps Co., Ltd. and gain resulting from the acquisition of additional shares of C.P.C.SRL in the second half.

#### Forward-Looking Statements

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

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

### (1) Condensed Consolidated Statement of Profit or Loss

Six months ended September 30, 2022 and 2023

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Sales revenue	2,269,808	2,149,898
Cost of sales	(1,696,653)	(1,587,539)
Gross profit	573,155	562,359
Selling, general and administrative expenses	(455,142)	(448,806)
Other operating income	8,379	37,374
Other operating expenses	(15,247)	(16,522)
Share of profit of associates and joint ventures	7,207	4,213
Operating income	118,352	138,618
Financial income	16,538	14,737
Financial expenses	(12,923)	(23,204)
Income before taxes	121,967	130,151
Income taxes	(30,439)	(36,009)
Net income	91,528	94,142
<b>Net income attributable to</b>		
Owners of the parent	73,944	67,212
Non-controlling interests	17,584	26,930
<b>Earnings per share(Yen)</b>		
Basic earnings per share attributable to owners of the parent	52.02	47.25
Diluted earnings per share attributable to owners of the parent	49.79	45.22



**(2) Condensed Consolidated Statement of Comprehensive Income**

Six months ended September 30, 2022 and 2023

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net income	91,528	94,142
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	12,255	7,067
Remeasurements of defined benefit plans	(2,899)	2,085
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	68	(11)
Total items that will not be reclassified to profit or loss	9,424	9,141
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	125,525	134,589
Net gain (loss) on derivatives designated as cash flow hedges	2,931	2,549
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	8,613	8,476
Total items that may be subsequently reclassified to profit or loss	137,069	145,614
Total other comprehensive income (net of tax)	146,493	154,755
Total comprehensive income	238,021	248,897
Total comprehensive income attributable to		
Owners of the parent	194,387	179,412
Non-controlling interests	43,634	69,485

**(3) Condensed Consolidated Statement of Financial Position**

(Millions of yen)

	March 31, 2023	September 30, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	297,224	398,832
Trade receivables	808,787	825,187
Inventories	797,877	823,155
Other financial assets	74,469	75,232
Other current assets	141,020	137,330
Subtotal	2,119,377	2,259,736
Assets held for sale	30,241	81,195
Total current assets	2,149,618	2,340,931
Non-current assets		
Property, plant and equipment	1,907,898	1,989,215
Goodwill	727,655	760,595
Intangible assets	459,213	471,376
Investments accounted for using the equity method	170,736	178,748
Other financial assets	203,270	216,503
Other non-current assets	61,425	63,246
Deferred tax assets	94,533	99,111
Total non-current assets	3,624,730	3,778,794
Total assets	5,774,348	6,119,725

(Millions of yen)

	March 31, 2023	September 30, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade payables	476,311	487,195
Bonds and borrowings	601,443	626,155
Income tax payable	29,127	34,851
Other financial liabilities	316,379	302,851
Provisions	47,274	44,556
Other current liabilities	184,272	164,138
Subtotal	1,654,806	1,659,746
Liabilities directly associated with assets held for sale	9,024	14,578
Total current liabilities	1,663,830	1,674,324
<b>Non-current liabilities</b>		
Bonds and borrowings	1,642,325	1,738,976
Other financial liabilities	118,527	118,919
Retirement benefit liabilities	102,292	104,414
Provisions	39,476	36,694
Other non-current liabilities	39,936	39,221
Deferred tax liabilities	179,493	199,031
Total non-current liabilities	2,122,049	2,237,255
Total liabilities	3,785,879	3,911,579
<b>Equity</b>		
Common stock	50,000	50,000
Additional paid-in capital	167,917	167,806
Treasury stock	(62,231)	(61,874)
Retained earnings	1,270,577	1,319,963
Other components of equity	138,435	247,120
Equity attributable to owners of the parent	1,564,698	1,723,015
Non-controlling interests	423,771	485,131
Total equity	1,988,469	2,208,146
<b>Total liabilities and equity</b>	<b>5,774,348</b>	<b>6,119,725</b>

#### (4) Condensed Consolidated Statement of Changes in Equity

Six months ended September 30, 2022

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2022	50,000	170,600	(62,870)	1,213,677
Cumulative effects of changes in accounting policies	—	—	—	(63)
Restated balance at April 1, 2022	50,000	170,600	(62,870)	1,213,614
Net income	—	—	—	73,944
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	73,944
Purchase of treasury stock	—	—	(10)	—
Disposal of treasury stock	—	(594)	602	—
Cash dividends	—	—	—	(21,320)
Share-based payment transactions	—	265	—	—
Changes in interests in subsidiaries	—	(2,166)	—	—
Business combinations or business divestitures	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(118)
Total transactions with owners	—	(2,495)	592	(21,438)
Balance at September 30, 2022	50,000	168,105	(62,278)	1,266,120

#### Other components of equity

	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2022	50,956	—	33,318	2,396	86,670	1,458,077	386,242	1,844,319
Cumulative effects of changes in accounting policies	—	—	—	—	—	(63)	—	(63)
Restated balance at April 1, 2022	50,956	—	33,318	2,396	86,670	1,458,014	386,242	1,844,256
Net income	—	—	—	—	—	73,944	17,584	91,528
Other comprehensive income	14,398	(2,806)	105,479	3,372	120,443	120,443	26,050	146,493
Total comprehensive income	14,398	(2,806)	105,479	3,372	120,443	194,387	43,634	238,021
Purchase of treasury stock	—	—	—	—	—	(10)	—	(10)
Disposal of treasury stock	—	—	—	—	—	8	—	8
Cash dividends	—	—	—	—	—	(21,320)	(12,208)	(33,528)
Share-based payment transactions	—	—	—	—	—	265	—	265
Changes in interests in subsidiaries	—	—	—	—	—	(2,166)	(3,888)	(6,054)
Business combinations or business divestitures	—	—	—	—	—	—	389	389
Transfer from other components of equity to retained earnings	(2,688)	2,806	—	—	118	—	—	—
Total transactions with owners	(2,688)	2,806	—	—	118	(23,223)	(15,707)	(38,930)
Balance at September 30, 2022	62,666	—	138,797	5,768	207,231	1,629,178	414,169	2,043,347

## Six months ended September 30, 2023

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2023	50,000	167,917	(62,231)	1,270,577
Net income	—	—	—	67,212
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	67,212
Purchase of treasury stock	—	—	(13)	—
Disposal of treasury stock	—	(37)	370	—
Cash dividends	—	—	—	(21,333)
Share-based payment transactions	—	98	—	—
Changes in interests in subsidiaries	—	(172)	—	—
Changes in scope of consolidation	—	—	—	(8)
Transfer from other components of equity to retained earnings	—	—	—	3,515
Total transactions with owners	—	(111)	357	(17,826)
Balance at September 30, 2023	50,000	167,806	(61,874)	1,319,963

## Other components of equity

	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2023	34,291	—	99,888	4,256	138,435	1,564,698	423,771	1,988,469
Net income	—	—	—	—	—	67,212	26,930	94,142
Other comprehensive income	4,431	2,067	103,397	2,305	112,200	112,200	42,555	154,755
Total comprehensive income	4,431	2,067	103,397	2,305	112,200	179,412	69,485	248,897
Purchase of treasury stock	—	—	—	—	—	(13)	—	(13)
Disposal of treasury stock	—	—	—	—	—	333	—	333
Cash dividends	—	—	—	—	—	(21,333)	(7,595)	(28,928)
Share-based payment transactions	—	—	—	—	—	98	—	98
Changes in interests in subsidiaries	—	—	—	—	—	(172)	(522)	(694)
Changes in scope of consolidation	—	—	—	—	—	(8)	(8)	(16)
Transfer from other components of equity to retained earnings	(1,448)	(2,067)	—	—	(3,515)	—	—	—
Total transactions with owners	(1,448)	(2,067)	—	—	(3,515)	(21,095)	(8,125)	(29,220)
Balance at September 30, 2023	37,274	—	203,285	6,561	247,120	1,723,015	485,131	2,208,146

**(5) Condensed Consolidated Statement of Cash Flow**

Six months ended September 30, 2022 and 2023

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Income before taxes	121,967	130,151
Depreciation and amortization	133,841	135,631
Share of profit of associates and joint ventures	(7,207)	(4,213)
Interest and dividend income	(8,868)	(7,238)
Interest expense	12,405	21,333
(Increase) decrease in trade receivables	(2,318)	(518)
(Increase) decrease in inventories	(101,945)	344
Increase (decrease) in trade payables	15,326	(6,748)
Increase (decrease) in retirement benefit assets and liabilities, net	1,732	1,873
Others	(18,276)	(71,023)
Subtotal	146,657	199,592
Interest received	560	2,461
Dividends received	19,344	18,858
Interest paid	(11,113)	(19,251)
Income tax (paid) received, net	(62,237)	(5,948)
Net cash provided by (used in) operating activities	93,211	195,712
Cash flows from investing activities		
Purchase of property, plant and equipment	(124,863)	(123,858)
Proceeds from sales of property, plant and equipment	3,065	2,691
Purchase of intangible assets	(5,885)	(2,437)
Purchase of other financial assets	(1,998)	(910)
Proceeds from sales/redemption of other financial assets	9,814	20,120
Net cash outflow on acquisition of subsidiaries	(108)	(2,196)
Proceeds from sales of investments in subsidiaries	—	4,215
Payments for transfer of business	—	(9,440)
Proceeds from transfer of business	1,934	1,319
Net (Increase) decrease of time deposits	(1,063)	(3,587)
Others	1,448	(1,549)
Net cash provided by (used in) investing activities	(117,656)	(115,632)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	40,830	5,744
Net increase (decrease) in commercial papers	57,000	(11,000)
Proceeds from long-term borrowings	36,449	34,920
Repayment of long-term borrowings	(74,406)	(66,775)
Proceeds from issuance of bonds	16,913	100,000
Redemption of bonds	(10,000)	(10,000)
Repayment of lease liabilities	(16,472)	(17,420)
Net (increase) decrease in treasury stock	(10)	(13)
Dividends paid to owners of the parent	(21,320)	(21,333)
Dividends paid to non-controlling interests	(11,976)	(7,495)
Others	(1,362)	(116)
Net cash provided by (used in) financing activities	15,646	6,512
Effect of exchange rate changes on cash and cash equivalents	16,762	18,392
Net increase (decrease) in cash and cash equivalents	7,963	104,984
Cash and cash equivalents at the beginning of the period	245,789	297,224
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	(49)	(3,376)
Cash and cash equivalents at the end of the period	253,703	398,832

## (6) Notes to Condensed Consolidated Financial Statements

### (Change in Accounting Policy)

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

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

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

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

With the application of this standard, the consolidated financial statements for the previous fiscal year were revised retrospectively. As a result, in the condensed consolidated statement of financial position as of March 31, 2023, deferred tax assets increased by ¥445 million, deferred tax liabilities increased by ¥113 million, and retained earnings increased by ¥332 million. There is no material impact on the first six months of the previous fiscal year in the condensed consolidated statement of profit or loss and condensed consolidated statement of comprehensive income.

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



**(Segment Information)**

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

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

The MCG Group used new classifications to present segment information for the six months ended September 30, 2022.

The businesses in each reporting segment are as follows.

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

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

Six months ended September 30, 2022

(Millions of yen)

	REPORTING SEGMENT					Others (Note 1)	Adjustment (Note 2)	Consolidated
	Specialty Materials	Industrial Gases	Health Care	MMA	Basic Materials			
Revenue								
External revenue	627,105	569,265	203,144	166,752	576,104	127,438	—	2,269,808
Inter-segment revenue	25,647	4,435	—	4,577	23,233	91,159	(149,051)	—
Total	652,752	573,700	203,144	171,329	599,337	218,597	(149,051)	2,269,808
Segment profit (loss)								
Core operating income (Note 3)	43,627	54,252	4,518	4,846	17,430	4,377	(6,429)	122,621

Notes:

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

Six months ended September 30, 2023

(Millions of yen)

	REPORTING SEGMENT					Others (Note 1)	Adjustment (Note 2)	Consolidated
	Specialty Materials	Industrial Gases	Health Care	MMA	Basic Materials			
Revenue								
External revenue	582,730	608,236	219,331	138,369	491,345	109,887	—	2,149,898
Inter-segment revenue	25,601	4,336	67	6,059	19,978	73,888	(129,929)	—
Total	608,331	612,572	219,398	144,428	511,323	183,775	(129,929)	2,149,898
Segment profit (loss)								
Core operating income (Note 3)	17,117	80,271	32,398	1,668	(12,578)	6,696	(6,008)	119,564

Notes:

1. The Others category consists of businesses not included in reporting segments and mainly includes engineering, transportation, and warehousing operations.
2. The segment profit (loss) adjustment includes corporate costs of ¥ (7,142) million not allocated to reporting segments and inter-segment eliminations of ¥ 1,134 million. Corporate costs include expenditures on basic testing, research, and other activities not allocated to reporting segments.
3. Segment profit (loss) is Operating profit after excluding earnings from non-recurring factors, such as losses from business withdrawals and downsizings, representing core operating income.

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

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Segment profit (loss)	122,621	119,564
Gain on sales of shares of subsidiaries and associates	—	7,351
Gain on reversal of asset retirement obligations	—	2,639
Gain on reversal of environmental expenses	2,389	60
Impairment loss	(1,894)	(3,186)
Loss on business liquidation	(146)	(2,741)
Loss on sales and disposal of fixed assets	(1,411)	(1,267)
Loss on arbitration award	(3,502)	(266)
Others (Note)	295	16,464
Operating income	118,352	138,618
Financial income	16,538	14,737
Financial expenses	(12,923)	(23,204)
Income before taxes	121,967	130,151

(Note) The MCG Group had reclassified some portion of advances already received at the end of the previous fiscal year related to product supplies in the Health Care segment from contract liabilities in other liabilities to other liabilities in the same line item, as requirements for recognition as contract liabilities were no longer met. However, the MCG Group recorded other operating incomes in the first half of the fiscal year ended March 31, 2024. That is because there is no more need to refund liabilities under other liabilities in view of an agreement with a counterparty to terminate a contract in the first quarter of the fiscal year ended March 31, 2024. These details and the final amounts are being reviewed.

### **(Subsequent Event)**

#### Completion of Transfer of Qualicaps Co., Ltd.' s Shares

As part of its portfolio reform, the MCG Group concluded a share transfer agreement in July 2023 for the transfer of all shares of Qualicaps Co., Ltd. held by the MCG Group to Roquette Frères SA. The share transfer was completed in October 2023.

While the impact of the related gains and losses from the share transfer on income before taxes is expected to be approximately ¥18.0 billion in the fiscal year ended March 31, 2024. These details and the final amounts are being reviewed.