

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (Under IFRS)

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Scheduled date to commence dividend payments: —
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 Quarter of the Fiscal Year Ending March 31, 2025("FY2024") (from April 1, 2024 to June 30, 2024)

(1) Results of Operations:

(Percentages indicate year-on-year changes.)

	Sales Revenue		Core Operating Income *		Operating income		Net income		Net income attributable to owners of the parent		Comprehensive Income	
		%		%		%		%		%		%
Three months ended June 30, 2024	1,129,353	6.4	82,583	62.6	84,995	21.9	56,298	0.8	39,652	(6.8)	167,117	(7.0)
June 30, 2023	1,061,242	(4.1)	50,803	(29.5)	69,744	2.6	55,824	4.7	42,536	(5.2)	179,622	20.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	27.87	27.85
June 30, 2023	29.91	28.61

Reference: Income before taxes

Three months ended June 30, 2024: ¥77,019 million(11.9%)

Three months ended June 30, 2023: ¥68,809 million((8.3)%)

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

(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				%
June 30, 2024	6,291,069	2,413,400	1,859,014	29.6
March 31, 2024	6,104,513	2,275,495	1,763,447	28.9

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	16.00	—	16.00	32.00
March 31, 2025	—				
March 31, 2025 (Forecast)		16.00	—	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
First Half of FY2024	2,251,000	4.7	110,000	(8.0)	84,000	(39.4)	42,000	(55.4)	10,000	(85.1)	7.03
FY2024	4,623,000	5.4	250,000	20.1	210,000	(19.8)	116,000	(35.0)	52,000	(56.5)	36.55

Reference: Income before taxes

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

Note:

Revisions to the forecast for the current fiscal year most recently announced: None

* Notes

(1) Significant changes in the scope of consolidation during the period : None

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

(i) Changes in accounting policies required by IFRS : None

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

(iii) Changes in accounting estimates : None

(3) Number of issued shares (ordinary shares)

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

As of June 30, 2024	1,506,288,107 Shares	As of March 31, 2024	1,506,288,107 Shares
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(ii) Number of treasury shares at the end of the period

As of June 30, 2024	83,213,979 Shares	As of March 31, 2024	83,705,108 Shares
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(iii) Average number of shares outstanding during the period

Three months ended June 30, 2024	1,422,839,820 Shares	Three months ended June 30, 2023	1,422,366,539 Shares
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*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:

June 30, 2024	1,701,479 Shares
March 31, 2024	1,989,461 Shares

Disclosure regarding quarterly review procedures

Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

*The English translation of the quarterly consolidated financial results did not receive a quarterly review by certified public accountants or an audit firm.

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.

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1. Qualitative Information on Financial Results for the Term

(1) Business Performance

Performance Overview

In the business environment of the consolidated first quarter (April 1, 2024 - June 30, 2024; same hereafter) of the Mitsubishi Chemical Group (the MCG Group), generally maintained a moderate recovery path, although demand trends varied by region and industry. On the other hand, outlook remained uncertain due to continued high interest rates in Europe and the United States, a slowdown in the Chinese economy, and concerns about the impact of developments in the Middle East, on top of rising prices.

Against this backdrop, compared to the same quarter in the previous consolidated fiscal year (April 1, 2023 - June 30, 2023; same hereafter) sales revenue increased ¥68.2 billion, or 6.4%, to ¥1,129.4 billion. In the profit front, core operating income rose ¥31.8 billion, or 62.6%, to ¥82.6 billion. Operating income was up ¥15.3 billion, or 21.9%, to ¥85.0 billion. Income before taxes grew ¥8.2 billion, or 11.9%, to ¥77.0 billion. Meanwhile, net income attributable to owners of the parent dropped ¥2.8 billion, or 6.8% to ¥39.7 billion.

Overview of Business Segment

The overview of financial results by business segment for the consolidated first quarter is shown below. The MCG Group has reviewed reporting segments from the first quarter of fiscal 2024. 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

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥14.3 billion, to ¥276.9 billion and core operating income rose ¥1.6 billion, to ¥11.5 billion.

In Advanced Films and Polymers, while sales volume declined due mainly to a drop in demand related to barrier packages, sales revenue increased on the back of a moderate recovery in demand for displays and other applications as well as the forex impact.

In Advanced Solutions, sales revenue decreased due primarily to a decline in selling prices in tandem with lower raw prices in some businesses, despite an increase in sales volume reflecting a moderate recovery in demand for displays and semiconductor-related applications, on top of the forex impact.

In Advanced Composites and Shapes, sales revenue increased as a result of the effects of the attainment of full ownership of C.P.C. S.r.l. and a rise in sales volume reflecting a recovery in demand for high-performance engineering plastics as well as the forex impact.

Core operating income in this segment increased year on year due to an improvement in the balance between cost and selling prices as a result of an effort to maintain and increase selling prices as well as a moderate recovery in demand for displays and semiconductor-related applications, despite a drop in sales volume owing to a decline in demand for barrier packages and other applications.

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

- In response to an anticipated increase in demand for ArF and EUV photoresists in tandem with the miniaturization of semiconductor devices and to strengthen the supply chain, the MCG Group has decided to increase the production

capacity of its Lithomax™ photosensitive polymers for photoresists at its Kyushu-Fukuoka Plant. This will more than double the production capacity of Lithomax™ for ArF photoresists, and also signal the start of mass production of Lithomax™ for EUV photoresists. The Plant is scheduled to commence operations in October 2025 for Lithomax™ for ArF photoresists and in September 2025 for Lithomax™ for EUV photoresists.

Industrial Gases Segment

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥20.7 billion, to ¥327.5 billion and core operating income rose ¥7.3 billion, to ¥47.4 billion.

Sales revenue increased as a result of price management efforts in each region as well as the forex impact, despite the effects of business restructuring in Japan. 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 quarter under review, the following items were implemented by or occurred at the MCG Group.

- In May 2024, a purchase and sale agreement was signed with Wesfarmers Kleenheat Gas Pty Ltd (Head office: Australia; hereinafter "Kleenheat"), which handles the LPG business of Wesfarmers Chemicals, Energy and Fertilisers (Head office: Australia) in Australia, to acquire the LPG sales business in Western Australia and Northern Territory of Kleenheat.

Pharma Segment

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥10.6 billion, to ¥112.5 billion and core operating income rose ¥8.5 billion, to ¥18.5 billion.

Both sales revenue and core operating income rose. Although there was negative impact mainly from National Health Insurance drug price revisions in the domestic ethical pharmaceuticals business, there was offset by positive impact from the growth in sales of RADICAVA ORS®, a treatment agent for patients with amyotrophic lateral sclerosis (ALS) which had been released in the United States, the depreciation of the yen, as well as the growth in sales of sustained release GIP/GLP-1 receptor agonist Mounjaro and the steady launch of GOBIK Aqueous Suspension Syringes, Absorbed Diphtheria-Purified Pertussis-Tenanus-Inactivated Polio-Haemophilus type b conjugate Combined Vaccine.

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

- In March 2024, the United States Food and Drug Administration (FDA) recognized seven years of orphan-drug exclusive approval for RADICAVA ORS® (edaravone) for treatment of amyotrophic lateral sclerosis (ALS). The period of exclusive approval is seven years from May 12, 2022, the date of approval of New Drug Application (NDA).

MMA & Derivatives Segment

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥24.7 billion, to ¥114.8 billion and core operating income rose ¥11.2 billion, to ¥10.5 billion.

In MMA, sales revenue increased due to the forex impact in addition to a rise in market prices chiefly for MMA monomer and the growth in sales volume.

In Coating and Additives, sales revenue grew reflecting an effort to maintain and increase selling prices on top of an increase in sales volume due to a moderate recovery in demand for adhesives / inks / additives, among other applications.

Core operating income in this segment increased year on year due mainly to an improvement in the balance between cost and selling prices as a result of the rise in market prices chiefly for MMA monomer.

Basic Materials & Polymers Segment

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥2.5billion, to ¥261.7 billion and core operating income rose ¥2.0 billion, to a loss of ¥6.8 billion.

In Materials and Polymers, sales revenue increased due to the forex impact, despite a decline in sales volume owing primarily to the expanded impact of scheduled maintenance and repairs at the ethylene production facility.

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

Core operating income in this segment increased on the back of an increase in inventory valuation gains and a diminished impact from the troubles during the previous fiscal year in Materials and Polymers, although the impact of scheduled maintenance and repairs at the ethylene production facility expanded and the price gap between raw materials and products diminished, chiefly for cokes.

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

- It has been decided to perform a joint feasibility study with Asahi Kasei Corp. (Head office: Chiyoda-ku, Tokyo) and Mitsui Chemicals, Inc. (Head office: Chuo-ku, Tokyo) on feedstock and fuel conversion etc. at the three companies' ethylene production facilities in western Japan in order to advance carbon neutrality and lead the decarbonization of society. Moving forward, the three companies will study concrete measures that contribute to the transition to carbon neutrality such as replacing petroleum-derived resources with biomass feedstock, conversion to low-carbon fuel, etc., while also studying optimal future production arrangements.

Others

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue decreased ¥4.6 billion, to ¥36.0 billion and core operating income rose ¥0.9 billion, to ¥4.2 billion.

(2) Financial Position

Total assets at the end of the first quarter of the fiscal year ending March 31, 2025 totaled ¥6,291.1 billion, an increase of ¥186.6 billion compared with the end of the previous fiscal year. The 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.

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

(1) Condensed Consolidated Statement of Profit or Loss

Three months ended June 30, 2023 and 2024

	(Millions of yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Sales revenue	1,061,242	1,129,353
Cost of sales	(794,020)	(809,547)
Gross profit	267,222	319,806
Selling, general and administrative expenses	(219,686)	(238,353)
Other operating income	26,539	8,854
Other operating expenses	(7,196)	(7,260)
Share of profit of associates and joint ventures	2,865	1,948
Operating income	69,744	84,995
Financial income	10,407	7,934
Financial expenses	(11,342)	(15,910)
Income before taxes	68,809	77,019
Income taxes	(12,985)	(20,721)
Net income	55,824	56,298
Net income attributable to		
Owners of the parent	42,536	39,652
Non-controlling interests	13,288	16,646
Earnings per share(Yen)		
Basic earnings per share attributable to owners of the parent	29.91	27.87
Diluted earnings per share attributable to owners of the parent	28.61	27.85

(2) Condensed Consolidated Statement of Comprehensive Income

Three months ended June 30, 2023 and 2024

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net income	55,824	56,298
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	9,035	5,354
Remeasurements of defined benefit plans	3,099	566
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	28	132
Total items that will not be reclassified to profit or loss	12,162	6,052
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	108,020	101,505
Net gain (loss) on derivatives designated as cash flow hedges	1,001	130
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	2,615	3,132
Total items that may be subsequently reclassified to profit or loss	111,636	104,767
Total other comprehensive income (net of tax)	123,798	110,819
Total comprehensive income	179,622	167,117
Total comprehensive income attributable to		
Owners of the parent	131,259	118,161
Non-controlling interests	48,363	48,956

(3) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2024	June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	294,924	282,143
Trade receivables	852,353	839,497
Inventories	799,249	828,719
Other financial assets	82,804	83,242
Other current assets	131,721	155,513
Subtotal	2,161,051	2,189,114
Assets held for sale	30,585	32,080
Total current assets	2,191,636	2,221,194
Non-current assets		
Property, plant and equipment	2,043,330	2,130,925
Goodwill	832,899	870,533
Intangible assets	481,028	495,006
Investments accounted for using the equity method	164,246	169,409
Other financial assets	221,232	233,512
Other non-current assets	72,747	73,066
Deferred tax assets	97,395	97,424
Total non-current assets	3,912,877	4,069,875
Total assets	6,104,513	6,291,069

(Millions of yen)

	March 31, 2024	June 30, 2024
Liabilities		
Current liabilities		
Trade payables	501,532	508,707
Bonds and borrowings	605,307	628,893
Income tax payable	22,890	30,808
Other financial liabilities	367,925	328,455
Provisions	35,957	37,574
Other current liabilities	187,420	167,972
Subtotal	1,721,031	1,702,409
Liabilities directly associated with assets held for sale	3,881	9,175
Total current liabilities	1,724,912	1,711,584
Non-current liabilities		
Bonds and borrowings	1,595,704	1,633,529
Other financial liabilities	121,128	127,008
Retirement benefit liabilities	104,828	108,297
Provisions	31,672	31,489
Other non-current liabilities	44,147	48,107
Deferred tax liabilities	206,627	217,655
Total non-current liabilities	2,104,106	2,166,085
Total liabilities	3,829,018	3,877,669
Equity		
Common stock	50,000	50,000
Additional paid-in capital	159,602	159,429
Treasury stock	(61,857)	(61,516)
Retained earnings	1,355,131	1,373,344
Other components of equity	260,571	337,757
Equity attributable to owners of the parent	1,763,447	1,859,014
Non-controlling interests	512,048	554,386
Total equity	2,275,495	2,413,400
Total liabilities and equity	6,104,513	6,291,069

(4) Condensed Consolidated Statement of Changes in Equity

Three months ended June 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	—	—	—	42,536
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	42,536
Purchase of treasury stock	—	—	(5)	—
Disposal of treasury stock	—	(16)	341	—
Cash dividends	—	—	—	(21,333)
Share-based payment transactions	—	49	—	—
Changes in interests in subsidiaries	—	(123)	—	—
Changes in scope of consolidation	—	—	—	(8)
Transfer from other components of equity to retained earnings	—	—	—	3,084
Total transactions with owners	—	(90)	336	(18,257)
Balance at June 30, 2023	50,000	167,827	(61,895)	1,294,856

	Other components of equity				Total	Equity attributable to owners of the parent	Non- controlling interests	Total equity
	Net gain (loss) on reevaluation of financial assets measured at fair value through other comprehensive income	Remeasure- ments of defined benefit plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges				
Balance at April 1, 2023	34,291	—	99,888	4,256	138,435	1,564,698	423,771	1,988,469
Net income	—	—	—	—	—	42,536	13,288	55,824
Other comprehensive income	6,526	3,073	77,873	1,251	88,723	88,723	35,075	123,798
Total comprehensive income	6,526	3,073	77,873	1,251	88,723	131,259	48,363	179,622
Purchase of treasury stock	—	—	—	—	—	(5)	—	(5)
Disposal of treasury stock	—	—	—	—	—	325	—	325
Cash dividends	—	—	—	—	—	(21,333)	(6,489)	(27,822)
Share-based payment transactions	—	—	—	—	—	49	—	49
Changes in interests in subsidiaries	—	—	—	—	—	(123)	(181)	(304)
Changes in scope of consolidation	—	—	—	—	—	(8)	(8)	(16)
Transfer from other components of equity to retained earnings	(11)	(3,073)	—	—	(3,084)	—	—	—
Total transactions with owners	(11)	(3,073)	—	—	(3,084)	(21,095)	(6,678)	(27,773)
Balance at June 30, 2023	40,806	—	177,761	5,507	224,074	1,674,862	465,456	2,140,318

Three months ended June 30, 2024

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2024	50,000	159,602	(61,857)	1,355,131
Net income	—	—	—	39,652
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	39,652
Purchase of treasury stock	—	—	(8)	—
Disposal of treasury stock	—	(86)	349	—
Cash dividends	—	—	—	(22,762)
Share-based payment transactions	—	16	—	—
Changes in interests in subsidiaries	—	(103)	—	—
Transfer from other components of equity to retained earnings	—	—	—	1,323
Total transactions with owners	—	(173)	341	(21,439)
Balance at June 30, 2024	50,000	159,429	(61,516)	1,373,344

	Other components of equity				Total	Equity attributable to owners of the parent	Non- controlling interests	Total equity
	Net gain (loss) on reevaluation of financial assets measured at fair value through other comprehensive income	Remeasure- ments of defined benefit plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges				
Balance at April 1, 2024	37,941	—	217,484	5,146	260,571	1,763,447	512,048	2,275,495
Net income	—	—	—	—	—	39,652	16,646	56,298
Other comprehensive income	4,914	631	72,818	146	78,509	78,509	32,310	110,819
Total comprehensive income	4,914	631	72,818	146	78,509	118,161	48,956	167,117
Purchase of treasury stock	—	—	—	—	—	(8)	—	(8)
Disposal of treasury stock	—	—	—	—	—	263	—	263
Cash dividends	—	—	—	—	—	(22,762)	(6,476)	(29,238)
Share-based payment transactions	—	—	—	—	—	16	—	16
Changes in interests in subsidiaries	—	—	—	—	—	(103)	(142)	(245)
Transfer from other components of equity to retained earnings	(692)	(631)	—	—	(1,323)	—	—	—
Total transactions with owners	(692)	(631)	—	—	(1,323)	(22,594)	(6,618)	(29,212)
Balance at June 30, 2024	42,163	—	290,302	5,292	337,757	1,859,014	554,386	2,413,400

(5) Condensed Consolidated Statement of Cash Flow

Three months ended June 30, 2023 and 2024

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Income before taxes	68,809	77,019
Depreciation and amortization	67,947	71,212
Share of profit of associates and joint ventures	(2,865)	(1,948)
Interest and dividend income	(5,767)	(3,653)
Interest expense	10,380	11,236
(Increase) decrease in trade receivables	41,919	31,627
(Increase) decrease in inventories	(12,881)	(14,550)
Increase (decrease) in trade payables	(22,955)	(1,451)
Increase (decrease) in retirement benefit assets and liabilities, net	613	1,268
Increase (decrease) in employees' bonus liabilities	(37,130)	(34,800)
Others	(27,634)	(43,189)
Subtotal	80,436	92,771
Interest received	1,113	1,352
Dividends received	13,652	9,951
Interest paid	(11,555)	(15,138)
Income tax (paid) received, net	(28,669)	(15,052)
Net cash provided by (used in) operating activities	54,977	73,884
Cash flows from investing activities		
Purchase of property, plant and equipment	(61,525)	(84,253)
Proceeds from sales of property, plant and equipment	2,180	3,362
Purchase of intangible assets	(1,682)	(2,212)
Purchase of other financial assets	(153)	(123)
Proceeds from sales/redemption of other financial assets	16,422	1,036
Net cash outflow on acquisition of subsidiaries	(2,196)	—
Proceeds from sales of investments in subsidiaries	155	—
Payments for transfer of business	(7,697)	—
Net (Increase) decrease of time deposits	(1,329)	1,753
Others	(1,472)	(53)
Net cash provided by (used in) investing activities	(57,297)	(80,490)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	23,065	7,343
Net increase (decrease) in commercial papers	50,000	2,000
Proceeds from long-term borrowings	12,614	79,689
Repayment of long-term borrowings	(39,078)	(52,707)
Redemption of bonds	(10,000)	(15,000)
Repayment of lease liabilities	(8,354)	(8,718)
Net (increase) decrease in treasury stock	(5)	(8)
Dividends paid to owners of the parent	(21,333)	(22,762)
Dividends paid to non-controlling interests	(6,489)	(7,060)
Others	111	(31)
Net cash provided by (used in) financing activities	531	(17,254)
Effect of exchange rate changes on cash and cash equivalents	14,267	13,039
Net increase (decrease) in cash and cash equivalents	12,478	(10,821)
Cash and cash equivalents at the beginning of the period	297,224	294,924
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	1,090	(1,960)
Cash and cash equivalents at the end of the period	310,792	282,143

(6) Notes to Condensed Consolidated Financial Statements

(Applicable Financial Reporting Framework)

The MCG Group's condensed quarterly consolidated financial statements, which comprise the Condensed Consolidated Statement of Profit or Loss, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flow and Notes to Condensed Consolidated Financial Statements disclosed in this Consolidated Financial Results, have been prepared in accordance with Article 5, Paragraph 2 of the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements (the Standards), applying the provisions for reduced disclosures as set forth in Article 5, Paragraph 5 of the Standards, accordingly certain disclosures and notes required by IAS 34 are not given.

(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.

As of April 1, 2024, the MCG Group reorganized its business structure with the aim of further reinforcing collaboration among businesses and accelerating growth. In tandem with this reorganization, businesses within reporting segments have been reorganized and the previous five reporting segments (Specialty Materials, Industrial Gases, Health Care, MMA, and Basic Materials) have been reclassified into the new five reporting segments (Specialty Materials, Industrial Gases, Pharma, MMA & Derivatives, and Basic Materials & Polymers).

The MCG Group used new classifications to present segment information for the three months ended June 30, 2023.

The businesses in each reporting segment are as follows.

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

Three months ended June 30, 2023

(Millions of yen)

	REPORTING SEGMENT					Others (Note 1)	Adjustment (Note 2)	Consolidated
	Specialty Materials	Industrial Gases	Pharma	MMA & Derivatives	Basic Materials & Polymers			
Revenue								
External revenue	262,568	306,796	101,887	90,087	259,213	40,691	—	1,061,242
Inter-segment revenue	2,773	2,107	33	3,385	10,029	34,079	(52,406)	—
Total	265,341	308,903	101,920	93,472	269,242	74,770	(52,406)	1,061,242
Segment profit (loss)								
Core operating income (Note 3)	9,882	40,123	9,962	(686)	(8,768)	3,268	(2,978)	50,803

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 ¥ (3,077) million not allocated to reporting segments and inter-segment eliminations of ¥99 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.

Three months ended June 30, 2024

(Millions of yen)

	REPORTING SEGMENT					Others (Note 1)	Adjustment (Note 2)	Consolidated
	Specialty Materials	Industrial Gases	Pharma	MMA & Derivatives	Basic Materials & Polymers			
Revenue								
External revenue	276,928	327,544	112,463	114,785	261,670	35,963	—	1,129,353
Inter-segment revenue	2,862	1,731	26	5,057	10,141	31,742	(51,559)	—
Total	279,790	329,275	112,489	119,842	271,811	67,705	(51,559)	1,129,353
Segment profit (loss)								
Core operating income (Note 3)	11,461	47,424	18,506	10,515	(6,846)	4,241	(2,718)	82,583

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 ¥ (2,999) million not allocated to reporting segments and inter-segment eliminations of ¥ 281 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)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Segment profit (loss)	50,803	82,583
Gain on sale of carbon credit	—	2,718
Gain on sales of property, plant and equipment	759	1,495
Reversal of provision for loss on plant closure	767	1,280
Gain on sales of shares of subsidiaries and associates	5,613	—
Loss on sales and disposal of fixed assets	(1,104)	(1,218)
Impairment loss	(27)	(844)
Loss on business liquidation	(1,988)	(316)
Others	14,921	(703)
Operating income	69,744	84,995
Financial income	10,407	7,934
Financial expenses	(11,342)	(15,910)
Income before taxes	68,809	77,019

(Business Combination)

The finalization of the provisional accounting for the acquisition of C.P.C. S.r.l. (CPC)

On January 10, 2024, the MCG Group, through its subsidiary Mitsubishi Chemical Europe GmbH acquired additional shares in CPC. CPC manufactures and distributes automotive components crafted from carbon fiber reinforced plastic (CFRP).

While the fair values of acquired assets and liabilities assumed were provisional amounts in the previous fiscal year, the initial accounting for the business combination was completed in the first quarter of the current fiscal year and the amounts have been determined as below. The adjusted amounts resulting from this determination are not material.

Net assets acquired, liabilities assumed and goodwill

	Millions of yen
	Acquisition date (January 10, 2024)
Current assets:	
Cash and cash equivalents	6,529
Trade receivables	9,497
Inventories	8,301
Other current assets	1,322
Non-current assets:	
Property, plant and equipment (Note 1)	20,756
Intangible assets (Note 2)	21,399
Other non-current assets	291
Acquired assets	68,095
Current liabilities:	
Trade payables	4,692
Borrowings	5,844
Other current liabilities	3,353
Non-current liabilities:	
Lease liabilities	4,912
Deferred tax liabilities	5,682
Other non-current liabilities	2,042
Assumed liabilities	26,525
Net assets acquired and liabilities assumed	41,570
Fair value of equity interest in acquired company held before business combination	42,313
Fair value of consideration paid for additional acquisition	54,280
Goodwill (Note 3)	55,023

Notes:

1. Composition of property, plant and equipment: Property, plant and equipment mainly comprise ¥13,376 million in buildings and structures.
2. Composition of intangible assets: Intangible assets primarily comprise ¥19,554 million in customer-related intangible assets.
3. Goodwill: The principal components of goodwill are synergies with existing businesses and excess earnings expected to arise from the acquisition that do not meet individual recognition criteria. Also, goodwill is not fully deductible for tax purposes.

(Material Subsequent Events)

1. The Structural Reform of the Coal Business

At the Corporate Executive Officers' Meeting held on August 1, 2024, Mitsubishi Chemical Group Corporation (MCG) has resolved to set out a structural reform policy and optimize the production system of the coke business of its consolidated subsidiary, Mitsubishi Chemical Corporation (MCC), with the aim of improving the profitability of MCC's coal business.

In line with its management policy of "Forging the future" announced in December 2021, MCG regards its coal business as a domain to be exited, considering the carve-out of the business.

At the same time, in light of the demand trends in the domestic steel industry, MCG has been transforming its coal business into an international export expansion business model by downsizing the number of coke ovens and reinforcing the export shipment facility at MCC's Kagawa Plant. However, the demand for steel materials is sluggish at the moment mainly in China, leading to a slump in the overseas coke market, and the coke business environment is in a difficult situation.

Against this background, MCG considers it more urgent to review the production system and sales policy of its coal business than carving it out, and has decided to further reduce the production scale of the coke ovens owned by the Kagawa Plant. Furthermore, MCG will review its domestic and overseas sales portfolios and implement additional streamlining measures to transform its coal business structure into one that is not affected by market fluctuations. MCG will continue to review the mid- to long-term positioning of the coal business in the business portfolio of the entire MCG Group while steadily promoting this structural reform.

Details and schedule of production system optimization

- 1) Plant subject to production system optimization: Kagawa Plant
- 2) Business: Coke production
- 3) Production capacity: Reduce the number of coke ovens from the current 250 to 150
- 4) Timeline: Discontinue production through the targeted 100 ovens by the end of March 2025

In line with the decision to reduce the scale of production at the Corporate Executive Officers' Meeting held on August 1, 2024, fixed asset impairment loss of about 7.0 billion yen is expected to be recorded in the second quarter of the fiscal year ending March 2025. In addition, the cost of removing equipment and other related expenses are expected to be recorded in the second quarter of the fiscal year ending March 2025 onwards, the impact is currently being examined. Along with this structural reform, MCG aims to make its coal business profitable from the fiscal year ending March 31, 2026 onwards through sales margin improvement based on the review on its sales portfolio and cost reductions.

2. Mitsubishi Tanabe Pharma Corporation (MTPC) to Implement Voluntary Retirement Program

At the Corporate Executive Officers' Meeting held on July 26, 2024, MCG has resolved to implement a voluntary retirement program of its consolidated subsidiary, MTPC.

Background

The external environment of the pharmaceutical industry has been increasing its severity under the increases of the sophistication and difficulty of new drug development, and the influence of the promotion of the control policy for medical treatment cost and drug cost.

In this context, MTPC, as a proprietary drug discovery company has focused on research and development, particularly for rare diseases, strengthened its business in North America, a growth market, and advanced the establishment of a stable management foundation and optimal allocation of management resources.

To further enhance corporate value in the future, it is necessary to strengthen business in growth markets, particularly in North America, while maintaining the domestic business foundation. To achieve this, MTPC must advance both growth strategies and structural reforms.

To aim for growth in the global market, the decision has been made to implement the Program to accelerate the review of the human resource portfolio towards developing personnel with the capabilities required to the growth strategies and realizing an organization where highly specialized and diverse human resources can thrive.

Details of the Program

- 1) Eligible employees: Employees aged 45 or over as of January 1, 2025, with at least five years of service
- 2) Target number of applicants: Unspecified
- 3) Application period: From October 1 to October 11, 2024 (planned)
- 4) Retirement date: December 31, 2024
- 5) Preferential benefits: Special additional allowance on top of regular retirement allowance
Providing reemployment support services to applicants

The impact of this plan including extra retirement payments and other expenses has not been determined at this point because the number of applicants has not yet been confirmed.